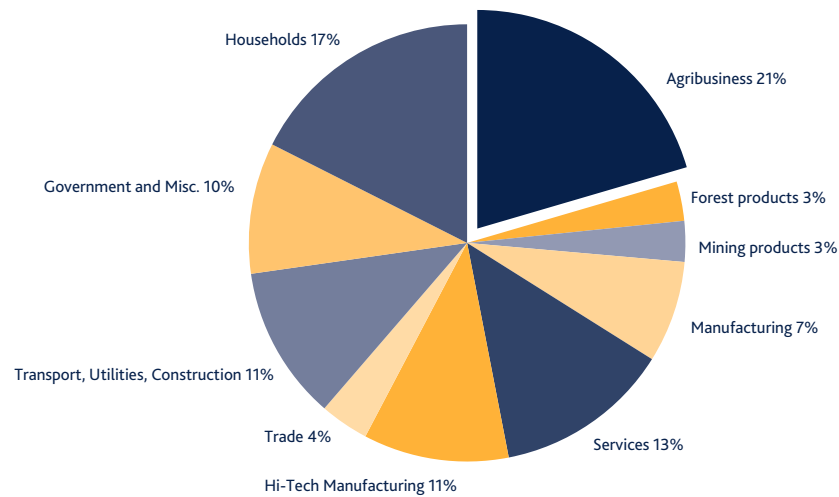


Contribution of Agribusiness to Idaho's Economy

Agribusiness 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.

Direct and indirect sales, by industry, for the Idaho economy, 2013.



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

Idaho'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

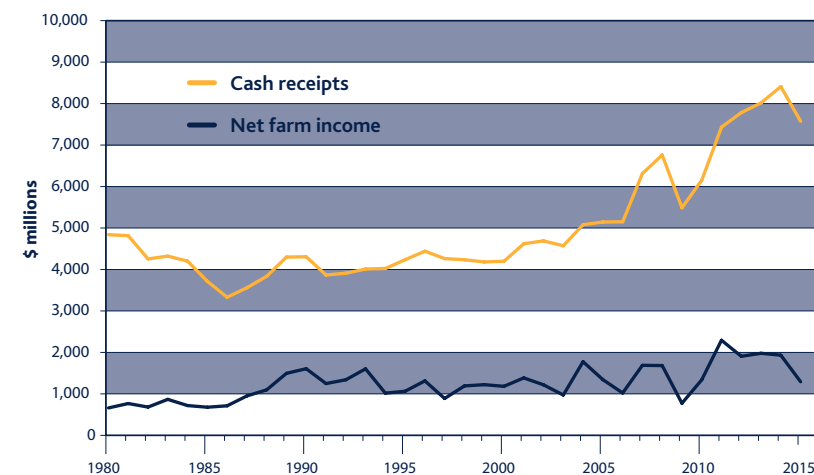
Net farm income is the farmer's bottom line, or revenues minus costs. Revenues include cash receipts from crop and livestock marketings, inventory changes, the estimated value of home consumption, government payments, machine hire and custom work, forest product sales, and the imputed rental value of 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.

Idaho farm cash receipts and net farm income, 1980-2015.



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

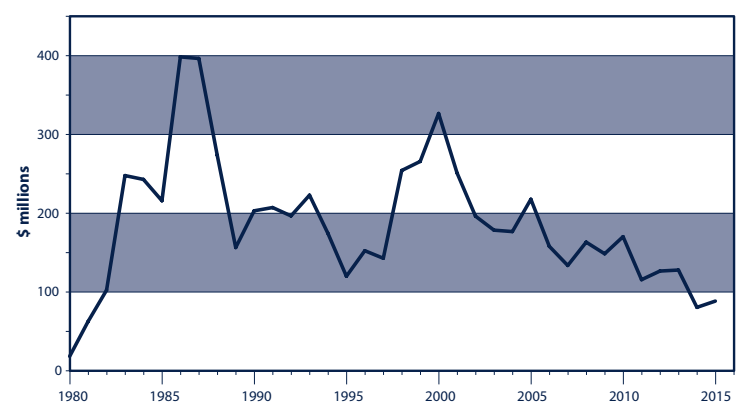
Note: In real dollars (2012 base).

Government Payments

Federal 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.

Direct government payments to Idaho agriculture, 1980-2015.



Source: USDA Economic Research Service and UI projections.

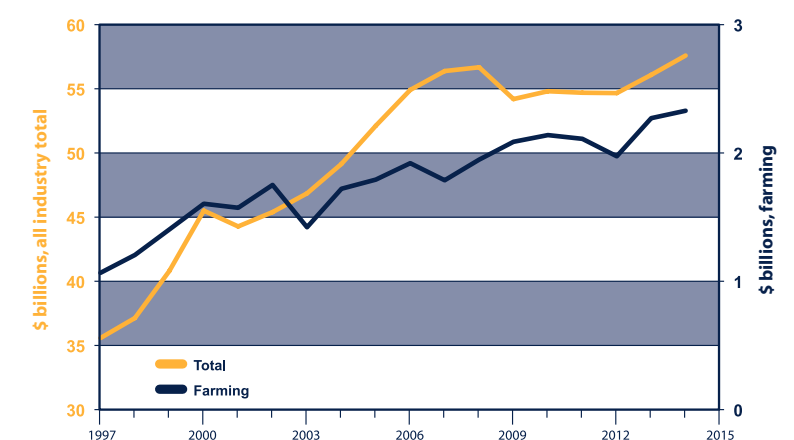
Note: In real dollars (2012 base).

Idaho Agriculture's Gross Domestic Product

Gross 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.

Idaho total and farming GDP, 1997-2014



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