

Farming and Agriculture: The Lifeblood of a Rural Community

A special edition of:



2024 Farm Tab

2024 Farm Sector Income Forecast

U.S. Department of Agriculture, Economic Research Service. (2024, February 7). Farm Sector Income & Finances: Farm Sector Income Forecast.

Farm sector income is forecast to continue to fall in 2024 after reaching record highs in 2022. Net farm income, a broad measure of profits, reached \$185.5 billion in calendar year 2022 in nominal dollars. After decreasing by \$29.7 billion (16.0 percent) from 2022 to a forecast \$155.9 billion in 2023, net farm income in 2024 is forecast to decrease further from the 2023 level by \$39.8 billion (25.5 percent) to \$116.1 billion. Net cash farm income reached \$202.3 billion in 2022. After decreasing by \$41.8 billion (20.7 percent) from 2022 to a forecast \$160.4 billion in 2023, net cash farm income is forecast to decrease by \$38.7 billion (24.1 percent) to \$121.7 billion in 2024.

In inflation-adjusted 2024 dollars, net farm income is forecast to decrease by \$43.1 billion (27.1 percent) from 2023 to 2024, and net cash farm income is forecast to decrease by \$42.2 billion (25.8 percent) compared with the previous year. If realized, both measures in 2024 would fall below their 2003-22 averages (in inflation-adjusted dollars).

Note: In the text below, year-to-year changes in the major aggregate components of farm income are discussed only in nominal dollars unless the direction of the change is reversed when looking at the component in inflation-adjusted dollars.

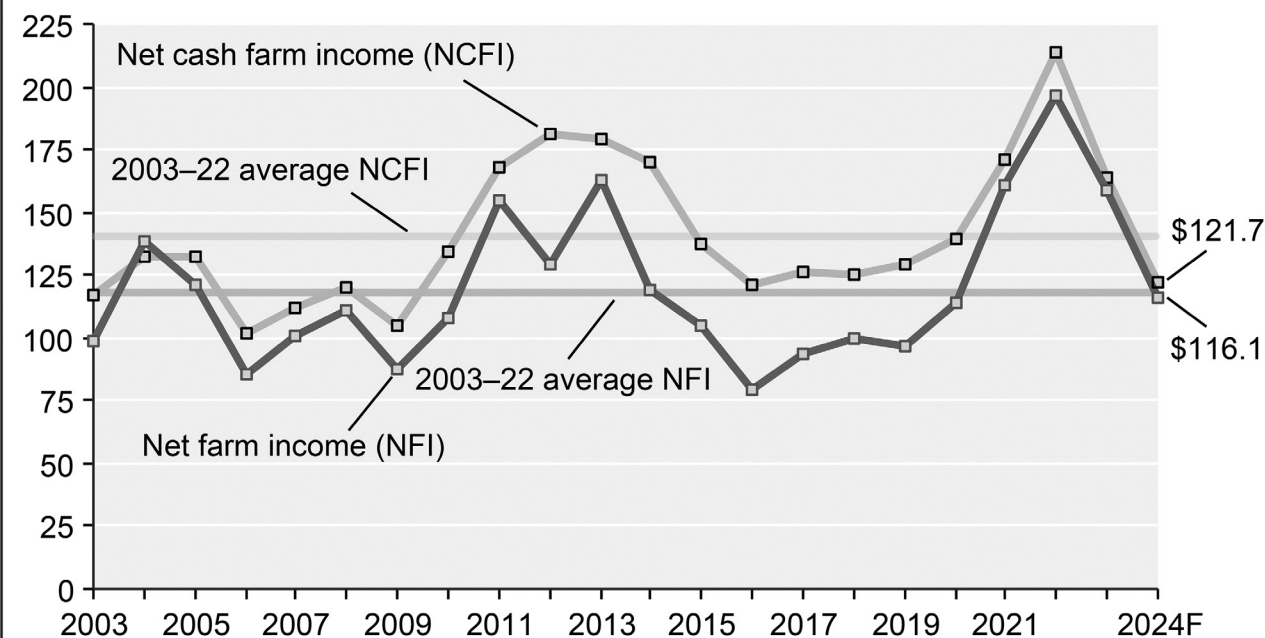
Summary Findings

- Overall, farm cash receipts are forecast to decrease by \$21.2 billion (4.2 percent) from 2023 to \$485.5 billion in 2024 in nominal dollars. Total crop receipts are forecast to decrease by \$16.7 billion (6.3 percent) from 2023 levels to \$245.7 billion following lower receipts for corn and soybeans. Total animal/animal product receipts are projected to decrease by \$4.6 billion (1.9 percent) to \$239.8 billion in 2024. Receipts for eggs, turkeys, cattle/calves and milk are forecast to fall relative to 2023.

- Direct Government farm payments are forecast at \$10.2 billion in 2024, a \$1.9 billion (15.9 percent) decrease from 2023. Direct Government farm payments include Federal farm program payments paid directly to farmers and ranchers but exclude U.S. Department of Agriculture (USDA) loans and insurance indemnity payments made by the Federal Crop Insurance Corporation (FCIC). This decline is largely because of lower supplemental and ad hoc disaster assistance to farmers and ranchers in 2024 compared with 2023.

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

Billion 2024 dollars



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.

- Total production expenses, including those associated with operator dwellings, are forecast to increase by \$16.7 billion (3.8 percent) from 2023 to \$455.1 billion in 2024. Livestock/poultry purchases and labor expenses are expected to see the largest increases in 2024 while spending on fuels/oils is expected to decline relative to 2023.

- Farm sector equity is expected to increase by 4.7 percent (\$166.2 billion) from 2023 to \$3.74 trillion in 2024 in nominal terms. Farm sector assets are forecast to increase 4.7 percent (\$193.2 billion) to \$4.28 trillion in 2024 following expected increases in the value of farm real estate assets. Farm sector debt is forecast to increase 5.2 percent (\$27.0 billion) to \$547.6 billion in 2024. Debt-to-asset levels for the sector are forecast to worsen slightly from 12.73 percent in 2023 to 12.78 percent in 2024. Working capital is forecast to fall 16.6 percent in 2024 relative to 2023.

Total Cash Receipts Forecast to Decline for Second Straight Year in 2024

Total inflation-adjusted cash receipts are forecast to fall \$32.2 billion (6.2 percent) from 2023 to \$485.5 billion in 2024. Crop cash receipts are projected to decline \$22.4 billion (8.3 percent) in 2024. Similarly, animal/animal product cash receipts are expected to decline \$9.9 billion (4.0 percent).

Crop Receipts Projected to Fall in 2024

Crop cash receipts are forecast at \$245.7 billion in 2024, a decrease of \$16.7 billion (6.3 percent) from 2023 in nominal terms. Combined receipts for corn and soybeans are forecast to fall \$17.2 billion, although fruit and nut receipts are expected to increase.

Corn receipts are expected to fall by \$11.3 billion (14.3 percent), as lower forecasted prices should outweigh higher quantities sold in 2024. Lower prices

Continued on next page

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in 2024 should also outweigh growth in quantities sold for soybean receipts, which are forecast to decrease by \$6.0 billion (10.3 percent). Cotton receipts are projected to increase by \$0.1 billion (1.6 percent) due to higher quantities sold. Wheat receipts are forecast to decrease \$0.1 billion (0.5 percent), as lower prices will outweigh higher quantities sold. Receipts for hay are projected to fall by \$0.8 billion (8.3 percent).

Vegetable and melon cash receipts are expected to fall \$30 million (0.1 percent) in 2024 while receipts for fruits and nuts are expected to increase \$0.8 billion (2.8 percent) during the year. Rice receipts are projected to grow by \$0.4 billion (13.1 percent), while receipts for barley are forecast to decline \$0.2 billion (16.3 percent). Sugarcane receipts are also forecast to decline \$0.2 billion (10.1 percent) in 2024, and sorghum receipts are projected to fall \$0.2 billion (17.6 percent).

Animal/Animal Product Receipts Forecast To Decrease in 2024

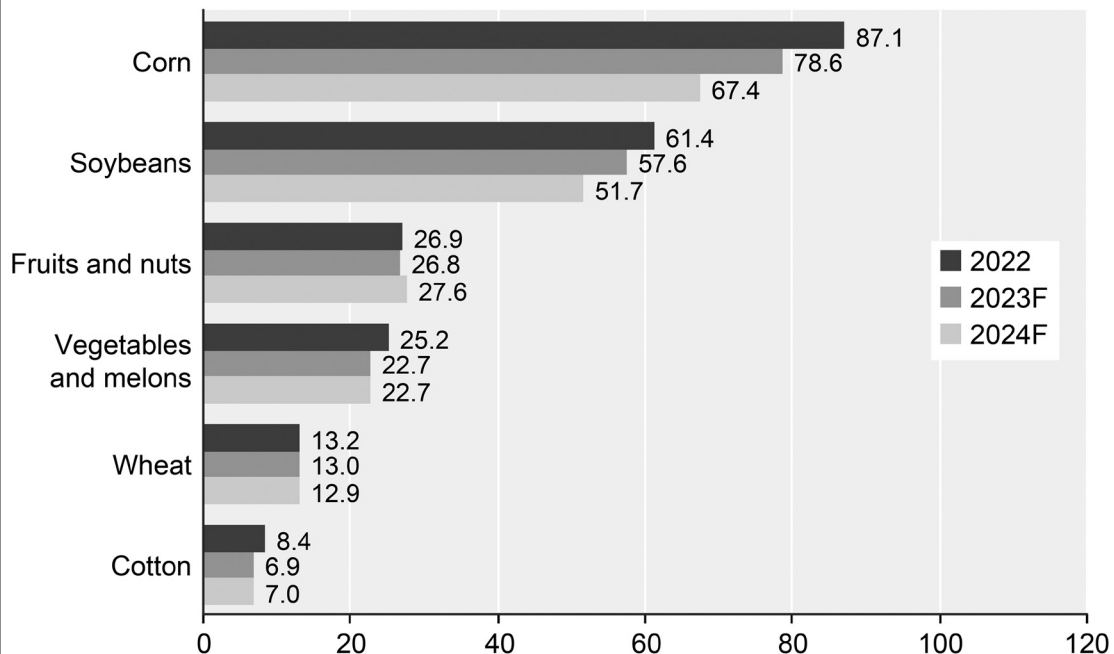
Total animal/animal product cash receipts are expected to decrease \$4.6 billion (1.9 percent in nominal terms) from 2023 to \$239.8 billion in 2024. While receipts for most major animal/animal products are projected to fall, receipts for hogs and broilers are expected to remain relatively unchanged.

Milk receipts are expected to decrease \$0.9 billion

Continued on pg. 10

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.

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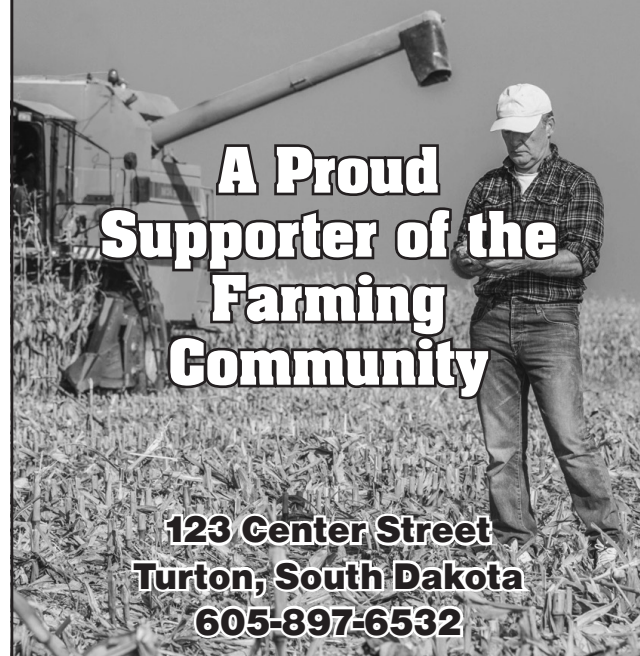
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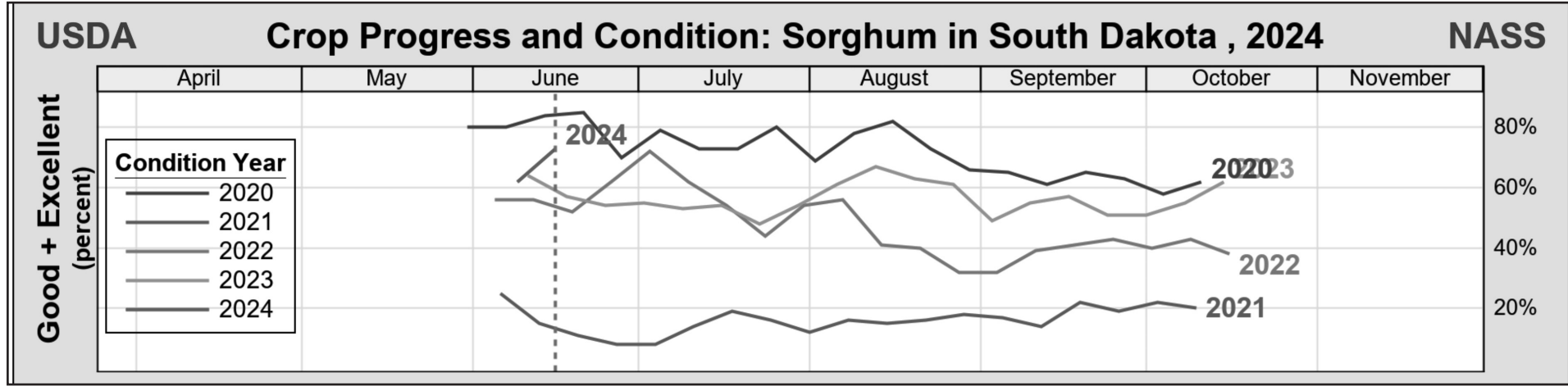
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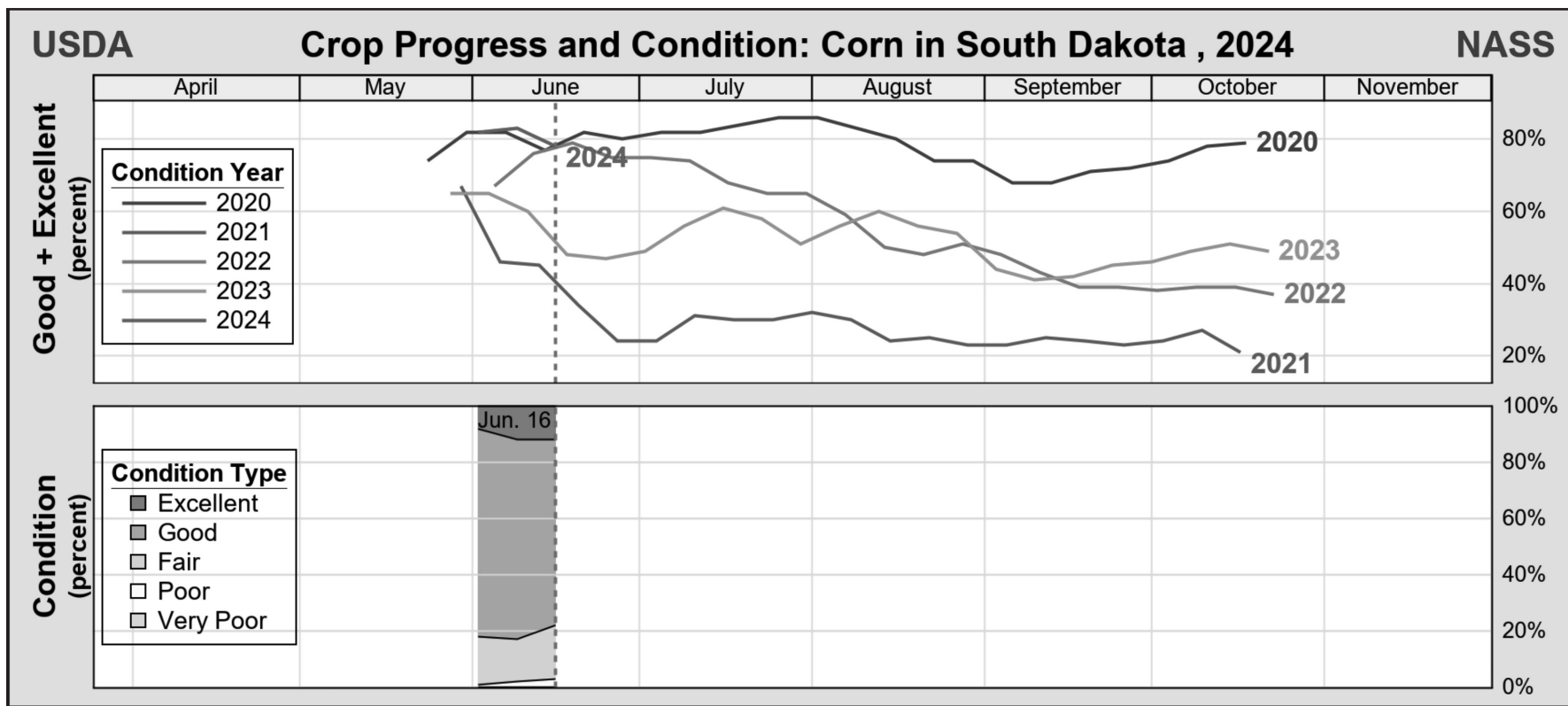
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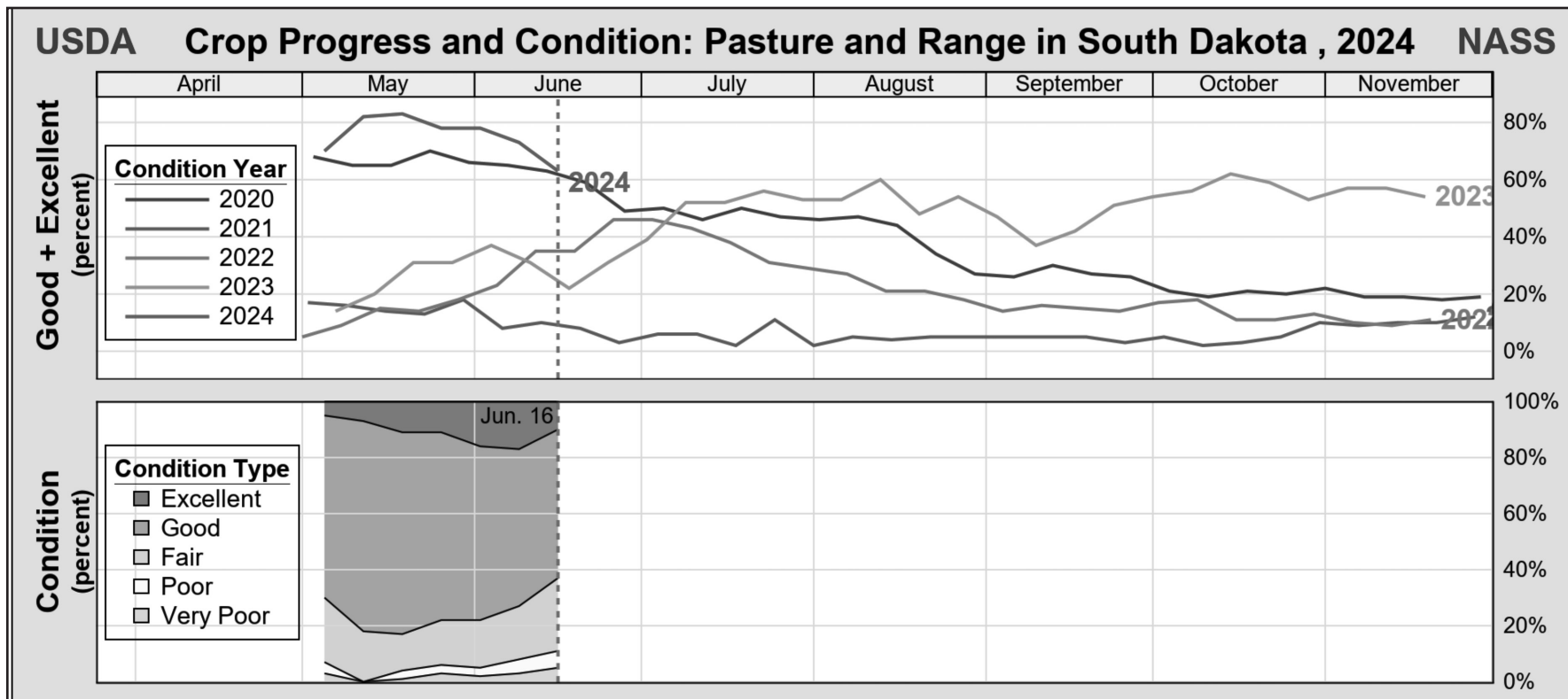
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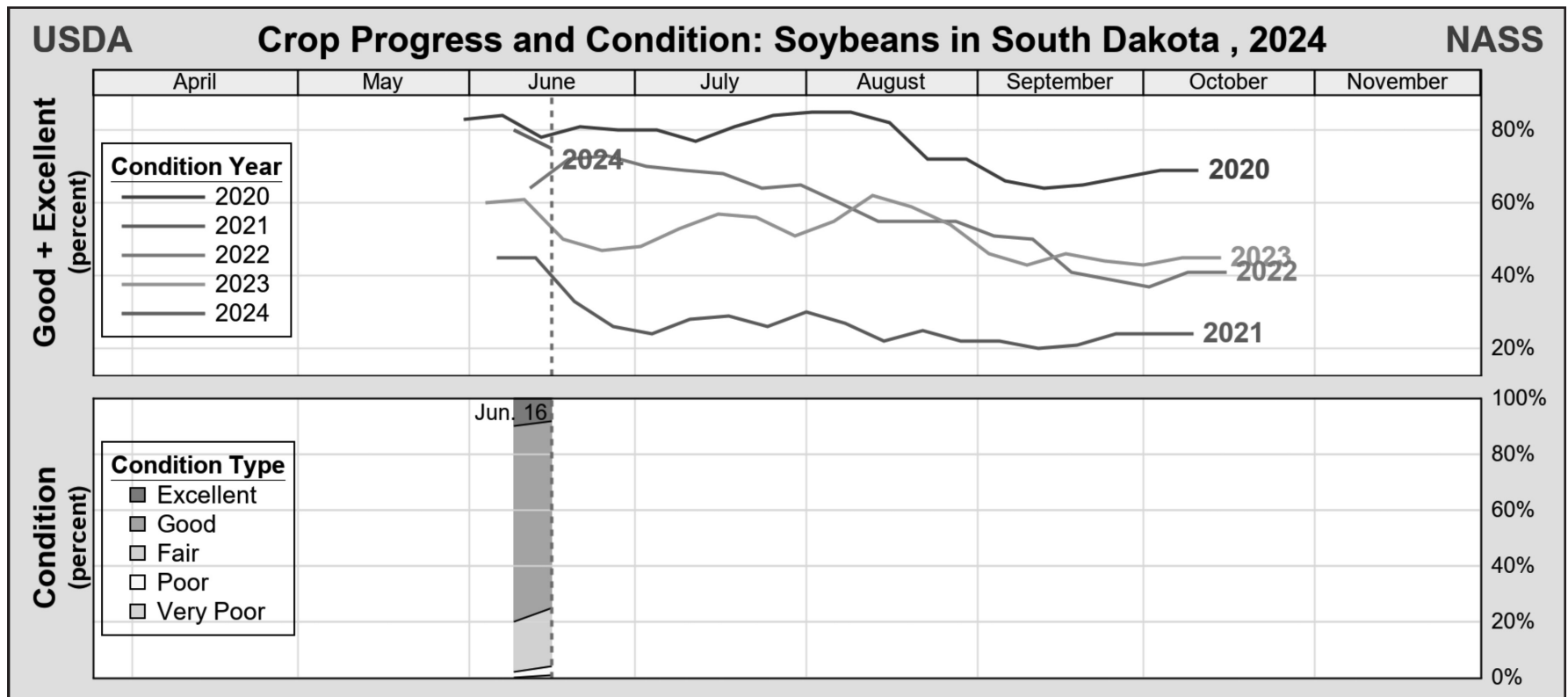


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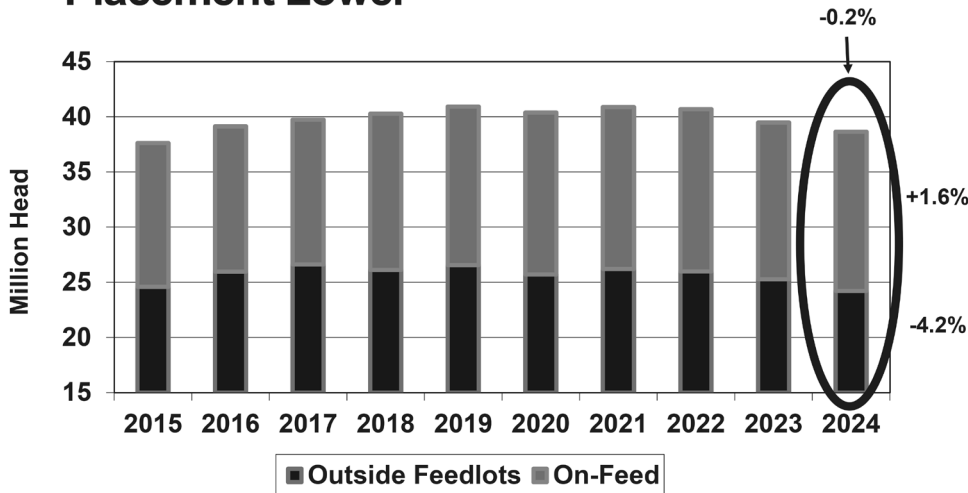
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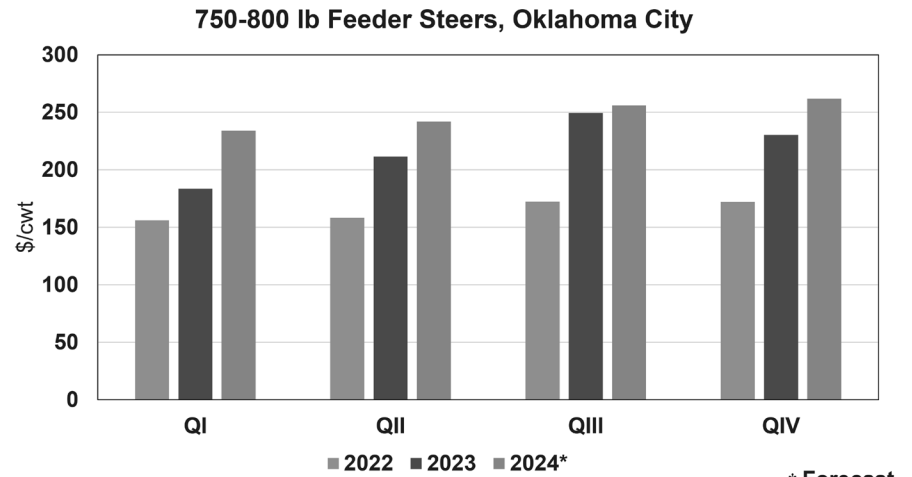
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Cattle on Feed Higher, Available for Placement Lower



Source: USDA: NASS

Feeder Calf Prices Will Be Record High in 2024



Source: USDA: AMS, WAOB



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(2.0 percent) in 2024 due to lower prices. Cash receipts from cattle and calves are expected to decrease \$1.6 billion (1.6 percent), as falling quantities sold should outpace growth in prices. Growth in quantities sold should slightly outweigh lower prices for hog receipts, resulting in an increase of \$0.3 billion (1.0 percent) in nominal terms during the year, which represents a slight decrease in real terms.

Broiler receipts are expected to increase \$0.7 billion (1.6 percent) in 2024, due to higher prices and quantities sold. This nominal increase is a decrease in real terms. Falling prices should drive receipts for turkeys \$1.4 billion (21.0 percent) lower during the year. Cash receipts for chicken eggs are expected to decrease \$1.7 billion (12.0 percent) in 2024, also due to a lower price forecast.

Lower Prices Drive Cash Receipts Decline in 2024

To better understand the factors underlying the forecast change in annual receipts from 2023 to 2024, the change was decomposed into two separate effects: a “price effect” projecting the change in cash receipts associated with holding the quantity sold constant at 2023 levels and allowing prices to change to forecast 2024 levels; and a “quantity effect” holding prices constant from 2023 and quantities changing to forecast 2024 levels. In 2024, falling prices are projected to have negative effects on cash receipts, while rising quantities sold should have positive effects. Overall, cash receipts are forecast to decrease \$21.2 billion in 2024, with an estimated negative price effect of \$26.9 billion, and a projected positive quantity effect of \$5.1 billion. In addition, a net increase of \$0.6 billion in cash receipts is from forecasts for commodities for which price and quantity effects cannot be separately determined. Price effects on cash receipts are forecast to be negative for both crops and animals/animal products. Quantity effects are forecast to be negative overall for animals/animal products but are expected to be positive for crop cash receipts.

Direct Government Farm Payments Forecast to Decrease in 2024

Direct Government farm program payments are those made by the Federal Government directly to farmers and ranchers with no intermediaries. Typically, most direct payments to farmers and ranchers are administered by the USDA using the Farm Bill or related authorities. Direct payments can also come from supplemental programs authorized by the U.S. Congress. Government payments do not include Federal Crop Insurance Corporation (FCIC) indemnity

payments (listed as a separate component of farm income) and USDA loans (listed as a liability in the farm sector’s balance sheet). Direct Government farm program payments are forecast to decrease 15.9 percent (\$1.9 billion) from 2023 to 2024. This overall decrease reflects lower anticipated payments from the supplemental and ad hoc disaster assistance mainly from the Emergency Relief Program (ERP).

- Supplemental and ad hoc disaster assistance payments in 2024 are forecast at \$5.9 billion, a decrease of \$1.2 billion (17.4 percent) from 2023, mostly because of lower expected payments from the Emergency Relief Program. Since 2020, supplemental and ad hoc disaster assistance has represented the largest category of direct Government payments.

- Conservation payments from the financial assistance programs of USDA’s Farm Service Agency and Natural Resources Conservation Service (NRCS) are expected to be \$4.0 billion in 2024, an increase of \$441.2 million (or 12.3 percent) from the 2023 forecast level. The increase in conservation payments is due to a marginal increase in Conservation Reserve Program enrolled acres, an increase in payments from NRCS programs, and some expected payments from the Inflation Reduction Act funds allocated for USDA’s conservation programs.

- The Dairy Margin Coverage Program (DMC) is forecast to make \$264.5 million in payments in 2024, which is \$0.9 billion lower than 2023. DMC payments were at record high of \$1.2 billion in 2023 due to lower milk prices.

- Farm bill commodity payments under the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs are forecast to decline in aggregate. The ARC program provides income support payments when actual crop revenue declines below a specified level. ARC payments are expected to be \$39.1 million in 2024, a decrease of \$231.3 million (85.5 percent) from \$270.4 million in 2023. Despite the expected decrease in market prices, commodity prices are likely to remain above the levels needed to trigger significant ARC payments. The PLC program provides income support payments when the effective price of a covered commodity falls below its effective reference price. PLC payments in 2024 are expected to be \$40.8 million, an increase of \$32.9 million from \$7.9 million in 2023. PLC payments are expected to increase in 2024 because of lower expected prices for rice (long-grain), seed cotton, and grain sorghum in 2024 compared with 2023.

Production Expenses Forecast To Increase in 2024

Farm sector production expenses, including expenses associated with operator dwellings, are forecast at \$455.1 billion in 2024. The expenses are forecast to have increased by \$9.8 billion (2.3 percent) in 2023, compared with their 2022 level. The expenses are forecast to further increase by \$16.7 billion (3.8 percent) in 2024. However, when adjusted for inflation, production expenses are forecast to have decreased by 1.3 percent from 2022 to 2023, and to increase by 1.6 percent from 2023 to 2024.

Spending on feed, labor, and livestock/poultry purchases are expected to represent three of the largest categories of spending in 2024. Feed expenses, the largest single expense category, are forecast at \$79.9 billion in 2023 and \$80.6 billion in 2024, staying below the record-high 2022 level. In turn, labor expenses (including noncash employee compensation) are forecast to have risen by \$2.2 billion (5.3 percent) in 2023, reaching \$44.1 billion. Labor expenses are forecast to rise by additional \$3.3 billion (7.4 percent) to \$47.4 billion in 2024, compared with 2023. Livestock and poultry expense is projected to have grown by \$6.5 billion (18.8 percent) to \$41.1 billion in 2023. The increase is forecast to slow down in 2024, with expected growth of \$3.3 billion (8.0 percent), to \$44.4 billion.

Three other expense categories are forecast to notably change in 2023 and 2024, compared with their 2022 levels:

- Interest expenses (including expense for operator dwellings) are forecast to have significantly increased in nominal terms in 2023, growing by \$10.1 billion (41.8 percent above the 2022 value) to \$34.2 billion. This reflects both higher total debt levels and interest rates in 2023. In 2024, interest expenses are expected to remain comparable with their 2023 levels, increasing in nominal terms but falling when adjusted for inflation.

- Fertilizer expenses (including lime and soil conditioner expenses) are projected to have significantly declined in nominal terms in 2023 from 2022, falling \$6.5 billion (17.5 percent) to \$30.4 billion, driven by reductions in fertilizer prices. In 2024, the fertilizer expenses are expected to grow by 4.3 percent from their 2023 levels yet remain below 2022 levels (in nominal terms).

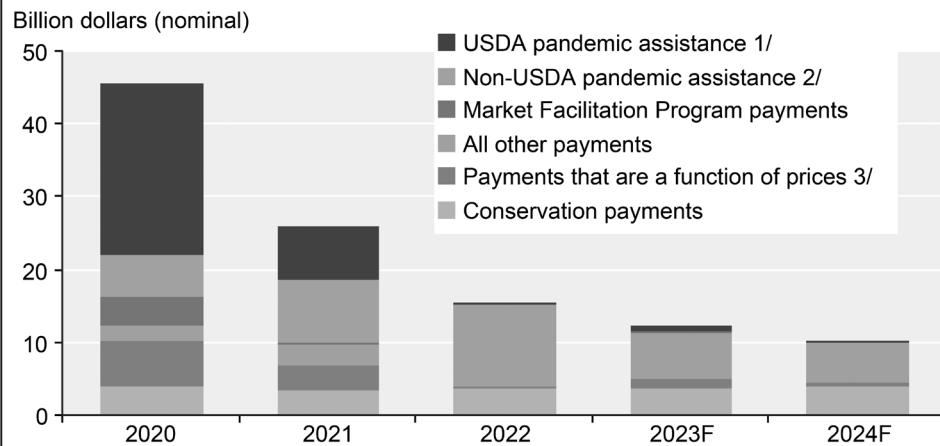
- Fuel and oil expenses are forecast to have declined by \$2.2 billion (11.7 percent) in 2023 and are expected to decline by an additional \$1.2 billion (7.4 percent) in 2024, driven by energy price declines.

See additional data on next page

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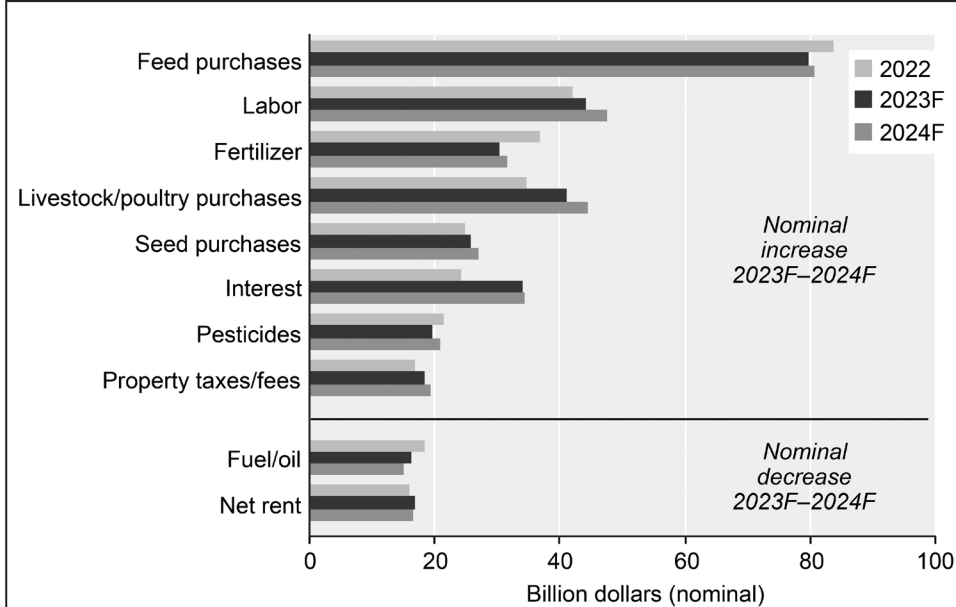
2024 Farm Sector Income Forecast

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



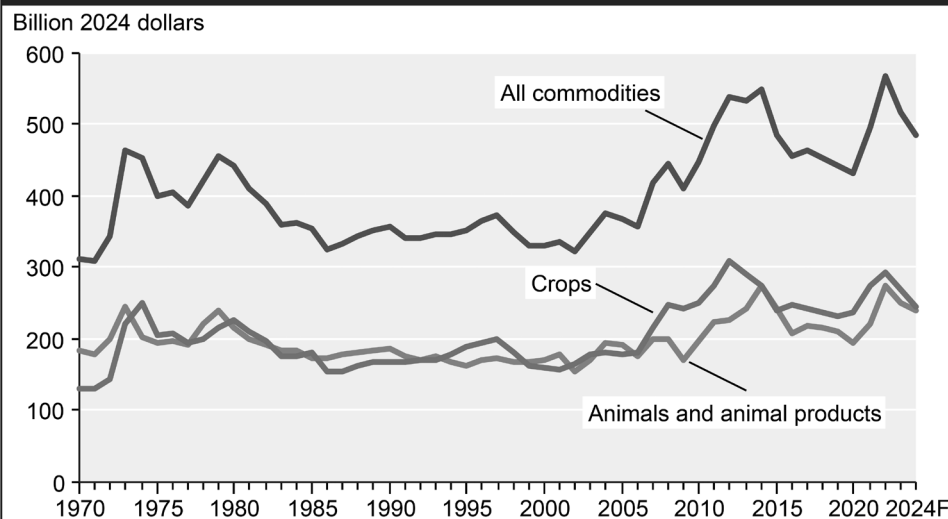
F = forecast.
 1/ Includes payments from the Coronavirus Food Assistance Program and other USDA pandemic assistance for producers.
 2/ Includes forgiven loans from the Paycheck Protection Program.
 3/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, certificate exchange gains, and dairy payments.
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
 Data as of February 7, 2024.

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



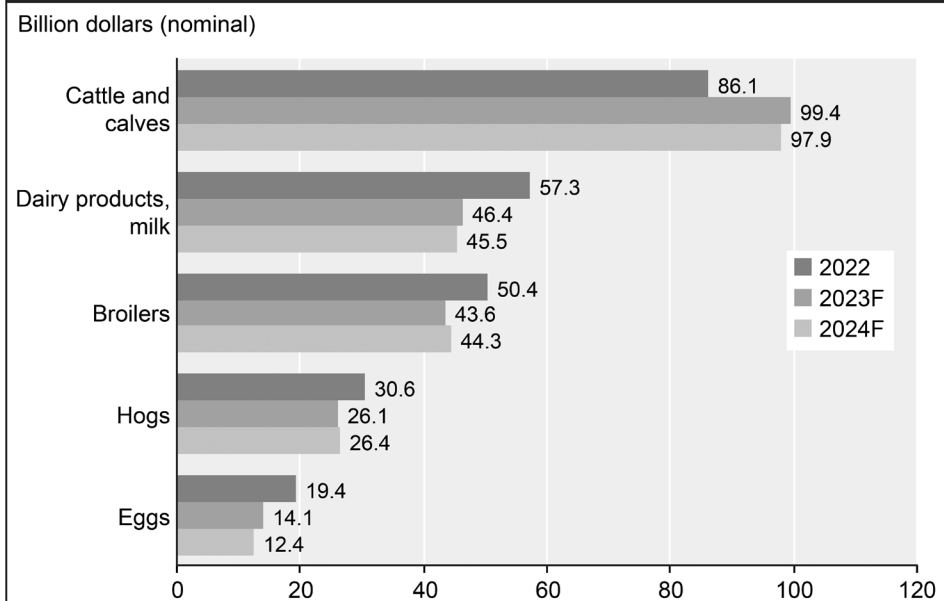
Note: F = forecast.
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
 Data as of February 7, 2024.

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



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.

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



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