

Farm Income Expected to Fall

The U.S. Department of Agriculture (DOA) has forecasted that the total farm income in 2016 will be \$55.9 billion—a 38 percent decrease from last year. This would represent the largest single-year decrease since 1983.

This predicted decrease can be attributed primarily to strong international competition, as the U.S. agriculture industry relies on exports for a significant amount of its income. Here are some of the other factors that may contribute to a lower farm income this year:

- **Strength of the U.S. dollar:** The U.S. dollar is currently considered to be more valuable when compared to most other currencies. As a result, U.S. exports are generally more expensive overseas.
- **China's economic downturn:** China has experienced a decreased demand for foreign goods. Consequently, countries that have relied on this marketplace for their exports are now competing for new buyers.
- **New crop producers:** Argentina's government has historically discouraged exports through high taxes, but it has recently started to embrace a free-market approach. As a result, Argentinian producers will be competitors in the international market.

Contact us at 209-667-0995 for more information on trends in the agriculture industry.

Poultry Producers Reject Bird Flu Vaccine

Avian influenza has killed over 50 million chickens and turkeys since late 2014 and cost the agriculture industry over \$3 billion, but some poultry producers are rejecting a vaccination for the disease.

These producers believe that vaccinations could cause other countries to limit or ban the importation of U.S. birds in order to avoid any contact with the latest strain of bird flu. Despite this, the DOA has stockpiled 500 million doses of the vaccine and is prepared to treat up to 500 infected flocks in the event of an outbreak.

La Nina Predicted

Historically, a weather event called La Nina follows approximately 40 percent of El Ninos. And, if a La Nina follows the current El Nino, it could extend the drought along the West Coast of the United States.

La Ninas cool the surface temperatures in the Pacific Ocean along the equator and generally cause the opposite effects of El Ninos. This usually results in below-average precipitation on the West Coast and in the southern regions of the United States. However, El Nino and La Nina are both unpredictable, and forecasts can frequently change.

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