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

2008 KENTUCKY CROPS LOOK GOOD

U.S. HIGHLIGHTS

Corn production was forecast at 12.3 billion bushels, down 6 percent from last year but 17 percent above 2006. Production would be the second highest on record, behind last year when producers harvested the most acres of corn for grain since 1933.

Corn yields were expected to average 155.0 bushels per acre, up 3.9 bushels from last year. If realized, this yield would be the second highest on record, behind 2004.

Soybean production was forecast at 2.97 billion bushels, up 15 percent from last year but down 7 percent from the record high production of 2006. If realized, this would be the fourth largest production on record.

Soybean yields were expected to average 40.5 bushels per acre, down 0.7 bushel from 2007.

Burley producing states production was forecast at 199.7 million pounds, 4 percent below a year ago.

Apple production was forecast at 9.17 billion pounds, up 1 percent from last year but 7 percent below 2006.

KENTUCKY

Crop prospects for 2008 look good as crops have showed good development so far this summer. Some parts of Kentucky are dry but with timely rains and moderate temperatures from this time forward good yielding crops should develop. All forecasts in this release are based on conditions as of August 1 and assume normal growing conditions for the remainder of the crop season.

Corn production was forecast at 162.2 million bushels, down 8 percent from the 2007 record crop. Production for 2008 will be down from last year but should still be a good corn crop. Yield was estimated at 141 bushels per acre, up from last year's dry summer yield of 129 bushels. Acres for harvest as grain were estimated at 1.15 million acres, down 210,000 acres from the 2007 crop. Corn planting progressed fairly well during the planting season. During June and July some areas of the state benefited from adequate

rainfall while others dealt with dry conditions. Expected yields showed wide variances within geographic localities. Condition of the corn crop statewide was mostly good to excellent.

Soybean production was forecast at 51.5 million bushels, an increase of 83 percent from the small 2007 crop. The increase was brought about by an improved yield per acre and larger harvested acreage. Yield was estimated at 39 bushels per acre, up 13 bushels from the 2007 moisture reduced yield. Acreage for harvest as beans was estimated at 1.32 million acres, up 240,000 acres from the previous year. Soybeans blooming and pod filling was behind last year and the five year average due to a very wet spring. Soils had dried by the first week of August and timely rains are needed during this critical period of pod filling. As of August 3, the soybean crop was in mostly good to excellent condition.

Burley tobacco production was forecast at 144.9 million pounds, down 6 percent from the 2007 crop. The production resulted from a decrease in harvested acreage as yield was up. Yield was estimated at 2,100 pounds per acre, up 100 pounds from the 2007 crop. Harvested acreage was estimated at 69,000 acres, down 8,000 from last year's crop. Development of the burley crop continues to be behind that of last year and the five year average. Black shank continues to be a primary concern of producers. Condition of the crop was mostly good to fair.

Production of **dark fire-cured** tobacco was forecast at 32.6 million pounds, up 31 percent from the 2007 crop. **Dark air-cured** tobacco production was forecast at 18.0 million pounds, up 53 percent from last year.

Production of **hay** was forecast to be up significantly from that of the dry production year of 2007. There has been adequate rainfall for hay production this summer while rainy periods have caused some problems with drying and baling. **Alfalfa hay** production was forecast at 744,000 tons, an increase of 38 percent from the 2007 crop. **Other hay** production was estimated at 5.29 million tons, an increase of 47 percent from last year.

Apple production was forecast at 9.00 million pounds, a welcome change from the freeze devastated crop of 2007. Farmers are expecting an excellent apple crop this year. Many report one of the best crops they can remember.

CROP PRODUCTION

CROP SUMMARY, AUGUST 1 KENTUCKY AND UNITED STATES

CROPS	UNIT	ACREAGE HARVESTED		YIELD PER ACRE		PRODUCTION		
		2007	2008	2007	2008	2007	2008	
			Indicated		Indicated		Indicated	% of '07
		(Thousand)				(Thousand)		
KENTUCKY								
Corn for Grain	Bu.	1,360	1,150	129.0	141.0	175,440	162,150	92
Soybeans for beans	Bu.	1,080	1,320	26.0	39.0	28,080	51,480	183
Hay:								
All	Ton	2,700	2,540	1.53	2.38	4,140	6,034	146
Alfalfa	Ton	300	240	1.80	3.10	540	744	138
All Other	Ton	2,400	2,300	1.50	2.30	3,600	5,290	147
Tobacco:								
All	Lbs.	89.20	84.30	2,136	2,319	190,560	195,450	103
Burley	Lbs.	77.00	69.00	2,000	2,100	154,000	144,900	94
Dark Fire-Cured	Lbs.	8.00	9.30	3,100	3,500	24,800	32,550	131
Dark Air-Cured	Lbs.	4.20	6.00	2,800	3,000	11,760	18,000	153
All Wheat	Bu.	250	450	49.0	71.0	12,250	31,950	261
Commercial Apples	Lbs.					600	9,000	1,500
UNITED STATES								
Corn for Grain	Bu.	86,542	79,290	151.1	155.0	13,073,893	12,287,875	94
Soybeans for Beans	Bu.	62,820	73,341	41.2	40.5	2,585,207	2,972,577	115
Sorghum for Grain	Bu.	6,805	6,442	74.2	63.7	504,993	410,134	81
Hay:								
All	Ton	61,625	60,439	2.44	2.45	150,304	147,955	98
Alfalfa	Ton	21,670	20,778	3.35	3.41	72,575	70,944	98
All Other	Ton	39,955	39,661	1.95	1.94	77,729	77,011	99
Tobacco:								
All	Lbs.	356.00	350.44	2,191	2,271	779,899	796,009	102
Burley	Lbs.	106.30	96.45	1,951	2,071	207,387	199,735	96
Dark Fire-Cured	Lbs.	14.60	16.90	2,855	3,337	41,688	56,390	135
Dark Air-Cured	Lbs.	4.98	7.20	2,706	2,950	13,476	21,240	158
All Wheat	Bu.	51,011	56,586	40.5	43.5	2,066,722	2,462,418	119
Commercial Apples	Lbs.					9,113,900	9,165,200	101

FARM PRODUCTION EXPENDITURES UP 9.3 PERCENT IN 2007

U.S. Farm Production Expenditures totaled \$260 billion in 2007, up 9.3 percent from the revised 2006 total of \$238 billion. The largest percentage contributors to the increase were Fertilizer, Lime, and Soil Conditioners, up 26 percent; Feed, up 21 percent; Fuels, up 14 percent; Agricultural Chemicals, up 11 percent; and Tractors and Self Propelled Equipment, up 11 percent. For the first year ever, the trend for all expense items was higher than the previous year, except for Miscellaneous Capital Expenses, which were unchanged.

The top three average expenditures per farm with the largest dollar increase were: Feed up \$3,335, or 22 percent; Fertilizer, Lime, and Soil Conditioners up \$1,684, or 26 percent; and Farm Services up \$1,210, or 7.9 percent. All other per farm average changes were less than \$900 dollars per farm.

Fuel prices and weather were two large factors affecting farm production expenditures, during the year. One component affecting production expenditures in 2007 was increasing petroleum cost. This translated into rising fuel cost directly, as well as fertilizer products, chemicals and transportation costs. Indirectly, fuel prices and ethanol production have contributed to higher crop prices and increased feed costs. Frost damaged citrus in California, apples in Washington, and other crops in the Southeast. Spring and summer drought hindered production in the South, and continued throughout the Mid-Atlantic into the fall. Hot summer temperatures across the U.S. produced the sixth hottest summer on record.

The four largest expenditures at the U.S. level totaled \$125.1 billion and accounted for 48 percent of Total Farm Production Expenditures in 2007. They were Feed, 15 percent; Farm Services, 13 percent; Livestock & Poultry purchases, 10 percent; and Labor, 10 percent. In 2007, the average per farm U.S. Total Farm Expenditure was \$125,648 compared with \$114,186 an increase of 10 percent over

2006. On average, U.S. farm operations spent: \$18,412 on Feed, \$16,575 on Farm Services, \$12,903 on Livestock and Poultry Purchases, \$12,564 on Labor, and \$8,988 on Rent, and \$8,070 on Fertilizer, Lime, and Soil Conditioners. Revised estimates for 2006 indicate U.S. farms spent an average of: \$15,365 on Farm Services, \$15,077 on Feed, \$12,532 on Livestock and Poultry Purchases, \$11,764 on Labor, and \$8,787 on Rent. Average Total Expenditures for large farms (\$1 million and over in sales) were \$3.06 million, 4.3 times larger than the next largest economic class. The average Total Expenditure for a Crop farm was \$151,978 compared with \$106,742 per Livestock farm. Total Expenditures by Farm Production Expenditure Region were up for four of the five regions in 2007. The Plains had the highest increase at 16 percent, followed by the Midwest up 14 percent. The West remained almost steady with a slight decrease of 0.7 percent. The Midwest region contributed the most to U.S. Total Farm Production Expenditures with expenses of \$74.4 billion or 29 percent up from \$65.0 billion in 2006. The other regions ranked by Total Expenditures are: Plains, at \$64.3 billion (25 percent); West at \$58.7 billion (23 percent); Atlantic at \$32.3 billion (12 percent); and South at \$30.2 billion (12 percent).

ATLANTIC REGION

Farm production expenditures for 2007 totaled \$32.3 billion for CT, DE, KY, ME, MD, MA, NH, NJ, NC, NY, PA, RI, TN, VA, VT, WV. This was up 5 percent from 2006. The Atlantic Region accounted for 12 percent of the U.S. total expenditures. The five largest expense items for the Atlantic Region were feed, farm services, labor, farm improvements and construction, and livestock, poultry and related expenses. These five items accounted for 59 percent of total expenditures for 2007. The item that saw the largest increase from 2006 was Miscellaneous Capital Expenses that increased 150 percent.

FARM PRODUCTION EXPENDITURES 2006 ^{1/} - 2007

EXPENDITURE - FARM SHARE	ATLANTIC REGION ^{2/}					UNITED STATES ^{3/}				
	Average		Total Expenditures			Average		Total Expenditures		
	per Farm ^{4/}		2006	2007	'07 % of '06	per Farm ^{4/}		2006	2007	'07 % of '06
	2006	2007				2006	2007			
	Dollars		Million Dollars		(%)	Dollars		Million Dollars		(%)
Total Farm Production Expenditures ^{5/}	72,375	76,535	30,850	32,340	105	114,186	125,648	237,810	260,010	109
Livestock, Poultry & Related Expenses ^{6/}	6,428	5,798	2,740	2,450	89	12,532	12,903	26,100	26,700	102
Feed	12,364	15,146	5,270	6,400	121	15,077	18,412	31,400	38,100	121
Farm Services ^{7/}	9,079	9,585	3,870	4,050	105	15,365	16,575	32,000	34,300	107
Rent ^{8/}	2,229	2,343	950	990	104	8,787	8,988	18,300	18,600	102
Agricultural Chemicals ^{9/}	1,947	2,201	830	930	112	4,321	4,832	9,000	10,000	111
Fertilizer, Lime & Soil Conditioners ^{9/}	3,284	3,550	1,400	1,500	107	6,386	8,070	13,300	16,700	126
Interest	2,956	3,384	1,260	1,430	113	5,138	5,557	10,700	11,500	107
Taxes (Real Estate & Property)	3,191	3,503	1,360	1,480	109	4,321	4,736	9,000	9,800	109
Labor	8,493	8,212	3,620	3,470	96	11,764	12,564	24,500	26,000	106
Fuels	3,425	3,739	1,460	1,580	108	5,330	6,137	11,100	12,700	114
Farm Supplies & Repairs ^{10/}	4,716	5,064	2,010	2,140	106	6,434	6,910	13,400	14,300	107
Farm Improvements & Construction ^{11/}	6,076	6,106	2,590	2,580	100	6,098	6,330	12,700	13,100	103
Tractors & Self-Propelled Farm Machinery	2,393	2,367	1,020	1,000	98	3,505	3,914	7,300	8,100	111
Other Farm Machinery	1,361	1,349	580	570	98	1,873	1,933	3,900	4,000	103
Seeds & Plants ^{12/}	2,909	2,911	1,240	1,230	99	5,282	5,751	11,000	11,900	108
Trucks & Autos	1,478	1,160	630	490	78	1,873	1,933	3,900	4,000	103
Miscellaneous Capital Expenses ^{13/}	47	118	20	50	250	101	101	210	210	100

^{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, oils and lubricants, 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. Miscellaneous Capital Expense was estimated for the first time in 2005.

U.S. PRODUCTION EXPENDITURES BY ECONOMIC CLASS GROSS SALES - 2007 ^{1/}

GROSS SALES	AVERAGE EXPENDITURE PER FARM	TOTAL EXPENDITURE	PERCENT OF TOTAL U.S. EXPENDITURE
	Dollars	Million Dollars	(%)
\$1,000,000 & Over	3,063,053	114,160	44
\$500,000 - 999,999	707,974	33,650	13
\$250,000 - 499,999	373,748	34,710	13
\$100,000 - 249,999	182,133	30,540	12
\$50,000 - 99,999	89,432	13,320	5
\$10,000 - 49,999	37,050	16,420	6
Less than \$10,000	15,205	17,210	7
Total Farms			
Average Per Farm	125,648	260,010	-

^{1/}Excludes AK and HI.

2008 AGRICULTURAL CASH RENTS

Cash rent for **Kentucky** agricultural **cropland** for 2008 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 \$160.00, \$135.00, \$103.00 and \$65.00 per acre respectively. Iowa led the nation with \$165.00 per acre for all cropland and California led the nation with \$360.00 per acre for irrigated cropland. The national cropland average was \$96.00 per acre, up \$11.00 per acre from 2007.

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 \$40.00 per acre, Missouri was \$29.00 per acre and Tennessee was \$22.00 per acre. The average for the Appalachian Region (North Carolina, Tennessee and Virginia) was \$23.00 per acre. The national pasture rent was \$13.00 per acre, up \$1.00 from 2007. Variations between the states was significant. Wisconsin had the highest pasture rents at \$43.00, while New Mexico reported pasture rent below \$5.00 per acre.

Cropland Rented for Cash: Average Cash Rent per Acre, by State and Nation, 2004 - 2008 ^{1/}

STATE	2004	2005	2006	2007	2008
			Dollars		
Illinois	126.00	129.00	132.00	141.00	160.00
Indiana	107.00	109.00	111.00	120.00	135.00
Kentucky	72.00	73.00	78.00	82.00	82.00
Missouri (Non-Irrigated)	76.00	79.00	79.00	79.00	85.00
Ohio	80.00	82.00	86.00	91.00	103.00
Tennessee	67.00	67.00	67.00	67.00 *	65.00
Virginia	39.00	40.00	40.00	45.00	45.00
West Virginia	30.00	28.00	30.00	30.00	31.00
48 States	76.50	78.00	79.50	85.00	96.00

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

U. S. DAIRY PRODUCTS, JUNE 2008

PRODUCT	June	May	June	Percent of	
	2007	2008 ^{1/}	2008	June 07	May 08
				(000) Pounds	
BUTTER	109,980	142,599	119,840	109	84
CHEESE				Percent	
American Types ^{2/}	315,522	351,343	332,510	105	95
Mozzarella	274,913	270,913	260,182	95	96
All Other Types ^{3/}	202,144	209,501	210,571	104	101
Total	792,579	831,757	803,263	101	97
				(000) Gallons	
FROZEN PRODUCTS				Percent	
Ice Cream (Hard)	87,058	80,737	89,993	103	111
Frozen Yogurt (Total)	6,391	6,722	6,747	106	100
MIX FOR FROZEN PRODUCTS					
Ice Cream Mix	49,159	45,103	49,001	100	109
Yogurt Mix	3,941	4,074	4,089	104	100

^{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/>