

# Contribution of Animal Income in Chicago FED States

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# 2006-2013 High Feed Prices: High Anxiety For Animal Industries!

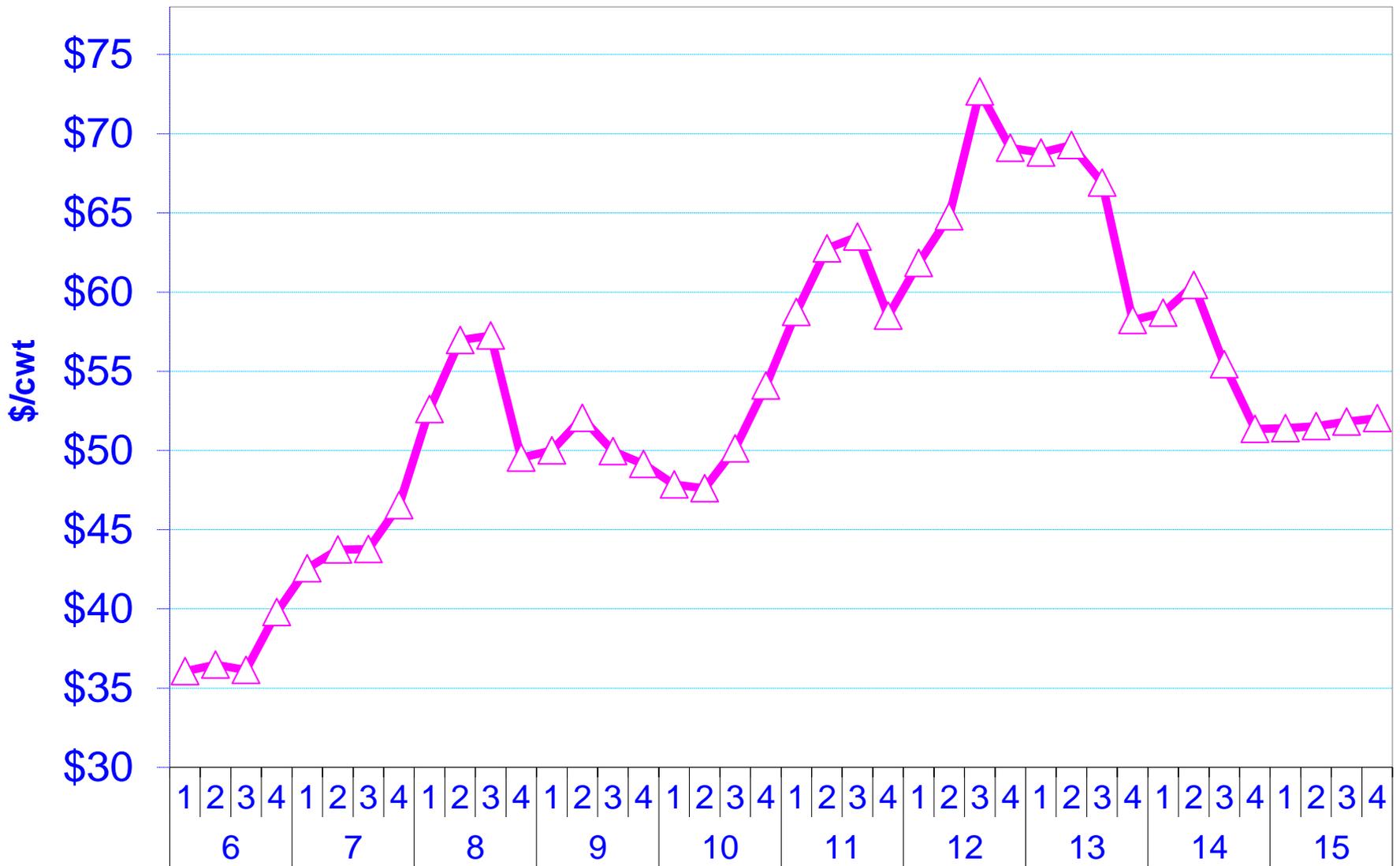


# 13 & 14 Crops Bring Feed Price Relief!

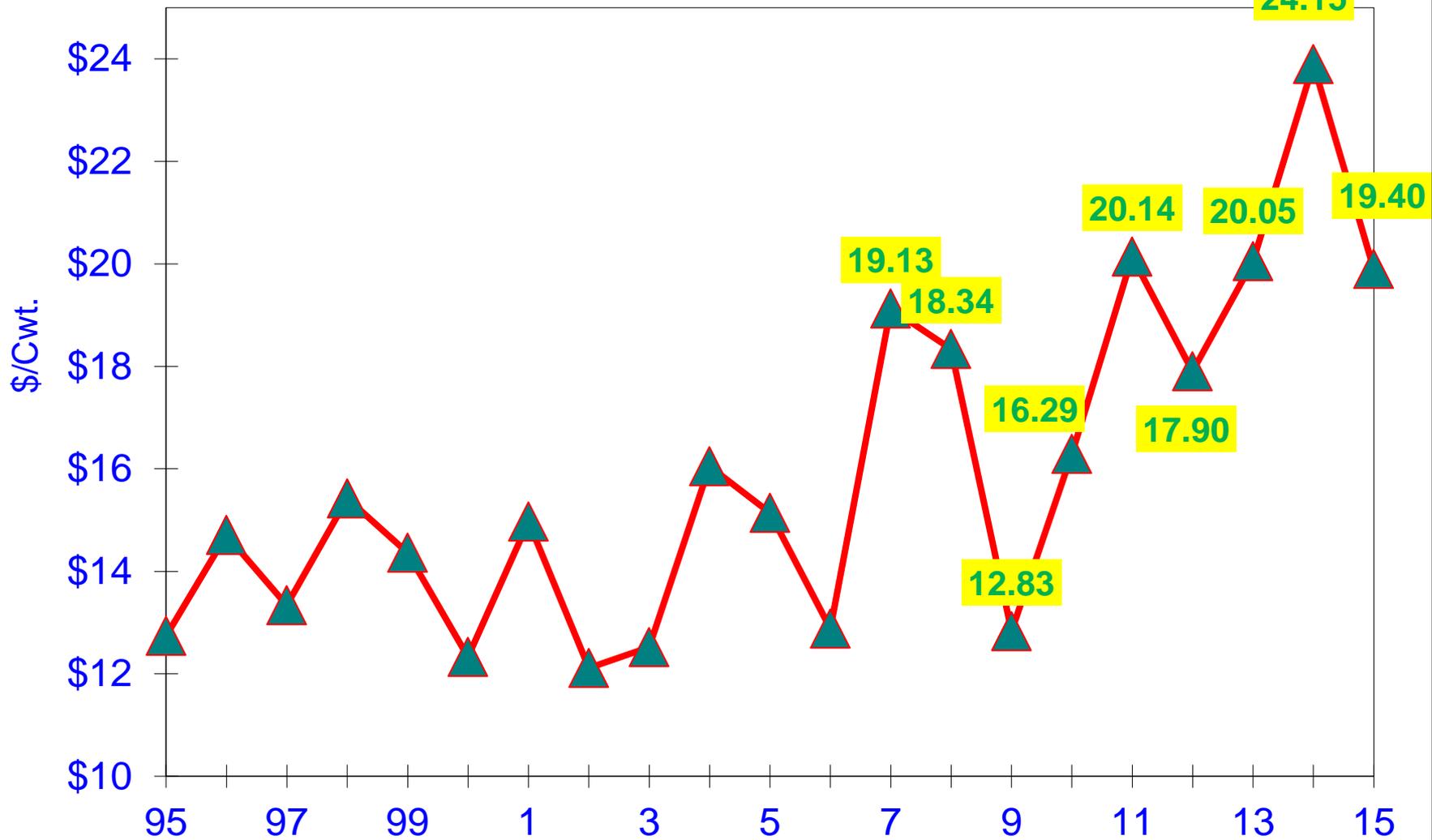


Thank  
You!

# Purdue Estimated Hog Costs Per Live Hundredweight:

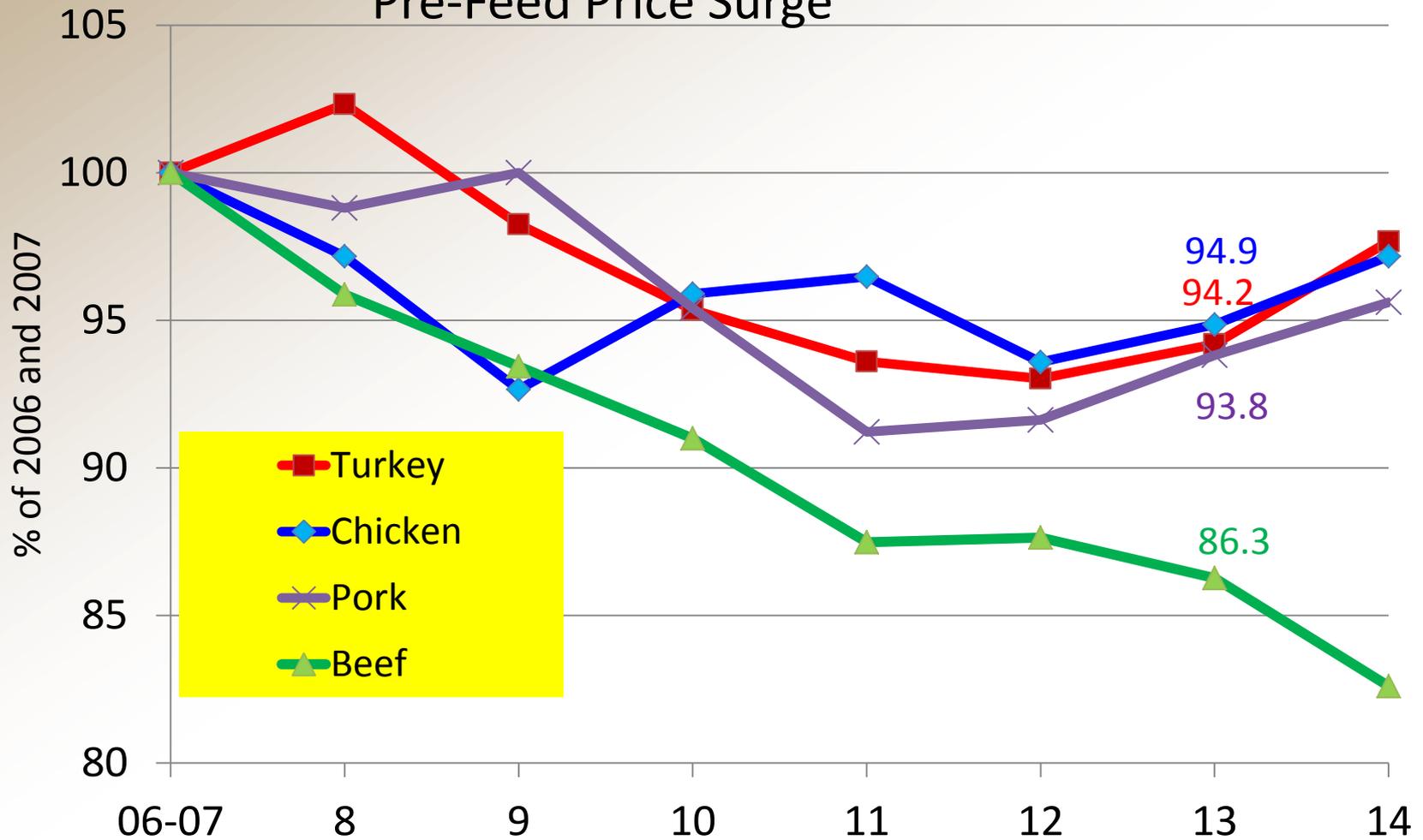


# U.S. All Milk Price





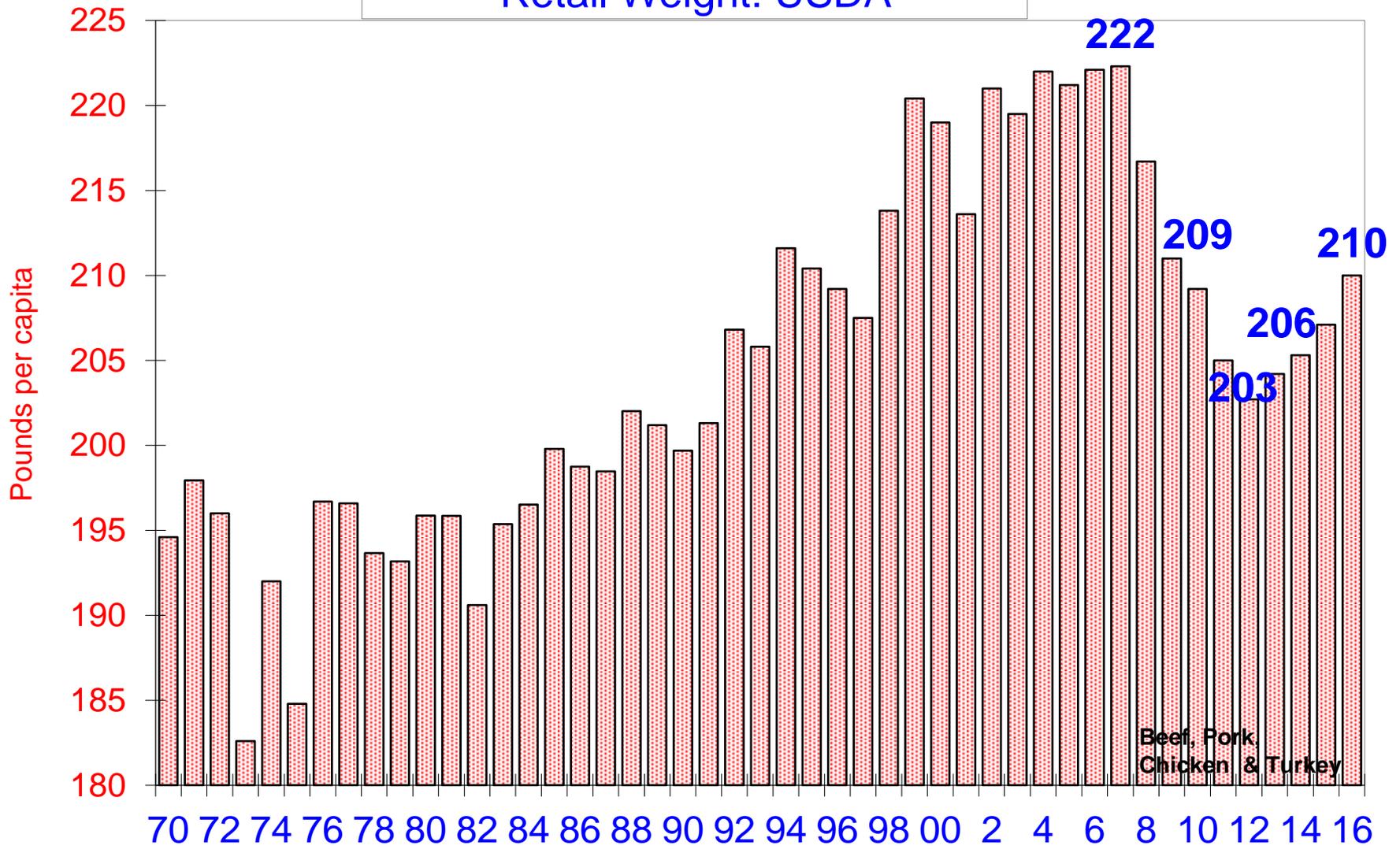
# Change in Per Capita Consumption vs. Pre-Feed Price Surge



## Change in Price: 2006 & 2007 = 100



# Per Capita Total Meats and Poultry Retail Weight: USDA



|                 | <b>13</b> | <b>14</b> | <b>15</b> |
|-----------------|-----------|-----------|-----------|
| Milk            | 20.05     | 24.15     | 19.40     |
| Hogs            | 64.05     | 76.60     | 65.50     |
| Finished Cattle | 126       | 152.90    | 155.50    |
| Eggs            | 124.7     | 137.20    | 129       |
| Broilers        | 99.7      | 105.2     | 104.0     |
| Turkey          | 99.8      | 107.6     | 106.5     |



**Lower Feed Prices!**

**Time to get back in the GAME:**

|                | Production  |             |
|----------------|-------------|-------------|
|                | <u>2014</u> | <u>2015</u> |
| Beef           | -5%         | -2%         |
| Pork           | -2%         | +3%         |
| Chicken        | +2%         | +3%         |
| <u>Turkey</u>  | <u>-1%</u>  | <u>+3%</u>  |
| Total \$ Meats | -1.3%       | +2.1%       |
| Eggs           | +2%         | +2%         |
| Milk           | +2%         | +3%         |

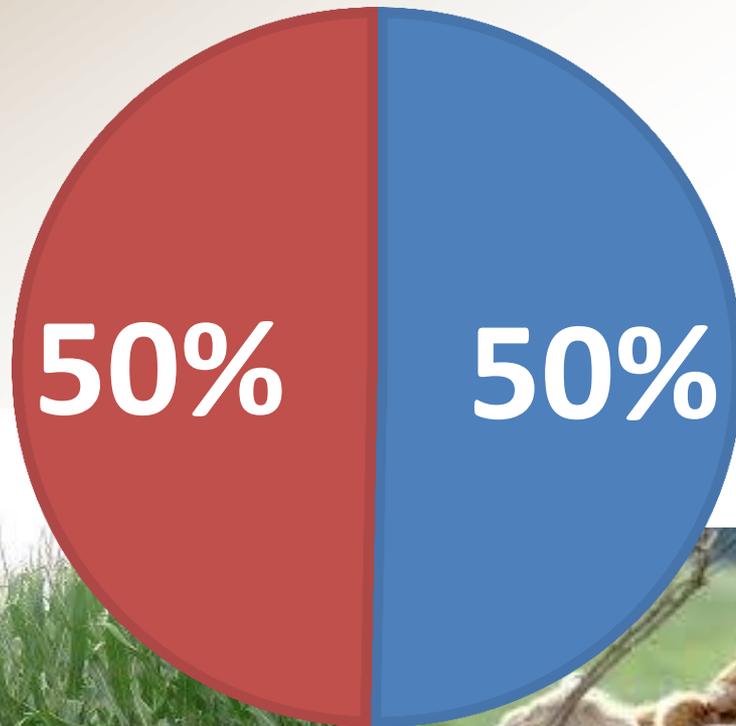
# What is the Impact of Animal Agriculture on Farm Incomes?

U.S.?

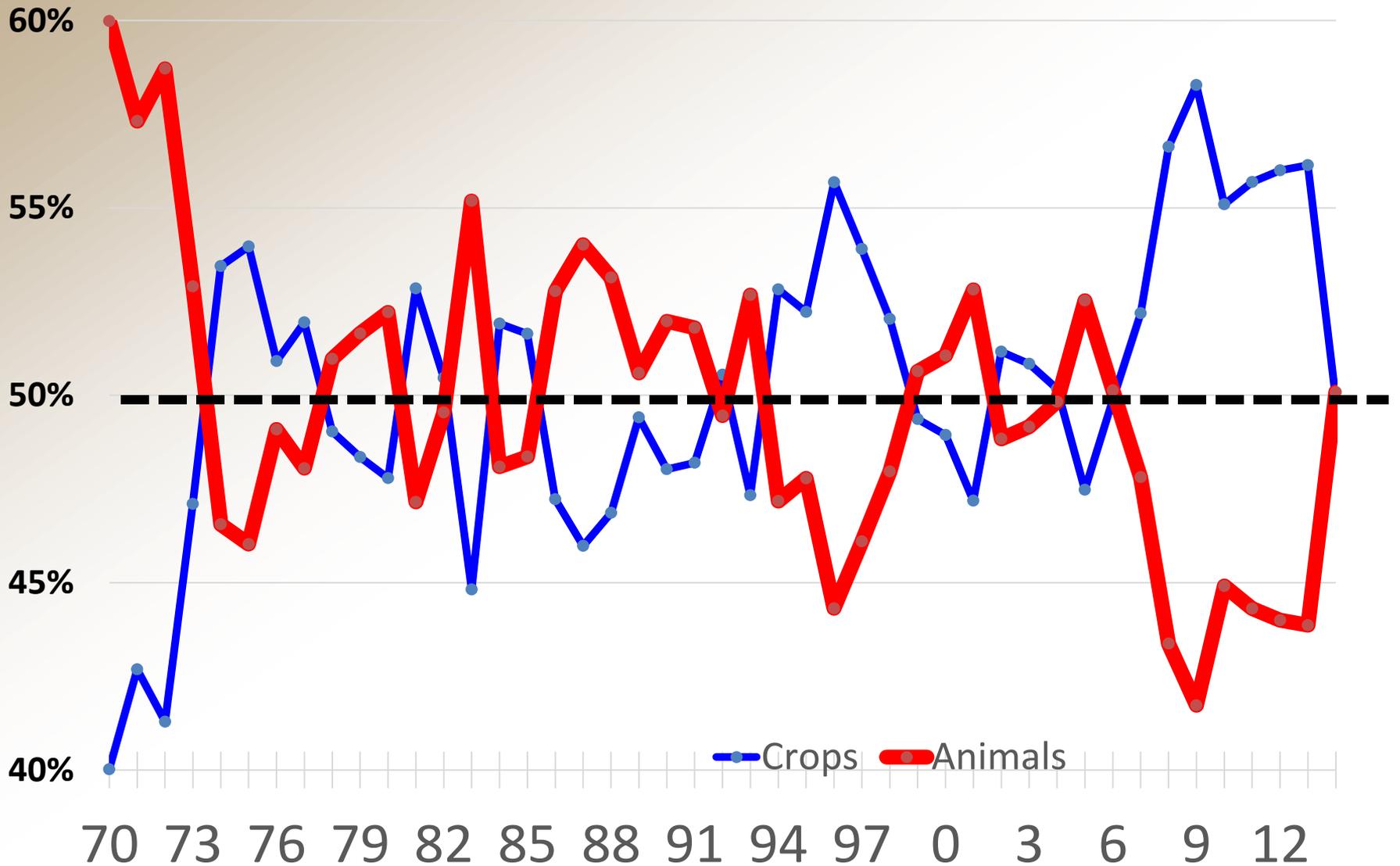
Chicago FED States?

## U.S. VALUE OF PRODUCTION: AVERAGE 1970-2014

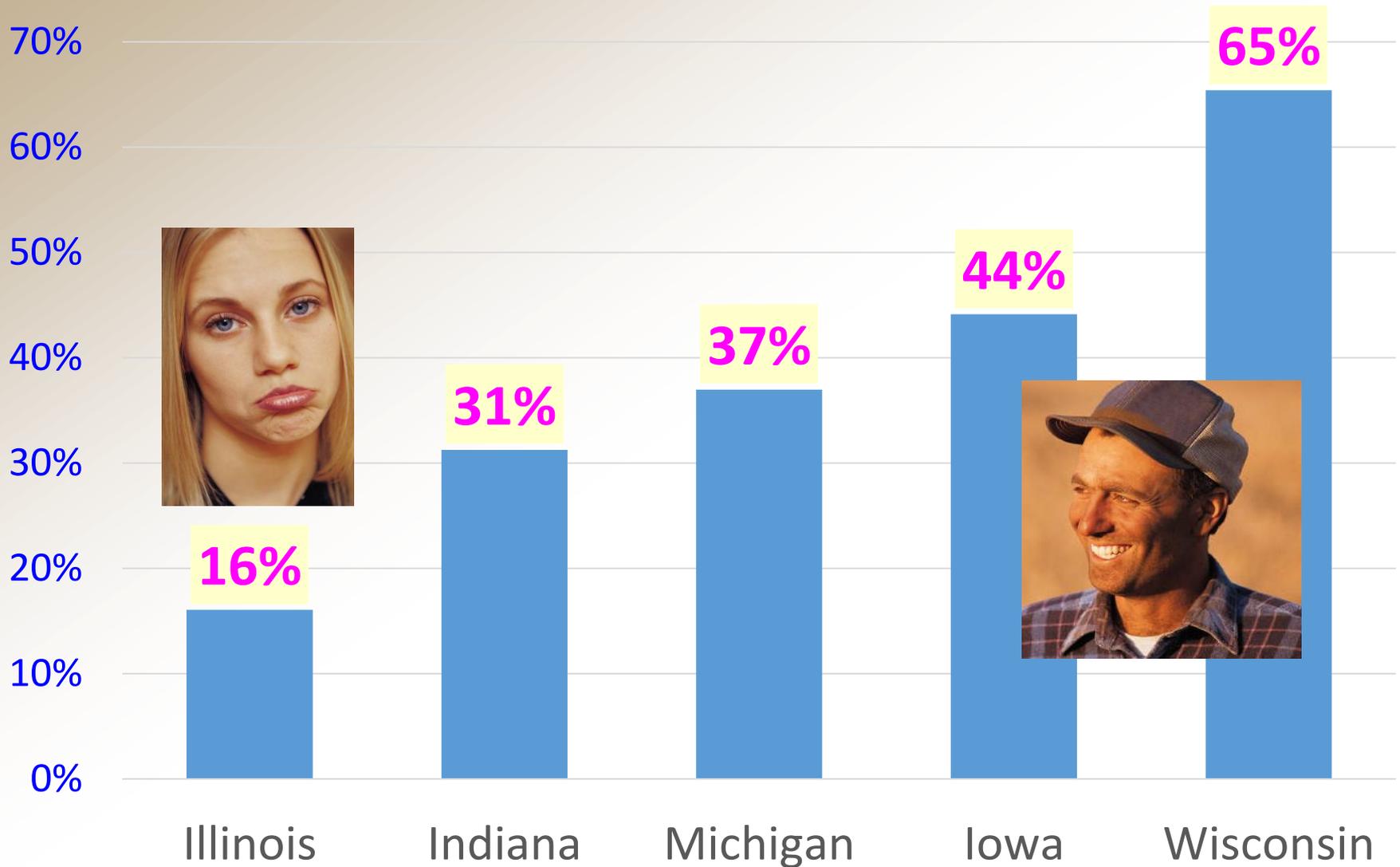
■ Crops ■ Animals



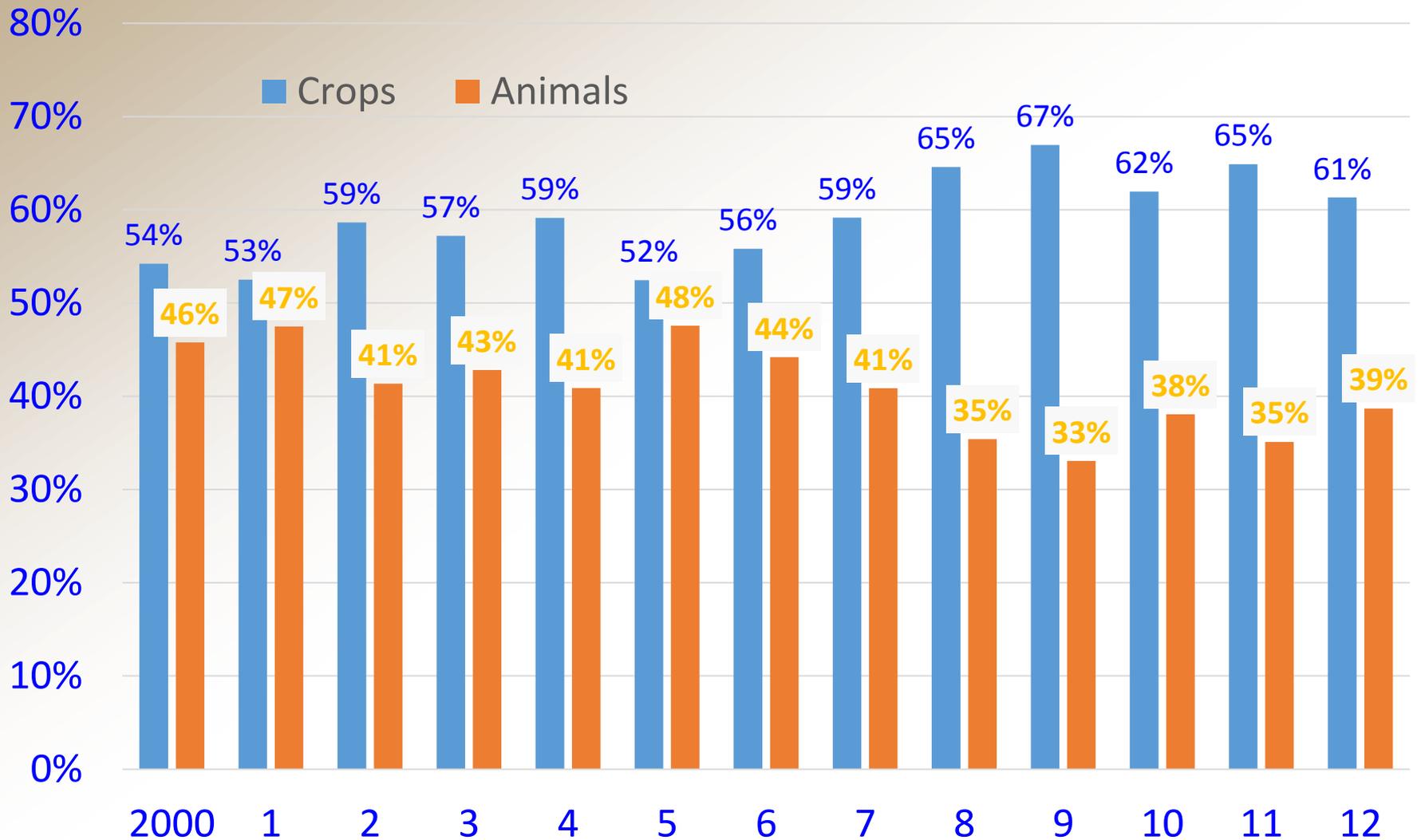
# Crops/Animal % of U.S. Production Value



## Portion of Farm Value from Animals: 2012



## Chicago FED States



# Farm Income: A Tale of Two Farms

Crop  
Farm  
Incomes!



Animal  
Farm  
Incomes

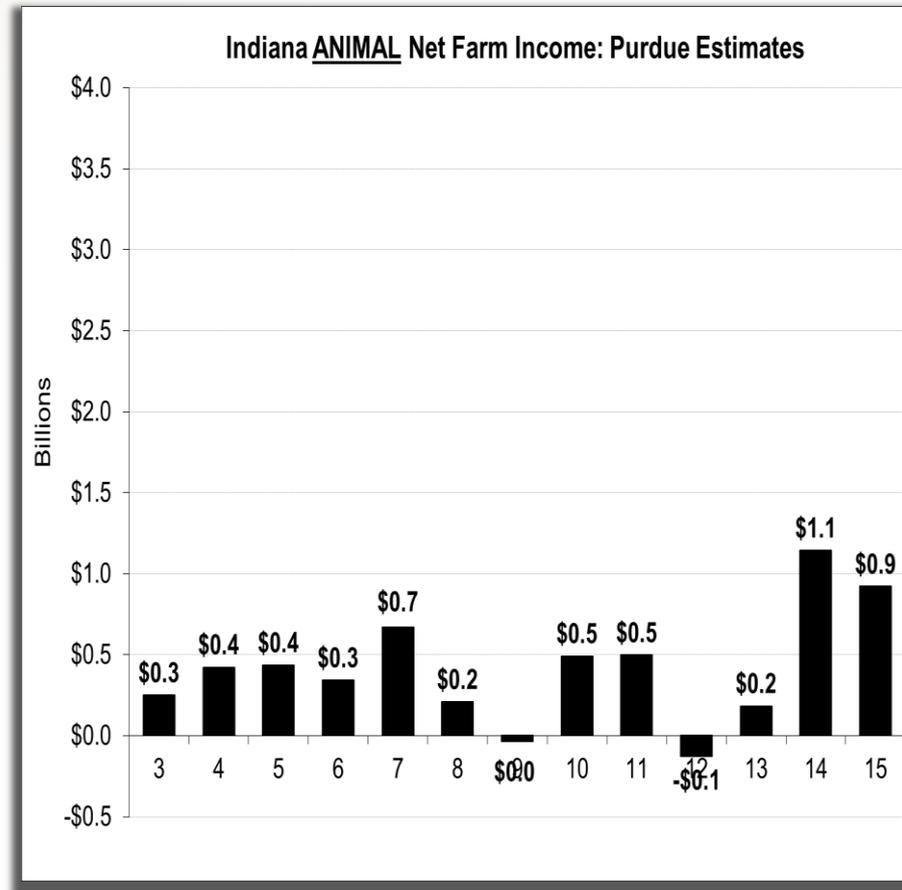
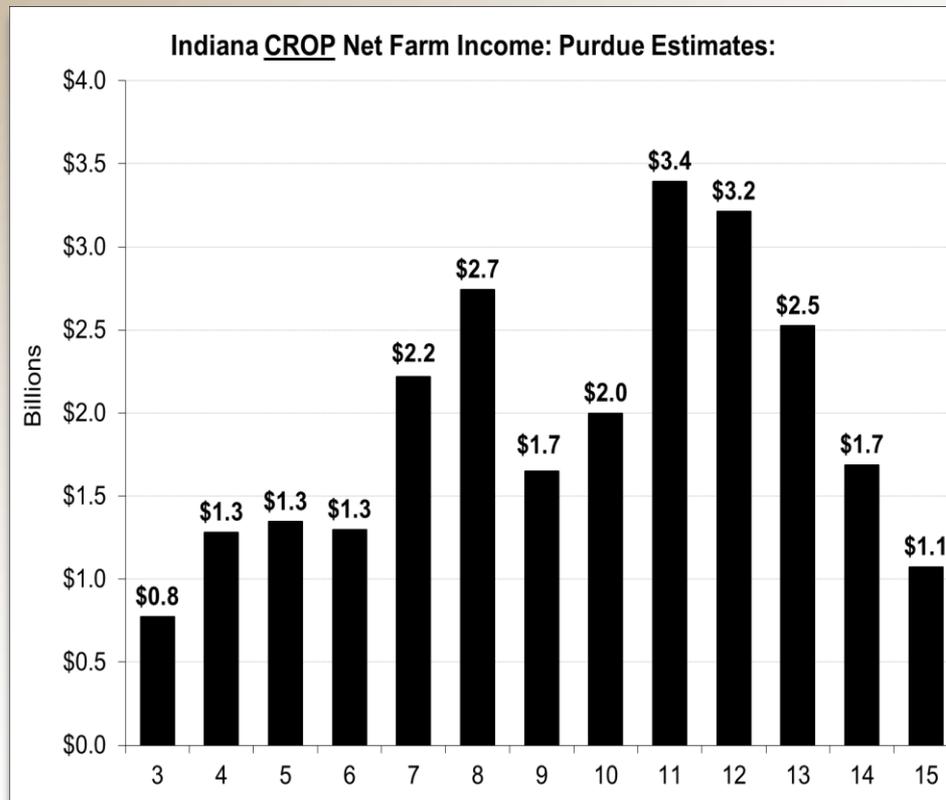


## Crop Farm Incomes:

- Down 30% in 2014
- Down another 35% in 2015
- At or below 2004 to 2006

## Animal Farm Incomes:

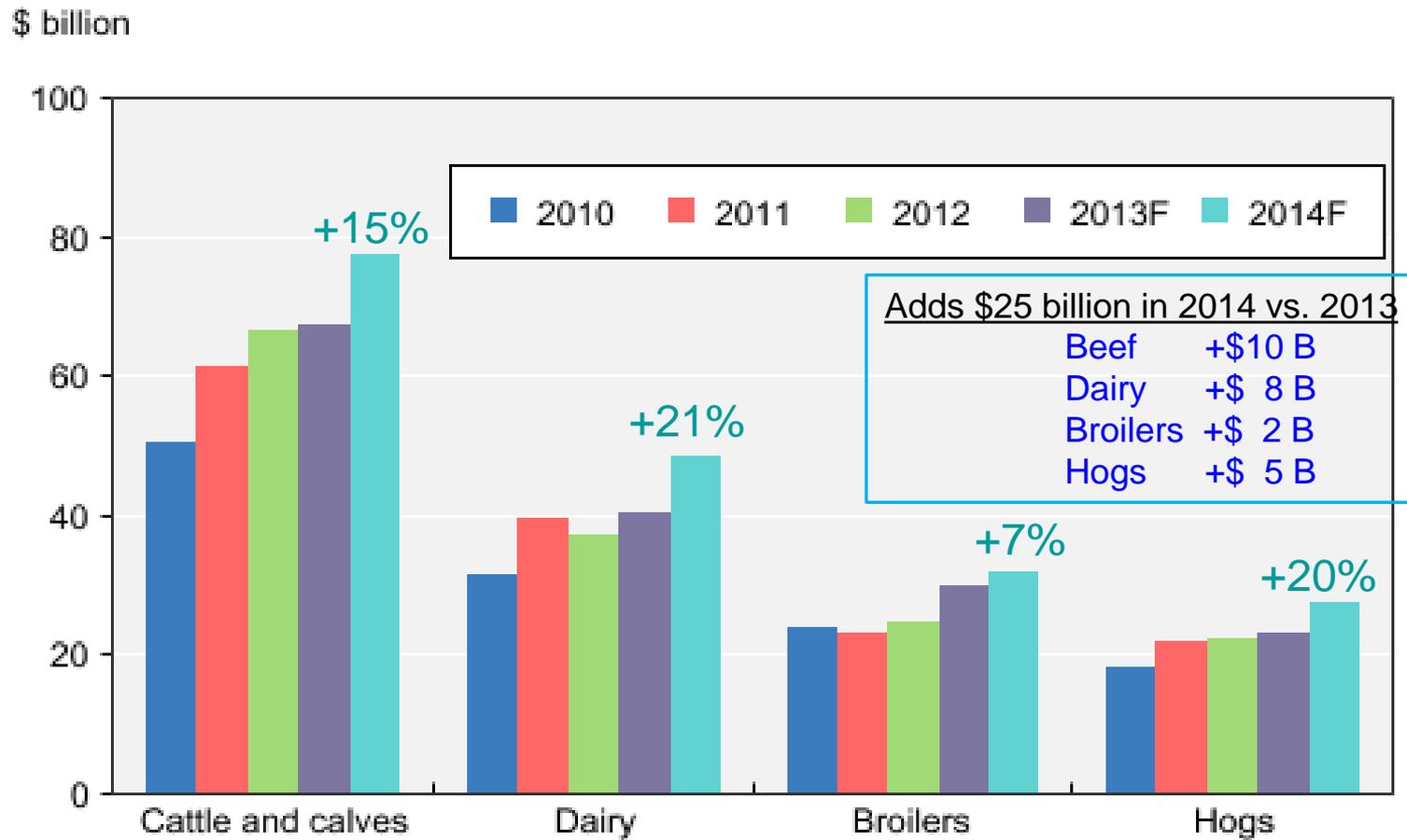
- Record High in 2014
- Near record in 2015
- But only 31% of total receipts



## Percent of Total Farm Receipts 2012

|           | Hogs  | Cattle/Calves | Dairy | Chicken/eggs | Turkey | Other |
|-----------|-------|---------------|-------|--------------|--------|-------|
| Illinois  | 7.5%  | 2.9%          | 1.9%  | 0.4%         | 0.0%   | 0.2%  |
| Indiana   | 10.0% | 3.0%          | 5.9%  | 3.9%         | 3.6%   | 0.0%  |
| Michigan  | 4.3%  | 5.8%          | 20.2% | 2.8%         | 0.0%   | 0.7%  |
| Iowa      | 21.8% | 12.0%         | 2.7%  | 3.1%         | 0.0%   | 0.2%  |
| Wisconsin | 1.1%  | 10.6%         | 43.2% | 1.7%         | 0.0%   | 3.4%  |

# U.S. value of production for selected livestock, 2010-2014F

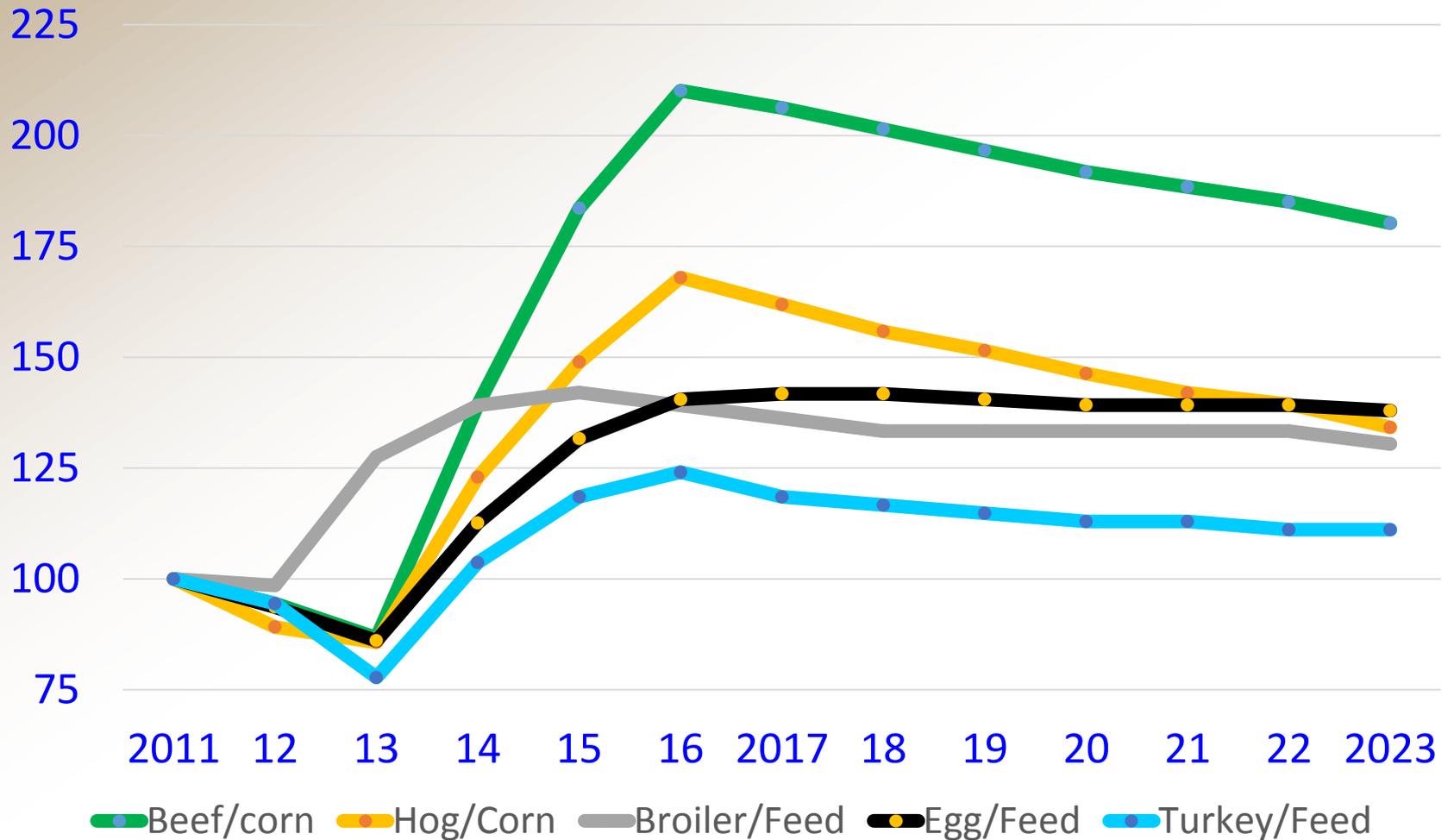


Note: Data for 2013 and 2014 are forecasts.

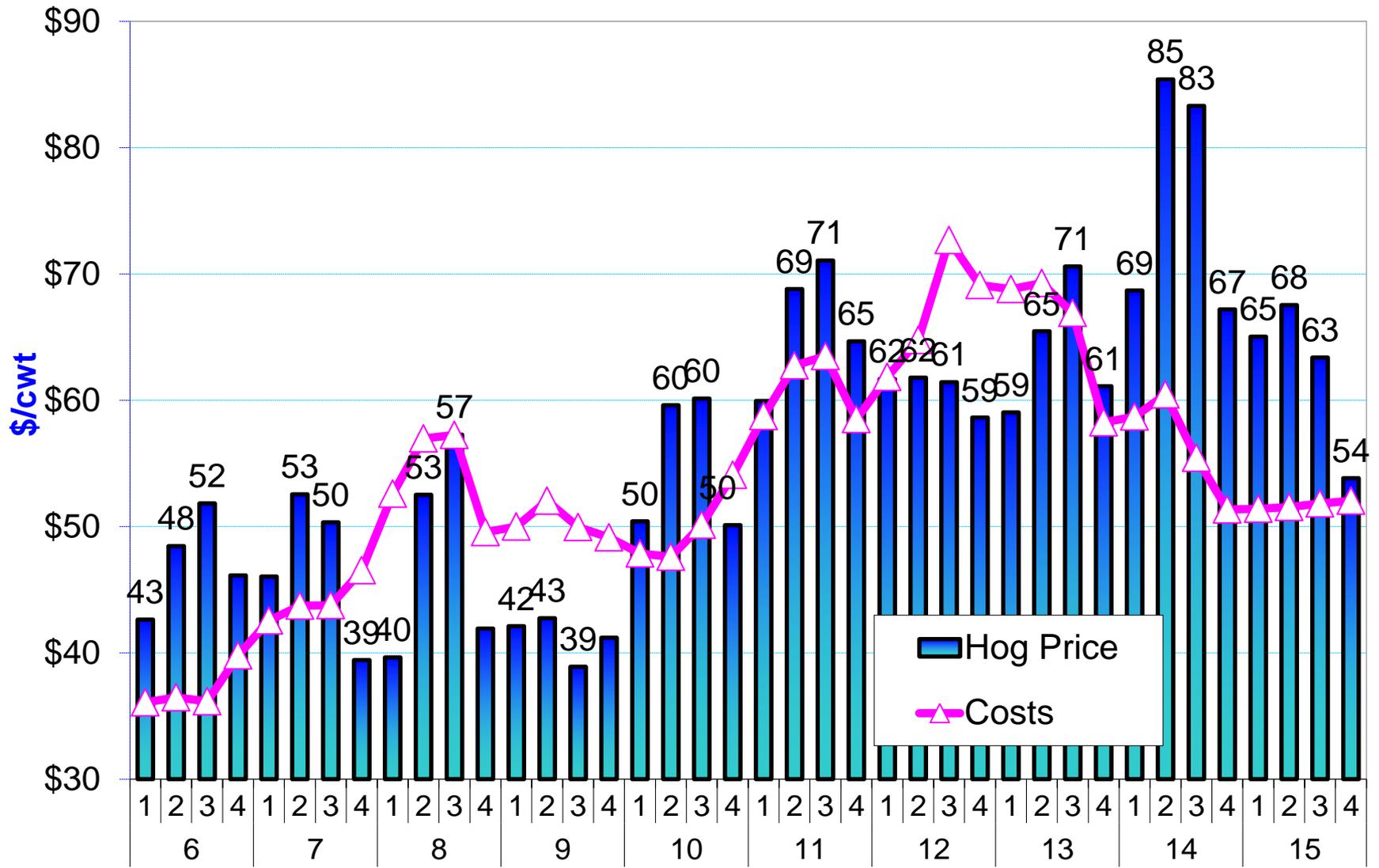
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of August 26, 2014.

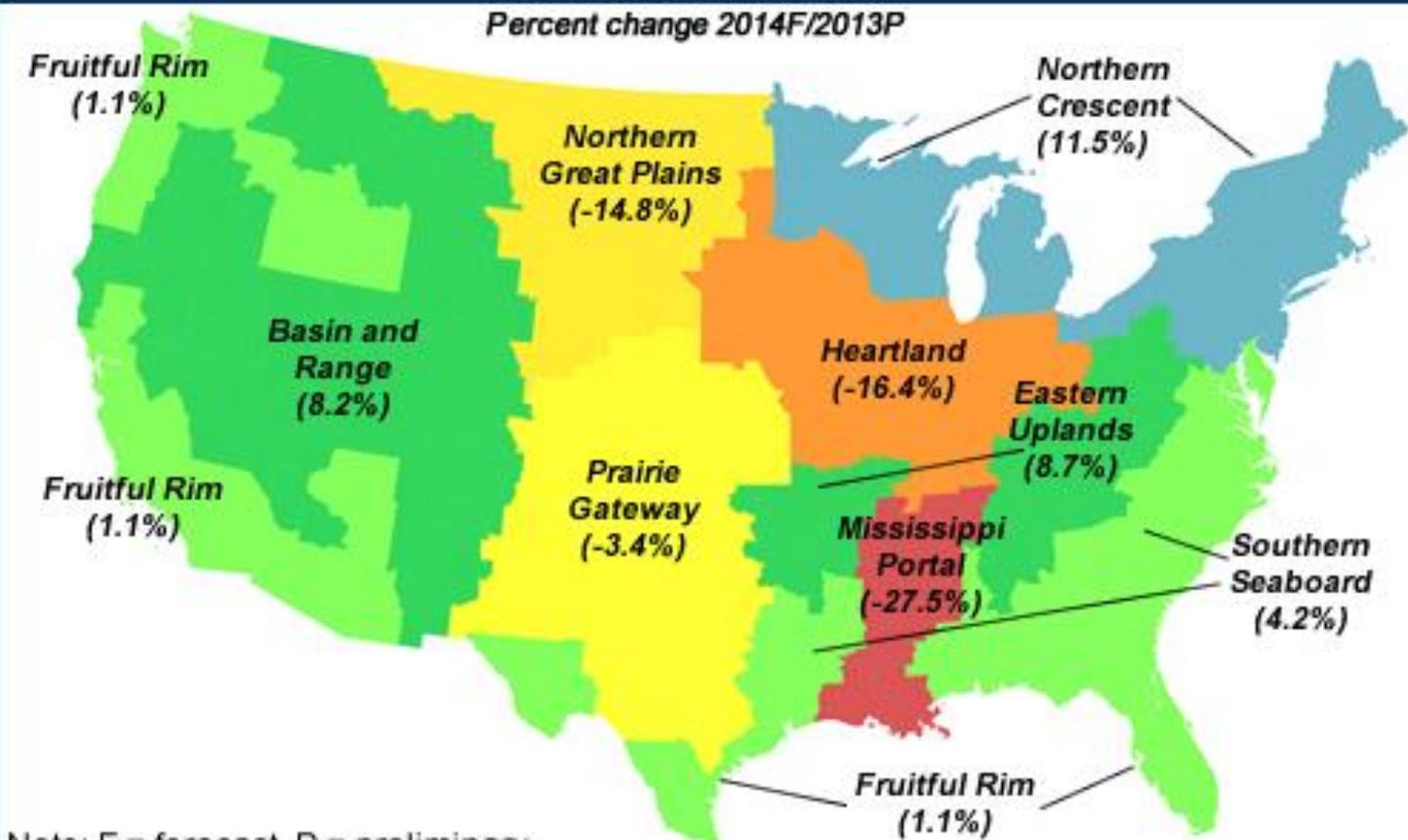
## USDA Animal/Feed Price Ratios Indexed to 2011&12 =100



# Purdue Estimated Hog Prices and Costs Per Live Hundredweight:



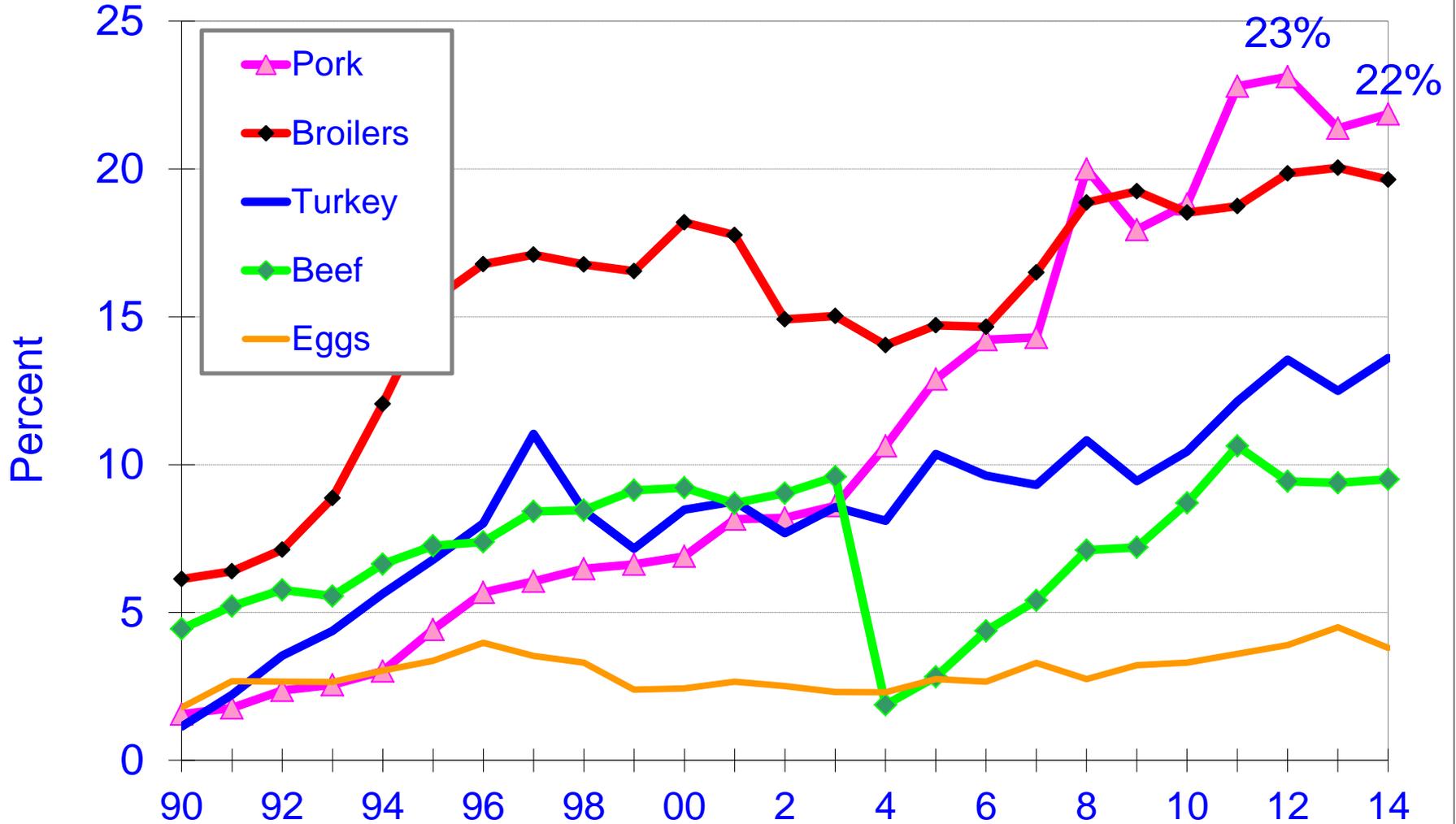
## Farm business net cash income, 2014F compared with 2013P



Note: F = forecast, P = preliminary.

Source: ERS partial budget model based on the 2013 Agricultural Resource Management Survey (ARMS) using parameters from the sector forecasts. The model is static and therefore does not account for changes in crop rotation, weather, and other location production impacts that occurred after the base year. Data as of August 26, 2014.

# Exports % of Domestic Production



## Summary

1. Animal industries were forced to adjust to much higher feed prices
2. Now, feed prices are expected to be in moderation and animal prices are at record highs-record margins
3. This is a new era for positive incomes from animal enterprises
4. The new era will be led by population growth, recovering per capita consumption, and exports
5. In the Chicago FED States animal incomes will help to stabilize Farm Incomes
6. However, there is much variation in the importance of animals in various states
7. Many farm families are specialized in crops or livestock
8. Communities with greater animal balances will see a cushioning impact as crop incomes drop and animal incomes rise
9. Communities with little animal influences will have more downward Farm income pressures

# Animal Agriculture: The New Growth Industries: 2014-2020

