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MINNESOTA FARM INCOME

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**OUR ANNUAL
FARM INCOME
ISSUE**

SUMMARY: Net farm income received by Minnesota farmers in 2003 was up 213 percent from 2002. Farm expenses for Feed and Pesticides were up 22 percent and 5 percent, respectively, while Employee Compensation decreased 14 percent from 2002 to 2003. Livestock & Poultry and Repair & Maintenance increased 6 percent and 4 percent, respectively, from 2002 to 2003.

CASH RECEIPTS: Cash receipts from farm marketings totaled \$8.59 billion in 2003, higher than the revised 2002 value of \$7.87 billion. The total value of crops sold increased 6 percent from 2002. Corn, the state's largest crop in terms of cash receipts, increased 4 percent. Soybeans increased 10 percent, while all wheat registered an 18 percent increase in cash receipts. Cash receipts from livestock marketings increased 12 percent from 2002. This increase was led by a 20 percent increase in hogs. Dairy cash receipts increased 3 percent. Sheep and lamb cash receipts increased 14 percent during 2003. A 3 percent increase was observed in turkeys.

TOTAL GROSS INCOME: Total gross income for Minnesota farms amounted to \$9.2 billion, 4 percent above the revised 2002 level.

GOVERNMENT PAYMENTS: Government payments to Minnesota farmers in 2003 were up 64 percent from 2002. Payments totaled \$787.4 million.

FARM ASSETS: Total Farm Assets for 2002, were 51,633.5 million dollars, up 6 percent from 48,587.1 million dollars in 2001. Real Estate assets were up 7 percent from 35,547.2 million dollars in 2001. Assets for Machinery and Motor Vehicles rose 1 percent from 2001 to 2002.



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FARM INCOME AND EXPENSES: Minnesota, 1999-2003

Item	1999	2000	2001	2002	2003
	<u>Million Dollars</u>				
Value of crop production	3,544,441	3,586,365	3,180,801	4,381,058	4,196,143
Food grains	210,244	244,095	252,214	273,244	322,208
Feed crops	1,241,535	1,259,443	1,157,851	1,706,695	1,767,778
Oil crops	1,207,319	1,263,223	1,095,993	1,460,718	1,615,402
Fruits and tree nuts	7,083	10,804	13,565	13,299	15,155
Vegetables	249,587	210,629	239,269	249,737	248,314
All other crops	530,106	502,938	512,994	540,827	546,932
Home consumption	10,285	10,727	10,046	7,797	8,008
Value of inventory adjustment 2/	88,302	84,506	(101,131)	128,742	(327,654)
Value of livestock production	3,610,287	3,912,711	4,300,453	3,609,410	4,057,623
Meat animals	1,618,071	2,117,684	2,357,601	1,913,037	2,269,255
Dairy products	1,312,220	1,126,560	1,297,343	1,011,318	1,044,224
Poultry and eggs	609,709	595,521	628,775	642,895	703,063
Miscellaneous livestock	40,844	43,349	52,762	54,646	55,629
Home consumption	6,103	4,397	3,696	2,869	2,947
Value of inventory adjustment	23,340	25,200	(39,724)	(15,355)	(17,495)
Revenues from services and forestry	854,167	852,611	1,089,112	930,987	994,811
Machine hire and customwork	76,818	60,922	112,940	68,165	101,458
Forest products sold	7,100	7,100	6,610	6,610	6,610
Other farm income	363,704	374,123	518,409	379,090	385,869
Gross imputed rental value of farm dwellings	406,545	410,466	451,153	477,122	500,874
Value of agricultural sector production 1/	8,008,896	8,351,687	8,570,366	8,921,455	9,248,577
Purchased inputs	5,104,414	5,455,884	5,834,299	5,620,395	5,637,029
Farm origin	1,942,763	2,107,401	2,307,084	2,202,790	2,499,124
Feed purchased	1,117,658	1,175,947	1,236,043	1,125,097	1,370,222
Livestock and poultry purchased	329,679	406,982	504,821	469,473	497,845
Seed purchased	495,426	524,472	566,220	608,220	631,057
Manufactured inputs	1,306,102	1,413,871	1,396,759	1,380,861	1,368,767
Fertilizers and lime	460,213	481,923	483,384	467,948	538,740
Pesticides	466,496	473,829	438,304	435,545	455,947
Petroleum fuel and oils	263,636	343,966	350,624	343,279	291,074
Electricity	115,757	114,153	124,447	134,089	83,006
Other purchased inputs	1,855,549	1,934,612	2,130,456	2,036,744	1,769,138
Repair and maintenance of capital items	502,922	458,018	623,558	597,134	623,026
Machine hire and customwork	172,225	181,406	292,564	118,273	160,963
Marketing, storage, and transportation expenses	230,705	272,088	208,284	228,067	190,824
Contract labor	15,570	13,525	21,782	15,262	13,968
Miscellaneous expenses	934,127	1,009,575	984,268	1,078,008	780,357
Net government transactions	1,036,368	1,114,129	855,420	127,615	523,983
Direct government payments	1,409,859	1,502,230	1,242,141	480,483	787,441
Motor vehicle registration and licensing fees	16,179	15,079	17,412	14,500	17,876
Property taxes	357,312	373,022	369,309	338,368	245,582
Gross value added	3,940,849	4,009,932	3,591,487	3,428,674	4,135,531
Capital consumption	963,504	970,098	984,157	991,247	983,696
Net value added	2,977,345	3,039,834	2,607,330	2,437,427	3,151,835
Payments to stakeholders	1,637,194	1,739,206	1,712,539	1,699,559	1,583,434
Employee compensation (total hired labor)	454,808	527,850	529,774	539,480	462,665
Net rent received by nonoperator landlords	430,743	428,207	470,513	502,431	453,611
Real estate and nonreal estate interest	751,643	783,149	712,252	657,648	667,158
Net farm income	1,340,151	1,300,628	894,791	737,868	1,568,401

1/ Value of agricultural sector production is the gross value of the commodities and services produced within a year. Net value-added is the sector's contribution to the national economy and is the sum of the income from production earned by all factors-of-production, regardless of ownership. Net farm income is the farm operators' share of income from the sector's production activities. The concept presented is consistent with that employed by the Organization for Economic Cooperation and Development.

2/ A positive value of inventory change represents current-year production not sold by December 31. A negative value is an offset to production from prior years included in current-year sales.

Source: Economic Research Service, United States Department of Agriculture, Washington, D.C.

CASH RECEIPTS FROM FARM MARKETINGS: Minnesota, 2001-2003 1/

Commodity	2001		2002		2003	
	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
	<u>1,000</u>	<u>Percent</u>	<u>1,000</u>	<u>Percent</u>	<u>1,000</u>	<u>Percent</u>
CROPS						
Feed Crops						
Corn	1,059,370	13.9	1,608,371	20.4	1,665,629	19.4
Oats	6,287	0.1	9,945	0.1	8,708	0.1
Barley	13,469	0.2	8,130	0.1	17,893	0.2
Hay	78,726	1.0	80,249	1.0	75,548	0.9
Food Grains						
Wheat	251,475	3.3	272,431	3.5	321,158	3.7
Rye	*	*	*	*	*	*
Oil Crops						
Soybeans	1,077,471	14.3	1,444,045	18.4	1,589,469	18.5
Sunflowers	9,599	0.1	10,868	0.1	16,269	0.2
Vegetable Crops						
Potatoes	90,207	1.2	109,243	1.4	88,116	1.0
Sweet Corn (processed)	54,714	0.7	57,159	0.7	60,563	0.7
Green Peas (processed)	32,091	0.4	31,362	0.4	45,524	0.5
Other Crops						
Sugarbeets	314,179	4.2	336,452	4.3	336,452	3.9
Dry Beans	44,365	0.6	35,307	0.4	37,794	0.4
Apples	7,365	0.1	6,999	0.1	8,855	0.1
Floriculture	77,539	1.0	80,842	1.0	85,784	1.0
Other Crops, Fruits, & Vegetables 2/	155,030	2.0	153,118	1.9	158,027	1.8
Total Crops	3,271,887	43.0	4,244,521	54.0	4,515,789	52.5
LIVESTOCK AND PRODUCTS						
Meat Animals						
Cattle & Calves	935,325	12.3	841,716	11.0	989,430	11.5
Hogs	1,410,773	18.5	1,059,829	13.5	1,266,668	14.7
Sheep & Lambs	11,503	0.2	11,492	0.1	13,157	0.2
Dairy Products	1,297,343	17.1	1,011,318	12.9	1,044,224	12.2
Poultry & Eggs						
Turkeys	385,000	5.1	413,424	5.3	425,250	5.0
Broilers	85,605	1.1	68,940	0.9	77,690	0.9
Chicken Eggs	112,810	1.5	106,216	1.4	146,372	1.7
Other Livestock Products						
Honey	7,108	0.1	12,555	0.2	14,542	0.2
Miscellaneous Livestock & Products 3/	91,014	1.2	96,406	1.2	94,838	1.1
Total Livestock	4,336,481	57.0	3,621,896	46.0	4,072,171	47.5
TOTAL ALL CROPS AND LIVESTOCK	7,608,368	100.0	7,866,417	100.0	8,587,960	100.0

1/ USDA estimates and publishes individual cash receipt values only for major commodities and major producing States.

2/ Includes flaxseed, other oil crops, Kentucky bluegrass, red clover, timothy and other seeds; asparagus, green lima beans, snap beans, cabbage, onions, carrots, cucumbers, miscellaneous vegetables, mushrooms, other fruits, and other field crops.

3/ Wool, mink, goats, ducks, geese, beeswax, turkey eggs, farm chickens, and other livestock and poultry.

*Less than 0.1 percent

Note: Percents may not add to totals because of rounding.

Source: Economic Research Service, United States Department of Agriculture, Washington, D.C.

FARM BALANCE SHEET: MINNESOTA, 1998-2002

Item	1998	1999	2000	2001	2002
	<u>Million Dollars</u>				
Total Farm Assets 1/	43,047.7	44,530.9	46,957.6	48,587.1	51,633.5
Real Estate	30,471.3	31,489.7	33,457.8	35,547.2	37,998.8
Livestock and Poultry 2/	2,009.7	2,438.3	2,485.8	2,602.2	2,436.7
Machinery and Motor Vehicles 3/	4,851.9	4,854.2	4,853.6	5,036.4	5,087.4
Crops 4/	2,093.2	2,094.1	2,388.0	1,701.6	2,195.5
Purchased Inputs	410.2	327.9	398.7	343.1	458.7
Financial	3,211.6	3,326.7	3,373.7	3,356.7	3,456.5
Total Farm Debt 1/ 5/	8,809.3	8,629.4	8,968.5	9,385.8	9,753.8
Real Estate	4,283.6	4,298.5	4,392.5	4,633.0	4,991.4
By Lender					
Farm Credit System	1,516.8	1,409.2	1,427.0	1,579.0	1,817.5
Farm Services Agency 6/	152.2	140.0	134.5	132.3	125.7
Commercial Banks	1,257.7	1,376.8	1,485.6	1,551.7	1,650.5
Life Insurance Companies	251.3	268.8	252.9	256.4	261.3
Individuals and others	1,105.9	1,103.7	1,092.5	1,113.5	1,136.5
Nonreal Estate 1/	4,525.4	4,330.9	4,576.0	4,752.9	4,762.4
By Lender					
Farm Credit System	1,148.2	984.6	967.2	1,114.6	1,143.9
Farm Service Agency 6/	198.0	185.8	190.4	188.2	180.2
Commercial Banks	2,370.3	2,323.3	2,520.0	2,529.7	2,491.4
Individuals and others	808.9	837.2	898.3	920.4	946.9
Total Farm Equity 1/	34,238.5	35,901.4	37,989.1	39,201.3	41,879.7
	<u>Percent</u>				
Debt/Equity Ratio	25.7	24.0	23.6	23.9	23.3
Debt/Assets Ratio	20.5	19.4	19.1	19.3	18.9

1/ May not add to total due to rounding.

2/ Excludes horses, mules, and broilers.

3/ Includes only farm share value for trucks and autos.

4/ All non-CCC crops held on farms plus the value above loan rate for crops held under CCC.

5/ Excludes debt for nonfarm purposes.

6/ Farmers' Home Administration prior to 1994.

SOURCE: ECONOMIC RESEARCH SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

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