2026

North Dakota Farm Profitability Challenges

North Dakota farm producers face persistent financial headwinds in 2026: depressed prices for major commodities, elevated input costs, substantial transportation expenses tied to the state's geography and rail-dependent export system, and constrained access to affordable capital and operating credit. Current cash bids frequently yield narrow or negative returns on a full-cost basis. Regional assessments have projected that only about 48% of Northern Plains farmers would be profitable in 2026.

ELEVATED INPUT COSTS (CUMULATIVE CHANGE SINCE 2020)

- **Seed:** +18% cumulative since 2020.
- **Interest Expenses:** +73% nationally since 2020.
- **Labor:** +50% cumulative since 2020.
- **Overall:** N.D. production expenses near or above $10.7 billion. Persistently high input costs mean that stronger commodity prices alone may not fully restore farm profitability.

TRANSPORTATION AND LOGISTICS PRESSURES

- **Rail Dependence:** Landlocked N.D. relies heavily on rail to the Pacific Northwest and the Gulf which means some of the highest rates per ton-mile among grain states.
- **Current Pressures:** Some moderation in 2025 was more than offset by oil prices in 2026. Fuel surcharges and limited competition in parts of the state continue to widen basis and raise storage/handling costs.
- **Geographic Factor:** Longer hauls than central states amplify per-bushel costs and vulnerability to rate or capacity changes.

ACCESS TO CAPITAL AND CREDIT CONDITIONS

- **Liquidity & Repayment:** Lender surveys rank liquidity and farm income as top concerns. Lower net returns lead to carryover debt and cautious lending.
- **Interest & Debt:** Cumulative higher rates since 2022 have significantly increased interest expenses. Many operations carry substantial real estate and equipment debt.
- **Credit Standards:** Tighter underwriting limits access for marginal borrowers and growth capital.

IMPACT OF DISASTER ASSISTANCE

USDA projects $44.3 billion in direct government payments in 2026, including $23.9 billion in disaster assistance. Without these, some estimates suggest U.S. net farm income would be more than 10% lower than current projections. While providing important short-term relief, disaster assistance can mask underlying financial stress caused by low commodity prices and high production costs.

FARM INPUT COST INCREASES IN RECENT YEARS

The tables below show how much more expensive key farm inputs are in mid-2026 compared to 2021. Data is based on national numbers; due to transportation costs, North Dakota often pays a meaningfully higher price.

Category	2021	2026 Price	% Change
Fertilizer			
Urea (46-0-0)	$350–400/ton	$550–650/ton	**+55% to +65%**
DAP (18-46-0)	$450–550/ton	$700–850/ton	**+55% to +60%**
Potash (0-0-60)	$350–420/ton	$480–580/ton	**+35% to +45%**
Anhydrous Ammonia	$500–600/ton	$850–1,100/ton	**+70% to +85%**
Fuel			
Gasoline (on-farm)	$2.00–2.40/gal	$3.40–3.90/gal	**+60% to +70%**
Diesel (on-farm)	$2.20–2.60/gal	$3.80–4.50/gal	**+70% to +80%**
Natural Gas	$2.50–3.50/MMBtu	$4.00–6.00/MMBtu	**+60% to +80%**
Propane (on-farm)	$1.20–1.60/gal	$2.00–2.60/gal	**+60% to +70%**
Crop Protection			
Herbicides	Avg. $4,100/ton	Avg. $4,600/ton	**+12% avg.**
Insecticides	Avg. $11,000/ton	Avg. $13,986/ton	**+27% avg.**
Fungicides	Avg. $120/gallon	Avg. $150/gallon	**+25% avg.**

Key Takeaway: Most major farm input categories remain 40–80%+ higher than just 5 years ago. These elevated baselines continue to compress margins even when commodity prices show a modest recovery.

QUESTIONS TO CONSIDER

Farm profitability continues to be a primary concern for many farmers and ranchers.

▶ What is the biggest factor affecting profitability on your farm or ranch right now, either positively or negatively?

▶ What should NDFB focus on to help improve farm profitability for North Dakota producers?

▶ What role, if any, should government payments play during periods of financial stress in agriculture?

▶ How can farm policy provide short-term relief without weakening market signals or long-term independence for producers?

Sources

NDSU Agriculture By the Numbers, December 2025: https://www.ndsu.edu/agriculture/sites/default/files/2025-12/Agriculture%20By%20the%20Numbers%20Dec.%202025.pdf

USDA ERS Farm Sector Income Forecast: https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast

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