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Representative Farms Economic Outlook for the December 2012 FAPRI/AFPC Baseline

Briefing Paper 12-4

December 2012

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REPRESENTATIVE FARMS ECONOMIC OUTLOOK FOR THE DECEMBER 2012 FAPRI/AFPC BASELINE

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EXECUTIVE SUMMARY

The Agricultural and Food Policy Center (AFPC) at Texas A&M University develops and maintains data to simulate 95 representative crop, dairy, and livestock operations in major production areas in 28 states. The chief purpose of this analysis is to project the economic viability of those farms by region and commodity for 2012 through 2017. The data necessary to simulate the economic activity of these operations is developed through ongoing cooperation with panels of agricultural producers in selected states. The Food and Agricultural Policy Research Institute (FAPRI) provided projected prices, policy variables, and input inflation rates in their December 2012 Baseline.

Under the December 2012 Baseline, 49 of the 63 crop farms are considered in good liquidity condition (less than a 25 percent chance of negative ending cash by 2017). Two crop farms have between a 25 percent and a 50 percent likelihood of negative ending cash, and the remaining 12 crop farms have greater than a 50 percent chance of negative ending cash. Furthermore, 48 of the 63 crop farms are considered in good equity position (less than a 25 percent chance of decreasing real net worth during the study period). Six crop farms have between a 25 percent and 50 percent likelihood of losing real net worth, and nine 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: Twenty of the 22 feedgrain farms are in good overall financial condition. One is classified in marginal condition, and one is in poor condition. Overall financial rankings for representative feedgrain farms show improvement from the August 2012 baseline.

- WHEAT FARMS: All eleven representative wheat farms are classified in good overall financial condition. These rankings show a slight improvement from the August 2012 baseline, as that report had one farm in marginal condition.

- COTTON FARMS: Nine of the 16 cotton farms are classified in good condition, three are in marginal condition, and four are in poor condition. The December 2012 baseline results in a slight improvement in overall financial rankings as one farm shifts from marginal to good.

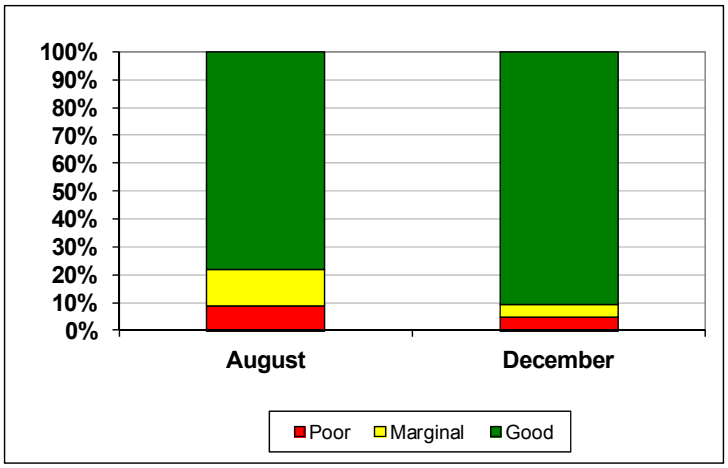
- RICE FARMS: Five of the 14 rice farms are projected to be in good financial condition, four are in marginal condition, and five are in poor condition. The current baseline reflects an improvement in overall financial rankings for representative rice farms, resulting in 1 more farm in good condition and 2 less farms in poor condition as compared to the mid-year update in August.

- DAIRY FARMS: Nine of the 21 dairy farms are in good overall financial condition. Seven are classified in marginal condition, and five are in poor condition. Overall financial rankings for representative dairies remain virtually unchanged from the August 2012 baseline.

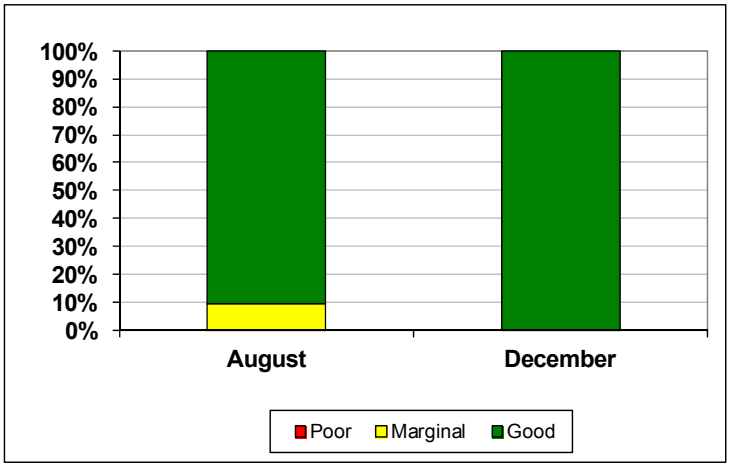
- BEEF CATTLE RANCHES: Eight of the 11 cattle ranches are classified in good financial condition, two are in marginal condition, and one is projected to be in poor condition. The December 2012 baseline resulted in virtually no change in overall financial rankings as compared to the 2012 August baseline.

Comparison of Projected Overall Economic Viability of Representative Farms, Dairies, and Ranches Between August 2012 and December 2012 FAPRI/AFPC Baselines

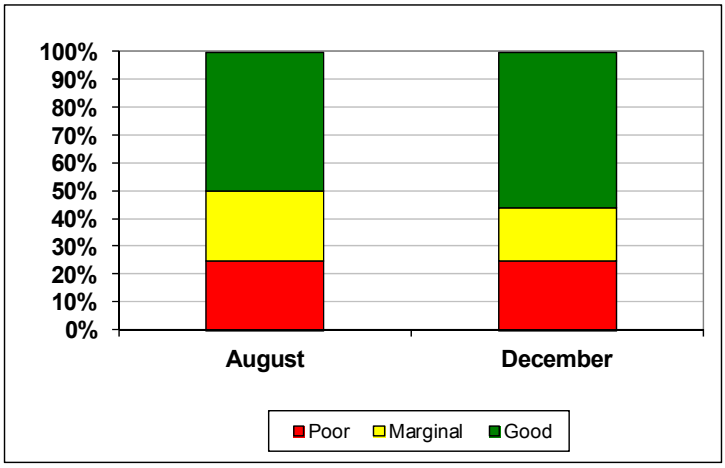
Feedgrain Farms



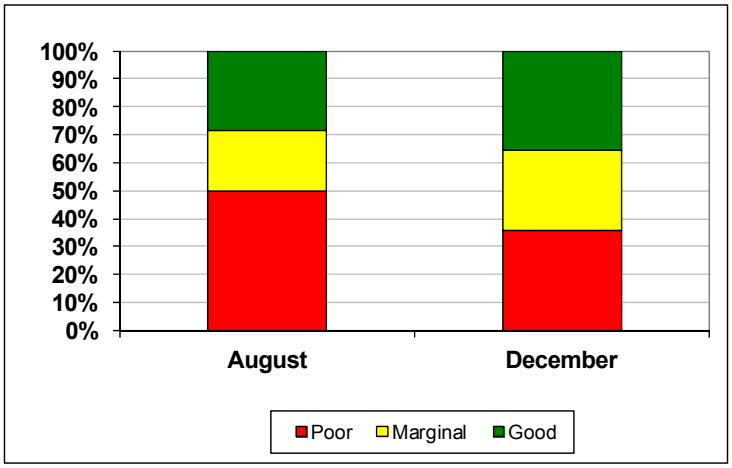
Wheat Farms



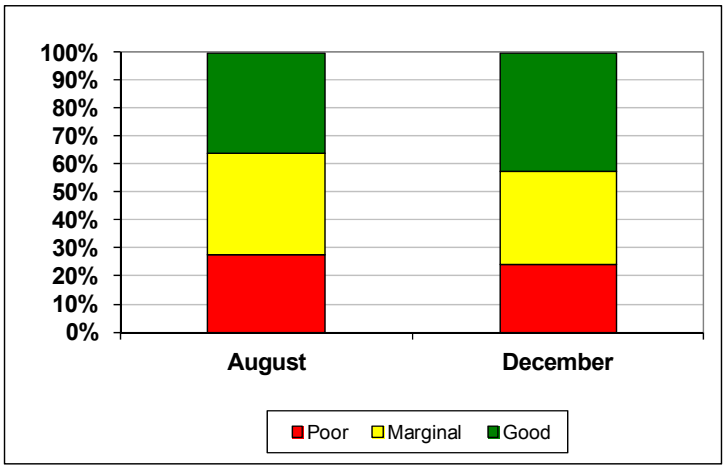
Cotton Farms



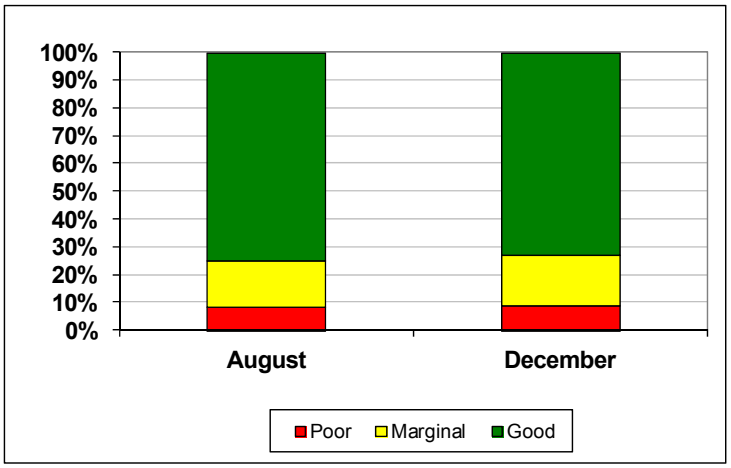
Rice Farms



Dairies



Ranches



REPRESENTATIVE FARMS ECONOMIC OUTLOOK FOR THE DECEMBER 2012 FAPRI/AFPC BASELINE

The farm level economic impacts of the FAPRI December 2012 Baseline on representative crop and livestock operations are projected in this report. The analysis was conducted over the 2009-2017 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.

- Projected prices, policy variables, and input inflation rates from the Food and Agricultural Policy Research Institute (FAPRI) December 2012 Baseline.

The FLIPSIM policy simulation model incorporates the historical risk faced by farmers for prices and production. This report presents the results of the December 2012 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 2017.

DEFINITIONS OF VARIABLES IN THE SUMMARY TABLES

- **Overall Financial Position, 2012-2017** -- 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 to be 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** -- 2012-2017 average cash receipts from all farm related sources, including market sales, CCP/ACRE and direct payments, marketing loan gains/LDPs, crop insurance indemnities, and other receipts.
- **Payments** -- 2012-2017 average annual CCP or ACRE payments, direct payments, and marketing loan gains/LDPs for crops and the MILC program payment for dairy farms.
- **NCFI** -- 2012-2017 average net cash farm income equals average total receipts minus average total cash expenses.
- **Reserve 2017** -- equals total cash on hand at the end of year 2017. 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 2017** -- equity equals total assets including land minus total debt from all sources and is reported at the end of 2017.
- **CRNW** -- annualized percentage change in the operator's net worth from January 1, 2012 through December 31, 2017, after adjusting for inflation.

Table 1. FAPRI December 2012 Baseline Projections of Crop and Livestock Prices, 2009-2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Crop Prices									
Corn ($/bu.)	3.55	5.18	6.22	7.30	5.07	4.89	4.86	4.90	4.92
Wheat ($/bu.)	4.87	5.70	7.24	8.03	7.08	6.16	6.03	6.12	6.16
Cotton ($/lb.)	0.6290	0.8150	0.8830	0.6912	0.6808	0.6742	0.6731	0.6801	0.6832
Sorghum ($/bu.)	3.22	5.02	5.99	6.86	4.74	4.54	4.57	4.61	4.64
Soybeans ($/bu.)	9.59	11.30	12.50	14.53	12.05	11.31	11.26	11.48	11.69
Barley ($/bu.)	4.66	3.86	5.35	6.26	4.65	4.48	4.43	4.59	4.67
Oats ($/bu.)	2.02	2.52	3.49	3.80	3.22	3.04	2.97	2.96	2.97
Rice ($/cwt.)	14.40	12.70	14.30	14.49	14.46	13.97	13.82	13.97	13.99
Soybean Meal ($/ton)	296.89	329.56	375.35	439.60	303.94	298.28	304.65	315.09	323.65
All Hay ($/ton)	108.00	114.00	178.00	190.27	164.32	143.87	141.15	143.61	146.75
Peanuts ($/ton)	434.00	450.00	636.00	567.73	472.97	513.30	506.71	508.94	509.86
Cattle Prices									
Feeder Cattle ($/cwt)	101.89	115.40	141.25	157.86	165.42	171.09	171.20	161.76	153.15
Fed Cattle ($/cwt)	83.25	95.38	114.73	122.38	130.17	131.08	131.17	127.85	124.23
Culled Cows ($/cwt)	47.01	56.76	69.92	76.48	84.48	86.93	87.15	80.79	74.46
Milk Price									
U.S. All Milk Price ($/cwt)	12.93	16.35	20.25	18.60	19.90	19.48	19.21	19.19	19.25

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

Table 2. FAPRI December 2012 Baseline Assumed Rates of Change in Input Prices and Annual Changes in Land Values, 2010-2017

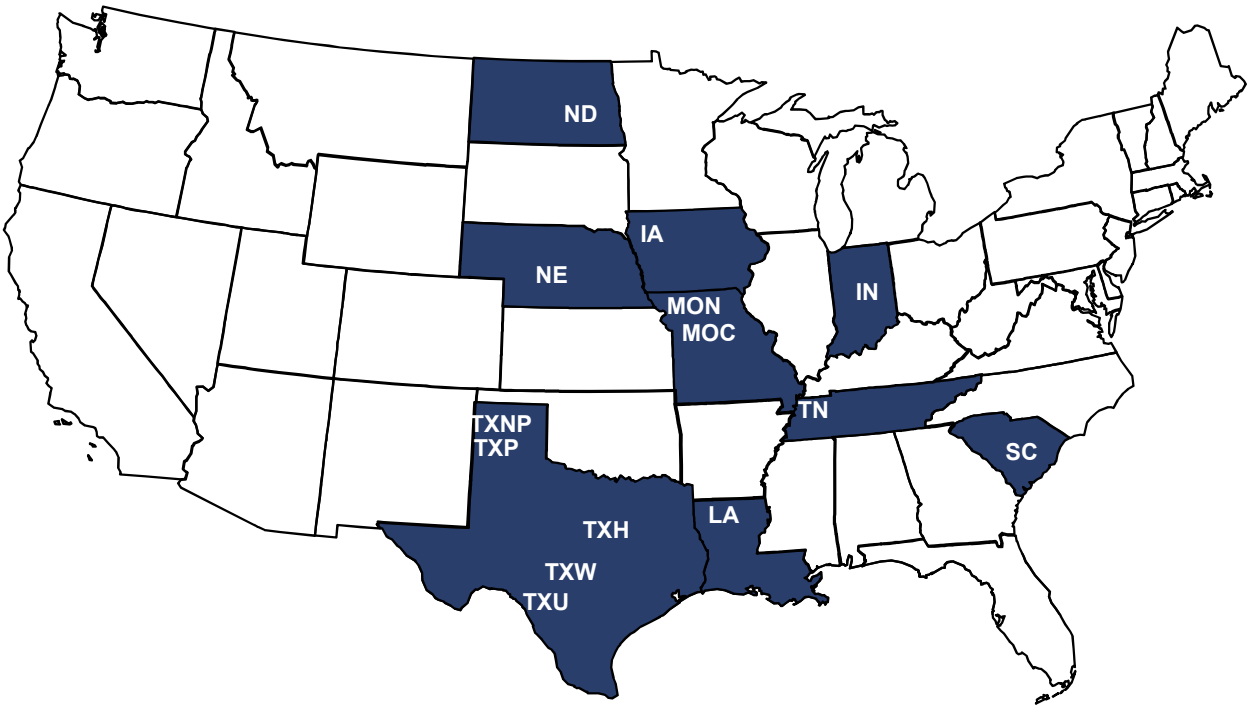
	2010	2011	2012	2013	2014	2015	2016	2017
Annual Rate of Change for Input Prices Paid								
Seed Prices (%)	3.68	7.10	7.73	3.27	1.45	-1.43	0.43	1.71
All Fertilizer Prices (%)	-6.23	36.93	6.97	2.27	1.80	-1.69	-0.56	0.76
Herbicide Prices (%)	-6.38	-1.52	5.45	2.45	3.54	1.31	2.12	2.11
Insecticide Prices (%)	1.86	2.44	3.62	1.78	3.23	1.48	2.17	2.10
Fuel and Lube Prices (%)	24.02	27.46	-0.12	-8.96	-1.62	-3.75	3.75	3.18
Machinery Prices (%)	3.60	6.09	5.05	1.57	2.63	2.27	2.68	2.56
Wages (%)	0.53	1.59	2.86	2.21	2.52	2.72	2.90	3.00
Supplies (%)	1.31	4.52	2.01	1.45	2.46	1.47	1.84	1.64
Repairs (%)	1.89	3.70	3.32	2.15	2.38	2.21	2.39	2.40
Services (%)	3.21	1.86	2.59	1.34	2.73	1.72	2.37	2.42
Taxes (%)	3.43	5.21	4.50	3.20	4.35	3.03	3.16	2.78
PPI Items (%)	3.30	14.36	6.82	2.92	-4.42	-1.21	0.81	1.47
PPI Total (%)	3.31	11.76	7.06	2.83	-3.28	-0.49	1.35	1.81
Annual Change in Consumer Price Index (%)	1.64	3.14	2.03	1.29	1.77	1.68	1.89	1.89
Annual Rate of Change for U.S. Land Prices (%)	4.27	8.64	10.88	8.64	1.92	0.90	0.11	0.23

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

Representative Farm: Feed Grains

- Overall, twenty feed grain farms are characterized as good, one is marginal, and one is in poor condition.

- Only one (TXHG2500) of the twenty-two farms will be under severe cash flow stress; that same farm also has a high probability (greather than a 50 percent chance) of losing real net worth.



Characteristics of Panel Farms Producing Feed Grains, 2011.

	Cropland (acres)	Assets ($1,000)	Debt/Asset (ratio)	Gross Receipts ($1,000)	Feed Grains (acres)
IAG1350	1,350	3,448.00	0.15	1,261.80	1,350
IAG3400	3,400	8,990.00	0.15	2,891.30	3,400
NEG2400	2,400	5,264.00	0.12	2,781.70	2,400
NEG4300	4,300	10,192.00	0.16	4,435.10	3,870
NDG2500	2,500	2,373.00	0.11	1,193.40	2,000
NDG8000	8,000	12,649.00	0.18	4,226.30	6,450
ING1000	1,000	3,342.00	0.10	812.60	1,000
ING2200	2,200	7,672.00	0.10	1,821.20	2,200
MOCG2300	2,300	12,102.00	0.11	1,686.90	2,300
MOCG4000	4,000	19,767.00	0.11	2,383.50	4,000
MONG1850	1,850	7,981.00	0.11	1,361.30	1,800
LAG2640	2,640	1,588.00	0.27	2,262.20	2,244
LANG2500	2,500	7,145.00	0.15	2,433.70	1,750
TNG900	900	1,950.00	0.12	630.60	900
TNG2200	2,200	4,314.00	0.11	1,324.50	2,200
SCG3500	3,500	10,062.00	0.14	3,167.90	2,625
TXNP3000	3,000	2,247.00	0.13	2,102.20	1,200
TXNP8000	8,000	7,038.00	0.11	5,970.70	3,987
TXPG2500	2,500	4,388.00	0.18	1,966.30	1,058
TXHG2500	2,500	2,100.00	0.26	790.00	1,700
TXWG1600	1,600	1,209.00	0.10	619.70	1,050
TXUG1200	1,200	280.00	0.09	1,139.30	750

Representative Farm: Feed Grains

Economic Viability of Representative Farms over the 2012-2017 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
20/1/1	2012	2017	2012-2017	2012-2017
IAG1350			1-1	1-1
IAG3400			1-1	1-1
NEG2400			1-1	1-1
NEG4300			1-1	1-1
NDG2500			1-1	1-1
NDG8000			1-1	1-1
ING1000			1-1	1-1
ING2200			1-1	1-1
MOCG2300			1-1	1-1
MOCG4000			1-1	1-1
MONG1850			1-1	1-1
LAG2640			1-2	1-3
LANG2500			1-1	1-1
TNG900			1-1	1-1
TNG2200			1-1	1-1
SCG3500			1-1	1-1
TXNP3000			1-1	1-1
TXNP8000			1-1	1-1
TXPG2500			1-3	1-4
TXHG2500			18-95	1-69
TXWG1600			1-4	1-10
TXUG1200			2-14	1-39

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 2012 and 2017.

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 2009 to 2012 and from 2009 to 2017.

Implications of the December 2012 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Feed Grains and Oilseeds

	Receipts	Payments	NCFI	Reserve 2017	Net Worth 2017	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
IAG1350	1,176.05	29.24	534.08	1,911.85	4,796.77	6.65
IAG3400	2,651.63	8.31	1,319.18	4,545.19	12,339.53	6.74
NEG2400	2,525.02	26.67	949.89	3,911.52	7,675.94	6.26
NEG4300	3,998.15	9.02	1,586.37	5,927.62	13,775.91	6.07
NDG2500	1,183.40	29.55	448.94	1,562.53	3,781.30	6.51
NDG8000	4,132.32	5.70	1,724.24	6,194.07	17,965.98	6.28
ING1000	787.23	20.32	295.51	746.58	4,144.14	4.22
ING2200	1,786.94	32.17	691.90	2,255.00	9,921.63	5.01
MOCG2300	1,559.72	25.13	761.45	1,733.66	14,326.22	4.23
MOCG4000	2,422.17	3.70	1,242.63	3,612.03	24,046.37	4.65
MONG1850	1,423.92	28.65	517.81	1,275.94	9,697.26	4.56
LAG2640	2,244.28	117.10	581.66	1,404.43	2,927.56	9.91
LANG2500	2,301.38	94.83	761.63	2,499.36	8,928.28	5.70
TNG900	622.44	10.93	262.07	575.22	2,664.83	4.82
TNG2200	1,319.13	28.05	491.81	1,257.43	5,573.45	3.58
SCG3500	2,784.99	71.48	824.97	3,267.55	13,344.85	4.33
TXNP3000	2,005.37	61.61	511.41	1,965.70	3,872.11	8.33
TXNP8000	5,212.42	55.51	1,240.39	5,789.38	11,270.62	6.74
TXPG2500	1,822.42	94.65	427.16	919.87	5,122.00	3.16
TXHG2500	851.62	40.57	127.19	(476.47)	1,757.19	(1.35)
TXWG1600	620.70	34.48	146.21	269.54	1,593.69	2.24
TXUG1200	965.38	52.39	140.75	252.72	441.62	14.27

1 Receipts are average annual total cash receipts including government payments, 2012-2017 ($1,000)

2 Payments are average annual total government payments, 2012-2017 ($1,000)

3 NCFI is average annual net cash farm income, 2012-2017 ($1,000)

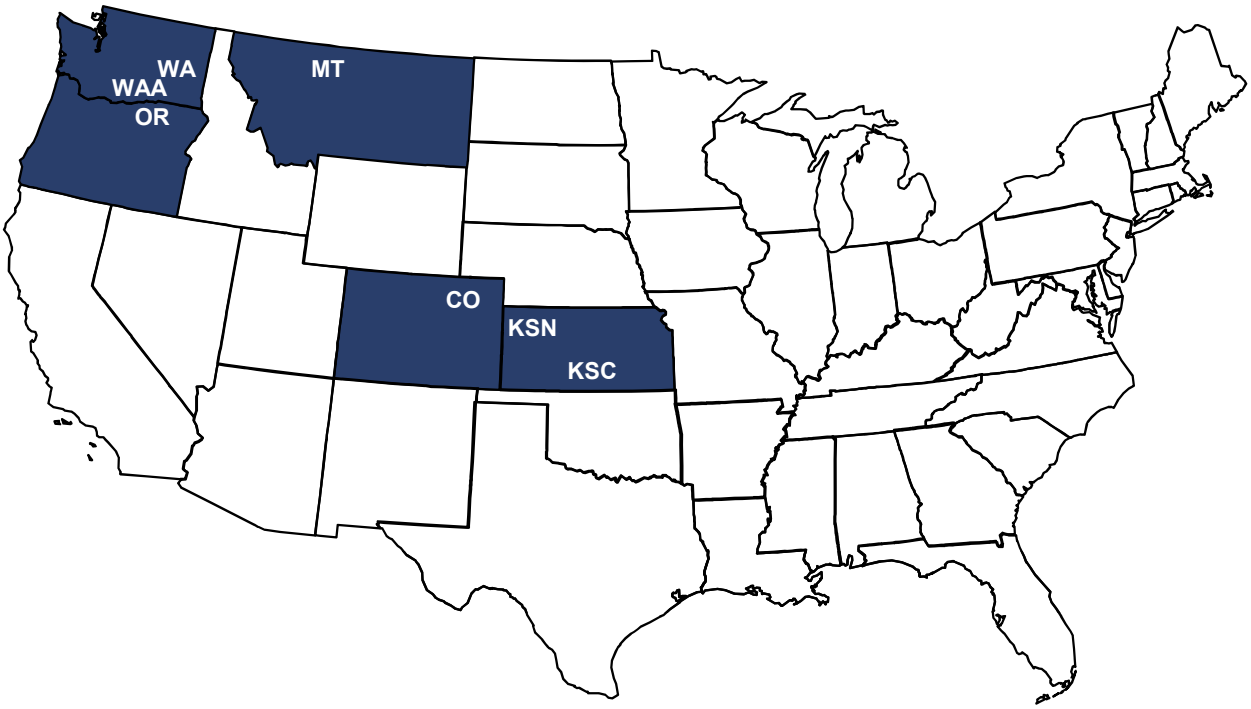
4 Reserve 2017 is average ending cash reserves, 2017 ($1,000)

5 Net Worth 2017 is average nominal ending net worth, 2017 ($1,000)

6 CRNW is average percentage change in real net worth over 2012-2017 period, (%)

Representative Farm: Wheat

- All eleven wheat farms are projected to be in good overall financial condition.
- None of the eleven wheat farms will feel any sizable liquidity pressure over the period.
- None of the wheat farms have a greater than 25 percent chance of losing real equity.



Characteristics of Panel Farms Producing Wheat, 2011.

	Cropland (acres)	Assets ($1,000)	Debt/Asset (ratio)	Gross Receipts ($1,000)	Wheat (acres)
WAW1725	1,725	2,035.00	0.09	795.50	1,147
WAW5500	5,500	8,382.00	0.11	2,383.30	3,055
WAAW3500	3,500	1,658.00	0.19	454.60	1,500
ORW3600	3,600	1,580.00	0.14	562.20	1,600
MTW4500	4,500	3,437.00	0.13	672.50	2,330
KSCW2000	2,000	2,142.00	0.11	638.80	1,200
KSCW4500	4,500	3,754.00	0.15	1,376.10	2,700
KSNW4000	4,000	2,936.00	0.16	1,128.10	1,500
KSNW5500	5,500	4,994.00	0.15	1,913.60	1,820
COW3000	3,000	2,142.00	0.12	539.20	970
COW5640	5,640	3,425.00	0.12	978.40	1,900

Representative Farm: Wheat

Economic Viability of Representative Farms over the 2012-2017 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
11/0/0	2012	2017	2012-2017	2012-2017
WAW1725			1-1	1-1
WAW5500			1-1	1-1
WAAW3500			1-17	1-2
MTW4500			1-1	1-1
ORW3600			1-1	1-1
KSCW2000			1-2	1-2
KSCW4500			1-1	1-1
KSNW4000			1-1	1-1
KSNW5500			1-1	1-1
COW3000			1-1	1-1
COW5640			1-1	1-1

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

<25 | 25-50 | >50

2 P(NegativeEnding Cash) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2012 and 2017.

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 2009 to 2012 and from 2009 to 2017.

Implications of the December 2012 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Wheat

	Receipts	Payments	NCFI	Reserve 2017	Net Worth 2017	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
WAW1725	748.42	33.00	358.22	1,524.72	3,074.72	7.43
WAW5500	2,217.98	69.46	714.35	2,893.19	10,199.08	4.20
WAAW3500	422.16	23.46	151.44	116.46	1,892.30	3.17
ORW3600	549.86	24.68	313.50	938.74	2,367.68	7.24
MTW4500	660.22	45.67	261.49	549.20	3,920.51	4.18
KSCW2000	612.03	24.73	224.16	377.55	2,476.50	3.42
KSCW4500	1,236.09	53.57	517.84	1,759.88	4,820.40	5.76
KSNW4000	1,032.57	36.61	446.52	1,355.07	3,938.30	6.36
KSNW5500	1,753.04	51.37	525.89	1,879.04	6,125.65	4.49
COW3000	501.89	16.99	238.72	654.80	2,808.90	5.21
COW5640	892.81	35.79	333.91	771.14	4,091.31	3.39

1 Receipts are average annual total cash receipts including government payments, 2012-2017 ($1,000)

2 Payments are average annual total government payments, 2012-2017 ($1,000)

3 NCFI is average annual net cash farm income, 2012-2017 ($1,000)

4 Reserve 2017 is average ending cash reserves, 2017 ($1,000)

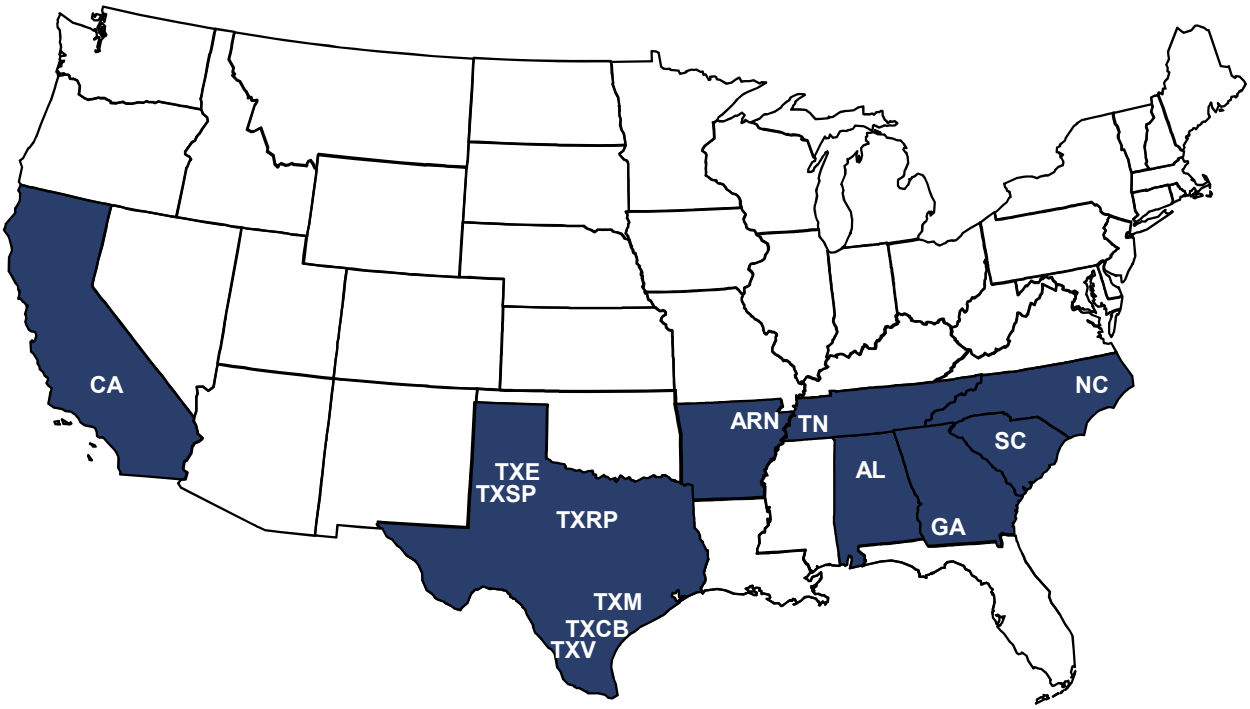
5 Net Worth 2017 is average nominal ending net worth, 2017 ($1,000)

6 CRNW is average percentage change in real net worth over 2012-2017 period, (%)

Representative Farm: Cotton

- Nine of the sixteen cotton farms are characterized in good overall financial condition, three are in marginal condition, and four are in poor condition.

- Four of the farms are projected to experience severe cash flow problems; four farms are also expected to have more than a 50 percent chance of losing real equity over the period.



Characteristics of Panel Farms Producing Cotton, 2011.

	Cropland (acres)	Assets ($1,000)	Debt/Asset (ratio)	Gross Receipts ($1,000)	Cotton (acres)
TXSP2500	2,500	1,404.00	0.12	804.30	2,275
TXSP4500	4,500	3,256.00	0.12	2,148.70	4,047
TXEC5000	5,000	2,581.00	0.14	2,710.50	3,650
TXRP2500	2,500	624.00	0.08	461.30	1,000
TXMC1800	1,800	1,124.00	0.39	845.00	900
TXCB2500	2,500	1,694.00	0.19	1,190.10	1,250
TXCB8000	8,000	4,515.00	0.30	4,341.10	4,000
TXVC4500	4,500	4,386.00	0.19	2,345.40	1,495
CAC4000	4,000	22,372.00	0.13	8,588.70	1,333
ARNC5000	5,000	7,651.00	0.21	5,206.40	5,000
TNC2100	2,100	3,361.00	0.07	1,595.60	525
TNC4050	4,050	6,155.00	0.11	3,184.10	2,025
ALC3000	3,000	2,507.00	0.25	2,153.80	1,050
GAC2300	2,300	7,462.00	0.16	3,320.30	1,200
SCC1800	1,800	3,653.00	0.12	1,758.30	900
NCC1500	1,500	2,788.00	0.21	1,169.40	225

Representative Farm: Cotton

Economic Viability of Representative Farms over the 2012-2017 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
9/3/4	2012	2017	2012-2017	2012-2017
TXSP2500			32-47	1-42
TXSP4500			1-1	1-3
TXEC5000			1-15	1-60
TXRP2500			13-99	1-98
TXMC1800			44-78	1-51
TXCB2500			1-78	1-54
TXCB8000			1-8	1-28
TXVC4500			1-1	1-1
CAC4000			1-1	1-1
ARNC5000			8-74	1-45
TNC2100			1-1	1-1
TNC4050			1-1	1-1
ALC3000			1-3	1-17
GAC2300			1-1	1-1
SCC1800			1-1	1-1
NCC1500			1-1	1-1

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

<25 | 25-50 | >50

2 P(NegativeEnding Cash) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2012 and 2017.

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 2009 to 2012 and from 2009 to 2017.

Implications of the December 2012 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Cotton

	Receipts	Payments	NCFI	Reserve 2017	Net Worth 2017	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
TXSP2500	986.17	68.34	147.79	3.91	1,407.95	0.71
TXSP4500	2,146.19	136.24	491.68	1,499.17	4,023.27	4.62
TXEC5000	2,150.03	165.45	178.97	333.31	2,274.76	(0.67)
TXRP2500	501.72	40.96	7.31	(370.96)	322.04	(8.03)
TXMC1800	1,008.85	70.30	168.15	(299.84)	972.25	(0.33)
TXCB2500	1,019.46	74.08	101.29	(283.45)	1,533.62	(0.45)
TXCB8000	3,690.35	186.35	610.26	1,601.86	4,408.83	2.53
TXVC4500	2,105.39	127.94	702.62	2,838.24	6,288.33	7.69
CAC4000	7,671.44	67.06	2,097.34	8,214.16	28,645.89	6.17
ARNC5000	4,314.86	261.46	462.84	(754.11)	6,986.78	0.26
TNC2100	1,498.81	71.11	585.68	2,654.55	5,632.97	7.71
TNC4050	2,787.95	139.37	605.83	2,681.39	8,347.93	4.53
ALC3000	1,985.05	145.94	455.51	1,022.05	2,823.15	3.34
GAC2300	2,746.28	185.09	513.19	1,091.32	9,150.79	3.63
SCC1800	1,585.44	115.76	388.92	1,347.69	4,801.10	4.31
NCC1500	1,135.77	56.81	397.17	1,131.01	3,449.95	5.40

1 Receipts are average annual total cash receipts including government payments, 2012-2017 ($1,000)

2 Payments are average annual total government payments, 2012-2017 ($1,000)

3 NCFI is average annual net cash farm income, 2012-2017 ($1,000)

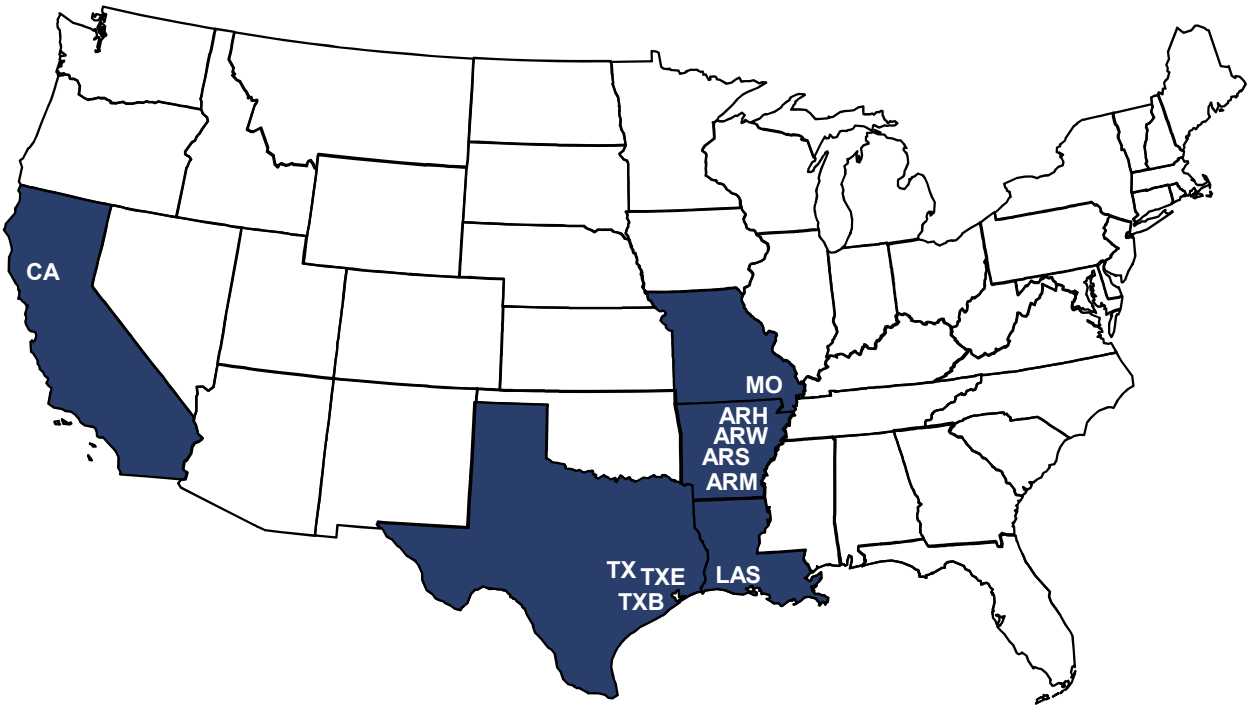
4 Reserve 2017 is average ending cash reserves, 2017 ($1,000)

5 Net Worth 2017 is average nominal ending net worth, 2017 ($1,000)

6 CRNW is average percentage change in real net worth over 2012-2017 period, (%)

Representative Farm: Rice

- Five of the fourteen representative rice farms are projected to be in good overall financial condition, four are in marginal condition, and five are in poor condition.
- Seven of the rice farms are expected to face severe cash flow problems; four of those farms have high likelihoods of losing real equity.



Characteristics of Panel Farms Producing Rice, 2011.

	Cropland (acres)	Assets ($1,000)	Debt/Asset (ratio)	Gross Receipts ($1,000)	Rice (acres)
CAR550	550	2,473.00	0.11	866.00	500
CAR3000	3,000	9,828.00	0.16	4,828.50	3,000
CABR1300	1,300	6,894.00	0.16	2,182.60	1,200
CACR800	800	4,257.00	0.11	1,442.10	800
TXR1500	1,500	1,676.00	0.17	725.50	600
TXR3000	3,000	1,377.00	0.08	1,384.40	1,200
TXBR1800	1,800	763.00	0.73	987.20	600
TXER3200	3,200	2,003.00	0.14	1,574.80	1,067
LASR1480	1,480	1,390.00	0.12	1,011.40	800
ARMR7500	7,500	9,582.00	0.16	6,334.30	1,875
ARSR3240	3,240	4,746.00	0.26	2,112.50	1,620
ARWR1400	1,400	3,134.00	0.19	1,058.70	700
ARHR3000	3,000	5,175.00	0.27	2,269.10	1,450
MOWR4000	4,000	14,075.00	0.14	3,069.30	2,000

Representative Farm: Rice

Economic Viability of Representative Farms over the 2012-2017 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
5/4/5	2012	2017	2012-2017	2012-2017
CAR550			2-95	1-8
CAR3000			2-11	1-9
CABR1300			1-1	1-1
CACR800			2-1	1-3
TXR1500			1-54	1-23
TXR3000			1-1	1-20
TXBR1800			98-95	1-67
TXER3200			4-78	1-41
LASR1480			20-99	1-93
ARMR7500			1-16	1-27
ARSR3240			3-34	1-14
ARWR1400			99-99	1-73
ARHR3000			79-99	1-82
MOWR4000			1-2	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 2012 and 2017.

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 2009 to 2012 and from 2009 to 2017.

Implications of the December 2012 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Rice

	Receipts	Payments	NCFI	Reserve 2017	Net Worth 2017	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
CAR550	853.91	66.82	176.57	(230.18)	2,402.33	1.94
CAR3000	4,837.78	147.26	669.30	1,712.70	10,276.47	3.41
CABR1300	2,155.16	140.17	763.56	3,018.05	8,544.33	6.29
CACR800	1,394.27	103.08	335.10	1,236.40	5,014.97	4.47
TXR1500	785.71	68.99	157.85	(32.33)	1,691.23	1.50
TXR3000	1,358.42	121.86	285.65	815.81	1,704.18	3.29
TXBR1800	1,020.64	80.83	79.95	(503.12)	141.67	(19.23)
TXER3200	1,709.83	140.54	169.45	(421.48)	1,926.43	0.00
LASR1480	1,011.58	60.04	56.30	(664.30)	858.82	(5.77)
ARMR7500	5,813.52	173.60	968.02	1,509.31	10,298.98	1.51
ARSR3240	2,101.23	155.06	438.88	149.40	4,391.63	3.20
ARWR1400	1,050.90	74.16	101.20	(1,035.46)	2,429.82	(1.89)
ARHR3000	2,287.04	154.37	155.60	(2,034.26)	3,714.51	(2.99)
MOWR4000	3,152.55	141.07	871.15	1,852.88	15,623.72	3.84

1 Receipts are average annual total cash receipts including government payments, 2012-2017 ($1,000)

2 Payments are average annual total government payments, 2012-2017 ($1,000)

3 NCFI is average annual net cash farm income, 2012-2017 ($1,000)

4 Reserve 2017 is average ending cash reserves, 2017 ($1,000)

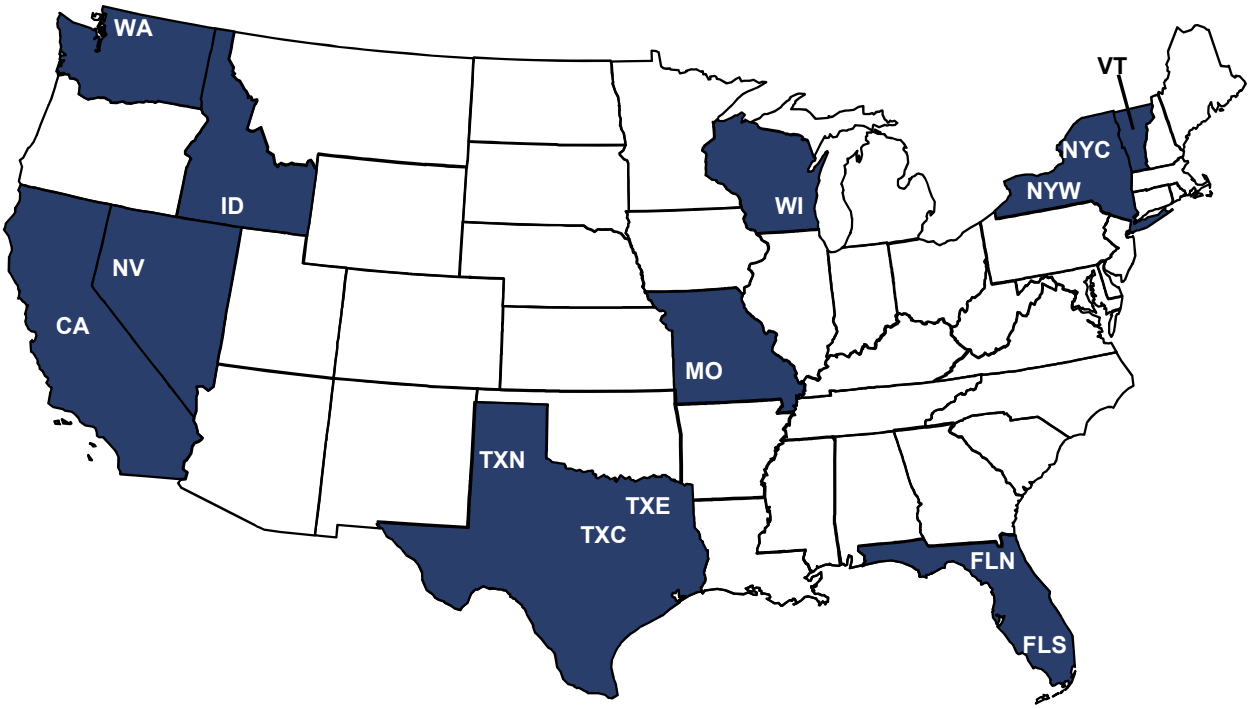
5 Net Worth 2017 is average nominal ending net worth, 2017 ($1,000)

6 CRNW is average percentage change in real net worth over 2012-2017 period, (%)

Representative Farm: Dairy

- Nine of twenty-one dairy operations are in good overall financial condition. Seven dairies are classified in marginal condition, and five are in poor condition.

- Twelve of the dairies are projected to experience severe liquidity pressure, but none of the dairies are expected to face a 50 percent or greater chance of losing real equity.



Characteristics of Panel Farms Producing Milk, 2011.

	Cropland (acres)	Assets ($1,000)	Debt/Asset (ratio)	Gross Receipts ($1,000)	Cows (number)
CAD1710	700	24,583.00	0.25	8,380.40	1,710
WAD250	200	4,423.00	0.24	1,411.30	250
WAD850	605	10,254.00	0.26	4,753.70	850
IDD3000	1,500	23,907.00	0.28	14,792.10	3,000
NVD500	200	3,972.00	0.19	2,867.50	500
TXND3000	520	15,548.00	0.38	14,642.80	3,000
TXCD700	1,000	5,739.00	0.31	3,098.10	700
TXCD1300	560	8,396.00	0.32	6,028.10	1,300
TXED400	950	2,643.00	0.35	1,657.60	400
WID145	600	3,203.00	0.20	953.10	145
WID1000	2,000	9,215.00	0.31	6,148.10	1,000
NYWD600	1,200	5,907.00	0.35	3,414.30	600
NYWD1200	2,100	11,707.00	0.22	6,934.20	1,200
NYCD110	325	1,359.00	0.20	650.50	110
NYCD550	1,100	6,157.00	0.36	3,423.40	550
VTD140	220	1,557.00	0.32	742.00	140
VTD400	1,000	4,842.00	0.35	2,279.60	400
MOGD550	0	3,176.00	0.13	1,601.60	550
MOGD180	0	1,287.00	0.06	541.90	180
FLND550	600	4,434.00	0.20	2,645.20	550
FLSD1500	400	10,468.00	0.33	8,115.30	1,500

Representative Farm: Dairy

Economic Viability of Representative Farms over the 2012-2017 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
9/7/5	2012	2017	2012-2017	2012-2017
CAD1710			99-68	1-1
WAD250			99-64	1-1
WAD850			99-23	1-1
IDD3000			99-59	1-6
NVD500			98-1	1-1
TXND3000			99-81	1-29
TXCD700			99-61	1-3
TXCD1300			99-84	1-25
TXED400			99-90	1-28
WID145			1-1	1-1
WID1000			99-30	1-1
NYWD600			99-90	1-11
NYWD1200			36-1	1-1
NYCD110			1-1	1-1
NYCD550			99-93	1-7
VTD140			99-94	1-36
VTD400			99-96	1-14
MOGD550			1-1	1-1
MOGD180			1-1	1-1
FLND550			99-6	1-1
FLSD1500			99-85	1-33

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 2012 and 2017.

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 2009 to 2012 and from 2009 to 2017.

Implications of the December 2012 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Milk

	Receipts	Payments	NCFI	Reserve 2017	Net Worth 2017	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
CAD1710	8,461.60	43.46	1,299.41	(882.64)	22,748.80	4.34
WAD250	1,433.04	39.82	314.32	(131.75)	4,419.98	5.49
WAD850	4,720.90	42.55	937.64	1,127.19	10,832.62	7.80
IDD3000	16,043.45	42.50	1,924.20	(1,049.28)	24,543.72	6.58
NVD500	2,901.04	37.21	584.34	1,355.53	5,235.63	8.99
TXND3000	14,651.53	39.92	884.17	(3,742.41)	10,285.74	4.20
TXCD700	3,274.64	37.21	457.66	(209.12)	5,862.92	5.51
TXCD1300	6,069.59	37.21	454.66	(1,638.98)	6,514.26	3.22
TXED400	1,669.67	37.21	150.95	(782.70)	2,017.88	3.48
WID145	1,028.11	40.09	416.67	935.23	4,009.13	7.98
WID1000	6,459.84	44.32	1,063.99	1,079.37	9,939.19	9.24
NYWD600	3,435.81	55.81	343.88	(1,055.07)	4,991.43	3.80
NYWD1200	6,910.25	41.83	1,533.64	4,017.68	15,681.52	8.66
NYCD110	686.88	41.70	288.81	576.38	1,921.17	9.08
NYCD550	3,454.76	47.03	399.08	(1,248.99)	5,034.23	4.28
VTD140	777.62	41.02	93.55	(384.82)	1,223.57	1.82
VTD400	2,303.68	50.87	223.42	(1,054.17)	3,910.62	2.96
MOGD550	1,660.12	37.21	779.16	2,744.88	5,476.40	12.35
MOGD180	585.11	36.87	338.50	1,311.95	2,354.86	11.92
FLND550	2,685.56	37.21	541.54	1,058.12	5,910.01	8.65
FLSD1500	8,197.65	37.21	278.65	(3,013.84)	7,370.84	2.50

1 Receipts are average annual total cash receipts including government payments, 2012-2017 ($1,000)

2 Payments are average annual total government payments, 2012-2017 ($1,000)

3 NCFI is average annual net cash farm income, 2012-2017 ($1,000)

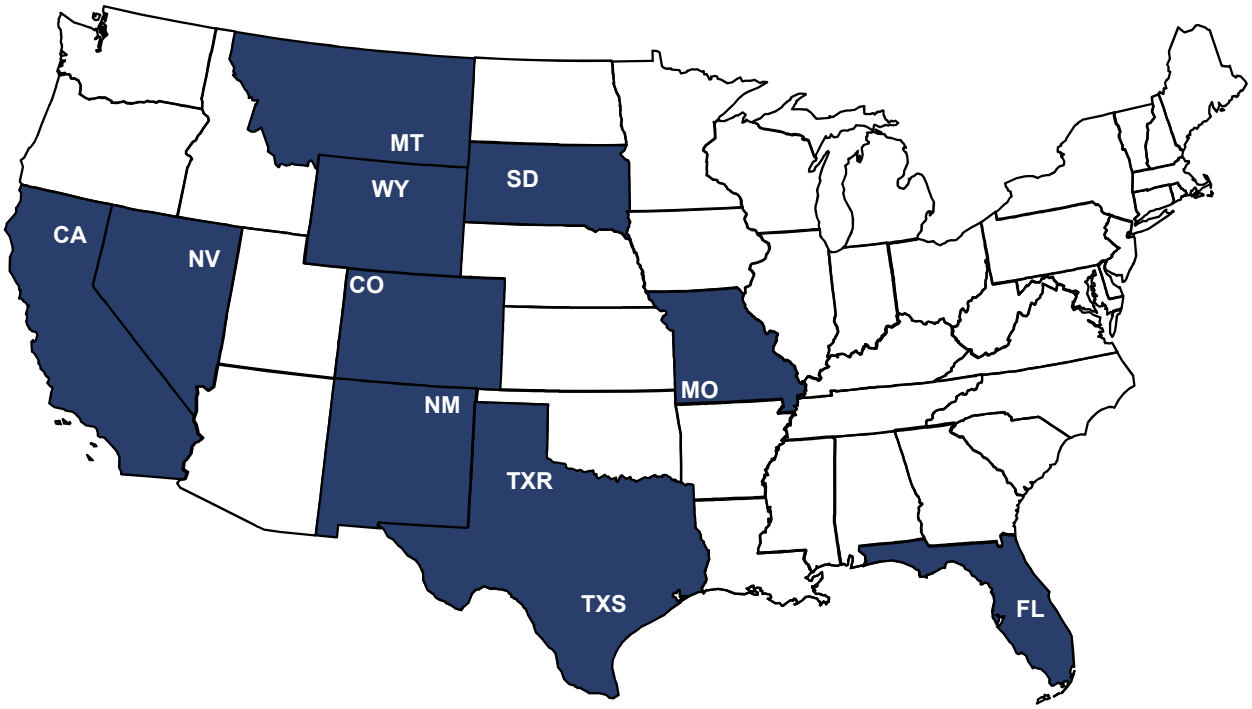
4 Reserve 2017 is average ending cash reserves, 2017 ($1,000)

5 Net Worth 2017 is average nominal ending net worth, 2017 ($1,000)

6 CRNW is average percentage change in real net worth over 2012-2017 period, (%)

Representative Farm: Cow/Calf

- Eight of eleven cow-calf operations are projected to be in good overall financial condition, two are marginal, and one is expected to be in poor condition.
- Three operations will face significant liquidity pressure over the period, as their likelihoods of experiencing negative ending cash in 2017 exceeds 50 percent.
- Only one of the twelve operations is projected to face a severe threat of losing real equity over the period.



Characteristics of Panel Farms Producing Beef Cattle, 2011.

	Cropland (acres)	Assets ($1,000)	Debt/Asset (ratio)	Gross Receipts ($1,000)	Cows (number)
CAB500	0	4,495.00	0.05	357.90	500
NVB700	1,300	6,728.00	0.01	514.90	700
MTB500	0	5,830.00	0.01	365.90	500
WYB435	330	4,056.00	0.04	347.70	435
COB250	450	18,277.00	0.01	253.50	250
NMB160	0	5,583.00	0.01	152.10	160
SDB375	1,150	5,937.00	0.01	287.90	375
MOB250	280	3,066.00	0.03	369.10	250
TXRB500	0	7,692.00	0.01	510.30	500
TXSB200	0	3,963.00	0.05	164.00	200
FLB1155	5,400	19,545.00	0.01	795.80	1,155

Representative Farm: Cow/Calf

Economic Viability of Representative Farms over the 2012-2017 Period

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
8/2/1	2012	2017	2012-2017	2012-2017
CAB500			99-99	1-51
NVB700			1-1	1-1
MTB500			1-1	1-1
WYB435			99-13	1-1
COB250			5-11	1-1
NMB160			1-57	1-1
SDB375			1-1	1-1
MOB250			1-1	1-1
TXRB500			1-1	1-1
TXSB200			99-99	1-1
FLB1155			1-1	1-1

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

<25 | 25-50 | >50

2 P(NegativeEnding Cash) is the probability that the farm will have a cash flow deficit. Reported values represent the probabilities for 2012 and 2017.

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 2009 to 2012 and from 2009 to 2017.

Implications of the December 2012 FAPRI Baseline on the Economic Viability of Representative Farms Primarily Producing Beef Cattle

	Receipts	Payments	NCFI	Reserve 2017	Net Worth 2017	CRNW
	($1,000)	($1,000)	($1,000)	($1,000)	($1,000)	(%)
CAB500	419.87	0.00	50.03	(214.73)	4,353.16	(0.03)
NVB700	590.53	0.00	204.78	572.55	7,747.82	2.54
MTB500	423.64	0.00	190.11	518.41	7,534.20	2.91
WYB435	400.44	0.00	117.45	63.38	4,877.20	2.13
COB250	272.38	0.00	81.27	49.95	19,790.26	2.07
NMB160	160.12	0.00	57.38	(5.55)	6,751.88	1.77
SDB375	334.31	0.00	145.40	336.58	7,469.12	2.49
MOB250	387.40	3.22	185.40	433.17	3,816.90	2.97
TXRB500	580.71	0.00	216.10	693.82	9,952.61	2.84
TXSB200	203.56	0.00	31.27	(279.69)	4,790.03	1.38
FLB1155	907.33	0.00	349.89	1,326.05	24,948.37	2.60

1 Receipts are average annual total cash receipts including government payments, 2012-2017 ($1,000)

2 Payments are average annual total government payments, 2012-2017 ($1,000)

3 NCFI is average annual net cash farm income, 2012-2017 ($1,000)

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5 Net Worth 2017 is average nominal ending net worth, 2017 ($1,000)

6 CRNW is average percentage change in real net worth over 2012-2017 period, (%)

AFPC Briefing Series

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