Economic Condition of Idaho Agriculture – 2017

JFAC Outlook, 2018

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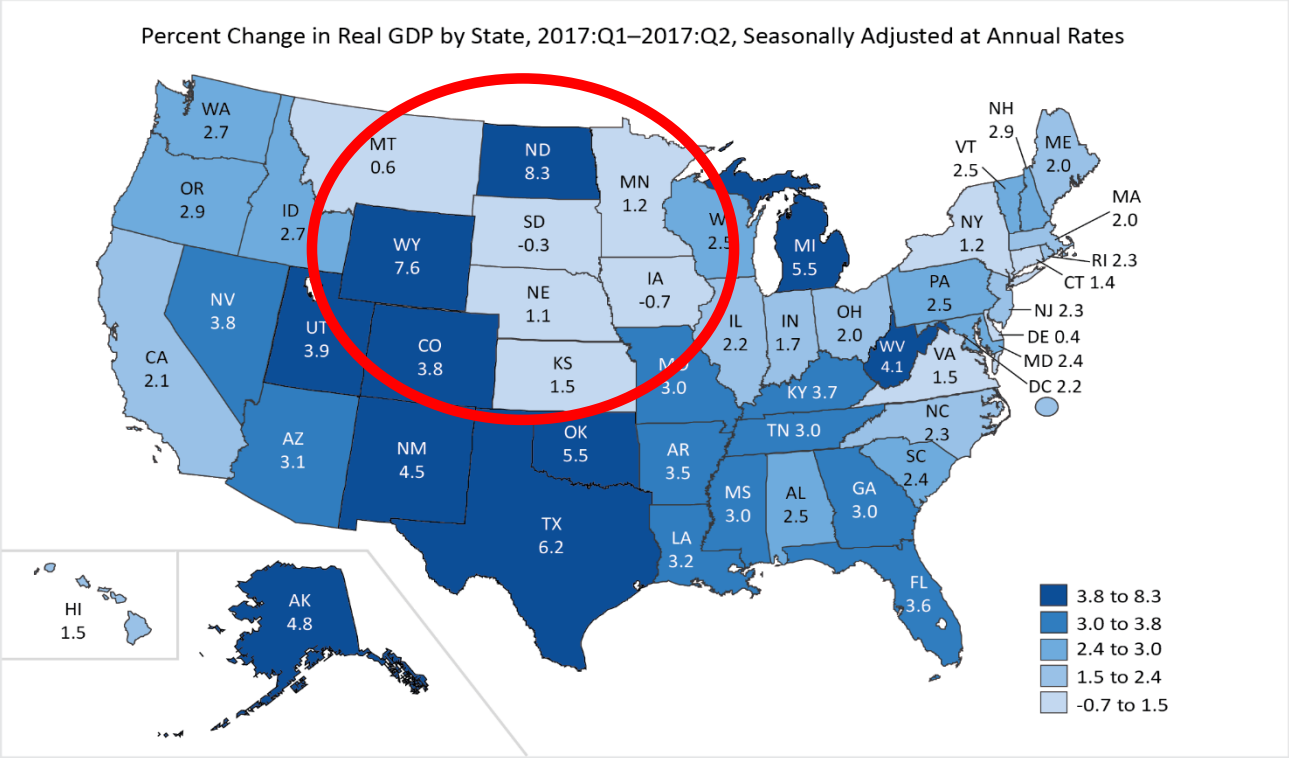
University of Idaho
College of Agricultural and Life Sciences

2017 2nd quarter…heartland has ag heartburn



U.S. Bureau of Economic Analysis

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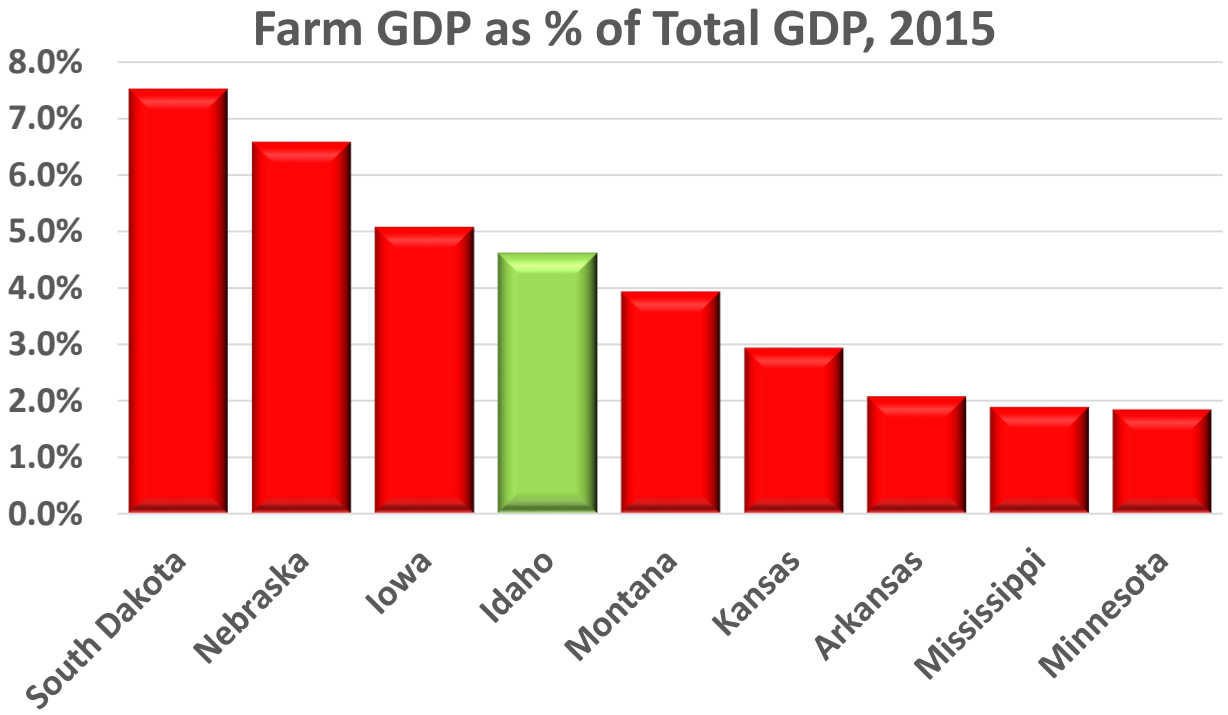
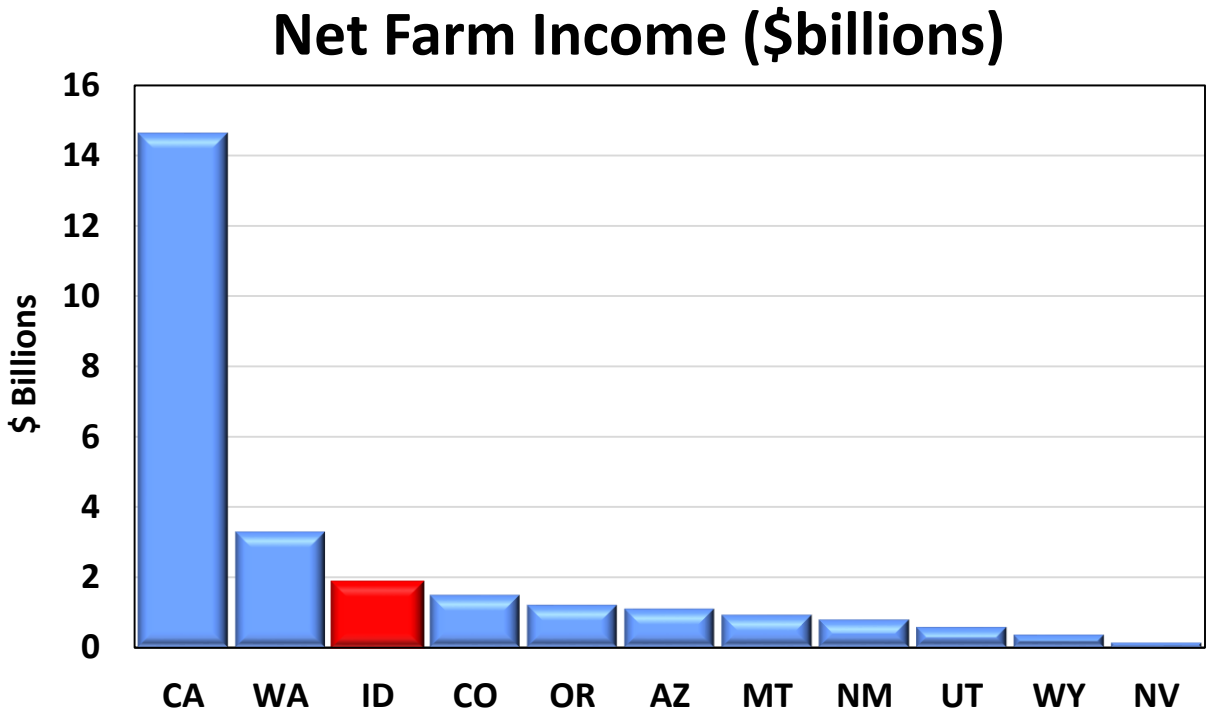
Ag's importance to Idaho

- Idaho economy
- Western states
- Idaho businesses

Idaho 4th largest Ag state economy



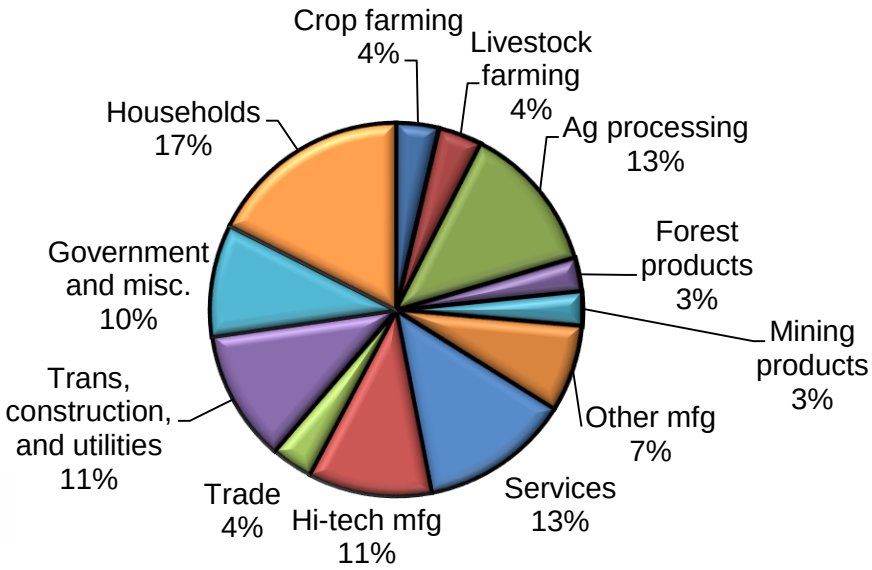
Idaho ranks 3rd in West net farm income



Source: USDA

Multiplier effects…AgBiz Idaho's largest industry

Idaho base output by sector of the Idaho economy, 2013



AgBiz multiplier effects

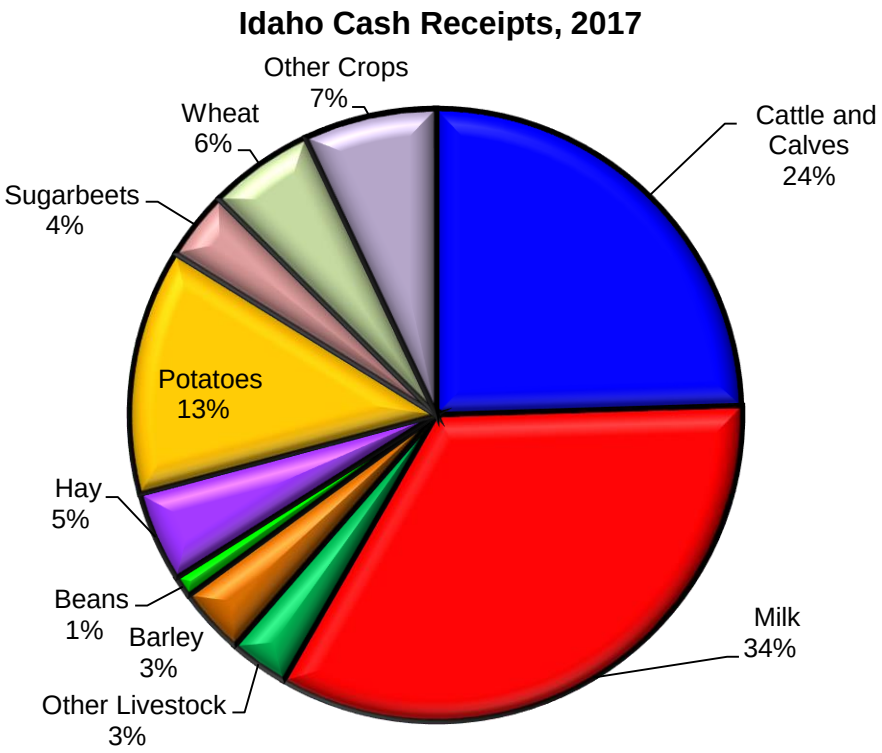
- 20% of output
- 14% of jobs
- 16% of GDP

Source: Taylor, Watson, & Eborn - University of Idaho

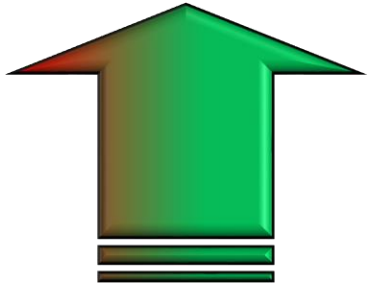
Farm-gate cash receipts

- Idaho 2017 cash receipts
- Idaho versus US cash recipient growth
- Why are cash receipts growing?
- Government payments

Following two down years, 2017 cash receipts up 5%



$7.5 billion up 5%



$7.1 billion, 2016

Source: University of Idaho

2017 cash receipt ups and downs

Crops $2.9 billon, ↑3%

Potatoes: ↑15%

Barley: ↓1%

Dry Beans: ↑33%

Wheat: ↓2%

Sugarbeets: ↓7%

Hay: ↑1%

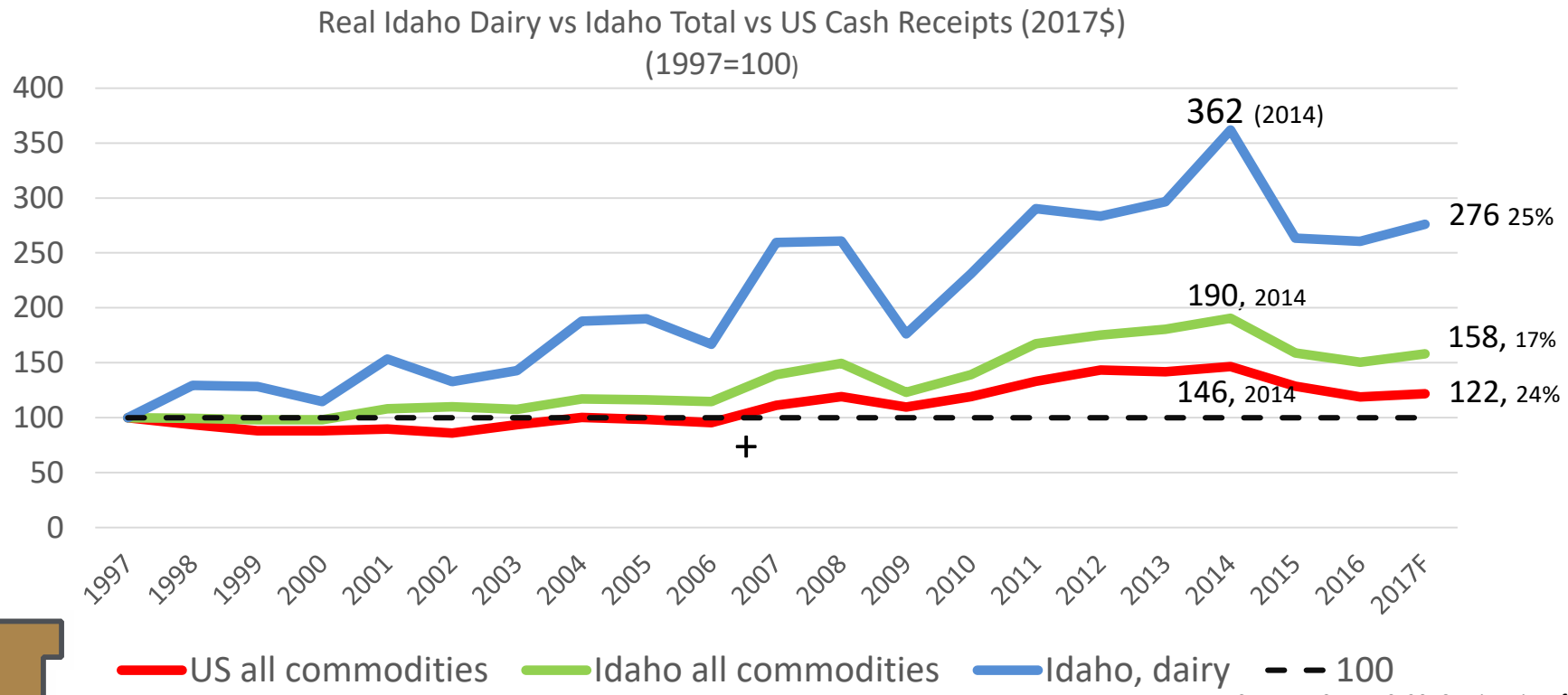
Livestock $4.6 billion, ↑7%

Cattle & Calves: ↑5%

Milk: ↑7%

Source: University of Idaho

Idaho cash receipts outgrow U.S. by 40%



Source: USDA-ERS, 2016 University of Idaho

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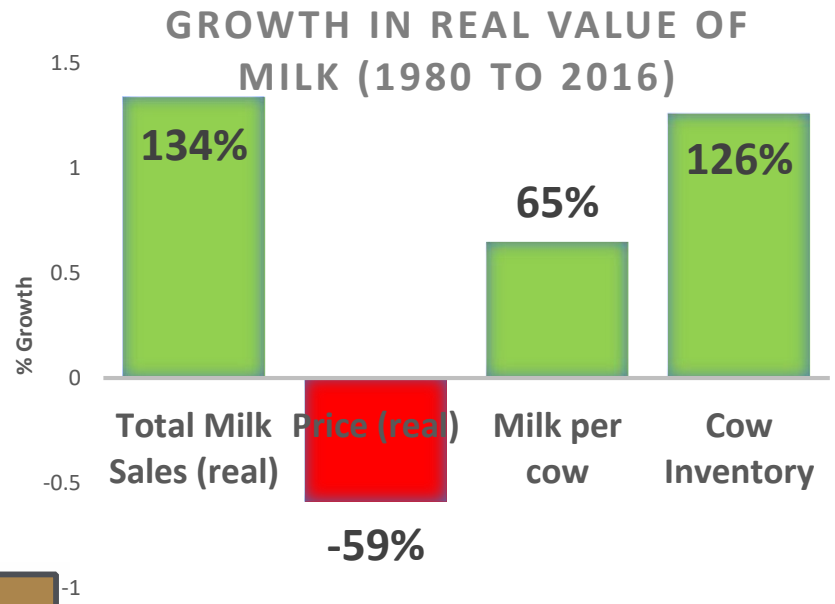
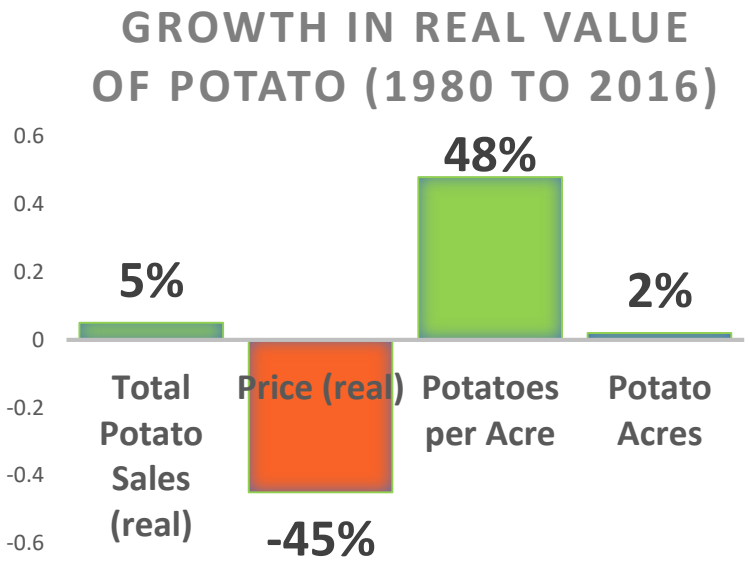
Growth comes from production not price

Dairy

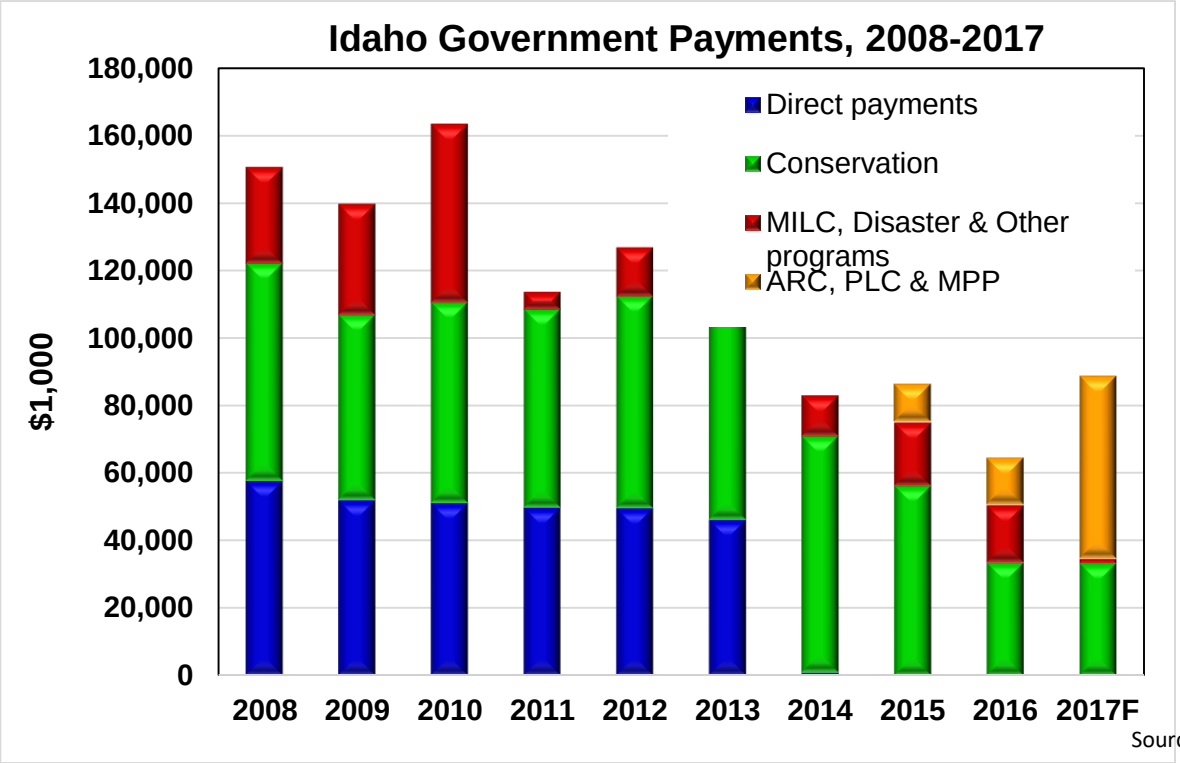


Potatoes



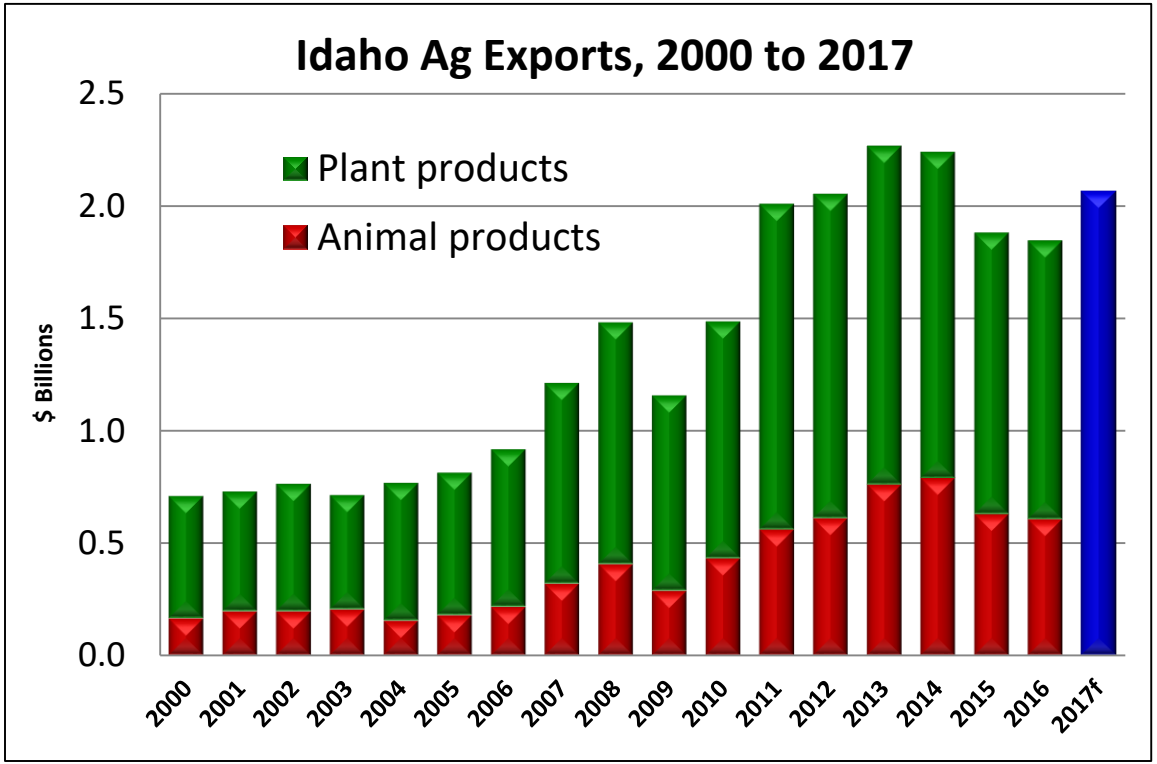
Source: University of Idaho

Support programs pick up with lower grain prices



Source: USDA-ERS, 2015 University of Idaho & FSA

Idaho Ag exports rebound after 20% decline



Source: 2000 to 2016 USDA-ERS; 2017 Laura Johnson Idaho Dept. of Ag, Global Trade Atlas

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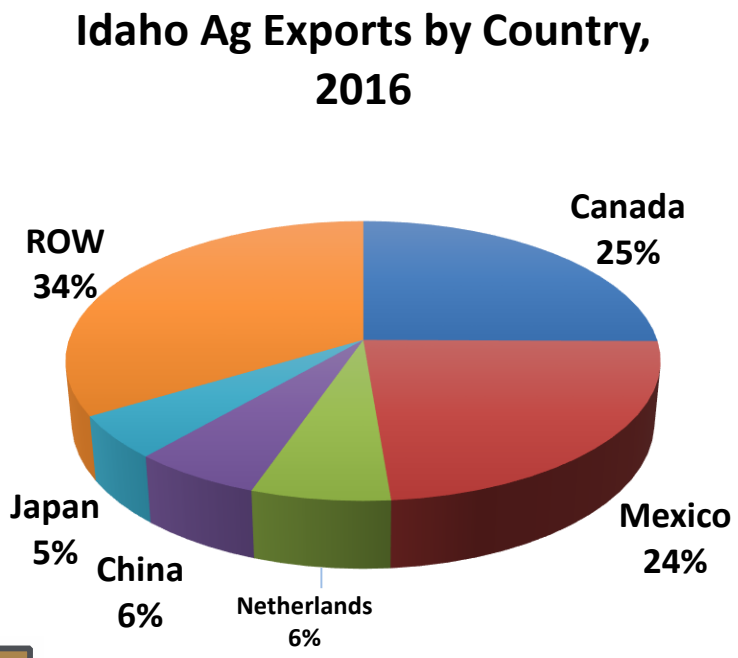
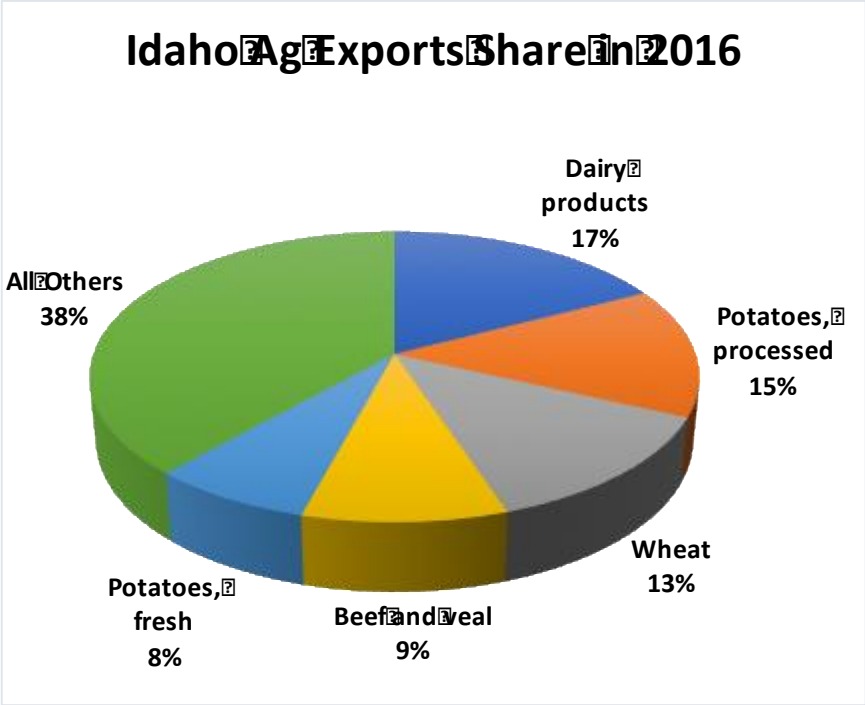
Idaho Ag exports: Dairy, Potatoes, and NAFTA



Source: US Census Bureau

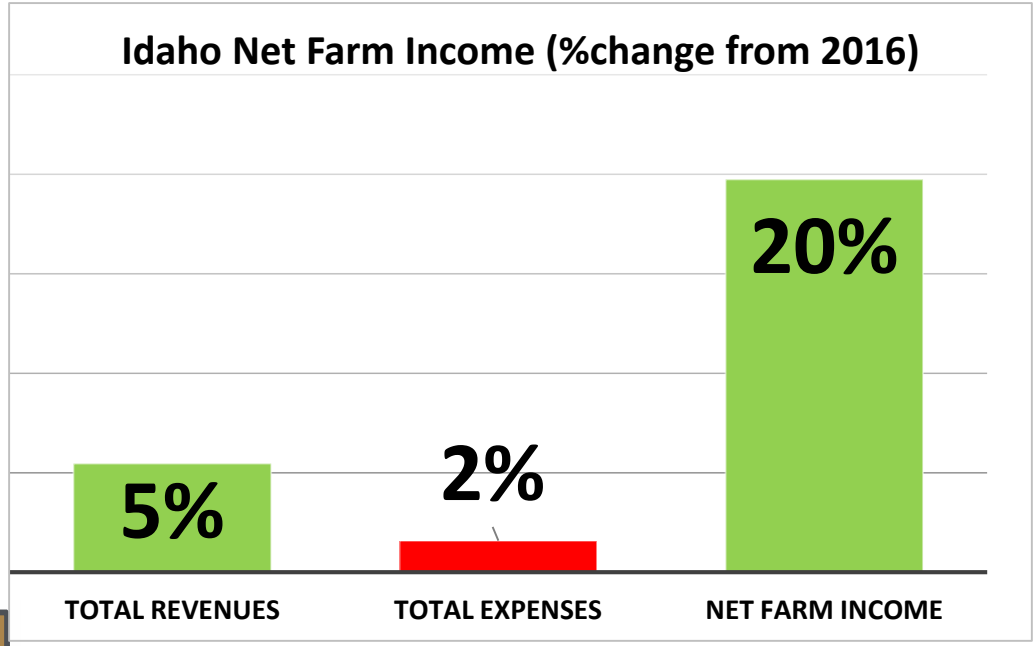


Source: USDA-ERS

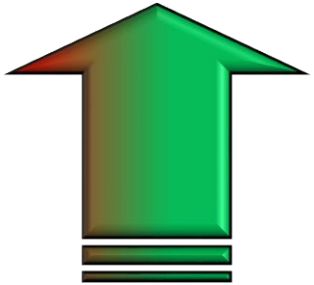
Net Farm Income

- Idaho 2017 net farm income
- Idaho versus U.S. net farm income

After 3 down years, net farm income up 20%

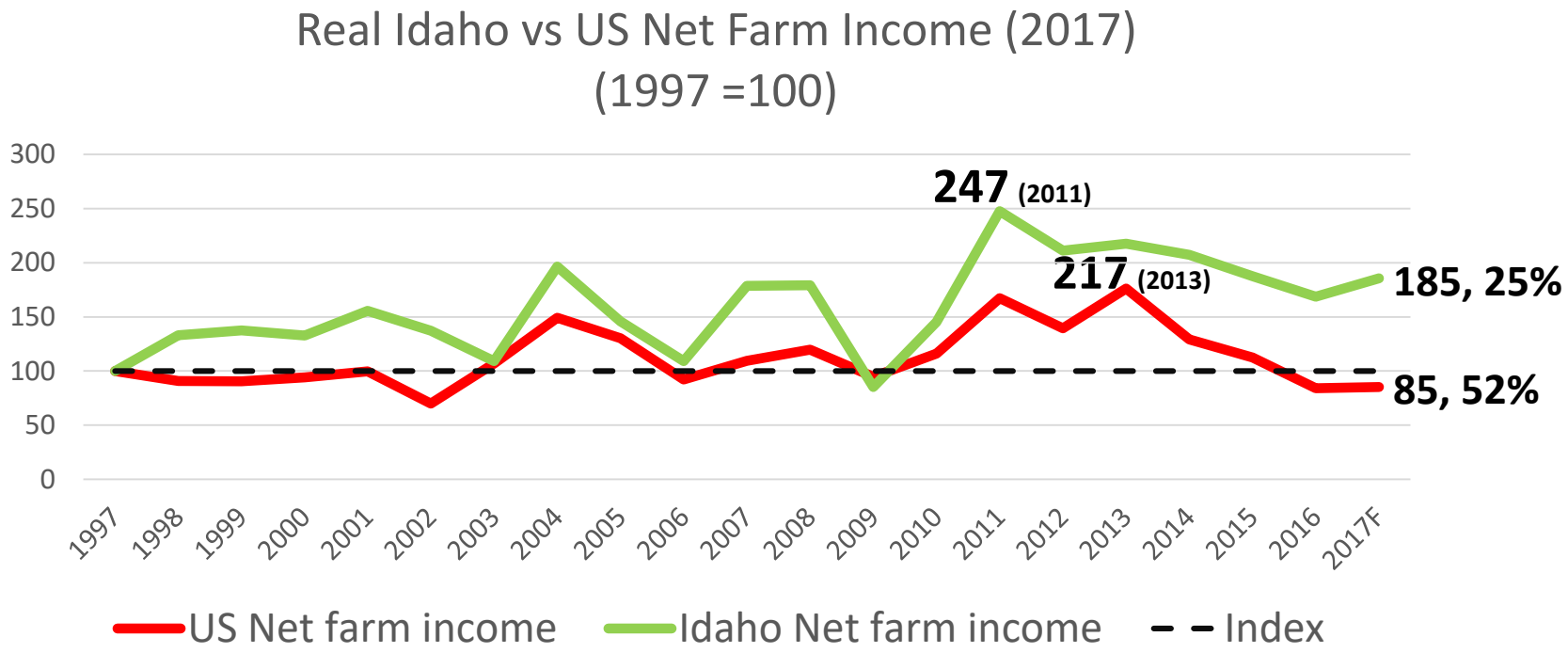


$1.9 billion Up 15%

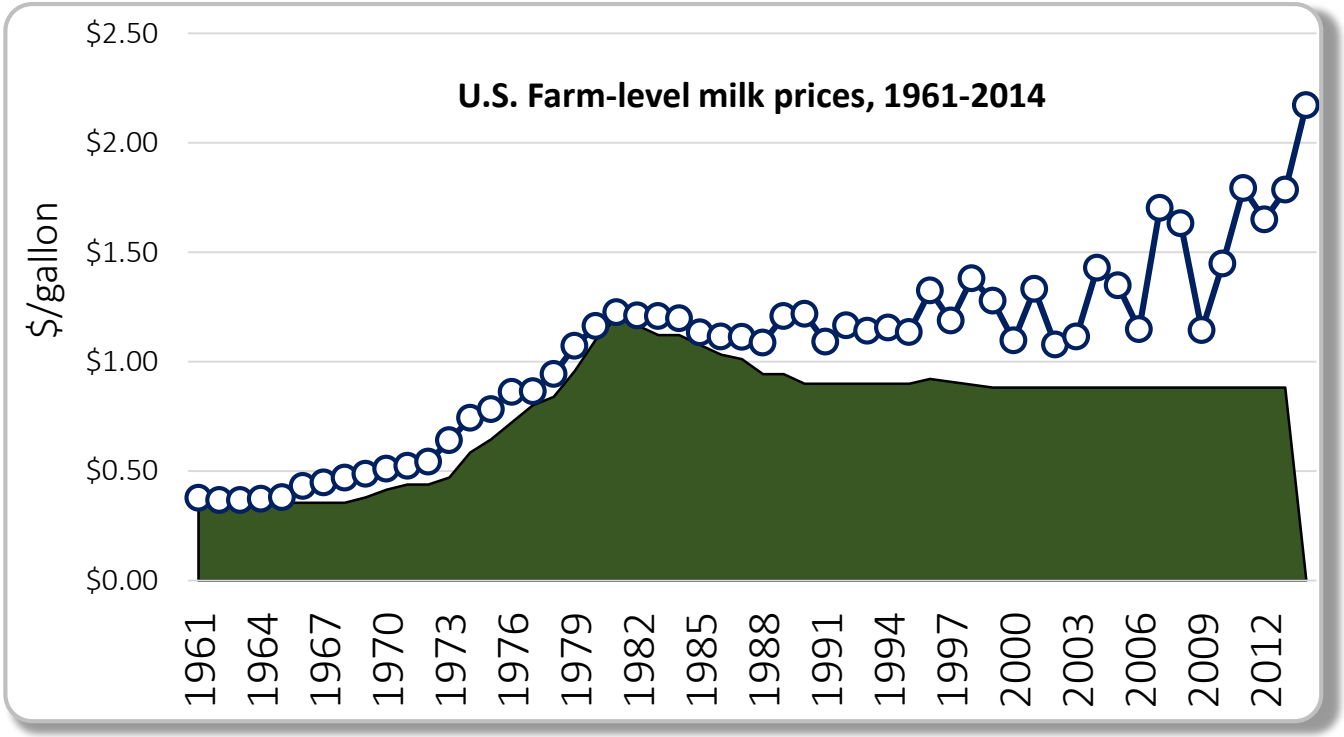


$1.7 billion, 2016

Idaho real net farm income has grown 100% more than U.S.



Without price floor volatile milk prices



Source: Bozic U. of MN

Idaho farm proprietors income volatility

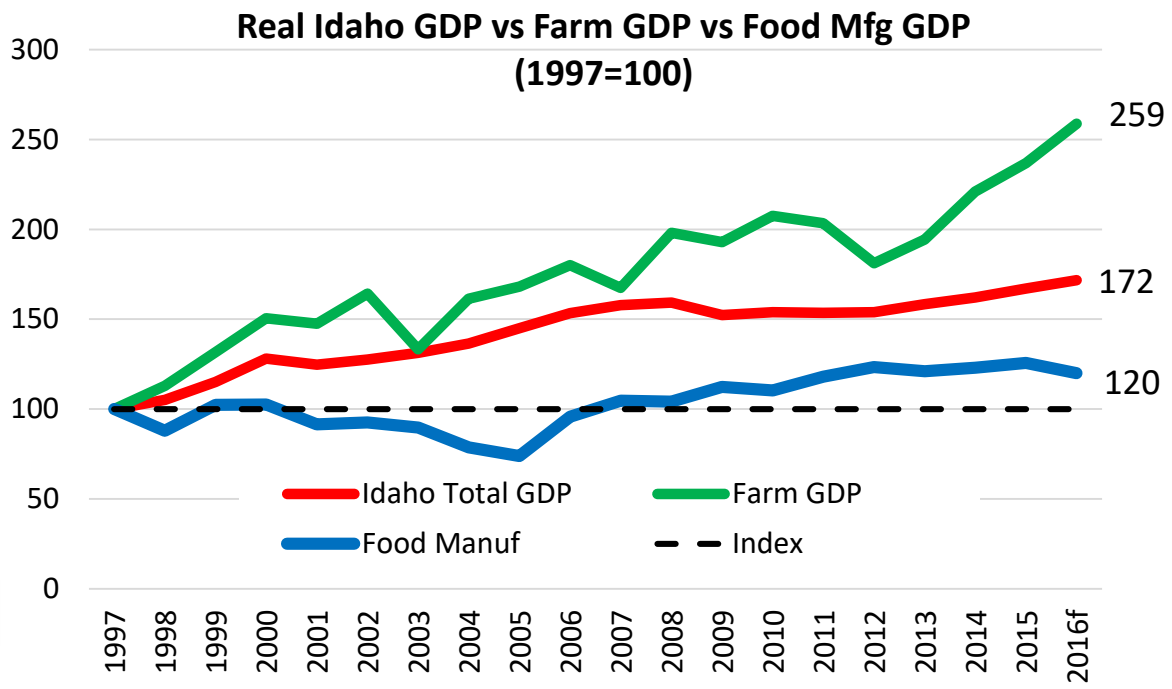
Year	Farm Proprietors Income ($billion)	% change
2011	1.30	89%
2012	1.51	17%
2013	1.59	5%
2014	1.65	4%
2015	1.72	4%
2016	1.55	-10%
2017	1.37	-12%
2018	1.29	-6%
2019	1.36	6%

Source: HIS Economics

GDP & jobs

- Idaho farm GDP versus Idaho total GDP
- Idaho farm and food manufacturing jobs

Real Idaho farm GDP has grown 90% more than real Idaho total GDP

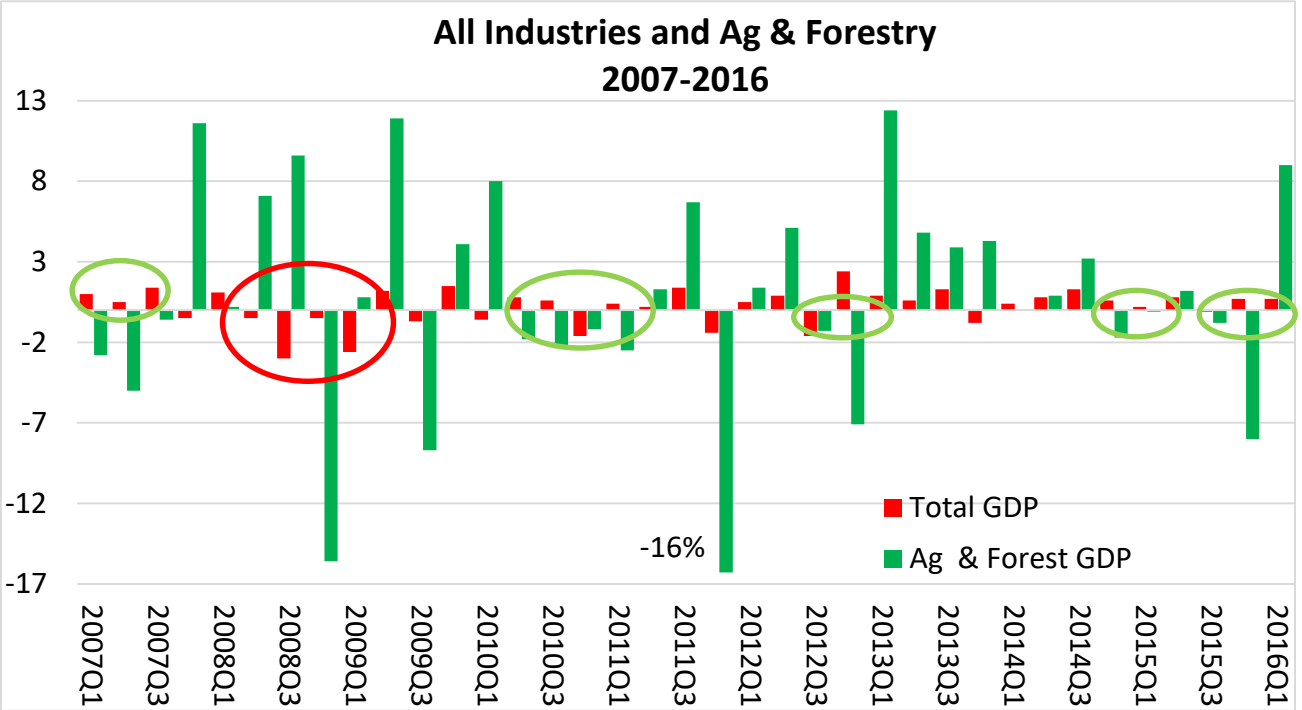


- Idaho real GDP(2009$)
  - $61 billion in 2016
- Farm GDP (2009$)
  - 4.5% of Idaho GDP
- Food mfg GDP (2009$)
  - 2.6% of Idaho GDP

Source: US Dept. of Commerce, BEA

5 Ag recessions since 2007

(quarter to quarter Idaho GDP % change)



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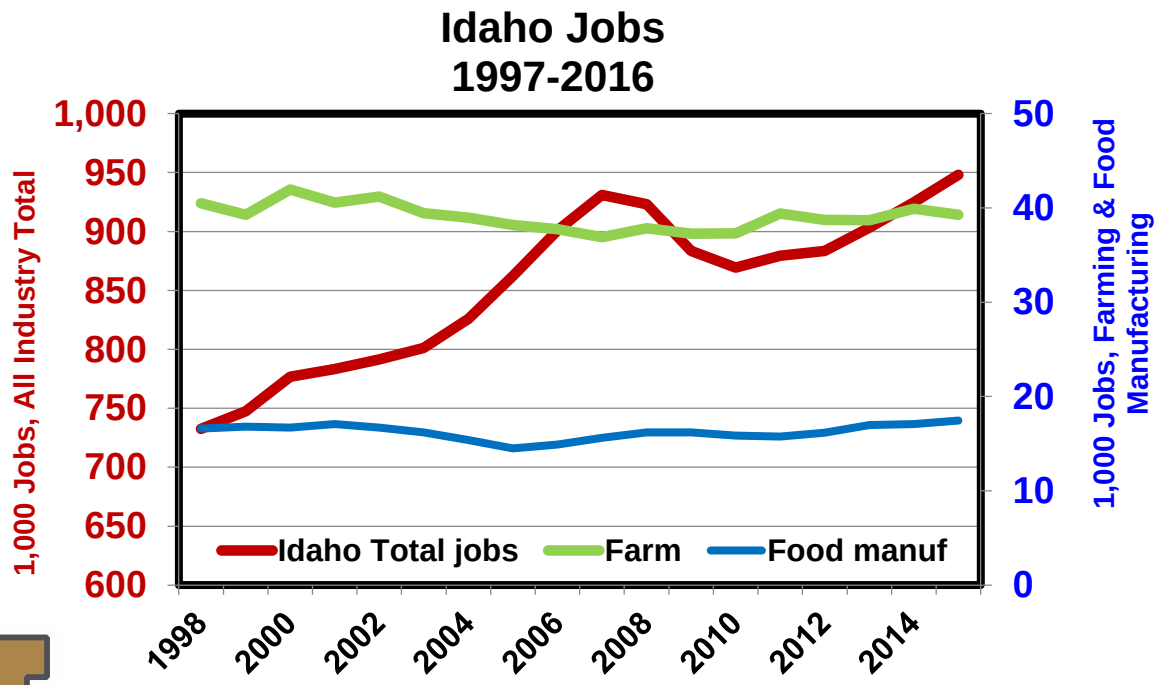
Farming & food manufacturing = steady jobs



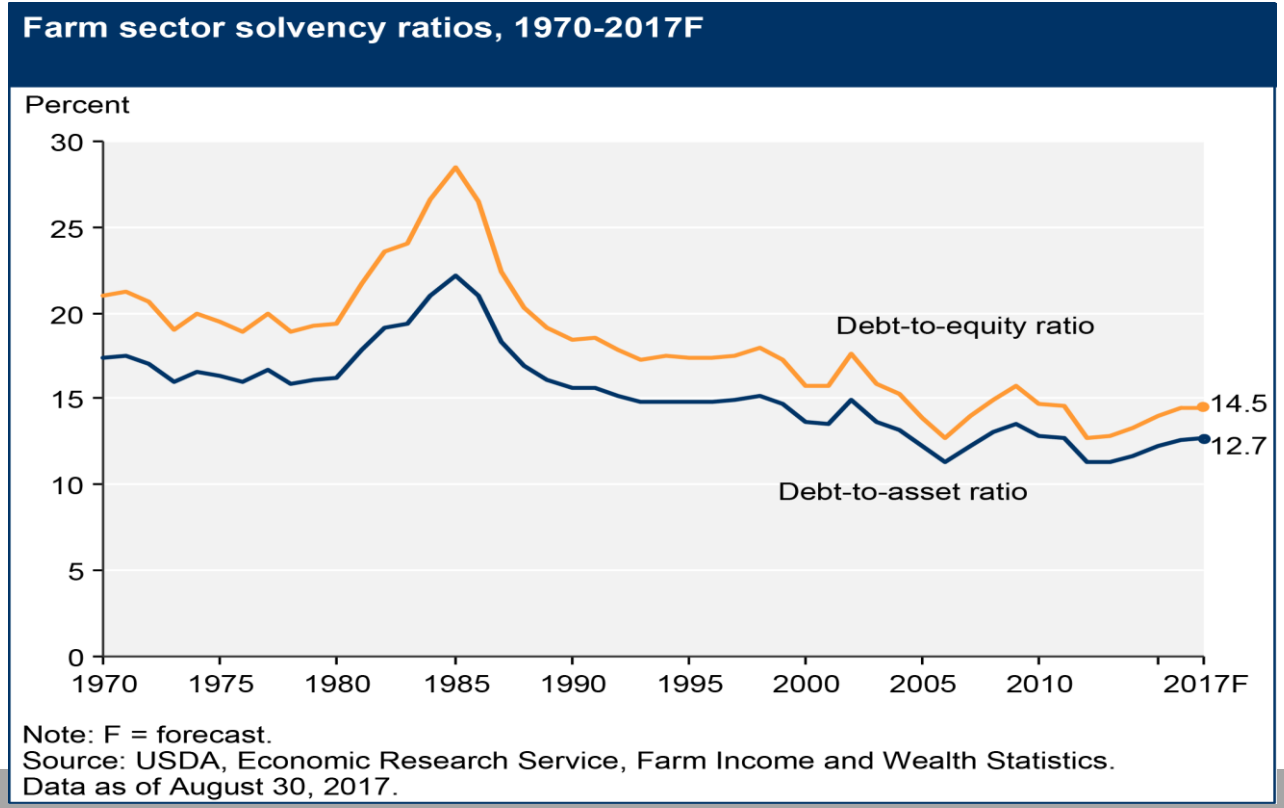
- **Total Idaho**
  - 977,000 jobs
  - Up 28,000
- **Farm**
  - 39,000 jobs 2016
  - Up 100
- **Food mfg**
  - 18,000 jobs 2016
  - Up 650

Source: US Dept. of Commerce, BEA

Farm Financial Conditions

- U.S. farm balance sheets
- Idaho farm land values

Record high real estate debt offset by clean balance sheets



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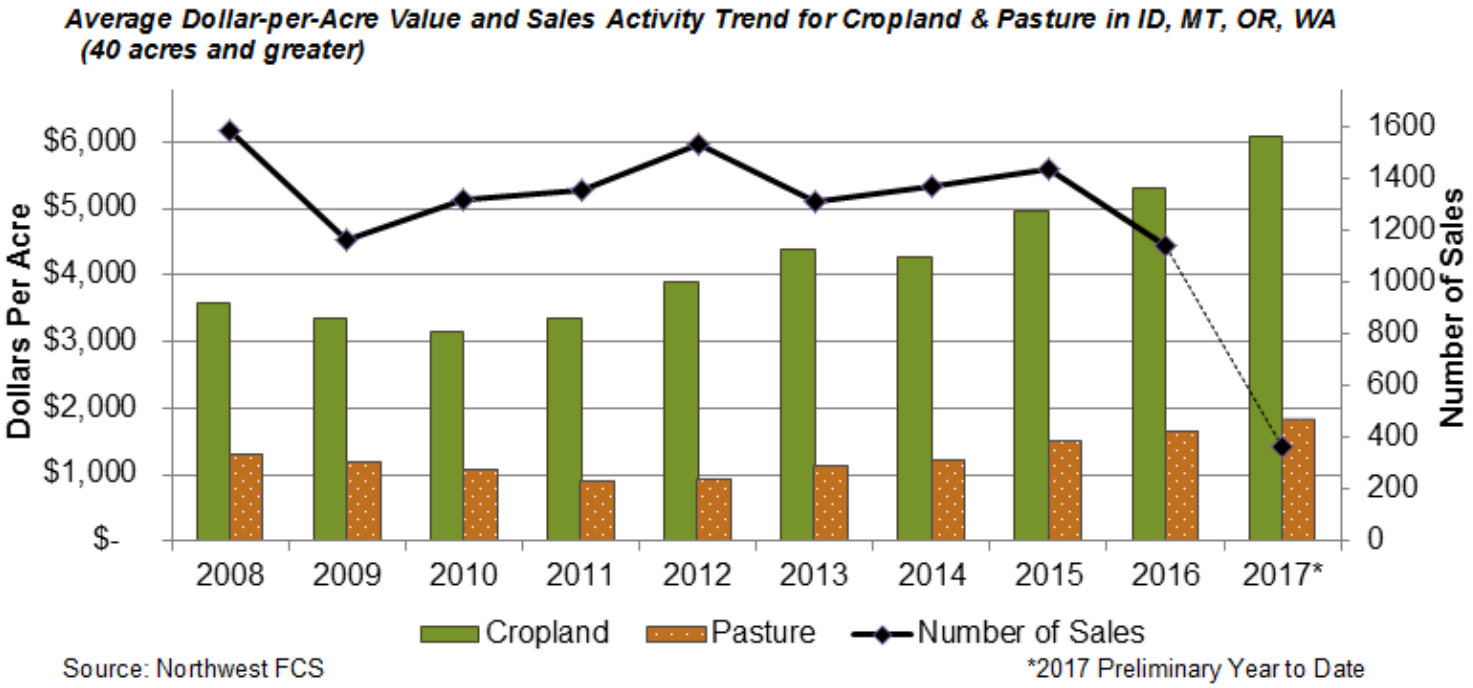
NW cropland over $6,000 but few sales



Source: Northwest Farm Credit Services

2018 Outlook

- 2018 revenue themes
  - Export markets rebound
    - Weaker dollar
    - Strengthen foreign economies
    - Russian embargo
  - Ethanol demand increasing
  - Huge grain production
  - Record grain stocks
- 2018 costs themes
  - Oil below $60 a barrel
  - Low, but rising, interest rates

crop	Comments
Milk	Contracts NOT renewed and herd liquidation. Milk prices NOT good until 2nd half of 2018. USDA breakeven: ID $16, CA, $24, WI, $27, WA, $29.
Wheat	Huge stocks and record world production. Lowest wheat acres in 100 years.
Hay	Huge stocks. Weak corn price.
Beef	Prices continue good – not great like 2014 and 2015
Spuds	First part of 2018 will be very good prices for 2017 crop BUT with 2018 crop prices will fall because farmers over plant because of grain and hay prices are weak
Sugarbeets	Revenues largely dependent on yields
Corn	Huge stocks and record yields
Barley	Priced from wheat

QUESTIONS?

IDAHO MILK PRODUCTION AND PRICES, 2012 -2017

	Milk Production								Milk Prices					
	2012	2013	2014	2015	2016	2017			2012	2013	2014	2015	2016	2017
Jan	1116	1106	1135	1154	1179	1197		Jan	17.70	19.20	22.60	16.80	15.60	18.30
Feb	1046	1004	1032	1052	1125	1073		Feb	16.90	18.50	23.90	16.40	15.40	18.40
Mar	1127	1131	1157	1186	1226	1207		Mar	16.70	18.20	24.30	16.30	15.00	16.60
Apr	1108	1117	1141	1173	1197	1192		Apr	16.40	18.80	24.50	16.50	14.70	16.10
May	1172	1178	1200	1234	1258	1278		May	15.80	19.10	23.00	16.60	14.20	16.90
Jun	1154	1156	1192	1195	1241	1256		Jun	15.90	18.80	22.50	16.70	14.60	16.70
Jul	1187	1174	1225	1228	1297	1298		Jul	16.70	18.10	22.40	16.30	16.20	16.50
Aug	1183	1180	1213	1225	1291	1299		Aug	17.60	18.60	23.20	16.50	17.30	17.20
Sep	1117	1099	1144	1171	1225	1221		Sep	19.40	19.10	25.10	16.90	17.20	17.30
Oct	1137	1110	1164	1195	1237	1239		Oct	21.30	20.10	24.20	17.10	16.40	18.10
Nov	1092	1069	1115	1136	1180	1175		Nov	21.20	20.70	22.40	17.6	17.90	17.50
Dec	1119	1107	1155	1165	1209	1215		Dec	19.60	21.00	19.40	16.70	18.60	17.50
Average	1,130	1,119	1,156	1,176	1,222	1,221		Average	$17.93	$19.18	$23.13	$16.70	**$16.09**	**$17.26**
Total	**13,558**	**13,431**	**13,873**	**14,114**	**14,665**	**14,650**		Change		7%	21%	-28%	-4%	7%
Change		-1%	3%	2%	4%	0%								

2017 COW HERD INCREASED 13,000

	Milk Cows (Jan 1)
2017	600,000
2016	587,000
2015	579,000
2014	565,000
2013	580,000
2012	581,000
2011	574,000
2010	550,000
2009	554,000
2008	530,000
2007	502,000
2006	473,000
2005	435,000
2004	412,000
2003	390,000
2002	377,000
2001	354,000
2000	332,000