



Rural & Farm Finance
Policy Analysis Center
University of Missouri

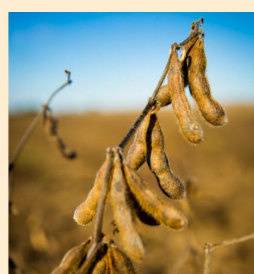
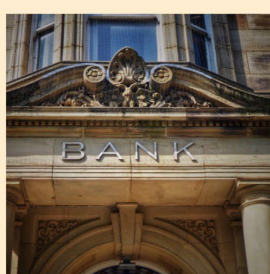
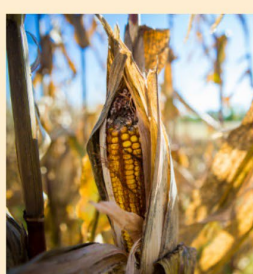
SPRING 2026 FARM INCOME OUTLOOK FOR MINNESOTA

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RaFF Report 2026-04

Produced in collaboration with



Center for Farm Financial Management
UNIVERSITY OF MINNESOTA



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 Minnesota 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 Minnesota (UMN).

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.

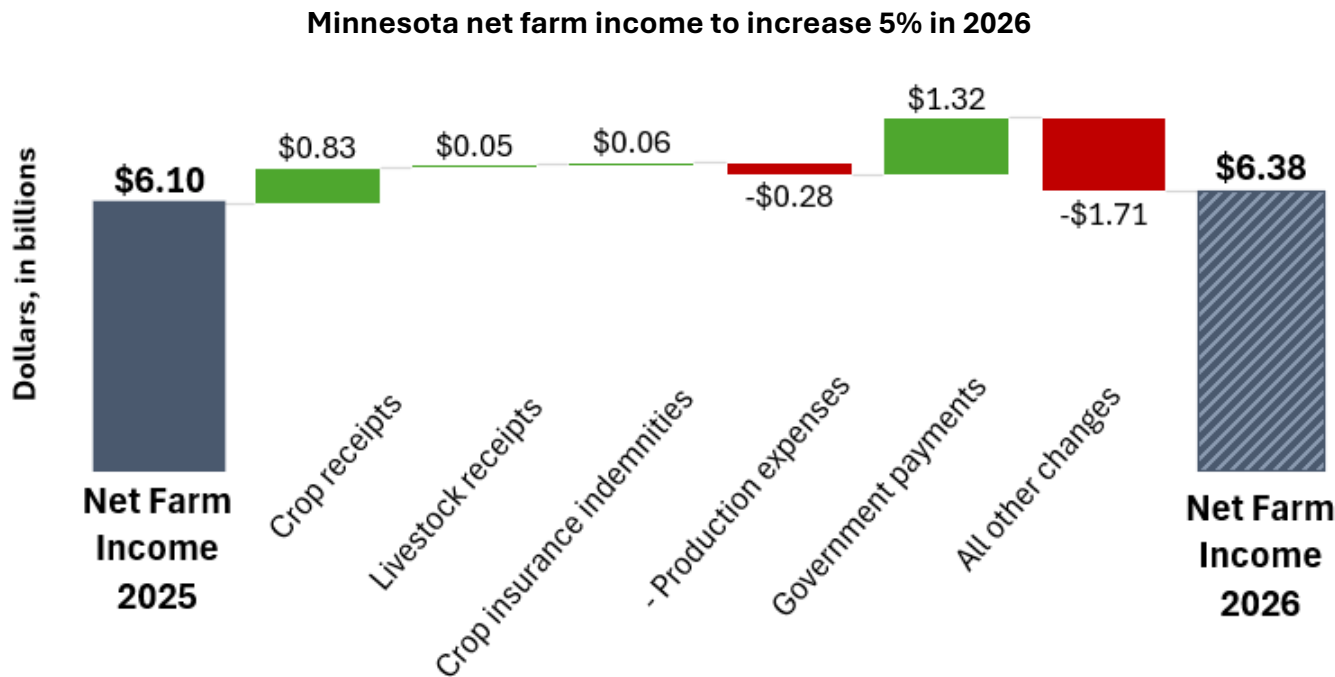
Overall, the 2026 farm income outlook reflects a shift away from broad-based market-driven gains toward increased reliance on policy support. While crop receipts show limited improvement and aggregate livestock receipts weaken, rising production costs continue to constrain profitability. In this context, 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 Minnesota 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.

Minnesota Farm Income in 2026

RaFF and collaborators at the University of Minnesota project Minnesota’s net farm income will increase by \$283 million (5%) to \$6.38 billion in 2026. This marks the second consecutive year of increasing farm income, which would be 2.4 times higher than in 2024 but 27% lower than in 2022. A significant share of the increase is driven by government payments, which are projected to increase \$1.32 billion (58%) in 2025 to \$3.59 billion in 2026. Crop receipts are projected to increase \$833 million (7%) to \$12.47 billion, while livestock receipts are expected to remain nearly flat at \$10.94 billion. Crop insurance indemnities are expected to increase \$63 million (14%) to \$519 million. These increases are offset by a \$1.78 billion decrease in the value of inventories (as a part of ‘All other changes’ in the following graph), as a large share of the crop sales would come from sales of previous year’s crops. Minnesota’s 5% increase in net farm income contrasts with the forecast of a 1.5% decline in U.S. NFI by FAPRI-MU, reflecting the state's sales of old crops and the outsized impact of higher government payments. The net cash farm income for Minnesota, which excludes the value of inventory change from its calculation, is projected at \$8.16 billion in 2026, \$2.02 billion (33%) higher than in 2025.



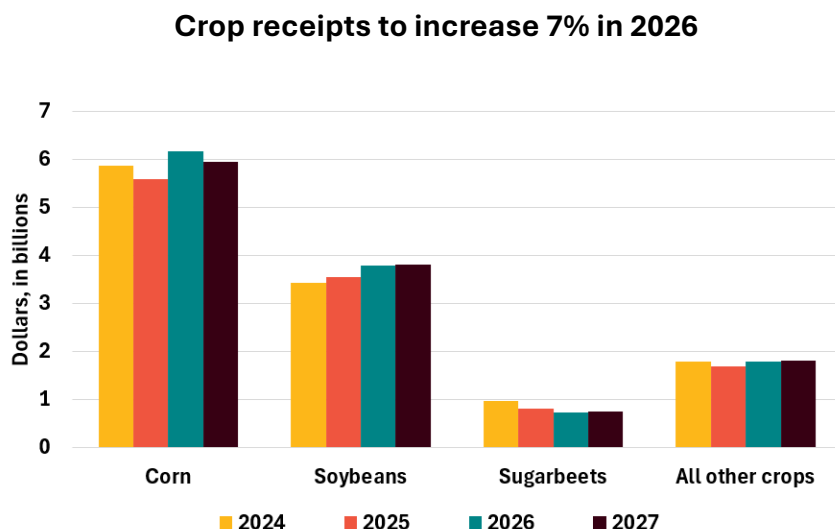
Minnesota Crops

Minnesota crop receipts are expected to increase \$833 million (7%) to \$12.47 billion in 2026, with higher receipts forecasted for corn and soybeans, the state's largest crops. Total crop receipts are expected to dip by \$146 million (-1%) in 2027.

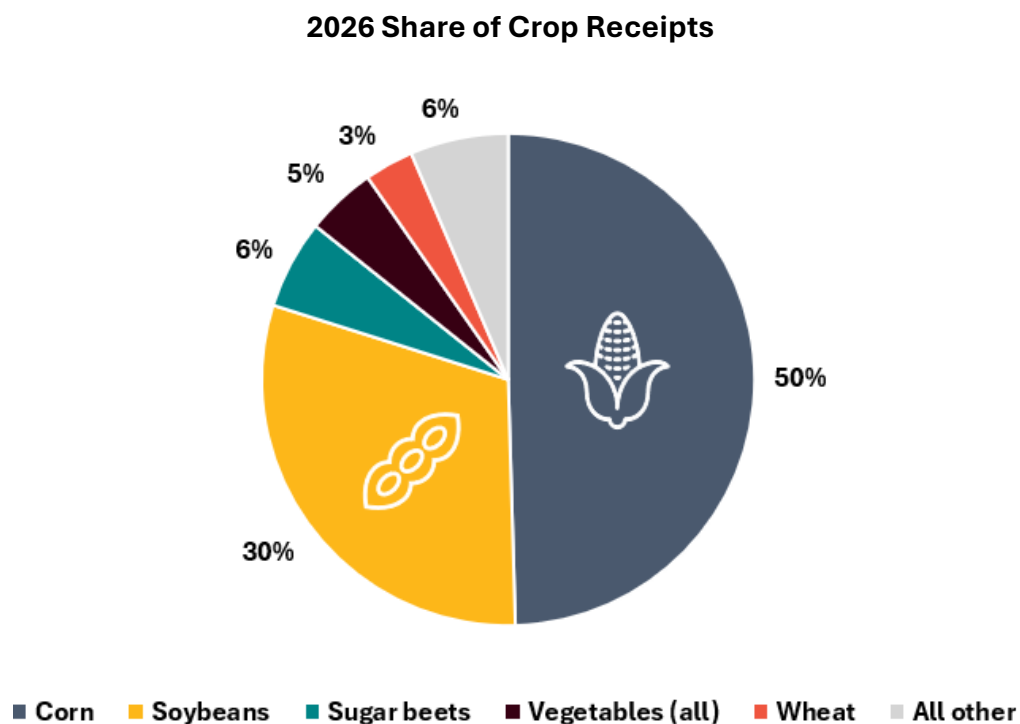
Corn cash receipts, which account for 50% of all crop cash receipts in Minnesota, are projected to increase by \$585 million (10%) to \$6.18 billion in 2026. While production is expected to decrease by 139 million bushels (-8%) to 1.56 billion bushels due to decreases in planted acres and yields after a record production year, cash receipts would increase due to a 3% increase in prices and substantial sales of the old crop. Prices and production are expected to remain nearly flat in 2027, but comparatively lower sales of the old crop (2026) will contribute to a projected 4% drop in cash receipts.

Receipts for soybeans, Minnesota's second largest crop at 30% of crop cash receipts, are expected to see a \$239 million (7%) increase to \$3.82 billion in 2026. A slight increase of 109,000 (2%) in acres planted is offset by a 4% decrease in yield, leading to a 9.6-million bushel decrease (-3%) in total production. Despite this, a 1% increase in price and strong sales of the old crop support higher cash receipts. Soybean receipts are projected to remain relatively steady in 2027 amid stable prices and production.

Receipts for sugar beets are projected to decrease by \$79 million (-10%) to \$728 million. Amid lower planted acres and yields, total production is expected to decrease by 841,000 short tons (-7%). Although the projected price of the new crop would increase 12% from the 5-year low in 2025, comparatively low sales of the old crop and the relatively low availability of the new crop will dent sugar beet receipts in 2026.



Cash receipts for wheat are projected to decrease \$9 million (-2%) to \$402 million. A 3% decrease in production in 2026 to 73.68 million bushels following a previous 6% decline in 2025 results in the smallest wheat crop since 2021. While the price of the new crop is projected up by 14% to \$5.90/bushel, almost half of the volume of sales over the calendar year are expected to come from the old crop at lower prices.



Minnesota Livestock

Livestock receipts in Minnesota are projected to remain relatively flat in 2026, as strong numbers for cattle and calves and turkeys are offset by decreased revenue in the dairy and egg industries. Less extreme movement in each of these industries next year contributes to steady cash receipts in 2027.

Cash receipts from cattle and calves are projected to see a \$427 million (13%) increase in 2026, rising to a new record of \$3.72 billion and marking the first year since 1994 when receipts from this sector surpass cash receipts from hogs and pigs. In 2026, cattle and calves will account for 34% of livestock cash receipts in Minnesota. Although beginning inventories in January 2026 were 2.10 million head, just 10,000 more than 2025, marketings are expected to be 118 million pounds (8%) higher in 2026 due to a 3% larger calf crop and a 2% lower calf retention. Additionally, fed steer prices are expected to continue to rise, increasing by \$10.47 per hundredweight (cwt) and reaching \$235/cwt this year. In 2027, prices are expected to drop 3%, which, alongside stable marketings, contributes to a projected \$99 million (-3%) drop to \$3.62 billion in cash receipts.

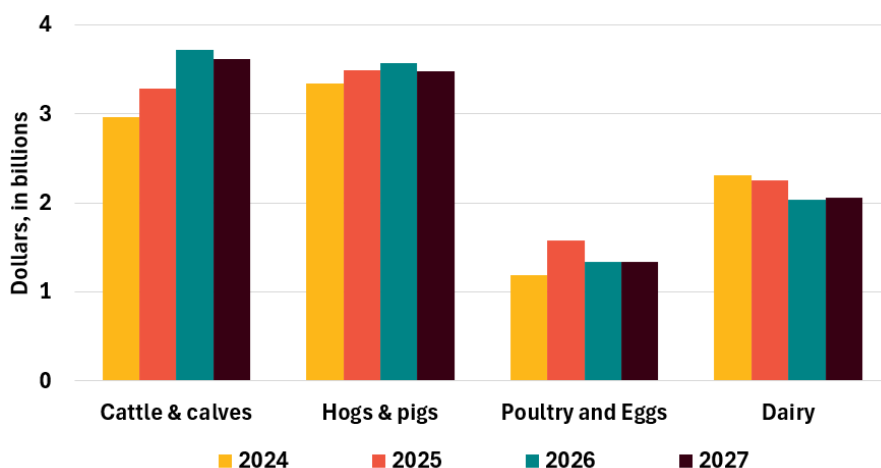
Receipts for hogs and pigs, which account for 32% of livestock cash receipts in Minnesota, are projected to increase by \$72 million (2%) to \$3.57 billion in 2026.

While marketings are expected to increase by 149 million pounds (3%), prices are expected to dip \$0.55/cwt to \$68.25/cwt.

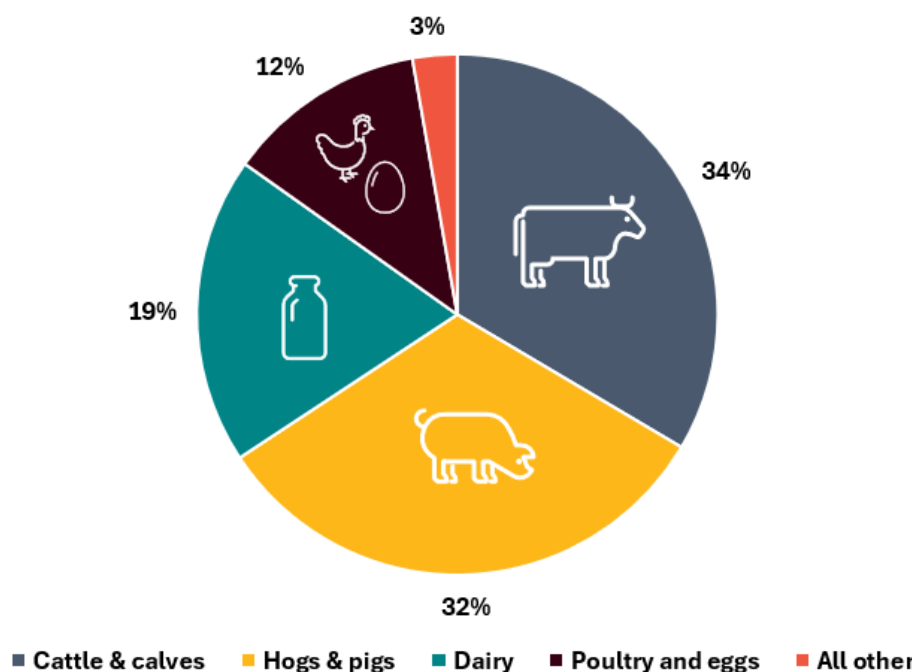
Prices are expected to further drop in 2027,

contributing to a projected \$89 million (-2%) decrease in cash receipts next year despite a 97 million pound (2%) increase in marketings.

Livestock receipts remain flat in 2026



2026 Share of Livestock Receipts



Dairy receipts are projected to decrease by \$219 million (10%) in 2026, driven mainly by a \$2.20/cwt (10%) decrease in milk price, and to remain subdued in 2027.

Cash receipts for poultry and eggs are projected to decrease by \$238 million (-15%) to \$1.34 billion in 2026. Within the sector, receipts for turkeys are expected to increase by \$67 million (9%) due to

increased production and a 6% increase in prices. However, receipts for eggs are expected to decrease by \$309 million (-60%) as the price of eggs is expected to drop and production is expected to increase due to easing of the Highly Pathogenic Avian Influenza (HPAI) epidemic that has affected the industry in recent years.

Minnesota Expenses

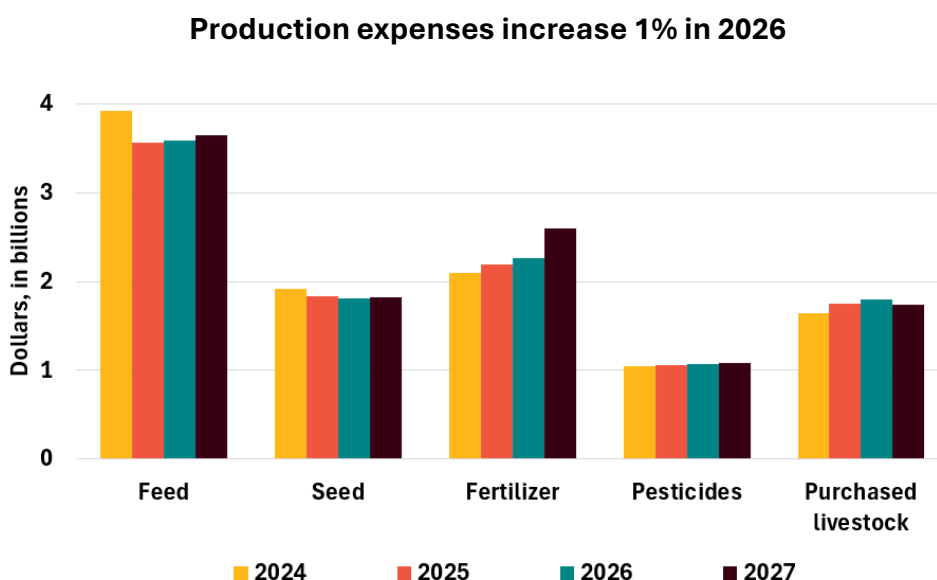
Total production expenses are expected to increase slightly in 2026, rising by \$278 million (1%) to \$21.97 billion. Most categories of expenses are expected to see little change, with notable exceptions for fuel and oils.

Feed costs, the largest expense category for Minnesota producers, are projected to increase by \$28 million (1%) to \$3.59 billion, as the production of all livestock and animal products is expected to expand in 2026. Feed expenses are projected to tick up an additional \$58 million (2%) in 2027.

Seed expenses, by contrast, are expected to decrease by \$30 million (2%) to \$1.81 billion and remain relatively flat in 2027.

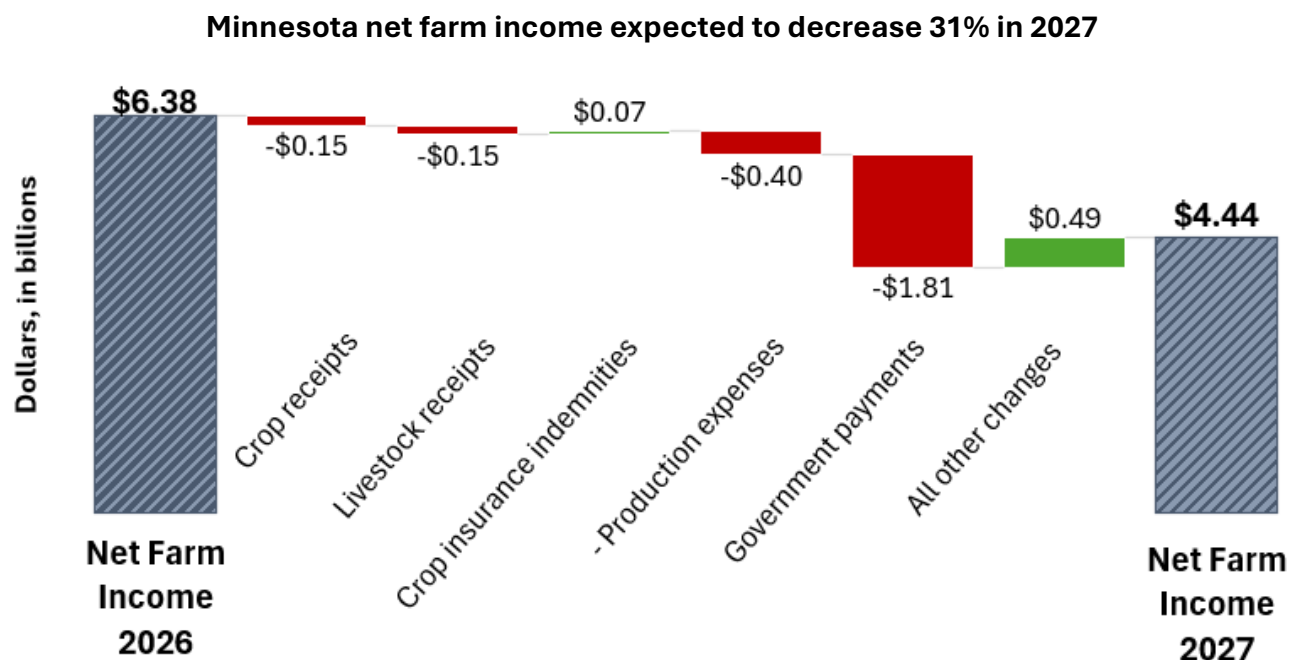
Expenses in fertilizer, lime, and soil conditioners are expected to rise by \$63 million (3%) to \$2.26 billion in 2026 as an upward trend in prices is exacerbated by the current conflict with Iran. Fertilizer expenses are expected to further increase \$344 million (15%) to a record-high \$2.60 billion in 2027.

Likewise, expenses in fuel and oils are projected to increase by \$217 million (28%) amid ongoing geopolitical tensions, rising to \$992 million. Expenses in this category are projected to recede \$120 million (-12%) in 2027.



Minnesota Farm Income in 2027

Minnesota net farm income in 2027 is projected to decline by \$1.95 billion (-31%) to \$4.44 billion, due primarily to receding ad hoc government payments. Cash receipts for both crops and livestock are expected to remain relatively stable in 2027 – crop cash receipts are projected to decrease \$146 million (-1%) to \$12.32 billion, while livestock receipts would drop by \$147 million (-1%) to \$10.79 billion. Government payments are projected to halve, falling to \$1.78 billion in 2027 but remaining well above historical levels. Excluding the value of inventory change and nonmoney income, the Minnesota net cash farm income is projected to decrease by 31% to \$5.67 billion in 2027. Net farm income averages \$4.30 billion across the 10-year baseline projection (2026-2035).



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.

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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