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### **FAPRI Baseline shows lower farm income**

There will be a significant drop in net farm income this year.

That was part of the message the Food and Policy Research Institute (FAPRI) at the University of Missouri delivered to Congress Monday afternoon in their 2015 annual agricultural baseline.

“Farm income in 2015 is expected to down by about 27 percent from the 2014 level,” says Pat Westhoff, FAPRI director. “Costs of production have maybe moderated a little bit, but we’ve seen a big drop in receipts for both livestock and crops.”

Westhoff says after several years seeing strong prices for agricultural commodities, there will be more of a challenge in the next few years. He says it will be more important for producers to think about ways to keep down costs and maintain returns as best they can.

“Risk management will be more important than it has ever been before because of that,” Westhoff says.

Westhoff also pointed to the need to make the right choice for your operation under the 2014 Farm Bill. He says unlike the former farm program where the payments were more or less fixed each year, now programs are very sensitive to market conditions.

The baseline does have some good news for consumers. For the past several years food price inflation has been faster than overall inflation in the U.S. economy.

“We’re expecting that to change course in 2015 and 2016,” Westhoff says. “Food price inflation should be less this year and in 2016 could be even less than the overall rate of inflation.”

For more information about the FAPRI baseline, visit [fapri.missouri.edu](http://fapri.missouri.edu).