# **Idaho Livestock and Crop Revenues**

### **Cattle and Calves**

Following record high beef prices in 2014, cattle and calf prices set new record highs early in 2015 and throughout the year averaged 5% higher than in 2014. The U.S. inventory of beef cattle was up 2% from 2014, which was the lowest since 1958. The January 1 inventory of Idaho beef cows was 481,000 in 2015, up 3% from 2014. Revenue from cattle and calves is estimated at \$2.2 billion, up 8% from 2014.

#### Milk

Idaho ranks third in the nation for milk production, with an output of 14.1 billion pounds in 2015. Production was up 2% from 2014, and prices averaged 28% lower. Weak milk prices through 2015 caused milk revenues to drop to an estimated \$2.4 billion, down \$850 million from 2014. The January 1, 2015, milk cow inventory was 579,000.

#### **Barley**

Prolonged fall rains in 2014 devastated the quality of eastern Idaho's barley crop, part of which was sold in 2015. Idaho barley production in 2015 increased an estimated 3% from 2014, and the average barley price is projected to be 12% lower. Barley revenues in 2015 are estimated to be \$286 million, an increase of 7% from 2014. The state's average yield is estimated to be 97 bushels per acre, up 3 bushels per acre from 2014.

### **Dry Beans**

Dry bean revenues are estimated at \$71 million for 2015, 1% lower than in 2014. Average yields of 1,800 pounds per acre are the same as in 2014, and growers harvested 5,000 fewer acres.

#### Hay

Hay remained Idaho's third-most-valuable crop as measured by sales. Cash receipts are projected to be \$485 million, down 12% from 2014. Taking into account that approximately 45% of the hay produced in Idaho is fed on the farms where it was produced rather than being sold, the total value of hay production is estimated at \$1.1 billion in 2015, making hay Idaho's most valuable crop. Hay production was up 8% to an estimated 5.3 million tons. Weak demand drove Idaho's hay prices down 12%. The average price was \$168 per ton, down \$33 per ton from 2014.

#### **Potatoes**

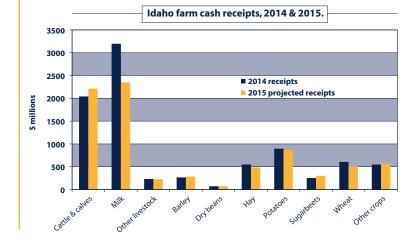
Potatoes remain Idaho's largest source of farm cash receipts, with 2015 revenues estimated to be \$871 million in 2015, 2% lower than in 2014. Potato production is estimated to be 130 million cwt, down 2% from 2014. Yields averaged 402 cwt per acre in 2015, down 13 cwt per acre from the previous year, and the average price is estimated to be down 2%, to \$7.08 per cwt.

## **Sugarbeets**

Sugarbeet revenues are estimated at \$300 million, up 19% from 2014. Sugarbeet production is projected to be 6.4 million tons, down 1% from 2014. Growers harvested 1,000 fewer acres than in 2014. Idaho's projected 2015 average beet price of \$47 per ton is 4% higher than in 2014.

# Wheat

The impact of wheat quality damaged by late-summer rain in 2014 was felt in 2015 revenues. Although wheat was Idaho's second largest crop by revenue in 2015, revenues are expected to be \$506 million, down 17% from 2014. Projected at 88 million bushels, 2015 production was down 6% from 2014. Wheat prices fell 15%, with the average price estimated to be \$5.70 per bushel in 2015.



Sources: USDA National Agricultural Statistics Service and UI projections

### Idaho net farm income, by 2015 calendar year.

#### (\$ millions)

	(4 1111110113)										
											Change
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	('14-'15)
REVENUES											
Crop Production	2,169	2,438	2,872	2,630	2,691	3,292	3,725	3,441	3,192	3,090	-3%
Livestock Production	2,421	3,282	3,371	2,539	3,223	3,996	4,058	4,656	5,471	4,787	-13%
Farm-related Income	523	560	430	674	452	601	478	641	561	549	-2%
Government Payments	141	121	151	140	164	113	127	129	83	92	10%
Home Consumption	6	6	11	10	12	12	17	17	14	14	0%
Inventory Adjustment	56	21	17	100	(87)	147	133	(165)	(1)	19	
TOTAL REVENUES	5,315	6,427	6,853	6,093	6,454	8,162	8,539	8,720	9,320	8,550	-8%
EXPENSES											
Farm Origin Inputs	1,157	1,378	1,416	1,460	1,418	1,926	2,070	2,129	2,537	2,414	-5%
Manufactured Inputs	753	873	1,061	935	947	1,202	1,333	1,302	1,313	1,158	-12%
Other Inputs	1,013	1,046	1,179	1,263	1,150	1,099	1,320	1,272	1,335	1,334	0%
Contract Labor	40	50	48	56	30	36	46	59	70	76	10%
Property Taxes & Fees	117	144	134	126	126	133	155	137	167	180	8%
Capital Consumption	394	397	251	241	254	277	460	504	642	653	2%
Payments to Stakeholders	929	1,008	1,209	1,284	1,264	1,240	1,247	1,316	1,311	1,391	6%
TOTAL EXPENSES	4,404	4,897	5,299	5,364	5,188	5,913	6,631	6,719	7,374	7,206	-2%
NET FARM INCOME	911	1,530	1,554	728	1,266	2,249	1,907	2,001	1,946	1,344	-31%
Year-to-Year Change	-20%	68%	2%	-53%	74%	78%	-15%	5%	-3%	-31%	

SOURCES:

2006-2014: Economic Research Service/USDA

2015: Forecasted by G. Taylor and B. Eborn, University of Idaho

NOTE: Some data for 2014 are preliminary and all 2015 data are preliminary.

# Idaho cash receipts from farm marketings, by 2015 calendar year.

## (\$ millions)

											Change
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	('14-'15)
LIVESTOCK											
Cattle and Calves	1,022	1,102	1,144	973	1,191	1,377	1,406	1,863	2,041	2,213	8%
Milk	1,283	2,050	2,101	1,431	1,899	2,433	2,422	2,573	3,198	2,348	-27%
Other Livestock	116	129	126	136	132	186	230	220	232	226	-3%
TOTAL LIVESTOCK	2,421	3,282	3,371	2,539	3,223	3,996	4,058	4,656	5,471	4,787	-13%
CROPS											
Barley	129	144	239	224	201	213	286	326	266	286	7%
Dry Beans	36	40	54	57	60	80	95	78	72	71	-1%
Hay	387	403	609	345	337	569	530	544	551	485	-12%
Potatoes	664	714	755	781	815	901	950	930	896	871	-3%
Sugarbeets	234	212	192	185	269	332	369	296	251	300	19%
Wheat	350	486	512	547	557	681	841	674	607	506	-17%
Other Crops	369	440	512	491	453	516	654	594	549	571	4%
TOTAL CROPS	2,169	2,438	2,872	2,630	2,691	3,292	3,725	3,441	3,192	3,090	-3%
TOTAL CASH RECEIPTS	4,590	5,720	6,243	5,169	5,914	7,288	7,783	8,097	8,663	7,877	-9%
Year-to-Year Change	2%	25%	9%	-17%	14%	23%	7%	4%	7%	<b>-9</b> %	

SOURCES

2006–2014: Idaho Agricultural Statistics Service

2015: Forecasted by G. Taylor and B. Eborn, University of Idaho

NOTE: Some data for 2014 are preliminary and all 2015 data are preliminary.

**The authors**—Ben Eborn, Extension Economist, and Garth Taylor, Economist, UI Department of Agricultural Economics and Rural Sociology, Moscow.

# University of Idaho

College of Agricultural and Life Sciences

**University** of Idaho Extension

Published by University of Idaho Extension, Moscow, ID
ANNUAL FINANCIAL CONDITION REPORT NO.13

**DECEMBER 2015** 

Chamma

# The Financial Condition of Idaho Agriculture: 2015

Ben Eborn and Garth Taylor

After increasing for five consecutive years, Idaho farm gate cash receipts are projected to fall in 2015. Idaho net farm income is projected to fall in 2015 for the second year in a row.

Cash receipts from sales of crops and livestock in 2015 are projected to be \$7.9 billion, a 9% decrease from 2014. Three of Idaho's major commodities—milk, wheat, and hay—recorded double-digit percentage declines in cash receipts. Cash receipts from sales of milk, Idaho's foremost agricultural commodity, fell by an estimated 27%.

Idaho's 2015 net farm income is projected to be \$1.3 billion, down 31% from 2015. Total revenues are expected to decrease by 8%, to \$8.6 billion, while expenses are projected to decline 2%, to \$7.2 billion.

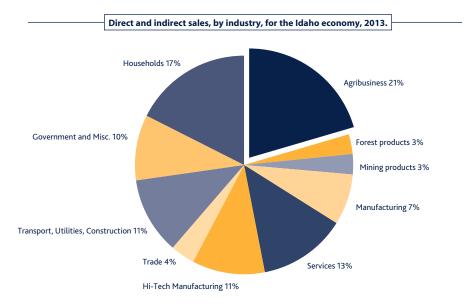
# **Highlights:**

- With projected cash receipts of \$7.9 billion, Idaho is the third-largest agricultural state in the West, after California and Washington. As measured by sales, agribusiness is Idaho's largest industry.
- Idaho ranks first in U.S. potato production. With projected cash receipts
  of \$871 million, potatoes are Idaho's highest-value crop. Wheat and hay
  follow potatoes in projected cash receipts—\$506 million and \$485 million,
  respectively.
- Idaho's milk production ranks third in the nation. With \$2.4 billion in cash receipts, milk is the top source of cash receipts from Idaho's agricultural production. Second to milk are cash receipts from cattle and calves, projected to be \$2.2 billion.
- Idaho's net farm income is second-largest of the western states, after California.
- Idaho's net farm income continued to be volatile in 2015, with a forecast of 31% lower than in 2014. This drop follows a 3% drop in 2014. Only three of the last 14 years have seen less than double-digit, year-to-year changes in net farm income.
- With the exception of 2009, a year of disastrously poor milk prices, livestock cash receipts have surpassed crop cash receipts every year since 2001. In 2015, livestock cash receipts are estimated to be 61% of total cash receipts and to surpass cash receipts from crops by \$1.7 billion.
- Federal government payments in fiscal year 2015 are estimated at \$92 million, an increase of 10% from 2014. Government payments were predominantly for production support and conservation programs.

# **Contribution of Agribusiness to Idaho's Economy**

gribusiness is a vertically integrated industry comprising food production and processing. In providing food to national and international markets, agribusiness creates business sales, GDP, and jobs throughout the Idaho economy.

Agribusiness export dollars ripple throughout Idaho's economy, creating (directly and indirectly) \$27 billion in sales (21% of total economic output), close to 126,000 Idaho jobs (14% of state employment), and more than \$10 billion of state GDP (16% of GDP). Agribusiness is Idaho's largest base (export-driven) industry as ranked by base sales, third largest by base GDP, and fourth largest by base jobs.



**Source:** G. Taylor, B. Eborn, and P. Watson. Contribution of Agribusiness to Idaho's Economy, 2013. University of Idaho Extension Bulletin 900.

# **Idaho Farm Cash Receipts**

daho's 2015 farm cash receipts are estimated to be \$7.9 billion—9% below last year's record \$8.7 billion.

Crop revenues are estimated at \$3.1 billion, down 3% from last year's \$3.2 billion and 5% above the 10-year average. The only projected increases from 2014 levels are by barley (up 7%) and sugarbeets (up 19%). Other major crops posted declines: wheat (down 17%), hay (down 12%), dry beans (down 1%), and potatoes (down 3%). Revenue from crops (except sugarbeets) is recorded on a calendar-year basis and therefore includes a portion of the previous year's and the current year's production.

Livestock revenues are estimated at \$4.8 billion, down 13% from 2014 but still 27% higher than the 10-year average. Cash receipts from cattle and calves are projected to be \$2.2 billion, 8% higher than in 2014. Cash receipts from milk are expected to be \$2.4 billion, down 27% from last year's \$3.2 billion.

In real dollars (inflation adjusted to 2012), estimated cash receipts are 51% higher than the 36-year (1980 to 2015) average. Extreme volatility in commodity prices over the past eight years has increased agricultural revenue volatility to levels last seen in the 1970s and 1980s. In the past 10 years (2006–15) real cash receipts have grown at an average annual rate of 3.9%. In the previous two decades (1983–02) real cash receipts grew at an average annual rate of only 0.41%.

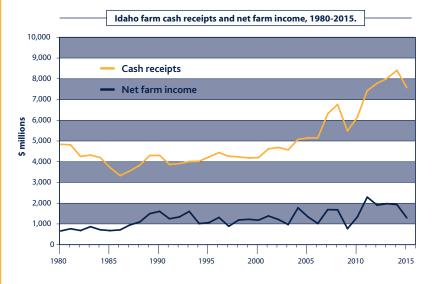
# **Idaho Net Farm Income**

et farm income is the farmer's bottom line, or 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.

The projected 31% decrease in 2015 Idaho net farm income resulted from an estimated 8% decrease in revenues coupled with an estimated 2% decrease in expenses. Estimated net farm income in 2015 is \$1.3 billion, 13% below the 10-year average. In contrast, USDA's 2015 U.S. net farm income is estimated at \$56 billion, down 38% from 2014, and 2014's U.S. net farm income was down 36% from 2013.

Historically, net farm income is much more volatile than gross cash receipts. In seven of the past 10 years, Idaho experienced double-digit swings in net farm income. Net farm income plummeted by 53% from 2008 to 2009, then increased by 74% from 2009 to 2010 and by 78% from 2010 to 2011. The 31% decrease in 2015 came on the heels of a 3% decrease in 2014 and a 5% increase in 2013. Real-dollar (inflation adjusted to 2012) Idaho net farm income set a 45-year record (1970–14) in 2011. Idaho real net farm income for 2015 is estimated to be 8% above the 46-year average.

The overall decrease in farm expenses in 2015 was attributed to a 5% decrease in farm-origin inputs (feed, seed, and replacement livestock purchases) and a 12% decrease in manufactured inputs (fertilizer, chemicals, and fuel). Other expenses were unchanged overall, including machine hire and custom work, marketing, storage, transportation, repairs, and maintenance. Contract labor was up 10%. Farmers continued to benefit from historically low interest rates in 2015.



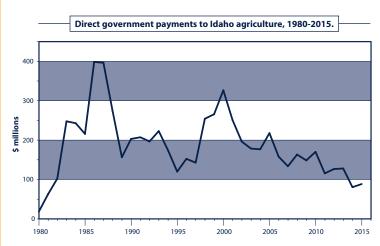
Sources: USDA Economic Research Service, Idaho office of the National Agricutural Statistics Service, and Ul projections.

**Note:** In real dollars (2012 base).

# **Government Payments**

ederal government payments to Idaho agriculture in fiscal year 2015 are estimated at \$92 million, an increase of 10% from 2014 and 34% less than the average of the past 10 years.

In real dollars, Idaho direct government payments peaked during the farm financial crisis in 1986 at more than \$398 million. Since 1986, government payments have declined 76%. In 2015, direct payments contributed 19.3% to U.S. net farm income. In contrast, government payments contributed only 6.8% to Idaho's net farm income, down from a high of 16% in 2005. Idaho received less than 1% of total 2015 payments to U.S. agriculture.



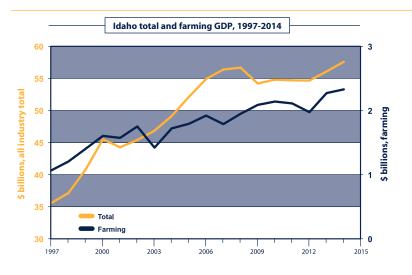
**Source:** USDA Economic Research Service and UI projections.

**Note:** In real dollars (2012 base).

# **Idaho Agriculture's Gross Domestic Product**

ross domestic product (GDP) measures value added. It equals the value of output minus the value of intermediate goods and services used in production. GDP grows when farms and businesses reduce their use of intermediate inputs to produce the same output.

In 2014 Idaho total real GDP (2009 dollars) exceeded \$58 billion, of which 4% was from crop and livestock farming. Real farming GDP in 2014 increased 2.5% over 2013, to a record high \$2.3 billion. Over the past 17 years (1997–14) Idaho farm GDP has more than doubled, growing at 4.7% per year.



Source: U.S. Departmen of Commerce Bureau of Economic Analysis.