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IDAHO AGRICULTURAL OUTLOOK

by

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A thriving agriculture is vital to Idaho's economic health. University of Idaho economists found that 35% of the state's economic activity is linked to farms, ranches and food processing. In the Magic Valley more than three-fourths of the economy is linked to agriculture. This report discusses the current agricultural situation and the outlook for 1996.

SUMMARY OF 1995

Estimated farm and ranch revenue increased 5% in 1995 to well over \$3 billion (Table 1). Livestock revenue is down 1% but crop revenue is up 10%.

Livestock

Livestock receipts make up 38% of Idaho farm and ranch revenue. Receipts in 1995 were nearly \$1.2 billion, down slightly from a year ago.

The **beef** industry (cattle & calves) is the largest of Idaho's livestock industries. Beef revenue in 1995 was down 6% due to lower prices, but cattle continue to be the top livestock revenue producer for Idaho farmers and ranchers. Every county in Idaho has cattle producers.

Idaho's **dairy** industry continues to grow rapidly, with a 5% increase in revenue in 1995. Increases in milk production more than offset price decreases. Much of the increase in production is in the Magic Valley.

Revenue in the **sheep** industry is up for the third year, with prices much higher than the previous year. The Idaho sheep industry is widespread -- only three counties do not have sheep producers. Sheep and lamb inventories are much lower than in the early 1980s, but the decline in numbers has stopped.

The "other livestock" category in Table 1 includes hogs, eggs, poultry, wool, and mink. The Idaho trout industry, the nation's largest, is not included in Table 1. Idaho Agricultural Statistics Service (IASS) estimates Idaho trout sales at \$30 million per year.

Crops

Idaho's crop revenue makes up 62% of the total. Crop receipts in 1995 were up to nearly \$2 billion, a new record. Table 1 reports crop revenue on a *calendar year basis*. For storage crops, that means that part of two or more crops are sold in a calendar year. For example, part of the 1995 potato crop was sold in the summer and fall of 1995, but the rest will be sold out of storage in the winter, spring and summer of 1996.

Apple producers were disappointed with the 1995 harvest, but the tree fruit industry continues to be important in some Southwestern Idaho counties.

Barley revenue is remaining stable at \$120 million. About 70% of Idaho's barley is produced on irrigated fields. Eastern Idaho is the largest producing region. Idaho's crop is split evenly between malting varieties and feed varieties.

Bean revenue was down 11 percent due to lower production. Nearly three-fourths of Idaho's beans are produced in the Magic Valley. Bean markets are quite volatile. The value of Idaho's bean crop was \$92 million in 1990, \$36 million in 1992, then back up to \$45 million in 1994.

Idaho's **greenhouse & nursery** industry remains stable. Idaho's producers successfully market landscaping plants across western North America. Idaho's nursery products are known for their high quality and cold-hardiness.

Hay revenue was up 16% in 1995. Like cattle, hay is produced in every Idaho county. The booming dairy industry in the Magic Valley is pushing up demand for high-quality Idaho hay.

The Idaho **onion** industry is growing but volatile, like the bean industry. Receipts were \$34 million in 1992, shot up to \$79 million in 1993, then settled into the middle of those extremes the last two years

Idaho **potato** growers marketed two quite different crops in 1995. Part of the very large 1994 crop sold in 1995 for prices that were below production costs. 1995 crop prices have been quite profitable. Calendar-year 1995 potato revenue is estimated at \$690 million, a record that pushes potato revenue into first place, bumping out cattle.

Revenue from **sugar beets** in the 1990s has been steadily increasing from below \$200 million to well above \$200 million. Revenue in 1995 is down a bit due to lower yields.

Wheat revenue increased 15% in 1994, due to higher prices. Wheat is produced in all but three Idaho counties. Eastern Idaho growers produce 40% of the state's wheat. Growers in the Magic Valley produce 26%, Southwestern Idaho 11% and Northern Idaho 23%.

The "other crops" category in Table 1 includes corn, oats, sweet corn, cherries, peaches, plums, prunes, and mint as well as grass seed and other crops for which USDA does not estimate value of production.

OUTLOOK FOR 1996

Agricultural faculty at the University of Idaho, Oregon State University and Washington State University write an annual *Pacific Northwest Agricultural Situation and Outlook Report*. Information for this section is taken from the recently released 1996 report and from *Idaho Agricultural Outlook 1996*, a report produced by the University of Idaho College of Agriculture.

GENERAL ECONOMY: The US economy will continue into its sixth year of growth in 1996. Inflation will remain low at about 3%. Long-term interest rates are expected to be stable, but short-term interest rates will decline. Idaho 1996 employment is expected to grow 3 percent; personal income is predicted to increase 6 percent.

AGRICULTURAL POLICY: The 1995 Farm Bill is being developed in a much different environment than the previous two Farm Bills in 1990 and 1985. Markets for many products have become global, political alliances have changed, and the commitment to balancing the budget seems stronger. Unfortunately, the final legislation, which could have big impacts on Idaho farmers, has not been written.

INTERNATIONAL TRADE: Continued growth in the world economy will increase demand for US and Idaho agricultural products. Prices should increase due to tighter supplies. Values of grain, fruit and vegetable exports will increase. Livestock exports will remain the same.

BEEF: Prices will be lower as the industry moves through the peak in the cattle numbers cycle. High feed prices will put downward pressure on feeder cattle prices.

DAIRY: Idaho milk production will continue to expand in 1996. High feed prices may limit milk production in other areas, providing support for prices that declined in 1995. New legislation about price supports and milk marketing orders is uncertain.

BARLEY: Feed grain production for the crop in storage was down 26 percent. USDA forecasts near record prices for corn and barley. Growers will respond to high prices by expanding 1996 production. Prices may decline when the new crop is harvested.

BEANS: Idaho dry bean prices are expected to average \$18.50 per cwt for the 1995-96 crop, down slightly from \$18.90 for the previous year. US production is up 5 percent, but Idaho production is down 24 percent.

HAY: Prices for high-quality Idaho hay will range from \$85 to \$110 per ton. Dairy industry expansion will increase demand. Beef hay demand will be off a bit because of beef industry doldrums. Feeder quality hay will sell in the \$55 to \$70 per ton range.

POTATOES: Idaho 1995-96 open market prices will be \$7.00 to \$9.00 per cwt, up from last year's \$4.50 average. Idaho potato production continues to expand and capture a larger share of the market.

WHEAT: Portland white wheat prices will average about \$5.00 per bushel for the 1995-96 marketing year, up from \$4.16 the previous year. Current prices are well over \$5.00, but are expected to decline later in 1996.

OFF-FARM IMPACTS

The economic impact of agriculture extends well beyond Idaho's farms and ranches. It includes businesses that sell fertilizer, fuel and other inputs as well as those that buy and process agricultural commodities. It also includes the businesses that sell food, clothing, furniture and other goods and services to farmers, ranchers, their employees and those involved in agriculturally related businesses.

University of Idaho economists have estimated the role in Idaho's economy of three agricultural commodities -- wheat, dairy and potatoes.

They found that the wheat industry produced 3% of the economic activity in the state. The wheat industry contributed the following to the regional economies of the state: Eastern Idaho 5%, Magic Valley 4%, Southwestern Idaho 1% and Northern Idaho 4%.

The dairy industry is responsible for 6% of the state's economy, 7% in Eastern Idaho, 15% in the Magic Valley, 5% in Southwestern Idaho and 1% in Northern Idaho. The numbers are large for the dairy industry not only because dairy production is a significant part of Idaho's economy, but also because of the strong links with in-state feed suppliers and dairy processors.

The potato industry generates 15% of all the economic activity in Idaho. In Eastern Idaho, the potato industry accounts for 33% of the area economy, in the Magic Valley it is 27% and in Southwestern Idaho 7%. The potato industry also has many in-state suppliers, processors and fresh shippers, which makes the overall impact much greater than just potato production.

SUMMARY

Idaho agriculture is an important sector in Idaho's economy. Idaho farm and ranch revenue increased to well over \$3 billion in 1995 and may increase again in 1996. Not all sectors of agriculture will grow and prosper at the same rate. In the livestock sector, low prices will hurt Idaho cattle producers. The dairy industry will continue to grow larger and more efficient. In the crops sector, 1996 prices will be favorable for Idaho's two most important crops -- potatoes and wheat. Potatoes will again be the top revenue producer in 1996.

TABLE 1
IDAHO CASH RECEIPTS FROM FARM MARKETINGS
(Million Dollars)

	1991	1992	1993	1994	1995	Percent Change
LIVESTOCK						
Cattle & Calves	659	693	692	652	615	-6%
Milk	319	371	388	456	480	5%
Sheep & Lambs	12	14	15	16	20	25%
Other Livestock	76	67	72	75	73	-3%
TOTAL LIVESTOCK	1,066	1,145	1,167	1,199	1,188	-1%
CROPS						
Apples	18	17	17	19	15	-21%
Barley	140	125	125	119	120	1%
Beans	47	36	39	45	40	-11%
Greenhouse/Nursery	49	47	49	51	50	-2%
Hay	124	126	190	159	185	16%
Onions	41	34	79	52	55	6%
Potatoes	514	514	557	575	690	20%
Sugar Beets	194	194	195	231	215	-7%
Wheat	289	336	310	340	390	15%
Peas & Lentils	22	19	20	21	25	19%
Other Crops	132	141	141	146	144	-1%
TOTAL CROPS	1,570	1,589	1,722	1,758	1,929	10%
TOTAL CASH RECEIPTS	2,636	2,734	2,889	2,957	3,117	5%

SOURCES:

1991-94: Idaho Agricultural Statistics Service

1995: Estimated by J Guenthner and H Loughmiller, University of Idaho