Summary

U.S. farm income was historically high in 2022 but is expected to moderate in 2023 alongside persistent cost pressures and lower revenue. Agricultural prices decreased 1% in the fourth quarter but remained nearly 20% higher than a year earlier. Despite a modest decline in corn and soybean prices in the fourth quarter, prices of major row crops remained elevated alongside intense drought in some areas and reduced crop production. Livestock revenue remained firm through 2022, but costs associated with drought and feed purchases have limited profitability and weighed on economic prospects for the months ahead. U.S. agricultural exports declined slightly but remained strong in the fourth quarter, providing further support to agricultural commodity prices. Farm finances remained solid in the fourth quarter, even as interest expenses continued to rise and debt obligations edged higher.

U.S. agricultural prices decreased slightly in the fourth quarter, but were 6% higher than at the beginning of 2022.

Notable declines in the prices of several major commodities offset large increases in other agricultural prices.

Notes

1. Weighted based on share of total annual agricultural cash receipts attributed to each individual commodity. Individual commodities allocated account for 85% of total 2021 cash receipts.
2. Based on changes in weighted indices of individual commodities and corresponding contribution to the change in the sum of those individually weighted indices from the previous period. Above commodities accounted for 65% of total 2021 cash receipts [Corn (17%), Hogs (6%), Broilers (8%), Soybeans (12%), Chicken Eggs (2%) and Cattle (18%)].
Farm income reached a decade high in 2022, but was expected to soften in the year ahead alongside lower cash receipts and higher expenses.

Growing demand for U.S. Agricultural Products

Adverse weather and widespread drought reduced supplies of major crops in 2022 while meat production remained strong throughout the year.

Interest rates on farm loans rose sharply in 2022, but farm finances were strong and loan delinquency rates neared historic lows.