



Iowa Economic Outlook

Dr. Christopher Pudenz, IFBF Economist

Des Moines, IA: September 22, 2026

Roadmap



MACRO:
IOWA'S ECONOMY



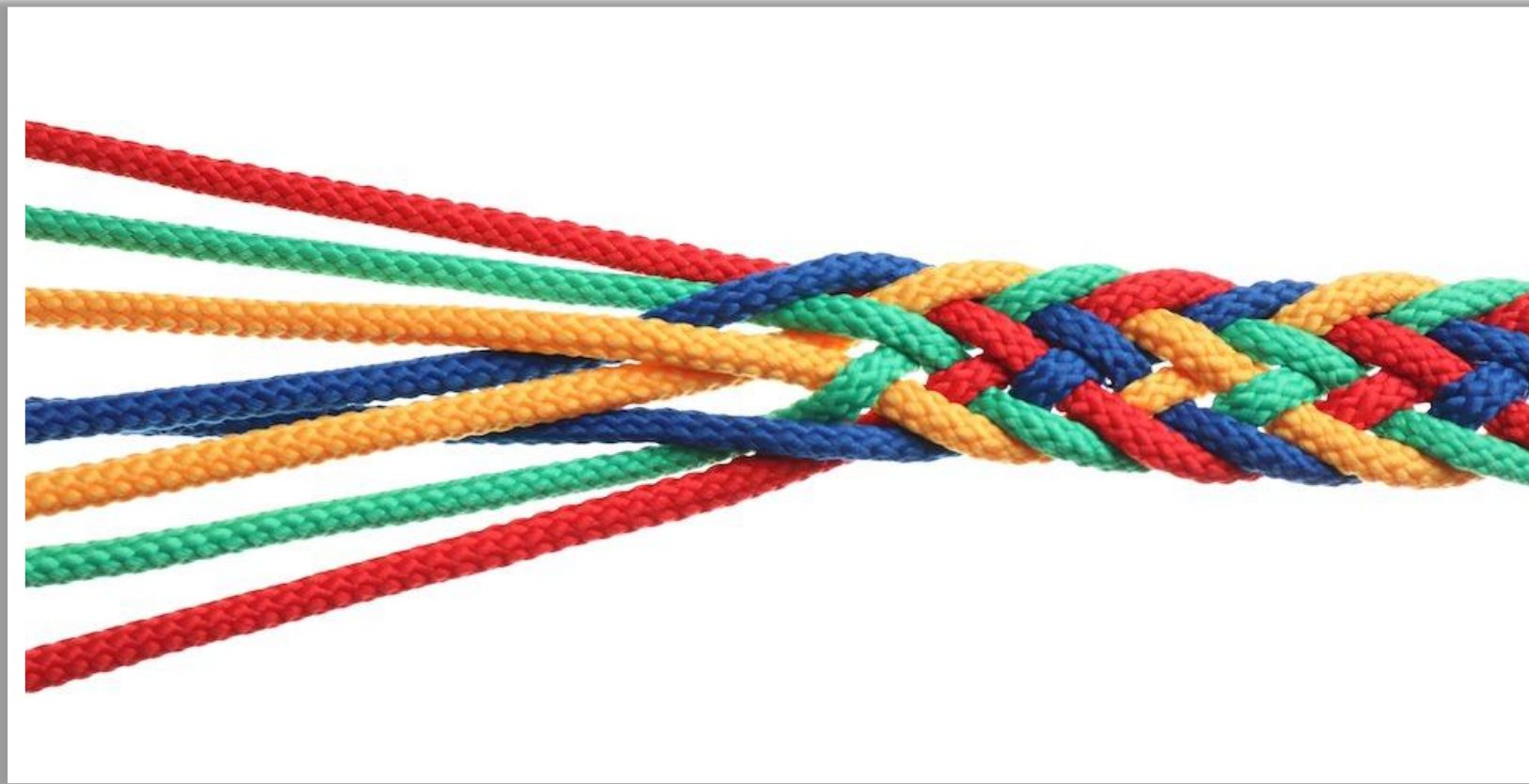
MICRO:
IOWA AGRICULTURE



WHAT'S AHEAD?



Goal: How does it all weave together?





Macro: Iowa's Economy

What's the data show?

Workforce Statistics

- August '26 unemployment rate: 3.2%
 - Lower YoY: 3.5% in August '25
 - Lower than U.S. average: 4.1%
- Iowa added 2,400 nonfarm jobs in August '26
 - Manufacturing: 1,300 additions
- Labor force participation rate: 67.0%
 - Dropped -0.7% YoY
 - Ranks 3rd nationally

So what?

- Most Iowans are either working or looking for work
- There aren't many who are looking for work who can't find it

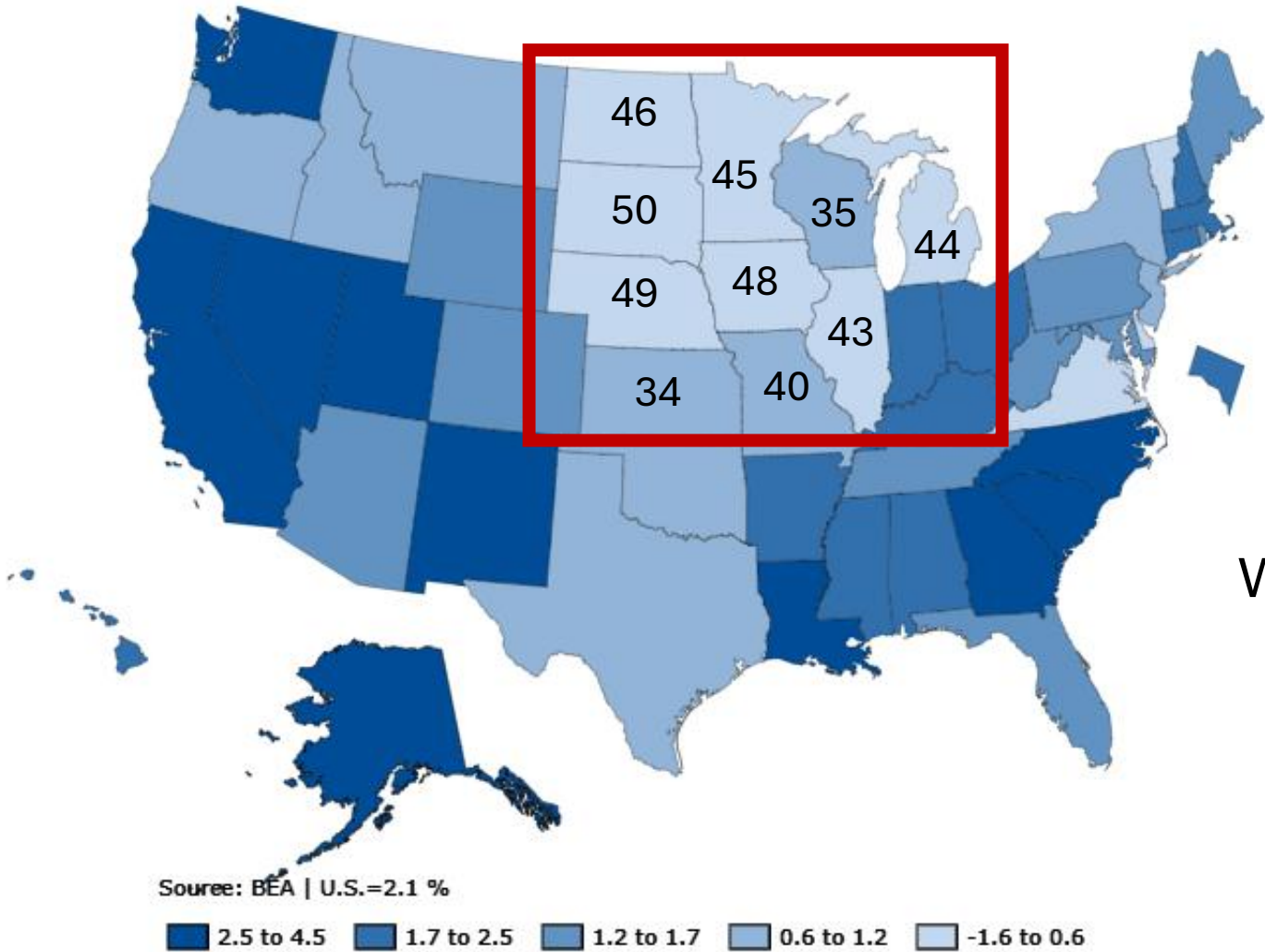


GDP growth has lagged

- 2025:
 - 1.2% growth in real GDP for the year
 - Ranking: 40th
 - Down from 2.5% growth in 2024
- Q1 2026 (latest data):
 - -0.1% “growth” on a quarter-over-quarter annualized basis
 - Ranking: 48th
 - Ag is one of the top 3 detractors from growth
 - Note: we’ll have revised data on Sept. 30



United States, Real Gross Domestic Product (GDP), 2025:Q4 - 2026:Q1 Percent change from preceding period (annualized)



What’s going on in the Midwest?



Agriculture, Financial Services, Manufacturing



“These three industries are where Iowa punches above its weight, and consequently where the state’s economic fortunes are disproportionately determined. **When one of them expands or contracts, Iowa is likely to feel its effects more acutely** than the nation does.” – CSI Iowa

Come back to this...



[CSI Iowa](#)



“Fuel Crisis”

THE WALL STREET JOURNAL.

U.S. Politics Economy Tech **Markets & Finance** Opinion Free Expression Arts Lifest

Refineries Are Now the Main Chokepoint for Global Energy Supplies

The Iran and Ukraine wars have exposed the world's reliance on the Middle East and Russia for diesel

By **Matthew Dalton**
Updated Sept. 20, 2026 6:28 am ET

787 Gift unlocked article Listen (6 min)



A Russian oil refinery hit by a Ukrainian drone attack in June. AFP/GETTY IMAGES

THE WALL STREET JOURNAL.

U.S. Politics Economy Tech **Markets & Finance** Opinion Free Expression Arts Lifest

Oil Executives Say the Great Fuel Crisis Is Here

Trump officials say the oil-market disruption is temporary, but Chevron's Mike Wirth and others warn global supplies are running low, with no respite in sight

By **Benoit Morenne and Collin Eaton**
Sept. 14, 2026 5:06 pm ET

1638 Gift unlocked article Listen (6 min)



A crude oil storage terminal in Cushing, Okla. NICK OXFORD/BLOOMBERG

“I wish I could tell you that I saw some reason why things would ease, but it's difficult right now to see that happen”

– Mike Wirth, Chevron CEO
9/11/2026

THE WALL STREET JOURNAL.

U.S. Politics Economy Tech **Markets & Finance** Opinion Free Expression Arts Lifest

Tanker Shortage Sends Oil-Shipping Rates Soaring

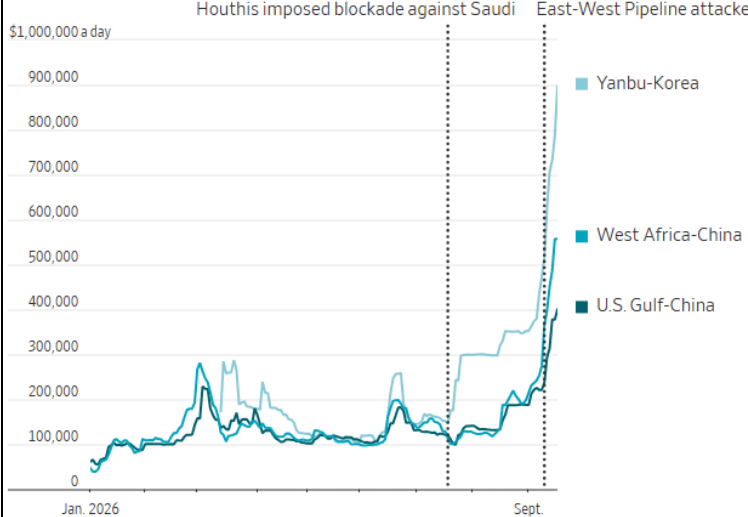
Plus: Kuehne+Nagel strikes a deal with Amazon; scientists see progress in fighting disease destroying Florida's orange groves

By **Mark R. Long**
Sept. 21, 2026 7:16 am ET

Gift unlocked article Listen (7 min)

Earnings of a Very Large Crude Carrier on selected routes

Houthi imposed blockade against Saudi East-West Pipeline attacked



Note: Based on a scrubber-fitted 2015-built ship
Source: Clarksons Research



AAA: Diesel is *expensive*

COMPARE STATES 

Location

Iowa

National

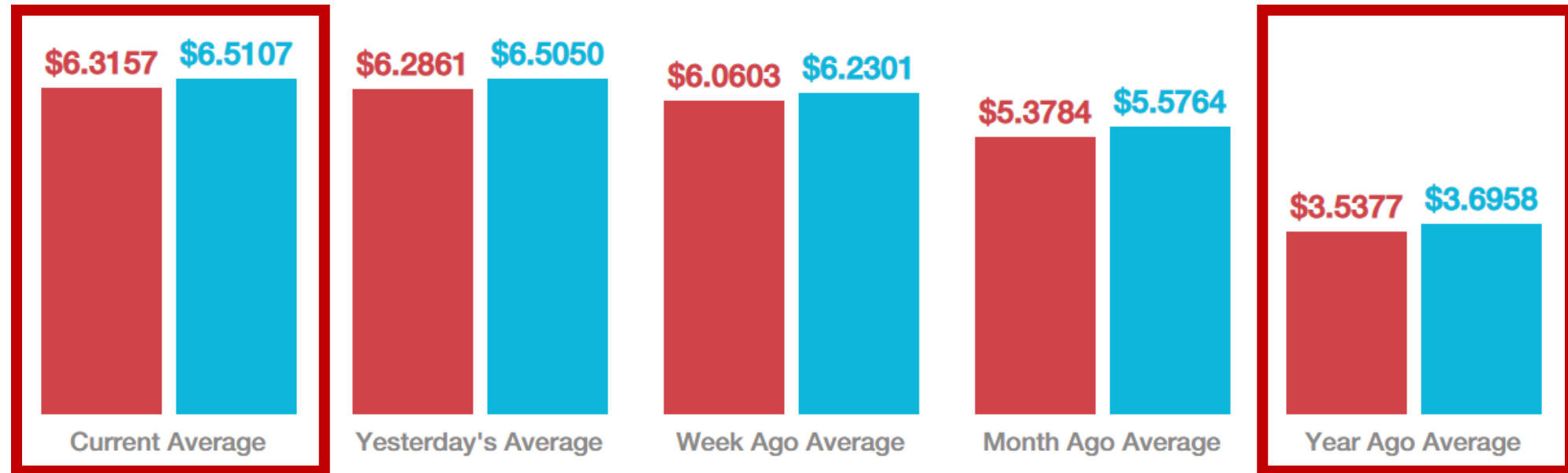
Gas

Reg

Mid

Prem

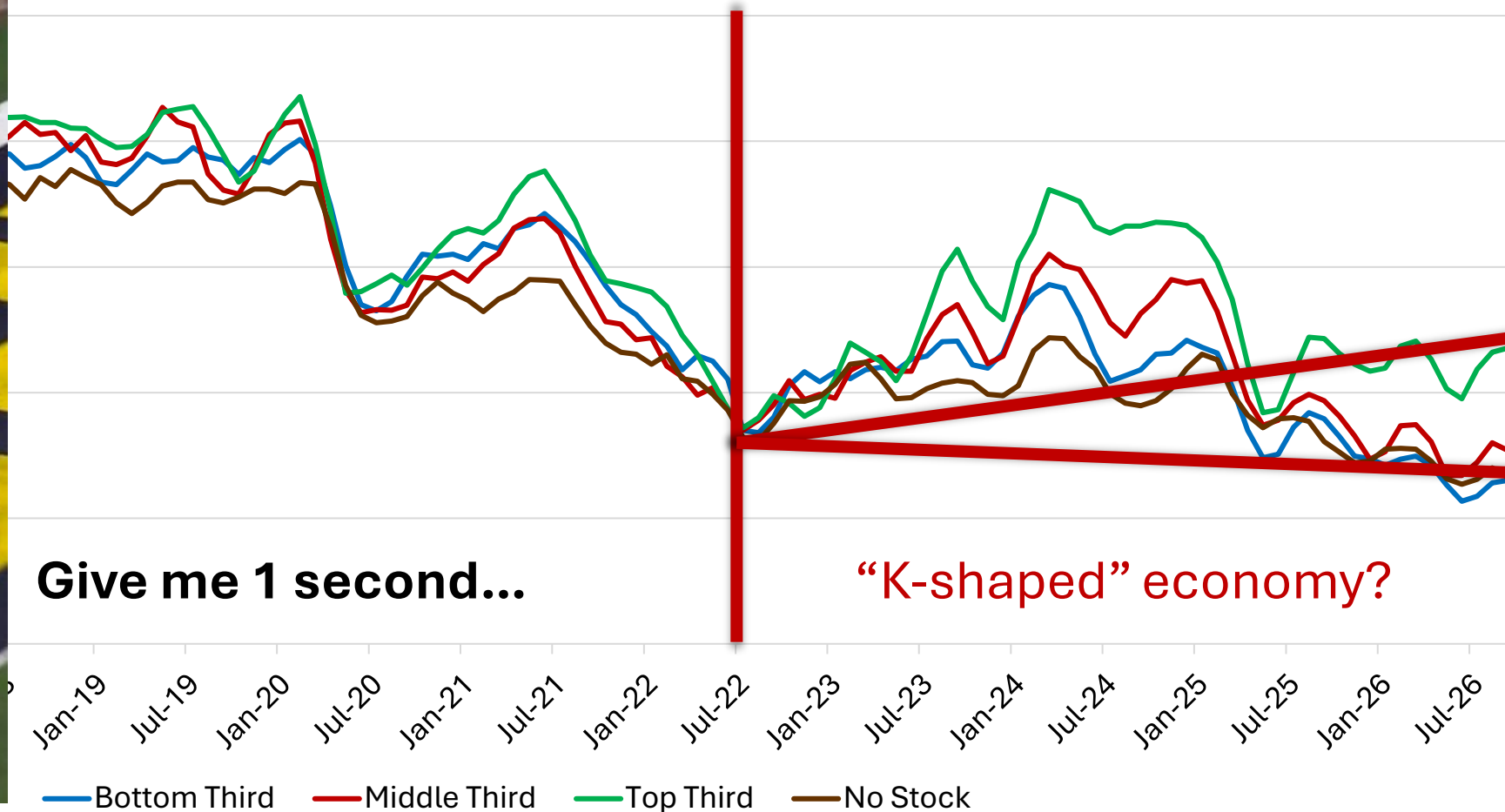
Diesel



Up \$2.78/gal YoY - that's 79%!

U. of Michigan Index of Consumer Sentiment

by Stock Ownership and Terciles of Stock Wealth





Micro: Iowa Agriculture

Multi-year downturn

Ag Production Powerhouse

Iowa rankings:

- Corn: 1st
- Ethanol: 1st
- Soybeans: 2nd
- Hogs and pigs: 1st
- Cattle on feed: 4th
- Eggs: 1st
- Turkeys: 7th
- Dairy: 9th

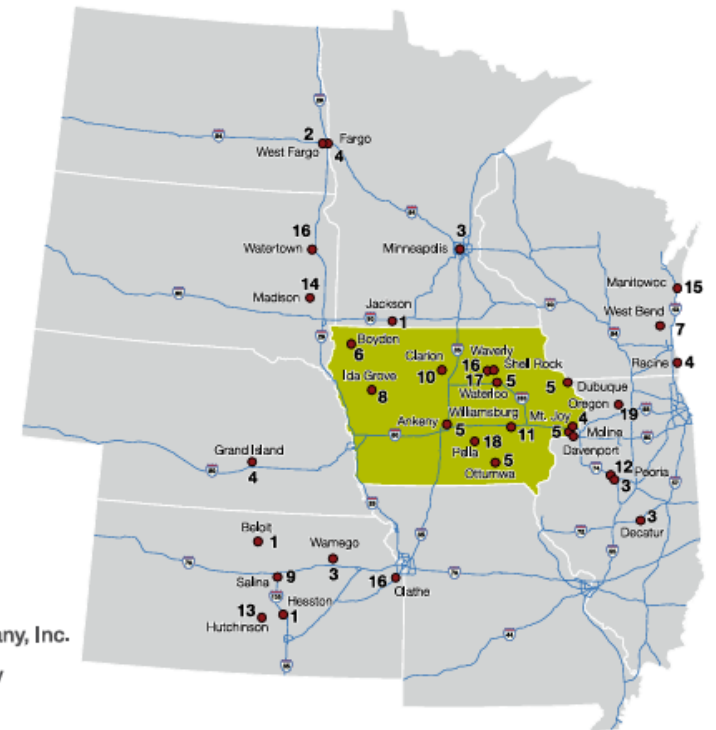


Ag Economic Ecosystem

- 1 in 5 Iowans employed in ag or ag-related industries
- 19% of Iowa's GDP comes from ag or an ag-related industries

IOWA IS IN THE CENTER OF A REGIONAL AGRICULTURAL AND CONSTRUCTION EQUIPMENT MANUFACTURING CLUSTER

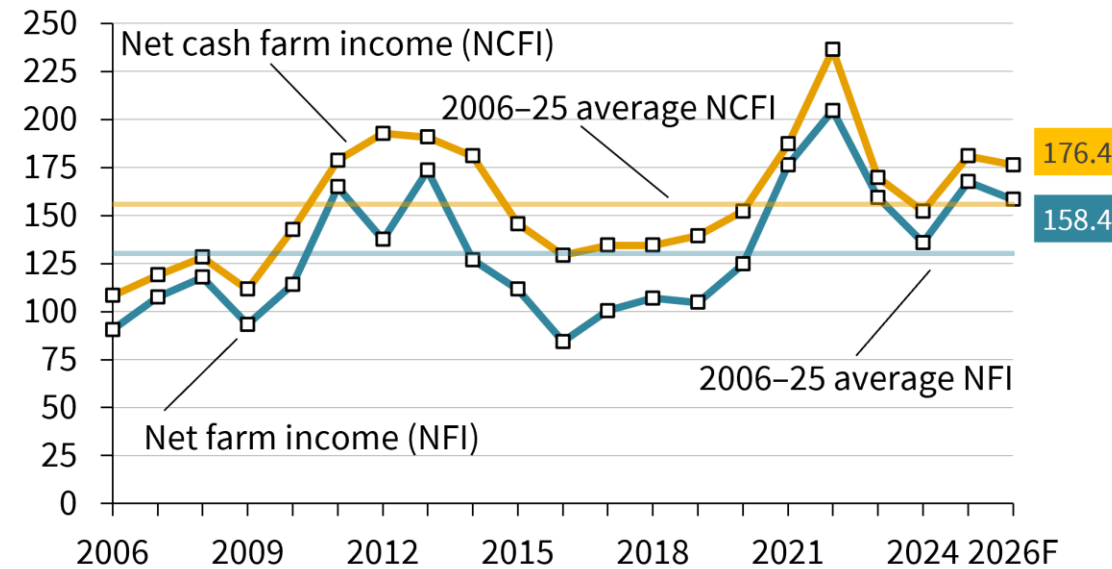
- 1 AGCO Corporation
- 2 Bobcat Company
- 3 Caterpillar, Inc.
- 4 CNH Industrial
- 5 Deere & Company
- 6 DEMCO
- 7 Gehl Company
- 8 GOMACO Corporation
- 9 Great Plains Manufacturing, Inc.
- 10 Hagie Manufacturing Company
- 11 Kinze Manufacturing, Inc.
- 12 Komatsu America Corporation
- 13 Krause Corporation
- 14 Manitou Americas, Inc.
- 15 Manitowoc Company, Inc.
- 16 Terex Corporation
- 17 Unverferth Manufacturing Company, Inc.
- 18 Vermeer Manufacturing Company
- 19 Woods Equipment Company



National Net Farm Income down in 2026

U.S. net farm income and net cash farm income, inflation adjusted, 2006-26F

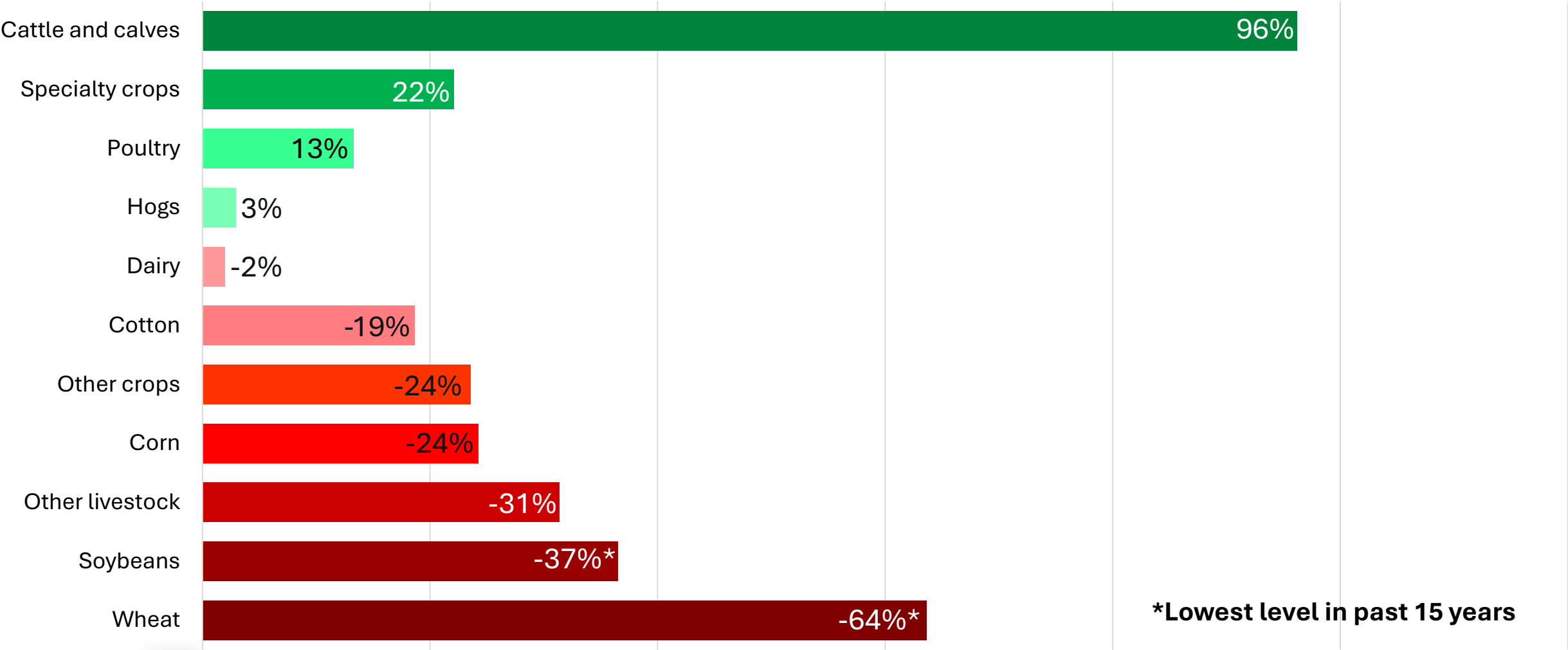
2026 dollars (billions)



Note: F = forecast. 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.

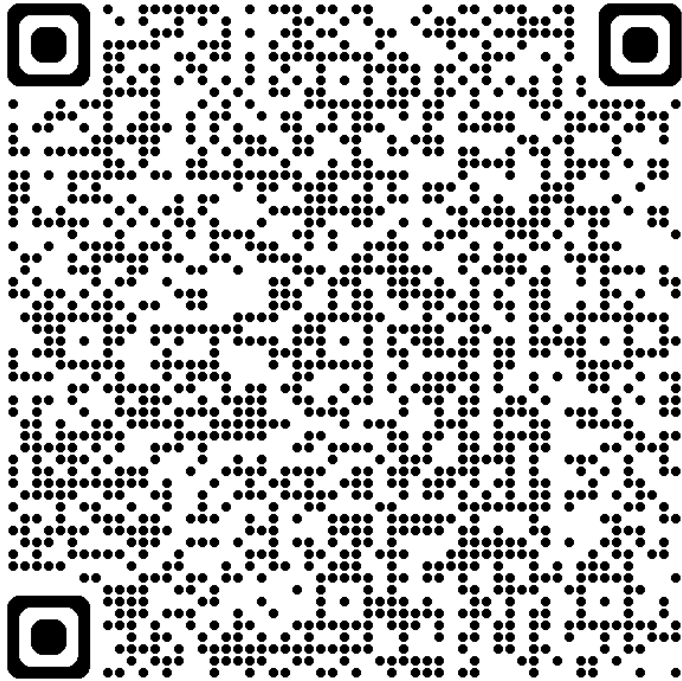
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of September 3, 2026.

Change in Inflation-Adjusted Net Farm Income, 2022 to 2025



Calculations: Iowa Farm Bureau
Concept: Dr. John Newton, AFBF
Data: USDA Farm Income and Wealth Statistics

The Pressure is Rising



CARD Staff Report IOWA STATE UNIVERSITY Center for Agricultural and Rural Development

July 2026
26-SR 125

2026 Iowa Agricultural Outlook: The Pressure is Rising

Edited by
John M. Crespi and Christopher C. Pudenz

Jointly published by
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the Iowa Farm Bureau Federation
the Iowa Bankers Association



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CARD



Joint Study



Three Big Takeaways

1. The underlying cause of the ongoing ag economic downturn is margin pressure in the state's row crop economy.
2. It's *not* the 1980s. Yet, the row crop economy downturn is beginning to erode many farmers' financial positions, with far-reaching implications for the rest of Iowa's economy.
3. Thank goodness for livestock!



Negative row crop margins

- Nominally, 2026 was the second most expensive corn crop ever
- 37% increase since 2021:
 - Machinery: 57%
 - Seed, chem, and fert: 39%
 - Farmland: 23%

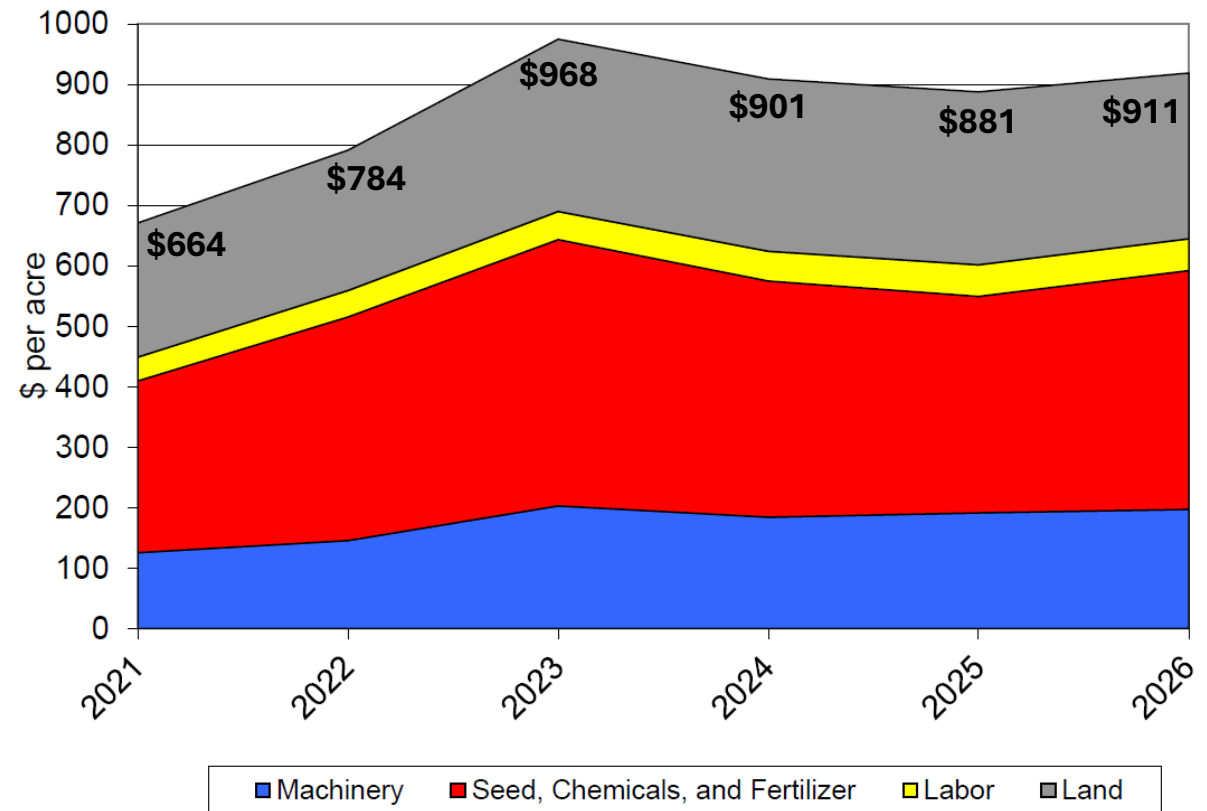


Figure 4. Corn production costs.

Source: Iowa State (2026).



Financial Pressure

- According to Iowa Farm Business Association data, Iowa farm current ratios were still strong but worsening as of Dec '25
 - 19% of farms have current ratios less than or equal to 1.3
 - Slightly better than late 2010s

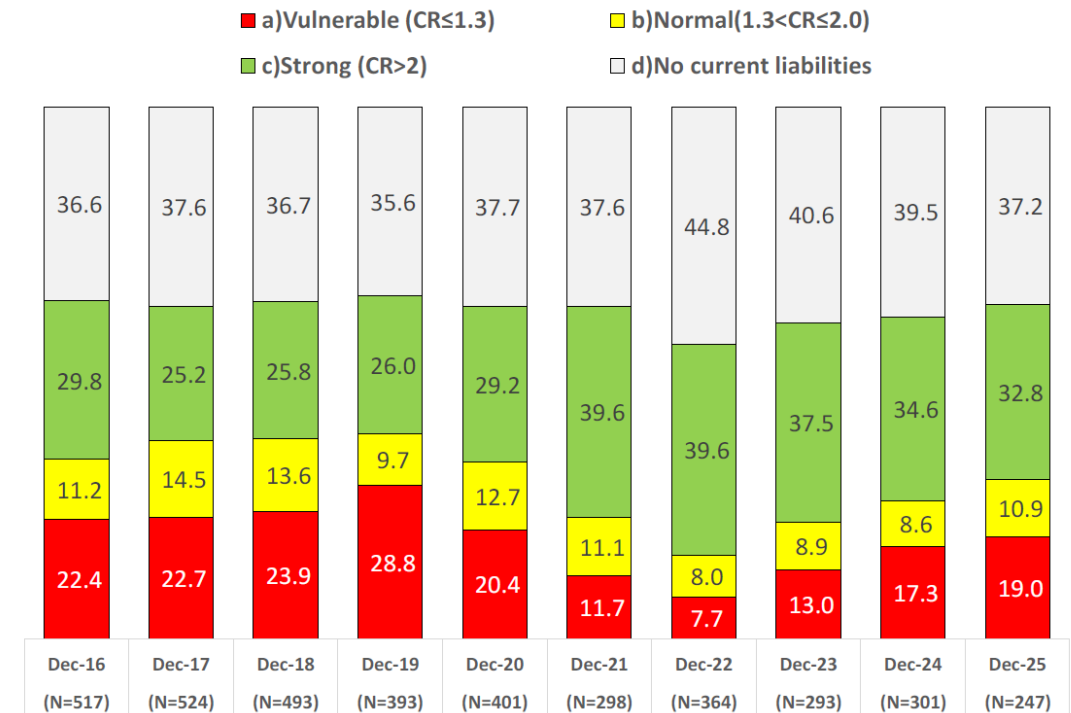


Figure 5. Distribution of farms by current ratio status.
Source: IFBA data.



It's *not* the 1980s

- Land values steady
→ 2025: \$11,549/acre
- Respondents express short-term pessimism, long-term optimism
→ 40% forecasted decreases in 2026
→ 82% expect increases over five years

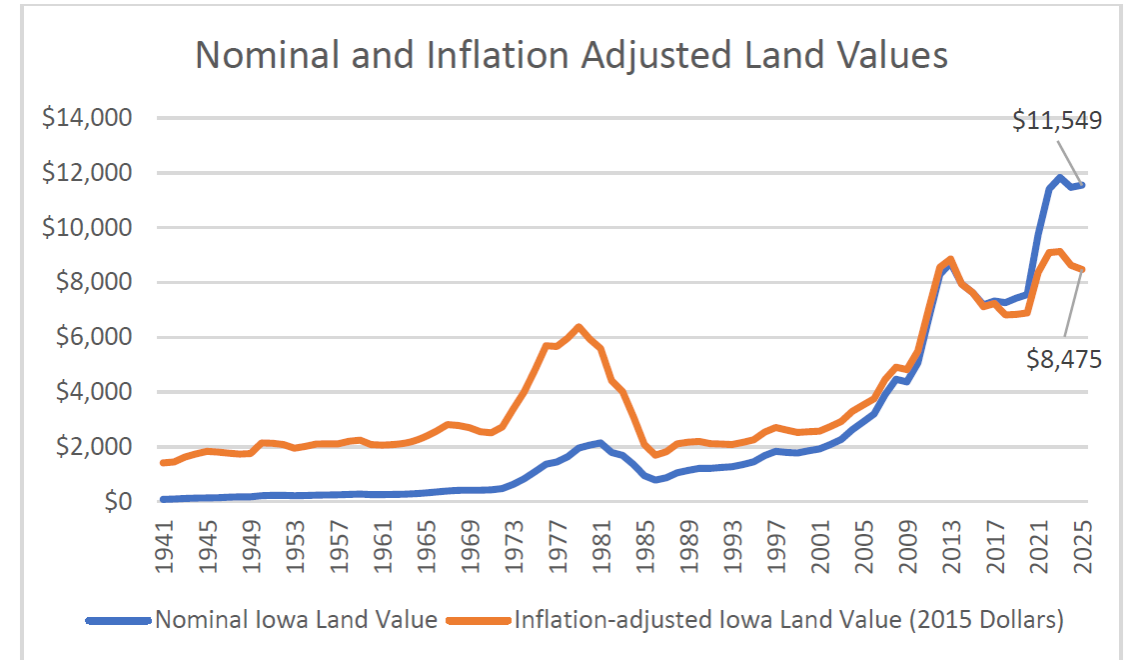
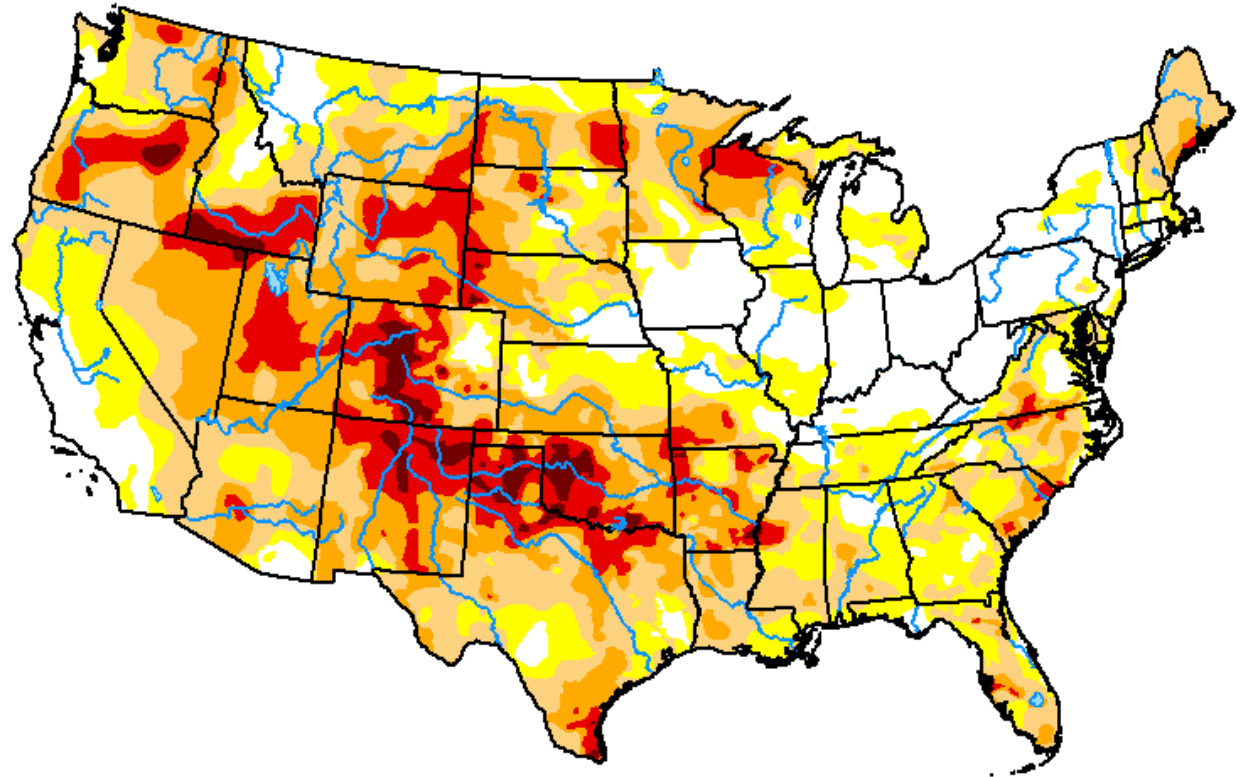


Figure 1. Nominal and inflation-adjusted Iowa farmland values.



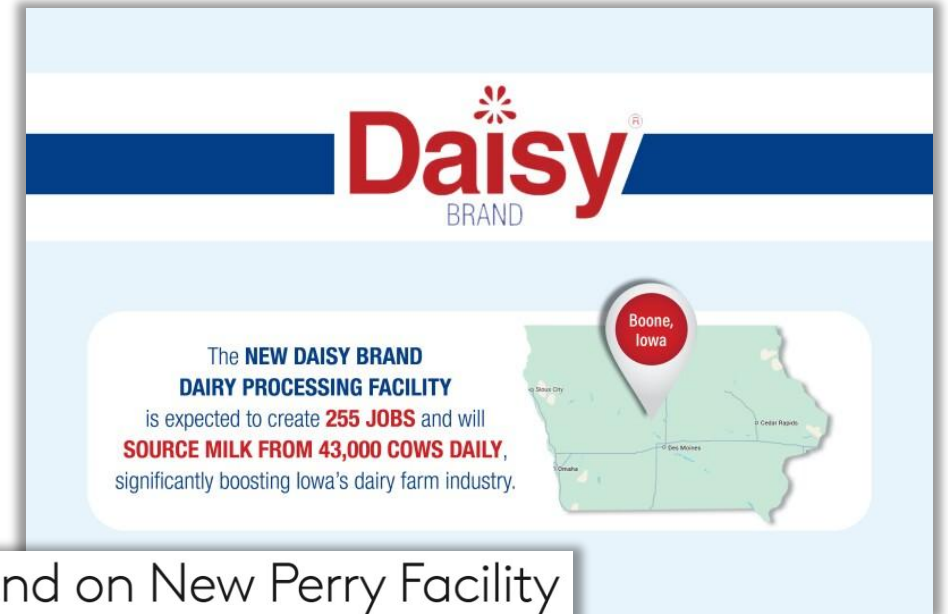
What are the reasons for optimism?

- Good 2026 crops!
- Iowa has a comparative advantage in raising corn and soybeans
- Drought tolerance
- Livestock



Outside Investment

- Large companies are pouring hundreds of millions of dollars into processing in Iowa



JBS USA Breaks Ground on New Perry Facility

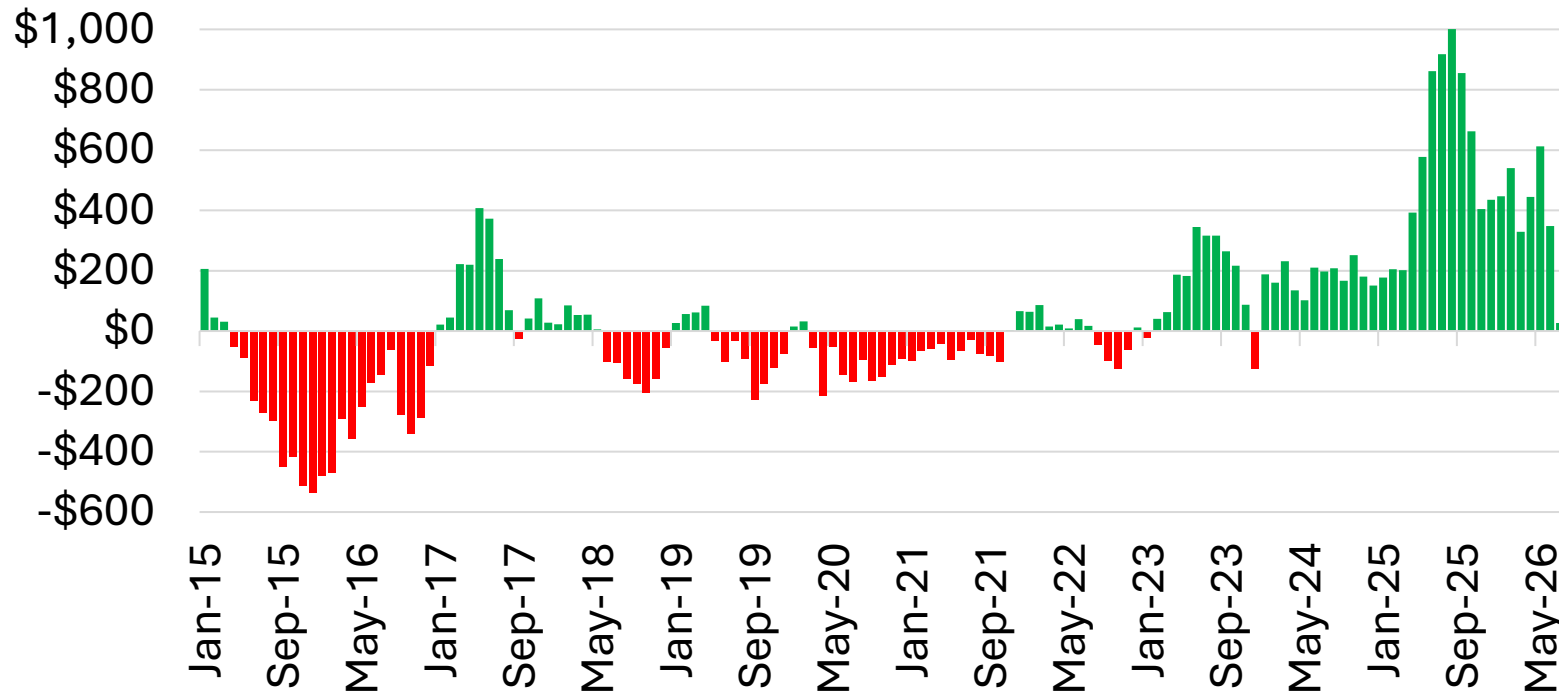
Press Release
Oct 14, 2025



Thank goodness for livestock!

Estimated Returns to Finishing Steer Calves, Iowa

Total profit (loss), \$/hd



2015-2022: **-\$82/hd**

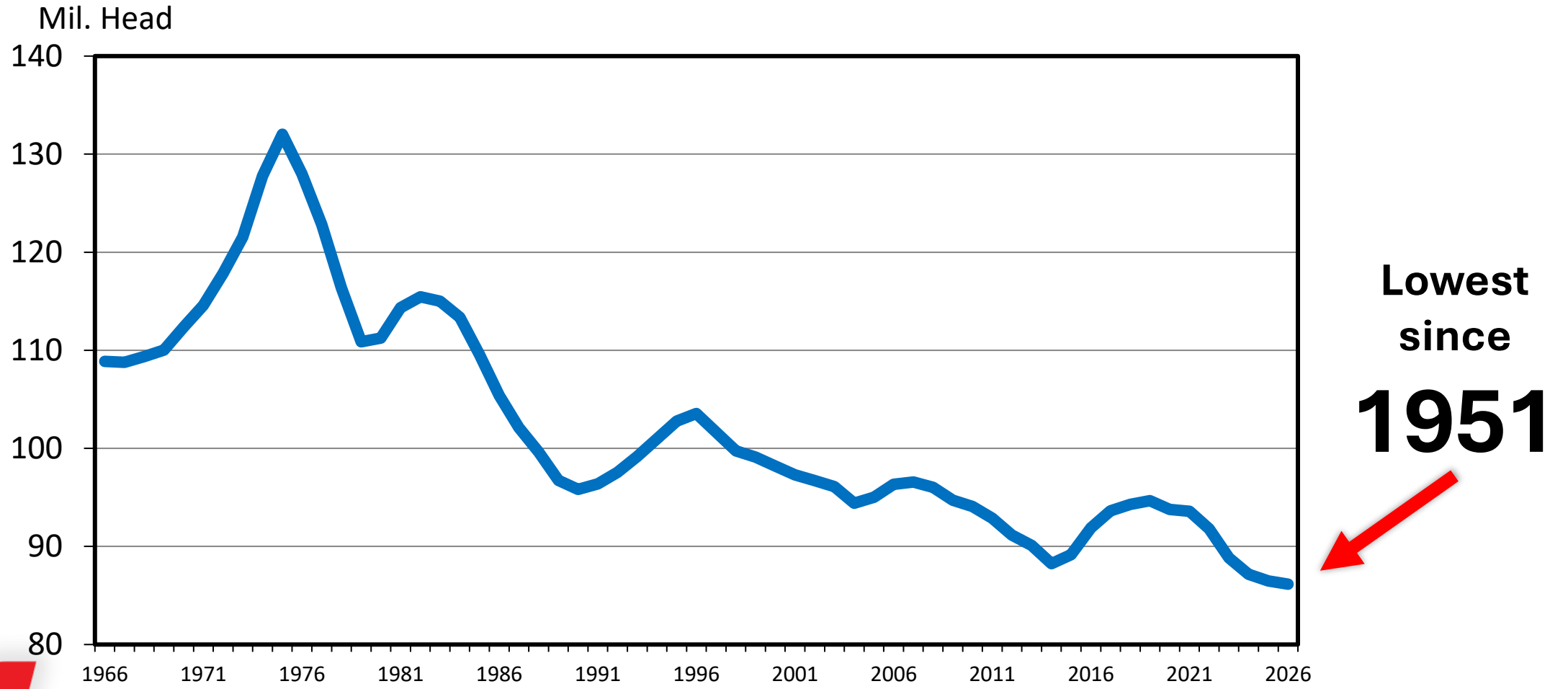
2023: **\$156/hd**

2024: **\$182/hd**

2025: **\$558/hd**

Aug '26: **-\$149/hd**

Supply: January 1 Total Cattle Inventory



Data Source: USDA-NASS

Livestock Marketing Information Center

C-N-01
01/30/26



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IOWA FARM BUREAU

Demand: \$ and LBS *still* up!

\$

#

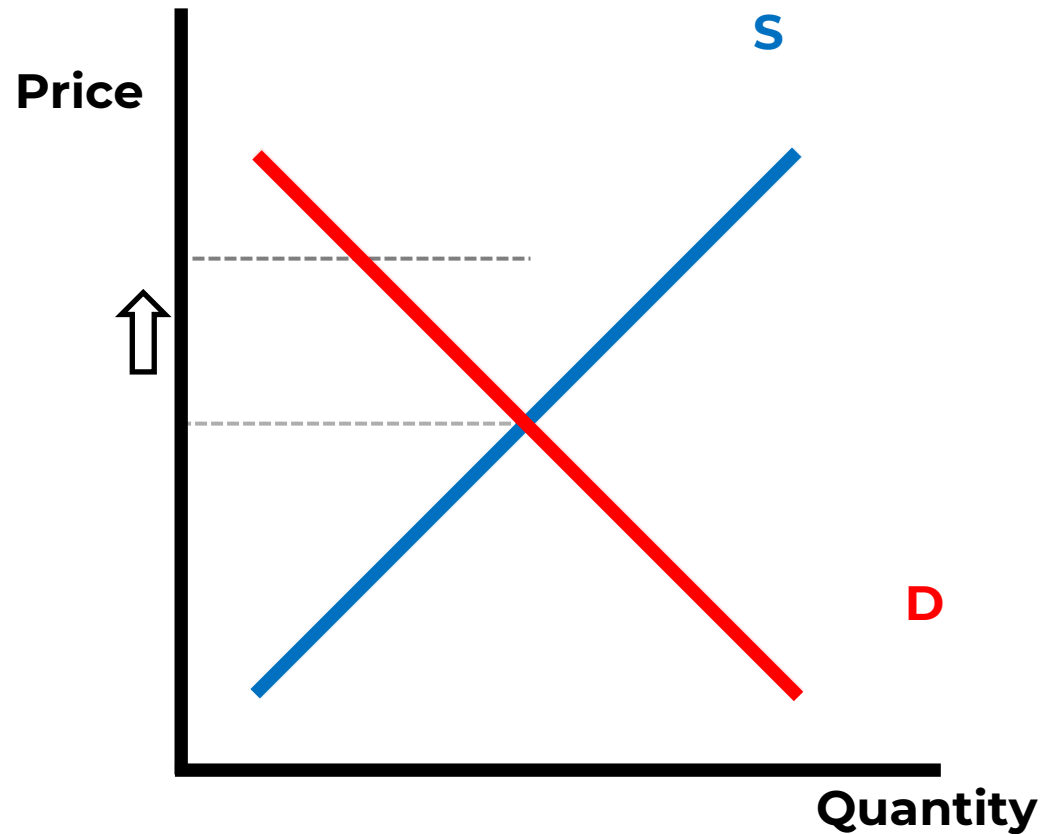
- Despite higher prices, beef continues to perform *very well* at retail
 - Not all of these purchases are U.S. beef
- Pork flat: is this the K-shaped economy?

Legacy Sub-Category	52-Week Dollar Sales		52-Week Volume Sales	
	Current	% Change vs YA	Current	% Change vs YA
AISLE-FRESH MEAT	\$82,226,939,953	6.6%	17,300,620,883	1.6%
BEEF	\$47,277,657,848	9.1%	6,346,005,468	2.0%
BEEF STEAKS	\$16,095,334,875	3.2%	1,423,619,415	-2.7%
BEEF FRESH GROUND	\$17,601,548,714	12.9%	2,914,439,747	1.4%
BEEF ROAST	\$4,851,665,174	8.5%	711,308,324	3.8%
BEEF VALUE ADD	\$4,356,742,168	8.1%	653,959,543	5.2%
BEEF BRISKET	\$707,331,026	12.5%	143,367,671	2.6%
CHICKEN	\$21,016,362,292	3.9%	6,785,840,262	2.5%
TURKEY	\$3,466,721,073	5.4%	1,240,713,810	-1.2%
PORK	\$8,772,748,467	1.8%	2,705,114,708	-0.1%
MEAT ALTERNATIVES	\$241,591,339	-8.7%	27,004,683	-9.7%



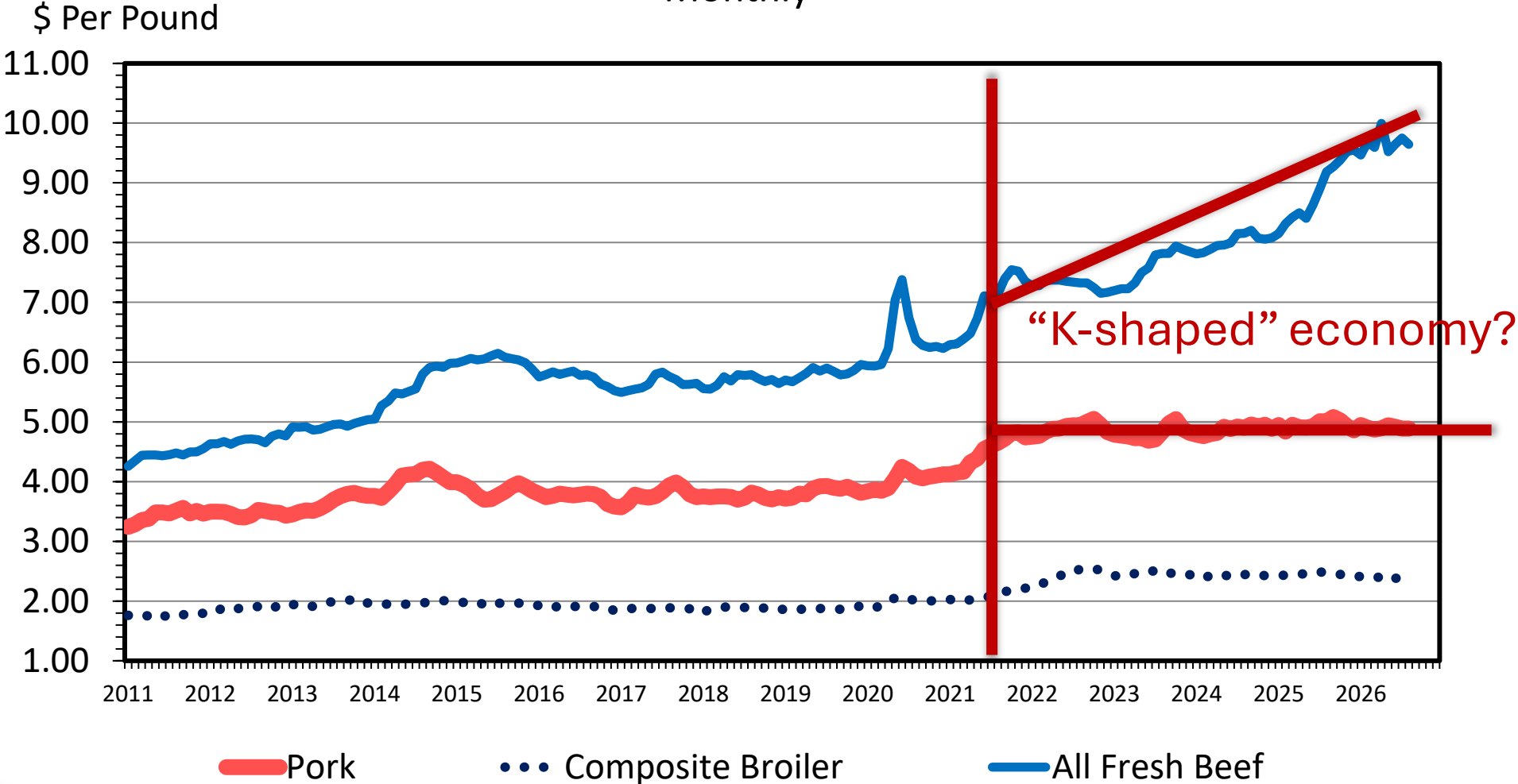
Feedlot Market Fundamentals

- Supply: **low**
- Demand: **strong**



RETAIL PRICE COMPARISON

Monthly



Data Source: Bureau of Labor Statistics & USDA-ERS

Livestock Marketing Information Center



Moving Forward

Kickstarting Iowa's Economic Engine

Iowa *needs* agriculture to thrive

- Agriculture *must* quickly figure out the following things:
 1. Get input costs down for row crops
 2. Diversify soybean export destinations
 3. Protect USMCA
 4. Rebuild the cattle herd



1. Input Cost Surprise: Diesel

- **Napkin math:** ISU estimates it takes 4-6 gals/acre to raise crops
 - Assign 3 gallons to harvest activities
 - 2026 vs. 2025:
 - 3 gals/acre @ \$2.78/gal increase = **\$8.33/acre**
 - For 1,000 acre farm: **\$8,334 more in harvest fuel costs**
 - For all 23 million row crop acres in Iowa:

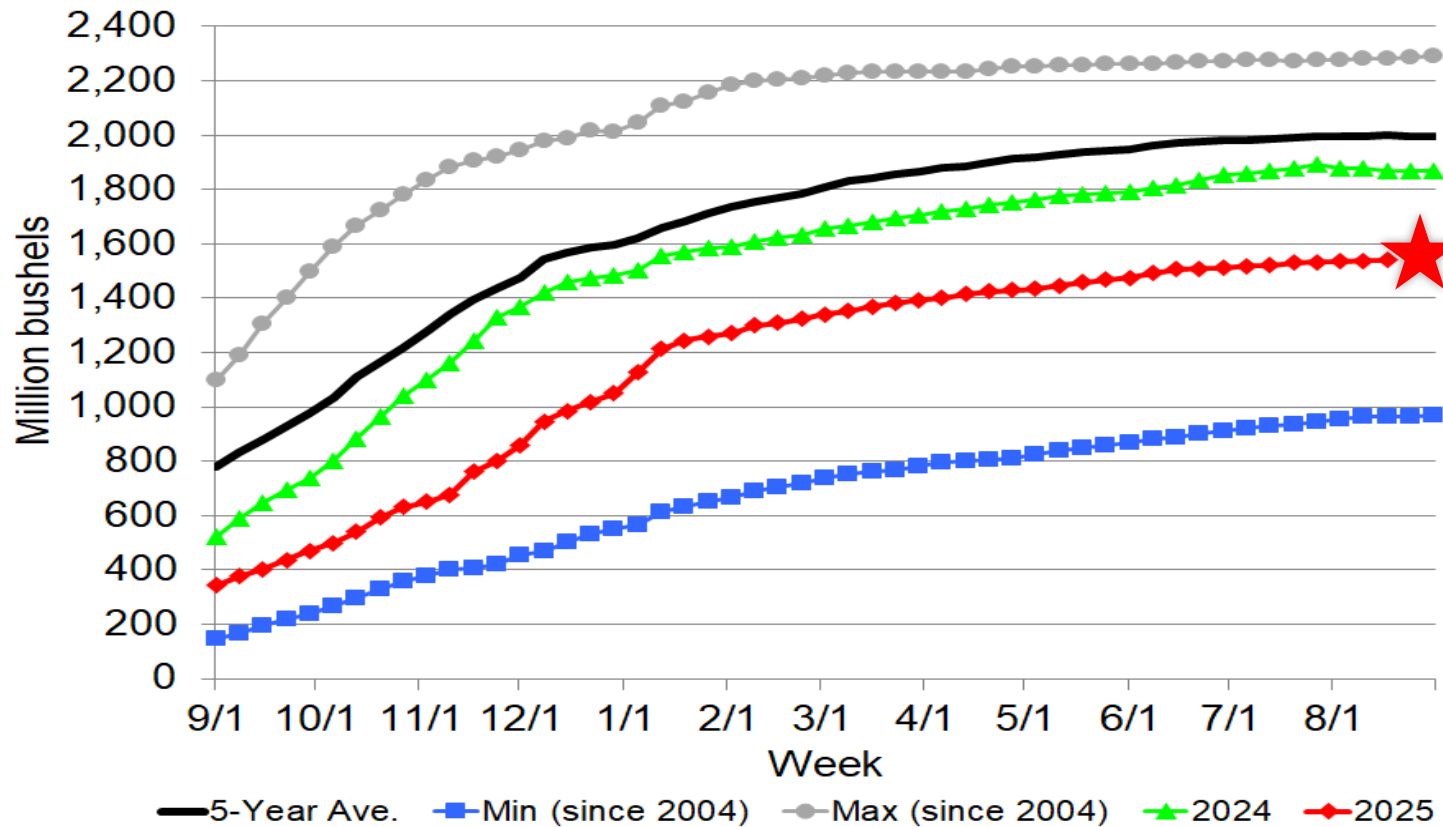
\$192 million *more* in harvest fuel costs
compared to 2025



Timely price rallies, thankfully



2. Diversify Soybean Exports



Xi will travel to D.C. this week



USDA-FAS courtesy of Chad Hart

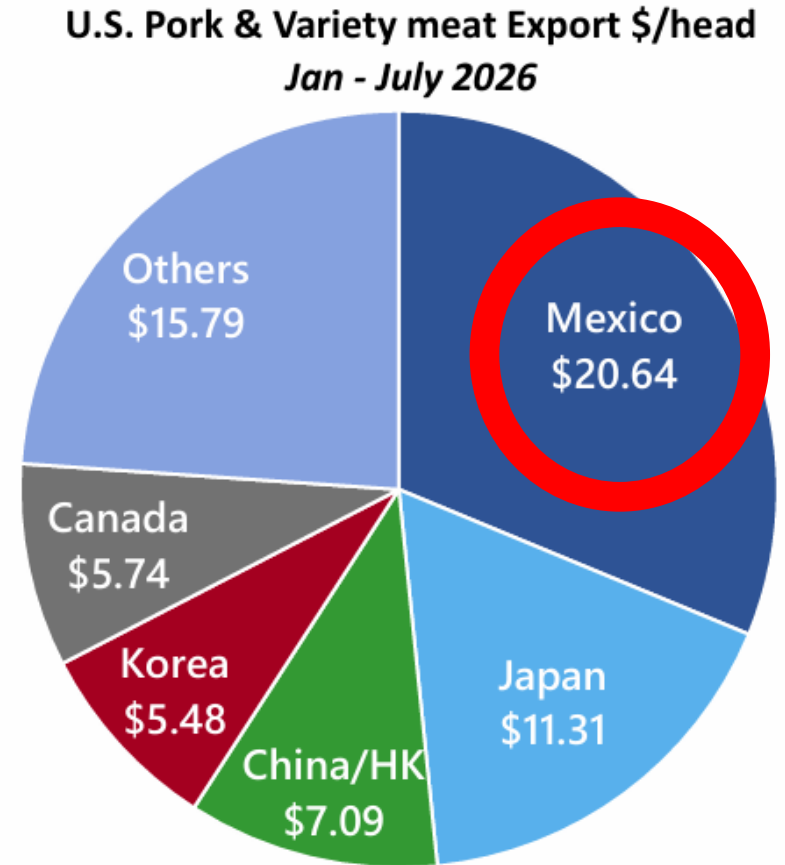
3. Protect USMCA

- A strong US-Mexico-Canada Agreement is not optional for Iowa
- 2025 Iowa export destination rankings:
 1. Canada: \$4.9 billion
 2. Mexico: \$3.3 billion
 3. Japan: \$834 million



USMCA is *not* two separate agreements

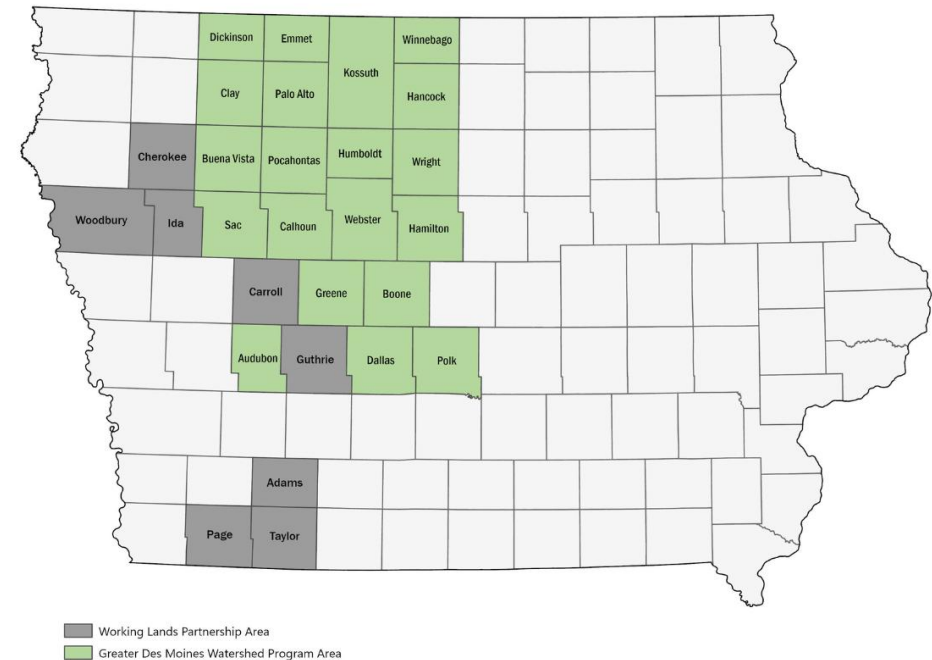
- Example: Pigs and Pork
 - U.S. imports 4-5 million feeder pigs per year from Canada
 - U.S. farmers feed pigs corn, soybean meal, etc.
 - U.S. exports \$2.9 billion in pork and pork products to Mexico
- U.S. farmers rely on trade with Mexico *and* Canada!



4. Beef Herd Rebuild: Is Iowa the key?

- Dairy growth
- Drought tolerance
- Cattle and Conservation Working Lands Program
 - IDALS added 22 more counties
 - Funds spent in 10 days, so \$2.1 million additional allocated
 - IDALS will seek to expand statewide next session

IDALS Cattle and Conservation Working Lands Program



Conclusion

- Agriculture is acutely experiencing many of the same challenges as participants in the broader Iowa economy
 - Inflation
 - K-shaped economy
- The cash flow pressure is rising, especially for row crop producers
- Iowa remains *the place* for agriculture



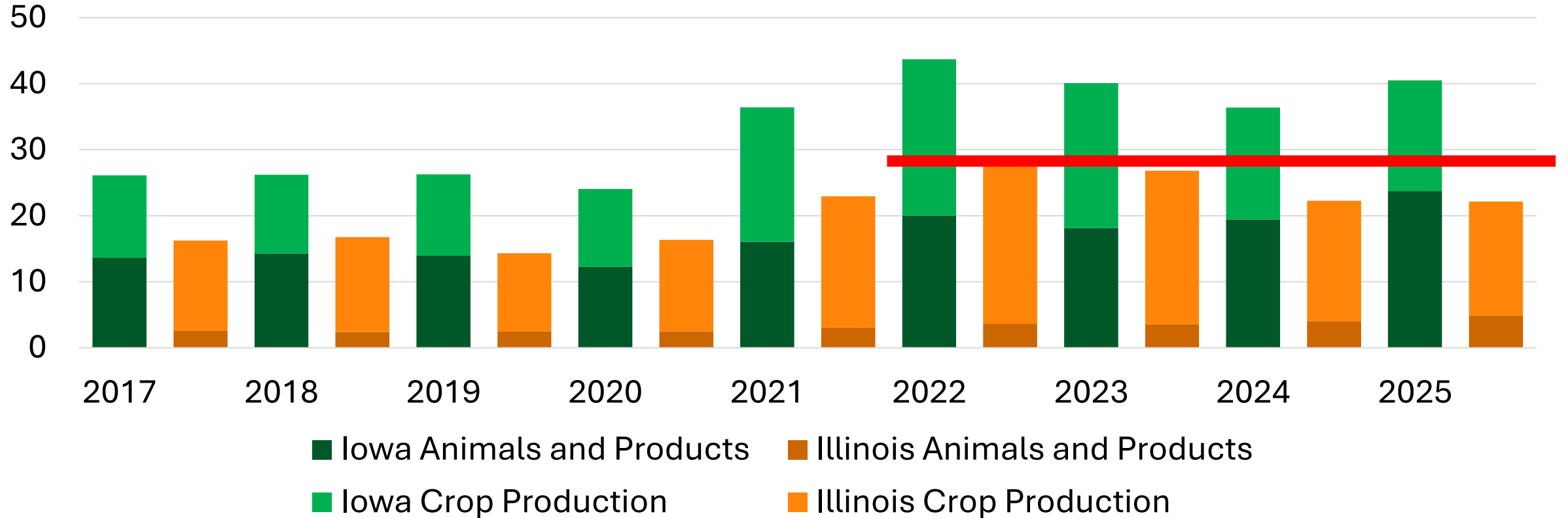
Questions?

cpudenz@ifbf.org



Iowa vs Illinois Value of Agricultural Production

Billions USD, 2017 to 2025



■ Iowa Animals and Products

■ Illinois Animals and Products

■ Iowa Crop Production

■ Illinois Crop Production

Costs and Prices

- Iowa crop producers are facing their third year in a row in which per bushel costs are exceeding prices
 - *Before* diesel price increases
 - Big concern: did we step up to a new cost floor?

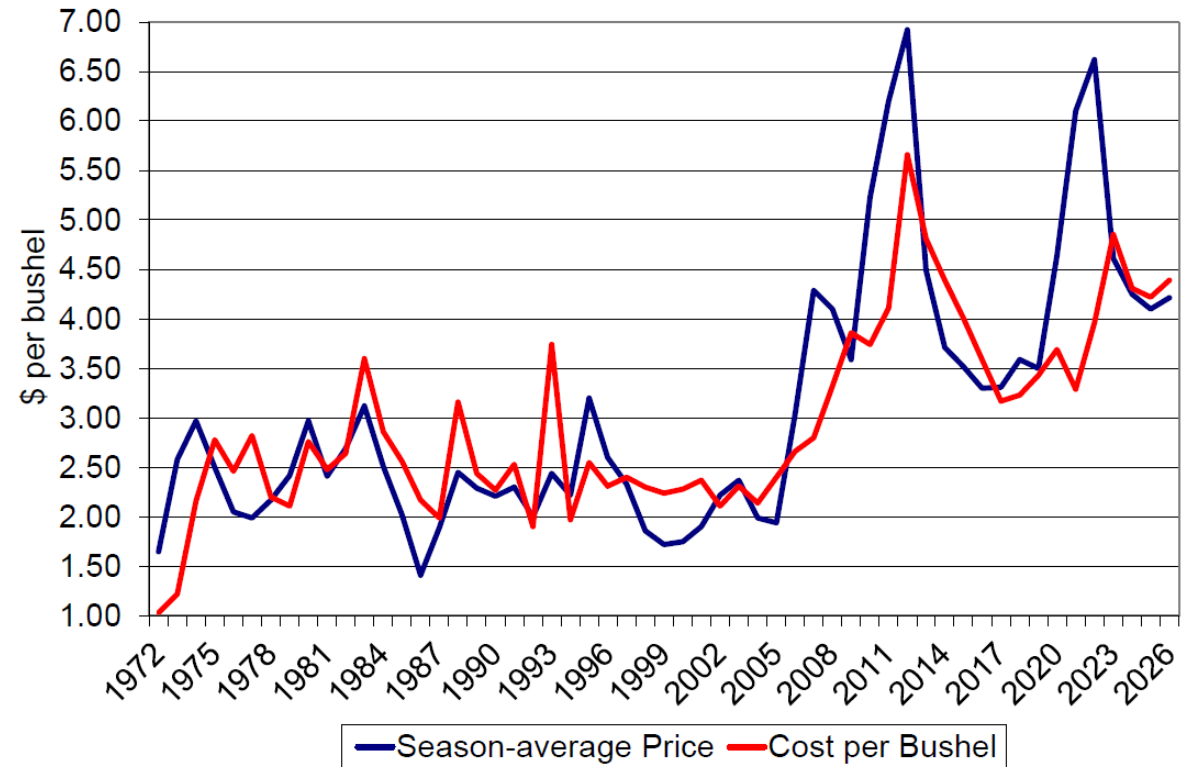


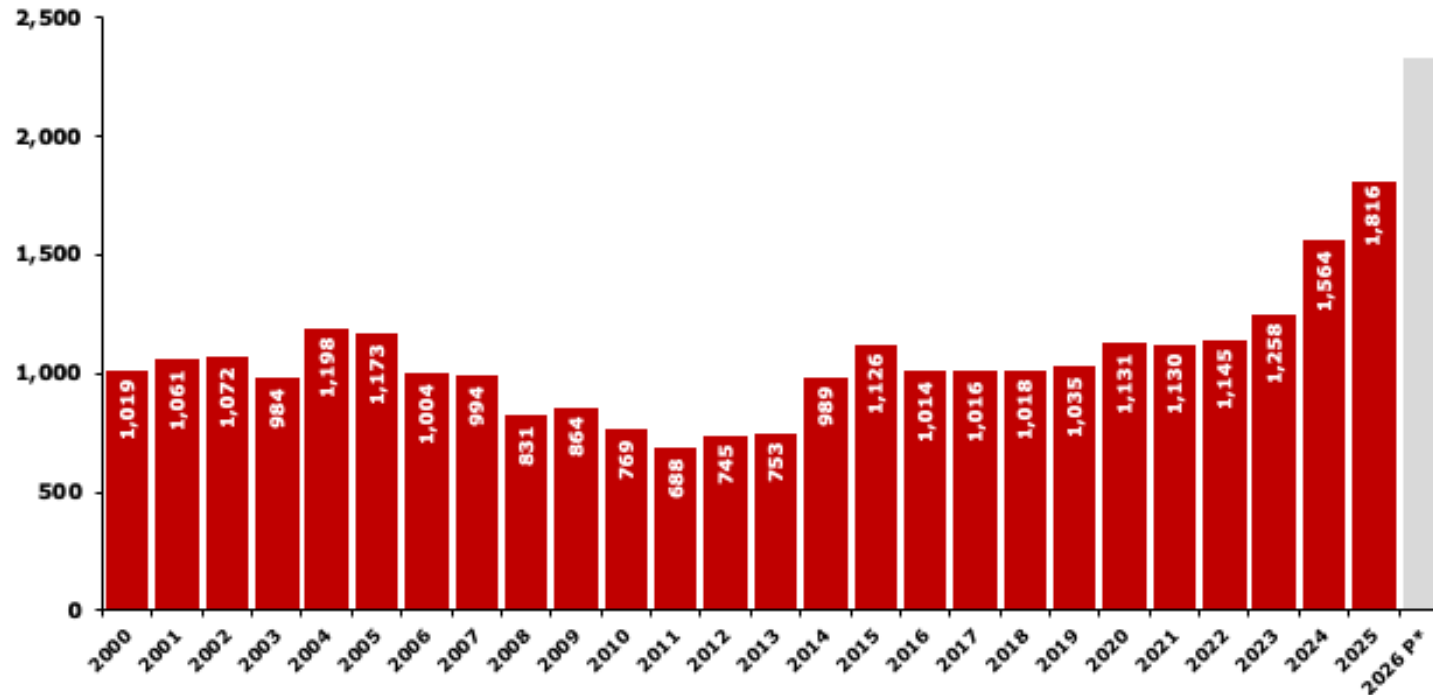
Figure 1. Corn prices vs. production costs.
Sources: USDA-NASS (2026) and Iowa State (2026).



We're importing *a lot* of beef this year

U.S. Beef Imports

U.S. Imports of Fresh, Frozen and Chilled Beef & Veal, Calendar Year, Thousand Metric Tons



Will recent developments move the needle?

 American Farm Bureau Federation

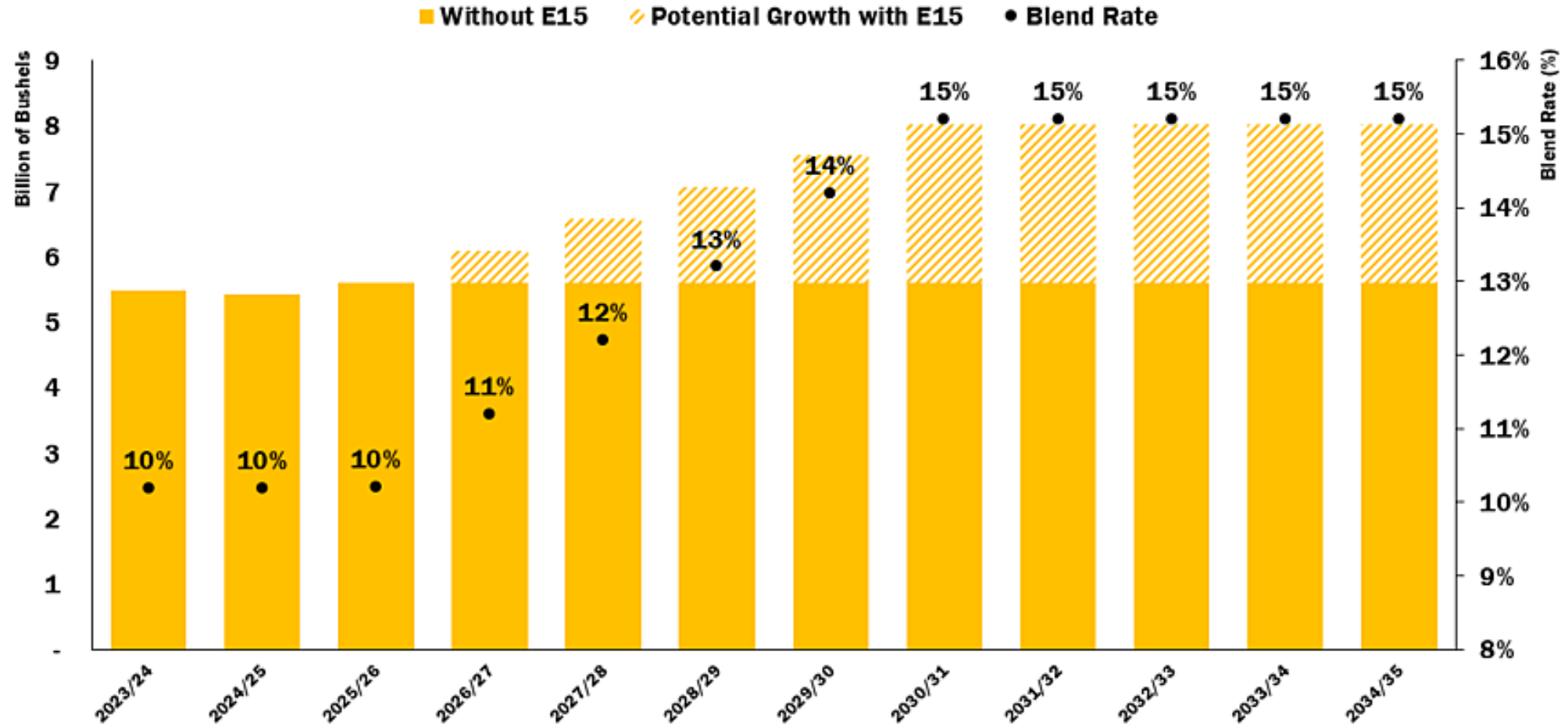
*Based on current 2026 YoY growth rate and proposed increase of 300 TMT.
Source: USDA FAS, Analysis by American Farm Bureau

<https://www.fb.org/intel/markets/imports-will-discourage-americas-beef-recovery>

 PEOPLE. PROGRESS. PRIDE.
IOWA FARM BUREAU

E15 EXPANSION WOULD BOOST CORN DEMAND

Projected impact | 2023-2034 crop years | Assumes five-year scale-up



AFB American Farm Bureau Federation

Source: USDA WASDE, NCGA; Analysis by American Farm Bureau Federation

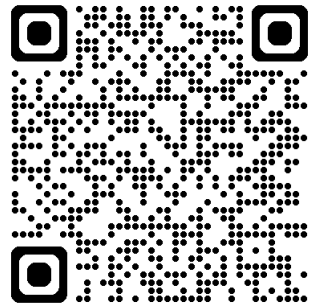


[E15: Boosting Corn Demand and Lowering Gas Prices | Market Intel | American Farm Bureau Federation](#)

Building Your Livestock Legacy



The Building your Livestock Legacy Program is uniquely designed to connect beginning livestock farmers to the financial resource options necessary to get into farming, or to connect them with an established farmer that wants to keep farming and/or pass the farm on to a non-heir.



TAKE-HOME MESSAGE

The K-shaped economy is now a structural feature of U.S. meat demand

~2:1

Twice as many U.S. residents report worsening as improving household finances — (avg. 35% worse vs. 18% better).

+28–36%

Better-finances households include beef, pork, and chicken in roughly one-quarter to one-third more prior-day meals than worse-finances households.

\$33/wk

The away-from-home spending gap between the top and bottom of the K — three times the at-home gap. Foodservice meat demand is the most exposed channel.

Bottom line: when household finances and sentiment slip, meat demand pressure shows up first in restaurant traffic— monitor the K, not just the average U.S. resident.