

Special Edition: Economic Insight  
The State of the U.S. Agricultural Sector

June 2026



STIFEL

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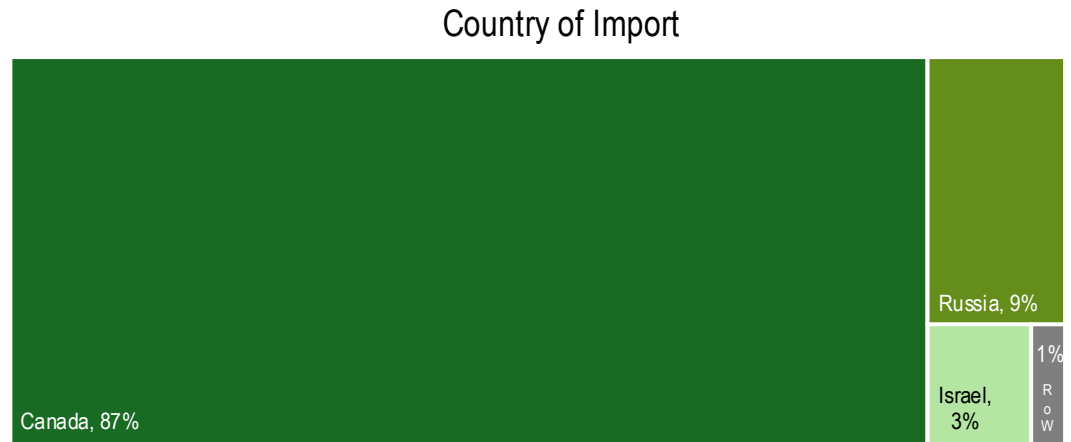
## Executive Summary

Agriculture accounted for nearly 7% of the U.S. economy just 25 years ago but is currently only around 4.5%. While globalization of the food industry has afforded consumers access to a myriad of markets and different products often at lower prices, the shifting composition of players has left the industry increasingly vulnerable to global supply and price shocks. Today, the traditional model of locally grown produce has shifted, where family-run farms play a minority role to international suppliers and big business distributors.

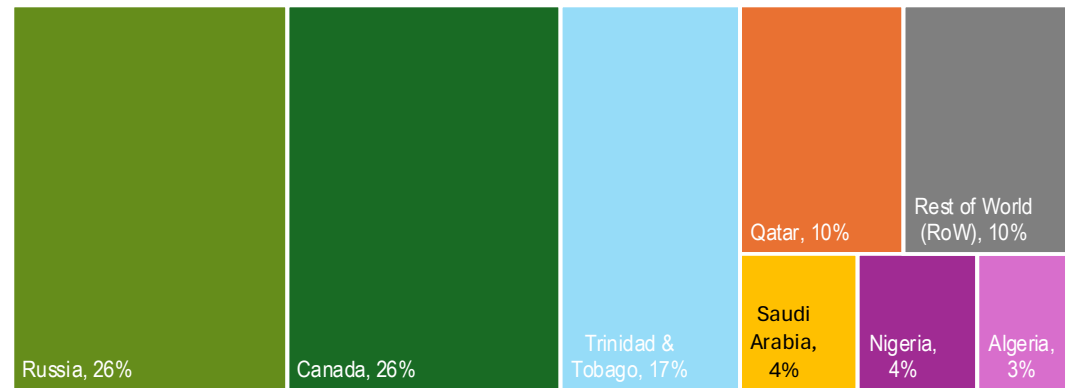
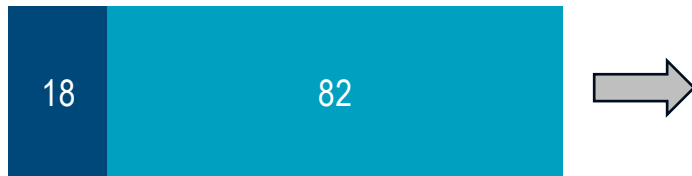
# U.S. Remains Dependent on Foreign Markets for Some Fertilizer Needs

■ Imported Usage, %  
 ■ Domestic Supply Usage, %

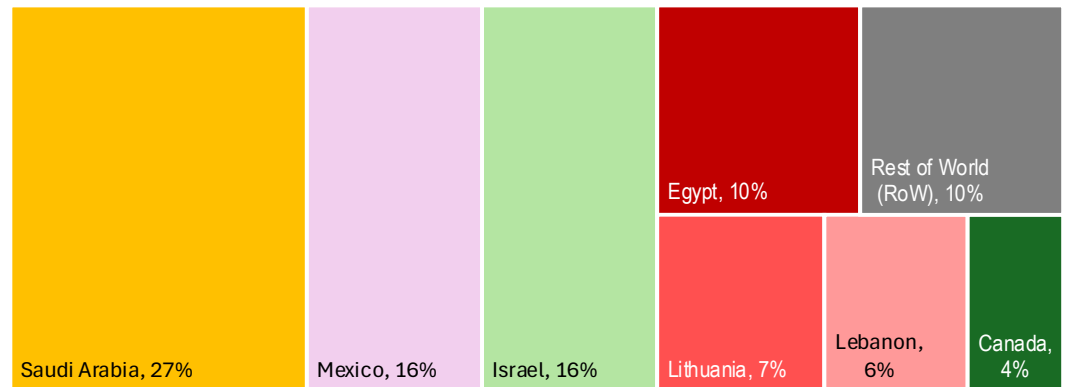
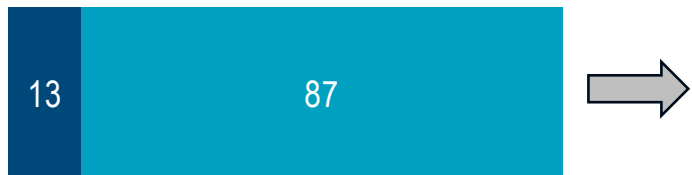
Potassium



Nitrogen

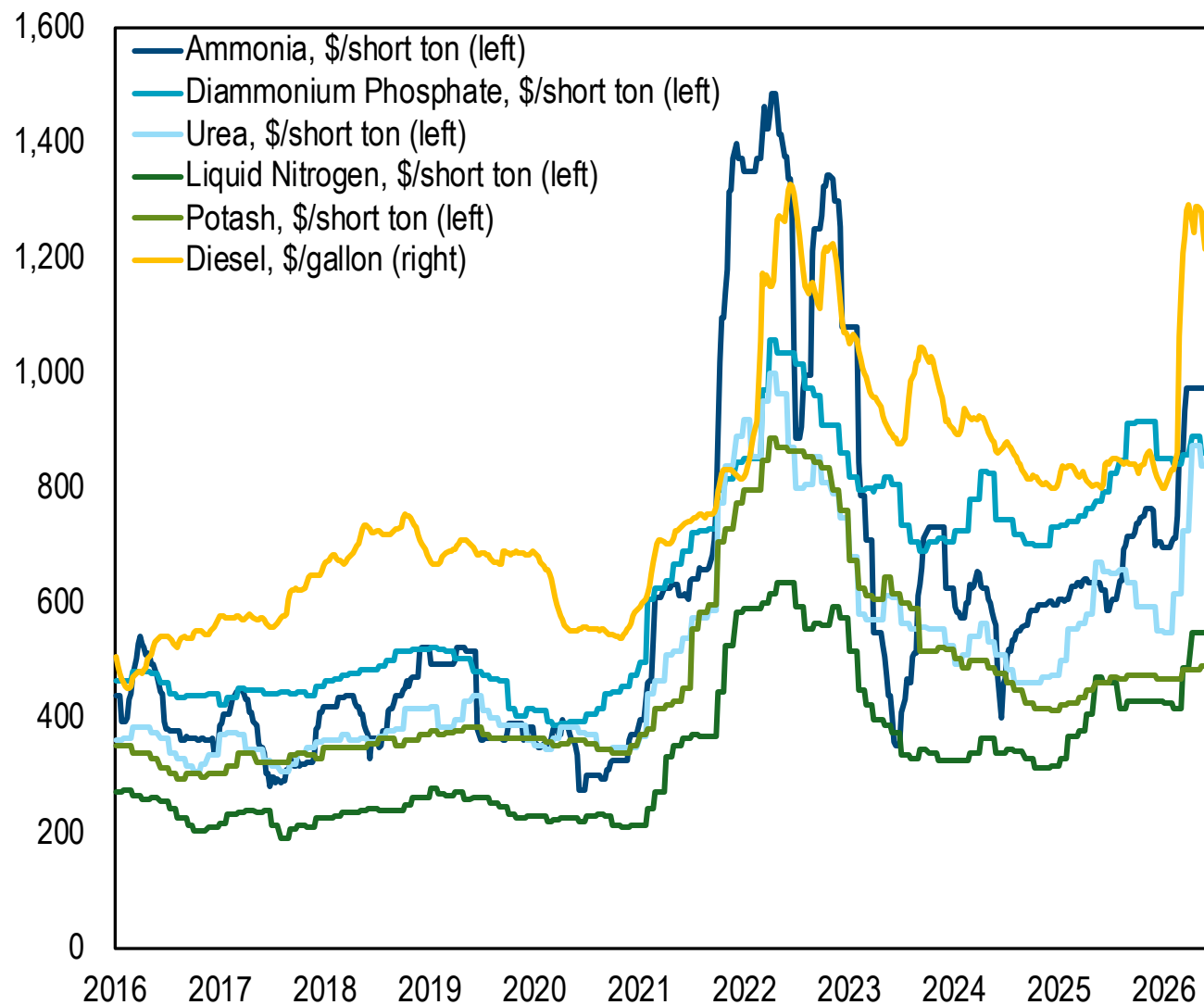


Phosphorus



Source: U.S. Department of Agriculture

## Fertilizer Prices Jump with Projected Shock Expected to be Worse than 2022



Source: Green Markets/U.S. EIA/Bloomberg

Nitrogen based fertilizers like ammonia, urea, and liquid nitrogen are primarily used to grow corn and wheat; urea is the most common fertilizer due to its affordability and rapid absorption.

Phosphorus-based fertilizers like diammonium phosphate are commonly used in corn and soybean production.

Potassium-based fertilizers, like potash, are primarily used to grow corn and soybeans.

7 The conflict in the Middle East has prevented 30-40% of fertilizers from reaching the market, and as a result, fertilizer prices have soared.

6 Urea prices, for example, are up 36% and liquid nitrogen prices are 33% higher, marking the highest levels since January 2023. Ammonia prices, meanwhile, are up 30% at the highest level since February 2022.

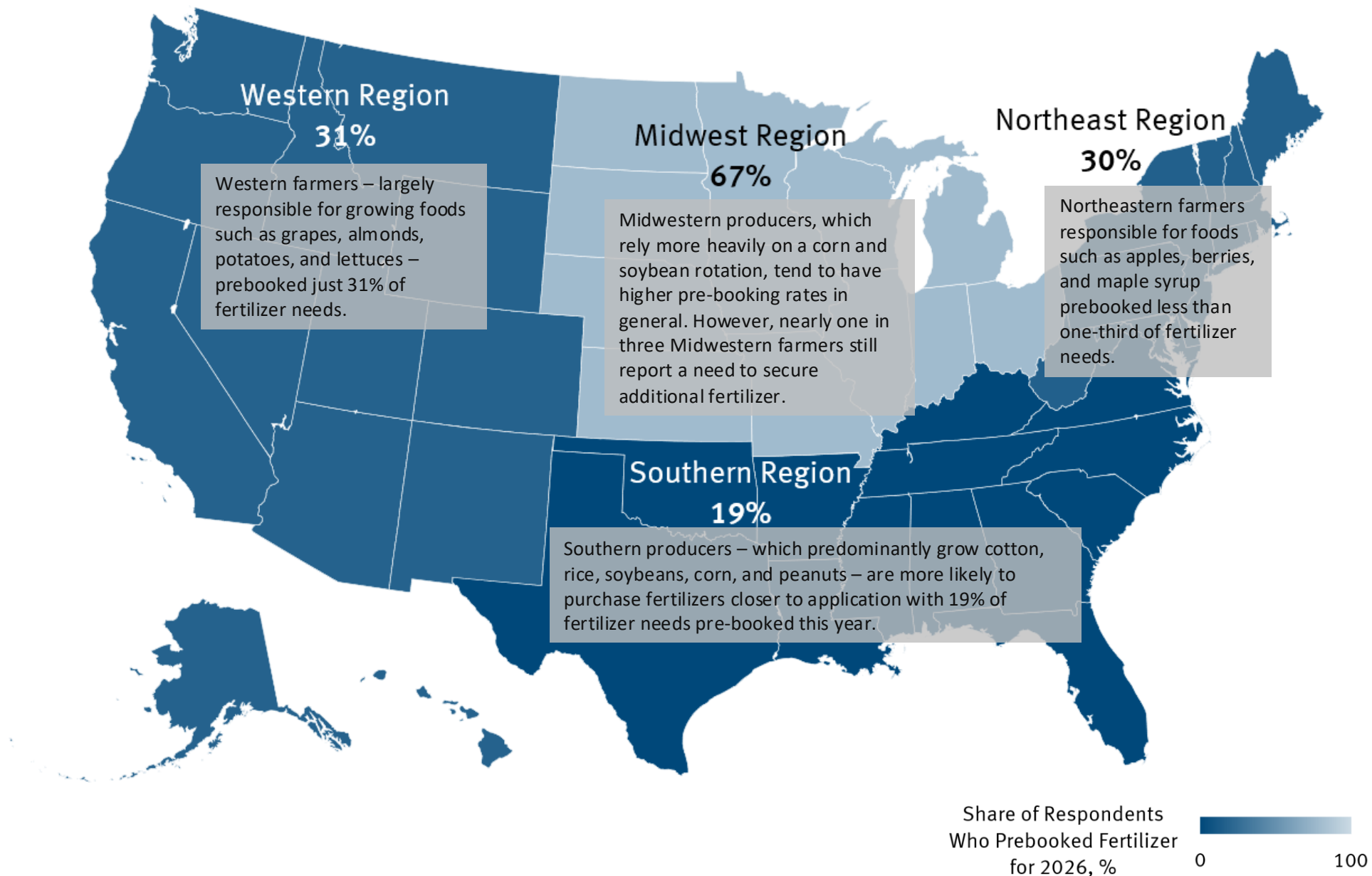
5 Diesel fuel, meanwhile, which is used for transportation of goods is up 41% at \$5.32 per gallon, near the highest level since July 2022.

4 While fertilizer prices skyrocketed in 2022 amid Russia's invasion of Ukraine, farmers did experience some relief as global food prices also spiked due to the disruption of key exports, such as wheat, corn, and sunflower seeds and oils.

3 This time around, while fertilizer prices have not yet exceeded their 2022 peaks, analysts warn that the impact on farmers may be more severe given lower crop prices, along with timing as the spring growing season is upon us and fertilizer is not a deferrable input.

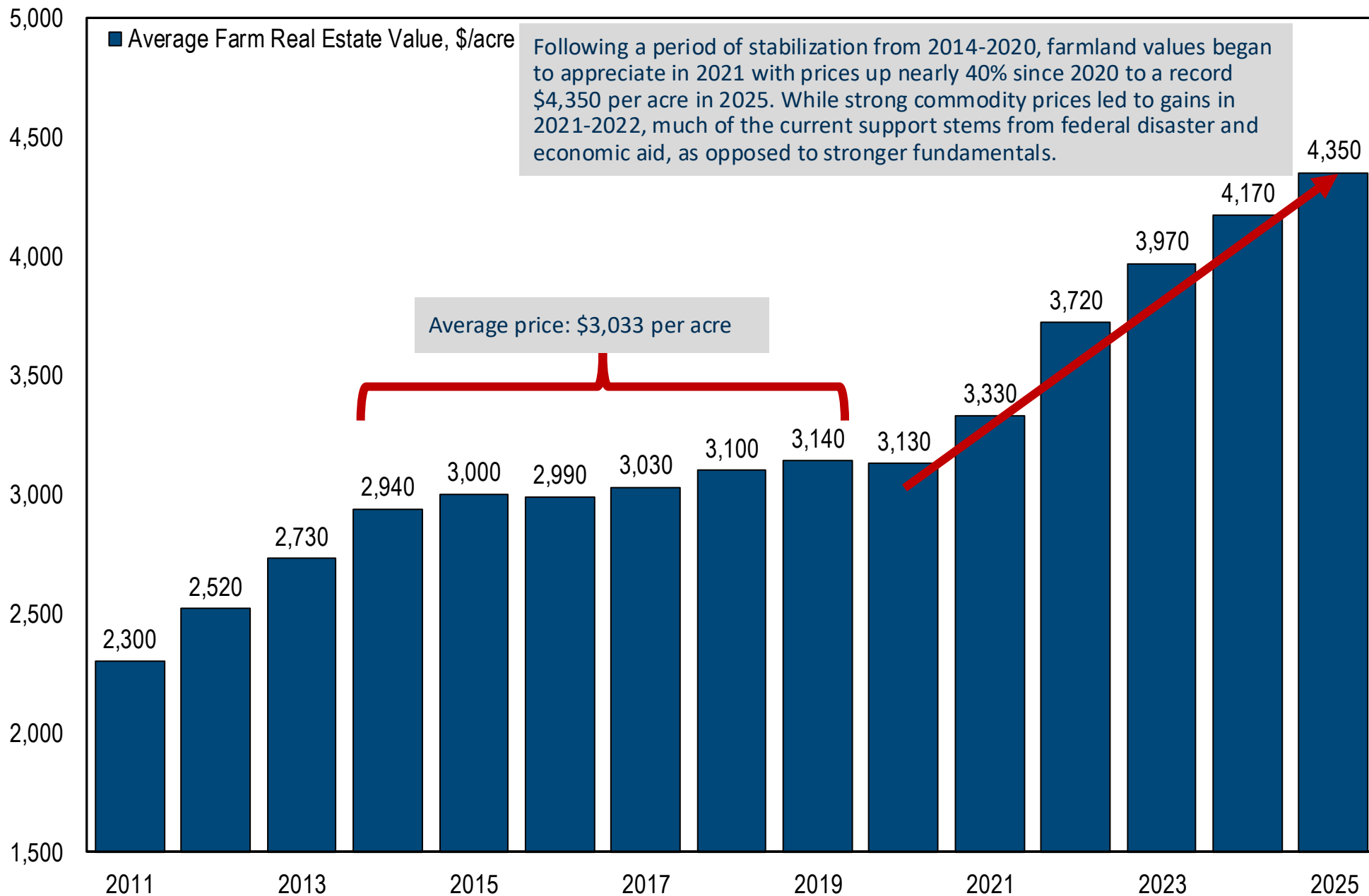
# 70% of Farmers Report They are Struggling with Increased Fertilizer Costs

## Percent of Farmers Who Prebooked 2026 Fertilizer



Source: American Farm Bureau Federation

## U.S. Farm Real Estate Prices Continue to Climb



Source: U.S. Department of Agriculture

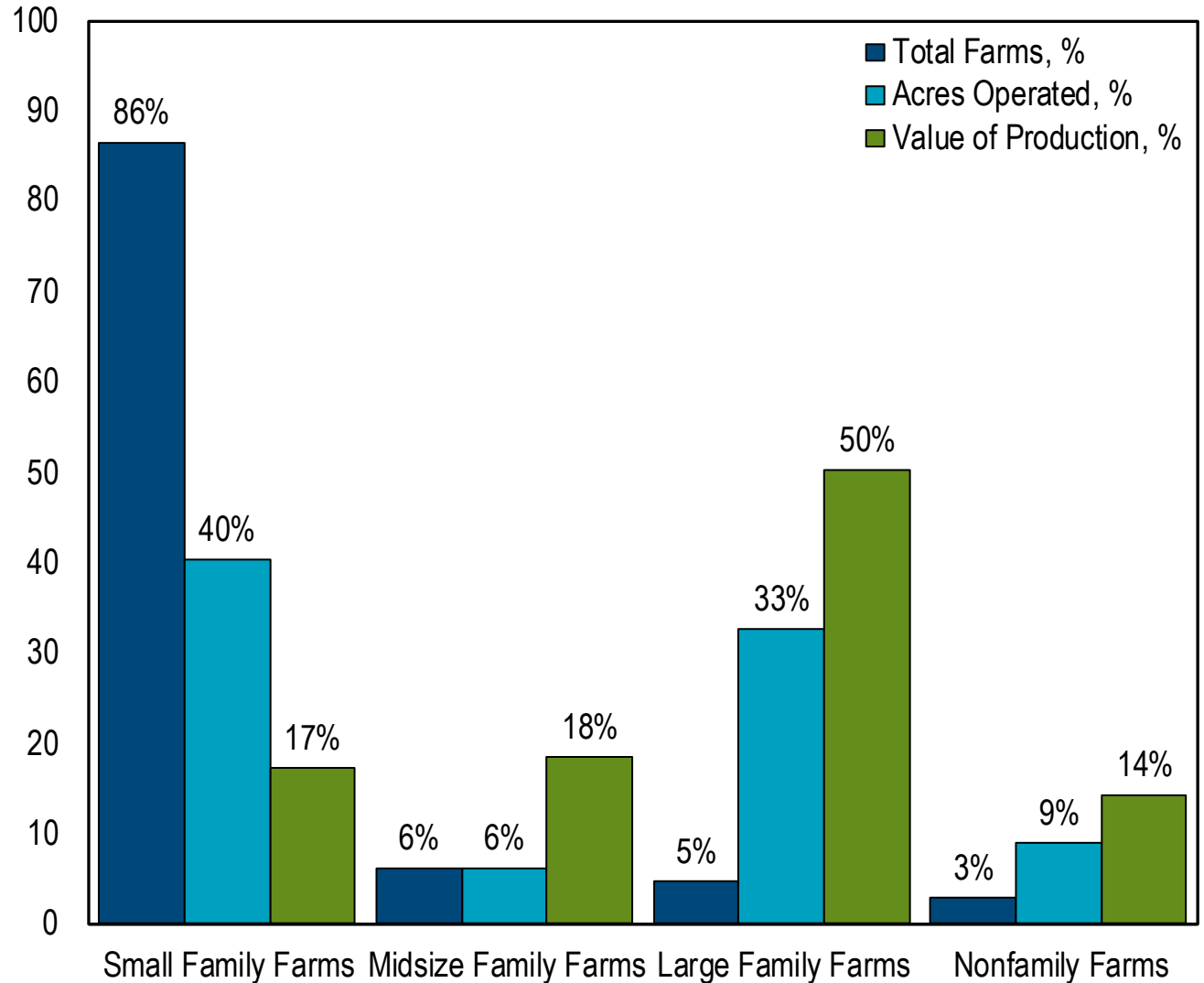
# Small Family Farms Make Up Majority, but Contribute a Smaller Share of Output

According to the U.S. Department of Agriculture (USDA), there were 1.6 million small family farms in 2024, accounting for 86% of all farms and 40% of the total acreage. While small farms make up the bulk of agricultural establishments, they generate only 17% of the industry's total financial output.

Meanwhile, midsize farms comprise just 6% of total farms and acres operated but produce 18% of total value.

Large family farms, on the other hand, account for only 5% of total farms but own 33% of acres operated and produce a whopping 50% of total value.

Nonfamily farms make up just 3% of U.S. farms but own 9% of acreage and produce 14% of all farm output value.



Source: U.S. Department of Agriculture

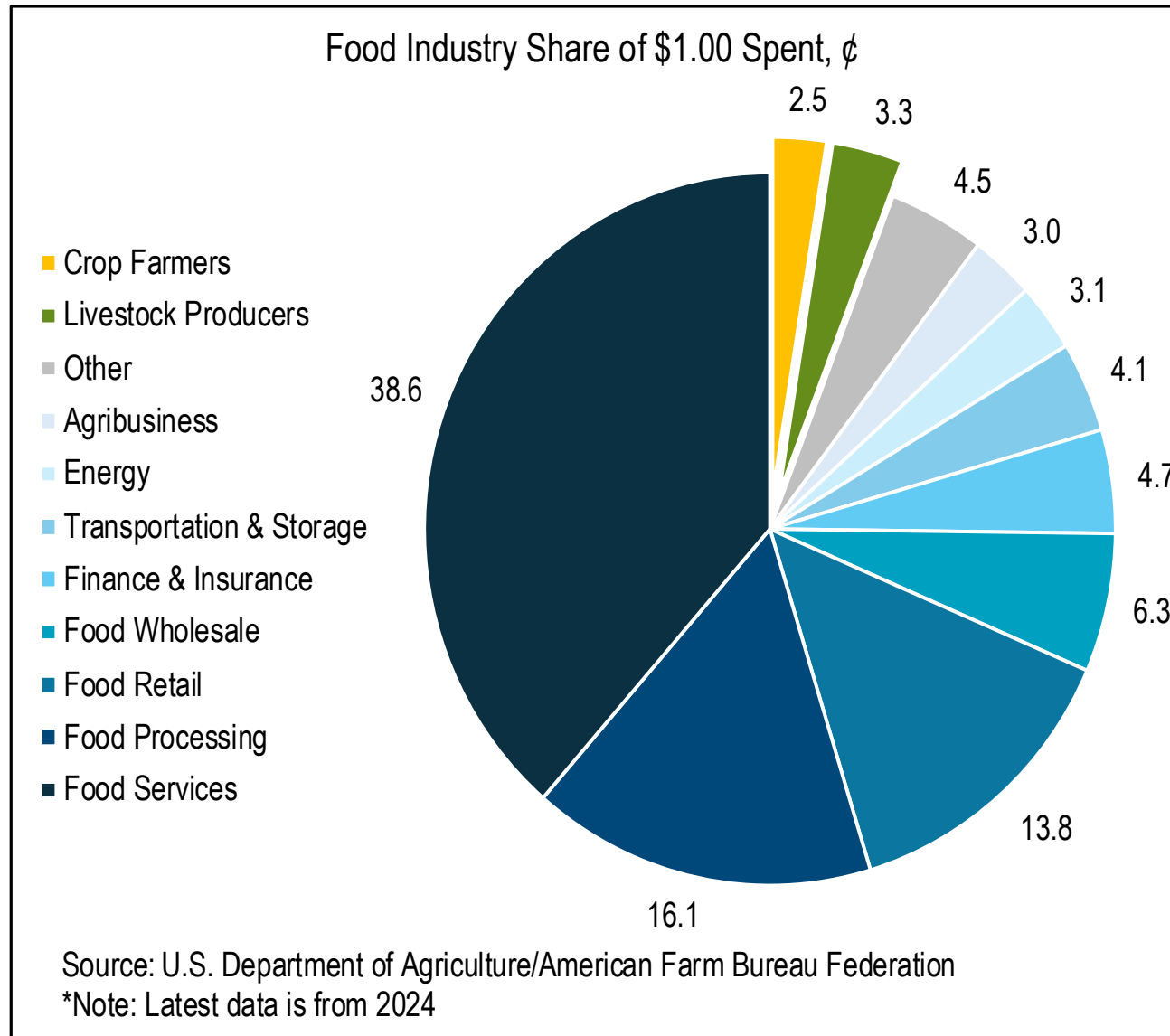
Small Family Farm: Family-owned farms earning less than \$350,000 in gross cash farm income (GCFI)

Midsize Family Farm: Family-owned farms earning between \$350,000 and \$999,000 in GCFI

Large Family Farm: Family-owned farms earning greater than \$1 million

Nonfamily Farms: Any farm where the producer and any related individuals do not earn a majority (50%) of the business

## Farmers' Share of the Food Dollar Continues to Shrink

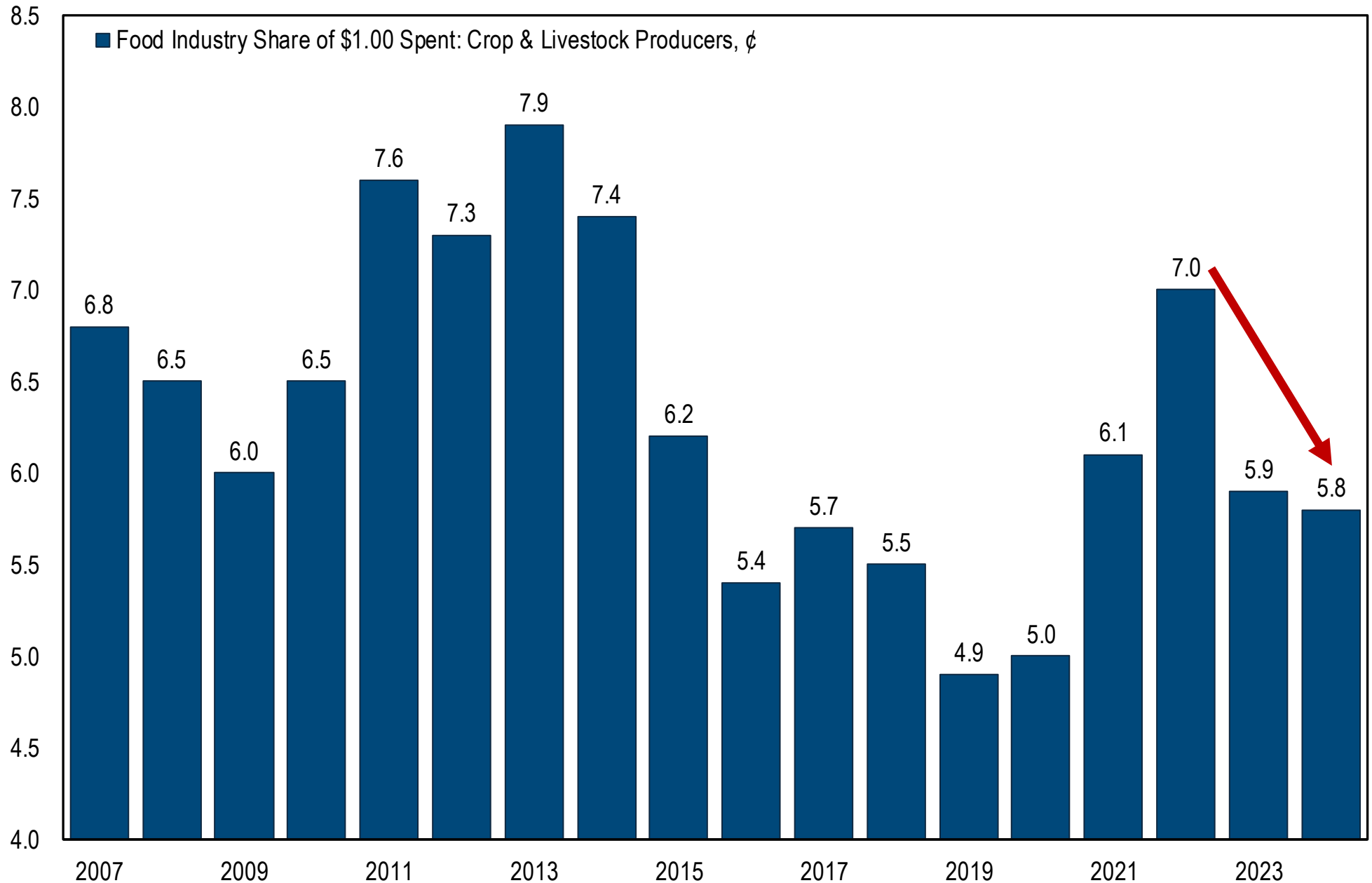


As of 2024, farmers received just 5.8¢ for every dollar spent on food products with crop farmers taking home 2.5¢, down from 2.9¢ in 2023, while livestock producers received 3.3¢, up from 3.0¢ the year prior.

Meanwhile, food processing and food services capture the largest portion of every \$1 spent on food, receiving 16.1¢ and 38.6¢, respectively.

Through contract growing arrangements, companies like ConAgra, Cargill, and Tyson are able to exert significant control over the agriculture system, as they process, package, and distribute livestock and agricultural products. Thus, these corporations secure a disproportionately large percentage of the total supply chain revenue.

## Diminishing Returns Put Pressure on Farmers



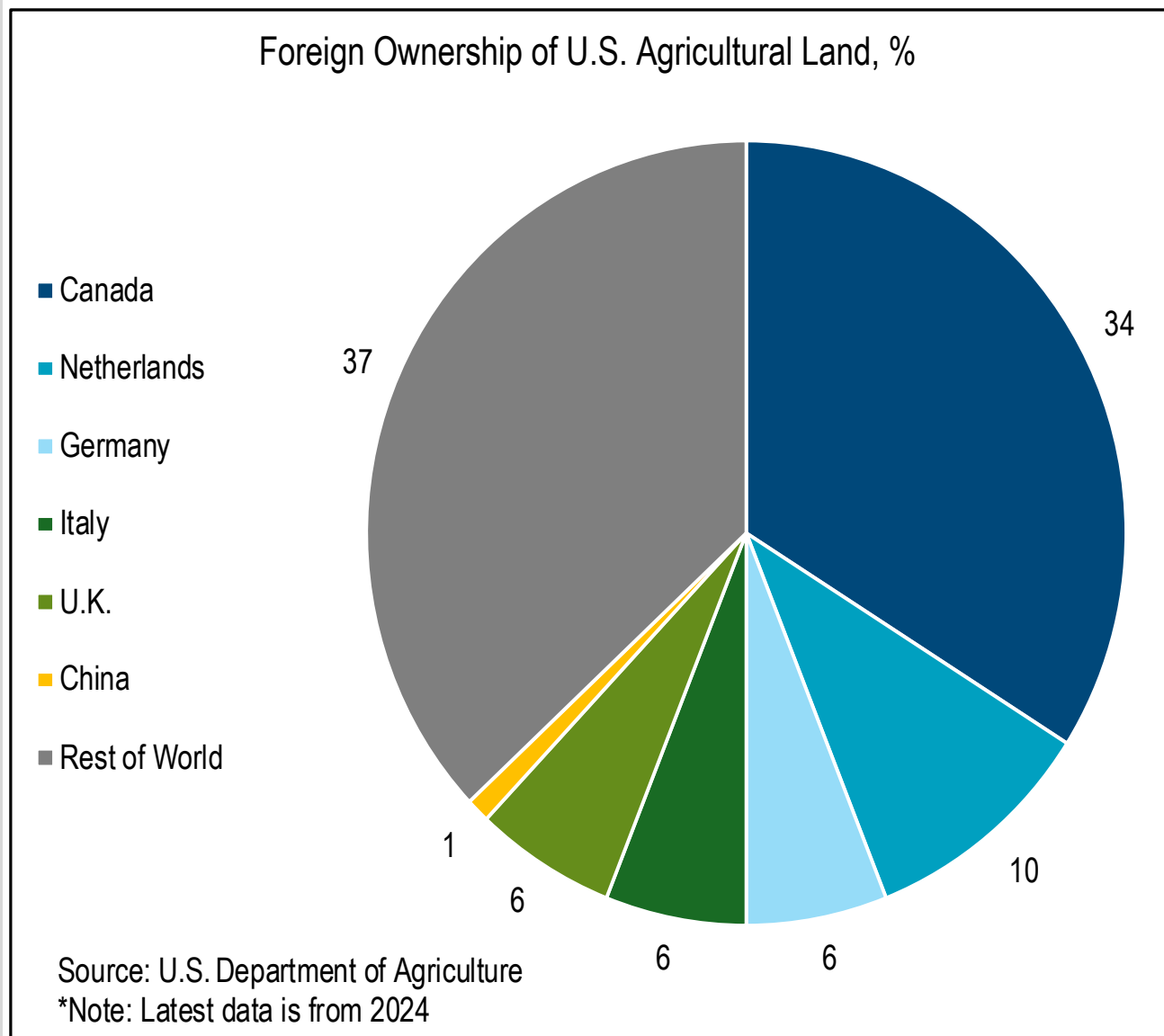
Source: U.S. Department of Agriculture

## International Farmland Ownership Continues to Rise, but Still Remains Relatively Modest

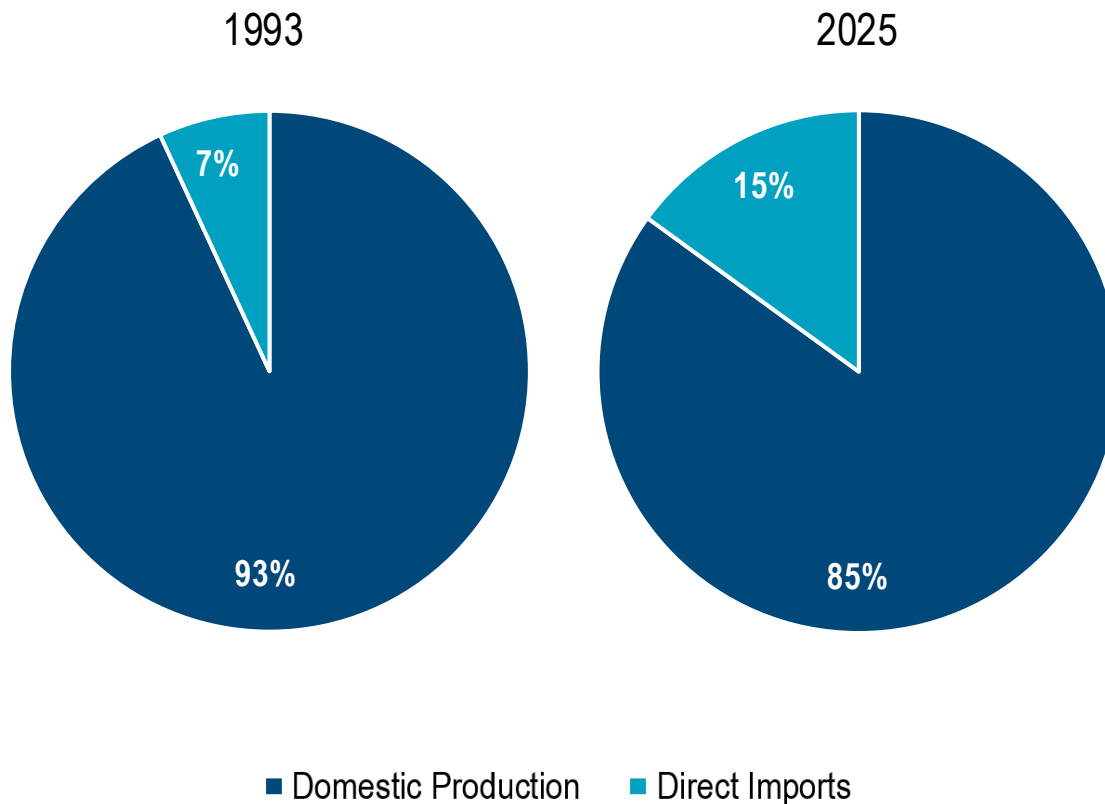
Foreign investors held over 46 million acres, or roughly 4%, of total U.S. agricultural land in 2024, representing about a 3% increase from the year prior.

However, since 2017, foreign ownership of U.S. farmland has jumped by 110%, or by about an average 2.4 million acres per year. This marks a significant acceleration from the 1.3 million acre per year average reported from 2012-2017.

Canada is the top foreign owner of U.S. agricultural land, holding about 16 million acres, or 34% of total foreign-owned farmland in the U.S. The Netherlands and Germany each own 10%, while China holds just 1%.



### Source of U.S. Food and Beverage Purchases



Source: USDA Economic Research Service

Since 1993, the share of imported U.S. food and beverages has more than doubled from 7% to 15%.

According to the U.S. Department of Agriculture (USDA), heightened demand for fresh year-round produce and increased global trade have contributed to the growing reliance on food and beverage imports.

Americans import 80% of seafood consumed annually. Additionally, 59% of fruits and 35% of vegetables consumed on an annual basis are imported.

On the other hand, American farmers produce 81% of meat products consumed, including 97% of livestock, and 64% of crops consumed each year.

# Where is Food Consumed in the U.S. Sourced?

## Dairy

The U.S. produces over 90% of dairy products consumed with the remaining 10% imported from New Zealand, Canada, and Italy.



## Coffee

U.S. coffee imports come from Colombia (21%), Brazil (19%), and Switzerland (9%).



## Fruits

Most fruit imports come from Mexico (37%), with the next largest importer being Peru (11%), followed by Chile (8%).



## Olive Oil

Olive oil in the U.S. is primarily imported from Spain (36%) and Italy (34%), followed by Tunisia (14%).



## Vegetables

The majority of vegetable imports come from Mexico (54%), followed by Canada (19%), and Italy (3%).



## Eggs

U.S. egg imports predominately come from Canada (22%), followed by Brazil (18%), and Mexico (15%).



## Pasta

Most imported pasta is sourced from Italy (58%), followed by Canada (9%) and Mexico (5%).



## Beef

The U.S. produces nearly 90% of the beef it consumes with the remaining 10% imported from Australia, Canada, and Mexico.



Source: USDA Foreign Agricultural Service

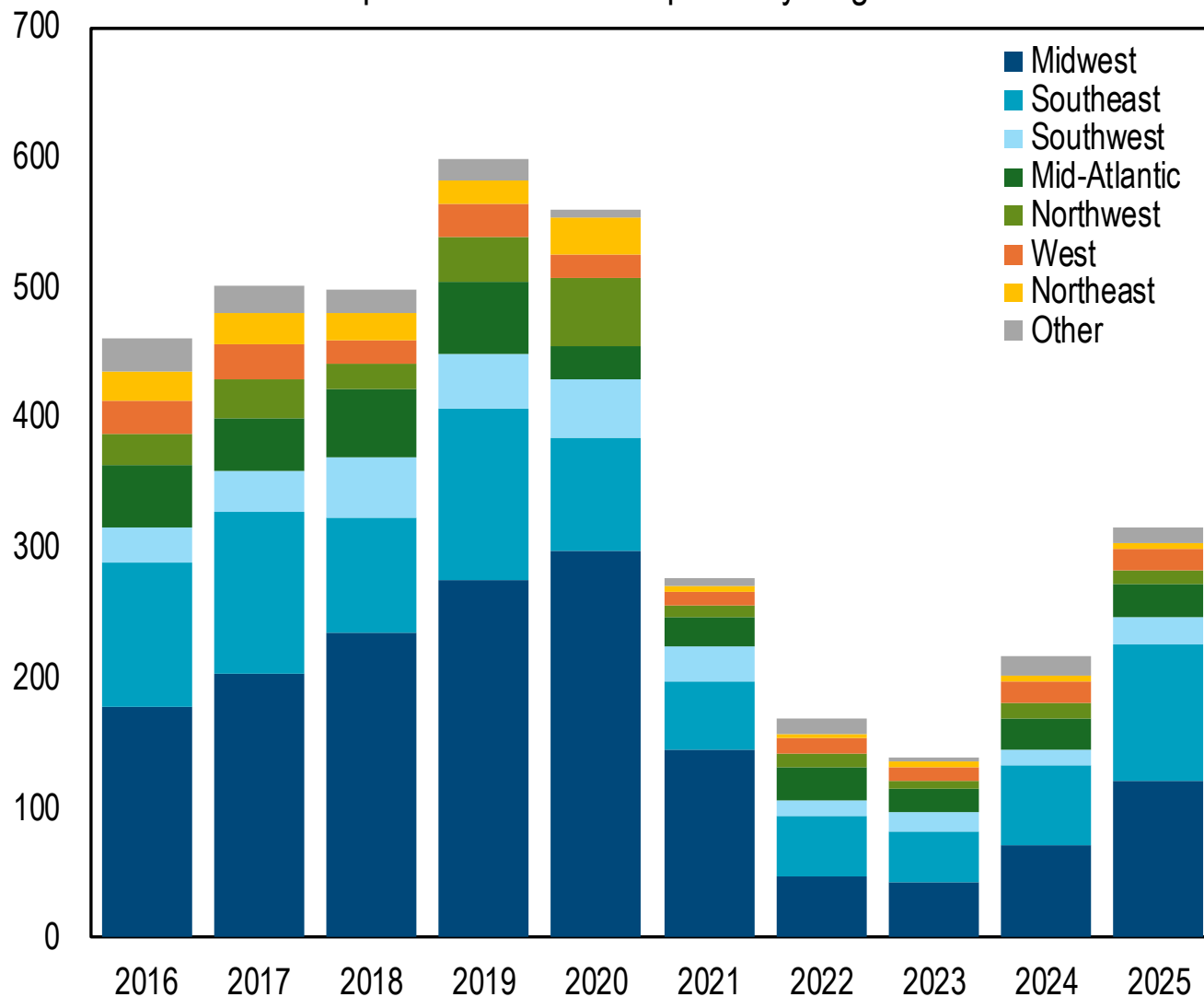
# Farm Bankruptcies on the Rise

According to the American Farm Bureau Federation (AFBF), 315 farms filed for Chapter 12 bankruptcy in 2025, marking a 46% jump from the 216 reported the year prior and the most since 2020. The AFBF cites high levels of crop losses (\$44 billion for 2025-2026 crops) due to financial strain and climate-driven weather volatility, combined with several years of declining receipts and rising input costs as a result of tariffs as primary reasons for the rise in bankruptcies.

The Midwest region had the largest share of bankruptcies with a total of 121 farms in default, a 70% rise from 2024. Meanwhile, 105 farms in the Southeast filed for bankruptcy last year, marking a 69% increase year-over-year.

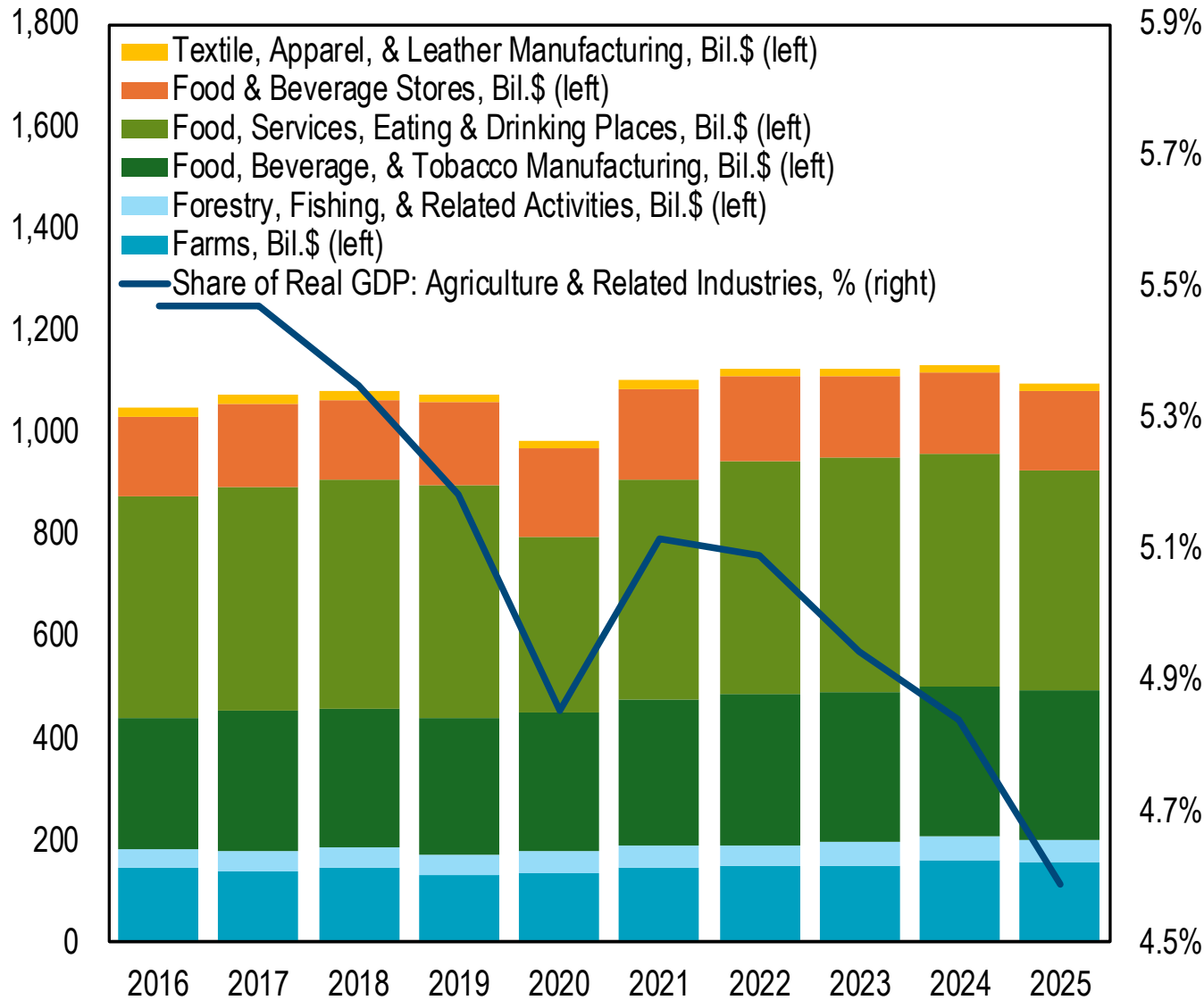
On the other hand, the Northeast region of the U.S. reported only 4 farming bankruptcy filings, a 20% decline from the year prior, with 10 filings reported in the Northwest, marking a 17% decline from 2024 levels.

## Chapter 12 Farm Bankruptcies by Region



Source: American Farm Bureau Federation/U.S. Courts

## Value Added to U.S. Real GDP: Agriculture and Related Industries



Source: U.S. Bureau of Economic Analysis

Agriculture and related industries contributed \$1.1 trillion, or 4.6%, to real GDP in 2025, marking a 3.2% decrease from the year prior, according to the Bureau of Economic Analysis.

Farming output, specifically, totaled \$157 billion in 2025, accounting for about 0.1% of U.S. GDP, a 1.1% decline from the year prior.

Other sectors directly tied to agriculture contributed an additional \$937 billion to GDP, including \$433 billion from food services and restaurants, and \$155 billion from food, beverage, and tobacco manufacturing.

As of May, 2.3 million people were directly employed in agriculture, roughly in line with the number of people employed a year ago, but down from a nearer term peak of 2.7 million in April 2017.

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