

FARM SECTOR ECONOMIC ANALYSIS

INCOME

The total value of the agriculture sector output from New Mexico farmers and ranchers decreased in 2006 to \$2.7 billion, down 6.0 percent from 2005. The value of livestock production dropped to \$1.9 billion in 2006, down 7.6 percent. The value of crop production was down 4.8 percent to \$590 million. Revenues from forestry and services totaled \$249.5 million in 2006, up 3.7 percent from the previous year. Direct government payments were down 29 percent to \$82.6 million. After deductions for production expenses, hired labor and other economic factors, the state's net farm income was \$423.0 million, down 48 percent from 2005.

PRODUCTION EXPENSES

New Mexico farmers and ranchers purchased \$1.8 billion of inputs in 2006 to produce their crops and livestock, 8.7 percent more than 2005. Livestock feed continued to be the largest purchase at \$596 million, followed by livestock purchases of \$430 million. The repair and maintenance of capital accounted for \$106.9 million, and petroleum fuel and oil cost them \$88.8 million. Property taxes were higher at \$35.5 million.



CASH RECEIPTS

New Mexico crop and livestock product sales in 2006 totaled \$2.5 billion, a 5.7 percent decrease from last year. Total cash receipts from livestock products decreased slightly in 2006 to \$1.9 billion. Milk and cattle and calves were responsible for the majority of the decrease from the previous year. Milk was once again the number one cash commodity for the state, followed closely by cattle and calves as the number two cash commodity. Total crop cash receipts decreased by 3.1 percent to \$602 million. Hay sales increased to \$156 million in 2006, remaining in third place. Pecans, fourth in the state in total cash receipts, had a significant drop in cash receipts for the year, coming in with \$85.1 million due to lower crop yields from an alternating bearing cycle. Greenhouse and nursery receipts were steady at \$62.3 million and ranked fifth. Corn silage moved up in the rankings to sixth, with receipts of \$56.7 million. Onions ranked seventh, with \$45.9 million. Cash receipts for chile, at \$41.7 million, ranked eighth.



GOVERNMENT PAYMENTS



Direct government payments to New Mexico producers totaled \$82.6 million in 2006, down 29 percent from 2005 payments of \$116 million. If ranked with cash receipts, government payments would be our fifth largest cash commodity. Conservation program payments increased slightly to \$38 million, an increase of 7.7 percent. Fixed Direct payments decreased 4.3 percent to \$15.6 million in 2006. Counter-Cyclical payments increased to \$17.4 million, up from \$16.8 million a year earlier. Milk Income Loss Payments were up to \$4.0 million, from \$158,000 a year earlier. The Peanut Quota Buyout program payments remained at \$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 2007 jumped to \$610 per acre, a 17 percent increase over the 2006 figure of \$520. In the Mountain States (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming), values in 2007 ranged from a high of \$3,400 per acre in Arizona to a low of \$560 per acre in Wyoming. The highest values in the country were in the Northeast, where land values averaged \$5,000 per acre.

PRICES

Cattle prices declined during 2006. Prices for beef cattle averaged \$81.10 per hundredweight (cwt), a decrease of \$5.90 from the 2005 price. Calf prices dropped \$3.00 per cwt to \$128.00. Cow prices, at \$44.50 per cwt, decreased by \$8.80. Steer and heifer prices averaged \$106.00 per cwt compared to \$109.00 in 2005. Milk prices, at \$12.10 per cwt, dropped 15 percent from the \$14.30 received in 2005. Alfalfa prices for the year averaged \$166.00 per ton compared to \$128.00 in 2005. All hay also had an increase, averaging \$163.00 per ton compared to \$125.00 the previous year. Other hay prices averaged \$137.00 per ton in 2006, compared to \$104 in 2005. Prices for dry beans, upland cotton, American-Pima cotton, potatoes, peanuts, and onions decreased in 2006, while corn for grain, corn for silage, sorghum, chile, wheat, and pecan prices showed increases for the year.

