

# U.S. Agricultural Market Outlook

March 30, 2023

**Dr. Scott Brown**

Interim Director, Rural and Farm Finance Policy Analysis Center

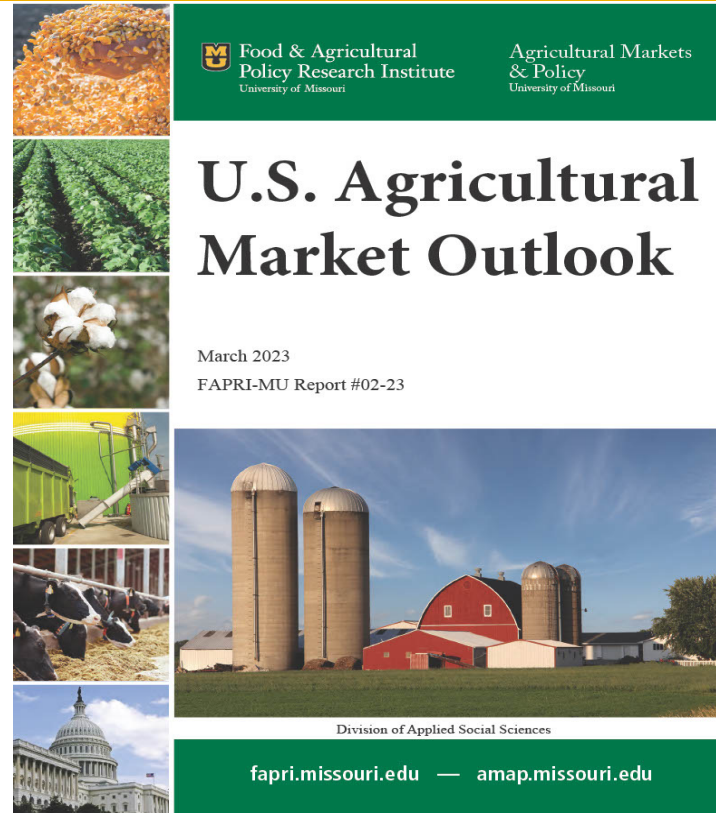
Agricultural Markets and Policy

Division of Applied Social Sciences

[browns@missouri.edu](mailto:browns@missouri.edu)

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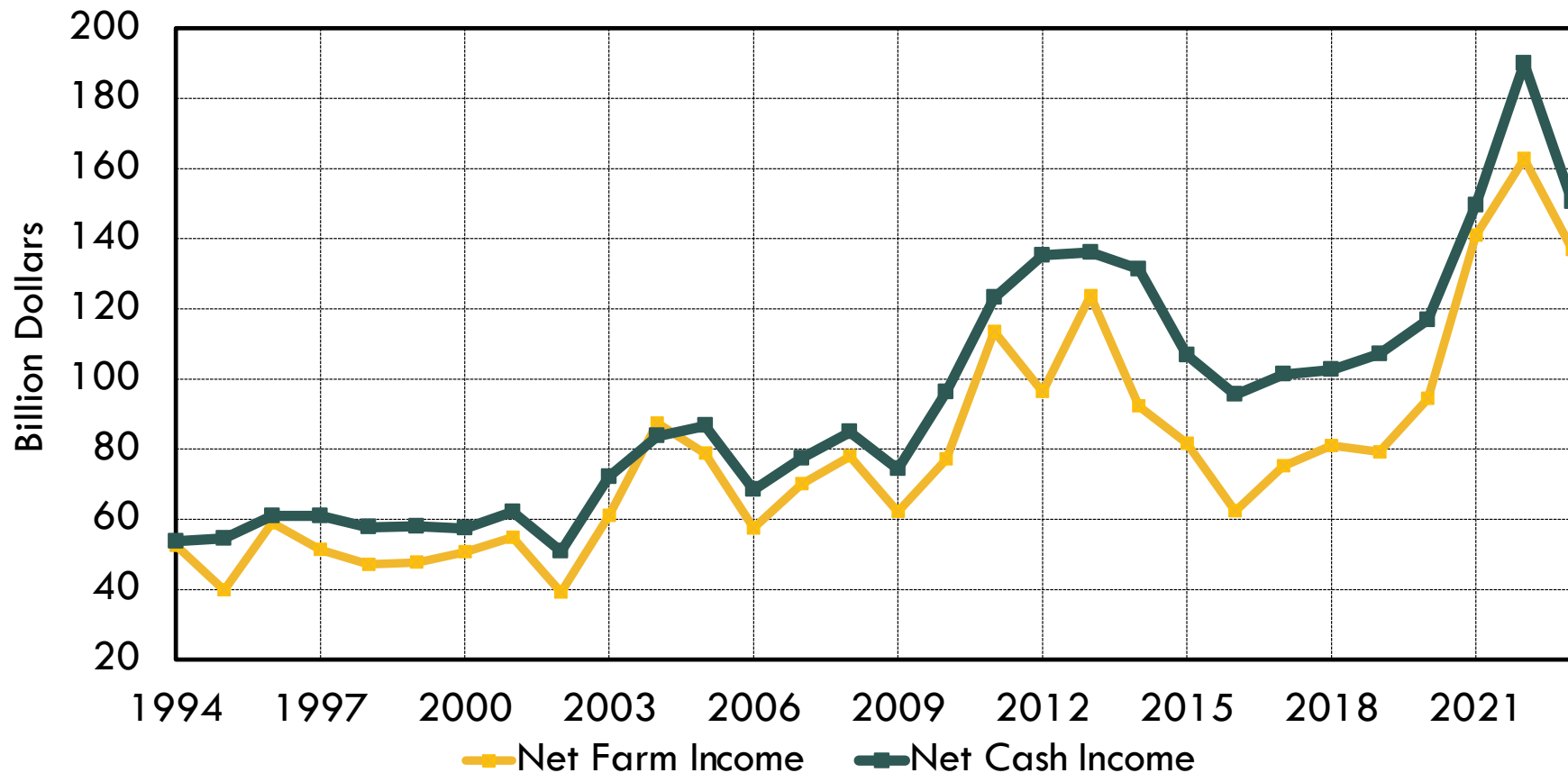


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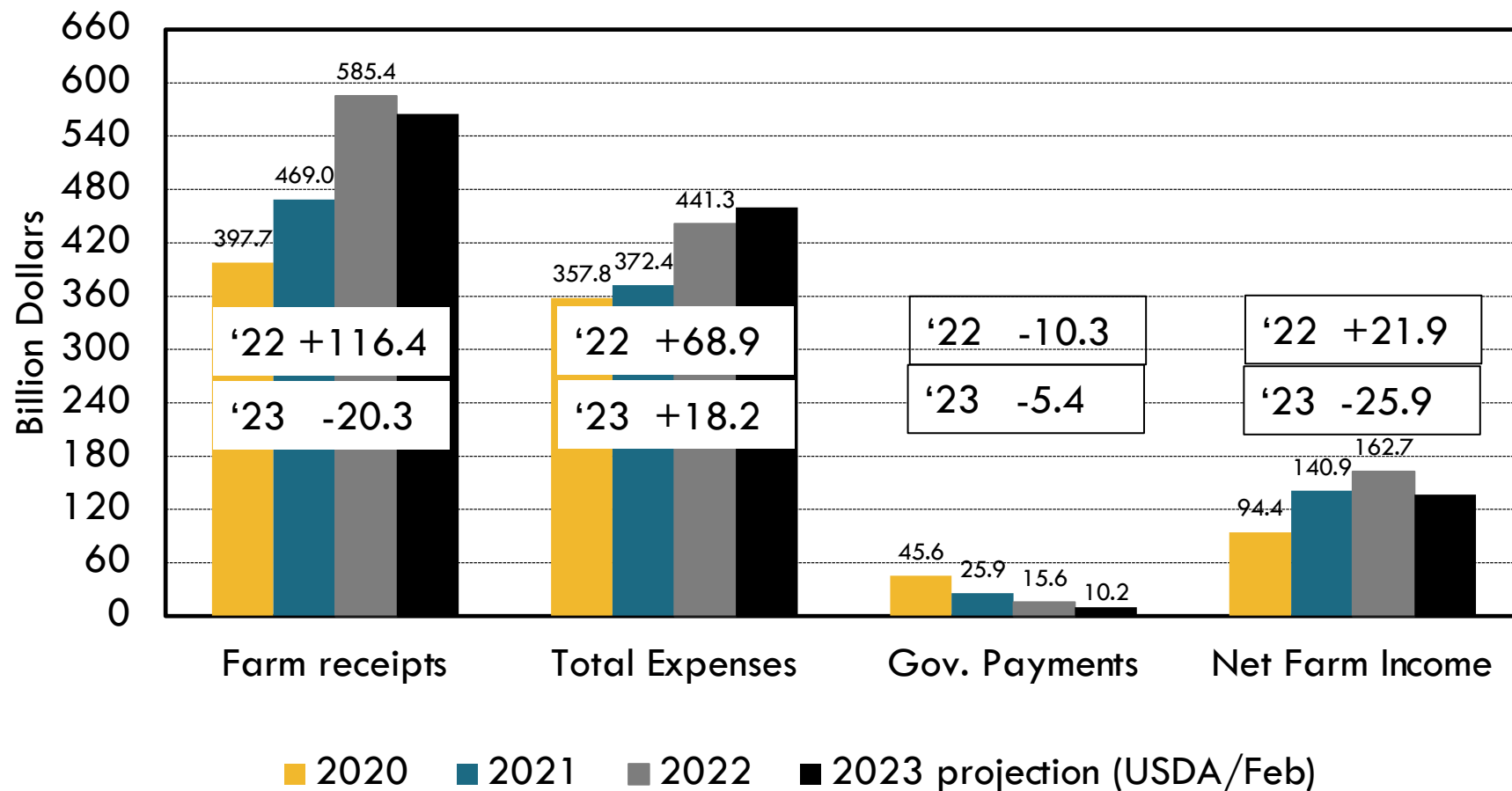


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# U.S. Farm Income Measures

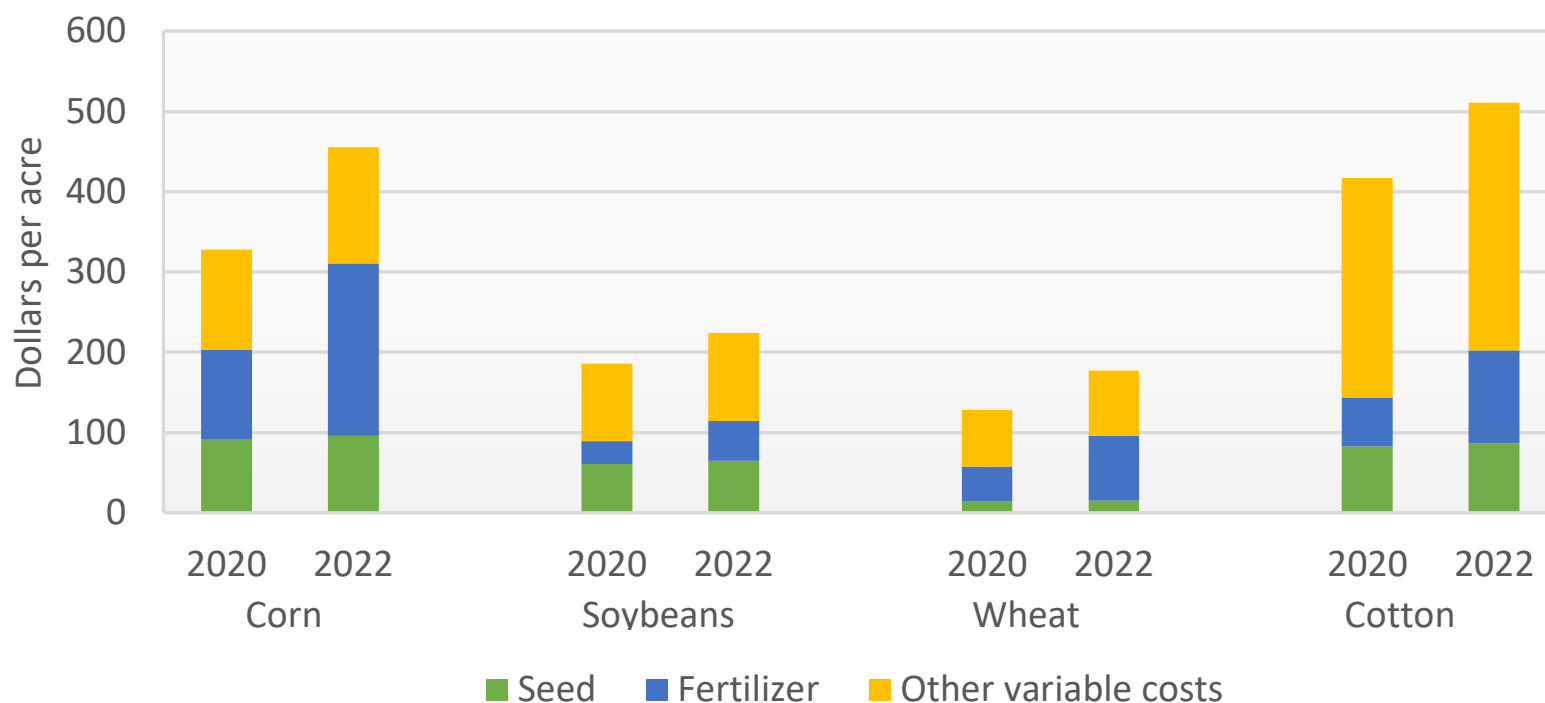


# Farm Income Changes by Component



# 2022 Production Expenses Up Sharply

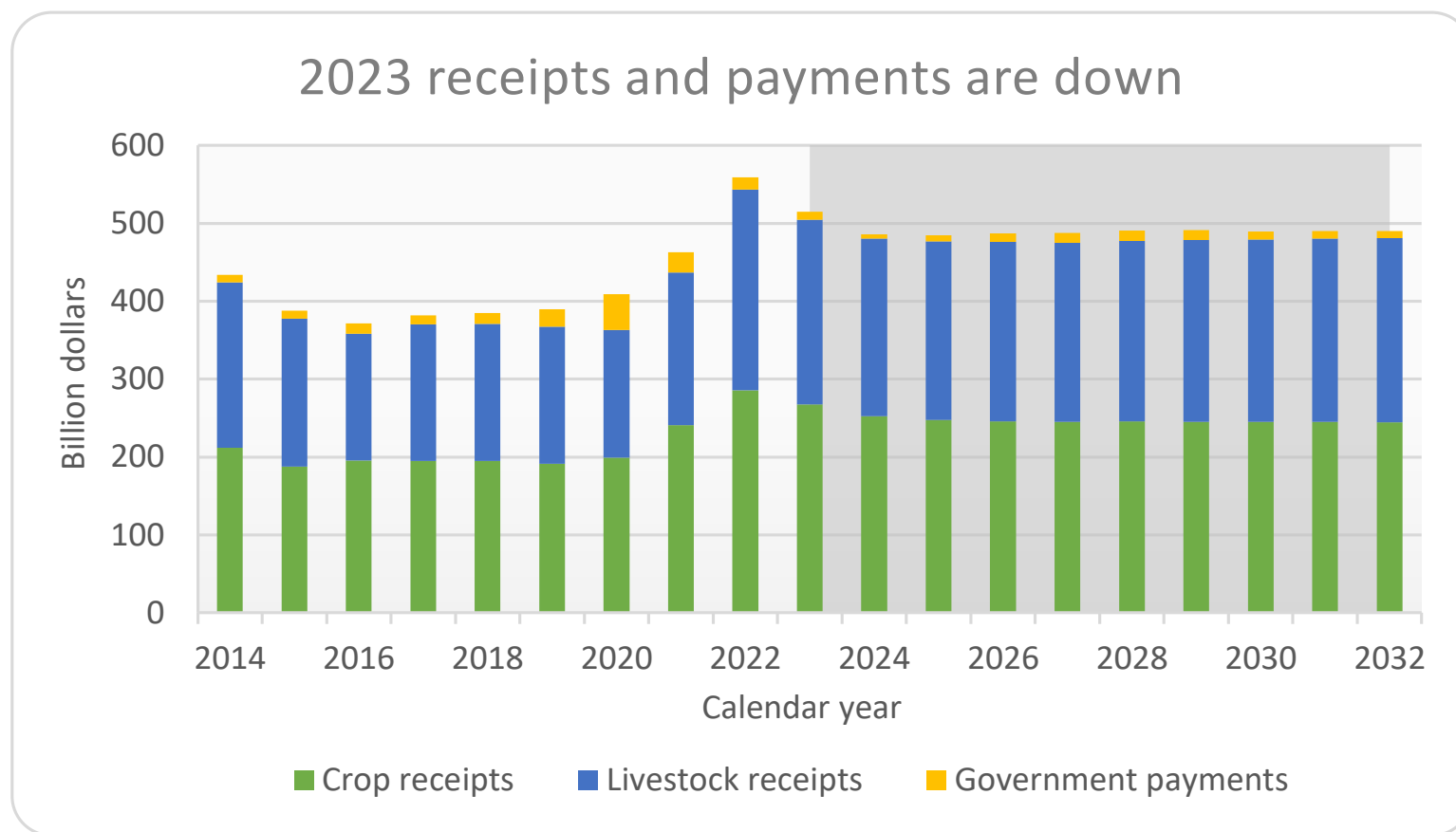
Production costs rose sharply from 2020 to 2022



Page 4 of the FAPRI-MU U.S. Agricultural Market Outlook, March 2023, available at [www.fapri.missouri.edu](http://www.fapri.missouri.edu)



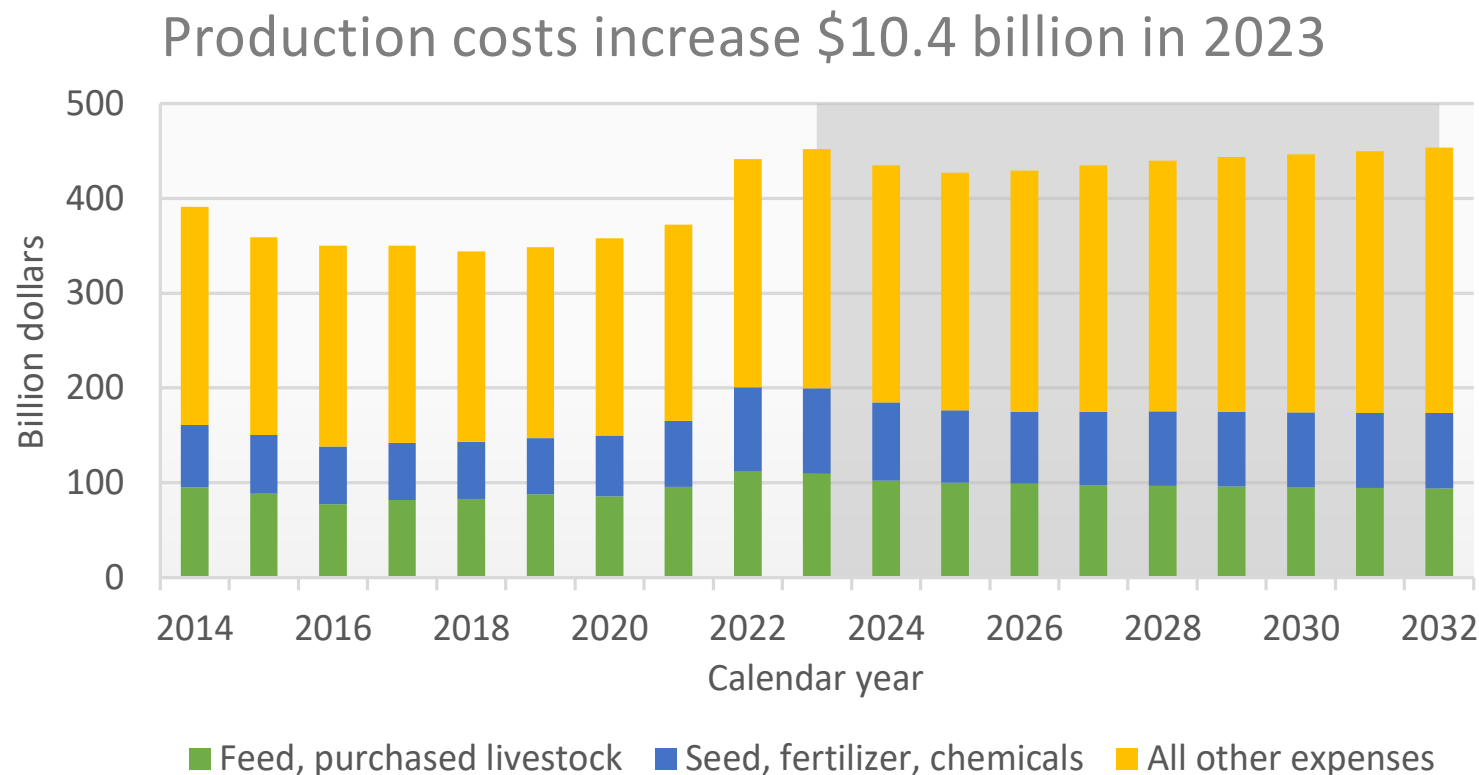
# Receipts Decline from 2022 Highs



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# Expenses Decline More Slowly

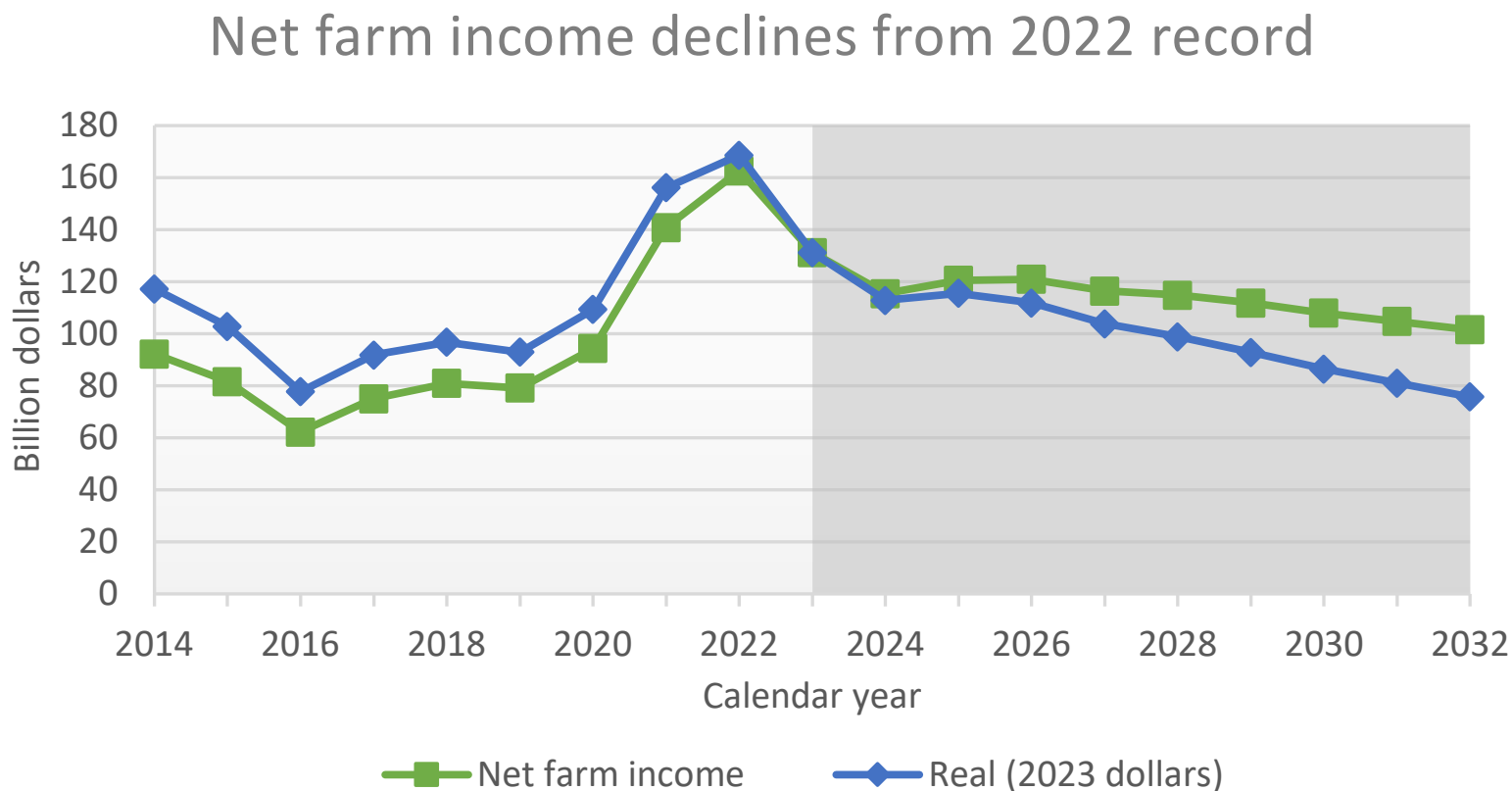


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# Farm Income Expected to Fall



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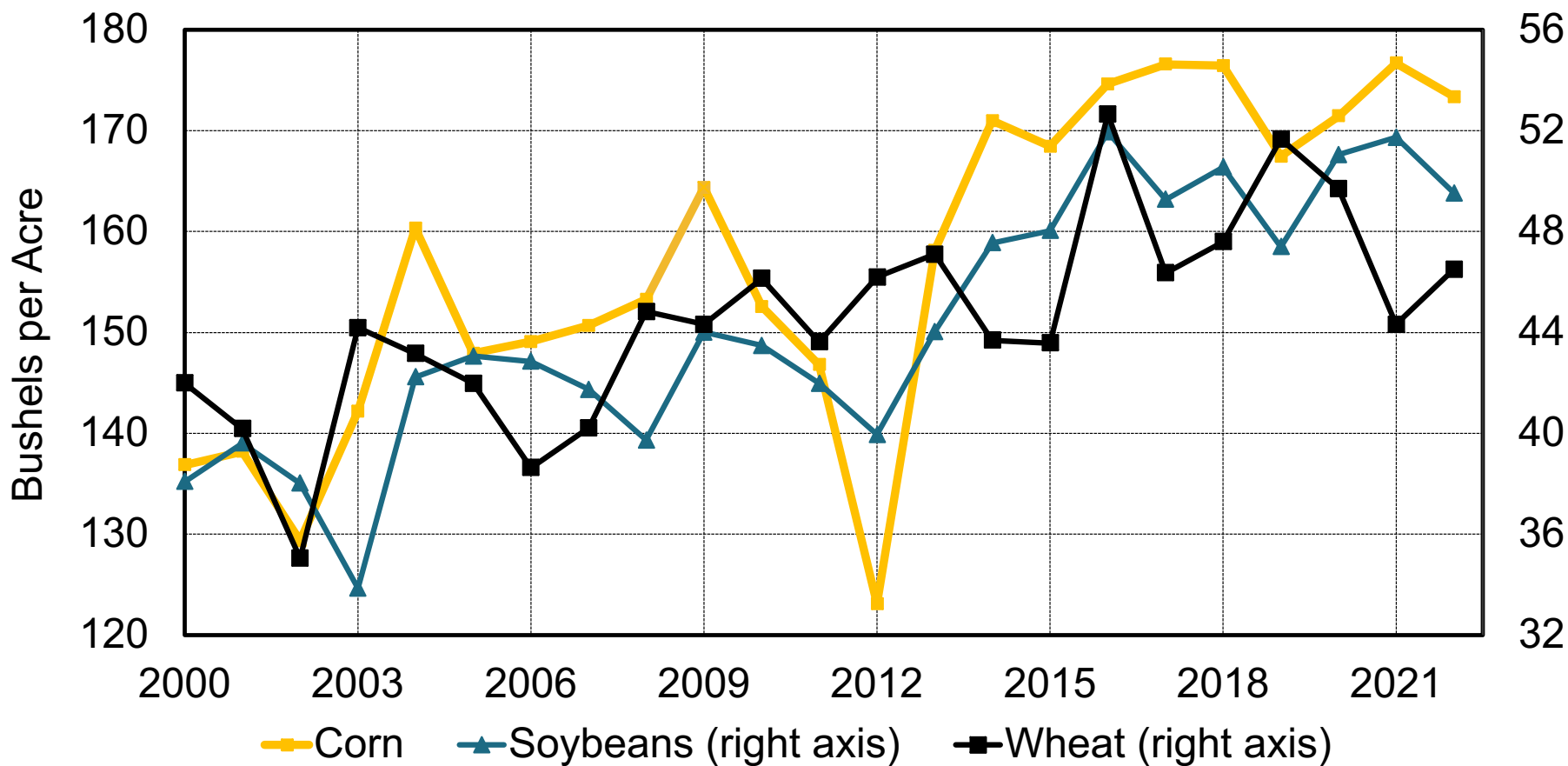


# 2023 Crop Market Outlook

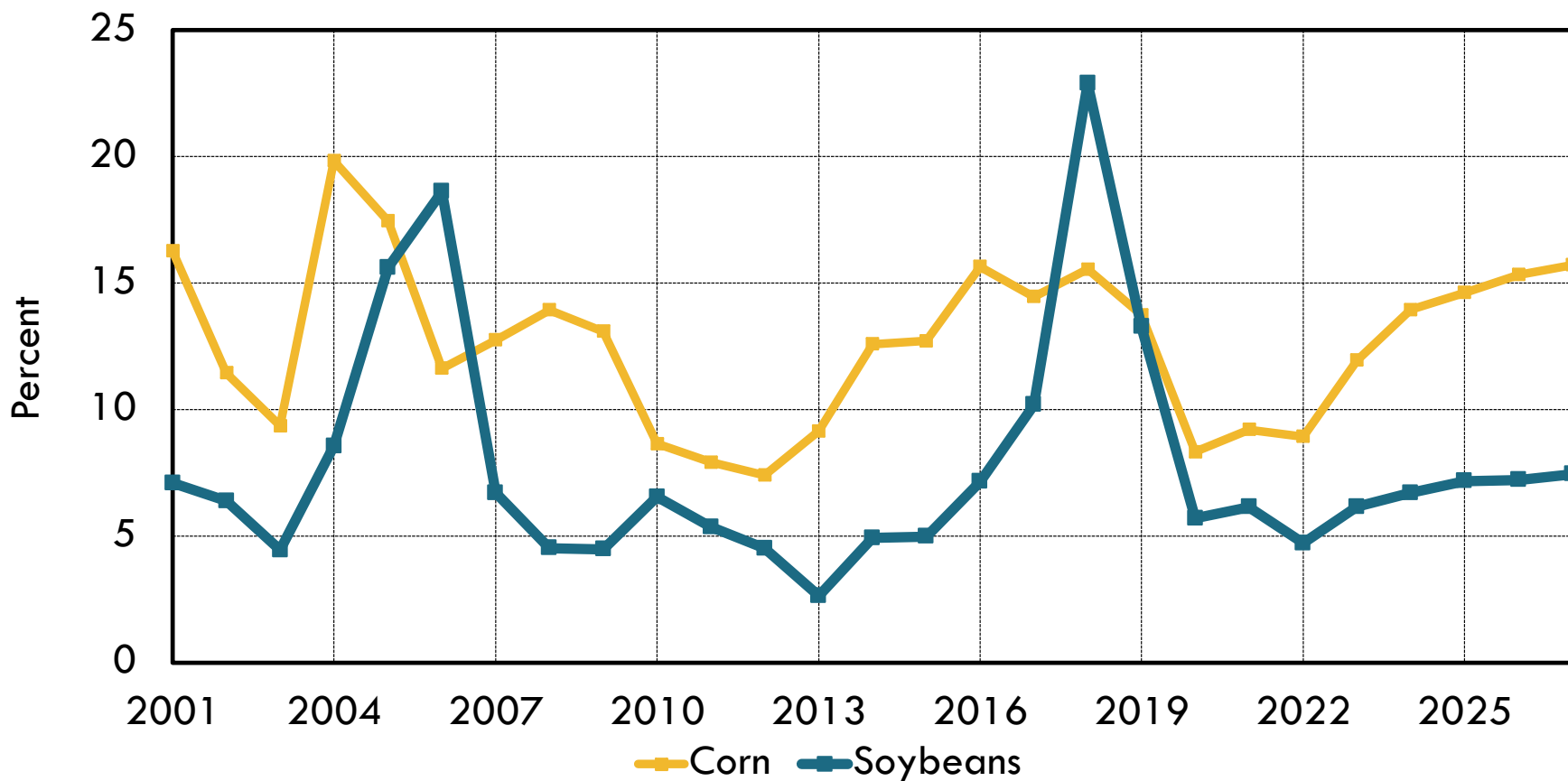
- ❑ Corn and soybean stocks are projected to remain tight through Marketing Year 22/23
  - ❑ This increases the odds for higher prices and increases volatility
- ❑ Poor weather and world events have impacted U.S. crop markets
- ❑ South America continues to push more corn and soybeans into world markets



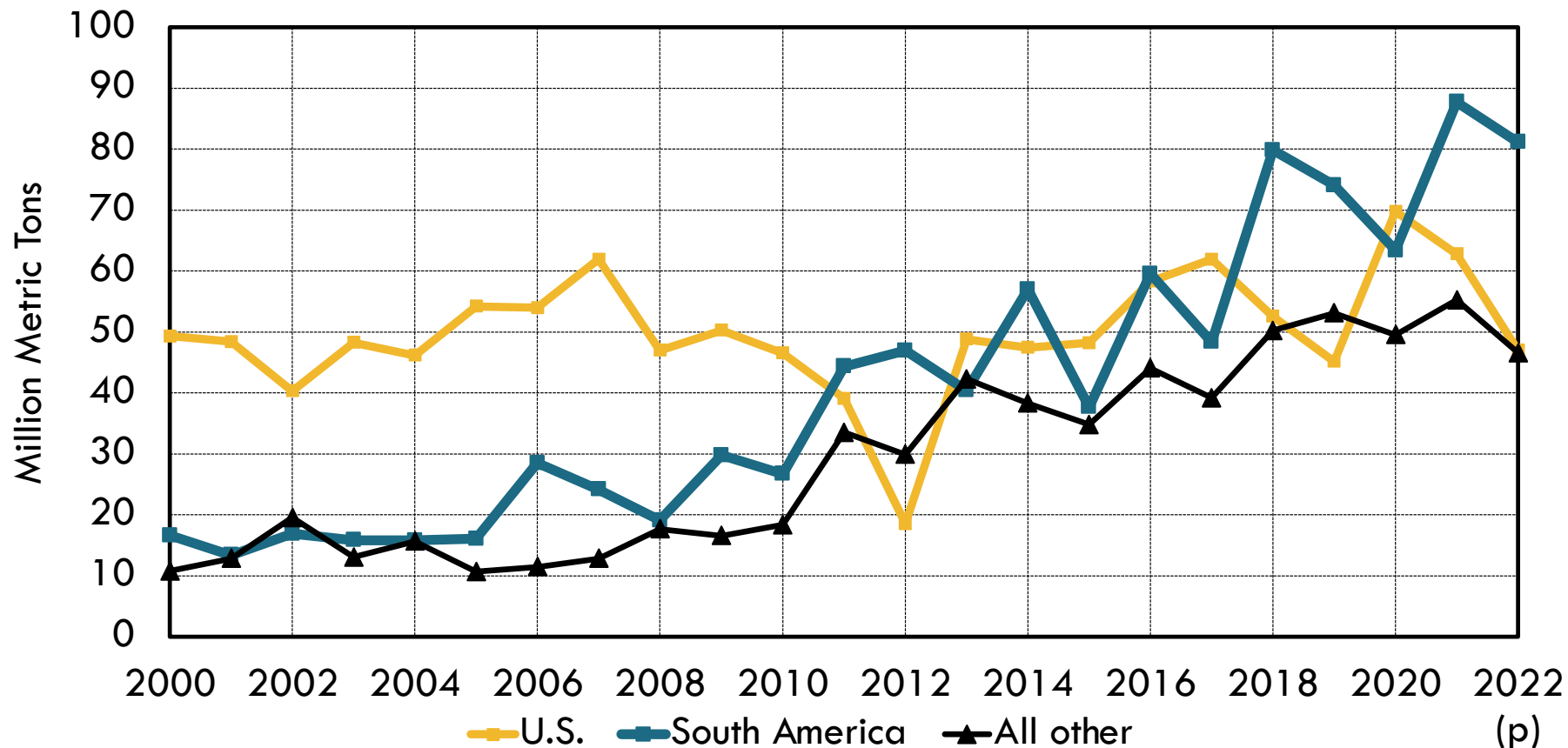
# U.S. Crop Yields



# Ending Stocks to Use Ratios

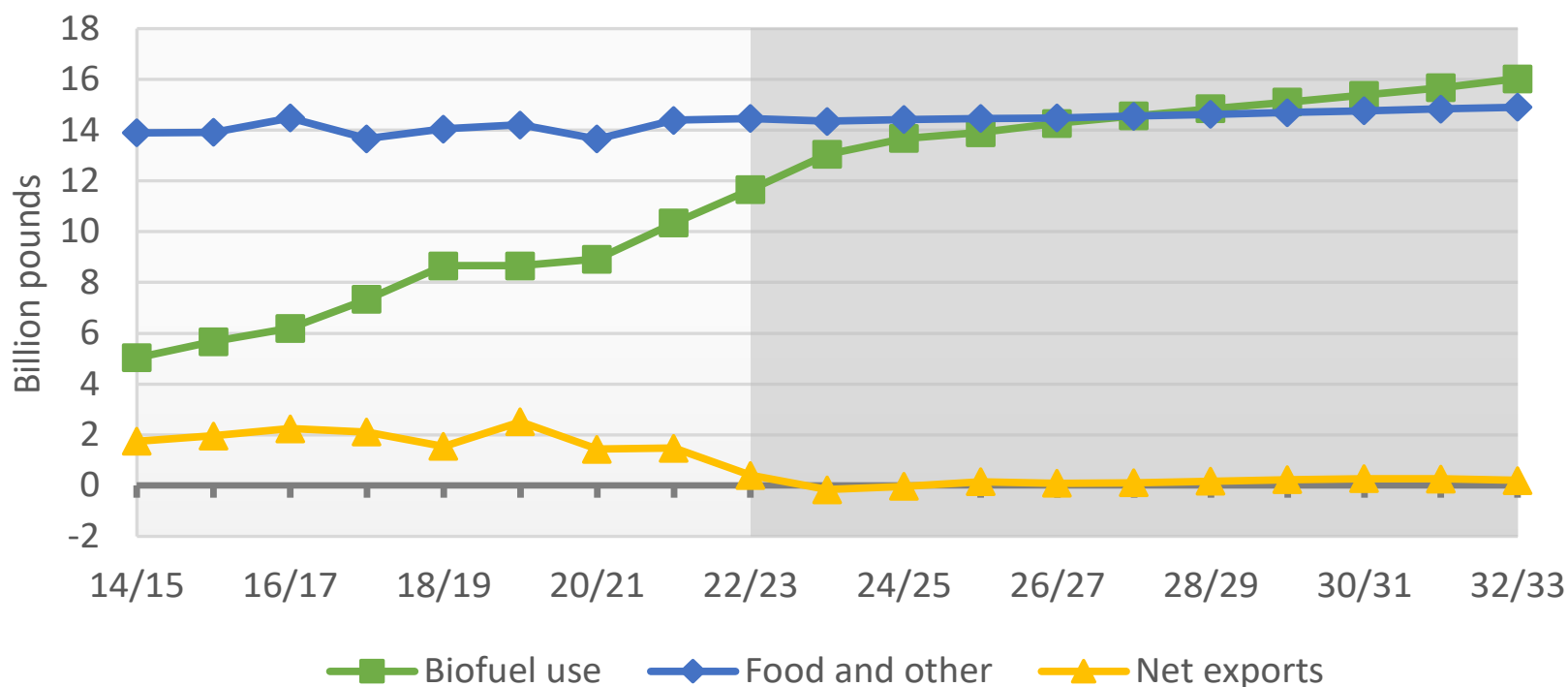


# Corn Exports



# Soybean Demand Strength Ahead

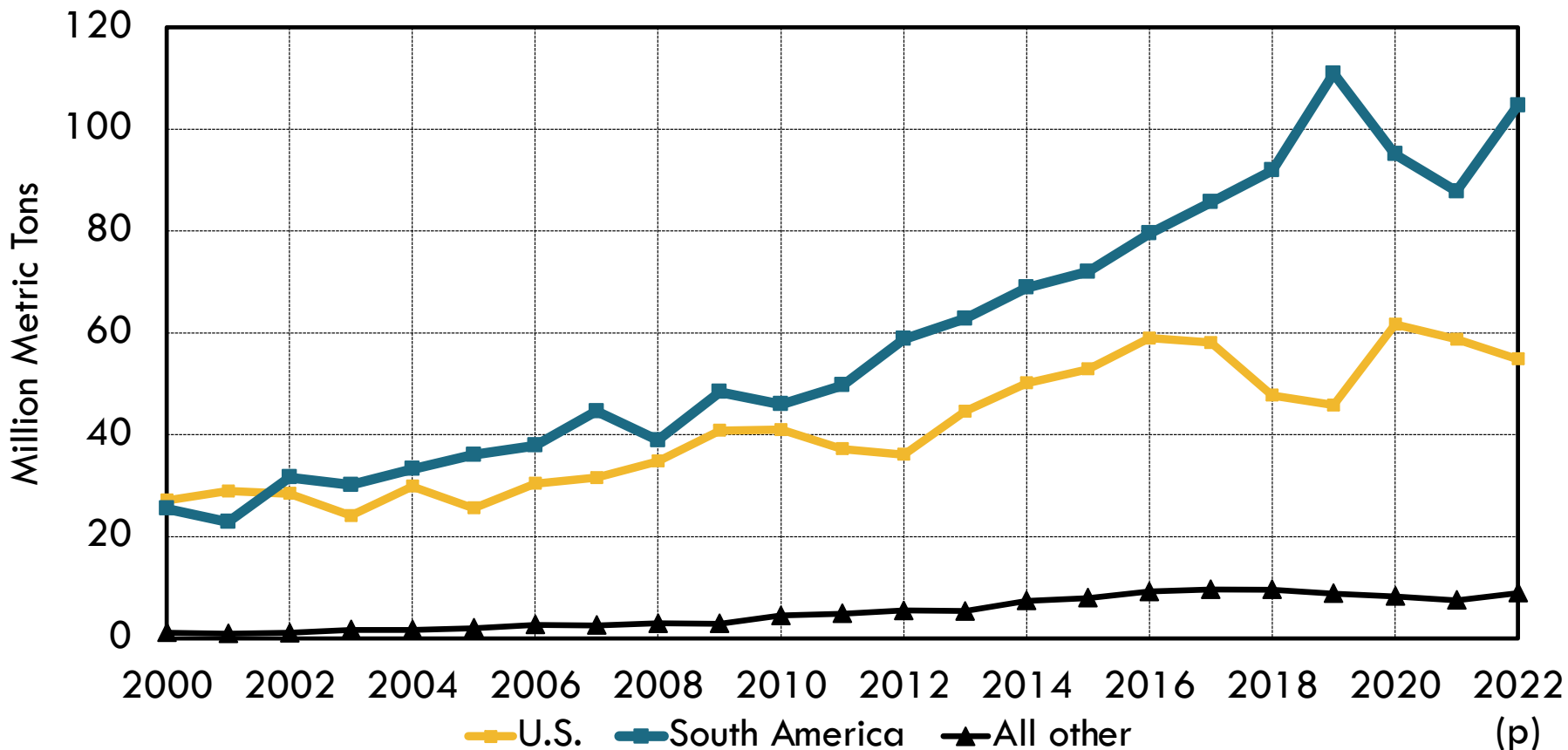
Biofuel use supports soybean oil prices



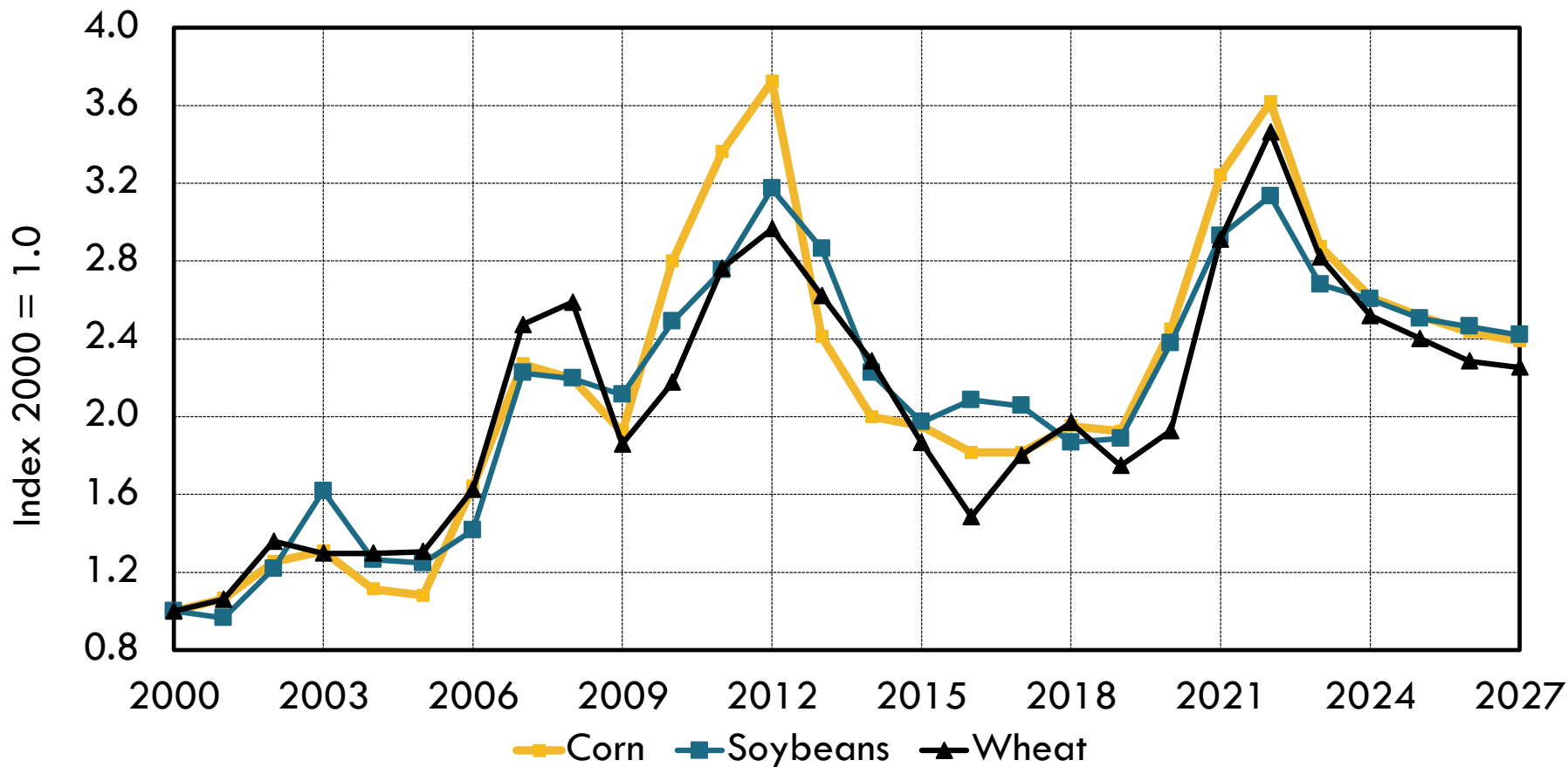
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# Soybean Exports



# Crop Prices





# Cattle Outlook: Positives and Unknowns

## □ Supply

- ▣ Beef production has not declined since 2015 but will now
- ▣ Drought continues to increase short-term supplies

## □ Demand

- ▣ Beef continues to be in favor with U.S. consumers
- ▣ Exports are on solid footing in many markets

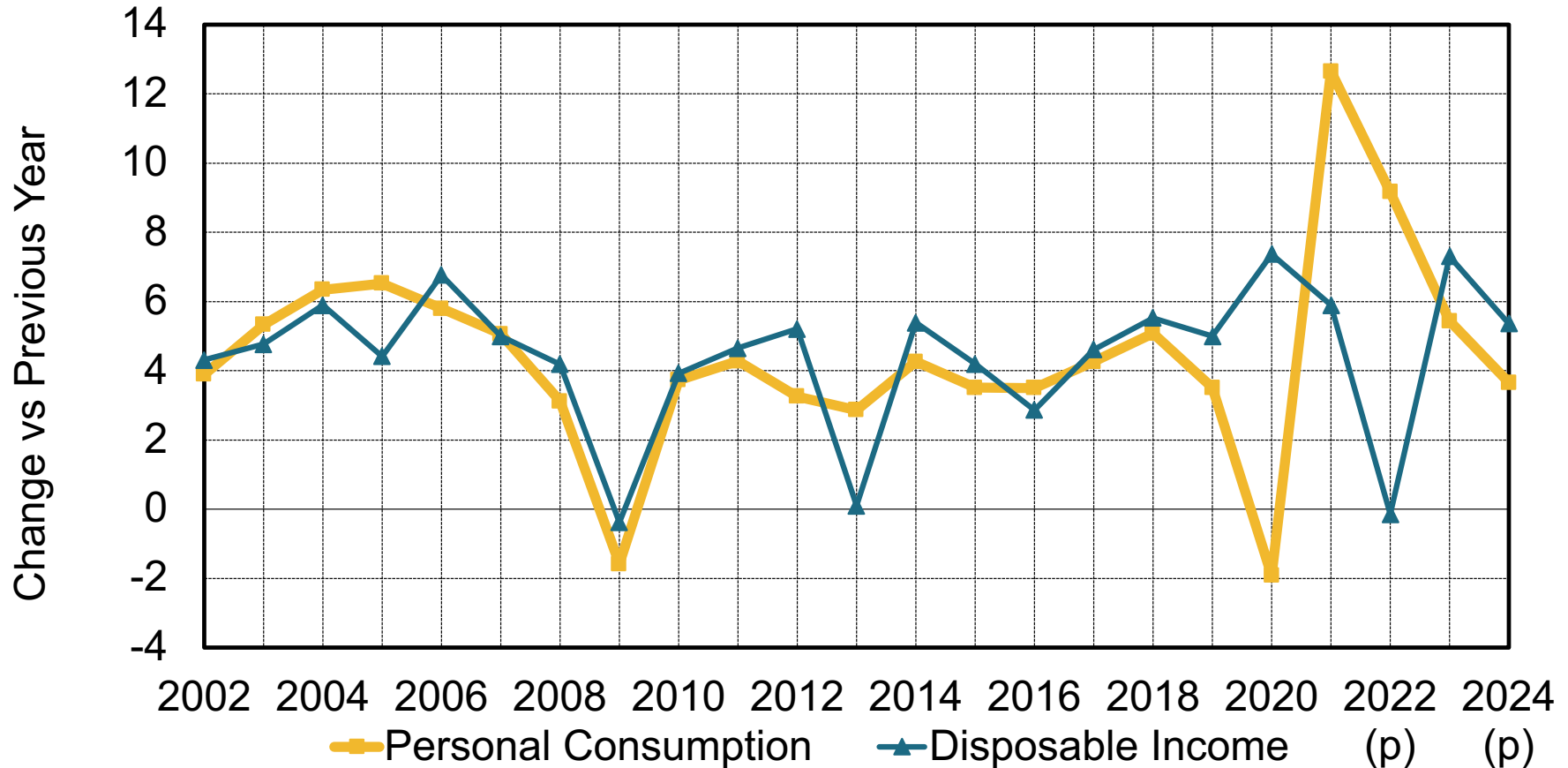
## □ Risks remain

- ▣ Persistent drought conditions may overshadow economics
- ▣ Inflation, recession effects are demand risk factors
- ▣ Input costs higher across the board

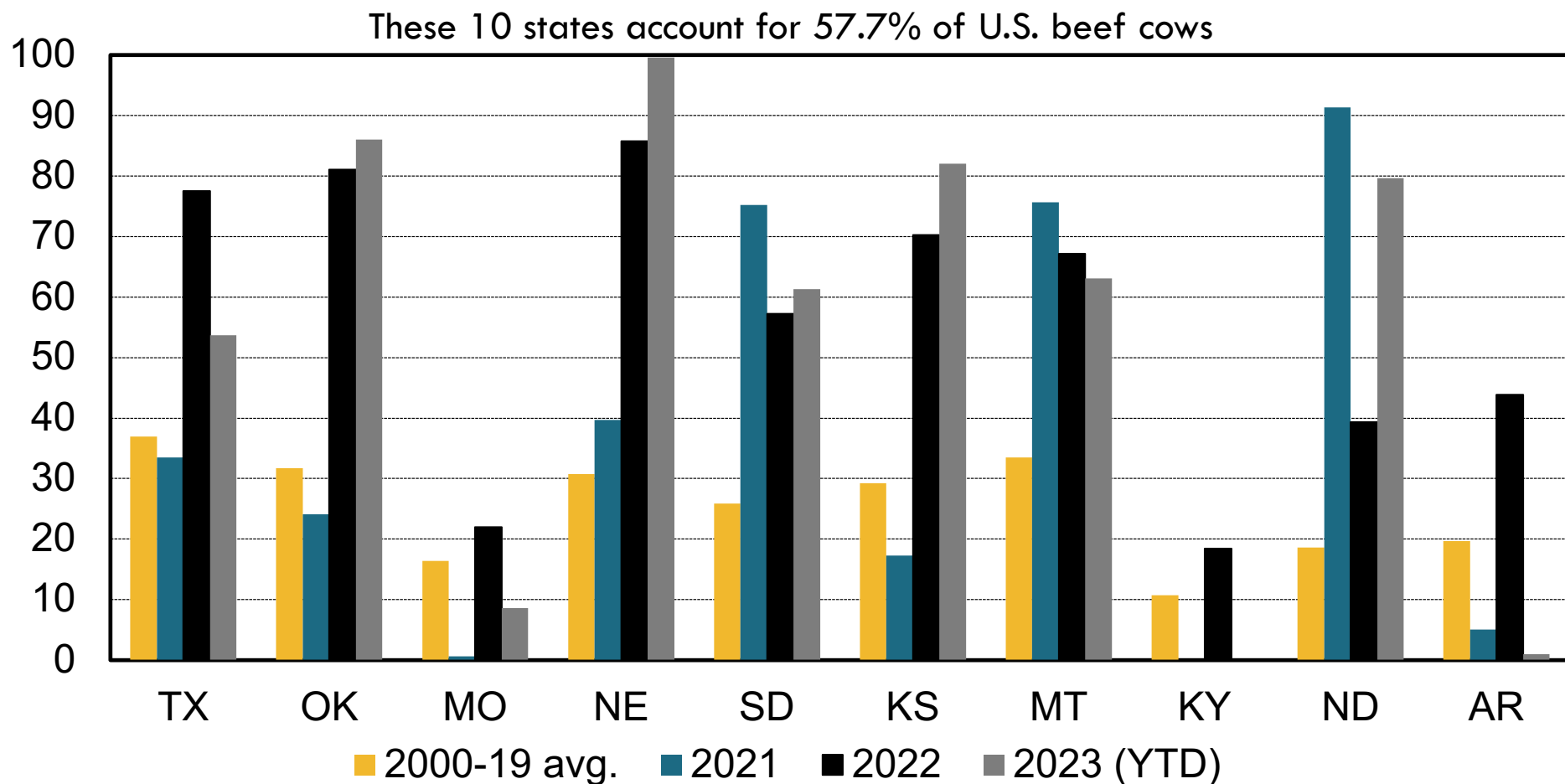


# COVID Confusing U.S. Economic Measures

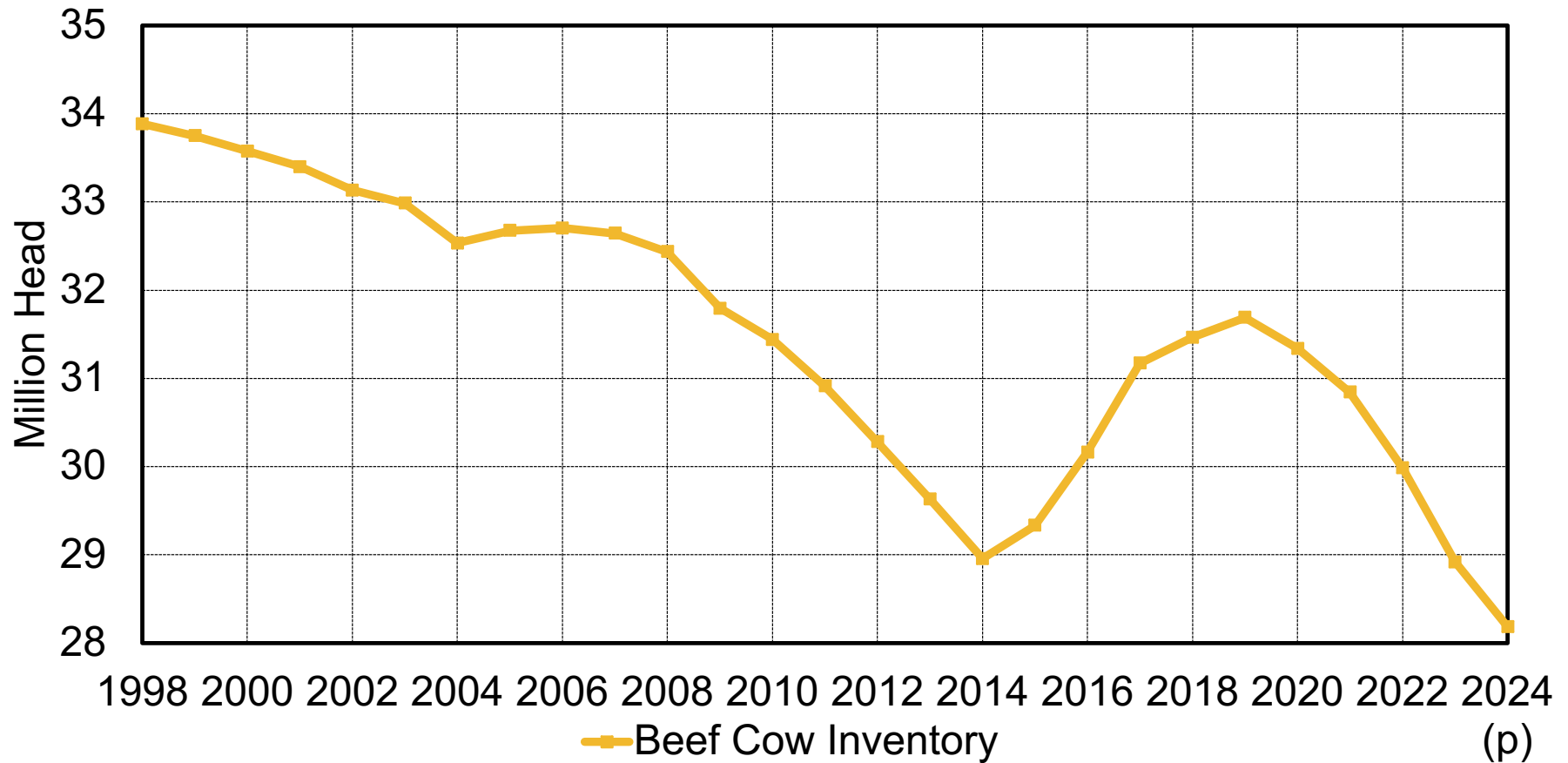
Projections imply a 5.0% savings rate in 2023. The 2010-19 avg. was 7.3%.



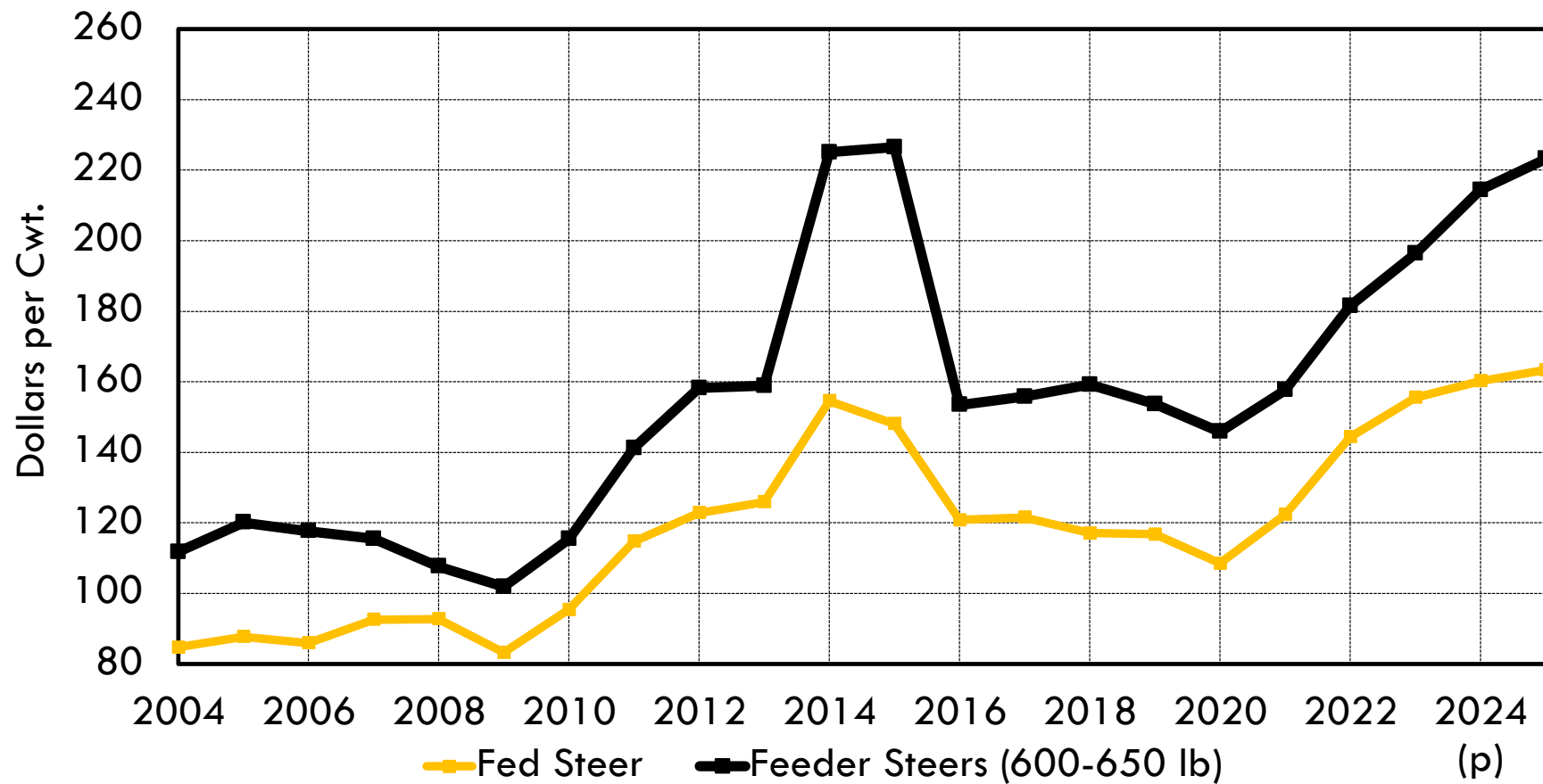
# % of D1 or Worse by Top 10 Beef Cow States



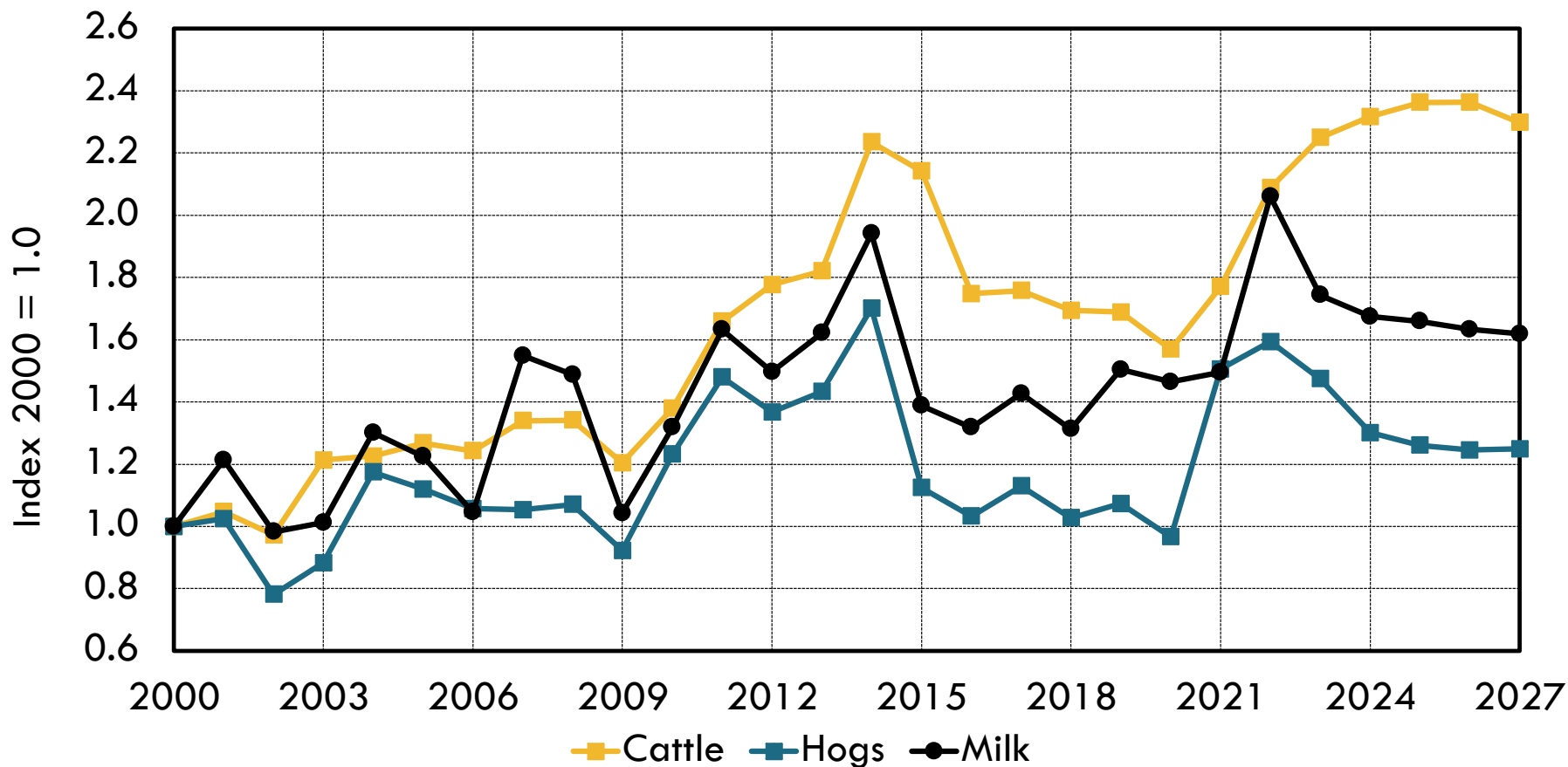
# Beef Cow Herd Continues to Decline



# Cattle Prices



# Livestock and Dairy Prices



# The Headlines

- Expect production expenses to remain historically high
- Farm income will decline but remain above long-run averages
- Volatility in prices to continue as crop stocks remain tight and market participants become less price responsive
- Fewer cows reduces beef production substantially in 2023 and likely for multiple years
- The strongest headwinds are inflation and the general economy
- Risk management becoming increasingly critical





# Thanks!

Dr. Scott Brown

Interim Director, Rural and Farm Finance Policy Analysis Center (RaFF)

University of Missouri

220 Mumford Hall

Columbia, MO 65211

(573) 882 – 3861

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Follow Scott on Twitter **@MUScottBrown**

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# Nebraska Farm Income Situation and Outlook

Dr. Bradley D. Lubben

Extension Associate Professor, Policy Specialist, and  
Director, North Central Extension Risk Management

Education Center

University of Nebraska-Lincoln Department of  
Agricultural Economics

E-mail: [brad.lubben@unl.edu](mailto:brad.lubben@unl.edu)

Web information: [cap.unl.edu](http://cap.unl.edu) and [ncerme.org](http://ncerme.org)



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*Institute of Agriculture and Natural Resources*

Dr. Scott Brown

Interim Director, Rural and Farm Finance Policy  
Analysis Center (RaFF) and Associate Extension  
Professor in Agricultural and Applied Economics at the  
University of Missouri

E-mail: [browns@missouri.edu](mailto:browns@missouri.edu)

Web information: [ruralandfarmfinance.com/](http://ruralandfarmfinance.com/)



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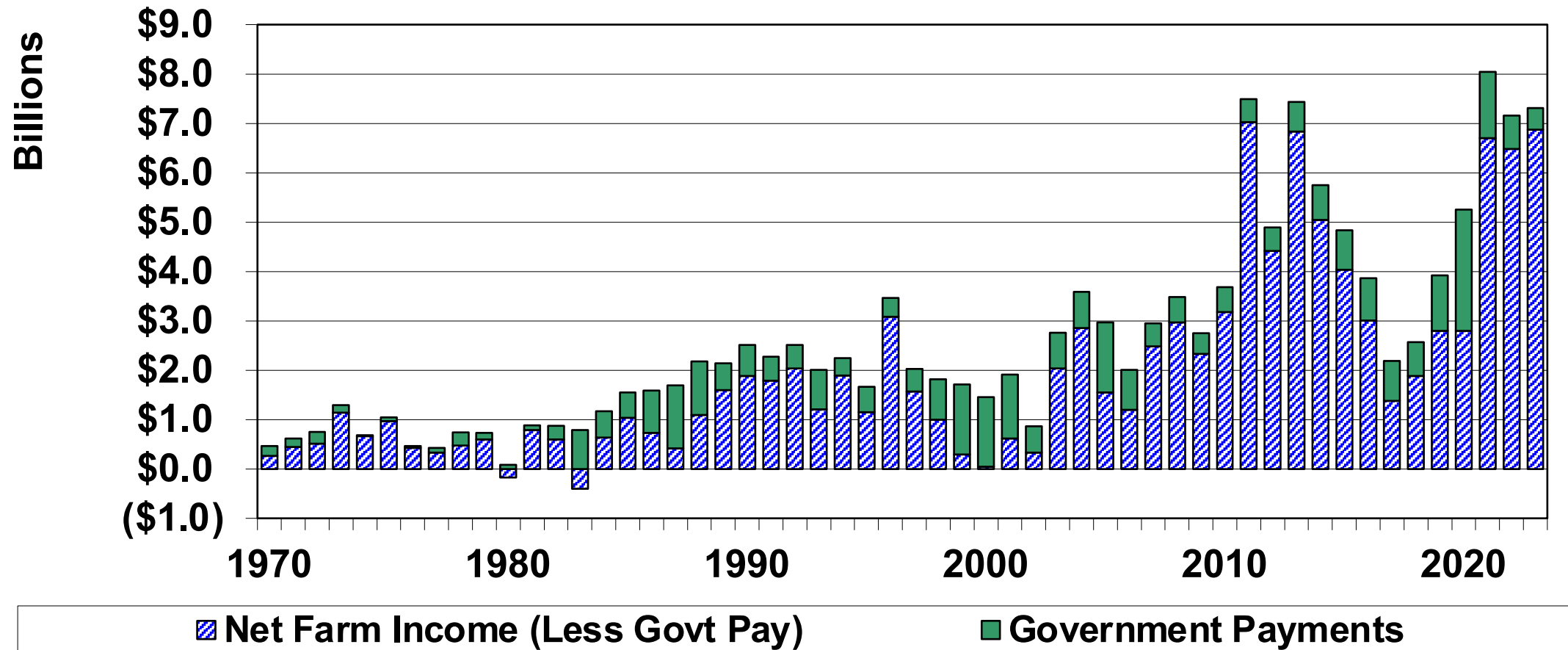
# **Farm Income Outlook and Management Issues for 2023**

- **Key Issues**
  - **Crop and livestock production**
  - **Farm income safety net**
  - **Management**





# Nebraska Net Farm Income



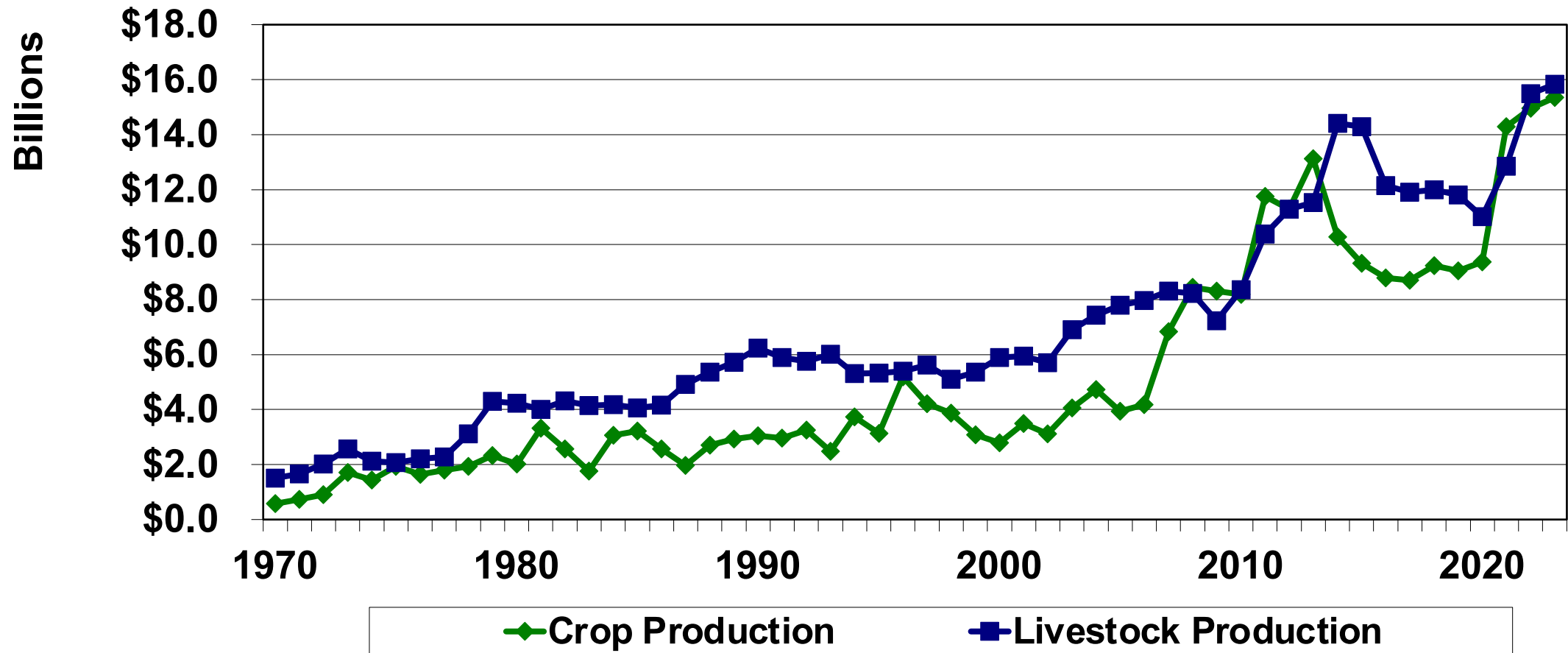
Source: USDA –ERS, FAPRI, RaFF and author calculations, March 2023



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# Nebraska Farm Receipts



Source: USDA –ERS, FAPRI, RaFF and author calculations, March 2023



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# Nebraska Crop Production - 2023

Commodity	Harvested Acres (1,000s)	Yield/Acre	Production (1,000s)	Price	Value of Production (1,000s)	Receipts (1,000s)
Corn (Bushels)	9,764	192	1,879,520	\$5.28	\$9,915,235	\$9,131,000
2023 v. 2022	(+11%)	(+17%)	(+29%)	(-20%)	(+3%)	(-13%)
2023 v. 2021	(+2%)	(-1%)	(+2%)	(-12%)	(-10%)	(+2%)
Soybeans (Bushels)	5,506	62	341,686	\$11.67	\$3,988,747	\$3,782,000
2023 v. 2022	(-3%)	(+27%)	(+23%)	(-15%)	(+5%)	(-10%)
2023 v. 2021	(-1%)	(-2%)	(-3%)	(-8%)	(-10%)	(+12%)
Wheat (Bushels)	820	50	47,444	\$6.74	\$319,786	\$287,000
2023 v. 2022	(+16%)	(+56%)	(+81%)	(-20%)	(+46%)	(-15%)
2023 v. 2021	(+13%)	(+2%)	(+15%)	(-2%)	(+13%)	(+13%)
Hay (Tons)	2,284	2.6	5,952	\$146.08	\$869,524	\$280,000
2023 v. 2022	(+7%)	(+29%)	(+37%)	(-22%)	(+7%)	(+2%)
2023 v. 2021	(-11%)	(+6%)	(-5%)	(+7%)	(+1%)	(+8%)





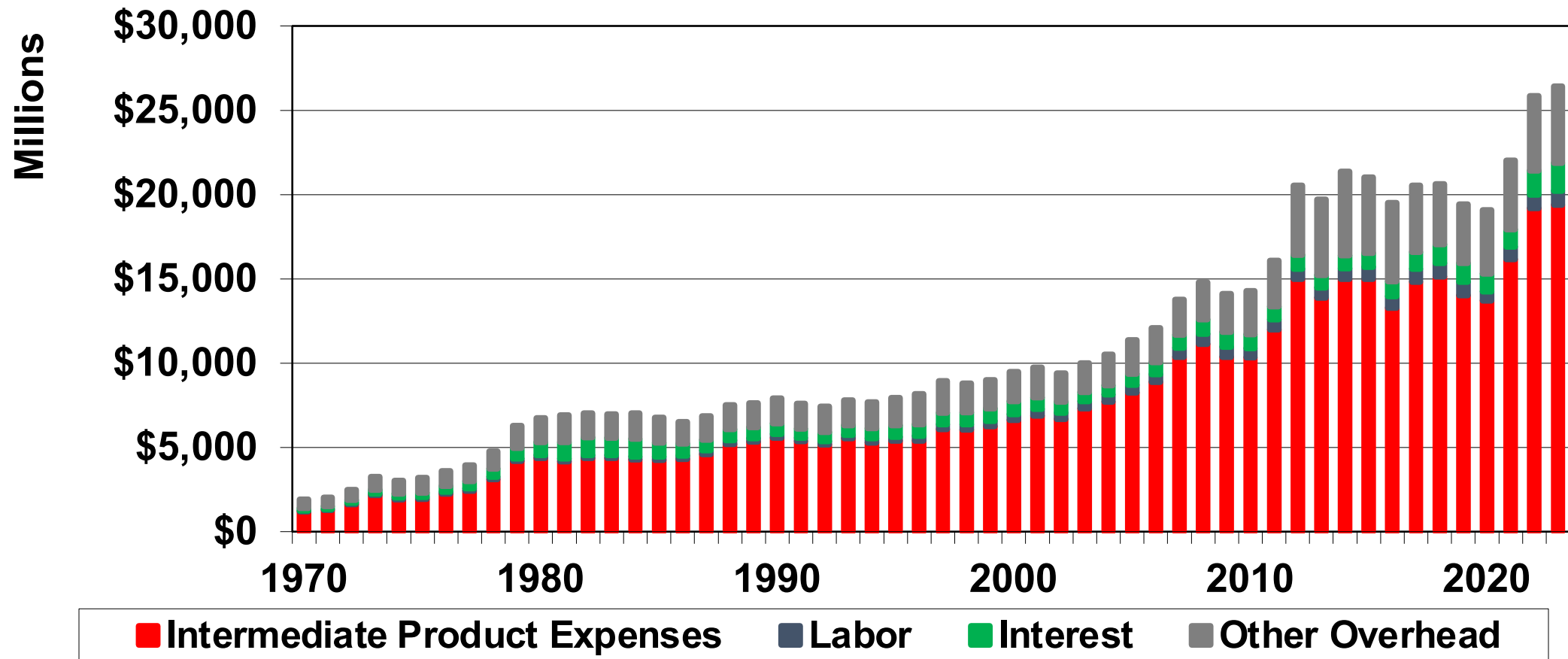
# Nebraska Livestock Production - 2023

Commodity	Breeding/ Milking Herd Inventory (1,000 Head)	Head Marketed (1,000 Head)	Marketings (Million Pounds or Million Dozen)	Price (\$/CWT or \$/Dozen)	Receipts (Millions)
Beef Cattle and Calves	1,703 (-3%) (-5%)	6,332 (-4%) (-2%)	9,083 (-4%) (-1%)	\$156.33 (+8%) (+27%)	\$14,200 (+4%) (+25%)
Hogs and Pigs	400 (-7%) (-4%)	8,444 (-2%) (-7%)	1,482 (-3%) (-6%)	\$67.56 (-7%) (+<1%)	\$1,001 (-10%) (-6%)
Dairy	56 (-1%) (-3%)	-	1,413 (-<1%) (-1%)	\$21.51 (-14%) (+16%)	\$303 (-14%) (+16%)
Poultry – Egg Production	-	-	192 (+16%) (-4%)	\$1.52 (-33%) (+87%)	\$293 (-15%) (+88%)





# Nebraska Farm Expenses



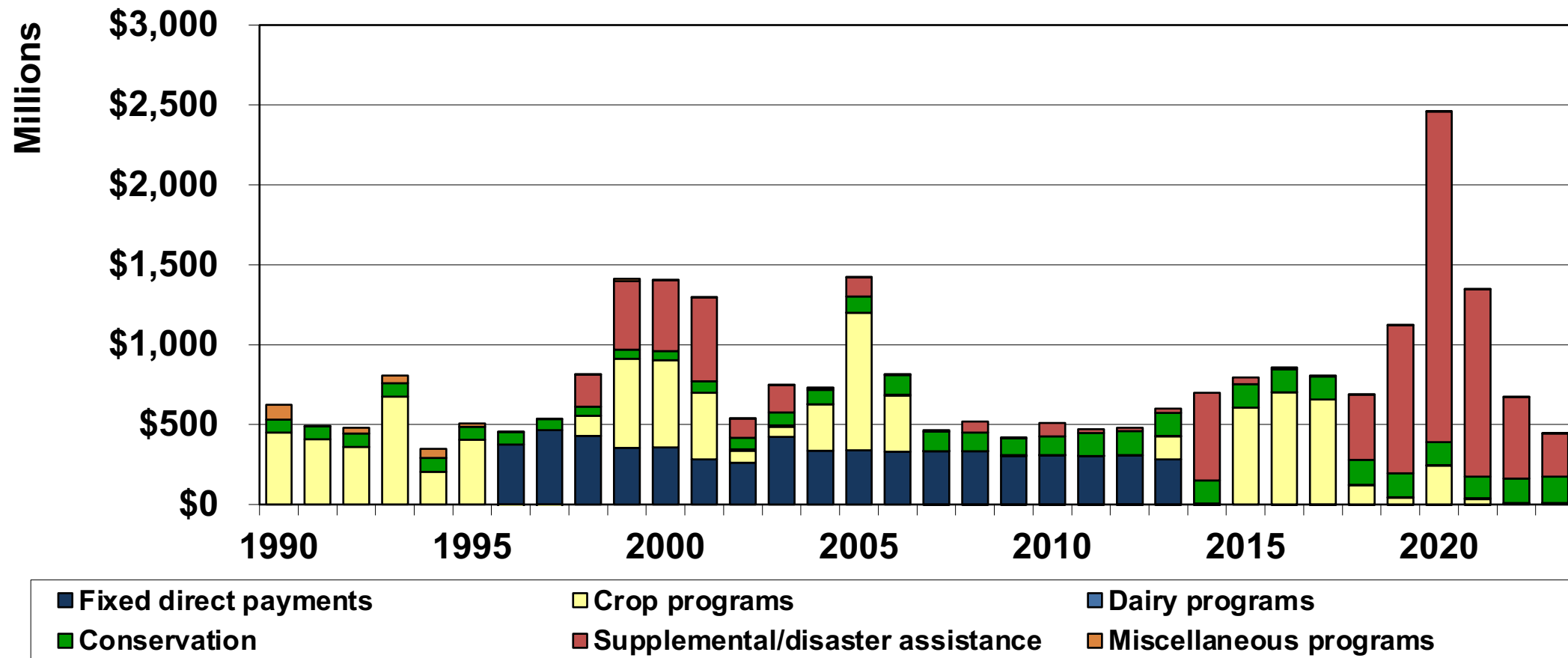
Source: USDA –ERS, FAPRI, RaFF and author calculations, March 2023



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# Nebraska Government Payments



Source: USDA –ERS, FAPRI, RaFF and author calculations, March 2023

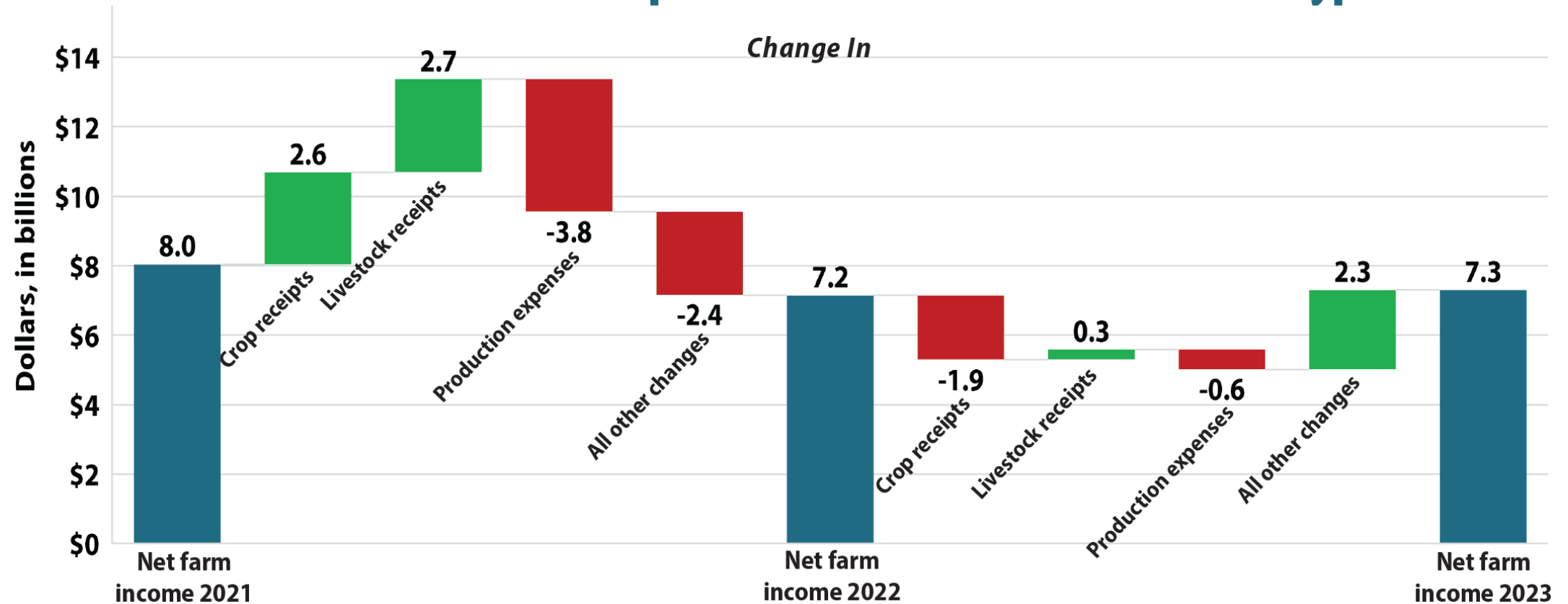


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# Nebraska Net Farm Income

Nebraska net farm income backpedals from 2021 to 2023 after atypical 2022



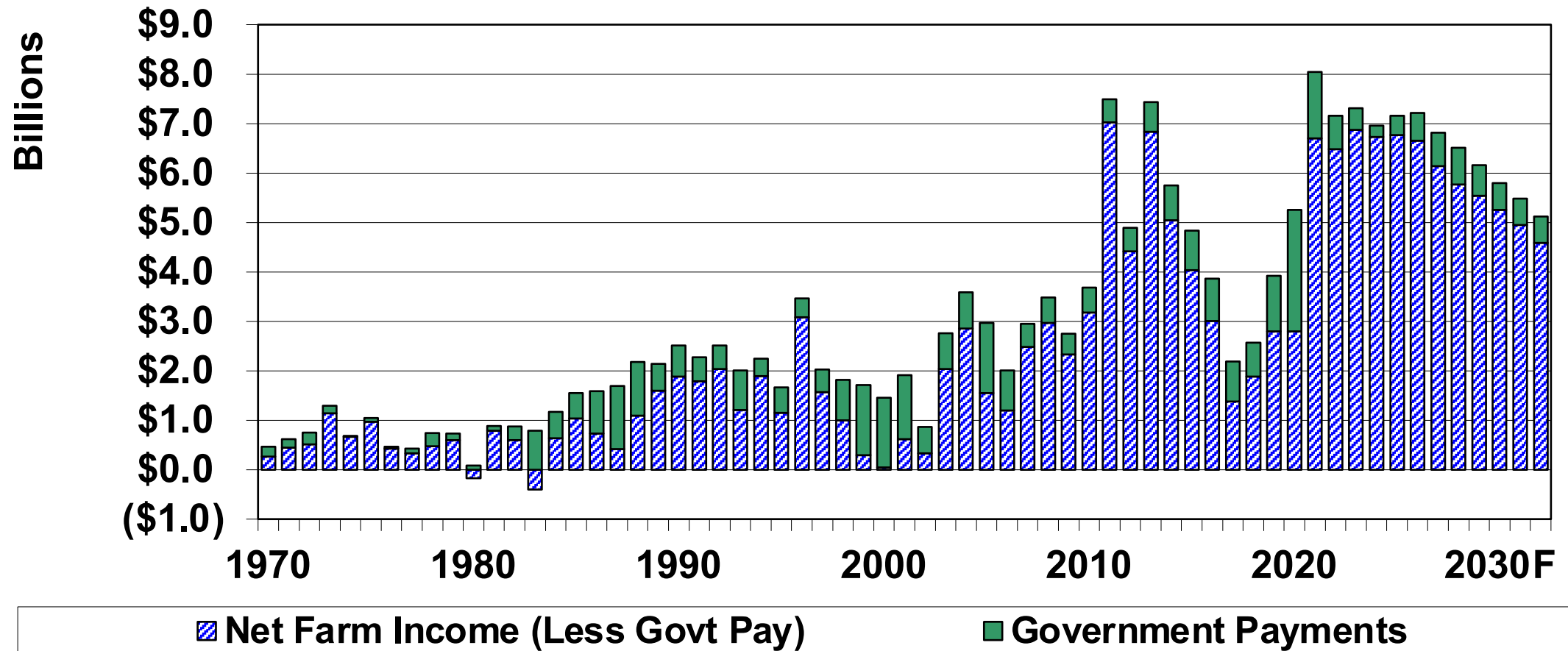
Source: RaFF, March 2023



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# Nebraska Net Farm Income



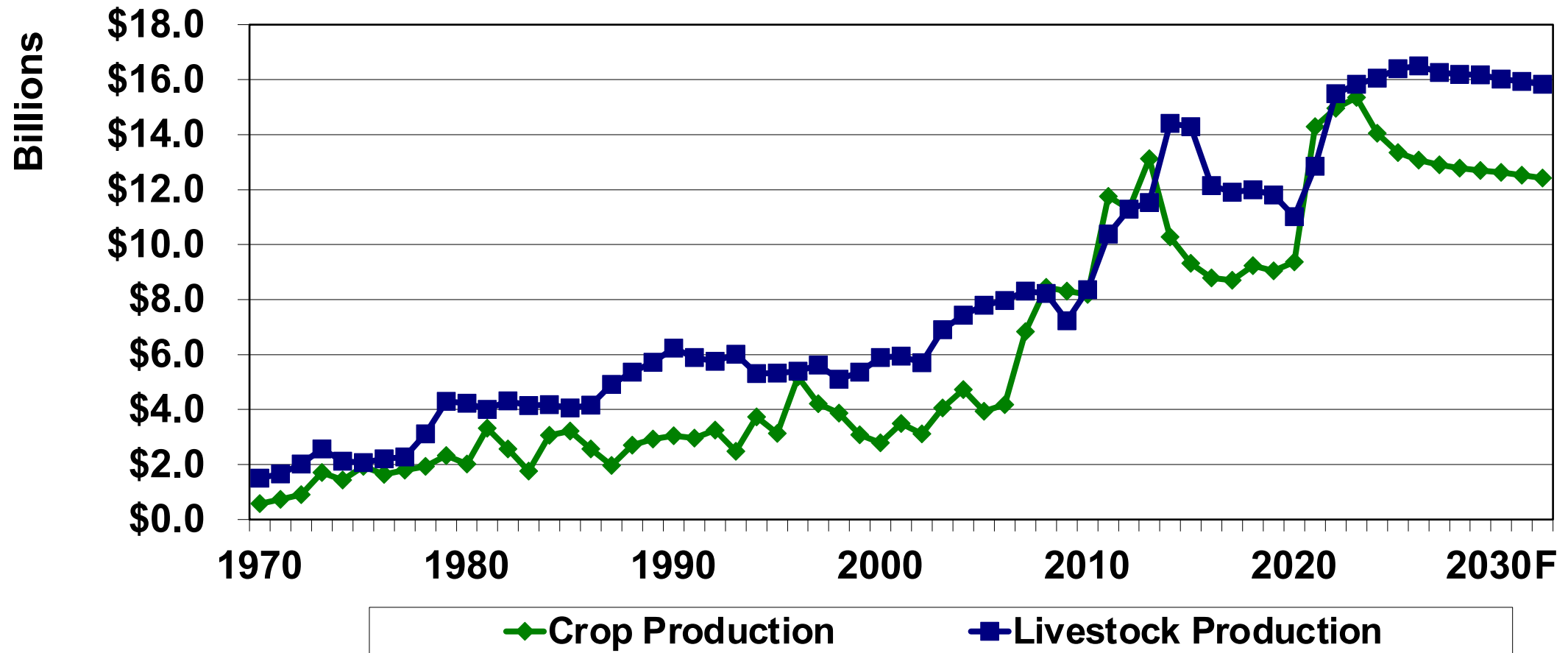
Source: USDA –ERS, FAPRI, RaFF and author calculations, March 2023



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# Nebraska Farm Receipts



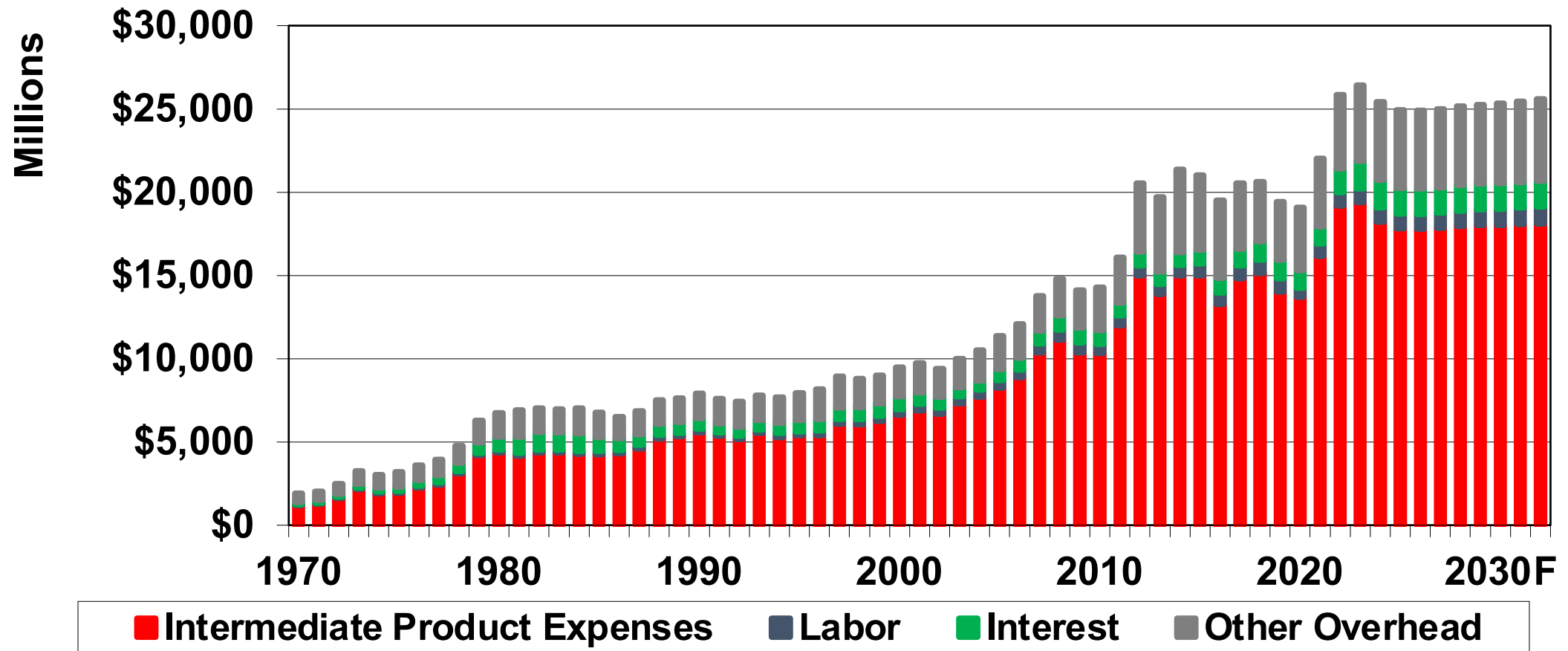
Source: USDA –ERS, FAPRI, RaFF and author calculations, March 2023



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# Nebraska Farm Expenses



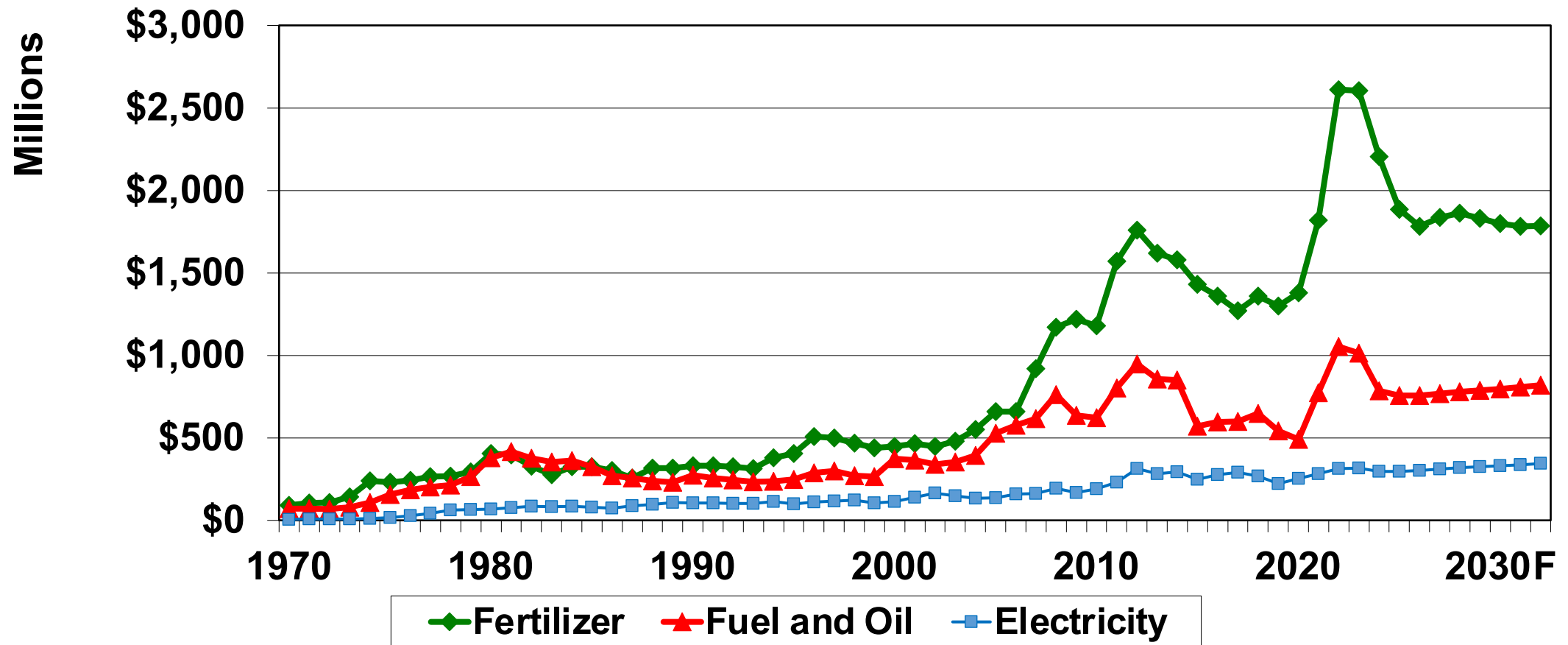
Source: USDA –ERS, FAPRI, RaFF and author calculations, March 2023



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# Nebraska Farm Expenses



Source: USDA –ERS, FAPRI, RaFF and author calculations, March 2023

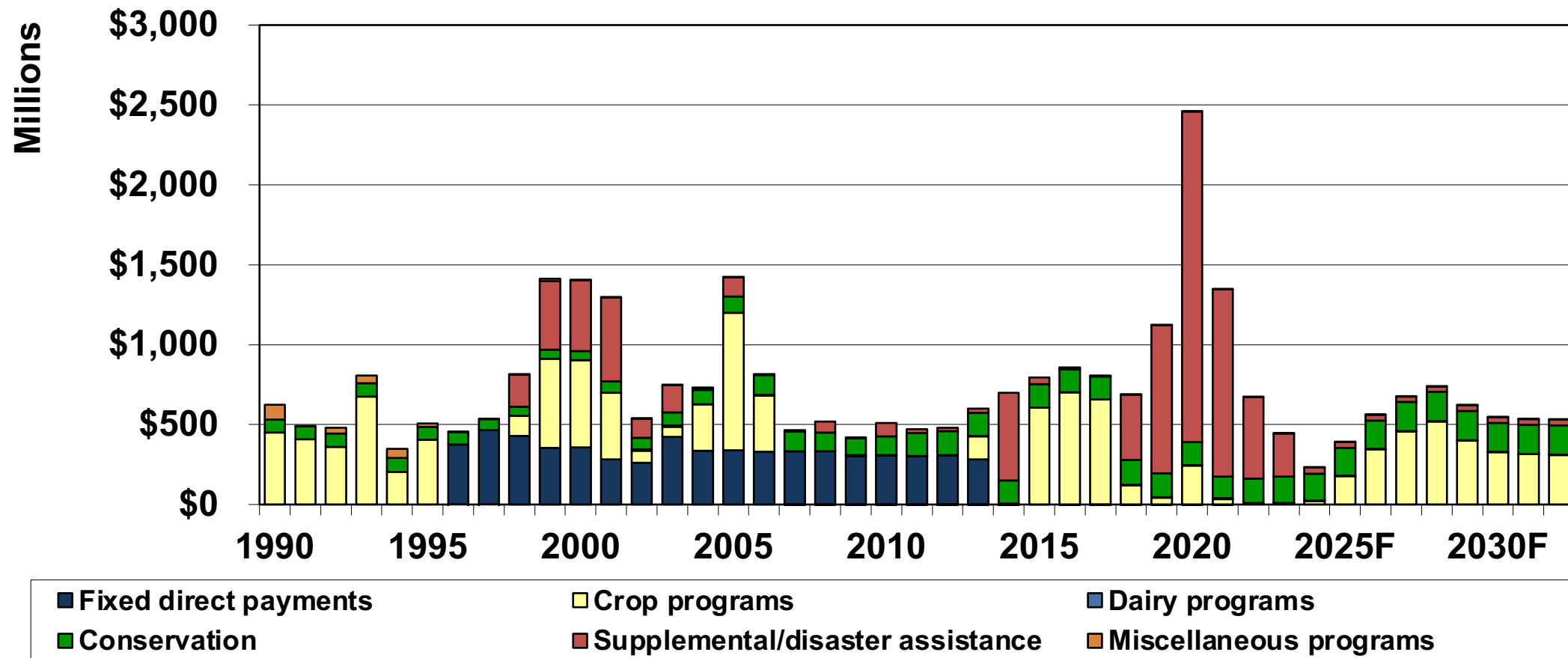


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# Nebraska Government Payments



Source: USDA –ERS, FAPRI, RaFF and author calculations, September 2022

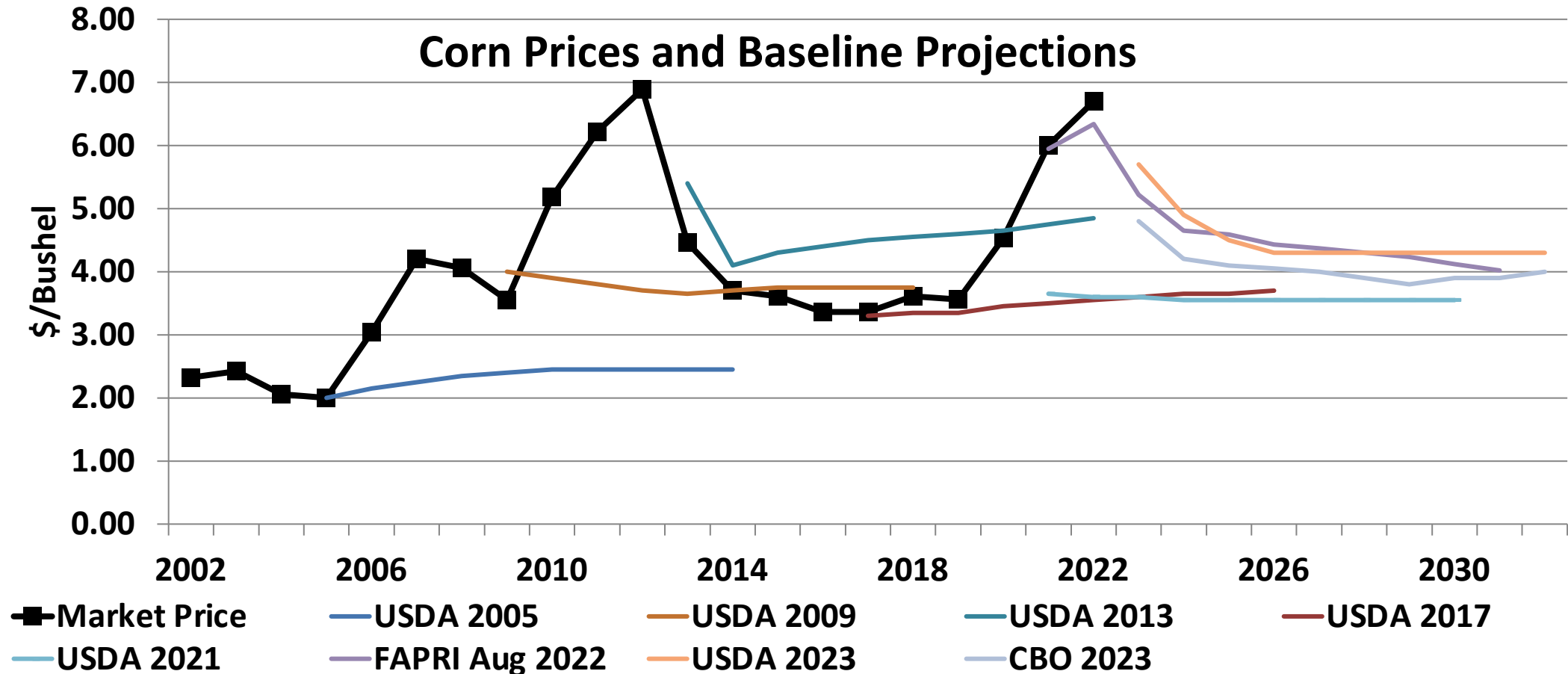


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# Farm Income Outlook

## Prices and Long-Run Projections



\* Price projections for 2022 from USDA-WAOB and USDA-FSA as of February 2023.  
Long-run price projections from USDA-OCE, CBO, and FAPRI as of February 2023.





# **Farm Income Outlook and Management Issues for 2023**

- **Key Issues**
  - **Crop and livestock production**
    - **Crop production may rebound in 2023, but lower prices will limit receipts and cash flow**
    - **Livestock production may pull back in 2023 except for egg recovery**
      - **Lower prices expected across the board except for cattle, but that's enough to push total receipts up**
  - **Farm income safety net**
    - **Commodity program support is expected to be minimal**
    - **Crop and livestock insurance are the key part of the safety net, particularly with crop prices far above commodity program support levels**
    - **Standing disaster assistance may help with lingering drought concerns and ad hoc assistance will provide further cash flow in 2023**
  - **Management**
    - **Production expenses level off for some inputs, but continue to move higher for others, including purchased feed and livestock and also interest**
    - **Margin may be more important than price or revenue for 2023**

