

USDA Farm Income Forecast

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Agricultural Outlook Forum
February 23, 2023



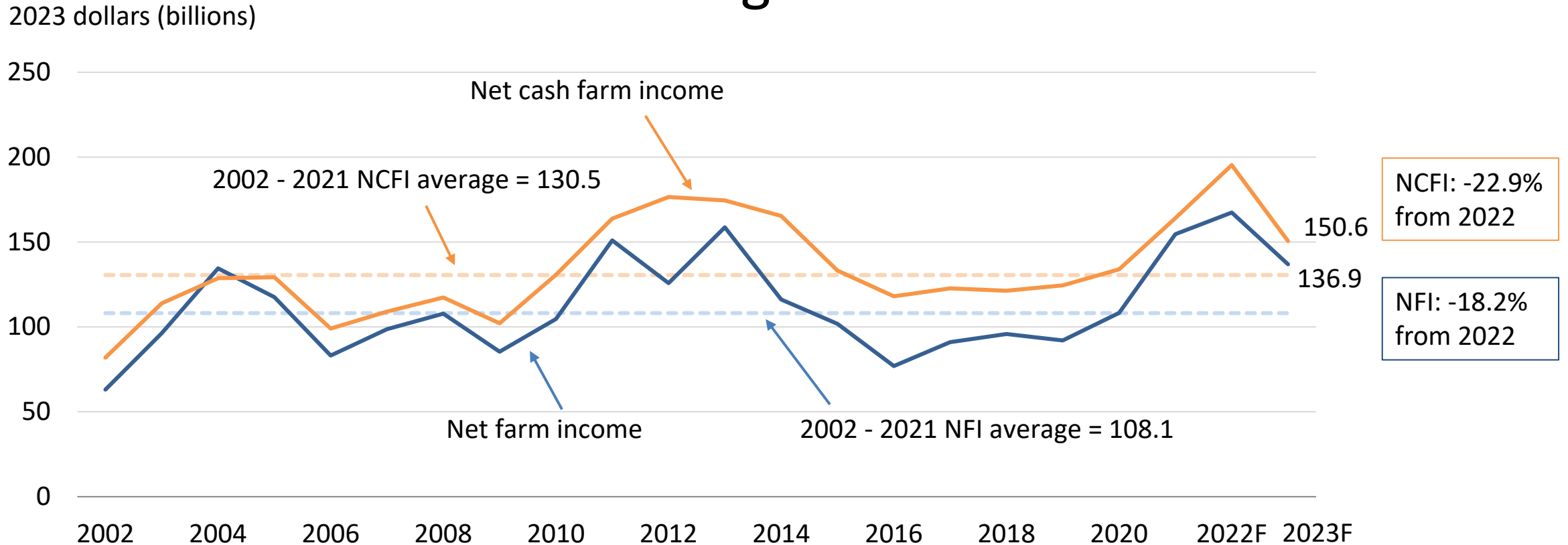
Summary*

1. Net cash farm income for calendar year 2023 is forecast at \$150.6 billion (down \$39.4 billion or 20.7 percent relative to 2022, in nominal dollars). Net farm income is forecast at \$136.9 billion (down \$25.9 billion or 15.9 percent).
2. Cash receipts from crop and animal/animal product sales are expected to decrease \$23.6 billion (4.3 percent) from a forecast record high of \$543.4 billion in 2022 to \$519.9 billion in 2023.
3. Direct government payments are forecast to decrease \$5.4 billion (34.4 percent).
4. Total production expenses are forecast to increase \$18.2 billion (4.1 percent) in 2023.
5. Farm sector assets, debt, and equity are forecast to increase (5.2, 6.2, and 5.0 percent, respectively).
6. Average net cash farm income for farm businesses is forecast to decrease 17.7 percent to \$92,400 in 2023.
7. Median total farm household income is forecast to increase 2.0 percent to \$96,715 in 2023.

*All values here are in nominal dollars.
Inflation is forecast at 2.8 percent in 2023.



Farm sector profit forecasts to decline after a record high in 2022

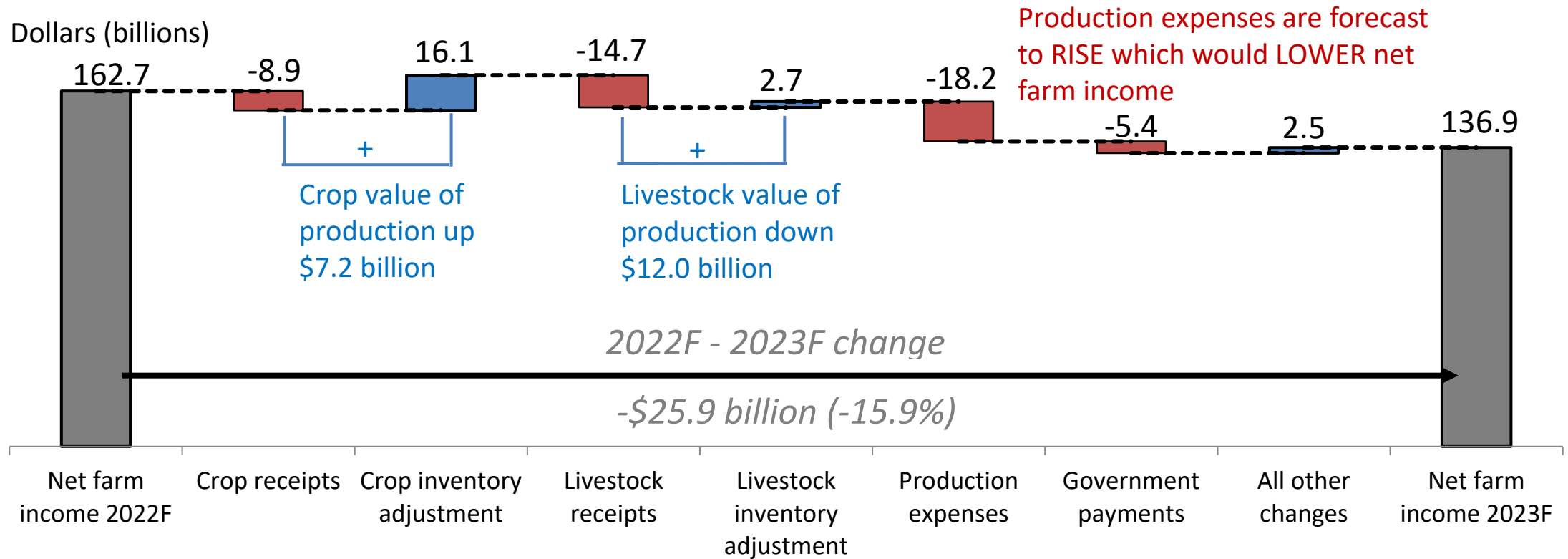


F= Forecast. Values are adjusted for inflation using the U.S. Bureau of Economic Analysis Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2023 by USDA, Economic Research Service.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 7, 2023.



Lower receipts and higher expenses forecast to lower net income 2023



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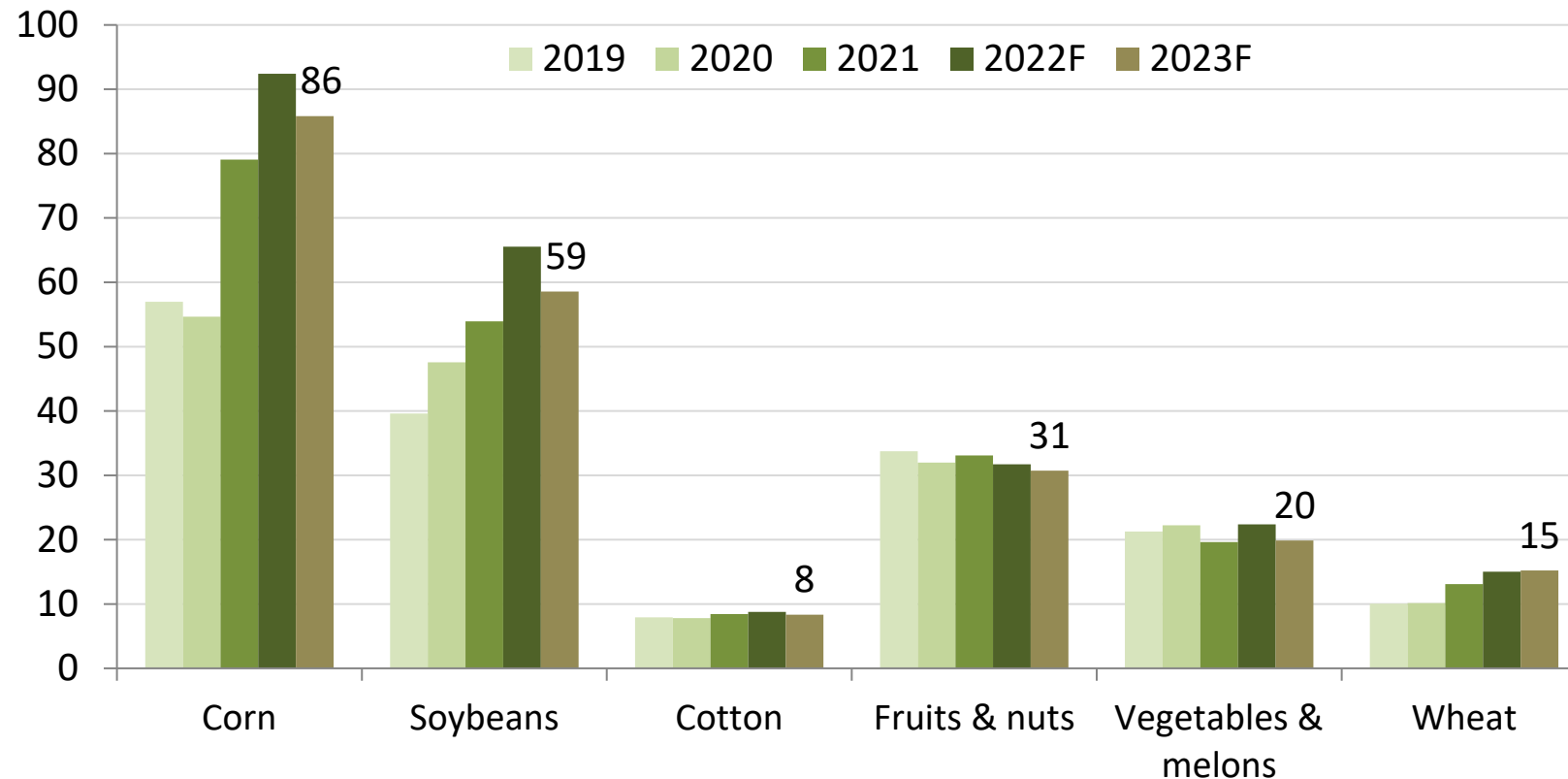
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of February 7, 2023.



Total crop cash receipts forecast to decrease in 2023

2023 dollars (billions)



Soybean and corn cash receipts expected to decrease due to lower prices.

Wheat receipts forecast to rise due to growth in quantities sold.

Change from 2022F

Corn -7.1%

Soybeans -10.6%

Cotton -4.8%

Fruits/Nuts -3.1%

Veg/Melons -11.2%

Wheat +1.2%

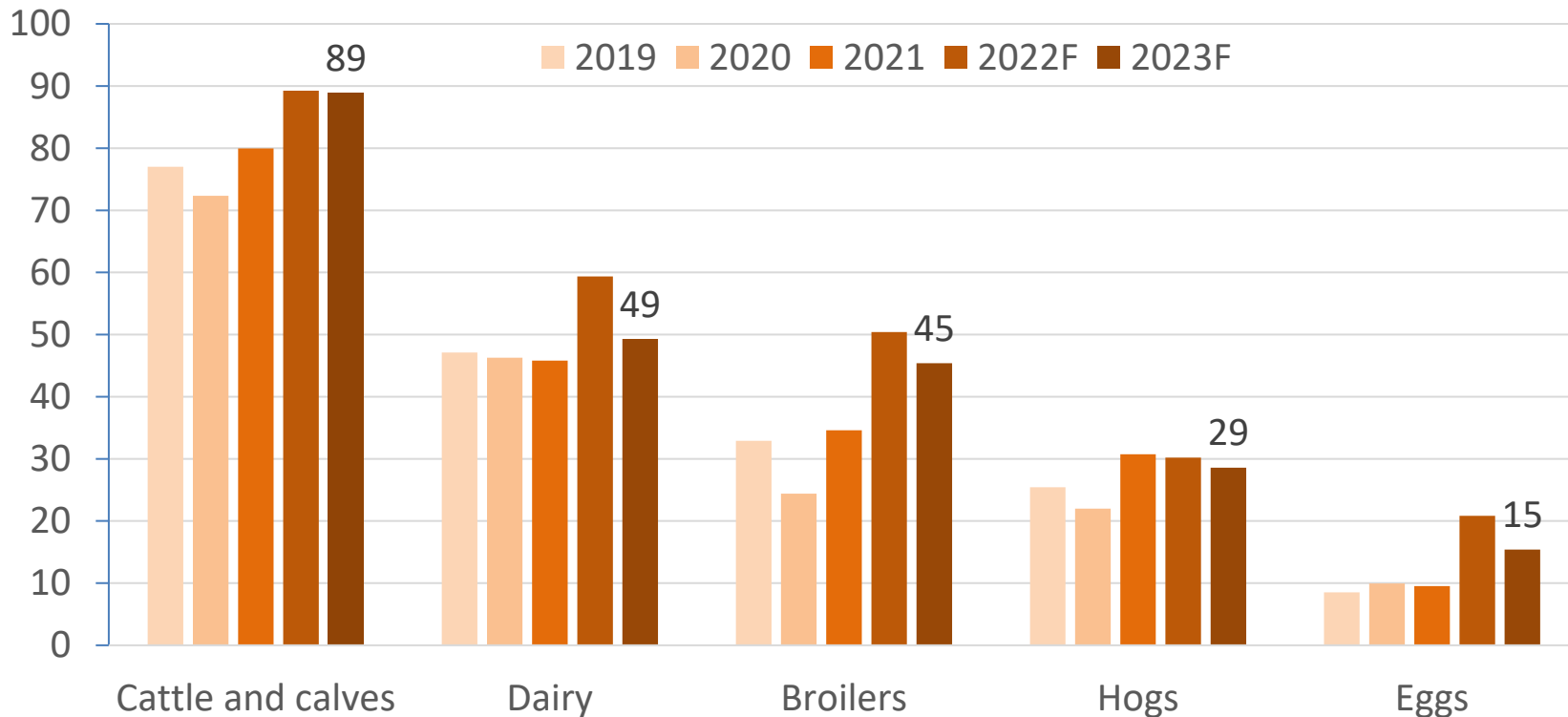
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Total animal/animal product cash receipts forecast to decrease in 2023

2023 dollars (billions)



Receipts are forecast to decline for **dairy, hogs, broilers** and **chicken eggs**.

Cattle receipts are forecast to remain relatively stable.

Change from 2022F

Cow/calf -0.4%

Dairy -16.9%

Broilers -10.0%

Hogs -5.4%

Eggs -26.1%

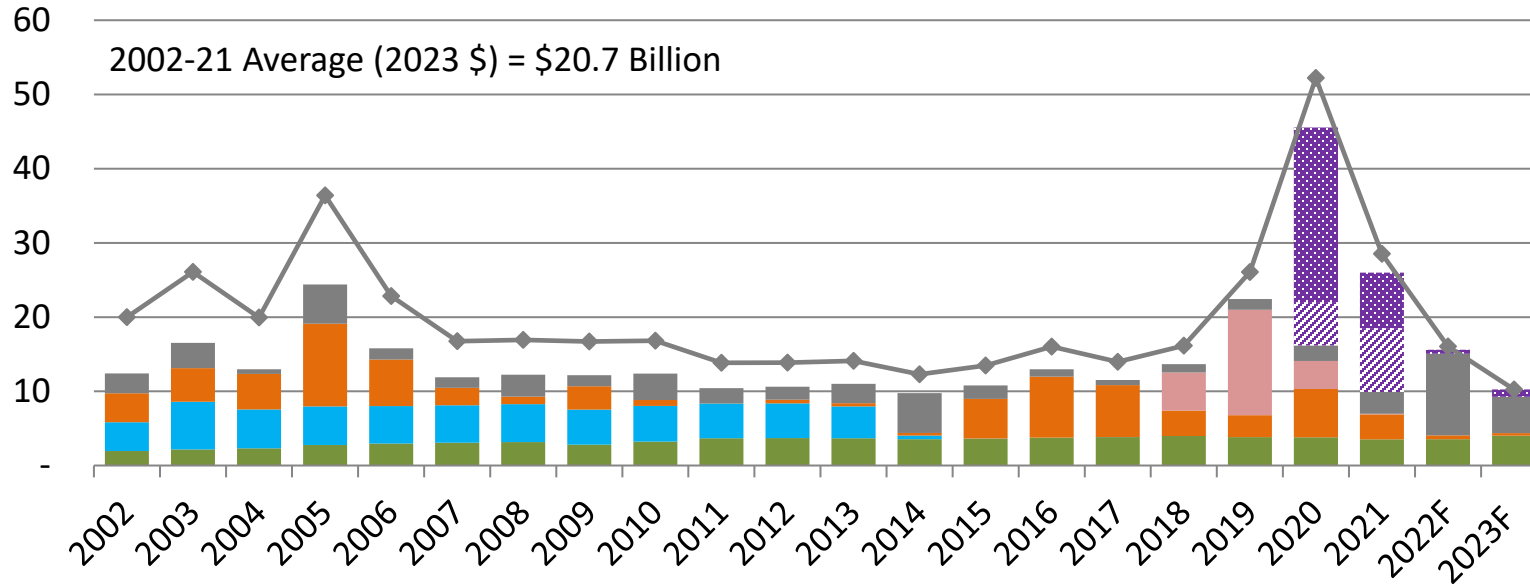
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Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 7, 2023.



Total direct Government payments expected to decline in 2023

Dollars (billions)



- USDA pandemic /1
- Non-USDA pandemic /2
- All other
- Market Facilitation Program
- Function of commodity prices /3
- Fixed /4
- Conservation

COVID-19 Related Assistance
 USDA pandemic assistance:
 2022F=\$0.5B; 2023F=\$1.0B
 Non-USDA pandemic assistance:
 2022F=\$0; 2023F=\$0

F= Forecast.

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

2/ Includes loans from the Small Business Administration's Paycheck Protection Program.

3/ Includes counter-cyclical payments, average crop revenue election (ACRE) payments, loan deficiency payments, marketing loan gains, certificate exchange gains, Price Loss Coverage(PLC), Agriculture Risk Coverage (ARC), and dairy payments in which commodity payment rates vary with market prices.

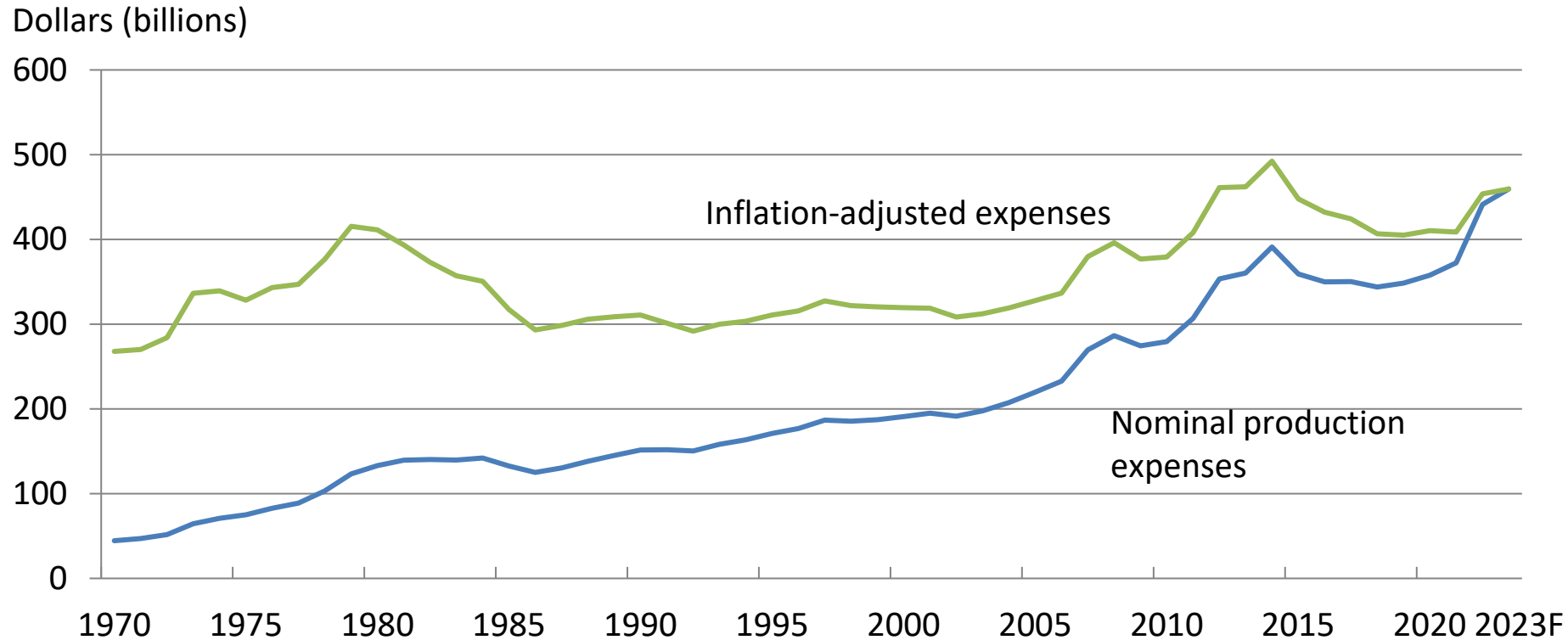
4/ Fixed payments are through 2013 and cotton transition payments in 2014 whereby payment rates are fixed by legislation.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics (using data from FSA, NRCS, CCC, SBA).

Data as of February 7, 2023.



Total production expenses forecast to continue to increase in 2023



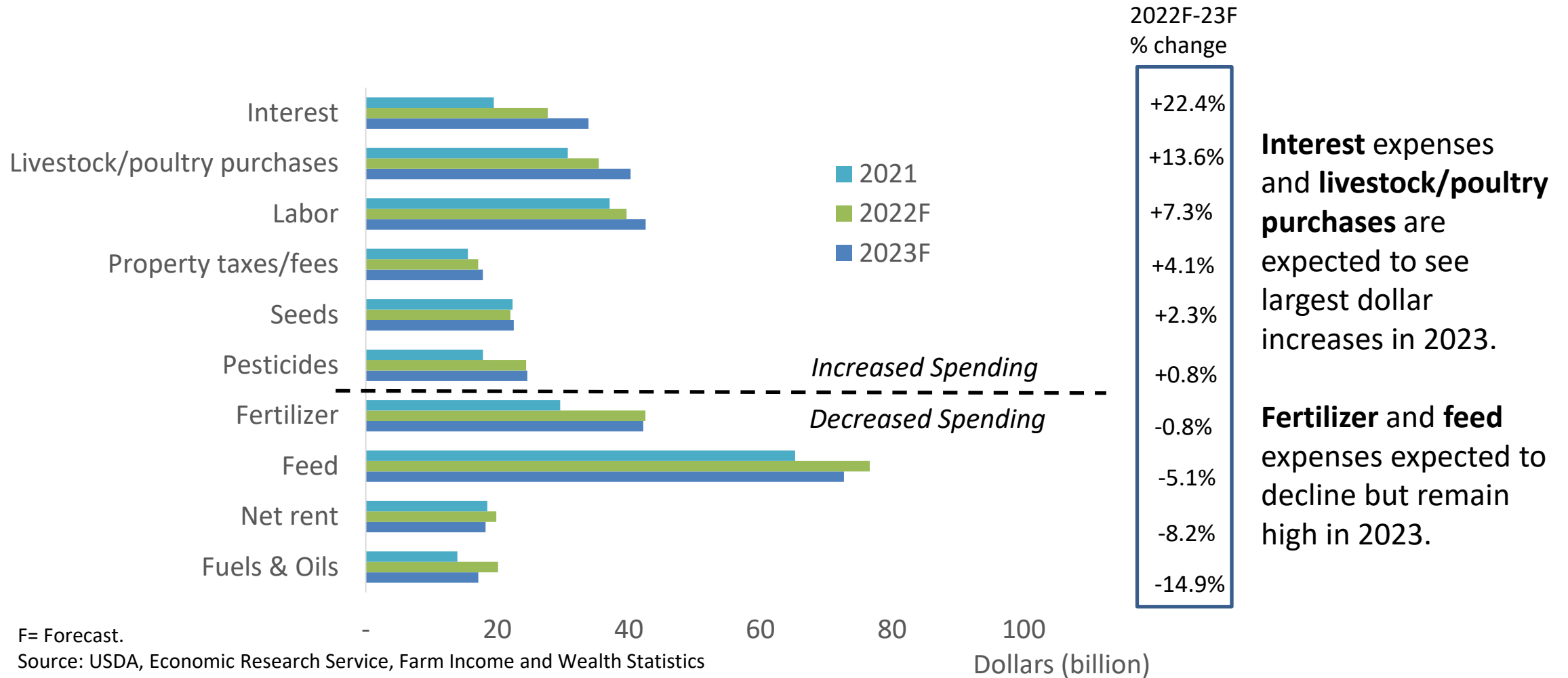
In 2022, expenses forecast to have increased 11% from 2021 when adjusted for inflation.

In 2023, expenses forecast to increase 1.3% (or 4.1% in nominal terms).

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 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics
 Data as of February 7, 2023



Outlook for individual expense items mixed in 2023



Interest expenses and **livestock/poultry purchases** are expected to see largest dollar increases in 2023.

Fertilizer and **feed** expenses expected to decline but remain high in 2023.

F= Forecast.

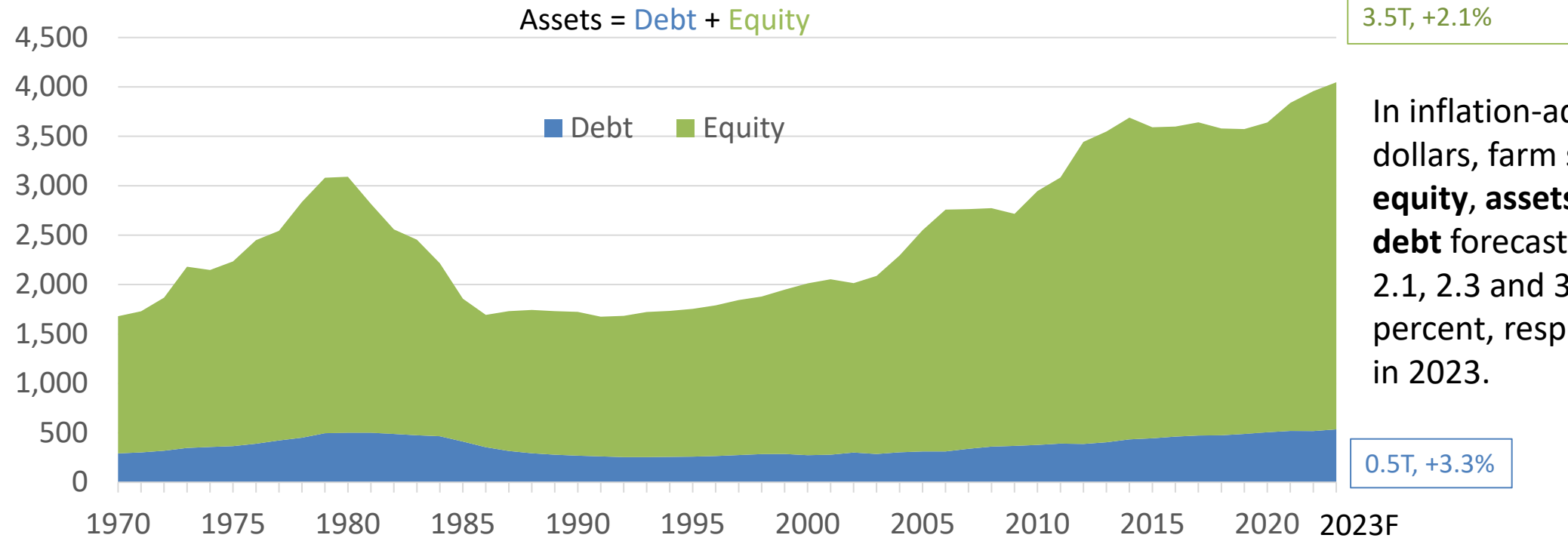
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of February 7, 2023



On the balance sheet, equity forecast to grow in 2023

2023 dollars (billions)



In inflation-adjusted dollars, farm sector **equity, assets** and **debt** forecast to rise 2.1, 2.3 and 3.3 percent, respectively in 2023.

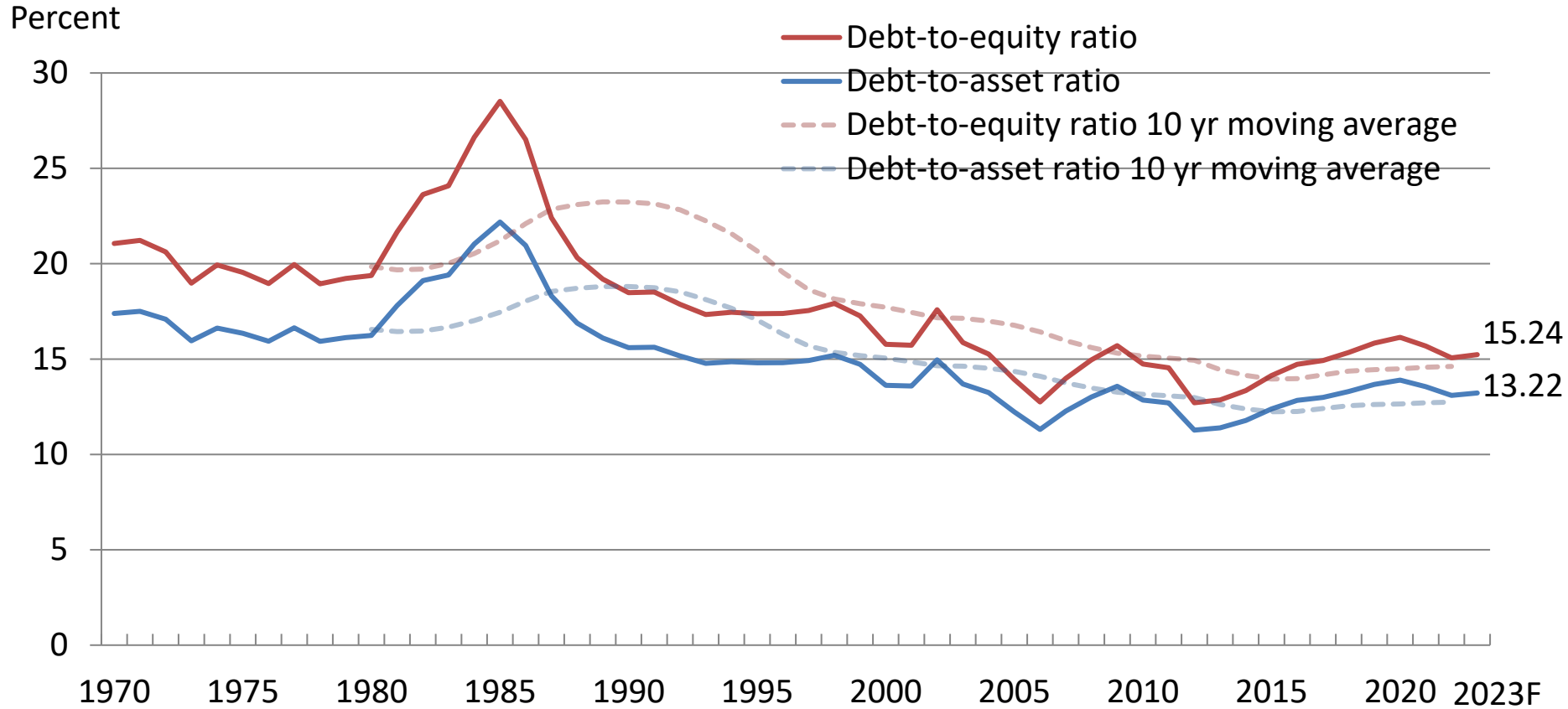
F= Forecast. T=Trillions. Values are adjusted for inflation using the U.S. Bureau of Economic Analysis Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2023 by USDA, Economic Research Service.

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

Data as of February 7, 2023



...but farm sector solvency forecast to worsen slightly



Both ratios forecast to be slightly above 10- year average.

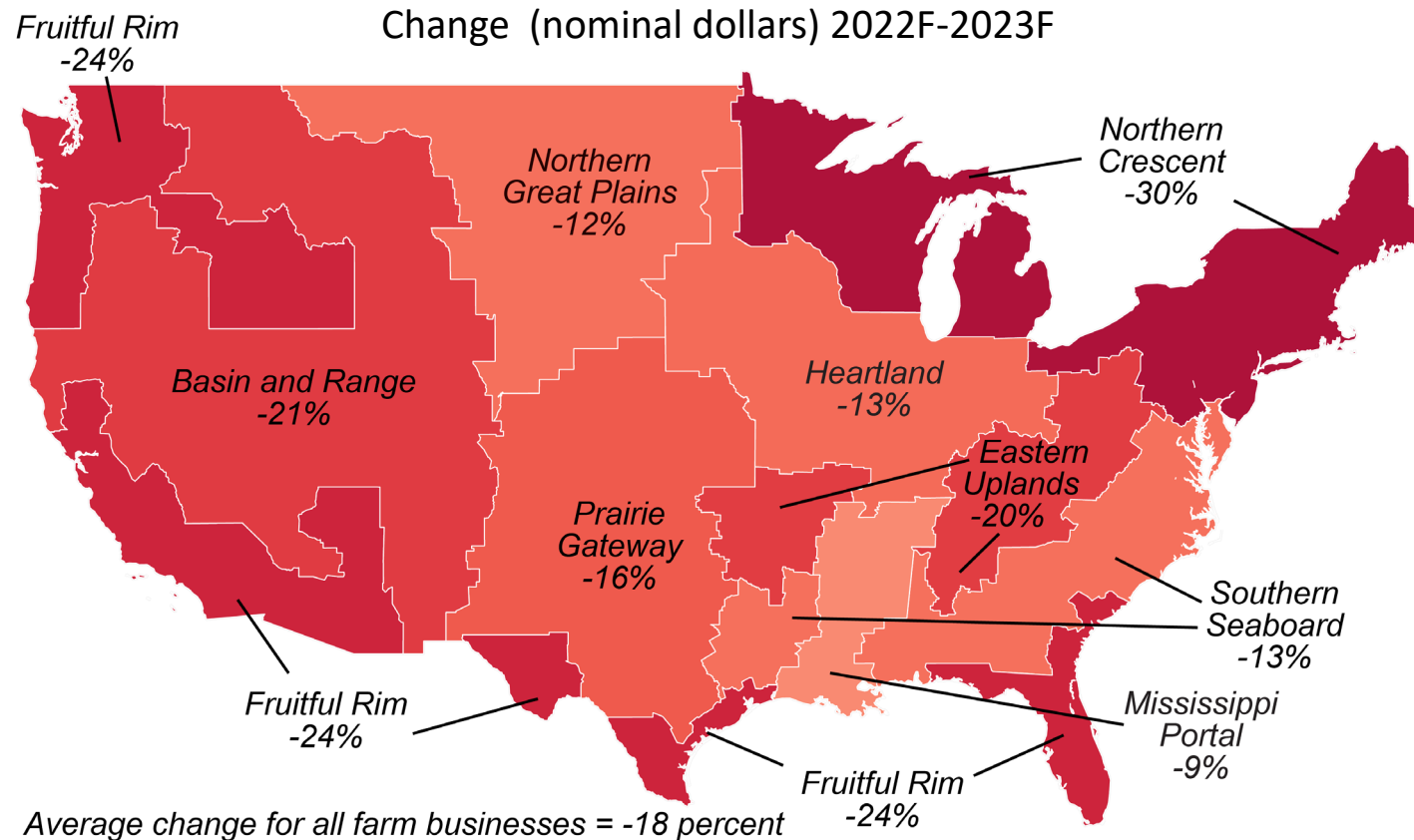
F= Forecast.

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

Data as of February 7, 2023



Farm businesses in all regions expected to see lower average net cash income in 2023



Farm businesses are defined as operations with gross cash farm income of over \$350,000 or smaller operations where farming is reported as the operator's primary occupation. The partial budget forecast model is based on the 2021 Agricultural Resource Management Survey (ARMS) using parameters from the sector forecasts. The model is static and does not account for changes in crop rotation, weather, and other location-based production impacts that occurred after the base year. Data as of February 7, 2023. Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.



Many Ways to Explore the Data

<https://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics/>
Visualizations let you dive into the financials of the farm sector

Get to know farms in Kansas

Farm facts, 2018

- Number of farms:** 58,900
- Acres of farmland:** 45,800,000
- Net farm income:** \$2,761,501,000
- Government payments:** \$795,346,000
- Federal insurance premiums:** \$237,605,000
- Federal insurance indemnities:** \$325,607,000

Ranked by: Net farm income 2008-2018 (current-year dollars)
#7 Kansas
Net farm income, 2018 dollars
\$3,350,802,000 (2008-2018 average)
\$2,761,501,000 (2018)

Top 5 cash receipts (2018 dollars)

- Cattle and calves: \$8,285,905,000
- Corn: \$2,302,700,000
- Soybeans: \$1,569,628,000
- Wheat: \$1,443,498,000
- Sorghum grain: \$831,856,000

Top 5 production expenses (2018 dollars)

- Livestock purchases: \$4,105,596,000
- Feed: \$2,300,000,000
- Capital consumption: \$1,120,774,000
- Miscellaneous: \$1,105,922,000
- Fertilizer, lime, & soil conditioner: \$870,000,000

Digging Into the U.S. Farm Balance Sheet

created by: The ERS Farm Income Team

Overview Farm assets: total vs. real estate Farm assets: real estate values Farm assets: other assets Farm debt: trends Farm debt: by lender Financial ratios

Debt Type: Real estate debt

Choose the lender(s) to display:

- Commercial banks
- Farm Credit System
- Farm Service Agency
- Farmer Mac
- Individuals and others
- Life insurance companies
- Storage facility loans

Nominal/real dollars (Nominal (current dollars))

Real estate debt by lender, 1960 to 2018

Note: 2018 debt by lender is the latest available statistic. Data values are rounded to the nearest thousand dollars. Inflation-adjusted values use the chain-year GDP deflator, 2020=100. K=thousand, M=billion, T=trillion.

Real estate debt by lender, 2018

Farm Credit System: \$116,052,075,000	Commercial banks: \$63,028,910,000	Life insurance: \$15,655,877,000
Individuals and others	Farmer Mac	Farm and other
Storage facility loans		

The Farm Income Atlas

created by: The ERS Farm Income Team

Cash receipts Farm-related income Government payments Production expenses

Choose commodity group: All commodities, Animals and products, **Crops**

Choose a commodity type: All crops, Choose a commodity: Soybeans

Select a year: 2018, Choose units: (dollars)

Soybeans cash receipts by State in 2018

Soybeans cash receipts in 2018, dollars

IA: 4,745,360,000	IN: 3,722,755,000	NE: 2,997,248,000	MO: 2,466,024,000
IL: 4,745,360,000	MI: 2,511,384,000	ND: 1,839,681,000	KS: 1,839,681,000
IA: 4,745,360,000	IL: 3,722,755,000	IA: 4,745,360,000	IA: 4,745,360,000

Tailored financial reports

Decade: 2010 Nominal (current dollars)

United States	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Value added to the U.S. economy by the agricultural sector, 2010-2019	180,759,567	189,413,428	195,819,779	183,137,335	212,293,239	199,516,589	162,730,663	175,829,718	175,829,718	175,829,718
Value of crops production	168,122,733	199,336,796	212,907,390	213,764,522	206,311,831	184,329,260	189,302,127	187,926,642	168,783,376	163,269,896
Value of animal products production	12,636,834	12,076,632	12,912,389	11,373,813	15,981,408	15,187,329	13,428,536	14,903,076	17,046,342	22,559,822
Value of farm products production	180,759,567	189,413,428	195,819,779	183,137,335	212,293,239	199,516,589	162,730,663	175,829,718	175,829,718	175,829,718

Current and archived comprehensive datasets

Year	State	Artificially	Variable description total	Variable description part	Variable description part	Amount	Unit	Base	Publication date	Chain type	GDP deflator
2018	US	CRNAUSSCOMP	Cash receipts value, all total commodities	All	Other crops	2,239,112	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, other all other crops	All	Other crops	2,754,154	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, animal products	All	Other crops	26,743,830	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, berries/barley	All	Other crops	9,249,511	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, farm farm products	All	Other crops	92,228	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, cattle/calf and calves	All	Other crops	6,662,926	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, cotton/cotton lint	All	Other crops	29,729	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, cotton/cotton lint	All	Other crops	62,292	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, cotton/cotton lint	All	Other crops	481,720	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, other cotton	All	Other crops	1,867,911	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, corn	All	Other crops	46,129,121	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, cotton/cottonseed	All	Other crops	92,228	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, cotton/cottonseed	All	Other crops	5,773	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, cane/cane for sugar	All	Other crops	119,848	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, cereal/cereals	All	Other crops	418,813	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, sorghum	All	Other crops	628,969	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, dairy/dairy products	All	Other crops	8,924,711	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, dairy/dairy products	All	Other crops	6,628,959	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, dairy/dairy products	All	Other crops	580,040	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, dairy/dairy products	All	Other crops	14,969	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, feed/feed crops	All	Other crops	251,029,414	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, feed/feed crops	All	Other crops	109,179	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, fruits/fruits	All	Other crops	77,114	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	2,952,572	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	77,114	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	69,267,719	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	69,267,719	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	1,663,711	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	7,702	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	792	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	4,900	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	49,989	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	77,070	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	292,143	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	1,146,902	\$ million	2012=100	2018-11-01	111.994	111.994
2018	US	CRNAUSSCOMP	Cash receipts value, forest/forest products	All	Other crops	3,746,751	\$ million	2012=100	2018-11-01	111.994	111.994

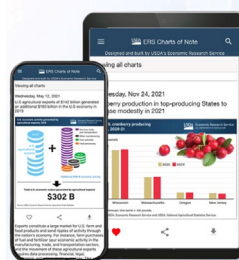


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