

# January 2015 FAPRI Baseline for AFPC Representative Farms

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UNIVERSITY

**AFPC**

# AFPC Faculty

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- Dr. Joe Outlaw, Co-Director and Professor
- Dr. Henry Bryant, Associate Professor
- Dr. George Knapek, Program Manager
- Dr. David Anderson, Professor
- Dr. Steven Klose, Professor
- Dr. Aleksandre Maisashvili, Assistant Professor
- Mr. Marc Raulston, Research Associate
- Mr. Brian Herbst, Research Associate
- Ms. Myriah Johnson, Research Associate
- Mr. David Enstes, Research Associate

# Data and Methods

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- Representative Farms
  - Focus Groups of Top Producers in Major Production Regions
  - Primary Data
- Whole farm simulation model (FLIPSIM)
- FAPRI Baseline used in farm simulation model
- Project the economic outlook for representative farms across the country
- 2012-2018 study period for the analysis

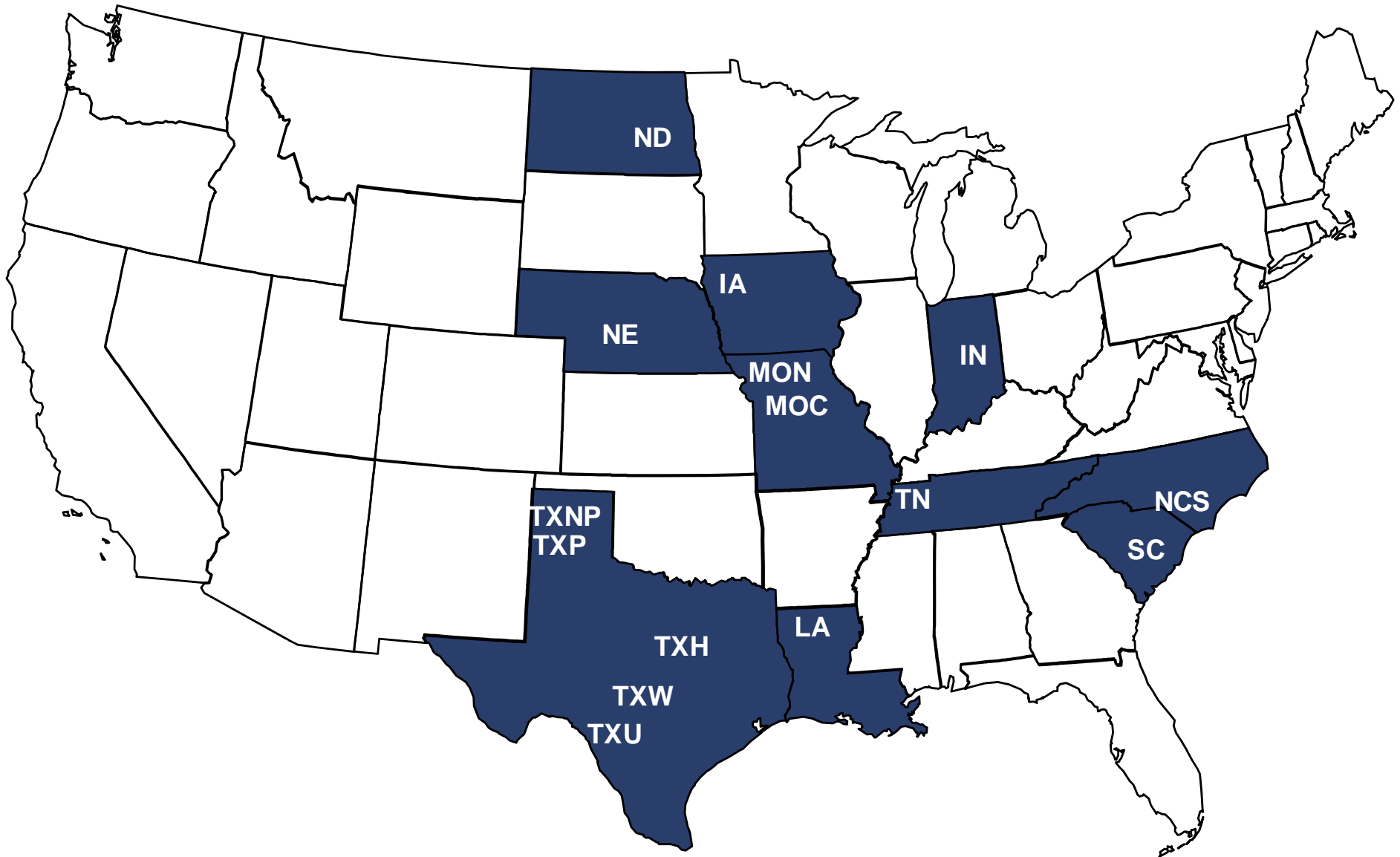
# Definition of Financial Position

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- **Good** – Less than 25% chance of a negative ending cash balance and less than 25% chance of losing real net worth
- **Marginal** – A 25-50% chance of a negative ending cash balance and a 25–50% chance of losing real net worth
- **Poor** – Greater than 50% chance of a negative ending cash balance and a greater than 50% chance of losing real net worth

# Location of AFPC Representative Feedgrain Farms

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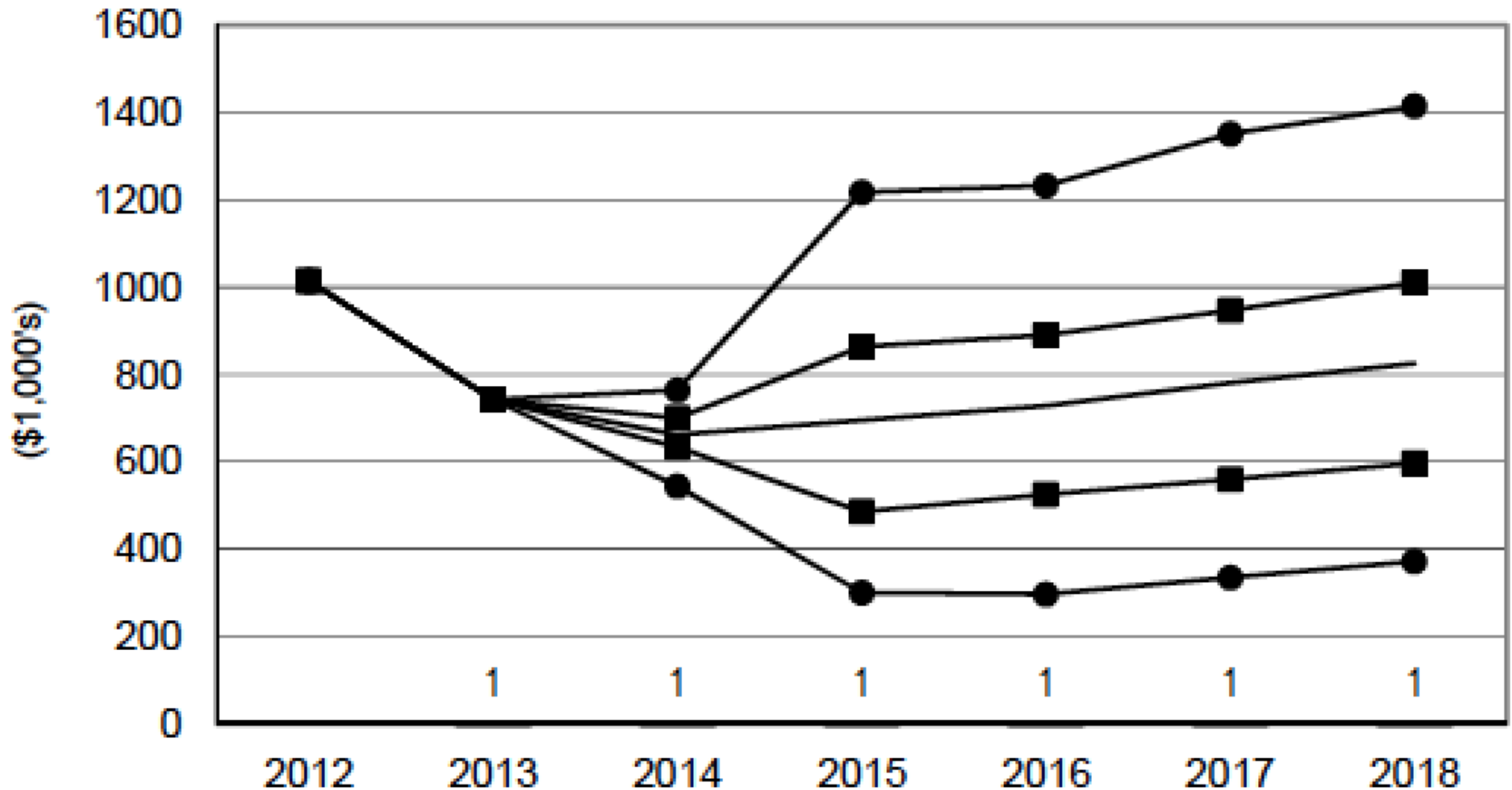


# Economic Viability of Representative Feedgrain Farms, January 2015 Baseline

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2018	2015-2018	2015-2018
13/6/4				
IAG1350			83-92	1-25
IAG3400			54-72	1-4
NEG2400			1-15	1-2
NEG4300			1-17	1-1
NDG3000			1-19	1-1
NDG8000			1-1	1-1
ING1000			1-4	1-1
ING2200			2-33	1-1
MOCG2300			1-1	1-1
MOCG4000			1-1	1-1
MONG2300			1-1	1-1
LAG2640			35-48	26-39
LANG2500			1-1	1-1
TNG900			56-71	1-1
TNG2200			17-53	1-3
NCSP1800			23-86	1-39
SCG3500			1-1	1-1
TXNP3000			21-35	1-10
TXNP10000			1-1	1-1
TXPG2500			9-18	1-1
TXHG2500			99-99	93-99
TXWG1600			32-94	1-56
TXUG1600			1-1	1-1

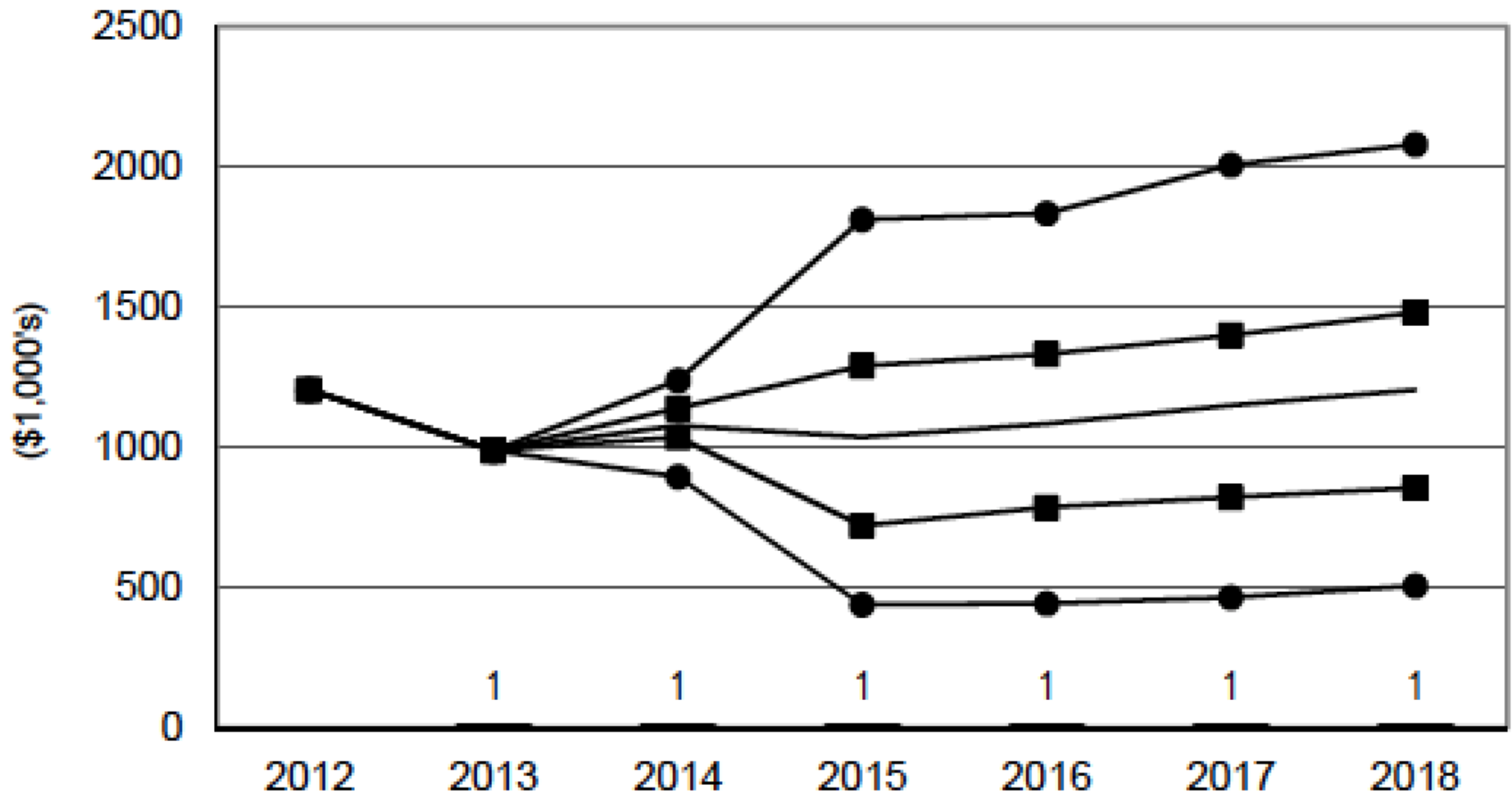
# Economic Viability of Representative Feedgrain Farms, January 2015 Baseline

## MOCG2300 Central Missouri Grain Farm



# Economic Viability of Representative Feedgrain Farms, January 2015 Baseline

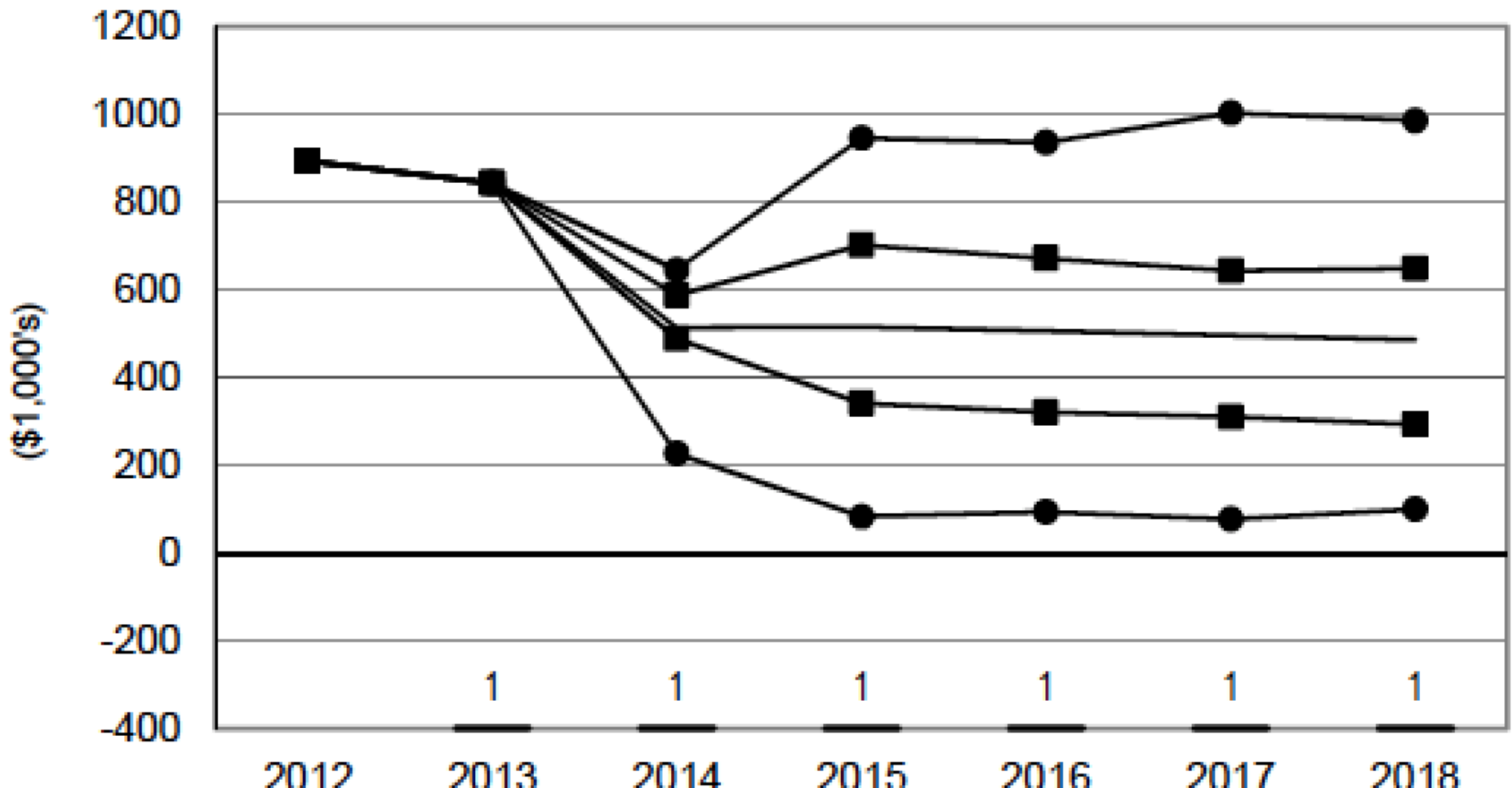
## MOCG4000 Large Central Missouri Grain Farm





# Economic Viability of Representative Feedgrain Farms, January 2015 Baseline

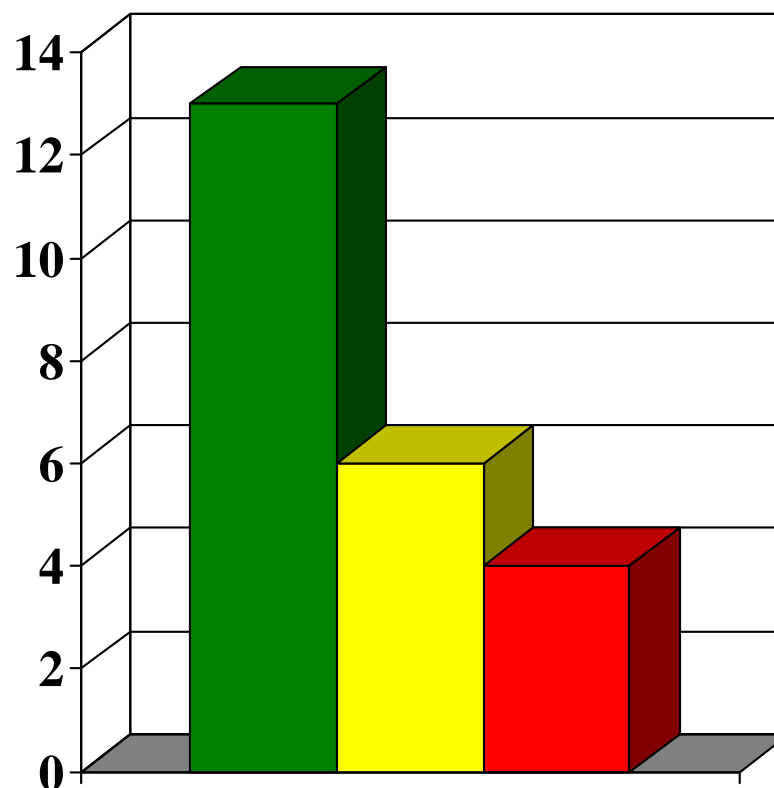
## MONG2300 Northwest Missouri Grain Farm



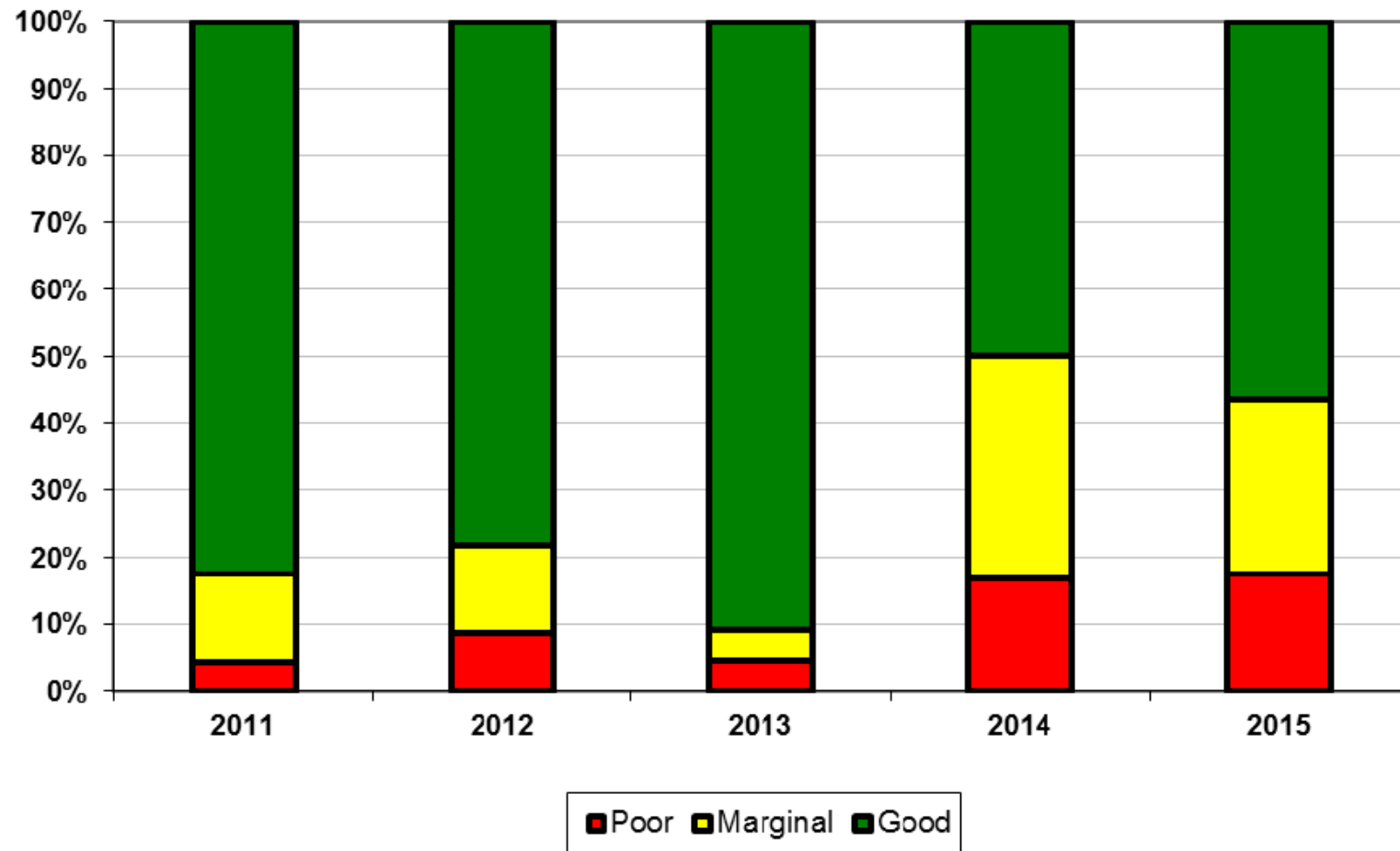
# Economic Viability of Representative Feedgrain Farms, January 2015 Baseline

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- Over half of farms remain in “good” overall financial condition, despite one of worst outlooks in 5 years
- Farms that were able to build cash during recent high price period are better able to survive projected downturn

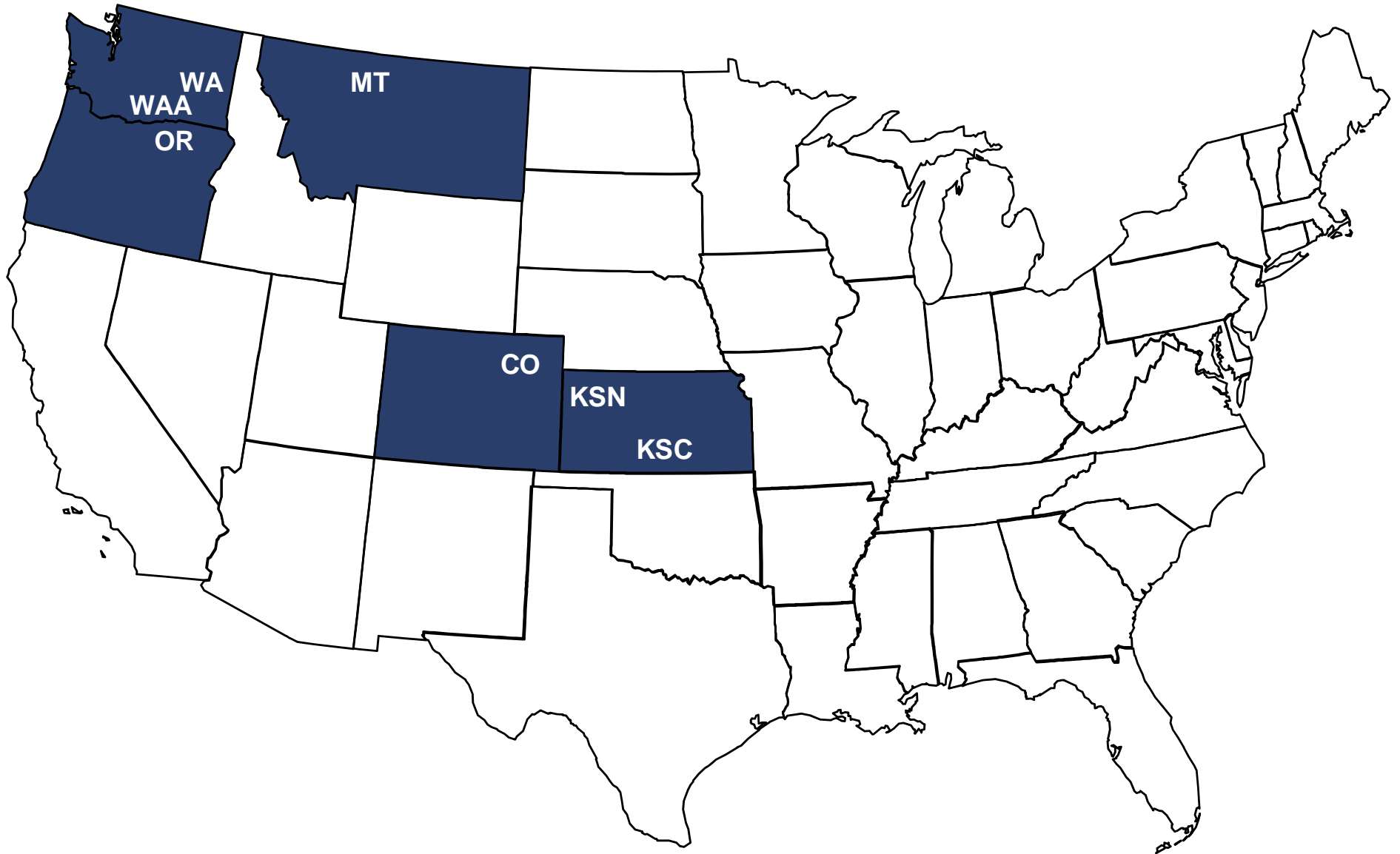


# Overall Economic Viability of Representative Feedgrain Farms, 2011-2015 FAPRI Baselines



# Location of AFPC Representative Wheat Farms

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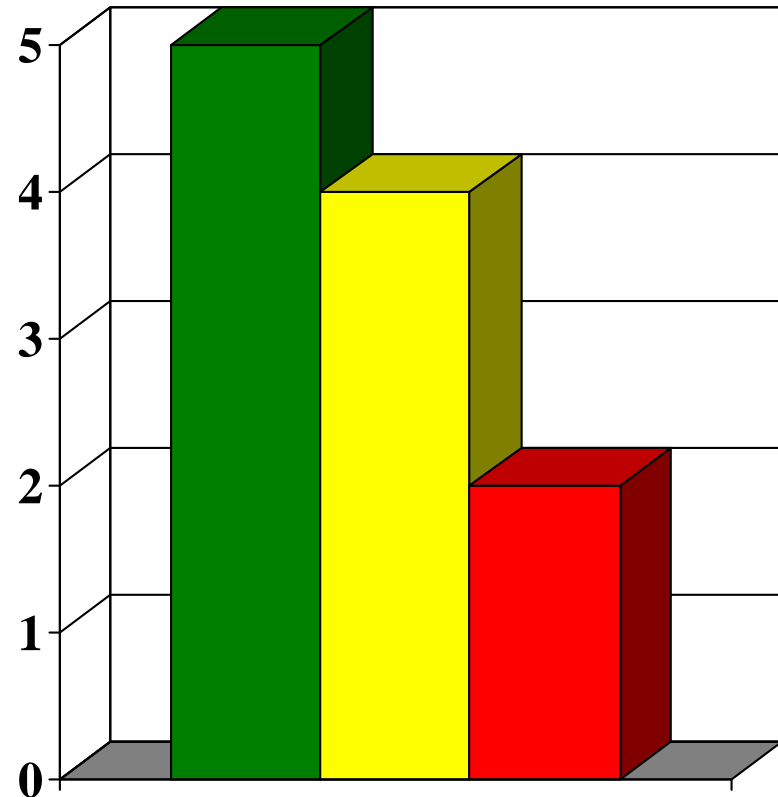
# Economic Viability of Representative Wheat Farms, January 2015 Baseline

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2018	2015-2018	2015-2018
5/4/2				
WAW2000			1-1	1-1
WAW7000			41-86	1-55
WAAW4500			25-58	1-18
MTW7000			1-1	1-1
ORW4100			1-1	1-1
KSCW2000			3-83	1-13
KSCW4500			1-1	1-1
KSNW4000			64-64	1-3
KSNW5980			98-97	3-56
COW3000			1-1	1-1
COW5640			5-59	1-1

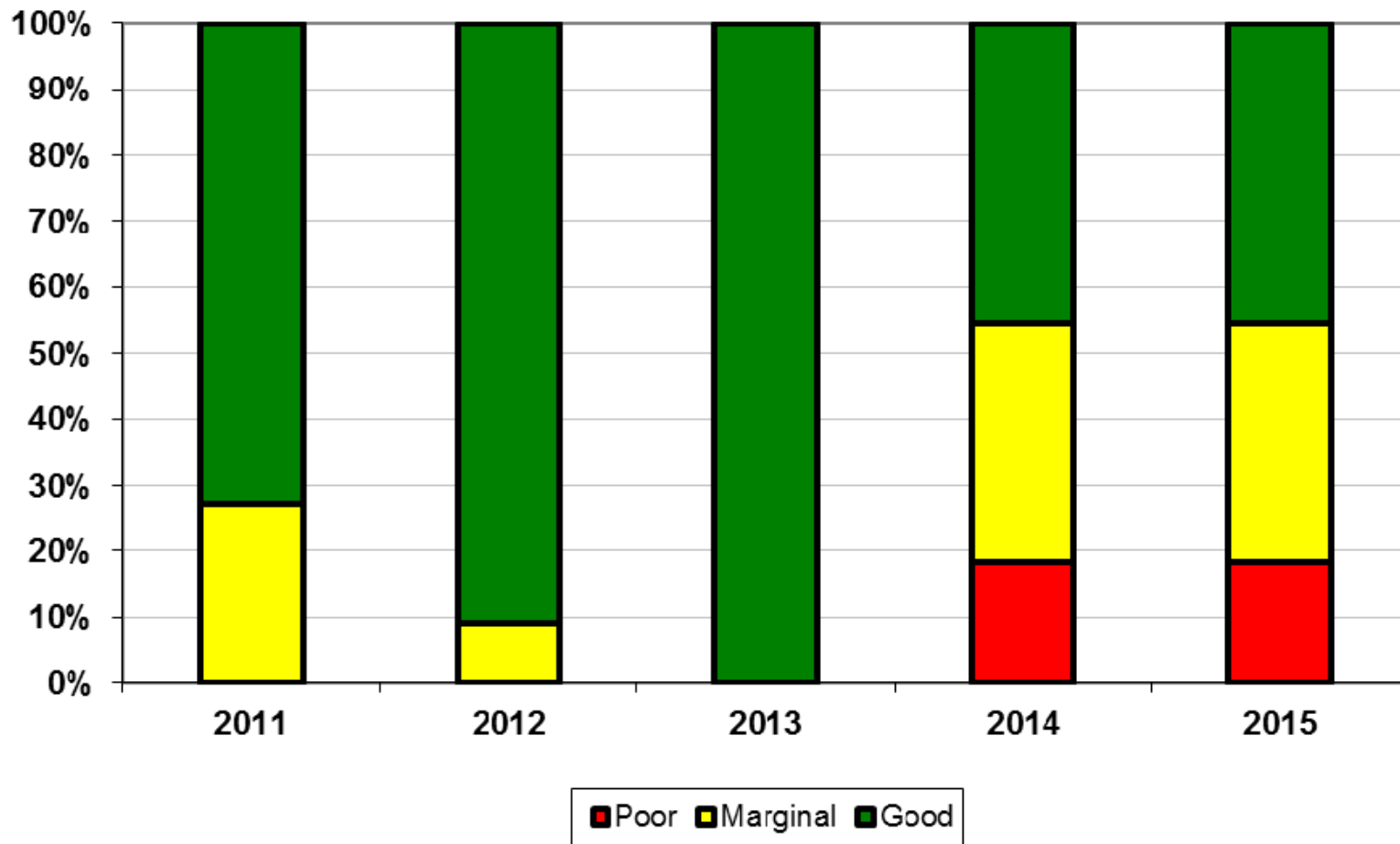
# Economic Viability of Representative Wheat Farms, January 2015 Baseline

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- Continues theme from 2014 baseline; two worst outlooks for wheat in last 5 years
- Relatively poor price outlook as compared to recent years is driving force for declining positions
- Most farms (9 of 11) still have very low chances of losing equity

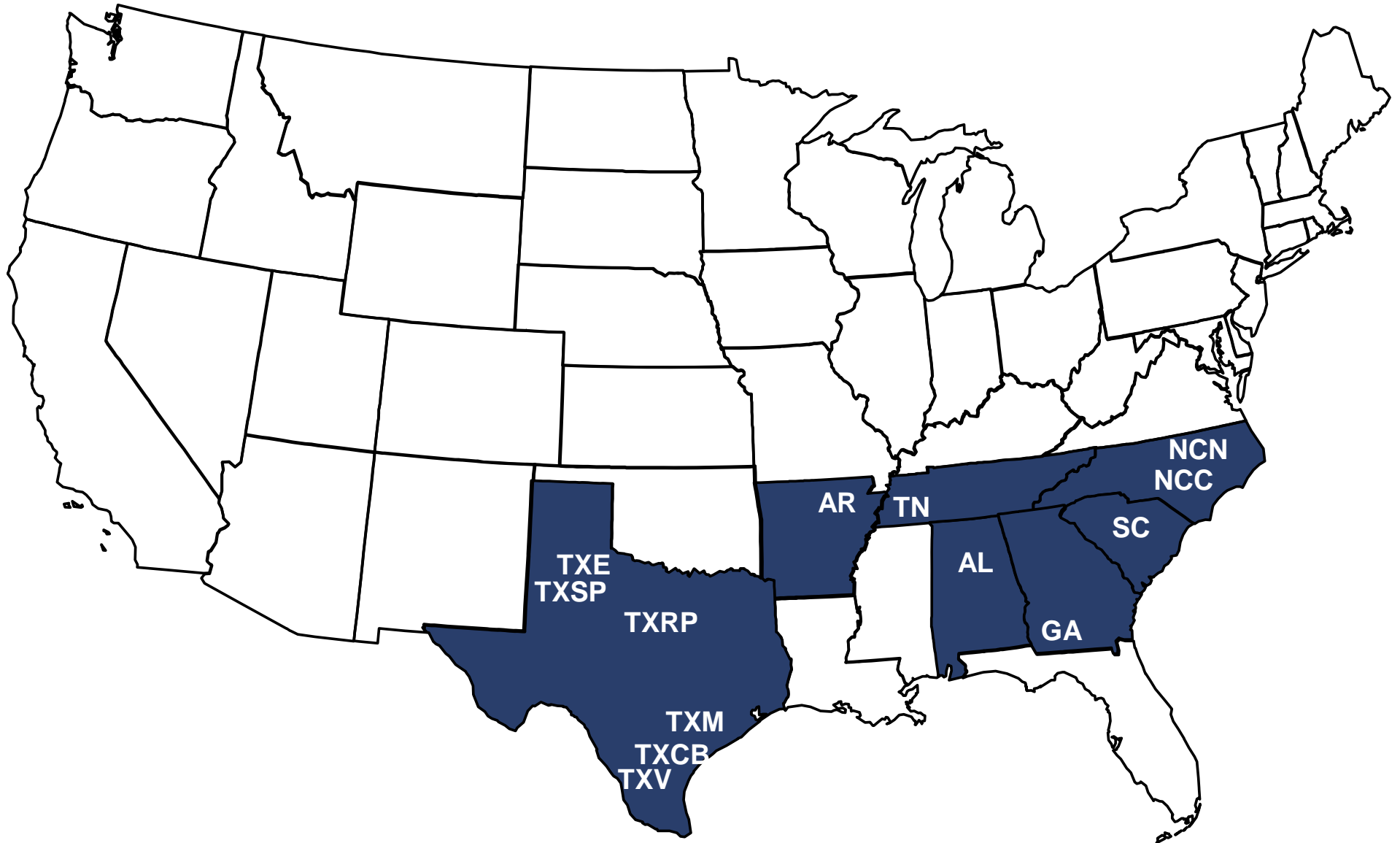


# Overall Economic Viability of Representative Wheat Farms, 2011-2015 FAPRI Baselines



# Location of AFPC Representative Cotton Farms

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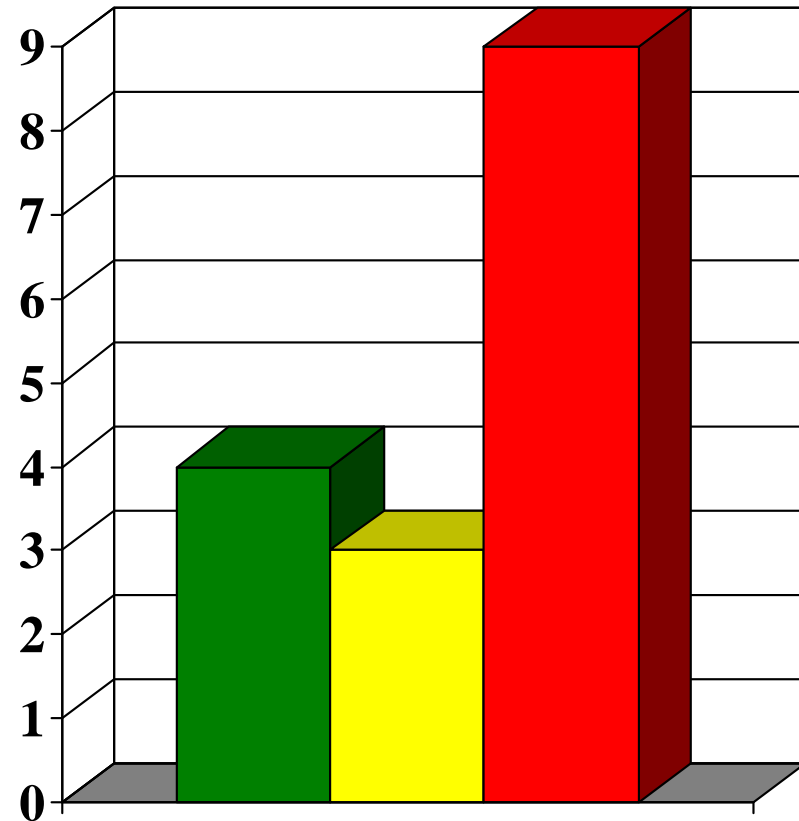
# Economic Viability of Representative Cotton Farms, January 2015 Baseline

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2018	2015-2018	2015-2018
4/3/9				
TXSP2500			62-78	41-62
TXSP4500			15-38	1-13
TXEC5000			1-1	1-1
TXRP2500			99-99	92-99
TXMC1800			92-97	70-89
TXCB2500			99-99	90-98
TXCB8000			44-60	38-55
TXVC4500			5-1	1-1
ARNC5000			83-93	44-77
TNC2100			1-1	1-1
TNC4050			1-5	1-1
ALC3000			27-76	19-67
GAC2300			13-37	1-1
SCC1800			18-35	1-2
NCC1700			1-51	1-26
NCNP1500			72-99	4-83

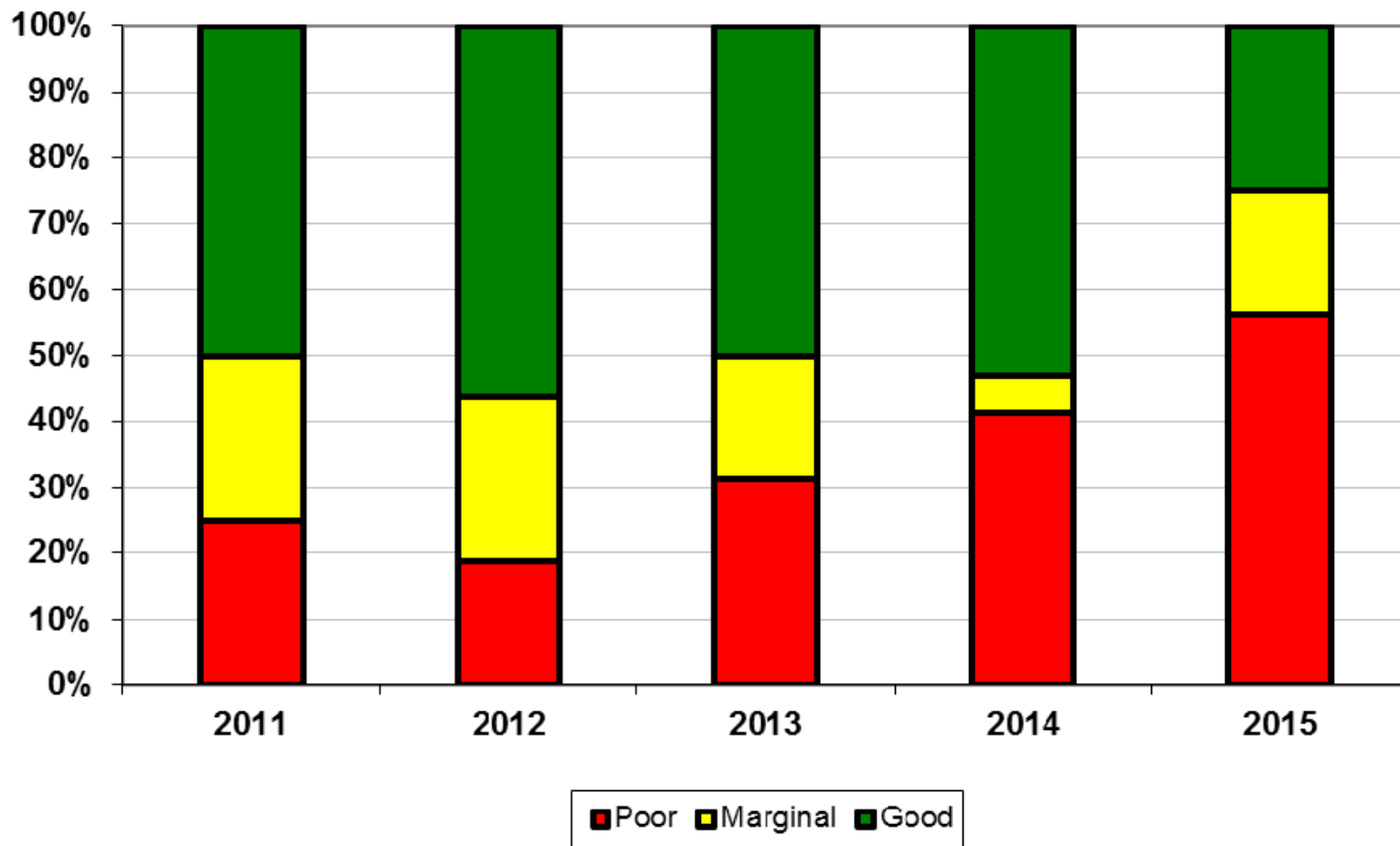
# Economic Viability of Representative Cotton Farms, January 2015 Baseline

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- Weighted heavily toward “marginal” and “poor” classification (75% of farms)
- Poor yields, primarily drought related, coupled with declining price are major contributing factors for many farms in marginal-poor condition
- Cotton acres seem to be shifting to other crops in many areas where other options exist



# Overall Economic Viability of Representative Cotton Farms, 2011-2015 FAPRI Baselines



# Location of AFPC Representative Rice Farms

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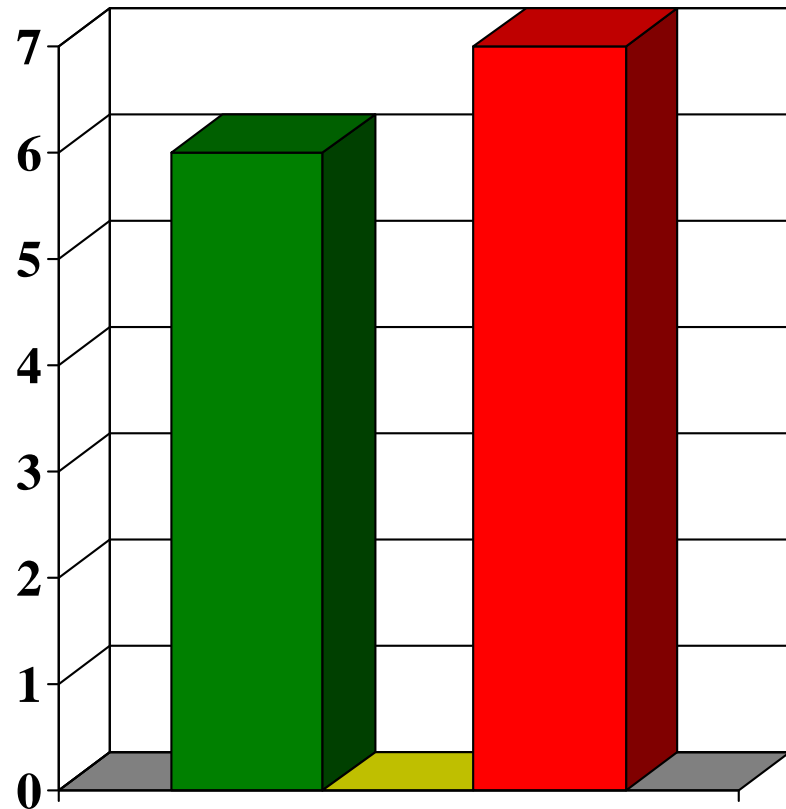
# Economic Viability of Representative Rice Farms, January 2015 Baseline

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2018	2015-2018	2015-2018
6/0/7				
CAR550			99-99	2-38
CAR3000			4-9	4-8
CABR1300			1-1	1-1
CACR800			4-9	1-1
TXR1500			49-91	1-31
TXR3000			1-15	1-8
TXBR1800			1-1	1-1
TXER3200			85-99	4-90
LA SR1480			99-99	99-99
ARMR6500			98-99	88-99
ARSR3240			3-11	1-3
ARWR1400			99-99	91-99
ARHR3000			98-99	29-97

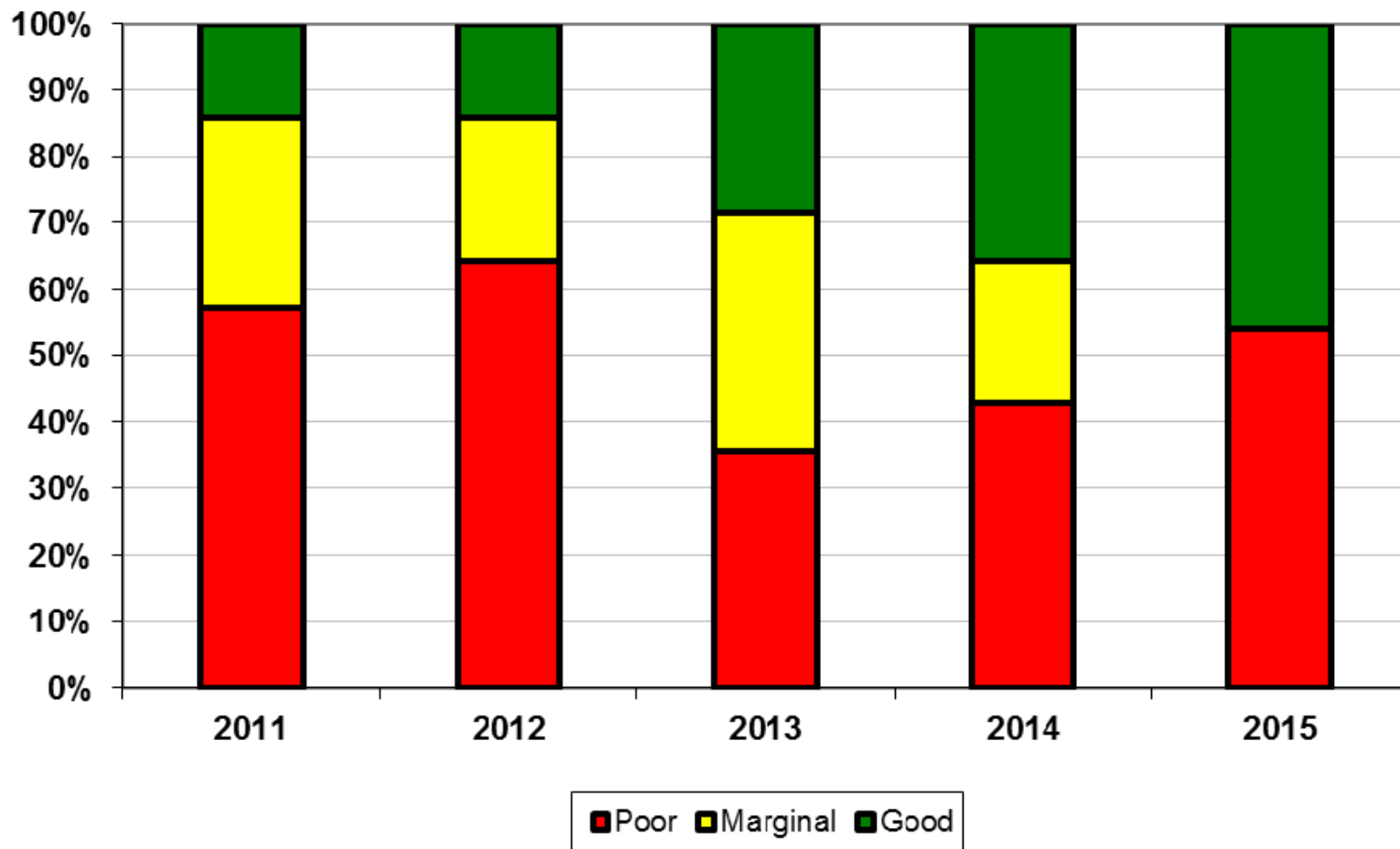
# Economic Viability of Representative Rice Farms, January 2015 Baseline

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- Almost half split between “good” and “poor” condition; no middle-ground
- Similar outlook to a year ago, with exception of “marginal” farms shifting to “poor” category
- Some rice farms in AR diversifying crop mix; lack of water in TX continues to be an issue

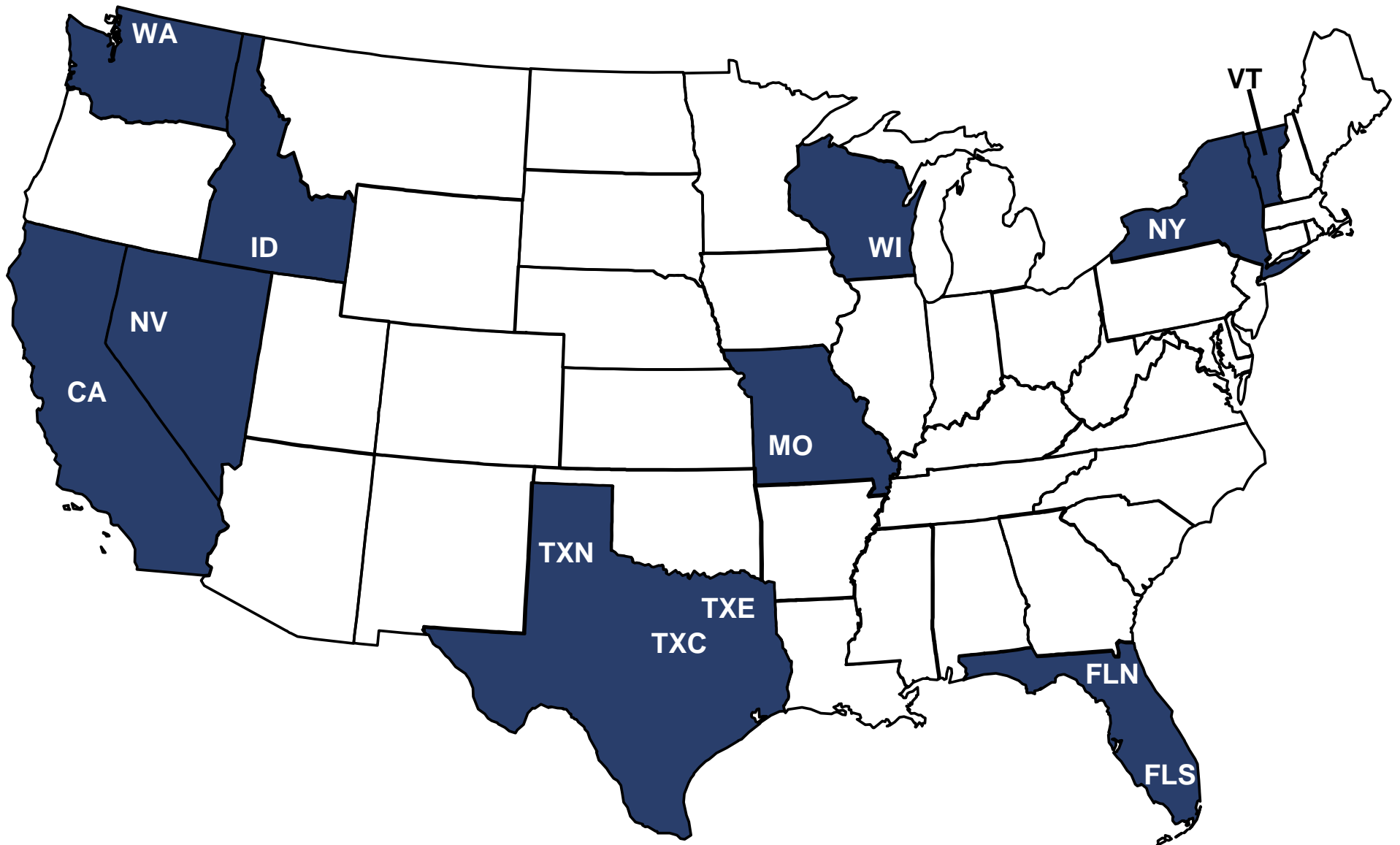


# Overall Economic Viability of Representative Rice Farms, 2011-2015 FAPRI Baselines



# Location of AFPC Representative Dairies

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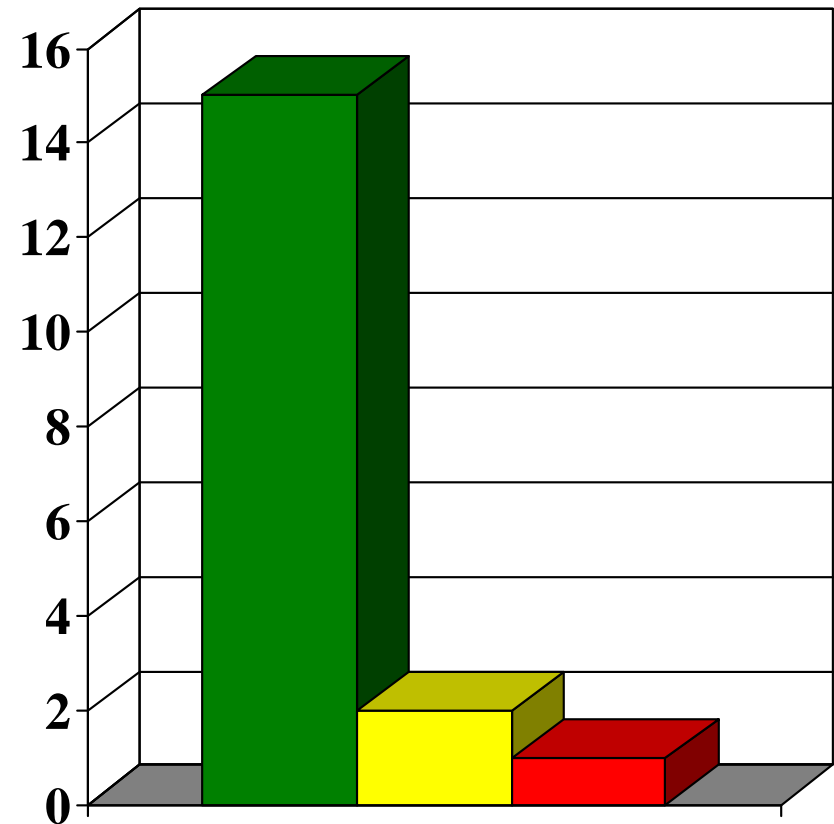
# Economic Viability of Representative Dairies, January 2015 Baseline

Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2018	2015-2018	2015-2018
15/2/1				
CAD2000			1-2	1-6
WAD250			38-58	1-1
WAD850			1-1	1-1
IDD3000			10-17	1-1
NWD1000			1-1	1-1
TXND3000			2-4	1-1
TXCD1300			15-19	1-1
TXED400			8-13	1-1
WID145			1-1	1-1
WID1000			1-1	1-1
NYWD500			1-1	1-1
NYWD1200			1-1	1-1
VTD140			96-99	1-47
VTD400			3-15	1-1
MOGD550			1-1	1-1
MOGD180			1-1	1-1
FLND550			4-4	1-1
FLSD1500			59-41	3-17

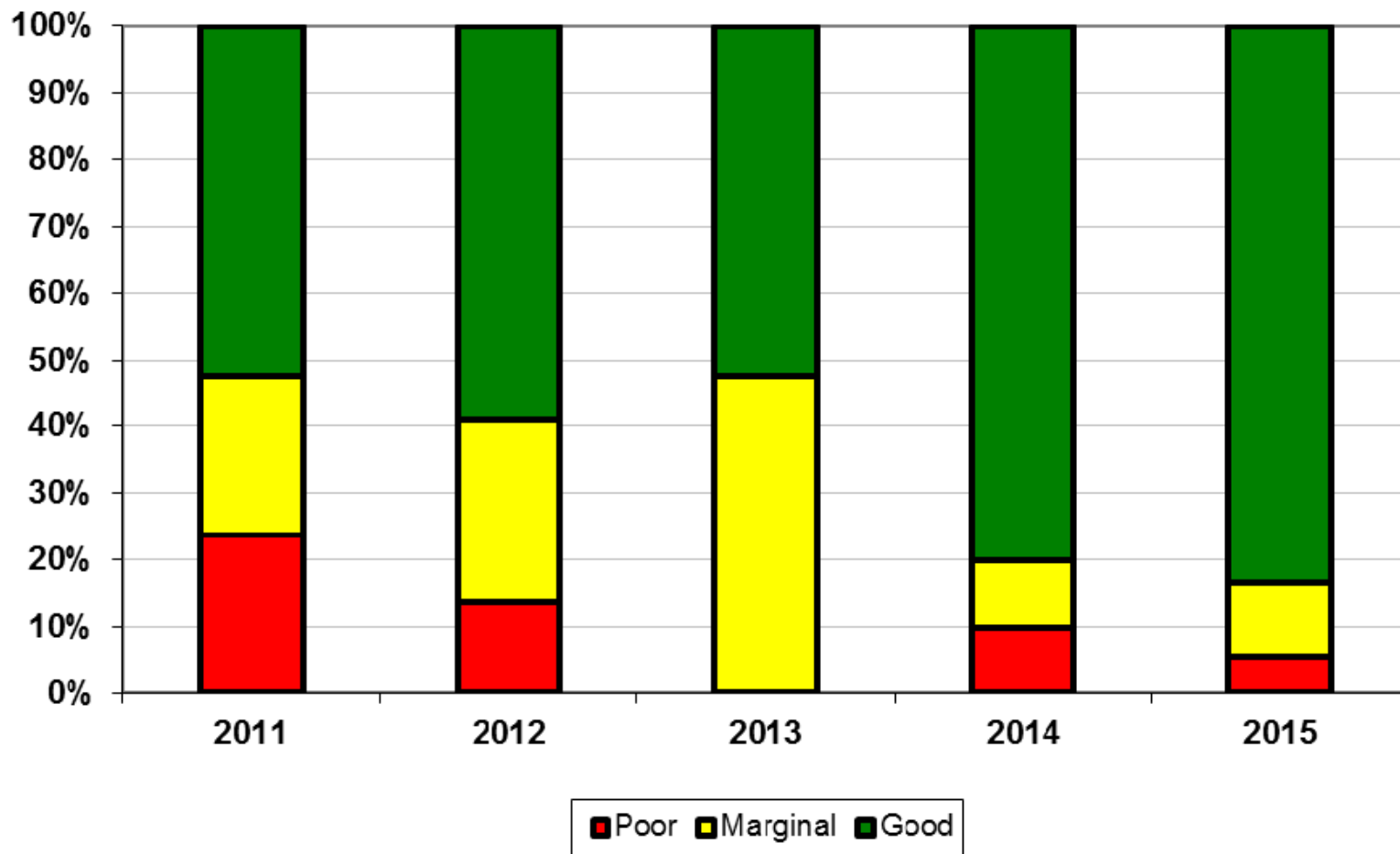
# Economic Viability of Representative Dairies, January 2015 Baseline

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- Over 80% of the dairies are classified as “good”
- Only 3 dairies with over 25% chance of cash flow stress
- Even fewer are expected to struggle with equity position over projection period

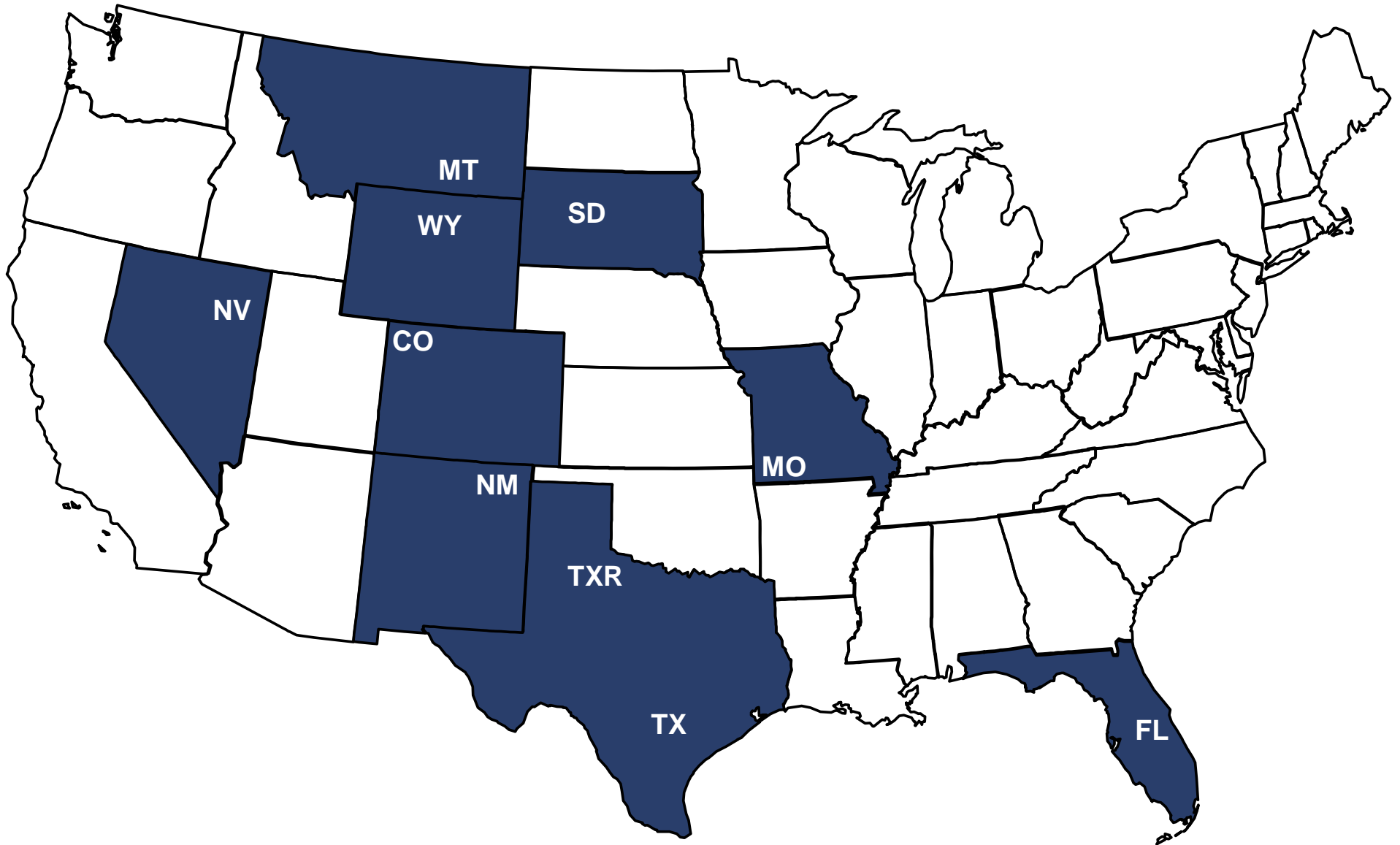


# Overall Economic Viability of Representative Dairies, 2011-2015 FAPRI Baselines



# Location of AFPC Representative Ranches

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# Economic Viability of Representative Ranches, January 2015 Baseline

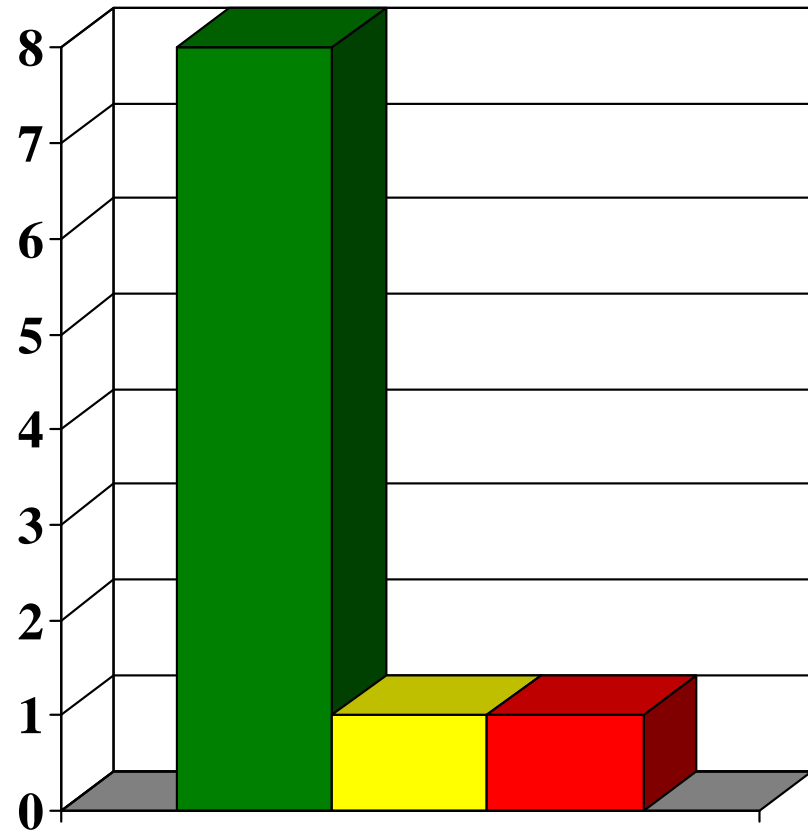
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Farm Name	Overall Ranking		P(Negative Ending Cash)	P(Real Net Worth Declines)
	2015	2018	2015-2018	2015-2018
8/1/1				
NMB650			1-1	1-1
MTB600			1-1	1-1
WYB475			1-1	1-1
COB250			1-1	1-1
NMB160			99-99	1-1
SDB375			1-1	1-1
MOB250			1-1	1-1
TXRB250			99-99	1-80
TXSB275			1-1	1-1
FLB1155			1-1	1-1

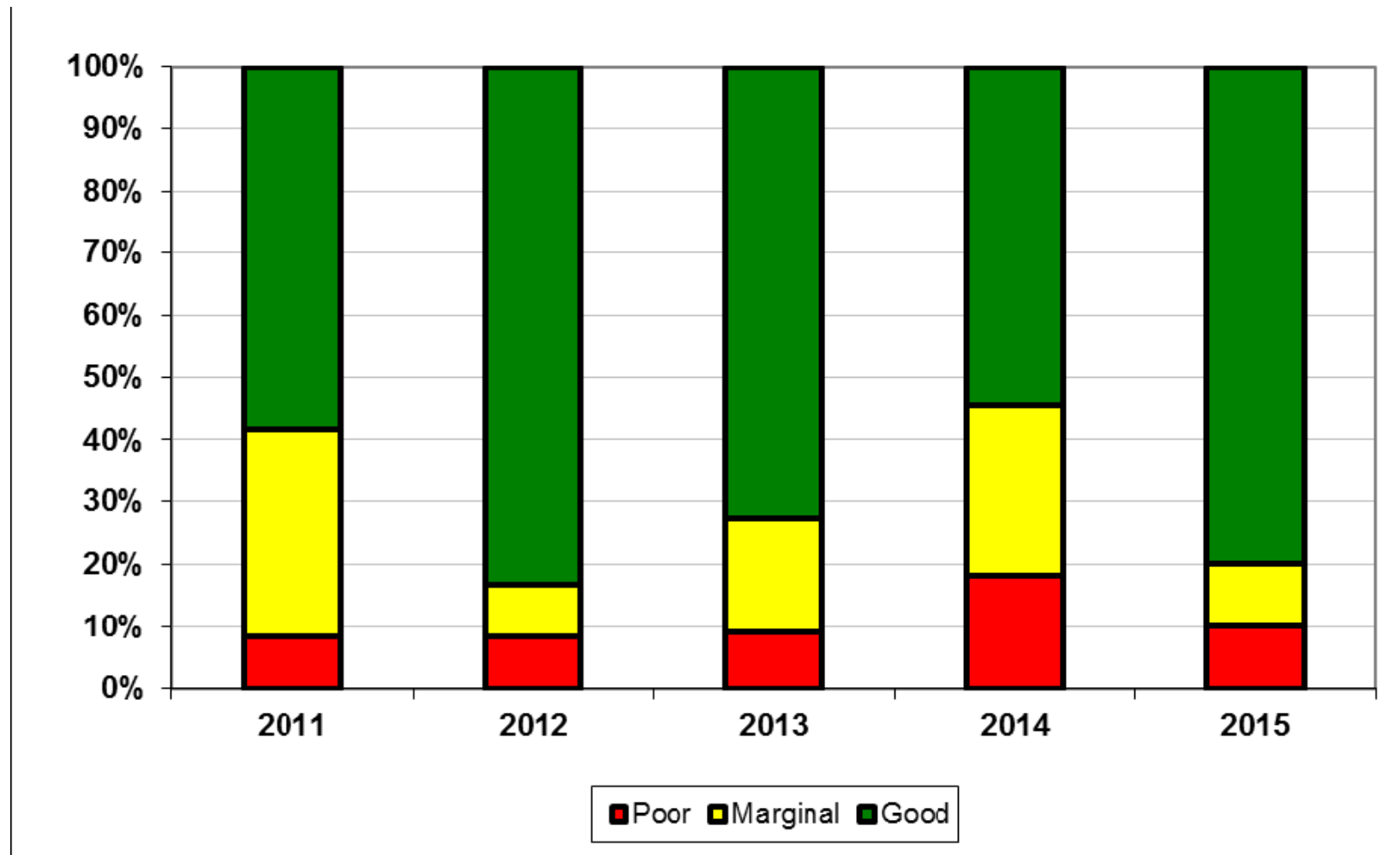
# Economic Viability of Representative Ranches, January 2015 Baseline

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- Ranches in marginal and poor condition have experienced large reduction in herd size, primarily due to drought conditions
- The plan for these ranches is to build cow numbers as range conditions hopefully improve



# Overall Economic Viability of Representative Ranches, 2011-2015 FAPRI Baselines



# Questions?

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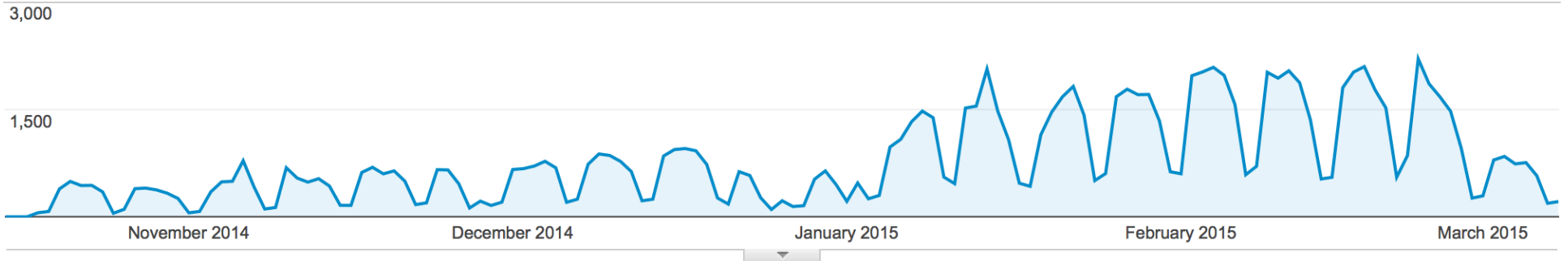
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# Decision Aid Use Oct-March



Sessions

111,888



Users

38,413



Pageviews

2,513,513



Pages / Session

22.46



Avg. Session Duration

00:23:36

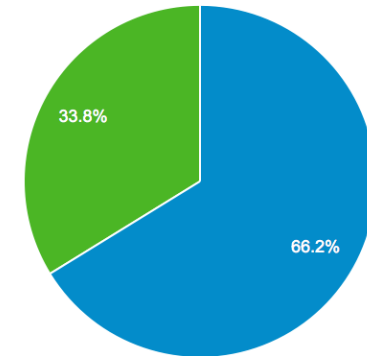


Bounce Rate

22.77%

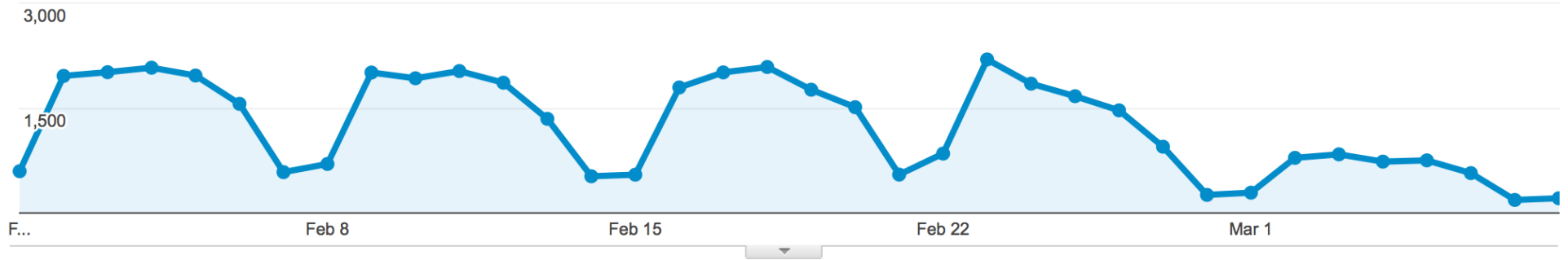


■ Returning Visitor ■ New Visitor



# Decision Aid Use Feb-March

● Sessions



Sessions  
44,991



Users  
15,921



Pageviews  
1,093,317



Pages / Session  
24.30



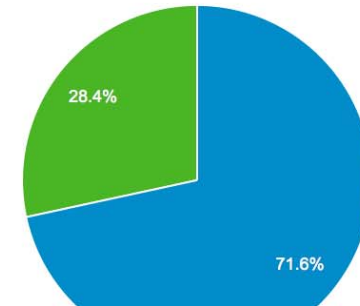
Avg. Session Duration  
00:25:27



Bounce Rate  
20.34%



■ Returning Visitor ■ New Visitor



# Help Desk Highlights

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- Answered 1,496 calls and emails from September 25, 2014 to February 28, 2015.
- The average length of time answering questions is 10 minutes.
- Have received calls and emails from 40 of the 50 states.
  - Only states not to call are: Hawaii, Nevada, Utah, Delaware, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, and Maine.

# What are People Asking

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- As you can imagine, what people ask us has a wide range.....
  - From I can't find the decision aid on the web
  - To can you explain the statistical calculations methodology behind the decision aid

# What are People Asking

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- Most Frequently asked questions include
  - Login issues (including forgotten passwords)
  - Help understanding risk-based simulation
  - General questions about how to enter data
    - Irrigated versus dryland crops
    - Base acres, but no recent planted history
    - Planted the crop recently, but have no base acres
    - Where to find the information they need to enter into the decision aid
  - Can you go through the result with me
    - Which sometimes leads to “what should I do?” (which we don’t answer)

# Summary

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- We have had a diverse group of users call and email
- A few have even offered suggestions
  - We thought some of the suggestions were such good ideas that we implemented them into the decision aid.
- The majority seem very happy with the help they receive and having the support available when needed