



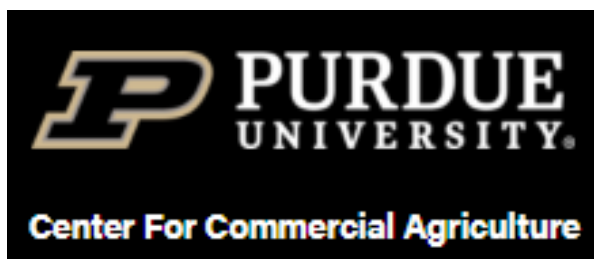
# Rural & Farm Finance Policy Analysis Center

University of Missouri

## *Spring 2025* **Indiana Farm Income Outlook**

*May 2025*  
*RaFF Report 2025-7*

*Produced in collaboration with*



## What is the goal of this report?

In February 2025, the U.S. Department of Agriculture (USDA)'s Economic Research Service (ERS) released state-level farm income estimates through calendar year 2023 and national farm income projections through calendar year 2025. The present report published by the Rural and Farm Finance Policy Analysis Center (RaFF) provides an updated outlook for Indiana farm income in calendar year 2025 and a first outlook for calendar year 2026. It intends to inform policymakers, industry analysts, and agricultural practitioners about the state agricultural sector's expected profitability and its main drivers.

## What methods were used to develop the outlook?

The RaFF Farm Income Model consists of a collection of equations calibrated using historical data from the USDA's ERS, Risk Management Agency and Farm Service Agency. RaFF's state-level forecasts are obtained by feeding national and regional projections from the Food and Agricultural Policy Research Institute at the University of Missouri (FAPRI-MU 2025) to the RaFF model. Published results incorporate adjustments based on the latest Prospective Plantings report (USDA/NASS 2025), and expert insights from agricultural economists at the Purdue University Center for Commercial Agriculture.

## How is farm income measured?

Following the ERS methodology (USDA/ERS 2025a), net cash farm income is calculated based on cash receipts, government payments, and insurance indemnities minus cash expenses in the calendar year when the cash flow occurs. Net cash farm income is adjusted by non-cash income and expenses and changes in inventory values to obtain a net farm income (NFI) measure.

## National Farm Income Trends

In February 2025, the ERS projected that U.S. NFI would increase by 30% in nominal terms from \$139 billion in 2024 to \$180 billion in 2025 (USDA/ERS 2025b). A \$33 billion increase in direct government payments — to provide financial relief after a farm income downswing in 2024 — is the major driver of this projected improvement in NFI, followed by a projected \$6.9 billion decline in intermediate product purchases (feed, fertilizer, lime and soil conditioners, and pesticides). Cash receipts from crops were expected to drop by \$5.6 billion, while cash receipts from animals and animal products were expected to increase by \$4.3 billion in 2025. A smaller decline in crop and livestock inventory values during 2025 than during 2024 will support a \$6.5 billion higher NFI in 2025. Higher labor costs and net rent to landlords would reduce NFI by \$2.8 billion in 2025.

In April 2025, FAPRI projected that U.S. NFI would increase by 29% in inflation-adjusted terms from \$143 billion in 2024 to \$180 billion in 2025 (FAPRI-MU 2025). In agreement with ERS projections, the main driver of NFI according to FAPRI projections will be government payments, totaling \$42.35 billion in 2025 and \$33 billion higher than in 2024, intended to offset farm losses from recent years. Similarly, FAPRI projections are indicative of higher labor costs and net rents to landlords and lower crop cash receipts (reducing NFI), as well as higher livestock cash receipts and slower declines in inventory values (increasing NFI) in 2025 than in 2024.

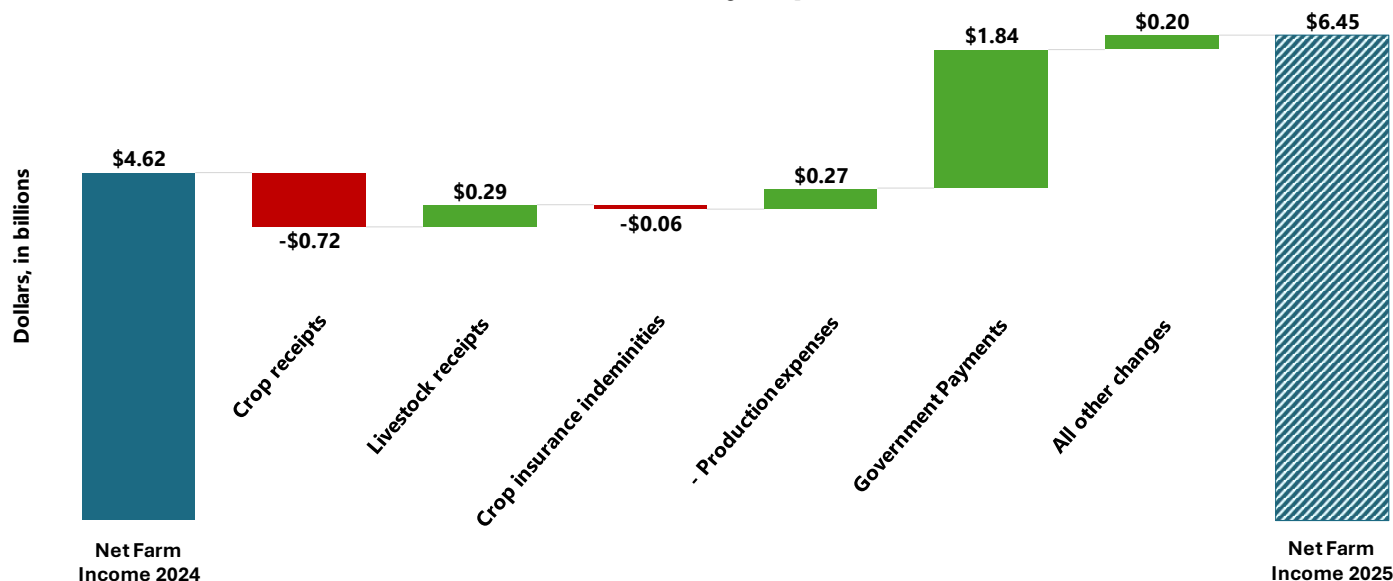
On the same week when the FAPRI projections were published, USDA issued the 2025 Prospective Plantings report (USDA/NASS 2025), showing corn area at levels consistent with FAPRI projections (5% higher than in 2024), but lower soybean, wheat and cotton area (4%, 2%, and 12% lower than in 2024, respectively).

The present Indiana Farm Income Outlook by RaFF incorporates information from USDA/ERS (2025b), FAPRI-MU (2025), and USDA/NASS (2025), but it does not fully account for the impact of tariff announcements.

## Indiana Farm Income in 2025

Indiana net farm income is projected to increase 40% to \$6.45 billion in 2025, due mainly to higher government payments, which Congress authorized to blunt the effects of economic- and disaster-related losses farms recorded in recent years including 2024. From 2024 to 2025, crop receipts are expected to decrease by \$721 million while livestock receipts are projected to increase by \$295 million. Driven by lower expenses in feed, interest, and net rent to landlords, production expenses are projected to fall by \$272 million. Federal crop insurance indemnities are expected to decrease by \$56 million (-26%). Notably, **direct** government payments totaling \$2.3 billion (\$1.8 billion higher than in 2024) are projected to more than offset the decline in crop receipts and generate aggregate profits for the farm sector. Indiana's projected 40% increase in net farm income is greater than the projected 30% increase in U.S. net farm income for 2025.

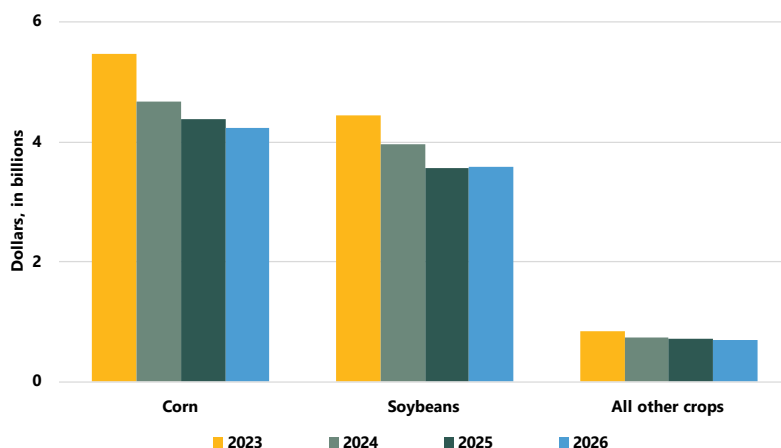
### Net farm income to jump 40% in 2025



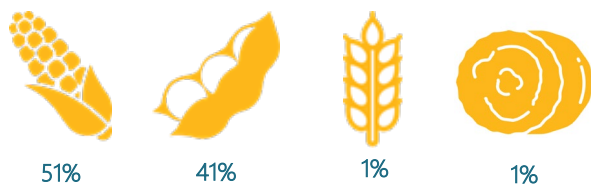
## Indiana Crops

- Total cash receipts for crops in Indiana are projected to decrease \$721 million (-8%) in 2025, with lower earnings expected for both of the state's major crops. Total crop area is forecast at 11.9 million acres, an increase of 1% over 2024.
- Corn receipts, which account for slightly over half of the state's total crop receipts, are expected to decline \$295 million (-6%) to \$4.38 billion in 2025. Although planted area is expected to increase by 200,000 acres (4%), a 6% drop in prices and slightly lower yields would contribute to the third consecutive year of declining receipts following a banner year in 2022. Corn receipts are expected to

### Crop receipts decrease \$721 million in 2025



## 2025 share of crop receipts (listed in order of receipt value)



continue to decrease an extra \$151 million (-3%) in 2026, due to a smaller crop and lower prices.

- Soybean receipts are expected to drop by \$388 million (-10%) to \$3.57 billion in 2025, driven by the drop in 'old' crop receipts: the receipts from marketing the 2024 crop in 2025 would be substantially lower than the receipts from marketing the 2023 crop in 2024. Additionally, the 'new' 2025 crop would be slightly smaller than the 2024 crop, as planted acres are

projected to decrease by 100,000 (-2%) and yields remain stable under normal weather conditions. Little change in total production is expected in 2026, and cash receipts are expected to remain stable next year.

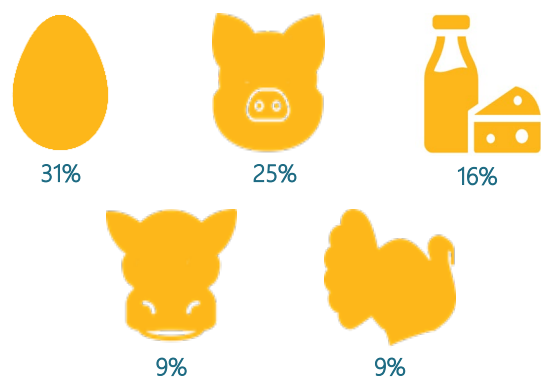
- Wheat area planted is expected to tick up 10,000 acres (3%), contributing to a 6% increase in production for a total of 22.6 million bushels. Despite stable prices, 2025 wheat receipts are expected to dip \$3.9 million (-3%), reaching \$112 million, due to much lower receipts from 'old' crop marketings in 2025 than in 2024.
- Crop receipts are projected to continue declining in 2026, as lower receipts from corn and wheat offset slightly higher receipts from soybeans.

## Indiana Livestock

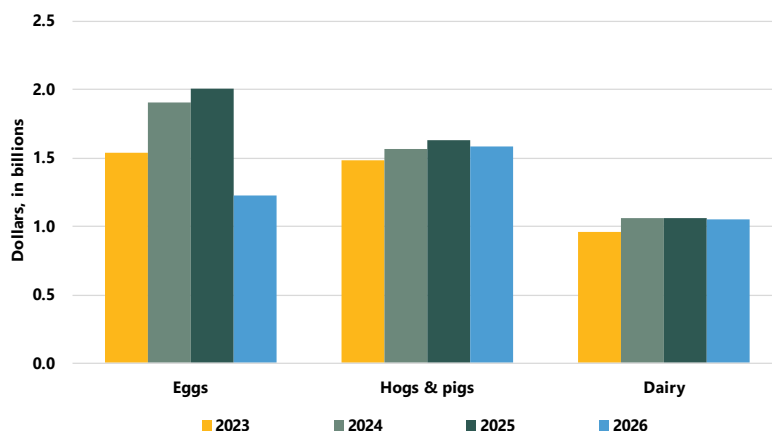
- Total livestock receipts in Indiana are expected to increase \$295 million (5%) to \$6.46 billion in 2025, but predictions suggest challenges to the sector in 2026.

- Eggs will account for the largest share of Indiana livestock receipts for the fourth year in a row. Although prices are projected to retreat from 2024 highs, production is expected to increase 11% to 990 million dozen, contributing to an expected increase in cash receipts of \$98 million (5%) to \$2 billion. Prices are expected to drop significantly in 2026, however, and cash receipts are expected to decrease 39% to \$1.23 billion in that year.

## 2025 share of livestock receipts (listed in order of receipt value)



## Livestock receipts see \$295 million uptick



- Despite stable prices, hog receipts are expected to increase 4% to \$1.63 billion, mainly due to a 6% increase in pig crop and 4% higher shipments. However, a smaller pig crop and lower prices in 2026 would result in 3% lower cash receipts.

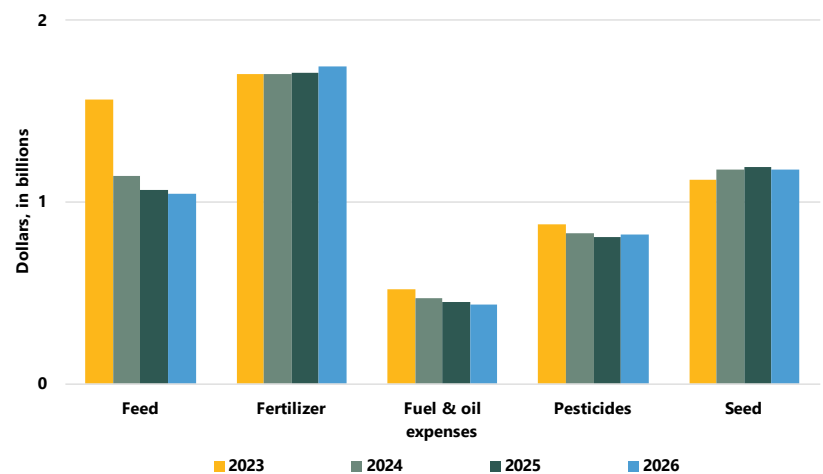
- Dairy receipts are expected to remain stable at \$1.06 billion. Milk prices, production, and inventories are expected to change little in 2025 and 2026.

- Driven by increased marketings and higher prices, receipts for cattle and calves are expected to increase \$55 million (10%) to \$608 million. Turkeys, likewise, are expected to see a \$58 million (11%) increase in cash receipts to \$601 million, driven largely by a nearly 10% increase in projected price.

## Indiana Expenses

- Production expenses are projected to decrease by \$272 million (-2%) in 2025.
- Feed expenses represent the largest area of projected savings for producers and are expected to decline by \$75 million (-7%) in 2025.
- Expenses in pesticides, fuel and oils are anticipated to decrease by a combined \$40 million (-3%) in 2025.
- Fertilizer expenses are expected to remain relatively stable, increasing 1% to \$1.7 billion.
- Seed expenses are expected to tick up 1% to \$1.2 billion in 2025.
- Interest expenses are projected to decrease \$64 million (-6%) to \$931 million. Net rents to landlords are also expected to dip 6% to \$805 million. Both trends are expected to continue into 2026.

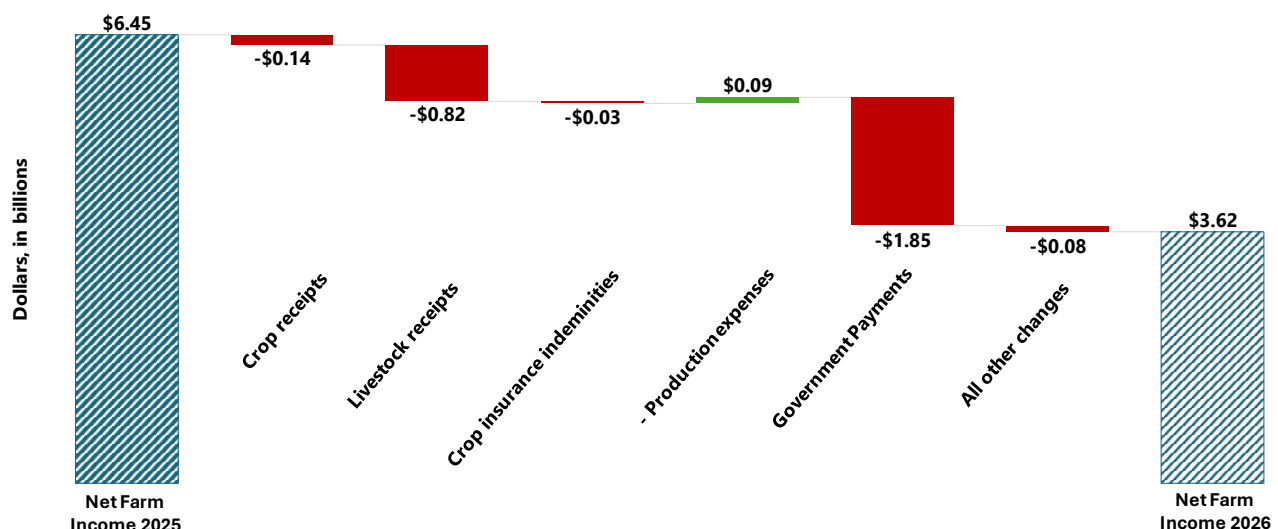
### Slightly lower farm input costs in 2025



## Indiana Farm Income in 2026

Indiana net farm income is projected to drop by 44% to \$3.62 billion in 2026, as government payments return to historical average levels while cash receipts decline for both crops and livestock. Net farm income is estimated to average \$4.5 billion across the 10-year baseline projection (2025-2034).

### Net farm income to decrease 44% in 2026



## Disclaimer

The results presented in this report do not consider market uncertainty. Small proportional changes in cash receipts or production expenses can dramatically change the NFI outlook.



## References

FAPRI-MU. 2025. *U.S. Agricultural Market Outlook. FAPRI-MU Report #01-2025*. <https://tinyurl.com/vnktkv53>  
USDA/ERS. 2025a. *Farm Income and Wealth Statistics: General Documentation*. <https://tinyurl.com/52b53fka>  
USDA/ERS. 2025b. *Farm Sector Income & Finances: Farm Sector Income Forecast*. <https://tinyurl.com/f9yfdptd>  
USDA/NASS. 2025. *Prospective Plantings*. <https://tinyurl.com/4zuipx5v>

## Additional Resources

University of Missouri Extension and the Purdue University Center for Commercial Agriculture offer valuable support through resources and workshops to inform decision-making. For more information, visit <https://muext.us/AgBusiness> and <https://ag.purdue.edu/commercialag/home/>.

## Recommended Citation

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A copy of this report, along with supporting tables, is available at <https://raff.missouri.edu/farm-income/>. Permission is granted to reproduce this information with appropriate attribution to the authors and RaFF. For questions and comments, please contact Alejandro Plastina ([aplastina@missouri.edu](mailto:aplastina@missouri.edu)).

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