

# What Can Wisconsin Grain Farmers Expect for 2025? Negative Margins!

Paul D. Mitchell, Agricultural and Applied Economics, UW-Madison

Cell: 608-320-1162 | Email: [pdmitchell@wisc.edu](mailto:pdmitchell@wisc.edu) | Web: <https://aae.wisc.edu/pdmitchell/>

November 13, 2024



The USDA published its preliminary long-run [Agricultural Baseline Projections](#) for the farm economy on November 7, 2024. This report includes the first estimate of the 2025 season-average farm price from the USDA, as well as the long-run trends in the agricultural economy. For corn, they project \$3.90/bu as the season-average farm price in 2025, with 92 million acres planted and expected trend yield of 182 bu/ac for the U.S. For soybeans, they project a season-average farm price of \$10.00/bu in 2025, with 85 million acres planted and expected trend yield of 52.5 bu/ac for the U.S.

These price estimates for 2025 are below most estimates of break-even prices needed to cover farm costs of production, including opportunity (or rental) costs for land and management. University of Illinois published preliminary [Illinois Corn and Soybean Budgets for 2025](#) in September 2024. These budgets project that farmers will reduce their costs of production by 3% to 4% by cutting back on inputs and because prices for some inputs have fallen. Estimated 2025 break even prices for Northern Illinois will be \$4.62 for corn after soybeans, \$4.90 for corn after corn, and \$11.30 for soybeans. My early estimates of breakeven prices for Wisconsin are that they will be around \$4.65/bu for corn and \$10.80/bu for soybeans. If farmers get their expected yields in 2025 and receive the USDA price projections of \$3.90 for corn and \$10.00 for soybeans, after paying for variable inputs and machinery, they will not have enough revenue to cover land rental costs, let alone pay themselves for their time and management effort. 2025 looks to be a tough year for grain farmers, with negative margins for many.

## Farm Financial Conditions

After several years of fairly flat land values in the state, land values have increased substantially. USDA [Agricultural Land Values](#) shows that the Wisconsin average value for farm real estate was \$6,800 in 2024, up 40% from \$4,850 in 2020. In addition, many farms refinanced loans to lock in low interest rates before rates began to increase in 2022. As a result, balance sheets are generally solid for the “average” farm. However, two types of farms are at risk – highly leveraged farms with relatively little equity and those renting a large portion of their land of land. The “average” farm can weather negative margins in the short-term by using equity, but loan payments and rents have to be paid. Recent price declines for corn and soybeans mean that margins in 2024 will not be very good and if 2025 margins are also poor, eventually these conditions will catch up to many farms. Thus far, agricultural banks in the region have not reported spikes in loan repayment problems, nor have federal Chapter 12 farm bankruptcy filings jumped in the state, but the situation bears monitoring.

## Policy Uncertainty

In many years, federal commodity support programs help farms. However, it is unclear what, if any, support farmers can expect from the lame duck Congress and president or the new Congress and president. There have been some movements for ad hoc legislation or a new Farm Bill, but nothing

is certain. Furthermore, the USDA prices projections for 2025 assume a policy status quo. If a trade war occurs or policies supporting RFS are changed, these demand shocks will likely affect price expectations for 2025. Until policy clarity emerges, Wisconsin farmers should plan for tight and negative margins for corn and soybeans as they make plans for 2025.

### **What's a Farmer to Do?**

Some of my previous posts have provided suggestions for [Ways to Reduce Borrowing for Your Farm](#) and using [Marketing Assistance Loans to Manage Interest Costs](#). Multiple UW Extension faculty and staff also provided several suggestions for improving crop management in [Balancing Sustainability and Innovation in Wisconsin Agriculture](#) and the associated [YouTube Channel](#). Beyond these resources and other materials on the internet, farmers should rely on their social networks for ideas and suggestions of ways to work through these tight margins. Agriculture has gone through periods of tight margins before. Experienced farmers and other agricultural professionals are valuable sources of information on strategies and specific tactics that can be used to make it through such times and these connections can be valuable for everyone.