

KENTUCKY AGRI-NEWS



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FEATURING : ★ CROP PRODUCTION ★ FARM PRODUCTION EXPENDITURES
 ★ CASH RENTS ★ DAIRY PRODUCTS

KENTUCKY FARMERS OPTIMISTIC REGARDING THEIR CROPS

U.S. HIGHLIGHTS

Corn production was forecast at 10.1 billion bushels, up 12 percent from last year and 6 percent above 2001. This would be the largest production on record.

Corn yields are expected to average 139.9 bushels per acre, up 9.9 bushels from last year. This would be the largest yield on record.

Soybean production was forecast at 2.86 billion bushels, up 5 percent from 2002 but down 1 percent from 2001.

Soybean yields are expected to average 39.4 bushels per acre, up 1.6 bushels from 2002.

Eight-State Burley Belt production was forecast at 290.8 million pounds, 3 percent below a year ago.

Apple production was forecast at 9.27 billion pounds, up 8 percent from last year but 2 percent below 2001.

KENTUCKY

Growing conditions for the summer of 2003 have been a welcome change from last year's dry summer. Planting of most crops was delayed by persistent rain this spring. In most cases crops have had adequate to surplus soil moisture this growing season. Farmers are optimistic regarding crop yields for 2003.

Burley tobacco production as of August 1 was forecast at 194.0 million pounds, a decrease of 2 percent from the 2002 crop. The smaller crop was brought about by a reduction in effective quota. The estimated burley crop was 90 percent of the effective quota. Harvested acreage was estimated at 97,000 acres, down 6,000 acres from a year earlier. Yield was estimated at 2,000 pounds per acre, up 85 pounds from the previous year. A wet spring delayed planting and affected transplants to some degree. Growth has been good given the

adequate rain received most of the spring and early summer. Dry conditions in western Kentucky are a current concern, but timely rains should produce a good crop. Black shank and blue mold are active in the State and will reduce yields.

Corn production was forecast at 146.9 million bushels, up 38 percent from the dry crop of 2002. This would be the largest corn crop since 1986. Acres harvested for grain was estimated at 1.13 million acres, up 9 percent from the previous year. Yield was forecast at 130 bushels per acre, compared with 102 bushels last year. The corn has been hampered by persistent rain early in the growing season that delayed planting and resulting crop stages. With adequate moisture this summer, farmers are optimistic that they will have a good crop.

Soybean production was forecast at 39.6 million bushels, down 3 percent from the 2002 crop. The production decrease can be attributed to a decrease in harvested acreage. Acreage of soybeans for harvest was estimated at 1.10 million acres, down 13 percent from the previous year and the smallest harvested acreage since 1988. Yield was forecast at 36 bushels per acre, an increase of 3.5 bushels from the 2002 crop. A wet spring delayed planting and the crop remains about a week behind normal.

The **hay** production forecast was up as rains have boosted production, while decreasing quality of the harvested crop. **Alfalfa** yield was projected at 3.10 tons per acre and harvested acreage at 300,000 acres. **Other hay** yield was forecast at 2.40 tons per acre and acreage harvested was estimated at 2.20 million acres.

Apple production was projected to be 8.40 million pounds, up from 5.60 million pounds a year ago. With steady rain throughout the spring and summer, farmers are expecting an excellent crop this year. Frequent rain has however delayed spraying in numerous cases.

CROP PRODUCTION

CROP SUMMARY, AUGUST 1 KENTUCKY AND UNITED STATES

CROPS	UNIT	ACREAGE HARVESTED		YIELD PER ACRE		PRODUCTION		
		2002	2003	2002	2003	2002	2003	
			Indicated		Indicated		Indicated	% of '02
		(Thousand)				(Thousand)		
KENTUCKY								
Corn for Grain	Bu.	1,040	1,130	102.0	130.0	106,080	146,900	138
Soybeans for beans	Bu.	1,260	1,100	32.5	36.0	40,950	39,600	97
Hay:								
All	Ton	2,400	2,500	2.30	2.48	5,520	6,210	113
Alfalfa	Ton	300	300	3.00	3.10	900	930	103
All Other	Ton	2,100	2,200	2.20	2.40	4,620	5,280	114
Tobacco:								
All	Lbs.	111.10	105.30	2,007	2,078	222,991	218,850	98
Burley	Lbs.	103.00	97.00	1,915	2,000	197,245	194,000	98
Type 22 E. Fired	Lbs.	2.45	2.50	3,160	3,100	7,742	7,750	100
Type 23 W. Fired	Lbs.	2.40	2.40	3,650	3,400	8,760	8,160	93
Type 35 One Sucker	Lbs.	2.10	2.20	3,000	2,700	6,300	5,940	94
Type 36 Green River	Lbs.	1.15	1.20	2,560	2,500	2,944	3,000	102
All Wheat	Bu.	340	300	53.0	62.0	18,020	18,600	103
Commercial Apples	Lbs.					5,600	8,400	150
UNITED STATES								
Corn for Grain	Bu.	69,313	71,915	130.0	139.9	9,007,659	10,064,452	112
Soybeans for Beans	Bu.	72,160	72,626	37.8	39.4	2,729,709	2,862,039	105
Sorghum for Grain	Bu.	7,299	8,241	50.7	54.4	369,758	448,438	121
Hay:								
All	Ton	64,497	64,379	2.34	2.49	150,962	160,018	106
Alfalfa	Ton	23,135	23,541	3.19	3.31	73,824	77,952	106
All Other	Ton	41,362	40,838	1.86	2.01	77,138	82,066	106
Tobacco:								
All	Lbs.	428.66	413.71	2,055	2,031	880,734	840,236	95
Burley	Lbs.	158.60	149.20	1,892	1,949	300,051	290,800	97
Type 22 E. Fired	Lbs.	7.45	7.60	3,126	2,966	23,292	22,540	97
Type 23 W. Fired	Lbs.	2.79	2.80	3,636	3,371	10,145	9,440	93
Type 35 One Sucker	Lbs.	2.61	2.74	2,922	2,641	7,626	7,236	95
Type 36 Green River	Lbs.	1.15	1.20	2,560	2,500	2,944	3,000	102
All Wheat	Bu.	45,817	52,677	35.3	43.5	1,616,441	2,291,825	142
Commercial Apples	Lbs.					8,555,600	9,266,600	108

PRODUCTION EXPENDITURES DOWN 1.9 PERCENT IN 2002

U.S. farm production expenditures totaled \$191.4 billion in 2002, down 1.9 percent from the revised 2001 total of \$195.2 billion. The largest contributors to the decrease were fertilizer, lime & soil conditioners down 7.8 percent; fuels down 6.0 percent; agricultural chemicals down 4.7 percent; farm supplies & repairs down 3.9 percent; rent down 2.4 percent; and livestock and poultry purchases down 2.2 percent. The only expenditure categories that showed increases were farm improvements & construction up 2.4 percent and seeds & plants up 2.4 percent. The largest two expenditure categories were farm services, which accounted for 14.0 percent of the U.S. total production expenses, and feed, which accounted for 12.8 percent of the U.S. total. 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 2002 were \$88,932, compared to \$90,711 as revised for 2001. On the average, U.S. farm operations in 2002 spent \$12,452 on farm services; \$11,384 on feed; \$9,990 on labor; \$8,410 on livestock and poultry purchases; and \$7,434 on rent. Revised estimates for 2001 indicated that U.S. farms spent an average of \$12,501 on farm services; \$11,525 on feed;

\$10,084 on labor; \$8,597 on livestock and poultry purchases; and \$7,621 on rent. The Farm Production Region contributing most to the total 2002 U.S. farm production expenditures was the Corn Belt, with expenses of \$35.3 billion, 18.5 percent of the U.S. total. Expenditures in the Corn Belt were down 2.4 percent from the 2001 level of \$36.2 billion. In total expenditures, the Corn Belt was followed by the Pacific Region at \$32.1 billion (2001 - \$33.3 billion); Northern Plains at \$24.5 billion (2001 - \$25.7 billion); Lake States at \$20.0 billion (2001 - \$20.4 billion); and the Southern Plains at \$15.8 billion (2001 - \$16.5 billion).

APPALACHIAN REGION

Farm production expenditures for 2002 totaled \$14.0 billion for Kentucky, North Carolina, Tennessee, Virginia, and West Virginia. This was up 1 percent from 2001. The Appalachian Region accounted for 7.3 percent of the U.S. total expenditures. The five largest expense items for the Appalachian Region were feed, farm services, livestock, poultry and related expenses, labor and farm supplies and repairs. These five items accounted for 57 percent of total expenditures for 2002. The item that saw the largest increase from 2001 was seeds and plants that increased 10 percent.

FARM PRODUCTION EXPENDITURES - 2001 AND 2002

EXPENDITURE - FARM SHARE	APPALACHIAN REGION 1/					UNITED STATES 2/				
	Average per Farm 3/		Total Expenditures			Average per Farm 3/		Total Expenditures		
	2001	2002	2001	2002	'02 % of '01	2001	2002	2001	2002	'02 % of '01
	Dollars		Million Dollars		(%)	Dollars		Million Dollars		(%)
Total Farm Production Expenditures 4/ 5/	45,386	45,977	13,820	14,000	101	90,711	88,932	195,200	191,400	98
Livestock, Poultry & Related Expenses 6/	4,893	4,729	1,490	1,440	97	8,597	8,410	18,500	18,100	98
Feed	8,998	9,031	2,740	2,750	100	11,525	11,384	24,800	24,500	99
Farm Services 7/	5,353	5,517	1,630	1,680	103	12,501	12,452	26,900	26,800	100
Rent 8/	2,463	2,496	750	760	101	7,621	7,434	16,400	16,000	98
Agricultural Chemicals 9/	1,544	1,511	470	460	98	3,996	3,810	8,600	8,200	95
Fertilizer, Lime & Soil Conditioners 9/	2,397	2,332	730	710	97	4,786	4,414	10,300	9,500	92
Interest	2,069	2,102	630	640	102	5,112	4,879	11,000	10,500	95
Taxes (Real Estate & Property)	1,215	1,248	370	380	103	3,206	3,206	6,900	6,900	100
Labor	4,138	4,302	1,260	1,310	104	10,084	9,990	21,700	21,500	99
Fuels	1,642	1,609	500	490	98	3,114	2,927	6,700	6,300	94
Farm Supplies & Repairs 10/	2,562	2,627	780	800	103	5,902	5,669	12,700	12,200	96
Farm Improvements & Construction 11/	2,102	2,135	640	650	102	3,625	3,717	7,800	8,000	103
Tractors & Self-Propelled Farm Machinery	1,970	2,069	600	630	105	2,881	2,881	6,200	6,200	100
Other Farm Machinery	985	1,018	300	310	103	1,719	1,719	3,700	3,700	100
Seeds & Plants 12/	1,346	1,478	410	450	110	3,811	3,903	8,200	8,400	102
Trucks & Autos	1,576	1,609	480	490	102	1,998	1,905	4,300	4,100	95

1/Appalachian: KY, NC, TN, VA, WV. 2/Excludes AK and HI. 3/Total expenditures divided by total number of farms. 4/Total includes production costs not allocated to any of the 16 expense categories published. 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 services, custom feeding, transportation costs, marketing charges, insurance, leasing of machinery and equipment, 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 and fences and any improvements to physical structures of land. 12/Excludes bedding plants, nursery stock, and seed purchased for resale. Includes seed treatment.

U.S. PRODUCTION EXPENDITURES BY ECONOMIC CLASS GROSS SALES - 2002 1/

GROSS SALES	AVERAGE EXPENDITURE PER FARM	TOTAL EXPENDITURE	PERCENT OF TOTAL U.S. EXPENDITURE
	Dollars	Million Dollars	(%)
\$1,000,000 & Over	2,137,931	55,800	29
\$500,000 - 999,999	599,766	25,670	13
\$250,000 - 499,999	346,577	30,880	16
\$100,000 - 249,999	179,070	33,880	18
\$50,000 - 99,999	83,909	14,810	8
\$10,000 - 49,999	36,710	16,850	9
Less than \$10,000	11,553	13,510	7
Total Farms			
Average Per Farm	88,932	191,400	-

1/ Excludes AK and HI.

2003 AGRICULTURAL CASH RENTS

Cash rent for **Kentucky** agricultural **cropland** for 2003 was \$70.00 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 \$123.00, \$103.00, \$78.00 and \$62.00 per acre respectively. Illinois led the nation with \$123.00 per acre for all cropland and California led the nation with \$300.00 per acre for irrigated cropland. The national cropland average was \$73.00 per acre, up \$1.40 per acre from 2002.

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 \$32.50 per acre, Missouri was \$23.50 per acre and Tennessee was \$17.50 per acre. The average for the Appalachian Region (North Carolina, Tennessee and Virginia) was \$18.00 per acre. The national pasture rent was \$9.00 per acre, down 20 cents from 2002. Variations between the states was significant. Wisconsin and Illinois had the highest pasture rents at \$36.00 and \$32.50 respectively, while the states of Colorado, Montana, 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, 1999 - 2003^{1/}

STATE	1999	2000	2001	2002	2003
	Dollars				
Illinois	111.00	119.00	119.00	122.00 *	123.00
Indiana	99.00	100.00	100.00	101.00	103.00
Kentucky	70.00	74.00	72.00	68.00	70.00
Missouri (Non-Irrigated)	59.00	62.00	65.00	66.00 *	70.00
Ohio	73.70	74.00	76.50	77.00 *	78.00
Tennessee	62.00	60.00	59.50	60.50	62.00
Virginia	35.70	36.50	36.50	36.00	36.50
West Virginia	28.00	26.00	26.00	27.00	28.00
48 States	67.50	70.00	71.00	71.60 *	73.00

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

U. S. DAIRY PRODUCTS, JUNE 2003

PRODUCT	June	May	June	Percent of	
	2002	2003 ^{1/}	2003	June 02	May 03
	(000) Pounds			Percent	
BUTTER	95,818	114,678	89,917	94	78
CHEESE					
American Types ^{2/}	313,998	320,185	309,397	99	97
Mozzarella	228,778	252,404	237,956	104	94
All Other Types ^{3/}	165,508	169,590	166,683	101	98
Total	708,284	742,179	714,036	101	96
	(000) Gallons			Percent	
FROZEN PRODUCTS					
Ice Cream (Hard)	80,779	79,138	83,585	103	106
Frozen Yogurt (Total)	6,498	6,482	6,309	97	97
MIX FOR FROZEN PRODUCTS					
Ice Cream Mix	48,518	48,322	50,588	104	105
Yogurt Mix	3,832	3,813	3,711	97	97

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

Internet Access: Kentucky Agricultural Statistics Service (KASS) 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 National Agricultural Statistics Service (NASS) homepage located at <http://www.usda.gov/nass/>