



Rural & Farm Finance
Policy Analysis Center
University of Missouri

Spring 2024 *Arkansas* *Farm Income Outlook*

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RaFF Report #02-2024

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UofA **DIVISION OF AGRICULTURE**
RESEARCH & EXTENSION
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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: Arkansas crop insurance and FSA program payments are included in RaFF data to be reflective of FAPRI-MU's stochastic modeling process. Arkansas 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.

Key terminology: *poultry cash receipts* are measured at the integrator level, using NASS Production, Disposition and Income Reports (PDI); *net farm income* represents a net value of production and residual income for producers, based on the latest ERS methodology ([find more information here](#)).

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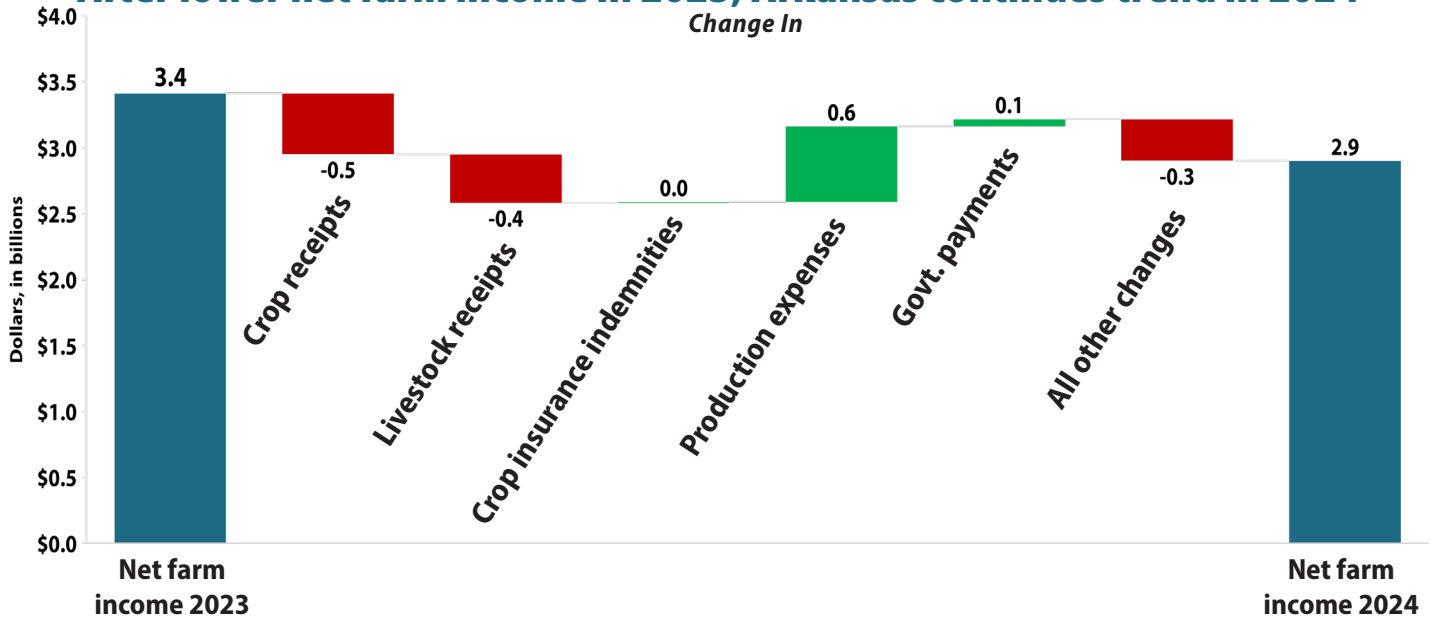
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After lower net farm income in 2023, Arkansas continues trend in 2024

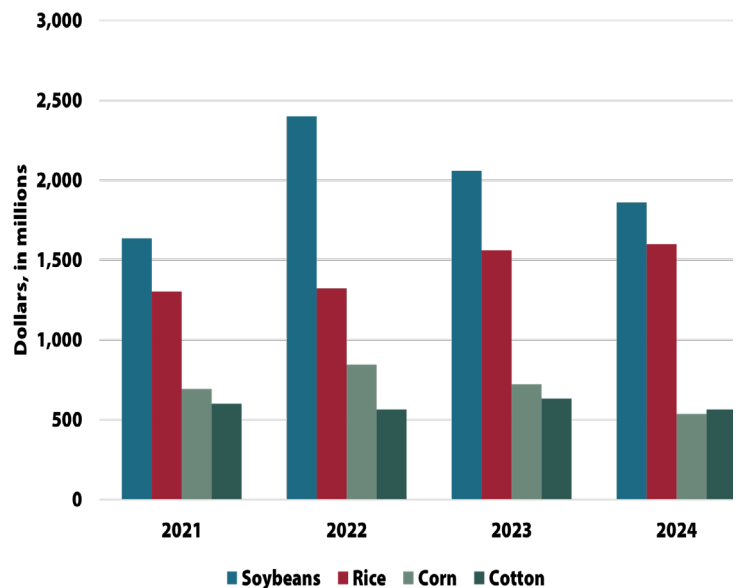


After record-setting farm income in 2022, Arkansas saw a backpedal in 2023 that is projected to extend into 2024 with another \$0.5 billion decline in net farm income. Cash receipts are estimated to decline by \$0.8 billion as many crop and livestock prices are projected to move lower in 2024. Production expenses are projected to offer some relief with a nearly \$0.6 billion decline as feed and fertilizer move lower. Although net farm income has declined from record levels, estimated 2024 levels are still higher compared to 2021. **Arkansas' projected 15% drop in net farm income is smaller than the forecasted 25.5% decrease in U.S. net farm income for 2024.**

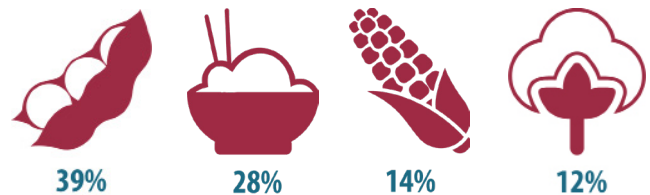
Arkansas Crops

- Total Arkansas planted area is expected to drop 261,000 acres **to 6.9 million acres in 2024**, although the acreage mix changes as soybean area increases and corn area declines.
- **Soybeans remain the top field crop by area and are expected to see a 120,000 acre increase in planted area in 2024.** Despite increased plantings and production, the projected decline in prices causes receipts to decline.
- Rice planted area is estimated to decline by 171,000 acres, paired with a decrease in production. **Rice receipts are estimated to rise \$37 million in 2024 before falling by \$305 million in 2025.**
- In 2024, **corn planted area is projected to decrease 170,000 acres as soybean area increases.** Cotton planted area shows a modest decrease in 2024. **Receipts for both cotton and corn are projected to decline in 2024, although corn could see a slight increase in receipts in 2025.**

Crop receipts decline \$0.5 billion in 2024

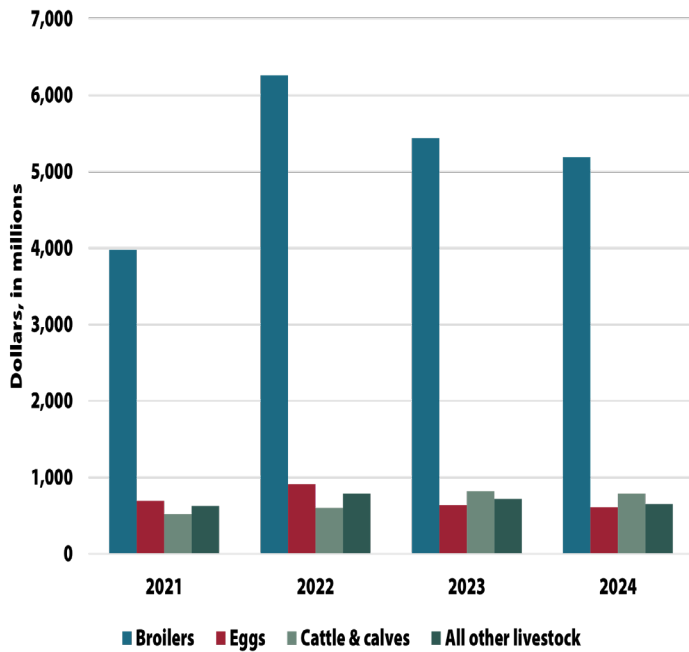


2018-2022 average share of crop receipts (listed in order of receipt value)





Livestock receipts decline \$0.4 billion in 2024



Arkansas Livestock

- Poultry and egg receipts are estimated to decrease in 2024, declining a combined \$336 million from 2023. Despite a modest increase in broiler, turkey and egg production, lower prices for these sectors reduce 2024 receipts.
- Arkansas cattle and calves inventory started 2024 at 1.6 million head, a 2% decrease from January 2023 inventory. This can be contributed to drought conditions and reduced profitability. **Cattle and calves receipts are expected to decline only slightly in 2024, as higher prices help offset lower supplies. Continued projected higher prices in 2025 and 2026 drive cash receipts higher.**
- The total market hog and breeding herds dropped 9% for December 2023 compared to the year before. Marketings are projected to drop and **a decline in prices weaken modestly hogs and pigs receipts in 2024.**

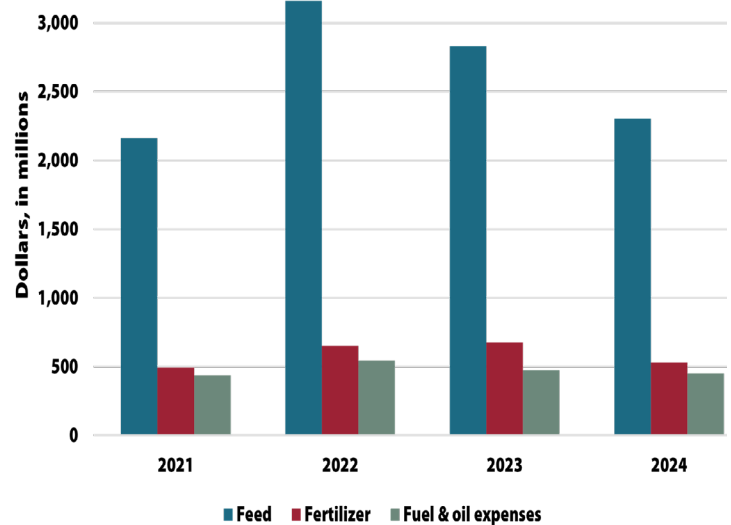
2018-2022 average share of livestock receipts (listed in order of receipt value)



Arkansas Expenses

- After a small decrease in 2023, **fertilizer expenses for 2024 are estimated to decline another \$148 million.**
- **Feed expenses are anticipated to decline \$527 million in 2024,** and fuel and oils could see a slight decline of \$23 million.
- **Total production expenses are projected to decline 5% in 2024, with an additional 4% decrease in 2025.**

Feed expenses decline \$527 million in 2024



Tying it all Together

Arkansas 2024 net farm income is projected to continue a downward trajectory from 2022 record-setting levels. Total farm receipts decline \$0.8 billion, offset by a roughly \$0.6 decline in production expenses. This combination results in a projected 15% decrease in net farm income. Despite the decline from 2023 to 2024, Arkansas net farm income remains higher than the 2015-22 historical average. **Looking ahead, Arkansas net farm income is projected to slowly climb to an average \$3.3 billion across the 10-year baseline.**

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

