

## An Update to Net Farm Income Projections for 2022

*Gregg Ibendahl and Dan O'Brien*

In early January, Ibendahl and O'Brien released their net farm income estimate for 2021 and their projection for 2022. At that time, Net Farm Income (NFI) was projected to be \$261,000 for 2021 and \$90,000 for 2022 (<https://www.agmanager.info/preliminary-estimate-2021-kansas-net-farm-income-and-projection-2022>). Since then, much has happened in the world to drive both grain prices and many farmer expenses higher. This update to the NFI forecast, incorporates those changes. Full details of how this estimate is put together can be found in the January article.

There has also been more recent data for grain prices and planting intentions for 2022. The USDA now has state price data through March of 2022 and the planting intentions report was released at the end of March. Based on the most recent state grain prices, the NFI for 2021 has been increased to \$267,000. The planting intention report has corn acres down 5% and grain sorghum acres down 14%. Soybean acres are projected to increase by 3% with wheat acres 1% higher.

Farmers have seen fertilizer prices triple since last summer and these higher inputs were one of the key reasons NFI for 2022 was initially projected to be lower than 2021. However, the increase in grain prices has more than offset the higher inputs prices. Using the most recent future prices as a key to state grain prices, NFI for 2022 is now projected to be \$292,000, the seventh year of NFI increases. Table 1 has all the details about the predicted revenue and expenses.

With any NFI prediction, there are many factors that could change this estimate. First is weather. Very few acres have even been planted this spring and this spring has been dry. Thus normal yields could be a challenge this year. Also, the timing of when farmers purchased their spring inputs can greatly affect the year-to-year profitability. Most of the rise in fertilizer prices occurred during the second half of 2021. Some farmers may have booked fertilizer early which would result in less income in 2021 and possibility lower prices as well. Finally, with grain prices rising rapidly, when farmers decide to sell or lock in a price could dramatically change their revenue picture. These NFI estimates will be updated though out the year.

Gregg Ibendahl  
Dan O'Brien

email: [ibendahl@ksu.edu](mailto:ibendahl@ksu.edu)  
email: [dobrien@ksu.edu](mailto:dobrien@ksu.edu)

twitter: [@ibendahl](https://twitter.com/ibendahl)  
twitter: [@KSUGrains](https://twitter.com/KSUGrains)

Table 1. 2019, 2020, Predicted 2021, and Estimated 2022 KFMA Net Farm Income

|                                 | 2019              | 2020              | 2021(p)           | Est 2022            |
|---------------------------------|-------------------|-------------------|-------------------|---------------------|
| <b>Income</b>                   |                   |                   |                   |                     |
| Beef                            | \$ 61,453         | \$ 58,806         | \$ 65,863         | \$ 69,156           |
| Dairy-livestock                 | 113               | 143               | 150               | 157                 |
| Dairy-milk                      | -                 | -                 | -                 | -                   |
| Sheep                           | 63                | 67                | 67                | 67                  |
| Swine                           | 2,428             | 1,598             | 2,077             | 2,077               |
| Poultry and eggs                | 244               | 212               | 212               | 212                 |
| Other livestock                 | 1,427             | 1,820             | 1,838             | 1,838               |
| Custom feeding                  | 5,118             | 5,580             | 5,971             | 5,971               |
| Ad hoc pmt - Livestock          | -                 | 13,757            | 3,615             | -                   |
| <i>minus Feed purchased</i>     | <u>21,307</u>     | <u>25,058</u>     | <u>31,322</u>     | <u>34,454</u>       |
| <i>Livestock VFP</i>            | <u>\$ 49,540</u>  | <u>\$ 56,925</u>  | <u>\$ 48,471</u>  | <u>\$ 45,025</u>    |
| Corn                            | 228,823           | 241,000           | 327,888           | 404,979             |
| Grain sorghum                   | 30,408            | 50,869            | 67,390            | 69,070              |
| Soybeans                        | 183,768           | 229,655           | 279,013           | 324,146             |
| Sunflowers                      | 1,028             | 2,321             | -                 | -                   |
| Wheat                           | 77,459            | 73,158            | 115,681           | 194,721             |
| Hay and forage                  | 16,791            | 12,164            | 12,408            | 12,408              |
| Other crop                      | -                 | -                 | -                 | -                   |
| Govt payment (farm bill only)   | 25,025            | 28,017            | 10,571            | -                   |
| Ad hoc pmt - Crops              | 70,738            | 52,387            | 44,389            | -                   |
| Crop ins proceeds               | 27,630            | 22,514            | 22,999            | 26,916              |
| Machine work                    | 15,570            | 15,261            | 15,414            | 16,184              |
| Other income and hedging        | 31,090            | 42,673            | 44,807            | 45,703              |
| <i>Crop VFP</i>                 | <u>\$ 708,331</u> | <u>\$ 770,019</u> | <u>\$ 940,558</u> | <u>\$ 1,094,128</u> |
| <b>TOTAL VFP</b>                | <b>\$ 757,870</b> | <b>\$ 826,944</b> | <b>\$ 989,029</b> | <b>\$ 1,139,152</b> |
| <b>Expenses</b>                 |                   |                   |                   |                     |
| Hired Labor                     | 27,346            | 28,025            | 30,058            | 32,826              |
| Machinery Repairs               | 50,938            | 56,614            | 64,389            | 67,259              |
| Irrigation Repairs              | 1,938             | 2,398             | 2,638             | 3,033               |
| Building Repairs                | 2,999             | 3,562             | 3,740             | 4,114               |
| Seed/Other Crop Expenses        | 80,705            | 84,273            | 88,894            | 116,657             |
| Crop Insurance                  | 22,330            | 20,879            | 23,637            | 25,505              |
| Fertilizer-Lime                 | 93,146            | 92,842            | 123,743           | 171,450             |
| Machine Hire                    | 25,652            | 26,330            | 27,625            | 30,061              |
| Organization Fees, Publications | 5,392             | 5,495             | 5,939             | 6,211               |
| Vet-Med-Drugs                   | 4,013             | 4,133             | 4,464             | 4,910               |
| Misc Crop Expense               | 3,540             | 4,990             | 5,283             | 5,709               |
| Misc Livestock Expense          | 2,387             | 2,400             | 2,640             | 2,772               |
| Dairy Expense                   | -                 | -                 | -                 | -                   |
| Gas-Fuel-Oil                    | 28,134            | 23,306            | 31,242            | 40,431              |
| Irrigation Energy               | 4,303             | 5,788             | 6,945             | 9,029               |
| Real Estate Taxes               | 11,837            | 12,638            | 12,891            | 13,535              |
| Personal Property Taxes         | 2,589             | 2,613             | 2,741             | 2,791               |
| General Farm Insurance          | 14,193            | 14,564            | 15,716            | 16,477              |
| Utilities                       | 6,708             | 6,680             | 6,899             | 7,248               |
| Cash Farm Rent                  | 52,382            | 53,026            | 55,678            | 61,245              |
| Herbicide-Insecticide           | 78,194            | 79,930            | 84,810            | 93,718              |
| Conservation                    | 779               | 2,025             | 2,120             | 2,142               |
| Auto Expense                    | 905               | 793               | 906               | 941                 |
| Other expenses                  | (9)               | (147)             | (147)             | (147)               |
| <i>Total Operating Expenses</i> | <u>\$ 520,399</u> | <u>\$ 533,158</u> | <u>\$ 602,852</u> | <u>\$ 717,918</u>   |
| Interest paid                   | 31,999            | 31,973            | 34,531            | 37,293              |
| Depreciation - machinery        | 64,388            | 66,404            | 76,365            | 84,001              |
| Depreciation - buildings        | 8,072             | 8,201             | 8,365             | 8,365               |
| <b>Total Farm Expenses</b>      | <b>\$ 624,858</b> | <b>\$ 639,735</b> | <b>\$ 722,112</b> | <b>\$ 847,577</b>   |
| <b>Net Farm Income</b>          | <b>\$ 133,012</b> | <b>\$ 187,209</b> | <b>\$ 266,918</b> | <b>\$ 291,575</b>   |