



U.S. Farm Income

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Summary

According to USDA's Economic Research Service (ERS), national net farm income—a key indicator of U.S. farm well-being—is forecast at \$91.7 billion in 2012, down \$6.5 billion (6.5%) from the record total of \$98.1 billion achieved in 2011. Record revenues from crop markets (forecast up 0.7%, from 2011's record level), coupled with continued strength in livestock markets (down 0.1% from 2011's record), are expected to be offset a 4% (\$12.5 billion) increase in input costs to account for the lower forecast for overall net returns.

The major drivers behind a second year of strong farm income projections are the outlook for near-record U.S. agricultural exports of \$132 billion in 2012, following record exports in 2011 (projected at a record \$136.3 billion), and continued strong crop prices driven in part by sustained demand from the U.S. corn ethanol industry. Market prices for major program crops for the 2011/12 marketing year have remained near record levels, and sustain a positive earnings outlook for most commodities, but especially for corn, cotton, and soybeans. Beef and broilers are expected to see record high prices in 2012 (up 9% and 7%, respectively), while egg and milk prices are projected to decline by over 8%.

Government farm payments, although projected up 4% in 2012 at \$11 billion, are expected to remain relatively small (second lowest total since 1997) as high commodity prices shut off payments under the price-contingent marketing loan and counter-cyclical payment programs.

Farm production expenses are forecast up 4% to a record \$334 billion in 2012, led by a surge in operating expenses and increasing outlays for crop insurance. Livestock producers face record costs for feed and near-record costs for replacement animals, which could diminish their net return prospects. Crop producers also are expected to confront record high costs for seed, fertilizer, and fuel.

Farm asset values—which reflect farm investors' and lenders' expectations about long-term profitability of farm-sector investments—are expected to rise nearly 6% in 2012 to a record \$2,474 billion for a 4th consecutive year of gains. Farm land cash markets in early 2012 suggest that land values will continue to see gains related to strong crop prices in 2012. Farm debt has been nearly stagnant since 2008. As a result, the farm debt-to-asset ratio has declined steadily since 2008 and is expected to fall to the lowest level on record in 2012 at 10.3%.

These data suggest a strong financial position heading into 2012 for the agriculture sector as a whole relative to the rest of the U.S. economy. However, there is substantial regional variation. In general, the increase in expenses will affect livestock producers more harshly than crop producers. Cash grain farmers in the Corn Belt and Northern Plains are expected to experience a second year of record revenues. In contrast, livestock and poultry feeders are experiencing record high feed costs that have narrowed profit margins despite record high wholesale and retail prices for their end products. In addition, a severe drought in 2011 in the Southwest that extended into the Central Plains and the Southeast limited grazing opportunities and hay production for cattle ranchers in the affected regions and led to substantial herd liquidation. The lingering effects of the drought are expected to depress sales of many crops in 2012 through their negative impact on production. Eventual 2012 agricultural economic well-being will hinge greatly on spring crop planting and summer growing weather, as well as both domestic and international macroeconomic factors including economic growth and consumer demand.

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Introduction

The U.S. farm sector is vast and varied. It encompasses production activities related to traditional field crops (such as corn, soybeans, wheat, and cotton), livestock and poultry products (including meat, dairy, and eggs), as well as fruits, tree nuts, and vegetables. In addition, U.S. agricultural output includes greenhouse and nursery products, forest products, custom work, machine hire, and other farm-related activities. The intensity and economic importance of each of these activities, as well as their underlying market structure and production processes, vary regionally based on the agro-climatic setting, market conditions, and other factors. As a result, farm income and rural economic conditions may vary substantially across the United States.¹ However, this report focuses singularly on aggregate national net farm income and the farm debt-to-asset status as reported by the U.S. Department of Agriculture (USDA).²

Annual U.S. net farm income is the single most watched indicator of farm sector well-being, as it captures and reflects the entirety of economic activity across the range of production processes, input expenses, and marketing conditions that have persisted during a specific time period. When national net farm income is reported together with a measure of the national farm debt-to-asset situation, the two summary statistics provide a quick indicator of the economic well-being of the national farm economy.

Two different indicators measure farm profitability: net cash income and net farm income.

- **Net cash income** compares cash receipts to cash expenses. As such, it is a cash flow measure representing the funds that are available to farm operators to meet family living expenses and make debt payments. For example, crops that are produced and harvested but kept in on-farm storage are not counted in net cash income. Farm output must be marketed (i.e., exchanged for payment) before it is counted as part of the household's cash flow.
- **Net farm income** is a value of production measure, indicating the farm operator's share of the net value added to the national economy within a calendar year, independent of whether it is received in cash or noncash form. In contrast to net cash income, net farm income includes the value of home consumption, changes in inventories, capital replacement, and implicit rent and expenses related to the farm operator's dwelling that are not reflected in cash transactions during the current year. Thus, once a crop is grown and harvested it is included in the farm's net income calculation, even if it remains in on-farm storage.

Net cash income is generally less variable than net farm income. Farmers can manage the timing of crop and livestock sales and of the purchase of inputs to stabilize the variability in their net cash income. For example, farmers can hold crops from large harvests to sell in the forthcoming year, when output may be lower and prices higher.

¹ For information on state-level farm income, see the "U.S. and State Farm Income Data," available as part of the Farm Income Data Files, Farm Income and Costs Briefing Room, Economic Research Service (ERS), USDA, at <http://www.ers.usda.gov/data/FarmIncome/finfidmu.htm>.

² For a more detailed discussion of the issues in this report, see the Briefing Room "Farm Income and Costs: 2012 Farm Sector Income Forecast," ERS, USDA, at <http://www.ers.usda.gov/Briefing/FarmIncome/nationalestimates.htm>.

Off-farm income and crop insurance subsidies and benefits, both of which have increased in importance in recent years, are not included in the calculation of aggregate farm income. Instead, they are included in the discussion of farm income at the household level.

2012 Farm Income Forecast 2nd Highest on Record

U.S. net farm income is forecast at \$91.7 billion in 2012, down \$6.5 billion (6.5%) from the record total of \$98.1 billion achieved in 2011 (**Figure 1** and **Table 4**) but still the 2nd highest on record.³ When measured in cash terms, net cash income in 2012 is projected at \$96.3 billion, down 11.5% from last year's record \$108.7 billion. When adjusted for inflation (**Figure 2**), current farm income forecasts remain well below the peak period of the early 1970s. The 2012 outlook for a second year of strong farm income occurs in spite of slow growth in the domestic economy, and is being driven, in large part, by the outlook for tight feed grain and oilseed stocks due to robust agricultural export growth and continued strong demand for corn as a feedstock in biofuels production.

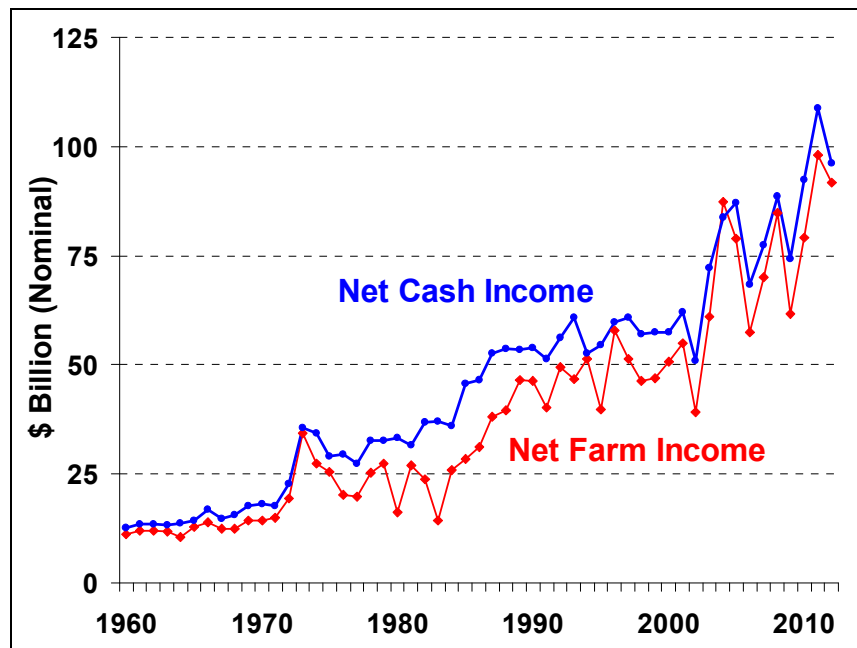
USDA forecasts that U.S. stocks of feed grains and soybeans will approach historic low levels relative to demand by the end of summer 2012 as U.S. feed grain demand has exceeded production in all but one year since 2004.⁴ This persistent trend is primarily the result of five factors: rapid growth of U.S. corn-based ethanol production (whose share of the U.S. corn crop in 2011 exceeded feed use for the first time); limited supply of available U.S. cropland to expand production; prolonged weakness of the U.S. dollar, which has made U.S. agricultural exports competitive in foreign markets despite high prices; strong income growth in China and other international markets, which has increased demand for livestock products and the feedstuffs (feed grains and protein meals) needed to produce them; and a substantial decline in the price responsiveness of both supply and demand in agricultural commodity markets. The convergence of these factors has resulted in falling grain and oilseed stocks, record or near-record prices for most feedstuffs—grains, oilseeds, hay, and pasture—in 2011 and early 2012, and increasingly volatile commodity prices.

These factors are expected to persist at least into the summer months of 2012, thus maintaining strong demand for feed grains and strong upward pressure on prices for all commodities that compete for farm land. As a result, market prices have risen toward or above their 2008 highs (**Figure 3** and **Figure 5**), thus improving the earnings outlook for most agricultural commodities, but especially for grain, cotton, and oilseed producers.

Since the 2002-2003 period, major commodity prices (at the farm gate) have risen substantially. With respect to major field crops (**Figure 4**), wheat, soybean, and cotton prices have more than doubled, while corn and rice prices have nearly tripled in value. At its 2008 peak of nearly \$20 per cwt, rice prices were four times their 2002-2003 period value of under \$5 per cwt. With respect to livestock product prices (**Figure 6**), hog farm prices have nearly doubled, milk and cattle (500 pound and heavier) prices are up over 60%, and broiler prices are up over 50%.

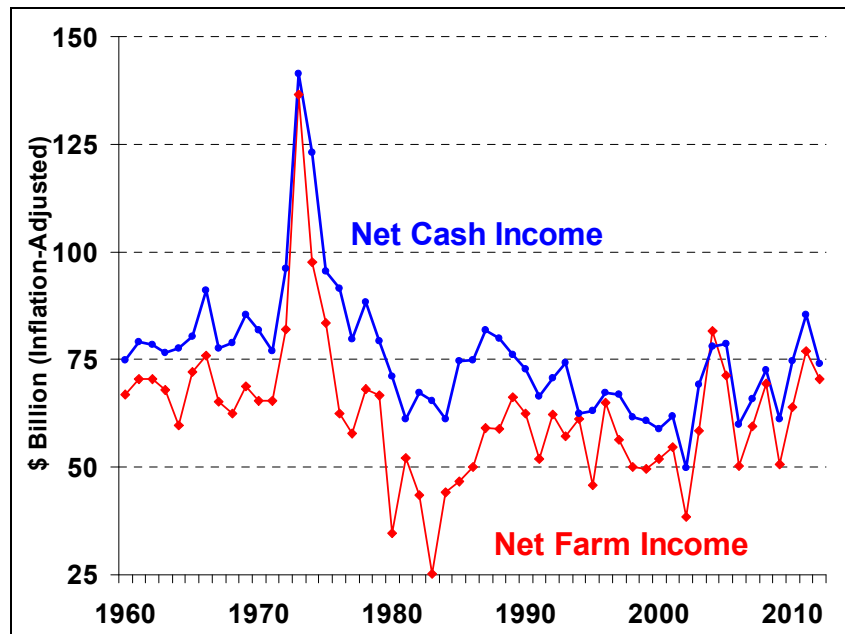
³ ERS's 2012 farm sector income forecast, last updated on February 13, 2012, is available at the Farm Income and Costs Briefing Room, at <http://www.ers.usda.gov/Briefing/FarmIncome/nationalestimates.htm>.

⁴ See CRS Report R41956, *U.S. Livestock and Poultry Feed Use and Availability: Background and Emerging Issues*.

Figure 1. Annual U.S. Farm Sector Nominal Income, 1960 to 2012F

Source: USDA, Economic Research Service, "2012 Farm Income Forecast," February 12, 2012, at <http://www.ers.usda.gov/Briefing/FarmIncome/>.

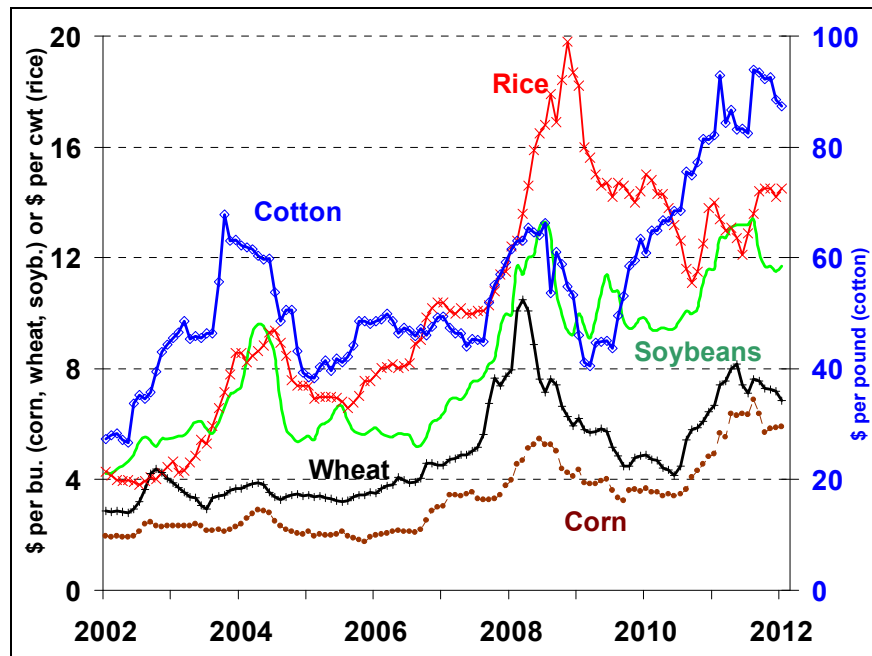
Notes: All values are in nominal terms, i.e., not adjusted for inflation. 2010 is preliminary, 2011 is forecast.

Figure 2. Annual U.S. Farm Sector Inflation-Adjusted Income, 1960 to 2012F

Source: USDA, Economic Research Service, "2012 Farm Income Forecast," February 12, 2012, at <http://www.ers.usda.gov/Briefing/FarmIncome/>.

Notes: All values are adjusted for inflation using the Bureau of Labor Statistics (BLS), Consumer Price Index (CPI) where 2002-2003=100. 2011 is preliminary, 2012 is forecast.

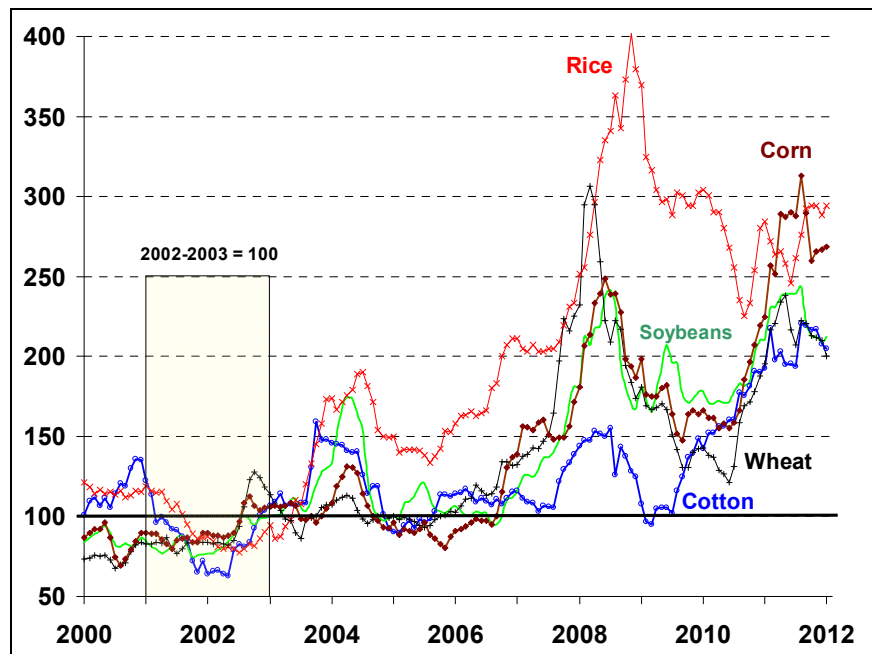
Figure 3. Monthly Farm Prices for Major Field Crops, Nominal Dollars
 (\$ per unit: bushels, pounds, or hundredweight (cwt))



Source: USDA, National Agricultural Statistics Service, January 30, 2012.

Note: cwt = hundredweight or units of 100 lbs.

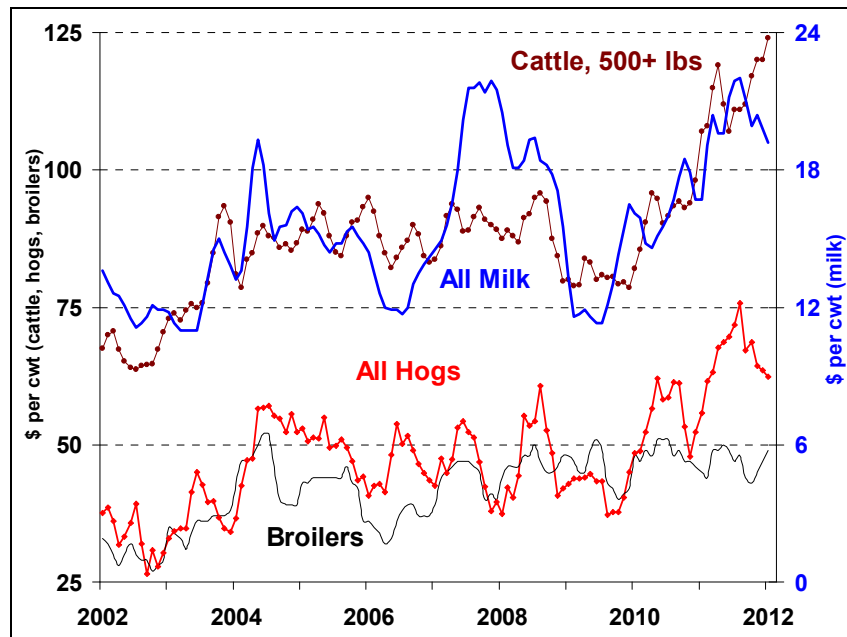
Figure 4. Monthly Farm Prices for Major Field Crops, Indexed Dollars
 (indexed to 2002-2003 = 100)



Source: USDA, National Agricultural Statistics Service, January 30, 2012.

Notes: Monthly prices are adjusted for inflation using the CPI to permit relative comparisons.

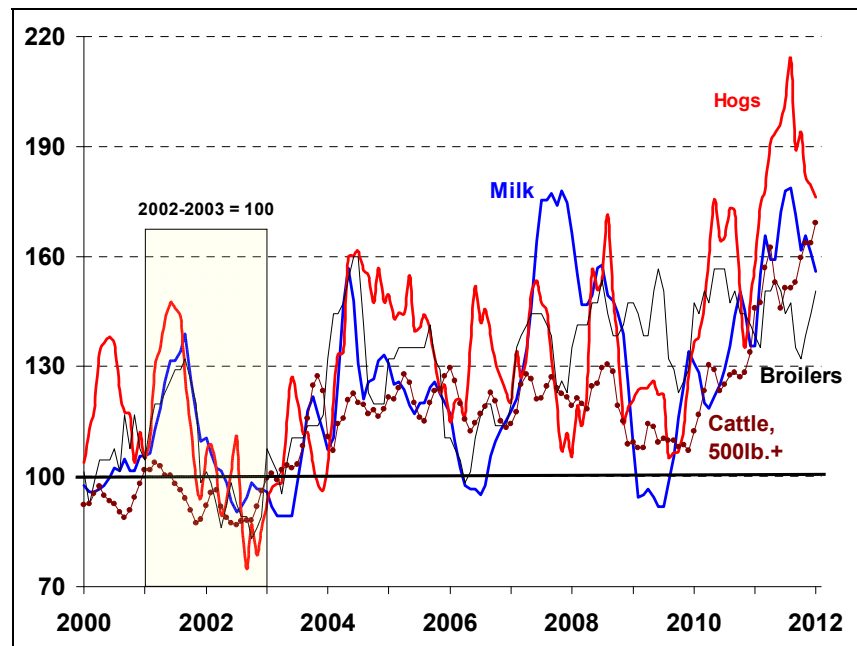
Figure 5. Monthly Farm Prices for Major Livestock Products, Nominal Dollars
(\$ per hundredweight (cwt))



Source: USDA, National Agricultural Statistics Service, January 30, 2012.

Note: cwt = hundredweight or units of 100 lbs.

Figure 6. Monthly Farm Prices for Livestock Products, Indexed Dollars
(indexed to 2002-2003 = 100)



Source: USDA, National Agricultural Statistics Service, January 30, 2012.

Notes: Monthly prices are adjusted for inflation using the CPI to permit relative comparisons.

Market Overview

U.S. Ethanol Policy Sets the Stage for Higher Commodity Prices

Since 2005, crop output and sales have been influenced by the rapid expansion of U.S. corn-based biofuel production, due in large part to strong federal incentives.⁵ The U.S. corn-ethanol industry has grown rapidly from 2004, when 3.4 billion gallons of ethanol were produced using an estimated 12% of the U.S. corn crop, to 2011 when an estimated 13.9 billion gallons were produced using an estimated 40% of the U.S. corn crop.⁶ This additional demand has helped to push corn and other crop prices steadily higher since 2005 as they compete for a fixed amount of cropland (**Figure 3** and **Table 7**).

The U.S. ethanol sector received a substantial boost in December 2007, when the Energy Independence and Security Act (EISA) was signed into law (P.L. 110-140). EISA greatly expands the mandate for corn-based ethanol use from 10.5 billion gallons in 2009 to 15 billion gallons by 2015.⁷ In addition, strong export demand through 2007 and the first half of 2008, aided in part by a weak dollar, helped to draw down stocks for major grains and oilseeds to historically low levels, thus supporting higher market prices.

Financial Crisis Stymies Growth in 2009

After reaching record net cash income and near-record net farm income in 2008, the U.S. farm economy slowed considerably in 2009 owing to the international financial crisis, falling global demand, and weak commodity prices for most major field crops and livestock products. The economic conditions that arose in late 2008—the global financial crisis, economic recession, rising unemployment, limited credit availability, and plummeting asset values—persisted into 2009 and contributed to a severe weakening of consumer demand through most of 2009. As a result, domestic and international demand for biofuels, as well as meat and dairy products (and subsequently feed grain), eroded dramatically.

Economic Growth Restarts in 2010, Slows Again in 2011

After some initial growth in 2010, the U.S. economy slowed considerably again in 2011, with minimal job growth since 2008. As a result, U.S. consumers have been very cautious in their spending behavior. However, robust economic growth in major global markets in 2010 and early 2011 (including China, India, Brazil, and other parts of Asia and the Middle East) reinvigorated international consumer demand. When coupled with a weak U.S. dollar and events that occurred in international feed grain markets—drought in Russia, Kazakhstan, and the Ukraine in 2010, plus strong Chinese demand for corn and feedstuffs—U.S. agricultural export values surged in 2010 and are projected to reach an all-time high of \$136.3 billion in 2011 (**Figure 13**).⁸

USDA's estimates for 2010/2011 marketing-year ending stocks for U.S. corn and soybean fell to near historic low levels relative to expected demand (8.6% and 6.6%), while current-year

⁵ See CRS Report R41282, *Agriculture-Based Biofuels: Overview and Emerging Issues*.

⁶ Ethanol production estimates by CRS based on DOE, Energy Information Agency (EIA) monthly data reports, at <http://www.eia.gov/totalenergy/data/monthly/>; corn use estimates are from *World Agricultural Supply and Demand Estimates (WASDE)*, World Agricultural Outlook Board (WAOB), USDA, February 9, 2012.

⁷ See CRS Report R40155, *Renewable Fuel Standard (RFS): Overview and Issues*.

⁸ USDA News Release, No. 0046.12, February 10, 2012.

(2011/2012) ending stocks for U.S. corn are projected at 6.3%, the lowest level since 1995. These tight stock projections have been a driving factor in higher grain and oilseed prices as markets attempt to ration the projected limited supply across a range of demand sources.⁹

U.S. livestock prices for most major species—cattle, hogs, and dairy—also strengthened in 2011, driven in part by a booming export market, tightening domestic supplies, and some modest recovery in U.S. retail demand.

Various Factors Will Influence 2012 Market Conditions

Global total grain output is projected up in 2011/2012; however, total demand is expected to exceed total production leading to a second year of decline in total global grain stocks.¹⁰ The world corn and soybean supply situation for 2012 will hinge on the drought-impacted final harvests of Argentina and Brazil (two of the world's largest producers of both crops), and the acreage and yield outcomes this spring for U.S. crops. The low U.S. corn and soybean ending-stock outlook, coupled with the uncertainty surrounding grain supplies in international markets, will likely drive continued grain and oilseed market price sensitivity to any news regarding possible changes in the supply and demand outlook through both the spring planting season of 2012 and into the summer growing season. If favorable weather persists and good harvests are assured for the fall, it is expected that crop prices will decline from current levels.

Supplies of beef will be limited in 2012 due to tightened supplies of cattle. On January 1, 2012, the U.S. cattle inventory was the lowest since 1952. Rising feed prices since 2009 have tightened feedlot margins. In addition, a severe drought in 2011 in the Southwest that extended into the Central Plains and the Southeast limited grazing opportunities and hay production for ranchers in the affected region. As a result, substantial herd liquidation accelerated in the latter half of 2011. Beef prices in 2012 will be supported by the tight supplies of cattle (**Table 7**). Similarly, high feed costs tightened broiler margins and the ensuing reduced egg sets are expected to lower broiler supply and raise prices in 2012.

In contrast, milk and hog prices weakened towards the end of 2011 and are forecast lower in 2012 as milk supplies catch up to demand, and hog supplies are bolstered by continued productivity gains (pigs per litter) that have occurred in the past several years.

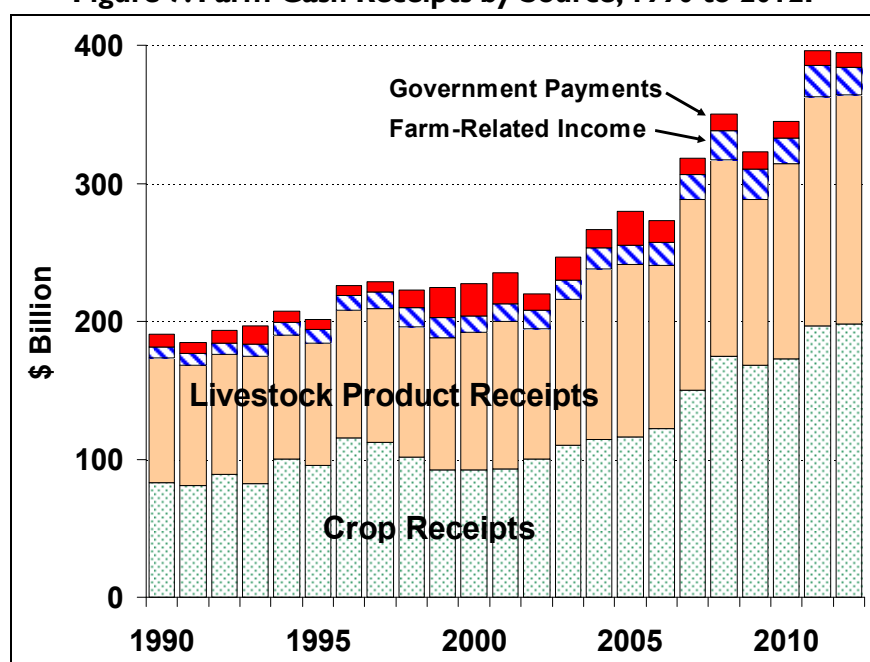
The eventual 2012 U.S. agricultural economic well-being will hinge greatly on spring crop planting and summer growing weather, as well as both domestic and international macroeconomic factors including economic growth and consumer demand.

Cash Receipts

Total farm sector cash receipts for 2012 are projected at \$395 billion, just off of the 2011 record of \$396.1 billion (**Table 4** and **Figure 7**). Farm sector revenue sources and shares include crop revenues (50% of sector revenues), livestock receipts (42%), government payments (about 3%), and other farm-related income including machine hire and custom work (5%).

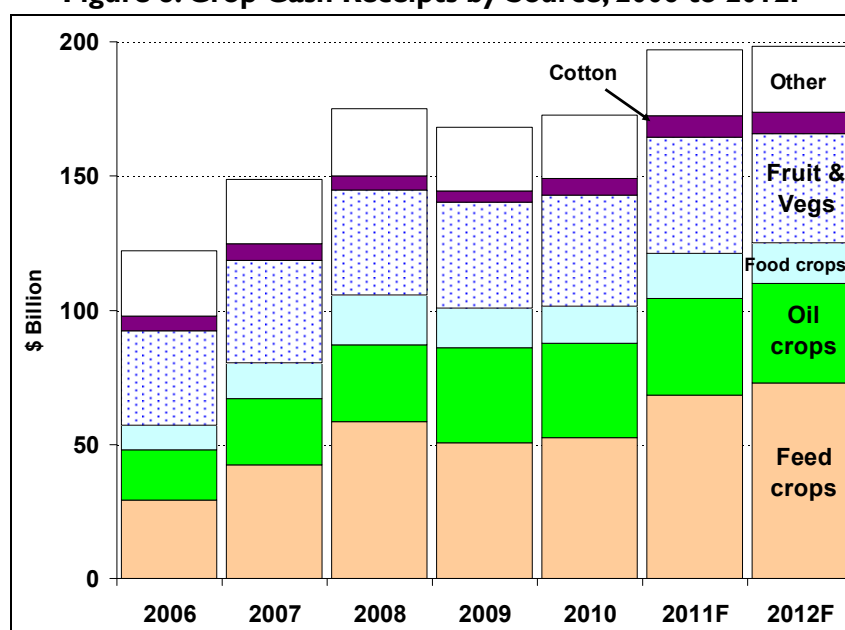
⁹ See CRS Report R41956, *U.S. Livestock and Poultry Feed Use and Availability: Background and Emerging Issues*.

¹⁰ International Grains Council, *Grain Market Report*, GMR No. 417, November 24, 2011.

Figure 7. Farm Cash Receipts by Source, 1990 to 2012F

Source: USDA, Economic Research Service, "2012 Farm Income Forecast," February 12, 2012, at <http://www.ers.usda.gov/Briefing/FarmIncome/>.

Notes: 2012 is forecast. Receipts from crop and livestock product sales, and government payments, are described in more detail below. Farm-related income includes income from custom work, machine hire, agri-tourism, forest product sales, insurance indemnities, and cooperative patronage dividend fees.

Figure 8. Crop Cash Receipts by Source, 2006 to 2012F

Source: USDA, Economic Research Service, "2012 Farm Income Forecast," February 12, 2012, at <http://www.ers.usda.gov/Briefing/FarmIncome/>.

Notes: 2011 is preliminary, 2012 is forecast. See **Table 2** for details.

Crops

Total crop sales are projected at a record \$198.3 billion in 2012 (up 0.7% from last year's record). This includes field crops sales (i.e., feed, food, oil crops, and cotton) of a record \$132.9 billion (up nearly 3%) and other crop receipts—i.e., fruits and nuts, vegetables, and all other crops—of \$65.4 billion (down 3.3%).

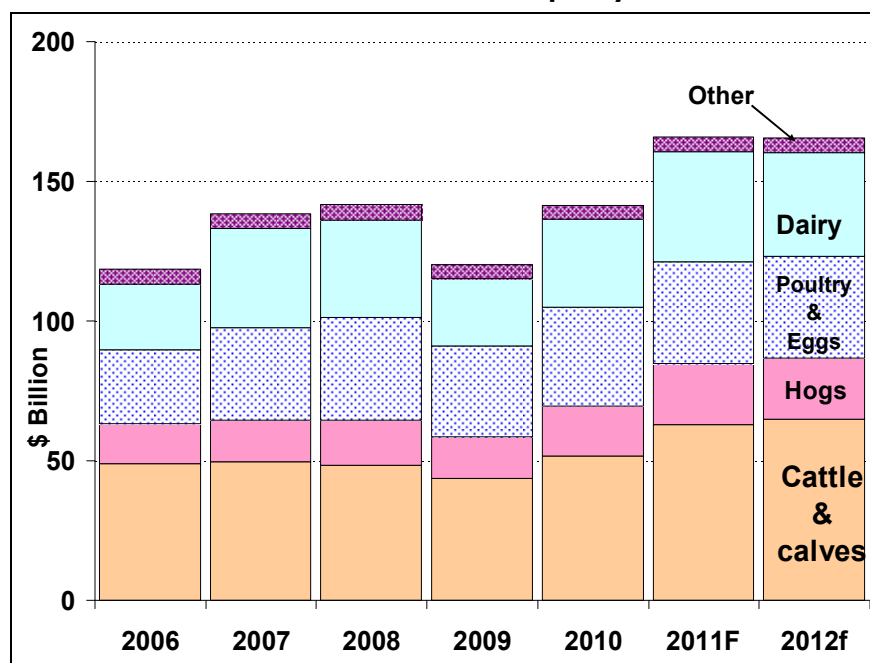
The field crop sales include record feed crop (i.e., corn, sorghum, barley, and oats) sales of \$73 billion (up 33%), food crop—i.e., wheat and rice—sales of \$14.8 billion (down 13%), record oil crop—i.e., soybeans, sunflowers, rapeseed/canola, and other minor oilseeds—sales of \$37.1 billion (up over 2%), and cotton sales of \$7.9 billion (slightly below 2011's record of \$8 billion). Other crop receipts are projected at \$65.4 billion (down 3% from the previous year's record). As a result, the crop sector is projected to account for over 50% of total U.S. gross cash receipts in 2012 (**Figure 7**).

With respect to the individual crops, receipts for corn and soybeans are projected record-large at \$63.6 billion (up nearly 8%) and \$34.5 billion (up almost 2%) in 2012, while wheat market sales are projected down 16% at \$12 billion. High cotton prices offset by lower production are expected to push cotton receipts down by 1% from 2011's mark of \$8 billion in sales.

Livestock

In terms of the value of production, the livestock, dairy, and poultry sector is projected down slightly in 2012, as record-high cash receipts for livestock (cattle, hogs, and sheep) of \$87.6 billion (up over 2%, **Figure 9**) are muted somewhat by lower dairy receipts of \$37.1 billion (down 6.5%), while poultry and egg receipts are essentially unchanged. The early outlook for 2012 projects cattle and broiler prices up due to herd liquidation and tightening supplies, while milk and hog prices are both projected 8% lower as supplies recover (**Table 7**).

Figure 9. U.S. Livestock Product Cash Receipts by Source, 2006 to 2012F

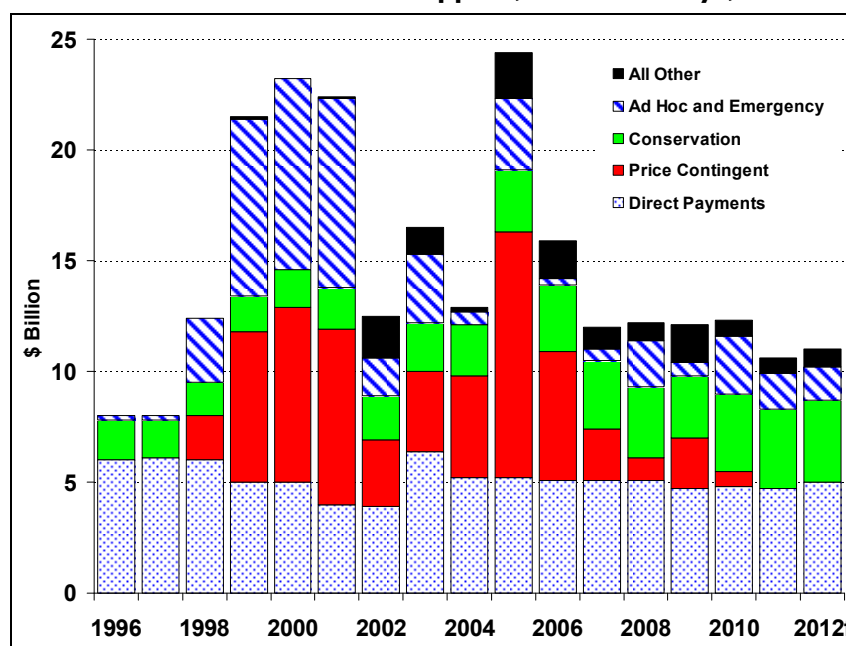


Source: See above source and notes.

Government Payments

Government farm payments, although projected up 4% in 2012 at \$11 billion, are expected to remain relatively small (second lowest total since 1997) as high commodity prices shut off payments under the price-contingent marketing loan and counter-cyclical payment programs (**Figure 10**). Government payments are expected to represent a relatively small share (2.8%) of projected gross cash income of \$395 billion. In contrast, government payments represent 12% of net farm income of \$91.7 billion; however, the importance of government payments as a percent of net farm income varies nationally by sector and region.

Figure 10. U.S. Government Farm Support, Direct Outlays, 1996 to 2012F



Source: USDA, Economic Research Service, "2011 Farm Income Forecast," February 12, 2012, at <http://www.ers.usda.gov/Briefing/FarmIncome/>.

Notes: Data are on a fiscal year basis and may not correspond exactly with the crop or calendar year; 2011 is preliminary, 2012 is forecast. Direct payments include production flexibility contract payments enacted under the 1996 farm bill and fixed direct payments of the 2002 and 2008 farm bills; price-contingent outlays include loan deficiency payments, marketing loan gains, counter-cyclical payments and ACRE payments; conservation outlays include Conservation Reserve Program payments along with other conservation program outlays; Ad Hoc and Emergency includes emergency supplemental crop and livestock disaster payments and market loss assistance payments for relief of low commodity prices; and "all other" outlays include peanut quota buyout payments, milk income loss payments, tobacco transition payments, and other miscellaneous expenditures.

Payments under the three price-contingent programs (marketing loan benefits, CCP, and ACRE) are expected to fall to \$0 in 2012 (down from \$25 million in 2011) on the strength of high commodity prices. Payments under the Average Crop Revenue (ACRE) program are forecast at \$10 million in 2012, same as in 2011 and down from \$422 million in 2010. Nearly all of this decline is due to higher cotton and rice prices, as other program crop prices were above program payment triggers for all of 2011 and are expected to remain so throughout 2012 (**Table 7**).¹¹

¹¹ For more information on commodity programs, see CRS Report RL34594, *Farm Commodity Programs* (continued...)

Ad hoc and emergency disaster assistance has figured heavily in farm sector income in most of the years since 1989.¹² Supplemental and ad hoc disaster assistance payments are forecast to be \$1.5 billion in 2012, a 4.7% decrease from 2011 levels.

The 2008 farm bill (P.L. 110-246) created a permanent fund for disaster assistance, the Agricultural Disaster Relief Trust Fund. Supplemental Revenue Assistance (SURE) payments from this fund and from the 2009 Recovery Act are expected to amount to \$910 billion in 2012.¹³ All other disaster programs—including primarily the Emergency Conservation Program, Livestock Forage Program, Livestock Indemnity Program, and Noninsured Assistance Program—are functioning at existing statutory authority and appropriation levels. Once a county is declared eligible for disaster relief, producer participation in these programs depends on the extent to which their crop or livestock losses meet a particular program's threshold.

Conservation programs include all conservation programs operated by USDA's Farm Service Agency (FSA) and the Natural Resources Conservation Service (NRCS) that provide direct payments to producers. Conservation payments grew slowly but steadily from 1998 through 2008 before dipping slightly to \$2.8 billion in 2009. Estimated conservation payments of \$3.7 billion in 2012 reflect programs being brought up toward funding levels authorized by current legislation.

Farm fixed direct payments, whose payment rates are fixed in legislation and are not affected by the level of program crop prices, are forecast at \$5.0 billion, up 5% from 2011 due to an increase in the portion of base acres receiving payments (raised to 85% from 83.3%) for the 2012 crop year.

Production Expenses

Total farm production expenses are forecast to rise by about 4% to a record \$333.8 billion in 2012, ahead of 2011's previous record tally of \$287 billion (**Table 3**). The \$12.5 billion increase in expenses contrasts with the anticipated \$1.1 billion decline in gross cash receipts, thus contributing to a slightly lower farm income outlook in 2012. Fertilizer, fuel, feed, electricity, and seed costs, as well as most operating and overhead expenses, are all projected at record levels in 2012 (**Figure 11** and **Figure 12**).

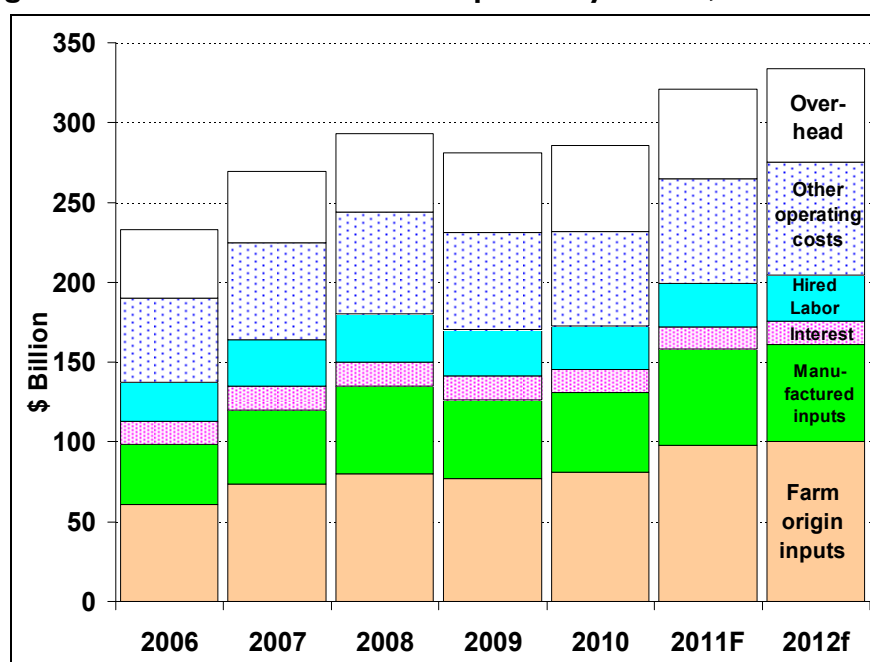
The increase in expenses will affect crop and livestock farms differently. The principal expenses for livestock farms (i.e., feed and feeder animals and poultry) are expected to increase nearly \$1.9 billion (2.3%) to \$82.4 billion, while the principal crop expenses (seed, fertilizer, pesticides, and crop insurance expenses) are expected to increase \$3.9 billion (4.3%) to \$56.6 billion. The miscellaneous operating expenses category, which is projected up \$3.4 billion or 10.4%, includes crop insurance costs and thus directly impacts crop production.

(...continued)

in the 2008 Farm Bill.

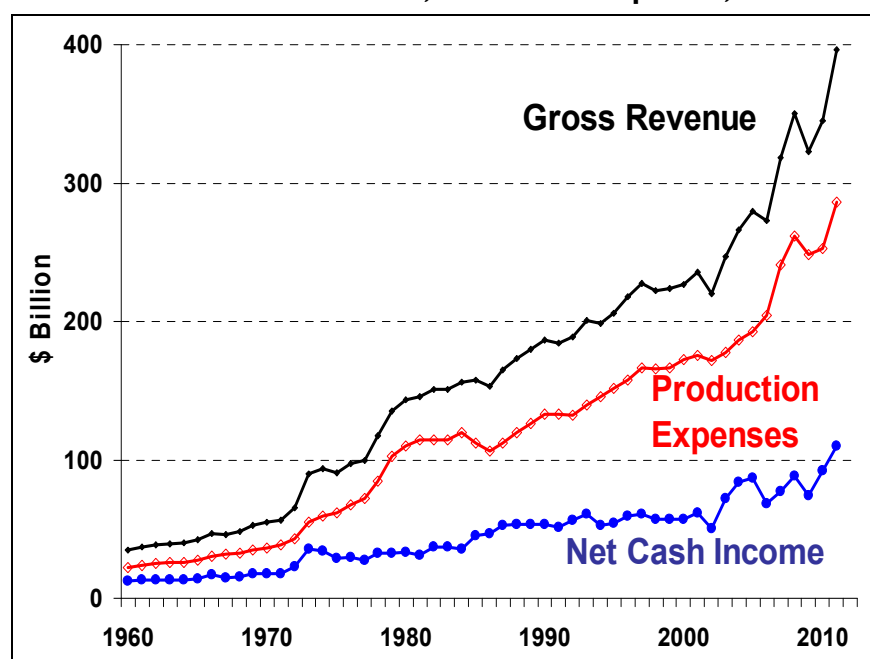
¹² CRS Report RS21212, *Agricultural Disaster Assistance*.

¹³ CRS Report R40452, *A Whole-Farm Crop Disaster Program: Supplemental Revenue Assistance Payments (SURE)*.

Figure 11. Farm Cash Production Expenses by Source, 2006 to 2012F

Source: USDA, Economic Research Service, "2011 Farm Income Forecast," February 12, 2012, at <http://www.ers.usda.gov/Briefing/FarmIncome/>.

Notes: 2011 is preliminary, 2012 is forecast. See for **Table 3** details.

Figure 12. U.S. Farm Gross Revenue, Production Expenses, and Net Income

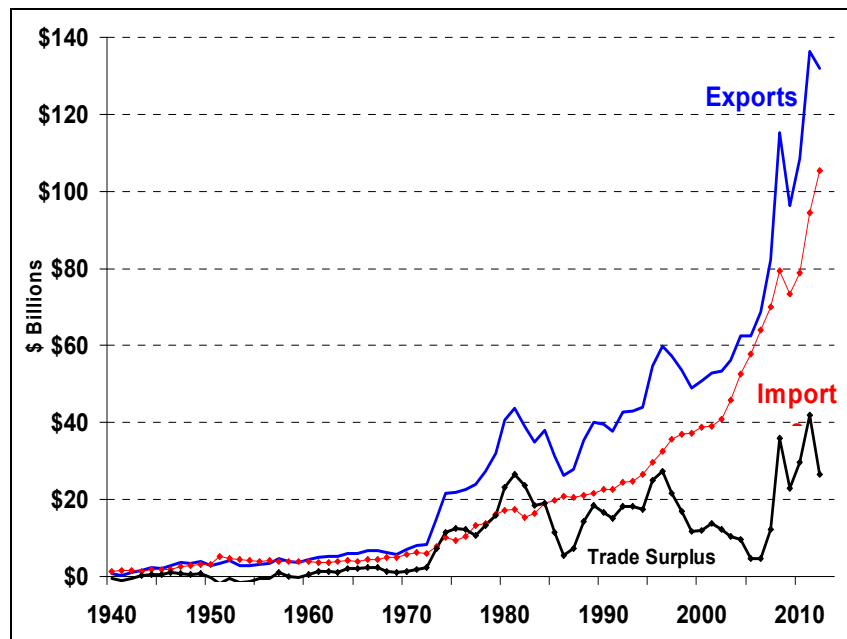
Source: See above source.

Notes: All values are in nominal terms, i.e., not adjusted for inflation. 2011 is preliminary, 2012 is forecast.

Agricultural Trade Outlook

A major catalyst behind projections for stronger farm income is the outlook for strong U.S. agricultural exports in 2011 (forecast up 26% to \$136.3 billion; **Figure 13**). USDA projects that U.S. agricultural exports will decline slightly to \$132 billion in 2012. Much of the increase since 2010 has been due to higher-priced grain and feed shipments plus record oilseed exports to China, and growing animal product exports to East Asia.¹⁴

Figure 13. U.S. Agricultural Trade Since 1940

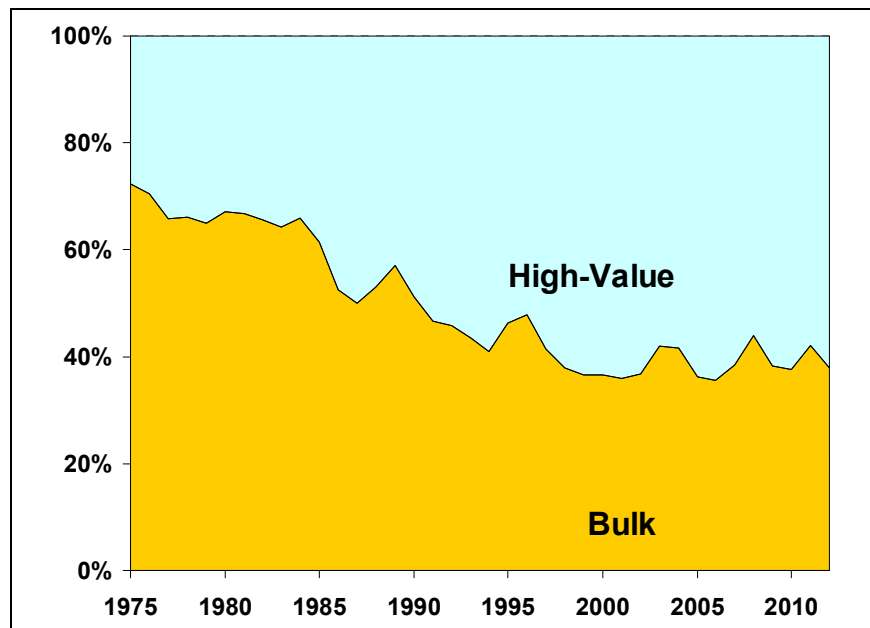


Source: USDA, ERS, *Outlook for U.S. Agricultural Trade*, AES-72, November 30, 2011.

Over the past four decades, steady growth in high-valued export products (**Figure 14**) has helped to push U.S. agricultural export value to ever higher totals; however, the current outlook is driven primarily by growth in bulk commodity shipments (primarily wheat, rice, feed grains, soybeans, cotton, and unmanufactured tobacco), which are forecast up 42% in 2011. Horticultural exports are forecast up over \$3 billion to \$25.9 billion in 2011, and another \$2.1 billion higher in 2012, on strong demand from Canada, the EU, and Asian markets. Livestock, poultry, and dairy exports are expected to grow strongly through 2011 (up nearly 27% to \$27.3 billion), while cotton exports are forecast up significantly at \$8.8 billion in 2011, as larger domestic supplies and less export competition have pushed cotton prices to 140-year highs.

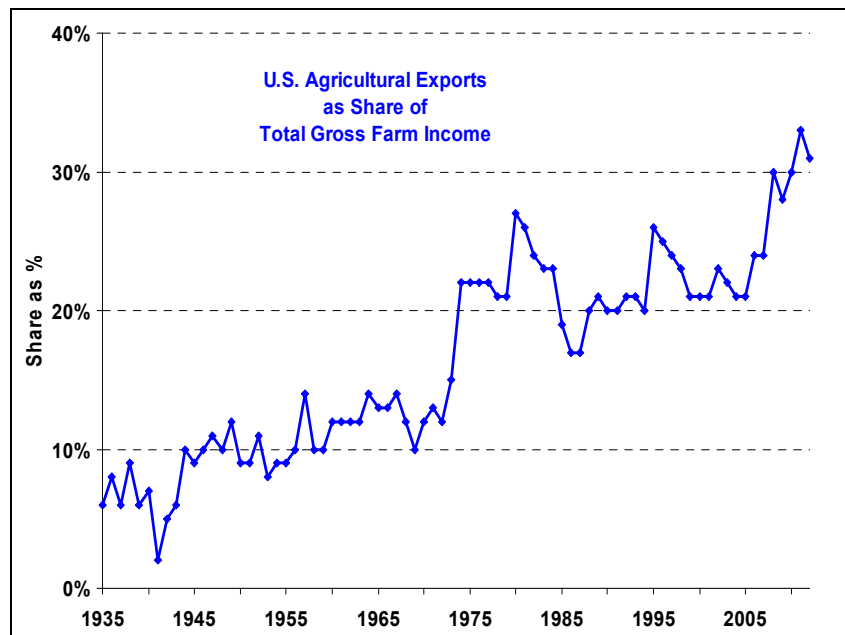
The top five forecast markets for U.S. agricultural exports in 2011 are expected to be China (\$19.9 billion), Canada (\$18.6 billion), and Mexico (\$17.7 billion), followed by Japan (\$13.9 billion) and the EU-27 (\$10.2 billion). In 2012, Canada is expected to switch places with China as the U.S.'s top export market while the other three markets retain their same ranking.

¹⁴ USDA, ERS, *Outlook for U.S. Agricultural Trade*, AES-72, November 30, 2011. The U.S. agricultural trade outlook—released quarterly—is available at the ERS Agricultural Trade Briefing Room at <http://www.ers.usda.gov/Briefing/AgTrade/>; the next update is scheduled for February 23, 2012.

Figure 14. U.S. Agricultural Trade: Bulk vs. High-Value Shares

Source: USDA, ERS, *Outlook for U.S. Agricultural Trade*, AES-72, November 30, 2011.

U.S. agricultural imports are projected to be record large at \$94.5 billion in 2011; however, the trade surplus also is projected record large at \$42.9 billion, due to the surge in exports. U.S. agricultural imports are projected to grow rapidly in 2012 to \$105.5 billion, thus cutting into the trade surplus which falls to \$26.5 billion. However, as a share of total gross farm receipts, U.S. agricultural exports is projected to account for a record 33% of earnings (**Figure 15**).

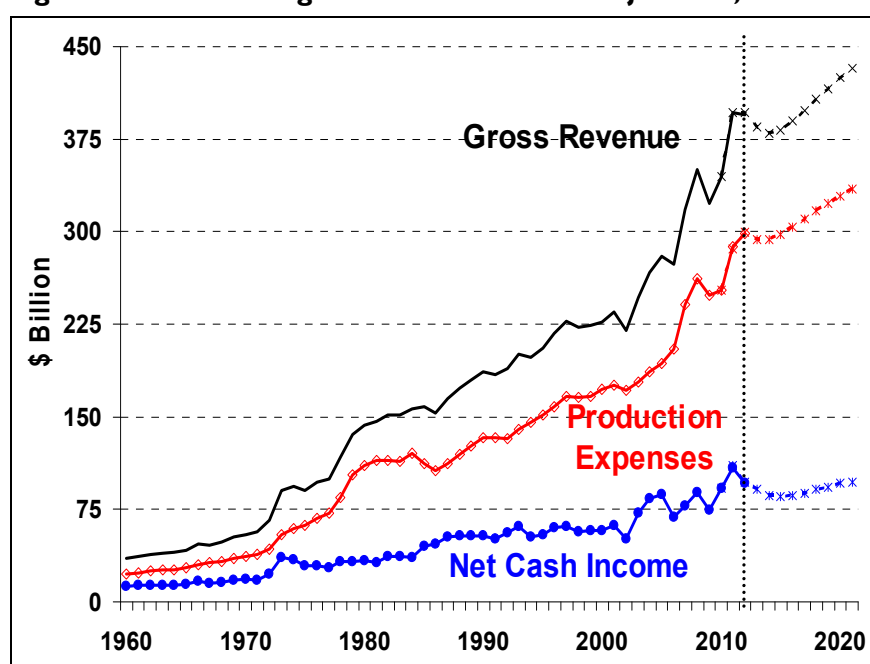
Figure 15. U.S. Agricultural Export Value as Share of Total Gross Farm Income

Source: USDA, ERS, *Outlook for U.S. Agricultural Trade*, AES-72, November 30, 2011.

Long-Run Farm Income Projections to 2021

Several institutions (both public and private)—including USDA, the Organization for Economic Cooperation and Development (OECD), the Food and Agricultural Policy Research Institute (FAPRI), and IHS Global Insight—routinely produce long-run 10- to 15-year agricultural projections for the U.S. farm sector. These annual projections cover agricultural commodities, agricultural trade, and aggregate indicators of the sector, such as farm income and food prices. The most recent projections available at the time of this report's preparation are made by USDA and cover the period 2012-2021.¹⁵ Appending the long-term projections for the 2012-2021 period to the current USDA agricultural outlook for 2012 produces the chart seen in **Figure 16**.

Figure 16. USDA Long-Run Farm Income Projections, 2012-2021



Source: Data for 1960-2012 are from USDA, ERS, Briefing Room: Farm Income and Costs; data for 2013 to 2021 are from USDA, ERS, Briefing Room: Agricultural Baseline Projections, February 13, 2012.

Based on October 2011 macroeconomic conditions, USDA projected net cash income levels to dip slightly to around \$85 billion in 2015 before growing again to a projected \$97 billion by 2021.¹⁶

¹⁵ *USDA Agricultural Projections to 2021*, OCE-2012-1, USDA, ERS, Briefing Room: Agricultural Baseline Projections, February 13, 2012; at <http://www.ers.usda.gov/Briefing/Baseline>.

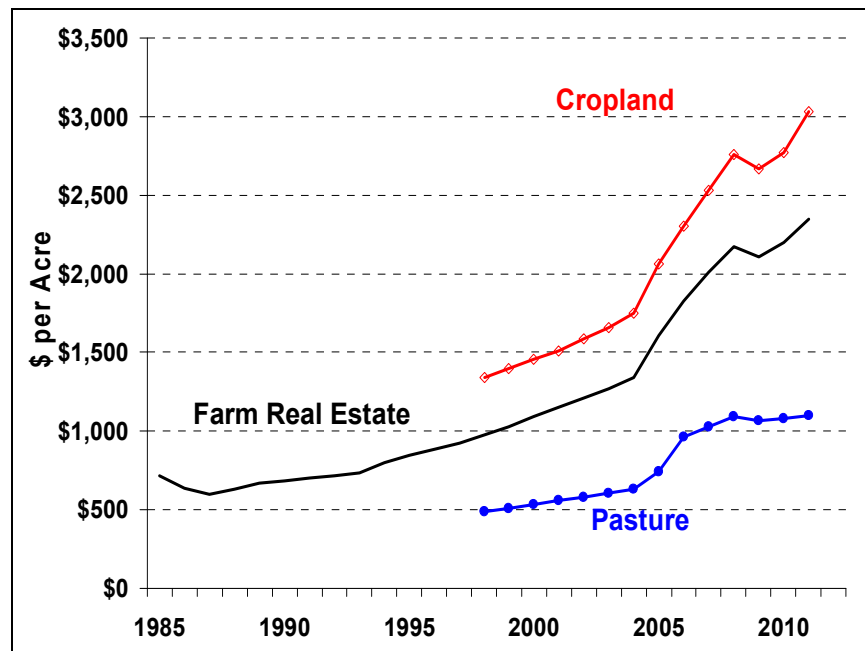
¹⁶ USDA updates its long-run forecasts every February. The projections are highly conditional on critical long-term assumptions made for U.S. and international macroeconomic conditions, U.S. and foreign agricultural and trade policies, and growth rates of agricultural productivity in the United States and abroad.

Farm Asset Values and Debt

Farm asset values—which reflect farm investors’ and lenders’ expectations about long-term profitability of farm sector investments—are projected up nearly 6% in 2012 to \$2,474 billion, reflecting a continued strong outlook in the general farm economy (**Table 6**).

Higher farm asset values are due primarily to stronger farm real estate values (**Figure 17**). After rebounding in 2010 from a 2.8% decline during 2009—the first decline since 1987—farm land cash markets suggest that land values grew by a projected 6.8% in 2011 due to strong crop prices. This same pattern is reflected in both cropland and pastureland values. Farm land cash markets in early 2012 suggest that land values will continue to see gains related to strong crop prices in 2012.

Figure 17. U.S. Average Farm Land Values, 1985 to 2011 F

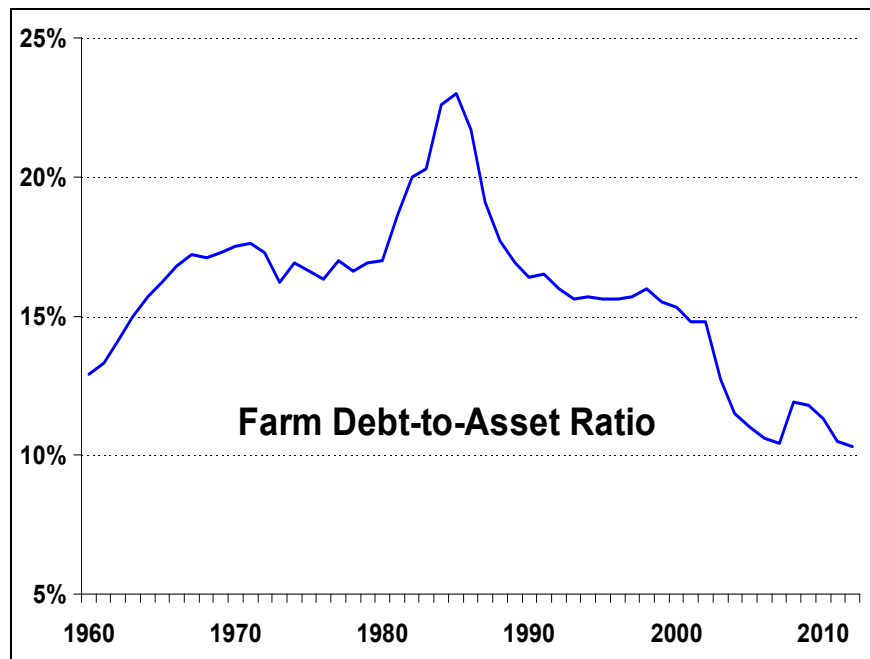


Source: USDA, NASS, *Land Values 2011 Summary*, August 2011.

Notes: 2011 is a forecast. Farm real estate value measures the value of all land and buildings on farms. Cropland and pasture values are only available since 1998.

Meanwhile, total farm debt is forecast to rise by nearly 4% to \$254.1 billion in 2012. As a result of the relative improvement between farm asset values and farm debt, farm equity (or net worth, defined as asset value minus debt) is projected higher in 2012 at \$2,220 billion.

The farm debt-to-asset ratio had been steadily declining since 1998's value of 16%, to a recent low of 10.4% in 2007, before rising to 12% in 2008 and 2009 (**Figure 18**). However, it has resumed its pattern of decline, falling in 2010 and 2011, and is forecast to decline further in 2012 to about 10.3% (lowest figure on record). These data suggest a strong financial position in 2012 for the agriculture sector as a whole. The U.S. farm debt-to-asset ratio peaked in 1985 at 23%.

Figure 18. U.S. Farm Debt-to-Asset Ratio Since 1960

Source: USDA, Economic Research Service, "2012 Farm Income Forecast," February 12, 2012, at <http://www.ers.usda.gov/Briefing/FarmIncome/>.

Note: 2011 is preliminary, 2012 is forecast.

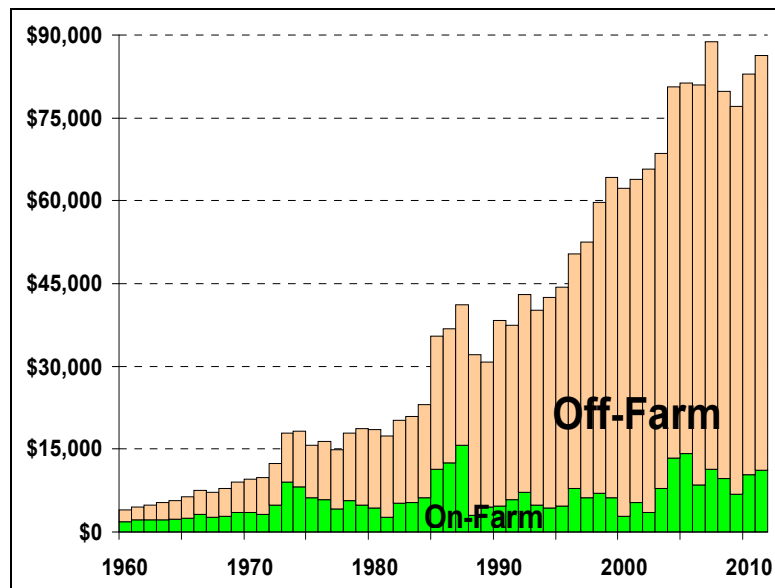
Average Farm Household Income

After two years of declines in 2008 and 2009, average farm household income returned to growth in 2010, up nearly 8%, and is projected to grow for a second consecutive year in 2011, rising 2% to \$86,352.¹⁷ The share of farm income derived from off-farm sources has increased steadily in recent decades and appears to have peaked at about 95% in 2000. In 2011, off-farm income sources are forecast to account for about 87% of the national average farm household income, compared with about 13% from farming activities (**Figure 19** and **Table 5**).

Over the past decade, farm household incomes have surged ahead of average U.S. household incomes (**Figure 20** and **Figure 21**). In 2009 (the last year for which comparable data were available), the average farm household income of \$77,169 was about 14% higher than the average U.S. household income of \$67,976 (**Table 5**).

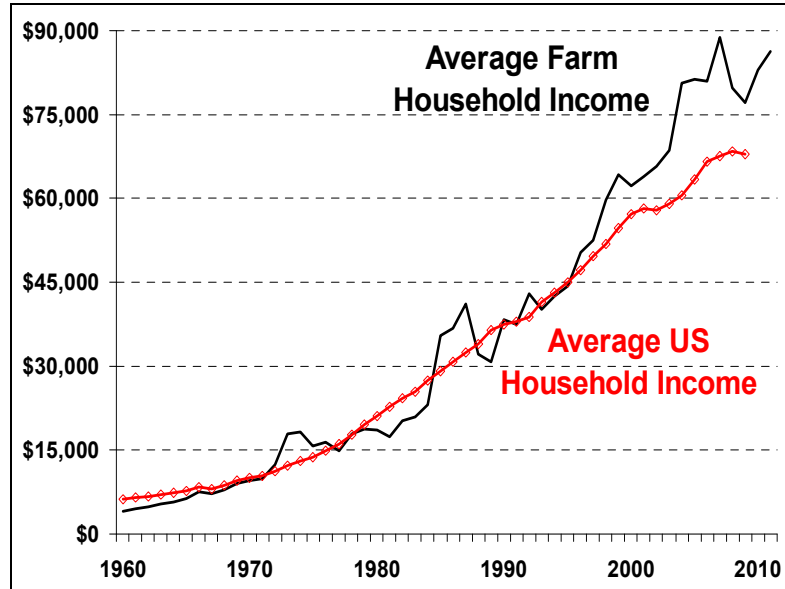
¹⁷ Household farm income data was last updated on November 29, 2011.

Figure 19. U.S. Average Farm Household Income, On- and Off-Farm Sources, Since 1960



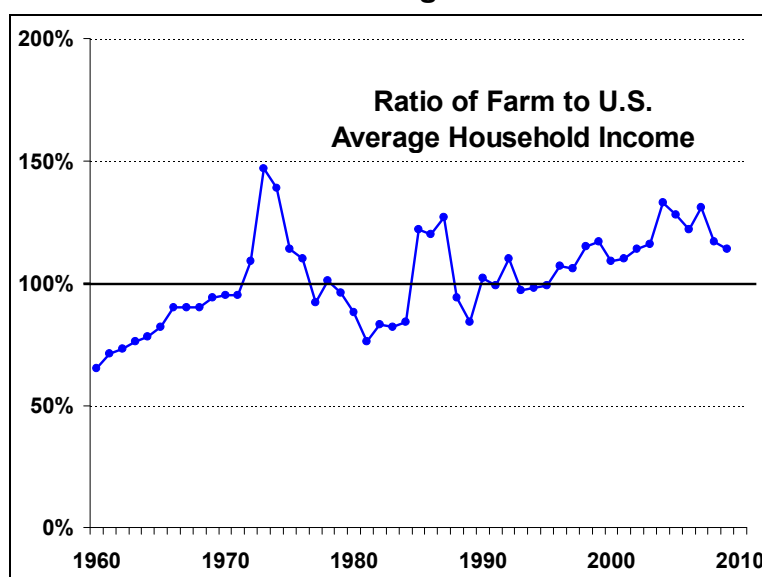
Source: USDA, Economic Research Service, Briefing Room: Farm Household Economics and Well-Being: Historic Data On Farm Operator Household Income, February 12, 2012, at <http://www.ers.usda.gov/Briefing/WellBeing/Gallery/historic.htm>.

Figure 20. Comparison of Farm to U.S. Average Household Income Since 1960



Source: USDA, Economic Research Service, "2011 Farm Income Forecast," November 29, 2011, at <http://www.ers.usda.gov/Briefing/FarmIncome/>.

Note: 2010 is preliminary, 2011 is forecast.

Figure 21. Ratio of Farm to U.S. Average Household Income Since 1960

Source: See above source note. 2009 is the last year with comparable data.

The share of income from farming increases with farm size as measured by gross sales (**Table 1**). “Large” commercial farm households (farms with annual sales greater than \$250,000) obtained nearly 73% of household income on-farm and accounted for 82% of the value of total U.S. agricultural production in 2010, while representing only about 10% of farm households.¹⁸ Intermediate family farms (farms with annual sales in excess of \$10,000 but less than \$250,000) obtained about 7% of household income from on-farm sources, accounted for about 17% of the value of total U.S. agricultural production, and represented about 30% of family farms. “Small” farm households (annual sales less than \$10,000) actually lost revenue from farming operations (-8% of household income) and accounted for less than 2% of the value of total U.S. agricultural production in 2010, while representing over 60% of farm households. A substantial number of these small farms are classified as rural residence farms and either receive little or no income from farm sources or have a total income level that qualifies them as limited-resource farms.

Table 1. Distribution of Farms and Value of Production by Farm Size, 2010

Value of Gross Sales	Family Farms		Total U.S. Production	Total HH Income		
	Number	Share	Share	On-farm Share	Off-farm Share	Total Value
< \$10,000	1,287,976	60.1%	1.4%	-8%	108%	\$70,558
\$10,000 to \$249,999	641,017	29.9%	16.9%	7%	93%	\$78,716
≥ \$250,000	214,070	10.0%	81.7%	73%	27%	\$185,098
All	2,143,063	100.0%	100.0%	14%	86%	\$84,440

Source: USDA, ERS, 2010 USDA Agricultural Resource Management.

¹⁸ For more information on farm typology, see the ERS Briefing Room, *Farm Household Economics and Well-Being: Farm Operator Household Income Forecasts*, at <http://www.ers.usda.gov/Briefing/WellBeing/farmhouseincome.htm>.

Table 2. U.S. Crop and Livestock Revenue (\$ Billions) by Source, 2007-2012^f

Item	2007	2008	2009	2010	2011 ^a	2012 ^a	Change (%)
Field crops	86.9	111.1	105.0	107.7	129.3	132.9	2.7%
Food grains	13.6	18.7	14.8	13.9	16.7	14.8	-12.7%
Wheat	11.4	15.4	11.7	10.9	13.9	12.0	-15.8%
Rice	2.1	3.2	3.0	3.0	2.7	2.8	0.5%
Feed crops	42.3	58.6	50.6	52.5	68.3	73.0	6.5%
Corn	34.1	48.4	42.5	44.8	58.8	63.6	7.6%
Other Grains	2.2	2.7	2.4	2.2	2.2	2.4	10.2%
Hay	6.0	7.4	5.6	5.4	7.4	7.0	-5.5%
Oil Crops	24.6	28.6	35.5	35.1	36.3	37.1	2.3%
Soybeans	23.1	26.4	33.7	33.2	33.9	34.5	1.6%
Peanuts	0.8	1.2	0.8	0.8	1.0	1.3	23.8%
Cotton (lint & seed)	6.5	5.2	4.0	6.3	8.0	7.9	-1.2%
Other Crops	61.8	63.9	63.4	65.2	67.6	65.4	-3.3%
Fruits and nuts	18.7	19.2	19.2	21.5	22.2	21.0	-6.0%
Vegetables	19.3	19.9	20.3	19.9	20.9	19.8	-5.8%
All other crops	23.9	24.8	23.9	23.7	24.4	24.6	1.0%
Total Crops	150.1	175.0	168.3	172.9	196.9	198.3	0.7%
Meat animals	65.1	65.0	59.0	69.9	85.5	87.6	2.3%
Cattle & calves	49.8	48.5	43.8	51.5	62.9	64.9	3.1%
Hogs	14.8	16.1	14.7	17.9	22.0	22.0	0.3%
Sheep & lambs	0.5	0.4	0.4	0.5	0.7	0.6	-3.9%
Poultry and eggs	33.1	36.8	32.4	35.5	36.2	36.3	0.3%
Broilers	21.5	23.2	21.8	23.7	22.7	23.4	3.1%
Turkeys	3.9	4.5	3.6	4.4	5.0	5.1	0.7%
Eggs	6.7	8.2	6.1	6.5	7.6	7.0	-9.7%
All dairy	35.5	34.8	24.3	31.4	39.5	37.1	6.5%
Other livestock	4.9	5.0	4.5	4.7	4.8	4.8	0.2%
Total Livestock	138.5	141.6	120.3	141.4	166.0	165.8	-0.1%
Government payments	11.9	12.2	12.2	12.4	10.6	11.0	3.9%
Other farm income ^b	17.6	21.5	22.0	18.3	22.6	19.9	-13.7%
Total Farm Revenue	318.0	350.4	322.8	345.0	396.1	395.0	-0.3%

Source: "Farm Income Briefing Room," Economic Research Service, USDA, February 13, 2012.

a. Forecast.. Change represents year-to-year change between 2011 and 2012.

b. Machine hire, custom work, forest products sales, insurance indemnities, and other farm income.

Table 3. U.S. Farm Production Expenses (\$ Billions) by Source, 2007-2012^f

Item	2007	2008	2009	2010	2011 ^a	2012 ^a	Change (%)
Farm origin inputs^b	73.4	79.8	77.3	81.3	98.1	100.1	2.0%
Feed	41.9	46.9	45.0	45.4	57.0	59.0	3.5%
Livestock	18.8	17.7	16.7	19.6	23.5	23.4	-0.2%
Seed	12.6	15.1	15.5	16.3	17.6	17.8	0.7%
Manufactured inputs^c	46.3	55.0	49.0	49.5	59.9	60.8	1.5%
Fertilizer & lime	17.7	22.5	20.1	21.0	27.6	27.6	-0.1%
Fuels & oils	13.8	16.2	12.7	13.2	16.9	17.2	1.3%
Electricity	4.3	4.5	4.6	4.6	4.6	4.8	5.4%
Pesticides	10.5	11.7	11.5	10.6	10.8	11.3	4.5%
Total interest charges	15.1	15.4	15.2	14.5	14.2	14.9	4.9%
Short-term interest	6.9	6.7	6.4	6.0	6.2	6.2	1.0%
Real-estate interest	8.3	8.8	8.7	8.5	8.1	8.7	7.9%
Other operating exp.^d	89.8	94.0	89.5	86.2	92.7	99.7	7.6%
Repair & maintenance	14.3	14.8	14.7	14.8	17.2	18.2	5.3%
Hired & contract labor	29.0	30.0	28.9	27.6	27.2	28.6	5.3%
Custom work	3.8	4.1	3.9	4.3	4.8	4.9	1.1%
Marketing, storage, etc.	10.3	10.1	10.3	10.3	10.9	12.2	11.3%
Miscellaneous	32.3	34.9	31.7	29.2	32.5	35.9	10.4%
Overhead expenses^e	44.9	49.0	50.3	54.2	56.3	58.2	3.3%
Capital consumption	27.0	28.7	30.1	30.7	31.6	32.5	2.8%
Property taxes	10.3	10.7	10.4	10.8	11.1	12.1	8.7%
Non-operator net rent	7.6	9.6	9.8	12.6	13.6	13.6	-0.1%
Total Production Exp.	269.5	293.2	281.1	285.6	321.3	333.8	3.9%

Source: "Farm Income Briefing Room," Economic Research Service, USDA, February 13, 2012.

- Forecast.. Change represents year-to-year change between 2011 and 2012.
- Farm origin inputs include purchases of feed, livestock and poultry, and seed.
- Manufactured inputs include fertilizers and lime, pesticides, petroleum fuel and oils, and electricity.
- Other operating costs include repair and maintenance of capital items, machine hire and custom work, marketing storage, transportation expenses, and other miscellaneous expenses.
- Overhead expenses include property taxes, net rent to a non-operator landlord, and capital consumption.

Table 4. Annual U.S. Farm Income Since 2005
(\$ billions)

Item	2005	2006	2007	2008	2009	2010	2011 ^a	2012 ^a	Change (%)
1. Cash receipts	241.0	240.6	288.5	316.7	288.6	314.4	362.9	364.1	0.3%
Crops ^b	116.1	122.1	150.1	175.0	168.3	172.9	196.9	198.3	0.7%
Livestock	124.9	118.5	138.5	141.6	120.3	141.4	166.0	165.8	-0.1%
2. Government payments^c	24.4	15.8	11.9	12.2	12.2	12.4	10.6	11.0	4.0%
Fixed direct payments ^d	5.2	5.1	5.1	5.1	4.7	4.8	4.7	5.0	5.3%
CCP ^e	4.1	4.0	1.1	0.7	1.2	0.2	0.0	0.0	0%
Marketing Loan Benefits ^f	7.1	1.8	1.1	0.3	1.1	0.1	0.0	0.0	0%
Conservation	2.8	3.0	3.1	3.2	2.8	3.5	3.6	3.7	3.5%
Ad hoc and emergency	3.2	0.3	0.5	2.1	0.6	3.1	1.6	1.5	-5.3%
All other ^g	2.1	1.7	1.0	0.8	1.7	0.7	0.7	0.8	22.5%
3. Farm-related income^h	14.4	16.8	17.6	21.5	22.0	18.3	22.6	19.9	-12.0%
4. Gross cash income (1+2+3)	279.8	273.2	318.0	350.4	322.8	345.0	396.1	395.0	-0.3%
5. Cash expenses ⁱ	192.8	204.8	240.6	261.8	248.4	252.7	287.4	298.7	4.0%
6. NET CASH INCOME	87.0	68.4	77.4	88.6	74.4	92.3	108.7	96.3	-11.5%
7. Total gross revenues ^j	298.6	290.2	339.6	377.9	342.7	364.7	419.4	425.5	1.5%
8. Total production expenses ^k	219.8	232.7	269.5	293.2	281.1	285.6	321.3	333.8	3.9%
9. NET FARM INCOME	78.8	57.4	70.0	84.7	61.6	79.1	98.1	91.7	-6.5%

Source: USDA, Economic Research Service, briefing rooms: *Farm Income and Costs: Farm Sector Income*, and *Costs: Farm Sector Income*, available at <http://www.ers.usda.gov/Briefing/FarmIncome/>; U.S. farm income data updated as of February 13, 2012.

- a. Data for 2011 are USDA forecasts. Change represents year-to-year change between 2011 and 2012.
- b. Includes Commodity Credit Corporation loans under the farm commodity support program.
- c. Government payments reflect payments made directly to all recipients in the farm sector, including landlords. The non-operator landlords' share is offset by its inclusion in rental expenses paid to these landlords and thus is not reflected in net farm income or net cash income. For more information on U.S. farm commodity programs, see CRS Report RL34594, *Farm Commodity Programs in the 2008 Farm Bill*, by Jim Monke; for more information on conservation programs see CRS Report RL34557, *Conservation Provisions of the 2008 Farm Bill*, by Tadlock Cowan, Renée Johnson, and Megan Stubbs.
- d. Direct payments include production flexibility payments of the 1996 Farm Act through 2001, and fixed direct payments under the 2002 Farm Act since 2002.
- e. CCP = counter-cyclical payments.
- f. Includes loan deficiency payments (LDP); marketing loan gains (MLG); and commodity certificate exchange gains.
- g. Peanut quota buyout, milk income loss payments, and other miscellaneous program payments.
- h. Income from custom work, machine hire, agri-tourism, forest product sales, and other farm sources.
- i. Excludes depreciation and perquisites to hired labor.
- j. Gross cash income plus inventory adjustments, the value of home consumption, and the imputed rental value of operator dwellings.
- k. Cash expenses plus depreciation and perquisites to hired labor.

Table 5. Average Annual Income per U.S. Household, Farm versus All, 2004-2011F

(\$ per household)

	2004	2005	2006	2007	2008	2009	2010	2011F
Average U.S. Farm Income by Source								
On-Farm Income	\$13,325	\$14,227	\$8,541	\$11,364	\$9,764	\$6,866	\$11,796	\$11,174
Off-Farm income	\$67,279	\$67,091	\$72,502	\$77,432	\$70,032	\$70,302	\$72,671	\$75,178
Total Farm income	\$80,604	\$81,318	\$81,043	\$88,796	\$79,796	\$77,169	\$84,440	\$86,352
Average U.S. Household Income	\$60,466	\$63,344	\$66,570	\$67,609	\$68,424	\$67,976	na	na
Farm Household Income as Share of U.S. Avg. Household Income (%)	133%	128%	122%	131%	117%	114%	na	na

Source: USDA, ERS Briefing Room: Farm Household Economics and Well-Being: Historic Data On Farm Operator Household Income, at <http://www.ers.usda.gov/Briefing/WellBeing/Gallery/historic.htm>; as of February 13, 2012.

Note: Data for 2011 are USDA forecasts.

Table 6. Average Annual Farm Sector Debt-to-Asset Ratio, 2005-2012F

(\$ billions)

	2005	2006	2007	2008	2009	2010	2011F	2012F
Farm Assets	1,779.4	1,923.6	2,055.3	2,023.3	2,054.4	2,190.9	2,339.8	2,474.3
Farm Debt	196.4	203.6	214.1	241.6	241.9	246.9	244.8	254.1
Farm Equity	1,583.0	1,720.0	1,841.2	1,781.7	1,812.5	1,944.0	2,095.0	2,220.2
Debt-to-Asset Ratio (%)	11.0%	10.6%	10.4%	11.9%	11.8%	11.3%	10.5%	10.3%

Source: USDA, ERS Briefing Room: Farm Household Economics and Well-Being: Farm Business Balance Sheet, at <http://www.ers.usda.gov/data/FarmBalanceSheet/fbsdmu.htm>; as of February 13, 2012.

Note: Data for 2011 are preliminary, 2012 are USDA forecasts.

Table 7. U.S. Prices and Support Rates for Selected Farm Commodities Since 2006

Commodity ^a	Unit	Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12F ^b	% change from 2010/11 ^c	2012/13P ^b	% change from 2011/12 ^d	2011 Loan rate ^e	2011 Target Price
Wheat	\$/bu	Jun-May	4.26	6.48	6.78	4.87	5.70	7.15-7.45	28.1%	—	—	2.75	3.92
Corn	\$/bu	Sep-Aug	3.04	4.20	4.06	3.55	5.18	5.80-6.60	19.7%	—	—	1.95	2.63
Sorghum	\$/bu	Sep-Aug	3.29	4.08	3.20	3.22	5.02	5.70-6.50	21.5%	—	—	1.95	2.57
Barley	\$/bu	Jun-May	2.85	4.02	5.37	4.66	3.86	5.20-5.60	39.9%	—	—	1.85	2.44
Oats	\$/bu	Jun-May	1.87	2.63	3.15	2.02	2.52	3.25-3.55	34.9%	—	—	1.33	1.44
Rice	\$/cwt	Aug-Jul	9.96	12.80	16.80	14.40	12.70	13.90-14.50	11.8%	—	—	6.50	10.50
Soybeans	\$/bu	Sep-Aug	6.43	10.10	9.97	9.59	11.30	11.10-12.30	3.5%	—	—	5.00	5.80
Soybean oil	¢/lb	Oct-Sep	31.0	52.0	32.16	35.95	53.20	50.5-54.5	-1.3%	—	—	—	—
Soybean meal	\$/st	Oct-Sep	205.4	335.9	331.2	311.27	345.52	290-320	-11.7%	—	—	—	—
Cotton, Upland	¢/lb	Aug-Jul	46.5	59.3	47.8	62.9	81.50	87-93	10.4%	—	—	52.00	71.25
Choice Steers	\$/cwt	Jan-Dec	85.4	91.8	92.27	83.25	95.38	114.73	20.3%	121-129	9.0%	—	—
Barrows/Gilts	\$/cwt	Jan-Dec	47.3	47.1	47.84	41.24	55.06	66.11	20.1%	63-67	-1.7%	—	—
Broilers	¢/lb	Jan-Dec	64.4	76.4	79.7	77.60	82.90	79.0	-4.7%	82-87	7.0%	—	—
Eggs	¢/doz	Jan-Dec	71.8	114.4	128.3	103.0	106.30	115.3	8.5%	103-109	-8.1%	—	—
Milk	\$/cwt	Jan-Dec	12.90	19.13	18.29	12.83	16.26	20.14	23.9%	18.00-18.70	-8.9%	—	—

Source: Various USDA agency sources as described in the notes below.

- Season average farm price for grains and oilseeds are from USDA, National Agricultural Statistical Service, Agricultural Prices. Calendar year data is for the first year, e.g., 2000/2001 = 2000; F = forecast and P = projection from World Agricultural Supply and Demand Estimates (WASDE) February 9, 2012; — = no value; and USDA's out-year 2012/2013 crop price forecasts will first appear in the May 2012 WASDE report. WASDE reports are available at <http://www.usda.gov/oce/commodity/wasde/>. Soybean and livestock product prices are from USDA, Agricultural Marketing Service (AMS): soybean oil—Decatur, IL, cash price, simple average crude; soybean meal—Decatur, IL, cash price, simple average 48% protein; choice steers—Nebraska, direct 1100-1300 lbs.; barrows/gilts—national base, live equivalent 51%-52% lean; broilers—wholesale, 12-city average; eggs—Grade A, New York, volume buyers; and milk—simple average of prices received by farmers for all milk.
- Data for 2011/2012 are USDA forecasts; 2012/2013 data are USDA projections.
- Percent change from 2010/2011, calculated using the difference from the midpoint of the range for 2011/2012 with the estimate for 2010/2011.
- Percent change from 2011/2012, calculated using the difference from the midpoint of the range for 2012/2013 with the estimate for 2011/2012.
- Loan rate and target prices are for the 2011/2012 crop year. For more information, see CRS Report RL34594, *Farm Commodity Programs in the 2008 Farm Bill*.

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