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Research Report

Representative farms economic outlook for the december 2007 FAPRI/AFPC baseline

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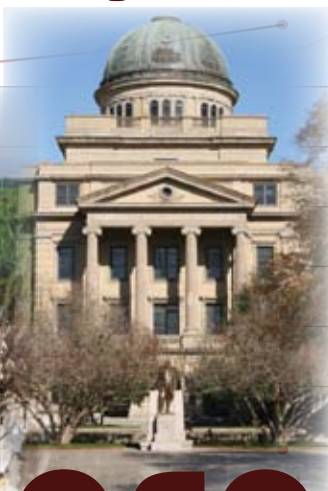
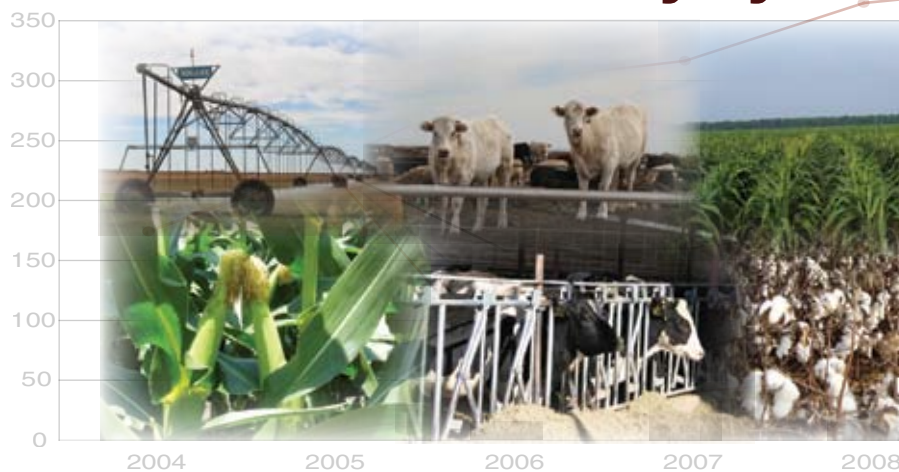
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Representative Farms Economic Outlook for the December 2007 FAPRI/AFPC Baseline

AFPC Briefing Paper 07-14

December 2007

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



AFPC

Teaching Research Extension

**REPRESENTATIVE FARMS ECONOMIC
OUTLOOK FOR THE DECEMBER 2007
FAPRI/AFPC BASELINE**

AFPC Briefing Paper 07-14

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EXECUTIVE SUMMARY

The Agricultural and Food Policy Center (AFPC) at Texas A&M University develops and maintains data to simulate 95 representative crop, dairy, and livestock operations in major production areas in 27 states. The chief purpose of this analysis is to project those farms' economic viability by region and commodity for 2007 through 2012. The data necessary to simulate the economic activity of these operations is developed through ongoing cooperation with panels of agricultural producers in each of these states. The Food and Agricultural Policy Research Institute (FAPRI) provided projected prices, policy variables, and input inflation rates in their December 2007 Baseline.

Under the December 2007 Baseline, 23 of the 64 crop farms are considered in good liquidity condition (less than a 25 percent chance of negative ending cash in 2012). Seven crop farms have between a 25 percent and a 50 percent likelihood of negative ending cash. The remaining 34 crop farms have greater than a 50 percent chance of negative ending cash. Additionally, 38 of the 64 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 18 crop farms have greater than a 50 percent probability of decreasing real net worth. The following discussion provides an overall evaluation by commodity considering both liquidity and equity measures.

- **FEEDGRAIN FARMS:** Thirteen of the 19 feedgrain farms are in good overall financial condition. Three are classified in marginal condition, and three are in poor condition.
- **WHEAT FARMS:** Six of the 11 wheat farms are classified in good financial condition, five are marginal, and none are in poor condition.
- **COTTON FARMS:** Four of the 20 cotton farms are classified in good condition, three are in marginal condition, and thirteen are in poor condition. Also, eight of these farms have more than a 50 percent chance of losing real net worth by 2012.
- **RICE FARMS:** None of the 14 rice farms are in good condition, five are classified in marginal condition, and nine farms are projected to be in poor financial condition through 2012.
- **DAIRY FARMS:** Seventeen of the 19 dairy farms are in good overall financial condition. One is considered to be in marginal condition, and one is in poor condition.
- **BEEF CATTLE RANCHES:** Six of the 12 cattle ranches are classified in good financial condition, five are classified in marginal condition, and one is projected to be in poor condition.

REPRESENTATIVE FARMS ECONOMIC OUTLOOK FOR THE DECEMBER 2007 FAPRI/AFPC BASELINE

The farm level economic impacts of the Farm Security and Rural Investment Act of 2002 on representative crop and livestock operations are projected in this report. The analysis was conducted over the 2005-2012 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, and
- Projected prices, policy variables, and input inflation rates from the Food and Agricultural Policy Research Institute (FAPRI) December 2007 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 2007 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 2012.

DEFINITIONS OF VARIABLES IN THE SUMMARY TABLES

- **Overall Financial Position, 2007-2012** -- 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 is 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. 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** -- 2007-2012 average of cash receipts from all farm related sources, including market sales, CCP and direct payments, marketing loan gains/LDPs, crop insurance indemnities, and other receipts.
- **Payments** -- 2007-2012 average of annual counter cyclical payments, direct payments, and marketing loan gains/LDPs for crops and the MILC program payment for dairy farms.
- **NCFI** -- 2007-2012 average net cash farm income equals average total receipts minus average total cash expenses.
- **Reserve 2012** -- equals total cash on hand at the end of year 2012. 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 2012** -- equity equals total assets including land minus total debt from all sources and is reported at the end of 2012.
- **CRNW** -- annualized percentage change in the operator's net worth from December 1, 2007 through December 31, 2012, after adjusting for inflation.

Table 1. FAPRI December 2007 Baseline Projections of Crop and Livestock Prices, 2005-2012

	2005	2006	2007	2008	2009	2010	2011	2012
Crop Prices								
Corn (\$/bu.)	2.00	3.04	3.26	3.28	3.49	3.41	3.42	3.37
Wheat (\$/bu.)	3.42	4.26	6.00	4.09	4.46	4.40	4.47	4.48
Cotton (\$/lb.)	0.48	0.47	0.57	0.63	0.62	0.62	0.61	0.61
Sorghum (\$/bu.)	1.86	3.29	3.23	3.13	3.37	3.32	3.37	3.35
Soybeans (\$/bu.)	5.66	6.43	8.61	8.73	8.36	8.66	8.47	8.60
Barley (\$/bu.)	2.53	2.85	3.82	3.55	3.69	3.58	3.59	3.52
Oats (\$/bu.)	1.63	1.87	2.20	2.23	2.32	2.30	2.31	2.29
Rice (\$/cwt.)	7.65	9.74	11.03	10.52	10.60	11.03	10.99	11.23
Soybean Meal (\$/ton)	166.12	195.95	229.68	217.05	201.35	200.91	200.00	203.60
All Hay (\$/ton)	98.20	110.00	121.34	113.96	111.60	111.85	113.09	114.63
Peanuts (\$/ton)	346.00	354.00	421.92	482.86	460.26	470.75	461.44	463.31
Cattle Prices								
Feeder Cattle (\$/cwt)	120.11	117.68	115.95	116.95	111.26	106.82	103.65	99.79
Fat Cattle (\$/cwt)	87.28	85.41	91.85	93.78	89.92	87.91	86.09	84.83
Culled Cows (\$/cwt)	54.36	47.56	52.24	53.5	50.36	49.03	48.56	48.37
Milk Price								
U.S. All Milk Price (\$/cwt)	15.19	12.97	19.1	17.75	17.17	16.9	16.73	16.66

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

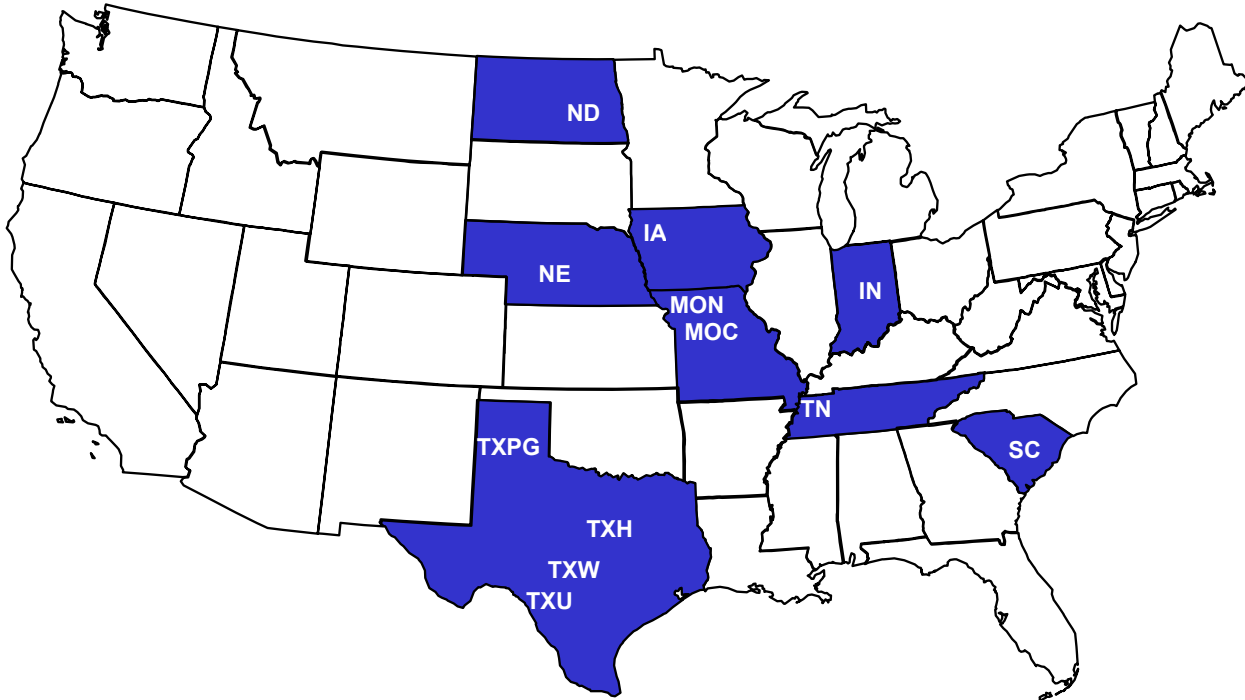
Table 2. FAPRI December 2007 Baseline Assumed Rates of Change in Input Prices, Annual Interest Rates, and Annual Changes in Land Values, 2006-2012

	2006	2007	2008	2009	2010	2011	2012
Annual Rate of Change for Input Prices Paid							
Seed Prices (%)	8.33	5.59	3.91	3.62	2.38	1.83	1.66
All Fertilizer Prices (%)	5.70	4.17	5.78	8.44	1.94	-1.34	-1.17
Herbicide Prices (%)	6.03	5.32	3.76	2.56	1.42	1.17	1.26
Insecticide Prices (%)	-0.69	-0.08	1.29	0.88	0.89	1.65	1.76
Fuel and Lube Prices (%)	10.65	6.42	2.87	1.60	1.40	-0.46	-0.97
Machinery Prices (%)	5.20	4.07	2.55	1.51	0.79	0.96	1.35
Wages (%)	3.64	2.97	2.05	1.96	2.42	2.61	2.78
Supplies (%)	7.03	5.31	5.27	5.19	3.09	2.15	1.84
Repairs (%)	2.05	3.20	2.79	2.35	2.46	2.49	2.53
Services (%)	4.55	3.93	2.22	2.04	1.39	1.02	1.11
Taxes (%)	5.19	7.07	4.82	4.00	2.60	2.24	1.58
PPI Items (%)	5.04	5.86	2.53	2.19	1.58	0.56	0.56
PPI Total (%)	4.96	5.92	2.60	2.50	1.84	0.90	0.88
Annual Change in Consumer Price Index (%)	3.24	2.67	1.84	1.76	1.92	1.79	1.77
Annual Interest Rates							
Long-Term (%)	7.45	7.88	8.13	8.72	9.05	9.20	9.32
Intermediate-Term (%)	6.03	6.38	6.59	7.06	7.33	7.44	7.55
Savings Account (%)	2.07	2.19	2.26	2.42	2.51	2.55	2.59
Annual Rate of Change for U.S. Land Prices (%)	15.15	13.68	8.60	3.75	2.41	2.62	2.92

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

Representative Farm: Feed Grains

- Overall, thirteen feed grain farms are characterized as good, three are marginal, and three are in poor condition.
- Five of nineteen farms will be under severe cash flow stress, and one has a high probability of losing real wealth.



Characteristics of Panel Farms Producing Feed Grains, 2006.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Feed Grains (acres)
IAG1350	1,350	1,486.00	0.17	602.50	1,350
IAG3400	3,400	4,997.00	0.17	1,489.50	3,400
NEG1960	1,960	2,281.00	0.13	1,231.50	1,770
NEG4300	4,300	5,636.00	0.21	2,388.10	3,784
NDG2180	2,180	739.00	0.16	474.60	1,600
NDG7500	7,500	5,812.00	0.12	2,071.80	5,750
MOCG2050	2,050	4,923.00	0.16	726.30	2,050
MOCG3630	3,630	6,766.00	0.15	1,210.60	3,530
MONG1850	1,850	4,616.00	0.14	785.10	1,800
ING1000	1,000	1,999.00	0.14	403.40	1,000
ING2200	2,200	5,128.00	0.14	960.00	2,200
TXPG3760	3,760	3,982.00	0.24	2,583.30	1,344
TXHG2000	2,000	1,160.00	0.24	502.10	1,000
TXWG1400	1,400	775.00	0.21	353.60	900
TXUG1200	1,200	255.00	0.22	707.30	450
TNG900	900	932.00	0.21	297.40	900
TNG2750	2,750	3,079.00	0.19	942.30	2,750
SCG1500	1,500	1,211.00	0.15	875.10	375
SCG3500	3,500	5,818.00	0.18	1,550.70	3,500

Representative Farm: Feed Grains

Economic Viability of Representative Farms over the 2007-2012 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2007	2012	2007-2012	2007-2012
13/3/3				
IAG1350			12-2	1-1
IAG3400			2-2	1-1
NEG1960			1-1	1-1
NEG4300			1-1	1-1
NDG2180			1-1	1-1
NDG7500			1-1	1-1
MOCG2050			1-1	1-1
MOCG3630			1-1	1-1
MONG1850			2-1	1-1
ING1000			61-52	1-1
ING2200			1-1	1-1
TXPG3760			51-43	1-15
TXHG2000			82-81	1-42
TXWG1400			86-92	1-44
TXUG1200			80-88	1-85
TNG900			86-52	1-13
TNG2750			9-6	1-1
SCG1500			1-1	1-1
SCG3500			1-1	1-1

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 2007 and 2012.

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 2005 to 2007 and from 2005 to 2012.

Implications of the December 2007 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Feed Grains and Oilseeds

	Receipts	Payments	NCFI	Reserve 2012	Net Worth 2012	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
IAG1350	723.28	54.34	248.20	548.95	2,212.32	8.65
IAG3400	1,788.13	133.95	679.90	1,336.92	7,058.92	7.68
NEG1960	1,334.71	100.20	464.66	1,221.74	3,519.91	8.91
NEG4300	2,731.83	193.27	964.76	2,610.35	8,231.41	9.74
NDG2180	671.53	36.67	310.32	838.04	1,587.04	16.61
NDG7500	2,825.77	187.50	1,440.55	5,387.53	10,977.77	12.34
MOCG2050	916.55	61.18	495.04	1,092.52	7,241.36	7.91
MOCG3630	1,518.12	96.40	873.92	2,733.38	10,710.00	9.32
MONG1850	970.86	56.00	402.94	778.48	6,508.94	6.75
ING1000	492.12	38.22	155.61	3.91	2,599.92	5.23
ING2200	1,165.10	85.68	430.83	855.02	7,277.97	7.00
TXPG3760	2,964.93	203.60	258.67	(11.24)	4,579.85	4.48
TXHG2000	555.05	49.27	57.63	(238.61)	1,024.65	0.69
TXWG1400	394.82	46.47	37.06	(233.15)	709.98	0.53
TXUG1200	687.79	74.49	34.64	(220.18)	(13.72)	(6.25)
TNG900	368.00	22.94	75.32	(11.69)	950.46	2.93
TNG2750	1,192.08	76.38	477.72	564.65	4,217.58	7.37
SCG1500	924.17	127.92	230.30	649.86	1,735.68	7.72
SCG3500	1,704.67	181.85	576.98	1,769.66	8,244.14	7.76

1 Receipts are average annual total cash receipts including government payments, 2007-2012 (\$1,000)

2 Payments are average annual total government payments, 2007-2012 (\$1,000)

3 NCFI are average annual net cash farm income, 2007-2012 (\$1,000)

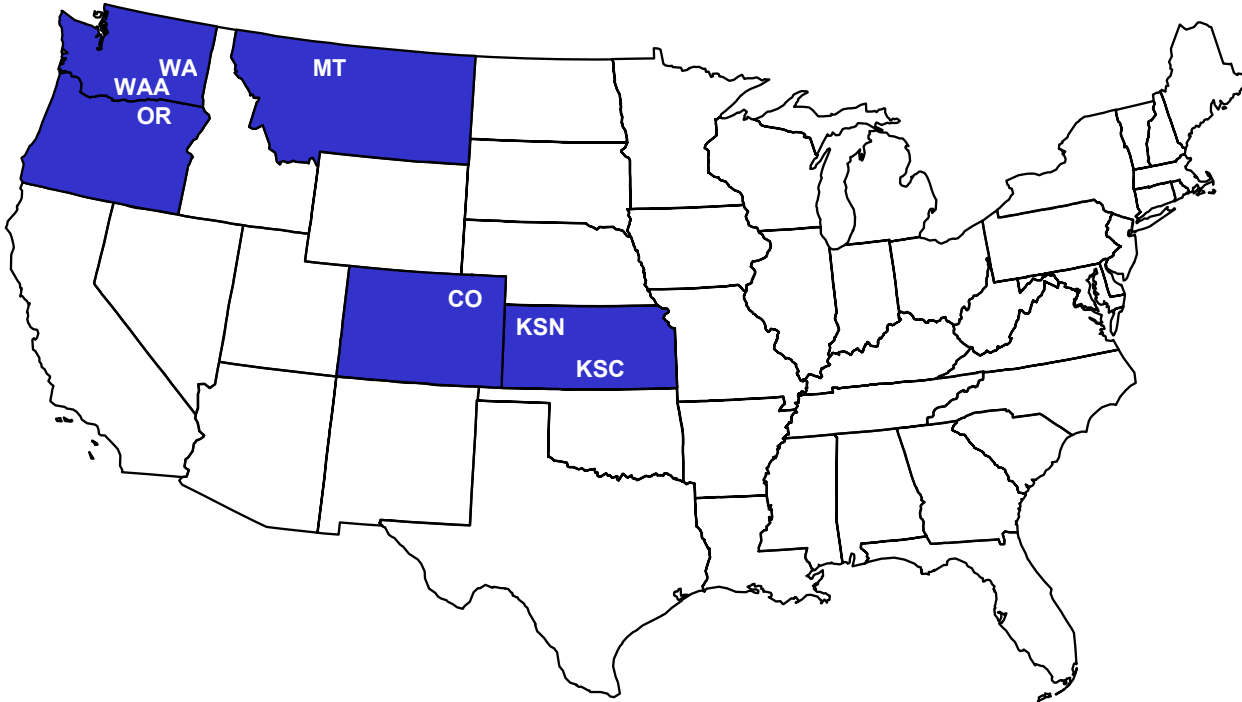
4 Reserve 2012 are average ending cash reserves, 2012 (\$1,000)

5 Net Worth 2012 are average nominal ending net worth, 2012 (\$1,000)

6 CRNW are average percentage in real net worth over 2007-2012 period, (%)

Representative Farm: Wheat

- Six wheat farms are projected to be in good overall financial condition with five in marginal condition and none in poor condition.
- Four of the eleven wheat farms will feel severe liquidity pressure over the period.
- None of the wheat farms have a 25 percent or greater chance of losing real equity.



Characteristics of Panel Farms Producing Wheat, 2006.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Wheat (acres)
WAW1725	1,725	1,275.00	0.22	439.50	1,121
WAW5000	5,000	4,837.00	0.16	1,329.40	2,915
WAAW3500	3,500	1,189.00	0.15	269.20	1,500
ORW4000	3,600	1,265.00	0.14	333.80	1,600
MTW4500	4,500	2,563.00	0.15	580.80	2,330
KSCW1600	1,600	1,099.00	0.25	289.20	1,072
KSCW4000	4,000	2,139.00	0.20	721.10	2,000
KSNW2800	2,800	1,529.00	0.15	403.60	1,400
KSNW5000	5,000	2,637.00	0.14	961.10	2,325
COW3000	3,000	1,175.00	0.24	191.50	970
COW5640	5,640	1,923.00	0.26	417.50	2,256

Representative Farm: Wheat

Economic Viability of Representative Farms over the 2007-2012 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2007	2012	2007-2012	2007-2012
6/5/0				
WAW1725			47-42	1-3
WAW5000			22-82	1-3
WAAW3500			3-10	1-1
MTW4500			1-1	1-1
ORW4000			1-10	1-1
KSCW1600			62-52	1-15
KSCW4000			9-3	1-1
KSNW2800			27-61	1-8
KSNW5000			2-4	1-1
COW3000			60-1	1-1
COW5640			67-60	1-2

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 2007 and 2012.

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 2005 to 2007 and from 2005 to 2012.

Implications of the December 2007 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Wheat

	Receipts	Payments	NCFI	Reserve 2012	Net Worth 2012	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
WAW1725	483.30	43.63	96.85	11.69	1,401.23	3.08
WAW5000	1,445.89	121.69	225.32	(340.03)	5,539.42	2.77
WAAW3500	292.41	27.98	93.47	110.41	1,517.35	4.50
ORW4000	360.14	32.31	130.36	173.81	1,537.02	3.31
MTW4500	494.72	52.92	220.77	781.37	3,452.69	5.79
KSCW1600	333.89	25.36	82.02	(0.91)	1,116.58	2.66
KSCW4000	802.61	66.69	281.59	339.95	2,622.41	5.07
KSNW2800	443.21	35.92	103.62	(65.32)	1,749.67	2.81
KSNW5000	1,111.49	78.06	337.73	664.32	3,647.45	5.69
COW3000	353.61	22.24	166.61	293.90	1,588.30	7.11
COW5640	642.94	46.54	211.13	(47.04)	2,249.45	4.52

1 Receipts are average annual total cash receipts including government payments, 2007-2012 (\$1,000)

2 Payments are average annual total government payments, 2007-2012 (\$1,000)

3 NCFI are average annual net cash farm income, 2007-2012 (\$1,000)

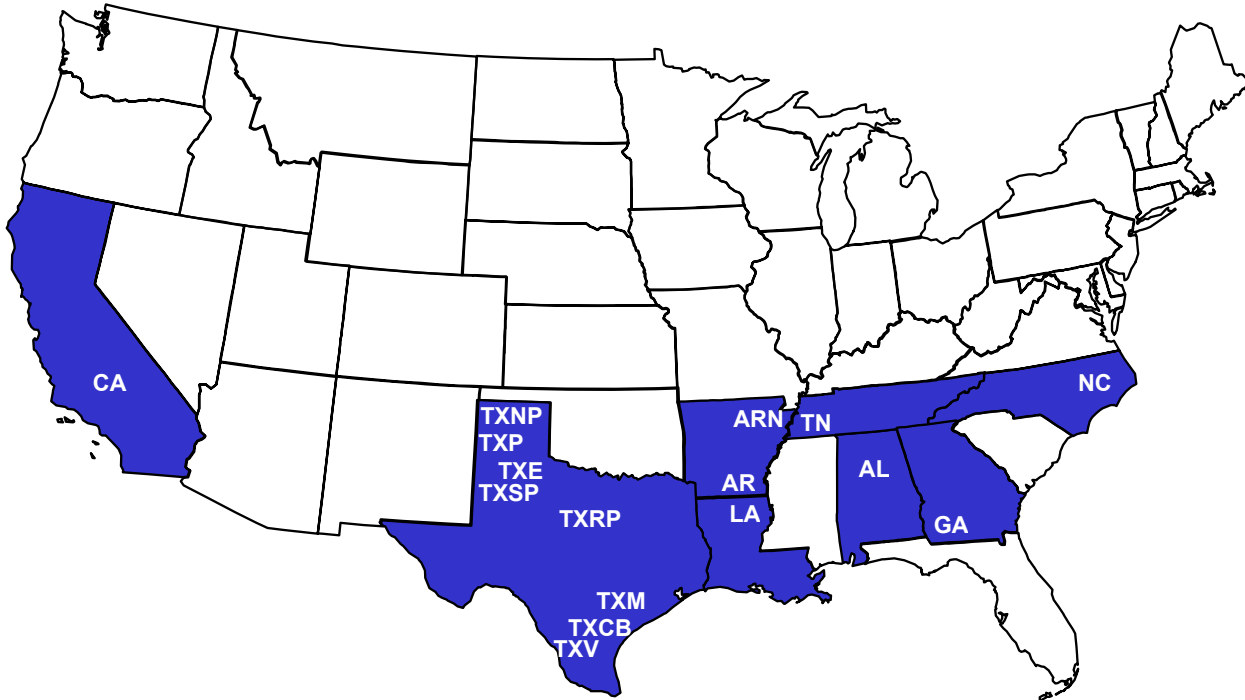
4 Reserve 2012 are average ending cash reserves, 2012 (\$1,000)

5 Net Worth 2012 are average nominal ending net worth, 2012 (\$1,000)

6 CRNW are average percentage in real net worth over 2007-2012 period, (%)

Representative Farm: Cotton

- Four of the twenty cotton farms are characterized as being in good overall condition, with three farms characterized in marginal and thirteen in poor condition.
- Twelve of the farms are projected to experience severe cash flow problems over the period.
- Eight of the twenty cotton farms have more than a 50 percent chance of losing real equity.



Characteristics of Panel Farms Producing Cotton, 2006.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Cotton (acres)
TXNP3000	3,000	907.00	0.60	1,180.50	1,500
TXNP7000	7,000	2,937.00	0.38	2,695.70	2,850
TXSP2239	2,239	928.00	0.28	540.60	1,800
TXSP3745	3,745	2,257.00	0.26	924.10	3,036
TXPC2500	2,500	2,598.00	0.17	1,224.10	1,367
TXEC5000	5,000	1,712.00	0.15	1,504.70	3,800
TXRP2500	2,500	580.00	0.27	251.60	1,117
TXMC1800	1,800	871.00	0.21	657.30	900
TXCB2250	2,250	1,150.00	0.22	711.00	1,350
TXCB5500	5,500	1,278.00	0.38	1,677.00	2,750
TXVC4500	4,500	2,750.00	0.22	1,149.10	2,388
CAC4000	4,000	13,760.00	0.16	6,372.50	2,000
LAC2640	2,640	908.00	0.24	1,346.40	924
ARC6000	6,000	7,274.00	0.31	3,225.10	2,000
ARNC5000	5,000	6,262.00	0.29	2,822.40	5,000
TNC1900	1,900	2,361.00	0.16	932.80	990
TNC4050	4,050	4,467.00	0.23	1,697.40	2,670
ALC3000	3,000	1,521.00	0.15	923.90	2,100
GAC2300	2,300	3,914.00	0.15	1,976.80	1,495
NCC1500	1,500	3,015.00	0.16	877.60	954

Representative Farm: Cotton

Economic Viability of Representative Farms over the 2007-2012 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2007	2012	2007-2012	2007-2012
4/3/13				
TXNP3000			99-99	1-93
TXNP7000			97-90	1-49
TXSP2239			99-96	1-75
TXSP3745			99-98	1-77
TXPC2500			1-30	1-17
TXEC5000			1-42	1-51
TXRP2500			70-55	1-36
TXMC1800			73-56	1-37
TXCB2250			68-75	1-46
TXCB5500			80-81	1-68
TXVC4500			21-16	1-2
CAC4000			27-48	1-19
LAC2640			36-54	1-44
ARC6000			99-99	1-84
ARNC5000			96-96	1-74
TNC1900			1-1	1-1
TNC4050			98-99	1-89
ALC3000			76-43	1-35
GAC2300			1-20	1-1
NCC1500			1-5	1-1

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 2007 and 2012.

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 2005 to 2007 and from 2005 to 2012.

Implications of the December 2007 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Cotton

	Receipts	Payments	NCFI	Reserve 2012	Net Worth 2012	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
TXNP3000	1,329.93	82.88	(47.41)	(1,690.05)	(650.12)	61.87
TXNP7000	2,974.50	181.19	151.94	(1,510.66)	1,688.20	(1.31)
TXSP2239	621.08	85.19	(19.33)	(857.33)	201.27	(12.31)
TXSP3745	1,059.75	146.14	(41.01)	(1,586.72)	1,047.06	(6.66)
TXPC2500	1,386.67	146.47	194.73	252.52	2,747.25	2.61
TXEC5000	1,649.76	210.43	229.18	277.71	1,569.71	0.68
TXRP2500	382.47	50.98	71.00	(4.74)	566.35	3.39
TXMC1800	746.39	83.54	122.95	(24.61)	850.44	3.05
TXCB2250	818.49	97.45	93.21	(282.92)	994.25	0.16
TXCB5500	1,865.71	212.07	98.10	(861.81)	431.50	(9.97)
TXVC4500	1,727.86	223.64	366.42	631.74	3,540.45	7.07
CAC4000	6,491.36	145.08	421.96	(512.46)	15,902.33	3.41
LAC2640	1,518.78	206.39	181.02	(59.78)	834.97	1.44
ARC6000	3,631.50	357.32	(51.17)	(4,439.93)	3,907.44	(4.29)
ARNC5000	3,062.30	318.22	(47.46)	(3,781.54)	3,253.62	(4.97)
TNC1900	1,054.23	102.14	355.96	928.94	3,495.31	8.50
TNC4050	1,932.72	248.95	(106.21)	(2,788.38)	2,783.41	(4.24)
ALC3000	1,248.38	198.01	236.88	8.99	1,364.57	1.69
GAC2300	1,974.93	254.13	275.85	245.89	4,626.23	4.05
NCC1500	852.39	102.17	221.39	304.79	3,374.99	3.36

1 Receipts are average annual total cash receipts including government payments, 2007-2012 (\$1,000)

2 Payments are average annual total government payments, 2007-2012 (\$1,000)

3 NCFI are average annual net cash farm income, 2007-2012 (\$1,000)

4 Reserve 2012 are average ending cash reserves, 2012 (\$1,000)

5 Net Worth 2012 are average nominal ending net worth, 2012 (\$1,000)

6 CRNW are average percentage in real net worth over 2007-2012 period, (%)

Representative Farm: Rice

- None of the fourteen rice farms are projected to be in good overall financial condition, five are in marginal condition, and nine are in poor condition.
- Thirteen of the rice farms are expected to face severe cash flow problems and nine of fourteen have high probabilities of real equity losses.



Characteristics of Panel Farms Producing Rice, 2006.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Rice (acres)
CAR550	550	1,794.00	0.29	483.70	500
CAR2365	2,365	5,305.00	0.20	2,318.30	2,240
CABR1300	1,300	3,866.00	0.20	1,299.10	1,200
CACR715	715	1,952.00	0.18	752.00	650
TXR1350	1,350	1,084.00	0.27	395.40	855
TXR2400	2,400	939.00	0.48	829.40	2,280
TXBR1800	1,800	565.00	0.63	774.90	1,200
TXER3200	3,200	1,180.00	0.55	1,097.40	2,240
LASR1200	1,200	444.00	0.88	398.50	660
LANR2500	2,500	4,072.00	0.22	1,210.70	1,000
MOWR4000	4,000	9,225.00	0.20	2,067.90	2,000
ARSR3640	3,640	3,977.00	0.20	1,156.80	1,620
ARWR1200	1,200	2,426.00	0.30	561.70	600
ARHR3000	3,000	6,009.00	0.32	1,525.20	1,750

Representative Farm: Rice

Economic Viability of Representative Farms over the 2007-2012 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2007	2012	2007-2012	2007-2012
0/5/9				
CAR550			99-99	1-78
CAR2365			55-70	1-13
CABR1300			15-55	1-10
CACR715			69-91	1-14
TXR1350			99-99	1-99
TXR2400			99-99	1-98
TXBR1800			99-99	1-99
TXER3200			99-99	1-99
LASR1200			99-99	1-99
LANR2500			99-99	1-85
MOWR4000			35-34	1-1
ARSR3640			78-96	1-21
ARWR1200			99-99	1-99
ARHR3000			99-99	1-86

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 2007 and 2012.

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 2005 to 2007 and from 2005 to 2012.

Implications of the December 2007 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Rice

	Receipts	Payments	NCFI	Reserve 2012	Net Worth 2012	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAR550	572.97	65.51	(2.55)	(745.14)	1,206.64	(1.97)
CAR2365	2,644.69	250.95	260.82	(457.58)	5,654.79	3.01
CABR1300	1,420.87	155.67	228.40	(165.26)	4,158.11	3.27
CACR715	808.88	85.04	61.20	(274.75)	2,042.20	2.24
TXR1350	425.91	52.47	(44.48)	(837.56)	429.87	(7.94)
TXR2400	899.20	94.02	(60.17)	(1,303.69)	(417.10)	(32.65)
TXBR1800	748.48	81.70	(128.91)	(1,581.55)	(1,078.23)	(1.61)
TXER3200	1,194.16	142.63	(215.68)	(2,622.48)	(1,107.03)	(59.27)
LASR1200	445.35	45.19	(145.86)	(1,467.97)	(1,057.67)	304.77
LANR2500	1,374.05	146.26	(21.87)	(2,095.48)	2,928.24	(2.59)
MOWR4000	2,341.50	227.62	662.78	407.42	11,258.63	5.70
ARSR3640	1,359.83	147.32	277.03	(771.02)	4,020.67	2.13
ARWR1200	665.44	70.08	(208.37)	(2,819.75)	238.69	(14.27)
ARHR3000	1,773.32	172.69	(188.25)	(4,019.79)	3,397.03	(3.95)

1 Receipts are average annual total cash receipts including government payments, 2007-2012 (\$1,000)

2 Payments are average annual total government payments, 2007-2012 (\$1,000)

3 NCFI are average annual net cash farm income, 2007-2012 (\$1,000)

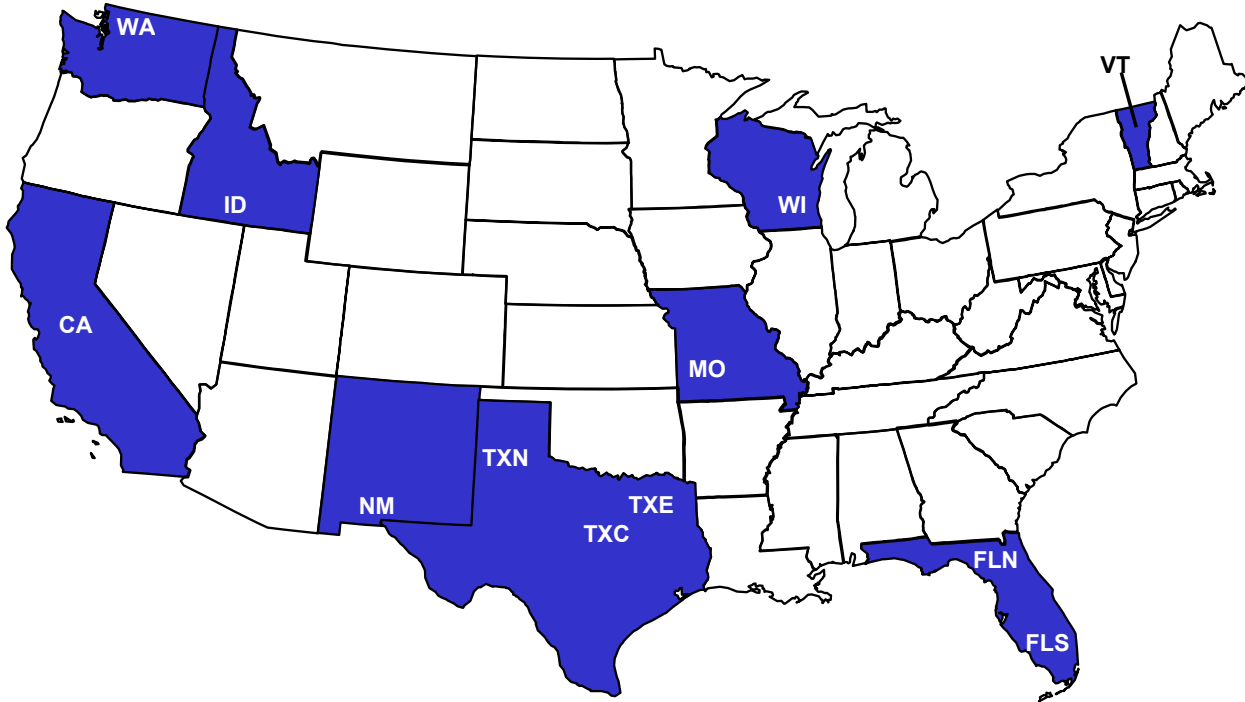
4 Reserve 2012 are average ending cash reserves, 2012 (\$1,000)

5 Net Worth 2012 are average nominal ending net worth, 2012 (\$1,000)

6 CRNW are average percentage in real net worth over 2007-2012 period, (%)

Representative Farm: Dairy

- Seventeen of nineteen dairy operations are in good overall financial condition. One is classified in marginal condition and one is in poor condition.
- Two of the dairies are projected to experience significant liquidity pressure.
- One dairy is projected to face a 50 percent or greater probability of losing real equity.



Characteristics of Panel Farms Producing Milk, 2006.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Cows (number)
CAD1710	700	13,234.00	0.16	5,135.00	1,710
NMD2125	370	10,295.00	0.13	6,300.00	2,125
WAD250	200	2,837.00	0.22	814.00	250
WAD850	605	6,706.00	0.28	2,722.50	850
IDD1000	360	5,959.00	0.13	3,263.00	1,000
IDD3000	1,500	20,411.00	0.14	9,473.30	3,000
TXND3000	480	12,224.00	0.12	8,528.40	3,000
TXCD550	250	2,653.00	0.27	1,490.70	550
TXCD1300	460	6,380.00	0.16	3,935.40	1,300
TXED450	850	2,798.00	0.18	1,207.10	450
TXED1000	750	5,833.00	0.20	2,867.20	1,000
WID145	600	2,859.00	0.20	550.40	145
WID775	1,200	5,660.00	0.15	2,878.00	775
VTD140	220	1,667.00	0.17	556.80	140
VTD400	1,000	4,234.00	0.22	1,445.20	400
MOD85	222	1,430.00	0.23	247.30	85
MOD400	450	3,720.00	0.17	1,260.90	400
FLND550	600	4,262.00	0.16	1,812.60	550
FLSD1500	400	11,012.00	0.18	4,983.80	1,500

Representative Farm: Dairy

Economic Viability of Representative Farms over the 2007-2012 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2007	2012	2007-2012	2007-2012
17/1/1				
CAD1710			1-1	1-1
NMD2125			1-1	1-1
WAD250			12-5	1-1
WAD850			55-34	1-9
IDD1000			1-1	1-1
IDD3000			1-1	1-1
TXND3000			3-6	1-9
TXCD550			94-98	1-81
TXCD1300			1-1	1-1
TXED450			10-10	1-2
TXED1000			12-11	1-7
WID145			1-5	1-1
WID775			1-1	1-1
VTD140			5-2	1-1
VTD400			28-15	1-1
MOD85			84-92	1-1
MOD400			1-1	1-1
FLND550			1-1	1-1
FLSD1500			32-22	1-8

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 2007 and 2012.

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 2005 to 2007 and from 2005 to 2012.

Implications of the December 2007 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Milk

	Receipts	Payments	NCFI	Reserve 2012	Net Worth 2012	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAD1710	7,324.60	25.39	1,706.95	5,944.65	19,279.41	7.53
NMD2125	8,706.86	0.00	2,284.87	8,111.60	17,797.97	10.10
WAD250	1,123.75	2.46	295.81	454.85	3,587.99	6.35
WAD850	3,873.61	15.39	477.88	365.32	6,799.17	3.67
IDD1000	4,547.64	0.00	858.41	2,429.87	8,929.31	7.30
IDD3000	13,352.37	30.71	3,429.26	10,868.64	31,947.77	8.42
TXND3000	11,828.11	0.00	1,512.02	5,199.99	16,410.33	4.99
TXCD550	2,029.29	0.00	(69.35)	(1,385.91)	1,436.49	(5.56)
TXCD1300	5,343.79	0.00	1,152.78	4,135.51	9,587.97	8.13
TXED450	1,626.39	0.00	265.00	507.68	3,492.56	4.86
TXED1000	3,961.49	0.00	665.37	1,353.57	7,051.58	4.74
WID145	724.85	5.12	214.56	271.09	3,476.75	5.12
WID775	3,884.64	14.98	1,365.23	5,078.86	10,038.83	11.41
VTD140	718.46	3.97	185.75	293.33	2,075.66	5.09
VTD400	1,915.90	14.35	300.48	320.49	4,637.93	3.73
MOD85	321.98	0.00	73.12	(124.74)	1,592.25	4.24
MOD400	1,714.48	0.00	427.82	987.44	5,086.10	6.71
FLND550	2,369.68	0.00	614.94	1,566.86	6,299.85	7.76
FLSD1500	6,516.65	0.00	730.74	1,404.04	13,306.94	4.73

1 Receipts are average annual total cash receipts including government payments, 2007-2012 (\$1,000)

2 Payments are average annual total government payments, 2007-2012 (\$1,000)

3 NCFI are average annual net cash farm income, 2007-2012 (\$1,000)

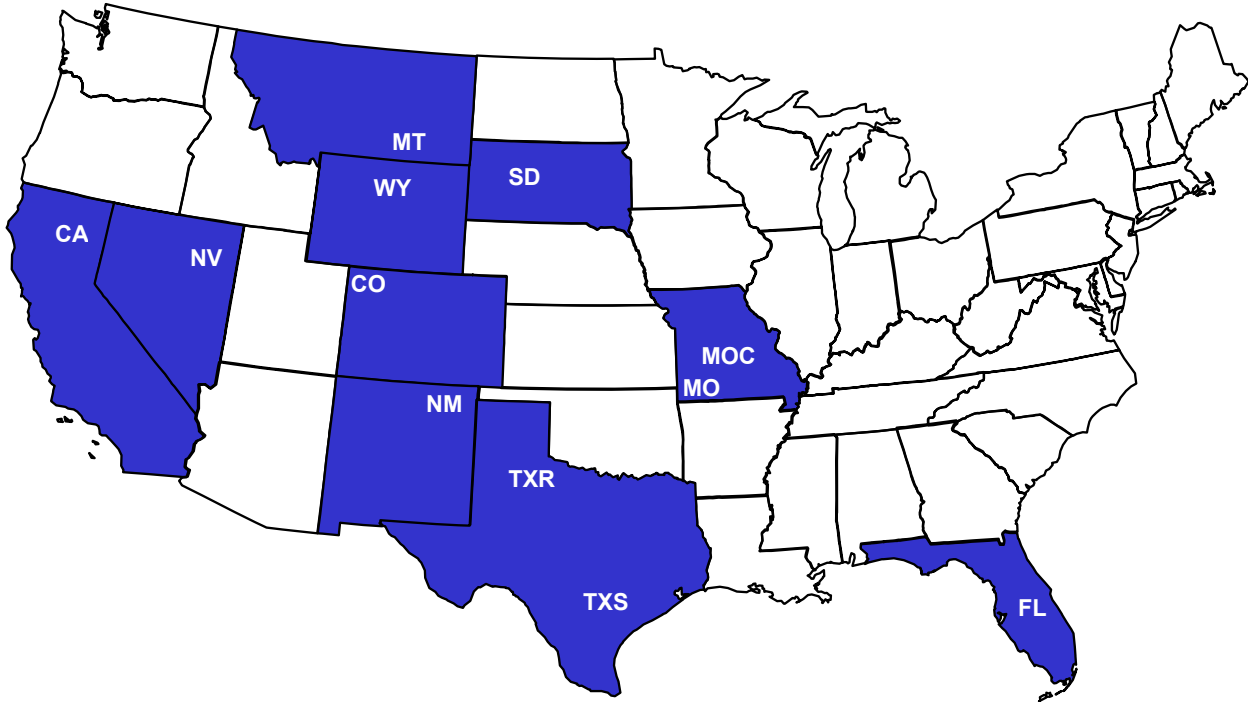
4 Reserve 2012 are average ending cash reserves, 2012 (\$1,000)

5 Net Worth 2012 are average nominal ending net worth, 2012 (\$1,000)

6 CRNW are average percentage in real net worth over 2007-2012 period, (%)

Representative Farm: Cow/Calf

- Six of twelve cow-calf operations are projected to be in good overall financial condition. Five are expected to be in marginal condition and one is in poor condition.
- Six of the operations will face significant liquidity pressure over the period, as their likelihoods of experiencing negative ending cash exceed 50 percent.
- Only one of the operations is projected to face a severe threat of losing real equity over the period.



Characteristics of Panel Farms Producing Beef Cattle, 2006.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Cows (number)
CAB500	0	5,664.00	0.02	277.60	500
NVB700	1,300	4,149.00	0.02	354.40	700
MTB500	0	3,992.00	0.02	299.30	500
WYB335	330	3,095.00	0.03	258.30	335
COB250	450	14,180.00	0.02	225.50	250
NMB240	0	5,104.00	0.01	292.30	240
SDB450	1,150	3,793.00	0.02	283.90	450
MOB250	240	2,445.00	0.02	234.50	250
MOCB400	40	3,500.00	0.01	279.50	400
TXRB500	0	6,046.00	0.01	428.80	500
TXSB175	0	2,599.00	0.02	191.00	250
FLB1155	5,400	33,866.00	0.01	670.40	1,155

Representative Farm: Cow/Calf

Economic Viability of Representative Farms over the 2007-2012 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2007	2012	2007-2012	2007-2012
6/5/1				
CAB500			99-99	1-92
NVB700			4-83	1-1
MTB500			1-1	1-1
WYB335			96-99	1-10
COB250			1-51	1-1
NMB240			42-99	1-1
SDB450			1-8	1-1
MOB250			1-1	1-1
MOCB400			1-1	1-1
TXRB500			1-1	1-1
TXSB175			1-99	1-1
FLB1155			1-1	1-1

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 2007 and 2012.

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 2005 to 2007 and from 2005 to 2012.

Implications of the December 2007 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Beef Cattle

	Receipts	Payments	NCFI	Reserve 2012	Net Worth 2012	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAB500	275.18	0.00	(81.08)	(749.13)	5,268.27	(0.72)
NVB700	348.93	0.00	26.50	(101.27)	4,864.16	2.07
MTB500	283.91	0.00	78.98	223.44	5,243.19	3.33
WYB335	259.05	0.00	(16.74)	(429.47)	3,462.99	1.04
COB250	203.88	0.00	25.77	(3.98)	19,017.99	3.59
NMB240	288.73	0.00	9.54	(169.21)	6,631.40	2.98
SDB450	284.93	0.69	62.02	177.08	4,836.06	2.98
MOB250	241.97	5.76	128.49	460.78	3,447.67	4.66
MOCB400	265.92	0.00	74.43	290.24	4,707.07	3.57
TXRB500	445.34	0.00	156.16	649.79	8,318.99	4.04
TXSB175	121.77	0.00	9.05	(198.30)	3,038.80	1.61
FLB1155	628.75	0.00	122.39	432.07	46,184.08	3.75

1 Receipts are average annual total cash receipts including government payments, 2007-2012 (\$1,000)

2 Payments are average annual total government payments, 2007-2012 (\$1,000)

3 NCFI are average annual net cash farm income, 2007-2012 (\$1,000)

4 Reserve 2012 are average ending cash reserves, 2012 (\$1,000)

5 Net Worth 2012 are average nominal ending net worth, 2012 (\$1,000)

6 CRNW are average percentage in real net worth over 2007-2012 period, (%)

AFPC Briefing Series

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