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Research Report

Representative farms economic outlook for the December 2006 FAPRI/AFPC baseline

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**REPRESENTATIVE FARMS ECONOMIC
OUTLOOK FOR THE DECEMBER 2006
FAPRI/AFPC BASELINE**

AFPC Briefing Paper 06-8

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EXECUTIVE SUMMARY

The Agricultural and Food Policy Center (AFPC) at Texas A&M University develops and maintains data to simulate 100 representative crop, dairy, and livestock operations in major production areas in 28 states. The chief purpose of this analysis is to project those farms' economic viability by region and commodity for 2006 through 2011. 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 2006 Baseline.

Under the December 2006 Baseline, 25 of the 65 crop farms are considered in good liquidity condition (less than a 25 percent chance of negative ending cash in 2011). Five crop farms have between a 25 percent and a 50 percent likelihood of negative ending cash. The remaining 35 crop farms have greater than a 50 percent chance of negative ending cash. Additionally, 33 of the 65 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 24 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. Two can be considered to be in marginal condition, and four are in poor condition.
- **WHEAT FARMS:** Eight of the 11 wheat farms are classified in good financial condition, two are marginal, and one is in poor condition.
- **COTTON FARMS:** Four of the 20 cotton farms are classified in good condition, four are in marginal condition, and 12 are in poor condition. Also, 11 of these farms have more than a 50 percent chance of losing real net worth by 2011.
- **RICE FARMS:** One of the 15 rice farms is in good condition, one is classified in marginal condition, and 13 farms are projected to be in poor financial condition through 2011.
- **DAIRY FARMS:** Seven of the 23 dairy farms are in good overall financial condition. Seven are considered to be in marginal condition, and nine are 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 in poor condition.

REPRESENTATIVE FARMS ECONOMIC OUTLOOK FOR THE DECEMBER 2006 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 2004-2011 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 2006 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 2006 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 2011.

Definitions of Variables in the Summary Tables

- **Overall Financial Position, 2006-2011** -- 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** -- 2006-2011 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** -- 2006-2011 average of annual counter cyclical payments, direct payments, and marketing loan gains/LDPs for crops and the MILC program payment for dairy farms.
- **NCFI** -- 2006-2011 average net cash farm income equals average total receipts minus average total cash expenses.
- **Reserve 2011** -- equals total cash on hand at the end of year 2011. 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 2011** -- equity equals total assets including land minus total debt from all sources and is reported at the end of 2011.
- **CRNW** -- annualized percentage change in the operator's net worth from January 1, 2006 through December 31, 2011, after adjusting for inflation.

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

	2004	2005	2006	2007	2008	2009	2010	2011
Crop Prices								
Corn (\$/bu.)	2.06	2.00	2.89	3.00	3.02	3.07	3.08	3.09
Wheat (\$/bu.)	3.40	3.42	4.27	4.13	4.11	4.18	4.22	4.27
Cotton (\$/lb.)	0.4160	0.4770	0.4674	0.5029	0.5185	0.5192	0.5196	0.5212
Sorghum (\$/bu.)	1.79	1.86	2.83	2.82	2.82	2.88	2.89	2.92
Soybeans (\$/bu.)	5.74	5.66	5.66	6.38	6.70	6.69	6.64	6.53
Barley (\$/bu.)	2.48	2.53	2.94	3.07	3.09	3.10	3.08	3.07
Oats (\$/bu.)	1.48	1.63	1.88	1.86	1.88	1.91	1.92	1.93
Rice (\$/cwt.)	7.33	7.62	9.10	8.12	8.18	8.55	8.59	8.61
Soybean Meal (\$/ton)	174.45	166.12	160.40	176.08	179.02	175.23	170.10	166.02
All Hay (\$/ton)	92.00	98.20	107.72	106.26	105.53	105.88	106.36	106.67
Peanuts (\$/ton)	378.00	346.00	357.00	408.01	436.66	441.96	435.23	431.30
Cattle Prices								
Feeder Cattle (\$/cwt)	111.79	120.02	118.63	111.05	102.86	96.51	92.15	88.90
Fat Cattle (\$/cwt)	84.75	87.28	85.62	85.30	84.20	82.83	80.30	78.47
Culled Cows (\$/cwt)	52.35	54.36	48.44	48.04	46.83	44.95	42.96	41.43
Milk Price								
U.S. All Milk Price (\$/cwt)	16.13	15.14	12.85	13.89	14.12	14.23	14.3	14.43

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

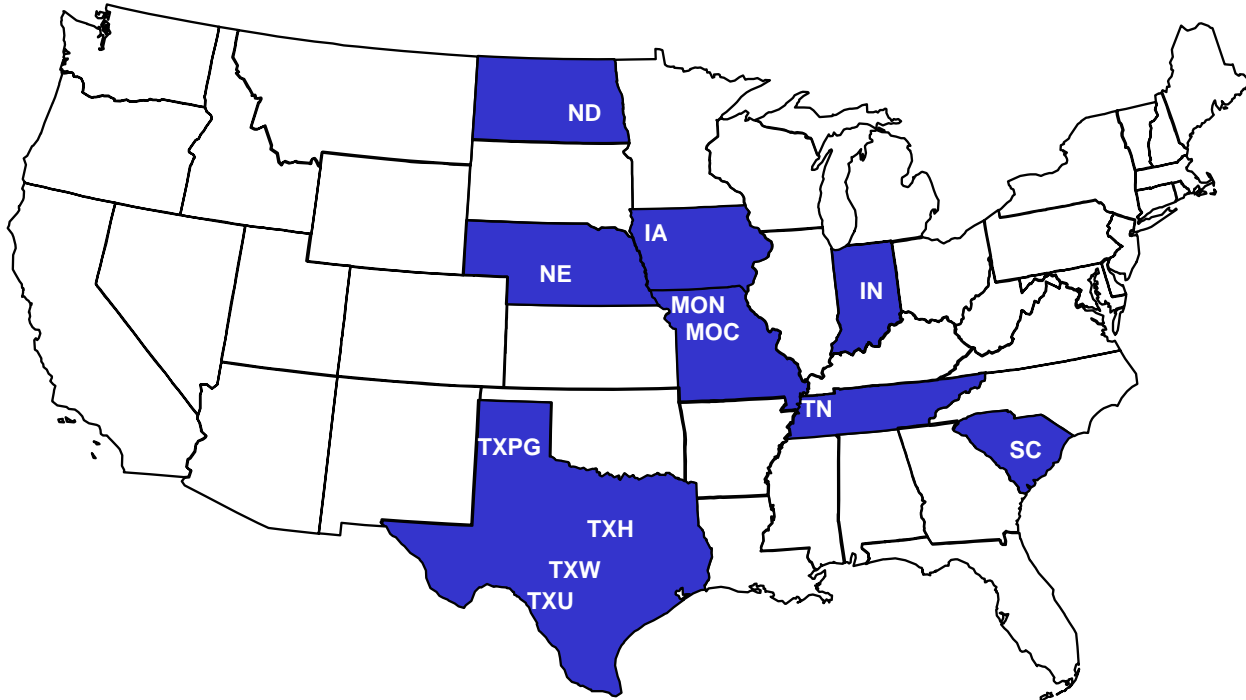
Table 2. FAPRI December 2006 Baseline Assumed Rates of Change in Input Prices, Annual Interest Rates, and Annual Changes in Land Values, 2005-2011

	2005	2006	2007	2008	2009	2010	2011
Annual Rate of Change for Input Prices Paid							
Seed Prices (%)	6.33	2.98	2.43	0.92	0.94	1.09	1.05
All Fertilizer Prices (%)	18.63	1.59	-5.27	-0.60	-2.15	-3.14	-6.98
Herbicide Prices (%)	2.65	1.15	1.51	-0.47	-1.01	-0.74	-0.22
Insecticide Prices (%)	-1.39	0.68	-0.14	-1.87	-0.81	0.72	1.25
Fuel and Lube Prices (%)	38.89	14.95	-2.36	-0.45	-0.93	-0.78	-1.51
Machinery Prices (%)	6.79	3.94	3.95	2.43	1.46	1.62	1.91
Wages (%)	3.13	1.68	1.87	2.44	2.82	3.01	3.13
Supplies (%)	5.51	5.04	5.40	3.83	2.25	1.39	0.76
Repairs (%)	4.20	3.34	2.15	1.44	1.33	1.40	1.59
Services (%)	3.23	4.02	2.58	0.28	-0.35	0.06	0.55
Taxes (%)	0.80	2.44	5.73	2.68	-1.11	0.87	0.94
PPI Items (%)	6.87	3.28	2.07	0.58	-0.04	0.30	0.23
PPI Total (%)	6.06	3.50	2.16	0.99	0.40	0.59	0.62
Annual Change in Consumer Price Index (%)	3.38	3.27	2.18	2.01	1.79	1.76	1.84
Annual Interest Rates							
Long-Term (%)	5.43	6.02	6.13	6.35	6.58	6.55	6.61
Intermediate-Term (%)	4.40	4.87	4.96	5.14	5.33	5.30	5.35
Savings Account (%)	1.51	1.67	1.70	1.76	1.82	1.82	1.83
Annual Rate of Change for U.S. Land Prices (%)	21.32	15.15	6.47	4.09	1.51	0.66	1.39

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, two are marginal, and four are in poor condition.
- Six of nineteen farms will be under cash flow stress, and one has a high probability of losing real wealth.



Characteristics of Panel Farms Producing Feed Grains, 2005.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Feed Grains (acres)
IAG1350	1,350	1,404.00	0.17	548.60	1,350
IAG3400	3,400	4,631.00	0.16	1,377.10	3,400
NEG1960	1,960	2,133.00	0.14	1,006.30	1,770
NEG4300	4,300	5,266.00	0.19	2,124.40	3,784
NDG2180	2,180	703.00	0.23	405.40	1,600
NDG7500	7,500	4,978.00	0.13	2,149.30	5,750
MOCG2050	2,050	4,538.00	0.15	621.80	2,050
MOCG3630	3,630	6,172.00	0.14	1,028.80	3,530
MONG1850	1,850	4,347.00	0.13	834.50	1,800
ING1000	1,000	1,840.00	0.18	360.20	1,000
ING2200	2,200	4,719.00	0.14	858.50	2,200
TXPG3760	3,760	2,616.00	0.31	2,233.00	1,344
TXHG2000	2,000	1,109.00	0.24	422.80	1,000
TXWG1400	1,400	723.00	0.17	307.40	900
TXUG1200	1,201	381.00	0.49	645.10	450
TNG900	900	901.00	0.15	253.20	900
TNG2750	2,750	2,898.00	0.18	807.50	2,750
SCG1500	1,500	978.00	0.18	532.80	1,500
SCG3500	3,500	4,651.00	0.15	1,384.70	3,100

Representative Farm: Feed Grains

Economic Viability of Representative Farms over the 2006-2011 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2011	2006-2011	2006-2011
13/2/4				
IAG1350			15-1	1-1
IAG3400			2-1	1-1
NEG1960			1-1	1-1
NEG4300			1-1	1-1
NDG2180			67-6	1-1
NDG7500			1-1	1-1
MOCG2050			1-1	1-1
MOCG3630			1-1	1-1
MONG1850			1-4	1-1
ING1000			96-90	1-1
ING2200			3-1	1-1
TXPG3760			93-91	1-38
TXHG2000			78-61	1-32
TXWG1400			71-67	1-27
TXUG1200			97-97	1-85
TNG900			75-25	1-11
TNG2750			5-3	1-1
SCG1500			76-54	1-6
SCG3500			17-3	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 2006 and 2011.

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

Implications of the December 2006 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Feed Grains and Oilseeds

	Receipts	Payments	NCFI	Reserve 2011	Net Worth 2011	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
IAG1350	631.71	60.16	197.56	378.24	1,807.26	6.63
IAG3400	1,562.77	147.90	555.31	782.52	5,666.55	5.28
NEG1960	1,186.71	143.93	388.91	799.91	2,814.51	6.76
NEG4300	2,398.98	270.97	766.36	1,633.47	6,607.70	7.17
NDG2180	541.18	39.06	205.43	356.33	1,008.97	11.42
NDG7500	2,342.31	186.50	1,098.84	3,136.73	7,960.79	9.40
MOCG2050	795.17	65.99	427.84	900.73	6,062.53	6.25
MOCG3630	1,325.57	103.95	761.85	1,955.90	8,726.74	7.35
MONG1850	819.65	60.87	312.09	507.48	5,336.86	4.59
ING1000	421.26	41.53	112.29	(164.13)	2,029.53	3.65
ING2200	999.35	92.75	330.34	481.38	5,893.24	4.99
TXPG3760	2,502.64	304.85	157.63	(891.53)	2,158.15	1.29
TXHG2000	508.17	62.53	69.37	(101.26)	1,003.90	1.23
TXWG1400	364.83	60.06	54.59	(68.16)	729.41	1.62
TXUG1200	718.74	99.94	19.10	(447.21)	(66.80)	(34.19)
TNG900	320.70	24.79	71.35	68.52	934.82	2.44
TNG2750	1,018.23	80.74	400.19	446.84	3,627.76	5.98
SCG1500	658.47	109.14	94.32	(17.37)	1,105.50	4.00
SCG3500	1,666.10	226.16	393.60	685.23	6,069.05	5.40

1 Receipts are average annual total cash receipts including government payments, 2006-2011 (\$1,000)

2 Payments are average annual total government payments, 2006-2011 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2011 (\$1,000)

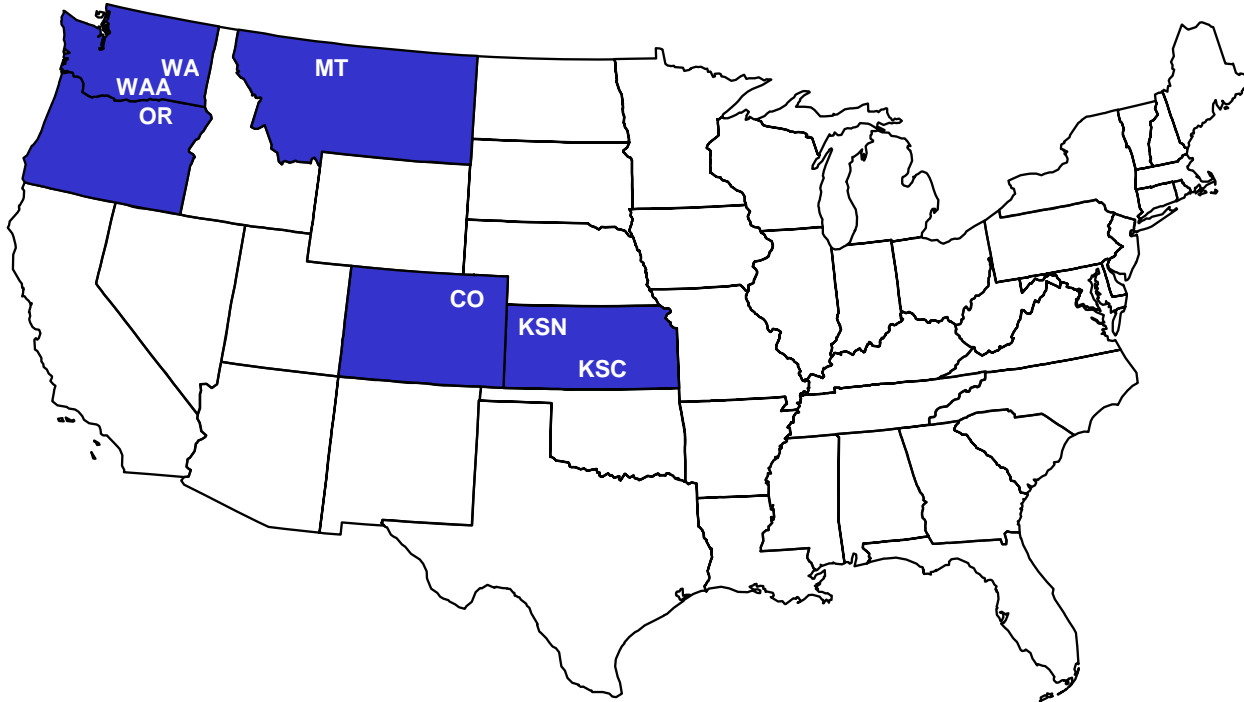
4 Reserve 2011 are average ending cash reserves, 2011 (\$1,000)

5 Net Worth 2011 are average nominal ending net worth, 2011 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2011 period, (%)

Representative Farm: Wheat

- Eight wheat farms are projected to be in good overall financial condition with two in marginal condition and one in poor condition.
- Two of the eleven wheat farms will feel severe liquidity pressure over the period.
- One wheat farm has a 25 percent or greater chance of losing real equity.



Characteristics of Panel Farms Producing Wheat, 2005.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Wheat (acres)
WAW1725	1,725	1,236.00	0.17	379.90	1,121
WAW5000	5,000	4,511.00	0.16	1,160.40	2,915
WAAW3500	3,500	1,098.00	0.14	227.20	1,500
ORW4000	3,600	1,217.00	0.13	291.50	1,600
MTW4500	4,500	2,245.00	0.15	329.00	2,475
KSCW1600	1,600	1,043.00	0.28	221.80	1,072
KSCW4000	4,000	2,063.00	0.20	535.90	2,000
KSNW2800	2,800	1,443.00	0.23	354.80	1,400
KSNW5000	5,000	2,419.00	0.22	791.80	2,325
COW3000	3,000	1,352.00	0.13	266.50	970
COW5640	5,640	2,228.00	0.15	505.80	1,900

Representative Farm: Wheat

Economic Viability of Representative Farms over the 2006-2011 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2011	2006-2011	2006-2011
8/2/1				
WAW1725			21-2	1-1
WAW5000			34-47	1-1
WAAW3500			31-1	1-1
MTW4500			1-1	1-1
ORW4000			20-3	1-1
KSCW1600			88-77	1-25
KSCW4000			28-1	1-1
KSNW2800			92-74	1-13
KSNW5000			64-13	1-1
COW3000			1-1	1-1
COW5640			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 2006 and 2011.

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

Implications of the December 2006 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Wheat

	Receipts	Payments	NCFI	Reserve 2011	Net Worth 2011	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
WAW1725	450.61	45.23	110.11	179.39	1,380.06	3.79
WAW5000	1,356.77	126.15	271.61	18.83	5,061.03	3.29
WAAW3500	272.87	28.58	98.43	177.93	1,354.77	4.82
ORW4000	338.03	33.06	134.49	230.41	1,419.35	3.66
MTW4500	424.56	53.89	201.62	464.75	2,770.96	5.09
KSCW1600	299.33	27.98	67.86	(95.61)	895.64	1.99
KSCW4000	715.37	68.78	255.10	350.49	2,382.43	4.82
KSNW2800	404.94	39.07	96.42	(120.17)	1,419.44	2.46
KSNW5000	990.69	83.27	282.38	324.24	2,862.93	5.06
COW3000	316.39	23.90	178.81	564.12	1,943.69	7.21
COW5640	610.40	45.39	250.63	410.08	2,825.22	5.50

1 Receipts are average annual total cash receipts including government payments, 2006-2011 (\$1,000)

2 Payments are average annual total government payments, 2006-2011 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2011 (\$1,000)

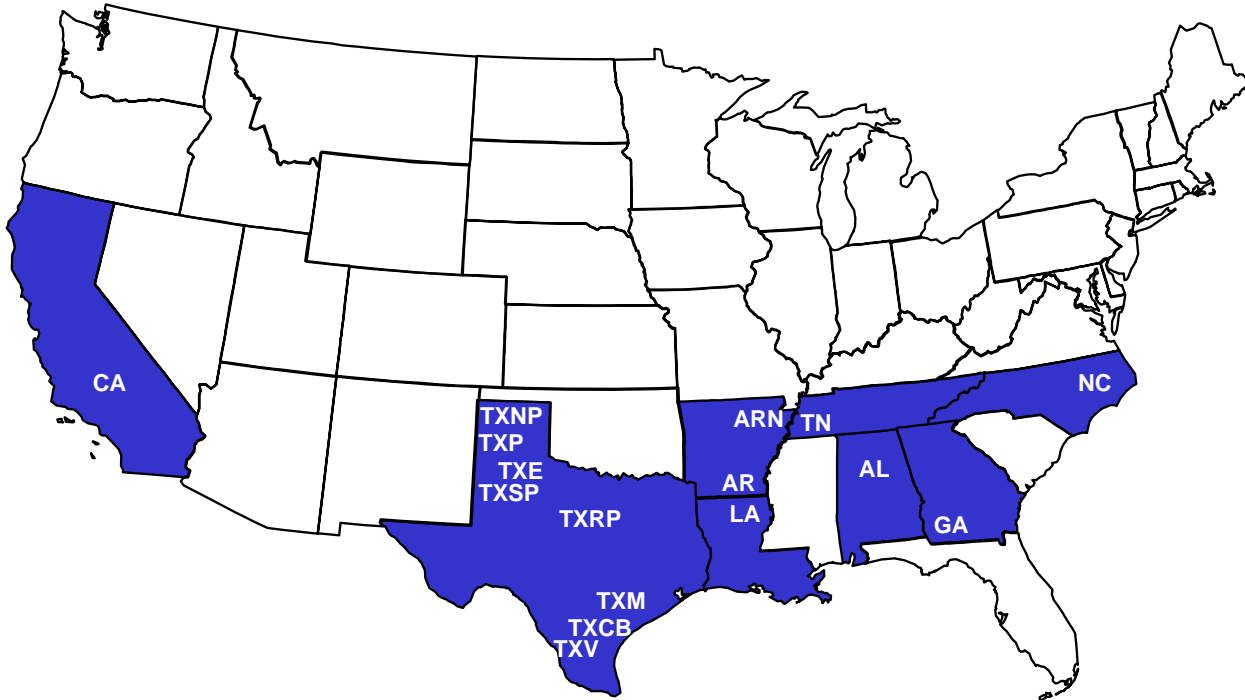
4 Reserve 2011 are average ending cash reserves, 2011 (\$1,000)

5 Net Worth 2011 are average nominal ending net worth, 2011 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2011 period, (%)

Representative Farm: Cotton

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



Characteristics of Panel Farms Producing Cotton, 2005.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Cotton (acres)
TXNP3000	3,000	845.00	0.25	1,099.50	1,500
TXNP7000	7,000	2,685.00	0.35	2,506.80	2,850
TXSP2239	2,239	887.00	0.26	539.60	1,800
TXSP3745	3,745	2,184.00	0.14	921.00	3,036
TXPC2500	2,500	2,482.00	0.21	1,447.70	1,367
TXEC5000	5,000	1,953.00	0.15	2,103.50	3,800
TXRP2500	2,500	621.00	0.29	444.30	1,117
TXMC1800	1,800	891.00	0.23	511.00	900
TXCB2250	2,250	1,074.00	0.25	667.20	1,350
TXCB5500	5,500	1,271.00	0.25	1,565.40	2,750
TXVC4500	4,500	2,596.00	0.20	1,404.30	2,388
CAC4000	4,000	12,702.00	0.17	6,376.70	2,000
LAC2640	2,640	754.00	0.10	1,253.20	924
ARC6000	6,000	6,070.00	0.21	3,002.80	2,000
ARNC5000	5,000	5,233.00	0.23	2,844.40	5,000
TNC1900	1,900	2,191.00	0.11	896.70	990
TNC4050	4,050	4,105.00	0.17	1,654.50	2,670
ALC3000	3,000	1,643.00	0.49	1,166.00	2,100
GAC1700	1,700	2,485.00	0.21	1,284.50	1,020
NCC1100	1,100	1,637.00	0.18	555.50	700

Representative Farm: Cotton

Economic Viability of Representative Farms over the 2006-2011 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2011	2006-2011	2006-2011
4/4/12				
TXNP3000			98-99	1-95
TXNP7000			98-94	1-60
TXSP2239			92-94	1-77
TXSP3745			57-89	1-71
TXPC2500			2-19	1-8
TXEC5000			1-1	1-21
TXRP2500			99-68	1-45
TXMC1800			61-44	1-40
TXCB2250			64-75	1-48
TXCB5500			54-82	1-71
TXVC4500			1-7	1-2
CAC4000			16-33	1-7
LAC2640			49-36	1-20
ARC6000			91-99	1-90
ARNC5000			91-98	1-72
TNC1900			1-1	1-1
TNC4050			69-96	1-64
ALC3000			98-96	1-76
GAC1700			99-99	1-80
NCC1100			99-99	1-91

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 2006 and 2011.

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

Implications of the December 2006 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Cotton

	Receipts	Payments	NCFI	Reserve 2011	Net Worth 2011	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
TXNP3000	1,241.95	125.65	(30.32)	(1,224.37)	(282.64)	(29.42)
TXNP7000	2,809.78	286.32	118.77	(1,632.79)	1,322.10	(4.14)
TXSP2239	584.37	130.46	18.63	(567.73)	372.83	(7.52)
TXSP3745	999.95	221.29	50.35	(670.93)	1,631.22	(2.67)
TXPC2500	1,267.81	225.91	205.48	234.17	2,415.16	3.11
TXEC5000	1,553.93	338.60	265.02	658.00	1,869.08	2.42
TXRP2500	329.47	72.38	45.05	(103.29)	416.41	1.12
TXMC1800	681.18	127.79	118.68	3.45	807.74	1.07
TXCB2250	743.01	148.02	87.11	(249.18)	866.51	(0.25)
TXCB5500	1,689.03	323.56	93.63	(551.60)	612.98	(6.24)
TXVC4500	1,527.12	316.77	340.97	534.84	3,091.41	6.18
CAC4000	6,247.61	235.62	696.71	615.86	14,436.59	3.76
LAC2640	1,403.41	280.73	195.90	96.26	937.12	5.65
ARC6000	3,182.46	524.69	5.48	(3,220.95)	4,216.82	(3.41)
ARNC5000	2,870.83	545.74	127.24	(2,295.72)	3,915.07	(2.26)
TNC1900	965.24	153.76	340.64	970.84	3,185.65	7.30
TNC4050	1,789.15	383.65	65.68	(1,423.84)	3,338.04	(1.64)
ALC3000	1,225.90	284.23	78.50	(867.90)	455.65	(7.57)
GAC1700	1,384.35	280.22	10.80	(913.79)	1,797.52	(1.62)
NCC1100	577.19	110.93	(2.52)	(816.68)	1,134.48	(3.36)

1 Receipts are average annual total cash receipts including government payments, 2006-2011 (\$1,000)

2 Payments are average annual total government payments, 2006-2011 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2011 (\$1,000)

4 Reserve 2011 are average ending cash reserves, 2011 (\$1,000)

5 Net Worth 2011 are average nominal ending net worth, 2011 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2011 period, (%)

Representative Farm: Rice

- One of the fifteen rice farms is projected to be in good overall financial condition, one is in marginal condition, and thirteen are in poor condition.
- Fourteen of the rice farms are expected to face severe cash flow problems and twelve of fifteen have high probabilities of real equity losses.



Characteristics of Panel Farms Producing Rice, 2005.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Rice (acres)
CAR550	550	1,626.00	0.34	445.90	500
CAR2365	2,365	4,763.00	0.43	1,943.00	2,240
CABR1100	1,100	2,007.00	0.45	834.60	1,000
CACR715	715	1,850.00	0.38	585.90	650
TXR1350	1,350	970.00	0.28	353.30	855
TXR2400	2,400	994.00	0.45	733.60	2,280
TXBR1800	1,800	858.00	0.36	607.70	1,200
TXER3200	3,200	1,087.00	0.43	970.20	2,240
LASR1200	1,200	429.00	0.80	355.00	660
LANR2500	2,500	3,385.00	0.24	1,093.80	1,000
MOER4500	4,500	7,170.00	0.15	1,730.50	1,500
MOWR4000	4,000	7,984.00	0.19	1,707.60	2,000
ARSR3640	3,640	3,208.00	0.13	1,025.90	1,620
ARWR1200	1,200	2,084.00	0.34	492.10	600
ARHR3000	3,000	4,783.00	0.31	1,333.60	1,750

Representative Farm: Rice

Economic Viability of Representative Farms over the 2006-2011 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2011	2006-2011	2006-2011
1/1/13				
CAR550			99-99	1-99
CAR2365			99-99	1-99
CABR1100			99-99	1-99
CACR715			99-99	1-99
TXR1350			99-99	1-99
TXR2400			99-99	1-99
TXBR1800			97-99	1-99
TXER3200			99-99	1-99
LASR1200			99-99	1-99
LANR2500			99-99	1-99
MOER4500			20-21	1-1
MOWR4000			53-78	1-4
ARSR3640			61-96	1-45
ARWR1200			99-99	1-99
ARHR3000			99-99	1-99

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 2006 and 2011.

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

Implications of the December 2006 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Rice

	Receipts	Payments	NCFI	Reserve 2011	Net Worth 2011	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAR550	453.24	75.07	(118.14)	(1,397.96)	308.42	(11.81)
CAR2365	1,975.36	345.56	(920.07)	(7,763.53)	(2,556.18)	(35.36)
CABR1100	849.87	154.14	(416.78)	(3,985.34)	(1,681.79)	(52.44)
CACR715	597.67	104.00	(323.54)	(2,787.72)	(726.74)	(28.59)
TXR1350	363.07	64.29	(58.61)	(917.74)	185.51	(12.36)
TXR2400	758.92	117.64	(105.72)	(1,521.59)	(654.05)	(55.65)
TXBR1800	628.24	98.99	(60.62)	(959.86)	(171.32)	(23.82)
TXER3200	1,010.13	173.51	(233.88)	(2,505.15)	(1,176.22)	(74.35)
LASR1200	374.11	56.02	(143.21)	(1,390.58)	(1,004.49)	1,139.72
LANR2500	1,175.53	187.78	(54.51)	(1,981.68)	2,326.59	(4.14)
MOER4500	1,965.32	251.51	491.24	333.49	8,511.50	4.28
MOWR4000	1,851.37	274.96	377.10	(628.15)	8,424.16	3.18
ARSR3640	1,128.09	172.47	192.26	(758.88)	3,368.49	0.08
ARWR1200	540.54	82.66	(217.81)	(2,791.70)	(125.23)	(18.13)
ARHR3000	1,445.51	212.55	(276.10)	(4,121.96)	2,248.82	(7.33)

1 Receipts are average annual total cash receipts including government payments, 2006-2011 (\$1,000)

2 Payments are average annual total government payments, 2006-2011 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2011 (\$1,000)

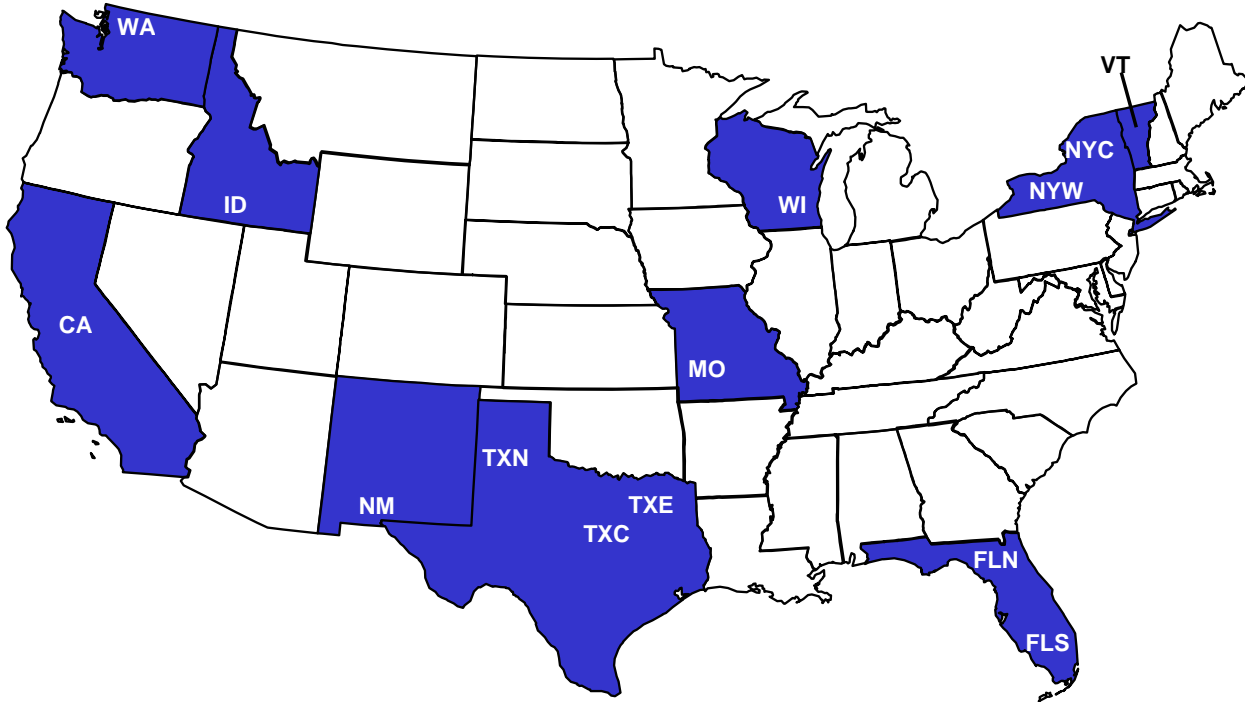
4 Reserve 2011 are average ending cash reserves, 2011 (\$1,000)

5 Net Worth 2011 are average nominal ending net worth, 2011 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2011 period, (%)

Representative Farm: Dairy

- Seven of twenty-three dairy operations are in marginal overall financial condition. Seven are classified in good condition and nine in poor condition.
- Eleven of the dairies are projected to experience significant liquidity pressure.
- Twelve dairies are projected to face a 25 percent or greater probability of losing real equity.



Characteristics of Panel Farms Producing Milk, 2005.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Cows (number)
CAD1710	700	13,630.00	0.14	6,028.50	1,710
NMD2125	370	10,987.00	0.12	7,265.70	2,125
WAD250	200	2,846.00	0.18	935.20	250
WAD850	605	6,820.00	0.18	3,200.90	850
IDD1000	360	6,420.00	0.11	3,786.20	1,000
IDD3000	1,500	21,499.00	0.12	11,108.90	3,000
TXND3000	480	14,123.00	0.10	9,747.70	3,000
TXCD550	250	2,713.00	0.12	1,678.40	550
TXCD1300	460	6,914.00	0.11	4,431.10	1,300
TXED550	300	2,026.00	0.08	1,507.30	550
TXED1000	875	5,191.00	0.09	3,378.90	1,000
WID145	600	2,794.00	0.17	621.60	145
WID775	1,200	5,836.00	0.13	3,311.50	775
NYWD800	1,440	6,208.00	0.20	3,272.40	800
NYWD1200	2,160	9,429.00	0.17	4,883.40	1,200
NYCD110	296	1,031.00	0.13	506.80	110
NYCD500	1,100	4,073.00	0.15	2,155.70	500
VTD140	220	1,502.00	0.14	604.60	140
VTD400	1,000	3,953.00	0.18	1,617.90	400
MOD85	222	1,347.00	0.18	272.00	85
MOD400	450	3,761.00	0.15	1,431.50	400
FLND550	600	4,005.00	0.12	1,987.90	550
FLSD1500	400	8,819.00	0.13	5,122.40	1,500

Representative Farm: Dairy

Economic Viability of Representative Farms over the 2006-2011 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2011	2006-2011	2006-2011
7/7/9				
CAD1710			3-16	1-15
NMD2125			4-13	1-18
WAD250			18-56	1-14
WAD850			76-97	1-88
IDD1000			9-55	1-45
IDD3000			4-19	1-18
TXND3000			11-77	1-88
TXCD550			96-99	1-99
TXCD1300			4-17	1-28
TXED550			10-58	1-73
TXED1000			3-15	1-25
WID145			3-26	1-6
WID775			2-1	1-5
NYWD800			68-98	1-85
NYWD1200			41-95	1-83
NYCD110			1-1	1-2
NYCD500			9-49	1-25
VTD140			5-38	1-21
VTD400			40-85	1-55
MOD85			81-99	1-12
MOD400			4-24	1-12
FLND550			2-1	1-1
FLSD1500			98-99	1-99

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

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

Implications of the December 2006 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Milk

	Receipts	Payments	NCFI	Reserve 2011	Net Worth 2011	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAD1710	5,444.41	31.08	392.35	1,395.84	13,200.04	1.90
NMD2125	6,665.12	3.98	717.75	2,164.51	10,913.68	2.51
WAD250	834.72	6.69	89.98	(122.97)	2,657.12	1.94
WAD850	2,827.00	21.08	(243.77)	(2,297.85)	3,591.54	(5.11)
IDD1000	3,422.19	3.98	6.50	(559.33)	5,218.47	(0.80)
IDD3000	9,977.74	38.40	862.99	1,865.39	20,669.71	1.75
TXND3000	8,975.98	3.98	(496.96)	(3,400.79)	7,145.13	(6.35)
TXCD550	1,553.50	3.98	(325.01)	(2,365.68)	166.28	(15.63)
TXCD1300	4,112.32	3.98	301.43	1,099.69	6,184.06	1.02
TXED550	1,377.32	3.98	(0.19)	(289.63)	1,222.85	(4.37)
TXED1000	3,084.39	3.98	251.89	1,081.40	5,035.23	1.48
WID145	556.01	9.55	103.54	53.52	2,798.14	2.36
WID775	2,964.75	20.66	677.01	2,456.14	6,887.57	5.22
NYWD800	2,956.16	27.06	(208.51)	(2,154.27)	3,487.23	(4.63)
NYWD1200	4,416.67	35.69	(229.48)	(2,539.71)	5,796.02	(3.74)
NYCD110	464.68	8.07	136.32	428.69	1,262.04	5.44
NYCD500	1,960.83	16.78	119.70	(204.63)	3,713.23	1.04
VTD140	568.36	8.66	86.41	(5.37)	1,554.28	1.22
VTD400	1,497.71	20.88	37.18	(530.22)	3,331.15	(0.95)
MOD85	248.26	2.62	35.07	(199.85)	1,281.48	1.56
MOD400	1,295.74	3.98	165.64	189.29	3,796.25	2.54
FLND550	1,828.09	3.98	522.16	1,664.08	5,268.19	6.30
FLSD1500	4,682.21	3.98	(957.79)	(6,271.44)	2,090.38	(11.80)

1 Receipts are average annual total cash receipts including government payments, 2006-2011 (\$1,000)

2 Payments are average annual total government payments, 2006-2011 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2011 (\$1,000)

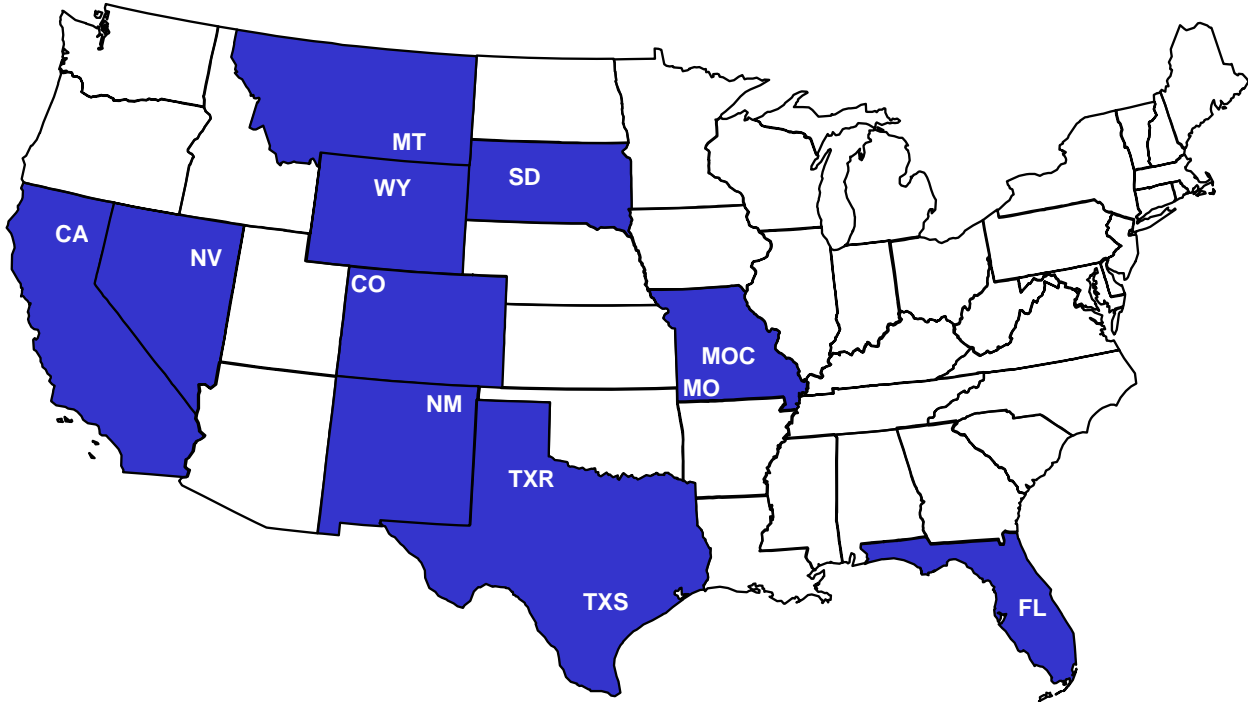
4 Reserve 2011 are average ending cash reserves, 2011 (\$1,000)

5 Net Worth 2011 are average nominal ending net worth, 2011 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2011 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.
- One operation is projected to have more than a 50 percent chance of losing real equity over the period.



Characteristics of Panel Farms Producing Beef Cattle, 2005.

	Cropland (acres)	Assets (\$1,000)	Debt/Asset (ratio)	Gross Receipts (\$1,000)	Cows (number)
CAB500	0	11,416.00	0.01	316.90	500
NVB700	1,300	3,969.00	0.02	382.40	700
MTB500	0	3,803.00	0.01	322.50	500
WYB335	330	2,785.00	0.02	250.40	335
COB250	450	12,834.00	0.01	199.70	250
NMB240	0	4,560.00	0.01	299.10	240
SDB450	1,150	3,466.00	0.02	290.90	450
MOB240	240	2,247.00	0.01	230.00	250
MOCB400	40	3,233.00	0.01	288.70	400
TXRB500	0	5,695.00	0.01	449.90	500
TXSB175	0	2,448.00	0.01	206.60	250
FLB1155	5,400	13,215.00	0.01	647.80	1,155

Representative Farm: Cow/Calf

Economic Viability of Representative Farms over the 2006-2011 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2011	2006-2011	2006-2011
6/5/1				
CAB500			88-99	1-1
NVB700			3-77	1-20
MTB500			1-3	1-1
WYB335			81-99	1-57
COB250			1-1	1-1
NMB240			7-99	1-1
SDB450			2-10	1-2
MOB240			1-1	1-1
MOCB400			1-1	1-1
TXRB500			1-1	1-1
TXSB175			1-88	1-1
FLB1155			5-83	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 2006 and 2011.

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

Implications of the December 2006 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Beef Cattle

	Receipts	Payments	NCFI	Reserve 2011	Net Worth 2011	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAB500	278.94	0.00	(44.45)	(471.01)	13,679.49	1.84
NVB700	313.62	0.00	14.92	(108.95)	4,275.09	0.80
MTB500	256.03	0.00	69.22	201.73	4,398.77	2.00
WYB335	237.35	0.00	(11.91)	(361.40)	2,931.51	(0.18)
COB250	176.56	0.00	50.91	171.98	16,106.83	2.56
NMB240	259.37	0.00	1.53	(157.88)	5,529.11	1.68
SDB450	255.20	0.68	51.79	149.04	4,081.71	1.61
MOB240	214.66	6.29	113.83	433.16	2,941.03	3.46
MOCB400	231.99	0.00	57.57	233.89	3,919.56	2.11
TXRB500	414.40	0.00	145.32	603.25	6,998.06	2.75
TXSB175	131.73	0.00	24.90	(51.12)	2,702.22	0.94
FLB1155	542.52	0.00	(11.64)	(237.85)	16,257.98	1.84

1 Receipts are average annual total cash receipts including government payments, 2006-2011 (\$1,000)

2 Payments are average annual total government payments, 2006-2011 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2011 (\$1,000)

4 Reserve 2011 are average ending cash reserves, 2011 (\$1,000)

5 Net Worth 2011 are average nominal ending net worth, 2011 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2011 period, (%)