USDA Outlook for the 2009 U.S. Farm Economy

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Value of production declines expected from 2008 record highs
Corn cash receipts expected to decline $7.9 billion in 2009
Dairy product cash receipts expected to decline $12.5 billion in 2009
Government payments expected to decline $1 billion in 2009

Billion Dollars

2005 2006 2007 2008f 2009f
$2 billion decline in all other payments offsets $1.1 billion increase in payments based on crop prices

1/ Counter-cyclical payments, loan deficiency payments, marketing loan gains, and certificate exchange gains, where payment rates vary with market prices.

2/ Ad hoc and emergency program payments, tobacco transition program payments, milk income loss program payments, peanut quota buyout payments, and other program payments.
Expenditures on purchased inputs expected to decline $15.2 billion in 2009
Farm Origin expenses expected to decline $3.7 billion in 2009

Billion Dollars

- Feed
- Seed
- Livestock and Poultry Purchased

2005 2006 2007 2008f 2009f
Manufactured expenses expected to fall $9.4 billion in 2009
Payments to stakeholders expected to rise $0.8 billion in 2009
## Farm Sector Value Added Expected in 2009

<table>
<thead>
<tr>
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<th>2009f</th>
<th>Change from 2008</th>
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</thead>
<tbody>
<tr>
<td>Value Agricultural Sector Production</td>
<td>$337.0</td>
<td>($30.5)</td>
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<tr>
<td>Purchased Inputs</td>
<td>($-188.3)</td>
<td>($15.2)</td>
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<tr>
<td>Net Government Transactions</td>
<td>$0.2</td>
<td>($1.3)</td>
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<tr>
<td>Gross Value Added</td>
<td>$148.9</td>
<td>($16.7)</td>
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<tr>
<td>Capital Consumption</td>
<td>($-29.0)</td>
<td>$0.6</td>
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<tr>
<td>Net Value Added</td>
<td>$120.0</td>
<td>($17.3)</td>
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<tr>
<td>Payments to Stakeholders</td>
<td>$48.8</td>
<td>$0.8</td>
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<tr>
<td>Net Farm Income</td>
<td>$71.2</td>
<td>($18.1)</td>
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</tbody>
</table>

Note: All figures in billions
Lower average net cash incomes projected in 2009 for most farm businesses specializing in crops.

Average net cash income for crop farm businesses

Farm businesses refer to commercial and intermediate size farms.
Average net cash income for dairy farm businesses expected to plunge $92,100 in 2009

Average net cash income for livestock farm businesses

Farm businesses refer to commercial and intermediate size farms
Farm sector equity is expected to continue its upward trend, reaching $2.2 trillion in 2009.
The percentage of farm assets financed by debt continues its downward trend, expected to reach 9.1 percent in 2009.
Farm sector debt repayment capacity utilization (DRCU) expected to increase from 44.1 to 50.2 percent in 2009.
Long-term projections for steady growth in value added and net farm income through 2018

Net value added

Payments to Stakeholders

Net farm income

2009 USDA Outlook Forum