Financial Condition of Idaho Agriculture – 2014

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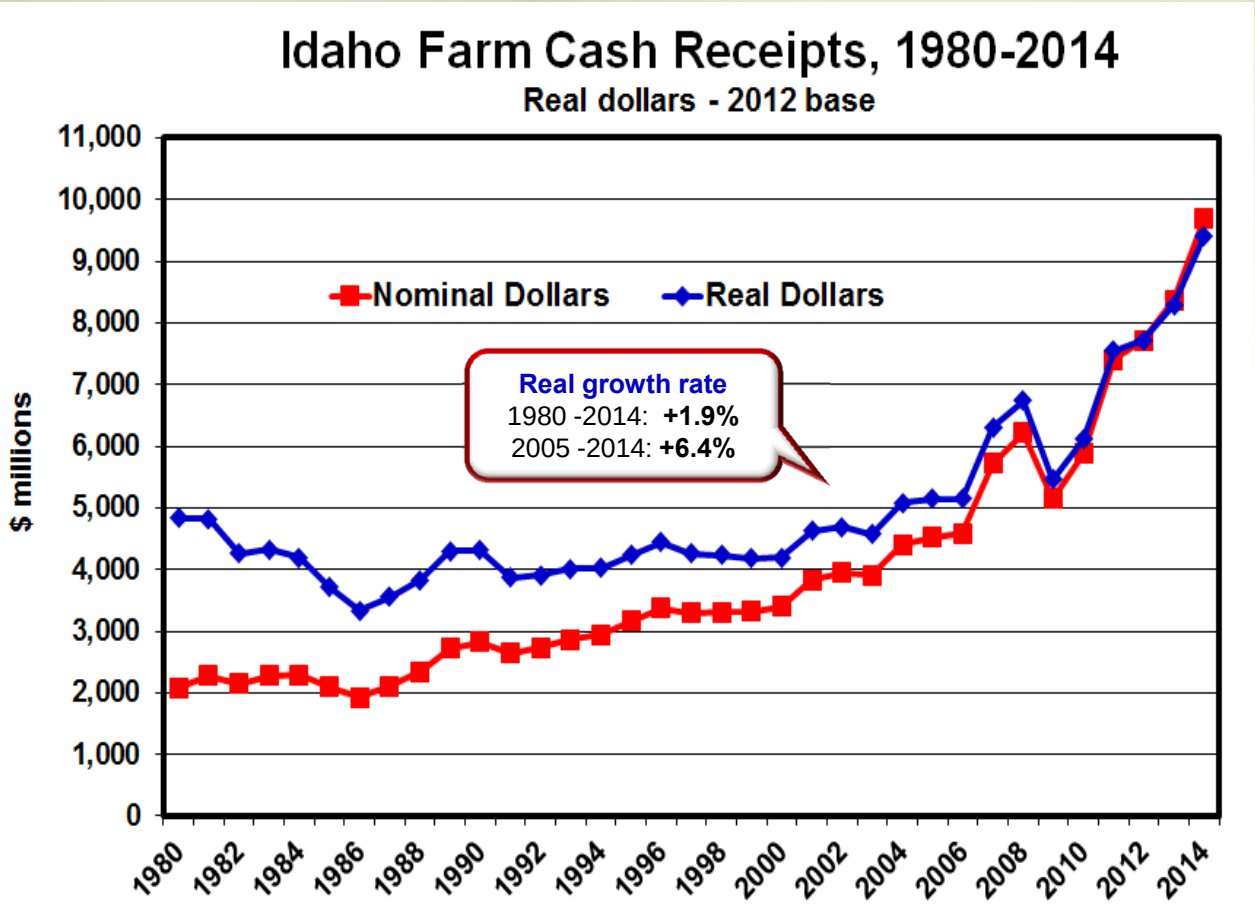
JFAC Outlook Committee
January 9, 2015

University of Idaho
College of Agricultural and Life Sciences

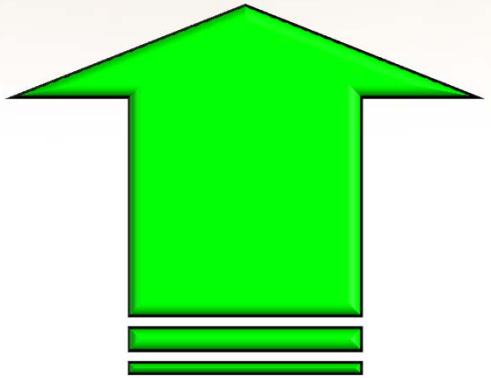
Overview

- Forecast for 2014
  - Farm gate cash receipts
  - Government payments
  - Net farm income
- Ag's contribution to Idaho's economy

A 16% increase over 2013… 4th year of record highs



$9.7 billion, 2014



$8.4 billion, 2013

Source: USDA, 2014 U of Idaho

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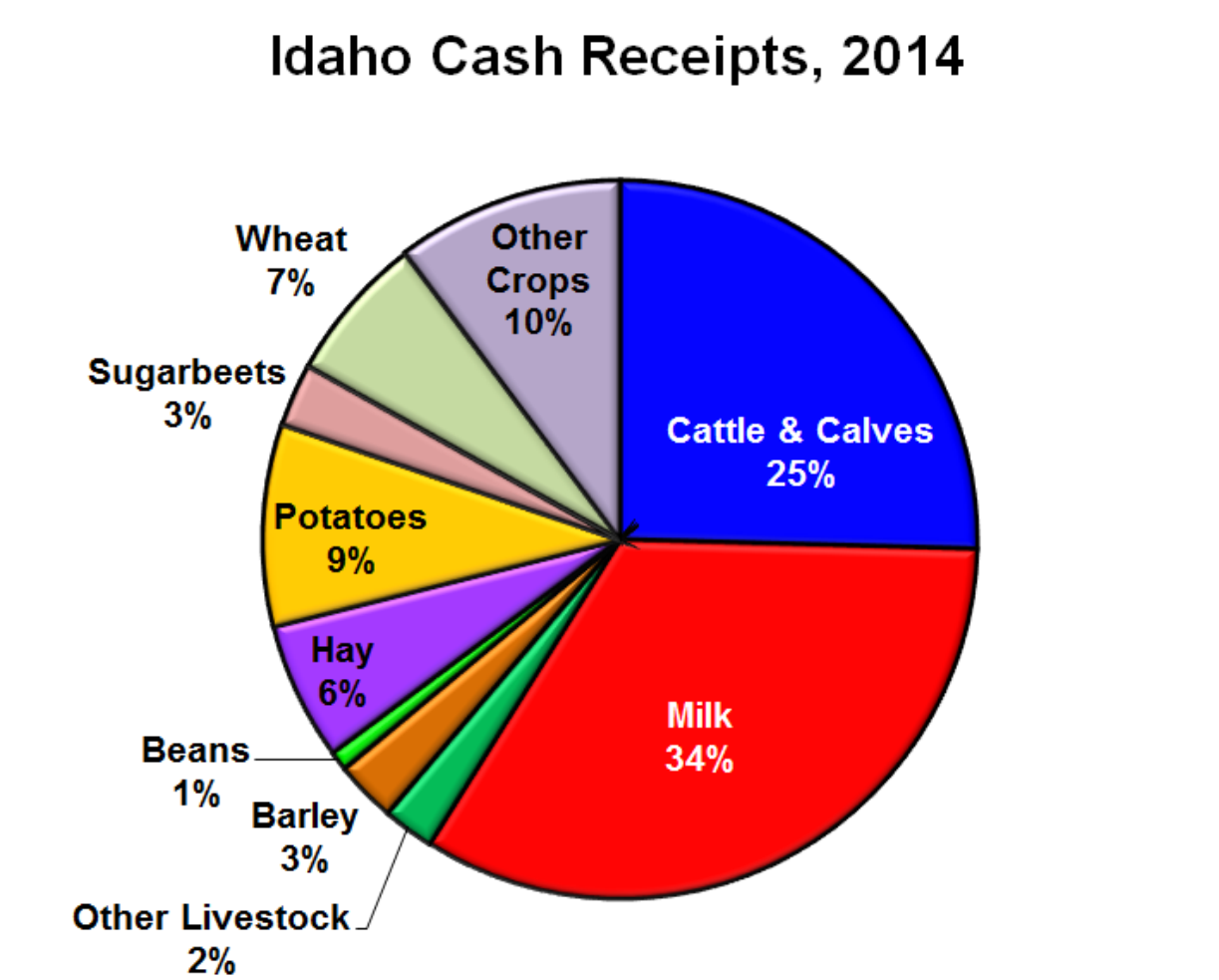
Livestock cash receipts exceed 60% of total - indirectly even more



Source: University of Idaho

Cash receipts Ups & Downs

Crops $3.8 billon, up 2%

Potatoes: ↓7%
Barley: ↓22%
Dry Beans: ↓15%
Wheat: ↓13%
Sugarbeets: ↑9%
Hay: ↑16%
Other Crops: ↑12%

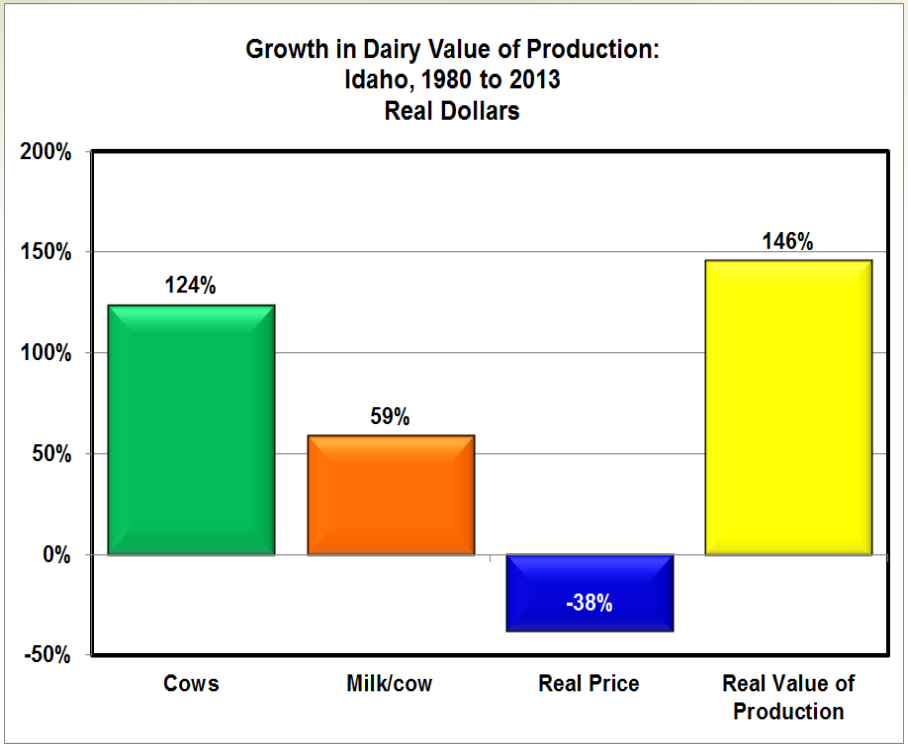
Livestock $5.9 billion, up 27%

Cattle & Calves: ↑29%
Milk: ↑26%

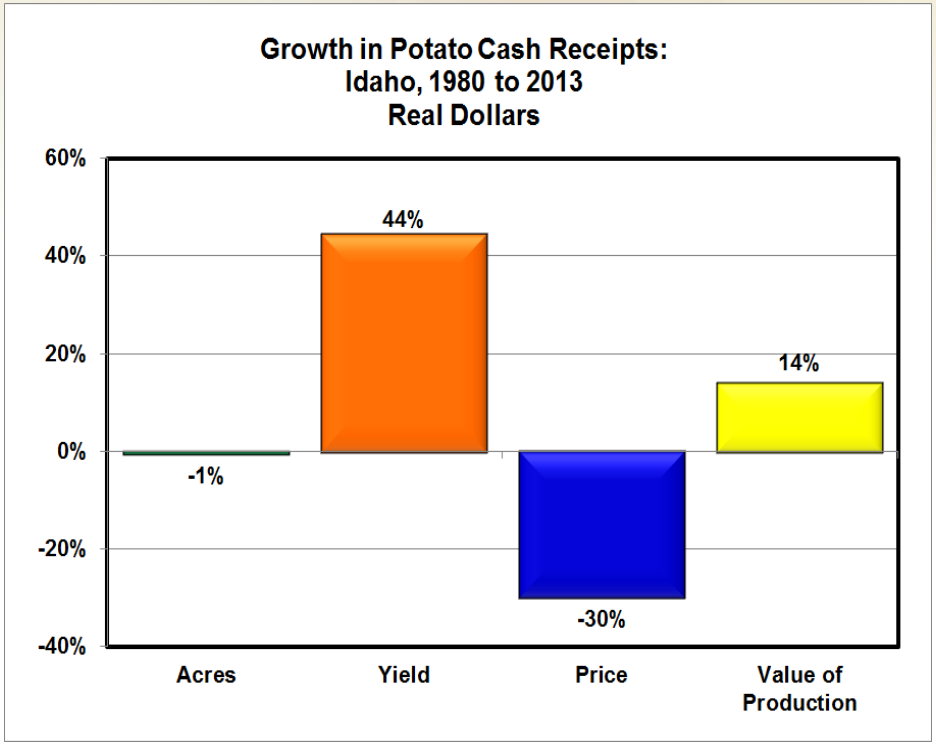
Source: University of Idaho

Growth comes from technology

Dairy



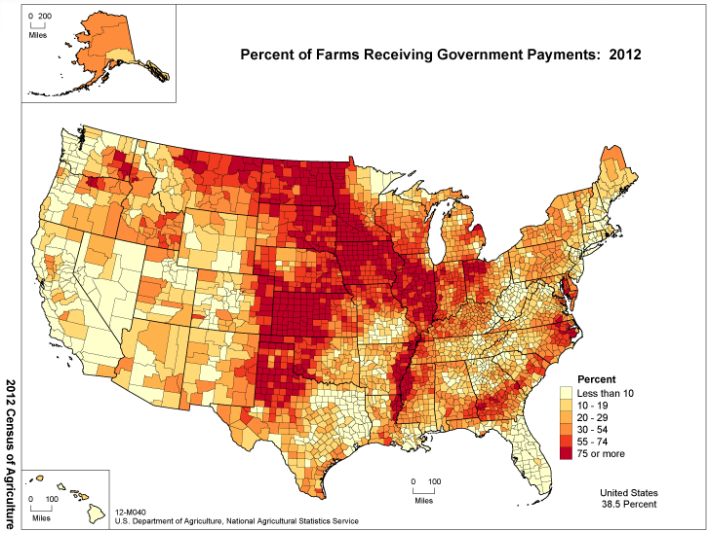
Potatoes

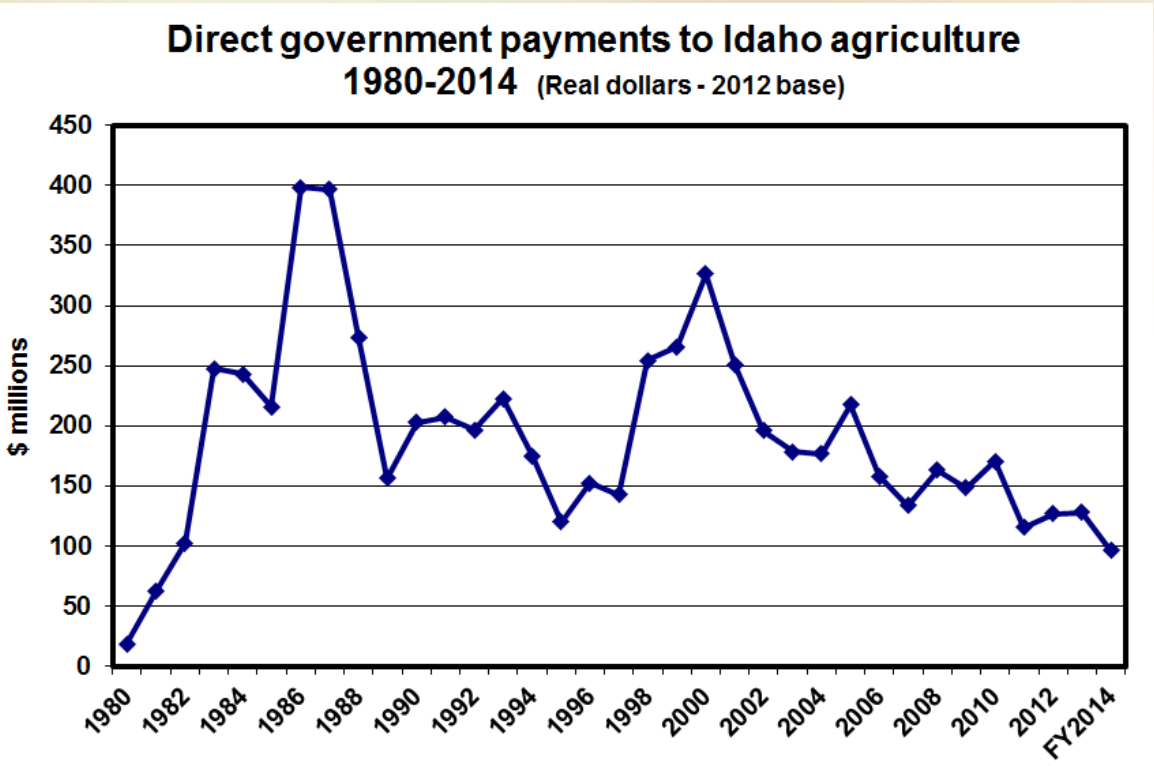


Source: University of Idaho

Idaho government payments continue to decline

- $99 million – down 23% from 2013
- 2.2% of Idaho farm income
- 50% production programs
- 45% conservation programs





Source: USDA-ERS, NASS & FSA, University of Idaho

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Net farm income up 46%, higher than gross revenue 10 years ago

Net farm income $4.5 billion, up 46%

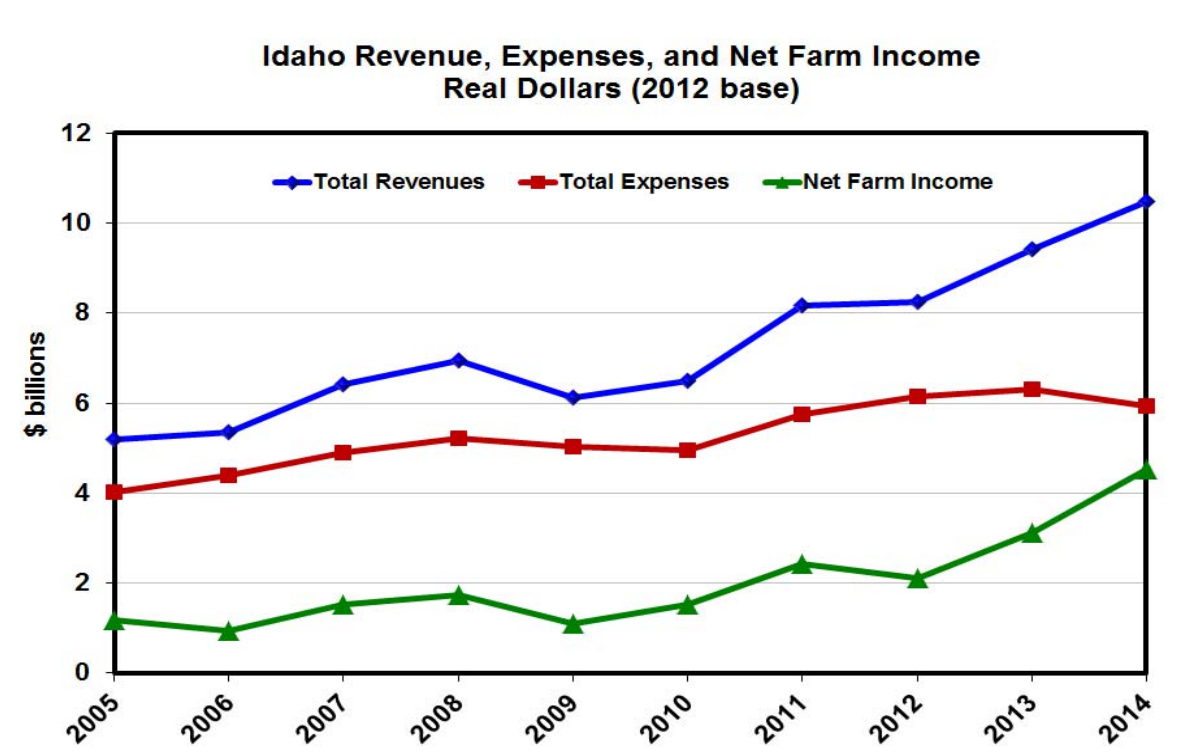
- 54% above the 10 year avg.
- higher than gross revenue 10 years ago

Revenues up 11%

- Livestock receipts (+27%)
- Crop receipts (+2%)
- Govt. payments (-23%)

Expenses down 6%

- Farm origin inputs (-4%)
- Manufactured inputs (-4%)
- Other inputs (-12%)



Source: USDA-ERS, 2014 University of Idaho

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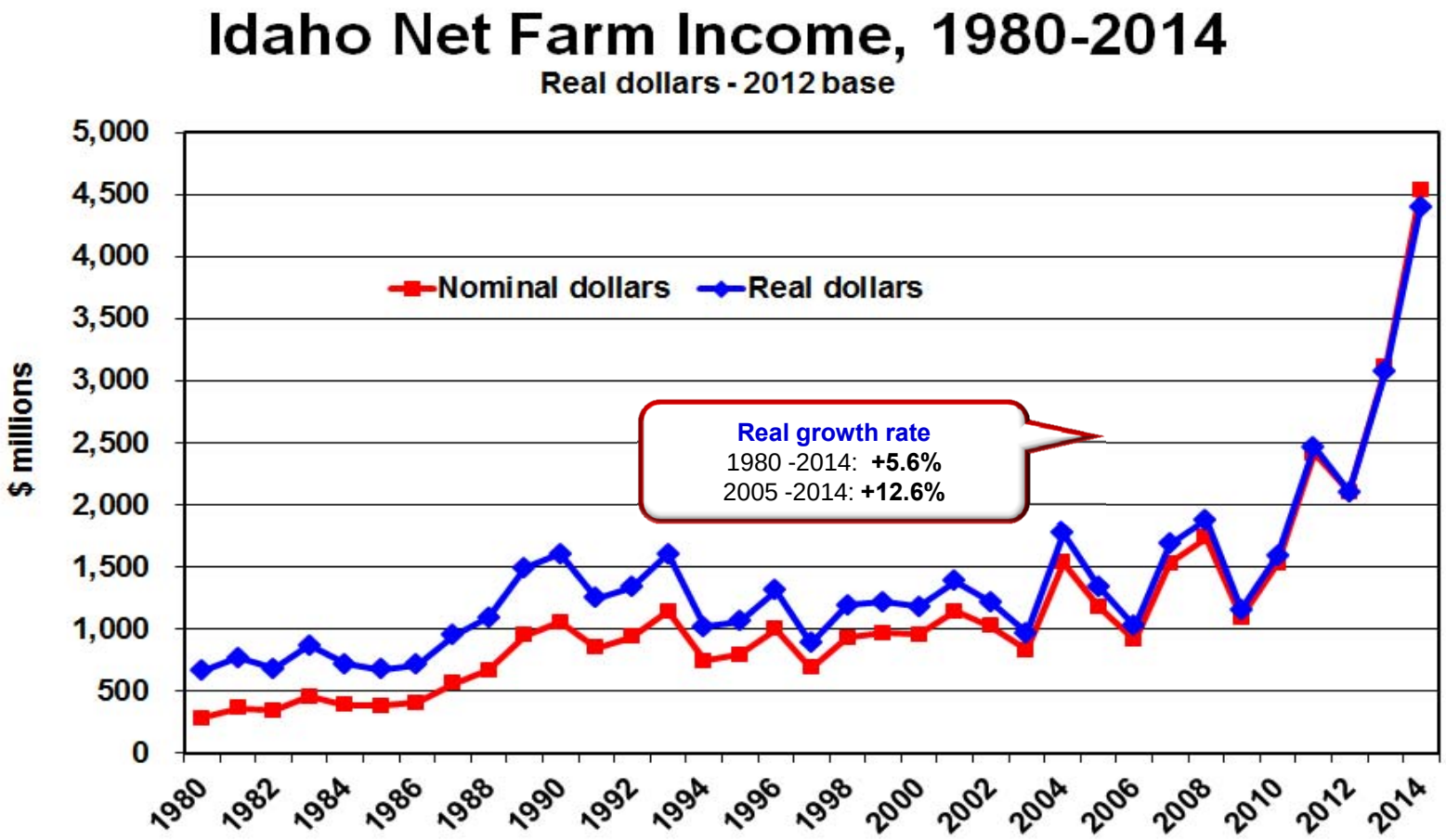
Record high net farm income



Source: USDA-ERS, 2014 U of Idaho

Income volatility effects …

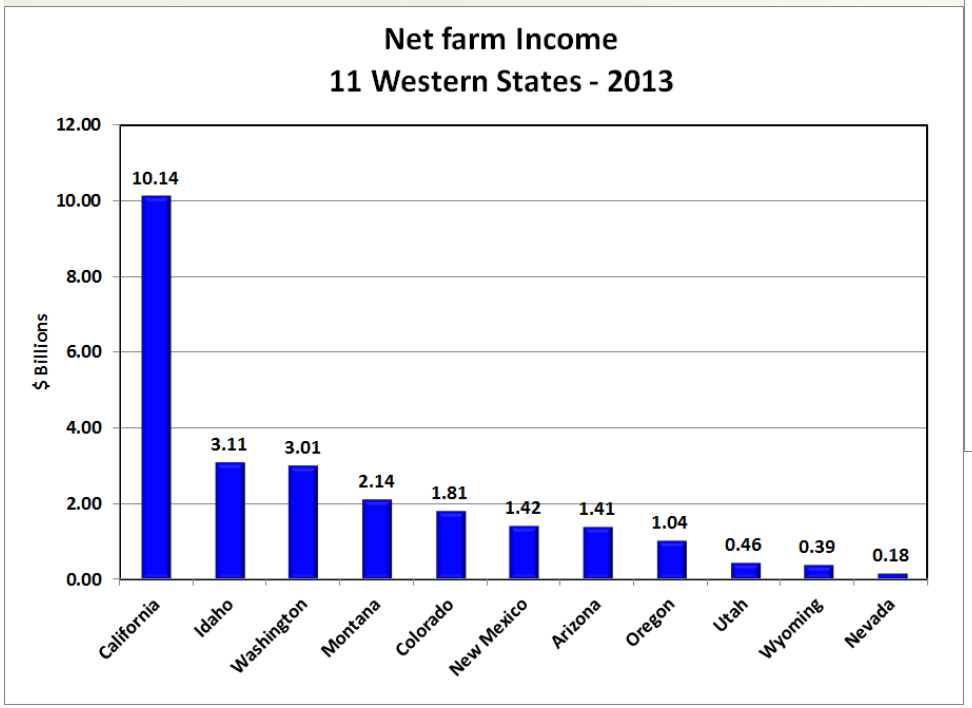
Farmers & Government

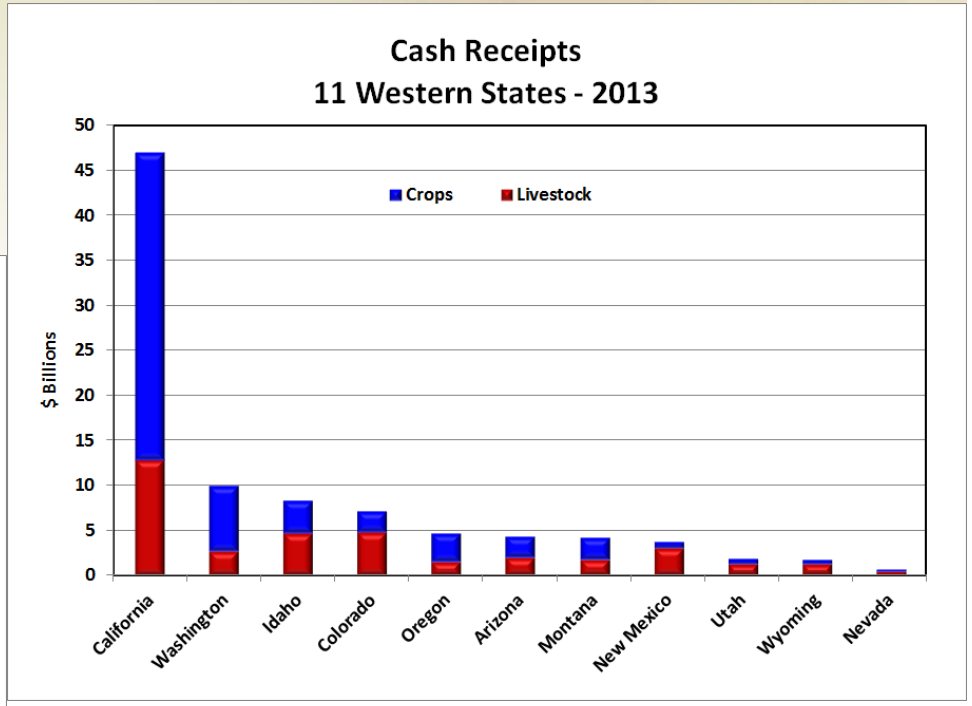
- **Farmers…**more price & production risk which means stricter borrowing requirements
- **Government…**volatile taxes

NOT rural communities

- Stable Ag multiplier effect
- Acres remain in production
- Costs are tied to operating expenditures NOT commodity price
- Teeter-totter effect
  - Hay prices up = dairy income down
  - Between regions … drought is good for farmers

Idaho's Rank … 2nd in net and 3rd in gross





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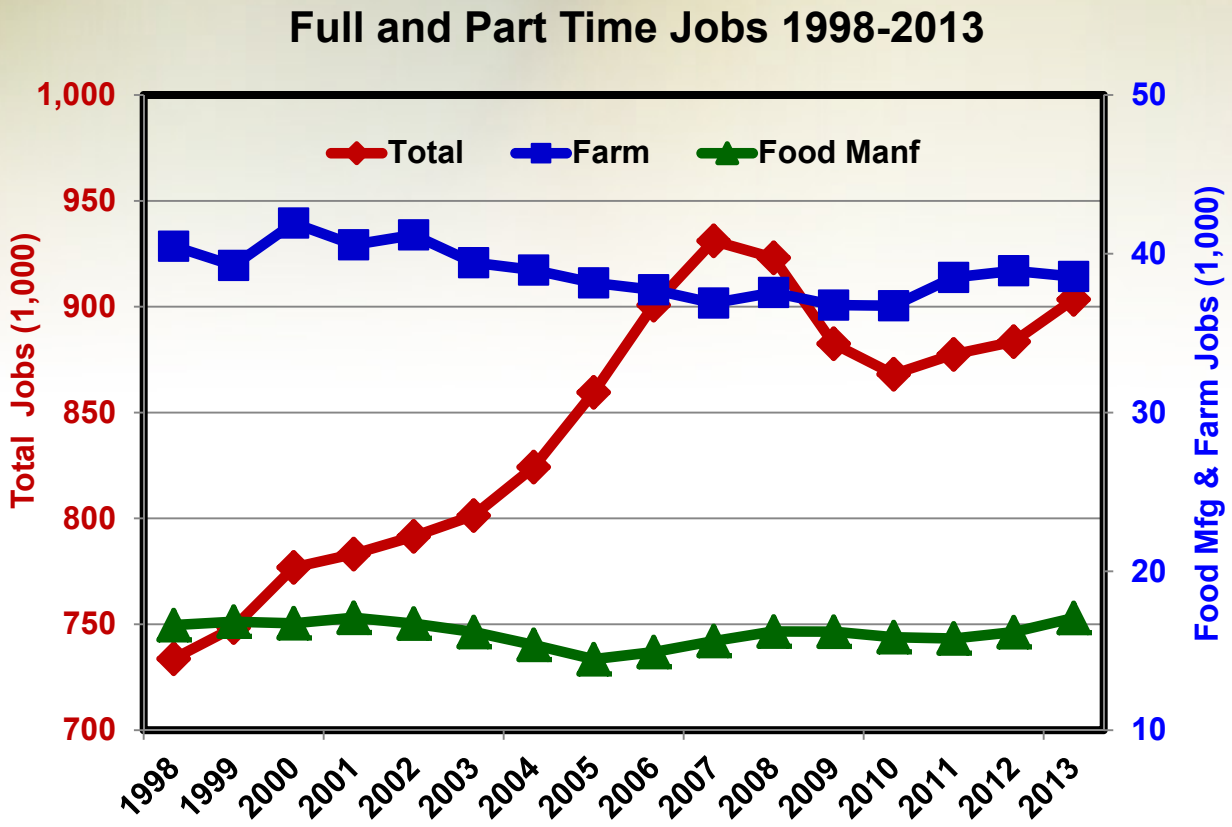
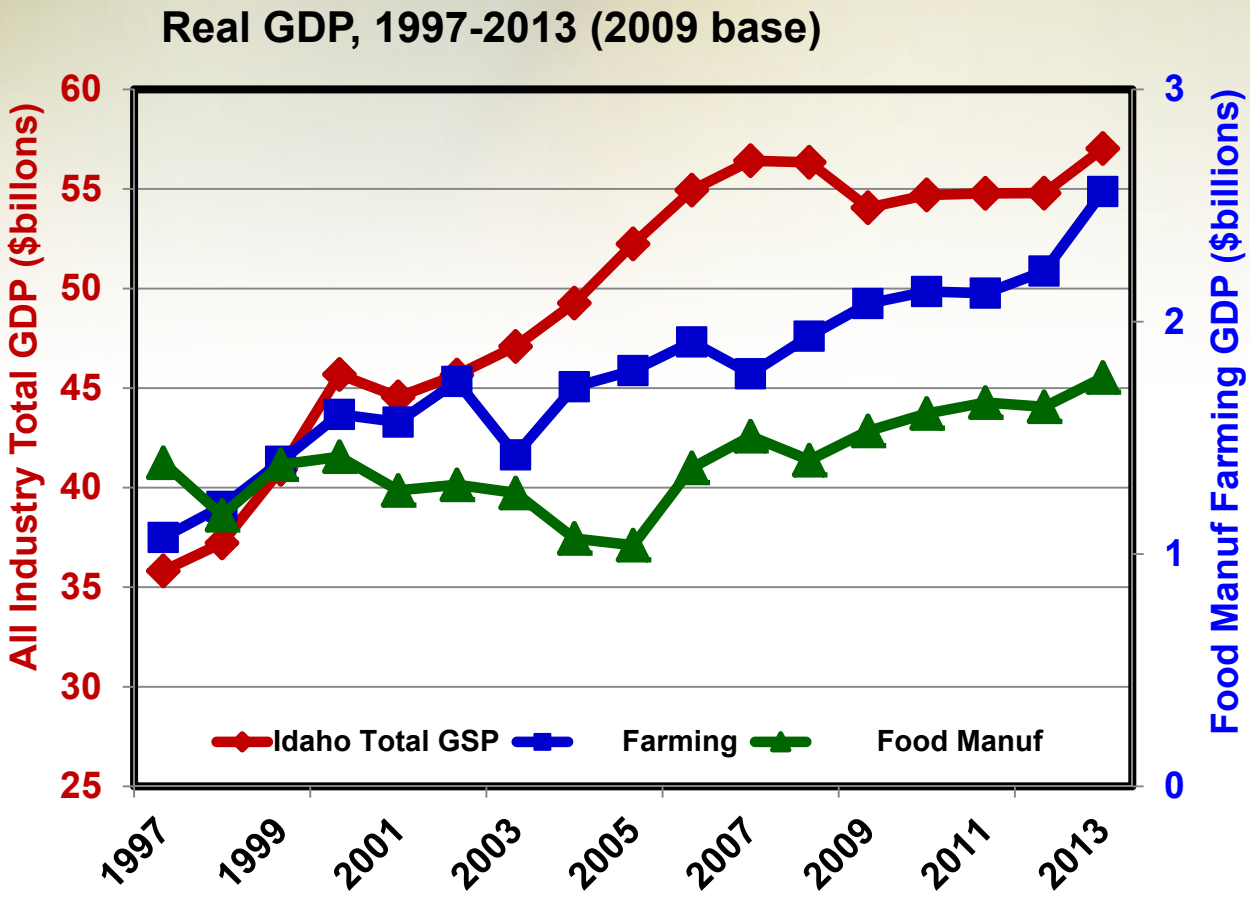
Farming & food manufacturing = steady jobs



- **Farm jobs**
  - 38,500 jobs 2013
  - 4.3% Idaho total
  - Declined 400 jobs
- **Food mfg. jobs**
  - 17,000 jobs 2013
  - 1.9% Idaho total
  - Increased 900 jobs

Source: US Dept. of Commerce, BEA

Farming GDP is growing faster than Idaho GDP



- **Idaho GDP**
  - $57 billion in 2013
  - 2.9% (1980-2013) growth rate
- **Farming GDP**
  - $2.6 billion
  - 4.5% of Idaho GDP
  - 5.5% (1980-2013) growth rate
  - 15% increase over 2012
- **Food mfg. GDP**
  - $1.8 billion
  - 1.5% (1980-2013) growth rate

Source: US Dept. of Commerce, BEA

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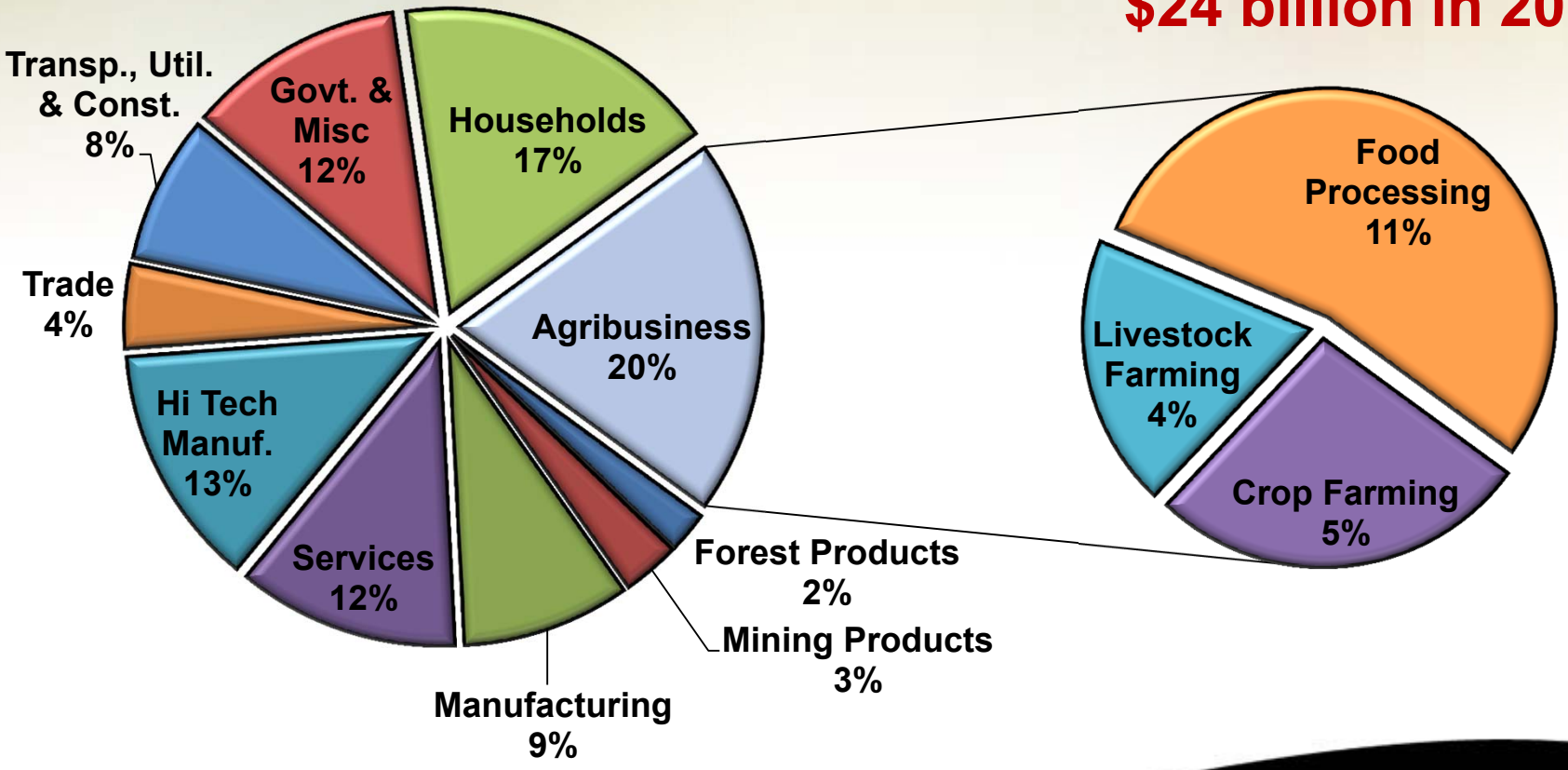
AgBiz is Idaho largest industry … base sales driven by exports

$24 billion in 2011



Source: Eborn and Taylor University of Idaho

Idaho bucks the US trend…
2014 farm income Idaho +45% vs. U.S. -22%

Revenues

- Idaho vs. U.S. 2014
  - **Idaho:** livestock +27%
    crops +2%
  - **US:** crops -12%
    livestock +14%
- Ethanol boom is waning
- Exports will determine ag prices
  - Dollar at 11 year high
  - Weak foreign economies
  - High world food prices

Costs

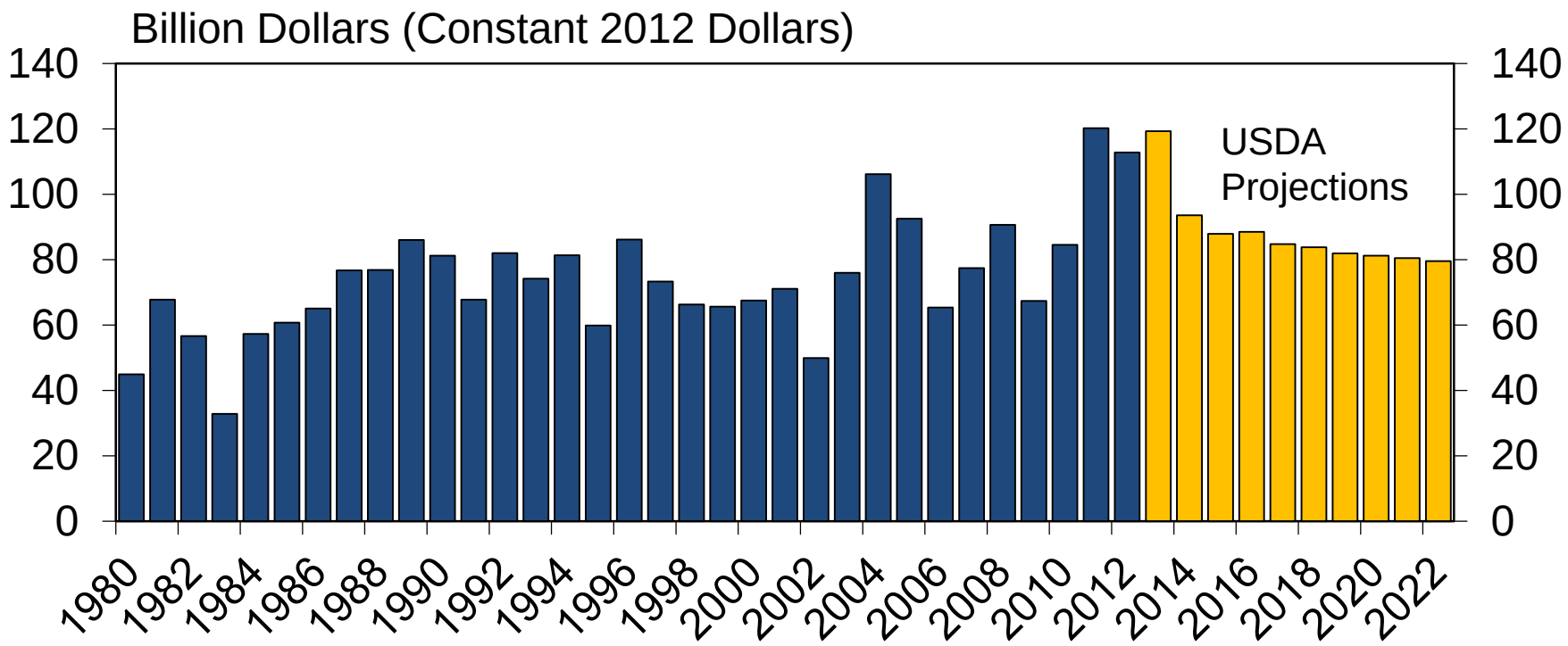
- Oil below $50 a barrel
- Continued low interest rates but bumping higher

Continued or increasing volatility!

Questions?

Farm incomes are projected to drop sharply in 2014.

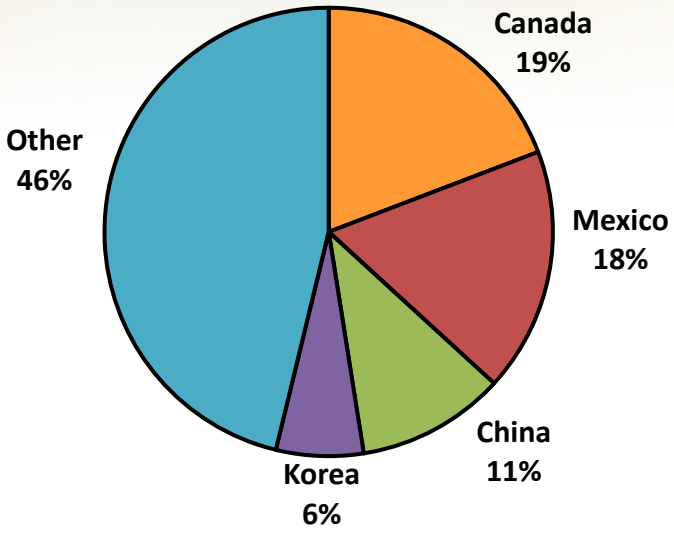
U.S. Real Net Farm Income

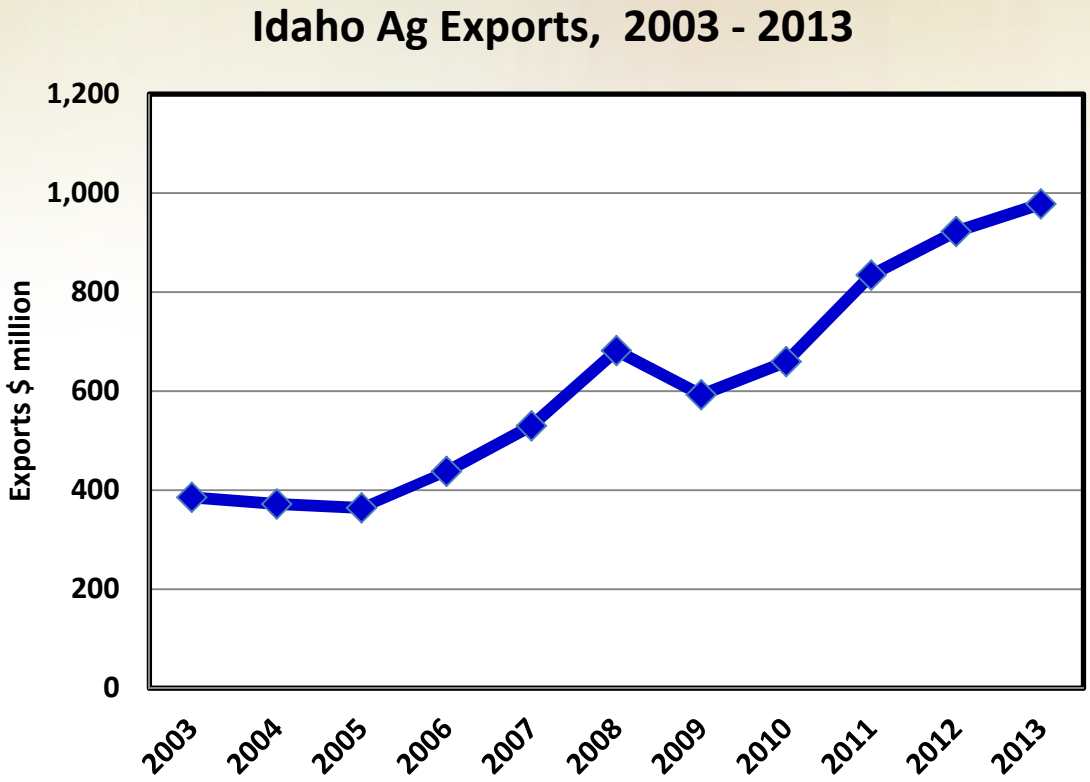


Source: USDA

Idaho Ag foreign exports will top $1 billion in 2014

Canada, Mexico, and China top Idaho's export markets





Source: Laura Johnson Idaho Dept. of Ag

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Idaho Cash Receipts from Farm Marketings
($ millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change ('13-'14)
LIVESTOCK											
Cattle and Calves	1,066	1,022	1,102	1,183	949	1,179	1,376	1,391	1,913	2,465	29%
Milk	1,418	1,283	2,050	2,101	1,431	1,899	2,433	2,422	2,573	3,250	26%
Other Livestock	110	116	129	126	119	118	175	199	198	225	14%
TOTAL LIVESTOCK	**2,594**	**2,421**	**3,282**	**3,410**	**2,499**	**3,196**	**3,984**	**4,012**	**4,684**	**5,940**	27%
CROPS											
Barley	157	129	144	232	224	200	217	290	341	266	-22%
Beans	46	36	40	55	57	60	80	95	99	84	-15%
Hay	335	387	403	609	346	337	569	526	520	605	16%
Potatoes	516	664	714	770	767	770	937	964	954	885	-7%
Sugarbeets	201	234	212	152	252	302	396	335	252	276	9%
Wheat	336	350	486	512	537	562	711	852	745	646	-13%
Other Crops	446	499	602	583	578	568	621	761	889	997	12%
TOTAL CROPS	**1,923**	**2,169**	**2,438**	**2,807**	**2,645**	**2,675**	**3,416**	**3,698**	**3,686**	**3,758**	2%
TOTAL CASH RECEIPTS	**4,517**	**4,590**	**5,720**	**6,217**	**5,144**	**5,871**	**7,400**	**7,710**	**8,370**	**9,698**	16%
Year-to-Year Change	3%	2%	25%	9%	-17%	14%	26%	4%	9%	16%	

SOURCES:
2005-2013: Idaho Agricultural Statistics Service
2013-2014: Forecasted by G. Taylor, P. Patterson, and B. Eborn, University of Idaho

Idaho Net Farm Income
($ millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change ('13-'14)
REVENUES											
Crop Production	1,923	2,169	2,438	2,807	2,645	2,675	3,416	3,698	3,686	3,758	2%
Livestock Production	2,594	2,421	3,282	3,410	2,499	3,196	3,984	4,012	4,684	5,940	27%
Services & Forestry	521	548	560	534	685	503	613	412	572	600	5%
Government Payments	191	141	121	151	140	164	113	127	129	99	-23%
Home consumption	7	7	6	7	6	7	7	5	8	8	-5%
Value of inventory adjustment	(49)	56	21	38	145	(58)	44	5	335	68	-80%
TOTAL REVENUES	**5,186**	**5,341**	**6,427**	**6,946**	**6,121**	**6,487**	**8,177**	**8,258**	**9,414**	**10,473**	11%
EXPENSES											
Farm Origin Inputs	1,039	1,157	1,378	1,407	1,357	1,338	1,875	2,002	2,070	1,979	-4%
Manufactured Inputs	740	753	873	1,056	926	942	1,193	1,332	1,320	1,268	-4%
Other Inputs	890	1,056	1,096	1,122	1,152	1,021	1,041	1,125	1,091	960	-12%
Vehicle Regist./Licensing	10	9	11	11	12	11	13	12	13	13	-3%
Property Taxes	93	108	133	126	114	118	118	143	123	121	-2%
Capital Consumption	366	394	397	415	437	444	462	405	449	446.141	-1%
Payments to Stakeholders	876	927	1,008	1,071	1,031	1,083	1,056	1,133	1,239	1153.029	-7%
TOTAL EXPENSES	**4,015**	**4,406**	**4,897**	**5,208**	**5,029**	**4,956**	**5,758**	**6,153**	**6,306**	**5,940**	-6%
NET FARM INCOME	**1,172**	**936**	**1,530**	**1,738**	**1,091**	**1,530**	**2,418**	**2,105**	**3,109**	**4,533**	46%
Year-to-Year Change	-24%	-20%	64%	14%	-37%	40%	58%	-13%	48%	46%	

SOURCES:
2005-2013: Economic Research Service/USDA
2013 & 2014: Forecasted by G. Taylor, P. Patterson, and B. Eborn, University of Idaho