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Featuring: ▶ **Crop Production** ▶ **Farm Production Expenditures**
 ▶ **Cash Rents** ▶ **Dairy Products**

CROP PROSPECTS DOWN FROM LAST YEAR

U.S. HIGHLIGHTS

Corn production was forecast at 10.3 billion bushels, down 12 percent from last year but 3 percent above 2003.

Corn yields were expected to average 139.2 bushels per acre, down 21.2 bushels from the record high last year.

Soybean production was forecast at 2.79 billion bushels, down 11 percent from 2004 but up 14 percent from 2003.

Soybean yields were expected to average 38.7 bushels per acre, down 3.8 bushels from the record high yield set last year.

Burley Producing States production was forecast at 203.7 million pounds, 30 percent below a year ago.

Apple production was forecast at 9.84 billion pounds, down 6 percent from last year but 12 percent above 2003.

KENTUCKY

Crop prospects are down from the record highs of last year. All forecasts in this release are based on conditions as of August 1 and assume normal crop growing conditions for the remainder of the crop season.

Burley tobacco production as of August 1 was forecast at 142.5 million pounds, down 31 percent from the 2004 crop. This would be the smallest production since 1927. The decrease in production resulted from a 31,000 acre decrease in intended harvested acreage and a 50 pound decrease in anticipated yield per acre. Harvested acreage was estimated at 75,000 acres, down from the 2004 acreage of 106,000 acres and the smallest harvested acreage on record. The yield was estimated 1,900 pounds per acre, down 50 pounds from the 2004 crop. A mild and wet spring has been followed by hot and dry conditions. The hot, dry weather has kept blue mold

occurrence to a minimum while black shank is present in many fields.

Corn production was forecast on August 1 at 150.8 million bushels, down 13 percent from the record high 2004 crop. Acreage for grain was estimated at 1.16 million acres, an increase of 20,000 acres from the previous year. Yield was forecast at 130 bushels per acre, down 22 bushels from the record high yield of 2004. The corn crop started slowly in the spring due to wet soil conditions, but it developed well through May. June and July were hot dry months with only spotty rainfall in the State. As of August 1, development of the crop (milk, dough and dent) was behind last year.

Soybean production for 2005 was forecast at 50.0 million bushels as of August 1, down 13 percent from the record high 2004 crop. Acreage of soybeans for harvest was estimated at 1.25 million acres, down 50,000 acres from the previous year. Yield was forecast at 40 bushels per acre, down four bushels from the record high 2004 crop. Crop progress has been ahead of last year and the five-year average. Development of second crop soybeans following wheat has been slowed by the dry soil conditions.

Production of **hay** was forecast to be down slightly from the 2004 crop. The wet spring was beneficial to early hay growth but the drier soil conditions of June and July limited growth. First cutting of alfalfa was good. **Alfalfa** yield was projected at 3.10 tons per acre with a harvested acreage at 260,000 acres. **Other hay** yield was forecast at 2.30 tons per acre with 2.20 million acres harvested.

Apple production was forecast at 8.00 million pounds, unchanged from the 2004 crop. Farmers are expecting an apple crop about the same as last year.

CROP PRODUCTION

CROP SUMMARY, AUGUST 1 KENTUCKY AND UNITED STATES

CROPS	UNIT	ACREAGE HARVESTED		YIELD PER ACRE		PRODUCTION		
		2004	2005	2004	2005	2004	2005	
			Indicated		Indicated		Indicated	% of '04
		(Thousand)				(Thousand)		
KENTUCKY								
Corn for Grain	Bu.	1,140	1,160	152.0	130.0	173,280	150,800	87
Soybeans for beans	Bu.	1,300	1,250	44.0	40.0	57,200	50,000	87
Hay:								
All	Ton	2,340	2,460	2.53	2.38	5,928	5,866	99
Alfalfa	Ton	240	260	3.70	3.10	888	806	91
All Other	Ton	2,100	2,200	2.40	2.30	5,040	5,060	100
Tobacco:								
All	Lbs.	114.95	84.90	2,044	2,050	235,003	174,060	74
Burley	Lbs.	106.00	75.00	1,950	1,900	206,700	142,500	69
Dark Fire	Lbs.	5.30	6.40	3,394	3,400	17,990	21,760	121
Dark Air	Lbs.	3.65	3.50	2,825	2,800	10,313	9,800	95
All Wheat	Bu.	380	300	54.0	68.0	20,520	20,400	99
Commercial Apples	Lbs.					8,000	8,000	100
UNITED STATES								
Corn for Grain	Bu.	73,632	74,368	160.4	139.2	11,807,217	10,349,841	88
Soybeans for Beans	Bu.	73,958	72,184	42.5	38.7	3,140,996	2,791,133	89
Sorghum for Grain	Bu.	6,517	6,030	69.8	63.1	454,899	380,319	84
Hay:								
All	Ton	61,916	61,723	2.55	2.43	157,774	149,917	95
Alfalfa	Ton	21,707	22,118	3.47	3.34	75,383	73,849	98
All Other	Ton	40,209	39,605	2.05	1.92	82,391	76,068	92
Tobacco:								
All	Lbs.	408.04	316.86	2,155	2,137	879,227	677,088	77
Burley	Lbs.	153.15	107.60	1,908	1,893	292,172	203,740	70
Dark Fire	Lbs.	11.73	12.52	3,167	3,179	37,151	39,800	107
Dark Air	Lbs.	4.26	4.04	2,799	2,787	11,922	11,258	94
All Wheat	Bu.	49,999	50,361	43.2	43.0	2,158,245	2,167,178	100
Commercial Apples	Lbs.					10,419,900	9,837,100	94

FARM PRODUCTION EXPENDITURES UP 5.1 PERCENT IN 2004

U.S. farm production expenditures totaled \$210.7 billion in 2004, up 5.1 percent from the revised 2003 total of \$200.5 billion. The largest contributors to the increase were tractors and self-propelled farm machinery up 24.3 percent; fuels, up 19.4 percent; fertilizer, up 14.0 percent; feed, up 9.1% and labor up, 5.5 percent. Farm services and interest were the only expenditure categories to show a decrease being down 2.2 and 4.3 percent, respectively. The rent expenditure was unchanged from the previous year. The largest two expenditure categories were feed, which accounted for 14.2 percent of the U.S. total production expenses and farm services which accounted for 12.5 percent of the U.S. total production expenses. The farm services category includes expense items such as custom work, utilities, marketing charges, veterinary services, transportation costs, and miscellaneous business expenses. The average expenditures per U.S. farm in 2004 were \$99,983 compared to \$94,542 as revised for 2003. On the average, U.S. farm operations in 2004 spent \$14,236 on feed; \$12,480 on farm services; \$10,914 on labor; \$9,016 on livestock and poultry purchases; and \$7,782 on rent. Revised estimates for 2003 indicated U.S. farms spent an average of \$12,967 on feed; \$12,684 on farm services; \$10,279 on labor; \$8,723 on livestock and poultry purchases; and \$7,733 on rent.

Farm Production Regions were changed from 10 to 5 regions this calendar year. This change improves the overall quality of regional estimates and allows NASS to publish state level expenditure estimates without disclosing data for unpublished states. The new 5 Farm Production Regions are as follows:

Atlantic; South; Midwest; Plains, and West. Expenditures by Farm Production Region in 2004 reveal that total expenditures were up in each region except the West. Expenditures also reveal that taxes, labor, fuels, and tractors and self-propelled farm machinery expenditure categories showed increases in each region, while the other expenditure categories show more variation across regions. The Farm Production Region contributing most to the total 2004 U.S. farm production expenditures was the Midwest, with expenses of \$59.9 billion, 28.4 percent of the U.S. total. Expenditures in the Midwest were up 6.8 percent from the 2003 level of \$56.1 billion. In total expenditures, the Midwest was followed by the West, at \$47.7 billion (2003 - \$48.4 billion); Plains, at \$47.5 billion (2003 - \$43.5 billion); Atlantic, at \$32.1 billion (2003 - \$29.6 billion); and South, at \$23.6 billion (2003 - \$23.0 billion).

ATLANTIC REGION

Farm production expenditures for 2004 totaled \$32.1 billion for CT, DE, KY, ME, MD, MA, NH, NJ, NC, NY, PA, RI, TN, VA, VT, WV. This was up 8 percent from 2003. The Atlantic Region accounted for 15 percent of the U.S. total expenditures. The five largest expense items for the Atlantic Region were feed, labor, farm services, farm improvements and construction, and livestock, poultry and related expenses. These five items accounted for 60 percent of total expenditures for 2004. The item that saw the largest increase from 2003 was trucks and autos that increased 30 percent.

FARM PRODUCTION EXPENDITURES 2003 ^{1/} - 2004

EXPENDITURE - FARM SHARE	ATLANTIC REGION ^{2/}					UNITED STATES ^{3/}				
	Average		Total Expenditures			Average		Total Expenditures		
	per Farm ^{4/} 2003	2004	2003	2004	'04 % of '03	per Farm ^{4/} 2003	2004	2003	2004	'04 % of '03
	Dollars		Million Dollars		(%)	Dollars		Million Dollars		(%)
Total Farm Production Expenditures ^{5/ 6/}	66,667	73,372	29,570	32,060	108	94,542	99,983	200,500	210,700	105
Livestock, Poultry & Related Expenses ^{7/}	5,749	5,950	2,550	2,600	102	8,723	9,016	18,500	19,000	103
Feed	13,031	14,418	5,780	6,300	109	12,967	14,236	27,500	30,000	109
Farm Services ^{8/}	8,184	8,376	3,630	3,660	101	12,684	12,480	26,900	26,300	98
Rent ^{9/}	2,277	2,357	1,010	1,030	102	7,733	7,782	16,400	16,400	100
Agricultural Chemicals ^{10/}	1,826	1,968	810	860	106	3,961	4,034	8,400	8,500	101
Fertilizer, Lime & Soil Conditioners ^{10/}	2,457	2,678	1,090	1,170	107	4,715	5,410	10,000	11,400	114
Interest	2,728	2,517	1,210	1,100	91	4,385	4,223	9,300	8,900	96
Taxes (Real Estate & Property)	2,142	2,289	950	1,000	105	3,206	3,322	6,800	7,000	103
Labor	8,049	8,422	3,570	3,680	103	10,279	10,914	21,800	23,000	106
Fuels	2,074	2,678	920	1,170	127	3,159	3,796	6,700	8,000	119
Farm Supplies & Repairs ^{11/}	3,945	4,920	1,750	2,150	123	5,187	5,505	11,000	11,600	105
Farm Improvements & Construction ^{12/ 13/}	5,073	6,568	2,250	2,870	128	5,564	5,979	11,800	12,600	107
Tractors & Self-Propelled Farm Machinery	2,818	3,433	1,250	1,500	120	3,301	4,128	7,000	8,700	124
Other Farm Machinery	1,623	1,625	720	710	99	1,839	2,040	3,900	4,300	110
Seeds & Plants ^{14/}	2,976	2,815	1,320	1,230	93	4,432	4,508	9,400	9,500	101
Trucks & Autos	1,488	1,968	660	860	130	2,122	2,278	4,500	4,800	107

^{1/}Revised. ^{2/}Atlantic: CT, DE, KY, ME, MD, MA, NH, NJ, NY, NC, PA, RI, TN, VA, VT, WV. ^{3/}Excludes AK and HI. ^{4/}Total expenditures divided by total number of farms. ^{5/}Total includes miscellaneous production expenses not allocated to any of the 16 expense categories published. Therefore, the sum of individual expenditure items will not add to totals. ^{6/}Includes landlord and contractor share of farm production expenses. ^{7/}Includes purchases and leasing of livestock and poultry. ^{8/}Includes all crop custom work, veterinary services, custom feeding, transportation costs, marketing charges, insurance, leasing of machinery and equipment, miscellaneous business expenses, and utilities. ^{9/}Includes public and private grazing fees. ^{10/}Includes material and application costs. ^{11/}Includes bedding and litter, marketing containers, power farm shop equipment, miscellaneous non-capital equipment and supplies, repairs and maintenance of livestock and poultry equipment, and capital equipment for livestock and poultry. ^{12/}Includes all expenditures related to new construction or repairs of buildings, fences, operator dwelling (if dwelling is owned by operation), and any improvements to physical structures of land. ^{13/}Changed to include operator dwelling expenses (if dwelling is owned by operation) in 2003. ^{14/}Excludes bedding plants, nursery stock, and seed purchased for resale. Includes seed treatment.

U.S. PRODUCTION EXPENDITURES BY ECONOMIC CLASS GROSS SALES - 2004 ^{1/}

GROSS SALES	AVERAGE EXPENDITURE PER FARM	TOTAL EXPENDITURE	PERCENT OF TOTAL U.S. EXPENDITURE
	Dollars	Million Dollars	(%)
\$1,000,000 & Over	2,264,233	73,180	35
\$500,000 - 999,999	670,056	29,650	14
\$250,000 - 499,999	351,360	31,250	15
\$100,000 - 249,999	174,491	29,250	14
\$50,000 - 99,999	84,616	14,680	7
\$10,000 - 49,999	36,711	15,550	7
Less than \$10,000	14,561	17,140	8
Total Farms			
Average Per Farm	99,983	210,700	-

^{1/}Excludes AK and HI.

2005 AGRICULTURAL CASH RENTS

Cash rent for **Kentucky** agricultural **cropland** for 2005 was \$73.00 per acre. Kentucky was part of the Appalachian Region which also included North Carolina, Tennessee, Virginia and West Virginia. Within this five state region, Kentucky reported the highest cash rent value. The bordering states of Illinois, Indiana, Ohio and Tennessee had cropland rents of \$129.00, \$109.00, \$82.00 and \$67.00 per acre respectively. Iowa led the nation with \$131.00 per acre for all cropland and California led the nation with \$330.00 per acre for irrigated cropland. The national cropland average was \$78.00 per acre, up \$1.50 per acre from 2004.

Pasture cash rent was not reported for Kentucky due to the small number of reports received. With regard to pasture cash rent in neighboring states, Illinois was \$34.50 per acre, Missouri was \$27.00 per acre and Tennessee was \$18.00 per acre. The average for the Appalachian Region (North Carolina, Tennessee and Virginia) was \$21.00 per acre. The national pasture rent was \$10.30 per acre, up 70 cents from 2004. Variations between the states was significant. Wisconsin and Illinois had the highest pasture rents at \$38.00 and \$36.00 respectively, while the states of Colorado, New Mexico and Wyoming all reported pasture rent below \$5.00 per acre.

Cropland Rented for Cash: Average Cash Rent per Acre, by State and Nation, 2001 - 2005 ^{1/}

STATE	2001	2002	2003	2004	2005
			Dollars		
Illinois	119.00	122.00	123.00	126.00	129.00
Indiana	100.00	101.00	103.00	107.00	109.00
Kentucky	72.00	68.00	70.00	72.00	73.00
Missouri (Non-Irrigated)	65.00	66.00	70.00	76.00	79.00
Ohio	76.50	77.00	78.00	80.00	82.00
Tennessee	59.50	60.50	62.00	67.00	67.00
Virginia	36.50	36.00	36.50	39.00	40.00
West Virginia	26.00	27.00	28.00	30.00	28.00
48 States	71.00	71.60	73.00	76.50	78.00

^{1/}Unless otherwise specified as irrigated or non-irrigated, data are for all cropland.

U. S. DAIRY PRODUCTS, JUNE 2005

PRODUCT	June	May	June	Percent of	
	2004	2005 ^{1/}	2005	June 04	May 05
				Percent	
BUTTER	99,156	119,508	104,265	105	87
CHEESE				Percent	
American Types ^{2/}	308,517	332,821	321,013	104	96
Mozzarella	234,934	262,483	253,920	108	97
All Other Types ^{3/}	171,880	190,235	186,099	108	98
Total	715,331	785,539	761,032	106	97
				Percent	
FROZEN PRODUCTS				Percent	
Ice Cream (Hard)	85,245	79,510	90,324	106	114
Frozen Yogurt (Total)	6,580	6,241	6,013	91	96
MIX FOR FROZEN PRODUCTS				Percent	
Ice Cream Mix	49,845	45,543	50,926	102	112
Yogurt Mix	3,783	3,671	3,537	93	96

^{1/} Revised. ^{2/} Includes Cheddar, Colby, Monterey, and Jack. ^{3/} Includes Swiss, cream and all other types. Excludes cottage cheese.

Internet Access: Data including this report are available free of charge on our Internet homepage located at <http://www.nass.usda.gov/ky>. Links to the Kentucky Department of Agriculture, the University of Kentucky Agricultural Weather Center and other web sites related to Kentucky Agriculture are also included. National & State reports and data are available on the USDA, National Agricultural Statistics Service homepage located at <http://www.usda.gov/nass/>