

# ***USDA FARM INCOME FORECASTS***

FARM REVENUES AND COSTS

***FEBRUARY 2024***

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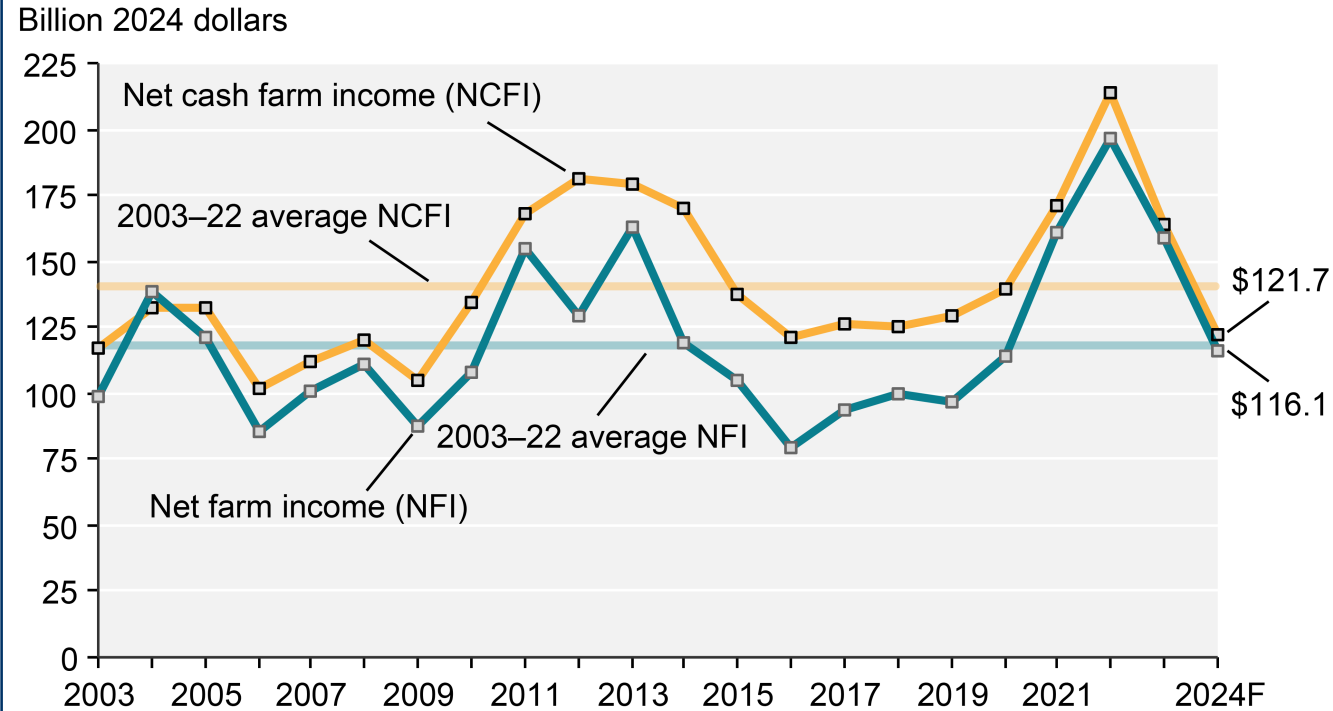
**Michael Langemeier, Professor & Associate Director, Center for Commercial Agriculture**



Center for Commercial Agriculture

# USDA FARM INCOME FORECAST

## U.S. net farm income and net cash farm income, inflation adjusted, 2003–24F



Note: F = forecast; data for 2023 and 2024 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 2024 by USDA, Economic Research Service.

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

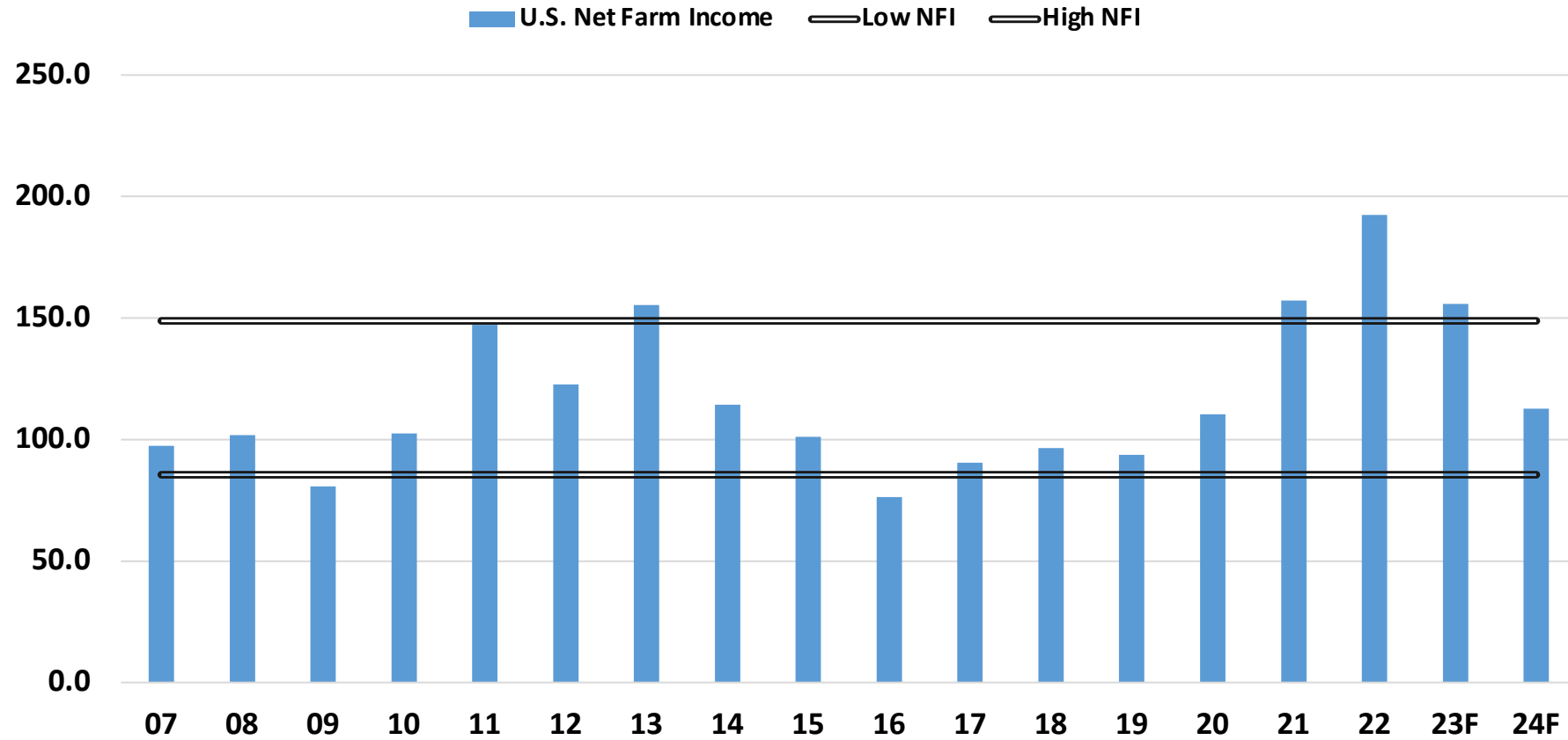
Data as of February 7, 2024.

# Components of U.S. Net Farm Income

Item	2024	% Δ 2023
Gross Cash Farm Income (a)	549.8	-4.1%
Nonmoney Income (b)	25.5	3.3%
Value of Inventory Adjustment (c)	-4.0	N/A
Total Gross Farm Income (d) = (a+b+c)	571.3	-3.9%
Total Expenses (e)	455.1	3.8%
Net Farm Income (f)	116.1	-25.5%

## Average, Low, and High Real U.S. Net Farm Income (Billions of \$)

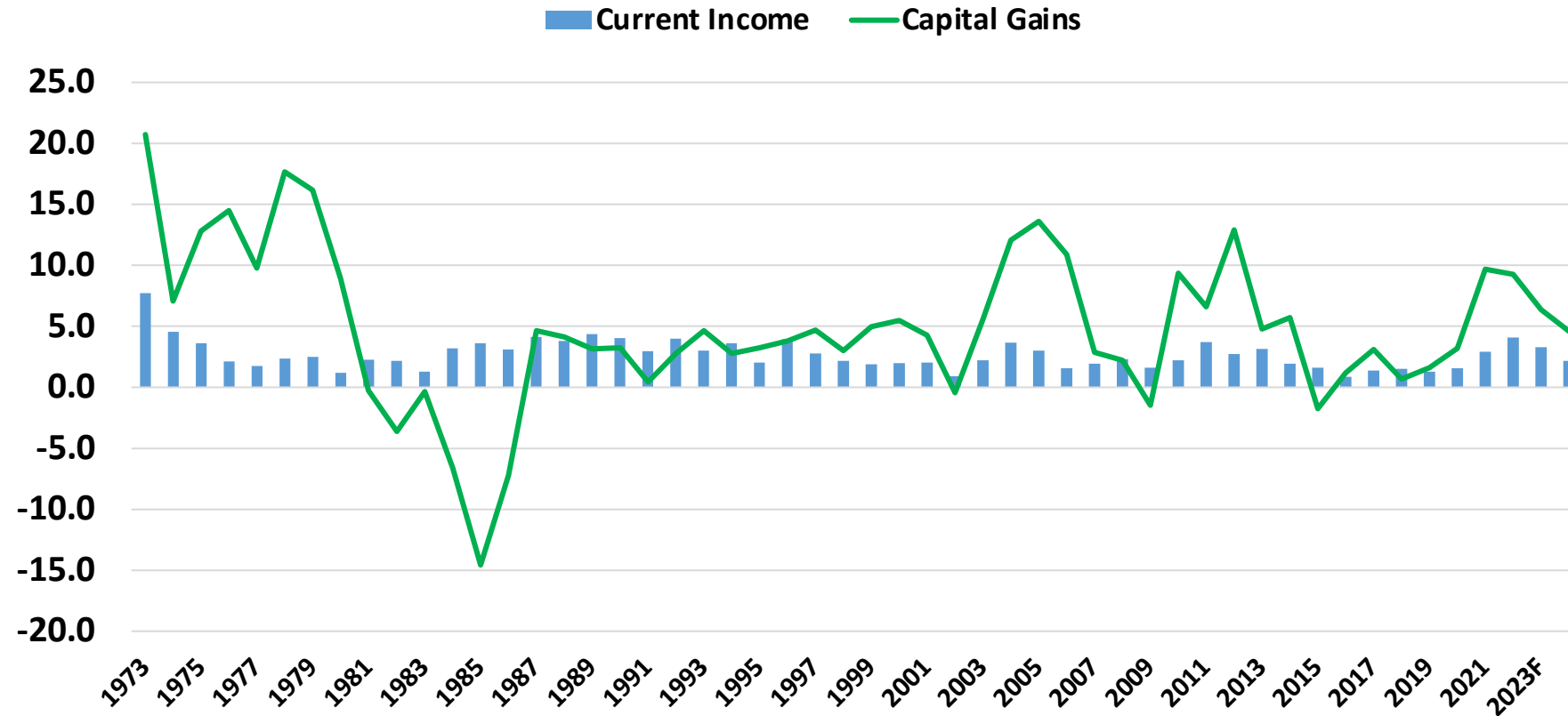
Source: USDA-ERS



# *Long-Run Averages: Return on Farm Assets*

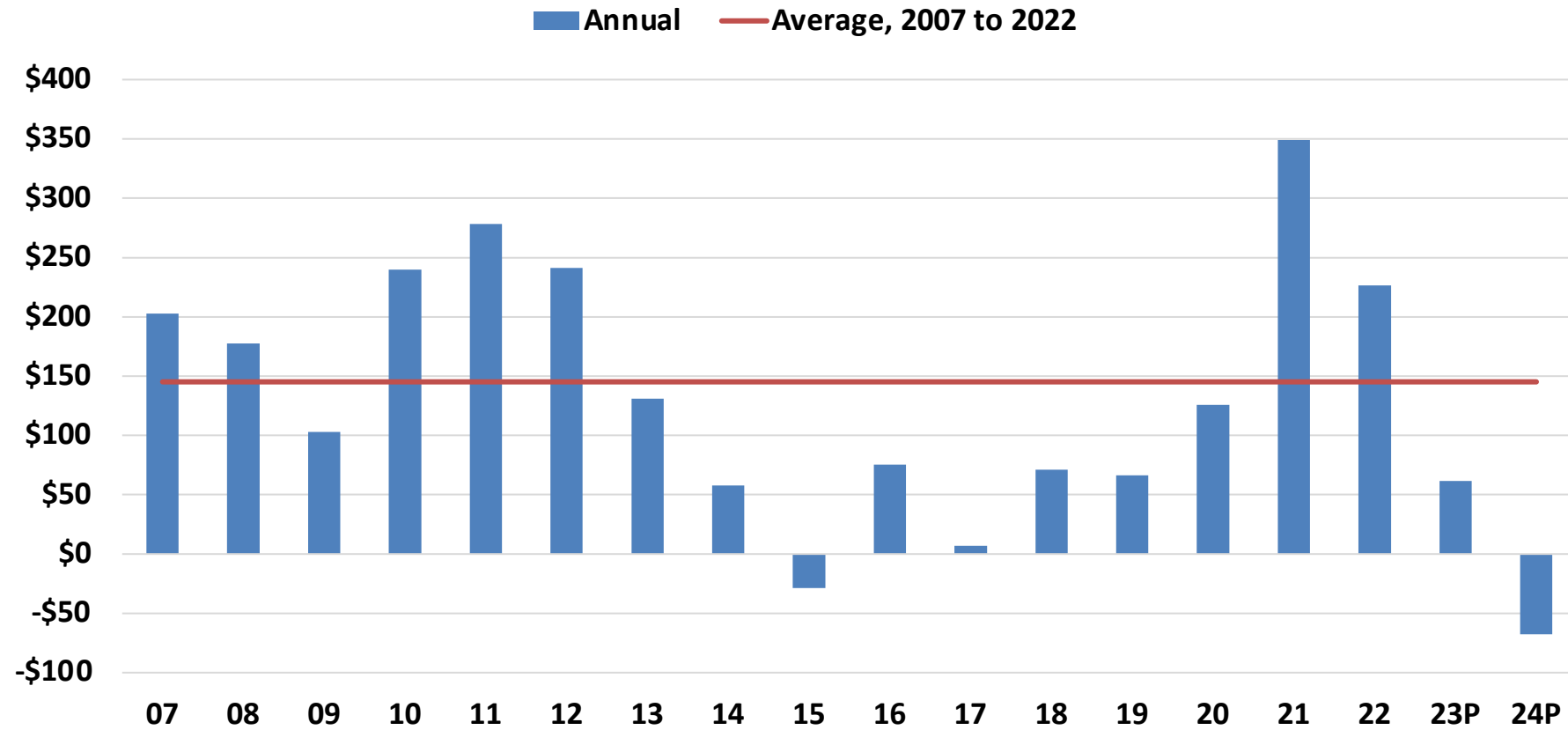
*Current Income = 2.7%; Real Capital Gains = 4.9%*

**Decomposition of Return on Assets, U.S. Farm Sector**  
**Source: USDA-ERS**



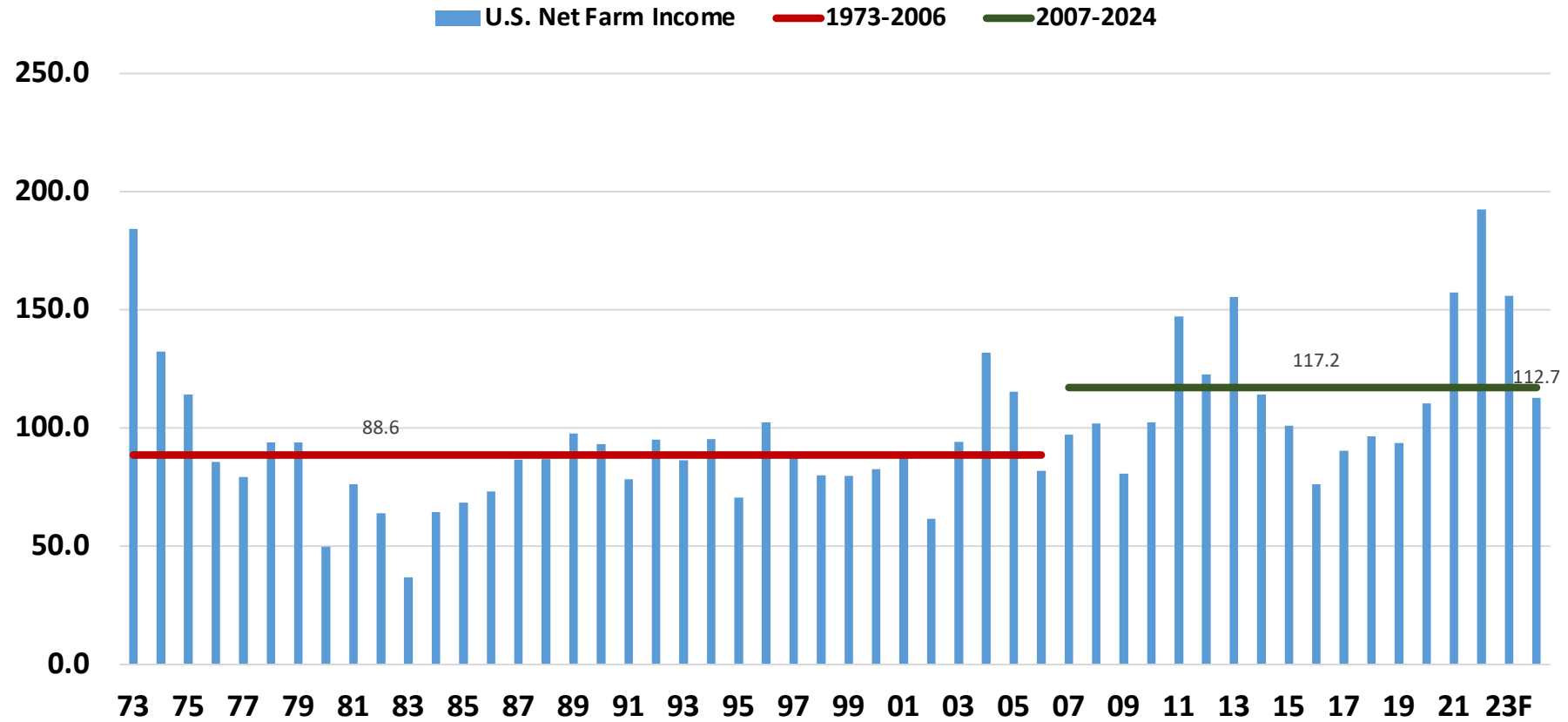
# West Central Indiana Case Farm 3000 Acres of Corn and Soybeans

Net Farm Income, Corn/Soybean Rotation (\$ per Acre)  
West Central Indiana Case Farm



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

Source: USDA-ERS



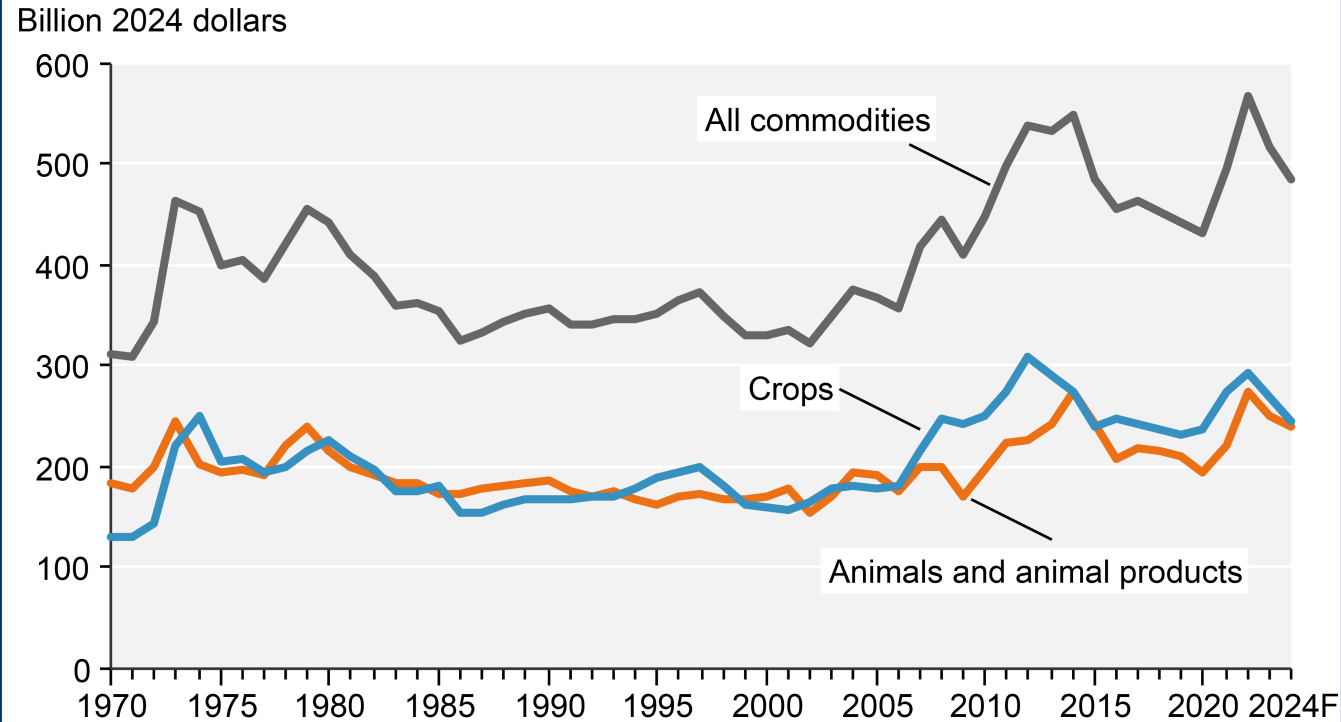
# Receipts & Revenues

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# USDA FARM INCOME FORECAST

## U.S. farm sector cash receipts, inflation adjusted, 1970–2024F



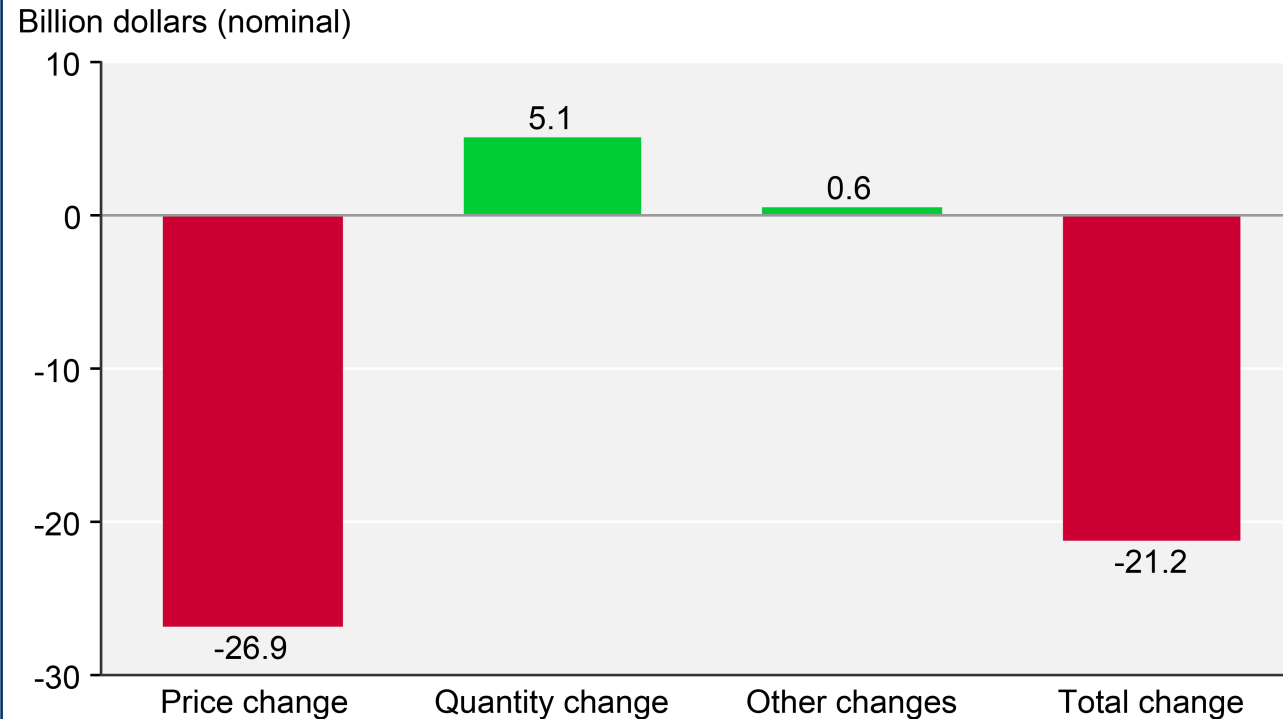
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Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of February 7, 2024.

# USDA FARM INCOME FORECAST

## Change in U.S. farm cash receipts, 2023F–2024F, 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.

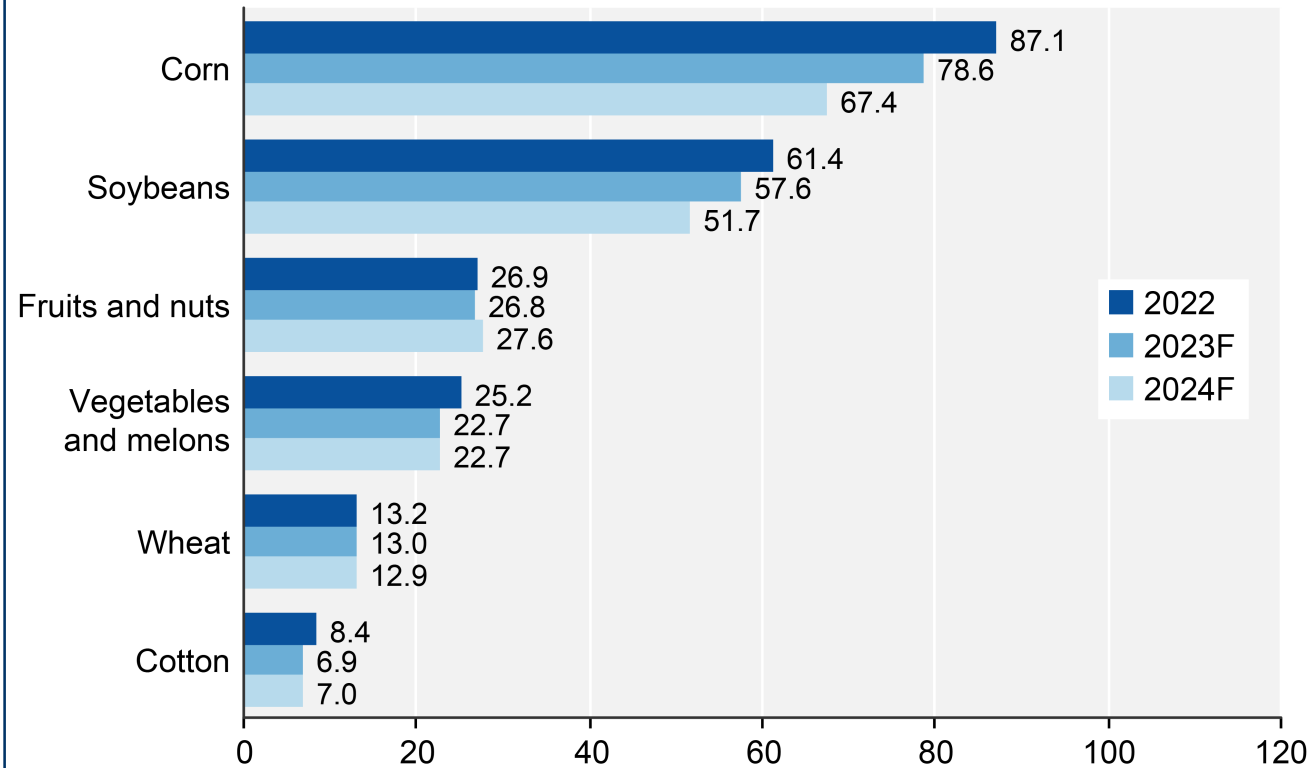
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of February 7, 2024.

# USDA FARM INCOME FORECAST

## U.S. cash receipts for selected crops, 2022–2024F

Billion dollars (nominal)



Note: F = forecast; data for 2023 and 2024 are forecasts.

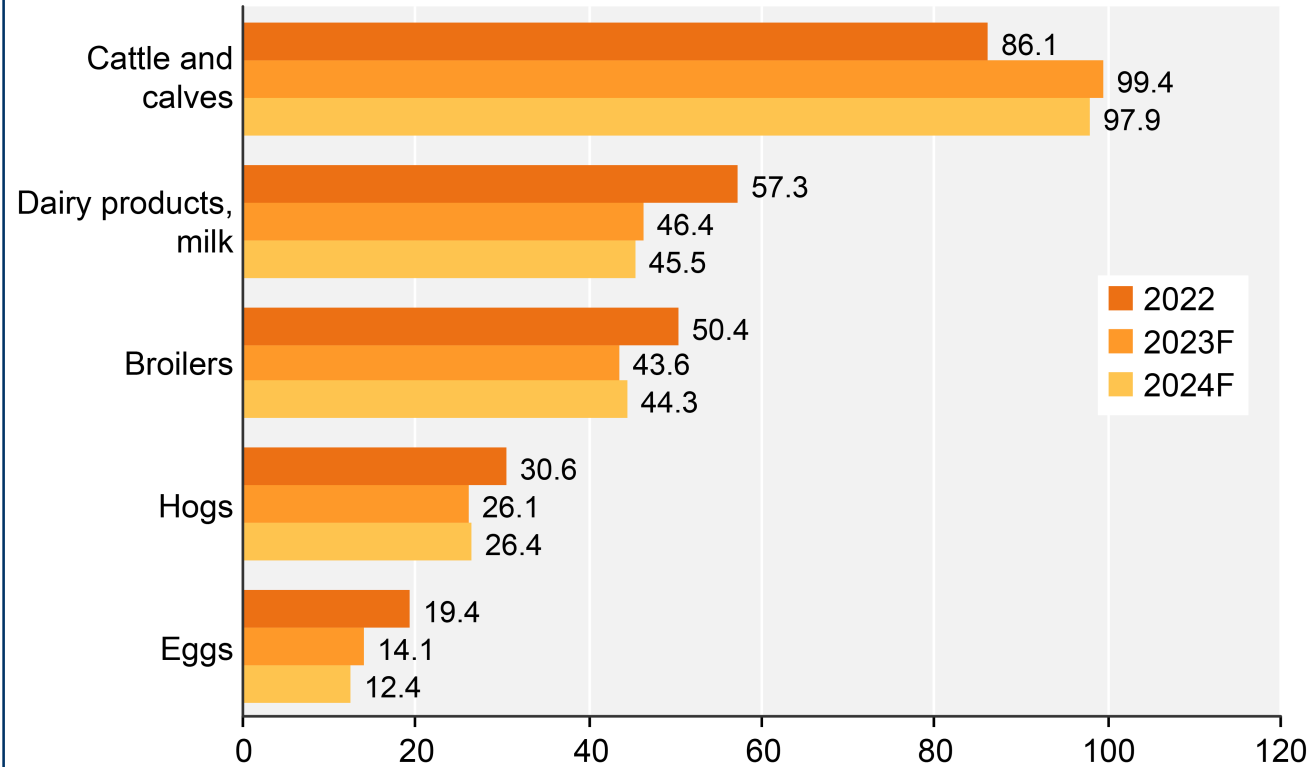
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of February 7, 2024.

# USDA FARM INCOME FORECAST

## U.S. cash receipts for selected animals/products, 2022–2024F

Billion dollars (nominal)



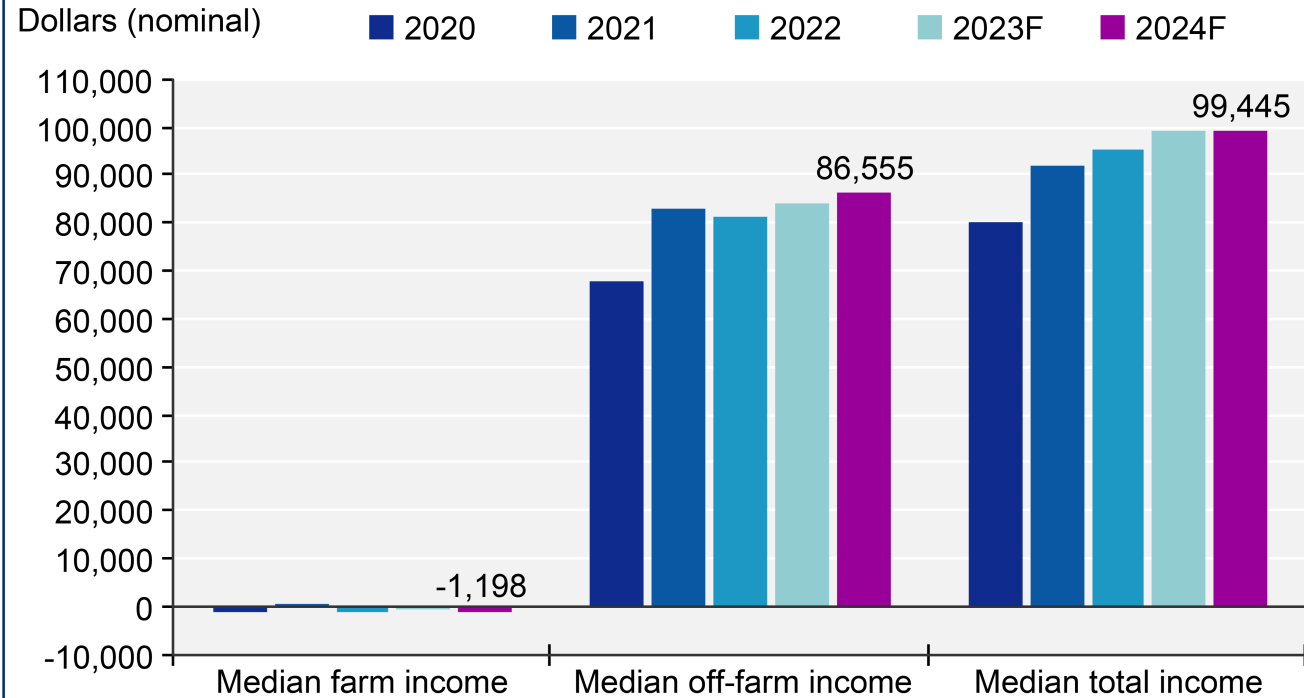
Note: F = forecast; data for 2023 and 2024 are forecasts.

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

Data as of February 7, 2024.

# USDA FARM INCOME FORECAST

## Median farm income, off-farm income, and total income of farm households, 2020–24F



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.

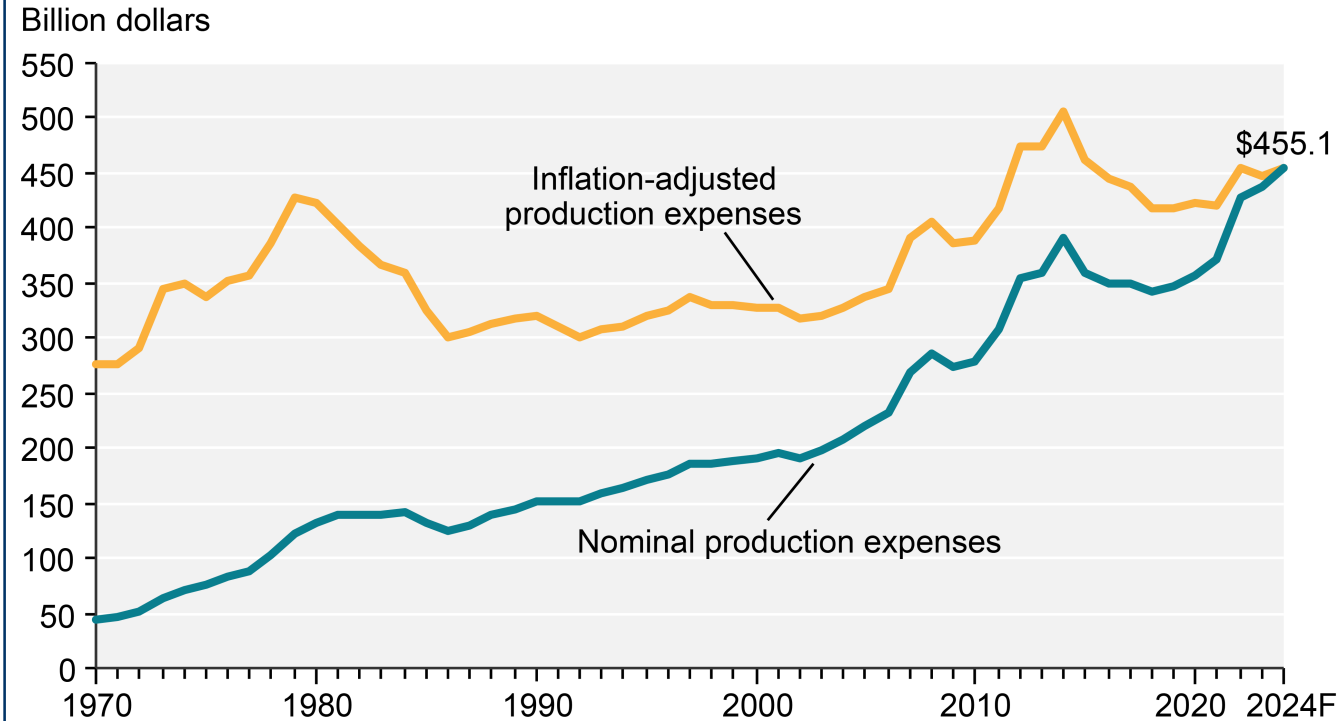
Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, Agricultural Resource Management Survey. Data as of February 7, 2024.

# Expenses



# USDA FARM INCOME FORECAST

## Nominal and inflation-adjusted U.S. farm production expenses, 1970–2024F



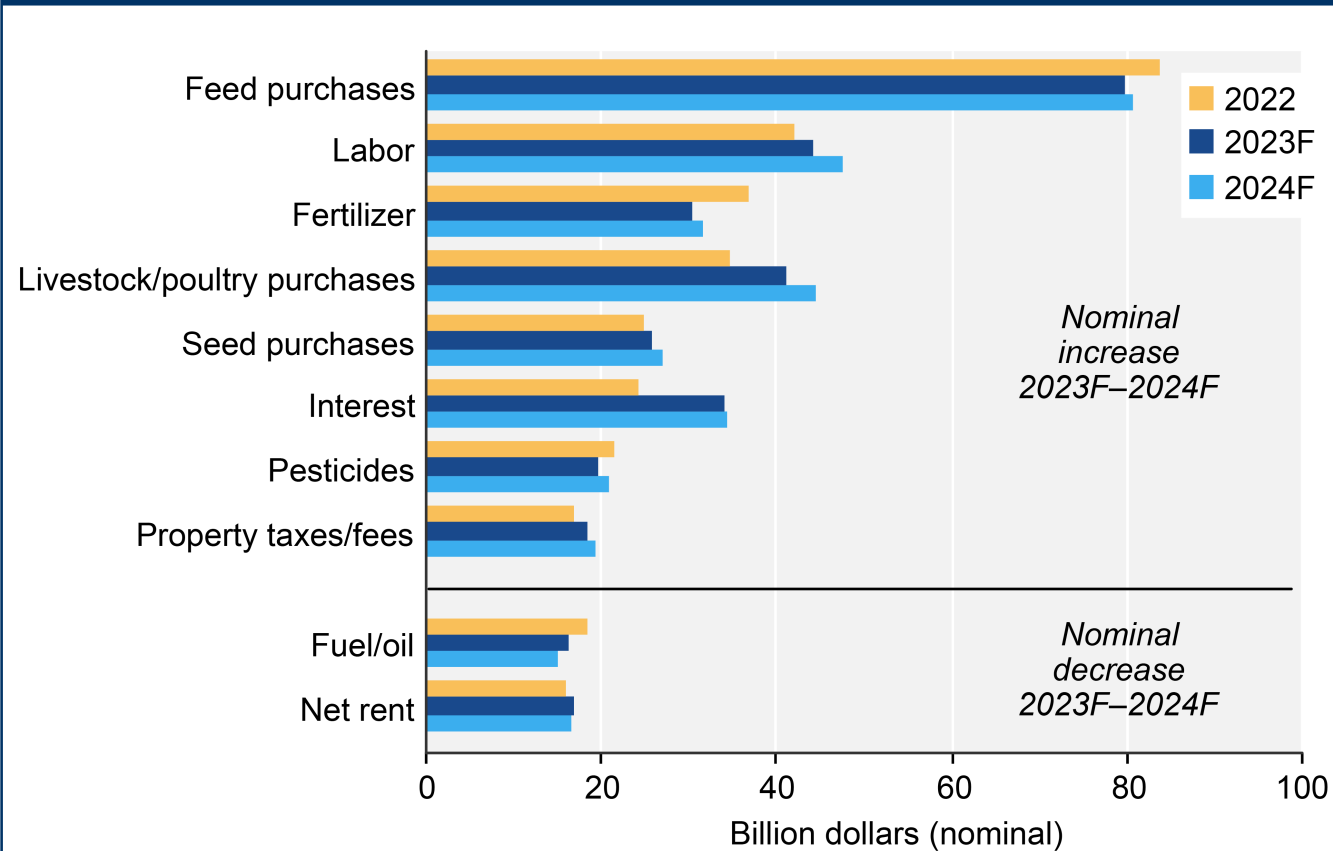
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Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of February 7, 2024.

# USDA FARM INCOME FORECAST

## Selected U.S. farm production expenses, 2022–2024F



Note: F = forecast.

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

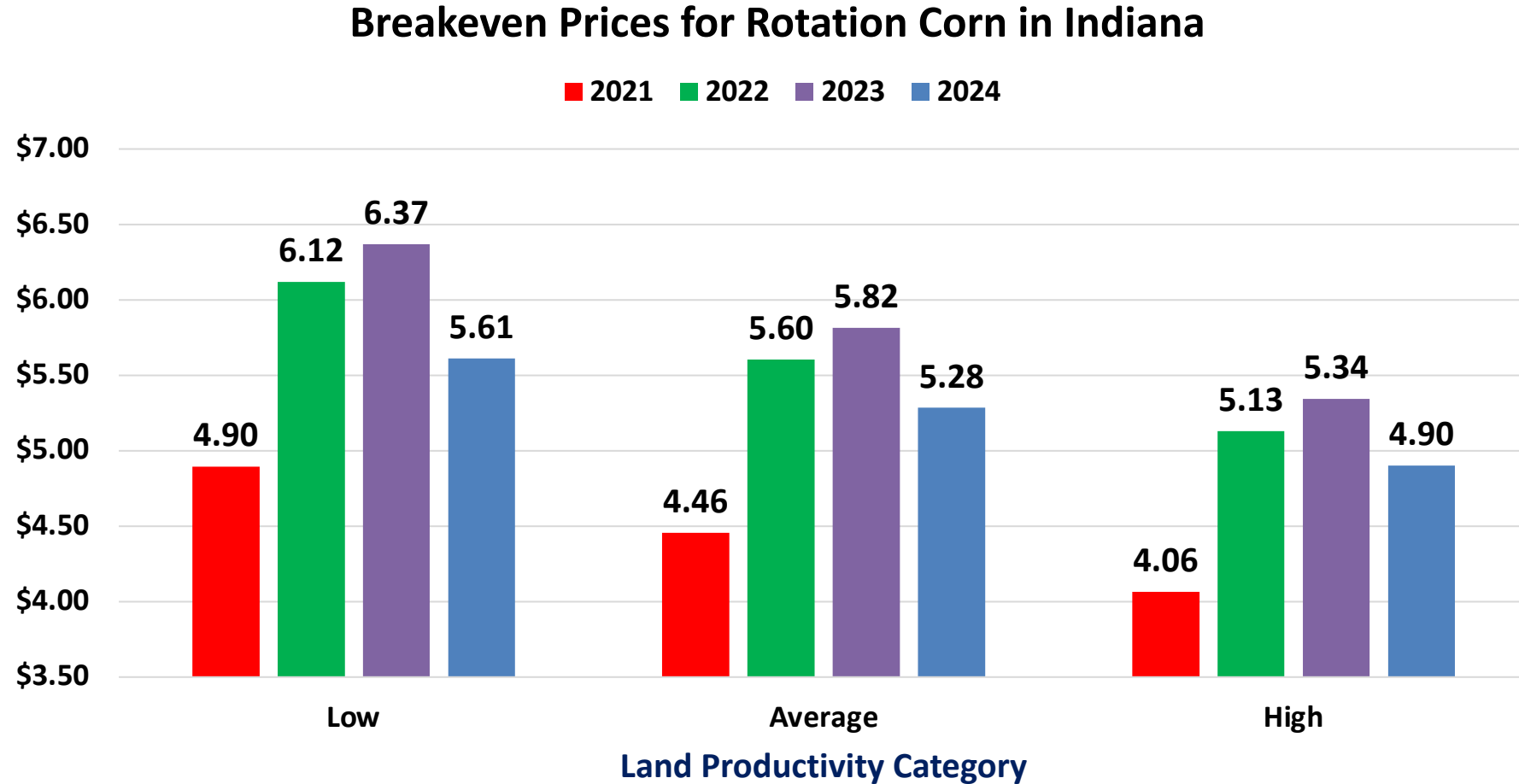
Data as of February 7, 2024.



# Breakeven

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# Breakeven Prices for Corn are Expected to Decline 12%



# Balance Sheet

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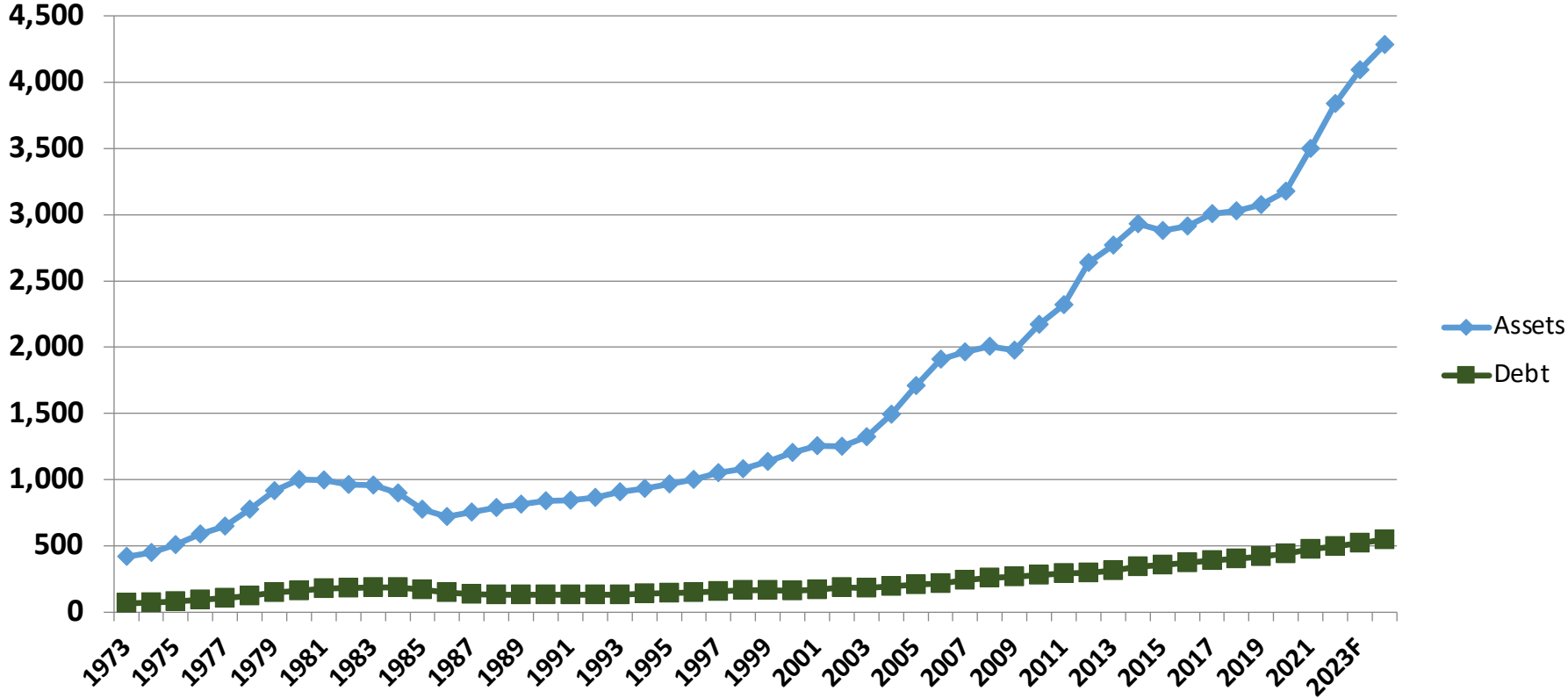
# U.S. Farm Sector, 2024 Balance Sheet

Source: USDA-ERS

Item	\$ Billion	Percentage
Financial Assets	108.7	2.5
Purchased Inputs	22.4	0.5
Crop Inventories	57.2	1.3
Livestock Inventories	100.1	2.3
Machinery and Equipment	383.4	9.0
Real Estate	3,611.3	84.3
Total Assets	4,283.1	100.0
Total Debt	547.6	12.8
Farm Equity	3,735.5	87.2

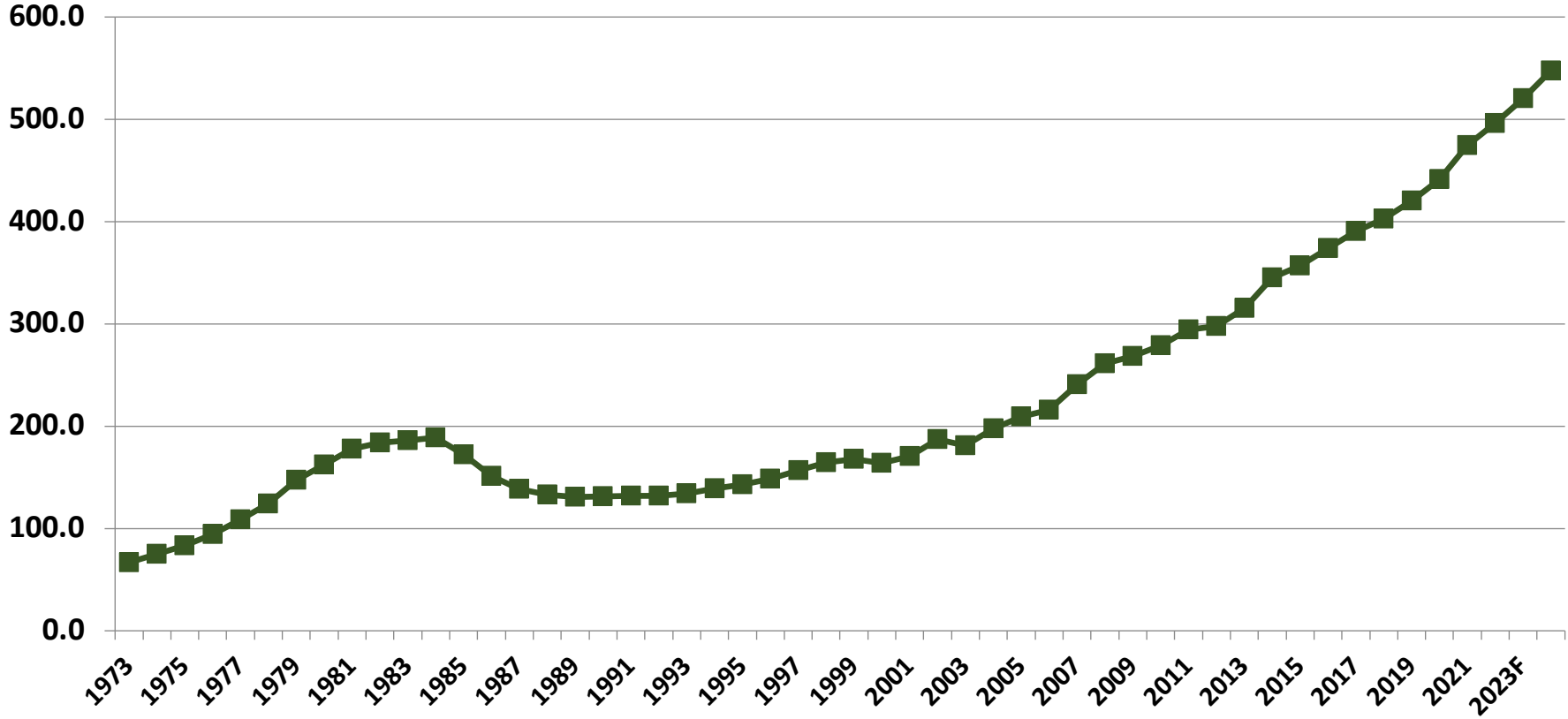
# Real U.S. Farm Sector Asset and Debt Values (billions of dollars)

Source: USDA-ERS



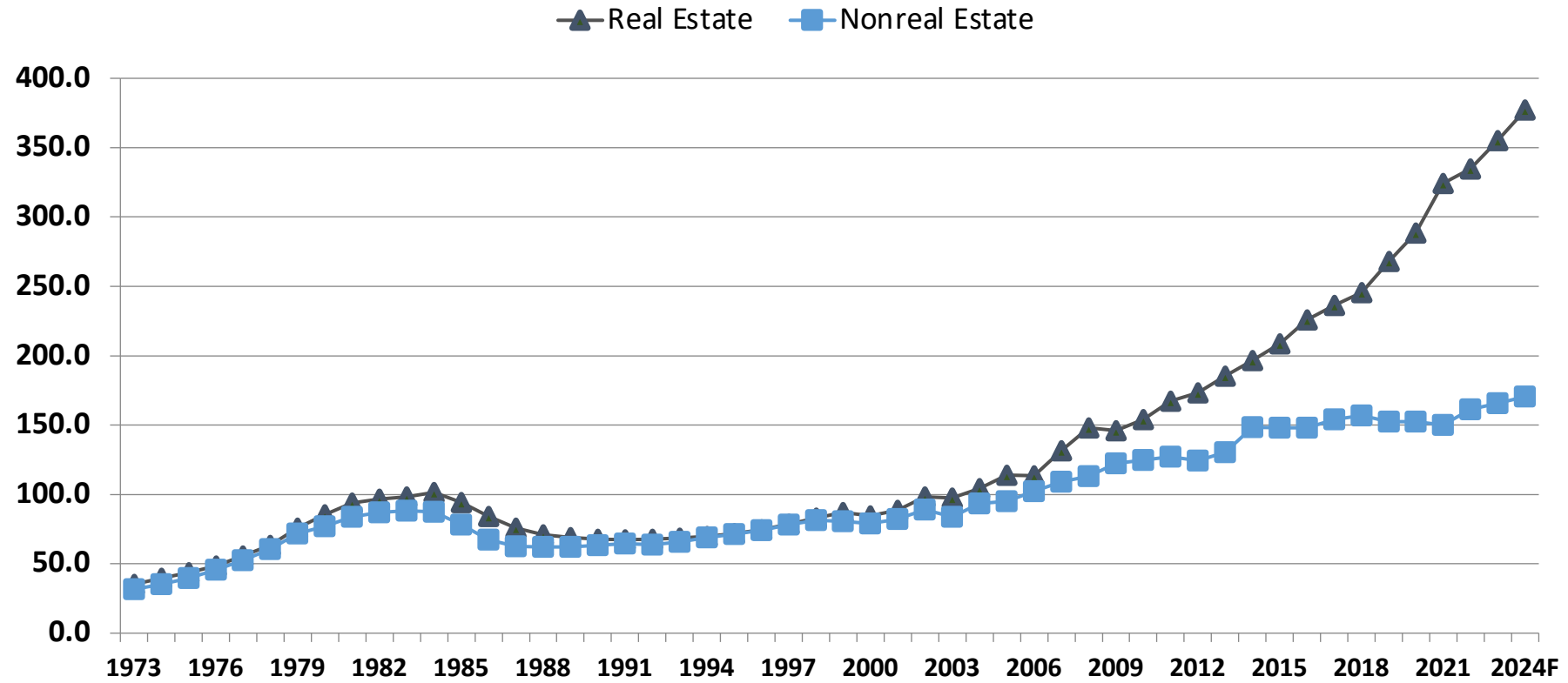
# Real U.S. Farm Sector Debt Values (billions of dollars)

Source: USDA-ERS



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

Source: USDA-ERS



# *U.S. Farm Sector Balance Sheet*

- Liquidity is expected to decline in 2024
  - CR in 2022 = 2.15
  - CR in 2023 = 2.08
  - CR in 2024 = 1.88
- Solvency remains relatively low
  - Debt to asset ratio = 0.128

▪ **Source: USDA-ERS**



# Summary

- U.S. net farm income is expected to decline from \$156 billion in 2023 to \$116 billion in 2024
- Net farm income in 2024 is similar to the long-run average (\$117.2 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 decrease in 2024, and expected to be well below the long-run average since 2007

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