



Rural & Farm Finance
Policy Analysis Center
University of Missouri

Spring 2024 *Iowa Farm Income Outlook*

April 2024
RaFF Report #07-2024

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, while 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, while the use of biomass-based diesel increases by more than a billion gallons over the same period.

Acknowledgments

Reader note: Iowa 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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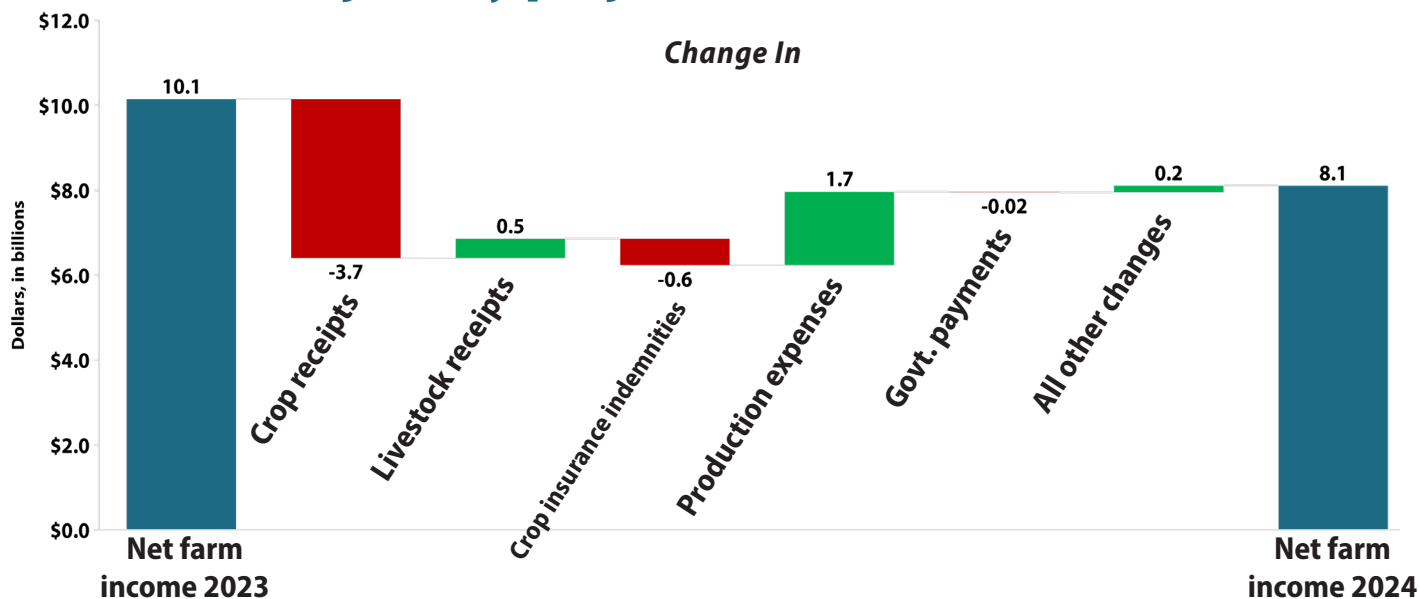
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Downward trajectory projected for 2024 Iowa farm income



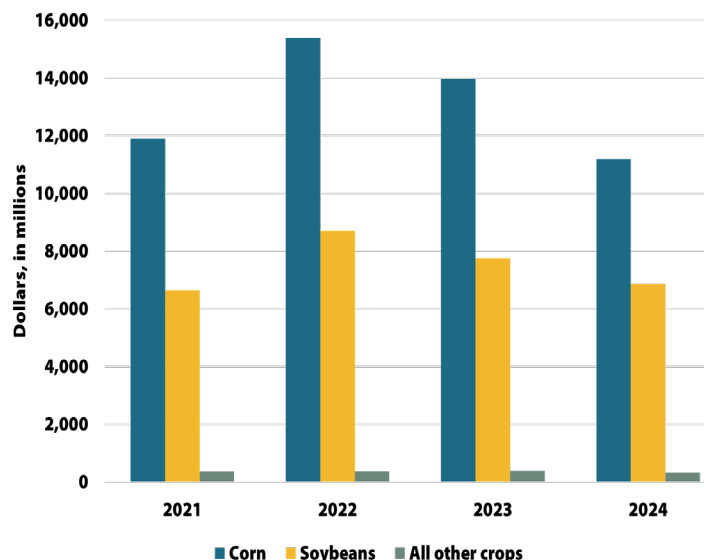
Iowa net farm income is projected to decline to \$8.1 billion in 2024, continuing a downward trend from the record level in 2022. From 2023 to 2024, crop receipts are expected to decrease by \$3.7 billion, and partially offset by a nearly \$0.5 billion increase in livestock receipts. Driven by lower feed and fertilizer costs, production expenses are projected to decrease by \$1.7 billion. Federal crop insurance indemnities decrease by \$0.6 billion, and direct government payments see a small decrease. **Iowa's projected 20% decrease in net farm income is slightly smaller than the projected 25.5% decrease in U.S. net farm income for 2024.**



Iowa Crops

- Total Iowa crop planted area plus hay is expected to increase slightly in 2024. **Iowa crop receipts are projected to decline by 17% in 2024.**
- Corn planted area is projected to see a 515,000 acre decrease as soybean acres increase. **Despite increased corn production, lower prices reduce corn receipts nearly \$2.8 billion in 2024.**
- Soybean planted area increases 554,000 acres in 2024. Despite increased acreage and production, **soybean receipts decrease by \$0.9 billion in 2024.**
- In 2024, hay area harvested is projected to increase 45,000 acres after losses in 2023. **Hay receipts see a slight decrease in 2024.**
- Oat planted area are estimated to decrease 7,000 acres in 2024. Decreased production and lower prices lead to **a projected slight decrease in oat receipts for 2024.**

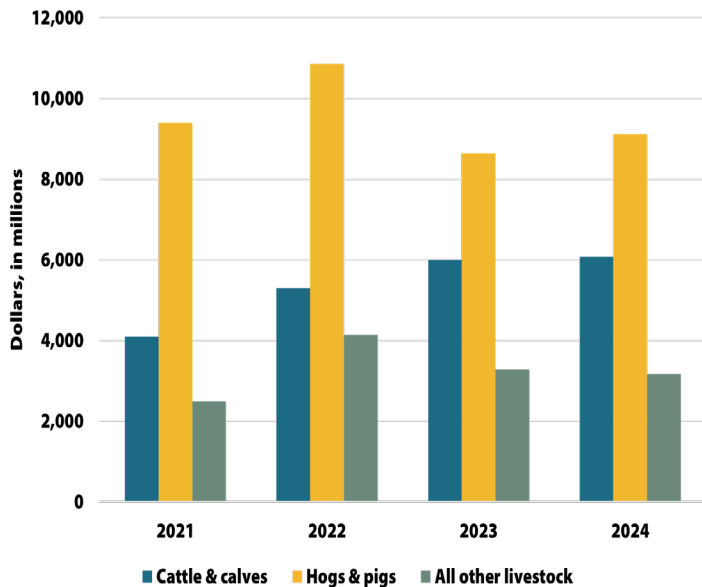
Crop receipts decrease \$3.7 billion in 2024



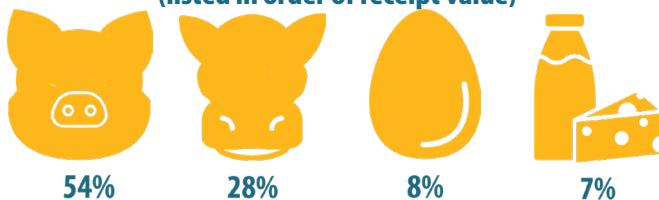
2018-2022 average share of crop receipts (listed in order of receipt value)



Livestock receipts increase \$0.5 billion in 2024



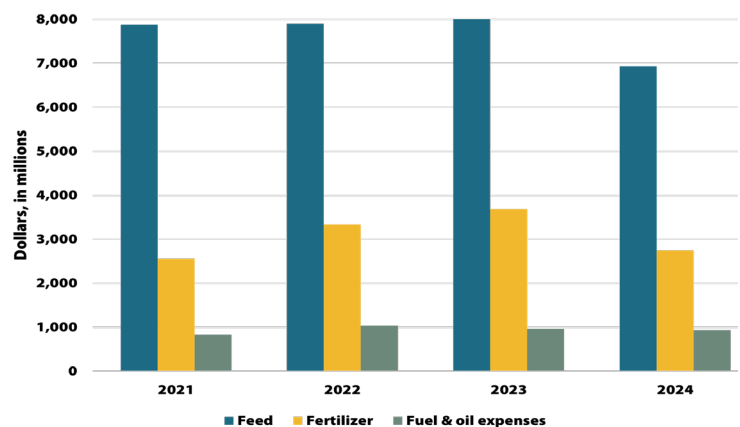
2018-2022 average share of livestock receipts (listed in order of receipt value)



Iowa Expenses

- After record-setting expenses in 2023, **fertilizer expenses are expected to decrease by more than \$0.9 billion in 2024.**
- **Feed expenses are forecast to decline nearly \$1.1 billion in 2024,** and fuel and oil expenses are projected to drop \$31 million.
- **Total production expenses are anticipated to decrease by 5% in 2024.** Despite declining fertilizer, feed and fuel expenses, purchased livestock, seed, labor, taxes and capital consumption continue to climb.

Feed expenses decrease nearly \$1.1 billion in 2024



Tying it all Together

Iowa 2024 net farm income is projected to decrease by \$2 billion relative to 2023, continuing a downward trajectory from the 2022 record-setting farm income level. Crop and livestock receipts are projected to decline by a combined \$3.2 billion, partially offset by a \$1.7 billion decrease in production expenses. Total federal crop insurance indemnities are estimated to decrease by \$0.6 billion and direct government payments see a small decline. The result is an expected 20% decline in 2024 net farm income. **Moving forward, Iowa net farm income is projected to increase in 2025 and 2026; net farm income averages \$8.9 billion across the 10-year baseline.**

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



Iowa Livestock

- Iowa cattle and calves inventory fell 50,000 head to start 2024, to 3.45 million head. Cattle and calves receipts are projected to increase \$82 million in 2024. **Projected higher prices, paired with increased marketings, cause cattle cash receipts to increase in 2025 and 2026.**
- The total hog inventory in Iowa was 24.9 million head in December 2023, an 800,000 head increase from the previous year. A slight decline in the breeding herd inventory as more than offset by growth in the market hog inventory. **Increased marketings and hog prices support a nearly \$490 million increase in hogs and pigs receipts for 2024.** Projected increases in inventory and marketings further drive hogs and pigs receipts higher in 2025.
- **Receipts for dairy, poultry and eggs are forecast to decline a combined \$93 million in 2024.** A \$106 million increase in dairy receipts are more than offset by a \$199 million decrease in poultry and eggs receipts.