Idaho Livestock and Crop Revenues

Cattle and Calves
Revenue from cattle and calves is estimated at $1.11 billion, up 16% from 2009. Prices averaged 16% higher throughout most of the year. From 2001 to 2010, the beef cow inventory dropped by 46,000 head, or 9.3%. The percentage of farm cash receipts attributable to cattle has declined steadily from 24% in 2001 to 19% in 2010.

Milk
Milk production in 2010 was over 1 billion pounds in 11 of 12 months. Revenue from Idaho milk is estimated to be $1.95 billion, up 36% from 2009. Milk production was up 7% from a year earlier, and prices averaged 27% higher. Idaho dairy farmers have added 184,000 cows since 2001, an increase of more than 50%.

Barley
Idaho barley production in 2010 decreased an estimated 11% from 2009 levels, and the average barley price is projected to be 12% lower, resulting in barley revenues estimated at $522 million, 21% lower than in 2009. The state’s average yield is estimated to be 92 bushels per acre, down 3 bushels per acre from 2009.

Beans
Dry bean revenue in 2010 is estimated at $62.6 million, 13% higher than in 2009. Production was up an estimated 25% from 2009, but the average price is estimated to be 10% lower. Average yields of 1,850 pounds per acre are down 150 pounds per acre, and growers harvested 30,000 more acres.

Greenhouse/Nursery
Revenues in 2010 are estimated to be $55 million, 12% higher than in 2009. Field-grown sales accounted for 68% of total revenues, while Christmas trees and greenhouse-grown sales including houseplants, flowers, and seedlings accounted for the remainder.

Hay
Despite weak demand from dairies and beef early in 2010, hay remained Idaho’s third most valuable crop. Revenue from Idaho hay is forecast at $373.5 million, down 6% from 2009. Hay production was down 3% to an estimated 5.4 million tons. The average price is estimated to be 18% lower than last year.

Onions
Production for 2010 is expected to be 6.75 million cwt, 4% increase from 2009. With production up and much higher prices, onion revenues are forecast to be $76.2 million, up 93% from 2009. Onion prices remain the most volatile of all major crops grown in Idaho.

Potatoes
Potatoes remain Idaho’s largest source of crop revenue, with 2010 revenues estimated at $690 million, 12% lower than in 2009. Idaho’s 2010 potato production is estimated to be 114 million cwt, down 14% from 2009. Yields averaged 189 cwt per acre, down 26 cwt per acre from last year’s record, and the average price is down 13% from last year.

Sugarbeets
Sugarbeet revenues are estimated at $247 million, down 2% from 2009. Sugarbeet production is forecast to be 5.2 million tons, down 8% from last year. Idaho’s projected harvest of 7,000 more acres than in 2009. Average price is estimated to be up 7% from 2009.

Wheat
Wheat was Idaho’s second-largest revenue producer among crops in 2010. Revenues are expected to be $342 million, up 6% from 2009. Projected at 207 million bushels, 2010 production was up 8% from 2009. Wheat prices in 2010 fell 3%, with the average price estimated to be $5.05 per bushel.

Idaho net farm income, by calendar year ($ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>TOTAL REVENUES</th>
<th>TOTAL EXPENSES</th>
<th>NET FARM INCOME</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>4,311</td>
<td>3,164</td>
<td>1,147</td>
<td>12%</td>
</tr>
<tr>
<td>2002</td>
<td>4,628</td>
<td>3,602</td>
<td>1,026</td>
<td>10%</td>
</tr>
<tr>
<td>2003</td>
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<td>3,558</td>
<td>932</td>
<td>-2%</td>
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<tr>
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<td>3,547</td>
<td>1,540</td>
<td>15%</td>
</tr>
<tr>
<td>2005</td>
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<td>4,005</td>
<td>1,180</td>
<td>11%</td>
</tr>
<tr>
<td>2006</td>
<td>5,315</td>
<td>4,404</td>
<td>911</td>
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<tr>
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<tr>
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<td>2009</td>
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<tr>
<td>2010</td>
<td>6,648</td>
<td>5,214</td>
<td>1,435</td>
<td>35%</td>
</tr>
</tbody>
</table>

Crops and Livestock Highlights:

- Idaho Livestock and Crop Revenues
- Idaho net farm income, by calendar year
- Idahos agricultural cash receipts have bounced back to their second-highest level ever after last year’s precipitous drop. Cash receipts from sales of crops and livestock in 2010 are projected to be $5.78 billion, a 12% increase over 2009.
- Idaho’s net farm income is expected to be $1.54 billion, 55% higher than in 2009. Of Idaho’s top five agricultural products, milk, beef, and wheat recorded higher cash receipts in 2010, with cash receipts for milk climbing $520 million to an estimated $1.95 billion.
- Dry beans and onions also scored big gains in cash receipts. Meanwhile cash receipts for potatoes and hay fell sharply, with cash receipts from potato sales falling an estimated $96 million to $690 million.

2010 Crop and Livestock Highlights:

- Livestock receipts are once again well above crop receipts. At an estimated $3.19 billion, up 27% from 2009, livestock sales are 55% of Idaho’s total farm-gate cash receipts.
- Dairy remains Idaho’s top agricultural sector thanks to strong prices and record-high milk production. Cash receipts from milk are estimated to be $1.95 billion in 2010, a 36% jump from 2009. A third of Idaho farm sales were milk checks.
- Cattle and calves were Idaho’s second-largest agricultural sector revenue producer, bringing in an estimated $1.11 billion, 16% more than in 2009.
- Potatoes remain Idaho’s No. 1 crop, with an estimated $690 million in 2010 sales, 12% less than a year ago. Potato production fell to 114 million cwt, down nearly 14% from 2009, and prices during 2010 averaged 13% lower.
- Wheat is Idaho’s No. 2 crop. Sales are expected to be $342 million in 2010, 6% above 2009 sales and a new record. Wheat production was up 8% in 2010, but prices were 3% lower than in 2009.
- Hay revenues are forecast to be $374 million, down 10% from 2009. Total hay production was down 3%, and hay prices were down 18%.
- Barley sales in 2010 are estimated at $202 million, 21% lower than in 2009. Idaho barley production fell by 11% in 2010, and prices were 12% lower than in 2009.
- Revenues from Idaho’s sugarbeets are estimated at $247 million, down 2% from 2009. Production is estimated to be 5.2 million tons, down 8% from 2009, and the average price for the 2010 crop is forecast to be up 7%.

Sources:
- Idaho’s Office of the National Agricultural Statistics Service and UI projections
- USDA economic research service/UIDA, 2009 and 2010 forecasts by G. Taylor, P. Patterson, and B. Eborn, University of Idaho.
- NOTE: Data for 2009 and the previous four years are preliminary estimates that USDA can revise for up to five years.
**Idaho Farm Cash Receipts**

Idaho's 2010 farm cash receipts from/marketings are estimated to be $5.78 billion—a 12% above last year's $5.16 billion.

Cash receipts are estimated at $2.60 billion, down 2% from last year's $2.65 billion but still 18% above the 1970 average and the third highest on record. Forecasters and hail recorded declines of 12% and 10%, respectively. Onion and wheat revenues increased 9% and 6%, respectively.

Livestock revenues are estimated at $3.19 billion, up 27% from last year's $2.51 billion and 22% higher than the 10-year average. Cash receipts from cattle and calves are projected to be 16% higher than in 2009. Cash receipts from milk are expected to be $1.95 billion, up 36% from last year's $1.43 billion.

After nine years of livestock supremacy in cash receipts, 2009 saw a one-year shift back to crops caused by a huge downturn in milk prices and weaker beef prices. In 2010 the strong recoveries of milk and cattle once again pushed livestock receipts above crop receipts. Over the past decade, Idaho’s famous potatoes dropped from 15% of cash receipts in 2001 to 12% in 2010. Conversely, milk, which accounted for 27% of total farm cash receipts in 2001 and 34% in 2010, reached a high of 36% in 2007. The growth in Idaho's dairy sector coupled with stagnation or decline in other sectors has made the overall health of Idaho agriculture increasingly dependent on milk prices.

Total agricultural cash receipts in 2010 were 12% more than in 2009 in nominal dollars and 10% more in real terms (2008 dollars). Over a 41-year span (1970-2010) inflation-adjusted cash receipts hit a low in 1971, then just three years later, hit a record that held until 2007. Real-dollar cash receipts in 2010—$5.57 billion—were 57% higher than the 41-year average. Until the huge spikes in 2007 and 2008 and the hard fall in 2009, revenues from Idaho agriculture in the 1990s and into the 21st century were far less volatile than in previous decades.

**Methods—Cash Receipts**

USDA's First estimate of Idaho’s cash receipts for 2010 will not be published until the fall of 2011. Our forecasts use the most recent published data available from USDA National Agricultural Statistics Service and Agricultural Marketing Service. Data not available from USDA were forecast 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, trouts, 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 used for most crops is a calendar year average using monthly prices weighted by monthly sales. The price-times-quantity method is used when accurate monthly price and market data are available, as for milk, potatoes, barley, beans, hay, onions, and wheat.

**Calendar Year—Crop revenue is recorded on a calendar year basis. For most crops that consist of two or more crops can be sold in a January to December calendar year for the 2010 calendar year, sales came from both 2009 and 2010 crops for potatoes, barley, dry beans, hay, onions, and wheat.**

**Idaho Net Farm Income**

Net farm income is an estimate of the farmer’s bottom line—the farmer’s paycheck. Idaho net farm income in 2010 is estimated to be 55% higher than in 1970. As estimated 10% increase in revenues (gross farm sales, government payments, etc.) coupled with an estimated 3% increase in costs resulted in an estimated net farm income of $3.44 billion, 16% higher than the 10-year average.

Net farm income is much more volatile than gross cash receipts. In every one of the past 10 years, Idaho experienced double-digit swings in net farm income. For 9 of the past 10 years, net farm income changed 20% or more from the previous year. The whopping 55% increase in 2010 came on the heels of a 49% decrease in 2009.

The 55% increase in 2010 net farm income can be attributed largely to the projected 27% increase in revenues from livestock and milk sales and relatively stable expenses. Revenues from services and forestry are estimated to be roughly the same as in 2009, while revenues from government payments are expected to be down 7%.

The 2% increase in overall farm expenses in 2010 masks extreme variations in some key inputs. While growers benefited from lower fertilizer prices—down 10-15% in aggregate, fuel prices were up 30% to 40%. Herdicide costs declined in 2010, while fungicide and insecticide prices rose. Among farm input origins, feed and seed declined while replacement livestock prices went up. Growers continue to benefit from low interest rates, but credit availability is still an issue for financially stressed farmers.

Total 2010 U.S. net farm income is estimated at $81.6 billion, up 31% from $62.2 billion in 2009 and 20% higher than the 10-year average.

Over a 41-year period (1970-2010), Idaho net farm income, in nominal terms, peaked in 2008 at $1.8 billion and hit a low in 1977 at $112 million. In real dollars (2008 dollars), Idaho net real farm income topped out in 1974 at $2.0 billion, and just five years later, in 1979, it hit its lowest point at $112 million, a sevenfold drop. Idaho real net farm income for 2010 is estimated to be 33% above the 41-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 crops and livestock marketings—inventory changes, the estimated value of home consumption, government payments, milk to be custom milk, 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 2010 is not published by the USDA until the fall of 2011. Data sources used to forecast 2010 net farm income include the USDA forecasted “Value-Added to the U.S. Economy by the Agricultural Sector via the Production of Goods and Services, 2006-2010.” Farm revenues for livestock and crops were obtained from our 2010 cash receipts forecast with adjustments for inventory changes and noncash receipts. Costs were estimated from the percentage change in 2010 U.S. cost information, which would be used to update this year's Idaho cost data.

Net farm income estimates published by the USDA are subject to change up to five years. For example, in 2003 Idaho net farm income was $1.22 billion and two 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 operations. NVA estimates are modified by the U.S. Department of Commerce to develop Idaho’s GSP agricultural accounts. Federal government payments peaked in 2000 at more than $260 million. The highest NVA, $344 million, was in 1987 during the farm financial crisis. Since 2000, government payments have declined more than 50% and are below the amount paid 15 years ago.

Direct government payments contributed 15% to U.S. net farm income in 2010. In contrast, government payments to Idaho agriculture contributed 6% of net farm income. Idaho received approximately 1.0% of total payments to U.S. agriculture.

**Idaho Agriculture’s Net Value Added**

For 2010, net value added (NVA) of Idaho agriculture is estimated at $2.42 billion, an increase of over 20% from 2009 and the third-highest in nominal dollars. In real dollars (2009 base), NVA was at a 41-year high in 1974, the 41-year low came just three years later in 1977. In real dollars, forecasted NVA for 2010 is $33.5 billion above 2009 and 22% above the 41-year average. In 2010, crop and livestock production contributed 45% to Idaho’s gross state product (GSP). As a proportion of Idaho’s total GSP production agriculture topped out in 1974 at 16.1%.

**Government Payments to Idaho Agriculture**

Federal government payments in fiscal year 2010 are estimated at $131 million, a decrease of 9% from 2009 and 16% less than the average of the past 10 years.

Production support payments account for 47% of total payments, conservation programs 25%, emergency program payments 15%, and price support program payments 11%.

Federal government payments peaked in 2000 at more than $260 million. The highest NVA, $344 million, was in 1987 during the farm financial crisis. Since 2000, government payments have declined more than 50% and are below the amount paid 15 years ago.

Direct government payments contributed 15% to U.S. net farm income in 2010. In contrast, government payments to Idaho agriculture contributed 6% of net farm income. Idaho received approximately 1.0% of total payments to U.S. agriculture.