

# Agriculture Update

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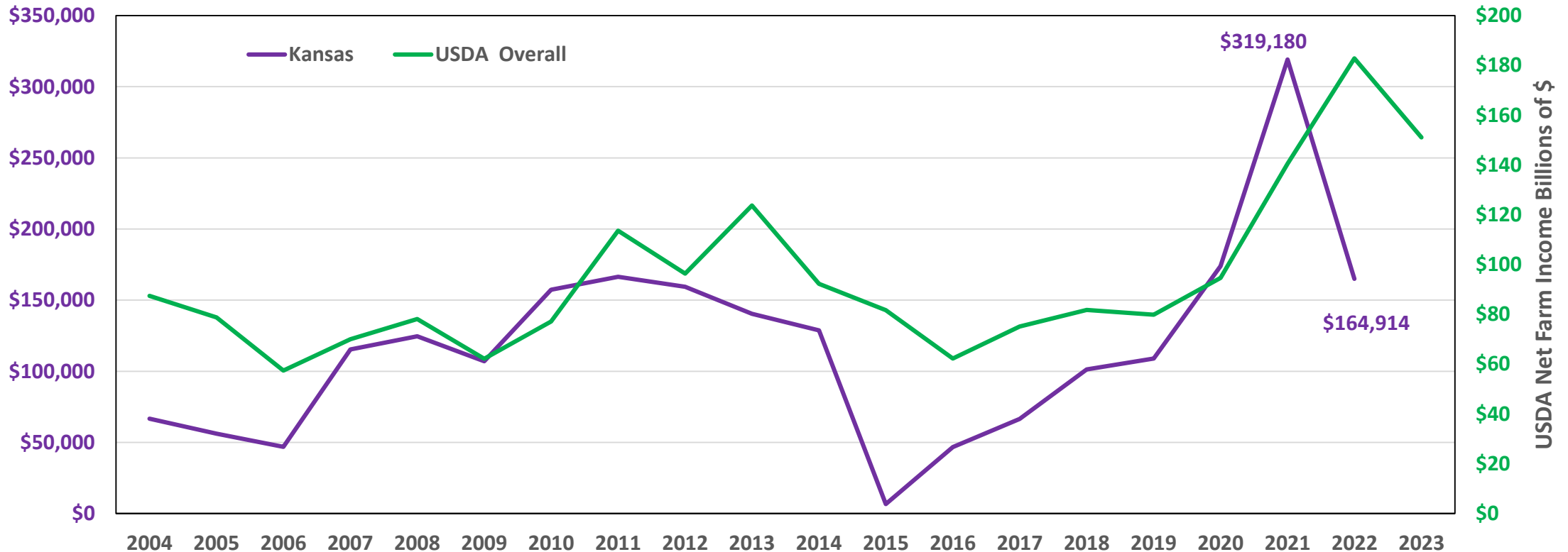


# Introduction

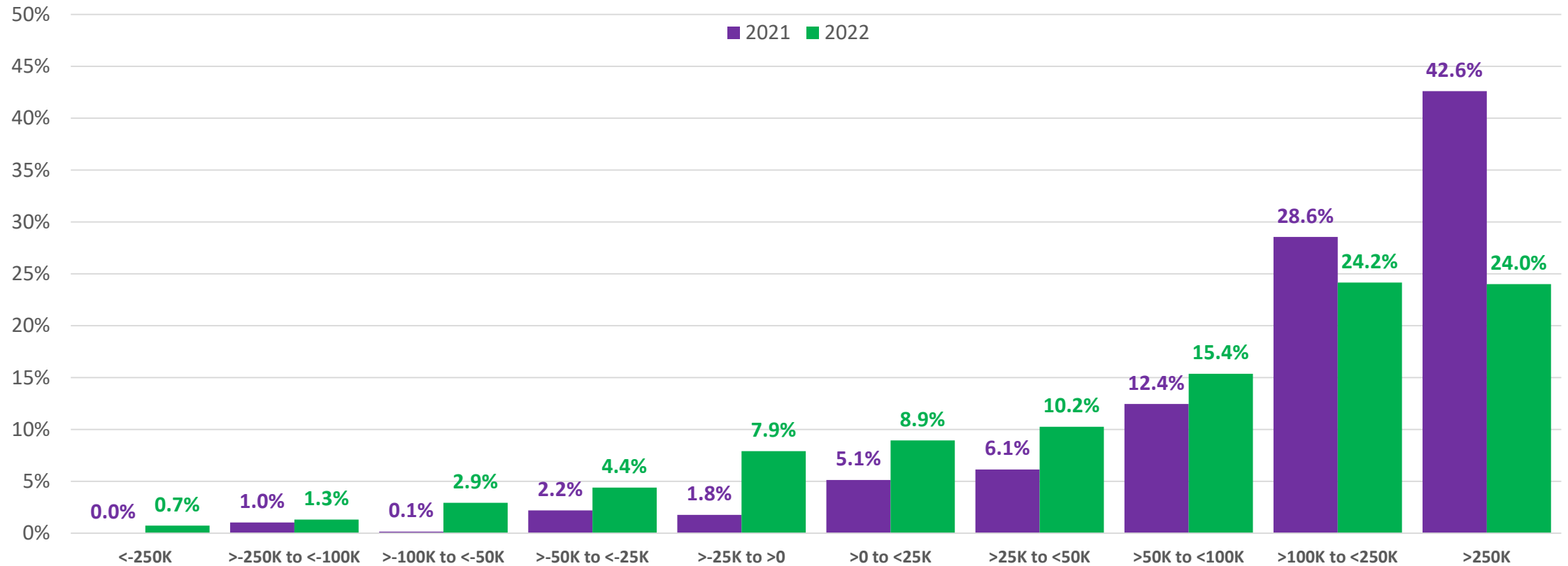
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- ❖ A decent 2022 farm economy with a bit better 2023
- ❖ Net farm income
- ❖ Financial Situation
  - ❖ Probability of Default
  - ❖ Debt to Asset Ratio
  - ❖ Working Capital Position
  - ❖ Capital Debt Repayment Capacity
- ❖ 2022, 2023, and 2024
- ❖ Land Prices

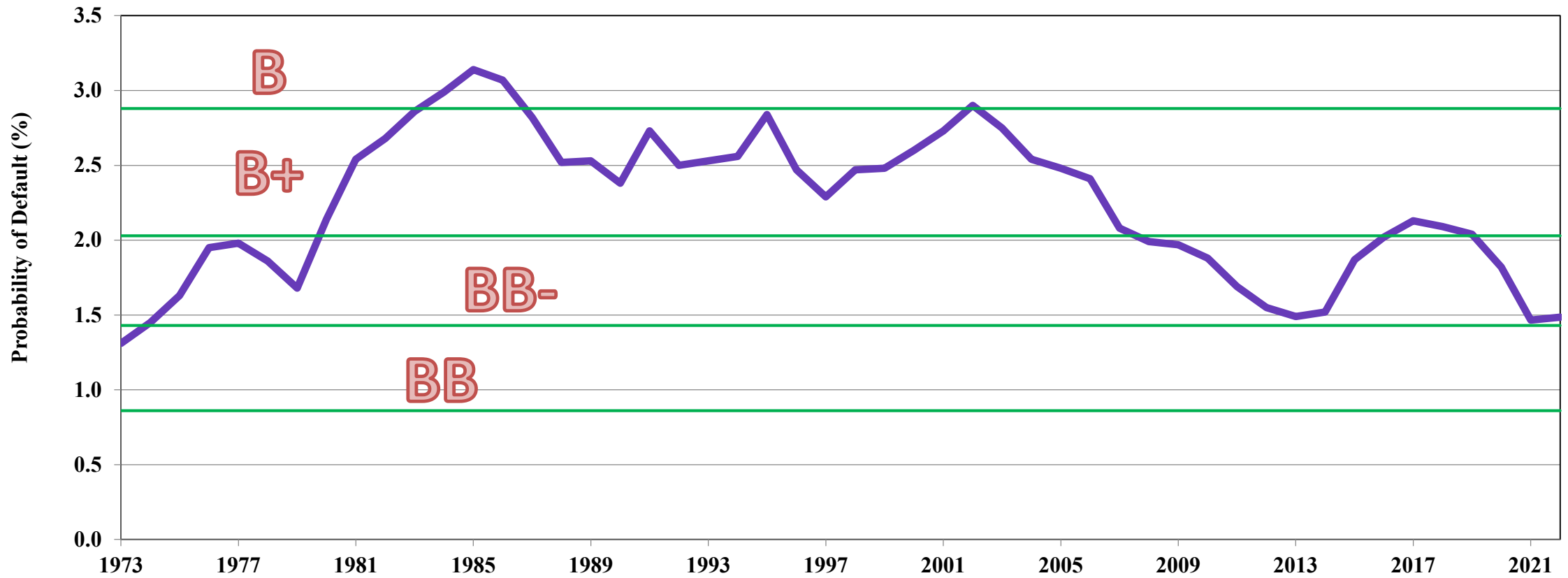
# Net Farm Income – Kansas Farm Management and Aggregate U.S.



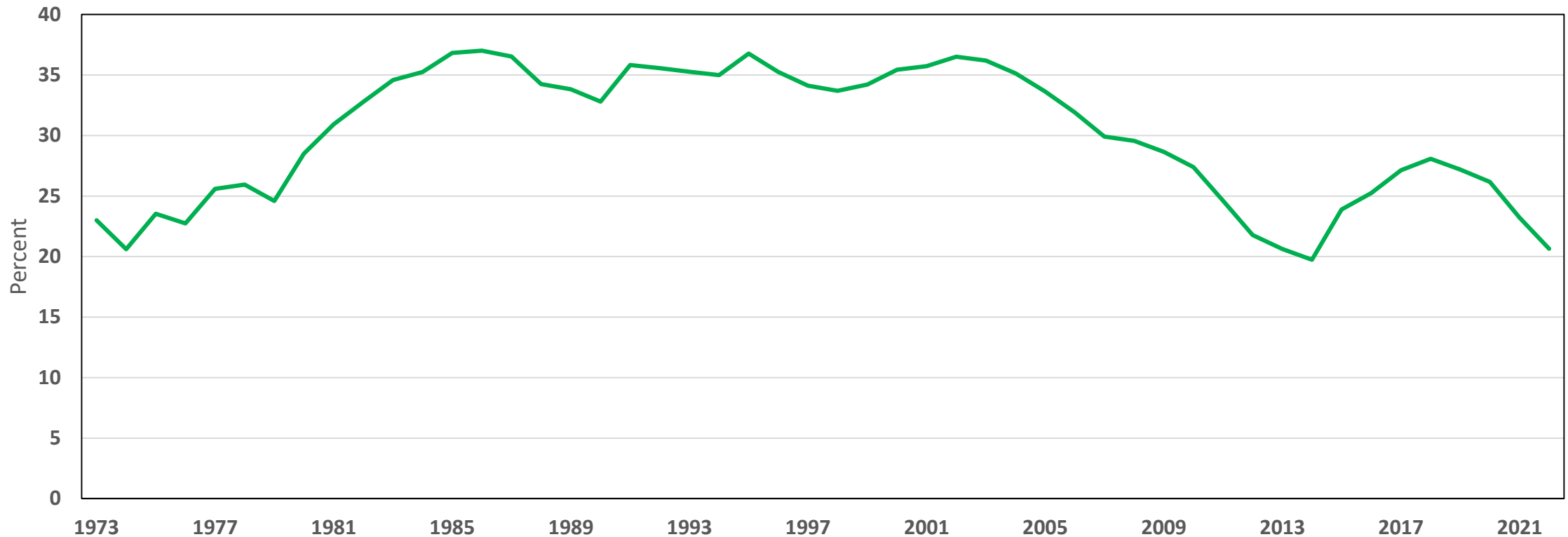
# Distribution of 2021 and 2022 Net Farm Income



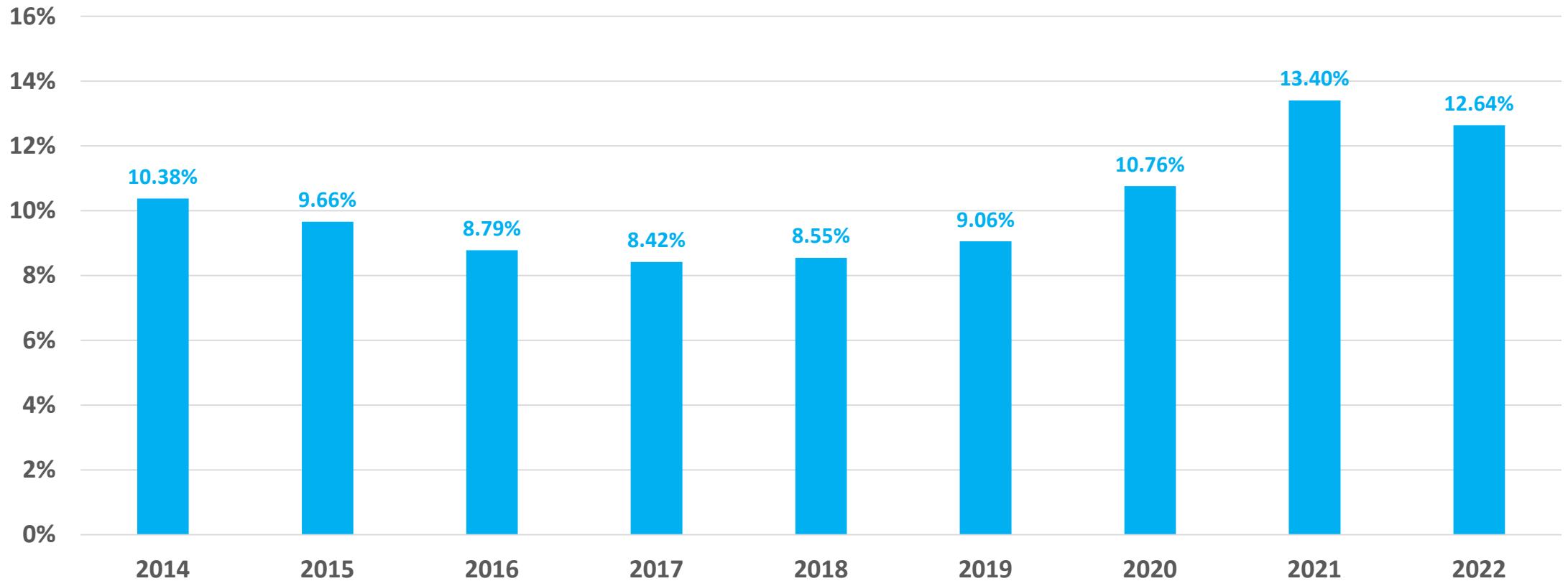
# Default Risk for KFMA farms 1973 through 2022



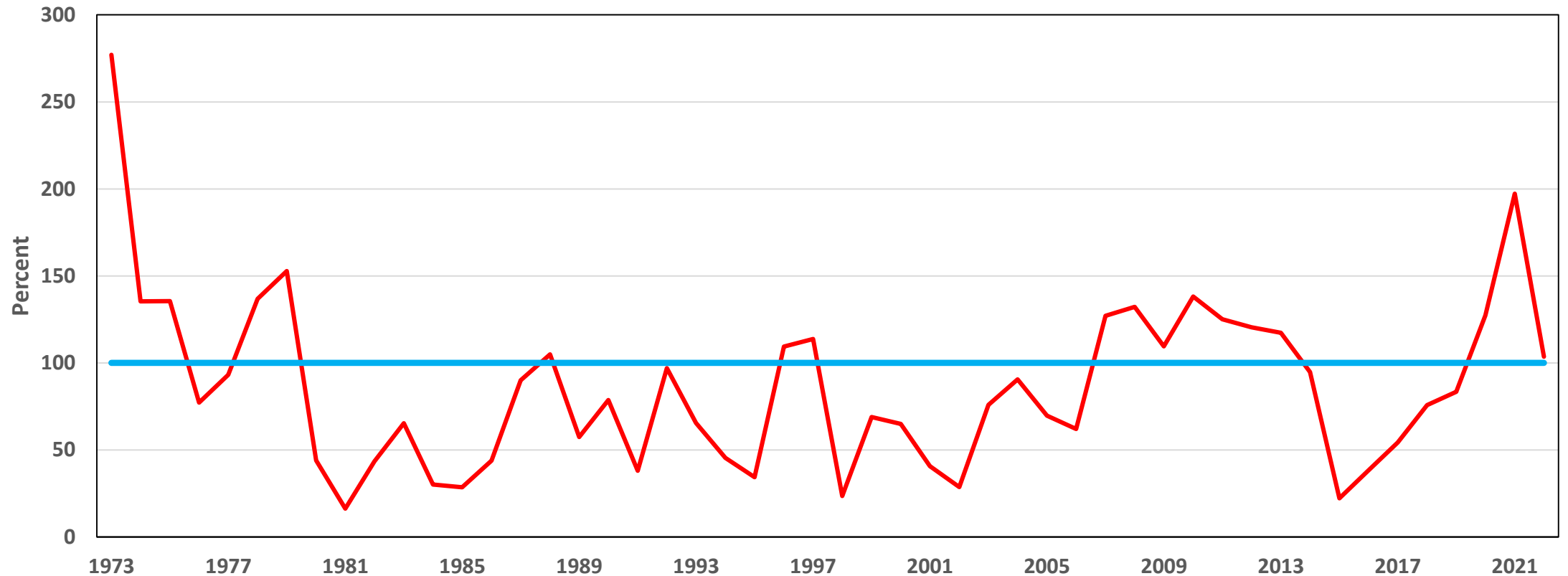
# KFMA Farms Debt to Asset Ratio



# KFMA Farms Working Capital to Asset Ratio

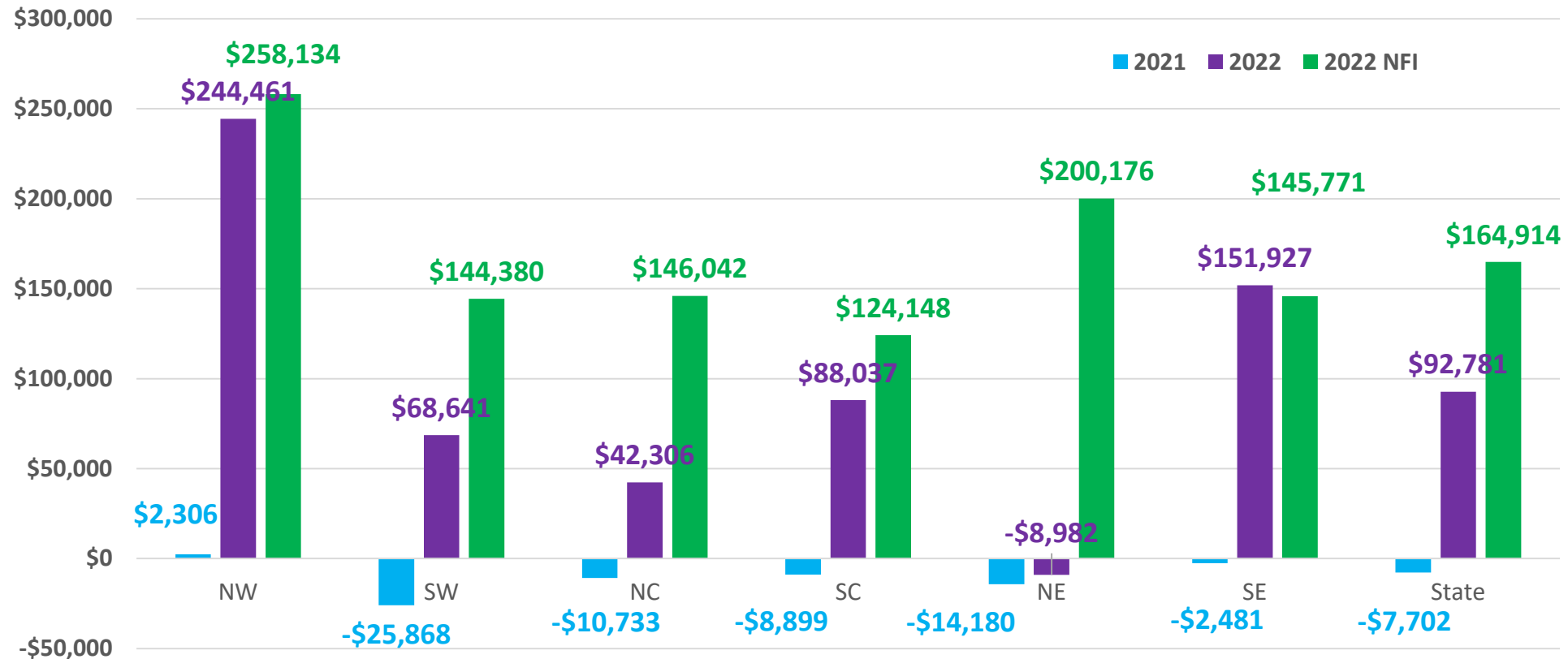


# KFMA Farms Repayment Capacity

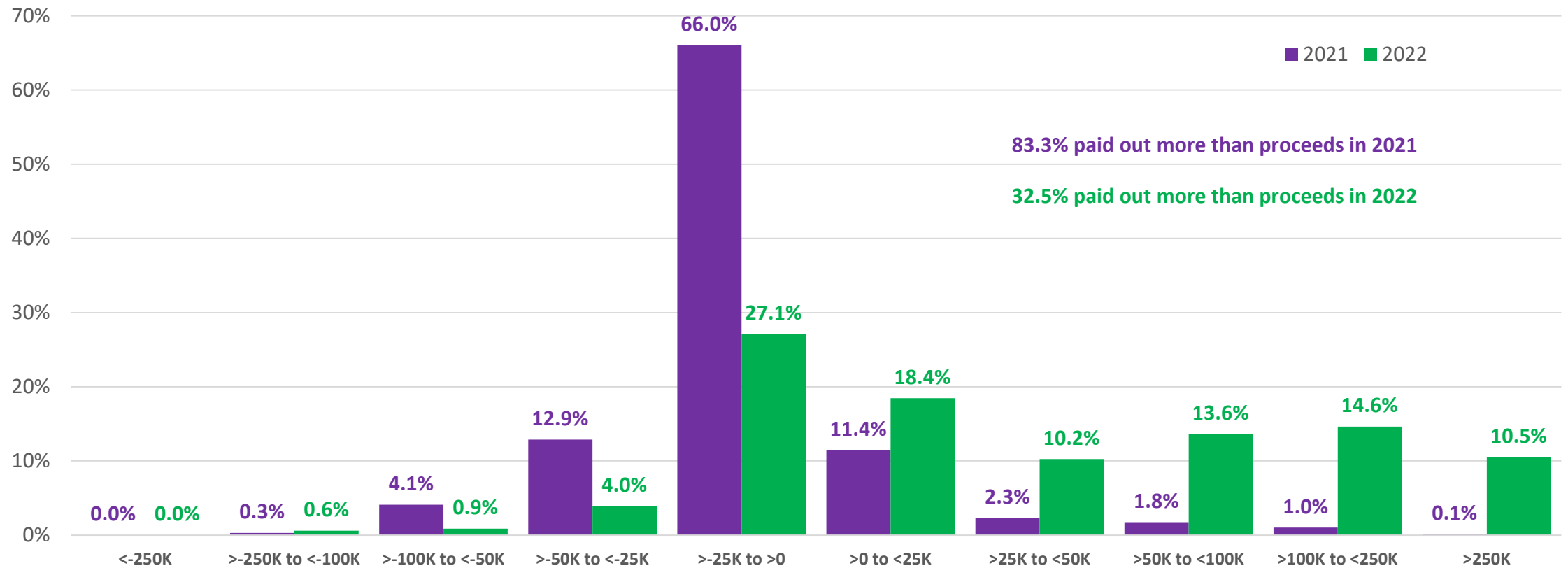




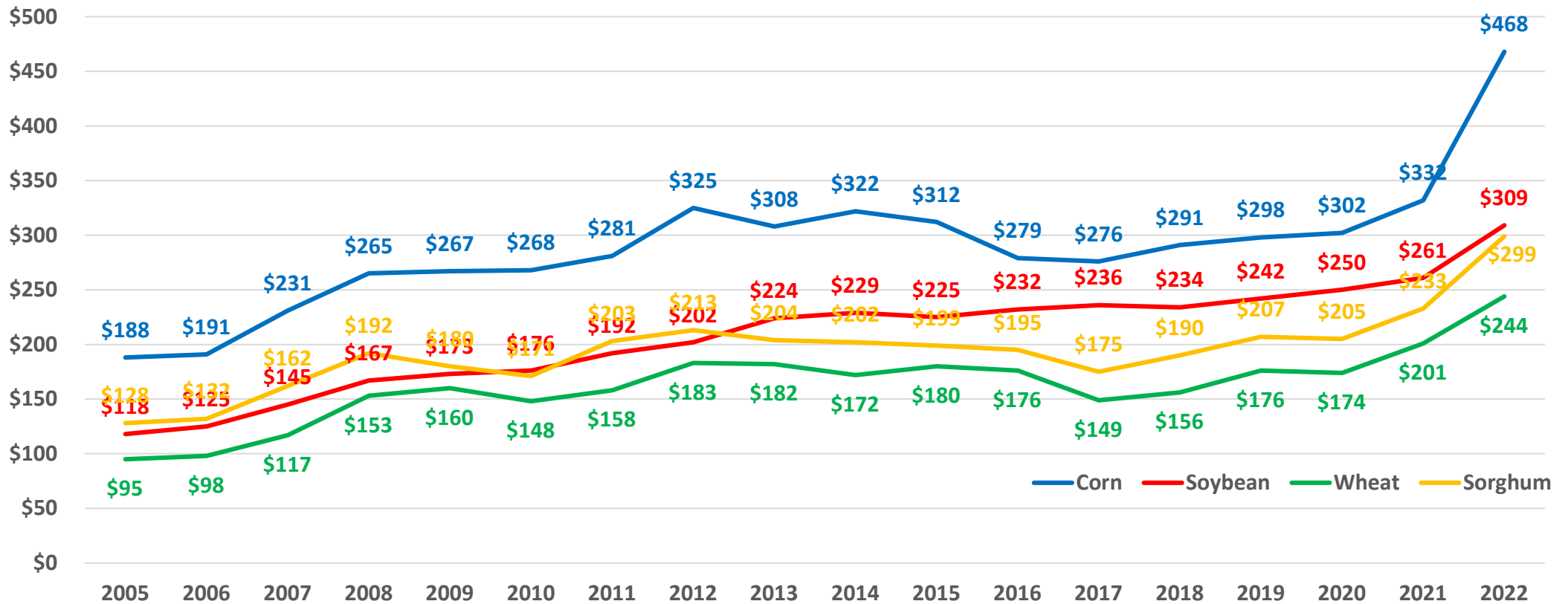
# KFMA 2021 and 2022 Average Net Crop Insurance per Farm and 2022 Net Farm Income



# Distribution of 2021 and 2022 Net Crop Insurance



# KFMA Enterprise Non-Irrigated Variable Cost of Production per Acre



# Input Cost Changes (2022 vs 5-year Average)

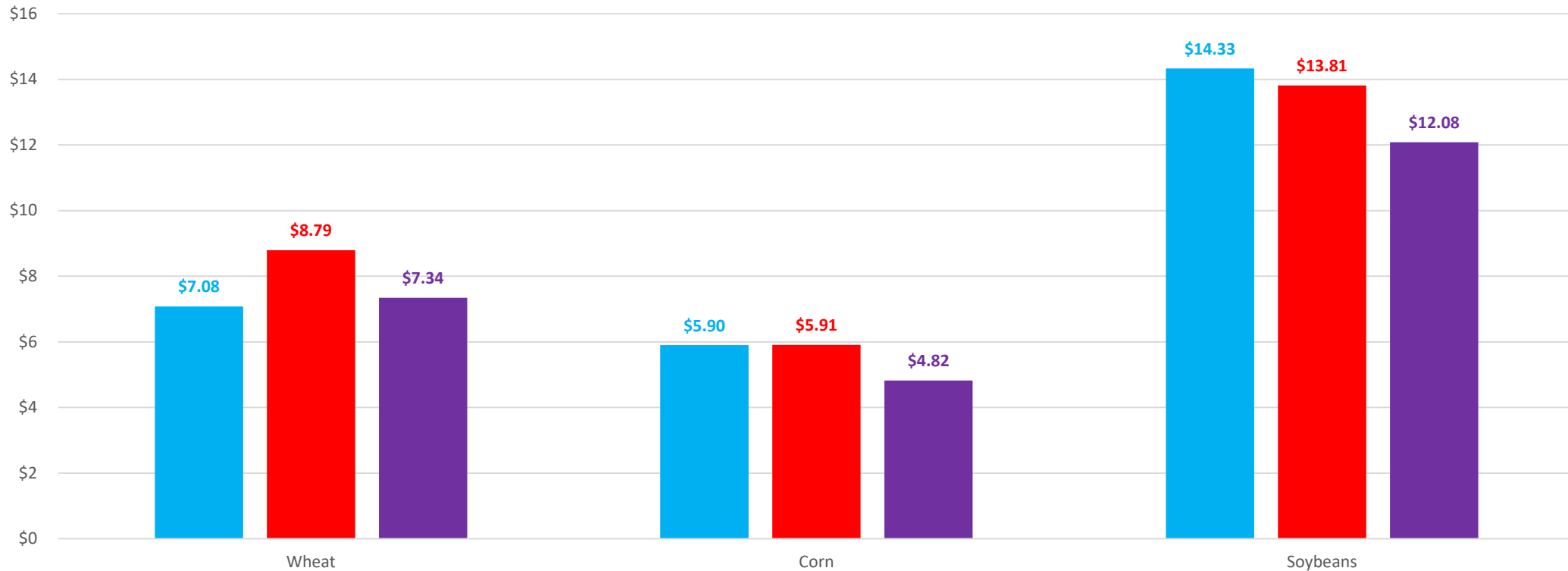
Category	Corn	Sorghum	Soybean	Wheat
Seed	28.3%	18.0%	2.3%	63.3%
Crop Insurance	38.2%	25.1%	39.6%	31.0%
Fertilizer	125.9%	128.5%	82.2%	89.2%
Machine Hire	11.8%	1.3%	12.5%	4.3%
Miscellaneous	-51.4%	-28.3%	26.9%	-36.5%
Cash Rent	67.9%	34.3%	31.9%	38.5%
Pesticide	40.7%	35.2%	43.1%	24.6%
Total Variable	63.6%	57.3%	29.3%	54.2%

# 2022 Enterprise Information

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- Kansas Corn – 2022 Yield 19.0% **below** the previous 5-year average
  - Revenue - \$634 per acre
  - Variable Cost - \$468 per acre
  - Total Cost - \$631 per acre
- Kansas Soybeans – 2022 Yield 43.0% **below** previous 5-year average
  - Revenue - \$407 per acre
  - Variable Cost - \$309 per acre
  - Total Cost - \$438 per acre
- Kansas Wheat – 2022 Yield 10.4% **below** the previous 5-year average
  - Revenue - \$342 per acre
  - Variable Cost - \$244 per acre
  - Total Cost - \$352 per acre
- Kansas Sorghum – 2022 Yield 32.8% **below** the previous 5-year average
  - Revenue - \$410 per acre
  - Variable Cost - \$299 per acre
  - Total Cost - \$404 per acre

# Crop Insurance – Corn Contract Price



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

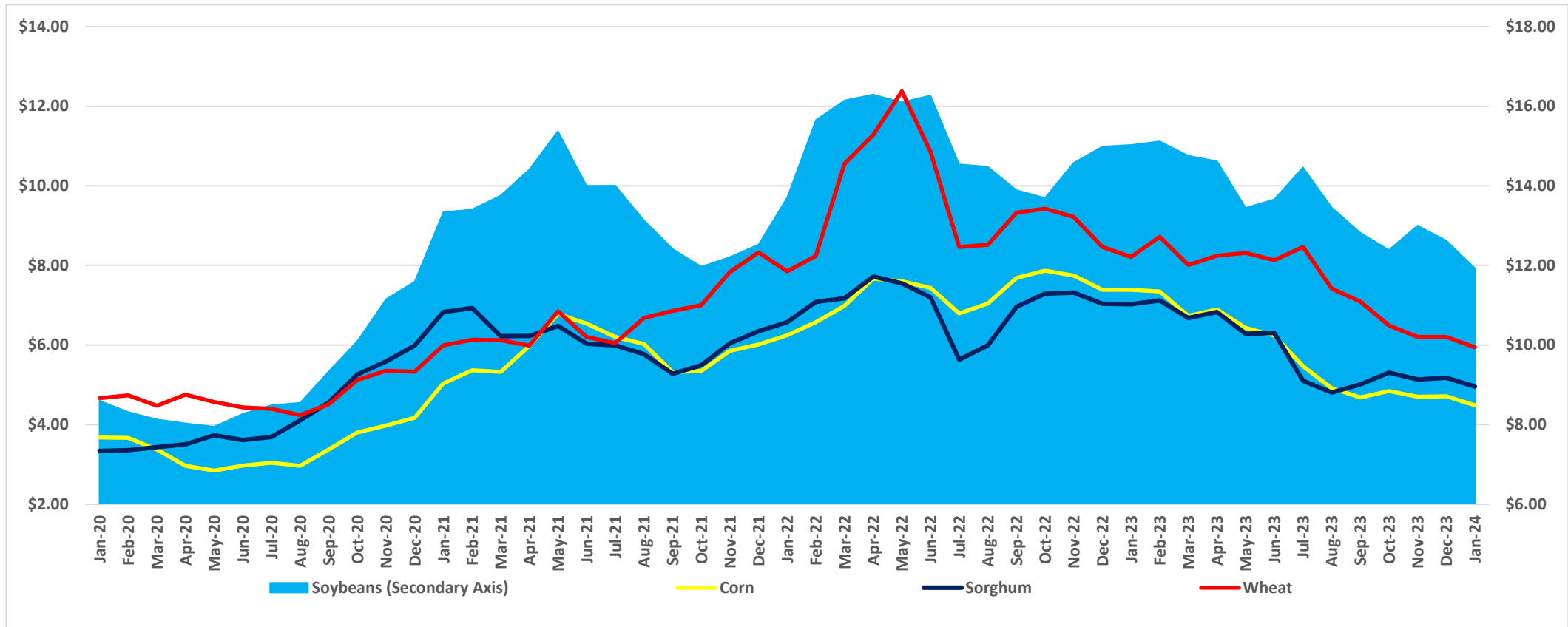
■ 2022 ■ 2023 ■ 2024 (est)

# 2024 Price Situation

January Bid at Salina Kansas

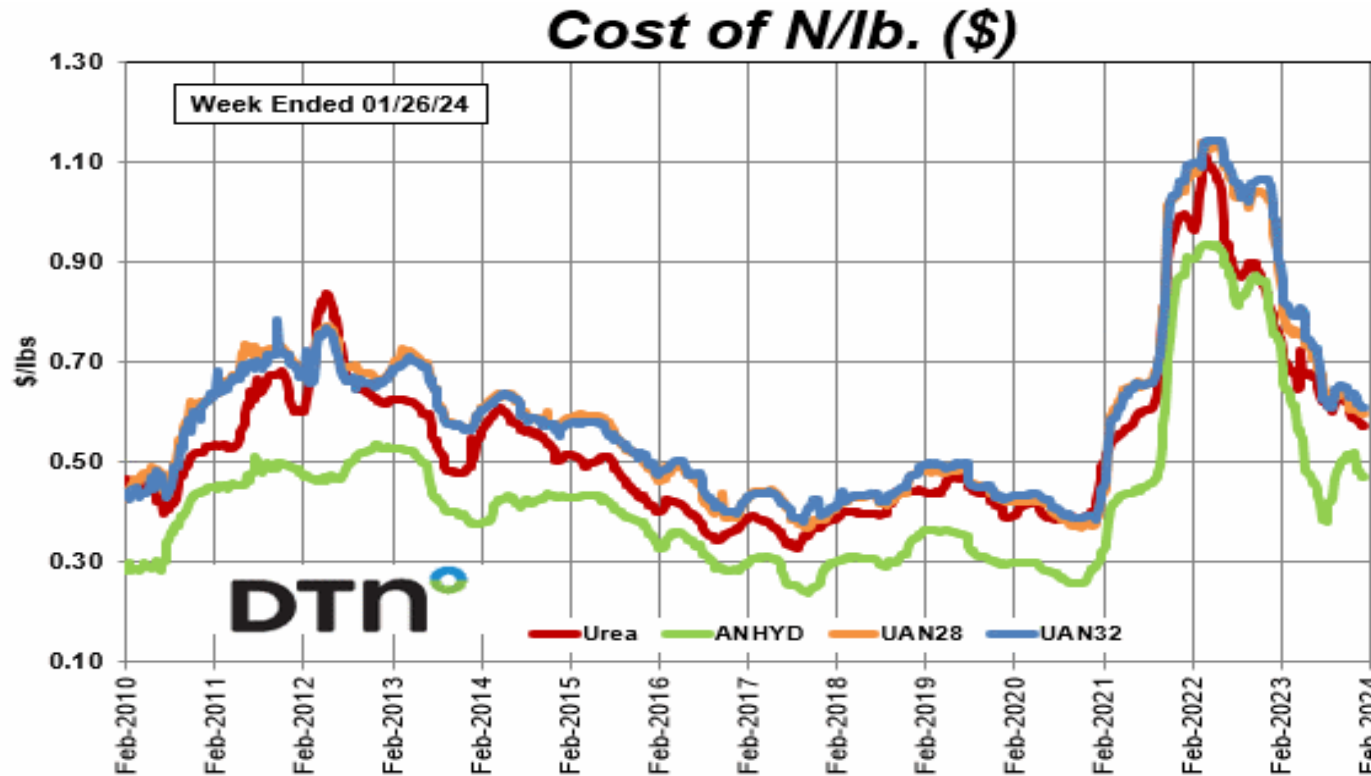
Commodity	Cash Bid (1/29/24)	Cash Bid (1/31/23)
Wheat	\$5.88	\$8.86
Corn	\$4.34	\$4.84
Sorghum	\$4.79	\$4.79
Soybean	\$11.45	\$11.38

# Soybean, Corn, Sorghum, and Wheat Salina Cash Prices





# Cost of Nitrogen per pound



# 2024 Non-Irrigated Crop Enterprise Estimates

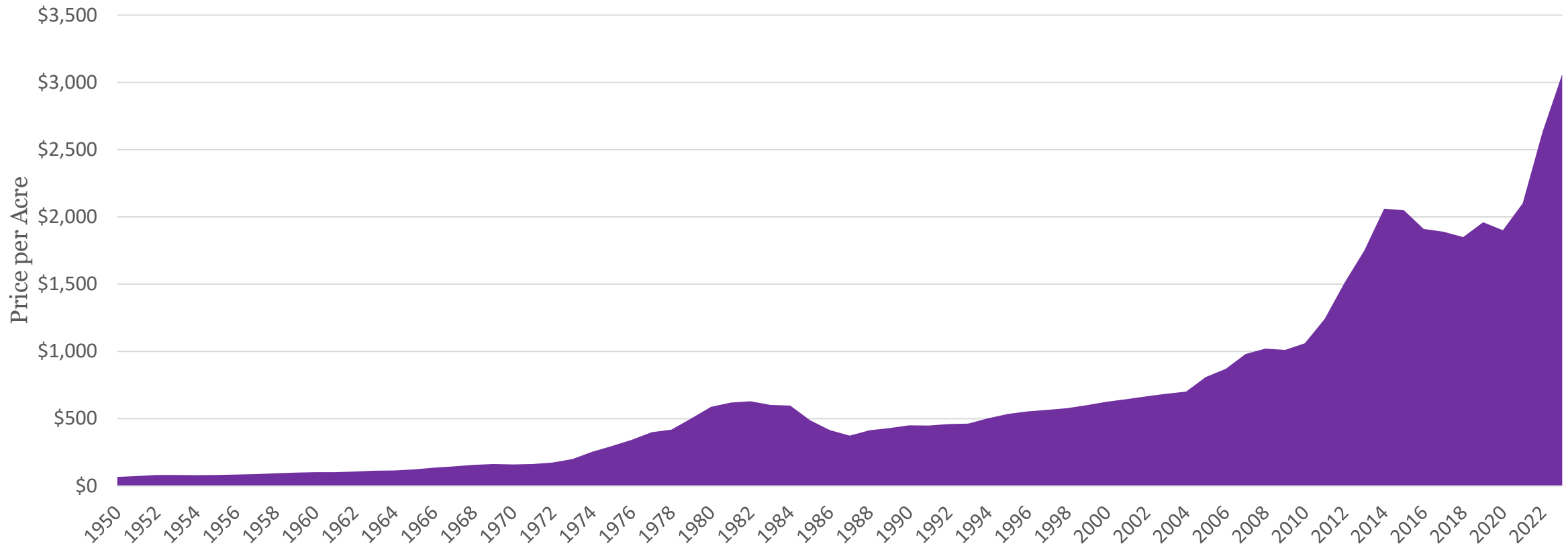
Crop (Expected yield)	2024 Estimated Total Expenses	Net Income
Corn (110)	\$631	-\$154
Sorghum (90)	\$438	-\$7
Soybean (45)	\$352	\$163
Wheat (50)	\$404	-\$110

# Crop Farm Income Estimates

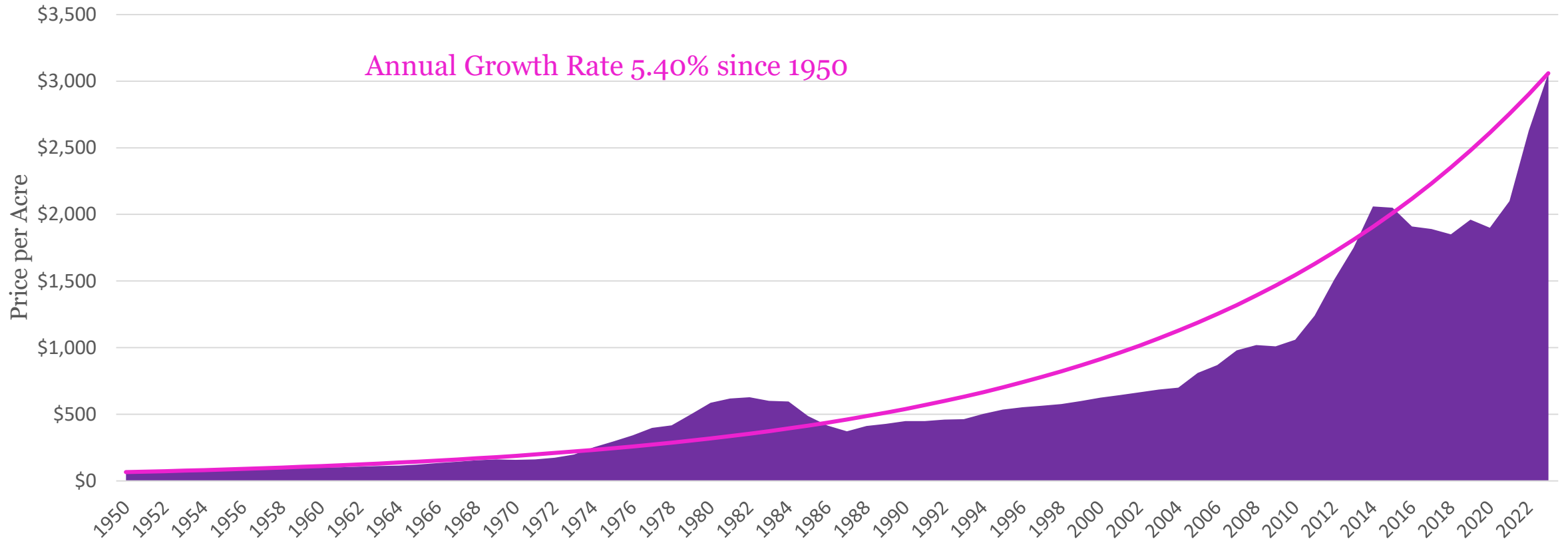
Year	Net Farm Income	Government Payments	% Government Payments
2021	\$342,936	\$60,011	17.5%
2022	\$190,336	\$25,568	13.4%
2023	\$250,357	\$8,747	3.5%
2024	\$72,682	\$0	0%

September 2023 estimates from Gregg Ibendahl

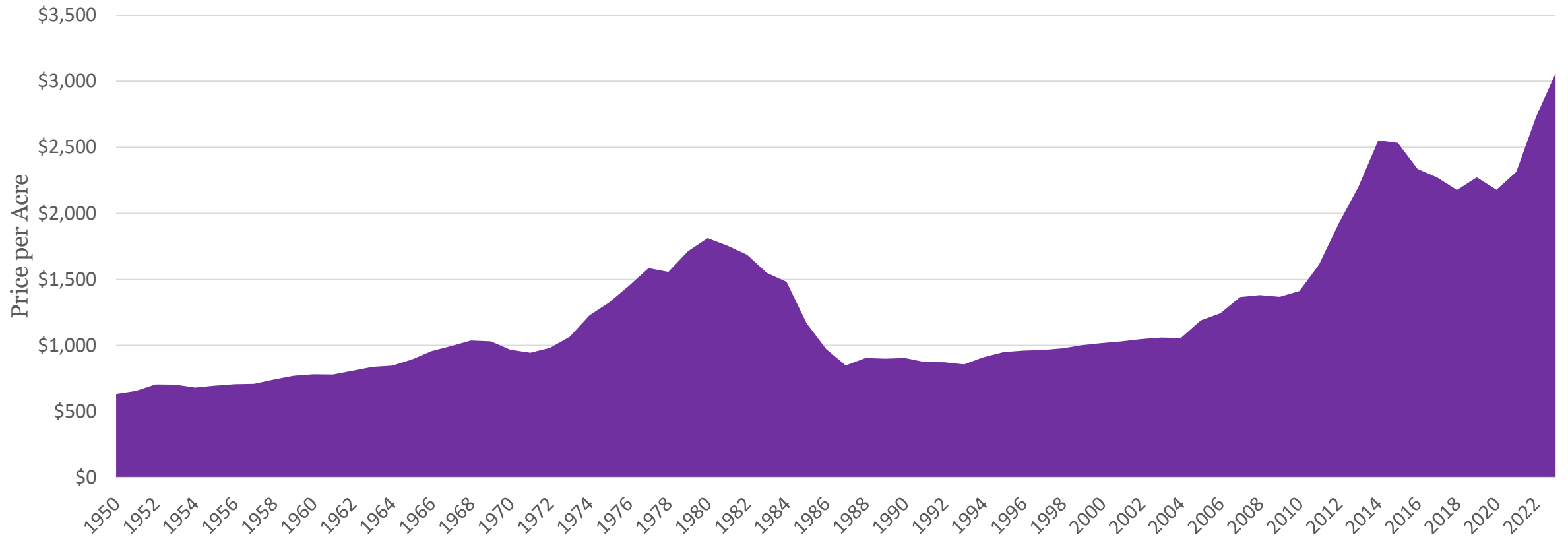
# Kansas Land Values from 1950



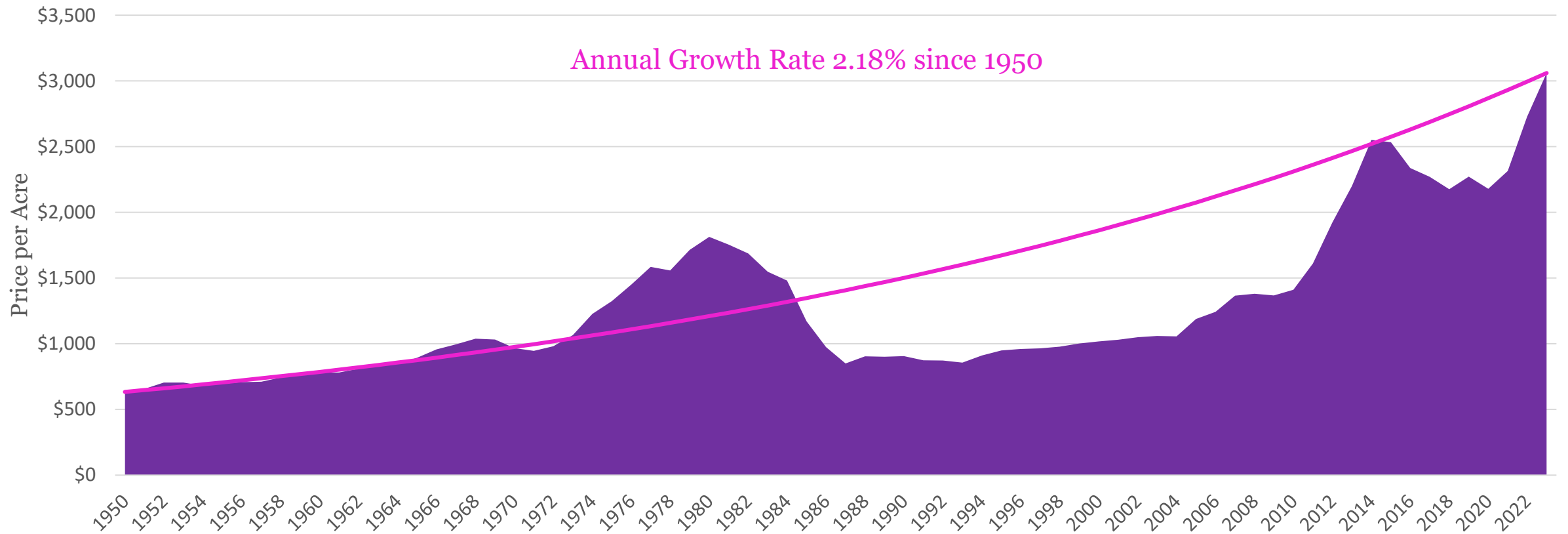
# Kansas Land Values from 1950



# Inflation-Adjusted Kansas Land Values



# Inflation-Adjusted Kansas Land Values



# Land Value Summary

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- ❖ Kansas Agricultural Land Values increased by 25.2% in 2022 and 16.4% in 2023
  - ❖ Abnormally large increase for a two-year period
  - ❖ Increased from \$2,100 per acre in 2021 to \$3,060 in 2023, a 45.7% increase
  - ❖ Long-term average increase is 5.40%
  
- ❖ Kansas Inflation adjusted Agricultural Land Values increased by 17.9% in 2022 and 12.2% in 2023
  - ❖ Abnormally large increase for a two-year period
  - ❖ Increased from \$2,315 per acre in 2021 to \$3,060 in 2023, a 32.2% increase
  - ❖ Long-term average increase is 2.18%



# Summary

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- Net Farm Income fell by nearly 50% in 2022
- Crop Insurance was key to preventing additional deterioration
- Crop Farmers income was good in 2023
- Crop Insurance was key for 2023 especially for wheat
- Early pricing was key for 2023
- Government Payments were limited in 2023
- Crop expenses will be stable in 2024 with fertilizer expenses lessening
- Net Farm Income may be tough in 2024

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