



North Dakota

# FARM REPORTER

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but down 11 percent from last year. Yields are expected to average 30.0 bushels per harvested acre, unchanged from August but down 4.0 bushels from 2010.

Corn for grain production is forecast at 262.5 million bushels, unchanged from the August forecast but up 6 percent from last year. Corn for grain yields are expected to average 125 bushels per harvested acre, unchanged from August but down 7 bushels from last year.

## CROP PRODUCTION

**N**orth Dakota Soybean production is forecast at 123 million bushels, unchanged from the August forecast

Sugarbeet production is forecast at 5.08 million tons, down 4 percent from the August forecast and 10 percent below last year. The average yield per harvested acre is expected to be 22.0 tons, down 1.0 ton from August and 4.5 tons from last year.

### Crop Area Planted and Harvested – North Dakota and United States: 2010 and Forecasted September 1, 2011

(Data are the latest estimates available. Blank data cells indicate estimation period has not yet begun.)

Crop	North Dakota				United States			
	Area planted		Area harvested		Area planted		Area harvested	
	2010	2011	2010	2011	2010	2011	2010	2011
	(1,000 acres)	(1,000 acres)	(1,000 acres)	(1,000 acres)	(1,000 acres)	(1,000 acres)	(1,000 acres)	(1,000 acres)
Wheat, all .....	8,530	7,040	8,400	6,780	53,603	55,183	47,637	45,924
Spring .....	6,400	5,900	6,300	5,700	13,698	12,677	13,359	12,270
Durum .....	1,800	800	1,780	770	2,570	1,398	2,529	1,347
Winter .....	330	340	320	310	37,335	41,108	31,749	32,307
Barley .....	720	460	670	420	2,872	2,725	2,465	2,390
Oats .....	280	210	105	75	3,138	2,587	1,263	934
Sunflower, all .....	885.0	690.0	862.0	665.0	1,951.5	1,756.0	1,873.8	1,670.5
Oil .....	700.0	600.0	685.0	580.0	1,463.0	1,450.0	1,422.5	1,387.0
Non-oil .....	185.0	90.0	177.0	85.0	488.5	306.0	451.3	283.5
Canola .....	1,280.0	890.0	1,270.0	880.0	1,448.8	1,092.8	1,431.0	1,071.4
Soybeans .....	4,100	4,150	4,070	4,100	77,404	74,958	76,616	73,823
Flaxseed .....	390	200	388	196	421	229	418	224
Safflower .....	16.0	5.0	15.5	4.5	175.0	137.5	167.7	131.5
Corn for grain <sup>1</sup> .....	2,050	2,300	1,880	2,100	88,192	92,282	81,446	84,388
Corn for silage .....	(NA)	(NA)	150		(NA)	(NA)	5,567	
Dry edible beans, all .....	800.0	420.0	770.0	380.0	1,911.4	1,265.2	1,842.7	1,190.2
Pinto .....	530.0	227.0	509.0		842.7	403.5	809.7	
Navy .....	132.0	80.0	128.0		279.5	194.0	271.7	
Black .....	101.0	88.0	98.0		284.0	212.5	278.3	
Chickpeas, all (Garbanzo) ...	16.0	7.4	15.2		146.0	133.0	144.1	
Large .....	14.0	(D)	13.3		120.9	108.5	119.6	
Small .....	2.0	(D)	1.9		25.1	24.5	24.5	
Pink .....	12.5	8.0	11.9		33.0	21.0	32.2	
Great northern .....	5.6	7.0	5.3		78.5	73.6	69.9	
Small red .....	1.2	1.8	1.1		22.9	38.0	22.8	
Dark red kidney .....	0.9	0.4	0.8		48.5	51.1	45.7	
Other .....	0.8	0.4	0.7		176.3	138.5	168.3	
Dry edible peas .....	430.0	130.0	400.0	125.0	756.0	416.0	711.4	398.8
Lentils .....	265.0	100.0	255.0	96.0	658.0	470.0	634.0	455.0
Fall potatoes, all .....	84.0	83.0	80.0	79.0	894.3	948.6	881.8	936.1
Irrigated <sup>2,3</sup> .....	28.0		27.6		(NA)	(NA)	(NA)	(NA)
Types, reds <sup>3</sup> .....	18.5	21.5	17.2		(NA)	(NA)	(NA)	(NA)
Whites <sup>3</sup> .....	29.5	19.0	27.6		(NA)	(NA)	(NA)	(NA)
Yellows <sup>3</sup> .....	1.5	1.0	1.4		(NA)	(NA)	(NA)	(NA)
Russets <sup>3</sup> .....	34.5	41.5	33.8		(NA)	(NA)	(NA)	(NA)
Sugarbeets .....	217.0	240.0	214.0	231.0	1,171.4	1,249.6	1,155.7	1,207.6
Hay, all .....	(NA)	(NA)	2,550	2,500	(NA)	(NA)	59,862	57,605
Alfalfa .....	(NA)	(NA)	1,560	1,500	(NA)	(NA)	19,956	19,329
All other .....	(NA)	(NA)	990	1,000	(NA)	(NA)	39,906	38,276

(D) Withheld to avoid disclosing data for individual operations. (NA) Not Available. <sup>1</sup> Area planted for all purposes. <sup>2</sup> Included in all potatoes.

<sup>3</sup> Published at state level only.

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## CROP PRODUCTION (Continued)

### United States

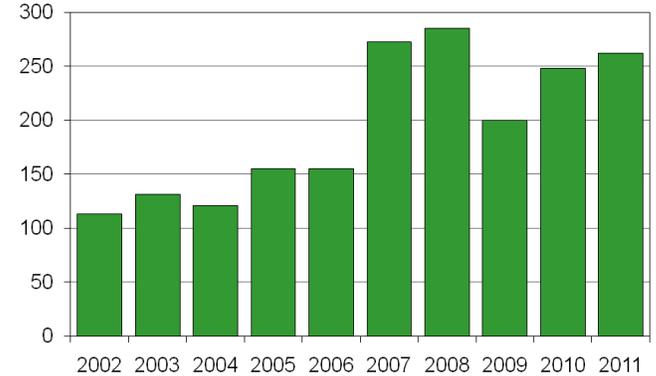
Soybean production is forecast at 3.09 billion bushels, up 1 percent from August but down 7 percent from last year. Based on September 1 conditions, yields are expected to average 41.8 bushels per acre, up 0.4 bushel from last month but down 1.7 bushels from last year.

Corn production is forecast at 12.5 billion bushels, down 3 percent from the August forecast but up fractionally from 2010. If realized, this will be the third largest production total on record for the United States. Based on conditions as of September 1, yields are expected to average 148.1 bushels per acre, down 4.9 bushels from the August 1 forecast and down 4.7 bushels from 2010. If realized, this will be the lowest average yield in the United States since 2005.

Sugarbeet production for the 2011 crop year is forecast at 29.2 million tons, down 9 percent from last year. Expected yield is forecast at 24.2 tons per acre, a decrease of 3.4 tons from last year.

### Corn for Grain Production North Dakota

million bushels



### Crop Yield and Production – North Dakota and United States: 2010 and Forecasted September 1, 2011

(Data are the latest estimates available. Blank data cells indicate estimation period has not yet begun.)

Crop	North Dakota				United States			
	Yield		Production		Yield		Production	
	2010	2011	2010	2011	2010	2011	2010	2011
Wheat, all .....bushels	43.0	39.6	(1,000)	(1,000)	46.4	45.2	(1,000)	(1,000)
Spring .....bushels	44.0	40.0	361,550	268,600	46.1	42.5	2,208,391	2,076,534
Durum .....bushels	37.5	33.0	277,200	228,000	42.4	42.4	615,975	521,975
Winter .....bushels	55.0	49.0	66,750	25,410	42.4	42.4	107,180	57,130
Barley .....bushels	65.0	59.0	17,600	15,190	46.8	46.3	1,485,236	1,497,429
Oats .....bushels	61.0	61.0	43,550	24,780	73.1	70.4	180,268	168,218
Sunflower, all .....pounds	61.0	61.0	6,405	4,575	64.3	61.6	81,190	57,489
Oil .....pounds	1,456		1,254,980	1,460			2,735,570	
Non-oil .....pounds	1,460		1,000,100	1,458			2,074,500	
Canola .....pounds	1,440		254,880	1,465			661,070	
Soybeans .....bushels	1,720		2,184,400	1,713			2,450,947	
Flaxseed .....bushels	34.0	30.0	138,380	123,000	43.5	41.8	3,329,341	3,085,340
Safflower .....pounds	22.0		8,536	21.7			9,056	
Corn for grain .....bushels	850		13,175	1,320			221,335	
Corn for silage .....tons	132	125	248,160	262,500	152.8	148.1	12,446,865	12,497,070
Dry edible beans, all <sup>1</sup> .....cwt	14.0		2,100	19.3			107,314	
Pinto <sup>1</sup> .....cwt	1,490	1,450	11,473	5,510	1,726	1,718	31,801	20,451
Navy <sup>1</sup> .....cwt	1,480		7,534	1,706			13,814	
Black <sup>1</sup> .....cwt	1,530		1,958	1,754			4,766	
Chickpeas, all (Garbanzo) <sup>1</sup> .....cwt	1,480		1,450	1,675			4,661	
Large <sup>1</sup> .....cwt	1,640		250	1,346			1,939	
Small <sup>1</sup> .....cwt	1,630		217	1,333			1,594	
Pink <sup>1</sup> .....cwt	1,740		33	1,408			345	
Great northern <sup>1</sup> .....cwt	1,330		158	1,820			586	
Small red <sup>1</sup> .....cwt	1,530		81	2,007			1,403	
Dark red kidney <sup>1</sup> .....cwt	1,550		17	2,096			478	
Other <sup>1</sup> .....cwt	1,880		15	1,823			833	
Dry edible peas <sup>1</sup> .....cwt	1,430		10	1,973			3,321	
Lentils <sup>1</sup> .....cwt	2,030		8,120	1,999			14,221	
Fall potatoes, all .....cwt	1,540		3,927	1,365			8,657	
Irrigated <sup>2,3</sup> .....cwt	275		22,000	416			366,505	
Types, reds <sup>3</sup> .....cwt	405		11,170	(NA)	(NA)		(NA)	(NA)
Whites <sup>3</sup> .....cwt	190		3,270	(NA)	(NA)		(NA)	(NA)
Yellows <sup>3</sup> .....cwt	215		5,935	(NA)	(NA)		(NA)	(NA)
Russets <sup>3</sup> .....cwt	211		295	(NA)	(NA)		(NA)	(NA)
Sugarbeets .....tons	370		12,500	(NA)	(NA)		(NA)	(NA)
Hay, all .....tons	26.5	22.0	5,671	5,082	27.6	24.2	31,901	29,180
Alfalfa .....tons	2.09	2.16	5,321	5,400	2.43	2.29	145,556	131,998
All other .....tons	2.30	2.40	3,588	3,600	3.40	3.36	67,903	64,996
	1.75	1.80	1,733	1,800	1.95	1.75	77,653	67,002

(NA) Not Available. <sup>1</sup> Yield in pounds. <sup>2</sup> Included in all potatoes. <sup>3</sup> Published at state level only.

## FOOD SPENDING ADJUSTMENTS DURING RECESSIONARY TIMES

The 2007-09 recession was the longest period of economic decline since the Great Depression of the 1930s. Faced with falling incomes and economic uncertainty, many Americans economized on their food purchases in 2007-09. The decrease in aggregate food spending by all U.S. households during the recession, which officially began in December 2007 and ended in June 2009, represents the largest inflation-adjusted drop recorded by the Bureau of Labor Statistics' Consumer Expenditure Survey since the survey began in 1984.

A salient feature of the recent recession was a significant and sustained increase in unemployment. National unemployment averaged 9.3 percent in 2009, up from 4.6 percent in 2006. Real (inflation-adjusted) average household income fell from \$60,533 in 2006 to \$59,067 in 2009 (in 2006 dollars). In addition, food prices increased substantially during the early part of the recession. Food prices peaked in 2008, when the annual rate of food price inflation was 5.5 percent. Even though food prices started to decline in February 2009, the average annual growth rate was still almost 3.8 percent between 2007 and 2009. This double squeeze of lower incomes and higher food prices put pressure on consumer expenditures.

### Consumers Reduced Food Spending...

Two public data sources—ERS's Food Expenditure Tables and the BLS Consumer Expenditure Survey (CE)—track U.S. food spending over time, and both showed declines during the 2007-09 recession. The CE data allow a look at household-level spending and trends. According to the CE, real total food spending by U.S. households declined 5 percent between 2006 and 2009. In 2006, before the recession began, total food spending by all households peaked at \$726 billion, according to calculations based on the CE and the BLS Consumer Price Index. By 2008, real food spending in 2006 dollars was down to \$709 billion, and in 2009, spending dropped even more, to \$690 billion.

Annual reductions in food-away-from-home spending, such as at fast food places and sit-down restaurants, were largely responsible for the decrease in household food expenditures during the recession. Real away-from-home spending declined 11.5 percent between 2006 and 2009. Spending in the grocery aisle (food at home) increased from 2007 to 2008, as consumers replaced restaurant meals with at-home eating. In 2009, however, real at-home food spending dropped, as consumers economized further on their grocery bills.

Trends in per capita food expenditures over this period echoed the aggregate trends. Real average annual per capita food spending declined 6.6 percent, from \$2,444 in 2006 to \$2,283 in 2009 (in 2006 dollars). Food away from home fell 12.9 percent, accounting for most of the decline in per capita spending. At-home per capita food spending, on the other hand, decreased only 1.6 percent.

A look back at previous recessions shows that spending patterns varied. In the 1990-91 recession, spending responses were similar to those in the 2007-09 recession. During the 8-month 1990-91 recession, aggregate spending on total food declined 3.5 percent, with a 4.0-percent increase in at-home spending and a 13.8-percent drop in away-from-home spending.

The 2001 recession also lasted 8 months, but the increase in unemployment in that timeframe was less than in 1990-91. For the milder 2001 recession, there were smaller adjustments to food expenditures. Away-from-home food spending declined 0.4 percent, while at-home food spending increased 2.2 percent. Thus, overall food spending went up 1.1 percent.

### Tough Times Lead to Economizing

During the 2007-09 recession, Americans of all income levels tightened their belts, primarily by eating out less. According to ERS's Food Expenditure Tables, which include all sales by the food industry to consumers, governments, businesses, and nonprofit organizations, away-from-home food spending dropped from \$533 billion in 2006 to \$513 billion in 2009 (in 2006 dollars). Real sales at full-service restaurants dropped by 4.5 percent during the recession, and sales at limited-service eating places, such as fast food outlets, declined by 2.6 percent. Sales of meals and snacks also declined at all other food-away-from-home segments between 2006 and 2009, including hotels and motels (8.8 percent); stores, bars, and vending machines (7.3 percent); and schools and colleges (0.8 percent).

Food-at-home sales also declined during the recession. ERS's Food Expenditure data show that inflation-adjusted sales in this category fell 1.3 percent from 2006 to 2009—the only 3-year drop in real sales over the past decade. Previous ERS research found that the various ways American households save on their at-home food spending included taking advantage of sales, promotions, and coupons in stores where they regularly shop; substituting comparable, but lower cost foods; and seeking stores that offer lower prices and more cost-effective selections.

ERS research reveals that during the recession, sales of private label products, or store brands, continued to expand faster than sales of well-known national brands, partly because recession-strapped shoppers sought out these more economical options. In 2009, a record-setting 810 new private label food and beverage products appeared on U.S. retail shelves—7 times more than in 2001. Similarly, consumers looking to stretch their food dollars often cut back on convenience. ERS researchers examined recent sales of bunches of spinach, heads of lettuce, and washed packaged leafy greens. They found that sales of packaged leafy greens decreased relative to sales of unpackaged greens when consumers' incomes fell.

Households may also reduce food spending by shopping at different types of stores. The growth of food offerings by warehouse club stores and supercenters has expanded the range of shopping options available to consumers. ERS data on retail outlets show that traditional foodstores, including supermarkets, convenience stores, other grocery stores, and specialty food stores, have lost food sales shares to nontraditional foodstores, particularly warehouse clubs and supercenters. Between 2000 and 2006, the share of total retail food sales by traditional foodstores fell from 76.8 percent to 70.9 percent, continuing a long-term trend. The recession saw a slowdown of that trend, as the share of total food sales held by traditional foodstores fell only slightly to 70.2 percent in 2009. The share of food sales held by warehouse clubs and supercenters continued to increase during the recession, from 14.6 percent in 2006 to 15.8 percent in 2009.

Source: *Amber Waves*, USDA-ERS, September 2011

## TAX-DEFERRED EXCHANGES OF FARMLAND PROVIDE VALUABLE SAVINGS TO SOME FARMERS

A tax-deferred exchange permits taxpayers to delay paying capital gains taxes on the disposition of property traded for like-kind property. Known as 1031-exchanges after the section of the Internal Revenue Code permitting their use, the exchanges offer landowners tax advantages over traditional land sales. By allowing farmland owners to defer payment of taxes on capital gains which can be significant on land that has been owned for many years farmers who sell land and use the proceeds to purchase other property can often increase their net worth, reduce borrowing costs, and expand the size of their operations.

However, concern has been raised, particularly among beginning farmers, that like-kind exchanges may be contributing to the rapid growth in farmland values because of the laws strict time limits for completing such exchanges. Under the law, a replacement property must be identified within 45 days of a land sale, and the exchange must be completed within 180 days, encouraging those involved in like-kind exchanges to outbid other potential buyers. Furthermore, since the definition of like-kind property is fairly broad, there is also concern among farmers and environmentalists that like-kind exchanges have encouraged residential and commercial developers to purchase more farmland than would have been possible without the associated tax benefits.

Using data from the Internal Revenue Services (IRS) Sales of Capital Assets Panel Study, ERS researchers found that 1031-exchanges involving farmland represent a relatively small share of all tax-deferred exchanges about 2 percent between 1999 and 2003. Exchanges involving farmland accounted for roughly 6 percent of all farmland dispositions (sales plus exchanges) reported to the IRS over the same period.

Despite their limited use, however, 1031-exchanges can be important for some farmland owners. Over a 5-year period, landowners making like-kind exchanges of farmland for farmland deferred \$43,300, on average, in capital gains taxes. In essence, farmland-for-farmland exchanges can be thought of as rollover investments. In contrast, landowners who sold farmland paid \$5,200 in capital gains taxes, on average.

While ERS researchers found a great deal of year-to-year variability in the use of 1031-exchanges involving farmland, for the most part, farmland was exchanged for other farmland rather than for nonfarm property. In particular, relatively few exchanges involved other property (such as a shopping center) being exchanged for farmland, suggesting that like-kind exchanges were not used extensively by investors planning on converting farmland to nonfarm uses.

**Source: Amber Waves, USDA-ERS, September 2011**

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