



Rural & Farm Finance Policy Analysis Center

University of Missouri

Spring 2025 **Nebraska Farm Income Outlook**

April 2025
RaFF Report 2025-2

Produced in collaboration with



CENTER FOR AGRICULTURAL PROFITABILITY

UNIVERSITY of NEBRASKA-LINCOLN

What is the goal of this report?

In February 2025, the U.S. Department of Agriculture (USDA)'s Economic Research Service (ERS) released state-level farm income estimates through calendar year 2023 and national farm income projections through calendar year 2025. The present report published by the Rural and Farm Finance Policy Analysis Center (RaFF) provides an updated outlook for Nebraska farm income in calendar year 2025 and a first outlook for calendar year 2026. It intends to inform policymakers, industry analysts, and agricultural practitioners about the state agricultural sector's expected profitability and its main drivers.

What methods were used to develop the outlook?

The RaFF Farm Income Model consists of a collection of equations calibrated using historical data from the USDA's ERS, Risk Management Agency and Farm Service Agency. RaFF's state-level forecasts are obtained by feeding national and regional projections from the Food and Agricultural Policy Research Institute at the University of Missouri (FAPRI-MU 2025) to the RaFF model. Published results incorporate adjustments based on the latest Prospective Plantings report (USDA/NASS 2025), and expert insights from agricultural economists at the Center for Agricultural Productivity (CAP) at the University of Nebraska-Lincoln (UNL).

How is farm income measured?

Following the ERS methodology (USDA/ERS 2025a), net cash farm income is calculated based on cash receipts, government payments, and insurance indemnities minus cash expenses in the calendar year when the cash flow occurs. Net cash farm income is adjusted by non-cash income and expenses and changes in inventory values to obtain a net farm income (NFI) measure.

National Farm Income Trends

In February 2025, the ERS projected that U.S. NFI would increase by 30% in nominal terms from \$139 billion in 2024 to \$180 billion in 2025 (USDA/ERS 2025b). A \$33 billion increase in direct government payments is the major driver of this projected improvement in NFI, followed by a projected \$6.9 billion decline in intermediate product purchases (feed, fertilizer, lime and soil conditioners, and pesticides). Cash receipts from crops were expected to drop by \$5.6 billion, while cash receipts from animals and animal products were expected to increase by \$4.3 billion in 2025. A smaller decline in crop and livestock inventory values during 2025 than during 2024 will support a \$6.5 billion higher NFI in 2025. Higher labor costs and net rent to landlords would reduce NFI by \$2.8 billion in 2025.

In April 2025, FAPRI projected that U.S. NFI would increase by 29% in inflation-adjusted terms from \$143 billion in 2024 to \$180 billion in 2025 (FAPRI-MU 2025). In agreement with ERS projections, the main driver of NFI according to FAPRI projections will be government payments, totaling \$42.35 billion in 2025 and \$33 billion higher than in 2024. Similarly, FAPRI projections are indicative of higher labor costs and net rents to landlords and lower crop cash receipts reducing NFI, as well as higher livestock cash receipts and lower declines in inventory values increasing NFI in 2025.

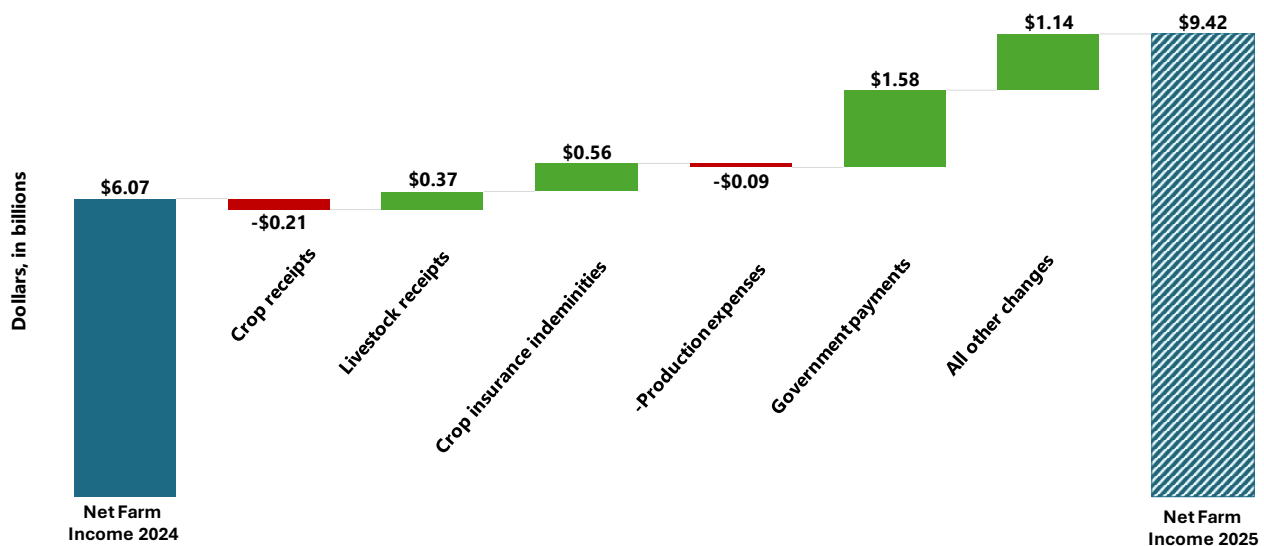
On the same week when the FAPRI projections were published, USDA issued the 2025 Prospective Plantings report (USDA/NASS 2025), showing corn area at levels consistent with FAPRI projections (5% higher than in 2024), but lower soybean, wheat and cotton area (4%, 2%, and 12% lower than in 2024, respectively).

The present Nebraska Farm Income Outlook by RaFF incorporates information from USDA/ERS (2025b), FAPRI-MU (2025), and USDA/NASS (2025), but it does not fully account for the impact of tariff announcements.

Nebraska Farm Income in 2025

RaFF and collaborators at UNL forecast Nebraska's NFI to increase by \$3.35 billion to \$9.42 billion in 2025. Nebraska's 2025 NFI would be the highest on record in nominal terms and the third highest on record after accounting for inflation, following those posted in 2023 and 2021. In 2025, total farm receipts are projected to increase by \$731 million (2%), as the \$371 million (2%) increase in livestock receipts would offset the \$213 million (-2%) fall in crop receipts, and crop insurance indemnities increase by \$562 million. Production expenses would remain stable, and the value of inventories would increase by \$751 million in 2025. Direct government payments are projected at \$2.03 billion, or \$1.58 billion higher than in 2024, accounting for 17% of the expected increase in net farm income in 2025. **The expected 55% increase in Nebraska's NFI is larger than the corresponding 30% increase in U.S. NFI for 2025, due to the state's relatively larger specialization in livestock production.**

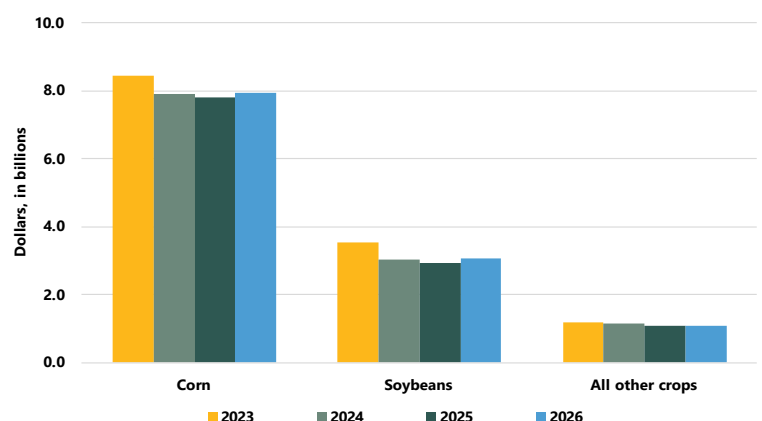
Net farm income to increase by 55% in 2025



Nebraska Crops

- Improved yields in 2025 are expected to result in higher production levels for corn and soybeans. However, crop receipts would fall by 2% to \$11.9 billion in calendar year 2025, extending the cumulative decline from their 2022 peak at \$16.04 billion to 26%. A 2% increase in crop receipts is projected for 2026.
- Corn receipts are projected \$84 million lower in 2025 than in 2024, due to a 6% drop in average prices and higher carry (stocks) into 2026 in anticipation of higher prices.

Crop receipts decline \$213 million in 2025



- Soybean receipts are projected to drop by \$86 million in 2025, despite 3% higher annual average prices, as sales drop and physical stocks increase. In 2026, higher production levels and sales are projected to support higher soybean receipts even with lower prices.

- A 9% decline in hay acres is projected would trigger an 11% increase in hay prices in 2025. As a larger share of the crop is used for own-farm consumption, crop receipts are projected to decrease by \$22 million (8%) in 2025. Lower prices would result in 5% lower hay receipts in 2026.

- An expected 7% decrease in wheat production with stable prices results in 3% lower wheat receipts in 2025. Wheat prices and receipts are projected to decline 8% in 2026.

2025 share of crop receipts (listed in order of receipt value)

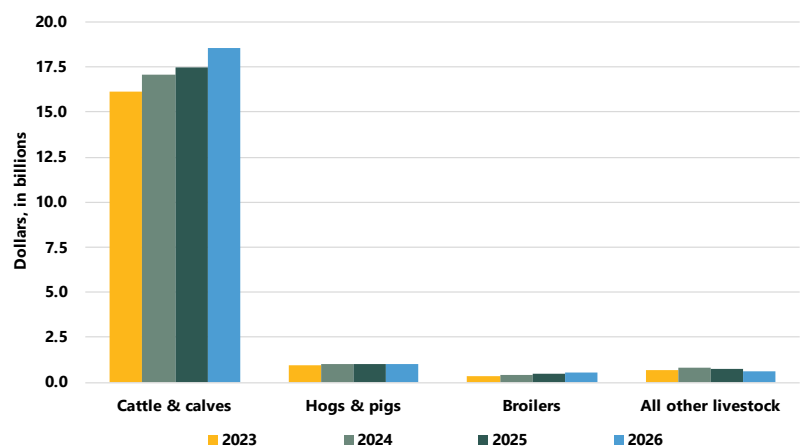


Nebraska Livestock

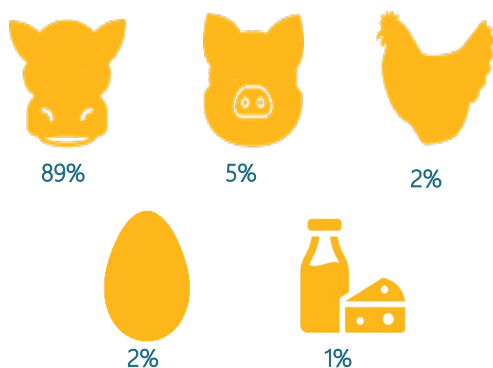
- Nebraska's cattle inventory continues its long-term decline from the 2021 peak at 6.85 million head. In January 2025, the inventory of all cattle and calves was estimated at 6.05 million head, 200,000 head lower than in January 2024.

- Supported by higher prices and stable marketings, cattle receipts are expected to increase \$398 million (2%) to \$17.46 billion in 2025, before climbing further to \$18.59 billion in 2026.

Livestock receipts \$371 million higher in 2025



2025 share of livestock receipts (listed in order of receipt value)



- Hog inventories were 250,000 head lower in December 2024 than a year earlier. Hog and pig receipts are projected to decline 1% to \$1.0 billion in 2025, as marketings recede with relatively stable prices. An 8% larger pig crop in 2026 would increase hog receipts by 5%.

- Broiler receipts are projected to continue to increase by more than 10% per year to \$528 million in 2026.

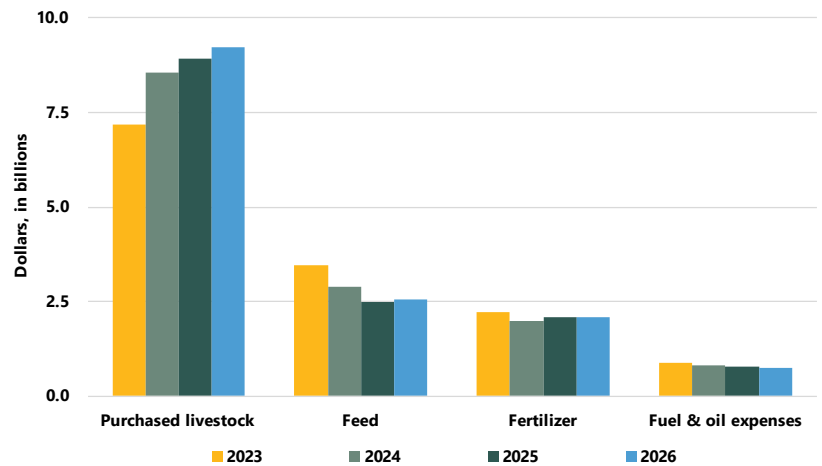
- Egg receipts are projected 9% lower in 2025 and 36% lower in 2026, as egg prices continue to decline from the 2024 peaks.

- Dairy receipts are expected to decline slightly in 2025 and recover in 2026. Total livestock receipts are projected to increase 2% in 2025 and 6% in 2026.

Nebraska Expenses

- Purchased livestock expenses are projected to reach record high levels of \$8.93 billion in 2025, and \$9.22 billion in 2026, more than doubling in nominal terms since 2020.
- Feed expenses are projected to decline \$419 million (-14%) in 2025, before increasing by \$71 million (3%) to \$2.55 billion in 2026.
- Expenses in fertilizer and soil amendments would increase by \$123 million (6%) to \$2.10 billion in 2025 and remain stable in 2026.
- Fuel and oil expenses are projected to decline by slightly less than \$30 million each year to reach \$756 million in 2026.
- Net rents to landlords are projected to increase \$81 million (6%) in 2025, and an additional \$31 million (3%) to reach \$1.39 billion in 2026.
- Interest expenses are projected to decline by 4% in 2025 and 2% in 2026.
- All in all, total production expenses for the agricultural sector are projected to be stable in 2025 at \$27.22 billion, and 1% higher in 2026.

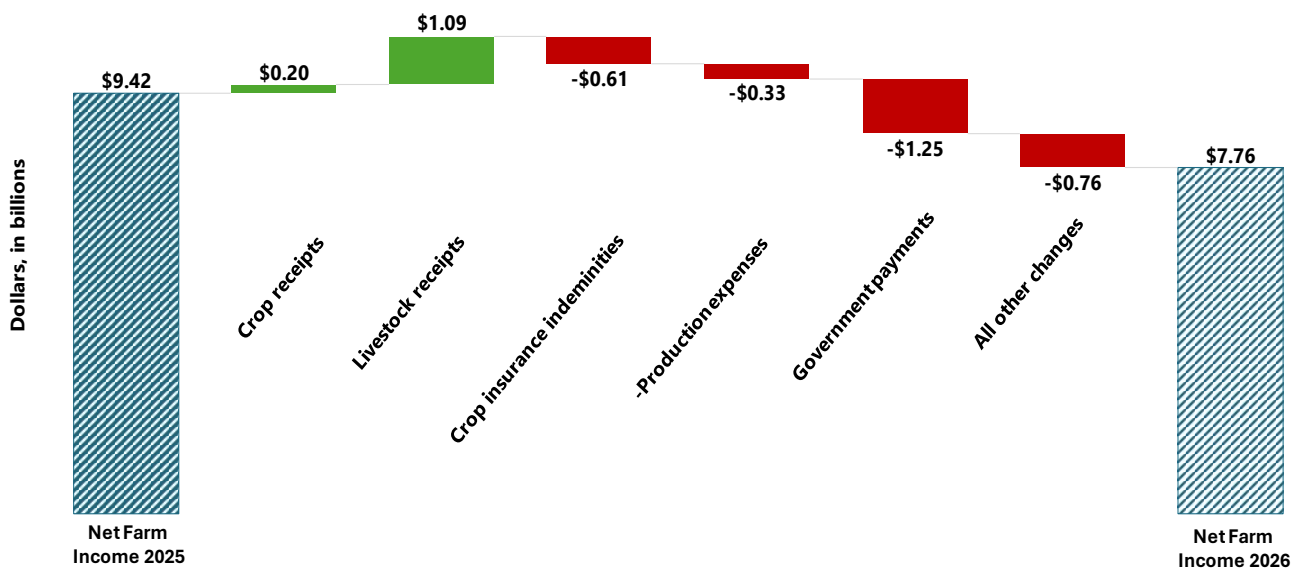
Higher purchased livestock expenses in 2025



Nebraska Farm Income in 2026

Net farm income is projected to decrease by 18% to \$7.76 billion in 2026, as direct government payments return to historical average levels while cash receipts increase for both crops and livestock, and production costs increase. Net farm income averages \$8.59 billion across the 10-year baseline projection (2025-2034).

Net farm income to drop by 17% in 2026



Disclaimer

The results presented in this report do not consider market uncertainty. Small proportional changes in cash receipts or production expenses can dramatically change the NFI outlook.

References

FAPRI-MU 2025. *U.S. Agricultural Market Outlook. FAPRI-MU Report #01-2025.* <https://tinyurl.com/vnktkv53>
USDA/ERS 2025a. *Farm Income and Wealth Statistics: General Documentation.* <https://tinyurl.com/52b53fka>
USDA/ERS. 2025b. *Farm Sector Income & Finances: Farm Sector Income Forecast.* <https://tinyurl.com/f9yfdptd>
USDA/NASS 2025. *Prospective Plantings.* <https://tinyurl.com/4zujpx5v>

Additional Resources

UNL and MU offer valuable support to farmers and ranchers through a variety of resources, including practical tools to organize farm finances, evaluate farm leasing options and capital investments, and develop effective risk management strategies. For more information and to explore resources, visit <https://cap.unl.edu/> and <https://muext.us/AgBusiness>.

Recommended Citation

Plastina, A., Lubben, B., Dennis, E., McClure, G., Parsons, J., Thompson, E., and C. Walters. "Spring 2025 Nebraska Farm Income Outlook." RaFF Report 2025-02, Division of Applied Social Sciences, University of Missouri – Columbia. April 2025.

A copy of this report, along with supporting tables, is available at <https://ruralandfarmfinance.com/farm-income>. Permission is granted to reproduce this information with appropriate attribution to the authors and RaFF. For questions and comments, please contact Alejandro Plastina (aplastina@missouri.edu) or Brad Lubben (blubben2@unl.edu).

Acknowledgments

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This material is based upon work supported by the U.S. Department of Agriculture, under Agreement 58-0111-22-017. Any opinion, findings, conclusions, or recommendations expressed in this publication are those of the authors and do not necessarily reflect the view of the U.S. Department of Agriculture, the University of Missouri or University of Nebraska-Lincoln.

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