



FARM MANAGEMENT

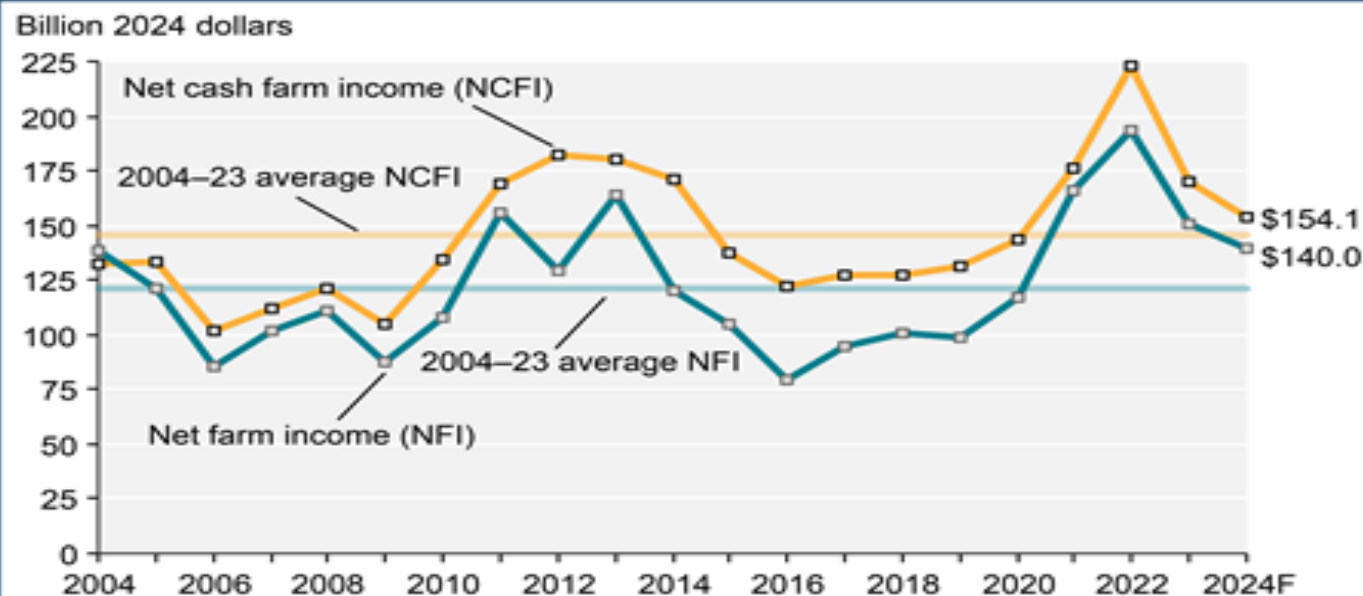
Ag Finance Topic Updates

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Finance Chair, OSU Dept. of Agricultural Economics

The Overall Farm Financial Picture

Net Farm Income Falling

U.S. net farm income and net cash farm income, inflation adjusted, 2004–24F



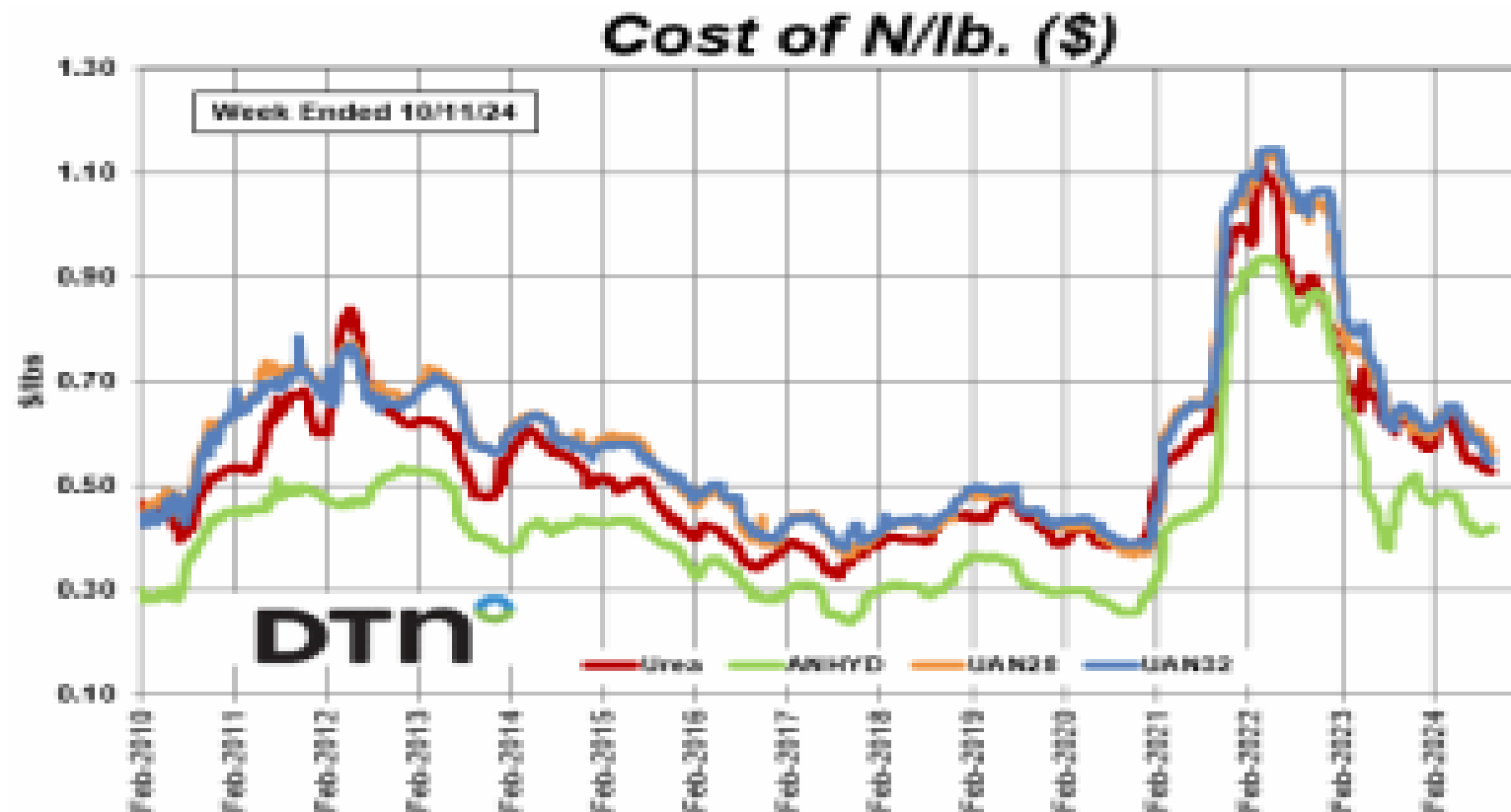
Note: F = forecast. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2024 by USDA, Economic Research Service. Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of September 5, 2024.

What's Up (or down) with Farm Income?

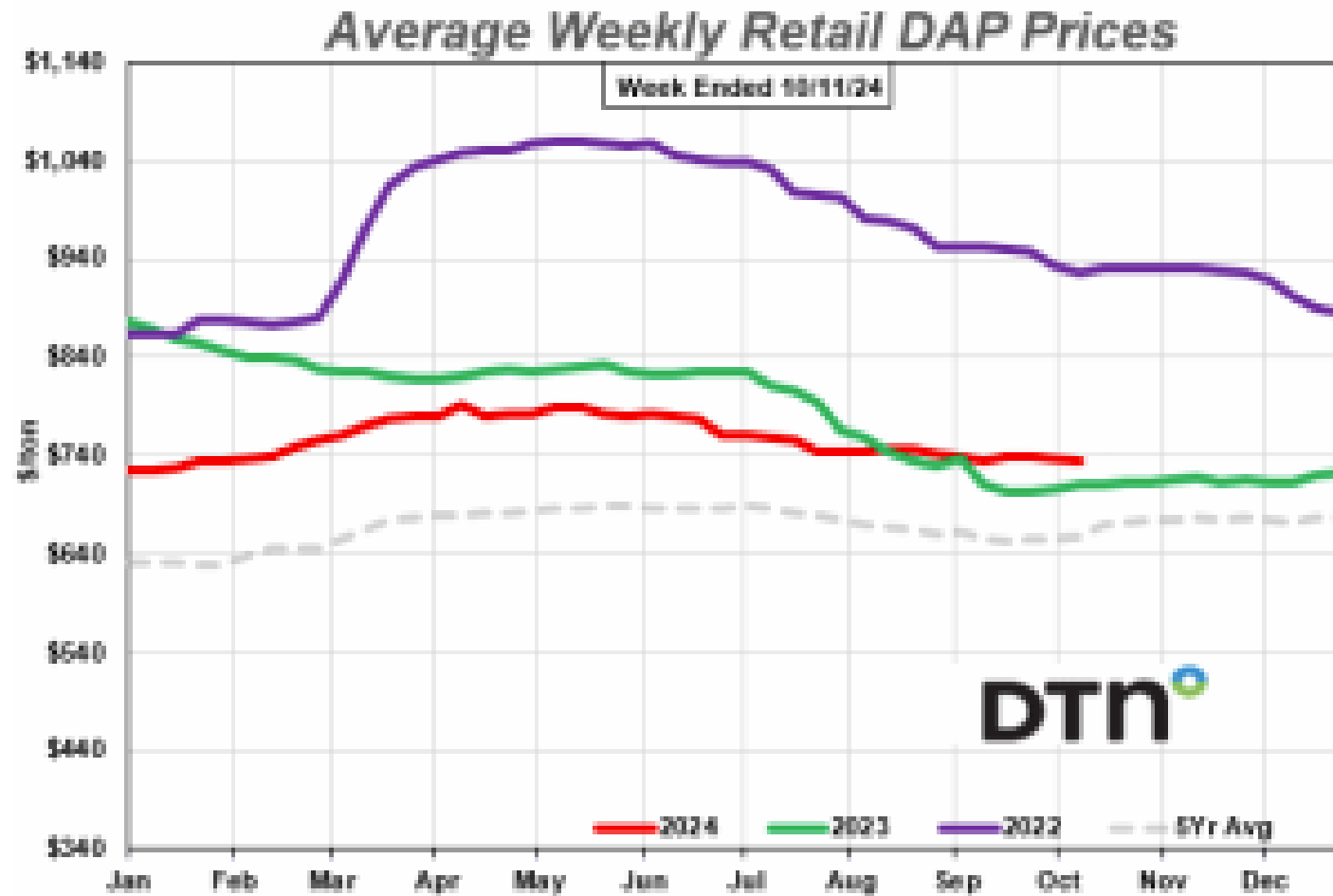
- 2023 was a lower Net income year (U.S.)
Mixed bag in Oklahoma)
- Net Cash income and actual accrual Net Farm income are tracking together
(inventories are not being drawn down yet)
- 2024 cash receipts significantly lower
(across U.S., probably even worse for Oklahoma). Very high cash expenses all around

Fertilizer Prices Continue To Moderate

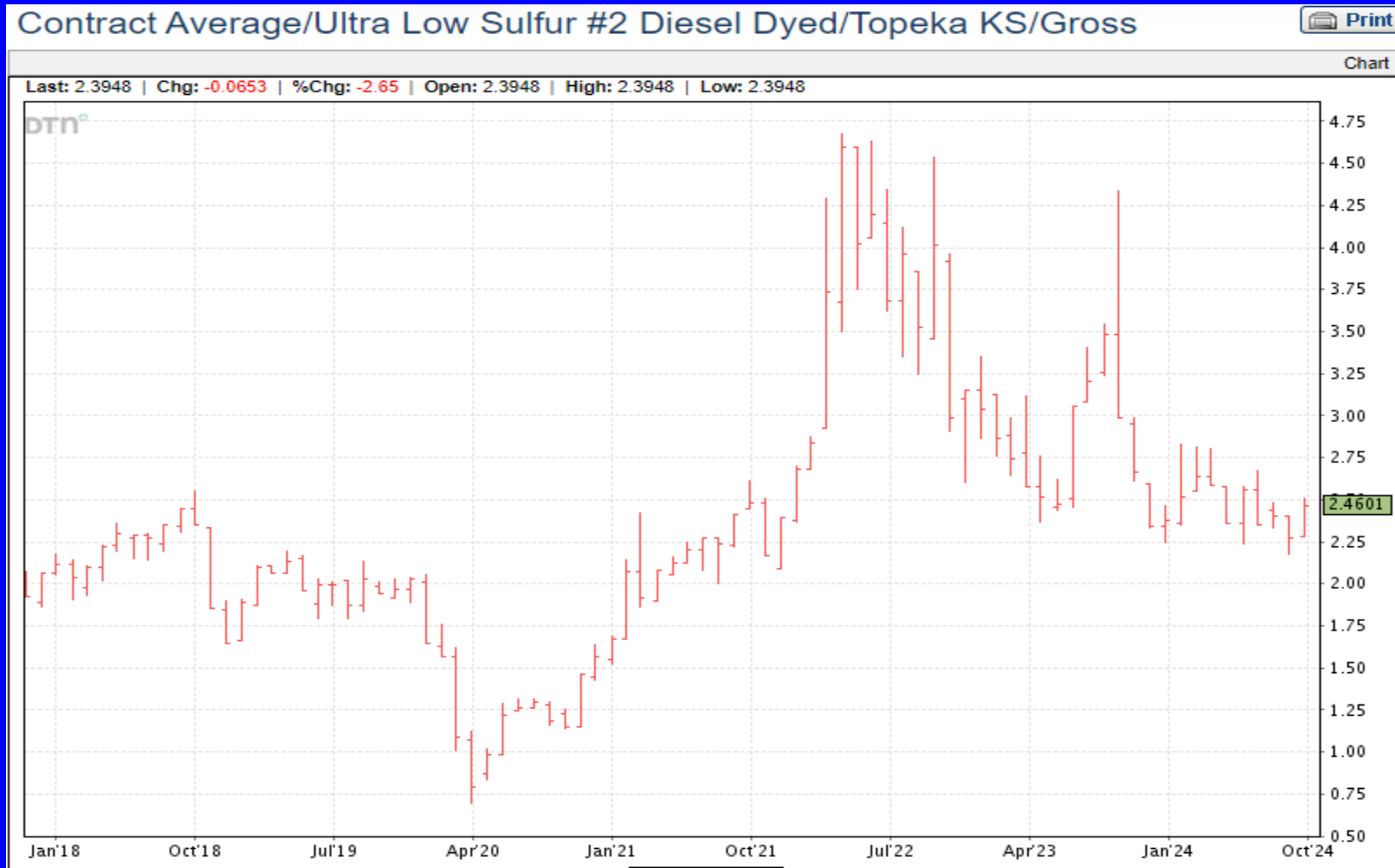
▶ Weekly Cost of N/lb.



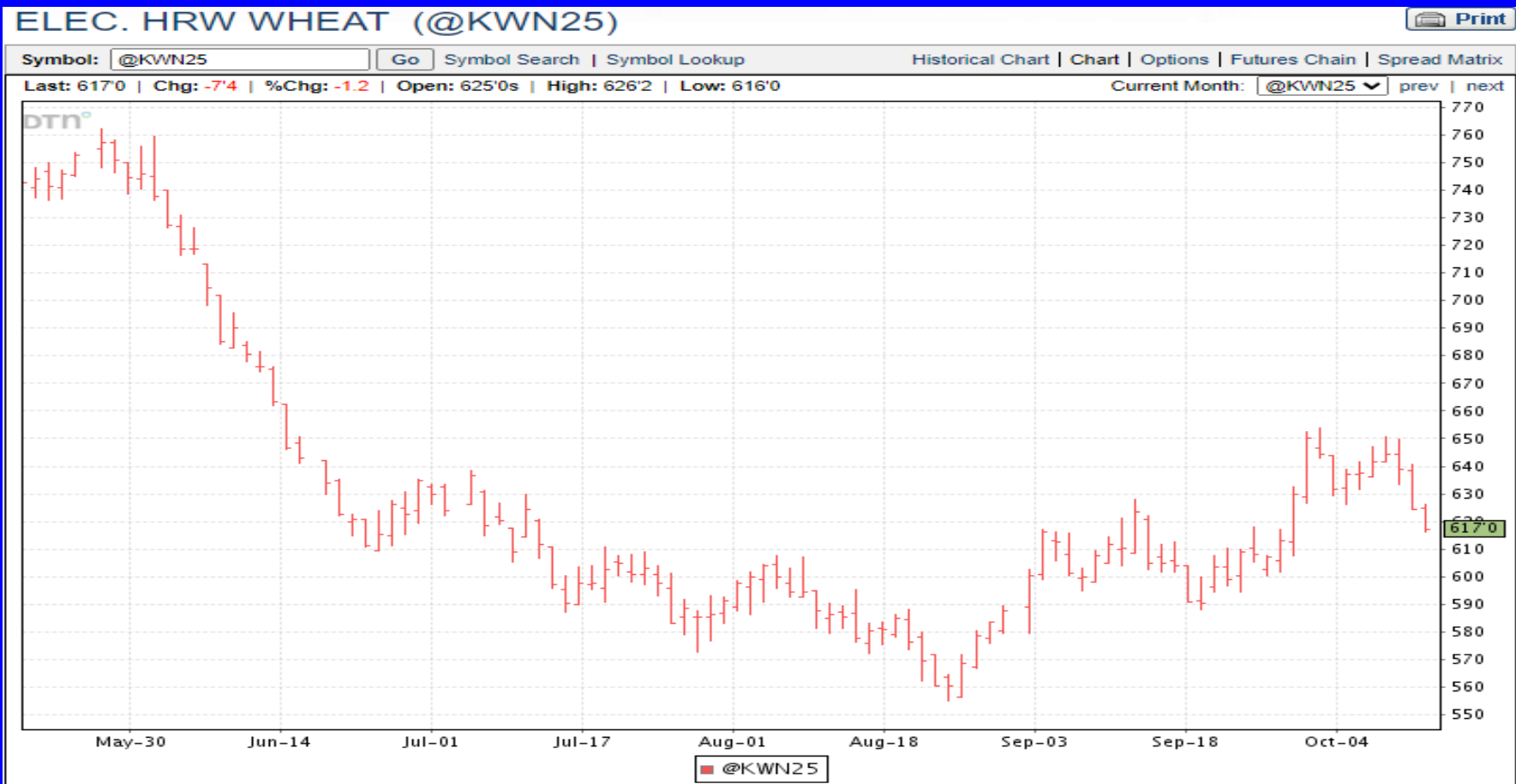
▶ Weekly DAP Chart



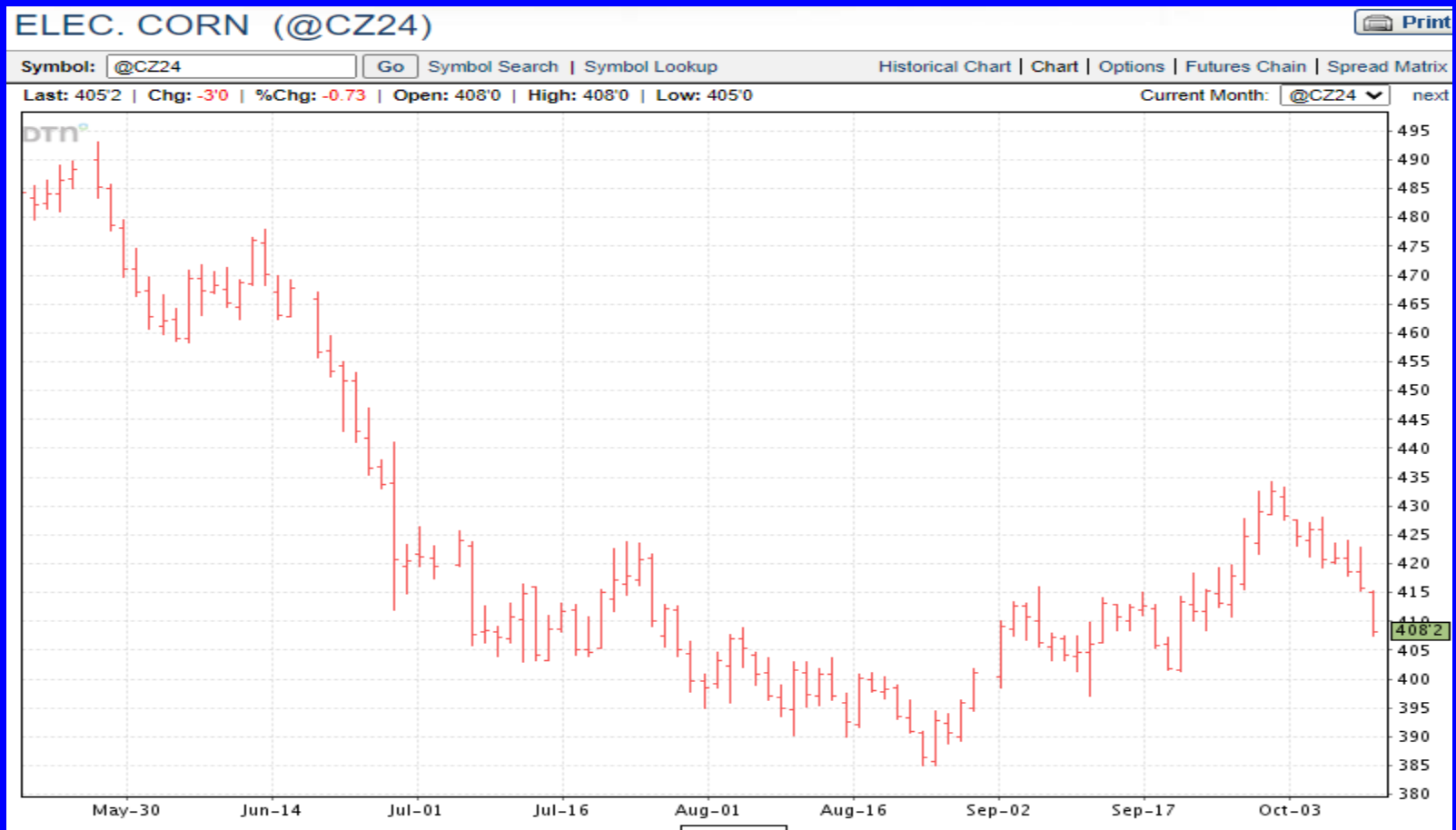
Fuel Prices Getting Closer to Long Term Average



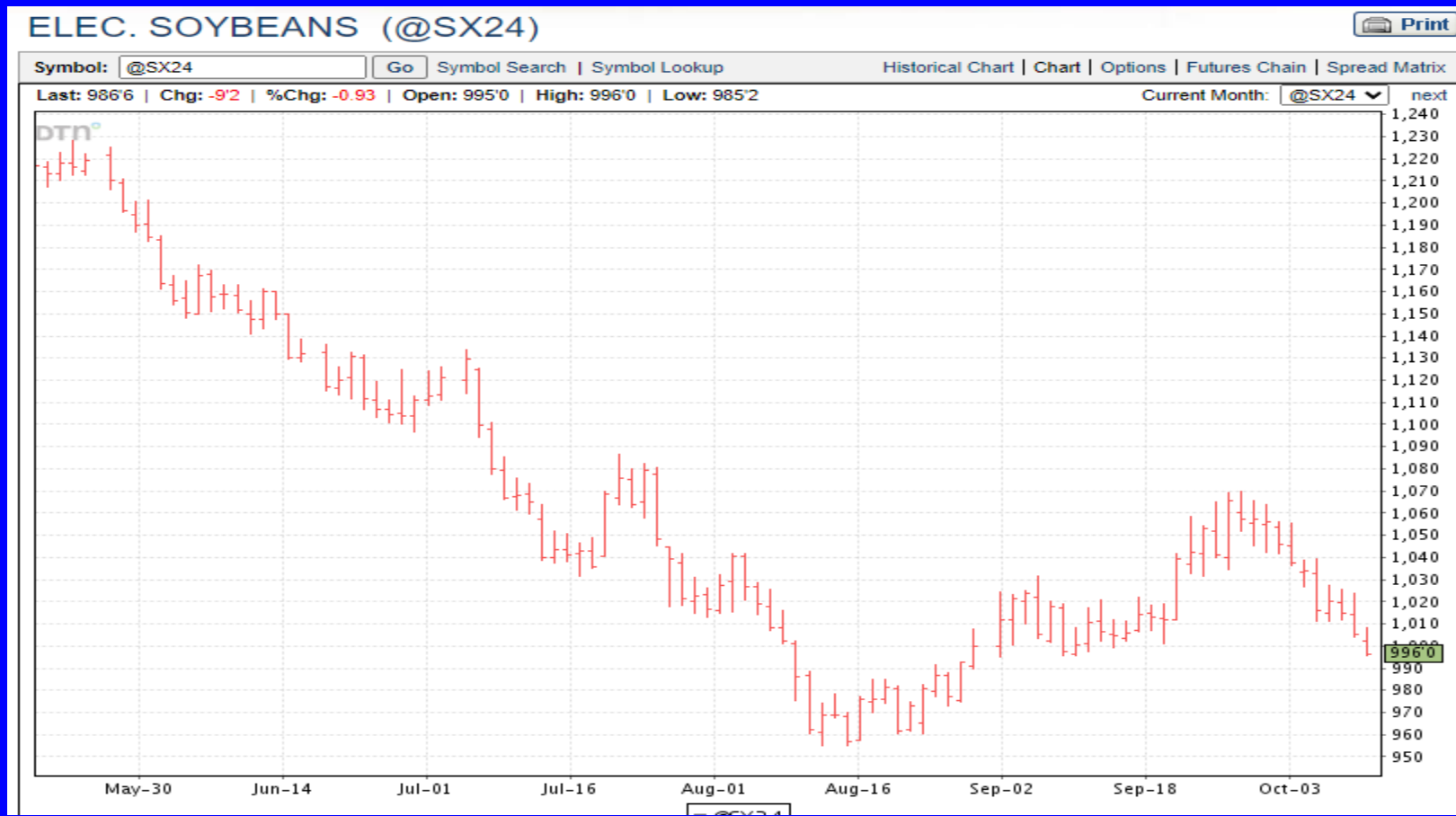
Wheat was about \$8.50 18 months ago



Corn was about \$5.50 18 months ago



Beans were about \$13.00 18 months ago



ELEC. FEEDER CATTLE (@GFX24)

 Print

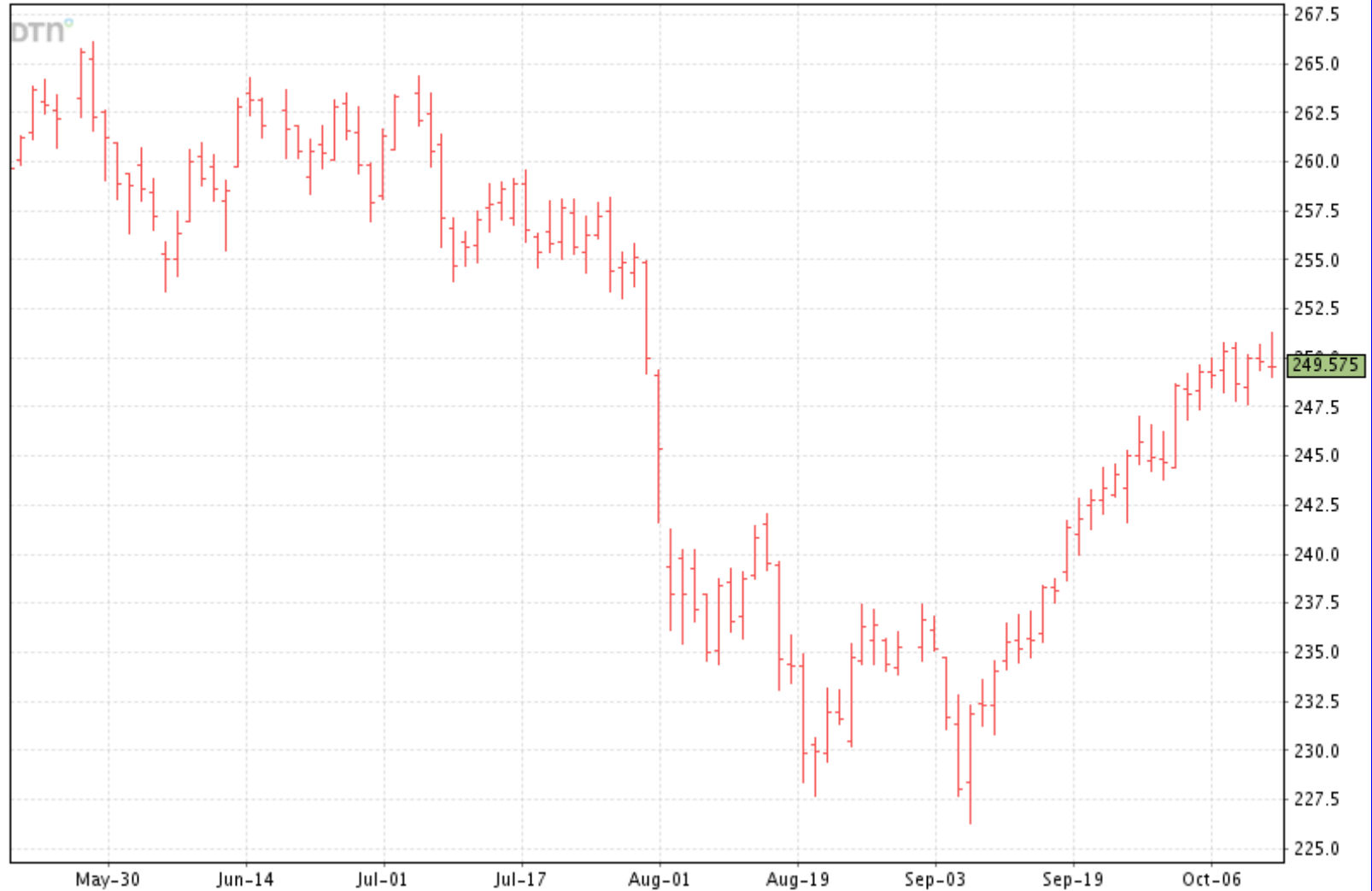
Symbol:

[Symbol Search](#) | [Symbol Lookup](#)

[Historical Chart](#) | [Chart](#) | [Options](#) | [Futures Chain](#) | [Spread Matrix](#)

Last: 249.575 | Chg: -0.225 | %Chg: -0.09 | Open: 249.575s | High: 251.250 | Low: 249.050

Current Month:



@GFX24

Chart 2: Farm Income by State

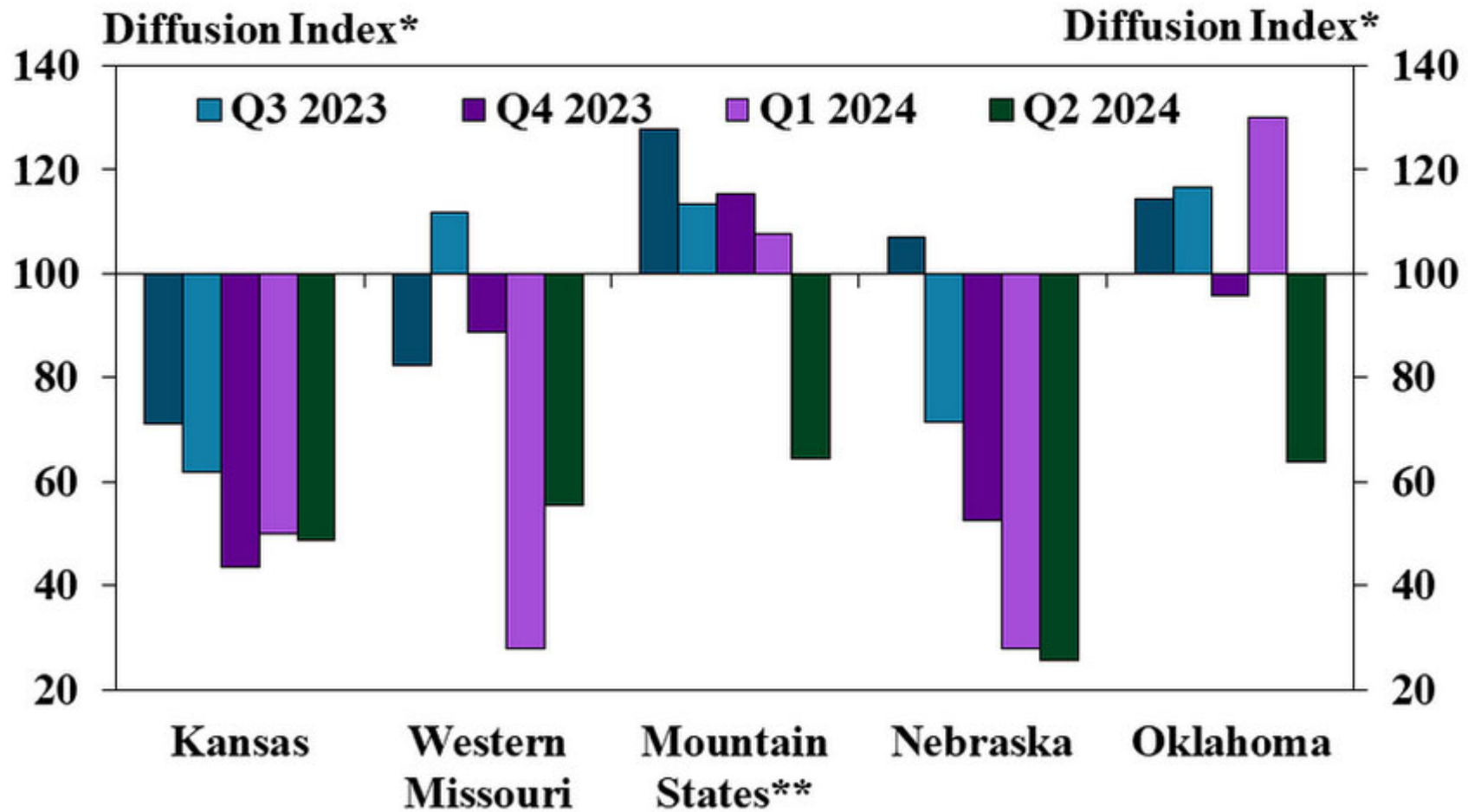
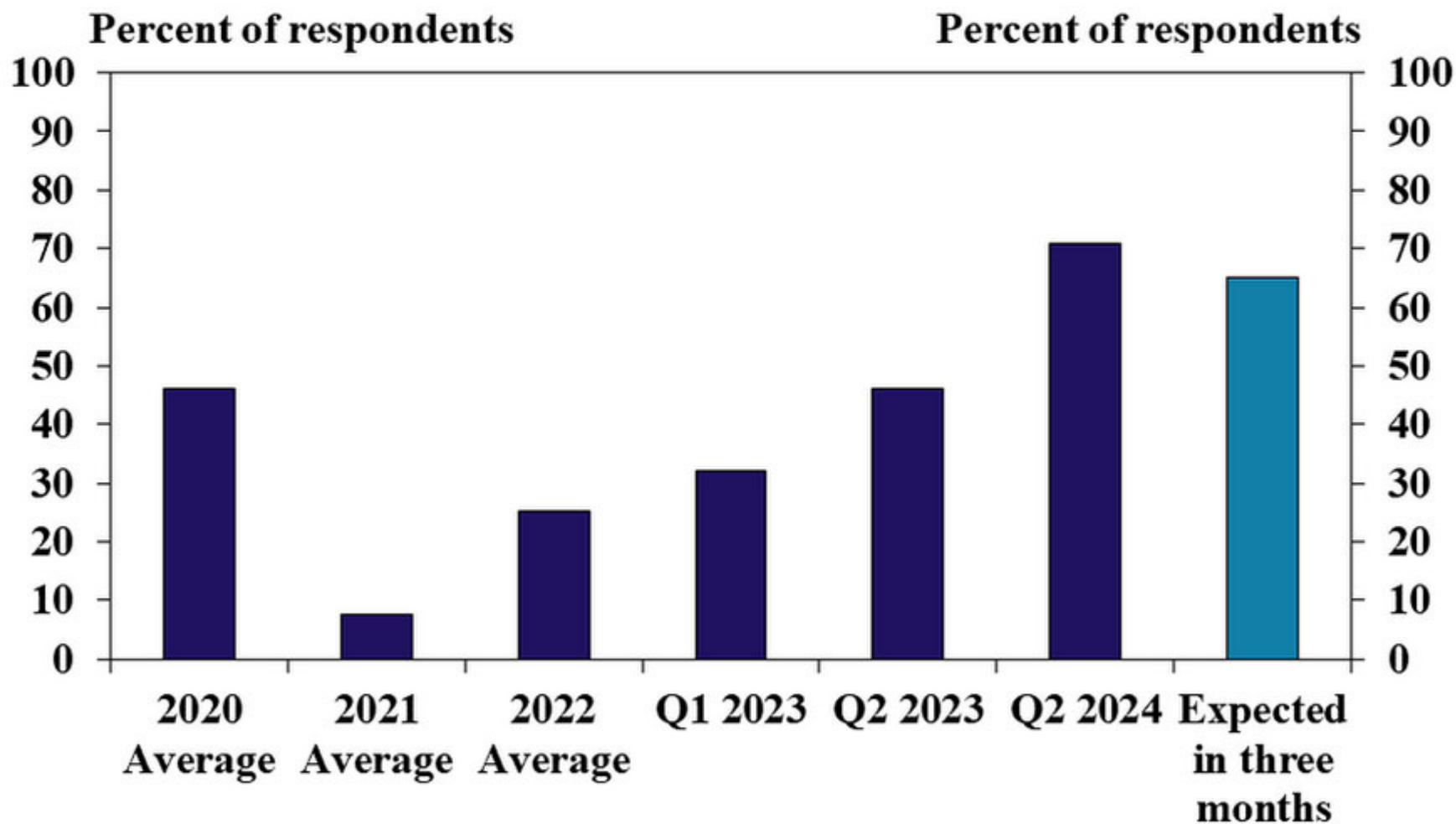


Chart 4: Share of Banks Reporting Lower Farm Borrower Liquidity



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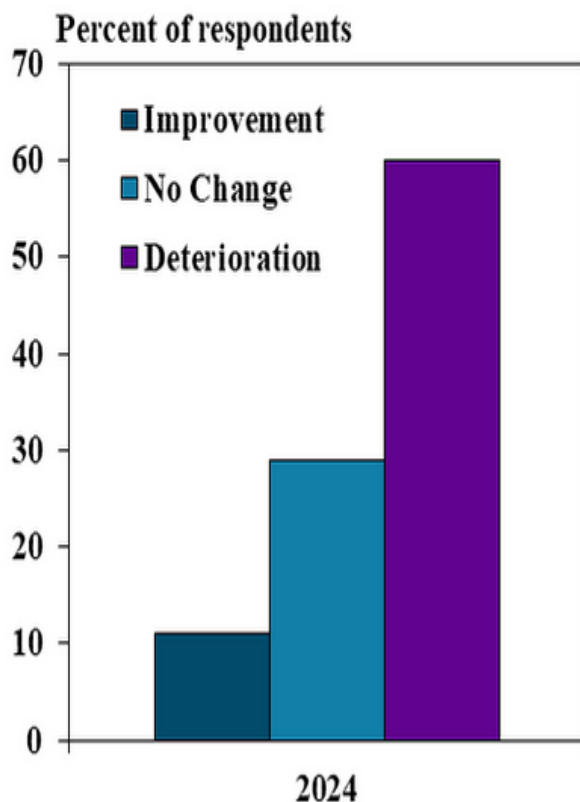


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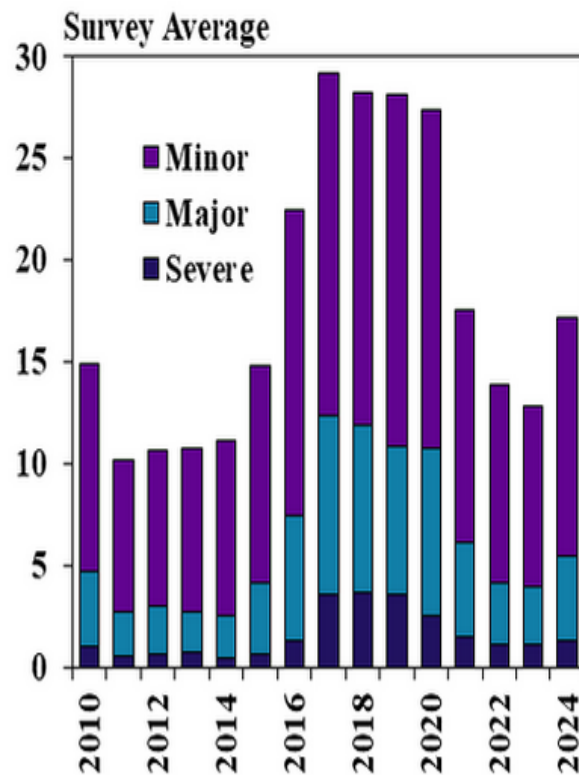


Chart 7: Borrower Financial Conditions and Loan Repayment Problems, Q2

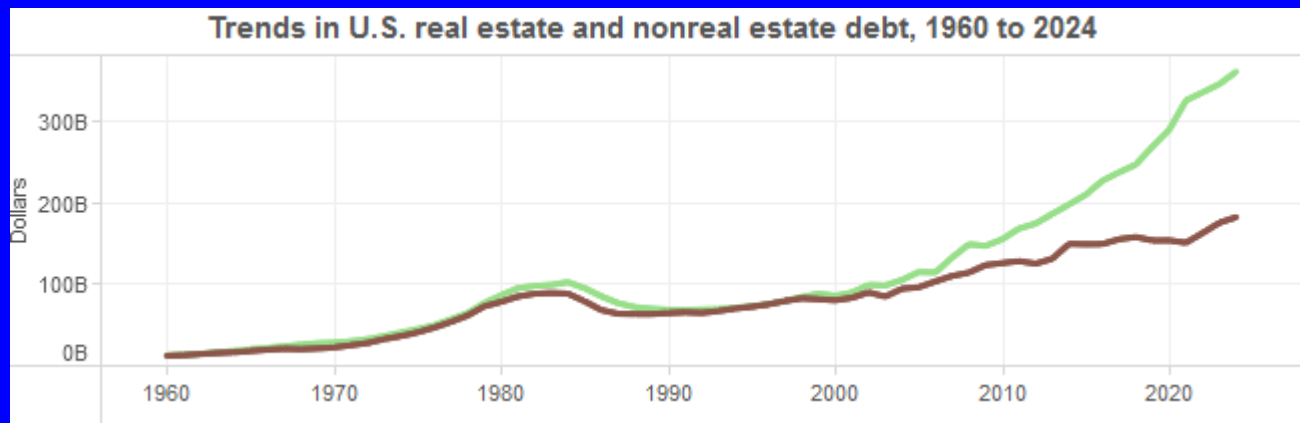
Change in Financial Condition of Farm Borrowers From 1-Year Ago



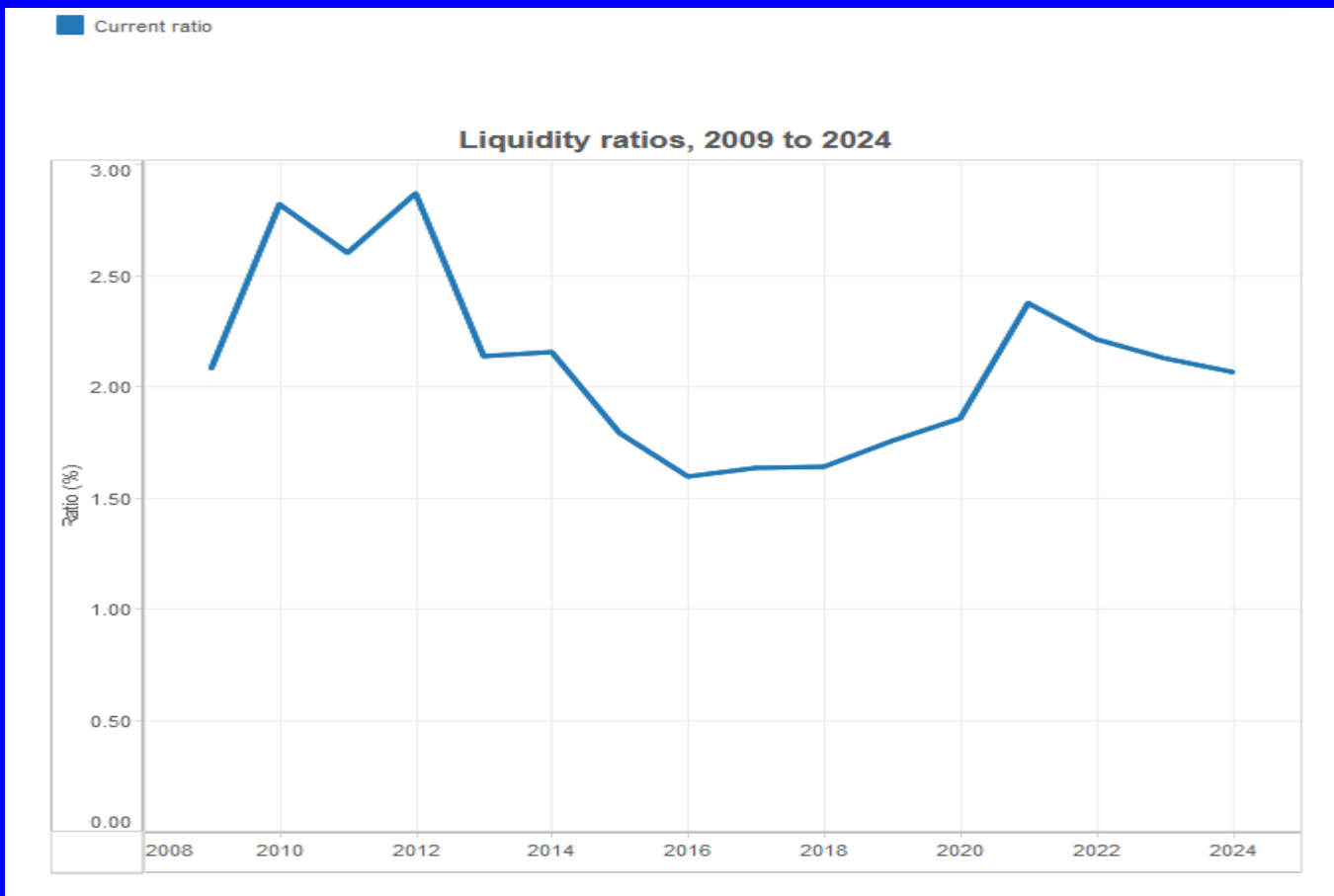
Degree of Farm Loan Repayment Problems



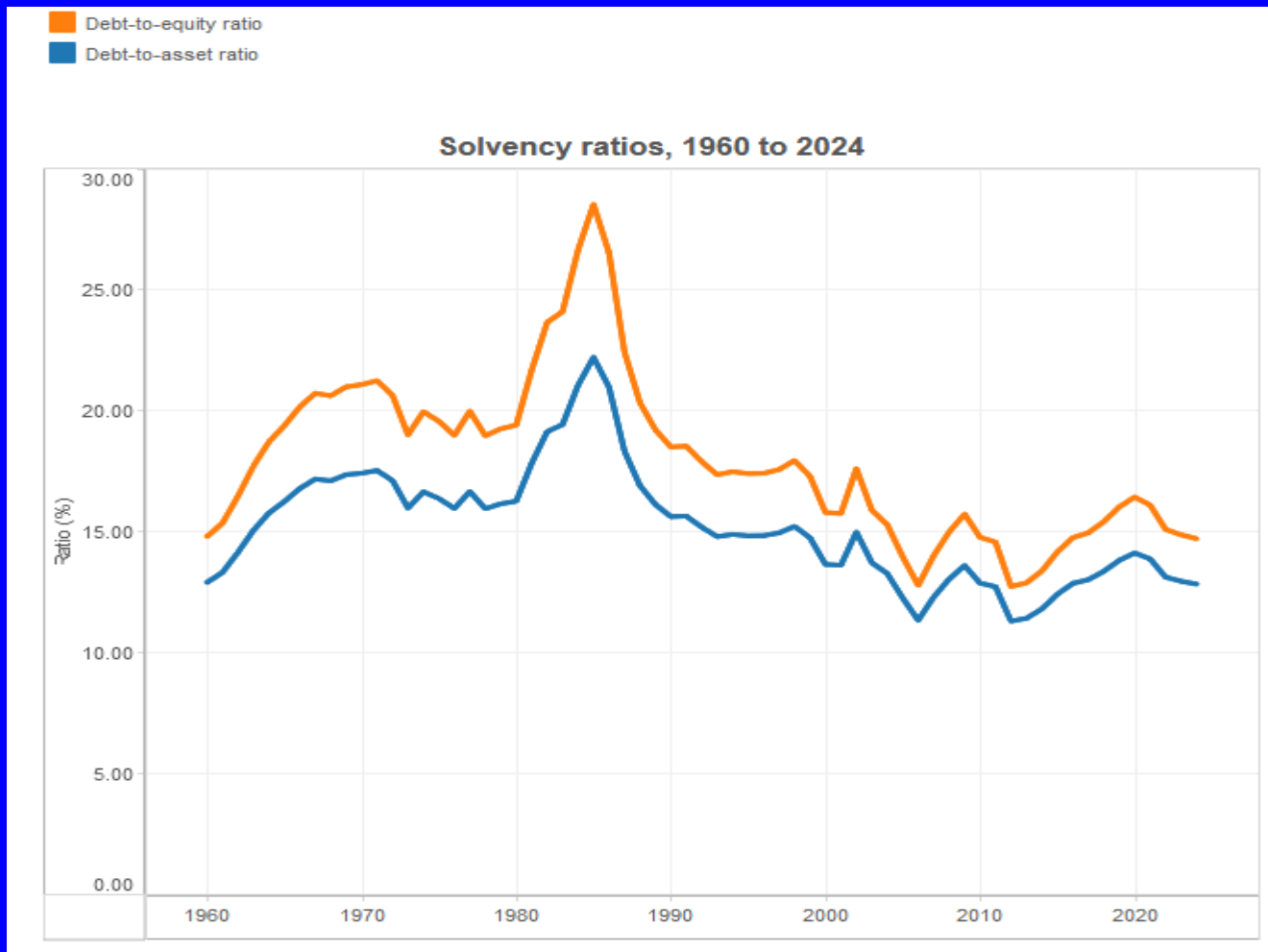
Real Estate Debt is Rapidly Rising

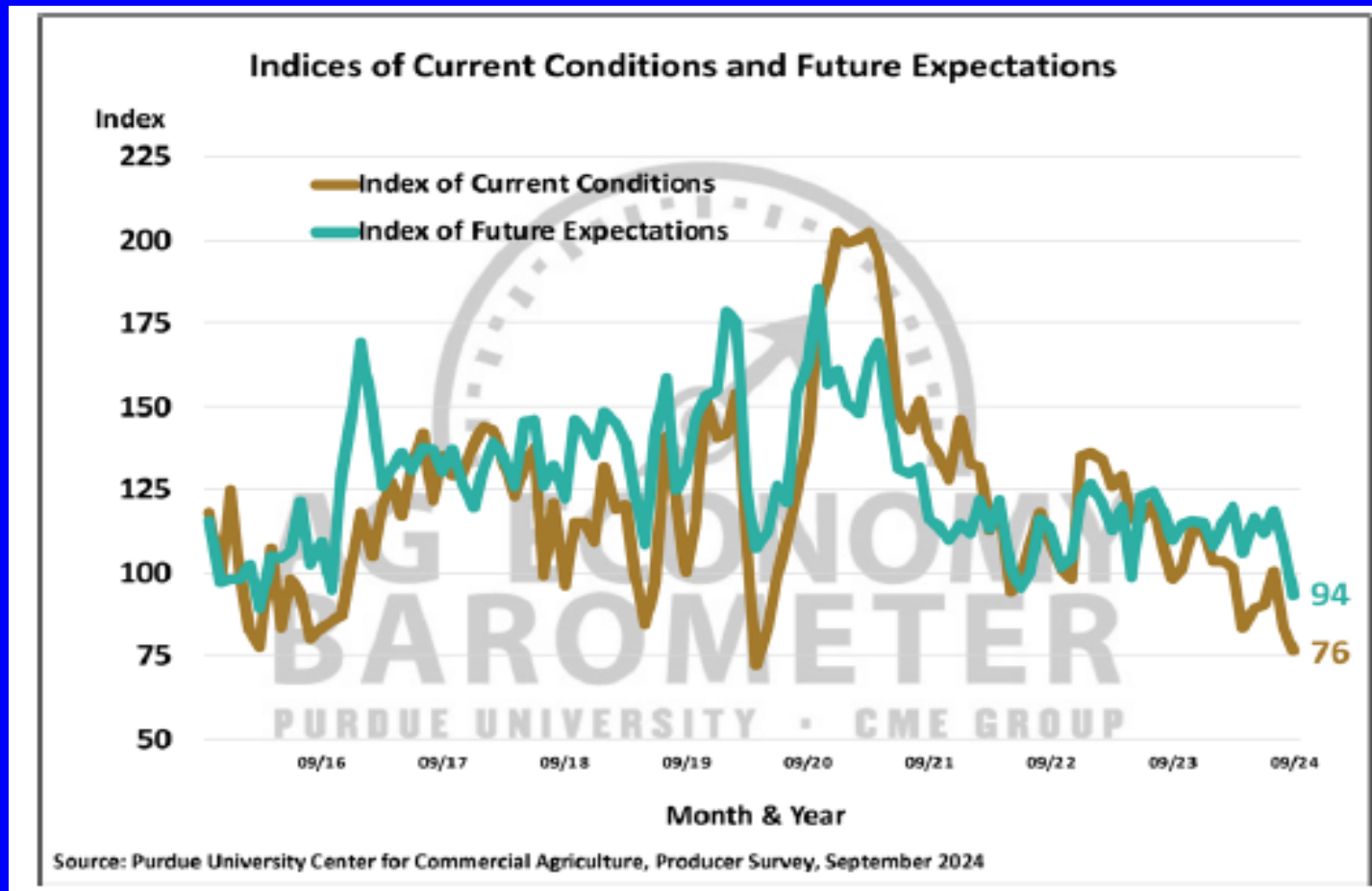


Liquidity has been declining since 2021



Solvency is still very strong





**Mood of survey respondents is at lowest level since 2016.
 Low commodity prices, high input prices, and lost confidence
 in exports are biggest concerns.**

Facts and Observations Nation Wide

- Liquidity positions continue to decline.
- Equity positions remain strong.
- Loan volume (mostly real estate) has increased at a rapid pace
- Repayment concerns are increasing, interest rates are a huge concern.
- Land values remain strong, some regional weakness is starting to show up.

More Specifically, Lets Talk About Closer to Home

- KFMA average Net Farm Income

- 2023 \$ 98,299

- 2022 \$177,696

- 2021 \$319,180

- 2020 \$173,972

- 2019 \$108,960

- 2018 \$101,274

- 2017 \$ 66,564

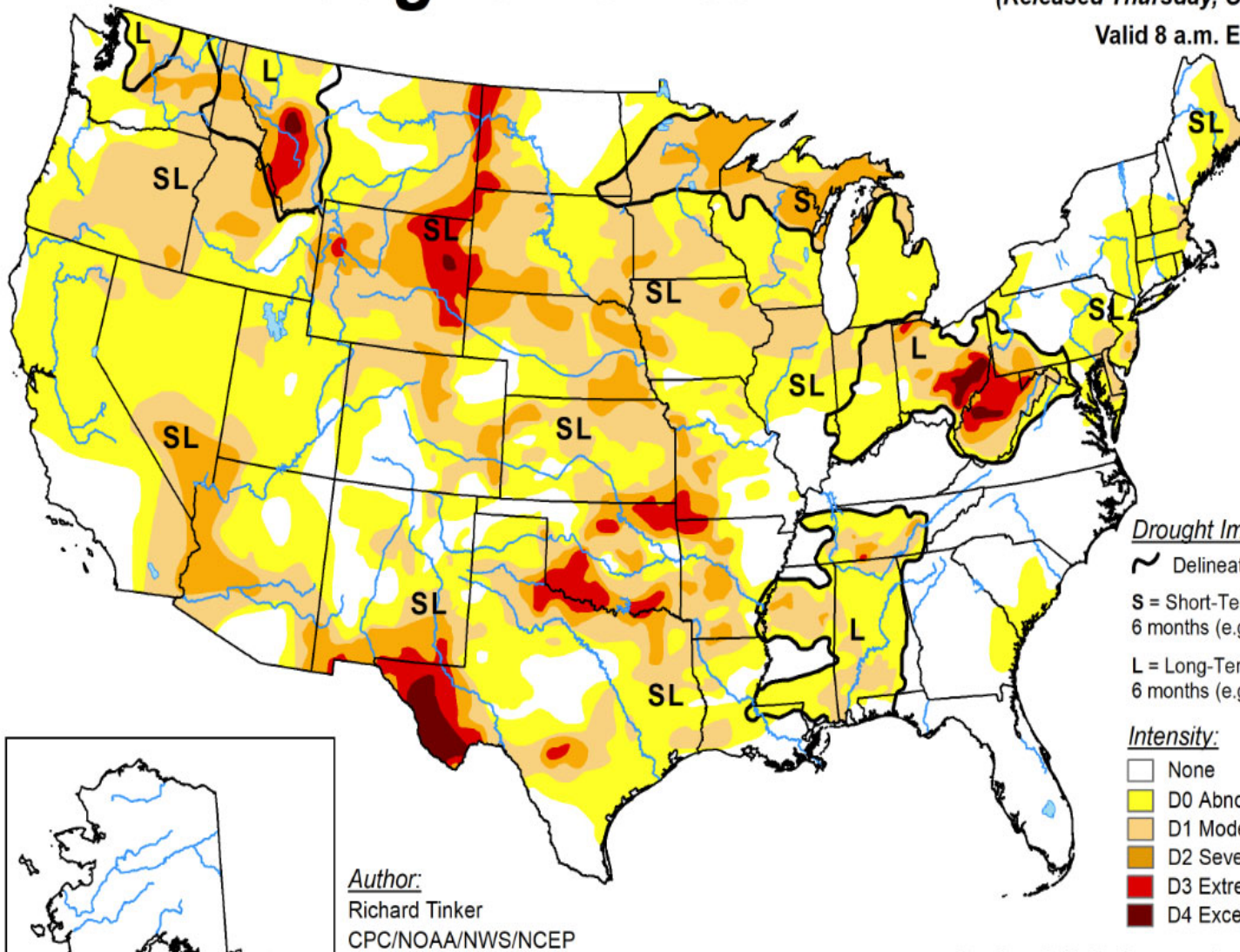
Most recent 2024 forecast
Is around \$45,000, less than
Half of the 2023 number.

U.S. Drought Monitor

October 8, 2024

(Released Thursday, Oct. 10, 2024)

Valid 8 a.m. EDT



U.S. Drought Monitor - Oklahoma

U.S. Drought Monitor Oklahoma

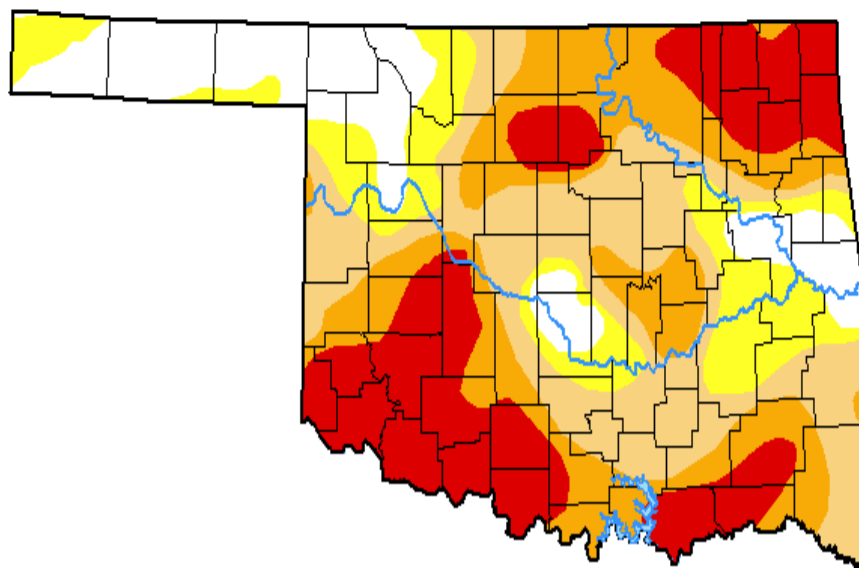
October 8, 2024

(Released Thursday, Oct. 10, 2024)

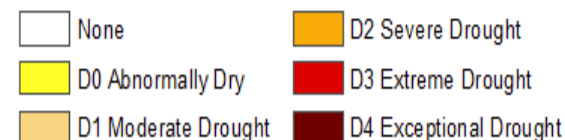
Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	15.56	84.44	70.27	45.29	23.41	0.00
Last Week <i>10-01-2024</i>	22.82	77.18	61.31	37.39	11.50	0.00
3 Months Ago <i>07-09-2024</i>	40.10	59.90	17.79	3.78	0.00	0.00
Start of Calendar Year <i>01-02-2024</i>	55.32	44.68	21.64	3.08	0.00	0.00
Start of Water Year <i>09-26-2023</i>	34.29	65.71	46.76	30.93	12.91	0.00
One Year Ago <i>10-10-2023</i>	36.68	63.32	43.11	29.44	8.48	0.00

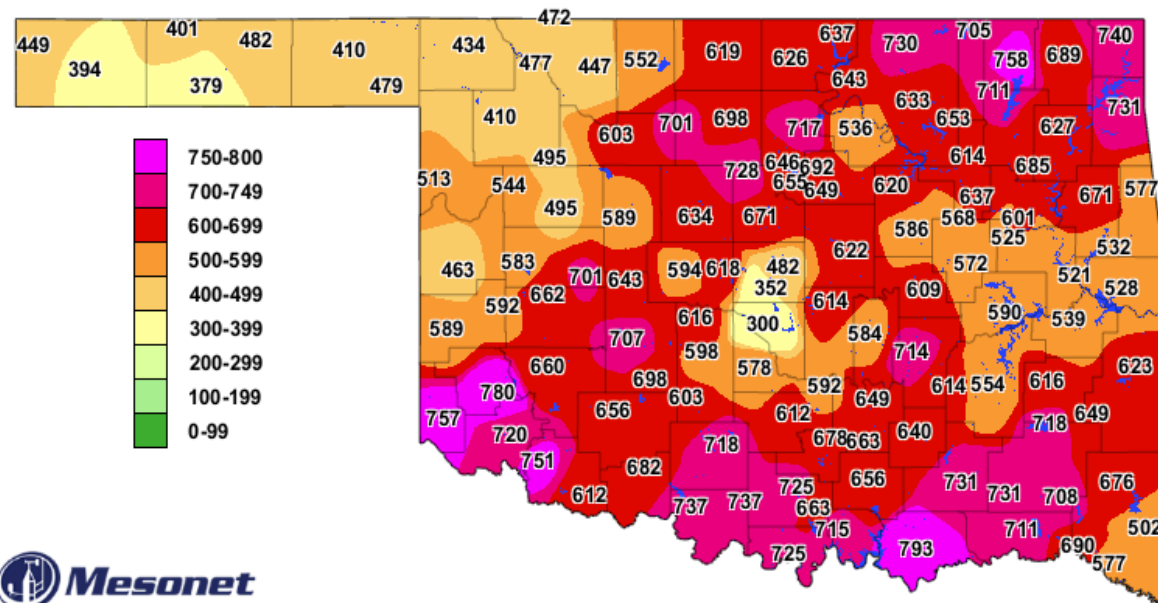


Intensity:



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

Keetch-Byram Drought Index (KBDI)

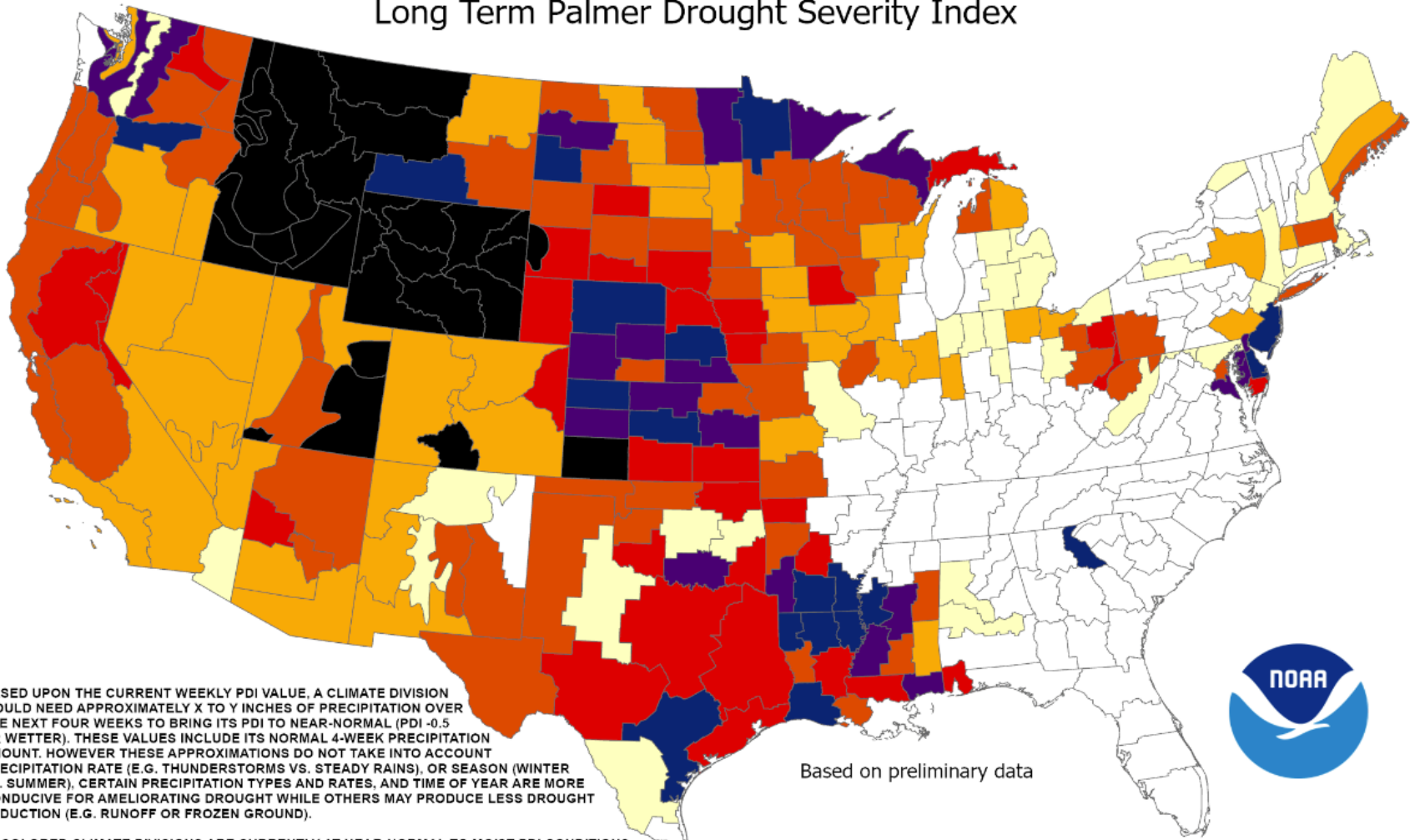


Keetch-Byram Drought Index

9:00 AM October 15, 2024 CDT

Created 9:15:39 AM October 15, 2024 CDT. Copyright 2024

Long Term Palmer Drought Severity Index











BASED UPON THE CURRENT WEEKLY PDI VALUE, A CLIMATE DIVISION WOULD NEED APPROXIMATELY X TO Y INCHES OF PRECIPITATION OVER THE NEXT FOUR WEEKS TO BRING ITS PDI TO NEAR-NORMAL (PDI -0.5 OR WETTER). THESE VALUES INCLUDE ITS NORMAL 4-WEEK PRECIPITATION AMOUNT. HOWEVER THESE APPROXIMATIONS DO NOT TAKE INTO ACCOUNT PRECIPITATION RATE (E.G. THUNDERSTORMS VS. STEADY RAINS), OR SEASON (WINTER VS. SUMMER), CERTAIN PRECIPITATION TYPES AND RATES, AND TIME OF YEAR ARE MORE CONDUCTIVE FOR AMELIORATING DROUGHT WHILE OTHERS MAY PRODUCE LESS DROUGHT REDUCTION (E.G. RUNOFF OR FROZEN GROUND).

UNCOLORED CLIMATE DIVISIONS ARE CURRENTLY AT NEAR-NORMAL TO MOIST PDI CONDITIONS. (EXAMPLE: IF 4-WEEK NORMAL PRECIPITATION IS 3 INCHES AND PDI DEFICIT TO BRING TO -0.5 IS 4 INCHES, THE VALUE IS 7)

Based on preliminary data



- | | | | |
|---|-------------------|---|--------------------|
|  | Zero Inches |  | 9 to 12 Inches |
|  | Trace to 3 Inches |  | 12 to 15 Inches |
|  | 3 to 6 Inches |  | Over 15 Inches |
|  | 6 to 9 Inches |  | Missing/Incomplete |

Oklahoma Observations

- Crop producers
 - 2024 presented financial challenges for many Oklahoma crop producers. A serious concern is the reduced crop insurance guarantees for next year.
 - Most producers will struggle to lock in positive margins on 2025 crops.
- Cow Calf Producers
 - Strong profits appear possible again going into 2025.

Summary

- Main Concerns
 - Insurance coverage levels for 2025
 - Production challenges
 - How quickly the financial situation for many producers is deteriorating
 - Cost of supplemental feeding will cut into cow-calf profits
 - Those with large debt payment commitments (either due to an overall heavy debt load, or due to the term structure of their specific debt portfolio) may struggle to make payments
 - Interest rates are a concern

Questions???

- If you would like to be added to the list for our Ag Finance electronic newsletter, send me an email at rodney.jones@okstate.edu
- Join us on Facebook at **OSUFarmManagment**



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