



Weekly Ag Update

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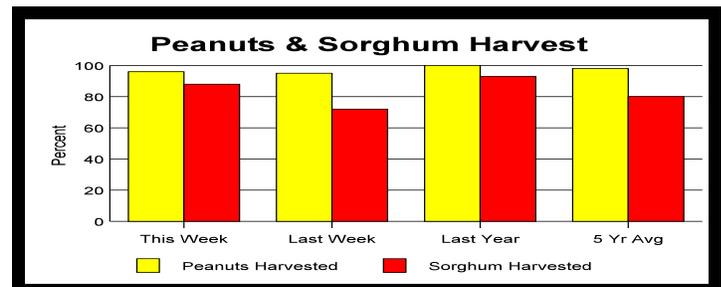
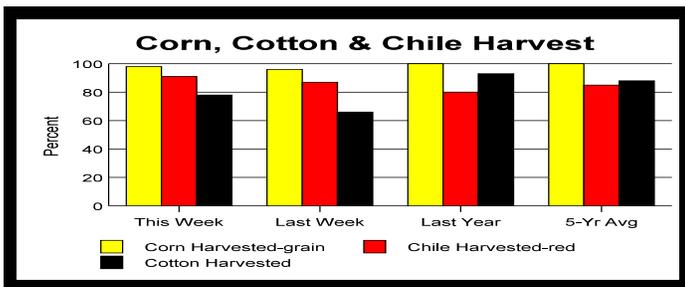
Crop Weather Agricultural Prices Received Agricultural Income and Finance Outlook
Available on the Internet: www.nass.usda.gov/nm , or by e-mail (1-800-530-8810 for information)

CROP SUMMARY FOR THE WEEK ENDING DECEMBER 3, 2006

NEW MEXICO: There were 5.5 days suitable for field work. Topsoil moisture was 19% very short, 30% short, 50% adequate and 1% surplus. Wind damage was 17% light and 1% moderate. Freeze damage was reported as 25% light, 19% moderate and 9% severe. Hail damage was reported as 1% light and 1% moderate. Farmers spent the week harvesting various crops, maintaining equipment and other general farm duties. Alfalfa was reported as 4% very poor, 8% poor, 33% fair, 38% good and 17% excellent, with 99% of the seventh cutting complete. Irrigated sorghum was reported as 92% harvested for grain. Dry sorghum was reported as 86% harvested for grain. Total sorghum was reported as 88% harvested for grain. Irrigated winter wheat condition was reported as mostly fair to good. Dry winter wheat condition was reported as mostly poor to good. Total winter wheat condition was reported as 1% very poor, 17% poor, 40% fair, 41% good and 1% excellent. Peanuts were reported as 96% harvested. Onion conditions were reported as 69% good and 31% excellent. Pecan conditions were reported as fair to excellent. Cotton was reported as 78% harvested. Red chile was reported as 91% harvested. Corn was reported as 98% harvested for grain. Cattle conditions were reported at 1% very poor, 4% poor, 18% fair, 72% good and 5% excellent. Sheep conditions were reported as 9% very poor, 18% poor, 20% fair, 30% good and 23% excellent. Range and pasture conditions were reported as 5% very poor, 14% poor, 29% fair, 41% good and 11% excellent. Ranchers are working, shipping and moving cattle. Ranchers are beginning to supplement feed as well as break ice for livestock.

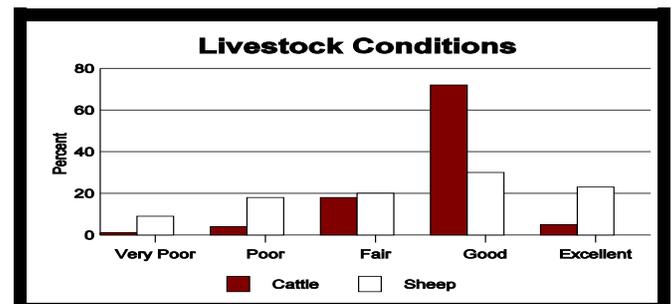
CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CHILE	Harvested-red	91	87	80	85
CORN	Harvested-grain	98	96	100	100
COTTON	Harvested	78	66	93	88
PEANUTS	Harvested	96	95	100	98
SORGHUM (ALL)	Harvested	88	72	93	80



CROP AND LIVESTOCK CONDITION PERCENTAGES

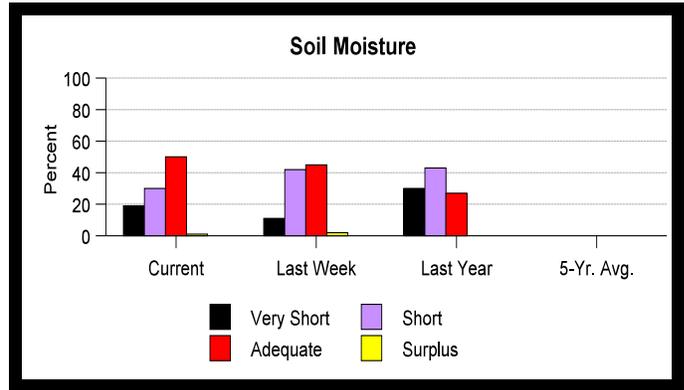
	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	4	8	33	38	17
Onions	---	---	---	69	31
Pecans	---	---	26	63	11
Wheat	1	17	40	41	1
Cattle	1	4	18	72	5
Sheep	9	18	20	30	23
Range/Pasture	5	14	29	41	11



SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	8	35	56	1
Northeast	45	25	30	---
Southwest	3	17	80	---
Southeast	3	46	46	5
State Current	19	30	50	1
State-Last Week	11	42	45	2
State-Last Year	30	43	27	---
State-5-Yr Avg.	N/A	N/A	N/A	N/A

N/A - Not Available



WEATHER SUMMARY

Two winter storms passed through New Mexico during the week. The first storm was more significant, producing mainly snow over much of the state. The second storm brushed the north over the weekend. The first storm also brought the coldest air of the season to New Mexico, with isolated spots in the north seeing temperatures below zero. For the week, temperatures averaged a few degrees below normal nearly everywhere.

NEW MEXICO WEATHER CONDITIONS - NOVEMBER 27 - DECEMBER 3, 2005

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	11/27 12/03	11/01 12/03	Normal Dec.	01/01 12/03	Normal Jan-Dec
Farmington	27.2	51	4	0.02	0.00	0.50	8.29	8.62
Gallup	20.9	48	-4	0.11	0.00	0.96	12.94	12.87
Capulin	25.1	53	1	0.19	0.04	0.48	15.06	17.42
Chama	21.7	48	-4	0.18	0.00	1.80	20.30	21.61
Johnson Ranch	23.1	50	-3	0.07	0.00	0.67	11.47	11.52
Las Vegas	28.8	53	9	0.07	0.00	0.68	16.23	19.04
Los Alamos	25.6	45	1	0.46	0.03	1.08	13.31	18.72
Raton	27.4	58	8	0.16	0.08	0.58	13.14	16.80
Red River	16.8	39	-13	0.67	0.11	1.16	21.54	20.49
Santa Fe	25.5	52	-8	0.24	0.00	0.77	14.47	13.98
Clayton	29.9	62	13	0.06	0.00	0.29	13.95	15.09
Clovis	35.6	67	14	0.18	0.00	0.54	13.94	17.51
Roy	29.5	57	6	0.50	0.00	0.45	14.87	15.74
Tucumcari	34.8	68	12	0.14	0.00	0.27	15.43	14.17
Grants	19.2	53	-14	0.23	0.00	0.66	12.00	10.80
Quemado	25.9	58	-15	0.11	0.00	1.02	12.73	14.06
Albuquerque	34.8	55	16	0.02	0.00	0.50	11.56	8.88
Carrizozo	35.4	58	12	0.01	0.00	0.76	12.59	12.83
Socorro	35.0	64	13	0.00	0.00	0.58	13.67	9.53
Gran Quivera	30.9	54	5	0.31	0.00	1.10	17.81	16.02
Moriarty	26.3	54	-2	0.24	0.00	0.54	13.97	12.71
Ruidoso	34.3	51	9	0.49	0.00	1.63	31.51	21.35
Carlsbad	42.4	71	19	0.07	0.00	0.41	12.74	12.79
Roswell	40.0	71	13	0.33	0.00	0.55	15.71	12.93
Tatum	39.9	68	16	0.04	0.00	0.48	19.89	16.05
Alamogordo	40.9	60	19	0.08	0.00	0.82	16.05	12.74
Animas	41.6	63	13	0.00	0.00	1.08	12.59	11.70
Deming	39.1	63	13	0.10	0.00	0.85	12.47	10.58
Las Cruces	42.3	66	22	0.17	0.00	0.68	14.02	9.40
T or C	38.8	62	17	0.00	0.00	1.07	11.06	10.29

(T) Trace (-) No Report (*) Correction

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

AGRICULTURAL PRICES RECEIVED

NEW MEXICO: Alfalfa hay prices for November averaged \$172.00 per ton a 38% increase over the November 2005 price of \$125.00 per ton. All Hay prices for November were \$170.00 per ton compared to \$121.00 per ton one year ago, representing a 41% increase. Cow prices decreased to \$41.60 per hundredweight from the previous month's price of \$43.70. Steer and heifer prices also dropped to \$97.00 from \$105.00 in October but remained \$7.00 above the national average of \$90.00 per hundredweight. Calf prices dropped from \$124.00 per hundredweight in October to \$114.00 per hundredweight. The national average price for calves for November was \$119.00 per hundredweight. Milk prices increased by 10 cents to \$13.20 per hundredweight, but remained 60 cents below the national average of \$13.80.

Prices Received by Farmers: Selected Commodities, October 2006 and November 2005-06

Commodity	Unit	New Mexico			U.S. ^{1/}
		Nov. 2005	Oct. 2006 ^{2/}	Nov. 2006 ^{1/}	Nov.
-----Dollars-----					
CROPS					
Grain Sorghum	Cwt.	-	-	-	5.88
Cotton, Upland	Lb.	-	-	-	.466
Potatoes	Cwt.	-	-	-	6.43
Hay, all baled	Ton	121.00	165.00	170.00	106.00
Alfalfa, baled	Ton	125.00	172.00	172.00	109.00
Peanuts	Lb.	-	-	-	.172
Corn	Bu.	-	-	-	3.12
Wheat, all	Bu.	-	-	-	4.62
LIVESTOCK					
Sheep ^{3/}	Cwt.	-	-	-	31.10
Lambs ^{3/}	Cwt.	-	-	-	98.10
Cows	Cwt.	46.00	43.70	41.60	43.70
Steers & Heifers	Cwt.	112.00	105.00	97.00	90.00
Calves	Cwt.	128.00	124.00	114.00	119.00
Milk	Cwt.	14.20	13.10	13.20	13.80

^{1/} Mid-month. ^{2/} Entire month. ^{3/} October - Entire Month.

AGRICULTURAL INCOME AND FINANCE OUTLOOK

USDA - ERS - November 2006

U.S. net farm income is forecast to be \$58.9 billion in 2006, down from \$73.8 billion in 2005, but slightly above its 10-year average of \$57.2 billion. The primary reasons for the anticipated decline are a drop in the value of livestock production and direct government payments combined with an increase in the cost of purchased inputs. Net cash income is forecast to be \$66.6 billion in 2006, a decline from the high levels achieved in 2004 and in 2005. Family farm operator household income is expected to decline 0.9 percent in 2006, as the decrease in farm income more than offsets an increase in off-farm income.

Farms are expected to contribute \$107.6 billion in net value-added to the U.S. economy in 2006, substantially down from the 2004 peak year of \$128.9 billion. Net value added is the sum of net farm income and payments made to agriculture's stakeholders (lenders, hired labor, and non-operator landlords). Farms specializing in crops and farms specializing in livestock contributed equally to U.S. agriculture's net value added in 2005.

The value of production in the U.S. farm sector is forecast to be \$279.5 billion in 2006, up \$4.1 billion over 2005. The 10-year average is \$237 billion. The value of crop production is projected to be up \$7.1 over 2005, benefitting primarily from higher projected corn prices and stronger sales of vegetables, fruits and nuts, and greenhouse/nursery products. The value of livestock production is expected to be down \$4.7 billion from 2005, but still \$18.9 billion above its 10-year average. Farm gate prices for most major livestock products are expected to fall from 2005, with milk prices declining the most.

Total direct government payments are expected to total \$16.5 billion in 2006, down from the \$24.3 billion for 2005. This payment total is nearly 4 percent below the 5-year average. Direct payments under the Direct and Counter cyclical Program (DCP) in 2006 are estimated at \$5.2 billion, less than a 1-percent increase from 2005.

Total production expenses in 2006 are forecast to rise \$11 billion (5 percent) to a record \$237.3 billion. The percentage change is less than in 2005, but continues the increase in total production expenses that has occurred in each of the last 4 years. Since a decrease in 2002, total expenses in current dollars will have risen \$43.8 billion (22.7 percent). Through October 2006, prices paid overall for crop sector inputs had risen faster than for livestock sector inputs.

Farm sector equity is expected to rise by about 7 percent in 2006, as the value of farm assets continues to rise more rapidly than farm debt, driven mostly by increases in farmland values. Debt-to-asset and debt-to-equity ratios continue to improve in 2006, compared with the first half of this decade and average performance over the past four decades.

Average farm household income is expected to decline 0.9 percent in 2006 to \$80,703, as the decrease in farm income more than offsets the increase in off farm income. For every year since 1996, average income for farm households has exceeded average U.S. household income; during 1996-2005, the average difference was 15.2 percent. However, family farms are diverse, and the financial outlook for farm operator households varies across the population.

Net farm income is forecast to be \$58.9 billion in 2006, down from \$73.8 billion in 2005 but above its 10-year average of \$57.2 billion. The projected decline in farm income from the record levels of 2004 and 2005 (when both crop and livestock commodities experienced exceptionally favorable market and/or production conditions) results from several components on both the income and expense sides of the ledger.

The value of the sector's production in 2006 is forecast to be up \$4.1 billion from 2005, with production forecast to be up \$7.1 billion for crops, down \$4.7 billion for livestock, and up \$1.7 billion for the value of services and forestry. Government payments, the other component of gross farm income, are forecast to decline \$7.8 billion.

Purchases of manufactured inputs are forecast to rise by \$2.4 billion from 2005 due to higher fuel and fertilizer prices, with the latter resulting from high prices for natural gas. Payments to stakeholders (lenders, hired labor, and non-operator landlords) are forecast to be up \$2 billion, led by rising interest payments on debt and higher expenditures for labor. Expenditures for all purchased inputs are forecast to be up 8.6 percent in 2006.

Expressed in constant dollars, the net farm income forecast for 2006 is \$50.7 billion—below its 10-year average of \$55.9 billion by \$5.2 billion. Still, it is higher than the \$48.4 billion averaged over 1998-2002 prior to the farm income spike in 2003-05. Inflation-adjusted gross farm income in 2006 of \$254.8 billion exceeds its 10-year average of \$247.9 billion by \$6.9 billion, but real production expenses more than offset that as the \$204.1 billion incurred in 2006 exceeds its 10-year average of \$192 billion by \$12.1 billion.