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Research Report

Representative Farms Economic Outlook for the December 2015 FAPRI/AFPC Baseline

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Representative Farms Economic Outlook for the December 2015 FAPRI/AFPC Baseline

Briefing Paper 15-3

December 2015



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**REPRESENTATIVE FARMS ECONOMIC
OUTLOOK FOR THE DECEMBER 2015
FAPRI/AFPC BASELINE**

AFPC Briefing Paper 15-3

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EXECUTIVE SUMMARY

The Agricultural and Food Policy Center (AFPC) at Texas A&M University develops and maintains data to simulate 91 representative crop, dairy, and livestock operations in major production areas in 28 states. The chief purpose of this analysis is to project the economic viability of those farms by region and commodity for 2015 through 2020. The data necessary to simulate the economic activity of these operations is developed through ongoing cooperation with panels of agricultural producers in selected states. The Food and Agricultural Policy Research Institute (FAPRI) provided projected prices, policy variables, and input inflation rates in their December 2015 Baseline.

Under the December 2015 Baseline, 26 of the 62 crop farms are considered in good liquidity condition (less than a 25 percent chance of negative ending cash by 2020). Eight crop farms have between a 25 percent and a 50 percent likelihood of negative ending cash, and the remaining 28 crop farms have greater than a 50 percent chance of negative ending cash. Additionally, 24 of the 62 crop farms are considered in good equity position (less than a 25 percent chance of decreasing real net worth during the study period). Eight crop farms have between a 25 percent and 50 percent likelihood of losing real net worth, and 30 crop farms have greater than a 50 percent probability of decreasing real net worth by 2020. The following discussion provides an overall evaluation by commodity considering both liquidity and equity measures.

- **FEEDGRAIN FARMS:** Ten of the 23 feedgrain farms are in good overall financial condition. Four are classified in marginal condition, and nine are in poor condition.
- **WHEAT FARMS:** Four representative wheat farms are classified in good overall financial condition, one is in marginal condition, and six are in poor condition.
- **COTTON FARMS:** Three of the 15 cotton farms are classified in good condition, three are in marginal condition, and nine are in poor condition.
- **RICE FARMS:** Eight of the 13 rice farms are projected to be in good financial condition. One rice farm is projected to be in marginal condition; four are in poor condition.
- **DAIRY FARMS:** Nine of the 18 dairies are in good overall financial condition. Five are classified in marginal condition, and four are in poor condition.
- **BEEF CATTLE RANCHES:** Five of the 11 cattle ranches are classified in good financial condition, six are in marginal condition, and none are projected to be in poor condition.

REPRESENTATIVE FARMS ECONOMIC OUTLOOK FOR THE DECEMBER 2015 FAPRI/AFPC BASELINE

The farm level economic impacts of the FAPRI December 2015 Baseline on representative crop and livestock operations are projected in this report, assuming provisions of the 2014 Farm Bill continue throughout the 2014-2020 study period. Crop farms are assumed to have elected ARC or PLC on a crop by crop basis that resulted in the highest projected ending cash reserves at the end of the period. Based on interviews with a sample of producers, farms are currently assumed to not purchase SCO/STAX. The analysis was conducted over the 2014-2020 planning horizon using FLIPSIM, AFPC's whole farm simulation model. Data to simulate farming operations in the nation's major production regions came from two sources:

- Producer panel cooperation to develop economic information to describe and simulate representative crop, livestock, and dairy farms.
- Projected prices, policy variables, and input inflation rates from the Food and Agricultural Policy Research Institute (FAPRI) December 2015 Baseline.

The FLIPSIM policy simulation model incorporates the historical risk faced by farmers for prices and production. This report presents the results of the December 2015 Baseline in a risk context using selected simulated probabilities and ranges for annual net cash farm income values. The probability of a farm experiencing negative ending cash reserves and the probability of a farm losing real net worth are included as indicators of the cash flow and equity risks facing farms through the year 2020.

DEFINITIONS OF VARIABLES IN THE SUMMARY TABLES

- **Overall Financial Position, 2015-2020** -- As a means of summarizing the representative farms' economic efficiency, liquidity, and solvency position, AFPC classifies each farm as being in either a good (green), marginal (yellow) or poor (red) position. AFPC defines a farm to be in a good financial position when it has less than a 25 percent chance each of a negative ending cash position and less than a 25 percent chance of losing real net worth through 2020. If the probabilities of these events are between 25 and 50 percent the farm is classified as marginal. A probability greater than 50 percent places the farm in a poor financial position.
- **Receipts** -- 2015-2020 average cash receipts from all farm related sources, including market sales, PLC/ARC payments, marketing loan gains/LDPs, crop insurance indemnities, and other receipts.
- **Payments** -- 2015-2020 average annual PLC or ARC payments and marketing loan gains/LDPs for crop farms.
- **NCFI** -- 2015-2020 average net cash farm income equals average total receipts minus average total cash expenses.
- **Reserve 2020** -- equals total cash on hand at the end of year 2020. Ending cash equals beginning cash reserves plus net cash farm income and interest earned on cash reserves less principal payments, federal taxes (income and self employment), state income taxes, family living withdrawals, and actual machinery replacement costs (not depreciation).
- **Net Worth 2020** -- equity equals total assets including land minus total debt from all sources and is reported at the end of 2020.
- **CRNW** -- annualized percentage change in the operator's real net worth from January 1, 2015 through December 31, 2020, after adjusting for inflation.

Table 1. FAPRI December 2015 Baseline Projections of Crop and Livestock Prices, 2014-2020.

	2014	2015	2016	2017	2018	2019	2020
Crop Prices							
Corn (\$/bu.)	3.70	3.64	3.75	3.88	4.03	4.09	4.13
Wheat (\$/bu.)	5.99	4.98	4.96	5.10	5.47	5.70	5.76
Cotton (\$/lb.)	0.6130	0.5939	0.6037	0.6135	0.6517	0.6628	0.6738
Sorghum (\$/bu.)	4.03	3.60	3.47	3.61	3.72	3.79	3.84
Soybeans (\$/bu.)	10.10	8.86	8.87	9.77	9.97	10.13	10.32
Barley (\$/bu.)	5.30	5.28	4.60	4.74	4.95	5.09	5.17
Oats (\$/bu.)	3.21	2.19	2.47	2.47	2.51	2.55	2.58
Rice (\$/cwt.)	13.30	13.46	13.64	13.55	13.89	14.11	14.14
Soybean Meal (\$/ton)	351.47	303.40	310.14	336.74	339.48	341.83	346.77
All Hay (\$/ton)	172.00	148.94	151.06	159.33	164.99	168.39	170.03
Peanuts (\$/ton)	440.00	372.80	364.29	385.19	417.13	435.85	437.70
Cattle Prices							
Feeder Cattle (\$/cwt)	225.07	230.15	207.46	184.89	172.61	166.79	164.63
Fed Cattle (\$/cwt)	154.56	149.85	139.40	129.77	125.07	123.32	122.79
Culled Cows (\$/cwt)	104.09	101.87	94.80	89.05	83.10	79.06	78.06
Milk Price							
U.S. All Milk Price (\$/cwt)	24.07	17.20	16.52	17.21	17.87	18.29	18.50

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

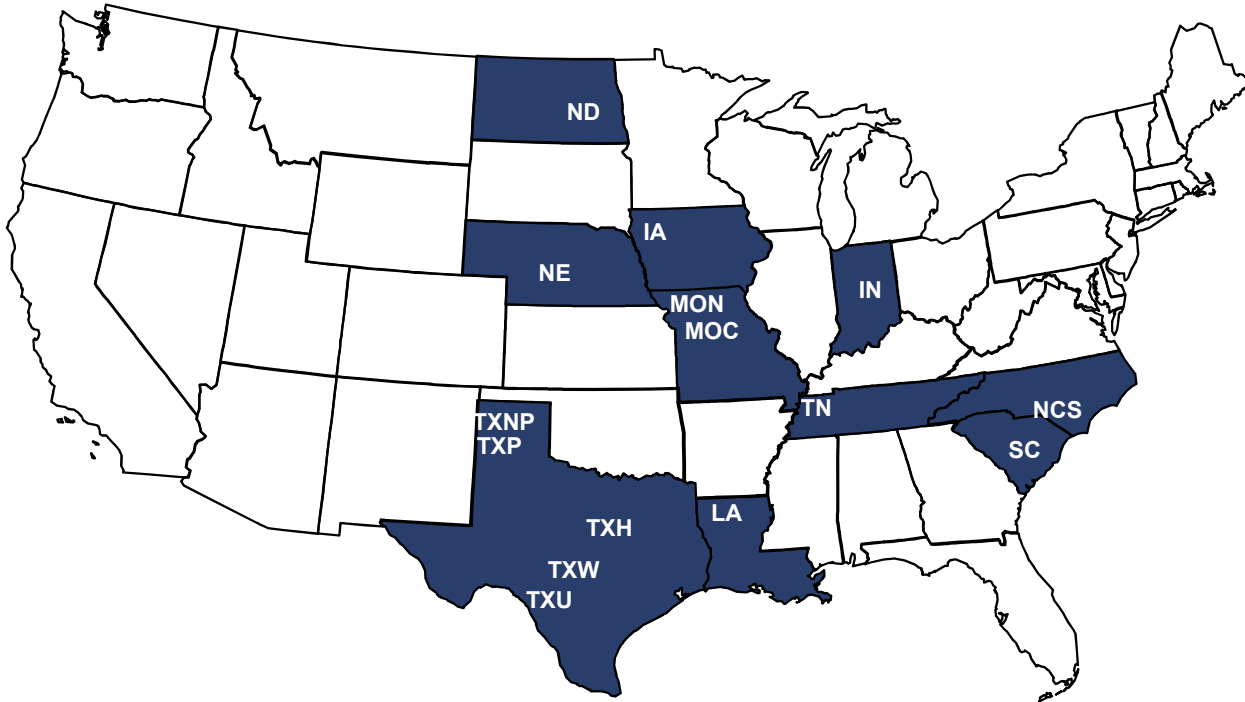
Table 2. FAPRI December 2015 Baseline Assumed Rates of Change in Input Prices and Annual Changes in Land Values, 2015-2020.

	2015	2016	2017	2018	2019	2020
Annual Rate of Change for Input Prices Paid						
Seed Prices (%)	0.00	-0.83	-1.03	-0.06	1.45	2.64
All Fertilizer Prices (%)	-9.86	-7.93	-3.11	4.03	5.39	4.97
Herbicide Prices (%)	-3.26	-0.40	4.88	7.03	5.08	4.93
Insecticide Prices (%)	-6.65	-1.35	3.30	5.56	4.50	4.27
Fuel and Lube Prices (%)	-34.35	0.39	7.67	16.19	6.65	7.05
Machinery Prices (%)	3.45	-0.98	2.60	3.76	4.35	3.96
Wages (%)	2.31	2.41	3.34	3.44	3.55	3.48
Supplies (%)	0.16	1.01	2.13	2.14	1.84	1.81
Repairs (%)	-0.47	1.28	3.02	2.97	2.73	2.65
Services (%)	2.75	1.45	2.84	3.28	3.53	3.41
Taxes (%)	1.90	1.36	1.64	1.41	1.93	2.16
PPI Items (%)	-3.24	-1.70	-0.05	1.74	1.91	2.11
PPI Total (%)	-2.60	-1.18	0.40	1.98	2.11	2.22
Annual Change in Consumer Price Index (%)	0.01	1.80	2.36	2.84	2.42	2.49
Annual Rate of Change for U.S. Land Prices (%)	2.37	-1.77	-0.72	-0.62	-0.04	0.55

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

Representative Farm: Feed Grains

- Overall, ten feed grain farms are characterized as good, four are marginal, and nine are in poor condition.
- Eight of the twenty-three farms will be under severe cash flow stress; eleven farms have high likelihoods (greater than a 50 percent chance) of losing real net worth.



Characteristics of Panel Farms Producing Feed Grains, 2014.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Feed Grains (acres)
IAG1350	1,350	6,575.00	0.21	926.00	1,350
IAG3400	3,400	16,135.00	0.21	2,111.50	3,400
NEG2400	2,400	7,200.00	0.17	1,718.60	2,400
NEG4300	4,300	26,074.00	0.18	3,271.90	4,000
NDG3000	3,000	4,516.00	0.22	1,117.80	2,500
NDG8000	8,000	28,170.00	0.20	3,334.50	5,750
ING1000	1,000	3,842.00	0.18	616.80	1,000
ING2200	2,200	10,819.00	0.19	1,481.40	2,200
MOCG2300	2,300	16,914.00	0.18	1,249.40	2,300
MOCG4000	4,000	22,975.00	0.17	1,977.60	4,000
MONG2300	2,300	11,593.00	0.17	1,780.10	2,250
LAG2640	2,640	2,056.00	0.26	1,653.70	2,244
LANG2500	2,500	9,398.00	0.17	1,814.30	1,750
TNG900	900	2,517.00	0.22	442.80	900
TNG2200	2,200	5,311.00	0.24	944.00	2,200
NCSP1800	1,800	5,010.00	0.22	986.60	1,440
SCG3500	3,500	12,527.00	0.18	2,327.40	2,625
TXNP3000	3,000	2,196.00	0.17	1,481.30	1,200
TXNP10000	10,000	18,404.00	0.17	5,464.10	5,700
TXPG2500	2,500	5,626.00	0.25	1,623.90	1,453
TXHG2500	2,500	2,626.00	0.36	625.30	1,700
TXWG1600	1,600	1,597.00	0.18	706.20	1,050
TXUG1600	1,600	829.00	0.09	1,343.90	150

Representative Farm: Feed Grains

Economic Viability of Representative Farms over the 2015-2020 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2020	2015-2020	2015-2020
10/4/9				
IAG1350			99-98	99-96
IAG3400			97-93	94-87
NEG2400			1-31	93-62
NEG4300			1-42	2-64
NDG3000			1-34	92-52
NDG8000			1-1	1-3
ING1000			1-8	1-6
ING2200			1-47	1-31
MOCG2300			1-1	1-1
MOCG4000			1-1	1-1
MONG2300			1-1	1-1
LAG2640			42-56	96-61
LANG2500			1-1	1-4
TNG900			43-71	99-59
TNG2200			1-69	99-60
NCSP1800			71-98	99-99
SCG3500			1-3	1-14
TXNP3000			3-45	60-43
TXNP10000			1-1	1-1
TXPG2500			2-10	4-4
TXHG2500			99-99	99-99
TXWG1600			84-99	99-99
TXUG1600			1-1	16-9

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

<25	25-50	>50
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2 P(NegativeEnding Cash) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2015 and 2020.

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 2014 to 2015 and from 2014 to 2020.

Implications of the December 2015 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Feed Grains and Oilseeds

	Receipts	Payments	NCFI	Reserve 2020	Net Worth 2020	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
IAG1350	992.31	41.34	13.83	(1,344.00)	4,433.02	(2.74)
IAG3400	2,264.90	100.52	139.93	(2,044.86)	11,837.12	(1.70)
NEG2400	1,839.89	78.90	220.49	470.03	6,031.34	(0.54)
NEG4300	3,476.07	133.91	451.45	354.09	21,456.60	(0.66)
NDG3000	1,214.68	47.49	196.08	307.97	3,655.16	0.16
NDG8000	3,580.13	127.70	1,059.34	4,585.39	26,179.82	1.51
ING1000	603.55	18.48	200.83	265.51	3,513.78	1.09
ING2200	1,451.63	42.14	299.27	48.28	9,288.67	0.33
MOCG2300	1,520.29	43.95	738.74	1,798.79	16,610.37	1.91
MOCG4000	2,302.67	64.34	1,096.57	3,105.67	23,280.63	2.18
MONG2300	1,663.16	48.41	473.40	1,542.51	11,183.01	1.13
LAG2640	1,752.34	64.32	151.46	(145.61)	1,479.58	(0.34)
LANG2500	1,941.03	72.73	409.55	1,364.06	9,080.58	1.43
TNG900	484.81	13.36	125.03	(144.47)	2,010.89	(0.07)
TNG2200	1,038.58	40.52	228.40	(267.88)	4,178.83	0.09
NCSP1800	1,171.48	106.91	28.61	(1,054.01)	3,009.82	(3.55)
SCG3500	2,349.11	137.50	409.49	1,521.38	11,414.79	1.06
TXNP3000	1,656.19	83.22	201.59	67.15	2,142.45	1.01
TXNP10000	5,809.38	261.84	1,708.36	7,387.15	21,773.14	4.63
TXPG2500	1,724.33	69.45	413.14	656.05	5,288.84	2.80
TXHG2500	687.63	51.23	(83.51)	(2,019.14)	311.04	(13.23)
TXWG1600	532.17	32.65	(19.42)	(855.89)	614.61	(8.59)
TXUG1600	1,377.76	107.65	215.29	615.81	1,165.68	6.92

1 Receipts are average annual total cash receipts including government payments, 2015-2020 (\$1,000)

2 Payments are average annual total government payments, 2015-2020 (\$1,000)

3 NCFI is average annual net cash farm income, 2015-2020 (\$1,000)

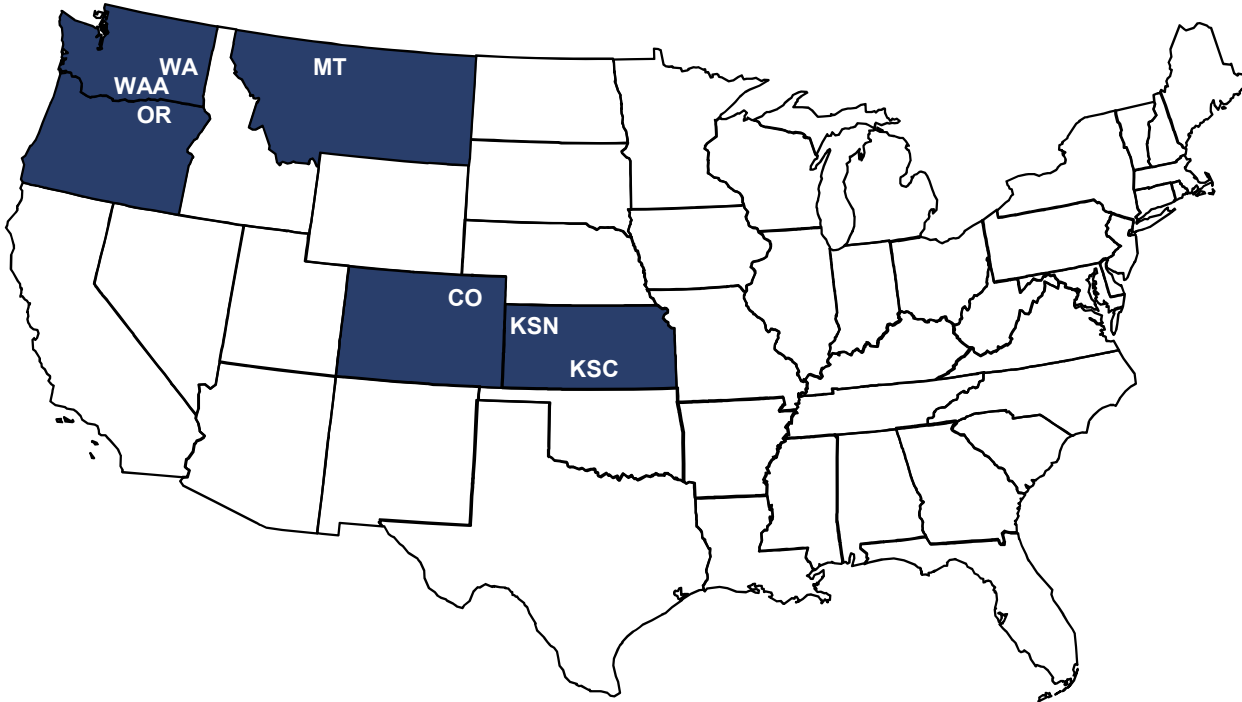
4 Reserve 2020 is average ending cash reserves, 2020 (\$1,000)

5 Net Worth 2020 is average nominal ending net worth, 2020 (\$1,000)

6 CRNW is average percentage change in real net worth over 2015-2020 period, (%)

Representative Farm: Wheat

- Four wheat farms are projected to be in good overall financial condition, one is in marginal condition, and six are in poor condition.
- Six of the eleven wheat farms are expected to feel significant liquidity pressure over the period; those six farms also have a greater than 50 percent chance of losing real equity.



Characteristics of Panel Farms Producing Wheat, 2014.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Wheat (acres)
WAW2000	2,000	2,459.00	0.16	820.10	1,320
WAW7000	7,000	9,539.00	0.19	2,572.30	4,060
WAAW4500	4,000	2,312.00	0.19	486.50	2,000
ORW4100	4,100	2,175.00	0.19	479.40	1,950
MTW7000	7,000	7,161.00	0.17	1,154.60	4,200
KSCW2000	2,000	2,977.00	0.23	469.10	1,000
KSCW5300	5,300	6,085.00	0.17	1,050.50	3,445
KSNW4000	4,000	4,680.00	0.22	813.00	1,500
KSNW5980	5,980	9,773.00	0.24	1,348.50	1,820
COW3000	3,000	3,116.00	0.18	419.40	970
COW5640	5,640	4,631.00	0.22	762.30	1,900

Representative Farm: Wheat

Economic Viability of Representative Farms over the 2015-2020 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2020	2015-2020	2015-2020
4/1/6				
WAW2000			1-1	1-2
WAW7000			97-99	99-99
WAAW4500			87-96	94-96
MTW7000			1-1	1-1
ORW4100			1-14	19-44
KSCW2000			1-51	35-62
KSCW5300			1-1	1-1
KSNW4000			99-85	95-64
KSNW5980			99-99	99-97
COW3000			1-1	1-4
COW5640			1-84	93-79

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 2015 and 2020.

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 2014 to 2015 and from 2014 to 2020.

Implications of the December 2015 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Wheat

	Receipts	Payments	NCFI	Reserve 2020	Net Worth 2020	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
WAW2000	776.95	24.69	222.45	974.32	2,535.19	2.38
WAW7000	2,460.68	85.30	(128.73)	(3,850.59)	4,546.16	(6.66)
WAAW4500	445.64	18.62	14.28	(576.33)	1,391.42	(4.31)
ORW4100	428.70	22.56	125.58	242.12	1,794.27	(0.18)
MTW7000	1,168.57	78.67	508.29	2,135.83	7,369.65	2.72
KSCW2000	503.05	19.88	118.95	(9.25)	2,313.57	(0.56)
KSCW5300	1,157.37	52.66	399.38	2,140.68	6,433.80	2.96
KSNW4000	834.49	41.85	160.28	(424.70)	3,625.78	(0.38)
KSNW5980	1,422.21	63.48	22.97	(2,423.95)	6,140.75	(2.87)
COW3000	412.00	16.79	144.35	385.83	2,900.63	1.10
COW5640	727.96	32.87	130.30	(372.15)	3,431.37	(1.19)

1 Receipts are average annual total cash receipts including government payments, 2015-2020 (\$1,000)

2 Payments are average annual total government payments, 2015-2020 (\$1,000)

3 NCFI is average annual net cash farm income, 2015-2020 (\$1,000)

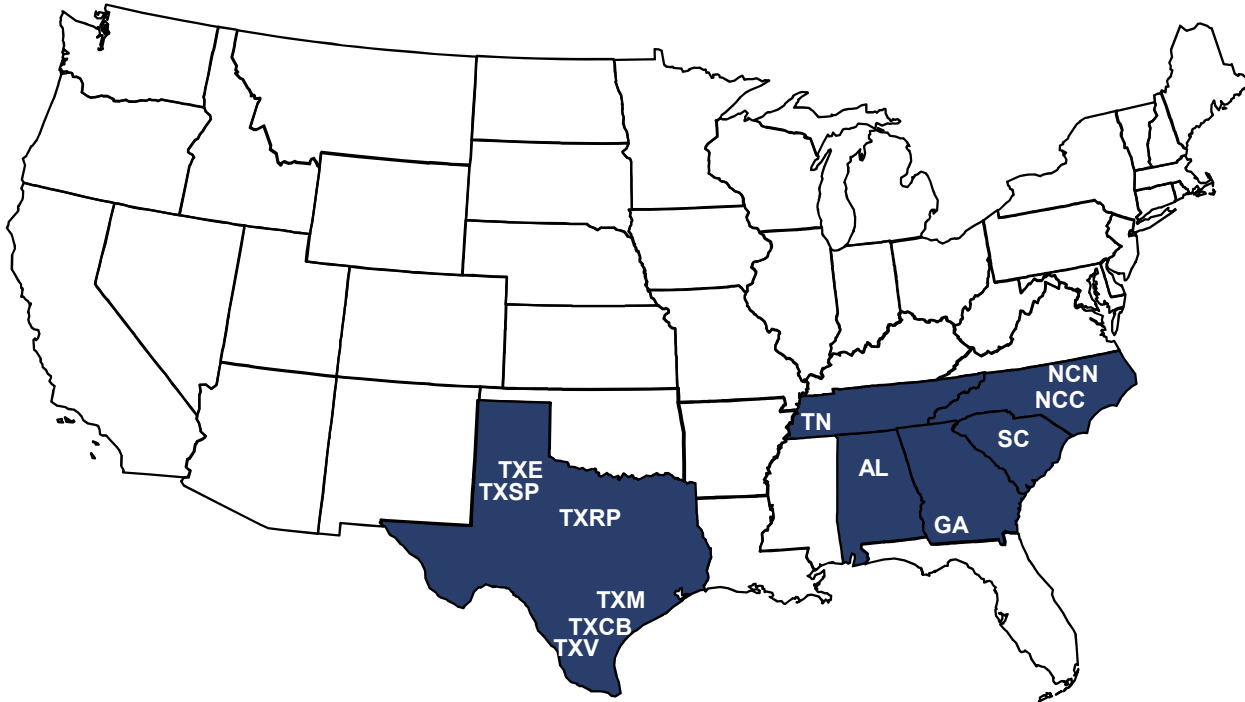
4 Reserve 2020 is average ending cash reserves, 2020 (\$1,000)

5 Net Worth 2020 is average nominal ending net worth, 2020 (\$1,000)

6 CRNW is average percentage change in real net worth over 2015-2020 period, (%)

Representative Farm: Cotton

- Three of the fifteen cotton farms are characterized in good overall financial condition over the 2015-2020 period, three are in marginal condition, and nine are in poor condition.
- Nine of the farms are projected to experience severe cash flow problems (having a greater than 50 percent chance of a cash flow deficit).
- Nine farms are also expected to have a greater than 50 percent chance of losing real equity over the period.



Characteristics of Panel Farms Producing Cotton, 2014.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Cotton (acres)
TXSP2500	2,500	1,608.00	0.31	829.80	2,275
TXSP4500	4,500	3,311.00	0.23	1,886.40	4,047
TXEC5000	5,000	3,989.00	0.25	1,933.40	4,150
TXRP2500	2,500	1,238.00	0.24	350.10	1,000
TXMC1800	1,800	1,660.00	0.38	787.50	900
TXCB2500	2,500	2,064.00	0.33	820.50	1,250
TXCB8000	8,000	3,889.00	0.24	3,039.20	3,600
TXVC4500	4,500	6,299.00	0.17	1,876.90	1,395
TNC2500	2,500	2,970.00	0.09	1,379.10	250
TNC4050	4,050	7,384.00	0.21	2,512.60	2,025
ALC3000	3,000	2,525.00	0.29	1,504.30	1,050
GAC2300	2,300	10,178.00	0.22	2,274.10	1,200
SCC1800	1,800	4,245.00	0.23	1,296.80	900
NCC1700	1,700	2,831.00	0.18	1,000.60	225
NCNP1500	1,500	3,362.00	0.22	935.40	375

Representative Farm: Cotton

Economic Viability of Representative Farms over the 2015-2020 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2020	2015-2020	2015-2020
3/3/9				
TXSP2500			88-95	89-91
TXSP4500			13-58	50-50
TXEC5000			24-19	4-5
TXRP2500			99-99	99-99
TXMC1800			99-99	99-99
TXCB2500			99-99	99-99
TXCB8000			55-82	96-89
TXVC4500			1-3	3-8
TNC2500			1-1	1-1
TNC4050			1-41	97-58
ALC3000			64-97	99-97
GAC2300			11-41	99-38
SCC1800			18-41	67-39
NCC1700			1-78	99-88
NCNP1500			99-99	99-99

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

<25	25-50	>50
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2 P(NegativeEnding Cash) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2015 and 2020.

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 2014 to 2015 and from 2014 to 2020.

Implications of the December 2015 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Cotton

	Receipts	Payments	NCFI	Reserve 2020	Net Worth 2020	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
TXSP2500	888.27	53.43	0.56	(1,291.27)	335.26	(12.22)
TXSP4500	1,956.02	117.87	291.53	(175.51)	2,691.94	0.41
TXEC5000	2,190.12	146.25	459.73	424.76	4,025.45	4.11
TXRP2500	411.20	27.03	30.91	(383.94)	653.74	(5.52)
TXMC1800	845.27	63.59	(18.81)	(1,124.81)	195.20	(13.31)
TXCB2500	871.38	77.59	(110.94)	(1,809.47)	(27.58)	(17.26)
TXCB8000	3,186.43	263.51	116.21	(1,533.99)	1,429.65	(7.96)
TXVC4500	1,957.56	148.82	389.97	1,163.29	6,240.86	2.03
TNC2500	1,395.33	51.68	355.60	2,167.67	3,838.02	5.24
TNC4050	2,573.52	160.31	179.00	194.79	5,987.75	0.06
ALC3000	1,602.84	103.75	25.25	(1,694.79)	416.34	(12.62)
GAC2300	2,574.13	357.84	341.18	122.87	8,659.12	0.80
SCC1800	1,413.50	160.19	207.21	140.10	3,635.64	1.24
NCC1700	995.03	31.46	103.66	(299.01)	1,955.09	(2.51)
NCNP1500	1,027.41	129.93	36.08	(1,420.02)	1,735.93	(5.28)

1 Receipts are average annual total cash receipts including government payments, 2015-2020 (\$1,000)

2 Payments are average annual total government payments, 2015-2020 (\$1,000)

3 NCFI is average annual net cash farm income, 2015-2020 (\$1,000)

4 Reserve 2020 is average ending cash reserves, 2020 (\$1,000)

5 Net Worth 2020 is average nominal ending net worth, 2020 (\$1,000)

6 CRNW is average percentage change in real net worth over 2015-2020 period, (%)

Representative Farm: Rice

- Eight of the thirteen representative rice farms are projected to be in good overall financial condition, one is in marginal condition, and four are in poor condition.
- Five of the rice farms are expected to face severe cash flow problems; four farms also have high likelihoods of losing real equity.



Characteristics of Panel Farms Producing Rice, 2014.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Rice (acres)
CAR550	550	3,603.00	0.24	753.60	500
CAR3000	3,000	13,194.00	0.19	4,545.20	3,000
CABR1300	1,300	9,238.00	0.18	1,912.00	1,200
CACR800	800	5,763.00	0.15	1,262.40	800
TXR1500	1,500	2,076.00	0.16	844.90	600
TXR3000	3,000	1,541.00	0.09	1,711.20	1,500
TXBR1800	1,800	1,321.00	0.10	0.10	0
TXER3200	3,200	2,522.00	0.18	1,518.50	1,067
LASR2000	2,000	3,055.00	0.26	1,309.20	1,000
ARMR6500	6,500	11,482.00	0.33	3,691.30	325
ARSR3240	3,240	6,626.00	0.21	1,956.80	1,296
ARWR2500	2,500	7,740.00	0.20	1,491.90	1,250
ARHR3000	3,000	7,660.00	0.28	2,025.50	1,800

Representative Farm: Rice

Economic Viability of Representative Farms over the 2015-2020 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2020	2015-2020	2015-2020
8/1/4				
CAR550			99-99	96-99
CAR3000			2-11	2-12
CABR1300			1-1	1-1
CACR800			2-10	2-17
TXR1500			17-17	1-3
TXR3000			1-1	1-1
TXBR1800			1-1	1-1
TXER3200			97-99	99-99
LASR2000			1-1	38-7
ARMR6500			99-99	99-99
ARSR3240			2-10	94-46
ARWR2500			4-62	91-45
ARHR3000			99-99	99-99

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

<25

25-50

>50

2 P(NegativeEnding Cash) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2015 and 2020.

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 2014 to 2015 and from 2014 to 2020.

Implications of the December 2015 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Rice

	Receipts	Payments	NCFI	Reserve 2020	Net Worth 2020	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAR550	784.68	15.82	82.32	(832.12)	2,303.23	(3.24)
CAR3000	4,688.79	89.84	559.15	1,865.58	12,269.59	1.08
CABR1300	2,003.49	38.00	600.82	2,992.36	9,729.59	2.52
CACR800	1,291.19	25.13	226.43	708.05	5,278.66	0.20
TXR1500	871.36	27.21	217.38	175.20	2,191.40	2.34
TXR3000	1,798.19	44.52	357.25	1,228.31	2,443.98	7.54
TXBR1800	1,057.30	29.76	318.21	1,712.39	2,325.03	10.23
TXER3200	1,536.55	36.70	10.61	(1,611.57)	1,075.20	(8.00)
LASR2000	1,350.69	39.29	237.72	906.59	2,850.10	3.02
ARMR6500	3,852.67	125.82	(968.08)	(11,677.82)	(1,572.06)	(20.88)
ARSR3240	2,063.89	65.91	326.65	903.32	5,618.53	0.63
ARWR2500	1,715.76	60.79	265.93	(238.89)	6,643.68	0.16
ARHR3000	2,190.55	70.13	59.36	(3,303.61)	3,654.13	(5.72)

1 Receipts are average annual total cash receipts including government payments, 2015-2020 (\$1,000)

2 Payments are average annual total government payments, 2015-2020 (\$1,000)

3 NCFI is average annual net cash farm income, 2015-2020 (\$1,000)

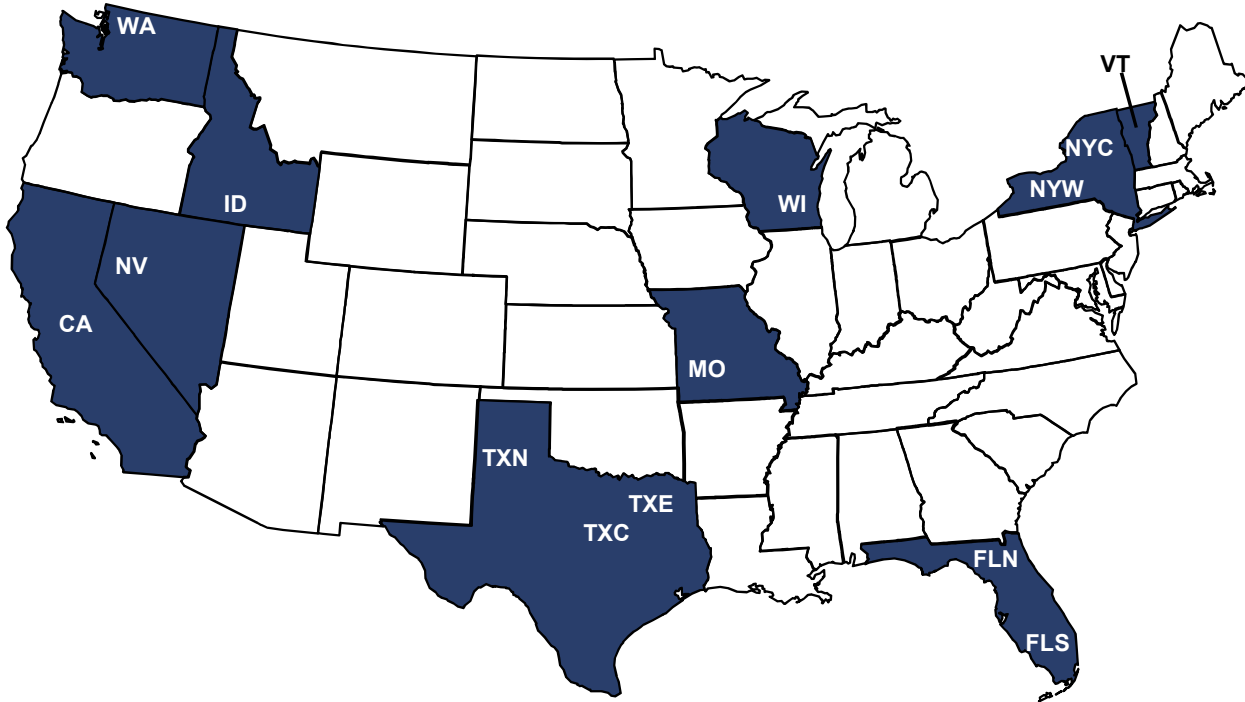
4 Reserve 2020 is average ending cash reserves, 2020 (\$1,000)

5 Net Worth 2020 is average nominal ending net worth, 2020 (\$1,000)

6 CRNW is average percentage change in real net worth over 2015-2020 period, (%)

Representative Farm: Dairy

- Nine of eighteen dairy operations are in good overall financial condition. Five dairies are classified in marginal condition, and four are in poor condition.
- Seven of the dairies are projected to experience severe liquidity pressure; however, only three dairies face a greater than 50 percent chance of losing real equity.



Characteristics of Panel Farms Producing Milk, 2014.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Cows (number)
CAD2000	1,200	26,797.00	0.24	12,765.70	2,000
WAD250	250	4,724.00	0.26	1,406.10	250
WAD850	605	12,653.00	0.24	6,011.30	850
IDD3000	1,500	33,259.00	0.22	19,741.30	3,000
NVD1000	200	9,092.00	0.21	6,816.00	1,000
TXND3800	1,920	31,932.00	0.26	23,548.70	3,800
TXCD1500	616	11,177.00	0.23	8,617.00	1,500
TXED400	950	3,437.00	0.28	1,944.30	400
WID145	600	3,741.00	0.26	1,090.40	145
WID1000	2,000	13,512.00	0.23	7,696.40	1,000
NYWD500	1,000	7,031.00	0.21	3,674.40	500
NYWD1200	2,100	17,298.00	0.22	8,529.90	1,200
VTD140	220	1,806.00	0.29	858.40	140
VTD400	1,000	5,810.00	0.26	2,766.50	400
MOGD550	0	4,351.00	0.22	1,874.50	550
MOGD180	0	1,411.00	0.22	682.50	180
FLND550	600	4,551.00	0.24	3,603.00	550
FLSD1750	400	13,116.00	0.24	11,039.60	1,750

Representative Farm: Dairy

Economic Viability of Representative Farms over the 2015-2020 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2020	2015-2020	2015-2020
9/5/4				
CAD2000			1-7	1-1
WAD250			99-98	1-54
WAD850			1-1	1-1
IDD3000			21-57	1-21
NVD1000			1-1	1-1
TXND3800			1-47	1-16
TXCD1500			1-75	1-53
TXED400			32-72	1-25
WID145			1-20	1-1
WID1000			1-1	1-1
NYWD500			1-1	1-1
NYWD1200			1-1	1-1
VTD140			99-99	1-99
VTD400			4-75	1-22
MOGD550			1-1	1-1
MOGD180			1-1	1-1
FLND550			1-28	1-7
FLSD1750			32-57	1-23

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 2015 and 2020.

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 2014 to 2015 and from 2014 to 2020.

Implications of the December 2015 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Milk

	Receipts	Payments	NCFI	Reserve 2020	Net Worth 2020	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAD2000	9,925.23	0.25	1,572.89	3,118.36	23,303.39	1.08
WAD250	1,089.72	3.45	128.65	(780.70)	3,327.93	(1.36)
WAD850	4,624.90	0.98	918.85	2,844.07	12,071.43	2.66
IDD3000	15,008.90	0.33	1,345.85	(718.02)	26,424.06	(0.81)
NVD1000	5,144.92	0.00	761.64	2,414.44	8,512.47	1.47
TXND3800	18,124.35	0.14	1,795.58	232.01	23,700.67	(0.89)
TXCD1500	6,736.71	0.00	275.60	(1,088.55)	7,106.70	(3.76)
TXED400	1,480.63	0.00	182.54	(296.49)	2,422.52	(1.57)
WID145	862.49	3.06	221.96	188.46	3,027.45	0.41
WID1000	6,055.39	4.08	1,042.35	3,660.96	12,698.54	2.34
NYWD500	2,912.31	3.87	821.59	4,100.29	8,285.46	5.32
NYWD1200	6,611.05	0.75	1,450.05	6,084.12	17,600.80	3.12
VTD140	674.29	2.30	(0.67)	(851.08)	688.47	(7.55)
VTD400	2,153.90	8.31	205.22	(333.65)	4,209.81	(1.22)
MOGD550	1,471.41	0.00	591.28	2,095.82	4,963.61	5.15
MOGD180	534.72	0.00	182.78	455.20	1,409.90	2.98
FLND550	2,880.85	0.00	358.21	359.56	3,894.50	0.21
FLSD1750	8,882.72	0.00	628.99	(518.61)	9,863.07	(1.37)

1 Receipts are average annual total cash receipts including government payments, 2015-2020 (\$1,000)

2 Payments are average annual total government payments, 2015-2020 (\$1,000)

3 NCFI is average annual net cash farm income, 2015-2020 (\$1,000)

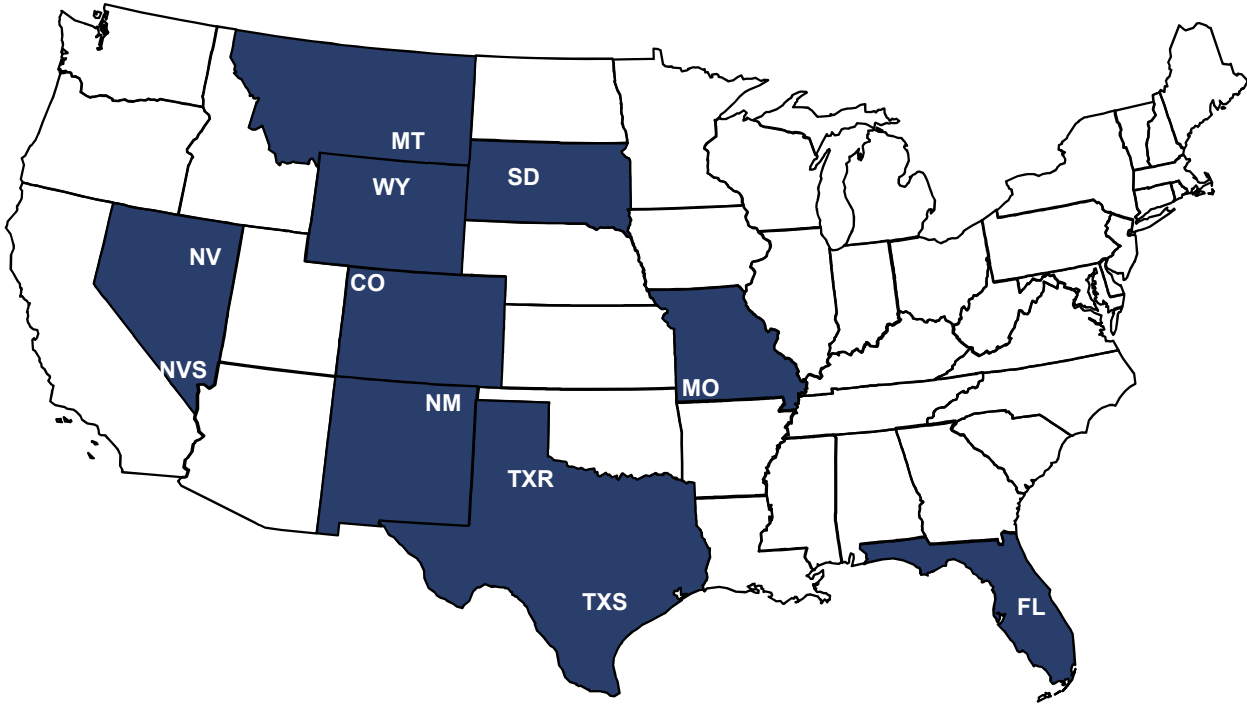
4 Reserve 2020 is average ending cash reserves, 2020 (\$1,000)

5 Net Worth 2020 is average nominal ending net worth, 2020 (\$1,000)

6 CRNW is average percentage change in real net worth over 2015-2020 period, (%)

Representative Farm: Cow/Calf

- Five of eleven cow-calf operations are projected to be in good overall financial condition, six are in marginal condition, and none are in poor condition.
- None of the operations will face significant liquidity pressure over the period; however, three of the operations do face a severe threat of losing real equity.



Characteristics of Panel Farms Producing Beef Cattle, 2014.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Cows (number)
NVB650	1,300	8,644.00	0.02	704.80	650
NVSB550	125	3,070.00	0.03	735.30	550
MTB600	0	8,649.00	0.02	671.90	600
WYB475	330	6,441.00	0.03	505.30	435
COB250	650	16,025.00	0.01	316.20	250
NMB240	0	7,451.00	0.01	343.90	240
SDB375	1,150	7,989.00	0.01	458.20	375
MOB250	280	3,544.00	0.03	477.30	250
TXRB400	0	8,888.00	0.03	650.30	400
TXSB275	0	5,387.00	0.02	350.30	275
FLB1155	5,400	25,983.00	0.01	1,195.70	1,155

Representative Farm: Cow/Calf

Economic Viability of Representative Farms over the 2015-2020 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2020	2015-2020	2015-2020
5/6/0				
NVB650			1-1	1-22
NVSB550			1-1	1-1
MTB600			1-1	1-22
WYB475			1-1	1-46
COB250			1-1	1-58
NMB240			1-1	1-54
SDB375			1-2	1-48
MOB250			1-1	1-1
TXRB400			99-1	1-49
TXSB275			1-21	1-74
FLB1155			1-1	1-35

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 2015 and 2020.

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 2014 to 2015 and from 2014 to 2020.

Implications of the December 2015 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Beef Cattle

	Receipts	Payments	NCFI	Reserve 2020	Net Worth 2020	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
NVB650	592.10	0.00	204.51	487.39	8,839.33	(0.47)
NVSB550	643.06	0.00	323.02	1,454.38	3,762.43	1.78
MTB600	558.91	0.00	252.36	867.10	8,750.00	(0.56)
WYB475	490.66	0.00	176.34	328.84	6,300.41	(0.89)
COB250	305.55	0.00	126.82	185.03	15,816.98	(0.85)
NMB240	297.79	0.00	154.86	294.23	7,456.30	(0.81)
SDB375	382.26	0.00	159.81	174.00	7,940.19	(0.92)
MOB250	424.04	4.16	236.47	812.55	3,813.85	0.41
TXRB400	546.12	0.00	192.20	253.67	8,719.85	(0.83)
TXSB275	300.46	0.00	106.41	53.25	5,152.88	(1.16)
FLB1155	1,016.22	0.00	448.62	1,933.49	26,568.27	(0.41)

1 Receipts are average annual total cash receipts including government payments, 2015-2020 (\$1,000)

2 Payments are average annual total government payments, 2015-2020 (\$1,000)

3 NCFI is average annual net cash farm income, 2015-2020 (\$1,000)

4 Reserve 2020 is average ending cash reserves, 2020 (\$1,000)

5 Net Worth 2020 is average nominal ending net worth, 2020 (\$1,000)

6 CRNW is average percentage change in real net worth over 2015-2020 period, (%)

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