

USDA FARM INCOME FORECASTS

DECEMBER 2023

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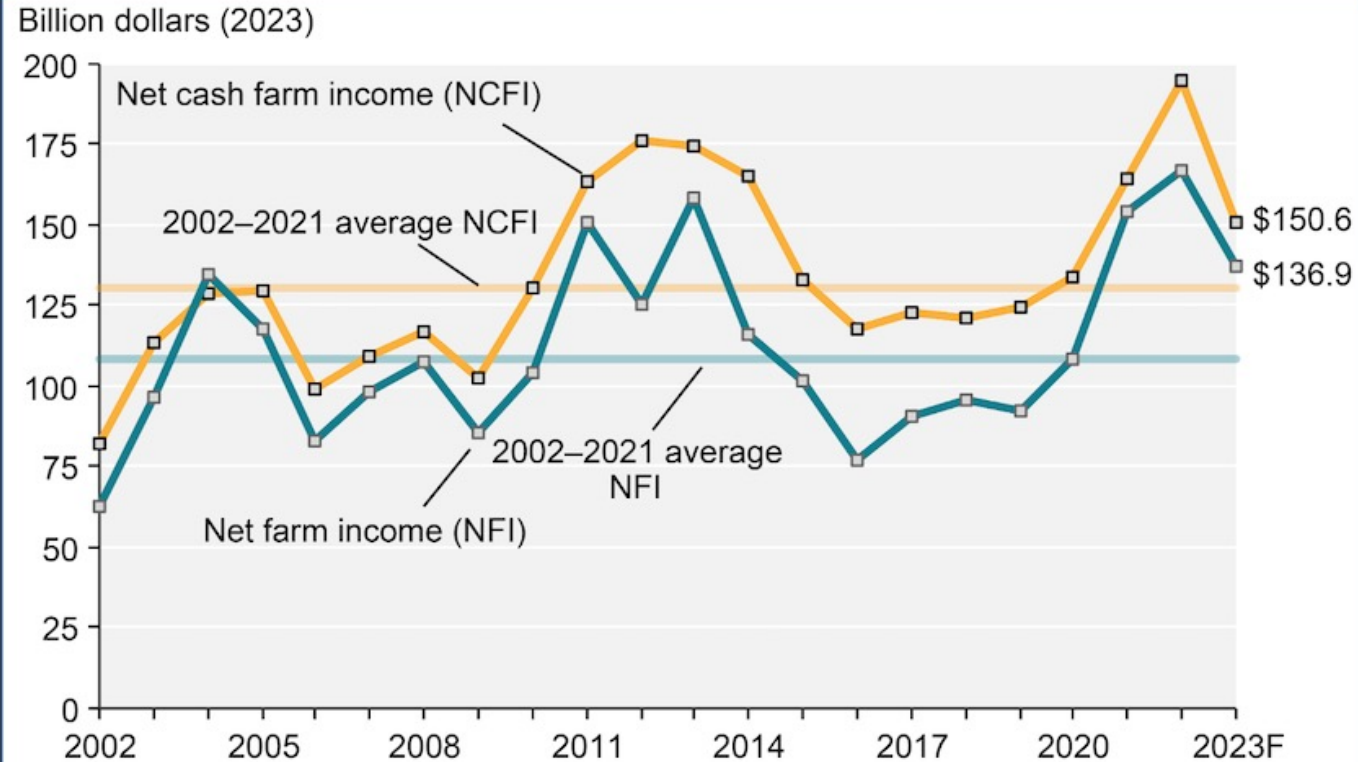


Center for Commercial Agriculture

Outline

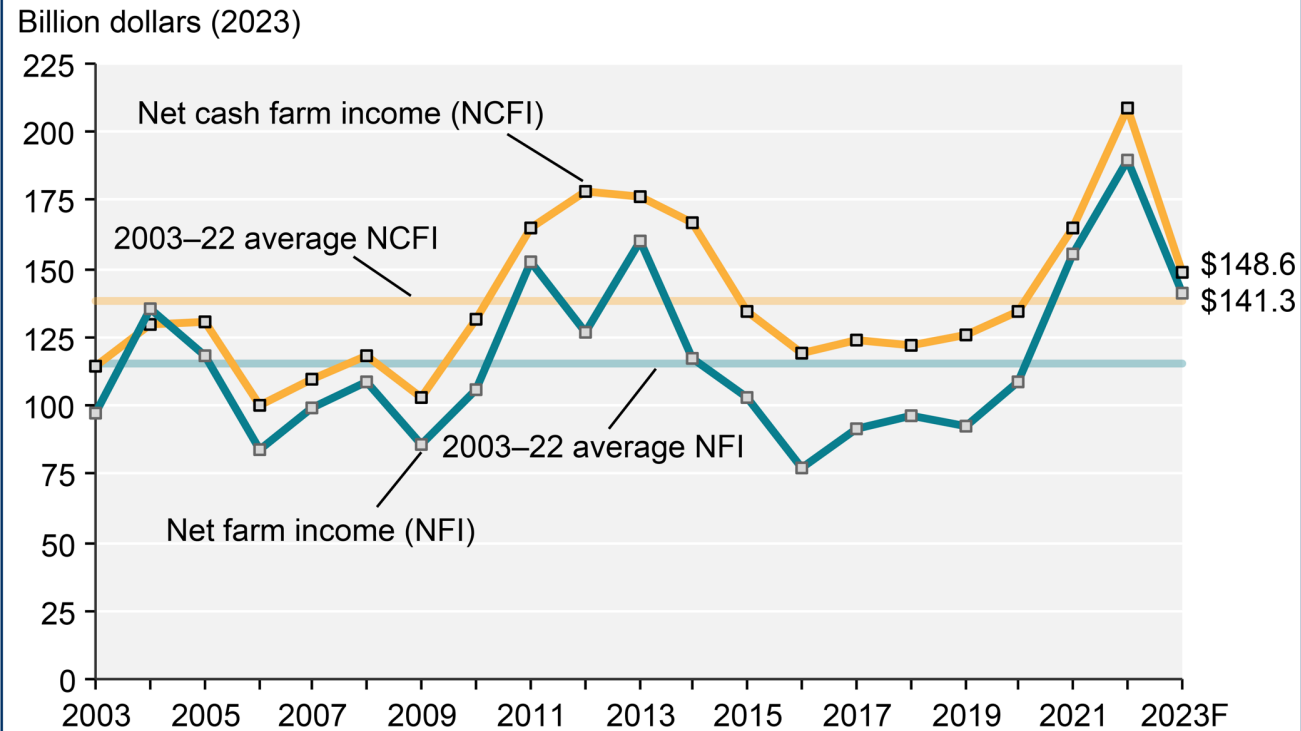
- Ag Economy Barometer
- U.S. Situation
- Indiana Situation

U.S. net farm income and net cash farm income, inflation adjusted, 2002–2023F



Note: F = forecast. Data for 2022 and 2023 are forecasts. Values are adjusted for inflation using the U.S. Bureau of Economic Analysis Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2023 by USDA, Economic Research Service.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of February 7, 2023.

U.S. net farm income and net cash farm income, inflation adjusted, 2003–23F

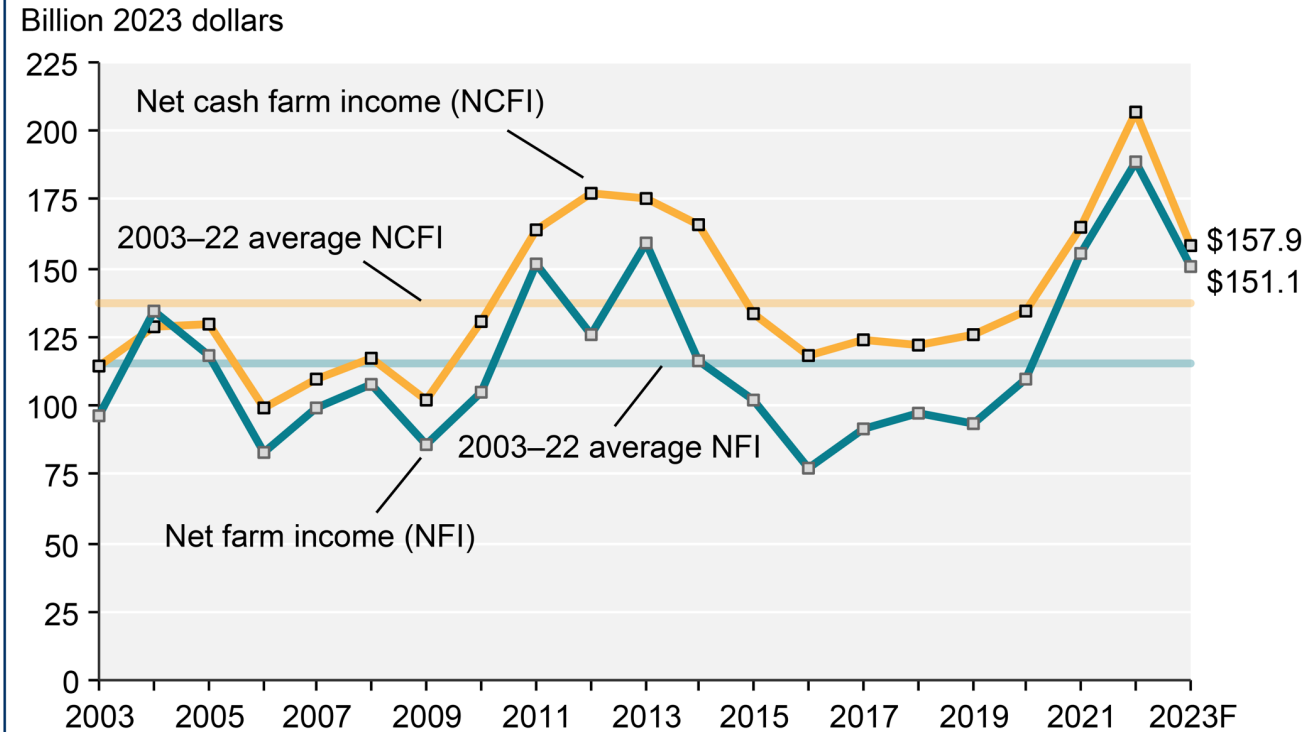


Note: F = forecast. Values are adjusted for inflation using the U.S. Bureau of Economic Analysis Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2023 by USDA, Economic Research Service.

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

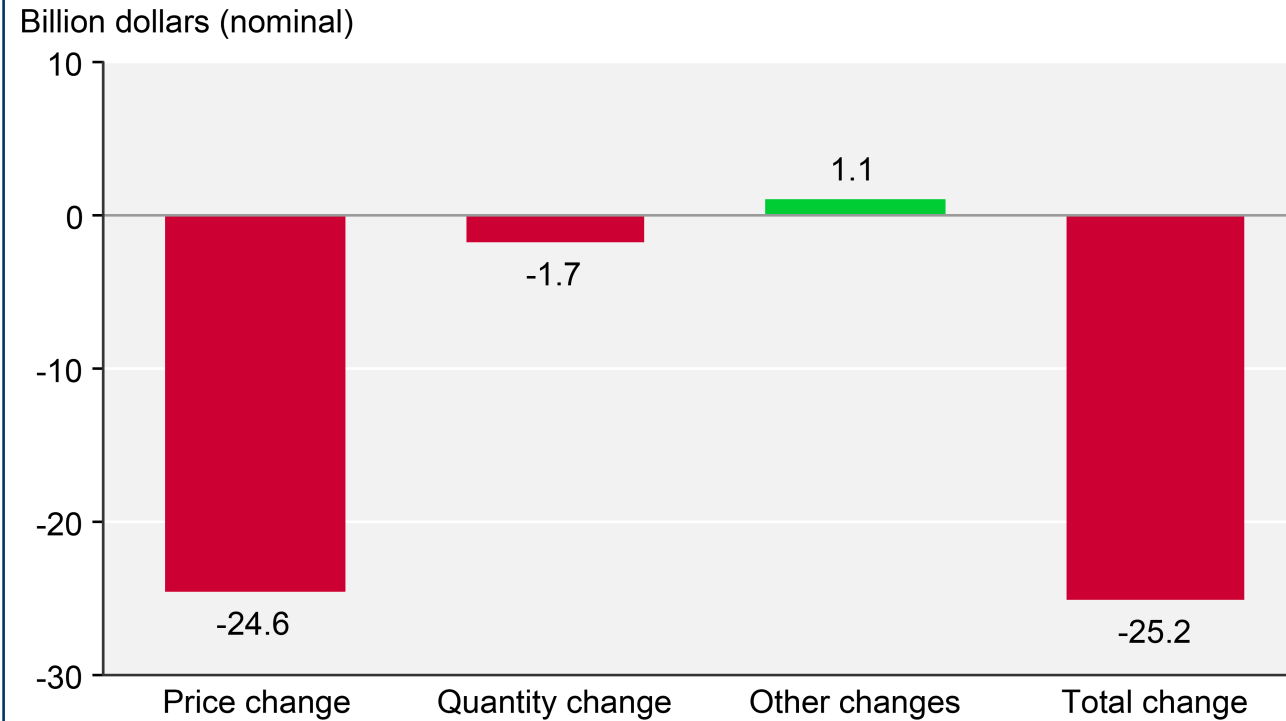
Data as of August 31, 2023.

U.S. net farm income and net cash farm income, inflation adjusted, 2003–23F



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 2023 by USDA, Economic Research Service.
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
 Data as of November 30, 2023.

Change in U.S. farm cash receipts, 2022–2023F, by component of change

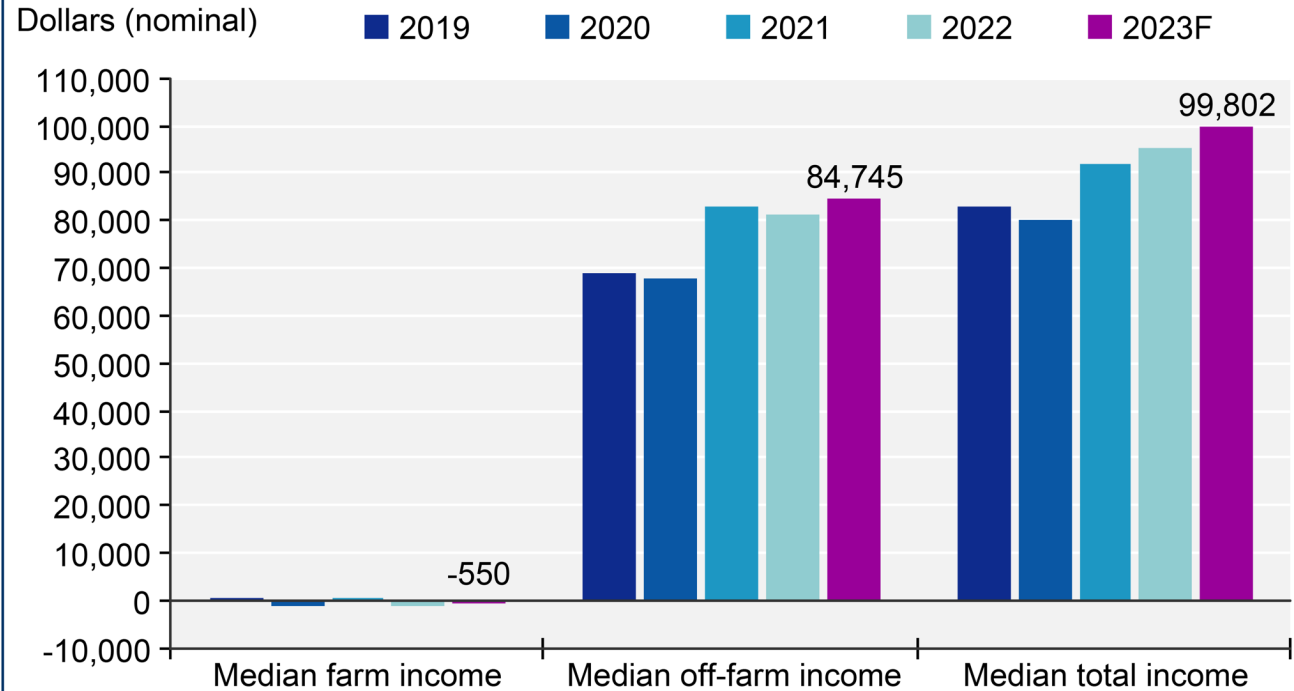


Note: F = forecast. Other changes include price/quantity changes in "all other crops" (excluding sugarcane and sugarbeets), proso millet, and miscellaneous animals/products for which data are not available. Price, quantity, and other changes may not sum to total because of rounding.

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

Data as of November 30, 2023.

Median farm income, off-farm income, and total income of farm households, 2019–23F

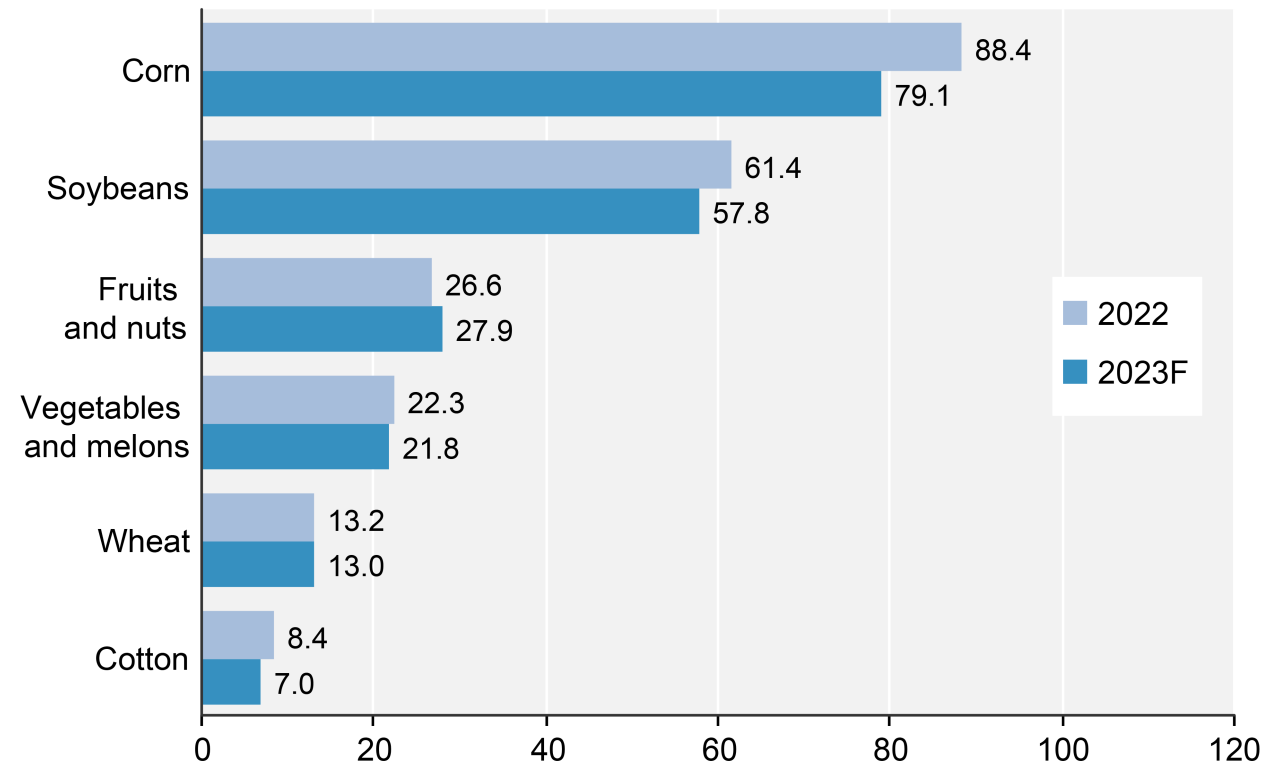


Note: F = forecast. The median is the income level where half of all households have lower incomes and half have higher incomes. Because farm and off-farm income are not distributed identically for every farm, median total income will generally not equal the sum of median off-farm and median farm income.

Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, Agricultural Resource Management Survey. Data as of November 30, 2023.

U.S. cash receipts for selected crops, 2022–2023F

Billion dollars (nominal)



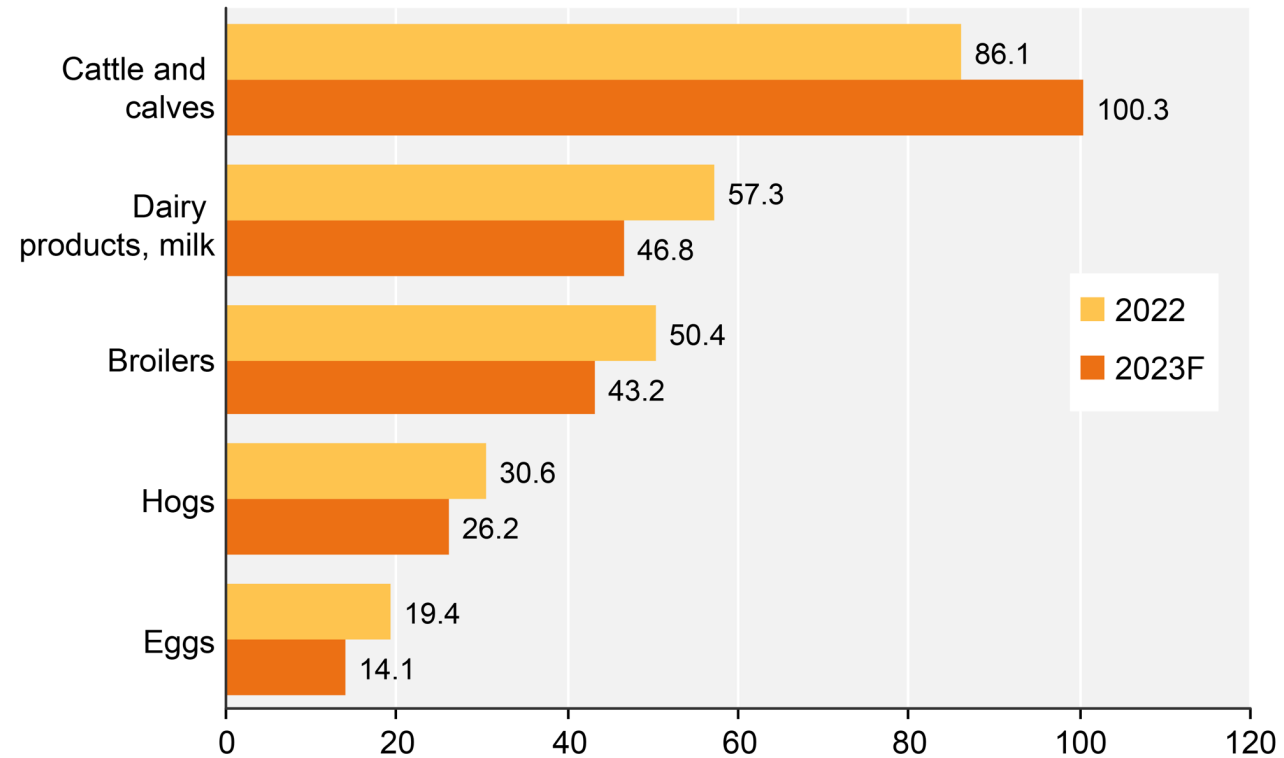
Note: F = forecast.

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

Data as of November 30, 2023.

U.S. cash receipts for selected animals/products, 2022–2023F

Billion dollars (nominal)

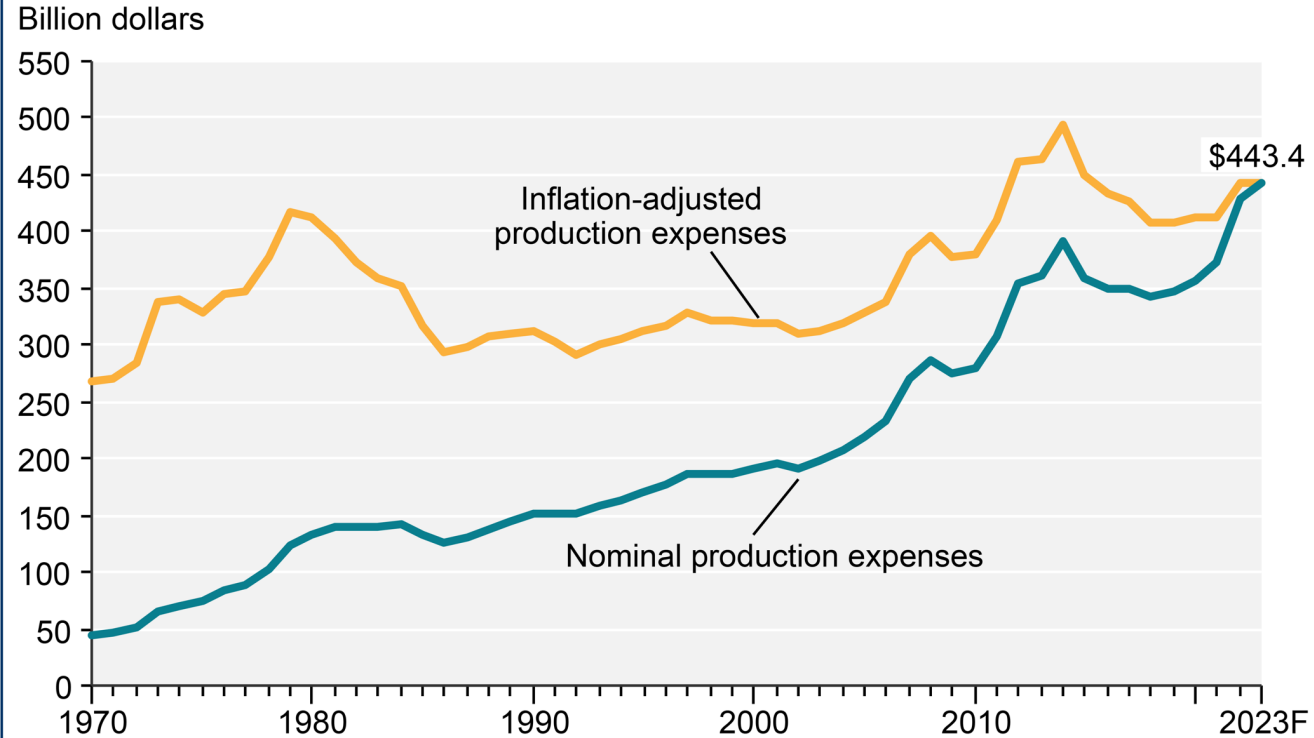


Note: F = forecast.

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

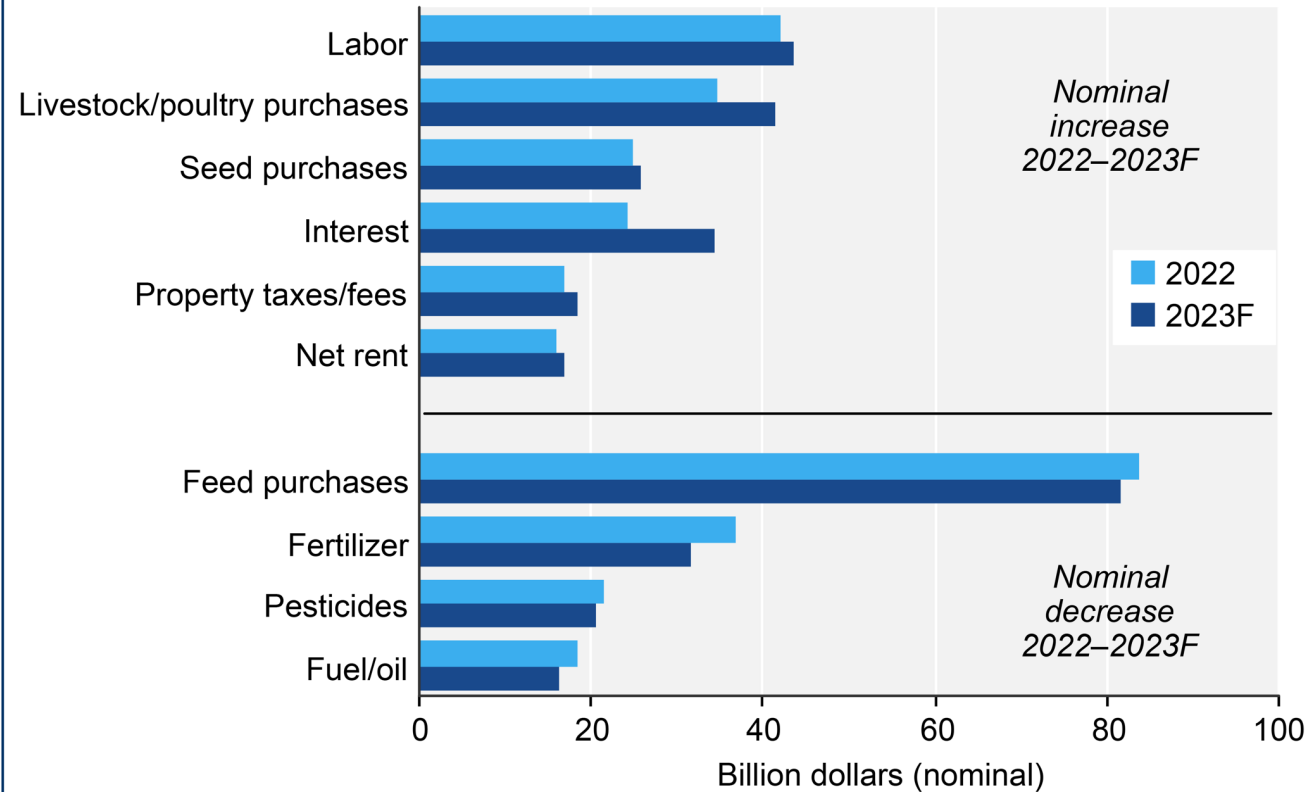
Data as of November 30, 2023.

Nominal and inflation-adjusted U.S. farm production expenses, 1970–2023F



Note: F = forecast. Real 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 2023 by USDA, Economic Research Service.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of November 30, 2023.

Selected U.S. farm production expenses, 2022–2023F

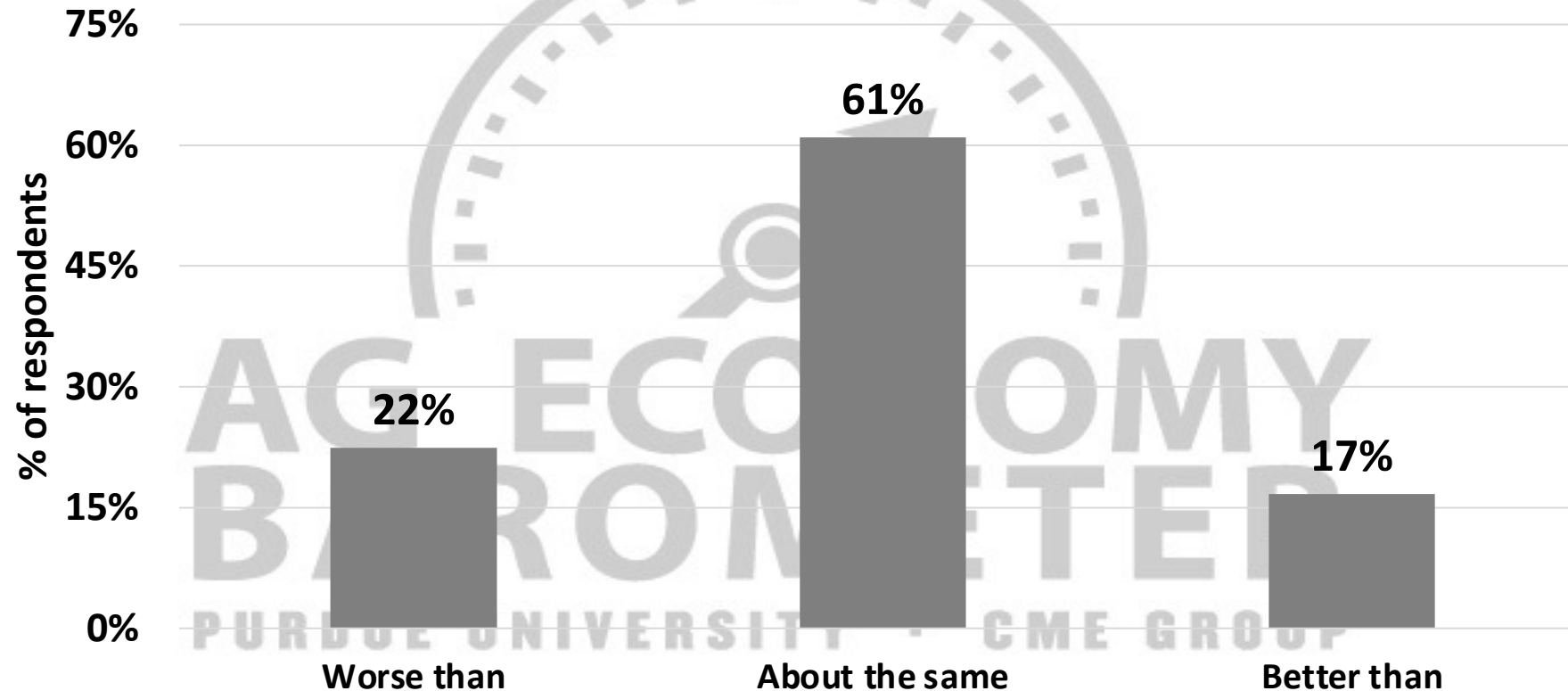


Note: F = forecast.

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

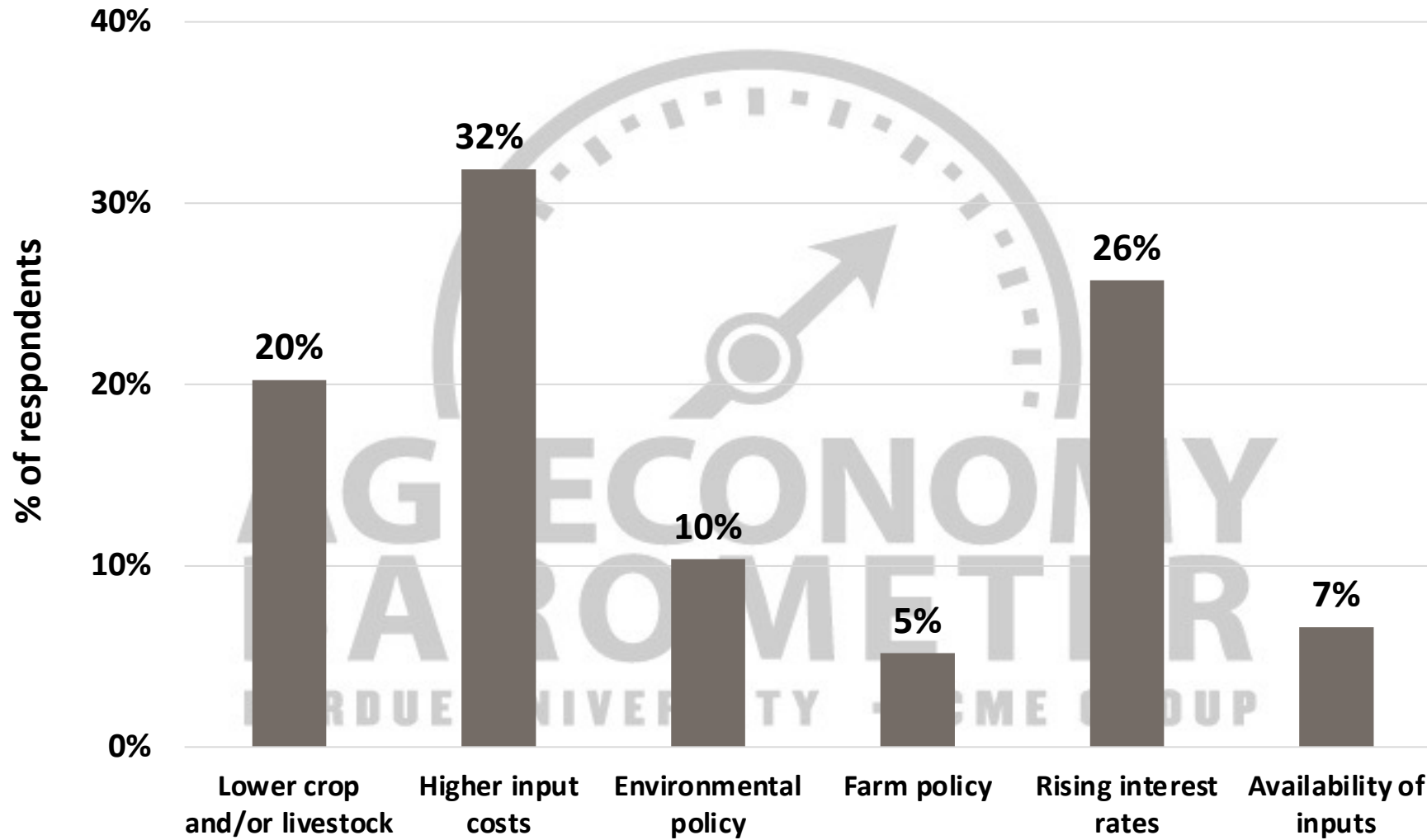
November 30, 2023.

As of today, do you expect your farm's financial performance in the next 12 months to be better than, worse than, or about the same as in the past 12 months?



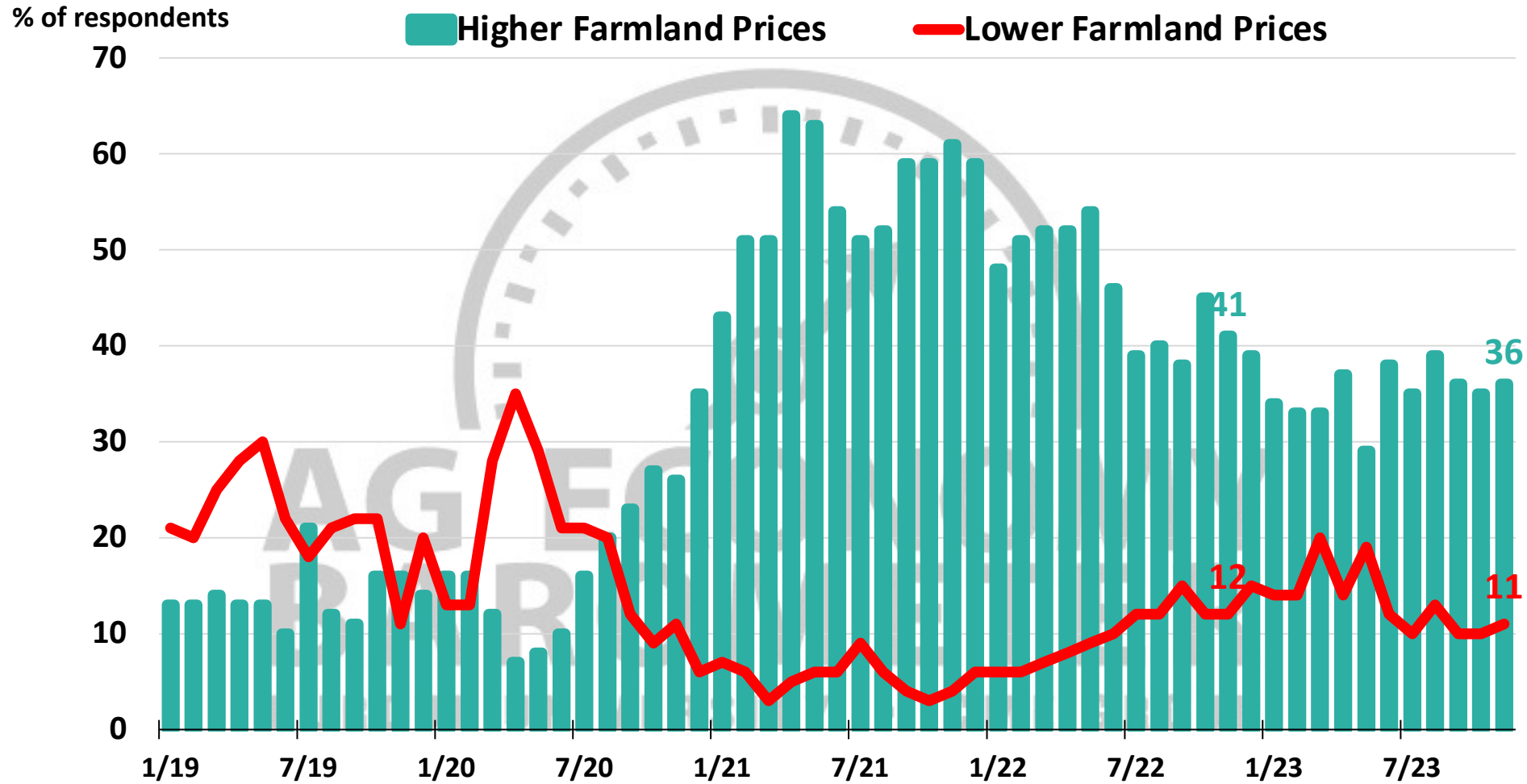
Source: Purdue Center for Commercial Agriculture, Producer Survey, November 2023

Looking ahead to next year what are your biggest concerns for your farming operation?



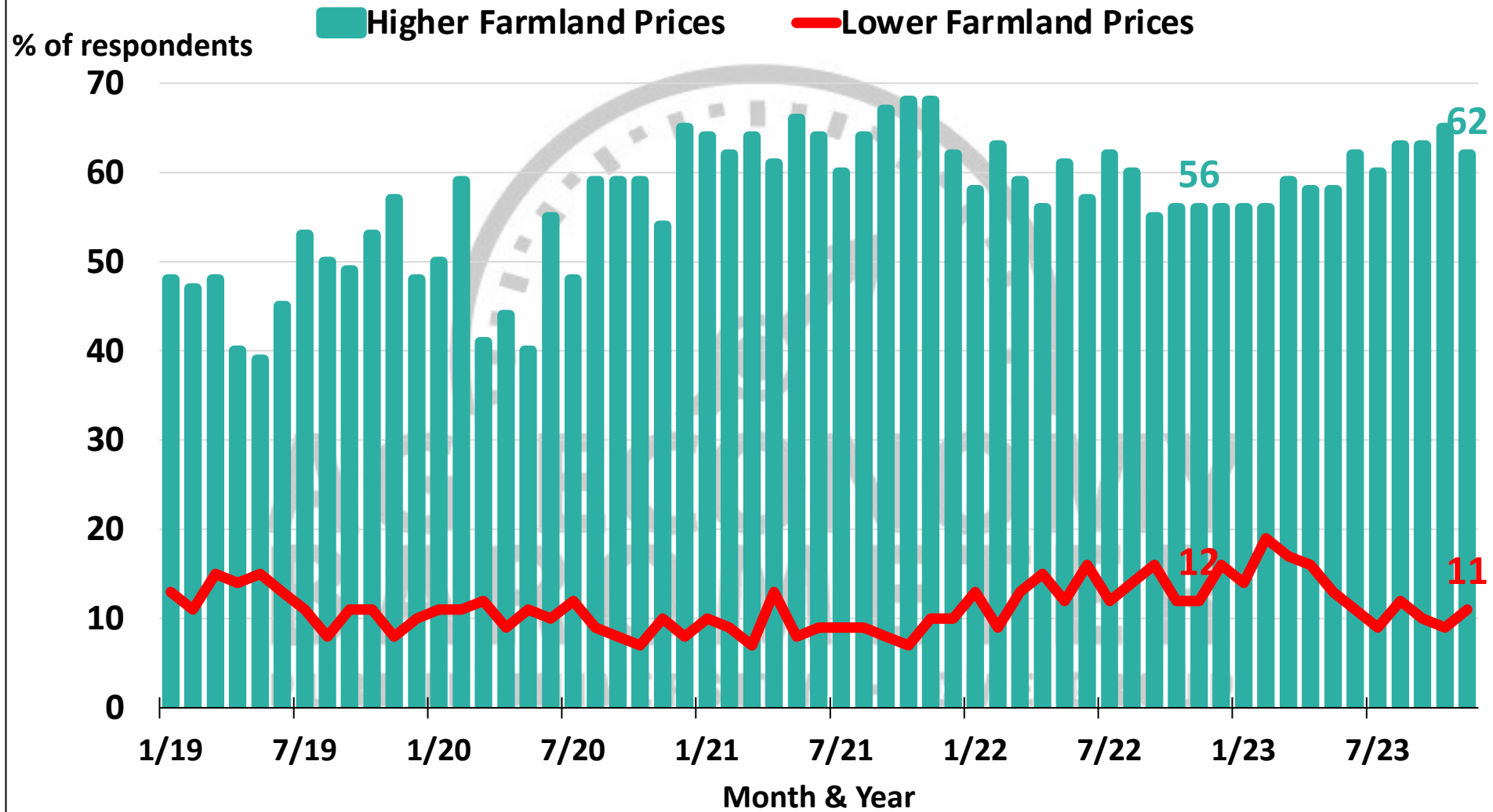
Source: Purdue Center for Commercial Agriculture, Producer Survey, November 2023

Farmland Price Expectations, 12 Months Ahead



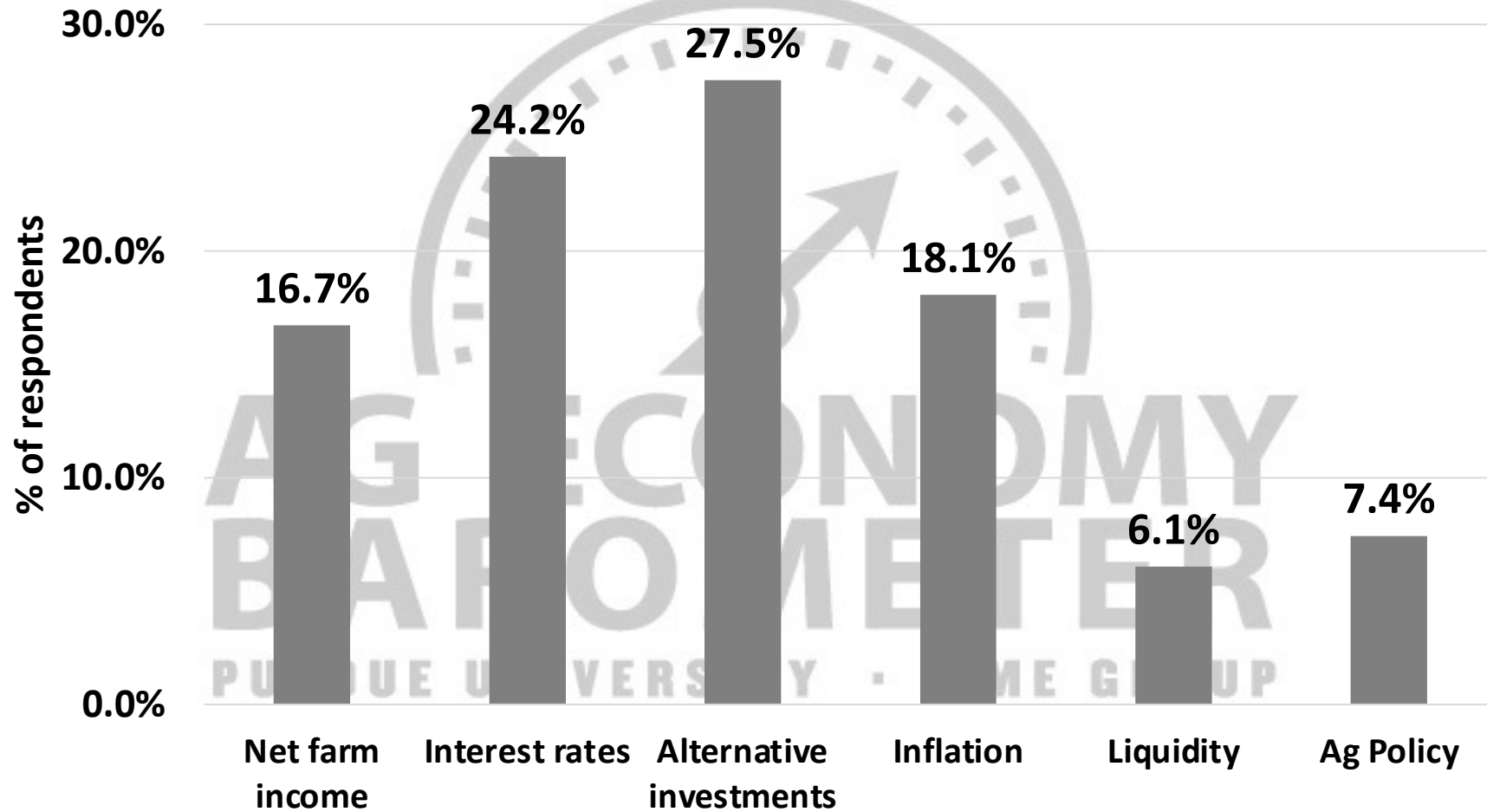
Source: Purdue Center for Commercial Agriculture, Producer Survey, November 2023

Farmland Price Expectations, 5 Years From Now



Source: Purdue Center for Commercial Agriculture, Producer Survey, November 2023

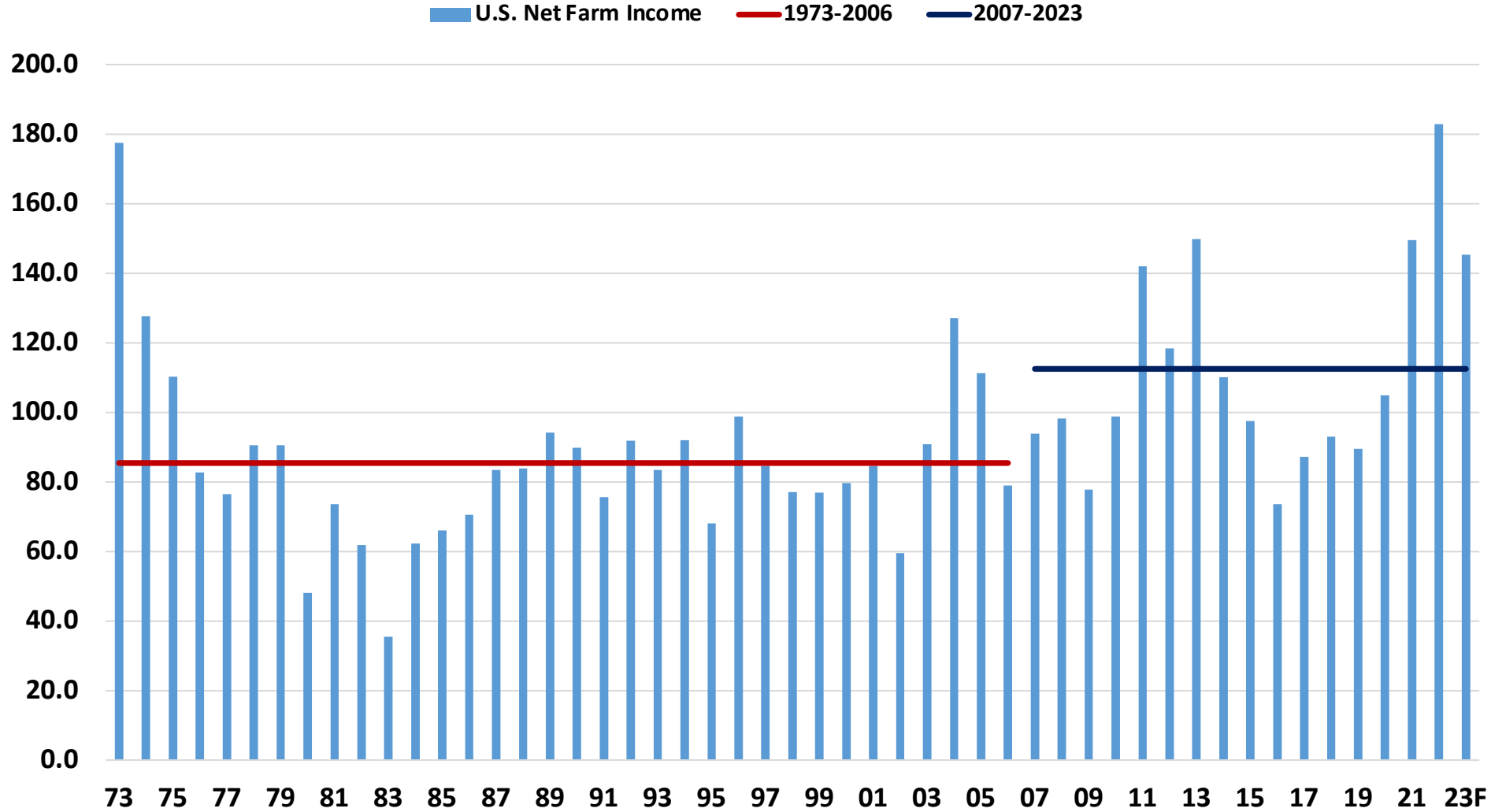
Which of the following factors is having the most influence on farmland values in your area (check up to two items)?



Source: Purdue Center for Commercial Agriculture, Producer Survey, November 2023

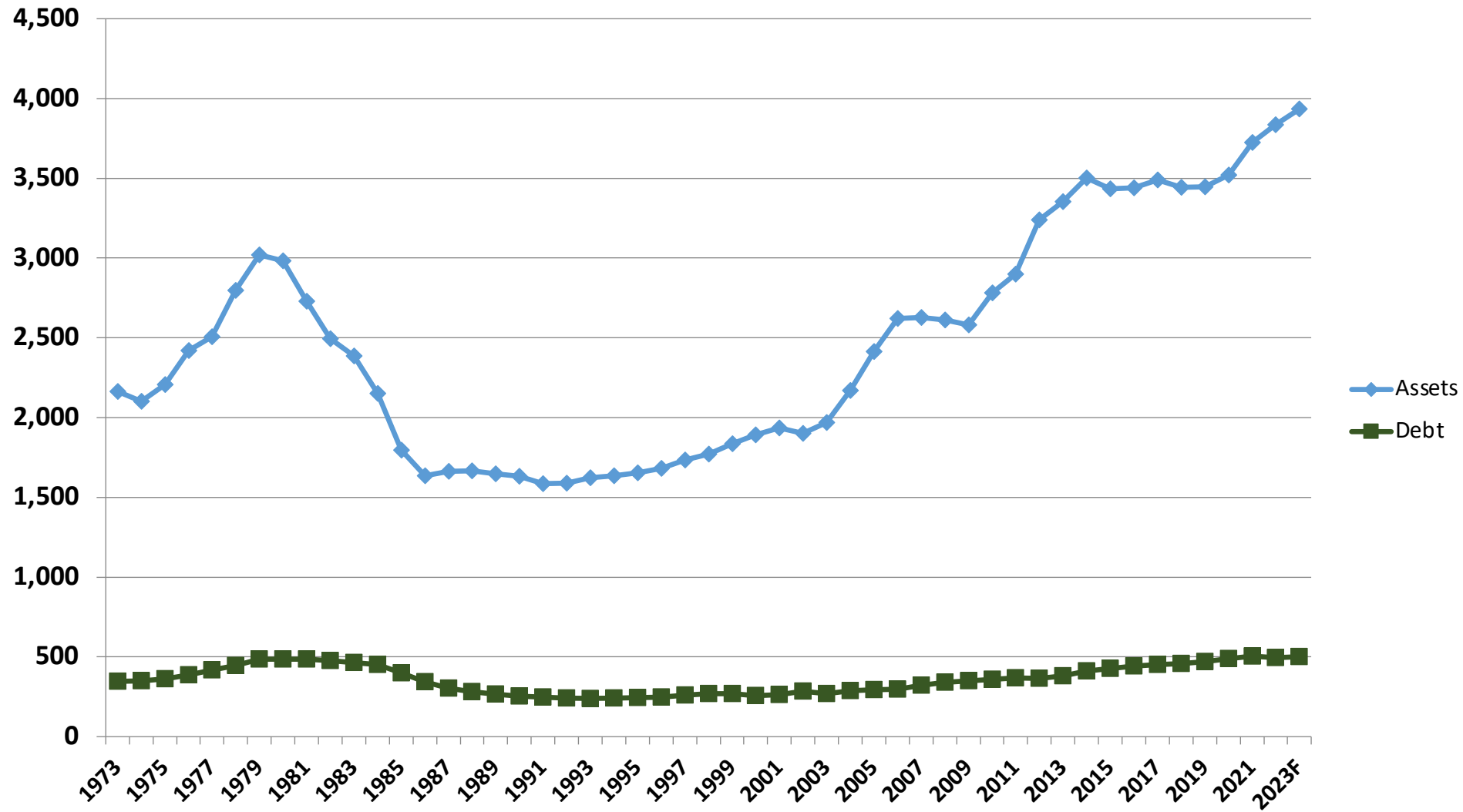
Real U.S. Net Farm Income (Billions of \$)

Source: USDA-ERS



Real U.S. Farm Sector Asset and Debt Values (billions of dollars)

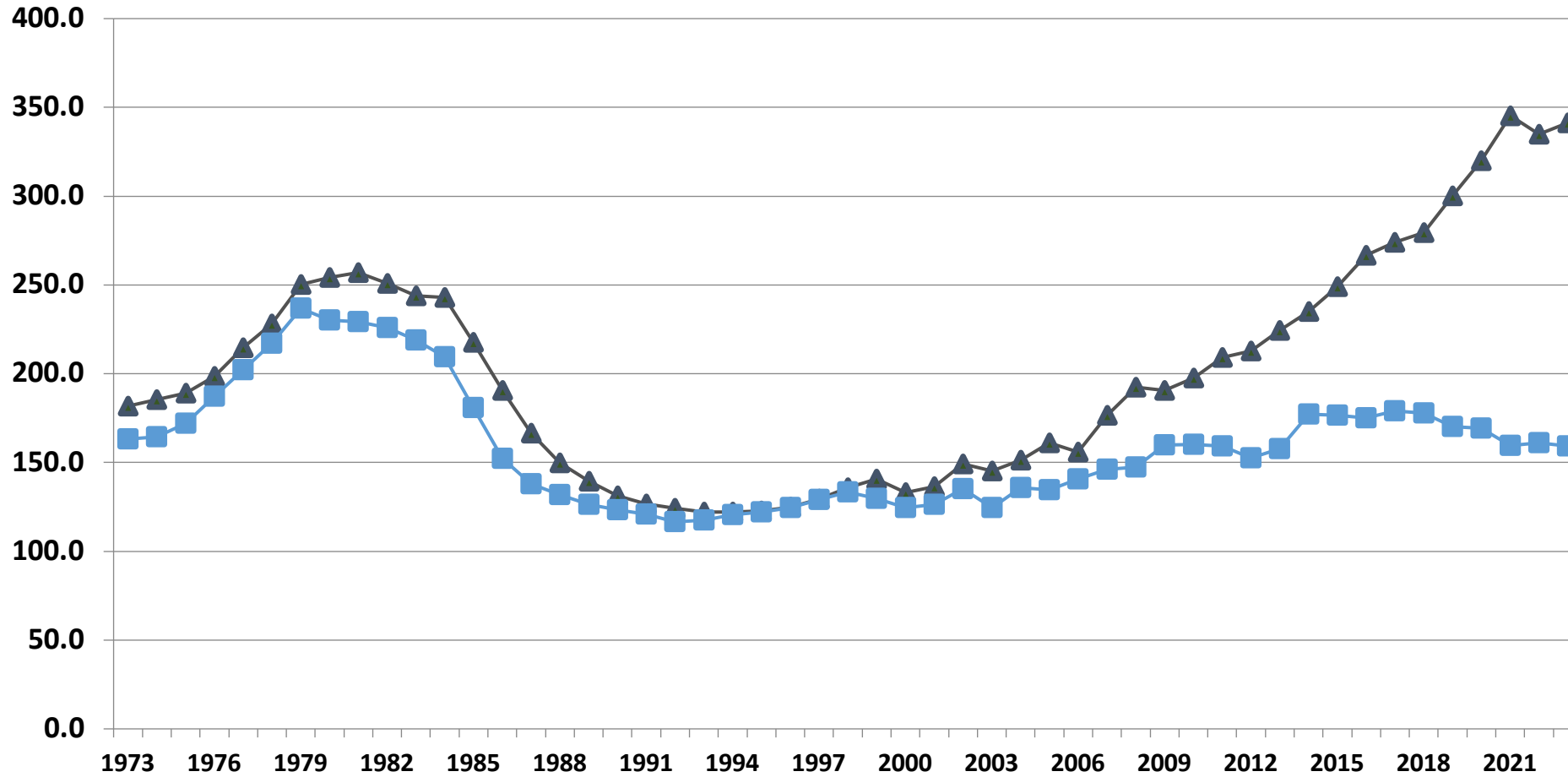
Source: USDA-ERS



Real U.S. Farm Sector Real Estate and Nonreal Estate Debt Values (billions of dollars)

Source: USDA-ERS

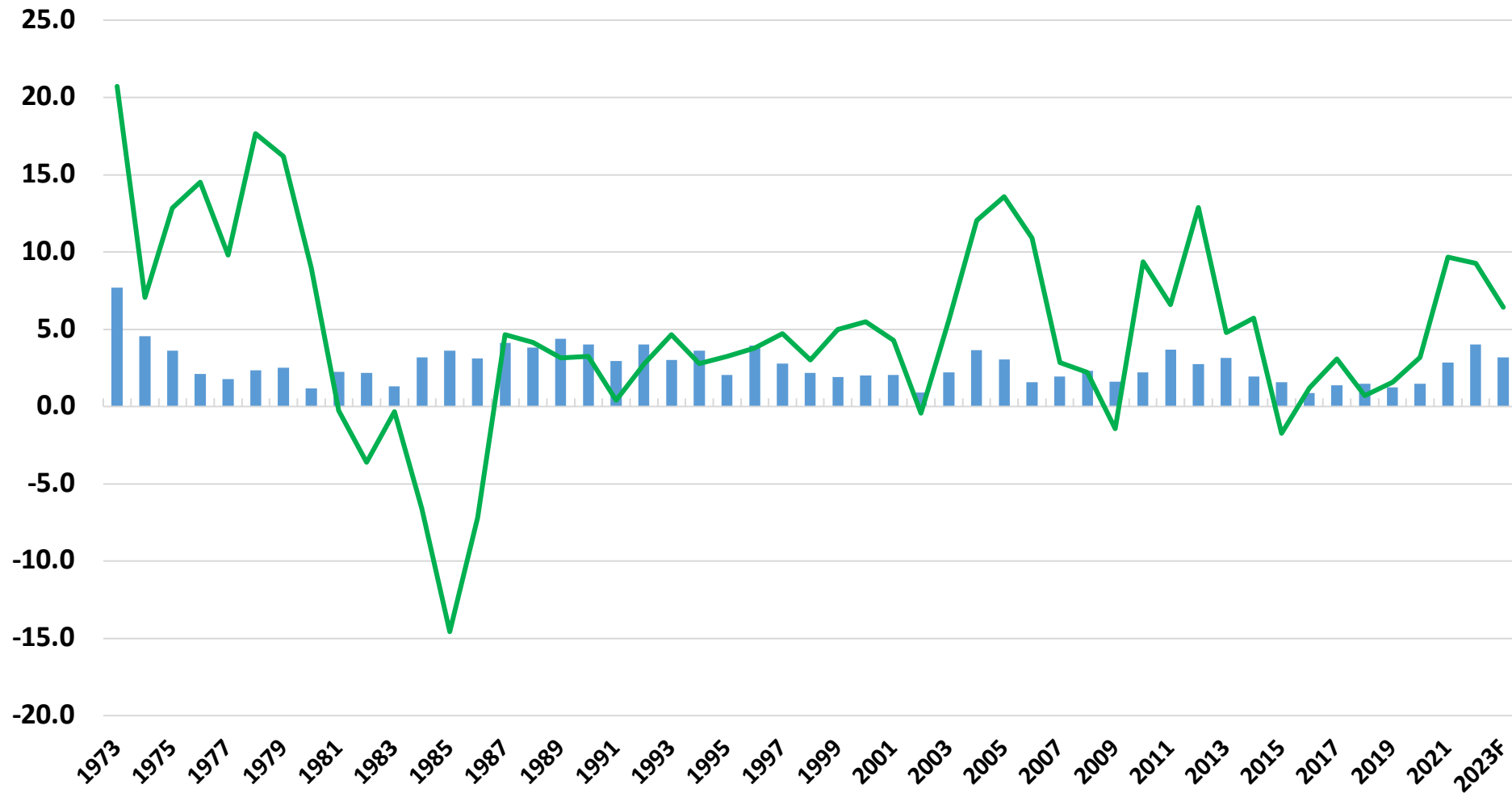
▲ Real Estate ■ Nonreal Estate



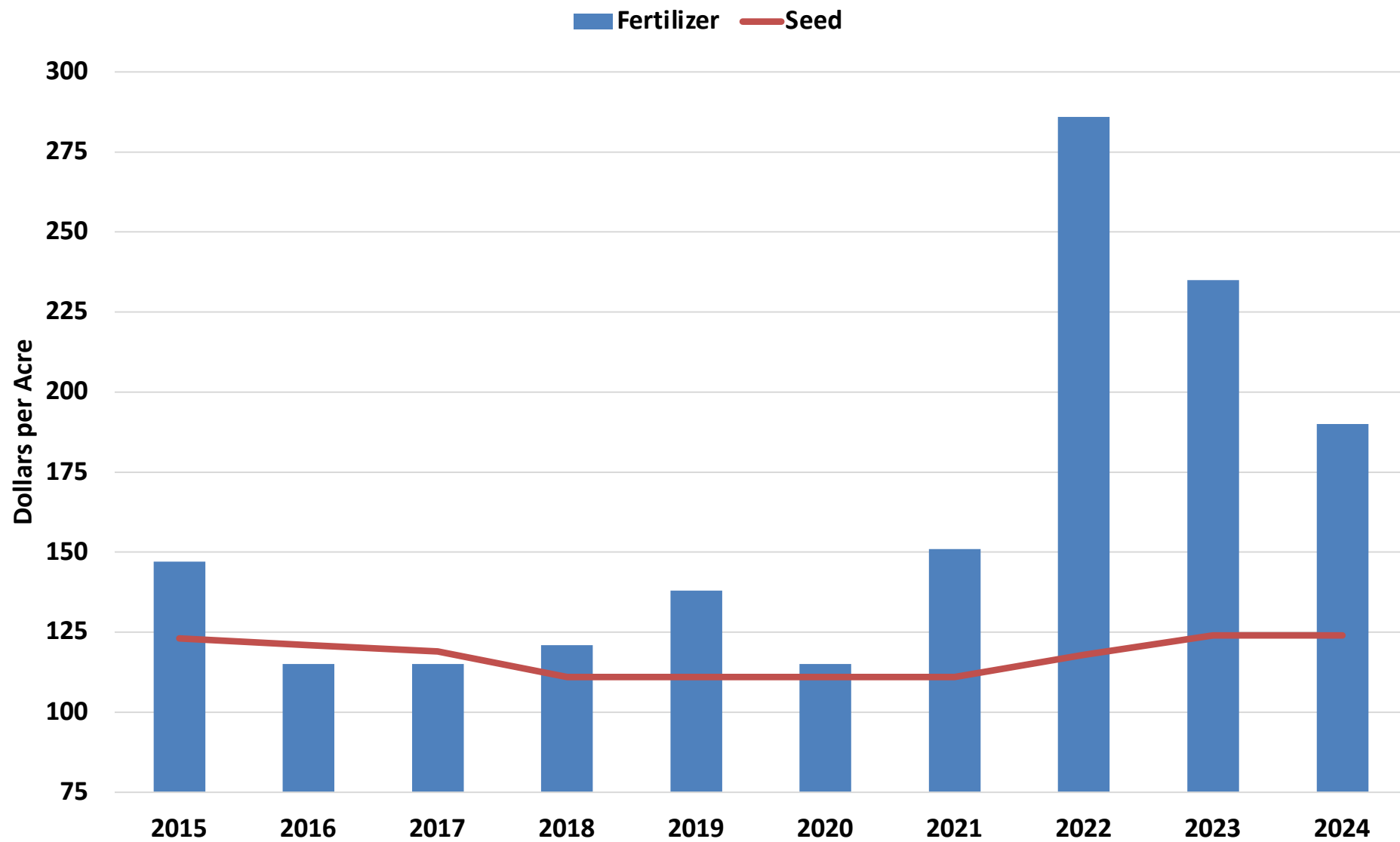
U.S. Farm Sector, Rate of Return on Farm Assets

Source: USDA-ERS

Current Income Real Capital Gains

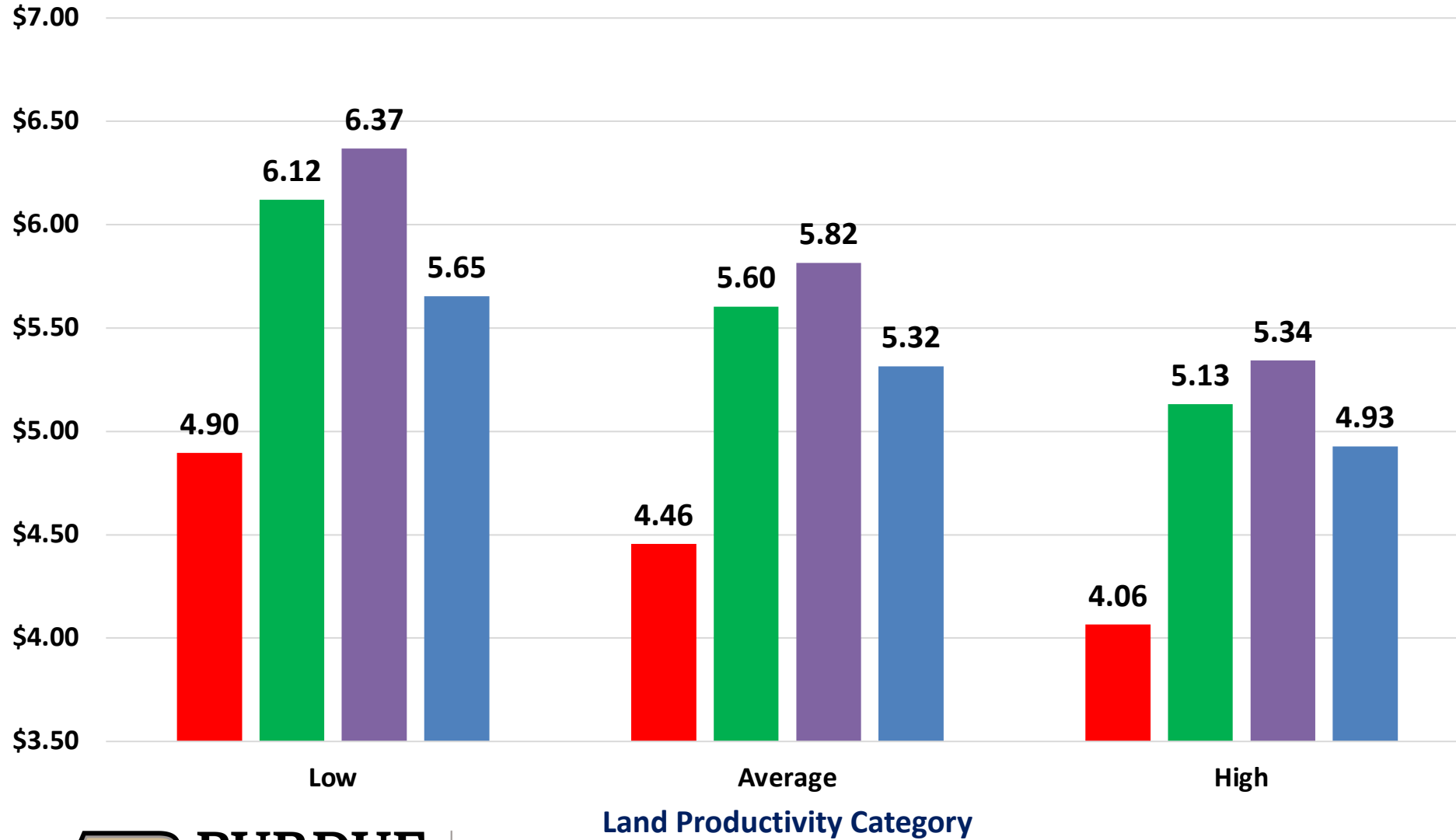


Fertilizer and Seed Costs for Rotation Corn (Average Productivity Soil)



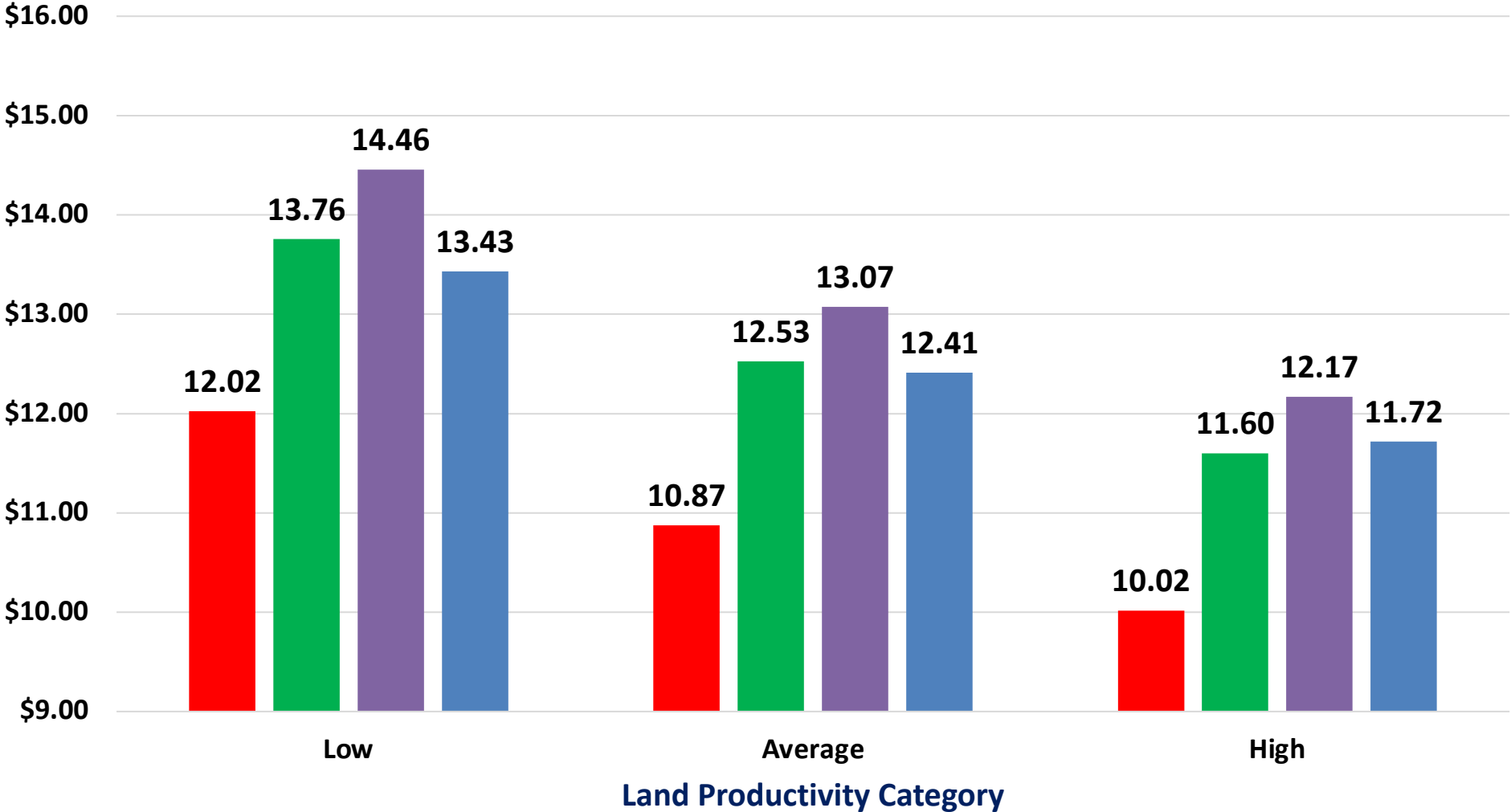
Breakeven Prices for Rotation Corn in Indiana

2021 2022 2023 2024

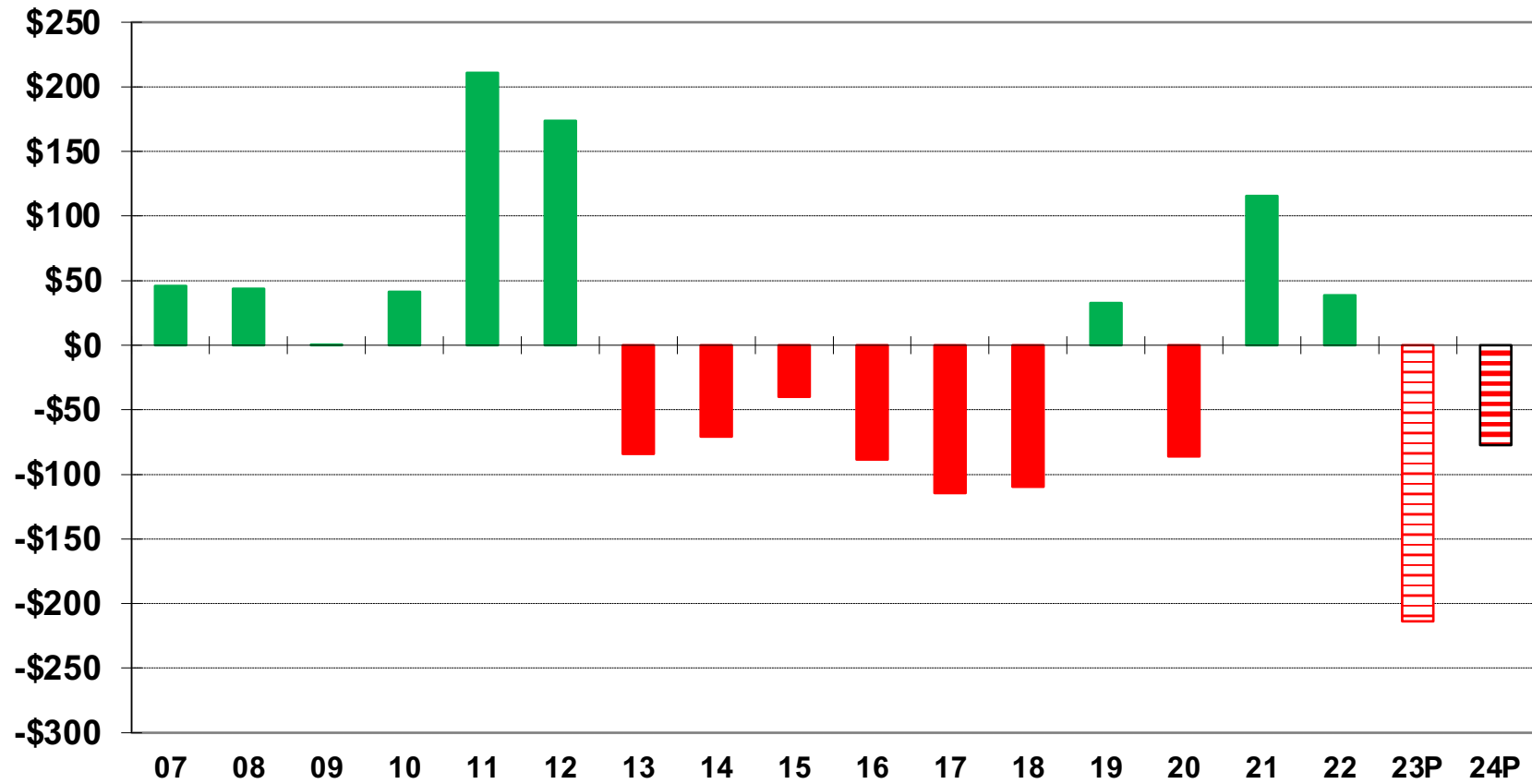


Breakeven Prices for Rotation Soybeans in Indiana

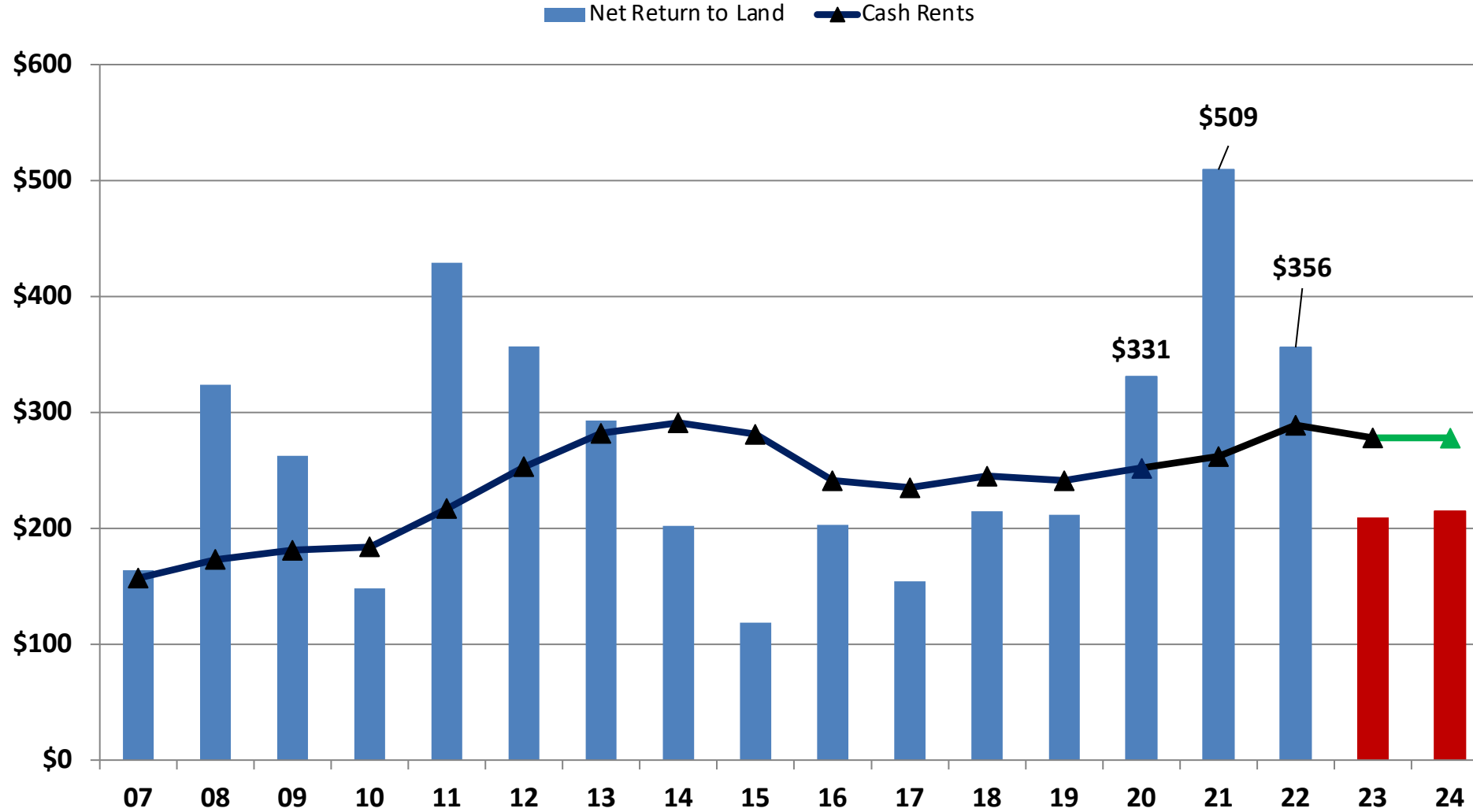
2021 2022 2023 2024



Difference in Earnings per Acre West Central Indiana (Corn Minus Soybeans)



Cash Rent and Net Return to Land (\$/Acre) West Central Indiana





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1/14/22



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Summary

- U.S. net farm income is expected to decline from \$185 billion in 2022 to \$141 billion in 2023
- Net farm income in 2023 is still substantially above the long-run average (\$94 billion)
- U.S. farm balance sheet is strong
- Breakeven prices for corn and soybeans are expected to decline in 2024
- Net farm income per acre is expected to increase in 2024, but is expected to remain below the long-run average since 2007

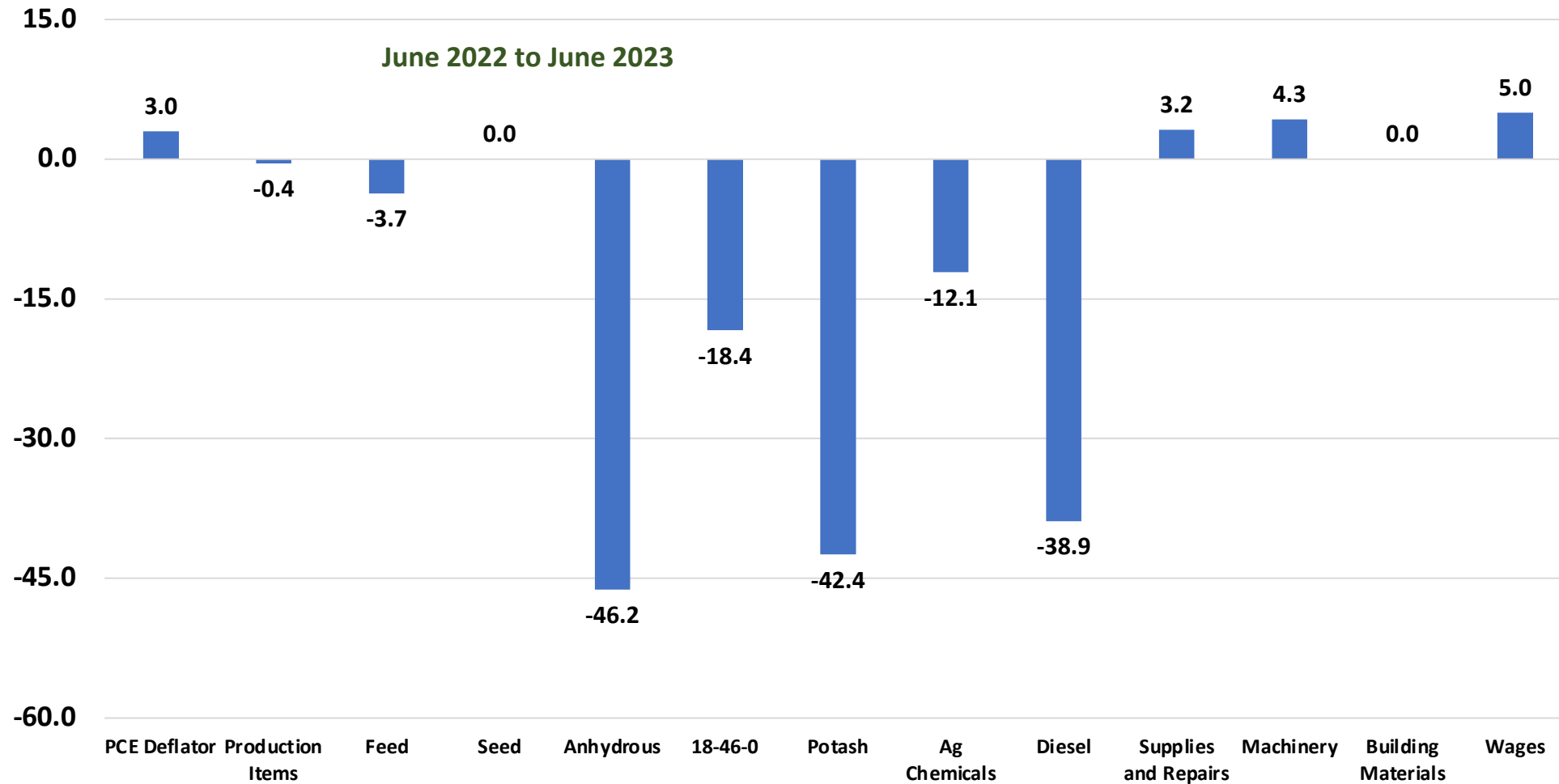
purdue.edu/commercialag

Historical Changes in Input Prices (% per Year)

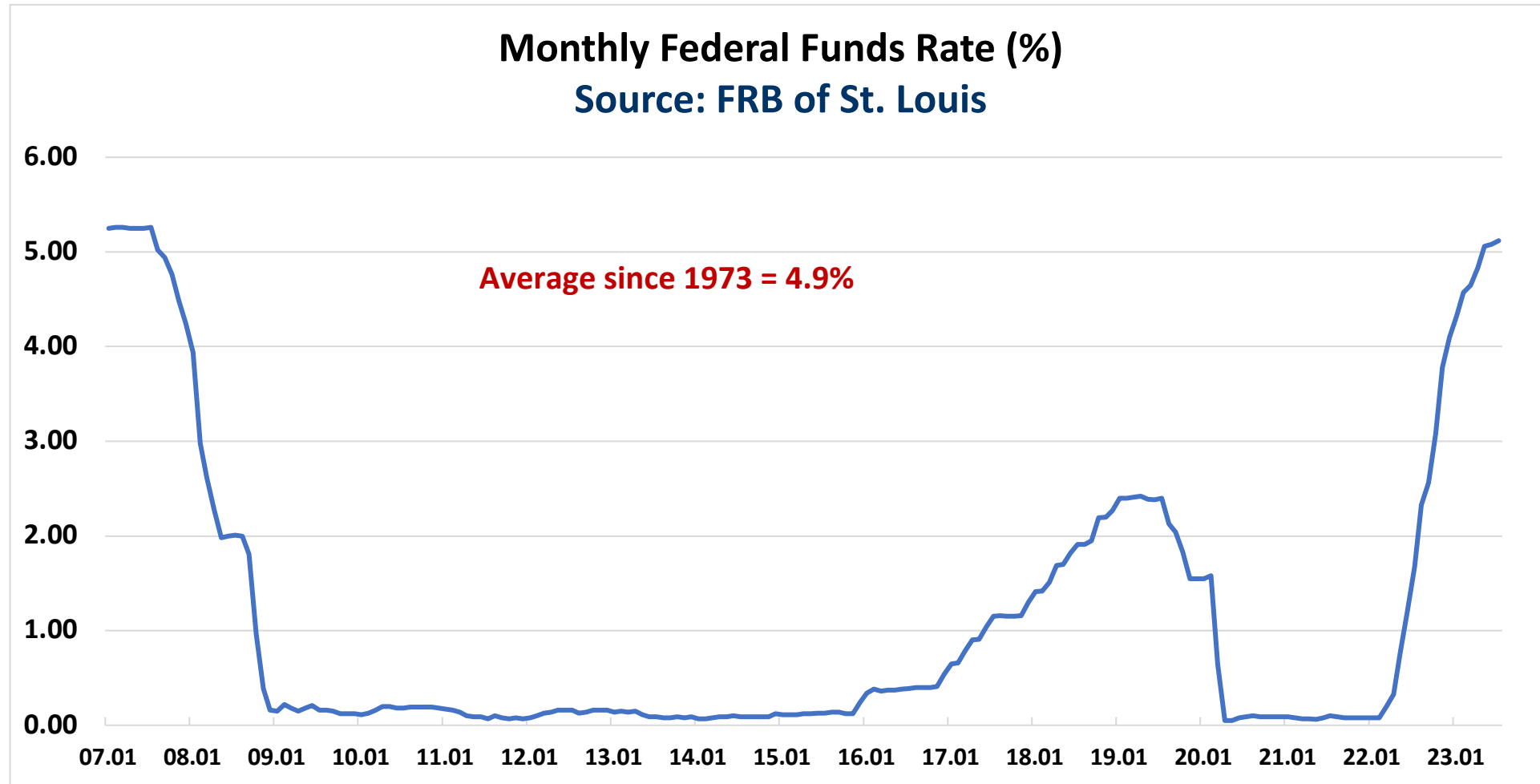
Source: USDA-NASS

Item	2022	2013 to 2022
PCE	6.3%	2.1%
Agricultural Production Items	17.0%	2.8%
Feed	13.3%	2.1%
Seed	12.3%	2.4%
Anhydrous Ammonia	78.8%	9.9%
Phosphorus	36.1%	6.4%
Potash	53.7%	6.2%
Diesel	63.0%	5.9%
Wages	7.4%	4.3%

Percentage Change in Inflation and Farm Input Prices in the Last 12 Months



Average Fed Funds Rate since 2007 = 1.1%



Average Fed Funds Rate since 2007 = 1.1%

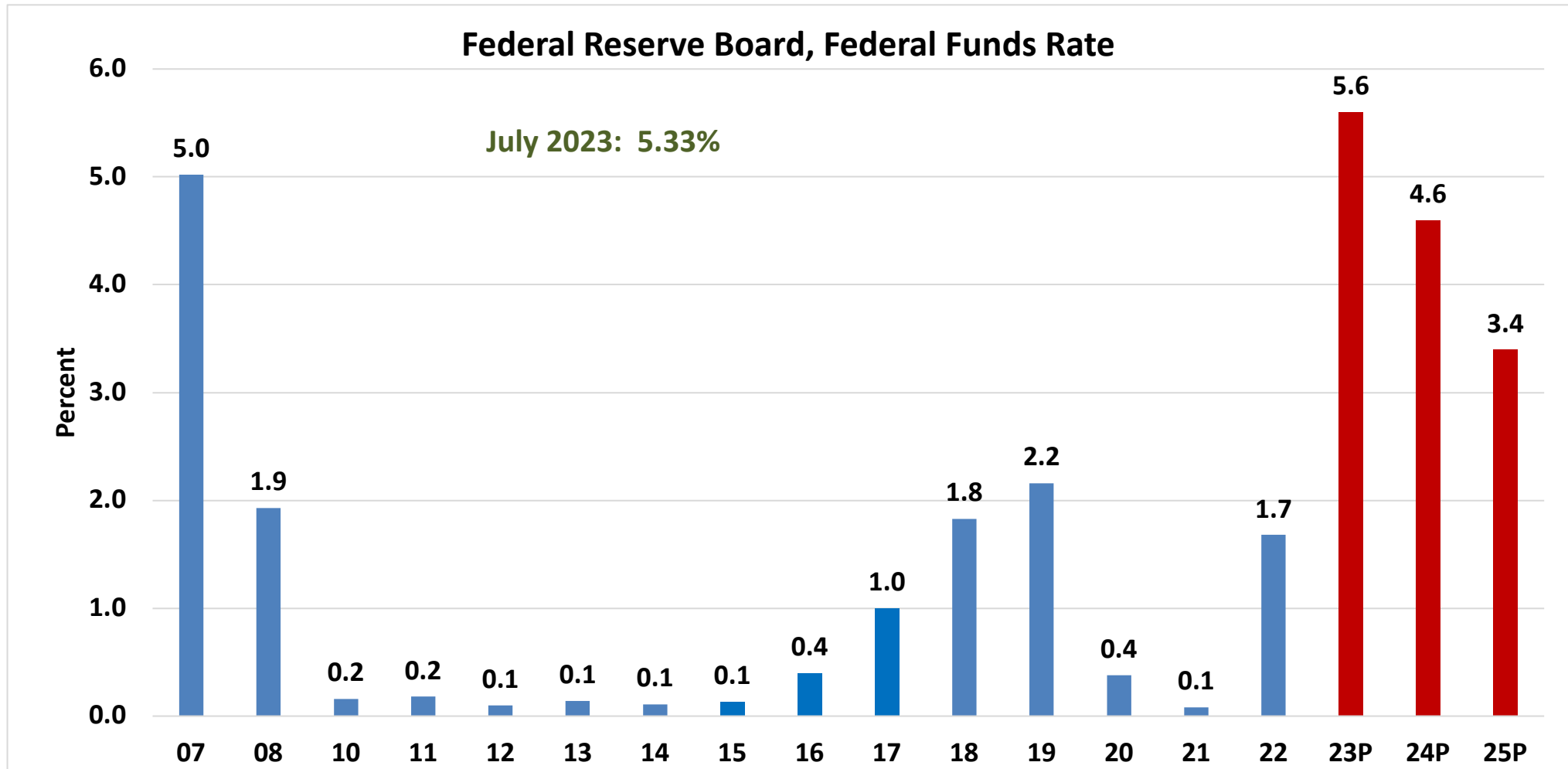
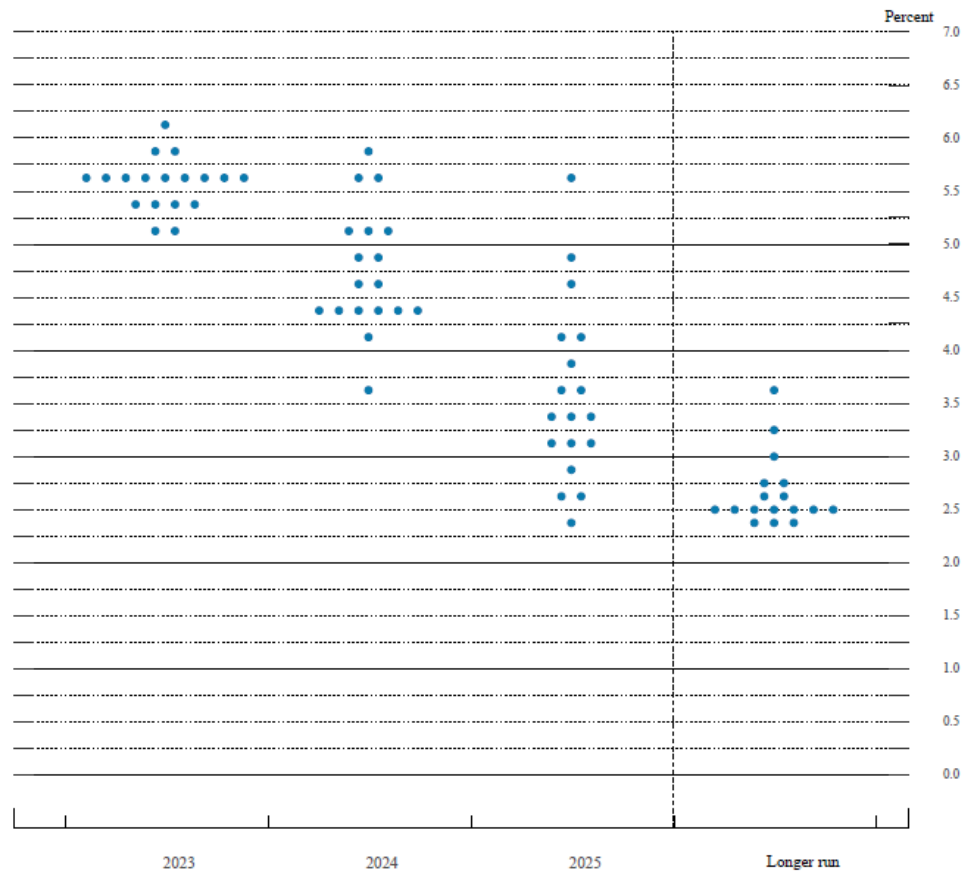
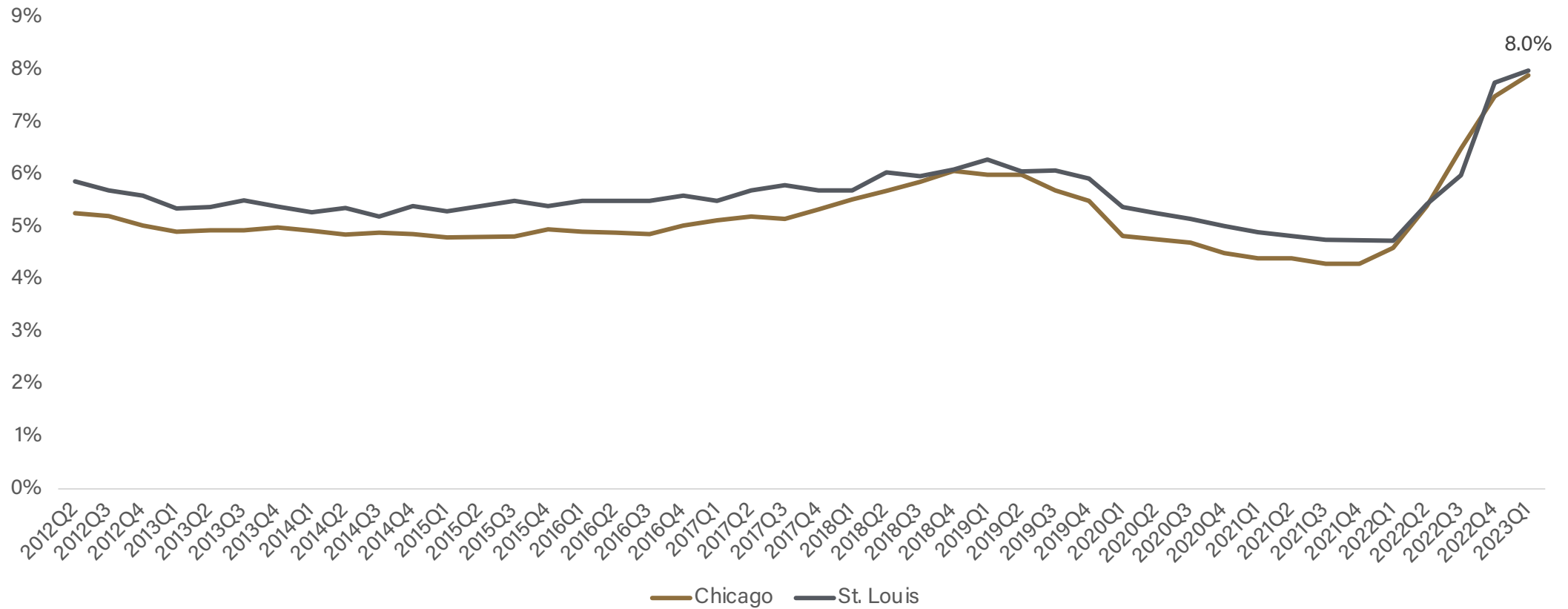


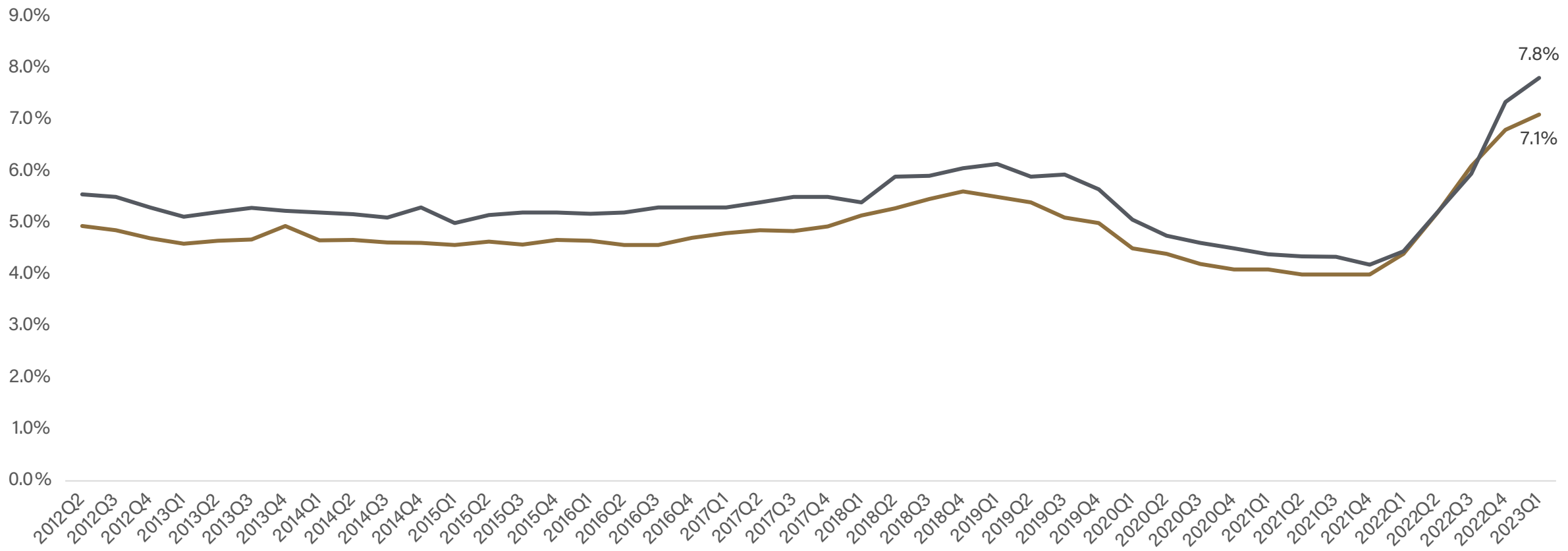
Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



Average Fixed Short Term Operating Note Interest Rate

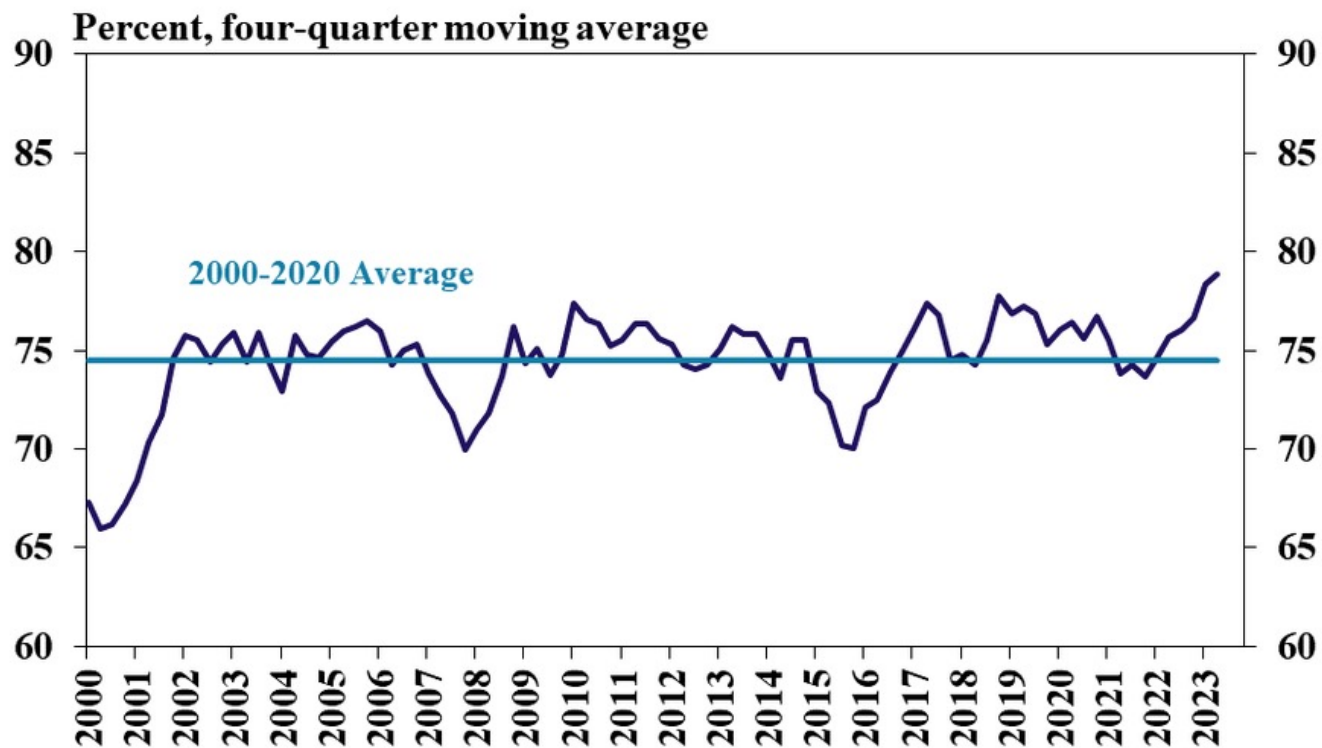


Average Fixed Interest Rate Farm Real Estate Loans



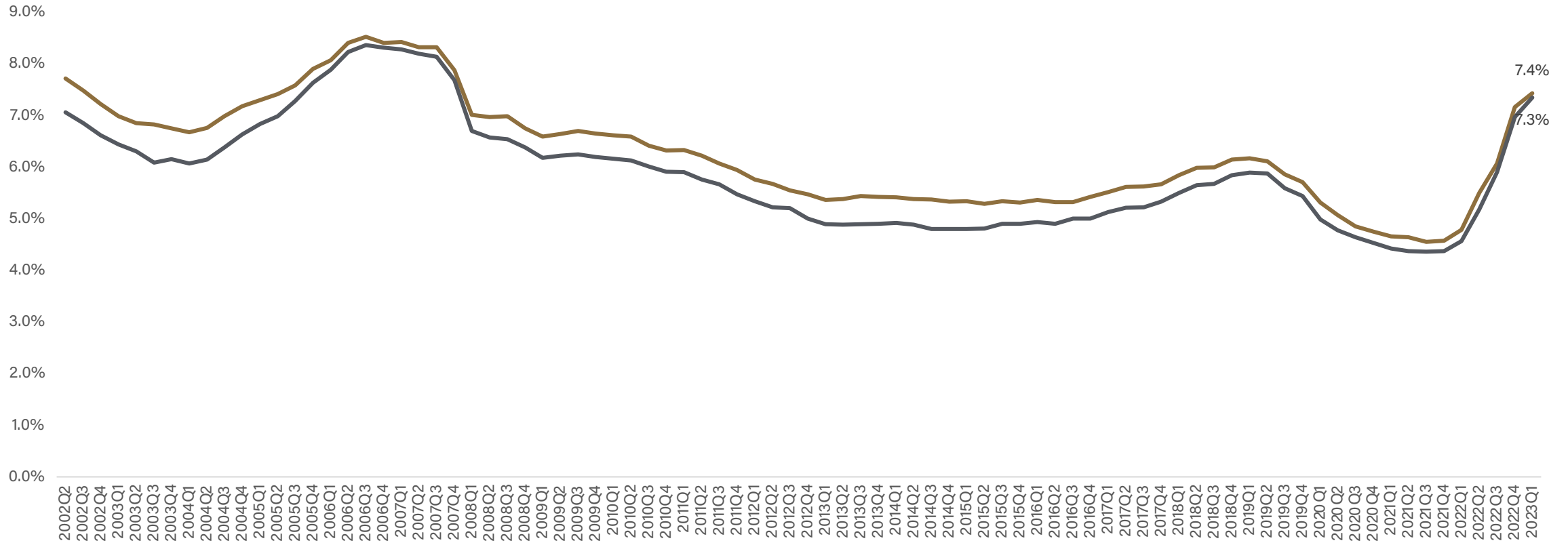
Center for Commercial Agriculture Chicago St. Louis

Chart 5: Share of Non-Real Estate Loans with a Variable Interest Rate



Sources: Survey of Terms of Lending to Farmers and Federal Reserve Bank of Kansas City

Variable vs Fixed Interest Rate Kansas City Farm Real Estate Loans



— Fixed Interest Rate
 — Variable Interest Rate



Center for Commercial Agriculture

Variable vs Fixed Interest Rate Kansas City Farm Operating Loans

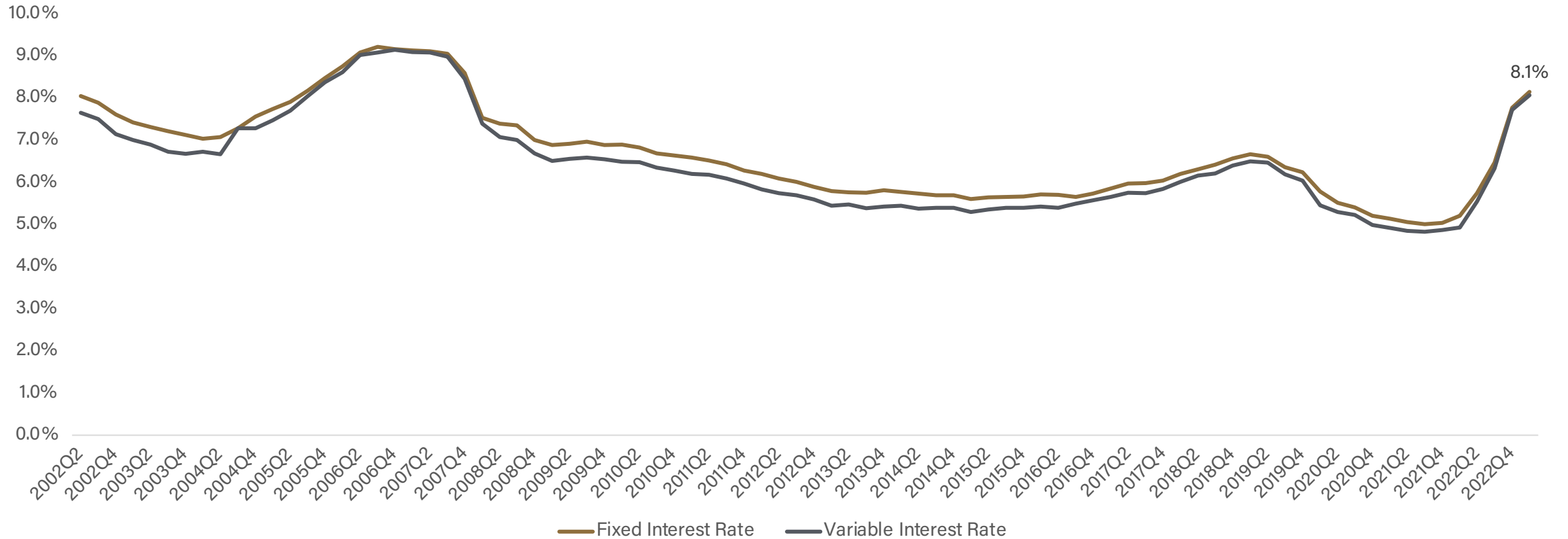
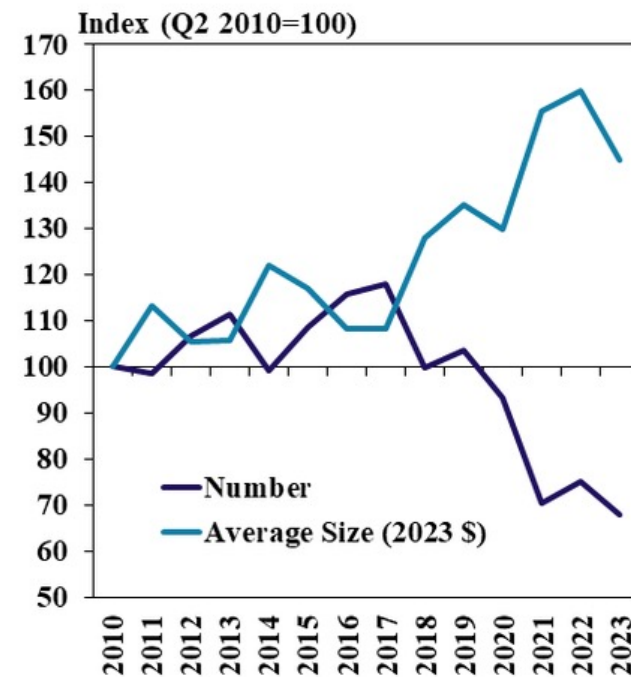


Chart 1: Non-Real Estate Farm Loans

Loan Volume

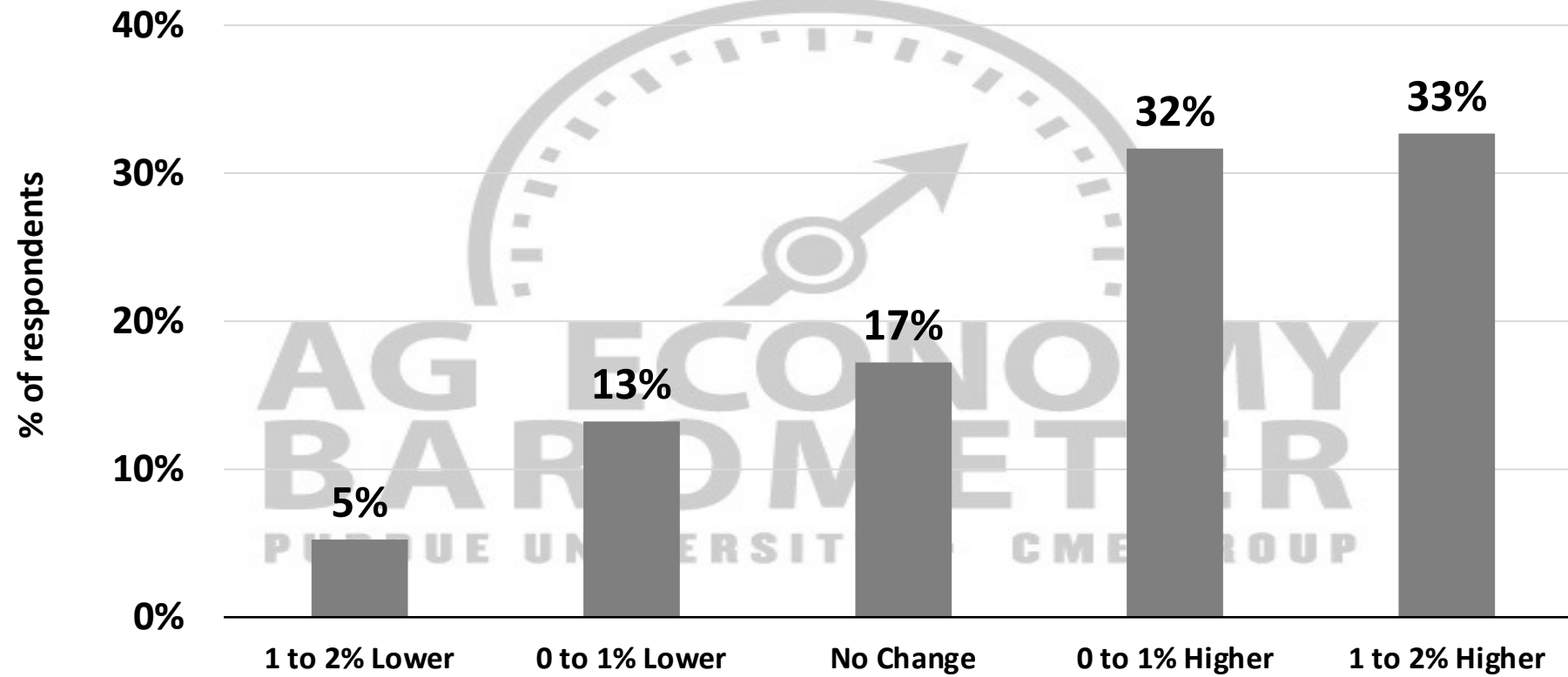


Number and Average Loan Size, Q2



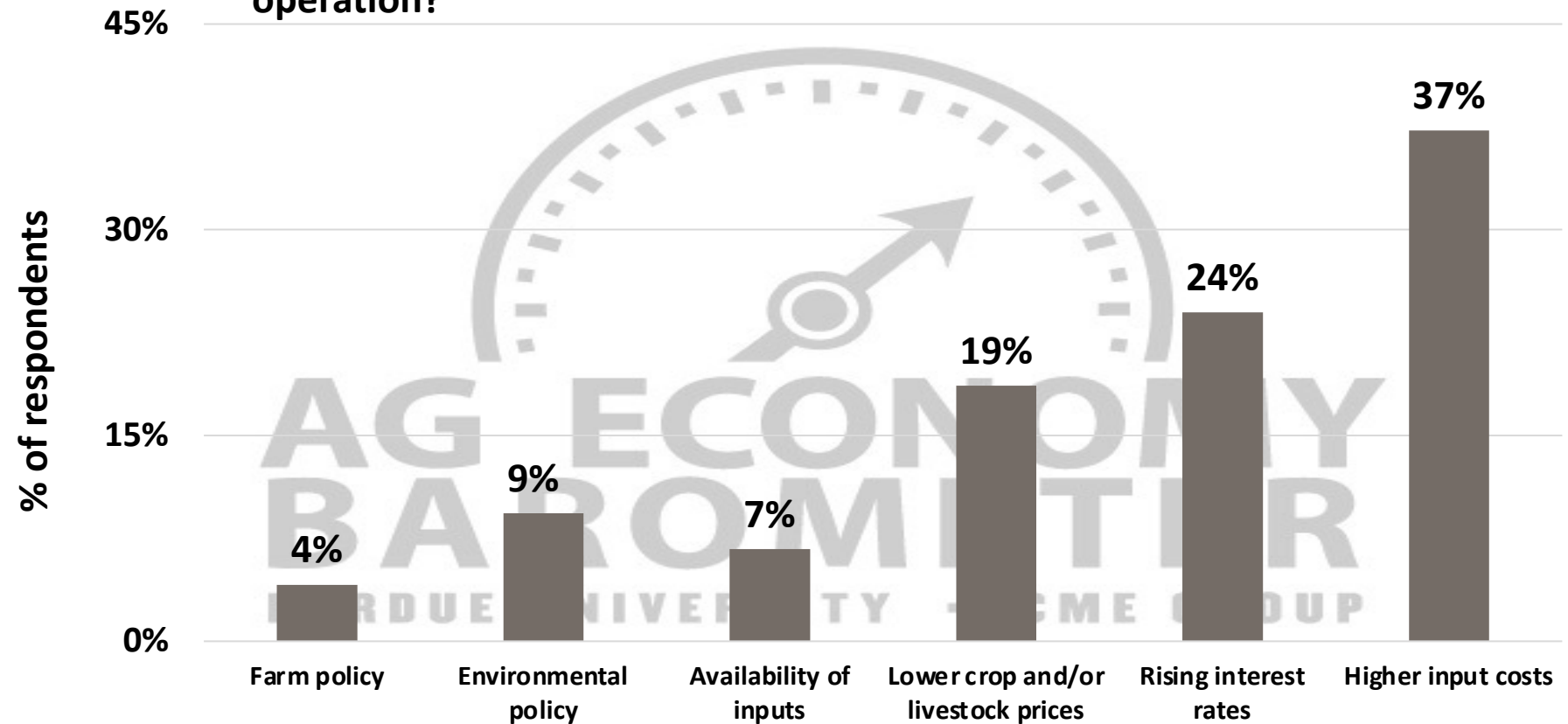
Sources: Survey of Terms of Lending to Farmers and Federal Reserve Bank of Kansas City

The U.S. prime interest rate is currently 8.25%. What do you expect the U.S. Prime interest rate to be one year from now?



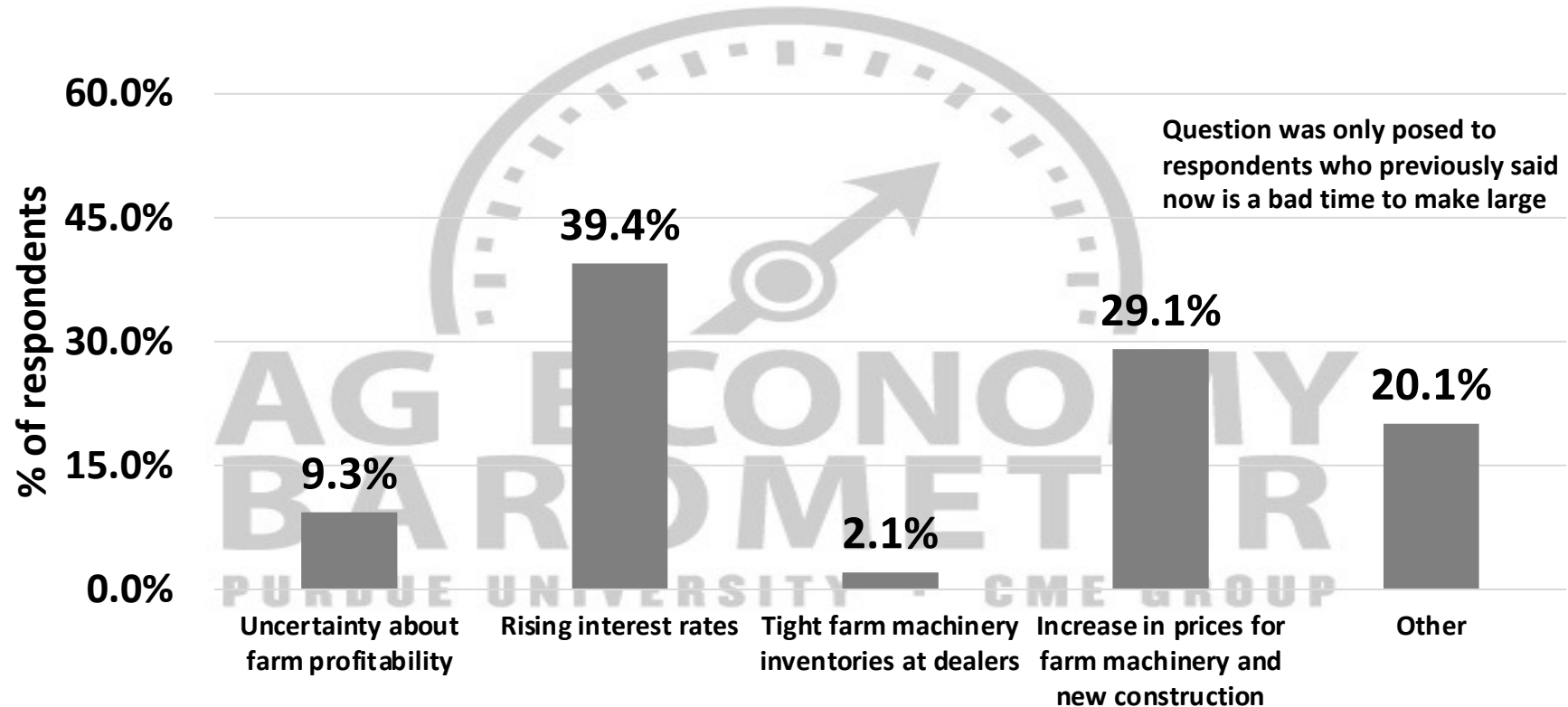
Source: Purdue Center for Commercial Agriculture, Producer Survey, July 2023

Looking ahead to next year what are your biggest concerns for your farming operation?



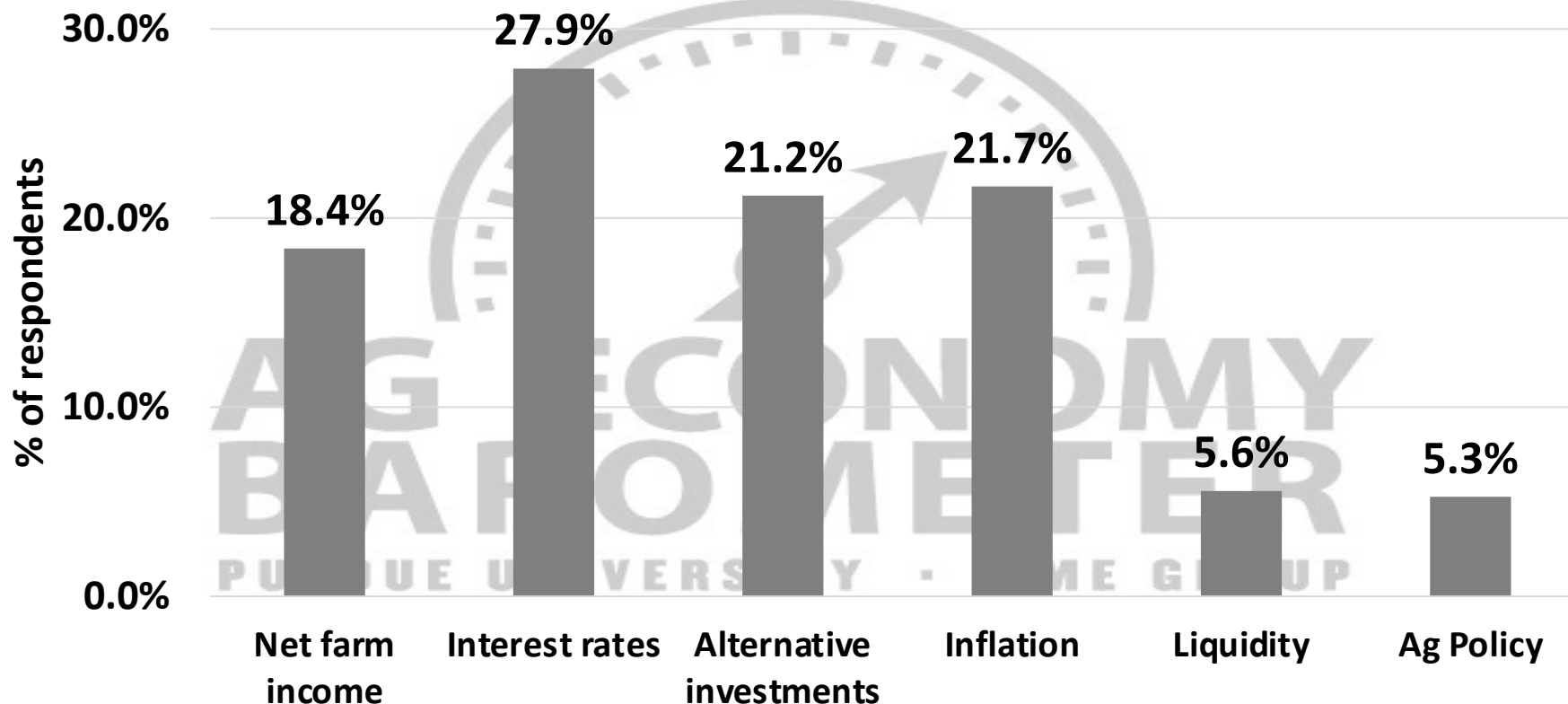
Source: Purdue Center for Commercial Agriculture, Producer Survey, July 2023

What is the primary reason you think now is a bad time to make large investments in things like buildings and machinery?



Source: Purdue Center for Commercial Agriculture, Producer Survey, July 2023

Which of the following factors is having the most influence on farmland values in your area (check up to two items)?



Source: Purdue Center for Commercial Agriculture, Producer Survey, July 2023