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SOUTHERN EXTENSION RISK MANAGEMENT EDUCATION

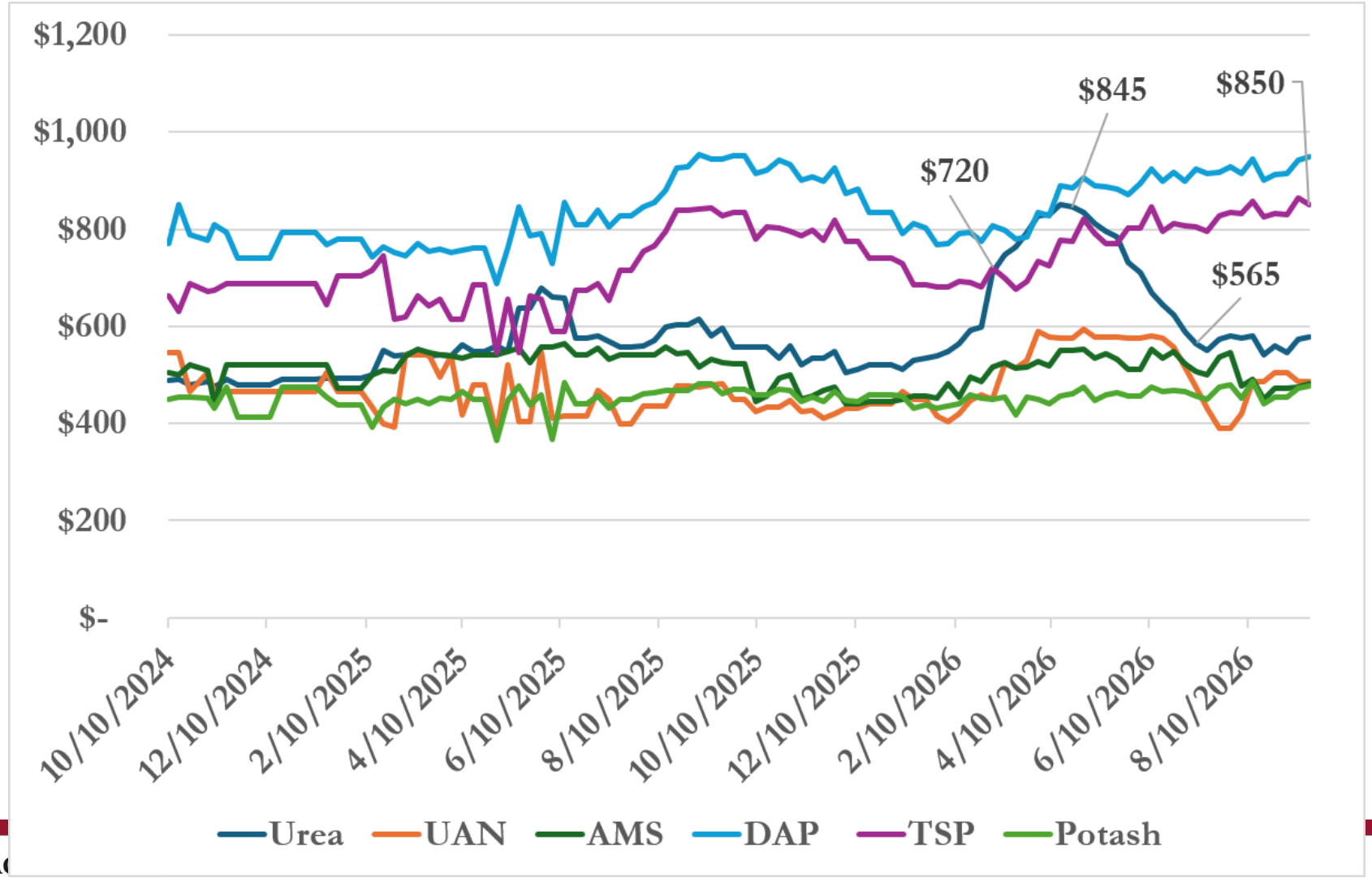
Arkansas Agriculture: Markets, Economics, and Outlook

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Associate Director, Southern Risk Management Education Center
Lay of the Land Conference | Clinton Presidential Center | Little Rock, AR
November 4, 2026

Iran Conflict Impact


2026 IRAN WAR
Countries directly engaged in conflict
U.S. military site
Countries targeted by Iranian missiles and drones
BULGARIA
Black Sea
RUSSIA
KAZAKHSTAN
KAZAKHSTAN
GEORGIA
UZBEKISTAN
Caspian Sea
ARMENIA
AZERBAIJAN
GREECE
TURKEY
TURKMENISTAN
CYPRUS
SYRIA
Mediterranean Sea
LEBANON
(through Hezbollah)
WEST BANK
IRAQ
(through Popular Mobilization Forces)
IRAN
AFGHANISTAN
GAZA STRIP
JORDAN
ISRAEL
KUWAIT
Strait of Hormuz
affected in conflict
Persian Gulf
PAKISTAN
EGYPT
LIBYA
BAHRAIN
QATAR
OMAN
SAUDI ARABIA
Gulf of Oman
Red Sea
UNITED ARAB EMIRATES
OMAN
Arabian Sea
SUDAN
YEMEN
(through Houthi movement)
INDIAN OCEAN
ERITREA
0 200 400 mi
0 200 400 km
ETHIOPIA
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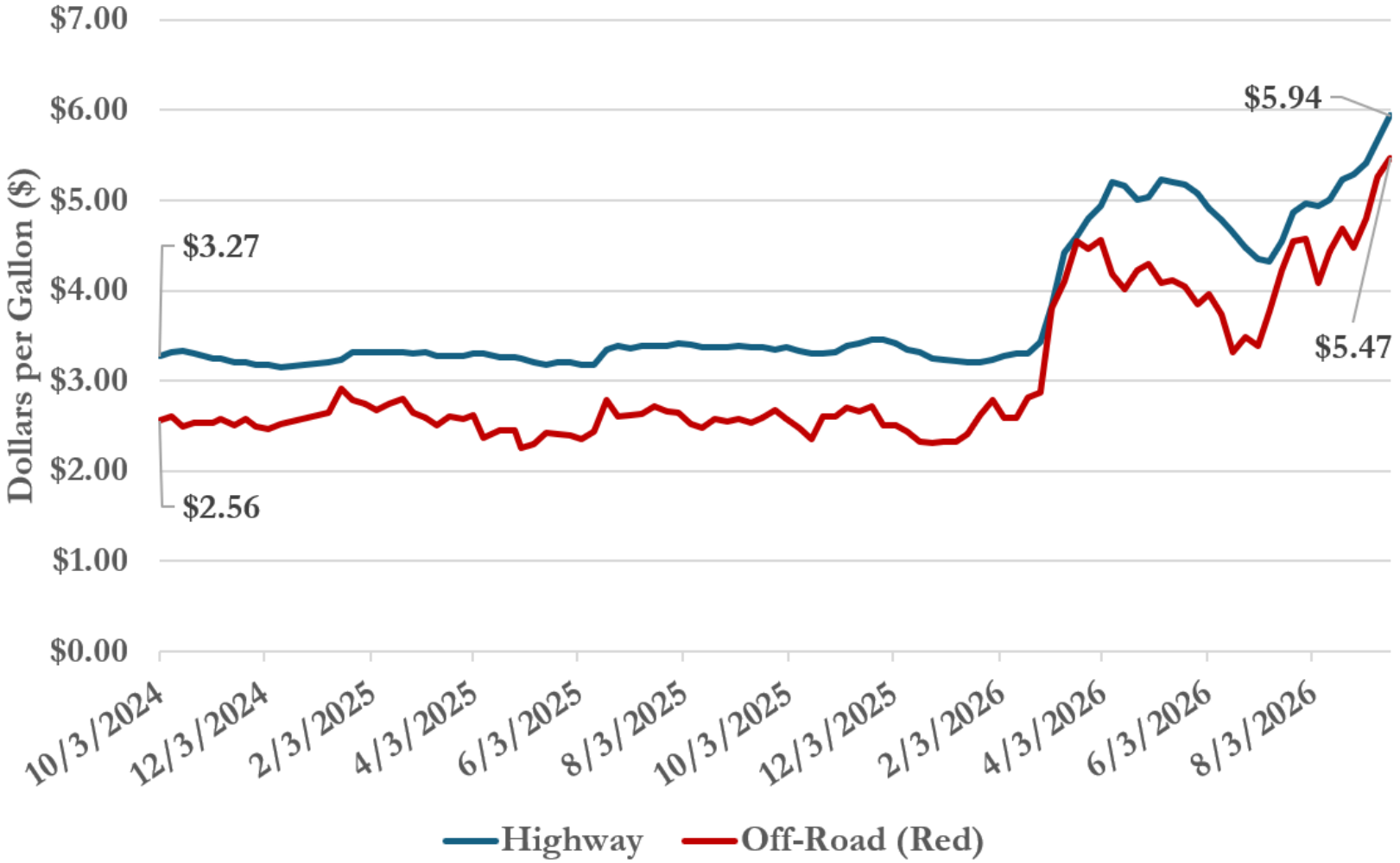
MidSouth Fertilizer Prices
2024 – 2026 YTD



Source: AR Fertilizer Suppliers

Farm and Highway Diesel Prices

October 2024 – September 2026

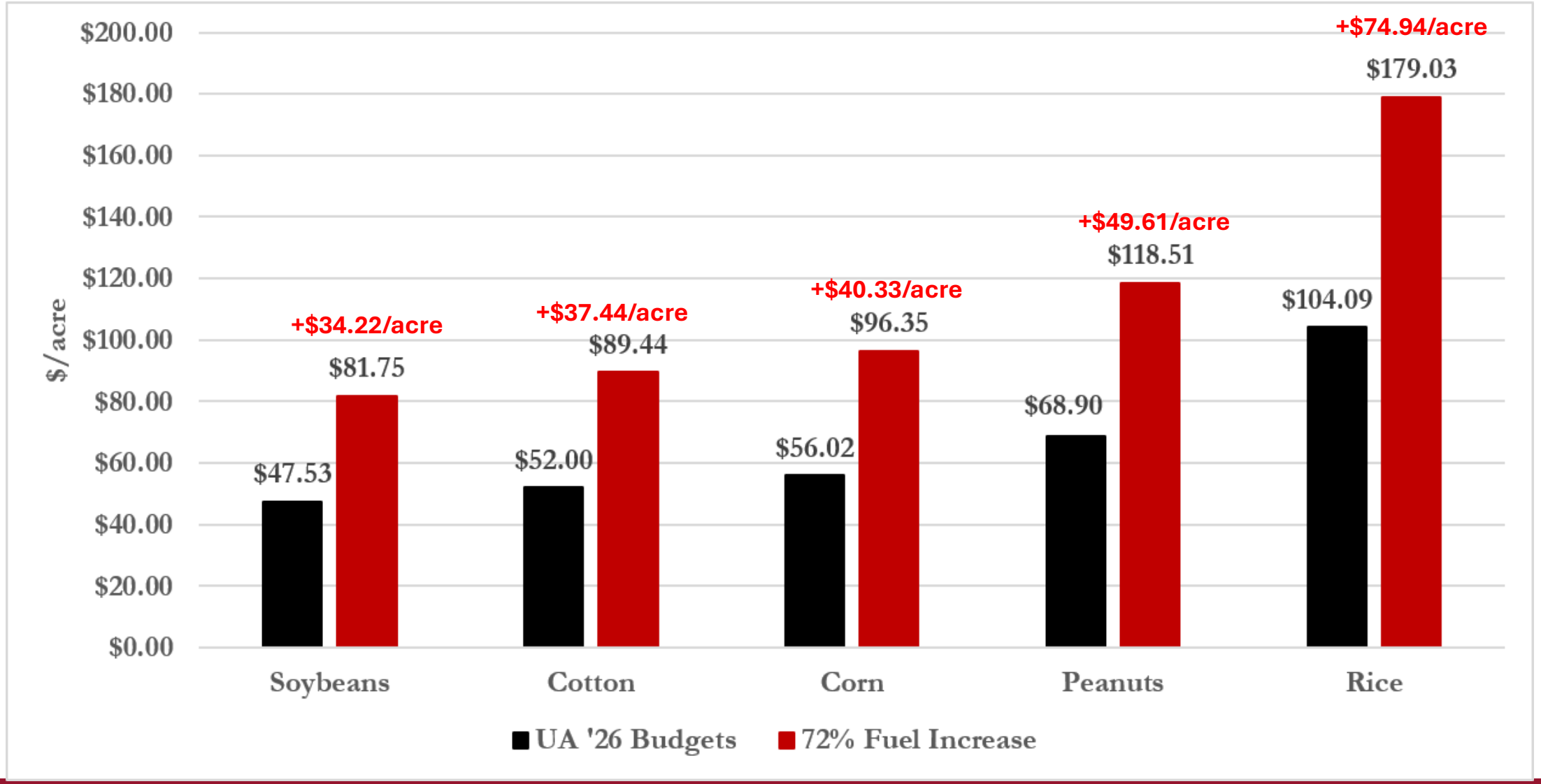


2025 Avg Farm Diesel Price:
$2.46

2026 Avg Farm Diesel Price:
$3.84

2026 Avg Farm Diesel Price – Post Iran Conflict (March – September 2026):
$4.22

2026 Estimated Fuel Costs Per Acre (Sept. Update)

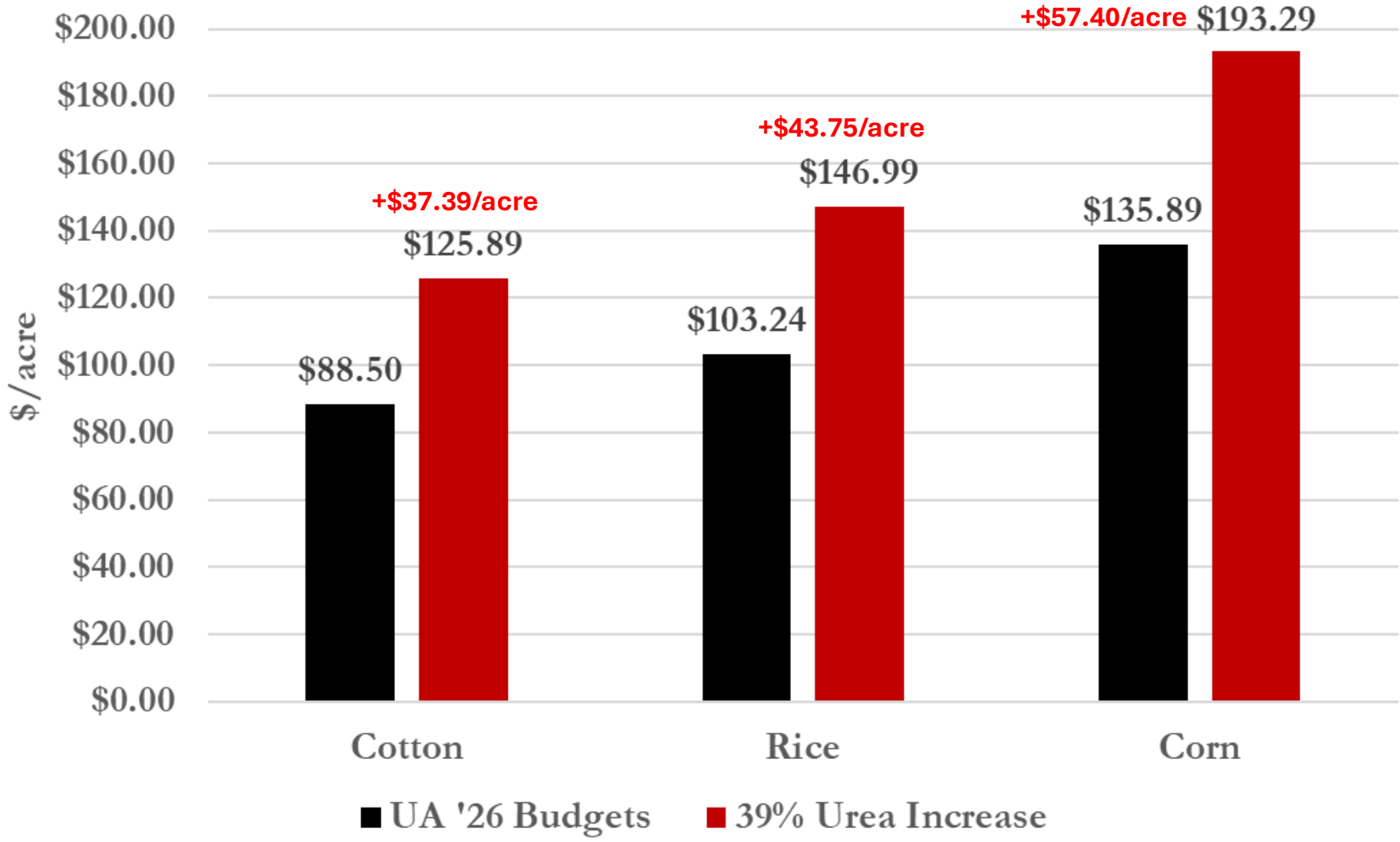


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Note: Univ. of Arkansas 2026 Cost of Production Estimates published in November 2025 are based on a projected diesel price of **$2.46 per gallon.**

- 72% increase reflects the average off-road diesel price from March 1, 2026 - September 2026. **(average: $4.22/gal)**
- Note: The 72% fuel increase is not weighted towards peak usage times such as planting and harvest.

2026 Estimated Urea Costs Per Acre



Note: Univ. of Arkansas *2026 Cost of Production Estimates* published in November 2025 are based on a projected Urea (46-0-0) price of $560 per ton.

- 39% increase reflects price changes as of May, 2026.

Estimated Economic Impact for Arkansas

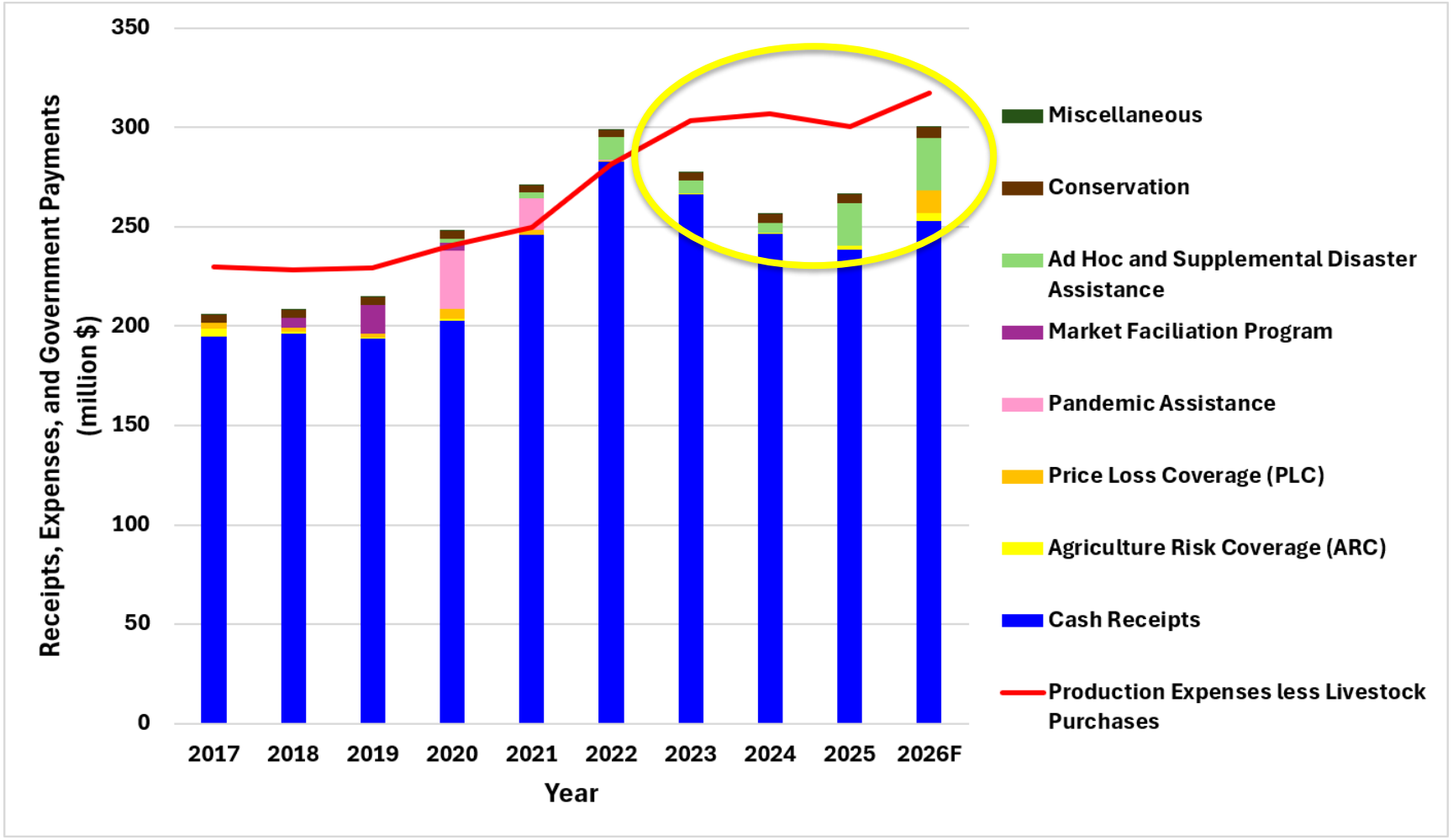
Commodity	2026 Acres	Est. Cost Increases from Mideast Conflict ($/ac)	Total Cost Increase
Soybeans	3,450,000	$34.22	$118,064,520
Rice	901,000	$118.69	$106,944,015
Corn	760,000	$97.73	$74,278,144
Cotton	560,000	$74.83	$41,904,800
Peanuts	40,000	$49.61	$1,984,320
TOTAL			$343,175,799

Note: Estimated cost increases based on a 39% increase in Urea (46-0-0) and 72% increase in diesel fuel over and above University Cost of Production Estimates published in November 2025. These cost increases reflect average price changes between May and September 2026. This is a conservative estimate, as we do not weigh fuel expenses across planting and harvest.
The "TOTAL" amount of $343.18 million represents the additional unexpected (or marginal) costs of the Iran Conflict.



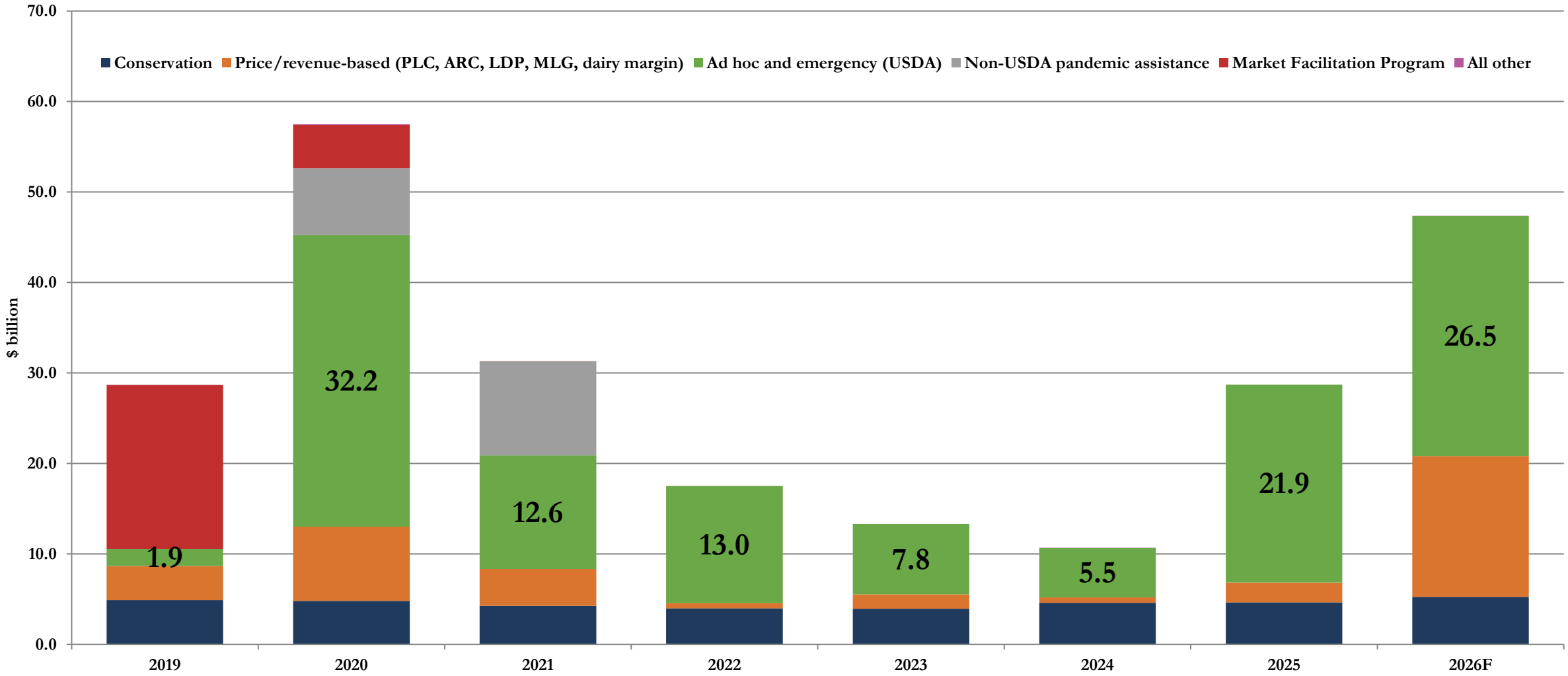
Domestic Ag Economy

Government assistance will narrow the gap in negative U.S. net farm income in 2026F



- U.S. net cash farm income for crops is projected to be negative for 4th year in a row.
- Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments expected to increase by over $13 billion.
  - Triggered in 2025
  - Paid in 2026

Direct Government Payments to U.S. Farm Producers, 2019-2026F



Source: USDA-ERS, Farm Income and Wealth Statistics, September 3, 2026 (2026F = forecast; inflation adjusted to 2026 dollars with the GDP chain-type price index)

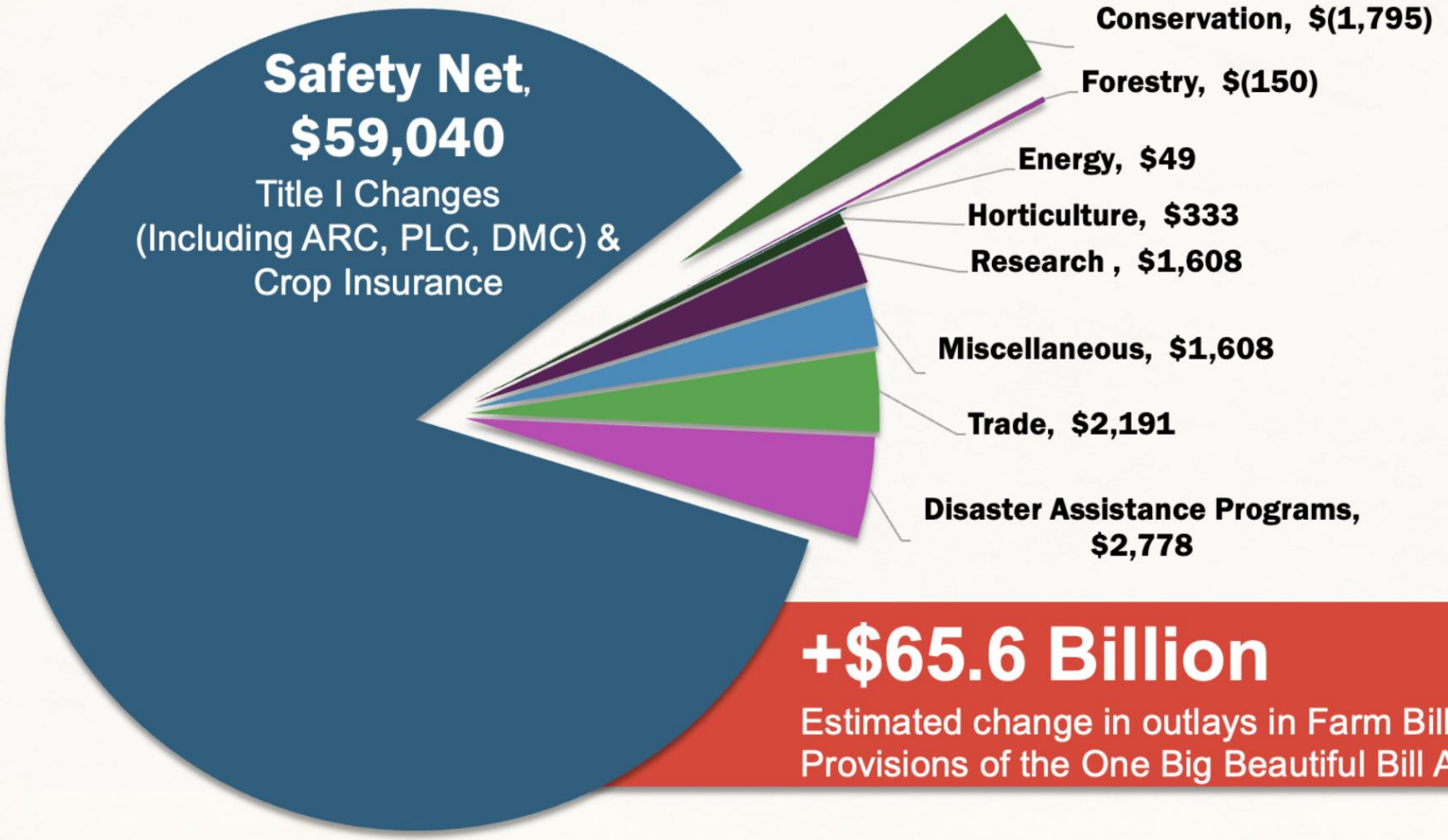
OBBBA* (Reconciliation Package)

- **So, what's in it for farmers?**
- 10-20% increase in Statutory Reference Prices for PLC (Price Loss Coverage)
  - Beginning in 2031, SRPs can increase by 0.5% with a cap at 113% of OB3 SRP.
- ARC-CO coverage level increase to 90% with 12% max payment rate
- Can enroll ARC-CO and SCO in the same acres
- Increase in the payment limit from $125,000 to 155,000 per qualified legal entity
  - Introduces the "Qualified Pass-Through Entity" (QPE)
    - S Corporations, LLCs, Joint Venture, and General Partnerships
- Changes to crop insurance and provisions for Beginning Farmer and Ranchers (BFRs)

*Working Families Tax Cuts Act (H.R. 1833)

FIGURE 1: ESTIMATED BUDGETARY CHANGES FOR FARM PROGRAMS

June 29th CBO Score of the One Big Beautiful Bill Act | Million Dollars | FY2025 – FY2034

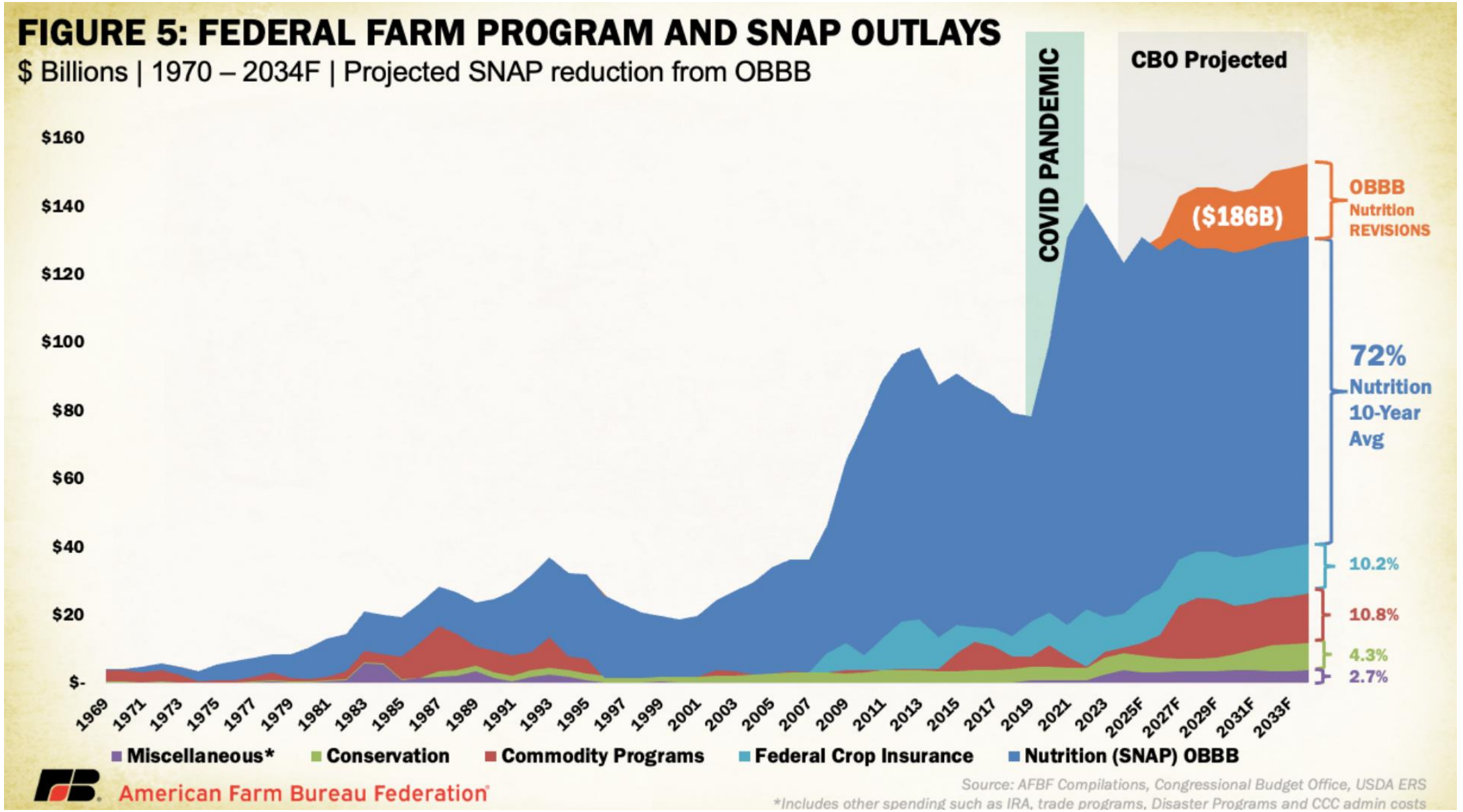


+$65.6 Billion

Estimated change in outlays in Farm Bill & Rural Provisions of the One Big Beautiful Bill Act

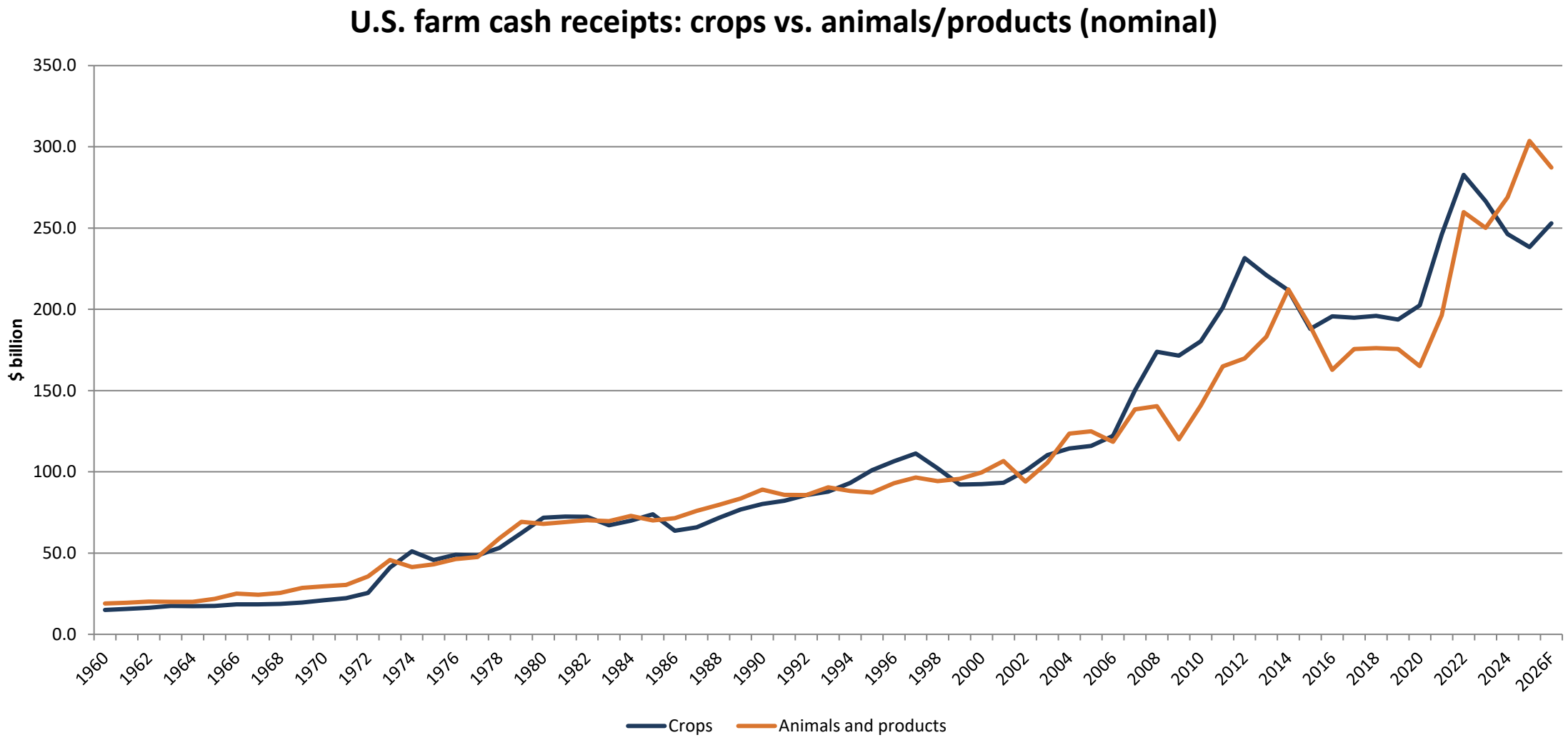
American Farm Bureau Federation®

Source: Congressional Budget Office



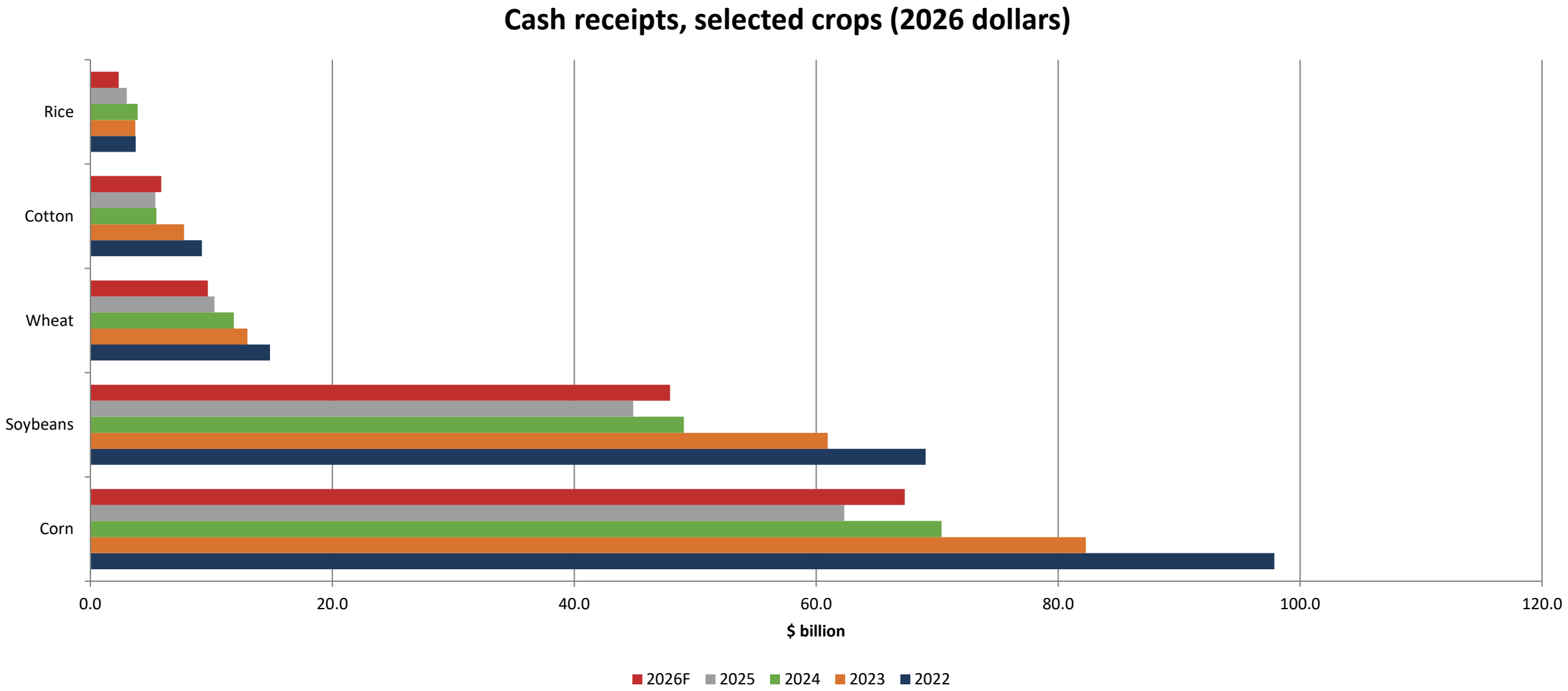
Commodity Programs make up about ¼ of 1% of the federal budget.

U.S. Farm Cash Receipts: Crops vs. Animals and Products



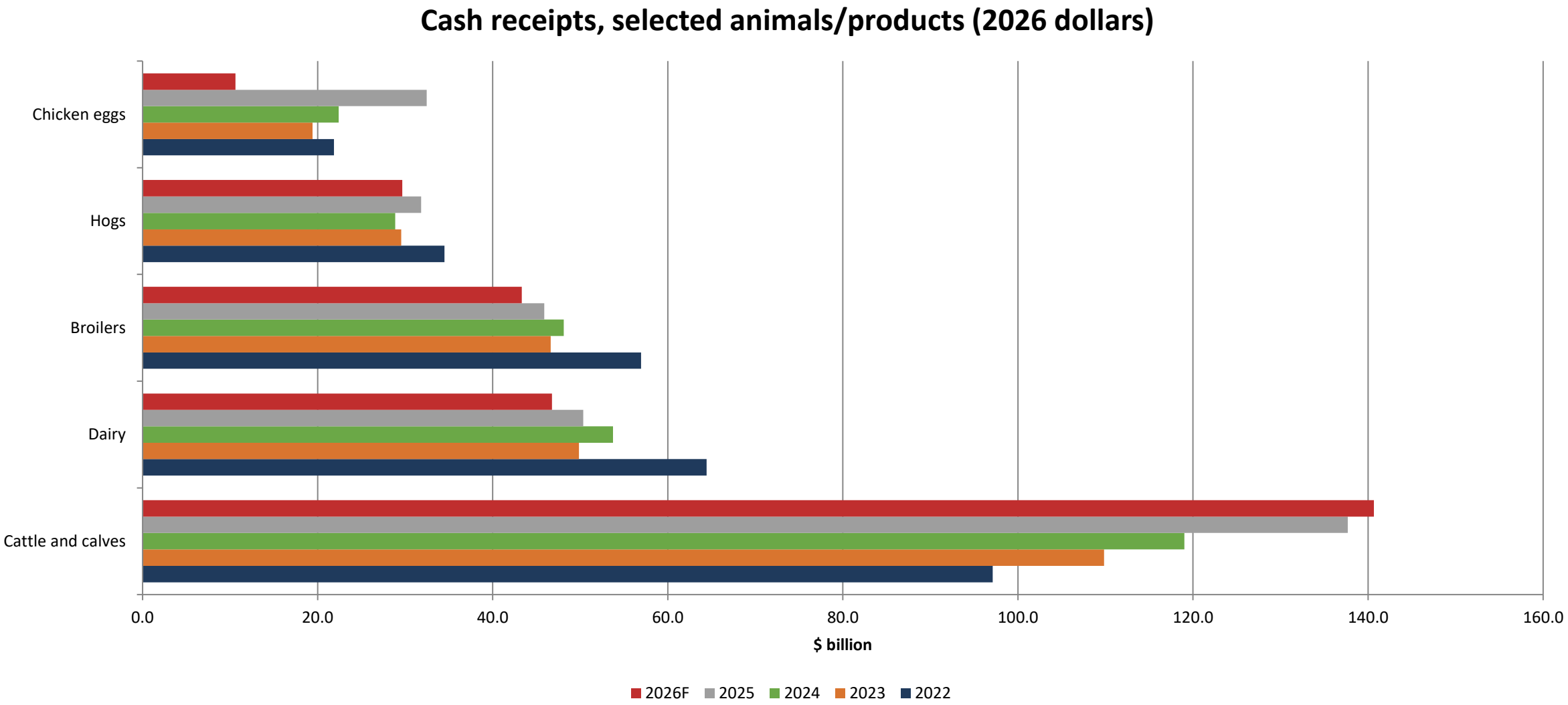
Source: USDA-ERS, Farm Income and Wealth Statistics, September 3, 2026 (nominal dollars)

U.S. Cash Receipts for Selected Crops, 2022-2026F



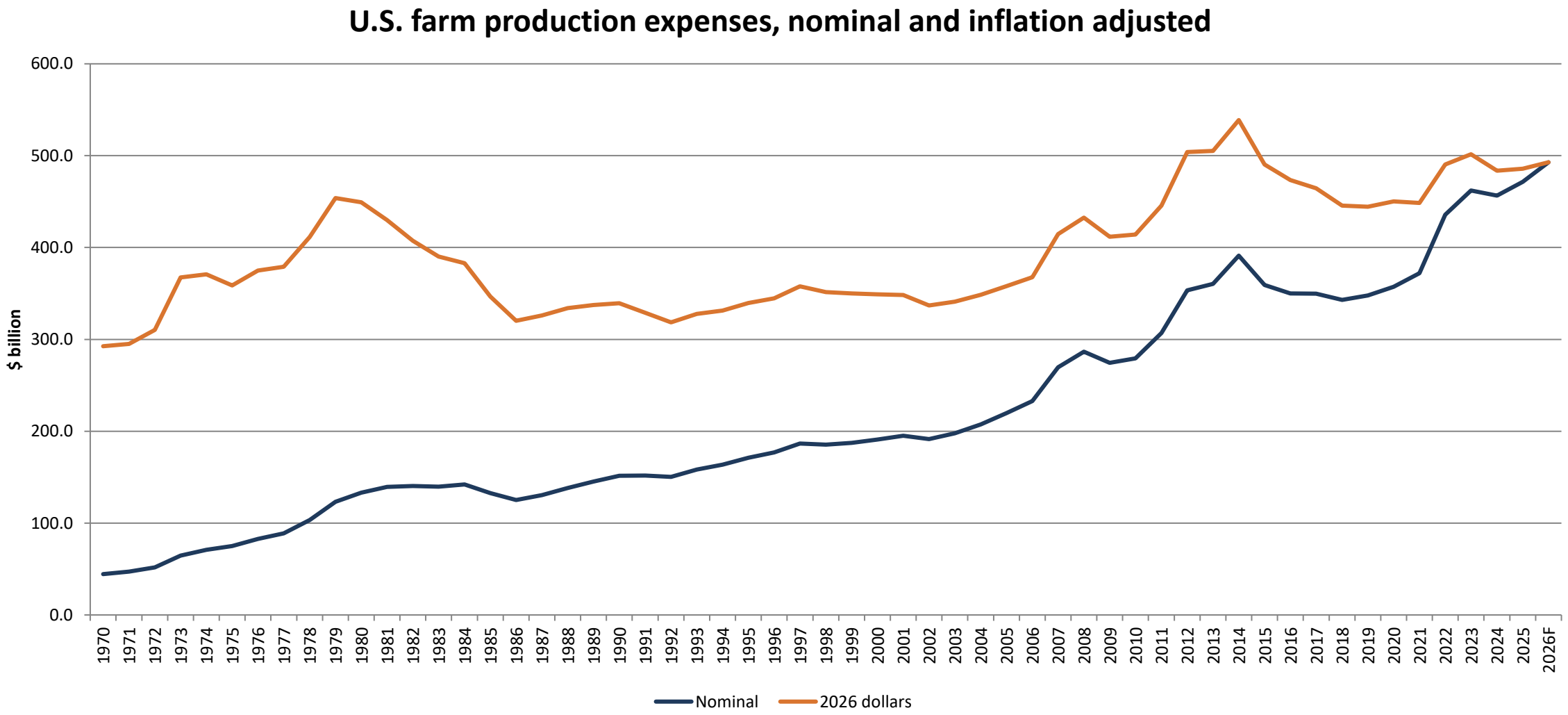
Source: USDA-ERS, Farm Income and Wealth Statistics, September 3, 2026 (2026F = forecast; inflation adjusted to 2026 dollars with the GDP chain-type price index)

U.S. Cash Receipts for Selected Animals and Products, 2022-2026F



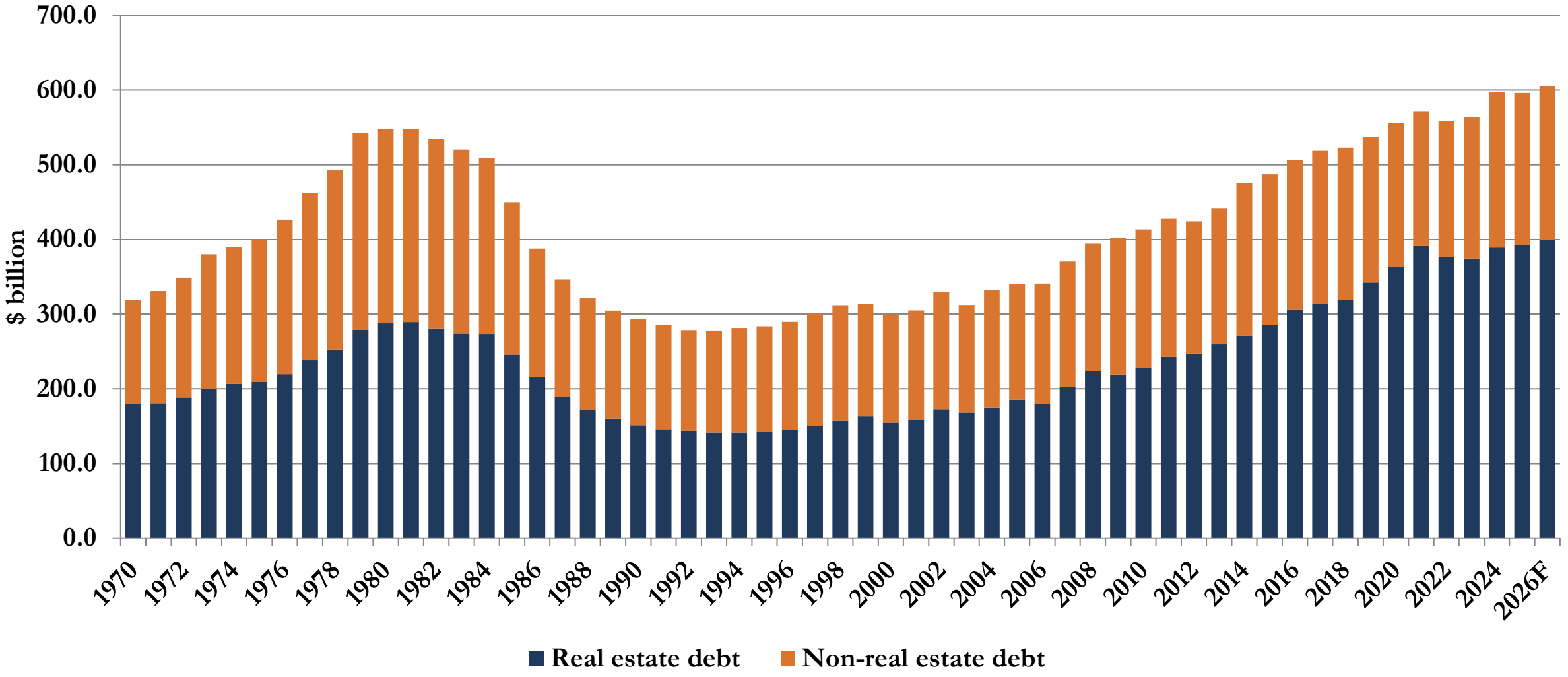
Source: USDA-ERS, Farm Income and Wealth Statistics, September 3, 2026 (2026F = forecast; inflation adjusted to 2026 dollars with the GDP chain-type price index)

U.S. Farm Production Expenses, Nominal and Inflation Adjusted



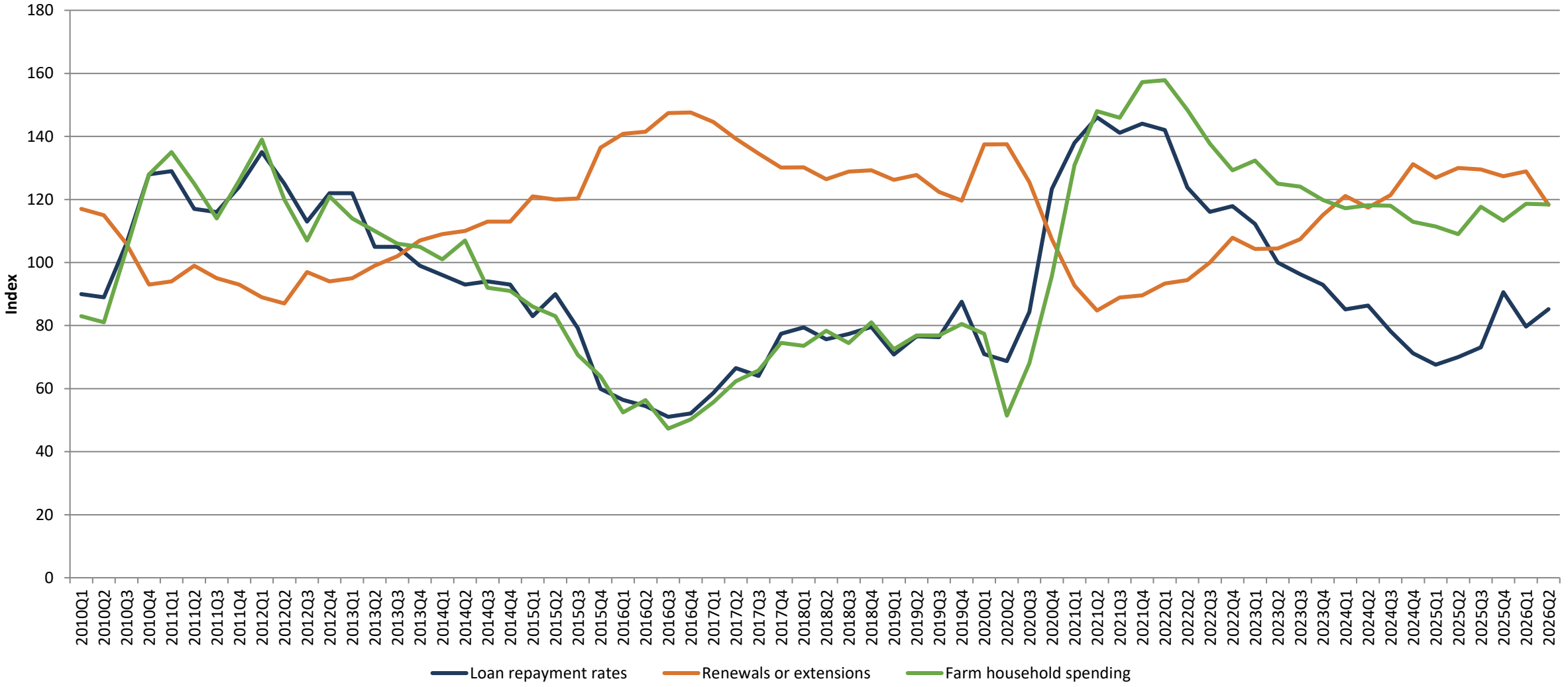
Source: USDA-ERS, Farm Income and Wealth Statistics, September 3, 2026 (2026F = forecast; inflation adjusted to 2026 dollars with the GDP chain-type price index)

U.S. Farm Sector Debt, Inflation Adjusted



Source: USDA-ERS, Farm Income and Wealth Statistics, September 3, 2026 (2026F = forecast; inflation adjusted to 2026 dollars with the GDP chain-type price index)

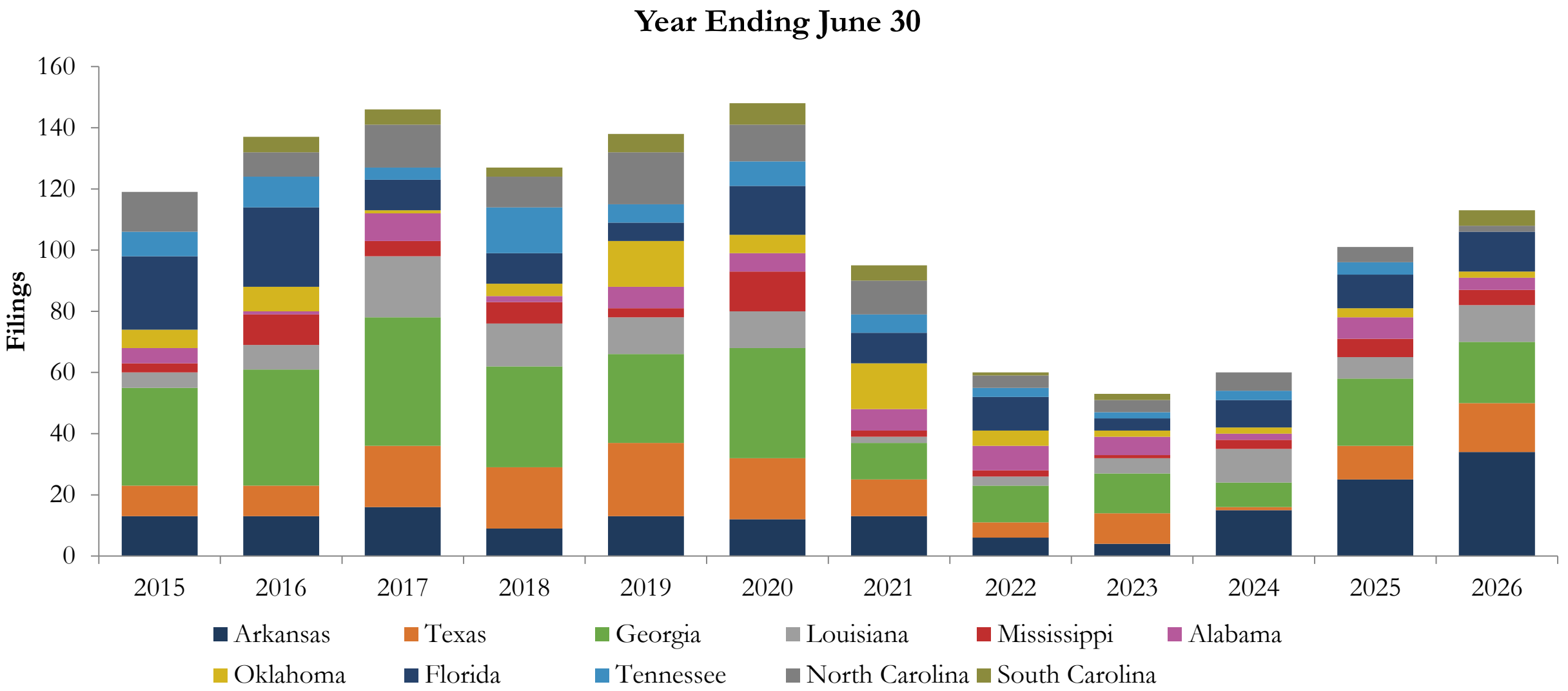
Agricultural Credit Conditions, Diffusion Indexes



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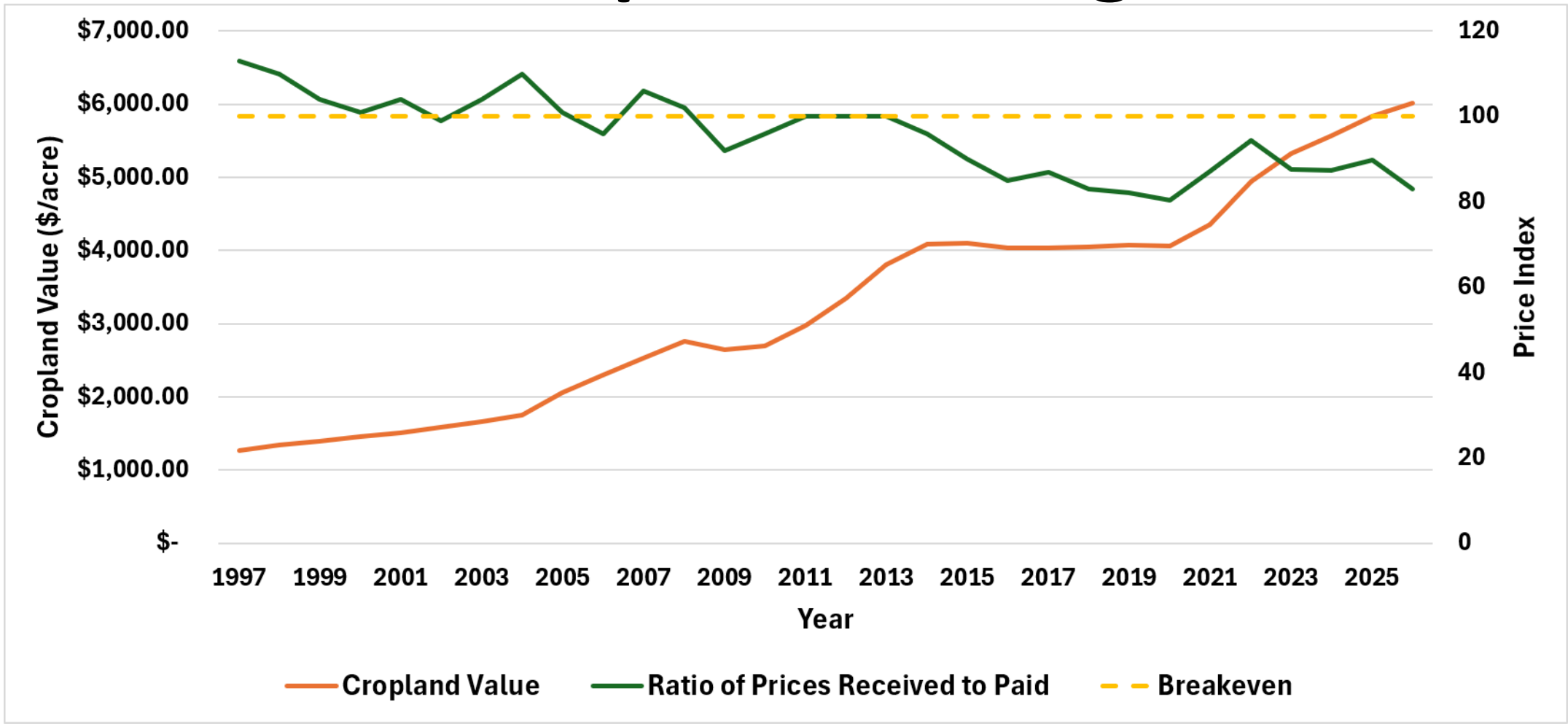
Source: Federal Reserve Bank of Kansas City, Ag Credit Survey, Q2 2026. Index = % higher minus % lower + 100 vs. a year earlier.

Chapter 12 Bankruptcy Filings, Southern Region, 2015-2026



Source: U.S. Courts Table F-2 (12 months ending June 30); 2015-2024 from R. Loy and E.B. Fields, Week 58

Agricultural land values continue to increase despite declining returns

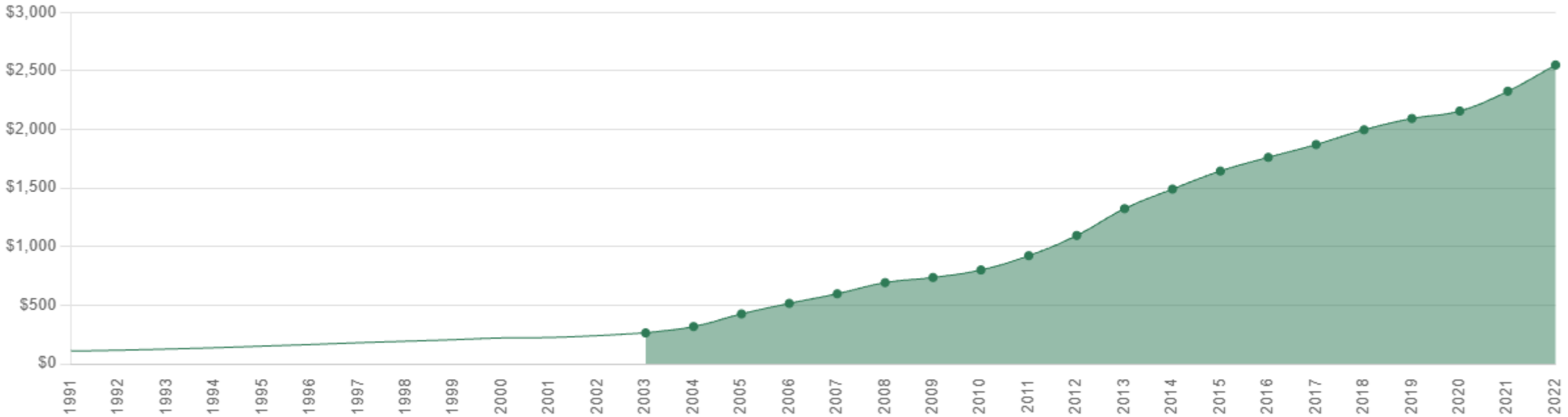


Source: USDA-NASS and USDA-ERS (2026)

Annual returns to U.S. farmland continue to increase

12.75% Average Annual Returns

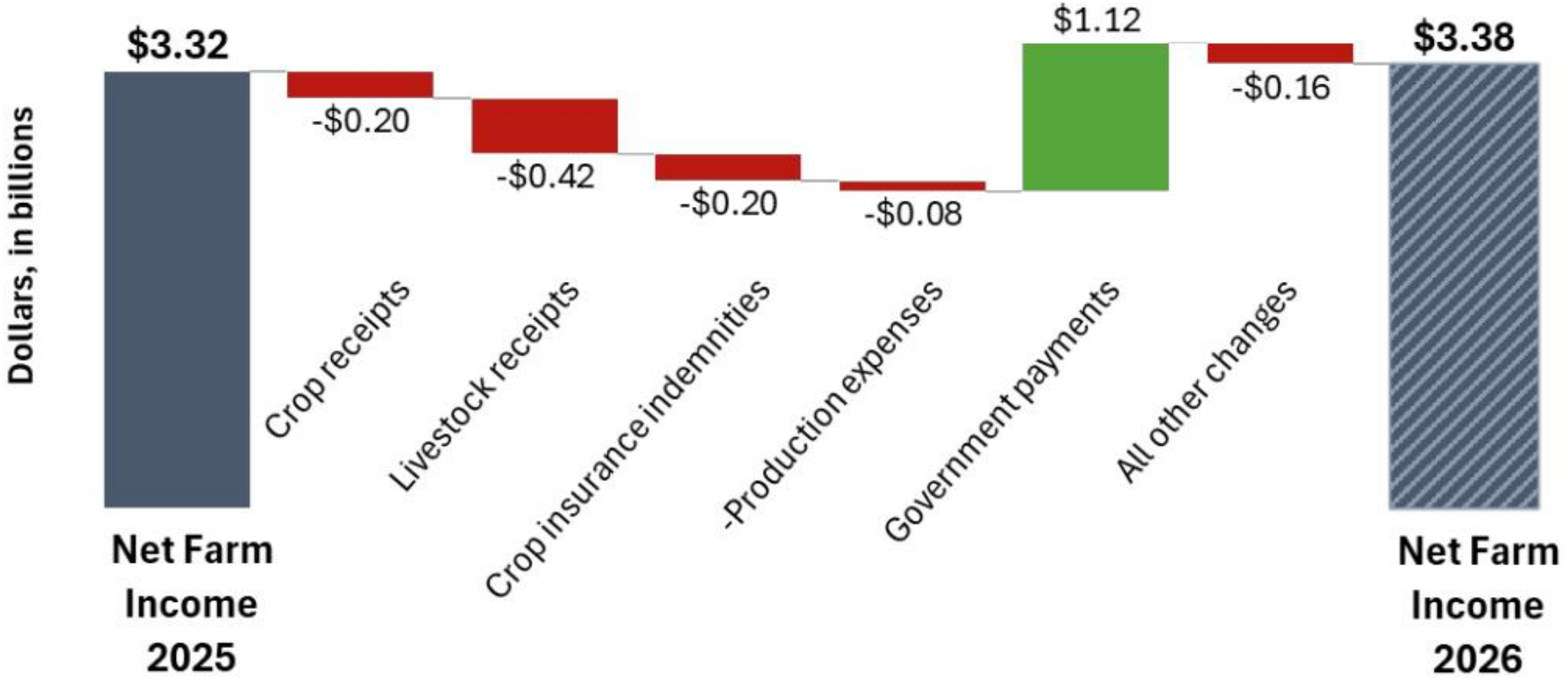
Cumulative Returns of Farmland
Source: NCREIF



Past performance does not guarantee future results and there is no guarantee this trend will continue. For illustrative purposes only and is not intended to represent the result of an actual investment. All investments involve risk, including the loss of principal. Click here for AcreTrader General Disclosures.

SPRING 2026

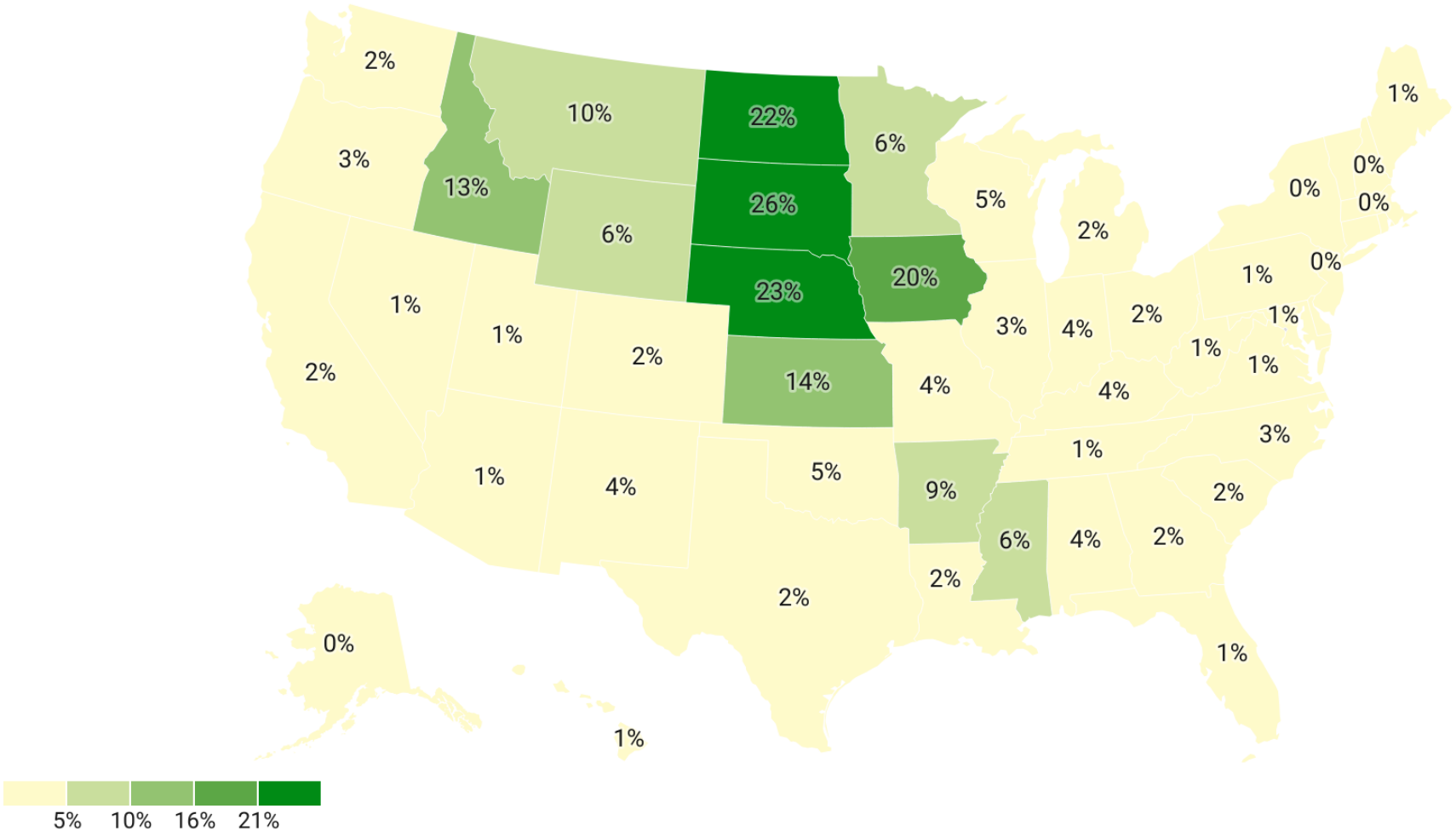
Arkansas net farm income remains stable in 2026



Total receipts (crops and livestock) are projected to decline for the 4th year in a row. Expenses are in line with 2022-2025 average.

Value of Agricultural Production as a share of Total GDP

Arkansas Ranks 8th Nationally, and 1st across the southern region, in agricultural output as a share of total state-level GDP.



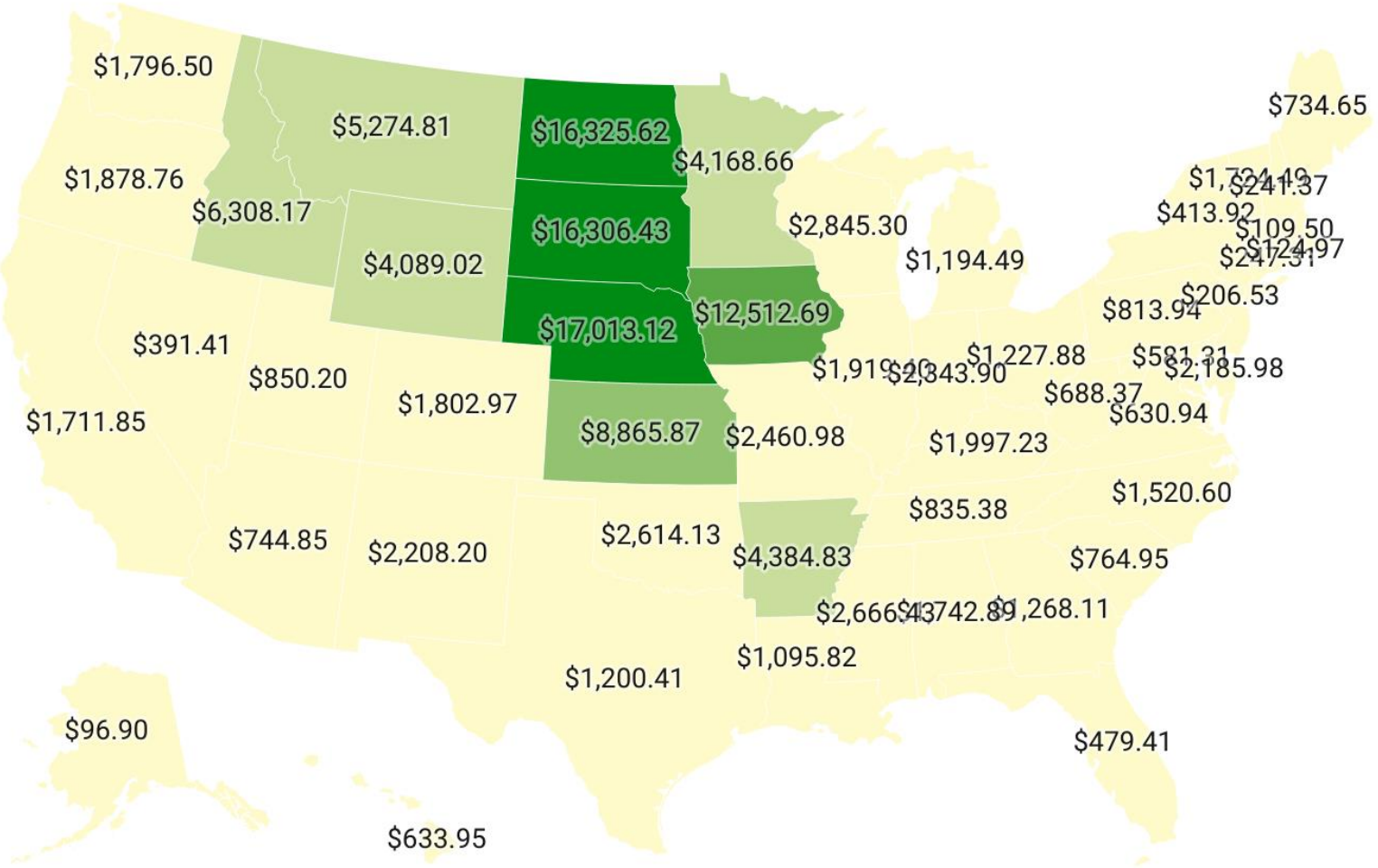
Map: University of Arkansas, Division of Agriculture • Source: USDA - Economic Research Service, U.S. Bureau of Economic Analysis • Created with Datawrapper

- **The value of Arkansas Agriculture in 2024 was $13.5 billion which accounts for 9% of the Arkansas GDP.**
- **Arkansas ranks 8th nationally in terms of Agriculture GDP as share of Total GDP.**
- **Arkansas ranks 1st across the southern region in the same category.**

Value of Agricultural Production per capita in 2024

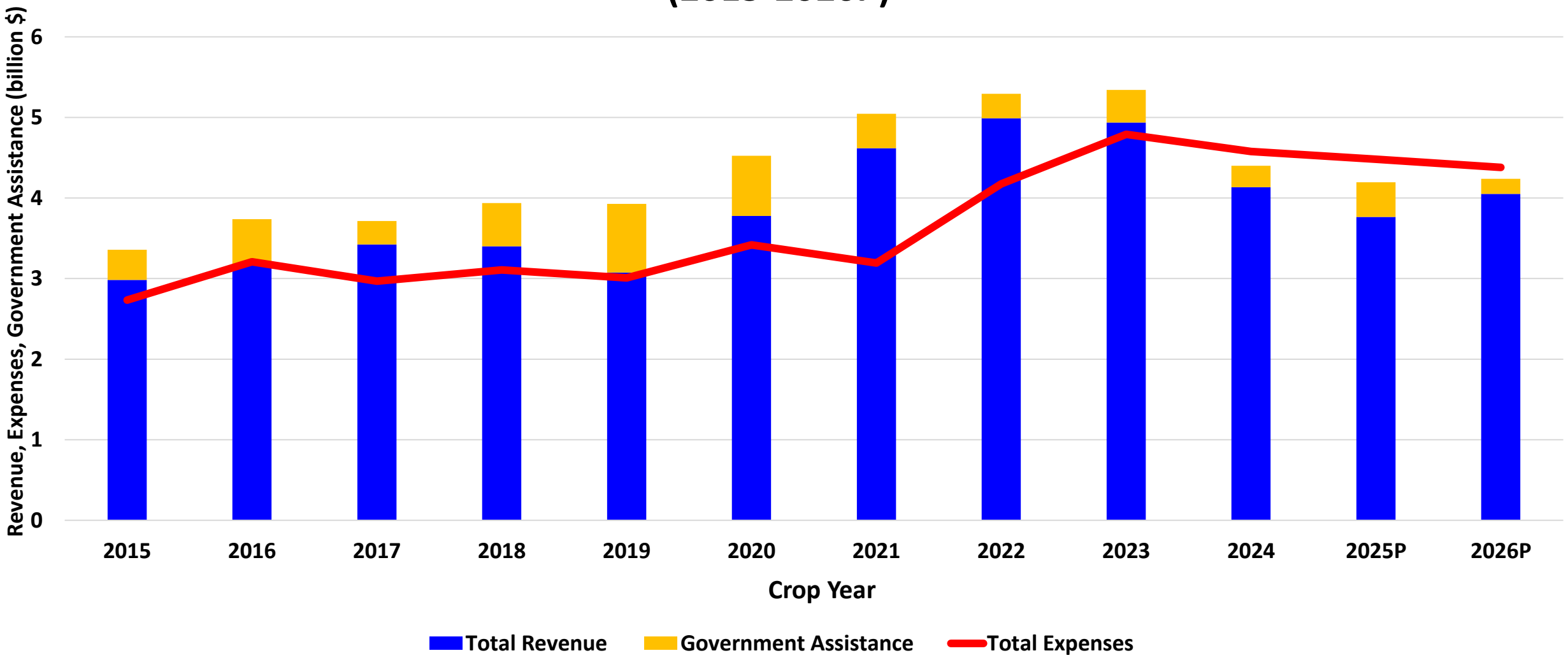
Arkansas Ranks 8th Nationally, and 1st across the southern region, in Value of Agricultural Production per capita at nearly $4,400 per capita.

- **The value of Arkansas Agriculture Production per capita in 2024 was nearly $4,400.**
- **Arkansas ranks 8th nationally in terms of Agriculture GDP per capita.**
- **Arkansas ranks 1st across the southern region in the same category.**



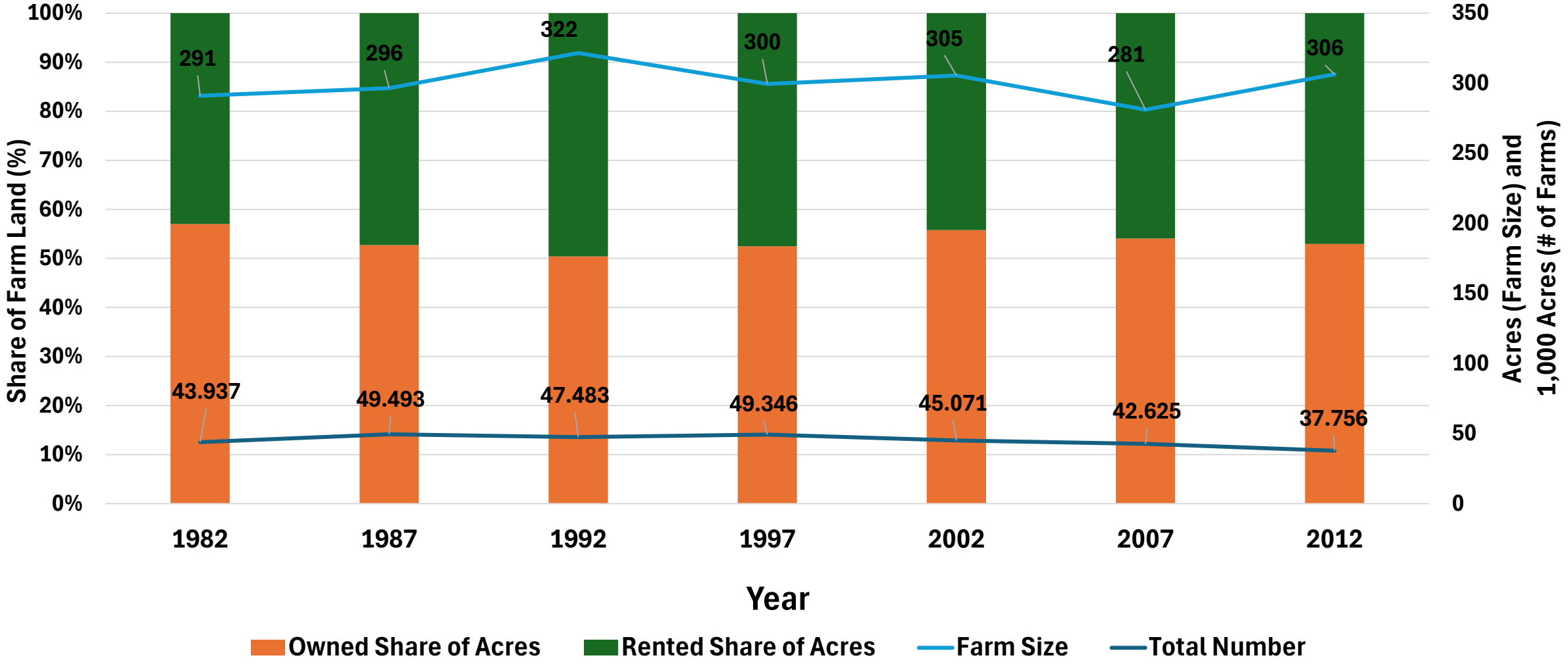
Map: University of Arkansas, Division of Agriculture • Source: USDA - Economic Research Service, U.S. Census Bureau • Created with Datawrapper

Arkansas Net Farm Income - Row Crops (2015-2026P)



Source: USDA-NASS and University of Arkansas Division of Agriculture (2025)

As the number of Arkansas farms decline, the average farm size grows, and the share of renters-owners is 50-50.



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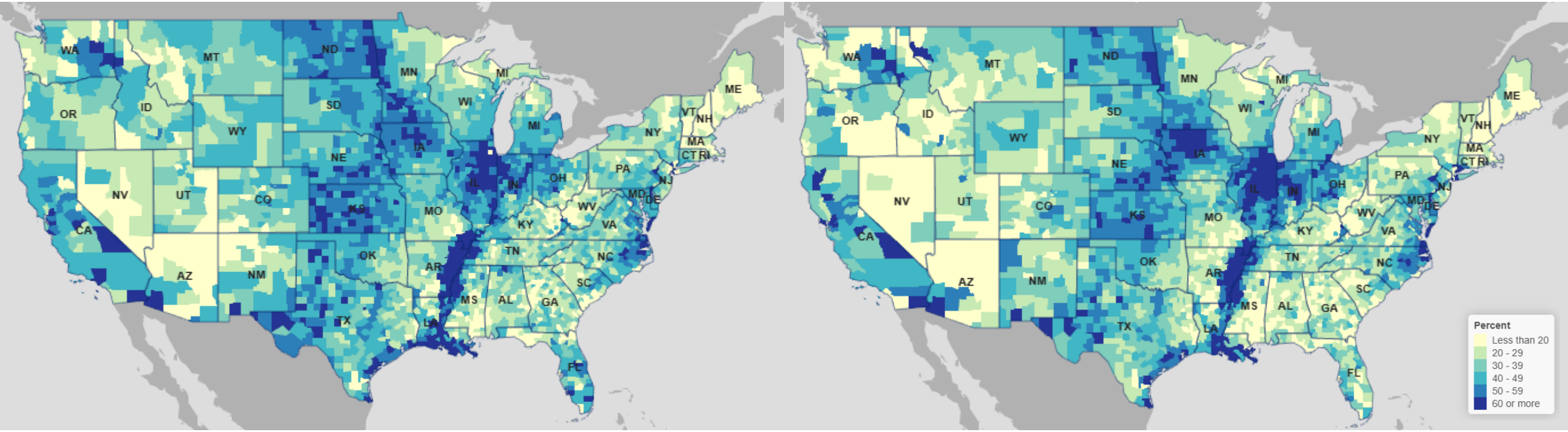
The share of renters in Arkansas (~50%) is about 10 percentage points higher than the U.S. (~40%).

Source: USDA-NASS Ag Census (2026)

The share of agricultural land that is rented or leased

2012

2022



- The share of land that is rented or leased has remained stable between 2012 and 2022 though with a 1% average increase across all counties.
- While key regions remain heavily rented (i.e., Midsouth and Midwest), the Great Plains from Kansas to the Dakotas have seen the greatest increase over this 10-year time frame.

Source: USDA-NASS Ag Census (2026)



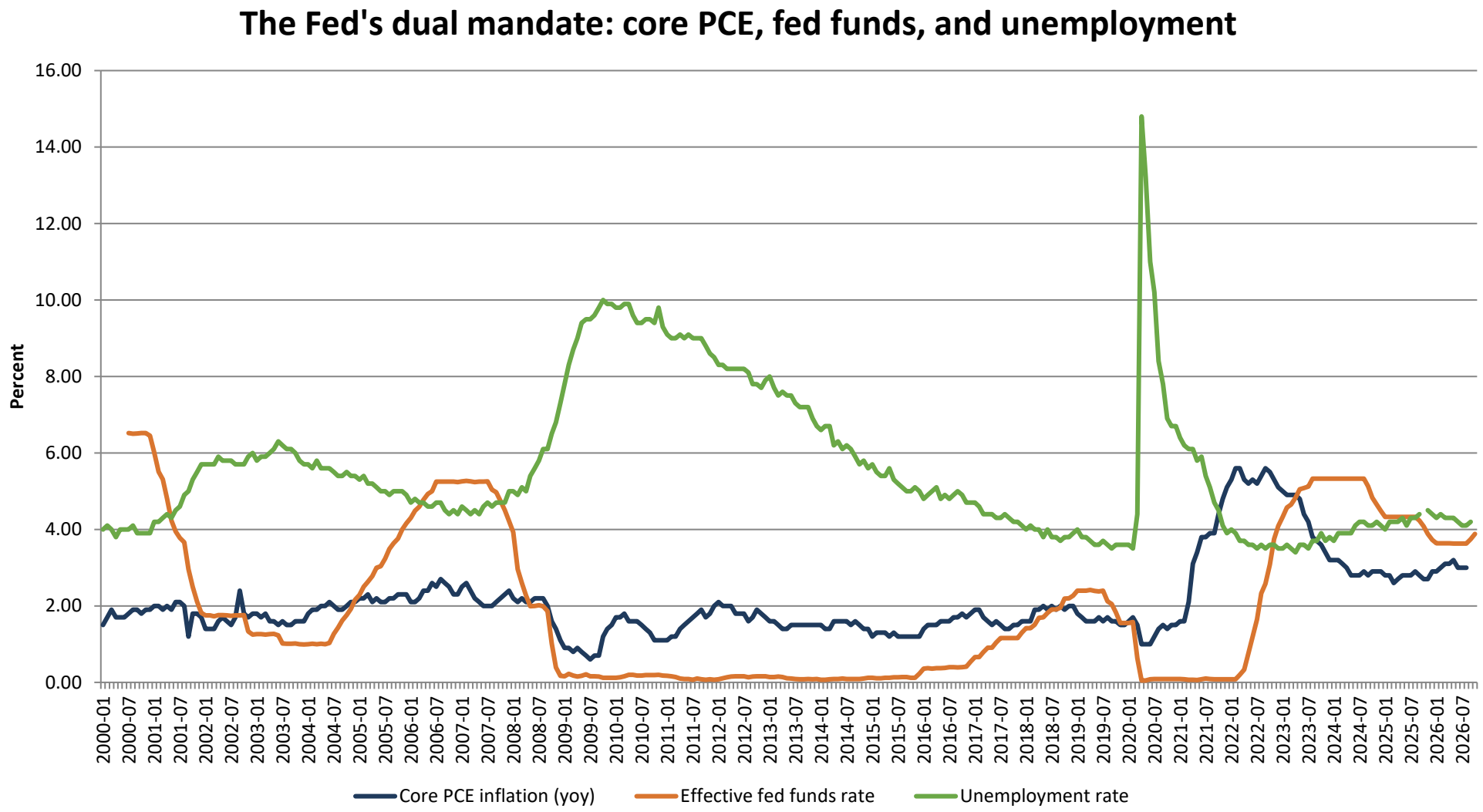
U.S. Macroeconomic Factors

The Fed and the Economy: Key Numbers

- FOMC raised the federal funds target range 1/4 point to 3.75-4.00% on September 16, 2026 (12-0 vote)
- Core PCE inflation 3.0% year over year in August 2026; unemployment rate 4.2% in September 2026
- September 2026 FOMC median projections: real GDP growth 2.3% (2026) and 2.4% (2027); core PCE inflation 3.4% (2026); fed funds 4.1% end-2026

Sources: Federal Reserve (FOMC Sept. 16, 2026), BEA, BLS, Federal Reserve Bank of New York

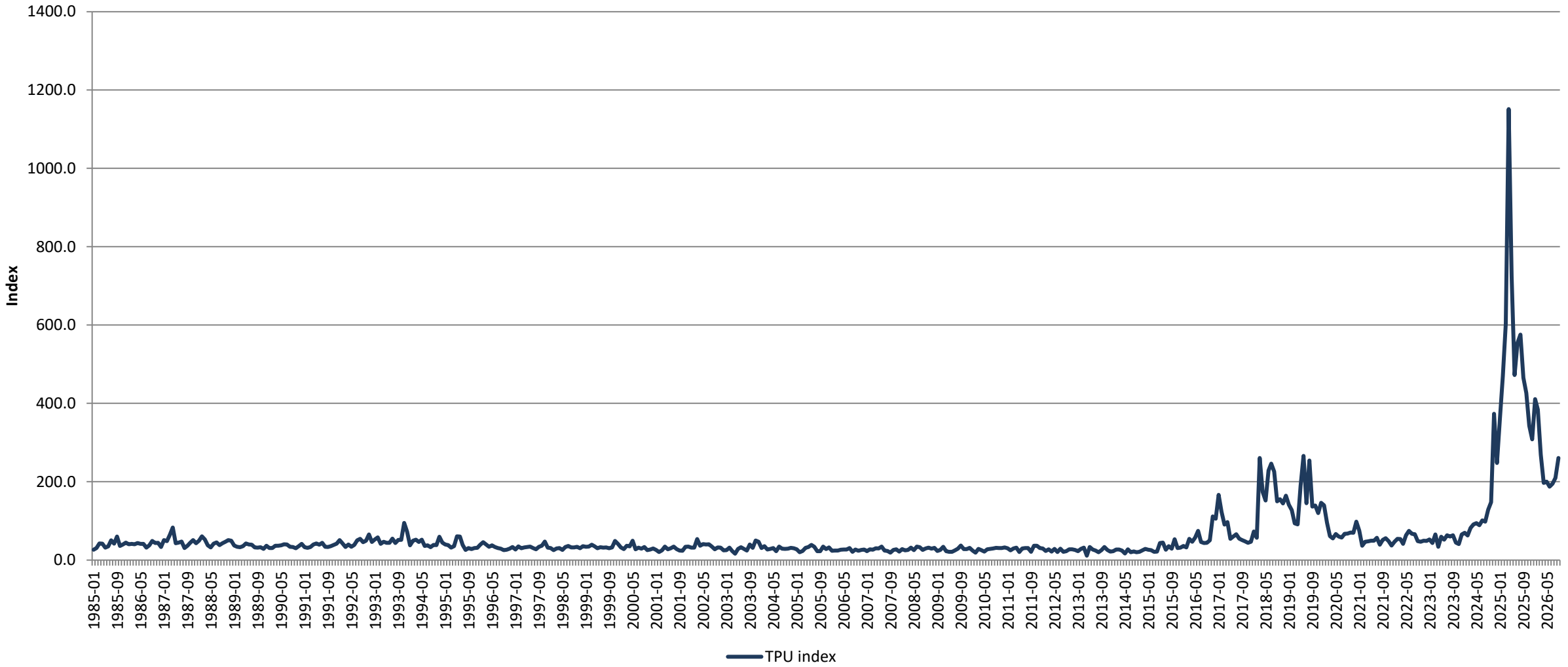
The Fed's Dual Mandate: Inflation, Fed Funds, and Unemployment



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Sources: BEA (core PCE, % change from year ago); Federal Reserve Bank of New York (effective fed funds rate); BLS (unemployment rate)

Trade Policy Uncertainty Index, 1985-2026



Source: Caldara, Iacoviello, Molligo, Prestipino, and Raffo, Trade Policy Uncertainty index (Federal Reserve Board staff), through September 2026

Competitiveness Against Brazil: Brazilian Reals per U.S. Dollar





BRL per USD

7.000
6.000
5.000
4.000
3.000
2.000
1.000
0.000

~5 BR to 1 USD

5.043

Even with a weaker dollar, it is still strong against the Brazilian Real

2014-01 2014-05 2014-09 2015-01 2015-05 2015-09 2016-01 2016-05 2016-09 2017-01 2017-05 2017-09 2018-01 2018-05 2018-09 2019-01 2019-05 2019-09 2020-01 2020-05 2020-09 2021-01 2021-05 2021-09 2022-01 2022-05 2022-09 2023-01 2023-05 2023-09 2024-01 2024-05 2024-09 2025-01 2025-05 2025-09 2026-01 2026-05 2026-09

BRL per USD — 10-year average

Source: Federal Reserve Board, H.10 Foreign Exchange Rates (monthly averages of daily rates), through October 16, 2026

Key Takeaways

- Input costs and output prices still represent a significant challenge for crop farmers.
  - Import/Export market uncertainty is a driver.
  - Future of government support
- The U.S. (and Arkansas) farmer is changing
  - Whie farm size increases, more ground is being rented/leased
  - Crop land values and returns increase despite economic downturn
  - About 0.5 million acres in Arkansas has turned over in the last 18 months
- Managing inflation and adjusting the U.S. money supply remains critical for economic stability.
  - Volatility/uncertainty and export/import markets are significant
- Brazil's increasing position in global crop production.
  - They are the most prominent U.S. competitor with the help of infrastructure improvements.



Thank You! Questions?

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UA-AEAB Extension Podcast

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