
U.S. AGGREGATE MEASURES

U.S. Land Use

After large swings in 2007 and 2008, little change is projected in corn and soybean areas for 2009. Actual plantings will depend on market developments in the spring of 2009, as the weather and relative corn, soybean, and fertilizer prices will affect production choices.

Wheat area falls sharply in 2009 in response to lower wheat prices and weather conditions that inhibited winter wheat seedings.

Weak cotton returns relative to other crops led to sharp reductions in cotton area in 2007 and 2008. A further smaller decline in cotton area is expected in 2009.

Sorghum area recovered in 2007 and 2008 because of strong returns, but weaker sorghum prices result in lower 2009 sorghum area.

Rice area increased in 2008, and a further increase is projected for 2009. Recent declines in rice prices make rice area especially uncertain.

Because of higher returns to many crops, the total area planted to 13 major crops increased by 10 million acres between 2006 and 2008. Total 13-crop planted area falls by 4 million acres in 2009 in response to weaker returns.

Including changes in hay and CRP area, the reduction in total land use is slightly smaller. Correcting for a drop in double-crop soybean area, total land use declines by less than 2 million acres.

U.S. Land Use for Major Crops

	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Planted Area	(Million Acres)										
Corn	85.98	86.45	87.74	87.91	88.45	88.75	89.73	90.58	90.64	90.44	90.30
Soybeans	75.72	75.03	75.38	76.14	76.54	76.85	76.81	76.80	77.06	77.38	77.66
Wheat	63.15	59.68	60.05	59.55	59.26	58.95	58.62	58.36	58.17	58.00	57.81
Upland Cotton	9.30	8.65	8.51	8.39	8.35	8.25	8.25	8.34	8.38	8.44	8.49
Sorghum	8.28	7.83	7.71	7.61	7.56	7.53	7.55	7.60	7.60	7.61	7.62
Barley	4.23	4.38	4.40	4.35	4.32	4.28	4.25	4.20	4.14	4.07	4.00
Oats	3.22	3.55	3.56	3.50	3.43	3.38	3.32	3.27	3.23	3.20	3.17
Rice	3.00	3.15	3.00	2.74	2.76	2.84	2.90	2.99	3.02	2.98	2.94
Sunflowers	2.52	2.37	2.43	2.47	2.46	2.45	2.44	2.43	2.43	2.43	2.43
Peanuts	1534.00	1394.82	1421.41	1424.14	1422.19	1410.98	1407.20	1410.11	1407.35	1406.38	1405.14
Canola	1011.00	1007.92	1103.17	1175.07	1185.02	1196.52	1212.95	1231.42	1253.16	1270.80	1283.87
Sugar Beet	1.09	1.21	1.24	1.22	1.21	1.21	1.20	1.20	1.20	1.20	1.20
Sugarcane	0.87	0.87	0.90	0.90	0.89	0.88	0.88	0.88	0.88	0.87	0.87
13 Crop Planted Area	259.89	255.58	257.45	257.40	257.83	257.98	258.57	259.30	259.43	259.29	259.17
Hay Harvested Area	60.06	61.74	61.90	61.79	61.61	61.48	61.36	61.26	61.22	61.21	61.23
13 Crops + Hay	319.96	317.31	319.35	319.18	319.44	319.45	319.93	320.55	320.64	320.51	320.40
Conservation Reserve	34.66	33.70	32.00	30.50	30.00	30.00	30.00	30.00	30.00	30.00	30.00
13 Crops + Hay + CRP	354.62	351.02	351.35	349.68	349.45	349.46	349.93	350.55	350.64	350.51	350.41
Double Crop Area	7.18	5.19	6.00	6.00	6.01	6.01	6.01	6.02	6.03	6.03	6.02
Total Corrected for Double Crop	347.44	345.82	345.35	343.68	343.44	343.45	343.92	344.53	344.62	344.48	344.38

U.S. Food Prices and Expenditures

After posting its largest increase since 1991 in 2007, the CPI for food registered an even larger increase in 2008. As food commodity prices and other costs associated with the marketing of food products weaken, food price inflation will return to more historical levels.

CPIs for food away from home and fruits and vegetables are expected to show some of the largest percentage increases in the next decade.

Approximately 20% of the cost of food is generated by the farm value of the food itself, with the remainder due to other costs in the food marketing chain.

Retailers prefer to avoid volatile food pricing strategies, so although factors determining the consumer cost of food can quickly vary, price stickiness at the retail level moderates volatility.

Labor, energy, and other costs comprising the food marketing cost index are projected by IHS Global Insight to grow more slowly in the next decade.

Food expenditures per person will drop in 2009 for the first time since 1992. A depressed economy, lower farm commodity and energy prices, and reduced consumption of meat products will all contribute to the decline.

Food spending will increase slightly in real terms over the next decade but will decline as a portion of income.

U.S. Consumer Price Indexes for Food

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(1982-84=100)										
Food	214.1	219.9	223.4	229.5	236.6	243.1	249.1	253.9	258.6	263.8	269.3
Food at Home	214.1	218.1	219.8	225.7	232.8	239.2	244.8	249.2	253.2	257.8	262.7
Cereal and Bakery	244.9	246.9	243.4	248.0	253.9	259.6	264.5	268.0	271.1	274.8	278.7
Meat	204.7	208.1	210.5	216.3	223.0	228.6	233.3	237.0	240.3	244.2	248.4
Dairy	210.4	210.0	211.6	220.2	228.9	235.8	242.1	247.5	252.7	258.5	264.7
Fruit and Vegetables	278.9	285.8	286.9	295.6	306.8	317.3	326.6	333.6	340.2	347.7	355.6
Other Food At Home	184.2	190.0	194.4	198.3	203.3	208.1	212.5	215.9	219.0	222.5	226.2
Sugar and Sweets	186.6	193.1	197.7	202.6	207.2	212.0	216.4	220.0	223.4	227.1	230.9
Fats and Oils	196.8	200.6	206.4	211.2	217.2	222.3	226.9	230.2	233.2	236.8	240.5
Other Prepared Items	198.1	204.4	209.0	213.2	218.3	223.2	227.6	231.2	234.5	238.3	242.2
Non-alc. Beverages	160.0	165.5	169.1	172.1	176.9	181.6	185.9	189.1	191.9	195.0	198.3
Food Away From Home	215.8	223.9	229.5	235.8	243.0	249.6	255.9	261.3	266.7	272.6	278.9

U.S. Per Capita Consumer Expenditures for Food

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(Dollars per Person)										
Food at Home	1,989	1,956	1,989	2,056	2,127	2,188	2,242	2,279	2,312	2,351	2,393
Food Away From Home	1,751	1,750	1,790	1,851	1,915	1,971	2,026	2,074	2,122	2,177	2,236
Total	3,739	3,706	3,779	3,908	4,042	4,160	4,267	4,352	4,434	4,527	4,629
	(Billion Dollars)										
Aggregate Total	1,141.8	1,142.7	1,176.7	1,228.5	1,282.9	1,333.1	1,380.8	1,421.9	1,462.5	1,507.6	1,556.1

U.S. Government Costs

Net CCC outlays fell in FY 2007 and FY 2008, as expenditures declined on programs tied to commodity prices. Expenditures rebound in FY 2009, due in part to lower crop and milk prices.

The first payments under the ACRE program occur in October 2010, which is part of FY 2011. The last tobacco trust fund payments are made in FY 2014.

Mandatory government outlays under the crop insurance program and certain conservation programs are not included in the CCC account.

Crop insurance outlays increase with crop prices, as premiums and premium subsidies increase with crop values. Crop insurance outlays dip in FY 2012 because of mandated changes in when producers pay premiums and when companies are reimbursed for expenses.

CRP spending reflects changes in CRP area under contract and increased rental rates when new contracts are signed.

For other mandatory conservation programs, projected expenditures are based on preliminary estimates from the Congressional Budget Office.

Provisions of the 2008 farm bill lead to increased spending on the Conservation Stewardship Program, the Environmental Quality Incentive Program, and other conservation programs.

U.S. Net Government Outlays

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(Million U.S. Dollars, Fiscal Year)										
Feed Grains											
Corn	1,856	2,178	1,784	2,498	1,523	1,885	1,836	1,865	1,851	1,844	1,784
Sorghum	201	189	172	245	168	176	177	175	176	176	175
Barley	82	80	70	95	90	71	70	70	71	71	71
Oats	3	3	3	10	11	5	6	5	4	5	6
Food Grains											
Wheat	869	1,183	991	1,711	1,185	1,017	1,021	1,036	1,049	1,039	1,041
Rice	301	427	405	396	357	408	409	409	410	407	407
Oilseeds											
Soybeans	446	614	510	1,542	527	614	600	548	533	513	520
Peanuts	144	179	168	182	118	146	140	130	123	124	122
Other Oilseeds	22	21	15	40	16	18	19	19	19	19	19
Other Commodities											
Upland Cotton	1,604	2,028	2,184	1,752	1,084	1,408	1,331	1,223	1,132	1,081	1,021
Sugar	-35	0	0	0	0	0	0	0	0	0	0
Dairy	92	613	14	-127	0	0	0	0	0	0	0
CCC Conservation											
Conservation Reserve	1,927	1,935	1,936	1,962	1,982	2,097	2,198	2,178	2,181	2,205	2,261
Other CCC Conservation	10	27	31	4	2	2	2	2	2	2	2
Tobacco Trust Fund	960	960	960	960	960	960	960	0	0	0	0
Other											
Disaster Payments, NAP	99	96	96	96	96	96	96	96	96	96	96
Other Net Costs	367	541	573	695	741	740	737	730	733	736	737
Net CCC Outlays	8,948	11,076	9,911	12,062	8,861	9,644	9,603	8,488	8,380	8,320	8,263
NRCS Conservation	1,762	2,046	2,640	3,164	3,615	3,682	3,714	3,735	4,027	4,205	4,374
Crop Insurance	4,151	7,109	7,482	7,647	5,357	8,000	8,269	8,492	8,665	8,713	8,774
Total Mandatory Outlays	14,861	20,231	20,033	22,873	17,834	21,327	21,586	20,715	21,071	21,238	21,411

Note: "NRCS Conservation" denotes mandatory spending on conservation programs authorized by the 2002 farm bill that is not included in reported CCC outlays.

U.S. Cash Receipts from Farm Marketings

Cash receipts from sales of program crops (grains, oilseeds, and sugar) almost doubled between 2005 and 2008.

Prices of most program crops decline in calendar year 2009, resulting in lower cash receipts. Program crop receipts begin to increase again after 2010 because of slowly rising production and prices for most crops, but they take years to recover to the 2008 level.

Other crop receipts vary less from year to year, although they are also expected to dip slightly in 2009. Sales of fruits, vegetables, nursery crops, and other miscellaneous crops increase steadily after 2009.

Sharply lower milk prices in 2009 result in a large reduction in dairy cash receipts. Cattle and poultry receipts also decline slightly in 2009.

Dairy and livestock receipts increase in 2010 and later years, as the assumed recovery in the U.S. and global economies leads to increased demand for animal products.

U.S. Cash Receipts from Farming

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(Billion U.S. Dollars)										
Cash Receipts	324.25	293.65	301.75	314.31	324.59	332.94	342.75	352.11	360.32	368.09	375.98
Crops	181.11	163.52	163.56	168.93	174.96	180.85	187.49	193.39	198.31	202.30	206.34
Feed Grains and Hay	61.43	51.58	51.14	52.81	55.08	57.17	59.94	62.29	63.88	64.72	65.56
Corn	50.67	41.80	41.72	43.38	45.55	47.44	49.97	52.05	53.40	53.99	54.58
Sorghum	1.76	1.39	1.34	1.35	1.39	1.43	1.48	1.52	1.54	1.56	1.58
Barley	1.01	0.97	0.91	0.93	0.95	0.97	0.99	1.00	0.99	0.98	0.97
Oats	0.16	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.14
Hay	7.78	7.21	6.98	6.94	6.99	7.12	7.30	7.53	7.75	7.99	8.23
Millet	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Food Grains	19.53	15.42	14.01	14.12	14.36	14.82	15.30	15.71	16.00	16.14	16.23
Wheat	16.13	12.19	11.31	11.64	11.92	12.22	12.54	12.79	12.94	13.07	13.17
Rice	3.38	3.20	2.68	2.45	2.41	2.57	2.73	2.89	3.03	3.04	3.03
Rye	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Oilseeds	29.08	27.87	27.62	28.64	29.94	31.07	32.18	33.09	33.81	34.40	34.99
Soybeans	26.93	25.92	25.74	26.66	27.90	29.01	30.08	30.96	31.65	32.22	32.79
Peanuts	0.90	0.95	0.87	0.91	0.94	0.96	0.97	0.98	0.99	1.00	1.01
Other	1.24	1.01	1.01	1.07	1.09	1.11	1.13	1.15	1.17	1.18	1.19
Cotton	4.99	4.29	4.44	4.54	4.57	4.64	4.74	4.88	5.01	5.14	5.27
Sugar	2.14	2.21	2.33	2.33	2.34	2.38	2.42	2.46	2.47	2.49	2.51
Other Crops *	63.94	62.14	64.02	66.49	68.67	70.77	72.91	74.97	77.14	79.41	81.78
Livestock and Products	143.14	130.13	138.18	145.38	149.64	152.09	155.27	158.71	162.01	165.79	169.63
Red Meats	66.04	64.98	70.19	72.65	74.36	74.89	75.96	77.13	78.14	79.70	81.25
Cattle, Calves	49.53	48.46	52.47	54.10	55.17	55.78	56.68	57.51	58.24	59.16	59.97
Hogs	16.04	16.05	17.26	18.09	18.72	18.65	18.82	19.16	19.43	20.08	20.82
Sheep, Lambs	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Dairy Products	35.72	24.63	26.99	30.59	31.96	32.67	33.39	34.34	35.36	36.43	37.57
Poultry, Eggs	36.38	35.75	36.00	36.93	37.95	39.07	40.33	41.55	42.70	43.71	44.74
Broilers	23.42	23.52	23.96	24.82	25.57	26.36	27.24	28.08	28.93	29.71	30.49
Turkeys	4.28	4.10	4.16	4.28	4.37	4.48	4.61	4.75	4.87	4.97	5.07
Chicken Eggs	7.85	7.26	6.98	6.88	7.01	7.17	7.37	7.56	7.68	7.77	7.86
Other Poultry	0.82	0.86	0.90	0.95	1.00	1.06	1.11	1.16	1.22	1.27	1.32
Other Livestock †	5.00	4.77	5.00	5.22	5.36	5.47	5.58	5.70	5.81	5.94	6.08
Government Payments	12.40	11.92	14.19	12.11	11.93	11.99	11.94	10.92	11.05	11.08	11.36
Cash Receipts + Payments	336.65	305.56	315.94	326.42	336.52	344.94	354.69	363.02	371.37	379.17	387.33

* Includes tobacco, vegetables and melons, fruits and tree nuts, and other crops.

† Includes horses, mules, and aquaculture.

U.S. Farm Production Expenses

Farm production expenses increased sharply between 2002 and 2008, primarily because of large increases in spending on fertilizer, fuel, and feed.

Lower prices for these key inputs result in lower farm expenditures in 2009. Fertilizer, fuel, and feed expenditures all increase after 2010 in response to rising prices for energy and grain.

Other farm production expenses also decline in 2009. Lower short-term interest rates result in lower interest expenditures, stagnant wages result in a slight decline in contract and hired labor costs, and declines in raw material prices also result in a drop in a variety of other cost categories.

Rental payments to nonoperator landlords are sensitive to crop returns and expenses. Lower crop returns could result in reduced rental payments in 2010.

After 2010, the growth in total production expenses averages 2.3% per year.

U.S. Farm Production Expenses

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(Billion U.S. Dollars)										
Farm-Origin Inputs	78.27	74.50	74.23	75.85	77.96	80.02	82.50	84.35	85.76	86.84	87.66
Feed	45.23	41.27	39.27	39.38	40.26	41.26	42.74	44.04	44.94	45.42	45.91
Purchased Livestock	17.75	17.91	19.49	20.32	20.99	21.37	21.81	22.04	22.22	22.47	22.48
Seed	15.30	15.32	15.48	16.15	16.71	17.39	17.95	18.26	18.60	18.94	19.28
Manufactured Inputs	59.01	52.80	51.67	54.54	56.76	58.85	59.99	59.79	60.19	60.74	61.28
Fertilizer, Lime	27.45	24.07	23.54	24.91	25.90	26.93	27.75	27.97	28.26	28.50	28.72
Petroleum Fuel, Oils	16.27	14.13	13.72	14.92	15.95	16.77	16.95	16.52	16.49	16.60	16.71
Electricity	4.26	4.19	4.13	4.31	4.43	4.53	4.56	4.51	4.52	4.56	4.60
Pesticides	11.03	10.41	10.28	10.39	10.48	10.61	10.73	10.80	10.93	11.08	11.25
Interest Charges	14.72	13.88	15.05	17.04	18.37	19.30	20.10	20.74	21.30	21.87	22.44
Short-Term Interest	6.91	5.93	6.71	8.00	8.65	9.03	9.34	9.49	9.58	9.68	9.77
Real Estate Interest	7.81	7.95	8.34	9.04	9.72	10.27	10.76	11.25	11.72	12.19	12.67
Other Operating Exp.	89.70	85.98	86.26	88.42	90.17	92.40	94.37	95.65	97.24	98.88	100.59
Repair, Operation of Capital Items	15.52	14.95	15.02	15.22	15.36	15.59	15.84	16.01	16.16	16.30	16.43
Contract, Hired Labor	26.99	26.27	26.53	26.85	27.11	27.62	28.26	28.91	29.61	30.34	31.12
Machine Hire											
Custom Work	4.15	3.86	3.86	3.87	3.86	3.89	3.92	3.95	4.01	4.09	4.19
Marketing, Storage, and Transportation	10.93	10.08	10.03	10.55	10.98	11.36	11.54	11.52	11.64	11.79	11.95
Miscellaneous	32.10	30.83	30.82	31.93	32.85	33.94	34.81	35.26	35.82	36.35	36.89
Other Overhead Exp.	48.89	50.89	51.46	52.38	53.18	54.16	55.43	56.97	58.66	60.33	61.96
Capital Consumption	28.36	28.97	29.46	29.95	30.31	30.69	31.16	31.71	32.34	33.02	33.74
Property Taxes	10.19	10.62	11.02	11.39	11.73	12.04	12.36	12.69	13.04	13.41	13.78
Rent to Nonoperators	10.34	11.31	10.98	11.04	11.13	11.43	11.91	12.56	13.27	13.90	14.44
Production Expenses	290.59	278.05	278.67	288.22	296.44	304.74	312.39	317.50	323.15	328.65	333.93
Noncash Expenses	25.36	25.98	26.48	26.96	27.33	27.71	28.19	28.75	29.38	30.07	30.79
Labor Perquisites	0.35	0.35	0.36	0.36	0.36	0.37	0.37	0.38	0.38	0.39	0.39
Net Cap Consumption	25.01	25.62	26.12	26.60	26.97	27.34	27.81	28.37	29.00	29.68	30.40
Op. Dwelling Expenses	4.32	4.42	4.54	4.67	4.79	4.90	5.01	5.12	5.21	5.32	5.43
Cash Expenses	260.90	247.65	247.65	256.60	264.32	272.12	279.18	283.63	288.55	293.27	297.72

U.S. Prices Paid by Farmers

Prices paid by farmers for all production items increased by 22% in 2008 in response to higher prices for fuel, fertilizer, and a wide range of other inputs. Sharply lower prices for fuel, nitrogen fertilizer, and feed account for much of the significant decline in prices paid by farmers in 2009.

Strong demand caused by high crop prices and production, high energy prices, and variety of other factors contributed to the sharp increase in fertilizer prices in 2008. Lower farm commodity prices and the sharp drop in energy prices are major factors behind the decline in fertilizer prices in 2009.

Fuel prices remain a major source of uncertainty in the baseline. Changes in petroleum and natural gas prices directly affect fuel and energy costs to producers and have at least secondary effects on many other cost categories.

The weak U.S. economy puts downward pressure on agricultural wage rates in 2009 and also affects a variety of cost categories. Farm cost inflation resumes after 2010 but remains moderate throughout the baseline.

U.S. Indices of Prices Paid by Farmers

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Production, Interest, Taxes and Wages											
						(1990-92=100)					
Production Items	185	170	172	178	182	187	190	191	193	195	197
Feed	196	180	179	185	191	195	199	200	201	203	205
Livestock & Poultry	191	179	173	172	177	182	187	190	190	190	188
Seeds	174	173	180	186	193	196	197	197	196	198	198
Fertilizer	261	251	253	263	272	283	291	295	300	306	311
Mixed Fertilizer	395	349	342	365	379	393	403	404	407	411	414
Nitrogen Fertilizer	408	366	369	393	411	425	435	438	442	446	450
Potash and Phosph.	355	297	277	297	306	322	331	330	332	334	336
Agricultural Chemicals	487	440	442	472	491	507	517	521	526	531	536
Herbicides	141	133	131	133	134	135	137	137	139	141	144
Insecticides	130	122	118	119	120	121	122	122	123	125	126
Fungicides/Other	163	156	156	160	161	163	164	165	168	172	176
Fuels	152	143	143	147	149	152	155	157	159	162	165
Supplies & Repairs	345	286	274	299	322	339	342	331	329	331	332
Farm Supplies	154	147	148	151	153	156	158	159	160	161	162
Repairs	145	134	135	140	143	146	147	146	146	147	147
Autos & Trucks	159	154	155	156	158	161	163	165	167	168	169
Farm Machinery	108	97	101	105	106	107	108	108	108	109	110
Building Materials	207	190	191	196	198	202	207	211	217	224	231
Farm Services	166	142	144	150	153	158	161	162	163	165	167
Rent	153	141	140	141	140	140	140	140	142	145	148
Interest *	163	142	149	160	166	172	176	178	180	182	184
Taxes †	164	130	143	168	181	188	194	197	198	200	202
Wage Rates	203	175	190	202	207	214	219	221	225	230	234
	184	180	183	183	186	190	194	199	204	210	215

* Interest per acre on farm real estate debt and interest rate on farm non-real estate debt.

† Farm real estate taxes payable per acre.

U.S. Indices of Prices Paid by Farmers (percent change)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Production, Interest, Taxes and Wages											
Production Items	17.9	-8.1	0.7	3.6	2.6	2.4	1.7	0.6	0.9	1.1	1.1
Feed	21.8	-8.4	-0.1	3.4	2.7	2.6	1.7	0.4	0.8	1.1	1.0
Livestock & Poultry	27.7	-6.3	-3.3	-0.4	3.0	2.6	2.9	1.6	-0.1	-0.2	-0.6
Seeds	12.1	-0.9	4.3	3.3	3.5	1.4	0.7	0.0	-0.3	0.6	0.4
Fertilizer	27.5	-3.8	0.5	4.3	3.2	4.0	2.9	1.4	1.8	1.9	1.8
Mixed Fertilizer	77.6	-11.7	-1.9	6.5	3.9	3.8	2.5	0.2	0.8	0.8	0.7
Nitrogen Fertilizer	89.7	-10.2	0.9	6.5	4.5	3.5	2.3	0.5	1.0	1.0	0.9
Potash and Phosph.	51.1	-16.2	-6.8	7.0	3.3	5.0	3.0	-0.5	0.7	0.7	0.5
Agricultural Chemicals	134.3	-9.7	0.4	6.9	4.0	3.1	2.1	0.7	1.0	1.0	0.9
Herbicides	8.1	-5.8	-1.6	1.6	0.7	1.3	0.9	0.4	1.3	1.6	1.7
Insecticides	5.9	-6.2	-2.8	0.9	0.5	1.1	0.6	0.0	0.8	1.2	1.3
Fungicides/Other	9.5	-4.3	-0.1	2.3	0.6	1.0	0.9	0.8	1.8	2.2	2.2
Fuels	12.9	-6.2	0.2	2.6	1.4	2.3	1.8	0.9	1.6	1.8	1.9
Supplies & Repairs	30.1	-17.0	-4.3	9.1	7.6	5.4	0.7	-3.1	-0.4	0.5	0.4
Farm Supplies	3.3	-4.6	0.5	1.8	1.4	1.8	1.4	0.6	0.7	0.6	0.6
Repairs	3.9	-8.0	1.1	3.8	1.7	2.1	0.9	-0.5	0.1	0.3	0.4
Autos & Trucks	3.5	-3.0	0.3	1.0	1.2	1.7	1.6	1.2	0.9	0.8	0.7
Farm Machinery	-2.3	-10.4	4.1	3.9	1.1	1.1	0.3	-0.2	0.5	0.8	0.9
Building Materials	8.0	-8.3	0.9	2.3	1.1	2.2	2.2	2.1	2.9	3.1	3.2
Farm Services	7.1	-14.4	1.5	4.1	2.3	2.9	2.0	0.7	1.0	1.0	0.9
Rent	4.9	-8.2	-0.7	1.0	-0.7	0.2	0.0	-0.2	1.2	2.0	2.5
Interest *	7.7	-12.6	4.6	7.5	4.2	3.5	2.1	1.0	1.3	1.2	1.1
Taxes †	6.4	-20.9	10.5	17.0	8.1	4.1	2.9	1.3	0.8	0.9	0.9
Wage Rates	8.0	-13.8	8.8	6.2	2.4	3.5	2.1	1.0	1.8	2.1	2.1
	3.9	-1.8	1.2	0.5	1.4	2.0	2.3	2.6	2.6	2.6	2.7

* Interest per acre on farm real estate debt and interest rate on farm non-real estate debt.

† Farm real estate taxes payable per acre.

U.S. Net Farm Income

Based on preliminary USDA estimates, nominal net farm income reached record levels in 2008. A sharp increase in crop receipts and a modest increase in livestock receipts more than offset the effects of a sharp increase in production costs.

In 2009, net farm income is expected to decline by almost \$18 billion. Lower farm commodity prices result in sharp reductions in both crop and livestock receipts. The decline in net farm income is moderated by a reduction in farm production expenses.

Net farm income begins to recover in 2010 as livestock and dairy receipts again increase. Nominal net farm income again reaches record levels in 2013, but inflation-corrected real net farm income does not reach the 2008 level until 2018.

Government payments are a smaller share of gross and net farm income than they were in 2005 and 2006. Payments increase in 2010 when the first payments under the ACRE program are issued.

U.S. Farm Income Statistics

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(Billion U.S. Dollars)										
1. Farm Receipts	341.92	311.72	320.05	333.12	343.71	352.52	362.75	372.40	380.89	388.94	397.14
Crops	181.11	163.52	163.56	168.93	174.96	180.85	187.49	193.39	198.31	202.30	206.34
Livestock	143.14	130.13	138.18	145.38	149.64	152.09	155.27	158.71	162.01	165.79	169.63
Farm-Related *	17.67	18.08	18.30	18.81	19.12	19.58	19.99	20.30	20.56	20.85	21.16
2. Government Payments	12.40	11.92	14.19	12.11	11.93	11.99	11.94	10.92	11.05	11.08	11.36
3. Gross Cash Income (1 + 2)	354.32	323.64	334.25	345.23	355.63	364.52	374.68	383.32	391.94	400.03	408.49
4. Nonmoney Income	25.29	26.03	26.82	27.70	28.48	29.17	29.83	30.41	30.96	31.57	32.21
5. Value of Inventory Change	0.29	0.19	0.29	0.05	0.64	0.67	1.12	1.23	0.89	0.66	0.38
6. Gross Farm Income (3 + 4 + 5)	379.91	349.85	361.35	372.98	384.76	394.35	405.63	414.96	423.79	432.26	441.08
7. Cash Expenses †	260.90	247.65	247.65	256.60	264.32	272.12	279.18	283.63	288.55	293.27	297.72
8. Total Expenses	290.59	278.05	278.67	288.22	296.44	304.74	312.39	317.50	323.15	328.65	333.93
9. Net Cash Income (3 - 7)	93.42	75.99	86.59	88.63	91.31	92.39	95.50	99.69	103.39	106.76	110.78
10. Realized Net Farm Income (3 + 4 - 8)	89.03	71.61	82.40	84.70	87.68	88.95	92.12	96.23	99.75	102.95	106.77
11. Net Farm Income (6 - 8)	89.32	71.80	82.69	84.76	88.32	89.62	93.24	97.46	100.64	103.61	107.15
Deflated (1997 \$) ‡	69.55	55.29	62.89	63.44	64.97	64.54	65.66	67.19	68.03	68.72	69.75

* Income from machine hire, custom work, sales of forest products, and other miscellaneous cash sources.

† Excludes capital consumption, perquisites to hired labor, and farm household expenses.

‡ Deflated by the GNP price deflator, 1997=1.

U.S. Crop Insurance

Crop insurance continues to expand. The number of net acres insured increased to 272.36 million acres in 2008. More crops and areas are being covered by crop insurance and the expansion is expected to continue through 2009 and beyond.

Total premiums increased to \$9.86 billion in 2008, roughly a 50% jump from 2007. The significantly higher crop prices experienced in 2008 propped up insurance prices, premiums, and liabilities. The continuation of relatively higher crop prices over the projection period will likely keep total premium levels in the \$8 billion to \$10 billion range.

Premium subsidies rose to \$5.69 billion in 2008. As with premiums, the higher crop prices coincide with higher premium subsidy levels. For 2009, premium subsidies are projected to decline to \$4.79 billion, mainly because of lower insurance prices for 2009. Over the projection period, premium subsidies are expected to maintain at around \$5 billion per year.

Despite the planting and harvesting issues producers faced in 2008, the 2008 crop year marked the sixth year in a row in which premiums exceeded indemnities. Over the projection period, total indemnities follow a pattern similar to that of total premiums. Loss ratios of one indicate that “actuarially fair” premiums are being charged for the insurance products. These projections show that, overall, federal crop insurance will meet the loss ratio targets set by Congress.

Total obligations represent the federal government’s financial responsibility to crop insurance. They are the costs for crop insurance before considering any crop insurance revenues. Total obligations are equal to the sum of indemnities, delivery expenses, administrative and operating expenses, agent commissions, and other expenses. Total obligations for FY 2009 are projected to reach nearly \$10 billion.

Net outlays take underwriting costs and crop insurance revenues into account. Net outlays are estimated at \$7 billion for FY 2009. Outlays are expected to rise until 2012 when the crop insurance premium timing is shifted forward, as required by the 2008 farm bill.

Budget authority is the amount the law allows the federal government to spend on a program. For crop insurance, it represents net outlays on a crop-year basis. Budget authority for FY 2009 is projected at \$7 billion. Budget authority projections follow a pattern similar to that of net outlays.

