

Farm and Ranch Financial Update

ALLEN M. FEATHERSTONE
KANSAS STATE UNIVERSITY

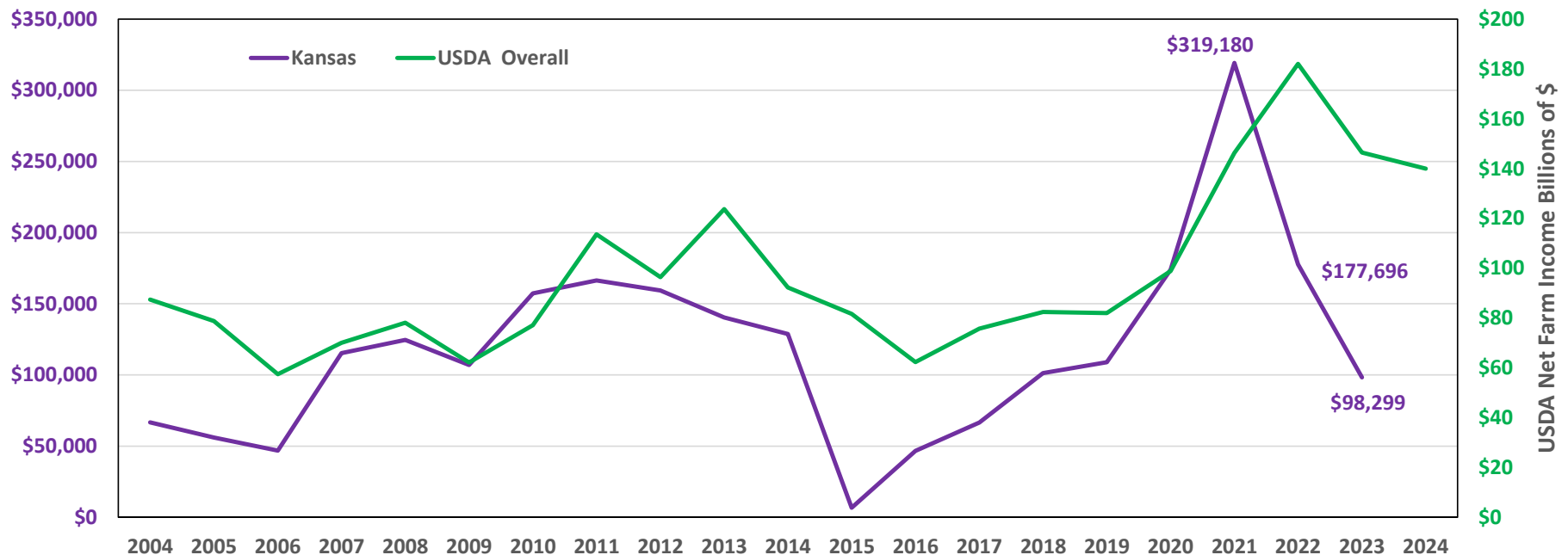


KANSAS STATE
UNIVERSITY | Agricultural Economics

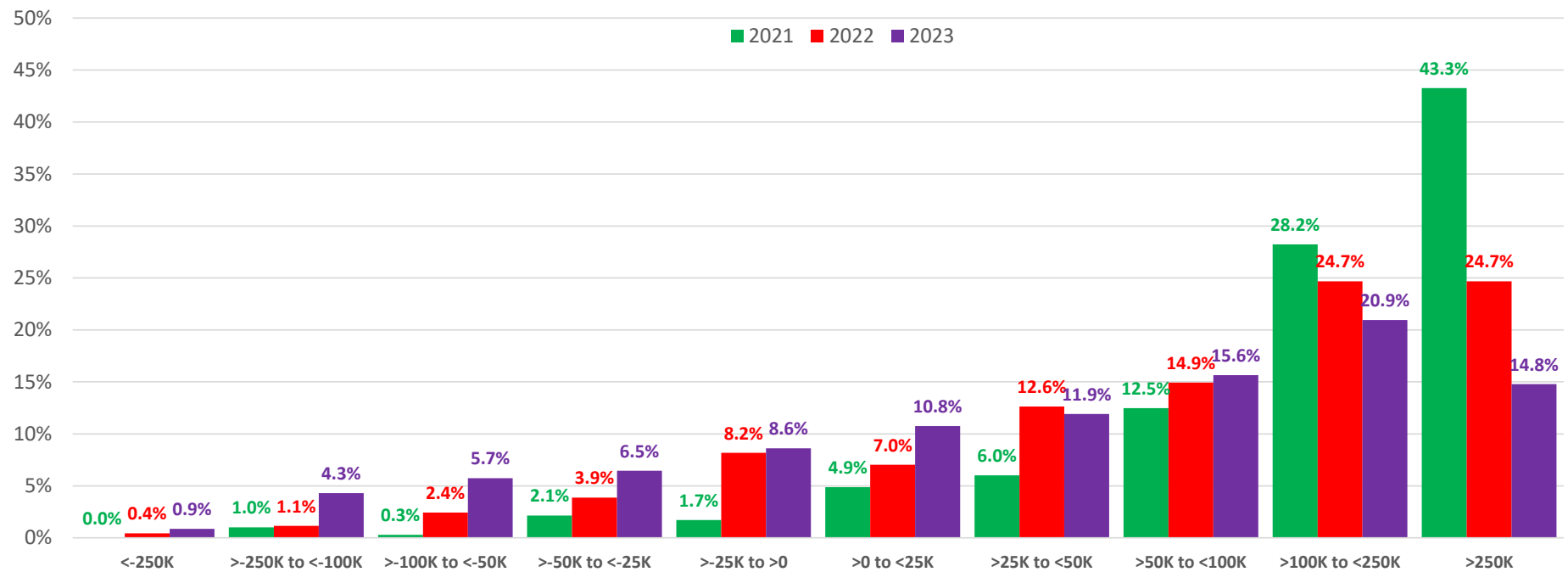
Introduction

- ❖ A declining 2023 farm economy with a further decline in 2024
 - ❖ 2025 USDA disaster payment
- ❖ Net farm income
- ❖ Debt, liquidity and repayment capacity
- ❖ Revenue and cost drivers
- ❖ 2023, 2024, and 2025
- ❖ Land Prices

Net Farm Income – Kansas Farm Management and Aggregate U.S.



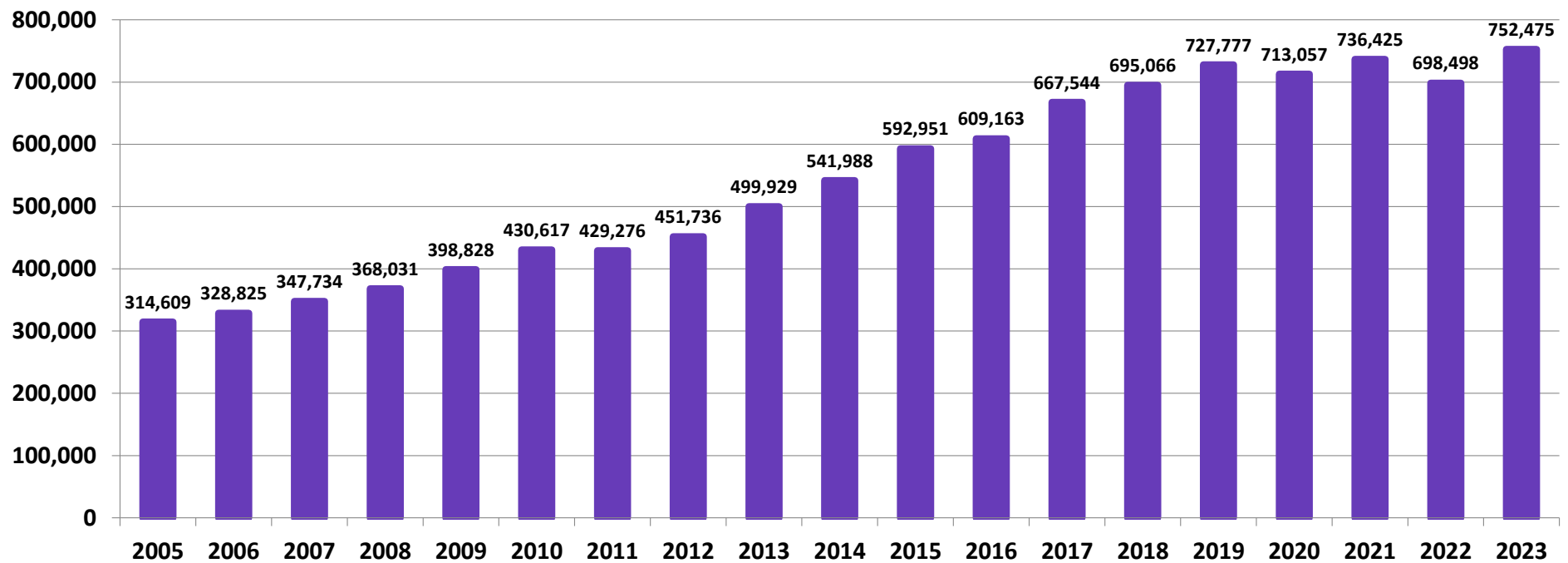
Distribution of 2021, 2022, and 2023 Net Farm Income



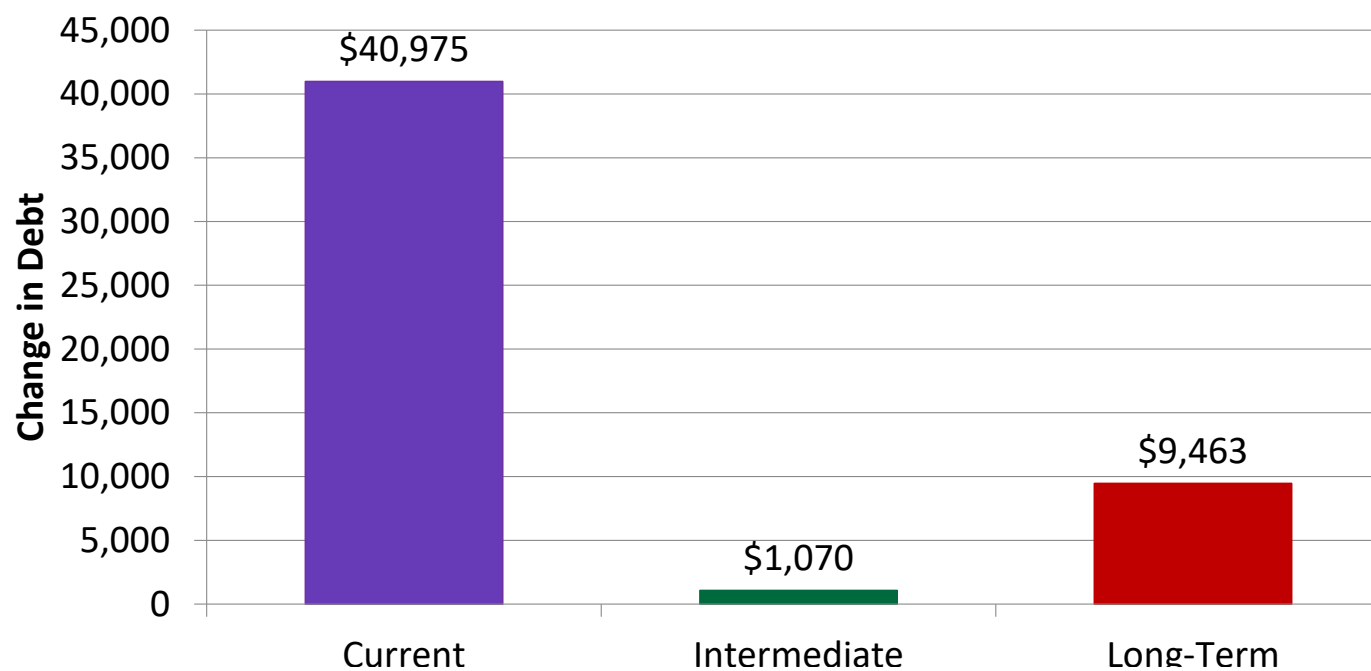
Net Farm Income

Income Level	2021	2022	2023
Negative NFI	5.2%	16.1%	26.0%
NFI < \$50,000	16.0%	35.7%	48.6%

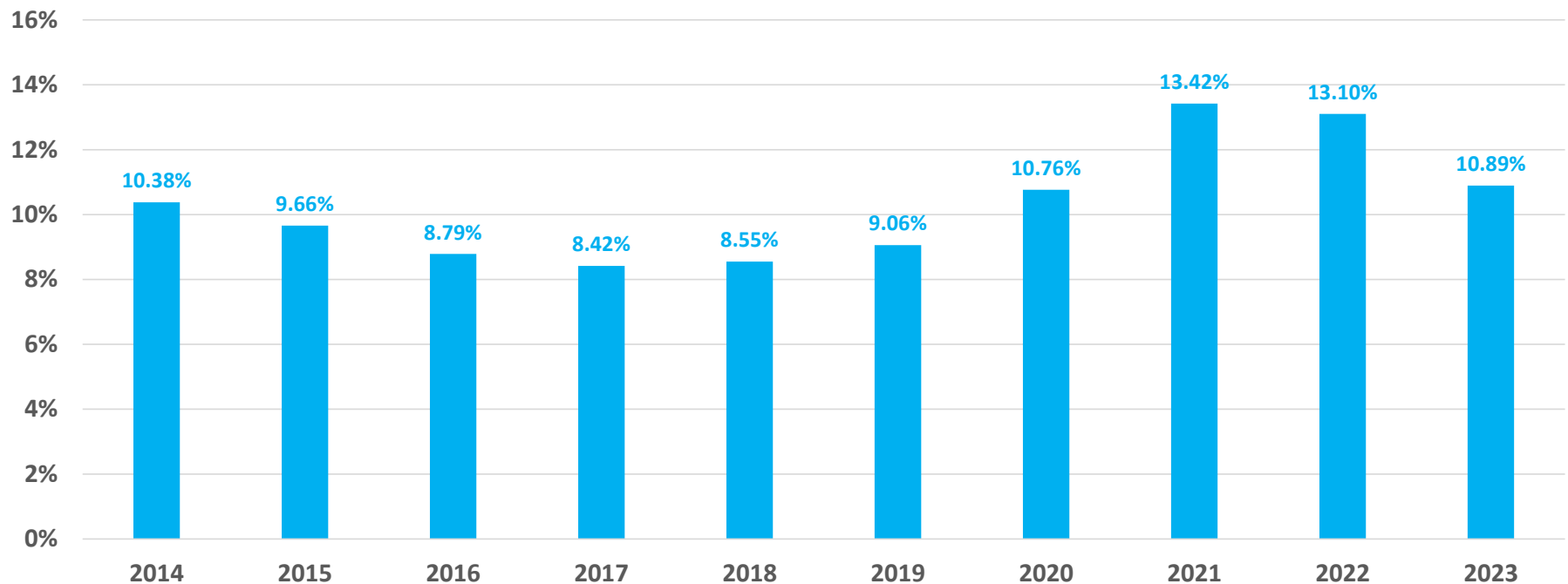
KFMA Debt Level per Farm



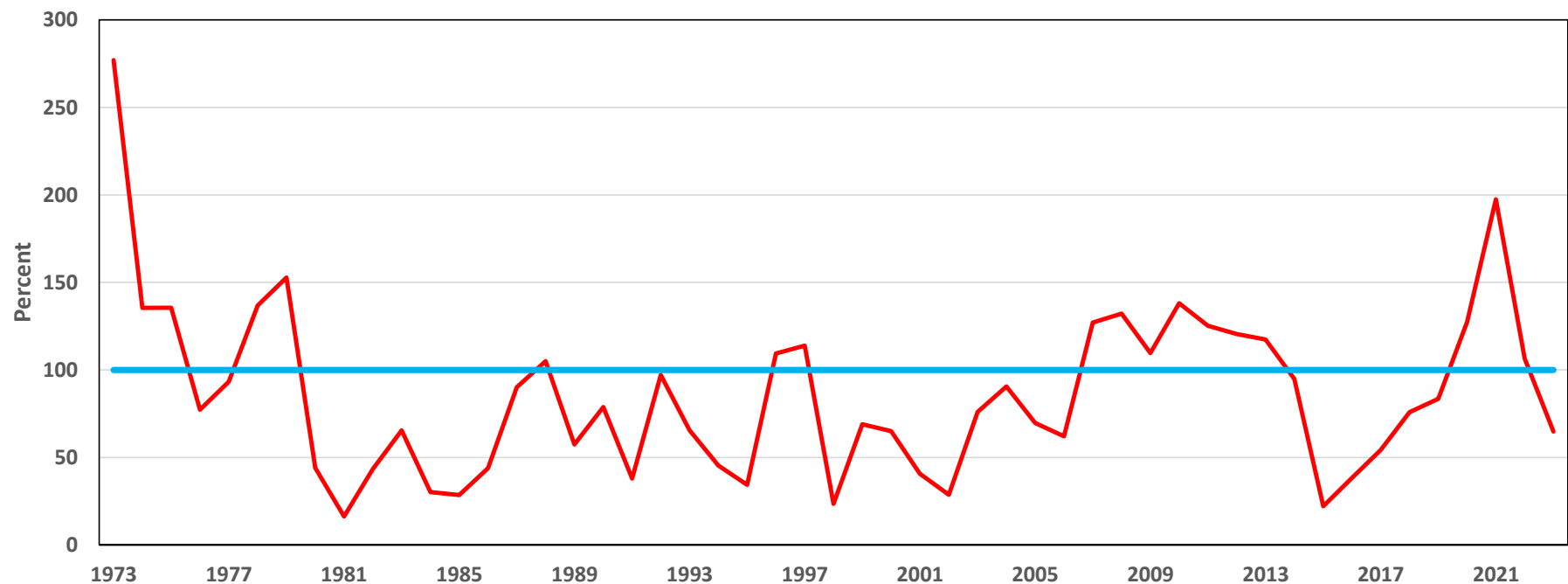
Change in Kansas Farm Debt 2023



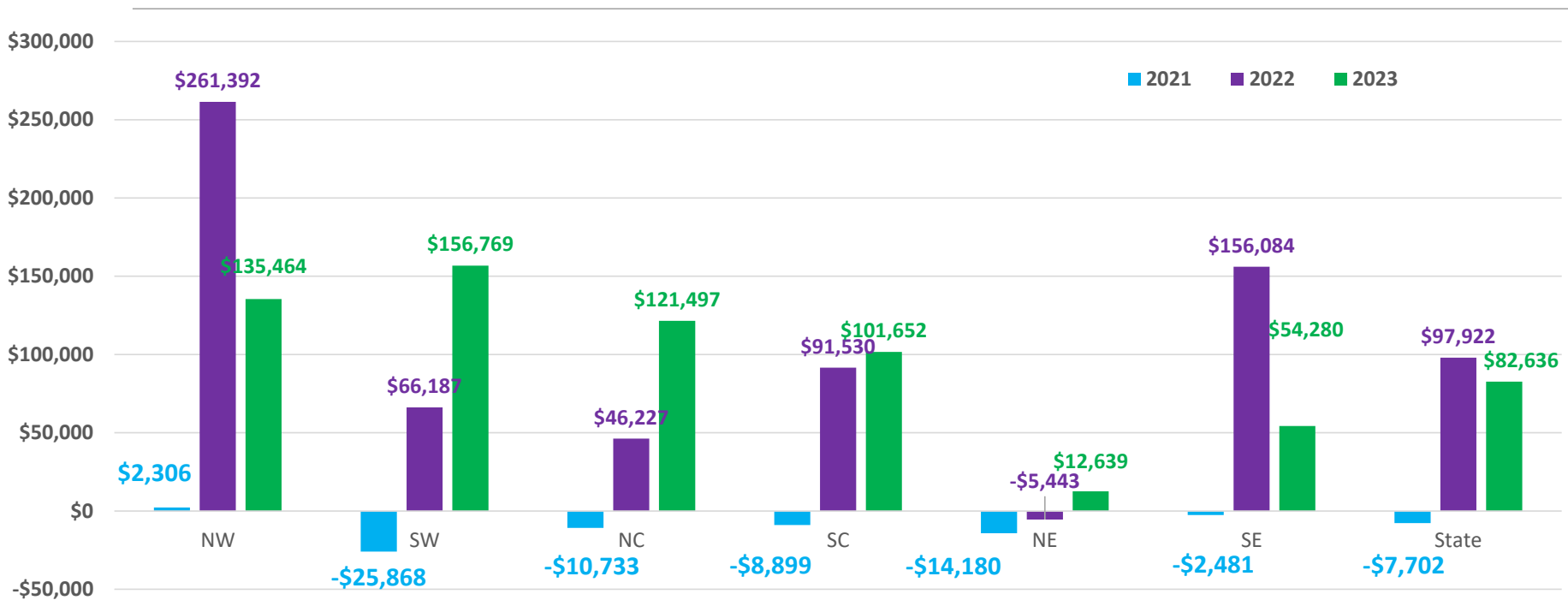
KFMA Farms Working Capital to Asset Ratio



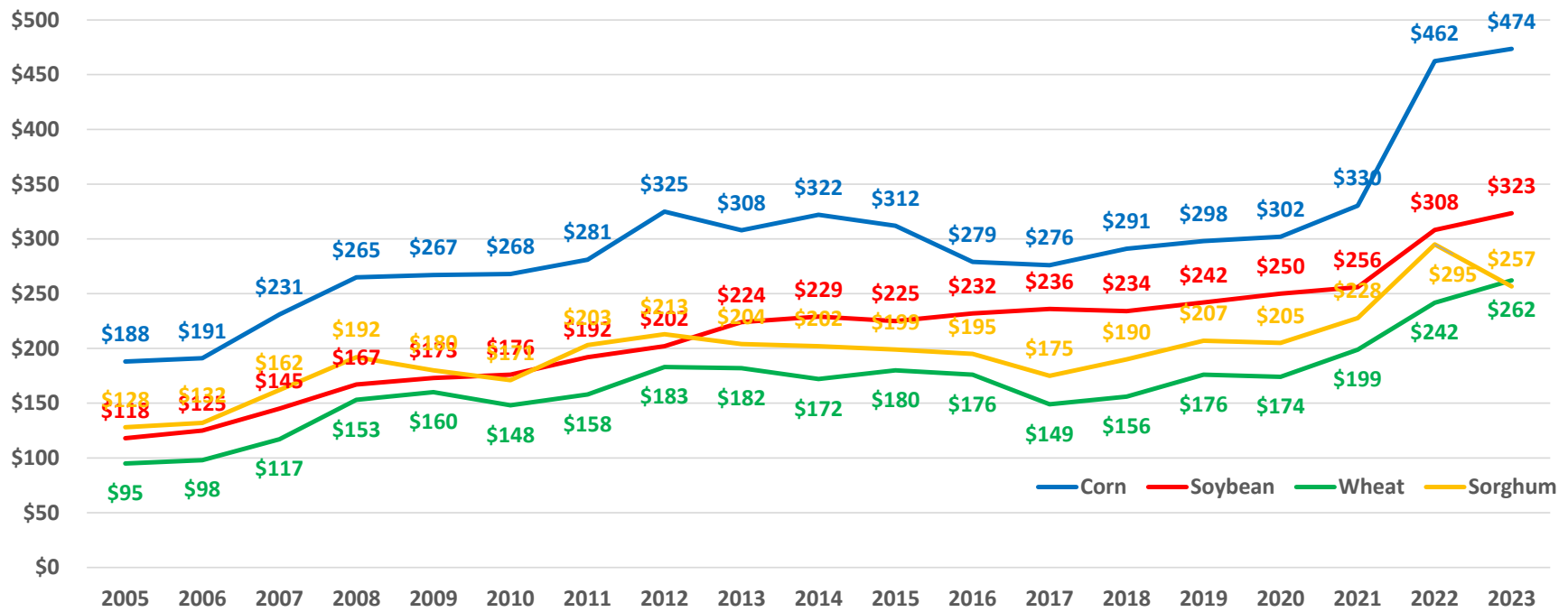
KFMA Farms Repayment Capacity



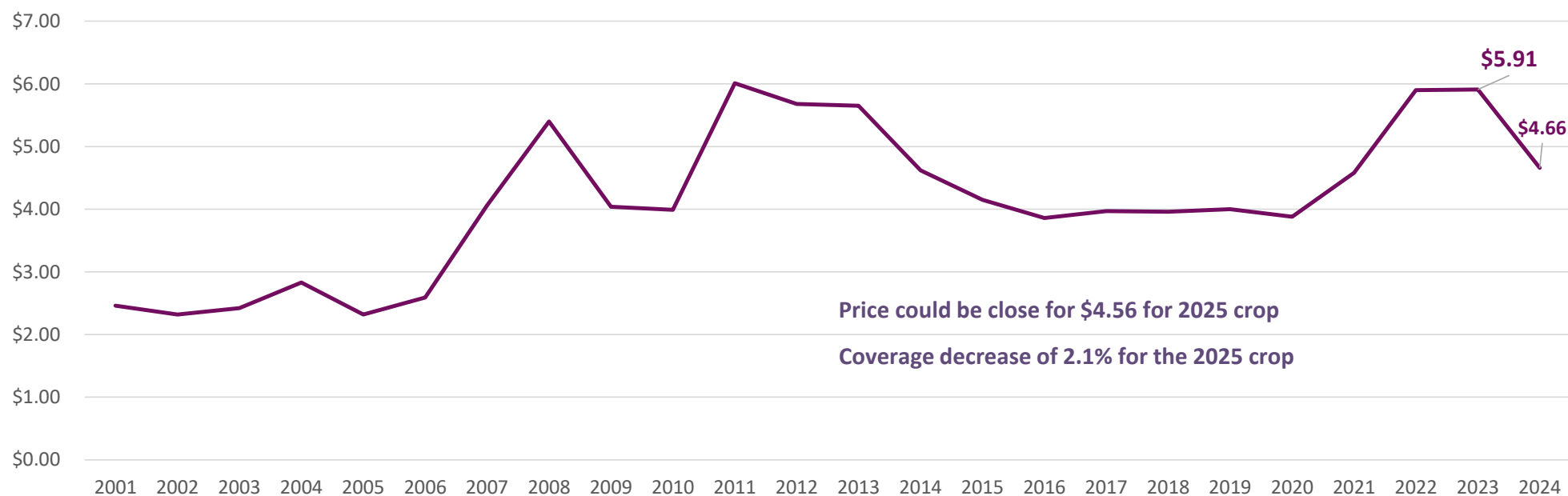
KFMA 2021, 2022, 2023 Average Net Crop Insurance per Farm



KFMA Enterprise Non-Irrigated Variable Cost of Production per Acre

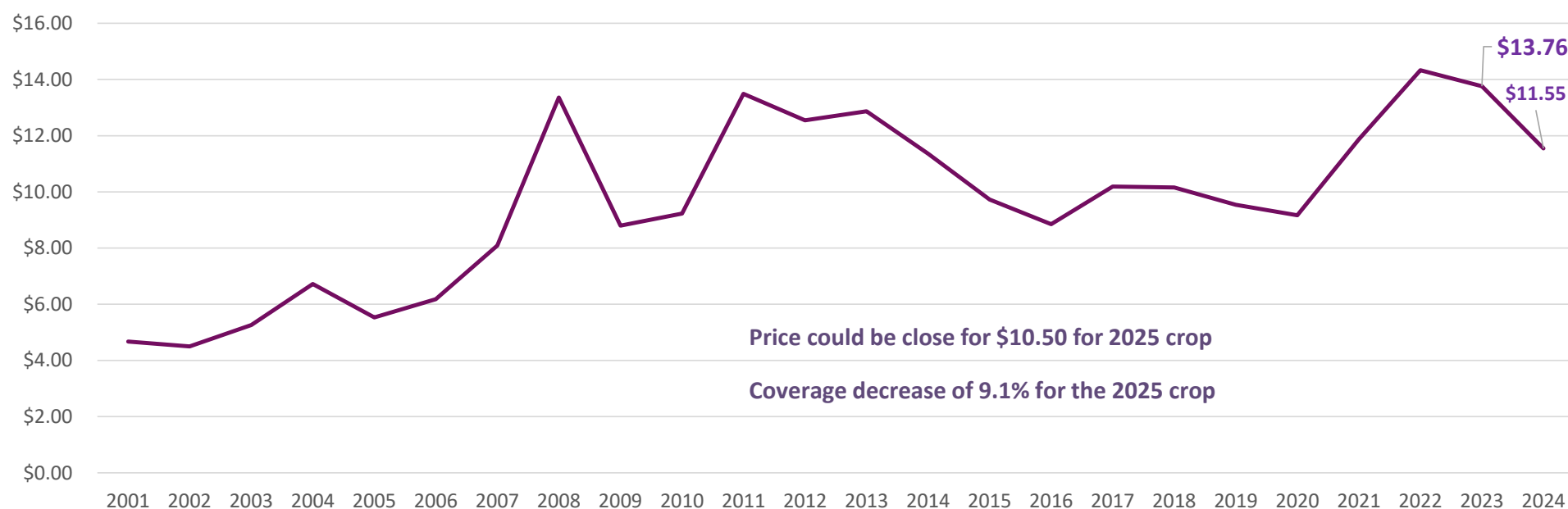


Crop Insurance – Corn Reference Price



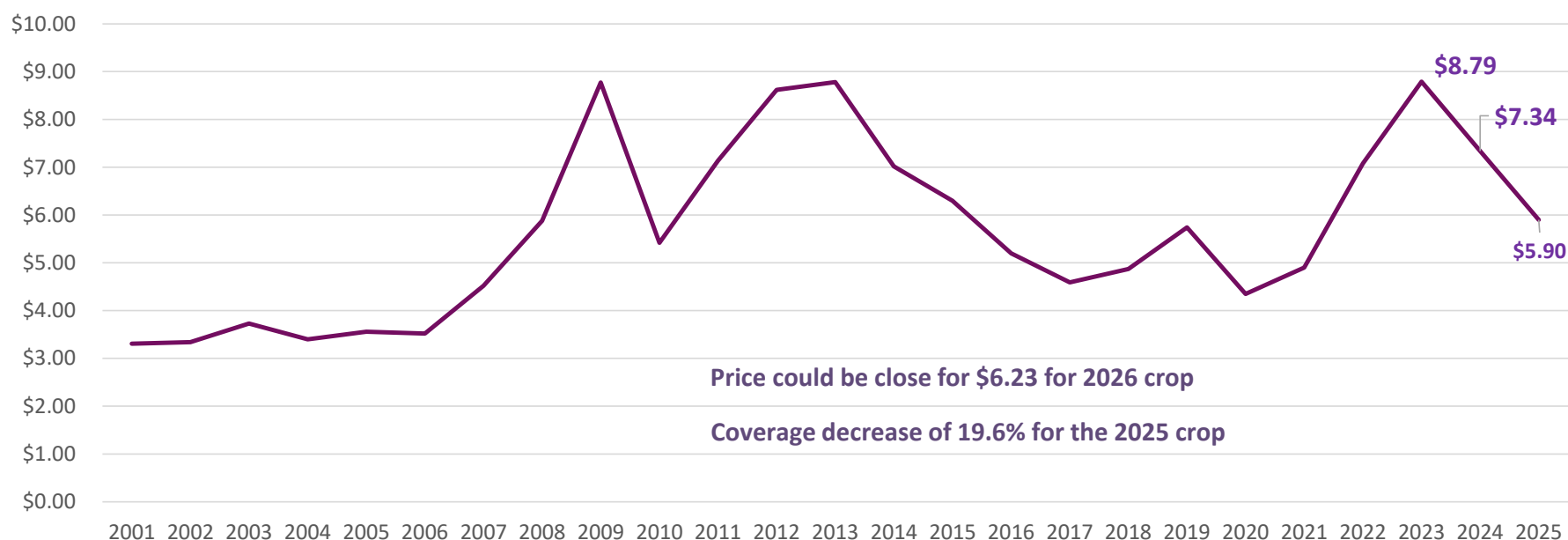
<https://www.ag360insurance.com/crop-insurance-pricing/>

Crop Insurance – Soybean Reference Price



<https://www.ag360insurance.com/crop-insurance-pricing/>

Crop Insurance – Wheat Reference Price



<https://www.ag360insurance.com/crop-insurance-pricing/>

2025 Price Situation

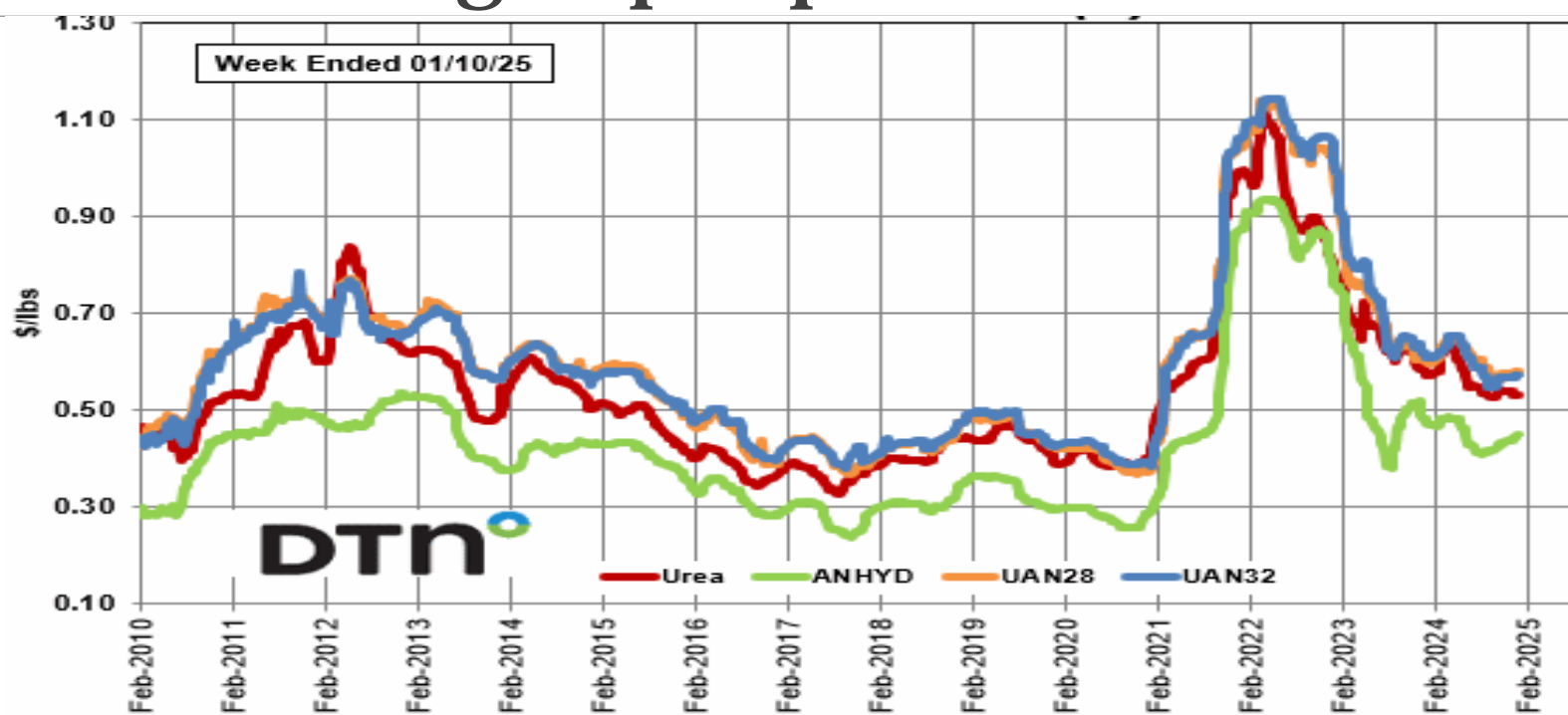
Bid at Salina Kansas

Commodity	Cash Bid (1/16/25)	Harvest Contract (2025)	Cash Bid (1/31/23)
Wheat	\$4.80	\$5.13	\$8.86
Corn	\$4.40	\$4.18	\$4.84
Sorghum	\$4.15	\$4.18	\$4.79
Soybean	\$9.54	\$9.57	\$11.38

Farm Credit Acquisition of Funds Summary

- Farm Credit acquisition cost has generally followed treasuries with
 - Acquisition rates for 30-year money at 5.6%
 - Acquisition rates for 10-year money at 4.9%
 - Acquisition rates for 5- year money at 4.5%
 - Acquisition rates for 1-year money at 4.2%
- Have remained relatively level over the last 18 months

Cost of Nitrogen per pound



Crop Farm Income Estimates

Year	Net Farm Income	Government Payments	% Government Payments
2021	\$342,936	\$60,011	17.5%
2022	\$203,445	\$24,807	12.2%
2023	\$89,667	\$24,193	27.0%
2024	\$44,999	\$12,323	27.4%
2025	\$73,473	\$19,366	26.4%

August 2024 estimates from Gregg Ibendahl

American Relief Act 2025

Estimated Assistance for Kansas Farmers

	Higher Payment Rate (per acre)	2023 Applicable Payment Acres	Calculated Total Payment
Barley	\$21.76	0.0	\$0
Canola	\$26.76	0.0	\$0
Corn	\$42.51	395.5	\$16,813
Cotton	\$87.26	0.0	\$0
Oats	\$77.66	0.0	\$0
Sorghum	\$42.58	114.6	\$4,879
Soybeans	\$29.50	361.7	\$10,670
Sunflower	\$23.38	1.1	\$26
Wheat	\$30.69	435.4	\$13,362
TOTAL		1,308.3	\$45,750

Payment Limits may apply

Notes:

Payment rates are **ESTIMATES** until officially determined by USDA-FSA

See accompanying paper here for detailed information:

<https://agmanager.info/american-relief-act-2025-estimated-economic-assistance-kansas-producers>

Land Value Summary

- ❖ Kansas Agricultural Land Values increased by 22.8% in 2022, 13.6% in 2023 and 8.0% in 2024
 - ❖ Abnormally large increase for a three-year period
 - ❖ Increased from \$1,970 per acre in 2021 to \$2,970 in 2024, a 50.8% increase
 - ❖ Long-term average increase is 5.28%
- ❖ Kansas Inflation adjusted Agricultural Land Values increased by 16.0% in 2022, 10.6% in 2023, and 5.6% in 2024
 - ❖ Abnormally large increase for a three-year period
 - ❖ Increased from \$2,193 per acre in 2021 to \$2,970 in 2024, a 35.4% increase
 - ❖ Long-term average increase is 2.10%

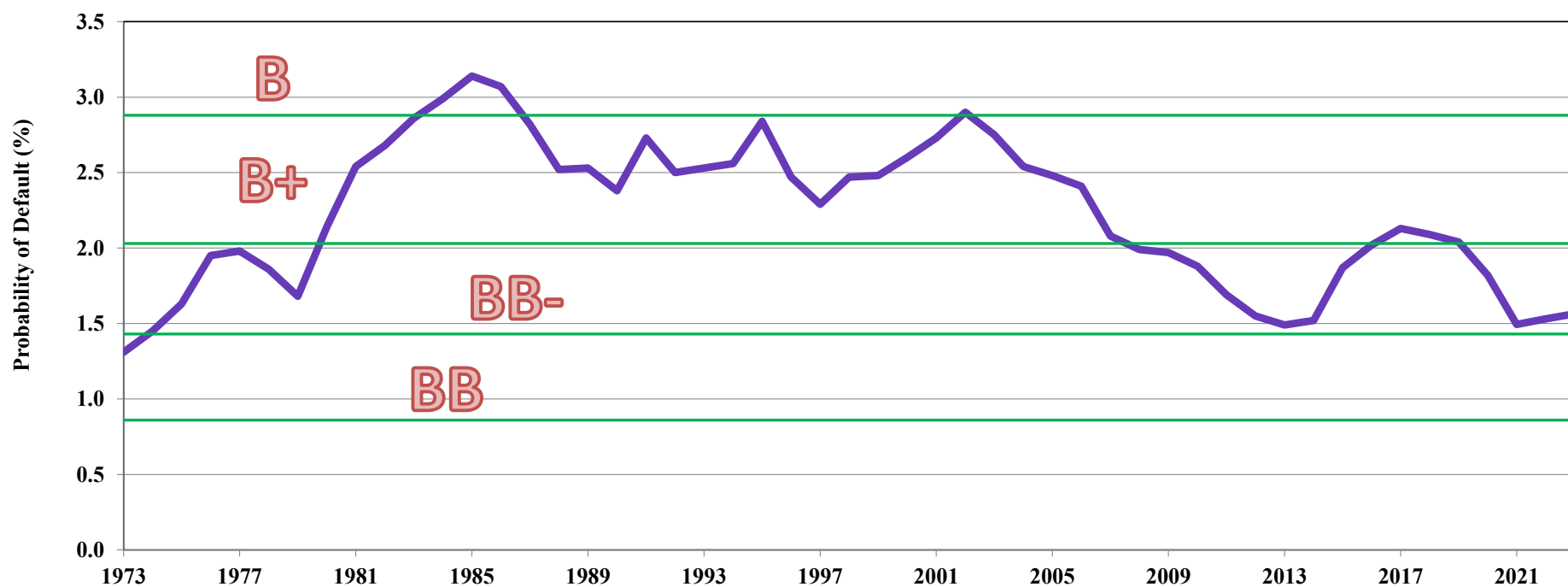
Summary

- Net Farm Income has fallen by nearly 69% from 2021
 - In 2023, 1 in 4 farmers had negative net farm income and 1 in 2 farmers earned less than \$50,000
 - Crop Insurance was key to preventing additional deterioration in 2022 and 2023 (combined average >\$180,000)
 - Working capital situation deteriorated with additional debt in current accounts
- Net Farm Income will be tough in 2024 especially for crop farms
 - Normal safety net in 2024 was limited and will be limited in 2025
 - American relief act likely to add \$45,750 to 2024 income
- Land values started to level off in 2024
- 2025 will be a difficult income year for crop farms unless commodity prices increase

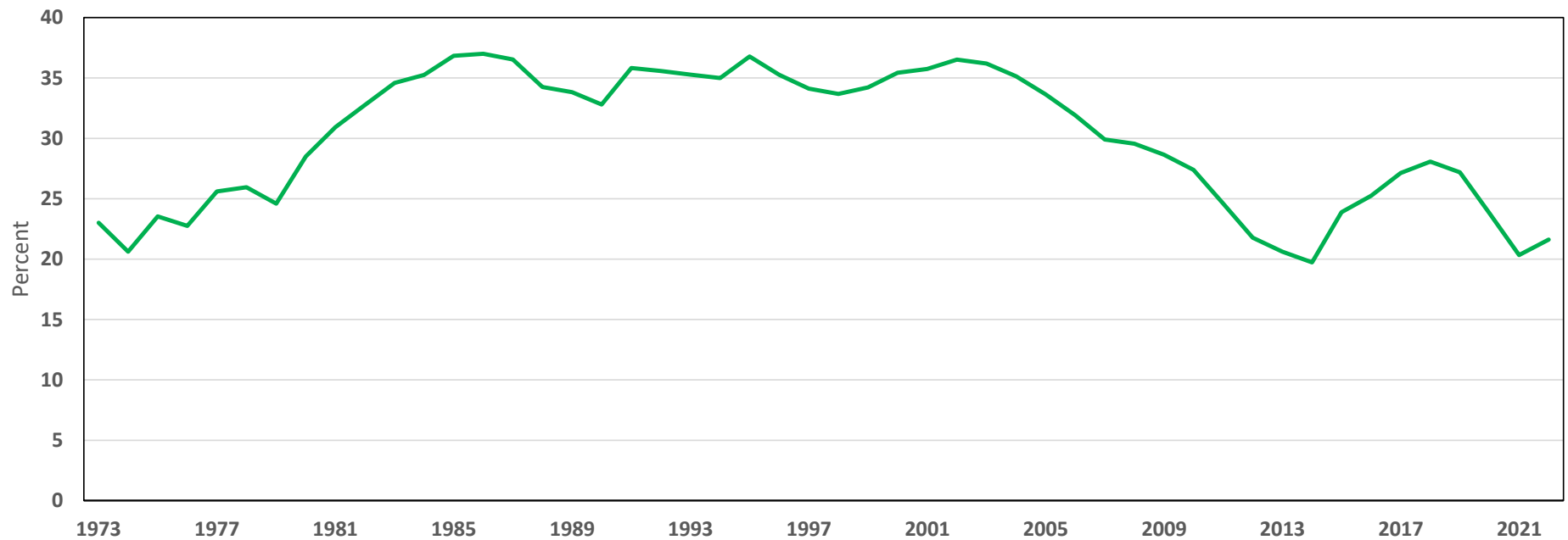
Allen Featherstone
afeather@ksu.edu



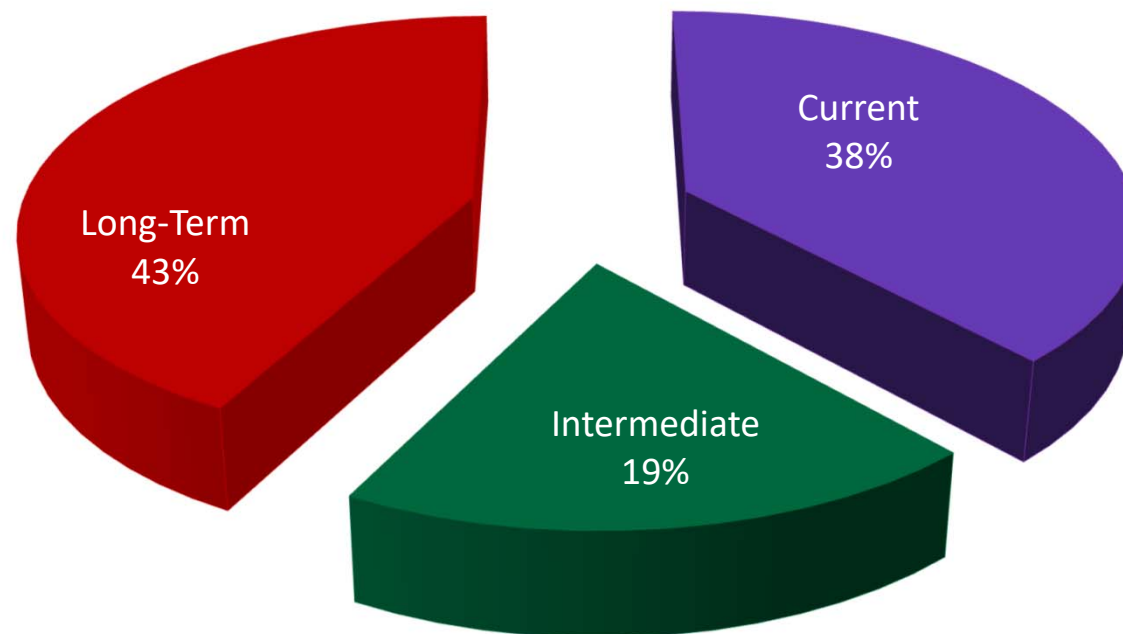
Default Risk for KFMA farms 1973 through 2023



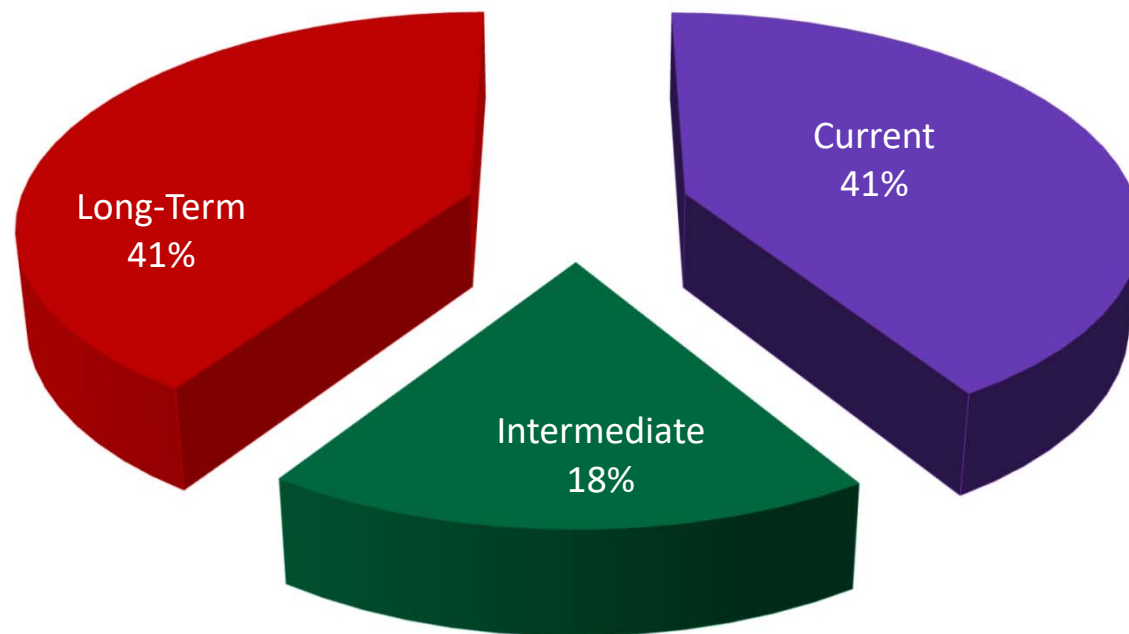
KFMA Farms Debt to Asset Ratio



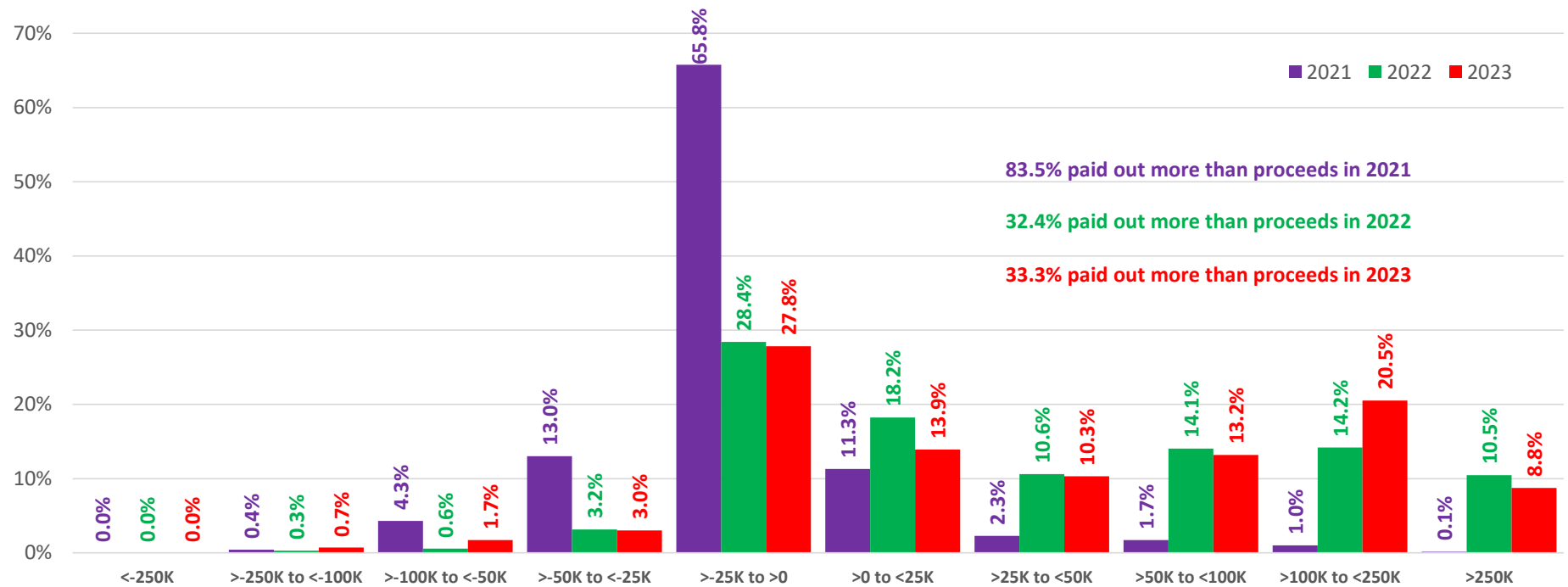
Change in Kansas Farm Debt 2022



Change in Kansas Farm Debt 2023



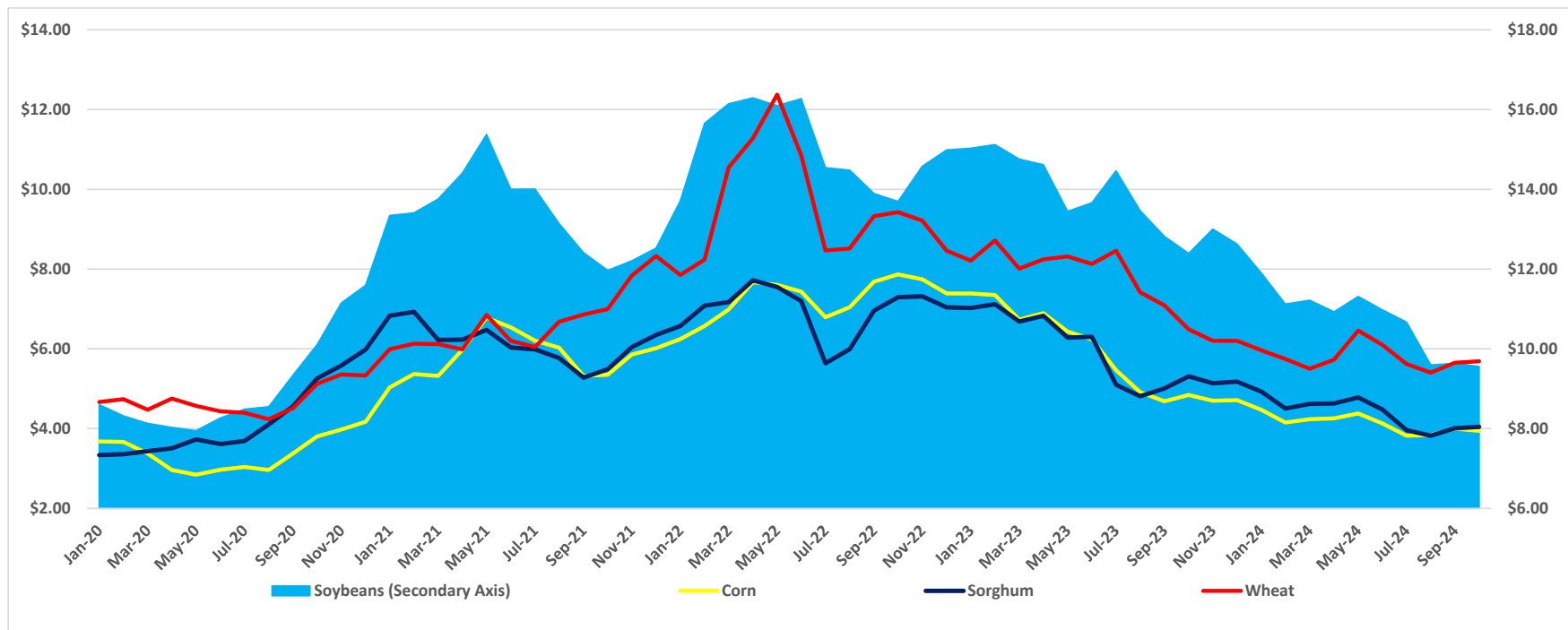
Distribution of 2021, 2022, and 2023 Net Crop Insurance



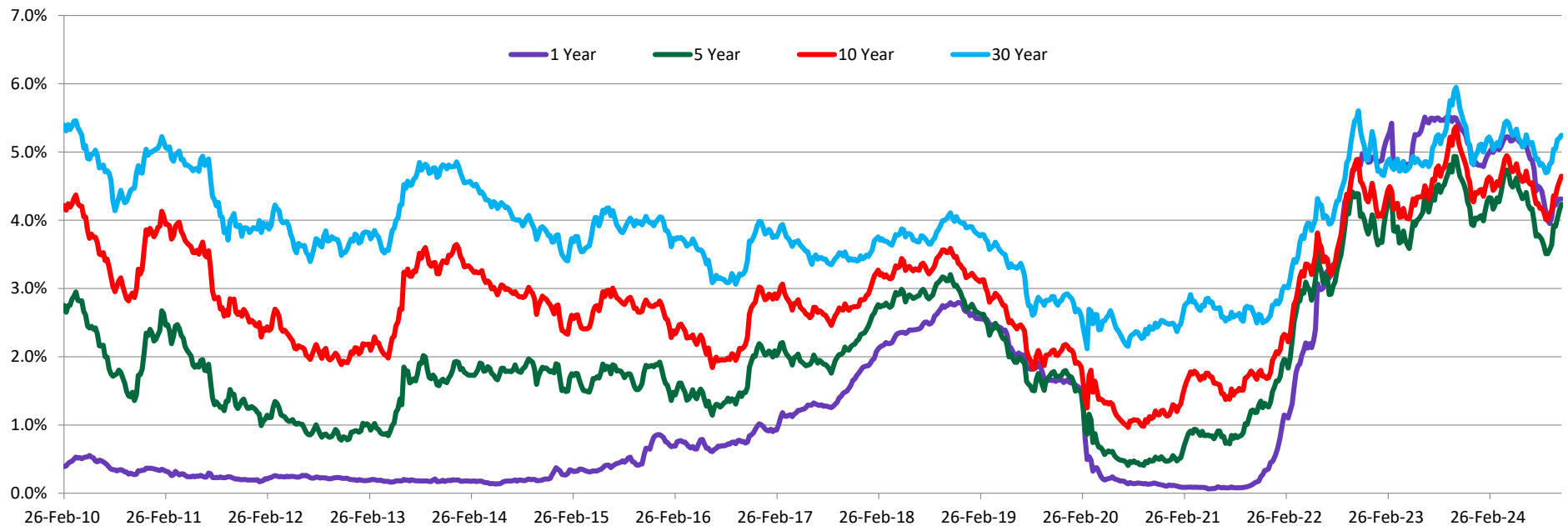
2023 Enterprise Information

- Kansas Corn – 2023 Yield 14.0% **above** the previous 5-year average
 - Revenue - \$525 per acre
 - Variable Cost - \$474 per acre
 - Total Cost - \$654 per acre
- Kansas Soybeans – 2023 Yield 28% **below** previous 5-year average
 - Revenue - \$435 per acre
 - Variable Cost - \$323 per acre
 - Total Cost - \$469 per acre
- Kansas Wheat – 2023 Yield 10.2% **below** the previous 5-year average
 - Revenue - \$323 per acre
 - Variable Cost - \$262 per acre
 - Total Cost - \$379 per acre
- Kansas Sorghum – 2023 Yield 28.1% **below** the previous 5-year average
 - Revenue - \$338 per acre
 - Variable Cost - \$257 per acre
 - Total Cost - \$359 per acre

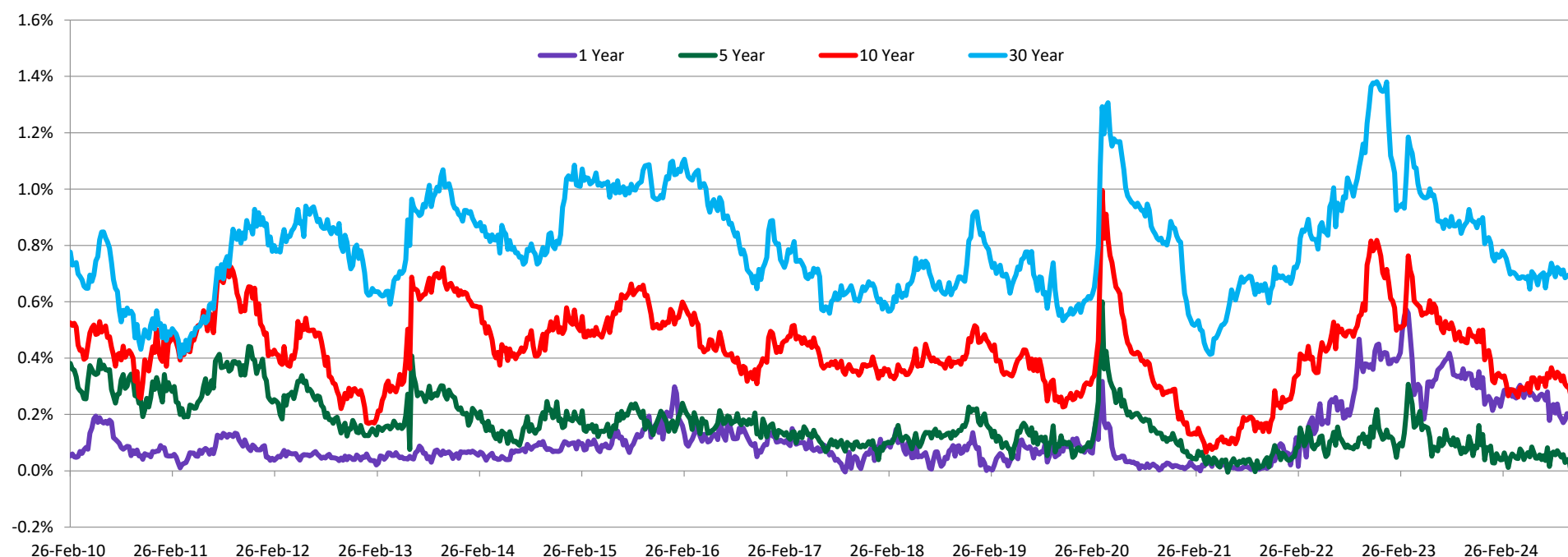
Soybean, Corn, Sorghum, and Wheat Salina Cash Prices



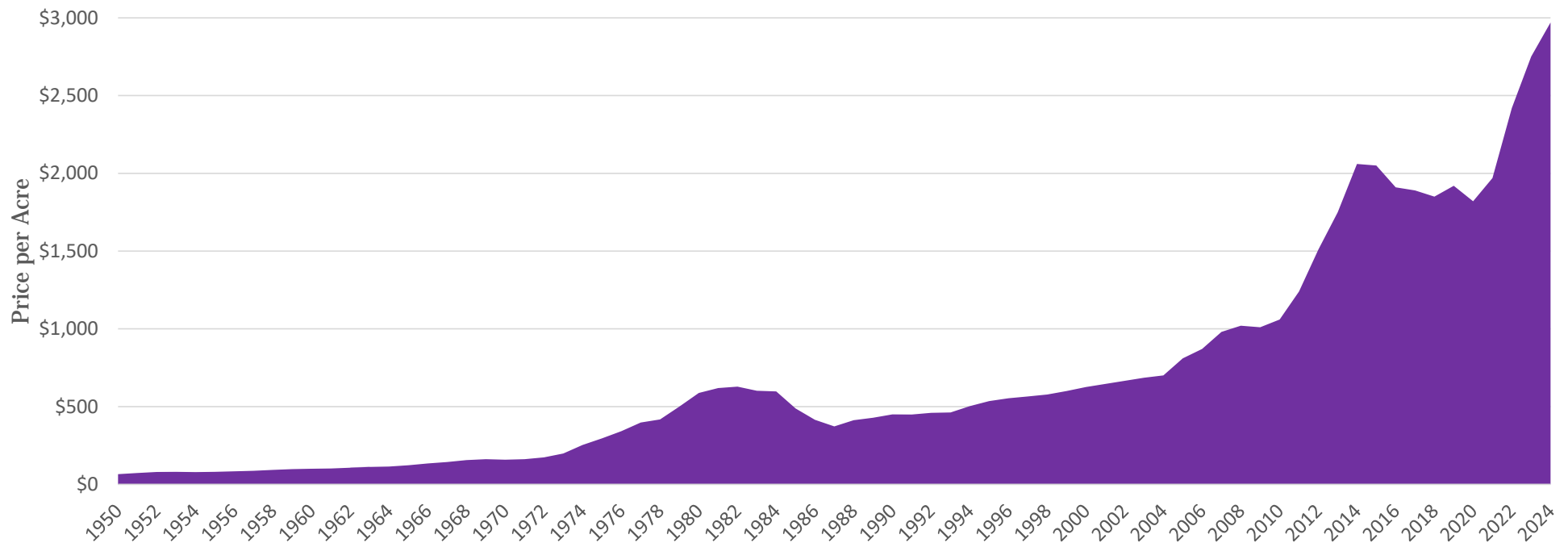
Weekly Farm Credit Acquisition Cost



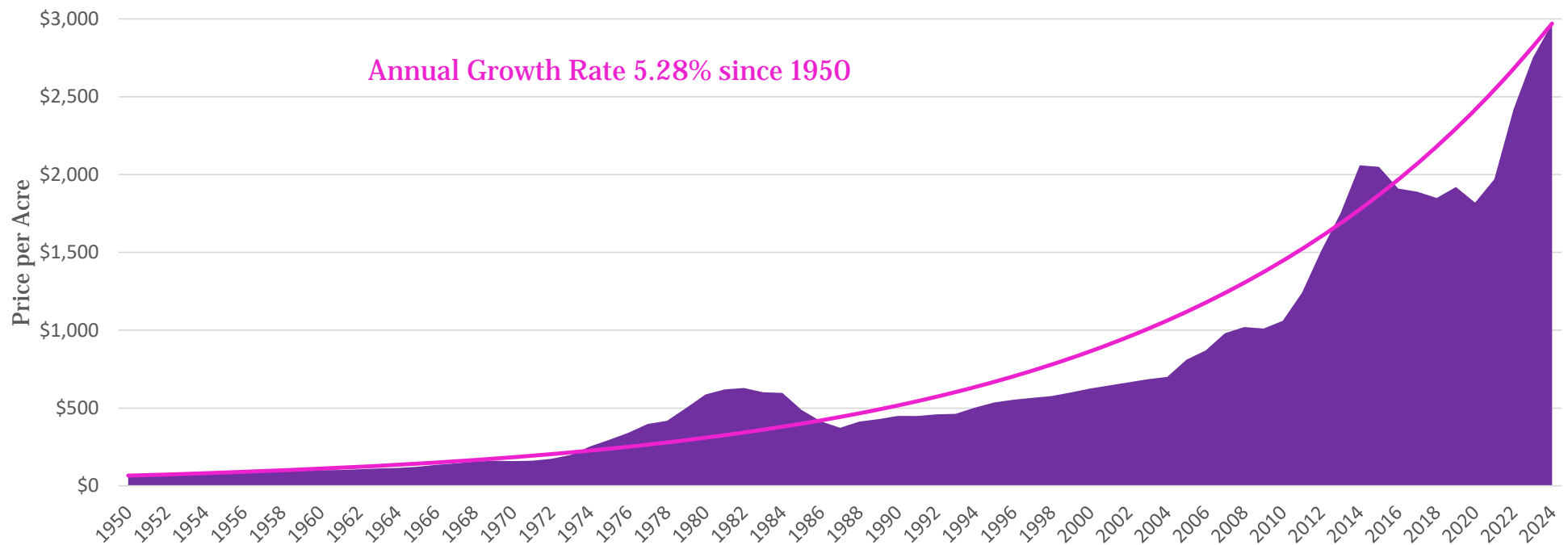
Weekly Farm Credit Spreads



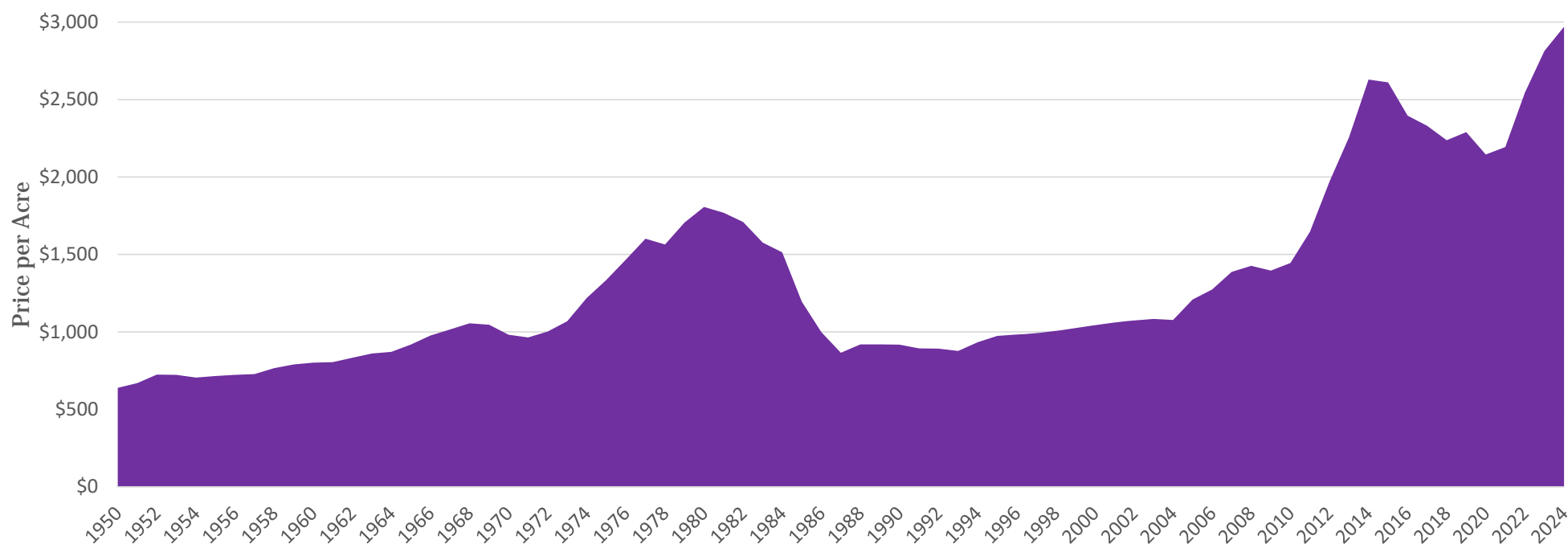
Kansas Land Values from 1950



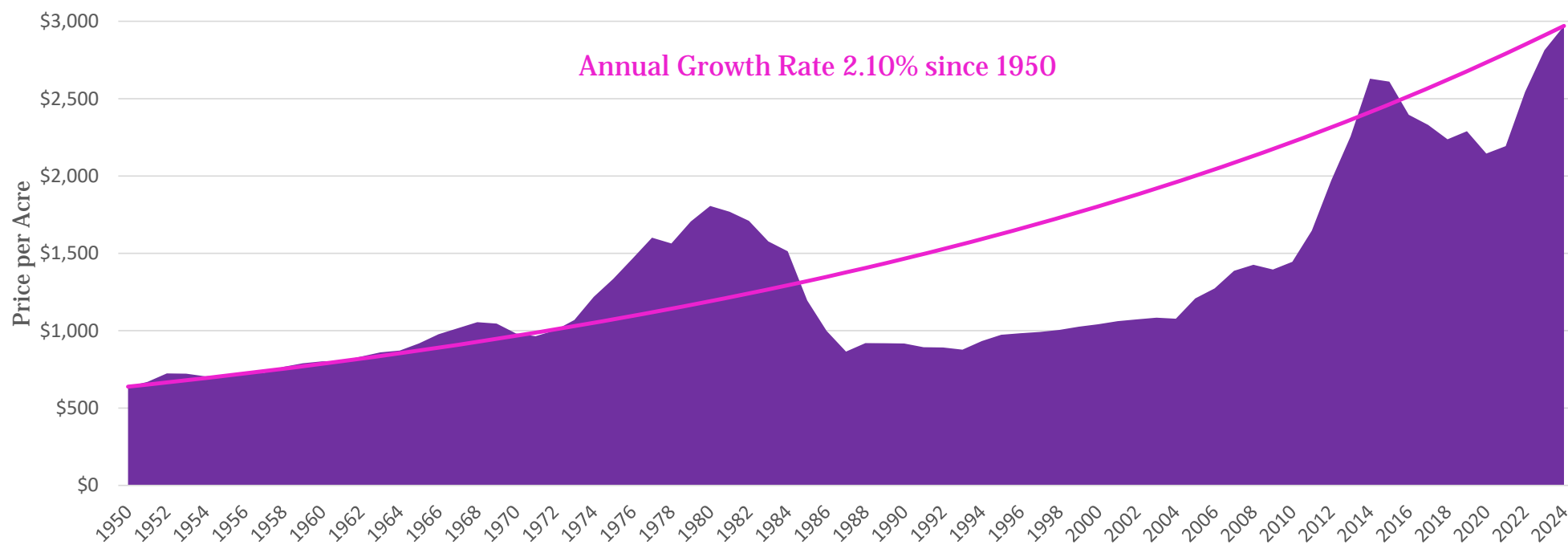
Kansas Land Values from 1950



Inflation-Adjusted Kansas Land Values



Inflation-Adjusted Kansas Land Values



Input Cost Changes (2023 vs 5-year Average)

Category	Corn	Sorghum	Soybean	Wheat
Seed	35.1%	9.8%	13.1%	59.6%
Crop Insurance	34.8%	45.7%	26.8%	58.6%
Fertilizer	83.9%	29.0%	89.7%	85.9%
Machine Hire	-8.5%	-23.7%	0.1%	-18.0%
Miscellaneous	-47.4%	28.2%	0.0%	-12.2%
Cash Rent	42.9%	-25.3%	40.7%	13.1%
Pesticide	44.4%	36.6%	24.0%	31.9%
Total Variable	46.4%	17.7%	25.9%	41.5%

2024 Non-Irrigated Crop Enterprise Estimates

Crop (2024 expected yield)	2024 Estimated Total Expenses	Net Income
Corn (138)	\$654	\$26
Sorghum (65)	\$359	-\$100
Soybean (38)	\$469	-\$110
Wheat (44)	\$379	-\$162

November Yield Estimates for Corn, Sorghum, and Soybean