

## Idaho Livestock and Crop Revenues

### Cattle and Calves

Revenue from cattle and calves is estimated at \$1.7 billion in 2019, down 1% from 2018. Strong beef exports, down 2% from the 2018 record, supported higher than expected beef prices following five years of expansion in the U.S. beef cow herd. The January 1 inventory of Idaho beef cows was 506,000 head in 2019, down 1% from 2018.

### Milk

Stronger milk prices through 2019, above \$19/cwt for several months, increased milk revenues to an estimated \$2.8 billion, up 19% from 2018. Idaho ranks third in the nation for milk production, with a record output of 15.5 billion pounds in 2019. Production was up 3% from 2018 and prices averaged 15% higher. The January 1, 2019, milk cow inventory was 614,000 head and throughout the 2019 calendar year an additional estimated 18,000 head were added to the herd.

### Barley

Idaho barley production in 2019 increased an estimated 1% from 2018, and the average barley price is projected to be 4% higher. Barley revenues in 2019 are estimated to be \$253 million, an increase of 17% from 2018. State average yield is estimated to be 104 bu/ac, up 3 bu/ac from 2018.

### Dry Beans

Dry bean revenues are estimated at \$46 million for 2019, 39% lower than in 2018. Growers harvested 57,500 ac, down 125,500 ac, 69% below 2018. Yields averaged 21 cwt/ac, 4 cwt higher than 2018 and prices were down 15%.

### Hay

As measured by sales, hay is Idaho's third-most-valuable crop. Cash receipts are projected to be \$404 million, down 4% from 2018. Approximately 45% of the hay produced in Idaho is fed on the farms where it was produced rather than sold; the total value of hay production is estimated at \$735 million in 2019. Idaho hay production was 4.6 million tons, down 9% from 2018. A decent hay year, coupled with improved export markets, low stocks in neighboring states, and strong domestic demand, pushed Idaho's hay prices up 8%. The average price was \$159 per ton, up \$12 per ton from 2018.

### Potatoes

Potatoes remain Idaho's largest crop source of farm cash receipts, with 2019 revenues estimated to be \$1.1 billion in 2019, 15% higher than 2018. Potato production is estimated to be 134 million cwt, down 5% from 2018. Delayed planting in some Idaho areas and record cold temperatures during harvest reduced 2019 yields to 435 cwt/ac, down from the record high 450 cwt/ac set in 2018. Similar bad weather in other major potato-producing states cut the national supply and lifted Idaho average prices up an estimated 25% to \$8.50/cwt.

### Sugarbeets

Sugarbeet revenues are estimated to be \$322 million, up 12% from 2018. Sugarbeet yields averaged 40 tons/ac and production is projected to be 6.6 million tons, nearly unchanged from 2018. Growers harvested 3,000 more acres than in 2018. Idaho's projected 2019 average beet price of \$48.51/ton is 6% higher than in 2018.

### Wheat

Wheat was Idaho's second-largest crop by revenue in 2019; revenues are expected to be \$516 million, down 1% from 2018. Production was 99.2 million bu, down 5% from 2018. Slightly lower stocks and steady exports slightly boosted wheat prices up 3% from 2018's dismal prices.

## Idaho Net Farm Income (\$ millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Change ('18-'19)
<b>REVENUES</b>											
Crop Production	2,691	3,292	3,725	3,496	3,299	2,890	2,950	2,961	3,156	3,520	12%
Livestock Production	3,250	4,004	4,058	4,639	5,492	4,574	4,280	4,374	4,333	4,751	10%
Farm-Related Income	452	603	526	642	571	616	539	658	601	678	13%
Government Payments	164	113	127	129	83	86	130	162	157	191	22%
Home Consumption	12	12	17	17	14	16	14	16	14	14	0%
Inventory Adjustment	(87)	147	134	(164)	(65)	237	20	(11)	117	112	-5%
<b>TOTAL REVENUES</b>	<b>6,482</b>	<b>8,171</b>	<b>8,587</b>	<b>8,758</b>	<b>9,395</b>	<b>8,420</b>	<b>7,933</b>	<b>8,160</b>	<b>8,377</b>	<b>9,265</b>	<b>11%</b>
<b>EXPENSES</b>											
Farm Origin Inputs	1,418	1,926	2,070	2,128	2,537	2,160	1,709	1,993	2,024	2,016	0%
Manufactured Inputs	947	1,202	1,333	1,302	1,313	1,179	1,067	1,173	1,135	1,079	-5%
Other Inputs	1,150	1,106	1,321	1,272	1,335	1,237	1,281	1,425	1,271	1,299	2%
Contract Labor	30	36	46	59	70	51	78	67	59	65	11%
Property Taxes & Fees	126	133	155	137	167	142	132	135	128	139	9%
Capital Consumption	253	278	462	512	658	588	613	559	483	488	1%
Payments to Stakeholders	1,264	1,240	1,247	1,315	1,294	1,160	1,249	1,500	1,489	1,497	1%
<b>TOTAL EXPENSES</b>	<b>5,188</b>	<b>5,922</b>	<b>6,634</b>	<b>6,726</b>	<b>7,375</b>	<b>6,518</b>	<b>6,129</b>	<b>6,851</b>	<b>6,588</b>	<b>6,583</b>	<b>0%</b>
<b>NET FARM INCOME</b>	<b>1,294</b>	<b>2,250</b>	<b>1,953</b>	<b>2,032</b>	<b>2,020</b>	<b>1,902</b>	<b>1,804</b>	<b>1,309</b>	<b>1,789</b>	<b>2,682</b>	<b>50%</b>
<b>Year-to-Year Change</b>	<b>68%</b>	<b>74%</b>	<b>-13%</b>	<b>4%</b>	<b>-1%</b>	<b>-6%</b>	<b>-5%</b>	<b>-27%</b>	<b>37%</b>	<b>50%</b>	

SOURCES: 2010–18: Economic Research Service/USDA. 2019: Forecasted by G. Taylor and B. Eborn, University of Idaho. NOTE: Some data for 2018 are preliminary and all 2019 data are preliminary.

## Idaho Cash Receipts from Farm Marketings (\$ millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Change ('18-'19)
<b>LIVESTOCK</b>											
Cattle and Calves	1,191	1,377	1,406	1,849	2,044	1,959	1,715	1,647	1,726	1,710	-1%
Milk	1,899	2,433	2,422	2,573	3,198	2,352	2,356	2,511	2,373	2,816	19%
Other Livestock	160	194	230	217	251	263	210	215	234	225	-4%
<b>TOTAL LIVESTOCK</b>	<b>3,250</b>	<b>4,004</b>	<b>4,058</b>	<b>4,639</b>	<b>5,492</b>	<b>4,574</b>	<b>4,280</b>	<b>4,374</b>	<b>4,333</b>	<b>4,751</b>	<b>10%</b>
<b>CROPS</b>											
Barley	201	213	286	326	295	267	268	237	217	253	17%
Beans	60	80	95	78	63	93	80	66	75	46	-39%
Hay	337	569	530	544	551	440	354	380	423	404	-4%
Potatoes	815	901	950	932	923	871	869	905	930	1,070	15%
Sugarbeets	269	332	369	296	254	284	301	290	288	322	12%
Wheat	557	681	841	674	647	367	445	420	523	516	-1%
Other Crops	654	729	940	971	862	835	902	900	916	908	-1%
<b>TOTAL CROPS</b>	<b>2,691</b>	<b>3,292</b>	<b>3,725</b>	<b>3,495</b>	<b>3,299</b>	<b>2,890</b>	<b>2,950</b>	<b>2,961</b>	<b>3,156</b>	<b>3,520</b>	<b>12%</b>
<b>TOTAL CASH RECEIPTS</b>	<b>5,941</b>	<b>7,296</b>	<b>7,783</b>	<b>8,134</b>	<b>8,791</b>	<b>7,464</b>	<b>7,230</b>	<b>7,335</b>	<b>7,489</b>	<b>8,271</b>	<b>10%</b>
<b>Year-to-Year Change</b>	<b>14%</b>	<b>23%</b>	<b>7%</b>	<b>5%</b>	<b>8%</b>	<b>-15%</b>	<b>-3%</b>	<b>1%</b>	<b>2%</b>	<b>10%</b>	

SOURCES: 2010–18: Idaho Agricultural Statistics Service. 2019: Forecasted by G. Taylor and B. Eborn, University of Idaho. NOTE: Some data for 2018 are preliminary and all 2019 data are preliminary.

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# The Financial Condition of Idaho Agriculture: 2019

Ben Eborn and Garth Taylor

Idaho agriculture is on the upswing. After four years of decline, 2014–17, Idaho net farm income in 2019 is projected to jump to a record high.

Cash receipts from sales of crops and livestock in 2019 are projected to be \$8.3 billion, the second highest and 6% below the 2014 record high. Milk cash receipts, Idaho's leading agricultural commodity, increased by an estimated 19%. Cash receipts for Idaho's second- and third-largest commodities—cattle and calves and potatoes—decreased by 1% and increased by 15%, respectively.

Idaho's 2019 net farm income is projected to be \$2.7 billion, a 50% jump over 2018. Total revenues are projected to increase 11% to \$9.3 billion and total expenses are projected to be steady. If realized, 2019 net farm income will be a record high, \$432 million above the 2011 record of \$2.3 billion.

### Highlights:

- Exports from farms and food processors create a ripple effect throughout Idaho's economy, making agribusiness Idaho's largest industry. One of every five dollars in sales is directly or indirectly created by agribusiness.
- Idaho ranks first in U.S. potato production. With 2019 projected cash receipts of \$1.1 billion, potatoes top the list in Idaho crop sales. Wheat and hay follow with projected cash receipts of \$516 million and \$404 million, respectively.
- Idaho ranks third in the United States for milk production. With \$2.8 billion, milk is the top source of Idaho's cash receipts. Second to milk are cash receipts from cattle and calves, projected to be \$1.7 billion.
- Idaho agriculture is driven largely by livestock. Over 57% of Idaho cash receipts are livestock products: milk, beef, and other (trout, sheep, etc.). Hay, silage, feed grains, and even the by-products of beet pulp and potato waste feed Idaho livestock.
- Idaho's net farm income continues to be volatile. Net farm income for 2019 is forecasted to be 50% higher than 2018. The 2019 increase follows a 37% increase in 2018 which followed four years of declines. Only four of the last fifteen years have seen less than double-digit, year-to-year changes in net farm income. Net farm income for 2019 is 19% higher than the previous record of \$2.3 billion set in 2011.
- Except for 2009—a year of disastrously poor milk prices—livestock cash receipts have surpassed crop cash receipts every year since 2001. In 2019, livestock cash receipts are estimated to surpass crop cash receipts by \$1.2 billion.
- Federal government payments in fiscal year 2019 are estimated at \$191 million, an increase of 22% from 2018. Grain commodity programs constitute 43% of government payments while conservation programs accounted for 26% and disaster programs accounted for 1%. Dairy Margin Coverage payments were roughly \$6 million and Market Facilitation Program payments were approximately \$51 million.

## Contribution of Agribusiness to Idaho's Economy

Agribusiness is a vertically integrated industry comprising food production and processing. In providing food to national and international markets, agribusiness creates business sales and jobs throughout the Idaho economy and contributes to the state's GDP. Agribusiness export dollars ripple throughout Idaho's economy, creating (directly and indirectly):

- \$26 billion in sales, 18% of Idaho's total economic output
- 123,000 Idaho jobs, 1 in every 8 jobs in the state
- \$10 billion in value added, 13% of Idaho's GDP

## Idaho Farm Cash Receipts

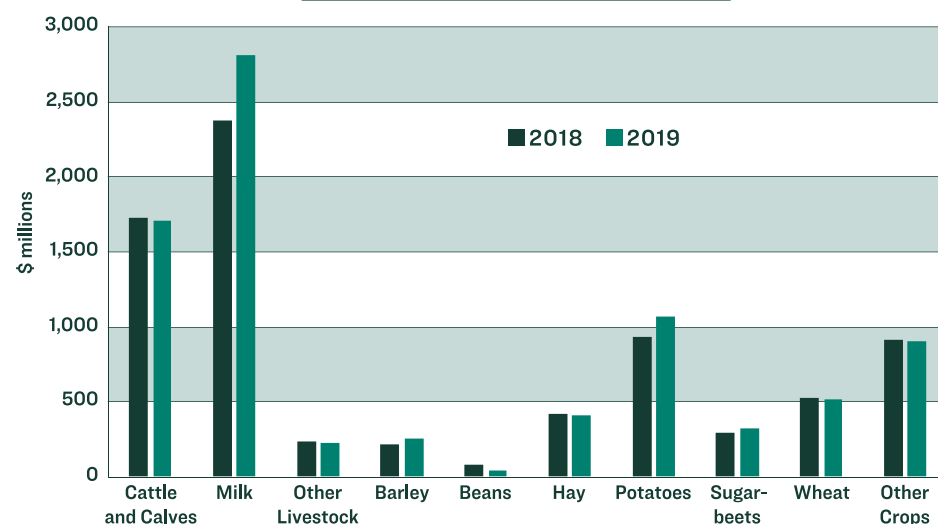
Idaho's 2019 farm cash receipts are estimated to be \$8.3 billion—a 10% increase from 2018's \$7.5 billion, just 6% short of the record high of \$8.8 billion set in 2014.

Crop revenues for 2019 are estimated at \$3.5 billion, up 12% from 2018's \$3.2 billion and 10% above the 10-year average. Barley (up 17%), potatoes (up 15%), and sugarbeets (up 12%) recorded the largest increases in receipts over 2018. Hay receipts decreased 4% while other crops and wheat posted 1% decreases. Revenue from crops (except sugarbeets) is recorded on a calendar-year basis and, therefore, includes a portion of the previous year's and the current year's production.

Livestock revenues are estimated at \$4.8 billion, up 10% from 2018 and 9% higher than the 10-year average. Cash receipts from milk are expected to be \$2.8 billion, up 19% from last year's \$2.4 billion. Cash receipts from cattle and calves are projected to be \$1.7 billion, 1% lower than 2018.

In real dollars (inflation adjusted to 2018), estimated cash receipts are 42% higher than the 40-year (1980–2019) average. Extreme volatility in commodity prices over the past ten years has increased agricultural revenue volatility to levels not seen since the 1970s and 1980s. In the past 10 years (2010–19) real cash receipts have grown at an average annual rate of 1.8%. In the previous two decades (1983–2002), real cash receipts grew at an average annual rate of 0.4%.

Idaho Farm Cash Receipts, 2018 & 2019



Sources: USDA National Agricultural Statistics Service and UI projections.

## Idaho Net Farm Income

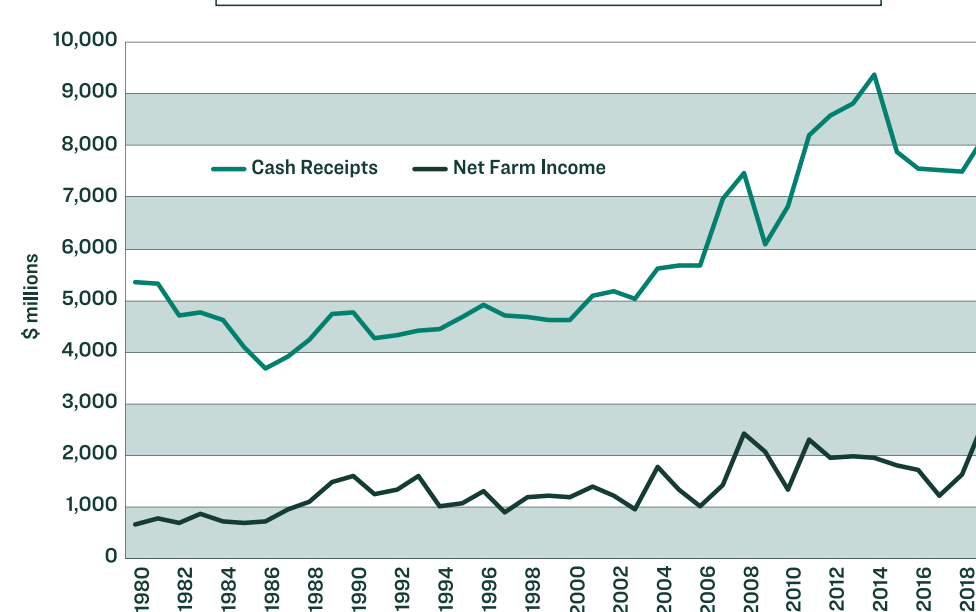
Net farm income (revenues minus costs) is the farmer's bottom line. Revenues include cash receipts from crop and livestock sales, inventory changes, the estimated value of home consumption, government payments, machine hire and custom work, forest product sales, and the imputed rental value of farm dwellings. Farm expenses include farm-origin inputs (purchased livestock, feed, and seed), manufactured inputs (fertilizers, fuel, and electricity), and "other inputs," including repairs and maintenance, machine hire and custom work, marketing, storage, transportation, and contract labor.

The projected 50% increase in 2019 Idaho net farm income is the difference between an estimated 11% increase in total revenues minus unchanged total expenses. Estimated net farm income in 2019 is \$2.7 billion, 41% above the 10-year average. In contrast, United States Department of Agriculture's 2019 U.S. net farm income is estimated at \$93 billion, up 10% from 2018; 2018's topped 2017's by 12%.

Historically, net farm income is much more volatile than gross cash receipts. In six of the past ten years, Idaho experienced double-digit swings in net farm income. Net farm income jumped 68% from 2009 to 2010, then increased 74% from 2010 to 2011. The 50% increase in 2019 followed a 37% increase in 2018 and a 27% decrease in 2017. Real-dollar Idaho net farm income (inflation adjusted to 2018) set a 50-year record (1970–2019) in 2008. Idaho real net farm income for 2019 is estimated to be 86% above the 50-year average.

The overall increase in farm expenses in 2019 was attributed to steady costs for farm-origin inputs (feed, seed, and replacement livestock purchases) and a 5% decrease in manufactured inputs (fertilizer, chemicals, and fuel). Other expenses were up 2%, including machine hire and custom work, marketing, storage, transportation, repairs, and maintenance. Contract labor was up 11%. Interest expenses were down 6% in 2018.

Idaho Farm Cash Receipts and Net Farm Income, 1980–2019



Sources: USDA Economic Research Service, Idaho office of the National Agricultural Statistics Service, and UI projections.

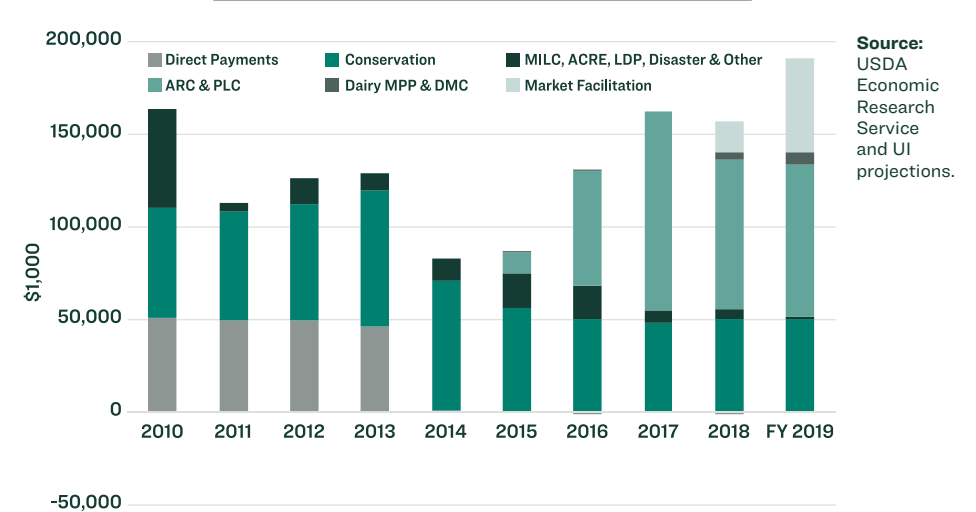
Note: In real dollars (2018 base).

## Government Payments

Federal government payments to Idaho agriculture in fiscal year 2019 are estimated at \$191 million, an increase of 22% from 2018 and 42% more than the average of the past ten years.

In 2019, Market Facilitation Program payments were \$47 million. These are compensation payments for the loss of export markets during trade negotiations. In 2019, direct payments contributed 24% to total U.S. net farm income. In contrast, government payments contributed 7% to Idaho's net farm income, down from a high of 20% in 2009. Idaho received less than 1% of total 2019 payments to U.S. agriculture.

Idaho Government Payments, 2010–19

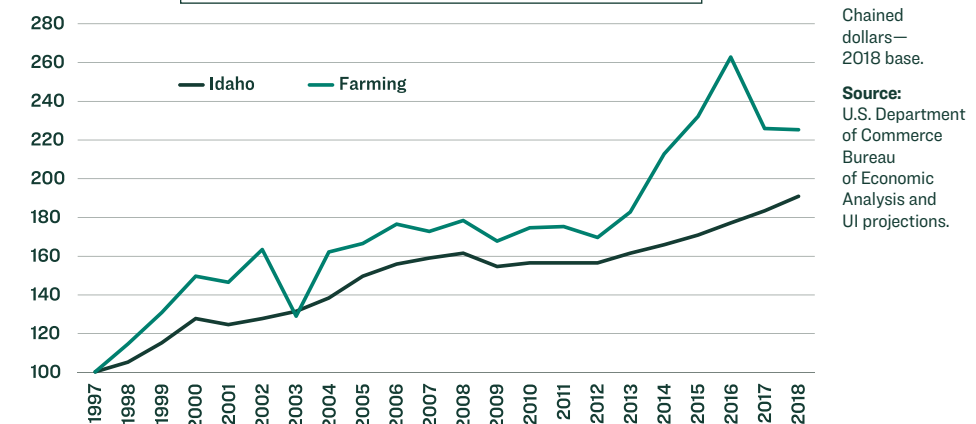


Source: USDA Economic Research Service and UI projections.

## Idaho Agriculture's Gross Domestic Product

Gross domestic product (GDP) measures value added, the value of output minus the value of intermediate goods and services used in production. GDP grows when farms and businesses become more efficient: increasing output while reducing use of intermediate inputs. In 2018, Idaho's nominal GDP exceeded \$77 billion, of which 3.4% was generated by farming. Farm GDP in 2018 decreased 4% from 2017, to \$2.6 billion. Over the past 22 years (1997–2018) inflation-adjusted (2018 dollars) Idaho GDP has grown by 90%, while Idaho farm GDP increased 125%.

Idaho Total and Farming GDP Index (1997=100)



Chained dollars—2018 base.

Source: U.S. Department of Commerce Bureau of Economic Analysis and UI projections.