

SOUTH CAROLINA FARM INCOME PROSPECTS 2001*

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South Carolina farm income improved in 2000 from its extremely depressed levels of 1998 and 1999. Our estimate is that cash receipts rose about 8 percent above previous year levels. Accounting for the increase were higher production of cotton and soybeans, the turnabout in the cattle cycle, continued growth in the nursery and greenhouse sector, and significantly - higher government payments.

Last year at the national level government payments accounted for a whopping 70 percent of net farm income. For the farms participating in Clemson's four Farm Management Associations, government payments were 180 percent of net income in 2000. That is, a farm with a profit of \$50,000 would have received government payments of \$90,000. Put another way, the operation would have suffered a loss of \$140,000 without government subsidies.

Prospects for 2001 Returns

We are anticipating slightly higher prices for feed grains, cotton and oilseeds in 2001. Tobacco production will rise. So with normal weather crop receipts will be higher in 2001. However, with major program crop prices remaining under the marketing loan rate, these price increases will be offset dollar for dollar with lower LDP's.

The livestock sector should remain strong with low feed prices. Milk prices may improve and hog production will rise cyclically.

Expenses. Total production expenses are expected to rise 1-2 percent in 2001. Feed will be about the same as the two previous years. Fertilizer expenses will rise at least 4 percent, and pesticides by 2 percent or less. Fuel prices jumped by the highest amount in 20 years in 2000. Lower prices late in 2001 are expected to result in annual fuel cost similar to last year. Interest rates will be declining this year, but total interest expenses may be higher because of lags in variable rate loan adjustments and the requirement by many producers to increase debt load in 2001.

Bottom Line. USDA's official forecast for net farm income in 2001 is \$41.3 billion. This is \$4.1 billion less than 2000 and also \$4.0 billion below the 1990-2000 average. But this is based on the assumption that government payments will be reduced by \$8 billion. Of that, \$2 billion is lower LDP's and nearly \$1 billion is lower AMTA payments. So the biggest question mark on the bottom line is emergency assistance, which will once again require special legislation. This figure was nearly \$9 billion in 2000. What it will be this year is anybody's guess.

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Cash Receipts from Farm Marketings by Commodity and Government Payments,
South Carolina 1997, 1998, 1999, and 2000

COMMODITY	1997 ¹	1998 ¹	1999 ²	2000 ³
	Thousand Dollars			
FIELD CROPS:				
Corn	66,386	32,959	24,755	23,000
Cotton Lint	134,228	119,148	79,500	108,000
Cottonseed	10,037	8,722	4,981	6,000
Hay	14,214	17,087	15,840	15,000
Oats	1,434	872	1,197	1,000
Peanuts	8,739	7,776	6,755	9,000
Soybeans	91,822	68,229	45,877	70,000
Tobacco	213,298	157,554	131,117	130,000
Wheat	50,467	24,121	22,351	23,000
VEGETABLES:				
Cucumbers, Fresh	4,675	4,480	2,679	3,000
Cucumbers, Processing	2,622	1,202	1,133	1,000
Snap Beans, Fresh	1,476	920	1,404	1,000
Sweetpotatoes	1,830	1,210	670	1,000
Tomatoes, Fresh	22,440	24,192	18,216	20,000
Watermelons	8,970	7,920	8,275	8,000
Other Vegetables	28,950	27,813	23,217	25,000
FRUITS AND NUTS:				
Apples	6,844	8,278	4,110	6,000
Peaches	24,900	27,258	26,544	29,000
Pecans	2,618	1,298	2,187	2,000

Other Fruits and Nuts	3,245	3,167	3,568	4,000
Cash Receipts from Farm Marketings by Commodity and Government Payments, South Carolina 1997, 1998, 1999 and 2000 (Continued)				
MISCELLANEOUS CROPS:				
Forest Products	14,000	15,100	17,200	16,000
Greenhouse, Nursery & Floriculture	174,065	180,373	200,177	220,000
Other Crops	7,155	6,737	6,199	7,000
TOTAL CROPS	894,415	746,416	647,952	728,000
LIVESTOCK & LIVESTOCK PRODUCTS:*				
Broilers	319,512	335,118	341,880	350,000
Cattle	106,533	90,251	106,057	115,000
Eggs	78,592	68,962	65,205	70,000
Farm Chickens	1,613	1,414	1,191	1,000
Hogs	64,158	41,188	31,351	35,000
Milk	57,565	61,215	59,658	60,000
Turkeys	143,707	135,341	136,857	140,000
Other Poultry	10,500	10,600	11,150	12,000
Other Livestock	19,719	19,500	19,936	20,000
TOTAL LIVESTOCK & LVSTCK. PRODUCTS	801,899	763,589	773,285	803,000
TOTAL COMMODITIES	1,696,314	1,510,005	1,421,237	1,531,000
GOVERNMENT PAYMENTS	43,100	62,400	127,100	150,000
STATE	1,739,414	1,572,405	1,548,337	1,681,000

¹ Revised.

² Preliminary.

³ Forecast.