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Farm, Rural, and Natural Resources Indicators

	1990	1995	2000	2001	2002	2003	Annual percent change		
							1990-2000	2001-02	2002-03
Cash receipts (\$ billion)	169.5	188.0	192.0	199.8	192.9	212.4f	1.3	-3.5	10.1
Crops	80.3	100.8	92.4	93.4	99.5	106.7f	1.4	6.5	7.2
Livestock	89.2	87.2	99.5	106.4	93.5	105.6f	1.1	-12.1	12.9
Direct government payments (\$ billion)	9.3	7.3	22.9	20.7	11.0	17.4f	9.4	-46.9	58.2
Gross cash income (\$ billion)	186.9	205.9	228.6	235.3	219.4	244.9f	2.0	-6.8	11.6
Net cash income (\$ billion)	52.7	52.5	56.5	59.2	49.1	63.0f	0.7	-17.1	28.3
Net value added (\$ billion)	80.8	74.8	92.0	94.2	76.9	98.9f	1.3	-18.4	28.6
Farm equity (\$ billion)	702.6	815.0	1,025.6	1,070.1	1,110.7f	1,160.5f	3.9	3.8	4.5
Farm debt-asset ratio	16.4	15.6	14.8	14.8	14.8f	14.7f	-1.0	0.0	-0.7
Farm household income (\$/farm household)	38,237	44,392	61,947	64,117 p	65,757 p	67,453f	4.9	2.6	2.6
Farm household income relative to average U.S. household income (%)	103.1	98.8	108.6	110.2	113.7	na	0.5	na	na
Nonmetro-Metro difference in poverty rate (%)	3.6	2.2	2.6	3.1	2.6	na	-3.2	-16.1	na
Cropland harvested (million acres)	310	302	314	311	307	314p	0.1	-1.3	2.3
USDA conservation program expenditures (\$ bil.) ¹	3.0	3.5	3.4	3.7	3.5q	na	1.3	-5.4	na

Food and Fiber Sector Indicators

U.S. gross domestic product (\$ billion current) ²	5,803	7,401	9,825	10,082	10,446	10,863f	5.4	3.6	4.0
Food and fiber share (%)	15.1	14.2	12.6	12.3	na	na	-1.8	na	na
Farm sector share (%)	1.4	1.0	0.8	0.8	0.8	na	-5.4	0.0	na
Total agricultural imports (\$ billion) ¹	22.7	29.8	38.9	39.0	41.0	45.7	5.5	5.1	11.5
Total agricultural exports (\$ billion) ¹	40.3	54.6	50.7	52.7	53.3	56.2	2.3	1.1	5.4
Export share of the volume of U.S. agricultural production (%)	27.1	24.5	22.8	22.9	22.5	21.1p	-1.7	-1.7	-6.2
CPI for food (1982-84=100)	132.4	148.4	167.9	173.1	176.2	180.0	2.4	1.8	2.2
Share of U.S. disposable income spent on food (%)	11.2	10.6	10.2	10.2	10.1	na	-0.9	-1.0	na
Share of total food expenditures for at-home consumption (%)	55.4	53.9	53.3	53.8	53.9p	na	-0.4	0.2	na
Farm-to-retail price spread (1982-84=100)	144.5	174.5	210.3	215.4	221.2	na	3.8	2.7	na
Total USDA food and nutrition assistance spending (\$ billion) ¹	24.9	37.9	32.6	34.2	38.0	na	2.7	11.1	na

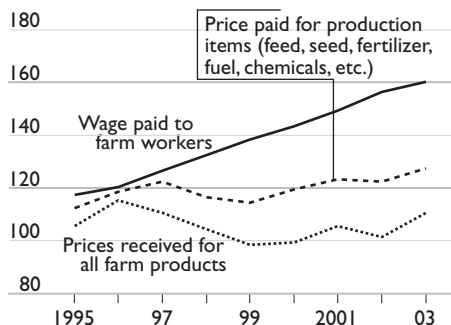
f = Forecast. p = Preliminary. q = 2002 Administration request. na = Not available.

¹ Based on October-September fiscal years ending with year indicated.

² Forecast for 2003 based on the Office of Management and Budget's Midsession Budget Review, July 2003.

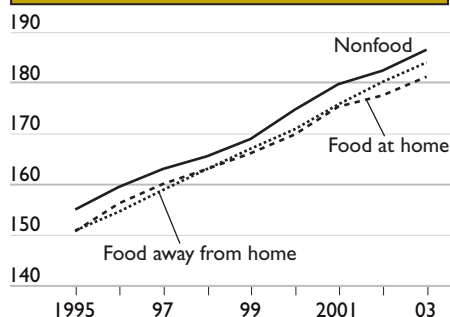
Prices paid and received by farmers

1990-92=100

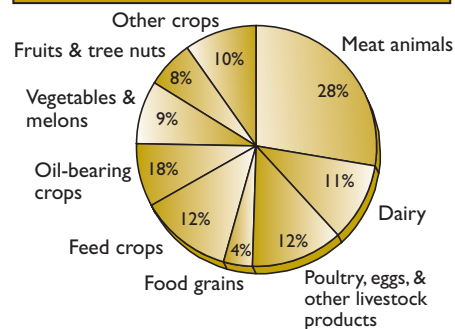


Consumer price indexes for food and nonfood items

1990-92=100



Cash receipts from farming in 2003 (forecast)



Behind the Data

Meat Price Spreads

Changing consumer preferences drive changes in food selections at the grocery store, and, in turn, changes in the services needed to transform raw agricultural commodities into finished retail food products. As consumers demand more convenience, for example, processing and marketing firms prepare and package their products accordingly. Farm-to-retail price spreads—the difference between the price consumers pay for a retail food product and the value of the farm ingredients used in that product—provide an economic measurement of these adjustments and help to gauge the competitiveness of individual food markets.

ERS's Food and Rural Economics Division computes price spreads for 9 commodity categories and 40 specific foods. These spreads are calculated for food consumed at home, and calculations are based on the Consumer Price Index. See "Behind the Data," *Amber Waves*, February 2004, Volume 2, Issue 1.

The Market and Trade Economics Division calculates meat price spreads for beef and pork. Unlike food price spreads, meat price spreads are based on a set of fixed retail products. These price spreads measure price changes—between farm and wholesale and wholesale and retail—and do not

reflect changes in the kinds of products that consumers demand.

- Calculation of meat price spreads begins with a standard animal and an assumption that it is cut up in a fixed way at the packing plant and distributed in a standard way at the grocery store. In this way, the total value of the animal at the farm can be compared with the total value of the animal at wholesale and retail.
- Starting with the retail values of meat (obtained from the Bureau of Labor Statistics), the gross farm values of the animals are calculated by applying conversion factors to the retail values of the meat. It takes 2.40 pounds of the standard steer to produce a pound of retail beef. For hogs, 1.869 pounds of the live animal translate to a pound of retail pork.
- In addition to their meat, cattle and hogs yield byproducts when they are slaughtered, such as organs, bones, and hides/skins. The byproduct allowance is the estimated wholesale value of the byproducts. The byproduct value is subtracted from the gross farm value of the animal to measure the net farm

value of an animal's meat, but it is not included in the retail price.

Food price spreads calculated by ERS are highly variable, affected by changes in both food prices and the amount and kind of services that consumers buy with their foods. Even with fixed farm and retail prices, marketing margins or spreads will increase if consumers shift toward more processed products. Spreads can also increase if costs of food marketing increase, either due to more expensive inputs or declining productivity in food marketing. Total grocery store productivity has declined over time, and this decline explains part of the widening price spreads for beef, pork, and chicken.

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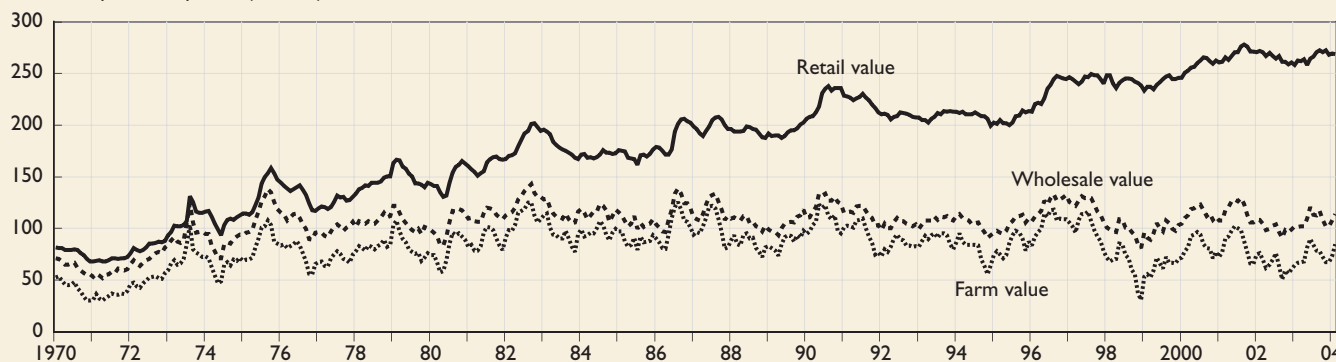
For more information, visit . . .

Beef and Pork Values and Price Spreads Explained, by William Hahn, LDP-M-118-01, USDA/ERS, May 2004, available at: www.ers.usda.gov/publications/ldp/apr04/ldpm11801/

The Meat Price Spreads chapter of the ERS Briefing Room on Food Marketing and Price Spreads, www.ers.usda.gov/briefing/foodpricespreads/meatpricespreads/

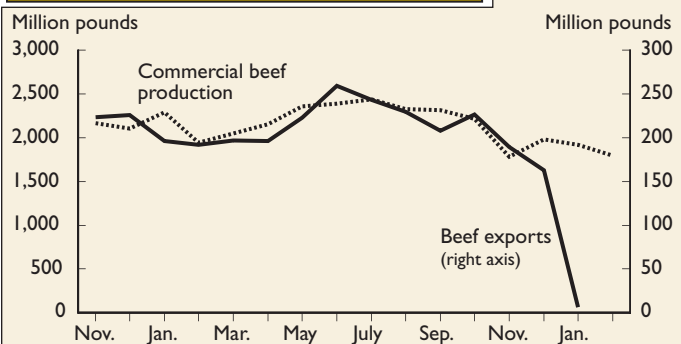
The wholesale-retail price spread for pork is widening as declining productivity of grocery stores brings higher marketing costs, Jan. 1970-Feb. 2004

U.S. cents per retail pound (current)

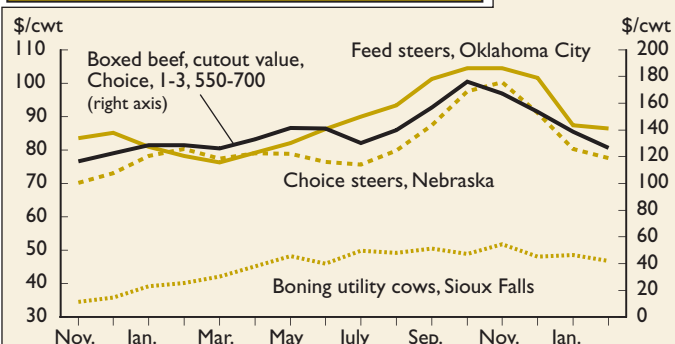


Markets and Trade

Beef exports plummeted after USDA announced the first case of BSE in the United States, Nov. 2002-Feb. 2004



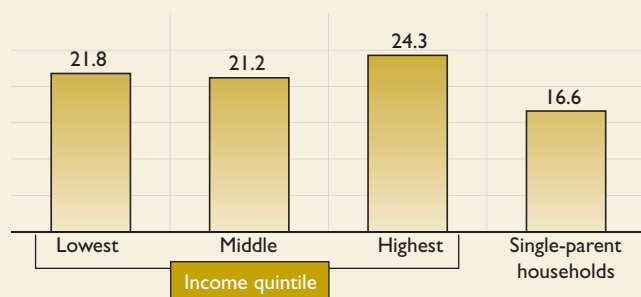
Meanwhile, beef prices are below October's record highs, but still above levels of a year ago, Nov. 2002-Feb. 2004



Diet and Health

Single-parent households spend the least per capita on fruits and vegetables eaten at home ...

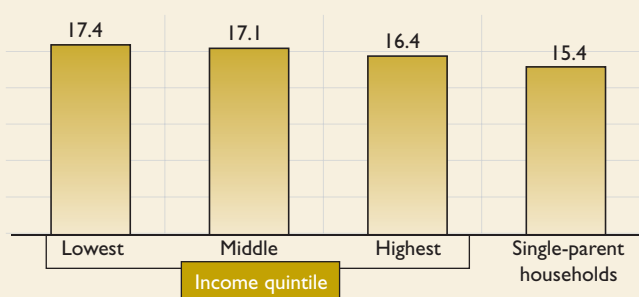
Yearly per capita fruit and vegetable expenditures (\$)



Source: Based on Bureau of Labor Statistics' 2001 Consumer Expenditure Survey.

... and have the lowest budget share for fruits and vegetables

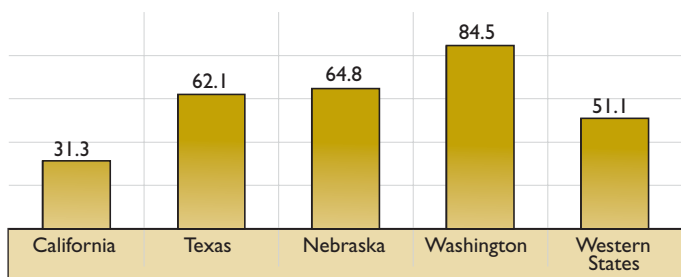
Percent of at-home food budget spent on fruits and vegetables



Natural Resources and Environment

About half of the irrigated acres in the 17 Western States use pressure (sprinkler and drip/trickle) systems, which are generally more efficient than traditional gravity-fed systems, but this percentage varies by State

Percent of irrigated acres with pressure systems

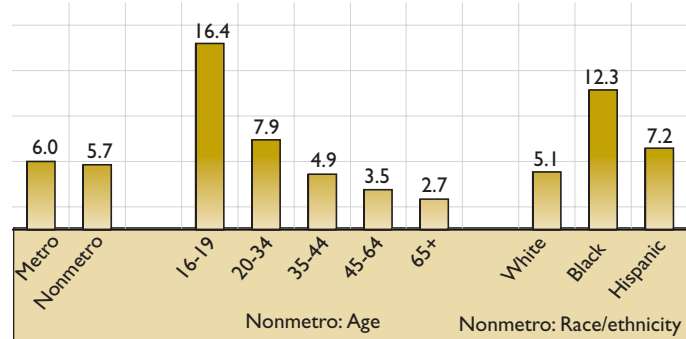


Source: Calculated by the Economic Research Service using data from USDA's 1998 Farm & Ranch Irrigation Survey

Rural America

Nonmetro unemployment is highest among minorities and youth, 2003

Percent unemployed



Source: Calculated by the ERS using data from Current Population Survey.

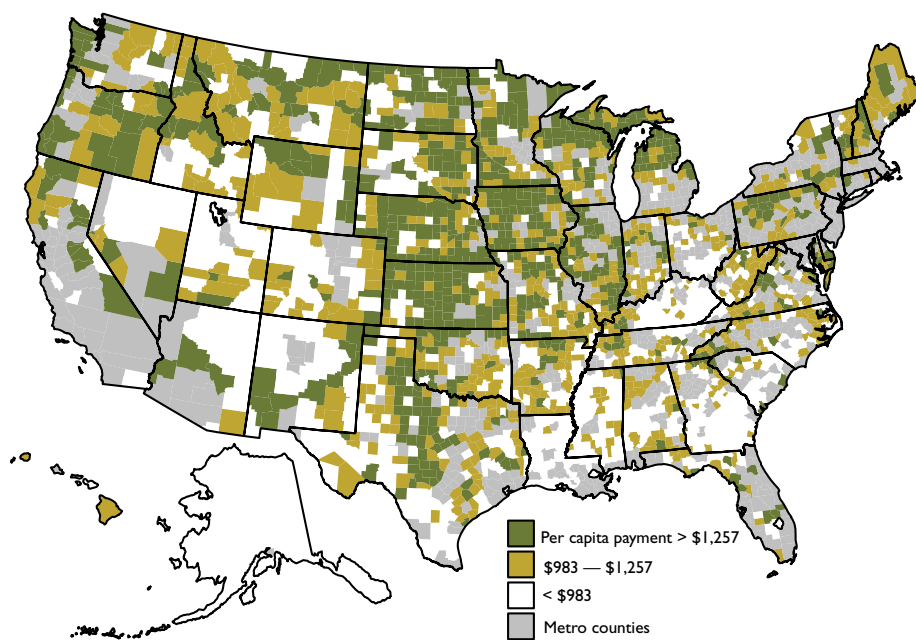
On the Map

Social Security retirement payments.

Social Security is the largest Federal program, with gross payments of about \$280 billion in 2001. Nonmetro areas received higher per capita payments than metro areas (\$1,098 versus \$955), with the highest payment levels concentrated in the farming-intensive central portion of the country.

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Social Security retirement payments, by county, fiscal year 2001



Source: ERS calculations using data from the Census Bureau.

In the Long Run

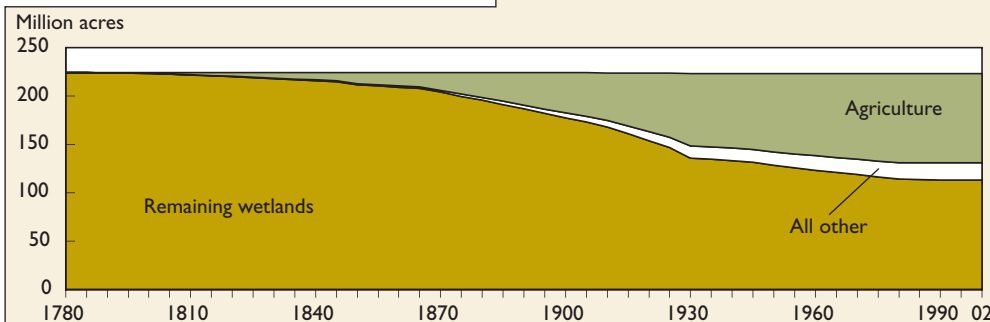
Wetland losses. Until well into the 20th century, conversion of wetlands to agricultural and other uses was encouraged by policy incentives for drainage and westward expansion. Starting in the 1930s, conservation laws began to slow wetland conversion, and this momentum was reinforced by other measures over the last 30 years. Today, about half of the original wetlands area in the 48 contiguous States has been converted to other uses, mostly agriculture, but urbanization and other uses now account for most wetland conversion. Currently, the rate of net wetland loss from agriculture has been reduced to almost zero.

The current inventory of U.S. wetlands has been influenced by key legal and economic milestones.

- The Swamp Land Acts of 1849 and 1850
- The Homestead Act of 1862
- The Migratory Bird Hunting Stamp Act of 1934
- The Water Bank Program, 1970
- The Clean Water Act of 1972 plus later amendments
- Swampbuster provisions, 1985
- Reduced tax incentives for wetland drainage, 1986
- Wetland Reserve Program, 1990

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Wetland losses, 1780-2002



Source: ERS analysis of data from "Status and Trends of Wetlands in the Conterminous United States: 1986-1997" (U.S. Department of the Interior's Fish and Wildlife Service) and from 2002 National Resources Inventory (USDA's Natural Resources Conservation Service).