

FARM SECTOR ECONOMIC ANALYSIS

INCOME

The total value of the agriculture sector output from New Mexico farms and ranches decreased by 12 percent from 3.4 billion in 2008 to \$3.0 billion in 2009. The value of livestock production decreased to \$2.0 billion in 2009, down 17 percent from 2008. The value of crop production decreased to \$697 million, down 1.5 percent. Revenues from forestry and services totaled \$273 million in 2009, up 13 percent from the previous year. Direct government payments increased 9.6 percent to \$81.8 million. After deductions for production expenses, hired labor, and other economic factors, the state's net farm income totaled \$432 million.

PRODUCTION EXPENSES

New Mexico farmers and ranchers purchased \$2.0 billion of inputs in 2009 to produce crops and livestock. This was almost in line with 2008. As in previous years, livestock feed continued to be the largest purchase at \$661 million, followed by livestock purchases of \$418 million. The repair and maintenance of capital items cost farmers and ranchers increased 10 percent to \$137 million, and petroleum fuel and oil costs dropped 22 percent to \$106 million. Property taxes were lower by 9.4 percent coming in at \$41 million.

CASH RECEIPTS

New Mexico crop and livestock product sales in 2009 totaled \$2.7 billion, a 13.6 percent decrease from the previous year. Total cash receipts from livestock products decreased in 2009 to \$2.0 billion. The number one cash commodity for the state was cattle and calves followed by milk as the number two cash commodity. Total crop cash receipts decreased to \$701 million. Hay sales dropped to \$175 million in 2009 but still remaining the third largest cash commodity in the state. Pecans were fourth in the state in total cash receipts boasting a 92 percent increase during the on-year. Corn, including silage was the fifth largest commodity. Greenhouse and nursery receipts were steady at \$62 million and were

ranked sixth. Onions were ranked seventh with \$54 million, a 13 percent increase from 2008. Wheat, chile, and cotton were again in the state's top ten commodities.

GOVERNMENT PAYMENTS

Direct government payments to New Mexico producers totaled \$82 million in 2009, up 10 percent from 2008 payments of \$75 million. If ranked with cash receipts, government payments would be our sixth largest cash commodity. Conservation program payments decreased to \$38 million. Fixed Direct payments were down to \$15 million in 2009. Counter-Cyclical payments increased to \$7.0 million, from \$5.0 million a year earlier. Milk Income Loss Payments increased to \$11 million from \$8,000 a year earlier.

PRICES

Cattle prices declined during 2009. Prices for beef cattle averaged \$72.90 per hundredweight (cwt), a decrease of \$6.4 from the 2008 price. Calf prices dropped \$8.00 per cwt, to \$105.00. Cow prices, at \$47.90 per cwt, decreased by \$6.20 per cwt. Steer and heifer prices averaged \$88.70 per cwt compared to \$95.80 in 2008. Milk prices, at \$12.10 per cwt, decreased from the previous years' level of \$17.50. per cwt.

Alfalfa prices for the year averaged \$154.00 per ton, 19 percent below the 2008 average price. All hay decreased by \$34 from the 2008 price of \$186 to \$152 per ton in 2009. Other hay prices averaged \$126 per ton in 2009, compared to \$155 in 2008. Prices for cotton, peanuts, and onions increased in 2009. Corn for grain, wheat, dry beans, potatoes and sorghum silage showed decreases from 2008. Pecan average price showed an increase of \$0.31 for the marketing season. Chile prices also improved from 2008 averaging \$789 per ton.