

WHAT IS THE ECONOMIC IMPACT OF AN AVERAGE FBMA FARM IN A LOCAL MISSOURI COMMUNITY IN 2008?

Money Spent by the Average 2008 Missouri FBMA Farm in the
Local Community & Service Area (141 Farms, Missouri FBMA Summary, 2008)

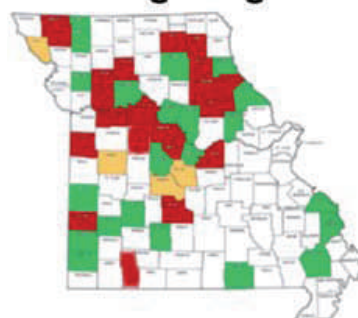
With Other Farmers..... (Brd/Non-Brd. Livestock & Custom Work)		\$34,805
With Other Landowners..... (Cash Land Rent/Leases)		\$30,754
For Labor.....		\$14,949
For Farm Utilities.....		\$5,963
With Agribusiness Community.....		\$244,268
Crop Production Expenses.....	\$101,001	
Livestock Production Expenses.....	\$89,223	
Fuel & Repair Expenses.....	\$40,263	
Other/Misc. Expenses.....	\$8,742	
Farm Insurance.....	\$5,039	
With Lenders..... (Interest/Leases)		\$17,800
For Farm Equipment/Vehicles.....		\$42,879
For Farm Assets..... (Bldgs./Land/Improvements-Other Farm Assets)		\$33,923
For Local Government..... (Real Estate/Personal Property Tax)		\$3,311
Family Living Expenses*..... (Inc. Taxes & Purchase of Non-Farm Assets)		\$59,224

Total Annual Spending Within the Community or Service Area by the Average Missouri FBMA Farm in 2008-----\$487,876
*Partially reported



Farm Business Management Analysis 2008 Missouri Summary

Missouri Adult Ag Programs



■ FBMA, Adult Classes, Young Farmers
■ Adult Classes, Young Farmers
■ Adult Classes

Balance Sheets

The 141 farms completing a cost balance sheet ended the year with a net worth of \$742,049 (farm and non-farm). The average increase in net worth for the year was \$31,982. The average farm debt:asset ratio was 26%. The average farm borrowed \$193,626 and paid \$158,144 in principal payments in 2008.

Nonfarm Income

Average reported nonfarm income for 2008 for the farms enrolled in the Missouri FBMA Programs was \$24,101 compared to \$26,090 in 2007.



For More Information

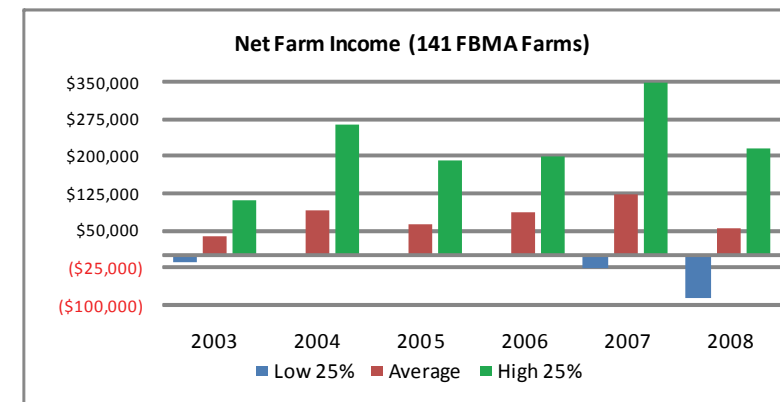
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* Overview & Highlights from the 2008 Missouri Averages

The average net farm income (NFI) for the 141 farms included in the 2008 annual report of the Missouri Farm Business Management Analysis Program was \$52,507. There was a wide range in income among program participants. The bottom 25% of the farms (35) showed an average Net Farm Income of -\$86,832, while the top 25% averaged \$214,319. Of the 141 farms, 26 had a negative net farm income.

The average age of the operator on the 141 FBMA farms was 46.4 years. The average years in the farming operation was 23.2 years.

The net farm income/unpaid labor hour averaged \$32.50/hr. and ranged from -\$69.68 in the low profit group to \$93.35 in the high profit group.



Demographics of FBMA Summary Farms 2008

Gross Farm Income

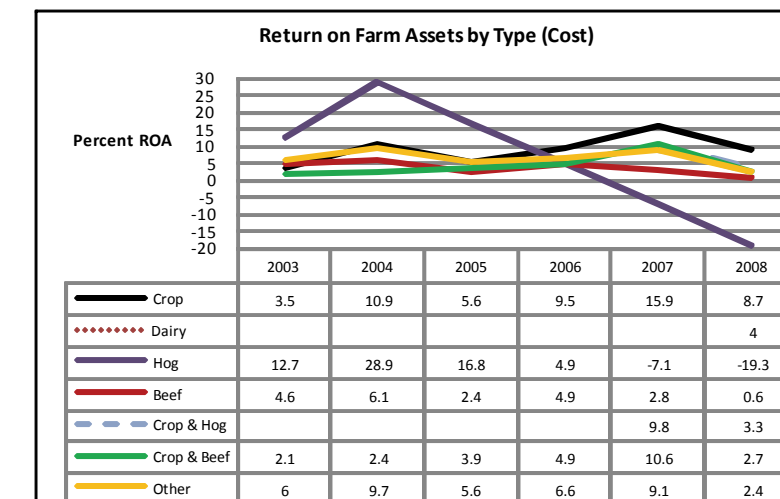
All Farms	Less than \$50,000	\$50,001—\$100,000	\$100,001-\$250,000	\$250,001-\$500,000	\$500,001-\$1,000,000	Over \$1,000,000
141	24	17	37	31	23	9

Farm Type (by Enterprise(s) contributing > 70% of gross farm income

All Crop	Crop	Dairy	Hog	Beef	Crop & Hog	Crop & Beef	Other
141	58	6	4	15	6	23	28

Age of Operator

All Farms	Less than 31	31-40	41-50	51-60	Over 60
141	21	26	37	32	25

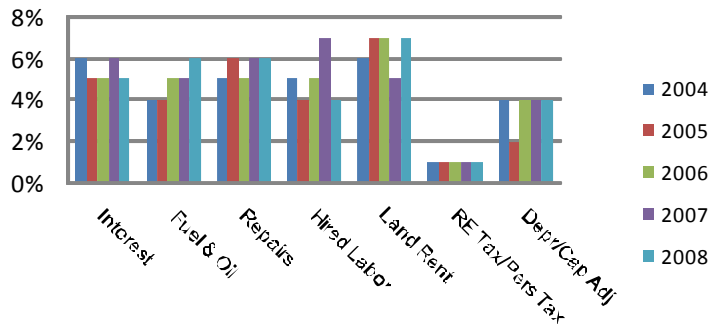


* Data Source: Missouri Farm Business Management Analysis Program

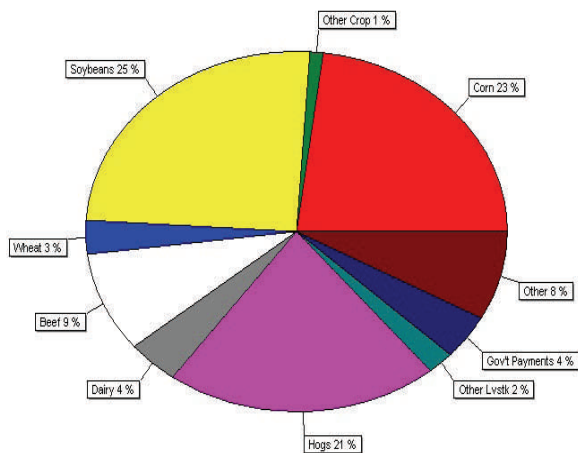
Average FBMA Farm Income Statement—2008

Gross Cash Farm Income	\$405,230
Total Cash Expense	\$331,787
Net Cash Farm Income	\$73,443
Inventory Changes	
Crops & Feed	(\$9,312)
Market & Breeding Livestock	(\$207)
Accts Rec & Prepaid Expenses	\$16,714
Accounts Payable	(\$4,037)
Other	(\$9,089)
Total Inventory Change	(\$5,931)
Net Operating Profit	\$67,513
Depreciation & Other Capital Adjustments	(\$15,018)
Gain or Loss on Capital Sales	\$12
Net Farm Income	\$52,507

**Selected Operating Expenses by Year
(% of Total Cash Farm Expense)**



2008 Missouri FBMA Income Sources



Observations from the 2008 Summary

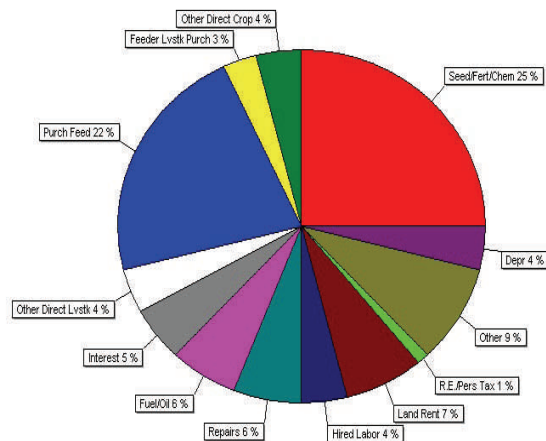
Even though making comparisons between record summaries can be risky when some farms drop out and new farms are added, it is reasonable to make several general observations when comparing this year's summary to 2007. In 2008, Missouri FBMA farms took a hard slide backward in terms of profitability. 2008 proved to be the least profitable year since 2003. Net farm income decreased by an average \$70,188 per farm, or a nearly 57% decrease from 2007. That decrease came from a group of 2007 farms that were similar in size than this year's group in terms of gross cash income. Crop farms fared much better than anything else, but still suffered a 32% decrease in NFI from last year. All other farm types netted less than half of 2007 profit levels (dairy was not reported in 2007).

The livestock sector continued its decline from last year. Hog farms, already having suffered strong losses in 2007, plunged to much worse levels this year. Net farm incomes from the beef farms, even though still positive, continued to slide to less than half of the 2007 level and are down 80% from 2006.

There were several noticeable changes in expense sources in 2008. Land rent increased from 5% in 2007 to 7% of cash farm expense in 2008. Direct crop expenses increased from 27% in 2007 to 29% in 2008. Fuel and oil costs increased from 5% in 2007 to 6% in 2008.

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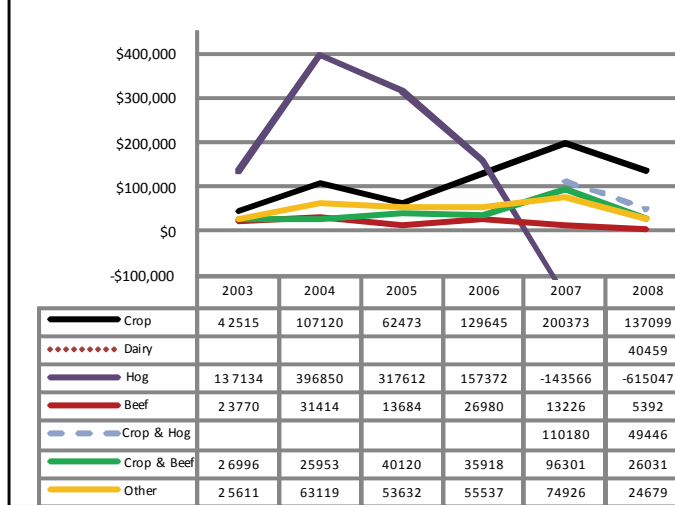
2008 Missouri FBMA Expense Sources



Summary: Why the big drop in net farm income in 2008? While gross farm income was up 3.5% from 2007, cash expenses increased by 5.2% during the same period. However, the bigger problem is that the end of 2007 showed a positive change in total inventories of \$58,884, while the end of 2008 reflected a change of -\$5,931. Farms sold off their inventories during 2008 and those decreases are reflected in net farm income at the end of the year.

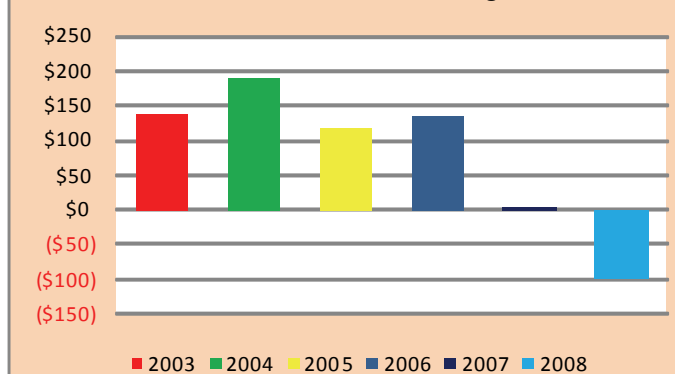
Even though the cost of several key production inputs has declined, 2009 brings a lot of uncertainty for Missouri farmers. Risk management is on every farmer's mind and risk management strategies are becoming a primary focus in most operations.

Net Farm Income by Type of Farm



** Hog NFI was cut off to proportion the graph for readability.*

**Beef Cow-Calf - Average Per Cow
Net Return Over Labor & Management**



2003-2008 Crop Yields & Returns

Corn (owned land)

Year	Bu/acre	Net Return over Labor/Mgt./Ac	* Cost of Prod./Bu.
2003	77.87	(\$52.65)	\$3.05
2004	172.18	\$119.94	\$1.29
2005	63.65	(\$36.83)	\$2.62
2006	120.90	\$77.02	\$1.99
2007	138.74	\$232.56	\$2.25
2008	135.19	\$196.91	\$2.75

Soybeans (owned land)

Year	Bu/acre	Net Return over Labor/Mgt./Ac	* Cost of Prod./Bu.
2003	27.30	\$54.04	\$5.19
2004	52.36	\$116.83	\$3.27
2005	30.16	\$24.15	\$4.91
2006	39.37	\$72.26	\$4.23
2007	36.43	\$176.29	\$5.31
2008	35.86	\$162.87	\$5.45

**direct & overhead expense including charge for labor & management less government & other income/bushel.*

2008 Livestock Highlights

Many FBMA farms depend on livestock for a significant portion of their livelihood. The livestock industry continues to suffer from increased production costs and lower prices. The cost of production per cwt produced in cow/calf enterprises increased by over \$10/cwt while average price per cwt decreased again in 2008. Hog farms are in the toughest shape, with a cost of production of over \$70 per cwt. carcasses sold compared to an average sale

Beef Cow-Calf Enterprise—2008

Gross return / cow	\$433.87
Feed cost / cow	\$290.51
Total direct expense / cow	\$406.27
Total overhead expense / cow	\$47.44
Net return / cow (w/o labor / mgt.)	(\$19.83)
Net return / cow over labor / mgt.	(\$99.99)
Average weaning weight	477