

FARM SECTOR ECONOMIC ANALYSIS

INCOME

The total value of the agriculture sector output from New Mexico totaled \$4.07 billion up 8 percent from 2012. The value of livestock production increased to \$3.06 billion in 2013, attributed to higher milk prices than 2012. Cattle producers continued to sell off breeding herds due to continuing drought conditions and high feed prices. Crop value showed a large decline to \$660 million, down 10 percent from a year earlier. Revenues from forestry and services totaled \$338 million in 2013, up 25 percent from the previous year. After deductions for production expenses, hired labor, and other economic factors, the state's net farm income totaled \$1.32 up \$265 million from the previous year.

PRODUCTION EXPENSES

New Mexico farmers and ranchers purchased \$2.13 billion of inputs in 2013 to produce crops and livestock. This was down slightly from the previous year. As in earlier years, livestock feed continued to be the largest purchase at \$814 million, followed by livestock purchases of \$474 million. Petroleum fuel and oil costs increased 10 percent to \$137 million while repair and maintenance of capital items cost farmers and ranchers \$134 million.

CASH RECEIPTS

New Mexico crop and livestock product sales in 2013 totaled nearly \$3.8 billion, a 3.8 percent increase from the previous year. Total cash receipts from livestock products jumped in 2013 to just over \$3.1 billion. The number one cash commodity for the state was cattle and calves; many producers continued to reduce herd sizes due to the drought. Milk followed as the number two cash commodity. Total crop cash receipts decreased to under \$685 million. Hay was third in the state in total cash receipts totaling \$140 million, down from a year earlier. Pecan sales increased to \$137 million in 2013, at the fourth largest cash commodity in the state.

The increase can be attributed to the second largest crop in the state's history. Chile peppers remained the states number 5 commodity as cotton dropped to the 9th position. Onions followed at seventh in the rankings. Corn for grain, and wheat were again in the state's top ten commodities.

GOVERNMENT PAYMENTS

Direct government payments to New Mexico producers again increased to a total just over \$115 million in 2013, up 18 percent from 2012 payments of \$97.7 million. If ranked with cash receipts, government payments would be our fifth largest cash commodity. Conservation program payments increased to \$55.5 million. Ad Hoc and Emergency Programs increased to over \$44 million, up from \$31 million a year earlier. Fixed Direct payments were down almost 18 percent at \$12.3 million in 2013.

PRICES

Milk prices, at \$18.80 per hundred weight (cwt), increased from the previous year's level of \$17.40 per cwt. Cattle prices also increased to \$1,190 per head up 6.3 percent from a year earlier.

Alfalfa prices dropped slightly from the previous year averaging \$254 per ton. Continued drought conditions left range and pastureland in very poor condition, which kept steady demand for hay. All hay decreased by \$2 from the 2012 price of \$249 to \$247 per ton in 2013. Other hay prices averaged \$190 per ton in 2013, very close to the 2012 level.

Prices for corn, sorghum, cottonseed, peanuts, chile peppers, and onions decreased in 2013. Wheat, cotton, and pecans were the only crops showing increases from a year earlier. The average price for pecans increased to \$1.90 for the marketing season. Chile prices dropped from 2012 averaging \$761 per ton.