AFPC

Agricultural & Food Policy Center

at Texas A&M University

Representative Farms Economic Outlook for the November 2002 FAPRI/AFPC Baseline

AFPC Briefing Paper 02-2

December 2002

Department of Agricultural Economics
Texas Agricultural Experiment Station
Texas Cooperative Extension
Texas A&M University

College Station, Texas 77843-2124
Telephone: (979) 845-5913
Fax: (979) 845-3140
http://www.afpc.tamu.edu

AFPC Briefing Series

The briefing series is designed to facilitate presentation by AFPC related to requests for specific policy impact analyses. The materials included in this package are intended only as visual support for an oral presentation. The user is cautioned against drawing extraneous conclusions from the material. In most AFPC welcomes comments and discussions of these results and their implications. Address such comments to:

Agricultural and Food Policy Center
Department of Agricultural Economics
2124 TAMUS
Texas A&M University
College Station, TX 77843-2124

or call 979-845-5913.

REPRESENTATIVE FARMS ECONOMIC OUTLOOK FOR THE NOVEMBER 2002 FAPRI/AFPC BASELINE

AFPC Briefing Paper 02-2

James W. Richardson
Joe L. Outlaw
David P. Anderson
James D. Sartwelle, III
Robert B. Schwart, Jr.
Keith Schumann
Steven L. Klose

REPRESENTATIVE FARMS ECONOMIC OUTLOOK FOR THE NOVEMBER 2002 FAPRI/AFPC BASELINE

The farm level economic impacts of the Farm Security and Rural Investment Act of 2002 on representative crop and livestock operations are projected in this report. The analysis was conducted over the 2001-2007 planning horizon using FLIPSIM, AFPC's whole farm simulation model. Data to simulate farming operations in the nation's major production regions came from two sources:

- Producer panel cooperation to develop economic information to describe and simulate representative crop, livestock, and dairy farms.
- Projected prices, policy variables, and input inflation rates from the Food and Agricultural Policy Research Institute (FAPRI) November 2002 Baseline.

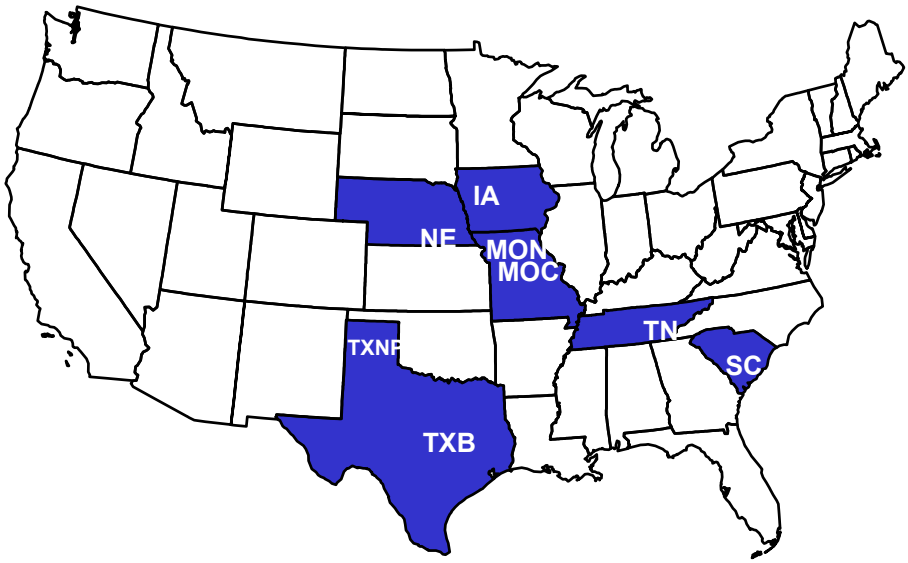
The FLIPSIM policy simulation model incorporates the historical risk faced by farmers for prices and production. This report presents the results of the November 2002 Baseline in a risk context using selected simulated probabilities and ranges for annual net cash farm income values. The probability of a farm experiencing annual cash flow deficits and the probability of a farm losing real net worth are included as indicators of the cash flow and equity risks facing farms through the year 2007.

Definitions of Variables in the Summary Tables

- **Overall Financial Position, 2002-2007** -- As a means of summarizing the representative farms' economic efficiency, liquidity, and solvency position AFPC classifies each farm as being in either a good (green), marginal (yellow) or poor (red) position. AFPC assumes a farm is in a good financial position when it has less than a 25 percent chance each of a cash flow deficit and a 25 percent chance of losing real net worth. If the probabilities of these events are between 25 and 50 percent the farm is classified as marginal. A probability greater than 50 percent places the farm in a poor financial position.
- **Receipts** -- sum of cash receipts from all sources, including market sales, CCP and direct payments, loan deficiency payments, crop insurance indemnities, and other farm related receipts.
- **Payments** -- sum of annual counter cyclical payments, direct payments, and marketing loan gains/LDP for crops and the milk program payment for dairy farms.
- **NCFI** -- net cash farm income equals total receipts minus all cash expenses.
- **Reserves 2007** -- equals total cash on hand at the end of year 2007. Ending cash equals beginning cash reserves plus net cash farm income and interest earned on cash reserves less principal payments, federal taxes (income and self employment), state income taxes, family living withdrawals, and actual machinery replacement costs (not depreciation).
- **Nominal Net Worth** -- equity equals total assets including land minus total debt from all sources and is reported at the end of 2007.
- **CRNW** -- annualized percentage change in the operator's net worth from January 1, 2002 through December 31, 2007, after adjusting for inflation.

Representative Farm: Feed Grain

- Overall, 5 feed grain farms are characterized as good, 8 are moderate and 3 are in poor condition.
- The majority of the farms will be under cash flow stress with very few losing real wealth.



Characteristics of Panel Farms Producing Feed Grains.

	Cropland	Assets	Debt/Asset	Gross Receipts	Feed Grains
	(acres)	($1,000)	(ratio)	($1,000)	(acres)
IAG1350	1,350	1,007.00	0.15	419.60	675
IAG2750	2,750	1,828.00	0.21	722.30	1,375
IAG4200	4,200	3,759.00	0.16	1,405.00	2,100
NEG900	900	1,081.00	0.25	318.90	600
NEG1300	1,300	1,358.00	0.19	465.70	871
MOCG1700	1,700	2,656.00	0.18	442.90	825
MOCG3630	3,630	4,065.00	0.21	805.70	1,650
MONG2050	2,050	2,694.00	0.16	586.30	900
TXNP1750	1,750	479.00	0.23	555.10	880
TXNP7000	7,000	2,434.00	0.15	2,019.00	4,280
TXBG2000	2,000	619.00	0.22	403.00	1,350
TXBG2700	1,300	788.00	0.30	401.30	1,150
TNG900	900	544.00	0.23	242.60	450
TNG2400	2,400	1,827.00	0.13	704.90	1,080
SCG1500	1,500	1,093.00	0.33	449.20	846
SCG3500	3,500	3,491.00	0.24	1,327.60	1,400

Representative Farm: Feed Grain

Economic Viability of Representative Farms over the 2002-2007 Period

Farm Name	P(Cash Flow Deficit)	P(Real Net Worth Declines)
5/8/3	2002-2007	2002-2007
IAG1350	1-22	1-1
IAG2750	1-19	1-1
IAG4200	1-31	1-1
NEG900	60-69	1-4
NEG1300	1-28	1-2
MOCG1700	1-6	1-1
MOCG3630	1-7	1-1
MONG2050	1-35	1-1
TXNP1750	20-38	1-8
TXNP7000	1-36	1-3
TXBG2000	10-45	1-15
TXBG2700	97-94	1-61
TNG900	1-11	1-3
TNG2400	1-33	1-1
SCG1500	88-90	1-38
SCG3500	66-83	1-37

1 Viability is classified as good (green), moderate (yellow), and poor (red) based on the probabilities:

< 25 | 26 - 50 | > 50

2 P(Cash Flow Deficit) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2002 and 2007.

3 P(Real Net Worth Decline) is the probability that the farm will have a loss in real net worth relative to the beginning net worth. Reported values represent the probabilities for losing real net worth from 2001 to 2002 and from 2001 to 2007.

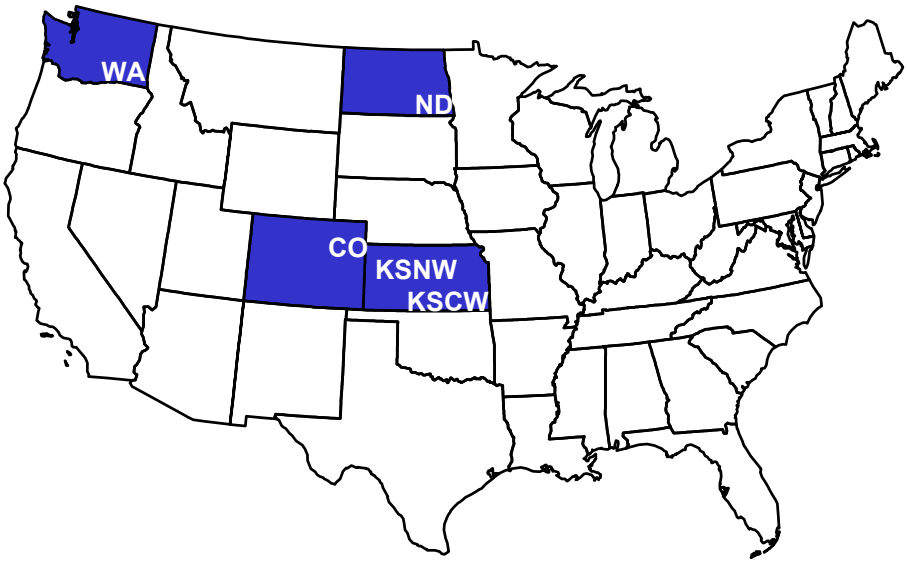
Implications of the November 2002 FAPRI Baseline on the Economic Viability of Representative Farms Producing Feed Grains and Oilseeds.

	Receipts	Payments	NCFI	Reserve 2007	Net Worth 2007	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
IAG1350	454.71	68.07	138.44	263.10	1,204.63	5.20
IAG2750	782.04	116.87	308.76	573.13	2,156.41	6.58
IAG4200	1,526.24	227.78	501.37	1,019.14	4,497.58	5.58
NEG900	341.51	49.39	119.12	61.75	1,050.03	3.63
NEG1300	500.68	68.64	167.38	254.57	1,407.68	3.59
MOCG1700	489.15	67.23	234.23	514.05	3,090.78	5.62
MOCG3630	891.99	122.21	420.00	784.56	4,660.95	6.16
MONG2050	651.96	71.38	212.00	334.84	3,063.64	4.65
TXNP1750	642.65	78.70	173.23	294.39	716.64	13.98
TXNP7000	2,117.03	270.98	591.35	931.91	3,110.82	7.22
TXBG2000	419.41	73.05	91.51	84.60	635.32	3.91
TXBG2700	423.72	38.20	24.53	-216.80	524.01	-2.10
TNG900	261.02	35.59	98.47	183.51	635.59	7.09
TNG2400	760.04	104.17	260.21	497.59	2,181.15	4.99
SCG1500	479.83	70.10	53.24	-186.40	830.19	0.55
SCG3500	1,351.58	246.06	140.11	-415.42	3,020.38	1.13

1 Receipts are average annual total cash receipts including government payments, 2002-2007 ($1,000)
2 Payments are average annual total government payments, 2002-2007 ($1,000)
3 NCFI are average annual net cash farm income, 2002-2007 ($1,000)
4 Reserve 2007 are average ending cash reserves, 2007 ($1,000)
5 Net Worth 2007 are average nominal ending net worth, 2007 ($1,000)
6 CRNW are average percentage in real net worth over 2002-2007 period, (%)

Representative Farm: Wheat

- Four wheat farms are projected to be in good financial condition with 5 in moderate condition and only 1 in poor condition.
- At least two-thirds of the wheat farms will feel liquidity pressure over the period.
- Only 1 wheat farm has any significant chance of losing real equity.



Characteristics of Panel Farms Producing Wheat.

	Cropland	Assets	Debt/Asset	Gross Receipts	Wheat
	(acres)	($1,000)	(ratio)	($1,000)	(acres)
WAW1725	1,725	1,314.00	0.21	462.60	1,035
WAW4675	4,675	3,901.00	0.19	1,084.80	3,043
NDW2180	2,180	557.00	0.11	348.90	700
NDW6250	6,250	2,590.00	0.20	1,236.10	2,700
KSCW1385	1,385	653.00	0.16	164.60	928
KSCW4000	4,000	1,487.00	0.13	585.90	2,845
KSNW2800	2,800	1,100.00	0.17	313.50	935
KSNW4300	4,300	1,668.00	0.08	646.20	2,000
COW3000	3,000	1,083.00	0.21	297.50	1,125
COW5440	5,440	1,714.00	0.15	534.10	1,900

Representative Farm: Wheat

Economic Viability of Representative Farms over the 2002-2007 Period

Farm Name	P(Cash Flow Deficit)	P(Real Net Worth Declines)
4/5/1	2002-2007	2002-2007
WAW1725	1-26	1-1
WAW4675	1-16	1-1
NDW2180	48-35	1-16
NDW6250	1-27	1-1
KSCW1385	36-58	1-7
KSCW4000	1-1	1-1
KSNW2800	87-96	1-38
KSNW4300	1-27	1-1
COW3000	1-1	1-1
COW5440	1-14	1-1

1 Viability is classified as good (green), moderate (yellow), and poor (red) based on the probabilities:

< 25 | 26 - 50 | > 50

2 P(Cash Flow Deficit) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2002 and 2007.

3 P(Real Net Worth Decline) is the probability that the farm will have a loss in real net worth relative to the beginning net worth. Reported values represent the probabilities for losing real net worth from 2001 to 2002 and from 2001 to 2007.

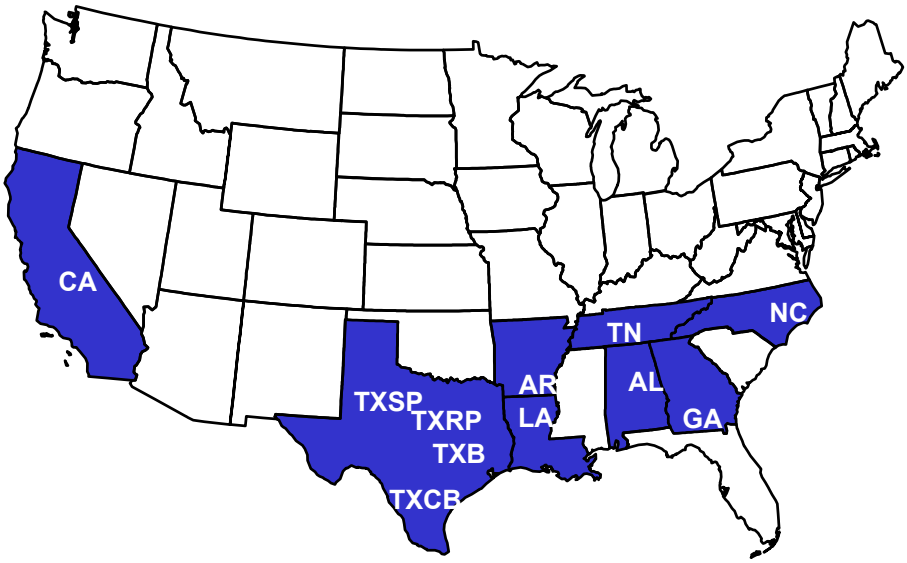
Implications of the November 2002 FAPRI Baseline on the Economic Viability of Representative Farms Producing Wheat.

	Receipts	Payments	NCFI	Reserve 2007	Net Worth 2007	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
WAW1725	462.90	64.81	194.66	499.15	1,572.38	7.23
WAW4675	1,082.49	176.29	421.10	914.76	4,520.21	5.84
NDW2180	389.43	48.75	115.65	251.47	666.10	4.67
NDW6250	1,323.05	164.51	468.42	1,065.87	3,081.97	6.99
KSCW1385	171.16	33.61	72.28	62.97	661.49	2.50
KSCW4000	593.38	91.48	330.70	800.03	1,899.56	7.08
KSNW2800	333.56	46.86	68.14	-167.79	993.12	0.45
KSNW4300	675.72	94.43	217.91	463.83	2,104.08	5.07
COW3000	309.50	37.04	157.68	333.96	1,335.83	7.93
COW5440	548.48	72.12	266.13	507.84	2,082.95	6.10

1 Receipts are average annual total cash receipts including government payments, 2002-2007 ($1,000)
2 Payments are average annual total government payments, 2002-2007 ($1,000)
3 NCFI are average annual net cash farm income, 2002-2007 ($1,000)
4 Reserve 2007 are average ending cash reserves, 2007 ($1,000)
5 Net Worth 2007 are average nominal ending net worth, 2007 ($1,000)
6 CRNW are average percentage in real net worth over 2002-2007 period, (%)

Representative Farm: Cotton

- 8 of 14 cotton farms are characterized as being in good overall condition, with 3 farms characterized in moderate and 3 in poor condition.
- Roughly one-third of the farms are projected to have severe cash flow problems over the period.
- Only 3 of 14 cotton farms are expected to experience significant losses in real equity.



Characteristics of Panel Farms Producing Cotton.

	Cropland	Assets	Debt/Asset	Gross Receipts	Cotton
	(acres)	($1,000)	(ratio)	($1,000)	(acres)
CAC2400	2,000	4,646.00	0.16	2,213.70	1,000
CAC9000	9,000	15,416.00	0.17	10,854.30	4,500
TXSP2239	2,239	719.00	0.18	641.40	1,616
TXSP3745	3,745	1,360.00	0.20	839.40	2,625
TXRP2500	2,500	407.00	0.24	274.00	1,240
TXBC1400	1,400	536.00	0.13	286.90	150
TXCB1850	1,850	871.00	0.17	537.20	925
LAC2640	2,640	971.00	0.34	914.40	1,498
ARC5000	5,000	3,626.00	0.19	2,448.20	1,801
TNC1900	1,900	1,508.00	0.14	710.70	915
TNC4050	4,050	3,592.00	0.18	1,687.50	2,670
ALC3000	3,000	1,588.00	0.15	1,363.90	2,075
GAC1700	1,700	1,909.00	0.27	1,259.30	1,020
NCC1500	1,500	1,570.00	0.15	704.10	1,000

Representative Farm: Cotton

Economic Viability of Representative Farms over the 2002-2007 Period

Farm Name	P(Cash Flow Deficit)	P(Real Net Worth Declines)
8/3/3	2002-2007	2002-2007
CAC2000	1-18	1-1
CAC9000	11-24	1-5
TXSP2239	1-14	1-1
TXSP3745	99-41	1-1
TXRP2500	1-73	1-36
TXBC1400	1-16	1-1
TXCB1850	1-41	1-8
LAC2640	95-61	1-52
ARC5000	1-54	1-1
TNC1900	1-1	1-1
TNC4050	1-24	1-1
ALC3000	1-39	1-2
GAC1700	1-2	1-1
NCC1500	1-92	1-44

1 Viability is classified as good (green), moderate (yellow), and poor (red) based on the probabilities:

< 25 | 26 - 50 | > 50

2 P(Cash Flow Deficit) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2002 and 2007.

3 P(Real Net Worth Decline) is the probability that the farm will have a loss in real net worth relative to the beginning net worth. Reported values represent the probabilities for losing real net worth from 2001 to 2002 and from 2001 to 2007.

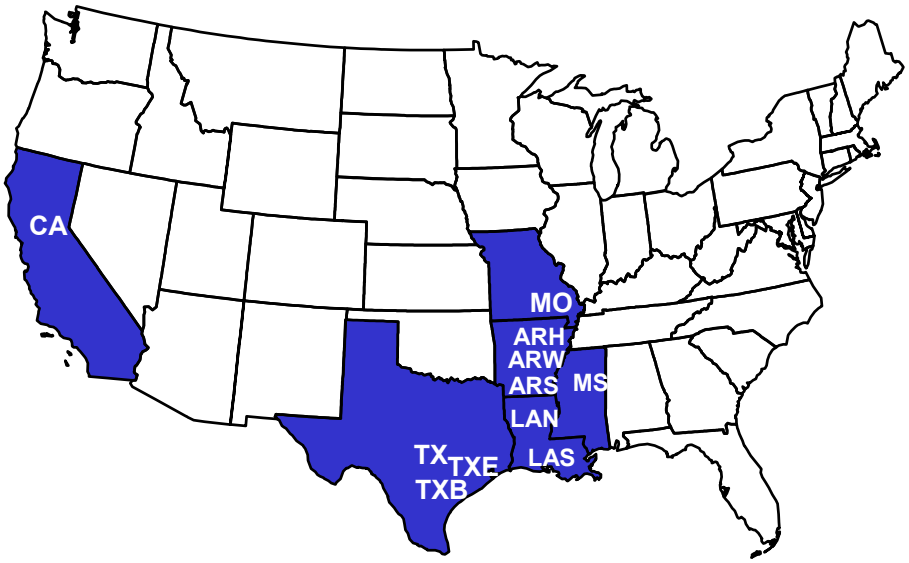
Implications of the November 2002 FAPRI Baseline on the Economic Viability of Representative Farms Producing Cotton.

	Receipts	Payments	NCFI	Reserve 2007	Net Worth 2007	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
CAC2400	2,144.63	260.85	487.72	1,289.89	5,585.83	5.93
CAC9000	10,983.84	1,182.55	2,147.76	5,063.27	19,911.83	7.60
TXSP2239	674.25	177.03	187.08	362.78	982.14	9.57
TXSP3745	876.27	219.64	205.20	307.27	1,594.18	6.45
TXRP2500	285.19	81.65	70.68	20.28	388.20	3.43
TXBC1400	298.14	58.19	104.35	217.79	700.34	7.03
TXCB1850	556.48	117.15	158.48	347.32	1,082.32	7.26
LAC2640	938.39	188.37	99.37	-33.06	627.33	-0.60
ARC5000	2,489.77	724.91	595.94	1,024.57	4,010.82	5.40
TNC1900	723.37	151.55	344.37	915.91	2,251.73	11.06
TNC4050	1,777.74	347.19	632.55	1,611.33	4,542.55	7.99
ALC3000	1,365.52	303.21	435.60	1,261.51	2,114.05	9.38
GAC1700	1,310.15	332.05	314.05	409.41	2,124.56	7.11
NCC1500	714.22	147.49	94.97	-41.58	1,409.24	0.23

1 Receipts are average annual total cash receipts including government payments, 2002-2007 ($1,000)
2 Payments are average annual total government payments, 2002-2007 ($1,000)
3 NCFI are average annual net cash farm income, 2002-2007 ($1,000)
4 Reserve 2007 are average ending cash reserves, 2007 ($1,000)
5 Net Worth 2007 are average nominal ending net worth, 2007 ($1,000)
6 CRNW are average percentage in real net worth over 2002-2007 period, (%)

Representative Farm: Rice

- None of the 16 rice farms are projected to be in good overall financial condition with 2 in moderate and 14 in poor condition.
- Almost all rice farms are expected to face severe cash flow problems and real equity losses.
- Relative to previous analyses, the rice farms are severely disadvantaged due to increases in the adjusted world price without a corresponding increase in the US prices.



Characteristics of Panel Farms Producing Rice.

	Cropland	Assets	Debt/Asset	Gross Receipts	Rice
	(acres)	($1,000)	(ratio)	($1,000)	(acres)
CAR424	424	840.00	0.32	270.10	400
CAR2365	2,365	3,219.00	0.29	1,587.60	2,240
CABR1365	1,365	2,527.00	0.25	672.40	1,000
CACR1420	1,420	1,995.00	0.37	870.70	1,278
TXR1553	1,553	437.00	0.27	338.90	450
TXR3774	3,774	827.00	0.37	874.50	1,589
TXBR1650	1,650	589.00	0.23	441.20	550
TXER3200	3,200	901.00	0.27	1,013.20	1,280
LASR1200	1,200	295.00	0.16	346.30	660
LANR2500	2,500	2,139.00	0.24	942.90	1,000
MOWR4000	4,000	5,431.00	0.20	1,436.00	2,000
MOER4000	4,000	4,493.00	0.19	1,372.30	1,334
ARSR3640	3,640	4,215.00	0.18	1,186.30	1,742
ARWR1200	1,200	1,633.00	0.24	475.10	600
ARHR3000	3,000	3,093.00	0.21	1,164.40	1,500
MSR4735	4,736	1,527.00	0.32	1,621.40	1,335

Representative Farm: Rice

Economic Viability of Representative Farms over the 2002-2007 Period

Farm Name	P(Cash Flow Deficit)	P(Real Net Worth Declines)
0/2/14	2002-2007	2002-2007
CAR424	99-99	1-99
CAR2365	99-99	1-94
CABR1365	99-99	1-91
CACR1420	99-99	1-99
TXR1553	99-99	1-99
TXR3774	99-99	1-92
TXBR1650	99-99	1-99
TXER3200	99-99	1-99
LASR1200	33-99	1-99
LANR2500	99-99	1-99
MOWR4000	63-84	1-43
MOER4000	1-57	1-2
ARSR3640	1-33	1-1
ARWR1200	99-99	1-99
ARHR3000	87-99	1-94
MSR4735	90-99	1-98

1 Viability is classified as good (green), moderate (yellow), and poor (red) based on the probabilities:

< 25 | 26 - 50 | > 50

2 P(Cash Flow Deficit) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2002 and 2007.

3 P(Real Net Worth Decline) is the probability that the farm will have a loss in real net worth relative to the beginning net worth. Reported values represent the probabilities for losing real net worth from 2001 to 2002 and from 2001 to 2007.

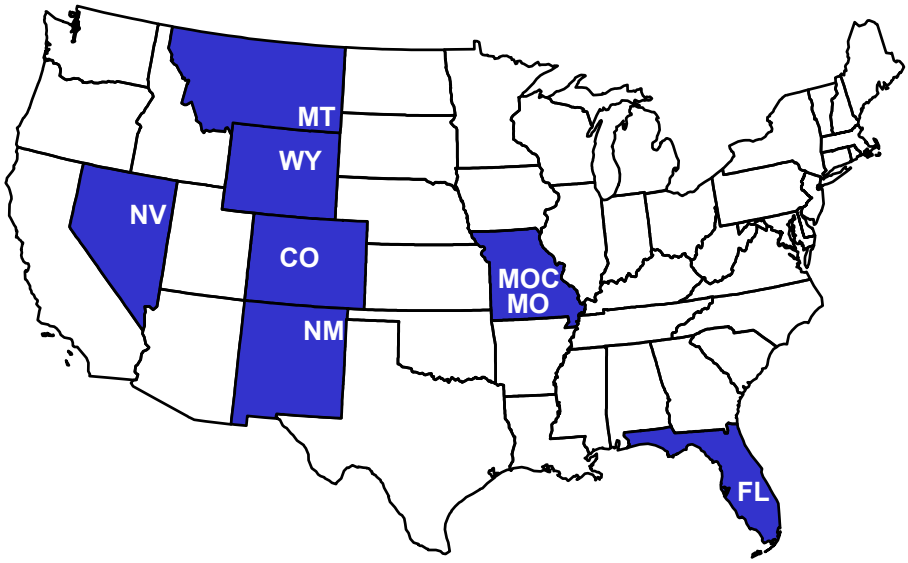
Implications of the November 2002 FAPRI Baseline on the Economic Viability of Representative Farms Producing Rice.

	Receipts	Payments	NCFI	Reserve 2007	Net Worth 2007	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
CAR424	269.93	139.54	-36.22	-637.89	176.44	-11.77
CAR2365	1,586.57	817.58	-188.12	-2,147.04	941.75	-10.19
CABR1365	671.99	353.32	-78.57	-1,250.45	1,278.17	-5.95
CACR1420	870.10	459.69	-275.65	-2,211.17	-454.06	-22.38
TXR1553	335.16	162.50	1.13	-361.10	-4.16	-16.88
TXR3774	864.32	409.22	72.61	-324.05	257.76	-8.45
TXBR1650	436.20	216.76	-32.36	-518.21	-88.95	-19.86
TXER3200	1,003.31	464.90	37.32	-391.53	375.25	-7.46
LASR1200	349.48	139.51	25.79	-184.78	70.80	-12.06
LANR2500	951.78	325.55	-8.67	-908.27	1,165.01	-5.36
MOWR4000	1,481.38	561.99	152.99	-461.17	4,607.02	0.07
MOER4000	1,437.19	451.47	261.06	315.29	4,374.15	2.18
ARSR3640	1,213.98	476.48	334.89	513.79	4,359.64	3.29
ARWR1200	483.04	188.59	37.17	-495.87	982.36	-4.07
ARHR3000	1,182.46	471.87	62.07	-763.45	2,289.75	-1.79
MSR4735	1,699.85	534.27	44.98	-962.94	173.59	-14.17

1 Receipts are average annual total cash receipts including government payments, 2002-2007 ($1,000)
2 Payments are average annual total government payments, 2002-2007 ($1,000)
3 NCFI are average annual net cash farm income, 2002-2007 ($1,000)
4 Reserve 2007 are average ending cash reserves, 2007 ($1,000)
5 Net Worth 2007 are average nominal ending net worth, 2007 ($1,000)
6 CRNW are average percentage in real net worth over 2002-2007 period, (%)

Representative Farm: Cow/Calf

- 4 of 8 cow-calf operations are projected to be in good overall financial condition. Three are expected to be in moderate condition and 1 in poor condition.
- One-half of the operations will face liquidity pressures over the period.
- Only 1 operation will likely lose real equity over the period.



Characteristics of Panel Farms Producing Beef Cattle.

	Cropland	Assets	Debt/Asset	Gross Receipts	Cows
	(acres)	($1,000)	(ratio)	($1,000)	(number)
NVB680	1,900	1,843.00	0.04	237.40	680
MTB500	-	2,258.00	0.01	228.90	500
WYB300	200	3,184.00	0.03	132.10	300
COB300	450	5,900.00	0.01	114.20	300
NMB300	-	2,283.00	0.03	157.80	300
MOB150	440	846.00	0.10	125.80	150
MOCB350	-	1,970.00	0.01	169.20	350
FLB1155	5,400	9,179.00	0.01	439.90	1,155

Representative Farm: Cow/Calf

Economic Viability of Representative Farms over the 2002-2007 Period

Farm Name	P(Cash Flow Deficit)	P(Real Net Worth Declines)
4/3/1	2002-2007	2002-2007
NVB680	93-98	1-36
MTB500	1-3	1-1
WYB300	46-28	1-1
COB300	67-92	1-1
NMB300	14-1	1-1
MOB150	5-10	1-1
MOCB350	60-81	1-2
FLB1155	15-22	1-1

1 Viability is classified as good (green), moderate (yellow), and poor (red) based on the probabilities:

< 25 | 26 - 50 | > 50

2 P(Cash Flow Deficit) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2002 and 2007.

3 P(Real Net Worth Decline) is the probability that the farm will have a loss in real net worth relative to the beginning net worth. Reported values represent the probabilities for losing real net worth from 2001 to 2002 and from 2001 to 2007.

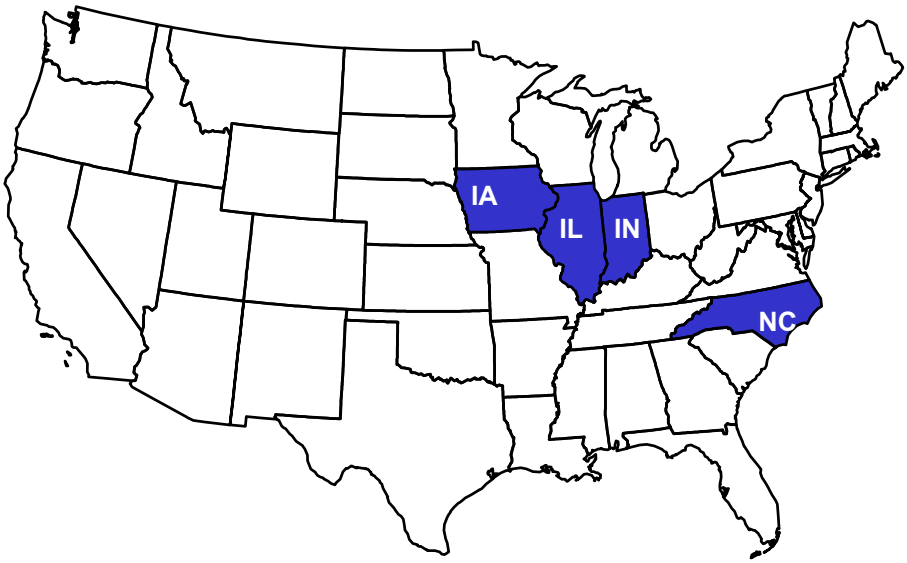
Implications of the November 2002 FAPRI Baseline on the Economic Viability of Representative Farms Producing Beef Cattle.

	Receipts	Payments	NCFI	Reserve 2007	Net Worth 2007	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
NVB680	262.19	0.00	-1.69	-225.55	1,922.16	0.58
MTB500	245.90	0.00	120.33	458.33	2,932.61	4.37
WYB300	142.05	0.00	57.04	89.46	3,819.22	2.89
COB300	122.87	0.00	27.78	-32.42	7,028.40	2.33
NMB300	170.18	0.00	63.76	182.25	2,756.87	3.05
MOB150	134.98	7.92	62.80	93.65	957.89	3.41
MOCB350	180.95	0.00	24.01	-23.43	2,254.32	1.72
FLB1155	471.09	0.00	140.43	434.48	11,285.98	2.97

1 Receipts are average annual total cash receipts including government payments, 2002-2007 ($1,000)
2 Payments are average annual total government payments, 2002-2007 ($1,000)
3 NCFI are average annual net cash farm income, 2002-2007 ($1,000)
4 Reserve 2007 are average ending cash reserves, 2007 ($1,000)
5 Net Worth 2007 are average nominal ending net worth, 2007 ($1,000)
6 CRNW are average percentage in real net worth over 2002-2007 period, (%)

Representative Farm: Hog

- 2 hog farms are projected to be in good condition over the period with 3 in moderate and 1 in poor condition.
- All of the farms are projected to experience liquidity problems.
- Only 1 farm is expected to experience significant real equity declines.



Characteristics of Panel Farms Producing Hogs.

	Cropland	Assets	Debt/Asset	Gross Receipts	Sows
	(acres)	($1,000)	(ratio)	($1,000)	(number)
IAH400	667	712.00	0.42	767.90	1,000
ILH200	1,400	1,218.00	0.47	424.70	200
ILH750	1,950	5,085.00	0.35	1,583.10	750
INH200	770	1,865.00	0.40	416.70	200
INH1200	3,200	5,446.00	0.36	2,608.40	1,200
NCH350	100	1,019.00	0.40	562.90	350

Representative Farm: Hog

Economic Viability of Representative Farms over the 2002-2007 Period

Farm Name	P(Cash Flow Deficit)	P(Real Net Worth Declines)
2/3/1	2002-2007	2002-2007
ILH200	99-99	1-62
ILH750	94-34	1-1
INH200	99-99	1-4
INH1200	80-29	1-1
IAH400	98-61	1-2
NCH350	97-65	1-17

1 Viability is classified as good (green), moderate (yellow), and poor (red) based on the probabilities:

< 25 | 26 - 50 | > 50

2 P(Cash Flow Deficit) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2002 and 2007.

3 P(Real Net Worth Decline) is the probability that the farm will have a loss in real net worth relative to the beginning net worth. Reported values represent the probabilities for losing real net worth from 2001 to 2002 and from 2001 to 2007.

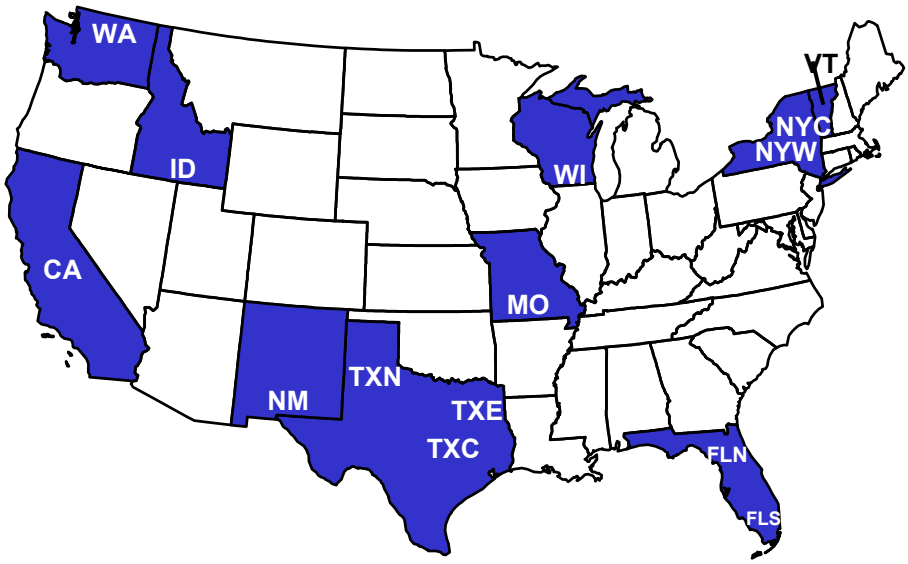
Implications of the November 2002 FAPRI Baseline on the Economic Viability of Representative Farms Producing Hogs.

	Receipts	Payments	NCFI	Reserve 2007	Net Worth 2007	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
ILH200	521.65	54.14	48.52	-387.92	651.18	-1.24
ILH750	1,940.63	101.41	568.28	441.27	5,316.20	8.80
INH200	507.40	37.06	82.33	-466.07	1,422.52	3.01
INH1200	3,246.80	182.30	723.96	795.00	5,988.01	10.91
IAH400	927.32	22.61	128.39	111.49	751.01	13.12
NCH350	688.84	0.00	94.75	-15.59	801.65	5.66

1 Receipts are average annual total cash receipts including government payments, 2002-2007 ($1,000)
2 Payments are average annual total government payments, 2002-2007 ($1,000)
3 NCFI are average annual net cash farm income, 2002-2007 ($1,000)
4 Reserve 2007 are average ending cash reserves, 2007 ($1,000)
5 Net Worth 2007 are average nominal ending net worth, 2007 ($1,000)
6 CRNW are average percentage in real net worth over 2002-2007 period, (%)

Representative Farm: Dairy

- The dairy operations are either in good condition (11 farms) or poor condition (10 farms) with only 2 farms in moderate condition.
- One-half of the dairies are projected to experience liquidity pressure with only a few experiencing declines in real equity.



Characteristics of Panel Farms Producing Milk.

	Cropland	Assets	Debt/Asset	Gross Receipts	Cows
	(acres)	($1,000)	(ratio)	($1,000)	(number)
CAD1710	800	9,423.00	0.22	4,837.50	1,710
NMD2000	400	5,844.00	0.26	5,756.50	2,000
WAD185	120	981.00	0.19	674.20	185
WAD900	605	4,397.00	0.23	3,012.00	900
IDD750	240	3,484.00	0.29	2,310.10	750
IDD2100	560	9,459.00	0.17	6,159.20	2,100
TXND2400	260	8,652.00	0.23	6,362.20	2,400
TXCD500	250	1,941.00	0.33	1,275.50	500
TXCD1300	460	5,267.00	0.20	4,097.50	1,300
TXED330	600	1,703.00	0.36	735.50	330
TXED750	750	3,509.00	0.17	2,094.00	750
MOD85	260	879.00	0.36	194.60	85
MOD400	730	1,892.00	0.35	879.70	400
FLND500	600	2,586.00	0.18	1,791.40	500
FLSD1500	400	6,275.00	0.32	4,154.20	1,500
WID70	245	673.00	0.24	256.20	70
WID600	1,000	2,477.00	0.20	1,873.40	600
MIED200	590	1,624.00	0.23	669.80	200
MICD140	510	1,269.00	0.22	468.40	140
NYWD800	1,440	4,404.00	0.23	2,572.10	800
NYWD1200	2,160	6,967.00	0.22	3,810.50	1,200
NYCD110	296	774.00	0.18	414.20	110
NYCD500	1,100	2,987.00	0.20	1,669.70	500
VTD134	220	850.00	0.20	442.70	134
VTD350	700	2,735.00	0.22	1,179.60	350

Representative Farm: Dairy

Economic Viability of Representative Farms over the 2002-2007 Period

Farm Name	P(Cash Flow Deficit)	P(Real Net Worth Declines)
11/2/10	2002-2007	2002-2007
CAD1710	71-22	1-1
NMD2000	91-64	1-21
WAD185	50-26	1-1
WAD900	81-54	1-14
IDD750	91-86	1-38
IDD2100	59-19	1-1
TXND2400	80-73	1-42
TXCD500	98-98	1-87
TXCD1300	71-20	1-2
TXED330	99-99	1-95
TXED750	72-16	1-1
WID70	36-23	1-1
WID600	65-40	1-9
NYWD800	91-80	1-37
NYWD1200	88-80	1-43
NYCD110	1-1	1-1
NYCD500	73-40	1-1
VTD134	50-13	1-1
VTD350	92-86	1-43
MOD85	99-99	1-60
MOD400	94-94	1-61
FLND500	24-13	1-1
FLSD1800	98-99	1-64

1 Viability is classified as good (green), moderate (yellow), and poor (red) based on the probabilities:

< 25 | 26 - 50 | > 50

2 P(Cash Flow Deficit) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2002 and 2007.

3 P(Real Net Worth Decline) is the probability that the farm will have a loss in real net worth relative to the beginning net worth. Reported values represent the probabilities for losing real net worth from 2001 to 2002 and from 2001 to 2007.

Implications of the November 2002 FAPRI Baseline on the Economic Viability of Representative Farms Producing Milk.

	Receipts	Payments	NCFI	Reserve 2007	Net Worth 2007	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
CAD1710	5,245.26	46.78	828.84	2,358.83	10,387.84	6.38
NMD2000	6,236.12	17.83	493.32	85.10	5,752.68	5.41
WAD185	716.83	24.75	183.66	454.20	1,297.04	10.10
WAD900	3,259.14	53.14	313.33	428.26	4,368.83	4.39
IDD750	2,516.21	17.83	74.42	-714.34	2,623.21	0.79
IDD2100	6,760.06	51.08	1,467.63	3,874.25	12,399.81	9.50
TXND2400	6,902.77	17.83	238.56	-714.08	6,827.48	0.54
TXCD500	1,367.33	17.83	-59.66	-892.82	785.88	-6.97
TXCD1300	4,419.24	17.83	667.74	1,777.36	5,983.85	6.76
TXED330	782.05	17.83	-91.04	-1,047.46	584.84	-8.04
TXED750	2,247.28	17.83	447.60	1,218.27	4,327.06	7.78
MOD85	203.52	13.77	19.69	-237.34	551.77	-1.10
MOD400	953.79	30.02	32.19	-605.19	1,073.18	-2.52
FLND500	1,890.66	17.83	508.52	1,336.70	3,679.62	11.54
FLSD1500	4,422.50	17.83	-92.61	-2,244.68	3,658.08	-2.62
WID70	273.01	19.12	91.27	169.11	763.92	7.14
WID600	2,048.47	37.55	296.24	619.06	2,651.74	5.70
MIED200	722.71	38.11	90.99	-61.79	1,442.46	1.95
MICD140	500.82	35.97	96.88	63.96	1,133.27	2.03
NYWD800	2,780.07	47.63	176.10	-303.30	3,718.35	1.05
NYWD1200	4,122.21	58.82	247.55	-493.18	5,755.39	0.63
NYCD110	433.41	23.09	173.05	444.48	1,079.61	10.99
NYCD500	1,795.94	34.35	315.10	418.19	3,288.69	5.67
VTD134	465.75	22.57	137.46	284.55	1,029.98	7.89
VTD350	1,262.81	19.55	58.65	-359.08	2,224.50	0.15

1 Receipts are average annual total cash receipts including government payments, 2002-2007 ($1,000)
2 Payments are average annual total government payments, 2002-2007 ($1,000)
3 NCFI are average annual net cash farm income, 2002-2007 ($1,000)
4 Reserve 2007 are average ending cash reserves, 2007 ($1,000)
5 Net Worth 2007 are average nominal ending net worth, 2007 ($1,000)
6 CRNW are average percentage in real net worth over 2002-2007 period, (%)

New and Updated Farms and Ranches Since the Last Baseline Update

Since publication of the July 2002 baseline update, three new farms have been added to the national representative farm set:

CAC9000	9,000-acre cotton farm located in California's San Joaquin Valley (Kings County)
GAC1700	1,700-acre cotton farm located in southwest Georgia (Decatur County)
IAG4200	4,200-acre feedgrain farm located in northwestern Iowa (Webster County)

Since July 2002, the following 18 farms have been updated. Significant changes are indicated.

TXNP1750	Size increased from 1,600 acres
TXNP7000	Size increased from 6,700 acres
TXBG2000	No change in size
TXBG2700	Size increased from 2,000 acres
CAC2400	Size increased from 2,000 acres
FLND500	No change in size
FLSD1800	No change in size
NMD2000	No change in size
NYCD110	No change in size
NYCD400	No change in size
NYWD800	No change in size
NYWD1200	No change in size
TXCD500	Size increased from 400 cows
TXCD1300	Size increased from 825 cows
TXED330	Size increased from 310 cows
TXED750	No change in size
WAD250	Size increased from 185 cows
WAD850	Size decreased from 900 cows