

# ***FARM SECTOR ECONOMIC ANALYSIS***

## ***INCOME***

The total value of the agriculture sector output from New Mexico farms and ranches increased by 21 percent from \$3.5 billion in 2010 to \$4.2 billion in 2011. The value of livestock production increased to \$3.1 billion in 2011, up 27 percent from 2010. Cattle producers sold off breeding herds due to drought conditions and high feed prices. Crop value decreased to \$777 million, down slightly from a year earlier. Revenues from forestry and services totaled \$312 million in 2011, up 41 percent from the previous year. After deductions for production expenses, hired labor, and other economic factors, the state's net farm income totaled \$1.35 billion, up \$321 million from the previous year.

## ***PRODUCTION EXPENSES***

New Mexico farmers and ranchers purchased \$2.32 billion of inputs in 2011 to produce crops and livestock. This was up 22 percent from the previous year. As in earlier years, livestock feed continued to be the largest purchase at \$895 million, followed by livestock purchases of \$513 million. Petroleum fuel and oil costs jumped 28 percent to \$145 million while repair and maintenance of capital items cost farmers and ranchers \$136 million.

## ***CASH RECEIPTS***

New Mexico crop and livestock product sales in 2011 totaled \$4.1 billion, a 22.8 percent increase from the previous year. Total cash receipts from livestock products increased in 2011 to just under \$3.3 billion. The number one cash commodity for the state was cattle and calves; many producers reduced herd sizes due to the drought. Milk followed as the number two cash commodity. Total crop cash receipts increased to \$808 million. Pecans were third in the state in total cash receipts totaling \$163 million, down 13 percent from a year earlier. Hay sales increased to \$160 million in 2011 and remain the fourth largest cash commodity in the state.

Hay prices were the primary reason for the increase. Cotton moved up in the rankings as significantly more acreage was planted; prices were strong and drought conditions prevailed. Corn for grain was ranked seventh, increasing by 41 percent from 2010. Nursery, chile, and onions were again in the state's top ten commodities.

## ***GOVERNMENT PAYMENTS***

Direct government payments to New Mexico producers totaled \$88 million in 2011, down 3.7 percent from 2010 payments of \$91 million. If ranked with cash receipts, government payments would be our sixth largest cash commodity. Conservation program payments decreased to \$44.6 million. Fixed Direct payments were down slightly at \$15 million in 2011. Counter-Cyclical payments decreased to \$247 thousand, down from \$1.6 million a year earlier.

## ***PRICES***

State cattle prices were discontinued in 2011.

Milk prices, at \$19.40 per hundred weight (cwt), increased from the previous year's level of \$15.80 per cwt.

Alfalfa prices for the year sky rocketed to a record high averaging \$257 per ton, 60 percent above 2010. Drought conditions left range and pastureland in very poor condition increasing the demand for hay. All hay increased by \$101 from the 2010 price of \$157 to \$251 per ton in 2011. Other hay prices averaged \$195 per ton in 2011, compared to \$132 in 2010.

Prices for corn, wheat, dry beans, and sorghum increased in 2011. Onions and upland cotton were the only crops showing decreases from a year earlier. The average price for pecans also dropped to \$2.67 for the marketing season. Chile prices increased from 2010 averaging \$679 per ton.