



United States Department of Agriculture

Farm Income and Financial Forecasts for 2019

August 2019



Farm Sector Overview

2

million farms

960+

thousand farm businesses

6+

million people living in
farm households

Source: Farm Income and Wealth Statistics Data Product & Census of Agriculture



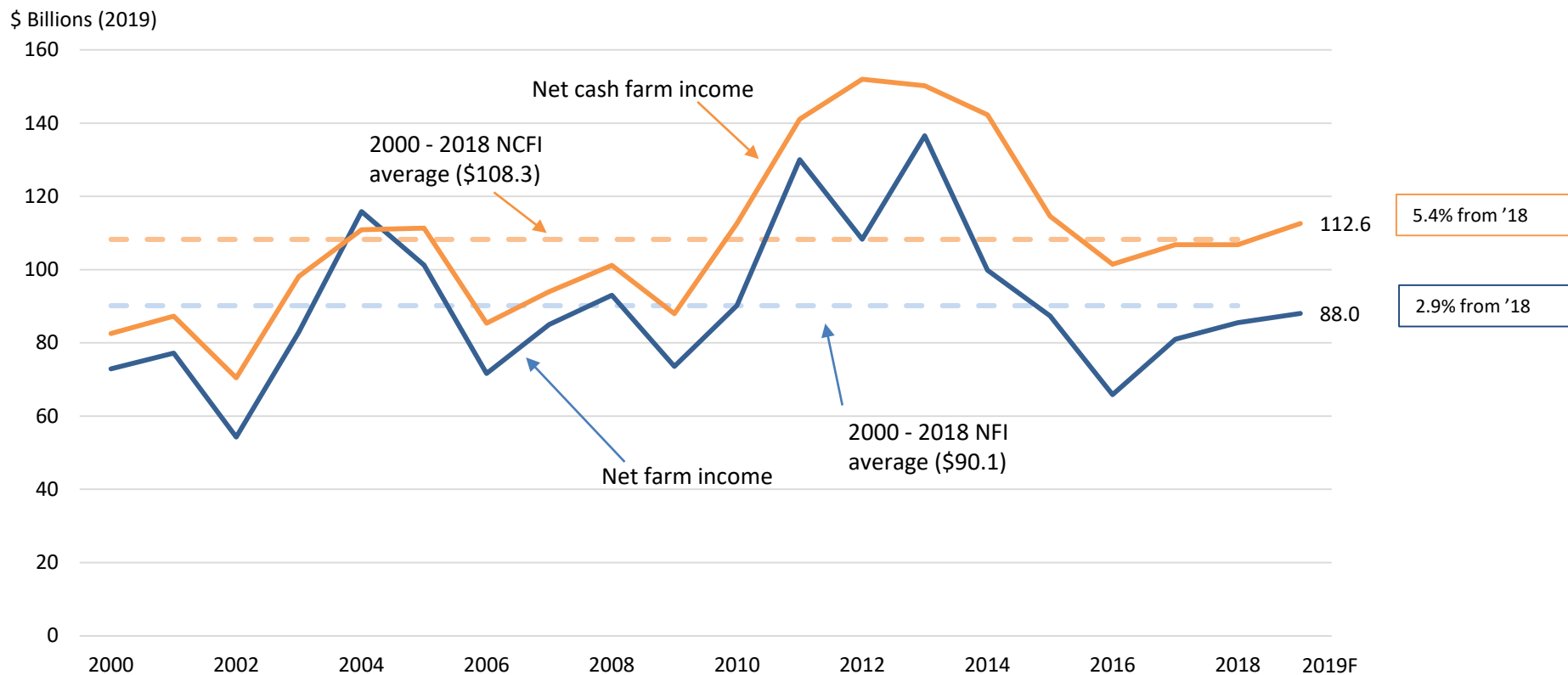
Summary*

1. Net cash farm income for 2019 is forecast at \$112.6 billion (up 7.3 percent relative to 2018, in nominal dollars). Net farm income is forecast at \$88 billion (up 4.8 percent).
2. Cash receipts from commodity sales are expected to decline \$2.4 billion (0.6 percent) in 2019.
3. Direct government payments are forecast to increase \$5.8 billion (42.5 percent) and commodity insurance indemnities to increase \$6.1 billion (80.0 percent).
4. Total production expenses are forecast to increase \$1.5 billion (0.4 percent).
5. Farm sector assets and debt are both forecast to increase (2.0 and 3.4 percent respectively), with overall equity rising by 1.8 percent.
6. Average net cash farm income for farm businesses is forecast to increase 11.4 percent to \$81,900 in 2019.
7. Median farm household income is forecast to increase 3.7 percent to \$74,768 in 2019.

*All values here are in nominal dollars.
Inflation is forecast at 1.8 percent in 2019.



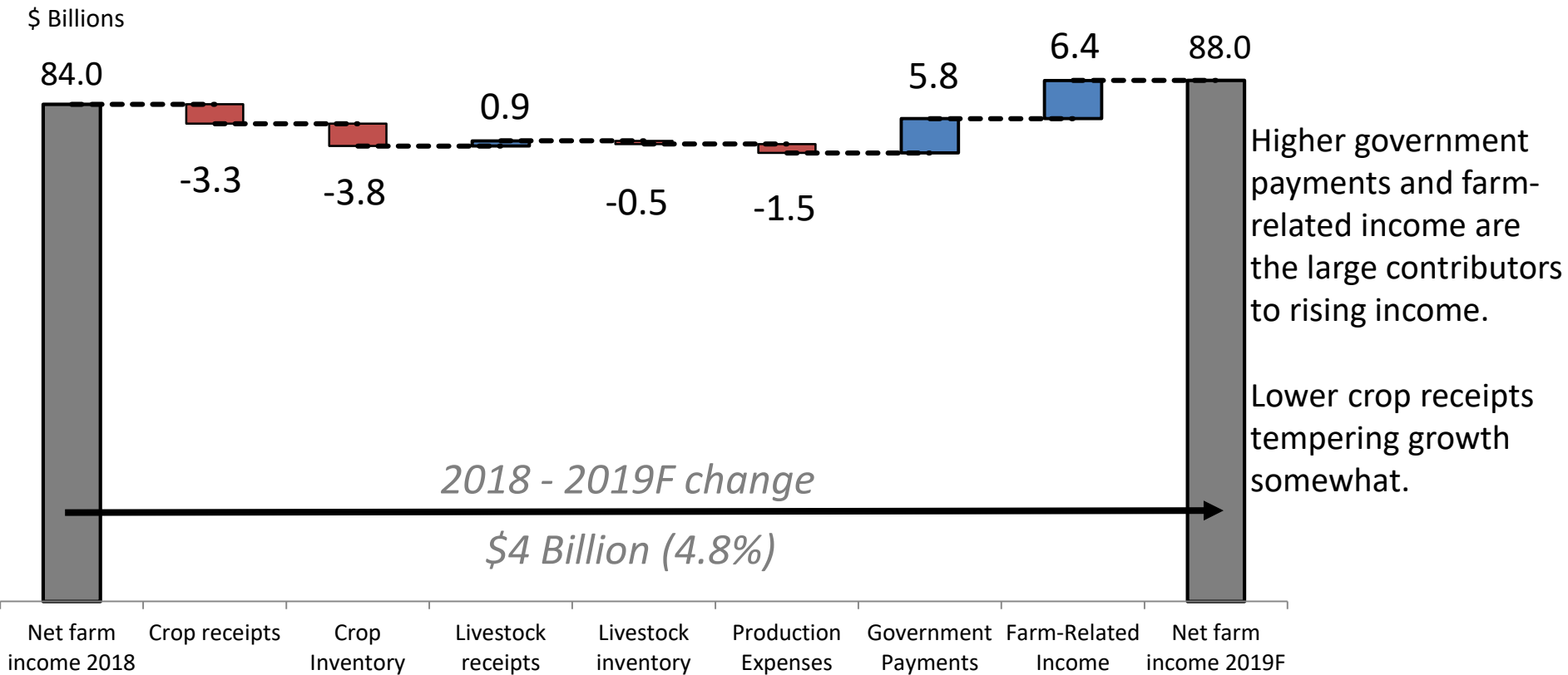
Farm sector profits expected to rise in 2019



F= Forecast. Values are inflation adjusted using the chain-type GDP deflator, 2019=100
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics
 Data as of August 30, 2019



Forecast increases in government payments and farm-related income driving overall growth in income



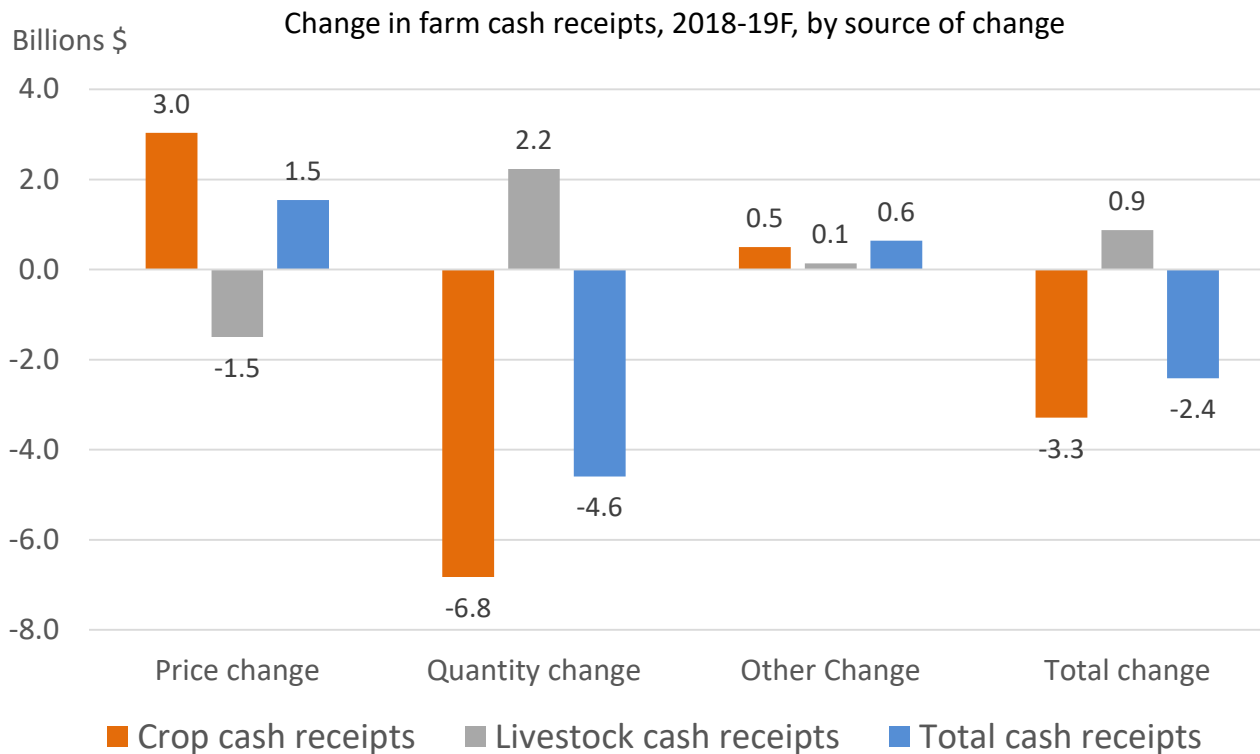
F= Forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019



Total cash receipts forecast to decline due largely to lower quantities sold



For crops, prices expected to increase while quantities sold expected to decrease.

For livestock, prices expected to decrease while quantities sold expected to increase.

F= Forecast.

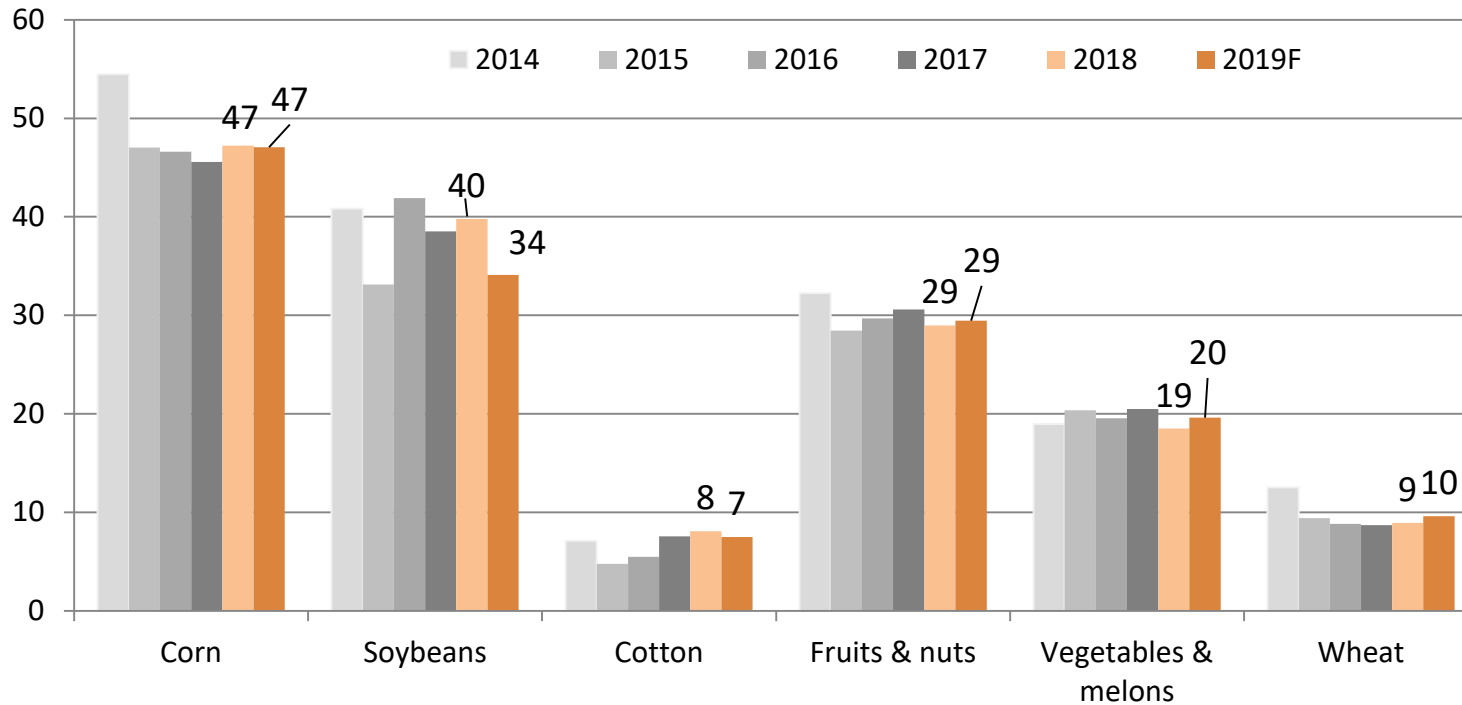
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019



Total crop cash receipts forecast to decline in 2019

\$ Billions



Lower quantities sold for **corn** expected to be largely off-set by higher prices.

Soybean cash receipts expected to fall due to lower prices and lower quantities sold.

Change from 2018

- Corn -0.4%
- Soybeans -14.3%
- Cotton -7.4%
- Fruits/Nuts +1.7%
- Veg/Melons +6.0%
- Wheat +7.5%

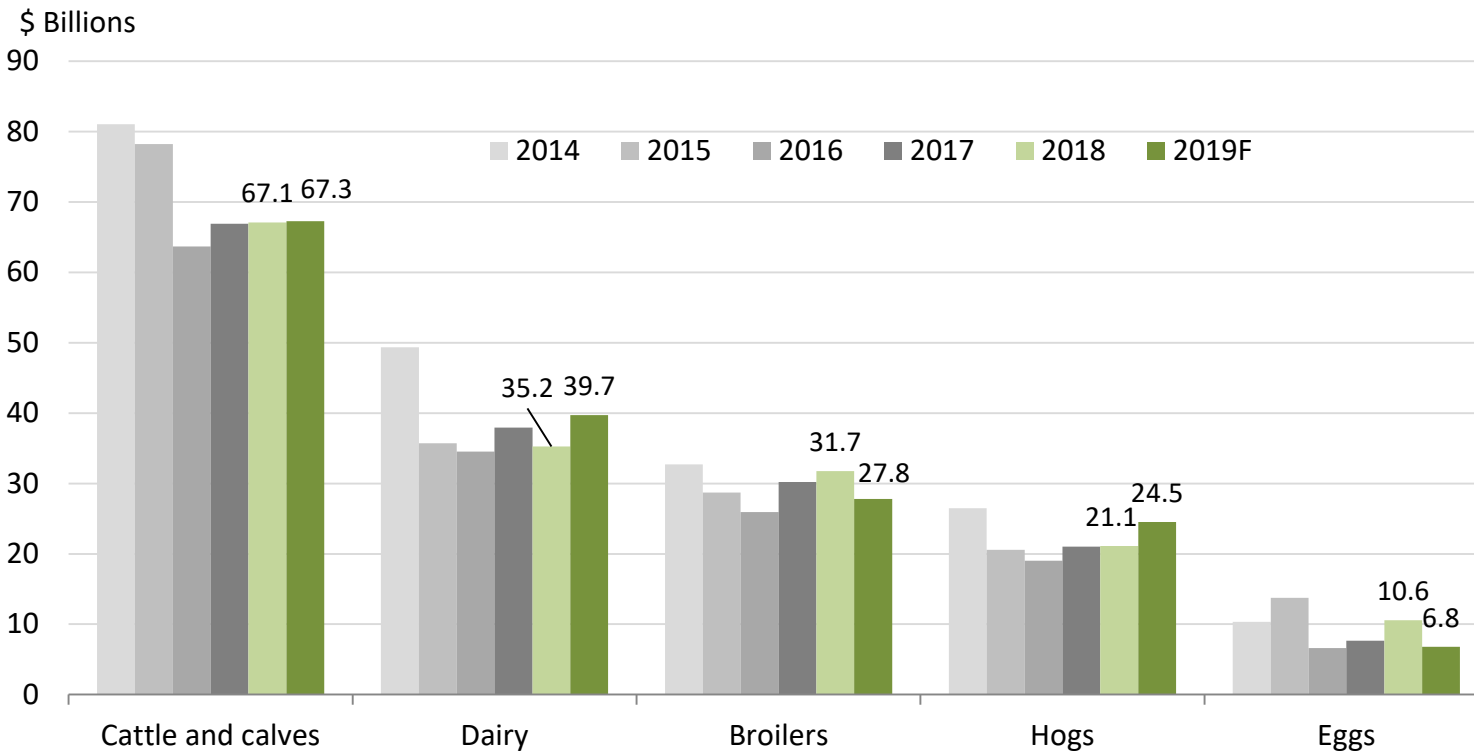
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Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019



Total animal/animal product cash receipts forecast to remain flat in 2019



For **dairy**, prices and quantities sold expected to increase.

Hog cash receipts forecast to increase following higher prices and quantities sold.

Change from 2018
 Cow/calf +0.3%
 Dairy +12.7%
 Broilers -12.4%
 Hogs +16.2%
 Eggs -35.9%

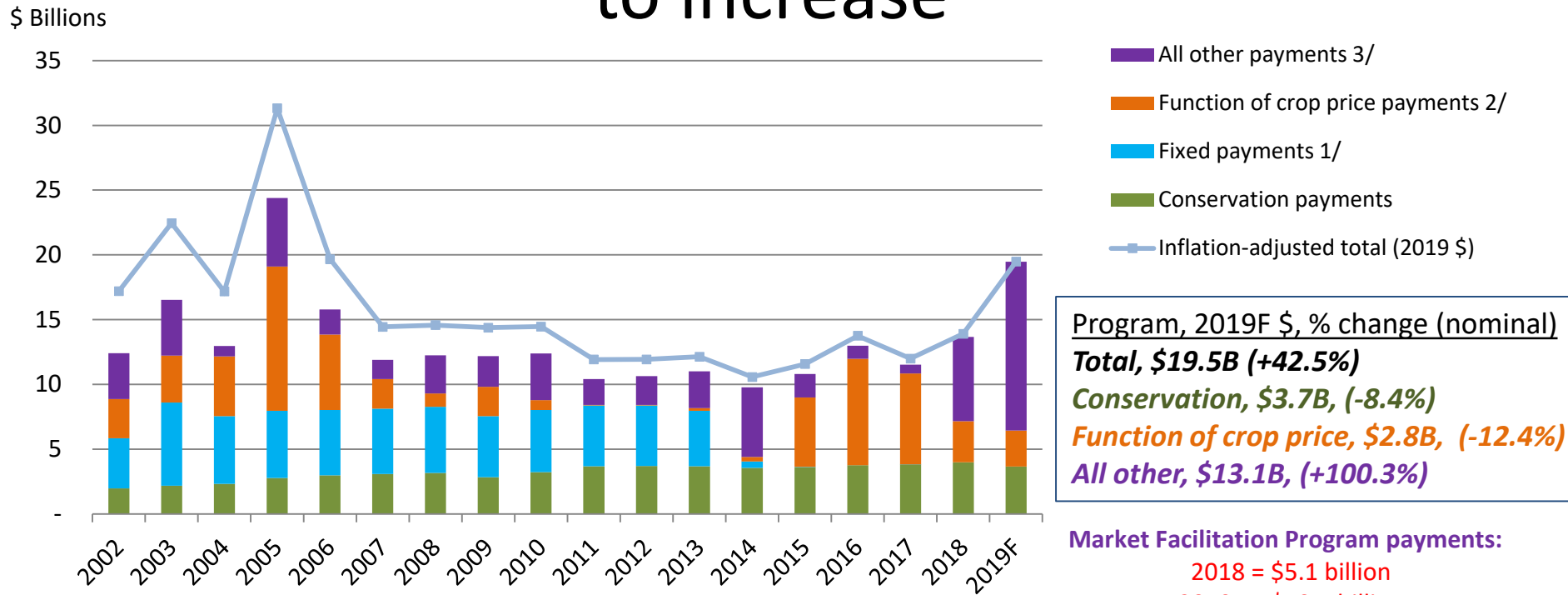
F= Forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019



Total direct payments to farmers expected to increase



Program, 2019F \$, % change (nominal)
Total, \$19.5B (+42.5%)
Conservation, \$3.7B, (-8.4%)
Function of crop price, \$2.8B, (-12.4%)
All other, \$13.1B, (+100.3%)

Market Facilitation Program payments:
 2018 = \$5.1 billion
 2019F = \$10.7 billion

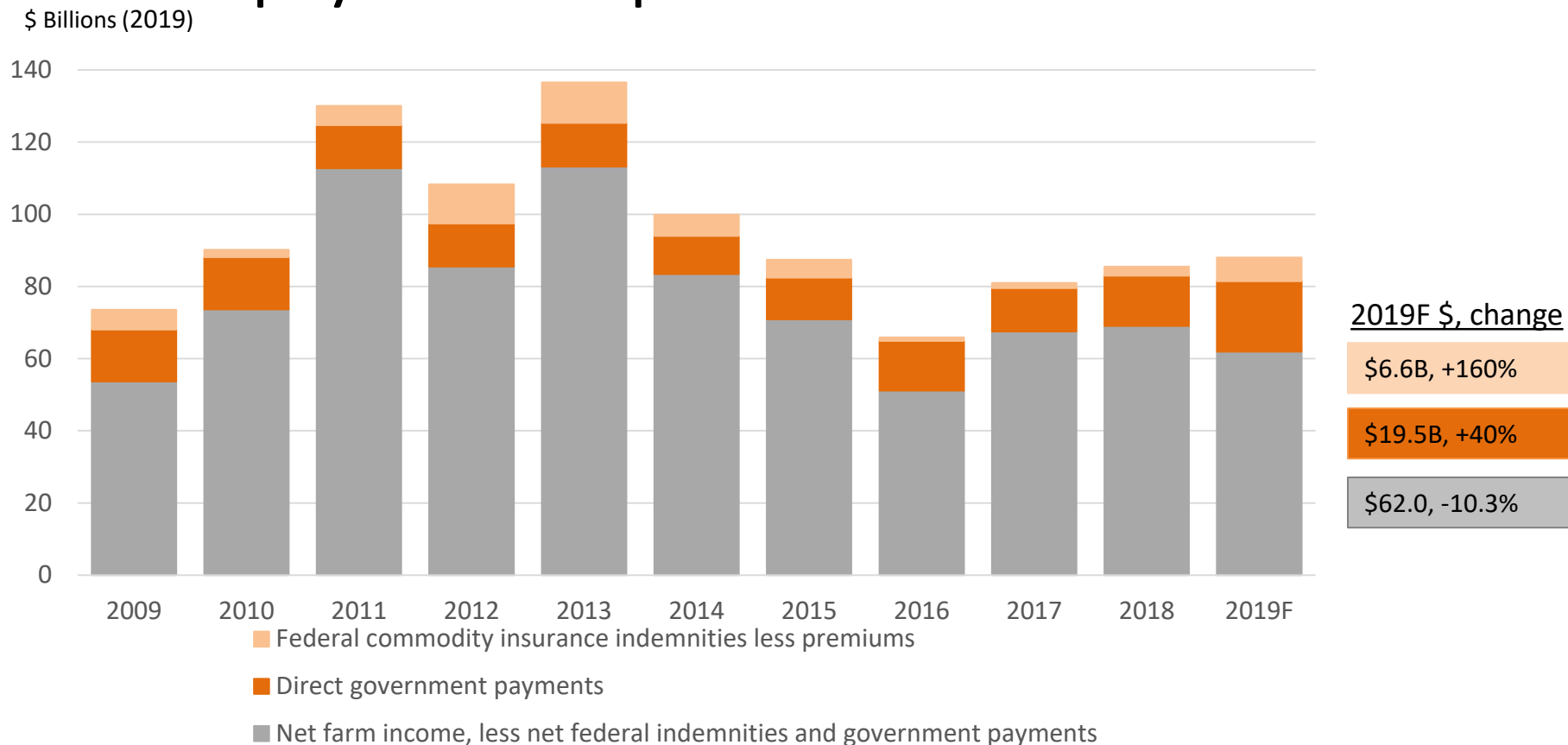
F= Forecast.

- 1/ Direct payments are through 2013 and cotton transition payments in 2014 whereby payment rates are fixed by legislation.
- 2/ Includes counter-cyclical payments, average crop revenue election (ACRE) payments, loan deficiency payments, marketing loan gains, certificate exchange gains, Price Loss Coverage(PLC), and Agriculture Risk Coverage (ARC) in which commodity payment rates vary with market prices.
- 3/ All other payments include supplemental and ad hoc disaster relief, tobacco transition, dairy programs, cotton ginning cost share, and miscellaneous programs (including the Market Facilitation Program).

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics (using data from FSA, NRCS, and CCC)
 Data as of August 30, 2019



Federal insurance indemnities and direct payments expected to boost income



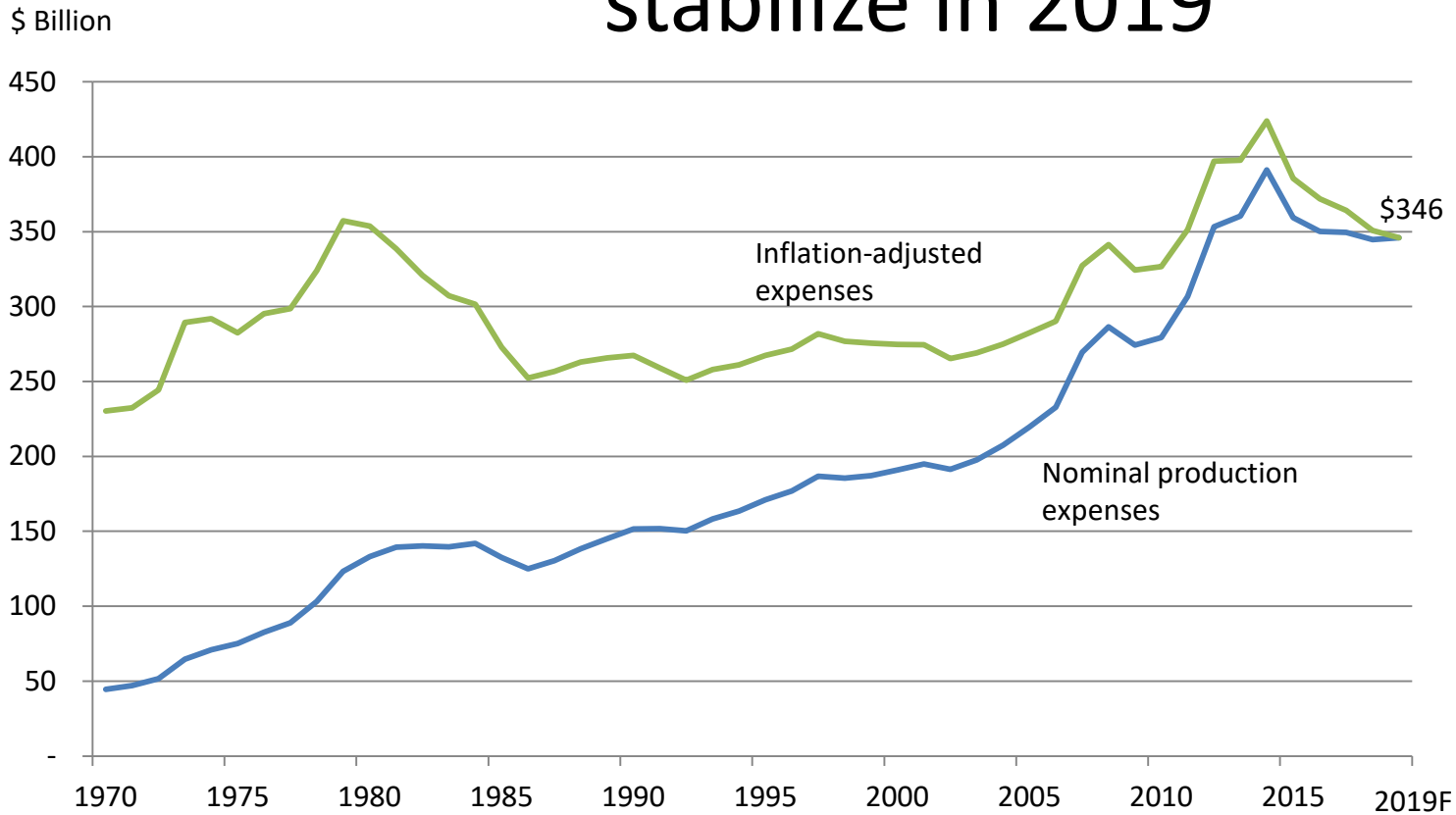
F= Forecast. Values are inflation adjusted using the chain-type GDP deflator, 2019=100

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019



Total production expenses forecast to stabilize in 2019



Expenses up 0.4 percent (nominal) in 2019, and down 1.3 percent when inflation-adjusted.

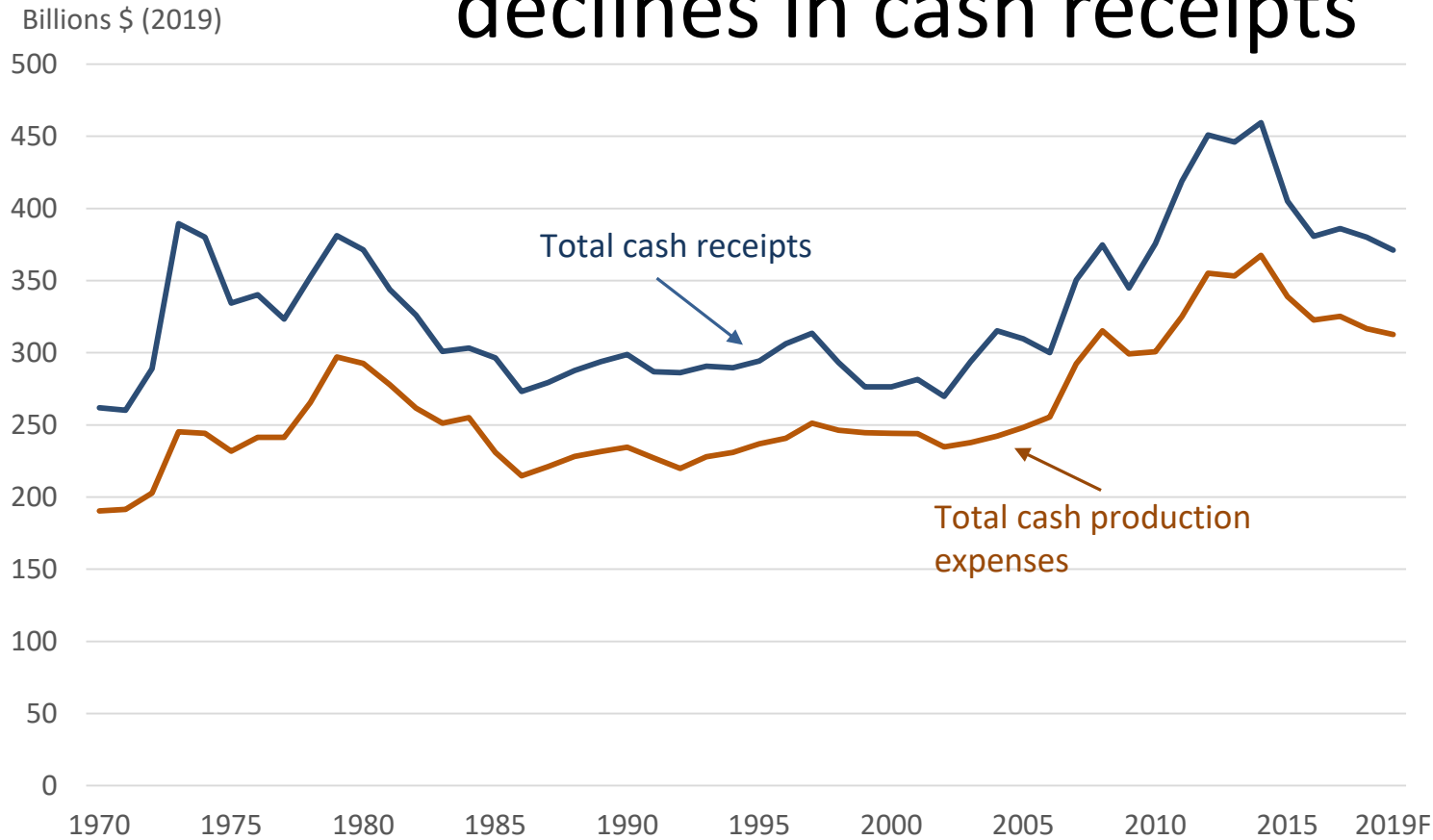
F= Forecast. Values are inflation adjusted using the chain-type GDP deflator, 2019=100

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019



Recent declines in expenses tracking declines in cash receipts

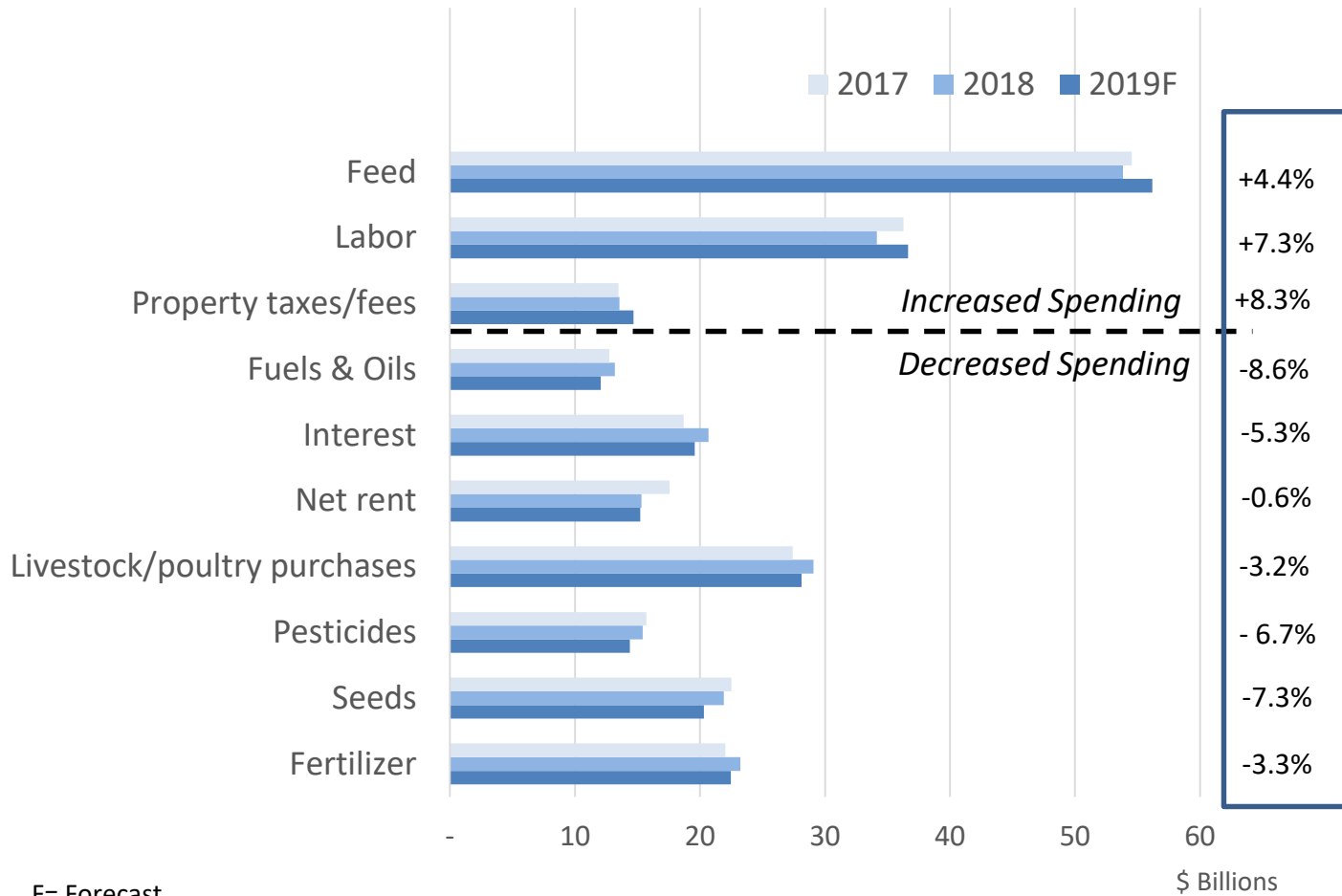


From 2014, total cash receipts forecast down 19 percent and total cash expenses forecast down 15 percent, inflation adjusted.

F= Forecast. Values are inflation adjusted using the chain-type GDP deflator, 2019=100
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics
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2019 forecasts for individual expense items mixed



Interest expenses decline after 5 consecutive years of increasing.

Labor expenses forecast to increase following wage rate increases.

Fuel prices expected to decrease.

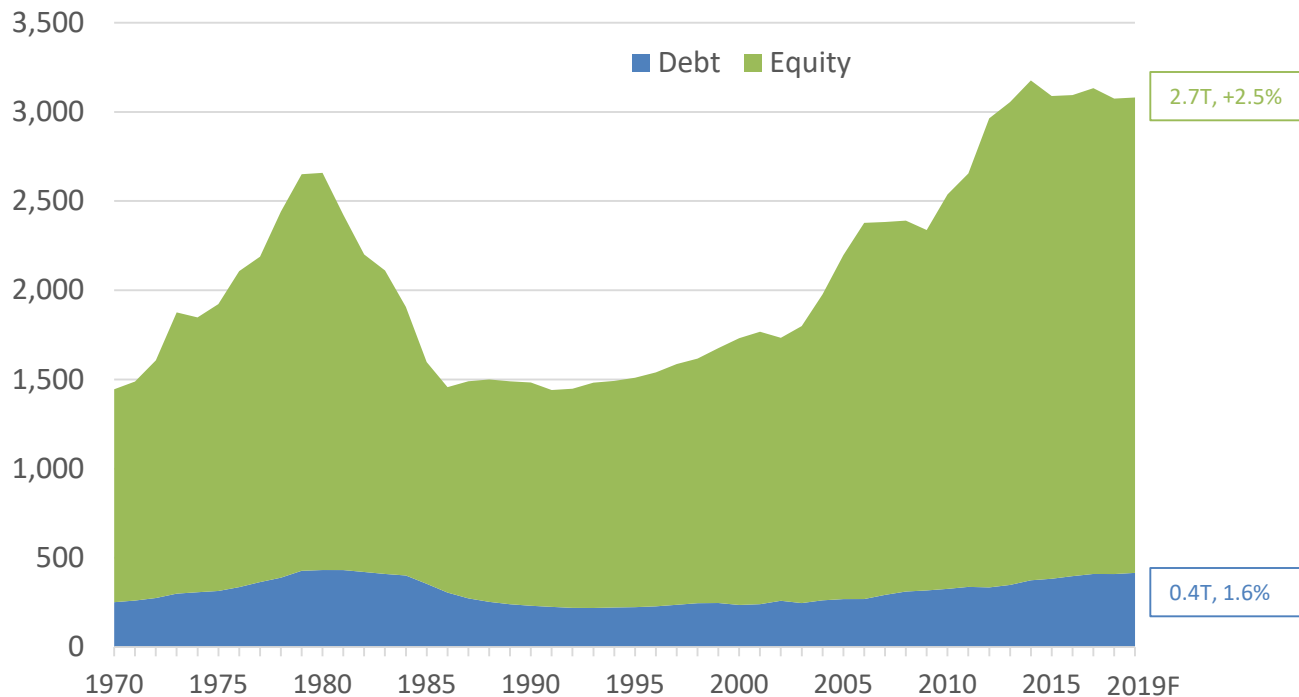
F= Forecast.
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Balance sheet forecast remains strong...

\$ Billions (2019)

Assets = Debt + Equity



Overall debt forecast to increase 1.6% (inflation adjusted), led by an increase in real estate debt.

Value of farm sector assets is forecast to increase 0.2%.

Farm equity forecast to remain stable in 2019.

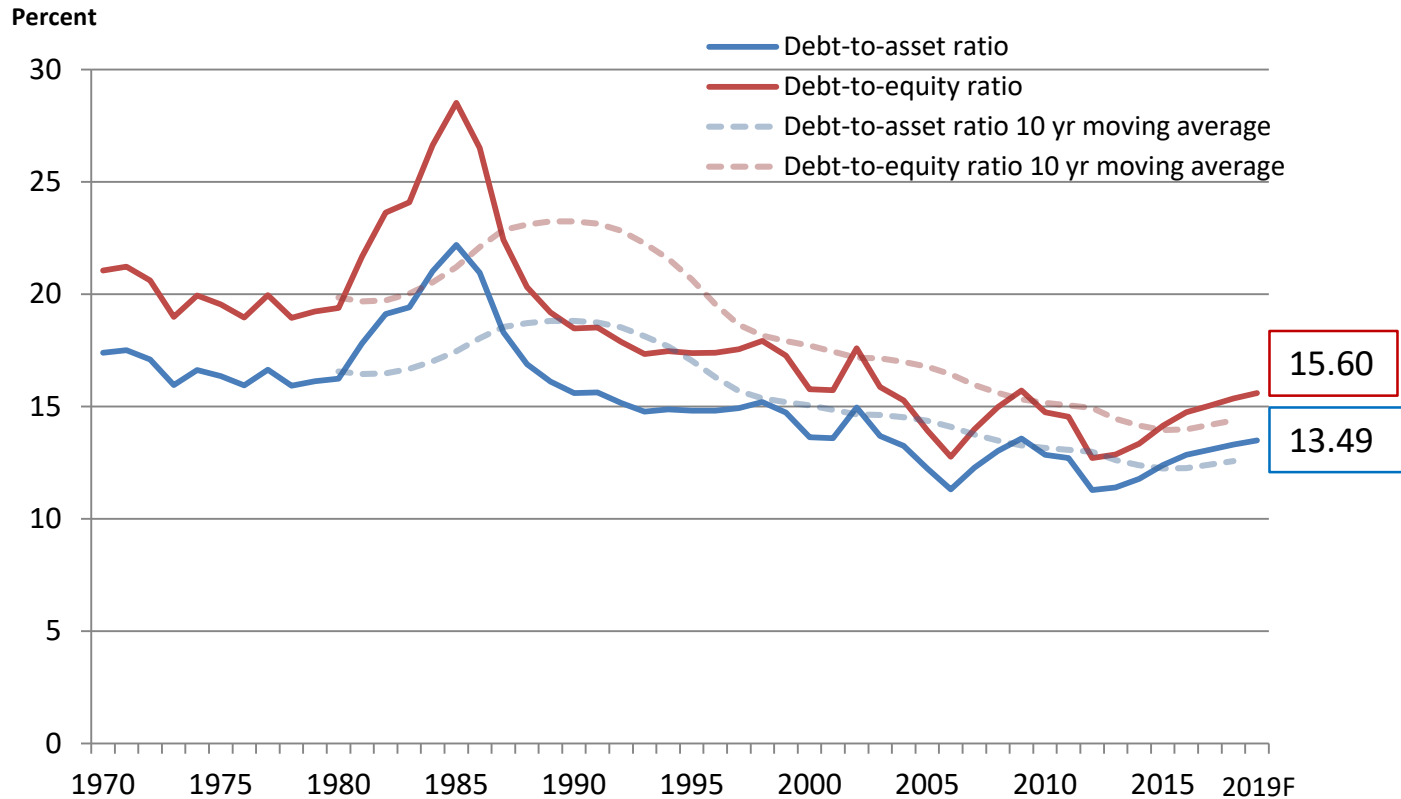
F= Forecast. Values are inflation adjusted using the chain-type GDP deflator, 2019=100

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019



...but trends indicate growing financial stress



The sector's risk of insolvency at highest level since 2009.

Likelihood of default across the sector remains historically low despite increases since 2012.

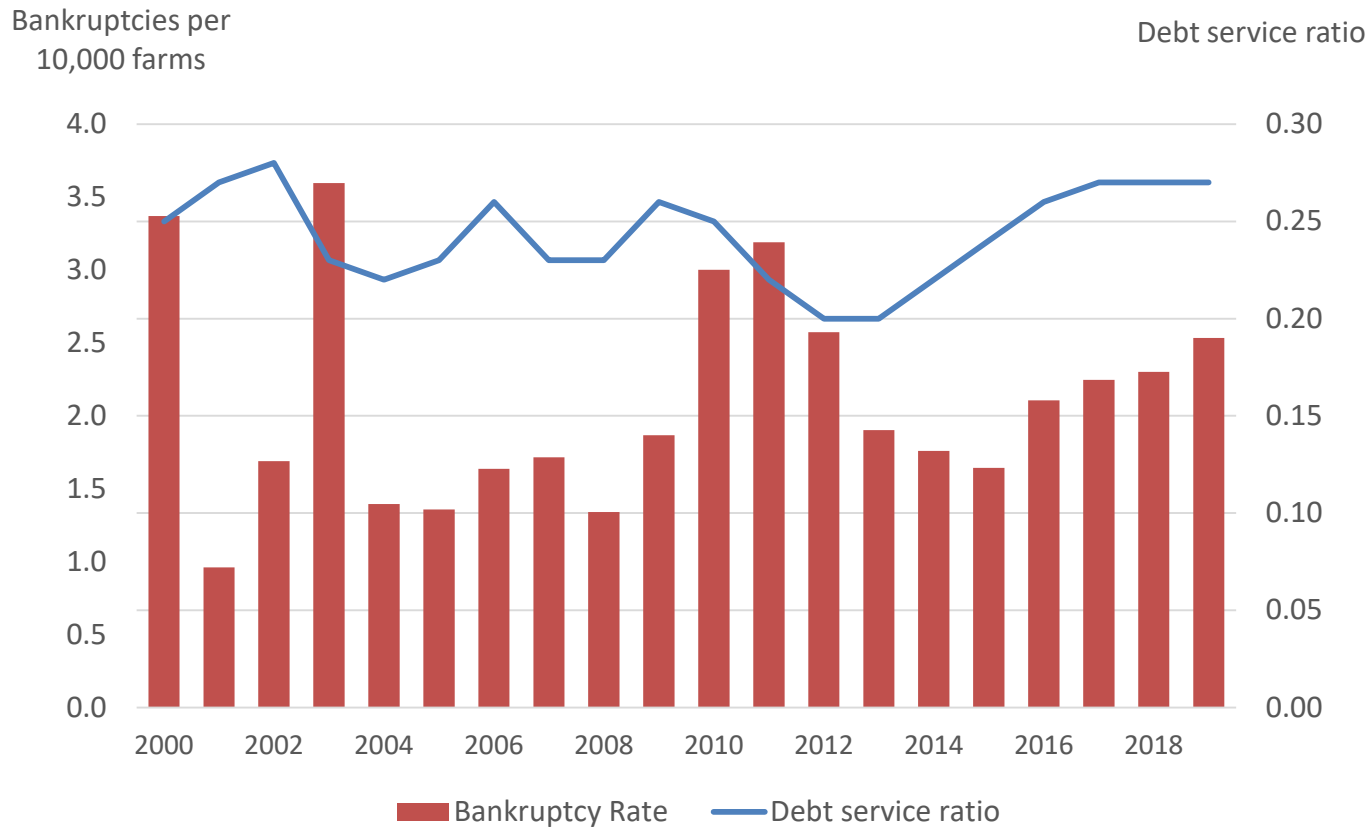
F= Forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019



Bankruptcies trending upwards in recent years



Since 2016, bankruptcy rate has trended upwards as the debt service ratio has leveled.

Debt service ratio describes the share of production used for debt payments.

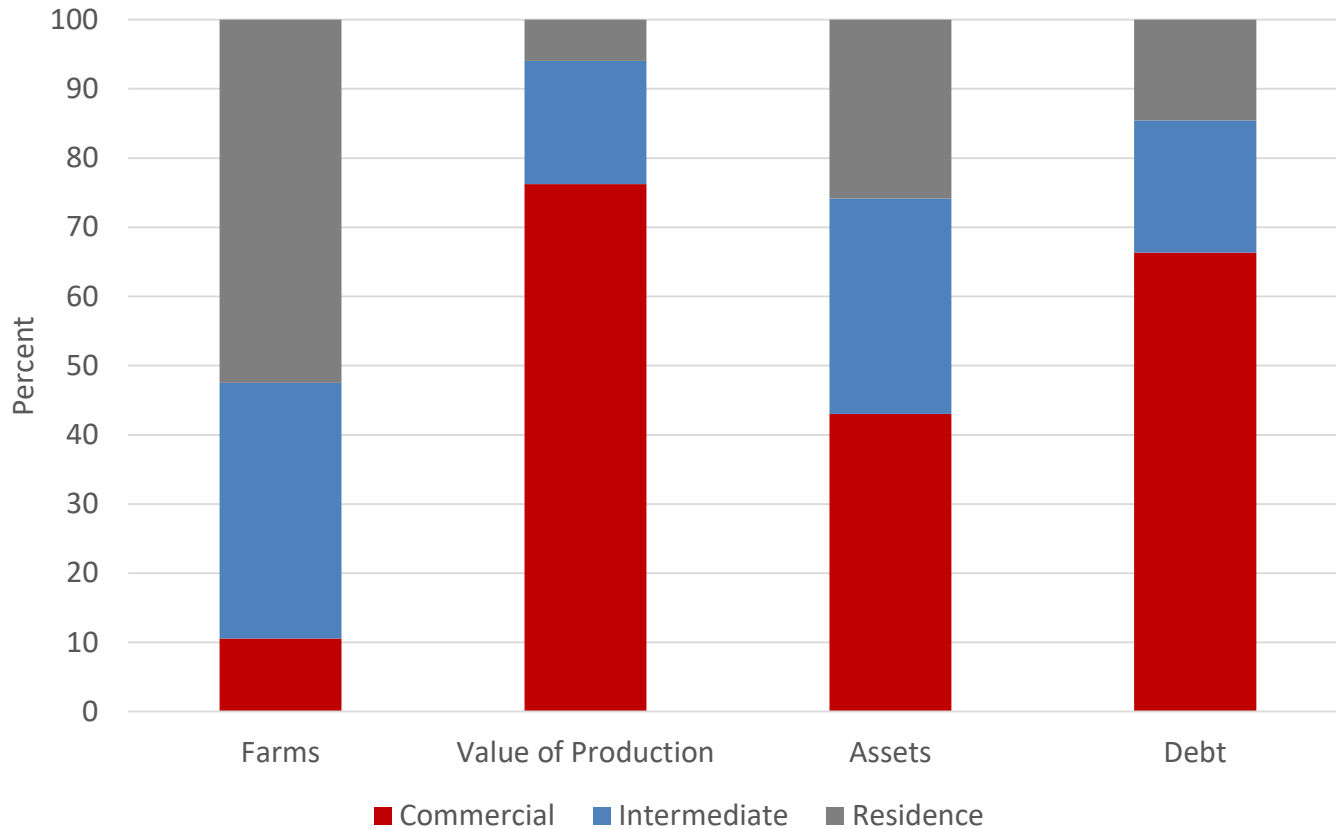
F = Forecast Data

Sources: Debt Service Ratio from the USDA, ERS Farm Income and Wealth Statistics; Bankruptcy data from U.S. Courts Statistical Tables

Data as of August 30, 2019



“Farm businesses” include operations with most production, assets, and debt



Farm businesses include **intermediate and commercial farms** and are approximately 960,000 farm operations out of roughly 2 million farms in the U.S.

ERS uses ARMS to classify the sector into a typology of farms that are **residence** (retired or non-farm primary occupation, GCFI less than \$350K), **intermediate** (primary occupation is farming, GCFI less than \$350K), and **commercial farms** (GCFI of \$350K or more, plus non-family farms)

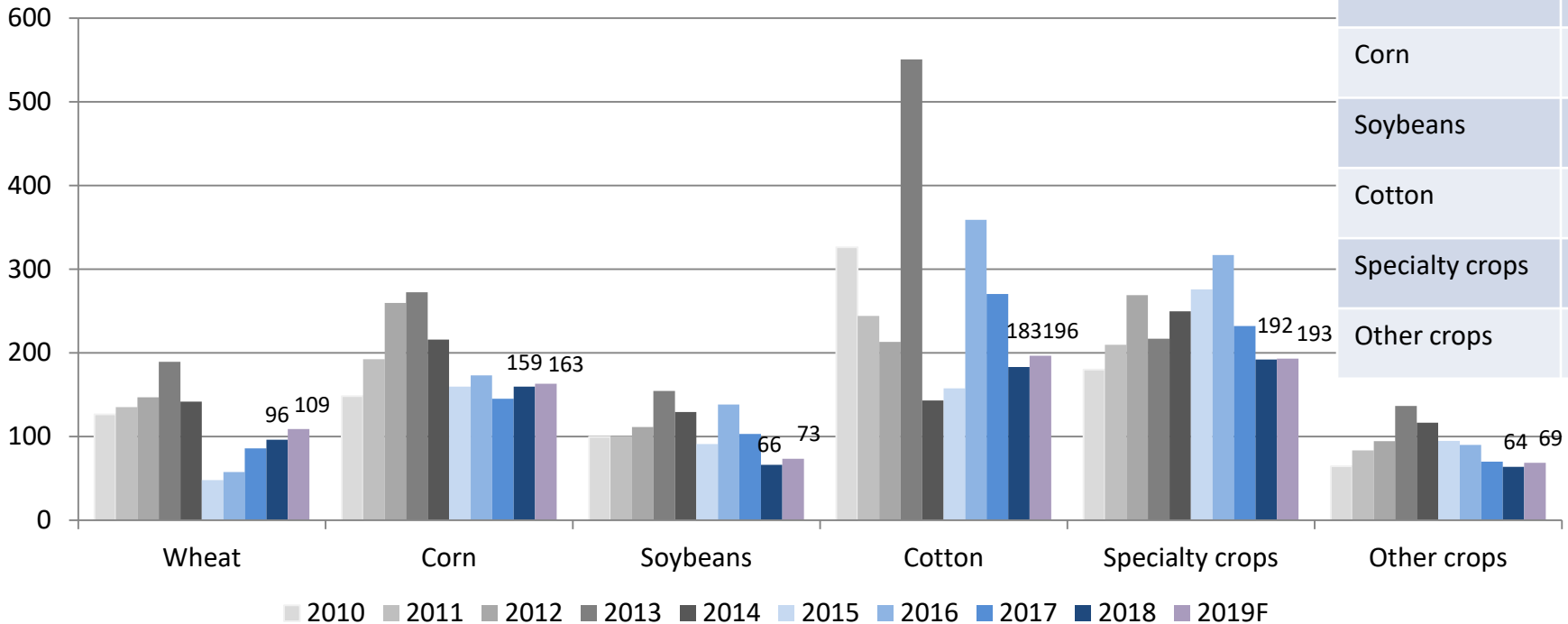
Source: USDA, Agricultural Resource Management Survey (ARMS), 2017

GCFI = gross cash farm income (before expenses)



All types of crop farm businesses forecast to have higher average net cash farm income

Average net cash farm income, 2010-2019F (\$ thousand, 2019)



2018-19F % change by commodity specialization	
Wheat	+13.1%
Corn	+2.3%
Soybeans	+10.7%
Cotton	+7.3%
Specialty crops	+0.5%
Other crops	+7.7%

F= Forecast. Values are inflation adjusted using the chain-type GDP deflator, 2019=100

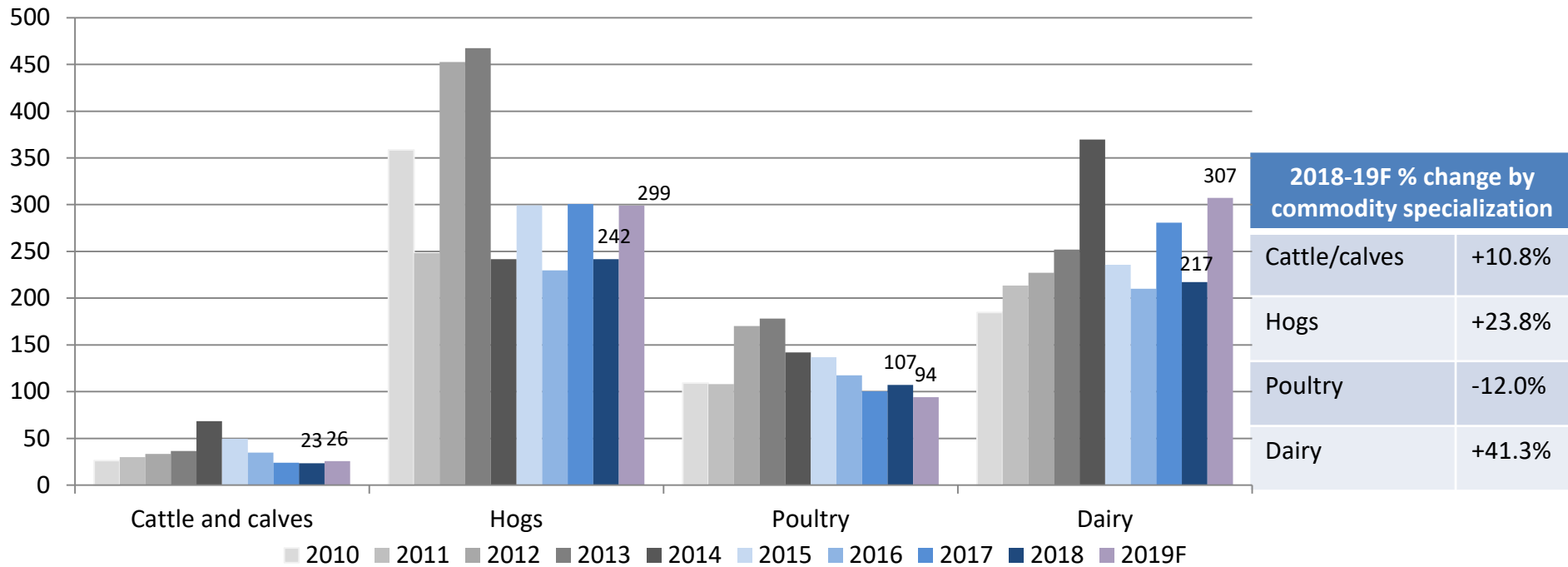
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019



Most types of livestock farm businesses forecast to have higher average net cash farm income

Average net cash farm income, 2010-2019F (\$ thousand, 2019)



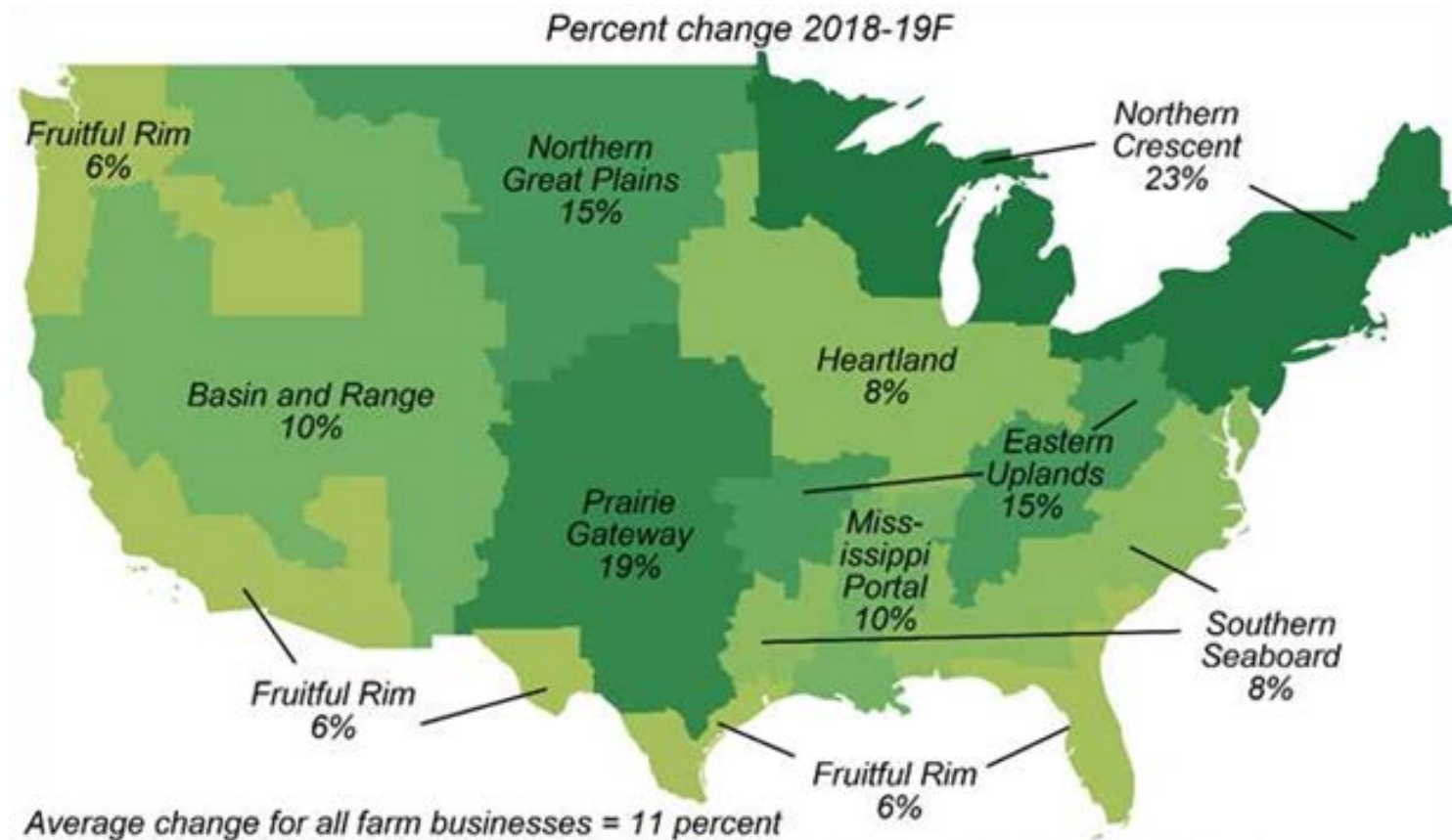
F= Forecast. Values are inflation adjusted using the chain-type GDP deflator, 2019=100

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019



Average net cash income for farm businesses expected to be up across all regions in 2019



Farm businesses are defined as operations with gross cash farm income of over \$350,000 or smaller operations where farming is reported as the operator's primary occupation. The partial budget forecast model is based on the 2018 Agricultural Resource Management Survey (ARMS) using parameters from the sector forecasts. The model is static and does not account for changes in crop rotation, weather, and other location-based production impacts that occurred after the base year. Data as of August 30, 2019. Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

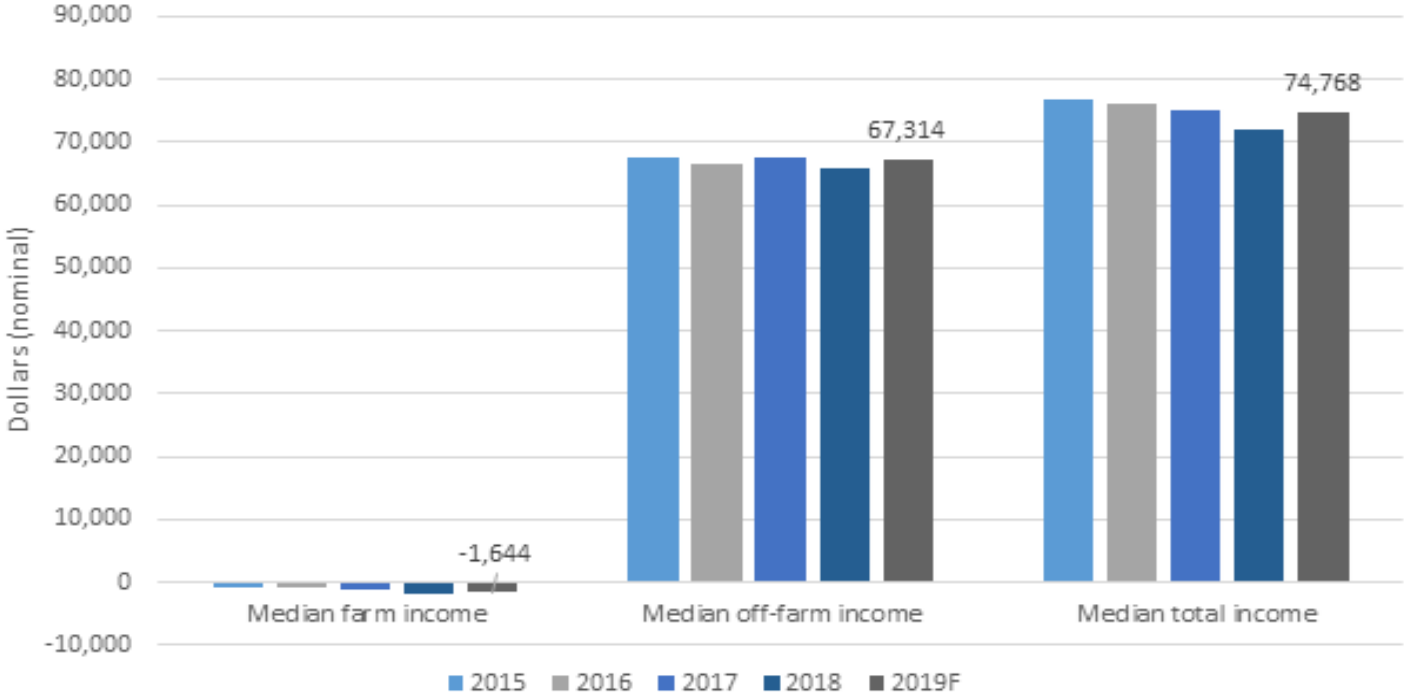


Distributional Impacts: Farm Households

The well-being of farm-operator households is not equivalent to the financial performance of the farm sector or of farm businesses. This is due to the influence of other stakeholders in farming, such as landlords and contractors, who do not actively operate farms, but who often claim a share of farm income. At the same time, farm-operator households often have nonfarm investments, jobs, businesses, and other links to the nonfarm economy that are separate from their farming interests. Given this, finances at the farm household level are set apart for review.



Median income of farm households expected to increase in 2019

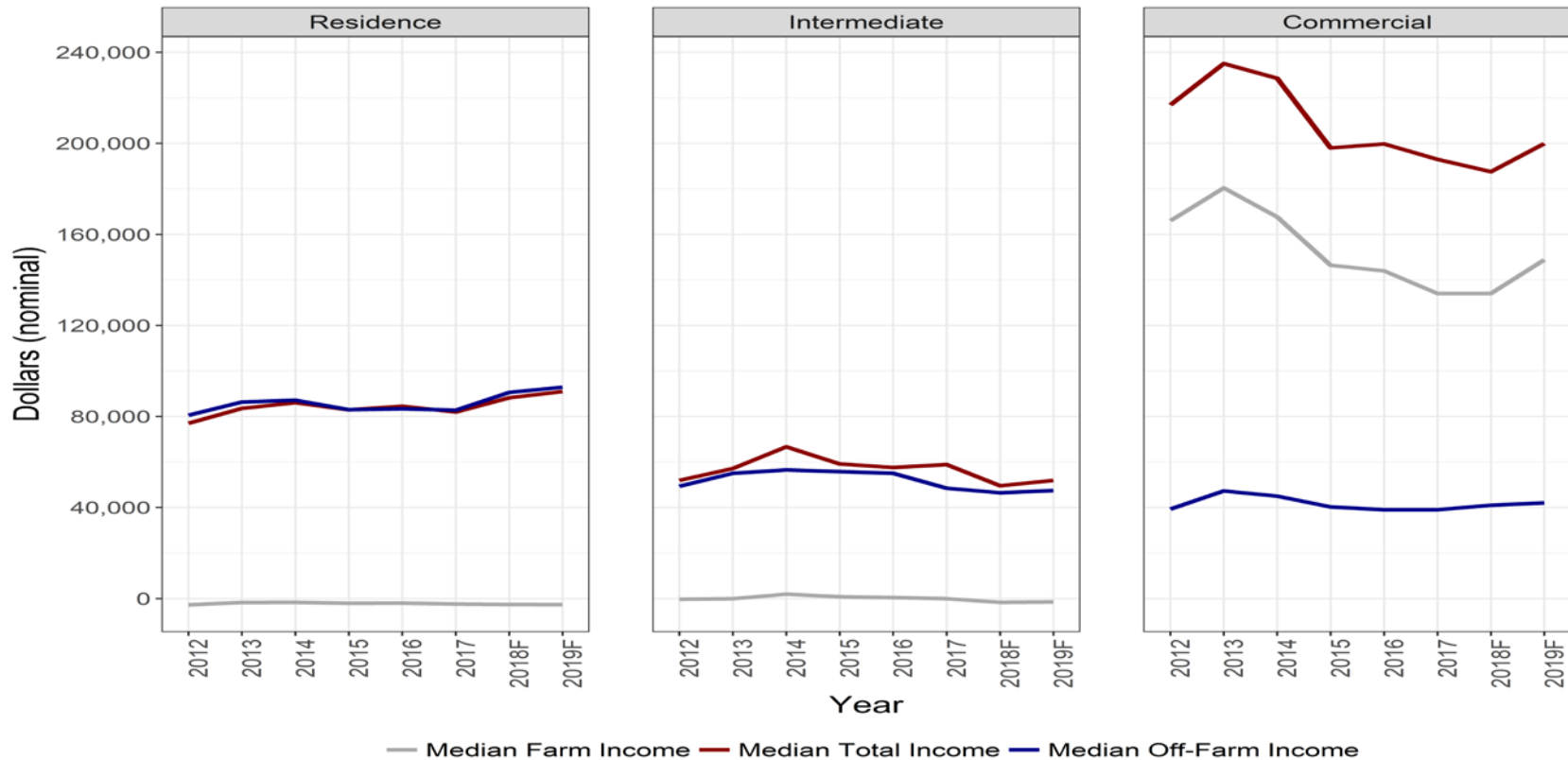


Median farm household income forecast to increase 3.7% largely following growth in off-farm income.

Note: F = Forecast.
 Source: USDA, Economic Research Service and National Agricultural Statistical Service, Agricultural Resource Management Survey. Forecast as of August 30, 2019.



Median income for farm commercial households projected higher in 2019



Composition of farms (2017): Residential: 53%, Intermediate: 38%, Commercial: 9%

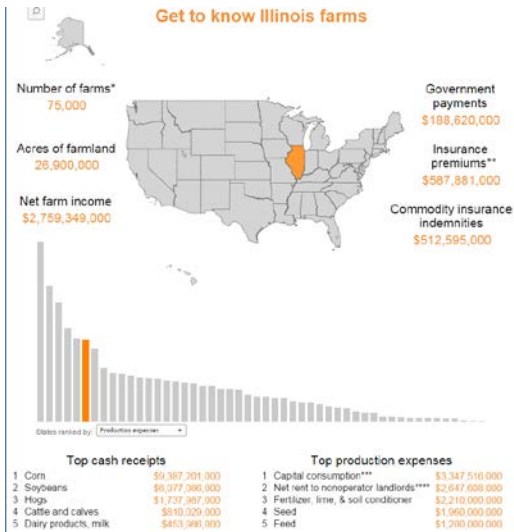
Source: USDA TOTAL survey, 2014 and Agricultural Resource Management Survey, 2012-2013 and 2015-2018; forecast of farm and off-farm income based on ERS calculations. Forecast as of August 30, 2019.



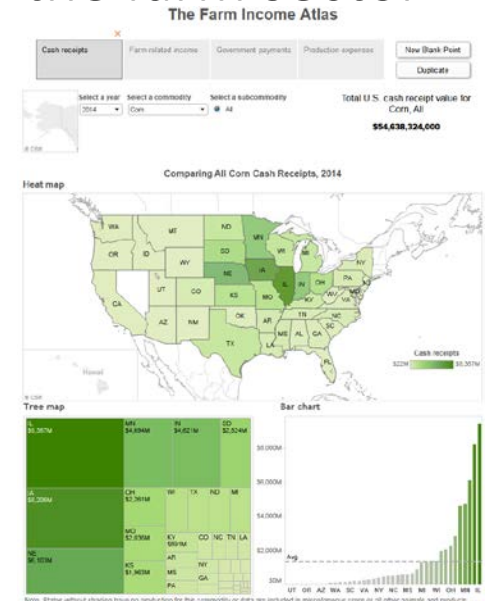
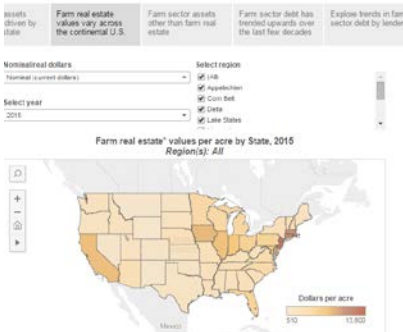
Many Ways to Explore the Data

<https://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics/>

Visualizations let you dive into the financials of the farm sector



Digging Into the U.S. Farm Balance Sheet



Tailored financial reports

Year	2010	2011	2012	2013	2014	2015	2016
United States	41,400	41,400	41,400	41,400	41,400	41,400	41,400
Alabama	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Arkansas	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
California	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Colorado	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Connecticut	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Delaware	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
District of Columbia	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Florida	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Georgia	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Idaho	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Illinois	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Indiana	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Iowa	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Kansas	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Kentucky	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Louisiana	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Maine	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Maryland	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Massachusetts	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Michigan	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Minnesota	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Mississippi	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Missouri	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Montana	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Nebraska	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Nevada	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
New Hampshire	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
New Jersey	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
New Mexico	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
New York	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
North Carolina	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
North Dakota	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Ohio	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Oklahoma	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Oregon	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Pennsylvania	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Rhode Island	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
South Carolina	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
South Dakota	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Tennessee	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Texas	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Utah	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Vermont	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Virginia	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Washington	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
West Virginia	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Wisconsin	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763
Wyoming	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763	18,126,763

Current and archived comprehensive datasets

Year	State	Commodity	Value	Unit	Year	State	Commodity	Value	Unit
2010	VA	CORN	18,126,763	\$	2010	VA	CORN	18,126,763	\$
2011	VA	CORN	18,126,763	\$	2011	VA	CORN	18,126,763	\$
2012	VA	CORN	18,126,763	\$	2012	VA	CORN	18,126,763	\$
2013	VA	CORN	18,126,763	\$	2013	VA	CORN	18,126,763	\$
2014	VA	CORN	18,126,763	\$	2014	VA	CORN	18,126,763	\$
2015	VA	CORN	18,126,763	\$	2015	VA	CORN	18,126,763	\$
2016	VA	CORN	18,126,763	\$	2016	VA	CORN	18,126,763	\$

Questions?

Farm Sector Income and Finances:

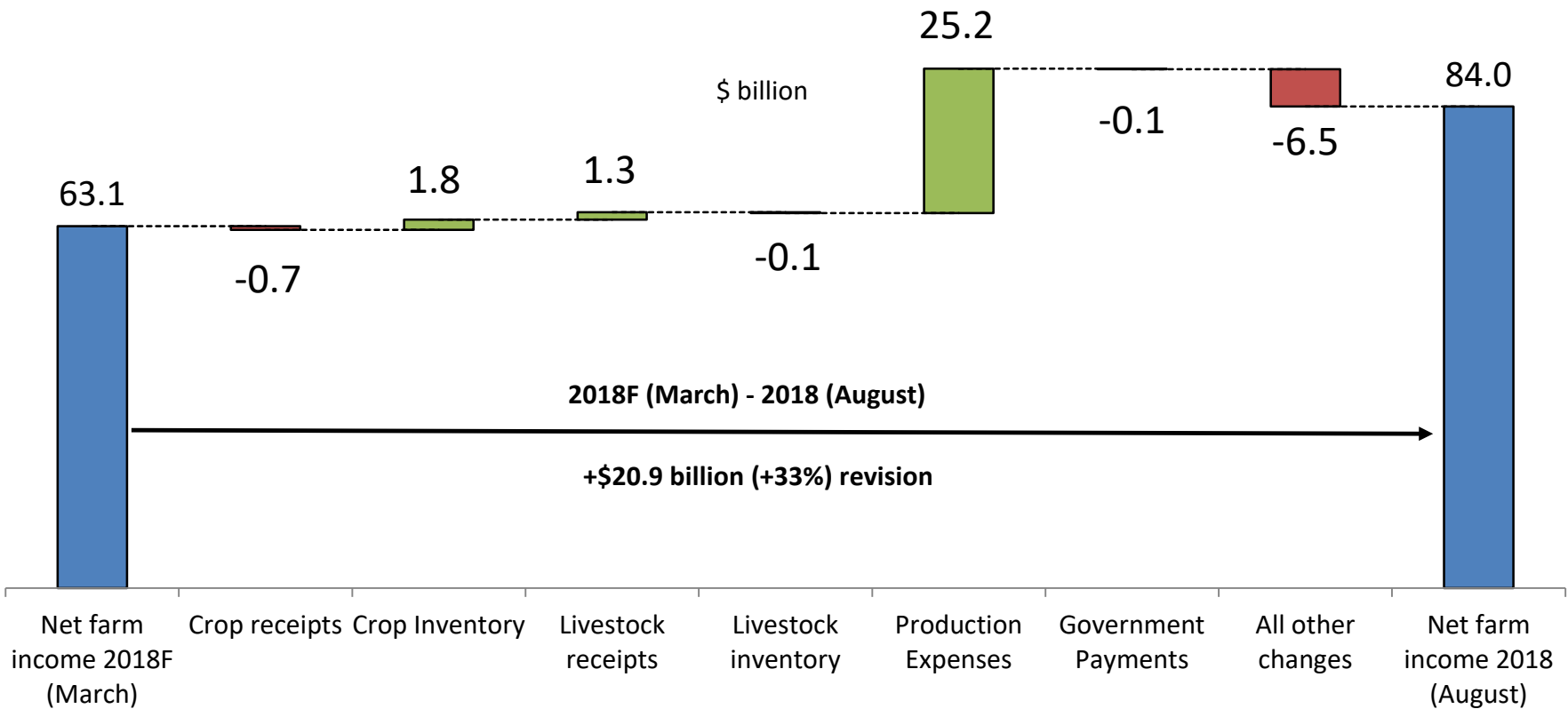
<https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/>

Contact Information:

farmincometeam@ers.usda.gov



2018 farm income revised up following revisions to production expenses



F= Forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics

Data as of August 30, 2019

