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# U.S. AGGREGATE MEASURES

## **U.S. Land Use**

Projected corn planted area declines to 80 million acres in 2006, in part because production costs have increased more for corn than for soybeans and wheat. Soybean area increases to 73.2 million acres in 2006 and wheat area increases to 58.2 million acres, as both crops benefit at the expense of corn. After 2006, stronger demand growth for corn than for other crops results in increases in corn acreage and less acreage planted to soybeans and wheat.

Upland cotton planted area is projected to increase to 14.2 million acres in 2006 as producers respond to two years of strong yields and returns. Sorghum area declined sharply between 2003 and 2005, and no recovery is projected. Increased production costs contribute to a projected decline in 2006 rice area to 3.16 million acres.

The total area planted to 13 major crops declined by more than 4 million acres in 2005, and is projected to remain fairly steady in 2006 and subsequent years. Conservation reserve area is projected to dip in 2008 and 2009 when many contracts expire but then expand to 38 million acres by 2014.

## U.S. Land Use for Major Crops

	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16
<b>Planted Area</b>	(Million Acres)										
Corn	81.76	79.99	81.59	82.42	83.47	84.57	85.47	85.81	85.80	85.93	86.05
Soybeans	72.14	73.15	71.39	71.14	71.13	70.61	70.29	70.31	70.36	70.22	70.08
Wheat	57.23	58.22	57.88	57.81	57.46	57.33	57.06	56.89	56.71	56.40	56.18
Upland Cotton	13.93	14.17	13.75	13.81	13.86	13.83	13.82	13.71	13.59	13.68	13.79
Sorghum	6.45	6.43	6.50	6.42	6.33	6.26	6.22	6.17	6.10	6.05	6.01
Barley	3.88	3.89	3.87	3.81	3.80	3.73	3.67	3.60	3.53	3.48	3.45
Oats	4.25	4.22	4.25	4.24	4.21	4.17	4.14	4.11	4.08	4.05	4.02
Rice	3.38	3.16	3.27	3.29	3.24	3.23	3.23	3.21	3.19	3.19	3.24
Sunflowers	2.71	2.59	2.41	2.47	2.46	2.43	2.41	2.40	2.39	2.37	2.35
Peanuts	1.66	1.51	1.52	1.53	1.54	1.54	1.53	1.53	1.53	1.52	1.52
Sugar Beet	1.29	1.41	1.34	1.33	1.33	1.31	1.27	1.27	1.24	1.23	1.22
Sugarcane	0.87	0.87	0.90	0.90	0.90	0.90	0.89	0.89	0.88	0.88	0.87
Canola	1.16	1.03	1.07	1.09	1.10	1.11	1.13	1.14	1.16	1.18	1.20
<b>13 Crop Planted Area</b>	250.70	250.65	249.75	250.25	250.83	251.03	251.13	251.02	250.55	250.17	249.98
<b>Hay Harvested Area</b>	61.65	62.09	62.47	62.61	62.68	62.65	62.62	62.57	62.52	62.44	62.33
<b>13 Crops + Hay</b>	312.35	312.74	312.21	312.86	313.51	313.67	313.75	313.59	313.08	312.61	312.31
<b>Conservation Reserve</b>	35.59	36.00	36.50	35.50	35.00	36.00	36.50	37.00	37.50	38.00	38.00
<b>13 Crops + Hay + CRP</b>	347.94	348.74	348.71	348.36	348.51	349.67	350.25	350.59	350.58	350.61	350.31

## **U.S. Food Prices and Expenditures**

Following the largest increase since 1990 in 2004, the CPI for food increased by a more typical 2.4% in 2005. Lower meat prices for the next few years should keep increases in the overall CPI for food near or below 2%. The CPI for fruits and vegetables registers the highest average growth rate over the projection period (2.6%), with meat the lowest (1.1%).

In real terms, per capita food expenditures declined slightly last year after a sharp increase in 2004. Nominal food expenditures rise from just over \$700 billion in 2005 to about \$950 billion in 2015. Real per capita food expenditures stay relatively stable over the baseline but do not return to pre-2004 levels.

Meat and dairy products account for roughly 36% of at-home food purchases. The amount spent on food away from home increases from 43% of total food expenditures in 2005 to 46% in 2015. The average consumer spent \$573 more for food in 2005 than in 1995. A similar increase in food spending per person is expected from 2005 to 2015.

## U.S. Consumer Price Indexes for Food

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(1982-84=100)										
<b>Food</b>	190.7	193.7	197.1	201.1	205.1	209.0	212.7	216.8	221.7	227.2	233.0
<b>Food at Home</b>	189.8	192.0	194.8	198.6	202.1	205.5	208.7	212.3	216.7	221.8	227.2
Cereal and Bakery	209.0	213.6	218.4	222.8	227.2	231.5	236.4	241.9	247.9	254.0	260.2
Meat	184.7	185.1	185.8	187.9	189.7	191.7	192.7	193.9	197.0	201.7	206.9
Dairy	182.4	175.0	177.5	182.2	187.1	190.4	193.7	196.8	200.1	203.7	207.8
Fruit and Vegetables	241.4	249.1	254.6	260.7	266.7	272.7	279.5	286.9	294.9	303.1	311.4
Other Food At Home	167.0	170.5	172.8	175.6	178.2	180.5	182.6	185.1	187.8	190.6	193.4
Sugar and Sweets	165.2	169.0	170.7	174.0	177.3	180.3	182.6	186.0	188.9	192.4	195.8
Fats and Oils	167.7	170.4	173.5	176.0	178.5	180.7	182.9	185.3	187.6	189.9	192.2
Other Prepared Items	182.5	187.1	190.2	193.8	196.8	199.2	201.7	204.6	208.0	211.4	214.9
Non-alc. Beverages	144.4	146.3	147.5	149.3	151.1	152.7	154.2	155.9	157.6	159.4	161.2
<b>Food Away From Home</b>	193.4	197.5	201.5	206.0	210.6	215.1	219.5	224.3	229.7	235.8	242.3

## U.S. Per Capita Consumer Expenditures for Food

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(Dollars per Person)										
<b>Food at Home</b>	1,362	1,378	1,393	1,415	1,436	1,457	1,476	1,497	1,522	1,552	1,584
Cereal and Bakery	187	190	193	196	198	201	203	207	211	215	219
Meat	355	359	361	367	372	377	379	382	388	398	408
Dairy	149	145	146	149	151	153	154	156	157	159	161
Fruit and Vegetables	231	236	240	245	250	255	260	266	272	278	285
Other Food At Home	441	448	453	459	466	473	479	486	494	503	512
Sugar and Sweets	53	54	54	55	56	57	57	57	58	59	59
Fats and Oils	37	38	39	40	40	41	41	42	42	42	43
Miscellaneous	215	218	221	225	229	233	237	241	246	252	258
Trips	17	18	19	19	19	20	20	21	22	22	23
Non-alc. Beverages	119	120	120	121	122	123	124	125	126	128	129
<b>Food Away From Home</b>	1,013	1,044	1,074	1,106	1,139	1,171	1,203	1,237	1,274	1,315	1,357
<b>Total</b>	2,375	2,421	2,467	2,521	2,575	2,628	2,679	2,733	2,796	2,867	2,941
	(Billion Dollars)										
<b>Aggregate Total</b>	704.8	725.1	745.3	768.3	791.7	815.1	837.9	862.3	889.6	919.8	951.7

## U.S. Government Costs

Net CCC outlays jumped in FY 2005, as lower prices translated into increased spending on marketing loan and CCP programs. A further slight increase in net CCC outlays is expected in FY 2006. Low corn prices in 2005/06 and the corresponding large LDPs and CCPs account for much of the increase.

Projected net CCC outlays decline in later years. At the prices of this deterministic baseline, expenditures on the marketing loan program and CCPs decline to less than \$1 billion by the end of the projection period.

Increased enrollment and rental rates result in an increase in projected spending on the conservation reserve. Mandatory government outlays under the crop insurance program and certain conservation programs are not included in the CCC account.

Tobacco Trust Fund outlays, included in CCC spending in USDA reports but not in a preliminary CBO report, average about \$1 billion per year between FY 2005 and FY 2014. A March 2006 CBO report does include Tobacco Trust Fund outlays in CCC net outlays.

For non-CCC mandatory conservation programs, projected expenditures are based on preliminary January 2006 estimates from CBO. Estimates include effects of limitations on conservation spending required by the Deficit Reduction Act of 2005 but do not reflect revised CBO estimates from March 2006. Including these non-CCC programs, total mandatory outlays were \$24.7 billion in FY 2005. Outlays top \$26 billion in FY 2006 before declining to less than \$18 billion by FY 2015.

The outlays reported here are consistent with the deterministic estimates of prices, production, and other measures reported elsewhere in this report. Stochastic analysis suggests that average spending levels are likely to exceed significantly these deterministic estimates. In any given year, there is some probability that commodity prices will be lower than reported here, generating larger expenditures on marketing loan and CCP programs. The difference between these deterministic estimates and the stochastic mean of CCC outlays can exceed \$3 billion per year in later years of the baseline.

**U.S. Net Government Outlays**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Feed Grains</b>	(Million U.S. Dollars, Fiscal Year)										
Corn	6,242	9,475	5,468	4,127	3,166	2,338	2,094	2,101	2,104	2,102	2,103
Sorghum	376	526	347	352	300	253	214	199	199	199	199
Barley	189	191	101	94	89	87	86	86	86	85	85
Oats	3	3	2	3	3	3	3	3	3	3	3
<b>Food Grains</b>											
Wheat	1,232	1,241	1,087	1,190	1,169	1,175	1,175	1,178	1,178	1,177	1,178
Rice	473	699	690	780	825	761	656	561	467	426	431
<b>Oilseeds</b>											
Soybeans	1,140	494	1,550	991	693	599	598	596	601	604	605
Peanuts	408	346	324	240	279	266	268	270	265	258	253
Other Oilseeds	32	57	15	20	20	20	20	21	23	24	26
<b>Other Commodities</b>											
Upland Cotton	4,245	3,363	2,489	1,999	2,395	2,408	2,399	2,288	2,066	1,856	1,711
Sugar	-86	0	0	0	0	0	14	16	75	51	68
Dairy	-95	250	370	37	0	0	0	0	0	0	0
<b>CCC Conservation</b>											
Conservation Reserve	1,828	1,905	2,032	2,259	2,278	2,258	2,361	2,382	2,421	2,460	2,482
Other CCC Conservation	22	3	3	0	0	0	0	0	0	0	0
<b>Other</b>											
Disaster Payments, NAP	2,575	1,055	325	325	325	325	325	325	325	325	325
Other Net Costs	703	937	1,087	1,087	1,144	1,206	1,217	1,211	1,207	1,199	1,200
<b>Net CCC Outlays</b>	19,288	20,545	15,890	13,503	12,687	11,698	11,431	11,237	11,021	10,770	10,669
<b>Tobacco Trust Fund</b>	899	1,033	955	955	955	955	955	955	955	955	0
<b>NRCS Conservation</b>	1,604	1,943	2,182	2,346	2,552	2,395	2,342	2,374	2,388	2,450	2,511
<b>Crop Insurance</b>	2,872	2,915	3,882	4,060	4,198	4,307	4,382	4,438	4,496	4,540	4,583
<b>Total Mandatory Outlays</b>	24,662	26,436	22,909	20,864	20,392	19,355	19,110	19,004	18,860	18,715	17,763

Note: "NRCS Conservation" denotes mandatory spending on conservation programs authorized by the 2002 farm bill that is not included in reported CCC outlays. USDA includes Tobacco Trust Fund spending in its tables reporting CCC outlays, but CBO does not.

## **U.S. Cash Receipts from Farm Marketings**

Cash receipts from sales of program crops (grains, oilseeds, cotton, and sugar) accounted for less than half of total crop receipts in 2005. Lower prices contribute to a reduction in program crop receipts in 2005 and 2006. Program crop receipts increase with prices and production after 2006.

Increases in prices and production contribute to \$9.6 billion increase in corn receipts between 2005 and 2015. Absolute changes in receipts for all other program crops are much smaller, and oilseed receipts actually decline slightly between 2005 and 2015. Other crop receipts (fruits, vegetables, nursery products, hay, and other crops) vary less from year to year and grow at an annual rate of 2%.

Cash receipts from sales of cattle and calves reached record highs in 2005. Projected declines in cattle prices result in reductions in cattle receipts from 2006 to 2012. Poultry receipts dipped in 2005 and further small declines could occur in 2006 because of lower prices for broilers and turkey. Dairy receipts declined slightly in 2005 and a larger reduction is expected in 2006 because of lower milk prices.

**U.S. Cash Receipts from Farming**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(Billion U.S. Dollars)										
<b>Cash Receipts</b>	238.96	230.75	231.04	236.19	241.18	245.37	248.06	251.00	255.66	260.91	266.31
Crops	114.08	111.41	113.72	117.70	121.11	124.23	127.03	129.76	132.24	134.84	137.63
Feed Grains and Hay	25.82	25.36	27.30	29.18	30.94	32.51	33.80	34.74	35.43	36.10	36.74
Corn	19.29	18.92	20.61	22.30	23.86	25.24	26.38	27.17	27.75	28.33	28.91
Sorghum	0.71	0.65	0.68	0.71	0.72	0.73	0.74	0.75	0.75	0.76	0.77
Barley	0.58	0.52	0.53	0.54	0.55	0.55	0.55	0.54	0.54	0.54	0.54
Oats	0.08	0.08	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Hay	5.17	5.17	5.36	5.53	5.71	5.87	6.02	6.17	6.28	6.36	6.42
Millet	0.00	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Food Grains	8.83	8.20	8.22	8.42	8.63	8.86	9.05	9.20	9.34	9.48	9.62
Wheat	7.17	6.53	6.62	6.78	6.99	7.14	7.27	7.37	7.45	7.53	7.59
Rice	1.64	1.66	1.58	1.62	1.63	1.70	1.76	1.81	1.87	1.93	2.02
Rye	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Oilseeds	18.51	16.36	15.92	16.48	16.84	17.02	17.21	17.43	17.60	17.69	17.76
Soybeans	17.02	14.92	14.51	15.03	15.36	15.53	15.71	15.92	16.07	16.15	16.20
Peanuts	0.81	0.76	0.77	0.80	0.82	0.83	0.83	0.84	0.85	0.86	0.87
Other	0.68	0.67	0.64	0.65	0.66	0.67	0.67	0.68	0.68	0.68	0.68
Cotton	5.47	5.83	5.73	5.89	5.93	5.98	6.08	6.23	6.41	6.61	6.82
Sugar	2.22	2.29	2.30	2.32	2.32	2.27	2.22	2.17	2.14	2.13	2.10
Other Crops *	53.24	53.37	54.25	55.42	56.44	57.59	58.67	59.99	61.32	62.84	64.59
Livestock and Products	124.88	119.34	117.33	118.49	120.07	121.13	121.03	121.24	123.41	126.07	128.69
Red Meats	64.38	61.82	60.04	59.98	60.39	60.52	59.43	58.74	59.92	61.43	62.84
Cattle, Calves	49.59	48.44	47.52	47.02	46.12	45.11	44.25	44.04	44.62	45.62	46.56
Hogs	14.23	12.80	11.94	12.38	13.69	14.83	14.60	14.12	14.72	15.23	15.69
Sheep, Lambs	0.55	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58
Dairy Products	26.97	24.26	24.27	24.91	25.52	25.80	26.17	26.49	26.83	27.26	27.73
Poultry, Eggs	28.97	28.56	28.29	28.80	29.26	29.82	30.41	30.93	31.48	32.07	32.68
Broilers	20.54	19.86	19.53	19.89	20.21	20.63	21.09	21.52	21.96	22.43	22.93
Turkeys	3.26	3.20	3.06	3.09	3.11	3.16	3.21	3.25	3.29	3.34	3.39
Chicken Eggs	4.40	4.73	4.91	5.04	5.14	5.22	5.29	5.34	5.40	5.46	5.53
Other Poultry	0.77	0.78	0.78	0.79	0.80	0.80	0.81	0.82	0.83	0.83	0.84
Other Livestock †	4.56	4.69	4.73	4.81	4.90	4.99	5.03	5.08	5.19	5.32	5.44
<b>Government Payments</b>	23.03	18.64	14.97	13.87	12.55	11.93	11.76	11.54	11.29	11.16	10.29
<b>Cash Receipts + Payments</b>	261.99	249.39	246.02	250.06	253.73	257.29	259.81	262.54	266.94	272.07	276.60

\* Includes tobacco, vegetables and melons, fruits and tree nuts, and other crops.

† Includes horses, mules, and aquaculture.

## **U.S. Farm Production Expenses**

Farm production expenses increased by almost \$28 billion between 2002 and 2005, and an additional \$7 billion increase is projected for 2006. Energy prices account for much of the story, as fertilizer and fuels together contribute about \$10 billion to the cost increase between 2002 and 2006. Global Insight forecasts of slowly declining energy prices from 2007 to 2012 suggest that fuel and fertilizer expenses could level off or even decline slightly for several years.

Increases in interest rates and real estate values contribute to increases in projected interest expenses. Rising wages explain much of the steady increase in expenses for contract and hired labor.

After a small decline in 2006 because of lower corn prices, feed costs increase with rising prices for corn. The rate of increase is moderated by fairly stable prices for soybean meal and corn by-products. Purchased livestock expenses decline with feeder cattle prices from 2005 to 2012 as cattle herds expand.

Net rent to non-operator landlords declines from 2006 to 2008 in response to lower net returns to crop production. Rental payments increase in later years as returns increase for most crops.

## U.S. Farm Production Expenses

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(Billion U.S. Dollars)										
<b>Farm-Origin Inputs</b>	57.73	56.81	57.76	58.94	59.50	59.75	60.00	60.49	61.13	61.87	62.54
Feed	29.55	29.04	30.19	31.50	32.53	33.35	34.05	34.61	34.93	35.14	35.30
Purchased Livestock	18.20	17.32	16.70	16.35	15.71	15.05	14.46	14.28	14.44	14.83	15.20
Seed	9.98	10.45	10.87	11.09	11.25	11.35	11.48	11.61	11.76	11.90	12.04
<b>Manufactured Inputs</b>	35.78	38.85	38.11	37.80	37.51	36.97	36.72	36.92	37.59	38.28	38.97
Fertilizer, Lime	12.84	14.20	13.62	13.44	13.33	13.17	13.10	13.24	13.48	13.73	13.98
Petroleum Fuel, Oils	11.18	12.19	12.10	11.97	11.78	11.45	11.25	11.19	11.43	11.68	11.94
Electricity	3.38	3.58	3.59	3.59	3.57	3.50	3.48	3.50	3.60	3.69	3.79
Pesticides	8.39	8.88	8.79	8.80	8.84	8.84	8.90	8.99	9.09	9.18	9.26
<b>Interest Charges</b>	15.05	16.60	17.27	17.86	18.51	18.83	19.30	19.79	20.31	20.81	21.32
Short-Term Interest	6.72	7.57	7.65	7.75	7.95	7.86	8.00	8.21	8.47	8.72	8.97
Real Estate Interest	8.33	9.03	9.62	10.11	10.56	10.97	11.30	11.58	11.84	12.09	12.34
<b>Other Operating Exp.</b>	71.94	74.65	75.94	77.39	78.76	79.93	81.38	83.04	84.86	86.78	88.77
Repair, Operation of Capital Items	14.29	14.98	15.26	15.54	15.83	16.11	16.41	16.75	17.07	17.41	17.76
Contract, Hired Labor	23.61	24.52	25.41	26.24	27.02	27.73	28.53	29.34	30.09	30.91	31.74
Machine Hire											
Custom Work	3.78	3.93	3.95	3.99	4.04	4.07	4.12	4.18	4.25	4.30	4.36
Marketing, Storage, and Transportation	7.46	7.77	7.72	7.72	7.71	7.65	7.63	7.68	7.84	8.02	8.20
Miscellaneous	22.80	23.43	23.60	23.90	24.16	24.37	24.68	25.09	25.61	26.14	26.70
<b>Other Overhead Exp.</b>	40.60	41.38	41.16	41.43	42.15	42.87	43.64	44.38	45.07	45.75	46.39
Capital Consumption	23.00	23.80	24.34	24.68	24.95	25.17	25.39	25.66	26.00	26.37	26.78
Property Taxes	7.11	7.27	7.42	7.54	7.65	7.74	7.84	7.94	8.06	8.18	8.32
Rent to Nonoperators	10.48	10.31	9.41	9.21	9.56	9.96	10.41	10.77	11.02	11.20	11.29
<b>Production Expenses</b>	221.09	228.28	230.23	233.42	236.43	238.34	241.04	244.63	248.97	253.50	257.99
<b>Noncash Expenses</b>	21.00	21.85	22.39	22.73	23.00	23.22	23.44	23.72	24.05	24.42	24.83
Labor Perquisites	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Net Cap Consumption	20.45	21.30	21.84	22.18	22.45	22.67	22.89	23.16	23.50	23.87	24.28
<b>Op Dwelling Expenses</b>	3.40	3.43	3.46	3.49	3.52	3.55	3.58	3.61	3.64	3.67	3.70
<b>Cash Expenses</b>	196.70	203.00	204.39	207.20	209.91	211.57	214.02	217.31	221.28	225.40	229.46

## **U.S. Prices Paid by Farmers**

Prices paid by farmers for all production items increased by 4.4% in 2005, slightly lower than the 6.5% seen in 2004. An increase of more than 3% is anticipated for 2006, with prices paid expected to decline in 2007—the first decrease since 2002. Production cost inflation remains below 2% per year through 2015.

Declines in crop and livestock prices in 2006 result in lower prices paid for feed, livestock, and poultry.

After increasing at double-digit percentage rates in 2003, 2004 and 2005, a smaller increase in fuel prices is expected for 2006. Increases for fertilizer are anticipated to be above 13%, but these costs are still expected to remain variable.

Nitrogen fertilizer again represents the largest growth component for fertilizer, with a 15% increase expected in 2006. Based on Global Insight projections of fuel, natural gas, and energy prices, farm prices for fuel and fertilizer could actually decline slightly from 2007 to 2011. In addition, interest prices could see a 12% increase in 2006, with only slight increases anticipated through 2015.

Prices paid for agricultural chemicals are expected to increase by less than 3% in 2006; however, prices paid for fungicides, especially those used to combat soybean rust, are expected to increase by 5.1%.

The need for building materials worldwide continues to elevate these prices paid in 2006.

## U.S. Indices of Prices Paid by Farmers

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Production, Interest,</b>											
					(1990-92=100)						
<b>Taxes and Wages</b>	141	146	147	149	151	152	154	156	159	162	165
Production Items	138	143	142	143	144	145	145	146	149	151	153
Feed	107	104	110	115	118	121	122	123	123	123	123
Livestock & Poultry	137	127	118	116	115	114	110	108	109	112	115
Seeds	166	174	181	185	187	188	190	192	194	197	199
Fertilizer	162	184	176	173	171	168	166	168	171	174	177
Mixed Fertilizer	142	160	154	154	154	154	154	156	159	162	165
Nitrogen Fertilizer	189	217	204	197	190	182	178	179	183	187	190
Potash and Phosph.	142	156	155	156	158	160	161	163	166	169	171
Agricultural Chemicals	121	124	123	123	124	124	125	127	128	130	131
Herbicides	114	116	114	114	113	113	113	114	115	116	117
Insecticides	142	149	149	150	152	154	157	161	164	168	170
Fungicides/Other	121	126	127	129	130	131	131	133	134	136	137
Fuels	210	227	222	218	212	204	198	195	199	203	207
Supplies & Repairs	146	154	157	159	160	162	163	166	168	170	173
Farm Supplies	139	153	156	157	157	155	155	155	156	157	158
Repairs	149	155	157	160	162	165	168	171	174	177	180
Autos & Trucks	113	114	113	114	114	114	115	118	121	123	126
Farm Machinery	173	181	185	191	197	202	208	215	221	227	232
Building Materials	148	159	162	164	166	166	166	168	170	172	174
Farm Services	129	136	136	137	138	138	140	142	144	145	147
Rent	127	133	129	129	130	130	131	132	134	136	138
Interest *	107	120	121	122	124	122	124	126	129	132	135
Taxes †	139	145	146	149	151	151	153	155	158	161	164
Wage Rates	164	169	174	179	184	189	194	199	203	208	213

Source: Global Insight 2004-2014.

\* Interest per acre on farm real estate debt and interest rate on farm non-real estate debt.

† Farm real estate taxes payable per acre.

## U.S. Indices of Prices Paid by Farmers (percentage change)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Production, Interest,</b>											
					(Percentage Change)						
<b>Taxes and Wages</b>	5.0	3.7	0.7	1.3	1.3	0.9	1.1	1.5	1.9	1.9	1.8
Production Items	4.4	3.4	-0.2	0.7	0.7	0.3	0.4	0.8	1.5	1.4	1.3
Feed	-11.6	-2.4	5.3	4.2	3.1	2.2	1.4	0.7	0.1	0.0	-0.2
Livestock & Poultry	7.1	-7.5	-6.8	-2.2	-0.5	-0.6	-3.4	-2.6	1.5	2.4	2.7
Seeds	5.1	5.0	4.1	1.7	1.0	0.6	1.0	1.0	1.4	1.2	1.2
Fertilizer	15.1	13.5	-4.3	-1.8	-1.4	-1.7	-0.9	1.0	2.0	1.9	1.8
Mixed Fertilizer	14.1	12.8	-3.3	-0.4	0.4	0.0	0.1	1.3	1.9	1.9	1.7
Nitrogen Fertilizer	16.5	15.0	-6.0	-3.5	-3.7	-4.0	-2.3	0.7	2.3	2.0	1.9
Potash and Phosph.	11.1	9.9	-0.7	0.7	1.4	0.9	0.7	1.4	1.6	1.7	1.5
Agricultural Chemicals	1.0	2.7	-0.7	0.0	0.4	0.2	0.7	1.3	1.5	1.1	1.0
Herbicides	1.1	1.3	-1.3	-0.6	-0.3	-0.5	0.2	0.8	1.1	0.8	0.7
Insecticides	1.5	5.1	-0.4	0.6	1.5	1.5	2.0	2.4	2.3	1.9	1.5
Fungicides/Other	2.9	3.9	0.9	1.4	0.9	0.2	0.5	1.0	1.3	1.0	0.9
Fuels	28.8	7.9	-1.9	-2.0	-2.7	-3.8	-2.8	-1.4	1.8	2.0	1.9
Supplies & Repairs	6.7	5.7	1.5	1.2	1.1	0.8	1.0	1.3	1.5	1.4	1.5
Farm Supplies	9.7	10.0	1.6	0.7	0.0	-0.8	-0.5	0.2	0.7	0.6	0.6
Repairs	4.5	3.8	1.4	1.5	1.6	1.6	1.7	1.8	1.8	1.8	1.9
Autos & Trucks	-0.8	1.2	-1.2	0.9	-0.4	0.2	1.3	2.2	2.5	2.3	2.2
Farm Machinery	6.9	4.3	2.2	3.6	3.1	2.7	2.9	3.1	2.9	2.5	2.4
Building Materials	10.3	7.7	1.9	1.3	0.8	0.0	0.4	1.0	1.4	1.2	1.2
Farm Services	4.4	5.2	0.1	0.5	0.6	0.3	0.9	1.4	1.5	1.2	1.0
Rent	5.7	4.6	-2.4	-0.4	0.6	0.3	0.6	1.2	1.5	1.3	1.0
Interest *	4.0	12.0	0.5	0.8	1.8	-1.2	1.2	1.9	2.5	2.4	2.4
Taxes †	6.7	4.9	0.3	2.1	1.1	0.4	1.1	1.6	1.9	1.8	2.0
Wage Rates	2.0	2.6	3.3	3.0	2.8	2.5	2.6	2.5	2.2	2.4	2.4

Source: Global Insight 2004-2014.

\* Interest per acre on farm real estate debt and interest rate on farm non-real estate debt.

† Farm real estate taxes payable per acre.

## **U.S. Net Farm Income**

Livestock receipts set another record in 2005, in part because of an increase in cattle prices. Livestock receipts decline in 2006 because of lower prices for cattle, hogs, chickens, and milk.

Crop receipts dipped in 2005 from the 2004 record level, and a further decline is expected in 2006. Increases in production and prices result in rising crop receipts after 2006.

Farm cash expenses generally change with total production expenses. The major difference between the two measures is the treatment of capital consumption (depreciation). Cash expenses increased by \$25 billion between 2002 and 2005. After a further significant increase in 2006, cash expenses increase by 1.4% per year between 2007 and 2015.

Net cash income declines from \$83 billion in 2005 to \$60 billion in 2007 and increases slightly in nominal terms in subsequent years. In 2005, nominal net farm income declined from the 2004 record, largely because of increased production costs. Net farm income declines by almost \$18 billion in 2006 because of reduced cash receipts and increased production costs. After a small further decline in 2007, net farm income generally increases in nominal terms but declines in real terms after correcting for inflation.

These estimates are consistent with the deterministic prices, production, and other measures reported elsewhere in this publication. Stochastic analysis suggests that average farm income levels will be slightly higher than the deterministic estimates reported here. The main reason for the difference is that average levels of government payments are likely to be higher than in the deterministic estimate. The difference between the estimates reported here and the stochastic average estimates is typically \$1 billion to \$2 billion.

**U.S. Farm Income Statistics**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(Billion U.S. Dollars)										
1. Farm Receipts	256.47	248.73	249.39	254.91	260.24	264.67	267.63	270.89	275.92	281.55	287.30
Crops	114.08	111.41	113.72	117.70	121.11	124.23	127.03	129.76	132.24	134.84	137.63
Livestock	124.88	119.34	117.33	118.49	120.07	121.13	121.03	121.24	123.41	126.07	128.69
Farm-Related *	17.51	17.98	18.34	18.72	19.05	19.31	19.57	19.89	20.27	20.64	20.99
2. Government Payments	23.03	18.64	14.97	13.87	12.55	11.93	11.76	11.54	11.29	11.16	10.29
3. Gross Cash Income (1 + 2)	279.51	267.37	264.36	268.78	272.78	276.60	279.38	282.43	287.21	292.71	297.59
4. Nonmoney Income	14.47	15.46	15.73	15.80	15.88	15.91	15.85	15.87	16.13	16.54	17.04
5. Value of Inventory Change	-0.32	0.08	0.62	0.74	0.64	0.59	0.57	0.21	-0.07	-0.05	0.08
6. Gross Farm Income (3 + 4 + 5)	293.65	282.91	280.70	285.32	289.30	293.10	295.80	298.51	303.27	309.20	314.71
7. Cash Expenses †	196.70	203.00	204.39	207.20	209.91	211.57	214.02	217.31	221.28	225.40	229.46
8. Total Expenses	221.09	228.28	230.23	233.42	236.43	238.34	241.04	244.63	248.97	253.50	257.99
9. Net Cash Income (3 - 7)	82.81	64.37	59.97	61.58	62.87	65.03	65.36	65.12	65.93	67.31	68.13
10. Realized Net Farm Income (3 + 4 - 8)	72.88	54.56	49.85	51.16	52.22	54.17	54.19	53.67	54.38	55.76	56.64
11. Net Farm Income (6 - 8)	72.56	54.64	50.47	51.90	52.86	54.76	54.76	53.88	54.31	55.70	56.72
Deflated (1997 \$) ‡	61.77	45.38	41.09	41.38	41.26	41.89	41.02	39.51	38.98	39.16	39.04

\* Income from machine hire, custom work, sales of forest products, and other miscellaneous cash sources.

† Excludes capital consumption, perquisites to hired labor, and farm household expenses.

‡ Deflated by the GNP price deflator, 1997=1.

## U.S. Crop Insurance

The number of net acres insured increased to 245.84 million acres in 2005 and is expected to increase to 247.45 million acres in 2006. Increases in insured acreage for rangeland for 2005 led to the record high insured acreage of 2005. Insured acreage follows the general pattern in planted area for the major crops after 2006.

Total premiums fell to \$3.95 billion in 2005. In 2006, total premium levels are expected to rebound to \$4.1 billion because of increases in insurable crop prices for the revenue products, and premiums continue to trend upward after 2006, reaching \$5.0 billion in 2015.

Premium subsidies fell to \$2.3 billion in 2005. But premium subsidies also rebound in 2006 and trend upward over the period, reaching \$2.9 billion in 2015.

Like 2004, there were no major crop disasters during 2005. Indemnities for the 2005 crop year are projected at \$2.8 billion. Over the projection period, total indemnities follow a pattern similar to that of total premiums. Loss ratios of one indicate that “actuarially fair” premiums are being charged for the insurance products. These projections show that, overall, federal crop insurance will meet the loss ratio targets set by Congress.

Total obligations represent the federal government’s financial responsibility to crop insurance. They are the costs for crop insurance before considering any crop insurance revenues. Total obligations are equal to the sum of indemnities, delivery expenses, administrative and operating expenses, agent commissions, and other expenses. Total obligations for FY 2006 are projected to reach near \$3.5 billion. By 2008, the federal government’s total financial obligation to crop insurance reaches more than \$5 billion.

Net outlays take underwriting costs and crop insurance revenues into account. Net outlays are estimated at \$2.9 billion for FY 2006. Outlays are expected to rise to \$3.8 billion in 2007 and to rise steadily thereafter.

Budget authority is the amount the law allows the federal government to spend on a program. For crop insurance, it represents net outlays on a crop-year basis. Budget authority for FY 2006 is projected at \$2.53 billion. Budget authority projections follow a pattern similar to that of net outlays.

## U.S. Crop Insurance

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(Million Acres)										
Eligible Acres	308.37	308.59	307.86	308.28	308.86	309.09	309.25	309.15	308.71	308.35	308.18
Net Acres Insured	245.84	247.45	247.20	248.05	248.87	249.37	251.19	250.02	251.89	250.01	250.17
	(Percent)										
Crop Insurance Participation Rate	79.72	80.19	80.30	80.46	80.58	80.68	81.23	80.87	81.59	81.08	81.18
	(Billion U.S. Dollars, Crop Year)										
Total Premiums	3.95	4.11	4.33	4.50	4.63	4.73	4.79	4.86	4.90	4.96	4.99
Producer-Paid Premiums	1.60	1.68	1.78	1.85	1.91	1.95	1.98	2.01	2.02	2.04	2.06
Premium Subsidies	2.34	2.43	2.55	2.65	2.72	2.78	2.81	2.85	2.88	2.91	2.93
Total Indemnities	2.76	4.11	4.33	4.50	4.63	4.73	4.79	4.86	4.90	4.96	4.99
Loss Ratio	0.70	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	(Billion U.S. Dollars, Fiscal Year)										
Total Obligations	4.11	3.54	4.90	5.16	5.35	5.51	5.63	5.70	5.78	5.84	5.90
Net Outlays	2.87	2.92	3.88	4.06	4.20	4.31	4.38	4.44	4.50	4.54	4.58
Budget Authority	3.02	2.53	3.82	4.02	4.16	4.28	4.37	4.42	4.48	4.53	4.57

