

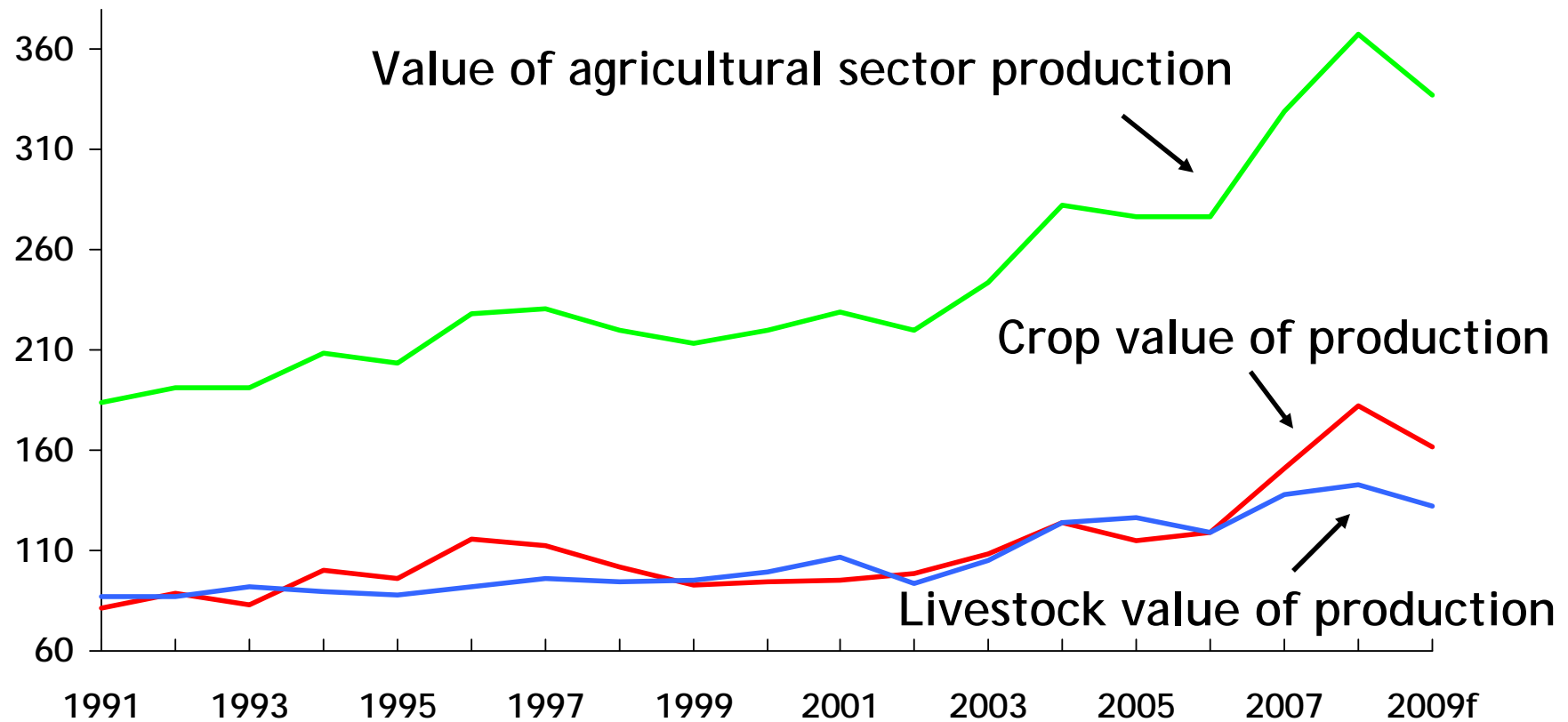
USDA Outlook for the 2009 U.S. Farm Economy

2009 USDA Outlook Forum



Value of production declines expected from 2008 record highs

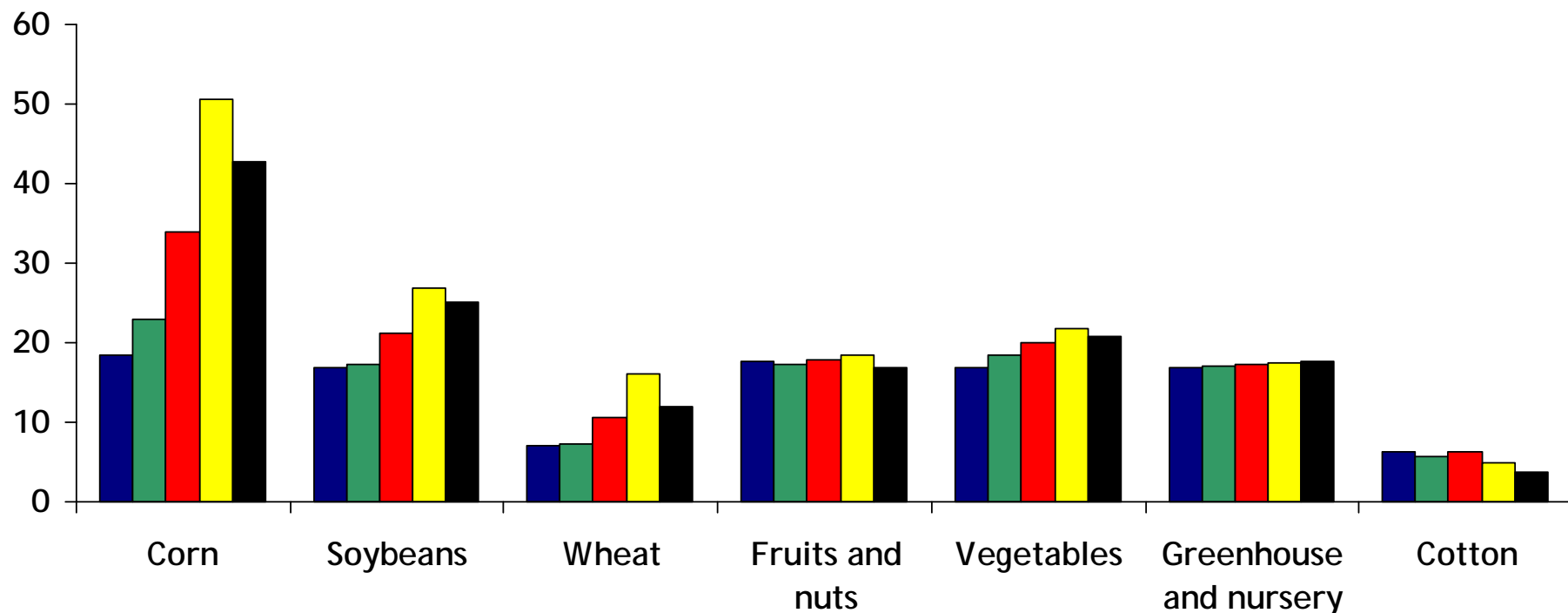
Billion Dollars



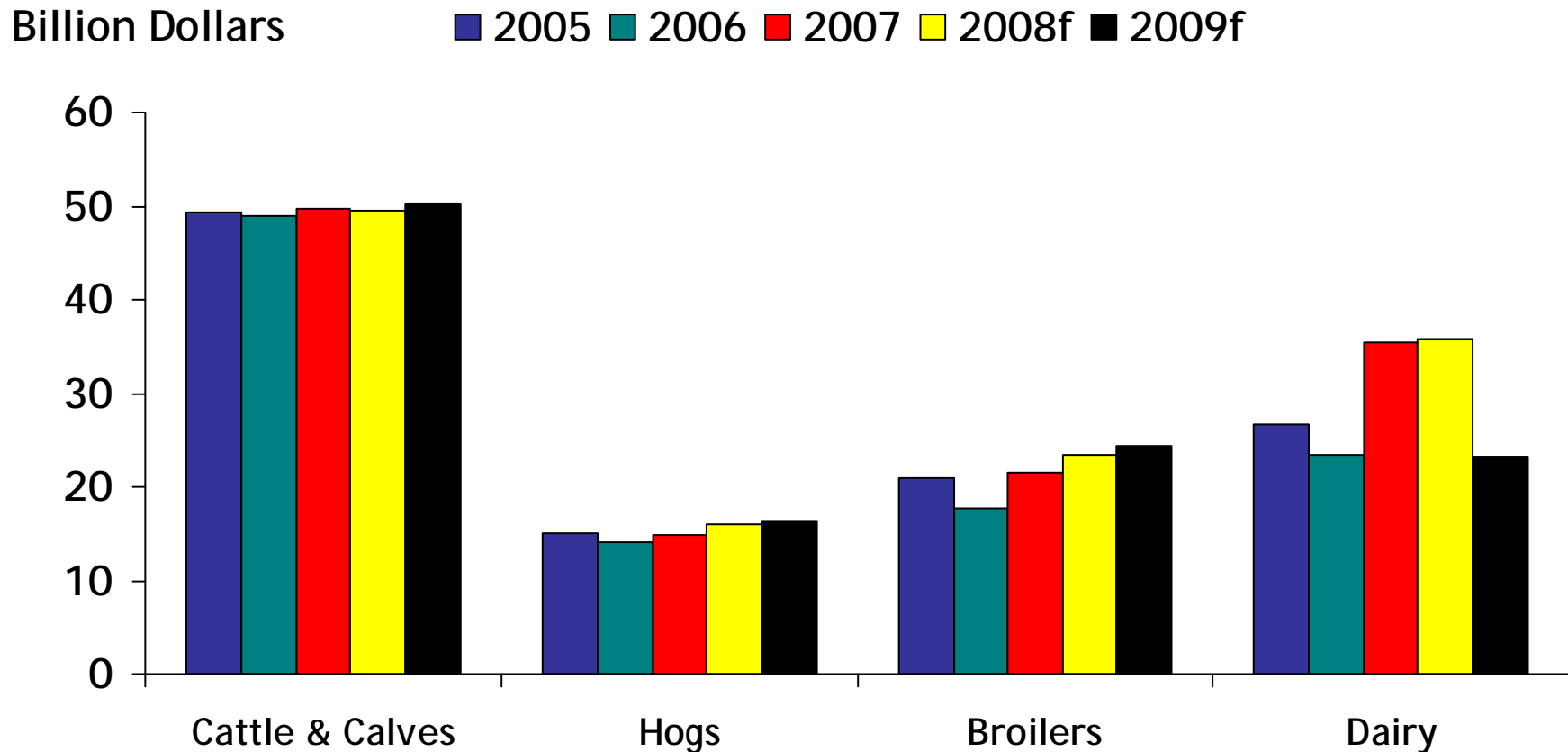
Corn cash receipts expected to decline \$7.9 billion in 2009

Billion Dollars

■ 2005 ■ 2006 ■ 2007 ■ 2008f ■ 2009f

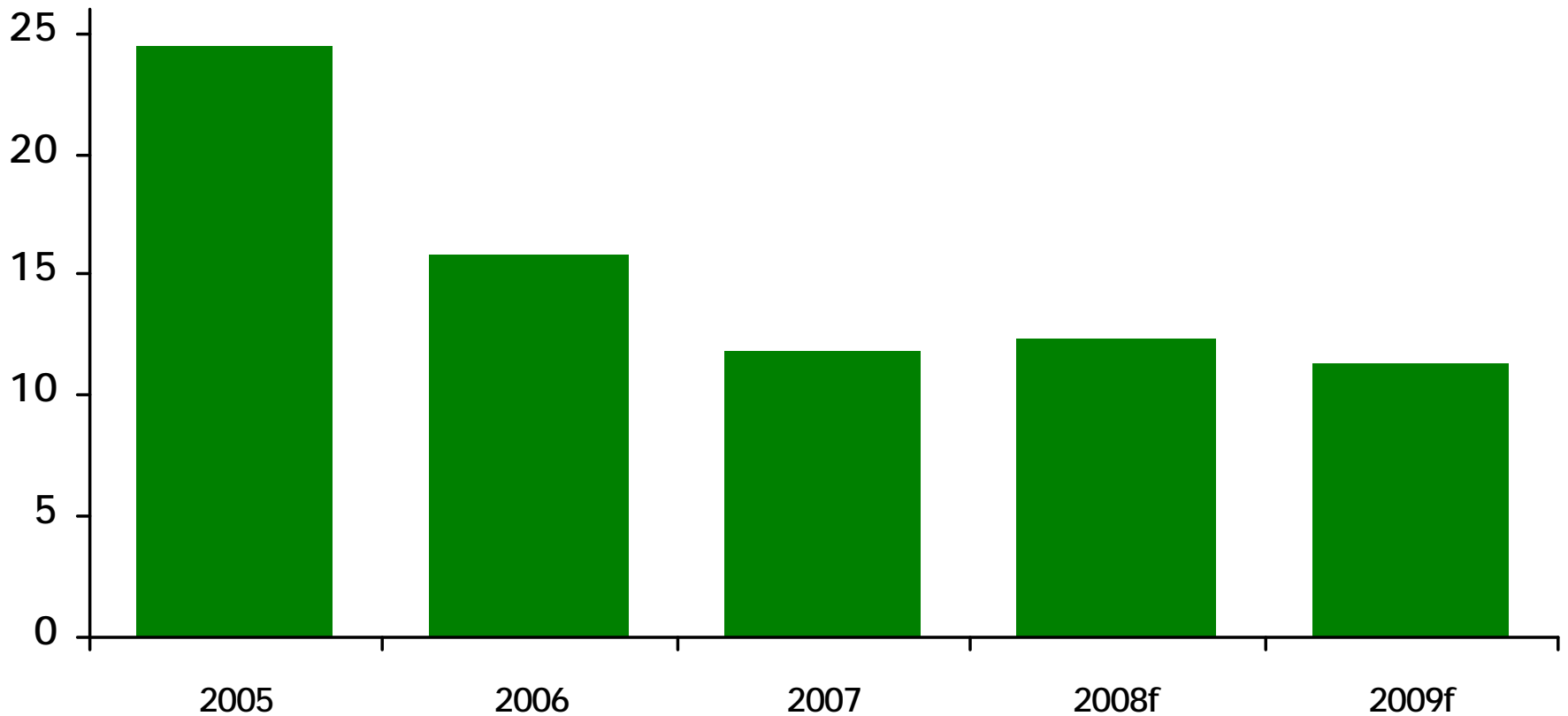


Dairy product cash receipts expected to decline \$12.5 billion in 2009

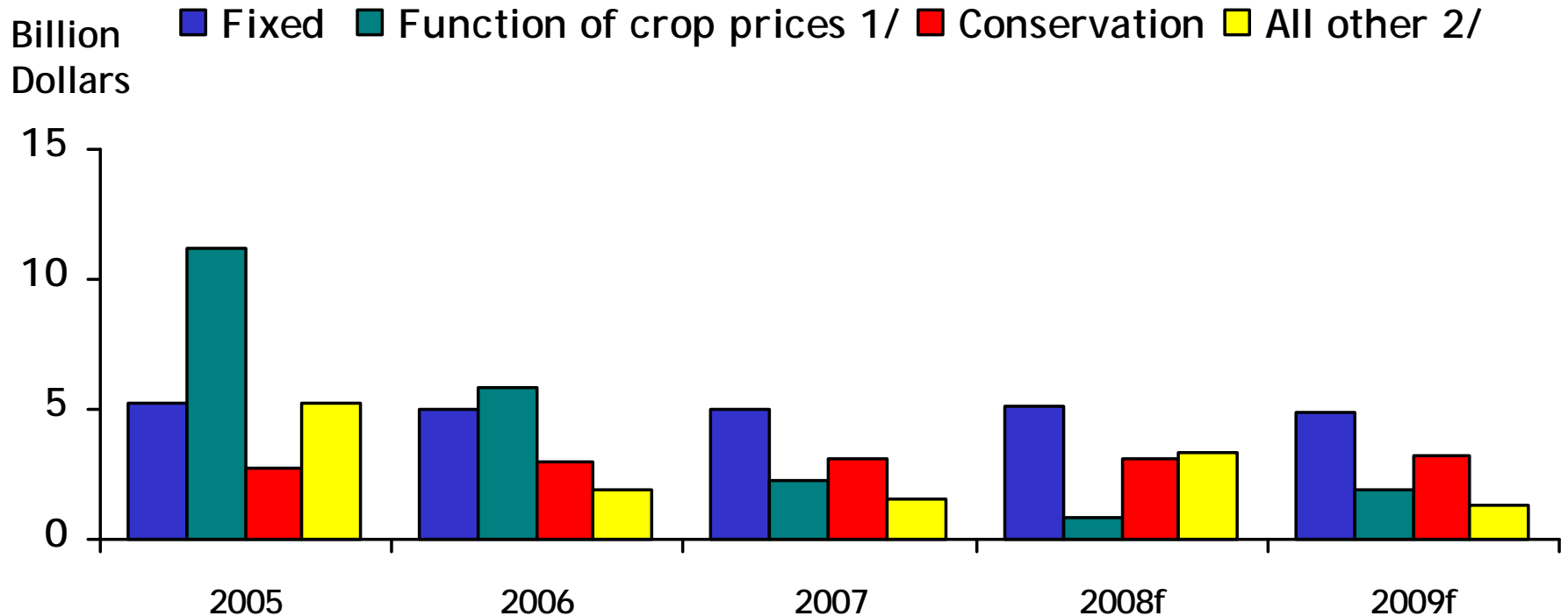


Government payments expected to decline \$1 billion in 2009

Billion Dollars



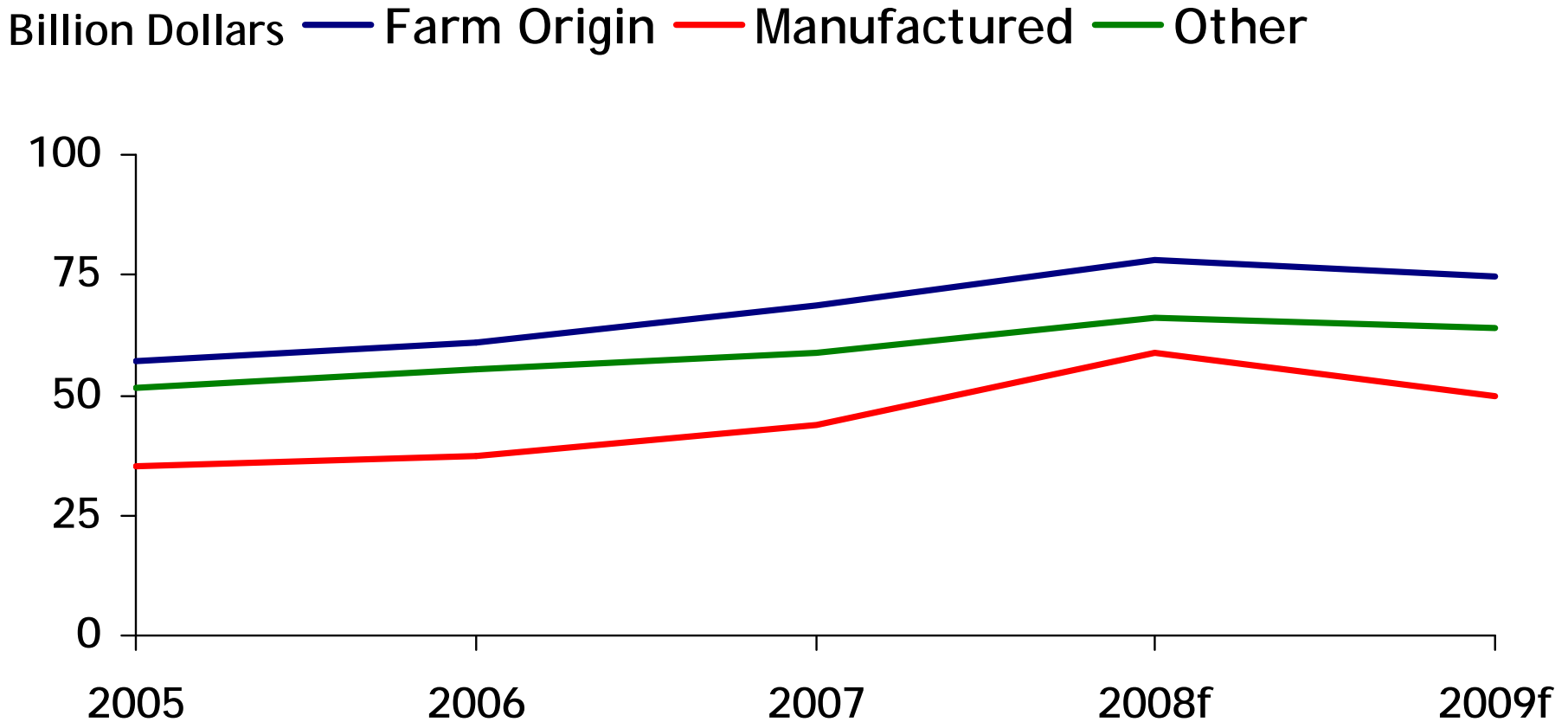
\$2 billion decline in all other payments offsets \$1.1 billion increase in payments based on crop prices



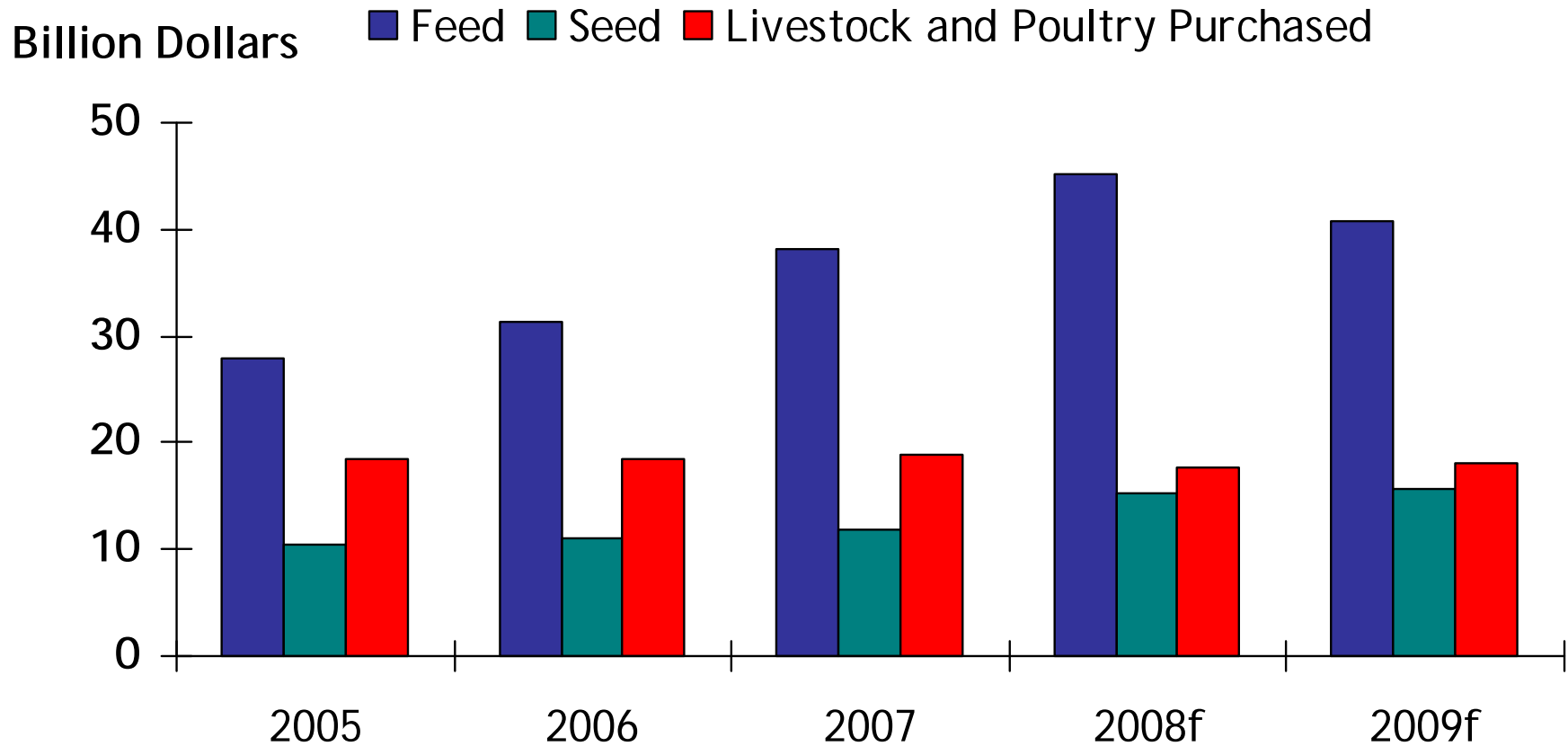
1/ Counter-cyclical payments, loan deficiency payments, marketing loan gains, and certificate exchange gains, where payment rates vary with market prices.

2/ Ad hoc and emergency program payments, tobacco transition program payments, milk income loss program payments, peanut quota buyout payments, and other program payments.

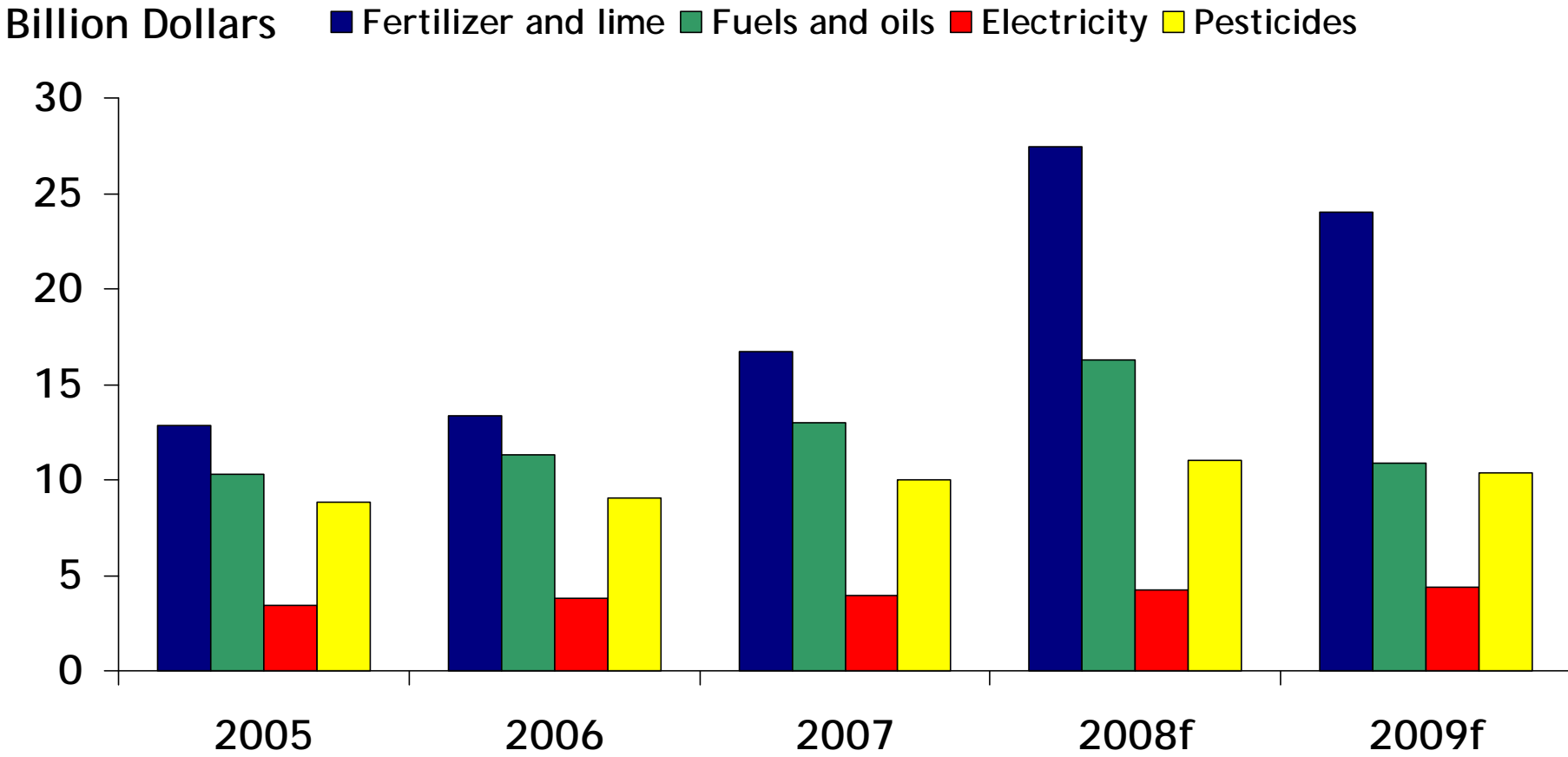
Expenditures on purchased inputs expected to decline \$15.2 billion in 2009



Farm Origin expenses expected to decline \$3.7 billion in 2009



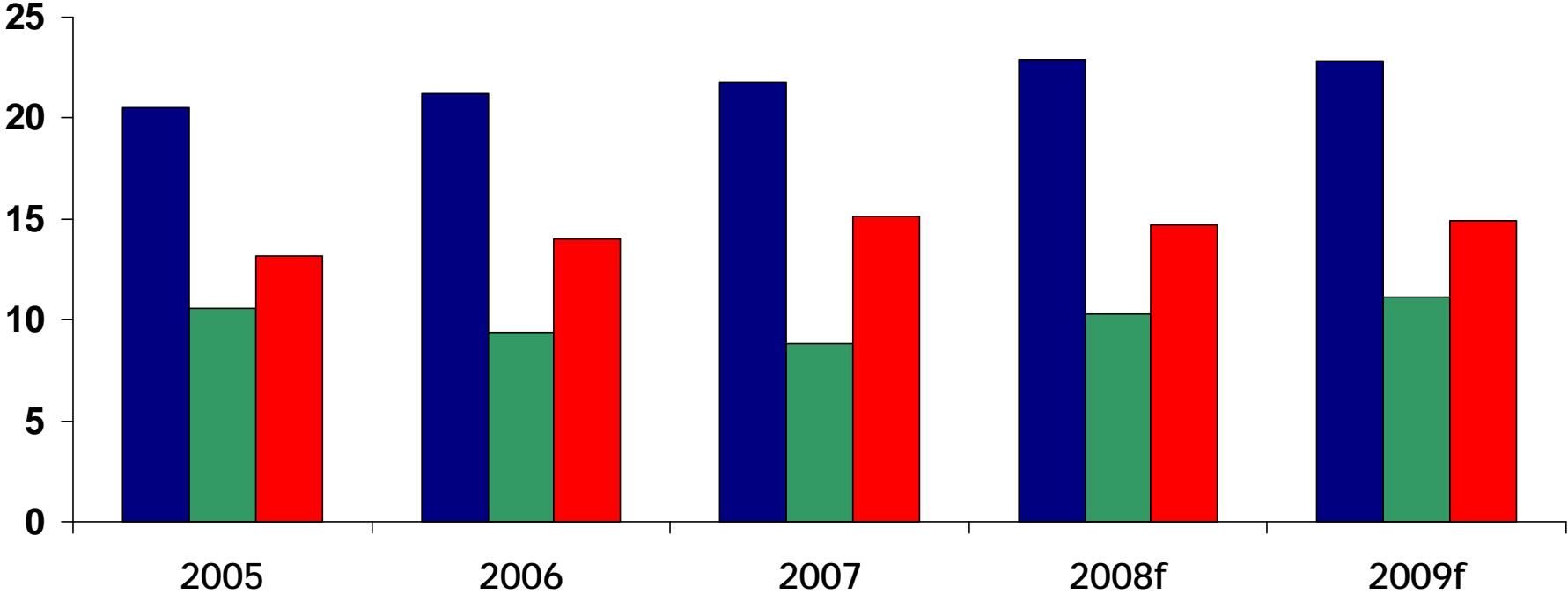
Manufactured expenses expected to fall \$9.4 billion in 2009



Payments to stakeholders expected to rise \$0.8 billion in 2009

■ Hired Labor ■ Non-Operator Landlords ■ Lenders

Billion Dollars

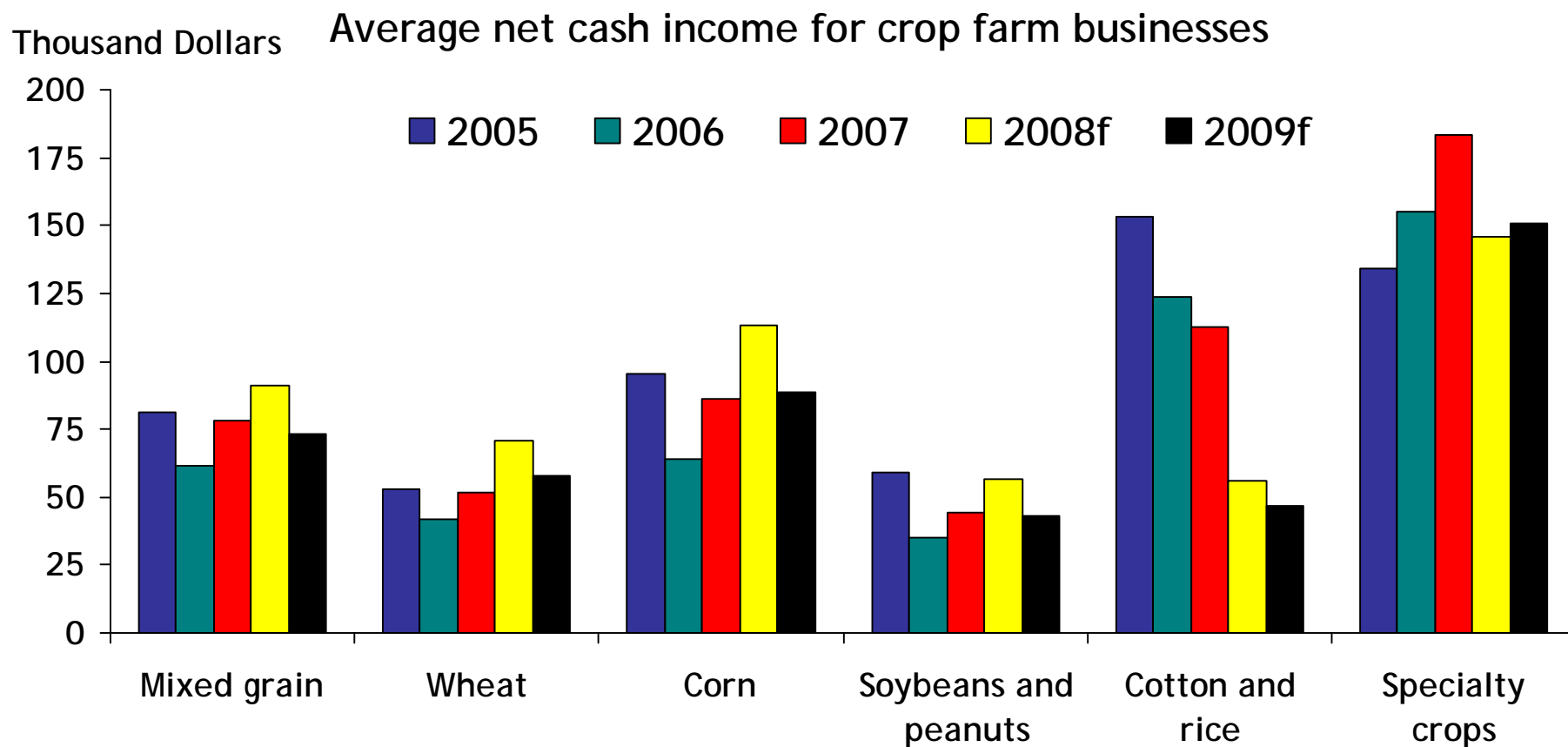


Farm Sector Value Added Expected in 2009

		2009f	Change from 2008
Value Agricultural Sector Production		\$337.0	(\$30.5)
Purchased Inputs	(-)	\$188.3	(\$15.2)
Net Government Transactions	(+)	\$0.2	(\$1.3)
Gross Value Added	=	\$148.9	(\$16.7)
Capital Consumption	(-)	\$29.0	\$0.6
Net Value Added	=	\$120.0	(\$17.3)
Payments to Stakeholders	(-)	\$48.8	\$0.8
Net Farm Income	=	\$71.2	(\$18.1)

Note: All figures in billions

Lower average net cash incomes projected in 2009 for most farm businesses specializing in crops

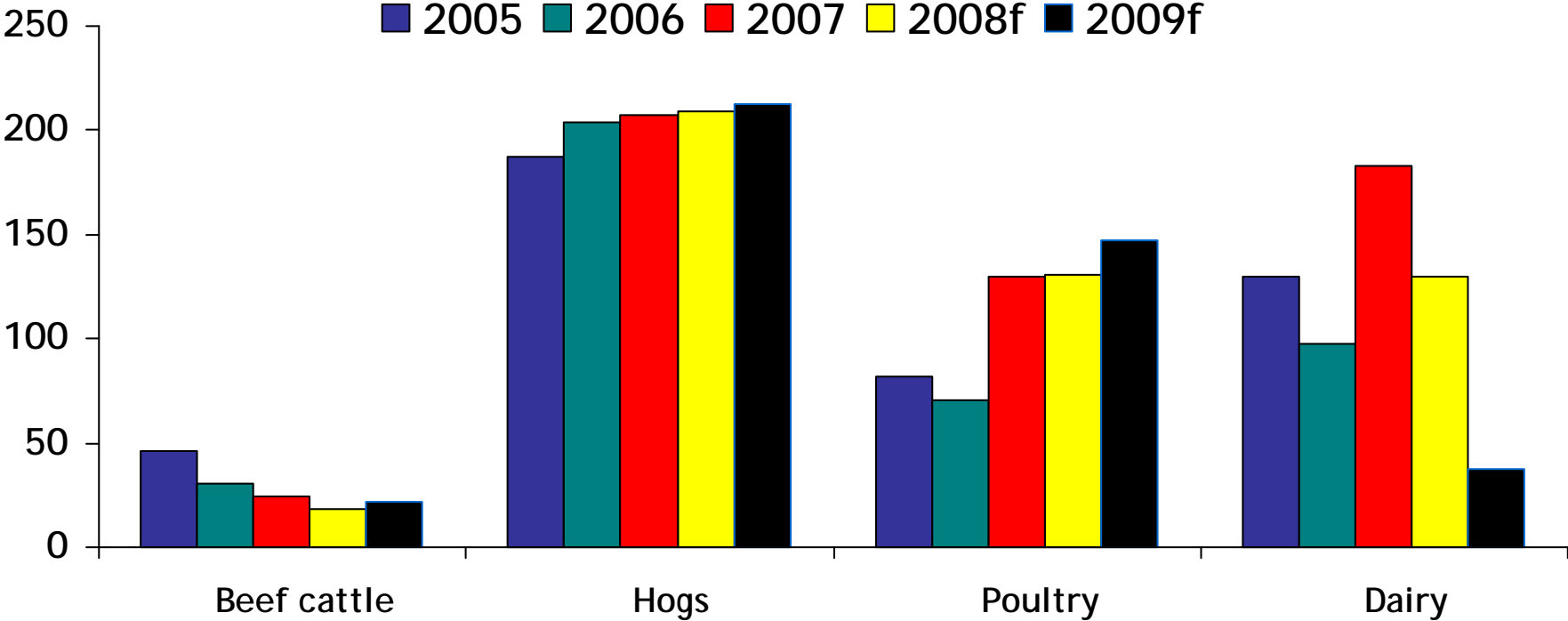


Farm businesses refer to commercial and intermediate size farms

Average net cash income for dairy farm businesses expected to plunge \$92,100 in 2009

Average net cash income for livestock farm businesses

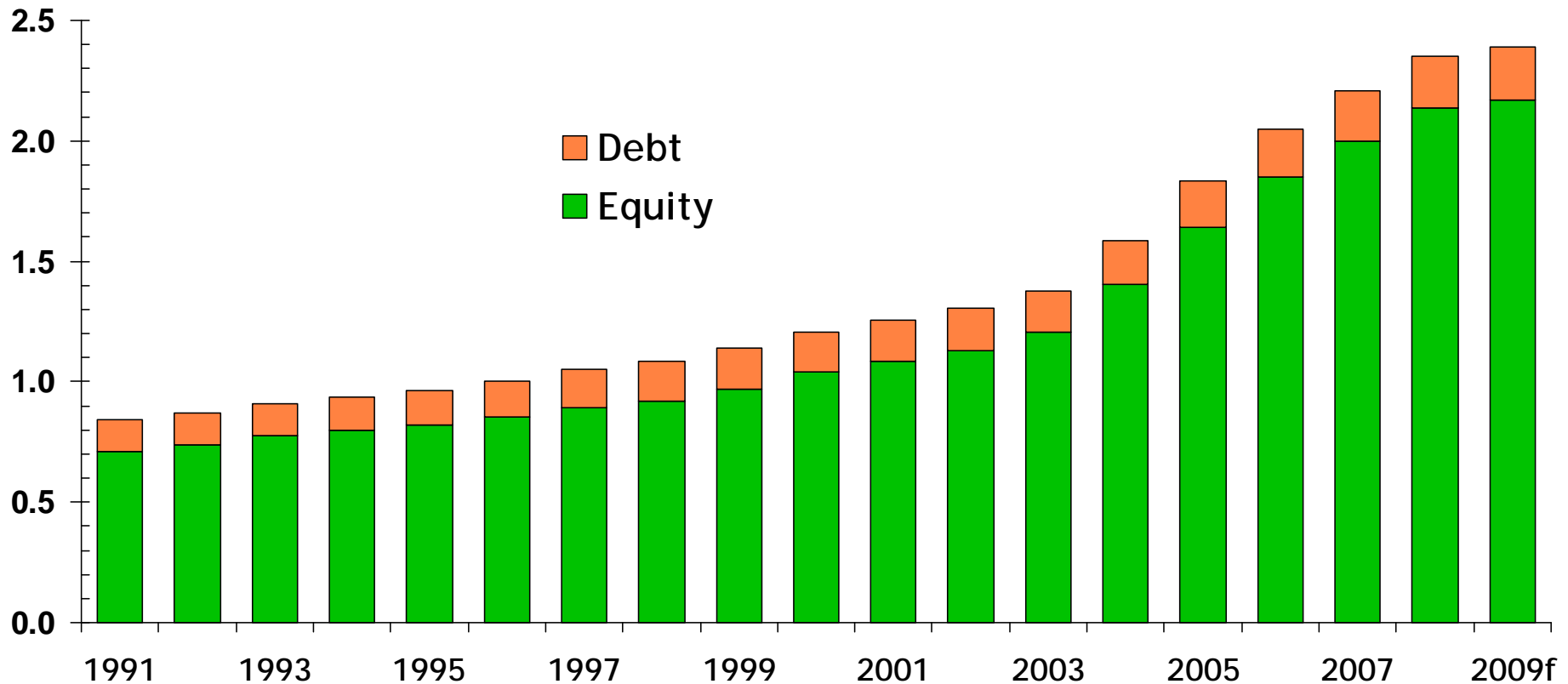
Thousand dollars



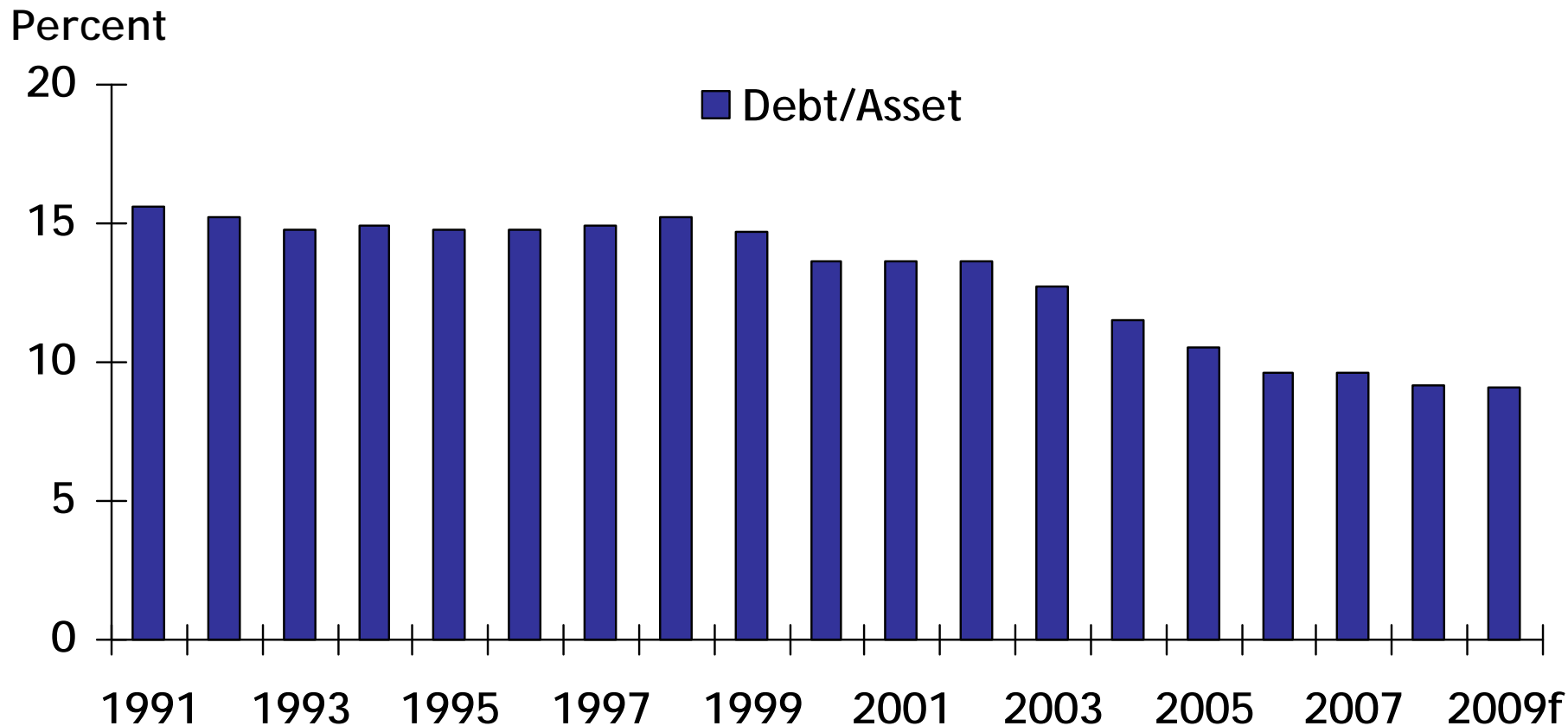
Farm businesses refer to commercial and intermediate size farms

Farm sector equity is expected to continue its upward trend, reaching \$2.2 trillion in 2009

Trillion Dollars

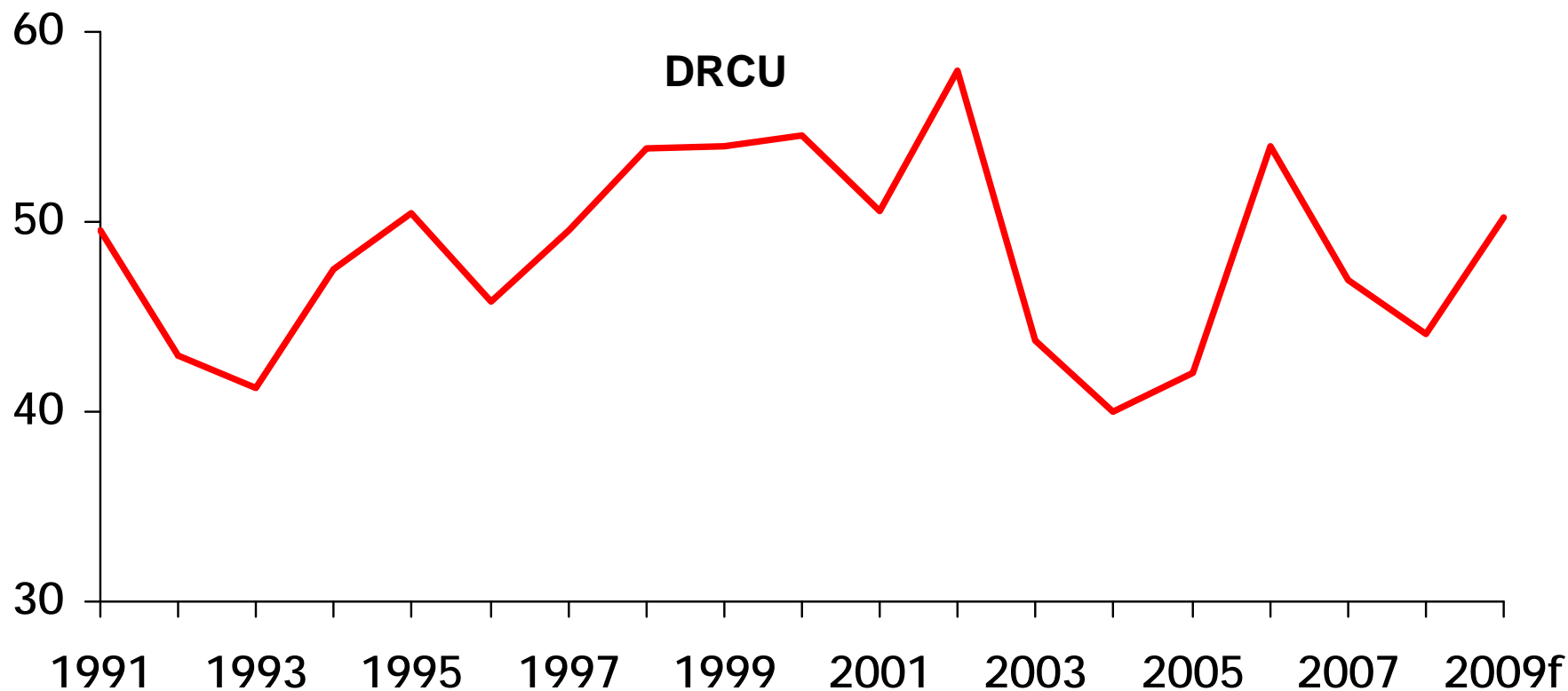


The percentage of farm assets financed by debt continues its downward trend, expected to reach 9.1 percent in 2009



Farm sector debt repayment capacity utilization (DRCU) expected to increase from 44.1 to 50.2 percent in 2009

Percent



Long-term projections for steady growth in value added and net farm income through 2018

Billion Dollars

