North Dakota
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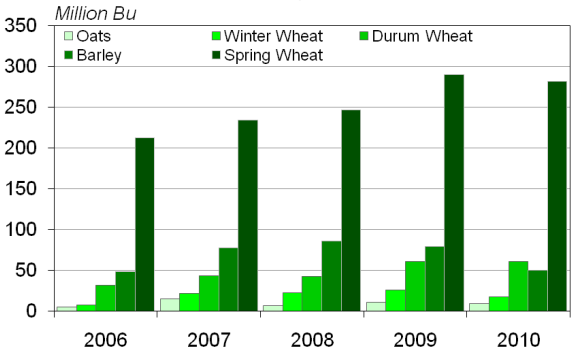
CROP PRODUCTION

North Dakota
Spring wheat production for 2010 is forecast at 282 million bushels, down 3 percent from the 290 million bushels produced last year. The forecasted yield is 43.0 bushels per harvested acre, down 3.0 bushels per acre from the record high set in 2009. Durum wheat production is forecast at 61.3 million bushels, 20,000 bushels more than last year. The forecasted yield is 35.0 bushels per acre, 4.0 bushels per acre below the record high set in 2009. Barley production is forecast at 49.8 million bushels, down 37 percent from last year and 42 percent from 2008. The average yield is forecast at 63.0 bushels per acre, down 7.0 bushels per acre from last year's record high. Oat production is forecast at 9.1 million bushels, down 19 percent from 2009 but up 37 percent from 2008's production of 6.63 million bushels. The average yield is forecast at 70.0 bushels per acre, up 2.0 bushels per acre from last year and equal to the record high set in 1993.

Crop Production
North Dakota, 2006-2010



The crop production forecasts in this report are based on yield projections and acreage reports collected from a cross-section of North Dakota producers around July 1. This report is based on conditions around July 1 and assumes no extreme conditions the remainder of the crop season.

United States
Spring wheat production is forecast at 607 million bushels, up 4 percent from last year. Durum wheat production is forecast at 104 million bushels, down 5 percent from 2009. Barley production for 2010 is forecast at 182 million bushels, down 20 percent from 2009. Oat production is forecast at 87.7 million bushels, down 6 percent from 2009.

Crop Summary: Area Planted, Harvested, Yield and Production
North Dakota and United States, 2009-2010

Crop	Planted		Harvested		Unit	Yield Per Harvested Acre			Production	
	2009	2010	2009	Forecasted 2010		Average 2005-09 [1]	2009	Forecasted 2010	2009	Forecasted 2010
	1,000 Acres	*1,000 Acres*	*1,000 Acres*	*1,000 Acres*					*1,000*	*1,000*
North Dakota										
Barley	1,210	850	1,130	790	*Bu*	57.0	70.0	63.0	79,100	49,770
Oats	350	270	165	130	*Bu*	55.6	68.0	70.0	11,220	9,100
Wheat, All	8,680	8,840	8,415	8,620	*Bu*	36.2	44.8	41.8	377,190	360,180
Winter	580	340	545	320	*Bu*	43.8	48.0	54.0	26,160	17,280
Durum	1,650	1,800	1,570	1,750	*Bu*	30.7	39.0	35.0	61,230	61,250
Spring	6,450	6,700	6,300	6,550	*Bu*	37.1	46.0	43.0	289,800	281,650
United States										
Barley	3,567	2,972	3,113	2,546	*Bu*		73.0	71.6	227,323	182,192
Oats	3,404	3,176	1,379	1,315	*Bu*		67.5	66.7	93,081	87,726
Wheat, All	59,133	54,305	49,868	48,263	*Bu*		44.4	45.9	2,216,171	2,215,761
Winter	43,311	37,723	34,485	32,085	*Bu*		44.2	46.9	1,522,718	1,505,493
Durum	2,554	2,675	2,428	2,588	*Bu*		44.9	40.0	109,042	103,513
Spring	13,268	13,907	12,955	13,590	*Bu*		45.1	44.6	584,411	606,755

[1] U.S. average yield not computed.

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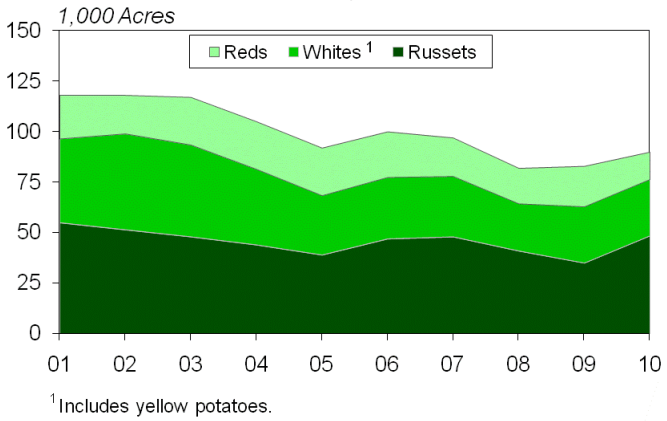
POTATO ACREAGE

North Dakota
Acreage planted to potatoes for 2010 is estimated at 90,000 acres, up 8 percent from 2009. Area for harvest is forecast at 84,000 acres, a 12 percent increase from last year. Potato planting was virtually complete by May 30, two weeks ahead of the five-year (2005-2009) average.

Russets account for 54 percent of the total acreage, up from 42 percent last year. Whites, at 30 percent, are down from 33 percent in 2009. Reds account for 15 percent of the total, down from 24 percent last year. Yellows account for 1 percent of the total acreage, the same as last year.

United States
Area planted to fall potatoes in 2010 is estimated at 896,100 acres, down 4 percent from the 2009 crop year. Harvested area is forecast at 882,300 acres, also down 4 percent from 2009.

Potatoes: Planted Acres
North Dakota, 2001-2010



[1] Includes yellow potatoes.

Fall Potatoes: Area Planted and Harvested and Percent of Acreage Planted by Type of Potatoes, 11 Major States and Total Fall States, 2009-2010

State	Area Planted		Area Harvested		Planted by Type [1]							
					Reds		Whites		Yellows		Russets	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
	1,000 Acres	*1,000 Acres*	*1,000 Acres*	*1,000 Acres*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
North Dakota	83.0	90.0	75.0	84.0	24	15	33	30	1	1	42	54
Colorado	56.0	55.5	55.2	55.2	3	2	2	3	11	10	84	85
Idaho	320.0	295.0	319.0	294.0	2	3	4	4	1	1	93	92
Maine	56.0	55.5	55.5	55.0	6	5	35	39	8	5	51	51
Michigan	45.0	44.0	43.5	43.5	2	2	80	87	1		17	11
Minnesota	47.0	43.0	45.0	40.0	23	21	10	9	1	1	66	69
New York	17.1	16.2	16.5	15.6	6	3	88	90	5	5	1	2
Oregon	37.0	35.0	37.0	35.0	1	3	16	14	1	2	82	81
Pennsylvania	10.0	10.0	9.5	9.5	3	5	95	92	1	1	1	2
Washington	145.0	135.0	145.0	135.0	3	3	16	11	1	1	80	85
Wisconsin	63.5	62.5	63.0	62.0	8	10	36	37	1	1	55	52
Total, 11 Major States					6	6	20	20	2	2	72	72
Total, Fall States	937.1	896.1	919.6	882.3								

[1] Predominant type shown may include small portion of other types constituting less than 1 percent of State's total.

DRY EDIBLE PEA & LENTIL ACREAGE

North Dakota
Dry edible pea planted area is estimated at 490,000 acres, the same as last year. Dry edible pea acreage estimates were added to the program in 1998 when 100,000 acres were planted. Harvested acreage is estimated at 480,000, also the same as last year but below the 500,000 acres estimated in 2008.

Lentil planted area is estimated at 240,000 acres, up from last year's record high of 165,000 acres. Lentil acreage estimates were added to the program in 1998 when 22,000 acres were planted. Harvested acreage is estimated at 235,000, up from 164,000 acres last year and also a record high, if realized.

United States
Dry edible pea planted area is estimated at 869,000 acres, up 4 percent from the March *Prospective Plantings*, but virtually unchanged from 2009. Lentil planted area is estimated at 655,000 acres, up 28 percent from the March *Prospective Plantings* and 58 percent above 2009.

Dry Edible Peas and Lentils: Area Planted and Harvested by State and United States, 2009-2010

State	Area Planted		Area Harvested	
	2009	2010	2009	Forecasted 2010
	1,000 Acres	*1,000 Acres*	*1,000 Acres*	*1,000 Acres*
Dry Edible Peas[1]				
North Dakota	490.0	490.0	480.0	480.0
Idaho	42.0	60.0	41.0	59.0
Montana	240.0	240.0	226.0	226.0
Oregon	6.3	9.0	5.9	7.9
Washington	85.0	70.0	85.0	70.0
United States	863.3	869.0	837.9	842.9
Lentils				
North Dakota	165.0	240.0	164.0	235.0
Idaho	53.0	80.0	52.0	79.0
Montana	122.0	260.0	116.0	250.0
Washington	75.0	75.0	75.0	75.0
United States	415.0	655.0	407.0	639.0

[1] Excludes both wrinkled seed peas and Austrian winter peas.

2010 Farm Sector Income Forecast

Net Farm Income Forecast Up Nearly 12 Percent in 2010

Net farm income is forecast to be $63 billion in 2010, up $6.7 billion (11.8 percent) from 2009. The 2010 forecast is $1.4 billion below the average of $64.5 billion in net farm income earned in the previous 10 years. Still, the $63 billion forecast for 2010 remains the fifth largest amount of income earned in U.S. farming. The top five earnings years have occurred since 2003, attesting to the profitability of farming this decade. Farm income exceeded $80 billion in 2004 and 2008 and topped $70 billion in 2005 and 2007.

Net cash income, at $76.3 billion, is forecast up $5.5 billion (7.8 percent) from 2009, and $3.5 billion above its 10-year average of $72.9 billion. Net farm income reflects income from production in the current year, whether or not sold within the calendar year; net cash income reflects only the cash transactions occurring within the calendar year. Net farm income is a measure of the increase in wealth from production, whereas net cash income is a measure of solvency, or the ability to pay bills and make payments on debt.

After declining more than 20 percent in 2009, all three measures of farm sector earnings are forecast to rise in 2010.

Net cash income is expected to rise nearly 8 percent, to a level above its previous 10-year average.

Net value added, at $114.2 billion, is expected to be up $6.1 billion from 2009, and remain 6.1 percent above its 10-year average. An increase in value of production and a drop in payments to stakeholders combined to boost the value added to the national economy from production activities in the farm sector.

Net farm income, while forecast to be $25 billion below its all-time record in 2004 and near-record in 2008, represents a rebound from 2009, a year in which demand for agricultural products fell worldwide due to the global recession.

Total expenses are forecast to be little changed from 2009.

The $9.3 billion decline in production expenses that occurred in 2009 was the first decline since 2002 but it followed the two largest year-over-year increases in expenses on record ($34.8 billion in 2007 and $22.5 billion in 2008).

The global recession has put downward pressure on markets for farm inputs as well as commodities. In particular, expenditures for fertilizer and feed are down from 2009.

The 2010 forecast is for a rise of about 2 percent in cash receipts from sales of farm commodities.

The $5.5 billion increase in cash receipts represents only a 14 percent recovery of the $39 billion decline in 2009, but it is a start.

Crop receipts are expected to be down $6 billion in 2010, compounding the decline of $16.8 billion in 2009. Crop receipts are projected to be down across the board, except for small increases in cotton and greenhouse/nursery products.

Livestock receipts are expected to increase $11.5 billion in 2010, recovering about half of the $22.3 billion decline in in 2009.

Government payments are forecast to change little in 2010.

A projected increase of $1.3 billion in ad hoc and emergency assistance payments is more than offset by lower payments in other programs, particularly the milk income loss program, the certificate exchange program, and the countercyclical payments program.

In 2008, the farm sector was whipsawed by highly volatile domestic and international macroeconomic forces that were initially favorable to U.S. farmers. Prices of both farm commodities and farm production inputs spiked in the first half of the year and then fell in the latter half. The U.S. farm sector is perhaps more intertwined with the world economy than ever. Demand arising from both the growing populations and rising incomes in other countries expanded markets for farm commodities and increased competition for critical production inputs such as fuel, feed, and fertilizer.

In 2009, crop prices continued to decline and prices for livestock animals and products plummeted. With economic conditions deteriorating worldwide, demand for exports tailed off, with few options available to expand marketing elsewhere. Sharply declining demand in 2009 forced farmers to accept prices that were lower than expected when production plans were made.

In 2010, the economic conditions for livestock producers are expected to improve, while the economic conditions for crop producers are expected to deteriorate slightly or stabilize. Protein foods produced from animals and animal products are higher cost items, and subject to budgeting considerations. Amid a recession, consumers can reduce consumption of meat, milk, and eggs, or buy lower priced products.

In the unusually severe international recession of late 2008 and 2009, prices of agricultural commodities declined sharply as demand fell globally. Inventories of U.S. livestock breeding herds dropped sharply. For example, cattle numbers are at their lowest in decades.

Now that the U.S. economy has stabilized and is showing signs of improvement, consumers are expected to increase their consumption of animal products, thus firming up market prices and improving the earnings of livestock producers, led by dairy farmers and cattle producers.

The demand for U.S. soybeans was one of the brighter spots for the U.S. farm sector in 2009, as demand for U.S. supplies remained strong due to the continued strength of Chinese purchases. But reports of higher Brazilian production could put downward pressure on prices in 2010 as the South American harvest progresses.

Source: *Farm Income and Costs*, USDA-ERS, February 2010

MILK PRODUCTION

North Dakota
Milk production for the April - June 2010 quarter totaled 97 million pounds, down 1 percent from 98 million pounds during the same period a year earlier. Average number of milk cows during the current quarter, at 21,000 head, was the same as the January – March 2010 quarter, but 2,000 head below the April - June 2009 quarter. Milk produced per cow during the April – June quarter was 4,625 pounds, up from 4,480 pounds the previous quarter and 4,260 pounds during the same period last year.

United States
Milk production in the U.S. during the April - June quarter totaled 49.7 billion pounds, up 1.7 percent from the April - June quarter last year. The average number of milk cows in the U.S. during the quarter was 9.11 million head, 151,000 head less than the same period last year. Production per cow during April – June quarter averaged 5,458 pounds, up from 5,278 pounds the same period a year ago.

Milk Cows and Production: Selected States and United States
April - June, 2009-2010

State	April-June Milk Cows [1]		April-June Milk Production [2]		
	2009	2010	2009	2010	Change From 2009
	1,000 Head	*1,000 Head*	*Million Pounds*	*Million Pounds*	*Percent*
North Dakota	23	21	98	97	-1.0
California	1,813	1,751	10,228	10,373	1.4
Minnesota	469	470	2,303	2,367	2.8
New York	623	610	3,233	3,261	0.9
Wisconsin	1,256	1,261	6,401	6,766	5.7
United States	9,262	9,111	48,888	49,724	1.7

[1] Includes dry cows, excludes heifers not yet fresh. [2] Excludes milk sucked by calves.

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