

May 2005

2004 Net Farm Income Reaches Record High

Tina N. Barrett

University of Nebraska-Lincoln, tbarrett2@unl.edu

Follow this and additional works at: http://digitalcommons.unl.edu/agecon_cornhusker



Part of the [Agricultural and Resource Economics Commons](#)

Barrett, Tina N., "2004 Net Farm Income Reaches Record High" (2005). *Cornhusker Economics*. 213.
http://digitalcommons.unl.edu/agecon_cornhusker/213

This Article is brought to you for free and open access by the Agricultural Economics Department at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Cornhusker Economics by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln
<http://agecon.unl.edu/pub/cornhusker.htm>

2004 Net Farm Income Reaches Record High

Market Report	Yr Ago	4 Wks Ago	4/29/05
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	\$87.10	\$94.74	\$91.96
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb	117.77	142.03	141.67
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb	102.65	113.11	117.68
Choice Boxed Beef, 600-750 lb. Carcass	157.62	151.09	162.21
Western Corn Belt Base Hog Price Carcass, Negotiated	72.20	66.90	74.90
Feeder Pigs, National Direct 45 lbs, FOB	46.19	70.81	69.32
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	73.66	71.06	69.79
Slaughter Lambs, Ch. & Pr., 90-160 lbs., Shorn, Midwest	96.50	107.00	106.00
National Carcass Lamb Cutout, FOB	221.78	267.67	257.59
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Omaha, bu	3.81	2.92	3.02
Corn, No. 2, Yellow Omaha, bu	3.01	1.86	1.85
Soybeans, No. 1, Yellow Omaha, bu	10.25	5.90	6.09
Grain Sorghum, No. 2, Yellow Columbus, cwt	5.04	2.73	2.93
Oats, No. 2, Heavy Minneapolis, MN, bu	1.94	1.78	1.66
<u>Hay</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton	115.00	115.00	115.00
Alfalfa, Large Rounds, Good Platte Valley, ton	62.50	62.50	57.50
Grass Hay, Large Rounds, Good Northeast Nebraska, ton	57.50	57.50	62.50
* No market.			

Farm incomes reached a new record high of \$78,930 in 2004, as recorded by the Nebraska Farm Business, Inc. (NFBI). Since 1977, NFBI has been tracking accrual farm records of actual producers in Nebraska. In 2004, over 140 farms submitted their records to produce the record net income. The previous high income of \$72,657 was in 1978.

The range of net income, over \$1.2 million, varied more significantly this year, showing that the opportunities to produce that income were not taken advantage of by all producers. The range of gross income also varied from slightly over \$5.8 million to just \$20,000.

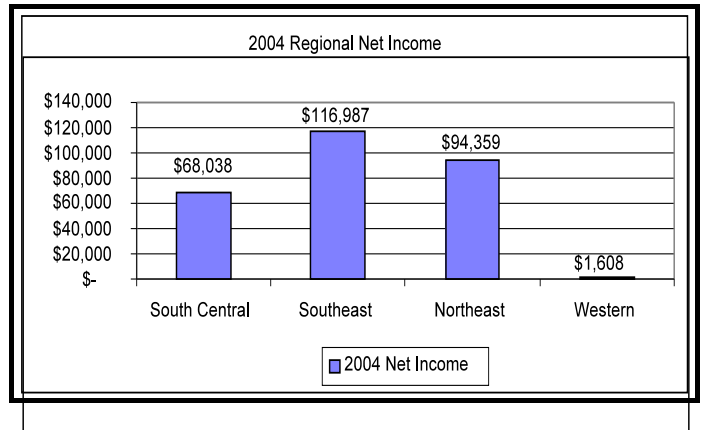
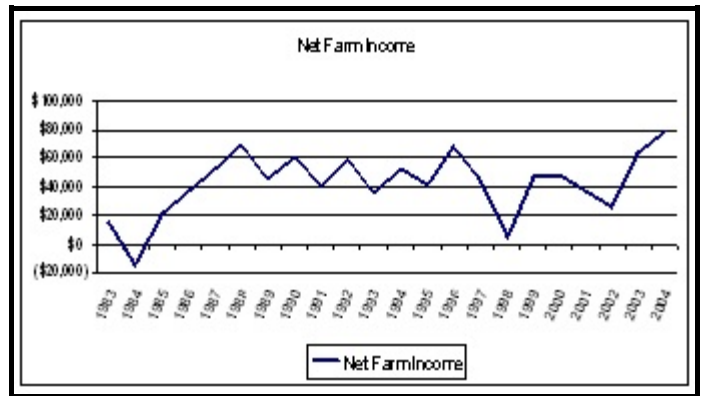
One important observation to take from 2004 is that the opportunities that produced these record incomes are not all going to be available in 2005, so a repeat record income does not look favorable. Here are a few things we noticed that contributed to 2004's record income:

1. There were incredible marketing opportunities in 2004, not only for 2003's crop carried forward into 2004, but also to lock in very favorable incomes for the 2004 crop. In addition to the early marketing opportunities, low harvest prices prompted an LDP payment that increased the profit potential.
2. Yields, especially dryland, were much higher than we've seen in the last few years and in some cases were at an all time record high. This was especially true in Southeast Nebraska where the net incomes soared over \$100,000.
3. Operations heavily involved in livestock production, especially dairy and hogs, showed incredible

incomes due to higher prices available. These can be seen especially in our Northeast and Southeast Nebraska regional averages.

There were also several things that can be noted in 2004 that are still being seen as a repeat for 2005.

1. Fuel prices, especially for irrigated crop producers, were also at all time highs. Since irrigated producers didn't see an incredible increase in yield production and were faced with low harvest prices, the incomes were lower than the "normal" trend in those areas where irrigation is prominent (these farms are mostly located in our South Central Regional Average Book).
2. There are six 2004 Average Books available this year: the Whole State Averages Book, four Regional books and a new Top Efficiency Book. This latest book takes a look at 20 of our most efficient farms to see if we can find how these operations are able to keep so much of each dollar of gross income. More information and analysis on each of these more in depth books is located within each book. All of the data will be available in book format shortly and also in PDF format on our website www.nfbi.net. Please call (402) 464-6324 or email info@nfbi.net with any questions.



Tina Barrett, (402) 464-6324
Director, Nebraska Farm Business Association
tbarrett2@unl.edu