

Financial Condition of Idaho Agriculture 2014

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House and Senate Agricultural Affairs Committee
January 2015

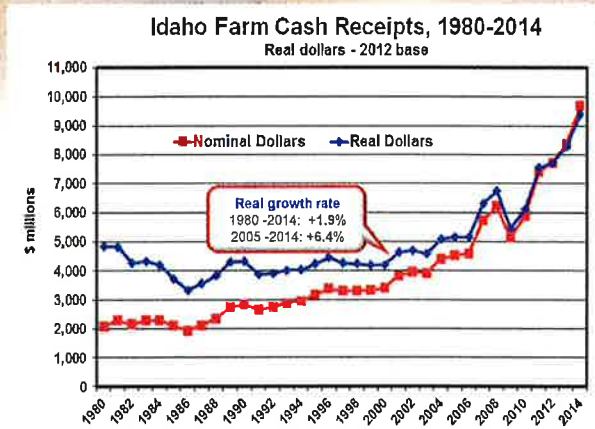
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Overview

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

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Cash receipts increase 16% over 2013... 4th year of record highs



\$9.7 billion, 2014



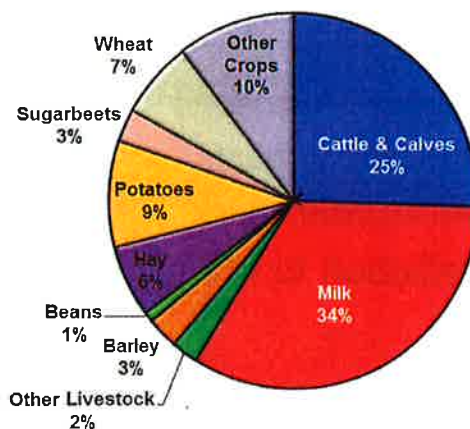
\$8.4 billion, 2013

Source: USDA, 2014 U of Idaho

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Idaho Ag is livestock

Idaho Cash Receipts, 2014



Source: University of Idaho

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Cash receipts ups & downs

Crops \$3.8 billion, 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%

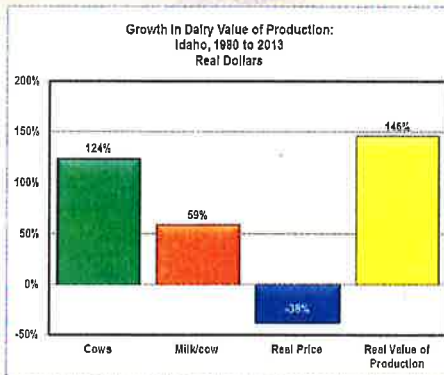


Source: University of Idaho

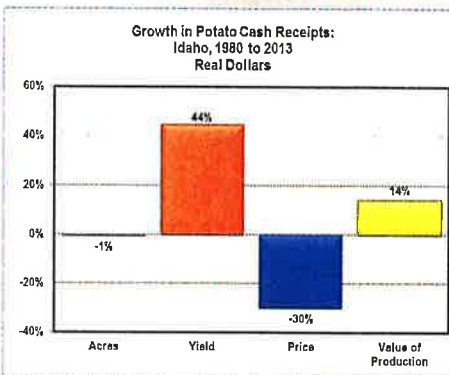
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Innovation drives Ag growth

Dairy



Potatoes

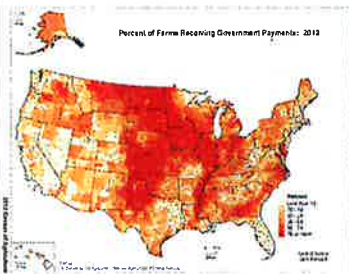


Source: University of Idaho

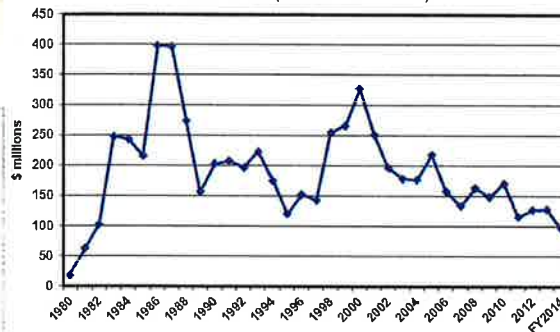
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Idaho government payments continue to decline

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



Direct government payments to Idaho agriculture
1980-2014 (Real dollars - 2012 base)



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

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2014 net farm income up 46%

Net farm income \$4.5 billion, up 46%

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

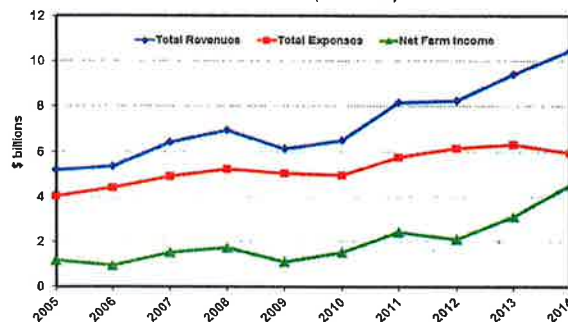
Revenues up 11%

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

Expenses down 6%

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

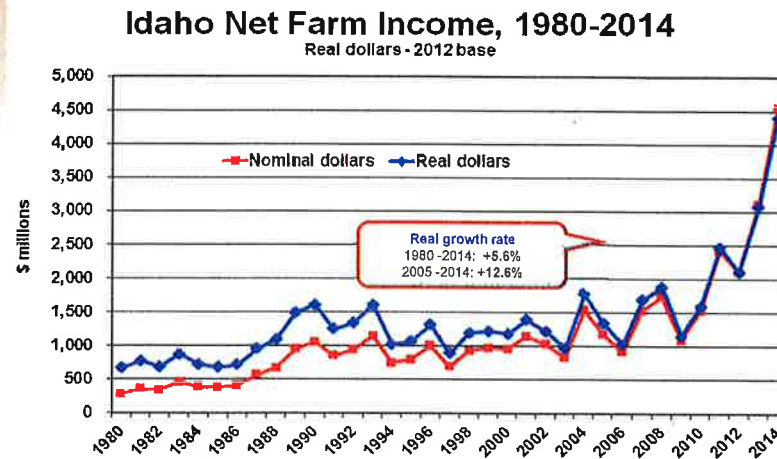
Idaho Revenue, Expenses, and Net Farm Income
Real Dollars (2012 base)



Source: USDA-ERS, 2014 University of Idaho

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2014 net farm income shoots to record high



Source: USDA-ERS, 2014 U of Idaho

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Income volatility effects ...

Farmers & Government

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

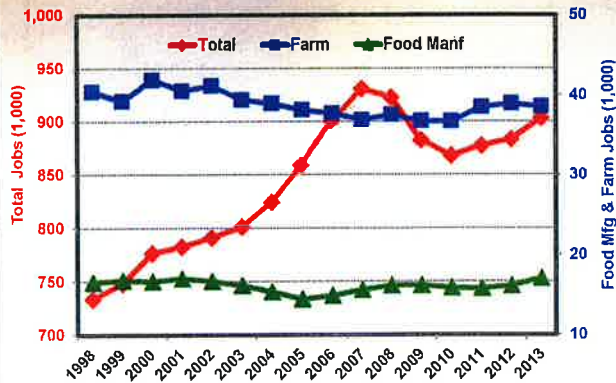
NOT rural communities

- 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

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Farming and food manufacturing are steady jobs

Full and Part Time Jobs 1998-2013



Farm jobs

- 38,500 jobs 2013
- 4.3% Idaho total
- Declined 400 jobs

Food mfg. jobs

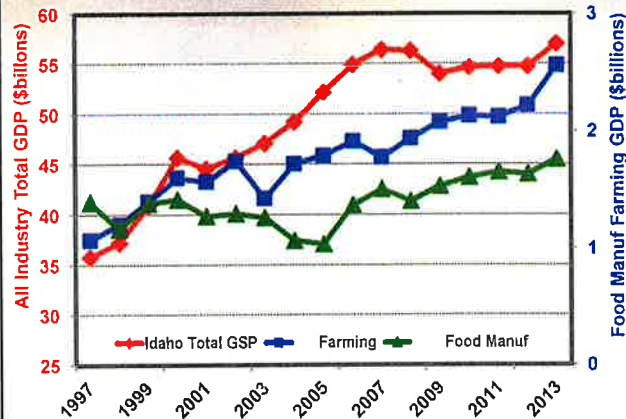
- 17,000 jobs 2013
- 1.9% Idaho total
- Increased 900 jobs

Source: US Dept. of Commerce, BEA

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Farming GDP is growing faster than Idaho GDP

Real GDP, 1997-2013 (2009 base)



Idaho GDP

- \$57 billion in 2013
- 2.9% (1997-2013) growth rate

Farming GDP

- \$2.6 billion
- 4.5% of Idaho GDP
- 5.5% (1997-2013) growth rate
- 15% increase over 2012

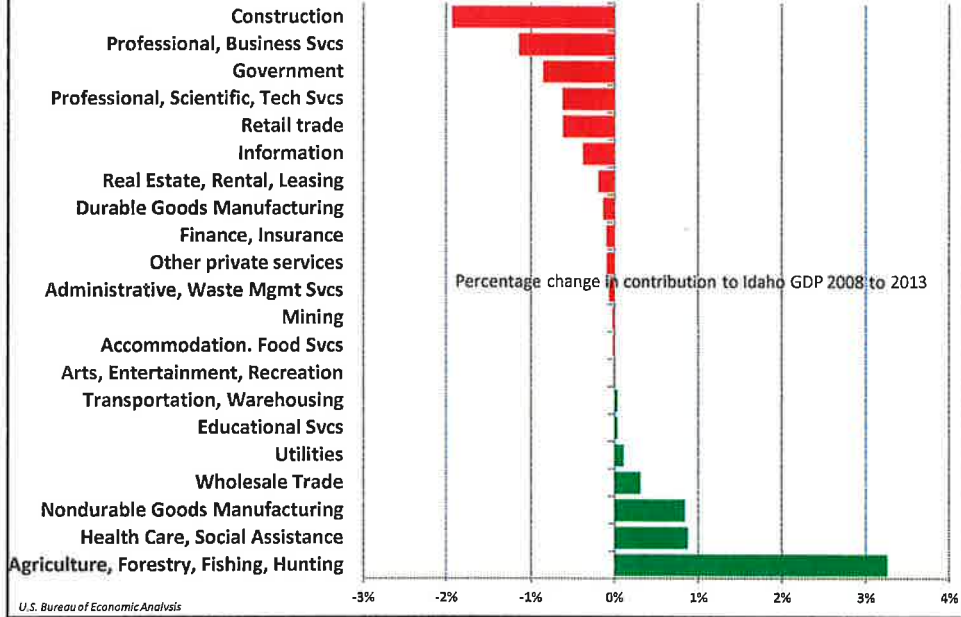
Food mfg. GDP

- \$1.8 billion
- 1.5% (1997-2013) growth rate

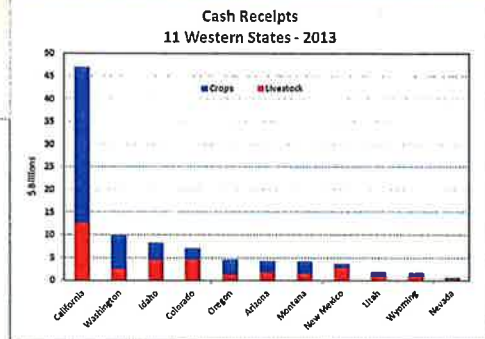
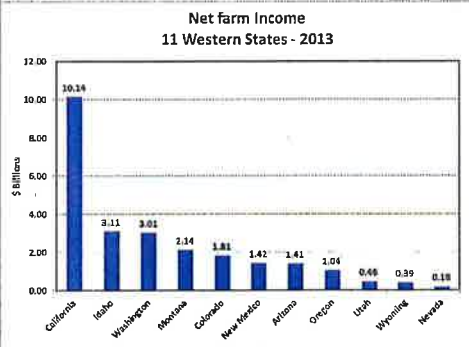
Source: US Dept. of Commerce, BEA

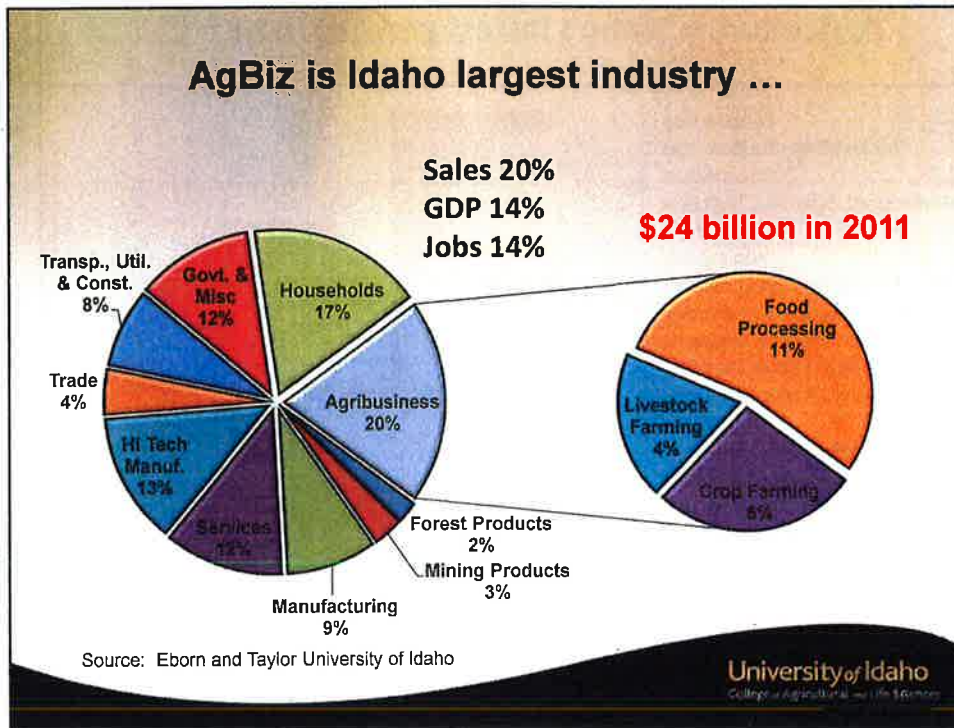
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Agriculture is Idaho's fastest growing industry



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





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 unless 15%
- Exports determines 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!

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Questions?

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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	689	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:

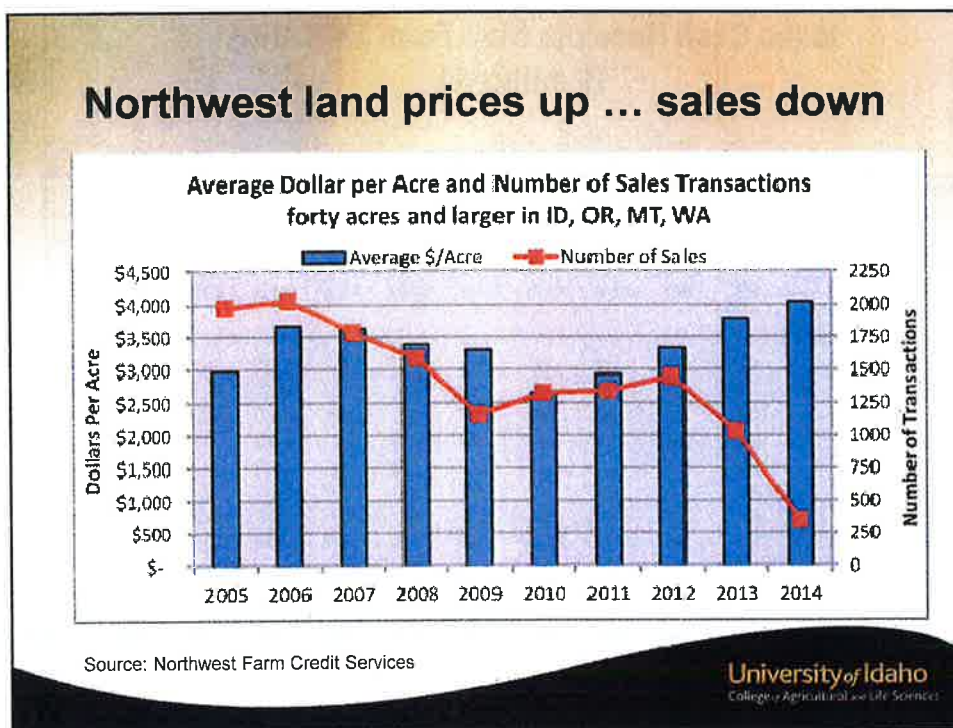
2005-2013: Idaho Agricultural Statistics Service

2013-2014: Forecasted by G. Taylor, P. Patterson, and B. Eborn, University of Idaho

Idaho Net Farm Income (\$ millions)

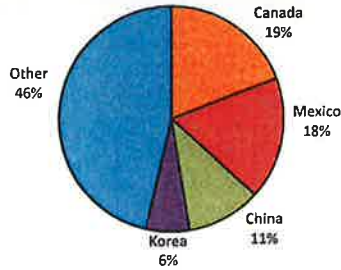
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change ('13-'14)
REVENUES											
Crop Production	1,923	2,169	2,438	2,807	2,645	2,675	3,416	3,698	3,686	3,758	2%
Livestock Production	2,594	2,421	3,282	3,410	2,499	3,196	3,984	4,012	4,684	5,940	27%
Services & Forestry	521	548	560	534	685	503	613	412	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	8,268	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	1,153,029	-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

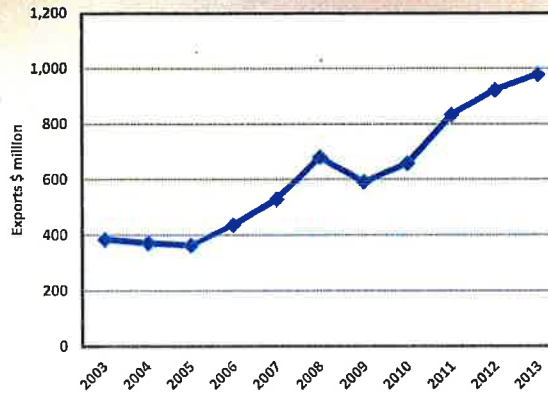


Idaho Ag 2014 foreign exports will top \$1 billion

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



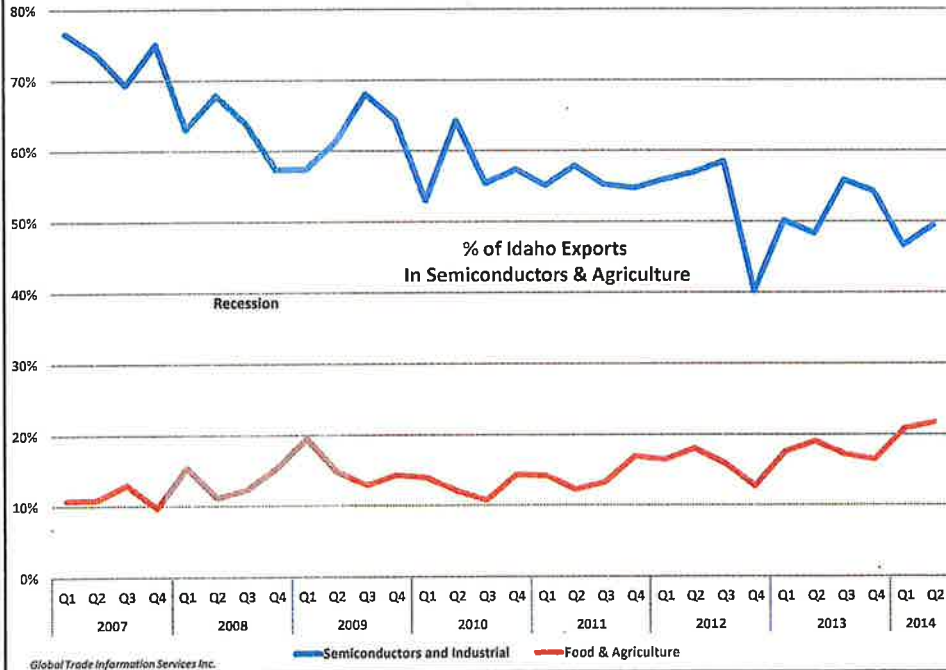
Idaho Ag Exports, 2003 - 2013



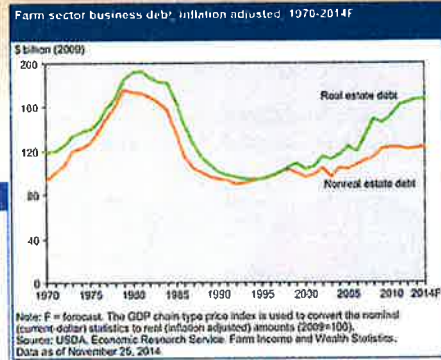
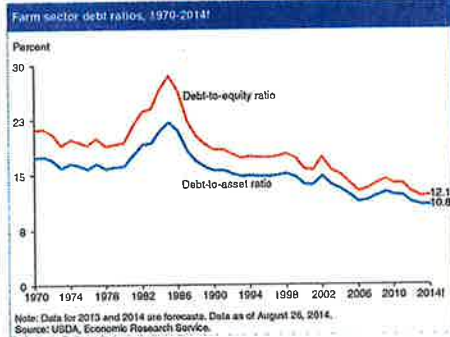
Source: Laura Johnson Idaho Dept. of Ag

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Agriculture grows from 11% to 20% of Idaho's total exports



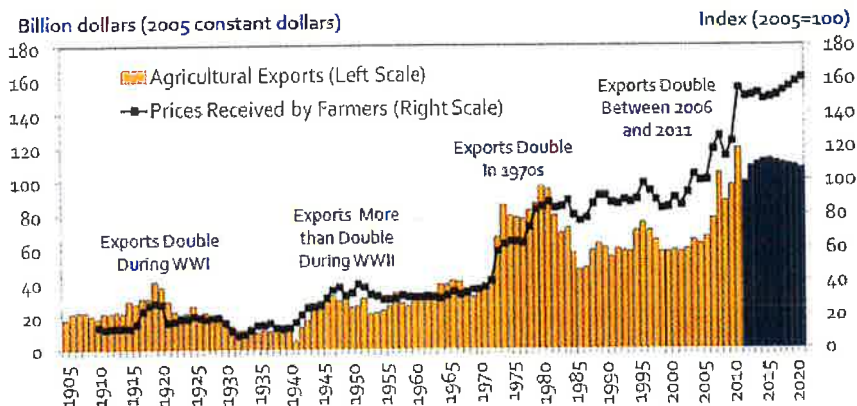
Debt grows but balance sheets are clean



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Elevated export trends similar to the 1950s could keep farm prices high.

U.S. Agricultural Exports and Farm Prices



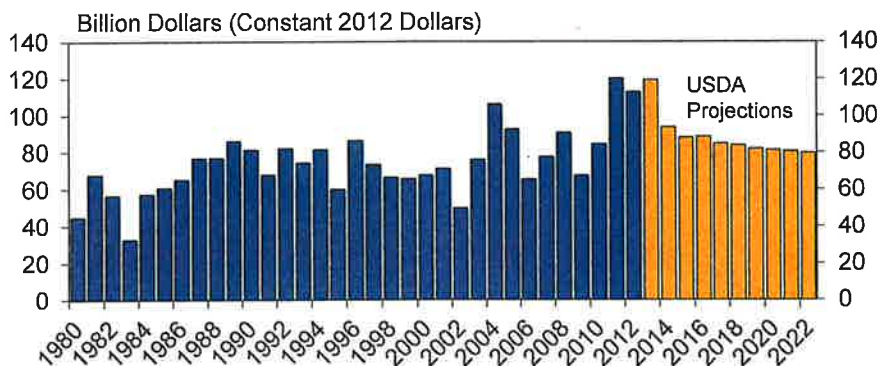
Calculations based on U.S. Census Bureau and U.S. Department of Agriculture data deflated with consumer price index from the Federal Reserve Bank of Minneapolis and USDA inflation expectations.

Federal Reserve Bank of Kansas City — Omaha Branch
Regional, Public, Community Affairs Division

www.kansascityfed.org/omaha

Farm incomes are projected to drop sharply in 2014.

U.S. Real Net Farm Income



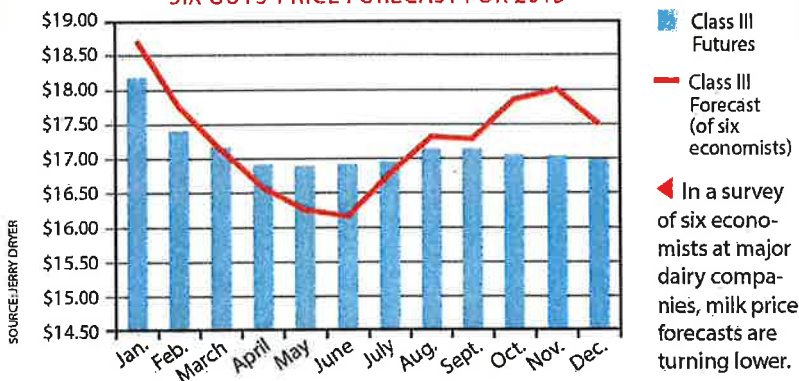
Source: USDA

Federal Reserve Bank of Kansas City - Omaha Branch
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Get ready for lower milk prices

SIX GUYS' PRICE FORECAST FOR 2015



Jerry Dryer editor of Dairy & Food Market Analyst,

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Multipliers: Exports at Work

