Rural & Farm Finance
Policy Analysis Center
University of Missouri

Farm Income Outlook and Farm Financial Indicators

Dr. Alejandro Plastina

Agricultural Lenders School – MU Extension
June 5, 2025 – Columbia, MO

1

Rural and Farm Finance Policy Analysis Center (RaFF)

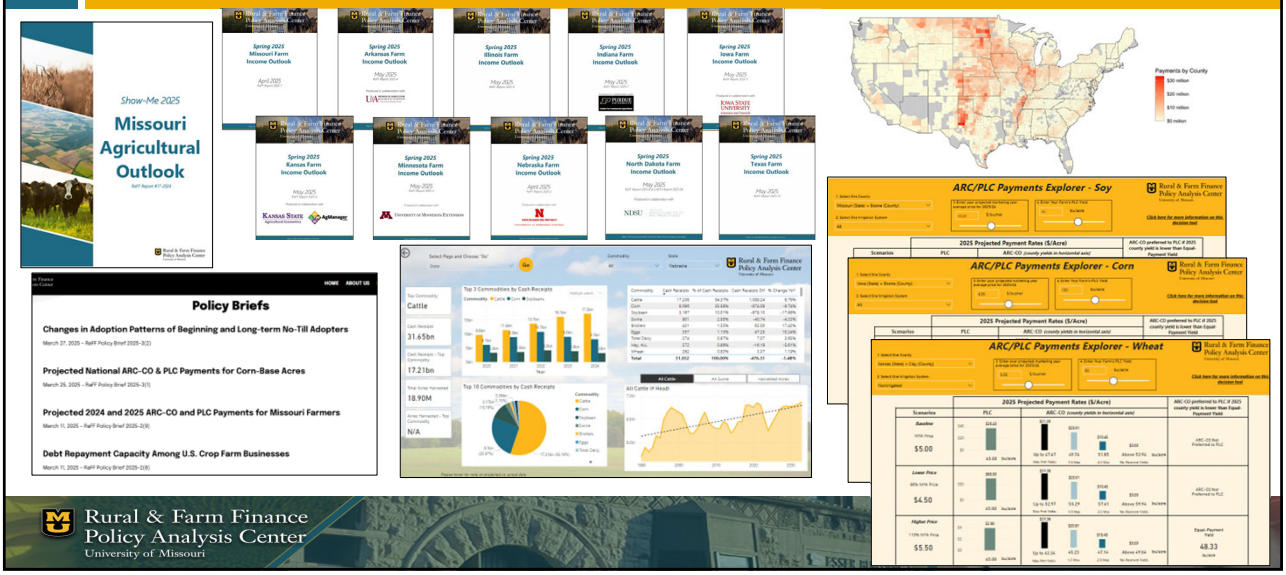
- RaFF is a Policy Analysis Center in the Division of Applied Social Sciences (DASS) at the University of Missouri-Columbia, funded by U.S. Congress.
- RaFF is a sister organization to FAPRI-MU, with a sub-national focus.
- RaFF focal areas are coordinated with the USDA Office of the Chief Economist.
- RaFF produces farm income projections for 10 states in cooperation with local experts to enhance model design and estimates.



2

Rural & Farm Finance Policy Analysis Center
University of Missouri

www.raff.missouri.edu



Rural & Farm Finance Policy Analysis Center
University of Missouri

3

The Bottom-Line

- Deteriorating U.S. Farm Financial Conditions
- Short & medium-term pain for field crops
- Cattle sector in good shape
- Sizable ad-hoc direct government payments in 2025
- Higher Net Farm Income in 2025
- Policy outlook very uncertain: tariffs and trade, Farm Bill, 2026?

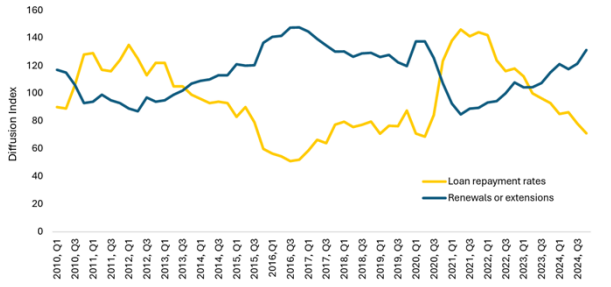
Rural & Farm Finance Policy Analysis Center
University of Missouri

4

U.S. Farm Financial Indicators

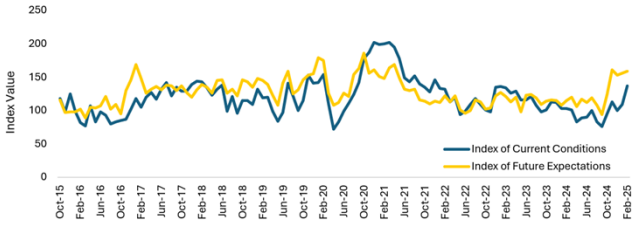
- Mixed signals on Farmer and Banker Sentiment

Figure 1. 10th Federal Reserve District Agricultural Credit Conditions through Fourth-Quarter 2024



Source: Kansas City Federal Reserve Bank (https://www.kansascityfed.org/agriculture/ag-credit-survey/credit-conditions-tighten-gradually/).

Figure 2. Farmer Sentiment about Current Conditions and Future Expectations



Source: Purdue University-CME Group Ag Economy Barometer (https://ag.purdue.edu/commercialag/ageconomybarometer/).

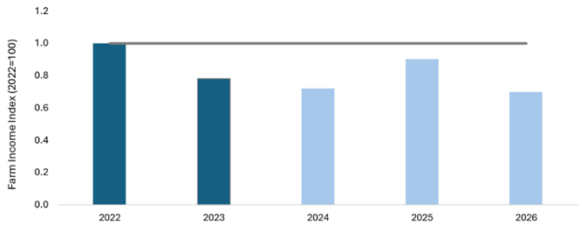


5

U.S. Farm Financial Indicators

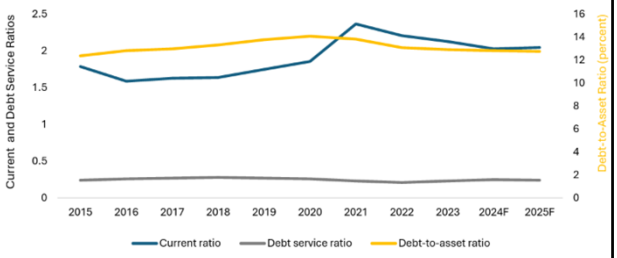
- Mixed signals on Farm Income and Balance Sheet Health

Figure 3. U.S. Net Farm Income Index Computed Using 2024 Dollars*

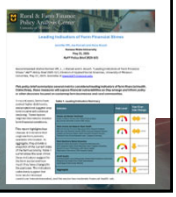


* Light blue shading for 2024-26 indicate datapoints are projections. Dark blue shading indicates historical data.
Source: Food and Agricultural Policy Research Institute (https://fapri.missouri.edu/publications/2025-us-agricultural-market-outlook/).

Figure 6. U.S. Farm-Sector Liquidity and Solvency Ratios



Source: USDA Economic Research Service (https://data.ers.usda.gov/reports.aspx?ID=4051).

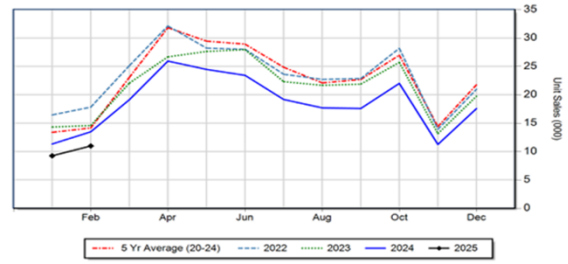


6

U.S. Farm Financial Indicators

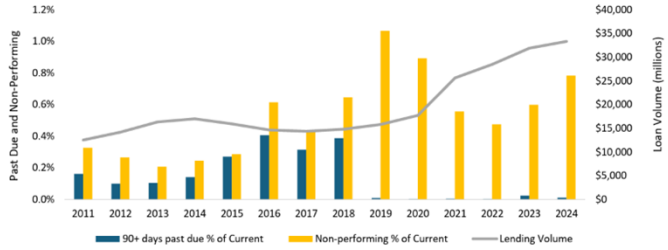
- Deterioration of Farm Machinery Market Dynamics

Figure 8. U.S. Retail Unit Sales of 2-4WD Tractors and Combines



Source: Association of Equipment Manufacturers (https://www.aem.org/market-share-statistics/us-ag-tractor-and-combine-reports).

Figure 10. Credit Quality of John Deere Capital Corporation Retail Agricultural and Turf Notes: Past Due and Non-performing Loans Relative to Current Loans*



* John Deere Capital Corporation's fiscal year runs from beginning of November to end of October.
Source: U.S. Securities and Exchange Commission (https://www.sec.gov/edgar/search/).

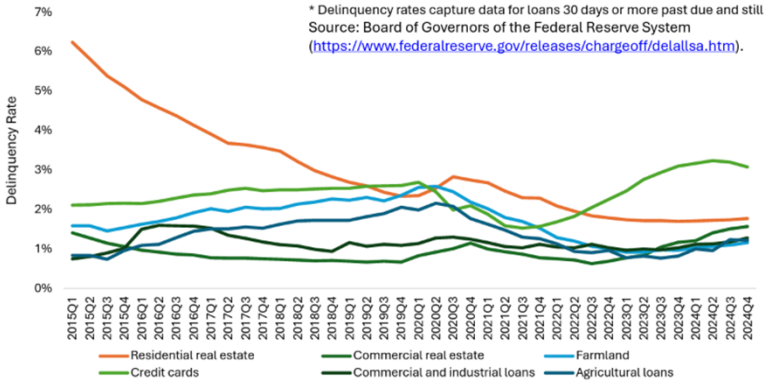


7

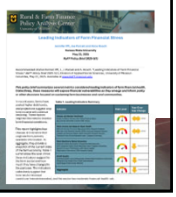
U.S. Farm Financial Indicators

- Deterioration of Credit Quality

Figure 12. Loan Delinquency Rates* as a Share of Loan Volume by Loan Type



* Delinquency rates capture data for loans 30 days or more past due and still accruing interest and nonaccrual loans
Source: Board of Governors of the Federal Reserve System (https://www.federalreserve.gov/releases/chargeoff/delallsa.htm).



8

Deteriorating U.S. Farm Financial Indicators

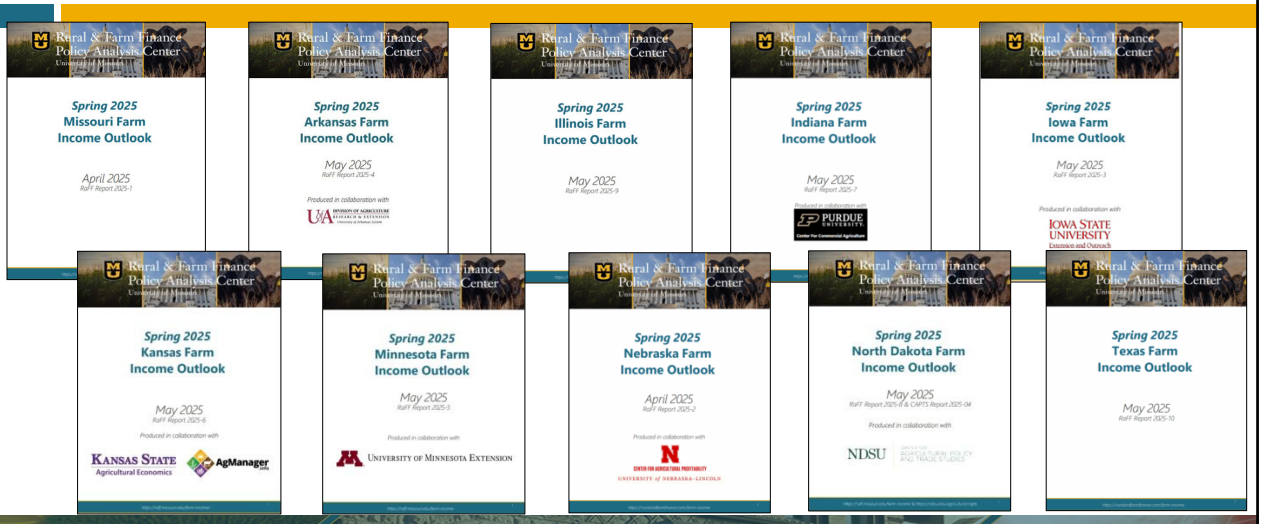
Table 1. Leading Indicators Summary

Indicator	Risk Level	Year-Over-Year Change
Farmer and Banker Sentiment Credit Conditions (Kansas City Federal Reserve Bank) Ag Economy Barometer (Purdue-CME Group)		Mixed
Farm Income and Balance Sheet Health Net Farm Income (Food and Agricultural Policy Research Institute) Net Cash Farm Business Income (USDA Economic Research Service) Liquidity and Solvency Ratios (USDA Economic Research Service) Farmland Prices (Rural Mainstreet Index, Creighton University)		Mixed
Farm Machinery Market Dynamics Equipment Sales (Association of Equipment Manufacturers) Farm Equipment Sales (Rural Mainstreet Index, Creighton University) Ag and Turf Loan Performance (John Deere Capital) Receivables Performance (CNH Industrial Capital)		Deterioration
Credit Quality Commercial Bank Loan Delinquencies (Federal Reserve Board of Governors) Nonperforming Assets (Farm Credit Administration) Ag Mortgage Credit Quality (MetLife)		Deterioration
Aggregate		Deterioration

https://raff.missouri.edu/raff-policy-briefs/

9

Farm Income Outlook Reports for 10 states

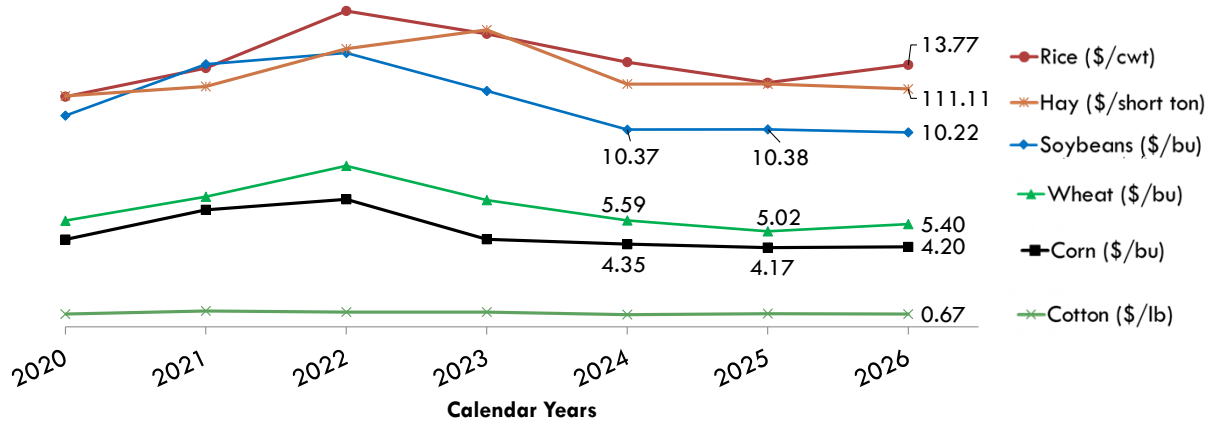


Rural & Farm Finance Policy Analysis Center
University of Missouri

https://raff.missouri.edu/farm-income/

10

MO Average Annual Crop Prices (Calendar Years)



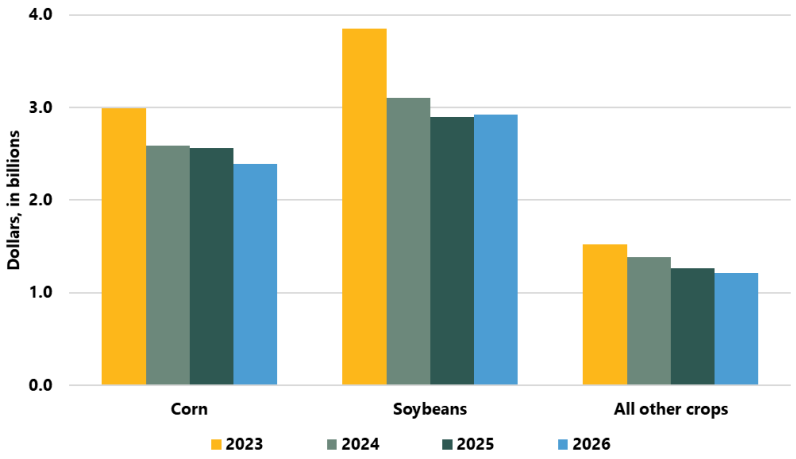
Rural & Farm Finance Policy Analysis Center
University of Missouri

https://raff.missouri.edu/farm-income/

11

Missouri Crop Receipts to Decline

- MO Crop Receipts:
  - -5% to $6.7 billion in 2025
  - -3% in 2026

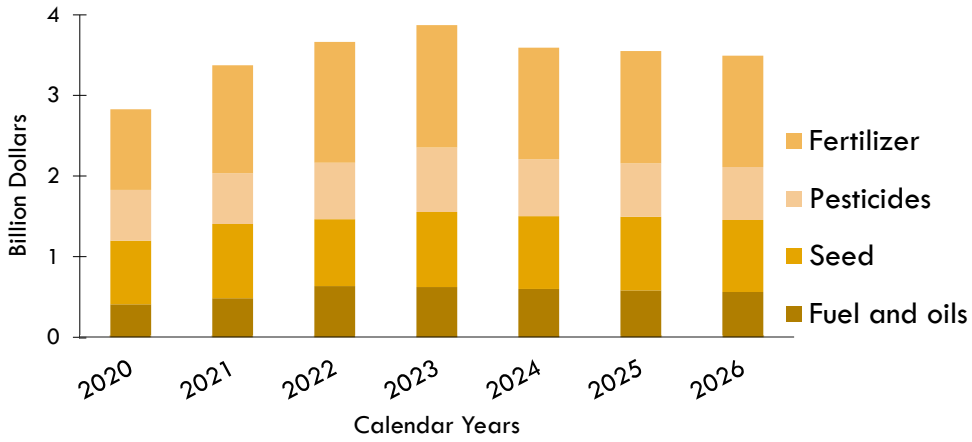


Rural & Farm Finance Policy Analysis Center
University of Missouri

https://raff.missouri.edu/farm-income/

12

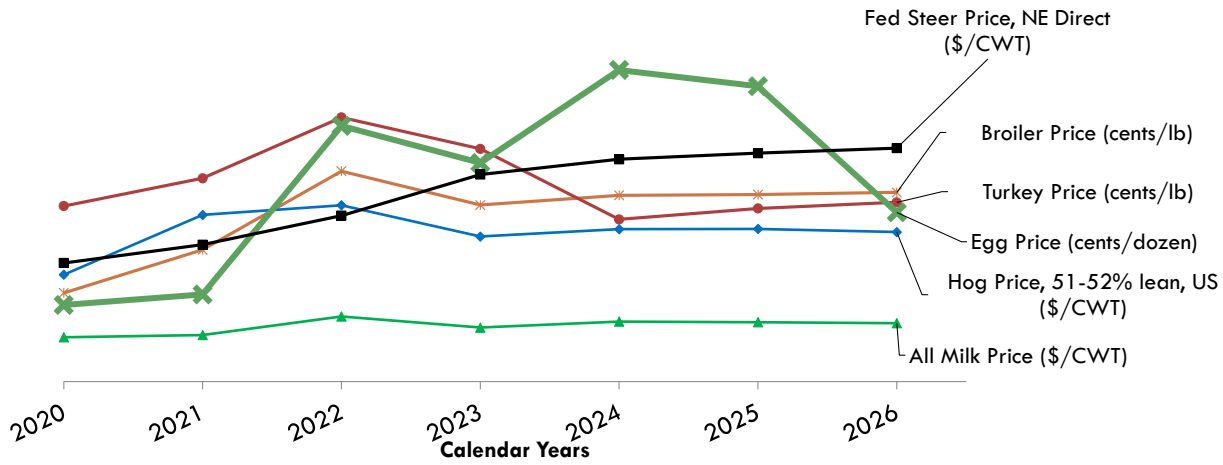
Missouri Crop Production Costs



Rural & Farm Finance Policy Analysis Center
University of Missouri
https://raff.missouri.edu/farm-income/

13

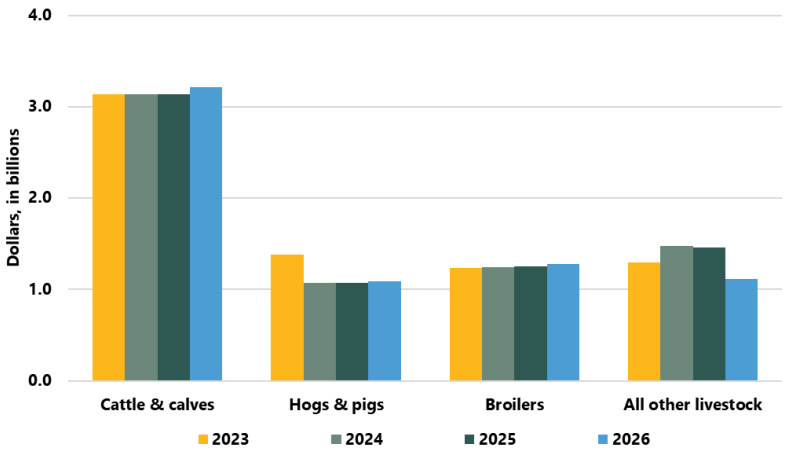
MO Avg. Annual Livestock Prices (Calendar Years)



Rural & Farm Finance Policy Analysis Center
University of Missouri
https://raff.missouri.edu/farm-income/

14

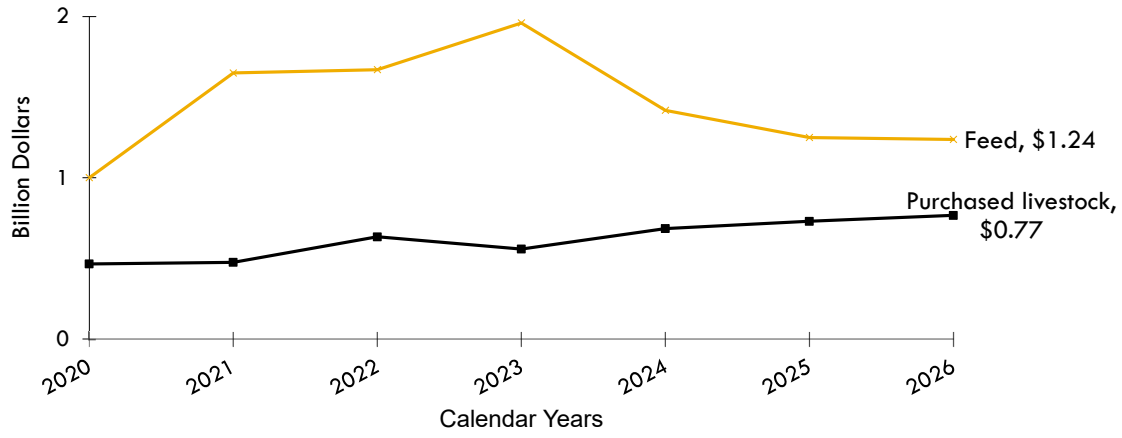
MO Livestock Receipts Stagnant in 2025



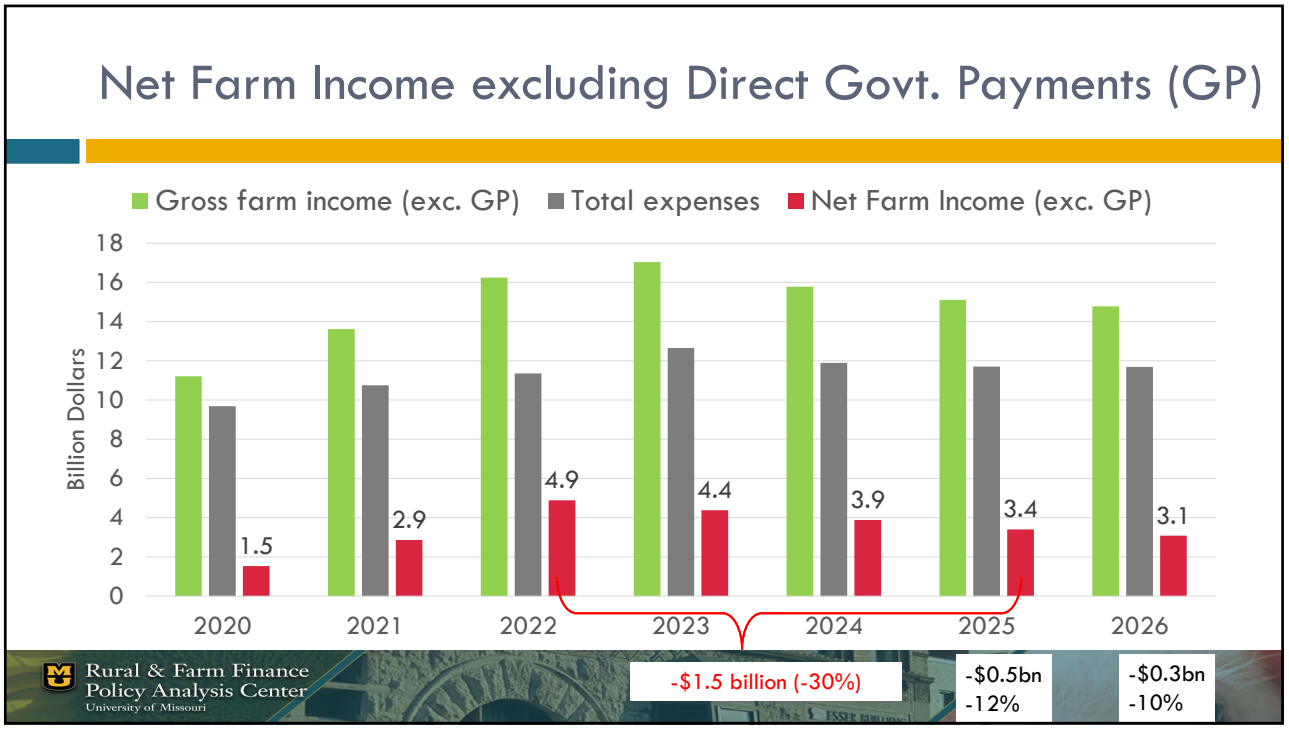
- MO Lvst. Receipts:
  - +0% to $6.9 billion in 2025
  - -3% in 2026

15

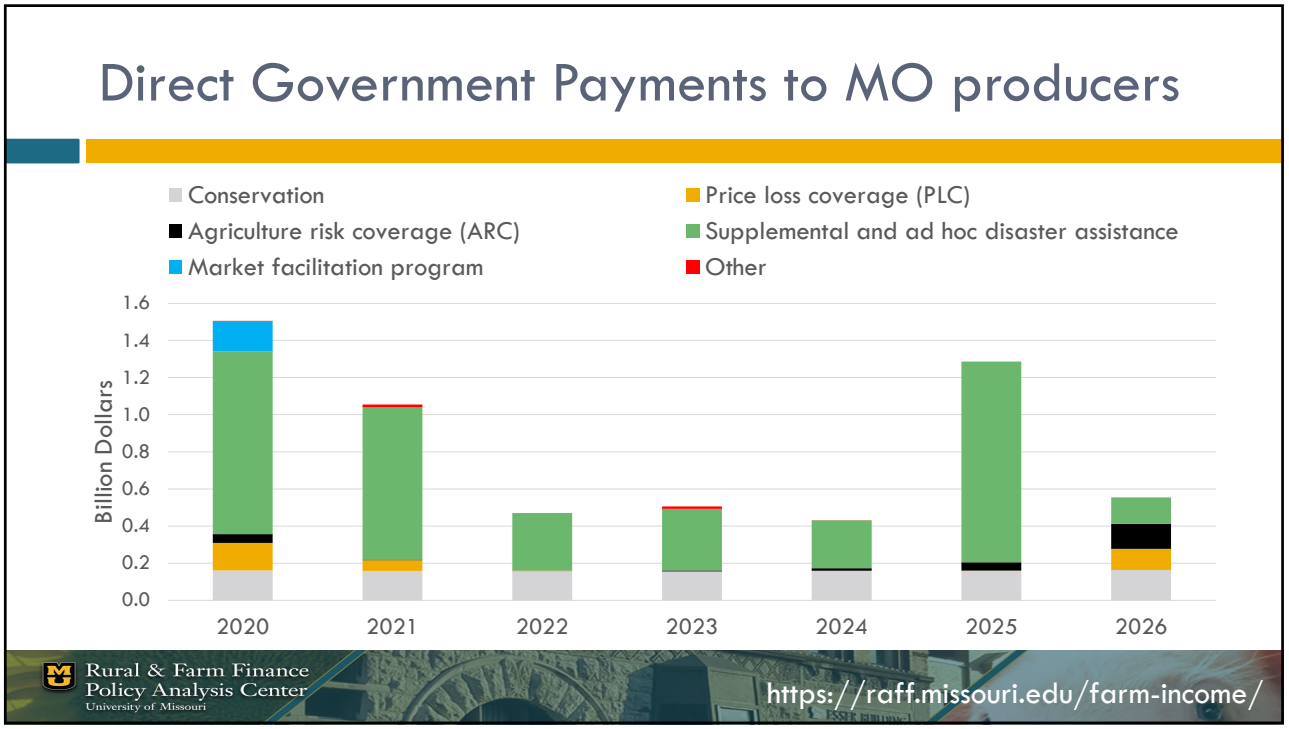
MO Costs of Purchased Livestock Increase, Feed Costs Decline



16

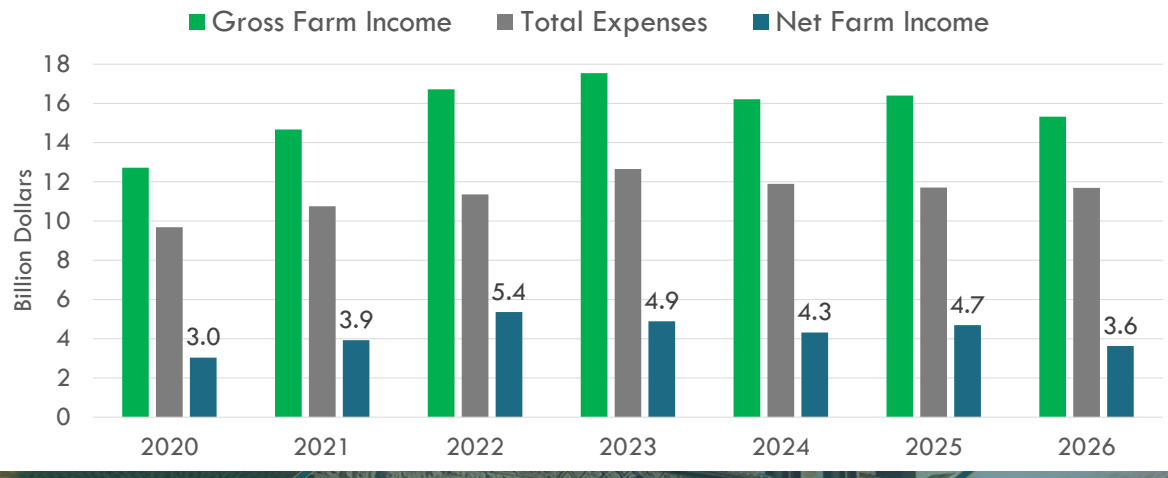

Net Farm Income excluding Direct Govt. Payments (GP)
Gross farm income (exc. GP)
Total expenses
Net Farm Income (exc. GP)
Billion Dollars
18
16
14
12
10
8
6
4
2
0
1.5
2.9
4.9
4.4
3.9
3.4
3.1
2020
2021
2022
2023
2024
2025
2026
-$1.5 billion (-30%)
-$0.5bn
-12%
-$0.3bn
-10%
Rural & Farm Finance
Policy Analysis Center
University of Missouri

17


Direct Government Payments to MO producers
Conservation
Price loss coverage (PLC)
Agriculture risk coverage (ARC)
Supplemental and ad hoc disaster assistance
Market facilitation program
Other
Billion Dollars
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
2020
2021
2022
2023
2024
2025
2026
Rural & Farm Finance
Policy Analysis Center
University of Missouri
https://raff.missouri.edu/farm-income/

19

Net Farm Income (including Direct Govt. Pmts.)

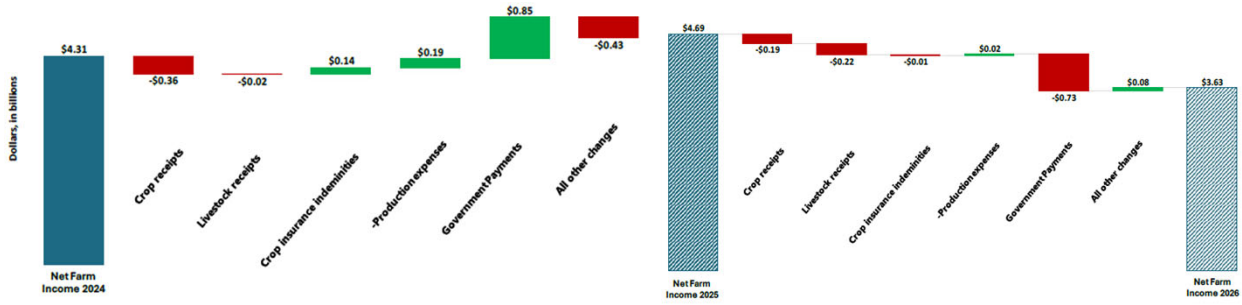


Rural & Farm Finance Policy Analysis Center
University of Missouri

https://raff.missouri.edu/farm-income/

20

Missouri NFI +9% in 2025, -23% in 2026

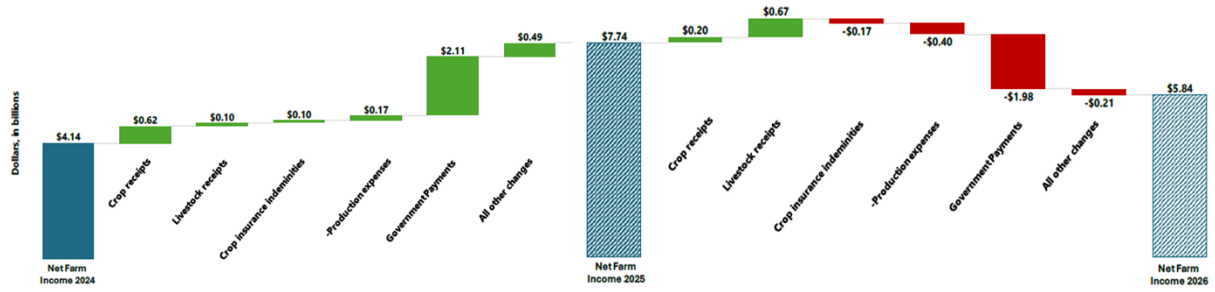


Rural & Farm Finance Policy Analysis Center
University of Missouri

https://raff.missouri.edu/farm-income/

21

Kansas NFI +87% in 2025, -24% in 2026

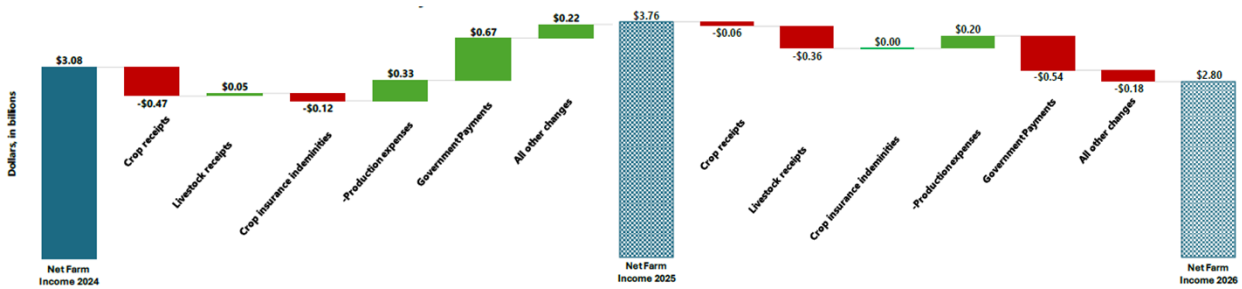


Rural & Farm Finance Policy Analysis Center
University of Missouri

https://raff.missouri.edu/farm-income/

22

Arkansas NFI +22% in 2025, -25% in 2026

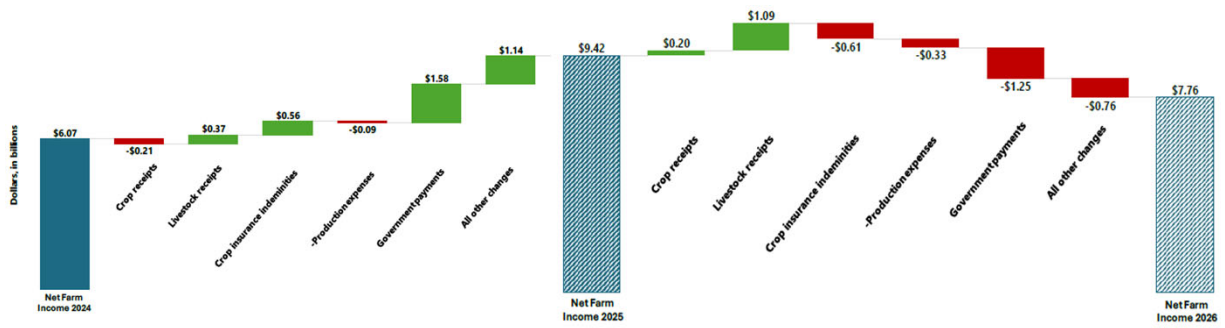


Rural & Farm Finance Policy Analysis Center
University of Missouri

https://raff.missouri.edu/farm-income/

23

Nebraska NFI +55% in 2025, -17% in 2026

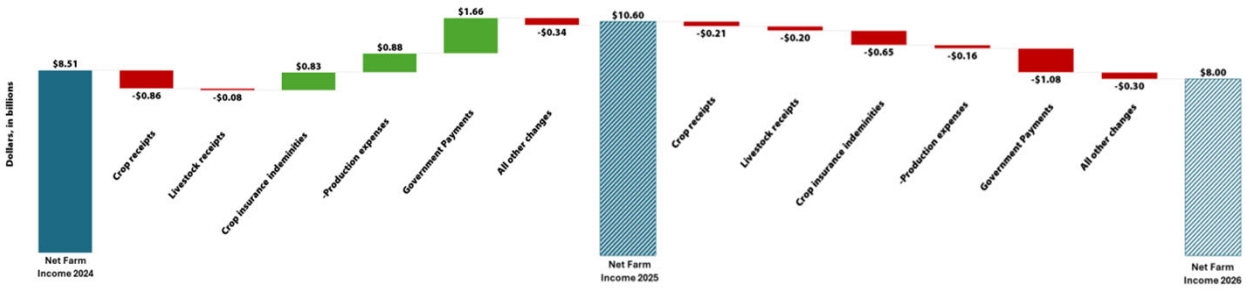


Rural & Farm Finance Policy Analysis Center
University of Missouri

https://raff.missouri.edu/farm-income/

24

Iowa NFI +25% in 2025, -25% in 2026



Rural & Farm Finance Policy Analysis Center
University of Missouri

https://raff.missouri.edu/farm-income/

25

Other Sources of Uncertainty

- Impact of retaliatory tariffs?
- Interest rates?
- Other input costs?
- Reconciliation or New Farm Bill?
- Changes to ARC/PLC?
- Biofuel policy?

Thank you for your attention. What questions do you have?

Dr. Alejandro Plastina
Rural and Farm Finance Policy Analysis Center (RaFF)
University of Missouri
130 Mumford Hall
Columbia, MO 65211
(573) 882 – 3861

Follow RaFF on X: **@RaFFfinance**

Follow RaFF on LinkedIn: https://www.linkedin.com/ruralfarmfinancecenter

https://raff.missouri.edu/

SCAN ME

Receive the latest RaFF updates in your inbox