



Rural & Farm Finance  
Policy Analysis Center  
University of Missouri

# Fall 2023 *Nebraska* *Farm Income Outlook*

*October 2023*

*RaFF Report #06-2023*

*Produced in collaboration with*



**CENTER FOR AGRICULTURAL PROFITABILITY**

*Institute of Agriculture and Natural Resources*

**UNIVERSITY of NEBRASKA-LINCOLN**

# Global and National Factors

Many of the factors that pushed prices of agricultural commodities to record or near-record levels in 2022 have reversed, or at least moderated, in 2023. World grain production is up this year, central banks have tightened monetary policy and some input costs have receded. With the exception of cattle, prices for most U.S. farm products have declined in 2023.

Key considerations:

- USDA estimates show a rebound in corn production, along with a slight decline in soybean production, and projected prices for both commodities fall in 2023/24. Wheat prices have fallen after an upward spike in 2022 and cotton prices are supported by a second consecutive year of reduced U.S. cotton production. Corn, wheat, soybean and cotton prices could all decline again in 2024/25 if growing conditions allow yields to recover to trendline levels.
- Prices for fertilizer increased dramatically in 2022 but have since declined. Estimated per-acre variable costs for many crops decline in 2023, but the result is sensitive to when producers made input purchase decisions. Given projected prices for fertilizer and other inputs, costs for corn and other crops decline further in 2024 and 2025.
- Drought has reduced cattle numbers, pushing up prices for fed and feeder cattle and reaching a peak in 2025. Projected U.S. pork production remains in a narrow range between 2022 and 2025, and rising poultry production and domestic use moderates the decline in overall U.S. meat and poultry consumption in 2023.
- Increased biofuel use of vegetable oil supports the price of soybean oil and soybeans. U.S. crush increases, pushing down the price of soybean meal relative to soybeans and soybean oil. Projected domestic use of ethanol is about the same in 2028 as it was in 2022, but the use of biomass-based diesel increases by more than a billion gallons over the same period.

## Acknowledgments

**Reader note: Nebraska crop production data were sourced from USDA's September report, and farm income data were sourced from the Aug. 31, 2023, USDA-ERS data release.**

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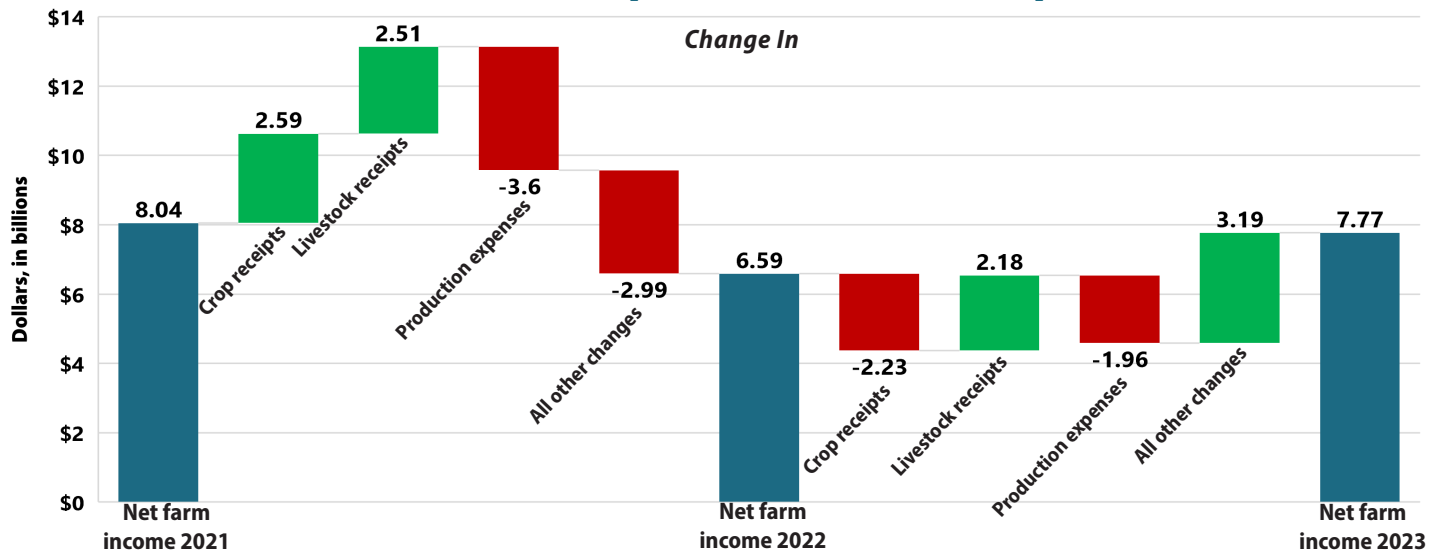
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## Nebraska net farm income sees uptick in 2023 after drop from 2021 to 2022

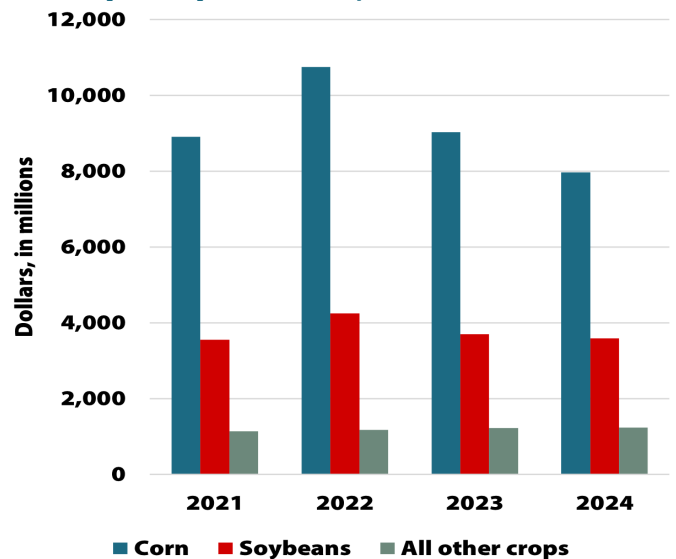


While U.S. farm income projections topped a 2021 record with a new record in 2022 before falling in 2023, Nebraska net farm income took the fall in 2022 before rebounding in 2023. **The stronger 2023 farm income projection near \$7.8 billion is driven largely by higher livestock prices and recovery in ending year inventories and values.** Crop receipts fall in 2023 due to lower prices in spite of a rebound in production while livestock receipts grow on much higher cattle prices in 2023 despite reduced inventories and marketings. Higher production expenses year after year are increasingly challenging profit margins, but for now, strong farm income prospects for 2023 show the strength of the agricultural sector in the state.

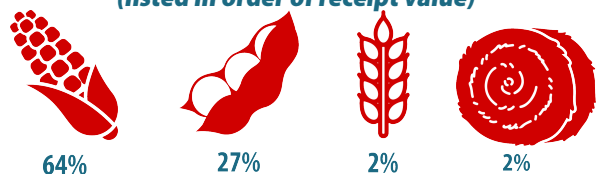
## Nebraska Crops

- Drought persisted and shifted in Nebraska in 2023 but isn't projected to have had as big of an effect statewide in 2023 compared to 2022. **Yield and production prospects recover modestly in 2023 but not enough to offset lower commodity prices**, reducing 2023 crop receipts by nearly 14% back to a level on par with 2021.
- Corn planted acreage is up by 350,000 acres in 2023 and a rebound in yields toward trend provides a substantial production boost. **However, lower corn prices reduce receipts \$1.7 billion from 2022 to 2023.**
- Soybeans acres drop in 2023, with planted area down roughly 500,000 acres from 2022. Recovering yields drive production higher, **but lower prices cause soybean receipts to fall more than \$500 million in 2023.**
- Hay and wheat acres increase a combined 370,000 acres from 2022 to 2023. **Rebounding yields on increased acres lead to higher production and receipts despite reduced prices for 2023.**

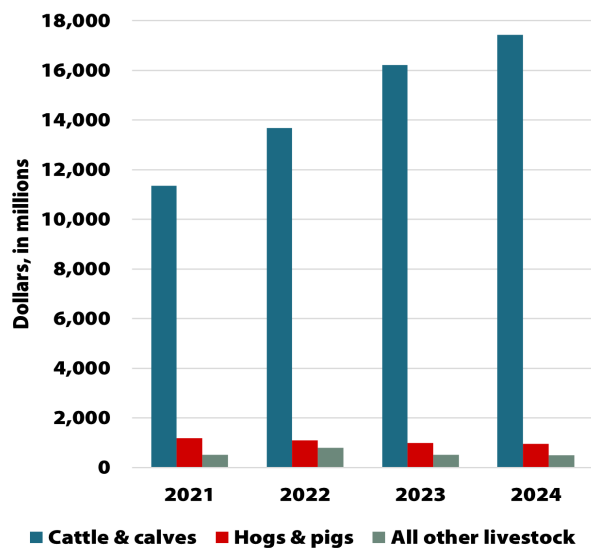
### Crop receipts decline \$2.2 billion in 2023



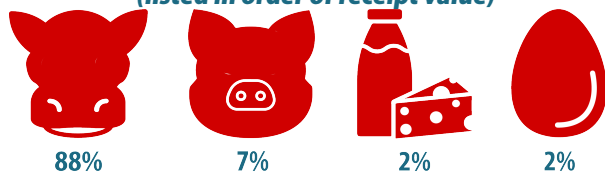
### 2018-2022 average share of crop receipts (listed in order of receipt value)



## Livestock receipts increase \$2.1 billion in 2023



## 2018-2022 average share of livestock receipts (listed in order of receipt value)



## Nebraska Expenses

- **Feed expenses jumped \$1.54 billion in 2022 on short supplies and saw another \$91 million increase in 2023.** Expenses are projected to moderate in 2024.
- After sharp increases in 2021 and 2022, **fertilizer expenses level off with a \$113 million decrease in 2023.** Expenses are projected to fall further in 2024 and 2025 toward longer-run averages.
- **Fuel and oil expenses decreased \$116 million in 2023 after sharp increases in 2021 and 2022** and are projected to continue falling in 2024.
- **Total production expenses increase by 7.6%** in 2023 in comparison to double-digit increases in 2021 and 2022. Despite decreases in fertilizer and fuel expenses, several other expense categories continue to climb including purchased livestock, taxes, capital consumption, labor, rent, and interest.

## Tying it all Together

Nebraska's farm income outlook rebounded for 2023 compared to the drop experienced in 2022. Projected net farm income for 2023 comes in at nearly \$7.8 billion and is approaching the record \$8 billion level of 2021 despite some economic clouds on the horizon. Crop prices have fallen in 2023 on a projected path toward longer-run average levels. Livestock receipts are up substantially on the strength of the beef sector, but may be topping out as cattle inventory begins to rebuild and prices soften in the coming years. Production expenses have grown substantially in the past few years and look to stay higher over the coming years. **Looking forward, Nebraska's net farm income may sit near a record at \$7.8 billion in 2023 but is expected to fall back to an average of \$6.6 billion across the next decade.**

All data for this report can be found at <https://ruralandfarmfinance.com/publications/#state-farm-income-estimates>

## Nebraska Livestock

- **After experiencing herd liquidation in 2021, Nebraska cattle and calf inventory fell again in 2022 and 2023.** This was largely driven by drought across the state, which significantly limited quality grazing options and tight forage supplies. Beef cow inventory is not projected to rise until 2024.
- **Despite tighter 2023 inventories, cattle and calf receipts rise \$2.44 billion.** This is largely driven by higher prices as total marketings on a liveweight basis decline nearly 4% from 2022. Prices are projected to peak in 2025 and liveweight basis marketings increase in 2024 onward.
- **Hog and pig receipts decline \$96 million in 2023** as increased 2023 marketings were unable to offset decreases in prices.
- **Dairy and poultry receipts decrease a combined \$180 million from 2022 to 2023.** This is largely attributed to weaker 2023 egg and milk prices.

## Fertilizer expenses drop \$113 million in 2023

