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Economic Outlook for Representative Ranches Given the August 2006 FAPRI/AFPC Baseline

AFPC Briefing Paper 06-6

October 2006

Agricultural and Food Policy Center The Texas A&M University System



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Department of Agricultural Economics
Texas A&M University
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**ECONOMIC OUTLOOK FOR REPRESENTATIVE
RANCHES GIVEN THE AUGUST 2006
FAPRI/AFPC BASELINE**

AFPC Briefing Paper 06-6

James W. Richardson
Joe L. Outlaw
George M. Knapek
Roland J. Fumasi
J. Marc Raulston



Agricultural and Food Policy Center
Department of Agricultural Economics
Texas Agricultural Experiment Station
Texas Cooperative Extension
Texas A&M University

October 2006

College Station, Texas 77843-2124
Telephone: (979) 845-5913
Fax: (979) 845-3140
Web Site: <http://www.afpc.tamu.edu/>

Executive Summary

The Agricultural and Food Policy Center (AFPC) at Texas A&M University develops and maintains data to simulate twelve representative cow/calf operations in major production areas of ten states. The chief purpose of this analysis is to project those ranches' economic viability for 2006 through 2011. The data necessary to simulate the economic activity of these operations is developed through ongoing cooperation with panels of ranchers in each of these states. The Food and Agricultural Policy Research Institute (FAPRI) provided projected prices, policy variables, and input inflation rates in their August 2006 Baseline that were used to analyze the viability of the AFPC representative ranches.

Under the August 2006 Baseline, the Montana ranch (MTB500), the Colorado ranch (COB250), the South Dakota ranch (SDB450), the Southwest Missouri ranch (MOB250), the Central Missouri ranch (MOCB400), and the Texas Rolling Plains ranch (TXRB500) are all considered in good liquidity condition (less than a 25 percent chance of negative ending cash in 2011). No ranches fall into the marginal classification (between a 25 percent and a 50 percent chance of negative ending cash in 2011). The California ranch (CAB500), the Nevada ranch (NVB700), the Wyoming ranch (WYB500), the New Mexico ranch (NMB240), the South Texas ranch (TXSB175), and the Florida ranch (FLB1155) are all considered in poor liquidity condition (greater than a 50 percent chance of negative ending cash in 2011).

Eight of the twelve ranches (CAB500, MTB500, COB250, NMB240, MOB250, MOCB400, TXRB500, and FLB1155) are in good equity position (less than a 25 percent chance of decreasing real net worth during 2006-2011). One ranch (SDB450) has between a 25 percent and 50 percent likelihood of losing real net worth (marginal equity position). The remaining three ranches (NVB700, WYB500, and TXSB175) have greater than a 50 percent probability of decreasing real net worth (poor equity position).

Overall rankings for the representative ranches are projected to be as follows: Five of the twelve ranches (MTB500, COB250, MOB250, MOCB400, and TXRB500) are classified in good condition, four (CAB500, NMB240, SDB450, and FLB1155) are in marginal condition, and the remaining three (NVB700, WYB500, and TXSB175) are in poor condition.

More of the ranches are in poor overall financial condition under the August 2006 Baseline than under the previous two August Baselines. Widespread drought has contributed to higher feed costs and lighter weaning weights. The drought has also prompted reductions in cow herd size, muting the effect of relatively high cattle prices. These factors have resulted in a higher percentage of ranches being categorized as poor. Drought conditions this year will deplete cash built up from more favorable years in many cases.

FAPRI August 2006 Baseline

While projected cattle prices are a primary determinant of the financial viability of the representative ranches, the prices of feed crops can also have an impact. The ranches produce hay and are often net buyers or net sellers. At least two of the ranches retain ownership through the backgrounding stage and feed some concentrates. The smaller Missouri ranch produces a number of grain and oilseed crops, and the smaller Texas ranch raises broilers. Additionally, crop prices have an impact on fed cattle returns, which impacts feeder cattle prices.

Projected livestock prices for FAPRI's August 2006 Baseline are presented in Table 1. In general, beef cattle prices are projected to decline each year from 2007 through 2011, coinciding with cyclical expansion of the nation's beef cow herd. Specifically, prices for classes of cattle are projected to move as follows:

- Feeder cattle prices are projected to decrease from \$117.27/cwt in 2006 to \$81.47/cwt in 2011.
- Fat cattle prices decline steadily from \$83.53/cwt in 2006 to \$73.06/cwt in 2011.
- Cull cow prices start at \$49.58/cwt in 2006, decreasing to \$39.41/cwt by 2011.

Projected crop prices for FAPRI's August 2006 Baseline are also summarized in Table 1. Individual crop prices are projected to move as follows:

- The U.S. all hay prices are expected to continue to climb from \$97.05/ton in 2006 to \$102.65/ton in 2011.
- Corn prices start at \$2.33/bu in 2006 and increase until they reach \$2.67/bu by 2011.
- Wheat prices range between \$3.88/bu and \$3.68/bu between 2006 and 2011, with the highest price expectation in 2006.
- Sorghum prices climb steadily from \$2.14/bu in 2006 to \$2.41/bu in 2011.
- Soybeans are expected to rally from \$5.29/bu in 2006 to nearly \$6.00/bu by 2011.

Projected annual rates of change for variable cash expenses are summarized in Table 2. The rate of change in input prices comes from FAPRI's August 2006 Baseline. Based on projections from Global Insight, annual interest rates paid for intermediate-term and long-term loans and interest rates earned on savings are also reported in Table 2. Assumed annual rates of change in land values over the 2006-2011 period are provided by the FAPRI Baseline and are projected to range between a -0.02% and 8.75% per year.

Table 1. FAPRI August 2006 Baseline Projections of Livestock and Crop Prices, 2004-2011.

	2004	2005	2006	2007	2008	2009	2010	2011
Cattle Prices								
Feeder Cattle (\$/cwt)	111.79	120.02	117.27	109.44	99.19	92.00	86.04	81.47
Fat Cattle (\$/cwt)	84.75	87.28	83.53	81.98	79.97	77.09	74.57	73.06
Culled Cows (\$/cwt)	52.35	54.36	49.58	47.54	44.81	42.83	41.00	39.41
Crop Prices								
Corn (\$/bu.)	2.06	1.98	2.33	2.54	2.58	2.61	2.64	2.67
Wheat (\$/bu.)	3.40	3.42	3.88	3.68	3.70	3.74	3.76	3.78
Cotton (\$/lb.)	0.4160	0.4780	0.5115	0.5338	0.5474	0.5554	0.5545	0.5570
Sorghum (\$/bu.)	1.79	1.80	2.14	2.32	2.35	2.37	2.39	2.41
Soybeans (\$/bu.)	5.74	5.65	5.29	5.63	5.72	5.80	5.88	5.94
Barley (\$/bu.)	2.48	2.53	2.72	2.84	2.87	2.85	2.85	2.84
Oats (\$/bu.)	1.48	1.63	1.80	1.90	1.92	1.93	1.95	1.96
Rice (\$/cwt.)	7.33	7.63	8.79	7.92	7.91	7.89	7.85	7.83
Soybean Meal (\$/ton)	174.44	166.92	155.91	155.23	149.73	148.87	153.01	157.10
All Hay (\$/ton)	92.00	98.00	97.05	98.52	100.18	101.38	102.07	102.65
Peanuts (\$/ton)	378.00	352.00	383.21	398.73	405.49	407.46	403.79	401.57

Source: Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri-Columbia and Iowa State University.

Table 2. FAPRI August 2006 Baseline Assumed Rates of Change in Input Prices, Annual Interest Rates, and Annual Changes in Land Values, 2005-2011.

	2005	2006	2007	2008	2009	2010	2011
Annual Rate of Change for Input Prices Paid							
Seed Prices (%)	6.57	6.18	1.46	-1.30	0.97	1.44	1.64
All Fertilizer Prices (%)	16.88	3.52	0.57	-1.09	-1.17	1.37	0.89
Herbicide Prices (%)	1.19	3.09	-0.30	-1.19	0.88	0.98	1.01
Insecticide Prices (%)	-0.83	1.52	-1.42	-2.45	1.44	1.74	1.62
Fuel and Lube Prices (%)	37.98	11.65	-1.37	-5.79	-3.26	-2.74	-2.14
Machinery Prices (%)	5.92	4.00	2.24	2.34	3.58	3.19	2.87
Wages (%)	2.34	2.50	3.04	3.24	2.78	2.42	2.63
Supplies (%)	6.36	8.64	2.11	-0.68	1.43	1.42	1.20
Repairs (%)	4.46	3.55	1.28	1.19	1.45	1.53	1.66
Services (%)	3.77	5.81	-0.01	-1.40	1.30	1.95	2.23
Taxes (%)	-0.60	4.54	-0.08	-1.19	2.03	1.15	1.39
PPI Items (%)	5.55	3.51	0.52	-0.41	1.17	1.25	1.15
PPI Total (%)	5.01	3.75	0.25	1.03	1.01	0.49	0.70
Annual Change in Consumer Price Index (%)	3.40	2.64	1.83	1.99	1.96	1.89	2.08
Annual Interest Rates							
Long-Term (%)	5.51	6.22	6.35	6.20	6.34	6.34	6.43
Intermediate-Term (%)	4.46	5.04	5.14	5.02	5.13	5.13	5.21
Savings Account (%)	1.53	1.73	1.76	1.72	1.76	1.76	1.78
Annual Rate of Change for U.S. Land Prices (%)	11.00	8.75	3.67	-0.02	1.15	1.35	1.99

Source: Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri-Columbia and Iowa State University.

Economic Viability of Representative Ranches over the 2006-2011 Period

Farm Name	Overall Ranking	P(Negative Ending Cash)	P(Real Net Worth Declines)
5/4/3	2006	2006-2011	2006-2011
CAB500		83-99	1-3
NVB700		1-51	1-77
MTB500		1-1	1-13
WYB500		30-99	1-96
COB250		1-1	1-1
NMB240		1-98	1-1
SDB450		1-8	1-32
MOB250		1-1	1-1
MOCB400		1-1	1-11
TXRB500		1-1	1-6
TXSB175		1-65	1-56
FLB1155		1-82	1-15

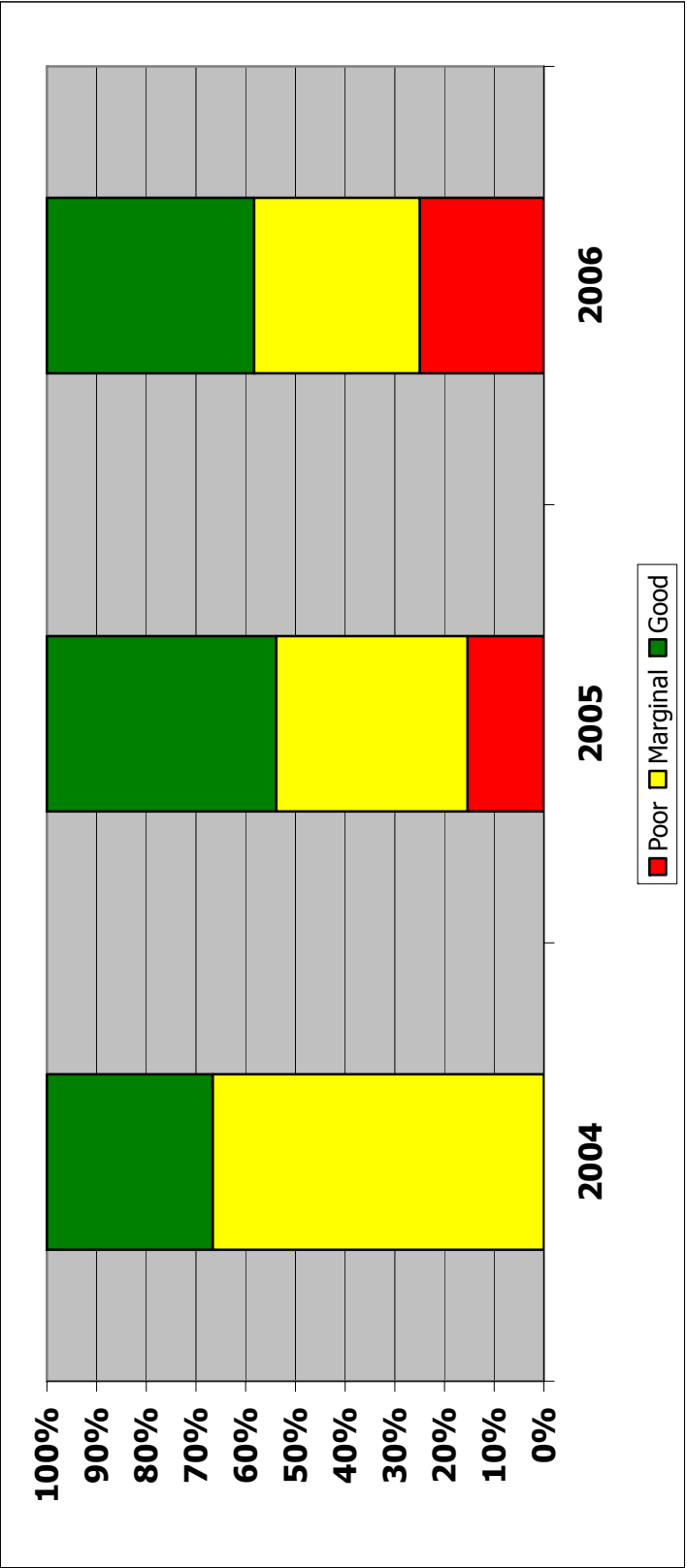
1. Viability is classified as good (green), moderate (yellow), and poor (red) based on the probabilities:

<25 25-50 >50

2. P(Negative Ending Cash) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2006 and 2011.

3. P(Real Net Worth Decline) is the probability that the farm will have a loss in real net worth relative to the beginning net worth. Reported values represent the probabilities for losing real net worth from 2004 to 2006 and from 2004 to 2011.

**Comparison of Projected Overall Economic Viability of Representative Ranches
Between the August 2004¹, August 2005², and August 2006³ FAPRI/AFPC Baselines**



¹ Projected overall economic viability for August 2004 Baseline is based on a 2004-2008 study period.

² Projected overall economic viability for August 2005 Baseline is based on a 2005-2009 study period.

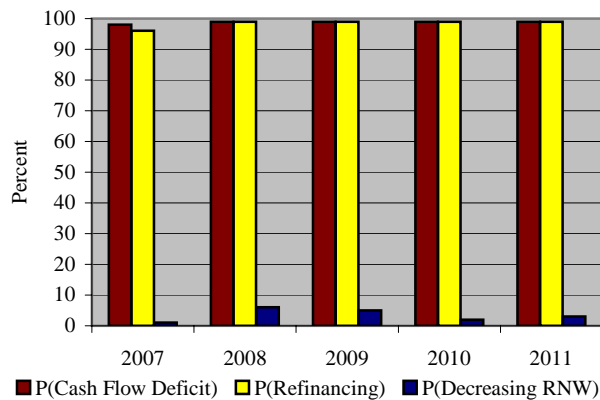
³ Projected overall economic viability for August 2006 Baseline is based on a 2006-2011 study period.

CAB500

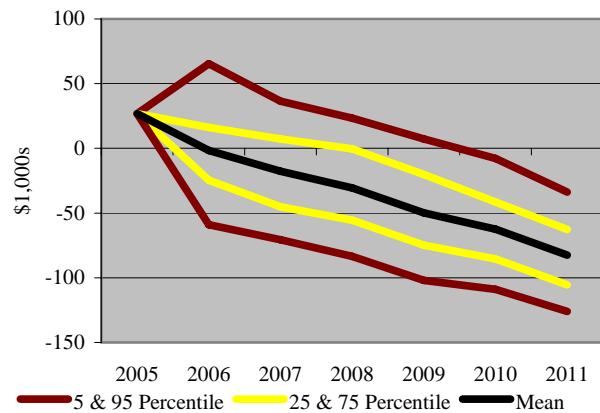
Located in the northern Sacramento Valley (Tehama County, California), this 500-cow operation covers 13,125 acres of deeded and privately owned leased range. Additionally, 2,000 AUMs are leased from the BLM. All 2005 receipts were generated by the cow-calf operation.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income

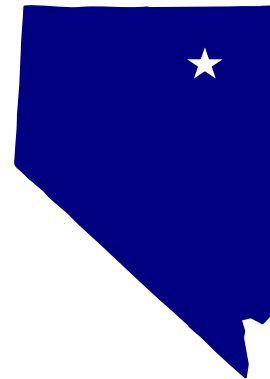


	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts (\$1,000)	292.8	274.8	261.4	249.3	241.5
Government Payments (\$1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts (\$1,000)	292.8	274.8	261.4	249.3	241.5
Total Expenses (\$1,000)	310.4	305.3	311.3	311.7	324.0
Net Cash Farm Income (\$1,000)	-17.6	-30.5	-49.9	-62.4	-82.5
Ending Cash (\$1,000)	-83.8	-145.7	-227.1	-319.6	-448.3
Net Worth (\$1,000)	11,768.7	11,646.2	11,653.9	11,686.3	11,772.9
Return on Assets (%)	2.4	-1.4	-0.1	0.2	0.8
P(Cash Flow Deficit) (%)	98.0	99.0	99.0	99.0	99.0
P(Refinancing) (%)	96.0	99.0	99.0	99.0	99.0
P(Decreasing RNW) (%)	1.0	6.0	5.0	2.0	3.0

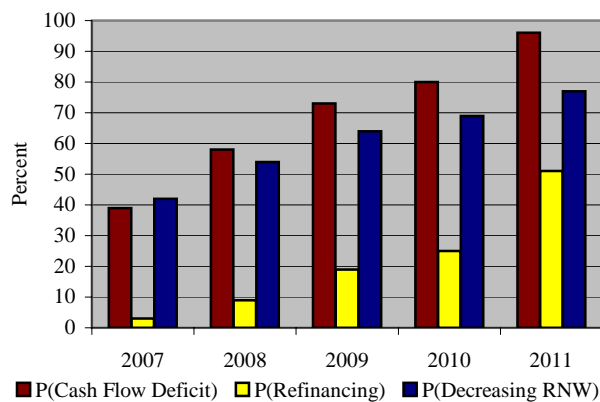
Producers participating in the panel include: Dick O'Sullivan, Wally Roney, and Louis Venturini. Larry Forero, Marc Horney, Glenn Nader, and Jim Oltjen serve as the facilitators.

NVB700

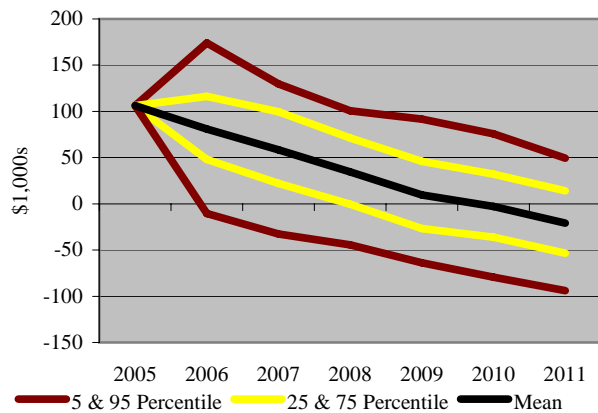
NVB700 is a 700-cow ranch located in northeastern Nevada (Elko County). The operation consists of 1,300 acres of owned hay meadow and 8,725 acres of owned range, supplemented by 4,450 AUMs leased from the U.S. Forest Service. Each year, the ranch harvests 1,300 acres of hay. Annually, cattle sales represent all of the ranch's receipts.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income

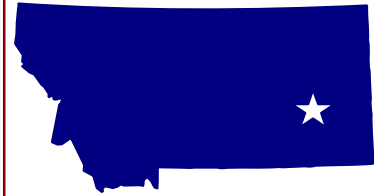


	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts (\$1,000)	347.9	316.5	295.3	279.2	266.5
Government Payments (\$1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts (\$1,000)	347.9	316.5	295.3	279.2	266.5
Total Expenses (\$1,000)	289.5	282.1	285.6	282.1	287.3
Net Cash Farm Income (\$1,000)	58.4	34.4	9.7	-2.9	-20.8
Ending Cash (\$1,000)	129.9	115.6	83.3	46.8	-18.3
Net Worth (\$1,000)	2,859.0	2,785.1	2,736.4	2,696.8	2,651.3
Return on Assets (%)	0.1	-5.2	-3.2	-2.6	-2.2
P(Cash Flow Deficit) (%)	39.0	58.0	73.0	80.0	96.0
P(Refinancing) (%)	3.0	9.0	19.0	25.0	51.0
P(Decreasing RNW) (%)	42.0	54.0	64.0	69.0	77.0

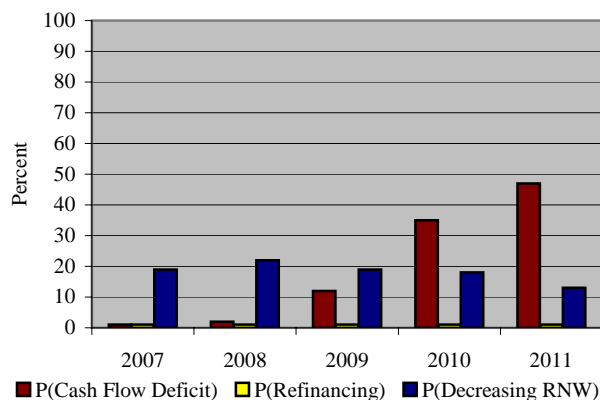
Producers participating in the panel include: Scott Ballard, Wilde Brough, Peter Church, and Craig Spratling. Kynda Curtis, Tom Harris, Willie Riggs, and Ron Torell serve as facilitators.

MTB500

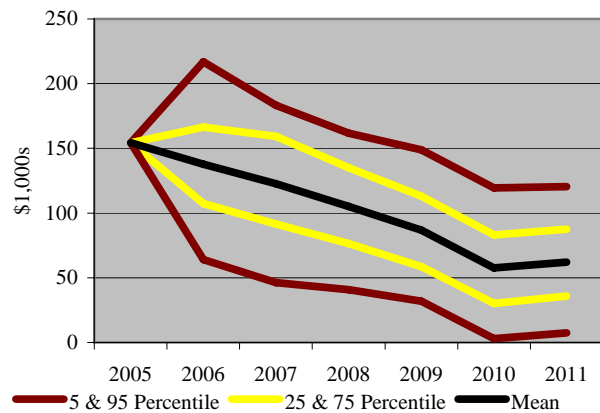
A 500-cow ranch located on the eastern plains of Montana (Custer County), MTB500 runs cows on a combination of owned land and land leased from federal, state, and private sources. Federal land satisfies one quarter of total grazing needs. The ranch owns 14,000 acres of pasture. 640 acres of hay are produced annually on the owned land. Sales of high-quality replacement females comprise a significant portion of receipts for this ranch. Also, all deeded acres are leased for hunting. Cattle sales represented 98 percent of this ranch's 2005 receipts.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income

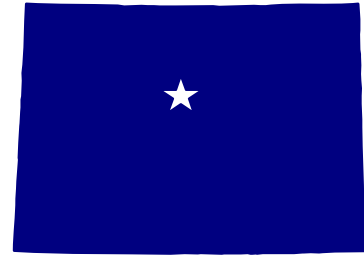


	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts (\$1,000)	298.4	271.6	252.9	239.3	229.2
Government Payments (\$1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts (\$1,000)	305.4	278.6	259.9	246.3	236.2
Total Expenses (\$1,000)	182.7	173.6	173.1	188.7	174.2
Net Cash Farm Income (\$1,000)	122.7	105.0	86.7	57.6	62.0
Ending Cash (\$1,000)	304.3	351.3	387.9	398.4	401.6
Net Worth (\$1,000)	3,369.0	3,365.3	3,398.0	3,416.9	3,459.8
Return on Assets (%)	2.6	-1.3	-0.7	-0.4	0.8
P(Cash Flow Deficit) (%)	1.0	2.0	12.0	35.0	47.0
P(Refinancing) (%)	1.0	1.0	1.0	1.0	1.0
P(Decreasing RNW) (%)	19.0	22.0	19.0	18.0	13.0

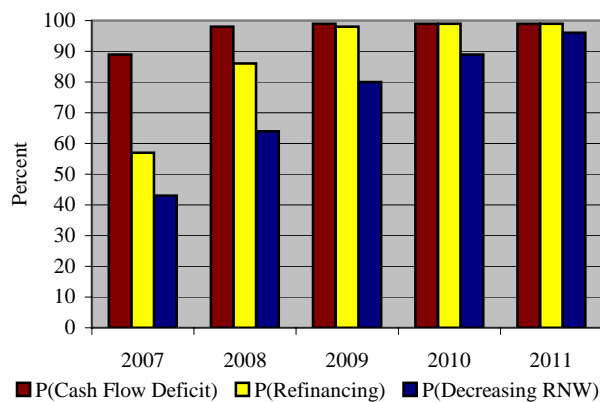
Producers participating in the panel include: Clarence Brown, Art Drange, Alyn Haughian, Jeff Okerman, and Scot Robinson. Kent Williams serves as the facilitator.

WYB500

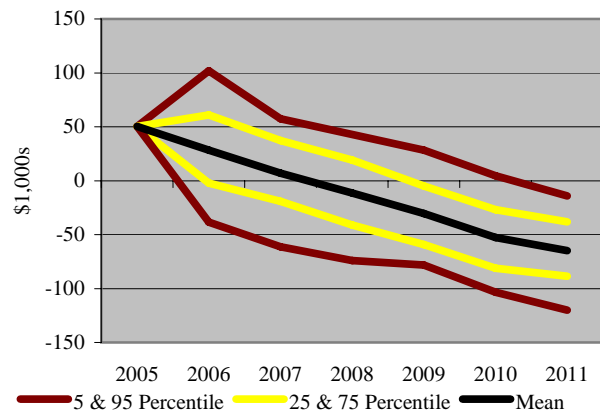
This 500-cow ranch is located in north central Wyoming (Washakie County). The ranch leases 42 percent of its required grazing acreage from the U.S. Forest Service and owns 1,000 acres of range. Annually, the ranch harvests 300 acres of alfalfa and grass hay on owned ground. In recent years, cowherd size has increased in an effort to realize benefits of economies of size. In 2005, cattle sales accounted for 100 percent of gross receipts on this ranch.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income

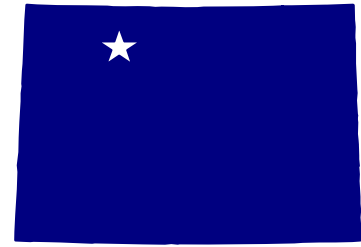


	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts (\$1,000)	278.2	254.4	236.2	224.5	214.5
Government Payments (\$1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts (\$1,000)	278.2	254.4	236.2	224.5	214.5
Total Expenses (\$1,000)	271.3	265.9	266.7	277.4	279.3
Net Cash Farm Income (\$1,000)	6.9	-11.5	-30.5	-52.8	-64.9
Ending Cash (\$1,000)	-19.0	-81.3	-157.0	-284.1	-415.5
Net Worth (\$1,000)	2,976.8	2,879.3	2,804.5	2,702.6	2,617.8
Return on Assets (%)	-0.8	-5.4	-3.8	-4.7	-3.5
P(Cash Flow Deficit) (%)	89.0	98.0	99.0	99.0	99.0
P(Refinancing) (%)	57.0	86.0	98.0	99.0	99.0
P(Decreasing RNW) (%)	43.0	64.0	80.0	89.0	96.0

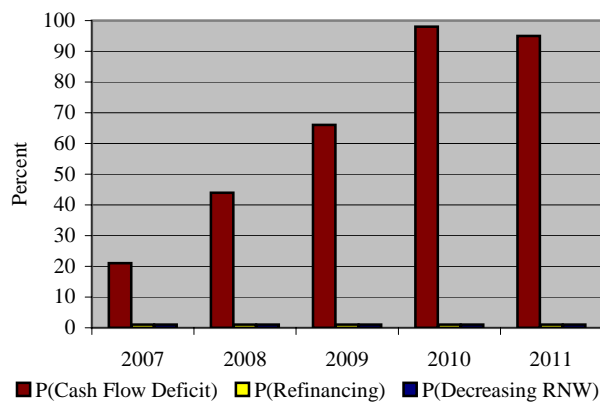
Producers participating in the panel include: Tom Brewster, Tim Flitner, Dan Rice, and Gary Rice. Jim Gill serves as the facilitator.

COB250

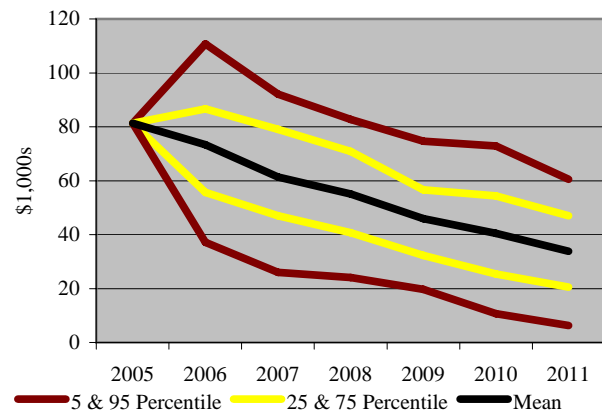
This 250-cow ranch is located in northwestern Colorado (Routt County). Federal land provides seven percent of the ranch's grazing needs. The ranch owns 2,300 acres of rangeland, and the cattle graze federal land during the summer. COB250 harvests 450 acres of hay each year at a projected yield of 2.5 tons per acre. The ranch sold 350 tons of meadow hay in 2005. Cattle sales accounted for 76 percent of the ranch's 2005 total receipts.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income

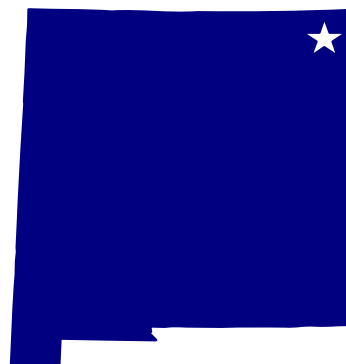


	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	40.5	41.7	42.9	43.9	44.6
Livestock Receipts (\$1,000)	137.8	125.8	116.8	110.4	105.2
Government Payments (\$1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts (\$1,000)	187.3	176.5	168.7	163.3	158.9
Total Expenses (\$1,000)	126.0	121.4	122.8	122.8	125.0
Net Cash Farm Income (\$1,000)	61.4	55.1	45.9	40.5	33.8
Ending Cash (\$1,000)	231.6	235.7	231.9	202.1	178.4
Net Worth (\$1,000)	13,425.1	13,407.9	13,539.6	13,693.4	13,936.5
Return on Assets (%)	3.2	-0.4	0.9	1.0	1.7
P(Cash Flow Deficit) (%)	21.0	44.0	66.0	98.0	95.0
P(Refinancing) (%)	1.0	1.0	1.0	1.0	1.0
P(Decreasing RNW) (%)	1.0	1.0	1.0	1.0	1.0

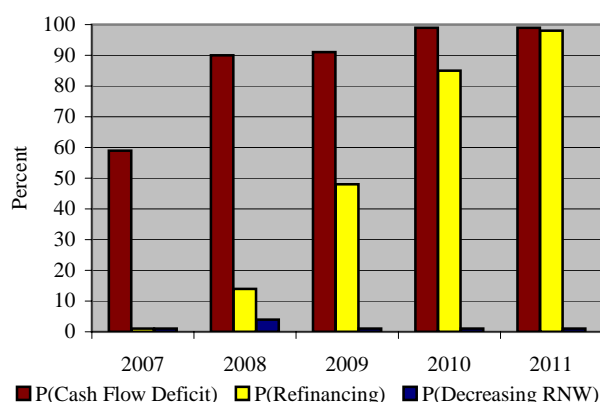
Producers participating in the panel include: Geoff Blakesley, Doug Carlson, Jay Fetcher, Larry Monger, Jim Rossi, and Wayne Shoemaker. C.J. Mucklow serves as the facilitator.

NMB240

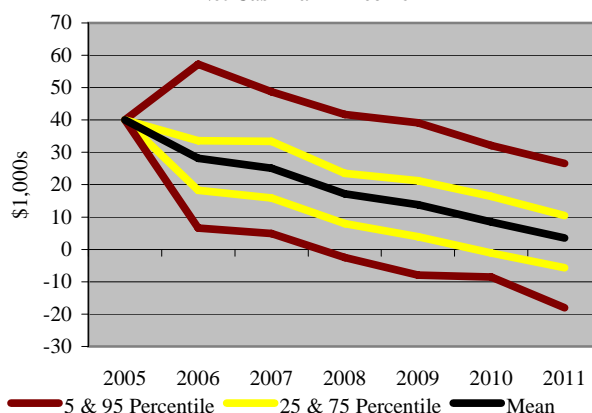
NMB240 is a 240-cow ranch located in northeastern New Mexico (Union County). In 2002, this ranch liquidated 20 percent of its mature cowherd in response to oppressive drought, culling 60 of its 300 cows. With improving range conditions, ranchers have opted to fill the gap with summer stockers. Accordingly, 200 summer stocker steers were added to this ranch. During 2005, 97 percent of gross receipts were derived from cattle sales with the balance of receipts generated from fee hunting.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income

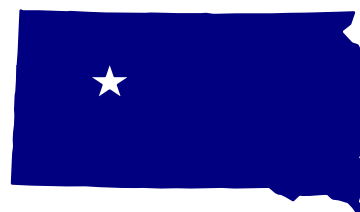


	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts (\$1,000)	271.4	257.0	245.3	236.5	230.6
Government Payments (\$1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts (\$1,000)	280.6	266.2	254.5	245.7	239.8
Total Expenses (\$1,000)	255.5	249.0	240.7	237.2	236.4
Net Cash Farm Income (\$1,000)	25.1	17.2	13.8	8.5	3.5
Ending Cash (\$1,000)	43.4	24.3	3.0	-32.4	-70.6
Net Worth (\$1,000)	4,606.8	4,565.3	4,576.0	4,592.6	4,634.1
Return on Assets (%)	2.2	-1.9	-0.5	-0.3	0.7
P(Cash Flow Deficit) (%)	59.0	90.0	91.0	99.0	99.0
P(Refinancing) (%)	1.0	14.0	48.0	85.0	98.0
P(Decreasing RNW) (%)	1.0	4.0	1.0	1.0	1.0

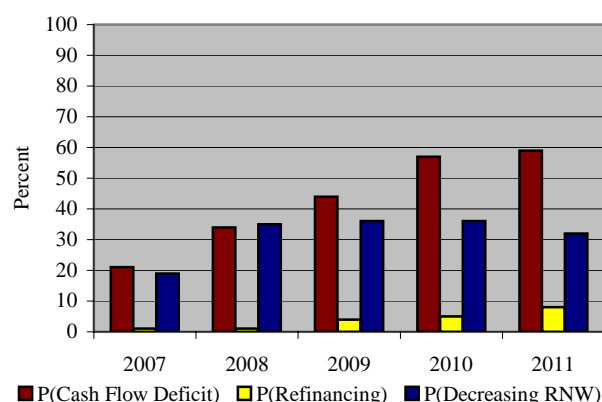
Producers participating in the panel include: Justin Bennett, Damon Brown, John Gilbert, Eugene Like, John Vincent, and Derek Walker. Nathan Elam, Manny Encinias, David Graham, and Allen Torell serve as facilitators.

SDB450

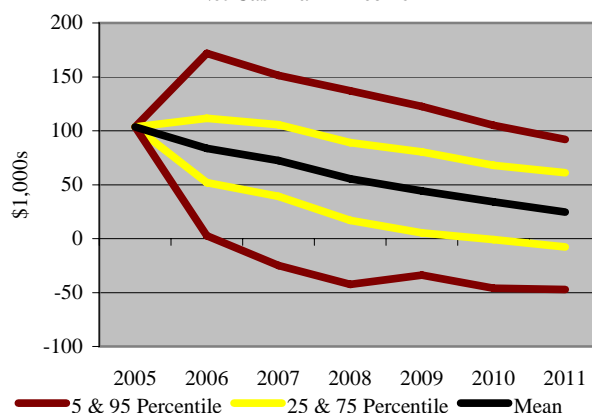
SDB450 is a 450-cow West River (Meade County, South Dakota) beef cattle ranch. This operation produces hay and oats on 1,150 acres of owned cropland, and runs its cows on 6,700 acres of owned native range. Grazing needs are supplemented with 2,100 AUMs leased from federal and state sources. In 2005, calf and culled cow/bull sales accounted for 92 percent of gross receipts.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income



	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	31.2	32.8	34.6	34.8	36.6
Livestock Receipts (\$1,000)	242.0	222.0	205.4	194.3	186.3
Government Payments (\$1,000)	0.2	0.2	0.1	0.2	0.2
Total Receipts (\$1,000)	273.4	254.9	240.2	229.3	223.1
Total Expenses (\$1,000)	201.1	199.4	196.1	195.1	198.6
Net Cash Farm Income (\$1,000)	72.3	55.5	44.1	34.2	24.5
Ending Cash (\$1,000)	162.8	174.2	178.4	166.3	153.9
Net Worth (\$1,000)	3,474.6	3,436.3	3,435.8	3,441.6	3,458.4
Return on Assets (%)	1.5	-2.3	-1.1	-1.4	-0.2
P(Cash Flow Deficit) (%)	21.0	34.0	44.0	57.0	59.0
P(Refinancing) (%)	1.0	1.0	4.0	5.0	8.0
P(Decreasing RNW) (%)	19.0	35.0	36.0	36.0	32.0

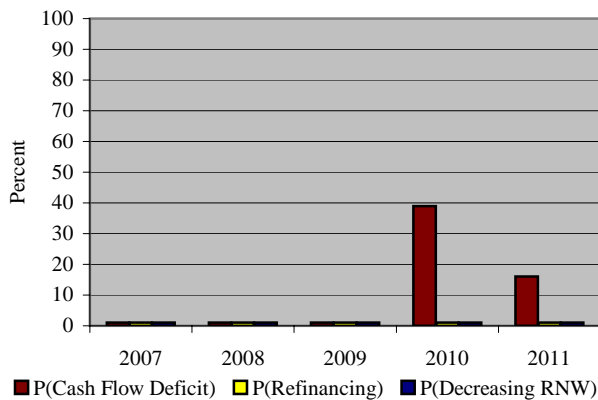
Producers participating in the panel include: Lynn C. Frey, Leo E. Grubl, Wayne Oedekoven, and Scott Phillips. Marty Beutler, John Cole, Stacy Hadrack, and Larry Janssen serve as facilitators.

MOB250

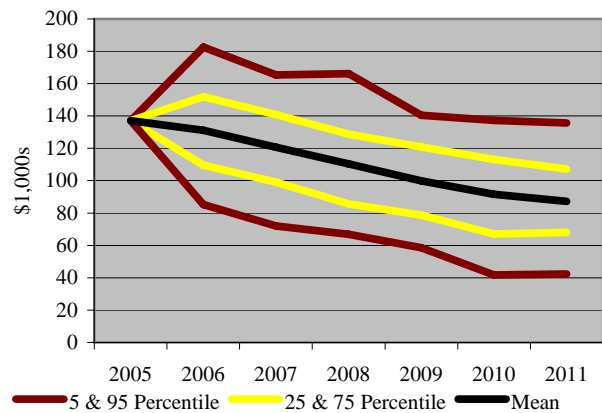
A 250-cow beef cattle operation is the focal point of this diversified livestock and crop farm located in southwest Missouri (Dade County). MOB250 plants 100 acres of corn, 24 acres of sorghum, 58 acres of wheat, 116 acres of soybeans, and 560 acres of hay. During 2005, cattle sales comprised 68 percent of gross receipts.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income



	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	70.9	71.8	72.8	75.5	75.9
Livestock Receipts (\$1,000)	141.3	127.6	119.0	111.4	106.9
Government Payments (\$1,000)	6.4	5.8	5.5	5.2	5.3
Total Receipts (\$1,000)	219.6	206.1	198.1	193.1	189.0
Total Expenses (\$1,000)	98.9	95.8	98.1	101.6	101.7
Net Cash Farm Income (\$1,000)	120.7	110.3	100.0	91.5	87.3
Ending Cash (\$1,000)	275.2	330.7	375.8	386.1	410.0
Net Worth (\$1,000)	2,417.3	2,449.6	2,502.6	2,548.9	2,612.9
Return on Assets (%)	3.5	0.6	1.3	1.3	2.3
P(Cash Flow Deficit) (%)	1.0	1.0	1.0	39.0	16.0
P(Refinancing) (%)	1.0	1.0	1.0	1.0	1.0
P(Decreasing RNW) (%)	1.0	1.0	1.0	1.0	1.0

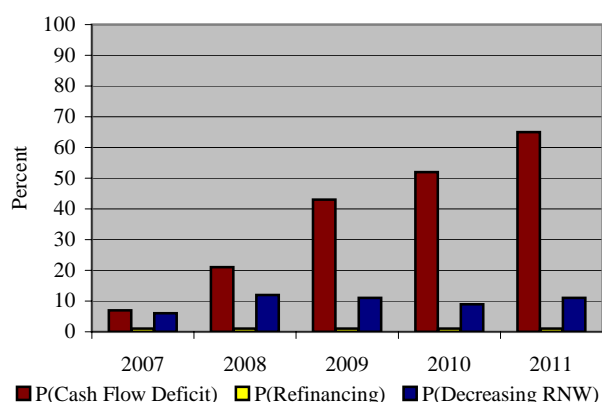
Producers participating in the panel include: Steve Allison, Chuck Daniel, Randall Erisman, James A. Nivens, and Gary D. Wolf. Brian Gillen serves as the facilitator.

MOCB400

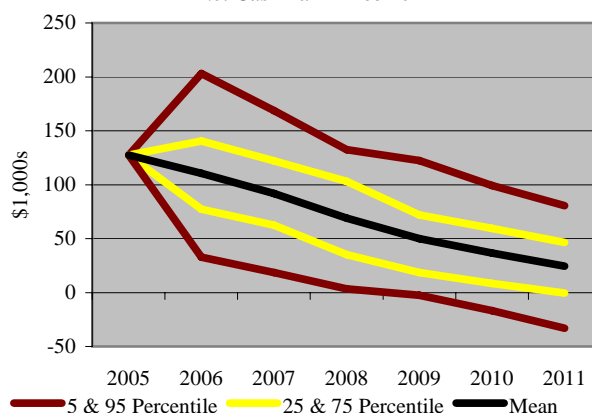
MOCB400 is a 400-cow beef cattle farm located in central Missouri (Dent County). This farm consists of 1,060 acres of owned ground and 500 acres of leased ground. Annually, 410 acres of hay are harvested on owned land. 2005 cattle sales represented 97 percent of MOCB400's cash receipts.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income



	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	5.2	5.5	5.4	5.7	5.4
Livestock Receipts (\$1,000)	253.4	229.4	211.3	198.9	188.3
Government Payments (\$1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts (\$1,000)	262.9	239.3	221.0	208.9	197.9
Total Expenses (\$1,000)	171.0	170.3	171.1	172.5	173.4
Net Cash Farm Income (\$1,000)	91.8	68.9	49.9	36.5	24.5
Ending Cash (\$1,000)	233.4	262.5	276.1	274.8	265.0
Net Worth (\$1,000)	3,407.8	3,398.5	3,417.7	3,440.3	3,474.7
Return on Assets (%)	1.3	-1.3	-1.0	-0.5	0.0
P(Cash Flow Deficit) (%)	7.0	21.0	43.0	52.0	65.0
P(Refinancing) (%)	1.0	1.0	1.0	1.0	1.0
P(Decreasing RNW) (%)	6.0	12.0	11.0	9.0	11.0

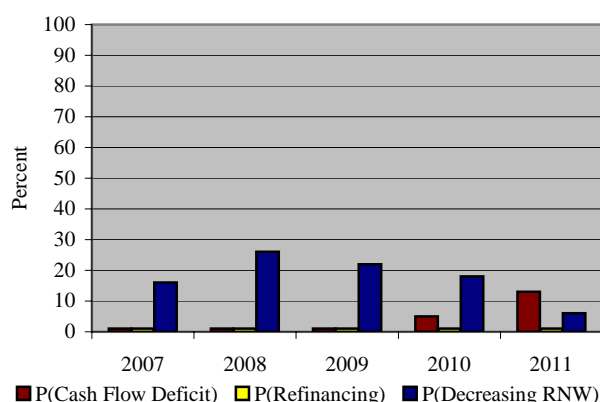
Producers participating in the panel include: George A. Barnitz, G. Douglas Black, Paul Heithold, and Ken Lenox. Brent Carpenter, Ted Cunningham, and Peter Zimmer serve as facilitators.

TXRB500

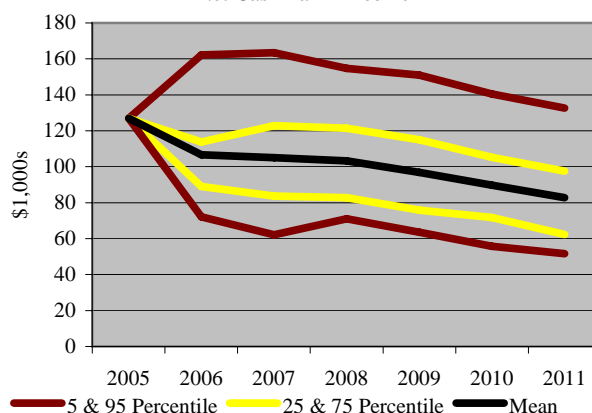
The western Rolling Plains of Texas (King County) is home to this 500-head cow-calf operation. This ranch operates on 20,000 acres (half owned, half leased) of native range. After weaning, calves are placed on wheat pasture and then either sold as feeder cattle or retained as replacement females. Eighty-six percent of 2005 receipts came from cattle sales.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income



	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts (\$1,000)	274.0	265.9	256.5	247.8	241.4
Government Payments (\$1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts (\$1,000)	322.0	313.9	304.5	295.8	289.4
Total Expenses (\$1,000)	216.8	210.6	207.7	206.0	206.6
Net Cash Farm Income (\$1,000)	105.1	103.3	96.9	89.8	82.8
Ending Cash (\$1,000)	179.1	215.2	245.8	270.1	289.2
Net Worth (\$1,000)	4,680.8	4,650.0	4,678.8	4,720.9	4,791.5
Return on Assets (%)	1.5	-2.3	-0.9	-0.2	0.4
P(Cash Flow Deficit) (%)	1.0	1.0	1.0	5.0	13.0
P(Refinancing) (%)	1.0	1.0	1.0	1.0	1.0
P(Decreasing RNW) (%)	16.0	26.0	22.0	18.0	6.0

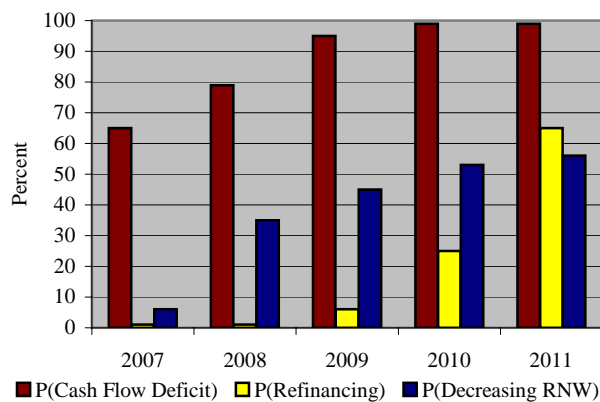
Producers participating in the panel include: Duane Daniel, Bill Masterson, Glenn Springer, and Mark Whitman. Gary Antilley, Stan Bevers, Toby Oliver, and Rebel Royall serve as facilitators.

TXSB175

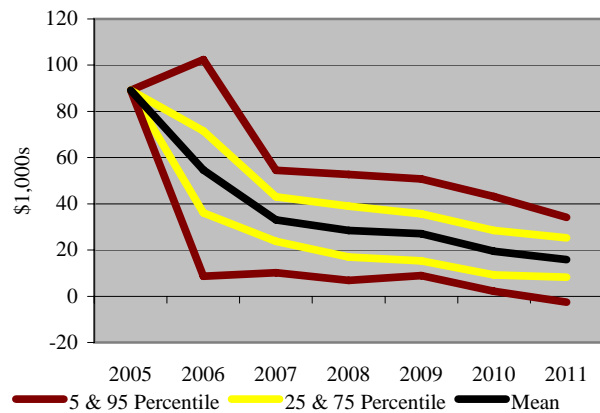
A 175-head cow-calf operation is the central focus of this full-time agricultural operation in south central Texas (Gonzales County). Faced with continued drought, the ranch liquidated 30% of its mature cowherd in 2006, hence expects a decreased calf crop in 2007. The arid conditions also prompted the ranch to wean calves light in early 2006. Contract broiler production is an important source of agricultural revenue for this ranch; even so, cattle sales accounted for 84 percent of 2005 gross receipts.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income



	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts (\$1,000)	91.1	95.9	89.1	85.0	81.0
Government Payments (\$1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts (\$1,000)	123.6	128.4	121.6	117.5	113.5
Total Expenses (\$1,000)	90.5	100.0	94.5	98.0	97.7
Net Cash Farm Income (\$1,000)	33.0	28.4	27.1	19.5	15.9
Ending Cash (\$1,000)	96.7	84.8	60.4	20.6	-21.5
Net Worth (\$1,000)	2,514.3	2,485.2	2,475.0	2,462.0	2,458.8
Return on Assets (%)	-0.2	-2.5	-2.6	-2.5	-1.3
P(Cash Flow Deficit) (%)	65.0	79.0	95.0	99.0	99.0
P(Refinancing) (%)	1.0	1.0	6.0	25.0	65.0
P(Decreasing RNW) (%)	6.0	35.0	45.0	53.0	56.0

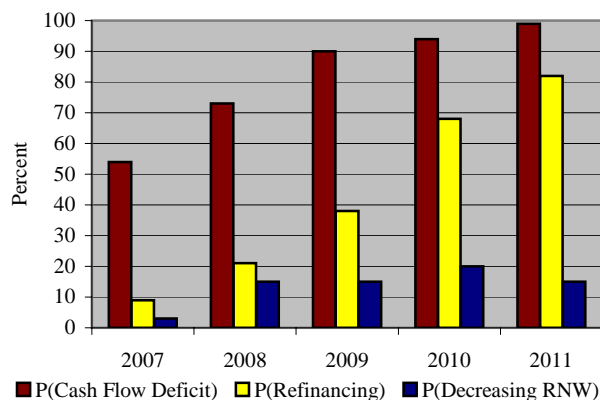
Producers participating in the panel include: Steve Breitschopf, Brian Fink, Michael Kuck, and William L. Quinney. Dwight Sexton serves as the facilitator.

FLB1155

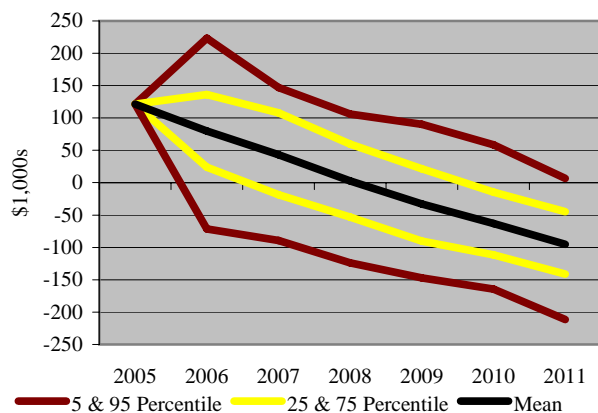
This is a 1,155-cow ranch located in central Florida (Osceola County). FLB1155 runs cows on 5,400 acres of owned improved pasture, from which 3,560 acres of hay are harvested annually. Sales of sod are a burgeoning source of agricultural income for area ranches. During 2005, cattle sales represented 91 percent of total receipts.



Probabilities of a Cash Flow Deficit, Refinancing, and Decreasing Real Net Worth



Net Cash Farm Income



	2007	2008	2009	2010	2011
Market Receipts (\$1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts (\$1,000)	534.3	485.1	449.8	424.0	403.8
Government Payments (\$1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts (\$1,000)	595.5	546.3	511.0	485.2	465.0
Total Expenses (\$1,000)	552.2	543.6	543.8	548.4	560.3
Net Cash Farm Income (\$1,000)	43.3	2.7	-32.8	-63.2	-95.3
Ending Cash (\$1,000)	149.1	98.2	20.0	-85.1	-236.4
Net Worth (\$1,000)	13,367.8	13,226.4	13,226.9	13,242.0	13,308.9
Return on Assets (%)	2.2	-1.8	-0.5	-0.1	0.4
P(Cash Flow Deficit) (%)	54.0	73.0	90.0	94.0	99.0
P(Refinancing) (%)	9.0	21.0	38.0	68.0	82.0
P(Decreasing RNW) (%)	3.0	15.0	15.0	20.0	15.0

Producers participating in the panel include: Mike Adams, Judy Lisle Bozeman, Alan Kelley, Bert Tucker, Fred Tucker, and Wes Williamson. John Earman serves as the facilitator.