

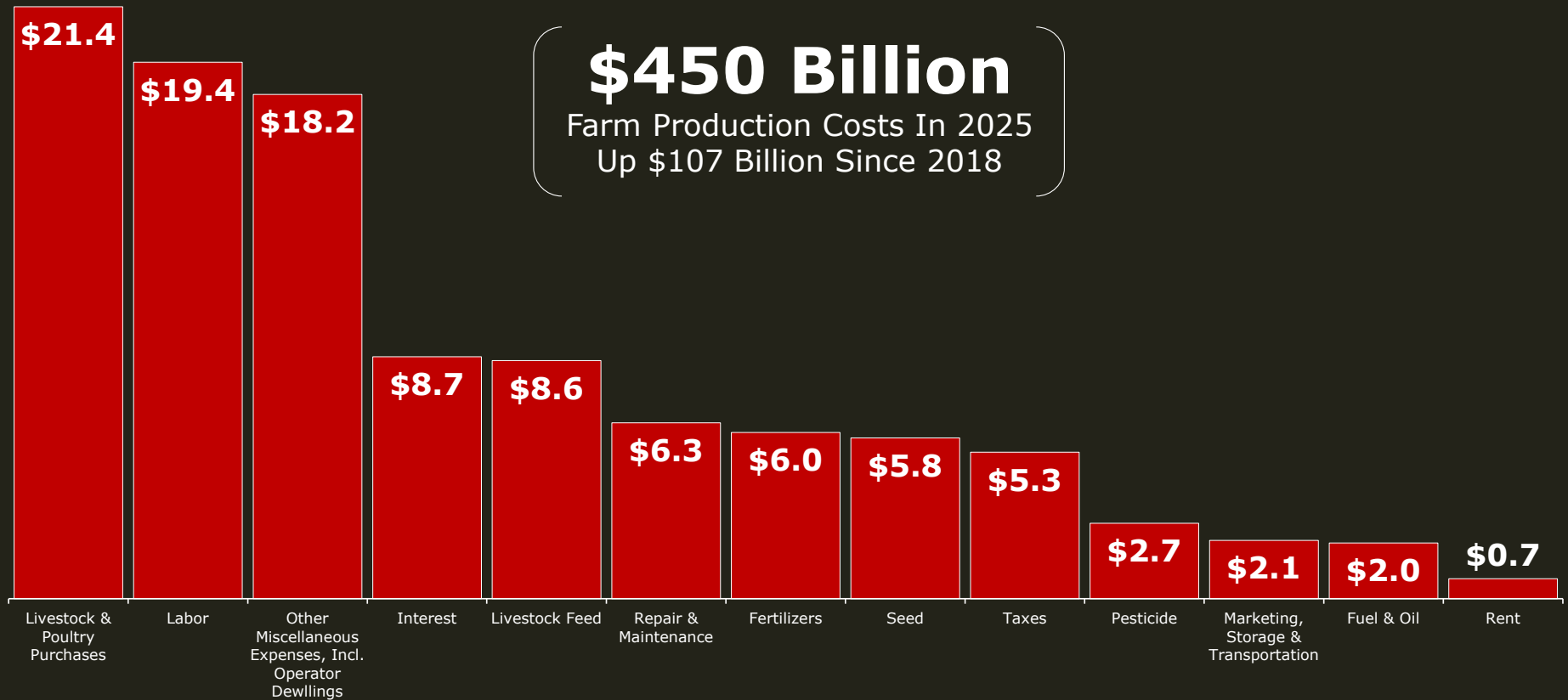


Farm Economic Outlook & Credit Conditions

John Newton, Executive Head, Terrain

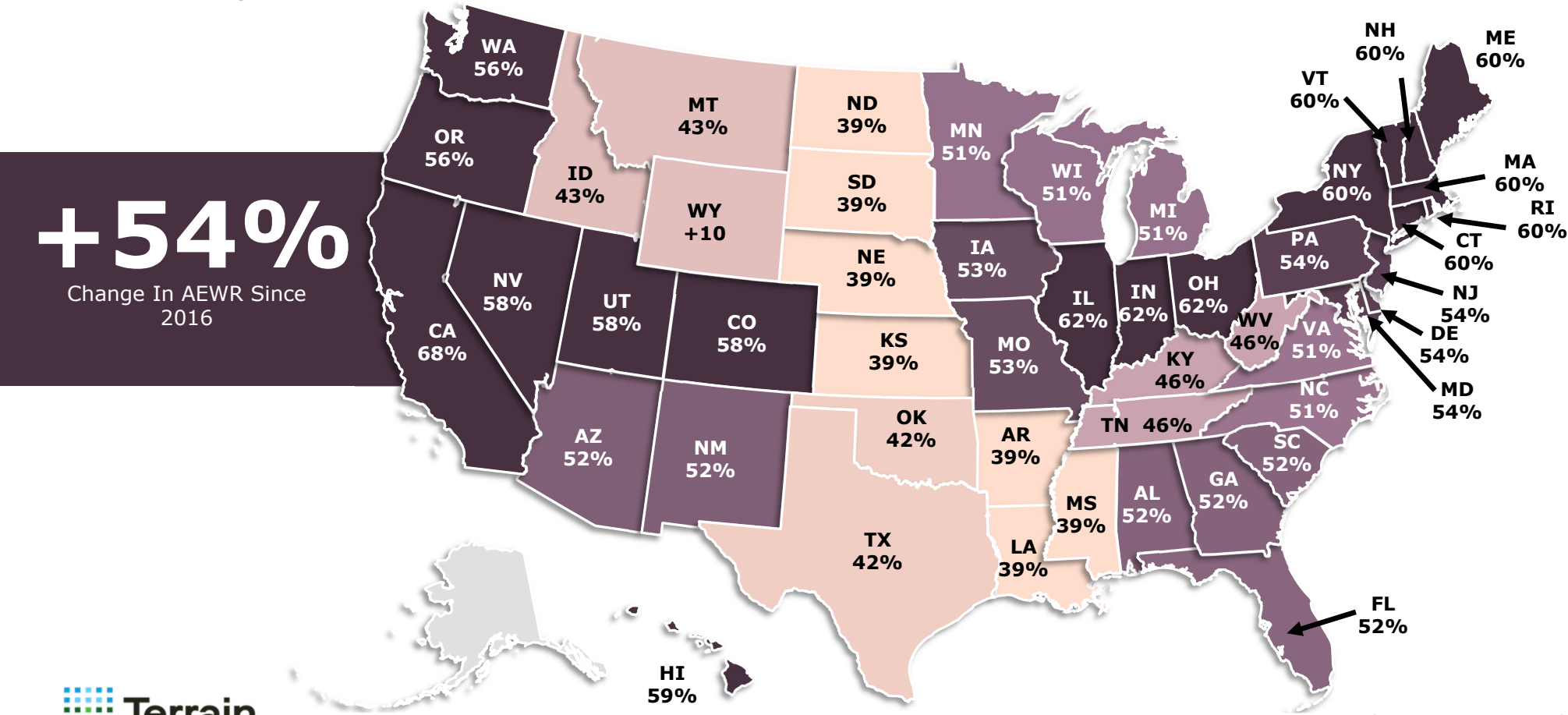
Input Costs Rose Sharply & Remain Sticky

Change In Farm Production Expenses Since 2018, Billion Dollars



The Climbing Adverse Effect Wage Rate

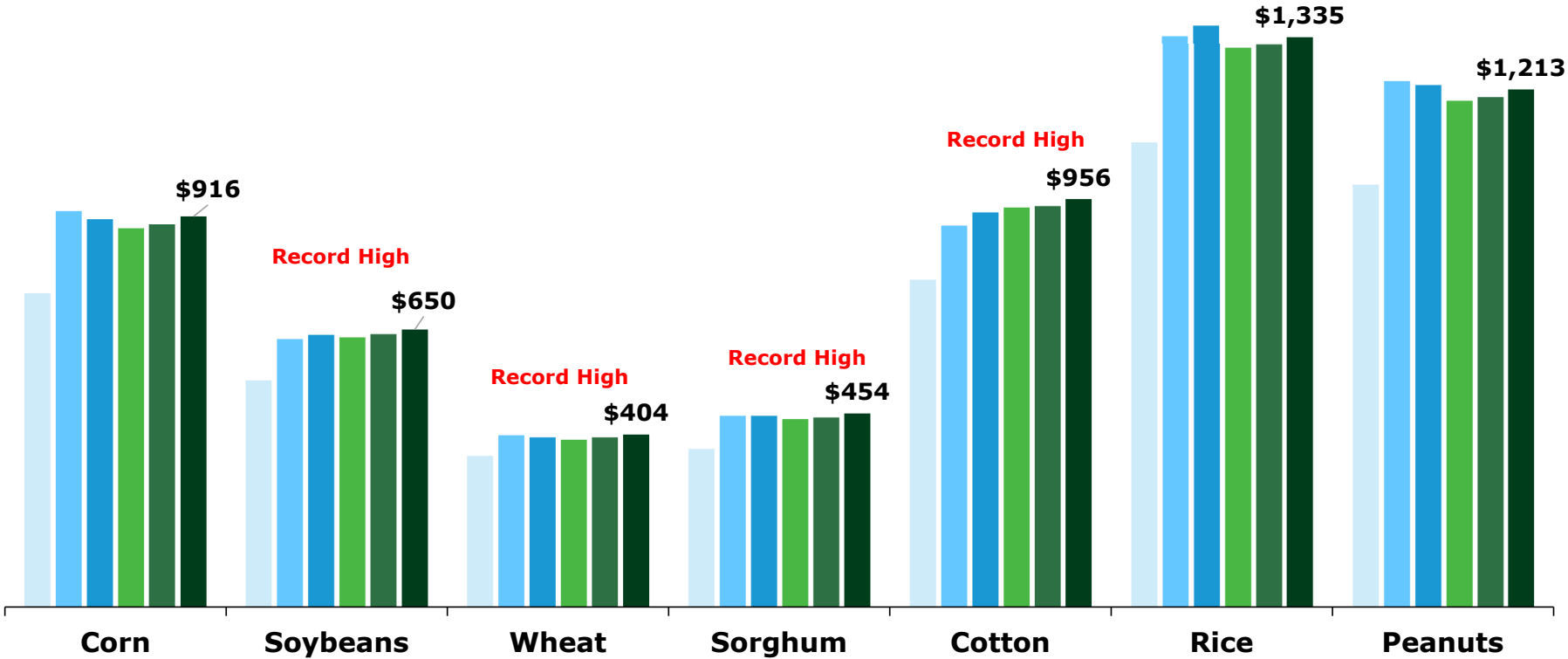
Percent Change In AEWR Since 2016



Input Costs To Remain Elevated In 2026

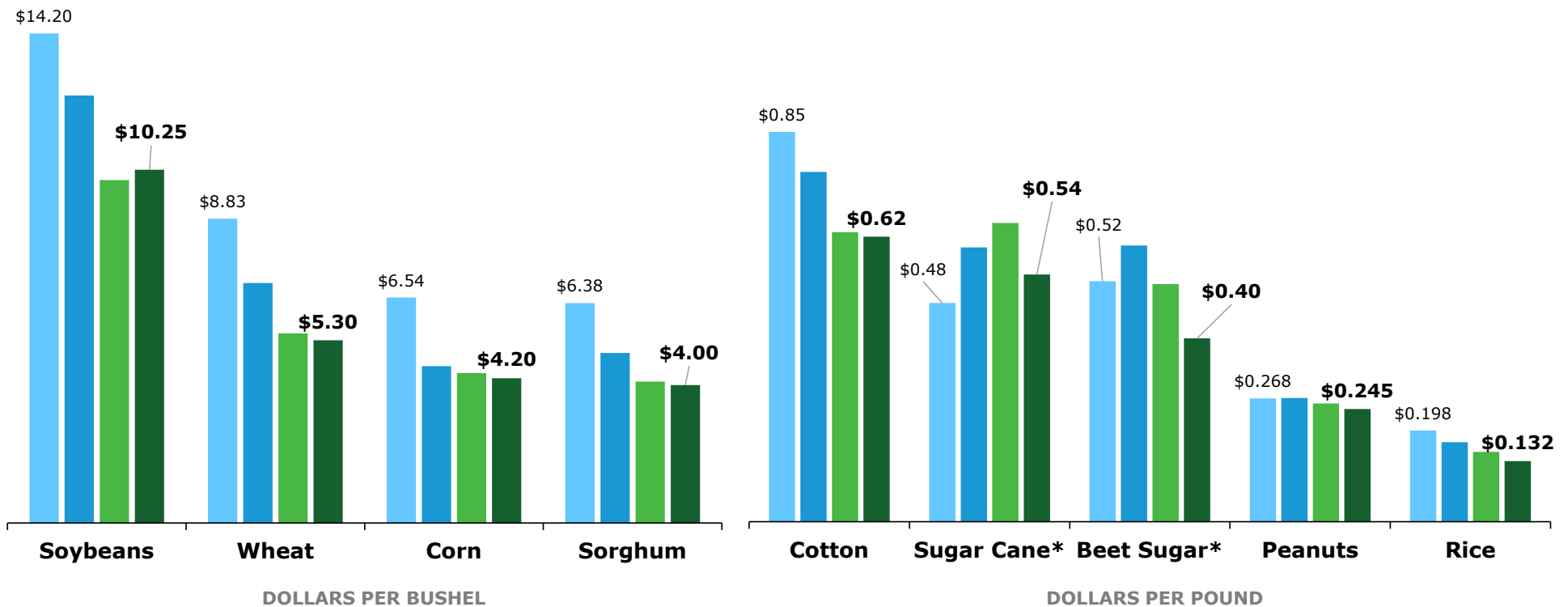
Total Cost Per Acre, U.S. Average, 2021 to 2026

2021 | 2022 | 2023 | 2024 | 2025P | 2026P



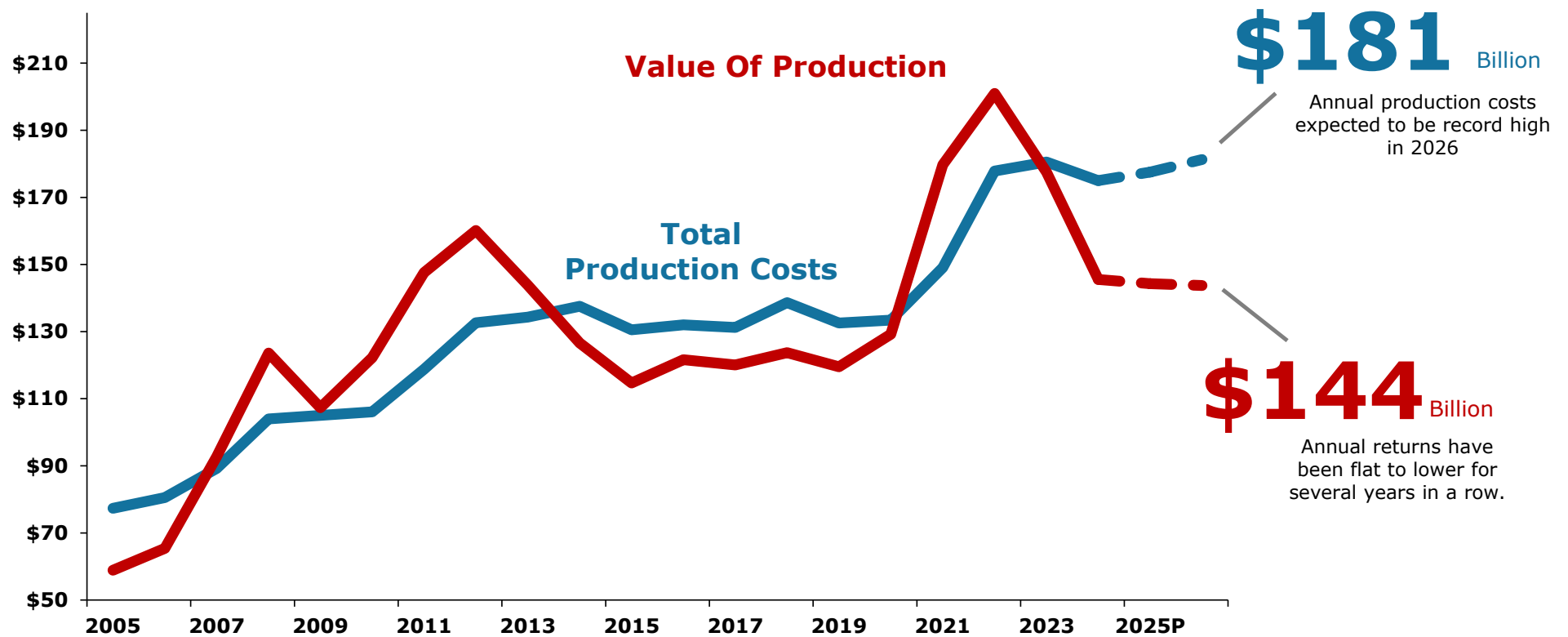
Crop Prices Expected To Remain Flat To Lower

2022/23 | 2023/24 | 2024/25 | 2025/26



Costs Outstrip Returns For Row Crops

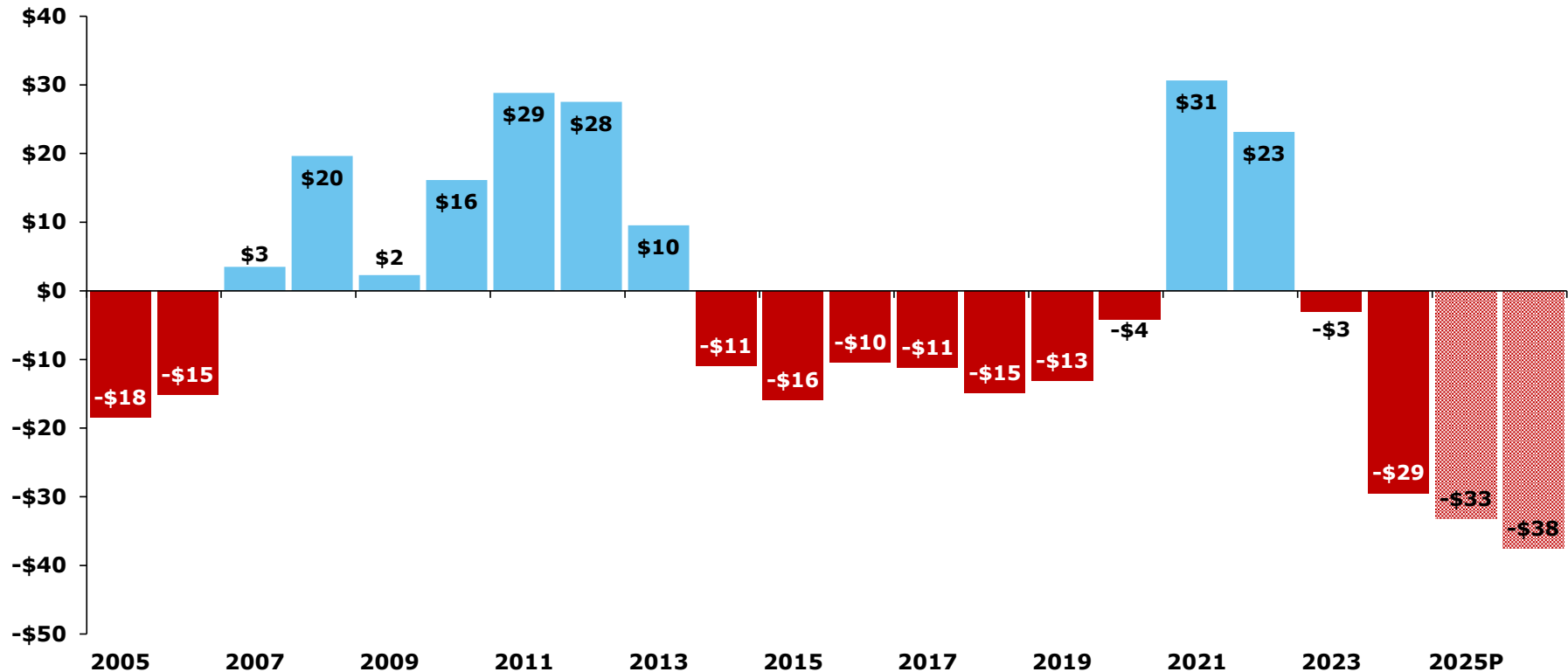
Estimated Costs and Returns for Nine Principal Crops, Billion Dollars*



*Nine principal crops include corn, soybeans, wheat, sorghum, cotton, rice, peanuts, barley and oats.
2025 value of production based on FAPRI price and yield projections and NASS acreage estimates.

Fourth Year Of Returns Below Input Costs

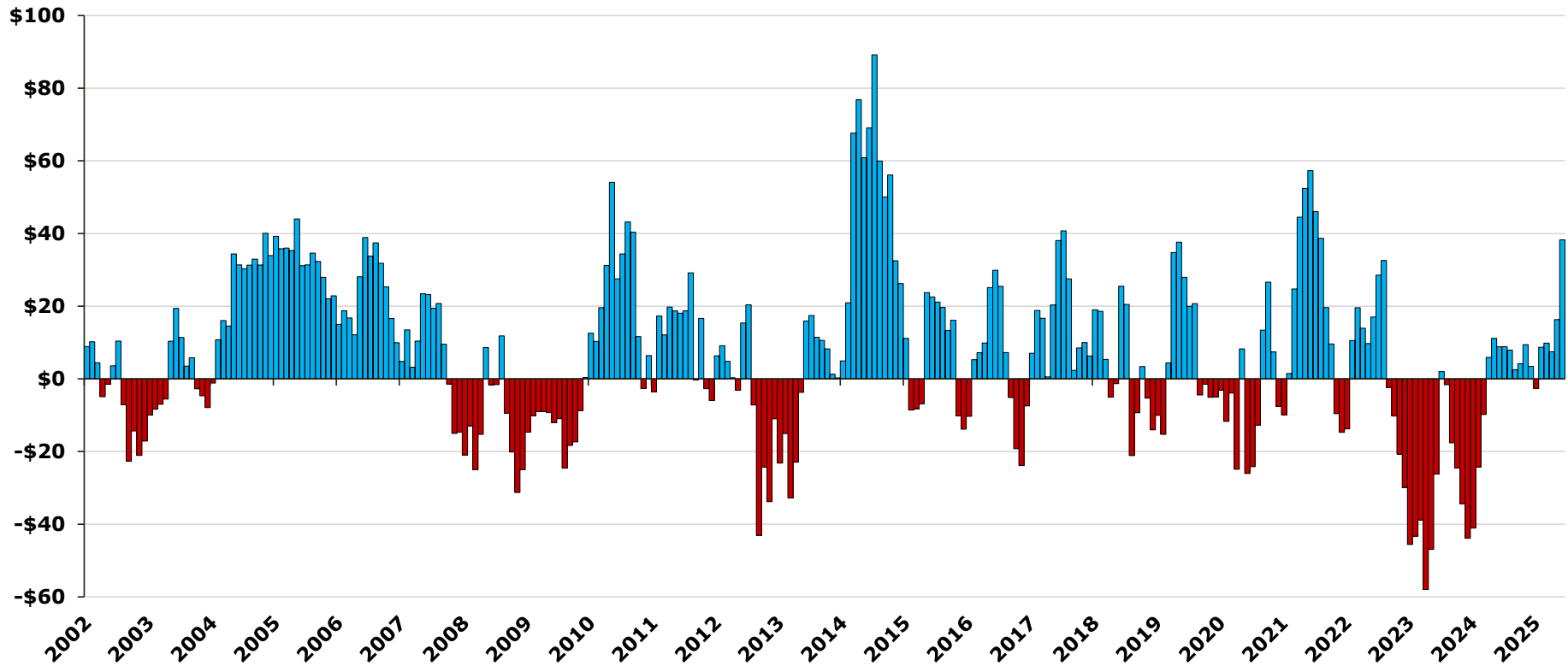
Value of Production Minus Total Costs Listed for Nine Principal Crops, Billion Dollars*



*Nine principal crops include corn, soybeans, wheat, sorghum, cotton, rice, peanuts, barley and oats.
2025 value of production based on FAPRI price and yield projections and NASS acreage estimates.

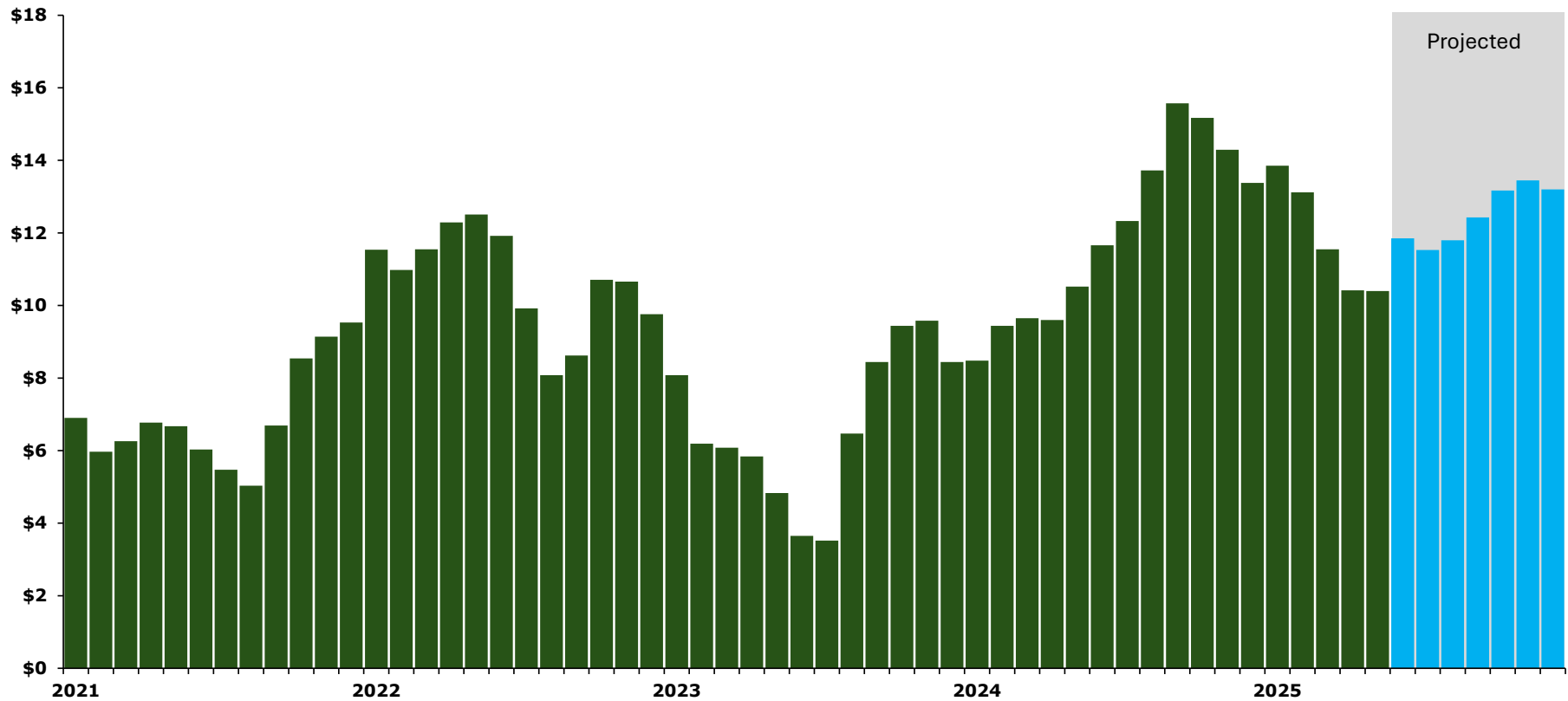
Lower Feed Costs Boost Hog Returns

Estimated Returns To Farrow-To-Finish, Iowa, Dollars Per Head



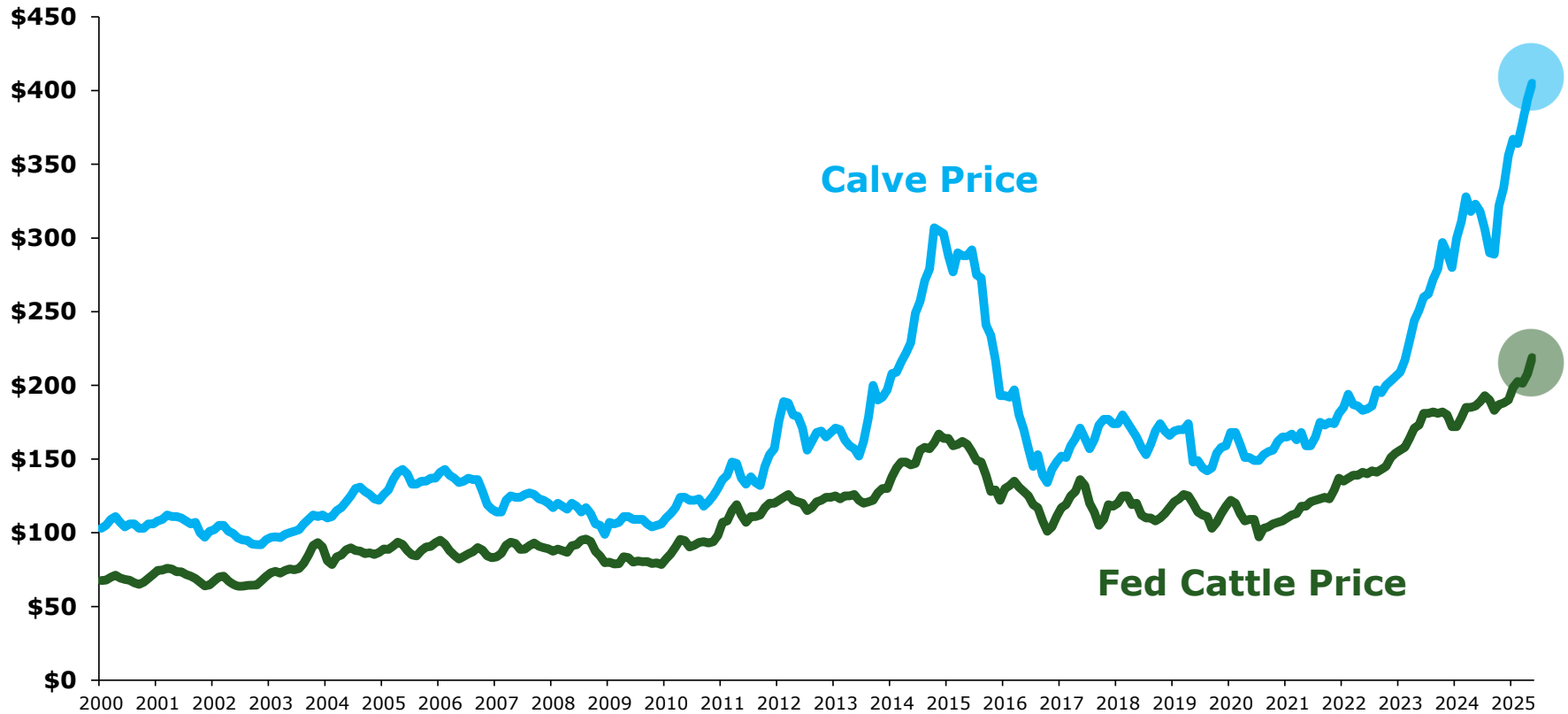
Dairy Margins Remain Favorable

Milk Margin Over Feed Costs, Dollars Per Hundredweight



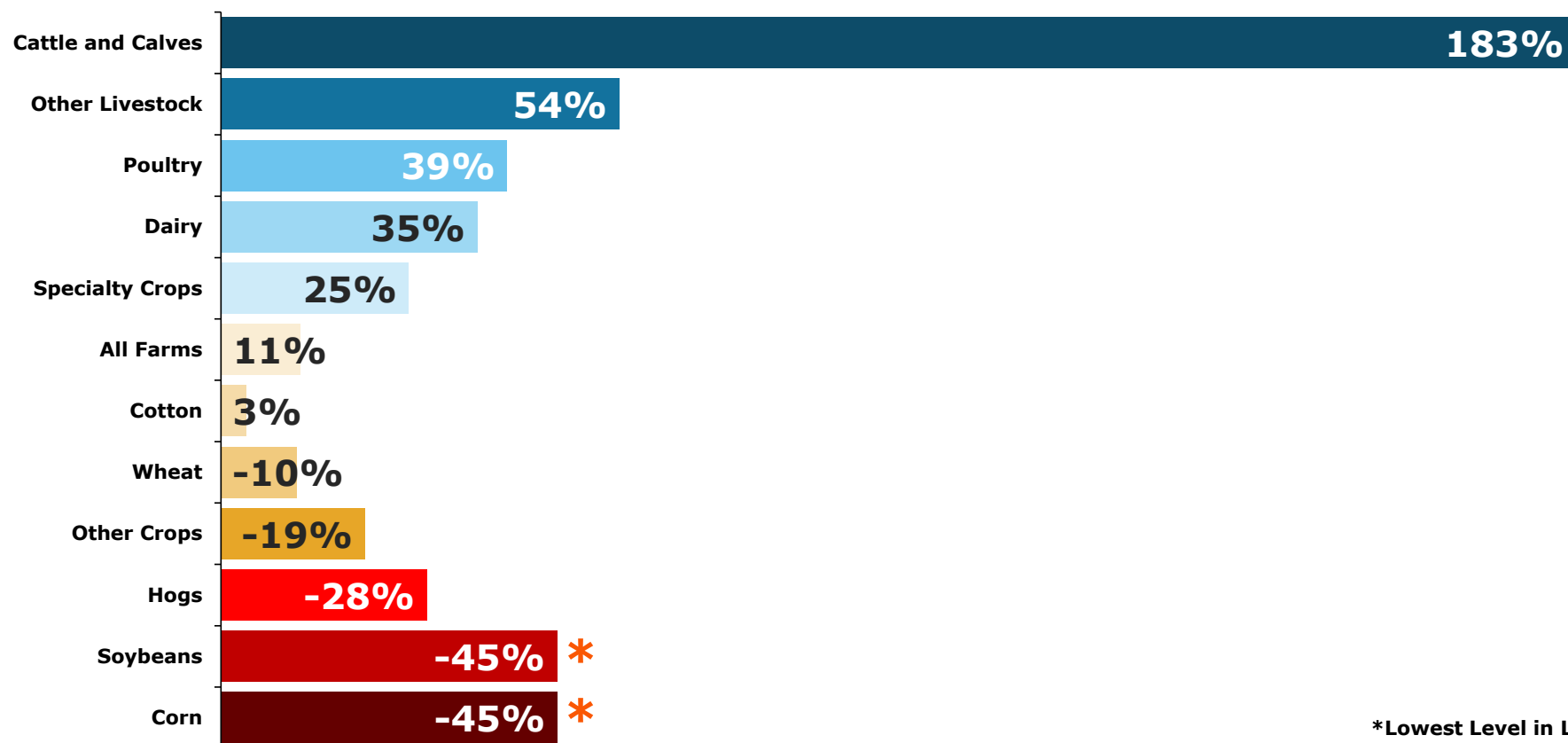
High Prices and Historically Tight Supplies

Dollars Per Hundredweight



U.S. & The Tail Of Two Farm Economies

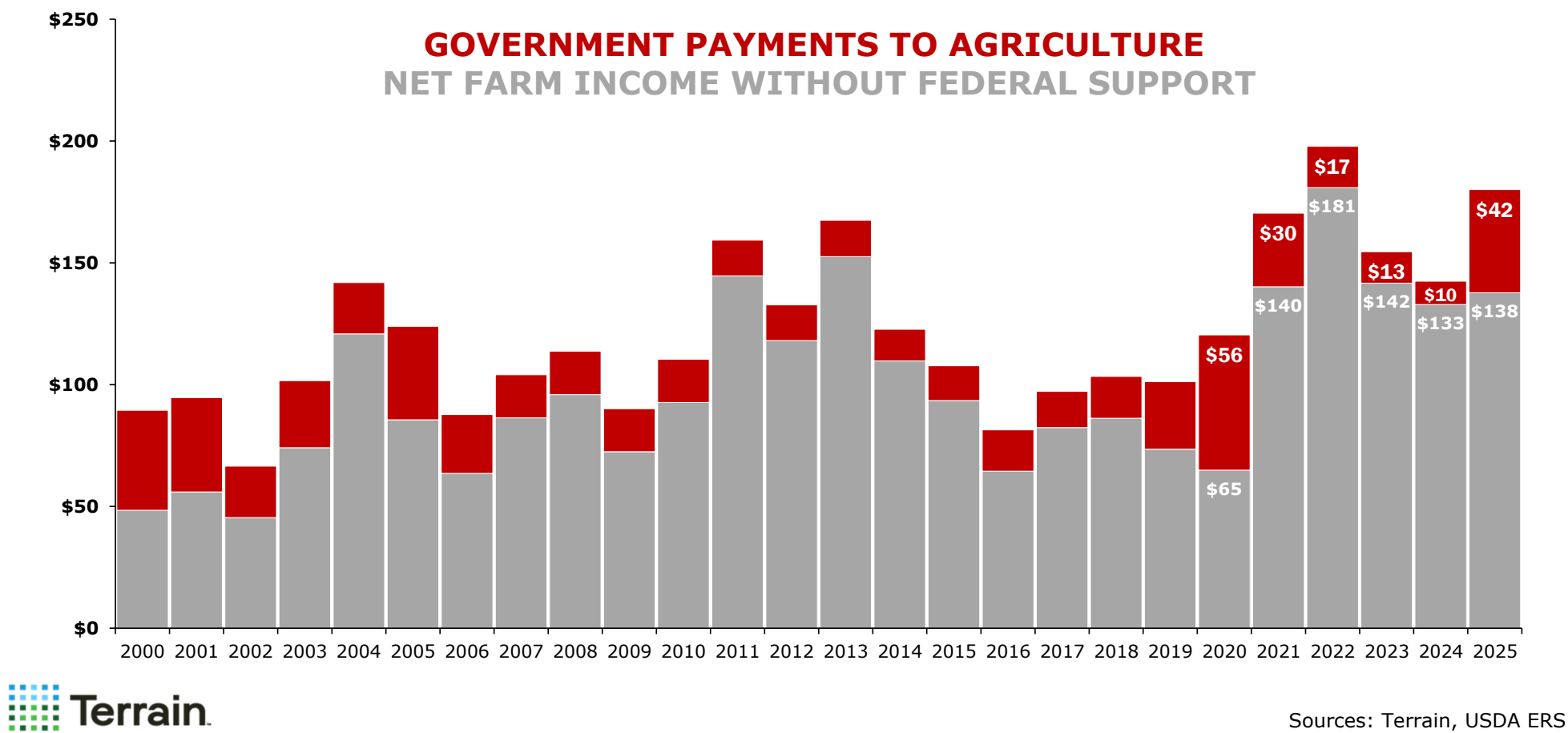
Change in Inflation-Adjusted Net Cash Farm Income, 2022 to 2025



*Lowest Level in Last 15 Years

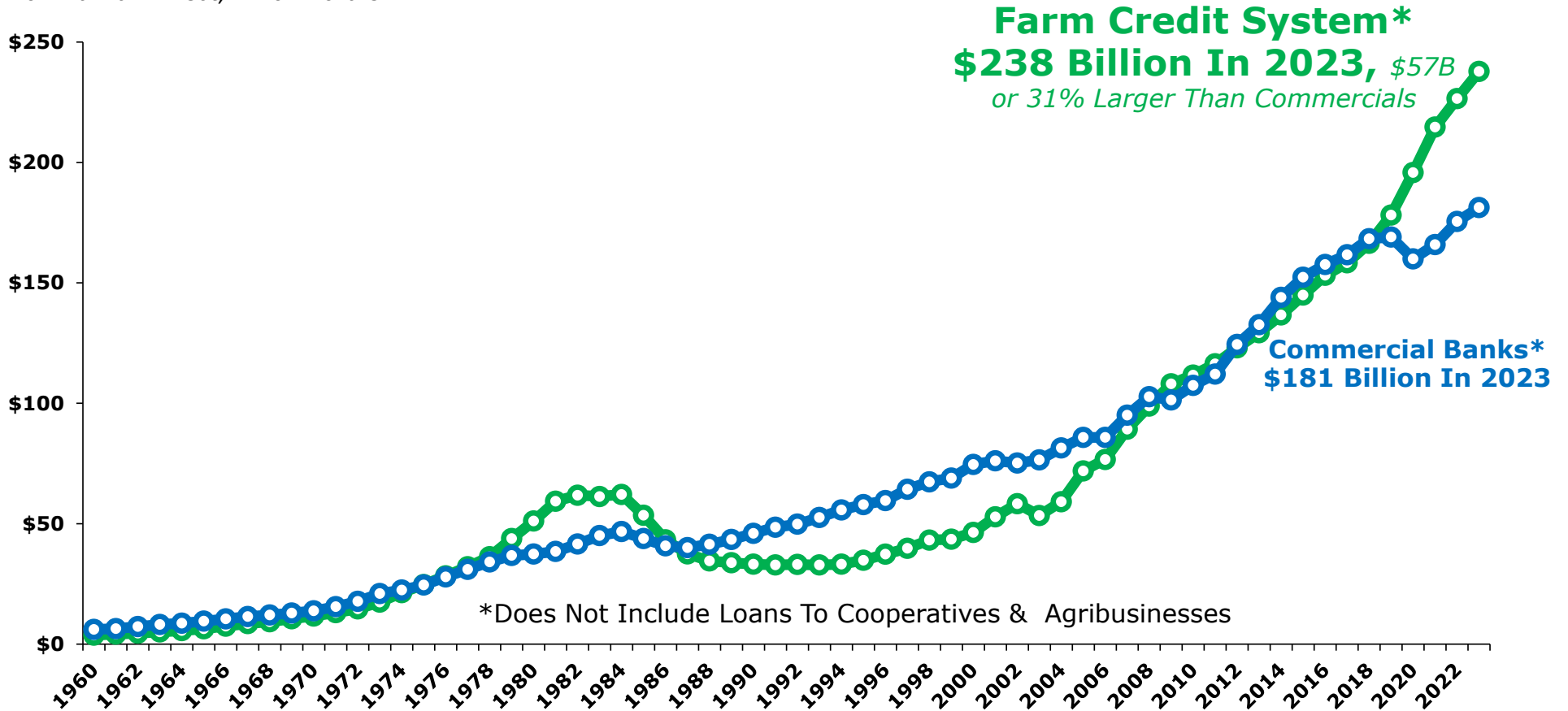
American Relief Act Supported Farm Income

Inflation-Adjusted U.S. Net Farm Income (With and Without Federal Support), 2000 to 2025 Forecast, Billions



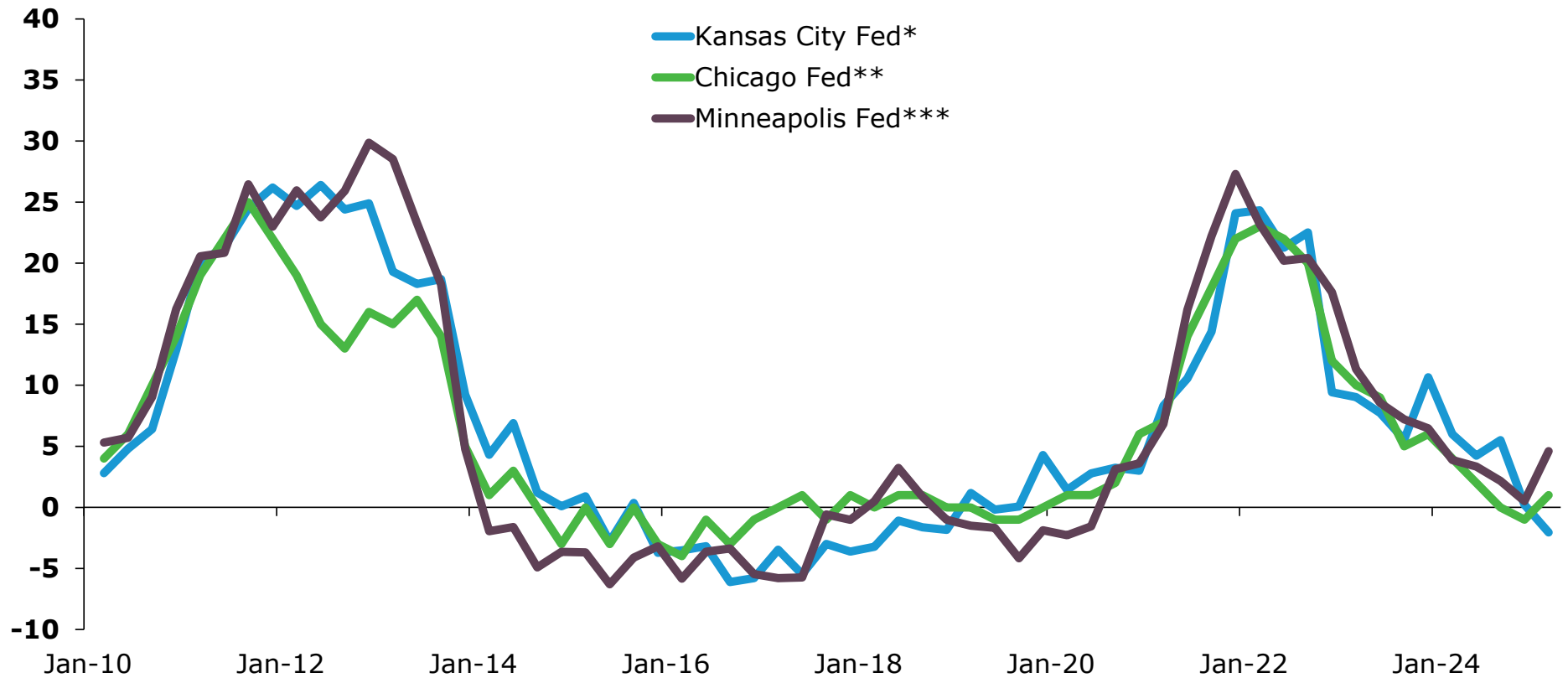
Farm Credit Associations Invest In Agriculture

Nominal Farm Debt, Billion Dollars



The Music Has “Slowed” On Farmland Values

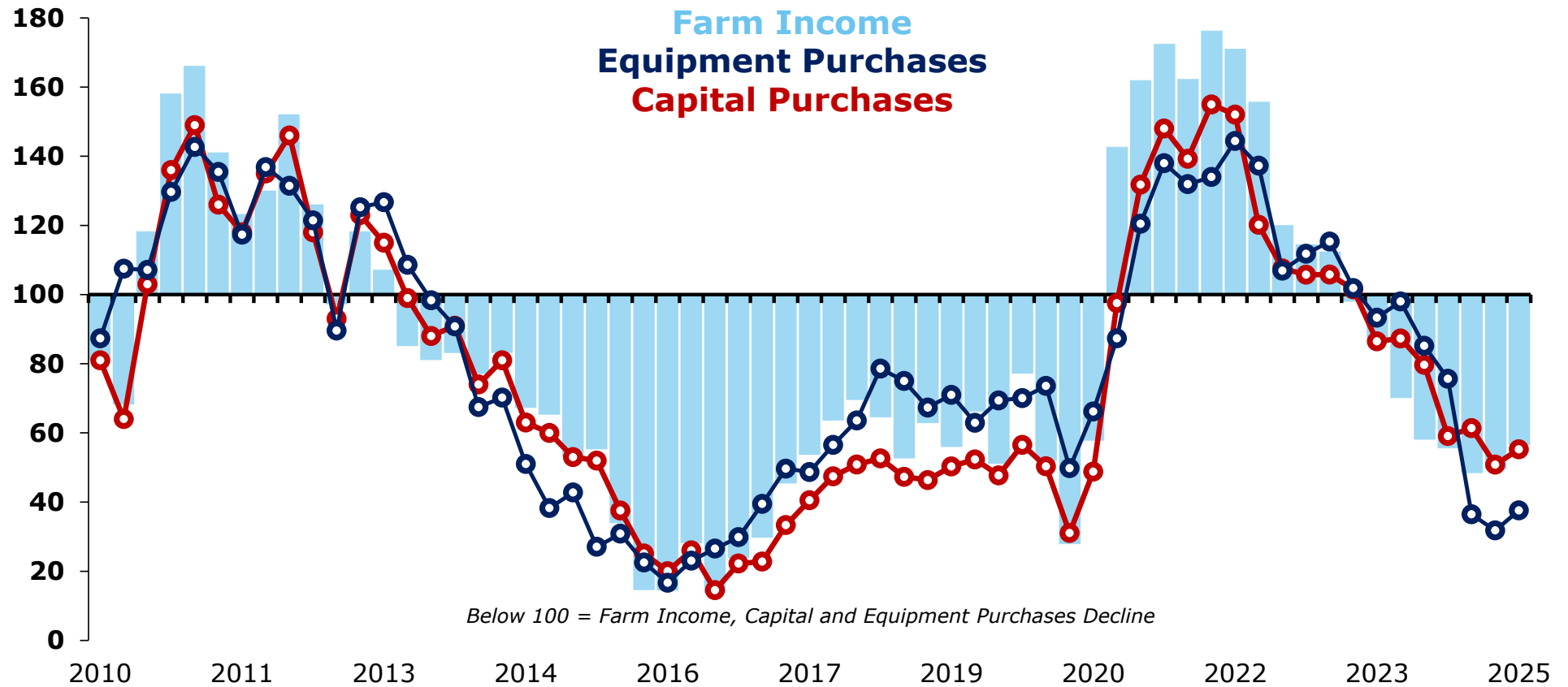
Non-Irrigated Farmland Values, Percent Change From Previous Year



*Colorado, Kansas, Nebraska, Oklahoma, and Wyoming, and western Missouri, **Iowa, most of Illinois, Indiana, Michigan, and Wisconsin, ***Minnesota, Montana, North and South Dakota, northwestern Wisconsin, and the Upper Peninsula of Michigan

Equipment and Capital Purchases Have Slowed

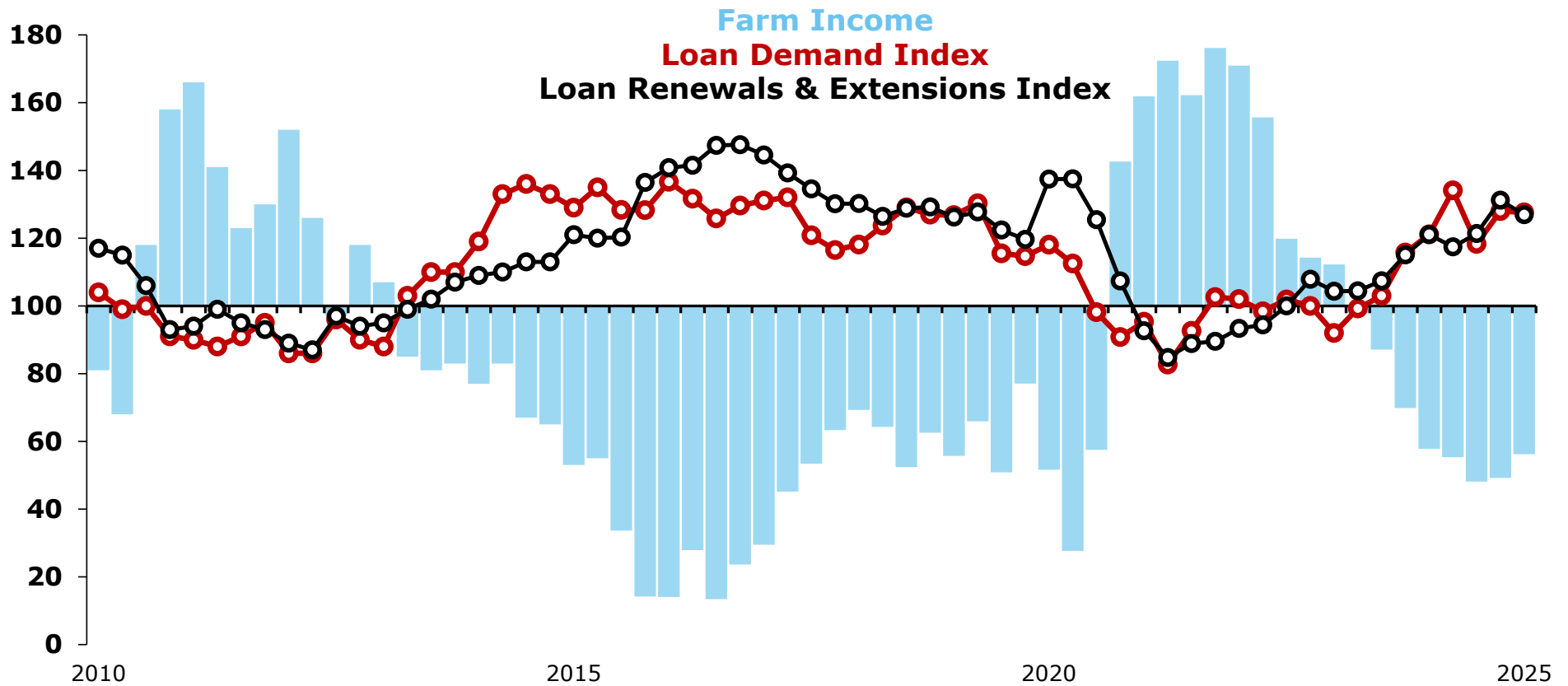
Index 100 = Neutral



Below 100 = Farm Income, Capital and Equipment Purchases Decline

Loan Demand & Renewals Has Accelerated

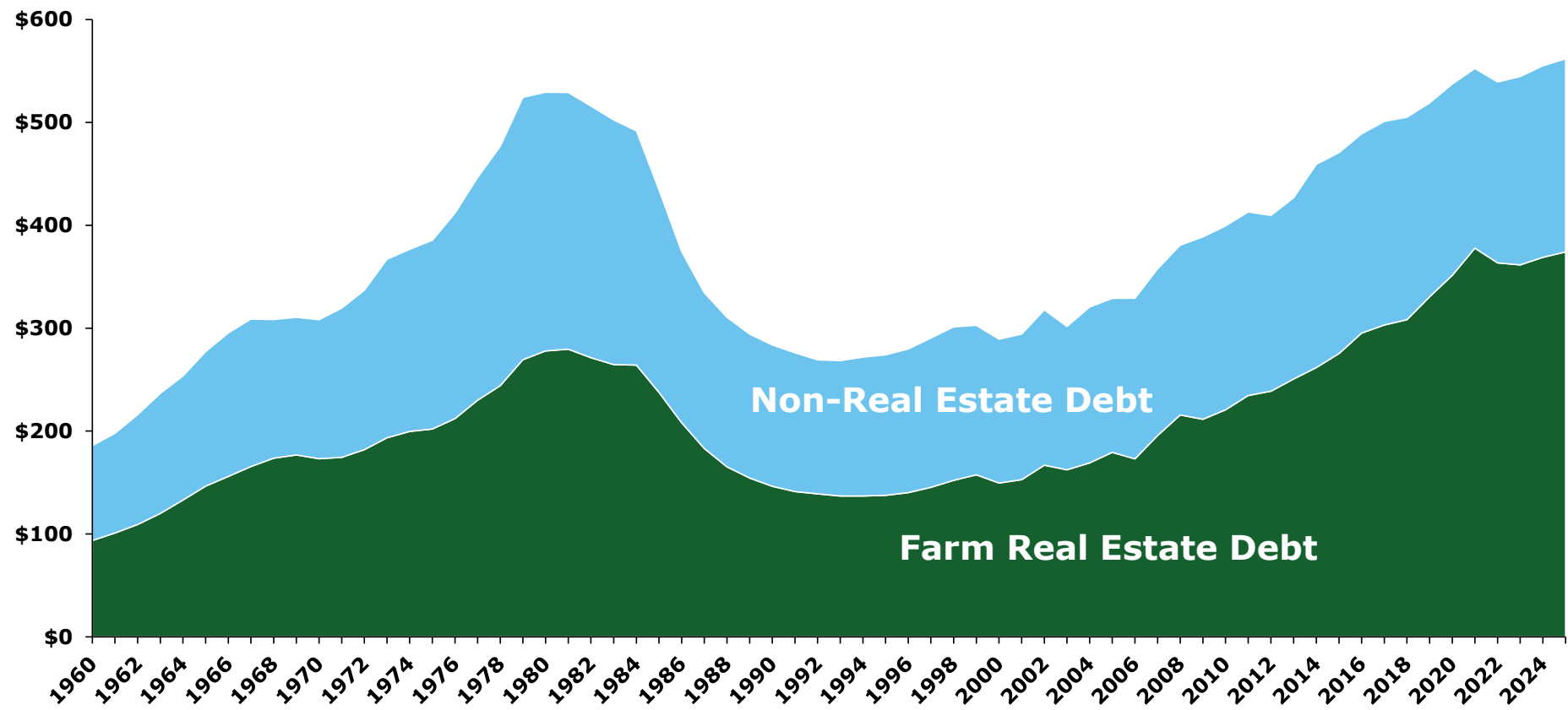
Loan Demand Diffusion Index, Above 100 Is Higher Than The Previous Year



Percent of bankers that responded "lower" minus the percent that responded "higher" plus 100.

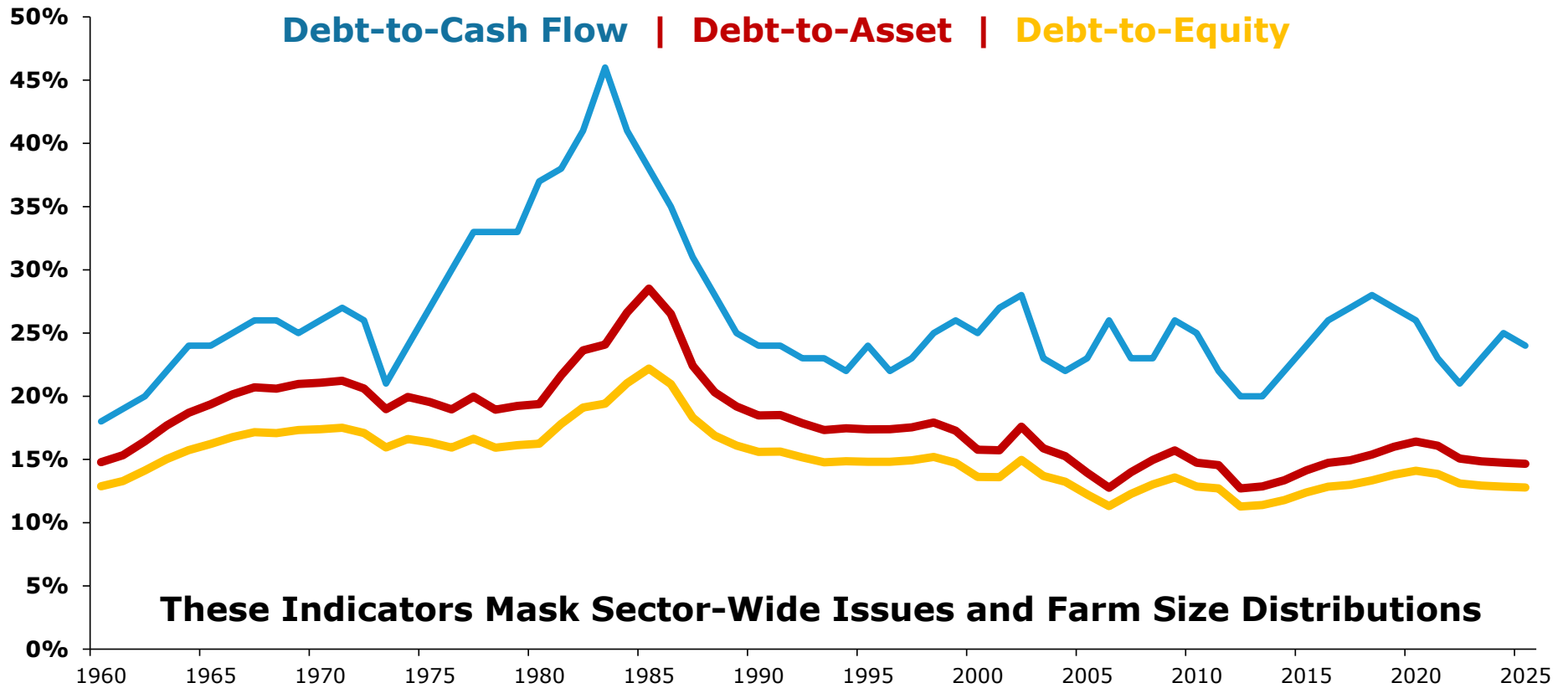
Inflation-Adjusted Farm Debt Hit \$562 Billion

Real Farm Debt, Real Estate and Non-Real Estate, Billion Dollars



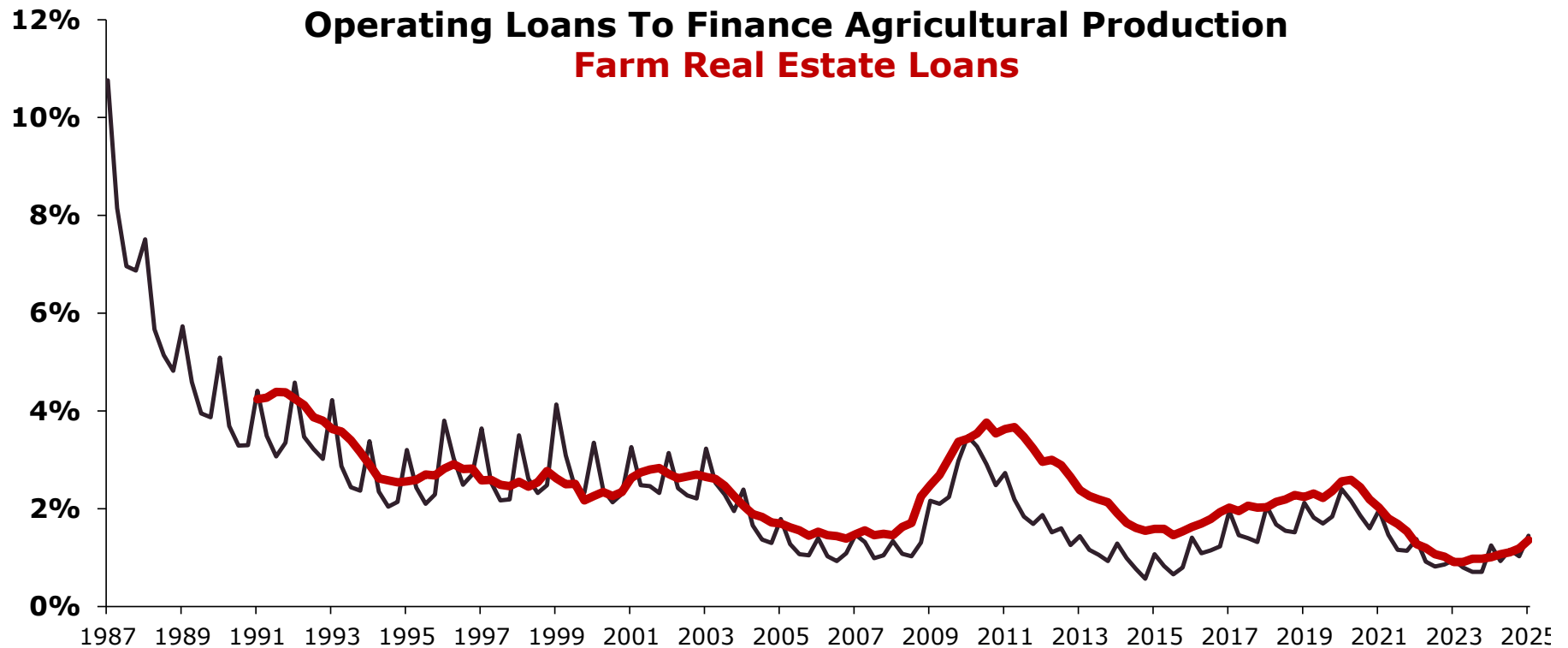
Equity Indicators Do Not Tell Full Story

Percentage/Ratio



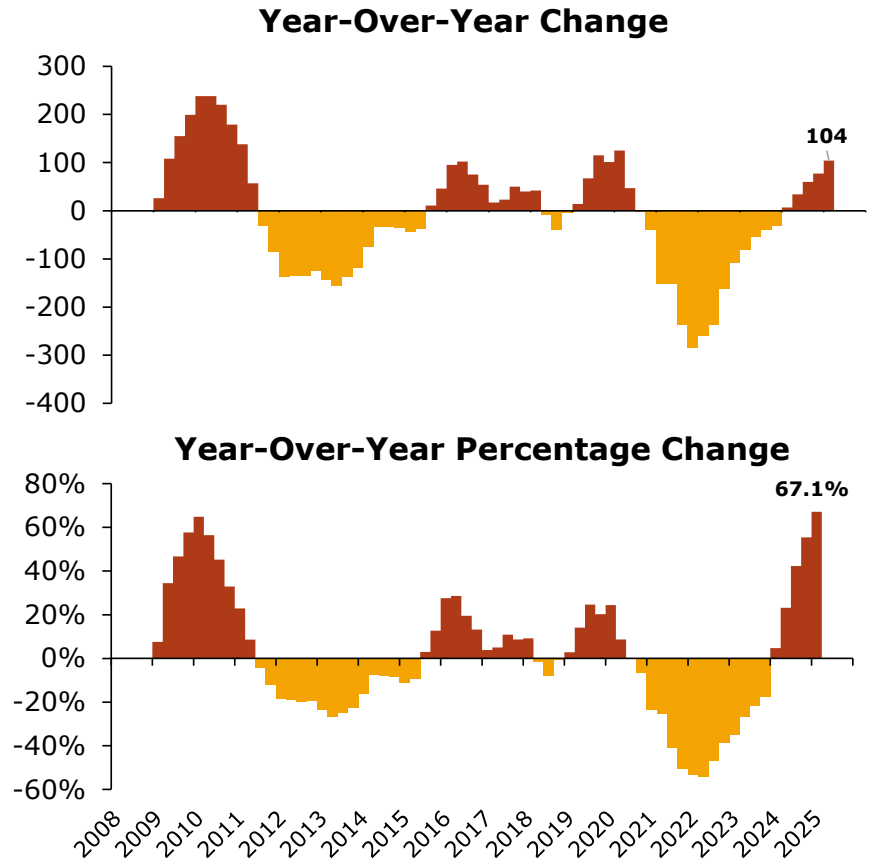
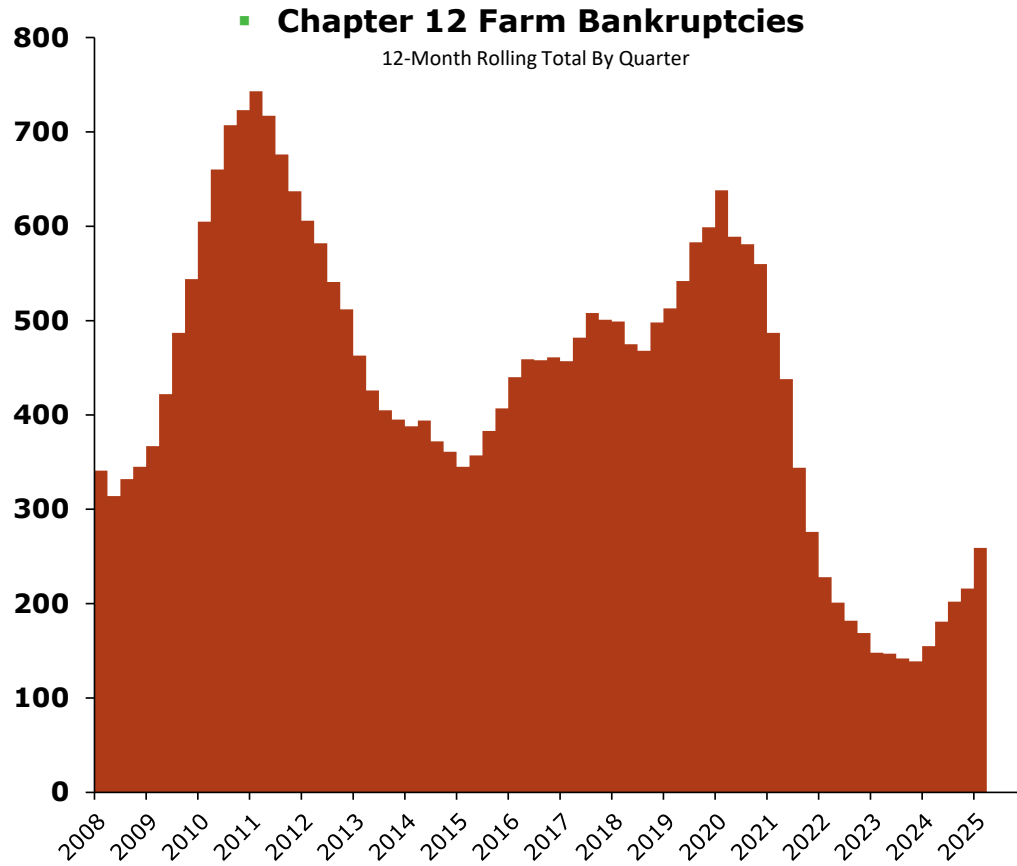
Delinquency Rates Climbing, But Remain Low

Delinquency Rate on Agricultural Loans, All Commercial Banks



These Indicators Mask Sector-Wide Issues and Farm Size Distributions

Farm Bankruptcies Rising, But Historically Low



More FARM In The Farm Bill Happened

Estimated Budgetary Effects of Farm Bill Provisions Of The One Big Beautiful Bill Act, Million Dollars, FY25 to FY34

\$66 Billion

Estimated Outlays For Farm Bill
Provisions Of The One Big
Beautiful Bill Act

**Farm Safety
Net*, \$53,060 ,
76%**

**Includes Higher Reference Prices
and Agriculture Risk Coverage
Guarantees & Improvements to
Dairy Margin Coverage Among
Other Changes*

**Crop Insurance, \$5,980 ,
9%**

**Disaster Assistance,
\$2,778 , 4%**

**Supplemental Agricultural
Trade, \$2,191 , 3%**

Research, \$1,608 , 2%

**Miscellaneous, \$1,608 ,
2%**

Horticulture, \$333 , 1%

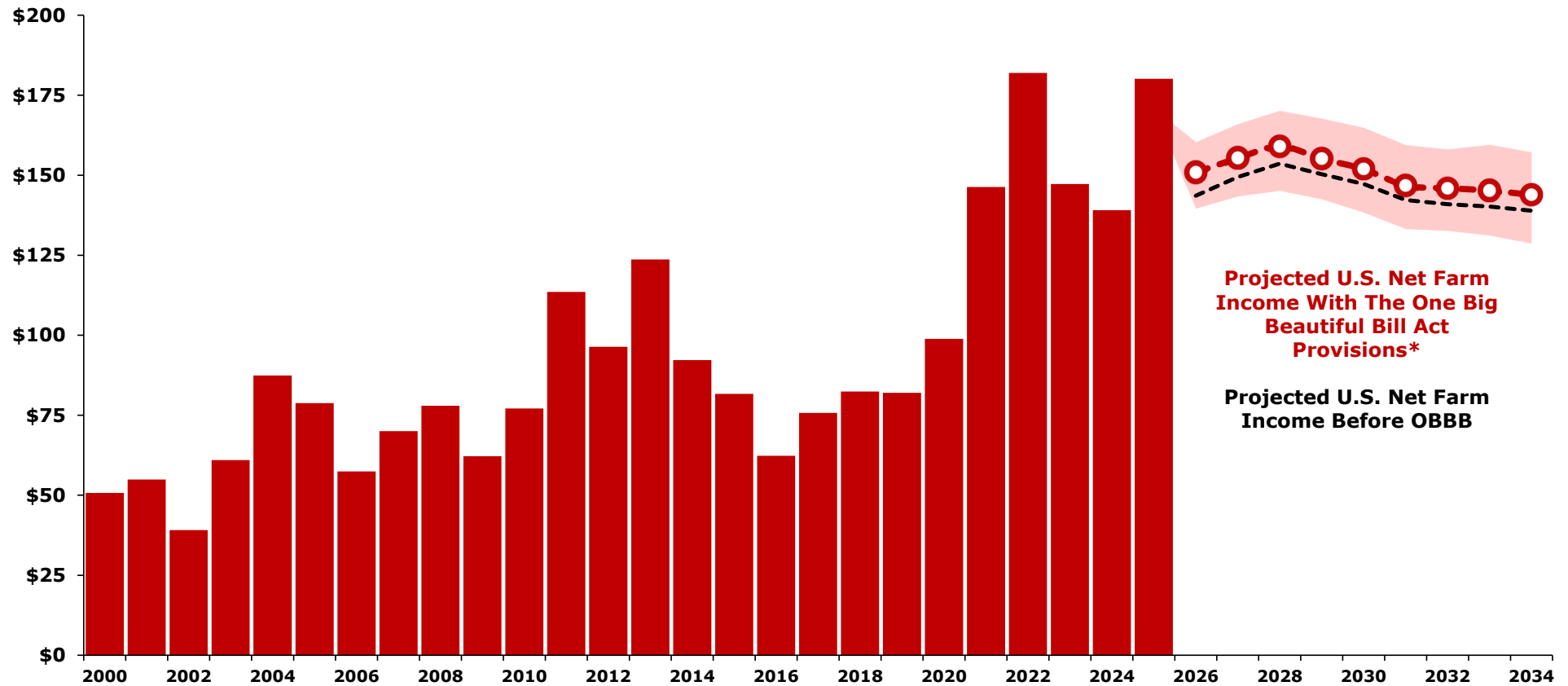
Energy, \$49 , 0%

**Nutrition, \$28 ,
0%**

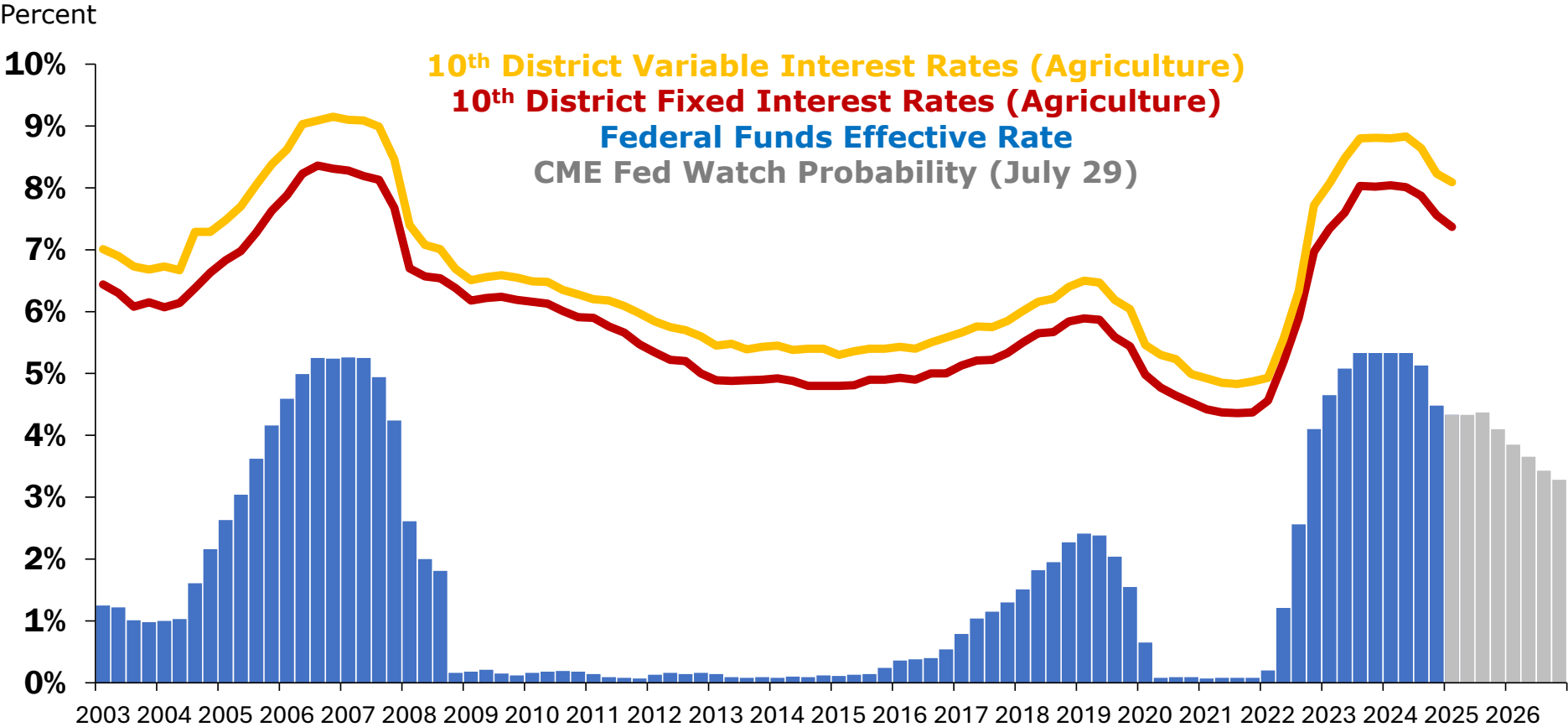
**Conservation, \$(1,795), -
3%**

One Big Beautiful Bill Boosts Farm Economy

U.S. Net Farm Income, Actual and Projected, Billion Dollars



All Eyes Remain On Powell For Relief



Thank You



 **Terrain** offered by participating Farm Credit associations

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