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Rural & Farm Finance Policy Analysis Center
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Spring 2025 North Dakota Farm Income Outlook

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May 25, 2025

CAPTS Report 2025-04 & RaFF Report 2025-9

Recommended citation format: Plastina, M., Wongpiyabovorn, O., Palange, K., and S. Steinbach, "Spring 2025 North Dakota Farm Income Outlook." Joint CAPTS Report 2025-04 & RaFF Report 2025-9, Center for Agricultural Policy and Trade Studies, North Dakota State University, and Rural and Farm Finance Policy Analysis Center, University of Missouri, May 25, 2025.

In February 2025, the U.S. Department of Agriculture (USDA)'s Economic Research Service (ERS) released state-level farm income estimates through calendar year 2023 and national farm income projections through calendar year 2025. The present report, published by the Rural and Farm Finance Policy Analysis Center (RaFF) and the Center for Agricultural Policy and Trade Studies (CAPTS) at North Dakota State University (NDSU), provides an updated outlook for North Dakota farm income in calendar year 2025 and a first outlook for calendar year 2026. It aims to inform policymakers, industry analysts, and agricultural practitioners about the expected profitability of the state's agricultural sector and its key drivers.

What methods were used to develop the outlook?

The RaFF Farm Income Model consists of a collection of equations calibrated using historical data from the USDA's ERS, Risk Management Agency, and Farm Service Agency. RaFF's state-level forecasts are obtained by feeding national and regional projections from the Food and Agricultural Policy Research Institute at the University of Missouri (FAPRI-MU 2025) to the RaFF model. Published results incorporate adjustments based on the latest Prospective Plantings report (USDA/NASS, 2025), as well as expert insights from RAFF and CAPTS economists.

How is farm income measured?

Following the ERS methodology (USDA/ERS 2025a), net cash farm income is calculated based on cash receipts, government payments, and insurance indemnities minus cash expenses in the calendar year when the cash flow occurs. Net cash farm income is adjusted by non-cash income and expenses and changes in inventory values to obtain a net farm income (NFI) measure.

National Farm Income Trends

In February 2025, the ERS projected that U.S. NFI would increase by 30% in nominal terms from $139 billion in 2024 to $180 billion in 2025 (USDA/ERS 2025b). A $33 billion increase in direct government

payments—to provide financial relief after a farm income downswing in 2024—is the major driver of this projected improvement in NFI, followed by a projected $6.9 billion decline in intermediate product purchases (feed, fertilizer, lime, and soil conditioners, and pesticides). Cash receipts from crops were expected to drop by $5.6 billion, while cash receipts from animals and animal products were expected to increase by $4.3 billion in 2025. A smaller decline in crop and livestock inventory values in 2025 compared to 2024 will support a $6.5 billion higher NFI in 2025. Higher labor costs and net rent to landlords would reduce NFI by $2.8 billion.

In April 2025, FAPRI projected that U.S. NFI would increase by 29% in inflation-adjusted terms from $143 billion in 2024 to $180 billion in 2025 (FAPRI-MU 2025). In agreement with ERS projections, the main driver of NFI will be government payments, totaling $42.35 billion in 2025, which is $33 billion higher than in 2024, intended to offset farm losses from recent years. Similarly, FAPRI projections indicate higher labor costs and net rents to landlords, as well as lower crop cash receipts (reducing NFI), alongside higher livestock cash receipts and slower declines in inventory values (increasing NFI) in 2025 compared to 2024.

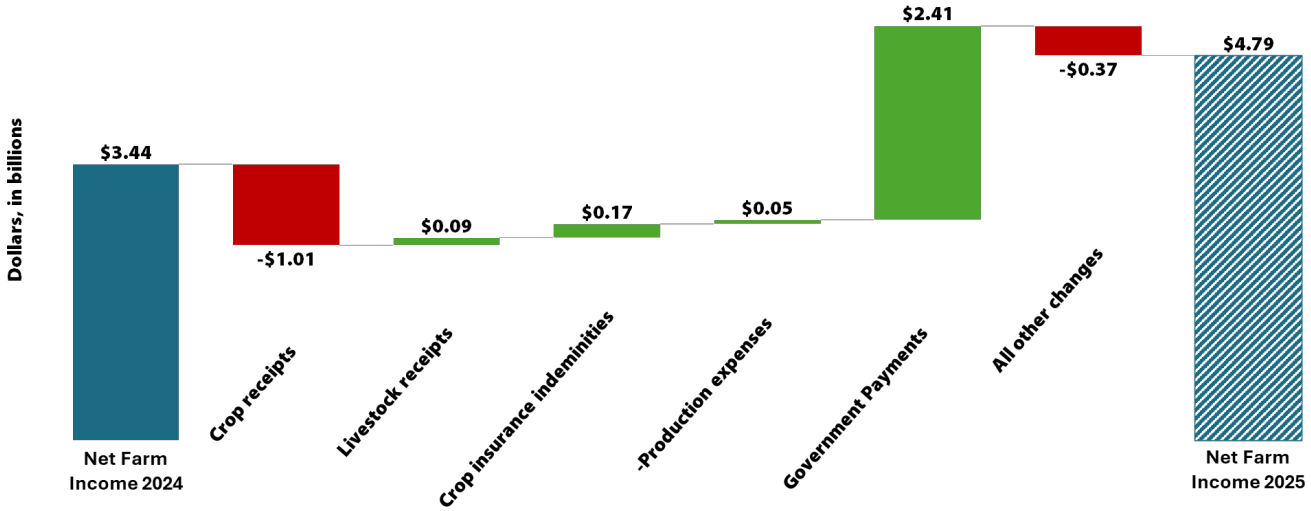
On the same week when the FAPRI projections were published, USDA issued the 2025 Prospective Plantings report (USDA/NASS 2025), showing corn area at levels consistent with FAPRI projections (5% higher than in 2024), but lower soybean, wheat and cotton area (4%, 2%, and 12% lower than in 2024, respectively).

The present North Dakota Farm Income Outlook by RaFF and CAPTS incorporates information from USDA/ERS (2025b), FAPRI-MU (2025), and USDA/NASS (2025), but it does not fully account for the impact of tariff announcements.

North Dakota Farm Income in 2025

RaFF and CAPTS project North Dakota's NFI to reach a 3-year-high of $4.79 billion in 2025, up $1.35 billion (39%) from 2024. The expansion in North Dakota's 2025 NFI is due to sizable increases in direct government payments, which Congress authorized to mitigate the effects of economic and disaster-related losses that farms recorded in recent years, including 2024. Direct government payments are projected to total $3.0 billion, $2.4 billion higher than in 2024.

Figure 1. Net farm income is set to sharply rise in 2025

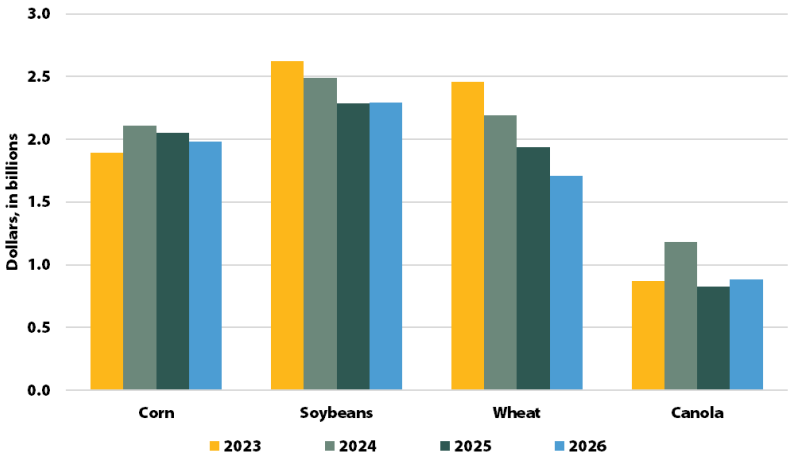


This additional income would more than offset a $879 million decline (-7%) in projected total farm receipts, resulting from a $1 billion drop in crop cash receipts (-10%), a $92 million increase in livestock receipts (5%), and a $294 million reduction in inventory values. North Dakota's NFI increase is also supported by a projected $173 million rise (25%) in crop insurance indemnities. Production expenses are expected to remain stable at high levels. Compared to the 2025 national NFI estimated by USDA/ERS (2025b), **the projected 39% increase in North Dakota's 2025 NFI would be greater than the national average of 30%.**

North Dakota Crops

- Field crop area is expected to decline by 216,000 acres (-1%) in 2025. However, **total cash receipts from crops are expected to decline by 10% in 2025, to $8.83 billion**—the lowest level since 2022—mainly due to lower receipts from canola, wheat, soybeans, and corn. In 2026, crop receipts are projected to decline by 2% due to lower receipts for wheat and corn.

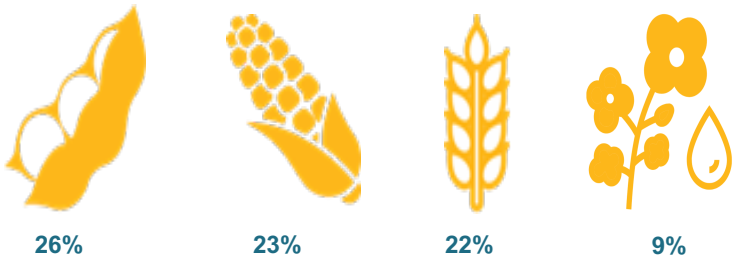
Figure 2. Crop receipts to decrease by 10% in 2025



- **In 2025, soybean receipts dip by $201 million (-8%)**, driven by reductions in production and lower receipts from the 'old' crop (i.e., soybeans harvested in 2024 and sold in 2025 are projected to generate lower revenues than soybeans harvested in 2023 and sold in 2024). Higher production areas and lower prices are anticipated in 2026, resulting in stable soybean receipts.
- **Corn cash receipts are expected to decrease by 3% to $2.05 billion in 2025**, as the effect of lower prices offsets the impact of a larger crop. Corn receipts are expected to continue declining in 2026, primarily due to a projected decrease in corn acreage.
- The combination of lower yields (following a record-high average of 57 bushels per acre in 2024) and a 215,000-acre reduction in planted area results in **projected wheat cash receipts dropping by $255 million (-12%), reaching $1.94**

Figure 3. 2025 share of crop receipts

(listed in order of receipt value)



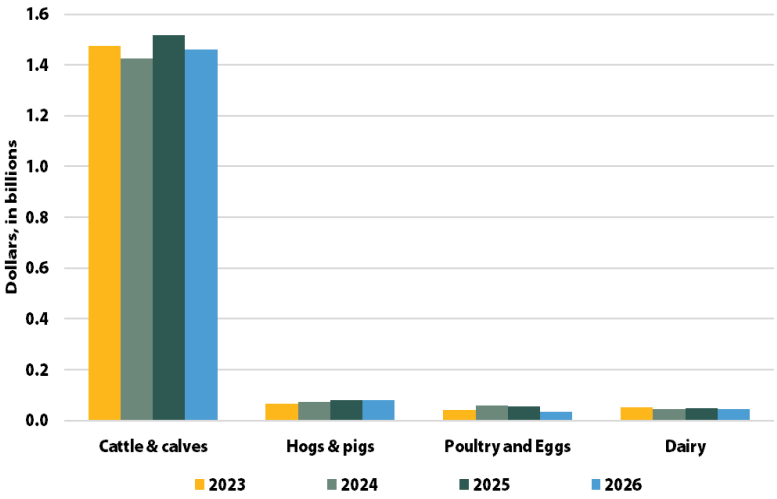
billion in 2025. A further decline in wheat receipts is forecast for 2026, resulting from lower average prices and production levels.

- **Canola cash receipts are projected to decline 30% to $824 million in 2025**, following a record production and sales year in 2024 that left virtually no beginning canola inventories in 2025.

North Dakota Livestock

- **North Dakota's cattle inventory at the beginning of 2025 was only 1% higher than a year earlier**, when it reached its lowest value since 2015, due to the impact of severe drought on forage and water availability.
- Record-high steer prices and recovering marketing are projected to push **cattle cash receipts up by $89 million (6%) to a record of $1.52 billion**. However, 2026 cattle receipts are expected to fall as the quantity effect from lower beginning inventories and marketings offsets the impact of increasing fed steer prices.

Figure 4. Livestock receipts gain 5% in 2025



- Despite accounting for a small share of total receipts, **hog and pig receipts are projected to jump by $6 million (8%), reaching a record of $81 million in 2025**. This rise would be driven by a higher beginning stock, a larger pig crop, an 8% increase in total marketings, and relatively stable prices.
- **Combined cash receipts for dairy, poultry, and eggs are forecast to remain steady at $104 million** in 2025 as increased milk production and prices are offset by a drop in egg receipts.
- **Total livestock receipts are projected to increase by $92 million (5%) in 2025, followed by a 4% decline in 2026**, driven by the fluctuations in the cattle & calves sector, which accounts for over 80% of total livestock receipts.

2025 share of livestock receipts

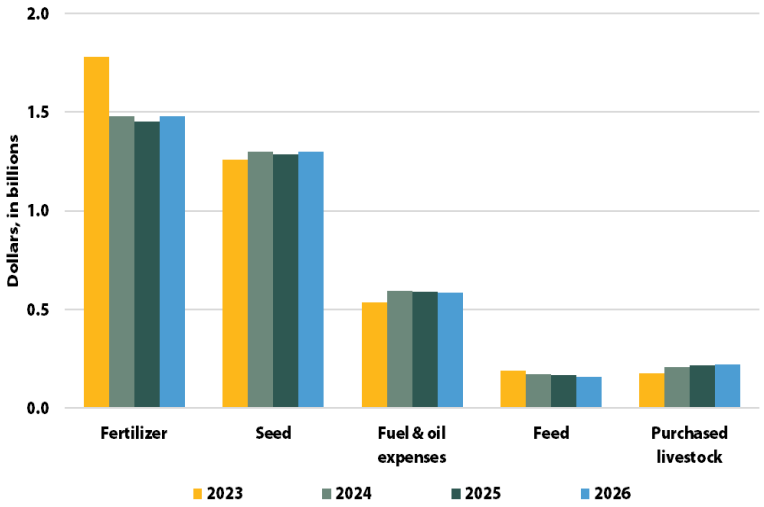
(listed in order of receipt value)

North Dakota Expenses

- **Total production expenses are expected to hold steady at $10.69 billion in 2025**, with offsetting changes across various input costs, before increasing by 1% in 2026.

- Farmers would see **slight declines (2%–3%) in fertilizer and pesticide costs,** to $1.45 billion and $972 million, respectively, in 2025. Likewise, feed costs would fall by 3%, down to $167 million.
- **Expenses for seeds, fuel, and oils would remain relatively stable in 2025** at $1.29 billion and $591 million, respectively.
- **Purchased livestock expenses continue to increase for the third consecutive year to reach a new high** of $217 million in 2025, amid rising cattle prices. This trend is expected to continue in 2026.

Figure 5. Mixed changes in farm expenses in 2025

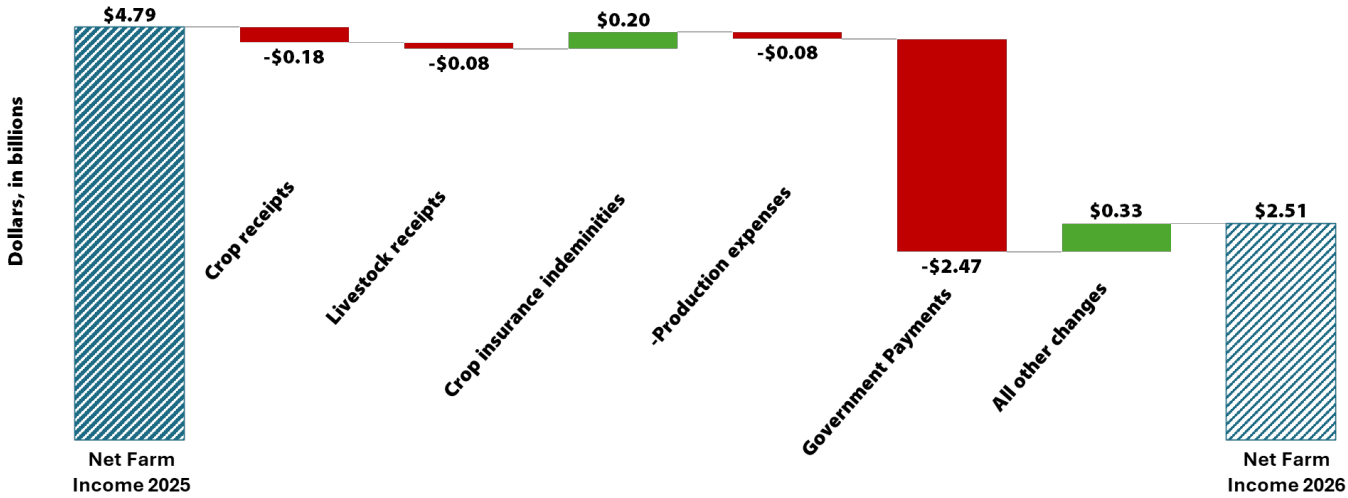


- A slight decrease in interest expenses (-4%) in 2025, following two years of increases, is partially offset by a fourth consecutive year of rising labor costs (5%)

North Dakota Farm Income in 2026

Net farm income is projected to drop sharply by 48%, to $2.51 billion in 2026, as direct government payments return to historical average levels. Crop receipts would further decrease, while livestock receipts are expected to decline from lower cattle marketings, amid higher input costs. The projected average net farm income across the 10-year baseline (2025-2034) is $3.03 billion.

Figure 6. Net farm income to decline by 48% in 2026



Disclaimer

The results presented in this report do not account for market uncertainty and potential tariff retaliation. Small proportional changes in cash receipts or production expenses could drastically change the NFI outlook.

References

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Additional Resources

NDSU and MU offer valuable support to farmers and ranchers through a variety of resources, including practical tools to organize farm finances, evaluate farm leasing options and capital investments, and develop effective risk management strategies. For more information and to explore resources, visit https://www.ndsu.edu/agriculture/capts and https:// www.raff.missouri.edu.

A copy of this report, along with supporting tables, is available at https://raff.missouri.edu/farm-income/. Permission is granted to reproduce this information with appropriate attribution to the authors and RaFF. For questions and comments, please contact Alejandro Plastina (aplastina@missouri.edu) and Sandro Steinbach (sandro.steinbach@ndsu.edu).

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