

Idaho Livestock and Crop Revenues

Cattle and Calves

Revenue from cattle and calves is estimated at \$1.07 billion, down 2% from 2007. Prices held steady throughout most of the year, then fell sharply in September. The Idaho cattle and calf inventory as of January 1, 2008, was 2.23 million head, 2% higher than a year earlier. There were 460,000 beef cows on hand, 13,000 head fewer than in January 2007. The milk cow inventory climbed from 502,000 head in January 2007 to 530,000 head by January 2008.

Milk

Milk production in 2008 was over 1 billion pounds in 10 of 12 months. Revenue from Idaho milk is estimated to be \$2.15 billion, up 5% from 2007. Milk production was up 8%, and prices averaged 3% lower. Cash receipts are estimated to be 68% higher than the 10-year average.

Barley

Idaho barley production in 2008 increased an estimated 13% from 2007 levels, and barley prices are projected to be 31% higher, resulting in barley revenues estimated at \$231 million, 62% higher than in 2007. The state's average yield is estimated to be 86 bushels per acre, up 6 bushels per acre from 2007. Nationally, barley production is 13% higher than in 2007.

Beans

Dry bean revenues in 2008 are estimated at \$56 million, 29% higher than in 2007. Production was down an estimated 4%, but prices are estimated to be up 40%. Average yields of 1,950 pounds per acre are up 150 pounds per acre from 2007, but growers harvested 10,000 fewer acres.

Greenhouse/Nursery

Revenues in 2008 are estimated to be \$87 million, 2% higher than in 2007. Field-grown sales typically account for 75% of total revenues, while Christmas trees and greenhouse-grown sales including houseplants, flowers, and seedlings account for the rest.

Hay

In 2008 hay was Idaho's third most valuable crop. Reflecting strong demand from expanding dairies, hay revenues are forecast to be a record high of \$673 million, up 47% from 2007. Alfalfa hay production was up 4% to an estimated 4.97 million tons, and other hay production was up 20% to 0.76 million tons. Prices are estimated to be 42% higher than last year.

Onions

Production for 2008 is expected to be 5.87 million cwt, a 14% decrease from 2007. Yields are estimated to be 690 cwt, down 60 cwt from a year ago. With production down 14% and significantly higher prices, onion revenues are forecast to be \$46 million, down 8% from 2007.

Potatoes

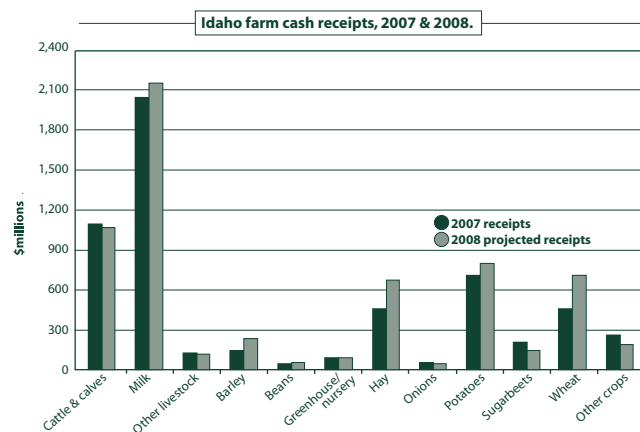
Potatoes remain Idaho's largest source of crop revenue, with 2008 revenues estimated at \$800 million, 13% higher than in 2007. Potato production is estimated to be 115 million cwt, down 12% from 2007, and the lowest since 1989. Average yields of 378 cwt (field-run basis) are up 5 cwt from last year, and prices are estimated to be 22% higher.

Sugarbeets

Idaho's sugarbeet production is forecast to be 3.63 million tons, down 37% from last year's 5.75 million tons, the lowest since 1984. Growers harvested 50,000 fewer acres than in 2007, the lowest since 1977. Average yields were 31.0 tons per acre, down from last year's record high 34.4 tons per acre. Revenue is estimated at \$147 million, down 30% from 2007.

Wheat

Wheat was Idaho's second-largest revenue producer among crops in 2008. Revenues are expected to be \$707 million, up 55% from 2007. At a projected 98.2 million bushels, production was up 17% from 2007. Wheat prices were their highest ever, averaging 45% higher than in 2007. Nationally, the 2008 wheat crop is estimated to be 21% larger than in 2007.



Sources: Idaho Agricultural Statistics Service and UI projections

Idaho net farm income, by calendar year.

	(\$ millions)										Change ('07-'08)
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
REVENUES											
Crop Production	1,698	1,766	1,762	1,950	1,733	1,829	1,925	2,123	2,413	2,935	22%
Livestock Production	1,616	1,629	2,063	1,999	2,180	2,538	2,592	2,418	3,269	3,344	2%
Services & Forestry	319	319	337	378	354	371	508	536	594	626	5%
Government Payments	211	264	208	165	153	153	191	141	121	116	-4%
Home Consumption	7	6	6	6	6	6	7	7	7	9	26%
Inventory Adjustment	115	134	(64)	131	22	165	57	58	64	66	5%
TOTAL REVENUES	3,965	4,119	4,311	4,629	4,448	5,063	5,279	5,284	6,467	7,096	10%
EXPENSES											
Farm Origin Inputs	635	660	729	1,002	982	984	1,051	1,165	1,386	1,617	17%
Manufactured Inputs	555	572	571	624	607	625	758	774	839	1,133	35%
Other Inputs	700	750	718	796	872	756	872	1,042	1,033	1,158	12%
Vehicle Regist./Licensing	9	12	11	9	11	10	10	9	11	11	4%
Property Taxes	87	89	86	90	82	85	104	127	146	151	4%
Capital Consumption	285	289	295	300	305	330	366	391	402	424	6%
Payments to Stakeholders	725	790	755	781	712	761	860	903	877	922	5%
TOTAL EXPENSES	2,997	3,164	3,166	3,603	3,571	3,551	4,023	4,410	4,693	5,416	15%
NET FARM INCOME	968	955	1,145	1,026	876	1,511	1,257	873	1,774	1,680	-5%
Year-to-Year Change	5%	-1%	20%	-10%	-15%	73%	-17%	-31%	103%	-5%	

SOURCES: 1999-2007: Economic Research Service/USDA; 2007 & 2008: Forecasted by G. Taylor, P. Patterson, and B. Eborn, University of Idaho.

NOTE: Data for 2007 and the previous four years are preliminary estimates that USDA can revise for up to five years.

Idaho cash receipts from farm marketings, by calendar year.

	(\$ millions)										Change ('07-'08)
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
LIVESTOCK											
Cattle and Calves	677	757	916	976	1,070	1,069	1,066	1,022	1,092	1,070	-2%
Milk	834	762	1,043	918	1,005	1,358	1,418	1,282	2,050	2,153	5%
Other Livestock	105	110	103	105	105	111	108	114	127	120	-5%
TOTAL LIVESTOCK	1,616	1,629	2,063	1,999	2,180	2,538	2,592	2,418	3,269	3,344	2%
CROPS											
Barley	129	120	139	140	158	149	199	129	143	231	62%
Beans	34	33	28	32	35	34	46	36	43	56	29%
Greenhouse/Nursery	67	70	67	71	81	84	80	84	86	87	2%
Hay	215	263	311	280	220	311	343	402	458	673	47%
Onions	37	44	40	52	66	36	34	52	50	46	-8%
Potatoes	597	539	582	702	547	516	516	665	710	800	13%
Sugarbeets	216	212	188	212	217	204	201	234	210	147	-30%
Wheat	229	298	254	306	259	334	336	350	456	707	55%
Other Crops	174	222	154	155	151	163	170	171	257	188	-27%
TOTAL CROPS	1,698	1,799	1,762	1,950	1,733	1,829	1,925	2,123	2,413	2,935	22%
TOTAL CASH RECEIPTS	3,314	3,428	3,825	3,949	3,913	4,368	4,517	4,542	5,682	6,279	11%
Year-to-Year Change	0%	3%	12%	3%	-1%	12%	3%	1%	25%	11%	

SOURCES: 1999-2007: Idaho Agricultural Statistics Service; 2007 and 2008: Forecasted by G. Taylor, P. Patterson, and B. Eborn, University of Idaho.

NOTE: Data for 2007 and the previous four years are preliminary estimates that USDA can revise for up to five years.

The authors—Ben Eborn, Extension Educator in Teton County; Paul Patterson, Extension Agricultural Economist, UI Idaho Falls Research & Extension Center; and Garth Taylor, Regional Economist, UI Department of Agricultural Economics and Rural Sociology, Moscow.

University of Idaho
College of Agricultural and Life Sciences

University of Idaho
Extension

The Financial Condition of Idaho Agriculture: 2008 projections

Ben Eborn, Paul Patterson, and Garth Taylor

For the 5th straight year, Idaho farmers posted record sales! Cash receipts from sales of crops and livestock in 2008 are projected to hit \$6.3 billion, an 11% increase over 2007. However, due to increased production costs, net farm income is expected to drop 5% from last year's record to an estimated \$1.7 billion for 2008. The 2008 decrease in farmers' bottom lines follows the amazing 103% increase in 2007. With the exceptions of sugarbeets, onions, and cattle, every major Idaho crop and livestock category increased in cash receipts. Milk receipts again reached a record level, \$2.15 billion, 5% above 2007's record. Potato sales rose an estimated 13% to their second-highest level ever, \$800 million.

2008 Crop and Livestock Highlights:

- For the eighth year in a row, livestock revenues exceeded crop revenues. At \$3.34 billion, livestock revenues comprised 53% of Idaho's total farm-gate cash receipts.
- For the fifth consecutive year, dairy is Idaho's leading agricultural industry. Resulting from record high production (up 8% from 2007) and strong prices, 2008 cash receipts from milk are estimated to be \$2.15 billion, 5% higher than in 2007. Over 34% of Idaho farm sales were milk checks.
- Cattle and calves were Idaho's second-largest agricultural revenue producer, bringing in an estimated \$1.07 billion, 2% less than in 2007.
- Potatoes remain Idaho's number one crop, with 2008 revenues estimated at \$800 million, 13% more than in 2007. Potato production fell to 115 million cwt, down 12% from 2007, but prices jumped 22%.
- Wheat surpassed hay and regained the title of Idaho's second-largest crop-revenue producer. Revenues for 2008 are expected to be \$707 million, an increase of 55% from 2007. Wheat production was up 17%; however, prices were 45% higher than in 2007.
- Hay revenues are forecasted to be \$673 million, up 47% from 2007. Total hay production was up 5.5%, but hay prices are estimated to be 42% higher than in 2007.
- Barley sales in 2008 are estimated at \$231 million, 62% higher than in 2007. Idaho barley production increased by 13% in 2008, and prices are projected to be 31% higher than in 2007.
- Revenues from Idaho's sugarbeets are estimated at \$147 million, down 30% from 2007. Production is forecast to be 3.63 million tons, down 38%.

Idaho Farm Cash Receipts

Idaho's 2008 farm cash receipts from marketings are estimated to be \$6.3 billion—11% more than last year's record of \$5.7 billion.

Crop revenues are estimated at \$2.94 billion, up 22% from last year's \$2.41 billion and 46% above the 10-year average. With the exceptions of sugarbeets and onions, every major crop produced increased revenues in 2008. Wheat, barley, beans, hay, and potatoes posted double-digit increases.

Livestock revenues are estimated at \$3.34 billion, up 2% from last year's \$3.27 billion and 41% higher than the 10-year average. Cash receipts from cattle and calves are projected to be 2% lower than last year. Cash receipts from milk are expected to be \$2.15 billion, up 5% from last year's record-breaking \$2.05 billion.

The shift in the Idaho agricultural economy from crops to livestock has been remarkably swift and dramatic. Within the past decade, Idaho's Famous Potatoes have struggled to bring in approximately 15% of cash receipts. Conversely, milk, which was at 25% of total farm cash receipts in 1998, is now at 34%. The center of Idaho agriculture has shifted geographically to the dairies of the Magic Valley. Farming's backward- and forward-linked industries—the suppliers to farms and processors—have shifted in response.

Declines in sheep, fruit, seed crops, and mint have narrowed Idaho's agricultural diversity, and the overall health of Idaho agriculture has become increasingly dependent on milk and beef prices.

Cash receipts in 2008 were well above last year's all-time record in nominal dollars as well as the highest ever in real dollars (1996 dollars). Over a 39-year span (1970-2008), inflation-adjusted cash receipts hit a low in 1971 then rose to their third-highest point just three years later. Real-dollar cash receipts in 2008—\$5.17 billion—were 57% higher than the 39-year average. Until the spikes in the last two years, revenues from Idaho agriculture were far less volatile in the decade of the 1990s and into the 21st century than in previous decades.

Methods—Cash Receipts

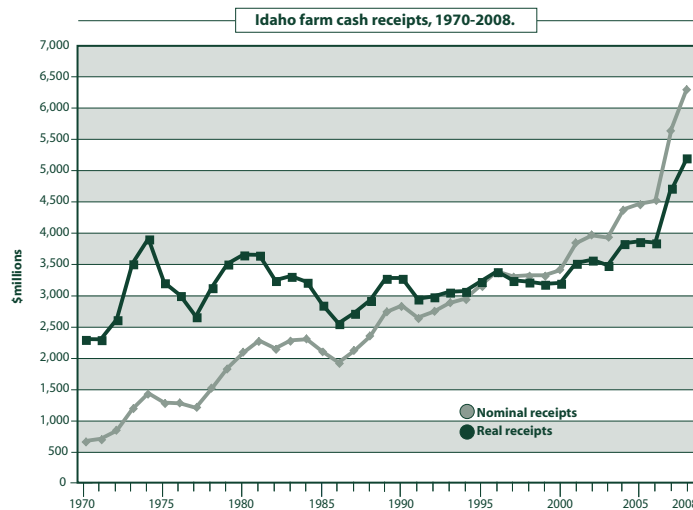
Actual cash receipts for 2008 will not be published by the USDA until the fall of 2009. We used the most recent monthly data from the USDA Idaho Agricultural Statistics Service and from the *Idaho State Department of Agriculture Annual Report*. Data unavailable from these sources were forecasted by the authors using one of three methods: (1) index, (2) expected value, and (3) price-times-quantity.

The index method is used for cattle and calves. The index method captures the relative year-to-year changes in both price and production by indexing current- and previous-year data.

The expected value method is used when price and quantity data are unavailable or available only at the end of the year. Probabilities are assigned to the cash receipts for the three most recent years. This forecasting method is reserved for crops and livestock classified in the "other" categories, which are relatively small contributors to total cash receipts, such as poultry, lambs, trout, hogs, fruit, corn, and mint. This method is also used to forecast cash receipts from greenhouse and nursery products because price and production data are unavailable due to product diversity.

The price-times-quantity method is used when accurate monthly price and marketing data are available, as for milk, potatoes, barley, beans, hay, onions, sugarbeets, and wheat.

Calendar Year—Crop revenue is recorded on a calendar-year basis. For most crops that means portions of two or more crops can be sold in a January to December calendar year. For example, during the 2008 calendar year, potato sales came from both the 2007 and 2008 crops.



Sources: Idaho Agricultural Statistics Service and UI projections

Note: Real receipts are adjusted for inflation to 1996 dollars.

Idaho Net Farm Income

Net farm income is the bottom line—the farmer's paycheck. Idaho net farm income in 2008 is estimated to be 5% lower than in 2007. An estimated 10% increase in revenues (gross farm sales, government payments, etc.) and a 15% increase in costs resulted in net farm income at an estimated \$1.68 billion, 39% higher than the 10-year average.

In only one of the past 10 years have Idaho cash receipts from farm marketings varied year to year by more than 12%. Net farm income over the same period, however, has been much more volatile. In six of the past 10 years, net farm income changed 15% or more from the previous year. The 2007 whopping 103% increase followed the 31% decrease in 2006 and the 73% increase in 2004.

The 10% increase in 2008 revenues can be attributed largely to the projected 22% increase in revenues from crop production and 2% increase in revenues from livestock production. Revenues from services and forestry are estimated to be up 5% from 2007, while revenues from government payments are expected to be down 4%.

On the cost side, total farm expenses are estimated to be 15% higher than in 2007. Most farm expenses experienced hefty increases. Costs of manufactured inputs such as fuel, fertilizer, and electricity rose a painful 35%. Manufactured inputs account for 21% of farm expenses, thus cost increases in this category have a big impact on the bottom line. Costs for "other" inputs, including machine hire, storage, transportation, and repair and maintenance, climbed 12%. Costs of farm-origin inputs, including feed, seed, and replacement livestock, jumped 17%.

Nationally, 2008 U.S. net farm income is estimated at \$86.9 billion, relatively unchanged from \$86.8 billion in 2007, but still 42% higher than the 10-year average.

Over a 39-year period (1970-2008), Idaho net farm income, in nominal terms, peaked in 2007 at \$1.77 billion and hit a low in 1977 at \$112 million. In real dollars (1996 base year), Idaho net farm income topped out in 1974 at \$1.6 billion, and just five years later, in 1979, hit its lowest point, \$241 million, a sevenfold drop. Idaho real net farm income for 2008 is estimated to be 63% higher than the 39-year average.

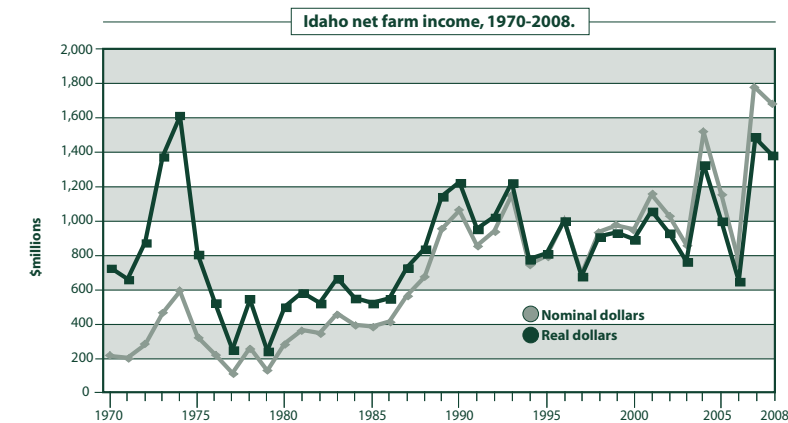
Methods—Net Farm Income and Net Value Added

Net farm income is the farmer's bottom line, revenues minus costs. Revenues include cash receipts from crop and livestock marketings, inventory changes, the estimated value of home consumption, government payments, machine hire and custom work, forest product sales, and the imputed rental value of farm dwellings. Farm expenses include farm-origin inputs (purchased livestock, feed, and seed), manufactured inputs (fertilizers, fuel, and electricity), and "other inputs" including repairs and maintenance, machine hire and custom work, marketing, storage, transportation, and contract labor.

Idaho net farm income for 2008 is not published by the USDA until the fall of 2009. Data sources we used to forecast 2008 net farm income include the USDA forecast "Value-Added to the U.S. Economy by the Agricultural Sector via the Production of Goods and Services, 2004-2008F." Farm revenues for livestock and crops were obtained from our 2008 cash receipts forecast with adjustments for inventory changes and noncash receipts. Costs were estimated from the percentage change from 2007 to 2008 in U.S. cost information, which we used to update this year's Idaho cost data.

Net farm income estimates published by the USDA are subject to revision for up to 5 years. For example, in 2003 USDA reported Idaho net farm income at \$1.22 billion and 2 years later revised it down by close to a third.

Gross state product (GSP) measures the sum of all value added by industries within the state. Net value added (NVA) measures economic returns to farm employees, lenders, landlords, and farmers. It measures production agriculture's contribution to Idaho's GSP. Net farm income is that portion of NVA earned by farm operators. NVA estimates are modified by the U.S. Department of Commerce to develop Idaho's GSP agricultural accounts.



Sources: USDA Economic Research Service and UI projections

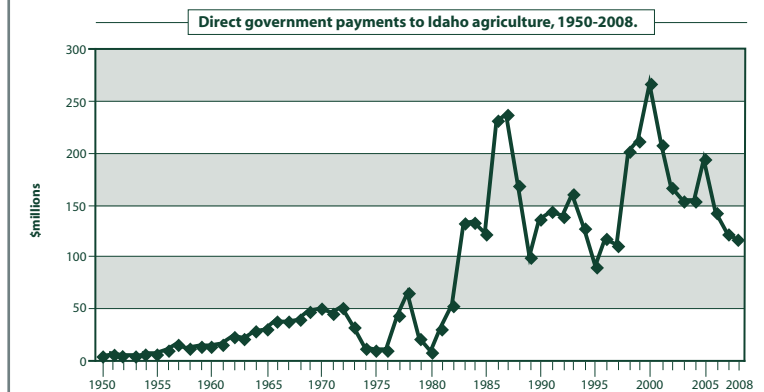
Note: Real dollars are adjusted for inflation to 1996 dollars.

Government Payments to Idaho Agriculture

Federal government payments in fiscal year 2008 are estimated at \$116 million, a decrease of 4% from 2007 and over one-third less than the average of the past 10 years. Production support payments accounted for 60% of total payments, conservation program payments 29%, emergency program payments 11%, and price support program payments practically nothing.

In 2000, payments exceeded \$260 million, the highest amount ever received by Idaho agriculture. The previous high, \$234 million, was in 1987 during the farm financial crisis. Since 2000, government payments have declined over 60% and are now below the amount paid 25 years ago.

Direct government payments in 2007 and 2008 contributed 14% of U.S. net farm income. In contrast, government payments to Idaho agriculture contributed 7% of net farm income in 2008. Idaho received approximately 0.9% of total 2008 payments to U.S. agriculture.

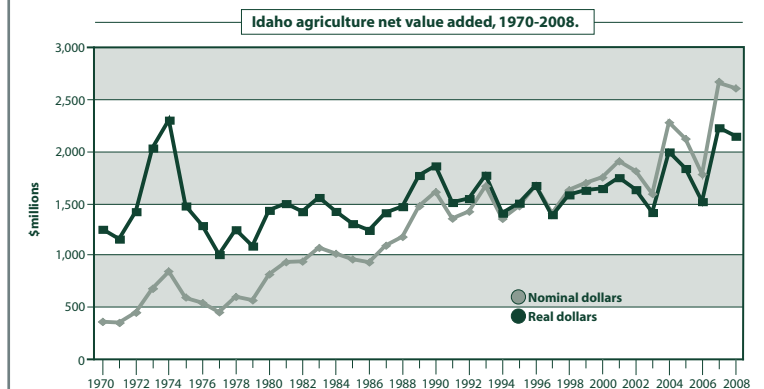


Source: USDA Economic Research Service and UI projections

Note: 2008 is the fiscal year; all other years are calendar years.

Idaho Agriculture's Net Value Added

For 2008 net value added (NVA) of Idaho agriculture is estimated at \$2.6 billion, a decline of 2% from 2007. In nominal dollars, NVA in 2007 was the highest ever recorded and in 2008 the second highest. In real dollars (1996 base), NVA was at a 39-year high in 1974 and 39-year low in 1977. In real dollars, forecasted NVA for 2008 is \$221 million below the 1974 high and 36% above the 39-year average. In 2006, crop and livestock (farm production) contributed 3.3% to Idaho's total gross state product (GSP). As a proportion of Idaho's total GSP, production agriculture topped out in 1974 at 16.1%.



Sources: Idaho Agricultural Statistics Service and UI projections

Note: Real value added is adjusted for inflation to 1996 dollars.