

# FARM INCOME SITUATION AND OUTLOOK

**Paul D. Mitchell**



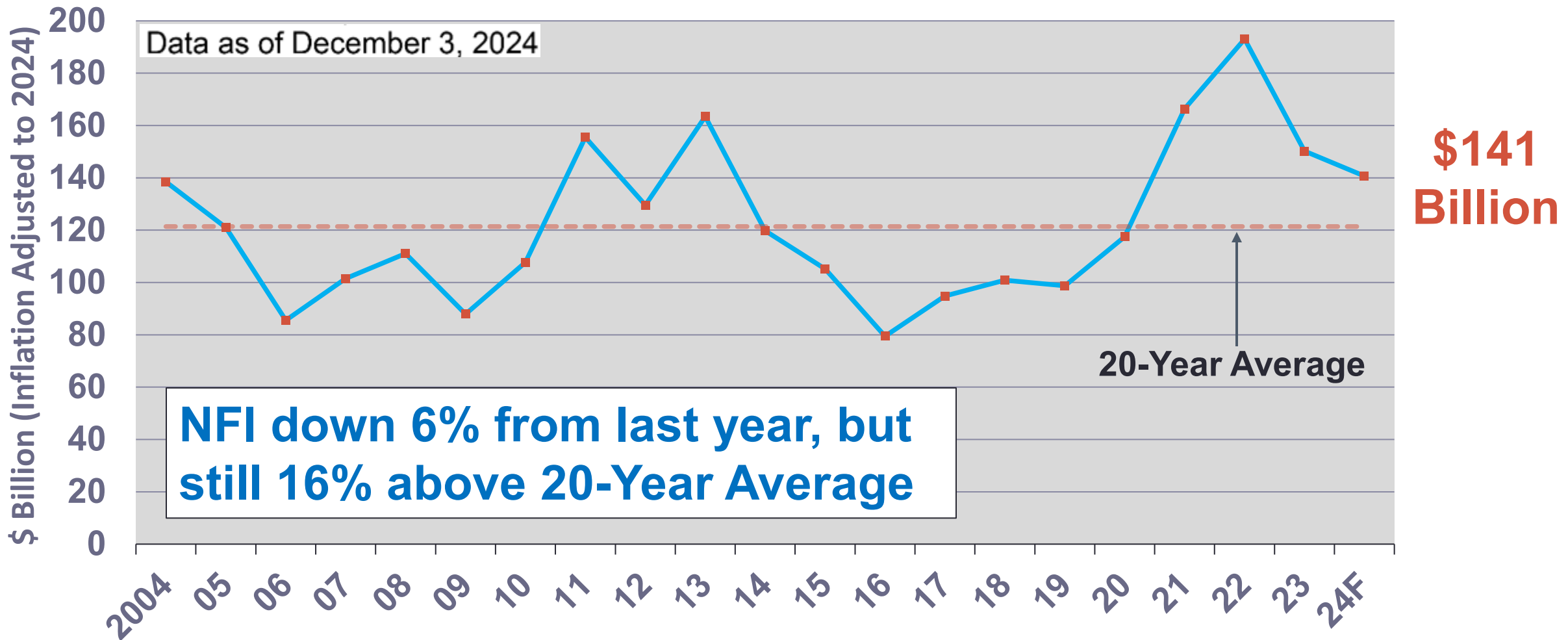
Professor, Agricultural and Applied Economics  
Extension-Funded Faculty Specialist, Cropping Systems  
Director, Renk Agribusiness Institute

**2025 Wisconsin Agricultural Outlook Forum**

January 21, 2025                      Madison WI  
608-265-6514, [pdmitchell@wisc.edu](mailto:pdmitchell@wisc.edu)



# US Net Farm Income 2004-2024F



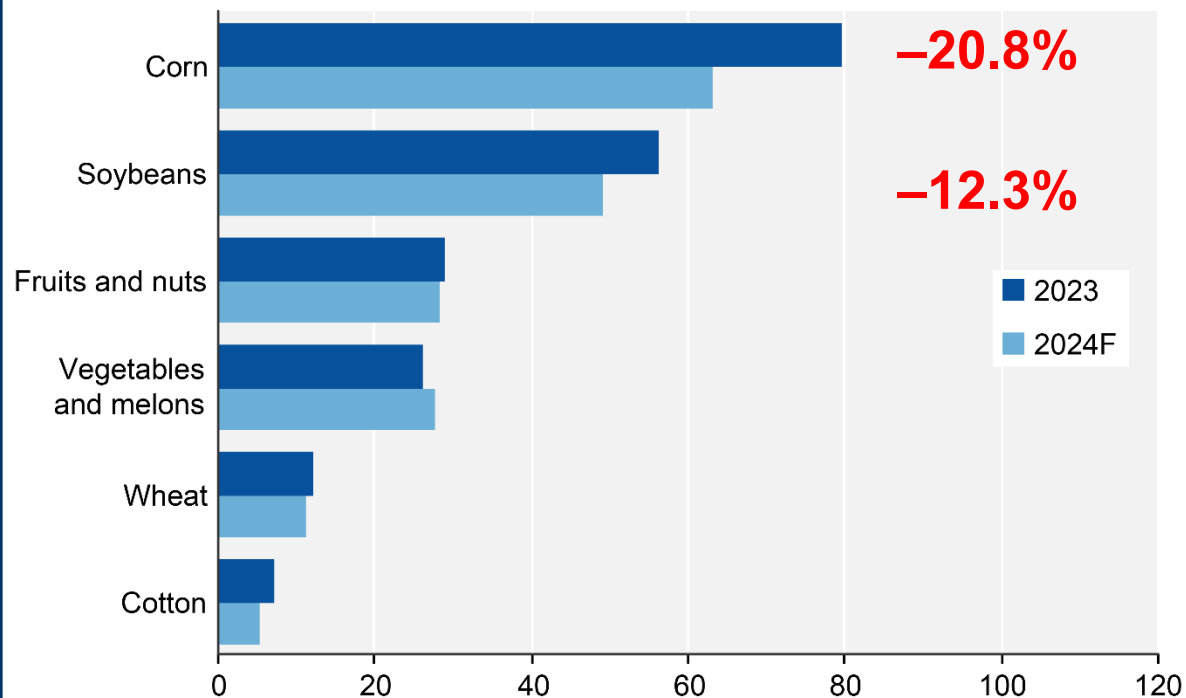
# Cash Receipts 2023 & 2024F by Commodity

**CROPS: -9.2%**

**LIVESTOCK: +8.4%**

U.S. cash receipts for selected crops, 2023–24F

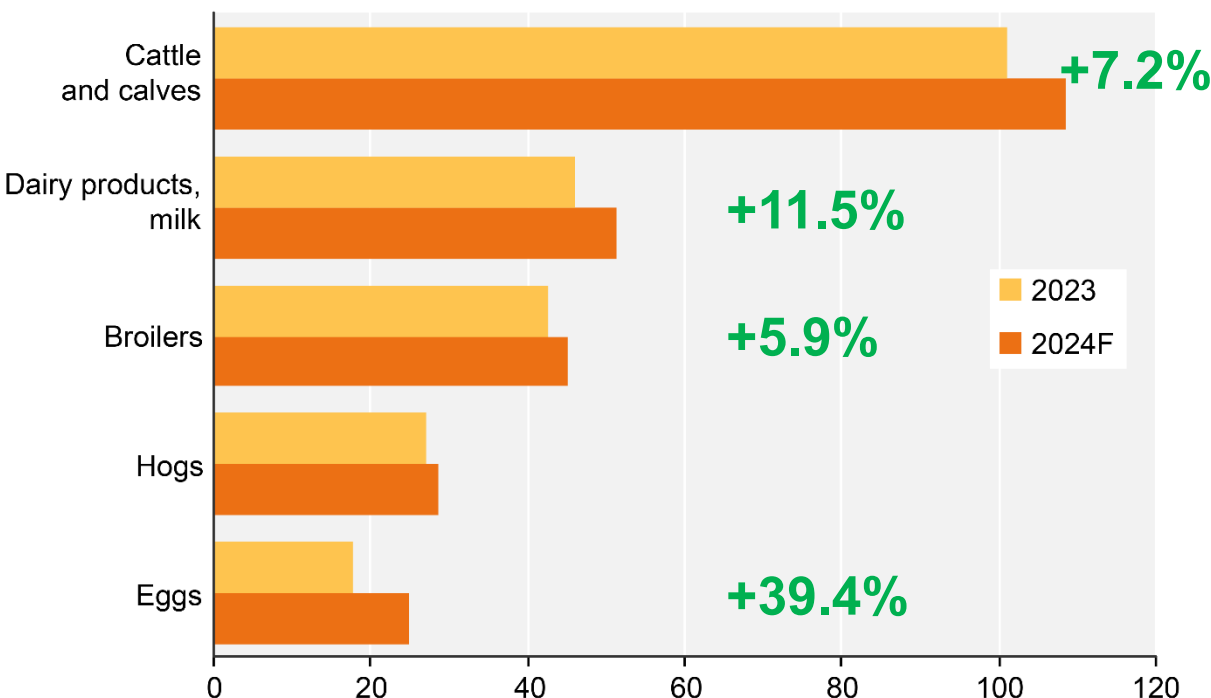
Billion dollars (nominal)



Note: F = forecast.  
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.  
 Data as of December 3, 2024.

U.S. cash receipts for selected animals/products, 2023–24F

Billion dollars (nominal)

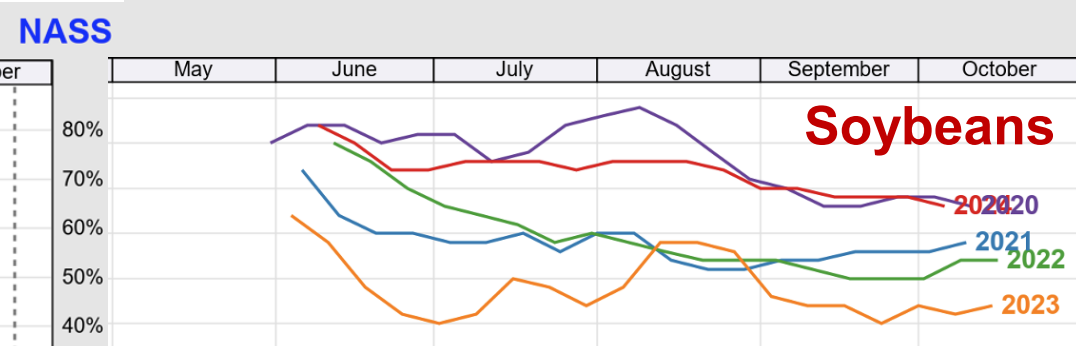
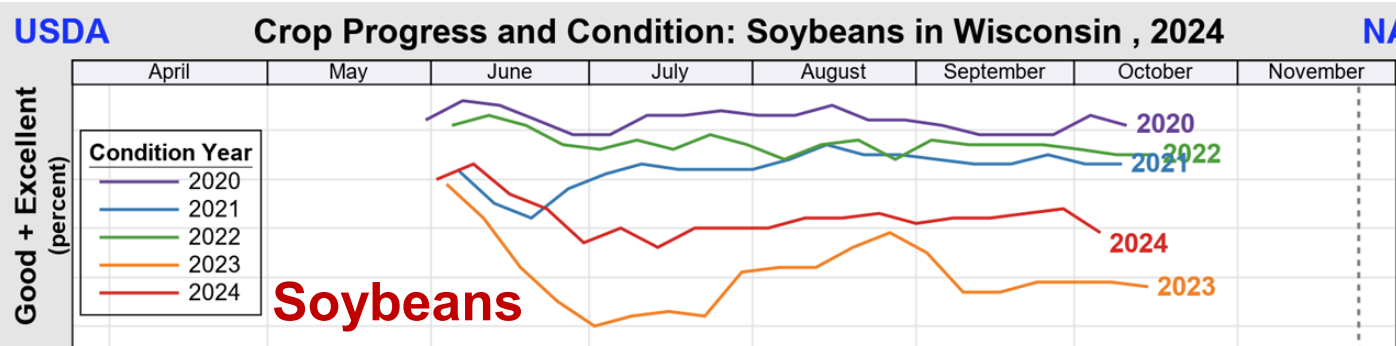
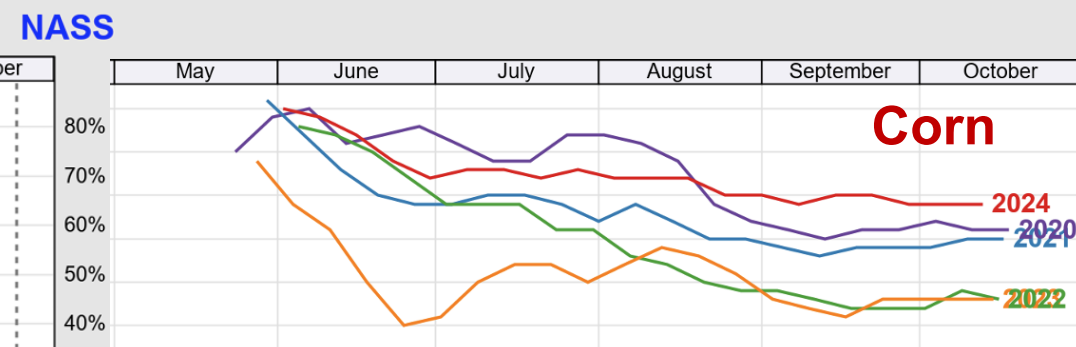
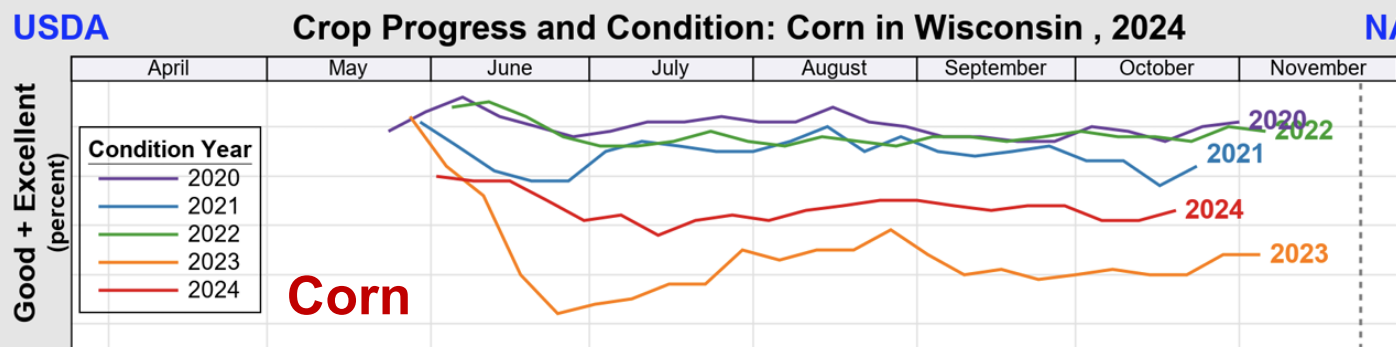


Note: F = forecast.  
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.  
 Data as of December 3, 2024.

# % Corn & Soybean Acres in Good to Excellent Condition

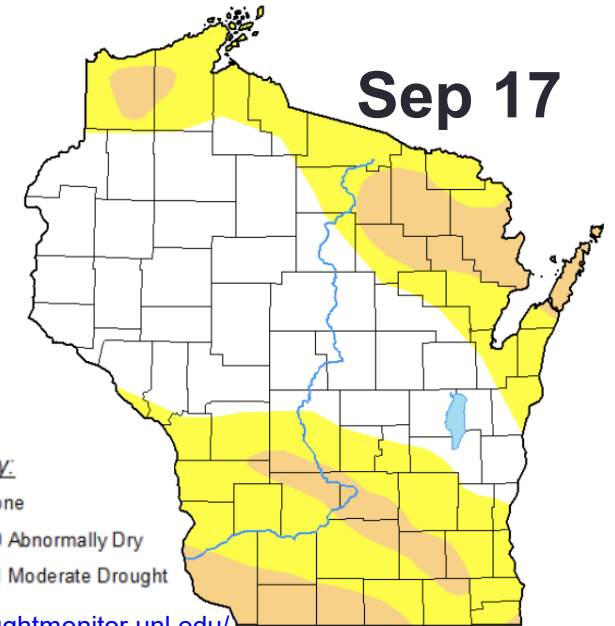
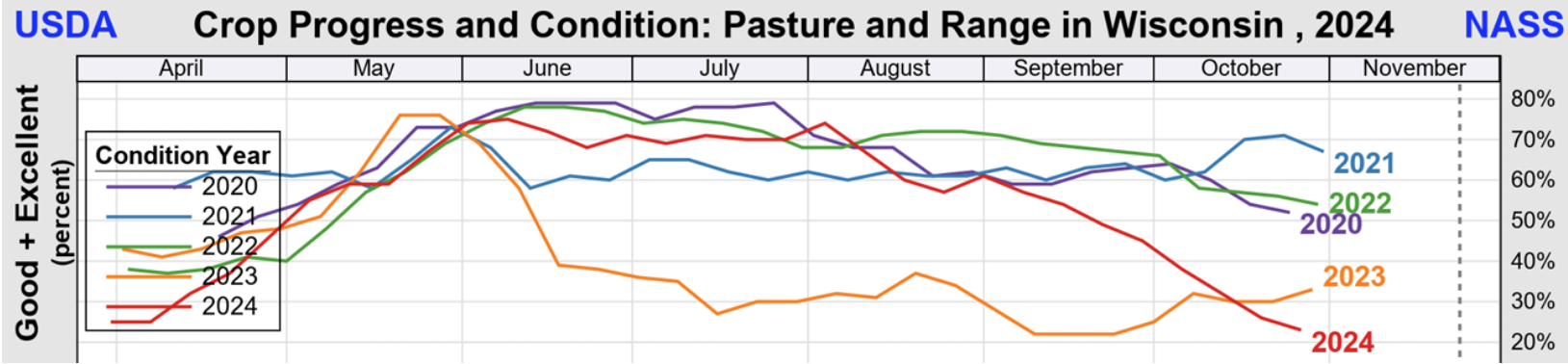
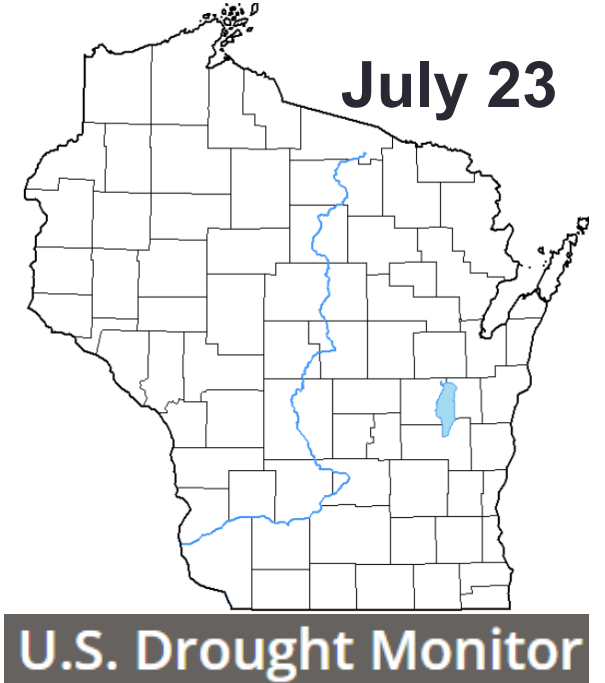
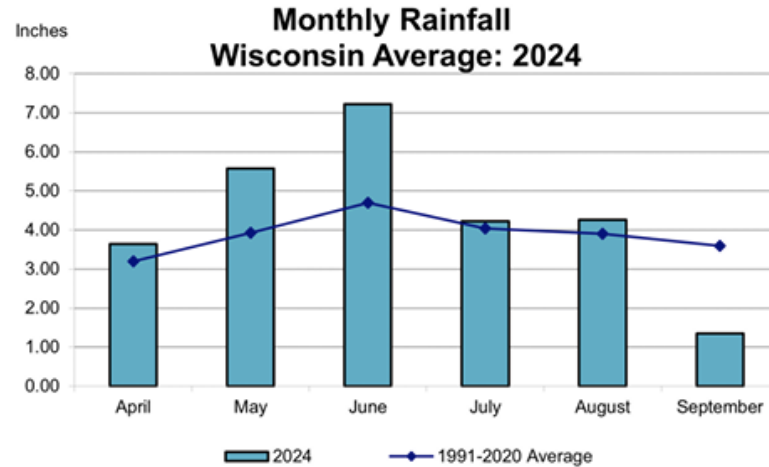
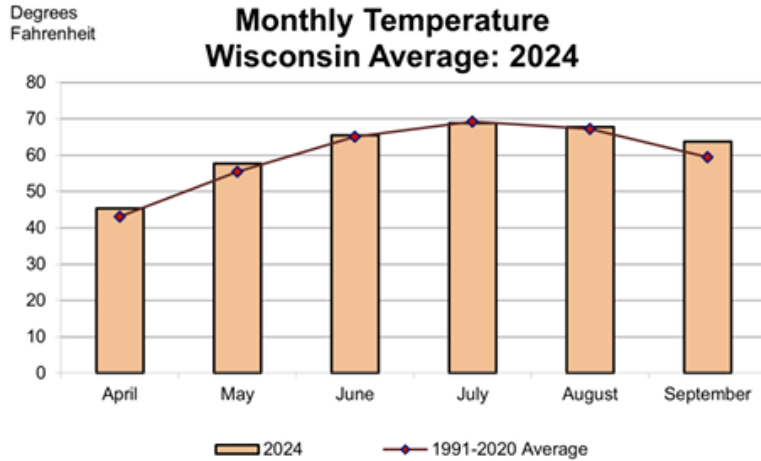
## WISCONSIN

## UNITED STATES



Source: [https://www.nass.usda.gov/Charts\\_and\\_Maps/Crop\\_Progress\\_&\\_Condition/2024/index.php](https://www.nass.usda.gov/Charts_and_Maps/Crop_Progress_&_Condition/2024/index.php)

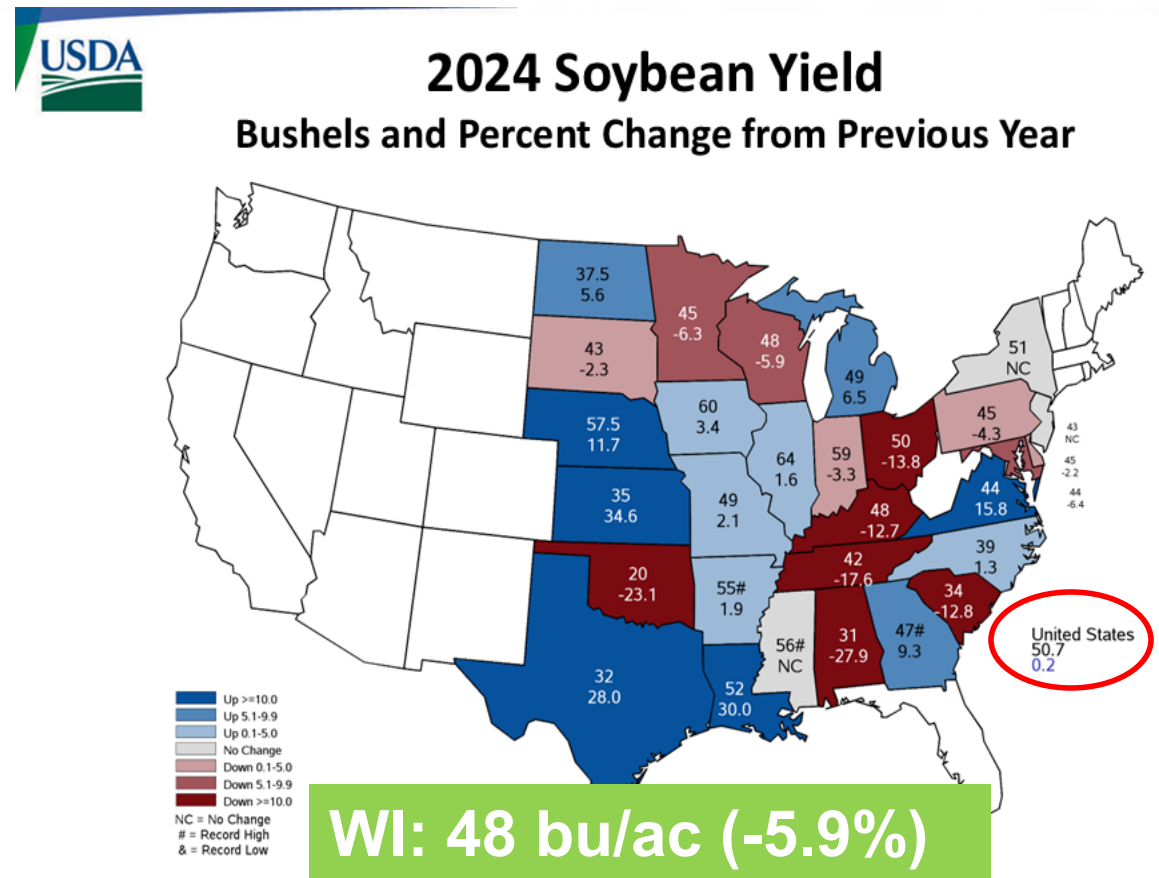
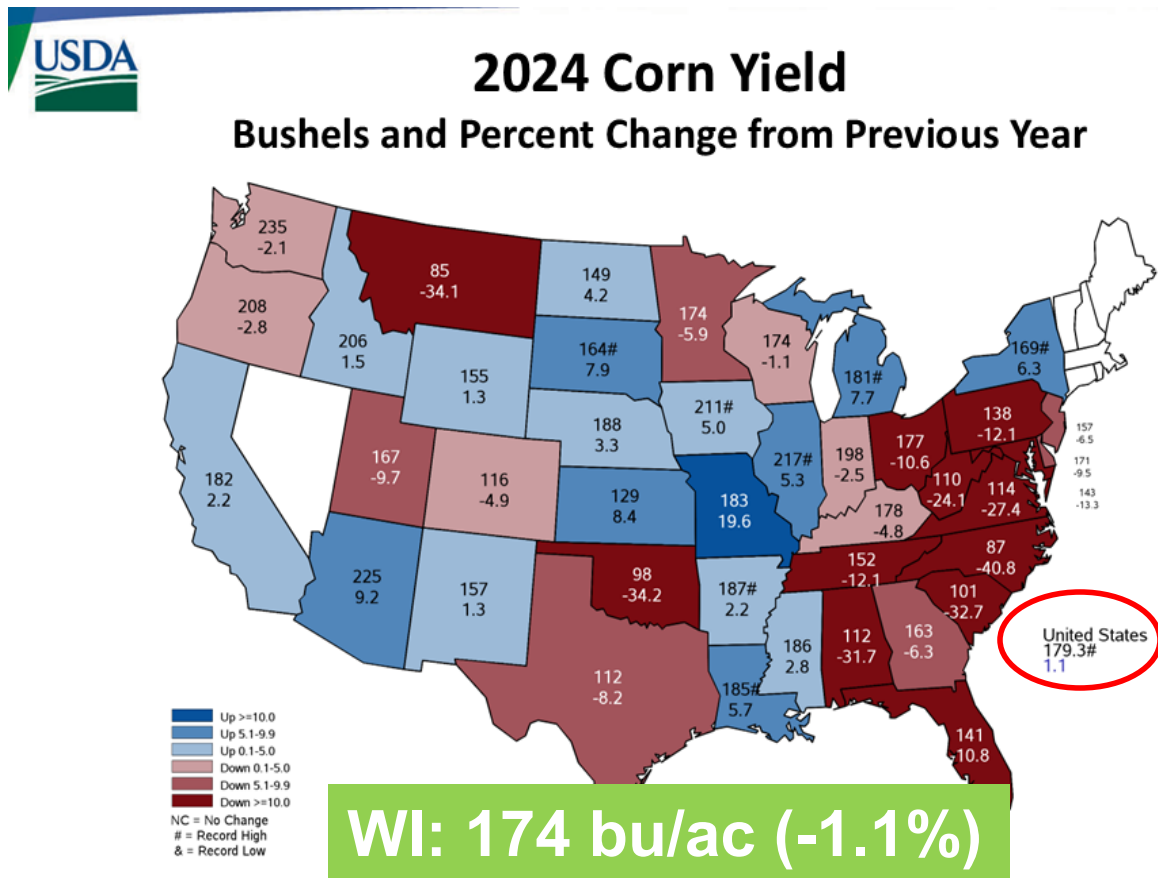
# 2024 Started Wet and Ended Dry



[https://www.nass.usda.gov/Statistics\\_by\\_State/Wisconsin/Publications/Crop\\_Progress\\_&\\_Condition/2024/WI-Annual-Crop-Progress-2024.pdf](https://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/Crop_Progress_&_Condition/2024/WI-Annual-Crop-Progress-2024.pdf)

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

# USDA 2024 Yields



United States Department of Agriculture  
National Agricultural Statistics Service

United States Department of Agriculture  
National Agricultural Statistics Service

Jan 10, 2025

Source: <https://www.nass.usda.gov/Charts and Maps/Field Crops/index.php>

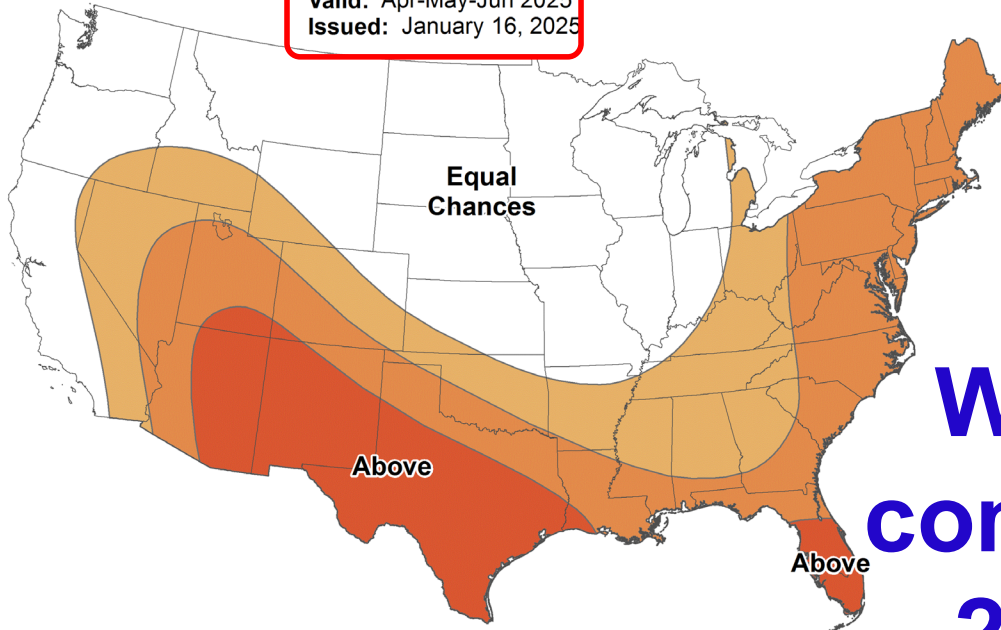




### Seasonal Temperature Outlook



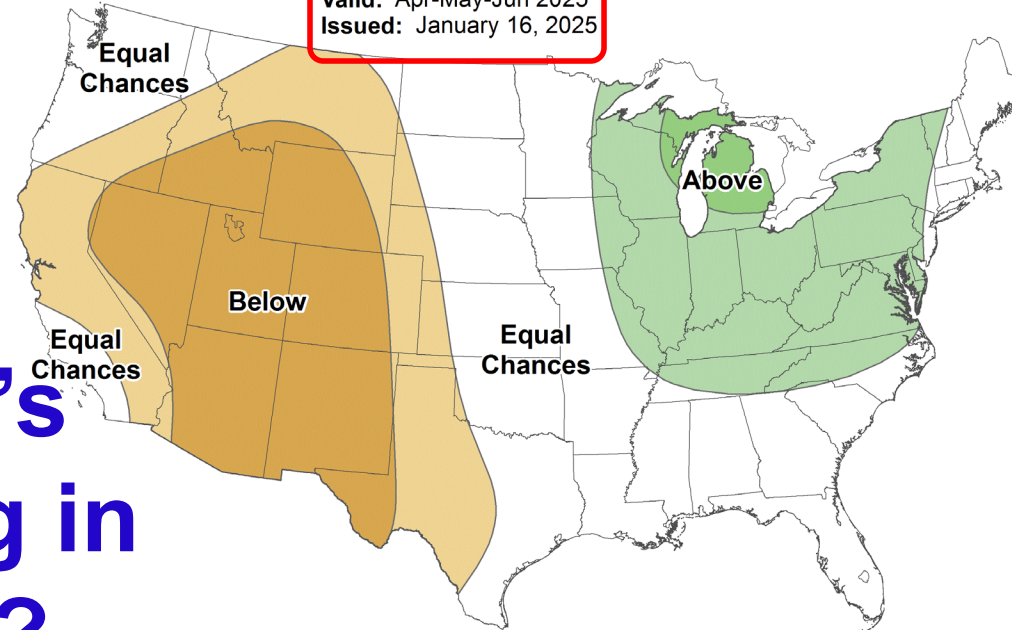
Valid: Apr-May-Jun 2025  
Issued: January 16, 2025



### Seasonal Precipitation Outlook



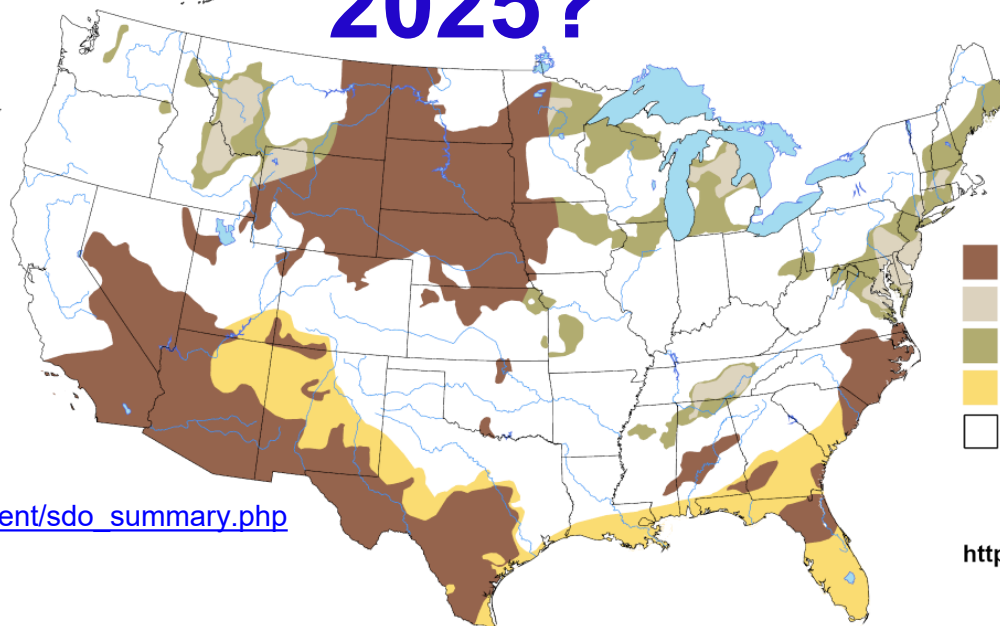
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# What's coming in 2025?

### U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for January 16 - April 30, 2025  
Released January 16, 2025

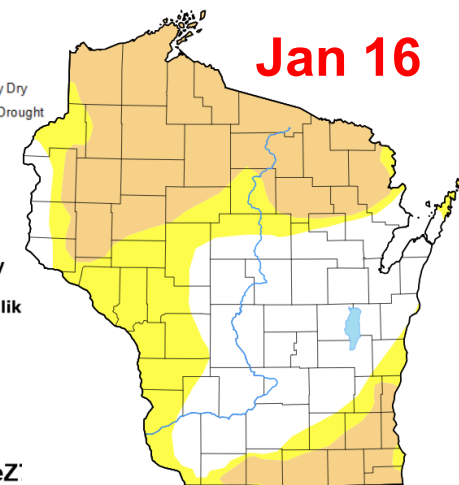


Intensity:  
None  
D0 Abnormally Dry  
D1 Moderate Drought

- Drought persists
- Drought remains, but improves
- Drought removal likely
- Drought development lik
- No drought



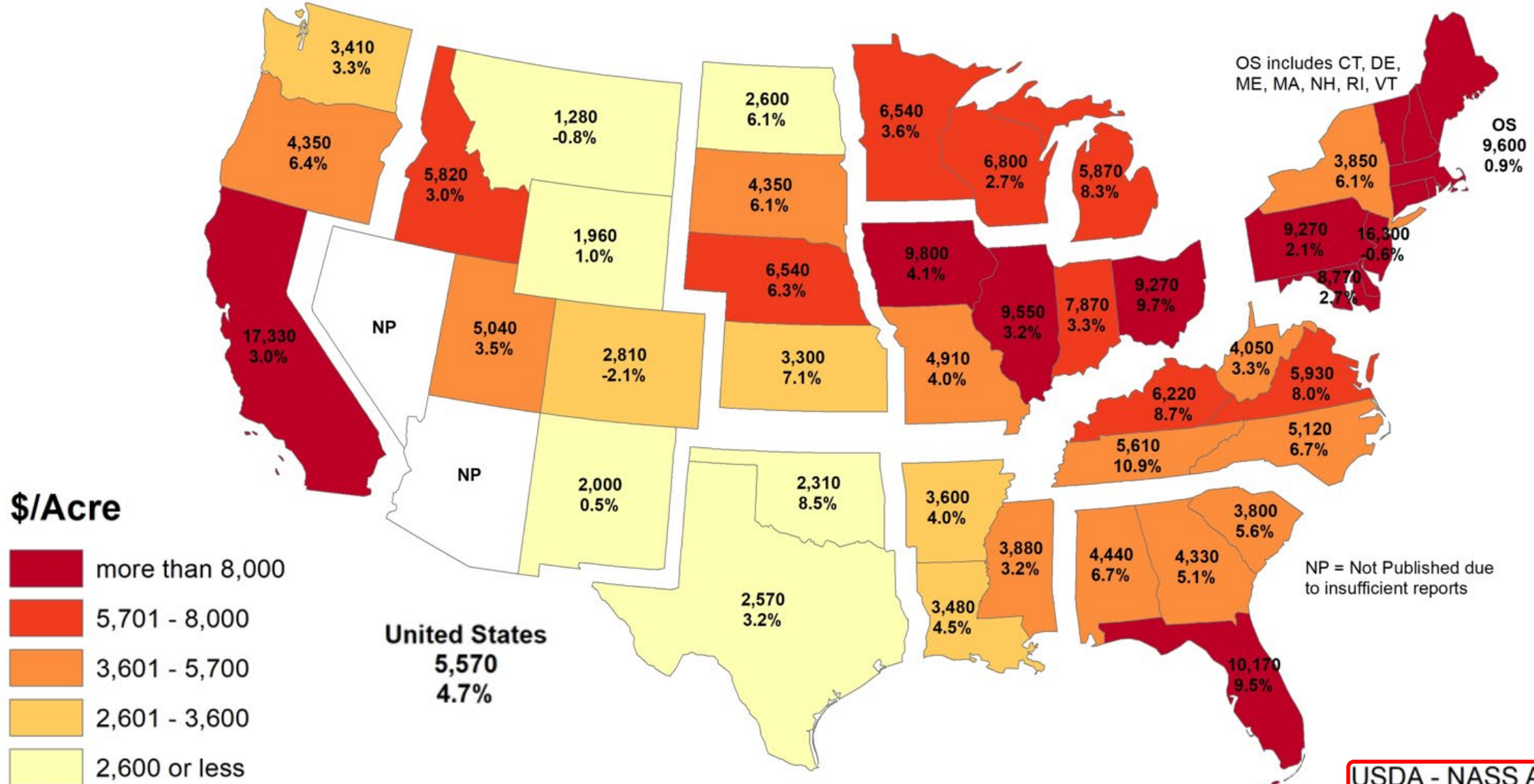
<https://go.usa.gov/3eZ>



[https://www.cpc.ncep.noaa.gov/products/expert\\_assessment/sdo\\_summary.php](https://www.cpc.ncep.noaa.gov/products/expert_assessment/sdo_summary.php)

# 2024 Cropland Value by State

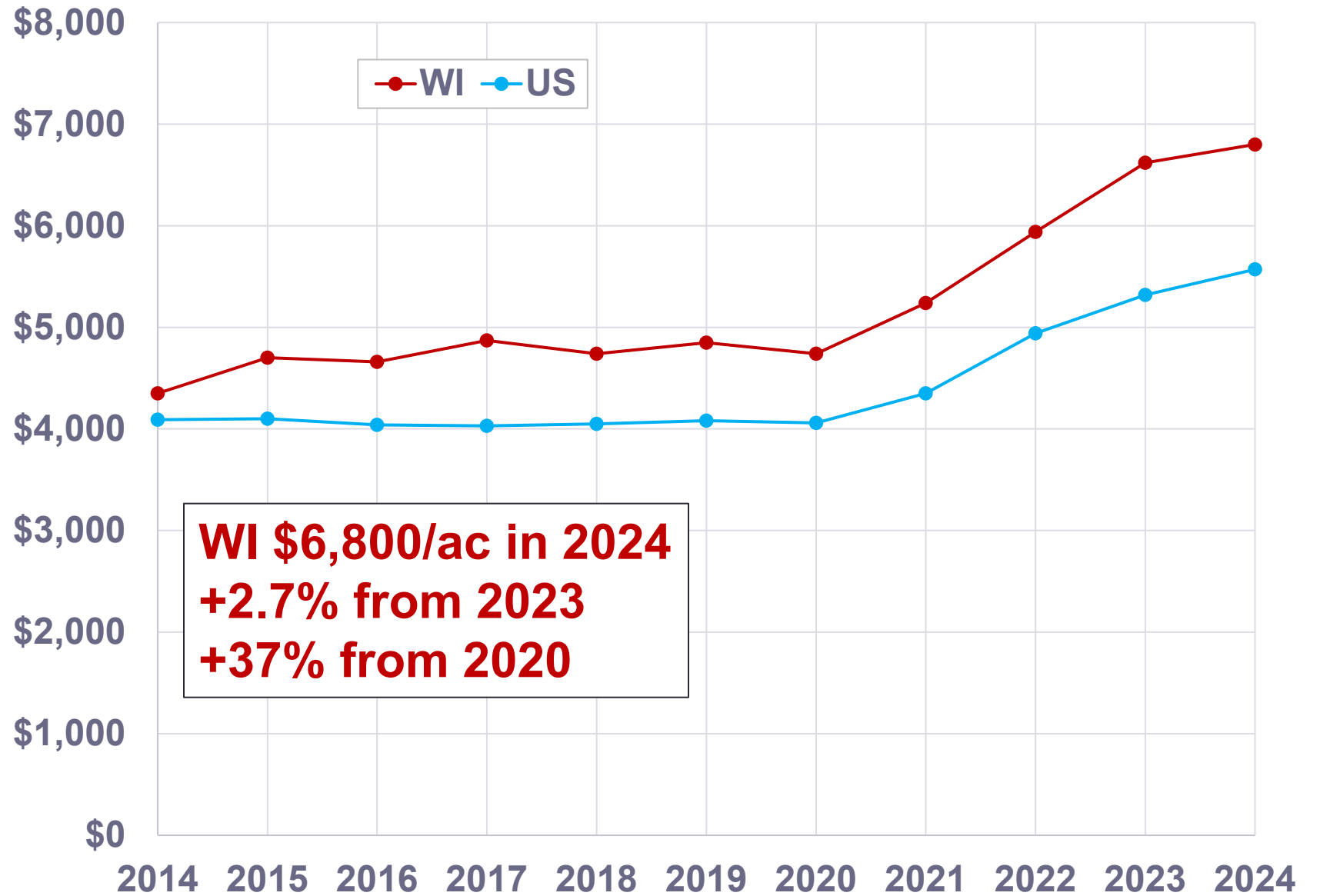
Dollars per Acre and Percent Change from 2023





# Average Cropland Values 2014-2024

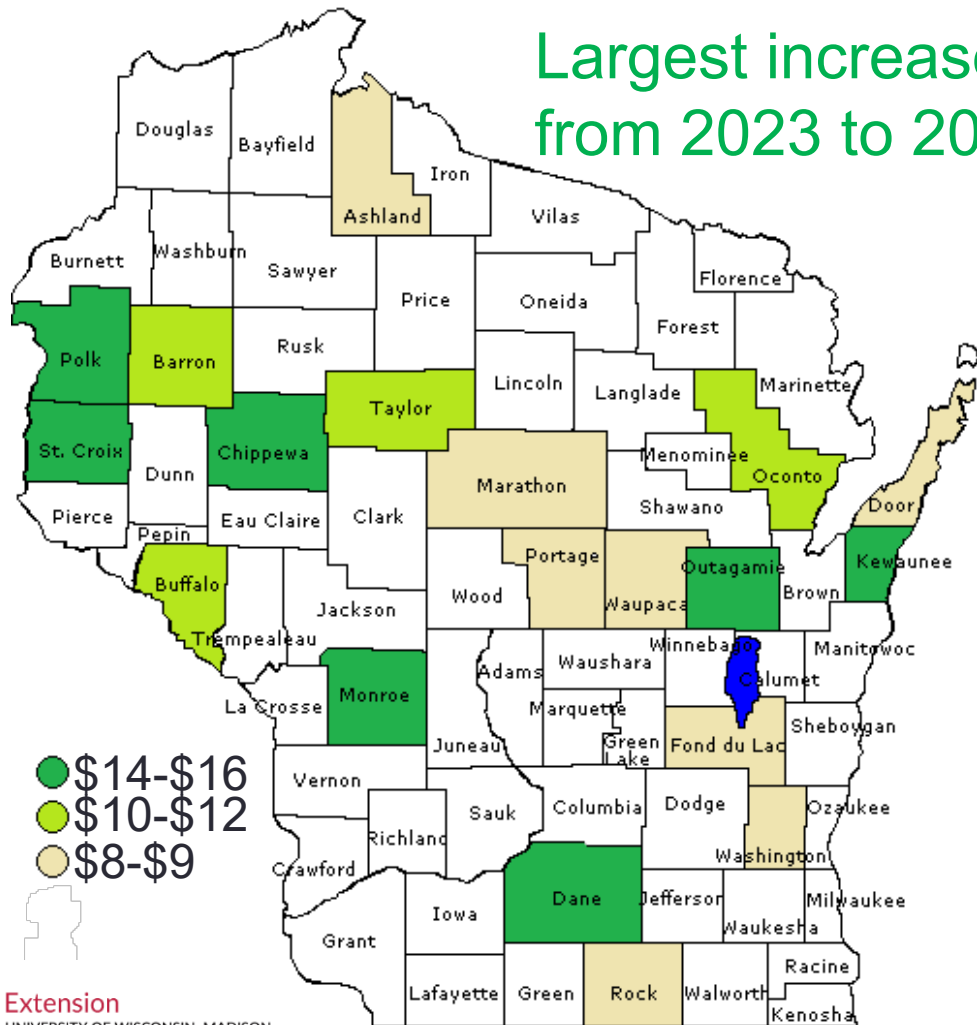
- Land values are stabilizing after 3 years of large increases



# 2024 Average Rents

State Average Rent: \$158, +4.6%

Largest increases  
from 2023 to 2024



Counties with highest average rents				
County	2023	2024	Chg	%
Lafayette	259	261	+2	+0.8%
Grant	241	244	+3	+1.2%
Dane	205	221	+16	+7.8%
Kewaunee	195	210	+15	+7.7%
Brown	198	--		
Walworth	197	--		
Green	196	197	+1	+0.5%
Rock	187	196	+9	+4.8%
Manitowoc	187	194	+7	+3.7%
Columbia	193	190	-3	-1.6%
Calumet	181	188	+7	+3.9%
Fond Du Lac	177	185	+8	+4.5%

USDA NASS Aug 2024:

[https://www.nass.usda.gov/Statistics\\_by\\_State/Wisconsin/Publications/County\\_Estimates/2024/WI-CtyEst-Cash-Rent-08-24.pdf](https://www.nass.usda.gov/Statistics_by_State/Wisconsin/Publications/County_Estimates/2024/WI-CtyEst-Cash-Rent-08-24.pdf)

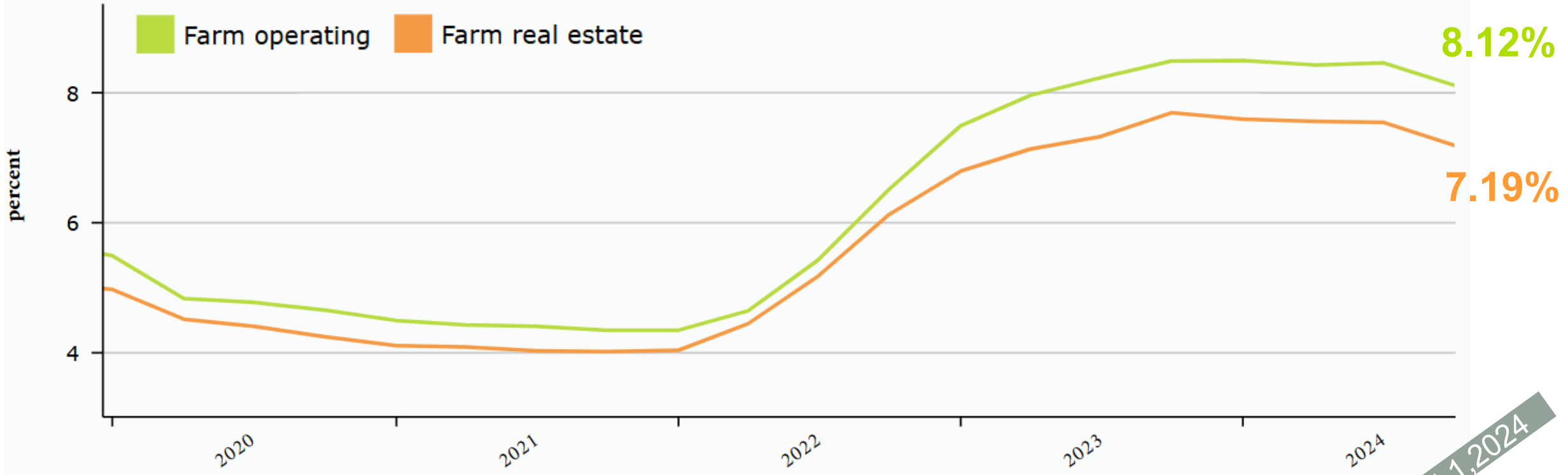
# Interest Rates are Decreasing

## Seventh Federal Reserve District



FEDERAL RESERVE BANK of CHICAGO

### Interest Rates Charged on New Farm Loans in the Seventh District



<https://fred.stlouisfed.org/series/PPIACO>

FRED — Producer Price Index by Commodity: All Commodities



<https://fred.stlouisfed.org/series/CPIAUCSL>

FRED — Consumer Price Index for All Urban Consumers: All Items in U.S. City Average





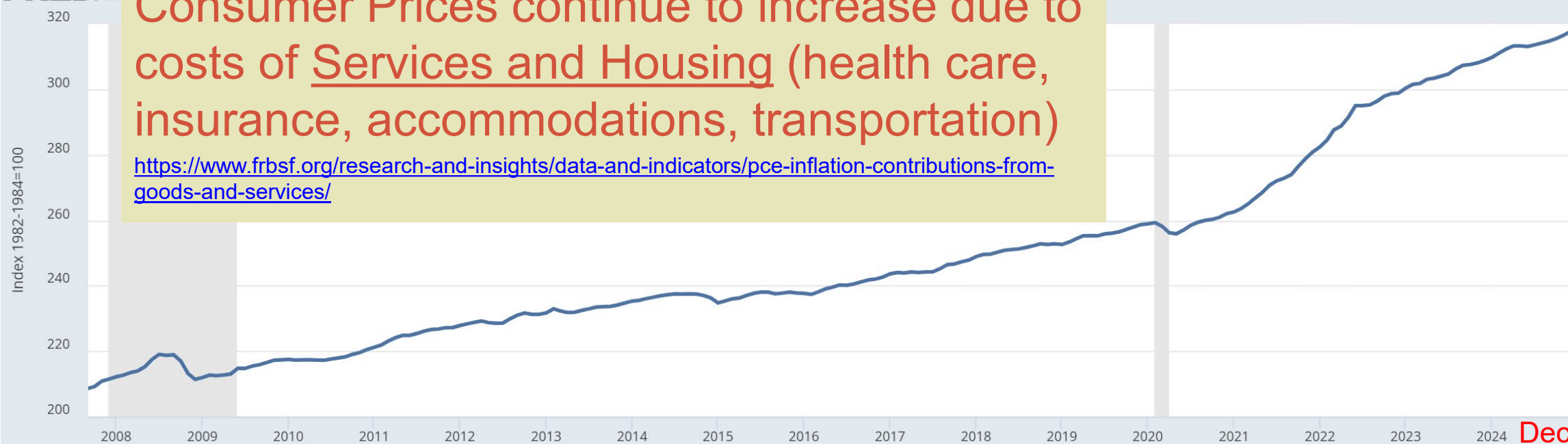
— Producer Price Index by Commodity: All Commodities

# Producer Price Index



Consumer Prices continue to increase due to costs of Services and Housing (health care, insurance, accommodations, transportation)

<https://www.frbsf.org/research-and-insights/data-and-indicators/pce-inflation-contributions-from-goods-and-services/>



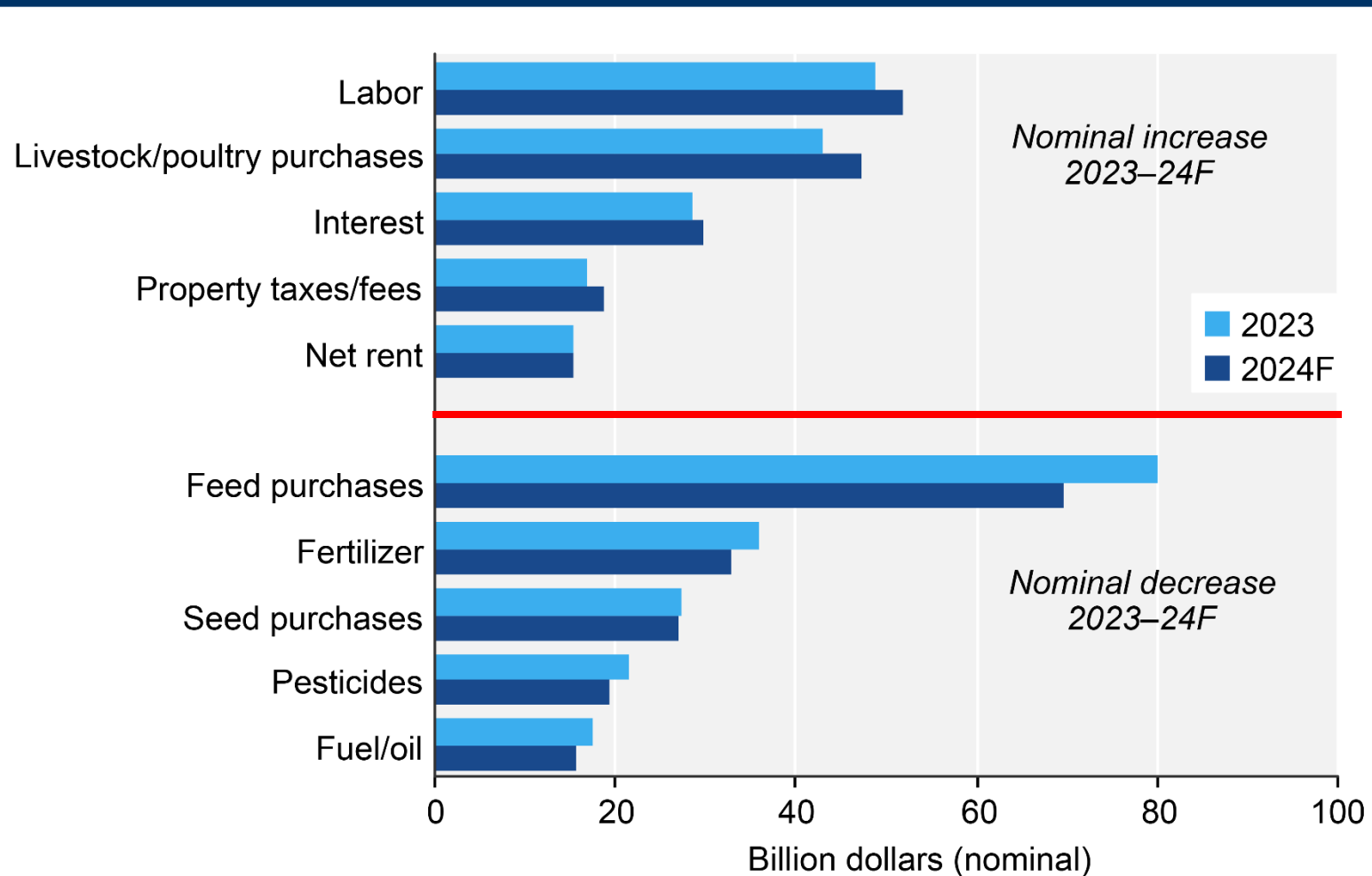
<https://fred.stlouisfed.org/series/PPIACO>

<https://fred.stlouisfed.org/series/CPIAUCSL>

# Farm Costs 2023 to 2024

- Input Costs are declining
- Service Costs are increasing
- Trends expected to continue into 2025

Selected U.S. farm production expenses, 2023–24F



Note: F = forecast.

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

Data as of December 3, 2024.

# Break Even Prices for 2025

Budget	Crop	2024	2025	Change
Northern IL	Corn after Corn	\$5.29	\$4.90	-7.4%
	Corn after Soybeans	\$4.99	\$4.62	-7.4%
	Soybeans	\$11.94	\$11.30	-5.4%
Iowa State U	Corn after Corn	\$5.14	\$4.83	-6.0%
	Corn after Soybeans	\$4.46	\$4.22	-5.4%
	Soybeans	\$11.24	\$11.15	-0.8%
UW Extension	Corn	\$5.25	<b>\$4.86</b>	If -7.4%
			<b>\$4.97</b>	If -5.4%
	Soybean	\$12.79	<b>\$12.10</b>	If -5.4%
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# Break Even Prices

**USDA Projected 2025 Farm Price (Nov 2024)**

**Corn: \$3.90**

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**Balancing Sustainability and Innovation**  
<https://cropsandsoils.extension.wisc.edu/files/2023/11/UW-Balancing-Sustainability-and-Innovation.pdf>

## Continuing Resolution Dec 21, 2024

- \$21B Agricultural Disaster Assistance
  - Focused on hurricane losses, likely little for WI producers
- \$10B Emergency Economic Assistance as wait for updated Farm Bill
  - **Projections**: Corn \$42.51, Soybeans \$29.50, Wheat \$30.69, Oats \$77.66
  - ~\$240M for WI farmers
- Extended 2018 Farm Bill
  - ARC & PLC for 2025 crops

## 2025 ARC and PLC My Recommendations

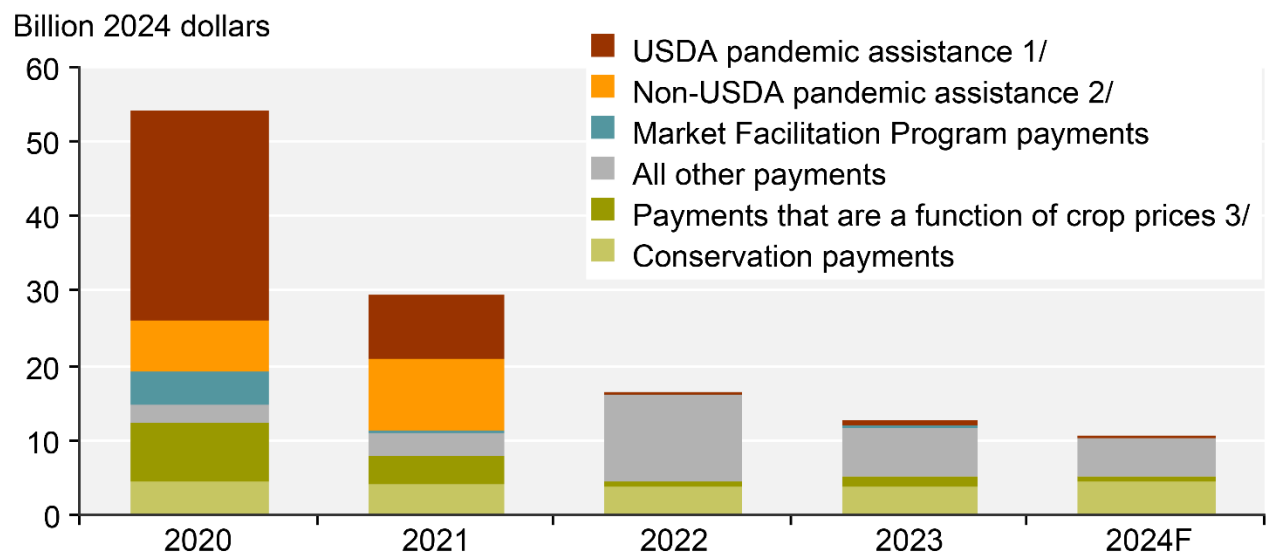
- PLC: Corn, Sorghum, Sunflowers
- ARC-CO: Soybeans, Small Grains
- Updates as markets/policy change
  - USDA Baseline mid-Feb
  - Prospective Plantings report
  - Ag Policy changes?
- Sign-up by April 15
- <https://aae.wisc.edu/pdmitchell/extension/arc-plc-signup/>

# Government Payments will Increase in 2025

## ARC payments likely in 2025

- With expected prices, small county yield losses trigger ARC payments
- Corn -2%, Soybeans -7%, Wheat -4%, Oats - 17%

Direct Government payments to U.S. farm producers, 2020–24F



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 2024 by USDA, Economic Research Service.

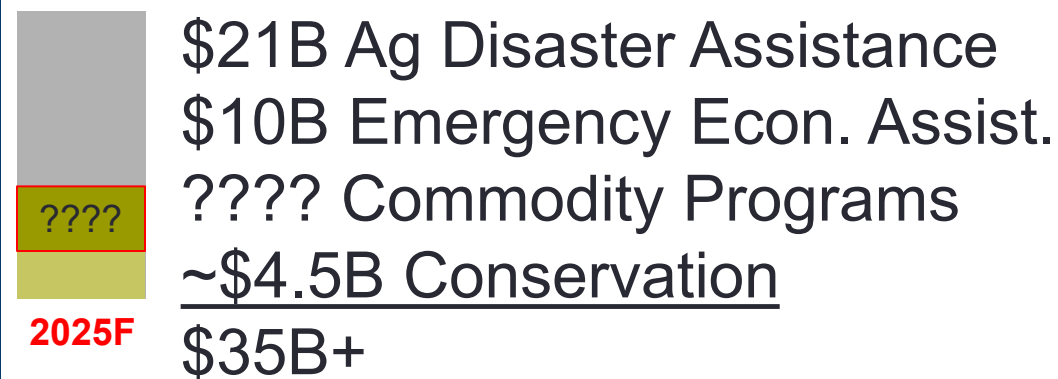
1/ Includes payments from the Coronavirus Food Assistance Program and other USDA pandemic assistance for producers.

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, and dairy payments.

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

Data as of December 3, 2024



## Policy Questions

- 1) If we get a trade war, will we get MFP?
- 2) Will Emergency Econ Assistance payments count against ARC payments?

# Farm Income Situation and Outlook

- **Situation:** Crops down, Livestock up, overall Farm Income down 6%, still 16% above 20-year average
- **Outlook:** Input costs down, Service (labor) costs up for 2025
- Crop margins look bad for 2025
- Tremendous interest in commodity support programs and agricultural policy in 2025 and beyond
- Let's talk about it this afternoon

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**Balancing Sustainability & Innovation**

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