U.S. Farm Income

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Summary

According to USDA's Economic Research Service (ERS), national net farm income—a key indicator of U.S. farm well-being—is forecast at a record $128 billion in 2013, up 14% from last year, and $10 billion above 2011's previous record.

In addition to near-record farm income, farm wealth is also at record levels. Farm asset values—which reflect farm investors' and lenders' expectations about long-term profitability of farm-sector investments—are expected to rise nearly 8% in 2013 to a record $2,732 billion for a fifth consecutive year of gains. Farm land cash markets have continued to see gains related to strong crop prices in 2012. Since 2008, farm asset values are up 35% while farm debt has risen by only 15%. As a result, the farm debt-to-asset ratio has declined steadily since 2008 and is expected to fall to 10.2%, its lowest level since 1960.

The 2013 outlook for a third year of strong farm income occurs in spite of slow growth in the domestic economy and the most severe and extensive drought in at least 25 years. A severe drought in 2012 destroyed or damaged a significant portion of the U.S. corn and soybean crops, with deleterious impacts on all U.S. livestock sectors—cattle, hogs, poultry, and dairy—as feed costs reached record levels. The drought's eventual effect on food prices at the retail level will continue to be felt in 2013. Yet, drought-induced large increases in the value of 2012's crops, plus substantial crop insurance indemnity payments, are expected to partially offset higher production expenditures for both crop and livestock activities.

In general, a return to trend yields in 2013 (assuming normal weather) is expected to generate record-large harvests of major crops which, in turn, would likely benefit livestock producers in the second half of the year as crop prices are expected to decline from record-high levels. However, high feed costs could persist through at least the first half of the year. Cash grain farmers in the Corn Belt and Northern Plains are expected to experience a third year of near-record revenues as a return to trend yields would offset a substantial portion of the anticipated crop price decline. However, the expected increase in crop and total output in 2013 is also projected to lead to unusually large increases in marketing, storage, and transportation expenses and miscellaneous expenses.

Government farm payments, at about $11 billion, are expected to remain relatively small in 2013 (third-lowest total since 1997) as high commodity prices continue to shut off payments under the price-contingent marketing loan and counter-cyclical payment programs.

These data suggest a strong financial position heading into 2013 for the agricultural sector as a whole relative to the rest of the U.S. economy, but with substantial regional variation. The lingering effects of the drought are expected to spill over into 2013, when record-high market prices will likely motivate large feed grain and oilseed plantings. Eventual 2013 agricultural economic well-being will hinge greatly on spring crop planting and summer growing weather, as well as both domestic and international macroeconomic factors including economic growth and consumer demand.

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Introduction

The U.S. farm sector is vast and varied. It encompasses production activities related to traditional field crops (such as corn, soybeans, wheat, and cotton) and livestock and poultry products (including meat, dairy, and eggs), as well as fruits, tree nuts, and vegetables. In addition, U.S. agricultural output includes greenhouse and nursery products, forest products, custom work, machine hire, and other farm-related activities. The intensity and economic importance of each of these activities, as well as their underlying market structure and production processes, vary regionally based on the agro-climatic setting, market conditions, and other factors. As a result, farm income and rural economic conditions may vary substantially across the United States.[1] However, this report focuses singularly on aggregate national net farm income and the farm debt-to-asset status as reported by the U.S. Department of Agriculture (USDA).[2]

Annual U.S. net farm income is the single most watched indicator of farm sector well-being, as it captures and reflects the entirety of economic activity across the range of production processes, input expenses, and marketing conditions that have persisted during a specific time period. When national net farm income is reported together with a measure of the national farm debt-to-asset situation, the two summary statistics provide a quick indicator of the economic well-being of the national farm economy.

Measuring Farm Profitability

Two different indicators measure farm profitability: net cash income and net farm income.

Net cash income compares cash receipts to cash expenses. As such, it is a cash flow measure representing the funds that are available to farm operators to meet family living expenses and make debt payments. For example, crops that are produced and harvested but kept in on-farm storage are not counted in net cash income. Farm output must be sold before it is counted as part of the household's cash flow.

Net farm income is a value of production measure, indicating the farm operator's share of the net value added to the national economy within a calendar year, independent of whether it is received in cash or noncash form. As a result, net farm income includes the value of home consumption, changes in inventories, capital replacement, and implicit rent and expenses related to the farm operator's dwelling that are not reflected in cash transactions. Thus, once a crop is grown and harvested it is included in the farm's net income calculation, even if it remains in on-farm storage.

- Net cash income is generally less variable than net farm income. Farmers can manage the timing of crop and livestock sales and of the purchase of inputs to stabilize the variability in their net cash income. For example, farmers can hold crops from large harvests to sell in the forthcoming year, when output may be lower and prices higher.
- Off-farm income and crop insurance subsidies, both of which have increased in importance in recent years, are not included in the calculation of aggregate farm income.
- Off-farm income is included in the discussion of farm income at the household level in the last section of this report.

[1] For information on state-level farm income, see the "U.S. and State Farm Income and Wealth Statistics," available as part of the Farm Income and Wealth Statistics, Farm Income and Costs, Farm Economy Topics, Economic Research Service (ERS), USDA, at http://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics.aspx.

[2] For a more detailed discussion of the issues in this report, see the Briefing Room "Farm Income and Costs: 2013 Farm Sector Income Forecast," ERS, USDA, at http://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/highlights-from-the-2013-farm-income-forecast.aspx.

Highlights of 2013 Farm Income Forecast

Net farm income and total farm wealth are forecast record high in 2013, while the debt-to-equity ratio is expected to decline to the lowest level since 1960. These data suggest a strong financial position heading into 2013 for the agricultural sector as a whole relative to the rest of the U.S. economy, but with substantial regional variation.

- U.S. net farm income is forecast at a record $128 billion in 2013, about $15 billion (14%) above 2012 and $10 billion above 2011's previous record (**Figure 1** and **Table 4**).[3] When adjusted for inflation (**Figure 2**), 2013's net farm income forecast is expected to be the highest since 1974, but to remain well below the peak period of 1973.

- When measured in cash terms, net cash income in 2013 is projected lower at $123.5 billion, down 9% from 2012's record level but still third-highest on record. The decline in cash income compared to farm income is expected to result from substantial increases in 2013 end-of-year inventories as farmers postpone marketing into 2014.

- Increases in farm asset values ($2,732 billion), driven by record land values, are expected to exceed increases in farm debt ($277 billion), resulting in a fifth successive record high for farm equity ($2,455 billion) and a debt-to-equity ratio of 10.2%, lowest since 1960.

- A return to trend yields coupled with important increases in crop planting—driven primarily by high farm prices due to drought-reduced supplies in 2012 (**Figure 4**)—are expected to result in large production increases that offset price declines in 2013.

- Farm prices for most feedstuffs—feed grains (corn, sorghum, barley, and oats), hay, and protein meals—as well as soybeans are forecast at record highs in the 2012/2013 crop year before declining in mid-2013. High commodity prices, in turn, are expected to contribute to relatively low government payments in 2012 and 2013 ($10.8 billion and $10.9 billion, respectively)—up slightly from 2011, but otherwise the lowest since 1997.

- The full effects of the drought-related increase in commodity prices for packaged and processed foods (cereal, corn flour, etc.) will likely take 10-12 months to move through to retail food prices, and are projected to contribute to 3% to 4% food price inflation in 2013.

- Market returns for the 2012/2013 crop year are expected to be bolstered by large crop insurance indemnity payments related to 2012 crop losses—already estimated in excess of $14.6 billion as of February 18, 2013.[4] The Congressional Budget Office (CBO) projects that 2012 indemnities may reach $16 billion.[5]

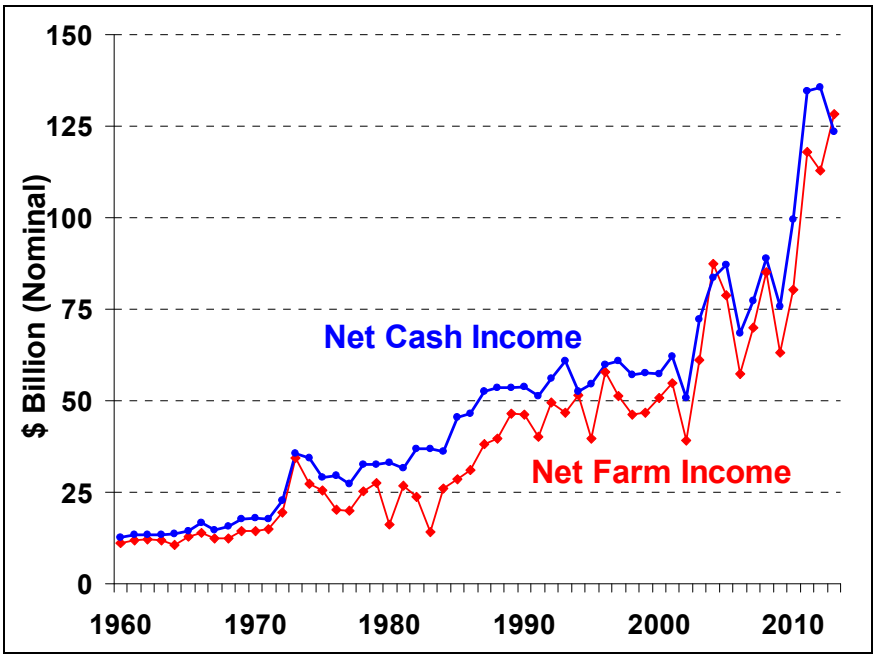
- Total production expenses are also projected record large ($353 billion) in 2013, led by feed costs ($67.7 billion), labor expenses ($30.5 billion), and net rent to non-operator landlords ($15.4 billion).

[3] USDA, ERS, Farm Sector Income & Finances, updated February 11, 2013.

[4] USDA, Risk Management Agency (RMA), FCIC Summary of Business, February 18, 2013.

[5] CBO, February 2013 Baseline for farm Programs, February 5, 2013.

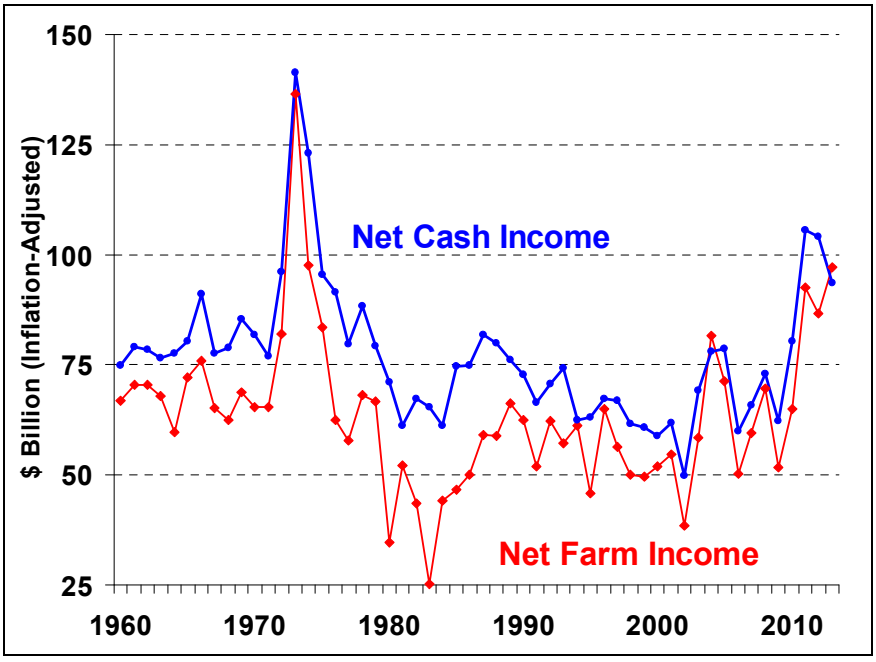
Figure 1. Annual U.S. Farm Sector Nominal Income, 1960 to 2013F



Source: USDA, ERS, "2013 Farm Income Forecast," February 11, 2013.

Notes: All values are in nominal terms, that is, not adjusted for inflation. 2012 is preliminary, 2013 is forecast.

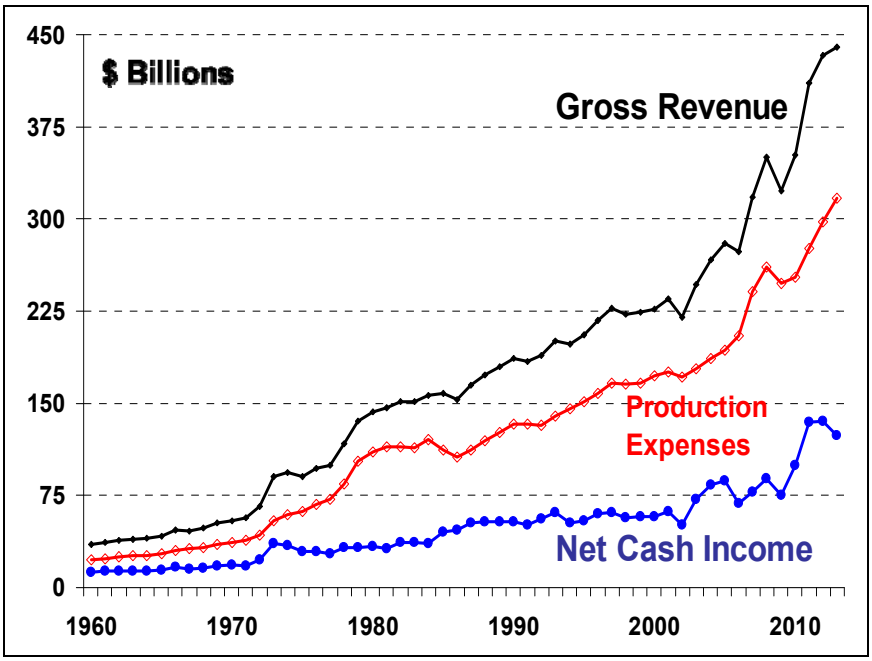
Figure 2. Annual U.S. Farm Sector Inflation-Adjusted Income, 1960 to 2013F



Source: USDA, ERS, "2013 Farm Income Forecast," February 11, 2013.

Notes: All values are adjusted for inflation using the Bureau of Labor Statistics (BLS), Consumer Price Index (CPI) where 2002-2003=100. 2012 is preliminary, 2013 is forecast.

Figure 3. U.S. Farm Gross Revenue, Production Expenses, and Net Income



Source: USDA, ERS, "2013 Farm Income Forecast," February 11, 2013.

Notes: All values are in nominal terms, that is, not adjusted for inflation. 2012 is preliminary, 2013 is forecast.

Recap of U.S. Agriculture in 2012

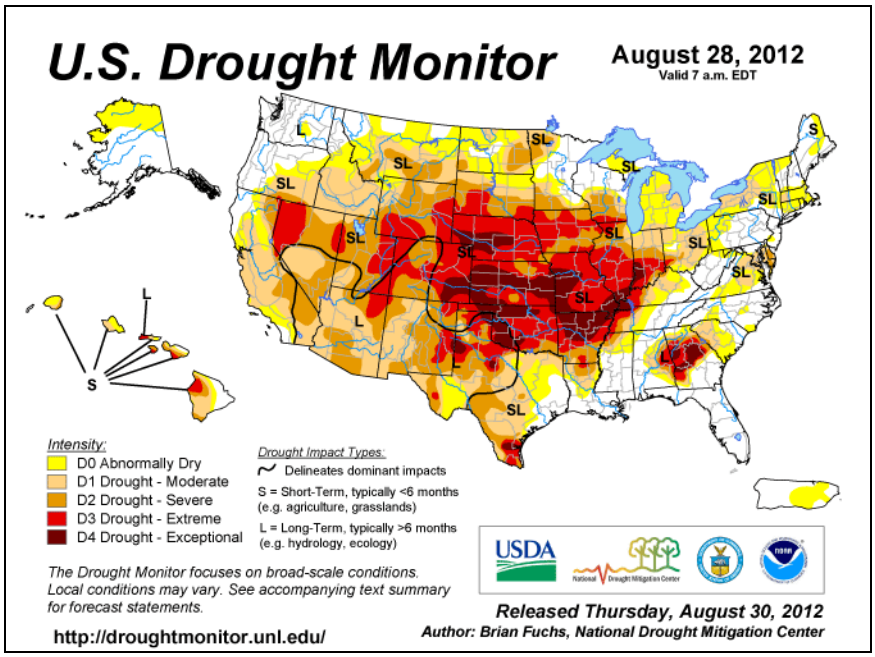
The 2012/2013 growing season will be remembered for the dramatic reversal of fortunes whereby early springtime prospects for record harvests and low commodity prices were transformed in a two-month period into an outlook of supply shortages and record high commodity prices.

Springtime planting conditions in 2012 were nearly ideal across much of the United States and farmers responded by planting early and extensively—from fence row to fence row in response to high commodity prices. On June 12, USDA projected U.S. corn plantings of 95.9 million acres—the most since 1937. Normal weather patterns were expected to produce a record 2012 corn harvest of 14.8 billion bushels which, in turn, would lead to a build-up in U.S. corn ending stocks in 2013 of nearly 2 billion bushels (up 111% year-to-year), and a 2012/2013 season-average corn price of $4.60/bushel (down 25%).[6] However, in mid-June, an extensive swath of the Central and Southern Plains and much of the Corn Belt were hit by a combination of extreme heat and dryness that produced what was referred to as a "flash drought" (**Figure 4**). By August—just two months later—USDA had completely reversed its outlook from one of abundance to one of shortage. USDA lowered its outlook for U.S. corn production to 10.8 billion bushels (a 27% drop of 4 billion bushels from its May forecast), corn price projections were raised sharply to $8.20 per bushel (up 78%), and stocks of feed grains and soybeans were forecast to approach historic low levels relative to demand by the end of 2012/2013 crop year (i.e., at the end of summer 2013).[7]

[6] Midpoint of a projected range of $4.20 to $5.00 per bushel, *World Agricultural Supply and Demand Estimates (WASDE)*, World Agricultural Outlook Board (WAOB), USDA, June 12, 2012.

[7] *WASDE*, WAOB, USDA, August 10, 2012.

Figure 4. Widespread Drought Damaged 2012 Crop Output



Source: USDA at http://droughtmonitor.unl.edu/.

The outlook for lower feed grain and oilseed stocks pushed feed grain and oilseed prices well above their 2008 highs (**Figure 8** and **Figure 9**).[8] In addition to expected crop production shortfalls, the summer heat also took a severe toll on the U.S. livestock sector, as the lack of adequate rainfall over more than half of the country resulted in reduced availability of pasture and higher prices for corn and other feedstuffs. Drought-induced higher feed prices and heat stress on crops, pastures, livestock, and poultry restrained growth of U.S. cattle and hog breeding herd numbers as well as poultry and milk production.[9] Despite relatively high output prices for meat and dairy products (**Figure 12** and **Figure 13**), the U.S. livestock, poultry, and dairy sectors have come under severe economic pressure, squeezed by high prices for their major cost component—feed grains and protein meals (derived primarily from crushing oilseeds).

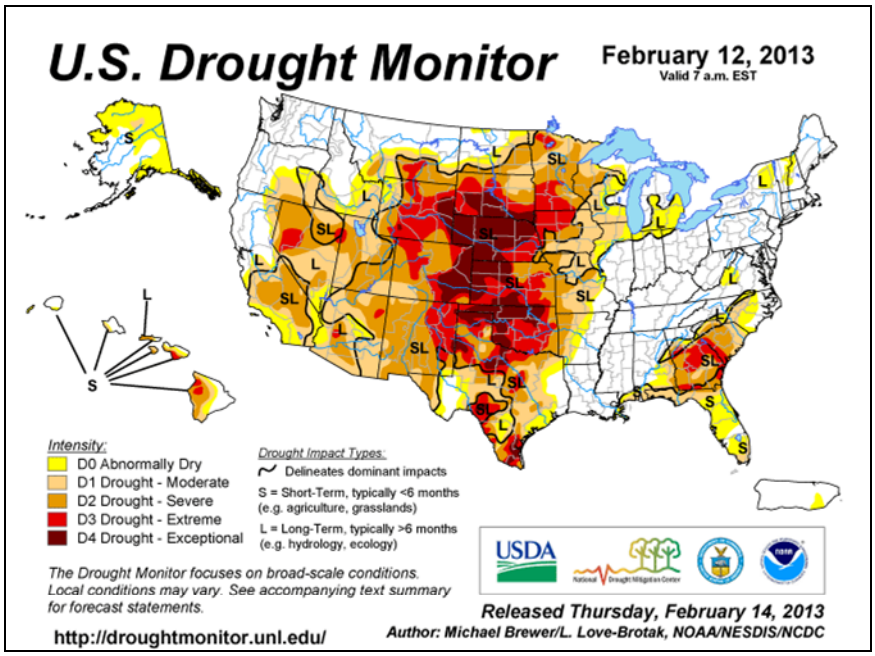
Early Outlook for U.S. Agriculture for 2013

A reversal of the 2012 drought-impacted crop situation will hinge greatly on a return to normal weather patterns over the major U.S. growing regions in 2013. Drought-related concerns persist across the western Corn Belt and Plains states (**Figure 5**). Market-watchers including U.S. corn growers, livestock feeders, ethanol producers, and policymakers are well aware of the uncertain yield prospects heading into the 2013 growing season. The two largest U.S. commercial crops—corn and soybeans—both have ending-season stocks for the 2012/2013 year projected at or near historic low levels relative to annual usage, 5.6% and 4.1%, respectively (**Figure 6** and **Figure 7**).

[8] For more information, see the ERS (USDA) publications *Feed Outlook*, FDS-12h, August 14, 2012, at http://www.ers.usda.gov/media/868958/fds12h.pdf, and *Oil Crops Outlook*, OCS-12h, August 2012, at http://www.ers.usda.gov/publications/ocs-oil-crops-outlook/ocs12h.aspx.

[9] See "U.S. Drought 2012: Farm and Food Impacts," ERS, USDA, at http://www.ers.usda.gov/newsroom/us-drought-2012-farm-and-food-impacts.aspx.

Figure 5. Drought Persists in Early 2013 for Plains States and Western Corn Belt



Source: USDA at http://droughtmonitor.unl.edu/.

University of Illinois economist Darrel Good has documented that:

> [a] consideration for some in forming early yield expectations is the state of soil moisture going into the planting season. However, as learned again last year, the yield implications of those conditions are dwarfed by the impact of growing season weather. While drought conditions are of concern, those conditions alone do not provide much information about 2013 yield prospects.[10]

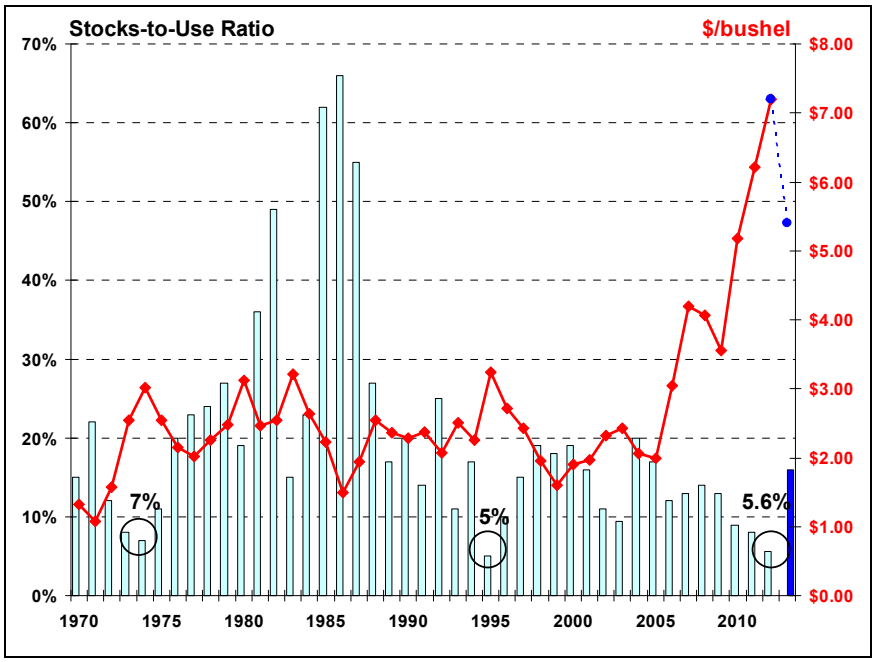
Spring planting will not begin until late March or early April across the southern regions of the major corn and soybean production zones. The central Corn Belt usually begins planting in earnest in late April and into May. The main growing season stretches from June through August.

In a pre-season projection of the 2013 agricultural outlook, USDA projects corn and soybean plantings at 96 million and 76 million acres, down only slightly from 2012's 96.9 million and 77.5 million acres.[11] USDA uses trend yield estimates of 163.5 and 44.4 bushels per acre (compared to 2012 drought-reduced yields of 122.3 and 39.3 bushels per acre) for 2013 for both corn and soybeans. The trend yields combine with the acreage projections to produce the outlook for record production of corn at 14.4 billion bushels and a near-record soybean crop of 3.3 billion bushels. If realized, this would likely result in substantially lower crop prices in general and lower feed costs in particular.

[10] Darrel Good, "Early Focus on the Prospective Size of the 2013 U.S. Corn Crop," *farmdocDAILY*, Dept. of Agricultural and Consumer Economics, Univ. of Illinois Urbana-Champaign, January 22, 2013; at http://www.farmdocdaily.illinois.edu/.

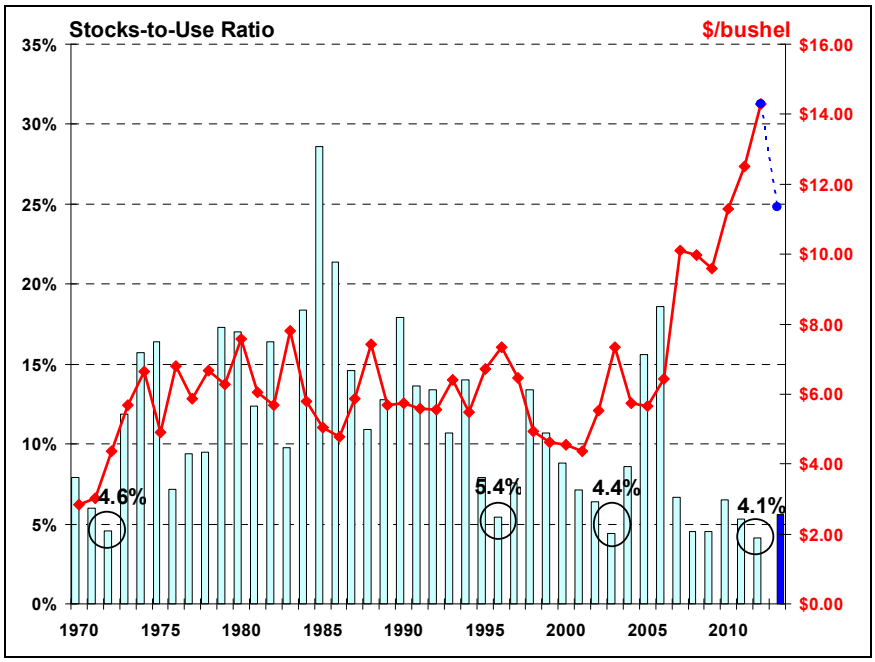
[11] *USDA Agricultural Projections to 2021*, OCE-2012-1, USDA, ERS, Briefing Room: Agricultural Baseline Projections, February 13, 2012, at http://www.ers.usda.gov/Briefing/Baseline.

Figure 6. U.S. Corn Stocks Tighten in 2012/2013 While Prices Rise



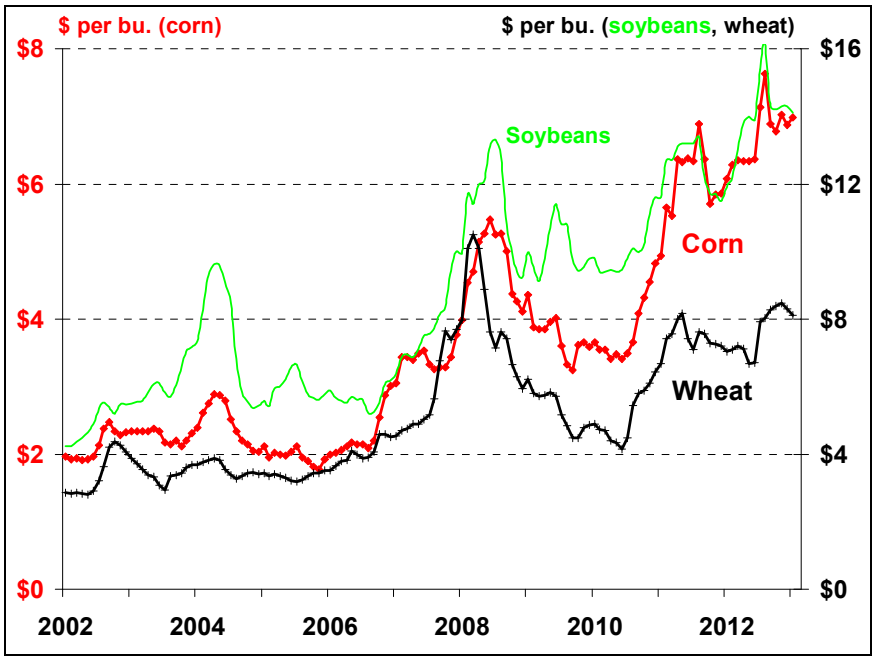
Source: Data for 1970-2012 is from World Agricultural Outlook Board (WAOB), USDA, *World Agricultural Supply and Demand Estimates (WASDE)*, February 8, 2013; data for 2013 are from USDA, Office of the Chief Economist (OCE), *USDA Agricultural Projections to 2022*, OCE-2013-1, February 11, 2013.

Figure 7. U.S. Soybean Stocks Approach Historic Lows Relative to Use in 2012/2013



Source: Data for 1970-2012 is from WAOB, USDA, *WASDE*, February 8, 2013; data for 2013 are from USDA, OCE, *USDA Agricultural Projections to 2022*, OCE-2013-1, February 11, 2013.

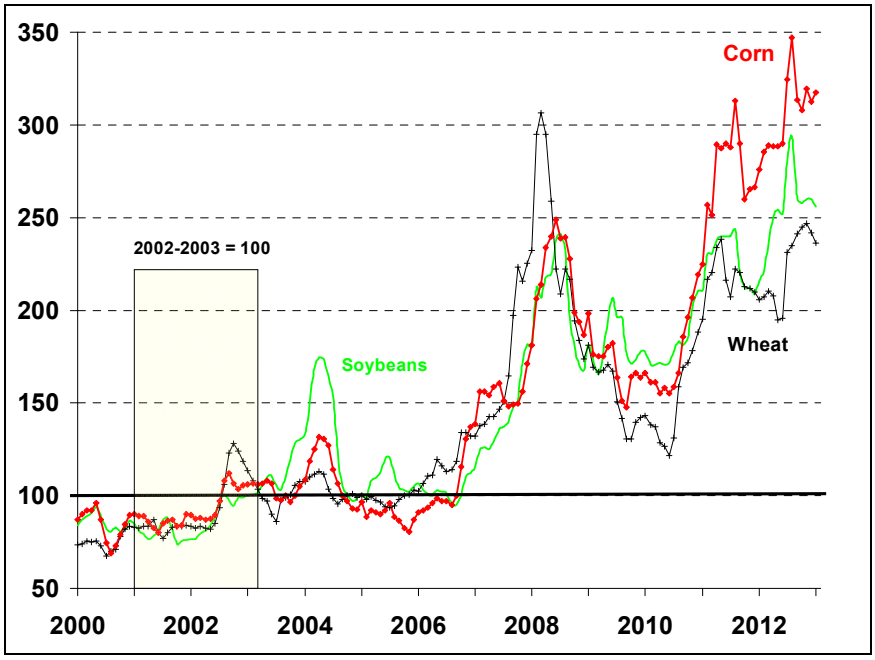
Figure 8. Monthly Farm Prices for Corn, Soybeans, and Wheat, Nominal Dollars



Source: USDA, National Agricultural Statistics Service (NASS), *Agricultural Prices*, January 31, 2013.

Note: cwt = hundredweight or units of 100 lbs.

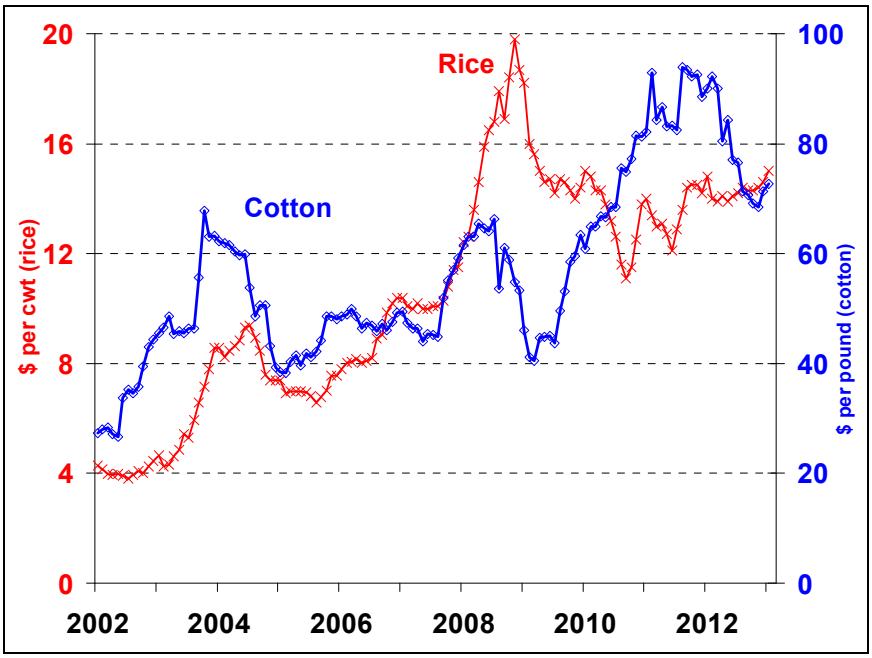
Figure 9. Monthly Farm Prices for Corn, Soybeans, and Wheat, Indexed Dollars



Source: USDA, NASS, *Agricultural Prices*, January 31, 2013.

Notes: Monthly prices are adjusted for inflation using the CPI (2002-2003 = 100) to permit relative comparisons.

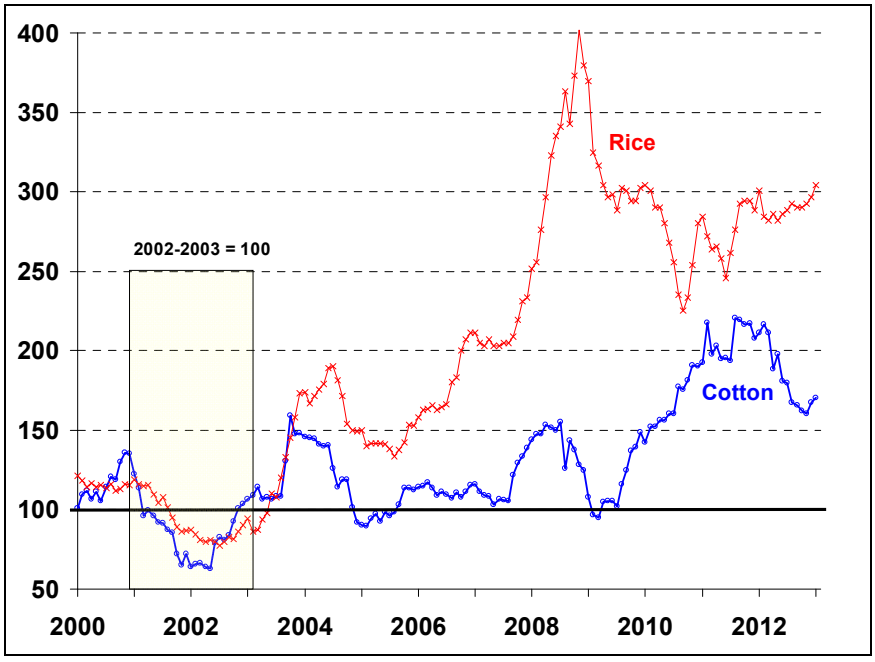
Figure 10. Monthly Farm Prices for Cotton and Rice, Nominal Dollars



Source: USDA, NASS, *Agricultural Prices*, January 31, 2013.

Notes: cwt = hundredweight or units of 100 lbs.

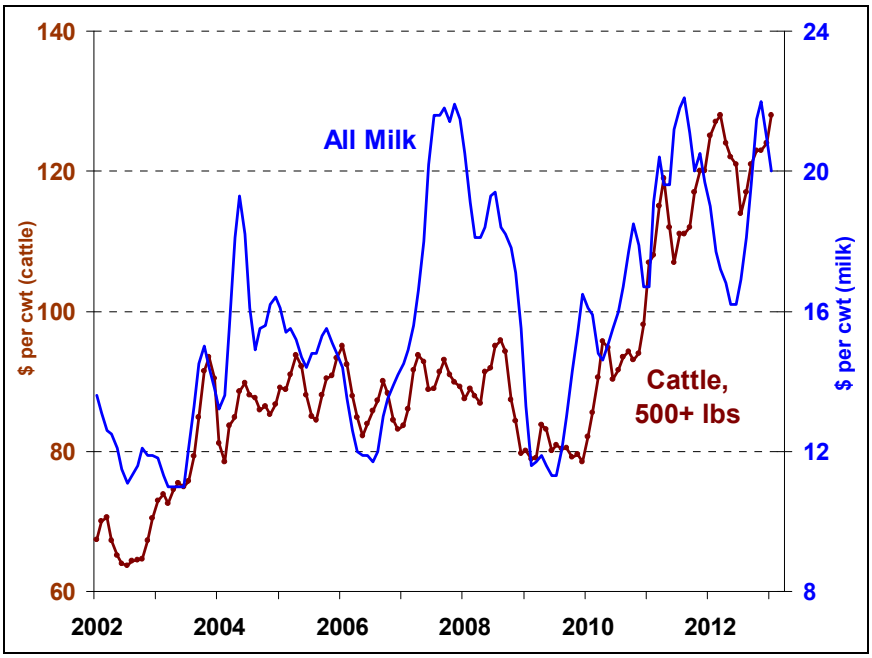
Figure 11. Monthly Farm Prices for Cotton and Rice, Indexed Dollars



Source: USDA, NASS, *Agricultural Prices*, January 31, 2013.

Notes: Monthly prices are adjusted for inflation using the CPI (2002-2003 = 100) to permit relative comparisons.

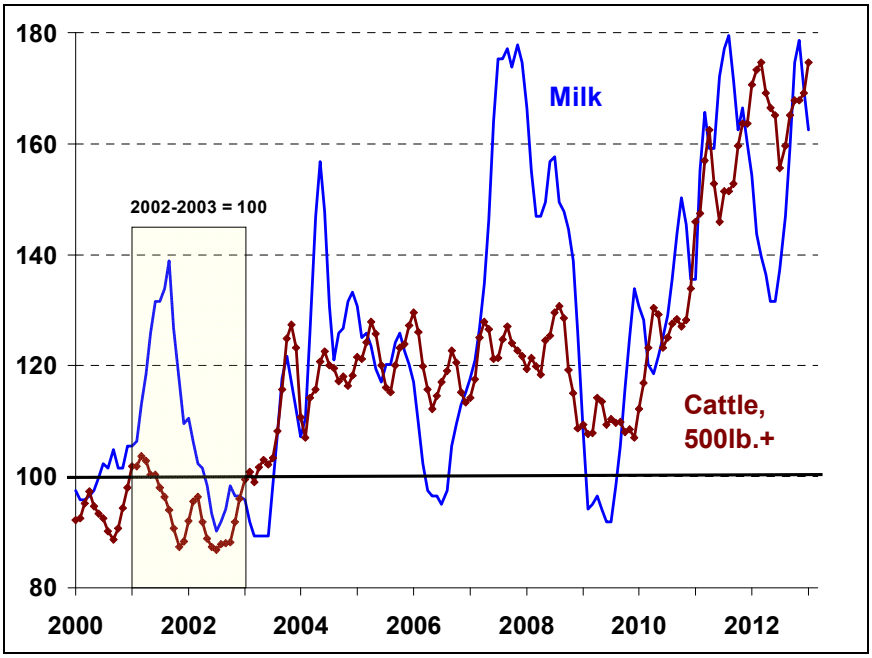
Figure 12. Monthly Farm Prices for Cattle and Milk, Nominal Dollars



Source: USDA, NASS, *Agricultural Prices*, January 31, 2013.

Note: cwt = hundredweight or units of 100 lbs.

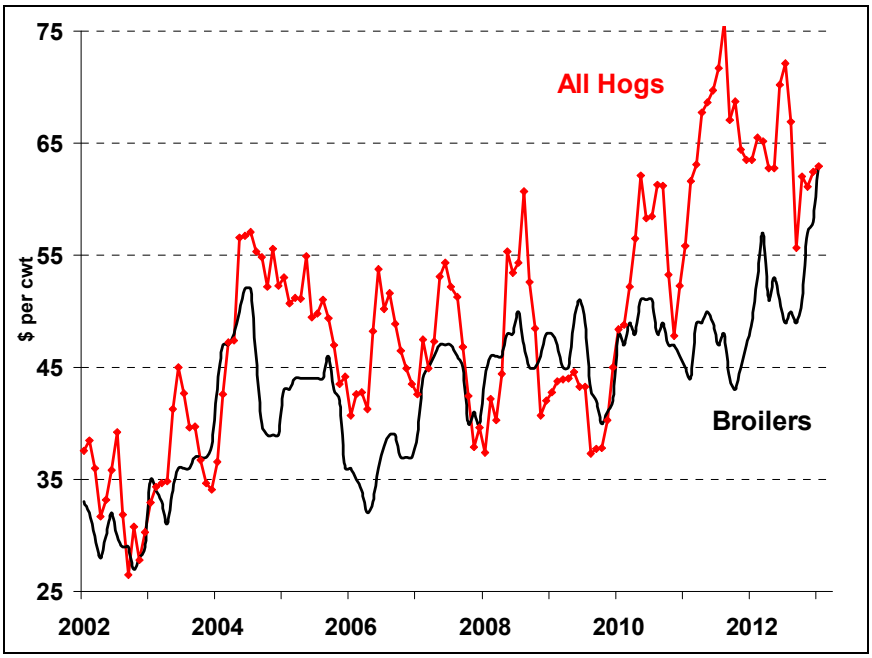
Figure 13. Monthly Farm Prices for Cattle and Milk, Indexed Dollars



Source: USDA, NASS, *Agricultural Prices*, January 31, 2013.

Notes: Monthly prices are adjusted for inflation using the CPI (2002-2003 = 100) to permit relative comparisons.

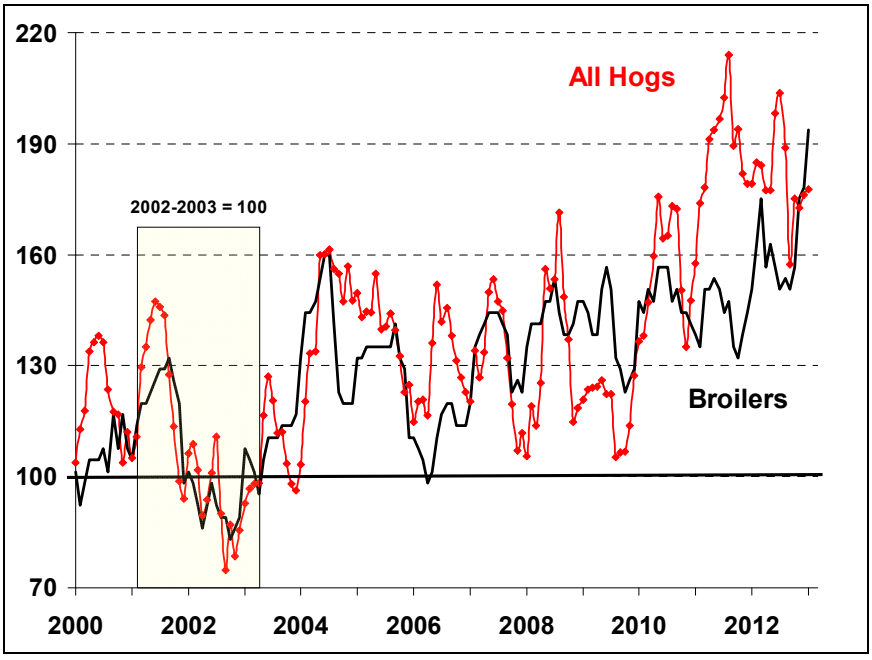
Figure 14. Monthly Farm Prices for Hogs and Broilers, Nominal Dollars



Source: USDA, NASS, *Agricultural Prices*, January 31, 2013.

Note: cwt = hundredweight or units of 100 lbs.

Figure 15. Monthly Farm Prices for Hogs and Broilers, Indexed Dollars



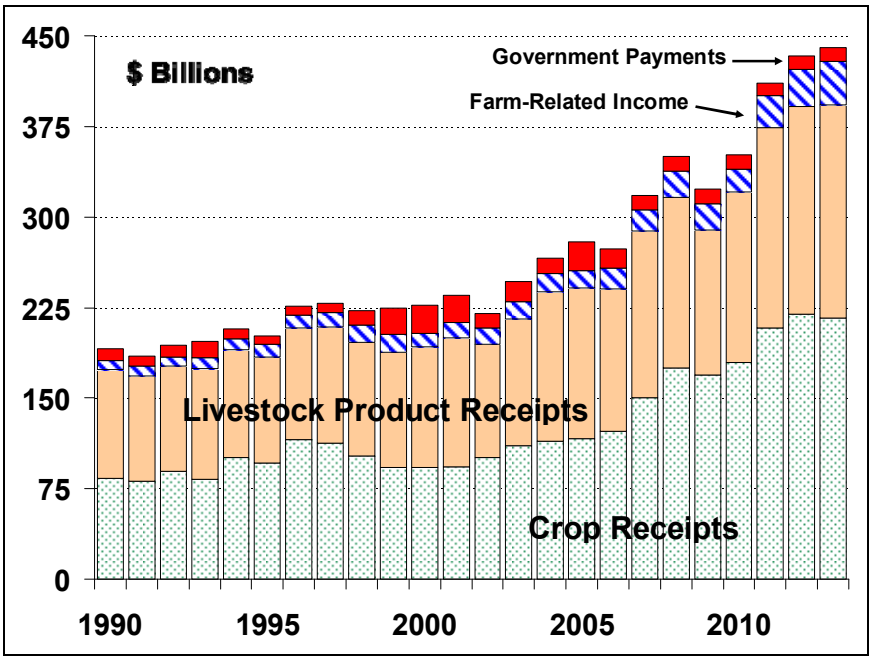
Source: USDA, NASS, *Agricultural Prices*, January 31, 2013.

Notes: Monthly prices are adjusted for inflation using the CPI (2002-2003 = 100) to permit relative comparisons.

Cash Receipt Highlights

- Total farm sector gross cash receipts for 2013 are projected at a record $440 billion, 1.5% above last year's record (**Table 2** and **Figure 16**).
- Farm sector revenue sources and shares include crop revenues (51% of sector revenues), livestock receipts (40%), government payments (about 3%), and other farm-related income including crop insurance indemnities, machine hire, and custom work (7%).

Figure 16. Farm Cash Receipts by Source, 1990 to 2013F



Source: USDA, ERS, "2013 Farm Income Forecast," February 11, 2013.
Notes: 2013 is forecast. Receipts from crop and livestock product sales, and government payments, are described in more detail below. Farm-related income includes income from custom work, machine hire, agri-tourism, forest product sales, insurance indemnities, and cooperative patronage dividend fees.

Crop Highlights

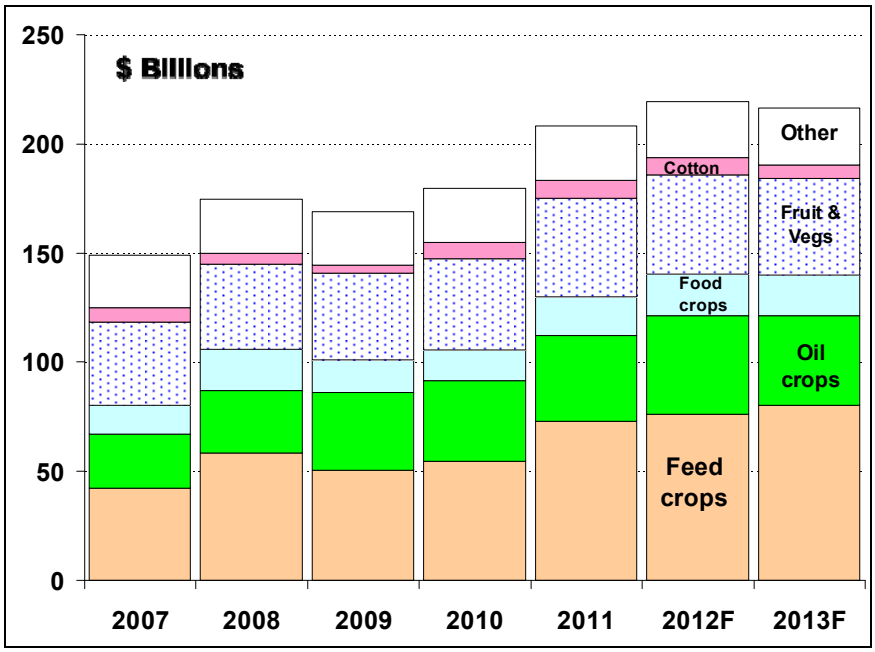
Total crop sales—projected at a near-record $216.3 billion in 2012 (down 1.5% from last year's record)—are expected to account for 51% of total U.S. gross cash receipts in 2013 (**Figure 16**). The crop sector includes field crop sales (i.e., feed and food grains, oil crops, and cotton) of $146 billion (up 1.6%) and other crop receipts—that is, fruits and nuts, vegetables, and all other crops—of $70.4 billion (down slightly by 1.1%).

Highlights include projections for:

- record corn crop value of $68.5 billion, up 4.7% from last year's record;
- a record feed grain crop—corn, sorghum, barley, and oats—value of over $80.3 billion (up 5.7%);
- a soybean crop valued at $38.1 billion, down 10.6% from last year's record;

- a total oil crop—soybeans, sunflowers, rapeseed, canola, and other minor oilseeds—valued at $40.8 billion (down 10.3%);
- a record hay crop value of over $9 billion (up 16.5%);
- a near-record food crop—wheat and rice—value of $18.9 billion (down a slight 0.8% from 2012's record);
- a cotton crop valued at $6 billion (down over 24% from last year due to lower production); and
- other crop receipts—fruits and nuts, vegetables, and all other crops—down slightly by 1.1% from the previous year's record, to $70.4 billion.

Figure 17. Crop Cash Receipts by Source, 2007 to 2013F



Source: USDA, ERS, "2013 Farm Income Forecast," February 11, 2013.

Notes: 2012 is preliminary, 2013 is forecast. See **Table 2** for details.

Livestock Highlights

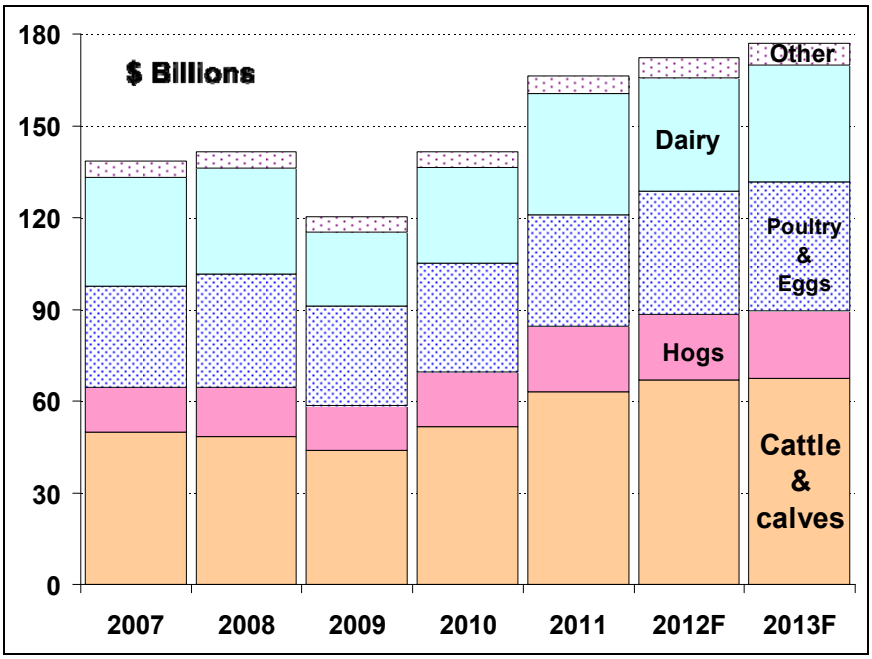
The livestock sector, broadly defined, includes cattle, hogs, sheep, poultry and eggs, dairy, and other minor activities. The value of the total livestock sector is projected record-large in 2013 at $176.6 billion (up 2.8%). However, relatively high livestock product prices are expected to be offset at least in part by continuing high feed costs in the early part of 2013. Record-high cash receipts are projected for cattle, poultry and eggs, while dairy cash receipts are projected near record large.

Highlights for individual activities include projections for:

- record cattle and calf sales of over $67.4 billion (up by a slight 0.6%);
- record broiler sales of $27.7 billion (up 6.8%);

- record hog sales of $22.3 billion (up 3.6% from last year's record); and
- near-record dairy sales, valued at $38.5 billion, the second-largest on record.

Figure 18. U.S. Livestock Product Cash Receipts by Source, 2007 to 2013F



Source: USDA, ERS, "2013 Farm Income Forecast," February 11, 2013.

Notes: 2012 is preliminary, 2013 is forecast. See **Table 2** for details.

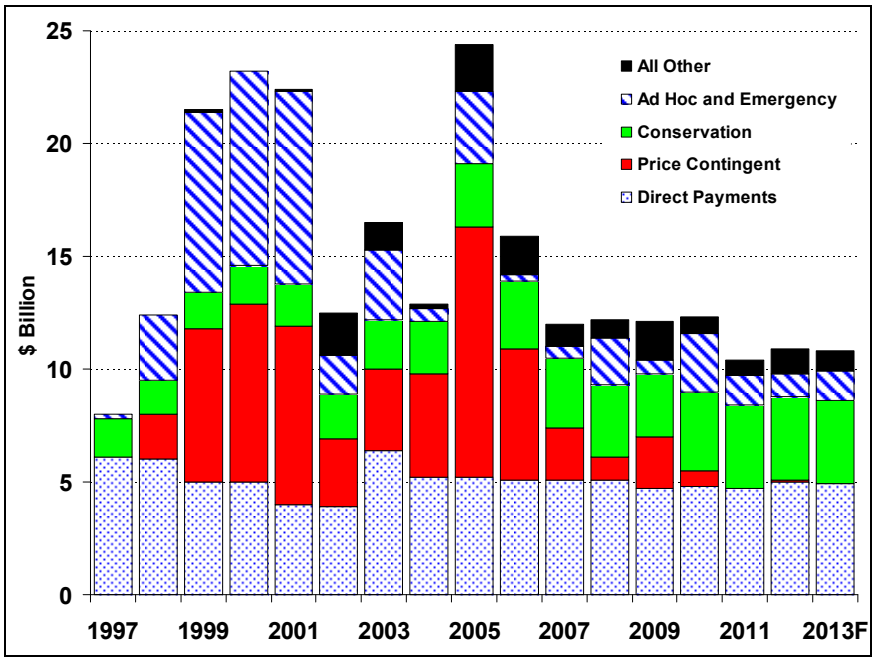
Government Payment Highlights

Government farm payments are projected nearly unchanged in 2013 at $10.9 billion (up 0.1%). This would be the third-lowest outlay since 1997 as high commodity prices shut off payments under the price-contingent marketing loan and counter-cyclical payment programs (**Figure 19**).

- Government payments are expected to represent a relatively small share (2.5%) of projected gross cash income of $440.3 billion.
- In contrast, government payments represent 10% of net farm income of $128.2 billion; however, the importance of government payments as a percent of net farm income varies nationally by sector and region.
- Farm fixed direct payments, whose payment rates are fixed in legislation and are not affected by the level of program crop prices, are forecast at $4.9 billion in 2013, nearly unchanged from 2012 (down a slight 0.4%).
- Payments under the price-contingent marketing loan benefit and counter-cyclical payment (CCP) programs are expected to remain at $0 in 2013, as program crop prices are expected to remain above program payment triggers for all of 2013 (**Table 7**).[12]

[12] See CRS Report RL34594, *Farm Commodity Programs in the 2008 Farm Bill*.

Figure 19. U.S. Government Farm Support, Direct Outlays, 1997 to 2013F



Source: USDA, ERS, "2013 Farm Income Forecast," February 11, 2013.

Notes: Data are on a fiscal year basis and may not correspond exactly with the crop or calendar year; 2012 is preliminary, 2013 is forecast. Direct payments include production flexibility contract payments enacted under the 1996 farm bill and fixed direct payments of the 2002 and 2008 farm bills; price-contingent outlays include loan deficiency payments, marketing loan gains, counter-cyclical payments and ACRE payments; conservation outlays include Conservation Reserve Program payments along with other conservation program outlays; Ad Hoc and Emergency includes emergency supplemental crop and livestock disaster payments and market loss assistance payments for relief of low commodity prices; and "all other" outlays include peanut quota buyout payments, milk income loss payments, tobacco transition payments, and other miscellaneous expenditures.

- Payments under the Average Crop Revenue (ACRE) program are forecast at $15 million in 2013.
- Milk Income Loss Contract payments—which compensate dairy producers when domestic milk prices fall below a specified benchmark price subject to feed-cost adjustments—are forecast down 37% in 2013 at $290 million.
- Conservation programs include all conservation programs operated by USDA's Farm Service Agency (FSA) and the Natural Resources Conservation Service (NRCS) that provide direct payments to producers. Estimated conservation payments of $3.7 billion in 2013 are largely unchanged from 2012.
- Supplemental and ad hoc disaster assistance payments are forecast to be $1.26 billion in 2013, a 22% increase from 2012 levels.[13]
- Supplemental Revenue Assistance (SURE) payments are expected to amount to $870 billion in 2013 (up 54%) to cover crop-year 2011 losses.[14]

[13] CRS Report RS21212, *Agricultural Disaster Assistance*.

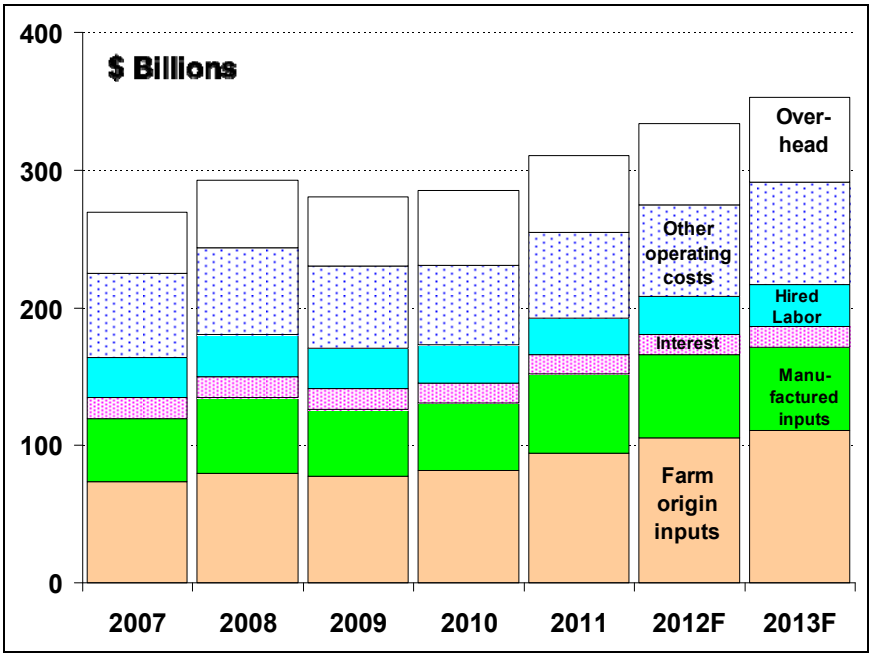
[14] SURE payments are based on the average market-year price calculated after a crop year ends. The lag in calculating the average price coupled with a market-year spilling over two calendar years, results in the nearly two-year delay in (continued...)

- Noninsured Assistance Program payments of $250 million are expected to be made to livestock and specialty crop producers for whom no commodity insurance program is available.
- Note that disaster relief programs (SURE, LIP, LFP, ELAP, and TAP) under the extended 2008 farm bill only covered losses incurred prior to October 1, 2011.[15] Thus, ***drought-related commodity and livestock losses for the 2012 crop year currently are not covered***.

Production Expense Highlights

- Nearly every cost category—fertilizer, pesticides, fuel, feed, seed, etc., as well as most operating and overhead expenses—is projected at or near-record levels in 2013 (**Figure 20** and **Figure 3**).
- Total farm production expenses are forecast to rise to a record $353 billion in 2013, up 5.7% from 2012's previous record (**Table 3**).
- The year-over-year increase in expenses of $19.2 billion easily offsets the $6.7 billion rise in gross cash receipts, accounting for an 8.9% decline in net cash income.

Figure 20. Farm Cash Production Expenses by Source, 2007 to 2013F



Source: USDA, ERS, "2013 Farm Income Forecast," February 11, 2013.

Notes: 2012 is preliminary, 2013 is forecast. See for **Table 3** details.

(...continued)

SURE payments. See CRS Report R40452, *A Whole-Farm Crop Disaster Program: Supplemental Revenue Assistance Payments (SURE)*.

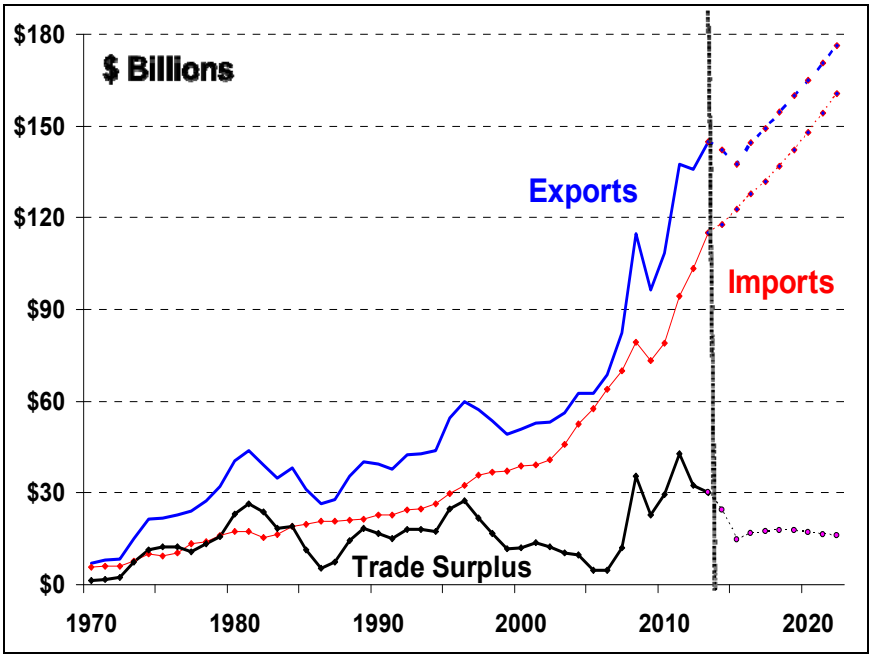
[15] The 2008 farm bill was extended through FY2013 by the American Taxpayer Relief Act of 2012 (P.L. 112-240).

- The increase in expenses will affect crop and livestock farms differently. The principal expenses for livestock farms (i.e., feed and feeder animals and poultry) are expected to increase by nearly $4 billion (+5%) to $90.2 billion, while the principal crop expenses (seed, fertilizer, pesticides, and crop insurance premiums) are expected to increase by $6.4 billion (+6.8%) to $100.3 billion.
- The miscellaneous operating expenses category, which is projected up nearly $6 billion (+16.6%) to $40.3 billion, includes crop insurance premiums and thus directly impacts crop production.

Agricultural Trade Outlook

A major catalyst behind projections for stronger farm income is the strength of U.S. agricultural exports—forecast at a near record $135.8 billion in 2012 (**Figure 21**), and a record $142 billion in 2013, up 5% from 2012.

Figure 21. U.S. Agricultural Trade Since 1970

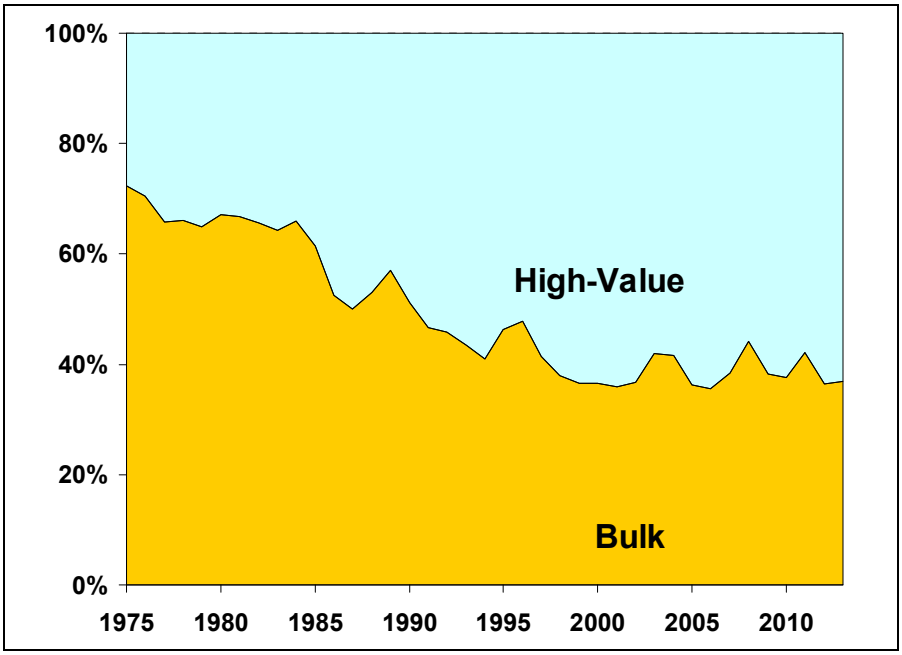


Source: Data for 2013 are from USDA, Office of the Chief Economist (OCE), *USDA Agricultural Projections to 2022*, OCE-2013-1, February 11, 2013; and *Outlook for U.S. Agricultural Trade*, AES-77, February 21, 2013, ERS, USDA.

- USDA projects that annual U.S. agricultural exports will decline slightly in 2014 and 2015 before growing to near $180 billion by 2022.
- U.S. agricultural imports were record-large in 2012 at $103.4 billion and are projected up another 9% to $112.5 billion in 2013.
- As a result of the surge in imports, the U.S. agricultural trade surplus is projected at $32.4 billion in 2012 (down 24% from a peak in 2011) and at $29.5 billion in 2013 (down another 9%). From 2016 through 2022 the trade surplus is projected to stabilize at around $17 billion.

- Over the past four decades, steady growth in high-valued export products (**Figure 22**) has helped to push U.S. agricultural export value to ever higher totals. However, this pattern appears to have plateaued since 2006, when rapid growth in demand from both international commodity markets and domestic biofuels pushed prices for most bulk crops (especially feed grains and oilseeds) to record levels.
- Much of the increase in U.S. agricultural exports since 2010 has been due to higher-priced grain and feed shipments plus record oilseed exports to China, and growing animal product exports to East Asia.[16]
- Bulk commodity shipments (primarily wheat, rice, feed grains, soybeans, cotton, and unmanufactured tobacco) are forecast at a 36% share of total U.S. agricultural exports in 2012, at $49.5 billion, before falling slightly to $49 billion (35% share) in 2013.
- In contrast, high-valued export products—including horticultural, livestock, poultry, and dairy—are forecast to rise for a fourth consecutive year, to $93 billion in 2013.
- The top six forecast markets for U.S. agricultural exports in 2012 are China ($23.4 billion), Canada ($20 billion), and Mexico ($18.9 billion), followed by Japan ($13.8 billion), the EU-27 ($8.9 billion), and South Korea ($6.2 billion).

Figure 22. U.S. Agricultural Trade: Bulk vs. High-Value Shares

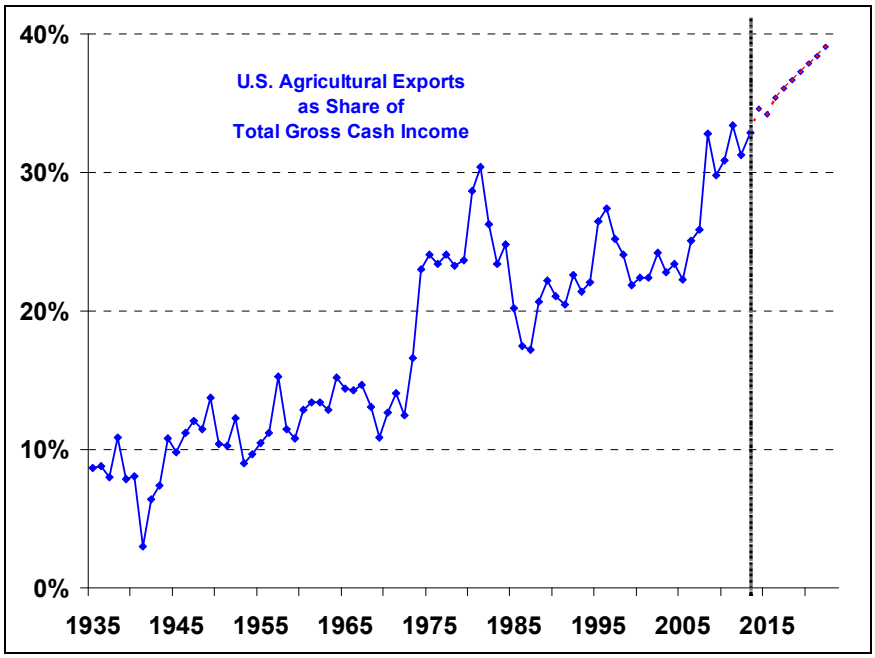


Source: Data for 2013 are from USDA, OCE, *USDA Agricultural Projections to 2022*, OCE-2013-1, February 11, 2013; and *Outlook for U.S. Agricultural Trade*, AES-77, February 21, 2013, ERS, USDA.

[16] USDA, ERS, *Outlook for U.S. Agricultural Trade*, AES-76, November 29, 2012. The U.S. agricultural trade outlook—released quarterly—is available at http://www.ers.usda.gov/Briefing/AgTrade/.

- In 2013, the top six U.S. export markets are expected to retain their same rank, although China's total is forecast to decline slightly to $22 billion, just ahead of Canada's $21 billion.
- As a share of total gross farm receipts, U.S. agricultural exports are projected to account for 32% of earnings in 2013 (**Figure 23**). In the out-year projection period, 2013-2022, U.S. agricultural exports are expected to play an increasingly important role in terms of their share of gross cash farm income—approaching a 40% share by 2022.

Figure 23. U.S. Agricultural Export Value as Share of Gross Cash Income



Source: Data for 2013 are from USDA, OCE, *USDA Agricultural Projections to 2022*, OCE-2013-1, February 11, 2013; and *Outlook for U.S. Agricultural Trade*, AES-77, February 21, 2013, ERS, USDA.

Long-Run Farm Income Projections to 2022

USDA annually produces long-run 10-year agricultural projections for the U.S. farm sector. These annual projections cover agricultural commodities, agricultural trade, and aggregate indicators of the sector, such as farm income and food prices. USDA's most recent projections were released on February 11, 2013, and cover the period 2013-2022.[17] Appending the long-term projections for the 2013-2022 period to the current USDA agricultural outlook for farm income produces the chart seen in **Figure 24**.

- Based on October 2012 macroeconomic conditions, U.S. net farm income is projected to reach a record $128 billion in 2013, reflecting the rise in prices for

[17] *USDA Agricultural Projections to 2021*, OCE-2012-1, USDA, ERS, Briefing Room: Agricultural Baseline Projections, February 13, 2012; at http://www.ers.usda.gov/Briefing/Baseline.

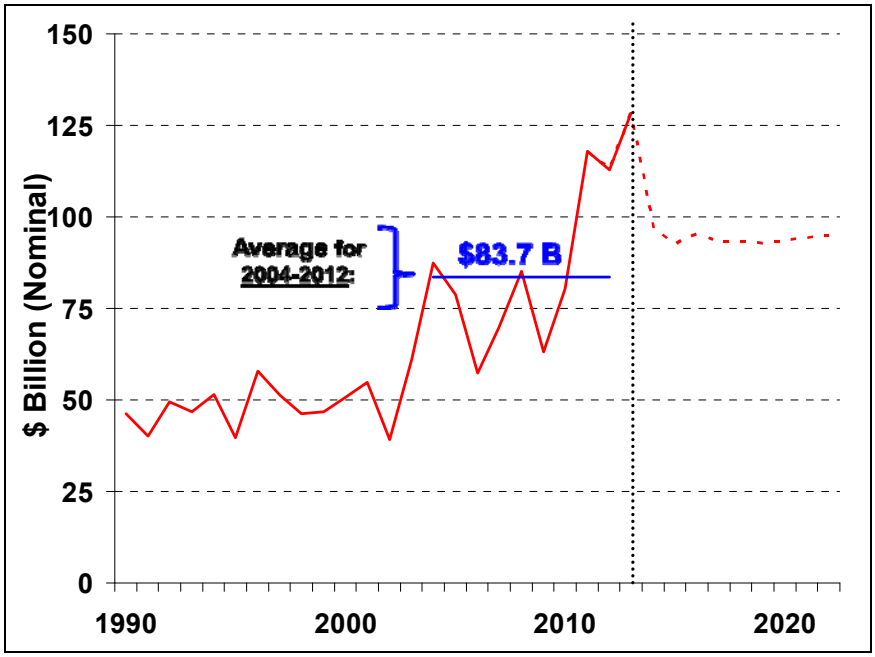
many agricultural commodities (due in part to the 2012 U.S. drought), as well as large crop insurance indemnities paid to the sector.

- Net farm income is then projected to decline from the 2013 record through 2015, at which point it is projected to stabilize in the $92-$94 billion range through 2022.[18] However, the projected net farm income out-year range remains well above the average of the previous nine-year period (2004-2012) of $83.7 billion.

Key factors supporting U.S. net farm income projections are the following.

- Cash receipts are projected to rise after 2015, driven largely by strengthening global food demand, a weaker dollar, and continuing biofuel demand.
- However, lower government payments and rising farm production expenses after 2015 offset most of the gains in cash receipts and other sources of farm income resulting in the flat out-year range.

Figure 24. USDA Long-Run Farm Income Projections, 2013-2022



Source: Data for 1990-2012 are from USDA, ERS, "2013 Farm Income Forecast," February 11, 2013; data for 2014 to 2021 are from USDA, OCE, *USDA Agricultural Projections to 2022*, OCE-2013-1, February 11, 2013.

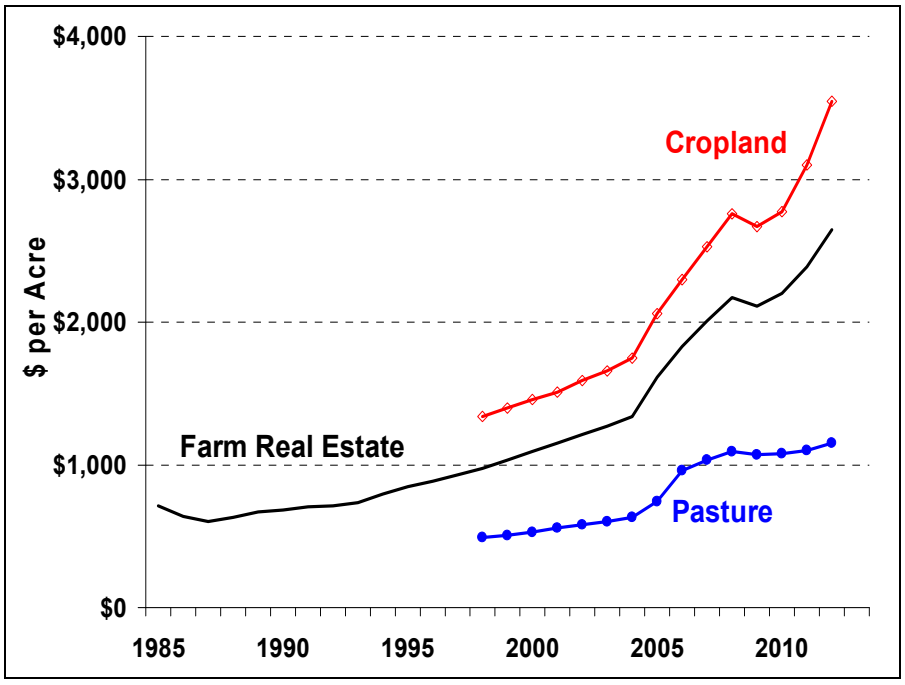
Farm Asset Values and Debt

The U.S. farm income and asset-value situation and outlook suggest a strong financial position heading into 2013 for the agriculture sector as a whole.

[18] USDA updates its long-run forecasts every February. The projections are highly conditional on critical long-term assumptions made for U.S. and international macroeconomic conditions, U.S. and foreign agricultural and trade policies, and growth rates of agricultural productivity in the United States and abroad.

- Farm asset values—which reflect farm investors' and lenders' expectations about long-term profitability of farm sector investments—are projected up nearly 8% in 2013 to $2,732 billion, reflecting a continued strong outlook in the general farm economy (**Table 6**).
- Higher farm asset values are due primarily to stronger farm real estate values (**Figure 25**). After rebounding from a 2.8% decline during 2009—the first decline since 1987—farm real estate values have grown by a projected 26% through 2012, due largely to strong crop prices.
- This same pattern is reflected in both cropland and pastureland values (up 33% and 7.5%, respectively, since 2008). Land value growth is expected to continue into 2013.
- Meanwhile, total farm debt is forecast to rise to $277.4 billion in 2013 (up 3.2% year-to-year).
- As a result of the relative improvement between farm asset values and farm debt, farm equity (or net worth, defined as asset value minus debt) is projected record-high in 2013, at $2,455 billion.
- The farm debt-to-asset ratio had been steadily declining since 1985's peak value of 23%—except for a one-year reversal in 2008, to a projected historic low of 10.2% in 2013 (**Figure 26**).

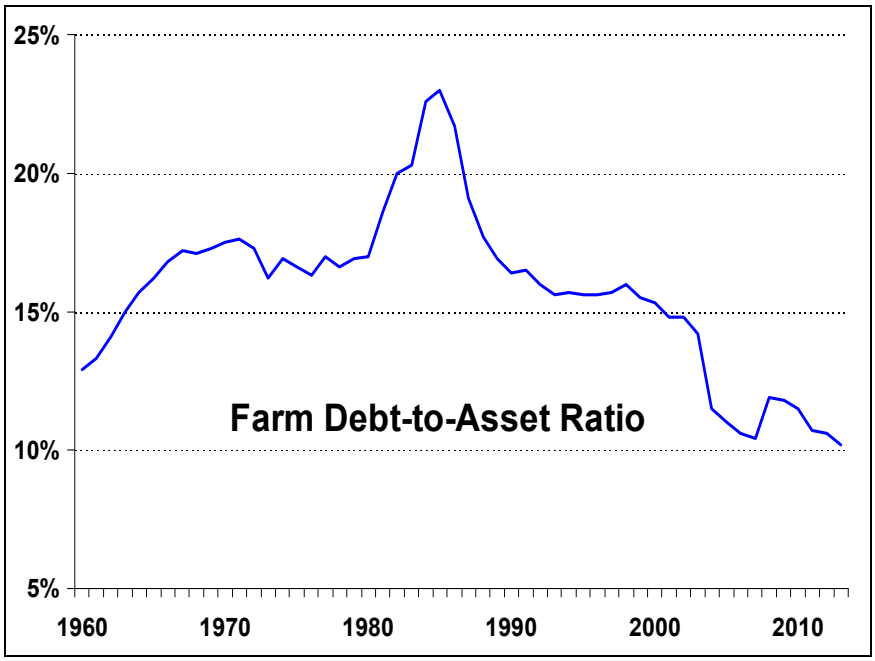
Figure 25. U.S. Average Farm Land Values, 1985 to 2012F



Source: USDA, NASS, *Land Values 2012 Summary,* August 2012.

Notes: 2012 is a forecast. Farm real estate value measures the value of all land and buildings on farms. Cropland and pasture values are only available since 1998.

Figure 26. U.S. Farm Debt-to-Asset Ratio Since 1960



Source: USDA, ERS, "2013 Farm Income Forecast," February 11, 2013.

Note: 2012 is preliminary, 2013 is forecast.

Average Farm Household Income

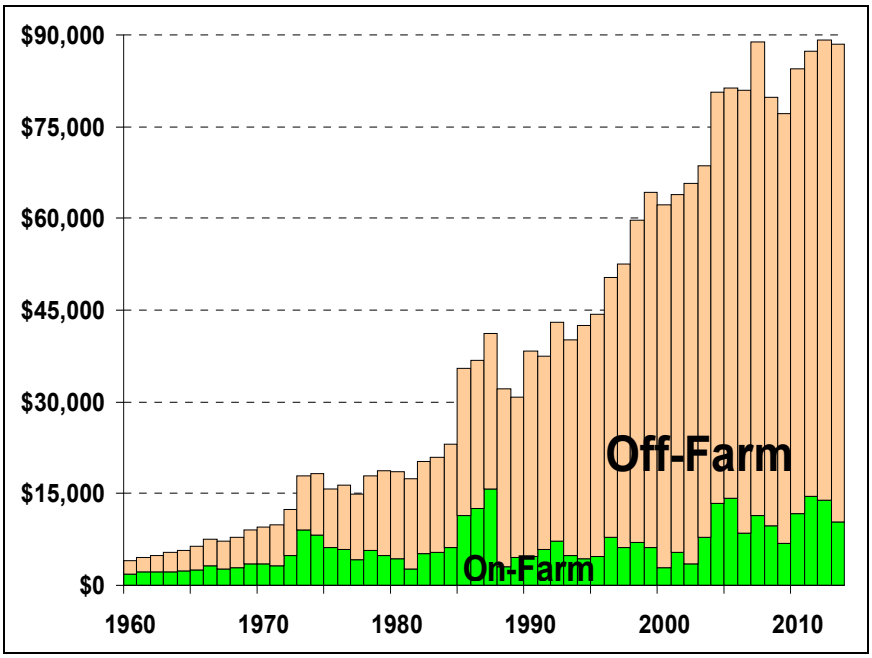
On-Farm vs. Off-Farm Income Shares

- Average farm household income (the sum of both on- and off-farm income) is projected to decline slightly in 2013 after three consecutive years of growth, falling a slight 0.6% to $88,576 (**Table 5**).
- The share of farm income derived from off-farm sources has increased steadily in recent decades and appears to have peaked at about 95% in 2002.
- In 2013, off-farm income sources are forecasted to account for about 88% of the national average farm household income, compared with about 12% from farming activities (**Figure 27**).

U.S. vs. Farm Household Income

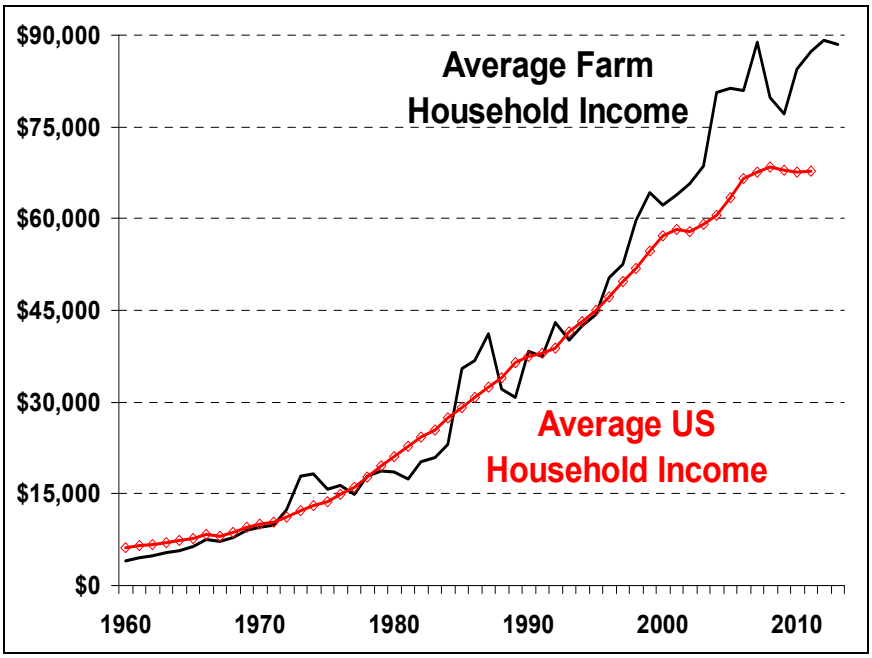
- Over the past decade, farm household incomes have surged ahead of average U.S. household incomes (**Figure 28** and **Figure 29**).
- In 2011 (the last year for which comparable data were available), the average farm household income of $87,278 was about 25% higher than the average U.S. household income of $69,677 (**Table 5**).

Figure 27. U.S. Average Farm Household Income, On- and Off-Farm Sources, Since 1960



Source: USDA, ERS, "Farm Household Economics and Well-Being: Historic Data On Farm Operator Household Income," February 11, 2013.

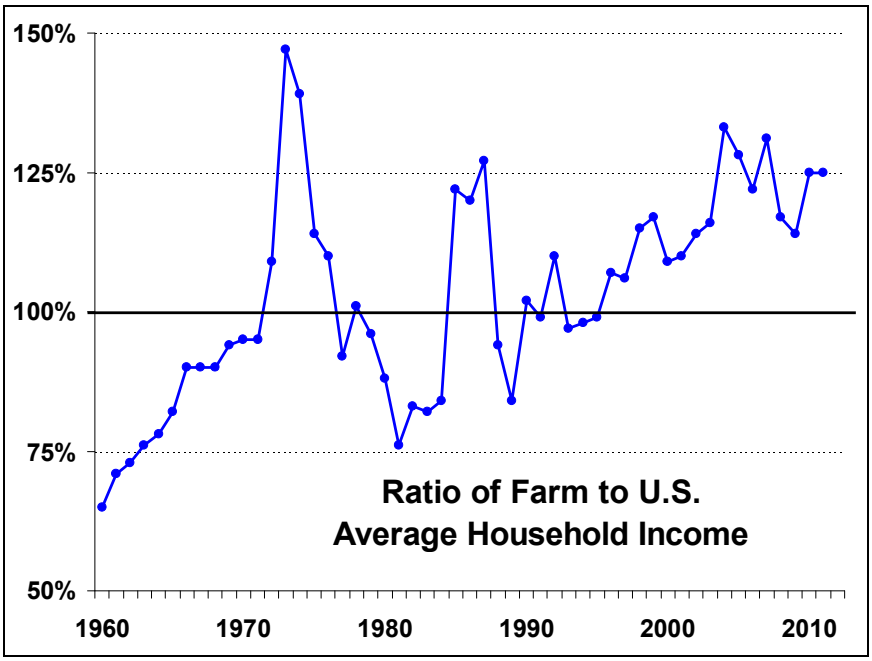
Figure 28. Comparison of Farm to U.S. Average Household Income Since 1960



Source: USDA, ERS, "2013 Farm Income Forecast," February 11, 2013.

Note: 2012 is preliminary, 2013 is forecast.

Figure 29. Ratio of Farm to U.S. Average Household Income Since 1960



Source: See above source note. 2011 is the last year with comparable data.

Farm Household Income by Sales Class

The share of income from farming increases with farm size as measured by gross sales (**Table 1**).

- "Large" commercial farm households (farms with annual sales greater than $250,000) obtained nearly 75% of household income on-farm and accounted for 82% of the value of total U.S. agricultural production in 2011, while representing only about 10% of farm households.[19]
- Intermediate family farms (farms with annual sales in excess of $10,000 but less than $250,000) obtained about 10% of household income from on-farm sources, accounted for about 17% of the value of total U.S. agricultural production, and represented about 30% of family farms.
- "Small" farm households (annual sales less than $10,000) actually lost revenue from farming operations (-9% of household income) and accounted for slightly more than 1% of the value of total U.S. agricultural production in 2011, while representing 59% of farm households. A substantial number of these small farms are classified as rural residence farms and either receive little or no income from farm sources or have a total income level that qualifies them as limited-resource farms.

[19] For more information on farm typology, see the ERS Briefing Room, *Farm Household Well-Being*, at http://www.ers.usda.gov/topics/farm-economy/farm-household-well-being.aspx.

Table 1. Distribution of Farms and Value of Production by Gross Farm Sales, 2011

	Family Farms		Total U.S. Production	Total HH Income (Mean)		
Value of Gross Sales	Number	Share	Share	On-farm Share	Off-farm Share	Total Value
< $10,000	1,255,816	59%	1.2%	-9%	109%	$70,507
$10,000 to $249,999	639,430	30%	16.5%	10%	90%	$79,780
≥ $250,000	219,422	10%	82.3%	75%	25%	$205,215
All	2,114,668	100%	100.0%	17%	83%	$87,289

Source: USDA, ERS, *Farm Income and Wealth Statistics*; U.S. and State Farm Income and Wealth Statistics, updated as of November 27, 2012; available at http://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics.aspx.

Table 2. U.S. Crop and Livestock Revenue by Source, 2008-2013F

($ billions)

Item	2008	2009	2010	2011	2012[a]	2013[a]	Change (%)
Field crops	**110.9**	**104.8**	**113.0**	**138.3**	**148.4**	**146.0**	**-1.6%**
Food grains	**18.7**	**14.8**	**14.1**	**17.6**	**19.4**	**18.9**	**-0.8%**
Wheat	15.4	11.7	11.1	14.6	16.3	16.0	-1.7%
Rice	3.2	3.0	3.0	2.9	2.7	2.8	4.4%
Feed crops	**58.4**	**50.5**	**54.8**	**72.7**	**76.0**	**80.3**	**5.7%**
Corn	48.4	42.5	47.2	63.9	65.4	68.5	4.7%
Other Grains	2.7	2.4	2.3	2.1	2.7	2.7	-0.8%
Hay	7.4	5.6	5.3	6.7	7.9	9.2	16.5%
Oil Crops	**28.6**	**35.6**	**36.5**	**39.7**	**45.4**	**40.8**	**-10.3%**
Soybeans	26.4	33.7	34.5	37.6	42.6	38.1	-10.6%
Peanuts	1.2	0.8	0.9	1.0	1.6	1.4	-15.6%
Cotton (lint & seed)	**5.2**	**4.0**	**7.6**	**8.3**	**7.9**	**6.0**	**-24.4%**
Other Crops	**63.8**	**64.0**	**66.6**	**69.9**	**71.2**	**70.4**	**-1.1%**
Fruits and nuts	19.0	19.3	21.9	24.2	25.4	23.6	-7.2%
Vegetables	19.9	20.4	20.1	21.0	20.0	20.8	4.4%
All other crops	24.9	24.3	24.6	24.8	25.8	26.0	0.5%
Total Crops	**174.7**	**168.9**	**179.6**	**208.3**	**219.6**	**216.3**	**-1.5%**
Meat animals	**65.0**	**59.0**	**70.0**	**84.6**	**88.6**	**89.8**	**1.3%**
Cattle & calves	48.5	43.8	51.5	62.9	67.0	67.4	0.6%
Hogs	16.1	14.7	18.0	21.7	21.5	22.3	3.6%
Sheep & lambs	0.4	0.4	0.4	0.4	0.4	0.4	0.0
Poultry and eggs	**36.8**	**32.5**	**35.5**	**36.4**	**40.1**	**41.8**	**4.2%**
Broilers	23.2	21.8	23.7	23.2	26.0	27.7	6.8%
Turkeys	4.5	3.6	4.4	5.0	5.5	5.4	-1.9%
Eggs	8.2	6.1	6.5	7.3	7.6	7.5	-0.6%
All dairy	**34.8**	**24.3**	**31.4**	**39.5**	**37.0**	**38.5**	**4.2%**
Other livestock	**5.0**	**4.5**	**4.7**	**5.4**	**6.0**	**6.5**	**7.4%**
Total Livestock	**141.6**	**120.3**	**141.6**	**166.0**	**171.7**	**176.5**	**2.8%**
Government payments	**12.2**	**12.2**	**12.4**	**10.4**	**10.8**	**10.9**	**0.1%**
Other farm income[b]	**21.5**	**22.0**	**18.3**	**26.1**	**31.3**	**36.4**	**16.1%**
Total Farm Revenue	**350.1**	**323.3**	**351.8**	**410.8**	**433.4**	**440.1**	**1.5%**

Source: "USDA, ERS, *Farm Income and Wealth Statistics*; updated as of February 11, 2013. na=not available.

a. Forecast. Change represents year-to-year change between 2012 and 2013.

b. Machine hire, custom work, forest products sales, insurance indemnities, and other farm income.

Table 3. U.S. Farm Production Expenses by Source, 2008-2013F

($ billions)

Item	2008	2009	2010	2011	2012[a]	2013[a]	Change (%)
Farm origin inputs[b]	**79.8**	**77.3**	**81.4**	**94.2**	**105.7**	**110.5**	**4.6%**
Feed	46.9	45.0	45.4	54.6	63.7	67.7	6.3%
Livestock	17.7	16.7	19.6	21.7	22.1	22.4	1.2%
Seed	15.1	15.5	16.3	17.8	19.9	20.4	2.5%
Manufactured inputs[c]	**55.0**	**49.0**	**49.6**	**57.5**	**60.3**	**60.6**	**0.6%**
Fertilizer & lime	22.5	20.1	21.0	25.1	26.6	26.5	-0.4%
Fuels & oils	16.2	12.7	13.2	15.6	16.0	15.7	-1.5%
Electricity	4.5	4.6	4.6	4.9	4.8	5.3	9.6%
Pesticides	11.7	11.5	10.7	11.8	12.9	13.1	2.1%
Total interest charges	**15.4**	**15.0**	**14.6**	**13.9**	**14.6**	**15.1**	**3.0%**
Short-term interest	6.6	6.4	6.1	5.1	5.5	6.7	22.3%
Real-estate interest	8.8	8.6	8.5	8.7	9.1	8.3	-8.7%
Other operating exp.[d]	**93.4**	**88.8**	**85.5**	**89.2**	**94.0**	**105.1**	**11.8%**
Repair & maintenance	14.8	14.7	14.8	15.5	17.1	17.7	3.6%
Hired & contract labor	30.0	28.9	27.4	27.1	27.5	30.5	10.8%
Custom work	4.1	3.9	4.3	4.0	4.4	4.5	1.7%
Marketing, storage, etc.	10.1	10.3	10.3	10.3	10.5	12.2	16.2%
Miscellaneous	34.3	31.0	28.7	32.4	34.6	40.3	16.6%
Overhead expenses[e]	**49.0**	**50.3**	**54.2**	**55.8**	**59.0**	**61.5**	**4.2%**
Capital consumption	28.7	30.1	30.7	32.1	33.4	33.8	1.1%
Property taxes	10.7	10.4	10.8	11.3	11.8	12.3	3.7%
Non-operator net rent	9.6	9.8	12.7	12.3	13.8	15.4	11.9%
Total Production Exp.	**292.6**	**280.3**	**285.2**	**310.6**	**333.7**	**352.9**	**5.7%**

Source: USDA, ERS, *Farm Income and Wealth Statistics*; updated as of February 11, 2013; available at http://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics.aspx.

a. Forecast.. Change represents year-to-year change between 2012 and 2013.

b. Farm origin inputs include purchases of feed, livestock and poultry, and seed.

c. Manufactured inputs include fertilizers and lime, pesticides, petroleum fuel and oils, and electricity.

d. Other operating costs include repair and maintenance of capital items, machine hire and custom work, marketing storage, transportation expenses, and other miscellaneous expenses.

e. Overhead expenses include property taxes, net rent to a non-operator landlord, and capital consumption.

Table 4. Annual U.S. Farm Income Since 2006

($ billions)

Item	2006	2007	2008	2009	2010	2011	2012[a]	2013[a]	Change (%)
1. Cash receipts	**240.6**	**288.5**	**316.4**	**289.1**	**321.1**	**374.3**	**391.2**	**392.9**	**0.4%**
Crops[b]	122.1	150.1	174.8	168.9	179.6	208.3	219.6	216.3	-1.5%
Livestock	118.5	138.5	141.6	120.3	141.6	166.0	171.7	176.5	2.8%
2. Government payments[c]	**15.8**	**11.9**	**12.2**	**12.2**	**12.4**	**10.4**	**10.8**	**10.9**	**4.2%**
Fixed direct payments[d]	5.1	5.1	5.1	4.7	4.8	4.7	5.0	4.9	-0.4%
CCP[e]	4.0	1.1	0.7	1.2	0.2	0.0	0.0	0.0	0.0%
Marketing Loan Benefits[f]	1.8	1.1	0.3	1.1	0.1	0.0	0.0	0.0	0.0%
Conservation	3.0	3.1	3.2	2.8	3.5	3.7	3.7	3.7	0.6%
Ad hoc and emergency	0.3	0.5	2.1	0.6	3.1	1.3	1.0	1.3	21.9%
All other[g]	1.7	1.0	0.8	1.7	0.7	0.7	1.1	0.9	-16.2%
3. Farm-related income[h]	**16.8**	**17.6**	**21.5**	**22.0**	**18.3**	**26.1**	**31.3**	**36.4**	**16.1%**
4. Gross cash income (1+2+3)	273.2	318.0	350.1	323.3	351.8	410.8	433.4	440.1	1.5%
5. Cash expenses[i]	204.8	240.6	261.1	247.6	252.4	276.1	297.8	316.6	6.3%
6. NET CASH INCOME	**68.4**	**77.4**	**88.9**	**75.6**	**99.4**	**134.7**	**135.6**	**123.5**	**-8.9%**
7. Total gross revenues[j]	290.2	339.6	377.9	343.3	365.6	428.5	446.5	481.1	7.7%
8. Total production expenses[k]	232.7	269.5	292.6	280.3	285.2	310.6	333.7	352.9	5.7%
9. NET FARM INCOME	**57.4**	**70.0**	**85.0**	**63.0**	**80.4**	**117.9**	**112.8**	**128.2**	**14.0%**

Source: USDA, ERS, *Farm Income and Wealth Statistics*; U.S. and State Farm Income and Wealth Statistics, updated as of February 11, 2013.

a. Data for 2013 are USDA forecasts. Change represents year-to-year change between 2012 and 2013.
b. Includes Commodity Credit Corporation loans under the farm commodity support program.
c. Government payments reflect payments made directly to all recipients in the farm sector, including landlords. The non-operator landlords' share is offset by its inclusion in rental expenses paid to these landlords and thus is not reflected in net farm income or net cash income. For more information on U.S. farm commodity programs, see CRS Report RL34594, *Farm Commodity Programs in the 2008 Farm Bill*; for more information on conservation programs see CRS Report RL34557, *Conservation Provisions of the 2008 Farm Bill*.
d. Direct payments include production flexibility payments of the 1996 Farm Act through 2001, and fixed direct payments under the 2002 Farm Act since 2002.
e. CCP = counter-cyclical payments.
f. Includes loan deficiency payments (LDP); marketing loan gains (MLG); and commodity certificate exchange gains.
g. Peanut quota buyout, milk income loss payments, and other miscellaneous program payments.
h. Income from custom work, machine hire, agri-tourism, forest product sales, and other farm sources.
i. Excludes depreciation and perquisites to hired labor.
j. Gross cash income plus inventory adjustments, the value of home consumption, and the imputed rental value of operator dwellings.
k. Cash expenses plus depreciation and perquisites to hired labor.

Table 5. Average Annual Income per U.S. Household, Farm versus All, 2006-2013F

($ per household)

	2006	2007	2008	2009	2010	2011F	2012F	2013F
Average U.S. Farm Income by Source								
On-Farm Income	$8,541	$11,364	$9,764	$6,866	$11,788	$14,623	$13,922	$10,421
Off-Farm income	$72,502	$77,432	$70,032	$70,302	$72,671	$72,655	$75,177	$78,155
Total Farm income	$81,043	$88,796	$79,796	$77,169	$84,459	$87,278	$89,099	$88,576
Average U.S. Household Income	$66,570	$67,609	$68,424	$67,976	$67,530	$67,677	na	na
Farm Household Income as Share of U.S. Avg. Household Income (%)	122%	131%	117%	114%	125%	125%	na	na

Source: USDA, ERS, *Farm Household Income and Characteristics,* principal farm operator household finances, data set updated as of February 11, 2013; at http://www.ers.usda.gov/data-products/farm-household-income-and-characteristics.aspx.

Note: Data for 2012 and 2013 are USDA forecasts.

Table 6. Average Annual Farm Sector Debt-to-Asset Ratio, 2006-2013F

($ billions)

	2006	2007	2008	2009	2010	2011F	2012F	2013F
Farm Assets	1,923.6	2,055.3	2,023.3	2,054.4	2,190.9	2,383.9	2,536.4	2,732.4
Farm Debt	203.6	214.1	241.6	241.9	251.6	254.1	268.9	277.4
Farm Equity	1,720.0	1,841.2	1,781.7	1,812.5	1,939.3	2,129.8	2,267.5	2,455.0
Debt-to-Asset Ratio (%)	**10.6%**	**10.4%**	**11.9%**	**11.8%**	**11.5%**	**10.7%**	**10.6%**	**10.2%**

Source: USDA, ERS, *Farm Income and Wealth Statistics*; U.S. and State Farm Income and Wealth Statistics, updated as of February 11, 2013; available at http://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics.aspx.

Note: Data for 2012 are preliminary, 2013 are USDA forecasts.

Table 7. U.S. Prices and Support Rates for Selected Farm Commodities Since 2007/08 Marketing Year

Commodity[a]	Unit	Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13F[b]	% change from 2011/12[c]	2013/14P[b]	% change from 2012/13[d]	2012 Loan Rate[e]	2012 Target Price
Wheat	$/bu	Jun-May	6.48	6.78	4.87	5.70	7.24	7.70-8.10	9.1%	—	—	2.75	3.92
Corn	$/bu	Sep-Aug	4.20	4.06	3.55	5.18	6.22	6.75-7.65	15.8%	—	—	1.95	2.63
Sorghum	$/bu	Sep-Aug	4.08	3.20	3.22	5.02	5.99	6.70-7.60	19.4%	—	—	1.95	2.57
Barley	$/bu	Jun-May	4.02	5.37	4.66	3.86	5.35	6.15-6.65	19.6%	—	—	1.85	2.44
Oats	$/bu	Jun-May	2.63	3.15	2.02	2.52	3.49	3.60-4.00	8.9%	—	—	1.33	1.44
Rice	$/cwt	Aug-Jul	12.80	16.80	14.40	12.70	14.50	14.60-15.20	2.8%	—	—	6.50	10.50
Soybeans	$/bu	Sep-Aug	10.10	9.97	9.59	11.30	12.50	13.55-15.05	14.2%	—	—	5.00	5.80
Soybean oil	¢/lb	Oct-Sep	52.0	32.16	35.95	53.20	51.90	49.0-53.0	-1.7%	—	—	—	—
Soybean meal	$/st	Oct-Sep	335.9	331.2	311.27	345.52	393.53	430-460	13.1%	—	—	—	—
Cotton, Upland	¢/lb	Aug-Jul	59.3	47.8	62.9	81.50	88.3	69-73	-19.6%	—	—	52.00	71.25
Choice Steers	$/cwt	Jan-Dec	91.8	92.27	83.25	95.38	114.73	122.86	7.1%	125-134	5.4%	—	—
Barrows/Gilts	$/cwt	Jan-Dec	47.1	47.84	41.24	55.06	66.11	60.88	-7.9%	61-65	3.5%	—	—
Broilers	¢/lb	Jan-Dec	76.4	79.7	77.60	82.90	79.0	86.6	8.4%	92-98	9.7%	—	—
Eggs	¢/doz	Jan-Dec	114.4	128.3	103.0	106.30	115.3	117.4	1.8%	113-120	-0.8%	—	—
Milk	$/cwt	Jan-Dec	19.13	18.29	12.83	16.26	20.14	18.51	-8.1%	18.90-19.60	4.0%	—	—

Source: Various USDA agency sources as described in the notes below.

a. Season average farm price for grains and oilseeds are from USDA, National Agricultural Statistical Service, *Agricultural Prices*. Calendar year data are for the first year, for example, 2000/2001 = 2000; F = forecast and P = projection from *World Agricultural Supply and Demand Estimates (WASDE)* February 8, 2013;—= no value; and USDA's out-year 2013/2014 crop price forecasts will first appear in the May 2013 WASDE report. Soybean and livestock product prices are from USDA, Agricultural Marketing Service (AMS): soybean oil—Decatur, IL, cash price, simple avg. crude; soybean meal—Decatur, IL, cash price, simple avg. 48% protein; choice steers—Nebraska, direct 1100-1300 lbs.; barrows/gilts—national base, live equivalent 51%-52% lean; broilers—wholesale, 12-city avg.; eggs—Grade A, New York, volume buyers; and milk—simple avg. of prices received by farmers for all milk.

b. Data for 2012/2013 are USDA forecasts; 2013/2014 data are USDA projections.

c. Percent change from 2011/2012, calculated using the difference from the midpoint of the range for 2012/2013 with the estimate for 2011/2012.

d. Percent change from 2012/2013, calculated using the difference from the midpoint of the range for 2013/2014 with the estimate for 2012/2013.

e. Loan rate and target prices are for the 2012/2013 crop year. For more information, see CRS Report RL34594, *Farm Commodity Programs in the 2008 Farm Bill*.

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