



## **COVID-19 Impacts on Arkansas' Agricultural and Rural Economies**

# **UPDATE: 2020 Net Farm Income**

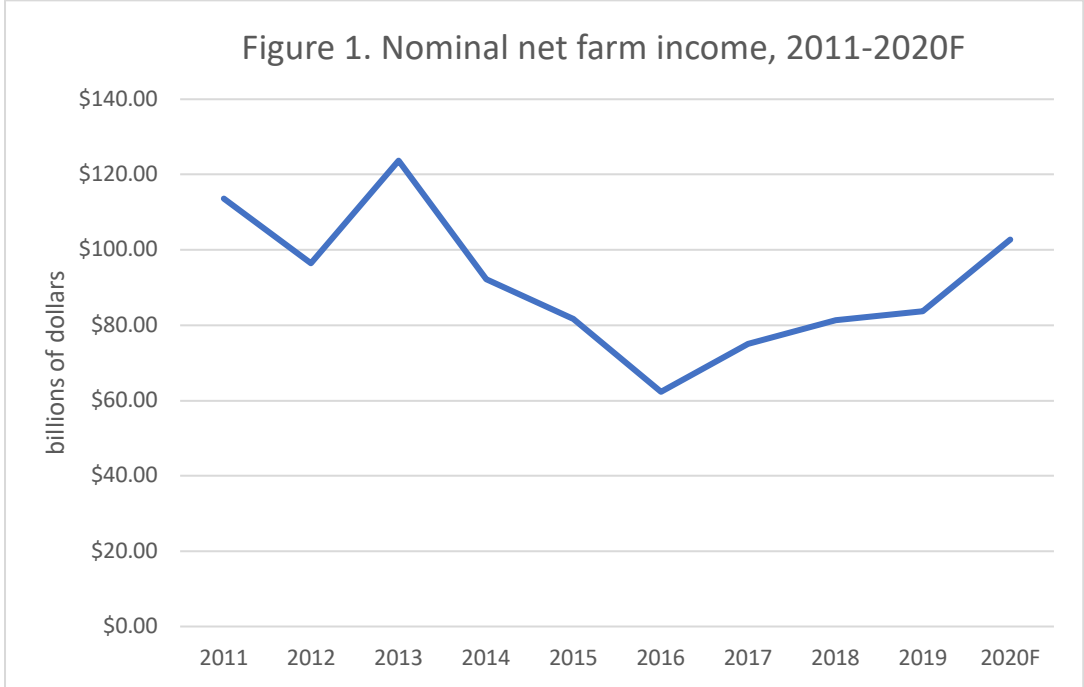
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On September 2, USDA's Economic Research Service (ERS) published their latest forecasts for 2020 U.S. net farm income. ERS publishes their farm income and financial forecasts in February, August, and December of each year. This year's estimates are particularly important as the farm economy continues to work through COVID, the derecho storm that impacted parts of Iowa, and Hurricane Laura.

ERS forecasts U.S. net farm income at \$102.7 billion in 2020, a 23% increase over 2019 net farm income of \$83.7 billion (Figure 1). For comparison, the 2018-2019 year-over-year increase in net farm income was 3%. The average net farm income for 2011-2020F is \$91.3 billion, and this year's forecast would be the first year since 2014 that net farm income is above the historical average.



Source: USDA ERS 2020

Note: 2020F is forecasted as of September 2, 2020

ERS forecasts 2020 cash receipts at \$358.3 billion, down 3.3% from 2019. Livestock and livestock products are forecasted to be down 8.1% in 2020, while crop cash receipts are predicted to be up 1% from 2019 (Tables 1 and 2). The largest decline in livestock cash receipts is broilers, forecasted to be down 23.4% from 2019. Hogs are forecasted to be down 15.9%, and cattle and calves are forecasted down 7.7% from 2019. The fruits and nuts sector is forecasted to have the highest year over year increase in cash receipts (17.05%). Rice and wheat cash receipts for 2020 are forecasted down 6.3% and 6.5% receipts. Corn cash receipts are forecasted to decrease by \$3.11 billion.

Table 1. Livestock and livestock product cash receipts

	2019	2020	Percent change
<b>Animals and products</b>	175.99	161.69	-8.13%
Meat animals	88.25	79.68	-9.71%
Cattle and calves	66.24	61.16	-7.67%
Hogs	22.02	18.52	-15.87%
Dairy products, Milk	40.50	39.61	-2.20%
Poultry and eggs	40.36	35.47	-12.13%
Broilers	28.31	21.70	-23.37%
Miscellaneous animals and products	6.88	6.93	0.75%

Source: USDA ERS 2020

Note: 2020F is forecasted as of September 2, 2020

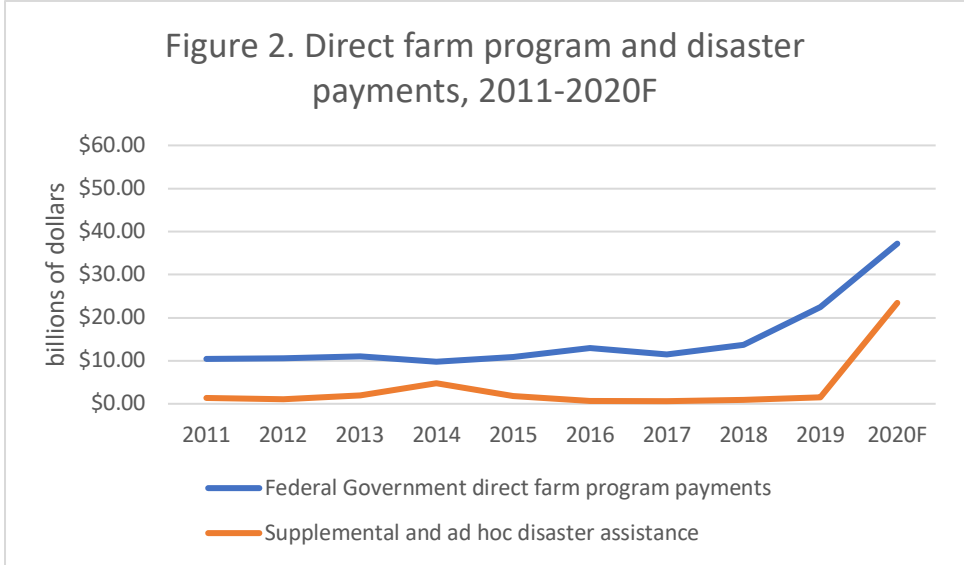
Table 2. Crop cash receipts

	2019	2020F	Percent Change
<b>Crops</b>	194.64	196.61	1.01%
Food grains	11.79	11.01	-6.66%
Rice	2.75	2.58	-6.31%
Wheat	8.95	8.37	-6.54%
Feed crops	59.69	57.03	-4.47%
Corn	50.10	46.99	-6.20%
Cotton	7.11	6.59	-7.35%
Tobacco	1.00	0.83	-17.50%
Oil crops	36.32	36.09	-0.63%
Vegetables and melons	18.98	19.42	2.32%
Fruits and nuts	28.72	33.62	17.05%
All other crops	31.01	32.02	3.26%

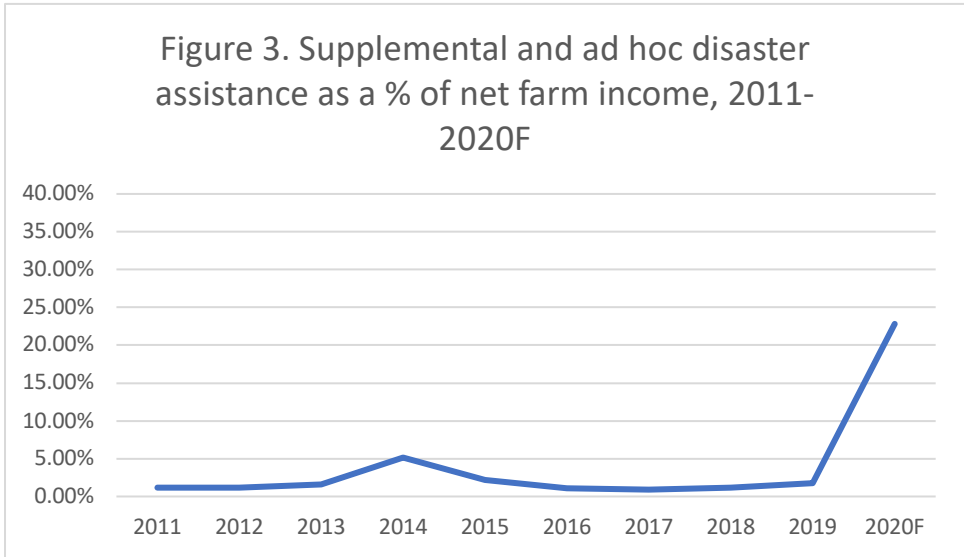
Source: USDA ERS 2020

Note: 2020F is forecasted as of September 2, 2020

One driver behind this year’s forecasted increase in net farm income is the increase in direct government farm payments (Figure 2). USDA forecasts 2020 direct farm payments at \$37.2 billion, a 65.7% increase over 2019 direct farm payments. These direct government payments for 2020 will account for 36.2% of net farm income. In 2019, direct payments accounted for 26.8% of net farm income. Most of the increase in direct farm payments is from the increase in supplemental and ad hoc disaster payments for COVID relief. ERS forecasts 2020 supplemental and ad hoc disaster payments at \$23.4 billion. These disaster payments represent 63.0% of forecasted total government direct payments. Figure 1 shows that disaster payments are at their highest since 2014, when disaster payments were \$4.7 billion, which accounted for 48.4% of direct government payments. Although supplemental and ad hoc disaster payments were relatively high in 2014, they only accounted for 5.1% of net farm income compared to 2020, where disaster payments account for 22.82% of net farm income (Figure 3).



Source: USDA ERS 2020  
 Note: 2020F is forecasted as of September 2, 2020



Source: USDA ERS 2020

**Note: 2020F is forecasted as of September 2, 2020**

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