

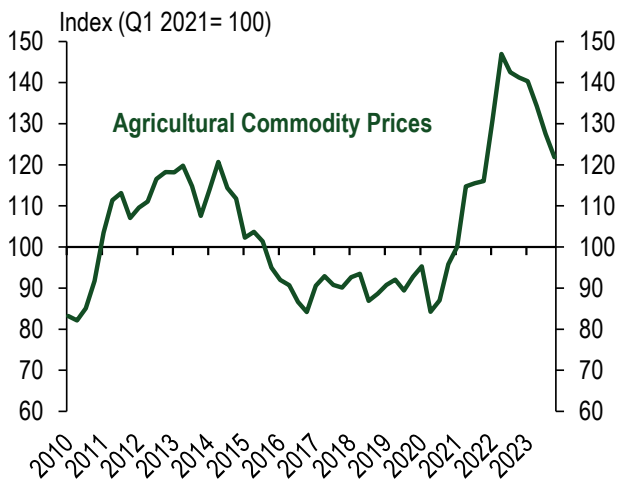
kCFED Ag BULLETIN

Summary

The U.S. agricultural economy moderated through the end of 2023 alongside lower commodity prices. Agricultural prices declined about 15% over the past year to the lowest level in two years. Lower prices for corn, soybeans and wheat accounted for a sizeable portion of the decrease in farm revenues from last year, but prices were also lower for the majority of agricultural products. In contrast to many major commodities, cattle prices rose sharply in 2023 and continued to increase during the fourth quarter as low herd inventories persisted. Domestic demand for agricultural products was firm through the end of the year but exports of many products softened further. Profit opportunities thinned for many producers alongside lower prices, but farm finances were bolstered through the end of the year by considerable strength in income and working capital from previous years. The ongoing resiliency of farm financial conditions supported farm loan repayments and despite higher interest rates, farm real estate values also held firm.

U.S. agricultural prices decreased about 5% over the quarter and ended the year 15% lower than in 2022.

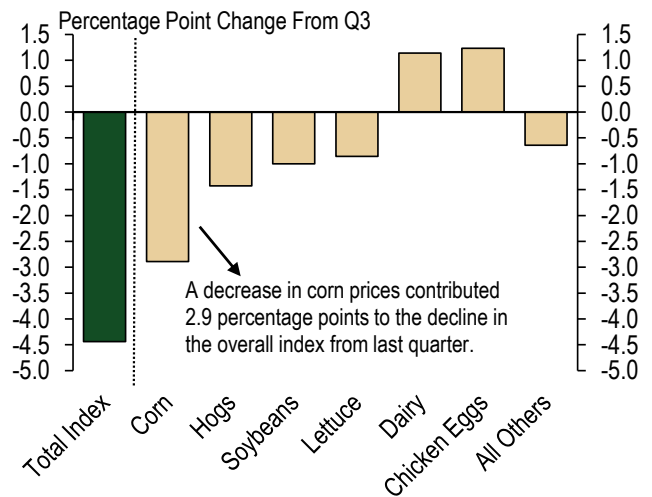
U.S. Agricultural Price Index¹



Sources: USDA and staff calculations

Prices of corn, soybeans and hogs dropped in the final months of the year, while dairy prices increased from low levels.

Contribution to Price Index Change²



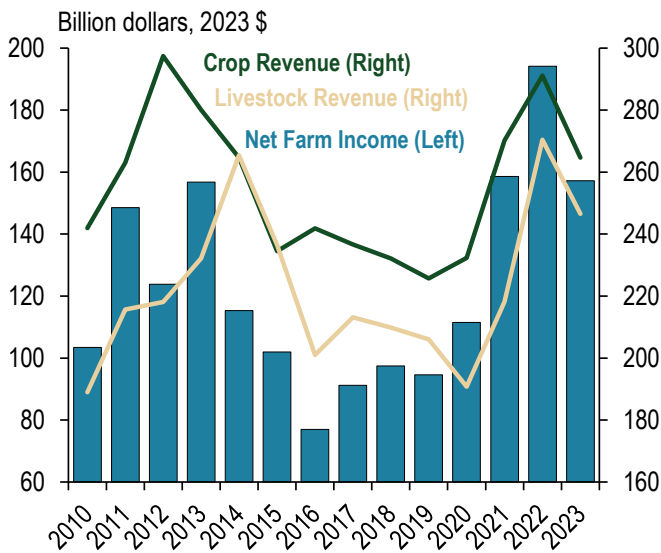
Sources: USDA and staff calculations

Notes

1. Weighted based on share of total annual agricultural cash receipts attributed to each individual commodity. Individual commodities allocated account for 90% of total 2022 cash receipts.
2. Based on changes in weighted indices of individual commodities and corresponding contribution to the change in the sum of those individually weighted indices from the previous period. Above commodities accounted for 50% of total 2023 cash receipts [Corn (17%), Hog (6%), Soybeans (12%), Lettuce (1%), Dairy (11%), and Chicken Eggs(4%)]

Farm income dropped notably in 2023 alongside lower prices for many major commodities, but remained well above the historic average.

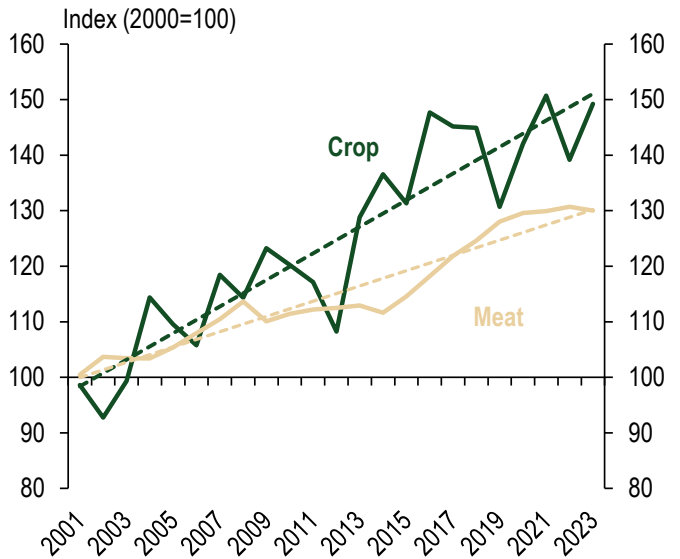
U.S. Farm Income and Revenue³



Source: USDA

Low cattle inventories limited meat production in 2023 while crop production rebounded alongside strong yields in many key growing areas.

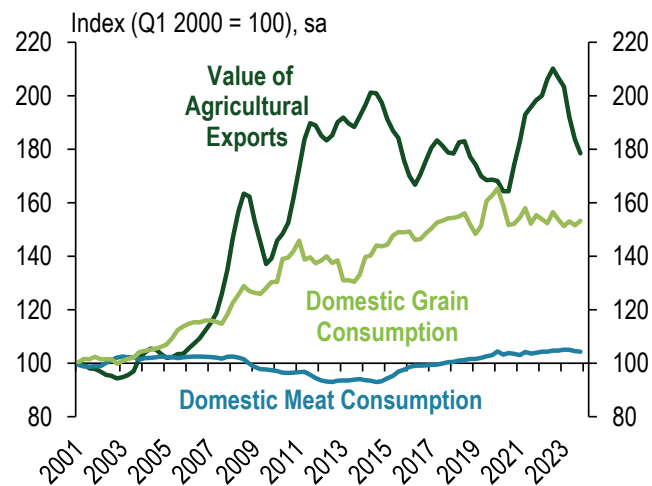
U.S. Crop and Meat Production⁴



Sources: USDA and staff calculations

Domestic consumption of ag products was steady throughout the year, but annual exports were down 10%.

Demand for U.S. Agricultural Products⁵



Sources: USDA and staff calculations

Interest rates on farm loans remained high through year-end, but farm finances remained firm and credit stress was low.

U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q4 2023]	0.8	0.9
Chapter 12 Bankruptcy Filings in 12-month period ending [Q4 2023]	139	169
Ag Bank Loan-to-Deposit Ratio (%) [Q4 2023]	76.5	72.2
Interest Rates on Non-Real Estate Farm Loans [Q4 2023]	8.1	6.2
Farm Debt-to-Assets (%) [Annual - 2023]*	12.7	12.9
Farm Debt-to-Income Ratio [Annual- 2023]*	3.3	2.7

Sources: USDA, U.S. Courts, and Federal Reserve Board of Governors

Notes

3. Crop and Livestock Revenues are reported as cash receipts and accounted for 90% of total gross farm cash income in 2023. Other amounts of gross cash income are attributed to government direct farm payments and other farm-related income.

4. Crop Index includes all grains, oilseeds, fruits and vegetables are weighted by share of total U.S. production measured in million metric tons. Meat Index includes the aggregate live weight of cattle, hogs, and poultry processed at U.S. federally-inspected plants weighted by share of total domestic production measured in pounds.

5. Domestic grain consumption includes food, feed, and industrial use of corn, sorghum, barley, oats, and wheat.

*Farm income and balance sheet figures published by the USDA as of February 7, 2024