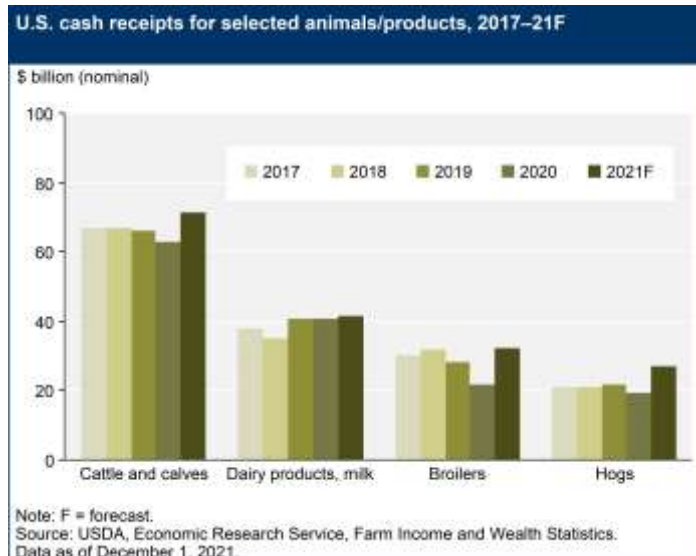
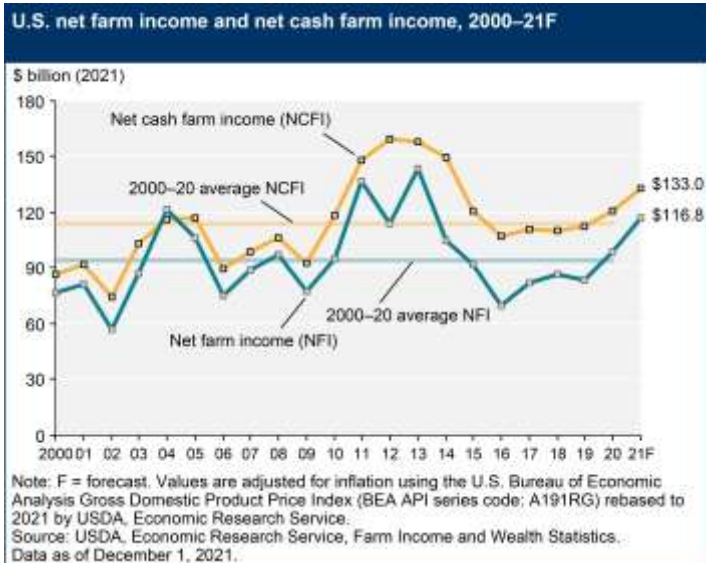


Last week USDA Economic Research Service (ERS) released the [Farm Sector Income & Finances: Farm Sector Income Forecast](#) report for 2021. The report notes that net farm income is forecast at \$116.8 billion for 2021, an increase of \$22.0 billion (23.2%) over 2020. According to the report, 2021's net farm income would be the highest level since 2013. Net cash farm income is forecast at \$133.0 billion, a \$17.0 billion dollar (14.7%) increase from last year and the highest since 2014. Direct government payments are expected to decrease 40.4% (\$18.5 billion) from 2020 to a forecasted \$27.2 billion for 2021.

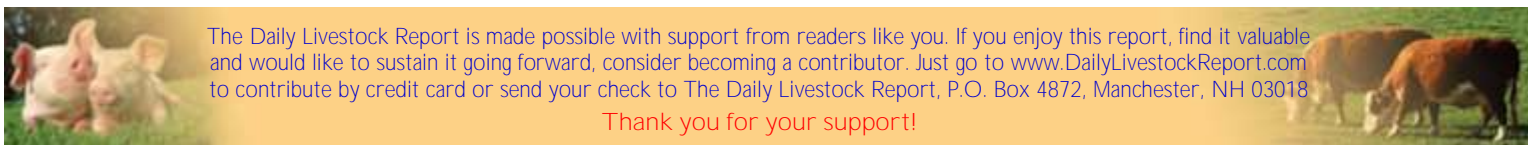
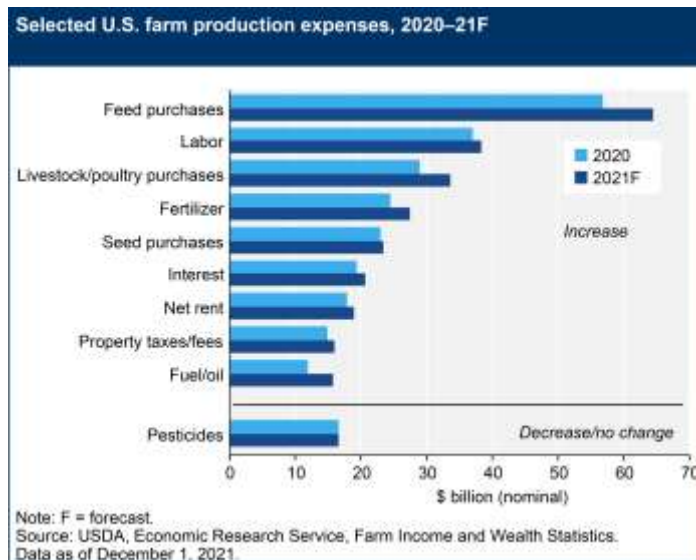


purchases are forecast at \$33.5 billion, up 15.6% or \$4.5 billion from 2020.

Cash receipts for corn, soybeans, and hay are forecast at \$71.1, \$50.2, and \$8.8 billion for 2021, respectively, up 52.4%, 20.8%, and 20.1% from last year. According to the report, the rise in corn cash receipts are due to higher expected prices and quantities while soybeans rise is because of the expected growth in prices. Expenses for fertilizer, lime, and soil conditioners are expected to be \$27.5 billion, an increase of 12.5% or \$3.1 billion from 2020.

Total animal/animal product cash receipts are forecast at \$194.3 billion for 2021, a 17.7% (\$29.3 billion) increase over 2020. According to the report, “growth in receipts is forecast for all major animal/animal products, with the largest increases expected for broilers, cattle and calves, and hogs.” Cattle and calves are forecast at \$71.4 billion, up 13.2% from 2020 and the highest level since 2015. Hogs are expected to increase 40.1% over last year to \$26.9 billion, just above 2014’s cash receipts of \$26.5 billion. Broiler cash receipts are forecasted to increase 48.6% to \$32.2 billion, the highest level in seven years. Cash receipts for dairy products are forecast at \$41.7 billion, up 2.8% from 2020.

From the report, “farm sector production expenses—including expenses associated with operator dwellings—are forecast to increase by \$29.8 billion (8.3 percent) from the previous year in nominal terms to \$387.6 billion in 2021.” Specifically, feed expenses are forecast at \$64.4 billion, up \$7.6 billion (13.4%) from 2020 and slightly above 2014 which was \$63.7 billion. The increase in feed expenses are based on higher prices for feed commodities, according to the report. Livestock and poultry



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