

ILLINOIS FARM INCOME OUTLOOK

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Executive Summary

Estimates of 2004 financial performance for 754 Illinois grain farms are compared to actual financial performance in 2001, 2002 and 2003. Comparisons indicate that:

- The average net farm income for these farms in 2004 is projected at \$91,966. This is the highest income for any year in the last six years. The average net farm income for the same farms was \$31,021 in 2001, \$27,140 in 2002 and \$73,279 in 2003. Most areas of the state experienced excellent yields resulting in less variability in incomes as compared to some years.
- Less than 10 percent of the farms will have incomes of less than \$20,000 while 76 percent of the farms are projected to have net incomes greater than \$50,000. Approximately 35 percent of the farms will have net incomes over \$100,000.
- Projected net farm income levels for 2004 are the highest in the northern, western and central regions of Illinois. Projected incomes are lowest in the southern regions. Projected incomes for 2004 as compared to 2003 are higher for all areas of the state except for the southern regions.
- Total government farm program payments will be higher for 2004 than in 2003 due to loan deficiency payments (LDP's) and the potential payment of counter-cyclical payments for corn, soybeans and wheat. Total farm program payments are estimated to be about \$52,000 in 2004 compared to \$15,000 in 2003. Farm program payments make up about 56 percent of total net farm income.
- Projected 2004 net income levels along with higher land values lead to an overall strengthening of the financial position of Illinois grain farms.
- About 90 percent of the farms are projected to have increases in net worth with 24 percent of the farms projected to increase their net worth by more than 10 percent between 2003 and 2004.
- Actual net farm income and net worth changes on individual farms will depend on a number of factors, including actual grain yields, the efficiency and equity position of the farm, land ownership and lease arrangements, actual valuation changes in machinery and land, and strategies used in marketing the 2003 and 2004 crops.
- A return to average yields without a significant increase in prices would result in a substantial drop in net farm income in 2005.

