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Nebraska Farm Business Averages

Tina N. Barrett
University of Nebraska-Lincoln, tbarrett2@unl.edu

CORNHUSKER ECONOMICS

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Market Report	Yr Ago	4 Wks Ago	7/9/10
Livestock and Products, Weekly Average			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	$81.61	$92.46	$92.44
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.. . . .	116.75	134.25	138.28
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	105.22	117.00	117.94
Choice Boxed Beef, 600-750 lb. Carcass.	137.81	156.70	155.14
Western Corn Belt Base Hog Price Carcass, Negotiated.	57.76	75.01	75.51
Feeder Pigs, National Direct 50 lbs, FOB..	39.62	*	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean..	56.12	83.72	82.40
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct..	103.00	135.50	137.00
National Carcass Lamb Cutout, FOB.	257.01	318.82	311.50
Crops, Daily Spot Prices			
Wheat, No. 1, H.W. Imperial, bu..	4.52	3.22	3.97
Corn, No. 2, Yellow Omaha, bu.	3.04	3.35	3.55
Soybeans, No. 1, Yellow Omaha, bu.	10.35	9.60	9.97
Grain Sorghum, No. 2, Yellow Dorchester, cwt..	5.02	5.30	5.79
Oats, No. 2, Heavy Minneapolis, MN , bu.	2.15	2.27	2.65
Feed			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton..	*	150.00	150.00
Alfalfa, Large Rounds, Good Platte Valley, ton..	*	82.50	75.00
Grass Hay, Large Rounds, Premium Nebraska, ton..	*	*	*
Dried Distillers Grains, 10% Moisture, Nebraska Average.	97.50	94.50	88.50
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	39.50	35.00	32.50

***No Market**

2009 Net Farm Income was a 20 Percent Drop from Record Highs

Ten years ago, there was a pattern in net farm income of a good year followed by a bad year, followed by a good year, and so on. From 1999 to 2002 we saw continual drops in net farm income, and since 2003 the pattern has been record high incomes followed by new record high incomes. Grain prices went on the rise and returns followed. In 2009, we recorded the first drop in average net farm income since 2002.

Net Farm Income

Average net farm income is just one number, made up of many numbers that have individual stories attached to them. For example, crop farms did very well again in 2009 and many saw little to no change in their income from 2007 and 2008. On the other hand, livestock farms were hit hard again in 2009. The farms that lost money in 2009 were drawing large portions of their income from livestock operations. Higher feed costs meant more struggles for cattle, hog and dairy operations. As in all years, there is no “average” farm and there were livestock farms that made money and crop farms that didn’t.

The farms that report their income to us span a wide range of operations. Gross farm income ranged from under $50,000 to over $1,000,000. The age of operators ranged from under the age of 31 to over the age of 60. Even the average debt load ranged from many with debt-to-asset ratio of less than 20 percent, to some over 80 percent.

Farm Liquidity

Farm liquidity has been seeing major changes in the past few years. In 2005, the average farm and non-farm debt recorded was $300,000. In 2009, that number more than doubled to just under $650,000. So even though we are seeing a slight drop in the average debt-to-asset number, the risk is still climbing. It's like moving from a $10 black jack table to a $100 table. With the same amount of income, you can't afford to lose very often.

A lot of the debt growth, I think, is due to the high incomes recorded. Many producers are "taking care" of their tax liability with new, highly leveraged pieces of equipment that can be expensed in the first year. While many of these purchases may have been long overdue, it will be a point to watch in the future if we continue to see a narrowing of the profit margin, and the very liquid cash flows of the past few years become dried up, making the payments for these large purchases very difficult.

Family Living

Family living needs are another major financial issue for agricultural producers. As income has soared the past few years, so have expenditures on the family living side. In 2009, the average producer spent $65,000 on family living, and another $27,800 on income and social security taxes. That means the "average farm" must be making at least $100,000 a year to sustain the living needs of the family before any of the profits are retained in net worth increases. Just five years ago, the combined total was under $60,000.

Non-farm income is adding to the ability of the farm to cover those costs, but not on a large scale. The average total non-farm income from all sources was $27,000 in 2009.

Crop Cost of Production

2009 brought added cost of production. The average cost to produce an irrigated bushel of corn rose two percent to $3.21. The average cost to produce a dryland bushel of corn actually dropped $0.20 to $3.00, due to the 19 bushel increase in the production from 2008 to 2009. Soybeans saw similar drops, with cost of production for irrigation at $7.07 and dryland at $6.04.

The highest returning crop that we have records on is again seed corn production, with an average net return of $304 per acre. This was a significant drop from 2008, but still almost five times higher than the average return on commercial corn.

Reports

This information is available in our seven annual publications, located under "Annual Reports" in PDF format, at www.nfbi.net. A printed version is available for $40 a copy, and a condensed six-page summary is also available for $18. The condensed summary has all the most important information available in an easy to use format. If you are interested in purchasing a copy, please call our office at (402) 464-6324.

Tina Barrett, (402) 464-6324
Director
Nebraska Farm Business Association
tbarrett2@unl.edu