FARM INCOME
SITUATION AND OUTLOOK

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2024 Wisconsin Agricultural Outlook Forum
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US Net Farm Income 2003-2023F

NFI down 20% from last year, but still 31% above 20-Year Average

Cash Receipts 2022 & 2023F by Commodity

CROPS

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

Billion dollars (nominal)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>2022</th>
<th>2023F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>88.4</td>
<td>79.1</td>
</tr>
<tr>
<td>Soybeans</td>
<td>61.4</td>
<td>57.8</td>
</tr>
<tr>
<td>Fruits and nuts</td>
<td>26.6</td>
<td>27.9</td>
</tr>
<tr>
<td>Vegetables and melons</td>
<td>22.3</td>
<td>21.8</td>
</tr>
<tr>
<td>Wheat</td>
<td>13.2</td>
<td>13.0</td>
</tr>
<tr>
<td>Cotton</td>
<td>8.4</td>
<td>7.0</td>
</tr>
</tbody>
</table>


LIVESTOCK

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

Billion dollars (nominal)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>2022</th>
<th>2023F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle and calves</td>
<td>100.3</td>
<td>86.1</td>
</tr>
<tr>
<td>Dairy products, milk</td>
<td>57.3</td>
<td>46.8</td>
</tr>
<tr>
<td>Broilers</td>
<td>50.4</td>
<td>43.2</td>
</tr>
<tr>
<td>Hogs</td>
<td>30.6</td>
<td>26.2</td>
</tr>
<tr>
<td>Eggs</td>
<td>19.4</td>
<td>14.1</td>
</tr>
</tbody>
</table>


Prices Received by WI Farmers

CORN

- $4.40
- 28% last 12 months

SOYBEANS

- $12.80
- 10% last 12 months

https://quickstats.nass.usda.gov/
Prices Received by WI Farmers

USDA All Milk Price

-16% last 12 months
-43% peak to trough

$19.80
Drought in 2023

May 23

Jun 20

Jul 25

Aug 22

https://droughtmonitor.unl.edu/

https://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/Crop_Progress&_Condition/
% Corn & Soybean Acres in Good to Excellent Condition

WISCONSIN

Corn
Soybeans

UNITED STATES

Corn
Soybeans

USDA 2023 Yields

US Corn: 177.3 new record
US Soybeans: 50.6 tied 4th
WI Corn: 176 3rd highest
WI Soybean: 51 5th highest
WI Silage: 21 tons tied 3rd
–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
$/Acre

- more than 8,000
- 5,701 - 8,000
- 3,601 - 5,700
- 2,601 - 3,600
- 2,600 or less

United States 5,460 8.1%

NP = Not Published due to insufficient reports

Average Cropland Values 2014-2023

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


WI $6,710/ac in 2023 +40.6% from 2020
Land value increase is slowing in the region

Chicago Fed: Ag Conditions: [https://www.chicagofed.org/research/data/ag-conditions/index](https://www.chicagofed.org/research/data/ag-conditions/index)
Land value increase is slowing in the region

Top: % Change Q2 2023
Bottom: Y-O-Y % Change Q3 2023

Chicago Fed: Ag Conditions: [https://www.chicagofed.org/research/data/ag-conditions/index](https://www.chicagofed.org/research/data/ag-conditions/index)
2023 Average Rents
State Average Rent: $151, +4.1%

Largest increases from 2022 to 2023

Counts with highest average rents

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

USDA NASS Aug 2023:
Interest Rates Continue to Increase

The increase is slowing, decline seems immanent

Chicago Fed: Ag Conditions: [https://www.chicagofed.org/research/data/ag-conditions/index](https://www.chicagofed.org/research/data/ag-conditions/index)
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.
## 2024 Forecasts: Thin Margins for Corn and Soybeans

<table>
<thead>
<tr>
<th>Budget</th>
<th>Crop</th>
<th>Break Even Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>UW Extension</td>
<td>Corn</td>
<td>$4.98</td>
</tr>
<tr>
<td></td>
<td>Soybean</td>
<td>$11.38</td>
</tr>
<tr>
<td>Iowa State U</td>
<td>Corn after Corn</td>
<td>$5.11-$5.25</td>
</tr>
<tr>
<td></td>
<td>Corn after Soybeans</td>
<td>$4.47-$4.52</td>
</tr>
<tr>
<td></td>
<td>Soybean</td>
<td>$11.09-$11.47</td>
</tr>
<tr>
<td>Northern IL</td>
<td>Corn</td>
<td>$5.13</td>
</tr>
<tr>
<td></td>
<td>Soybean</td>
<td>$11.94</td>
</tr>
</tbody>
</table>

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/](https://cropsandsoils.extension.wisc.edu/article-topic/economics-budgets-financial/)
Iowa State: [https://www.extension.iastate.edu/agdm/crops/html/a1-20.html](https://www.extension.iastate.edu/agdm/crops/html/a1-20.html)
N IL: [https://farmdocdaily.illinois.edu/2024/01/revised-2024-crop-budgets.html](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

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# Evolution of USDA Yield Projections for 2023

<table>
<thead>
<tr>
<th>Month Published</th>
<th>Corn-WI</th>
<th>Corn-US</th>
<th>Soybeans-WI</th>
<th>Soybeans-US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug 2023</td>
<td>166</td>
<td>175.1</td>
<td>50</td>
<td>50.9</td>
</tr>
<tr>
<td>Sep 2023</td>
<td>165</td>
<td>173.8</td>
<td>46</td>
<td>50.1</td>
</tr>
<tr>
<td>Oct 2023</td>
<td>165</td>
<td>173.0</td>
<td>44</td>
<td>49.6</td>
</tr>
<tr>
<td>Nov 2023</td>
<td>171</td>
<td>174.9</td>
<td>49</td>
<td>49.9</td>
</tr>
<tr>
<td>Jan 2024</td>
<td>176</td>
<td>177.3</td>
<td>51</td>
<td>50.6</td>
</tr>
</tbody>
</table>

**US Corn:** 177.3 new record  
**US Soybeans:** 50.6 tied 4<sup>th</sup>  

**WI Corn:** 176.0 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
Government Payments in 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?