EXECUTIVE SUMMARY: FAPRI’s January 2010 baseline was incorporated into the simulation analysis of the NCPC’s US peanut representative farms in order to examine the potential economic viability of the US peanut farming sector for 2010. There was some slight improvement in the peanut farming sector relative to 2009. Six of the 22 representative farms are in the green. Three of the 22 farms are in the yellow and 13 of the 22 farms are in the red. Thus, the overall economic viability is still lacking. Further analysis of the results indicate that there are significant regional differences in terms of economic viability. The Virginia-Carolina area was in the best economic position with the Southwest being in the worse economic position.

Further analysis was conducted to determine the major contributing factor to the overall decline in the economic viability of the representative farms. Fixed expenses and debt were closely examined. If fixed expenses and the associated long term debt were eliminated, many of the representative farms were still in the poor overall economic viability category. It seems that many of the farms have large operating loans with significant interest payments which accumulate over time which forces the farms into the poor economic viability category given the low commodity prices relative to the input prices.

The 22 peanut representative farms panel members provided their 2009 peanut and other crop yields as well as the prices received for their crops. This data was inputted into the respective representative farms' data base. Cash flow analysis was performed by region utilizing the representative farms. Peanuts, cotton and corn were the primary crops analyzed. The results indicate that for this year, cotton prices seem to be the driving force as to whether peanut acreage will rebound especially in the Southwestern peanut region. In reviewing the NASS acreage estimates, these conclusions were born out.

The conservation stewardship program (CSP) in the 2008 Farm Bill is being investigated as to the potential impact on peanut farmers utilizing the representative farms. This program includes the resource conserving crop program which crop rotation is one component. Several meetings with a regional NRCS person have occurred in order to collect information as to how this program is being implemented. Data has been collected...
and inputted into a spreadsheet in order to analyze the economic impact on peanut farms. Results indicate that this program would be very useful to peanut farmers. However, indications are that changes to the implementation of this program are being made that may render the program in-effective for US peanut producers.
FINAL REPORT: FAPRI's January 2010 baseline was implemented into the new FLIPSIM computer program delivered to us by Texas A&M. Significant changes were made to the program due to changes in the 2008 Farm Bill. In particular, the ACRE program and SURE program are significant changes from prior farm programs. The 22 peanut representative farms were analyzed based on the updated baseline data. There was some slight improvement in the peanut farming sector relative to 2009. Six of the 22 representative farms are in the green. Three of the 22 farms are in the yellow and 13 of the 22 farms are in the red. Thus, the overall economic viability is still lacking. Further analysis of the results indicate that there are significant regional differences in terms of economic viability. The Virginia-Carolina area was in the best economic position with the Southwest being in the worse economic position.

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Given the overall economic viability condition of these farms, another analysis was performed to look at the economic implications if the government eliminated all farm programs. If this scenario occurred, only 2 farms out of 22 farms were in the good overall economic viability condition and only 2 farms were in the moderate category. This implies that 18 of the 22 farms would be in the poor category.

Postcards were sent to the 22 peanut representative farms panel members to obtain their 2009 peanut and other crop yields as well as the prices received for their crops. This data was inputted into the respective representative farms' data base. Cash flow analysis was performed by region utilizing the representative farms. Peanuts, cotton and corn were the primary crops analyzed. The results indicate that for this year, cotton prices seem to be
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