


MESSENGER-INQUIRER

 Cooperative
Extension Service



Farm Update

daviess.ca.uky.edu

AGRICULTURE & NATURAL RESOURCES
EDUCATION

Clint Hardy

Daviess County Extension Office

December 14, 2025

Kentucky's Farm Economy

Kentucky's crop receipts are forecast to fall by nearly 13% in 2024 while livestock receipts are forecast to increase by around 17% this year due to strong cattle prices and continued growth in our poultry and equine markets. The livestock increase will offset crop decrease making it possible that 2024 Kentucky farm cash income may be close to the record high level of \$8.3 billion recorded in 2022.

Although these figures highlight the resilience of the state's diverse agricultural economy, farmers are contending with rising input costs, reduced government payments, and low grain prices that collectively weigh heavily on profitability.

Net farm income (NFI) counts the value of production minus the cost of production for the year. This measure of profitability directly influences the financial well-being of the farm and family involved. This data is pulled from commercial crop farms participating in the Kentucky Farm Business Management Program (KFBM), which assists member farms with their financial decision-making.

KFBM data showed that total costs per acre increased by 23% in 2022 and remained elevated in 2024, even as commodity prices began to drop. As a result, NFI has fallen, and

MESSENGER-INQUIRER

liabilities are rising. The average farm's working capital ratio, a key measure of liquidity, is eroding.

Debt-to-asset ratios remain favorable for most Kentucky farms, with the average staying below 30%, reflecting long-term solvency. However, increasing short-term liabilities are straining liquidity.

The crop economy faced significant headwinds in 2024, with grain receipts leading the decline. Inflation-adjusted prices for corn, soybeans, and wheat are near historic lows, leaving many producers struggling to break even.

According to Grant Gardner, Grain Economics Assistant Extension Professor, corn prices are expected to increase slightly as supplies decline later in the year, though no major catalysts for a significant shift are apparent. There is simply too much supply of corn, and demand is consistent.

Soybeans face a similar oversupply situation, though increasing domestic crush capacity offers some long-term promise. Crush demand is expanding, but it only kept pace with U.S. supply increases this year.

Wheat markets remain a mixed picture, with U.S. supplies up but global shortages such as the European Union creating potential export-driven price increases

Livestock receipts are expected to surge by 16.8% in 2024, with national cattle numbers at a 63-year low. This pushed feeder cattle values \$30–\$50 per cwt higher than in 2023.

Poultry production remains Kentucky's largest agricultural commodity, leading farm-level receipts. Wholesale broiler prices rose by 4%, with modest production increases bolstering

MESSENGER-INQUIRER

the sector. Cases of avian influenza have been lower this year, which helped maintain stability in the poultry market.

Worldwide, burley tobacco supplies remain relatively tight, but declining product sales are narrowing the supply deficit. Consequently, burley needs by cigarette manufacturers are falling. However, contract volumes for individual producers next year may remain near 2024 levels due to attrition as burley farmers continue to exit due to narrowing profit margins.

Dark tobacco volume continues to be threatened by the increasing sales of nicotine pouches replacing smokeless tobacco product consumption, causing an expected continued reduction in dark tobacco acreages.

Kentucky farmers are entering 2025 with significant uncertainty, particularly grain producers, who face continued price pressures. Grain markets show little indication of recovery unless a major global weather event reduces the oversupply. Tight cash flows and rental rates that are slow to adjust compound these challenges.

However, livestock producers, especially in the cattle market, can expect relatively high prices to persist as the industry awaits signs of expansion in herd sizes. The anticipated strong livestock sector could help maintain overall Kentucky ag cash receipts to remain above \$8 billion in 2025.

The broader agricultural outlook also hinges on numerous policy and geopolitical factors. Energy, trade, and immigration policies, as well as the Federal Reserve's approach to interest rates, could influence land values, farm balance sheets, and the strength of the U.S. dollar. Export markets, especially China's role and the diversification of U.S. agricultural exports, will be pivotal in shaping future demand.

MESSENGER-INQUIRER

Geopolitical events, such as the conflicts in Ukraine and the Middle East, continue to create ripple effects for global agricultural markets. As businesses and farmers alike navigate these uncertainties, Kentucky's agricultural economy will depend on strategic resilience and adaptability to maintain its critical role in the state's economic landscape.

The Martin-Gatton College of Agriculture, Food and Environment is an Equal Opportunity Organization with respect to education and employment and authorization to provide research, education information and other services only to individuals and institutions that function without regard to economic or social status and will not discriminate on the basis of race, color, ethnic origin, national origin, creed, religion, political belief, sex, sexual orientation, gender identity, gender expression, pregnancy, marital status, genetic information, age, veteran status, physical or mental disability or reprisal or retaliation for prior civil rights activity.