

IDAHO AGRICULTURAL OUTLOOK

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This report discusses farm and ranch revenue during calendar-year 1998 as well as the outlook for 1999.

SUMMARY OF 1998

Estimated 1998 farm and ranch revenue is \$3.35 billion, up 1% from last year and nearly as high as the record in 1996 (Table 1). Livestock production makes up 46% of total 1998 farm-gate revenue and crop production makes up the other 54%.

Livestock

The **beef** industry (cattle & calves) is in every Idaho county. The 1998 revenue from cattle and calves was up slightly. Production changed little from the previous year. Prices were volatile but similar to year-earlier levels.

Idaho **dairy** receipts grew more than 20 percent in 1998, making it the top revenue producer for Idaho farmers and ranchers. Both production and prices increased in 1998. With lower feed costs, dairy production was a profitable bright spot in Idaho agriculture.

Sheep industry revenue declined after several years of growth. Although Idaho sheep industry revenue is up from the early 1990s, prices declined more than 20 percent in 1998.

The "other livestock" category in Table 1 includes hogs eggs, poultry, wool, and mink. The Idaho trout industry, the nations largest, is not included in Table 1.

Crops

Table 1 reports crop revenue on a *calendar year basis*. For storage crops, that means that part of two or more crops are sold in the Jan-Dec calendar year. For example, part of the 1998 potato crop was sold in the summer and fall of 1998, but the rest will be sold out of storage in the winter, spring and summer of 1999.

Apple producers, located mostly in Idaho's southwestern counties, produced 190 million pounds of apples in 1998, up from 110 million-pounds a year earlier.

Barley revenue was down due to lower prices. Eastern Idaho is the largest producing region. Idaho's crop is split evenly between malting and feed varieties.

Bean revenue was about the same. Lower prices offset increased production. Magic Valley growers produce nearly three-fourths of Idaho's dry beans.

Idaho's **greenhouse & nursery** industry continues on a growth trend. Nursery growers market high-quality landscaping plants across western North America.

Hay growers, located in every Idaho county, received their second highest revenue in history. Idaho's booming dairy industry is pushing up hay demand, but quality problems reduced 1998-crop prices.

Idaho's **onion** industry is another bright spot in Idaho agriculture. Although prices are volatile, the industry continues to grow. High prices during the spring boosted 1998 revenue.

Idaho **potato** growers produced another large crop in 1998. Fall 1998 prices were below year-earlier prices, with quality problems reducing returns for some growers. Calendar-year 1998 potato revenue is estimated at \$550 million, well below the record of \$715 million in 1996.

Sugar beet revenue has grown to over \$200 million in recent years. The 1998 crop is larger but lower quality will reduce prices. Growers are operating as a cooperative the recently purchased a sugar processing facility.

Wheat revenue decreased due to lower prices. Growers produced 42% of the state's wheat in Eastern Idaho, 24% in the Magic Valley, 11% in Southwestern Idaho and 23% in Northern Idaho.

The "other crops" category in Table 1 includes corn, oats, sweet corn, cherries, peaches, plums, prunes, and mint as well as grass seed and other crops for which USDA does not estimate Idaho value of production.

OUTLOOK FOR 1999

GENERAL ECONOMY: The US economy grew 3.5% in 1998. This higher-than-expected growth marks the eighth year of economic expansion. Most experts forecast a slowing economy, but no recession, in 1999. Economic growth is expected to be less than 2%. Inflation may be up slightly due to the Federal Reserve's recession-fighting reductions in short-term interest rates. Lower interest rates will boost economic growth in spite of a worsening trade gap.

BEEF: The hog market is dragging down cattle prices. December 1998 hog prices dropped below \$10/cwt in some markets, hitting fifty-year lows. Abundant supplies of cheap pork will continue into early 1999, but cattle prices will improve later in the year. Lighter calves (500-600 lb) are expected to trade in the range of \$80 to \$90 per cwt up from the upper \$70s. Heavier calves (700-800 lb) will likely trade from \$74 to \$79 per cwt up from \$68 to \$72.

DAIRY: Additional processing capacity of 2.5 million pounds per day may be built in Idaho in 1999. Idaho dairy cow numbers may increase 10% to meet that capacity. Fall 1998 Idaho milk prices were at record high levels. First quarter 1999 Idaho milk prices are expected to continue strong in the \$14 to \$17 per cwt range, then drop to \$11 to \$14 in the second quarter. Average prices for 1999 are expected to be lower than in 1998.

GRAINS: Current grain prices are at some of the lowest levels of the 1990s. Large supplies and the Asian economic flu will keep prices low for the remainder of the 1998-99 marketing season. Weather and growth conditions for the 1999 crop will be the main forces affecting prices beginning in the spring. Preliminary estimates are for a smaller US wheat crop in 1999, with prices improving about 40 cents per bushel.

HAY: Demand for high quality hay in the Idaho dairy industry continues to grow. The Idaho hay supply is at record high levels, but the 1998-99 crop has some quality problems. Dairy-quality alfalfa hay is expected to sell in the range of \$90 to \$100 per ton. The usual discount for feeder-quality hay is \$15 to \$20 per ton. Due to an abundance of lower quality hay, the discount will widen to give feeder hay prices of \$60 to \$70 per ton.

POTATOES: Idaho growers harvested a 1998-99 crop of 140 million cwt, the same as last year, but on 4% more acres. Reduced revenue from lower yields and poor quality add to the squeeze of higher blight control costs. The potato crop in Europe is down which will create more global marketing opportunities for the US potato industry. A healthy export market will offset large supplies and quality problems to give average prices about the same as last year.

TABLE 1
IDAHO CASH RECEIPTS FROM FARM MARKETINGS
(Million Dollars)

	1994	1995	1996	1997	1998	Percent Change
LIVESTOCK						
Cattle & Calves	652	618	574	656	660	+1%
Milk	456	508	653	634	780	+23%
Sheep & Lambs	16	18	20	20	16	-20%
Other Livestock	75	77	83	79	80	+1%
TOTAL LIVESTOCK	1,199	1,221	1,329	1,389	1,536	+11%
CROPS						
Apples	17	15	15	18	20	+11%
Barley	125	145	145	141	135	-4%
Beans	53	39	52	44	44	0%
Greenhouse/Nursery	51	53	55	58	60	+3%
Hay	180	188	198	256	230	-10%
Onions	51	42	51	40	55	+38%
Potatoes	573	677	694	525	550	+5%
Sugar Beets	213	191	210	239	245	+3%
Wheat	324	399	430	423	300	-29%
Peas & Lentils	22	32	14	24	20	-17%
Other Crops	142	148	179	158	155	-2%
TOTAL CROPS	1,751	1,929	2,043	1,926	1,814	-6%
TOTAL CASH RECEIPTS	2,950	3,150	3,372	3,315	3,350	+1%

SOURCES:

1994-97: Idaho Agricultural Statistics Service

1998: Forecasted by J Guenthner and K Garrett, University of Idaho