

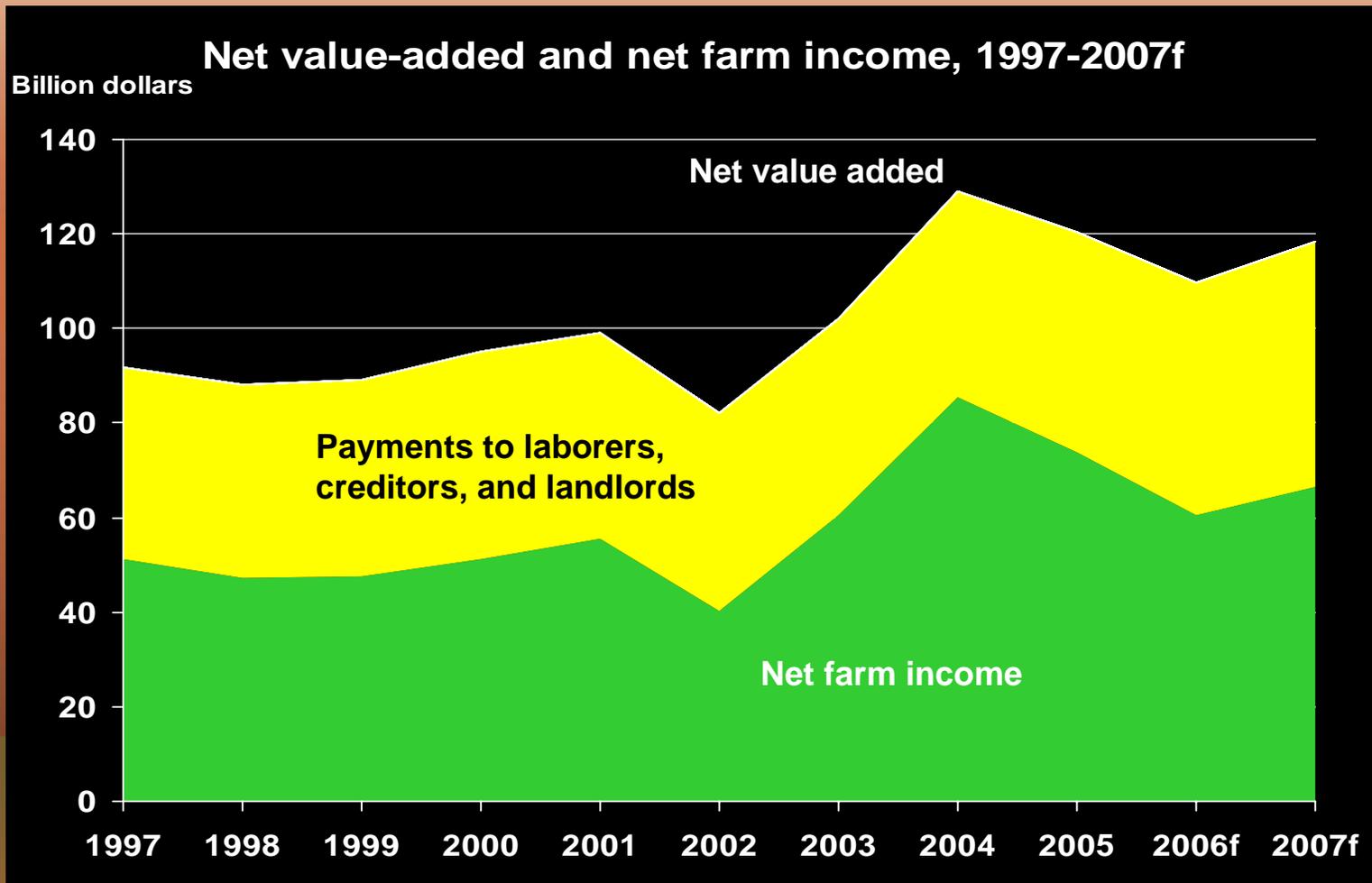


# Income Outlook for U.S. Farms and the Farm Economy in 2007

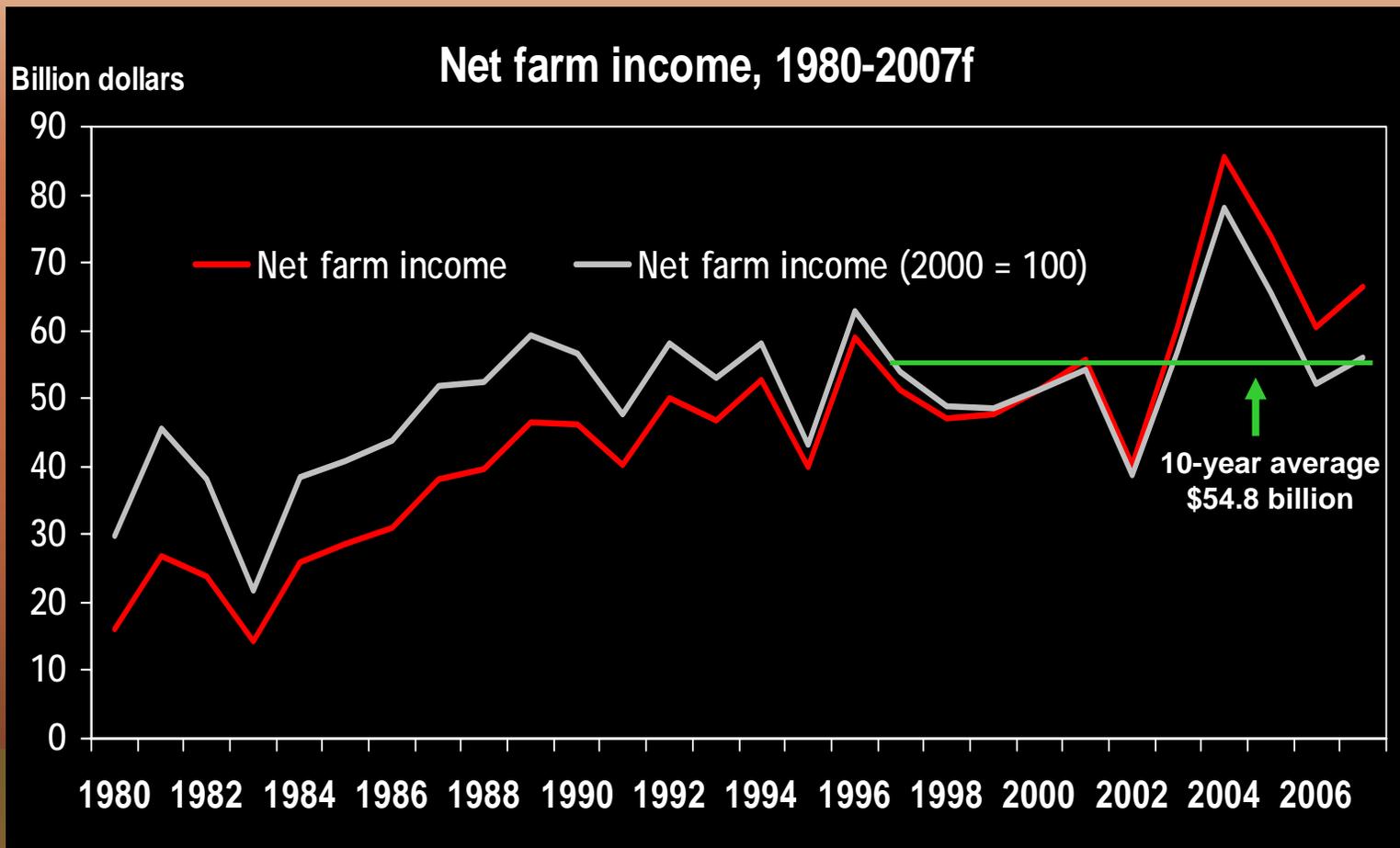
Economic Research Service

USDA Outlook Forum  
March 2007

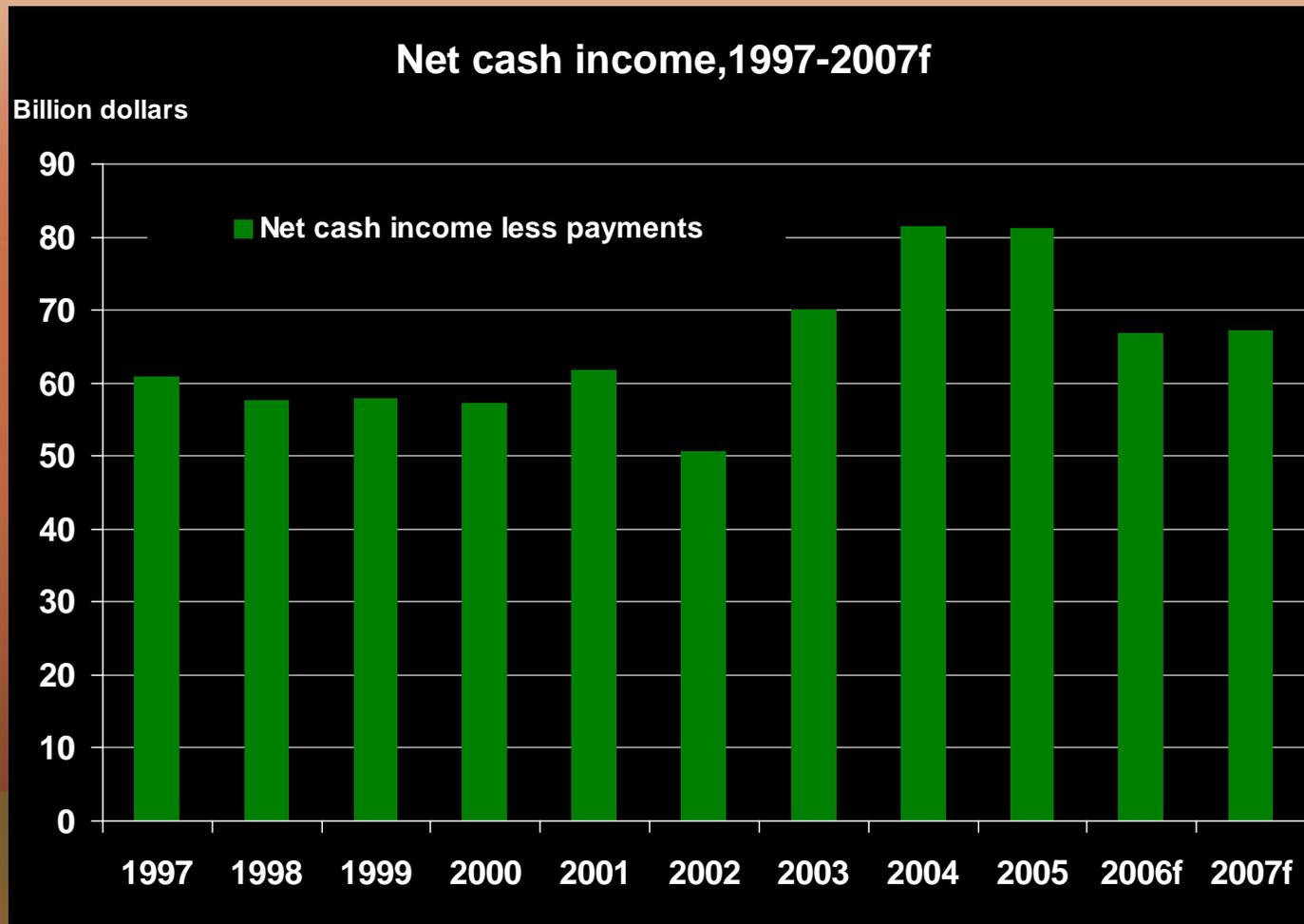
# Net value-added and net farm income rising in 2007



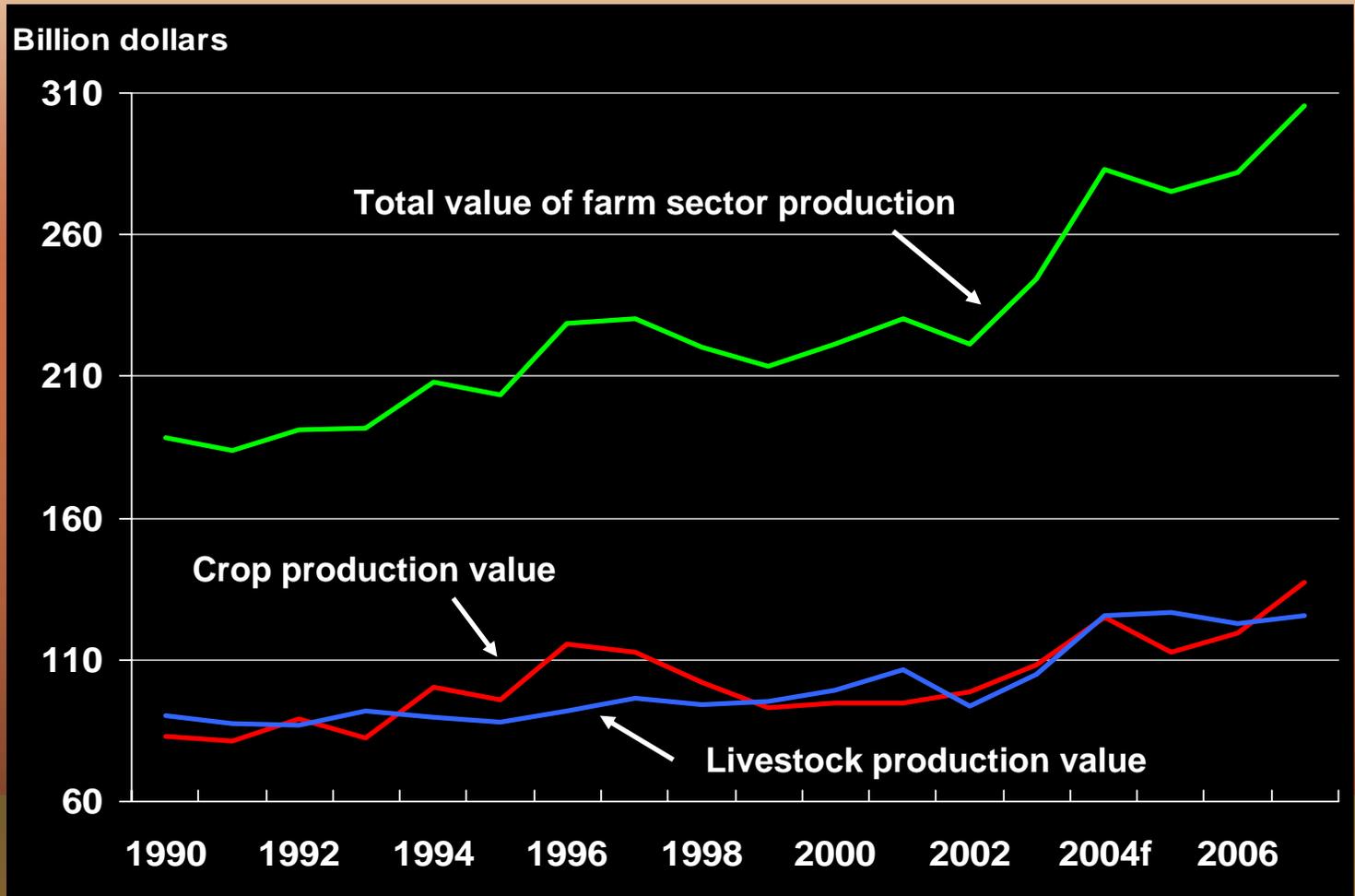
Taking into account changes in price levels indicates that farm sector net income to be above 10-year average in 2007



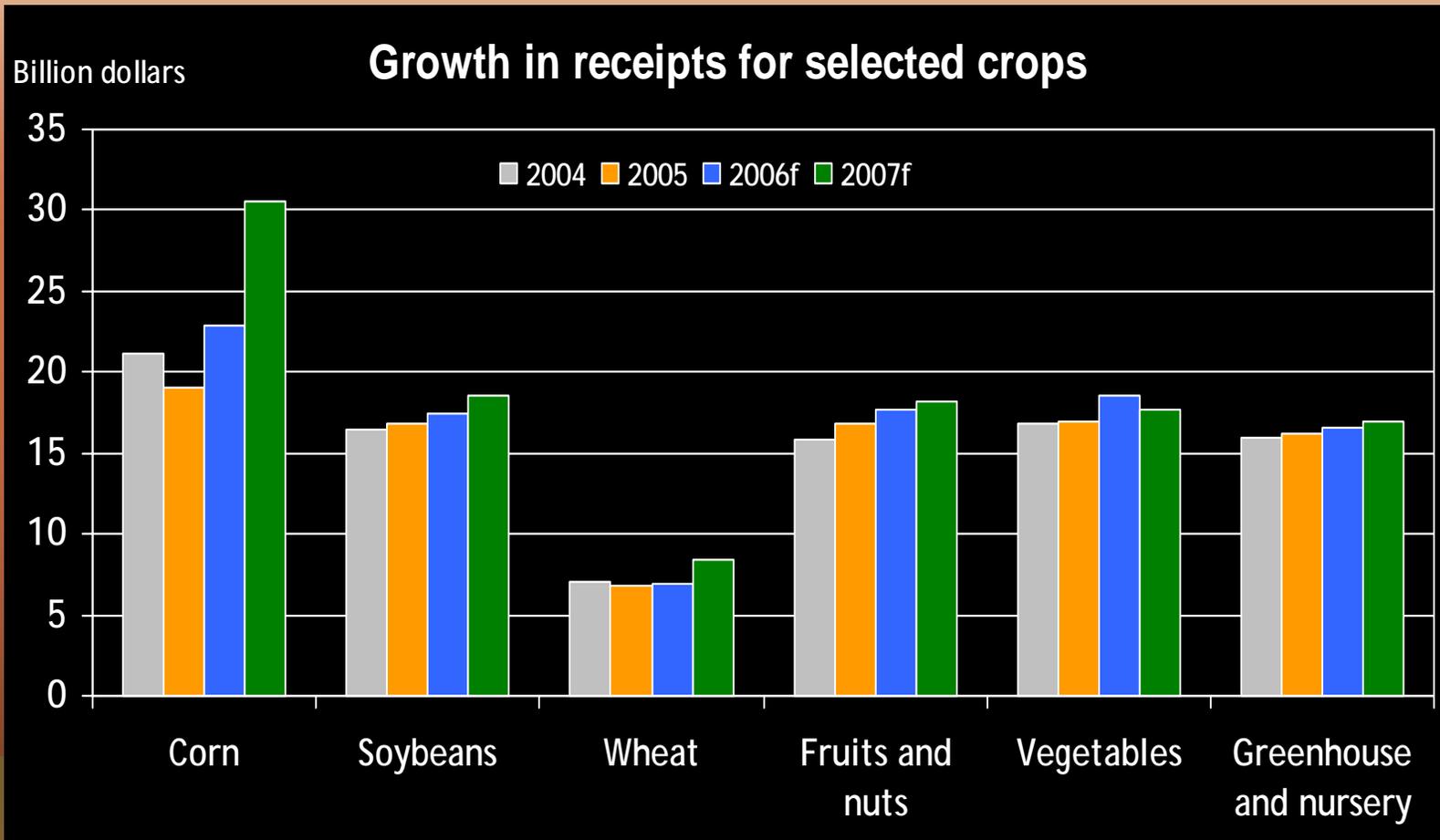
## Cash income expected to increase in 2007, but remain below 2004-05 records



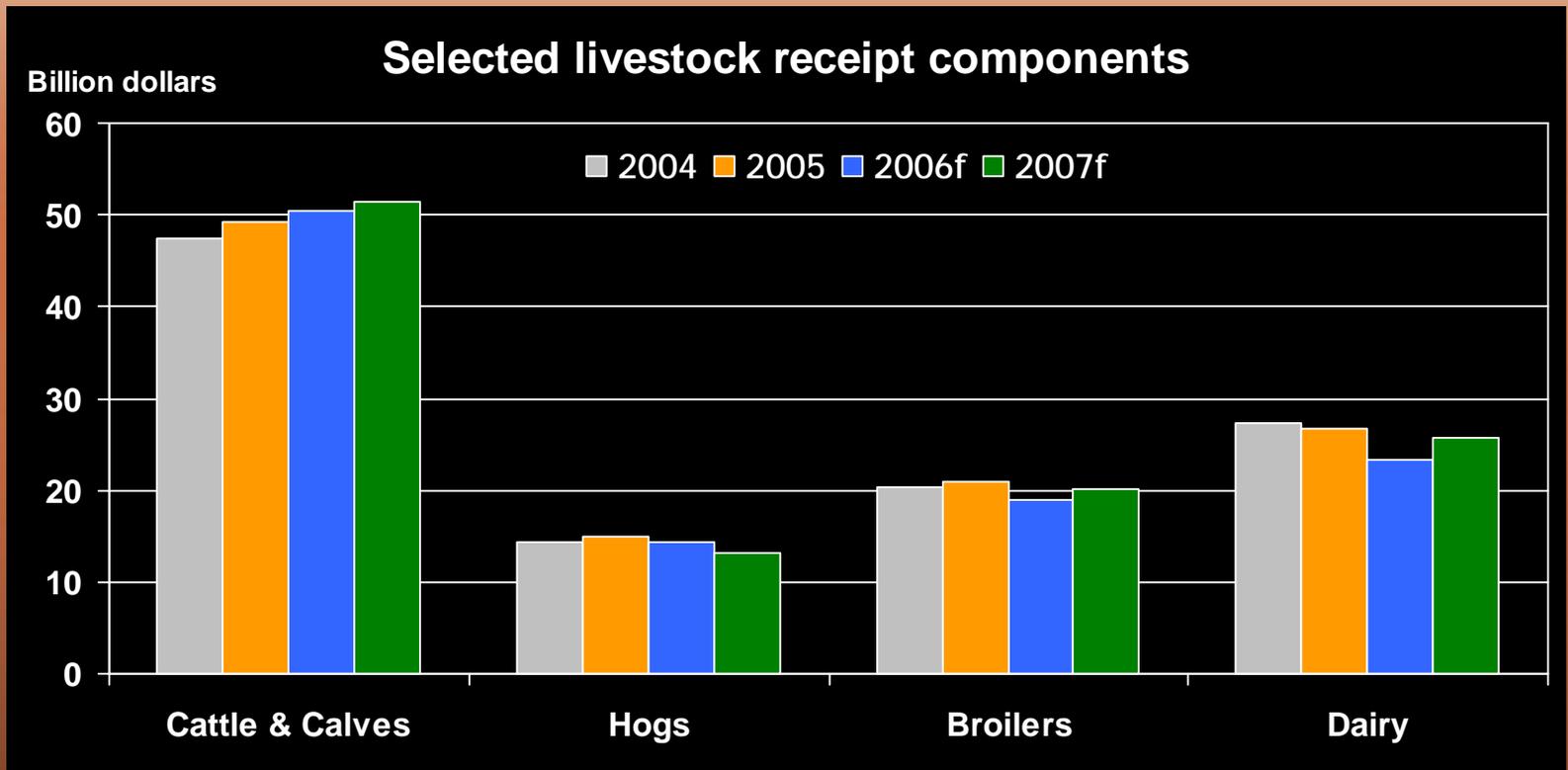
# Crop and livestock value of production increase in 2007, with crop value reaching record high



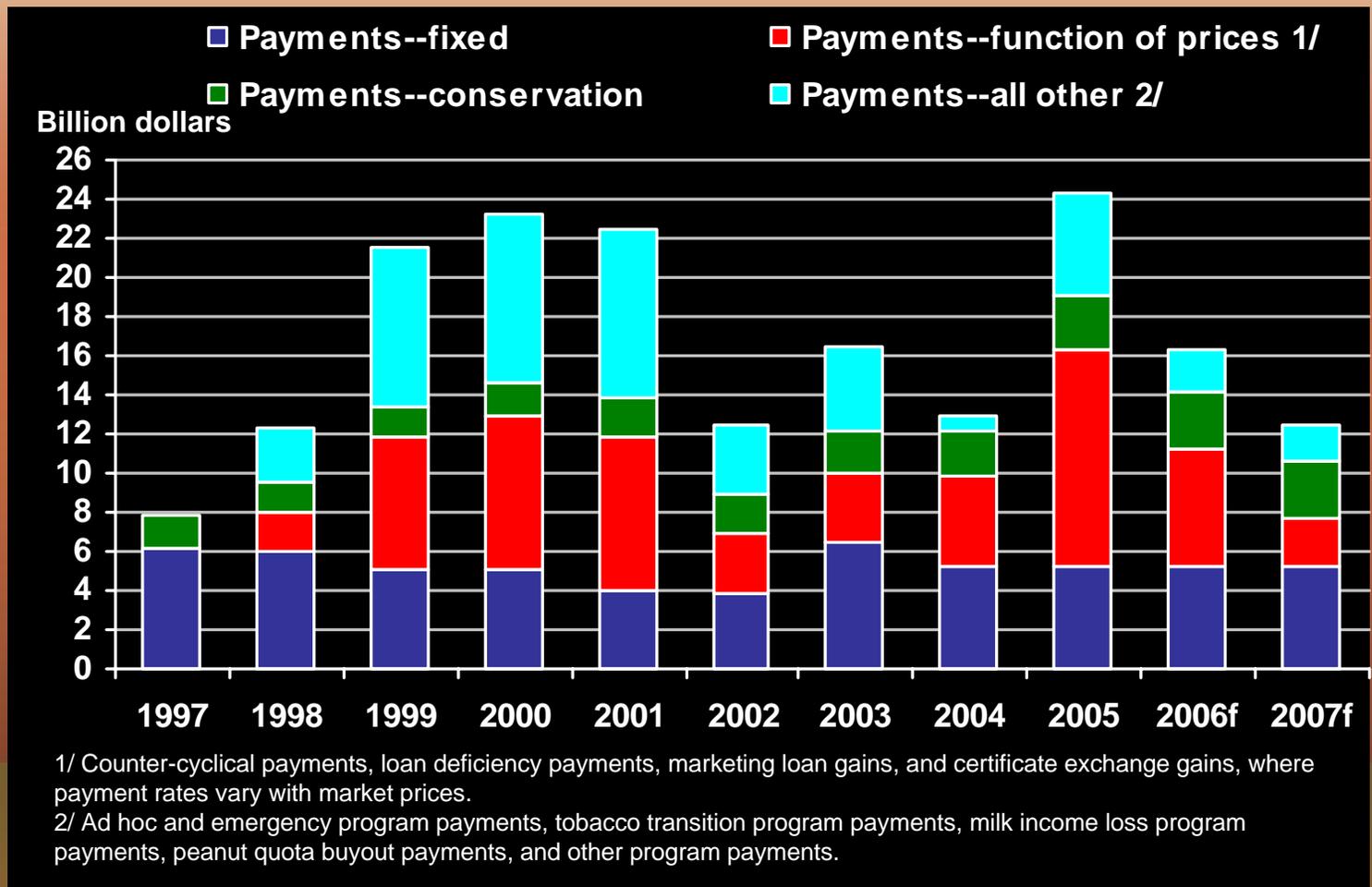
# Receipts increase for most crops; corn, wheat, soybeans and hay account for large majority



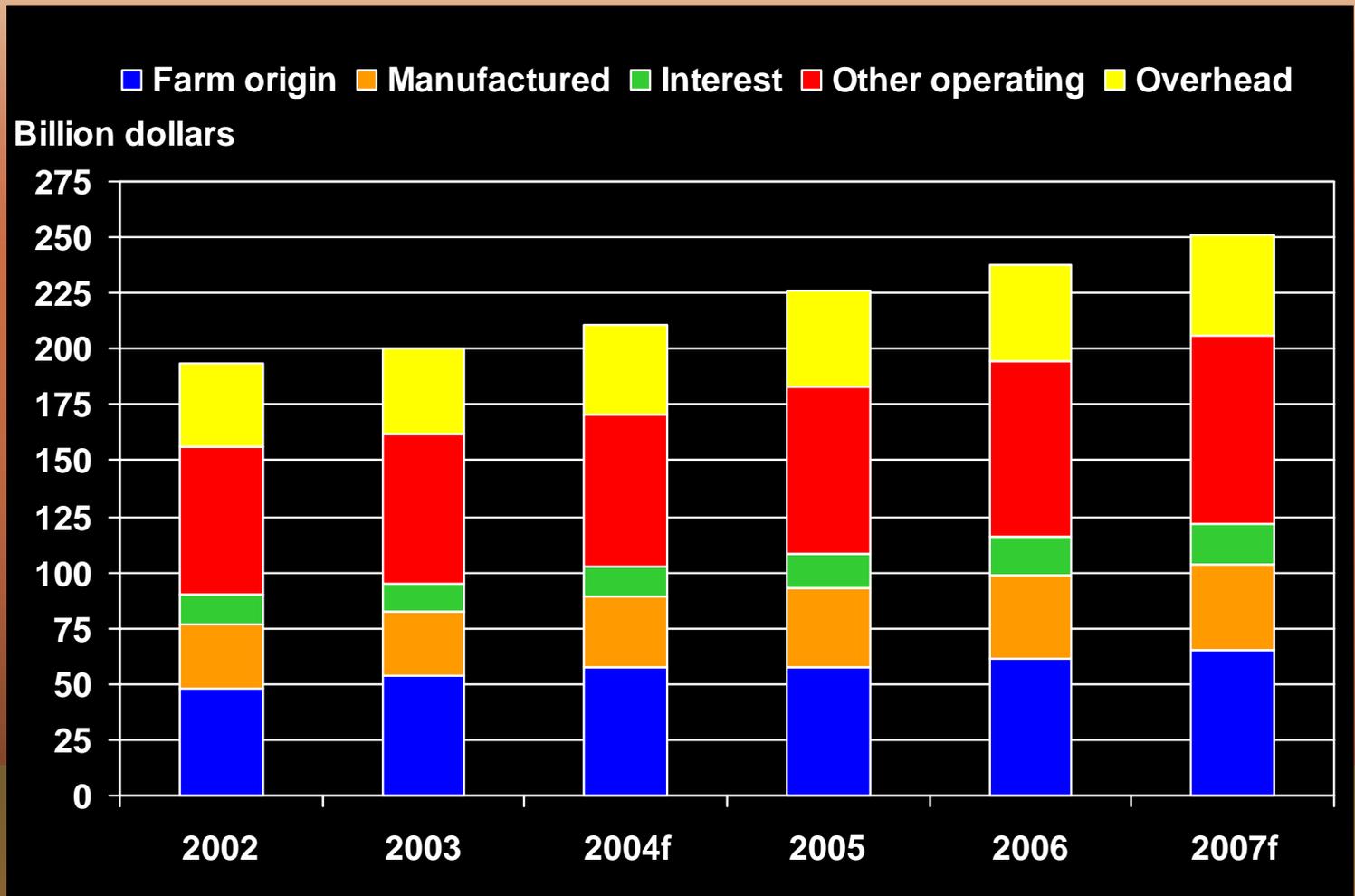
# Livestock receipts exceed \$100 billion for fifth consecutive year



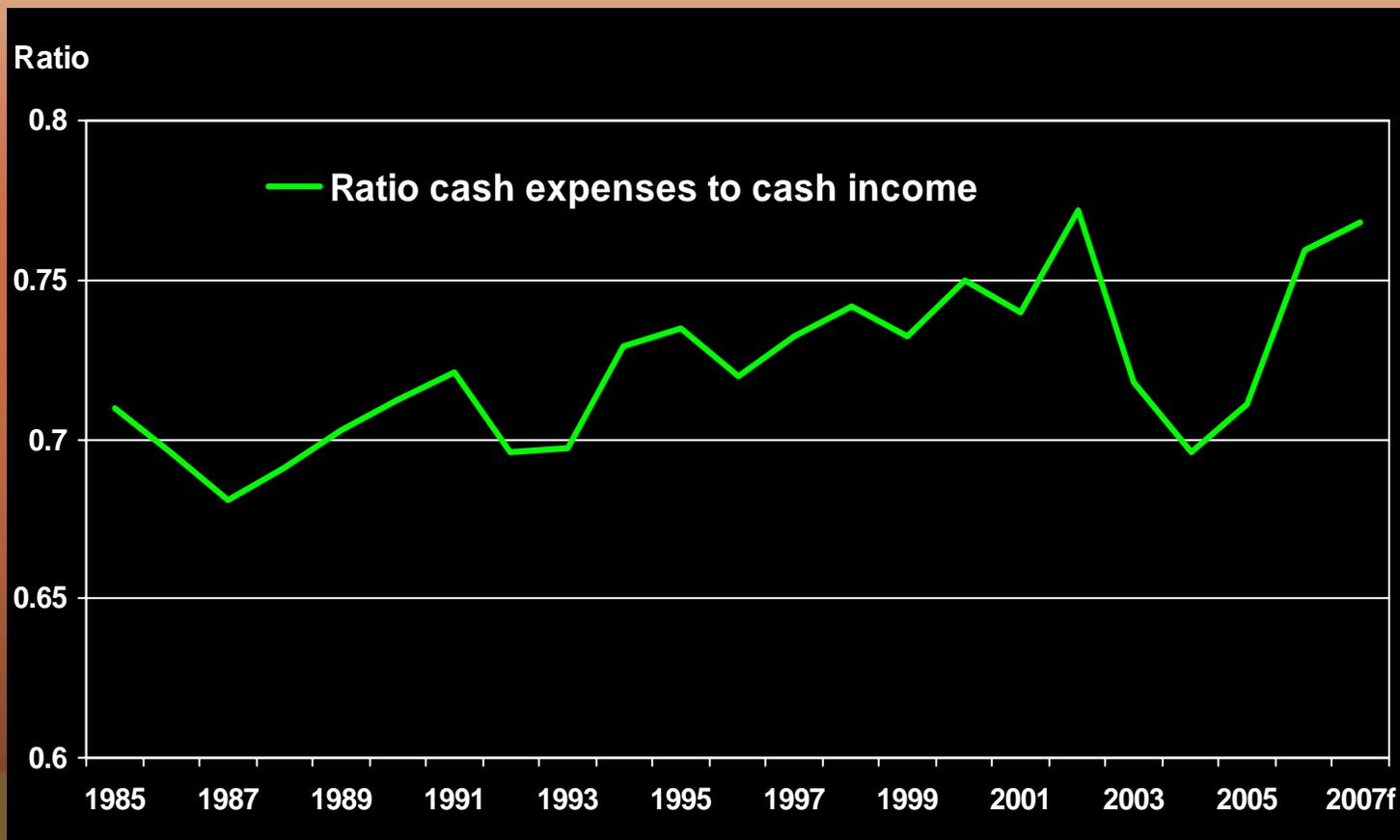
# Government payments forecast at lowest level since 2002



# Farm expenses are forecast to be nearly 6 percent higher in 2007, with feed increasing most over 2006



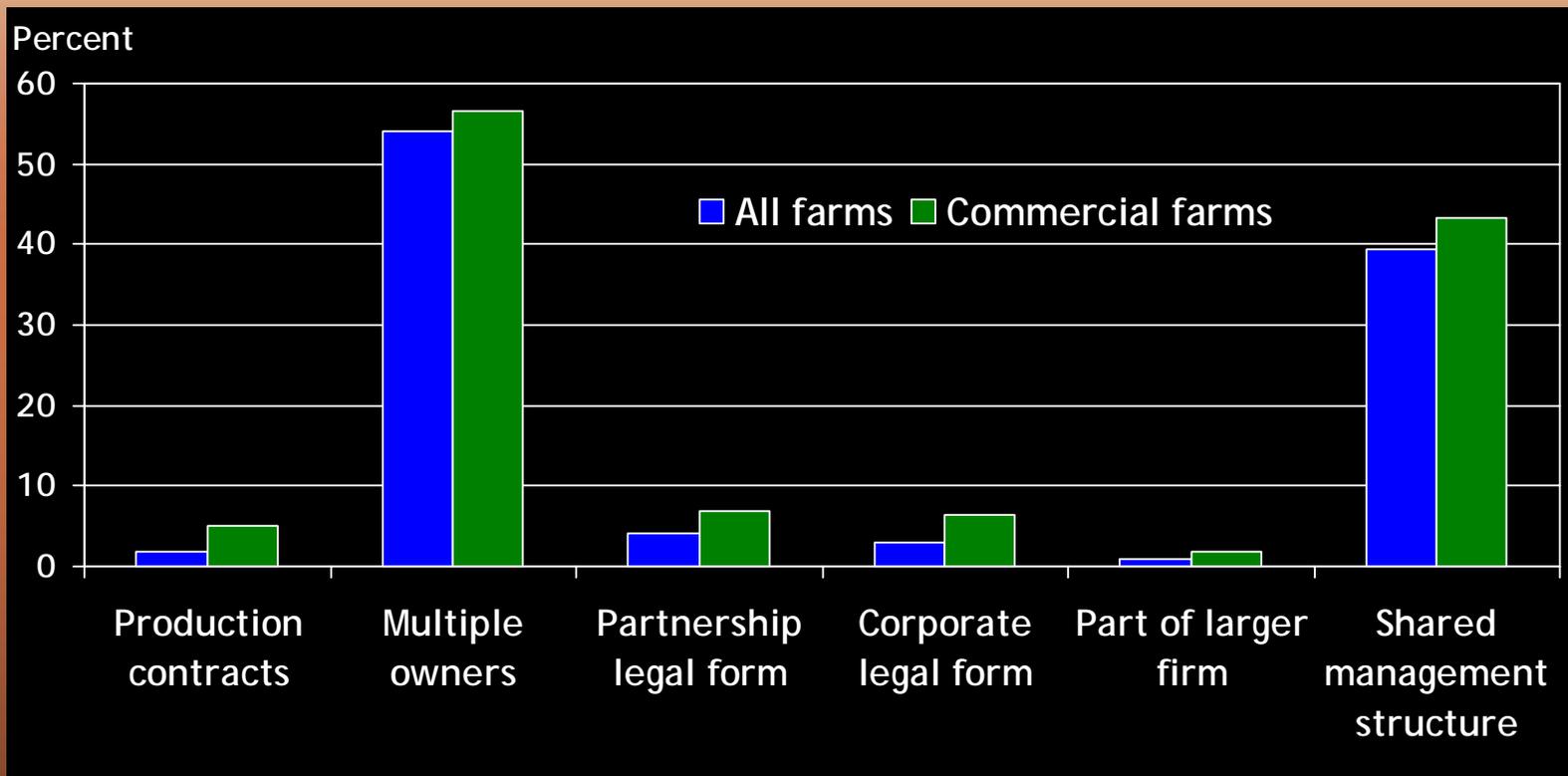
## Ratio of cash expenses to gross cash income indicates larger share of funds needed to pay cash costs in 2007



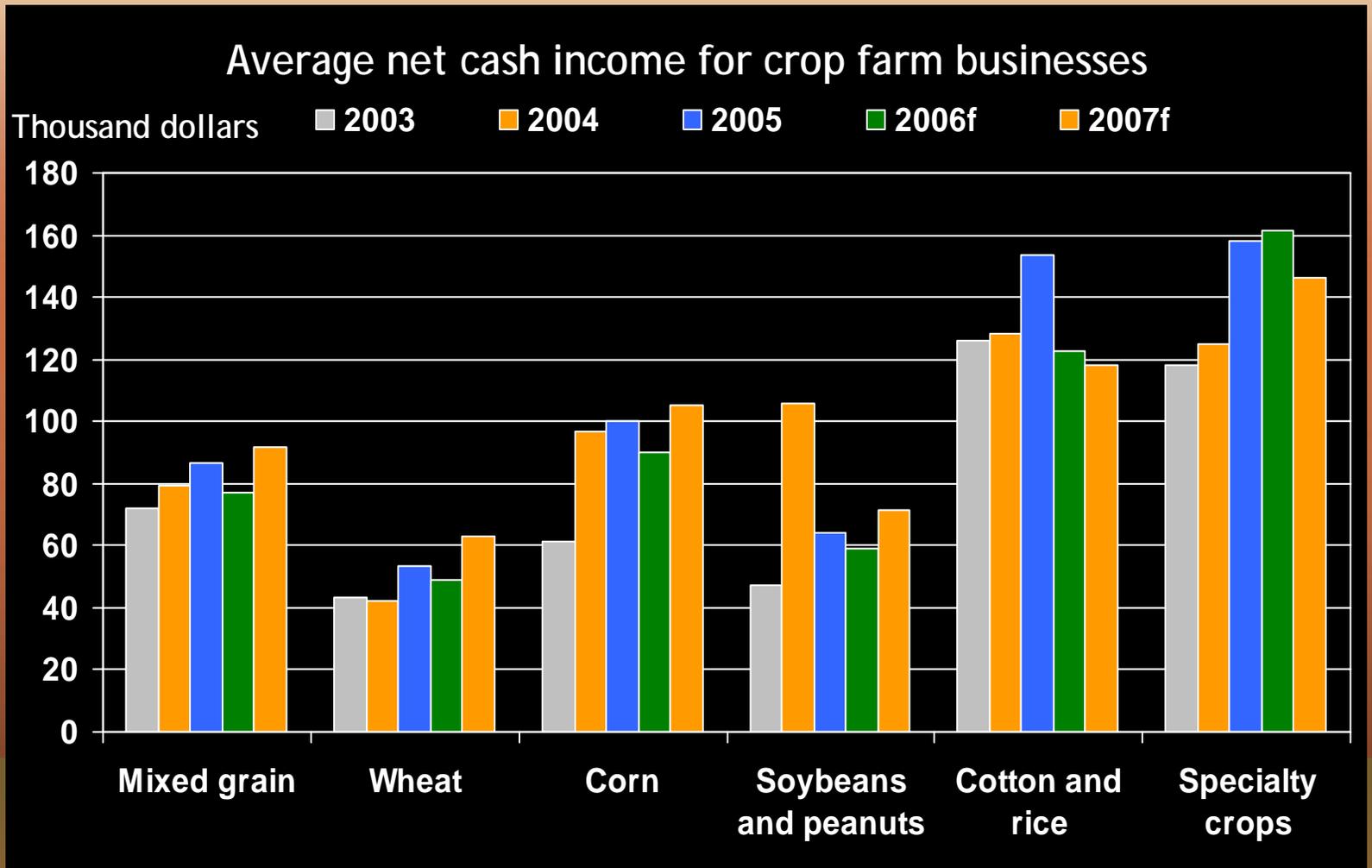
# Farmers input acquisition practices affect the distribution of output and value added to stakeholders



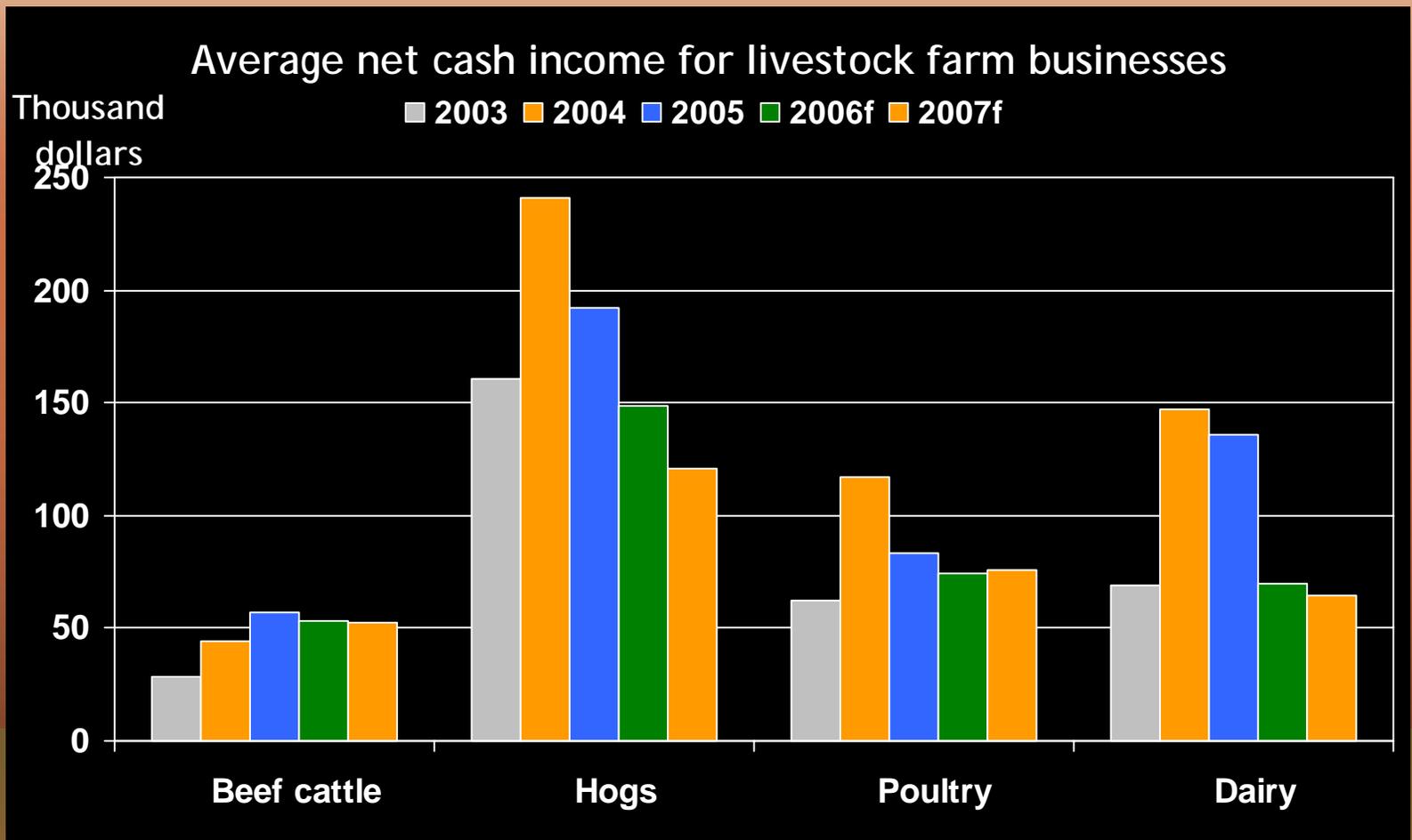
# Farm ownership and use of business arrangements affect the distribution of a farm income



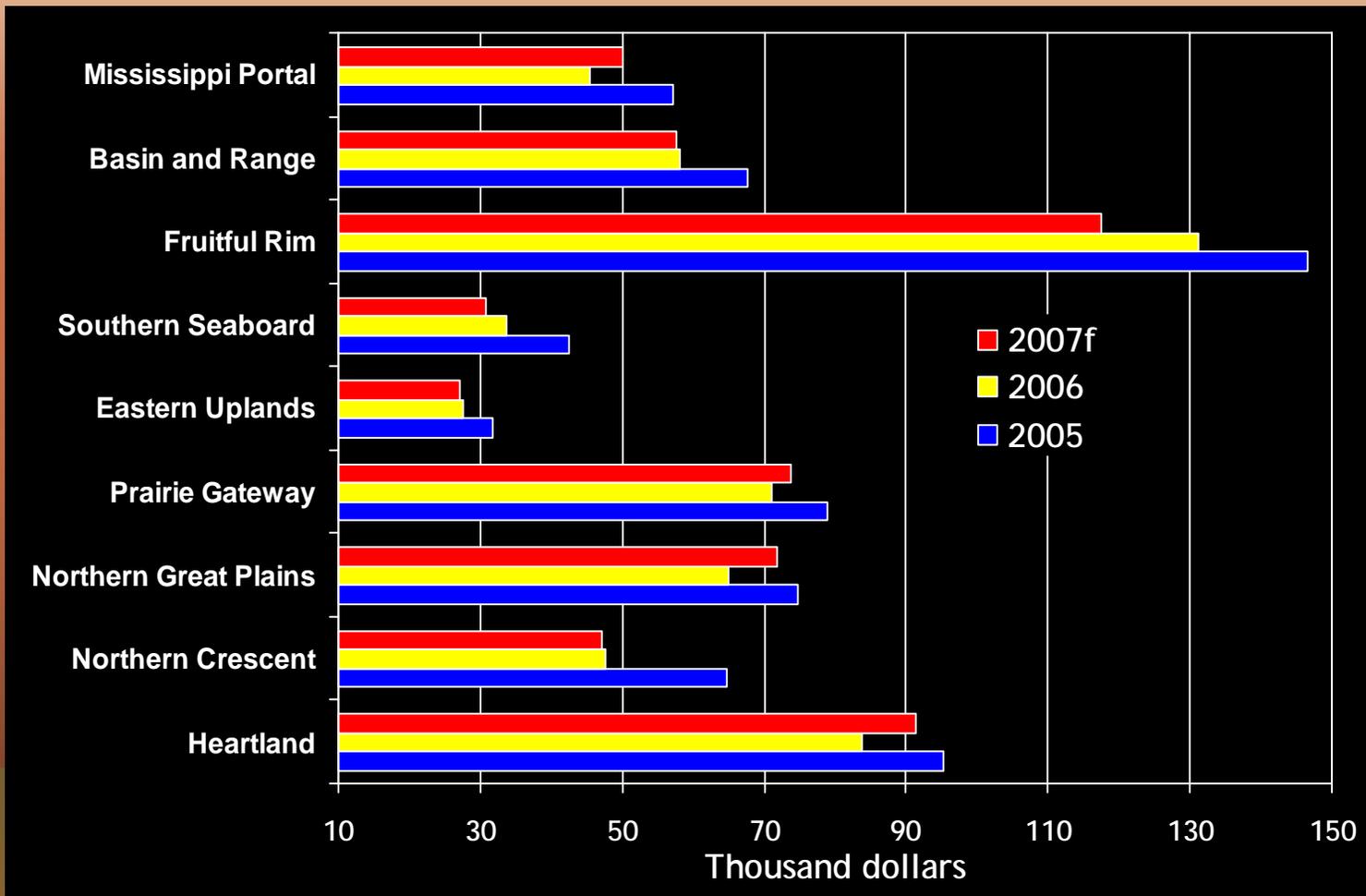
# Average incomes forecast to increase for most program crop producers



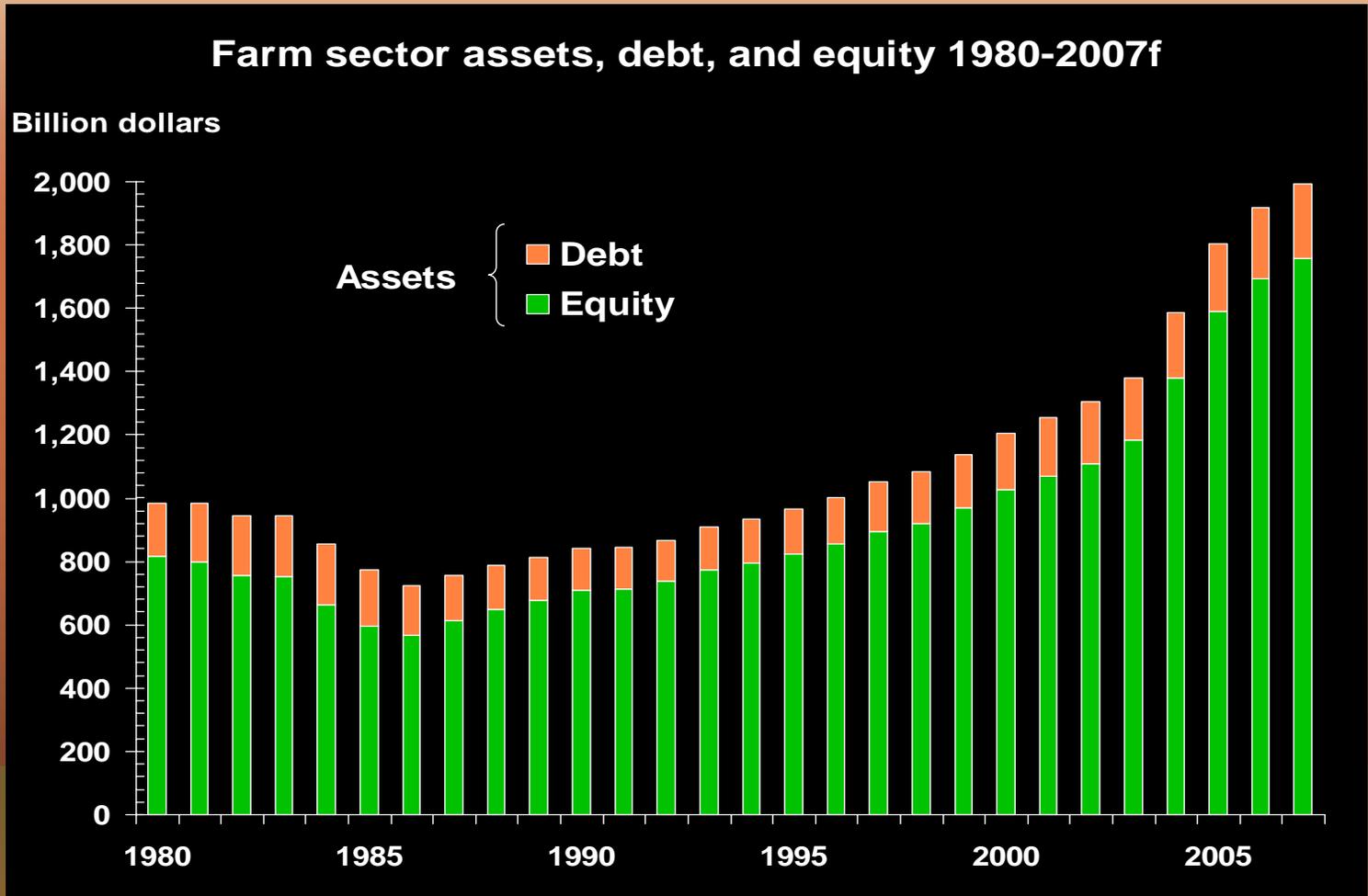
# Expense increase outpace gains in receipts for most livestock farms



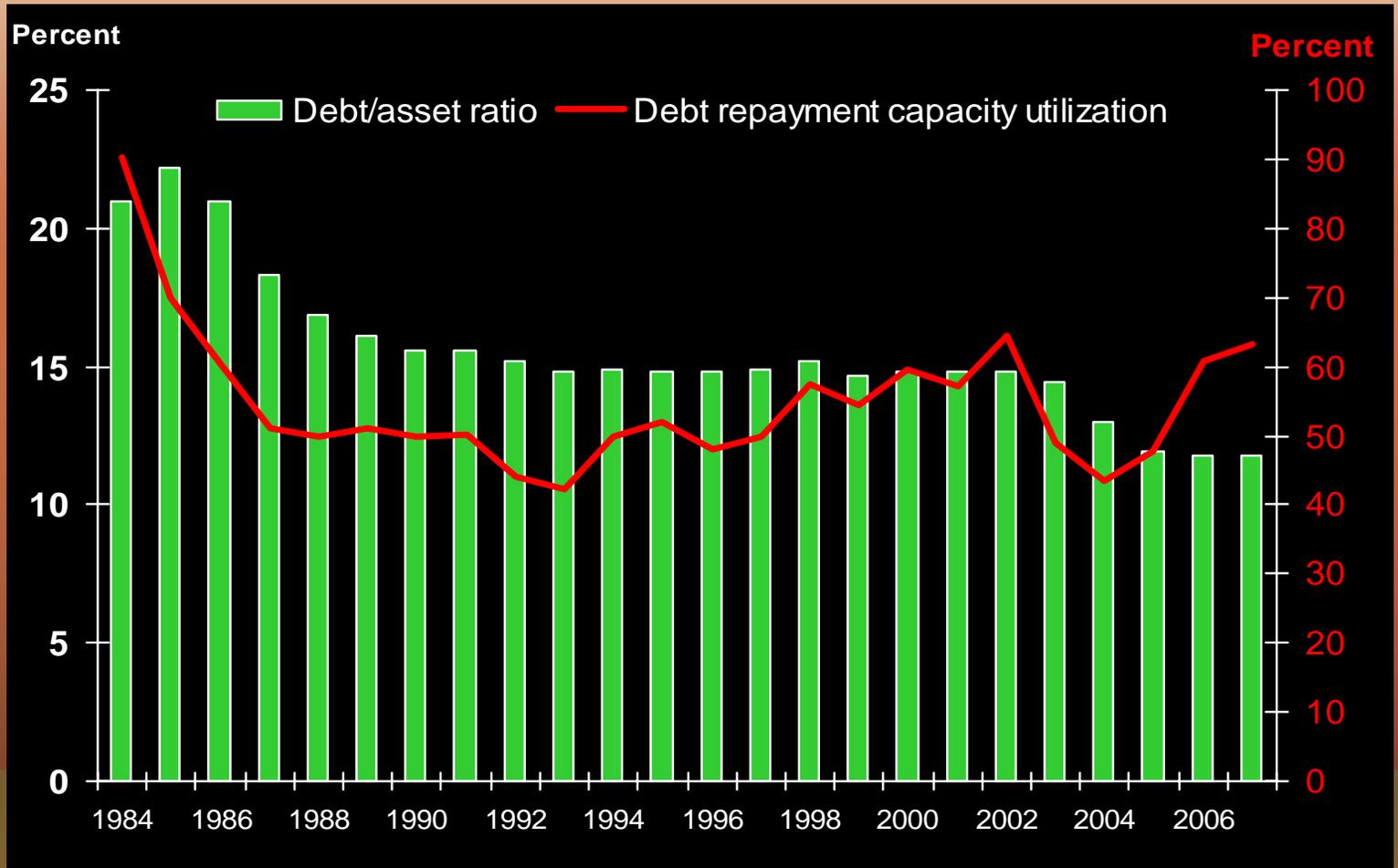
# Average net cash income is projected to increase most in Northern Great Plains, Mississippi Portal, and Heartland



# Farm Assets, Debt and Equity at Record High Nominal Levels in 2007



# Farm Sector Debt/Asset Ratio and Debt Repayment Capacity Utilization (DRCU), 1984-2007f



# Net Value-added forecast to expand through baseline period; nominal net income remains in mid-to-upper \$60 billion range

