



## What a Farm's 2024 Financial Performance Indicates about 2025

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Most farmers have completed their 2024 financial statements. Including the recently passed Economic Assistance (EA) payments on 2024 financial statements will significantly improve financial performance. Projections for 2025 likely will result in 2025 income levels close to those of 2024 with EA. Hence, changes in net worth and working capital in 2025 could be close to those that occurred in 2024.

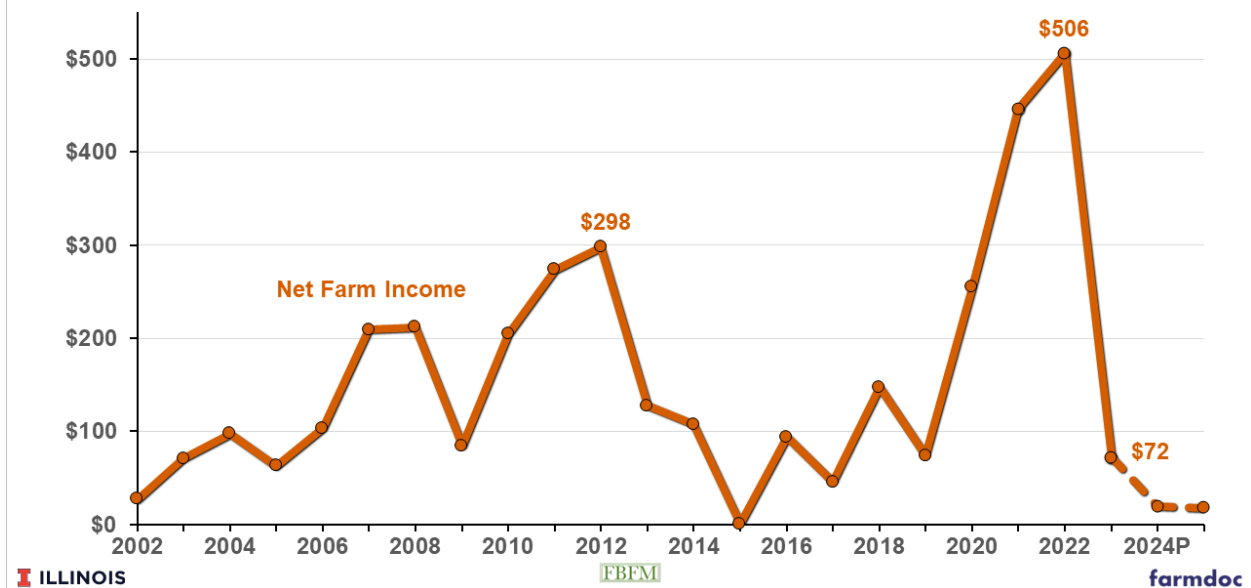
### Net Incomes on Illinois Grain Farms

Illinois grain farms enrolled in Illinois Farm Business Farm Management (FBFM) had a record net income in 2022 of \$506,000 per farm (see Figure 1). Those high incomes resulted from high corn, soybean, and wheat prices. During the 2022 marketing year, the National Agriculture Statistics Service (NASS) estimated the national market year average (MYA) price at \$6.54 per bushel for corn, \$14.20 for soybeans, and \$8.83 for wheat. The Ukraine-Russia conflict and production problems in Argentina and southern Brazil resulted in lower supplies and pushed prices to record levels. While those high prices resulted in record incomes for 2022, they also spawned much higher costs that producers continue to face in 2025.

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**Figure 1. Net Farm Income on Illinois Grain Farm Enrolled in FBFM**



Grain supplies rebounded, leading to lower prices in 2023 with net farm income falling to \$72,000 per farm. The 2023 MYA price fell to \$4.65 for corn and \$12.50 for soybeans. A \$72,000 net income is almost the same as the \$72,000 average income from 2015 to 2019, a period that was not particularly prosperous, leading to slight deteriorations in the financial position of farms (see *farmdoc daily*, [December 23, 2024](#), and [January 9, 2025](#)).

FBFM has not yet summarized financial records for 2024, but a reasonable estimate of 2024 income is about \$30,000 per farm. That level is associated with another price decline, with 2024 national MYA averages projected at \$4.35 for corn and \$10.10 for soybeans. Those prices, with continued stubbornly high costs, would have led to negative income projections for 2024, except for ad hoc support in the American Relief Act of 2025.

The American Relief Act of 2025 contained \$10 billion targeted at Economic Assistance (EA) payments. According to the legislation, those payments will be made on each acre planted to an eligible crop in 2024, along with 50% of prevented plant acres. Those payments are supposed to be made within 90 days of the December 21, 2024 passage of the American Relief Act of 2025. Our estimates of those payments are approximately \$43 per planted (and 50% prevent plant) acre for corn and \$30 per planted acre for soybeans (see *farmdoc daily*, [January 7, 2025](#)). While recent efforts related to the Department of Government Efficiency have eliminated many government payments, the legislative intent of the passed legislation is clear. While those payments may be delayed, they seem unlikely to be eliminated.

While not received, many are placing those EA payments as receivables at the end of 2024, positively impacting ending balance sheets and accrual income statements. This financial treatment would increase the balance sheet's current assets and working capital. It would also increase the 2024 net income. For a 1,300-acre farm that owns or cash rents all its acres and has 50% acres in corn and 50% in soybeans, the EA payment would increase 2024 net income by approximately \$55,000 (750 acres of corn x \$43 EA payment + 750 acres of soybeans x \$30 EA payment). Without those payments, the average net income on many Illinois grain farms would be negative.

### Financial Planning for 2025

Many farms have completed their financial statements for 2024. Farmers can evaluate their net income and financial position. Farms with stable or increasing working capital and net worth would have had a successful financial experience in a challenging economic year.

For 2025, cash flow projections likely result in a similar financial performance to that of 2024 if EA is included on the 2024 financial statements. Farmer returns for 2025 are projected at very similar levels as those for 2024 given that the EA payments are received (see *farmdoc daily*, [January 14, 2025](#)). Hence, increases or decreases in net worth in 2024 can be reasonably projected to occur again in 2025. If net worth and working capital decreased in 2024 with EA, it would be reasonable to expect roughly the same results in 2025. Of course, those expectations must be qualified with the usual disclaimer that economic conditions in agriculture can change quickly.

Those farmers with significant 2024 net worth declines may face issues requiring changes to their operations. Those operations facing the largest declines likely rely heavily on farming income and have high costs relative to other operations. One reason for high costs can be high cash rents on a significant number of acres. Those farms with high costs and high cash rents should reevaluate the cost structure of their operations.

### **Income Expectations Beyond 2025**

The average financial position of Illinois grain farms looks eerily similar to that entering the 2014 to 2019 period. Before 2014, incomes had reached a high level from 2006 to 2012 because of increasing corn use in ethanol production and increasing soybean exports. Incomes reached a high of \$298,000 in 2012 (see Figure 1) after the severe 2012 drought reduced supplies, resulting in much higher prices. Incomes in 2012 were supplemented by crop insurance payments, which paid for yield shortfalls at high price levels. As grain supplies grew because of normal growing seasons, prices fell. From 2015 to 2019, corn prices averaged \$3.50, and soybean prices averaged \$8.96. Those lower levels resulted in lower incomes, and farms had difficulty maintaining their financial position.

In 2022, we reached another high-income level of \$506,000 because of high prices. After 2023, yields were at expected or higher levels, and prices fell, leading to lower incomes. Our current income levels — \$72,000 in 2023 and a projected \$30,000 in 2024 — are back at levels between 2015 and 2019. Again, those levels did not result in financial prosperity. Most farms experienced slight deteriorations in liquidity and solvency measures, and farmland prices and farmland rents in Illinois remained relatively stable (*farmdoc daily*, [November 26, 2024](#)).

How long might this lower period of prices and incomes last? A supply disruption, such as a Midwest drought or similar crop failure in South America, could push prices higher relatively quickly. Or the current low period of returns could last many years.

The Economic Assistance payments, expected to be received in the next month, significantly buoyed income measures for 2024. While very helpful, that EA may be called for again at the end of 2025 if return prospects don't improve. Any further deterioration in prices could result in negative income projections for 2025. Of course, the political situation has changed since the passage of the American Relief Act of 2025, and the chances of another similar round of ad hoc assistance may have changed.

### **Summary**

The expectation of EA payments has significantly increased incomes and partially stabilized financial positions on many grain farms. It is reasonable to expect 2025 income to be roughly equal to 2024 given that EA payments occur and are accounted for on 2024 financial statements. We could be in a longer-term period of lower prices and incomes. If a farm's net worth and working capital decrease significantly in 2024, re-evaluation of the cost structure or that operation is in order.

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