

Kentucky Agri-News

Published Twice Monthly
Volume No. 26, Issue No. 16
Released: August 13, 2007



United States Department of Agriculture
National Agricultural Statistics Service

Kentucky Field Office
Leland E. Brown, Director
PO Box 1120
Louisville, Kentucky 40201-1120
(502) 582-5293 or (800) 928-5277
Email: nass-ky@nass.usda.gov

In cooperation with the
Kentucky Department of Agriculture
Richie Farmer, Commissioner

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

DRY CONDITIONS LIMIT KENTUCKY CROP PRODUCTION

U.S. HIGHLIGHTS

Corn production was forecast at 13.1 billion bushels, up 24 percent from last year and 17 percent above 2005. This would be the largest production on record.

Corn yields were expected to average 152.8 bushels per acre, up 3.7 bushels from last year. If realized, this would be the second highest yield on record, behind the 160.4 bushel yield in 2004.

Soybean production was forecast at 2.63 billion bushels, down 18 percent from last year's record high and down 14 percent from 2005.

Soybean yields were expected to average 41.5 bushels per acre, down 1.2 bushels from last year.

Burley Producing States production was forecast at 211.1 million pounds, 3 percent below a year ago.

Apple production was forecast at 9.28 billion pounds, down 7 percent from last year and 4 percent below 2005.

KENTUCKY

Crop prospects for Kentucky crops through July were mixed. Yields were down due to dry field conditions while production of corn and tobacco was up due to increases in acreage for harvest. All forecast in this release were based on conditions as of August 1 and assume normal growing conditions for the remainder of the crop season.

Production of **corn** for grain was forecast at 160.8 million bushels, up 6 percent from the 2006 crop. The larger crop was brought about by an increase in harvested acreage. Acres for harvest as grain was estimated at 1.34 million acres, up 300,000 acres from the previous year. This would be the largest grain acreage in 21 years. Yield was estimated at 120 bushels per acre, down 26 bushels from the 2006 crop. Lack of soil moisture has been the limiting yield factor this summer. Most farmers have received scattered rains but more is needed for the crop to develop to its potential. Conditions continue on the dry side as crop development continues and grain kernels are filling.

Soybean production was forecast at 43.3 million bushels, down 28 percent from the record high 2006 crop. The smaller 2007 crop results from both a decrease in acreage and lower yield. Harvested acreage at 1.14 million acres was down 230,000 acres from the large 2006 acreage. Yield at 38 bushels per acre was down 6 bushels from the previous year. Soybeans have had a stressed growing season due to general lack of soil moisture. Soybean blooming and pod-filling progress has been ahead of last year and average despite the lack of precipitation received so far. Timely rains will be needed during this critical state of development for adequate pod development.

Burley tobacco production was forecast at 154.0 million pounds, up fractionally from the 2006 crop. Yield was down from 2006 while harvested acreage was up. Yield was estimated at 2,000 pounds per acre, down 100 pounds from last year's crop. Acreage for harvest was forecast at 77,000 acres, up 4,000 from the 2006 crop. A very dry spring and early summer has limited tobacco growth. Recent spotty showers have kept the crop growing but current dry and hot conditions may limit additional plant growth as harvest approaches. Disease and insect damage has been minimal even with blue mold being spotted in some counties. Black shank damage is minimal to date.

Total production of **hay** was forecast to be down from the 2006 crop. **Alfalfa hay** production was forecast at 540,000 tons, down 48 percent from the previous year. Yield per acre at 2.00 tons per acre was down 1.70 tons from the 2006 crop. A hard killing April freeze severely hurt first cutting of most alfalfa fields with many farmers having no first cutting. Dry conditions have limited alfalfa regrowth after the freeze and/or first cutting. **Other hay** production was estimated at 4.40 million tons, down 17 percent from the 2006 crop. Yield was estimated at 2.00 tons per acre, down 0.40 ton from the 2006 crop. Due to dry conditions statewide, many farmers are cutting their pastures in addition to their normal hay acres.

Apple production was forecast at 800,000 pounds, down 88 percent from the 2006 crop. The apple crop was devastated by an April freeze that caused crop losses throughout the State. Orchards in the northern portion of the Kentucky seemed to be hurt to a lesser degree than southern orchards.

CROP PRODUCTION

CROP SUMMARY, AUGUST 1 KENTUCKY AND UNITED STATES

CROPS	UNIT	ACREAGE HARVESTED		YIELD PER ACRE		PRODUCTION		
		2006	2007	2006	2007	2006	2007	
			Indicated		Indicated		Indicated	% of '06
		(Thousand)				(Thousand)		
KENTUCKY								
Corn for Grain	Bu.	1,040	1,340	146.0	120.0	151,840	160,800	106
Soybeans for beans	Bu.	1,370	1,140	44.0	38.0	60,280	43,320	72
Hay:								
All	Ton	2,480	2,470	2.55	2.00	6,316	4,940	78
Alfalfa	Ton	280	270	3.70	2.00	1,036	540	52
All Other	Ton	2,200	2,200	2.40	2.00	5,280	4,400	83
Tobacco:								
All	Lbs.	83.00	87.50	2,250	2,141	186,780	187,300	100
Burley	Lbs.	73.00	77.00	2,100	2,000	153,300	154,000	100
Dark Fire-Cured	Lbs.	6.20	6.50	3,500	3,400	21,700	22,100	102
Dark Air-Cured	Lbs.	3.80	4.00	3,100	2,800	11,780	11,200	95
All Wheat	Bu.	320	240	71.0	51.0	22,720	12,240	54
Commercial Apples	Lbs.					6,900	800	12
UNITED STATES								
Corn for Grain	Bu.	70,648	85,418	149.1	152.8	10,534,868	13,053,617	124
Soybeans for Beans	Bu.	74,602	63,285	42.7	41.5	3,188,247	2,625,274	82
Sorghum for Grain	Bu.	4,937	6,698	56.2	70.9	277,538	474,961	171
Hay:								
All	Ton	60,807	61,789	2.33	2.35	141,666	145,251	103
Alfalfa	Ton	21,384	21,451	3.35	3.26	71,666	69,904	98
All Other	Ton	39,423	40,338	1.78	1.87	70,000	75,347	108
Tobacco:								
All	Lbs.	338.90	354.07	2,144	2,189	726,644	774,950	107
Burley	Lbs.	103.60	105.20	2,095	2,006	217,085	211,060	97
Dark Fire-Cured	Lbs.	11.85	13.30	3,324	3,168	39,392	42,140	107
Dark Air-Cured	Lbs.	4.30	4.65	3,059	2,758	13,155	12,825	97
All Wheat	Bu.	46,810	52,084	38.7	40.6	1,812,036	2,114,024	117
Commercial Apples	Lbs.					9,931,700	9,284,700	93

FARM PRODUCTION EXPENDITURES UP 5.4 PERCENT IN 2006

U.S. Farm Production Expenditures totaled \$235 billion in 2006, up 5.4 percent from the revised 2005 total of \$223 billion. The largest contributors to the increase were Livestock and Poultry Purchases, up 17 percent; Taxes, up 13 percent; Interest, up 10 percent; Feed, up 8.9 percent; and Fuels, up 7.9 percent. The rise in production expenditures was spread more evenly across line-item expenditures this year than in previous years. Internal and external factors effecting production costs this year include several states that have record level inventories for hogs, poultry, and cattle. At the same time, hot summer temperatures and drought in some areas of the country caused substantial productivity and death losses. The areas hardest hit were the Plains and West regions. Feed expenditures increased partially because of drought in the Plains Region. The "locking in" of feed prices allowed many operations to control feed costs, mitigating the overall rise of feed costs. Cattle feeding activity was influenced by the increased availability of distillers grains from ethanol plants. Trucks and Autos, Tractors and Self-propelled Machinery, and Other Farm Machinery were down 15 percent, 14 percent, and 7.3 percent, respectively. The drop in Capital Expenditures is likely due to up-to-date on-farm machinery inventories on farms and localized areas of drought.

The four largest expenditures at the U.S. level accounted for 48 percent of Total Farm Production Expenditures in 2006. They were Farm Services, 13 percent; Feed, 13 percent; Livestock & Poultry purchases, 11 percent; and Labor, 11 percent. In 2006, the average U.S. Total Farm Expenditure was \$112,788 compared with \$106,423 for 2005. On average,

U.S. farm operations spent: \$14,974 on Farm Services, \$14,638 on Feed, \$12,094 on Livestock and Poultry Purchases, \$11,902 on Labor, and \$8,783 on Rent. Revised estimates for 2005 indicate U.S. farms spent an average of: \$14,130 on Farm Services, \$13,366 on Feed, \$10,311 on Livestock and Poultry Purchases, \$11,457 on Labor, and \$8,163 on Rent. Average Total Expenditures for large farms (\$1 million and over in sales) were \$2.60 million, 3.7 times larger than the next largest economic class. Total Expenditures by farm production region were up for all the regions in 2006. The West had the greatest gain at 12 percent followed by the Plains with an increase of 6.6 percent. The Midwest farm production region contributed most to the total 2006 U.S. Farm Production Expenditures with expenses of \$64.7 billion, or 28 percent. The other regions ranked by Total Expenditures were: West, at \$61.5 billion; Plains at \$52.5 billion; Atlantic, at \$30.2 billion; and South, at \$26.2 billion.

ATLANTIC REGION

Farm production expenditures for 2006 totaled \$30.2 billion for CT, DE, KY, ME, MD, MA, NH, NJ, NC, NY, PA, RI, TN and VA, VT, WV. This was up 2 percent from 2005. The Atlantic Region accounted for 13 percent of the U.S. total expenditures. The five largest expense items for the Atlantic Region were feed, farm services, labor, livestock, poultry and related expenses, and farm improvements and construction. These five items accounted for 59 percent of total expenditures for 2006. The item that saw the largest increase from 2005 was Livestock, poultry and related expenses that increased 14 percent.

FARM PRODUCTION EXPENDITURES 2005 ^{1/} - 2006

EXPENDITURE - FARM SHARE	ATLANTIC REGION <u>2/</u>					UNITED STATES <u>3/</u>				
	Average		Total Expenditures			Average		Total Expenditures		
	per Farm <u>4/</u> 2005	2006	2005	2006	'06 % of '05	per Farm <u>4/</u> 2005	2006	2005	2006	'06 % of '05
	Dollars		Million Dollars		(%)	Dollars		Million Dollars		(%)
Total Farm Production Expenditures <u>5/</u>	68,419	70,568	29,540	30,150	102	106,423	112,788	222,940	235,010	105
Livestock, Poultry & Related Expenses <u>6/</u>	6,022	6,951	2,600	2,970	114	10,311	12,094	21,600	25,200	117
Feed	11,928	12,335	5,150	5,270	102	13,366	14,638	28,000	30,500	109
Farm Services <u>7/</u>	8,431	8,824	3,640	3,770	104	14,130	14,974	29,600	31,200	105
Rent <u>8/</u>	2,224	2,224	960	950	99	8,163	8,783	17,100	18,300	107
Agricultural Chemicals <u>9/</u>	1,853	1,872	800	800	100	4,201	4,223	8,800	8,800	100
Fertilizer, Lime & Soil Conditioners <u>9/</u>	2,988	3,277	1,290	1,400	109	6,110	6,383	12,800	13,300	104
Interest	2,594	2,949	1,120	1,260	113	4,630	5,135	9,700	10,700	110
Taxes (Real Estate & Property)	2,803	3,183	1,210	1,360	112	3,819	4,319	8,000	9,000	113
Labor	7,389	7,560	3,190	3,230	101	11,457	11,902	24,000	24,800	103
Fuels	3,034	3,183	1,310	1,360	104	4,821	5,231	10,100	10,900	108
Farm Supplies & Repairs <u>10/</u>	4,447	4,517	1,920	1,930	101	6,015	6,383	12,600	13,300	106
Farm Improvements & Construction <u>11/</u>	6,230	5,805	2,690	2,480	92	6,062	6,095	12,700	12,700	100
Tractors & Self-Propelled Farm Machinery	2,501	2,387	1,080	1,020	94	4,058	3,503	8,500	7,300	86
Other Farm Machinery	1,436	1,240	620	530	85	1,957	1,824	4,100	3,800	93
Seeds & Plants <u>12/</u>	2,710	2,715	1,170	1,160	99	4,965	5,279	10,400	11,000	106
Trucks & Autos	1,714	1,521	740	650	88	2,244	1,920	4,700	4,000	85
Miscellaneous Capital Expenses <u>13/ 14/</u>	116	23	50	10	20	115	101	240	210	88

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. Items may not sum to total due to rounding. 5/Includes landlord and contractor share of farm production expenses. 6/Includes purchases and leasing of livestock and poultry. 7/Includes all crop custom work, veterinary custom services, transportation costs, marketing charges, insurance, leasing of machinery and equipment, general and miscellaneous business expenses, and utilities. 8/Includes public and private grazing fees. 9/Includes material and application costs. 10/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. 11/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. 12/Excludes bedding plants, nursery stock, and seed purchased for resale. Includes seed treatment. 13/A zero in this line-item denotes less than 5 million dollars. Average value derived from expenditure rounding to zero will also be zero. 14/Miscellaneous Capital Expense is shown for the first time. To properly summarize Miscellaneous Expenses and Miscellaneous Capital Expenses, Miscellaneous Expenses were combined with General Business Expenses which is summarized as a part of Farm Services. 2005 estimates were adjusted to reflect this change.

U.S. PRODUCTION EXPENDITURES BY ECONOMIC CLASS GROSS SALES - 2006 ^{1/}

GROSS SALES	AVERAGE EXPENDITURE PER FARM	TOTAL EXPENDITURE	PERCENT OF TOTAL U.S. EXPENDITURE
	Dollars	Million Dollars	(%)
\$1,000,000 & Over	2,604,025	91,870	39
\$500,000 - 999,999	709,368	32,560	14
\$250,000 - 499,999	367,169	33,350	14
\$100,000 - 249,999	179,364	29,760	13
\$50,000 - 99,999	88,221	14,680	6
\$10,000 - 49,999	36,307	15,570	7
Less than \$10,000	14,968	17,220	7
Total Farms			
Average Per Farm	112,788	235,010	-

1/Excludes AK and HI.

2007 AGRICULTURAL CASH RENTS

Cash rent for **Kentucky** agricultural **cropland** for 2007 was \$82.00 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 \$141.00, \$120.00, \$91.00 and \$68.00 per acre respectively. Illinois led the nation with \$141.00 per acre for all cropland and California led the nation with \$340.00 per acre for irrigated cropland. The national cropland average was \$85.00 per acre, up \$5.50 per acre from 2006.

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 \$35.00 per acre, Missouri was \$26.00 per acre and Tennessee was \$20.00 per acre. The average for the Appalachian Region (North Carolina, Tennessee and Virginia) was \$22.30 per acre. The national pasture rent was \$12.00 per acre, up \$1.20 from 2006. Variations between the states was significant. Wisconsin had the highest pasture rents at \$40.00, while the states of 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, 2003 - 2007 ^{1/}

STATE	2003	2004	2005	2006	2007
			Dollars		
Illinois	123.00	126.00	129.00	132.00	141.00
Indiana	103.00	107.00	109.00	111.00	120.00
Kentucky	70.00	72.00	73.00	78.00	82.00
Missouri (Non-Irrigated)	70.00	76.00	79.00	79.00	79.00
Ohio	78.00	80.00	82.00	86.00	91.00
Tennessee	62.00	67.00	67.00	67.00 *	68.00
Virginia	36.50	39.00	40.00	40.00 *	45.00
West Virginia	28.00	30.00	28.00	30.00	30.00
48 States	73.00	76.50	78.00	79.50 *	85.00

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

U. S. DAIRY PRODUCTS, JUNE 2007

PRODUCT	June	May	June	Percent of	
	2006	2007 ^{1/}	2007	June 06	May 07
				(000) Pounds	
BUTTER	101,110	124,417	110,493	109	89
CHEESE				Percent	
American Types ^{2/}	331,375	331,408	316,163	95	95
Mozzarella	260,874	278,766	273,416	105	98
All Other Types ^{3/}	203,855	210,255	200,394	98	95
Total	796,104	820,429	789,973	99	96
				(000) Gallons	
FROZEN PRODUCTS				Percent	
Ice Cream (Hard)	91,954	85,254	89,499	97	105
Frozen Yogurt (Total)	6,697	6,291	6,960	104	111
MIX FOR FROZEN PRODUCTS					
Ice Cream Mix	51,692	47,959	50,364	97	105
Yogurt Mix	4,217	3,813	4,218	100	111

^{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/>