

2026 Ag Forum – AZ ASFMRA

State, Regional & National Economic Outlook

Mark Manfredo, Ph.D.
Professor – Morrison School of Agribusiness
W. P. Carey School of Business
Arizona State University



Morrison School of Agribusiness

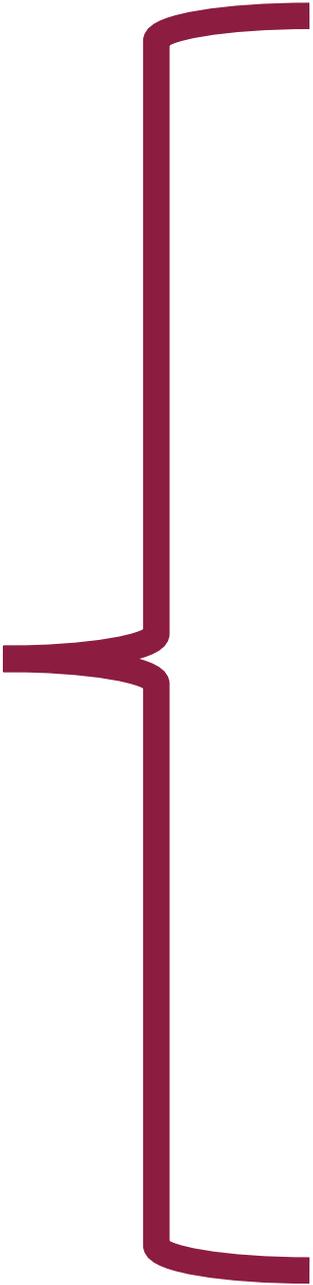
AI Generated Joke

ChatGPT 5.2 ▾

What did the agricultural economist say about Arizona's agricultural outlook?

If water, interest rates, and commodity prices cooperate, then my forecast is solid!

overview



Economic growth

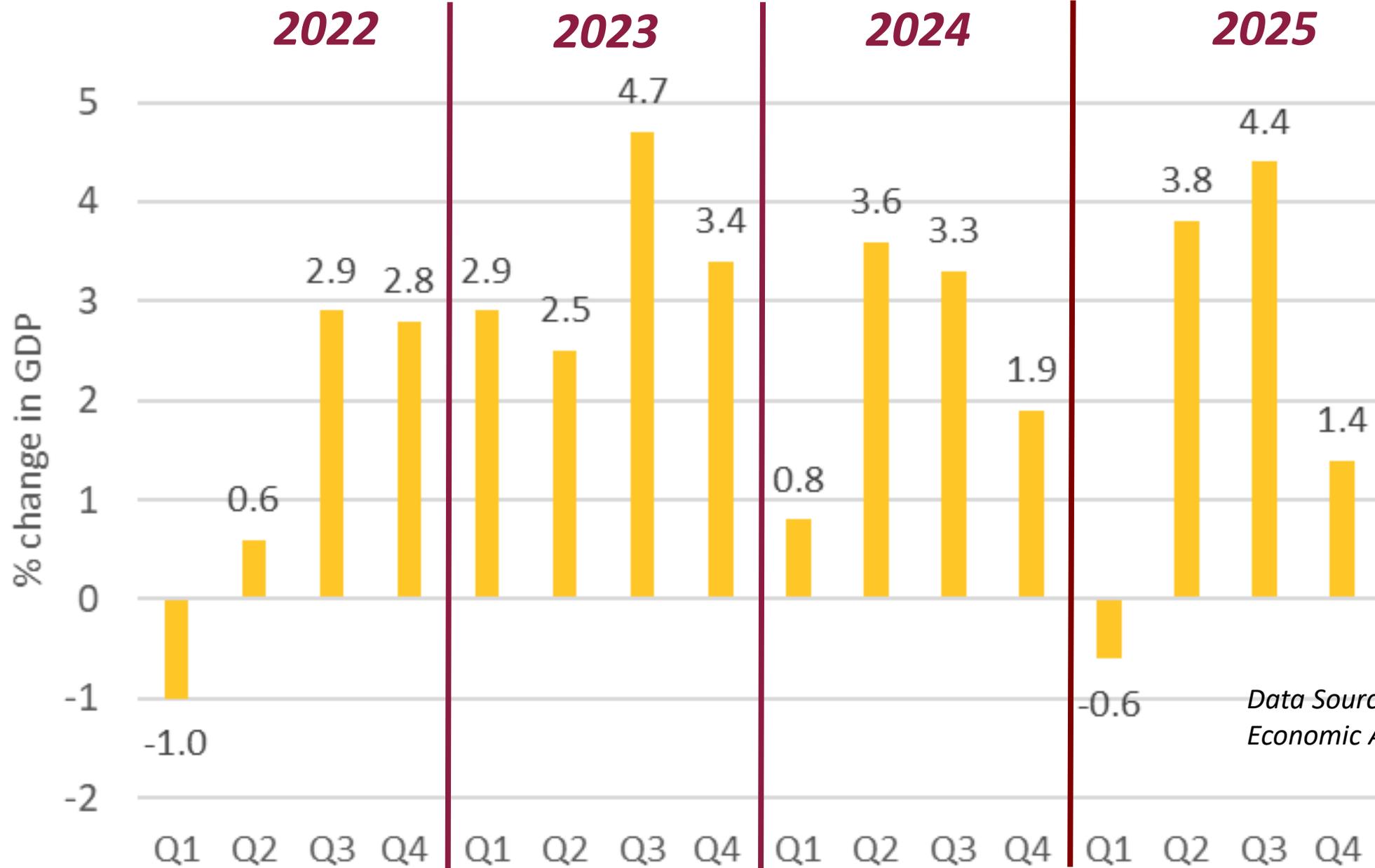
Interest rates & inflation

Farm income &
commodity price outlook

Economic growth

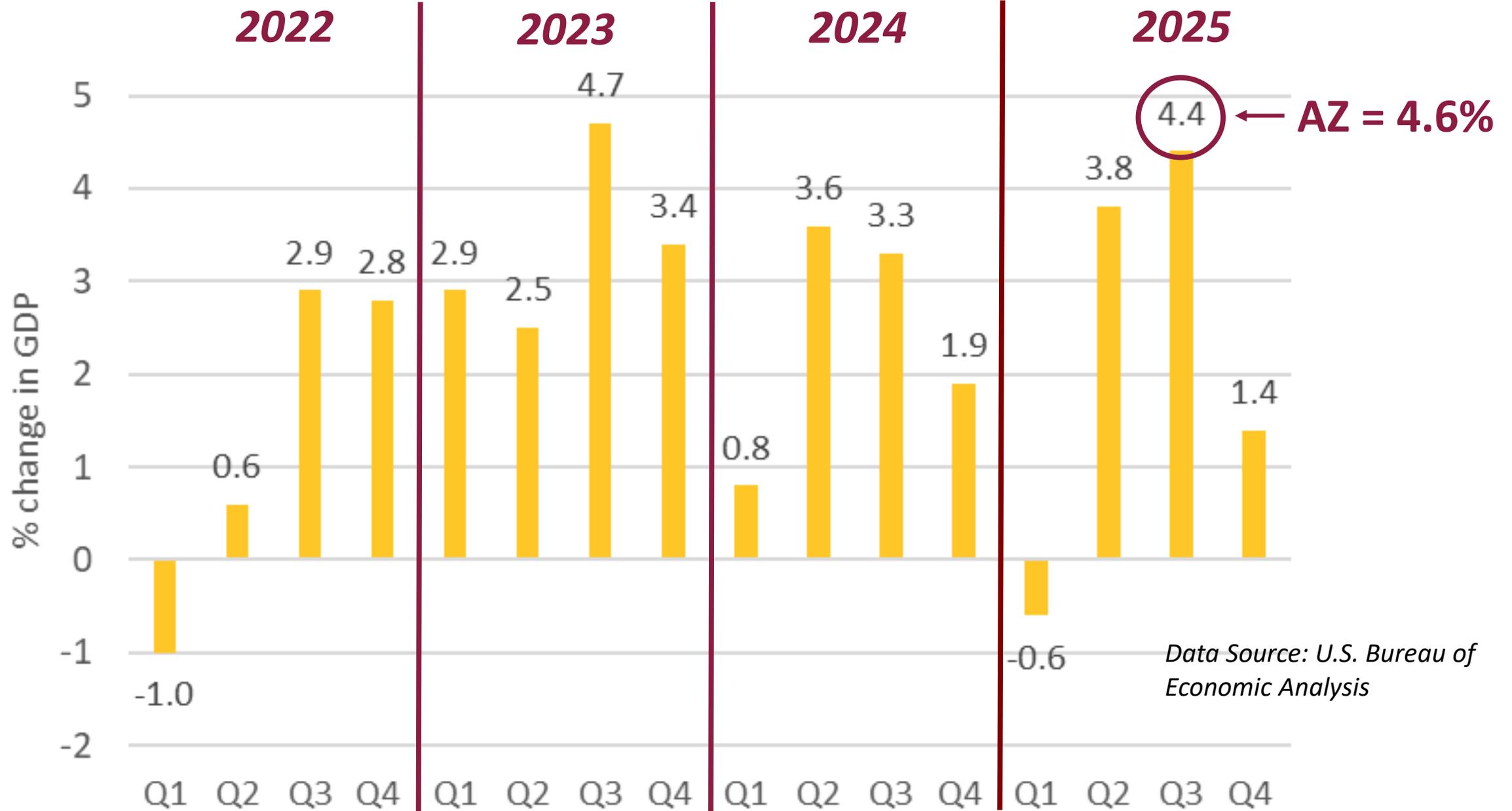
“What do an economist, plumber, and garbage disposal worker have in common? They all handle the gross domestic product!”

Real GDP - % Change from Previous Quarter

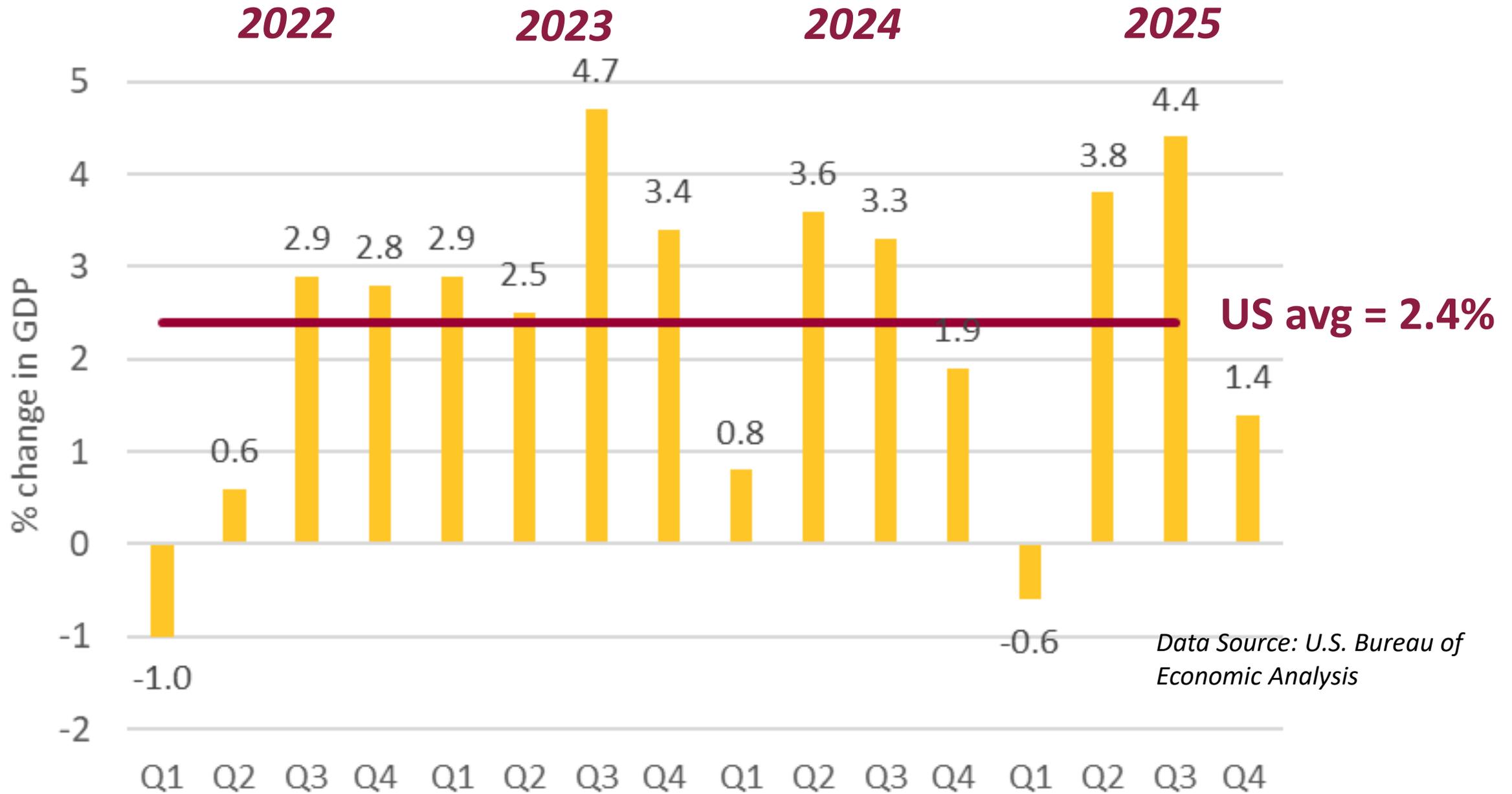


Data Source: U.S. Bureau of Economic Analysis

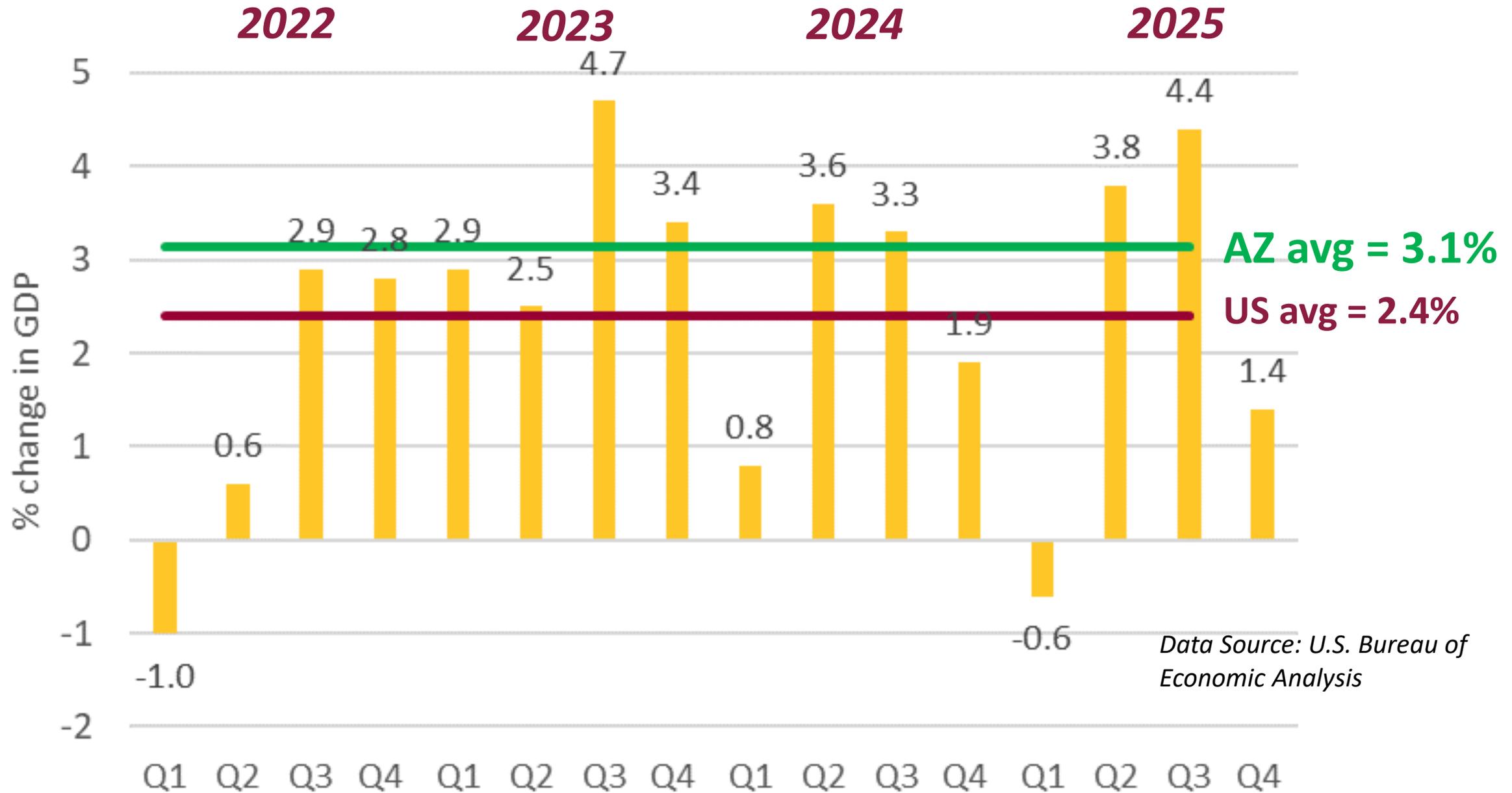
Real GDP - % Change from Previous Quarter



Real GDP - % Change from Previous Quarter

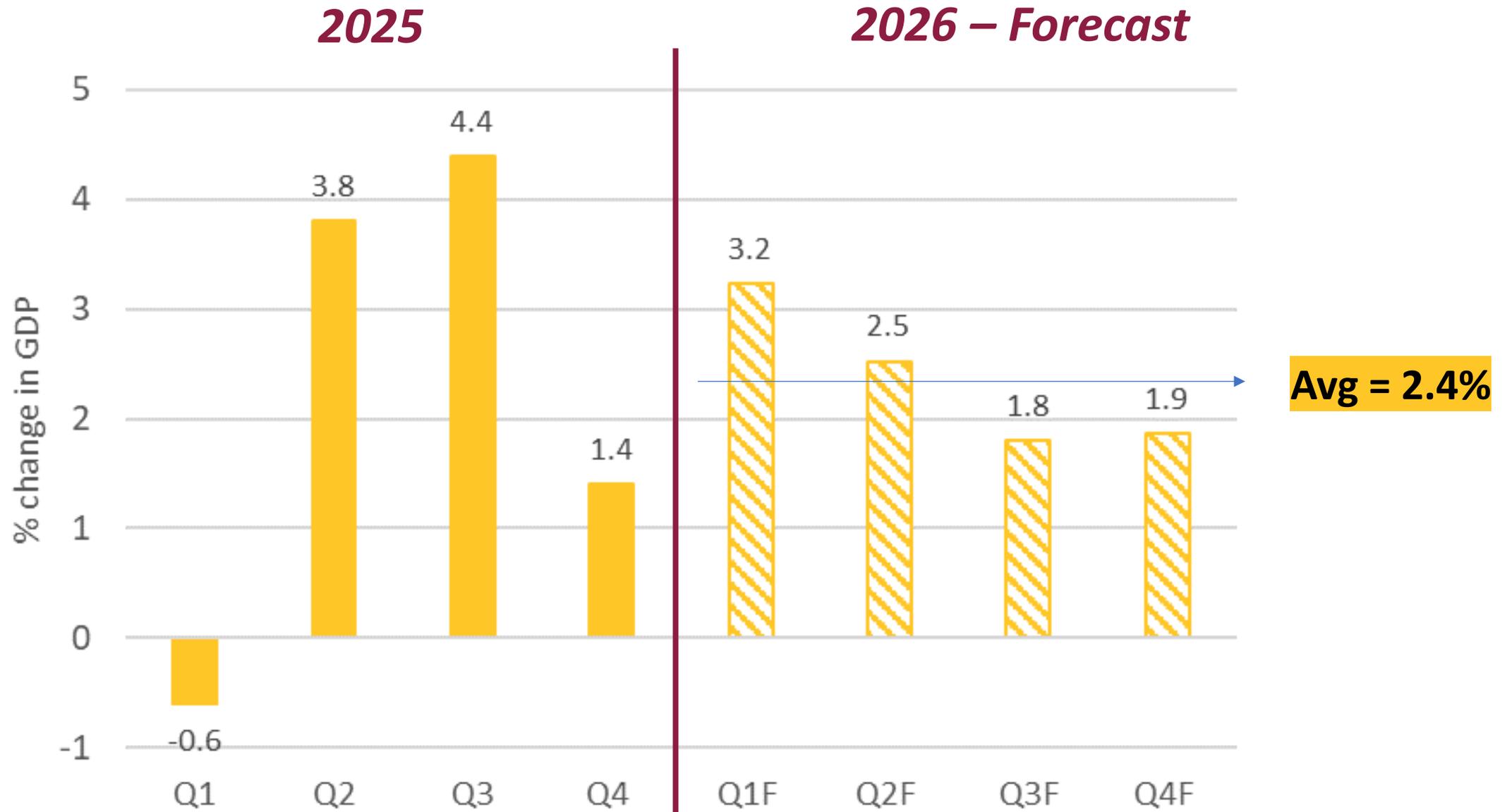


Real GDP - % Change from Previous Quarter

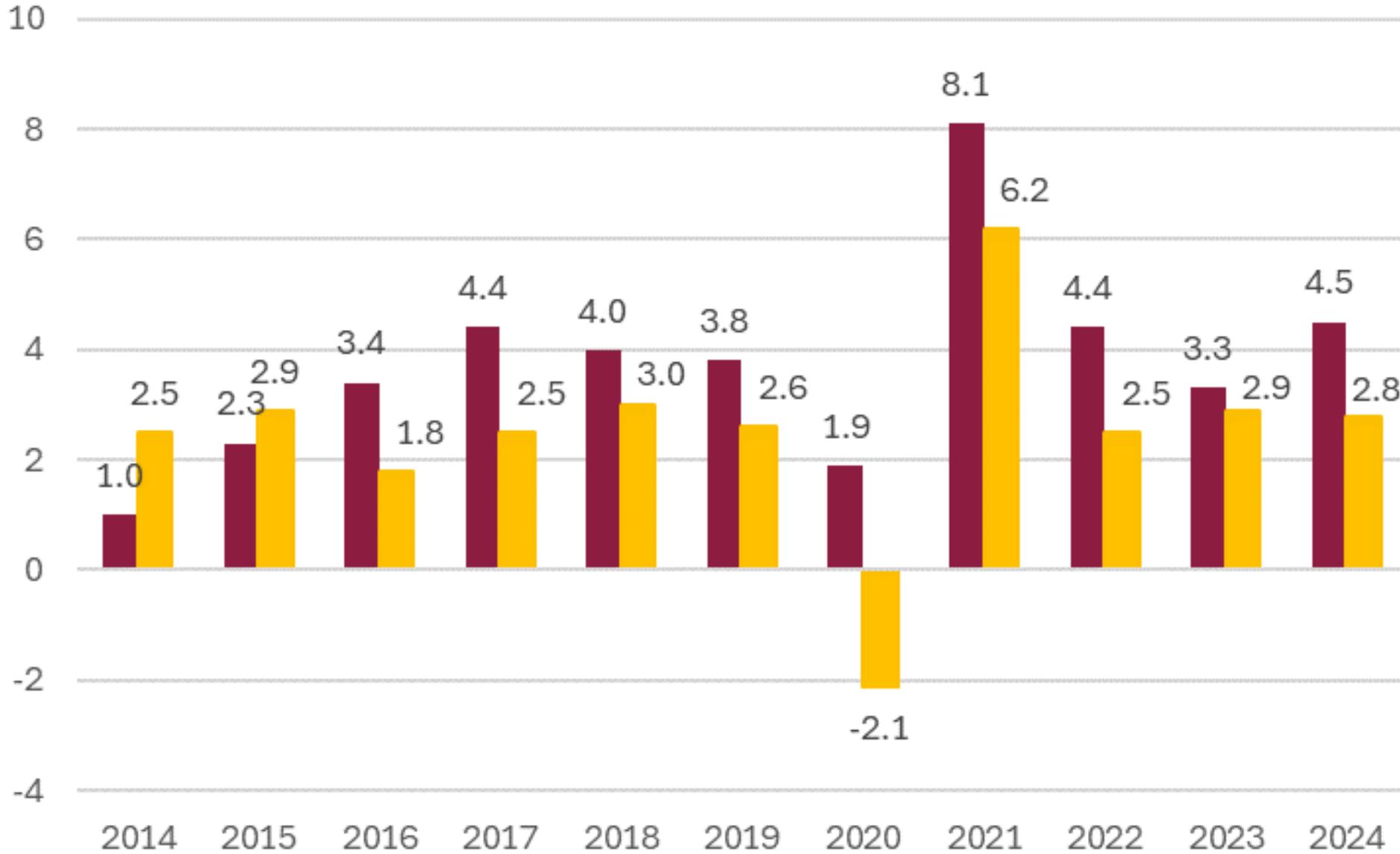


Data Source: U.S. Bureau of Economic Analysis

Real GDP - % Change from Previous Quarter (Forecast)



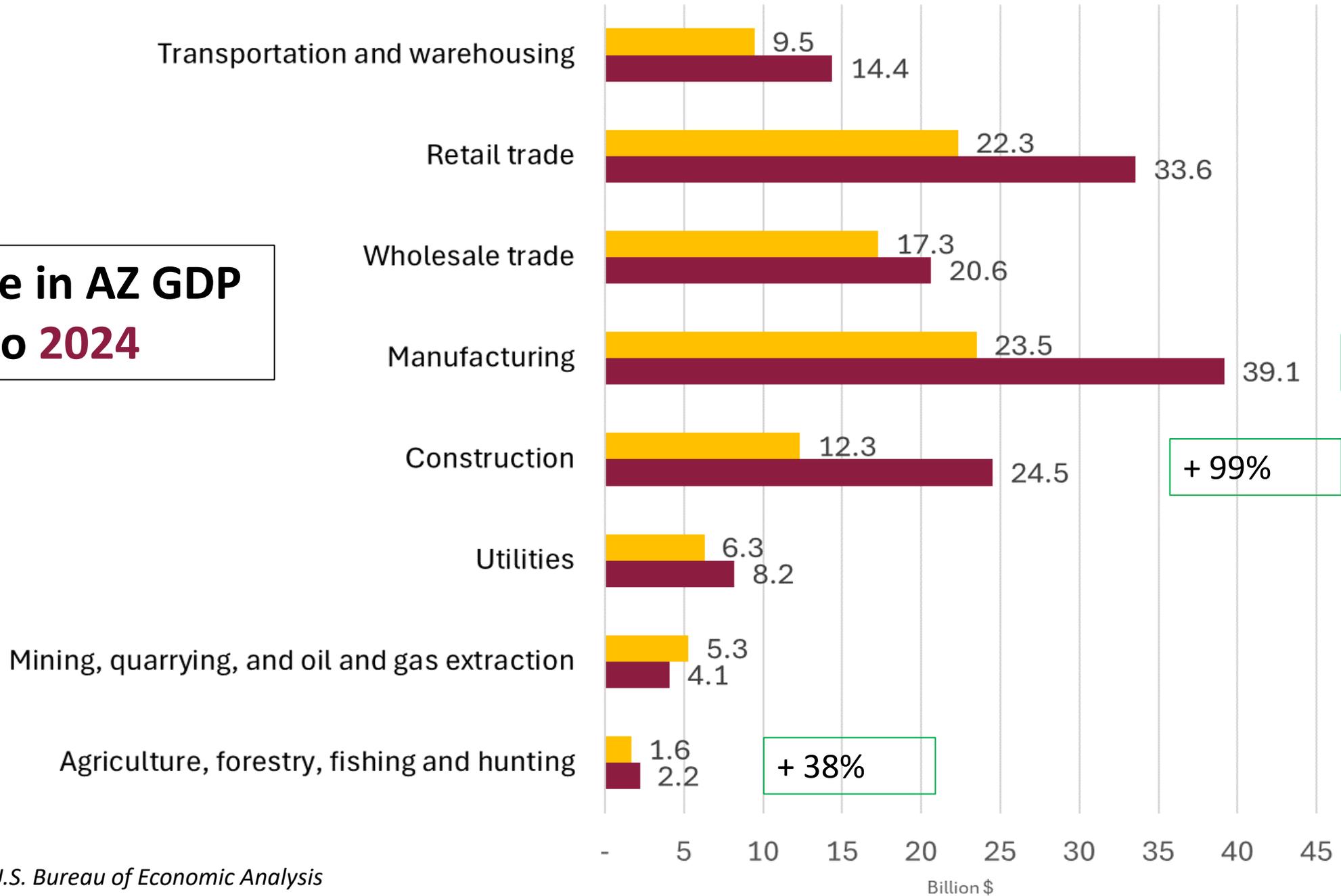
Real GDP Growth - Annual % (2014 – 2024)



AZ Avg = 3.7%

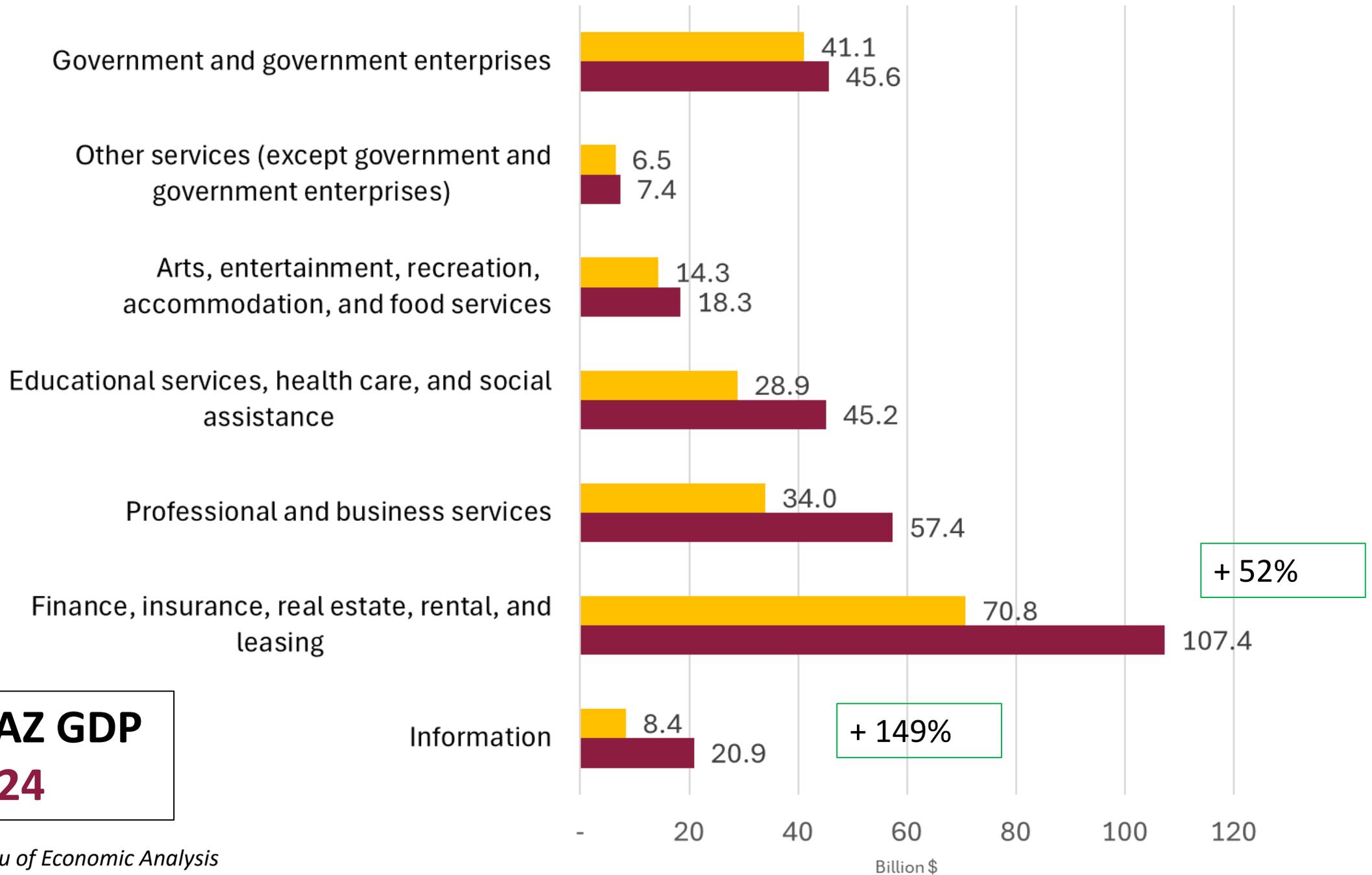
US Avg = 2.5%

Change in AZ GDP 2014 to 2024



Change in AZ GDP 2014 to 2024

Data Source: U.S. Bureau of Economic Analysis

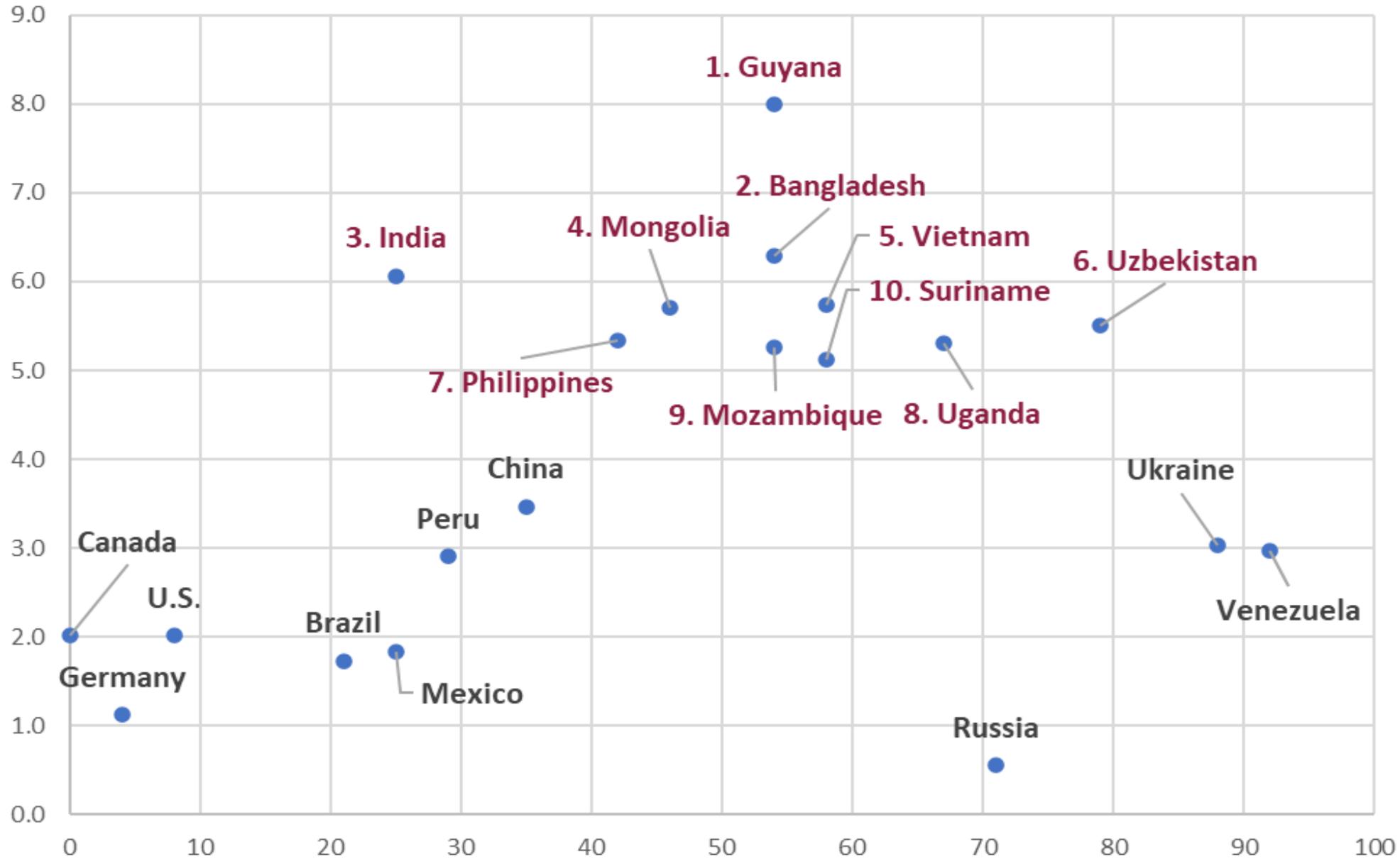


Annual Real GDP 2025 Estimate + 2026 Forecast

Country	2025 Estimate	2026 Forecast
U.S.	2.1%	2.3%
Canada	1.7%	1.4%
Mexico	0.5%	1.4%
Brazil	2.4%	1.8%
Russia	0.8%	0.7%
India	7.4%	7.2%
China	5.0%	4.6%
World	2.8%	2.7%

Data Source: Economist Intelligence Unit (EIU) Database

Real GDP Forecast (2026-2035) vs. Financial Risk



thoughts on economic growth

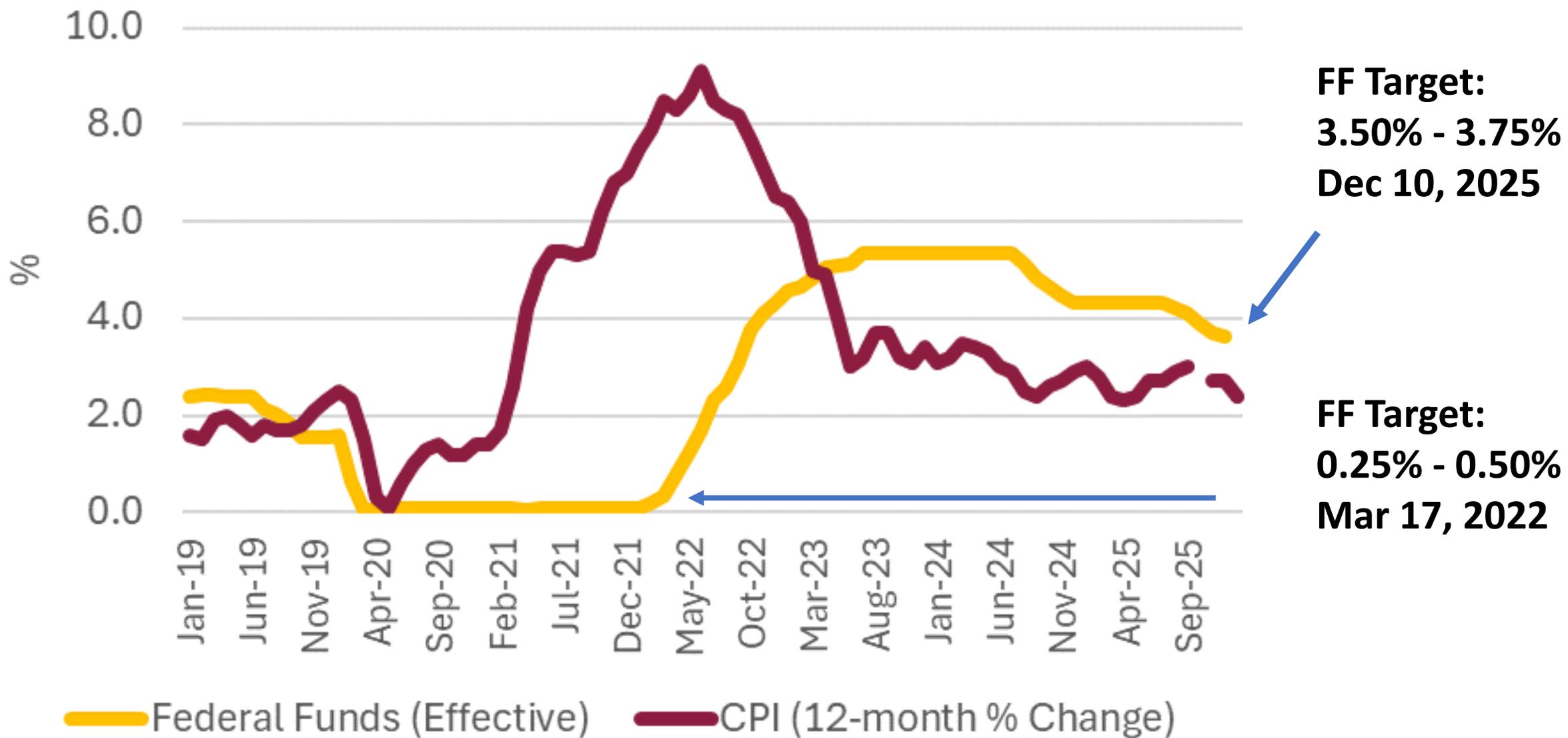
- Mature growth, but many risks lurk...
- Developing world highest growth and highest risk
- India the new China?

Interest rates & inflation

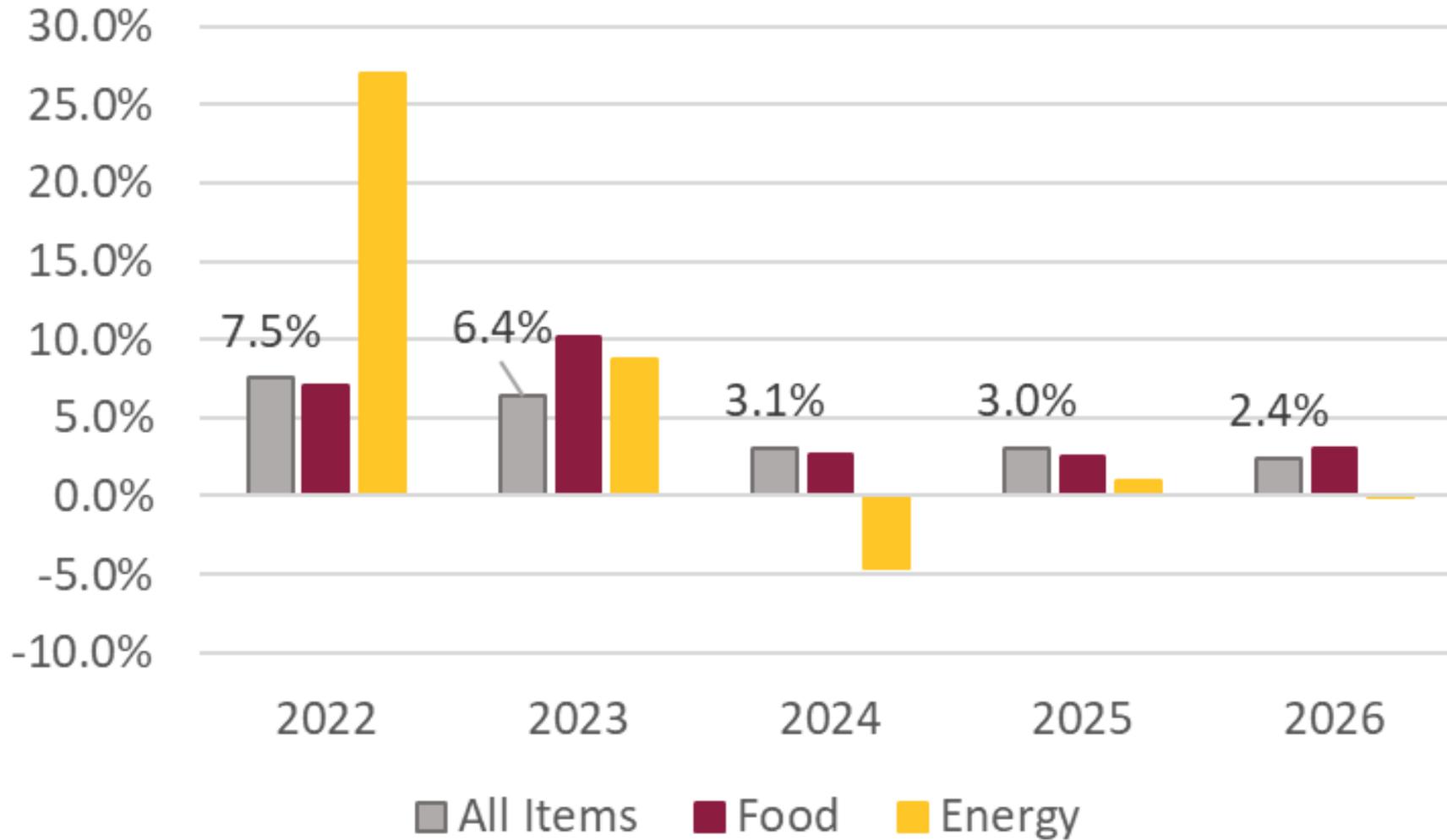
*“A nickel ain’t worth a dime
anymore...”*

Yogi Berra

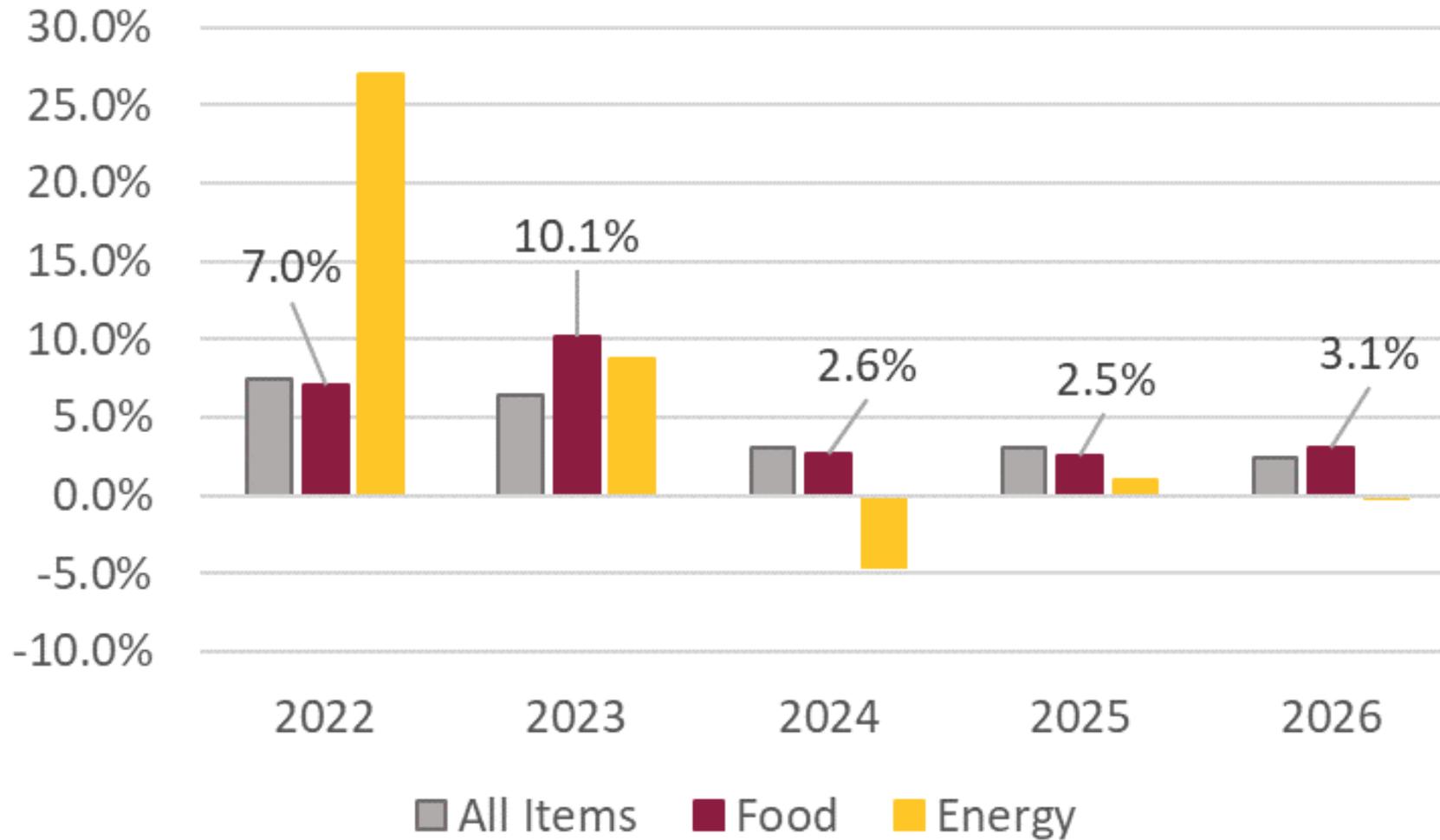
CPI % Change vs. Effective Federal Funds Rate



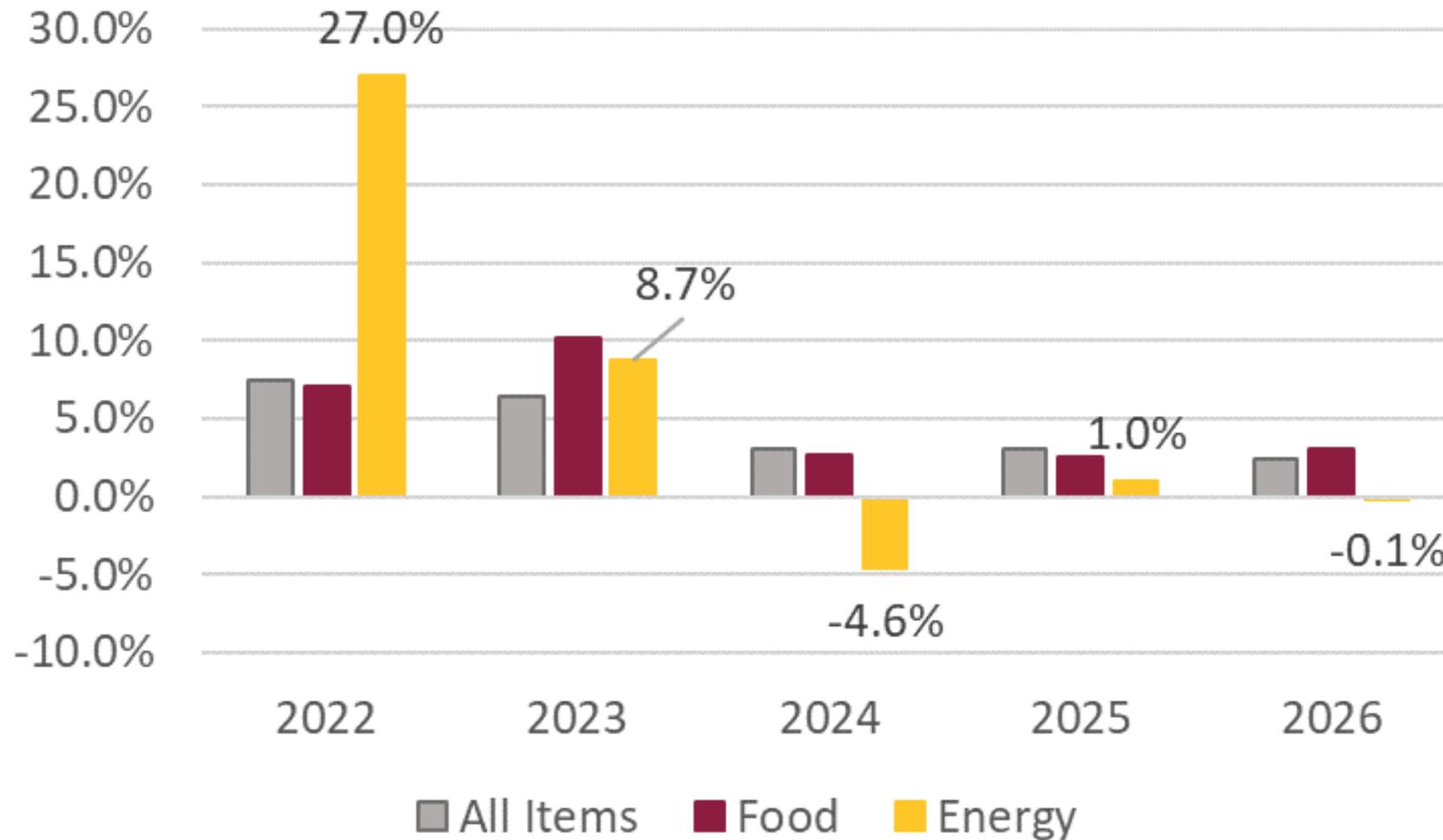
12 month % change in CPI (Jan. to Jan.)



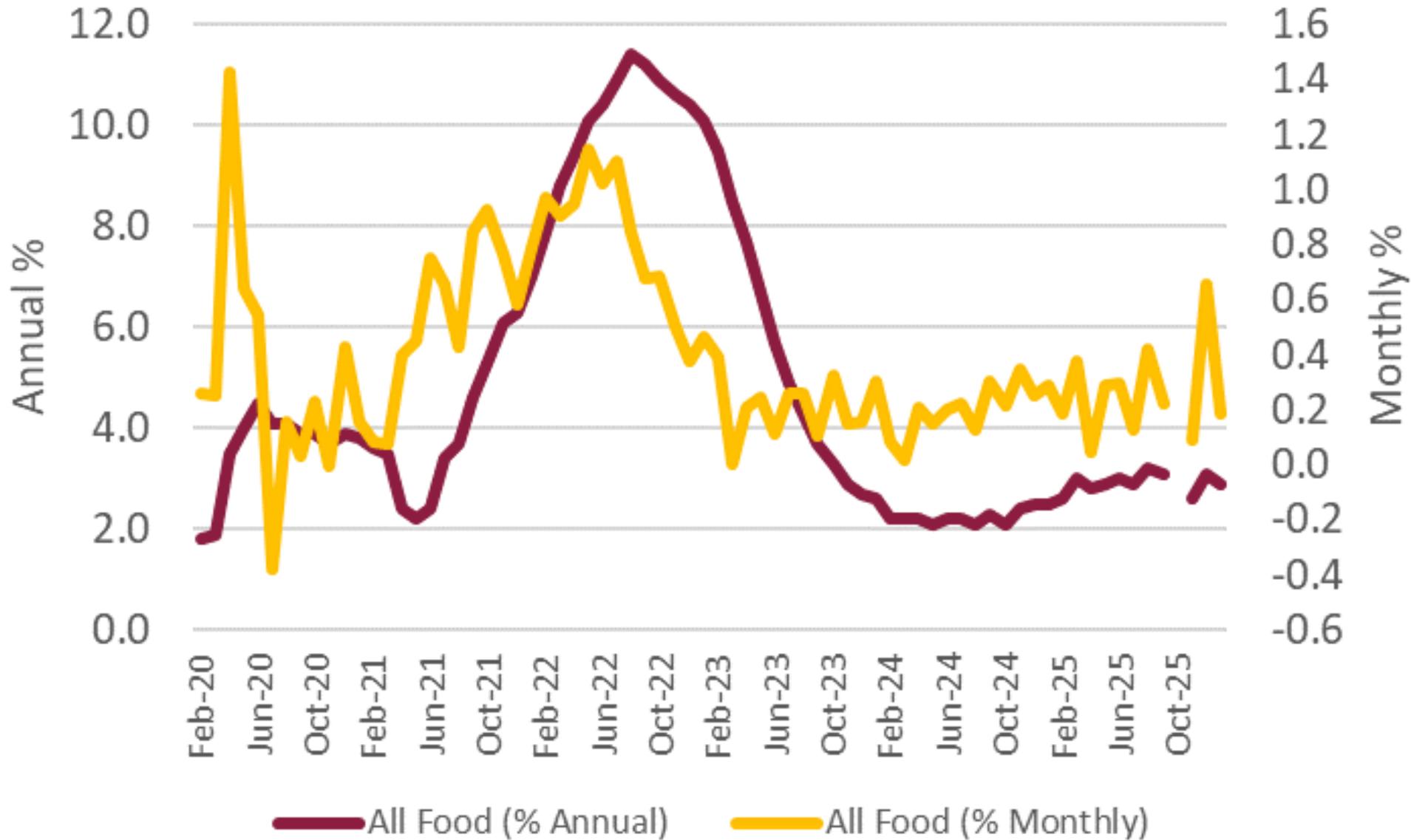
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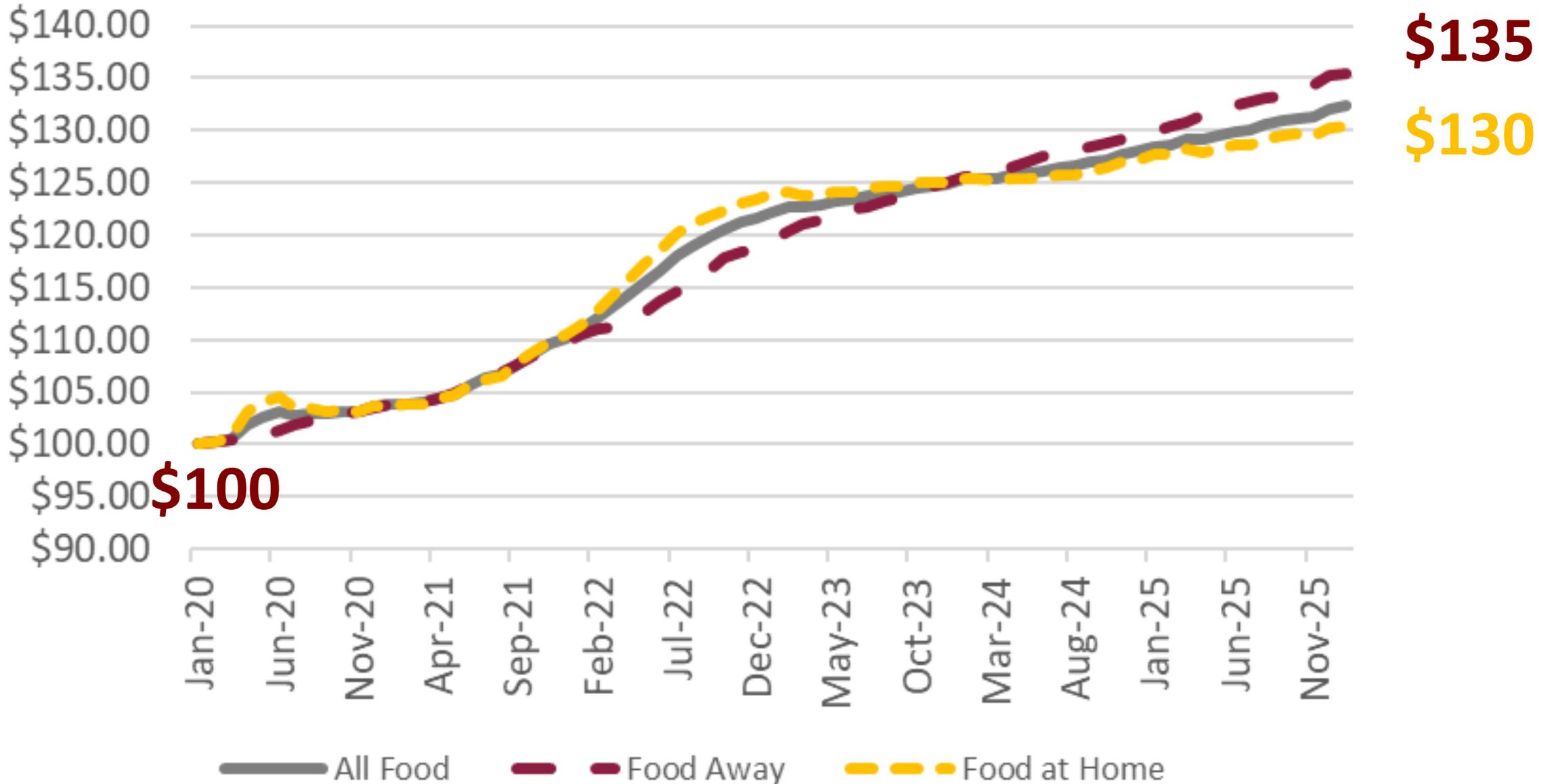


Food Price Inflation (Jan 2020 to Jan 2026)



Data Source: FRED Database and BLS

Food Price Inflation (Jan 2020 to Jan 2026) of \$100



Data Source: FRED database

5-Year, 5-Year Forward Inflation Expected Rate

FRED 

— 5-Year, 5-Year Forward Inflation Expectation Rate



2.14%

Source: Federal Reserve Bank of St. Louis via FRED®

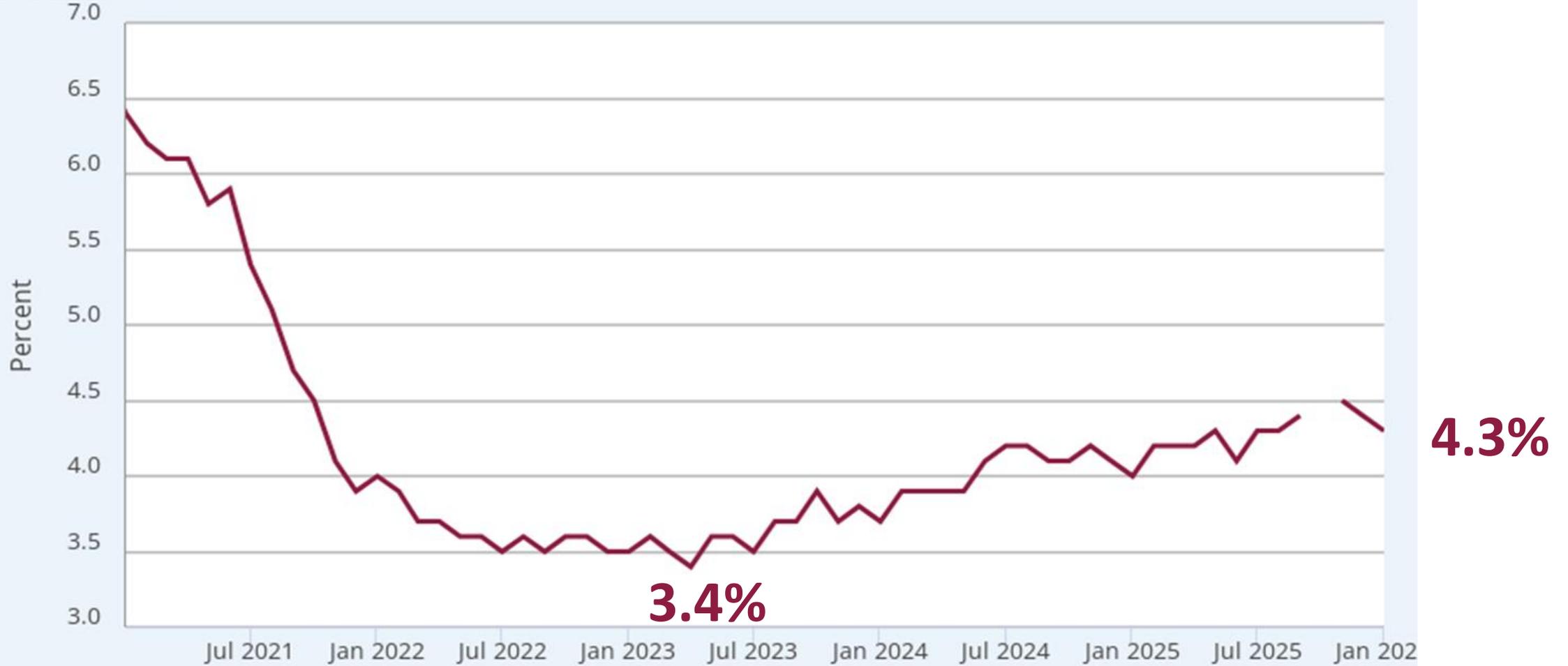
Shaded areas indicate U.S. recessions.

[myf.fred/g/1SqgW](https://myf.fred.org/g/1SqgW)

Unemployment Rate (%)

FRED 

— Unemployment Rate



Source: U.S. Bureau of Labor Statistics via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1Slxs

CME Fed Watch: a market-based forecast

CME FedWatch Tool

Stay up-to-date with the latest probabilities of FOMC rate moves with the CME FedWatch Tool.

<https://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html>

CME FedWatch (Feb. 25, 2026)

MEETING

<u>DATE</u>	<u>Target</u>	<u>Prob</u>	<u>Prob ></u>	<u>Prob <</u>
3/18/2026	350-375	98.0%	0.0%	2.0%
4/29/2026	350-375	83.8%	0.0%	16.2%
6/17/2026	350-375	54.8%	0.0%	45.2%
7/29/2026	325-350	45.0%	34.9%	20.1%
9/16/2026	325-350	39.7%	16.8%	43.5%
10/28/2026	300-325	35.3%	39.7%	25.0%
12/9/2026	300-325	33.9%	31.8%	34.3%

CME FedWatch (accessed 2/25/2026):

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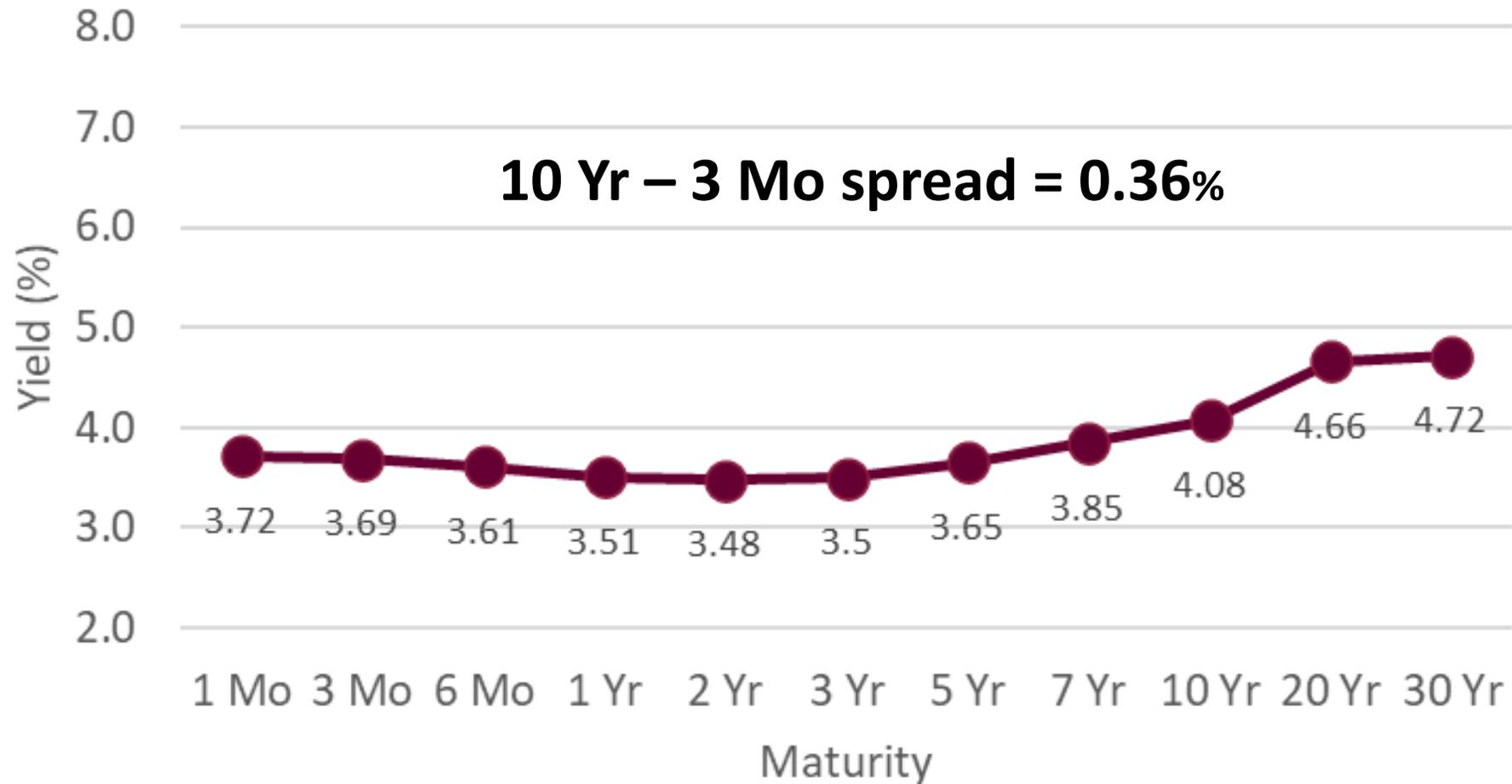
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Treasury Yield Curve



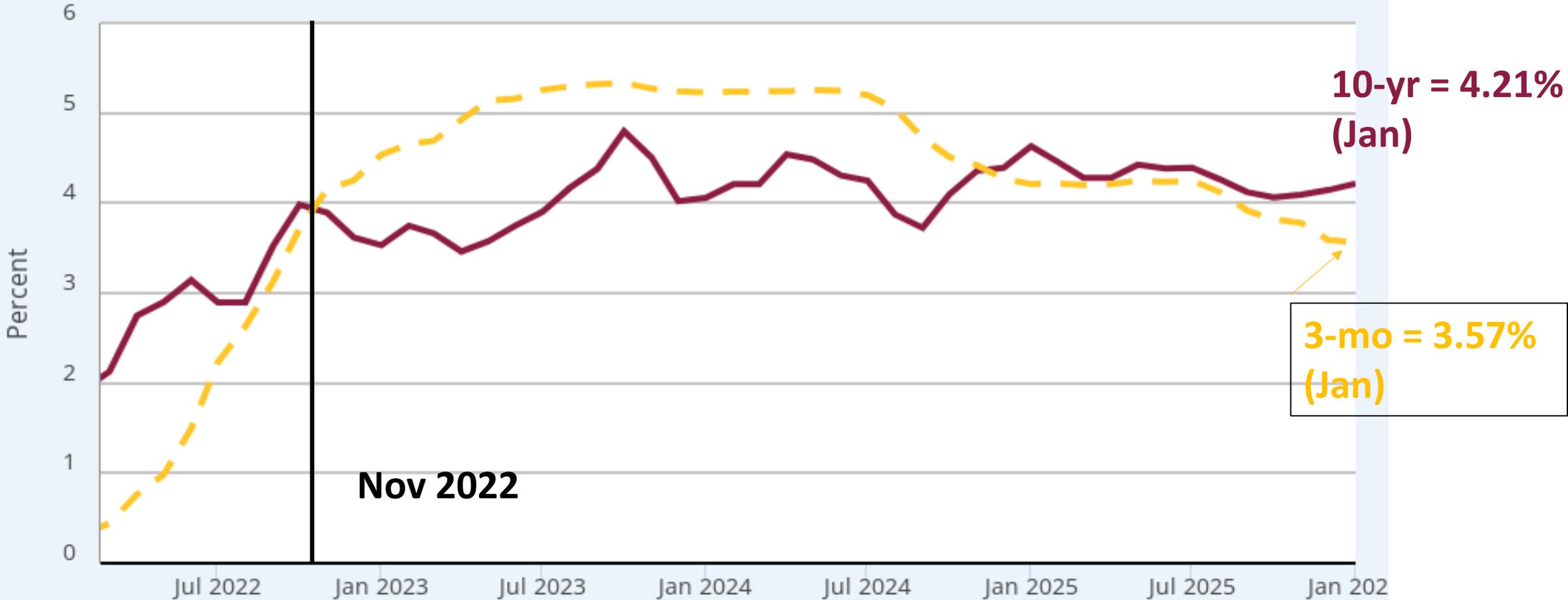
—●— 2/20/2026

10-yr vs. 3-mo Treasury Yield (Monthly)



Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis

3-Month Treasury Bill Secondary Market Rate, Discount Basis



Source: Board of Governors of the Federal Reserve System (US) via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1Sqvh

thoughts on inflation & interest rates

- Fed balancing act...risks lurk
- Yield curve inversion is over...and no recession
- Rate perception stickiness ... risks lurk

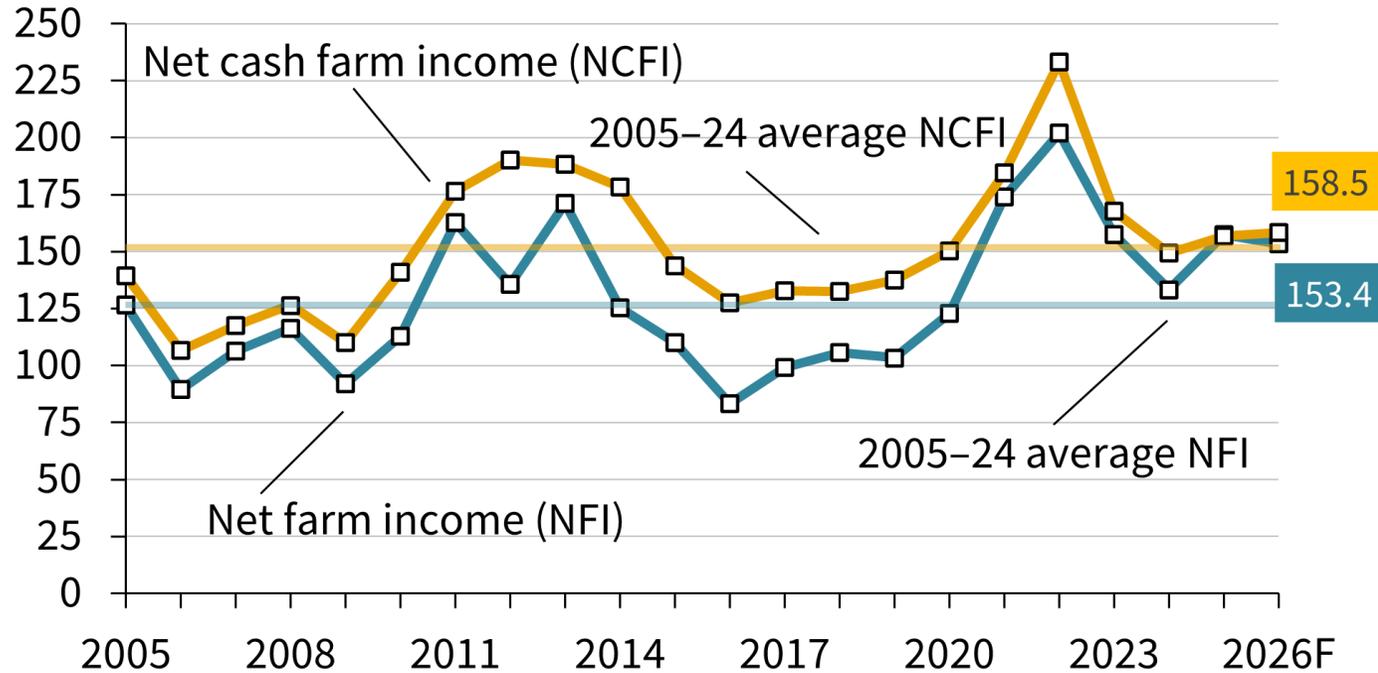
Farm income & commodity price outlook

“I don’t let people do projections for me because I don’t like throwing up on the desk.”

Charlie Munger

U.S. net farm income and net cash farm income, inflation adjusted, 2005–26F

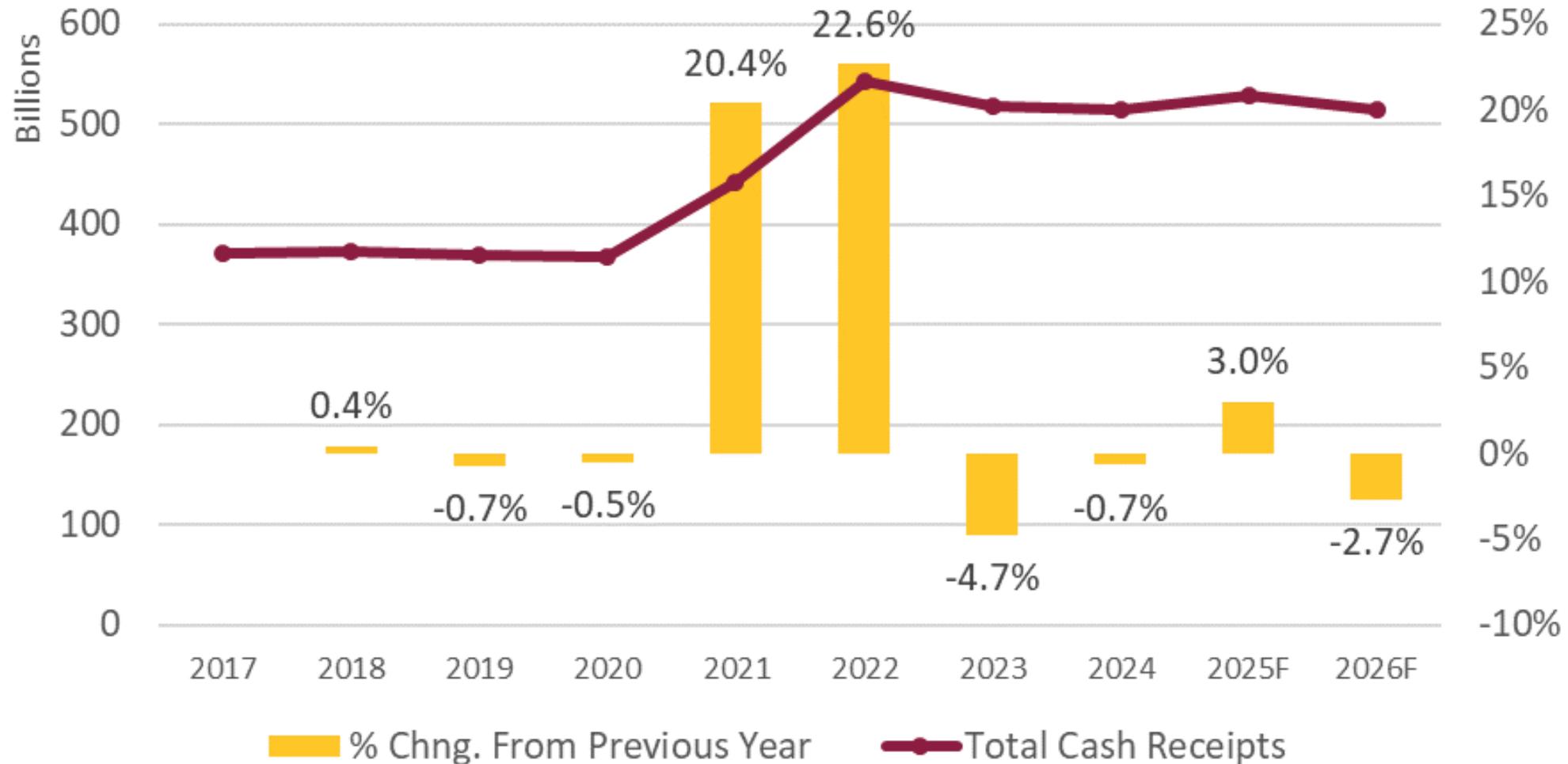
2026 dollars (billions)



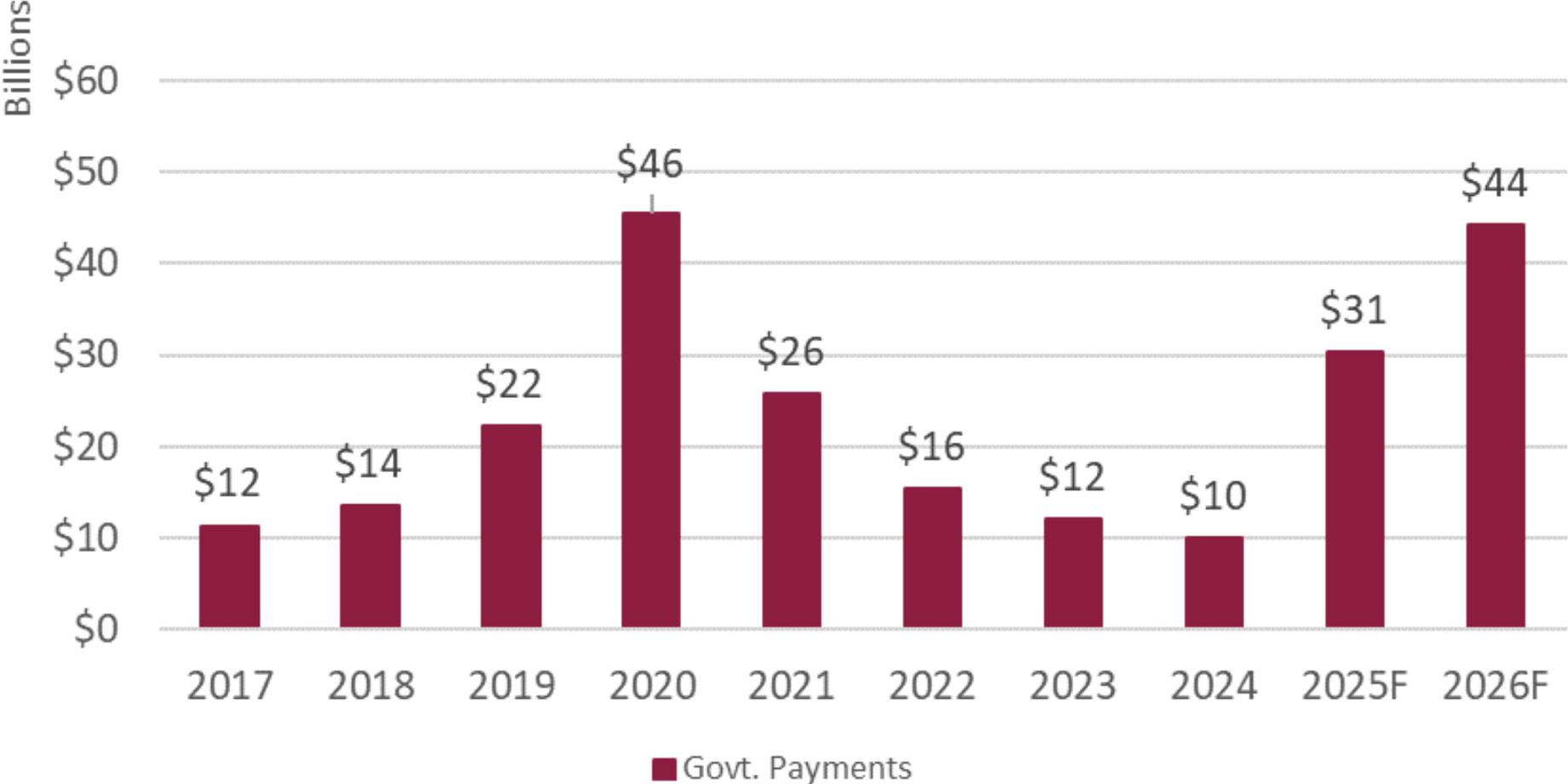
Note: F = forecast; data for 2025 and 2026 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2026 by USDA, Economic Research Service.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 5, 2026.

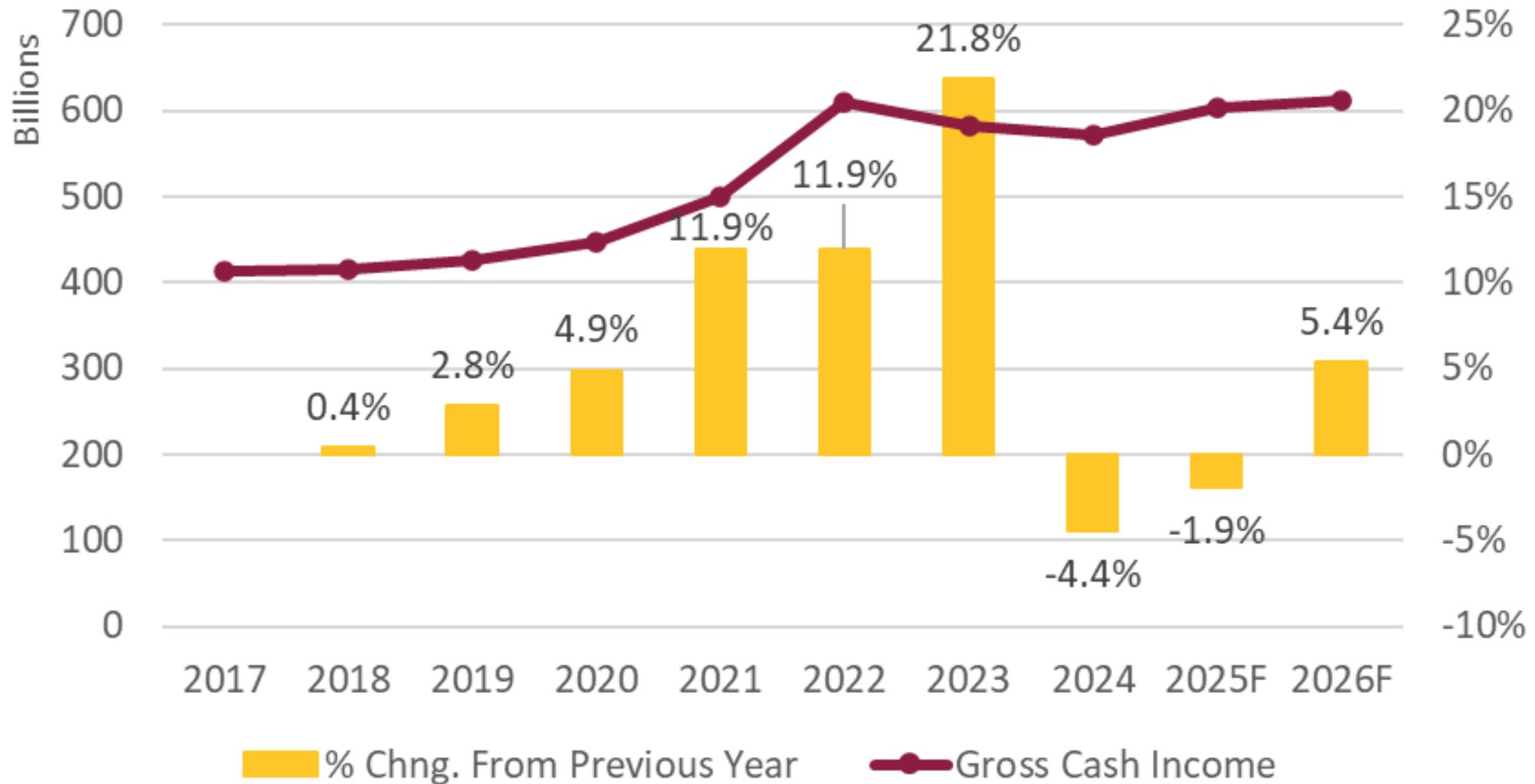
NCFI: Total Cash Receipts Crops, Animals and Products



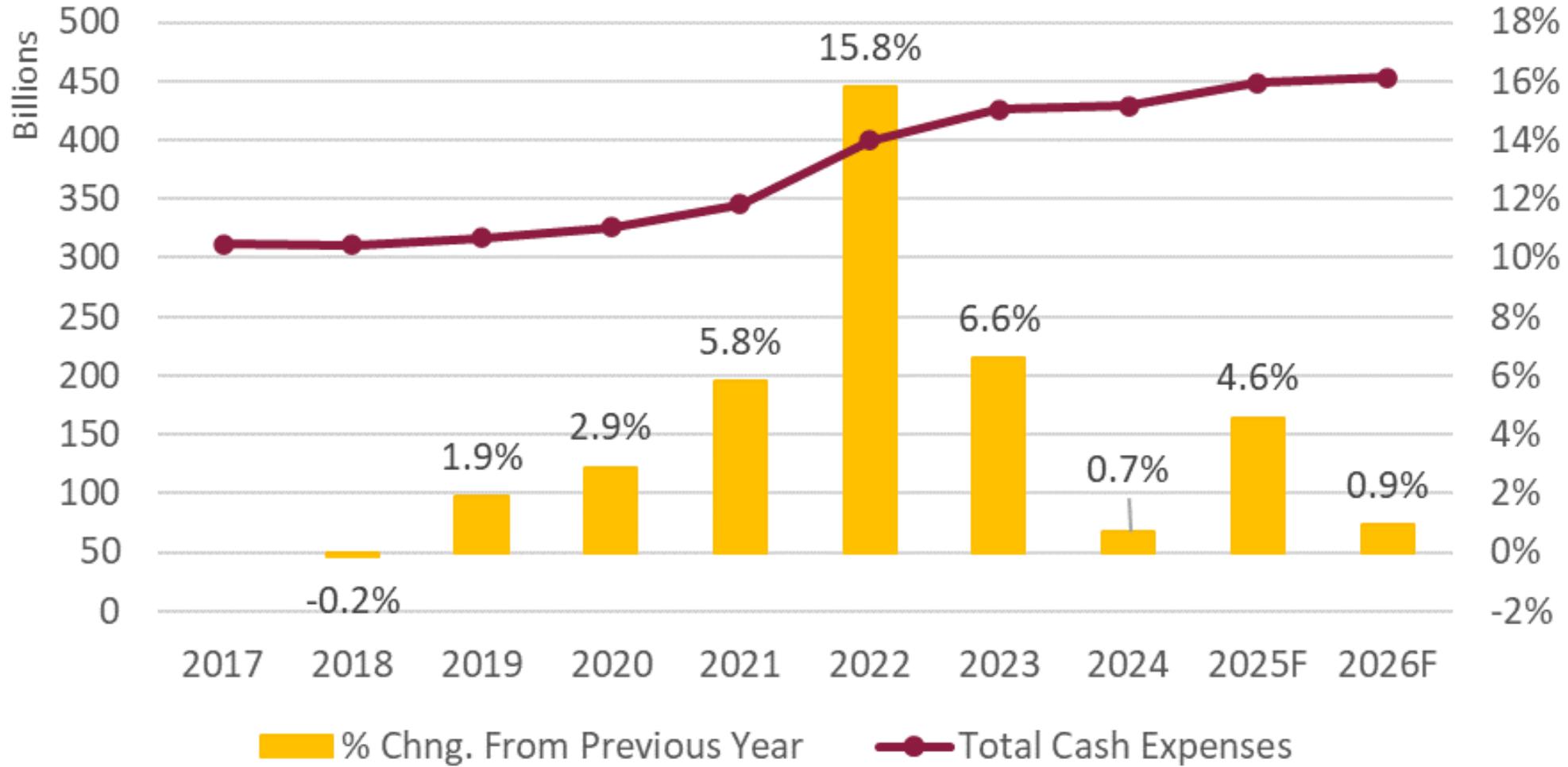
NCFI: Government Payments



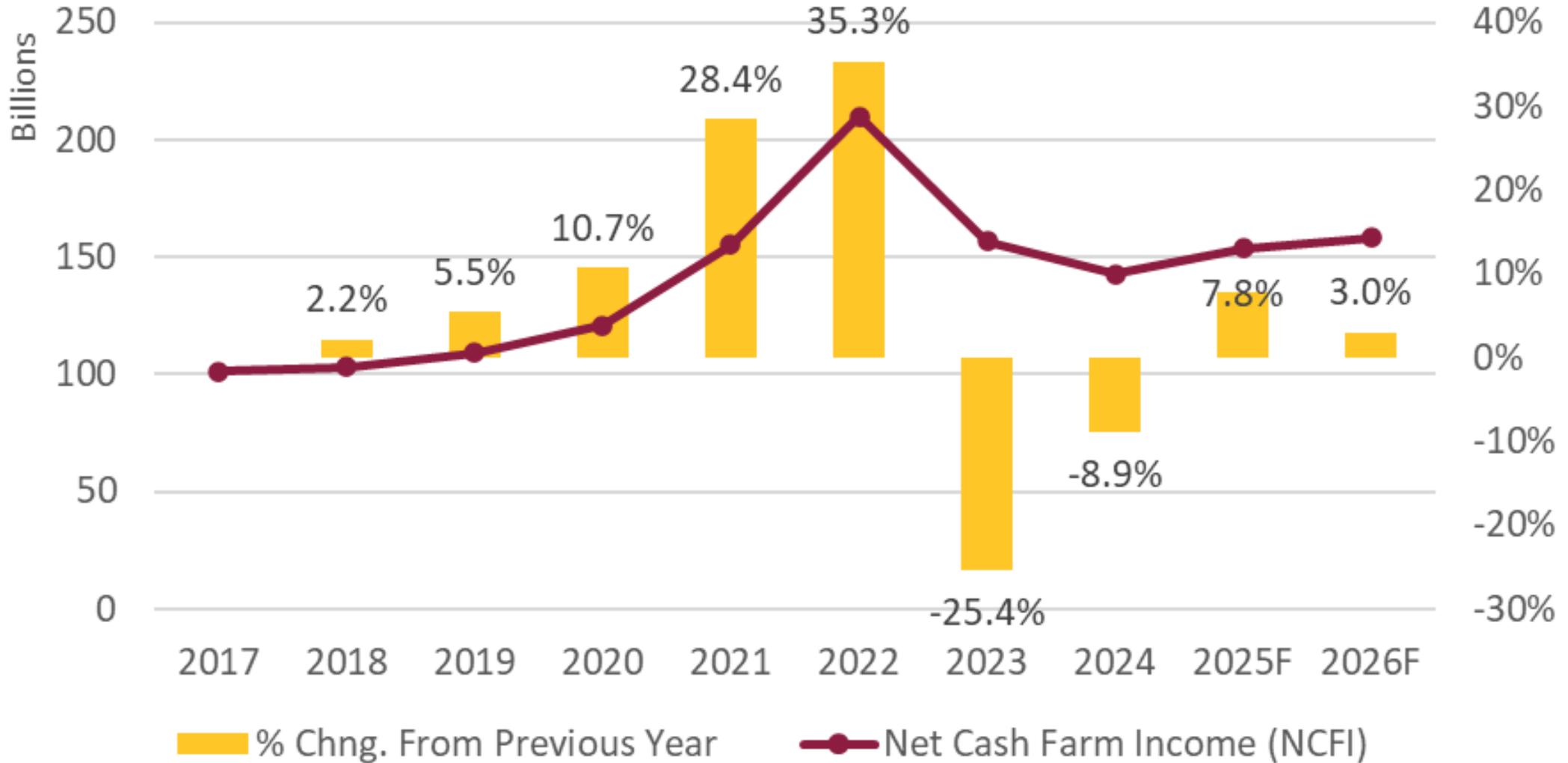
NCFI: Gross Cash Income



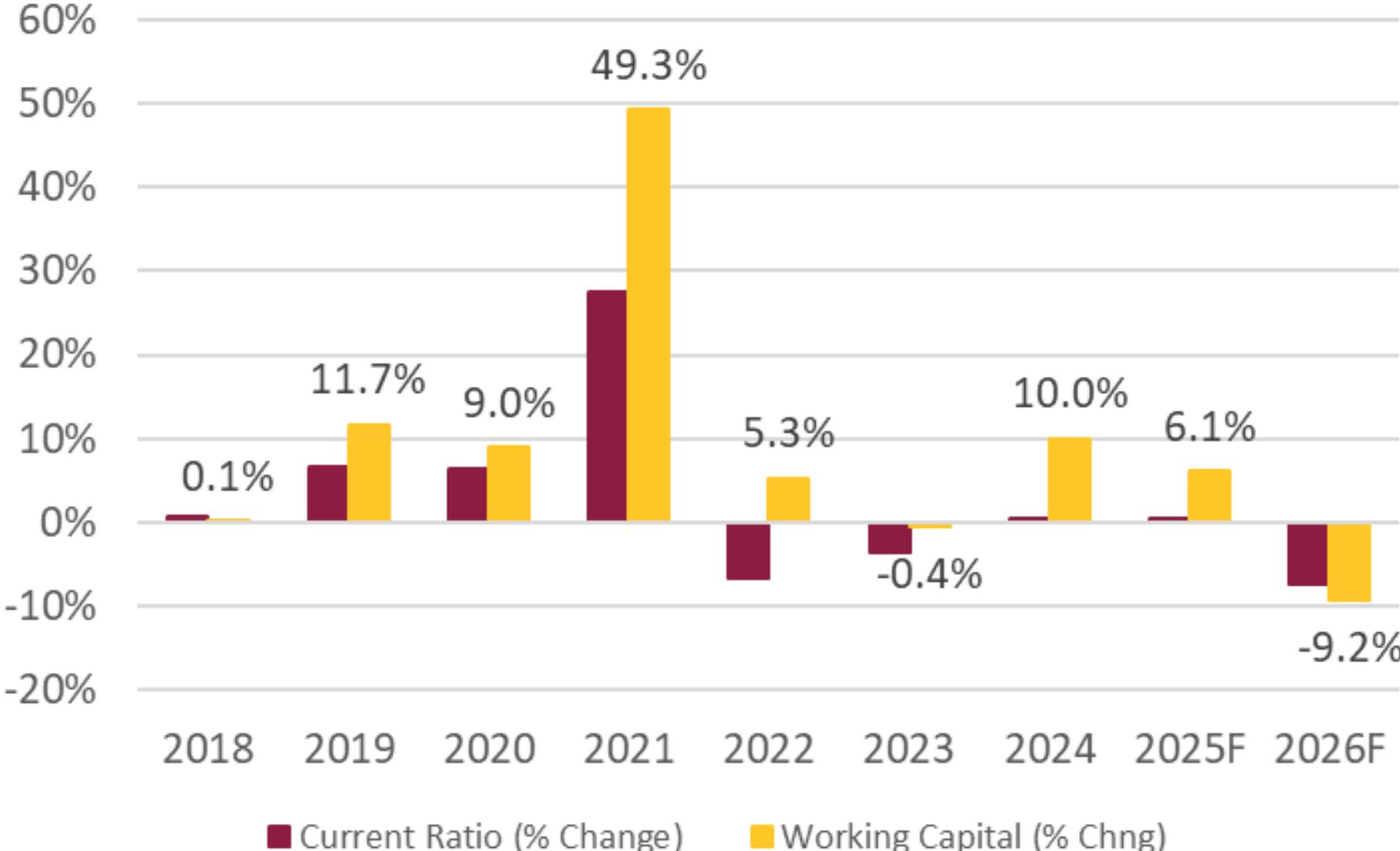
NCFI: Total Cash Expenses (Excluding Dwellings)



NCFI: Net Cash Farm Income



Current Ratio and Working Capital (% Change)



2026 Farm Sector Income Forecast USDA – ERS (as of Feb 5, 2026)

% Change from 2025F to 2026F

Farm Cash Receipts		- 2.7%
Crop Receipts		+ 1.2%
Animal Receipts		- 5.8%
Govt. Payments		+ 45.2%
Cash Expenses		+ 0.9%
Feed		- 6.8%
Fertilizer		- 1.4%
Livestock and Poultry		+ 9.7%
Labor		+ 2.2%
Fuel & Oil		- 6.1%

Commodity	WASDE Annual Price Forecast (as of 2/10/25)	% Change from 2025 Estimate
Corn	\$4.10 / bu.	- 3.3%
Wheat (All)	\$4.90 / bu.	- 11.2%
Soybean Meal	\$295.00 / st.	- 1.6%
Steers	\$240 / cwt.	+ 7.0%
Milk (All)	\$19.27 / cwt.	+ 1.7%
Cotton (Upland)	\$0.60 / lb.	- 4.8%

Source: USDA World Agricultural Supply and Demand Estimates (WASDE)

12 Month % Change in Prices Received and Paid by Farmers Index



thoughts on farm income and commodity price outlook

- Continued margin squeeze
- “Mostly” low(er) commodity prices
- Declines in liquidity... problematic?



Thank you!



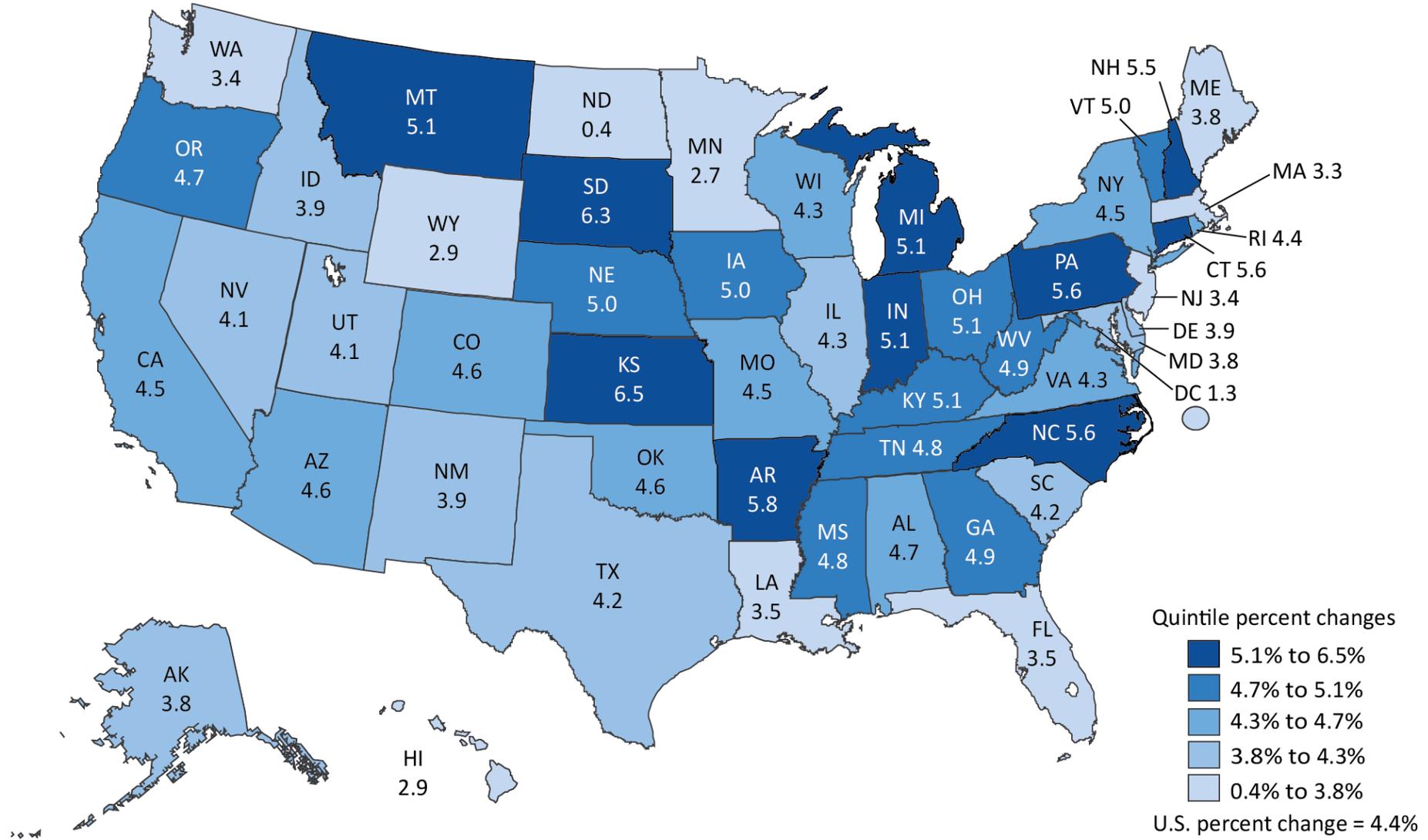
Morrison School of Agribusiness

Mark Manfredo, Ph.D.

Professor

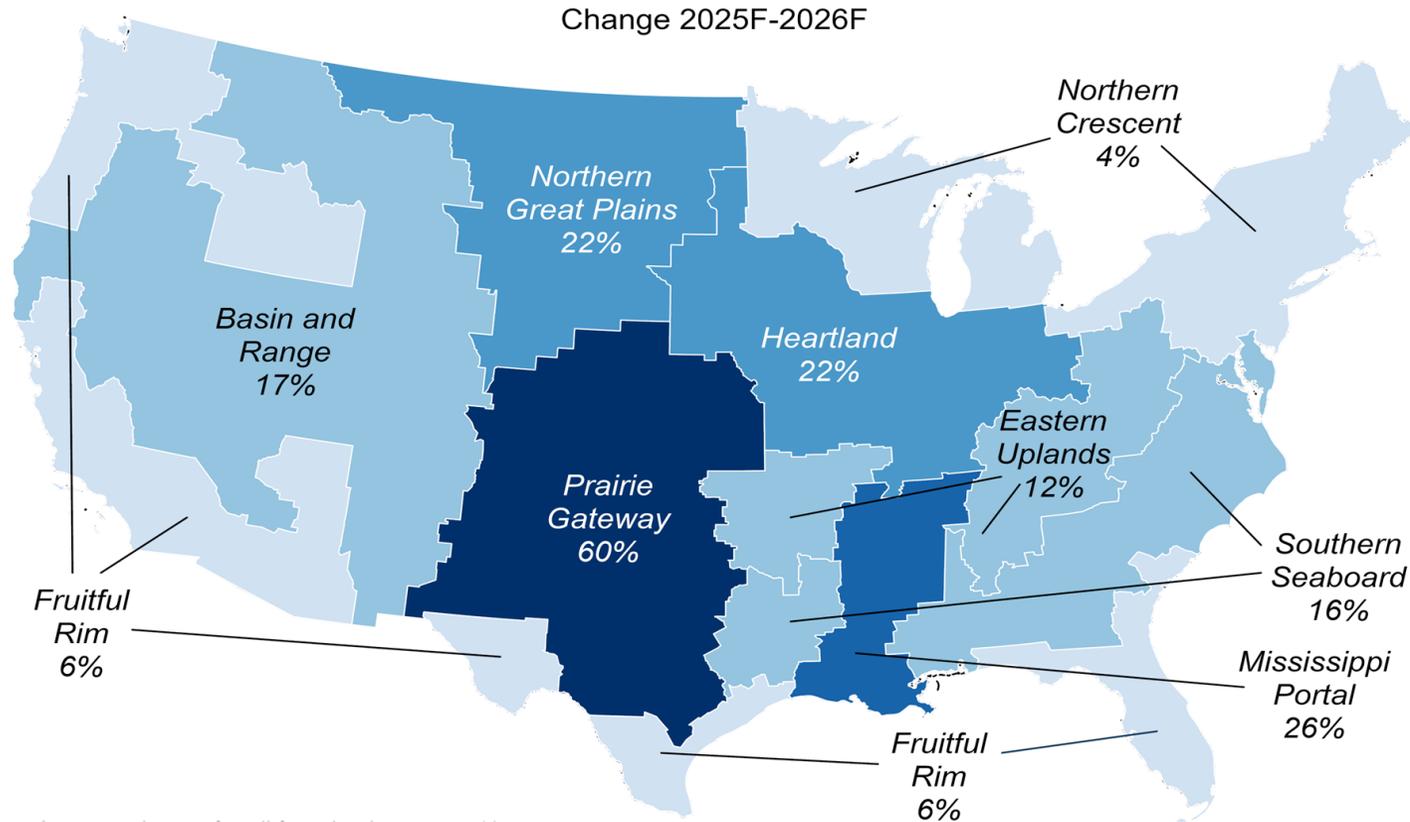
manfredo@asu.edu

Real GDP: Percent Change at Annual Rate, 2025:Q2–2025:Q3



GDP Gross domestic product
U.S. Bureau of Economic Analysis

U.S. farm business average net cash farm income by resource region, 2025F-26F



Average change for all farm businesses = 19 percent

Note: F = forecast. The partial budget forecast model is based on the USDA, Agricultural Resource Management Survey using parameters from the sector forecasts. The model is static and does not account for changes in crop rotation, weather, and other location-based production impacts that occurred after the base year. Alaska and Hawaii are not included in the survey data.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics, February 5, 2026.



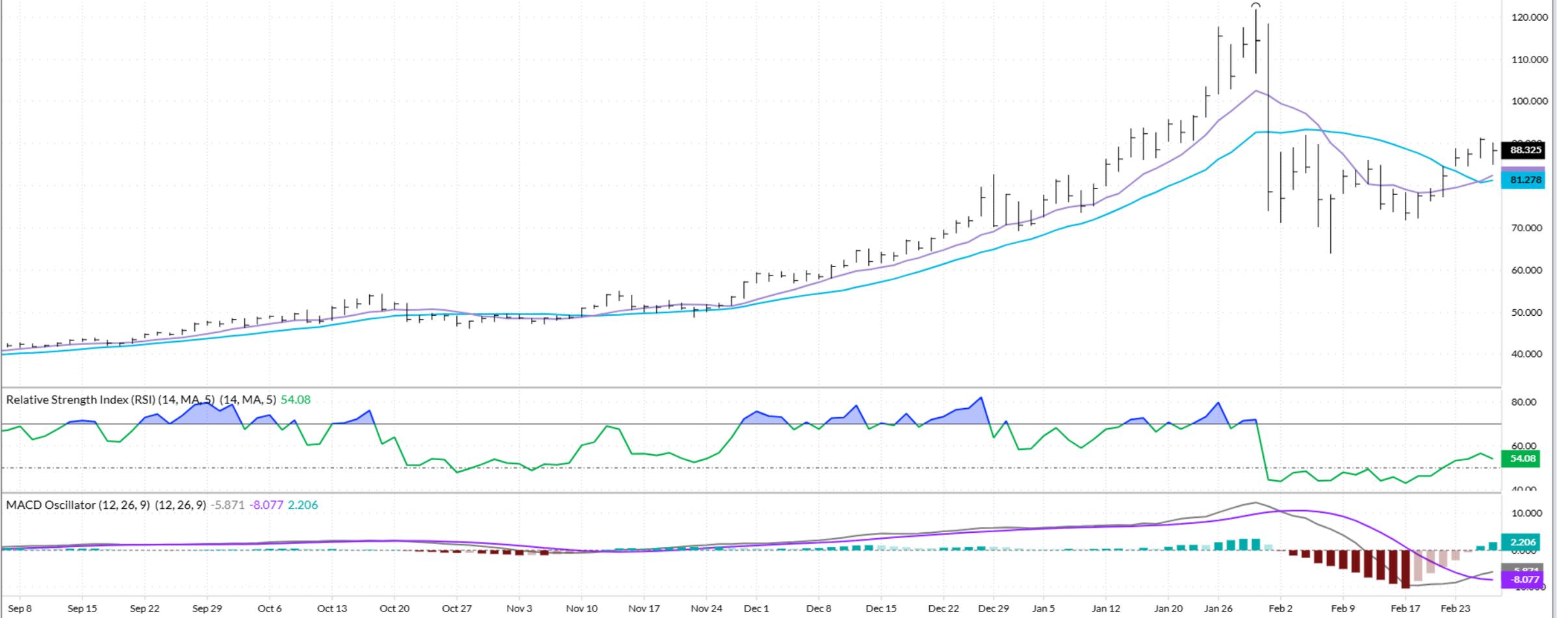
— Federal Debt: Total Public Debt as Percent of Gross Domestic Product (right)
- - - Federal Debt: Total Public Debt (left)



Sources: Federal Reserve Bank of St. Louis; U.S. Department of the Treasury. Fiscal Service; U.S. Office of Management...
Shaded areas indicate U.S. recessions. myf.red/g/1SIE2

Silver (SIH26) 86.998 -3.99 — O:88.925 H:90.255 L:84.980 C:86.998

02/26/2026 Silver (SIH26) [COMEX] O:88.925 H:90.255 L:84.980 C:88.325 Δ:-2.663 (-2.93%) Moving Average (18, Close, 0) (18, Close, 0) 81.278 Moving Average (9, Close, 0) (9, Close, 0) 82.497

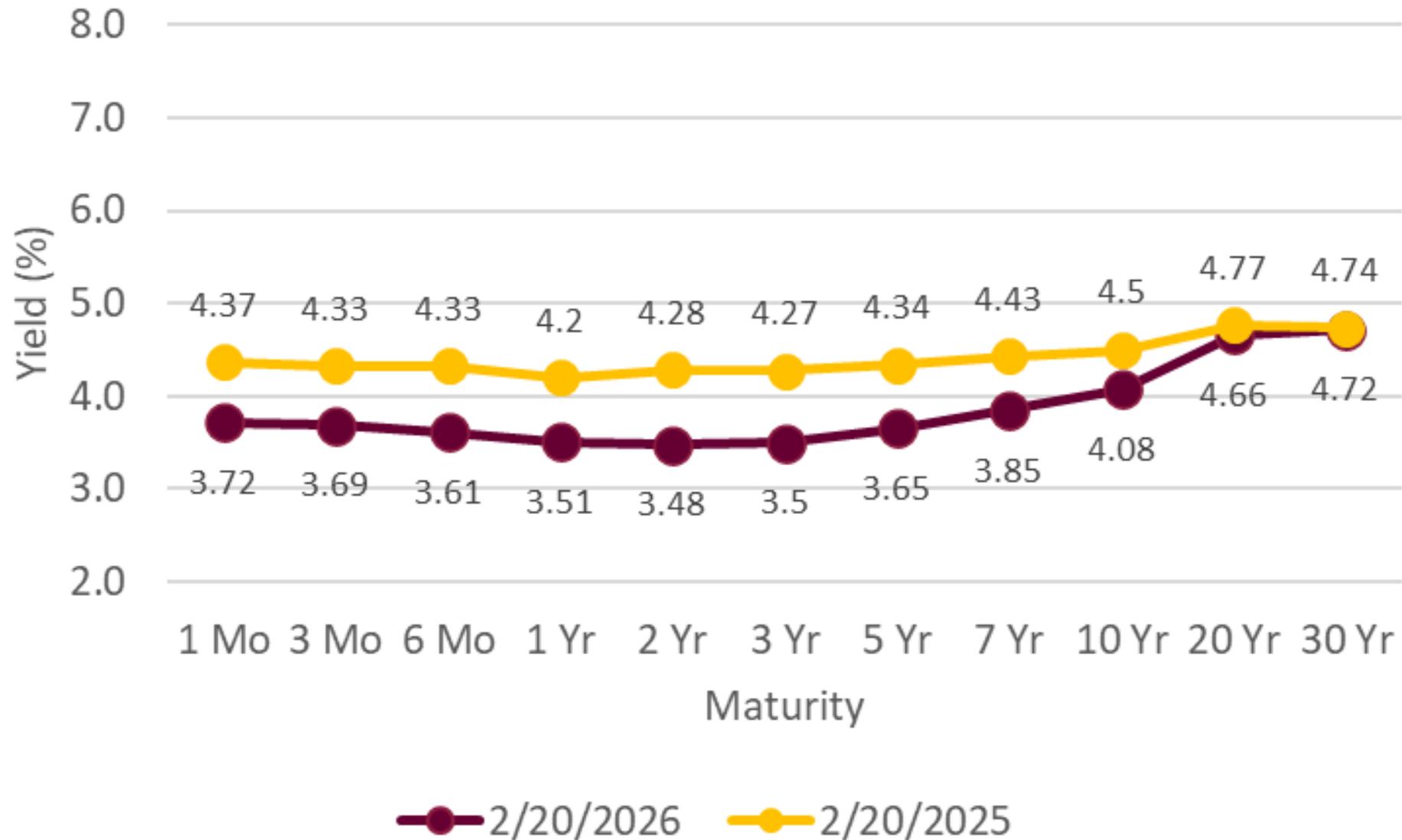


Interesting GDP Data

Country	2022	2023	2024	2025
Ukraine	-28.8%	5.5%	2.9%	2.0%
Guyana	65.3%	34.2%	44.3%	16.0%
Venezuela	16.5%	4.6%	3.9%	-1.2%

Data Source: Economist Intelligence Unit (EIU) Database

Treasury Yield Curve

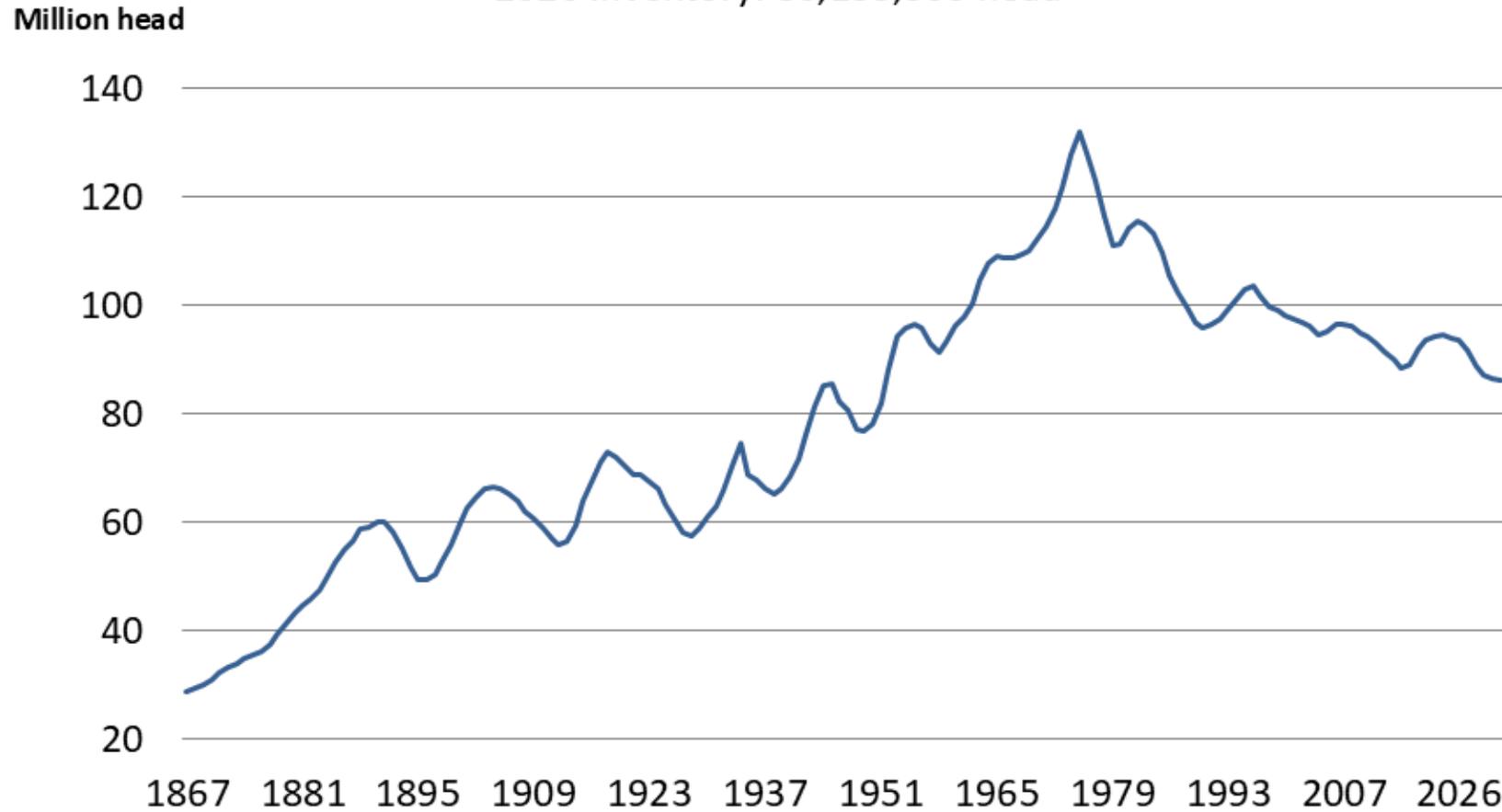


S&P GSCI (FKA - Goldman Sachs Commodity Index)



All Cattle and Calves Inventory – United States: January 1

2026 Inventory: 86,155,300 head



USDA-NASS
01-30-2026