



Rural & Farm Finance
Policy Analysis Center
University of Missouri

Spring 2024 *Nebraska* *Farm Income Outlook*

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CENTER FOR AGRICULTURAL PROFITABILITY

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Global and National Factors

Prices for many farm commodities have fallen sharply from their 2022 peaks, contributing to lower farm income and slower food price inflation. While market uncertainty persists, projected prices decline further for crops harvested in 2024, and net farm income falls to the lowest level since 2020.

Key considerations:

- Grain and oilseed prices have declined in the 2023/24 marketing year from the record or near-record levels of the previous year. Prices could decline again in 2024/25 if growing conditions result in trend-line yields. Changes in relative prices could result in an acreage shift from corn to soybeans in 2024, resulting in record U.S. soybean production.
- Rising production of renewable diesel increases demand for soybean oil and other fats and oils. This supports soybean oil and soybean prices, but the resulting increase in crush puts downward pressure on soybean meal prices.
- Lower crop prices are partially offset by lower expected prices for fertilizer and some other farm inputs in 2024/25. Still, projected net returns to producers for major crops are well below recent peak levels.
- Hog, poultry, and milk prices all declined in 2023 as demand weakened. In contrast, cattle prices increased in 2023 and further increases are expected in 2024 and 2025. Drought and other factors have reduced the cow herd, and it will take time before beef production can increase again.
- Consumer food price inflation slowed in 2023 and could slow further in 2024. The consumer price index for food increases by a projected 2.1% in 2024, with the food-away-from-home category accounting for most of the increase.

Acknowledgments

Reader note: Nebraska historical agricultural data were sourced from USDA's February 2024 report and includes any 2022 census data and final estimates released before the end of February 2024. State-level historical farm income data were sourced from the Feb. 7, 2024, USDA-ERS data release and includes data through 2022.

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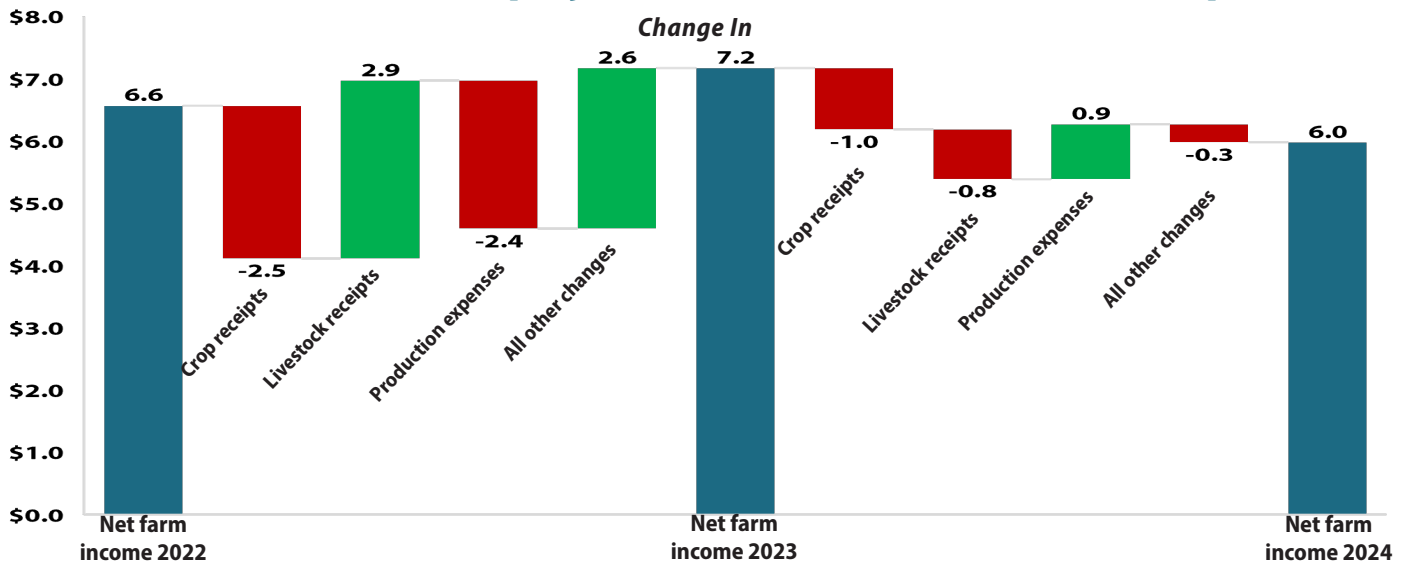
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Nebraska net farm income projected to decline in 2024 after bump in 2023



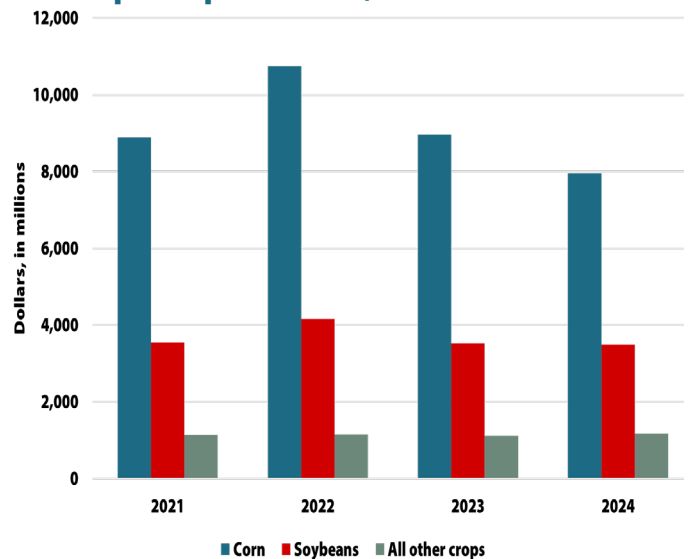
While U.S. farm income projections topped a 2021 record with a new record in 2022 before falling in 2023, Nebraska net farm income took a fall in 2022 before partially rebounding in 2023. The first projections for 2024 however point to a sharp decline in Nebraska net farm income, consistent with further declines projected nationally. Crop receipts fell in 2023 on lower prices and look to fall further in 2024. Livestock receipts grew in 2023 on the strength of cattle prices but look to decline in 2024 with reduced cattle marketings and further declines in other livestock commodities. Production expenses that persisted higher and higher through 2023 appear to offer some relief in 2024, helping to buffer the impact of lower receipts. A projected farm income of \$6 billion for 2024 would be down from the past three years but would still be strong relative to the past decade.



Nebraska Crops

- After persistent drought conditions in Nebraska, the forecast of average yields in 2024 results in increases in crop production. **Despite increased production projected in 2024, lower commodity prices are expected to reduce 2024 crop receipts by 7%**, with projections indicating further reductions in 2025 and 2026.
- Corn planted acreage is anticipated to shrink 240,000 acres in 2024, but an expected return to trend yields allows corn production to increase this year. **However, lower corn prices are expected to reduce receipts by \$1 billion in 2024.**
- Soybean acres climb in 2024, with planted area projected to increase by roughly 472,000 acres from 2023. Higher yields drive production higher, **but lower prices cause soybean receipts to decline slightly in 2024.**
- Harvested hay acres continue to rebound from the drought-impacted low of 2022. Higher production should lead to higher receipts despite lower prices. Wheat on the other hand faces lower acres and lower prices, buffered only partially by an expected return to trend yields.

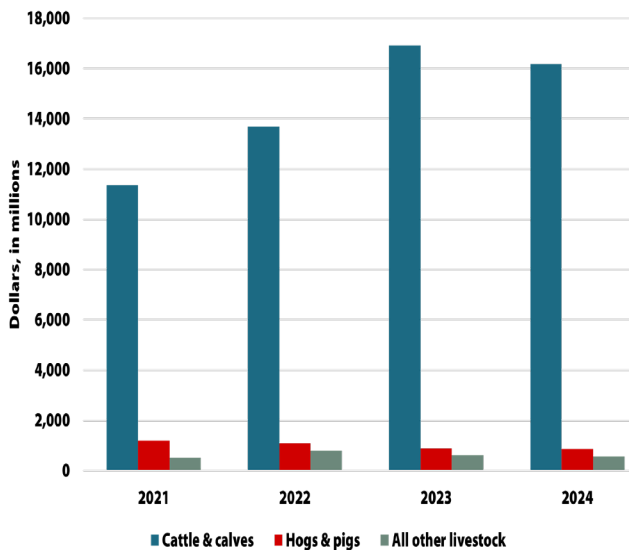
Crop receipts decline \$0.9 billion in 2024



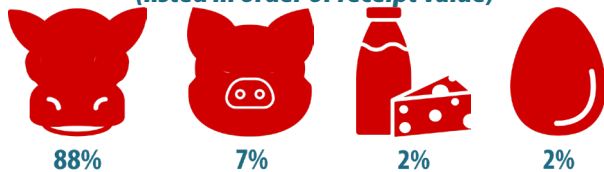
2018-2022 average share of crop receipts (listed in order of receipt value)



Livestock receipts decrease \$0.8 billion in 2024



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



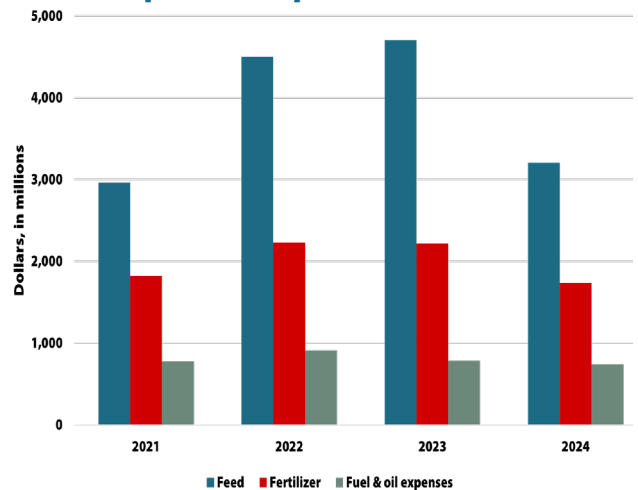
Nebraska Expenses

- **After multiple years of rising costs, feed expenses drop sharply in 2024 with a \$1.5 billion decrease.** Feed costs are projected to continue moderating in 2025 and 2026.
- **Fertilizer expenses are projected to decline by \$478 million in 2024.** These expenses are projected to drop again in 2025.
- **After peaking in 2023, interest rates are projected to decline in 2024 with the anticipation of interest rate cuts by the Federal Reserve during 2024.**
- **Total production expenses are projected to decrease by 3% in 2024.** Despite declining feed, fertilizer and fuel expenses, other expense categories continue to climb including purchased livestock, seed, taxes, capital consumption, labor and rent.

Nebraska Livestock

- **After experiencing herd liquidation in 2022, Nebraska cattle and calf inventory fell again during 2023. With improved forage conditions, cattle inventory is projected to grow modestly during 2024.** The decline in 2022 and 2023 was largely driven by persistent drought, which limited quality grazing options and forage supplies. Cattle and calf inventory is projected to be higher at the beginning of 2025.
- **Despite higher prices, declining marketings cause cattle and calf receipts to drop an estimated \$0.7 billion in 2024.** Total cattle marketings are forecast to decline nearly 6% from 2023. Cattle prices are projected to peak in 2026 and marketings begin to increase in 2025.
- **Hog and pig receipts are estimated to decline slightly this year** in light of decreased marketings.
- **Dairy and poultry receipts are anticipated to decrease a combined \$50 million from 2023 to 2024.** This is largely attributed to weaker egg and milk prices.

Feed expenses drop \$1.5 billion in 2024



Tying it all Together

Nebraska farm income rebounded in 2023 compared to 2022, coming in at a projected \$7.2 billion. Crop production recovered but prices fell in 2023 and appear to be trending toward longer-run averages. Livestock receipts were up on the strength of the beef prices but may be topping out as cattle inventory begins to rebuild and prices soften. Production expenses have grown substantially to record levels in 2023 and look to remain relatively high in the coming years. The outlook for 2024 comes with expectations of lower crop prices and reduced livestock receipts as cattle marketings bottom out, all while production expenses remain sticky just a little below the record levels of 2023. **Nebraska's net farm income is expected to fall to \$6 billion in 2024 and average \$6.3 billion across the next decade.**

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

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