



Rural & Farm Finance
Policy Analysis Center
University of Missouri

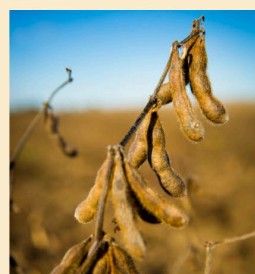
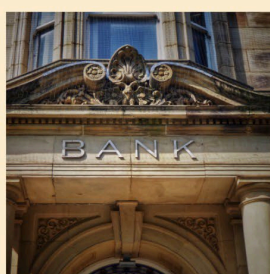
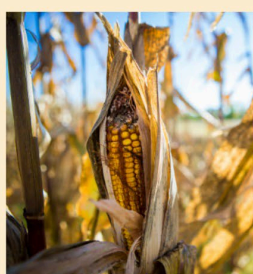
SPRING 2026 FARM INCOME OUTLOOK FOR ARKANSAS

April 2026
RaFF Report 2026-06

Produced in collaboration with



DIVISION OF AGRICULTURE
RESEARCH & EXTENSION
University of Arkansas System



The Goal of this Report

In February 2026, the U.S. Department of Agriculture (USDA)'s Economic Research Service (ERS) updated state-level farm income estimates through calendar year 2024 and released national farm income projections for calendar years 2025 and 2026. In March 2026, the Food and Agricultural Policy Research Institute at the University of Missouri (FAPRI-MU) also released national farm income projections for calendar years 2025 through 2035 (FAPRI-MU 2026). The present report published by the Rural and Farm Finance Policy Analysis Center (RaFF) provides an updated outlook for Arkansas farm income in calendar years 2025 and 2026, as well as preliminary projections for 2027. It intends to inform policymakers, industry analysts, and agricultural practitioners about the state agricultural sector's expected profitability and its main drivers.

Methods 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 FAPRI-MU (2026) to the RaFF model. Published results incorporate adjustments based on expert insights from agricultural economists at the University of Arkansas Division of Agriculture (UADA).

How Farm Income is Measured

Following the ERS methodology (USDA/ERS 2026a), 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 flows occur. Net cash farm income is adjusted by non-cash income, non-cash expenses, and changes in inventory values to obtain the net farm income (NFI) measure.

National Farm Income Trends

In February 2026, USDA-ERS projected that U.S. net farm income (NFI) would decline 0.7% in nominal terms from 2025 levels to \$153.38 billion, while remaining above long-term averages (USDA/ERS 2026). The overall stability in NFI masks shifts in its composition. A \$13.80 billion increase in direct government payments—rising to \$44.34 billion—is the primary factor preventing a larger decline in income. These payments, including higher Price Loss Coverage (PLC) support and continued supplemental and disaster assistance, account for roughly 29% of projected NFI in 2026.

Market receipts provide a more mixed contribution. Total cash receipts are projected to decline by \$14.24 billion relative to 2025, driven by a \$17.02 billion reduction in receipts from animals and animal products, and partially offset by a \$2.77 billion increase in crop receipts. Within crops, higher corn receipts—supported by increased marketings—contrast with relatively flat soybean receipts and lower wheat receipts. For livestock, declining receipts are concentrated in the dairy and poultry sectors, with milk receipts projected to fall by over \$6 billion and egg receipts declining more than \$17 billion as prices return to historic levels. In contrast, cattle and calf receipts are expected to increase, supported by tight inventories and historically high prices, but not enough to offset broader livestock sector declines.

On the cost side, total production expenses are projected to increase by approximately \$4.56 billion in 2026. Higher livestock and poultry purchase costs are a key driver of this increase, while feed costs are expected to decline modestly. At the same time, structural cost pressures persist. Labor expenses, net rent to landlords, and interest costs continue to rise, contributing to a cost environment that remains historically elevated even as some input prices stabilize. These cost increases partially offset the support provided by government payments and contribute to tighter operating margins across much of the sector.

Overall, the 2026 farm income outlook reflects a shift away from broad-based market-driven gains toward increased reliance on policy support. While crop receipts show limited improvement and aggregate livestock receipts weaken, rising production costs continue to constrain profitability. In this context, direct government payments emerge as the central stabilizing force, offsetting declines in market income and sustaining NFI at levels that would otherwise be significantly lower. The implication is that, although aggregate farm income remains relatively strong in historical perspective, producers are likely to experience tighter margins and greater financial stress in 2026 than average income figures alone would suggest.

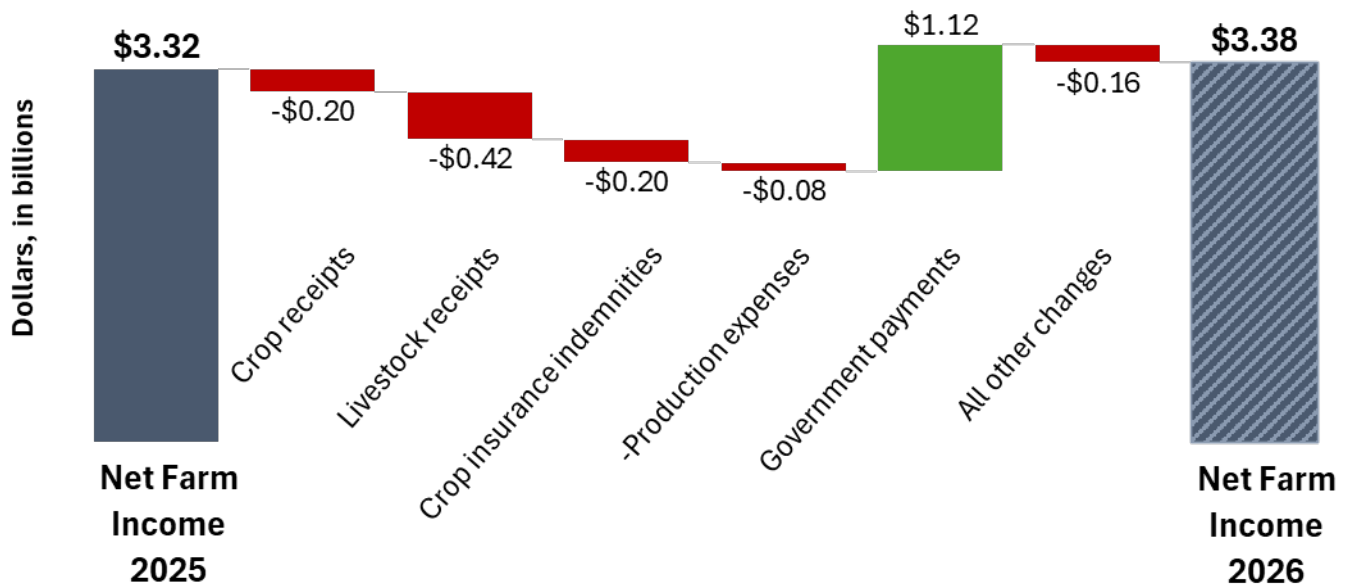
The FAPRI-MU (2026) projections, published in March but finalized in January 2026, are similar to those of the USDA/ERS (2026b), although the national NFI is forecast to decline 1.5% to \$152.29 billion in 2026 before declining again by 14% to \$130.71 billion in 2027. A 42% reduction in direct government payments and a 2% increase in costs are the main factors behind the projected deterioration of NFI in 2027.

The present Farm Income Outlook for Arkansas by RaFF incorporates information from USDA/ERS (2026b) and FAPRI-MU (2026). As a consequence of the ongoing conflict between the U.S. and Iran, the present report assumes that fertilizer costs will be 5% higher in 2026 than originally projected using FAPRI-MU baseline data (assuming, in turn, that 80% of the fertilizer needs for the 2026 crops has already been purchased by farmers) and that they will be 10% above baseline levels in 2027, before returning to baseline levels from 2028 forward. Additionally, this report assumes that fuel and oil costs will be 35% and 15% higher than the FAPRI-MU baseline in 2026 and 2027, respectively, before returning to baseline levels from 2028 onwards.

Arkansas Farm Income in 2026

Arkansas' NFI is projected to hold steady at \$3.38 billion in 2026. Although cash receipts from both crops and livestock are expected to decline, the losses are largely offset by a sharp increase in direct government payments. Crop receipts are forecast to fall by \$202 million (-5%), and livestock receipts to decline by \$424 million (-5%), while direct government payments are projected to surge by \$1.12 billion (179%) to \$1.75 billion, becoming the primary driver supporting farm income stability. Federal crop insurance indemnities are expected to drop \$202 million (-48%) compared with 2025. Production expenses are expected to edge up by \$79 million (1%), mainly due to higher fuel and fertilizer costs stemming from supply chain disruptions linked to global geopolitical tensions. Overall, Arkansas' projected slight increase in NFI is substantially different than the anticipated 1.5% decline in U.S. NFI for 2026 by FAPRI-MU.

Arkansas net farm income remains stable in 2026



Arkansas Crops

Total cash receipts from crops in Arkansas are projected to decline by \$202 million (-5%) in 2026, mainly due to lower receipts from rice and cotton. The total crop area is forecast at 6.77 million acres, up 141,000 acres from 2025.

Soybean receipts are expected to rise by \$332 million (24%) to \$1.72 billion in 2026, as

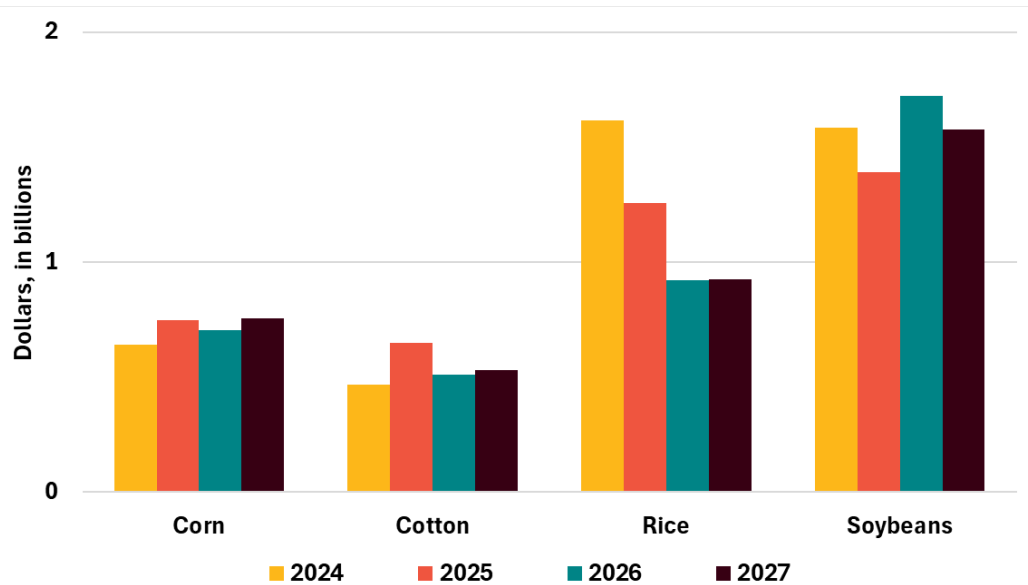
production is projected to increase by 31.53 million bushels (22%) driven by a 22% increase in planted area to 3.16 million acres, following the lowest area planted recorded in decades in 2025. Prices are expected to remain relatively stable, increasing by 1% to \$10.49 per bushel. In 2027, soybean cash receipts are projected to decline modestly by \$147 million (-1%), mainly due to a slight decline in production (-1%), compared to 2026.

Corn receipts are expected to decline by \$42 million (-6%) to \$706 million in 2026. Corn planted

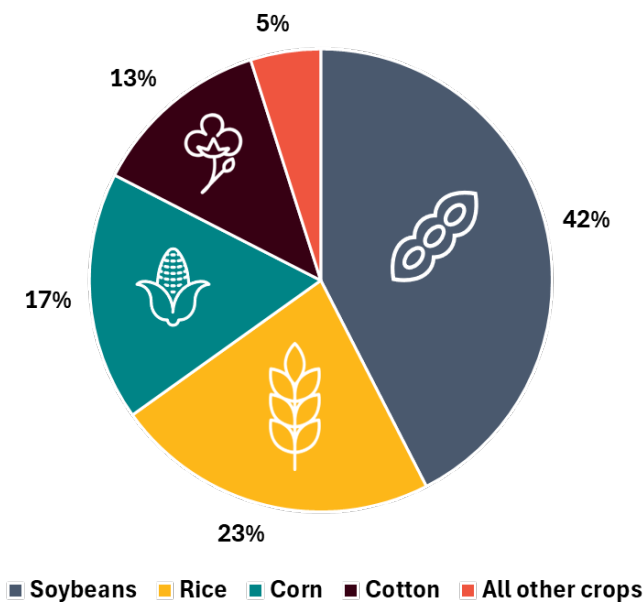
area is projected to decrease by 98,000 acres (-12%) to 712,000 acres, leading to an 8% reduction in production. Although prices are expected to increase slightly (2%), profit margins would remain constrained in 2026. In 2027, higher planted area (6%) and production (7%) are projected to lift corn receipts by \$51 million (7%).

Rice receipts are estimated to fall by \$337 million (-27%) to \$920 million in 2026, primarily due to a substantial decline in planted area and production. Rice planted area is expected to decrease by 359,000 acres (-28%) to 925,000 acres,

Crop receipts to decline 5% in 2026



2026 Share of Crop Receipts



leading to a production drop of 26 million hundredweight (-27%). However, projected increases of 25% in planted area, 26% in production, and 5% in prices in 2027 are expected to increase rice receipts by \$6 million (1%), bringing the projected total to \$926 million.

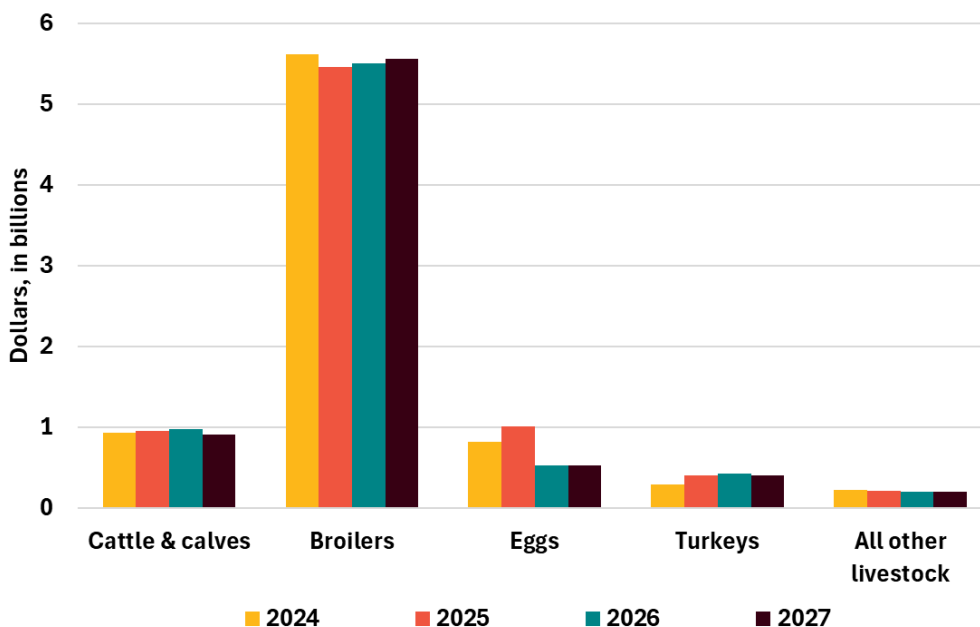
Cotton receipts are projected to decline by \$139 million (-21%) to \$511 million in 2026, attributed mainly to low beginning inventories. Although cotton planted area is expected to increase by 35,000 acres (7%), a yield reduction of 98 pounds per acre (-7%) from a peak of 1,398 pounds per acre in 2025 is projected to cut production by 17,000 bales (-1%). In 2027, stronger prices and slightly higher production are expected to boost cotton receipts by \$21 million (4%) to \$531 million.

Total cash receipts from crops in Arkansas are projected to decline by \$67 million (-2%) in 2027, mainly due to 1% decline in total crop area and an 8% reduction in cash receipts from soybeans.

Arkansas Livestock

Total cash receipts from livestock in Arkansas are projected to decline by \$424 million (-5%) to \$7.64 billion in 2026, primarily due to a significant decrease in egg receipts.

Livestock receipts to decline 5% in 2026



Egg receipts are expected to decrease by \$485 million (-48%) in 2026, driven by a substantial drop in egg prices. Egg prices are forecast to fall from \$3.03 per dozen in 2025 to \$1.51 per dozen (-50%) in 2026, as Highly Pathogenic Avian Influenza (HPAI) outbreaks are projected to ease. Egg production is projected to increase by 14 million dozen (4%) to 348 million dozen eggs.

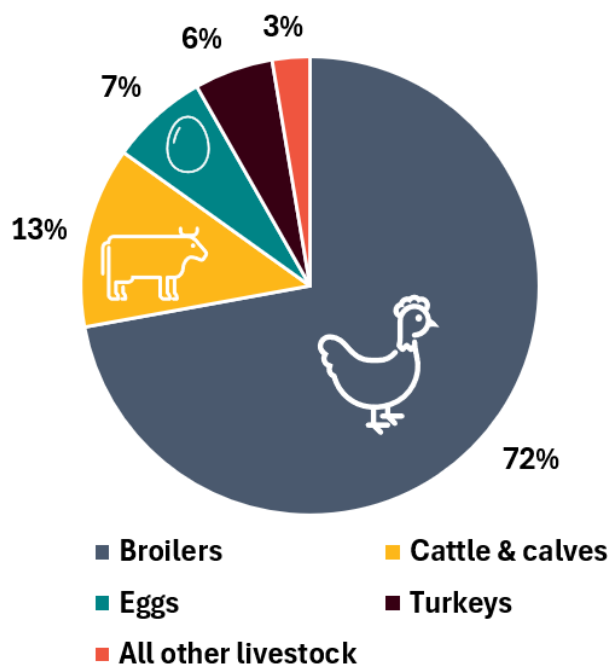
Broiler receipts are projected to rise slightly by \$38 million (1%) to \$5.51 billion in 2026, supported by stable prices and modest production growth. Prices are expected to hold steady, while production is forecast to increase by 44 million pounds (1%) to 7.68 billion pounds. A similar pattern is anticipated in 2027, with production rising another 1% and prices remaining stable, resulting in a further 1% increase in broiler receipts.

Cattle and calves receipts are projected to increase by \$18 million (2%) to \$975 million in 2026, as higher prices offset lower marketings. Cattle prices are expected to rise by 5% in 2026. The total cattle and calves inventory, at 1.56 million head at the beginning of 2026, is expected to remain stable through 2027. However, receipts are projected to decline by \$64 million (-7%) to \$910 million in 2027, reflecting an anticipated decrease in prices from 2026 levels, as cattle inventories increase slightly (1%).

Turkey receipts are projected to increase by \$15 million (4%) to \$425 million in 2026, supported by slightly higher production and prices. Turkey production is forecast to rise by 13 million pounds (3%), with prices up 1% in 2026. In 2027, turkey receipts are expected to decline by \$20 million (-5%) to \$406 million, driven by a projected 6% drop in prices as production increases by 2%.

Total cash receipts from livestock in Arkansas are projected to remain stable at \$7.61 billion in 2027.

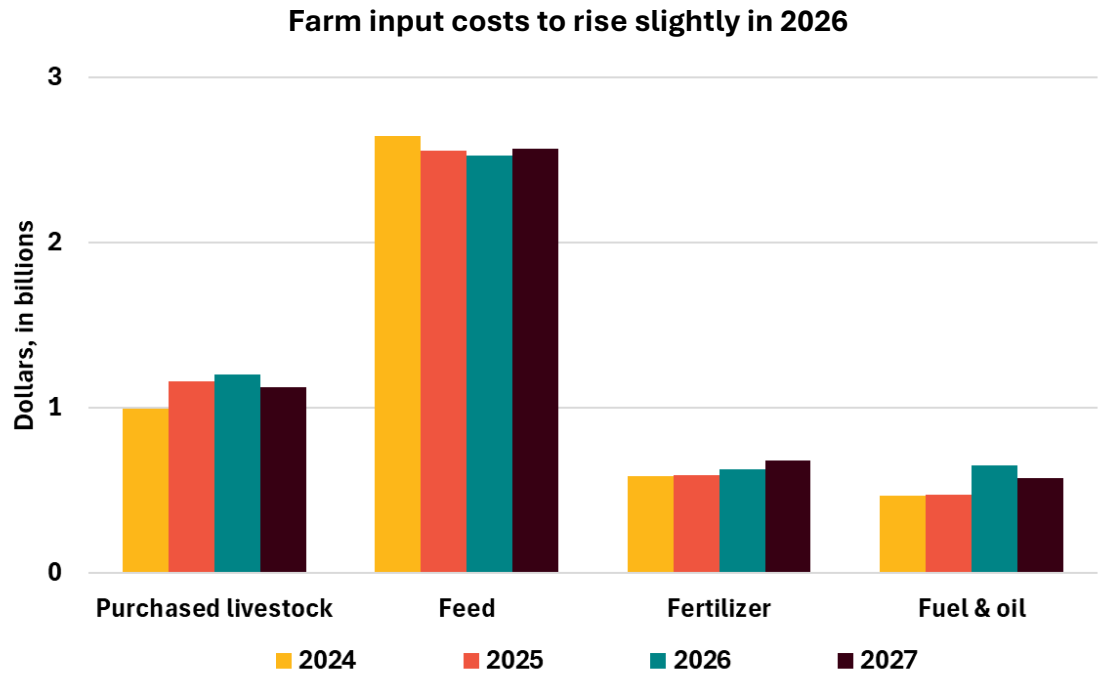
2026 Share of Livestock Receipts



Arkansas Expenses

Total production expenses are projected to increase by \$79 million (1%) to \$10.82 billion in 2026, largely due to higher fuel and fertilizer expenses. Fuel and oil expenses are projected to increase significantly by \$177 million (37%) to \$653 million, while fertilizer expenses are projected to rise by \$34 million (6%) to \$626 million. In addition, purchased livestock expenses are also expected to increase by \$44 million (4%) to \$1.20 billion in 2026.

In contrast, feed expenses are expected to decrease by \$28 million (-1%) to \$2.53 billion. Pesticide expenses are expected to remain unchanged. Labor cash expenses are anticipated to increase by \$8 million (2%) to \$448 million in 2026.

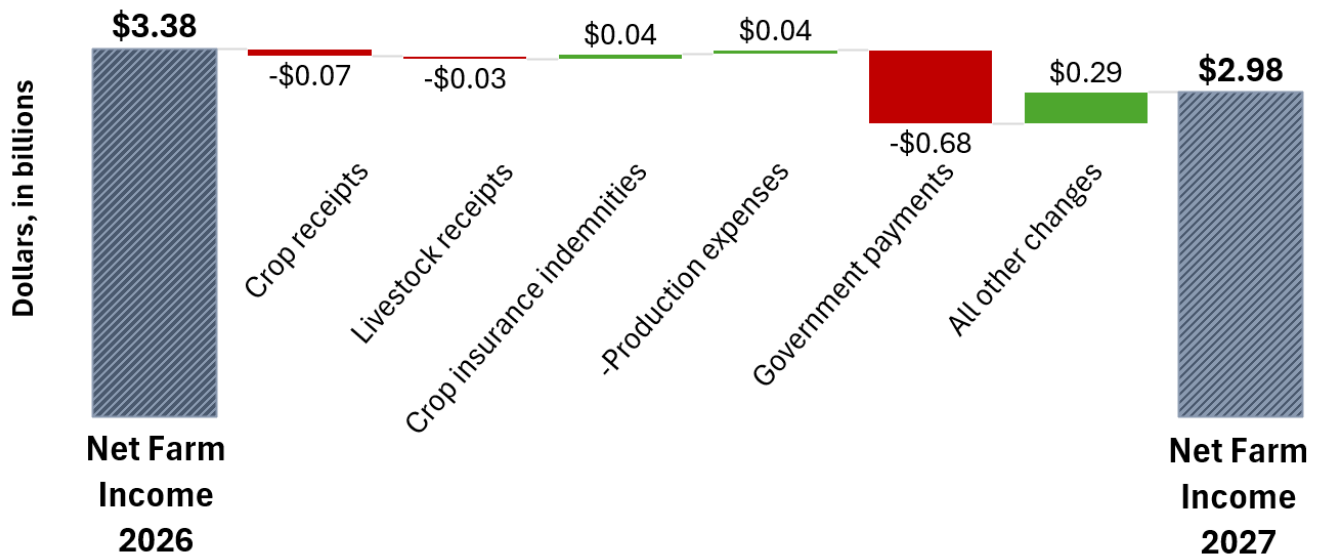


Total production expenses are expected to remain stable at \$10.78 billion in 2027, provided that global geopolitical tensions ease.

Arkansas Farm Income in 2027

Net farm income (NFI) in Arkansas is projected to decline by \$404 million (-12%) to \$2.98 billion in 2027, primarily due to a substantial reduction in direct government payments. These payments are forecast to decrease by \$678 million (-39%) to \$1.07 billion in 2027. Additionally, crop receipts are projected to fall by \$67 million (-39%) to \$1.07 billion in 2027. Additionally, crop receipts are projected to fall by \$67 million (-2%), while livestock receipts are expected to remain fairly stable. In contrast, a \$43 million reduction in production expenses is anticipated to partially offset these losses and support NFI in 2027. Arkansas’s NFI averages \$3.78 billion across the 10-year baseline projection (2026-2035).

Arkansas net farm income to decline 12% in 2027



Disclaimer

The results presented in this report do not consider market uncertainty. Small proportional changes in cash receipts, production expenses or unannounced government assistance can dramatically change the outlook for net farm income.

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Additional Resources

University of Missouri Extension offers valuable support through resources and workshops to inform decision-making. For more information, visit muext.us/AgBusiness.

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Supporting tables are available for download at raff.missouri.edu/data-tables/. Permission is granted to reproduce this information with appropriate attribution to the authors and RaFF.

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