



Rural & Farm Finance
Policy Analysis Center
University of Missouri

Spring 2024 *Missouri Farm Income Outlook*

April 2024
RaFF Report #05-2024

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: Missouri 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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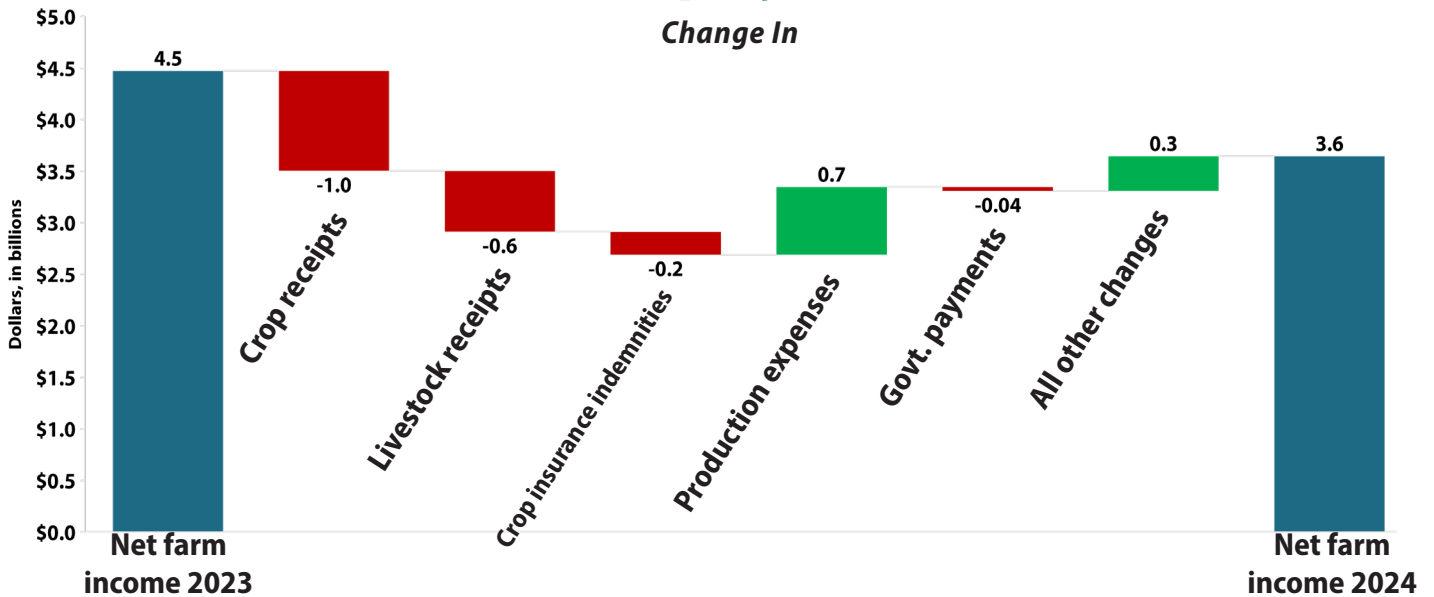
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Missouri net farm income projected to decline in 2024



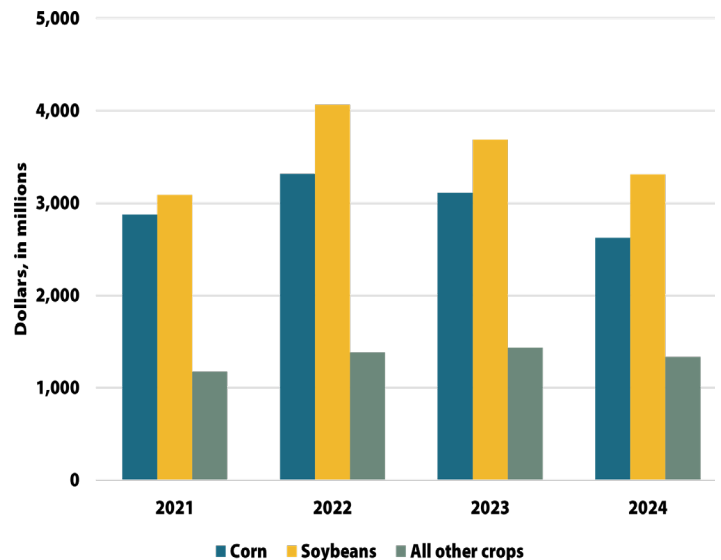
Missouri net farm income is projected to decline to \$3.6 billion in 2024, continuing a downward trend from record-setting farm income levels in 2022. From 2023 to 2024, crop and livestock receipts are expected to decrease by a combined \$1.6 billion. Driven by lower feed and fertilizer costs, production expenses are projected to decrease by nearly \$0.7 billion. Federal crop insurance indemnities decrease by \$0.2 billion, and direct government payments see a small decrease. **Missouri's projected 18% decrease in net farm income is smaller than the projected 25.5% decrease in U.S. net farm income for 2024.**



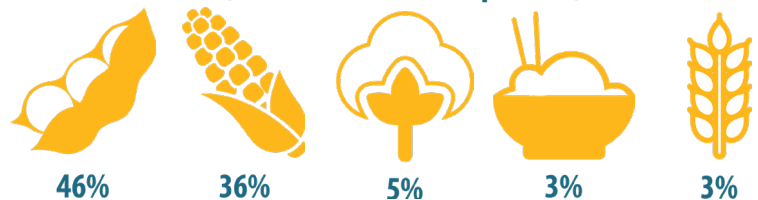
Missouri Crops

- Total Missouri crop planted area plus hay is expected to decrease by 136,000 acres in 2024. **Missouri crop receipts are projected to decline by 11% in 2024.**
- Corn planted area is projected to see a 230,000 acre decrease as soybean acres increase. **Decreased production and lower prices reduce corn receipts \$486 million in 2024.**
- After losing acres in 2023, soybean planted area is expected to increase 470,000 acres in 2024. Despite increased acreage and production, **soybean receipts decrease by \$378 million in 2024.**
- In 2024, wheat planted area is anticipated to increase by 20,000 acres. **Wheat receipts decrease slightly in 2024.**
- Cotton, hay and rice planted area are estimated to decrease a combined 406,000 acres in 2024.** Decreased production (cotton, rice) and decreased prices lead to a projected slight decrease in combined receipts for 2024.

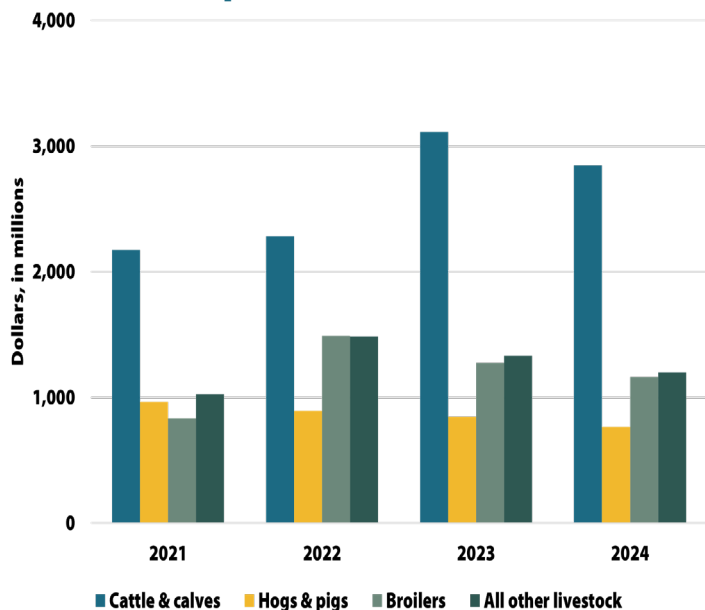
Crop receipts decrease \$1 billion in 2024



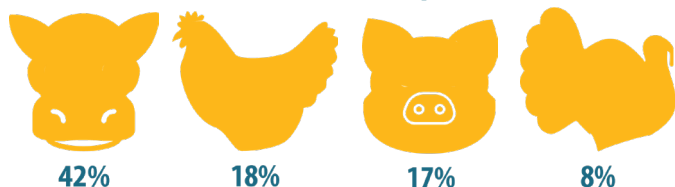
2018-2022 average share of crop receipts (listed in order of receipt value)



Livestock receipts decrease \$0.6 billion in 2024



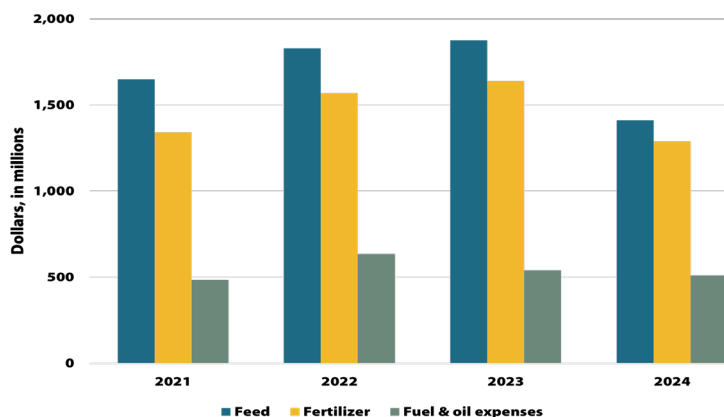
2018-2022 average share of livestock receipts (listed in order of receipt value)



Missouri Expenses

- After a record-setting 2023, **fertilizer expenses are expected to drop by \$352 million in 2024.**
- **Feed expenses are forecast to decline \$464 million in 2024,** and fuel and oil expenses are projected to decline \$30 million.
- In 2024, **total production expenses are anticipated to decrease by 5%.** Increasing purchased livestock, seed, labor, taxes and capital consumption expenses offset a portion of the reduction from fertilizer, feed and fuel expenses.

Feed expenses decrease nearly \$0.5 billion in 2024



Missouri Livestock

- Missouri cattle and calves inventory fell 150,000 head to start 2024, to 3.95 million head. **Cattle and calves receipts are projected to decline by nearly \$0.3 billion in 2024. Projected higher prices coupled with increased marketings cause cattle cash receipts to increase in 2025 and 2026.**
- The total market hog inventory in Missouri was 3.15 million head in December 2023, down from the previous year. **Declining marketings cause 2024 receipts to fall \$82 million.** Projected increases in inventory and marketings drive 2025 hogs and pigs receipts higher.
- **Receipts for dairy, poultry and eggs are forecast to decline by a combined \$0.25 billion in 2024.** Despite stronger production for broilers and milk, projected lower commodity prices drive receipts down.

Tying it all Together

Missouri 2024 net farm income is projected to decrease by \$0.8 billion relative to 2023, continuing a downward slide from the record set in 2022. Total farm receipts are projected to decline by \$1.8 billion this year relative to 2023, but are partially offset by a nearly \$0.7 billion decrease in production expenses. Total federal crop insurance indemnities are estimated to decrease by \$0.2 billion and direct government payments see a small decline. The projected positive 2024 value of inventory change is important in Missouri's expected 18% decline in 2024 net farm income. **Moving forward, Missouri net farm income is projected to increase in 2025 and 2026; net farm income averages \$3.7 billion across the 10-year baseline.**

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

