

U.S. Agricultural Market Outlook

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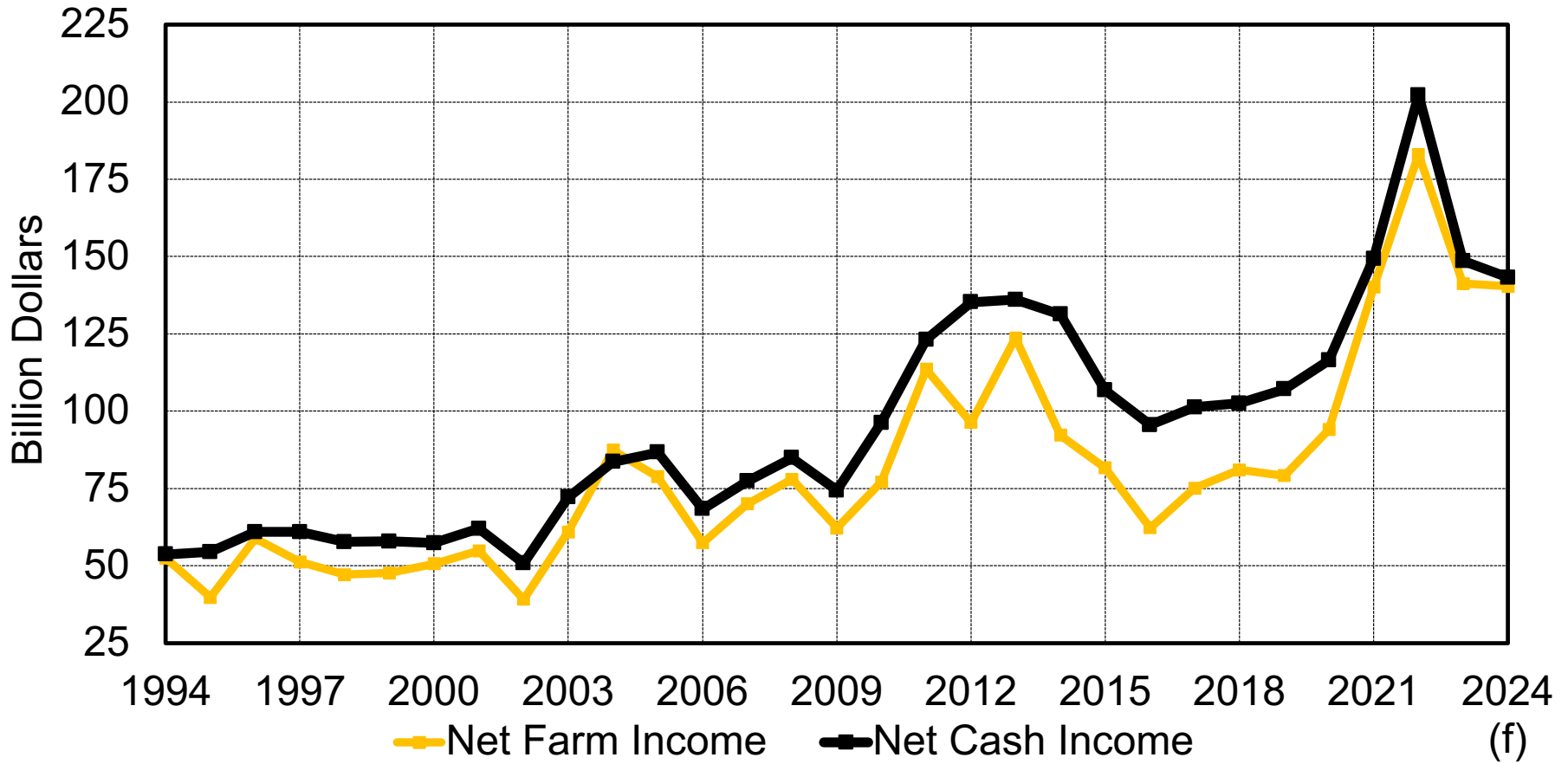
Baseline Update for U.S. Agricultural Markets

September 2023

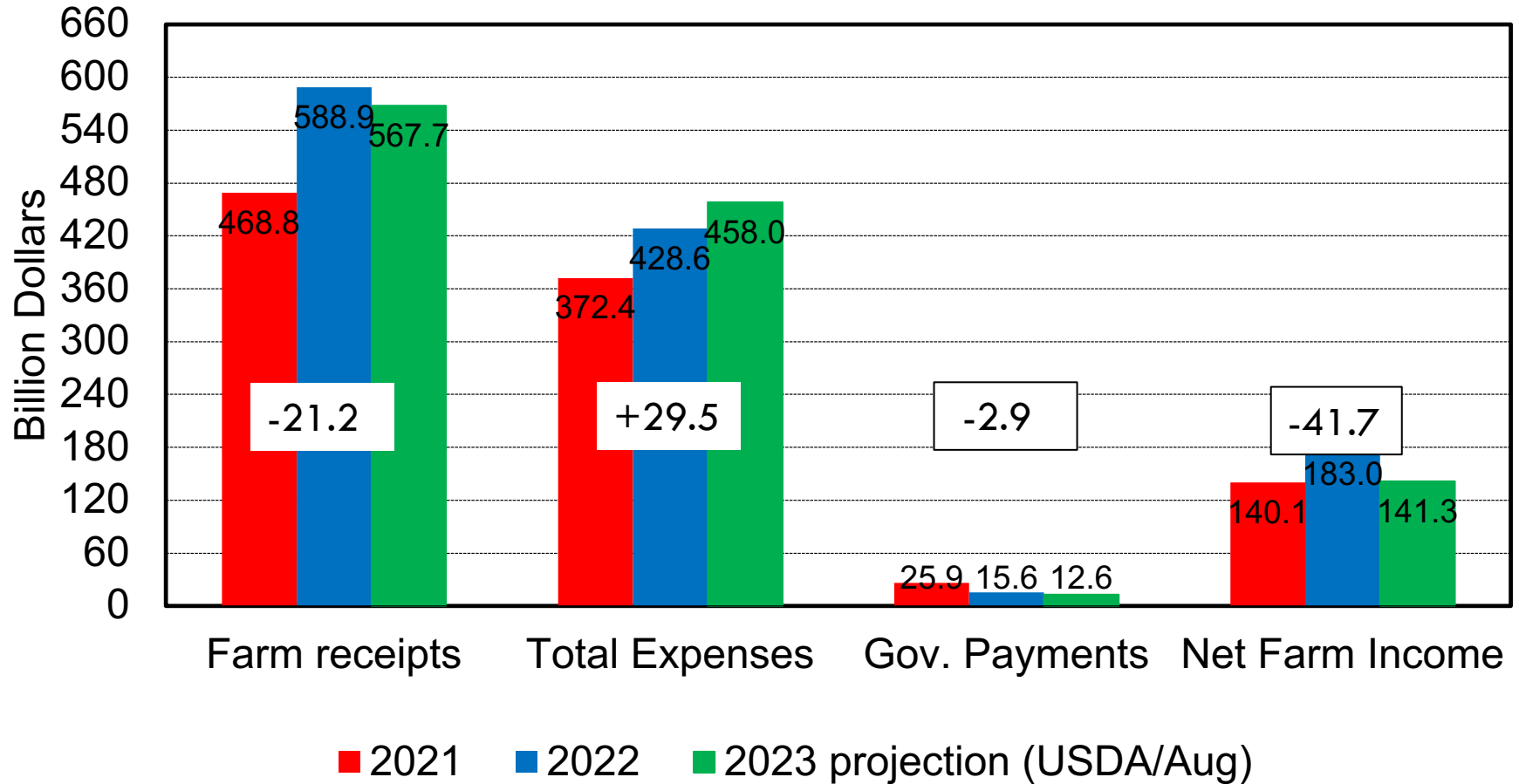
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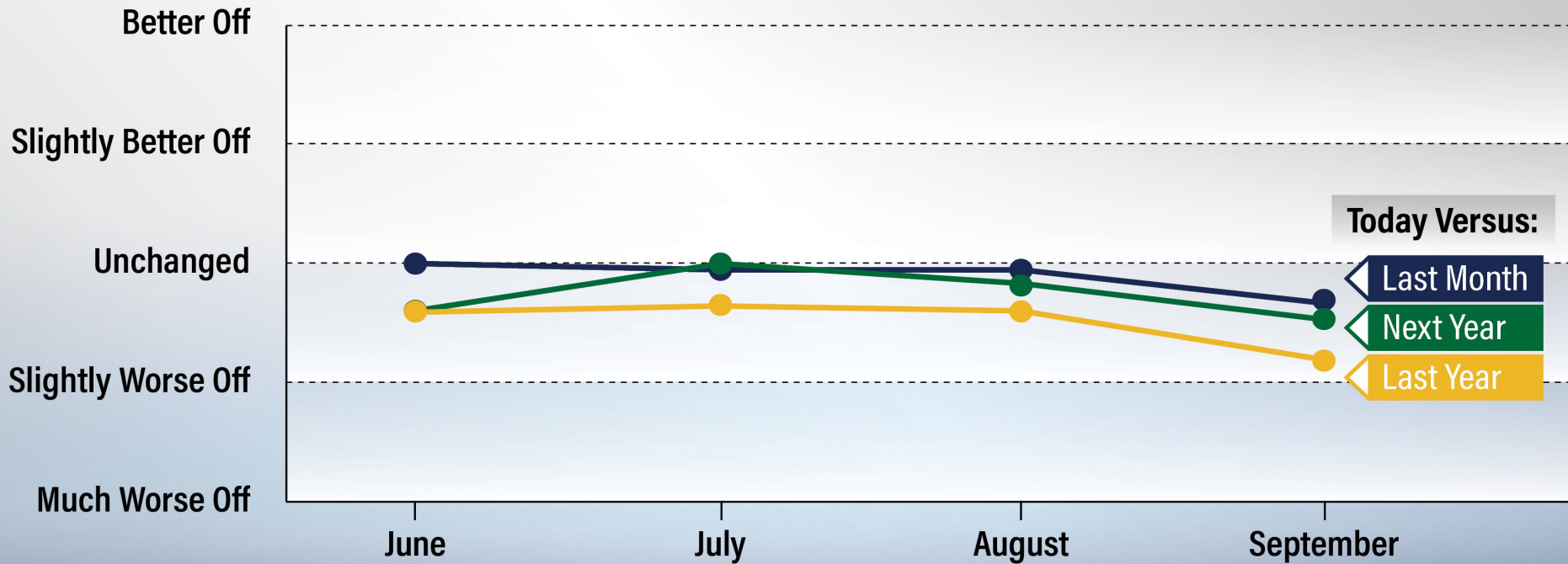
U.S. Farm Income Measures



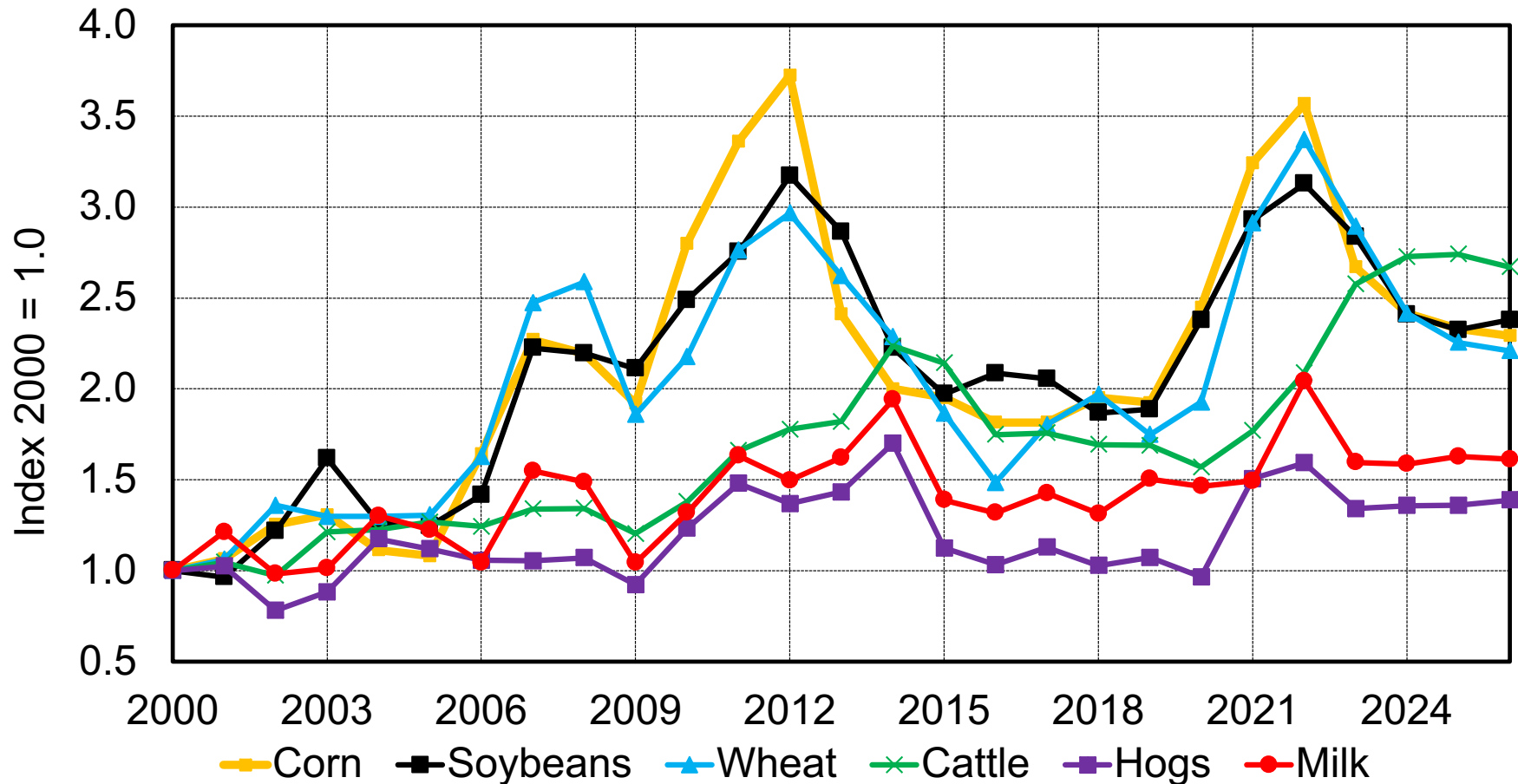
2023 Farm Income Changes by Component



Ag Economy Outlook

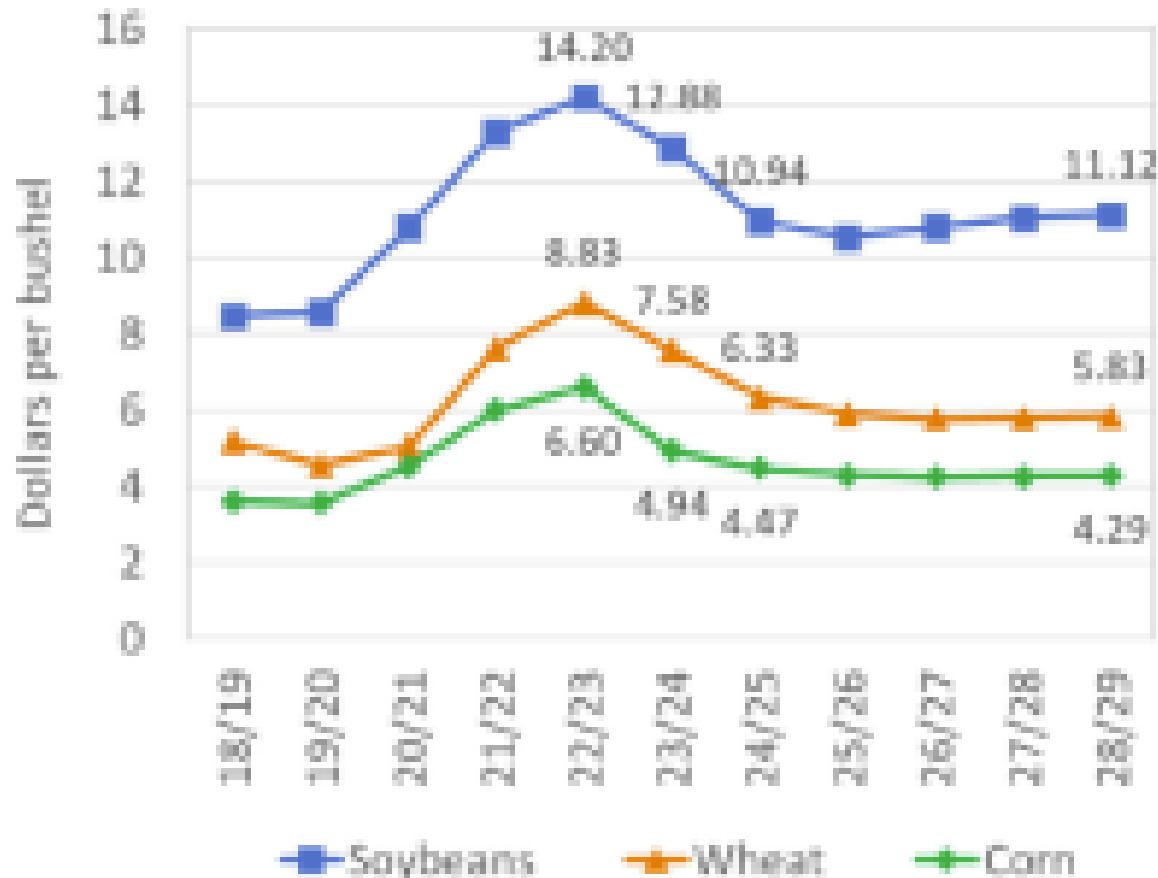


Agricultural Prices

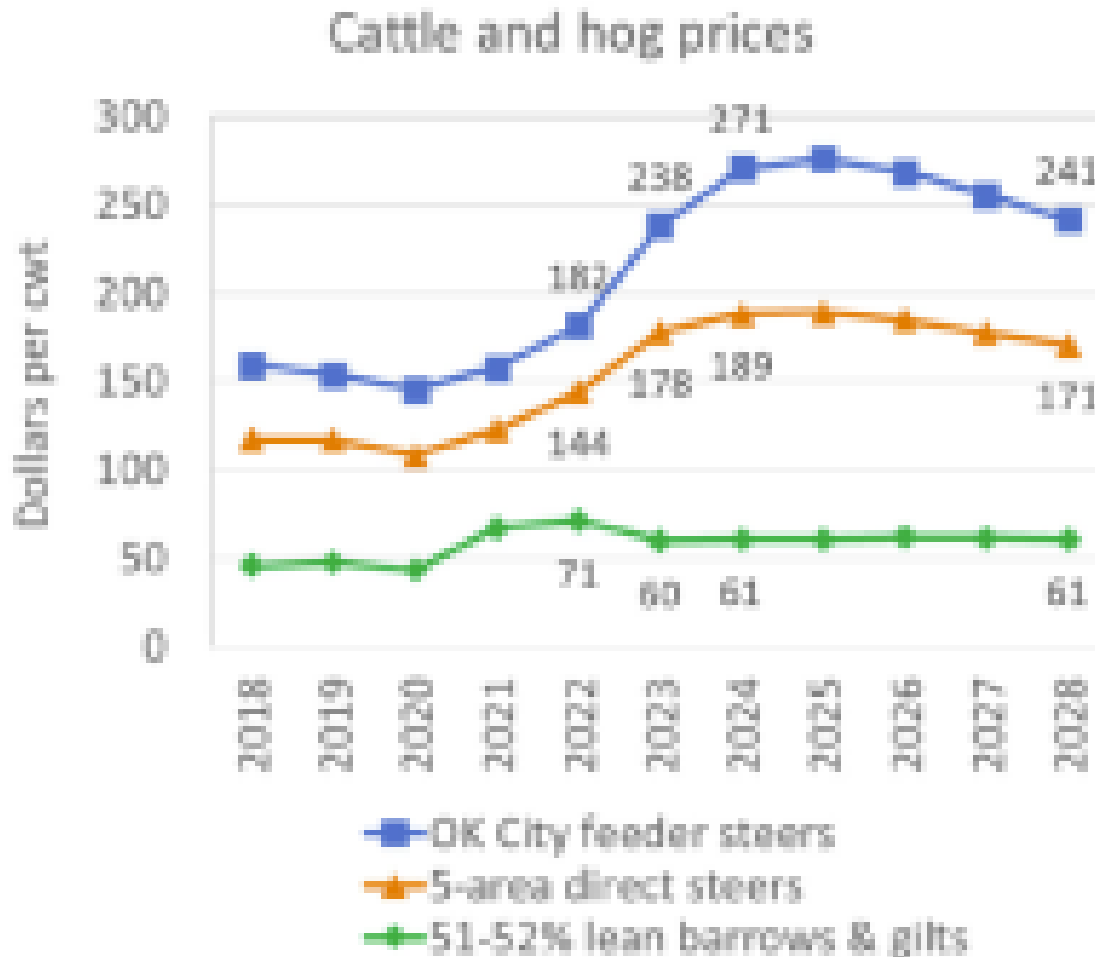


Lower Crop Prices Ahead

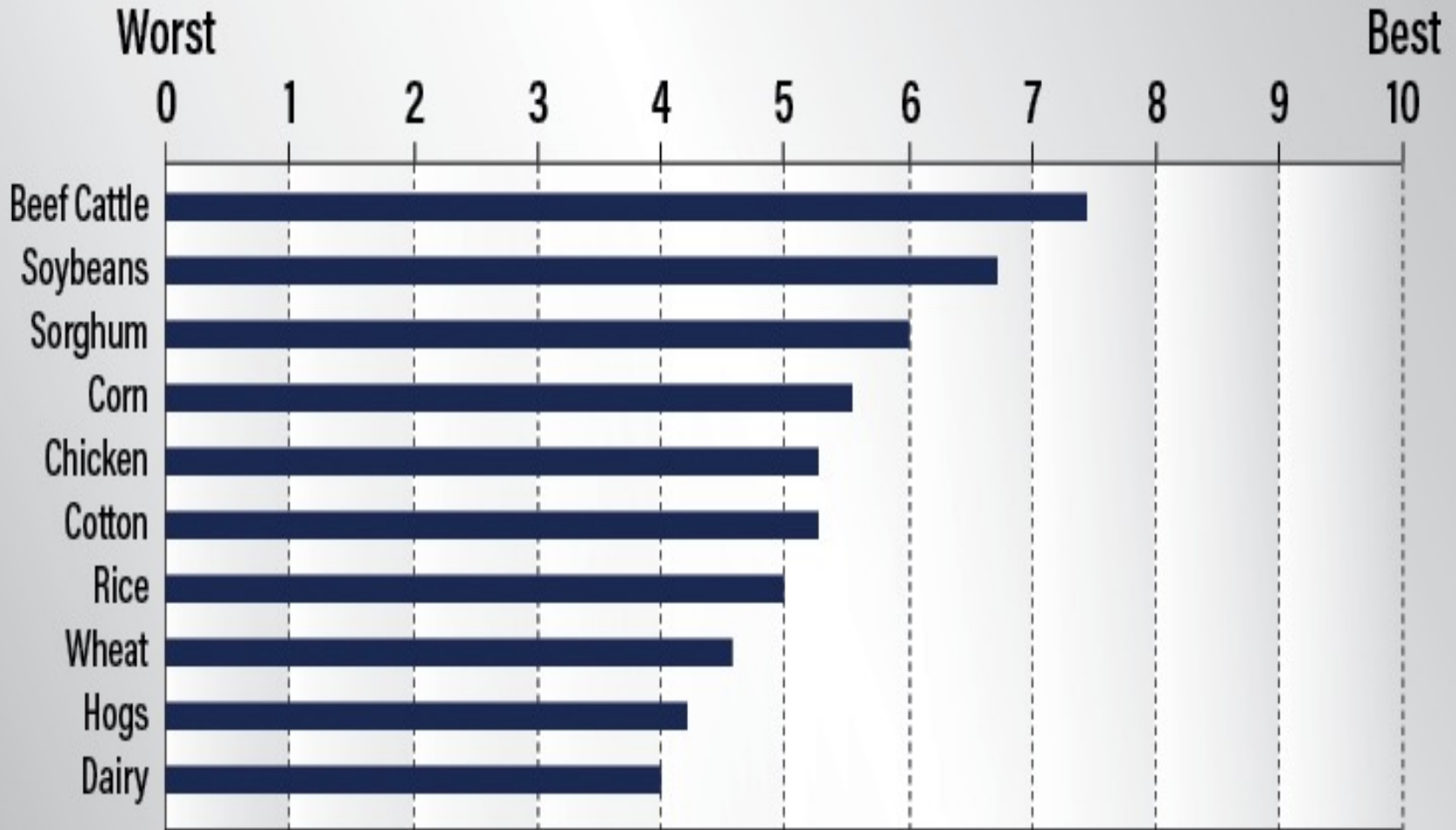
Grain and soybean prices



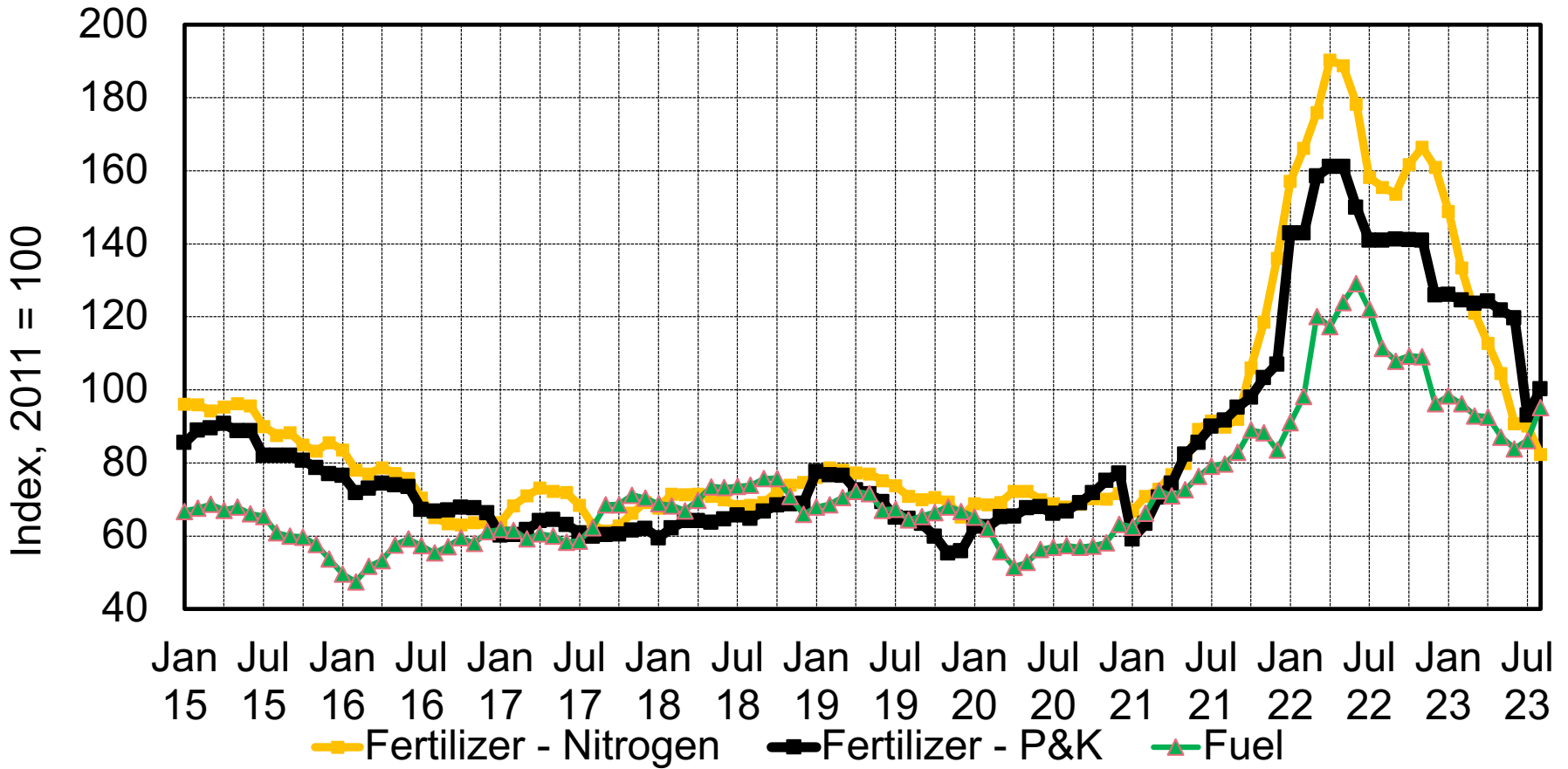
Higher Cattle Prices Through 2025



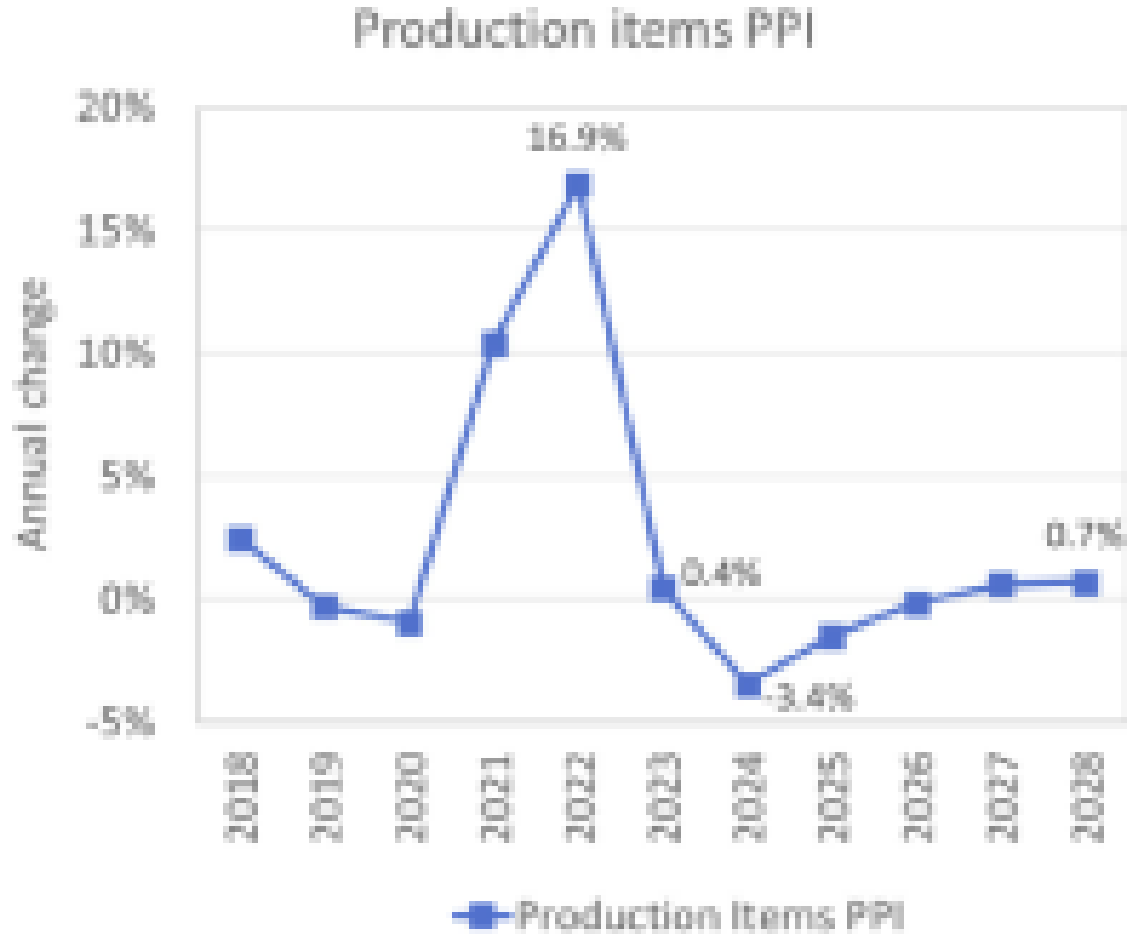
Financial Ranking of Sectors



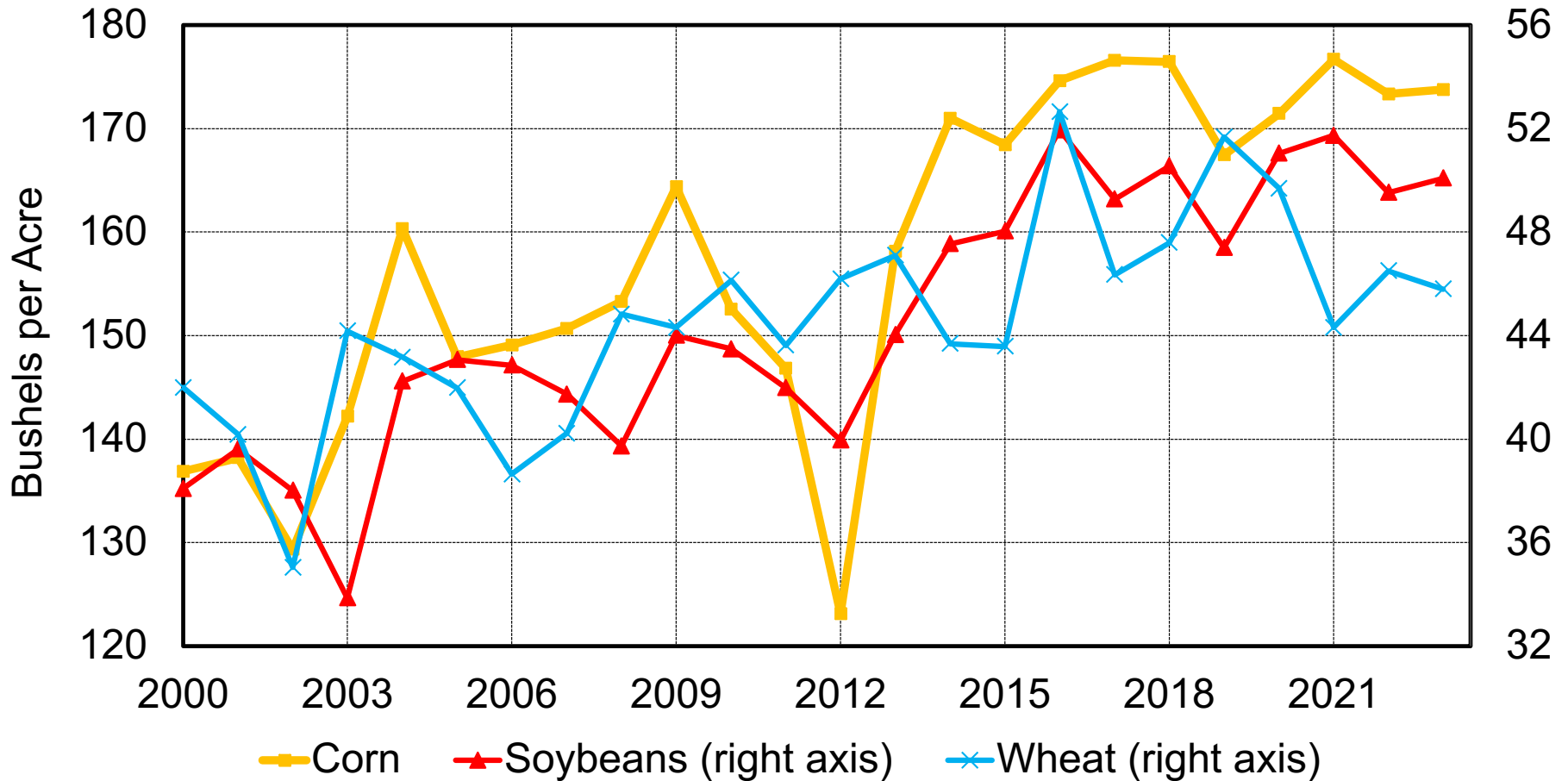
Prices Paid for Agricultural Inputs



Baseline Incorporates Lower Production Costs

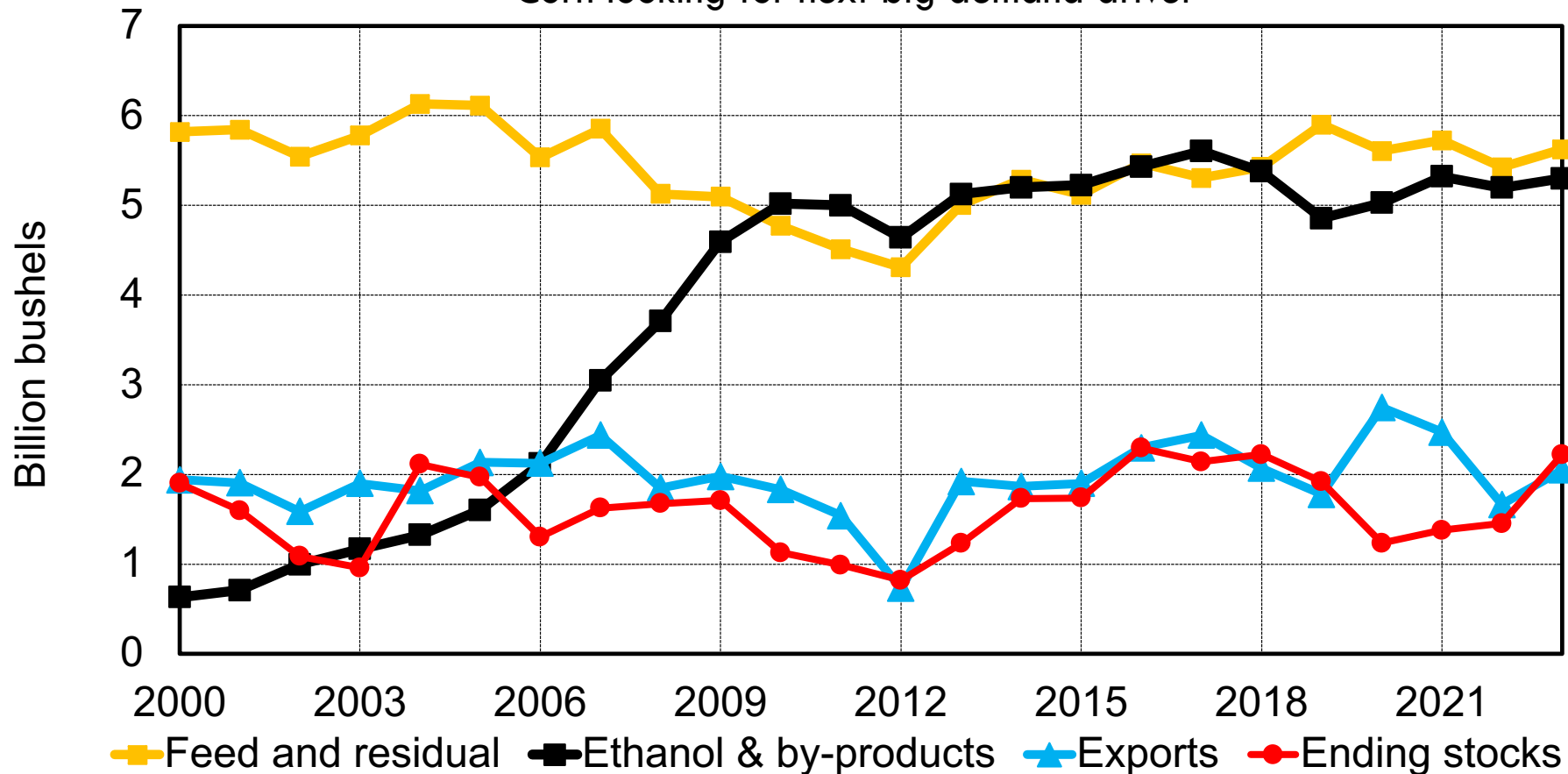


U.S. Crop Yields

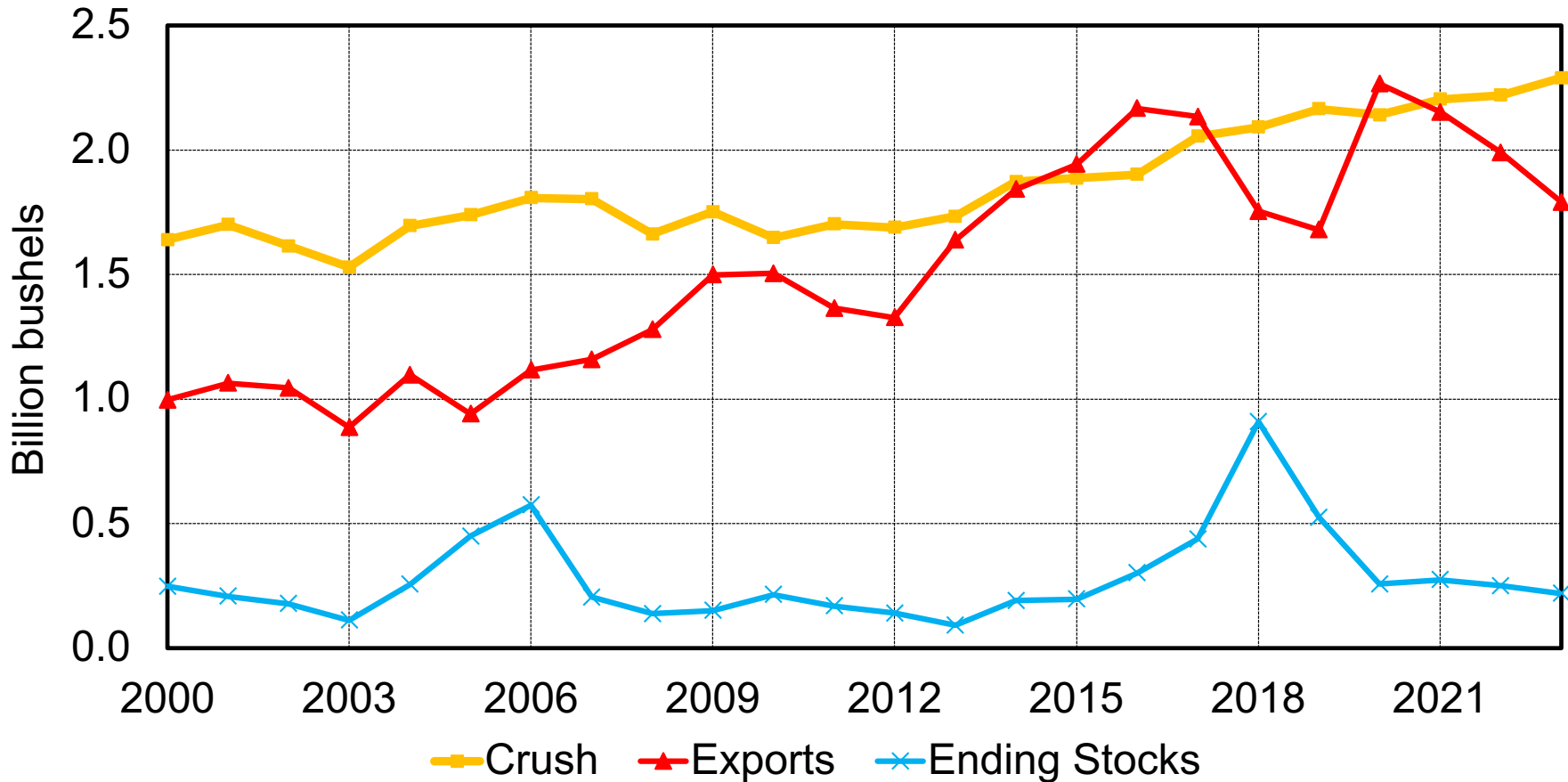


Components of U.S. Corn Demand

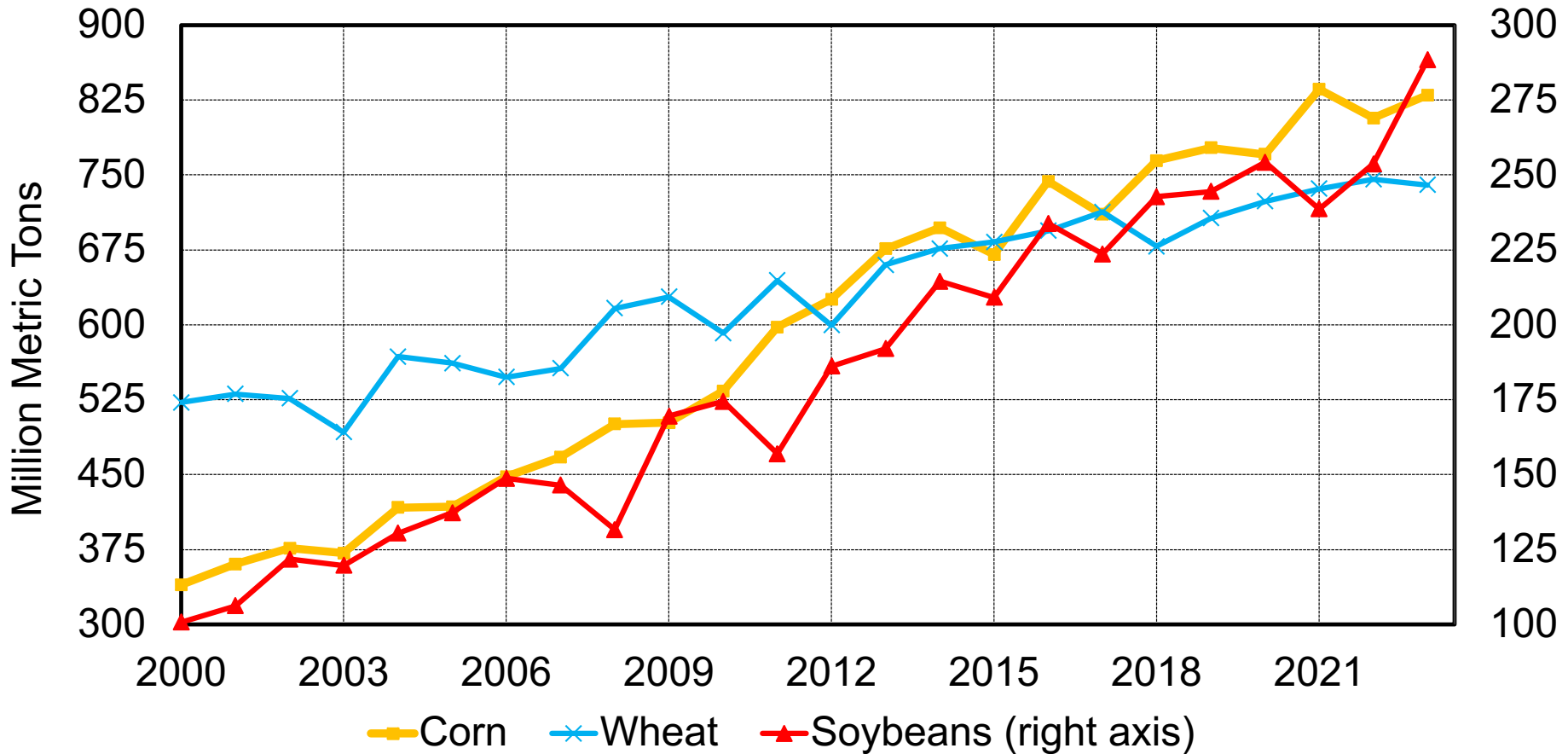
Corn looking for next big demand driver



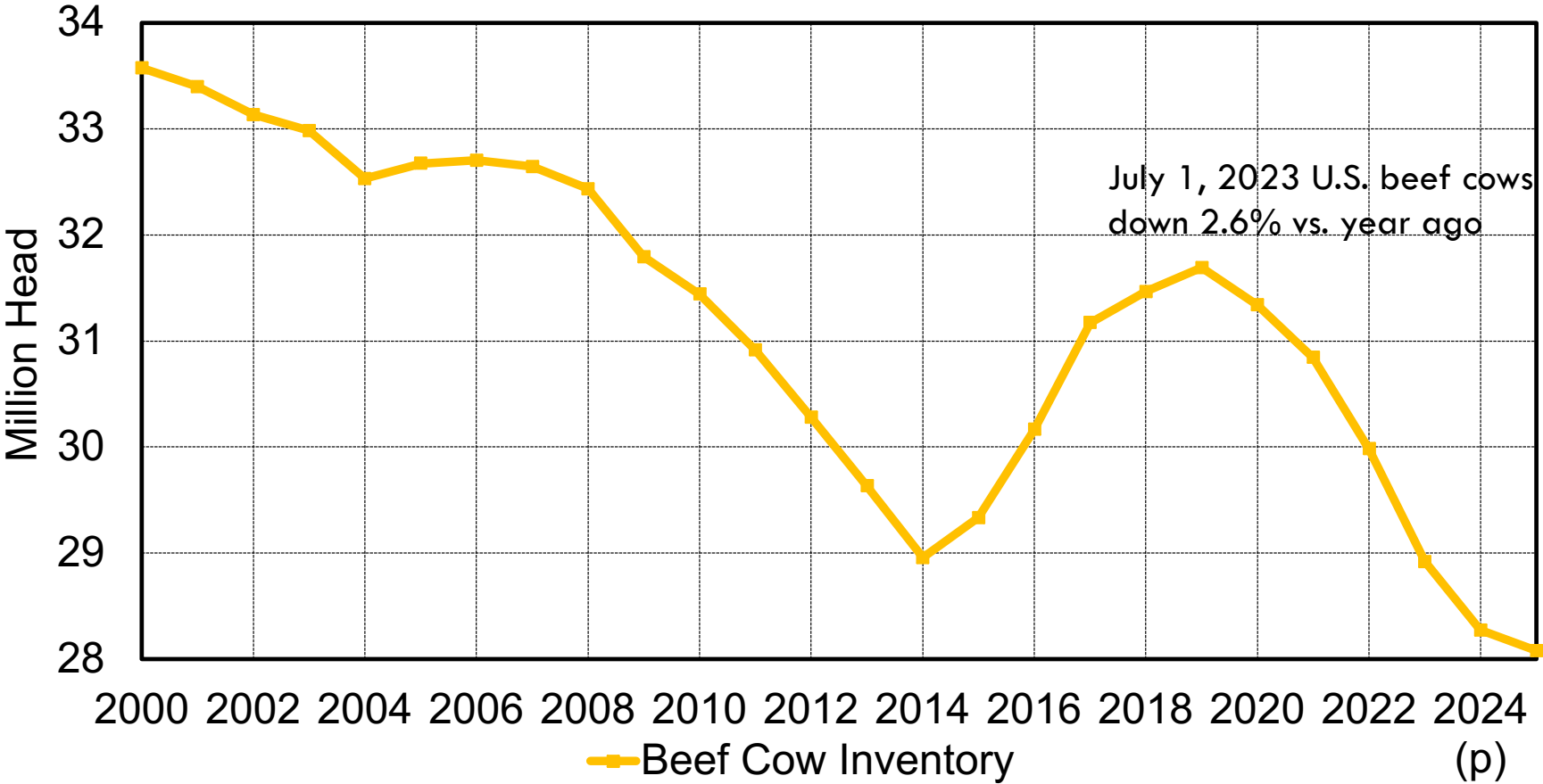
U.S. Soybean Use



Outside the U.S. Crop Production

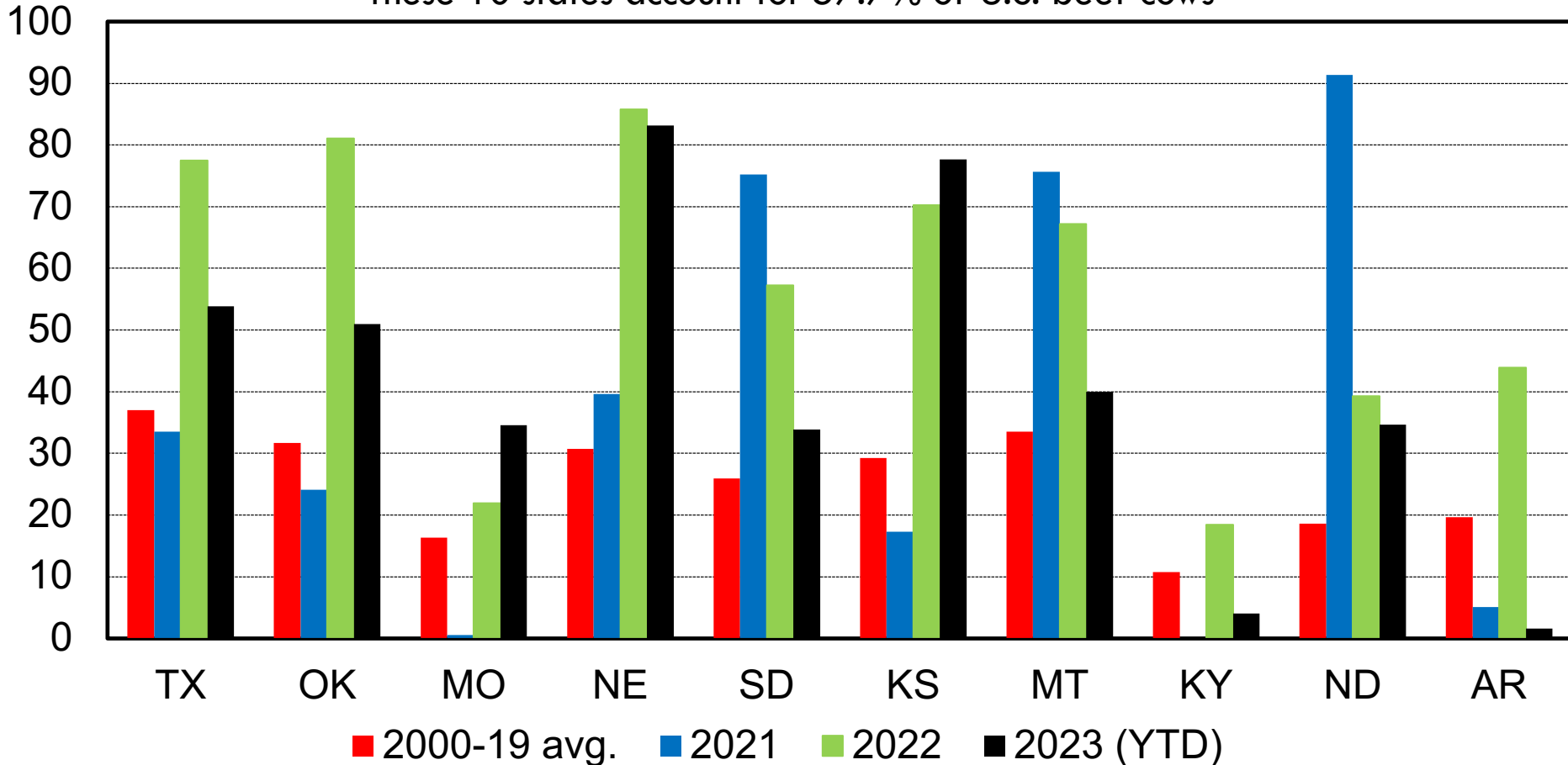


Beef Cow Herd Continues to Decline

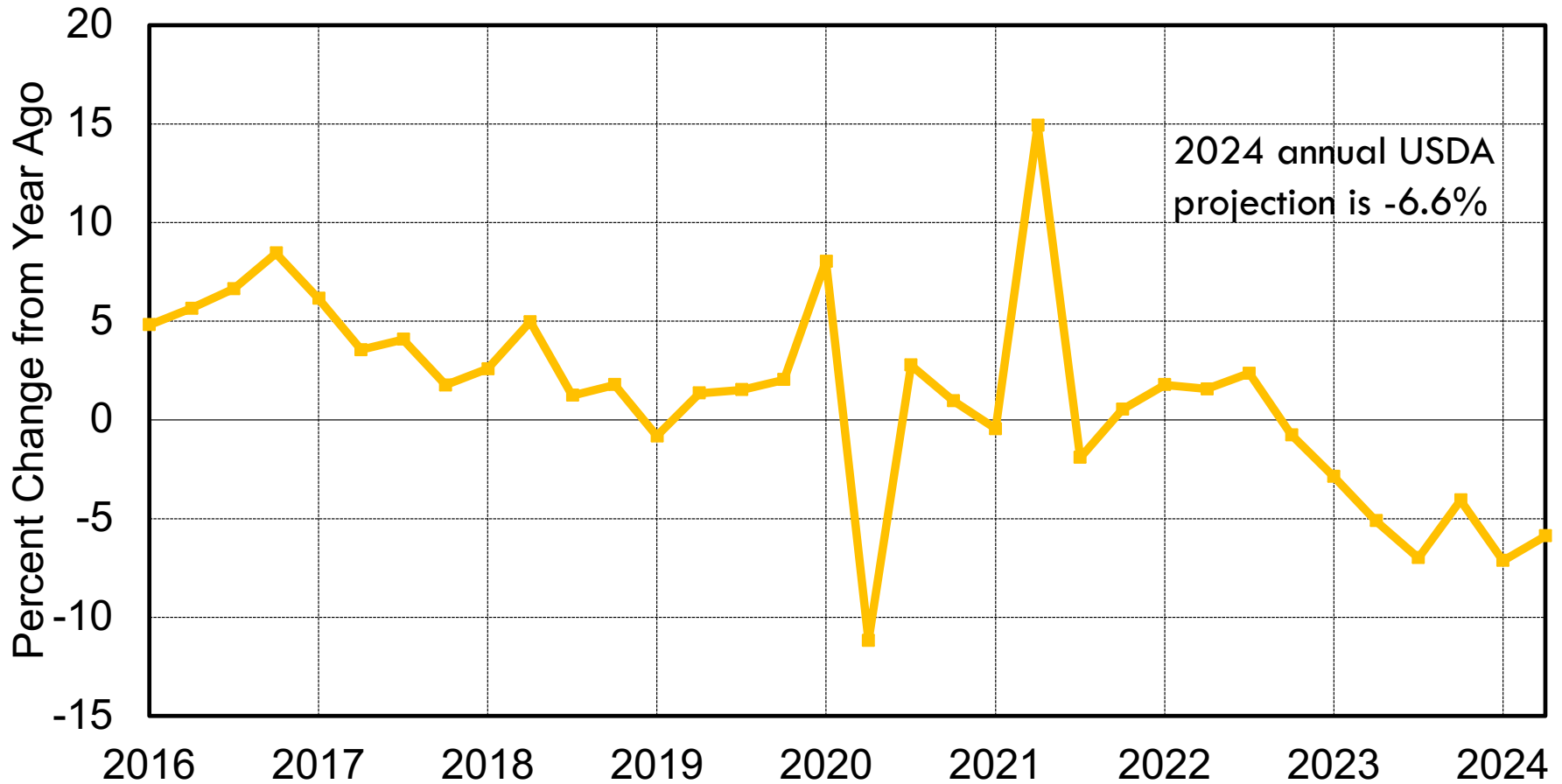


% of D1 or worse by top 10 beef cow states

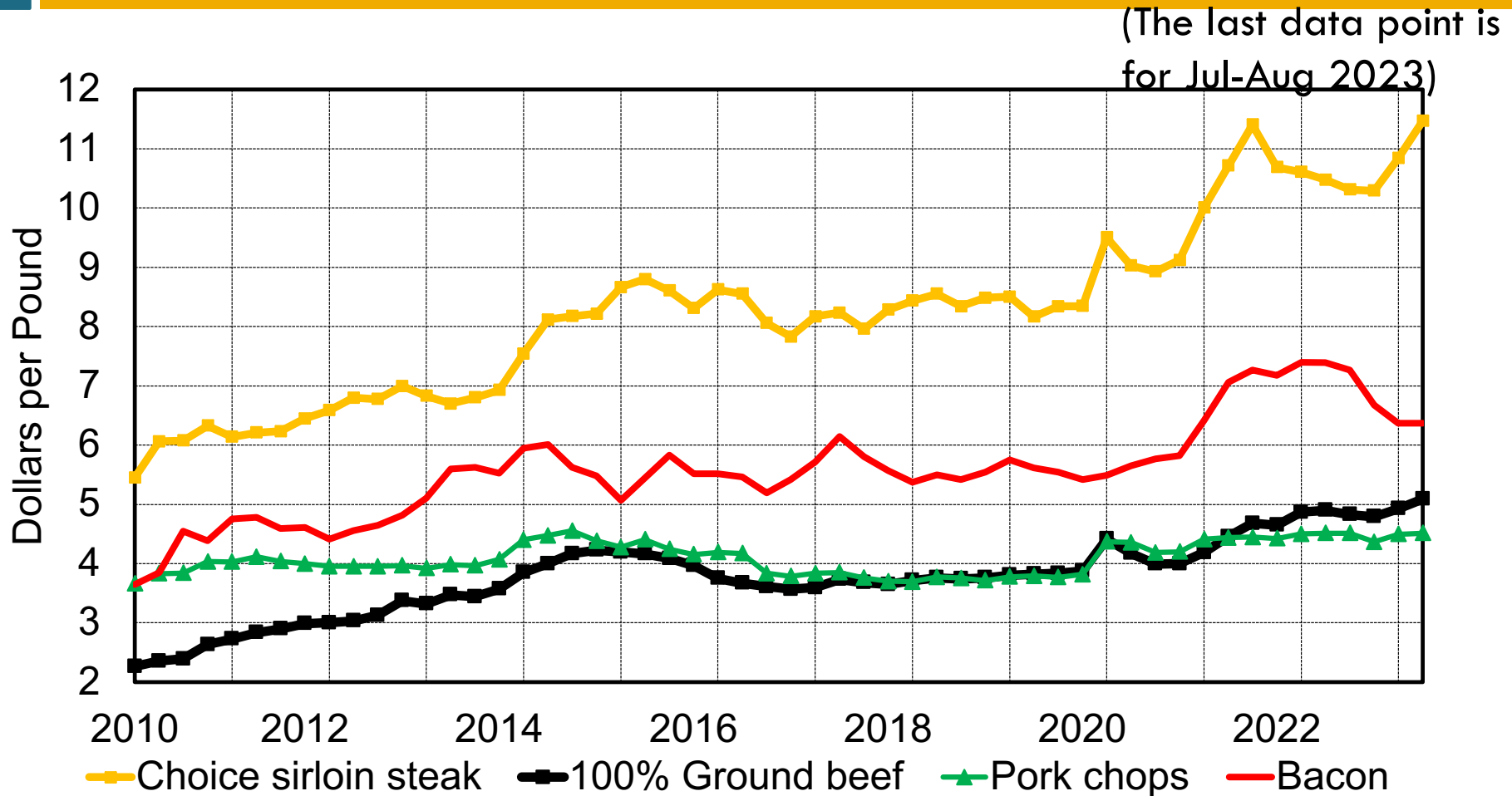
These 10 states account for 57.7% of U.S. beef cows



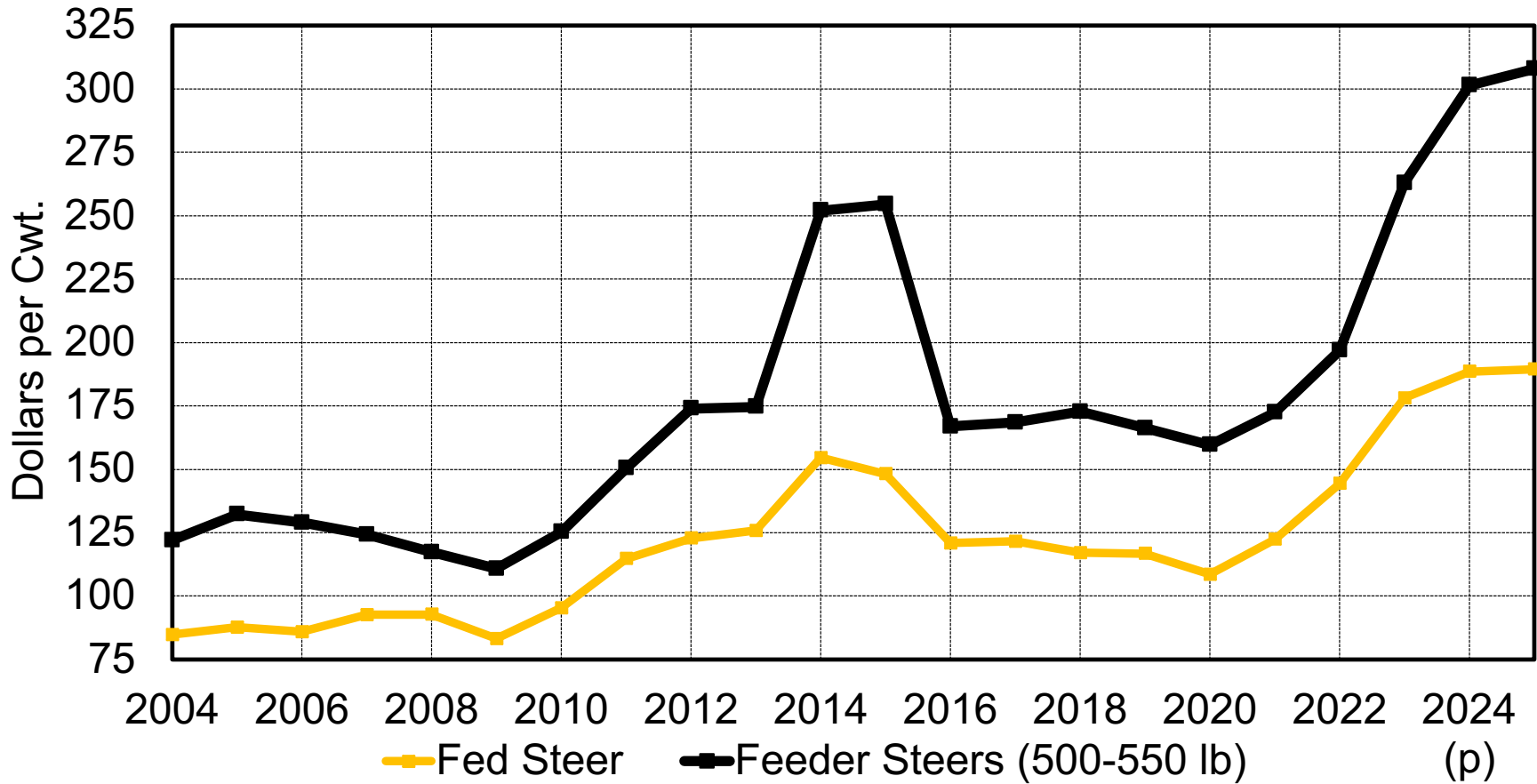
Quarterly Beef Production Growth



Quarterly Beef & Pork Retail Prices



Cattle Prices



The Headlines

- Expect production expenses to remain historically high
- Farm income will decline but remain above long-run averages
- Volatility in prices to continue as crop stocks remain tight and market participants become less price responsive
- Fewer cows reduces beef production substantially in 2023 and likely for multiple years
- The strongest headwinds are inflation and the general economy
- Risk management becoming increasingly critical



Thanks!

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Nebraska Farm Income Situation and Outlook

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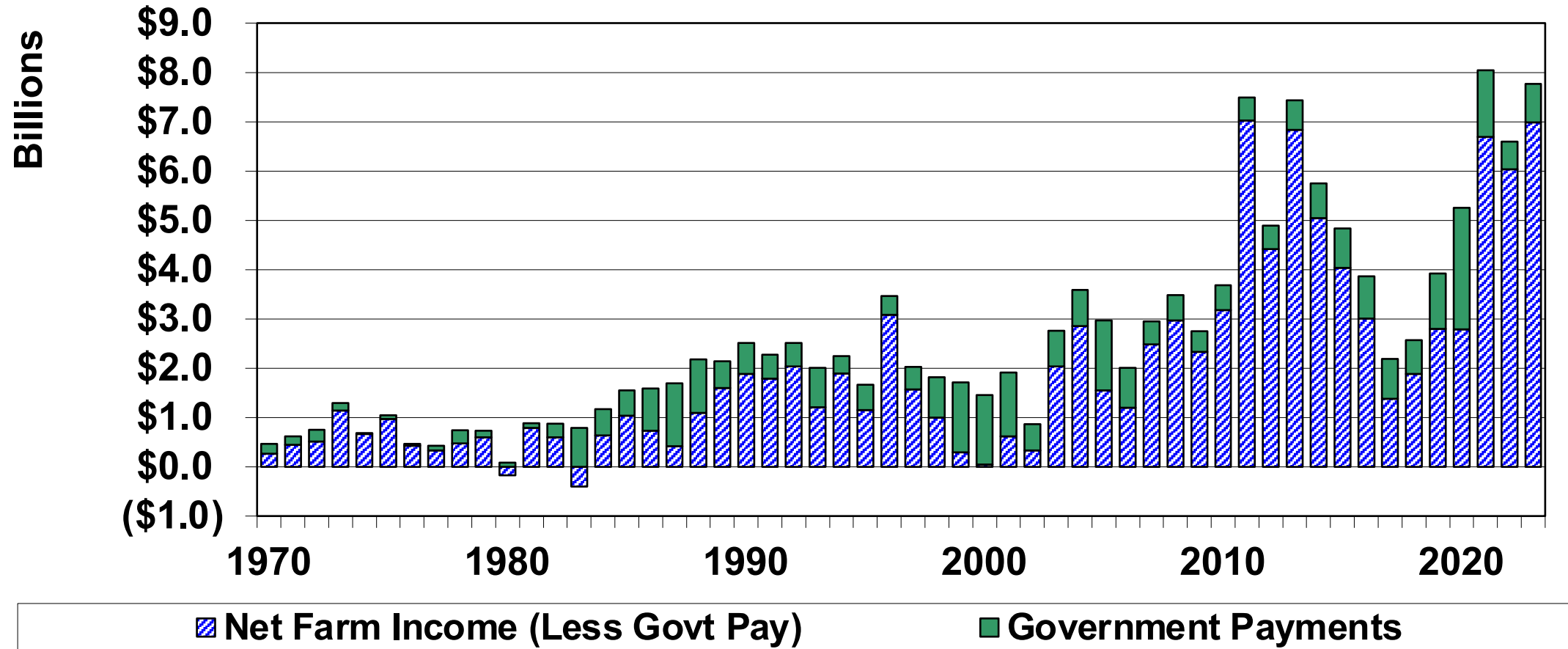
Farm Income Outlook and Management Issues for 2023 and Beyond

- **Key Issues**
 - **Crop and livestock production**
 - **Farm income safety net**
 - **Management**





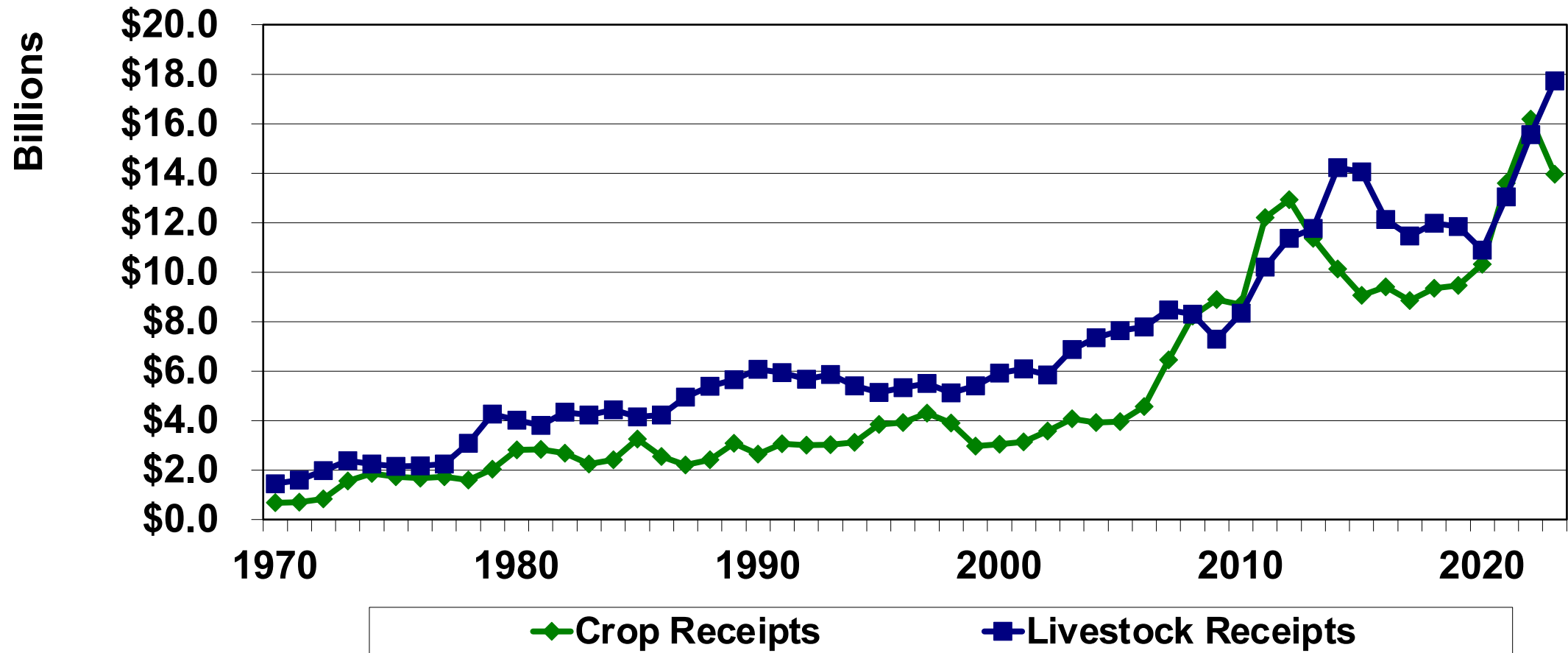
Nebraska Net Farm Income



Source: USDA –ERS, FAPRI, RaFF and author calculations, October 2023



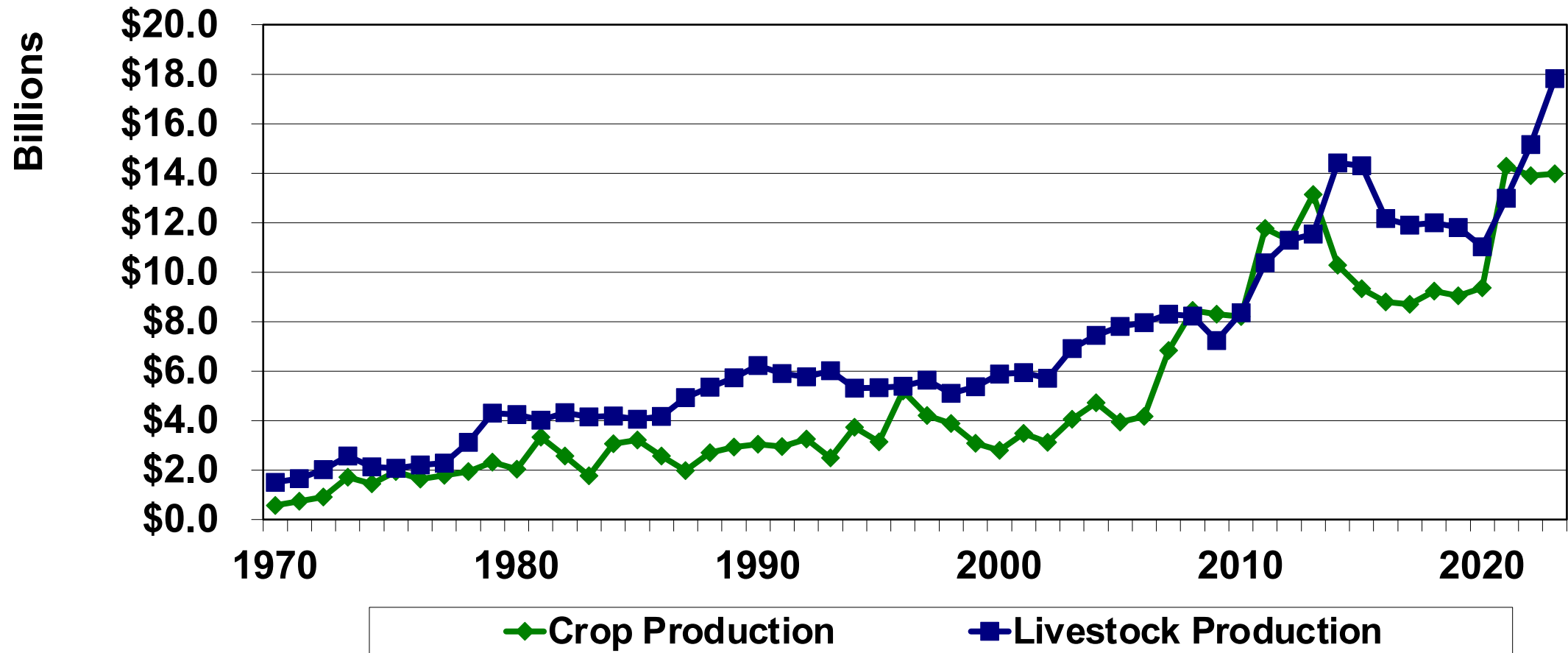
Nebraska Farm Receipts



Source: USDA –ERS, FAPRI, RaFF and author calculations, October 2023



Nebraska Value of Farm Production



Source: USDA –ERS, FAPRI, RaFF and author calculations, October 2023



Nebraska Crop Production - 2023

Commodity	Harvested Acres (1,000s)	Yield/Acre	Production (1,000s)	Price	Value of Production (1,000s)	Receipts (1,000s)
Corn (Bushels)	9,590	177	1,697,430	\$4.89	\$8,295,843	\$9,435,997
2023 v. 2022	(+9%)	(+7%)	(+17%)	(-29%)	(-17%)	(-15%)
2023 v. 2021	(+0%)	(-9%)	(-8%)	(-18%)	(-25%)	(+2%)
Soybeans (Bushels)	5,200	55	286,000	\$12.56	\$3,591,969	\$3,700,945
2023 v. 2022	(-8%)	(+12%)	(+3%)	(-12%)	(-10%)	(-13%)
2023 v. 2021	(-7%)	(-13%)	(-18%)	(-1%)	(-19%)	(+4%)
Wheat (Bushels)	840	45	37,800	\$6.93	\$262,141	\$253,062
2023 v. 2022	(+2%)	(+41%)	(+44%)	(-18%)	(+18%)	(+3%)
2023 v. 2021	(0%)	(-8%)	(-8%)	(+1%)	(-7%)	(+0%)
Hay (Tons)	2,360	2.3	5,422	\$159.61	\$865.387	\$265,988
2023 v. 2022	(+10%)	(+13%)	(+25%)	(-4%)	(+20%)	(+3%)
2023 v. 2021	(-8%)	(-6%)	(-14%)	(+17%)	(+1%)	(+1%)

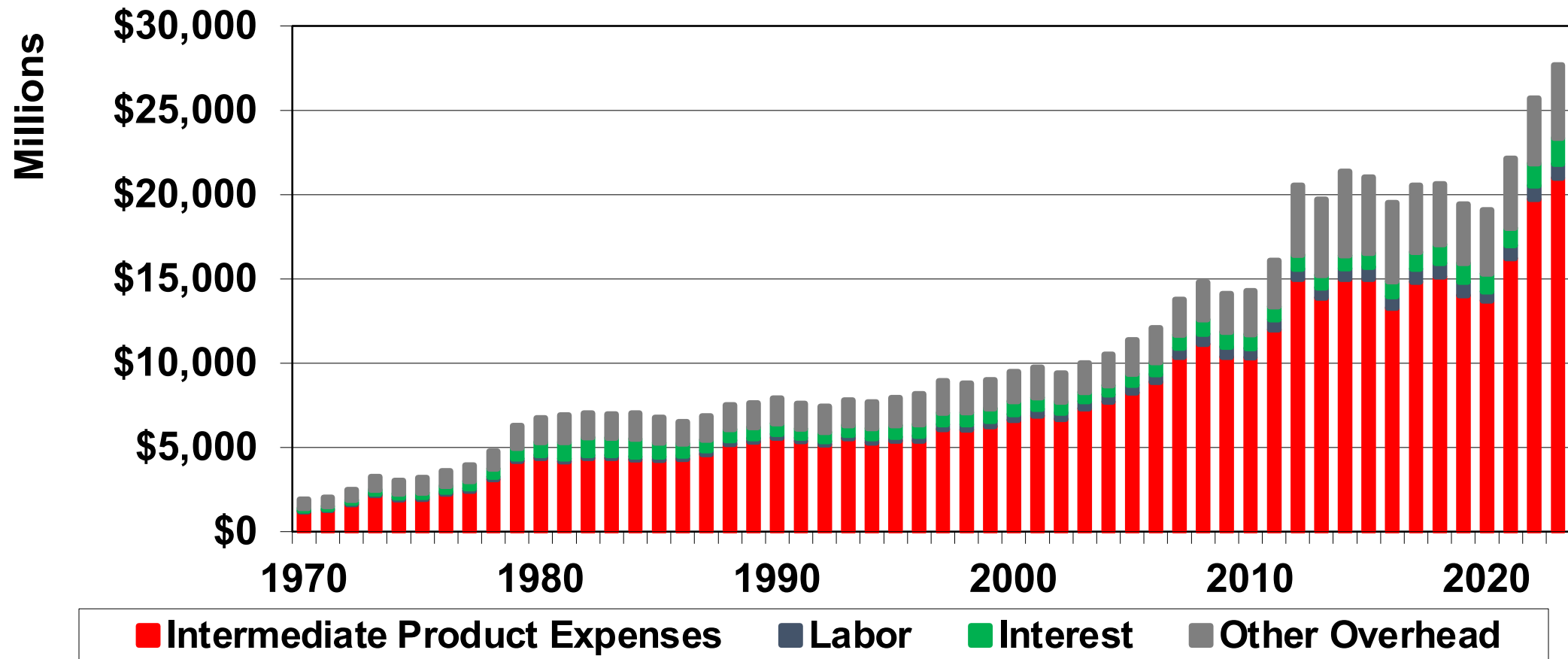


Nebraska Livestock Production - 2023

Commodity	Breeding/ Milking Herd Inventory (1,000 Head)	Head Marketed (1,000 Head)	Marketings (Million Pounds or Million Dozen)	Price (\$/CWT or \$/Dozen)	Receipts (Millions)
Beef Cattle and Calves	1,703	6,293	9,106	\$176.95	\$16,113
	(-5%)	(-5%)	(-4%)	(+23%)	(+18%)
	(-9%)	(-3%)	(-1%)	(+44%)	(+42%)
Hogs and Pigs	400	9,540	1,610	\$61.45	\$989
	(-7%)	(+7%)	(+7%)	(-15%)	(-9%)
	(-2%)	(-6%)	(-9%)	(-9%)	(-16%)
Dairy	55	-	1,380	\$20.36	\$279
	(-3%)	-	(-3%)	(-20%)	(-22%)
	(-3%)	-	(-3%)	(+10%)	(+7%)
Poultry – Egg Production	-	-	188	\$1.20	\$226
	-	-	(+13%)	(-39%)	(-30%)
	-	-	(-6%)	(+54%)	(+45%)



Nebraska Farm Expenses



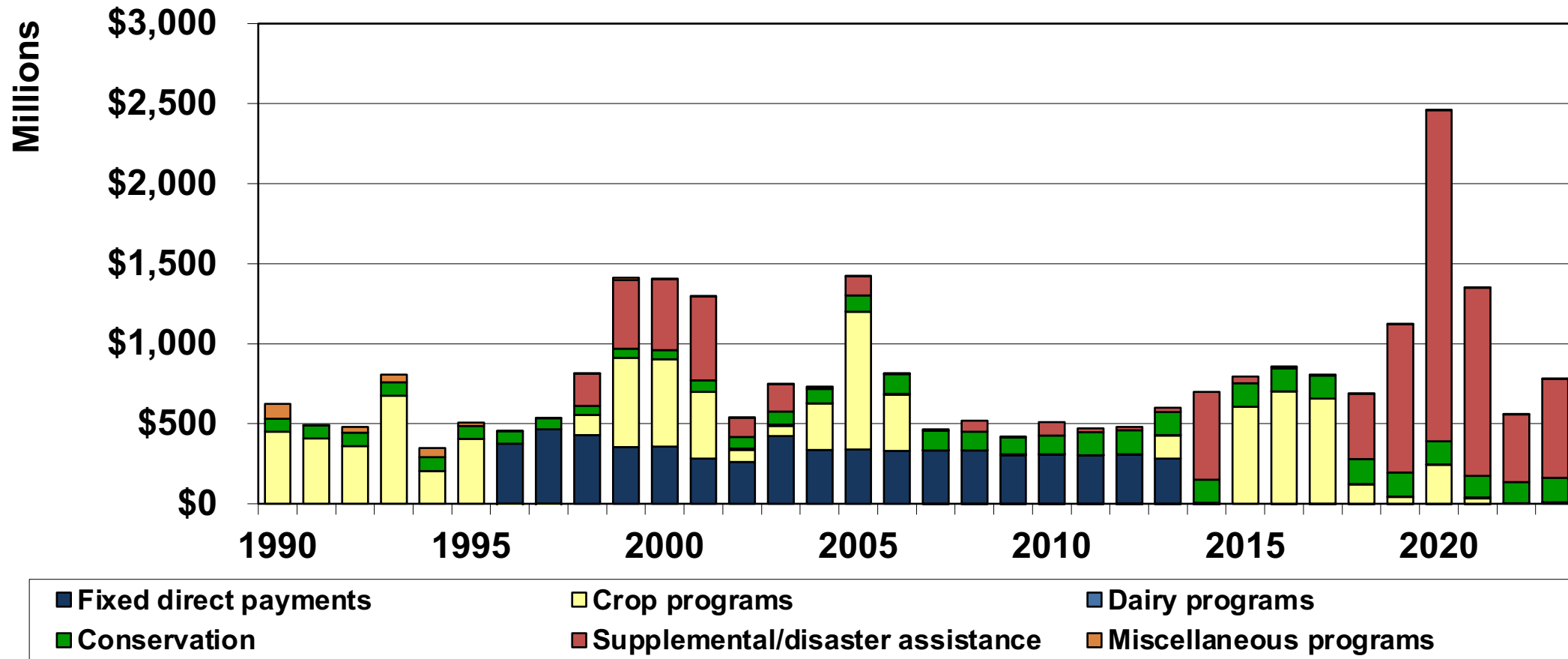
Source: USDA –ERS, FAPRI, RaFF and author calculations, October 2023



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Nebraska Government Payments

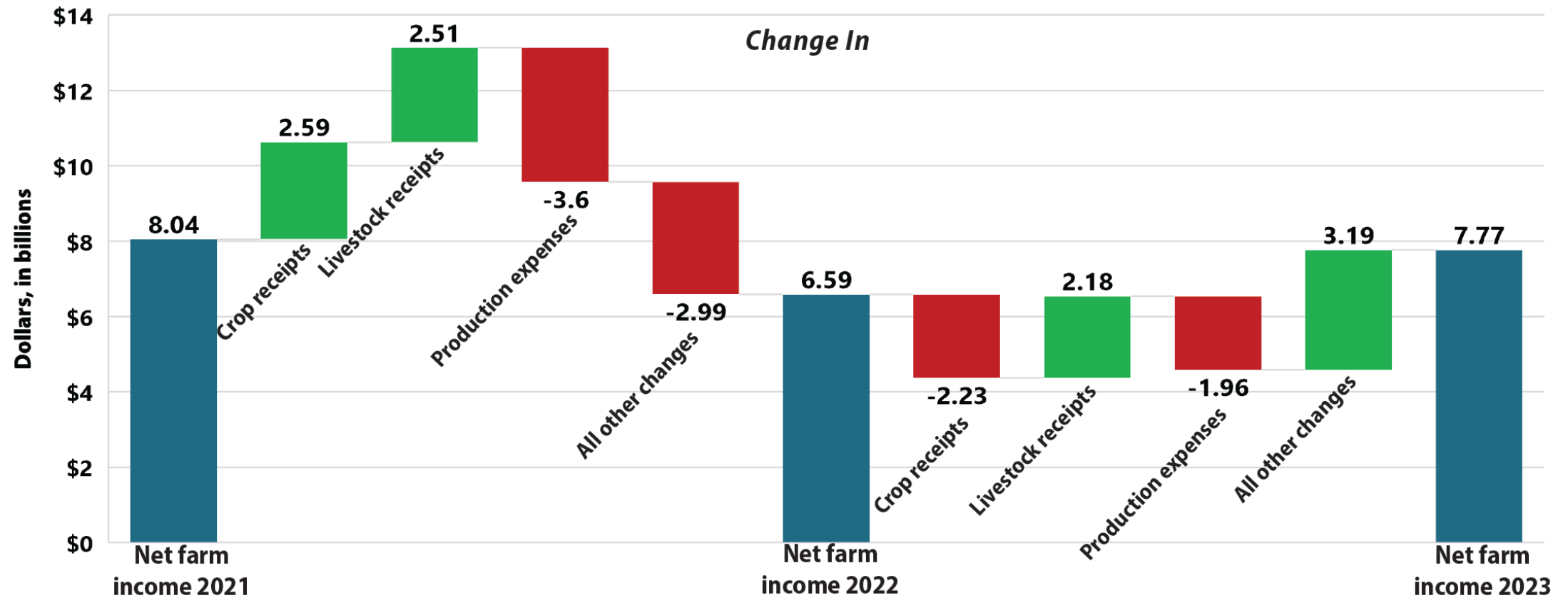


Source: USDA –ERS, FAPRI, RaFF and author calculations, October 2023



Nebraska Net Farm Income

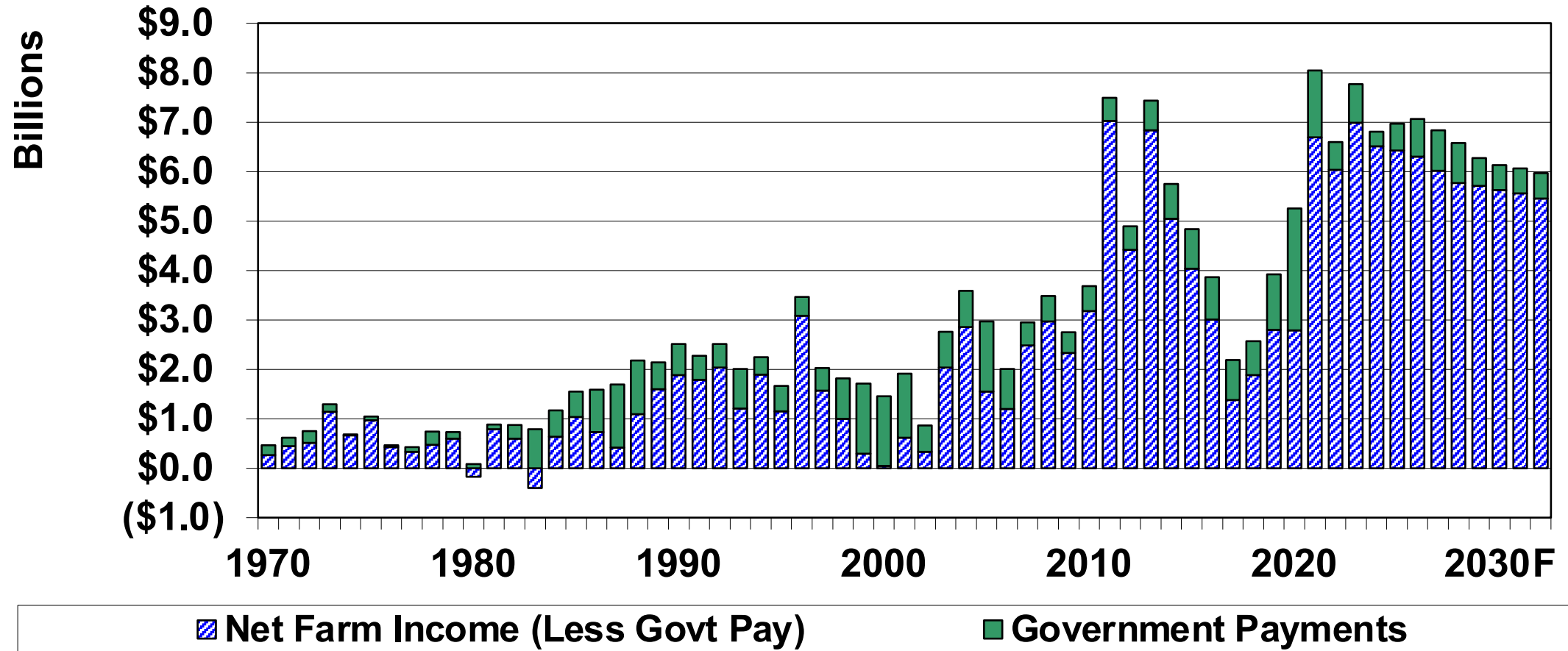
Nebraska net farm income sees uptick in 2023 after drop from 2021 to 2022



Source: RaFF, October 2023



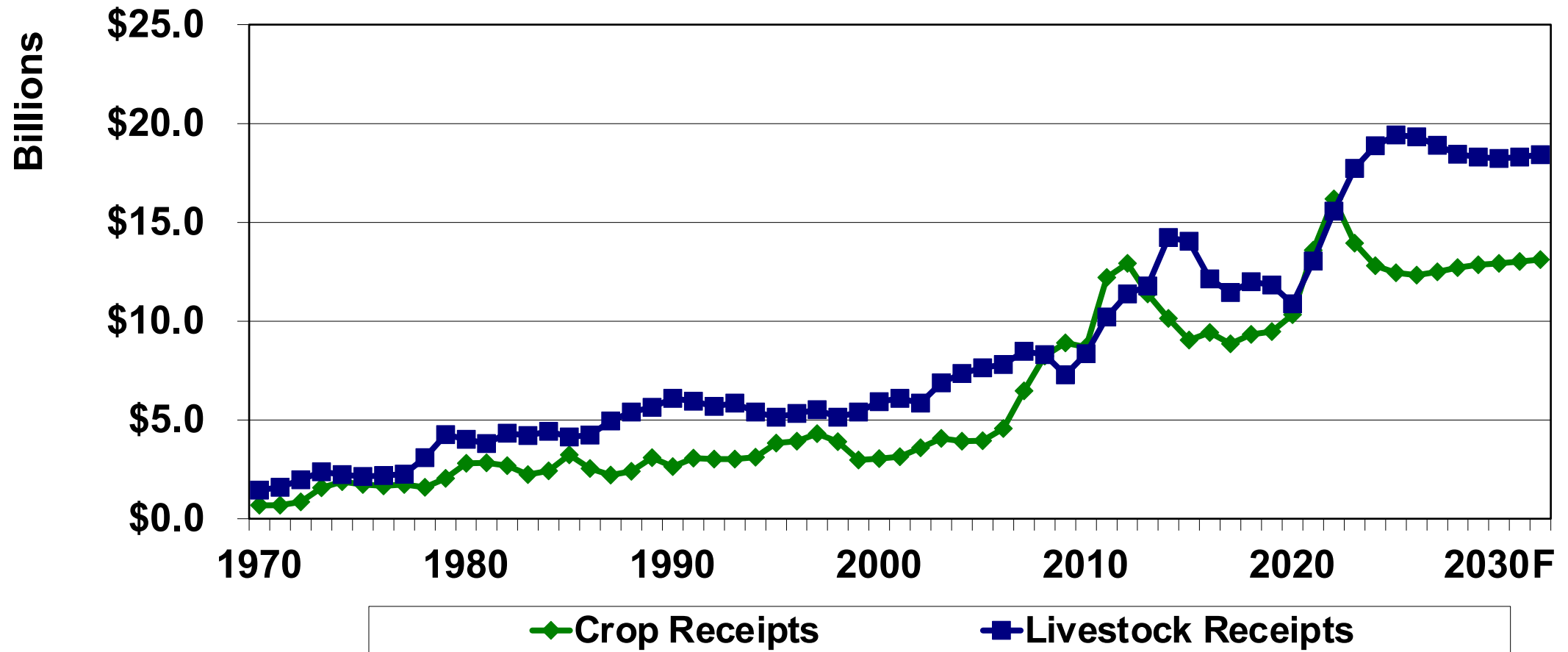
Nebraska Net Farm Income



Source: USDA –ERS, FAPRI, RaFF and author calculations, October 2023



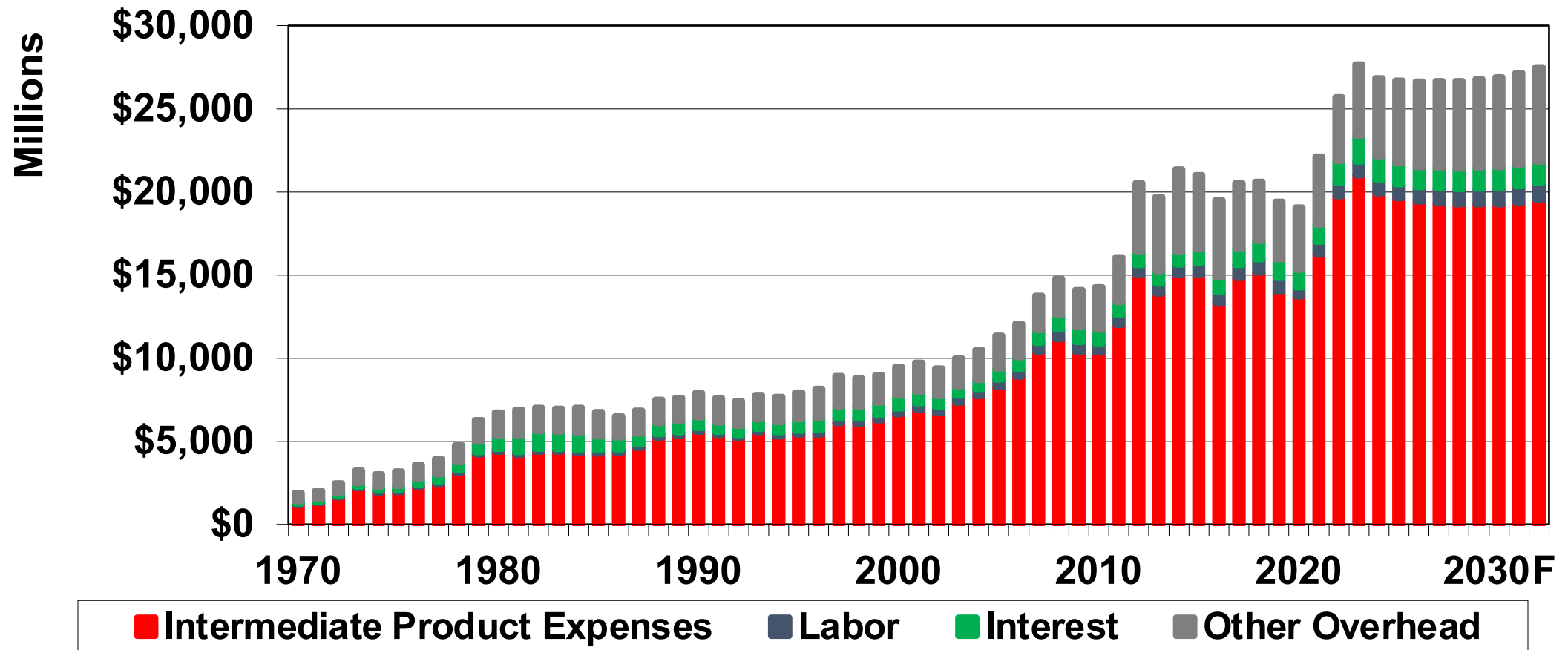
Nebraska Farm Receipts



Source: USDA –ERS, FAPRI, RaFF and author calculations, October 2023



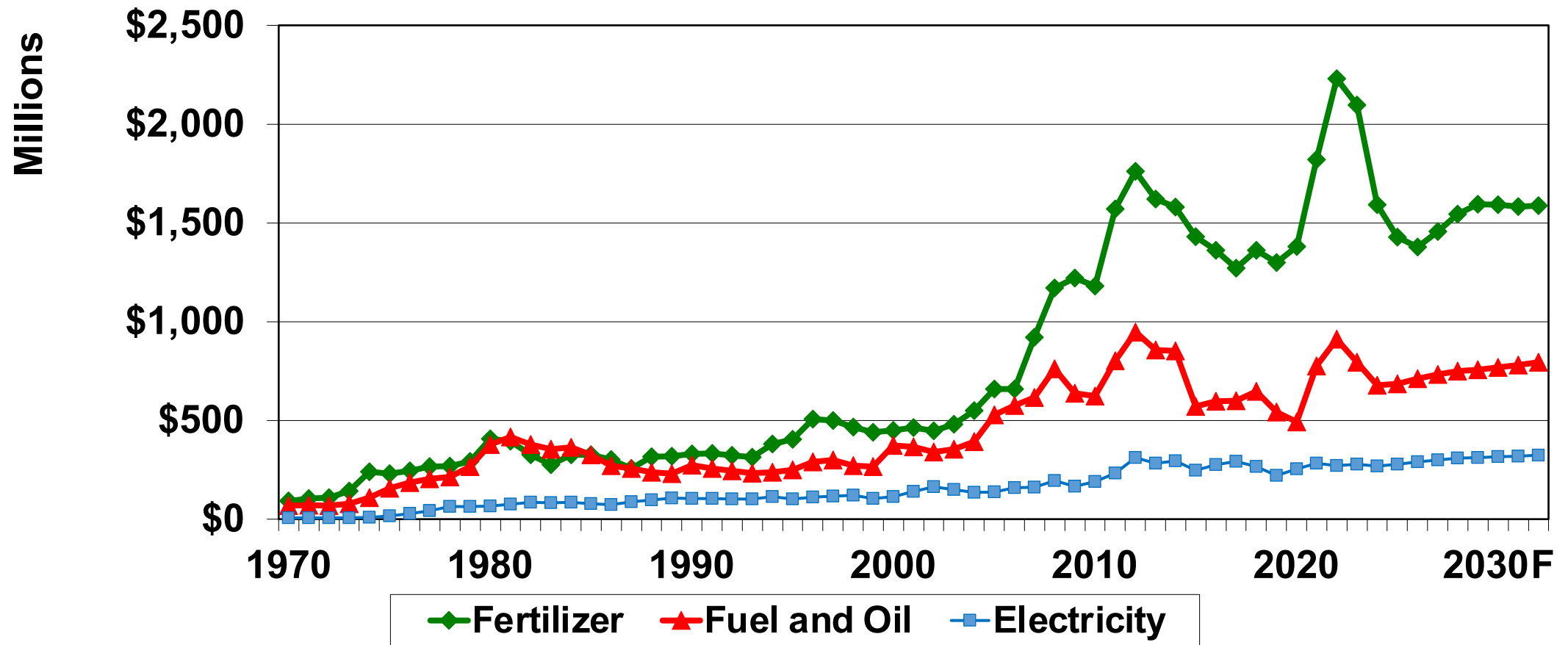
Nebraska Farm Expenses



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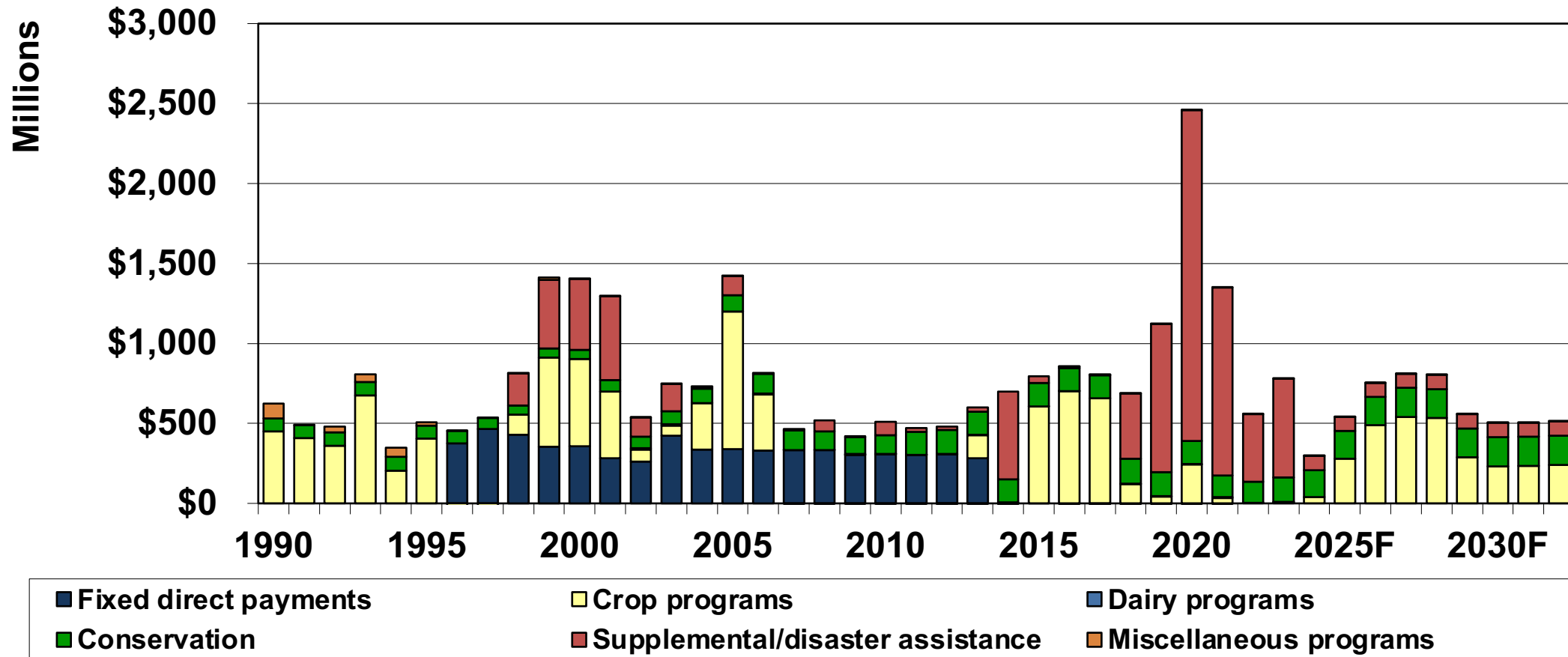
Nebraska Farm Expenses



Source: USDA –ERS, FAPRI, RaFF and author calculations, October 2023



Nebraska Government Payments



Source: USDA –ERS, FAPRI, RaFF and author calculations, October 2023





Farm Income Outlook and Management Issues for 2023 and Beyond

- **Key Issues**

- **Crop and livestock production**

- **Crop production may rebound in 2023, but lower prices will limit receipts and cash flow**

- **Livestock production may pull back in 2023 except for egg recovery**

- **Lower prices expected across the board except for cattle, but that's enough to push total receipts up**

- **Farm income safety net**

- **Commodity program support is expected to be minimal**

- **Crop and livestock insurance are the key part of the safety net, particularly with crop prices far above commodity program support levels**

- **Standing disaster assistance may help with lingering drought concerns and ad hoc assistance will provide further cash flow in 2023**

- **Management**

- **Production expenses level off for some inputs, but continue to move higher for others, including purchased feed and livestock and also interest**

- **Margin may be more important than price or revenue for 2023**

