

# FARM SECTOR ECONOMIC ANALYSIS

## INCOME

The total value of the agriculture sector output from New Mexico farmers and ranchers increased in 2005 to \$2.9 billion, up 3.9 percent from 2004. The value of livestock production rose to \$2.1 billion in 2005, up 2.8 percent. The value of crop production increased to \$622 million, up 3.3 percent. Revenues from forestry and services totaled \$192.1 million in 2005, up 20 percent from the previous year. Direct government payments were up 48 percent to \$116.6 million. After deductions for production expenses, hired labor, and other economic factors, the state's net farm income totaled \$759.6 million, down 20 percent from 2004.

## PRODUCTION EXPENSES

New Mexico farmers and ranchers purchased \$1.6 billion of inputs in 2005 to produce their crops and livestock. This was 18 percent more than 2004 and 20 percent more than in 2003. Livestock feed continued to be the largest purchase at \$502 million, followed by livestock purchases of \$460.4 million. The repair and maintenance of capital items cost farmers and ranchers \$85.7 million, and petroleum fuel and oil cost them \$82.2 million. Property taxes increased 19 percent to \$28.4 million.



## CASH RECEIPTS

New Mexico crop and livestock product sales in 2005 totaled \$2.6 billion, a 1.2 percent increase above last year and 22 percent above 2003. Total cash receipts from livestock products decreased slightly in 2005 to just under \$2.0 billion. Cattle and calves and wool and mohair showed increases over the previous year, while all other livestock items registered decreases. Milk was once again the number one cash commodity for the state followed by cattle and calves as the number two cash commodity. Total crop cash receipts increased by 7.5 percent to \$621 million. Hay sales increased to \$141 million in 2005, remaining in third place. Pecans, fourth in the state in total cash receipts, had another significant increase in cash receipts for the year, coming in with \$111 million due to the bumper crop. Greenhouse and nursery receipts showed a 5.4 percent increase from the previous year and are ranked fifth. Onions were ranked sixth, with \$53.6 million. Corn silage, with \$52.4 million in cash receipts, was ranked seventh. Chile's cash receipts, at \$47 million, fell to eighth place in the rankings, down a notch from the previous year.



## GOVERNMENT PAYMENTS



Direct government payments to New Mexico producers totaled \$117 million in 2005, up 48 percent from 2004 payments of \$78.5 million. If ranked with cash receipts, government payments would be our fourth largest cash commodity. Ad hoc and emergency programs totaled \$37.1 million in 2005, up 88 percent from 2004. Conservation program payments increased by 27 percent to \$35.3 million. The implementation of new programs authorized by the Farm Security and Rural Investment Act of 2002 (the Farm Bill) caused a shift in payments from the 1996 Farm Bill's Production Flexibility program to the current Fixed Direct and Counter-Cyclical Contract programs. Fixed Direct payments decreased 6.6 percent to \$16.3 million in 2005. Counter-Cyclical payments increased to \$16.9 million, up from the \$6.0 million a year earlier. Milk Income Loss Payments were down to \$158,000 from \$2.8 million a year earlier. The Peanut Quota Buyout program payments dropped 3.1 percent to \$342,000.

## LAND VALUES

New Mexico's farm real estate value has risen consistently since 2002. The value in 2002 was \$250 per acre. The average per acre in 2006 jumped to \$520 per acre, a 44 percent increase over the 2005 figure of \$360. Of the Mountain States (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming), values in 2006 ranged from a high of \$3,350 per acre in Arizona to a low of \$420 per acre in Wyoming. The highest values in the country are in the Northeast, where values were \$4,550 per acre.

## PRICES

Cattle prices continued to rise during 2005. Prices for beef cattle averaged \$87.00 per hundredweight (cwt), an increase of \$5.00 over the price in 2004. Calf prices showed the largest increase, \$12.00 per cwt, to \$131.00. Cow prices, at \$53.30 per cwt, increased by \$1.80 per cwt. Steer and heifer prices averaged \$109.00 per cwt compared to \$104.00 in 2004. Milk prices, at \$14.30 per cwt, dropped 5.3 percent from the \$15.10 received in 2004. Alfalfa prices for the year averaged \$128.00 per ton compared to \$124.00 per ton in 2004. All hay also had an increase, averaging \$125.00 per ton compared to \$121.00 the previous year. Other hay prices averaged \$104.00 per ton in 2005, compared to \$102 in 2004. Prices for corn for silage, wheat, and pecans decreased in 2005, while corn for grain, dry beans, sorghum, upland cotton, American-Pima cotton, potatoes, peanuts, chile, and onion prices showed increases for the year.

