

Lower Per Acre Cost of Production for Crops



Projected 2024 cost of production lower than 2023 costs for all major commodity crops



Lower Crop Cost of Production in 2024

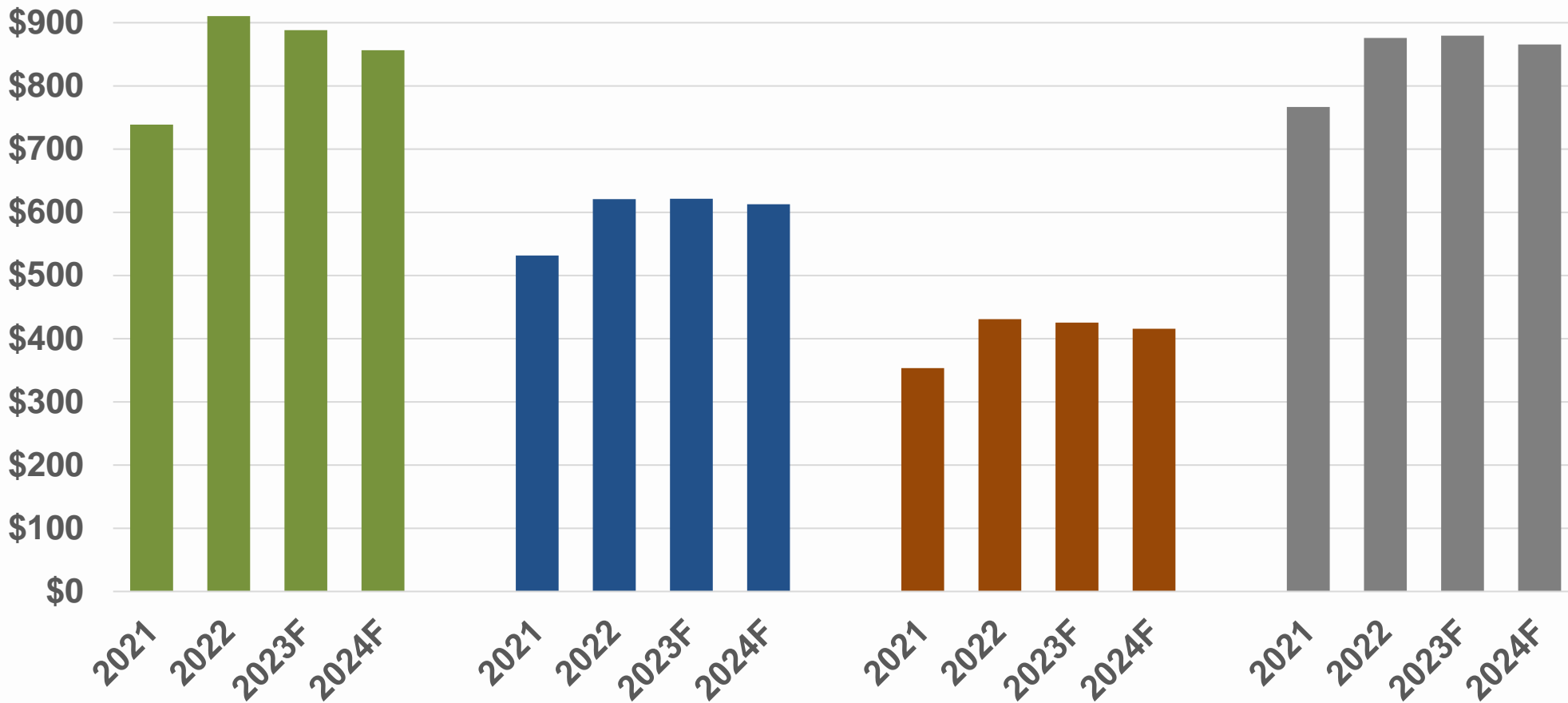
↓ 3.6% from 2023
↓ 5.9% from 2022

↓ 1.4% from 2023
↓ 1.3% from 2022

↓ 2.3% from 2023
↓ 3.5% from 2022

↓ 1.6% from 2023
↓ 1.2% from 2022

→ Rice, Peanuts, Sorghum, Oats, and Barley costs also 1% to 2% lower



But Per Unit Costs Still Exceed Prices



Despite lower dollar costs of production, falling prices push margins to break-even or lower



Forecast Per Unit Margins

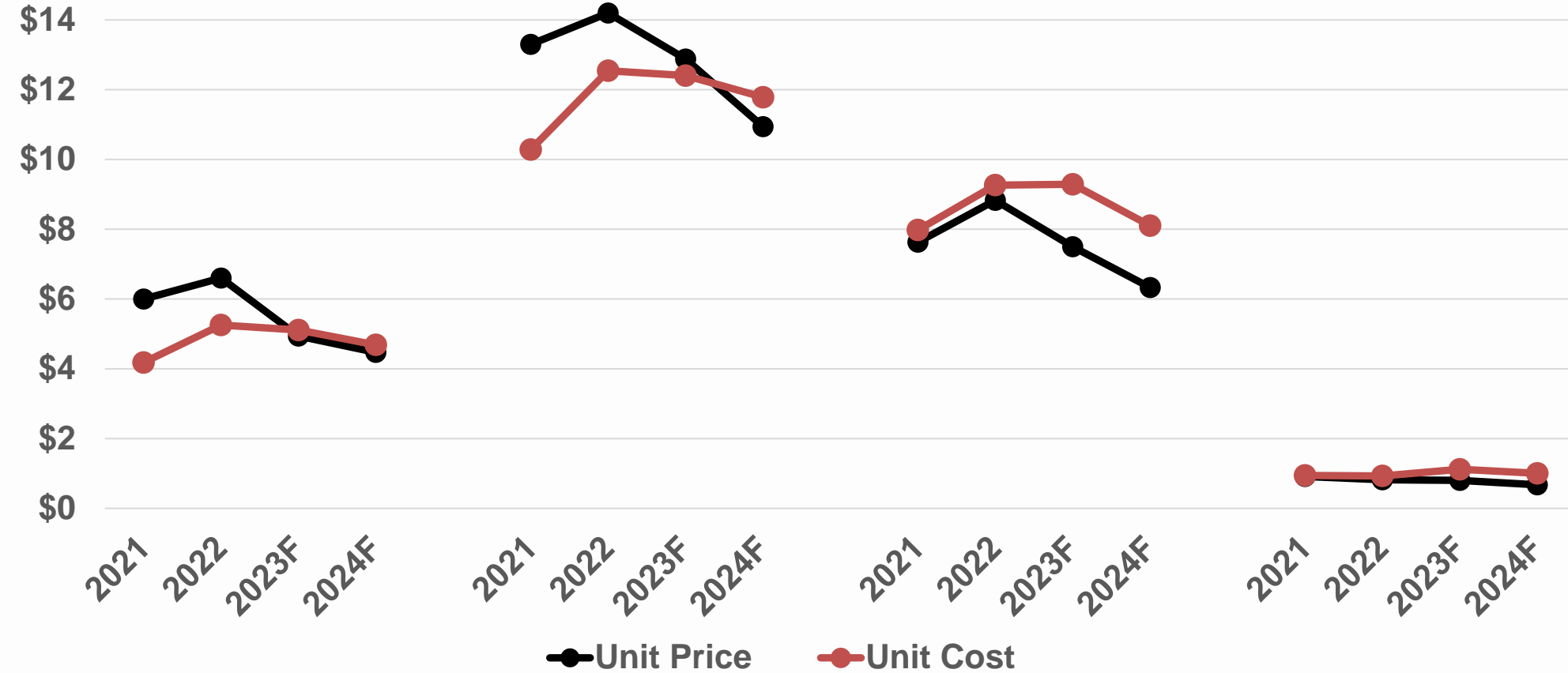
2023: **-\$0.17**
2024: **-\$0.22**

2023: **\$0.48**
2024: **-\$0.84**

2023: **-\$1.79**
2024: **-\$1.77**

2023: **-\$0.32**
2024: **-\$0.33**

→ Rice, Peanuts, Sorghum, Oats, and Barley per unit margins for 2024 all at or below break-even



USDA ERS Data, FAPRI Data, NCGA Calculations

Importance of the Farm Safety Net



2023 Crop Insurance Example for Corn

TA-APH Yield 180

Proj. Price \$5.91

Possible Harvest Price Scenarios:

Coverage Level	Yield Guarantee	Revenue Guarantee	\$5.00		\$5.50		\$4.50	
			Trigger Yield	% of APH	Trigger Yield	% of APH	Trigger Yield	% of APH
85%	153	\$904	181	100.5%	164	91.3%	201	111.6%
80%	144	\$851	170	94.6%	155	86.0%	189	105.1%
75%	135	\$798	160	88.7%	145	80.6%	177	98.5%
70%	126	\$745	149	82.7%	135	75.2%	165	91.9%
65%	117	\$691	138	76.8%	126	69.8%	154	85.4%
60%	108	\$638	128	70.9%	116	64.5%	142	78.8%
USDA Cost/Acre		\$888						

→ What about 2024? If the crop insurance projected price is lower, revenue guarantees will be lower.

To cover USDA average cost of production projection at \$856 per acre with 180 bu/acre TA-APH need:

\$5.60 projected price with RP 85%

\$5.95 projected price with RP 80%

\$6.34 projected price with RP 75%

→ Title 1 Effective Reference Price expected to activate in 2024 demonstrating the importance of a multi-faceted farm safety net

Corn Production Grows with Less Land



Despite fewer acres, USDA projects corn production to grow as yields increase by 2 bushels per acre annually over the next decade

