**USDA Agricultural Projections to 2030**

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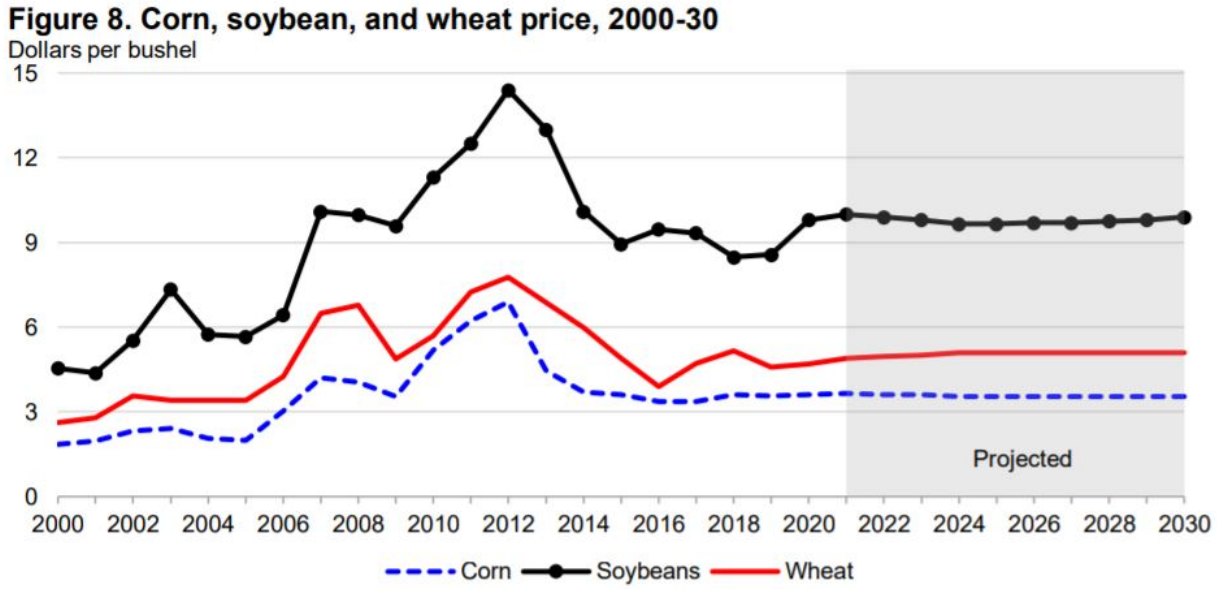
The United States Department of Agriculture (USDA) recently released the interagency report: *USDA Agricultural Projections to 2030*. These long-term projections include several assumptions related to the Farm Bill, macroeconomic conditions, farm policy, and trade agreements. While long-term projections are based on assumptions and many unknowns, they do provide a glimpse of how U.S. farm commodity prices may perform over the next several years. Anyone interested in reading specific details is encouraged to see the report available here: https://www.ers.usda.gov/webdocs/outlooks/100526/oce-2021-1.pdf?v=3513.2.

This article briefly summarizes selected selections of the 102-page report, including U.S. crop prices, milk production, U.S. farm income, and government payments. Figures from the report are included to accompany the text.

**U.S. Crop Prices**

Rising global demand for diversified diets and protein will continue to stimulate import demand for grains. Increased demand for these crops is accompanied by rising competition for market share from countries such as Brazil, Argentina, the EU, and the Black Sea region. The United States also faces challenges related to ongoing tensions with trade partners and a relatively strong U.S. dollar. Although strong trade competition continues, U.S. commodities remain generally competitive in global agricultural markets, with U.S. corn and soybean exports projected at record highs by 2030/31. Nominal prices for wheat, cotton, and rice are expected to rise modestly between 2021/22 and 2030/31.




**Milk Production**

Milk production is projected to rise at a compound annual growth rate of 1.1 percent over the next 10 years, reaching 248 billion pounds in 2030. With slow growth in domestic demand as the economy

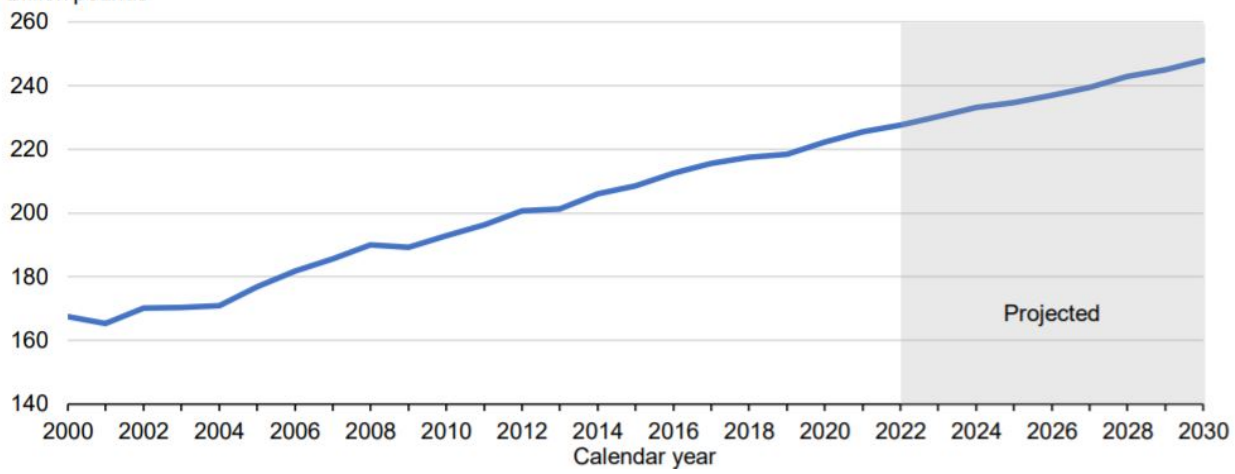
recovers from the pandemic, the dairy herd will remain relatively flat in the middle of the decade but grow in the latter years. In 2030, milk cows are projected to number 9.43 million head. Economies of scale trends are expected to continue, leading to further farm consolidation. Technological and genetic developments will contribute to increasing yields. In 2030, milk production per cow is projected to average 26,295 pounds.

• Commercial use of dairy products is expected to rise faster than the growth in the U.S. population over the next decade.

• Global demand for U.S. dairy products is expected to continue to grow over the next 10 years, with the largest increases being in exports of products with high skim-solids content such as dry skim milk products (nonfat dry milk and skim milk powder), whey products, and lactose.

• The all-milk price in 2021 is expected to be lower than 2020 as milk production increases significantly. Feed prices are expected to increase from 2020 to 2021. Milk production in 2022 is projected to grow at a rate slower than in 2020 and 2021 because of lagged supply response to relatively low milk prices and relatively high feed prices in 2021. With slow milk production growth in 2022 and an increase in demand as the economy is recovering from the pandemic, the all-milk price is projected to increase in 2022. As the industry adjusts, the all milk price dips to lower levels in 2023-25. The all milk price then increases in nominal terms later in the decade.

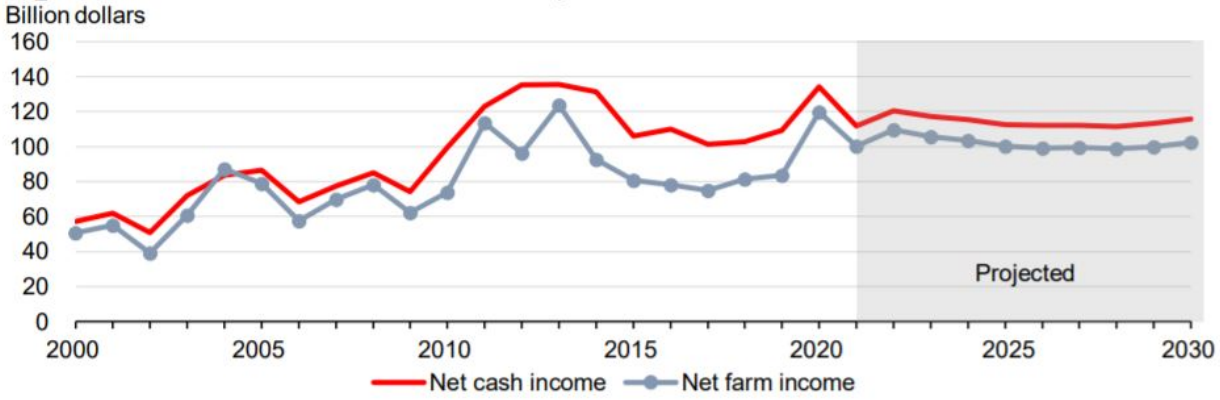
**Figure 22. U.S. milk production, 2000-30**




**U.S. Farm Income**

Net farm income and net cash income are projected to decrease in 2021. Net farm income is projected to decrease $19.5 billion in 2020 to $100.1 billion in 2021. Net cash farm income is projected to decrease 16.7 percent in 2020 to $111.7 billion for 2021. The projected decline in net farm income for 2021 is primarily because of lower government payments relative to 2020. Farmers received an estimated $24.3 billion in direct payments from the Coronavirus Food Assistance Programs 1 and 2 during 2020. The 2021 farm income value does not include payments made under the Consolidated Appropriations Act 2021 that was passed after the projections were tabulated.

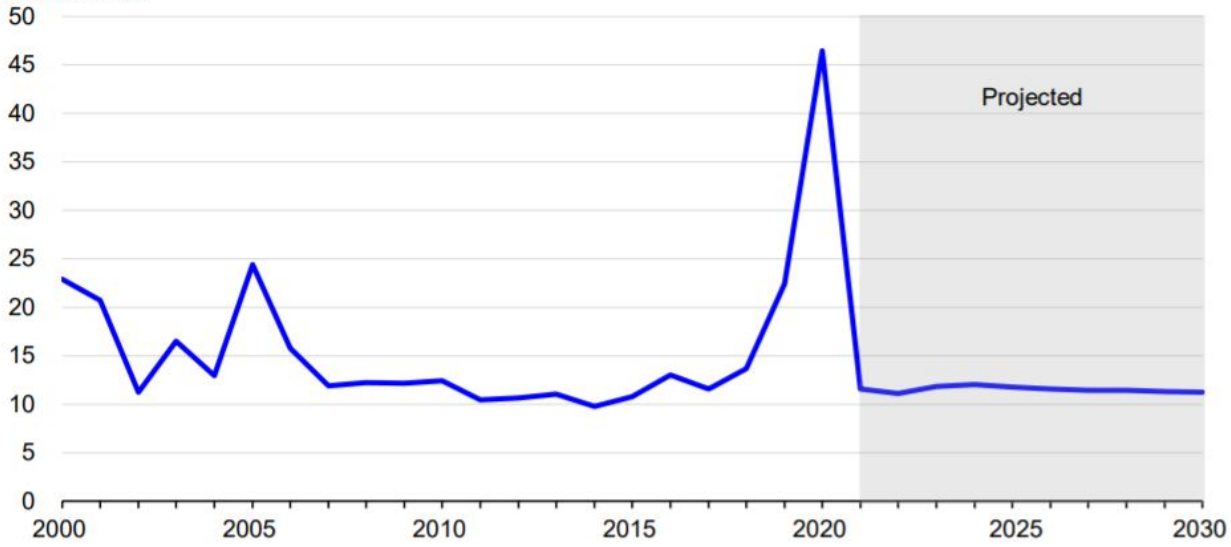
**Figure 26. U.S. farm income indicators, 2000-30**




**Government Payments**

After falling $35 billion in 2021 to $11.5 billion, direct government payments are projected to decline again in 2022 as market prices are expected to improve and ad hoc payment programs expire. Government payments are then expected to climb before decreasing after 2024 through 2030. The Conservation Reserve Program (CRP), ARC and PLC payments collectively account for the largest share of direct government payments to the agricultural sector over 2021-30. These projections also assume no government payments from potential new farm sector programs.

**Figure 29. Total U.S. direct government payments, 2000-30**




**Moving Forward**

Again, many things can/will happen between now and 2030 to alter these projections. However, they are one source of information to use for long-term planning. Based on these projected production levels and prices, will you be competitive in the long-term? If not, what changes are necessary to make

you successful?  If so, what can you do to be even more successful?  I encourage you to talk to your Extension Educator and other advisors as you complete farm business planning.