

Idaho Livestock and Crop Revenues

Cattle and Calves

Revenue from cattle and calves is estimated at \$1.07 billion, up 5% from 2006. Prices are estimated to be 5% higher, with production up slightly. The Idaho cattle and calf inventory as of January 1, 2007, was 2.18 million head, 3% higher than a year earlier. There were 473,000 beef cows on hand, up slightly from January 2006, and 502,000 milk cows, up 6%.

Milk

For the first time, milk production in both July and August was over 1 billion pounds. Revenue from Idaho milk is estimated to be \$2.04 billion in 2007, up 59% from 2006. Milk production was up 6% from 2006, and prices for the year averaged 48% higher than in 2006. Cash receipts from milk are estimated to be 78% higher than the 10-year average.

Barley

Idaho barley production in 2007 increased 3% from 2006 levels, and barley prices are projected to be 17% higher, resulting in barley revenues estimated at \$164 million, 19% higher than in 2006. The state's average yield is estimated to be 80 bushels per acre, down 4 bushels per acre from 2006. Nationally, barley production is 18% higher than in 2006.

Beans

Dry bean revenues in 2007 are estimated at \$45 million, 16% higher than a year ago. Production was down 19%, but prices are estimated to be up 17% from 2006. Yields of 1,750 pounds per acre are down 100 pounds per acre from 2006, and growers harvested 15,000 fewer acres than a year ago.

Greenhouse/Nursery

Revenues in 2007 are estimated to be \$111 million, 9% higher than in 2006. Field-grown sales typically account for 60% of total revenues, while greenhouse-grown sales account for about 20%. Sales of Christmas trees, vegetable seeds, and flower seeds make up the rest.

Hay

In 2006 hay was Idaho's second largest crop, but wheat surpassed hay in 2007. Reflecting strong demand from expanding dairies, hay revenues are forecast to be \$426 million, up 12% from 2006. Alfalfa hay production was down 1% to an estimated 5.04 million tons, and other hay production was down 28%. Prices are estimated to be 11% higher than last year.

Onions

Production for 2007 is expected to be 6.62 million cwt, a 30% increase from 2006. Yields are estimated to be 720 cwt, up 180 cwt from a year ago. With increased production and lower prices, onion revenues are forecast to be \$52 million, up 13% from 2006.

Potatoes

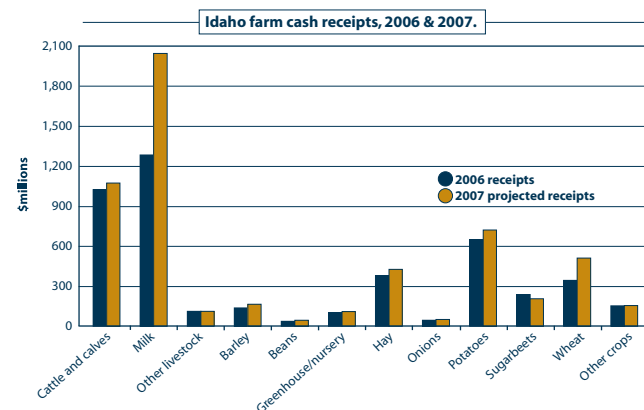
Potatoes remain Idaho's largest source of crop revenue, with 2007 revenues estimated at \$721 million, 11% higher than in 2006. Potato production is estimated to be 132 million cwt, up 2% from 2006. Yields of 377 cwt (field-run basis) are down 9% from last year's record high, and prices are estimated to be 2% higher.

Sugarbeets

Idaho's sugarbeet production is forecast to be 5.44 million tons, down 8% from last year's 5.93 million tons. Growers harvested 20,000 fewer acres than in 2006. Yields were at record highs—over 33 tons per acre—up from the 31.7 tons-per-acre record set in 2006. Revenue is estimated at \$207 million, down 13% from 2006.

Wheat

Once again wheat was Idaho's second-largest revenue producer among crops. Revenues for 2007 are expected to be \$511 million, up 49% from 2006. At a projected 84 million bushels, Idaho wheat production was down 7% from 2006. Wheat prices in 2007 were their highest ever, averaging 44% higher than in 2006. Nationally, the 2007 wheat crop is estimated to be 14% larger than in 2006.



Sources: Idaho Agricultural Statistics Service and UI projections

Idaho net farm income, by calendar year.

	(\$ millions)										Change ('06-'07)
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
REVENUES											
Crop Production	1,727	1,698	1,766	1,762	1,950	1,733	1,829	1,863	2,085	2,392	15%
Livestock Production	1,585	1,616	1,629	2,063	1,999	2,180	2,538	2,592	2,416	3,223	33%
Services & Forestry	316	319	319	337	378	354	374	510	516	565	10%
Government Payments	199	211	264	208	165	153	153	191	141	108	-23%
Home Consumption	7	7	6	6	6	6	6	7	7	8	18%
Inventory Adjustment	72	115	134	(64)	131	22	165	10	75	28	-63%
TOTAL REVENUES	3,907	3,965	4,119	4,311	4,629	4,448	5,066	5,172	5,240	6,324	21%
EXPENSES											
Farm Origin Inputs	620	635	670	728	1,002	982	984	1,051	1,168	1,340	15%
Manufactured Inputs	562	555	572	571	624	608	625	753	765	850	11%
Other Inputs	717	700	750	718	795	887	756	877	1,020	1,113	9%
Vehicle Regist./Licensing	12	9	12	11	9	10	10	10	9	9	6%
Property Taxes	89	87	89	86	90	82	85	104	127	134	6%
Capital Consumption	281	285	289	295	301	306	331	367	392	392	0%
Payments to Stakeholders	703	725	790	754	780	716	764	859	917	983	7%
TOTAL EXPENSES	2,984	2,997	3,172	3,164	3,602	3,591	3,556	4,021	4,396	4,821	10%
NET FARM INCOME	923	968	946	1,147	1,027	856	1,510	1,151	844	1,504	78%
Year-to-Year Change	34%	5%	-2%	21%	-10%	-17%	76%	-24%	-27%	78%	

SOURCES: 1998–2006: Economic Research Service/USDA; 2006 & 2007: Forecasted by G. Taylor, P. Patterson, and B. Eborn, University of Idaho.

NOTE: Data for 2006 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 ('06-'07)
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
LIVESTOCK											
Cattle and Calves	653	677	757	916	976	1,070	1,069	1,066	1,022	1,071	5%
Milk	829	834	762	1,043	918	1,005	1,358	1,418	1,282	2,041	59%
Other Livestock	104	105	110	103	105	105	111	108	112	111	-1%
TOTAL LIVESTOCK	1,585	1,616	1,629	2,063	1,999	2,180	2,538	2,592	2,416	3,223	33%
CROPS											
Barley	120	129	120	139	140	158	149	137	138	164	19%
Beans	40	34	33	28	32	35	34	46	38	45	16%
Greenhouse/Nursery	61	67	70	67	71	81	84	94	102	111	9%
Hay	248	215	263	311	280	220	311	343	379	426	12%
Onions	44	37	44	40	52	66	36	34	46	52	13%
Potatoes	546	597	539	582	702	547	516	516	648	721	11%
Sugarbeets	219	216	212	188	212	217	204	201	237	207	-13%
Wheat	268	229	298	254	306	259	334	336	344	511	49%
Other Crops	181	174	222	154	155	151	163	155	154	156	1%
TOTAL CROPS	1,727	1,698	1,799	1,762	1,950	1,733	1,829	1,863	2,085	2,392	15%
TOTAL CASH RECEIPTS	3,313	3,314	3,428	3,825	3,949	3,913	4,368	4,455	4,501	5,615	25%
Year-to-Year Change	1%	0%	3%	12%	3%	-1%	12%	2%	1%	25%	

SOURCES: 1998–2006: Idaho Agricultural Statistics Service; 2006 and 2007: Forecasted by G. Taylor, P. Patterson, and B. Eborn, University of Idaho.

NOTE: Data for 2006 and the previous four years are preliminary estimates that USDA can revise for up to five years.

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The Financial Condition of Idaho Agriculture: 2007 projections

Ben Eborn, Paul Patterson, and Garth Taylor

What a record-shattering year for Idaho agriculture! Idaho farmers brought in a projected \$5.6 billion in cash receipts from sales of crops and livestock in 2007, a 25% increase over 2006. Net farm income also skyrocketed—to an estimated \$1.5 billion, a 78% increase from 2006. The 2007 increase in farmers' bottom lines follows the 27% decrease in 2006. With the exception of sugarbeets, every major Idaho crop and livestock category scored huge increases in cash receipts. Receipts from cattle and calf sales are projected to be slightly above record levels, while milk revenue soared an estimated 59%. Potato revenue rose an estimated 11% from the previous year to its highest level ever.

2007 Crop and Livestock Highlights:

- For the seventh year in a row, livestock revenues exceeded crop revenues. At \$3.22 billion, livestock revenues comprise 57% of Idaho's total farm-gate cash receipts.
- For the fourth consecutive year, dairy is Idaho's leading agricultural industry. Owing to record high production and record high prices, 2007 cash receipts from milk are estimated to be \$2.04 billion, 59% higher than in 2006. This amazing increase in cash receipts means over 36% of Idaho farm sales are in the form of milk checks.
- Cattle and calves were Idaho's second-largest agricultural revenue producer, bringing in an estimated \$1.07 billion, 5% more than in 2006.
- Among crops, potatoes remain Idaho's most valuable, with 2007 revenues estimated at \$721 million, 11% more than in 2006. Potato production rose to 132 million cwt, up 2% from 2006, and prices jumped 2%.
- Barley sales in 2007 are estimated at \$164 million, 19% higher than in 2006. Idaho barley production increased by 3% in 2007, and prices are projected to be 17% higher than in 2006.
- Hay revenues are forecast at \$426 million, up 12% from 2006. Alfalfa production was down 1%, but hay prices are estimated to be 11% higher than in 2006.
- Revenues from Idaho's sugarbeets are estimated at \$207 million, down 13% from 2006. Production is forecast to be 5.09 million tons, down 14%.
- Wheat regained the title of Idaho's second-largest crop-revenue producer. Revenues for 2007 are expected to be \$511 million, an increase of 49% from 2006. Wheat production was down 7%; however, prices were 44% higher than in 2006.

Idaho Farm Cash Receipts

Idaho's 2007 farm cash receipts from marketings are estimated to be \$5.6 billion—25% more than last year's record of \$4.5 billion.

Crop revenues are estimated at \$2.39 billion, up 15% from last year's \$2.09 billion and 27% above the 10-year average. With the exception of sugarbeets, revenues from every crop improved in 2007. Wheat, barley, beans, hay, onions, and potatoes posted double-digit increases.

Livestock revenues are estimated at \$3.22 billion, up 33% from last year's \$2.42 billion and 48% higher than the 10-year average. Cash receipts from cattle and calves are projected to be 5% higher than last year, slightly topping the 2003 record. Cash receipts from milk are expected to be \$2.04 billion, up 59% from last year's \$1.28 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, at 25% of total farm cash receipts in 1998, is now at 36%. 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, 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 2007 were well above last year's all-time record in nominal dollars as well as the highest in real dollars (1996 dollars). Over a 38-year span (1970-2007), inflation-adjusted cash receipts hit a low in 1971 then rose to their next-to-highest point just three years later. Real-dollar cash receipts in 2007—\$4.71 billion—were 46% greater than the 38-year average and 21% higher than the previous record set in 1974. Until this year's spike, 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 2007 will not be published by the USDA until the fall of 2008. We used the most recent monthly data from the USDA publication *Agriculture in Idaho*, from crop and livestock reports published by the Idaho Agricultural Statistics Service, and from the *Idaho State Department of Agriculture Annual Report*. Data unavailable from these sources were forecast by authors P. Patterson, G. Taylor, and B. Eborn 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.

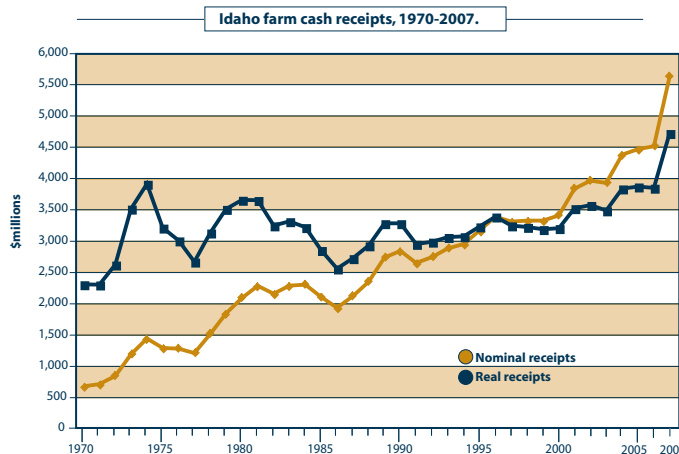
The expected value method is used when price and quantity data are unavailable or available only at the end of the year. Probabilities are assigned to the cash receipts for the three most recent years. This forecasting method is reserved for crops and livestock classified in the "other" categories, which are relatively small contributors to total cash receipts. Examples are poultry and eggs, sheep and lambs, trout, hogs, apples, corn, peas and lentils, 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 crops that can be stored, that means portions of two or more crops can be sold in a January to December calendar year. For example, during the 2007 calendar year, potato sales came from both the 2006 and 2007 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 is estimated to be 78% higher than in 2006. An estimated 21% increase in revenues (gross farm sales, government payments, etc.) and 10% increase in costs bring net farm income in at an estimated \$1.5 billion, 38% 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 seven of the past 10 years, net farm income changed more than 12% from the previous year. The 2007 increase in farmers' bottom lines follows the 27% decrease in 2006 and the 76% increase in 2004.

The 21% increase in 2007 revenues can be attributed largely to the projected 33% increase in revenues from livestock production and the 15% increase in crop revenues. Revenues from services and forestry are estimated to be up 10% from 2006, while revenues from government payments are expected to be down 23%.

On the cost side, total farm expenses are estimated to be 10% higher than in 2006. Most farm expenses experienced hefty increases. Costs of manufactured inputs such as fuel, fertilizer, and electricity rose 11%. Manufactured inputs account for 18% 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 9%. Costs of farm-origin inputs, including feed, seed, and replacement livestock, jumped 15%.

Nationally, 2007 U.S. net farm income is estimated at \$87.5 billion, about 48%, or \$28.5 billion, higher than in 2006.

Over a 38-year period (1970-2007), Idaho net farm income, in nominal terms, peaked in 2004 at \$1.51 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 2007 is estimated to be 52% higher than the 38-year average.

Methods—Net Farm Income

Net farm income is the bottom line, revenues minus costs. Farm revenues include cash receipts from crop and livestock marketings as well as inventory changes and the estimated value of home consumption. Other revenues include government payments, machine hire and custom work, forest product sales, and the imputed rental value of farm dwellings.

Farm expenses include purchased inputs, which are classified as farm origin or manufactured. Farm origin inputs include purchased livestock, feed, and seed. Manufactured inputs include fertilizers, pesticides, fuel, and electricity. Other inputs include repairs and maintenance, machine hire and custom work, marketing, storage, transportation, and contract labor expenses. Property taxes and motor vehicle registration are also farm expenses.

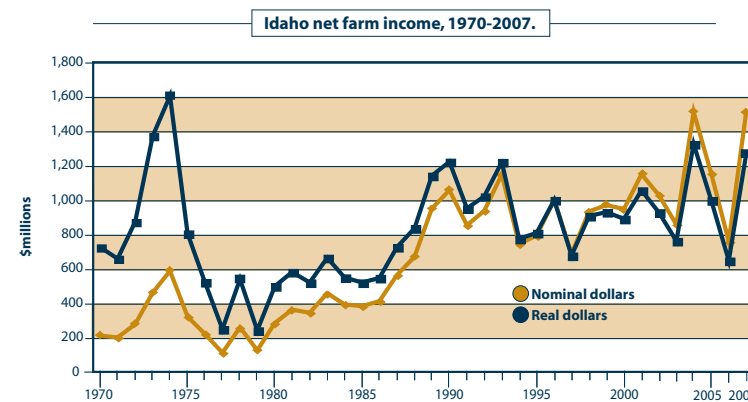
Actual Idaho net farm income is not published by the USDA until the fall of 2008. Data sources we used to forecast 2007 net farm income include the USDA forecast *Value-Added to the U.S. Economy by the Agricultural Sector via the Production of Goods and Services, 2003-2007F*.

Farm revenues for livestock and crops were obtained from our 2007 cash receipts forecast with adjustments made for inventory changes and non-cash receipts. Costs were estimated from the percentage change in the U.S. cost information, which we used to update last year's Idaho cost data.

Net farm income estimates published by the USDA are subject to revision for up to five years. For example, in 2003 Idaho net farm income was reported at \$1.22 billion. Two years later it was revised to \$838 million, a revision of close to a third.

Sources: USDA Economic Research Service and UI projections

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

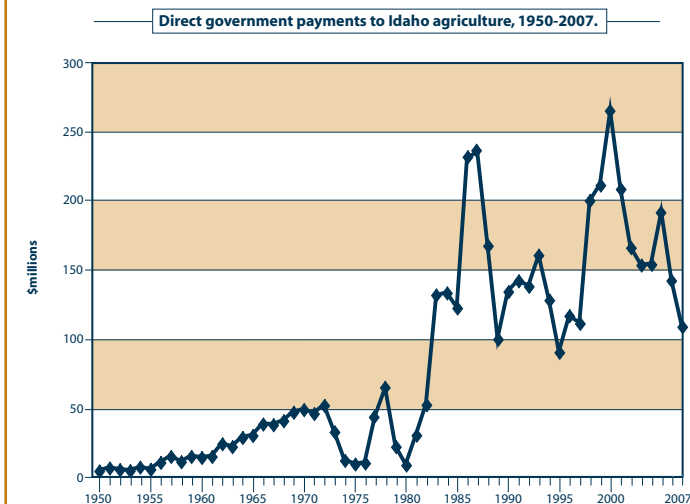


Government Payments to Idaho Agriculture

Federal government payments in 2007 are estimated at \$108 million, a decrease of 23% from 2006 and nearly \$70 million less than the average of the past 10 years.

In the late 1990s government payments escalated. In 1997, payments were as low as \$110 million, but by 2000 they 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 nearly 60%.

Direct U.S. government payments to all of U.S. agriculture in 2007 are forecast to be \$12.1 billion, down 23% from \$15.8 billion in 2006. Direct government payments in 2007 made up nearly 14% of U.S. net farm income, compared with 32% in 2006 and 27% in 2005. In contrast, government payments to Idaho agriculture are estimated to make up 7% of net farm income in 2007, compared with 17% in 2006 and 2005. Idaho received approximately 0.9% of total 2007 payments to U.S. agriculture. At the same time, Idaho net farm income is expected to account for 1.7% of total U.S. net farm income, compared with 1.4% in 2006.



Source: USDA Economic Research Service and UI projections.

“ Idaho net farm income is estimated to be 78% higher than in 2006. ”