Forecast of Income and Wealth for the Farm Sector, Households, and the Farms they Operate

Mitchell Morehart and James Johnson

February 19, 2004
Farm Sector Net Cash Income, 1996-2004f

- Ad hoc and emergency
- Payments Less Emergency
- Net Cash Income Less Payments

$ billion

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Farm Sector Cash Receipts 2000-2004f

$ Billion

- Livestock
- Program crops
- Other crops

2000: Livestock - 95, Program crops - 40, Other crops - 55
2001: Livestock - 105, Program crops - 45, Other crops - 60
2002: Livestock - 90, Program crops - 40, Other crops - 50
2003f: Livestock - 100, Program crops - 45, Other crops - 60
2004f: Livestock - 105, Program crops - 50, Other crops - 60
Composition of Government Payments, 2000-2004f

- Ad hoc & emergency
- Direct & PFCs
- Counter-cyclical
- LDP & mkt. loan gains
- Other

$ billion

2000
2001
2002
2003f
2004f

USDA Outlook Forum 2004
Farm Business Net Cash Income Forecasts for Crop Farms

- Mixed grains
- Wheat
- Corn
- Soybean and peanuts

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<tr>
<th></th>
<th>2002</th>
<th>2003f</th>
<th>2004f</th>
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<td>40</td>
<td>50</td>
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USDA Outlook Forum 2004
Farm Business Net Cash Income Forecasts for Livestock Farms

- Beef cattle
- Hogs
- Poultry
- Dairy

2002, 2003f, 2004f

$1,000

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Farm Sector Debt/Asset Ratio and Debt Repayment Capacity Utilization (DRCU), 1984-2004f

- Debt/asset ratio
- Debt repayment capacity utilization

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Trend in Net Cash Farm Income and Household Income of Farm Operators, 1988-2004

Index
(1988=1.0)

- Net Cash Farm Income
- Household Income of Farm Operators
Distribution of Net Value Added, 2004f

- Farm Operations: 32.6%
- Labor: 23.2%
- Rent: 13.7%
- Interest: 12.0%
- Non-family: 3.6%
- Contractors: 15.0%
Sources of Operator Household Income by Combined Typology Group, 2003f-2004f

$\text{thousand}$

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<th>Year</th>
<th>Rural residence</th>
<th>Intermediate</th>
<th>Commercial</th>
<th>All farms</th>
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All U.S. Household Average = $57,852
Components of Farm Household Net Worth, 2002

- Rural Residence Farms
- Intermediate Farms
- Commercial Farms

Legend:
- Orange: Farm
- Green: Nonfarm
Economic Well-being of Farm Households Compared With Non-farm Households, 2004f

- Higher income, higher wealth: 49%
- Lower income, higher wealth: 42%
- Higher income, lower wealth: 3%
- Lower income, lower wealth: 6%