

Webinar Transcript
Farm Income and Financial Forecasts, September 2024 Update
Sept. 5, 2024

Good afternoon everyone. If you're looking for the latest insights on farm income.... you're in the right spot! My name is Ashley Murdie and I'll be your host for today's webinar on the Farm Income and Financial Forecasts, September 2024 Update.

Before we begin, please note that this webinar is being recorded and will post to the ERS website next week. If you have any questions, please enter them into the chat feature at the bottom, left-hand corner of your screen for the Q&A session after today's presentation. A link under the Resources Tab will also direct you to an ERS webpage presenting Highlights from the September 2024 update.

For those of you who've tuned in before, it'll be no surprise that our presenter today is Carrie Litkowski. Carrie has been presenting these forecasts for over six years – truly impressive! For those of you who are new to our Farm Income webinars, Carrie is a Senior Economist and Farm Income team leader in our Resource and Rural Economics Division where she's responsible for developing sector-wide measures of farm income, value-added, and the aggregate farm sector balance sheet. Thanks again for joining us today Carrie. The floor is yours...

Thank you, Ashley, and as always, I do feel very privileged to have this opportunity to present these forecasts to you on the behalf of a very dedicated team and many others at ERS who contribute to them. And to everyone online, thank you for joining me today as I present to you the latest USDA 2024 forecasts on farm sector income and wealth. Net farm income – it's one of the most frequently cited USDA statistics and has been around for a hundred years now. And I think its popularity is because it provides a bottom line or summary statistic on U.S. farm sector profitability. It considers the many factors that affect the economic performance of farm operations and combines a lot of data from many sources. So with that, the objective of the program is to measure, forecast and explain indicators of economic performance for the U.S. farm sector. The data provides guidance to policymakers, lenders, commodity organizations, farmers and others, such as you, with an interest in the health of the farm sector. We release forecasts three times a year. With today's release, we've updated our U.S. calendar level year forecast for 2024 to include some new and revised data as it has become available since our last release in February. This includes some survey-based data on 2024 crop planting, production and prices. It also incorporates the latest projections from the August World Agricultural Supply and Demand Estimates report, the WASDE report. With this release we've also converted our 2023 forecasts into estimates and with this additional data we're able to produce our first state level farm income estimates for 2023. Also with this release we've directly incorporated data from the 2022 Census of Agriculture, which became available earlier this year. The new and updated data went live on the ERS website at 11:00 a.m. eastern time along with a written discussion and some data visualizations on our main findings.

So, what does our forecast cover? What is the farm sector? First our data covers the farm sector as a whole, which is comprised of close to two million farms and ranches who operate over 800 million acres of land. About half of those farms are what we consider to be farm businesses

defined as larger farms and those where the principal occupation of the operator is farming. These farm businesses account for over 90% of the total value of a production in the U.S. and we have some additional data and forecasts on their finances by type of operation, type of farm and by region. Lastly we'll look at the wellbeing of the nearly 5 million people who live in households that operate a farm.

Here's an overview of what we're forecasting for 2024 and what I'll be covering in today's webinar starting with profits for the farm sector as a whole, which are forecast to decline in 2024. Specifically net cash farm income for calendar year 2024 is forecast to fall \$12 billion or about 7% relative to 2023, and net farm income is forecast to fall 6.5 billion or 4.4%. Now in this chart, please note that these values are all in nominal dollars so there are no adjustments for inflation here. But many of the slides that I present later on, particularly those that have a larger time span where you look over data more historically, will be inflation adjusted. So back to the summary. Much of the expected decline in farm income follows cash receipts, which in total receipts from commodity sales are expected to decrease \$9.8 billion or almost 2%. Also, government...direct government payments to farmers are forecast to decrease 1.8 billion or 15%. Total production expenses, or the costs that farmers incur, are forecast to decrease 4.4 billion or almost 1%. This decline is helping to moderate somewhat the overall decline in net income. On the farm sector balance sheet, assets, debt and equity are each forecast to increase 5 to 4% in 2024. For farm businesses, those larger farms that I mentioned where the primary operator occupation is farming plus larger farms, average net cash farm income is forecast to decrease 8.9% in 2024. And lastly for those households that operate a farm, median total household income is forecast to increase 1.7% to 99,683 in 2024.

Farm profits or net income reached a record high in 2024, sorry in 2022, and our forecast to fall into 2024, but at a lower rate than they fell in 2023. Note this is my first chart in inflation adjusted dollars, so I'm adjusting prior years to account for inflation, which allows us to better compare levels of income over time. We have two primary measures of farm sector income and the first is net cash farm income. That's the yellow line. This includes cash receipts from farming or the sale of farm commodities as well as cash farm related income and government payments to farm operators less cash expenses. Here cash just means that there's some sort of market transaction. Net cash farm income in 2023 fell about 24% inflation adjusted from the record high in 2022. In 2024 net cash farm income is forecast to decrease nearly 10% relative to 2023. Net farm income, that's the blue line, is a broader measure of income that also incorporates non-cash items like economic depreciation, and it accounts for changes in inventory. Net farm income fell 22% from 2022 to 2023, and in 2024 net farm income is forecast to fall nearly 7%. Even with these expected declines, both measures in 2024 are forecast to remain above their 20 year average.

Because we forecast net farm income from the bottom up, meaning that we forecast its component parts first, this allows us to identify what is driving the change in income from 2023. Now this chart are back to using nominal dollars, so no inflation adjustment. Most of the forecast decline in net farm income is because we expect lower cash receipt from crops in 2024. In this chart we have the net farm income estimate for 2023 at 146.5billion and then on the far right, we have the forecast for 2024 at \$140 billion. The bars in red indicate which items are pulling down income, while the bars in blue indicate which would be...what would be contributing to growth.

So if we work from left to right, crop cash receipts or sales are forecast to decrease by \$27.7 billion. When combined with the change in the inventory or the inventory adjustment for crops, the value of crop production is forecast to decrease \$25.6 billion from 2023. The inventory adjustment is to account for changes in crop inventories as net farm income is a measure of the value of production in a given year, which may not actually match the value of sales in a given year. Moving on, animal and animal product receipts are forecast to increase \$17.8 billion with a similar increase in the total value of production. Production expenses are forecast to decrease \$4.4 billion in 2024 which would boost income, which is why they're shown in blue here. Direct government payments to farm operations are forecast to decrease by 1.8 billion. And for all other components of net farm income, they're forecast to decline \$2.4 billion, and this is largely farm related income in this 'all other changes' bar. The result is that net farm income is forecast to decline \$6.5 billion nominally.

Overall cash receipts are forecast to fall in 2024. And they are the largest source of income to the sector and often drive the trends that we see in net income. This chart looks at the totals for cash receipts since 1970 in inflation adjusted dollars. Like with net income, in 2022 total cash receipts reached an all-time high even when adjusting prior years for inflation. Animal and animal product receipts also were at a record high in 2022. In 2023 total cash receipts fell 6% following similar... similar declines in both total crop and total animal and animal product receipts. In 2024 total cash receipts are forecast to fall 4% with total crop receipts forecast to fall 14% or about \$35 billion. And total animal and animal product receipts are forecast to increase 4% or about \$ 11 billion. Yet it's a little hard to tell on this chart the forecast for 2024 total animal and animal products receipts would remain below the record high in 2022.

We can also look at cash receipts by commodity. Please note that these are calendar year forecasts so they're not a marketing year or a crop production year. The data here is in inflation adjusted dollars. We forecast receipts for about 25 different crop commodity or commodity groupings, and we have estimates for even more commodities. And this chart focuses on some of the major crops. Receipts for corn and soybeans are expected to drive most of the decline in total crop receipts in 2024. Corn receipts are forecast to decline 22% or about \$18 billion inflation adjusted. And soybean receipts are forecast to decline 17% or about 10 billion. Receipts for fruit, nuts, wheat and cotton are also forecast to fall in 2024 relative to 2023. The outlier here though are receipts for vegetables and melons, which are forecast to increase 7% in 2024.

Cash receipts for most categories of animal and animal products are forecast to increase in 2024, so the opposite of what's happening for crops. Cattle and calf receipts are forecast to increase almost 4% or \$4 billion, which would be the fourth consecutive year that they have increased. Dairy and broiler receipts are also forecast to increase in 2024, while hog receipts are expected to remain relatively stable. Receipts for eggs are perhaps the biggest story here in that they are forecast to see the largest increase in 2024 at 35% or about \$6 billion. So eggs alone is accounting for a little more than half of the total increase in animal and animal product receipts. And this reflects expectations for higher egg prices on average in 2024.

But I'm getting ahead of myself there a little bit because the primary drivers of the expected change in cash receipts in 2024 are the prices received by farmers for their commodity production. Through a simulation we can deconstruct the change in cash receipts into a price

effect and a quantity effect. In other words we can identify whether changes in prices or quantity sold are driving the changes in cash receipts. Starting from the left, in 2024 total crop receipts or forecast to fall \$36.6 billion, that's the red bar, due to lower prices. And then if prices were held constant from 2023 to 2024, the higher quantities sold would raise cash receipts \$7.8 billion. That's the purple bar. The black bar there is for commodities for which we can't isolate a price and quantity effect. But when you combine these effects together, total cash receipts are forecast to increase \$27.7...sorry \$27.7 billion dollars. And that's the green. Make sure I said a decrease there because the story is reversed for animal and animal products. Higher prices are expected to account for nearly all of the forecast increase in animal and animal product receipts. In total lower prices for crops are expected to drive the overall decline in receipts in 2024 despite expectations that the quantity sold uh will in...will increase. Government payments are another source of income to farmers. We define government payments as payments made directly to farm operations by the federal government without any intermediaries, and they're generally from farm programs. We record them in the year in which they were received by farmers. Government payments perhaps most notable on this chart is that they reached a record high in 2020 because of COVID pandemic related assistance to farmers. So that's the purple area on this chart. And each year since total government payments have declined. And we're here again we're back to using inflation adjusted dollars. Since 2022 more than half of total government payments have come from what I'm going to call non-pandemic supplemental ad hoc and disaster assistance, which is shown by the gray bar. This includes payments from programs such as the Emergency Relief Program, Livestock Forage Program, and the Wildfire, Hurricane and Indemnity Programs. These supplemental and ad hoc payments total \$12 billion in 2022 and then fell to about \$7 billion in 2023. And are forecast to decrease another billion dollars in 2024. Payments that are a function of commodity prices as represented by the orange bar segment are expected to decrease further in 2024. In recent years this category largely represents payments from the Agriculture Risk Coverage, Price Loss Coverage, and Dairy Margin Coverage program. Conservation payments, those are shown by the green bar, are forecast to increase to about... increase about 8% to \$4 billion in 2024. And so, in total, government payments are forecast at about \$10 billion in 2024. That's a drop of about \$2 billion from 2023.

This chart looks at government payments relative to the rest of net farm income. It also includes another source of income to farmers commodity insurance, indemnities which are payments to farmers for losses that are covered by insurance. This chart is an inflation adjusted dollars. The top peach bar shows indemnity payments paid to farmers less premiums paid by the farmers for federal commodity insurance, or I'll call these net insurance payments. Net insurance payments are forecast to decrease about \$2.9 billion in 2024. The darker orange bar segment shows direct government payments, which I talked about in the previous slide. The gray bar represents net farm income excluding net insurance and direct government payments. In 2024 net farm income less insurance government payments is forecast to fall \$5.2 billion accounting for about half of the total decline in net farm income, yet this gray bar would remain above the levels that we saw in 2015 and 2020 and would be near average levels for the past 20 years.

Next let's look at production expenses, which are the costs incurred by farmers to produce their agricultural output. These include items such as feed, fertilizer, labor, taxes. This chart shows total expenditures, both cash and non, in nominal and inflation adjust of dollars. In 2022 total expenses increased significantly, 17% or 54 billion relative to 2021, which was the largest

nominal increase in the series on record, but still below the peak that we saw back in 2014. In 2023 total expenses continued to grow, but at a lower rate increasing 6% nominally. In 2024 expenses are forecast to decrease 1% or about \$4 billion. When you adjust for inflation though, this represents about a 3% decline in real dollars.

When we look at expenditures by category, some are forecast to increase in 2024, while others are expected to decline. This chart is in nominal dollars. And it compares expenditures by category in 2023 and 2024. So above the dotted line we have the expense categories where we expect increases. Livestock and poultry purchases are forecast to see the largest dollar and percent increase from 2023 to 2024 at 12% which \$5 billion. Prices for cattle and calves theater in particular are expected to increase in 2024. Labor expenses are also forecast to increase in 2024 about 7% as wage rates have been trending upward. Interest expenses and property taxes and fees are also forecast to increase. Below the line, we expect spending on feed to see the largest decline at 12%, which is \$10 billion. So I think it's interesting that the dollar decline in feed more than offsets the increases expected for labor and livestock and poultry purchases for example. And it's contributing most to the overall decline in expenses in 2024. Feed is the single largest expense category in the farm sector. Fertilizer expenses are also forecast to fall almost 10% to more average levels in 2024.

Despite expectations that income will continue to fall in 2024, the farm sector balance sheet is forecast to remain strong. The balance sheet provides information on the value of assets both physical and financial and the level of debt in the U.S. agriculture sector over time. and it's another tool we can use to measure or gauge the health of the farm sector. Farm sector equity, the value of assets less debt is shown by the green area, and it has increased every year after 2019, and it's expected to increase 3% from 2023 to 2024. The forecast growth in equity is largely reflecting increases in the value of farm sector real estate assets. That's the value of farmland and buildings, which represent about 80% of total farm sector assets. Real estate assets are forecast to grow 3% in 2024 when adjusted for inflation. The level of debt held by the farm sector is shown by the blue area at the bottom of this chart. Debt levels fell in 2022, which actually was the first decline in debt since 2012. It then grew 1% in 2023 and is forecast to increase a little less than 2% in 2024 following higher real estate debt levels. To give it just a little more perspective in recent years, uh since 2019 farm sector equity is forecast to have grown 16% while farm sector debt is forecast to have grown 7% since 2019. Thus we get the continued growth in farm equity overall and an improvement of the balance sheet.

Another way to look at the balance sheet is by looking at the amount of debt relative to assets and relative to equity as a percentage. So these are the debt to equity ratio and the debt to asset ratios, which we call solvency ratios as they provide a measure of the sector's ability to repay financial liabilities such as loans or debts through the sale of assets. And it can be an indicator of financial stress. But these ratios have improved in each of the last three years as indicated by declining values. In 2024 they are forecast to improve modestly and be above their 10-year moving average. I do think it's always important to note that these are solvency ratios for the sector as a whole as if it was a single entity, but there is a lot of variation in the amount of debt that's held by individual farms. We have a lot of additional financial ratios available on our website if you would like more.

But I'm going to give you two more here. The bankruptcy rate and the debt service ratio can provide information on liquidity or the sector's ability to make scheduled financial payments as they become due. The farm bankruptcy, as shown the rate, as shown by the red bars, has declined in each the past four years in 2023. It reached its lowest level since 2024, so lowest level in 20 years. In 2024 the bankruptcy rate is forecast to increase to about one bankruptcy per 10,000 farms. The debt service ratio as shown by the blue line on this chart describes the share of production income or gross income needed for debt payments. And then this one measure of liquidity or the amount of capital that is relatively or readily available as cash. This ratio had been trending down in recent years and lower is better. It suggests improved liquidity, but it rose in 2023 and is forecast to increase some more in 2024. This follows lower value of a sector production or production income and higher interest expenses. And what it means is that more of the production income that is earned by the farm sector is needed to make debt payments.

So far we've been discussing the forecast for the farm sector as a whole. Now let's take a look at what I think is an important subset of farms which, we call farm businesses. These are defined as farms where the primary occupation of the operator is farming plus those farms that had \$350,000 or more in gross cash farm income. That's income before expenses. So these are your larger farms generally. According to data from the Agricultural Resource Management Survey, or ARMS, about half of all farms meet this definition. And they're represented on this chart by the blue and orange segments for intermediate and commercial farms. These farm businesses account for over 90% of all agricultural production, and they hold most of the sector's assets and debt. Residents farms, which are not farm businesses because that's, you know, those...they are farms where the operator is retired or whose primary occupation is not farming and they have less than \$350,000 in sales, uh account for about half of all farms but they contribute a much smaller share of production assets. And by using farm level preliminary data from the 2023 ARMS, were able to do a micro simulation and project average income levels in 2024 based on the forecast for the sector as a whole. And we can break down the forecast for farm business income by commodity specialization and geographic region. So we're shifting perspective here and looking only at farm businesses, so only the million farms, and at average net cash farm income levels.

So, let's start by looking at farm businesses that specialize in crops. And these next couple charts are in inflation adjusted dollars. Using ARMS we can categorize farms by commodity specialization, meaning at least 50% of the value of production comes from a particular commodity. For all types of farm businesses specializing in crops, average net cash form income is forecast to fall from 2023 to 2024. This follows the forecast for lower crop receipts in 2024. Farm businesses specializing in wheat are forecast to see the largest percent decline at 50%, while farm businesses specializing in specialty crops, so those are crops such as fruits, nuts, vegetables, melons and nursery products, are projected to see the small smallest decrease at 12%. This is following the forecasted growth in vegetable and melon receipts, which may soften the decline in average net cash farm income for these specialty crop farms.

Conversely for farm businesses specializing in animal and animal products, we are projecting that farm businesses across all specializations will see average net cash farm income increase in 2024. Dairy farm businesses are forecast to see the largest increase in average net cash farm income and this reflects the forecast for higher milk receipts and lower expenses in 2024,

particularly the forecast for lower feed expenses. Average net cash farm income for farm businesses specializing in hogs is forecast to increase 11%, but remain low relative to prior years. For farm businesses specializing in cattle and poultry, average net cash farm income is forecast to continue rising in 2024.

We can project how average net cash farm income for farm businesses can be expected to change in 2024 by resource region by looking at how ag production is distributed geographically. You know regional performance of farm businesses can vary considerably due to the strong geographic concentration of certain production specialties or average farm size. But across all farm businesses average net cash farm income is forecast to decrease 9% from 2023 to 2024 in nominal dollars. And this is similar to the sector forecast for net cash farm income. Looking at regions. Six out of nine of the resource regions are projected to see lower average net cash farm income in 2024. Farm businesses in the Heartland are projected to see the largest decline at 23% following lower cash receipts particularly for corn and soybeans. Farms in the Northern Crescent and Fruitful Rim are expected to see a slight increase in average net cash farm income due in part to expectations for higher dairy receipts and lower expenses because that's where a lot of our dairy farms in the U.S. are, in the Northern Crescent and Fruitful Rim.

Up to this point we've discussed the financial performance of the farm operations, but this may not give a complete picture of the well-being of households that own and operate farms. Farm profits are often shared with other stakeholders including um like landlords and contractors. And the well-being of farm operator households is determined by a combination of on farm and off farm activities with the majority of farm household income coming from off the farm for many households. So now for these last two slides we're going to look at all family farms, which account for about 97% of all farms in the U.S. and the households of the primary farm operator. There are nearly 5 million people who live in households attached to a farm. One measure of their well-being is household income. Farm households, again as I said before, typically receive income from both off and on farm sources. And this chart looks at median farm income, median off farm income, and then total household income where the median represents the income level of which half the households have lower incomes, and half have higher incomes. Now this chart is in inflation adjusted dollars. At the median income earned on the farm is low, and it's forecast to be at negative \$834 in 2024. Meaning that at the median farm household is operating the farm at a loss, but recall if that seems surprising to you, that half of all farms are residential, which means that farming isn't their primary occupation. So this results in a low and usually negative farm income at the median. Therefore, many farm households rely primarily on off-farm income. Off farm income sources include off farm wage income, non-farm business earnings, dividends and transfers. Median off farm income is forecast to increase in 2024 about 1% when adjusted for inflation. So, in total farm household income at the median is forecast to be relatively unchanged in 2024. That's how I'd categorize it because nominally, it's forecast to increase 1.7%, but that's less than the expected rate of inflation in 2024. So, it's really more like a decline of .7% in real dollars.

This chart looks at farm household income by the type of farm the household operates. For households attached to a residential or intermediate farms, median total household income tracks very closely with off farm income. And it is forecast to increase slightly in 2024. And it's also interesting here that off farm income accounts for essentially all of the households income at the

median for households that operate a residential or intermediate farm. However, for households attached to a commercial farm, on farm income is more important to the household. Farm income for commercial farms is expected to decrease 22% in 2024 and is driving the forecast 6% decrease in total household income for those households that operate a commercial farm.

All of the data that I presented and more is available on our website right now. We have data tables, charts, maps and a written summary of the findings. We also have state level income and expense estimates through 2023 available on our website. Our next release is scheduled for December 3rd at which time we will update our 2024 forecast again. So with that I'm going to turn it back over to Ashley to help field some questions.

Thanks Carrie. Let's go ahead and open the floor for questions now. Just a quick reminder, questions can be entered through the chat feature located at the bottom left-hand corner of your screen. So let's see here...for our first question, let's start with one that several people have asked: Why are you now forecasting a much smaller decline in net income in 2024 than you were in February?

Yes, that is true. In February we were forecasting that net farm income for example would fall 26% from 2023 to 2024 but the updated forecasts are that net farm income will fall just 4%. There's a lot of factors going on here, but to me the primary ones are that the revisions reflect expectations that animal and animal product cash receipts will increase uh and that production expenses will actually fall in 2024. So just to be a little more specific here back in February we were saying that we were correctly saying that crop cash receipts would decrease, but we were saying we also thought there would be a modest decrease in animal and animal product receipts. But with this release we looked at the projections from the August WASDE, which shows much stronger prices for most of the animal commodities and we revised our forecast so that now we're expecting animal and animal product receipts to increase. Now it increased almost \$18 billion in fact. The other factor for the revision between the two releases are that in February we were saying that production expenses would increase, but now we're saying in total that production expenses are going to decrease. And this is largely the incorporation of new data. Back in February when we were doing this these forecasts, we had no information on actual prices yet so we were having to model what we thought might happen with these input costs or the prices for these input items. But now we have like six months of data, specifically the prices uh paid indexes from the National Agricultural Statistics Service from NASS, our sister agency in USDA, which shows that for some commodities prices are actually declining. That's true for example for feed that um so far in 2024 feed cost feed prices have dropped. So I say those are the two largest factors for why we're not projecting as big of a decline in farm income as we were back in February.

Thanks, Carrie, for that additional insight. For our next question, could you repeat what you said about eggs and livestock cash receipts?

Sure so let's see...I can...think I can get that slide up if we want to look at it while I talk about it. Yeah among the livestock commodities or animal and animal product commodities, egg cash receipts are forecast to see the largest increase from 2023 to 2024. It's an increase of about 35% or \$6 billion, and then my comment on that was that, that \$6 billion increase represents a little

more than half of the total increase in animal and animal product receipts. And actually I think this question kind of dives in nicely with the previous question in that back in February we did not anticipate that egg prices were going to increase as much as they have um, and so this was also an area where we had a large upward revision to our cash receipts for eggs based on more current information and a change in the outlook for eggs, which you know it's primarily prices. Egg prices are expected to increase because of uh supply constraints that we're seeing due to uh the flu...the Avian Virus that has uh affected egg production in the U.S. and may take a little bit of time to recover from.

Thanks Carrie. Let's see here for our next question...Are your government payment estimates for ARC/PLC based on payments received in 2024 or payments based on the 2024 crop?

They're based on when the farmer receives them. So they're the ARC payments to be received in 2024, which as I understand it are generally for the prior crop year. But it's...we record them in the year in which they were received.

Got it, thanks. For this next question, it's two parts um so we'll start with the first part here...Does the crop cash receipts figure include sales of carried over farm inventories?

The crop cash receipts...I'm going to bring this chart up. It includes sales that occurred within that calendar year, and they can be sales either from what was harvested that year or from what was maybe sitting in inventories from last year's harvest. So cash receipts do include any sales from inventory and the inventory adjustment that we make is to account for the amount of sales that came from inventories or conversely it can happen that farmers add to inventories instead of selling. So that's what's being reflected there.

Thanks Carrie.

I'm sorry if I missed the second part...

Oh no no, I haven't asked it yet. You're good here. The second part asks...What do you estimate for farm inventories of crops at the beginning of the year...Oh sorry, just one moment. It tried to run away from me. Um let's see...just one moment here. I'm sorry somehow it has run away from me. I'm going to move on to the next question until I can find that one and bring it back up. For this...oh now I see it. Haha, um the next part of the question asks what do you estimate for farm inventories of crops at the beginning of the year and what do you assume about farm inventories of crops at the end of the year?

Yeah the, so in the income statement, we expect for crops, because I think that's what the question was specific towards, crops, that farmers are continuing to sell from inventories. So it's a negative crop inventory adjustment for...I think the best place maybe to see how we think inventory levels will change is to look at the farm sector balance sheet because one of the assets items that we include on the balance sheet are farm sector inventories. And the balance sheet reflects the value of inventories at the end of the year. So, December 31st. So, you could compare um the values for 2023 so that would be December 1st...December 31st sorry 2023 compared with the forecast, which would be December 31st, 2024. And I think I had that up earlier. Yes,

that we're actually expecting crop inventories to fall. It's...you know a couple of billion dollars from 2023 to 2024, and that then links back to like the inventory at adjustment I talked about because we expect farmers to be selling. Um so this reflects both the fact that farmers sold...are expected to sell from inventories in 2024, but also reflects that crop prices have been falling in 2024 relative to 2023. So it's capturing both the quantity and, and the value decline with crop uh inventories.

Thanks Carrie um another question asks...Could you walk us through the key differences between this and the February forecast?

Yeah I think that's pretty much I hope the question that I answered at the beginning of this you know discussion the chat you know. And that the key differences are that in February the outlook was that animal and animal product cash receipts would fall a little bit, but now in September we're thinking that cash receipts for animal and animal products are going to increase because of higher prices. You know prices have been increasing for these livestock or animal commodities. And also in February we were saying that production expenses were going to increase, but now we're saying production expenses are likely going to decrease based on more up-to-date information we have about the prices farmers paying for their inputs.

Thanks Carrie that's a common question we're getting so appreciate your added insight there.

Um for our next question...What's driving the crop price decline?

Yeah well, I will first of all, I'll admit that I'm not a commodity...a crop commodity expert so I rely on the forecast and the projections that we get from others within USDA...USDA. You know primarily I'm thinking of the projections that come out in the World Agricultural Supply and Demand Estimate report, the WASDE report, which did show you know half price projections like for the major crops like corn and soybeans declining into 2024. And you know I think it's just you know, we had record high prices right going into 2022 I believe, so it's just kind of a coming down of from record high prices is...is mostly what I see happening there. And you know production has remained strong so there's not really an element here of like the supply dwindling that might boost prices, and you know I think in some parts of the country you know weather has not been too much of a factor as compared in prior years so that's also contributing to a good supply. So it's just kind of prices coming down from what were some historic highs in earlier years.

Thanks Carrie. Our next question asks...Are renters included in the balance sheet forecast?

Yes, so like when we talk about the balance sheet we're talking about um like if you're talking about the value of land and buildings and machinery for example, or the amount of debt, yes. So it's operations. So maybe think of it that way you know how much do farm operations hold in debt and holding assets, and we're getting we're getting that whether or not the farm is owned and operated by you know...was op sorry it's operated by the owner or whether you know it's operated by a tenant. Um we're...we're still getting all of that.

Got it. Thanks Carrie...uh back to eggs, this next question asks...What average price per dozen of eggs does ERS project in its forecasts for 2024?

Oh I think I can bring that up really quickly...um because it is coming from the WASDE. You...it's able to look that up there too, but I...I have it if it doesn't take too long to load. It might take too long to load. Oh I'm getting it. Okay so eggs the WASDE projection for the 2024 calendar year for the farm price, so the price that farmers would receive, um I have to double check that it's roughly um...I'm looking at the units here um \$2.71 per dozen. No wait that's not per dozen. I'm going to refer you to the WASDE before I mess this up, but that's where we're getting our projection from...from the August WASDE.

Thanks Carrie and for our audience who's unaware, could you um share what WASDE is referring to?

Yeah the World Agricultural Supply and Demand Estimates. So it's a monthly report that's put out by the World Agricultural Outlook Board so if you were just to type in WASDE in a search engine it's most likely going to be um the very first thing that pops up.

Thanks Carrie. Let's see here...we've got a lot of questions rolling in so for our next one um...What are some of the driving factors that are causing livestock to increase and crops to decrease?

Yeah for livestock or animal products we've had some supply constraints might be a good way to put it you know...that cattle you know...kind of rebuilding. It takes you know...there's not a lot of cattle uh there was a contraction. It's going to take a while to rebuild those cattle herds back up. Um for eggs it's the HPA virus that you know had an effect on the supply of eggs, or the chickens that could lay the eggs and there was also some contraction with the milk supply um again kind of related to replacing dairy cows and weather is what I'm told, but again not a commodity expert here. ERS does put out outlook reports for animal products and for crops so I highly recommend to get you know to get it from the source that you check out our outlook reports for crops. I think I addressed this a little bit earlier in that it's just kind of coming down of prices from record high without having these same kind of supply constraints that we're seeing on the animal side

Thanks Carrie um let's see here...for our next question um uh this is the second largest revision to net farm income and net cash income over the last decade, can you discuss the magnitude of what the revision and what efforts were done to ensure these revisions are accurate before they were published...um for example the internal review process?

Sure um I do before I forget, this release had an extra element that most releases do not have in that we incorporated directly results from the 2022 Census of Agriculture. The Census of Agriculture is only every years so part of the reason that the revisions are a bit above perhaps what we've had in prior years is because we're incorporating the Census of Agriculture, which really is kind of a benchmark for so much of the other data that we also incorporate directly so even if you know directly we're putting in some census data, but we're also picking up the census revisions indirectly through other data put out by USDA. For instance the uh NASS revised the

number of farms and the land...the value of land and farms based on the 2022 Census results. They revised you know both of those series down because the census provided more information on really what was the number of farms in the U.S. for example. So that's one factor that contributed to the revisions that we're seeing with this particular release. But yeah, we do have an extensive review process internally. Um it's taken us several months to get ready for this release. And we start by doing the estimates first and then doing the forecast and you know there's a lot of you know trying to figure out the best way to put it without going into too much detail, but um you know there's always going to be some revision right and the expectations change and this isn't too far out of the norm for what we usually...for what our usual revisions are um in retrospect um, but there were a lot of moving parts particularly for this release that affected the final estimates that we put out today.

Thanks Carrie. I...we've just got a few moments left, but for our last question until we're up on time, um can you show the livestock slide quickly once again?

Yeah, I think I'm on it so hopefully...I've...

Okay great.

...correctly adjusted the slide. So, I think that was the livestock slide they were talking about...livestock cash receipts.

Wonderful, alright, well I think that's all the time we have for today. Carrie, thank you for a great presentation on the Farm Income and Financial Forecasts, September 2024 Update. And thank you to our listeners for taking time out of your day to join us. We hope that this has been helpful.

Let's see here, I have a few quick closing notes. If you enjoyed today's presentation, please mark your calendars for next Thursday, September 12th for a webinar featuring the International Food Security Assessment. In this webinar, ERS Economists Lila Cardell and Yacob Abrehe Zereyesus will discuss drivers of changes in food security measures for 83 low- and middle-income countries that are current or former food aid recipients. More detail and a link to register can be found on the ERS website.

Now before closing, I'd like to plug a few quick ways to stay current on the latest ERS research. Along with our website, ERS continues to deliver timely, relevant research through our Charts of Note mobile app, which is free and available on Apple and android devices. You can also catch us on social through LinkedIn and X, formally known as Twitter.

Again, thank you all for joining us today. This concludes our webinar.