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Research Report

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

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Representative Farms Economic Outlook for the January 2006 FAPRI/AFPC Baseline



AFPC Briefing Paper 06-1

February 2006

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REPRESENTATIVE FARMS ECONOMIC OUTLOOK FOR THE JANUARY 2006 FAPRI/AFPC BASELINE

AFPC Briefing Paper 06-1

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Executive Summary

The Agricultural and Food Policy Center (AFPC) at Texas A&M University develops and maintains data to simulate 102 representative crop and livestock operations in major production areas in 28 states. The chief purpose of this analysis is to project those farms' economic viability for 2006 through 2010. 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 January 2006 Baseline.

Under the January 2006 Baseline, eight of the 66 crop farms are considered in good liquidity condition (less than a 25 percent chance of negative ending cash during 2006-2010). Three crop farms have between a 25 percent and a 50 percent likelihood of negative ending cash. The remaining 55 crop farms have greater than a 50 percent chance of negative ending cash. This is a slight decline in projected liquidity from the December 2005 Baseline. Additionally, 17 of the 66 crop farms are considered in good equity position (less than a 25 percent chance of decreasing real net worth during 2006-2010). Five crop farms have between a 25 percent and 50 percent likelihood of losing real net worth, and 44 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:** Three of the 18 feedgrain farms are in good overall financial condition. Six can be considered to be in marginal condition, and nine are in poor condition.
- **WHEAT FARMS:** Four of the 13 wheat farms are classified in good financial condition, one (ORW4000) is marginal, and eight are in poor condition.
- **COTTON FARMS:** One (TNC1900) of the 20 cotton farms is classified in good condition, one (CAC4000) is in moderate condition, and 18 are in poor condition. Also, 18 of these farms have more than a 50 percent chance of losing real net worth by 2010.
- **RICE FARMS:** None of the 15 rice farms are in good condition, two are classified in marginal condition, and 13 farms are projected to be in poor financial condition through 2010.
- **DAIRY FARMS:** Thirteen of the 23 dairy farms are in good overall financial condition. Four are considered to be in marginal condition, and six are in poor condition.
- **BEEF CATTLE RANCHES:** Six of the 13 cattle ranches are classified in good financial condition, two are classified in marginal condition, and five are projected in poor condition.

REPRESENTATIVE FARMS ECONOMIC OUTLOOK FOR THE JANUARY 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 2004-2010 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) January 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 January 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 2010.

Definitions of Variables in the Summary Tables

- **Overall Financial Position, 2006-2010** -- 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** -- 2006-2010 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** -- 2006-2010 average of annual counter cyclical payments, direct payments, and marketing loan gains/LDPs for crops and the milk program payment for dairy farms.
- **NCFI** -- 2006-2010 average net cash farm income equals average total receipts minus average total cash expenses.
- **Reserve 2010** -- equals total cash on hand at the end of year 2010. 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 2010** -- equity equals total assets including land minus total debt from all sources and is reported at the end of 2010.
- **CRNW** -- annualized percentage change in the operator's net worth from January 1, 2006 through December 31, 2010, after adjusting for inflation.

Table 1. FAPRI January 2006 Baseline Projections of Crop Prices, Loan Rates, and Direct Payment Rates, 2004-2010

	2004	2005	2006	2007	2008	2009	2010
Crop Prices							
Corn (\$/bu.)	2.06	1.90	2.08	2.20	2.30	2.38	2.44
Wheat (\$/bu.)	3.40	3.38	3.30	3.39	3.45	3.55	3.61
Cotton (\$/lb.)	0.4160	0.4811	0.4832	0.5112	0.5148	0.5135	0.5145
Sorghum (\$/bu.)	1.79	1.69	1.96	2.04	2.11	2.18	2.23
Soybeans (\$/bu.)	5.74	5.40	4.96	5.25	5.45	5.48	5.52
Barley (\$/bu.)	2.48	2.48	2.60	2.66	2.73	2.75	2.77
Oats (\$/bu.)	1.48	1.55	1.64	1.69	1.74	1.79	1.82
Rice (\$/cwt.)	7.33	7.77	7.31	7.42	7.24	7.52	7.77
Soybean Meal (\$/ton)	174.44	165.33	159.53	164.38	164.96	163.76	163.50
All Hay (\$/ton)	92.00	95.23	97.36	98.27	99.56	101.06	102.37
Peanuts (\$/ton)	378.00	350.04	364.31	377.78	389.75	390.64	388.41
Cattle Prices							
Feeder Cattle (\$/cwt)	111.79	120.04	113.18	105.54	100.47	95.34	90.37
Fat Cattle (\$/cwt)	84.75	87.28	83.93	81.68	79.35	76.46	74.19
Culled Cows (\$/cwt)	52.35	54.59	51.01	48.03	45.65	44.09	42.33
Milk Price							
U.S. All Milk Price (\$/cwt)	16.05	15.14	13.38	13.22	13.47	13.66	13.65

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

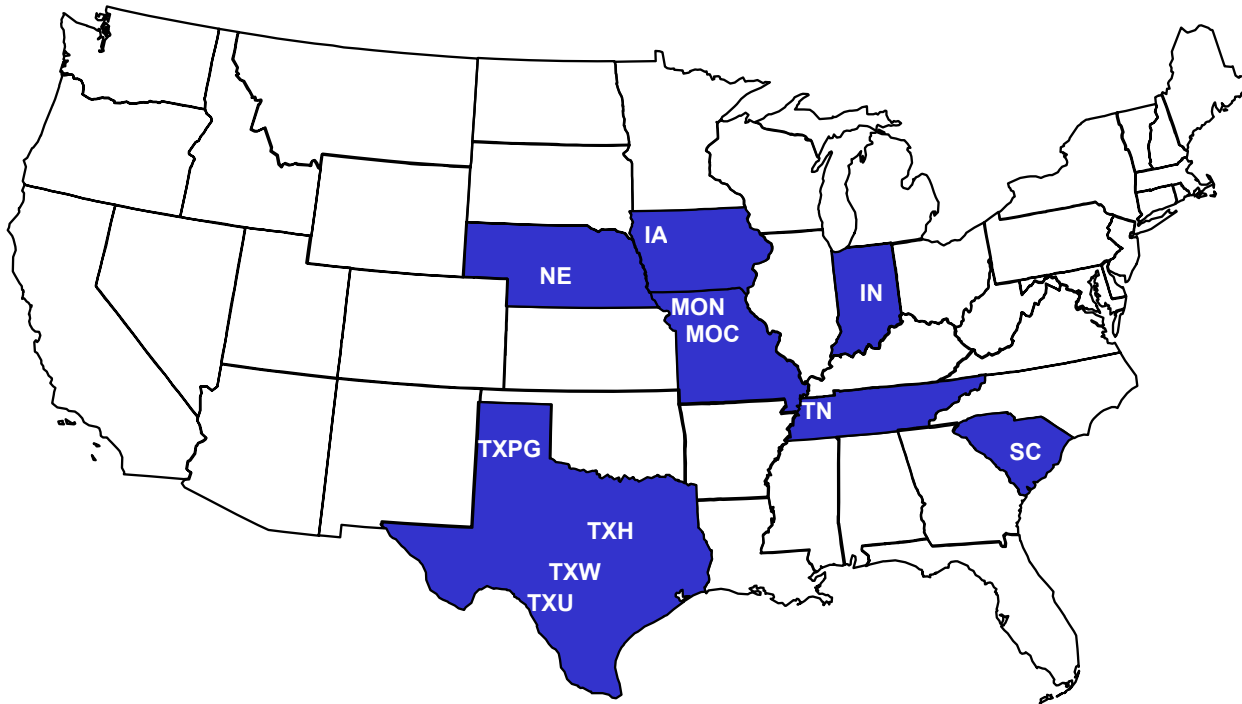
Table 2. FAPRI January 2006 Baseline Assumed Rates of Change in Input Prices, Annual Interest Rates, and Annual Changes in Land Values, 2005-2010

	2005	2006	2007	2008	2009	2010
Annual Rate of Change for Input Prices Paid						
Seed Prices (%)	5.09	4.97	4.10	1.74	1.05	0.64
All Fertilizer Prices (%)	16.51	15.02	-6.03	-3.53	-3.66	-3.97
Herbicide Prices (%)	1.11	1.32	-1.25	-0.58	-0.28	-0.46
Insecticide Prices (%)	1.48	5.10	-0.44	0.58	1.49	1.48
Fuel and Lube Prices (%)	28.81	7.90	-1.94	-2.05	-2.66	-3.79
Machinery Prices (%)	6.92	4.27	2.16	3.63	3.13	2.67
Wages (%)	1.99	2.65	3.28	3.05	2.77	2.49
Supplies (%)	9.72	9.96	1.55	0.67	0.01	-0.80
Repairs (%)	4.50	3.77	1.43	1.52	1.61	1.58
Services (%)	4.43	5.22	0.09	0.52	0.57	0.32
Taxes (%)	6.70	4.86	0.34	2.07	1.06	0.44
PPI Items (%)	4.41	3.42	-0.18	0.71	0.72	0.30
PPI Total (%)	5.01	3.75	0.25	1.03	1.01	0.49
Annual Change in Consumer Price Index (%)	3.40	2.64	1.83	1.99	1.96	1.89
Annual Interest Rates						
Long-Term (%)	5.39	6.04	6.07	6.11	6.22	6.15
Intermediate-Term (%)	4.36	4.89	4.91	4.95	5.04	4.98
Savings Account (%)	1.49	1.67	1.68	1.70	1.73	1.71
Annual Rate of Change for U.S. Land Prices (%)	11.00	7.82	1.40	-0.53	0.44	0.68

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

Representative Farm: Feed Grains

- Overall, three feed grain farms are characterized as good, six are moderate, and nine are in poor condition.
- Fourteen of eighteen farms will be under cash flow stress, and nine have 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	1,228.00	0.23	430.20	1,350
IAG2750	2,750	2,187.00	0.19	740.40	2,750
IAG4200	4,200	4,671.00	0.24	1,446.10	4,200
NEG1960	1,960	2,206.00	0.14	1,033.60	1,823
NEG4300	4,300	5,503.00	0.19	1,883.50	3,784
MOCG2050	2,050	4,293.00	0.16	600.20	2,050
MOCG3630	3,630	5,858.00	0.15	992.70	3,530
MONG1850	1,850	4,077.00	0.15	652.20	1,800
ING1000	1,000	1,877.00	0.26	293.40	1,000
ING2200	2,200	5,082.00	0.19	690.00	2,200
TXPG3760	3,760	2,454.00	0.32	2,240.90	1,344
TXHG2000	2,000	1,062.00	0.26	412.80	1,000
TXWG1400	1,400	684.00	0.20	301.40	900
TXUG1200	1,201	381.00	0.49	643.10	450
TNG900	900	868.00	0.15	248.80	900
TNG2750	2,750	2,752.00	0.19	791.60	2,750
SCG1500	1,500	925.00	0.22	517.70	1,500
SCG3500	3,500	4,297.00	0.16	1,357.50	3,100

Representative Farm: Feed Grains

Economic Viability of Representative Farms over the 2006-2010 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2010	2006-2010	2006-2010
3/6/9				
IAG1350			97-94	1-61
IAG2750			31-35	1-9
IAG4200			71-81	1-16
NEG1960			1-1	1-1
NEG4300			89-98	1-21
MOCG2050			1-1	1-1
MOCG3630			1-1	1-1
MONG1850			42-81	1-14
ING1000			99-99	1-98
ING2200			99-99	1-85
TXPG3760			98-99	1-77
TXHG2000			99-99	1-98
TXWG1400			99-99	1-95
TXUG1200			99-99	1-97
TNG900			99-98	1-96
TNG2750			30-80	1-23
SCG1500			99-99	1-91
SCG3500			46-51	1-13

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 2006 and 2010.

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 2010.

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

	Receipts	Payments	NCFI	Reserve 2010	Net Worth 2010	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
IAG1350	450.74	65.27	33.34	(224.51)	929.03	(0.84)
IAG2750	775.38	112.11	192.77	72.82	2,109.90	2.47
IAG4200	1,509.87	224.77	236.09	(329.10)	4,167.02	2.07
NEG1960	1,046.23	133.40	231.69	457.88	2,416.95	3.59
NEG4300	1,935.64	229.22	208.47	(625.42)	4,889.76	1.00
MOCG2050	641.00	81.79	276.27	399.77	4,646.36	3.43
MOCG3630	1,061.68	126.18	506.15	1,020.50	6,623.85	4.22
MONG1850	670.27	70.12	140.43	(207.09)	3,967.74	1.27
ING1000	305.88	42.38	(27.54)	(809.96)	1,162.92	(3.68)
ING2200	717.32	103.16	(39.38)	(1,239.25)	4,064.36	(1.21)
TXPG3760	2,277.91	338.96	5.59	(1,425.14)	1,006.17	(7.59)
TXHG2000	421.94	73.69	(26.13)	(523.32)	412.62	(8.94)
TXWG1400	309.55	63.35	(4.59)	(306.30)	345.37	(7.09)
TXUG1200	647.05	109.10	(29.88)	(588.51)	(236.59)	(40.44)
TNG900	260.73	28.85	6.07	(223.27)	530.83	(4.82)
TNG2750	838.26	89.58	211.43	(182.91)	2,451.17	1.31
SCG1500	544.79	114.26	(1.43)	(390.53)	509.31	(5.27)
SCG3500	1,415.57	259.57	172.69	(16.31)	4,193.19	1.95

1 Receipts are average annual total cash receipts including government payments, 2006-2010 (\$1,000)

2 Payments are average annual total government payments, 2006-2010 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2010 (\$1,000)

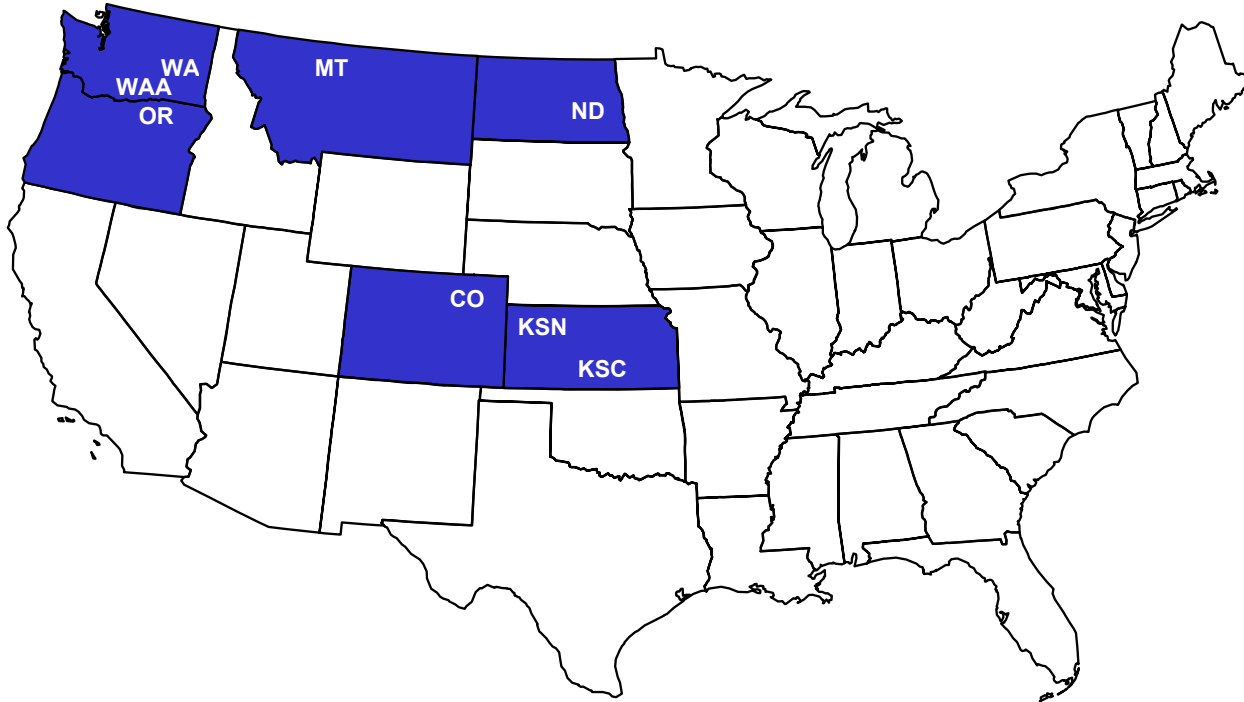
4 Reserve 2010 are average ending cash reserves, 2010 (\$1,000)

5 Net Worth 2010 are average nominal ending net worth, 2010 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2010 period, (%)

Representative Farm: Wheat

- Four wheat farms are projected to be in good overall financial condition with one in moderate condition and eight in poor condition.
- Eight of the thirteen wheat farms will feel severe liquidity pressure over the period.
- Nine wheat farms have greater than a 25 percent 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	1,189.00	0.18	379.00	1,121
WAW5000	5,000	4,316.00	0.16	1,157.10	2,915
WAAW3500	3,500	1,044.00	0.15	226.80	1,500
ORW4000	3,600	1,168.00	0.13	290.90	1,600
MTW4500	4,500	2,137.00	0.16	328.50	2,475
NDW2180	2,180	528.00	0.27	339.00	700
NDW6250	6,250	2,768.00	0.16	1,190.40	2,700
KSCW1600	1,600	1,043.00	0.28	233.00	1,072
KSCW4000	4,000	2,063.00	0.20	554.70	2,000
KSNW2800	2,800	1,477.00	0.30	332.60	935
KSNW4300	4,300	2,009.00	0.20	631.00	2,000
COW3000	3,000	1,289.00	0.13	262.70	970
COW5640	5,640	2,132.00	0.16	499.20	1,900

Representative Farm: Wheat

Economic Viability of Representative Farms over the 2006-2010 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2010	2006-2010	2006-2010
4/1/8				
WAW1725			64-54	1-35
WAW5000			74-90	1-36
WAAW3500			75-43	1-15
MTW4500			3-8	1-6
ORW4000			33-22	1-28
NDW2180			98-99	1-90
NDW6250			48-73	1-41
KSCW1600			99-99	1-87
KSCW4000			87-82	1-41
KSNW2800			99-99	1-89
KSNW4300			88-92	1-58
COW3000			1-1	1-1
COW5640			5-12	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 2010.

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 2010.

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

	Receipts	Payments	NCFI	Reserve 2010	Net Worth 2010	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
WAW1725	397.56	49.51	63.79	(3.76)	1,028.72	0.59
WAW5000	1,208.83	138.06	148.67	(360.70)	3,879.77	0.47
WAAW3500	237.44	31.02	62.59	14.10	1,003.56	1.53
ORW4000	294.61	35.55	98.57	81.67	1,109.70	1.07
MTW4500	369.54	60.36	146.37	253.23	2,174.87	2.66
NDW2180	380.40	42.95	3.15	(391.98)	148.57	(11.86)
NDW6250	1,319.36	132.86	202.49	(255.38)	2,429.15	0.38
KSCW1600	254.25	32.56	16.47	(314.98)	583.44	(3.88)
KSCW4000	585.52	76.10	107.85	(151.10)	1,698.03	0.39
KSNW2800	351.89	40.95	5.88	(558.32)	844.02	(3.66)
KSNW4300	674.06	74.41	48.58	(381.77)	1,560.72	(0.92)
COW3000	273.53	27.31	138.05	377.64	1,532.25	4.78
COW5640	528.41	48.44	164.86	124.95	2,176.06	2.70

1 Receipts are average annual total cash receipts including government payments, 2006-2010 (\$1,000)

2 Payments are average annual total government payments, 2006-2010 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2010 (\$1,000)

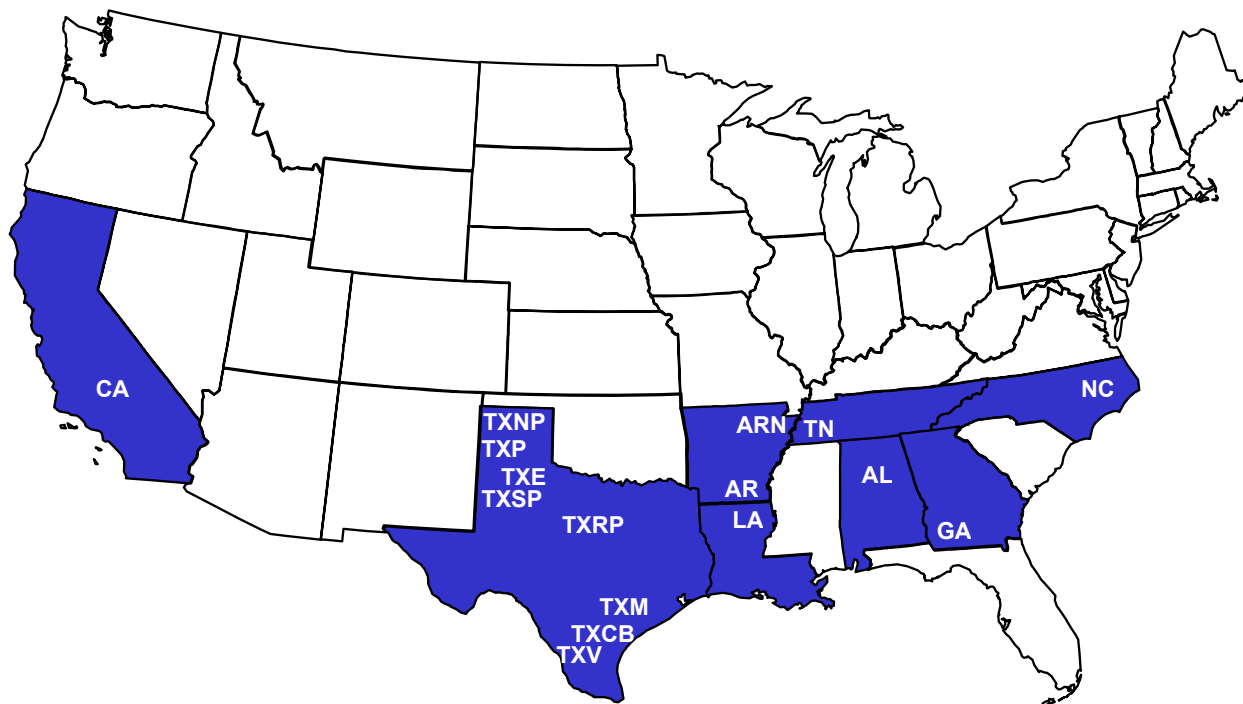
4 Reserve 2010 are average ending cash reserves, 2010 (\$1,000)

5 Net Worth 2010 are average nominal ending net worth, 2010 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2010 period, (%)

Representative Farm: Cotton

- One of the twenty cotton farms is characterized as being in good overall condition, with one farm characterized in moderate and eighteen in poor condition.
- Eighteen of the farms are projected to experience severe cash flow problems over the period.
- Eighteen 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	814.00	0.21	1,115.30	1,500
TXNP7000	7,000	2,596.00	0.34	2,544.90	2,850
TXSP2239	2,239	850.00	0.29	544.90	1,800
TXSP3745	3,745	2,072.00	0.15	927.80	3,036
TXPC2500	2,500	1,638.00	0.36	886.50	1,184
TXEC5000	5,000	1,203.00	0.45	1,236.10	4,300
TXRP2500	2,500	471.00	0.30	253.00	1,122
TXMC3500	3,500	1,155.00	0.44	1,291.50	1,750
TXCB2250	2,250	1,074.00	0.27	666.90	1,350
TXCB5500	5,500	1,213.00	0.26	1,565.40	2,750
TXVC4500	4,500	2,436.00	0.32	1,327.40	2,388
CAC4000	4,000	12,044.00	0.18	6,376.90	2,000
LAC2640	2,640	725.00	0.14	1,245.50	924
ARC6000	6,000	5,795.00	0.22	3,036.90	2,000
ARNC5000	5,000	4,896.00	0.25	2,895.30	5,000
TNC1900	1,900	2,089.00	0.12	901.20	990
TNC4050	4,050	3,883.00	0.19	1,671.60	2,670
ALC3000	3,000	1,636.00	0.51	1,175.60	2,100
GAC1700	1,700	2,380.00	0.24	1,296.30	1,020
NCC1100	1,100	1,545.00	0.19	559.50	700

Representative Farm: Cotton

Economic Viability of Representative Farms over the 2006-2010 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2010	2006-2010	2006-2010
1/1/18				
TXNP3000			99-99	1-99
TXNP7000			99-99	1-82
TXSP2239			93-95	1-78
TXSP3745			51-85	1-74
TXPC2500			99-99	1-99
TXEC5000			99-99	1-99
TXRP2500			87-83	1-57
TXMC3500			91-90	1-66
TXCB2250			87-93	1-79
TXCB5500			83-99	1-94
TXVC4500			99-99	1-85
CAC4000			13-26	1-16
LAC2640			91-94	1-84
ARC6000			97-99	1-97
ARNC5000			92-99	1-84
TNC1900			1-1	1-1
TNC4050			78-96	1-85
ALC3000			99-99	1-85
GAC1700			99-99	1-98
NCC1100			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 2010.

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 2010.

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

	Receipts	Payments	NCFI	Reserve 2010	Net Worth 2010	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
TXNP3000	1,157.04	150.50	(42.14)	(1,028.34)	(223.81)	(33.10)
TXNP7000	2,602.38	352.94	41.19	(1,732.79)	863.35	(9.11)
TXSP2239	570.08	144.99	26.39	(451.01)	358.19	(8.14)
TXSP3745	976.06	248.68	67.02	(437.48)	1,471.42	(3.38)
TXPC2500	898.75	229.78	(98.30)	(1,402.90)	158.99	(16.74)
TXEC5000	1,228.99	345.56	(183.70)	(1,943.95)	(743.72)	(66.75)
TXRP2500	264.69	74.15	37.02	(128.41)	306.53	(1.46)
TXMC3500	1,326.69	288.56	34.30	(595.86)	386.46	(8.19)
TXCB2250	694.70	164.95	30.28	(439.61)	535.44	(6.34)
TXCB5500	1,571.21	359.82	(39.11)	(1,043.30)	12.35	(21.41)
TXVC4500	1,395.05	324.26	(37.32)	(1,304.81)	1,098.80	(6.60)
CAC4000	6,153.38	264.69	668.29	683.20	11,928.86	2.24
LAC2640	1,257.16	298.42	49.26	(524.65)	216.72	(12.89)
ARC6000	3,051.23	665.56	27.69	(2,480.49)	3,280.88	(4.82)
ARNC5000	2,811.29	597.98	101.67	(2,017.74)	2,692.59	(4.89)
TNC1900	894.53	167.69	274.03	733.24	2,506.08	5.22
TNC4050	1,712.66	392.18	0.00	(1,441.88)	2,398.80	(5.09)
ALC3000	1,155.05	309.32	21.35	(1,033.60)	240.38	(14.24)
GAC1700	1,344.33	330.01	10.56	(794.79)	1,488.02	(3.55)
NCC1100	552.51	120.89	(18.12)	(740.91)	822.79	(6.65)

1 Receipts are average annual total cash receipts including government payments, 2006-2010 (\$1,000)

2 Payments are average annual total government payments, 2006-2010 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2010 (\$1,000)

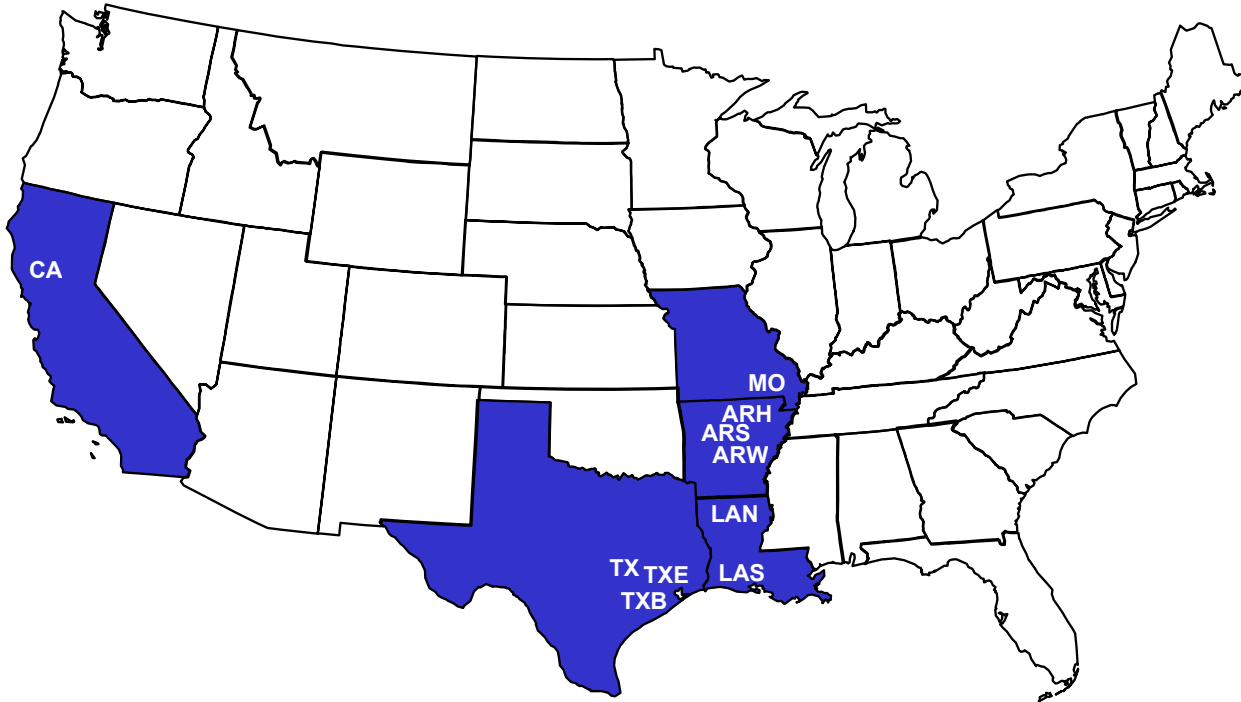
4 Reserve 2010 are average ending cash reserves, 2010 (\$1,000)

5 Net Worth 2010 are average nominal ending net worth, 2010 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2010 period, (%)

Representative Farm: Rice

- Two of the fifteen rice farms are projected to be in moderate overall financial condition with thirteen in poor condition.
- All fifteen of the rice farms are expected to face severe cash flow problems and thirteen 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	1,560.00	0.36	453.50	500
CAR2365	2,365	4,550.00	0.45	1,979.60	2,240
CABR1100	1,100	1,932.00	0.47	850.60	1,000
CACR715	715	1,759.00	0.40	597.30	650
TXR1350	1,350	920.00	0.31	358.80	855
TXR2400	2,400	992.00	0.46	746.70	2,280
TXBR1800	1,800	840.00	0.38	618.20	1,200
TXER3200	3,200	1,048.00	0.47	982.80	2,240
LASR1200	1,200	417.00	0.83	359.80	660
LANR2500	2,500	3,098.00	0.26	1,099.10	1,000
MOER4500	4,500	6,809.00	0.15	1,713.90	1,500
MOWR4000	4,000	7,654.00	0.19	1,713.70	2,000
ARSR3640	3,640	2,933.00	0.15	1,028.20	1,620
ARWR1200	1,200	1,944.00	0.37	494.20	600
ARHR3000	3,000	4,353.00	0.34	1,347.20	1,750

Representative Farm: Rice

Economic Viability of Representative Farms over the 2006-2010 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2010	2006-2010	2006-2010
0/2/13				
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			99-99	1-97
TXER3200			99-99	1-99
LASR1200			99-99	1-99
LANR2500			99-99	1-99
MOER4500			56-71	1-9
MOWR4000			65-85	1-21
ARSR3640			81-99	1-77
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

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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 2006 and 2010.

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 2010.

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

	Receipts	Payments	NCFI	Reserve 2010	Net Worth 2010	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAR550	452.63	114.13	(74.92)	(997.16)	467.90	(10.02)
CAR2365	1,975.18	537.58	(714.08)	(5,656.90)	(1,290.07)	(33.67)
CABR1100	848.78	236.55	(312.41)	(2,807.11)	(909.33)	(47.76)
CACR715	595.97	161.35	(247.17)	(1,984.20)	(286.51)	(26.62)
TXR1350	362.11	99.32	(23.79)	(610.31)	298.95	(10.14)
TXR2400	753.34	191.05	(45.83)	(1,013.60)	(157.30)	(34.10)
TXBR1800	623.92	159.18	(12.77)	(557.67)	145.83	(14.19)
TXER3200	993.22	268.80	(159.18)	(1,758.89)	(619.47)	(50.40)
LASR1200	366.42	89.00	(115.21)	(1,061.96)	(723.14)	203.99
LANR2500	1,110.42	260.78	(65.33)	(1,666.19)	1,405.92	(7.34)
MOER4500	1,744.20	352.48	301.15	(260.92)	6,604.18	1.65
MOWR4000	1,752.34	402.65	328.27	(699.72)	6,933.36	1.47
ARSR3640	1,057.31	245.19	166.39	(666.03)	2,278.41	(2.23)
ARWR1200	508.46	122.89	(196.59)	(2,247.89)	(238.16)	(24.51)
ARHR3000	1,379.62	341.08	(235.07)	(3,311.26)	1,164.27	(11.49)

1 Receipts are average annual total cash receipts including government payments, 2006-2010 (\$1,000)

2 Payments are average annual total government payments, 2006-2010 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2010 (\$1,000)

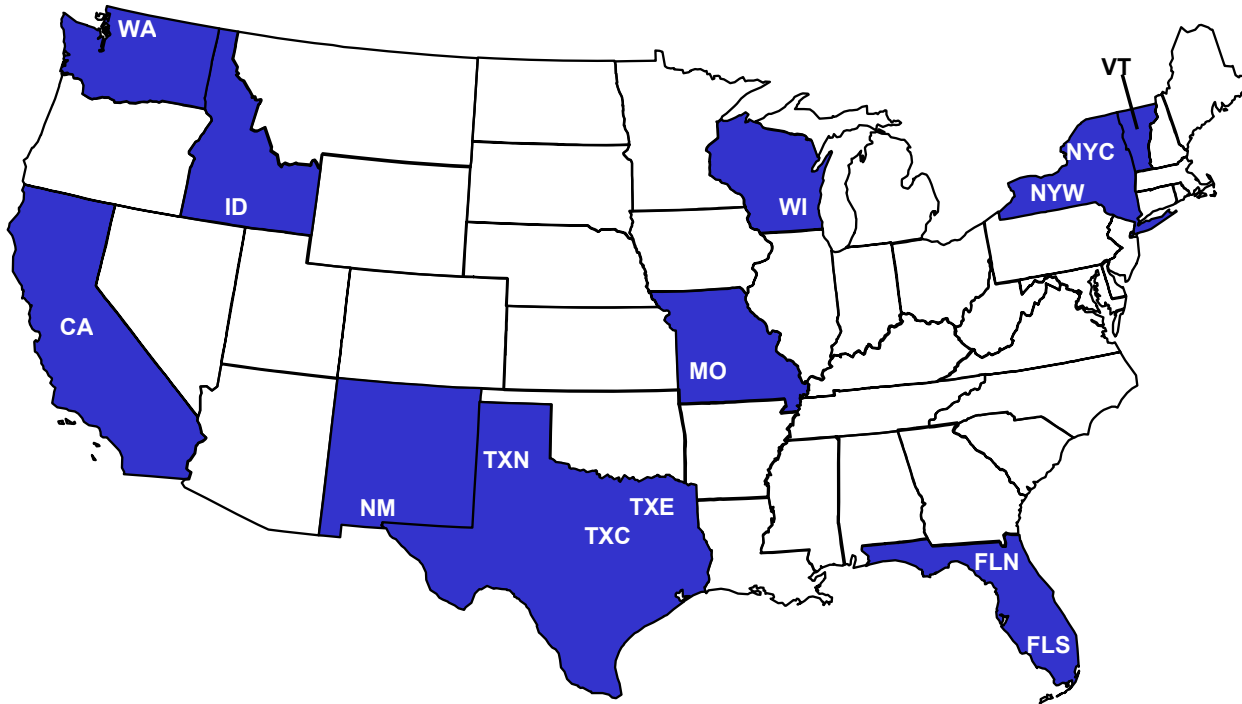
4 Reserve 2010 are average ending cash reserves, 2010 (\$1,000)

5 Net Worth 2010 are average nominal ending net worth, 2010 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2010 period, (%)

Representative Farm: Dairy

- Four of twenty-three dairy operations are in moderate overall financial condition, with thirteen classified in good and six in poor condition.
- Seven of the dairies are projected to experience significant liquidity pressure.
- Nine dairies are projected to face a greater than 25 percent 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	13,315.00	0.14	6,023.00	1,710
NMD2125	370	10,877.00	0.12	7,286.20	2,125
WAD250	200	2,775.00	0.18	942.90	250
WAD850	605	6,726.00	0.18	3,230.20	850
IDD1000	360	6,366.00	0.11	3,839.30	1,000
IDD3000	1,500	21,232.00	0.12	11,269.20	3,000
TXND2400	260	11,422.00	0.10	8,158.90	2,400
TXCD550	250	2,674.00	0.12	1,691.30	550
TXCD1300	460	6,892.00	0.12	4,463.80	1,300
TXED550	300	2,021.00	0.08	1,519.00	550
TXED1000	875	5,127.00	0.09	3,404.70	1,000
WID145	600	2,690.00	0.18	622.60	145
WID775	1,200	5,740.00	0.13	3,316.40	775
NYWD800	1,440	5,995.00	0.20	3,207.90	800
NYWD1200	2,160	9,157.00	0.18	4,788.30	1,200
NYCD110	296	1,008.00	0.13	497.60	110
NYCD500	1,100	3,939.00	0.15	2,114.80	500
VTD134	220	1,225.00	0.14	594.00	134
VTD350	800	3,729.00	0.18	1,413.00	350
MOD85	222	1,300.00	0.19	272.60	85
MOD400	450	3,679.00	0.15	1,434.50	400
FLND550	600	3,872.00	0.12	1,987.40	550
FLSD1500	400	8,586.00	0.13	5,121.20	1,500

Representative Farm: Dairy

Economic Viability of Representative Farms over the 2006-2010 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2010	2006-2010	2006-2010
13/4/6				
CAD1710			1-1	1-3
NMD2125			1-1	1-8
WAD250			1-14	1-8
WAD850			28-77	1-79
IDD1000			1-11	1-37
IDD3000			1-1	1-9
TXND2400			1-1	1-25
TXCD550			57-99	1-98
TXCD1300			1-1	1-12
TXED550			1-15	1-58
TXED1000			1-1	1-10
WID145			1-1	1-4
WID775			1-1	1-1
NYWD800			23-89	1-83
NYWD1200			8-78	1-82
NYCD110			1-1	1-1
NYCD500			1-9	1-18
VTD134			1-1	1-4
VTD350			22-80	1-76
MOD85			44-93	1-16
MOD400			1-1	1-2
FLND550			1-1	1-1
FLSD1500			71-99	1-99

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

<25

25-50

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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 2010.

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 2010.

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

	Receipts	Payments	NCFI	Reserve 2010	Net Worth 2010	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAD1710	5,551.27	35.29	865.80	2,871.00	13,321.86	2.39
NMD2125	6,710.10	4.39	1,132.15	3,431.65	11,370.73	3.03
WAD250	870.75	7.46	154.06	157.09	2,594.56	1.98
WAD850	2,953.53	24.99	30.30	(648.12)	4,727.34	(2.43)
IDD1000	3,528.21	4.39	278.34	696.96	5,896.55	0.49
IDD3000	10,302.37	46.51	1,727.39	4,754.05	21,656.40	2.42
TXND2400	7,483.21	4.39	817.03	3,631.24	11,169.32	1.69
TXCD550	1,563.08	4.39	(122.19)	(930.35)	1,331.66	(7.91)
TXCD1300	4,142.22	4.39	595.45	2,101.57	6,911.37	2.42
TXED550	1,403.14	4.39	112.98	277.51	1,704.86	(0.95)
TXED1000	3,146.07	4.39	531.86	1,965.54	5,571.90	3.15
WID145	577.71	10.83	136.42	222.27	2,525.50	1.62
WID775	3,083.51	24.49	905.13	2,879.82	6,861.74	5.53
NYWD800	2,966.18	36.69	(5.05)	(772.80)	4,066.69	(2.75)
NYWD1200	4,431.54	48.83	38.54	(674.93)	6,574.50	(2.29)
NYCD110	467.68	10.08	150.86	445.07	1,177.16	5.11
NYCD500	1,969.60	22.31	217.31	319.79	3,650.12	1.32
VTD134	560.06	8.03	117.15	283.51	1,240.23	2.65
VTD350	1,315.42	21.10	42.43	(207.74)	2,862.72	(1.31)
MOD85	254.01	2.91	52.26	(76.60)	1,175.32	1.05
MOD400	1,328.62	4.39	273.83	602.13	3,749.14	2.79
FLND550	1,879.64	4.39	665.73	1,881.62	4,923.41	6.49
FLSD1500	4,812.51	4.39	(487.79)	(2,785.64)	4,494.12	(7.21)

1 Receipts are average annual total cash receipts including government payments, 2006-2010 (\$1,000)

2 Payments are average annual total government payments, 2006-2010 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2010 (\$1,000)

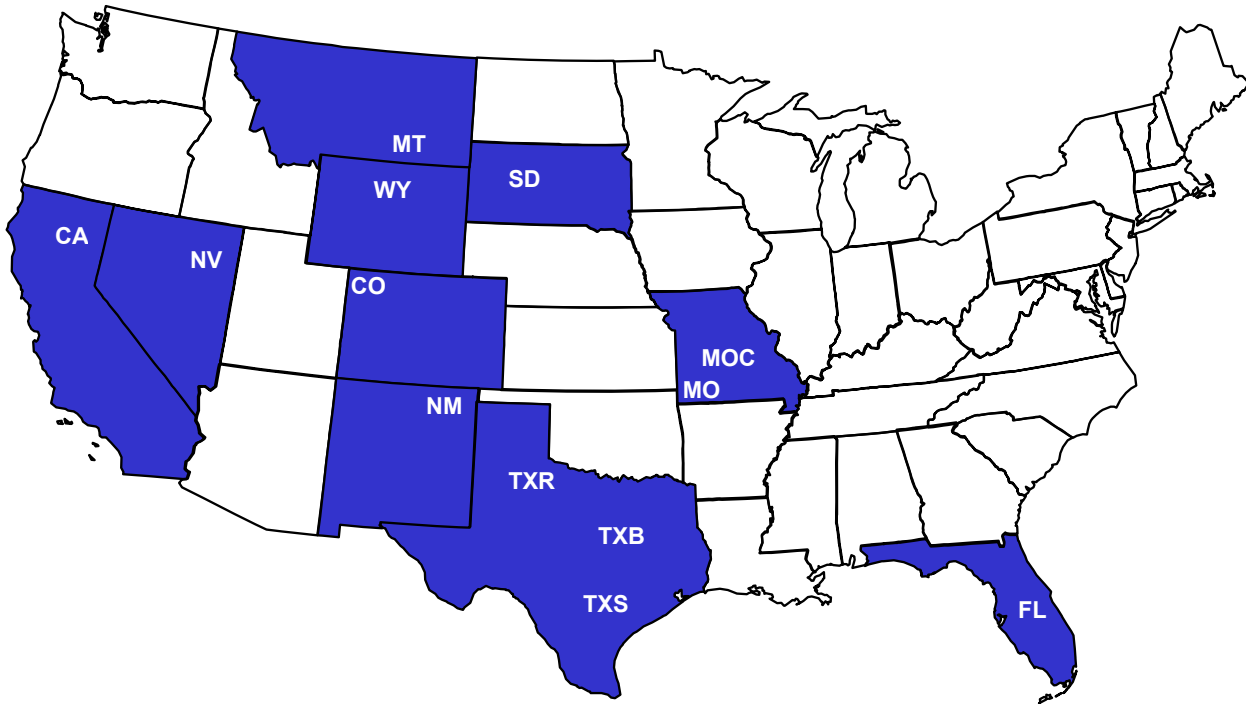
4 Reserve 2010 are average ending cash reserves, 2010 (\$1,000)

5 Net Worth 2010 are average nominal ending net worth, 2010 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2010 period, (%)

Representative Farm: Cow/Calf

- Six of thirteen cow-calf operations are projected to be in good overall financial condition. Two are expected to be in moderate condition and five are in poor condition.
- Five of the operations will face significant liquidity pressure over the period, as their likelihoods of experiencing negative ending cash exceed 50 percent.
- Three operations are projected to have more than a 60 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	10,770.00	0.01	317.10	500
NVB700	1,300	2,756.00	0.02	381.70	700
MTB500	0	3,103.00	0.02	333.40	500
WYB500	330	2,881.00	0.01	304.60	500
COB250	450	12,085.00	0.01	198.80	250
NMB240	0	4,229.00	0.01	299.20	240
SDB450	1,150	3,266.00	0.02	290.30	450
MOB240	240	2,149.00	0.01	228.30	250
MOCB400	40	3,086.00	0.01	288.80	400
TXRB500	0	4,303.00	0.01	342.50	500
TXBB150	200	1,052.00	0.03	1,586.90	150
TXSB250	0	2,455.00	0.01	192.40	250
FLB1155	5,400	12,217.00	0.01	648.10	1,155

Representative Farm: Cow/Calf

Economic Viability of Representative Farms over the 2006-2010 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2006	2010	2006-2010	2006-2010
6/2/5				
CAB500			67-99	1-28
NVB700			1-19	1-61
MTB500			1-1	1-12
WYB500			13-99	1-90
COB250			1-1	1-4
NMB240			1-73	1-26
SDB450			1-1	1-34
MOB240			1-1	1-1
MOCB400			1-1	1-17
TXRB500			1-1	1-18
TXBB150			16-90	1-93
TXSB250			1-1	1-6
FLB1155			1-56	1-31

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 2010.

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 2010.

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

	Receipts	Payments	NCFI	Reserve 2010	Net Worth 2010	CRNW
	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(%)
CAB500	276.85	0.00	(23.20)	(259.89)	11,504.52	0.35
NVB700	323.43	0.00	39.63	80.44	2,715.49	(0.51)
MTB500	284.12	0.00	109.47	442.01	3,427.93	1.27
WYB500	258.84	0.00	(5.57)	(239.15)	2,712.10	(1.48)
COB250	178.58	0.00	56.86	212.43	13,412.55	0.98
NMB240	267.71	0.00	19.77	(21.80)	4,511.80	0.40
SDB450	258.96	0.19	60.66	190.45	3,421.26	0.42
MOB240	205.06	7.34	107.41	375.66	2,501.28	2.01
MOCB400	243.65	0.00	73.29	290.23	3,376.13	0.80
TXRB500	312.59	0.00	101.54	284.90	4,673.48	0.79
TXBB150	1,338.64	2.47	(14.35)	(214.18)	674.90	(6.28)
TXSB250	166.83	0.00	64.29	215.59	2,691.77	1.04
FLB1155	556.09	0.00	13.95	(31.68)	13,034.29	0.37

1 Receipts are average annual total cash receipts including government payments, 2006-2010 (\$1,000)

2 Payments are average annual total government payments, 2006-2010 (\$1,000)

3 NCFI are average annual net cash farm income, 2006-2010 (\$1,000)

4 Reserve 2010 are average ending cash reserves, 2010 (\$1,000)

5 Net Worth 2010 are average nominal ending net worth, 2010 (\$1,000)

6 CRNW are average percentage in real net worth over 2006-2010 period, (%)