



Rural & Farm Finance Policy Analysis Center University of Missouri

Spring 2024 *Kansas* Farm Income Outlook

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RaFF Report #03-2024

Produced in collaboration with

KANSAS STATE
Agricultural Economics



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

Key terminology: *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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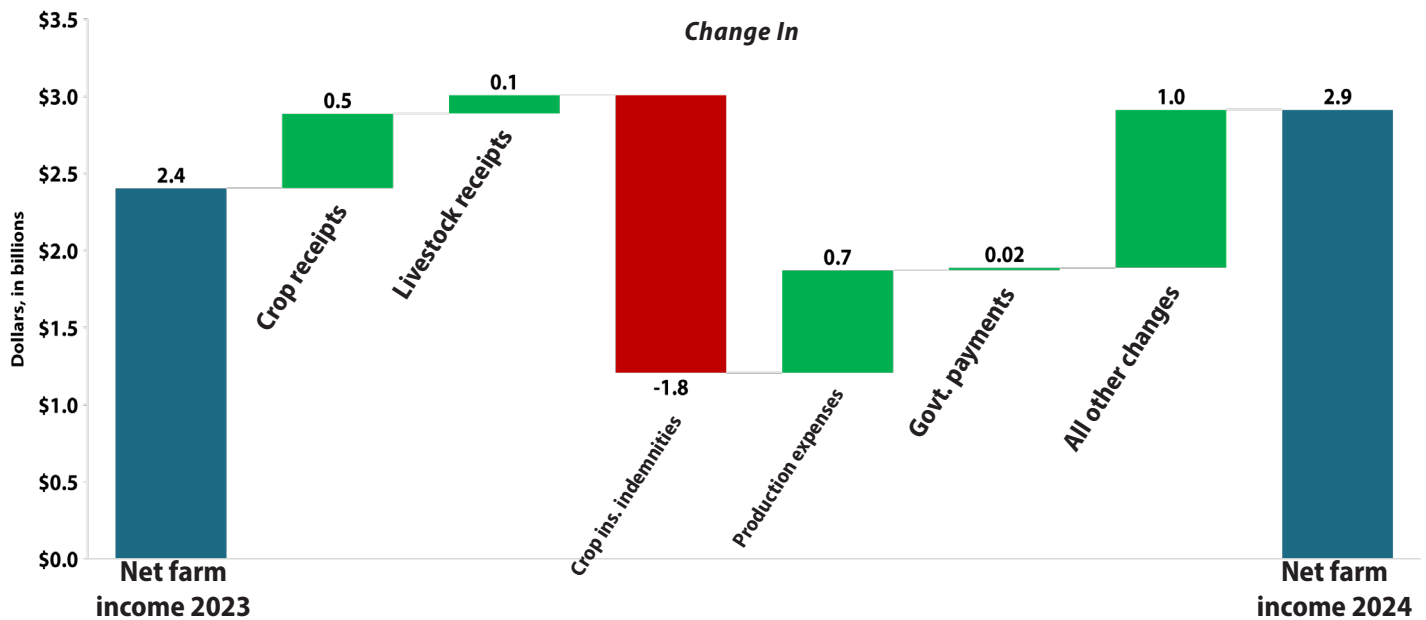
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After downturn in 2023, Kansas farm income projected to increase in 2024



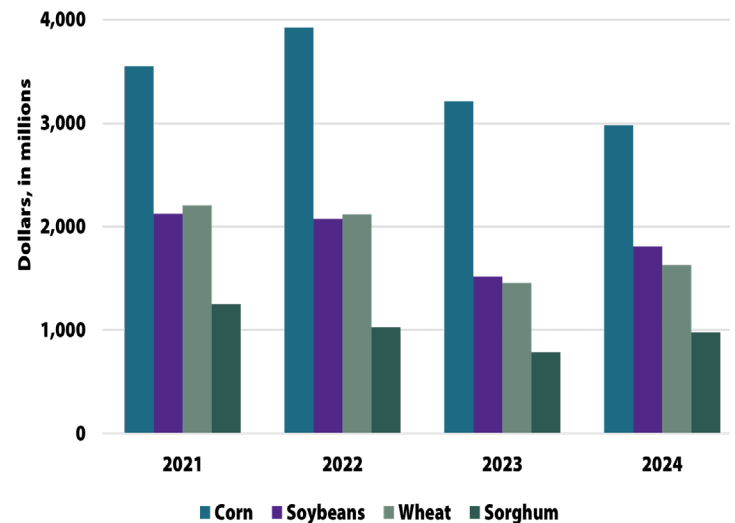
Kansas net farm income is projected to reach \$2.9 billion in 2024, a small increase from 2023 as assumed average weather increases crop receipts despite lower market prices. From 2023 to 2024, crop and livestock receipts are expected to increase by \$0.6 billion as yields recover and cattle prices increase. Driven by lower feed and fertilizer costs, production expenses are projected to decrease by \$0.7 billion. Federal crop insurance indemnities decrease by an estimated \$1.8 billion, and direct government payments are projected to see a small increase.

Kansas' projected 21% increase in net farm income is significantly different from the projected 25.5% decrease in U.S. net farm income due to the state's drought recovery and higher cattle prices.

Kansas Crops

- Total Kansas crop planted area is expected to decrease by 3% in 2024 to 24.2 million acres, with acreage mix changes as corn area declines and soybean area grows. **In 2024, Kansas crop receipts are forecast to increase by 6%.**
- Corn planted area is projected to see a 3% decrease in 2024. **Despite a bump in production, lower corn prices reduce receipts by 7% in 2024.**
- After losing acres in 2023, soybean planted area is projected to increase by 9% in 2024. **Projected production offsets lower prices and causes soybean receipts to grow by 19% in 2024.**
- In 2024, combined sorghum and wheat planted acres are estimated to decrease by nearly 8%. **Receipts for sorghum and wheat combined are projected to climb by 19% in 2024.**

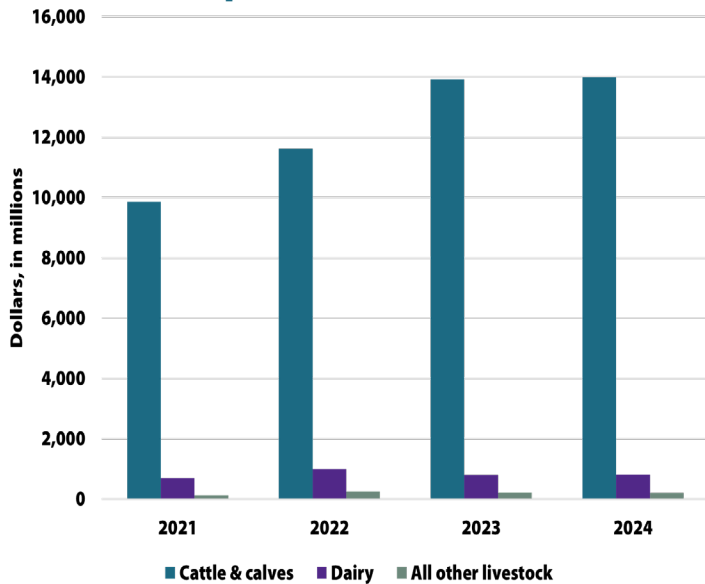
Crop receipts increase \$0.5 billion in 2024



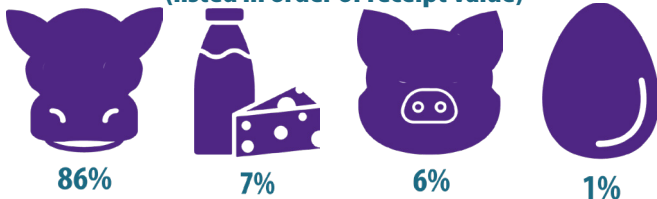
2018-22 average share of crop receipts (listed in order of receipt value)



Livestock receipts increase \$0.1 billion in 2024



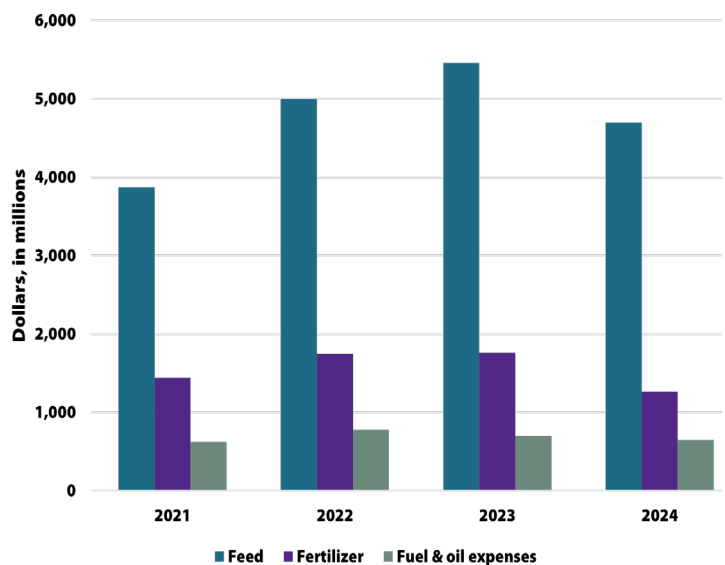
2018-22 average share of livestock receipts (listed in order of receipt value)



Kansas Expenses

- After a record-setting 2023, **fertilizer expenses are projected to decrease by 28% in 2024.**
- **Supported by low crop prices, feed expenses are forecast to decline 14% in 2024.** Fuel and oils spending is forecast to drop 7%.
- **Total production expenses are projected to decrease by 3% for 2024.** Despite declining feed, fertilizer and fuel expenses, purchased livestock and seed costs continue to climb.

Feed expenses decrease \$0.8 billion in 2024



Tying it all Together

Kansas 2024 net farm income is projected to remain on par with 2023 net farm income. Total farm receipts are projected to decline by \$1.1 billion as lower crop insurance indemnities more than offset the increase in market receipts. Production expenses are forecast to decrease by roughly \$0.7 billion. The projected positive 2024 value of inventory change contributes to the 21% increase in net farm income. **Moving forward, Kansas net farm income is projected to increase in 2025 and 2026,** due largely to favorable cattle markets, lower expenses and a return to normal yields for major crops. **Net farm income averages \$3.7 billion across the 10-year baseline, which spans from 2022 to 2032.**

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



Kansas Livestock

- Kansas cattle and calves inventory fell slightly to start 2024, to 6.15 million head. **Cattle and calves receipts are expected to rise slightly in 2024, as higher prices support receipts. Continued projected higher prices in 2025-26, coupled with larger marketings, drive receipts higher.**
- The Kansas swine breeding herd was 170,000 head in December 2023, with projections indicating that inventory will average 167,000 head over the next 9 years. Hog prices are projected to remain relatively stable and could see an increase in 2025. **Increased hog marketings strengthen hogs and pigs receipts by an estimated 9% for 2024.**
- Kansas milk production is expected to increase in 2024, leading to a projected 2% rise in dairy receipts.