

**House Committee on Agriculture
Draft Farm Bill Concept Paper (July 12, 2001)**

**Estimated Returns per Unit by Commodity, 2002 –2010,
Based on the January 2001 FAPRI Baseline**

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Several questions have been posed regarding the expected gross returns per acre (unit) when calculating the expected Counter cyclical payment as proposed by the Draft Farm Bill Concept Paper by the House Agricultural Committee (July 2001).

The following tables were constructed using the CCP formula to demonstrate the possible consequences if the projected yields and prices as presented in the FAPRI 2001 Baseline are utilized.

Since the Counter cyclical payment is tied to a fixed target price but adjusted according to the level or the market price, relative to the loan rate, returns will necessarily move up, flatten or move down.

The Counter cyclical payment formula is defined as:

$$= (\text{Target price less the higher of either the national 12 month season average price or the national average loan rates}) \text{ minus the fixed decoupled payment}$$

Applying the formula to wheat in table 1 for 2002 the estimated gross return per bushel is \$3.70. Four components are required.

First

| | | |
|----------------------------|---|--|
| • Market returns | = | \$2.91/bu FAPRI estimate |
| • LDP Payment | = | \$.02/bu |
| • Fixed Payment (AMTA) | = | $\frac{\$.46 * 34.50 * .85}{41.34}$ |
| | = | \$.33/bu |
| • Counter Cyclical Payment | = | $\frac{[(\$4.00-2.91)-.46]*.85}{41.34}$ |
| | = | $\frac{[(\$4.00-2.91)-.46]*34.5*8.5}{41.34}$ |
| Total | = | \$3.70/bu |

So the relative position of the market price to the target price and implied loan repayment rate does impact the expected returns.

For example in table 4 for rice, even though projected market prices increase over time the gradual decline in the fixed (AMTA) and CCP payment are reflected in the expected gross returns. The combination of the LDP and market price offset each other at a fixed amount of \$9.00/cwt.

Figures 1 & 2 have been generated to give more insight into this relationship.

Figure 1 implies that expected returns will remain at \$11.85/cwt as market price move from \$4.00/cwt to \$6.50/cwt where the CCP begins to decline, reflecting the first breaking point. This continues until market prices reaches \$ 8.70 level at the 2nd breaking point with gross returns holding at \$10.38/cwt.

The 3rd breaking point is associated with a market price of \$9.00/cwt. Prices above this level will necessarily contribute to an increase in expected gross return per acre. Figure 2 reflects an expected path of gross returns per acres of program crops for market price that range from \$4.00/cwt to \$13.65/cwt.

Note gross returns in yellow as market prices moves up in blue. The corresponding breaking points are indicated.

| Table 1: Estimated Wheat Returns | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Farm Price | 2.91 | 3.03 | 3.11 | 3.17 | 3.25 | 3.34 | 3.39 | 3.46 | 3.55 |
| Loan Rate | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 |
| Loan Repayment Rate | 2.56 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 |
| LDP | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment | 0.46 | 0.46 | 0.46 | 0.46 | 0.46 | 0.46 | 0.46 | 0.46 | 0.46 |
| Target Price | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Countercyclical Payment Rate | 0.63 | 0.51 | 0.43 | 0.37 | 0.29 | 0.20 | 0.15 | 0.08 | 0.00 |
| Actual Yield | 41.34 | 41.70 | 42.10 | 42.40 | 42.80 | 43.10 | 43.50 | 43.80 | 44.20 |
| Program Yield | 34.50 | 34.50 | 34.50 | 34.50 | 34.50 | 34.50 | 34.50 | 34.50 | 34.50 |
| Gross Returns per acre | | | | | | | | | |
| Market Value | 120.30 | 126.35 | 130.93 | 134.41 | 139.10 | 143.95 | 147.47 | 151.55 | 156.91 |
| LDP Value | 0.83 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payments | 13.49 | 13.49 | 13.49 | 13.49 | 13.49 | 13.49 | 13.49 | 13.49 | 13.49 |
| Countercyclical Payment | 18.47 | 14.96 | 12.61 | 10.85 | 8.50 | 5.87 | 4.40 | 2.35 | 0.00 |
| Total Gross Returns per Acre | 153.09 | 154.80 | 157.03 | 158.75 | 161.09 | 163.31 | 165.35 | 167.38 | 170.40 |
| Gross Returns per unit of production | | | | | | | | | |
| Market Price per unit of production | 2.91 | 3.03 | 3.11 | 3.17 | 3.25 | 3.34 | 3.39 | 3.46 | 3.55 |
| LDP per unit of production | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment per unit of production | 0.33 | 0.32 | 0.32 | 0.32 | 0.32 | 0.31 | 0.31 | 0.31 | 0.31 |
| Countercyclical Payment per unit of production | 0.45 | 0.36 | 0.30 | 0.26 | 0.20 | 0.14 | 0.10 | 0.05 | 0.00 |
| Total Gross Returns per unit of production | 3.70 | 3.71 | 3.73 | 3.74 | 3.76 | 3.79 | 3.80 | 3.82 | 3.86 |
| Table 2: Estimated Corn Returns | | | | | | | | | |
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Farm Price | 2.10 | 2.14 | 2.18 | 2.24 | 2.30 | 2.36 | 2.41 | 2.47 | 2.54 |
| Loan Rate | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 |
| Loan Repayment Rate | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 |
| LDP | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 |
| Target Price | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 |
| Countercyclical Payment Rate | 0.39 | 0.35 | 0.31 | 0.25 | 0.19 | 0.13 | 0.08 | 0.02 | 0.00 |
| Actual Yield | 138.07 | 140.00 | 141.90 | 143.80 | 145.70 | 147.50 | 149.40 | 151.20 | 153.10 |
| Program Yield | 102.60 | 102.60 | 102.60 | 102.60 | 102.60 | 102.60 | 102.60 | 102.60 | 102.60 |
| Gross Returns per acre | | | | | | | | | |
| Market Value | 289.95 | 299.60 | 309.34 | 322.11 | 335.11 | 348.10 | 360.05 | 373.46 | 388.87 |
| LDP Value | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payments | 22.67 | 22.67 | 22.67 | 22.67 | 22.67 | 22.67 | 22.67 | 22.67 | 22.67 |
| Countercyclical Payment | 34.01 | 30.52 | 27.04 | 21.80 | 16.57 | 11.34 | 6.98 | 1.74 | 0.00 |
| Total Gross Returns per Acre | 346.64 | 352.80 | 359.05 | 366.59 | 374.35 | 382.11 | 389.71 | 397.88 | 411.55 |
| Gross Returns per unit of production | | | | | | | | | |
| Market Price per unit of production | 2.10 | 2.14 | 2.18 | 2.24 | 2.30 | 2.36 | 2.41 | 2.47 | 2.54 |
| LDP per unit of production | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment per unit of production | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 | 0.15 | 0.15 | 0.15 | 0.15 |
| Countercyclical Payment per unit of production | 0.25 | 0.22 | 0.19 | 0.15 | 0.11 | 0.08 | 0.05 | 0.01 | 0.00 |
| Total Gross Returns per unit of production | 2.51 | 2.52 | 2.53 | 2.55 | 2.57 | 2.59 | 2.61 | 2.63 | 2.69 |

| Table 3: Estimated Cotton Returns | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Farm Price | 0.56 | 0.56 | 0.57 | 0.57 | 0.58 | 0.59 | 0.60 | 0.60 | 0.61 |
| Loan Rate | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 |
| Loan Repayment Rate | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 | 0.52 |
| LDP | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 |
| Target Price | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 |
| Countercyclical Payment Rate | 0.12 | 0.11 | 0.11 | 0.10 | 0.09 | 0.09 | 0.08 | 0.07 | 0.06 |
| Actual Yield | 644.26 | 649.00 | 654.00 | 658.00 | 662.00 | 665.00 | 669.00 | 673.00 | 676.00 |
| Program Yield | 600.00 | 600.00 | 600.00 | 600.00 | 600.00 | 600.00 | 600.00 | 600.00 | 600.00 |
| Gross Returns per acre | | | | | | | | | |
| Market Value | 358.70 | 364.09 | 370.82 | 377.03 | 383.96 | 390.36 | 398.06 | 406.49 | 415.06 |
| LDP Value | 1.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payments | 28.25 | 28.25 | 28.25 | 28.25 | 28.25 | 28.25 | 28.25 | 28.25 | 28.25 |
| Countercyclical Payment | 59.59 | 57.43 | 54.37 | 51.31 | 47.74 | 44.17 | 40.09 | 35.50 | 30.40 |
| Total Gross Returns per Acre | 448.11 | 449.77 | 453.44 | 456.59 | 459.95 | 462.78 | 466.40 | 470.24 | 473.71 |
| Gross Returns per unit of production | | | | | | | | | |
| Market Price per unit of production | 0.56 | 0.56 | 0.57 | 0.57 | 0.58 | 0.59 | 0.60 | 0.60 | 0.61 |
| LDP per unit of production | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment per unit of production | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 |
| Countercyclical Payment per unit of production | 0.09 | 0.09 | 0.08 | 0.08 | 0.07 | 0.07 | 0.06 | 0.05 | 0.04 |
| Total Gross Returns per unit of production | 0.70 | 0.69 | 0.69 | 0.69 | 0.69 | 0.70 | 0.70 | 0.70 | 0.70 |
| Table 4: Estimated Rice Returns | | | | | | | | | |
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Farm Price | 6.55 | 6.96 | 7.05 | 7.26 | 7.41 | 7.69 | 7.80 | 7.99 | 8.21 |
| Loan Rate | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 |
| Loan Repayment Rate | 4.05 | 4.46 | 4.55 | 4.76 | 4.91 | 5.19 | 5.30 | 5.49 | 5.71 |
| LDP | 2.45 | 2.04 | 1.95 | 1.74 | 1.59 | 1.31 | 1.20 | 1.01 | 0.79 |
| Fixed Payment | 2.04 | 2.04 | 2.04 | 2.04 | 2.04 | 2.04 | 2.04 | 2.04 | 2.04 |
| Target Price | 10.71 | 10.71 | 10.71 | 10.71 | 10.71 | 10.71 | 10.71 | 10.71 | 10.71 |
| Countercyclical Payment Rate | 2.12 | 1.71 | 1.62 | 1.41 | 1.26 | 0.98 | 0.87 | 0.68 | 0.46 |
| Actual Yield | 60.49 | 60.95 | 61.36 | 61.78 | 62.21 | 62.64 | 63.06 | 63.48 | 63.94 |
| Program Yield | 48.17 | 48.17 | 48.17 | 48.17 | 48.17 | 48.17 | 48.17 | 48.17 | 48.17 |
| Gross Returns per acre | | | | | | | | | |
| Market Value | 396.20 | 424.21 | 432.59 | 448.52 | 460.98 | 481.70 | 491.87 | 507.21 | 524.95 |
| LDP Value | 148.20 | 124.34 | 119.65 | 107.50 | 98.91 | 82.06 | 75.67 | 64.11 | 50.51 |
| Fixed Payments | 83.53 | 83.53 | 83.53 | 83.53 | 83.53 | 83.53 | 83.53 | 83.53 | 83.53 |
| Countercyclical Payment | 86.80 | 70.02 | 66.33 | 57.73 | 51.59 | 40.13 | 35.62 | 27.84 | 18.83 |
| Total Gross Returns per Acre | 714.73 | 702.09 | 702.10 | 697.28 | 695.01 | 687.41 | 686.69 | 682.69 | 677.82 |
| Gross Returns per unit of production | | | | | | | | | |
| Market Price per unit of production | 6.55 | 6.96 | 7.05 | 7.26 | 7.41 | 7.69 | 7.80 | 7.99 | 8.21 |
| LDP per unit of production | 2.45 | 2.04 | 1.95 | 1.74 | 1.59 | 1.31 | 1.20 | 1.01 | 0.79 |
| Fixed Payment per unit of production | 1.38 | 1.37 | 1.36 | 1.35 | 1.34 | 1.33 | 1.32 | 1.32 | 1.31 |
| Countercyclical Payment per unit of production | 1.44 | 1.15 | 1.08 | 0.93 | 0.83 | 0.64 | 0.56 | 0.44 | 0.29 |
| Total Gross Returns per unit of production | 11.82 | 11.52 | 11.44 | 11.29 | 11.17 | 10.97 | 10.89 | 10.75 | 10.60 |

| Table 5: Estimated Soybean Returns | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Farm Price | 4.56 | 4.69 | 4.89 | 5.06 | 5.20 | 5.38 | 5.56 | 5.67 | 5.77 |
| Loan Rate | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 |
| Loan Repayment Rate | 4.31 | 4.44 | 4.64 | 4.81 | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 |
| LDP | 0.61 | 0.48 | 0.28 | 0.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment | 0.34 | 0.34 | 0.34 | 0.34 | 0.34 | 0.34 | 0.34 | 0.34 | 0.34 |
| Target Price | 5.76 | 5.76 | 5.76 | 5.76 | 5.76 | 5.76 | 5.76 | 5.76 | 5.76 |
| Countercyclical Payment Rate | 0.50 | 0.50 | 0.50 | 0.36 | 0.22 | 0.04 | 0.00 | 0.00 | 0.00 |
| Actual Yield | 40.01 | 40.50 | 41.00 | 41.50 | 41.90 | 42.40 | 42.80 | 43.20 | 43.60 |
| Program Yield | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 |
| Gross Returns per acre | | | | | | | | | |
| Market Value | 182.44 | 189.95 | 200.49 | 209.99 | 217.88 | 228.11 | 237.97 | 244.94 | 251.57 |
| LDP Value | 24.40 | 19.44 | 11.48 | 4.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payments | 8.67 | 8.67 | 8.67 | 8.67 | 8.67 | 8.67 | 8.67 | 8.67 | 8.67 |
| Countercyclical Payment | 12.75 | 12.75 | 12.75 | 9.18 | 5.61 | 1.02 | 0.00 | 0.00 | 0.00 |
| Total Gross Returns per Acre | 228.26 | 230.81 | 233.39 | 232.41 | 232.16 | 237.80 | 246.64 | 253.61 | 260.24 |
| Gross Returns per unit of production | | | | | | | | | |
| Market Price per unit of production | 4.56 | 4.69 | 4.89 | 5.06 | 5.20 | 5.38 | 5.56 | 5.67 | 5.77 |
| LDP per unit of production | 0.61 | 0.48 | 0.28 | 0.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment per unit of production | 0.22 | 0.21 | 0.21 | 0.21 | 0.21 | 0.20 | 0.20 | 0.20 | 0.20 |
| Countercyclical Payment per unit of production | 0.32 | 0.31 | 0.31 | 0.22 | 0.13 | 0.02 | 0.00 | 0.00 | 0.00 |
| Total Gross Returns per unit of production | 5.71 | 5.70 | 5.69 | 5.60 | 5.54 | 5.61 | 5.76 | 5.87 | 5.97 |

| Table 6: Estimated Sorghum Returns | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Farm Price | 1.87 | 1.91 | 1.96 | 2.02 | 2.09 | 2.13 | 2.17 | 2.24 | 2.30 |
| Loan Rate | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 |
| Loan Repayment Rate | 1.72 | 1.76 | 1.81 | 1.87 | 1.89 | 1.89 | 1.89 | 1.89 | 1.89 |
| LDP | 0.17 | 0.13 | 0.08 | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment | 0.31 | 0.31 | 0.31 | 0.31 | 0.31 | 0.31 | 0.31 | 0.31 | 0.31 |
| Target Price | 2.61 | 2.61 | 2.61 | 2.61 | 2.61 | 2.61 | 2.61 | 2.61 | 2.61 |
| Countercyclical Payment Rate | 0.41 | 0.39 | 0.34 | 0.28 | 0.21 | 0.17 | 0.13 | 0.06 | 0.00 |
| Actual Yield | 68.34 | 68.80 | 69.20 | 69.60 | 70.00 | 70.40 | 70.80 | 71.10 | 71.50 |
| Program Yield | 56.90 | 56.90 | 56.90 | 56.90 | 56.90 | 56.90 | 56.90 | 56.90 | 56.90 |
| Gross Returns per acre | | | | | | | | | |
| Market Value | 127.80 | 131.41 | 135.63 | 140.59 | 146.30 | 149.95 | 153.64 | 159.26 | 164.45 |
| LDP Value | 11.62 | 8.94 | 5.54 | 1.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payments | 14.99 | 14.99 | 14.99 | 14.99 | 14.99 | 14.99 | 14.99 | 14.99 | 14.99 |
| Countercyclical Payment | 19.83 | 18.86 | 16.44 | 13.54 | 10.16 | 8.22 | 6.29 | 2.90 | 0.00 |
| Total Gross Returns per Acre | 174.24 | 174.21 | 172.61 | 170.52 | 171.45 | 173.17 | 174.92 | 177.16 | 179.44 |
| Gross Returns per unit of production | | | | | | | | | |
| Market Price per unit of production | 1.87 | 1.91 | 1.96 | 2.02 | 2.09 | 2.13 | 2.17 | 2.24 | 2.30 |
| LDP per unit of production | 0.17 | 0.13 | 0.08 | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment per unit of production | 0.22 | 0.22 | 0.22 | 0.22 | 0.21 | 0.21 | 0.21 | 0.21 | 0.21 |
| Countercyclical Payment per unit of production | 0.29 | 0.27 | 0.24 | 0.19 | 0.15 | 0.12 | 0.09 | 0.04 | 0.00 |
| Total Gross Returns per unit of production | 2.55 | 2.53 | 2.49 | 2.45 | 2.45 | 2.46 | 2.47 | 2.49 | 2.51 |

| Table 7: Estimated Barley Returns* | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Farm Price | 2.27 | 2.30 | 2.33 | 2.37 | 2.41 | 2.44 | 2.48 | 2.52 | 2.58 |
| Loan Rate | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 |
| Loan Repayment Rate | 1.62 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 | 1.65 |
| LDP | 0.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment | 0.19 | 0.19 | 0.19 | 0.19 | 0.19 | 0.19 | 0.19 | 0.19 | 0.19 |
| Target Price | 2.36 | 2.36 | 2.36 | 2.36 | 2.36 | 2.36 | 2.36 | 2.36 | 2.36 |
| Countercyclical Payment Rate | 0.30 | 0.27 | 0.24 | 0.20 | 0.16 | 0.13 | 0.09 | 0.05 | 0.00 |
| Actual Yield | 62.84 | 63.40 | 64.00 | 64.50 | 65.10 | 65.60 | 66.20 | 66.80 | 67.30 |
| Program Yield | 46.70 | 46.70 | 46.70 | 46.70 | 46.70 | 46.70 | 46.70 | 46.70 | 46.70 |
| Gross Returns per acre | | | | | | | | | |
| Market Value | 142.64 | 145.82 | 149.12 | 152.87 | 156.89 | 160.06 | 164.18 | 168.34 | 173.63 |
| LDP Value | 1.89 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payments | 7.54 | 7.54 | 7.54 | 7.54 | 7.54 | 7.54 | 7.54 | 7.54 | 7.54 |
| Countercyclical Payment | 11.91 | 10.72 | 9.53 | 7.94 | 6.35 | 5.16 | 3.57 | 1.98 | 0.00 |
| Total Gross Returns per Acre | 163.98 | 164.08 | 166.19 | 168.35 | 170.78 | 172.77 | 175.29 | 177.86 | 181.18 |
| Gross Returns per unit of production | | | | | | | | | |
| Market Price per unit of production | 2.27 | 2.30 | 2.33 | 2.37 | 2.41 | 2.44 | 2.48 | 2.52 | 2.58 |
| LDP per unit of production | 0.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment per unit of production | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.11 | 0.11 | 0.11 | 0.11 |
| Countercyclical Payment per unit of production | 0.19 | 0.17 | 0.15 | 0.12 | 0.10 | 0.08 | 0.05 | 0.03 | 0.00 |
| Total Gross Returns per unit of production | 2.61 | 2.59 | 2.60 | 2.61 | 2.62 | 2.63 | 2.65 | 2.66 | 2.69 |

* For barley, the all-barley price determines market value while LDPs and counter-cyclical payments are based on feed barley prices.
Feed barley price = all-barley price - 0.40.

| Table 8: Estimated Oats Returns | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Farm Price | 1.19 | 1.24 | 1.27 | 1.31 | 1.34 | 1.37 | 1.39 | 1.41 | 1.44 |
| Loan Rate | 1.21 | 1.21 | 1.21 | 1.21 | 1.21 | 1.21 | 1.21 | 1.21 | 1.21 |
| Loan Repayment Rate | 1.04 | 1.09 | 1.12 | 1.16 | 1.19 | 1.21 | 1.21 | 1.21 | 1.21 |
| LDP | 0.17 | 0.12 | 0.09 | 0.05 | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Target Price | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 |
| Countercyclical Payment Rate | 0.22 | 0.19 | 0.16 | 0.12 | 0.09 | 0.06 | 0.04 | 0.02 | 0.00 |
| Actual Yield | 60.73 | 61.00 | 61.30 | 61.50 | 61.80 | 62.00 | 62.20 | 62.50 | 62.70 |
| Program Yield | 50.70 | 50.70 | 50.70 | 50.70 | 50.70 | 50.70 | 50.70 | 50.70 | 50.70 |
| Gross Returns per acre | | | | | | | | | |
| Market Value | 72.27 | 75.64 | 77.85 | 80.57 | 82.81 | 84.94 | 86.46 | 88.13 | 90.29 |
| LDP Value | 10.32 | 7.32 | 5.52 | 3.07 | 1.24 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payments | 0.86 | 0.86 | 0.86 | 0.86 | 0.86 | 0.86 | 0.86 | 0.86 | 0.86 |
| Countercyclical Payment | 9.48 | 8.19 | 6.90 | 5.17 | 3.88 | 2.59 | 1.72 | 0.86 | 0.00 |
| Total Gross Returns per Acre | 92.93 | 92.01 | 91.13 | 89.67 | 88.79 | 88.39 | 89.04 | 89.85 | 91.15 |
| Gross Returns per unit of production | | | | | | | | | |
| Market Price per unit of production | 1.19 | 1.24 | 1.27 | 1.31 | 1.34 | 1.37 | 1.39 | 1.41 | 1.44 |
| LDP per unit of production | 0.17 | 0.12 | 0.09 | 0.05 | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed Payment per unit of production | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Countercyclical Payment per unit of production | 0.16 | 0.13 | 0.11 | 0.08 | 0.06 | 0.04 | 0.03 | 0.01 | 0.00 |
| Total Gross Returns per unit of production | 1.53 | 1.51 | 1.49 | 1.46 | 1.44 | 1.43 | 1.43 | 1.44 | 1.45 |

Figure 1: Rice - Implications of Market Price Changes on Gross Returns under the House Agriculture Committee Draft Farm Bill Concept Paper (July 2001)

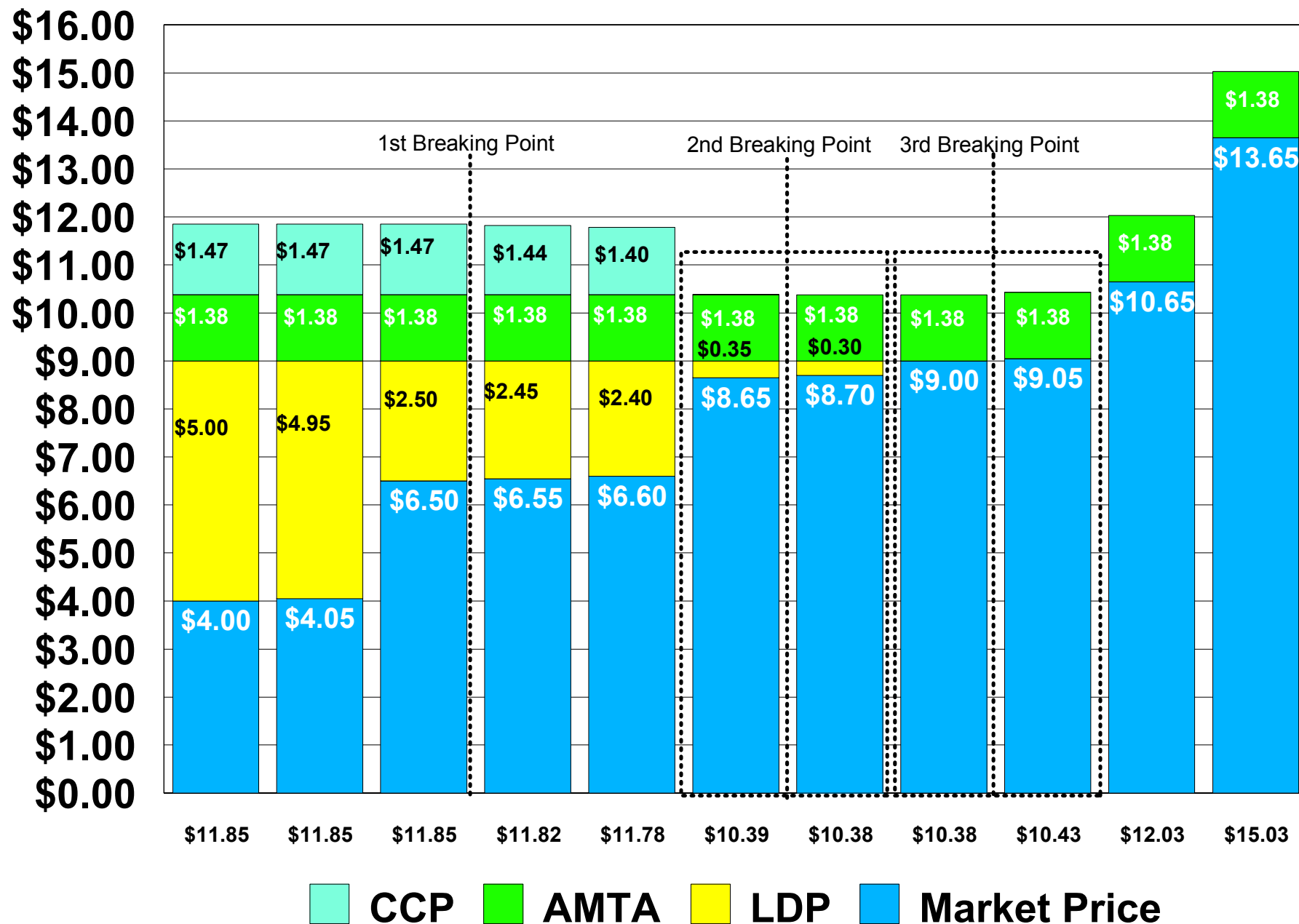


Figure 2: Rice - Implications of Market Price Changes on Gross Returns under the House Agriculture Committee Draft Farm Bill Concept Paper (July 2001)

