



The Farmer's "Market"



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Message from the President

ALAN HOSKINS

John Maxwell is one of my favorite authors and speakers. One of his quotes, which resonates with me personally, is "Change is inevitable, growth is optional." He also penned "If you want to change and grow, then you must know yourself and accept who you are before you can start building." I believe most will agree we live in a world where change occurs at breakneck speed. What specific steps are you taking to ensure your growth, both business and personal, is happening in a similar timeframe?

All producers are familiar with how "change" has occurred over the past two years. Interest rates have risen and both commodity and equipment prices have fallen. When we say we would like to see "change", these are certainly not the trends we desire. I would, however, argue both types of growth referenced above are more likely to occur during down economic cycles than when we are experiencing "good times".

The second of Mr. Maxwell's quotes shown above speaks of the importance to "know yourself". Simply stated, don't try to be something you are presently not. No one is an expert in everything. It certainly does not mean that you can't learn but be honest regarding your present skillset limitations. As an example, if marketing has not been your strongpoint over the past two years, please find a resource more knowledgeable in this area to assist in improving your operation's profitability versus trying to do it solely on your own. True growth is often evidenced by realizing you need assistance in a specific area. When you make the choices of those you will ask to help advance your business, select individuals that will indeed teach you methods of improvement versus making decisions for you.

Another element of growth I ask be considered is being very targeted in your goals. When challenging times occur, it is easy to become overwhelmed as we may identify many areas needing improvement. Please consider focusing on no more than three specific improvements you would like to enact. If a greater number of potential changes is chosen, it can become difficult to maintain attention to the tasks at hand and achieve long-lasting progress.

There is no shortage of challenges in the current agricultural environment. Our industry has faced difficult times before and farmers have found ways to improve and persevere. This time will be no different. While these periods are never pleasant as we face them daily, they do help galvanize us in ways to take advantage of future opportunities.

Navigating the Used Farm Equipment Market in 2025

By Casey Seymour
Successful Farming

The agricultural equipment market stands at a crossroads, grappling with many challenges while presenting opportunities for savvy producers. As we look toward 2025, several factors — including interest rates, commodity prices, and inventory levels — influence the agricultural sector's purchasing decisions and market dynamics.

The agricultural landscape has faced significant hurdles recently, marked by declining commodity prices, high operational costs, and reduced farm income. According to USDA projections, net farm income is expected to drop by nearly 25% in 2024, falling from \$155 billion to \$116 billion. This sharp decline, driven by decreased cash crop receipts and rising production expenses, has left many farmers hesitant to invest in new equipment. Consequently, the used equipment market also feels the effects of this downturn, with many farmers postponing or canceling their planned purchases.

The dynamics of the used tractor market are influenced heavily by the interplay of supply and demand and economic conditions. The past few years have seen an influx of used machinery into the market due to post-COVID supply chain recoveries and the expiration of seasonal leases. Supply chain recovery has led to crammed dealership lots filled with expensive, late-model equipment, while high interest rates have further discouraged purchases. However, as we transition into 2025, there are glimmers of hope that the market could swing in a more positive direction.

The last quarter of the year has historically been crucial for used equipment sales, driven by end-of-year tax buying and an active auction cycle. In this period, farmers typically take advantage of favorable buying conditions. Despite expectations of a muted fourth quarter in 2024 due to interest rates and lower farm income

availability, sales activity remained slightly more active than expected. Interestingly, row crop tractors and planters saw a rise in inventory levels, indicating that while some equipment segments are more tightly managed, others are not as closely watched.

The relationship between the auction and retail markets is another critical factor shaping current dynamics. These two markets are intricately linked, influencing one another through a phenomenon known as the "120% rule." This rule indicates that buyers tend to favor auctions when retail prices exceed auction values by more than 120%. The COVID-19 pandemic disrupted this



balance, creating a "scarcity premium" that inflated auction prices during a time of constrained supply. Currently, retail-to-auction values for various equipment categories again exceed the 120% threshold, suggesting that a recalibration is necessary for market stability.

The anticipated decline in interest rates could ease financial pressures from operating notes, allowing farmers more feasible pathways to invest in used equipment. With financing options like 2.9% rates for 60 months and 24-month interest waivers becoming more common, many producers may be encouraged to explore upgrading their machinery. However, uncertainties surrounding future commodity prices and the overall economic climate continue to loom, leaving farmers in a cautious "wait and see" mode.

Additionally, the high costs associated with new equipment financing are compelling many farmers to consider leasing options. However, today's leasing structures differ significantly from the past, as most leases require customers to take responsibility for the equipment at the end of the term. This reality requires careful consideration before entering lease agreements, as farmers must weigh the long-term implications of their financing choices.

The agricultural economy's current state poses significant headwinds, yet some segments show resilience. For example, parts and service revenues thrive as farmers prioritize maintaining and repairing existing equipment rather than investing in new machinery. This trend underscores a broader adaptability within the agricultural sector as it navigates ongoing economic pressures.

In summary, the agricultural equipment market is undergoing a complex transformation influenced by various factors. Declining net farm income, high interest rates, and uncertainties surrounding government policies pose challenges, but potential reductions in interest rates and slight improvements in commodity prices offer hope. As we move into 2025, the dynamics of the used tractor market will continue to evolve, driven by supply and demand shifts, financing conditions, and the broader economic landscape.

Farmers and equipment dealers must remain vigilant, adapting their strategies to capitalize on emerging opportunities while managing the risks inherent in the current market conditions. The agricultural sector's resilience and ability to innovate will play a crucial role in shaping the future landscape of agricultural equipment sales, leading to a new normal that balances the challenges and opportunities ahead.

WARM UP YOUR WINTER

Winter Vegetable Soup Recipe



Ingredients

- 2 tbsp olive oil
- 1 onion, diced
- 3 carrots, sliced
- 2 celery stalks, chopped
- 2 cups diced butternut squash
- 1 cup chopped kale
- 4 cups vegetable or chicken broth
- 1 can (14 oz) diced tomatoes
- Salt and pepper to taste

Instructions

1. Heat olive oil in a large pot. Sauté onion, carrots, and celery until softened.
2. Add butternut squash, kale, broth, and diced tomatoes.
3. Simmer for 25–30 minutes. Season with salt and pepper. Serve warm with crusty bread.

Stable Near-Term Corn, Soy, and Wheat Prices at U.S. Farm Gate, USDA Says

By Chuck Abbott
Successful Farming

For the next few years, season-average prices for U.S. corn, soybeans, and wheat, the three most widely grown crops in the country, will largely mirror the market prices for this year's crops, projected the Agriculture Department on Thursday. The steep declines in farm-gate prices since 2022 would be replaced by a period of relative stability, according to the USDA's long-term baseline.

Over the next five years, corn would sell for an average of \$4.10 a bushel, the same as the USDA's estimated farm-gate price for this year's crop. Wheat prices, slowly rising from the \$5.70 forecast for this year's crop, would average \$5.92 a bushel over five years. Soybean prices would drop to \$10 a bushel for the 2025 crop and sell for an average of \$10.09 through 2029/30. This year's crop was estimated to average \$10.80 a bushel.

Commodity prices have been declining since 2022, when Russia's invasion of Ukraine led to a spike in prices that were already surging because of China's return as a U.S. customer after the Sino-U.S. trade war. Lower commodity prices and higher production costs combined to knock farm income down sharply from the record levels of 2022. In constructing its projections, the

USDA assumed U.S. economic growth of 2.1% in 2025, a slightly lower rate than this year. Inflation, interest rates, and crude oil prices would be lower, while personal income would rise. The global economy would grow by 2.8%, with the strongest gains in Asia and Africa.

U.S. farmers would plant more land to corn and less to soybeans in 2025, reflecting the expected decline in soybean prices, projected the USDA. Plantings of the other major field crops would change little. The USDA projected corn plantings of 91 million acres, an increase of 1.3 million acres from this year, and soybean plantings of 85 million acres, a drop of 2.1 million acres.

With normal weather and trend-line yields, growers would harvest 15.3 billion bushels of corn and 4.42 billion bushels of soybeans in 2025, said the USDA. Those would be

the second-largest corn and the third-largest soybean crops on record. The 2025 wheat crop was projected at 1.88 billion bushels, down 4% from this year, on lower yields per acre and a small reduction in plantings.

So-called eight-crop plantings — corn, soybeans, wheat, upland cotton, rice, sorghum, barley, and oats — would total 246.9 million acres in 2025, a decline of 900,000 acres from this year. In 2023, when commodity prices were high, eight-crop plantings totaled 253.7 million acres.



Understanding Your Business... From The Ground Up

COME SEE US!

NATIONAL FARM MACHINERY SHOW LOUISVILLE, KY

FEBRUARY 12 - 15, 2025

NEW

BOOTH #4859