

State, Regional & National Economic Outlook

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My favorite t-shirt:

Economist – definition – Someone who solves a problem you didn't know you had in a way you can't understand. See also, Wizard, Magician

- Anonymous Economist-hater

Overview

- Growth and Trade
- Interest Rates & Inflation
- Income & Prices
- Farm Labor

Takeaways for 2025

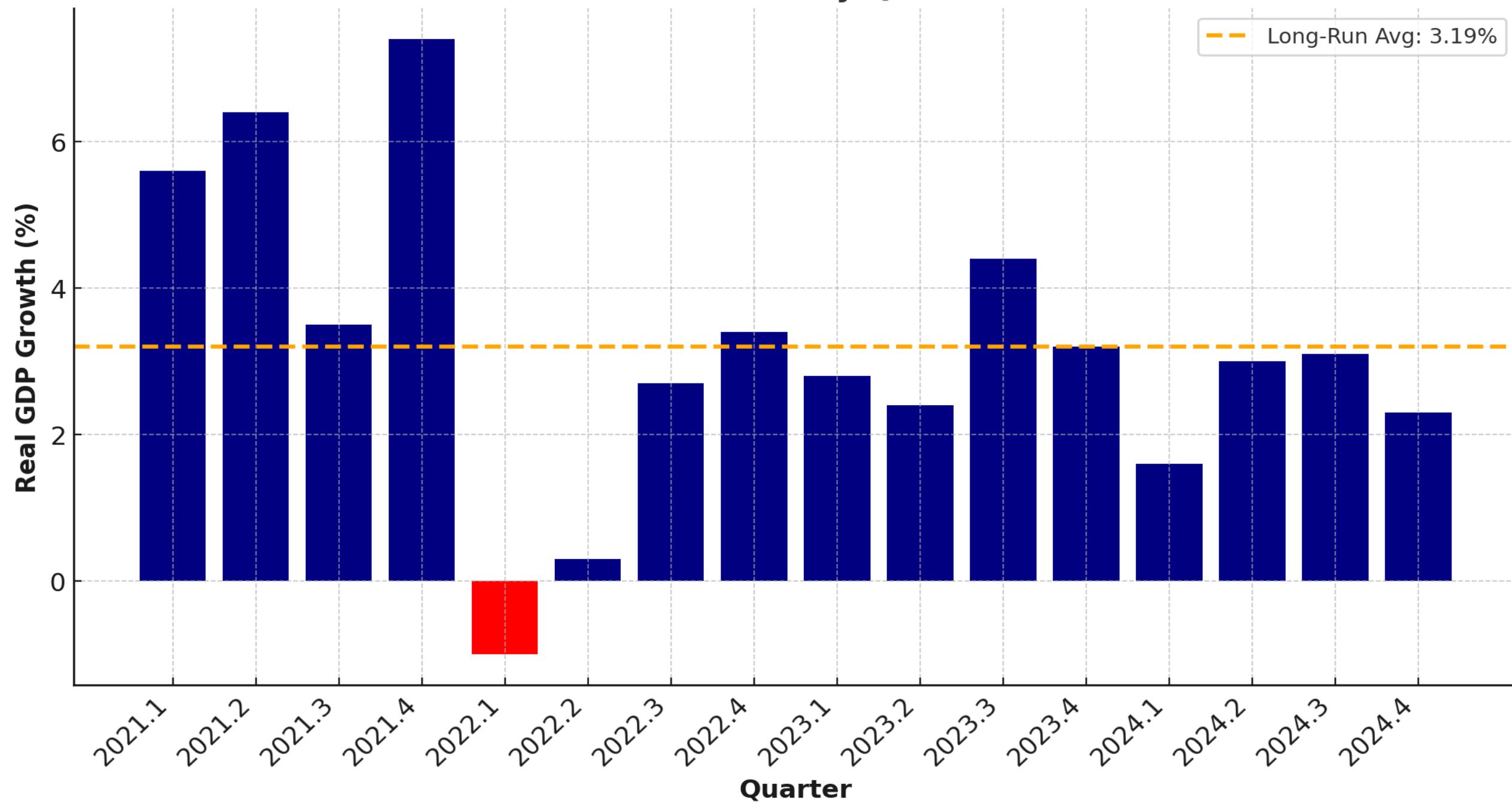
- Plenty of uncertainty in trade and prices
- Stable economic growth forecast
- Labor continues to be a major issue
- Farm income continues to be under pressure

Growth and Trade

“When you are in the unemployment line, at least you know why you are there...”

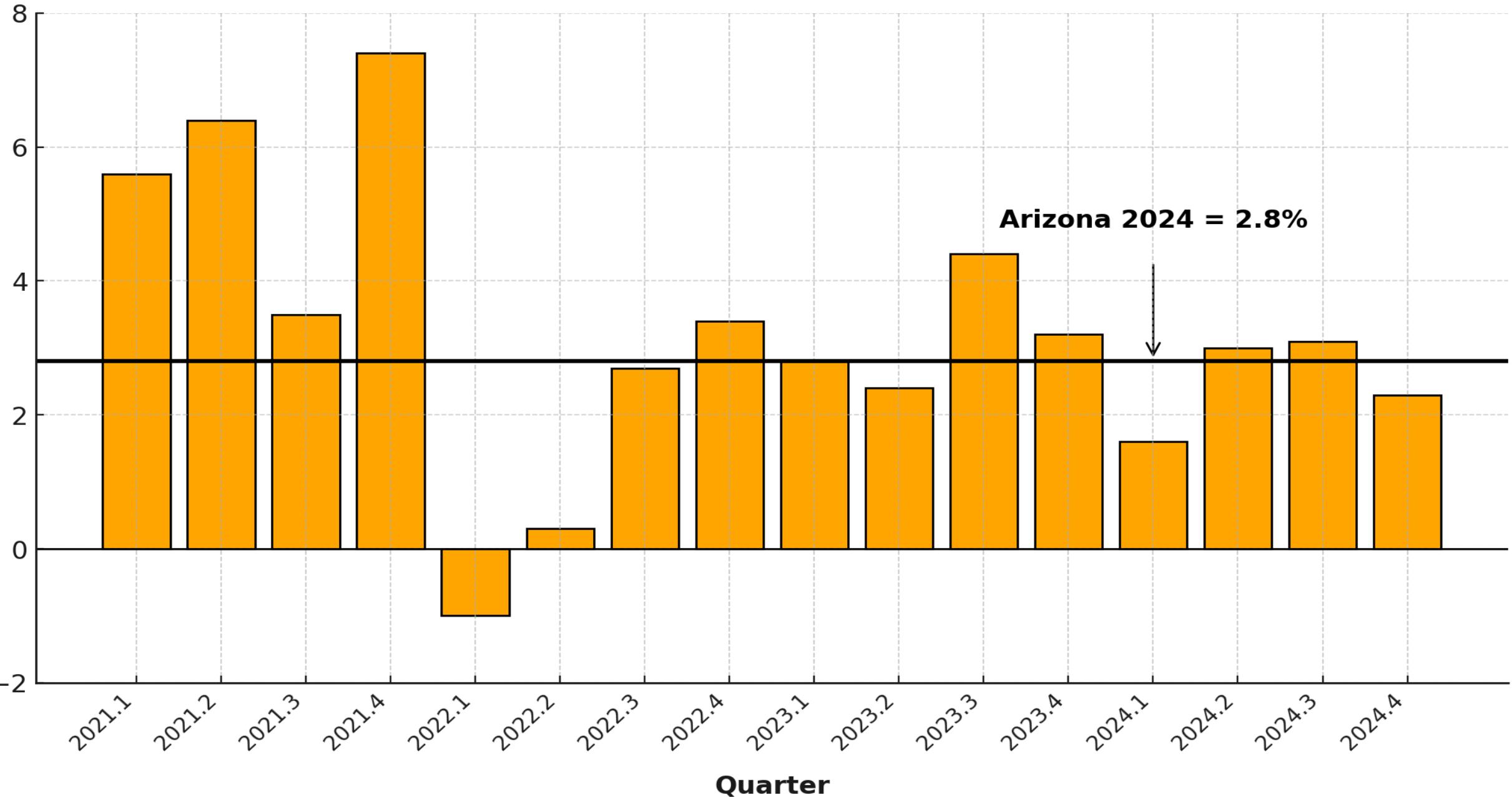
- Anonymous Economist (for good reason)

Real GDP Growth by Quarter - US

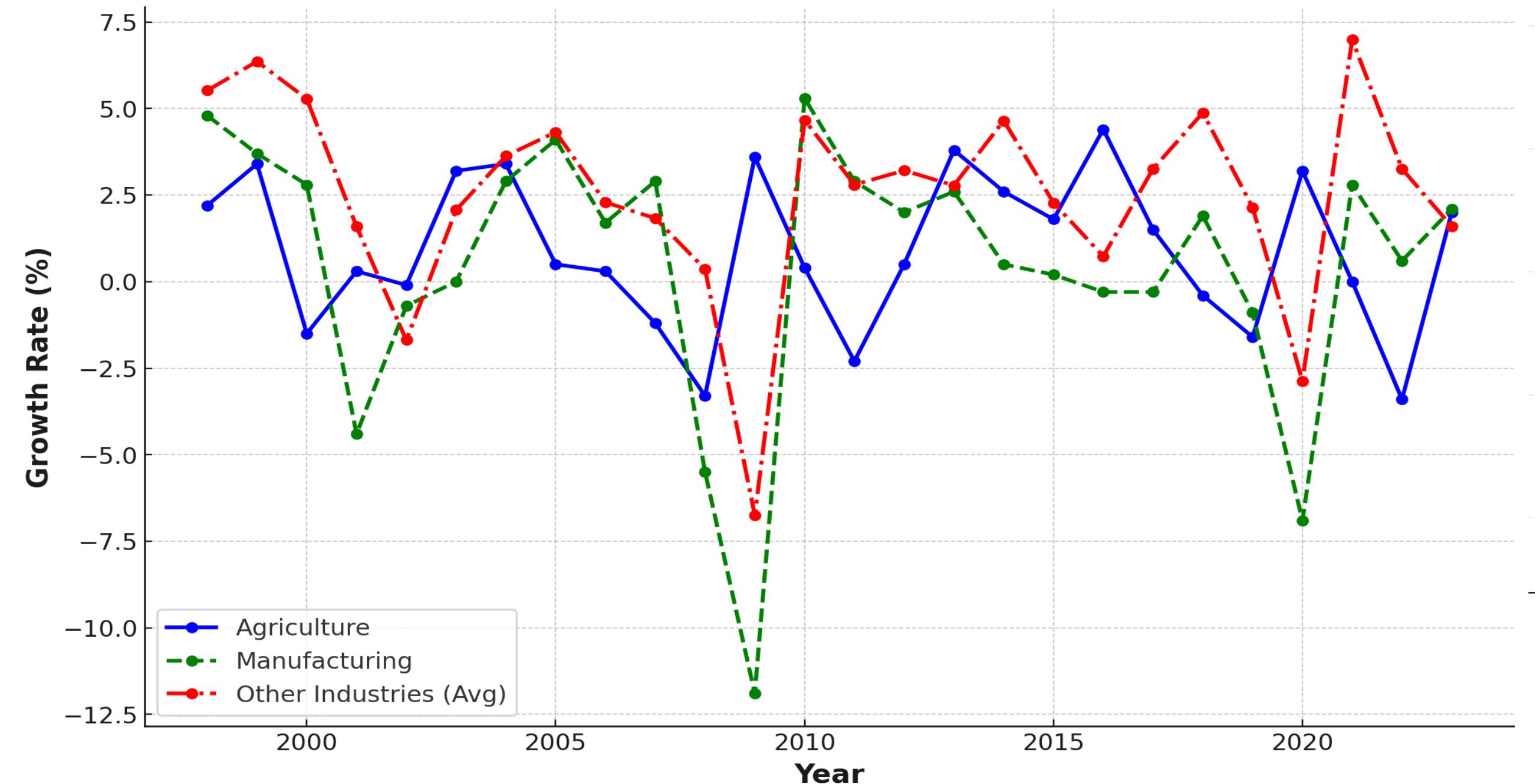


Real GDP Growth by Quarter, US

Source: Bureau of Economic Analysis

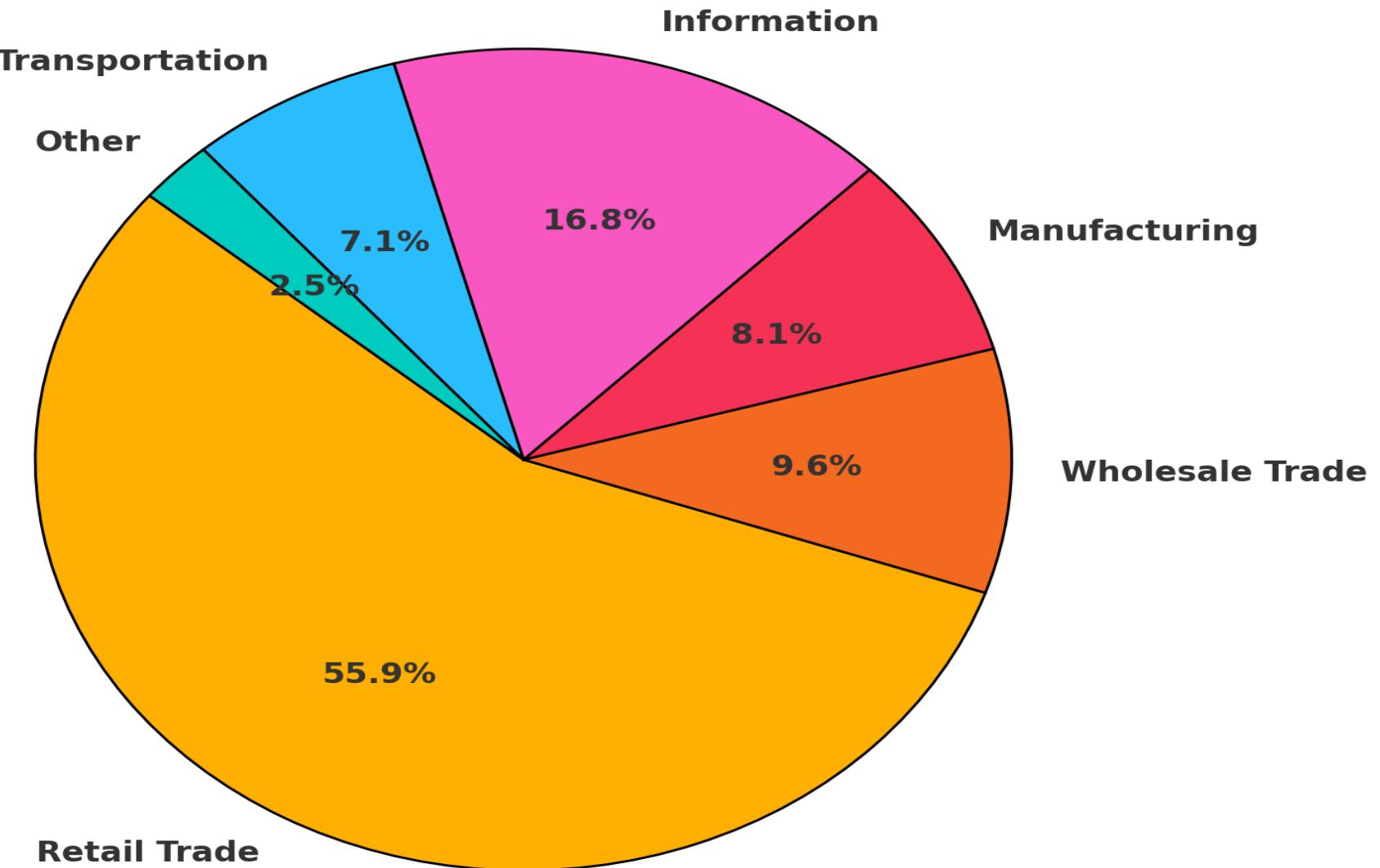


US GDP Growth Rate (1998-2023)

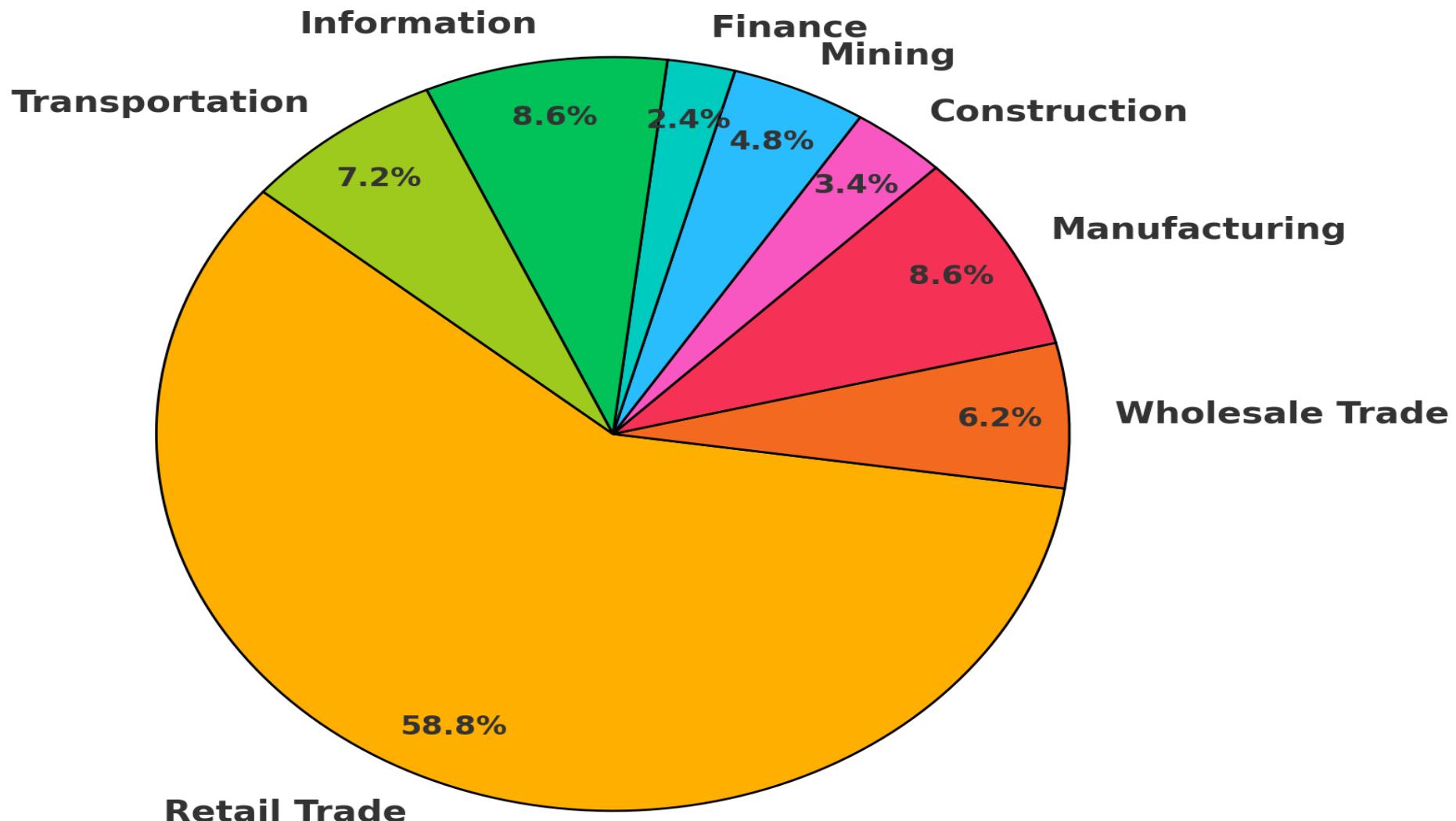


2024 Q3 GDP Growth Contribution - UNITED STATES

Source : Bureau of Economic Analysis

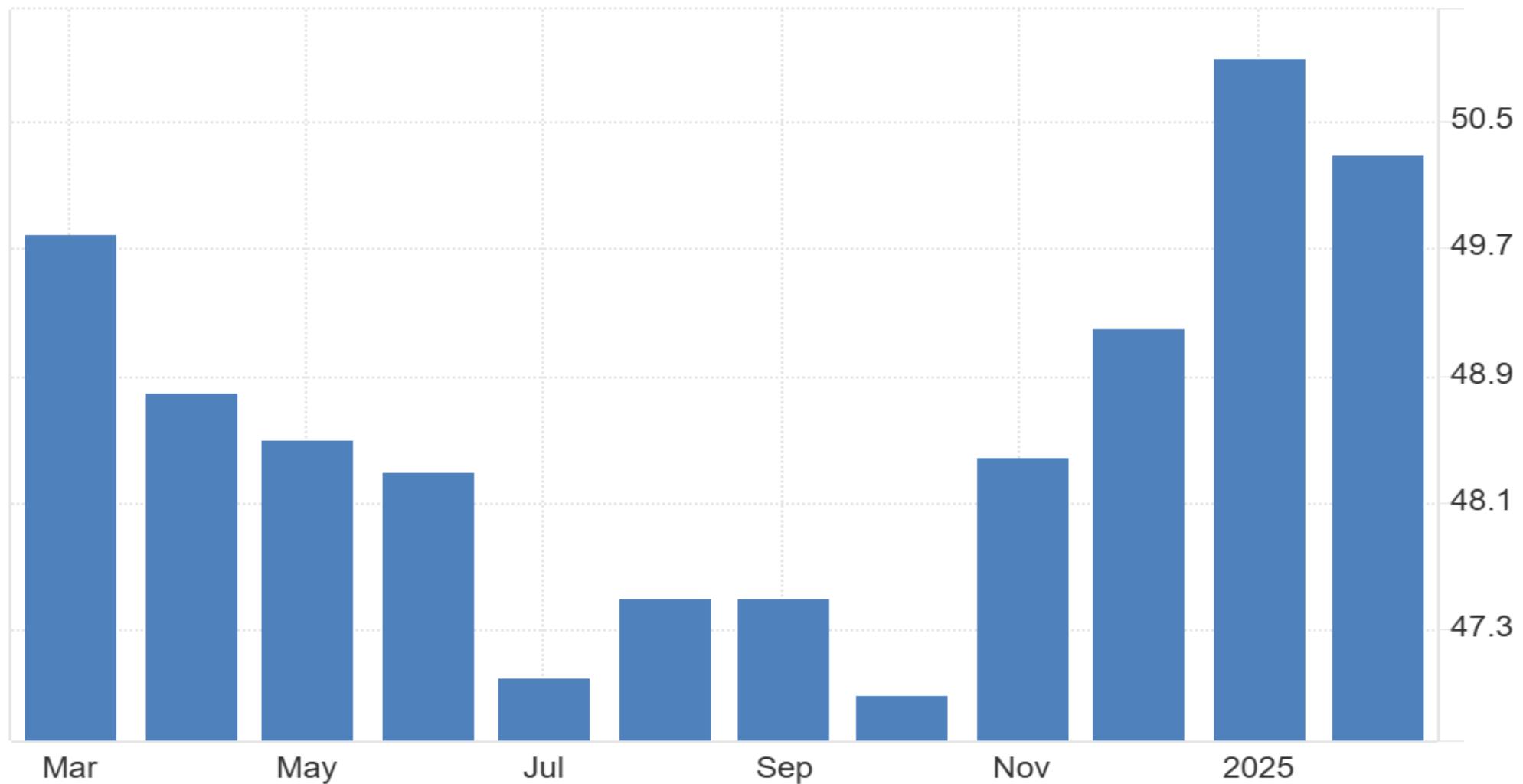


2024 Q3 GDP Growth Contribution - ARIZONA



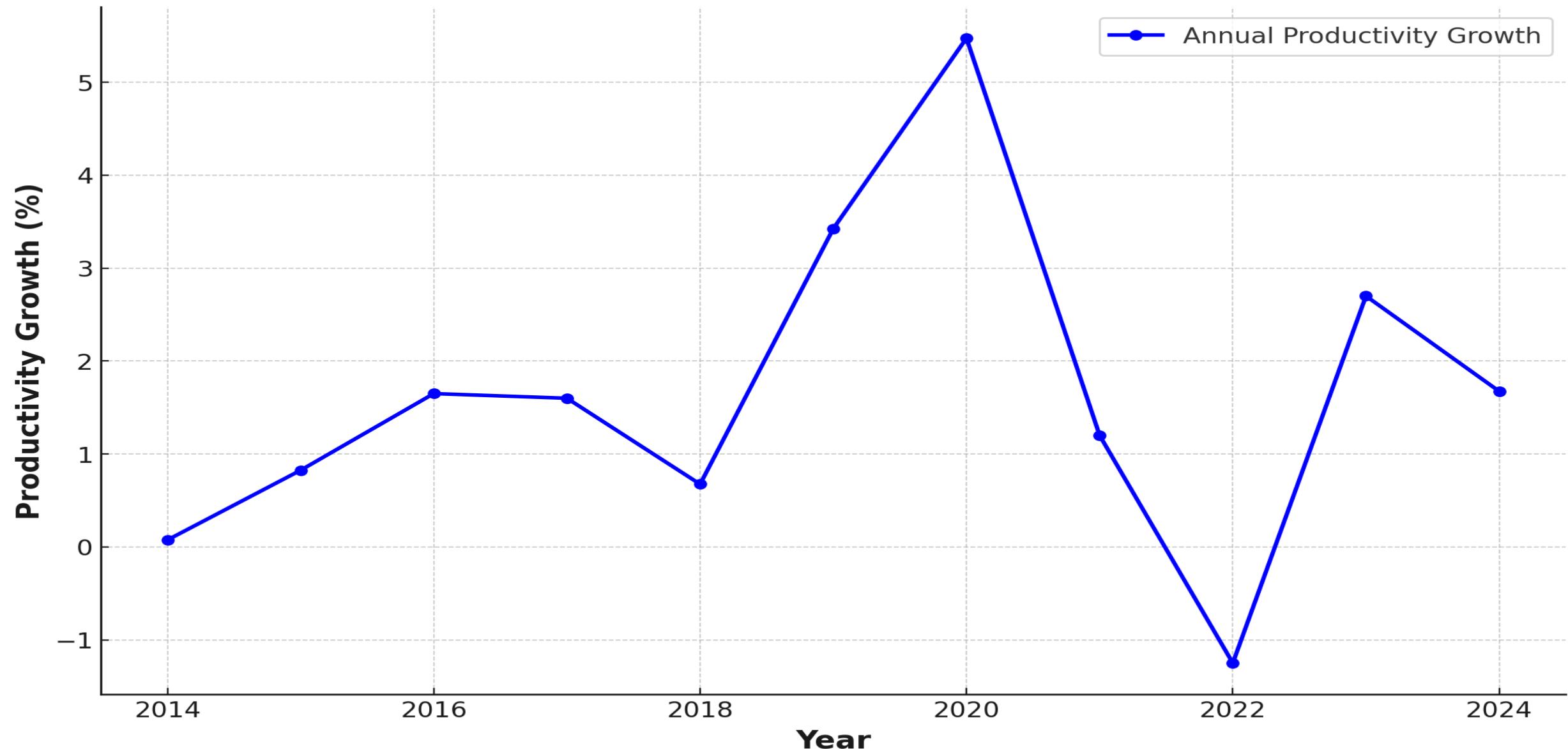
Source: Bureau of Economic Analysis

US Business Confidence - points

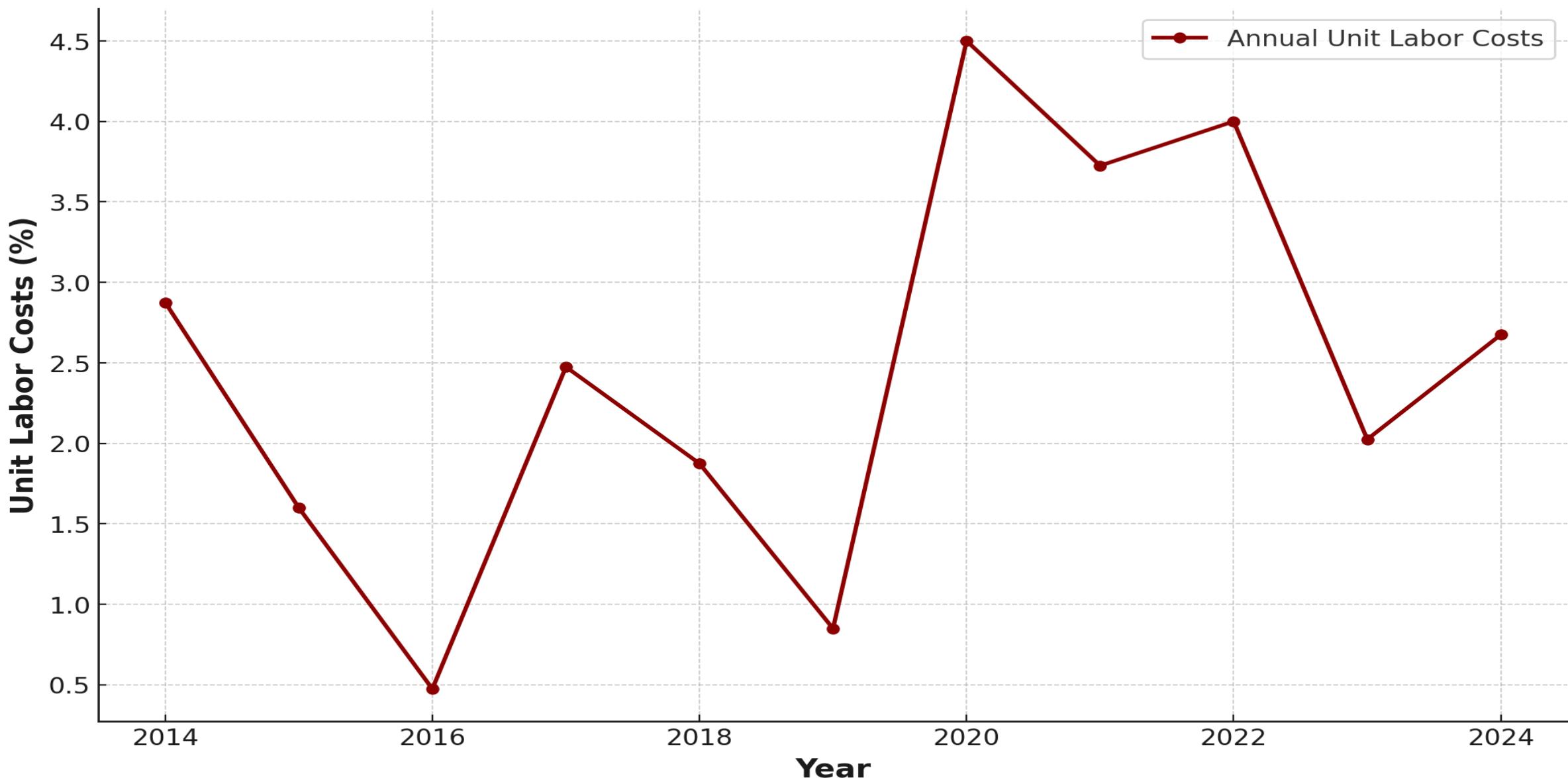


Source: tradingeconomics.com | Institute for Supply Management

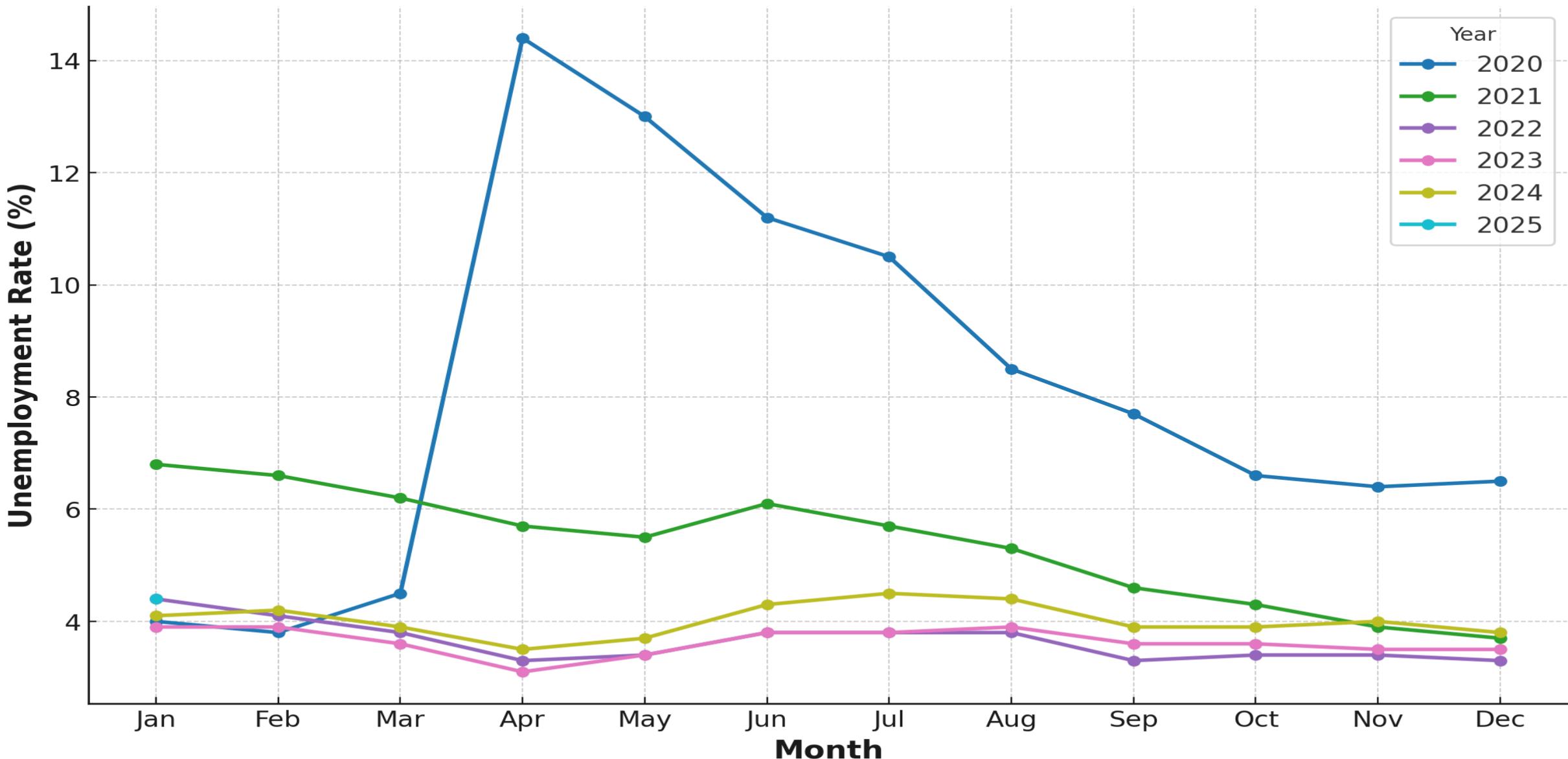
US Productivity Growth (2014-2024)



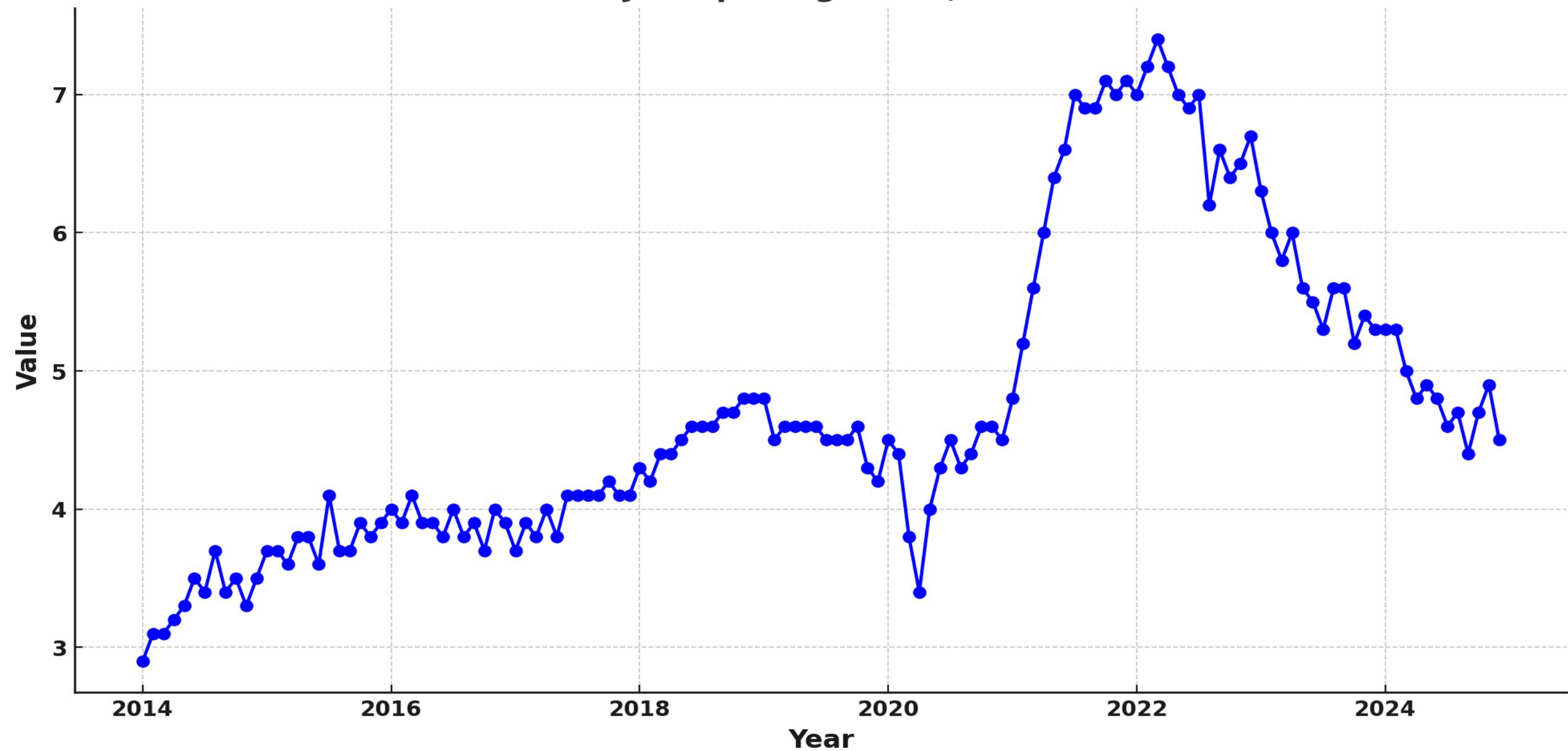
US Unit Labor Costs (2014-2024)



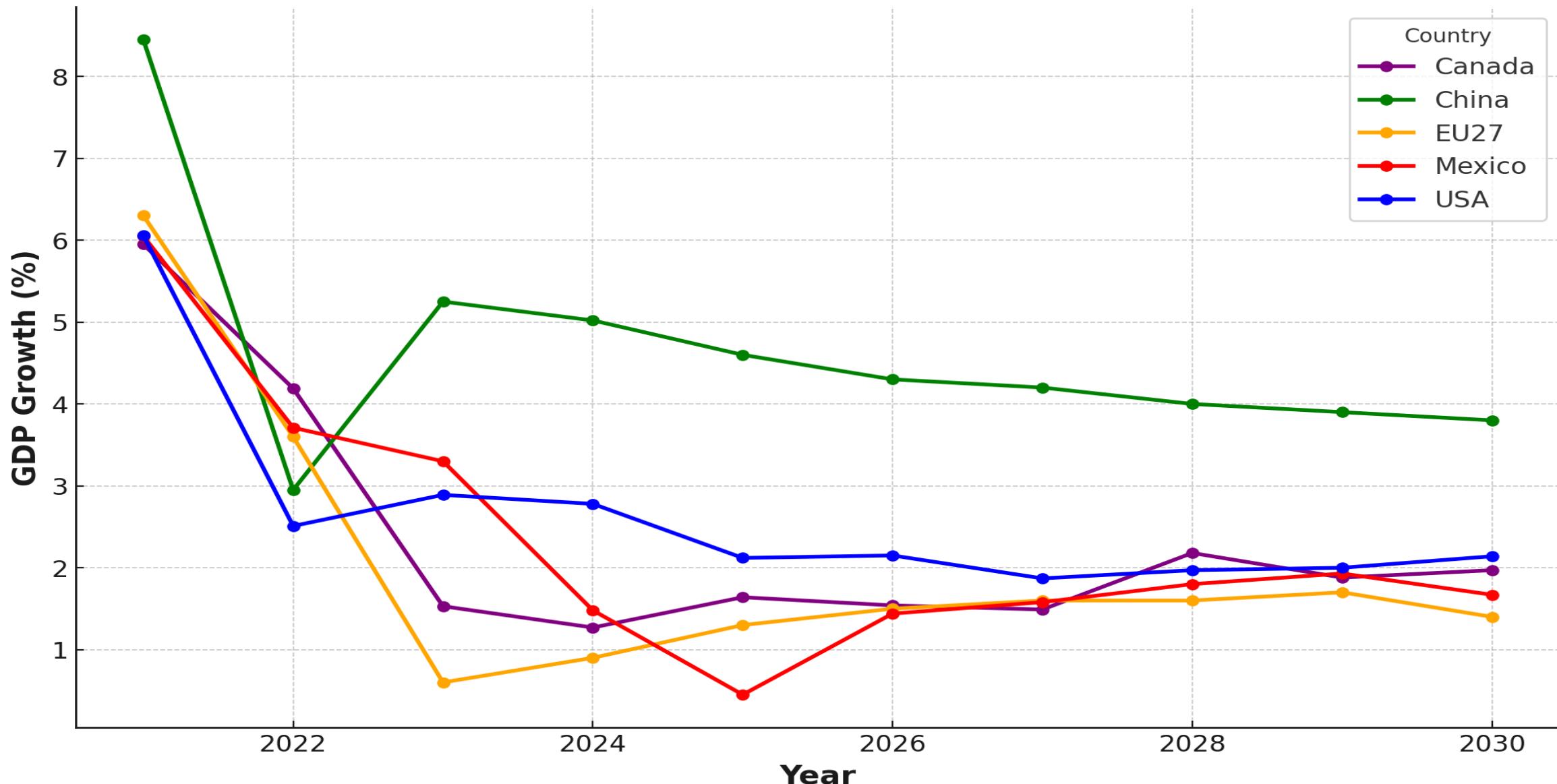
US Unemployment Rate, 16 Years and Over (2020-2025)



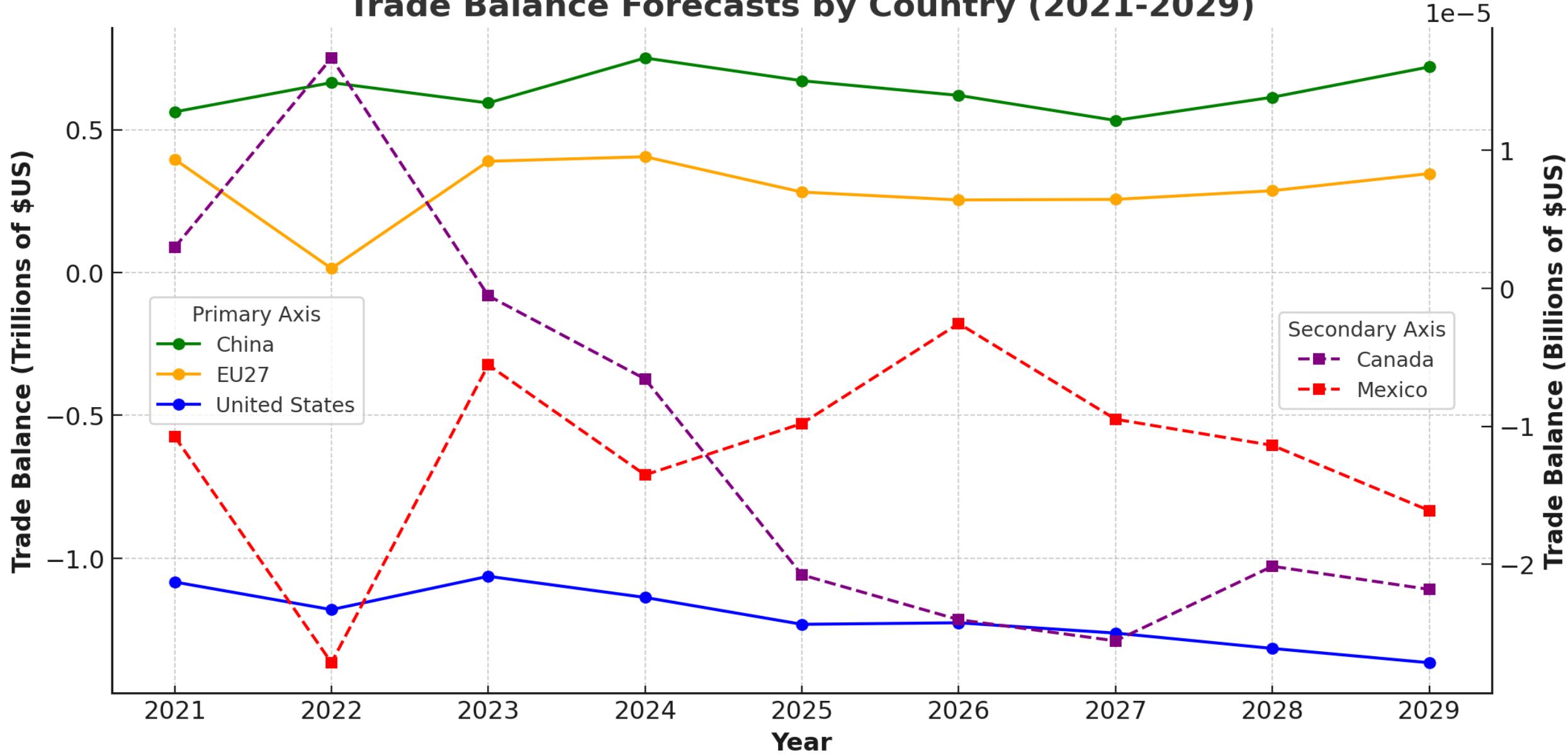
Job Openings Rate, US



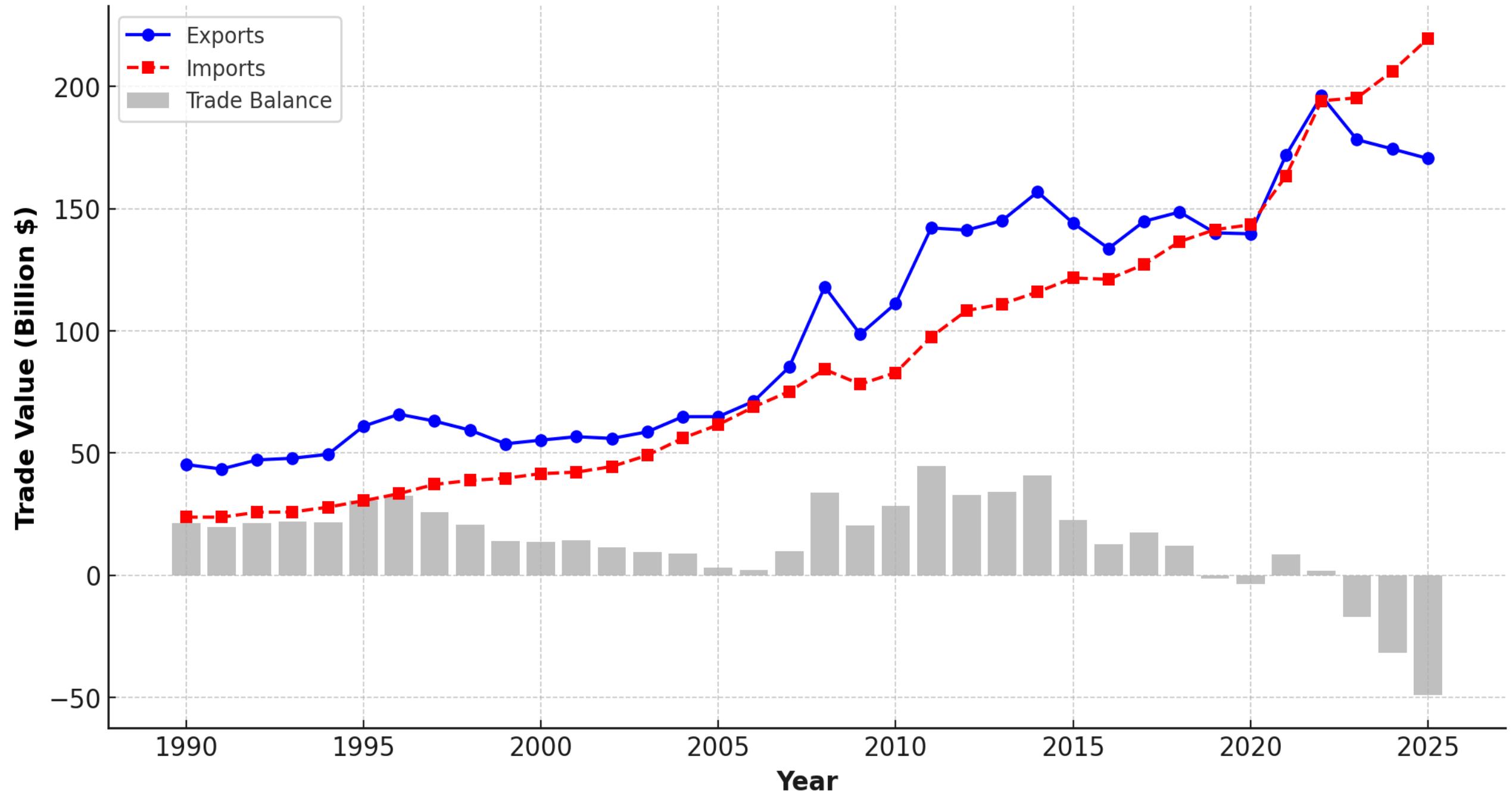
GDP Growth Forecasts by Country (2021-2030)



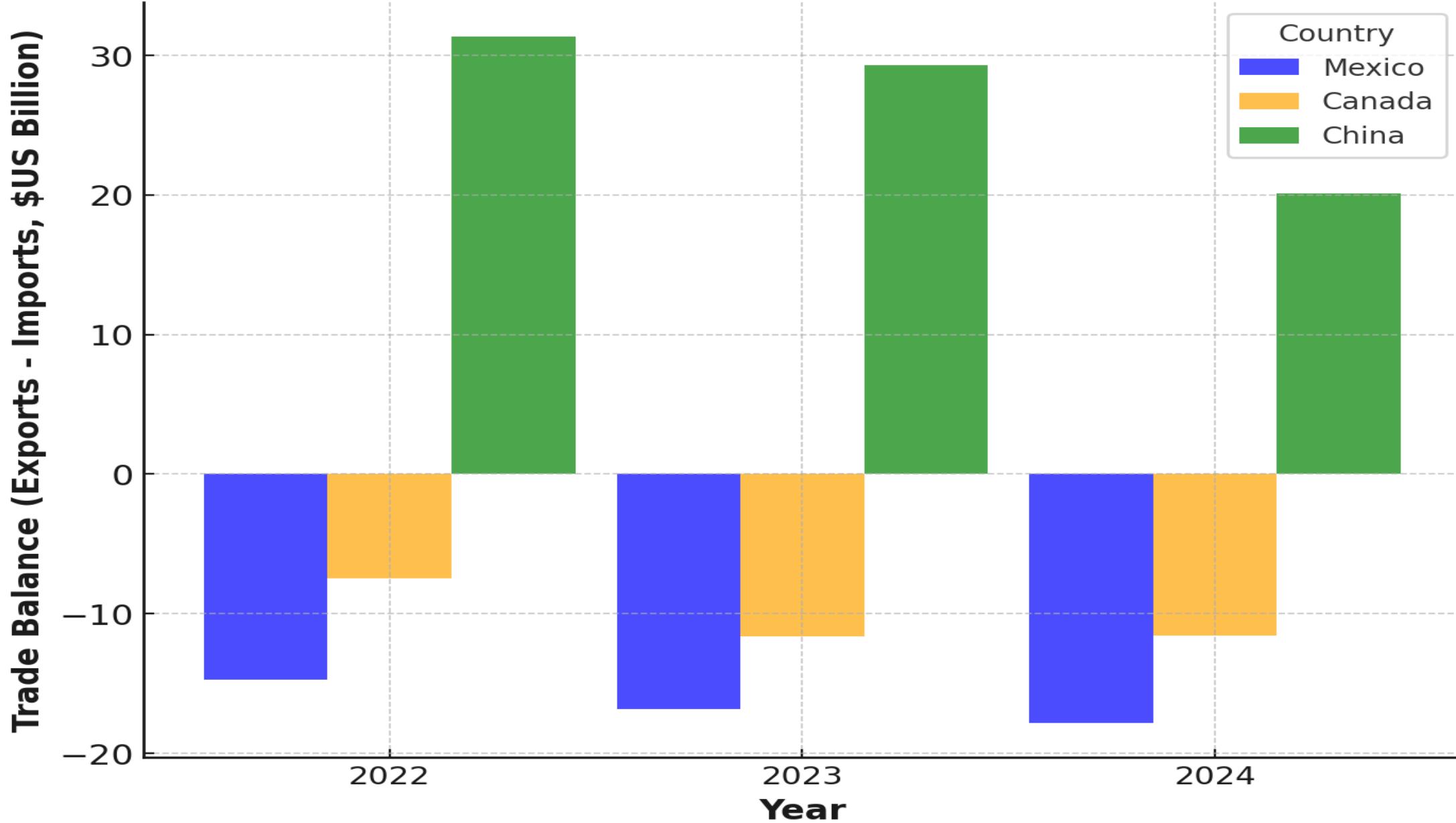
Trade Balance Forecasts by Country (2021-2029)



Agricultural Trade Balance Over Time

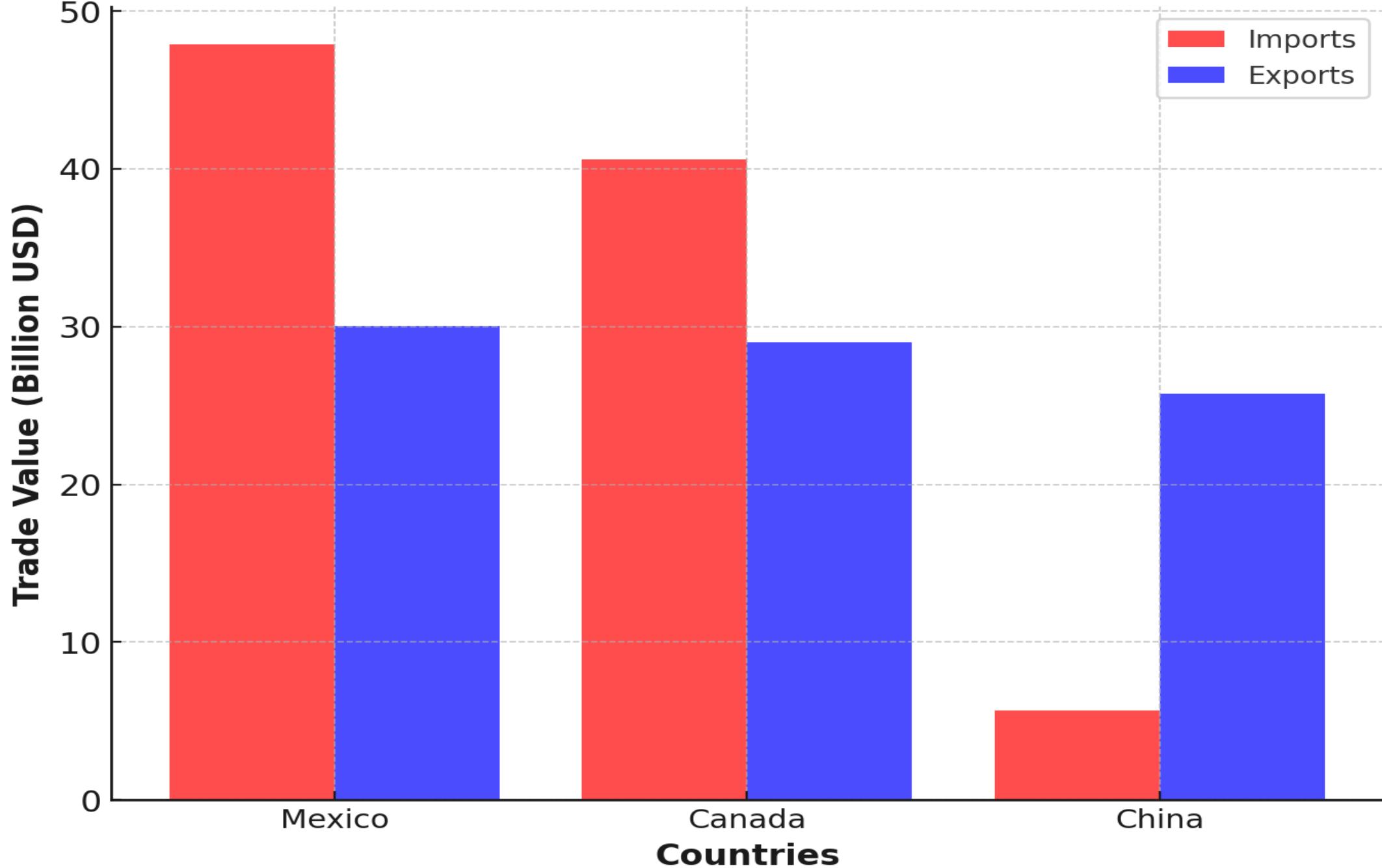


Ag Trade Balance by Country



Source: USDA FATUS

Ag Trade Balance 2024

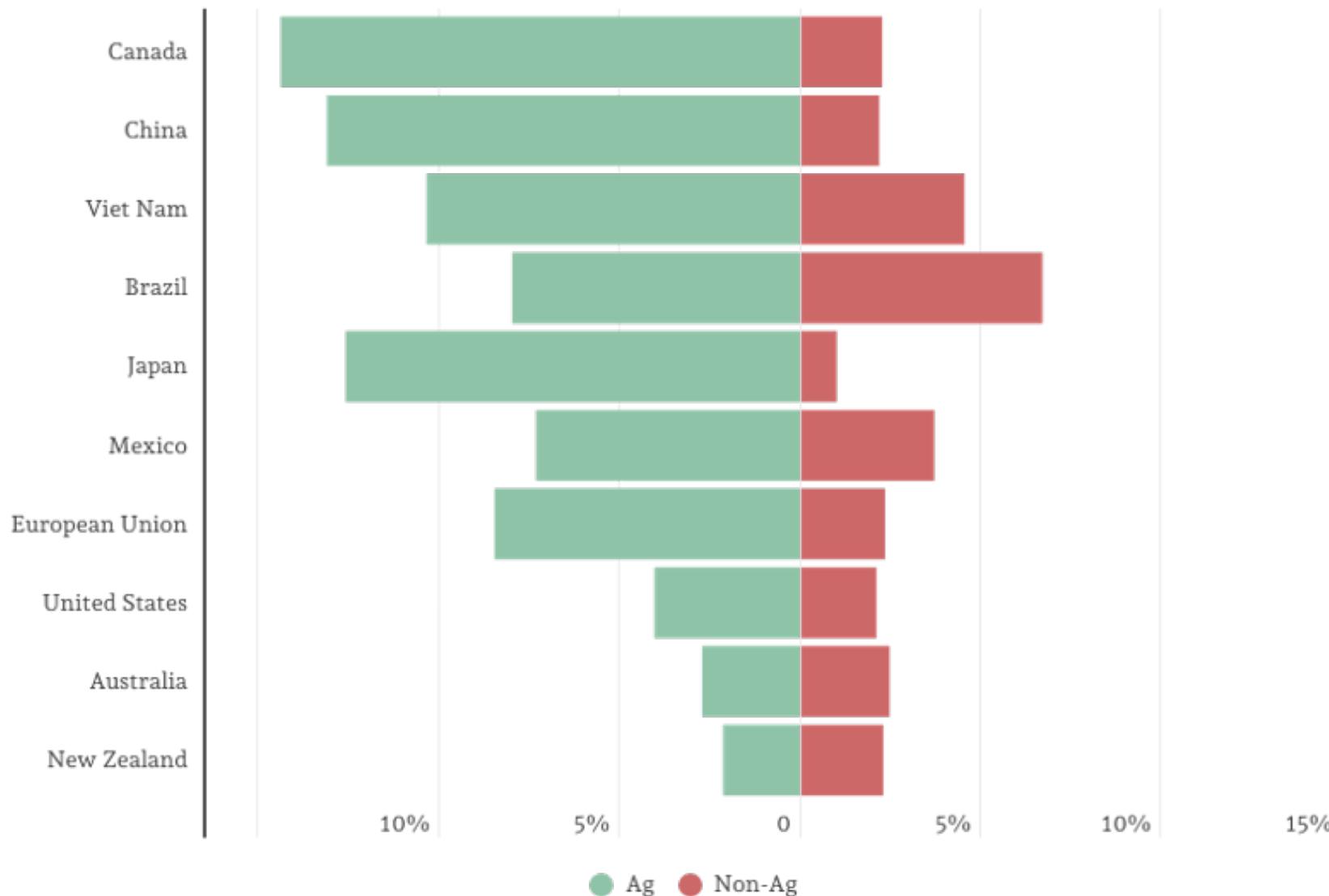


THE TOP FOOD & BEVERAGE IMPORT IN EVERY STATE



The data used in this study comes from the USDA's Economic Research Service, U.S. Census Bureau's USA Trade Online. The top food and beverage import commodities by state were determined as those with the greatest import value in 2023 based on six-digit Harmonized System (HS) commodity codes. Where applicable, commodity descriptions were updated to improve readability. The following HS commodity categories were included: 02; 03; 04; 07; 08; 09; 10; 11; 12; 13; 15; 16; 17; 18; 19; 20; 21; 22.

Weighted Average Tariff Rates for WTO Countries, 2023



Source: WTO Stats/World Trade Organization

Macro Trends

- US imports still power the world economy...
- Can we trust Chinese data, growth prospects?...
- What about Canada and Mexico?....
- There is a case for leveling the trade playing field...

Interest Rates & Inflation

“Inflation is made in Washington...”

Milton Friedman

What is Inflation?

- Inflation is the rate of change of all prices in the economy
- Inflation is a monetary phenomenon (driven by money)
- The Quantity Theory of Money:

$$P = MV/Q$$

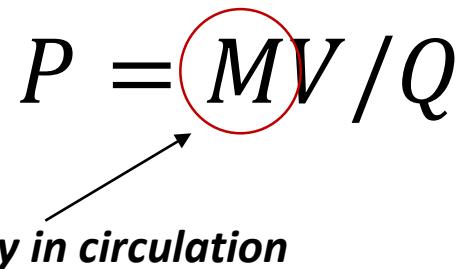
Price level → P

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The amount of money in circulation



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Velocity of money

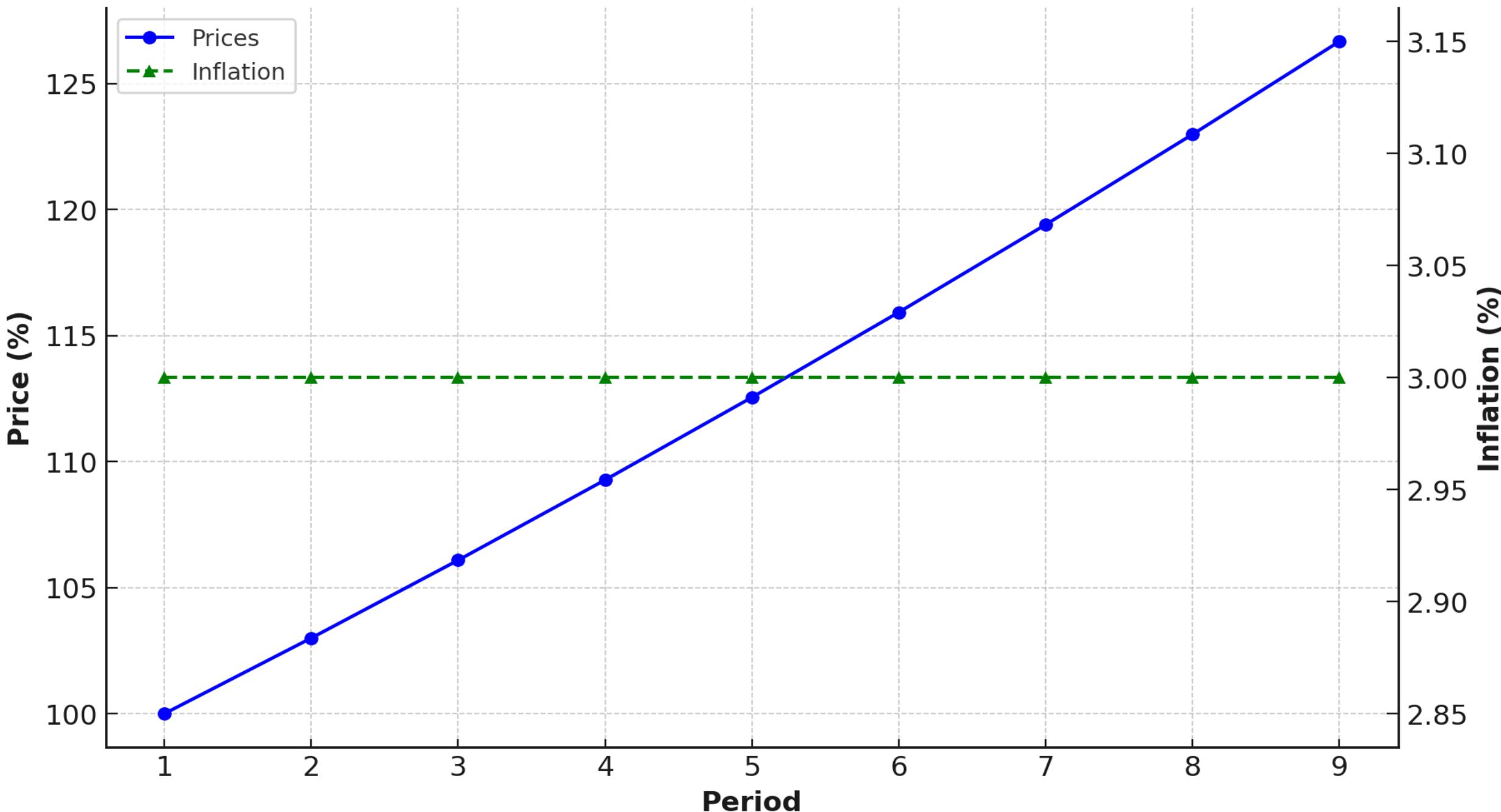
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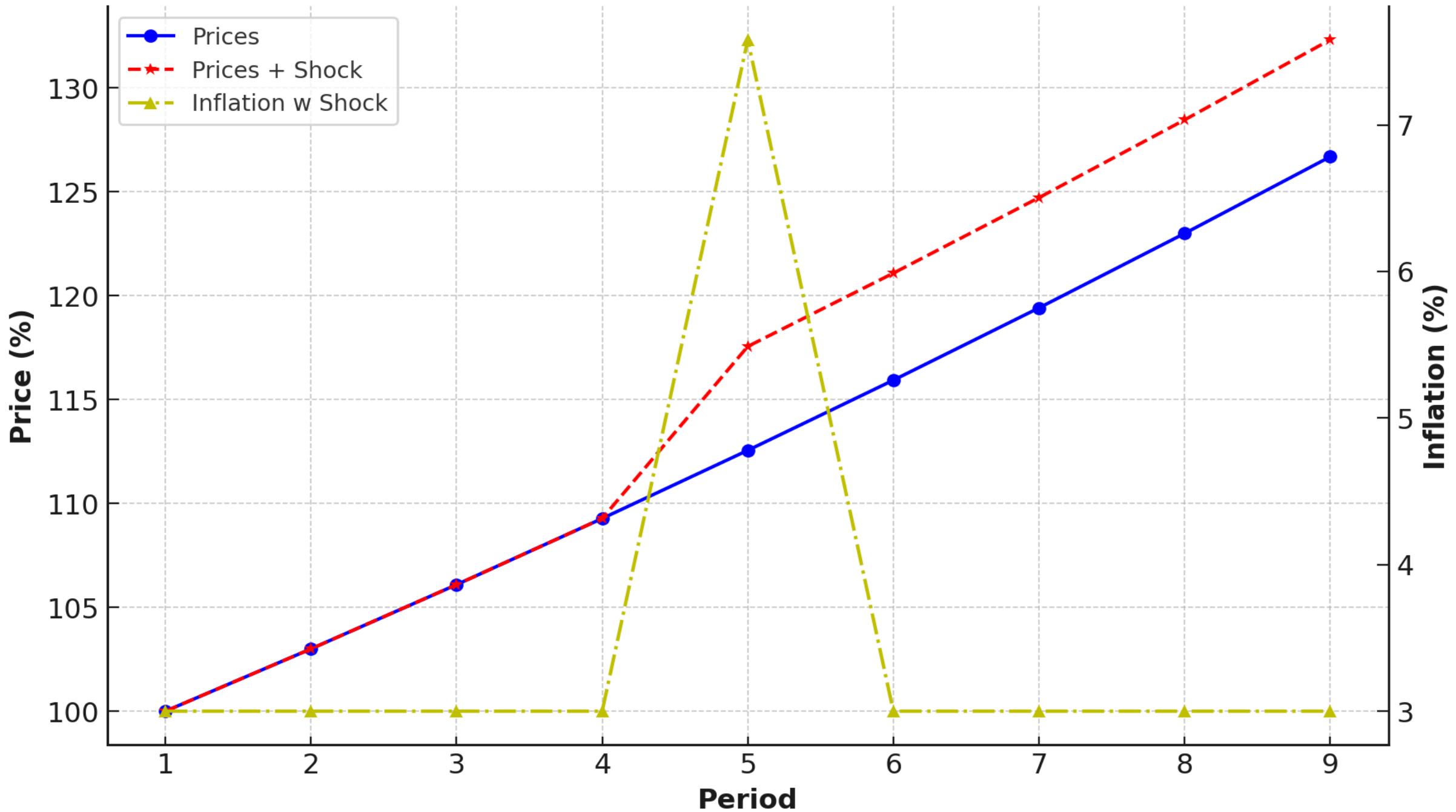
$$P = MV/Q$$

The quantity of goods in the economy

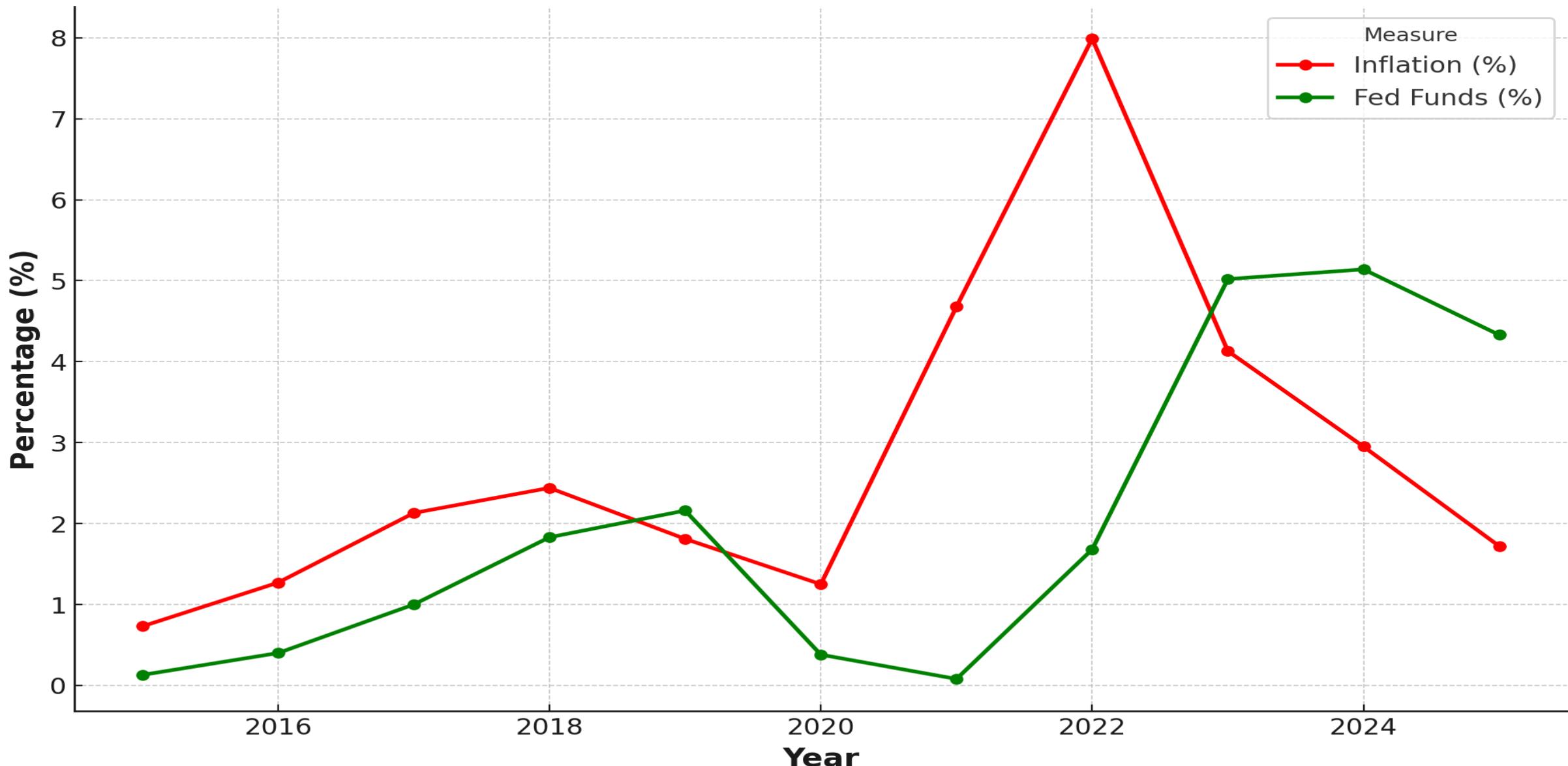
Price and Inflation Trends



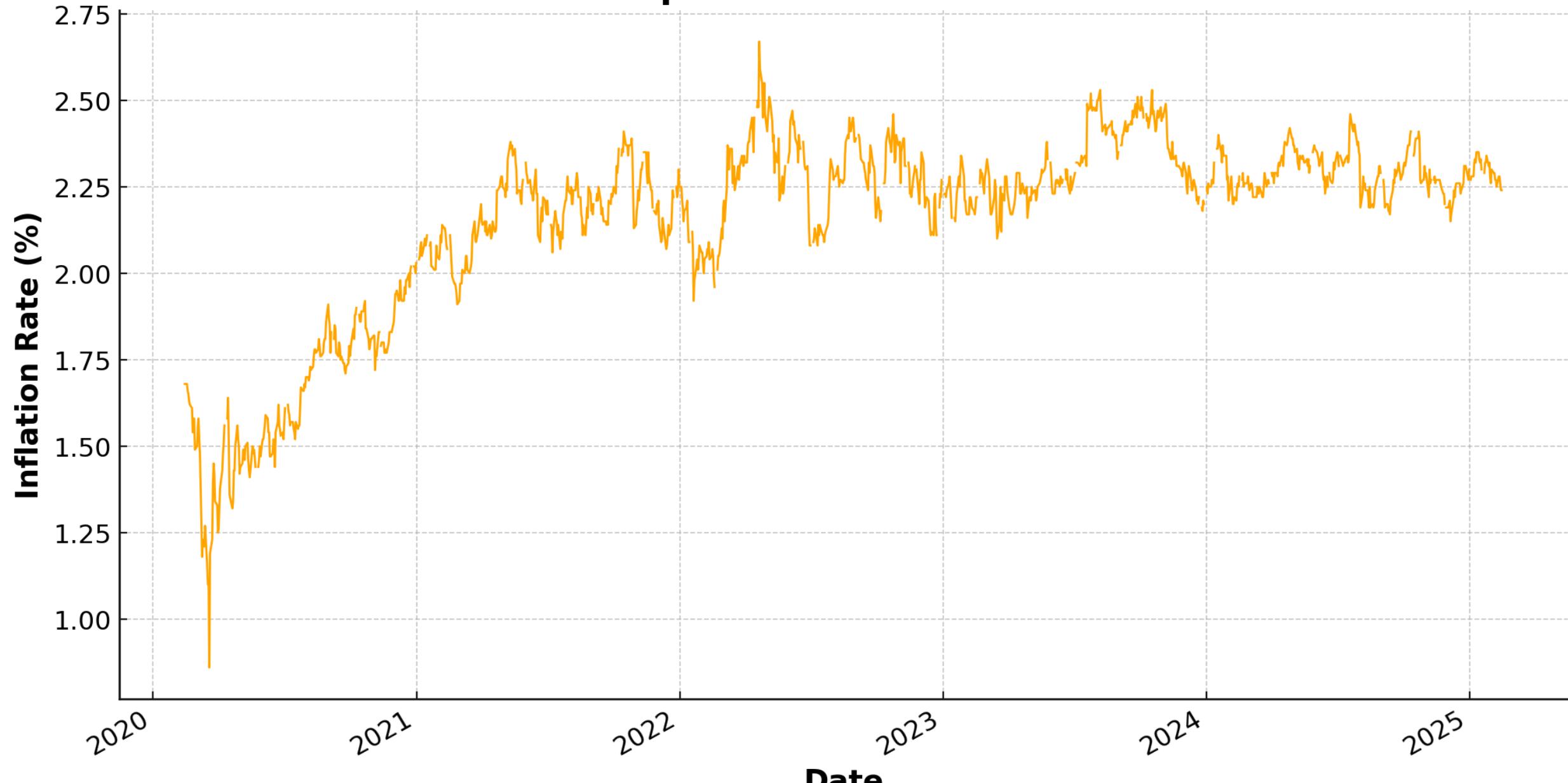
Price and Inflation Shock Trends



Inflation Rate / Interest Rate (2015-2025)

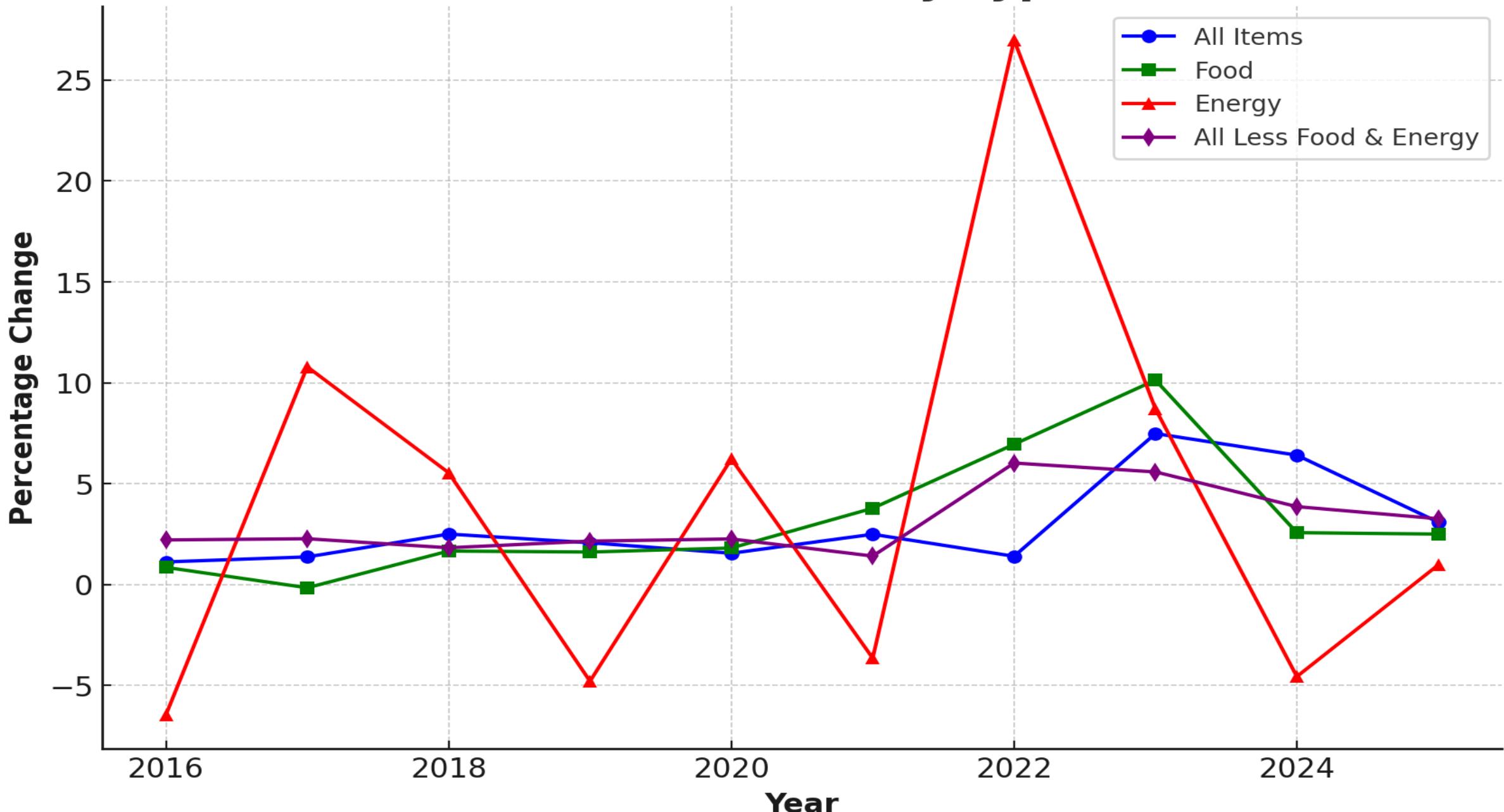


Expected Inflation Rate



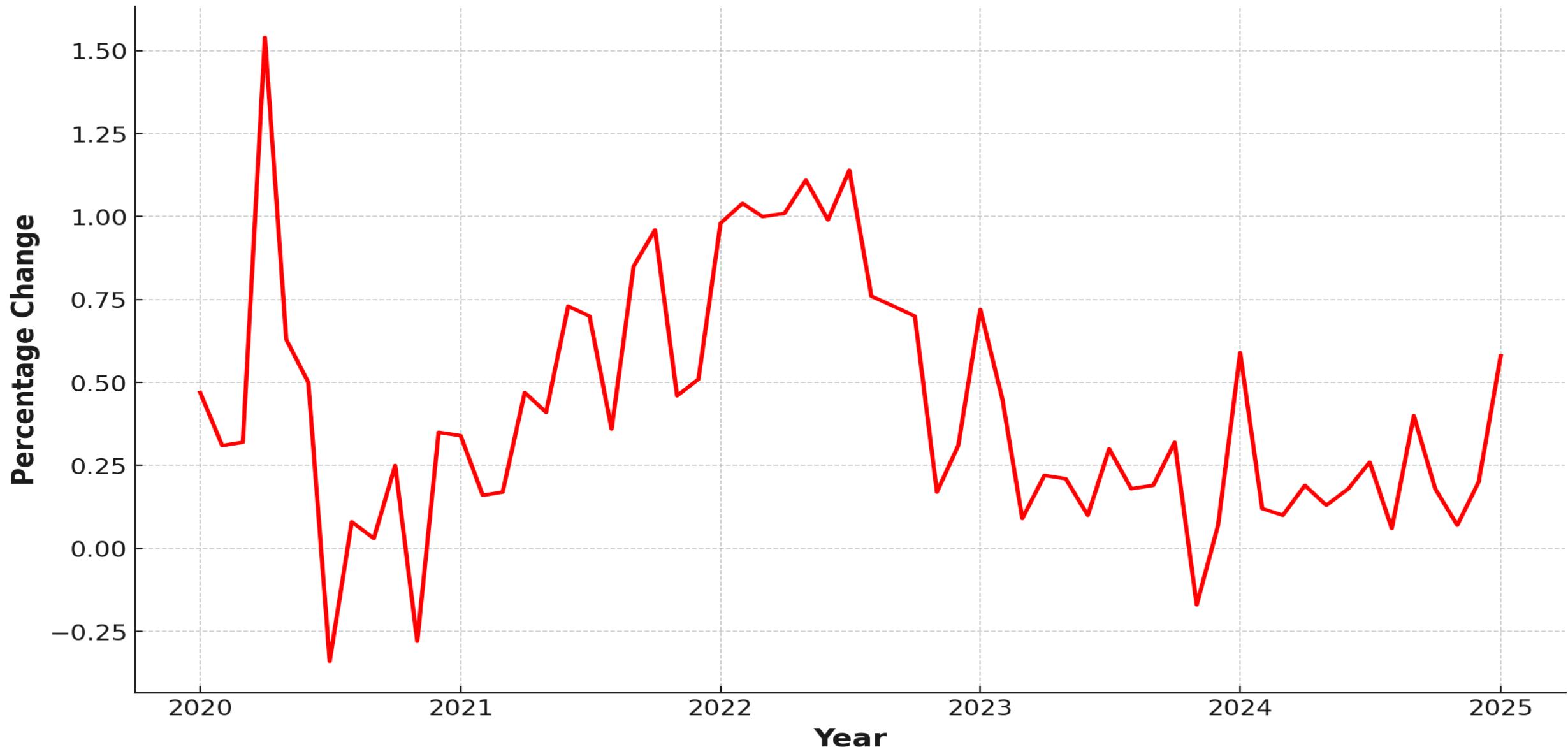
Source: FRED

Inflation Rate by Type



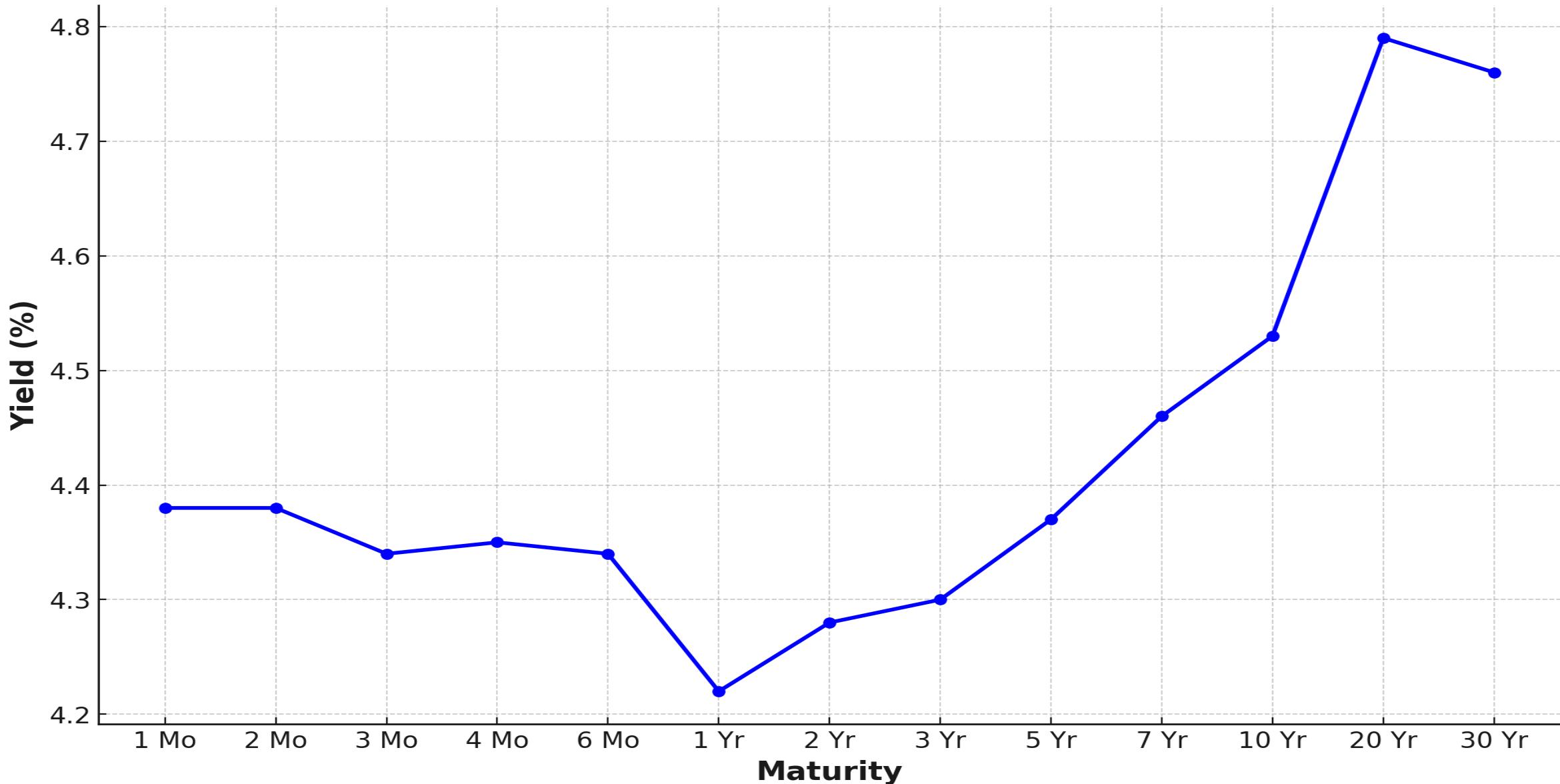
Source: US Bureau of Labor Statistics

Food Price Inflation Trend Over Time

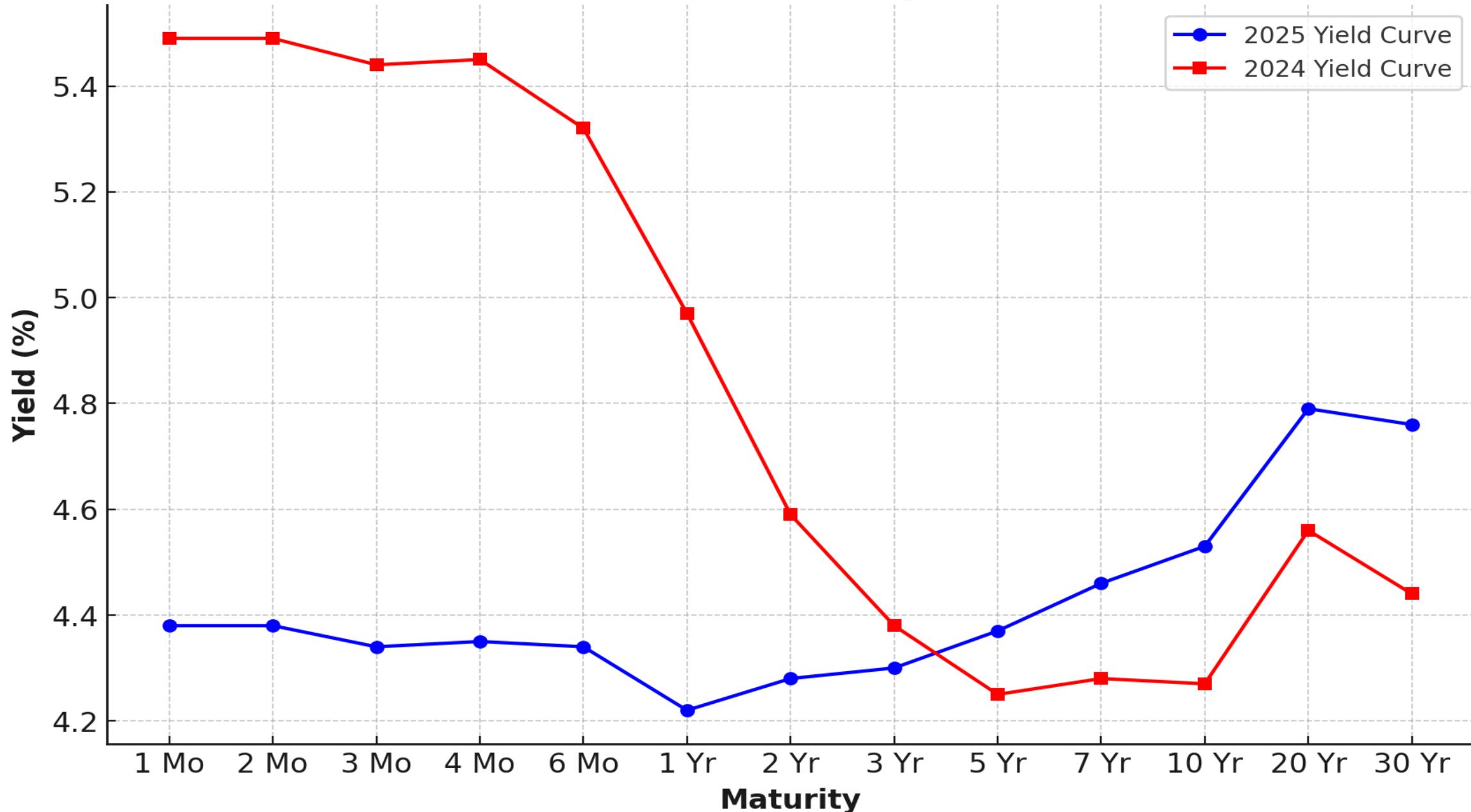


Source: US Bureau of Labor Statistics

2025 Treasury Yield Curve



2024 and 2025 Treasury Yield Curves



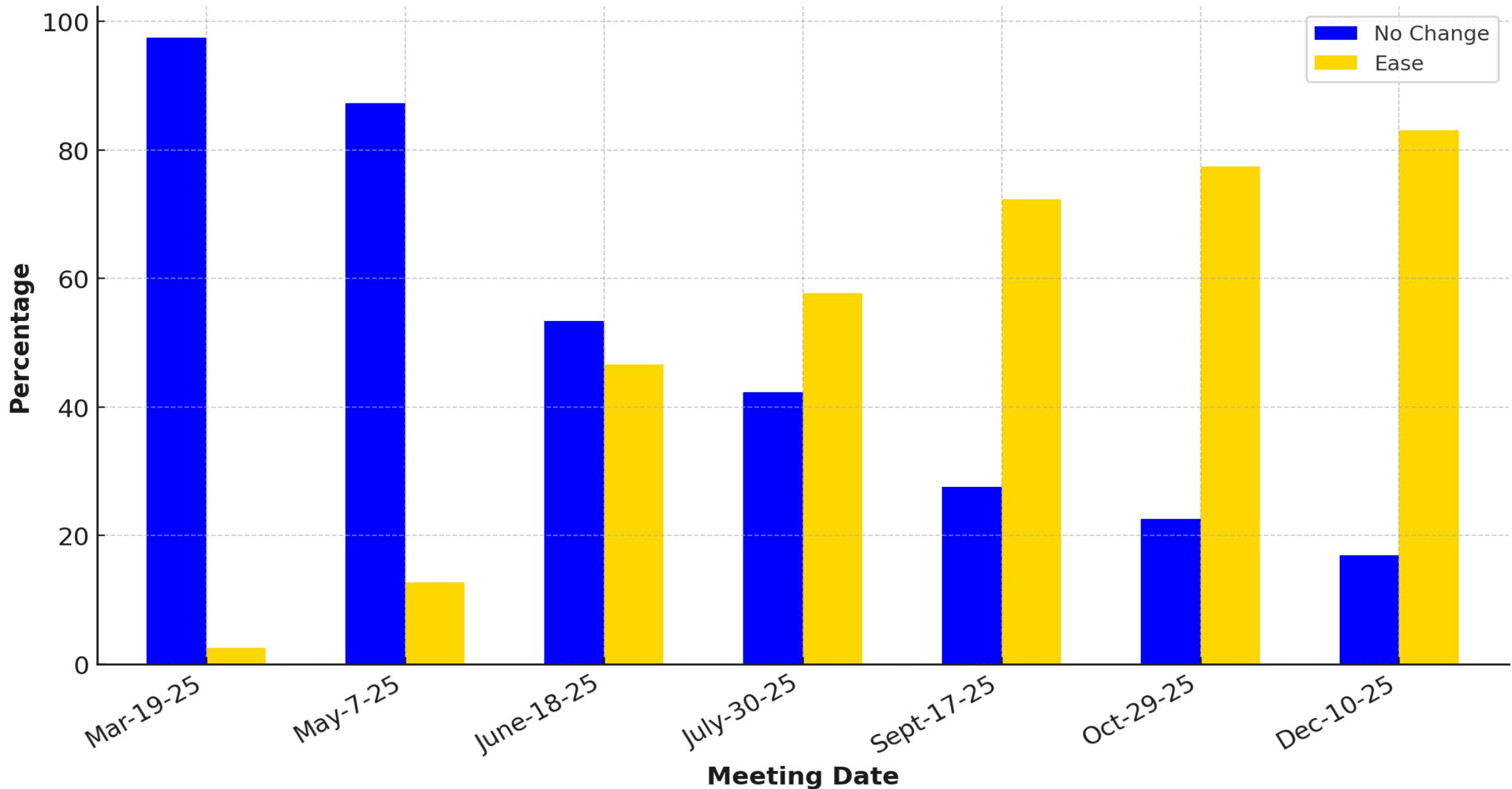
Source: US Department of Treasury

10 Year / 3 Month Yield Spread Over Time



Source: FRED

CME FedWatch Tool Data



Inflation and Interest

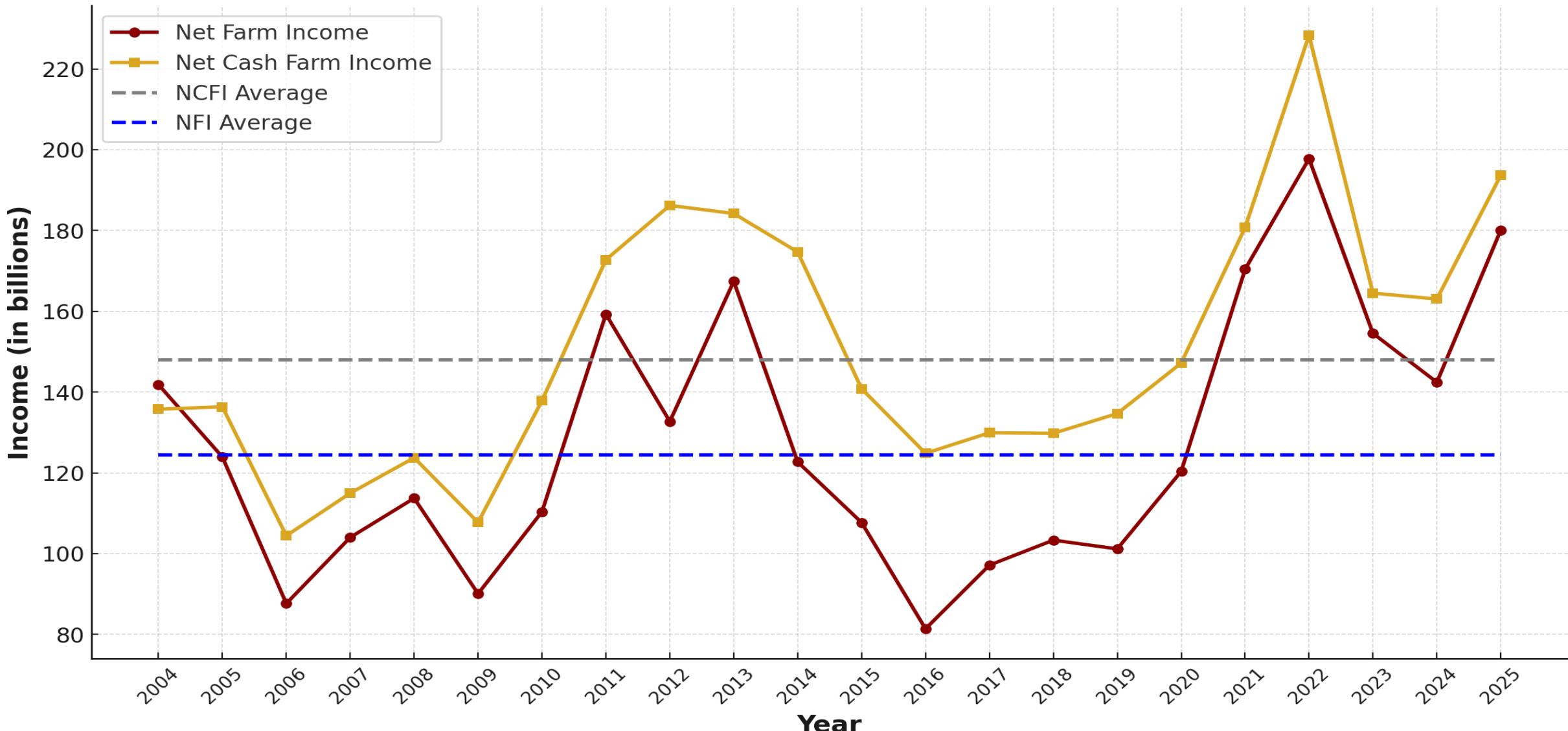
- Fed will likely not alter rates much this year...
- Inflation is rising back somewhat, prices will not fall...
- We really don't want prices to fall...
- Yield curve no longer inverted, inflation expected...
- CME FedWatch predicts more likely to reduce than hike...

Farm Income, Prices and Labor

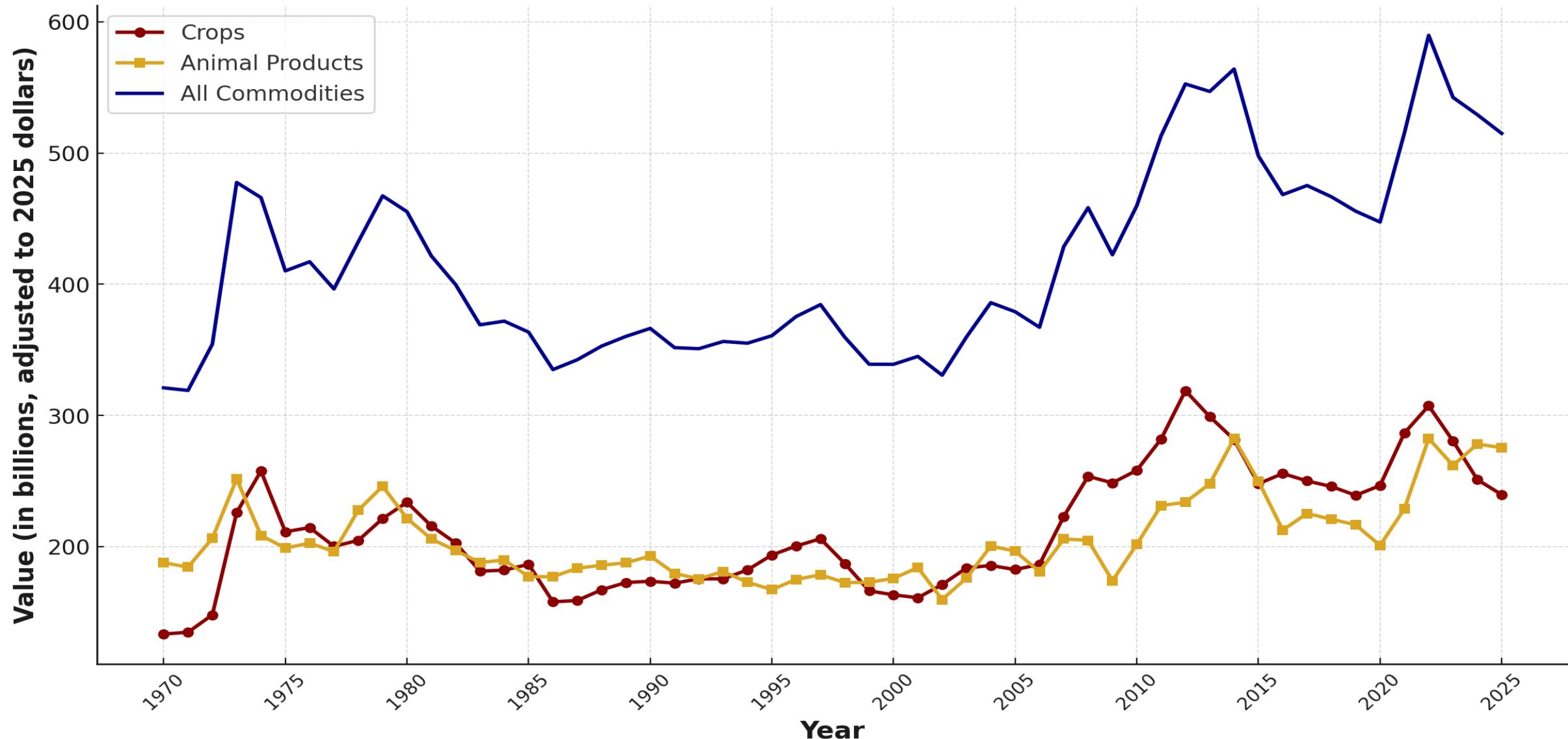
“The farmer is the only man in our economy who buys everything at retail, sells everything at wholesale, and pays the freight both ways.”

John F. Kennedy

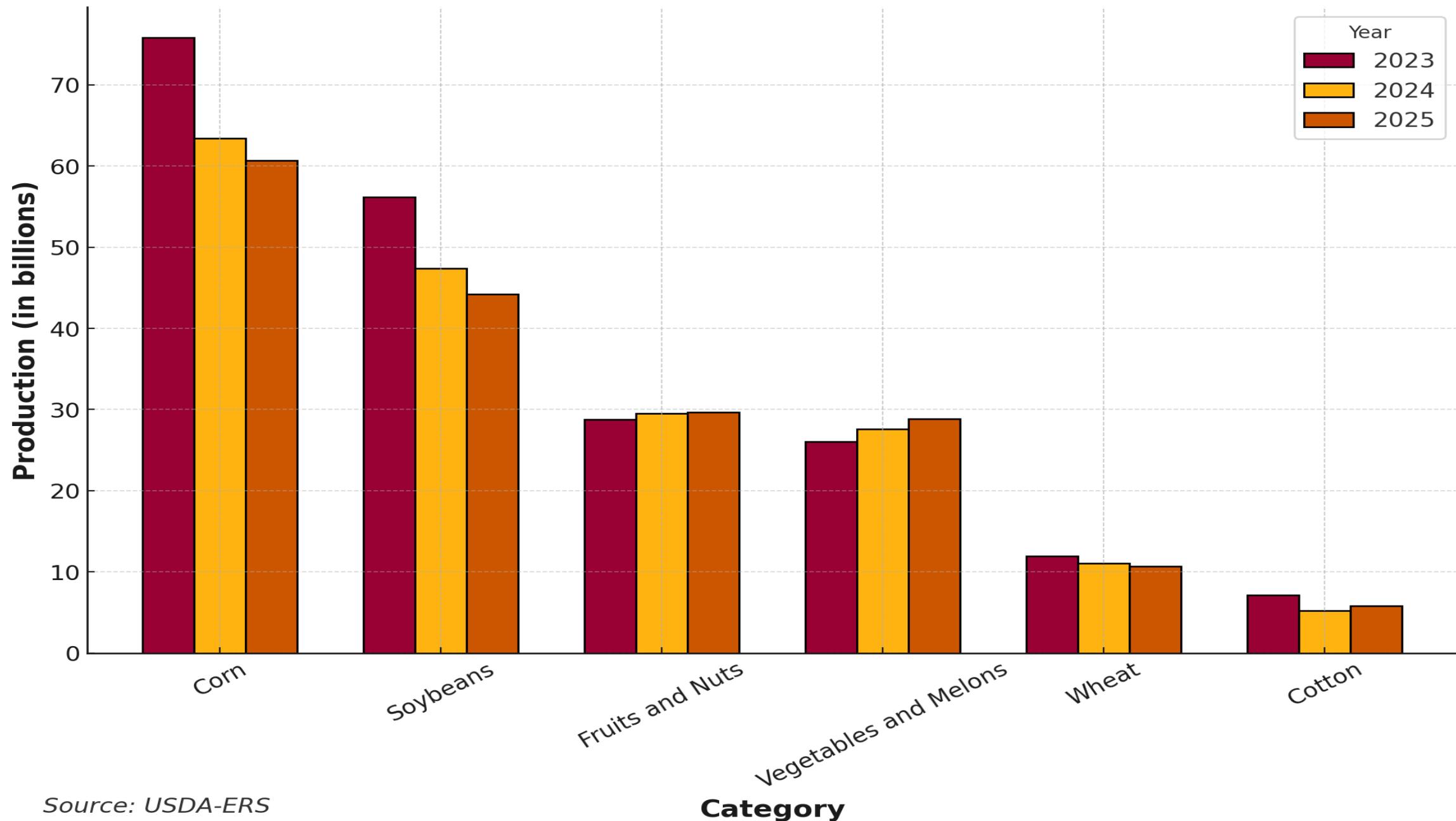
Net Farm and Cash Farm Income (2004-2025)



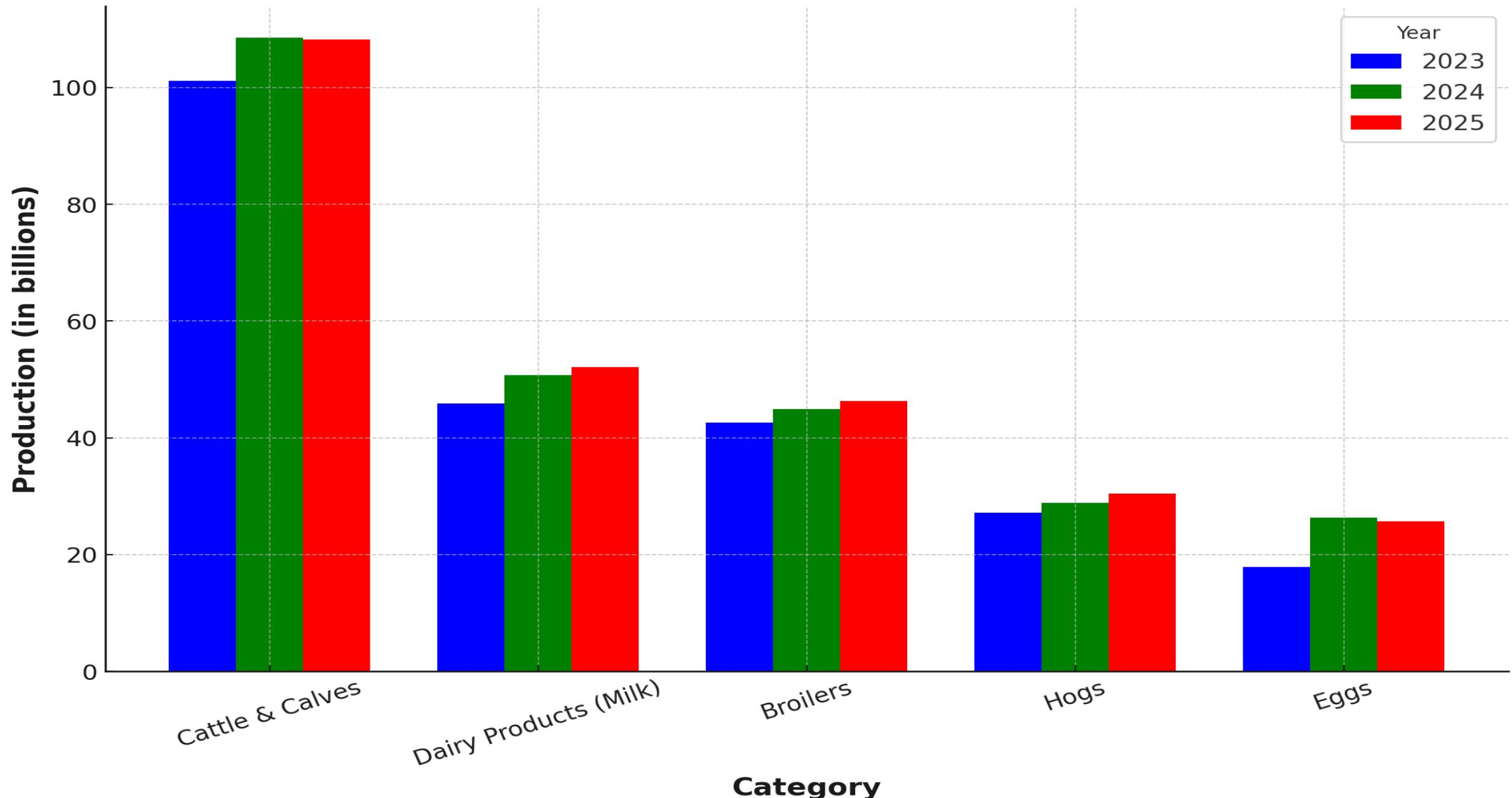
Inflation-Adjusted Value of Agricultural Commodities (1970-2025)



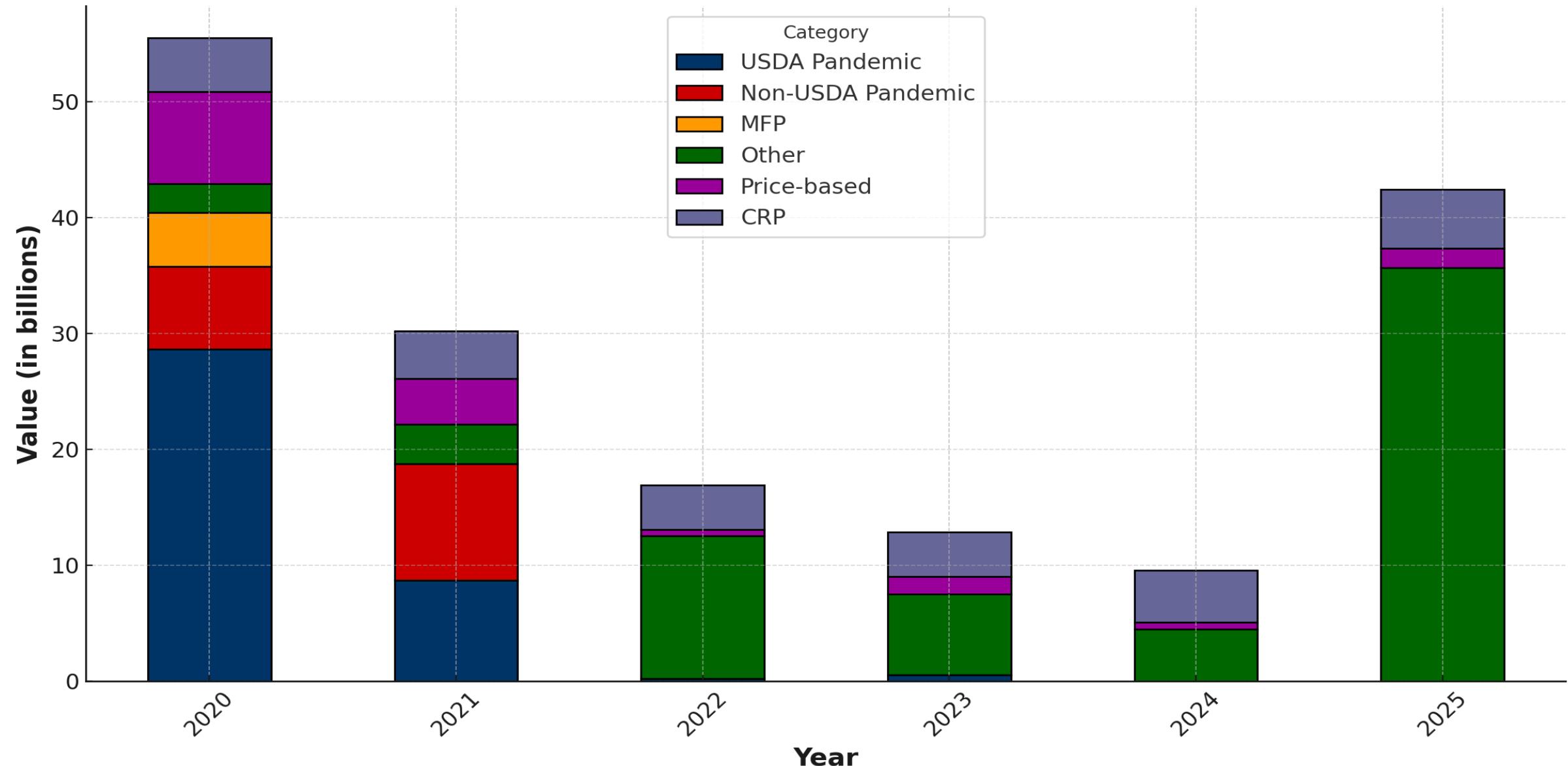
Agricultural Production by Category (2023-2025)



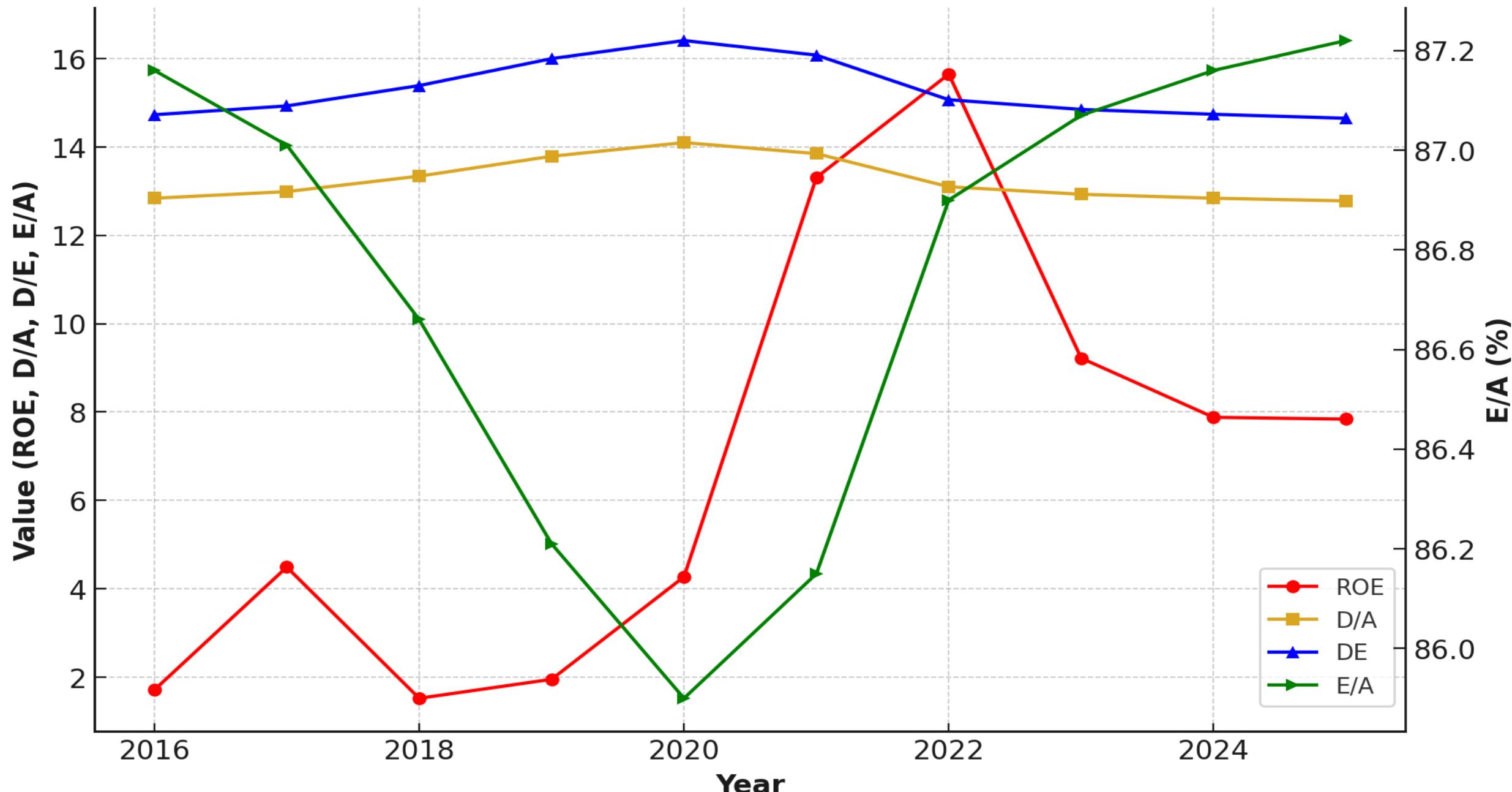
Livestock Production by Category (2023-2025)



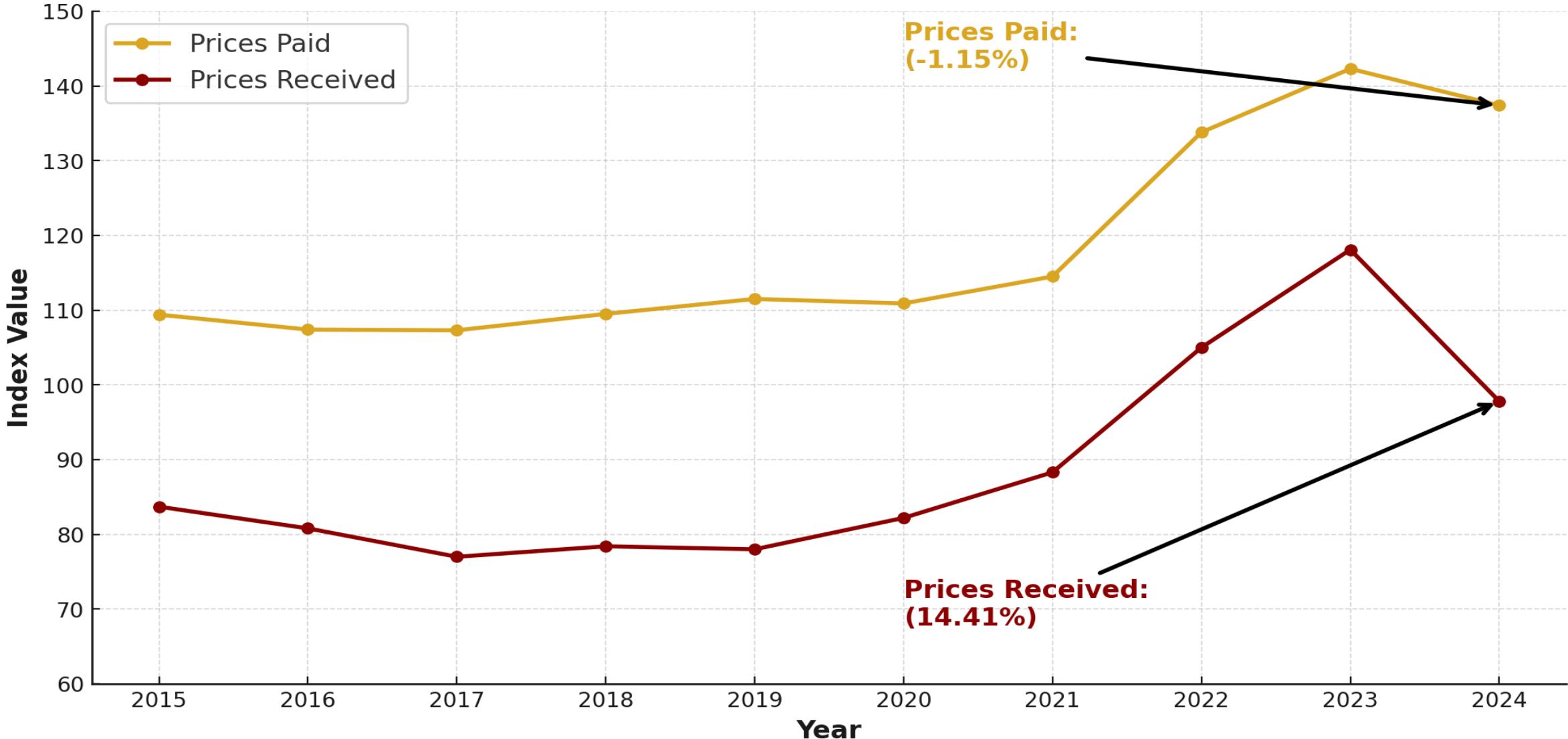
Direct Government Payments to Farmers



USDA-ERS Financial Indicators Over Time

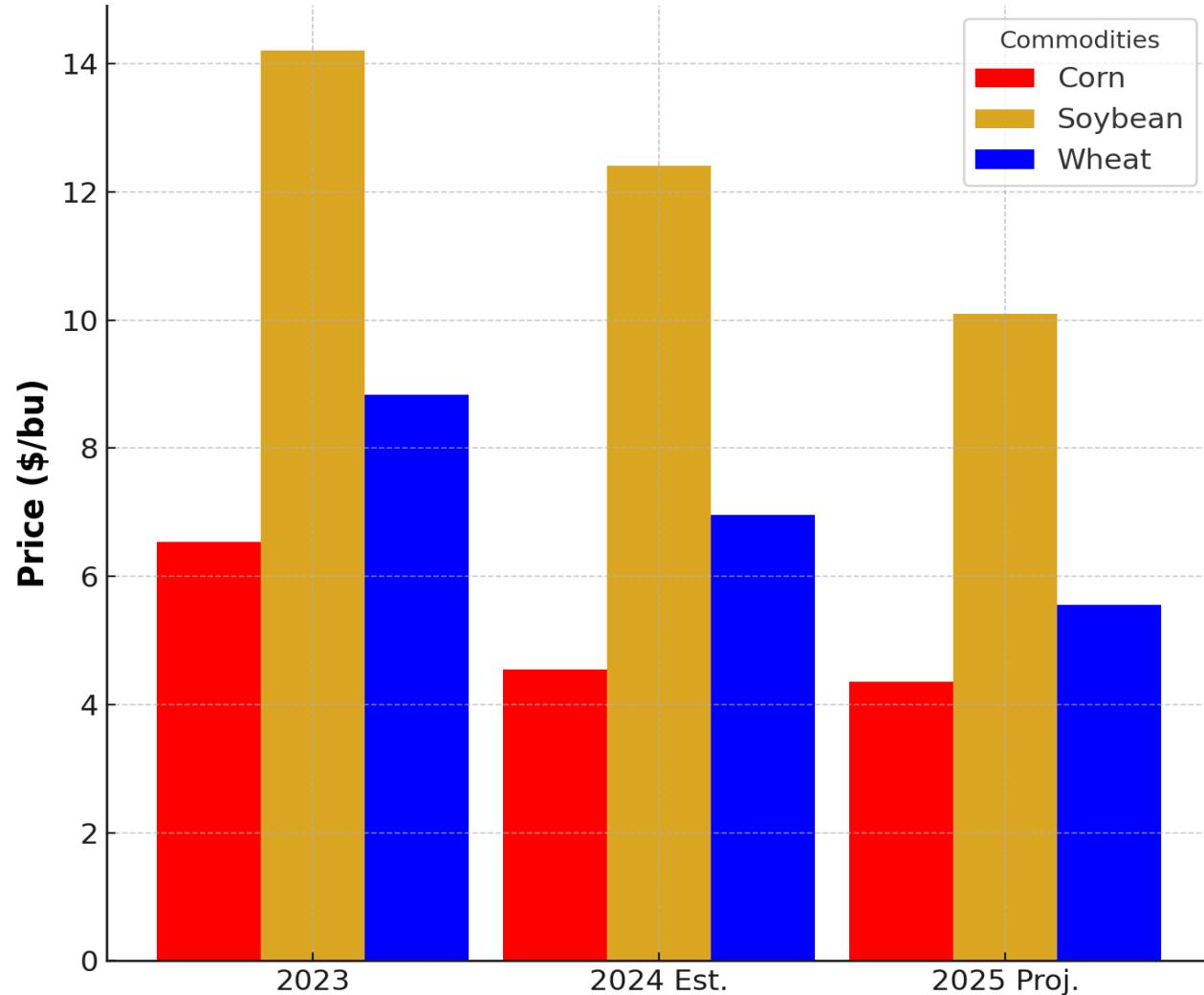


Prices Paid and Received by Farmers (Index 2011=100)



USDA WASDE Forecasts

Grain Prices (\$/bu)



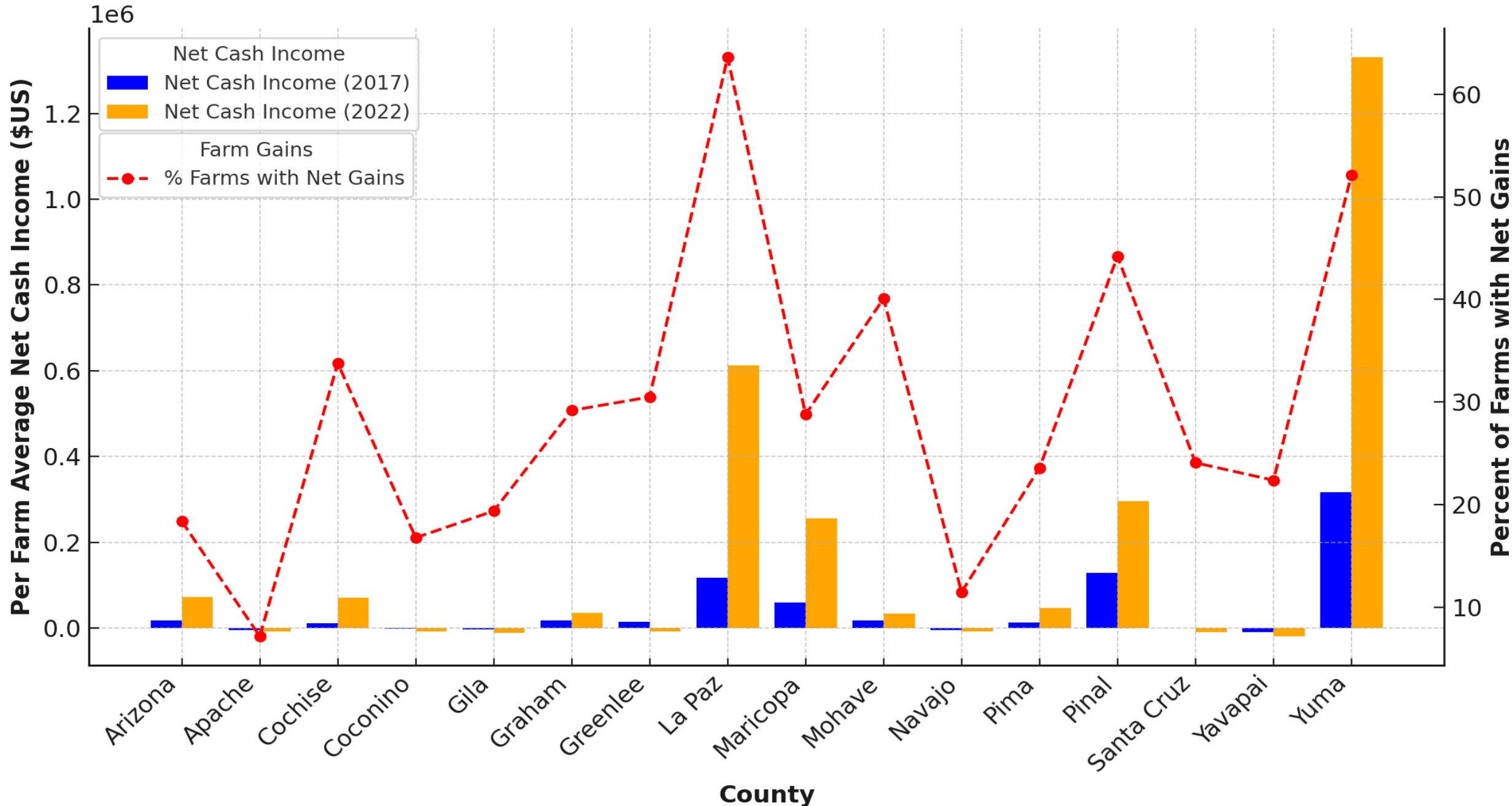
Livestock Prices (cents/lb)



Source: WASDE, USDA

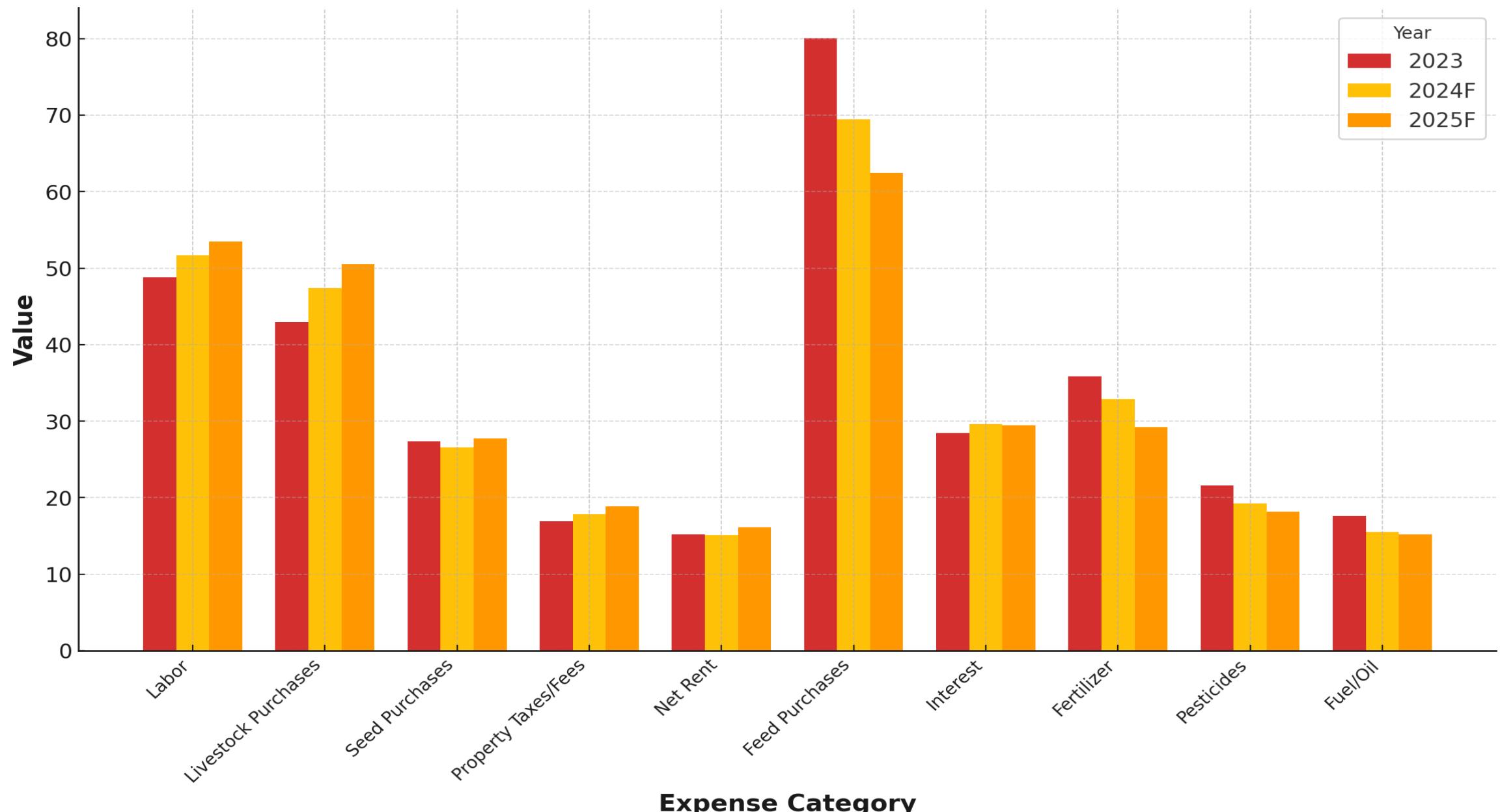
Note: All prices \$/bu, except cotton and milk which are cents/lb.

Arizona Farm Income: Net Cash Income & Farm Gains (2017 vs. 2022)

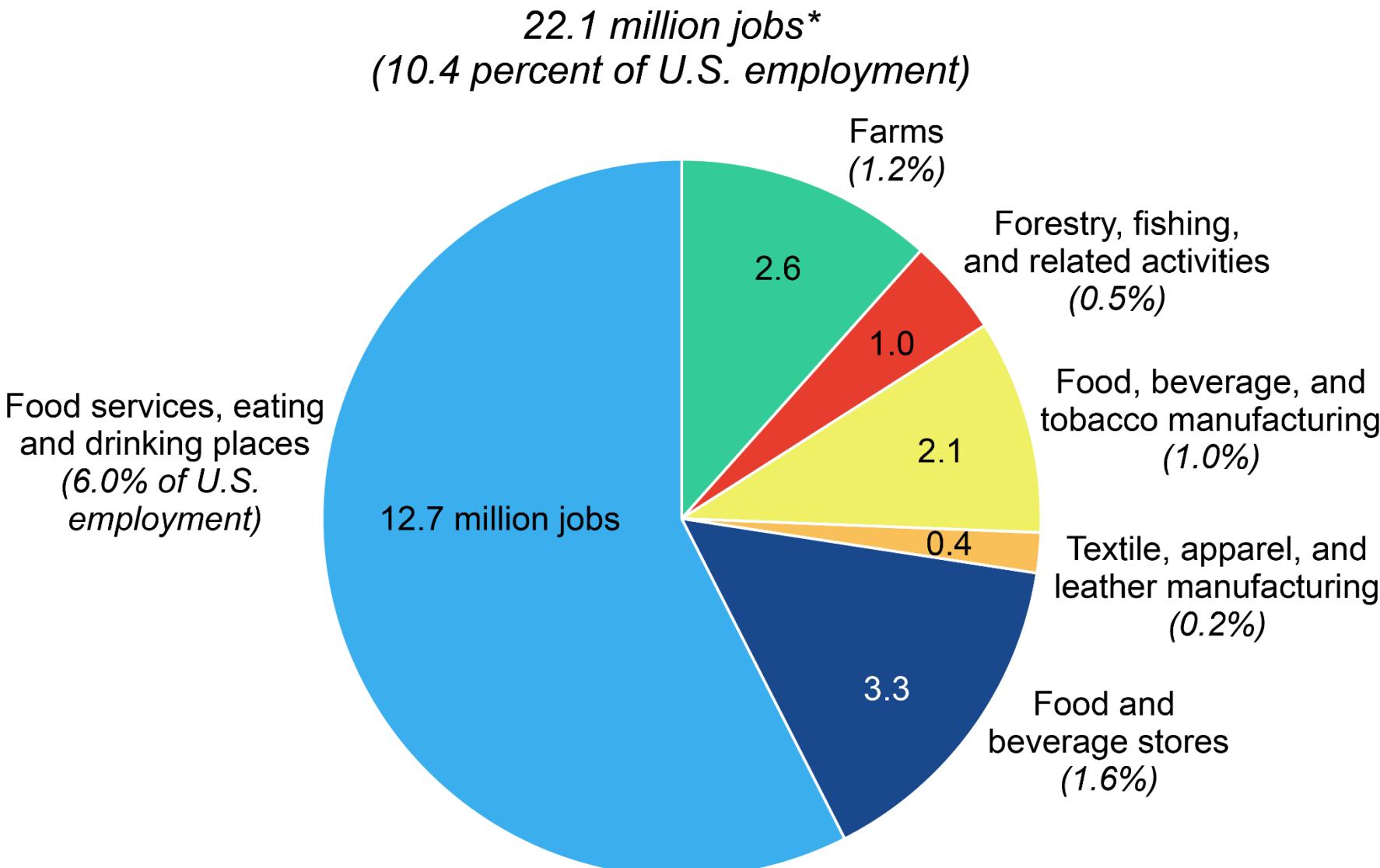


Source: USDA NASS, Census of Agriculture

USDA-ERS Expense Categories by Year

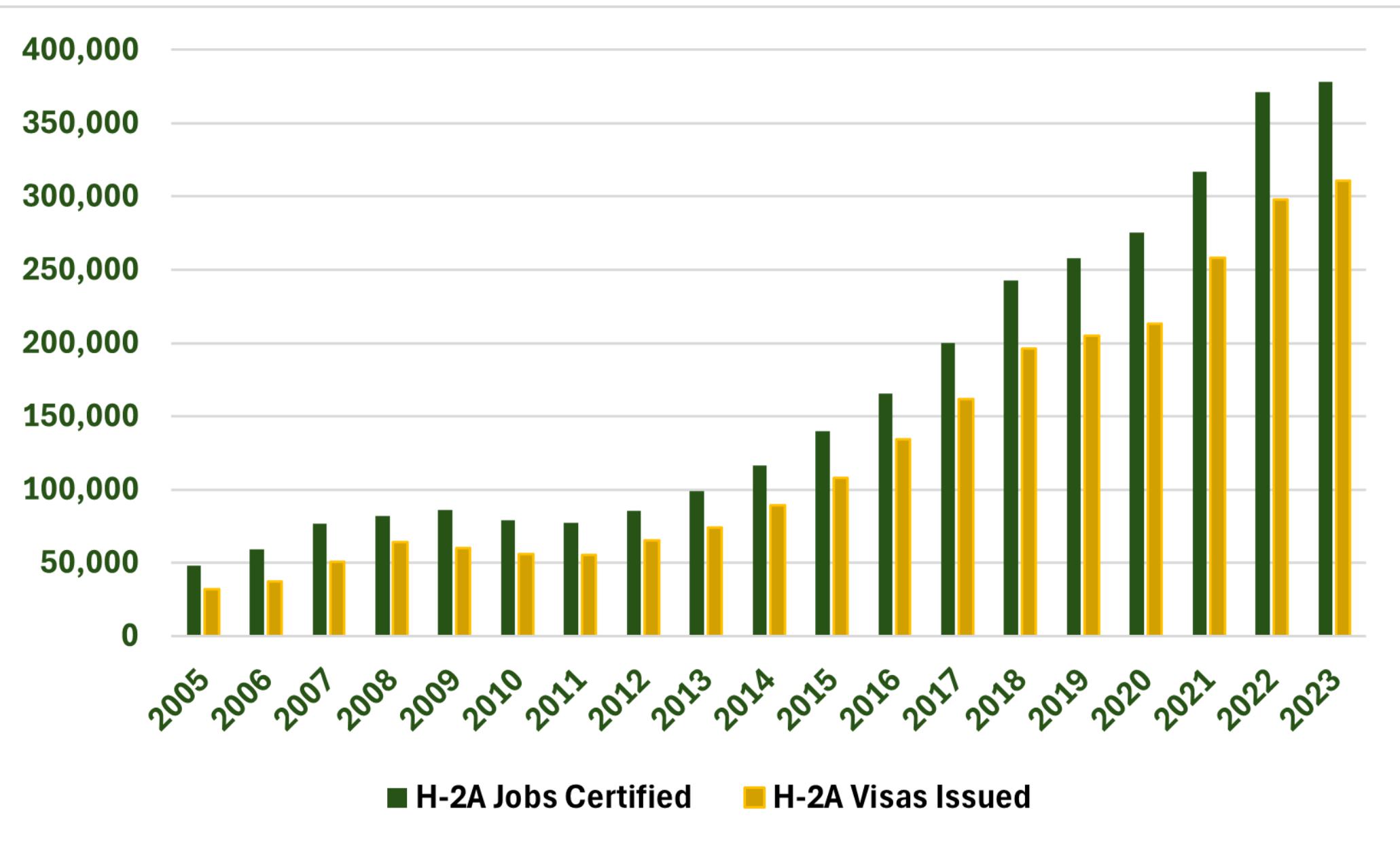


U.S. employment in agriculture, food, and related industries, 2022



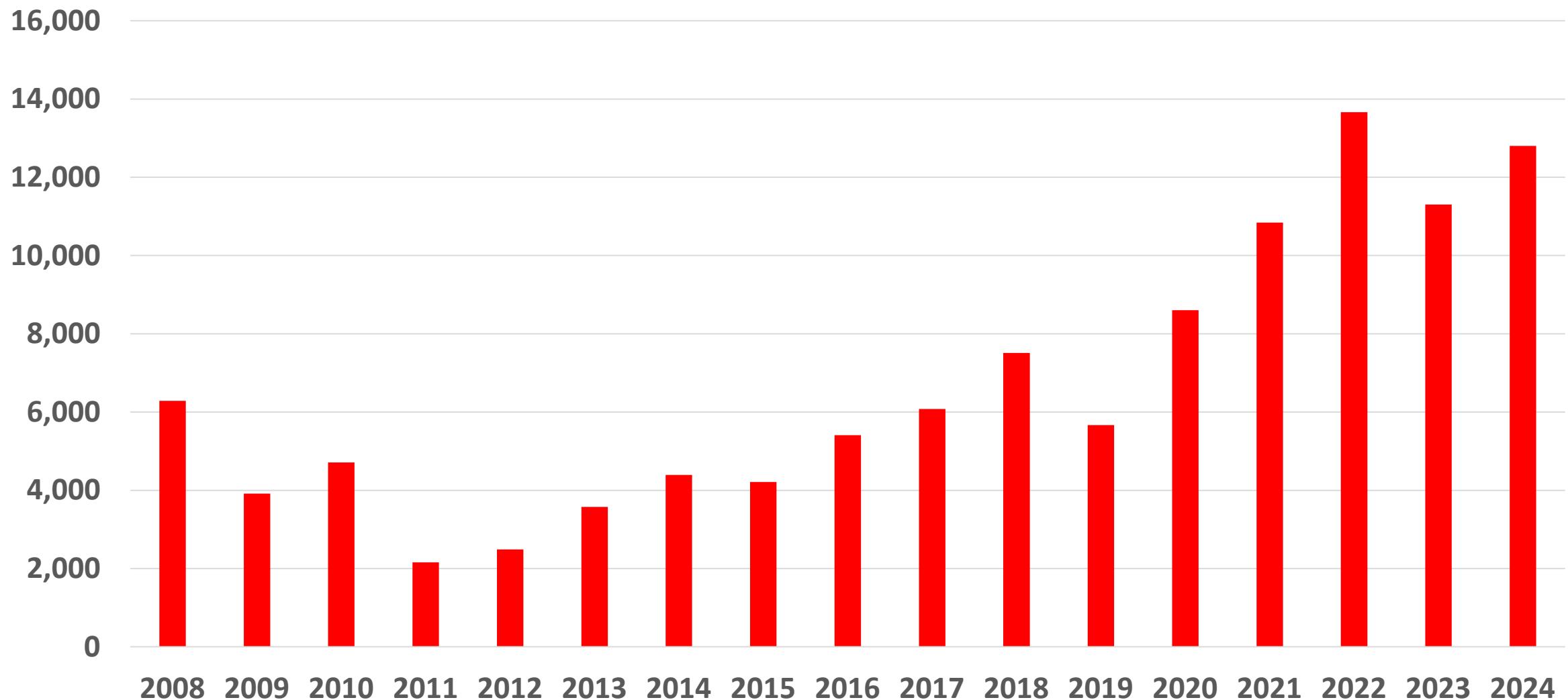
*Full- and part-time jobs. Categories may not sum to totals because of rounding.

Source: USDA, Economic Research Service using data from U.S. Department of Commerce, Bureau of Economic Analysis (SAEMP25N), as of September 29, 2023.



Arizona H-2A Visa Certifications

Source: US Department of State



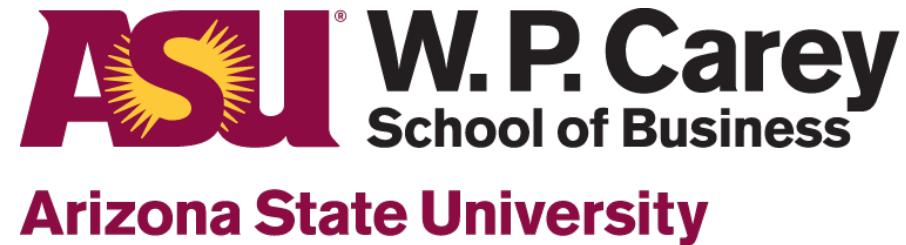
Farm Income and Prices

- Period of high volatility...
- Increase in farm income from government...
- Farmers in chronic price squeeze...
- Farm financial condition appears stable...

Takeaways for 2025

- Stable economic growth
- Inflation “rate” generally under control
- Trade is a huge variable in the 2025 equation
- Income from farming expected to decline slightly

Thank you!



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Real GDP: Percent Change at Annual Rate, 2024:Q2–2024:Q3

