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# U.S. AGGREGATE MEASURES

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

Corn planted area expanded by 15 million acres in 2007, largely at the expense of soybeans. Changes in relative returns lead to a recovery in projected soybean planted area in 2008, to 69.5 million acres, while corn area falls to 91.7 million acres.

Corn planted area remains very high by pre-2007 standards, reaching 96 million acres by 2016. Soybean area reaches almost 73 million acres in 2009 and remains at over 70 million acres in subsequent years. Biofuel-driven demand contributes to large corn and soybean acreage.

Wheat acreage is expected to increase in 2008 in response to very high prices and returns. Assuming that wheat yields recover in competing exporting countries in 2008, wheat prices may fall, leading to lower U.S. wheat acreage in 2009.

Weak returns relative to other crops resulted in a four-million-acre reduction in upland cotton acreage in 2007 and a further projected decline in 2008, to 9.3 million acres.

Sorghum area recovered in 2007 because of high grain prices and returns and could remain high in 2008.

Rice area declined in 2006 and 2007 because of weak returns relative to other crops but could increase slightly in 2008.

Because of higher returns to many crops, the total planted area to 13 major crops increased by more than three million acres in 2007. Another four-million-acre increase is projected for 2008, with an increase in double cropping of wheat and soybeans and reduced CRP area accounting for much of the increase.

Including changes in hay and CRP area, the increase in total area is five million acres in 2007 and two million acres in 2008.

## U.S. Land Use for Major Crops

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
<b>Planted Area</b>	(Million Acres)										
Corn	93.60	91.69	92.65	94.26	92.22	93.73	94.64	95.93	95.72	96.22	95.43
Soybeans	63.63	69.51	72.90	70.32	72.13	70.87	70.99	70.40	70.79	70.50	71.11
Wheat	60.43	61.74	57.89	57.69	57.65	57.54	57.20	57.06	56.92	56.69	56.67
Upland Cotton	10.54	9.34	10.89	10.67	10.64	10.41	10.23	9.98	9.91	9.83	9.72
Sorghum	7.72	7.93	6.85	7.16	6.94	6.98	6.90	6.87	6.79	6.77	6.69
Barley	4.02	4.15	4.35	4.27	4.11	4.09	4.03	3.99	3.92	3.88	3.78
Oats	3.76	3.26	3.44	3.51	3.50	3.45	3.40	3.34	3.31	3.28	3.25
Rice	2.76	2.90	2.65	2.85	2.81	2.96	2.93	3.06	3.06	3.05	3.12
Sunflowers	2.07	2.18	2.16	2.21	2.23	2.20	2.20	2.19	2.21	2.21	2.23
Peanuts	1.23	1.28	1.33	1.34	1.30	1.30	1.29	1.28	1.28	1.27	1.27
Canola	1.18	1.39	1.33	1.49	1.49	1.45	1.49	1.51	1.54	1.57	1.61
Sugar Beet	1.25	1.10	1.17	1.19	1.17	1.17	1.17	1.16	1.17	1.16	1.15
Sugarcane	0.83	0.81	0.80	0.82	0.81	0.80	0.80	0.80	0.80	0.80	0.79
<b>13 Crop Planted Area</b>	253.02	257.26	258.40	257.78	257.02	256.96	257.28	257.59	257.41	257.23	256.81
<b>Hay Harvested Area</b>	61.63	61.74	61.27	61.18	61.15	61.15	61.16	61.11	61.05	60.97	60.89
<b>13 Crops + Hay</b>	314.65	319.00	319.67	318.96	318.16	318.11	318.44	318.70	318.46	318.20	317.70
<b>Conservation Reserve</b>	36.80	34.50	32.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
<b>13 Crops + Hay + CRP</b>	351.45	353.50	351.67	348.96	348.16	348.11	348.44	348.70	348.46	348.20	347.70
<b>Pre-1996 Annual Idled</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>13 Crops + Hay + Idled</b>	351.45	353.50	351.67	348.96	348.16	348.11	348.44	348.70	348.46	348.20	347.70

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

All major components of the consumer price index (CPI) for food grew at historically high rates in 2007. Dairy and cereal and bakery showed the largest categorical increases relative to normal growth levels. Following another expected sharp increase in 2008 (3.7%) and a moderate increase in 2009 (2.5%), the long-term annual growth in the CPI for food will average nearly 2%.

Even moderately rising food costs can have important negative effects on households with below-average incomes. Viewed in light of the entire U.S. economy, however, food expenditures comprise a very small share of income. The long-term decline in the share of income spent on food has halted since 2003, as higher food and energy costs resulted in increased food expenditures. The historical decline in the share of food spending will resume in the longer term, as income growth outpaces food inflation.

There is a correlation between the farm value of food products and food prices seen by consumers at retail outlets. However, many other factors account for a larger share of food costs. Labor, fuel, and packaging costs are some of the most important non-commodity costs. Total food expenditures will grow by nearly 30% in the next decade but will decline after 2009 when adjusted for inflation, as growth in non-commodity costs slows.

## U.S. Consumer Price Indexes for Food

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	(1982-84=100)										
<b>Food</b>	202.9	210.4	215.6	219.7	223.8	228.2	232.5	236.9	241.8	246.9	252.1
<b>Food at Home</b>	201.2	209.0	214.2	217.9	221.7	225.7	229.5	233.6	238.2	242.9	247.7
Cereal and Bakery	222.1	232.1	238.0	241.4	245.0	248.7	252.4	256.2	259.9	263.6	267.4
Meat	195.6	201.9	205.7	208.7	211.9	215.4	218.9	222.5	226.7	231.6	236.5
Dairy	194.8	203.8	208.1	211.7	215.5	219.5	223.3	227.4	232.1	237.0	242.0
Fruit and Vegetables	262.6	272.6	282.0	288.3	294.4	300.9	307.2	313.8	321.1	328.6	336.0
Other Food At Home	173.3	179.1	182.9	185.8	188.5	191.4	194.2	197.1	200.4	203.7	206.9
Sugar and Sweets	176.8	179.7	182.2	185.9	188.6	191.1	193.8	196.6	199.5	202.6	205.7
Fats and Oils	172.9	180.8	184.7	187.7	191.4	194.6	197.6	200.5	204.0	207.6	211.2
Other Prepared Items	188.2	194.1	197.9	200.5	203.1	205.8	208.5	211.3	214.3	217.4	220.5
Non-alc. Beverages	153.4	159.7	163.7	166.6	169.3	172.4	175.4	178.5	182.1	185.6	189.0
<b>Food Away From Home</b>	206.7	213.7	219.0	223.5	228.2	233.1	237.8	242.7	248.0	253.6	259.3

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	(Dollars per Person)										
<b>Food at Home</b>	1,473	1,519	1,540	1,557	1,574	1,592	1,606	1,622	1,642	1,665	1,687
Cereal and Bakery	192	205	205	206	207	209	210	212	214	216	218
Meat	340	346	351	353	356	360	362	364	368	373	378
Dairy	180	176	176	177	178	179	180	181	182	184	187
Fruit and Vegetables	239	245	251	255	259	263	267	271	276	280	285
Other Food At Home	522	546	558	566	573	580	586	593	601	610	619
Sugar and Sweets	51	52	52	53	53	53	53	54	54	54	54
Fats and Oils	38	46	47	48	49	50	50	51	51	52	53
Miscellaneous	275	286	291	295	299	303	307	310	315	320	326
Trips	20	21	21	22	22	23	23	23	24	24	25
Non-alc. Beverages	138	142	147	148	150	152	153	155	157	160	162
<b>Food Away From Home</b>	1,136	1,172	1,196	1,221	1,248	1,276	1,300	1,325	1,354	1,384	1,415
<b>Total</b>	2,609	2,691	2,737	2,779	2,822	2,867	2,906	2,947	2,996	3,049	3,103
	(Billion Dollars)										
<b>Aggregate Total</b>	790.1	822.1	843.4	863.8	884.6	906.6	926.8	947.8	971.6	997.1	1,022.9

## **U.S. Government Costs**

Net CCC outlays fell sharply in FY 2007, as higher commodity prices reduced spending on marketing loans and countercyclical payments.

Conservation spending in the CCC account primarily reflects CRP outlays.

Disaster spending approved in 2007 increases FY 2008 CCC outlays. Outlays drop in FY 2015 when tobacco buyout payments cease.

Mandatory government outlays under the crop insurance program and certain conservation programs are not included in the CCC account.

Crop insurance outlays increase with crop prices, as premiums and premium subsidies increase with crop values.

Increases in crop insurance spending and outlays on non-CCC conservation programs mean that CCC outlays are a declining share of mandatory outlays.

CRP spending reflects changes in CRP area under contract and increased rental rates when new contracts are signed.

For other mandatory conservation programs, projected expenditures are based on preliminary estimates from the Congressional Budget Office.

The large increase shown in FY 2016 results from increased spending on the Conservation Security Program, in which funding is capped until FY 2015.

**U.S. Net Government Outlays**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Feed Grains</b>	(Million U.S. Dollars, Fiscal Year)										
Corn	3,195	1,996	2,108	2,108	2,116	2,091	2,094	2,093	2,102	2,099	2,107
Sorghum	150	195	195	195	196	195	195	195	195	195	195
Barley	58	83	83	83	82	82	82	82	82	82	82
Oats	2	3	3	3	3	3	3	3	3	3	3
<b>Food Grains</b>											
Wheat	729	1,214	1,151	1,155	1,147	1,148	1,142	1,148	1,148	1,149	1,150
Rice	337	432	395	439	413	435	411	429	427	420	434
<b>Oilseeds</b>											
Soybeans	337	506	594	595	593	593	592	592	592	593	593
Peanuts	336	108	86	79	84	88	87	89	87	83	83
Other Oilseeds	6	22	21	20	21	20	20	20	20	20	20
<b>Other Commodities</b>											
Upland Cotton	2,592	1,115	1,199	845	905	921	971	1,004	996	958	936
Sugar	25	-14	-18	0	0	0	0	0	0	0	0
Dairy	159	0	0	0	0	0	0	0	0	0	0
<b>CCC Conservation</b>											
Conservation Reserve	1,963	2,012	1,872	1,782	1,834	2,000	2,130	2,239	2,231	2,240	2,268
Other CCC Conservation	29	140	241	111	5	0	0	0	0	0	0
<b>Tobacco Trust Fund</b>	934	960	960	960	960	960	960	960	0	0	0
<b>Other</b>											
Disaster Payments, NAP	178	3,679	315	315	315	315	315	315	315	315	315
Other Net Costs	11	382	618	659	662	660	655	653	647	646	650
<b>Net CCC Outlays</b>	11,040	12,833	9,824	9,349	9,335	9,511	9,658	9,822	8,845	8,805	8,837
<b>NRCS Conservation</b>	1,497	1,594	1,724	1,752	1,966	2,162	2,231	2,299	2,370	3,755	5,324
<b>Crop Insurance</b>	3,550	4,709	7,087	7,070	7,043	7,105	7,236	7,370	7,451	7,510	7,533
<b>Total Mandatory Outlays</b>	16,088	19,135	18,635	18,170	18,345	18,778	19,125	19,491	18,666	20,070	21,694

Note: "NRCS Conservation" denotes mandatory spending on conservation programs authorized by the 2002 farm bill that is not included in reported CCC outlays.

## **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 from 2004 to 2006.

Program crop receipts increase sharply in 2007 and 2008 because of higher grain and oilseed prices. Corn receipts, for example, double between 2006 and 2008.

Corn and soybean combined receipts increase by \$33 billion between 2006 and 2008, accounting for three-fourths of the overall increase in crop receipts.

Nonprogram crop receipts vary less from year to year and grow at an annual rate of about 2%.

Higher prices resulted in increased cash receipts for dairy, poultry, and egg producers in 2007. Dairy alone accounted for more than half of the 2007 increase in livestock and product cash receipts.

Cattle and hog receipts, in contrast, only increased marginally in 2007. Lower projected prices result in lower cash receipts for dairy and hog producers in 2008.

## U.S. Cash Receipts from Farming

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	(Billion U.S. Dollars)										
<b>Cash Receipts</b>	282.18	298.82	299.79	303.68	307.77	313.22	319.09	324.83	330.51	336.49	342.10
Crops	142.59	164.17	164.80	166.47	168.56	171.82	176.00	179.98	183.30	186.12	188.44
Feed Grains and Hay	41.22	52.37	51.98	52.50	52.96	54.36	56.67	58.72	60.13	61.15	61.73
Corn	32.86	43.67	43.60	44.12	44.43	45.63	47.77	49.70	51.01	51.94	52.45
Sorghum	1.03	1.57	1.30	1.23	1.23	1.24	1.26	1.27	1.28	1.28	1.29
Barley	0.65	0.80	0.82	0.80	0.79	0.79	0.79	0.79	0.79	0.78	0.77
Oats	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.10	0.10
Hay	6.53	6.17	6.10	6.20	6.36	6.55	6.69	6.81	6.91	6.99	7.08
Millet	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Food Grains	12.20	13.66	12.41	12.27	12.53	12.80	13.14	13.42	13.68	13.83	14.01
Wheat	10.15	11.44	10.32	10.13	10.27	10.44	10.67	10.83	10.97	11.08	11.20
Rice	2.03	2.20	2.07	2.11	2.24	2.34	2.45	2.57	2.68	2.73	2.79
Rye	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Oilseeds	22.57	30.09	31.08	30.98	31.23	31.71	32.16	32.68	33.13	33.59	33.98
Soybeans	21.04	28.24	29.20	29.05	29.29	29.77	30.20	30.69	31.11	31.54	31.89
Peanuts	0.68	0.86	0.89	0.90	0.89	0.89	0.89	0.89	0.90	0.90	0.91
Other	0.84	0.98	0.98	1.03	1.05	1.05	1.07	1.09	1.12	1.15	1.18
Cotton	5.92	6.19	6.28	6.48	6.46	6.39	6.30	6.25	6.26	6.29	6.27
Sugar	2.03	2.02	2.11	2.15	2.13	2.16	2.19	2.22	2.26	2.27	2.27
Other Crops *	58.65	59.83	60.94	62.09	63.26	64.41	65.54	66.68	67.84	69.00	70.18
Livestock and Products	139.59	134.65	134.99	137.22	139.21	141.40	143.09	144.84	147.21	150.37	153.66
Red Meats	65.31	64.67	64.77	66.39	67.63	68.55	69.46	70.06	71.10	72.94	74.85
Cattle, Calves	50.34	50.21	49.21	49.43	49.90	50.38	51.30	52.24	53.40	54.58	55.93
Hogs	14.48	13.97	15.08	16.47	17.25	17.68	17.68	17.33	17.22	17.87	18.43
Sheep, Lambs	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49
Dairy Products	35.22	31.31	31.64	32.21	32.67	33.22	33.34	33.66	34.12	34.72	35.40
Poultry, Eggs	34.55	34.30	34.26	34.34	34.66	35.43	36.14	37.04	37.94	38.70	39.43
Broilers	23.11	23.17	23.34	23.47	23.70	24.29	24.86	25.61	26.35	27.00	27.65
Turkeys	3.97	4.02	4.07	4.10	4.15	4.24	4.30	4.37	4.45	4.51	4.56
Chicken Eggs	6.69	6.37	6.14	6.10	6.17	6.29	6.41	6.52	6.64	6.72	6.78
Other Poultry	0.77	0.74	0.70	0.67	0.63	0.60	0.57	0.54	0.51	0.47	0.44
Other Livestock †	4.51	4.37	4.31	4.29	4.24	4.20	4.14	4.09	4.04	4.01	3.98
<b>Government Payments</b>	12.10	13.32	9.66	9.55	9.67	9.96	10.20	10.34	9.38	10.21	11.16
<b>Cash Receipts + Payments</b>	294.28	312.14	309.45	313.24	317.44	323.19	329.29	335.16	339.89	346.69	353.26

\* 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 sharply between 2002 and 2007, and another large increase is expected in 2008.

Feed costs jump by almost \$15 billion between 2006 and 2008 because of higher prices for corn and other feeds.

Higher energy prices have contributed to steep increases in fuel and fertilizer expenses. Fertilizer prices have more than doubled since 2002. If energy prices stabilize or fall as projected, future growth in fertilizer prices may slow.

Net rental payments to nonoperator landlords are expected to increase in response to strong returns to crop production.

Higher land values contribute to a projected increase in interest payments and several other expense categories.

Labor costs and a variety of other cost categories also increase steadily over the next 10 years.

## U.S. Farm Production Expenses

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	(Billion U.S. Dollars)										
<b>Farm-Origin Inputs</b>	68.58	75.80	74.16	73.38	73.45	74.22	75.64	77.01	78.26	79.37	80.36
Feed	37.41	45.15	43.64	42.77	42.60	43.17	43.95	44.56	44.93	45.16	45.21
Purchased Livestock	18.61	17.45	16.78	16.62	16.66	16.61	17.06	17.52	18.09	18.63	19.28
Seed	12.56	13.20	13.75	13.99	14.20	14.43	14.63	14.93	15.24	15.57	15.87
<b>Manufactured Inputs</b>	41.11	44.59	44.94	45.44	45.58	46.00	46.01	46.73	47.47	48.32	49.02
Fertilizer, Lime	15.93	17.28	17.77	18.69	18.62	18.78	18.67	18.98	19.28	19.71	19.99
Petroleum Fuel, Oils	12.24	13.64	13.27	12.75	12.74	12.72	12.64	12.71	12.80	12.88	12.97
Electricity	3.89	4.38	4.29	4.15	4.20	4.23	4.21	4.23	4.28	4.32	4.37
Pesticides	9.05	9.29	9.62	9.85	10.03	10.27	10.50	10.80	11.10	11.41	11.68
<b>Interest Charges</b>	15.65	15.92	17.35	19.19	20.13	20.94	21.64	22.38	23.13	23.74	24.34
Short-Term Interest	6.85	6.70	7.45	8.45	8.68	8.89	9.04	9.27	9.54	9.67	9.79
Real Estate Interest	8.79	9.22	9.90	10.74	11.45	12.05	12.60	13.10	13.59	14.07	14.55
<b>Other Operating Exp.</b>	83.00	86.77	88.43	89.78	91.36	93.31	95.19	97.28	99.39	101.66	103.91
Repair, Operation of Capital Items	13.43	13.82	14.13	14.44	14.77	15.13	15.46	15.81	16.17	16.54	16.90
Contract, Hired Labor	25.98	26.91	27.68	28.40	29.12	29.92	30.74	31.52	32.33	33.12	33.94
Machine Hire											
Custom Work	3.75	3.85	3.98	4.11	4.21	4.34	4.47	4.65	4.82	5.01	5.19
Marketing, Storage, and Transportation	9.96	10.56	10.45	10.31	10.39	10.45	10.51	10.63	10.78	10.92	11.06
Miscellaneous	29.89	31.63	32.19	32.52	32.87	33.48	34.01	34.67	35.29	36.07	36.81
<b>Other Overhead Exp.</b>	45.87	48.66	51.58	53.05	54.25	55.52	56.98	58.56	60.06	61.51	63.06
Capital Consumption	26.16	26.58	27.32	28.00	28.60	29.20	29.81	30.48	31.21	31.99	32.81
Property Taxes	9.51	10.02	10.58	11.10	11.60	12.07	12.52	12.97	13.42	13.87	14.32
Rent to Nonoperators	10.20	12.05	13.69	13.94	14.05	14.25	14.64	15.11	15.42	15.64	15.93
<b>Production Expenses</b>	254.21	271.73	276.47	280.84	284.78	290.00	295.45	301.96	308.29	314.59	320.69
<b>Noncash Expenses</b>	23.48	23.90	24.64	25.33	25.94	26.54	27.15	27.82	28.56	29.35	30.17
Labor Perquisites	0.44	0.45	0.45	0.45	0.46	0.46	0.47	0.47	0.48	0.48	0.49
Net Cap Consumption	23.03	23.46	24.19	24.88	25.48	26.08	26.69	27.35	28.09	28.87	29.69
<b>Op. Dwelling Expenses</b>	4.30	4.53	4.73	4.88	4.99	5.12	5.24	5.37	5.50	5.64	5.79
<b>Cash Expenses</b>	226.44	243.30	247.10	250.64	253.85	258.34	263.06	268.77	274.23	279.60	284.72

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

Prices paid by farmers for all production items increased by 6.4% in 2007, up from the 4.2% experienced in 2006.

An increase of 3.4% is anticipated for 2008, with several categories increasing more than the average rate of inflation in the U.S. economy. Production cost inflation declines to less than 2% per year from 2009 through 2017.

Substantial gains in grain and oilseed meal prices for 2007 and 2008 result in increased prices paid for feed. Feed prices remain high throughout the baseline but do not significantly contribute to year-over-year inflation after 2008.

Double-digit percentage increases in fuel prices paid, which began in 2003, are expected to continue through 2008. After 2008, prices are expected to moderate, given assumed reductions in petroleum prices.

Fertilizer costs are expected to increase sharply again in 2008 after a 19% increase in 2007. All categories of fertilizer are expected to experience price increases over the short term. Anticipated declines in natural gas prices moderate nitrogen fertilizer prices beginning in 2009.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Production, Interest, Taxes and Wages</b>											
					(1990-92=100)						
Production Items	156	165	166	167	169	172	174	177	180	184	187
Feed	151	179	167	164	165	166	166	166	166	165	164
Livestock & Poultry	130	121	123	124	124	127	129	131	131	133	135
Seeds	205	214	219	224	228	232	234	239	244	250	255
Fertilizer	209	225	230	239	240	240	238	241	244	248	252
Mixed Fertilizer	191	206	211	219	222	223	224	226	230	234	238
Nitrogen Fertilizer	231	251	255	266	266	264	258	259	263	268	273
Potash and Phosph.	195	209	214	221	224	226	228	231	235	238	242
Agricultural Chemicals	130	133	134	136	137	139	140	143	146	148	151
Herbicides	123	123	123	123	124	125	126	127	129	132	134
Insecticides	148	154	158	162	166	169	172	176	179	183	185
Fungicides/Other	133	137	140	144	146	149	151	154	158	161	164
Fuels	263	293	284	271	270	268	265	266	268	269	271
Supplies & Repairs	150	154	157	160	163	167	170	174	178	183	187
Farm Supplies	140	144	146	148	150	152	153	156	160	163	167
Repairs	154	159	162	166	170	174	179	183	188	193	197
Autos & Trucks	111	108	107	106	106	105	105	105	106	106	106
Farm Machinery	189	193	197	202	208	214	221	229	238	247	255
Building Materials	155	156	158	161	163	166	168	172	176	180	184
Farm Services	143	147	150	155	159	164	168	175	182	189	197
Rent	119	126	132	134	135	137	138	139	141	142	143
Interest *	151	150	160	172	176	178	180	183	187	189	191
Taxes †	171	179	186	193	198	201	203	208	212	217	222
Wage Rates	177	182	187	193	197	203	208	214	220	225	231

\* 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 (percent change)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Production, Interest, Taxes and Wages</b>											
					(Percentage Change)						
Production Items	7.0	5.8	0.2	0.9	1.4	1.4	1.2	1.8	1.8	1.9	1.9
Feed	22.0	18.2	-6.6	-1.7	0.6	0.3	0.4	0.0	0.0	-1.0	-0.7
Livestock & Poultry	-3.1	-6.8	1.9	0.3	0.1	2.3	1.9	1.5	-0.3	1.7	1.8
Seeds	12.5	4.7	2.2	2.1	1.9	1.6	1.2	2.0	2.2	2.2	2.1
Fertilizer	19.1	8.1	2.1	3.7	0.7	0.1	-0.9	0.9	1.5	1.7	1.6
Mixed Fertilizer	24.8	7.9	2.6	3.7	1.2	0.7	0.1	1.3	1.6	1.7	1.6
Nitrogen Fertilizer	13.1	8.8	1.7	4.0	0.1	-0.6	-2.2	0.5	1.4	1.9	1.7
Potash and Phosph.	23.3	7.3	2.5	3.1	1.4	1.0	0.8	1.4	1.5	1.5	1.5
Agricultural Chemicals	1.9	1.7	1.0	1.2	1.2	1.2	1.1	1.8	1.9	1.8	1.7
Herbicides	0.0	0.3	-0.2	0.2	0.4	0.7	0.7	1.4	1.7	1.7	1.6
Insecticides	3.8	4.0	2.7	2.5	2.4	1.9	1.6	2.1	2.0	1.8	1.5
Fungicides/Other	4.6	3.0	2.5	2.4	2.0	1.8	1.4	2.1	2.2	2.1	2.0
Fuels	10.0	11.6	-3.2	-4.7	-0.2	-0.8	-1.1	0.1	0.7	0.5	0.7
Supplies & Repairs	3.2	2.6	2.0	2.1	2.1	2.1	2.0	2.3	2.5	2.5	2.4
Farm Supplies	2.3	2.4	1.6	1.3	1.3	1.3	1.1	1.9	2.2	2.3	2.3
Repairs	3.6	2.7	2.2	2.4	2.5	2.5	2.4	2.5	2.6	2.6	2.5
Autos & Trucks	-0.9	-2.6	-1.3	-0.4	-0.4	-0.4	-0.4	0.2	0.3	0.2	0.1
Farm Machinery	3.9	2.2	2.0	2.5	2.7	3.0	3.2	3.8	3.8	3.7	3.5
Building Materials	1.8	0.9	1.1	1.7	1.7	1.6	1.3	2.1	2.3	2.4	2.3
Farm Services	3.6	2.6	2.6	2.8	2.8	2.9	2.9	3.8	4.0	4.0	3.9
Rent	-1.7	6.3	4.3	1.5	1.1	1.0	0.7	1.4	1.1	0.8	0.8
Interest *	9.4	-0.8	6.7	7.9	1.8	1.4	1.0	1.7	2.0	1.1	1.0
Taxes †	5.6	4.7	4.2	3.4	2.5	1.5	1.2	2.2	2.3	2.2	2.2
Wage Rates	3.2	3.1	3.0	2.7	2.5	2.7	2.8	2.7	2.6	2.6	2.6

\* 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**

Nominal net farm income rebounded in 2007 because of the sharp increase in crop receipts. In nominal terms, net farm income is at or near record levels in 2007 and 2008. Correcting for inflation, real net farm income declines after 2008 but remains above the 2006 level.

Higher grain and oilseed prices account for most of the large increase in crop cash receipts in 2007 and 2008. Livestock receipts increased in 2007, primarily because of higher prices for milk and poultry.

Crop receipts exceed livestock receipts by an average of \$32 billion per year over the 2008-2017 period. Government payments account for a much smaller share of net farm income than in 2005 and 2006.

Farm cash expenses generally change with total production expenses. Cash expenses increase by \$73 billion between 2002 and 2008. Growth in expenses slows dramatically after 2008.

Projected nominal net cash income reaches a record \$90 billion in 2008. Average net farm income remains near current levels over the next 10 years.

## U.S. Farm Income Statistics

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	(Billion U.S. Dollars)										
1. Farm Receipts	300.00	319.58	321.57	325.72	330.16	336.08	342.47	348.79	355.07	361.62	367.77
Crops	142.59	164.17	164.80	166.47	168.56	171.82	176.00	179.98	183.30	186.12	188.44
Livestock	139.59	134.65	134.99	137.22	139.21	141.40	143.09	144.84	147.21	150.37	153.66
Farm-Related *	17.82	20.76	21.78	22.04	22.39	22.86	23.38	23.97	24.56	25.13	25.67
2. Government Payments	12.10	13.32	9.66	9.55	9.67	9.96	10.20	10.34	9.38	10.21	11.16
3. Gross Cash Income (1 + 2)	312.10	332.90	331.23	335.28	339.83	346.04	352.67	359.13	364.45	371.83	378.93
4. Nonmoney Income	23.85	25.33	26.57	27.43	28.06	28.73	29.39	30.10	30.81	31.61	32.48
5. Value of Inventory Change	5.79	1.43	1.63	0.81	0.36	0.68	0.66	0.72	0.41	0.66	0.49
6. Gross Farm Income (3 + 4 + 5)	341.75	359.66	359.43	363.52	368.25	375.45	382.73	389.95	395.67	404.10	411.90
7. Cash Expenses †	226.44	243.30	247.10	250.64	253.85	258.34	263.06	268.77	274.23	279.60	284.72
8. Total Expenses	254.21	271.73	276.47	280.84	284.78	290.00	295.45	301.96	308.29	314.59	320.69
9. Net Cash Income (3 - 7)	85.67	89.60	84.13	84.64	85.98	87.70	89.62	90.36	90.22	92.23	94.21
10. Realized Net Farm Income (3 + 4 - 8)	81.74	86.50	81.33	81.87	83.11	84.77	86.62	87.27	86.97	88.85	90.72
11. Net Farm Income (6 - 8)	87.53	87.93	82.96	82.67	83.47	85.45	87.28	87.99	87.37	89.51	91.21
Deflated (1997 \$) ‡	69.80	68.88	63.91	62.49	61.83	62.06	62.21	61.53	59.95	60.25	60.28

\* 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**

With the expansion of crop insurance coverage for pasture, the number of net acres insured increased to 271.70 million acres in 2007, and the expansion is expected to continue through 2008 and beyond.

Total premiums increased to \$6.56 billion in 2007. The continuation of higher crop prices into 2008 will likely push total premium levels to \$7.8 billion for the coming year. Long-run projected strength in crop prices will help maintain crop insurance premiums at around \$8 billion per year over the projection period.

Premium subsidies rose to \$3.27 billion in 2007. As with premiums, the higher crop prices will coincide with higher premium subsidy levels. Premium subsidies are projected to approach \$3.5 billion by 2017.

The 2007 crop year marked the fifth year in a row in which premiums exceeded indemnities. 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 2008 are projected to reach \$5.5 billion. By 2009, the federal government’s total financial obligation to crop insurance reaches more than \$9 billion.

Net outlays take underwriting costs and crop insurance revenues into account. Net outlays are estimated at \$4.7 billion for FY 2008. Outlays are expected to rise to \$7 billion in 2009.

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 2008 is projected at \$4.53 billion. Budget authority projections follow a pattern similar to that of net outlays.

