

# FARM INCOME SITUATION AND OUTLOOK

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**AGRICULTURAL & APPLIED ECONOMICS**  
College of Agricultural & Life Sciences



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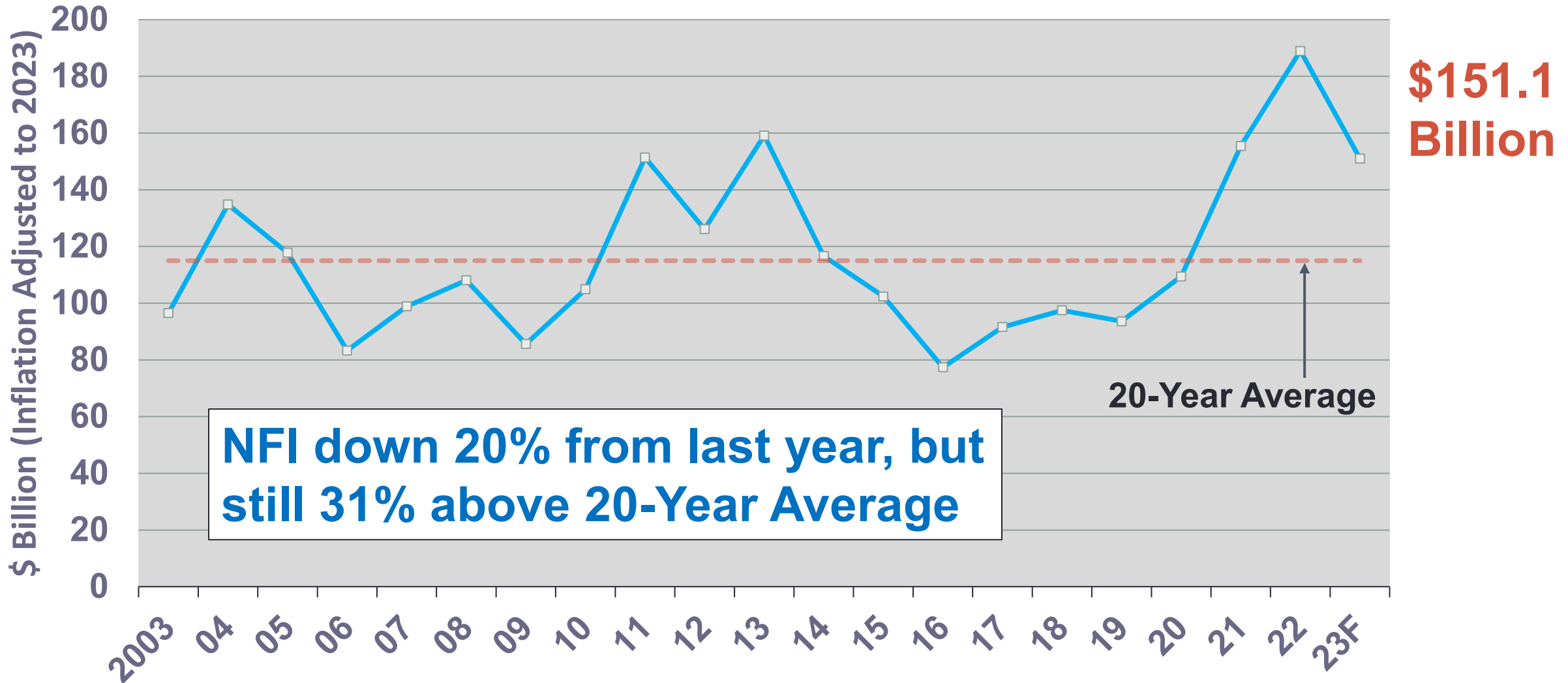
**2024 Wisconsin Agricultural Outlook Forum**

January 23, 2024                      Madison WI  
608-265-6514, [pdmitchell@wisc.edu](mailto:pdmitchell@wisc.edu)



**Extension**  
UNIVERSITY OF WISCONSIN-MADISON

# US Net Farm Income 2003-2023F

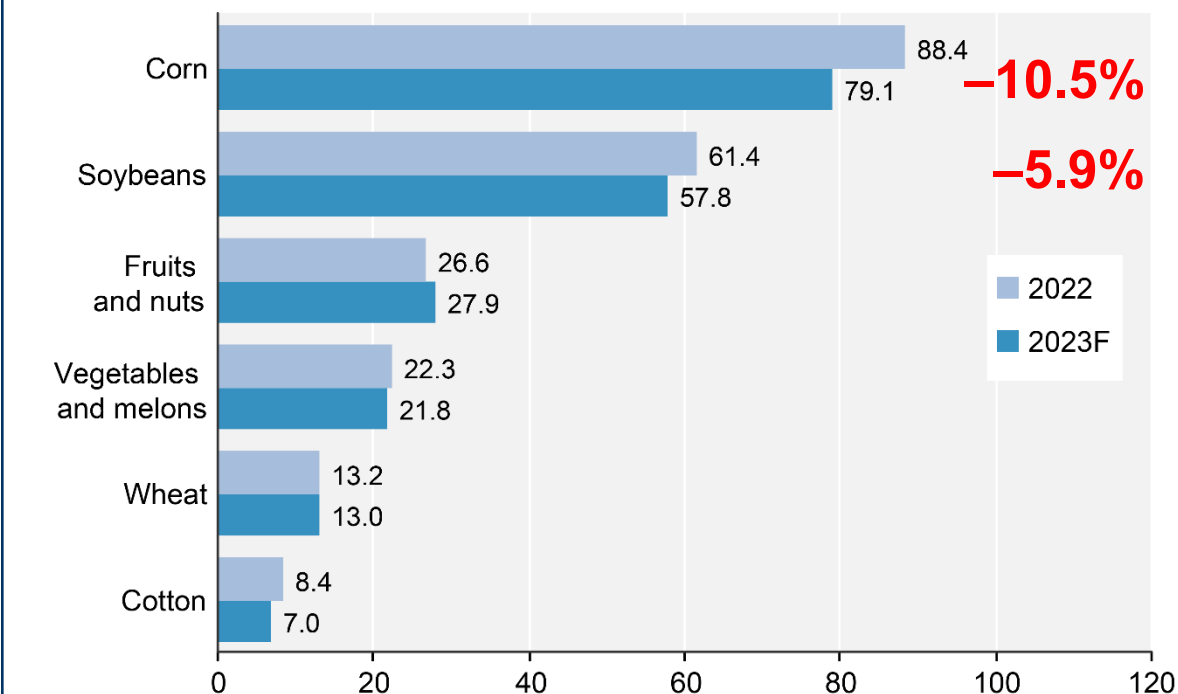


# Cash Receipts 2022 & 2023F by Commodity

## CROPS

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

Billion dollars (nominal)

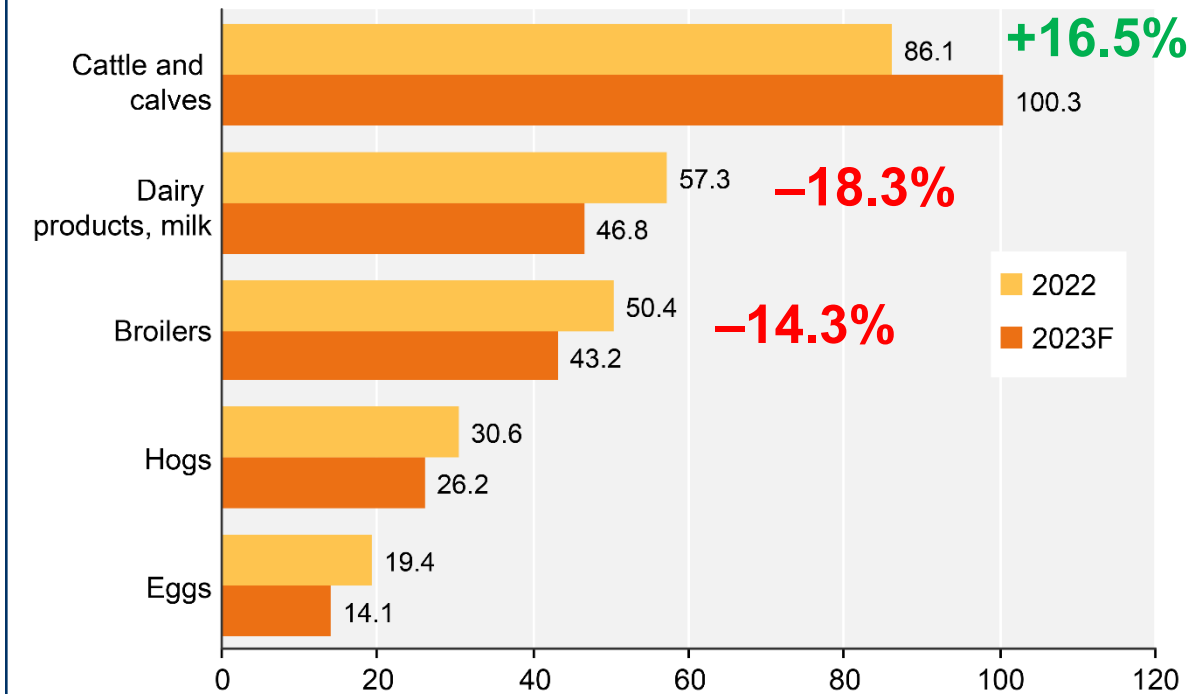


Note: F = forecast.  
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.  
 Data as of November 30, 2023.

## LIVESTOCK

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

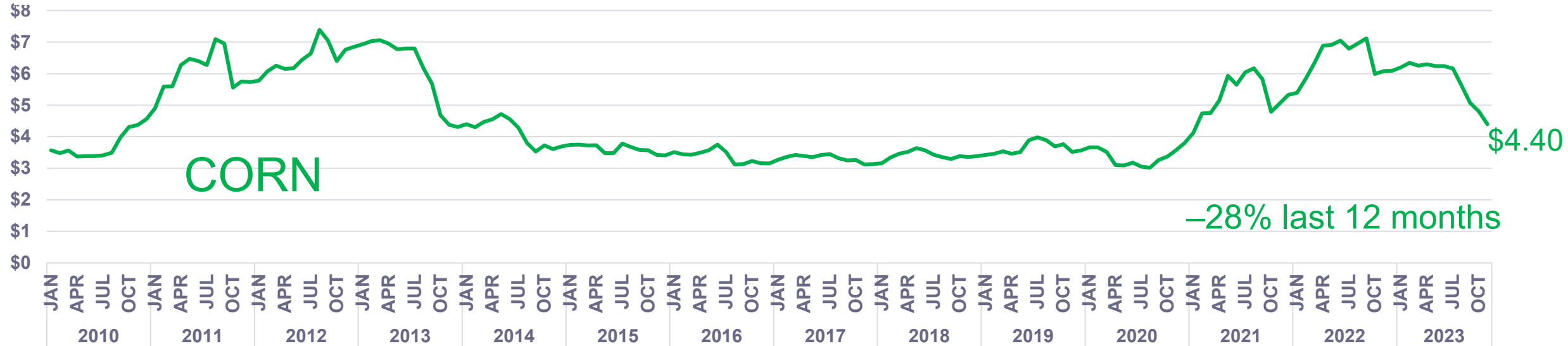
Billion dollars (nominal)



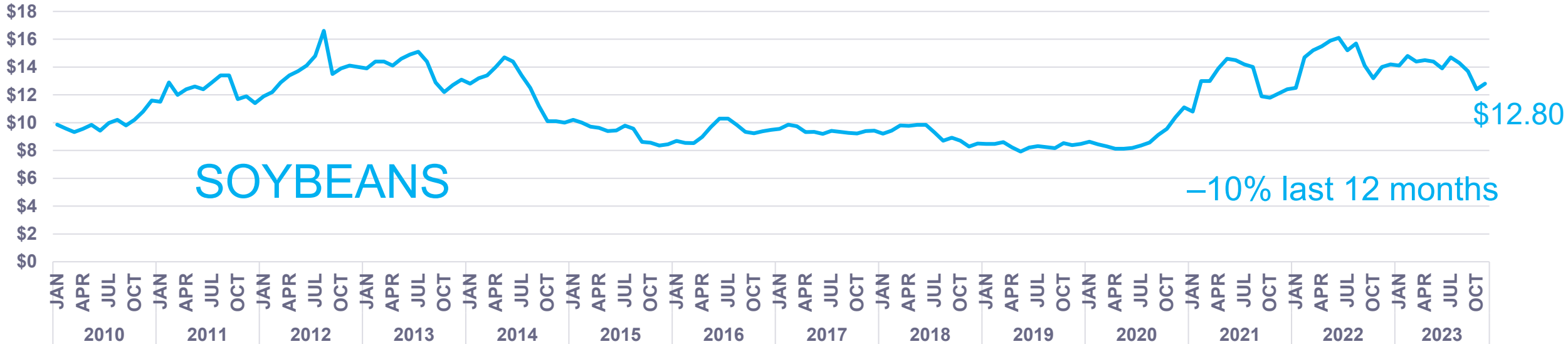
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# Prices Received by WI Farmers

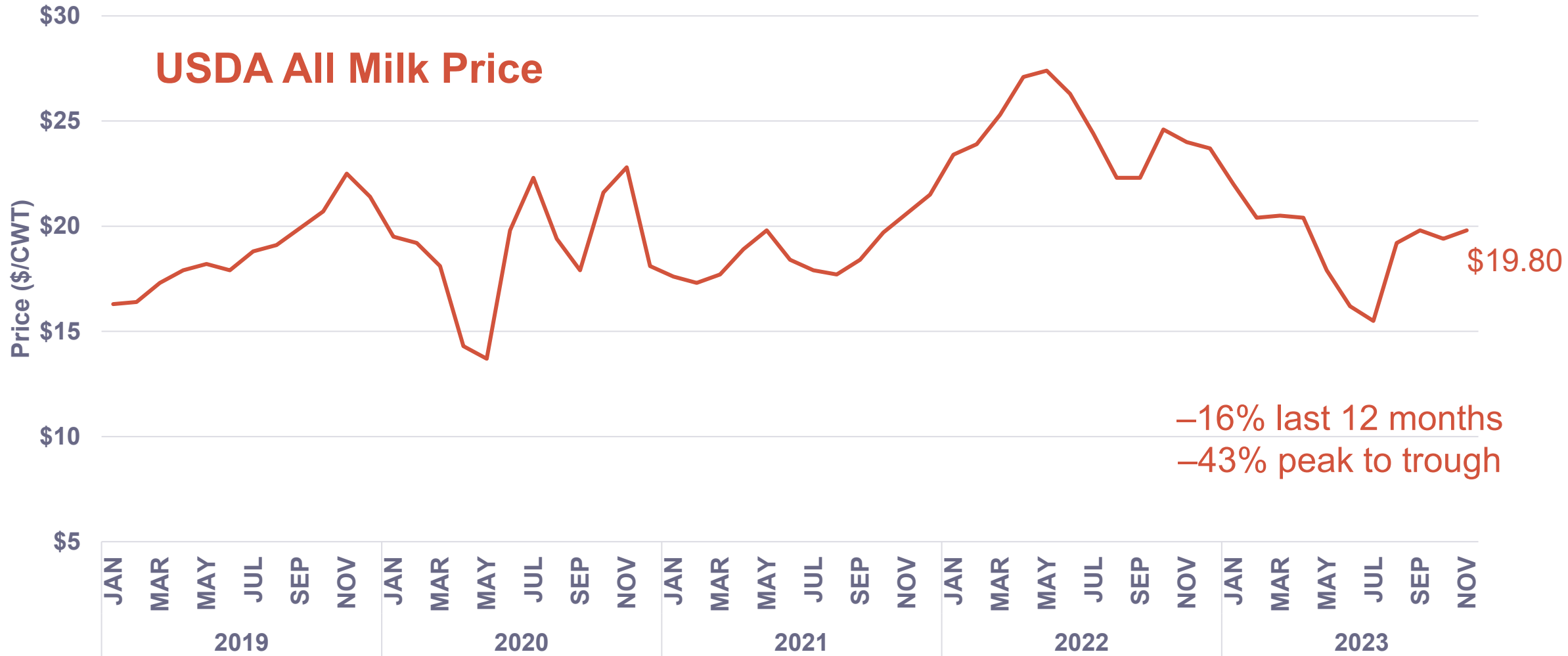
CORN



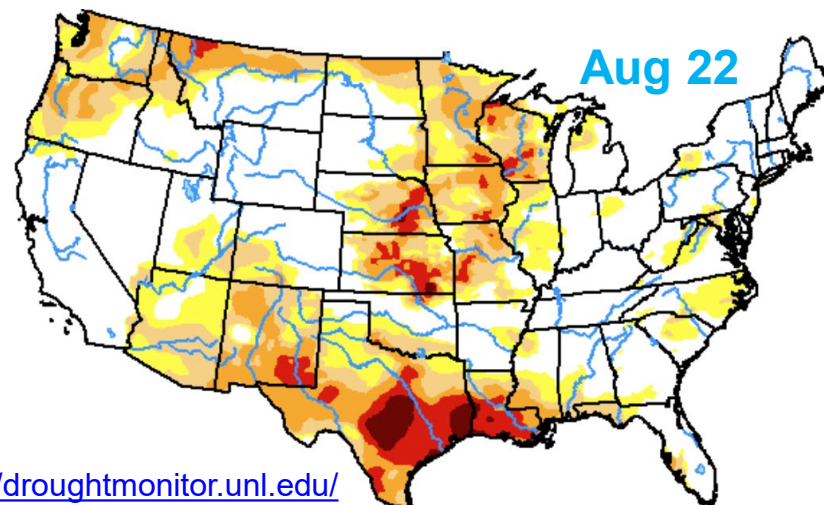
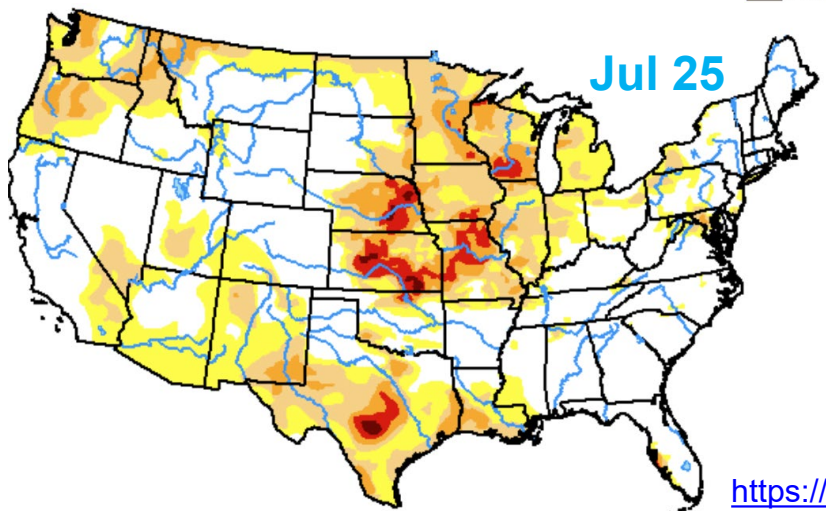
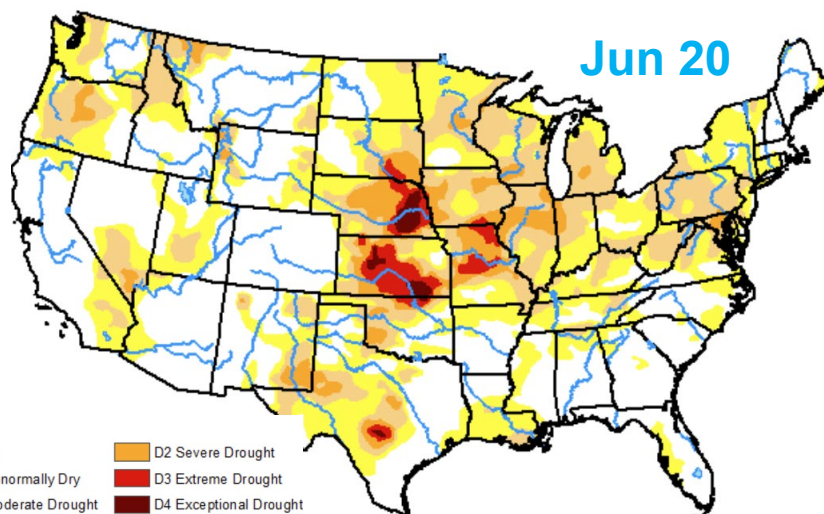
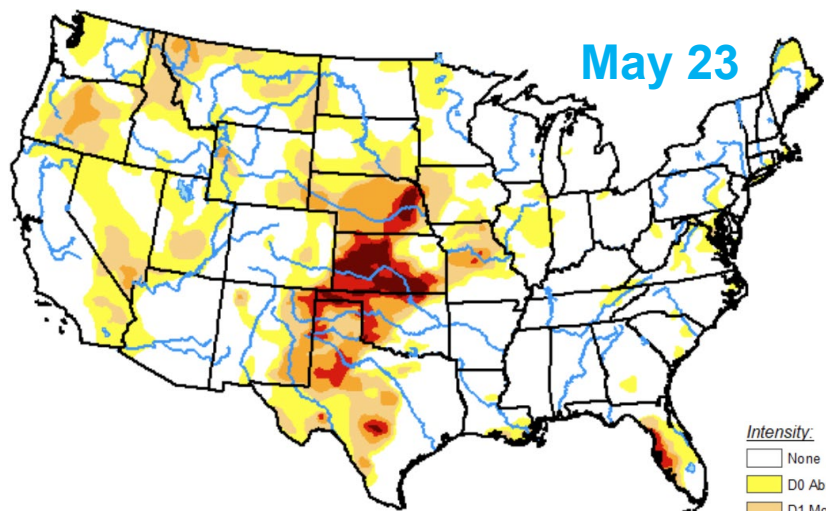
SOYBEANS









# Prices Received by WI Farmers



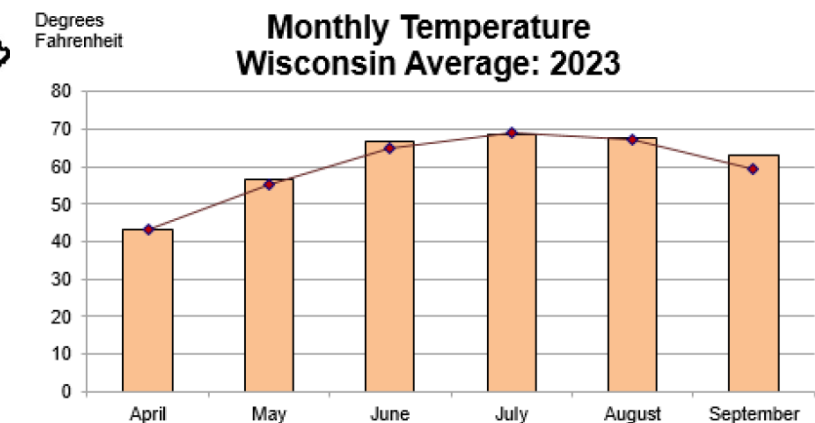
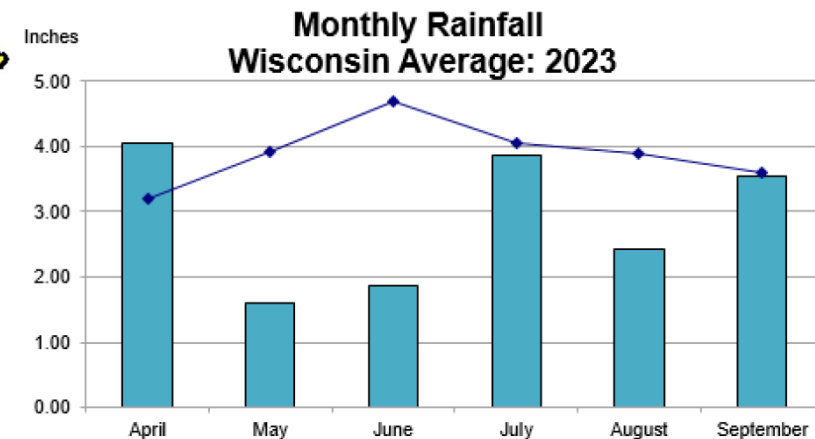
# Drought in 2023



*Intensity*

 None	 D2 Severe Drought
 D0 Abnormally Dry	 D3 Extreme Drought
 D1 Moderate Drought	 D4 Exceptional Drought

<https://droughtmonitor.unl.edu/>



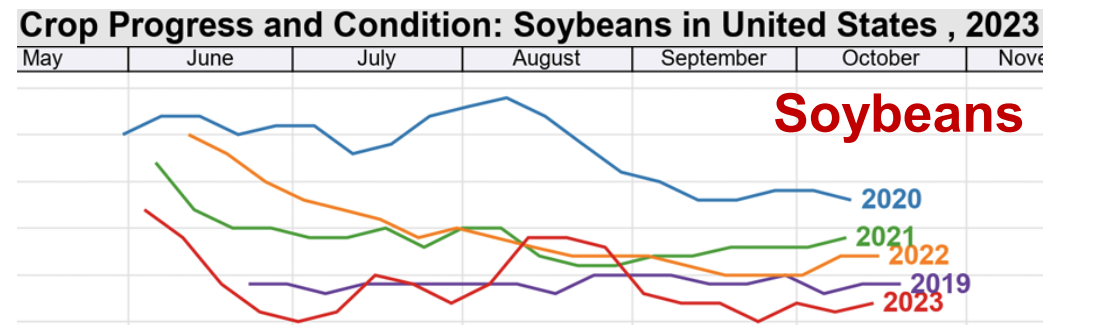
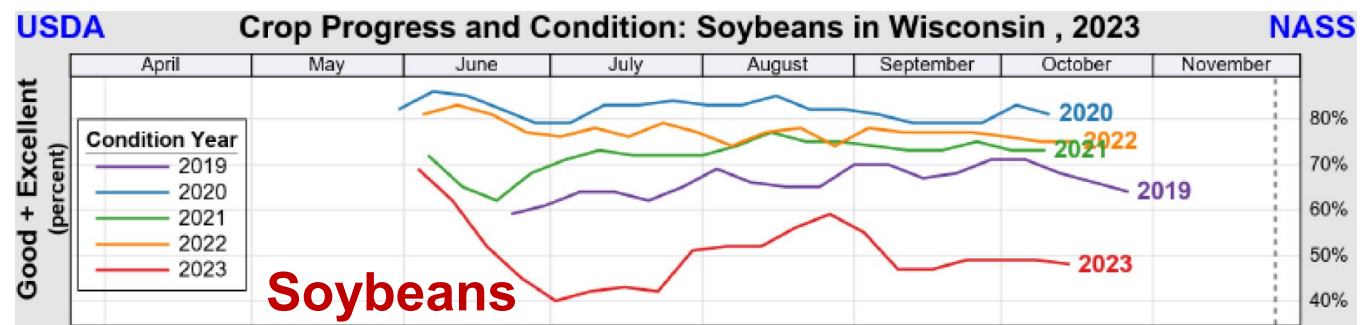
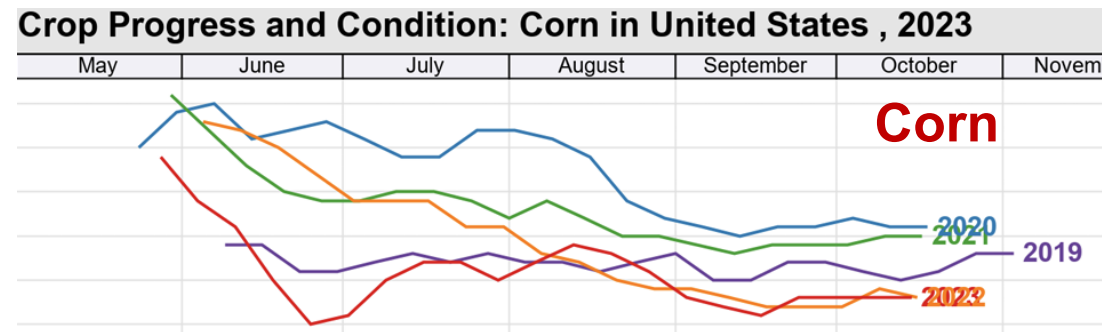
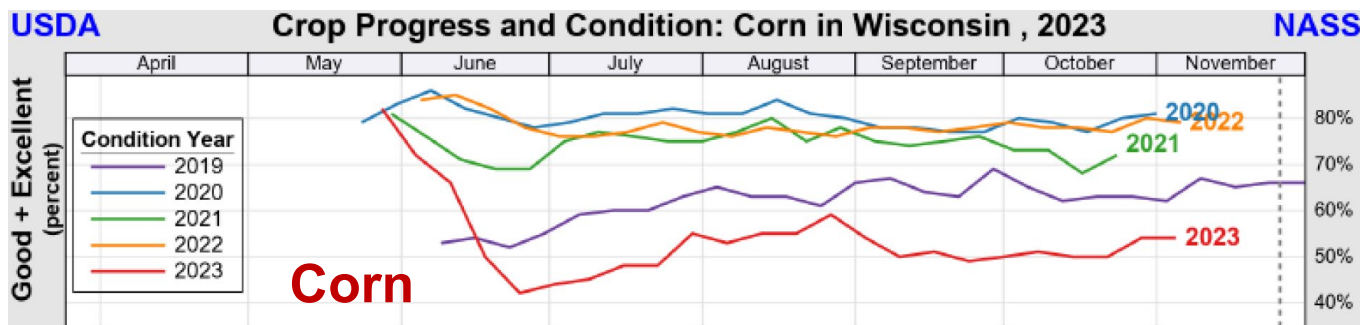
[https://www.nass.usda.gov/Statistics\\_by\\_State/Wisconsin/Publications/Crop\\_Progress\\_&\\_Condition/](https://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/Crop_Progress_&_Condition/)



# % Corn & Soybean Acres in Good to Excellent Condition

## WISCONSIN

## UNITED STATES

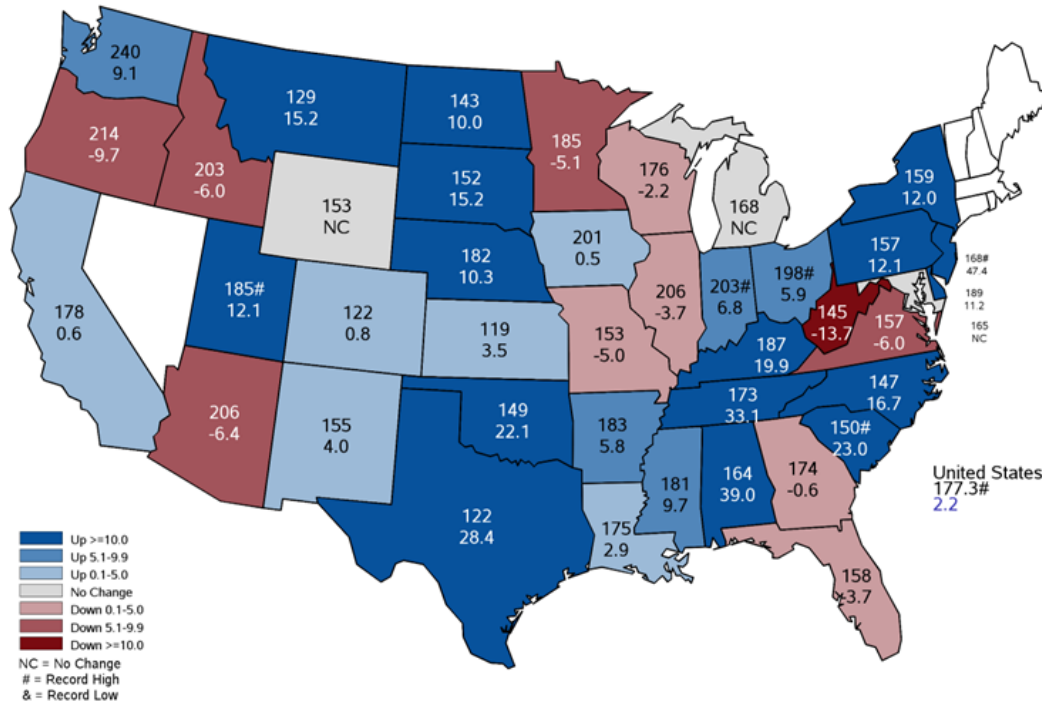


# USDA 2023 Yields



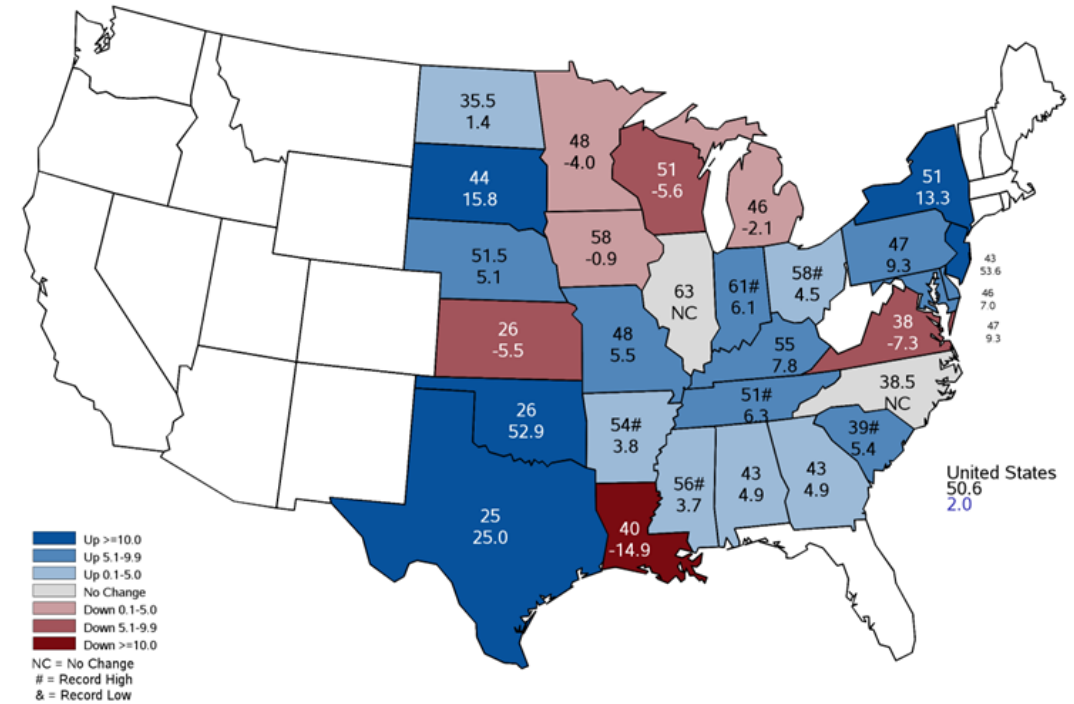
## 2023 Corn Yield

Bushels and Percent Change from Previous Year



## 2023 Soybean Yield

Bushels and Percent Change from Previous Year



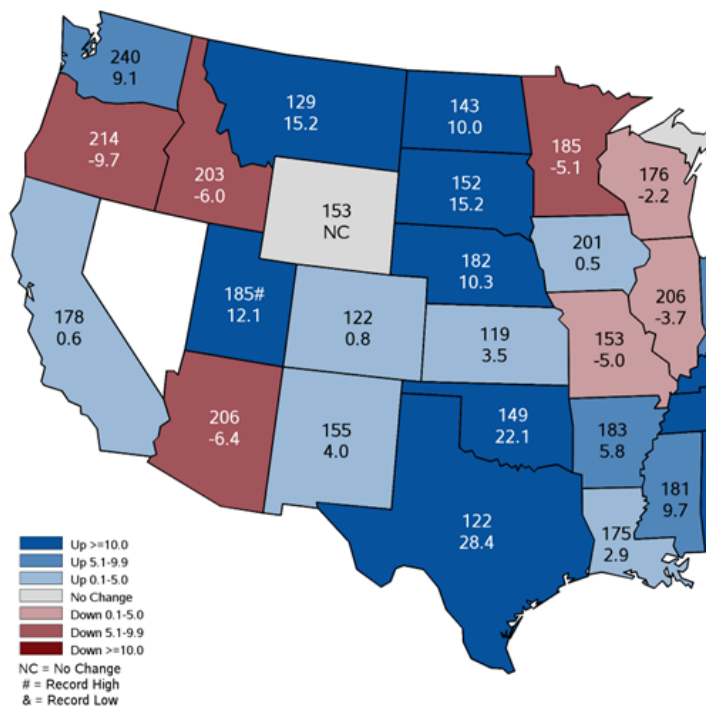


# USDA 2023 Yields



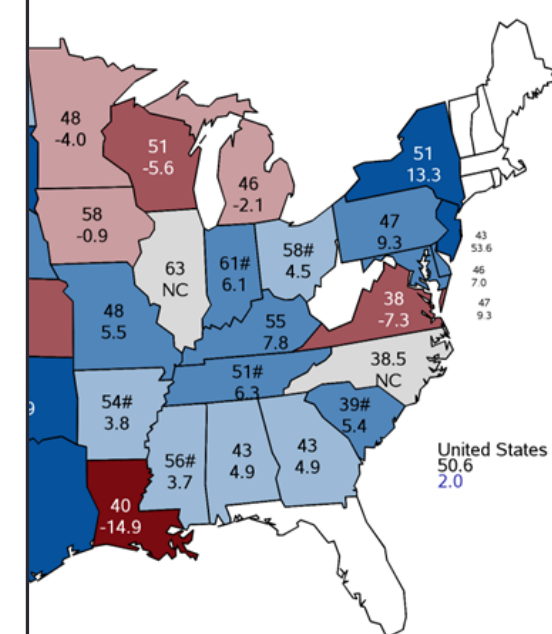
## 2023 Corn Yield

Bushels and Percent Change from Previous Year



## 2023 Soybean Yield

Bushels and Percent Change from Previous Year

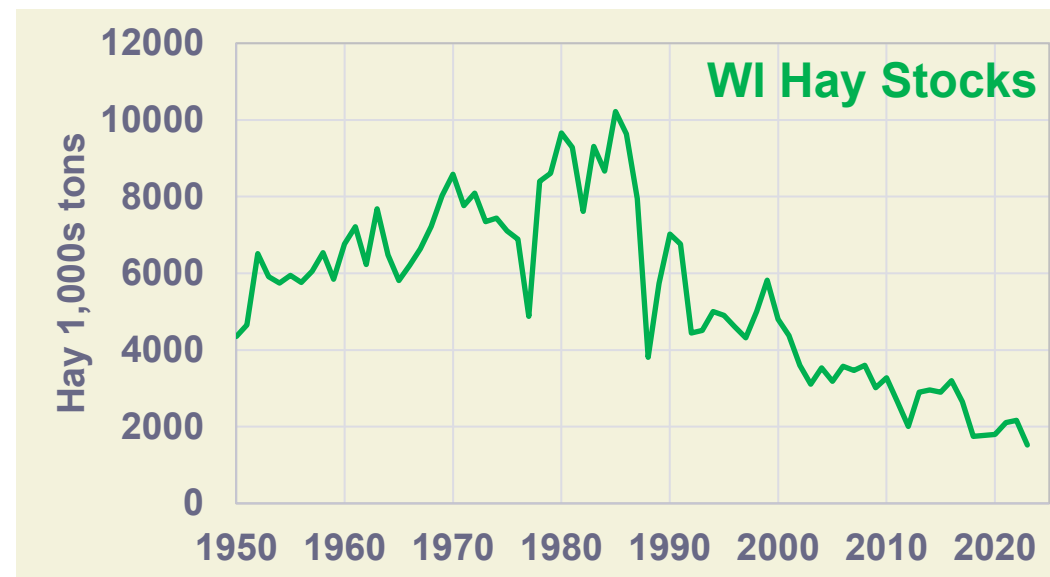
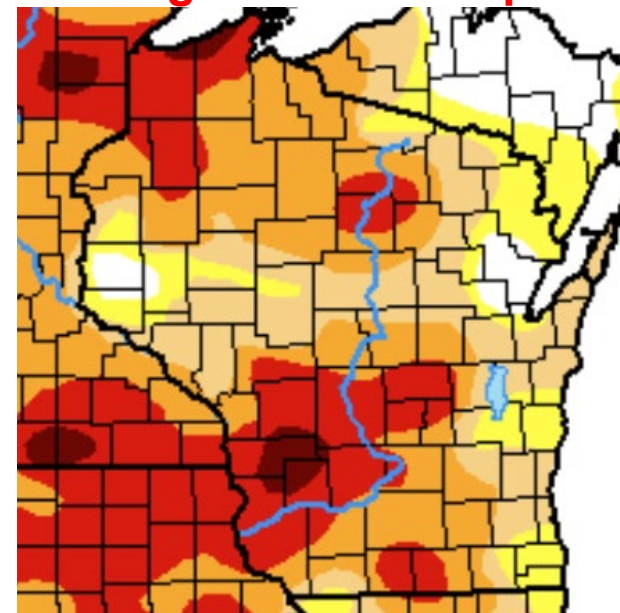


**US Corn: 177.3 new record**  
**US Soybeans: 50.6 tied 4<sup>th</sup>**  
**WI Corn: 176 3<sup>rd</sup> highest**  
**WI Soybean: 51 5<sup>th</sup> highest**  
**WI Silage: 21 tons tied 3<sup>rd</sup>**  
**-6.7% from 2022 record**

# Drought Impacts in Wisconsin

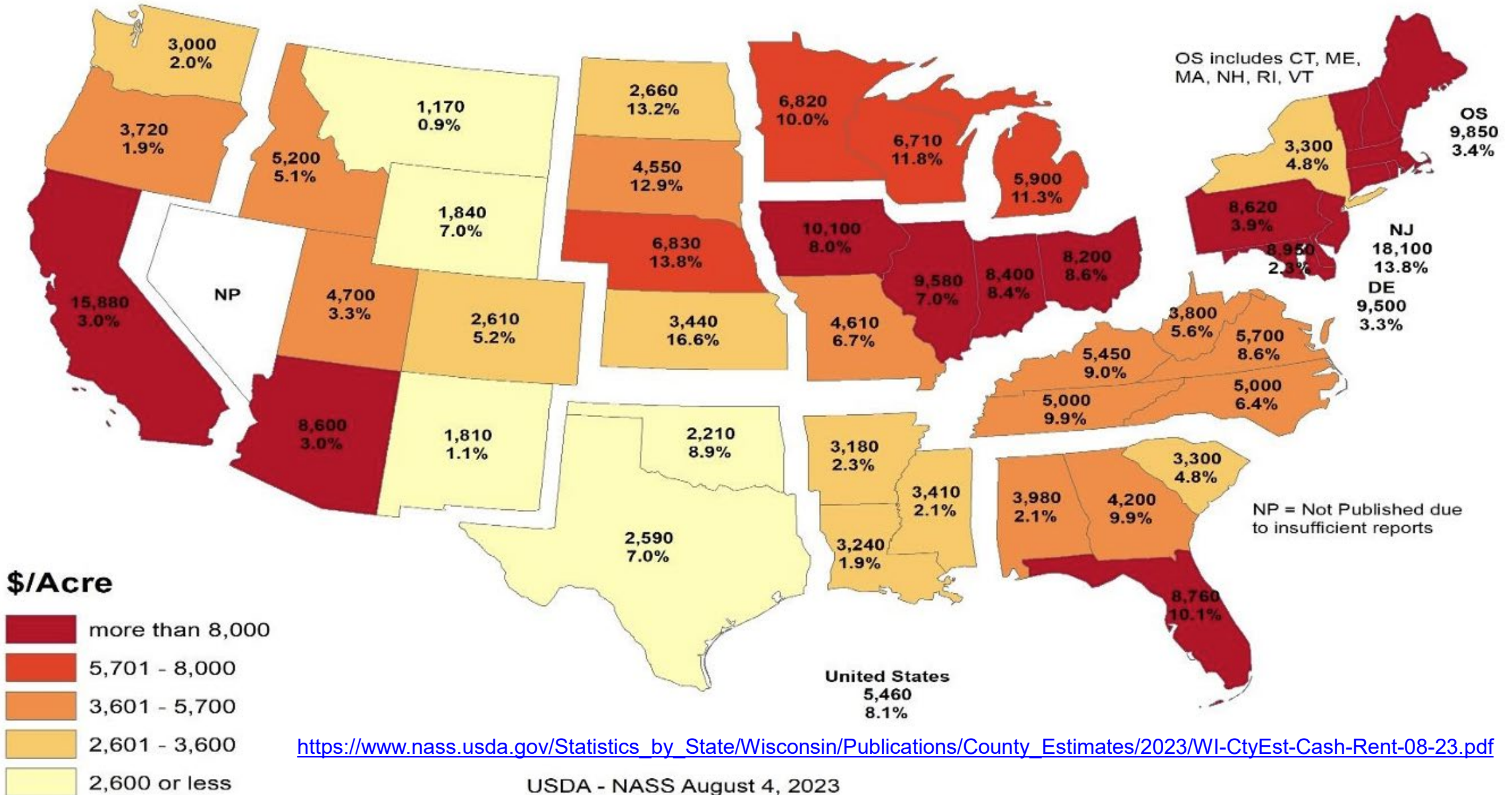
- Yields losses were “spotty” depending on where and when rains fell and your soils
- Revenue Protection harvest prices lower than base prices
  - Corn –17%, Soybeans –7%, Wheat –7%
- Crop Insurance has paid \$132 million so far for 2023 crop
  - \$79M for corn, \$31M for soybeans,
  - \$6.6M for forage, \$4.5M for wheat
  - More losses to come
  - Waiting on county yields for ECO & SCO
- WI Hay Stocks lowest ever recorded
- Hay prices hit 3-year high and going higher

## Drought Monitor Sep 5



# 2023 Cropland Value by State

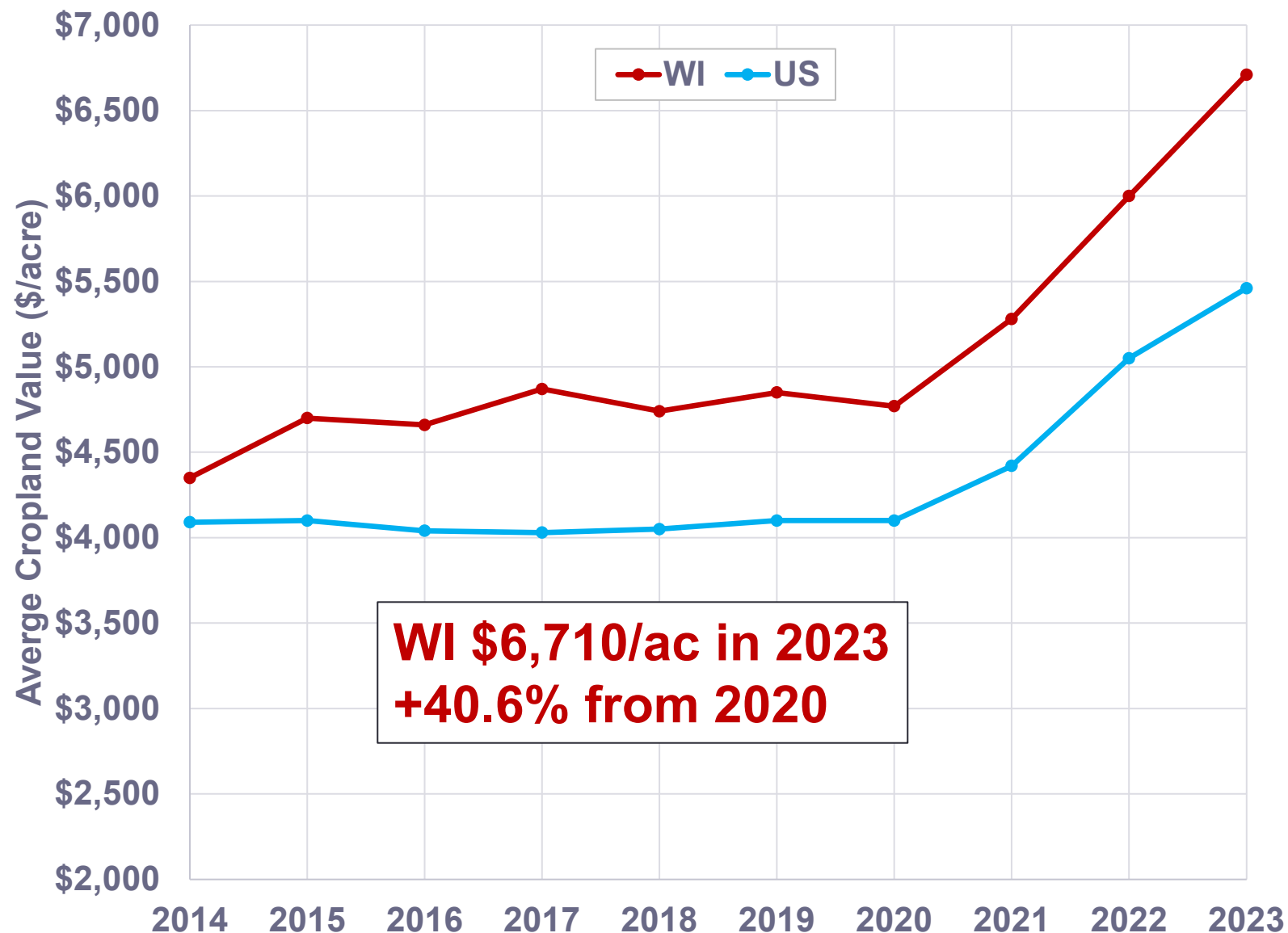
## Dollars per Acre and Percent Change from 2022



[https://www.nass.usda.gov/Statistics\\_by\\_State/Wisconsin/Publications/County\\_Estimates/2023/WI-CtyEst-Cash-Rent-08-23.pdf](https://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/County_Estimates/2023/WI-CtyEst-Cash-Rent-08-23.pdf)

## Average Cropland Values 2014-2023

- After several years of steady land prices, rapid rise continued in 2023
- Has helped many farm balance sheets

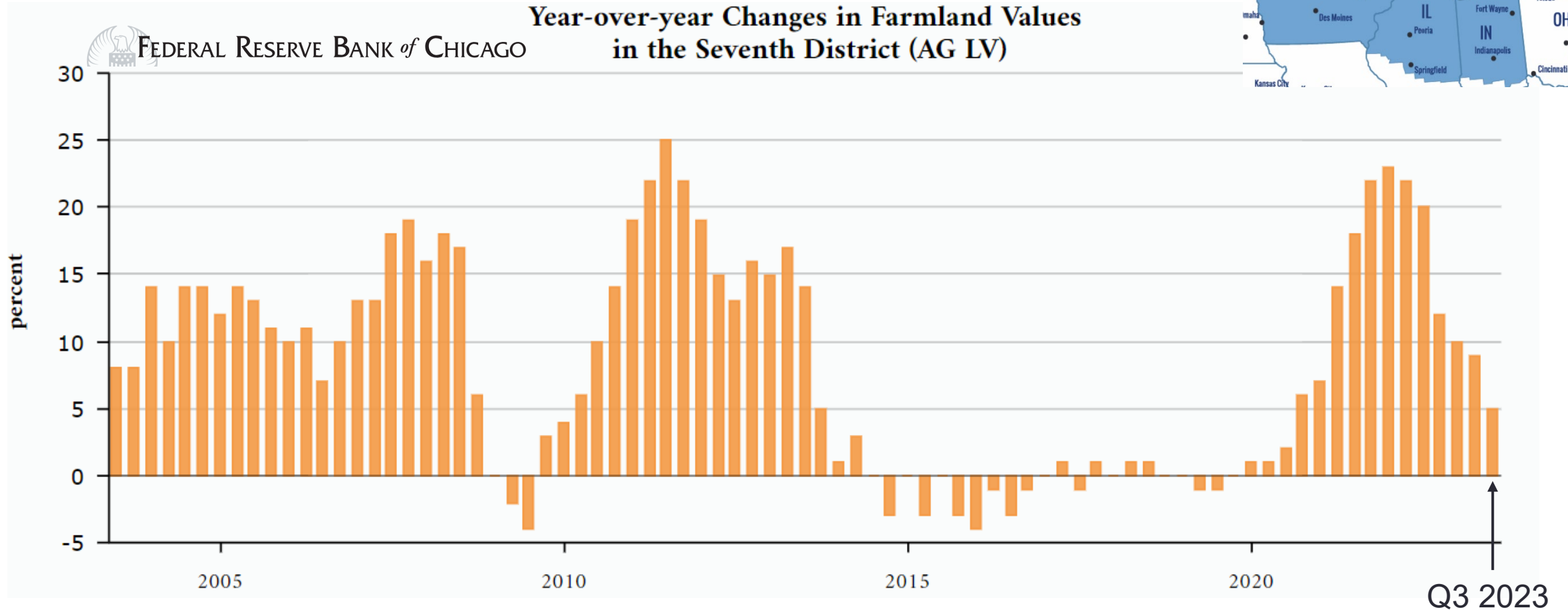


USDA NASS Aug 2022: [https://www.nass.usda.gov/Publications/Todays\\_Reports/reports/land0822.pdf](https://www.nass.usda.gov/Publications/Todays_Reports/reports/land0822.pdf)



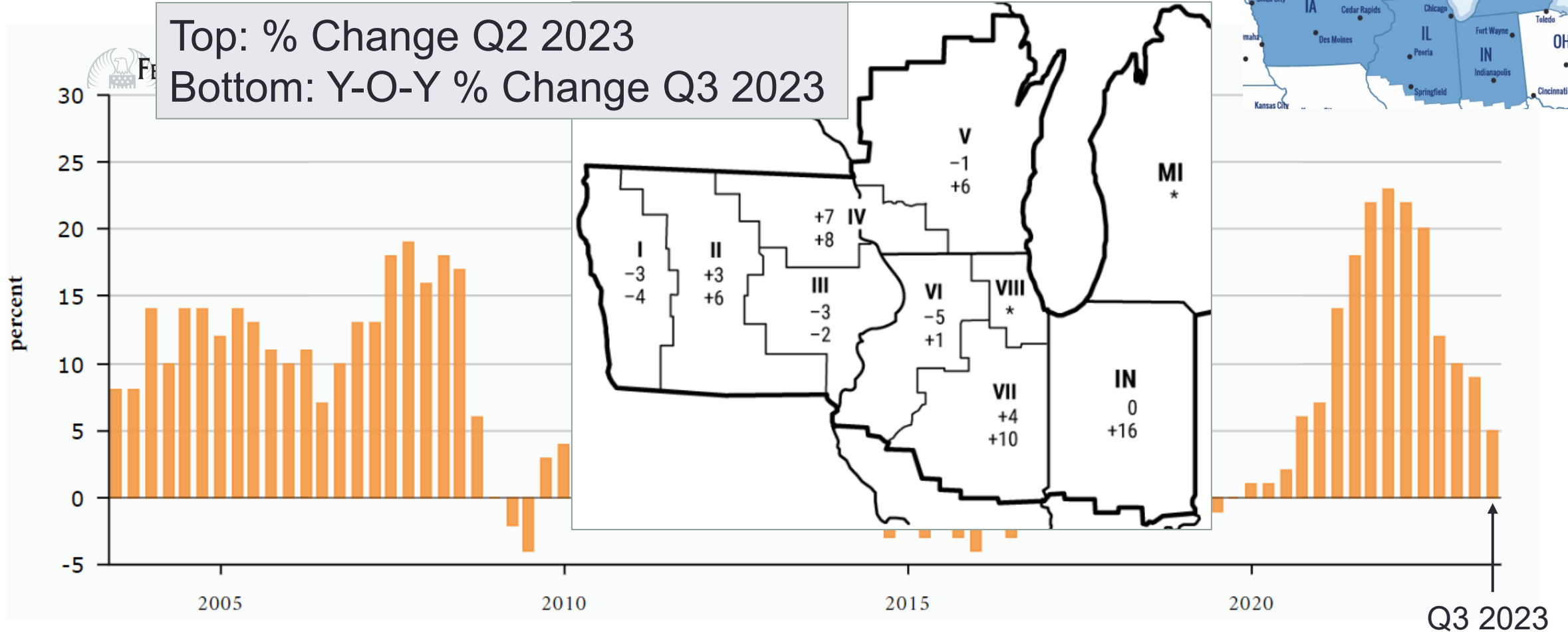
# Land value increase is slowing in the region

## Seventh Federal Reserve District



# Land value increase is slowing in the region

## Seventh Federal Reserve District

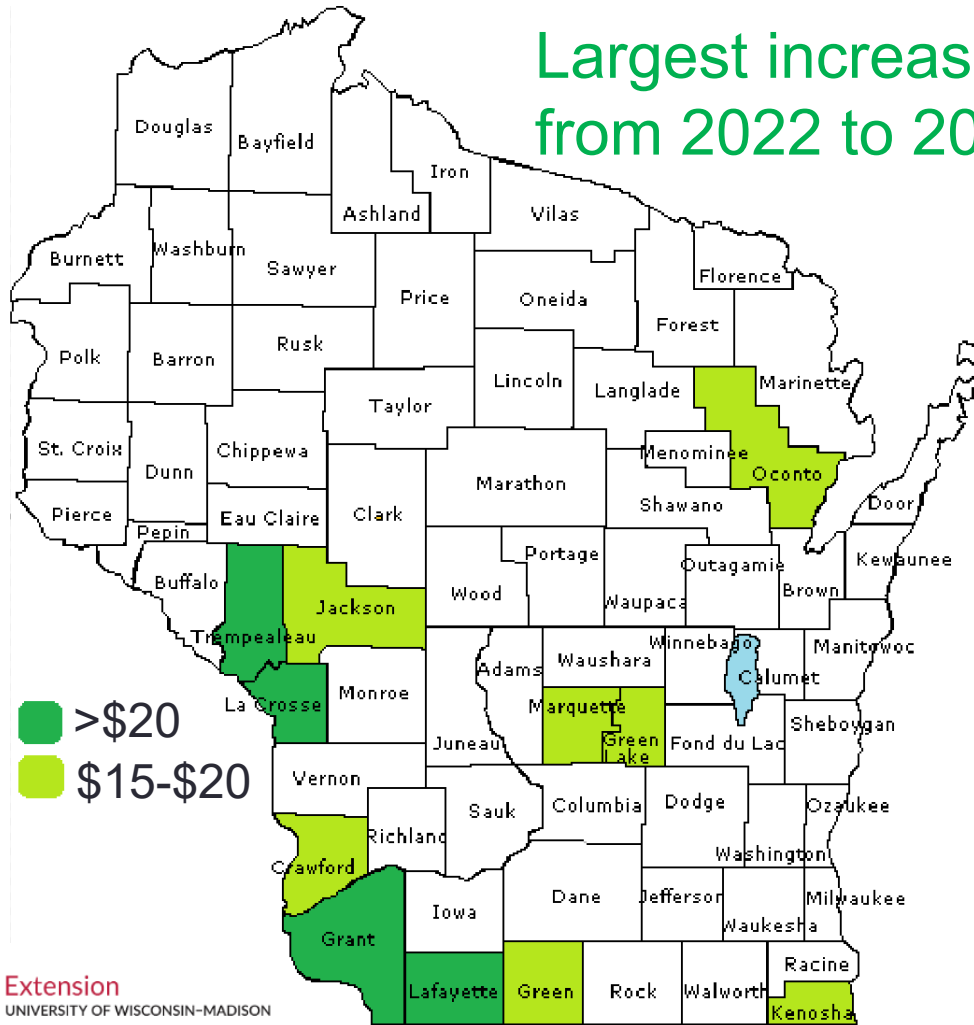




# 2023 Average Rents

State Average Rent: \$151, +4.1%

Largest increases from 2022 to 2023



## Counties with highest average rents

County	Rent	County	Rent
<b>Lafayette</b>	259	Calumet	181
<b>Grant</b>	241	Fon Du Lac	177
Dane	205	Jefferson	177
Brown	198	<b>Kenosha</b>	177
Walworth	197	Racine	157
<b>Green</b>	196	<b>La Crosse</b>	156
Kewaunee	195	Pepin	155
Columbia	193	<b>Jackson</b>	152
<b>Green Lake</b>	188	Waukesha	151
Manitowoc	187	Pierce	150
Rock	187	Vernon	150
Iowa	183	<b>Trempealeau</b>	148

USDA NASS Aug 2023:

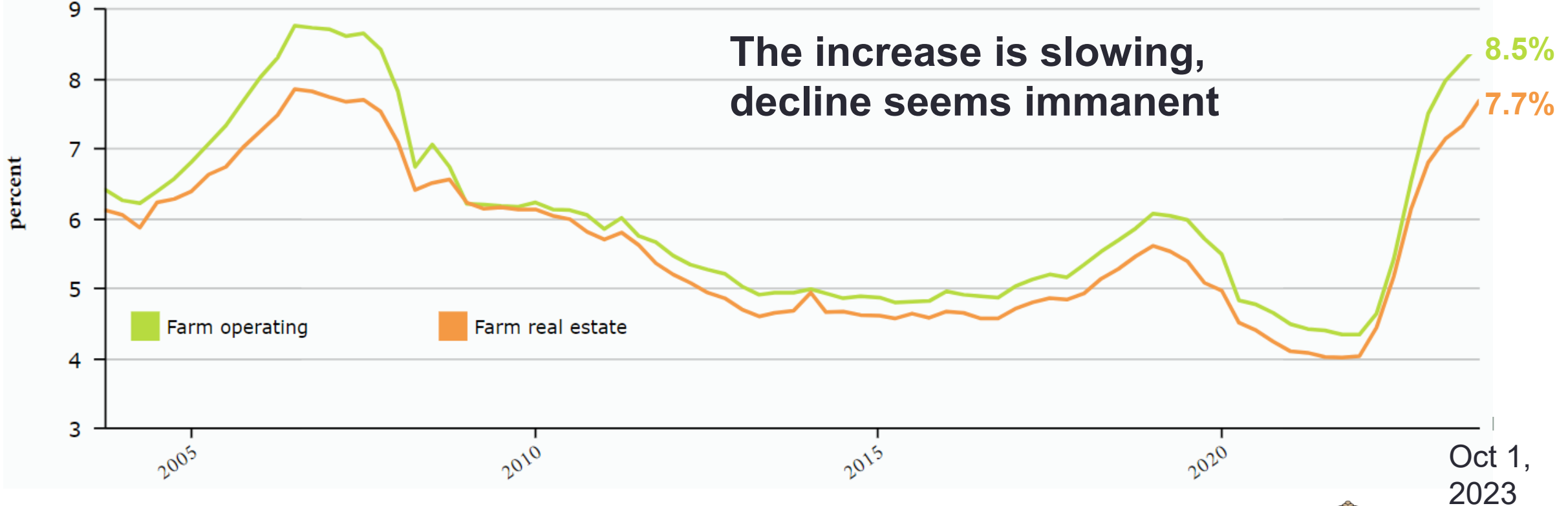
[https://www.nass.usda.gov/Statistics\\_by\\_State/Wisconsin/Publications/County\\_Estimates/2023/WI-CtyEst-Cash-Rent-08-23.pdf](https://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/County_Estimates/2023/WI-CtyEst-Cash-Rent-08-23.pdf)

# Interest Rates Continue to Increase

## Seventh Federal Reserve District



Interest Rates Charged on New Farm Loans  
in the Seventh District

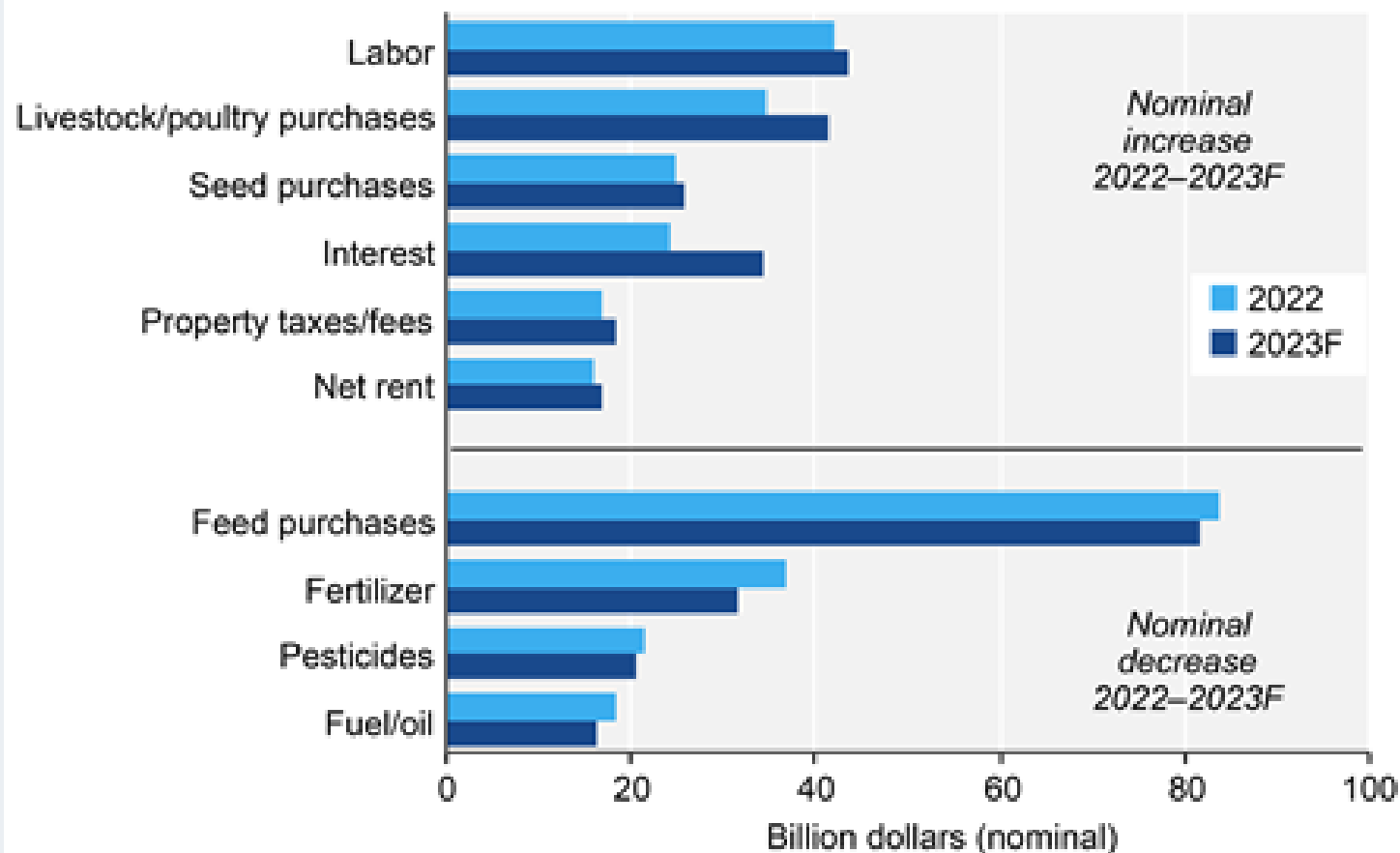


# Total Farm Costs holding steady in net

Cost changes from 2022 to 2023

- Interest +43%
  - Livestock +20%
  - Labor +4%
  - Seed +3%
- 
- Fertilizer -14%
  - Fuel -11%
  - Feed -2.5%

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



Note: F = forecast.

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

## 2024 Forecasts: Thin Margins for Corn and Soybeans

Budget	Crop	Break Even Price
UW Extension	Corn	\$4.98
	Soybean	\$11.38
Iowa State U	Corn after Corn	\$5.11-\$5.25
	Corn after Soybeans	\$4.47-\$4.52
	Soybean	\$11.09-\$11.47
Northern IL	Corn	\$5.13
	Soybean	\$11.94

**Corn and Soybean Costs down 5% to 7% from 2022**

**USDA Farm Price Forecast for 2024**

**Corn: \$4.51**

**Soybean: \$11.30**

UW Extension: <https://cropsandsoils.extension.wisc.edu/article-topic/economics-budgets-financial/>

Iowa State: <https://www.extension.iastate.edu/agdm/crops/html/a1-20.html>

N IL: <https://farmdocdaily.illinois.edu/2024/01/revised-2024-crop-budgets.html>

# Farm Income Situation and Outlook

- **Situation:** 2023 farm income down 20% from 2022's record high as most commodity prices declined
- Still 31% above long-run average
- **Outlook:** Farm income is moving toward its mean from thin margins as price declines continue, even as costs hold steady or fall slightly
- Land value increases that helped farm balance sheets are showing signs of slowing down

## Paul D. Mitchell

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- Extension Funded Faculty
- Director Renk Agribusiness Institute
- Interim Assoc Dean Academic Affairs
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# Evolution of USDA Yield Projections for 2023

Month Published	Corn-WI	Corn-US	Soybeans-WI	Soybeans-US
Aug 2023	166	175.1	50	50.9
Sep 2023	165	173.8	46	50.1
Oct 2023	165	173.0	44	49.6
Nov 2023	171	174.9	49	49.9
Jan 2024	176	177.3	51	50.6

**US Corn: 177.3 new record**

**US Soybeans: 50.6 tied 4<sup>th</sup>**

**WI Corn: 176.0 3<sup>rd</sup> highest**

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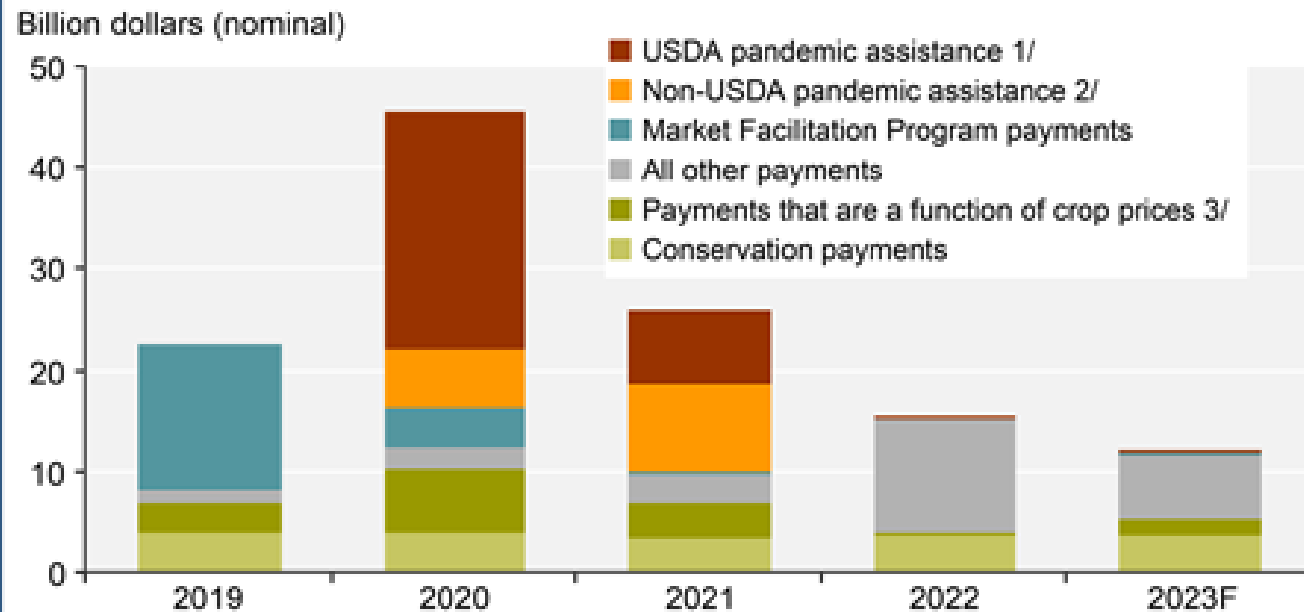
**WI Silage: 21 tons tied 3<sup>rd</sup>**

**-6.7% from 2022 record**



# Government Payments in 2023

## Direct Government payments to U.S. farm producers, 2019–23F



F = forecast.

1/ Includes payments from the Coronavirus Food Assistance Program and other USDA pandemic assistance for producers.

2/ Includes forgiven loans from the Paycheck Protection Program.

3/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, certificate exchange gains, and dairy payments.

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

Data as of November 30, 2023.

- 2023 near normal payments
- 2024: I expect an increase due to price declines for many supported commodities
- Will we see a Farm Bill? Your guess is as good as mine
- Support for Crop Insurance remains strong
- Support for raising price floors: PLC/ARC & Loan Rates?
- Support for Conservation?