

2024 Illinois Farm Economics Summit

Farm Income and Return Outlook

Nick Paulson
npaulson@illinois.edu

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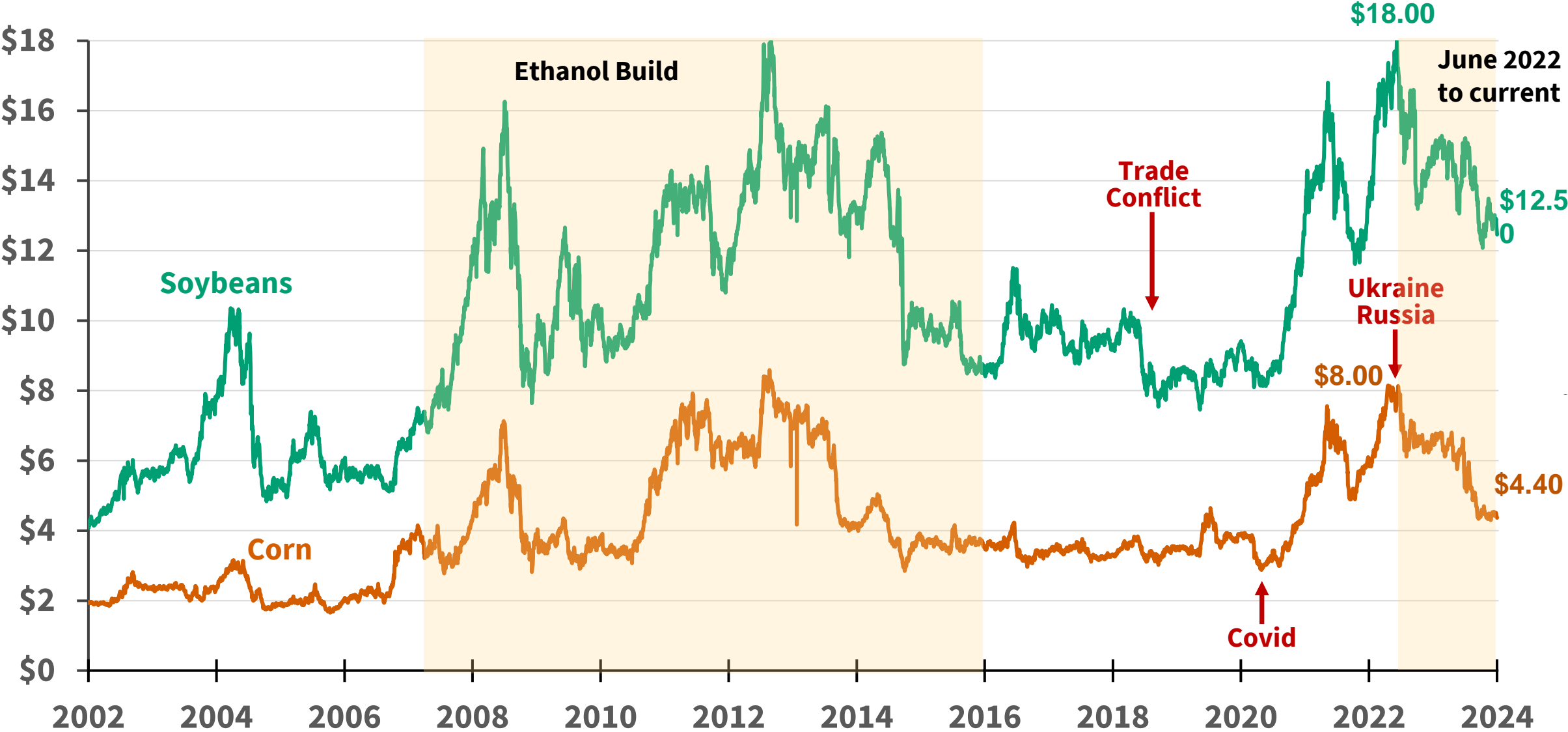
Topics

- Corn and Soybean Prices
- Corn and Soybean Yields
- Costs, Returns and Farm Income
- Looking Ahead

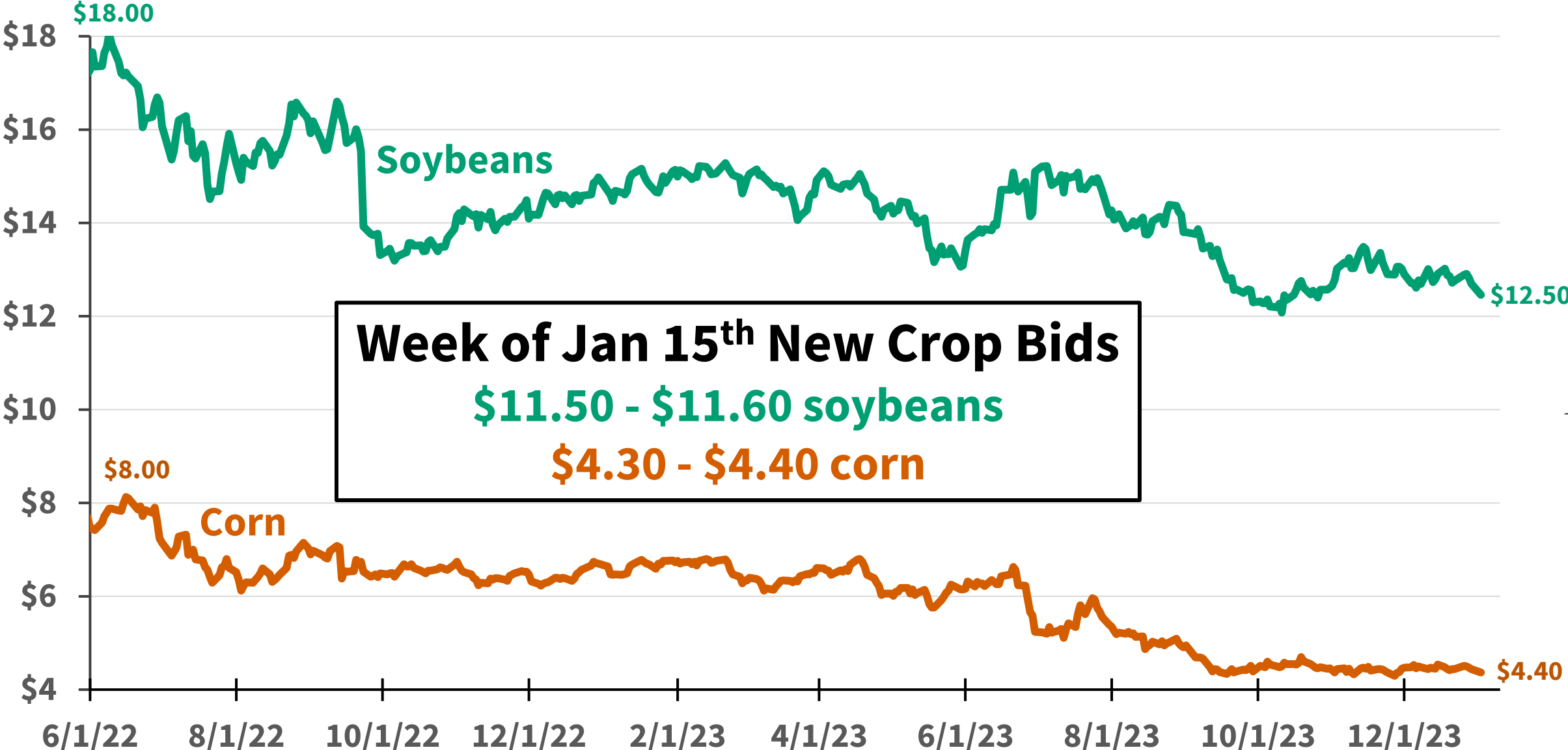
Corn and Soybean Prices



Corn and Soybean Cash Prices, Central Illinois



Corn and Soybean Cash Prices, Central Illinois



Week of Jan 15th New Crop Bids
\$11.50 - \$11.60 soybeans
\$4.30 - \$4.40 corn

U.S. Prices by Marketing Year

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Corn	3.61	3.56	4.53	6.00	6.54	4.80	4.50
Soybeans	8.48	8.57	10.80	13.30	14.20	12.75	11.30
Wheat	5.16	4.58	5.05	7.63	8.83	7.20	6.80
						PROJECTED	

National Market Year Average (MYA) price by year

- September to August for corn and soybeans
- June to May for wheat

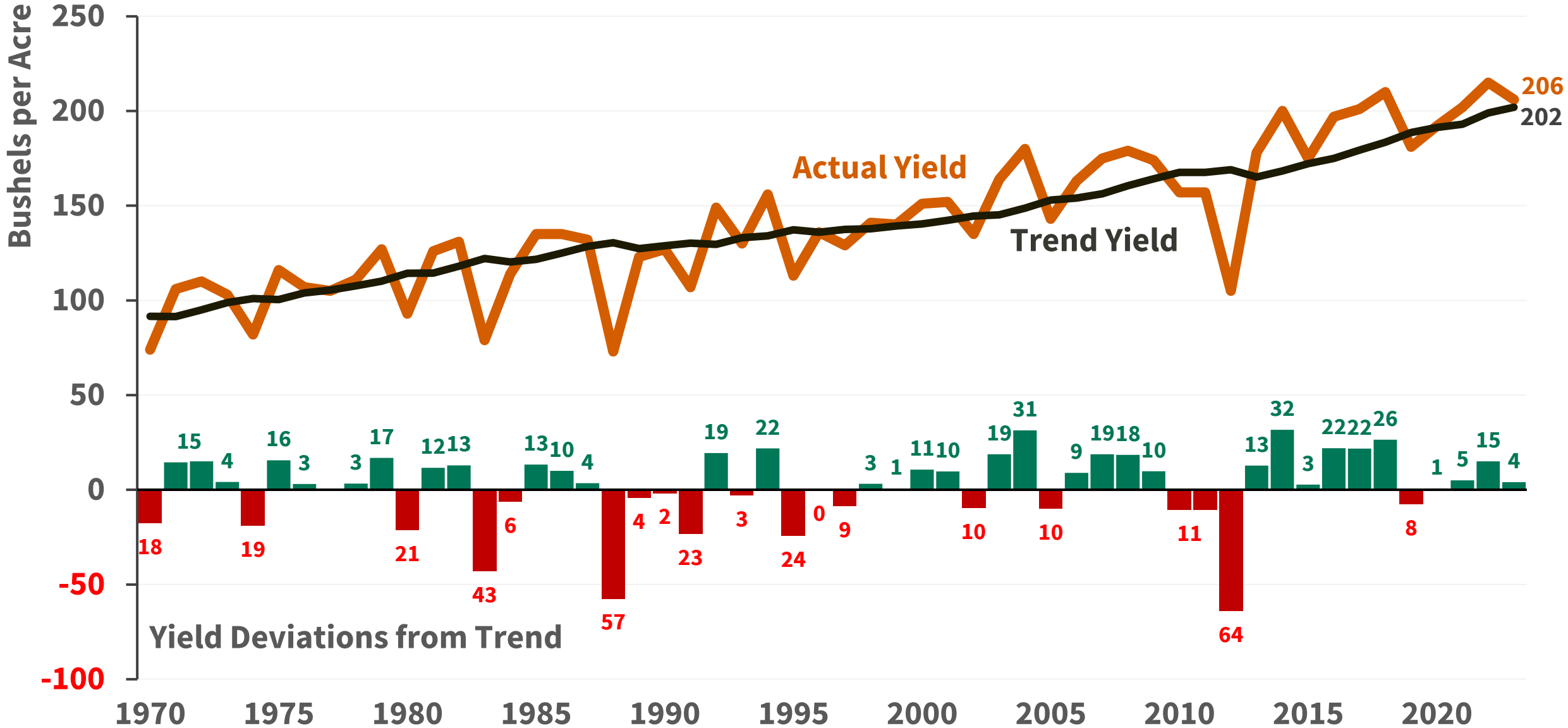
USDA price forecasts

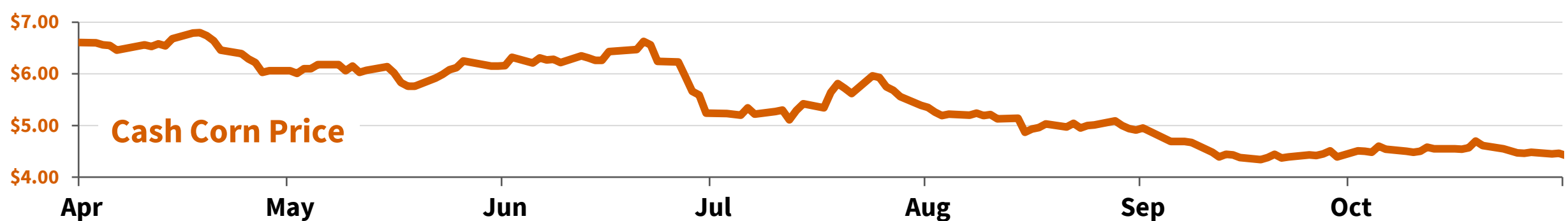
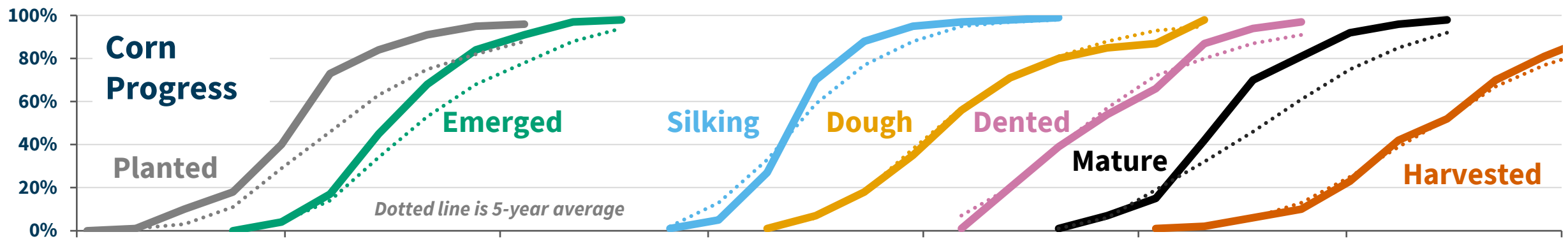
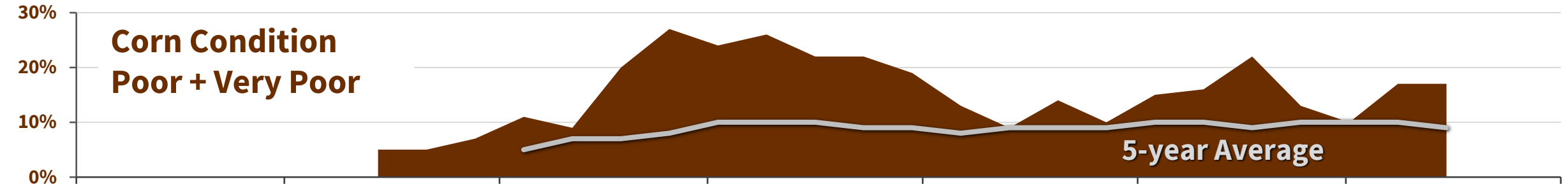
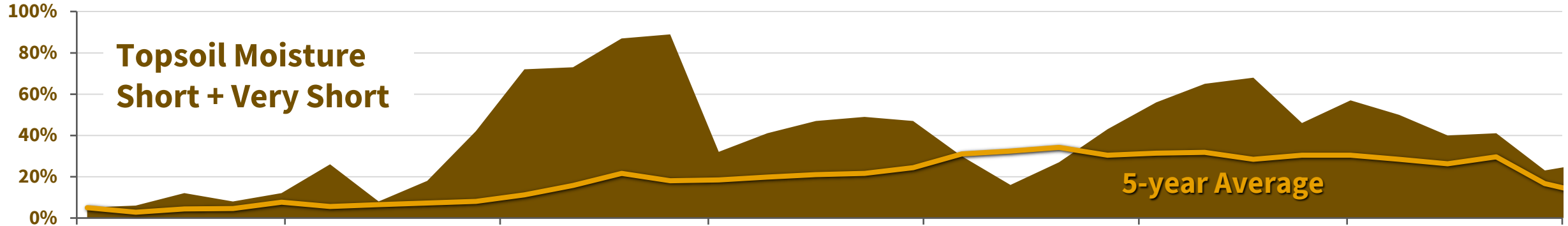
- 2023-24 is USDA projection in Dec Jan WASDE report
- 2024-25 from USDA's current long-term projections
- Longer-term USDA prices, glide paths to:
\$4.30 corn, \$10.50 soybeans, \$6.00 wheat (Ouch!)

Corn and Soybean Yields

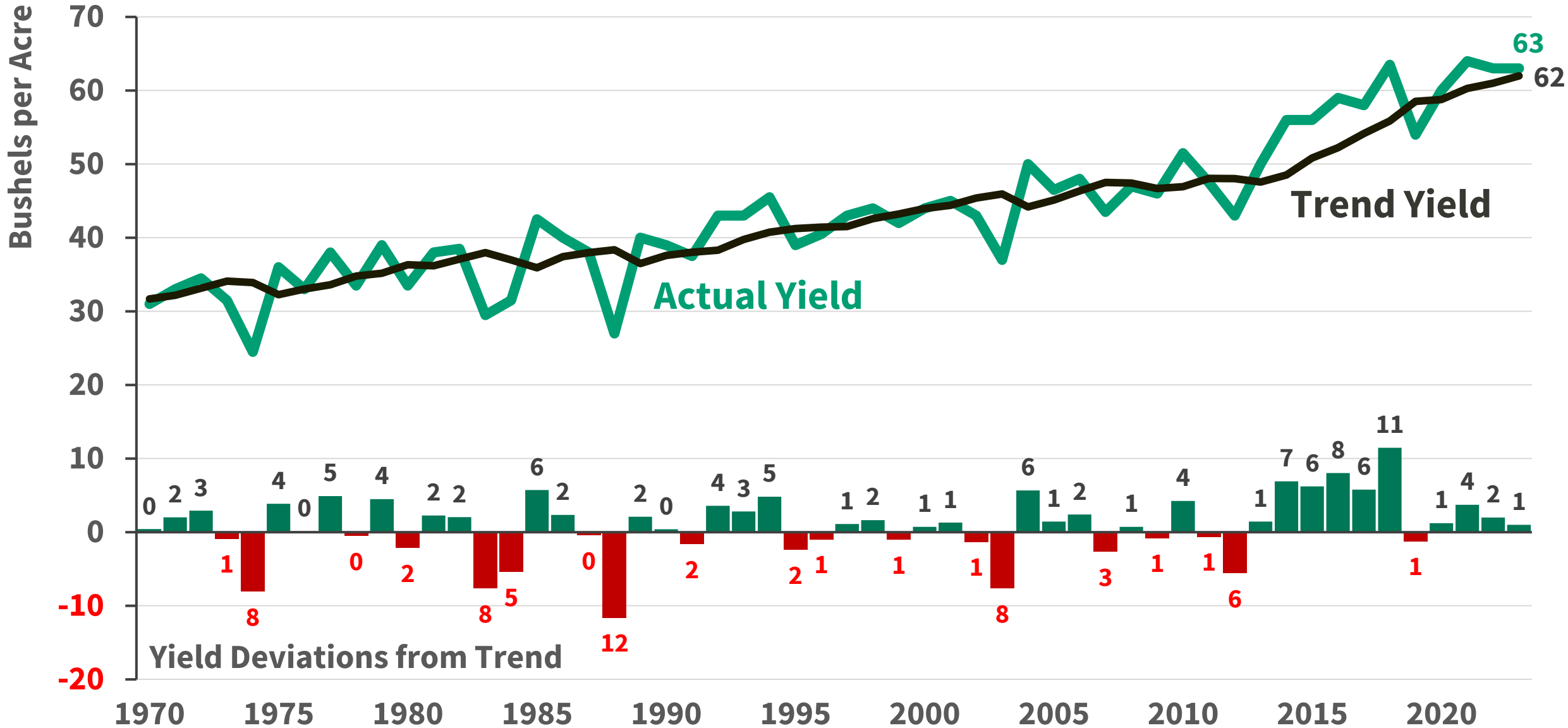


Illinois Corn Yields, 1970 to 2023





Illinois Soybean Yields, 1970 to 2023

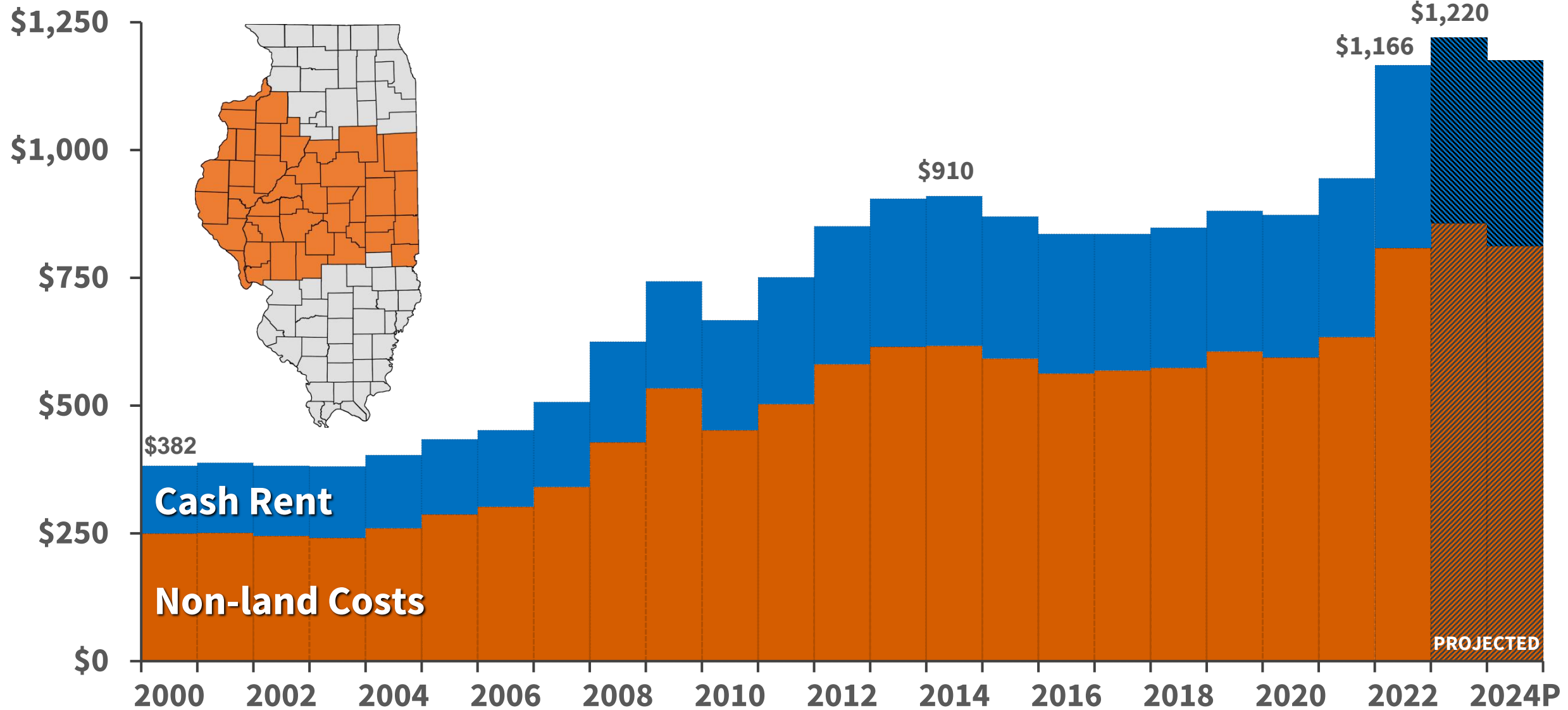


Costs, Returns and Income



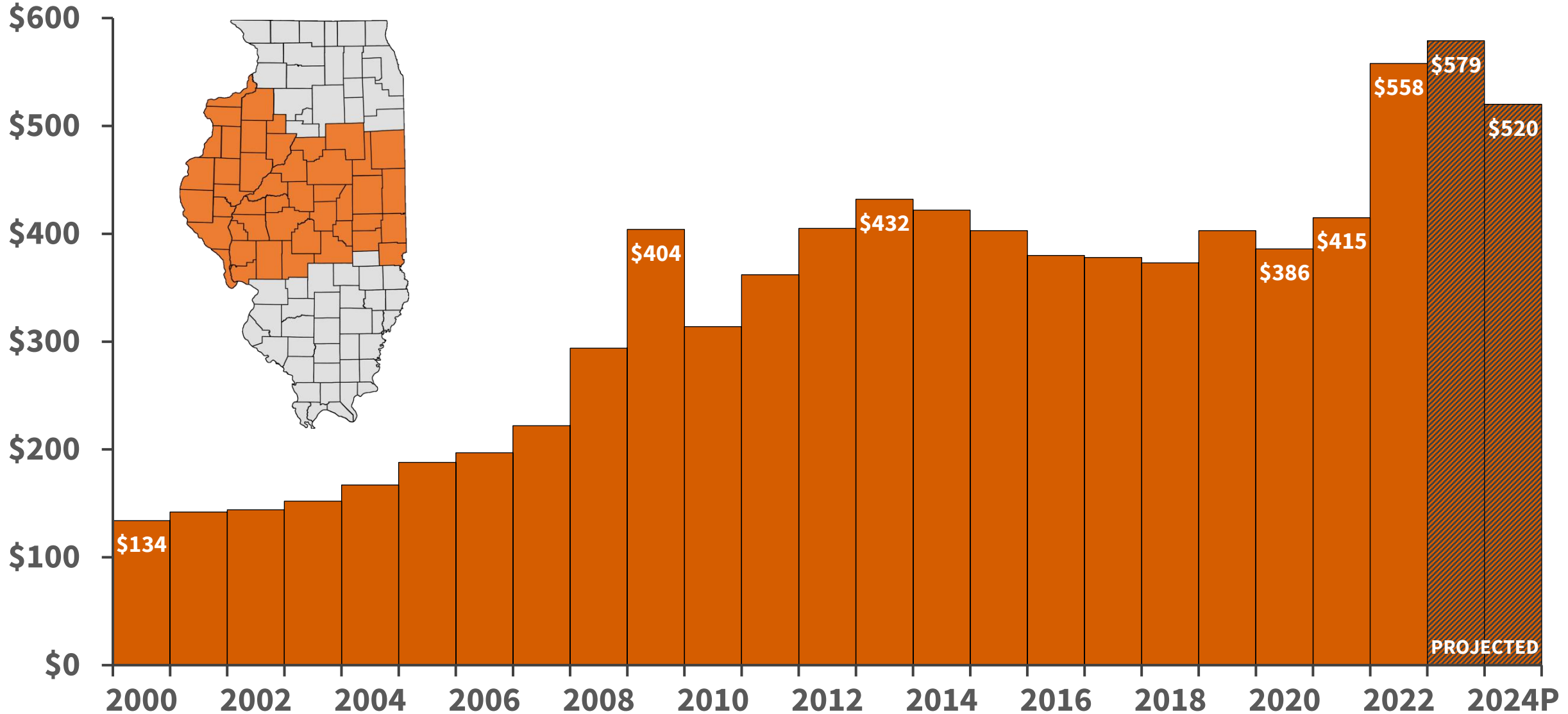
Total Costs of Producing Corn

for Central Illinois in \$ per acre



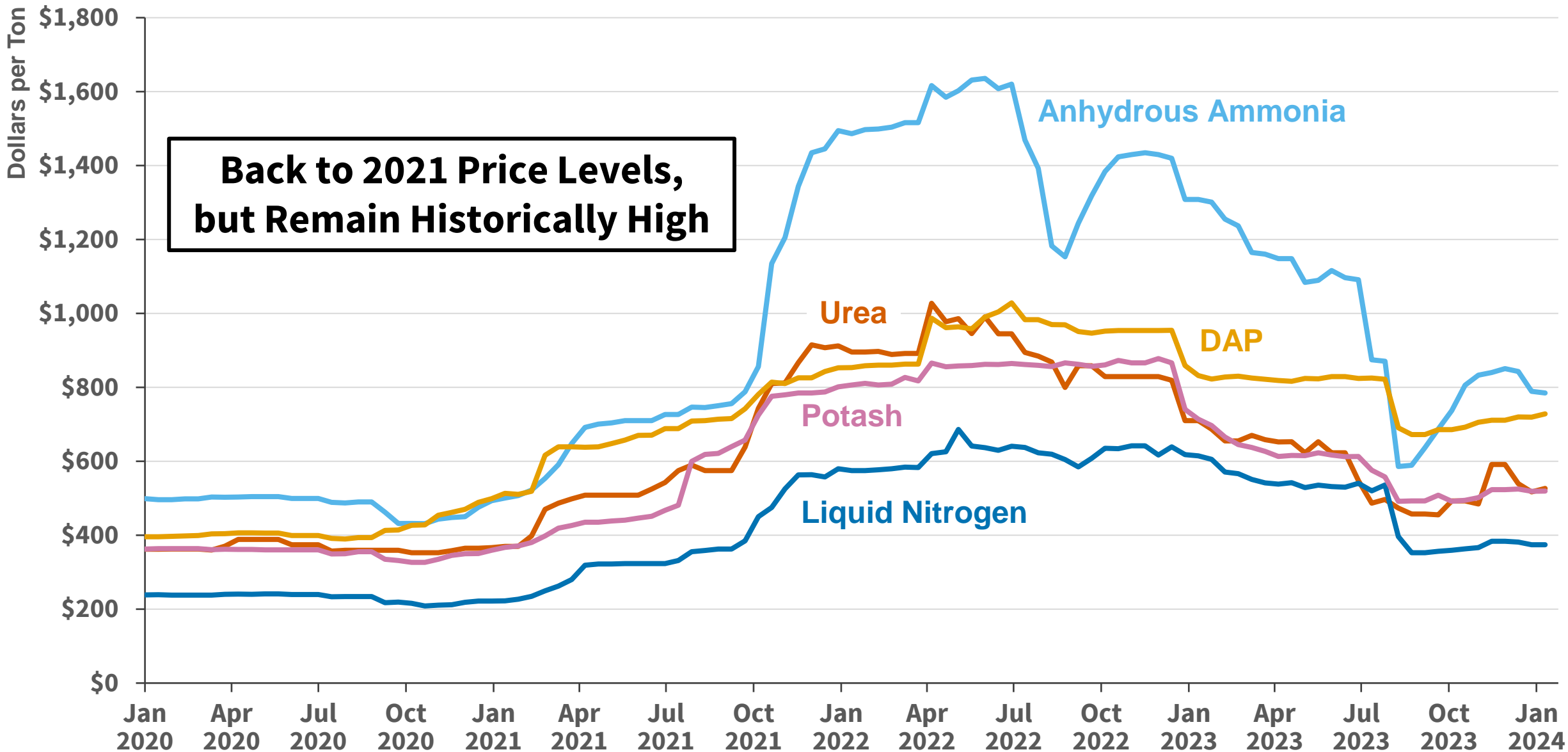
Total Direct Costs of Producing Corn

for **Central Illinois** in \$ per acre



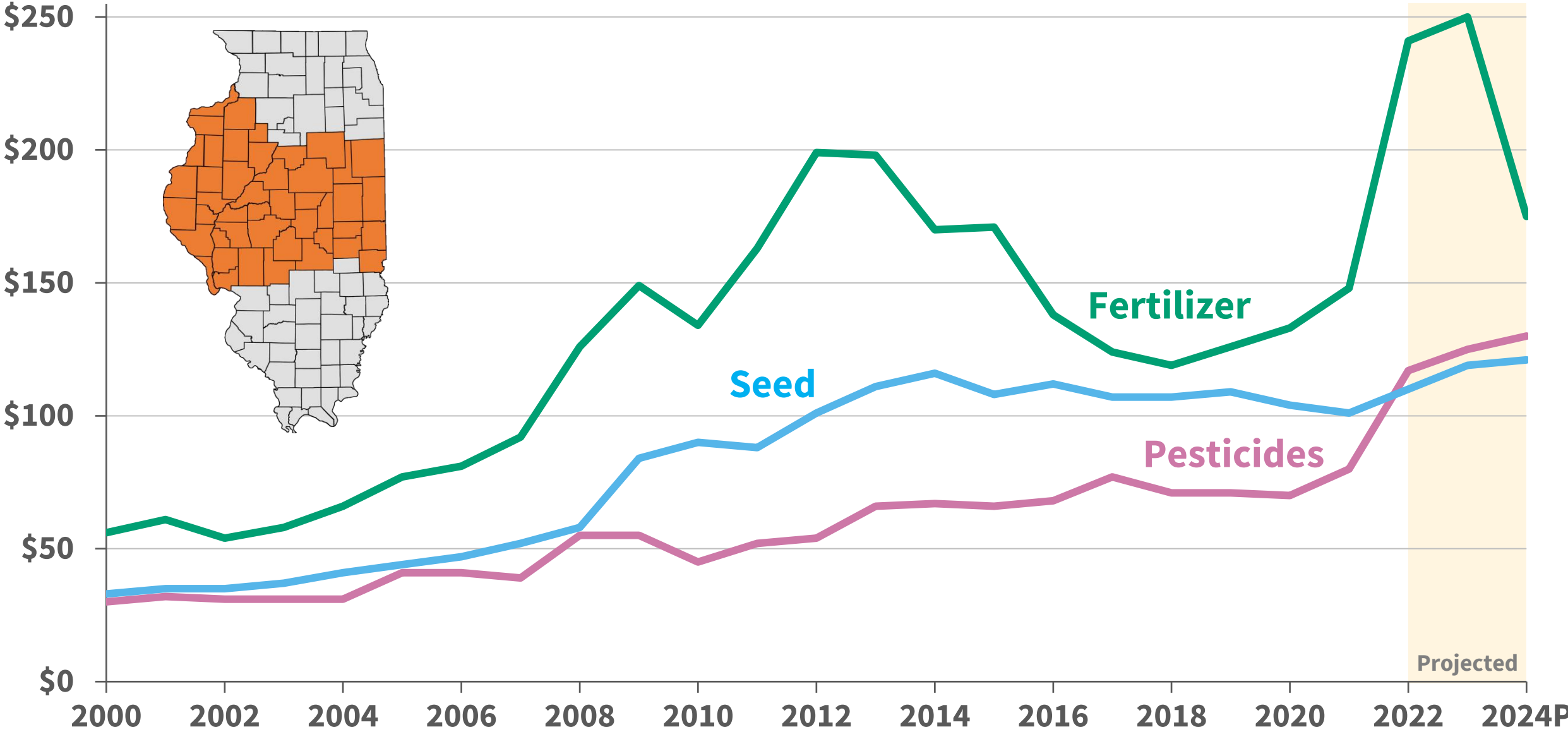
Illinois Production Cost Report from 2020 to Jan 11, 2024

AMS Livestock, Poultry and Grain Market News IL Dept. of Ag Market News



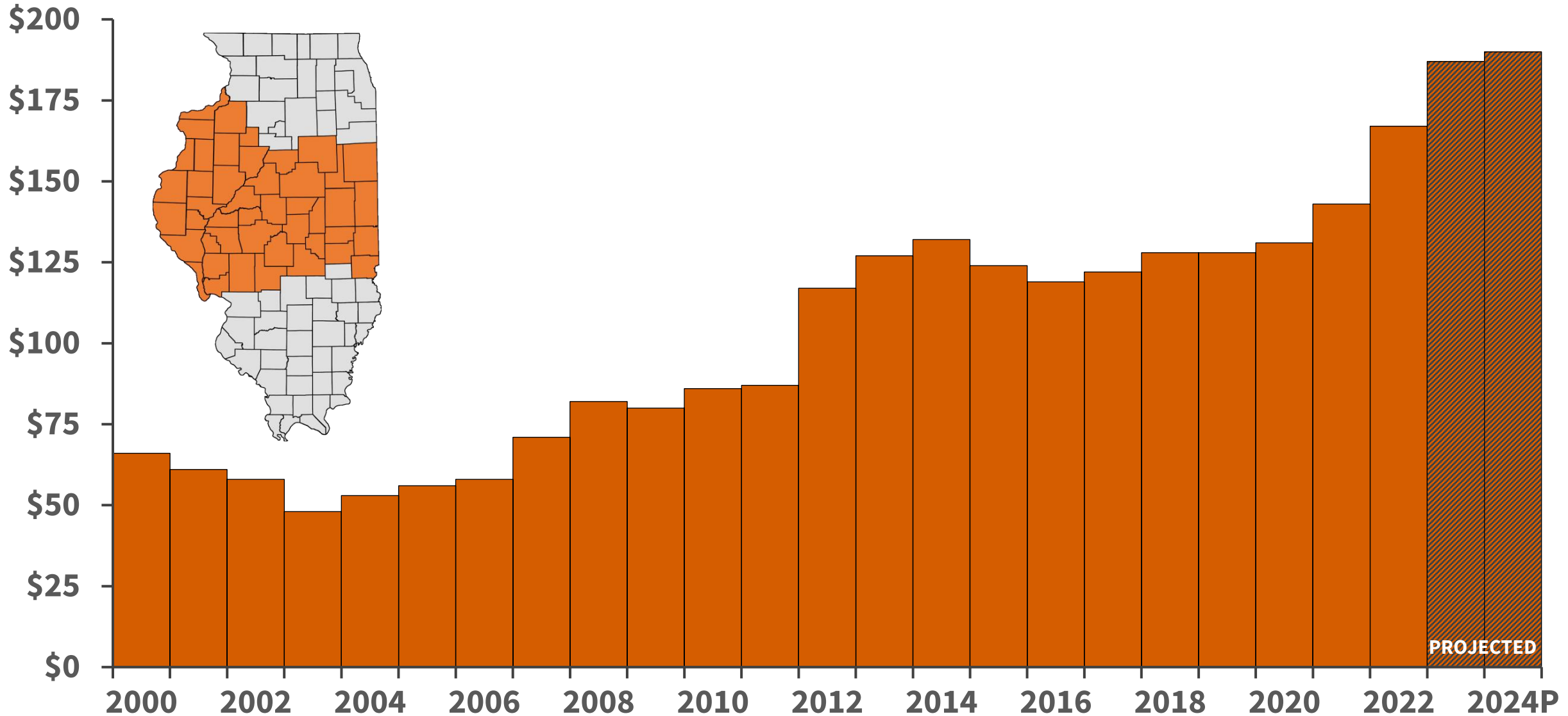
**Back to 2021 Price Levels,
but Remain Historically High**

Cost of Major Inputs, Central Illinois, \$ per acre



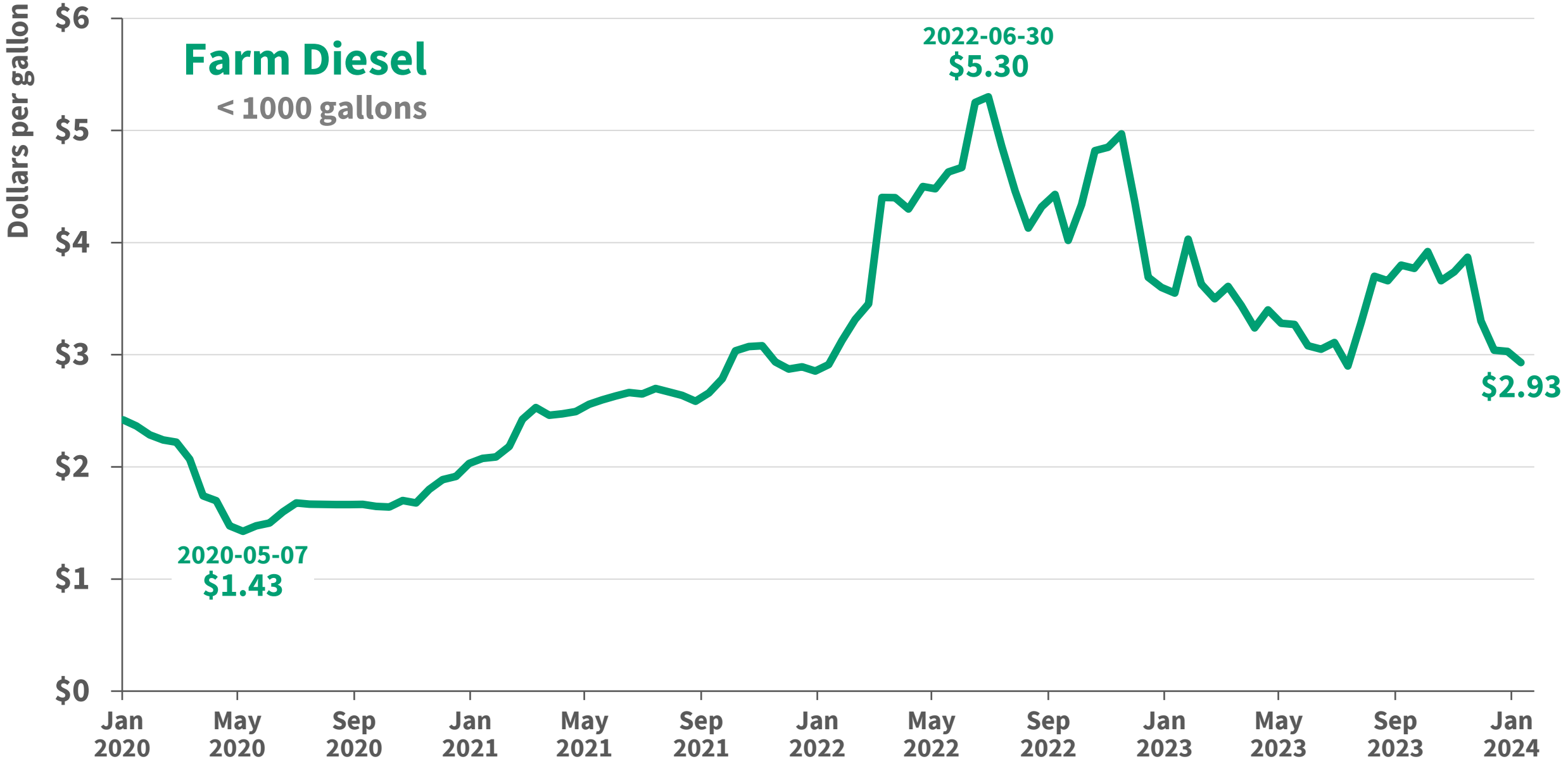
Total Power Costs of Producing Corn

for Central Illinois in \$ per acre



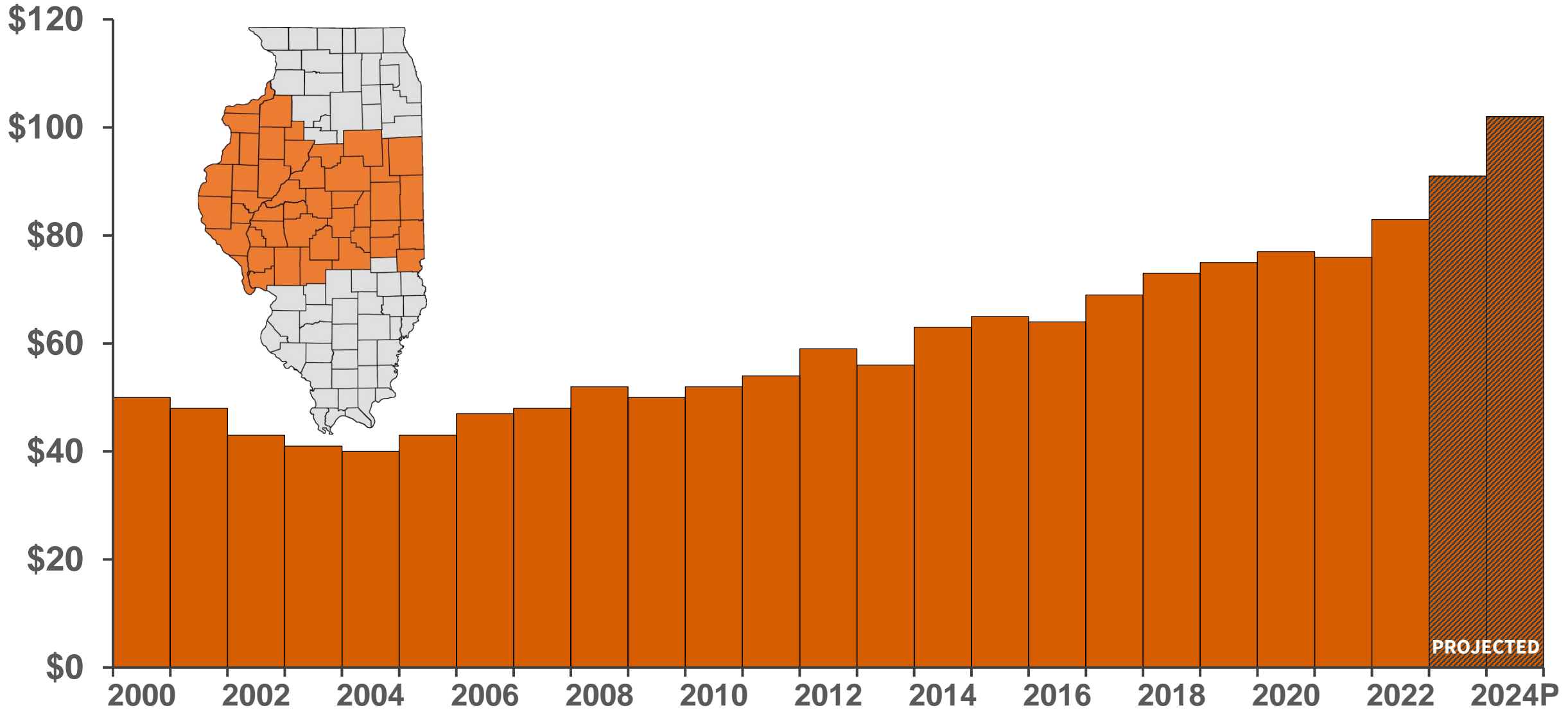
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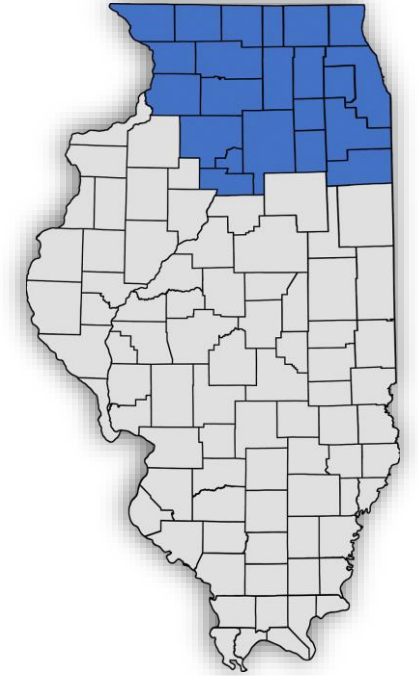
Total Overhead Costs of Producing Corn

for **Central Illinois** in \$ per acre



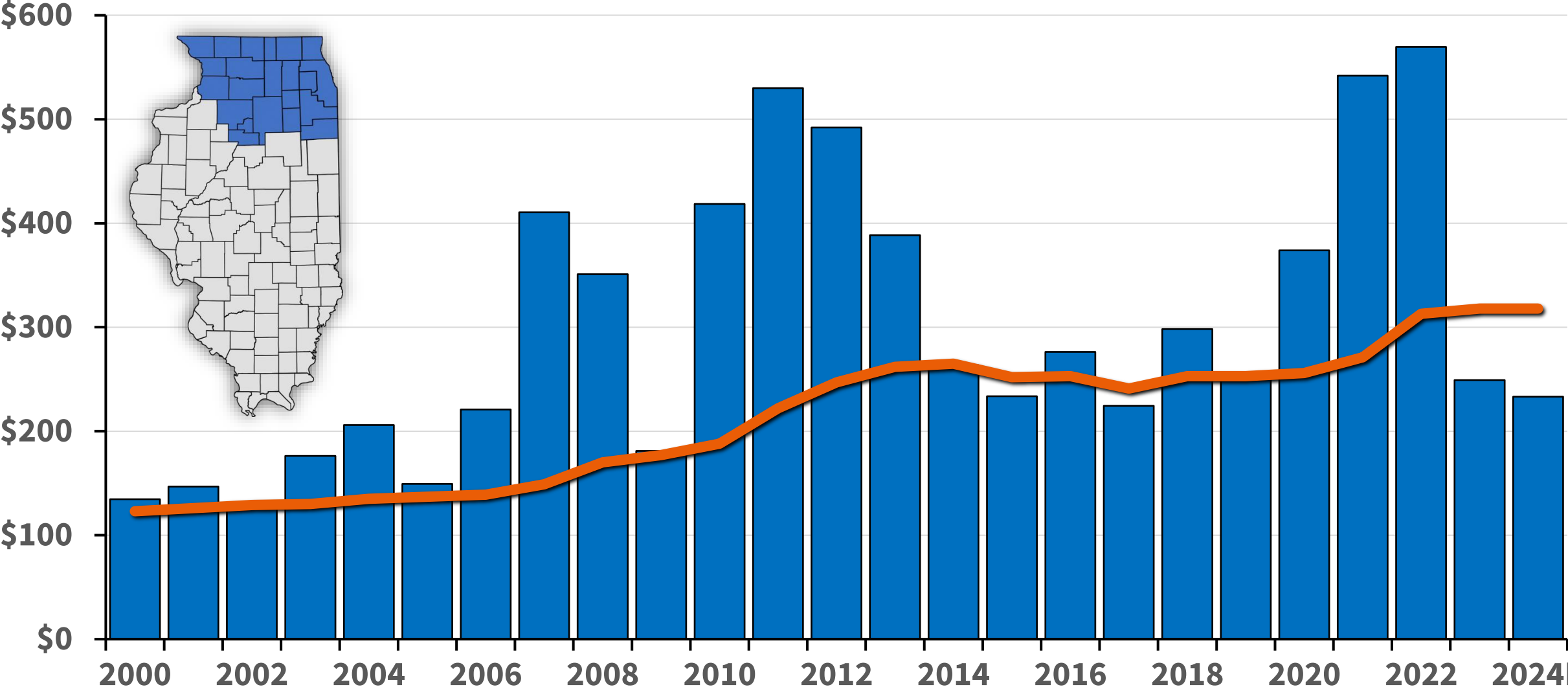
Corn and Soybean Budgets, Jan 2024

Northern Illinois



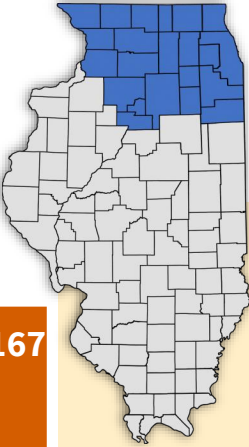
	Corn			Soybeans		
	2022	2023P	2024P	2022	2023P	2024P
Yield per acre	230	215	221	66	65	68
Price per bu	\$6.40	\$4.80	\$4.50	\$14.00	\$12.90	\$11.50
Gross revenue	\$1,474	\$1,038	\$995	\$928	\$839	\$782
Total direct costs	\$533	\$547	\$494	\$233	\$286	\$252
Total power costs	\$180	\$201	\$201	\$138	\$152	\$155
Total overhead costs	\$108	\$112	\$121	\$71	\$80	\$87
Total non-land costs	\$821	\$860	\$816	\$442	\$518	\$494
Operator and land return	\$653	\$178	\$179	\$486	\$321	\$288
Land costs	313	318	318	313	318	318
Farmer return	\$340	-\$140	-\$140	\$173	\$3	-\$30

Operator and Land Return and Cash Rent in \$ per acre Northern Illinois, 50-50 Corn-Soy Rotation



Crop Advantage by Year

Corn and Soybeans in Northern Illinois



Corn Advantage

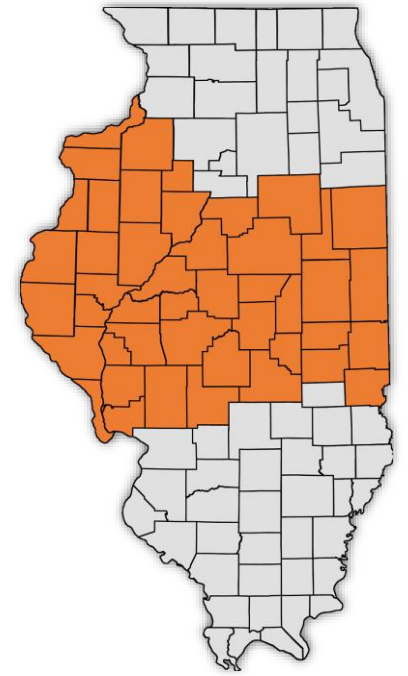


Soybean Advantage

2000 2002 2004 2006 2008 2010 2012 2014 2016 2018 2020 2022 2024P

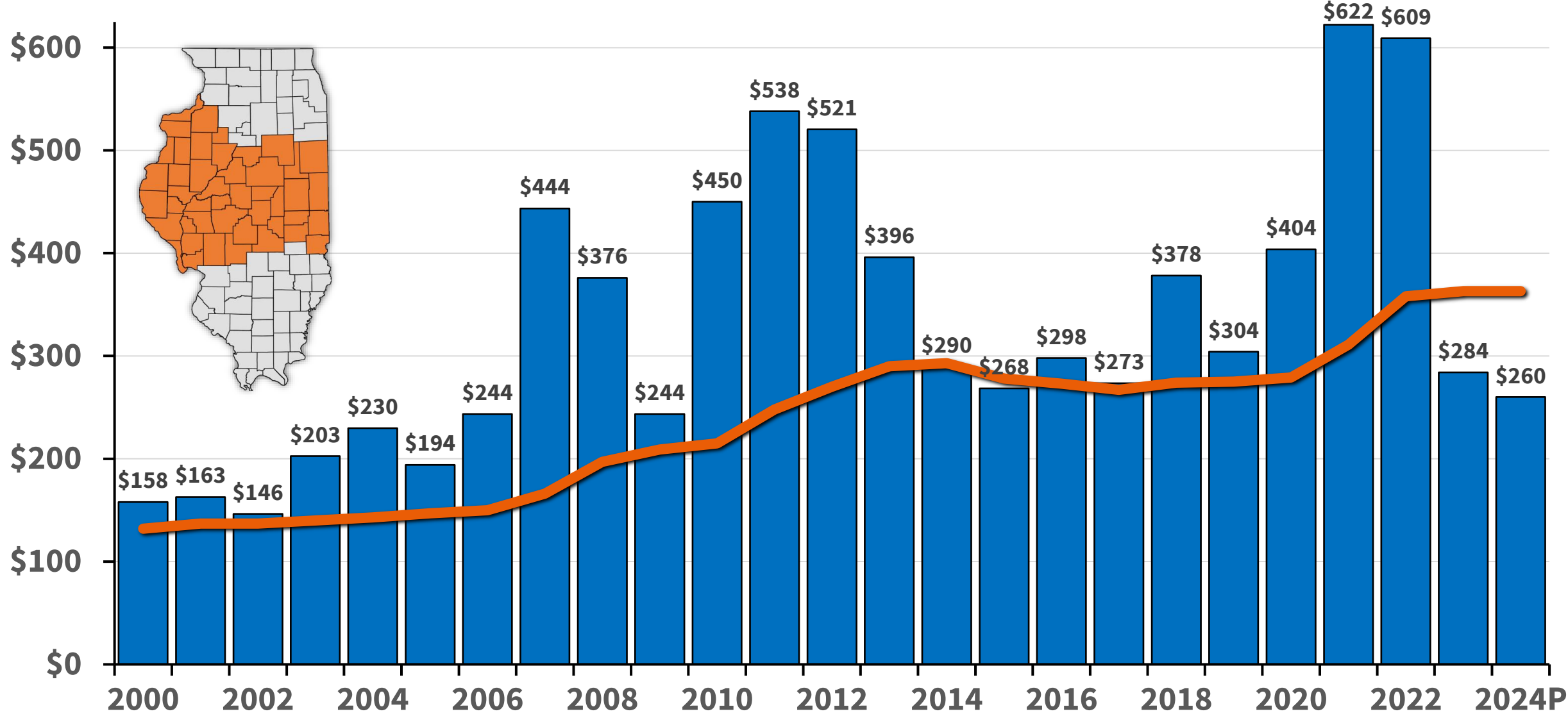
Corn and Soybean Budgets, Jan 2024

Central Illinois



	Corn			Soybeans		
	2022	2023P	2024P	2022	2023P	2024P
Yield per acre	235	222	227	71	69	72
Price per bu	\$6.40	\$4.80	\$4.50	\$14.00	\$12.90	\$11.50
Gross revenue	\$1,506	\$1,076	\$1,022	\$998	\$890	\$828
Total direct costs	\$558	\$579	\$520	\$252	\$295	\$261
Total power costs	\$167	\$187	\$190	\$149	\$161	\$165
Total overhead costs	\$83	\$91	\$102	\$77	\$84	\$91
Total non-land costs	\$808	\$857	\$812	\$478	\$540	\$517
Operator and land return	\$698	\$219	\$210	\$520	\$350	\$311
Land costs	358	363	363	358	363	363
Farmer return	\$340	-\$144	-\$154	\$162	-\$13	-\$52

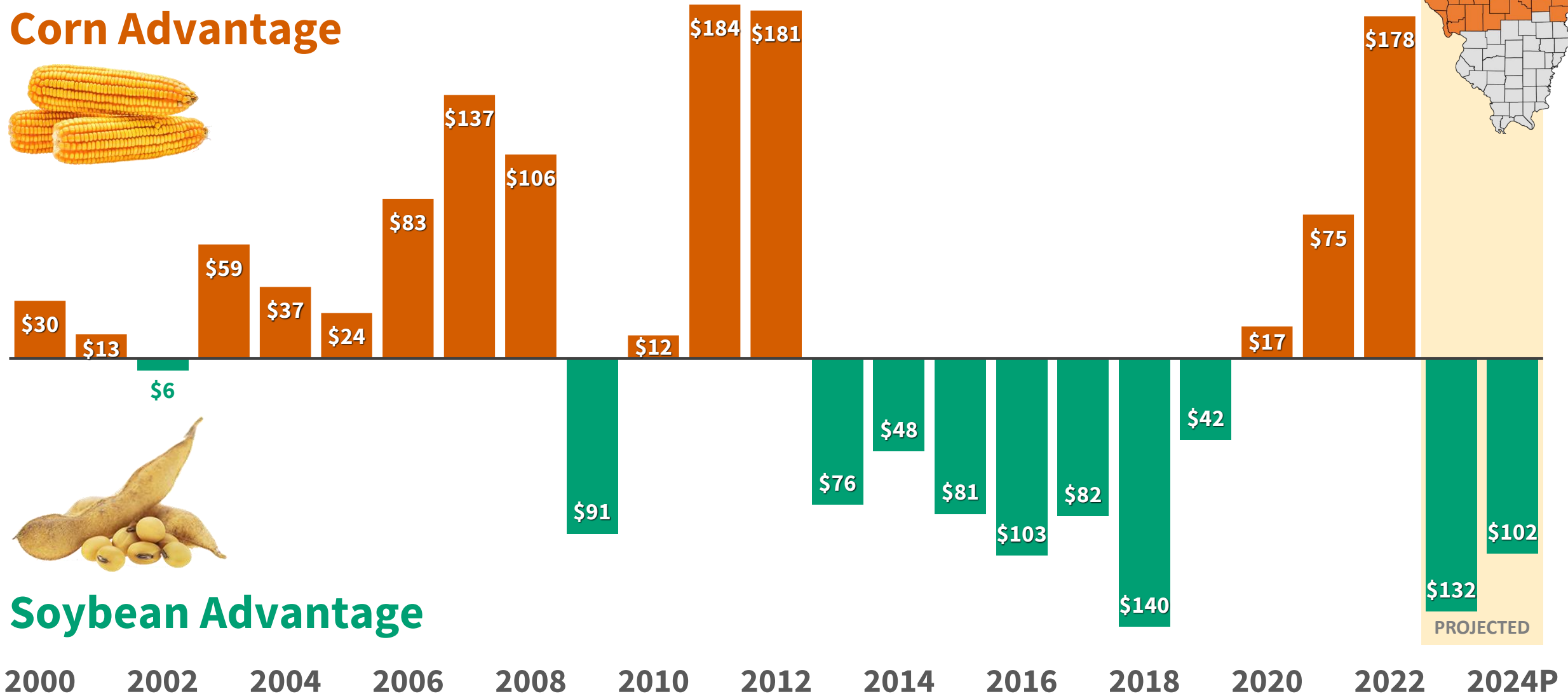
Operator and Land Return and Cash Rent in \$ per acre Central Illinois, 50-50 Corn-Soy Rotation



Crop Advantage by Year

Corn and Soybeans in Central Illinois

Corn Advantage



Soybean Advantage



2000 2002 2004 2006 2008 2010 2012 2014 2016 2018 2020 2022 2024P

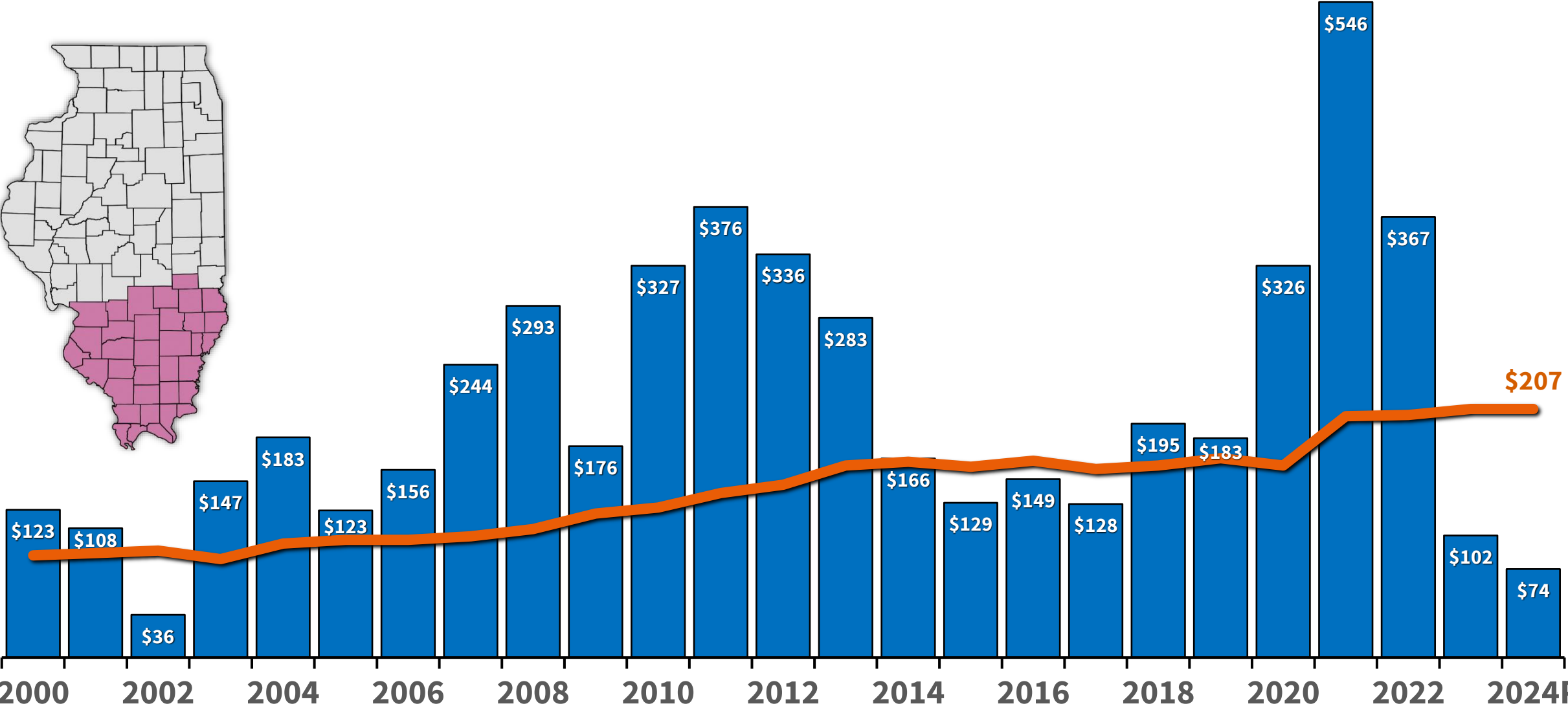
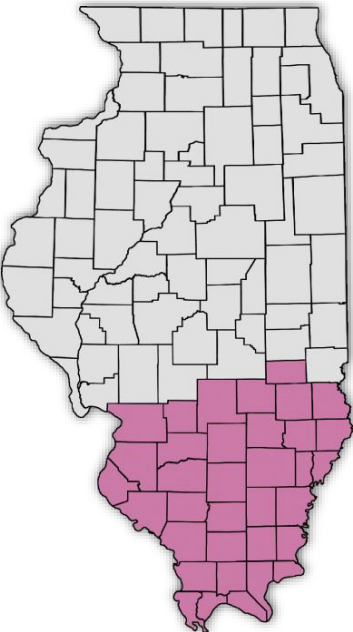
Corn and Soybean Budgets, Jan 2024

Southern Illinois



	Corn			Soybeans		
	2022	2023P	2024P	2022	2023P	2024P
Yield per acre	197	185	191	58	57	58
Price per bu	\$6.30	\$4.80	\$4.50	\$14.00	\$12.90	\$11.50
Gross revenue	\$1,247	\$898	\$860	\$824	\$735	\$667
Total direct costs	\$519	\$549	\$486	\$267	\$293	\$277
Total power costs	\$183	\$199	\$202	\$180	\$183	\$188
Total overhead costs	\$102	\$112	\$124	\$86	\$94	\$102
Total non-land costs	\$804	\$860	\$812	\$533	\$570	\$567
Operator and land return	\$443	\$38	\$48	\$291	\$165	\$100
Cash rent	202	207	207	202	207	207
Farmer return	\$241	-\$169	-\$160	\$89	-\$42	-\$107

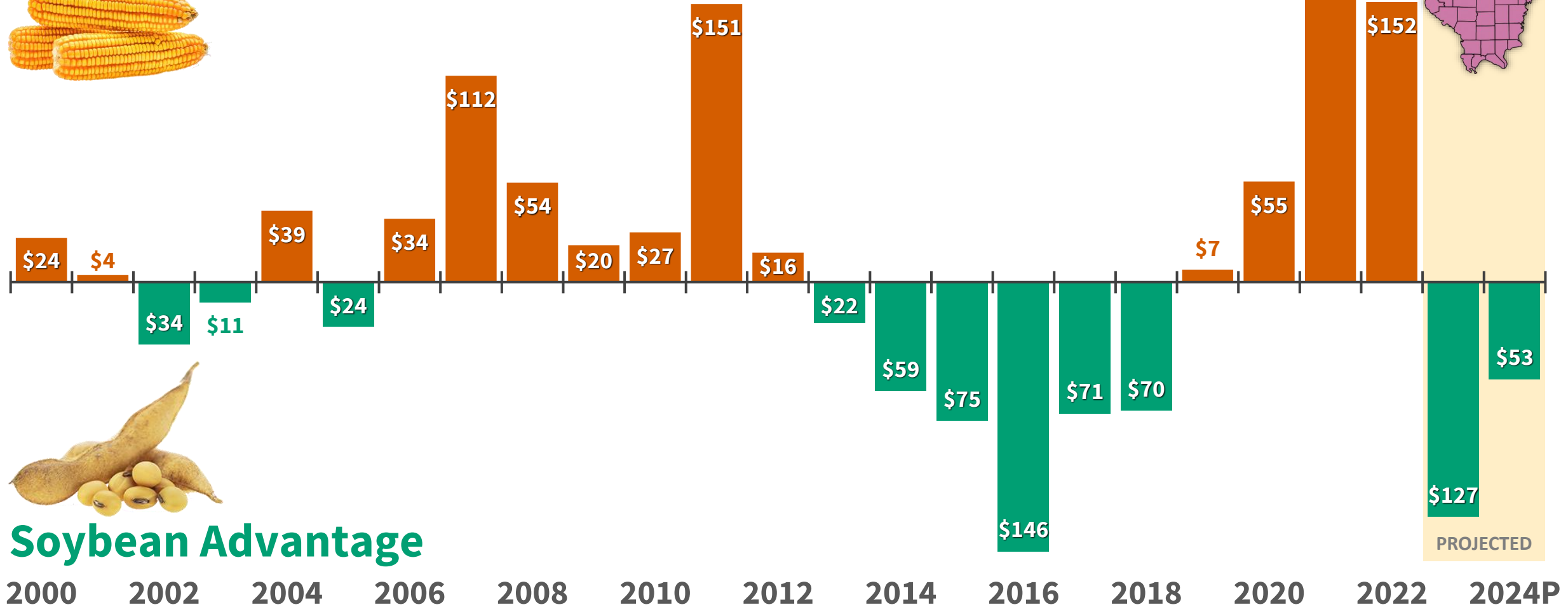
Operator and Land Return and Cash Rent in \$ per acre Southern Illinois, 50-50 Corn-Soy Rotation



Crop Advantage by Year

Corn and Soybeans in Southern Illinois

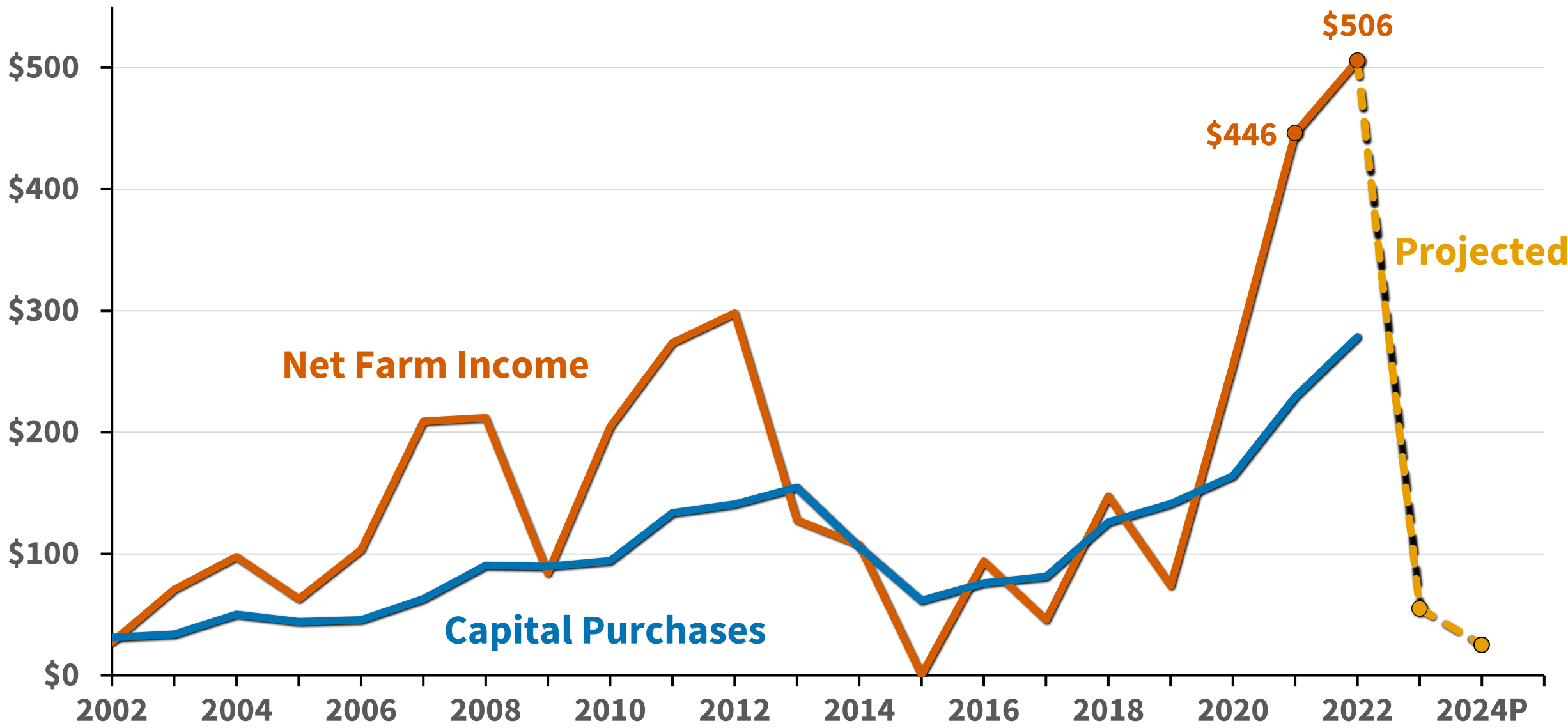
Corn Advantage



Soybean Advantage

Net Farm Income, and Capital Purchases

on Grain Farms (in \$1,000) Enrolled in Illinois FBFM

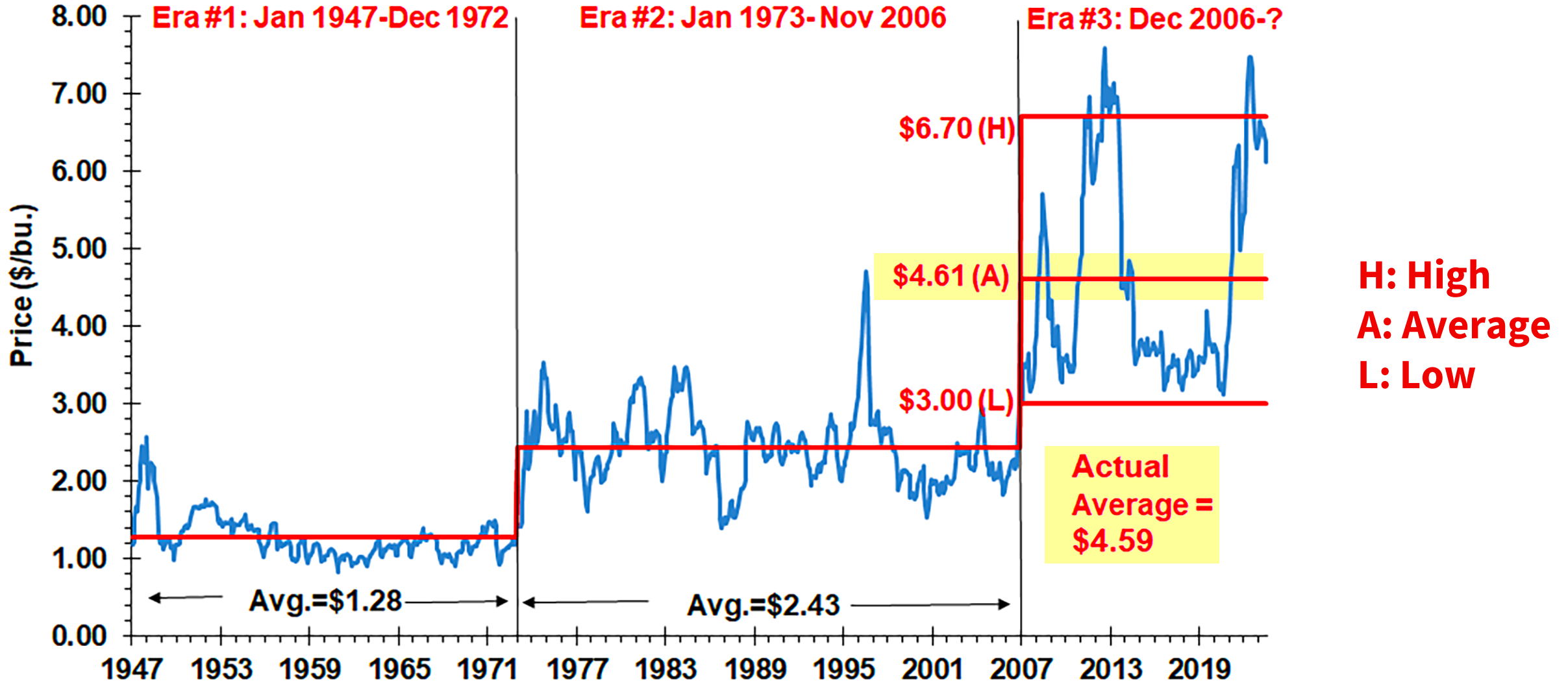


Looking Ahead



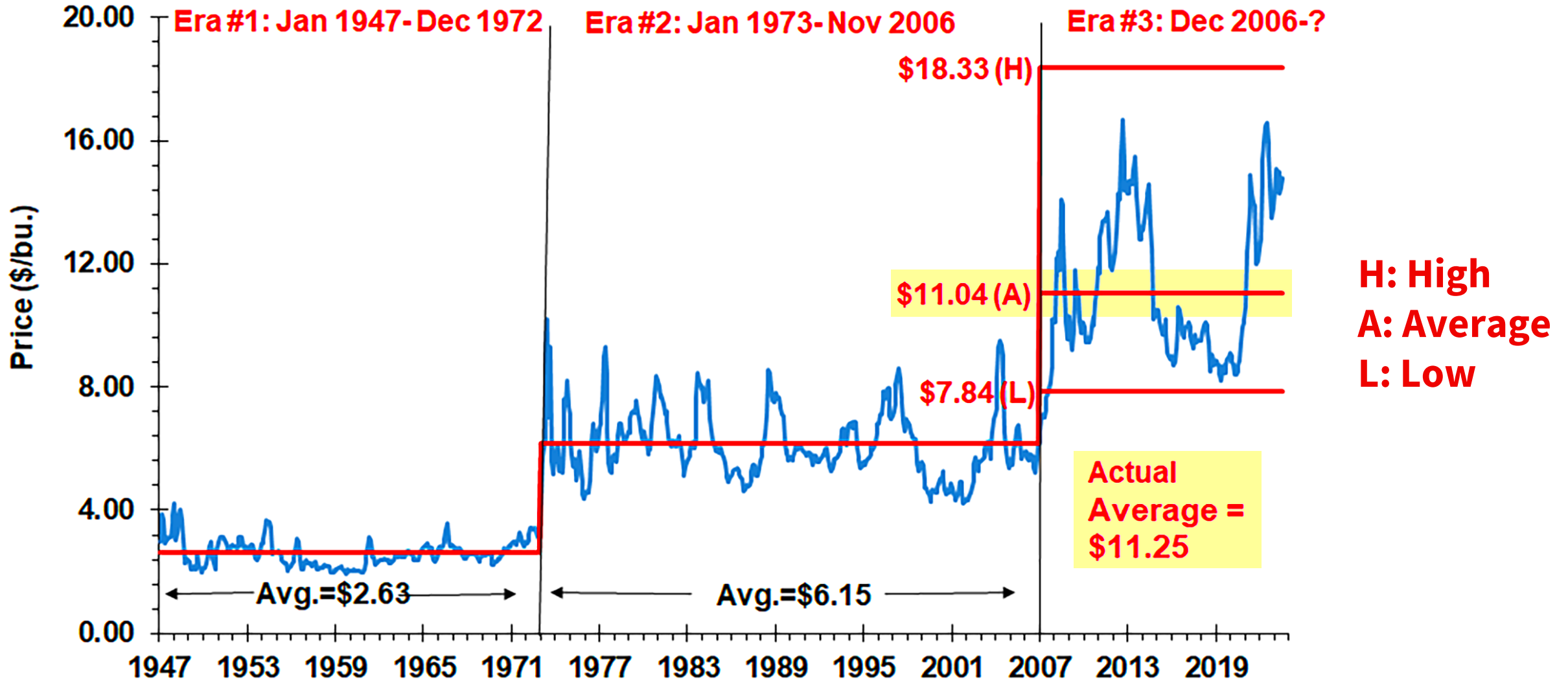
Longer-term Planning Prices: Corn

Monthly Farm Price of Corn in Illinois,
January 1947 - July 2023 and Projected Future Range



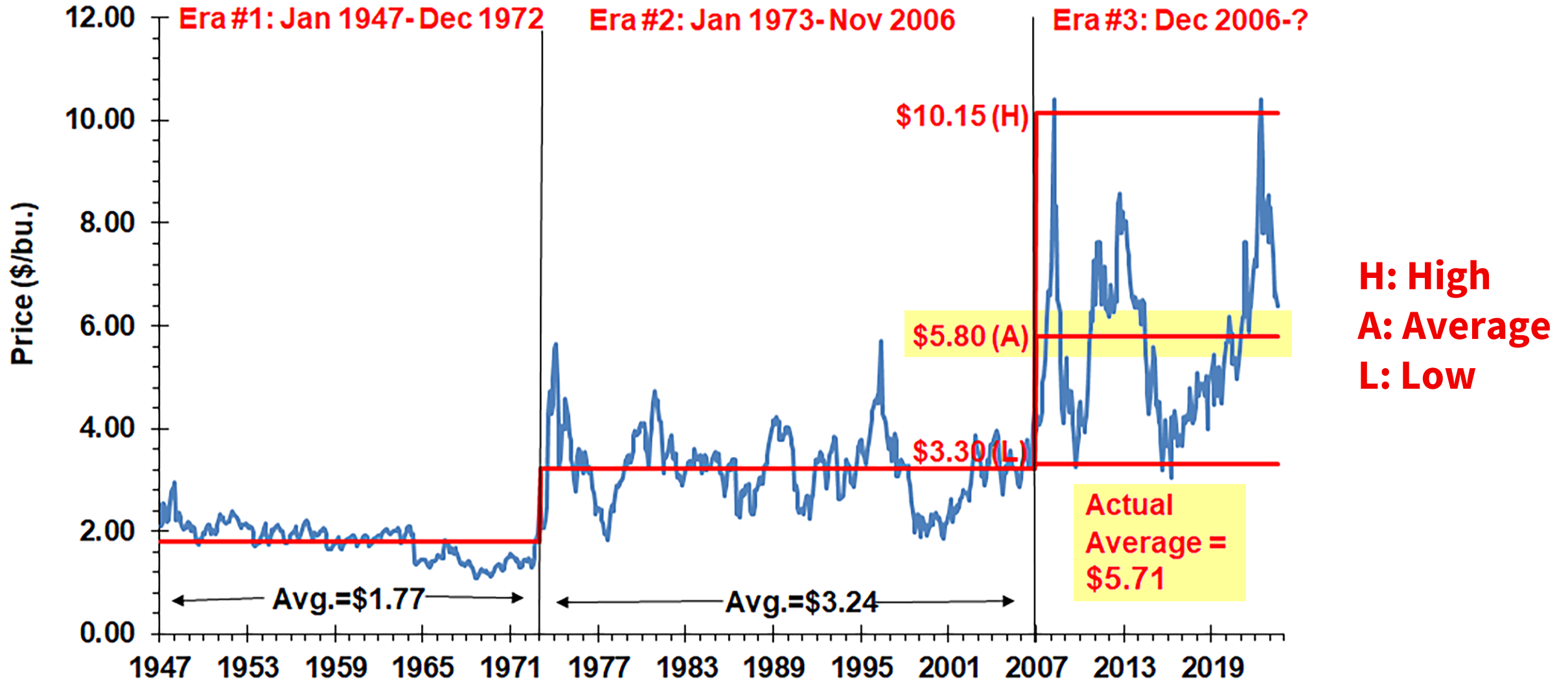
Longer-term Planning Prices: Soybeans

Monthly Farm Price of Soybeans in Illinois,
January 1947 - July 2023 and Projected Future Range



Longer-term Planning Prices: Wheat

Monthly Farm Price of Wheat in Illinois,
January 1947 - July 2023 and Projected Future Range



Considerations and strategies for 2024+

- **Direct/input costs**
 - Some relief on fertilizers, economics of pesticide applications
- **Power costs**
 - Capital purchases, machinery needs/sizing, harvest and tillage efficiencies
- **Overhead**
 - High(er) interest rates and labor challenges here to stay
- **Land**
 - Given current projections, adjustments likely needed
 - Communication is key, consider variable cash lease designs
- **Risk Management**
 - Crop insurance
 - Commodity programs
 - Ad hoc support.....

Considerations and strategies for 2024+

- Perspective is key after last 2-3 years
- Characteristics of more profitable farms over time
 - **Cost control**
 - Capital Purchases
 - Family Living
 - **Financial knowledge and organization**
 - Financial statements
 - Know your cost of production
 - **Marketing**
 - Hitting market highs not a long-run success strategy
 - Take advantage of profitable sales opportunities

Upcoming 2024 IFES Webinars

January 25

Macro and Farm Financial Update

February 1

South America's Crop Production Under the El Niño Influence

February 8 at 2 pm

Grain Market Outlook

February 15

Farm Policy: Current State & A Look Ahead

February 22

The Renewable Diesel Boom: What Does the Future Look Like?



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Cultivating Caution

A Monthly Guide to Farm Safety & Health



A monthly webinar series
from farmdoc and the
UIUC Agricultural Safety
& Health Program.

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