USDA Outlook for the 2011 U.S. Farm Economy

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Value of agricultural sector production expected to increase $37.4 billion in 2011

Value of agricultural sector production

Value of crop production

Value of livestock production

Source: USDA, ERS
Note: 2010, 2011 forecasts
Real value of projected agricultural sector production up 8.8 percent in 2011

Value of agricultural sector production

Value of crop production

Value of livestock production

Source: USDA, ERS
Note: 2010, 2011 forecasts
Crop cash receipts projected up $24.1 billion

Source: USDA, ERS
Note: 2010, 2011 forecasts
Livestock cash receipts projected up $4.3 billion in 2011

Source: USDA, ERS
Note: 2010, 2011 forecasts

2011 USDA Ag Outlook Forum

2011 USDA Ag Outlook Forum
Farm businesses represent almost 850,000 farms and account for 94 percent of production.

Small farms whose operators report they are retired or they had a major occupation other than farming.

Small farms with sales less than $250,000 whose operators report farming as their major occupation.

Farms with sales greater than $250,000 and farms organized as nonfamily corporations or cooperatives.

Rural Residence

Intermediate

Commercial

[Bar chart showing the distribution of farm businesses by category.]
Higher average net cash incomes projected in 2011 for crop farm businesses

![Chart showing net cash incomes for various crops in 2008, 2009, 2010, and 2011 forecasts.](chart)

Source: USDA, ARMS

Note: 2010, 2011 forecasts
Average net cash incomes for livestock farm businesses expected to recede in 2011

Source: USDA, ARMS
Note: 2010, 2011 forecasts
Regional disparity for farm business income prospects in 2011

2011 Farm Business Net Cash Income Forecast Compared with 2010

The farm level forecasts are derived from partial budget modeling on the 2009 Agricultural Resource Management Survey (ARMS) using parameters from the sector forecasts.
Government payments forecast at $10.6 billion --- lowest since 1997

$ Billion

- Payments–fixed
- Payments–conservation
- Payments–function of crop prices
- Payments–all other

2001  2002  2003  2004  2005  2006  2007  2008  2009  2010f  2011f

Source: USDA, ARMS
Note: 2010, 2011 forecasts
2011 expenses expected up 6.8%  
** 3rd largest increase since the late 1970’s **  

Source: USDA, ARMS  
Note: 2010, 2011 forecasts
Purchased input expenses projected up $16.4 billion in 2011

Source: USDA, ERS
Note: 2010, 2011 forecasts
Farm origin expenses projected up $5.2 billion in 2011

Source: USDA, ERS
Note: 2010, 2011 forecasts
Manufactured input expenses forecast up $6.1 billion in 2011

Source: USDA, ERS
Note: 2010, 2011 forecasts
Payments to stakeholders expected to rise $2.7 billion in 2011

Source: USDA, ERS
Note: 2010, 2011 forecasts
2011 real assets and equity anticipated to surpass 2007 peak values

Real farm sector assets, debt, and equity 1987-2011f

Source: USDA, ERS
Note: 2010, 2011 forecasts
Share of farm assets financed by debt expected to decline in 2011

Source: USDA, ERS
Note: 2010, 2011 forecasts
### Net farm income expected to rise in 2011

<table>
<thead>
<tr>
<th></th>
<th>2011f</th>
<th>Change from 2010f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Agricultural Sector Production</td>
<td>$391.5</td>
<td>$37.4</td>
</tr>
<tr>
<td>Purchased Inputs</td>
<td>( - )</td>
<td>$211.8</td>
</tr>
<tr>
<td>Net Government Transactions</td>
<td>( - )</td>
<td>($0.9)</td>
</tr>
<tr>
<td>Gross Value Added</td>
<td>=</td>
<td>$178.8</td>
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<tr>
<td>Capital Consumption</td>
<td>( - )</td>
<td>$31.4</td>
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<tr>
<td>Net Value Added</td>
<td>=</td>
<td>$147.4</td>
</tr>
<tr>
<td>Payments to Stakeholders</td>
<td>( - )</td>
<td>$52.7</td>
</tr>
<tr>
<td>Net Farm Income</td>
<td>=</td>
<td>$94.7</td>
</tr>
</tbody>
</table>

Source: USDA, ERS
Note: 2010, 2011 forecasts
SUMMARY

- Agriculture’s strong financial performance continues in 2011.
  - Nominal records for all three measures of farm sector earnings

- The projected increase in 2011 farm earnings favors cash grain, cotton and oilseed producers.

- Gains in receipts for specialty crop and livestock farms are not anticipated to offset higher production costs.

- Most major expense categories are forecast to increase in 2011.
Briefing Room: Farm Income and Costs

http://www.ers.usda.gov/Briefing/FarmIncome/

- Farm Income and Costs
- Overview
- 2011 Farm Sector Income Forecast (Updated 2/14/11)
- 2009 Farm Sector Income Estimates (Updated 8/31/10)
- Farm Business Income
- Assets, Debt, and Wealth
- Farms Receiving Government Payments
- Data Sources
- Recommended Readings
- Recommended Data
- Glossary

- Debt Landscape for U.S. Farms Has Shifted

Sign up for ERS Charts of Note
http://www.ers.usda.gov/ChartsOfNote/
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Farm sector profitability improves in 2011

Nominal and inflation adjusted net farm income, 1970-2011f

Source: USDA, ERS

Note: 2010, 2011 forecasts