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Research Report

Economic outlook for representative ranches given the August 2007 FAPRI/AFPC baseline

AFPC Briefing Paper, No. 07-12

Provided in Cooperation with:
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Economic Outlook for Representative Ranches Given the August 2007 FAPRI/AFPC Baseline

AFPC Briefing Paper 07-12

September 2007

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

Teaching *Research* *Extension*

AFPC

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ECONOMIC OUTLOOK FOR REPRESENTATIVE RANCHES GIVEN THE AUGUST 2007 FAPRI/AFPC BASELINE

AFPC Briefing Paper 07-12

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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 2007 through 2012. 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 and input inflation rates in their August 2007 Baseline that were used to analyze the viability of the AFPC representative ranches.

Under the August 2007 Baseline, the Montana ranch (MTB500), the Colorado ranch (COB250), the South Dakota ranch (SDB450), the Southwest Missouri ranch (MOB240), the Central Missouri ranch (MOCB400), the Texas Rolling Plains ranch (TXRB500), and the Florida ranch (FLB1155) are all considered in good liquidity condition (less than a 25 percent chance of negative ending cash in 2012). No ranches fall into the marginal classification (between a 25 percent and a 50 percent chance of negative ending cash in 2012). The California ranch (CAB500), the Nevada ranch (NVB700), the Wyoming ranch (WYB335), the New Mexico ranch (NMB240), and the South Texas ranch (TXSB175) are all considered in poor liquidity condition (greater than a 50 percent chance of negative ending cash in 2012).

Eleven of the twelve ranches (NVB700, MTB500, WYB335, COB250, NMB240, SDB450, MOB240, MOCB400, TXRB500, TXSB175, and FLB1155) are in good equity position (less than a 25 percent chance of decreasing real net worth during 2007-2012), due primarily to increasing land values. The California ranch (CAB500), with land values constrained by the Williamson Act, has greater than a 50 percent probability of decreasing real net worth (poor equity position). No ranches have a marginal equity position (between a 25 percent and 50 percent likelihood of losing real net worth).

Overall rankings for the representative ranches are projected to be as follows: Seven of the twelve ranches (MTB500, COB250, SDB450, MOB240, MOCB400, TXRB500, and FLB1155) are classified in good condition, four (NVB700, WYB335, NMB240, and TXSB175) are in marginal condition, and the remaining ranch (CAB500) is in poor condition.

More of the ranches are in good overall financial condition under the August 2007 Baseline than under the previous two August Baselines. Increasing corn demand for ethanol production has driven feed costs higher, but the negative effect on calf prices has been offset by other factors. U.S. cattle inventory projections are flat to declining due to drought and the overall higher costs of production. Tighter cattle supplies coupled with the reopening of some previously closed beef export markets have helped to support prices at a higher level than previously expected given the higher feed prices.

FAPRI August 2007 Baseline

While projected cattle prices are considered to be the primary determinant of the financial viability of the representative ranches, the prices of feed crops and bi-products 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 also raises broilers. Additionally, crop prices have an impact on fed cattle returns, which impacts feeder cattle prices.

Projected livestock prices for FAPRI's August 2007 Baseline are presented in Table 1. In general, beef cattle prices are projected to decline each year from 2008 though 2012, but feeder cattle prices are now expected to stay above $102/cwt. Specifically, prices for classes of cattle are projected to move as follows:

- Feeder cattle prices are projected to peak at $118.46/cwt in 2008 and decline to $102.03/cwt by 2012.
- Fat cattle prices peak at $94.21/cwt in 2008 and end at $86.40/cwt in 2012.
- Cull cow prices range between $47.14/cwt and $52.98/cwt during the 2007-2012 period.

Projected crop prices for FAPRI's August 2007 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 hit a high of $123.20/ton in 2007 and then level off to $111.52/ton by 2012.
- Corn prices start at $3.10/bu in 2007, peak at $3.38/bu in 2008, and end at $3.25/bu in 2012.
- Wheat prices range between $5.11/bu and $4.19/bu between 2007 and 2012, with the highest price expectation in 2007.
- Sorghum prices remain in the relatively tight range of $2.92/bu to $3.19/bu through 2012.
- Soybean meal is expected to stay between $192.68/ton and $207.88/ton from 2007-2012.

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 2007 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 2007-2012 period are provided by the FAPRI Baseline and are projected to range between 3.51% and 13.68% per year.

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

	2005	2006	2007	2008	2009	2010	2011	2012
Cattle Prices								
Feeder Cattle ($/cwt)	120.11	117.68	117.53	118.46	114.27	107.60	103.83	102.03
Fat Cattle ($/cwt)	87.28	85.41	91.09	94.21	92.93	90.04	87.84	86.40
Culled Cows ($/cwt)	54.36	47.56	50.94	52.98	52.36	49.92	47.93	47.14
Crop Prices								
Corn ($/bu.)	2.00	3.03	3.10	3.38	3.35	3.34	3.28	3.25
Wheat ($/bu.)	3.42	4.26	5.11	4.19	4.32	4.31	4.31	4.29
Cotton ($/lb.)	0.4770	0.4730	0.5394	0.6086	0.6116	0.6044	0.6021	0.5990
Sorghum ($/bu.)	1.86	3.28	2.92	3.19	3.12	3.15	3.10	3.07
Soybeans ($/bu.)	5.66	6.40	7.77	8.01	7.92	7.85	7.79	7.72
Barley ($/bu.)	2.53	2.85	3.01	3.31	3.18	3.16	3.12	3.09
Oats ($/bu.)	1.63	1.87	2.04	2.17	2.19	2.18	2.16	2.14
Rice ($/cwt.)	7.65	9.68	9.90	9.70	9.64	9.65	9.64	9.64
Soybean Meal ($/ton)	166.12	195.53	207.88	205.71	200.41	196.80	194.79	192.68
All Hay ($/ton)	98.20	109.00	123.20	114.46	110.86	110.46	111.15	111.52
Peanuts ($/ton)	346	352	412.06	476.67	460.83	458.36	459.64	456.82

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

Table 2. FAPRI August 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 (%)	8.03	3.60	2.18	1.45	1.49	1.66	1.40
All Fertilizer Prices (%)	6.95	4.52	3.37	0.12	-0.07	0.55	-0.01
Herbicide Prices (%)	3.71	1.80	1.73	1.19	1.08	1.29	1.09
Insecticide Prices (%)	3.06	0.97	0.80	0.70	1.42	1.72	1.46
Fuel and Lube Prices (%)	8.08	0.89	1.70	-0.75	-0.51	-1.17	-1.41
Machinery Prices (%)	4.04	3.39	3.00	1.71	1.81	2.10	2.08
Wages (%)	2.72	3.14	2.22	2.75	2.96	3.09	3.12
Supplies (%)	5.11	3.68	4.07	3.13	2.22	2.03	1.61
Repairs (%)	3.38	2.87	2.43	2.40	2.47	2.60	2.51
Services (%)	4.14	2.30	1.90	1.30	1.88	2.11	2.03
Taxes (%)	2.59	4.24	2.95	2.04	2.08	2.65	1.44
PPI Items (%)	3.53	5.11	1.77	0.82	0.81	1.08	0.74
PPI Total (%)	3.64	4.70	2.03	1.37	1.15	1.37	1.06
Annual Change in Consumer Price Index (%)	2.64	1.83	1.99	1.96	1.89	2.08	2.26
Annual Interest Rates							
Long-Term (%)	5.81	5.89	6.24	6.73	6.87	6.97	7.06
Intermediate-Term (%)	4.70	4.77	5.05	5.44	5.56	5.65	5.72
Savings Account (%)	1.61	1.63	1.73	1.86	1.90	1.93	1.96
Annual Rate of Change for U.S. Land Prices (%)	15.15	13.68	9.20	4.37	3.65	3.51	3.51

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

Economic Viability of Representative Farms over the 2007-2012 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
7/4/1	2007	2012	2007-2012	2007-2012
CAB500			99-99	1-89
NVB700			2-59	1-1
MTB500			1-1	1-1
WYB335			90-99	1-1
COB250			1-15	1-1
NMB240			29-98	1-1
SDB450			1-1	1-1
MOB240			1-1	1-1
MOCB400			1-1	1-1
TXRB500			1-1	1-1
TXSB175			1-99	1-1
FLB1155			1-1	1-1

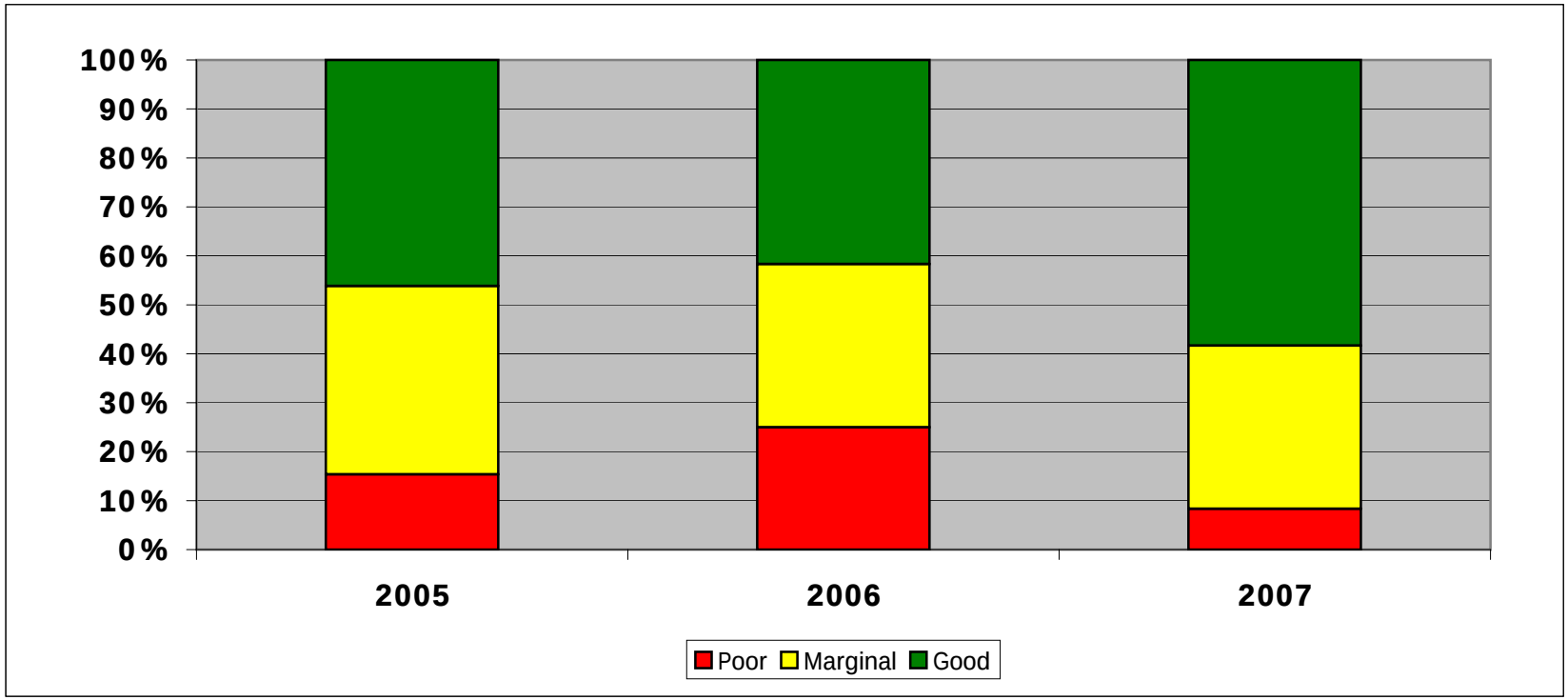
1 Viability is classified as good (green), moderate (yellow), and poor (red) based on the probabilities:

<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.

Comparison of Projected Overall Economic Viability of Representative Ranches Between the August 2005[1], August 2006[2], and August 2007[3] FAPRI/AFPC Baselines



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

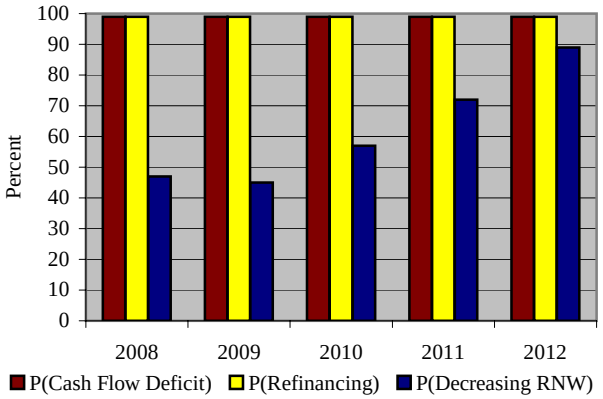
[2] Projected overall economic viability for August 2006 Baseline is based on a 2006-2011 study period.

[3] Projected overall economic viability for August 2007 Baseline is based on a 2007-2012 study period.

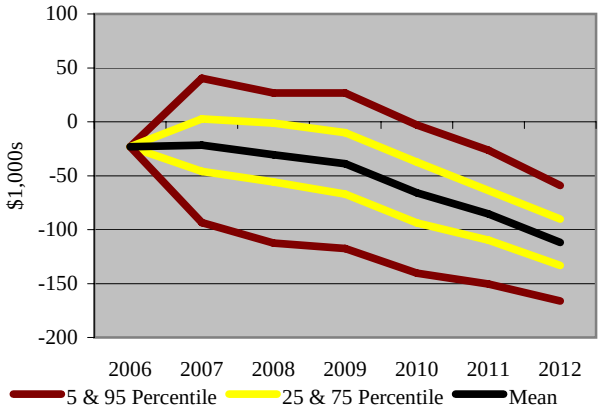
CAB500

Located in the northern Sacramento Valley (Tehama County, California), this 500-cow operation covers 10,000 acres of deeded and privately owned leased range. Additionally, 2,000 AUMs are leased from the federal government. All 2006 receipts were generated by the cow-calf operation.

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



Net Cash Farm Income

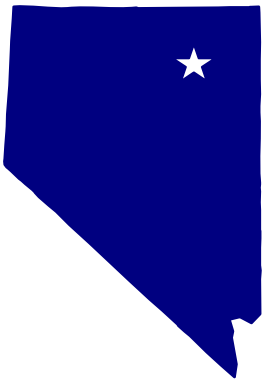


	2008	2009	2010	2011	2012
Market Receipts ($1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts ($1,000)	297.7	290.2	270.9	263.6	256.7
Government Payments ($1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts ($1,000)	297.7	290.2	270.9	263.6	256.7
Total Expenses ($1,000)	328.2	329.2	336.8	349.1	368.8
Net Cash Farm Income ($1,000)	-30.5	-39.0	-65.9	-85.5	-112.0
Ending Cash ($1,000)	-171.6	-243.0	-338.8	-470.1	-615.3
Net Worth ($1,000)	5,595.6	5,591.3	5,540.2	5,487.2	5,407.6
Return on Assets (%)	0.8	0.1	-1.1	-0.5	-1.0
P(Cash Flow Deficit) (%)	99.0	99.0	99.0	99.0	99.0
P(Refinancing) (%)	99.0	99.0	99.0	99.0	99.0
P(Decreasing RNW) (%)	47.0	45.0	57.0	72.0	89.0

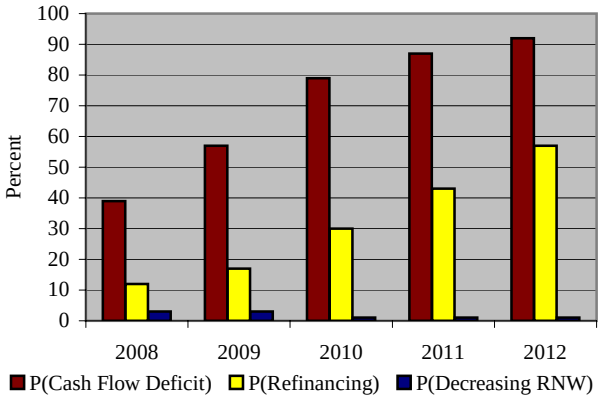
Producers participating in the panel include: Jerry Hemsted, Ron Masingale, Dick O'Sullivan, Wally Roney, Britt Schumacher, and Louis Venturini. Larry Forero, Josh Davy, and Glenn Nader serve as the facilitators.

NVB700

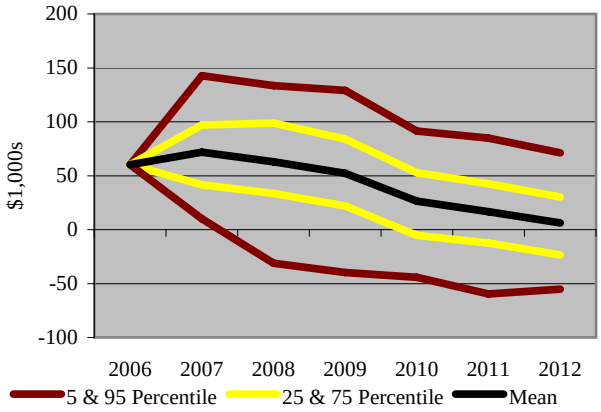
NVB700 is a 700-cow ranch located in northeastern Nevada (Elko County). The operation consists of 1,300 acres of owned hay meadow and 8,725 acres of owned range, supplemented by 4,450 AUMs leased from the U.S. Forest Service. Each year, the ranch harvests 975 acres of hay. Annually, cattle sales represent all of the ranch's receipts.



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



Net Cash Farm Income

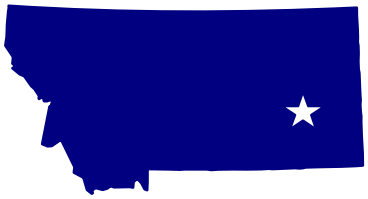


	2008	2009	2010	2011	2012
Market Receipts ($1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts ($1,000)	372.4	364.2	342.2	337.7	329.3
Government Payments ($1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts ($1,000)	372.4	364.2	342.2	337.7	329.3
Total Expenses ($1,000)	309.6	311.9	315.7	321.1	323.1
Net Cash Farm Income ($1,000)	62.8	52.3	26.5	16.6	6.2
Ending Cash ($1,000)	72.3	73.7	46.3	12.2	-31.5
Net Worth ($1,000)	4,712.9	4,848.1	4,917.1	5,012.7	5,090.0
Return on Assets (%)	7.4	2.5	0.0	1.8	1.2
P(Cash Flow Deficit) (%)	39.0	57.0	79.0	87.0	92.0
P(Refinancing) (%)	12.0	17.0	30.0	43.0	57.0
P(Decreasing RNW) (%)	3.0	3.0	1.0	1.0	1.0

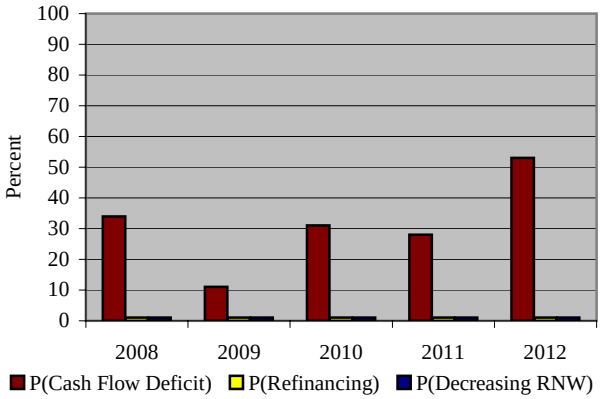
Producers participating in the panel include: Harvey Barnes, Brad Dalton, Dani Dalton, Jay Dalton, Mitch Heguy, Rhonda Heguy, Sam Mori, Ed Sarman, and Craig Spratling. Kynda Curtis, Tom Harris, Willie Riggs, and Ron Torell serve as facilitators.

MTB500

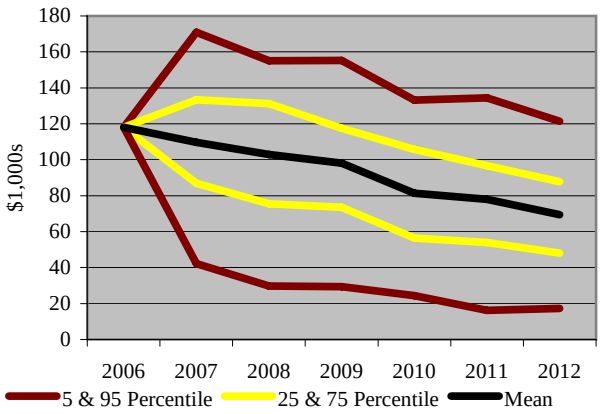
A 500-cow ranch located on the eastern plains of Montana (Custer County), MTB500 runs cows on a combination of owned land and land leased from federal, state, and private sources. Federal land satisfies one quarter of total grazing needs. The ranch owns 14,000 acres of pasture. 640 acres of hay are produced annually on the owned land. Also, all deeded acres are leased for hunting. Cattle sales represented 98 percent of this ranch's 2006 receipts.



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



Net Cash Farm Income

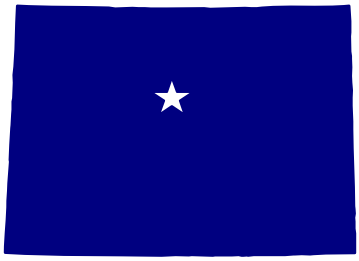


	2008	2009	2010	2011	2012
Market Receipts ($1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts ($1,000)	296.2	290.2	271.9	267.1	261.5
Government Payments ($1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts ($1,000)	303.2	297.2	278.9	274.1	268.5
Total Expenses ($1,000)	200.2	199.1	197.6	196.2	199.1
Net Cash Farm Income ($1,000)	102.9	98.1	81.3	77.9	69.4
Ending Cash ($1,000)	214.7	245.0	260.0	276.1	278.6
Net Worth ($1,000)	4,803.3	5,004.8	5,149.0	5,315.6	5,470.7
Return on Assets (%)	8.6	3.5	1.8	2.9	2.5
P(Cash Flow Deficit) (%)	34.0	11.0	31.0	28.0	53.0
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

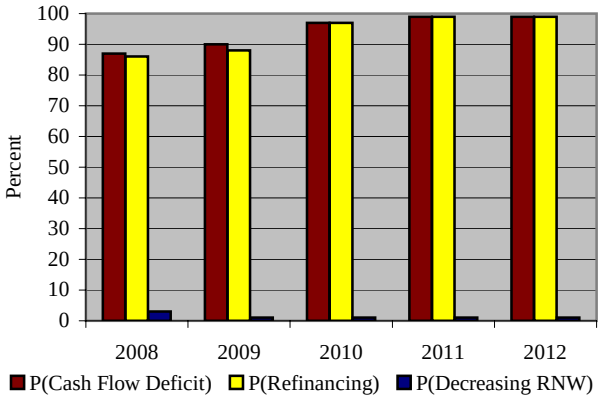
Producers participating in the panel include: Clarence Brown, Art Drange, Alyn Haughian, Jeff Okerman, and Scot Robinson. Kent Williams serves as the facilitator.

WYB335

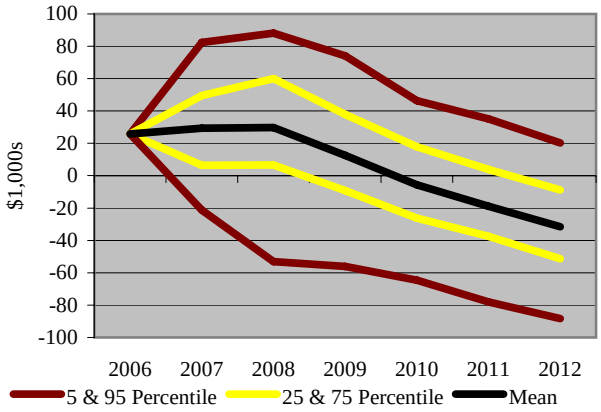
This 335-cow ranch is located in north central Wyoming (Washakie County). The ranch leases 2000 AUMs from the U.S. Forest Service and owns 1,000 acres of range. In response to drought, the ranch has begun leasing 700 acres of private pasture. Annually, the ranch harvests 305 acres of alfalfa and grass hay on owned ground. The ranch backgrounds two-thirds of its calves for ninety days. In 2006, cattle sales accounted for 81 percent of gross receipts, while hay sales accounted for 17 percent.



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



Net Cash Farm Income

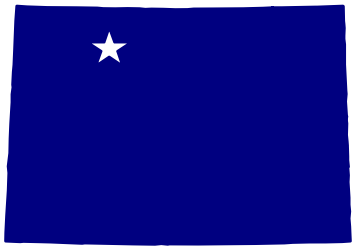


	2008	2009	2010	2011	2012
Market Receipts ($1,000)	54.0	52.2	51.4	53.2	53.9
Livestock Receipts ($1,000)	216.0	209.6	198.0	194.3	187.3
Government Payments ($1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts ($1,000)	274.9	266.8	254.4	252.5	246.1
Total Expenses ($1,000)	245.1	254.2	260.1	271.4	277.8
Net Cash Farm Income ($1,000)	29.8	12.6	-5.7	-18.9	-31.6
Ending Cash ($1,000)	-55.7	-89.9	-158.6	-227.4	-310.5
Net Worth ($1,000)	3,547.7	3,622.6	3,648.6	3,690.4	3,709.3
Return on Assets (%)	7.4	1.9	0.3	1.4	1.0
P(Cash Flow Deficit) (%)	87.0	90.0	97.0	99.0	99.0
P(Refinancing) (%)	86.0	88.0	97.0	99.0	99.0
P(Decreasing RNW) (%)	3.0	1.0	1.0	1.0	1.0

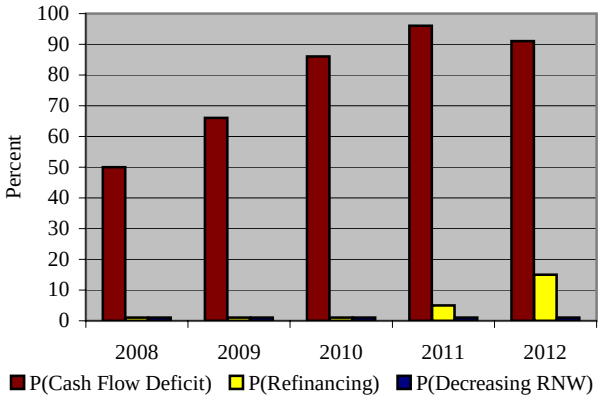
Producers participating in the panel include: Hugh Baird, Tim Flitner, Vance Lungren, Dan Rice, and Gary Rice. Jim Gill serves as the facilitator.

COB250

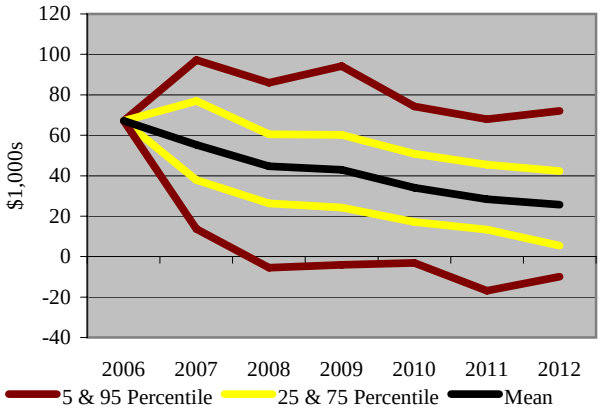
This 250-cow ranch is located in northwestern Colorado (Routt County). Federal land provides seven percent of the ranch's grazing needs. The ranch owns 2,300 acres of rangeland, and the cattle graze federal land during the summer. COB250 harvests 450 acres of hay each year at a projected yield of 2.5 tons per acre. The ranch sold 350 tons of meadow hay in 2006. Cattle sales accounted for 68 percent of the ranch's 2006 total receipts.



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



Net Cash Farm Income

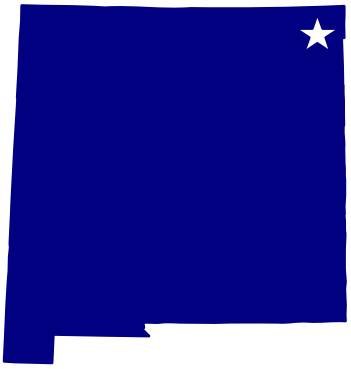


	2008	2009	2010	2011	2012
Market Receipts ($1,000)	51.1	52.1	52.6	54.4	56.5
Livestock Receipts ($1,000)	150.0	148.0	138.4	136.1	132.7
Government Payments ($1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts ($1,000)	210.1	209.1	200.0	199.5	198.2
Total Expenses ($1,000)	165.5	166.2	166.1	171.2	172.6
Net Cash Farm Income ($1,000)	44.6	42.9	34.0	28.3	25.6
Ending Cash ($1,000)	156.0	151.3	128.6	98.0	67.6
Net Worth ($1,000)	17,143.6	17,867.9	18,477.5	19,089.2	19,724.4
Return on Assets (%)	8.8	4.3	3.3	3.4	3.3
P(Cash Flow Deficit) (%)	50.0	66.0	86.0	96.0	91.0
P(Refinancing) (%)	1.0	1.0	1.0	5.0	15.0
P(Decreasing RNW) (%)	1.0	1.0	1.0	1.0	1.0

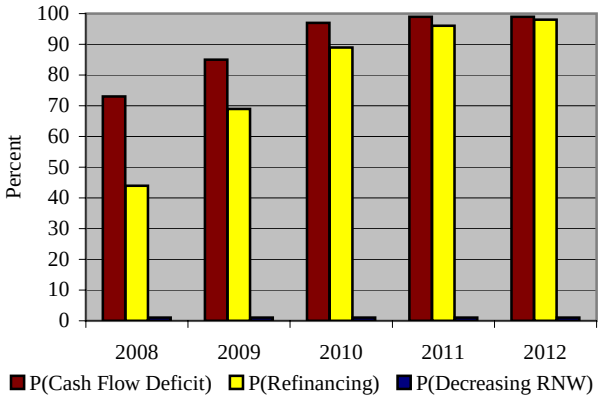
Producers participating in the panel include: Doug Carlson, Jay Fetcher, Kurt Frentress, Jim Rossi, and Wayne Shoemaker. C.J. Mucklow serves as the facilitator.

NMB240

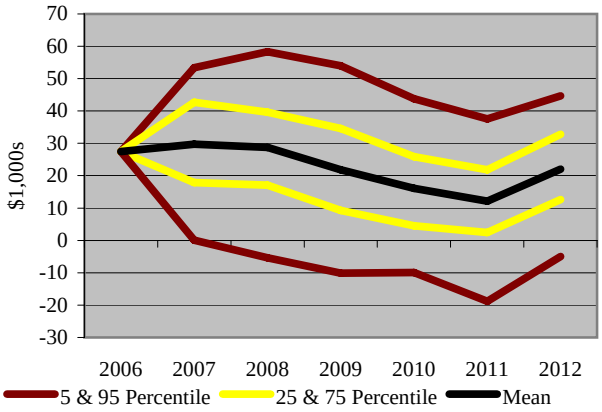
NMB240 is a 240-cow ranch located in northeastern New Mexico (Union County). In 2002, this ranch liquidated 20 percent of its mature cowherd in response to oppressive drought, culling 60 of its 300. With improving range conditions, ranchers have opted to fill the gap with summer stockers. Accordingly, 200 summer stocker steers were added to this ranch. During 2006, 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

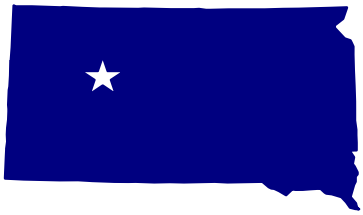


	2008	2009	2010	2011	2012
Market Receipts ($1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts ($1,000)	295.7	289.5	277.1	274.7	268.4
Government Payments ($1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts ($1,000)	304.9	298.7	286.3	283.9	277.6
Total Expenses ($1,000)	276.2	276.9	270.1	271.7	255.5
Net Cash Farm Income ($1,000)	28.8	21.8	16.1	12.1	22.0
Ending Cash ($1,000)	1.2	-13.8	-42.4	-72.1	-94.8
Net Worth ($1,000)	6,163.3	6,388.1	6,568.9	6,755.0	6,952.6
Return on Assets (%)	8.1	3.3	2.3	2.7	2.8
P(Cash Flow Deficit) (%)	73.0	85.0	97.0	99.0	99.0
P(Refinancing) (%)	44.0	69.0	89.0	96.0	98.0
P(Decreasing RNW) (%)	1.0	1.0	1.0	1.0	1.0

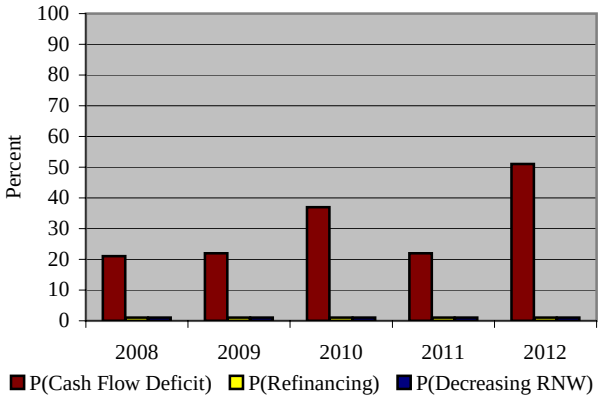
Producers participating in the panel include: Justin Bennett, Damon Brown, John Gilbert, Eugene Like, John Vincent, and Derek Walker. Nathan Elam, Manny Encinias, David Graham, and Allen Torell serve as facilitators.

SDB450

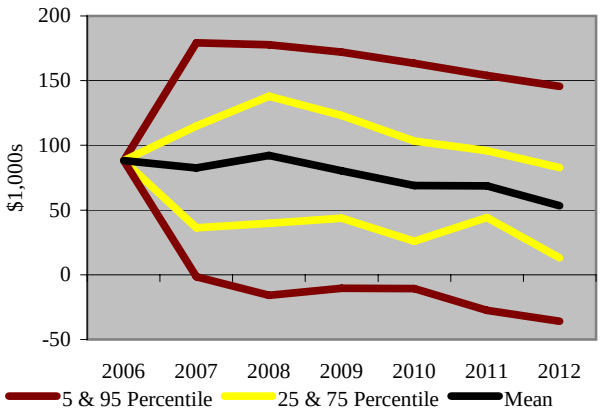
SDB450 is a 450-cow West River (Meade County, South Dakota) beef cattle ranch. This operation produces hay and oats on 1,150 acres of owned cropland, and runs its cows on 6,700 acres of owned native range. Grazing needs are supplemented with 2,100 AUMs leased from federal and state sources. In 2006, calf and culled cow/bull sales accounted for 90 percent of gross receipts.



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



Net Cash Farm Income

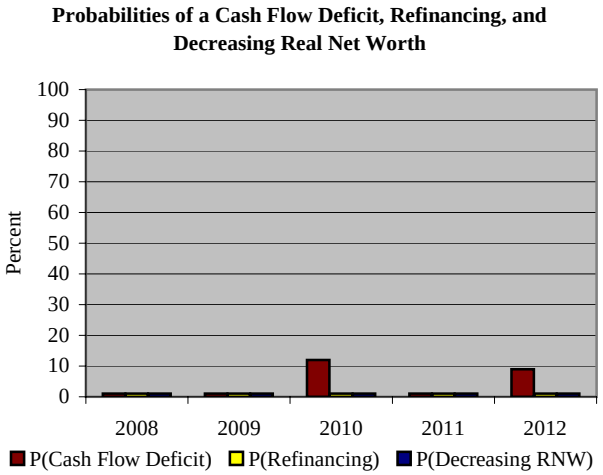


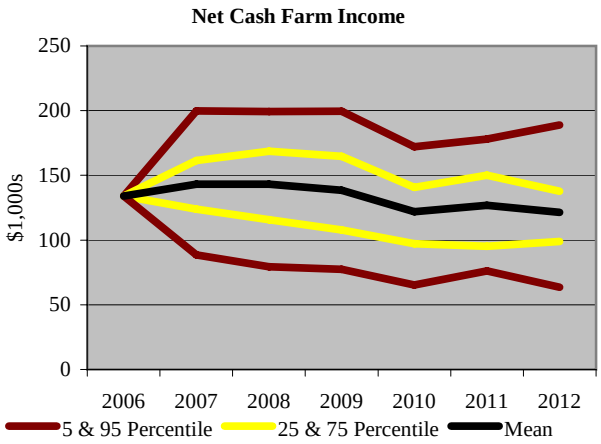
	2008	2009	2010	2011	2012
Market Receipts ($1,000)	37.1	34.8	37.8	40.9	40.3
Livestock Receipts ($1,000)	264.5	258.6	241.8	238.0	230.6
Government Payments ($1,000)	0.7	0.8	0.7	0.8	0.7
Total Receipts ($1,000)	302.4	294.2	280.3	279.7	271.5
Total Expenses ($1,000)	210.2	213.9	211.4	210.9	218.2
Net Cash Farm Income ($1,000)	92.2	80.3	68.9	68.8	53.3
Ending Cash ($1,000)	169.7	201.1	218.2	242.5	238.1
Net Worth ($1,000)	4,501.8	4,665.9	4,793.8	4,937.0	5,052.7
Return on Assets (%)	8.9	3.3	1.4	2.6	1.9
P(Cash Flow Deficit) (%)	21.0	22.0	37.0	22.0	51.0
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: Lynn C. Frey, Leo E. Grubl, Wayne Oedekoven, and Scott Phillips. Marty Beutler, John Cole, Stacy Hadrick, and Larry Janssen serve as facilitators.

MOB240

A 240-cow beef cattle operation is the focal point of this diversified livestock and crop farm located in southwest Missouri (Dade County). MOB240 plants 100 acres of corn, 24 acres of sorghum, 58 acres of wheat, 116 acres of soybeans, and 560 acres of hay. During 2006, cattle sales comprised 64 percent of gross receipts.





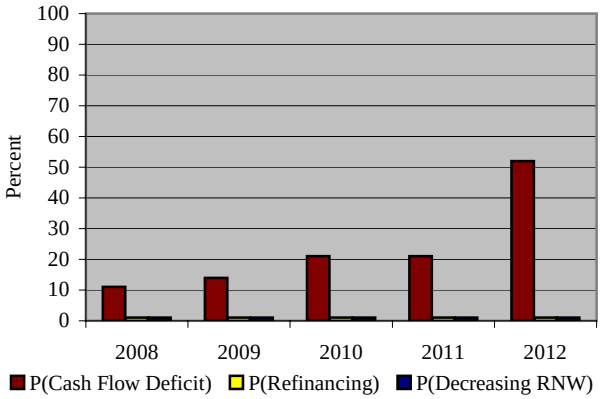
	2008	2009	2010	2011	2012
Market Receipts ($1,000)	87.5	86.7	87.3	91.1	92.4
Livestock Receipts ($1,000)	153.9	148.6	140.8	137.2	133.2
Government Payments ($1,000)	6.1	6.1	5.7	6.3	5.6
Total Receipts ($1,000)	248.8	242.9	235.4	235.8	232.7
Total Expenses ($1,000)	105.6	104.6	113.6	109.0	111.2
Net Cash Farm Income ($1,000)	143.2	138.4	121.8	126.8	121.4
Ending Cash ($1,000)	290.6	359.2	388.4	437.8	474.3
Net Worth ($1,000)	2,989.3	3,152.1	3,276.3	3,420.5	3,556.0
Return on Assets (%)	9.4	4.8	3.3	4.3	3.8
P(Cash Flow Deficit) (%)	1.0	1.0	12.0	1.0	9.0
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.

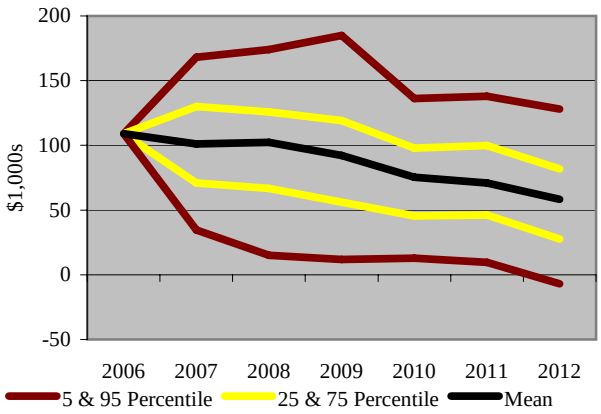
MOCB400

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. 2006 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

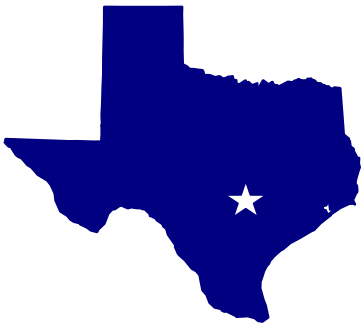


	2008	2009	2010	2011	2012
Market Receipts ($1,000)	5.7	5.7	6.0	6.5	5.9
Livestock Receipts ($1,000)	275.5	268.6	252.4	247.8	237.8
Government Payments ($1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts ($1,000)	285.5	278.6	262.7	258.6	248.0
Total Expenses ($1,000)	183.1	186.4	187.3	187.6	189.8
Net Cash Farm Income ($1,000)	102.4	92.1	75.3	71.0	58.2
Ending Cash ($1,000)	230.2	272.8	299.6	323.1	329.7
Net Worth ($1,000)	4,274.1	4,456.7	4,599.4	4,752.7	4,893.9
Return on Assets (%)	6.3	2.2	1.3	2.1	1.4
P(Cash Flow Deficit) (%)	11.0	14.0	21.0	21.0	52.0
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

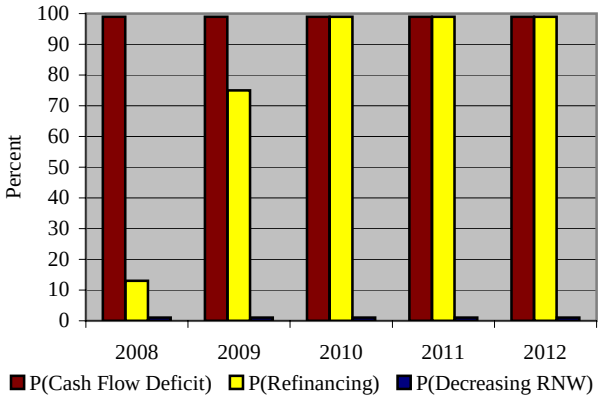
Producers participating in the panel include: George A. Barnitz, G. Douglas Black, Paul Heithold, and Ken Lenox. Brent Carpenter, Ted Cunningham, and Peter Zimmel serve as facilitators.

TXSB175

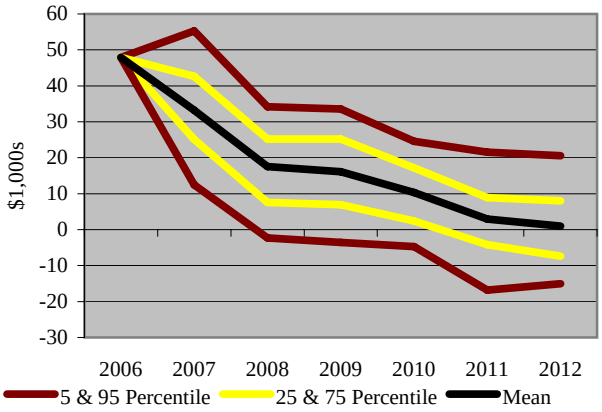
A 175-head cow-calf operation is the central focus of this full-time agricultural operation in south central Texas (Gonzales County). Faced with continued drought, the ranch liquidated 30% of its mature cowherd in 2006, and expects a decreased calf crop in 2007. The arid conditions also prompted the 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 83 percent of 2006 gross receipts.



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



Net Cash Farm Income

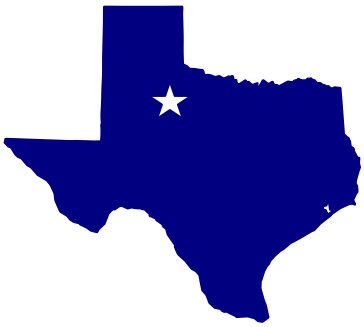


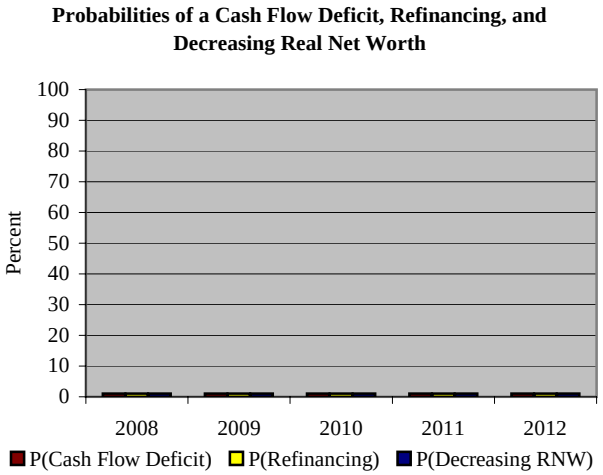
	2008	2009	2010	2011	2012
Market Receipts ($1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts ($1,000)	95.6	92.1	87.2	86.6	83.4
Government Payments ($1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts ($1,000)	128.1	124.6	119.7	119.1	115.9
Total Expenses ($1,000)	110.7	108.5	109.4	116.2	114.9
Net Cash Farm Income ($1,000)	17.5	16.1	10.3	2.9	1.0
Ending Cash ($1,000)	20.9	-15.0	-64.5	-119.5	-173.5
Net Worth ($1,000)	2,979.5	3,048.4	3,090.4	3,132.0	3,171.1
Return on Assets (%)	5.8	0.7	-0.4	0.5	0.3
P(Cash Flow Deficit) (%)	99.0	99.0	99.0	99.0	99.0
P(Refinancing) (%)	13.0	75.0	99.0	99.0	99.0
P(Decreasing RNW) (%)	1.0	1.0	1.0	1.0	1.0

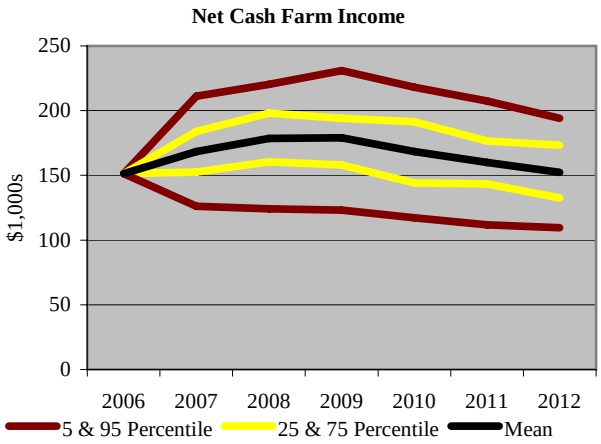
Producers participating in the panel include: Steve Breitschopf, Brian Fink, Michael Kuck, and William L. Quinney. Dwight Sexton serves as the facilitator.

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. Seventy-nine percent of 2006 receipts came from cattle sales, while 21 percent came from fee hunting.





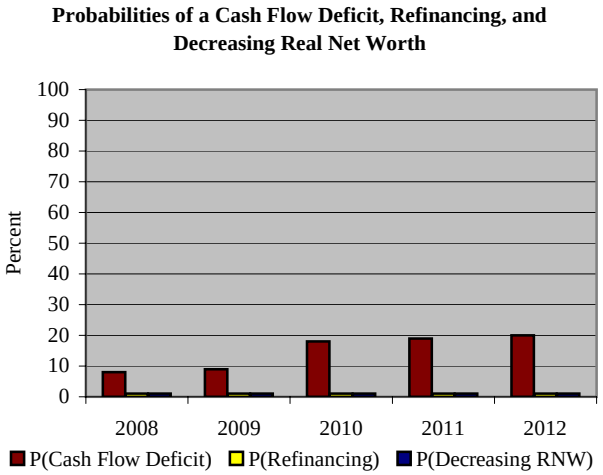


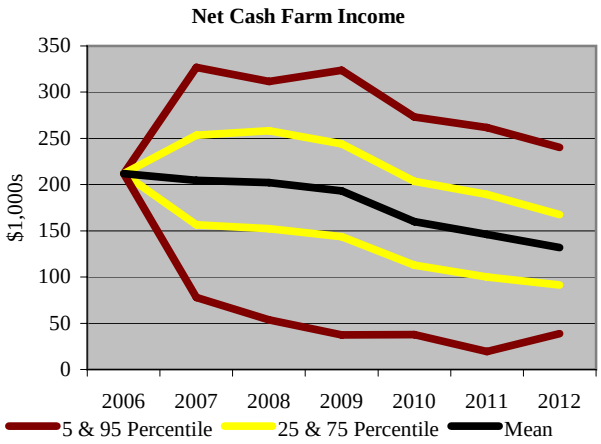
	2008	2009	2010	2011	2012
Market Receipts ($1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts ($1,000)	370.7	368.8	357.8	351.7	344.6
Government Payments ($1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts ($1,000)	460.7	458.8	447.8	441.7	434.6
Total Expenses ($1,000)	282.1	279.8	279.2	281.6	282.2
Net Cash Farm Income ($1,000)	178.6	179.0	168.5	160.1	152.3
Ending Cash ($1,000)	348.3	438.1	524.0	607.3	688.9
Net Worth ($1,000)	7,392.5	7,743.0	8,021.0	8,329.4	8,635.0
Return on Assets (%)	9.4	4.5	2.9	3.5	3.2
P(Cash Flow Deficit) (%)	1.0	1.0	1.0	1.0	1.0
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: Greg Arnold, Duane Daniel, Bill Masterson, Glenn Springer, and Mark Whitman. Gary Antilley, Stan Bevers, Ryan Martin, Jason Miller, and Toby Oliver serve as facilitators.

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. During 2006, cattle sales represented 86 percent of total receipts, while sod sales and hunting lease income accounted for the remaining 14 percent.





	2008	2009	2010	2011	2012
Market Receipts ($1,000)	0.0	0.0	0.0	0.0	0.0
Livestock Receipts ($1,000)	582.0	572.1	536.8	525.8	512.1
Government Payments ($1,000)	0.0	0.0	0.0	0.0	0.0
Total Receipts ($1,000)	676.0	666.1	630.8	619.8	606.1
Total Expenses ($1,000)	473.7	473.0	471.0	473.7	474.2
Net Cash Farm Income ($1,000)	202.3	193.1	159.8	146.1	131.9
Ending Cash ($1,000)	388.6	469.5	524.8	572.8	621.1
Net Worth ($1,000)	41,608.5	43,438.9	44,972.4	46,544.2	48,156.7
Return on Assets (%)	9.2	4.4	3.4	3.5	3.4
P(Cash Flow Deficit) (%)	8.0	9.0	18.0	19.0	20.0
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: Mike Adams, Judy Lisle Bozeman, Wes Carlton, Alan Kelley, Carrie Lightsey, Ralph Pelaez, Bert Tucker, Fred Tucker, and Wes Williamson. John Earman serves as the facilitator.