Agriculture By the Numbers

March 2026

NDSU Extension Agribusiness and Applied Economics

Editor: Bryon Parman
Associate Professor/Agricultural Finance Specialist

701-231-8248
bryon.parman@ndsu.edu

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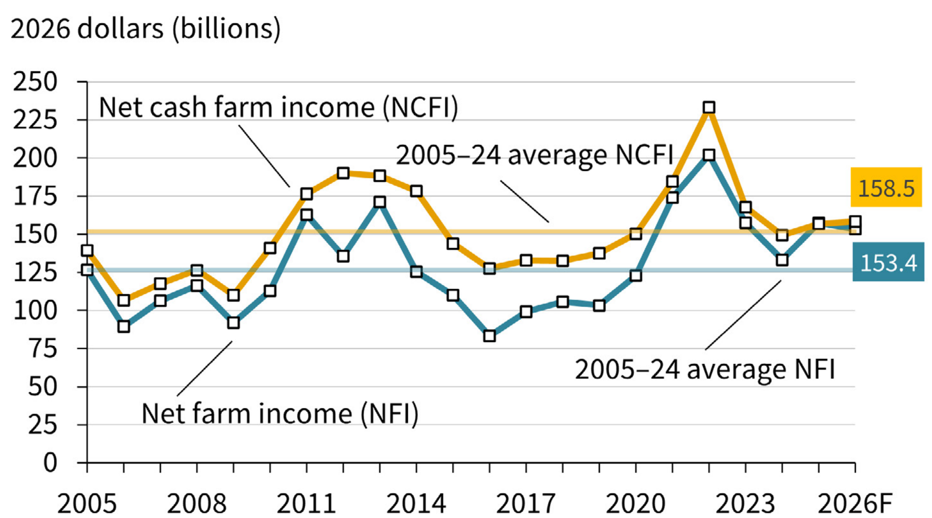
North Dakota State University
Fargo, North Dakota

USDA Releases Initial Income and Expense Forecasts for 2026

Bryon J Parman, Associate Professor/Extension Agricultural Finance Specialist

The U.S. Department of Agriculture released its February 2026 forecast for net farm income and net cash farm income. This also includes a revision for those farm financial metrics from 2025. The previous forecast of net farm income was released in September 2025 and expected net farm income of $179.8 billion and net cash income of $180.7 billion; the difference is that net cash income does not account for inventory adjustments. The most recent projections have revised the 2025 net farm income down to $154.5 billion, 14.5% below what was expected six months ago.

Figure 1: USDA Net Farm Income and Net Cash Income, Feb. 2026



Note: F = forecast; data for 2025 and 2026 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2026 by USDA, Economic Research Service.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 5, 2026.

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USDA Releases Initial Income and Expense Forecasts for 2026 — continued from page 1

The 2026 forecast shows a net cash farm income and net farm income similar to 2025. Net farm income is expected to be $153.4 billion in 2026, which is slightly lower than last year. When adjusting for inflation, Figure 1 shows that only 2021 and 2022 were significantly higher than what is expected for 2026, with 2022 setting a record-high net farm income of over $200 billion.

However, net farm income and net cash income are very broad measures that include all agricultural costs. This includes specialty crops, such as vegetables, fruits and nuts; fiber crops; and, of course, livestock. It is this aggregation that can hide the fact that certain farm types are doing well while others may be struggling. Since 2022, cash receipts have fallen sharply when adjusted for inflation, from over $320 billion to $240 billion in 2026. Essentially, crop receipts have been about 25% lower over the last couple of years than the high-water mark set in 2022.

On the other hand, livestock prices, mainly beef cattle, have surged over the last two years and are around 50% higher than in 2021 and earlier. Thus, high beef cattle prices have propped up aggregated net farm income numbers, somewhat masking the financial stress felt by row crop farmers.

Exacerbating the problem of low cash receipts has been the unwillingness of production expenses to come down. In inflation-adjusted 2026 dollars, production expenses were just over $500 billion

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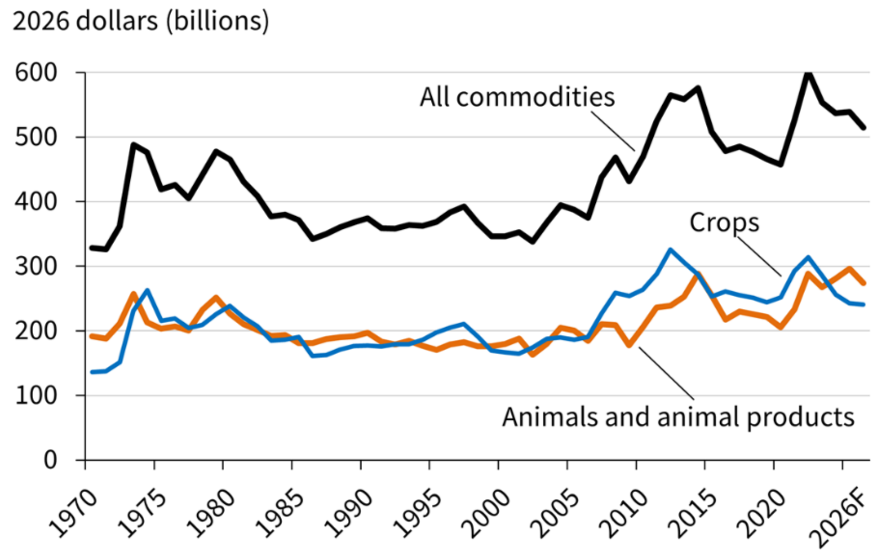
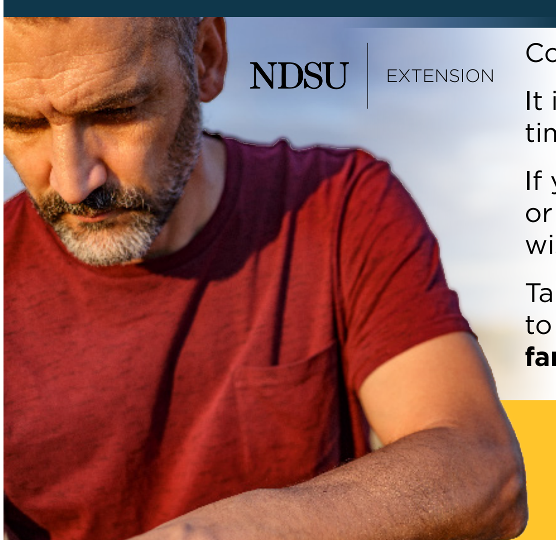
Figure 2: USDA Cash Receipts for Crop and Animal Products, Inflation-Adjusted



Note: F = forecast; data for 2025 and 2026 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2026 by USDA, Economic Research Service.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 5, 2026.

Farming and Ranching are Stressful



Concerns about production, prices and policy can weigh heavily on us.

It is okay not to be okay in times of high stress, whether during harvest time or when dealing with an uncertain farm economy.

If you feel isolated or overwhelmed, talk to someone — family, friends or a professional. Reaching out for help isn't weakness; it's a sign of wisdom and strength. Recognize that you're not alone.

Take time to connect with resources that can support you and help you to be resilient in tough times. **Find stress management tools made for farmers and ranchers at** ndsu.ag/managingstress**.**

If you or someone you know is struggling or in crisis, help is available. **Call or text 988.**

USDA Releases Initial Income and Expense Forecasts for 2026 — continued from page 2

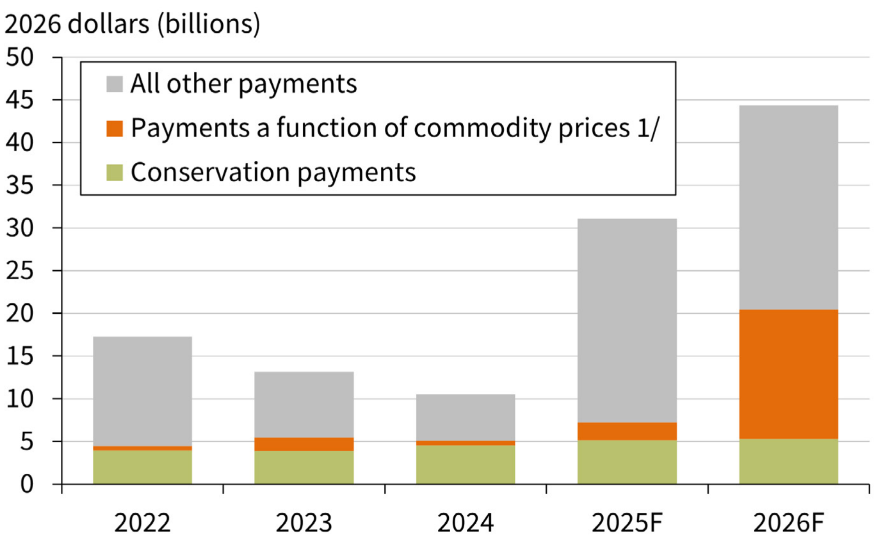
in 2022, the highest level in the last 15 years. While expenses were lower in 2025 at $473 billion and projected $478 billion in 2026, this is only a 5% reduction in overall production expenses, while crop cash receipts are nearly 25% lower. Certainly, some of this is explained by the fact that, with high beef cattle prices, new livestock and poultry purchases are higher in the expense column, but much of it is the sticky nature of major row crop expense items.

This data and forecast also highlight the importance of ad-hoc government program payments and changes to the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. Total federal direct government program payments have grown from $10 billion in 2024 to $31 billion in 2025 and are expected to reach $44.3 billion in 2026. Without these assistance payments, the net farm income and net cash farm income expectations would be demonstrably worse, especially for commercial row crop farmers, as that is where the bulk of the program funding is going.

The report highlights the challenges ahead for planning and management for row crop farmers. Margins are expected to be very tight heading into this year, and it will likely take unexpected events affecting row crop commodity prices to dramatically improve on projections. Planning and management are also challenging, as a large share of cash income is diverted to ad-hoc program payments. While the last seven years or so have shown ad hoc payments to be the rule rather than the exception, those payments are more difficult to anticipate, as they are not guaranteed if certain conditions are met, like ARC or PLC. Also, the amounts and affected crops can vary. Right now, row crop producers who are likely in the best position are those with equity to weather the situation and some flexibility to adjust to changes in costs and commodity market conditions.

The USDA's Farm Sector Income Forecast can be found at https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast.

Figure 3: USDA Calculated Direct Government Program Payments Inflation-Adjusted



Note: F = forecast. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2026 by USDA, Economic Research Service.
1/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, and Dairy Margin Coverage payments.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 5, 2026.

Trends in North Dakota Cow-calf Operations by Operation Size

Jon T. Biermacher, Extension Livestock Development Specialist

Over the past couple of decades, there have been some interesting changes in the number and size of cow-calf operations in North Dakota. Census of Agriculture data reported in the USDA National Agricultural Statistics Service's Quick Stats database was used to calculate the percentage change in operations by operation size category and the total number of beef cows between 2002 and 2022 (Table 1).

During this 20-year period, North Dakota realized significant reductions of 1,765 (-40%), 1,425 (-53%) and 1,026 (-45%) of cow-calf operations for 1-49, 50-99 and 100-199 operation size categories. In contrast, the larger operations (500-999, 1,000-2,499 and >2,500 cows) realized increases of 150 (181%), 14 (280%) and 2 (200%) in cow-calf operations, respectively. The only operation size that remained relatively stable in terms of number of operations over the time period is the 200-499 size, which realized a modest increase of 108 operations (9%). For reference, the total number of operations across all sizes declined from 10,691 in 2002 to 6,749 in 2022, representing a 37% reduction. However, during the same period, the total number of cows on cow-calf operations declined by only 10% (from 1.05 million to 950,000 cows).

Using Table 1 data, the share of total operations within each operation size for each year was calculated and reported in Table 2. Operations with 1-49 cows ebbed and flowed a bit but were mostly stable, ranging from 42% in 2002 (4,443 out of 10,691) to 40% in 2022 (2,678 out of 6,749). This was also the operation size that maintained the largest share of total operations in the state over the 20-year period.

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Table 1. Number of North Dakota Cow-calf Operations by Size-of-operation Category and Year

Year	1_49 Beef Cows	50_99 Beef Cows	<100 Beef Cows	100_199 Beef Cows	200_499 Beef Cows	500_999 Beef Cows	1K_2,499 Beef Cows	>2500 Beef Cows	Total Operations	Total Cows
2002	4,443	2,708	7,151	2,283	1,168	83	5	1	10,691	1,050,000
2007	3,999	2,366	6,365	2,039	1,126	127	9	1	9,667	970,000
2012	4,056	1,867	5,923	1,734	1,140	156	9	2	8,964	880,000
2017	3,152	1,756	4,908	1,755	1,376	183	20	3	8,245	970,000
2022	2,678	1,283	3,961	1,257	1,276	233	19	3	6,749	950,000
Change	-1,765	-1,425	-3,190	-1,026	108	150	14	2	-3,942	-100,000
% Change	-40%	-53%	-45%	-45%	9%	181%	280%	200%	-37%	-10%

Source: USDA-NASS Quick Stats Database (http://quickstats.nass.usda.gov)

Table 2. Share of Cow-calf Operations by Size-of-operation Category as a Percent of the Total Number of Operations By Year

Year	1_49 Beef Cows	50_99 Beef Cows	<100 Beef Cows	100_199 Beef Cows	200_499 Beef Cows	500_999 Beef Cows	1K_2,499 Beef Cows	>2,500 Beef Cows	>200 Beef Cows
2002	42%	25%	67%	21%	11%	0.8%	0.05%	0.01%	12%
2007	41%	24%	66%	21%	12%	1.3%	0.09%	0.01%	13%
2012	45%	21%	66%	19%	13%	1.7%	0.10%	0.02%	15%
2017	38%	21%	60%	21%	17%	2.2%	0.24%	0.04%	19%
2022	40%	19%	59%	19%	19%	3.5%	0.28%	0.04%	23%
Change	-1.9%	-6.3%	-8.2%	-2.7%	8.0%	2.7%	0.23%	0.04%	10.9%

Trends in North Dakota Cow-calf Operations by Operation Size — continued from page 4

The operation size that realized the largest reduction in its share of total operations was the 50-99 size, losing 6.3% of its share. The two smallest sizes combined (1-49 plus 50-99 sizes) realized an 8.2% reduction from 67% in 2002 to 59% in 2022. The 100-199 size maintained its share of total operations for the most part, with a modest 2.7% decline.

Among all operation sizes, the 200-499 category saw the greatest increase in its share of total operations, rising by 8%. In addition, the three largest sizes (500-999, 1,000-2,499 and >2,500) all increased their share of total operations, with the 500-999 category realizing the largest increase of 2.7%.

Overall, the smaller- to medium-sized operations (less than 200 cows) realized a reduction of 10.9% in their share of total operations, while the larger-sized operations (more than 200 cows) gained the 10.9% share lost by the smaller operations, with the 200-499 operation size gaining the majority (8%) of the increase.

Like trends in other farm entities, the data suggests that the size of cow-calf operations has continued to grow, although it is unlikely that this growth has been at the same degree as seen in the growth of North Dakota grain farms. It will be interesting to observe how the size of cow-calf operations changes over the next 20 years, with increasing issues associated with access to farm labor (especially labor available to livestock farms), drought/warming temperatures (in North Dakota and elsewhere), changes in policy (globally), and changing local and global markets.

Reach out with any questions at jon.biermacher@ndsu.edu.

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Export Sales Key for U.S. Corn Prices

Frayne Olson, Crop Economist/
Marketing Specialist

The U.S. produced a record corn crop of more than 17 billion bushels. The U.S. Department of Agriculture (USDA) is also projecting record-high corn consumption for the 2025/26 marketing year. All major corn usage categories tracked by the USDA are expected to be higher than the previous year. The Feed and Residual category, which estimates whole corn fed to livestock plus spoilage and wastage, is projected to be 14% higher. Food, Seed and Industrial use, which includes corn used for ethanol production, is expected to be up about 2%. Exports are forecast to be up over 15% from last year.

Historically, corn exports have served as a shock absorber, helping balance supply and demand. When total corn supplies, which include inventories from the previous year, are smaller than normal, corn prices tend to be relatively high and can be extremely variable. When prices are high, export sales tend to be low. International buyers either turn to other suppliers, look for substitutes or use less.

In contrast, when total corn supplies are above normal levels, prices tend to be relatively low and much more stable over time. Lower prices stimulate more U.S. export sales, as long as the U.S. prices are competitive.

Exports to international markets provide a large, responsive market that can help reduce large domestic supplies in a short period of time. As a result, the pace of U.S. export sales can help provide information about domestic price trends.

Table 1 summarizes historical U.S. corn export sales. The four columns on the left summarize the total annual exports for the past four marketing years by country. The two columns on the far right show the year-to-date export commitments for the current marketing year, 2025/26, and the same time period during last year's marketing year, 2024/25.

Note that all of the major U.S. corn export destinations have purchased more corn this year than last year, with the exception of China. This suggests that U.S. corn is competitively priced in the global marketplace and that there is strong demand for it.

The current year-to-date corn export sales (the rightmost column) are about 30% higher than export sales for the same time last year (the second column from the right). The 2024/25 year held the previous record for corn exports.

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Table 1 – Historical Annual U.S. Corn Export Sales by Country (1,000 metric tons)

Country	2021/22 Annual Export Sales	2022/23 Annual Export Sales	2023/24 Annual Export Sales	2024/25 Annual Export Sales	2024/25 Year-to-Date Export Commitments (02-20-25)	2025/26 Year-to-Date Export Commitments (02-19-26)
Mexico	16,690	14,826	21,723	22,969	17,610	19,524
Japan	10,205	6,810	11,082	13,542	7,492	10,290
Colombia	4,393	2,433	6,323	7,724	4,889	5,002
South Korea	1,472	818	2,405	6,157	2,823	5,915
Spain	528	58	711	2,276	1,482	2,638
China	14,348	7,543	2,808	33	32	0.0
ROW	12,128	6,981	9,225	16,380	14,320	19,591
Total	**59,764**	**39,469**	**54,277**	**69,081**	**48,648**	**62,960**

USDA – Foreign Agriculture Service Export Sales Query System
ROW = Rest of World

Export Sales Key for U.S. Corn Prices

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However, the February USDA World Agricultural Supply and Demand Estimates (WASDE) showed that the USDA forecasts total corn exports to be 15% above last year's levels. This suggests that either the WASDE forecast for total marketing-year export sales will need to be increased, weekly U.S. corn exports will slow significantly for the rest of this marketing year or some combination of both.

This raises the question about the seasonality of corn export sales levels. The September 2025 Agriculture By the Numbers article explained the highly seasonal nature of U.S. soybean export sales levels and their relationship to Brazil's soybean harvest.

Figure 1 shows the historical weekly export sales for U.S. corn by marketing year. Typically, export sales slowly increase from the beginning of September, the start of the marketing year, into February. March, April and May are usually the strongest months. Then, weekly sales begin to slow as the marketing year closes at the end of August.

However, 2025/26 weekly export sales (the red line) have been running significantly ahead of previous years' levels. Will these aggressive export sales continue, or will U.S. sales stabilize and return to levels seen in previous years? The answer to this question will be important for local corn prices and basis levels.

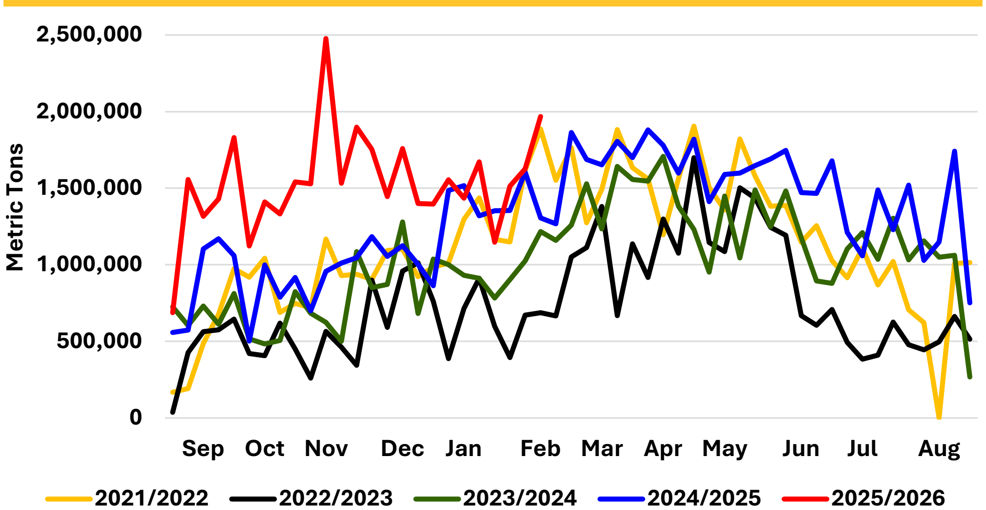
The most likely answer is that future U.S. export sales levels will stabilize, similar to previous years. Competition from Brazilian and Argentine corn supplies will intensify, making it difficult to maintain above-average sales levels.

The Brazilian first crop of corn is currently being harvested, and their second crop of corn, safrinha ("little harvest"), is being planted. The July 2025 Agriculture By the Numbers edition provided an overview of Brazilian corn production. Based on USDA forecasts, Brazil's 2025/26 corn production will be down slightly from last year, but its total corn exports will be slightly higher than last year.

Argentina's corn production is forecast to be higher than last year, which was lower than normal due to drought conditions in key growing regions. Argentina's corn exports are also projected to increase from last year. However, its harvest will not begin until April.

Based on current export bids and ocean freight rates, U.S. corn shipped from the Gulf of Mexico and Pacific Northwest and delivered to northern Asia (Japan, South Korea and China) is priced competitively with Brazilian and Argentine corn for April and May deliveries. However, the price differences are small. Once again, this suggests that future U.S. export sales pace will be similar to previous years.

Figure 1 – Historical Weekly Export Sales for U.S. Corn



USDA – Foreign Agriculture Service Export Sales Query System

U.S. Beef Cow Herd Liquidation Continued In 2025, While North Dakota Expansion Continued

Tim Petry, Extension Livestock Marketing Specialist

The USDA-National Agricultural Statistics Service released the much-anticipated annual Cattle Inventory Report on Jan. 30, 2026. It is available at https://usda.library.cornell.edu/concern/publications/h702q636h.

There were no surprises in the report, as most cattle market observers expected both the beef cow inventory and beef replacement heifer categories to be either up or slightly down from last year.

U.S. beef cow numbers on Jan. 1, 2026, were at 27.6 million head, down 1%, or 284,800 head, from the 27.9 million head on Jan. 1, 2025.

The 2026 U.S. beef replacement heifer inventory at 4.71 million head increased 1%, or 41,700 head, over the 4.67 million head in 2025.

The Jan. 1 beef cow numbers for 2023, 2024, 2025 and 2026 were all below the 28.96 million beef cows at the last cyclical low in 2014, which saw the previous record-high cattle prices.

The year 2025 marked the seventh straight year of cyclical liquidation in the U.S. beef cow herd. Numbers peaked on Jan. 1, 2019, at 31.64 million head, so the seven-year difference was about 4 million head, or a 12.8% decline.

The top 10 beef cow states, in order of importance, are Texas, Oklahoma, Missouri, Nebraska, South Dakota, Montana, Kansas, North Dakota, Florida and Kentucky. These states account for 57% of the U.S. beef cow herd.

Six of those states — Texas, Missouri, Oklahoma, Montana, North Dakota and Florida — saw increases in beef cow numbers during 2024, indicating possible interest then in beef herd restocking where forage conditions allowed.

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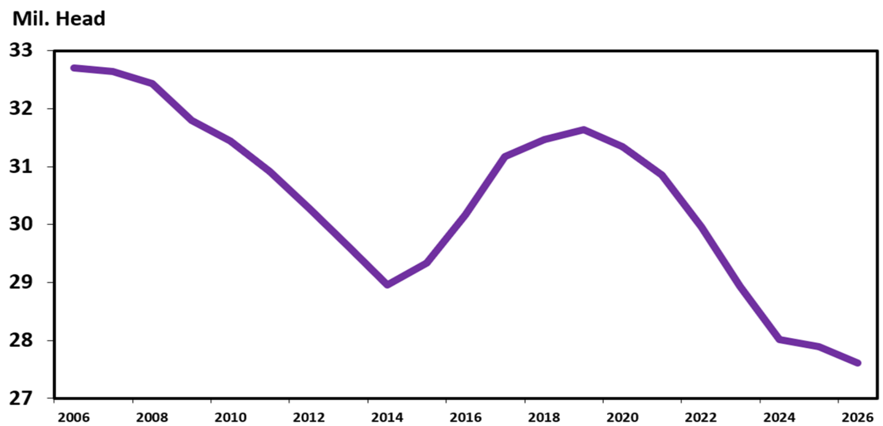
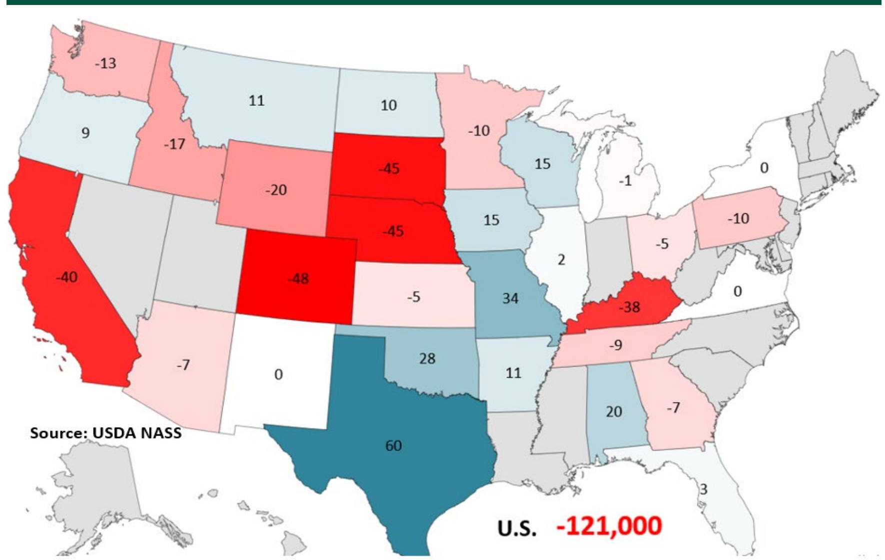
January 1 Beef Cow Incentory — U.S., Annual



Source: USDA NASS

Change in Beef Cows — 2024 to 2025 — 1,000 Head



U.S. Beef Cow Herd Liquidation Continued In 2025, While North Dakota Expansion Continued — continued from page 8

However, seven of the top 10 states recorded declines in beef cow numbers in 2025, with only North Dakota, Oklahoma and Florida increasing numbers.

North Dakota led the nation in expansion in 2025, with beef cow numbers increasing another 21,000 head following a 10,000-head increase in 2024.

Other notable 2025 increases in beef cow numbers occurred in Colorado and Minnesota, where numbers increased 15,000 head; in California, Washington and Pennsylvania, up 10,000 head; and in Florida and Oklahoma, each jumping 7,000 head.

Drought conditions, which began in 2020 in important cow-calf regions and have continued at moderate to severe levels since, have certainly been the primary driver of forced beef cow liquidation.

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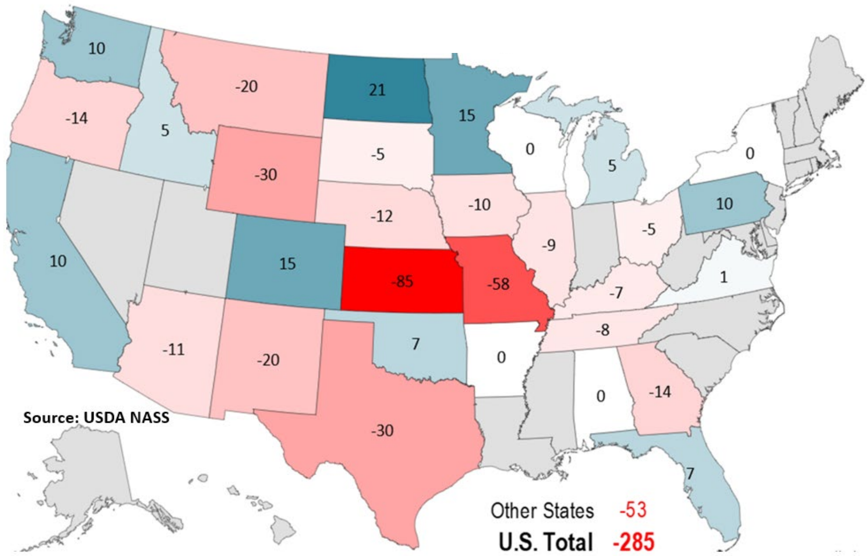
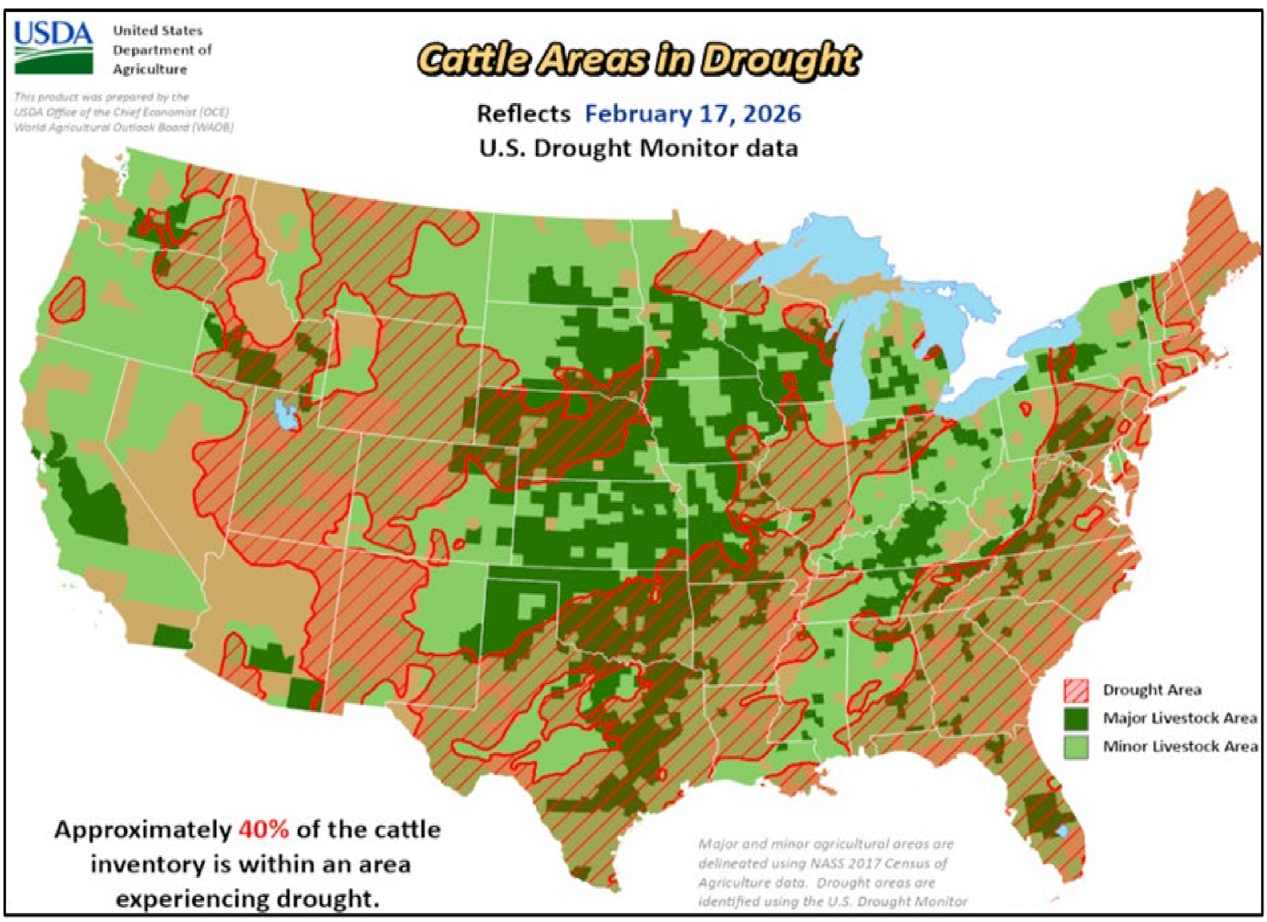
Change in Beef Cows 2025 to 2026 — 1,000 Head





U.S. Beef Cow Herd Liquidation Continued In 2025, While North Dakota Expansion Continued — continued from page 9

However, other factors contributing to the lack of beef cow herd rebuilding include increasing production costs, labor shortages, market price uncertainty, record-high replacement heifer prices, and the abrupt price decline following the last cyclical price high in 2014-2015.

The 2026 U.S. beef replacement heifer inventory did increase by 1% — the first increase in replacement heifers since the 6.36 million head peak in 2017. That may signal possible initial interest in herd rebuilding.

However, the 4.67 million beef replacements on Jan. 1, 2026, were below the 5.56 million and 6.1 million head available at the last cyclical low in the beef cow herd in 2014 and at herd rebuilding in 2015.

The beef replacement heifer inventory includes both the heifer calves held for replacement as well as the bred heifers expected to calve in 2026. The number of bred heifers expected to calve was 2.96 million, up 1.4% from last year.

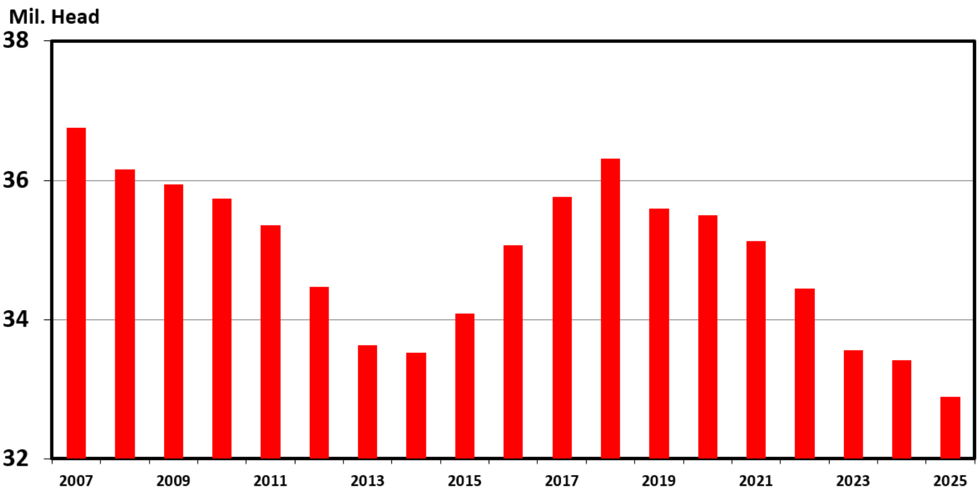
The 2025 calf crop was down 630,000 head at 32.9 million head, marking the seventh consecutive year of calf crop declines since the 36.3 million head cyclical high in 2018.

The declining beef cow herd and calf crop will mean fewer cattle marketed and likely declining beef production in 2026. That will be supportive to cattle prices.

Current cattle prices are at record-high levels and are expected to remain cyclically high. However, seasonal price patterns do exist across cattle market classes, so price declines during the year are still likely.

Price volatility and risk will likely continue. Drought conditions linger, the potential size of the 2026 corn crop is unknown, government policy decisions impact beef imports and exports, domestic and export beef demand face challenges, and geopolitical issues remain uncertain.

Calf Crop — U.S., Annual



Source: USDA NASS