Continued increases in input and interest costs erode economic viability for the current baseline.

Feedgrain (18 farms)
- The 2006 baseline representative feedgrain farms face a continuation of the deterioration in financial condition first reflected in the 2005 baseline.
- Corn prices improve from a low of $1.90 in 2005/06, while soybean prices decline to $4.96 before returning to the $5.45 range by 2010/11.

Wheat (13 farms)
- The 2006 baseline indicates a decline in financial viability in representative wheat farms with more than fifty percent of the farms in the poor category.
- Baseline wheat prices increase gradually from $3.38 in 2005/06 to $3.61 in 2010/11.

Cotton (20 farms)
- Recent increases in fuel and fertilizer prices result in an increased number of farms facing cash deficits and equity problems. The representative cotton farms experience an increase in financial stress with the shift of farms from the moderate category to the poor category relative to previous baselines.
- After bottoming in 2004/05, cotton prices are projected to increase, but still remain below the loan rate.

Rice (15 farms)
- The 2006 baseline indicates a further decline in the financial viability of the representative rice farms.
- Baseline rice prices are projected to fall from $7.77 in 2005/06 to a low of $7.24 in 2008/09 before rebounding.

Dairy (23 farms)
- Representative dairy farms changed only slightly from the 2005 baseline with more than 50% of the farms in good condition.
- Milk prices are projected to fall from the $16.05/cwt spike in 2004 to the $13.50 range from 2006 to 2010.

Beef Cattle (13 farms)
- Representative beef cattle operations indicate a shift from moderate to poor categories with the percentage of ranches in good condition holding mostly unchanged.
- Historic high prices are expected to gradually decline through 2010 contributing to the slight increase in financial stress.
Viability is classified as good (green), moderate (yellow), and poor (red) based on the following criteria: A farm is in a good financial position when it has less than a 25 percent chance each of negative-ending cash and losing real net worth. If the probabilities of these events are between 25 and 50 percent the farm is classified as marginal. Probabilities greater than 50 percent place the farm in a poor financial position.