

FARMER MAC

Accelerating Rural Opportunities

South Dakota Experienced Ag Bankers School

State of the Agriculture and General Economy in 2025

June 25, 2025

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JACKSON TAKACH

**Vice President – Strategy & Research
Chief Economist**

FARMER MAC

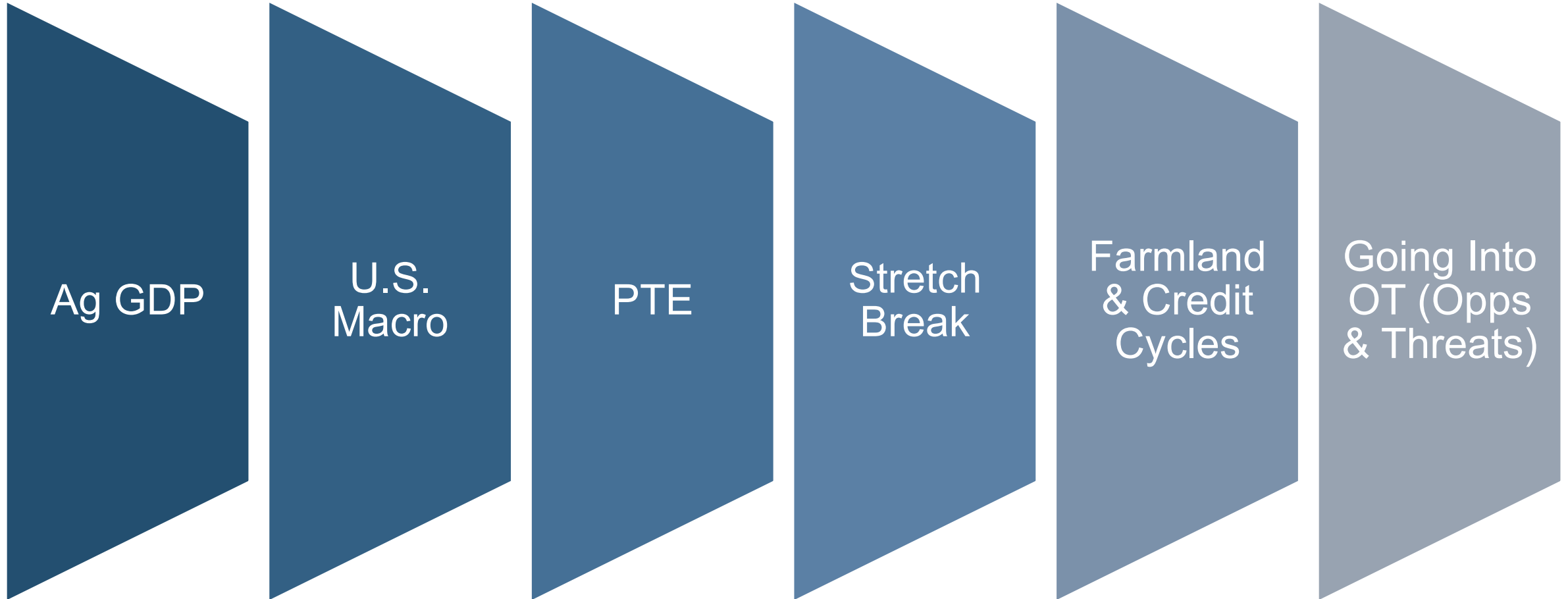


State of the Agriculture and General Economy in 2025:

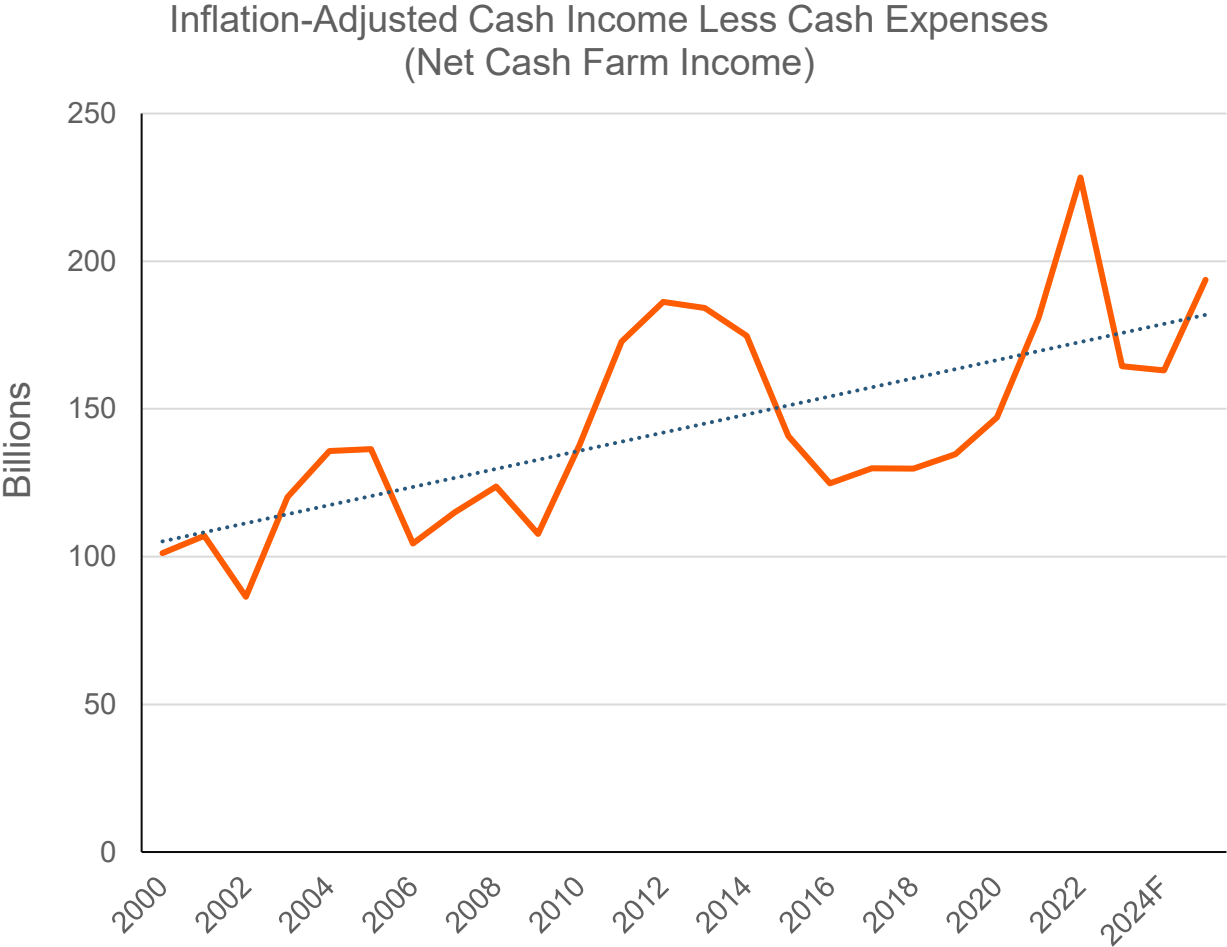
How I Learned to Stop Worrying and Love Being an Economist

Heightened Market Uncertainty and the Impacts on Food and Ag

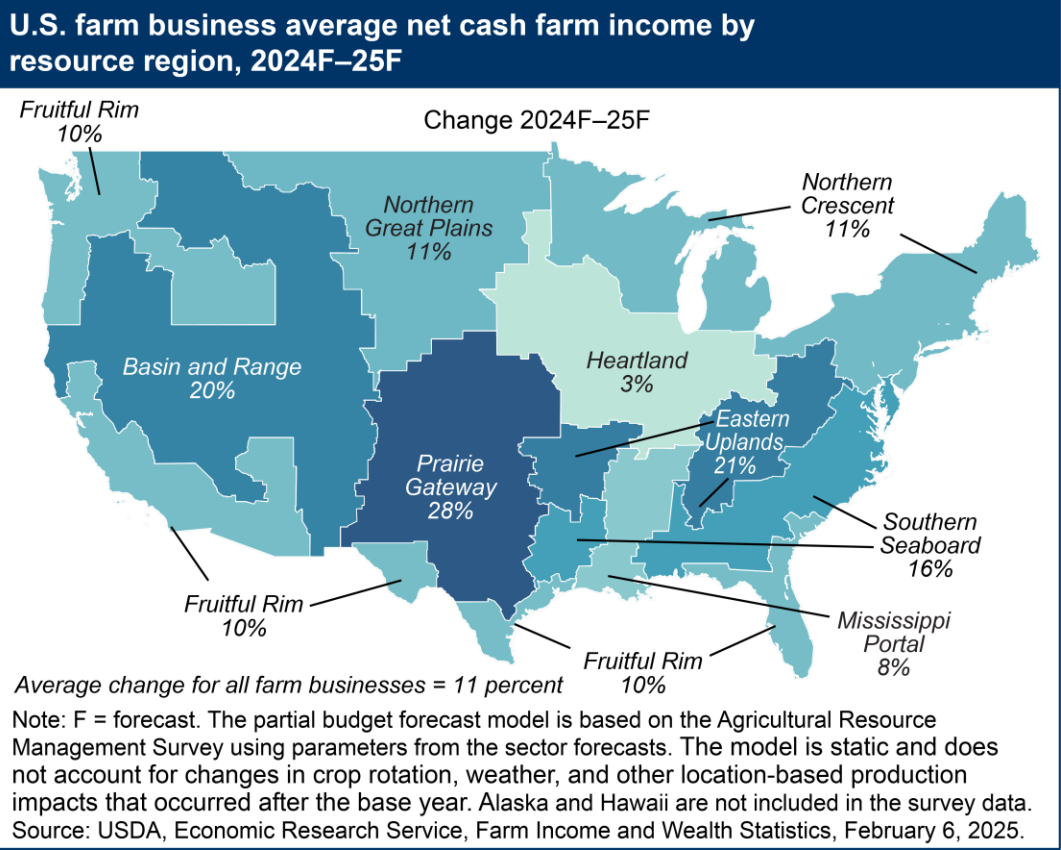
ORDER OF OPERATIONS



FARM INCOME CYCLE UPSWING EXPECTED IN 2025

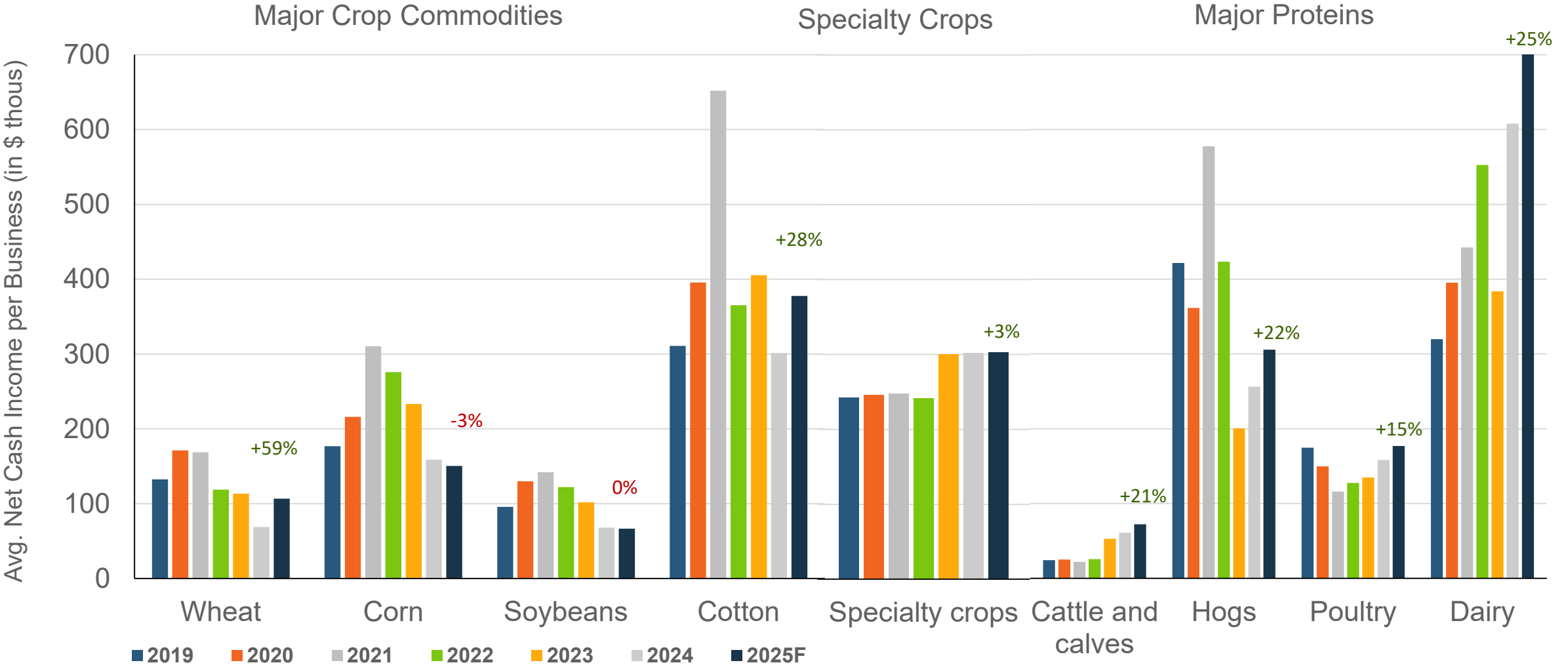


Source: USDA ERS Farm Income and Wealth Statistics, February 2025 Release



AG ECONOMY DUALITY

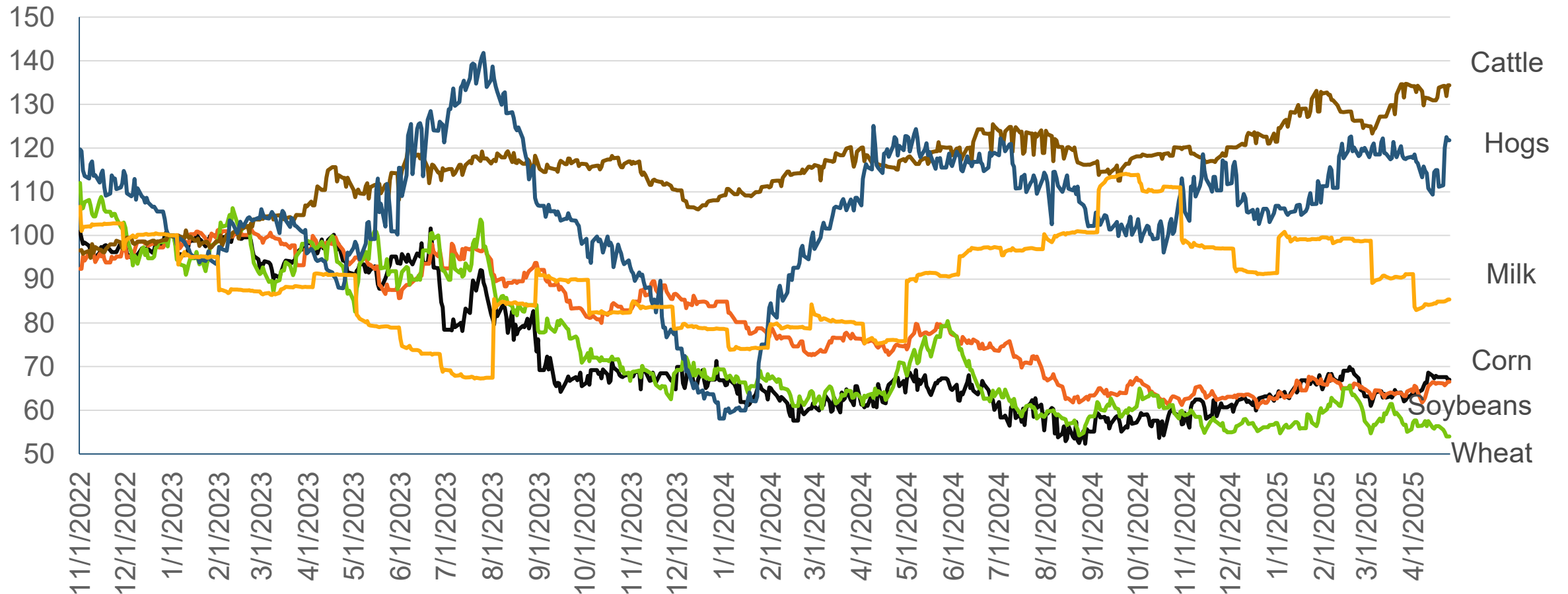
DIFFERENT SECTORS, DIFFERENT EXPERIENCES



Source: USDA ERS Farm Income and Wealth Statistics, February 2025 Release

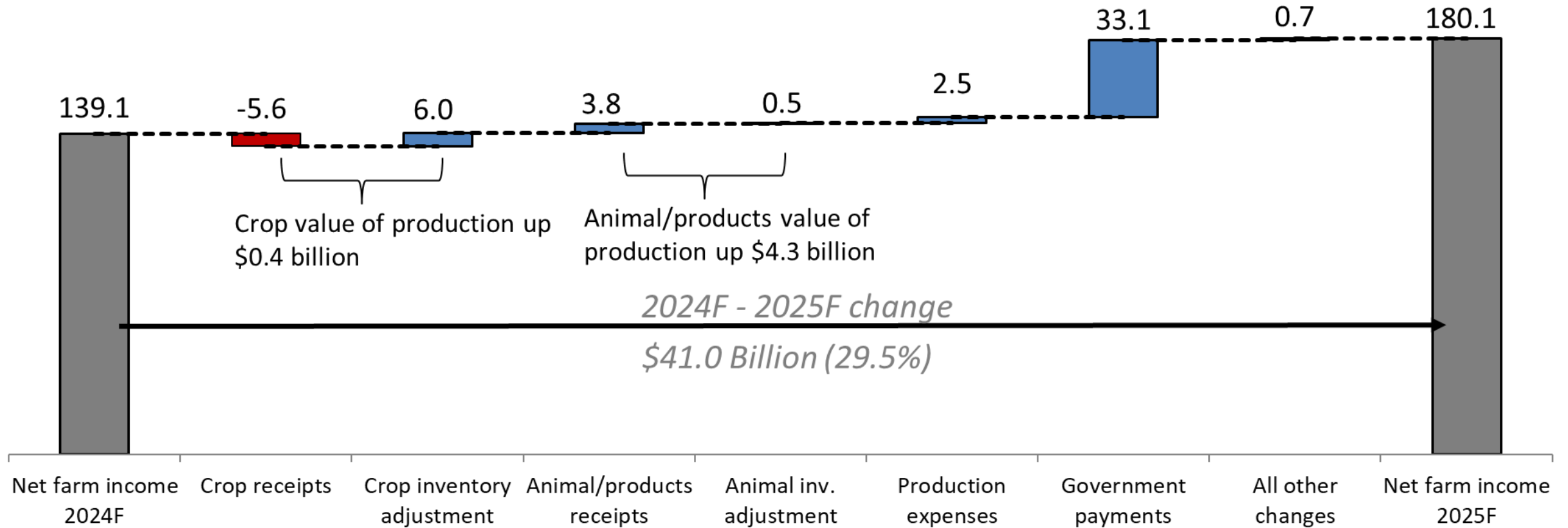
COMMODITY PRICES DIVERGE CROPS SETTLING AT 2016/17 LEVELS

Commodity Prices Relative to 12/31/2022



FARM INCOME BOOSTER

GOVERNMENT PAYMENTS THE DRIVER

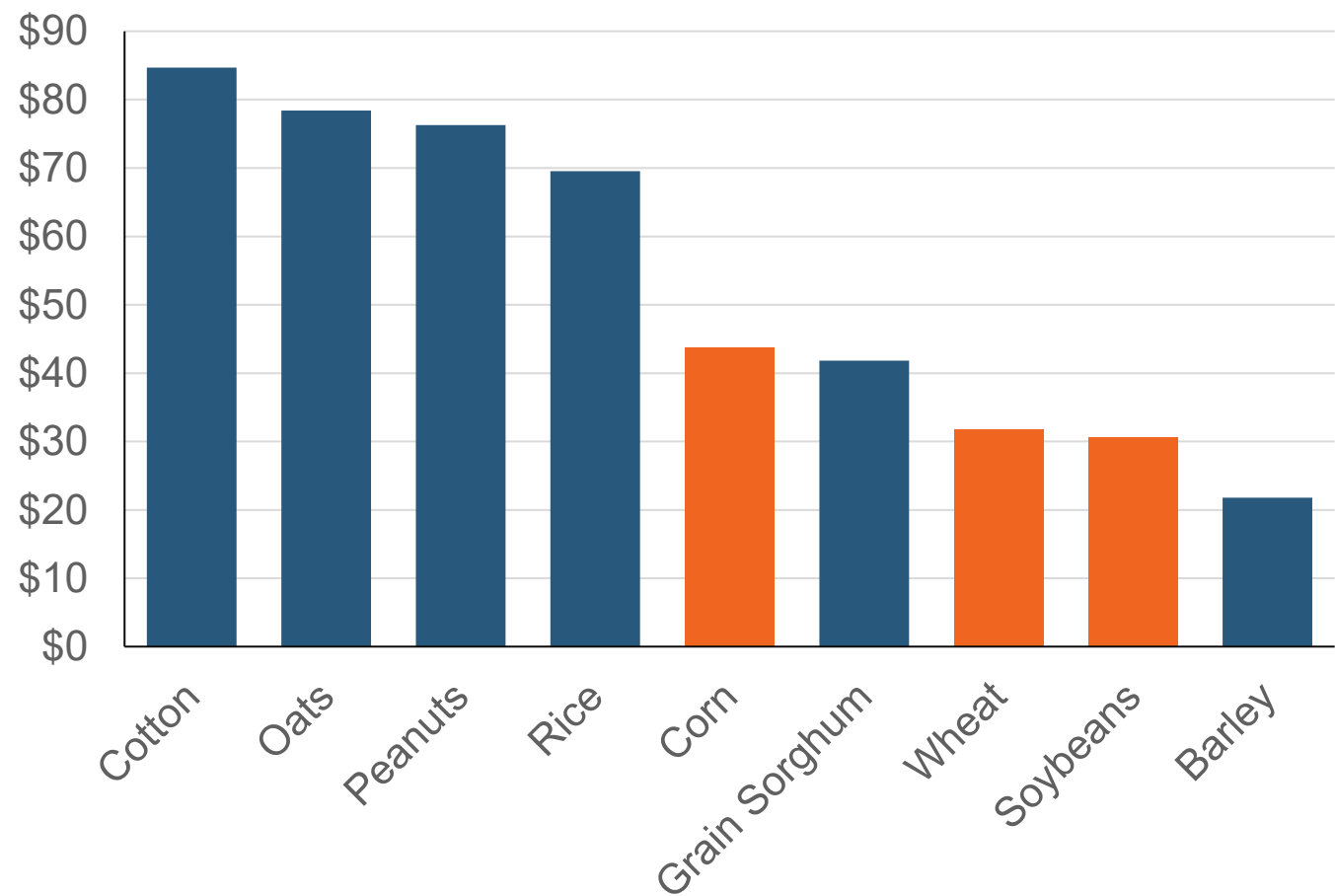


F= forecast. Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as February 6, 2025.

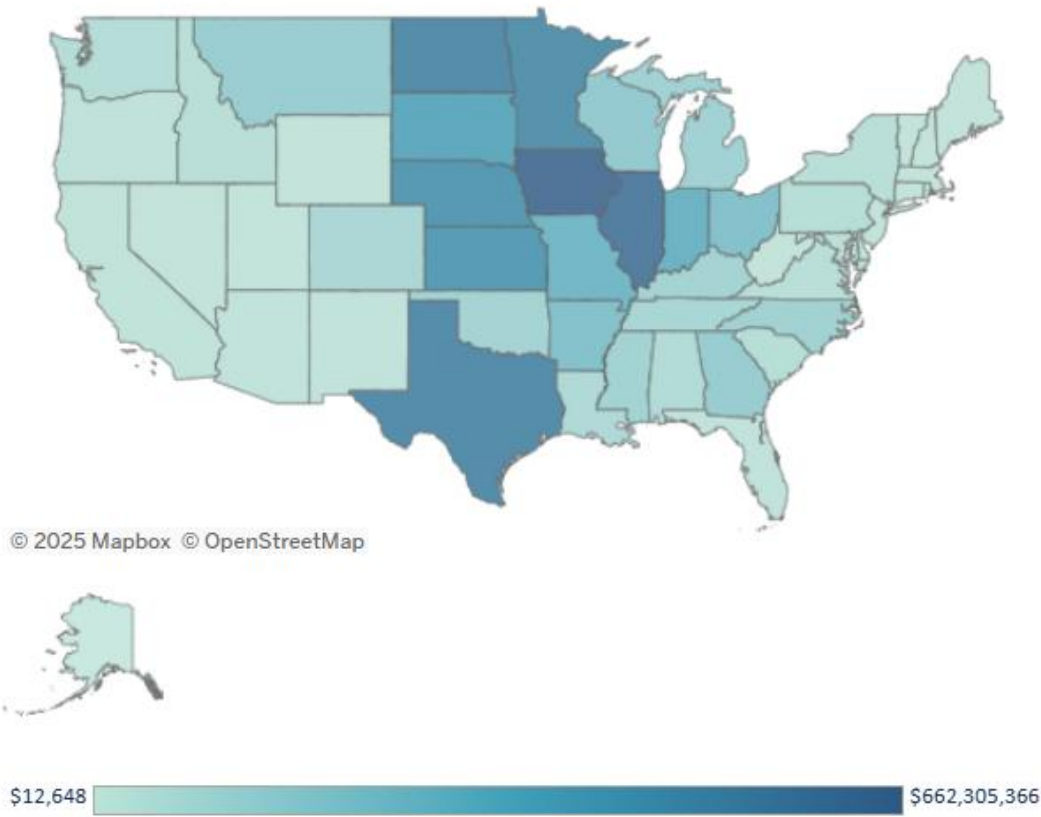
FARM SUPPORT

2024 SPENDING BILL BRINGS SOME HELP

Estimated Per Acre Payment



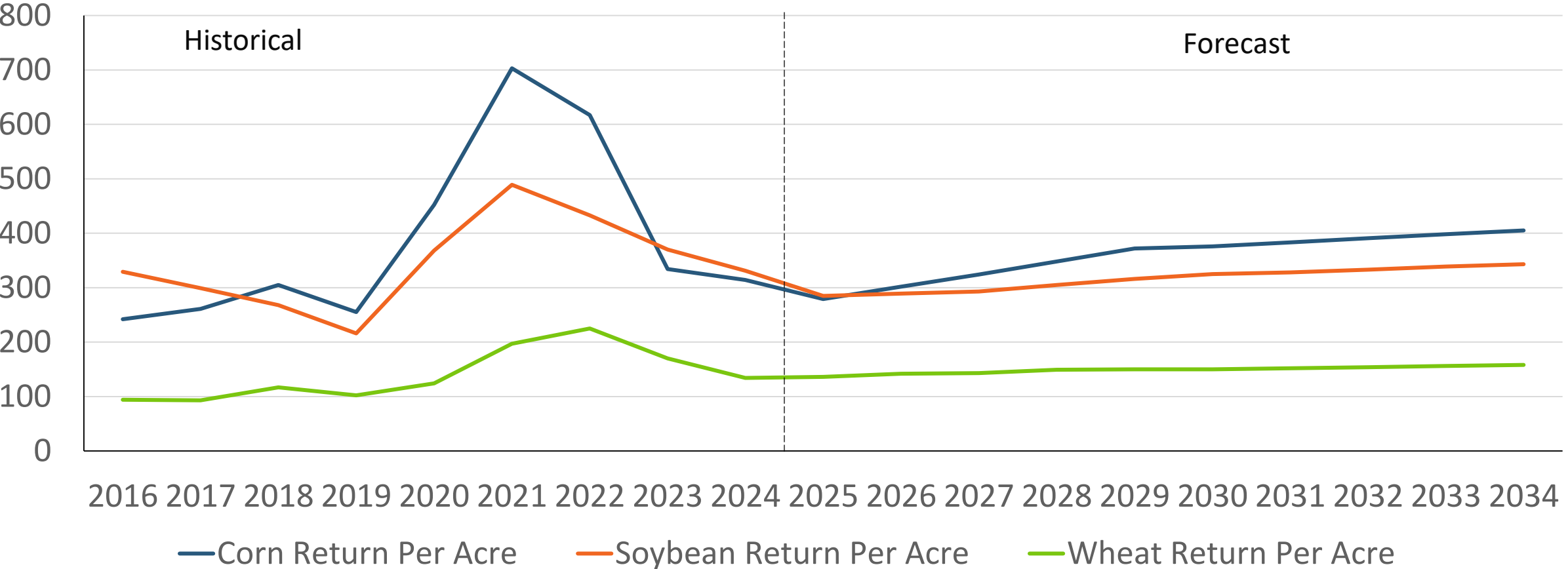
APPLICATIONS APPROVED & PAYMENTS DISBURSED BY STATE



USDA LONG-RUN FORECAST

DIPS IN 2025/26, BOUNCE BACK IN 2027

USDA Long-Run Forecast for 2025



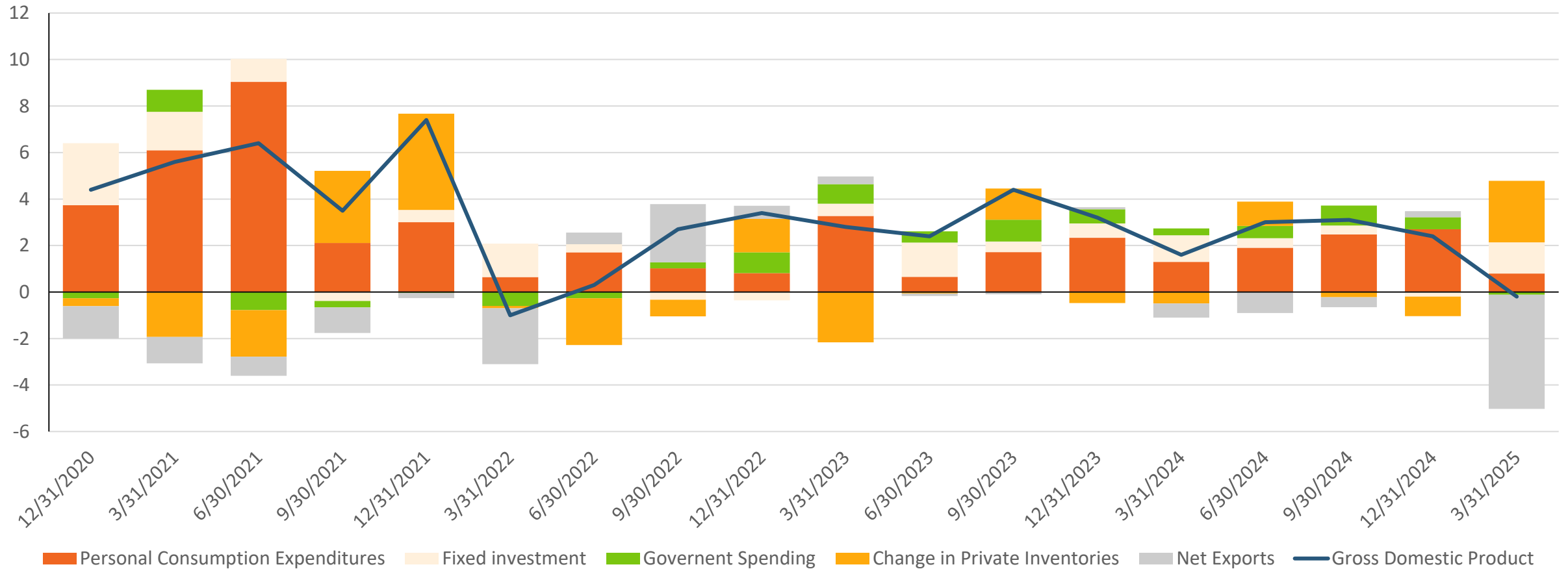
U.S. MACROECONOMIC INDICATORS HEALTH CHECK

What to expect when you expect the unexpected...

US GDP

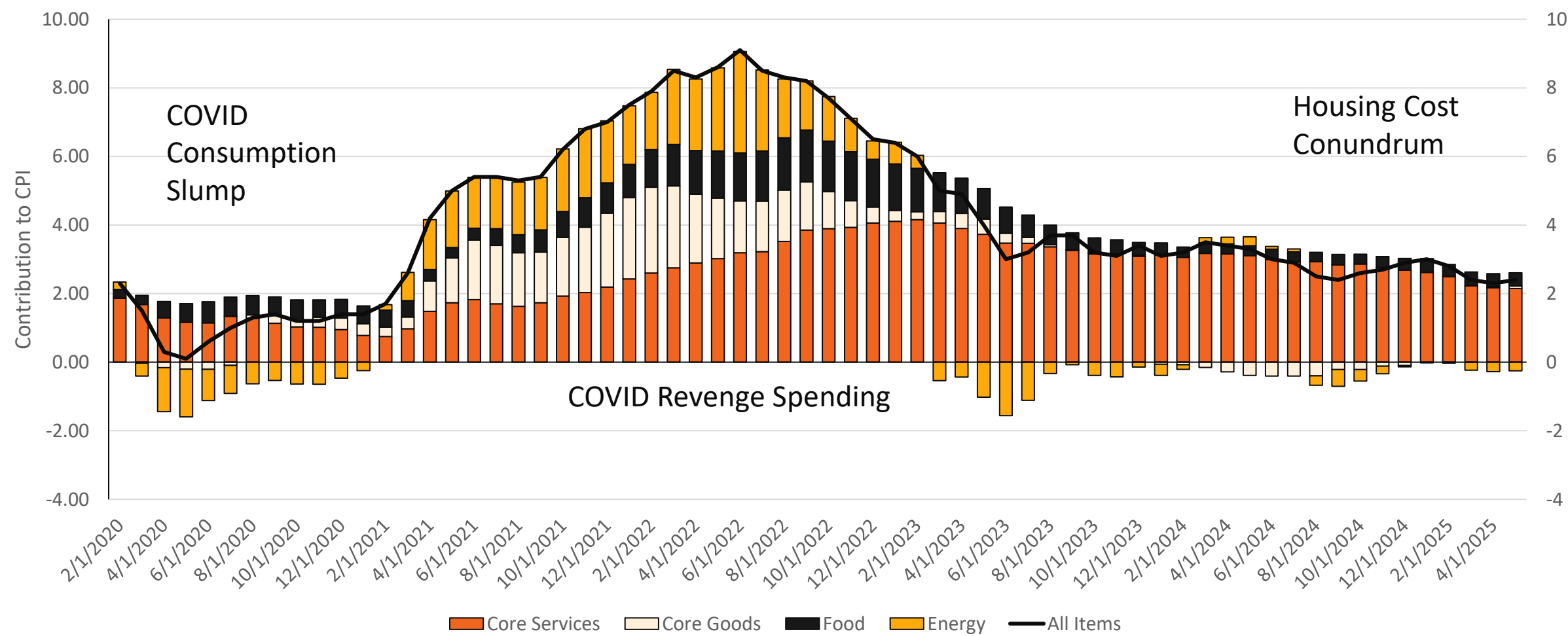
CONSUMER IS STILL KING OF THE ROAD

Drivers of Gross Domestic Product



INFLATION NATION GONE BUT NOT FORGOTTEN

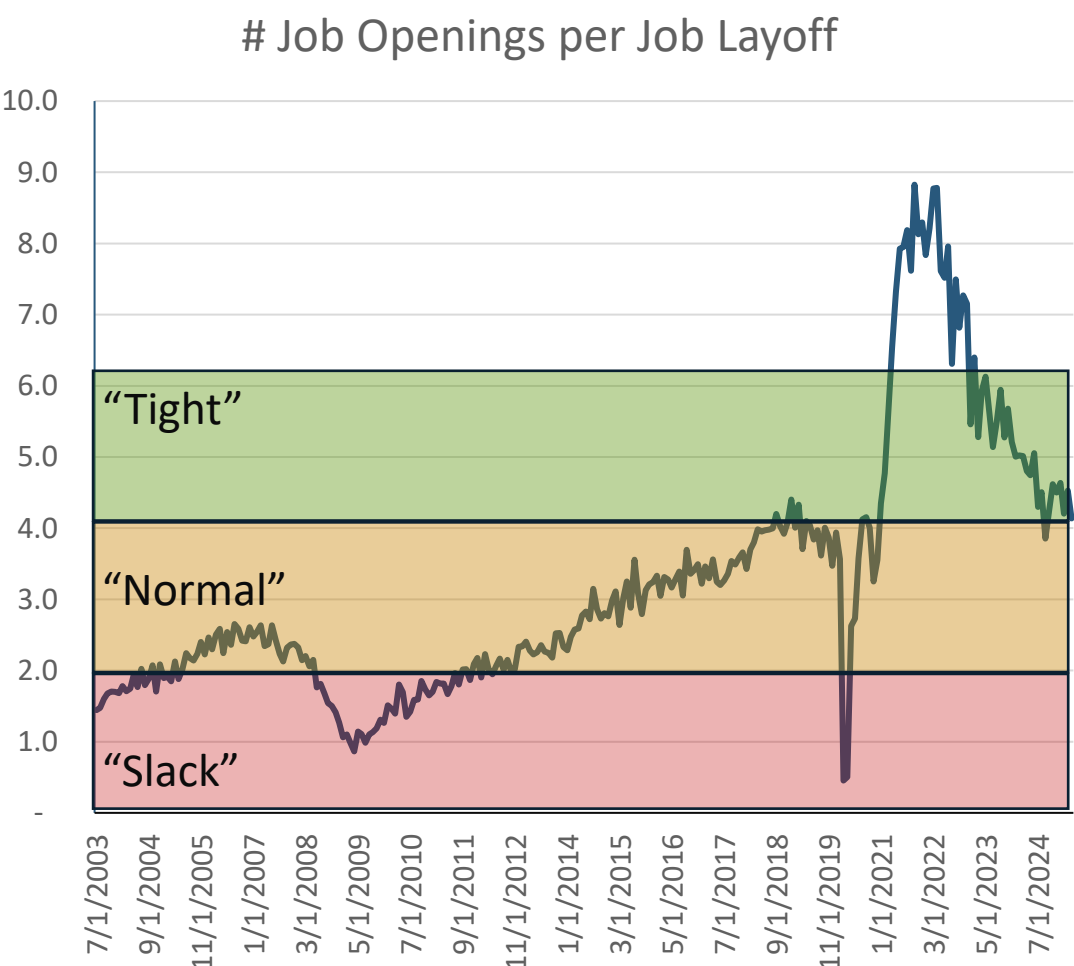
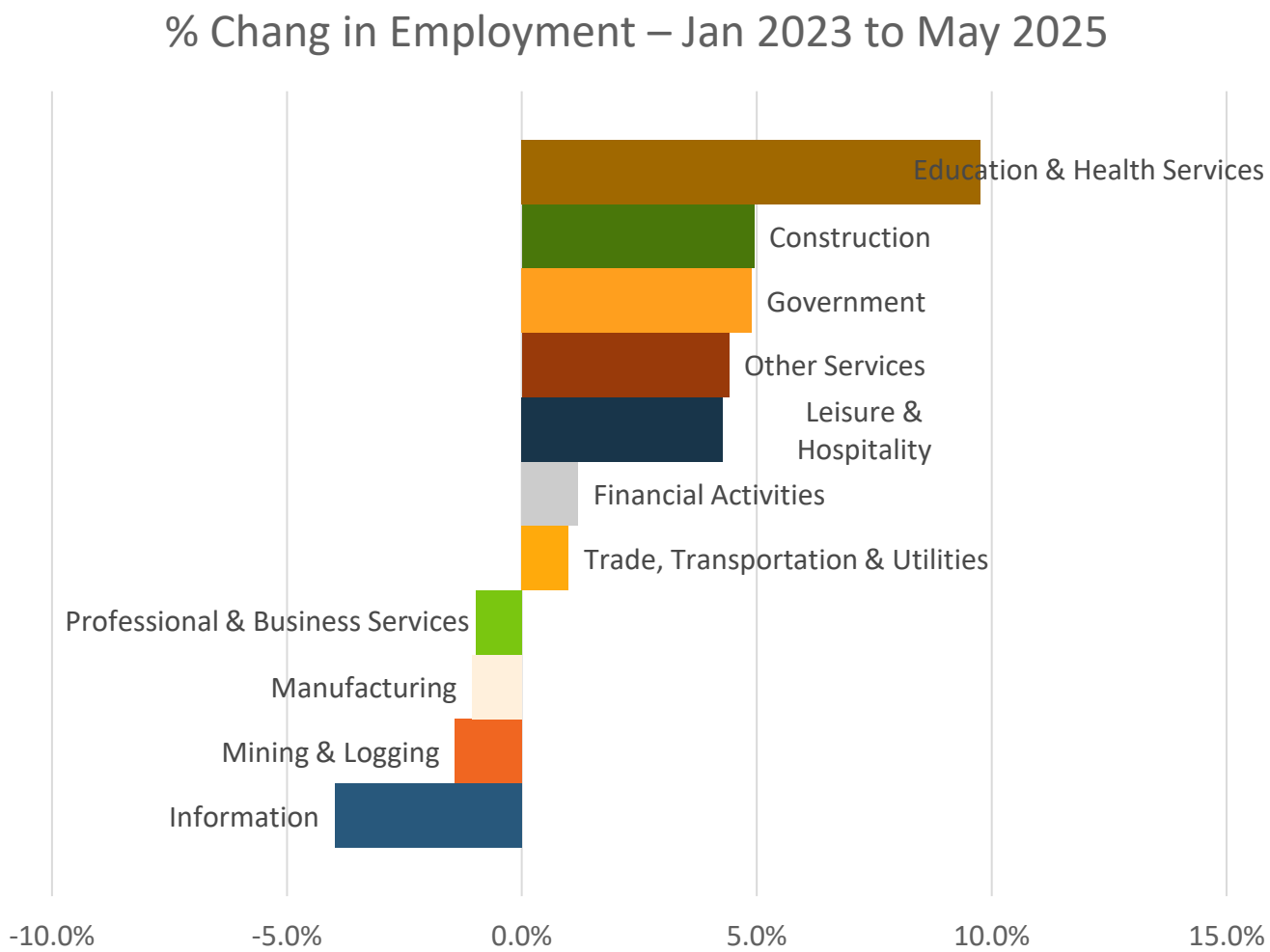
Contribution to Consumer Price Inflation



Source: Bureau of Labor Statistics; Bloomberg Terminal

JOBS JOBS JOBS

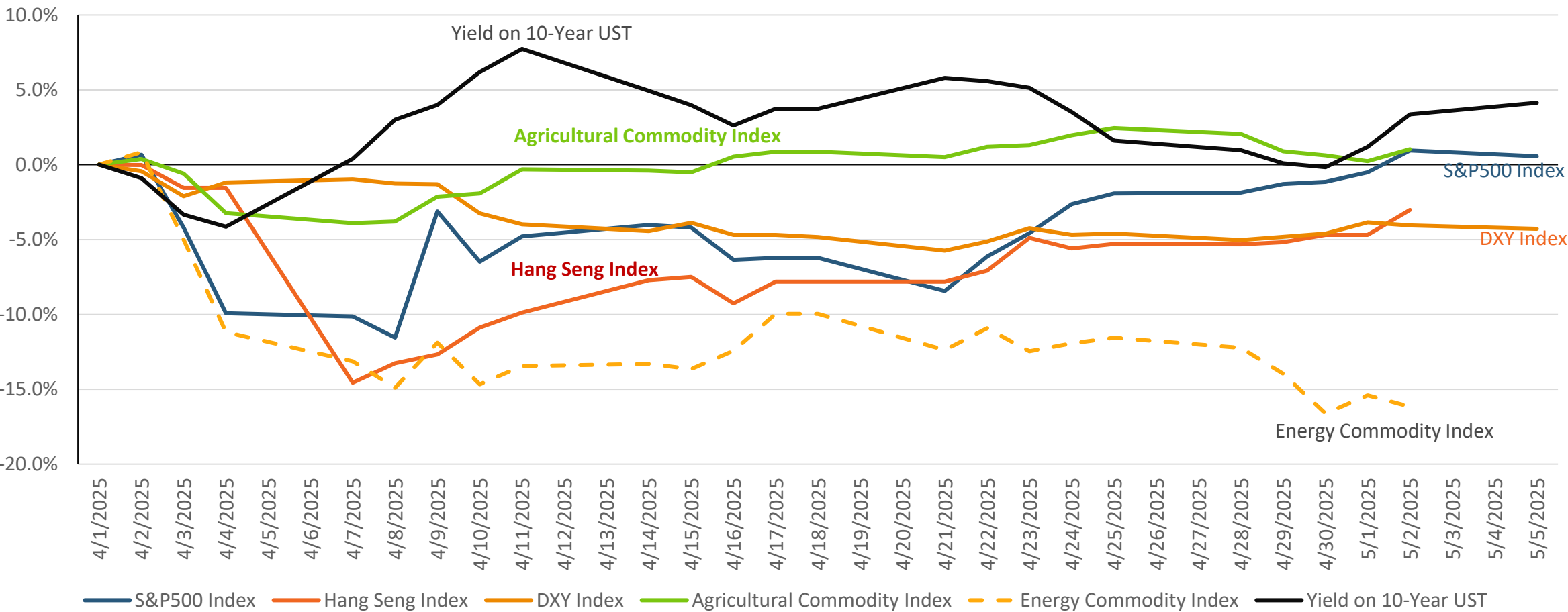
RESILIENT LABOR MARKET LABORS ON



MARKET VOLATILITY

APRIL'S WILD RIDE

Daily Change in Market Index from 4/1/2025

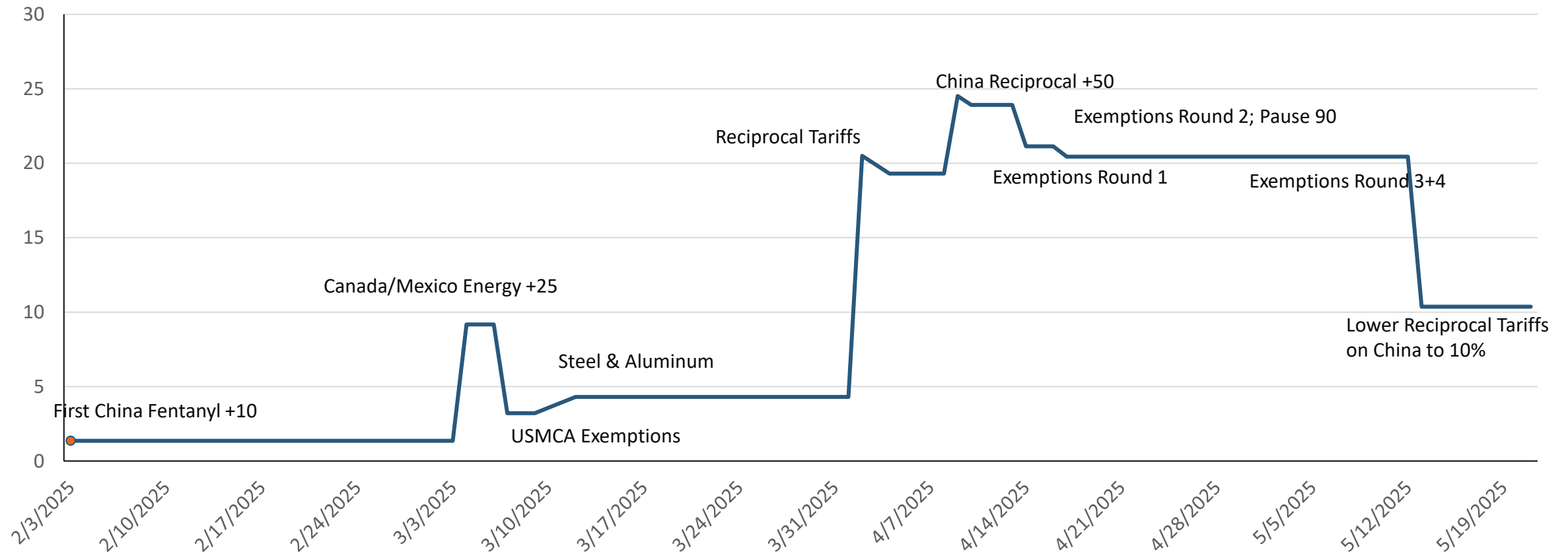


Source: Bloomberg Terminal

GLOBAL TRADE REDRAWN

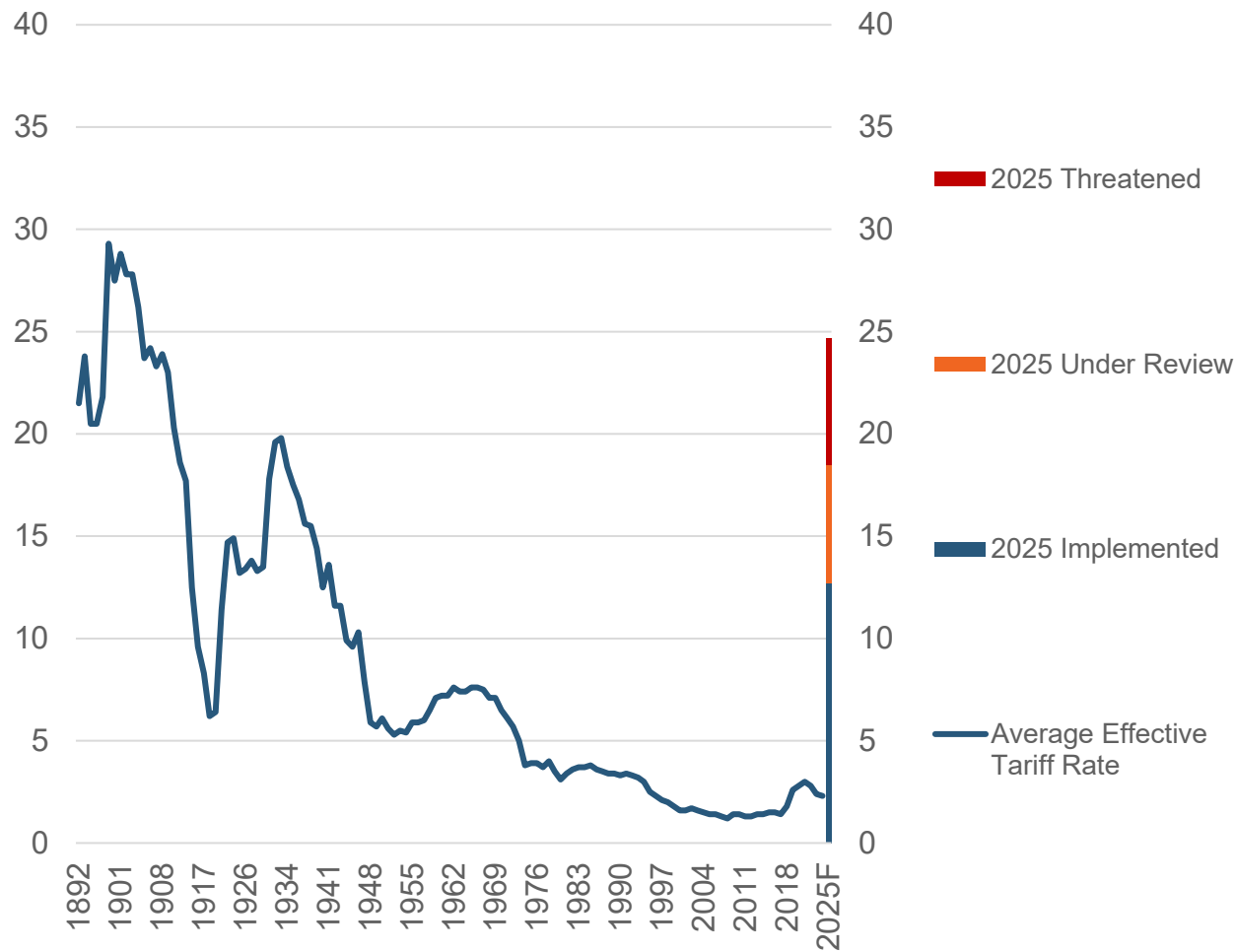
A TIMELINE OF LIBERATION DAY

Effective U.S. Tariff Rate on Imports

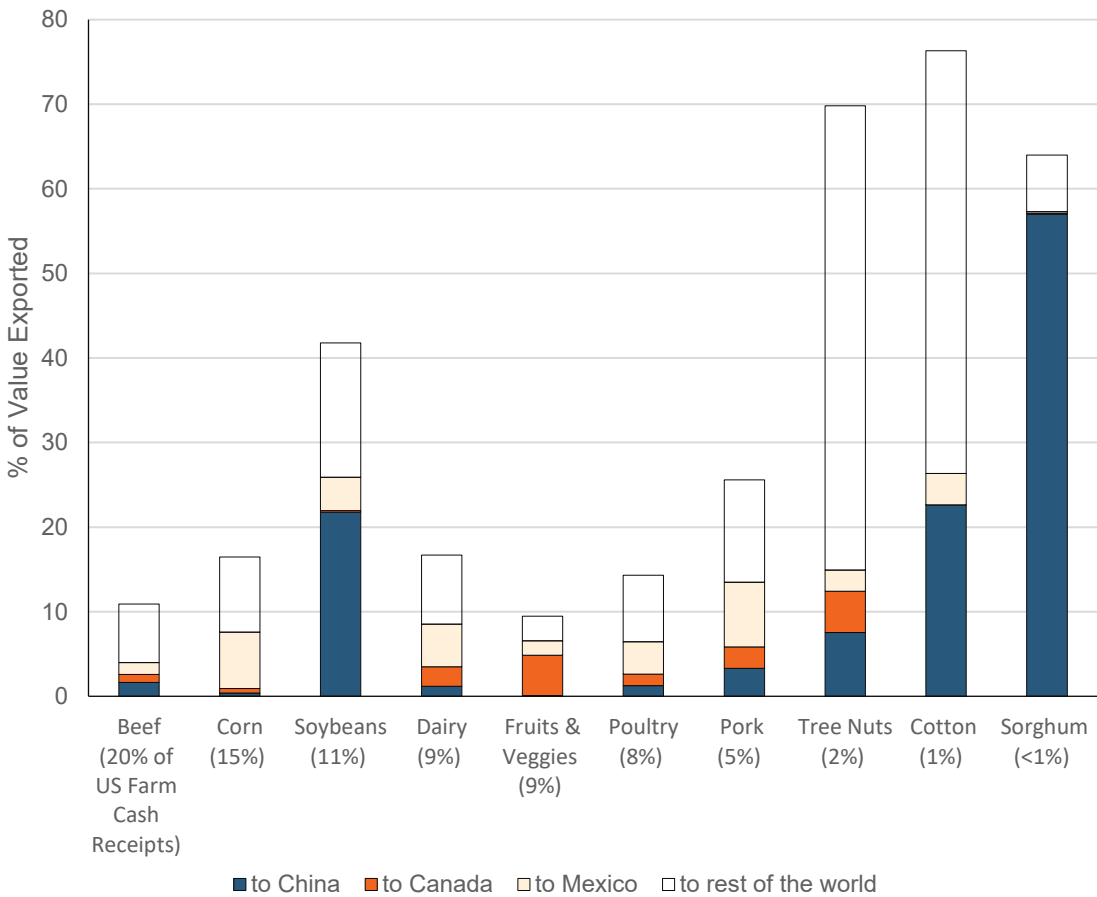


GLOBAL FOOD & AG TRADE

LINES REDRAWN IN 2025



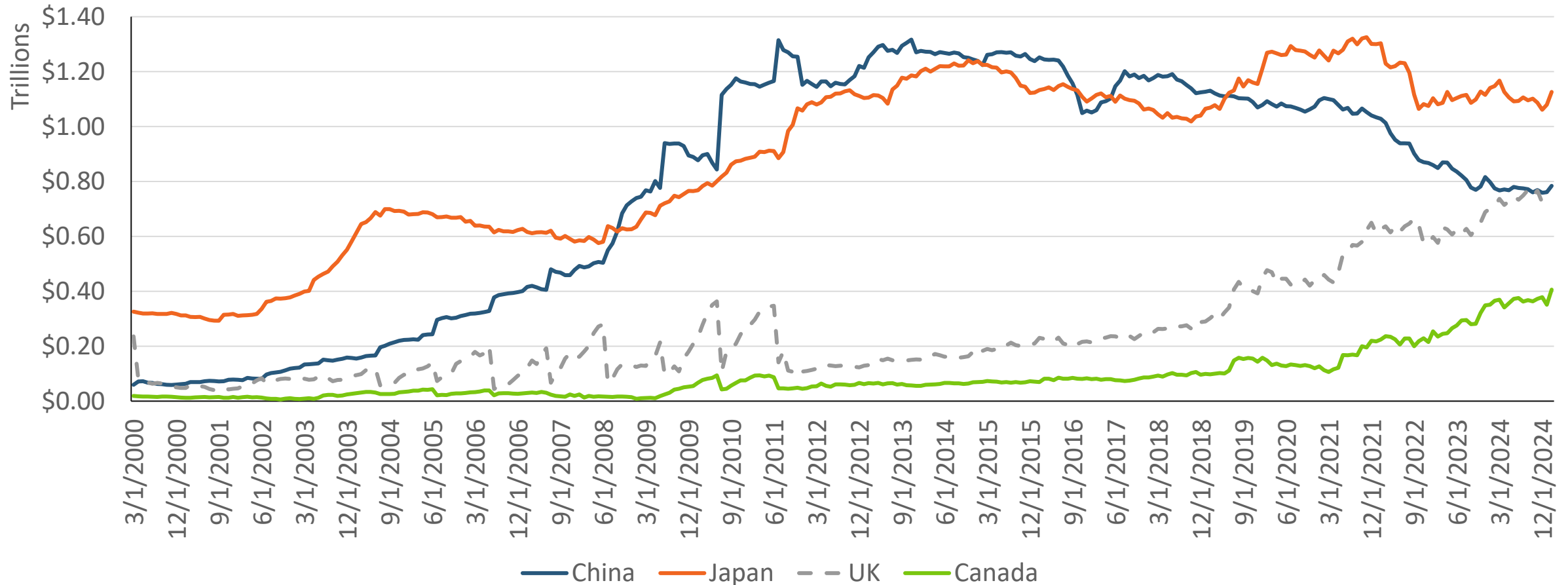
Top U.S. Agricultural Production by Share Exported and Market



US TREASURY HOLDINGS

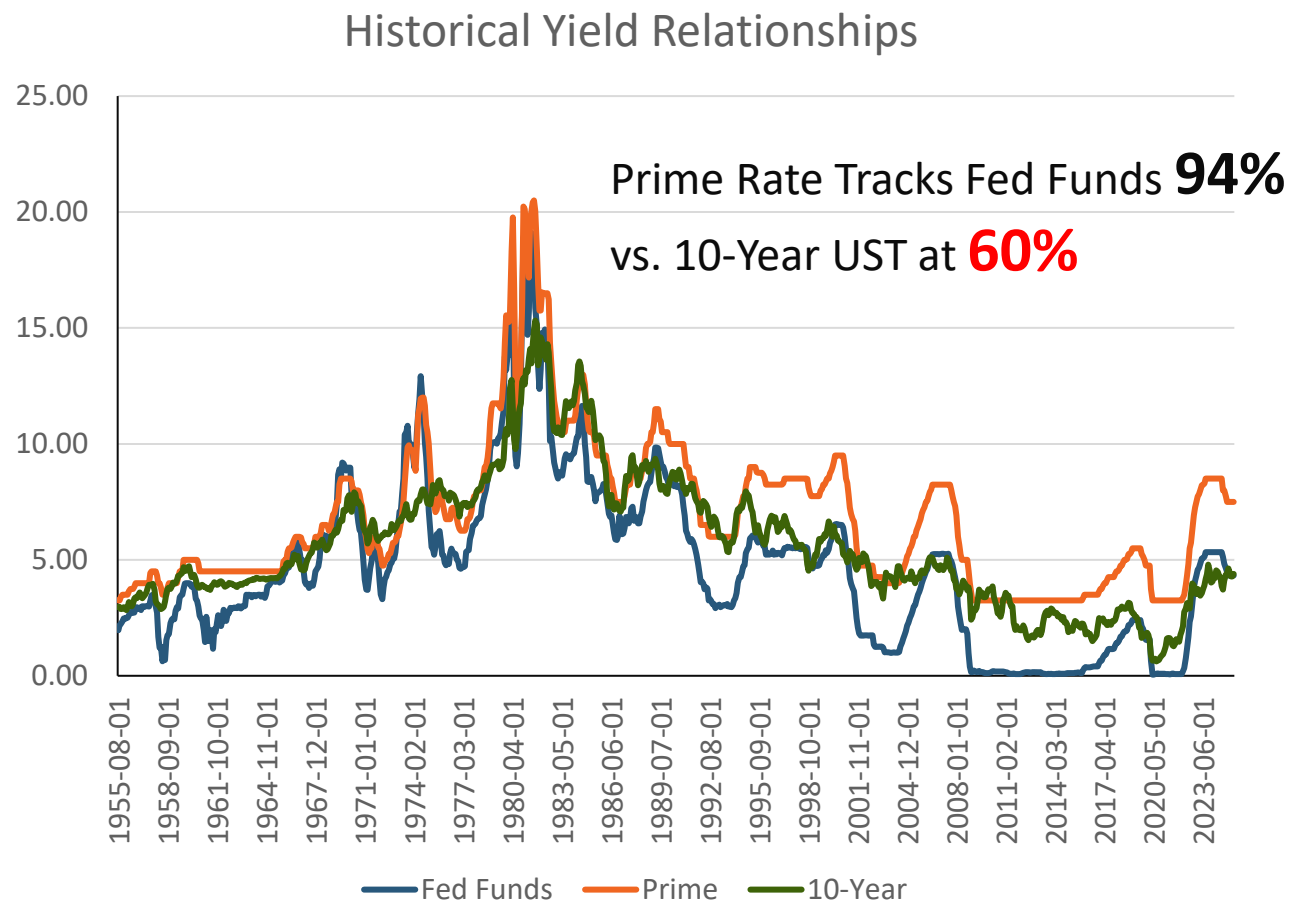
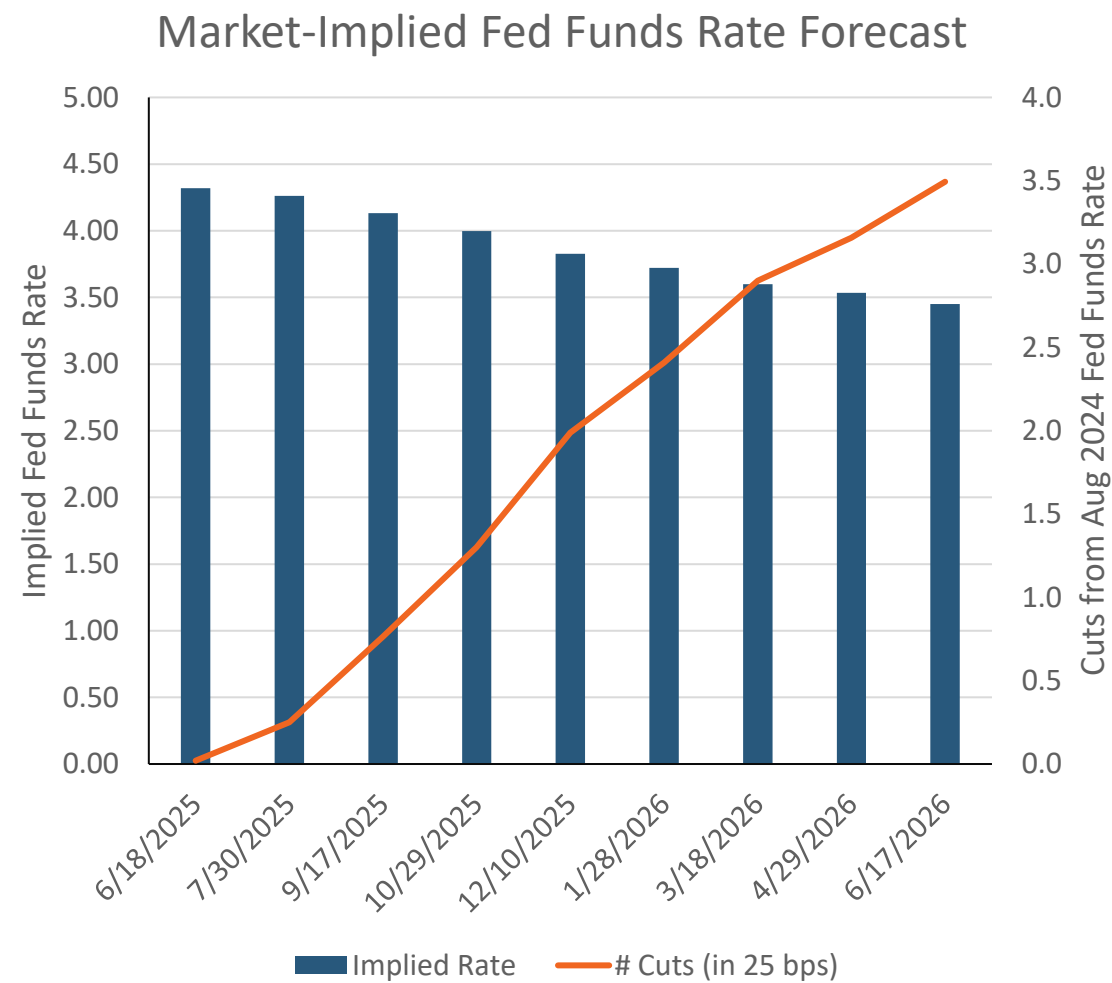
AVENUE TO INFLICT ECONOMIC STRESS

Foreign Ownership of US Treasury Debt Instruments



RATES

MARKETS EXPECTING FEWER CUTS



Source: Bloomberg Terminal, CME FedWatch, Federal Reserve Bank of St. Louis FRED

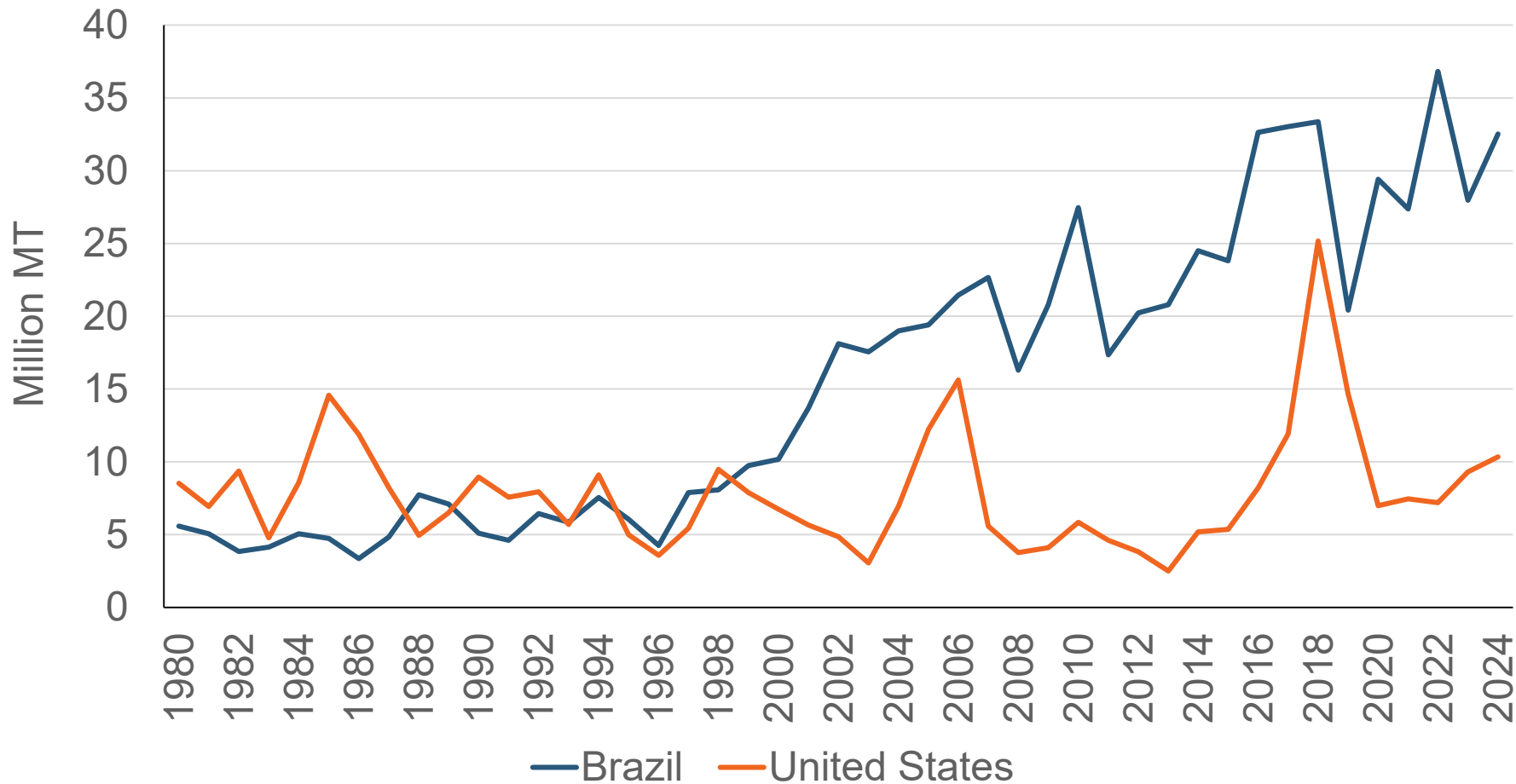
PARDON THE ECONOMICS

Ag Business Sector Rundown



PARDON THE ECONOMICS SECTOR RUNDOWN

Soybean Ending Stocks



Source: USDA Foreign Agricultural Service

PTE

RUNDOWN

Soy-h Boy

Brazil Corn-ucopia

Cattle Crazy

Dairy Product Swoon

New "AI" in Dairy

Playing Chicken

Biofuel Buildout

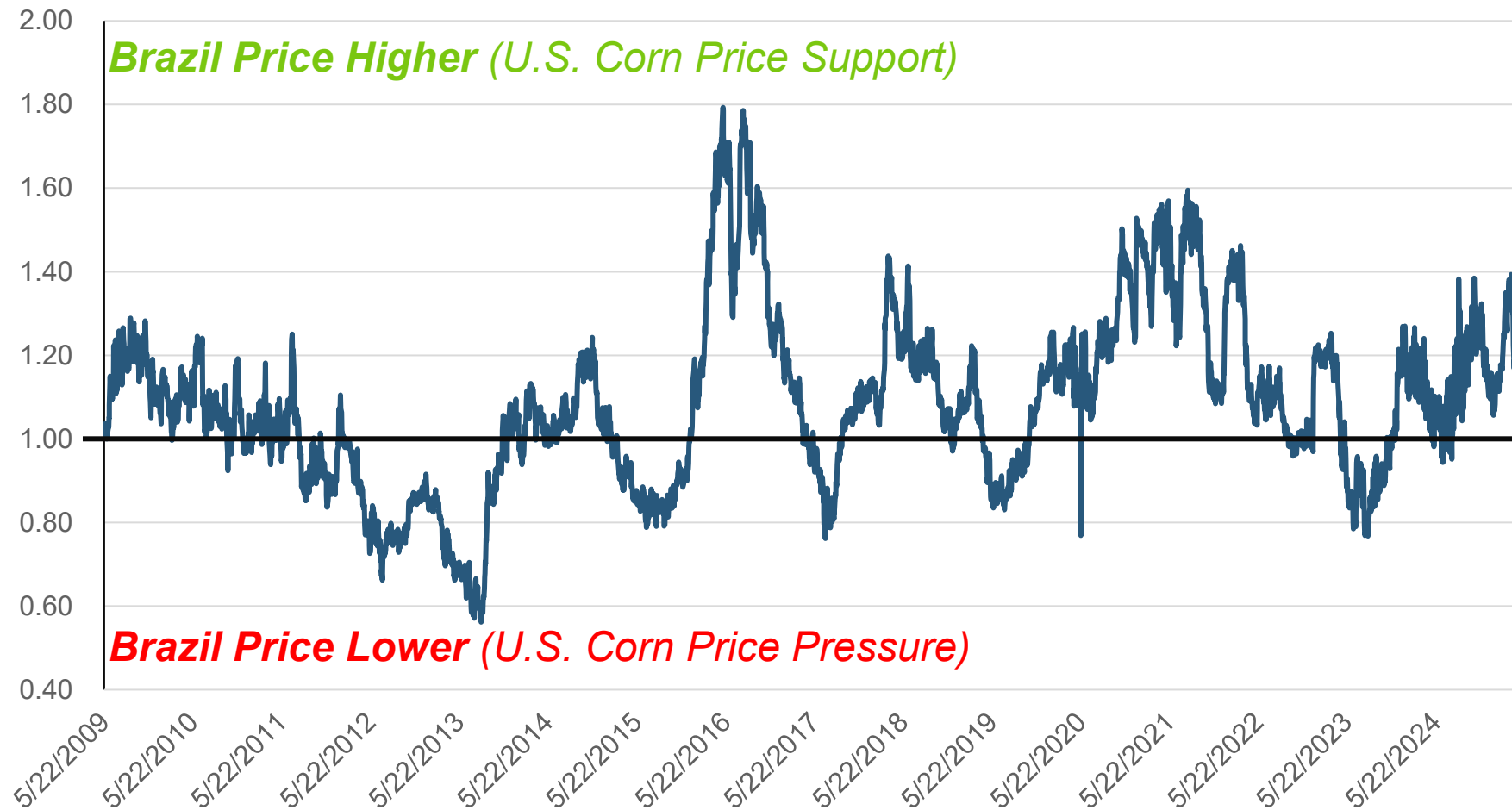
Wood Chipper

Freezing in Here

Just Fine Wine

PARDON THE ECONOMICS SECTOR RUNDOWN

US-Brazil Corn Price Ratio



Source: USDA Agricultural Marketing Service; Bloomberg Terminal

PTE

RUNDOWN

Soy-h Boy

Brazil Corn-ucopia

Cattle Crazy

Dairy Product Swoon

New "AI" in Dairy

Playing Chicken

Biofuel Buildout

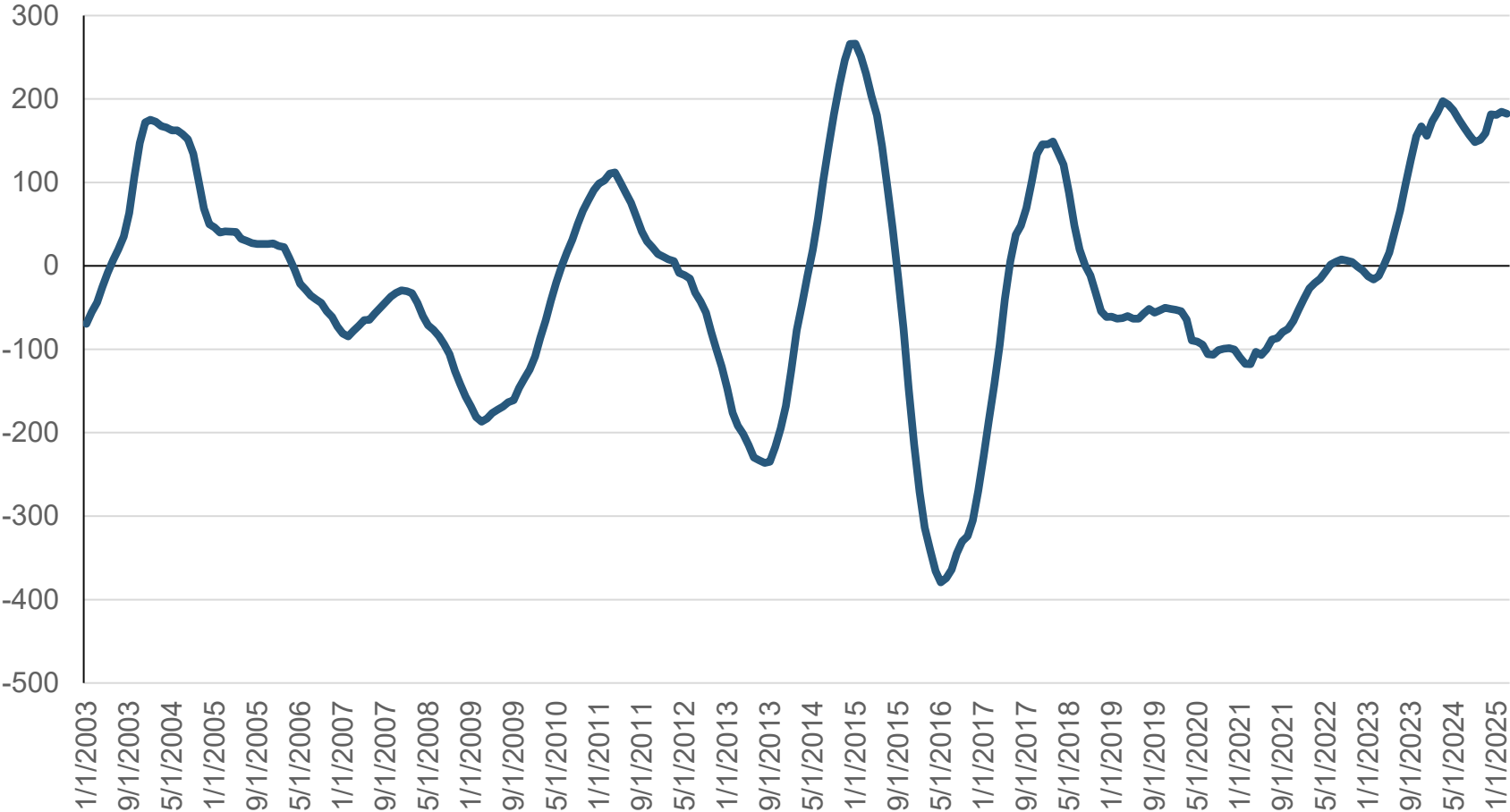
Wood Chipper

Freezing in Here

Just Fine Wine

PARDON THE ECONOMICS SECTOR RUNDOWN

Trailing 12-mo Cattle Finishing Profit (Loss) per Head



Source: Iowa State University Ag Extension, Returns to Livestock Producers

PTE

RUNDOWN

- Soy-h Boy
- Brazil Corn-ucopia
- Cattle Crazy
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- New “AI” in Dairy
- Playing Chicken
- Biofuel Buildout
- Wood Chipper
- Freezing in Here
- Just Fine Wine

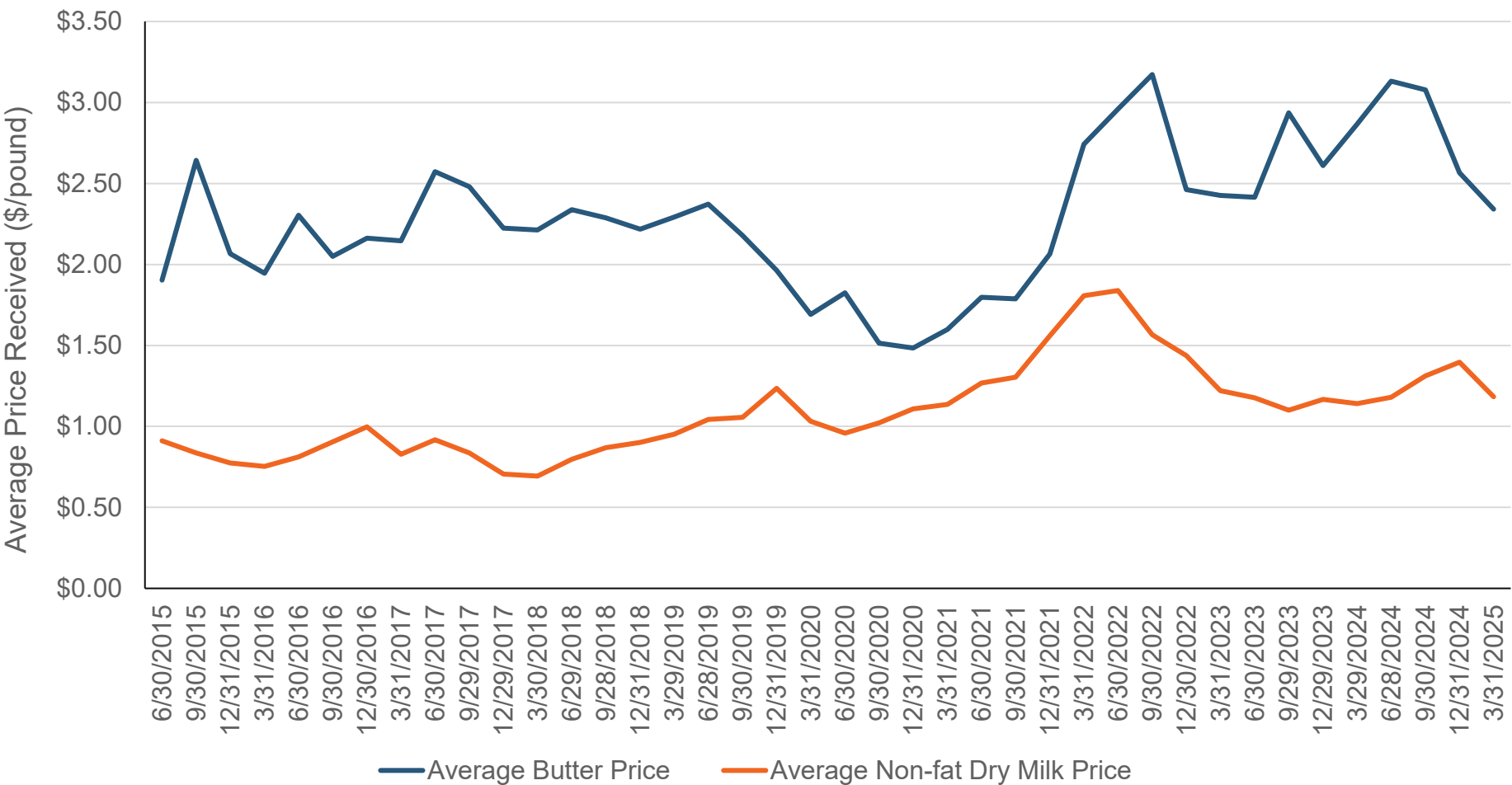
PARDON THE ECONOMICS

SECTOR RUNDOWN

PTE

RUNDOWN

Component Dairy Price Trends

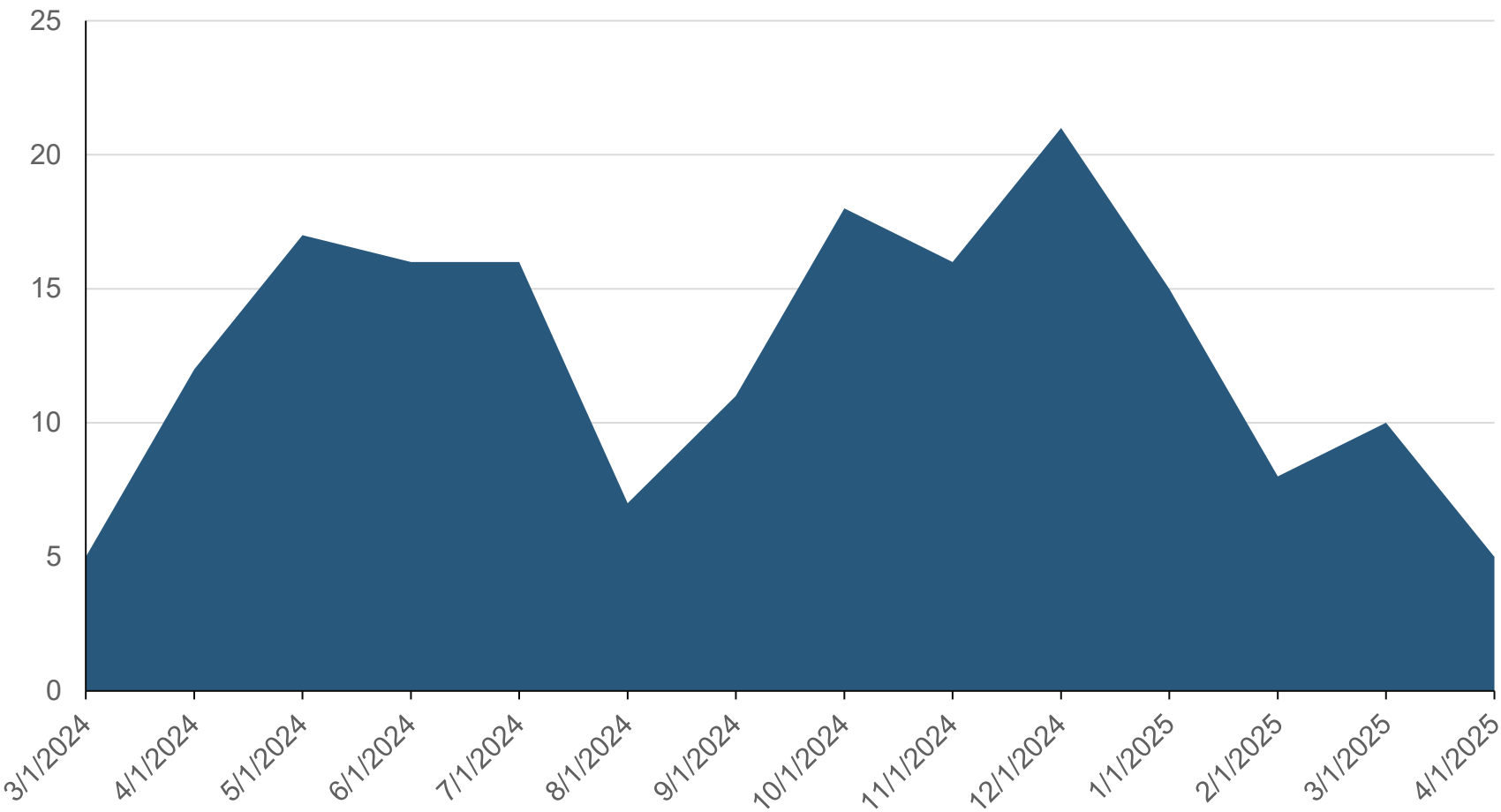


Source: USDA Agricultural Marketing Service

- Soy-h Boy
- Brazil Corn-ucopia
- Cattle Crazy
- Dairy Product Swoon
- New “AI” in Dairy
- Playing Chicken
- Biofuel Buildout
- Wood Chipper
- Freezing in Here
- Just Fine Wine

PARDON THE ECONOMICS SECTOR RUNDOWN

Number of Dairy Herds with HPAI Detected



Source: USDA Animal and Plant Health Inspection Service

PTE

RUNDOWN

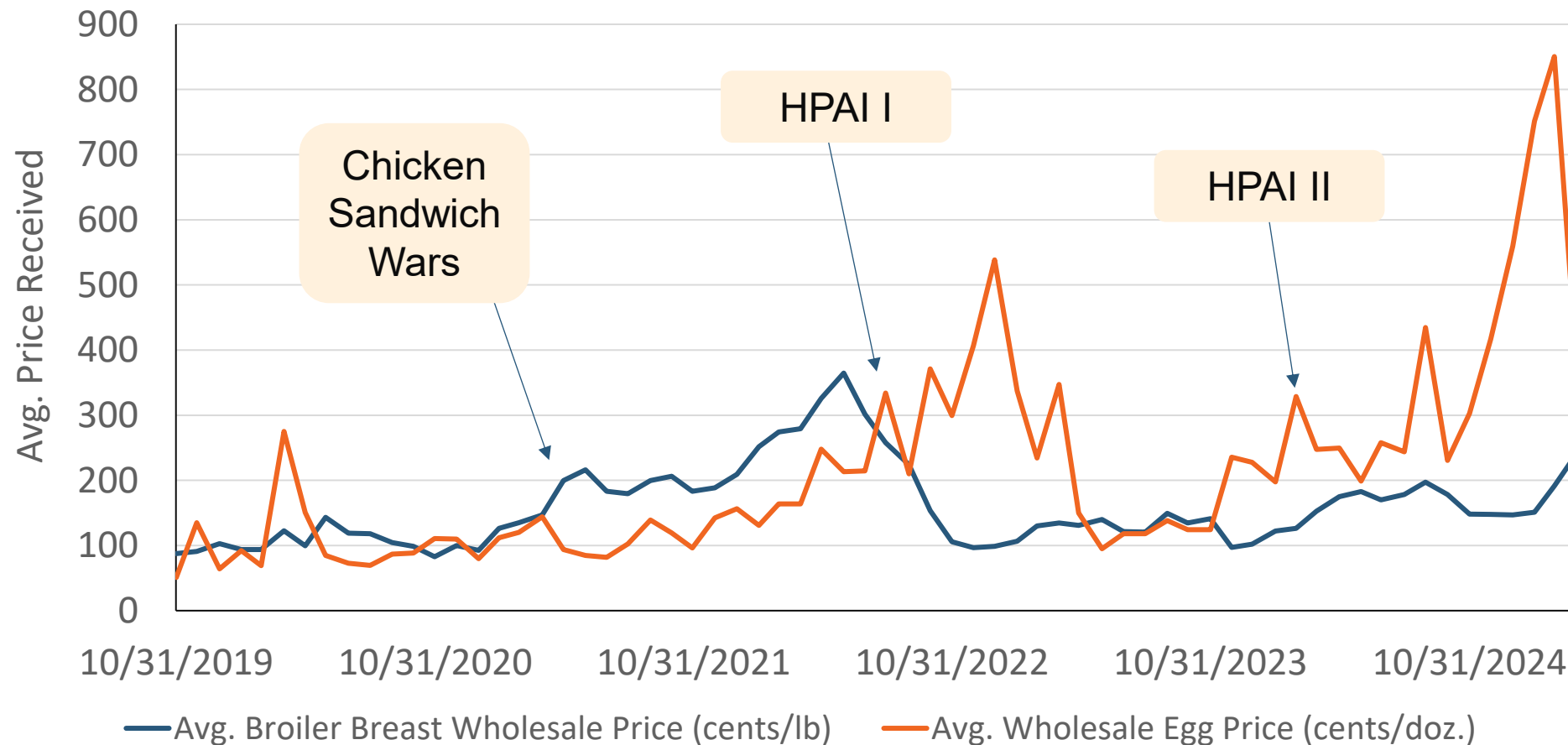
- Soy-h Boy
- Brazil Corn-ucopia
- Cattle Crazy
- Dairy Product Swoon
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- Playing Chicken
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- Wood Chipper
- Freezing in Here
- Just Fine Wine

PARDON THE ECONOMICS SECTOR RUNDOWN

PTE

RUNDOWN

Elevated Prices Reflect Recent Disease Disruptions to Flock



Soy-h Boy

Brazil Corn-ucopia

Cattle Crazy

Dairy Product Swoon

New "AI" in Dairy

Playing Chicken

Biofuel Buildout

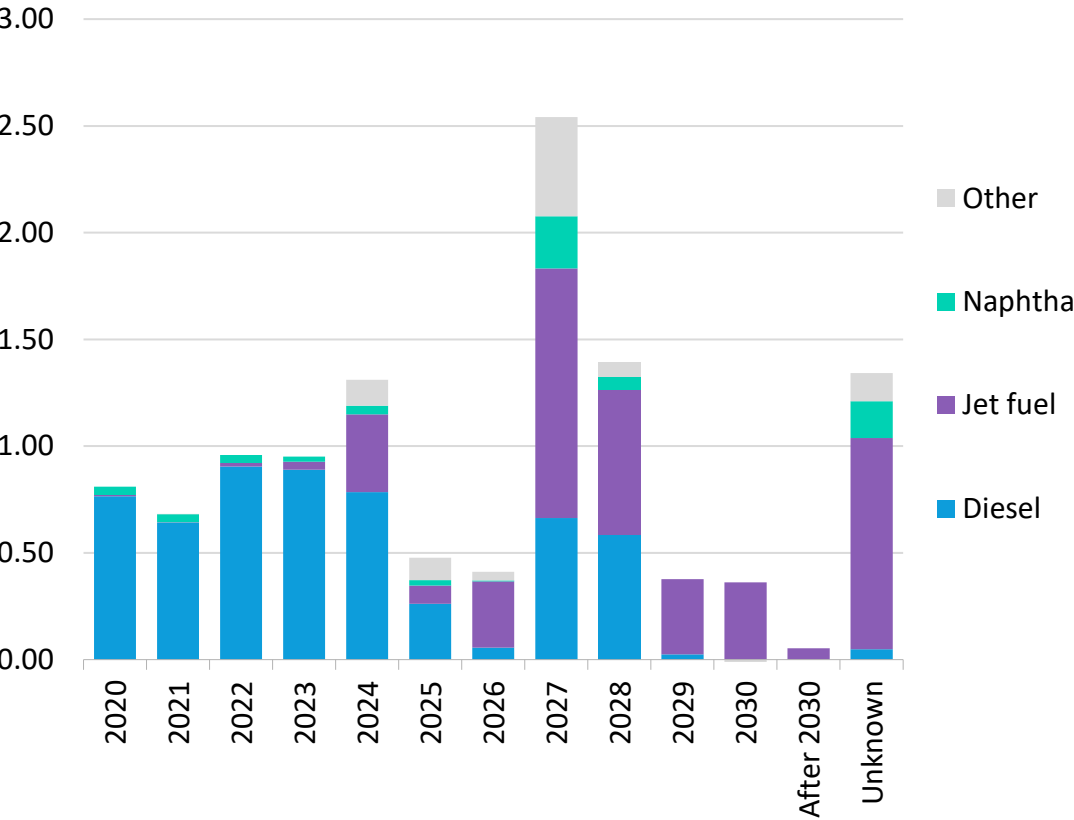
Wood Chipper

Freezing in Here

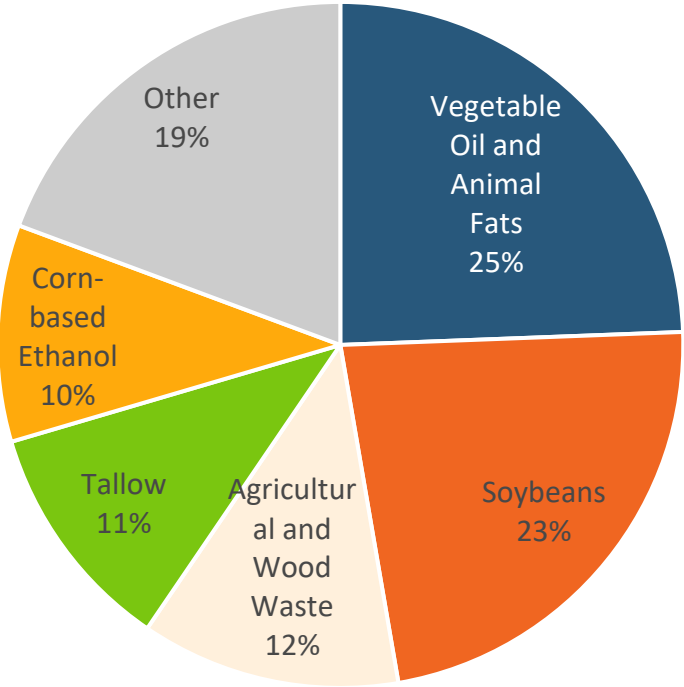
Just Fine Wine

PARDON THE ECONOMICS SECTOR RUNDOWN

Billion gallons per year



Feedstocks of New Capacity



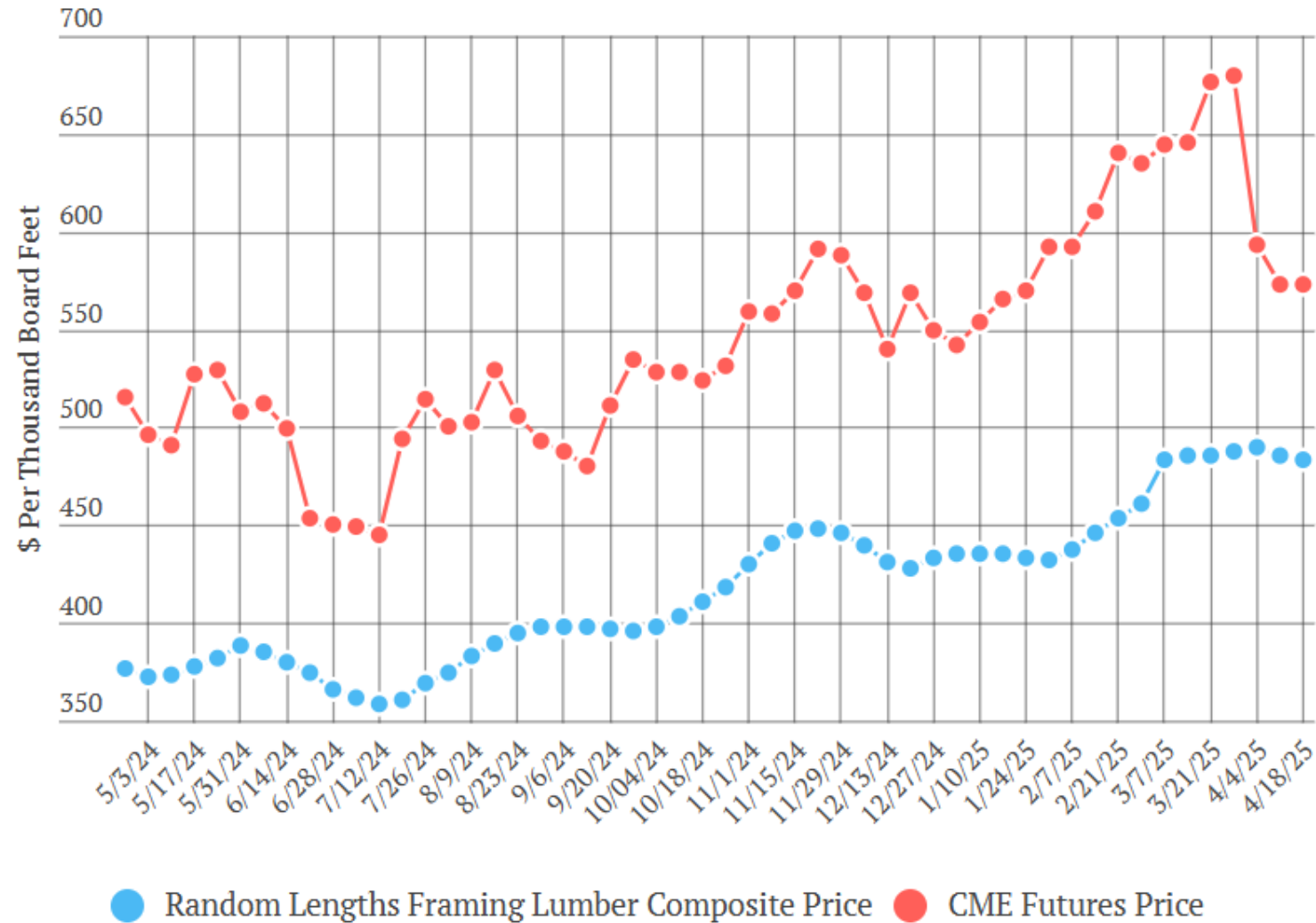
PTE

RUNDOWN

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- Biofuel Buildout
- Wood Chipper
- Freezing in Here
- Data Data Everywhere

PARDON THE ECONOMICS

SECTOR RUNDOWN



Source: National Association of Home Builders

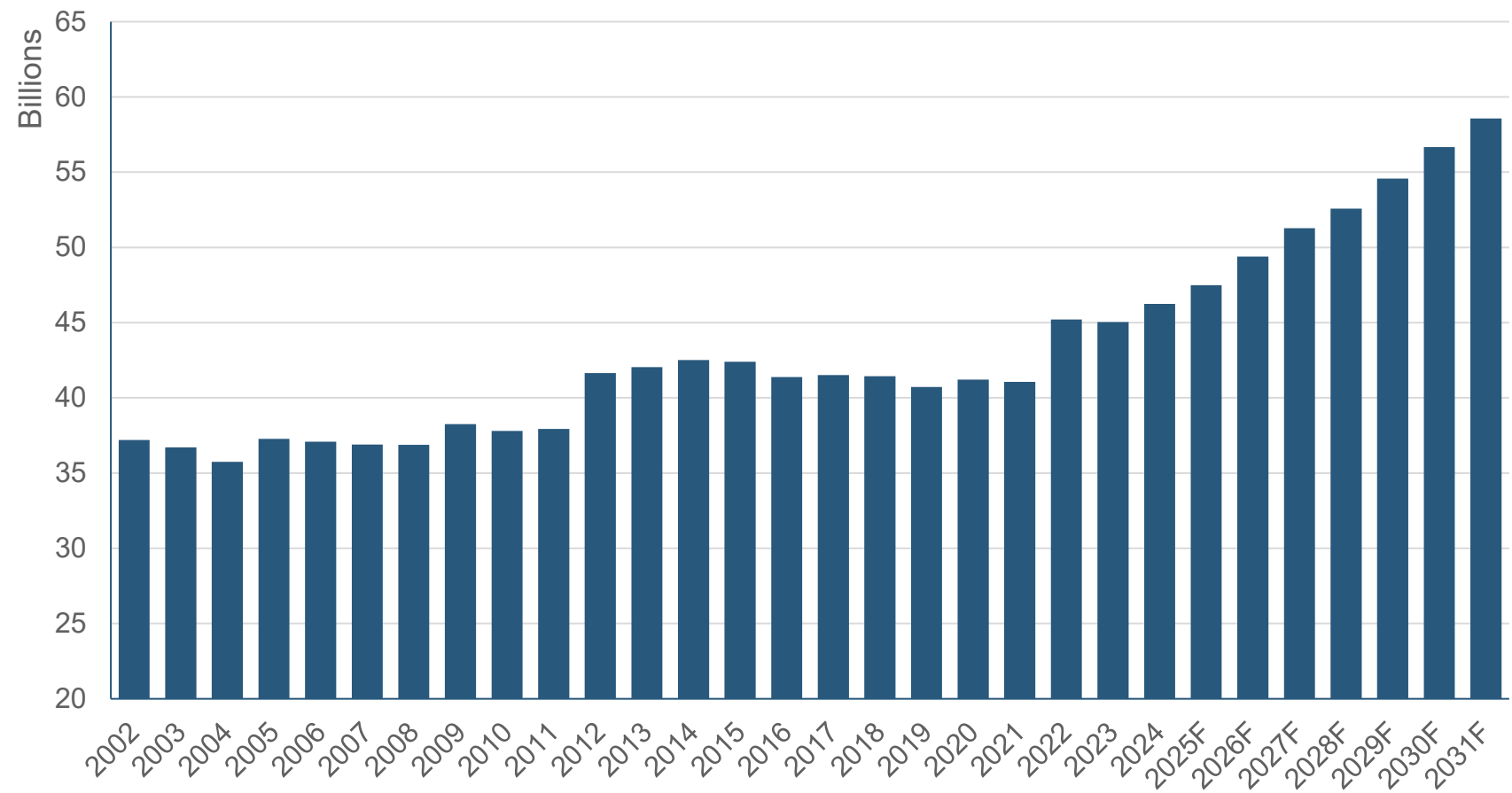
PTE

RUNDOWN

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- Just Fine Wine

PARDON THE ECONOMICS SECTOR RUNDOWN

U.S. Frozen Food Market Forecast



Source: IBISWorld

PTE

RUNDOWN

- Soy-h Boy
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- Wood Chipper

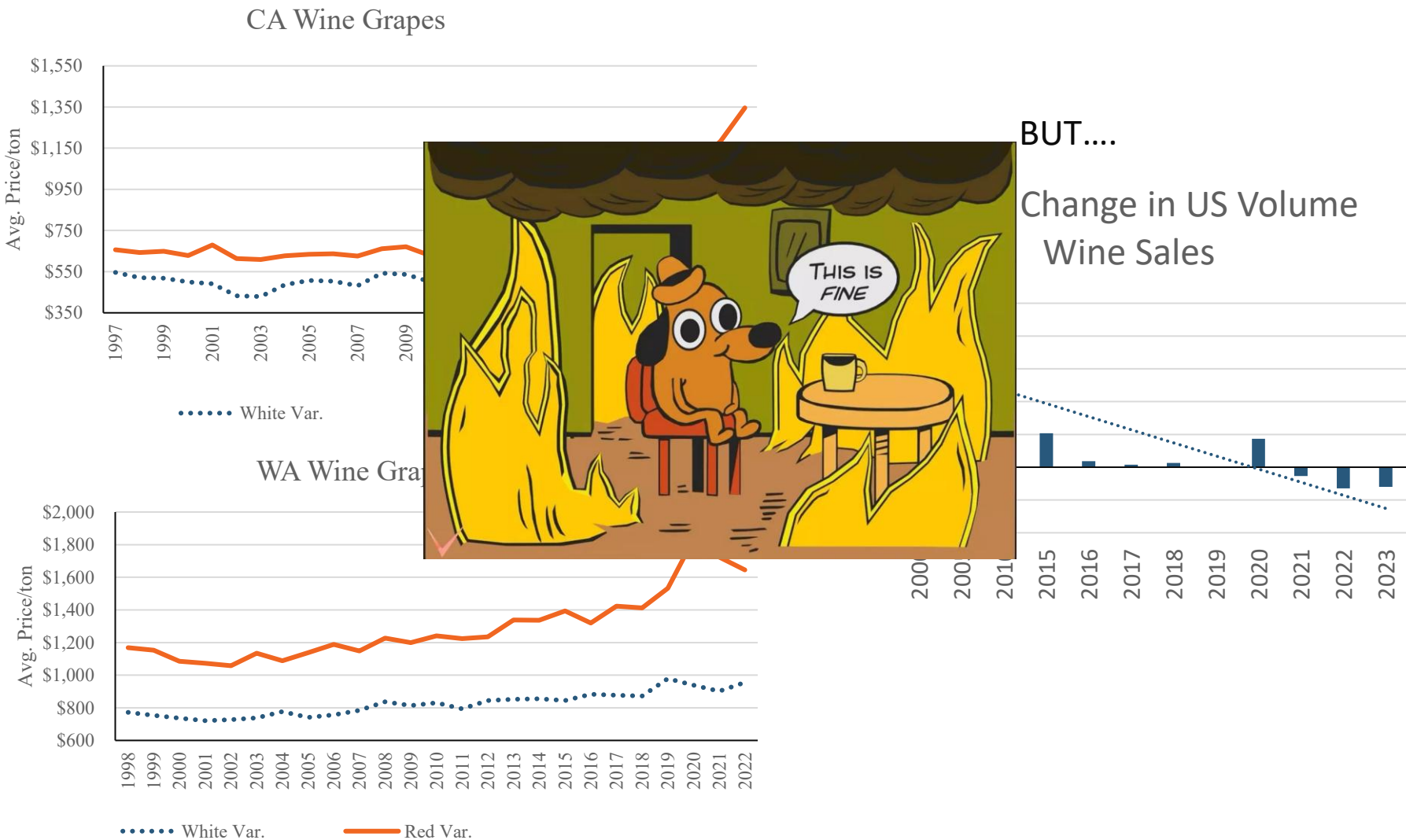
Freezing in Here

Just Fine Wine

PARDON THE ECONOMICS SECTOR RUNDOWN

PTE

RUNDOWN



Soy-h Boy
Brazil Corn-ucopia
Cattle Crazy
Dairy Product Swoon
New “AI” in Dairy
Playing Chicken
Biofuel Buildout
Wood Chipper
Freezing in Here
Just Fine Wine

Break

FARMLAND & CREDIT CYCLES

“Buy land. They ain’t making any more of the stuff.” – Will Rogers

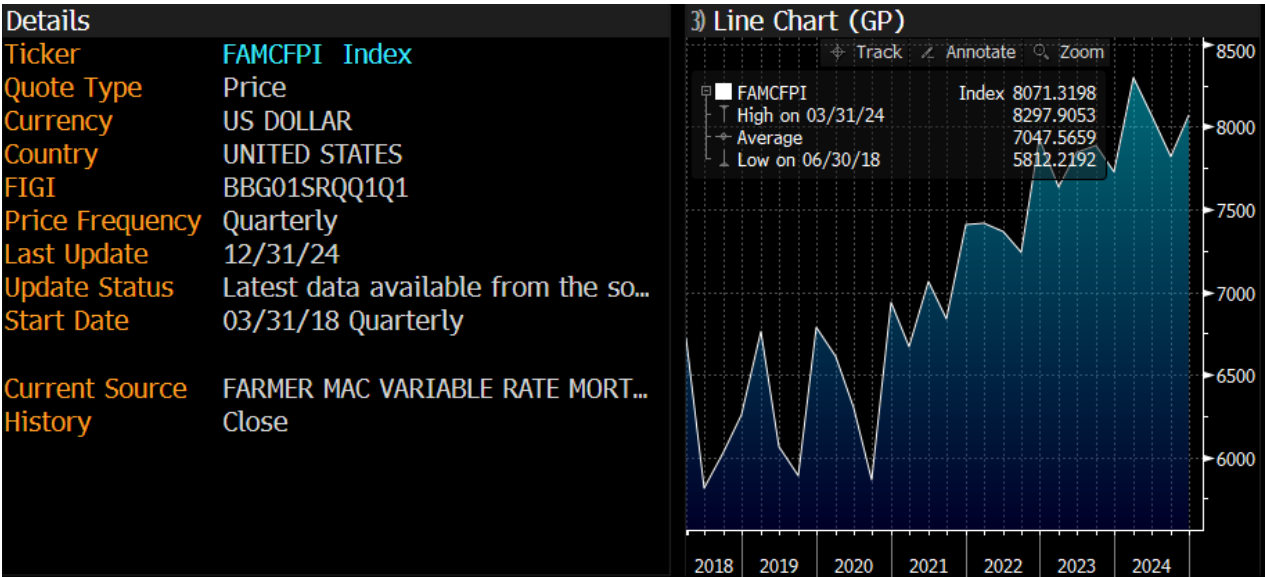
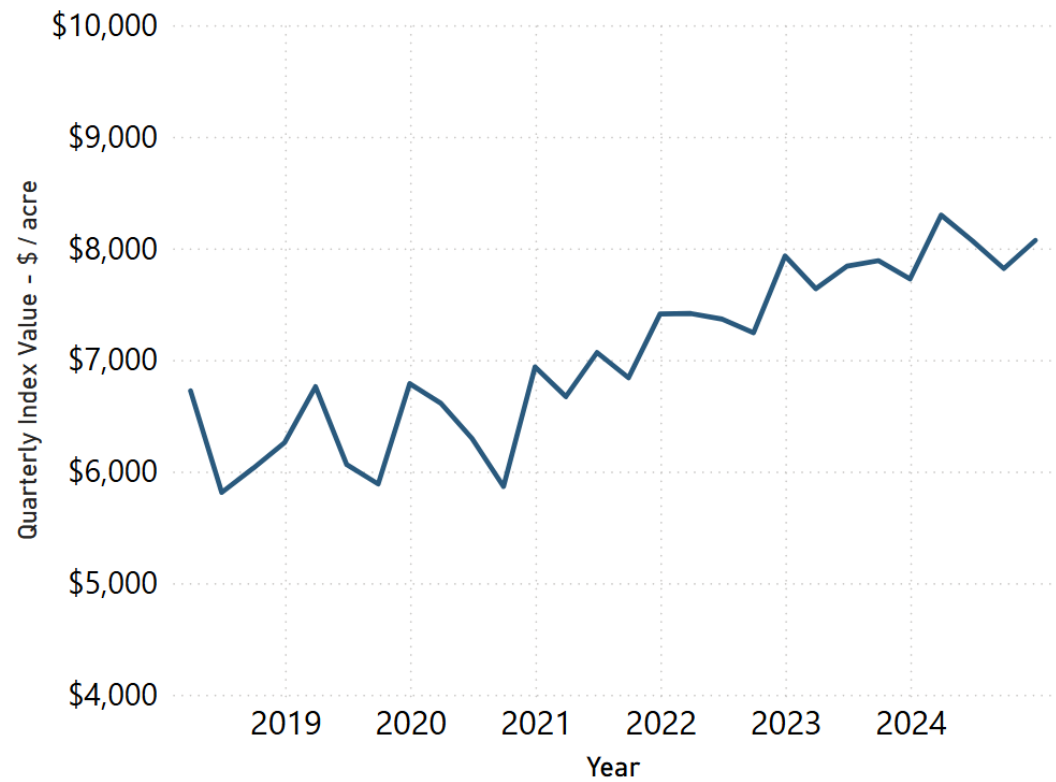
...Aren’t they, Will? Aren’t they?



LAND VALUES

TRADING SIDEWAYS

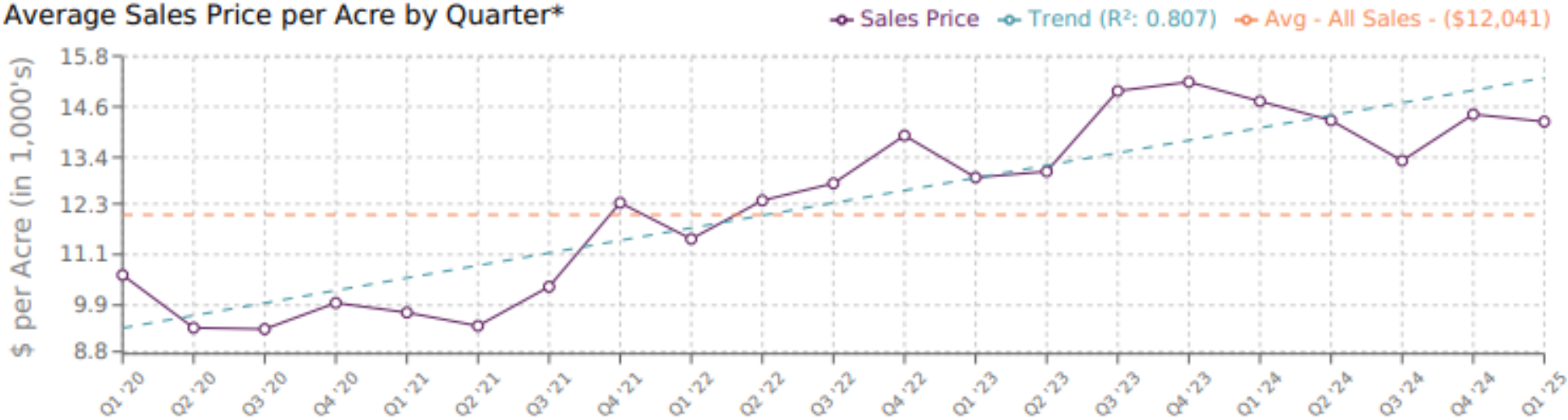
Farmer Mac Farmland Price Index
(Powered by AcreValue)



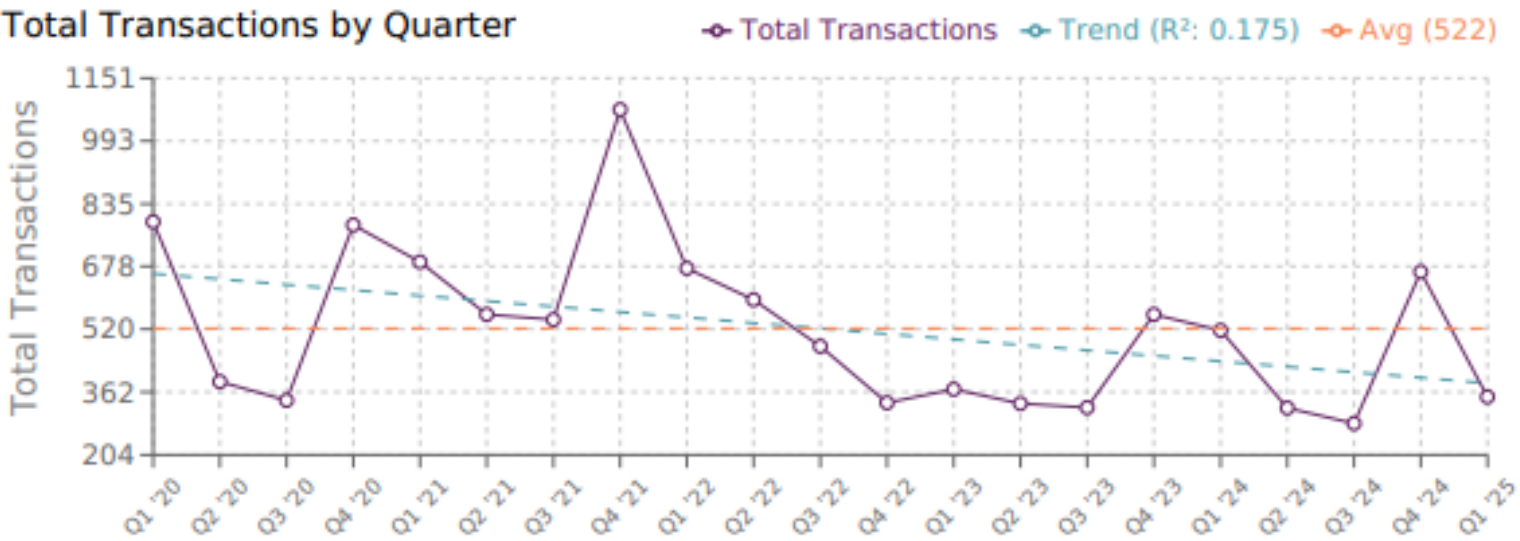
LAND VALUES

TRADING SIDEWAYS

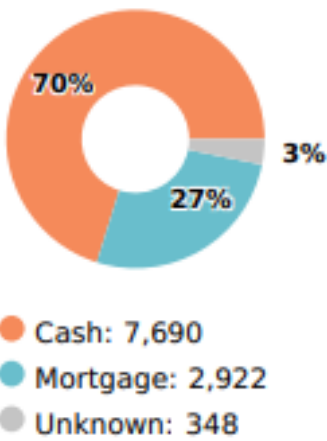
Average Sales Price per Acre by Quarter*



Total Transactions by Quarter



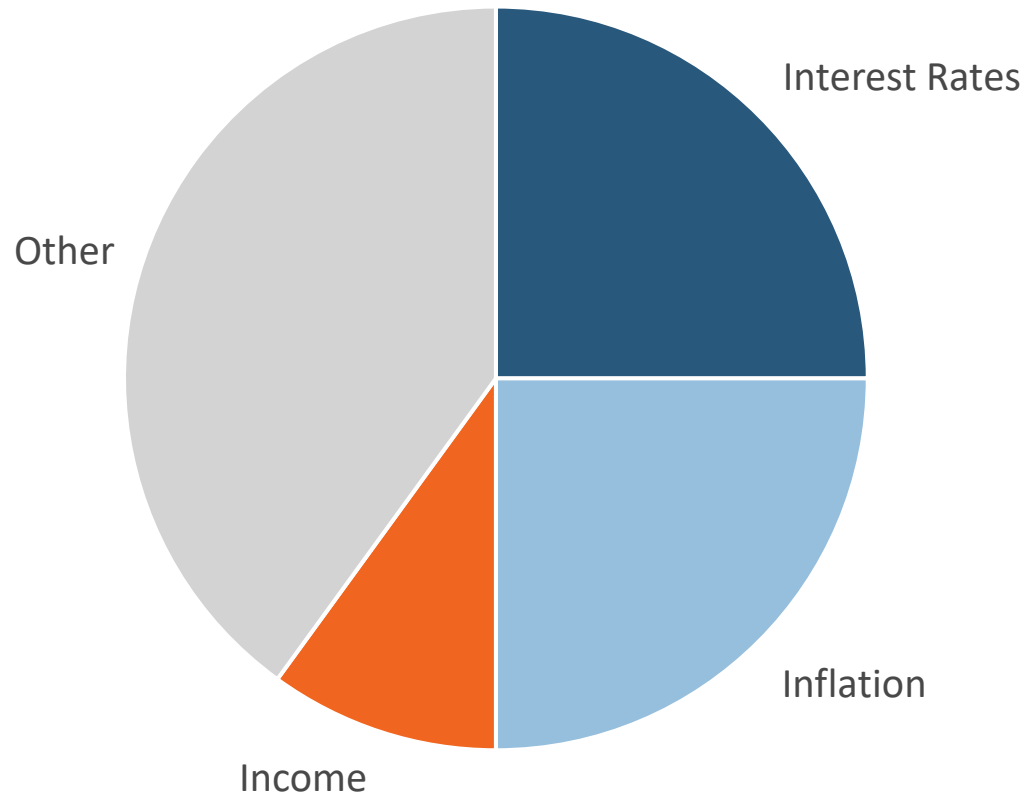
Purchase Type



IOWA

WHAT MATTERS MOST BALANCING SIGNALS

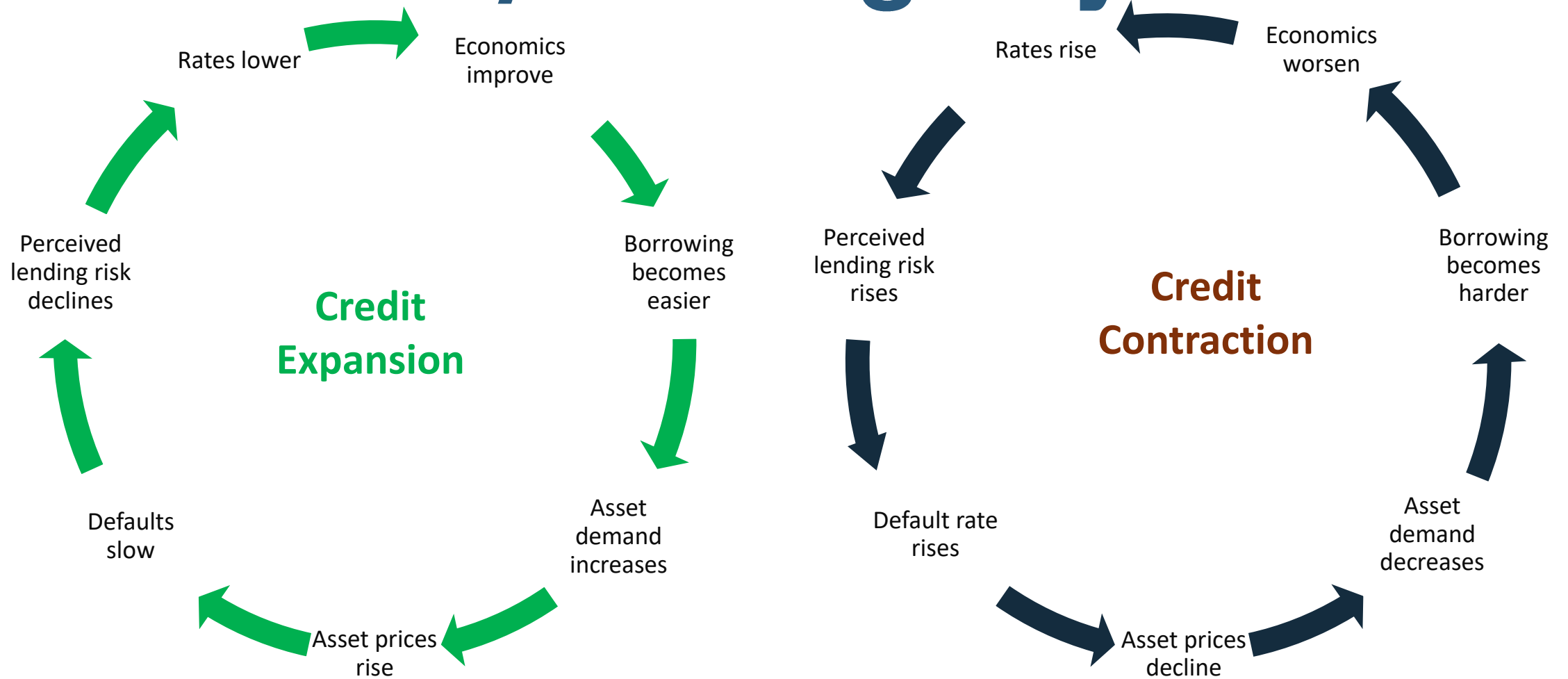
Impact on Predicted Land Returns



States Most
Sensitive to Real
Interest Rates

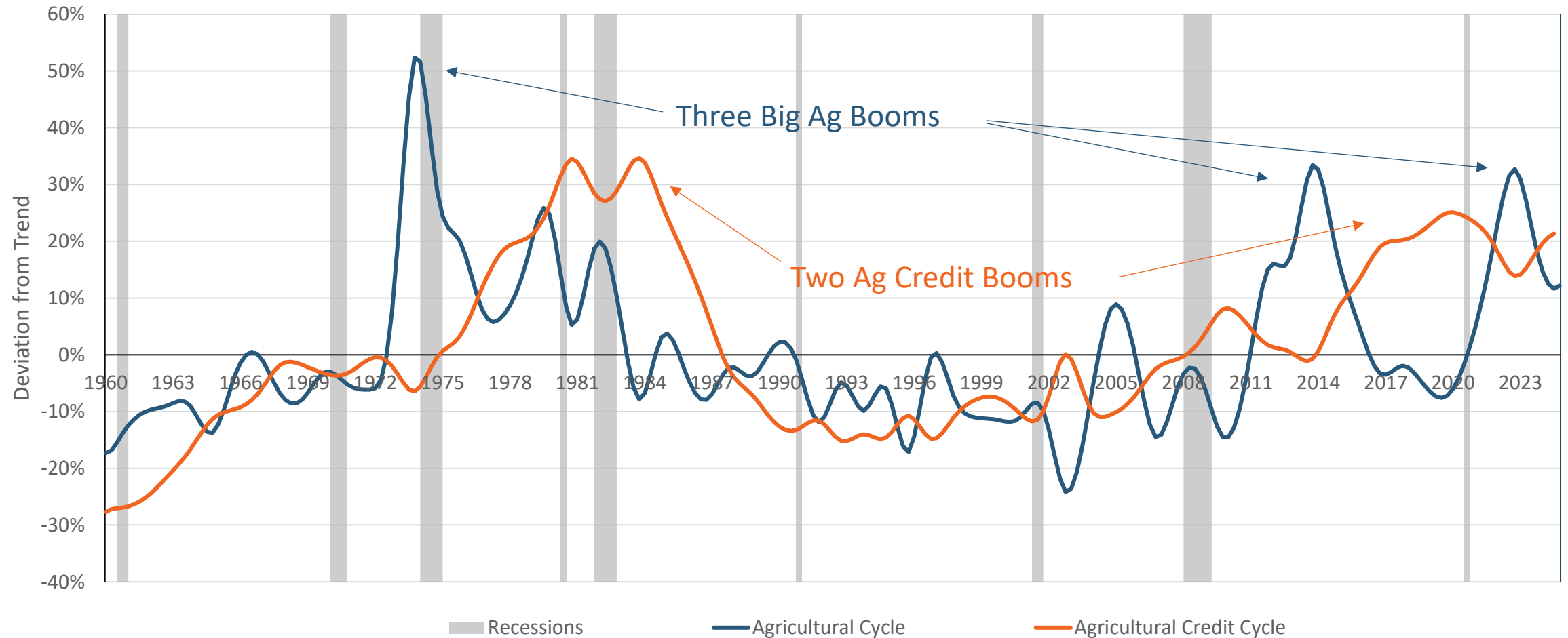
IA
MN
SD
KS
NE

Credit/Leverage Cycles



CYCLES MAKE THE WORLD GO 'ROUND

AG BUSINESS AND CREDIT CYCLES



GOING INTO OT

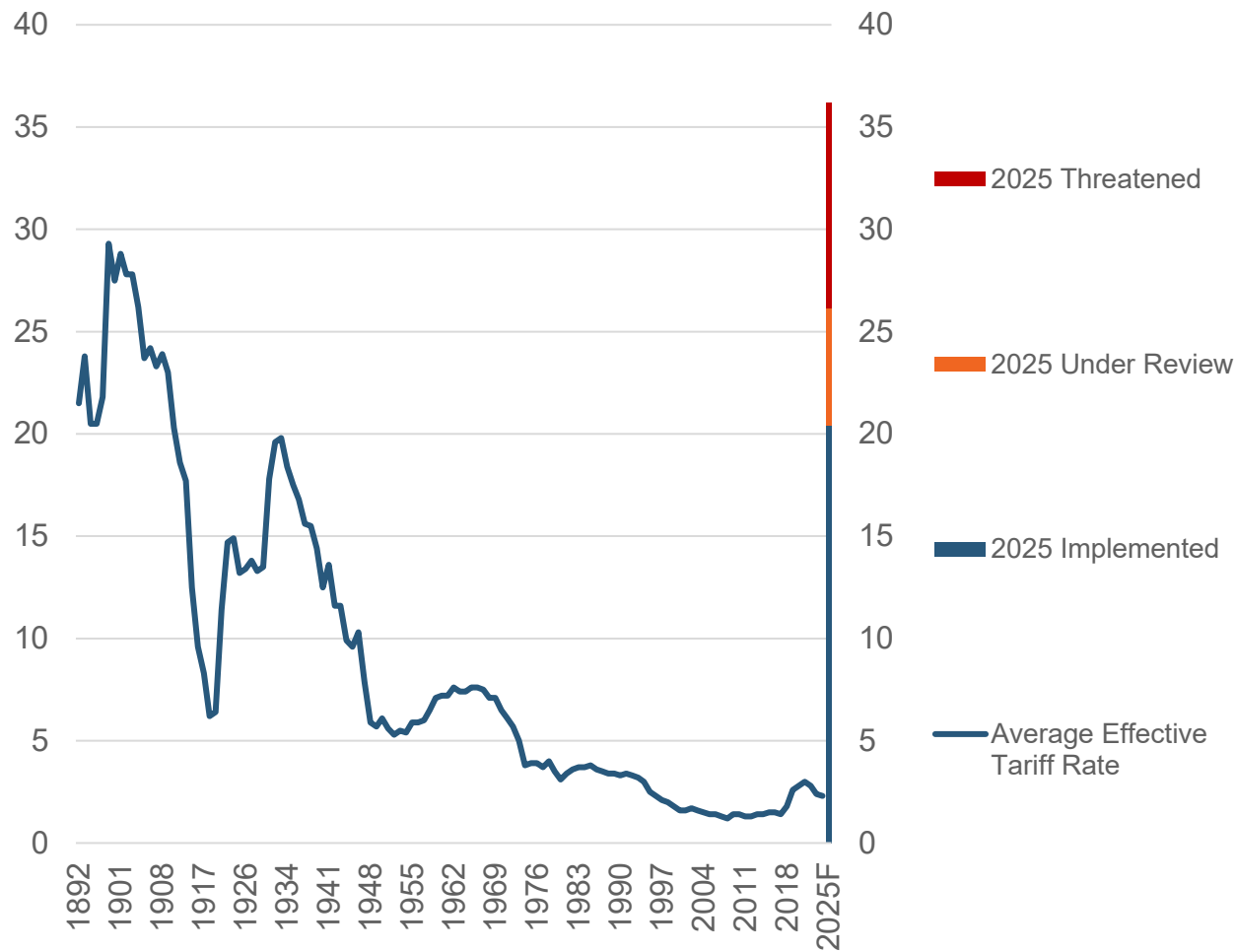
“If you ever catch on fire, try to avoid seeing yourself in the mirror, because I bet that's what REALLY throws you into a panic.”

– Jack Handy

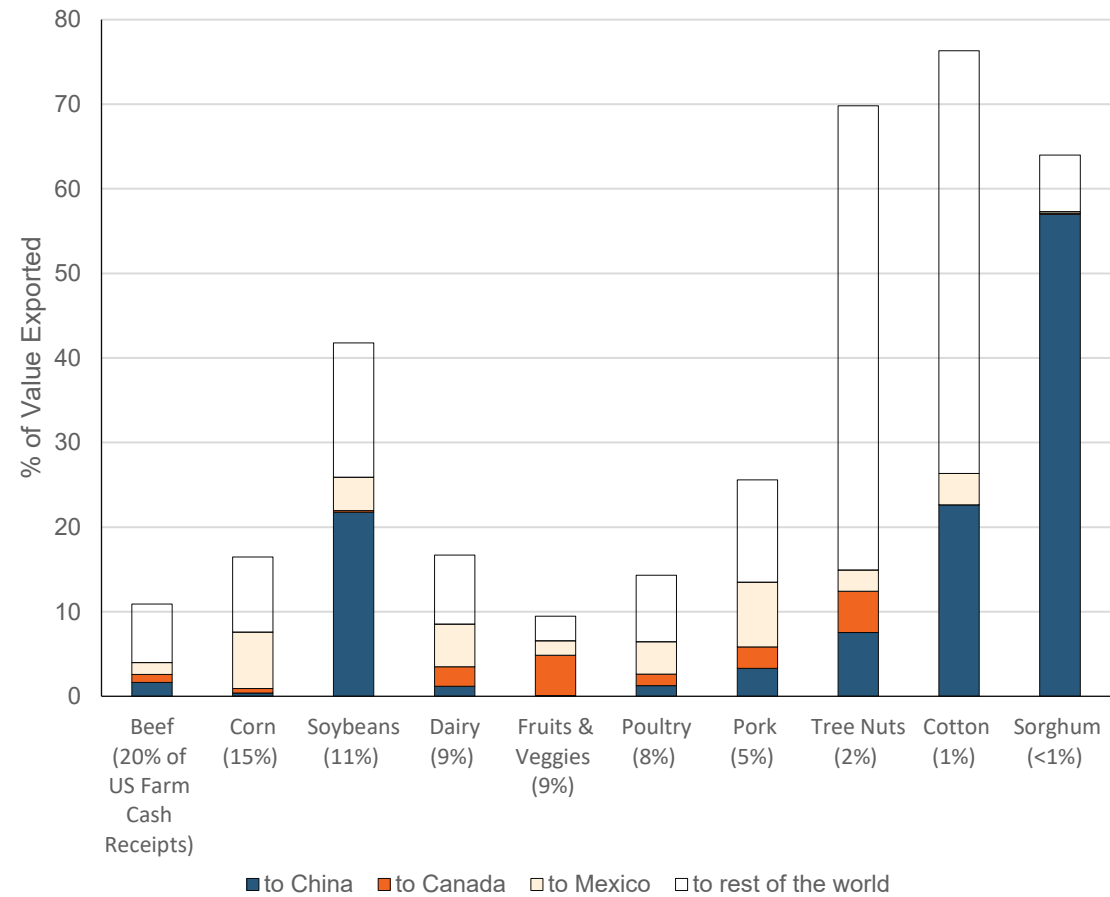


GLOBAL FOOD & AG TRADE

LINES REDRAWN IN 2025



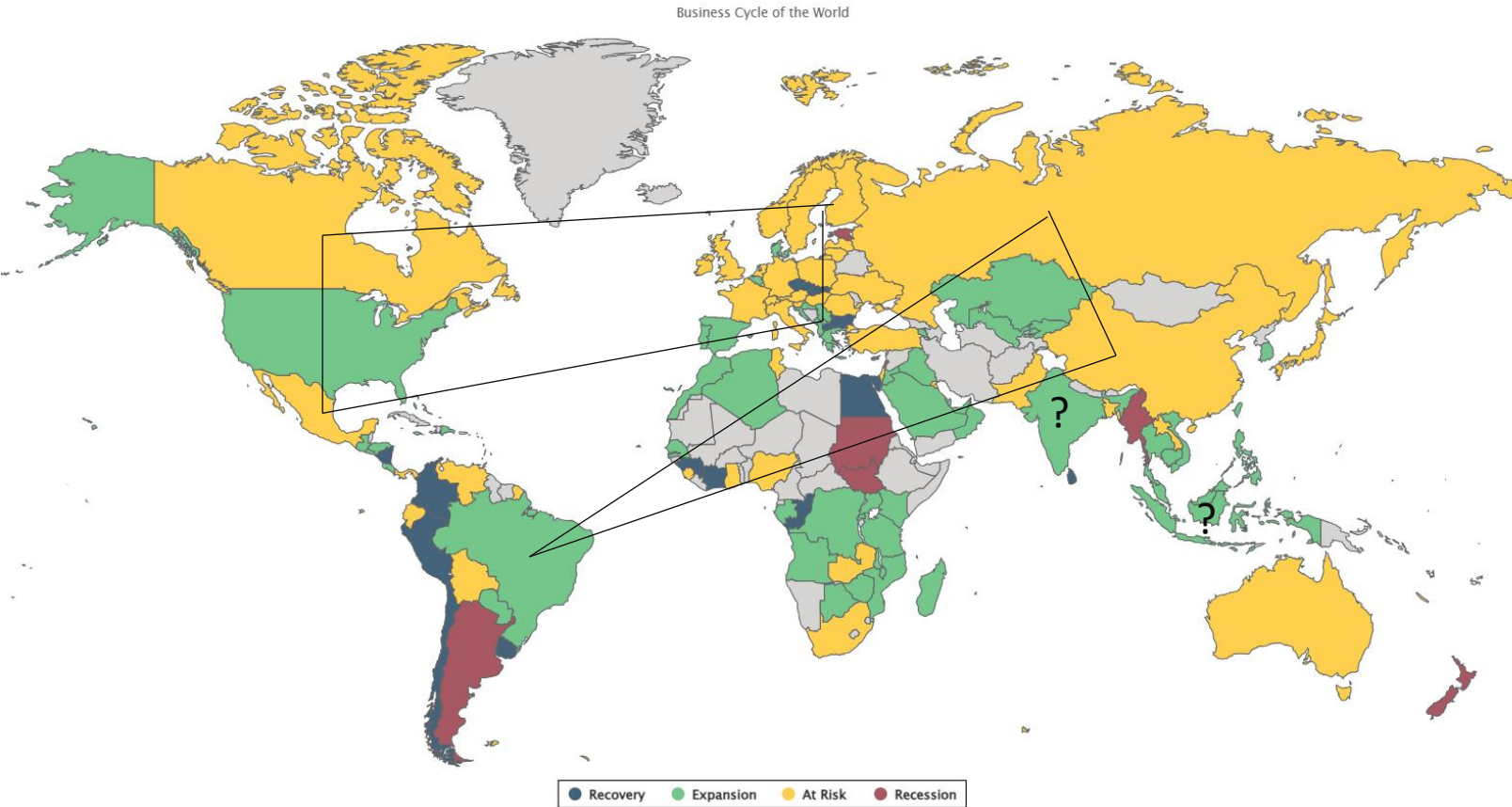
Top U.S. Agricultural Production by Share Exported and Market



Source: Bloomberg Economics; USDA FAS GATS Data; USDA Economic Research Service

GLOBAL ECONOMIC FACTORS

ALLIANCES AND CONFLICTS ABOUND



Source: Moody's Analytics; IMF January 2025 World Outlook

Real GDP Growth Forecast

	2025	2026
U.S.	2.7	2.1
Germany	0.3	1.1
France	0.8	1.1
Italy	0.7	0.9
Japan	1.1	0.8
U.K.	1.6	1.5
Canada	2.0	2.0
Mexico	1.4	1.2
Brazil	2.2	2.1
China	4.6	4.5
Russia	1.4	1.2
India	6.5	6.5

CONSUMER CHANGES AFOOT

IGNORE CONSUMER AT YOUR OWN PERIL

Boomers Fade
(Wine & Grocery)

Zoomers Rise
(Convenience)

GLP-1
(Shrinkage & Price
Push)

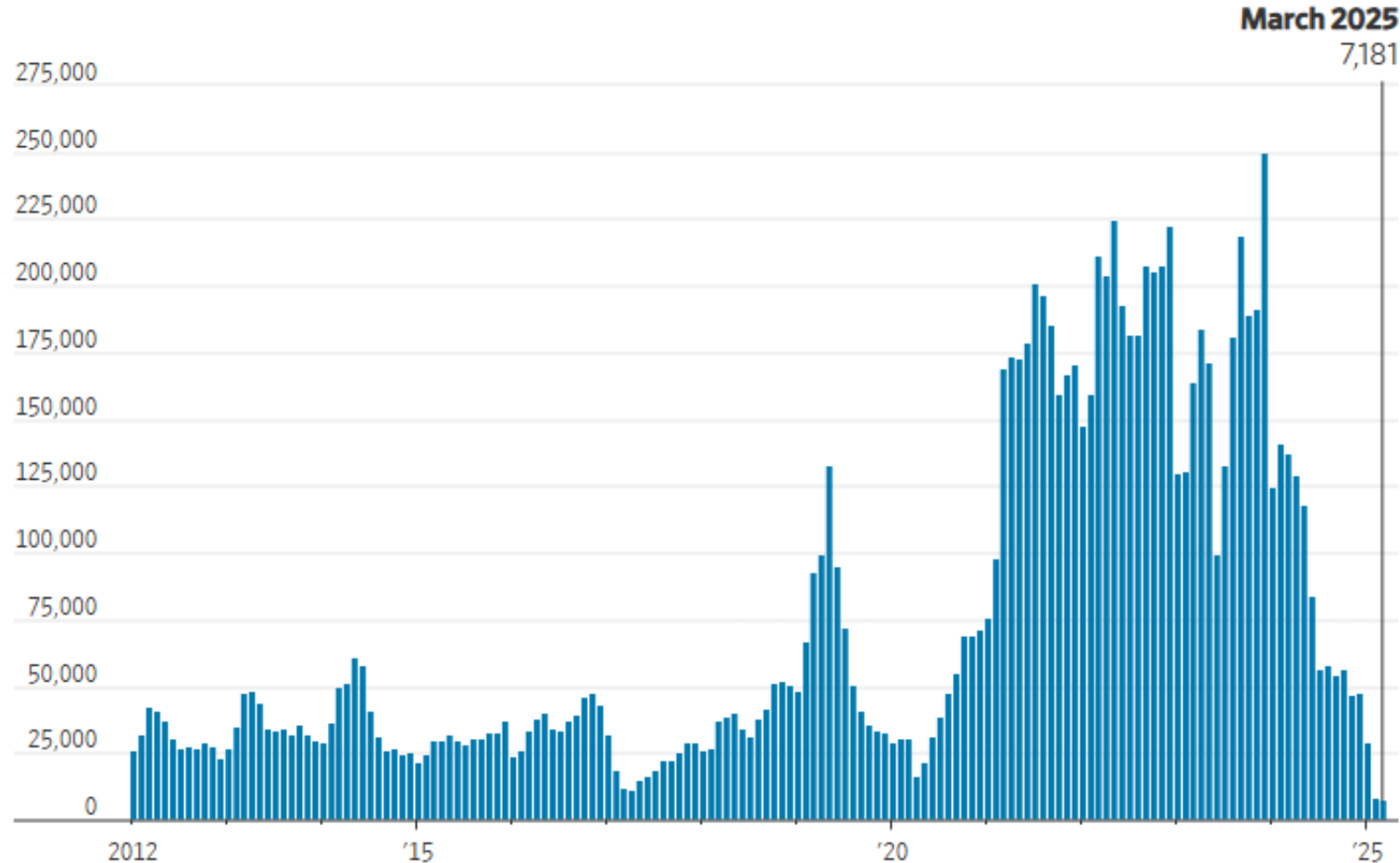
MAHA
(Practice Changes)

**Massive Wealth
Transition**
(Farmland Turnover)

LABOR ISSUES BREWING

GOOD NEWS/BAD NEWS SITUATION

Southwest border migrant encounters by month



Source: Customs and Border Protection

Slower Inflow

H2A Available
to Many

Gaps in H2A
Authority

Processors &
Dairy Hardest
Hit

Automation
Investment

CONCLUSIONS AND STRATEGIES

Persistently Lower
Grain Price &
Higher Labor
Prices Pinch Profits

Trade Top of Mind
for Downside Risks

Financial
Statements
Hardest Hit in
2025/26

Proteins Holding
Up on Lower Feed
Costs – Could
Continue Run

Government
Cheddar Becoming
Built in

Consumer
Preferences May
Change (Like it or
Not)

Q&A



Thank you!

Jackson Takach, CFA
jtakach@farmermac.com

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