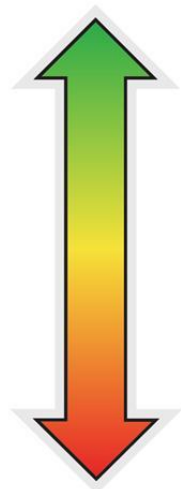




Ag Industry Update

We are approaching the start of a new growing season, and our Ag Banking team has been hard at work during this renewal season. The past year showed mixed performance for producers, with strong results coming from livestock operations and lower-leveraged operations. Grain operations were vulnerable to some losses, and this wasn't exactly a surprise, as stubborn input prices and lower grain prices created tough economic conditions. Working capital, in many cases, took a hit and is something many operations will want to focus on in the upcoming year. As the working capital ratio decreases, operations typically see higher line-of-credit balances. Overall, balance sheets show good equity positions, but profitability levels will be tested as the industry faces multiple headwinds.

2025 Profitability Trends



Higher Profitability:

- Diversified Grain & Livestock Operations / Lower Debt Levels

Moderate Profitability:

- Diversified Grain & Livestock Operations / Moderate to Higher Debt Levels
- Non-Diversified Grain Operations / Lower Debt Levels

Lower Profitability:

- Non-Diversified Grain Operations / Moderate to Higher Debt Levels

April got off to a rocky start as tariffs led to a sell-off in both the stock and commodity markets. The local FSA offices started processing payments for the economic aid that was passed in late 2024. While this aid may provide temporary relief, producers anxiously await congressional action on a new farm bill and more favorable trade relationships that will be less restrictive. As we enter the upcoming growing season, many areas are still at risk in terms of weather, with winter bringing lower-than-normal precipitation levels that compounded on top of a dry second half of 2024.

These headwinds remind us that the ag economy moves through various profitability cycles, many of which are out of our control. The key takeaway should be to acknowledge the risk and place an even greater focus on what can be controlled. An important part of this process is to assess your operation's financial condition.

Questions to ask yourself about your ag operation:

- Does the operation have sufficient working capital to weather unexpected setbacks?
- What is the break-even level of the crops, livestock, and other products produced?
- Are there ways to utilize existing assets to develop additional sources of revenue?
- Can we identify underutilized assets no longer necessary to the operation?
- How can we utilize the equity in existing assets to better structure debt?

Ag operations are unique, and having a firm understanding of your farm's finances will guide you through difficult times. Our Ag Banking team is passionate about your operation's success, and our doors are open to help you formulate a winning strategy. The Midwest is home to some of the greatest operators in the world, and you continue to be great caretakers of the land and livestock. We wish each of you a safe and prosperous 2025, and we will continue to provide updates along the way.



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Ag Banking Team

At First Bank & Trust, our Ag Banking team is made up of local experts who know you and understand your farm operation.

Give us a call at 800.843.1552
or connect directly with an ag banker in your area.

[Meet the Ag Team](#)



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