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Financial and Market Considerations for Crop Management

**Row Crop Short Course
Marianna, FL**

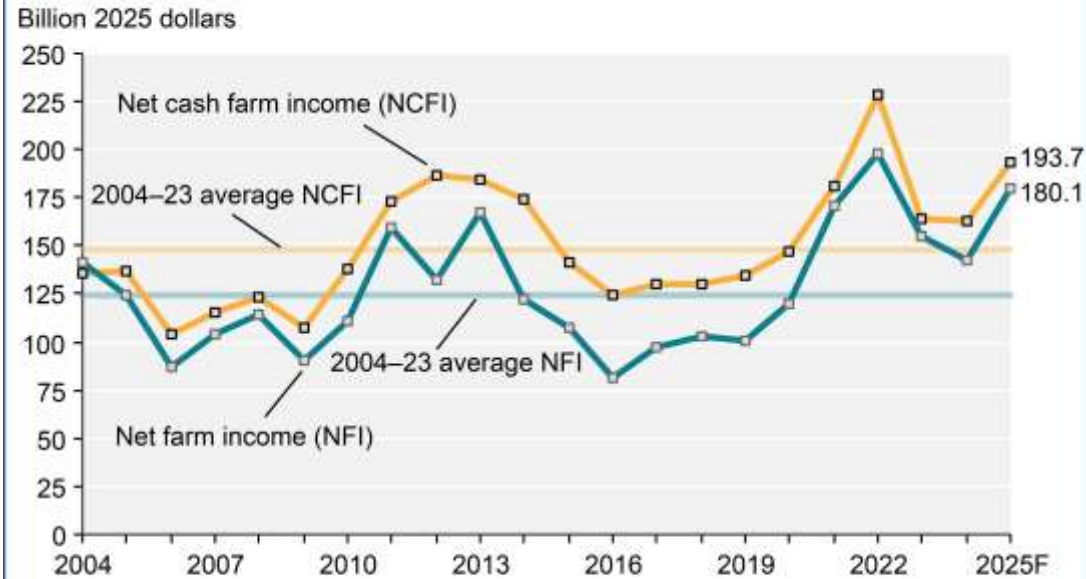
March 6, 2025

Dr. Adam N. Rabinowitz
Associate Professor & Extension Economist
Auburn University

The Farm Economy

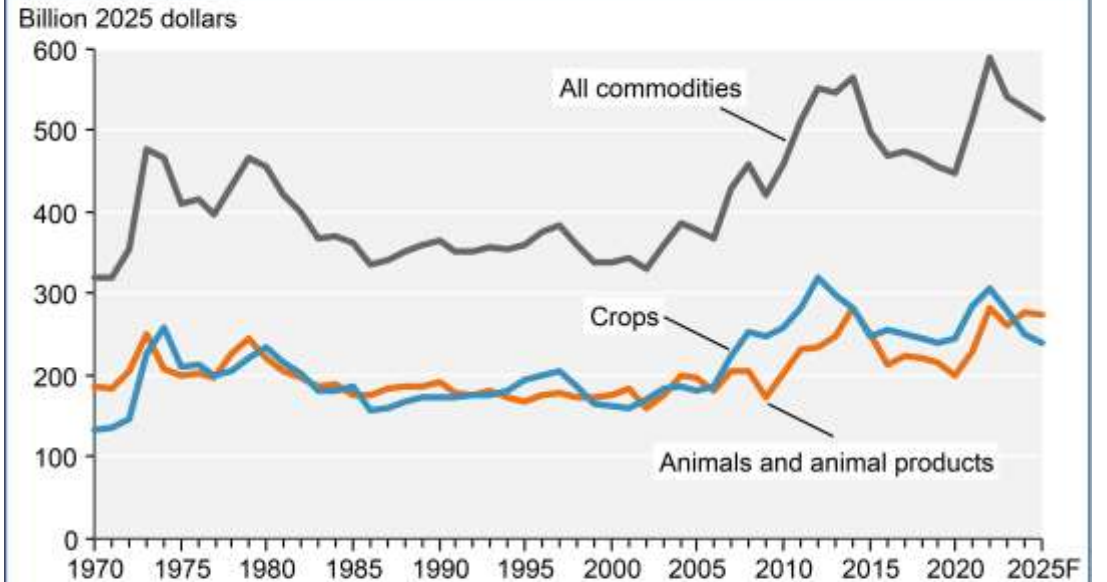
U.S. Farm Income

U.S. net farm income and net cash farm income, inflation adjusted, 2004–25F



Note: F = forecast; data for 2024 and 2025 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2025 by USDA, Economic Research Service.
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
 Data as of February 6, 2025.

U.S. farm sector cash receipts, inflation adjusted, 1970–2025F



Note: F = forecast; data for 2024 and 2025 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2025 by USDA, Economic Research Service.
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
 Data as of February 6, 2025.

Crop Specific Income Changes

Average net cash farm income for farm businesses specializing in crop production, 2025F compared with 2024F

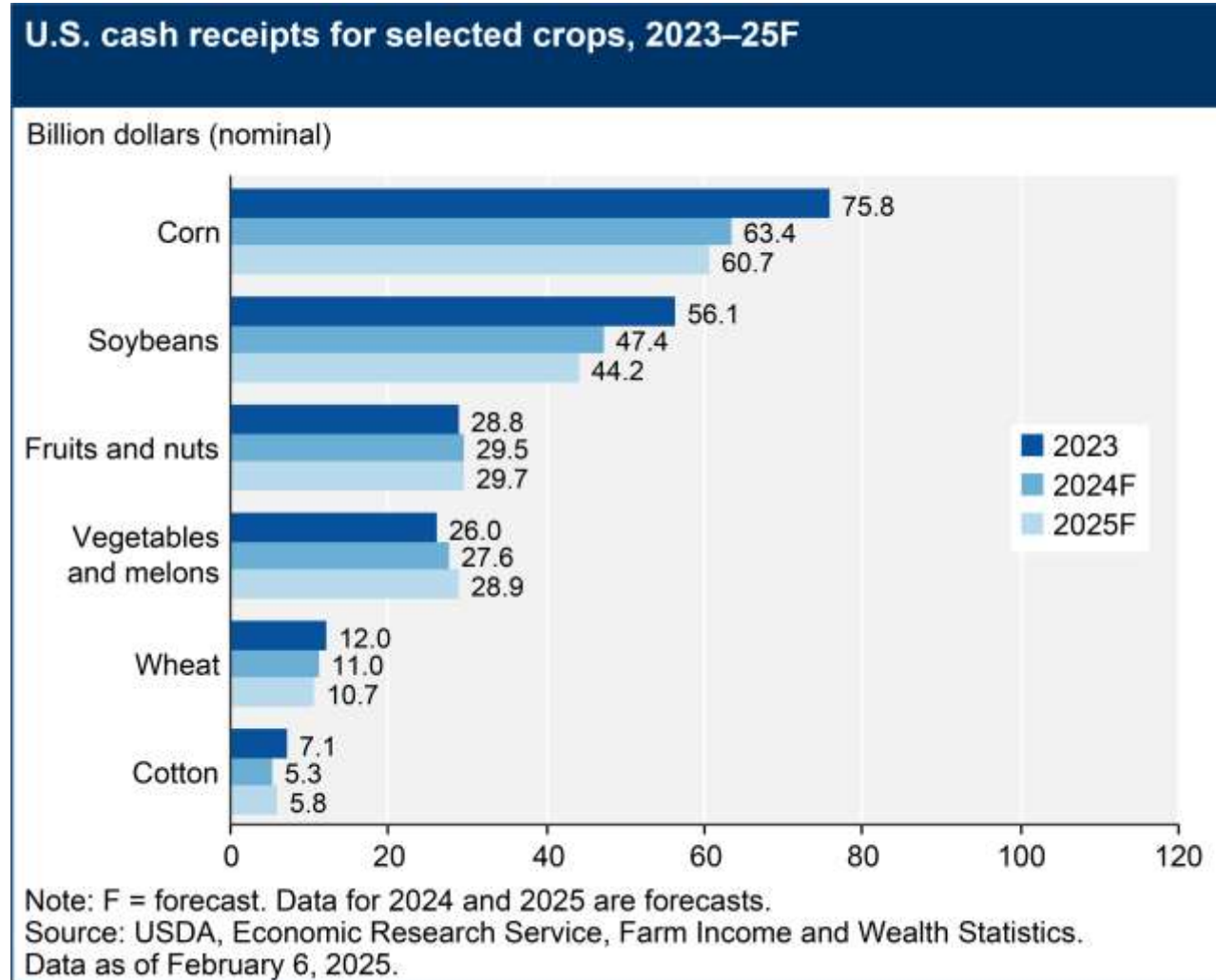
Farm specialization	Average NCFI, 2025F	Change in	Change in average NCFI, 2023–2024F
	<i>Dollars (per farm)</i>	<i>Percent</i>	<i>Percent</i>
Cotton	377,600	28	-26
Corn	150,500	-3	-33
Wheat	106,600	59	-42
Soybeans	66,700	0	-35
Specialty crops 1/	303,000	3	-2
Other crops	76,900	10	-18

F = forecast. NCFI = net cash farm income.

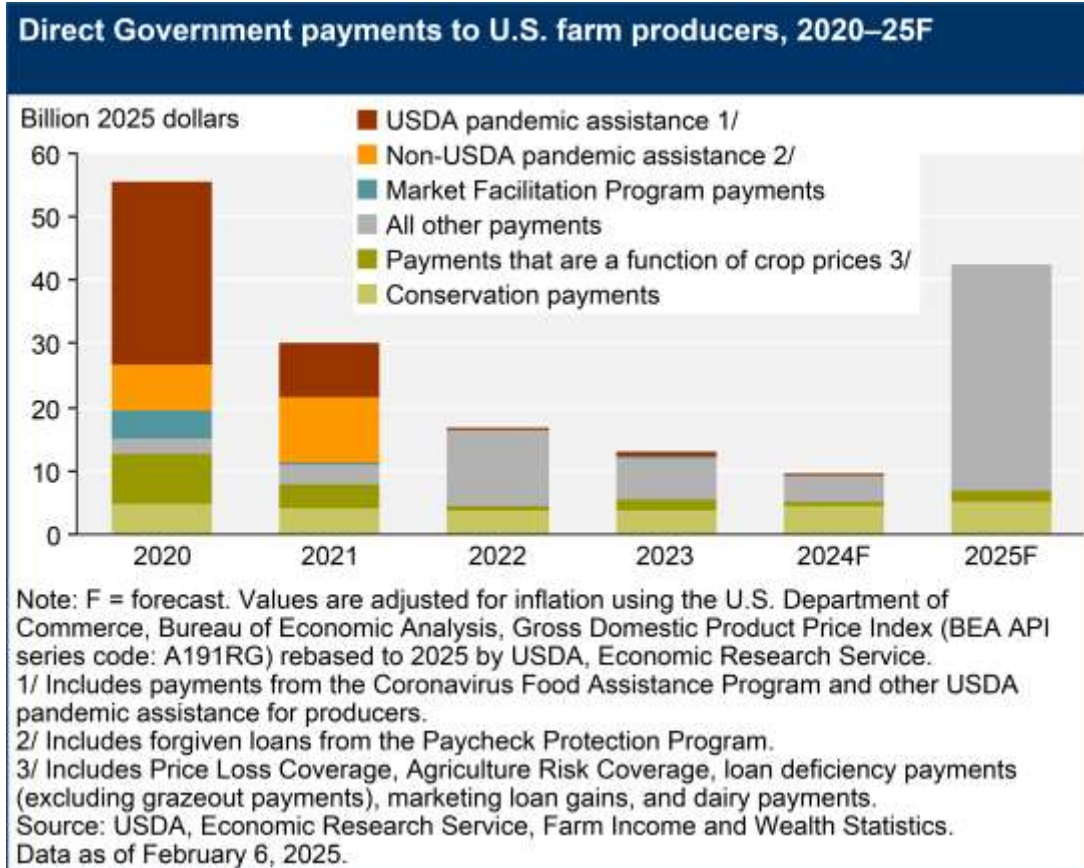
1/ Specialty crops include fruit and tree nuts, vegetables, and nursery/greenhouse.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics data product, [Farm business average net cash income by commodity specialization and region](#). Data as of February 6, 2025.

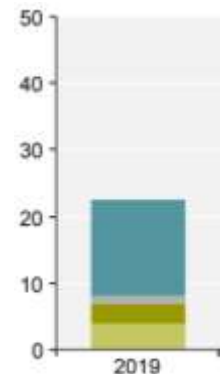
U.S. Cash Receipts



Government Payments



- Ad hoc assistance
 - Wildfire and Hurricane Indemnity Program Plus / Emergency Relief Program
 - Quality Loss Adjustment Program
 - Pandemic Assistance
 - Inflation Reduction Act
 - Market Facilitation Program
 - Disaster relief in American Relief Act, 2025



Emergency Commodity Assistance Program (ECAP)

Table 1: Estimated Payment Rate for Eligible Commodity Most Relevant to Alabama

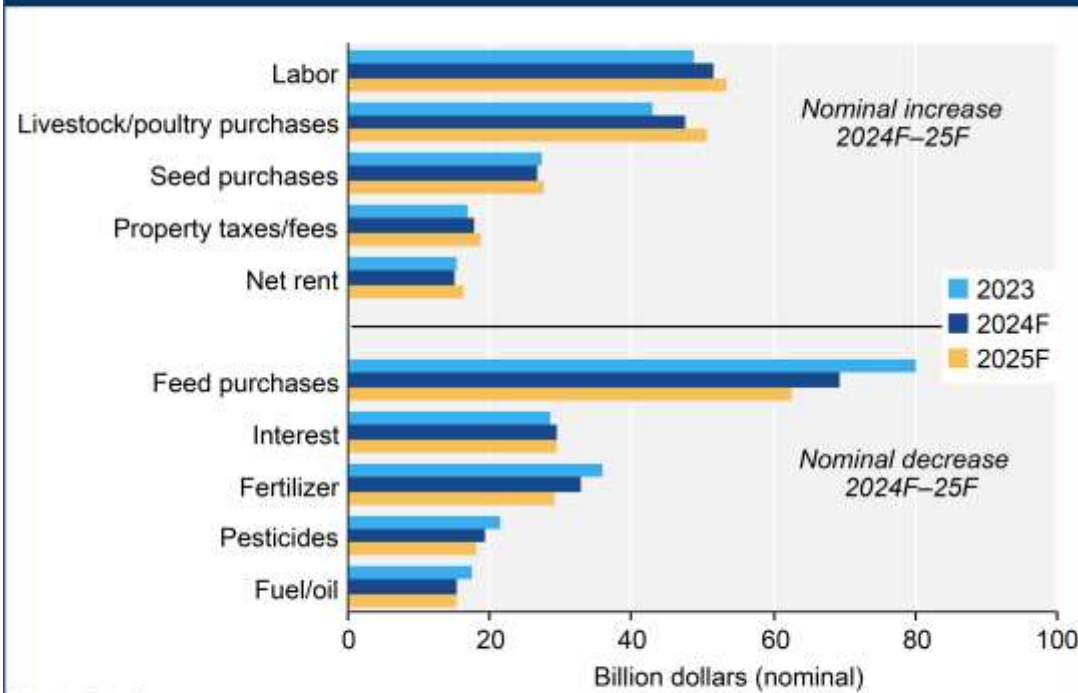
Note. The USDA has not released official payment rates and some terms are open to interpretation. In this table, the estimated payment rates were calculated using 10-year national average yields from 2014 to 2023. Using a different calculation for yields might change the payment rates. The minimum payment rate applies to peanuts because the estimated payment rate was less than the minimum rate.

Eligible Commodity	Estimated Payment Rate	
Corn	\$43.80	Per acre payment rate paid on planted acres and ½ prevented planted acres.
Cotton	\$84.70	
Oats	\$78.42	
Peanuts	\$76.30	Initially expect about 75-85% of the eligible payment.
Sorghum	\$41.85	
Soybeans	\$30.61	Process? March 21...
Wheat	\$31.78	

<https://www.aces.edu/blog/topics/farm-management/economic-assistance-for-alabama-row-crop-producers/>

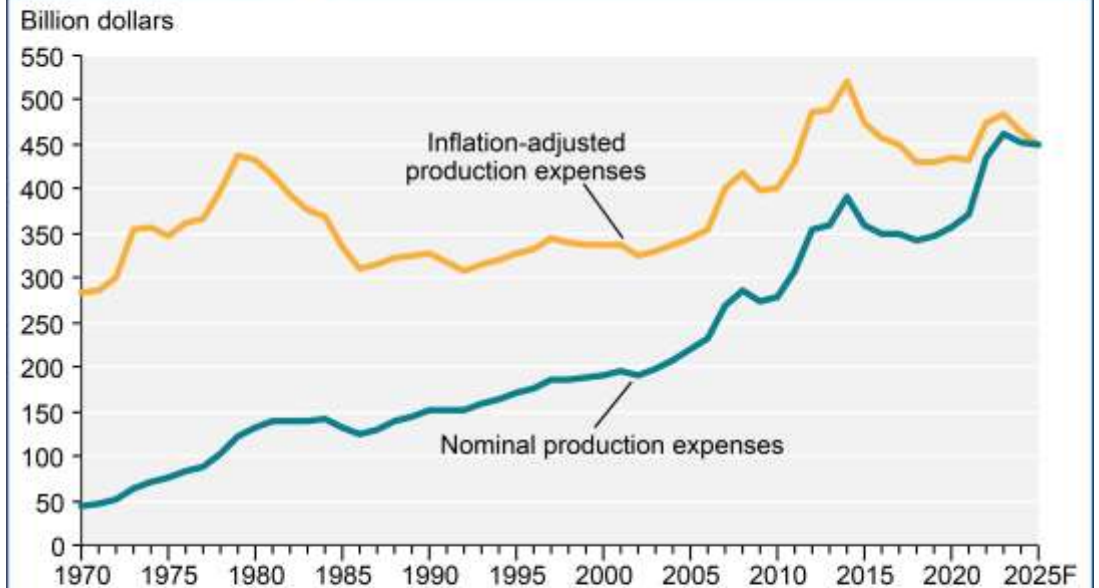
U.S. Expenses and Debt

Selected U.S. farm production expenses, 2023–25F



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

Nominal and inflation-adjusted U.S. farm production expenses, 1970–2025F



Note: F = forecast; data for 2024 and 2025 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2025 by USDA, Economic Research Service.
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
 Data as of February 6, 2025.

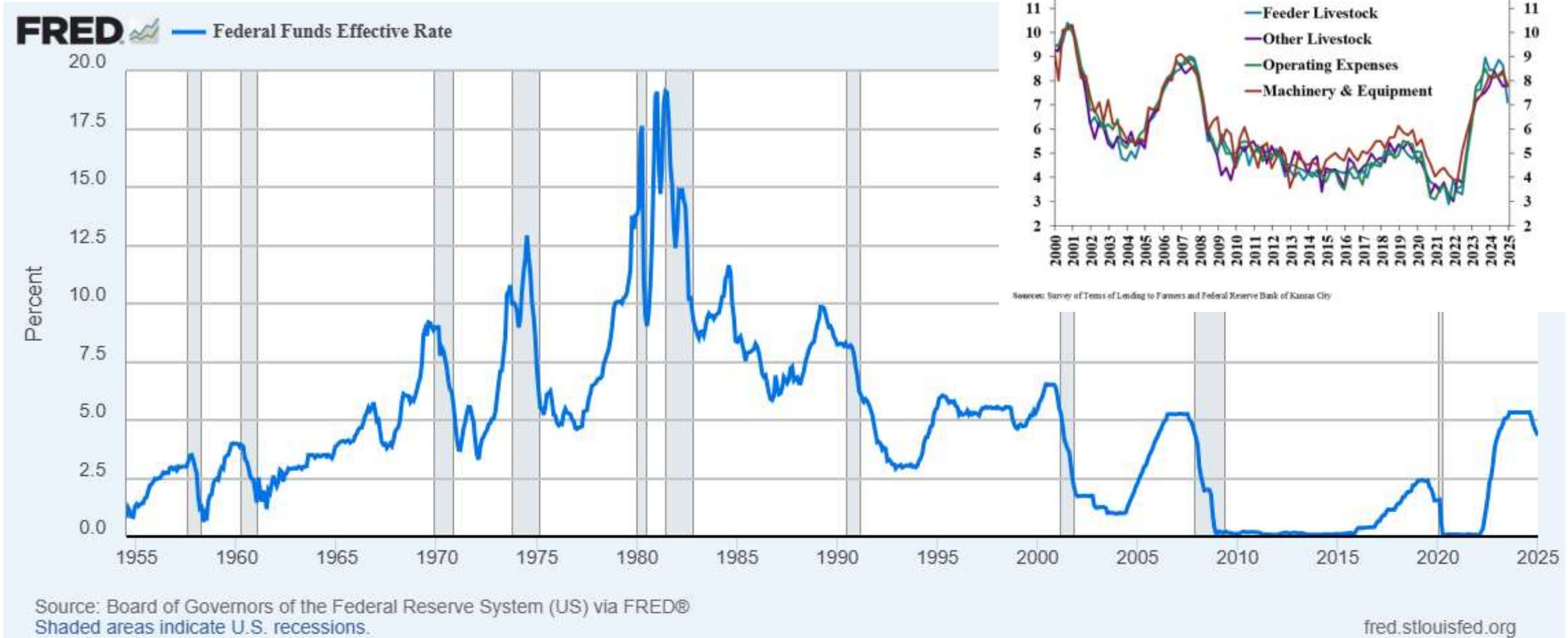
2025: Operating costs are forecast to drop about 1-3% for corn, soybeans, wheat, and peanuts. Cotton up 0.4%

Higher Input Costs

Per Acre Costs for Total U.S. Production by Crop	Cotton	Peanut	Corn	Soybeans
Operating costs	Percent Change 2019 to 2025F			
Seed	21%	21%	26%	22%
Fertilizer	28%	29%	19%	30%
Chemicals	21%	22%	57%	24%
Fuel, lube, and electricity	28%	35%	-7%	33%
Repairs	25%	27%	35%	27%
Interest on operating capital	237%	178%	178%	176%
Total, operating costs	22%	28%	28%	27%
Total, allocated costs	23%	28%	24%	25%
Total, costs listed	23%	28%	26%	26%

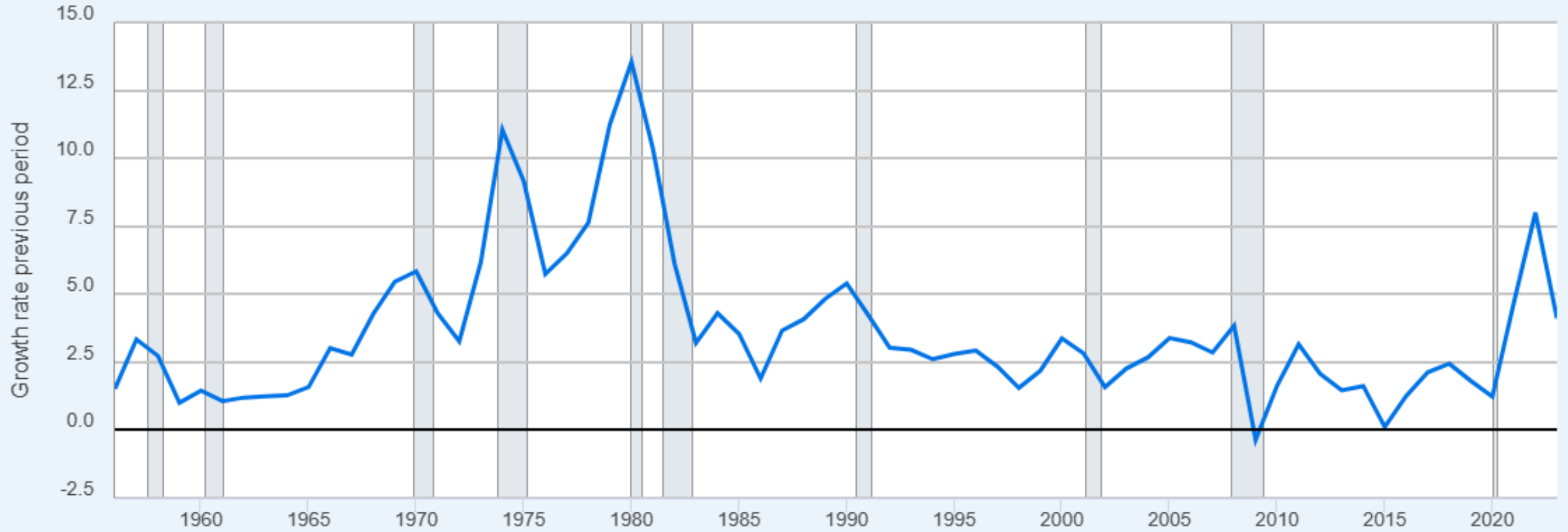
Source: Author calculations based on data obtained from the USDA Commodity Cost and Returns as of Forecasts from November 2024.

Interest Rates



Inflation

FRED  — Consumer Price Index: All Items: Total for United States

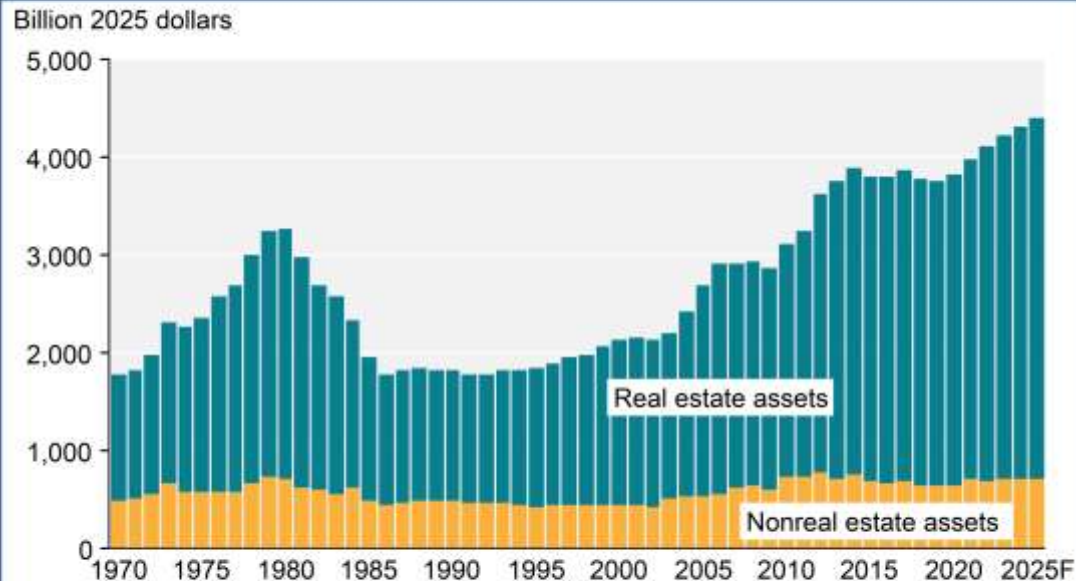


Source: Organization for Economic Co-operation and Development via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

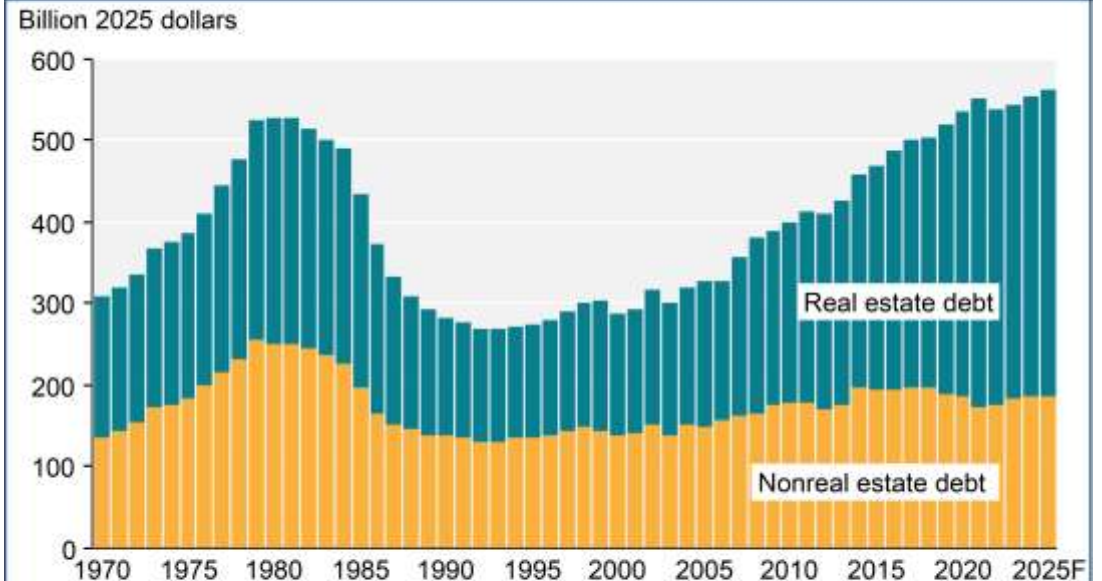
U.S. Farm Assets and Debt

U.S. farm sector assets, inflation adjusted, 1970–2025F



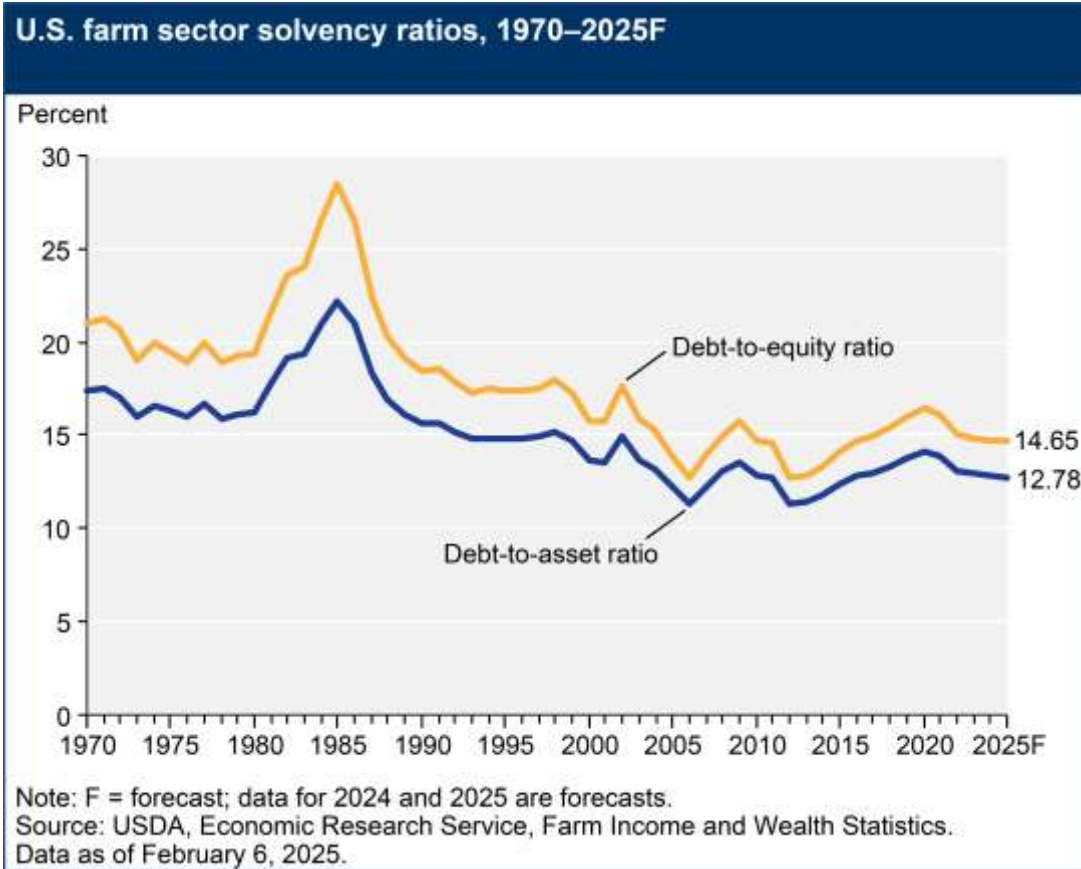
Note: F = forecast; data for 2024 and 2025 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2025 by USDA, Economic Research Service.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of February 6, 2025.

U.S. farm sector debt, inflation adjusted, 1970–2025F

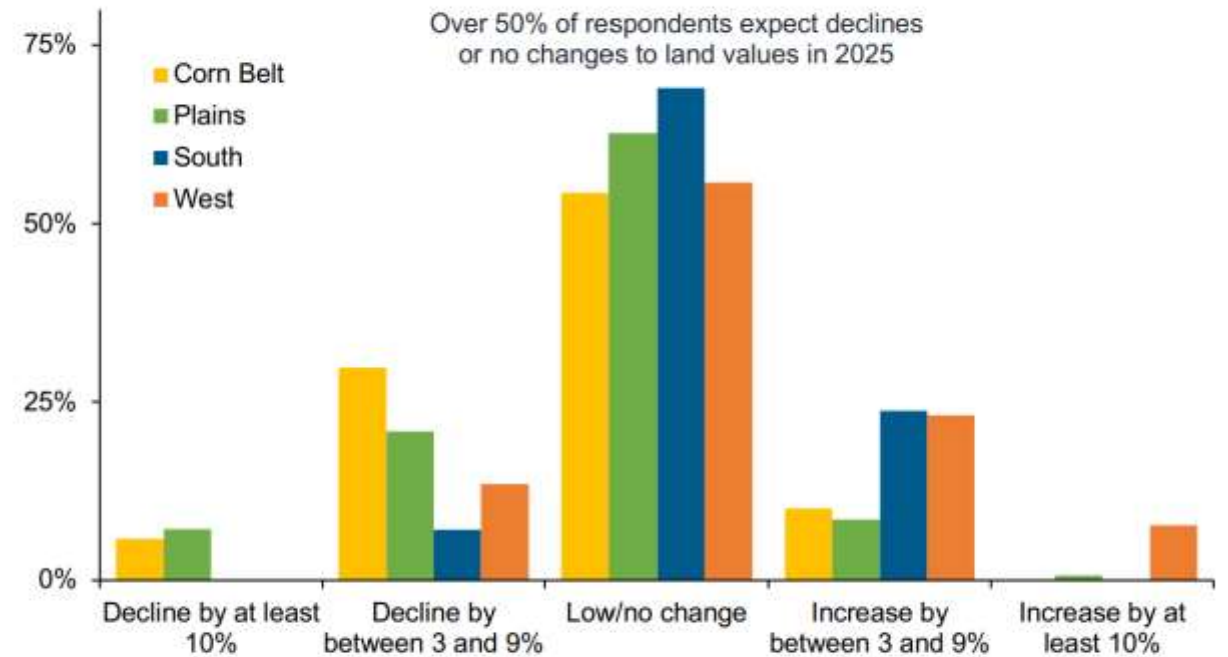


Note: F = forecast; data for 2024 and 2025 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2025 by USDA, Economic Research Service.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of February 6, 2025.

Financial Ratios and Future Land Values



Range of Expected Land Value Changes in 2025



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2024
Mean response to Q14: Looking forward over the next 12 months, how much do you expect the value of average quality farmland will change in your local service area?

Agricultural Lending

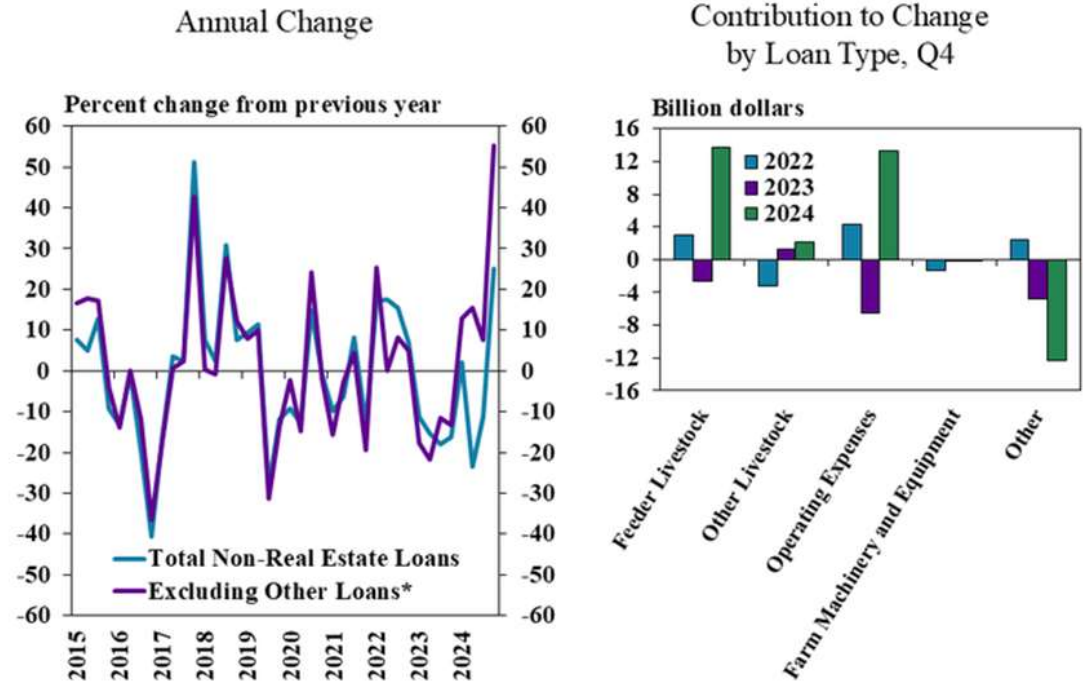
Changes in Farm Loans

Chart 1: Farm Debt Outstanding at Commercial Banks



Sources: Reports of Condition and Income and Federal Reserve Board of Governors

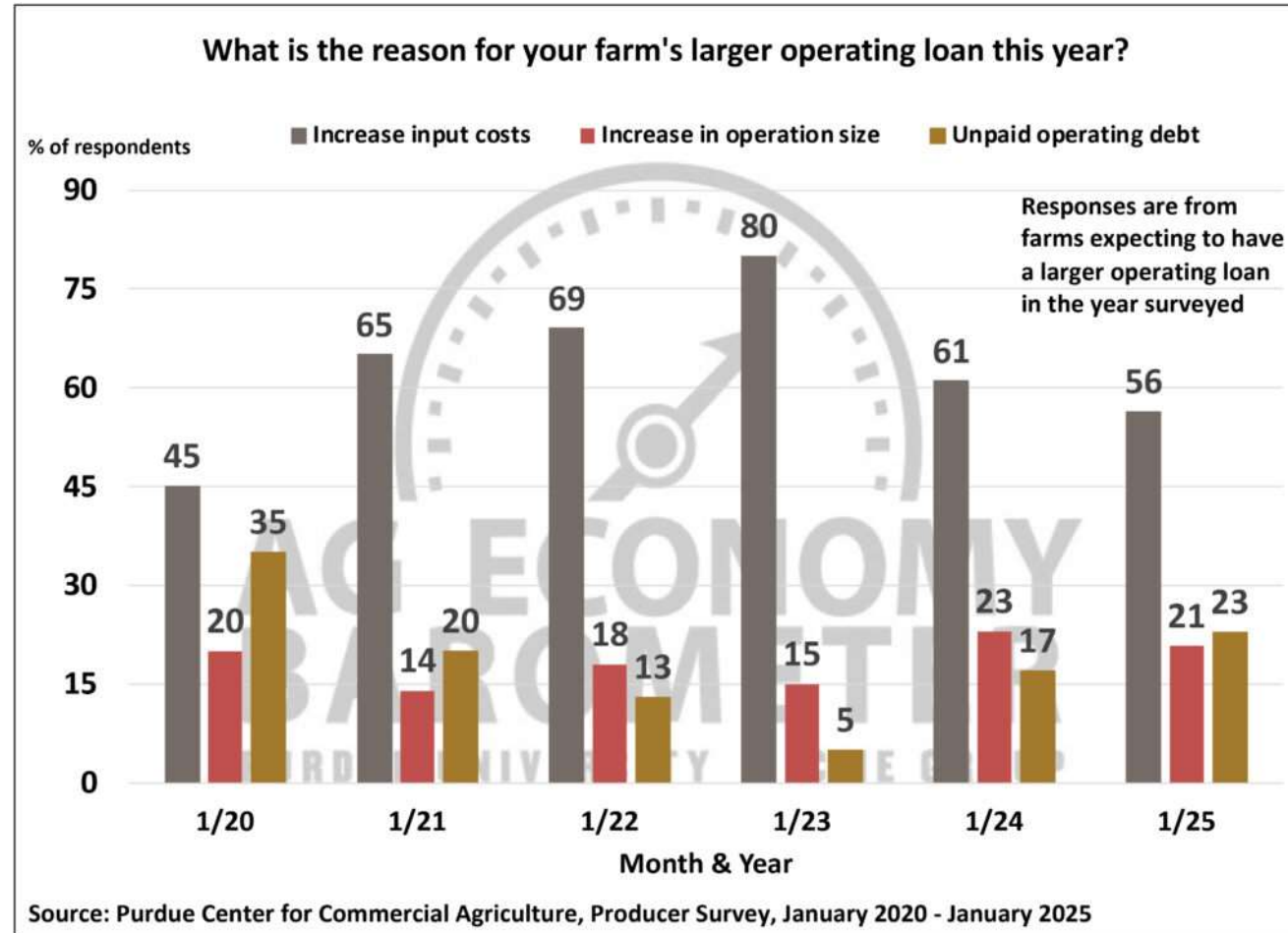
Chart 1: Volume of Non-Real Estate Farm Loans



*Other loans include loans used for purposes other than feeder livestock, other livestock, other current operating expenses, farm machinery and equipment, or the purpose is not specified.

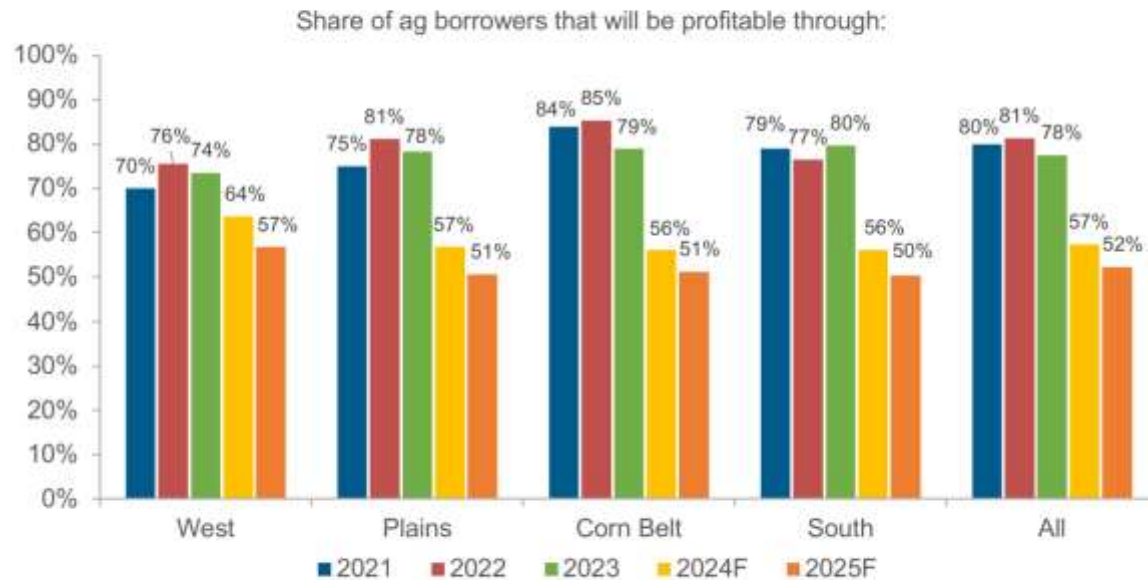
Sources: Survey of Terms of Lending to Farmers and Federal Reserve Bank of Kansas City

Larger Operating Loans



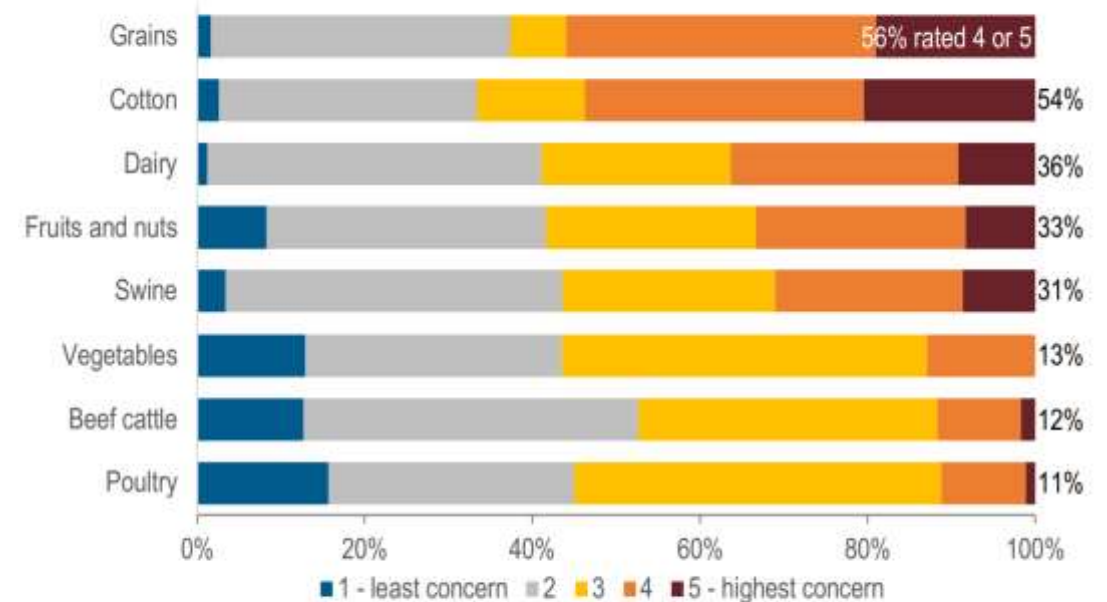
Profitability and Portfolio Concerns

Ag Borrower Profitability by Region



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2024
 Mean response to Q19/20: What percentage of your ag borrowers will be profitable through 2023/remains profitable through 2024?

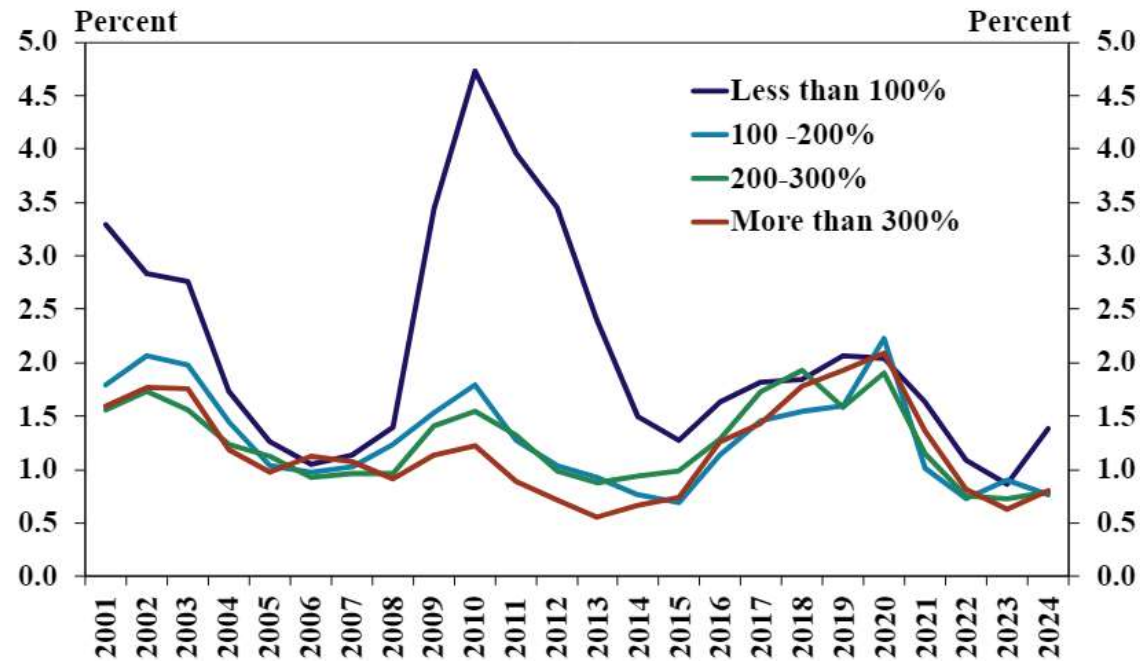
Portfolio Concerns, by Rank Level



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2024
 Mean response to Q12: Please rate your relative concern for [commodity] in your areas, with 1 being the least concern and 5 being the highest concern.

Larger Operating Loans

Chart 3: Farm Loan Delinquency Rates by Ag Loan Concentration*, Q3



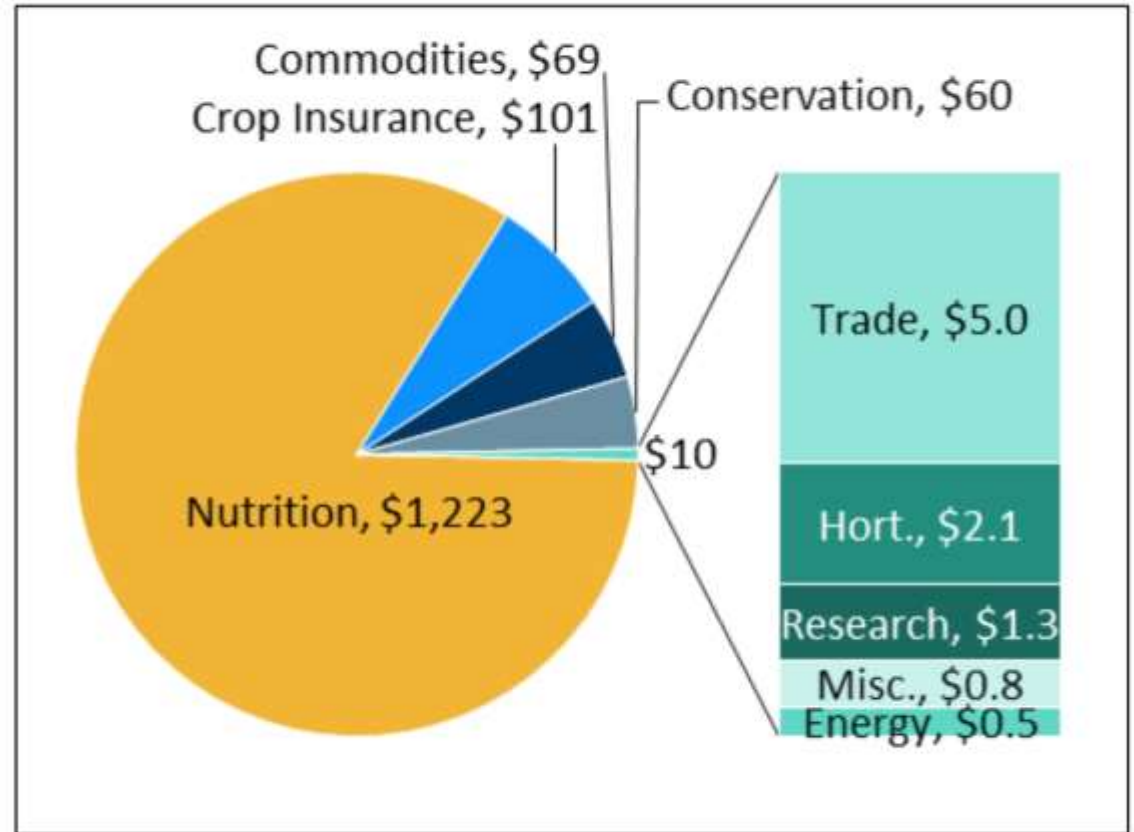
*Ag Loans as a % of Tier 1 Capital + Allowance for Loan Losses
Note: Delinquent farm loans include all agricultural loans past due 30 or more days or nonaccruing.
Sources: Reports of Condition and Income and Federal Reserve Board of Governors

Agricultural Policy: Farm Bill and Trade

The ~~2023~~ ~~2024~~ 2025? Farm Bill

- First ever farm bill > \$1 Trillion
 - \$1.463T over 10 years
 - \$725B over 5 years
- Increased percentage allocated to nutrition
- Republican trifecta in DC

10-year projected outlays, FY2024-FY2033, billions of dollars

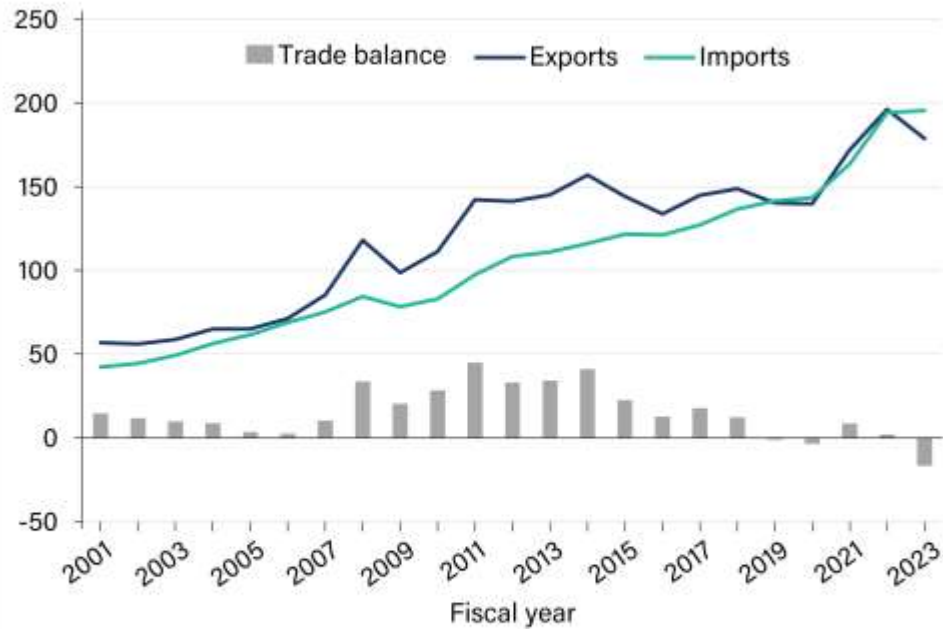


Source: Created by CRS using Congressional Budget Office (CBO) May 2023 Baseline and amounts indicated in law for programs in other titles.

Agricultural Trade

U.S. agricultural trade, 2001-23

Billion dollars

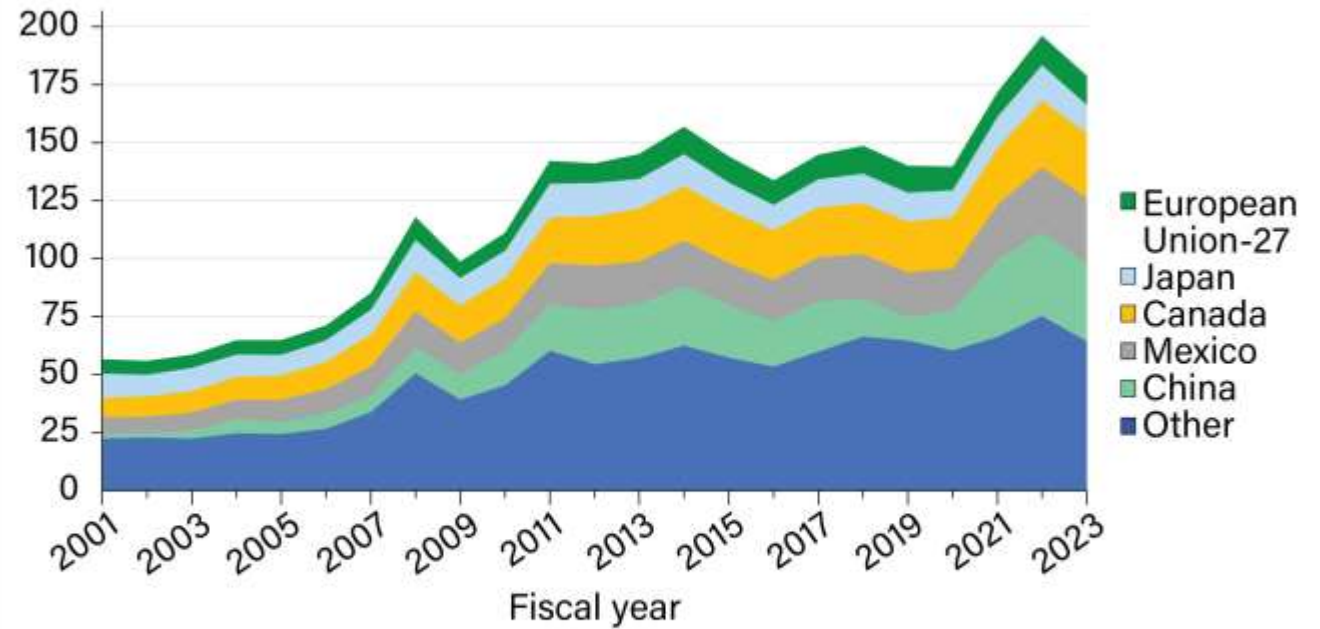


Note: Values are not adjusted for inflation. The trade balance is equal to the value of exports minus the value of imports. When the balance is negative, imports exceed exports.

Source: USDA, Economic Research Service using data from U.S. Department of Commerce, Bureau of the Census.

Top five markets for U.S. agricultural exports, 2001-23

Billion dollars

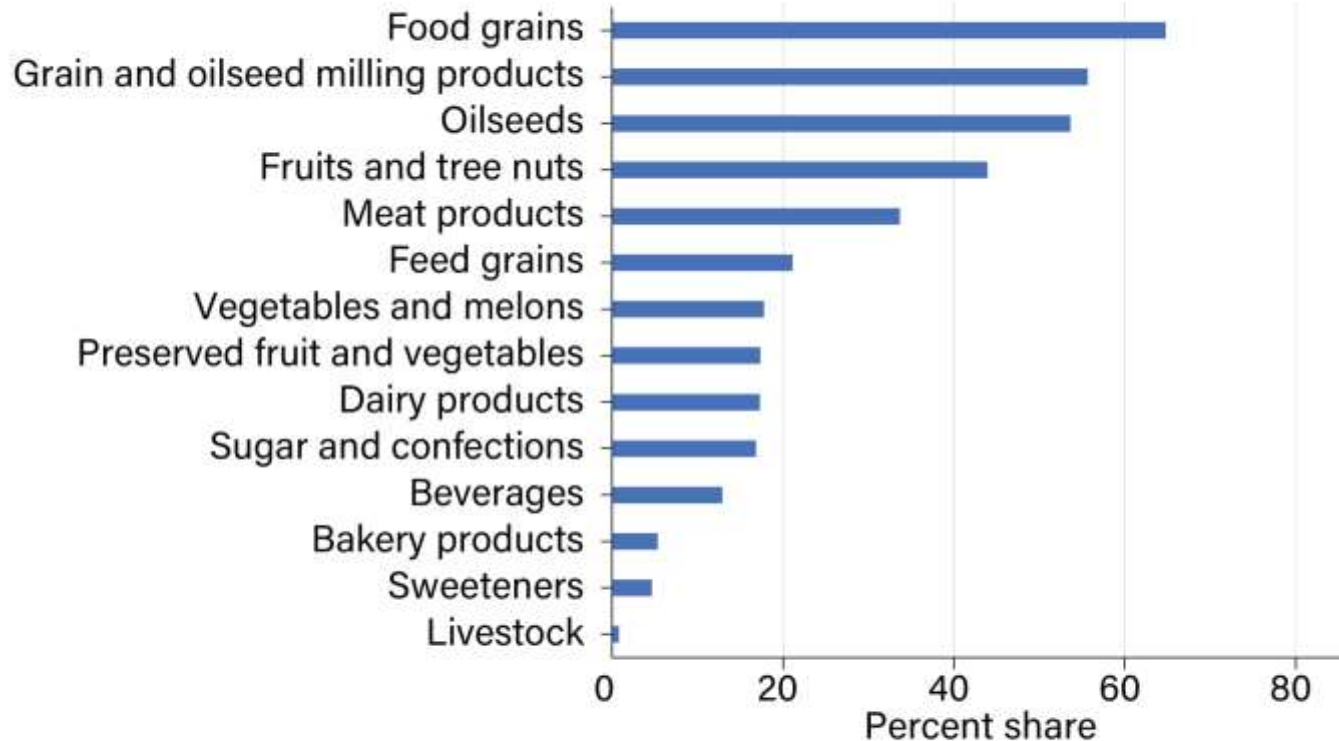


Note: Values are not adjusted for inflation.

Source: USDA, Economic Research Service using data from U.S. Department of Commerce, Bureau of the Census.

Exports of Agricultural Production

Export value share of production, 2013-22



Source: USDA, Economic Research Service using data from U.S. Department of Commerce, Bureau of the Census.

- 2025 new tariffs on China, Canada, and Mexico imports

- Broad reciprocal tariffs April 2

President Trump's Comments to Congress 3/4/25

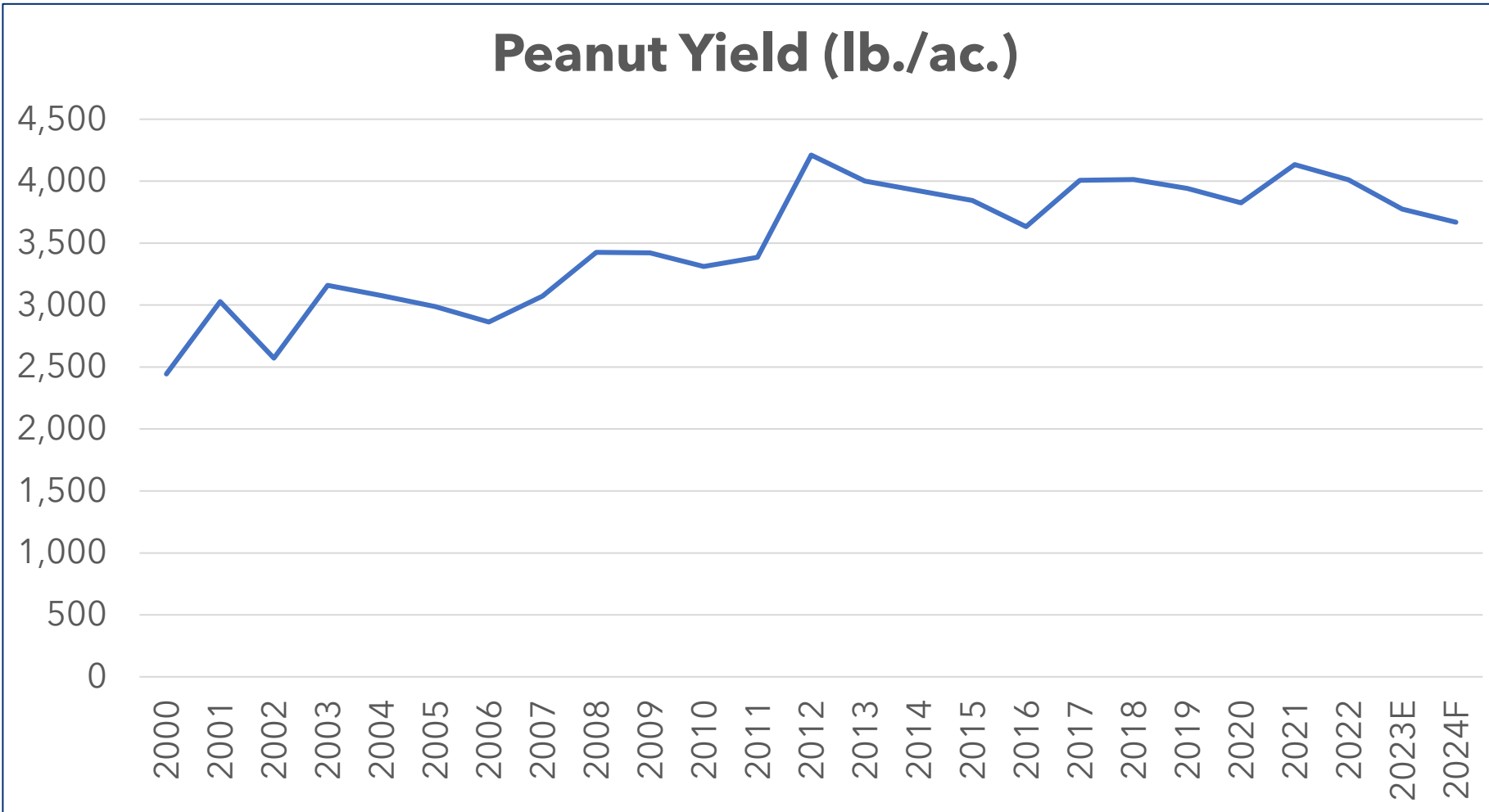
“Our new trade policy will also be great for the American farmer ... who will now be selling into our home market.”

“To our farmers, have a lot of fun.”

Crop Markets

Slides provided by Wendiam Sawadgo,
Assistant Professor Auburn University

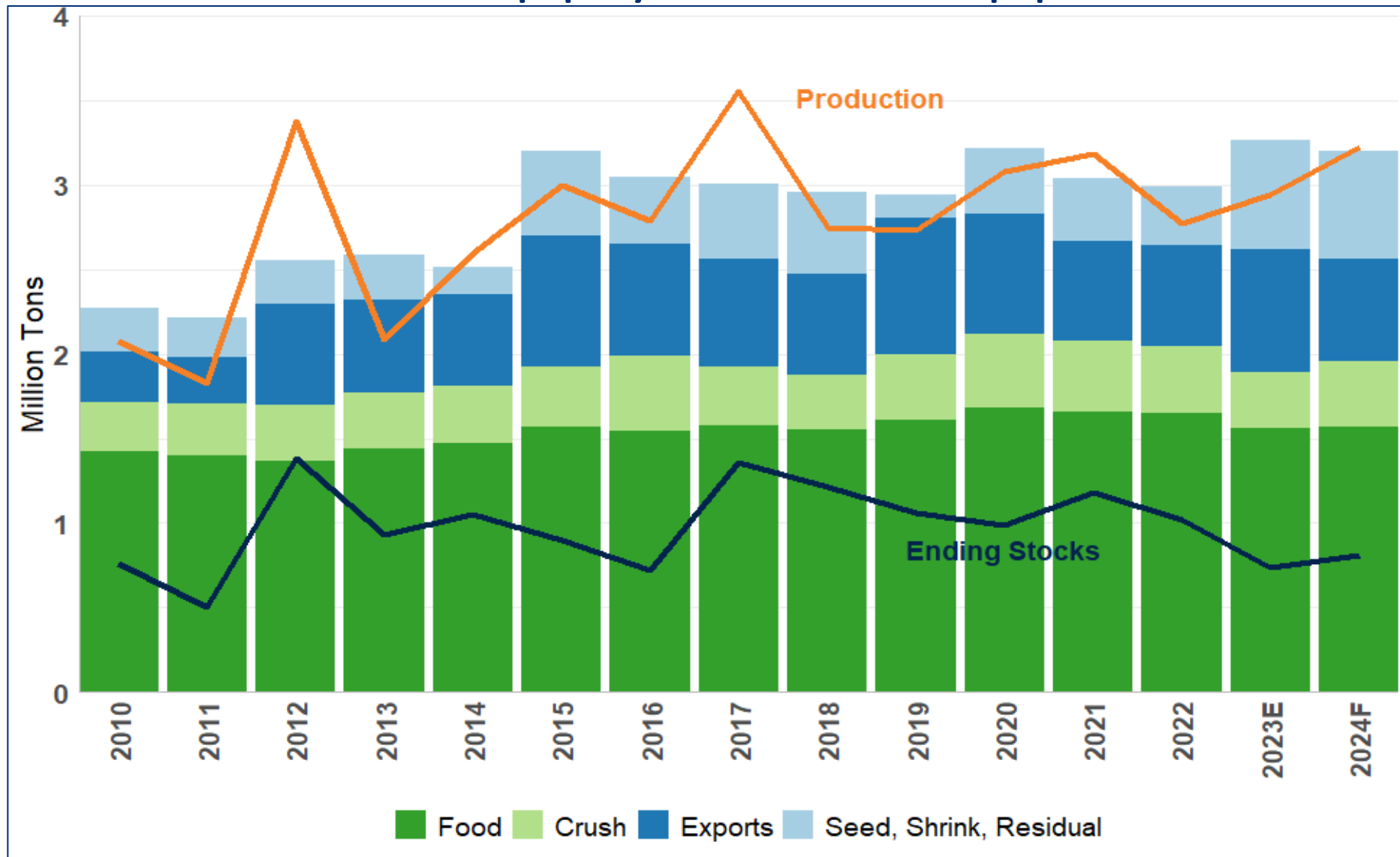
US Peanut Yields Decline in 2024



- ↓3% nationwide
- Continues long-term trend of non-increasing yields
 - Record was in 2012

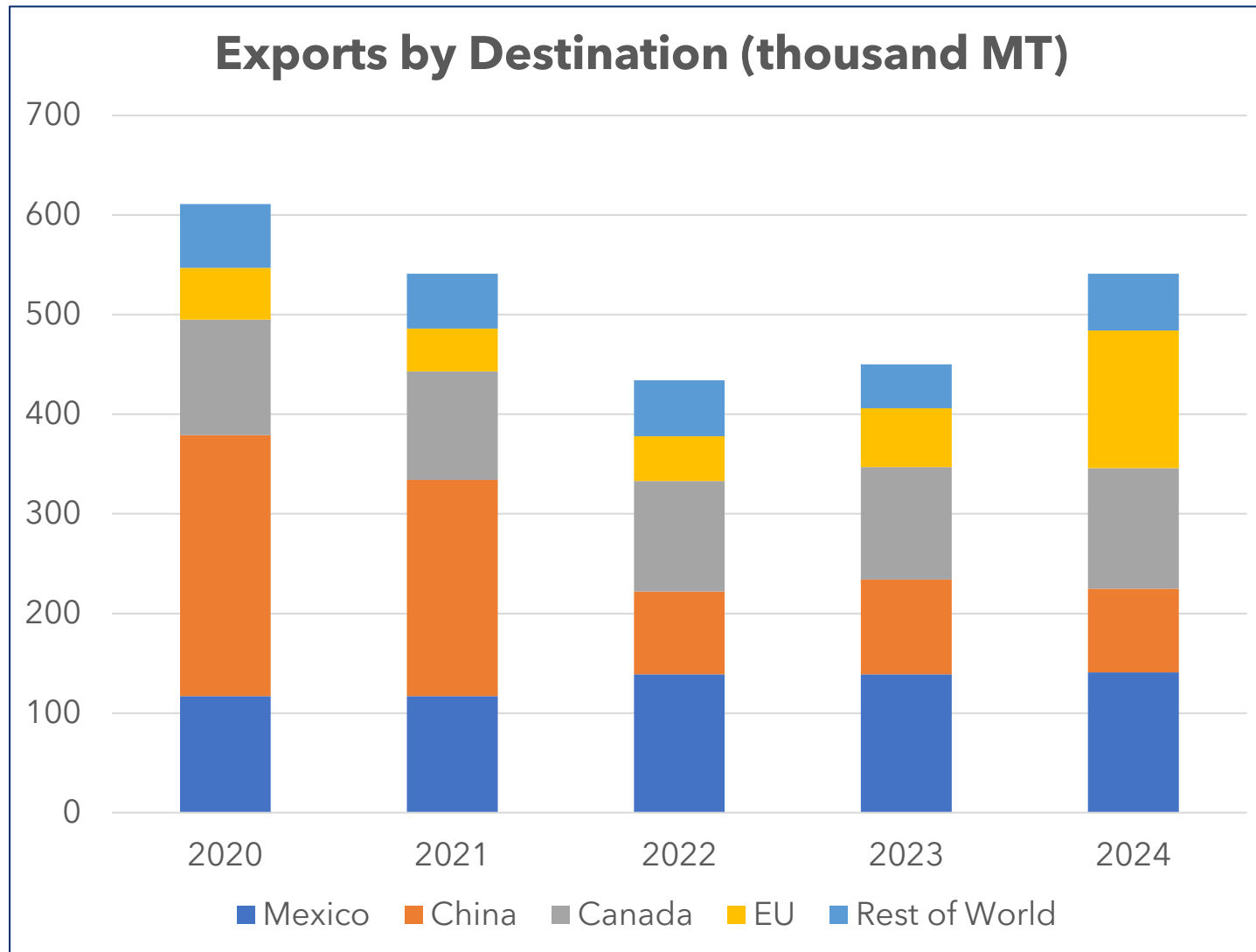
Data source: USDA-NASS; Updated January 2025

US Peanut Supply and Disappearance



Data source: USDA-NASS; Updated January 2025

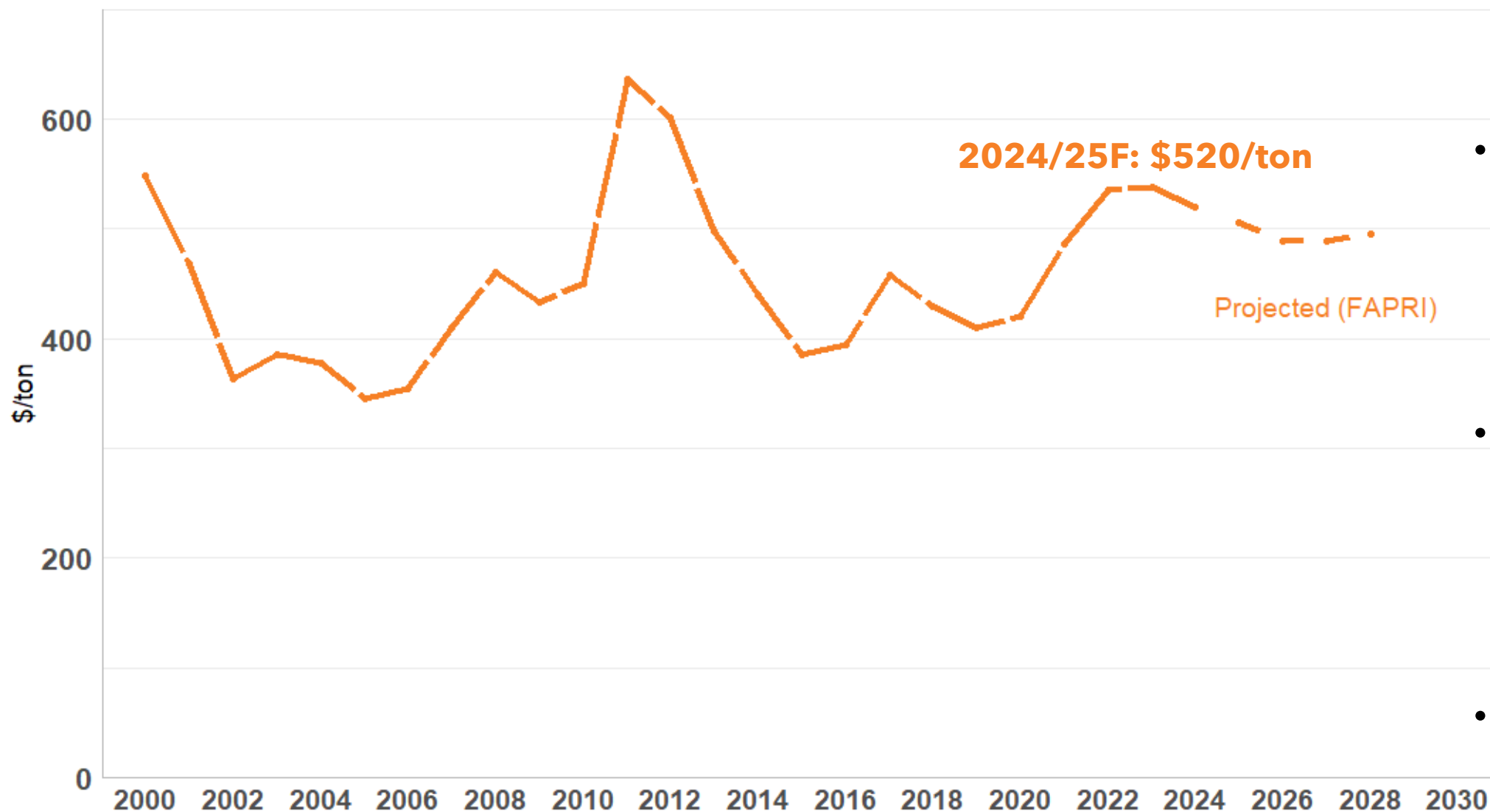
U.S. Peanut Exports by Destination



- U.S. ranks third in exports (14% of world total)
- Mexico remains leading export destination
- Significant increase in EU exports in 2023/24
- Exports down 14% Aug-Nov YOY

Data source: USDA-FAS; Updated January 2025

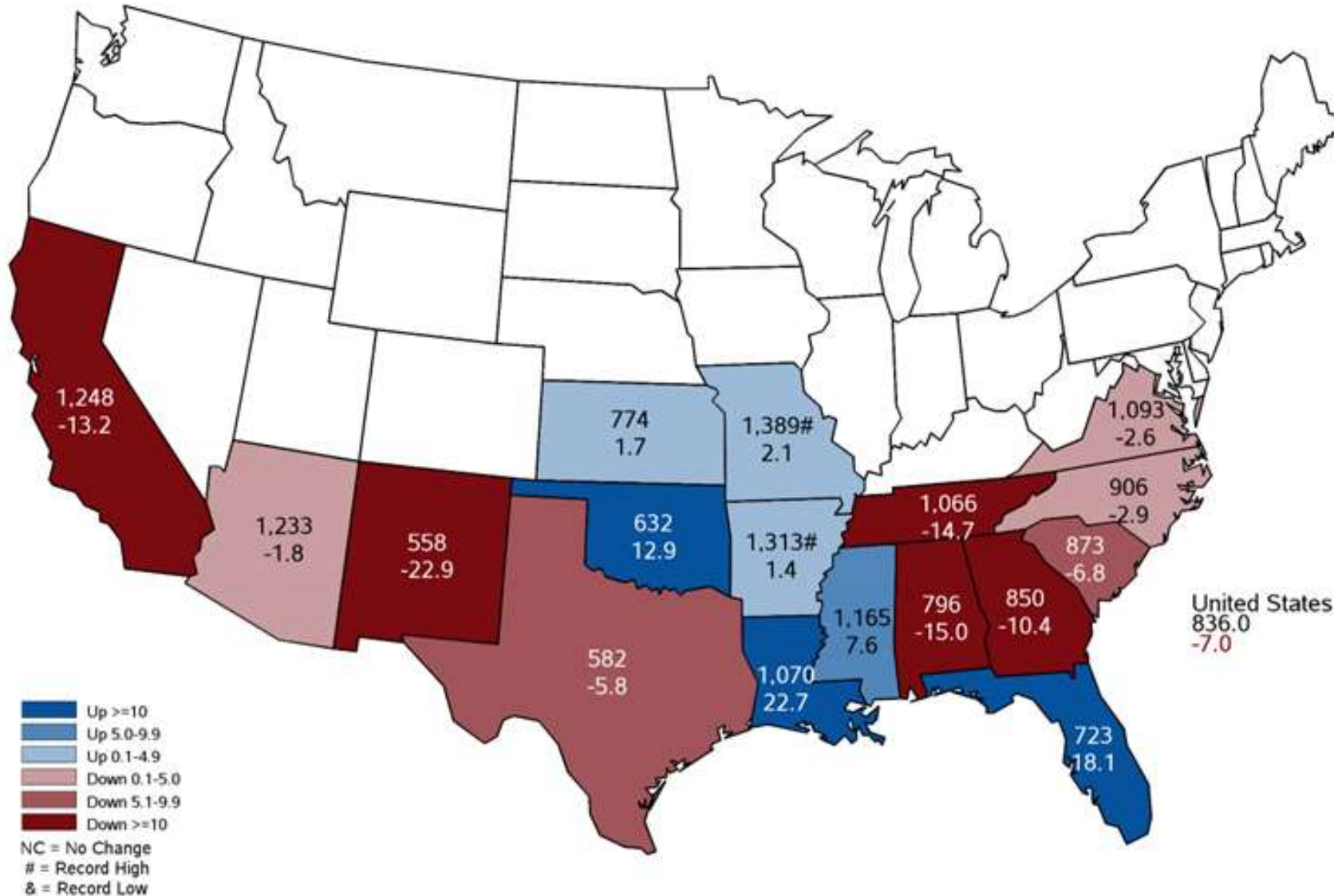
Past and Projected US Peanut Prices



- Highest nominal prices in a decade, recently
 - Below 10-year average in real terms
- Predict strong peanut acres in 2025
 - What other options are there?
- Contracts ~\$500/ton

Data source: USDA-NASS; Food Ag Policy Research Institute

2024 Cotton Yield (lb./ac.)

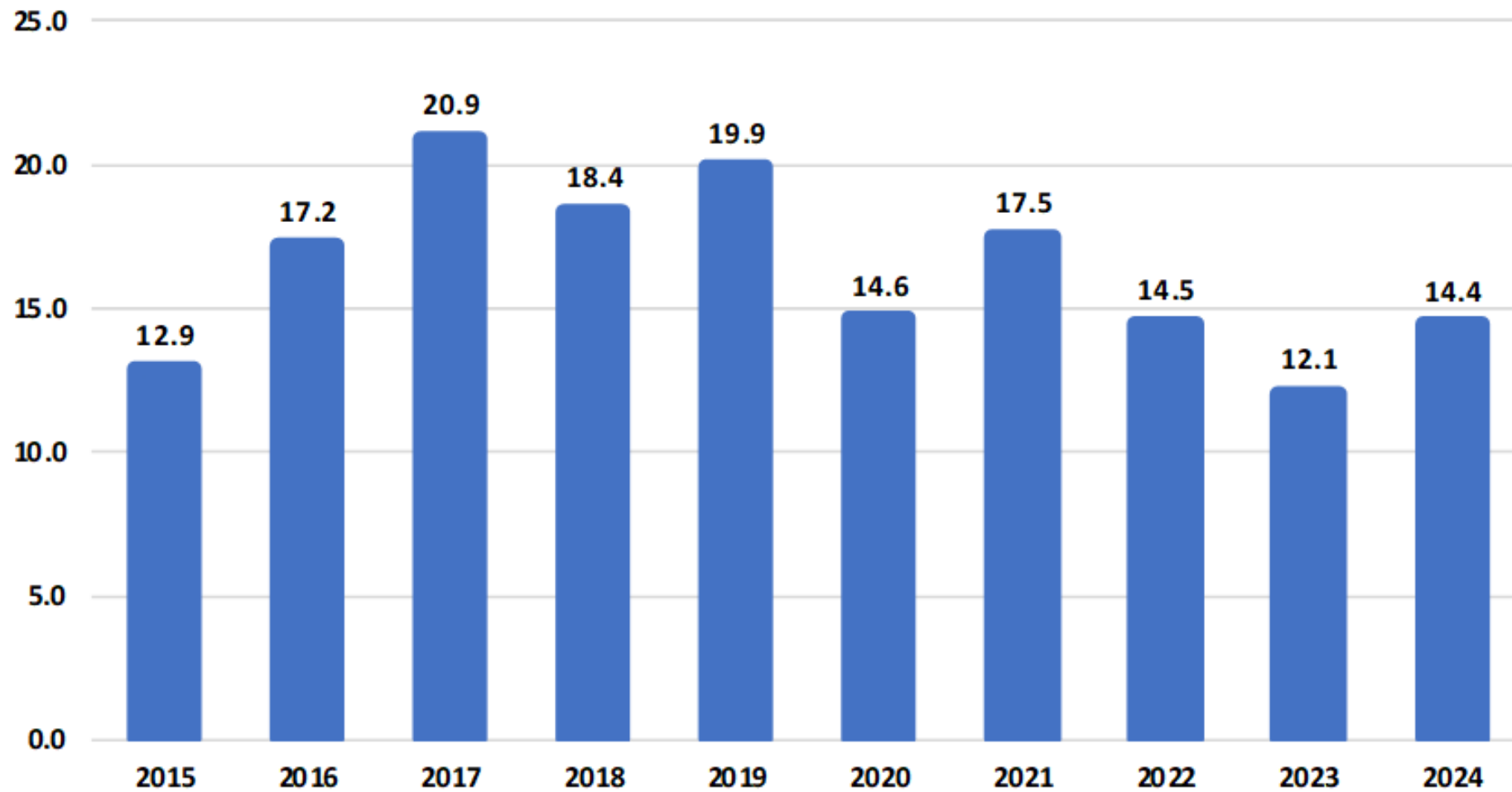


- Yields down
 - Late-season hurricanes
 - Drought in Texas

Data source: USDA-NASS; Updated January 2025

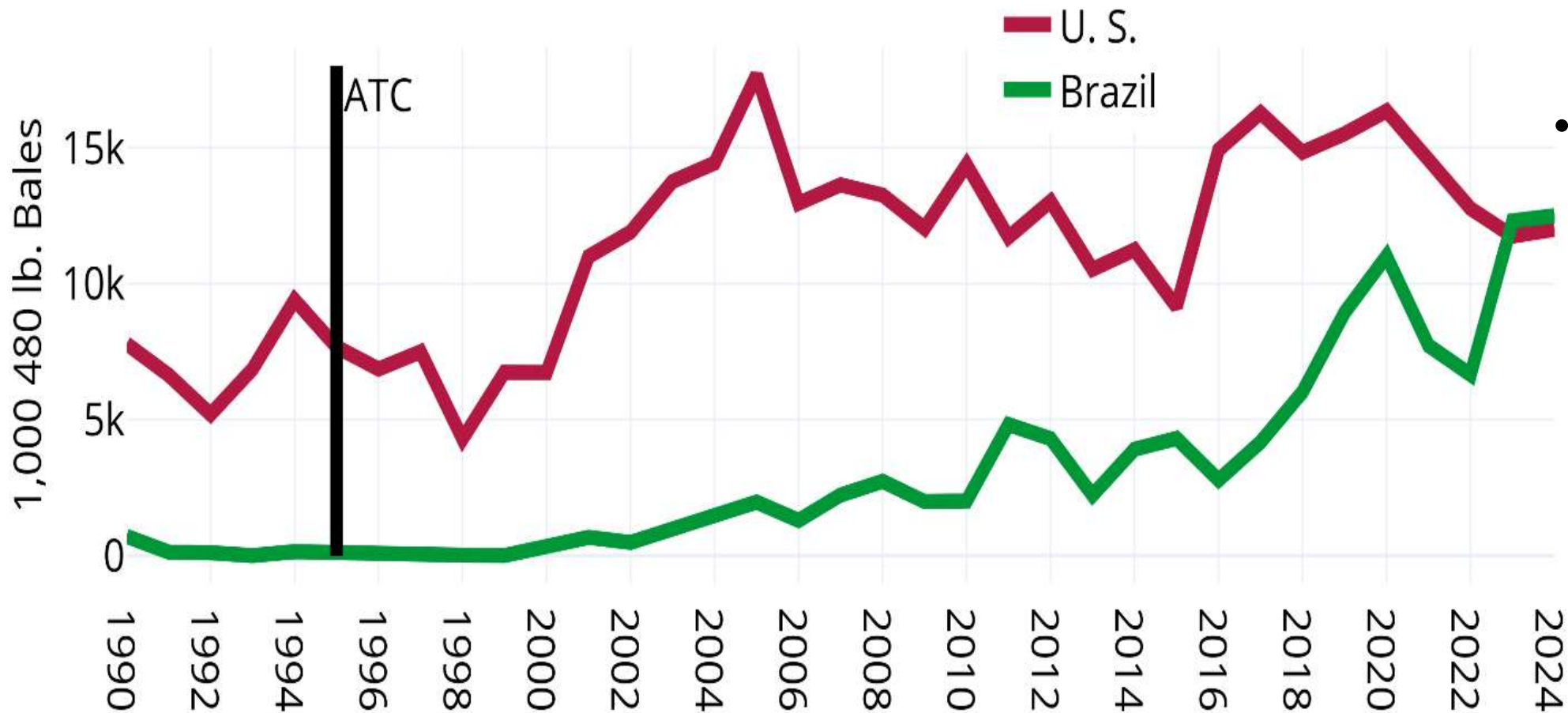
US Cotton Production

Million Bales



Data source: USDA-NASS; Updated January 2025

Brazil Cotton Export Competition



- US surpassed as world's top cotton exporter for first time since 1992/93

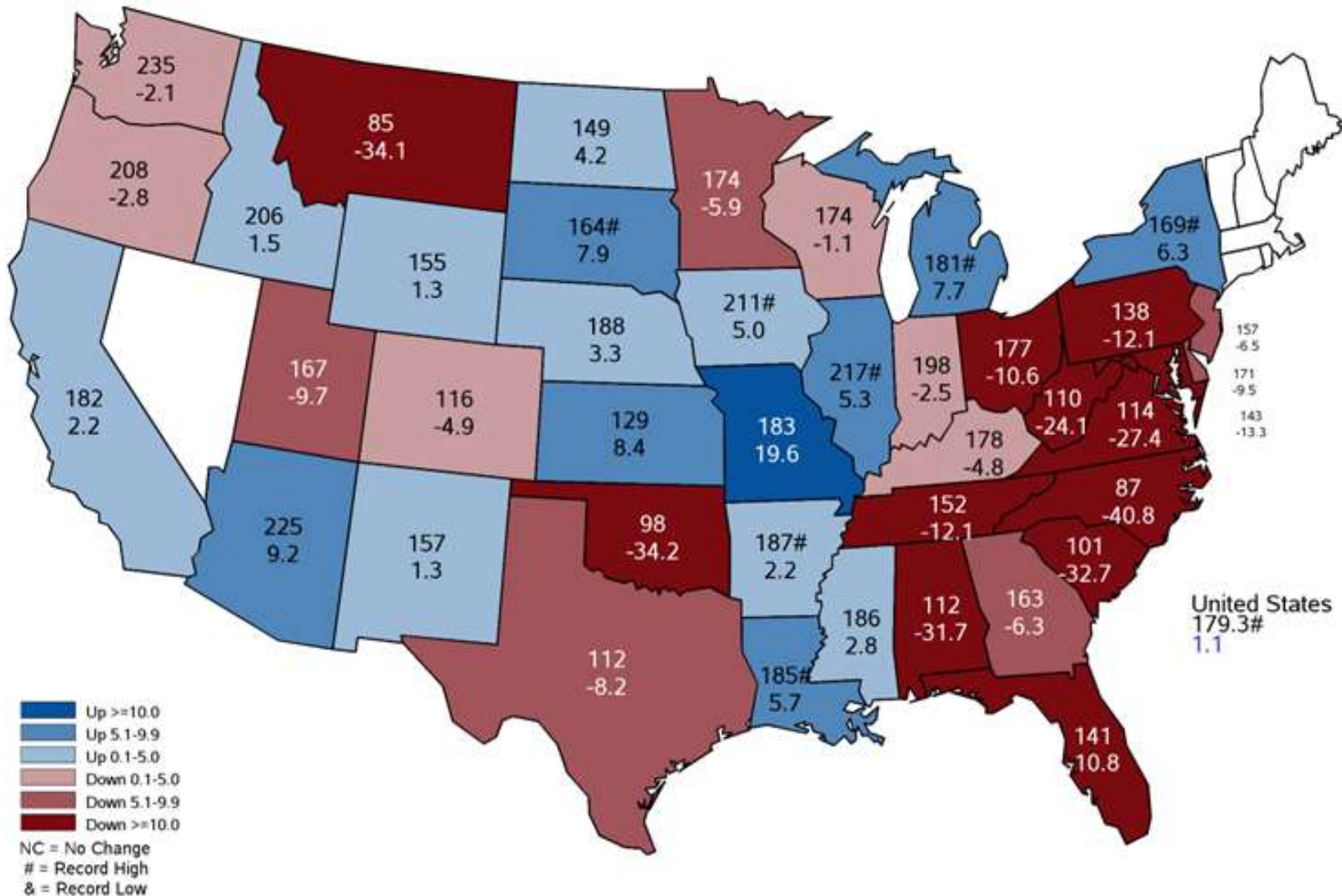
Source: Cali, Yuri, and Rachel Judd. "[Shifting Winds: The Changing Landscape of Cotton Production and Exports in the U.S. and Brazil \(Part 1\)](#)." *Southern Ag Today* . September 5, 2024.

Cotton in 2025



- Exports down
 - China economic struggles limiting their imports
- US ending stocks increase 52% to 4.8M bales
 - Increase in world stocks
- *Cotton Grower* 2025 acres: 11.037M
 - Bearish predictions for 2025
- Projected Price: **\$0.65**

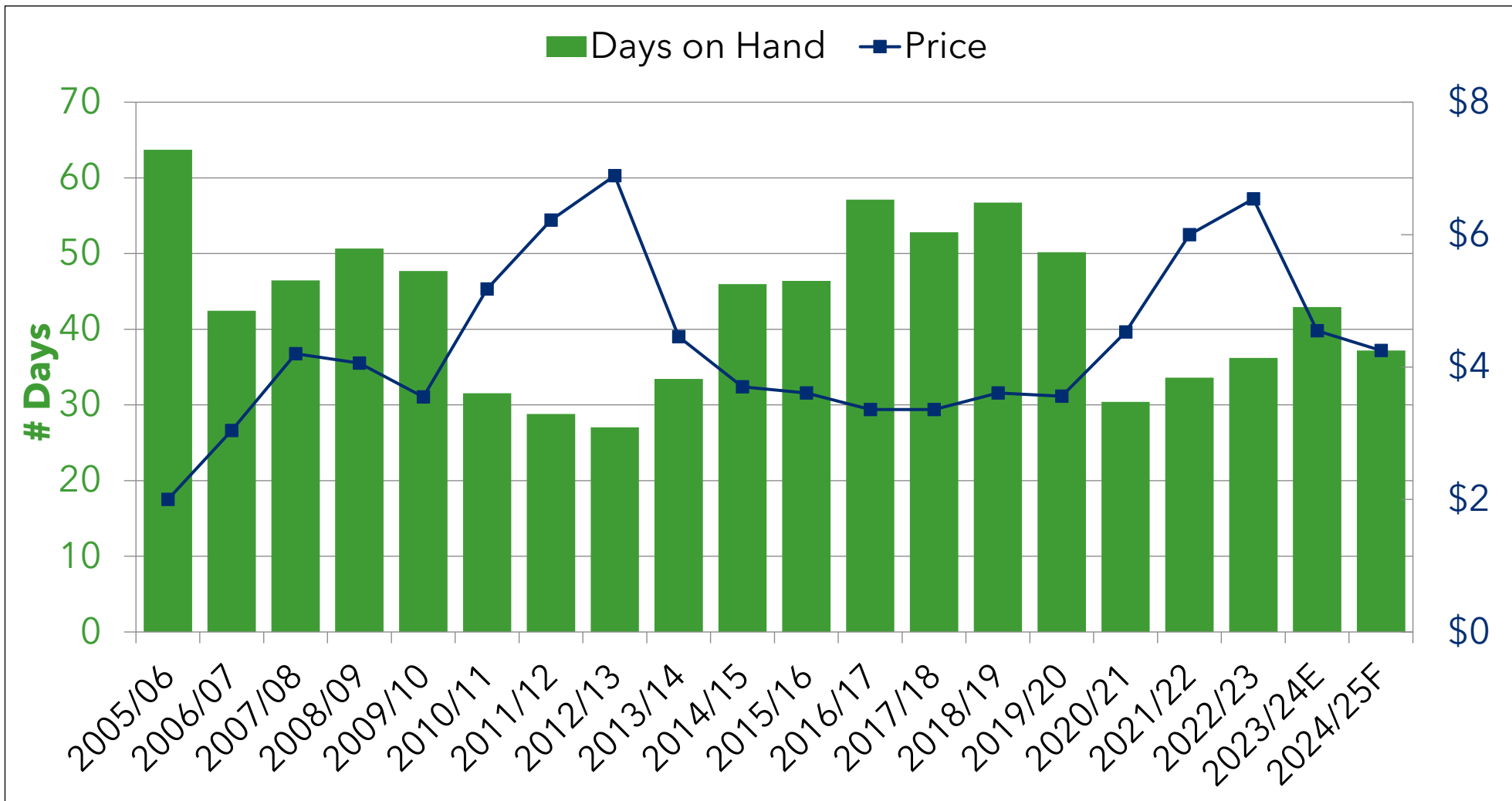
2024 Corn Yield by State



- $\uparrow 1\%$ yield nationwide
- Record yield projected for several top-producing states outweighs poor yields in South
- Revised down by 4 bu./ac in January '25
- Production down 3%

Data source: USDA-NASS; Updated January 2025

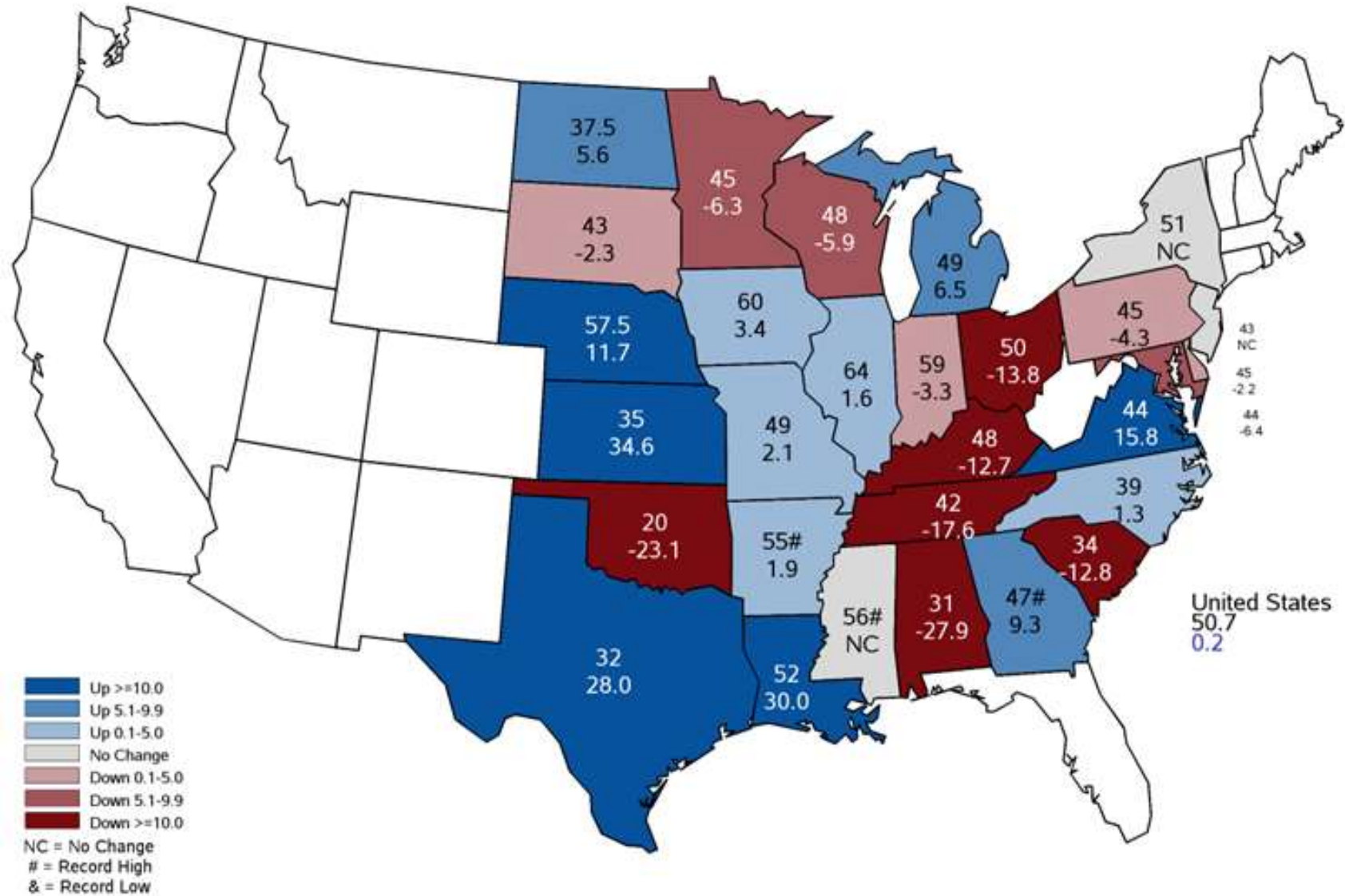
U.S. Corn Price vs. Days on Hand



- 2024/25 marketing-year average forecast: \$4.25/bu
 - Stocks revised down in January 2025
- Predicting higher corn acres in 2025 due to corn-soybean ratio favoring corn
- Projected price **\$4.20/bu**

Data source: USDA World Agricultural Supply and Demand Estimate; Updated January 2025

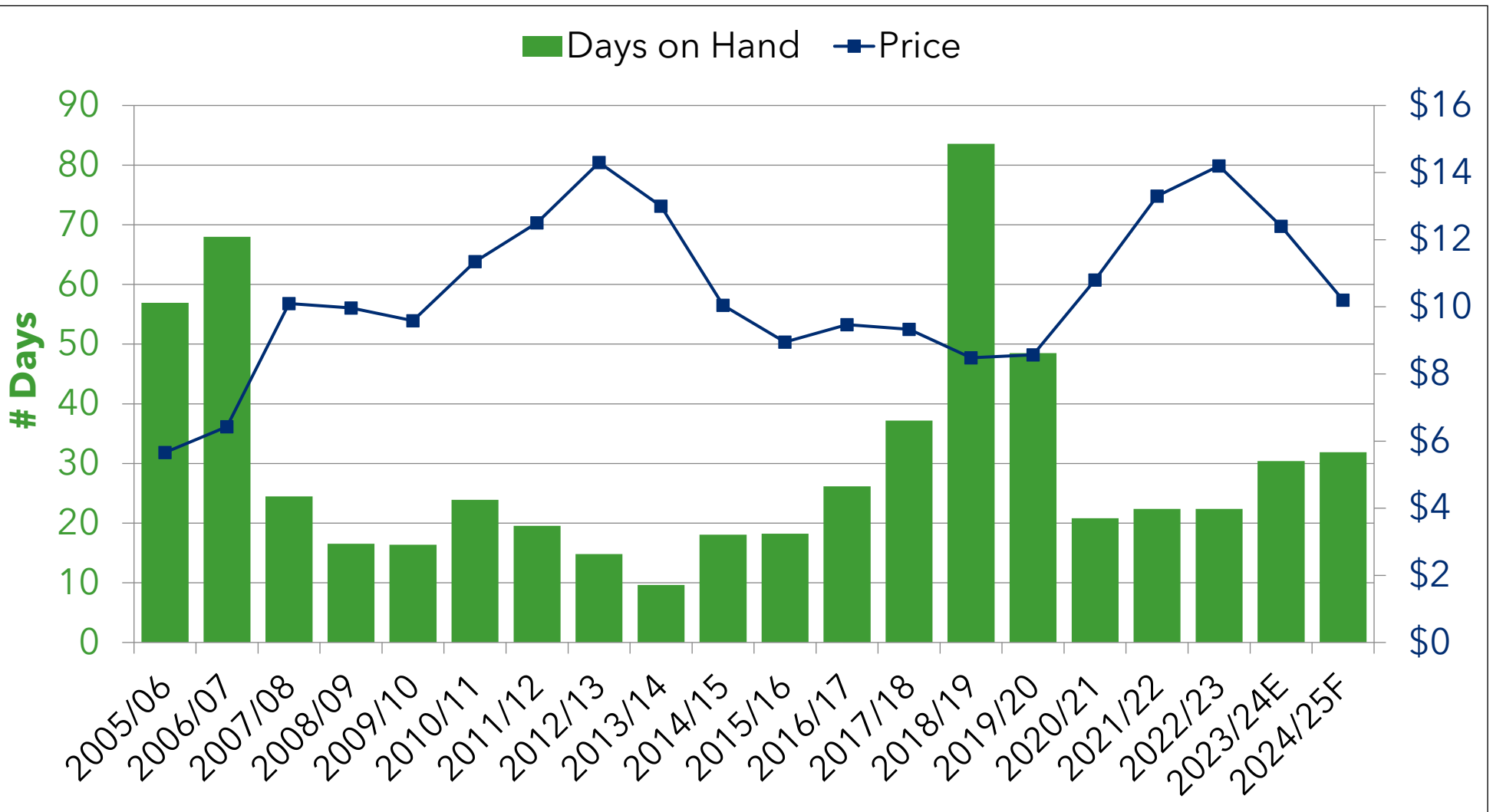
2024 Soybean Yield by State



- Yields revised down by 1 bu/acre in January '25

Data source: USDA-NASS; Updated January 2025

US Soybean Price vs. Days on Hand



- 2024/25 marketing-year average forecast: \$10.20/bu
- Projected price **\$10/bu**

Data source: USDA World Agricultural Supply and Demand Estimate; Updated January 2025

Thinking about the year ahead...



- Controlling costs ...
 - Inflation has softened, some input costs lower, but commodity prices remain low.
 - Seed variety, chemical and fertilizer applications, irrigation timing
 - Machinery and equipment purchases
- Crop insurance
- Restructure debt – how do interest rates today for new loans compare to existing loans?
- Diversification
- Family withdrawals
- Marketing plans...
 - Remove emotion, consider your own cost of production, and be realistic

Online Course

- For more information, sign up for the online course: [Marketing Tools for Row-crop Producers](#)

Contact

Wendiam Sawadgo
wendiam@auburn.edu



<https://aub.ie/CropMarketCourse>

AgMarketing
ROW CROPS



Thank you!

Sign up Now!



<https://southernagtoday.org/>



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Contact Information

Adam Rabinowitz

Adam.Rabinowitz@auburn.edu

Associate Professor & Extension Economist
Agricultural Economics and Rural Sociology
Auburn University & Alabama Cooperative Extension System

