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USDA Outlook for the 2010 U.S. Farm Economy

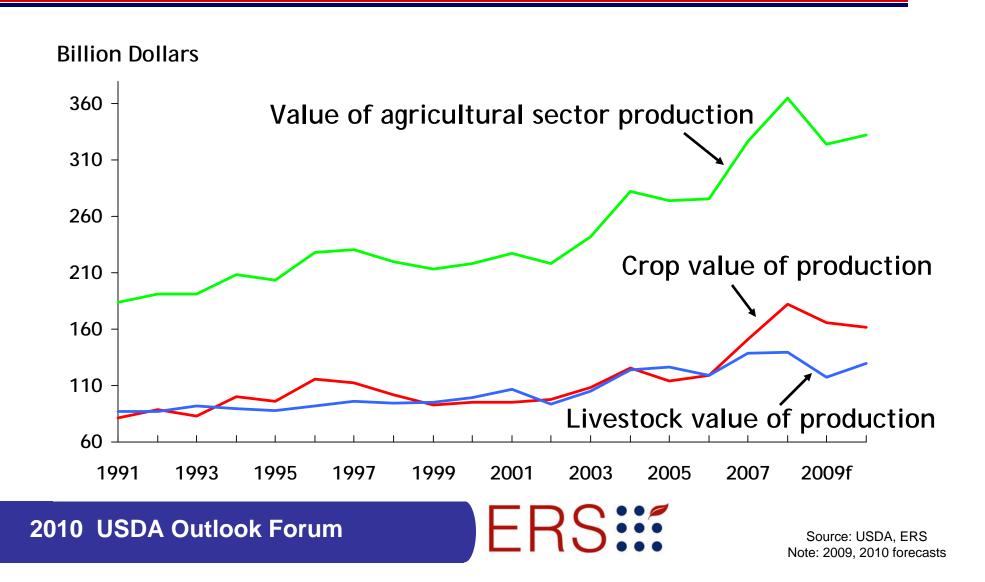
Ted Covey Farm and Rural Business Branch Resource and Rural Economics Division



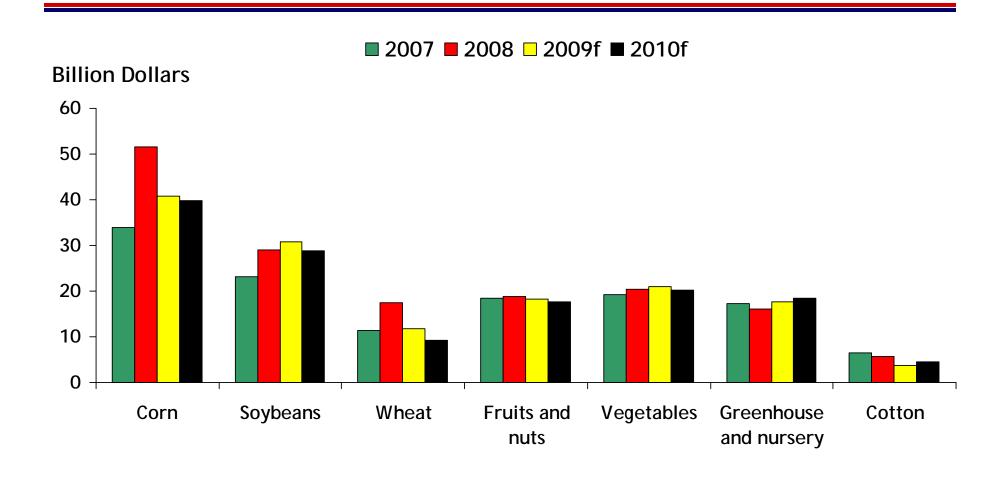
United States Department of Agriculture

2010 USDA Outlook Forum

Value of agricultural sector production expected to increase \$7.9 billion in 2010

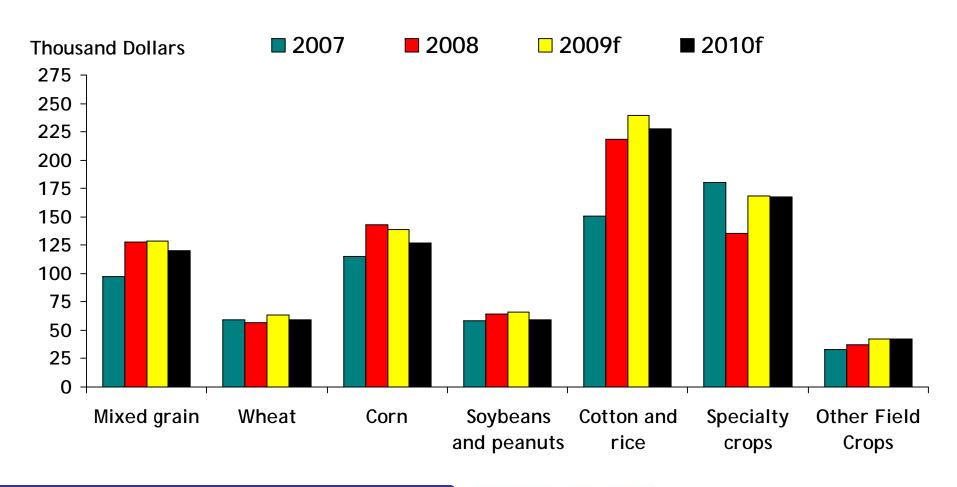


Crop cash receipts expected to decline \$6 billion in 2010





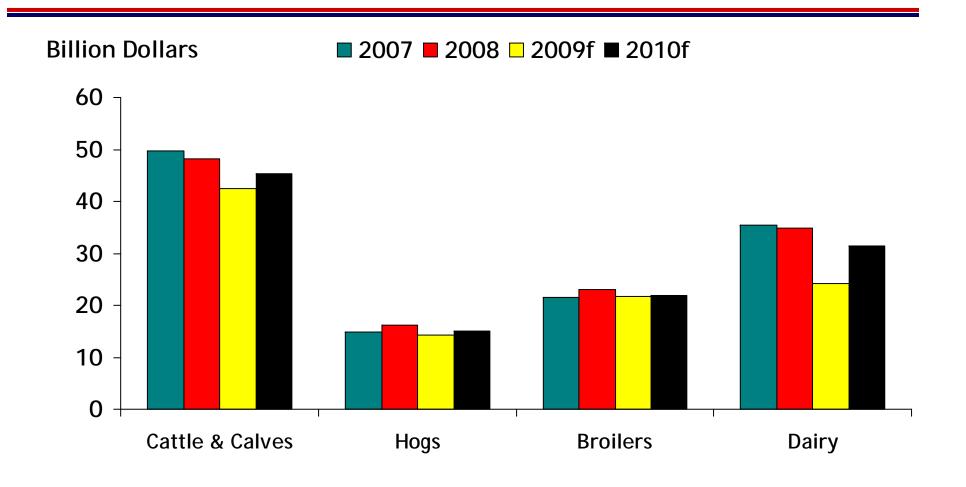
Lower average net cash incomes projected in 2010 for crop farm businesses



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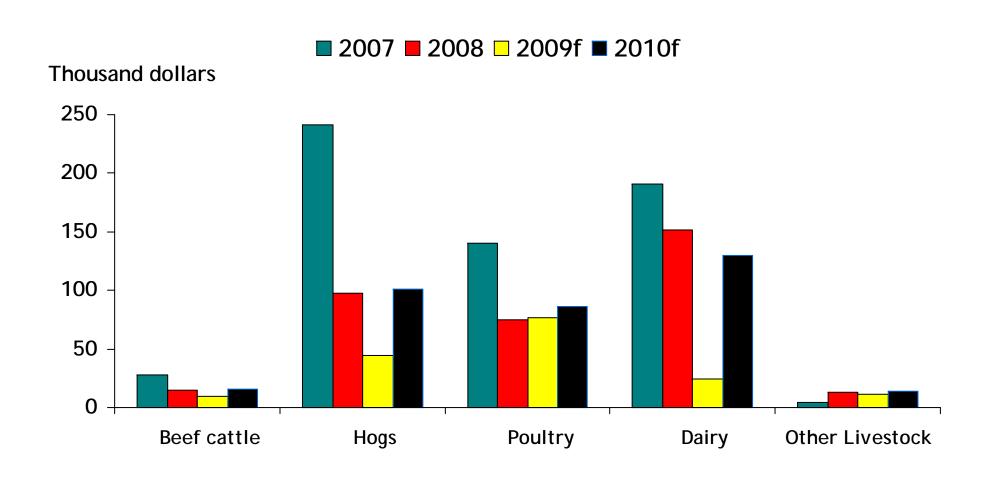


Livestock cash receipts expected to increase \$11.5 billion in 2010





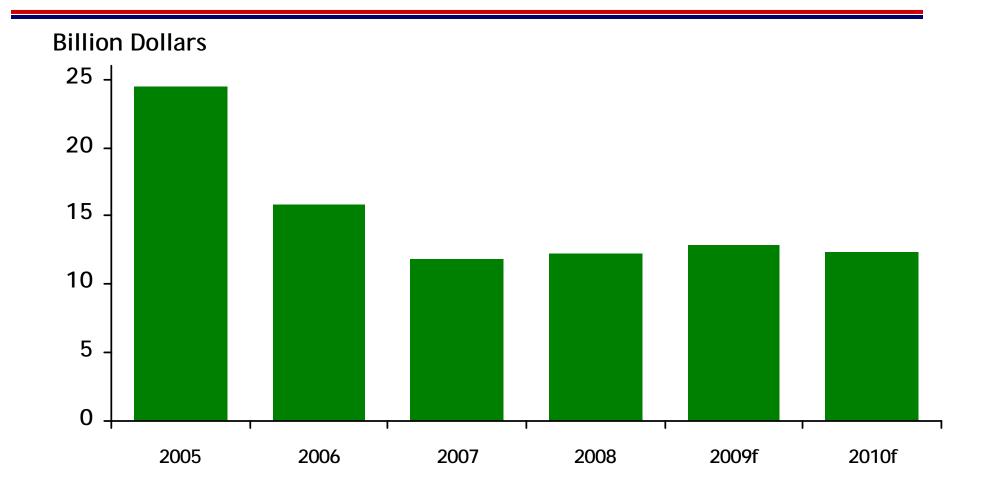
Average net cash income for livestock farm businesses expected to recover in 2010



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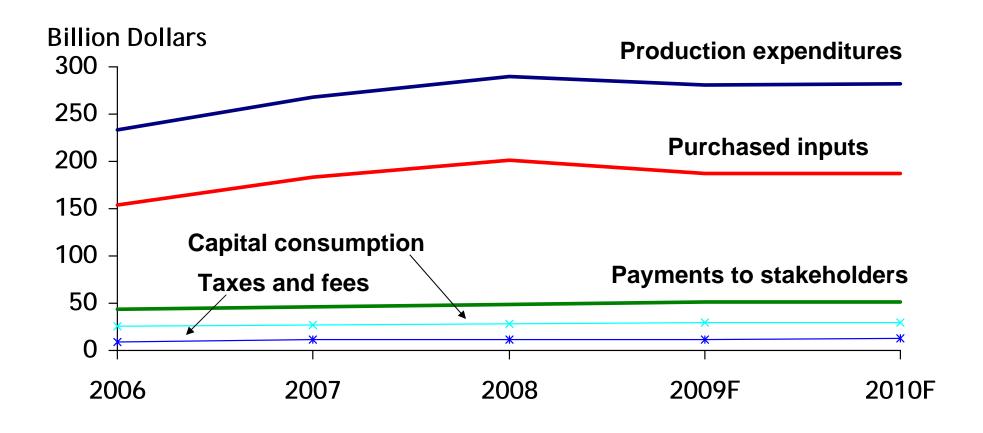


Government payments expected to decline \$0.5 billion in 2010



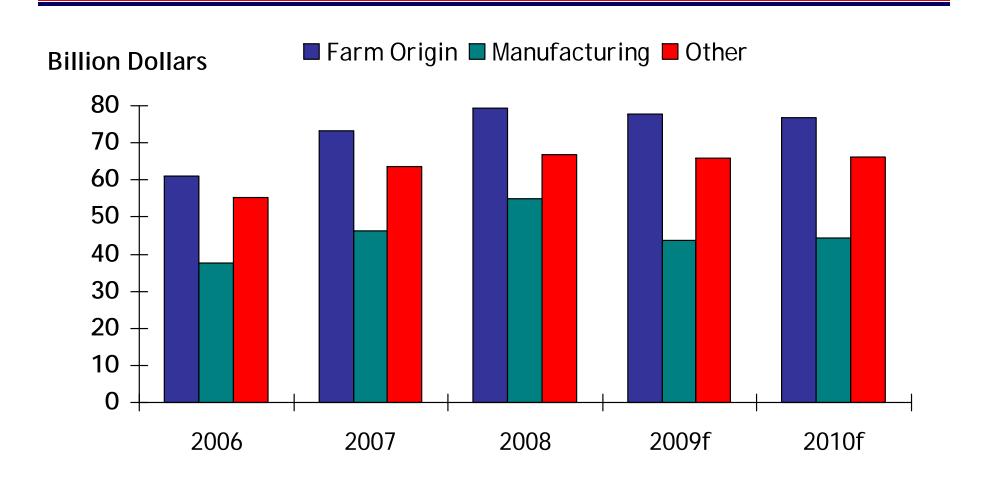
ERS:

Farm production expenditures expected to remain steady in 2010



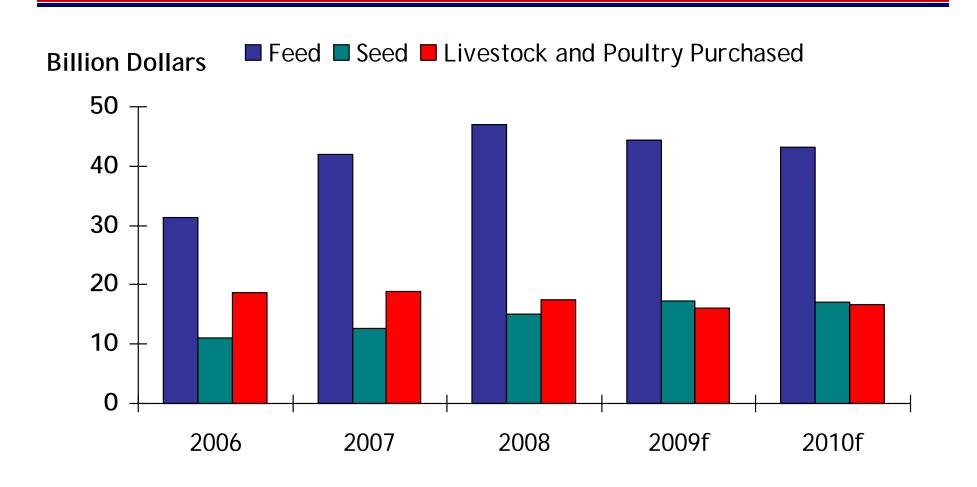


Purchase inputs expenditures expected to decline \$0.1 billion in 2010



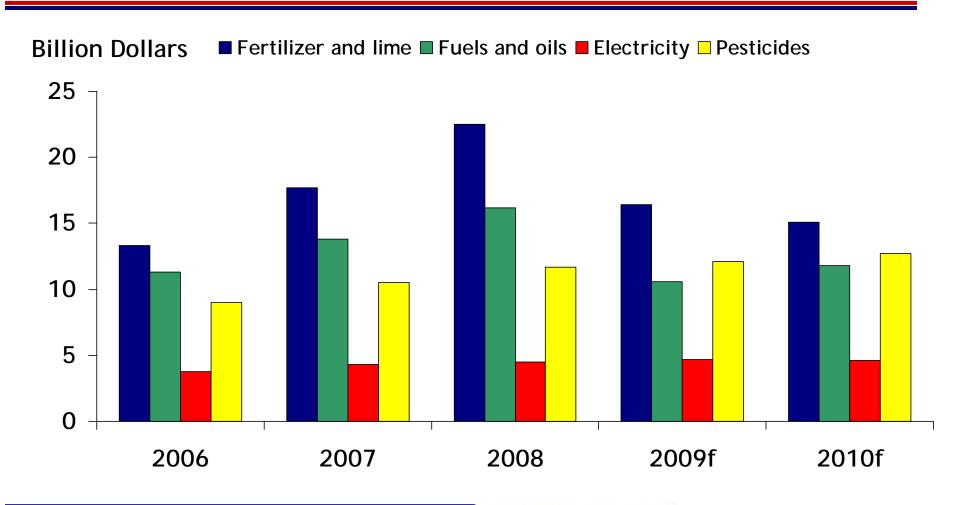
ERS:

Farm origin expenses expected to decline \$0.7 billion in 2010



ERS:

Manufacturing input expenses expected to rise \$0.5 billion in 2010



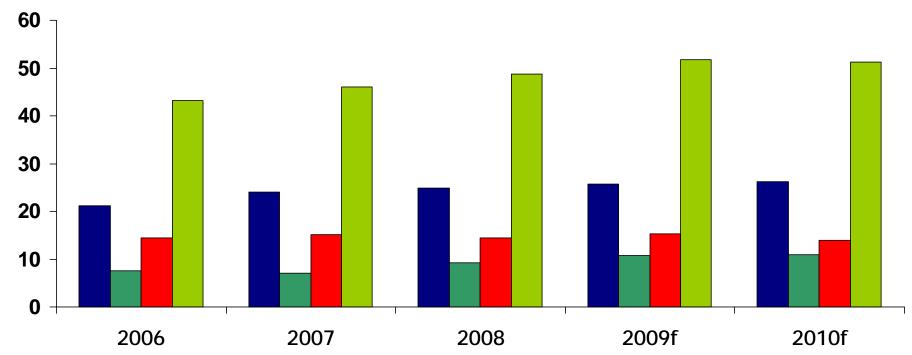
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Payments to stakeholders expected to fall \$0.5 billion in 2010

■ Hired Labor ■ Non-Operator Landlords ■ Lenders ■ Total Payments

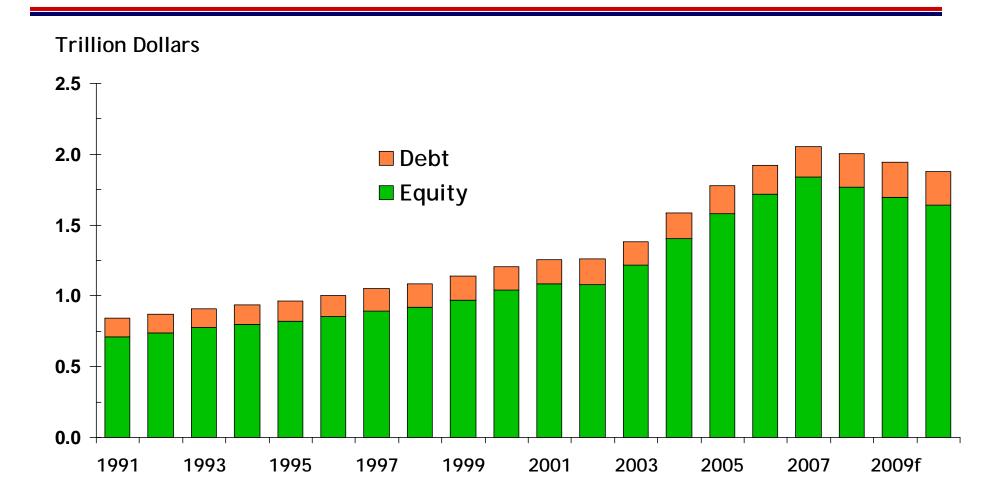
Billion Dollars



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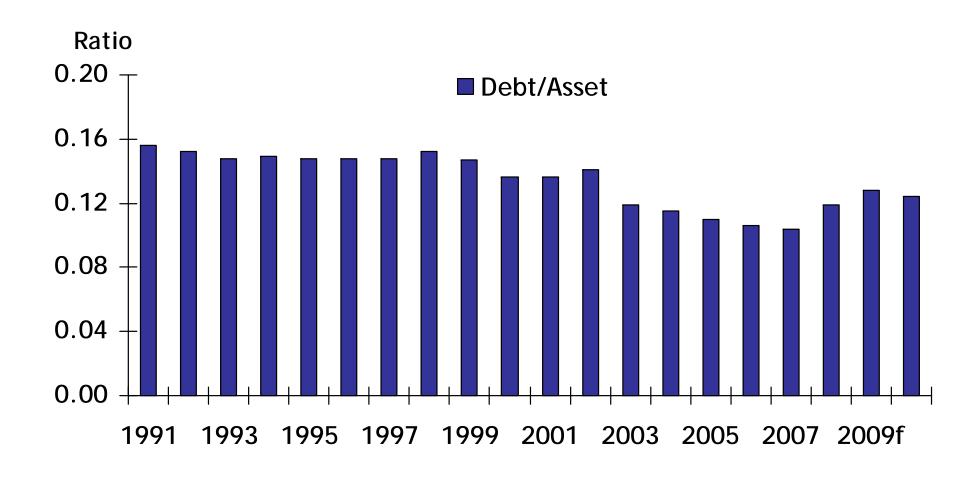
Farm sector assets, debt and equity expected to decline in 2010



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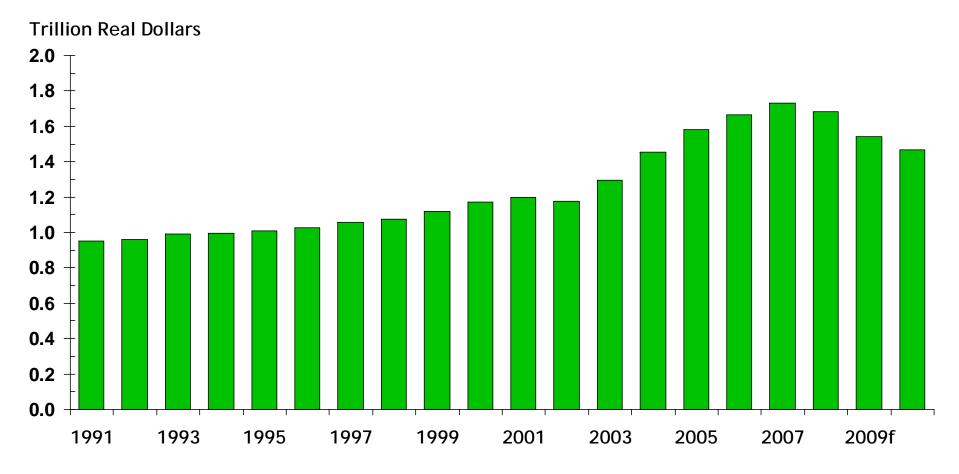


Share of farm assets financed by debt expected to decline in 2010





Inflation-adjusted farm sector equity peaked in 2007



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Base Year 2005 GDP Chain-weighted Deflator

Net Farm Income expected to rise in 2010

| | | 2010f | Change from 2009f |
|--------------------------------------|-----|---------|-------------------|
| Value Agricultural Sector Production | | \$332.1 | \$7.9 |
| Purchased Inputs | (-) | \$187.2 | \$0 |
| Net Government Transactions | (+) | (\$0.6) | (\$1.6) |
| Gross Value Added | = | \$144.3 | \$6.4 |
| Capital Consumption | (-) | \$30.1 | \$0.2 |
| Net Value Added | = | \$114.2 | \$6.1 |
| Payments to Stakeholders | (-) | \$51.2 | (\$0.5) |
| Net Farm Income | = | \$63.0 | \$6.7 |

Note: Billion dollars

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Inflation-adjusted net farm income peaked in 2004

1999

ERS

2003

2005

2007

2001

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1993

1995

1997

0.0

1991

Base Year 2005 GDP Chain-weighted Deflator

2009f