NCGA Economic Update
2025: 1Q

Quarterly overview of U.S. corn industry trends, challenges, opportunities, and market conditions.

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Corn Industry Overview

The United States is a global leader in corn production, producing 14.9 billion bushels of corn on 90.6 million planted acres in 2024.

Founded in 1957, NCGA represents more than 36,000 dues-paying corn growers in 48 states, and the interests of more than 300,000 farmers who contribute through corn checkoff programs in their states. NCGA and its affiliated associations in 27 states work together to help protect and advance corn growers' interests.

Benefits of Higher Ethanol Blends

The Nationwide Consumer and Fuel Retailer Choice Act was re-introduced in the House and Senate in February 2025. This legislation would eliminate an obsolete policy that prevents the sale of fuel with 15% ethanol blends, often referred to as E15, in the summer months.

Increasing Corn Ethanol Blends Increases Corn Use for Ethanol

	EIA February 2025 STEO Report Actual & Projections				For Each 1% Increase in Blend Rate:		With A 5% Increase in Blend Rate:	
Year	Finished Motor Gas (billion gals)	Ethanol (billion gals)	Average Blend Rate	Corn Use (billion bu)	Ethanol Use (billion gals)	Corn Use (billion bu)	Ethanol Use (billion gals)	Corn Use (billion bu)
2022	135.06	14.02	10.38%	4.67	1.35	0.45	6.75	2.25
2023	137.13	14.23	10.38%	4.74	1.37	0.46	6.86	2.29
2024	137.46	14.26	10.37%	4.75	1.37	0.46	6.87	2.29
2025	137.18	14.24	10.38%	4.75	1.37	0.46	6.86	2.29
2026	135.95	14.16	10.41%	4.72	1.36	0.45	6.80	2.27

Over 98% of the gas sold in the U.S. contains ethanol, mostly blended at 10% ethanol. The change to a 15% blend standard would save American drivers $0.25 per gallon, reduce emissions, and result in expanded use of homegrown corn in ethanol. For every 1% increase in the average blend rate, about 460 million more bushels of corn could be used in ethanol per year; a 5% increase could use about 2.3 billion more bushels of corn per year.

Why It Matters: Passing this legislation gives U.S. farm families a meaningful, market-driven corn demand boost - but the benefits extend well beyond the farm.

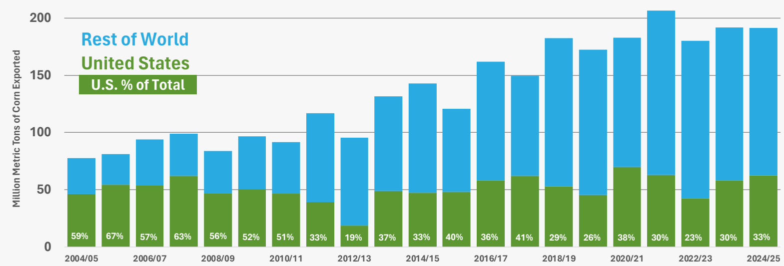
Targets for Enhancing Corn Competitiveness

The U.S. is a corn-producing superpower, growing about one-third of the world's corn and doing so more sustainably than anywhere else on earth. But the future of this American-grown powerhouse is in jeopardy as costly and burdensome regulations and outdated, unfavorable policies hinder American corn farmers' market access resulting in high costs and low market prices. The value of corn production has dropped substantially but costs have not. Corn growers are facing a third consecutive year of negative returns in 2025.

The battle for global market share is heightened, as other nations support agricultural growth and expand global trade relationships. America's share of global corn exports dropped from 59% in 2004 to 33% in 2024.

As global production continues to increase, corn prices depend on growing demand. The financial viability of U.S. corn farmers depends on robust demand for U.S. corn in all forms: grain and value-added products for both domestic and international markets. Expanding use of U.S. corn not only supports corn prices for U.S. farms but also boosts rural economies and brings jobs and manufacturing to the U.S.

World Exports Grow While U.S. Share Declines



American corn farmers are facing challenges. But there are solutions. NCGA released the 2025 Corn Competitiveness Report in January, providing a roadmap for the Trump Administration and new Congress to bolster the economic outlook for farmers and rural America. The U.S. can turbocharge competitiveness of the U.S. corn industry by focusing on six key targets:

- **Increasing global market access for U.S. corn**
- **Expanding the use of U.S. corn in ethanol**
- **Strengthening farm risk management**
- **Preserving the American farm family legacy and farmland access**
- **Protecting access to agricultural innovations**
- **Strengthening use of U.S. corn in American products**

The report provides specific examples of ways in which the U.S. can achieve these targets. These include developing new foreign markets, passing legislation that will expand consumer access to higher blends of ethanol, ensuring sensible regulations are in place and extending estate tax exemptions.

Why It Matters: Support for American corn farmers is a foundational part of building a great U.S. economy. Farmers need an environment that allows for innovation, productivity, and profitability with unobstructed access to inputs, management tools and markets. They need an environment that preserves and protects the integrity of farming for future generations.

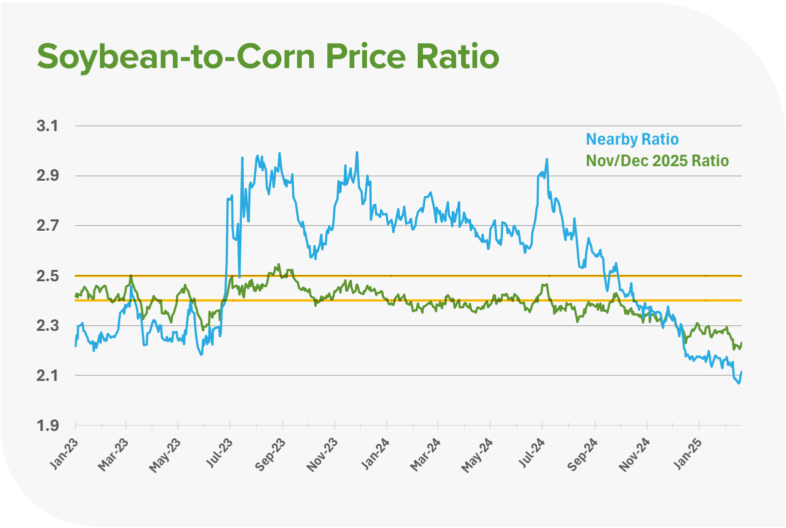
Prices Signal More Corn Acres in 2025

The USDA included 92.0 million corn acres for 2025 in Agricultural Projections to 2032 baseline data released in November 2024. USDA will provide an update in the Grains and Oilseeds Outlook during the upcoming USDA Agricultural Outlook Forum to be held on February 27-28.

Since the previous USDA projection, corn prices have increased. The March 2025 contract rallied about $0.70 per bushel, or 16% since December 1, 2024. For most of February, the contract closed within ten cents of $5 per bushel. Similarly, the December 2025 contract has risen about 10%, adding over $0.40 per bushel to close within ten cents of $4.70 for the entire month of February.

The proportional increase in corn prices is notable relative to other major spring crops. Historically, soybean prices have normally ranged from 2.4 to 2.5 times the price of corn. As of February 21 close, the ratio between soybeans and corn is well below that, at 2.2 for the November 2025 soybean and December 2025 corn contracts and 2.1 for the nearby March 2025 contracts.

The long-run average ratio of hard red spring wheat is 1.4 times the price of corn. Relative prices are currently 1.3 for the nearby contracts, favoring corn over spring wheat.



Currently corn prices are 7.4 times the price for cotton on the nearby contracts. Since 2000, the average ratio has been 5.8. Current price levels strongly favor corn over cotton.

While market prices can influence crop planted acres, farmers weigh other considerations like agronomic and management advantages. Relative profitability that reflects costs and yields along with prices, is more important than relative prices. Regional differences and land costs affect crop profitability comparisons. Total costs to grow a crop can also be a deciding factor for farmers with liquidity constraints in a tough farm economy. Today's outlooks for price and profitability could change quickly given the volatile trade and tariff environment.

The 2025 corn planting season will not begin until the second half of March in most of the corn belt but planting season has already arrived in the far south. Importantly, planting season weather is always a wildcard that can result in major changes from planting intentions.

Why It Matters: The market is sending price signals for more corn acres, but other considerations can influence planting decisions. More corn planted acres translates to higher production potential with possible price implications.

2025 Farm Income Forecast Implications

The USDA released a new farm sector income forecast in February 2025. Net farm income is projected to increase 29.5% to $180.1 billion in 2025 after two years of declines from the 2022 record high. While the headline number seems positive, there are several nuances to recognize.

There is a major difference in expectations for crops and livestock. Cash receipts for the animal sector increase $3.8 billion, or 1.4% from 2024. Alternatively, overall crop cash receipts are forecast to decline $5.6 billion, or 2.3% from 2024. The combined drop in corn and soybean receipts surpasses the total decline, while increasing receipts from cotton and vegetables and melons offset a sliver of the overall decrease. Cash receipts for corn are forecast at $60.7 billion in 2025, dropping 4.3% from 2024 and 19.9% from 2023.

The driving force in the massive increase in overall net farm income is government payments, specifically the supplemental and ad hoc disaster assistance from the American Relief Act of 2025. That assistance is forecast at $35.7 billion of the $42.4 billion total direct government payments. The payment calculation for the $10 billion allocated for economic assistance was specified in the legislation and based on the 2024 crop. This was likely included as a receivable for the 2024 crop year on 2024 year-end farmer financial statements. While the actual receipt will be a boost to cash in the 2025 calendar year, it's important to recognize this difference in expectations for 2025 net farm income if already counted in 2024 income.

Production expenses are forecast to decline, but the fertilizer outlook is volatile and farmland and rental rates are holding steady. Farm sector production costs for 2025 are expected to decline 0.6% from 2024 following a 2% decline from 2023 to 2024. Fertilizer accounts for about one-third of the total operating costs to grow corn. In this farm income forecast, fertilizer expenses are expected to continue the declining trend since 2022, dropping an additional 11.1% in 2025. However, data published by the USDA Agricultural Marketing Service indicates the farm price of fertilizers have been mostly stable since fall 2023, with an increase to date in 2025. Further, the U.S. relies on fertilizer imports, particularly for potash and phosphate fertilizers. If tariffs that impact these nutrients go into effect, prices are likely to rise. However, that could have a bigger impact on fertilizer prices for the 2026 crop given timing and the amount of fertilizer for the 2025 crop that is already applied. With lower crop returns and higher interest rates of recent years, softening in farmland and rental rates would be expected. Among other sources indicating steady values, both the Chicago and Kansas City Federal Reserve reported in February a 1% or less decline in farmland values for 2024 in their districts.

Why It Matters: The headline numbers from USDA farm sector income forecast indicate an optimistic picture for 2025, but the underlying data shows dropping receipts for crops driven due to corn, large one-time ad hoc payments tied to the 2024 crop, and a small decline in production costs that could be in jeopardy due to other factors.

Resources Referenced:

- NCGA Higher Ethanol Blends: A Win for Corn Farmers, Consumers & the Environment
- RFA New Analysis Shows Consumers Save at Least 25 Cents Per Gallon
- NCGA 2025 Corn Competitiveness Report
- USDA Agricultural Projections to 2032
- USDA Farm Sector Income Forecast – February 2025
- USDA Agricultural Marketing Service Product Cost Report for Illinois
- Chicago and Kansas City Federal Reserve Reports February 2025

Krista Swanson

NCGA CHIEF ECONOMIST

swanson@ncga.com