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December 17, 1985

NATIONAL BULLETIN NO. 200-6-1

SUBJECT: ECN - CURRENT NORMALIZED PRICES AND DISCOUNT RATE FOR FISCAL
YEAR 1986 WATER RESOURCE PLANS

Purpose. This bulletin transmits: (1) Current normalized prices for agricultural commodities; (2) The price index for computing user-day recreational values; and (3) The discount rate to be used for plan formulation and evaluation in water and related land resources implementation studies in fiscal year 1986. This information is needed by all persons involved in water resources project planning.

Expiration Date. This bulletin expires September 30, 1986.

Background. The Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies (P&G) specify the use of current normalized crop prices issued by the Department of Agriculture to evaluate National Economic Development agricultural benefits. The P&G also provide that the conversion of recreational point values to dollar values is to be done with values that are updated each year according to changes in the consumer price index. Another requirement is that the discount rate to be used in water resources planning is updated annually.

Current Normalized Prices:

Enclosed are the current normalized prices for agricultural commodities for fiscal year 1986 as furnished by the Economic Research Service of the Department of Agriculture. The method is changed from that used for the calculations last year. The computational methods used are discussed in the enclosure. The current normalized price to be used for pasture for fiscal year 1986 will not exceed \$10.00 per animal-unit-month unless documented by actual data on pasture leases.

Adjustment of Recreation Values:

Recreation user-day values for fiscal year 1986 are to be indexed upward from those shown on page 84 of the P&G by an index factor of 1.09. This is the relationship that exists between the July 1982 and July 1985 Consumer Price Index.

MORE

DIST: L (1 enclosure), T (8 enclosures, S (4 enclosures)



Project Discount Rate

The Department of Treasury normally informs us on the average yield on interest-bearing marketable securities with 15 years or more remaining to maturity. This information is not yet available for fiscal year 1985. However, we are enclosing the interest rate tables for 8 5/8 percent. Until you are notified differently, this rate is to be used for plan formulation and evaluation in fiscal year 1986.



GAIL UPDEGRAFF
Director
Economics and Social Sciences
Division

Enclosure

COMPOUND INTEREST AND ANNUITY TABLES - 8.6250 PERCENT

No. of Yrs. Hence	Present Value Of 1	Amortization	Present Value of an Annuity of 1 per Yr.	Amount of an Annuity of 1 per Year	Present Value of an Increasing Annuity	Present Value of a Decreasing Annuity
1	0.92060	1.08625	0.92060	1.0000	0.92060	0.92060
2	0.84750	0.56558	1.76810	2.0862	2.61560	2.68870
3	0.78021	0.39242	2.54831	3.2662	4.95623	5.23701
4	0.71826	0.30613	3.26657	4.5479	7.82926	8.50357
5	0.66123	0.25460	3.92779	5.9402	11.13540	12.43137
6	0.60873	0.22043	4.53652	7.4525	14.78775	16.96789
7	0.56039	0.19620	5.09691	9.0953	18.71049	22.06480
8	0.51590	0.17816	5.61281	10.8797	22.83765	27.67761
9	0.47493	0.16426	6.08774	12.8181	27.11205	33.76534
10	0.43722	0.15326	6.52496	14.9237	31.48427	40.29031
11	0.40251	0.14435	6.92747	17.2108	35.91183	47.21777
12	0.37055	0.13702	7.29801	19.6953	40.35839	54.51579
13	0.34112	0.13090	7.63914	22.3940	44.79301	62.15492
14	0.31404	0.12574	7.95318	25.3255	49.18955	70.10810
15	0.28910	0.12133	8.24228	28.5098	53.52610	78.35038
16	0.26615	0.11753	8.50843	31.9688	57.78447	86.85881
17	0.24502	0.11424	8.75344	35.7261	61.94973	95.61225
18	0.22556	0.11137	8.97900	39.8075	66.00983	104.59126
19	0.20765	0.10885	9.18666	44.2408	69.95519	113.77791
20	0.19116	0.10663	9.37782	49.0566	73.77846	123.15573
21	0.17598	0.10467	9.55380	54.2878	77.47413	132.70953
22	0.16201	0.10292	9.71581	59.9701	81.03837	142.42535
23	0.14915	0.10137	9.86496	66.1425	84.46876	152.29031
24	0.13730	0.09998	10.00227	72.8473	87.76407	162.29257
25	0.12640	0.09873	10.12867	80.1304	90.92413	172.42124
26	0.11637	0.09761	10.24503	88.0416	93.94964	182.66627
27	0.10713	0.09660	10.35216	96.6352	96.84205	193.01843
28	0.09862	0.09569	10.45078	105.9700	99.60341	203.46921
29	0.09079	0.09486	10.54157	116.1099	102.23631	214.01078
30	0.08358	0.09412	10.62515	127.1244	104.74373	224.63593
31	0.07694	0.09344	10.70209	139.0888	107.12901	235.33803
32	0.07083	0.09283	10.77293	152.0852	109.39572	246.11096
33	0.06521	0.09227	10.83814	166.2026	111.54767	256.94910
34	0.06003	0.09176	10.89817	181.5376	113.58877	267.84727
35	0.05527	0.09130	10.95344	198.1952	115.52308	278.80071
36	0.05088	0.09087	11.00432	216.2895	117.35468	289.80503
37	0.04684	0.09049	11.05115	235.9445	119.08768	300.85618
38	0.04312	0.09014	11.09427	257.2947	120.72620	311.95046
39	0.03970	0.08982	11.13397	280.4864	122.27432	323.08442
40	0.03654	0.08952	11.17051	305.6783	123.73605	334.25494
41	0.03364	0.08925	11.20415	333.0431	125.11536	345.45909
42	0.03097	0.08901	11.23512	362.7681	126.41612	356.69421
43	0.02851	0.08878	11.26364	395.0568	127.64212	367.95785
44	0.02625	0.08857	11.28988	430.1304	128.79701	379.24773
45	0.02416	0.08839	11.31405	468.2292	129.88437	390.56178
46	0.02224	0.08821	11.33629	509.6140	130.90763	401.89807
47	0.02048	0.08805	11.35677	554.5682	131.87012	413.25484
48	0.01885	0.08791	11.37562	603.3997	132.77505	424.63046
49	0.01736	0.08777	11.39298	656.4429	133.62547	436.02344
50	0.01598	0.08765	11.40896	714.0611	134.42435	447.43240

COMPOUND INTEREST AND ANNUITY TABLES - 8.6250 PERCENT

No. of Yrs. Hence	Present Value Of 1	Amortization	Present Value of an Annuity of 1 per Yr.	Amount of an Annuity of 1 per Year	Present Value of an Increasing Annuity	Present Value of a Decreasing Annuity
51	0.01471	0.08754	11.42366	776.6489	135.17450	458.85606
52	0.01354	0.08743	11.43721	844.6348	135.87864	470.29327
53	0.01247	0.08734	11.44967	918.4846	136.53933	481.74294
54	0.01148	0.08725	11.46115	998.7039	137.15903	493.20409
55	0.01056	0.08717	11.47171	1085.8421	137.74009	504.67580
56	0.00973	0.08710	11.48144	1180.4960	138.28475	516.15724
57	0.00895	0.08703	11.49039	1283.3137	138.79511	527.64763
58	0.00824	0.08697	11.49863	1394.9996	139.27319	539.14626
59	0.00759	0.08691	11.50622	1516.3183	139.72090	550.65249
60	0.00699	0.08686	11.51321	1648.1007	140.14004	562.16570
61	0.00643	0.08681	11.51964	1791.2494	140.53233	573.68534
62	0.00592	0.08676	11.52556	1946.7447	140.89940	585.21090
63	0.00545	0.08672	11.53101	2115.6514	141.24277	596.74191
64	0.00502	0.08668	11.53603	2299.1263	141.56390	608.27793
65	0.00462	0.08665	11.54065	2498.4260	141.86414	619.81858
66	0.00425	0.08662	11.54490	2714.9152	142.14480	631.36348
67	0.00391	0.08659	11.54881	2950.0766	142.40709	642.91230
68	0.00360	0.08656	11.55242	3205.5208	142.65216	654.46471
69	0.00332	0.08654	11.55574	3482.9969	142.88108	666.02045
70	0.00305	0.08651	11.55879	3784.4054	143.09488	677.57924
71	0.00281	0.08649	11.56160	4111.8104	143.29452	689.14084
72	0.00259	0.08647	11.56419	4467.4540	143.48090	700.70503
73	0.00238	0.08646	11.56657	4853.7719	143.65486	712.27161
74	0.00219	0.08644	11.56877	5273.4097	143.81720	723.84038
75	0.00202	0.08642	11.57079	5729.2413	143.96867	735.41116
76	0.00186	0.08641	11.57265	6224.3884	144.10997	746.98381
77	0.00171	0.08640	11.57436	6762.2419	144.24176	758.55817
78	0.00158	0.08639	11.57593	7346.4853	144.36467	770.13410
79	0.00145	0.08638	11.57738	7981.1196	144.47927	781.71149
80	0.00134	0.08637	11.57872	8670.4912	144.58610	793.29021
81	0.00123	0.08636	11.57995	9419.3210	144.68568	804.87015
82	0.00113	0.08635	11.58108	10232.7375	144.77848	816.45124
83	0.00104	0.08634	11.58212	11116.3111	144.86496	828.03336
84	0.00096	0.08633	11.58308	12076.0929	144.94553	839.61644
85	0.00088	0.08633	11.58397	13118.6559	145.02059	851.20041
86	0.00081	0.08632	11.58478	14251.1400	145.09050	862.78518
87	0.00075	0.08631	11.58553	15481.3008	145.15561	874.37071
88	0.00069	0.08631	11.58622	16817.5630	145.21623	885.95692
89	0.00063	0.08630	11.58685	18269.0779	145.27268	897.54377
90	0.00058	0.08630	11.58743	19845.7858	145.32523	909.13121
91	0.00054	0.08630	11.58797	21558.4849	145.37414	920.71918
92	0.00049	0.08629	11.58847	23418.9042	145.41967	932.30764
93	0.00046	0.08629	11.58892	25439.7847	145.46203	943.89657
94	0.00042	0.08629	11.58934	27634.9661	145.50145	955.48591
95	0.00039	0.08628	11.58973	30019.4819	145.53813	967.07563
96	0.00036	0.08628	11.59008	32609.6622	145.57225	978.66571
97	0.00033	0.08628	11.59041	35423.2456	145.60399	990.25612
98	0.00030	0.08628	11.59071	38479.5005	145.63351	1001.84683
99	0.00028	0.08627	11.59099	41799.3574	145.66096	1013.43782
100	0.00026	0.08627	11.59124	45405.5520	145.68649	1025.02907

COMPOUND INTEREST AND ANNUITY TABLES - 8.6250 PERCENT

No. of Yrs. Hence	Present Value Of 1	Amortization	Present Value of an Annuity of 1 per Yr.	Amount of an Annuity of 1 per Year	Present Value of an Increasing Annuity	Present Value of a Decreasing Annuity
101	0.00024	0.08627	11.59148	49322.7809	145.71022	1036.62054
102	0.00022	0.08627	11.59169	53577.8707	145.73229	1048.21224
103	0.00020	0.08627	11.59189	58199.9621	145.75281	1059.80413
104	0.00018	0.08627	11.59208	63220.7088	145.77188	1071.39621
105	0.00017	0.08626	11.59225	68674.4949	145.78960	1082.98845
106	0.00016	0.08626	11.59240	74598.6701	145.80607	1094.58086
107	0.00014	0.08626	11.59254	81033.8054	145.82138	1106.17340
108	0.00013	0.08626	11.59268	88023.9712	145.83560	1117.76608
109	0.00012	0.08626	11.59280	95617.0387	145.84882	1129.35887
110	0.00011	0.08626	11.59291	103865.0083	145.86110	1140.95178
111	0.00010	0.08626	11.59301	112824.3652	145.87250	1152.54479
112	0.00009	0.08626	11.59311	122556.4667	145.88310	1164.13790
113	0.00009	0.08626	11.59319	133127.9620	145.89294	1175.73109
114	0.00008	0.08626	11.59327	144611.2487	145.90208	1187.32437
115	0.00007	0.08626	11.59335	157084.9689	145.91056	1198.91771
116	0.00007	0.08626	11.59342	170634.5475	145.91844	1210.51113
117	0.00006	0.08626	11.59348	185352.7772	145.92576	1222.10461
118	0.00006	0.08625	11.59354	201340.4542	145.93256	1233.69814
119	0.00005	0.08625	11.59359	218707.0684	145.93887	1245.29173
120	0.00005	0.08625	11.59364	237571.5530	145.94472	1256.88537
121	0.00004	0.08625	11.59368	258063.0995	145.95016	1268.47905
122	0.00004	0.08625	11.59372	280322.0418	145.95520	1280.07277
123	0.00004	0.08625	11.59376	304500.8179	145.95989	1291.66653
124	0.00004	0.08625	11.59380	330765.0134	145.96423	1303.26033
125	0.00003	0.08625	11.59383	359294.4959	145.96827	1314.85416
Perpetuity		0.08625	11.59420		146.01974	



United States
Department of
Agriculture

Economic
Research
Service

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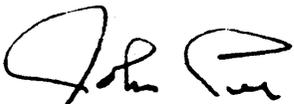
SUBJECT: Normalized Prices

**TO: Peter C Myers
Assistant Secretary
Natural Resources and Environment**

We transmit herewith the "current normalized prices" for use by agencies in the evaluation of water-related development projects throughout FY 1986. The method of calculation of these prices is explained in the accompanying text. The method, as agreed to by the Natural Resources and Environment Committee, is different from the procedures used in past years.

The current method utilizes information obtained from a structural econometric model of the agricultural sector as well as inputs from commodity specialists in the Economic Research Service. The simulation model procedure was used to minimize short-run distortions in market prices caused by such factors as abnormal weather patterns and short-term fluctuations in the foreign demand for agricultural products. Commodity specialists then used the model results to derive consistent commodity prices and indices for those commodities not included in the simulation model.

The use of a comprehensive agricultural demand-supply analysis to derive the normalized prices is an improvement over those methods used in the past. For comparison purposes, we plan to continue to calculate the normalized prices using the previous distributed lag procedure and would be willing to make the estimates available on request.


JOHN E. LEE, JR.
Administrator,
ERS

cc: Bevan Brown, Tennessee Valley Authority (w/enclosures)
Norman Starler, Bureau of Reclamation (" ")
Dave Hottenstein, Corps of Engineers (" ")
Ed Nelson, Soil Conservation Service (" ")

1985 CURRENT NORMALIZED PRICES

The orderly development and use of water and related land resources require that a consistent set of economic standards and criteria be used for the evaluation of agricultural benefits and costs. Agricultural price standards provide the basis for valuing the agricultural effects of alternative development and management plans for water and related land resources.

AUTHORITY

The authority of these standards is set forth in the Water Resources Planning Act (P.L. 89-80) and in the Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies. These Principles and Guidelines state in part:

"Section 1.4.10 Prices

- a. The prices of goods and services used for evaluation should reflect the real exchange values expected to prevail over the period of analysis. For this purpose, relative price relationships and the general level of prices for outputs and inputs prevailing during, or immediately preceding, the period of planning generally represent the real price relationships expected over the life of the plan, unless specific considerations indicate real exchange values are expected to change.
- b. The general level of prices for outputs and inputs prevailing during or immediately preceding the period of planning is to be used for the entire period of analysis. In the case of agricultural planning, normalized prices prepared by the Department of Agriculture should be used."

CONCEPTUAL BASIS FOR NORMALIZED AGRICULTURAL PRICES AND COSTS

Current normalized prices are to be used in all economic evaluations covered by the Principles and Guidelines, such as:

1. Evaluation of beneficial or adverse effects of alternative projects and programs under consideration.
2. Appraisals of economic impacts where such impacts are expressed in terms of value of production or income.

The project evaluation process should yield valid estimates of the aggregate benefits and costs during the life of the projects and programs under consideration. These estimates need to be based on relative price relationships that are representative of the period of analysis and that are not distorted by short-term abnormalities. Market prices and costs are generally influenced by highly variable factors such as weather and sudden demand changes. Thus, a procedure, such as the one described in the next section, is needed to correct for the effects of these factors.

COMPUTATION METHODS TO DERIVE CURRENT NORMALIZED PRICES FROM STRUCTURAL ECONOMIC INFORMATION

Current (1985) normalized prices were derived from information obtained from a structural econometric model of the agricultural sector and from commodity specialists in the Economic Research Service. The Food and Agricultural Policy Simulator (FAPSIM) was used to minimize short run distortions in market prices caused by such factors as abnormal weather patterns and short term fluctuations in the foreign demand for agricultural products. The FAPSIM model included the major crops and livestock enterprises of wheat, corn, sorghum, barley, oats, soybeans, cotton, rice, steers and heifers, feeder steers, cows for slaughter, calves, hogs, milk, broilers, turkeys, and eggs. Commodity specialists then used the model results to derive consistent commodity prices and indices for those commodities not specifically included in the FAPSIM model.

The FAPSIM model is a dynamic simulation model solved for annual equilibrium conditions. A number of the model's equations depend on lagged variables. A major determinant of the current year's crop yields is the current weather pattern. To eliminate these weather effects upon yields, stocks, and current and future prices, the crop yields are adjusted to trend values beginning in the 1980/81 crop year. In addition, the solution for 1985 is iterated several times to provide a better indication of the long-term equilibrium prices under the 1984/85 supply and demand conditions.

Commodities Not Directly Included in FAPSIM

Normalized prices for commodities not directly included in FAPSIM were based on reduced-form partial equilibrium models, trend yields and structural-economic relationships. In general, the FAPSIM normalized prices for major crops served as the basis. In addition, other important variables such as loan rates, support levels, and acreages of competing crops planted were considered. For most commodities, partial equilibrium models were utilized which consisted of a set of equations to estimate production, total supply and demand, prices, and ending stocks based upon the values of the exogenous variables.

Normalized prices for livestock products were based on FAPSIM results, adjusted for long-term relationships between livestock and feed crop prices. The adjustments were designed to provide livestock prices at an equilibrium where livestock breeding herds are neither contracting nor expanding. The prices for the livestock commodities not covered in the FAPSIM model were derived from historical price relationships among livestock commodities and feeds.

1/ A detailed description of the structural equations and variables of the model are included in Kenneth E. Gadson, J. Michael Price, and Larry E. Salathe Food and Agricultural Policy Simulator (FAPSIM): Structural Equations and Variable Definitions, Staff Report, National Economics Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C., May 1982.

Indices of Prices Received and Paid by Farmers

Normalized indices of prices received and paid by farmers were derived from historical data series and the assumptions and results of the FAPSIM simulation model.

State Prices

The State normalized prices were obtained by multiplying the national normalized prices by the average ratio of the State price to the national commodity price for the period 1982-84.

Further Price Estimation

Special circumstances will require further price estimation, such as:

1. Pricing of commodities not included in the price table.
For example, forest product prices are not included in the tables. Information on current prices for forest products can be obtained from the last issue of The Demand and Price Situation for Forest Products, Forest Service, U.S. Department of Agriculture. To be consistent with the agricultural prices in this report, the stumpage prices should be adjusted to reflect value added from harvesting.
2. Determination of price differentials within States.
Current normalized prices for specific area within a State may be derived by computing the average local area-to-State price ratio for the 1982-84 period and multiplying by the State normalized price.
3. Determination of price differentials to reflect product quality differences.
Published data do not provide, in most instances, a basis for deriving such price estimates. Procedures for estimating such price differentials will vary from one set of circumstances to another. Since a standard procedure cannot be specified, analysts confronted by such a problem must develop their own procedures. The basis used for estimating such price differentials should be fully documented in review reports.
4. Adjustments to reflect the impacts of project or program actions on market prices.

As specified in the Principles and Guidelines, whenever implementation of a plan is expected to influence price significantly, the use of a price about midway between those expected with and without implementation may be justified. Special consideration should be given to price adjustments where a program induced shift from a deficit to a surplus production area is expected, or vice versa.

These and other special price problems should be approached in such a manner as to achieve consistency with the published estimation of current normalized prices.

1985 NORMALIZED PRICES DERIVED FROM STRUCTURAL ECONOMIC INFORMATION

COMMODITY	UNIT	U. S. SEASON AVERAGE PRICES					CURRENT NORMALIZED PRICES
		:	:	:	:	:	
		1980	1981	1982	1983	1984 1/	
		DOL.	DOL.	DOL.	DOL.	DOL.	DOL.
FOOD GRAINS							
WHEAT, ALL 2/	BU.	3.91	3.65	3.55	3.53	3.38	3.43
RYE 2/	BU.	2.64	2.99	2.37	2.17	1.91	1.91
RICE 2/	CWT.	12.80	9.05	8.11	8.76	8.23	8.00
FEED GRAINS AND HAY							
CORN FOR GRAIN 2/	BU.	3.11	2.50	2.68	3.25	2.67	2.55
OATS 2/	BU.	1.79	1.89	1.48	1.67	1.71	1.71
BARLEY 2/	BU.	2.85	2.45	2.23	2.50	2.30	2.30
SORGHUM GRAIN 2/	CWT.	5.25	4.27	4.50	5.07	4.27	4.29
HAY, ALL (BALED)	TON	71.00	67.10	68.80	75.80	73.80	74.00
DRY BEANS	CWT.	28.00	21.00	14.30	22.40	18.80	19.21
SUGARBEETS 3/	TON	47.20	29.20	35.40	37.00	37.90	31.80
SUGARCANE FOR SUGAR 3/	TON	38.50	24.90	26.50	27.80	28.60	23.60
COTTON, LINT (UPLAND) 4/	LB.	0.74	0.54	0.59	0.66	0.59	0.55
TOBACCO	LB.	1.52	1.71	1.77	1.75	1.81	1.68
OIL-BEARING CROPS							
COTTONSEED	TON	129.00	86.00	77.00	166.00	99.50	85.40
SOYBEANS FOR BEANS	BU.	7.57	6.04	5.69	7.81	5.90	5.02
PEANUTS HARVESTED FOR NUTS	LB.	0.25	0.27	0.25	0.25	0.25	0.26
FLAXSEED	BU.	7.20	6.73	5.19	6.80	5.97	5.35
FRUITS							
APPLES, COMMERCIAL CROP 5/	LB.	0.09	0.15	0.13	0.15	0.16	0.16
ORANGES, ALL 6/	BOX	5.30	6.61	5.85	7.69	9.78	6.11
GRAPEFRUIT, ALL 6/	BOX	4.74	3.25	3.06	4.10	5.31	3.08
VEGETABLES							
POTATOES	CWT.	6.55	5.41	4.45	5.82	5.67	4.52
SWEETPOTATOES	CWT.	13.60	13.60	7.90	13.60	13.70	11.83
U. S. AVERAGE ANNUAL PRICES							
LIVESTOCK							
STEERS AND HEIFERS	CWT.	66.90	62.40	61.50	60.10	62.30	61.50
FEEDER STEERS-8 MKTS	CWT.	69.75	63.10	62.03	60.71	61.93	63.50
COWS FOR SLAUGHTER	CWT.	45.70	41.30	38.50	38.10	37.20	38.00
CALVES	CWT.	76.80	64.00	59.80	61.70	59.90	64.00
SHEEP	CWT.	21.10	21.20	19.50	15.70	16.40	20.00
LAMBS	CWT.	63.60	54.90	53.10	53.90	60.10	65.00
HOGS	CWT.	38.00	43.90	52.30	46.80	47.10	47.75
DAIRY PRODUCTS							
MILK 7/	CWT.	13.00	13.80	13.60	13.60	13.46	13.20
POULTRY AND EGGS							
BROILERS, COMMERCIAL	LB.	0.28	0.29	0.27	0.29	0.34	0.29
TURKEYS	LB.	0.41	0.38	0.40	0.38	0.49	0.45
EGGS	DOZ.	0.56	0.63	0.60	0.61	0.72	0.50
WOOL	LB.	0.88	0.95	0.68	0.61	0.80	0.65

1/ PRELIMINARY

2/ INCLUDES ALLOWANCE FOR LOANS OUTSTANDING AND PURCHASES BY THE GOVERNMENT VALUED AT THE AVERAGE LOAN AND PURCHASE RATE, BY STATES.

3/ DOES NOT INCLUDE PAYMENTS UNDER THE SUGAR ACT.

4/ PRICES BASED ON 480 POUND NET WEIGHT BASE.

5/ BOTH FRESH AND PROCESSED SALE PRICES (EQUIVALENT PACKINGHOUSE-DOOR RETURNS FOR WASHINGTON AND OREGON, EQUIVALENT FIRST DELIVERY POINT FOR CALIFORNIA AND "AS SOLD" FOR OTHER STATES).

6/ EQUIVALENT PACKINGHOUSE-DOOR RETURNS PER BOX FOR ALL USES.

7/ SOLD TO PLANTS AND DEALERS.

CURRENT NORMALIZED INDICES DERIVED FROM STRUCTURAL ECONOMIC INFORMATION

COMMODITY	U.S. SEASON AVERAGE INDICES					CURRENT NORMALIZED INDICES	
	1980	1981	1982	1983	1984 1/		
PRICES RECEIVED BY FARMERS							
ALL FARM PRODUCTS	: 1967=100	: 246	254	243	245	260	244
ALL CROPS	: 1967=100	: 241	257	232	244	265	232
LIVESTOCK AND LIVESTOCK PRODUCTS	: 1967=100	: 251	250	254	247	256	254
PRICES PAID BY FARMERS							
ALL COMMODITIES BOUGHT FOR USE IN PRODUCTION	: 1967=100	: 276	296	300	306	310	302
FEED	: 1967=100	: 230	249	227	249	251	215
LIVESTOCK	: 1967=100	: 281	259	259	253	243	244
SEED	: 1967=100	: 309	360	368	368	394	399
FERTILIZER	: 1967=100	: 243	261	261	248	259	246
AGRICULTURAL CHEMICALS	: 1967=100	: 160	174	187	196	201	200
FUELS AND ENERGY	: 1967=100	: 380	430	424	408	406	405
FARM AND MOTOR SUPPLIES	: 1967=100	: 221	243	251	251	243	241
AUTOS AND TRUCKS	: 1967=100	: 289	335	372	398	426	450
TRACTORS AND SELF-PROP. MACHINERY	: 1967=100	: 323	362	393	414	431	422
OTHER MACHINERY	: 1967=100	: 326	359	394	421	443	451
BUILDING AND FENCING MATERIALS	: 1967=100	: 293	307	309	316	316	313
WAGE RATES FOR HIRED FARM LABOR	: 1967=100	: 287	310	323	334	339	347
CONSTRUCTION COSTS							
COMPOSITE INDEX (U.S. DEPT. OF COMMERCE)	: 1967=100	: 304	325	327	334	348	356
ENR CONSTRUCTION COST	: 1967=100	: 301	329	356	379	386	387
WHOLESALE LUMBER PRICE (U.S. DEPT. OF LABOR)	: 1967=100	: 326	325	311	353	350	364

1/ PRELIMINARY

STATE	COMMODITIES										
	:WHEAT:	:	: CORN :	:	:SORGHUM:	HAY,:	DRY :	SUGAR:	SUGAR		
	: ALL	: RYE 1/:	:RICE :	: FOR	:OATS1/:	:BARLEY:	GRAIN :	ALL :	BEANS :	BEETS:	SUGAR2/:
: 1/ :	:	: 1/ :	:GRAIN1/:	:	: 1/ :	:	:BALED:	:	: 2/ :	:SUGAR2/:	
	BU.	BU.	CWT.	BU.	BU.	BU.	CWT.	TON	CWT.	TON	TON
MAINE	.00	.00	.00	.00	1.51	.00	.00	72.81	.00	.00	.00
NEW HAMPSHIRE	.00	.00	.00	.00	.00	.00	.00	94.20	.00	.00	.00
VERMONT	.00	.00	.00	.00	.00	.00	.00	86.83	.00	.00	.00
MASSACHUSETTS	.00	.00	.00	.00	.00	.00	.00	93.60	.00	.00	.00
RHODE ISLAND	.00	.00	.00	.00	.00	.00	.00	99.89	.00	.00	.00
CONNECTICUT	.00	.00	.00	.00	.00	.00	.00	97.07	.00	.00	.00
NEW YORK	3.28	2.82	.00	2.78	1.93	.00	.00	81.70	19.42	.00	.00
NEW JERSEY	3.24	3.06	.00	2.71	2.15	2.02	.00	100.60	.00	.00	.00
PENNSYLVANIA	3.45	3.05	.00	2.79	1.98	2.16	.00	92.71	.00	.00	.00
DELAWARE	3.19	2.27	.00	2.73	.00	1.93	.00	99.17	.00	.00	.00
MARYLAND	3.25	2.27	.00	2.74	2.05	2.04	.00	98.85	.00	.00	.00
MICHIGAN	3.26	2.16	.00	2.47	1.82	2.53	.00	55.60	19.58	31.64	.00
WISCONSIN	3.25	1.96	.00	2.52	1.76	2.23	.00	71.46	.00	.00	.00
MINNESOTA	3.61	1.82	.00	2.43	1.59	2.12	.00	62.27	18.61	30.62	.00
OHIO	3.23	3.05	.00	2.50	1.90	.00	.00	86.43	.00	29.82	.00
INDIANA	3.19	2.33	.00	2.49	2.06	.00	3.86	75.23	.00	.00	.00
ILLINOIS	3.19	2.43	.00	2.56	1.96	.00	4.14	77.15	.00	.00	.00
IOWA	3.27	2.17	.00	2.50	1.86	.00	4.22	63.00	.00	.00	.00
MISSOURI	3.14	2.72	8.60	2.61	2.29	.00	4.13	65.99	.00	.00	.00
NORTH DAKOTA	3.60	1.65	.00	2.45	1.40	1.97	.00	41.78	15.82	31.34	.00
SOUTH DAKOTA	3.52	1.78	.00	2.37	1.59	2.00	3.77	41.69	.00	.00	.00
NEBRASKA	3.33	1.93	.00	2.56	1.70	2.08	4.08	49.63	16.98	29.25	.00
KANSAS	3.40	1.56	.00	2.62	1.92	2.08	4.22	70.59	15.21	26.87	.00
VIRGINIA	3.22	1.95	.00	2.72	1.78	2.07	3.88	84.10	.00	.00	.00
WEST VIRGINIA	3.33	.00	.00	2.56	1.76	2.28	.00	69.61	.00	.00	.00
NORTH CAROLINA	3.10	2.61	.00	2.62	1.74	2.04	3.59	61.77	.00	.00	.00
KENTUCKY	3.23	2.50	.00	2.65	2.70	2.11	4.18	77.40	.00	.00	.00
TENNESSEE	3.16	.00	.00	2.74	2.42	.00	3.95	50.52	.00	.00	.00
SOUTH CAROLINA	3.11	2.27	.00	2.72	1.62	2.14	4.10	73.28	.00	.00	.00
GEORGIA	3.11	2.18	.00	2.74	1.67	.00	4.29	62.90	.00	.00	.00
FLORIDA	.00	.00	.00	2.74	.00	.00	.00	72.89	.00	.00	24.70
ALABAMA	3.12	.00	.00	2.72	1.78	.00	4.39	63.04	.00	.00	.00
MISSISSIPPI	3.28	.00	8.62	2.88	.00	.00	4.19	49.28	.00	.00	.00
ARKANSAS	3.23	.00	8.44	2.66	2.02	.00	4.04	56.28	.00	.00	.00
LOUISIANA	3.38	.00	8.03	2.86	.00	.00	4.28	51.92	.00	.00	21.92
OKLAHOMA	3.45	2.28	.00	2.88	2.09	2.41	4.46	69.57	.00	.00	.00
TEXAS	3.49	2.89	8.96	2.87	2.14	2.45	4.45	83.47	.00	31.83	15.13
MONTANA	3.51	.00	.00	2.57	1.69	2.28	.00	64.67	15.18	35.20	.00
IDAHO	3.44	.00	.00	2.65	1.83	2.63	.00	71.08	15.79	34.11	.00
WYOMING	3.22	.00	.00	2.53	1.76	3.18	.00	62.30	15.53	32.12	.00
COLORADO	3.26	1.76	.00	2.55	1.95	2.79	4.35	70.85	15.74	30.07	.00
NEW MEXICO	3.43	.00	.00	2.74	.00	2.62	4.63	89.27	.00	32.43	.00
ARIZONA	3.85	.00	.00	3.04	.00	2.86	4.62	85.03	.00	31.17	.00
UTAH	3.31	.00	.00	2.94	2.03	2.47	.00	72.45	18.17	.00	.00
NEVADA	3.29	.00	.00	.00	.00	2.59	.00	85.36	.00	.00	.00
WASHINGTON	3.65	.00	.00	2.85	1.76	2.32	.00	79.72	17.34	.00	.00
OREGON	3.66	1.99	.00	2.86	1.79	2.36	.00	75.36	.00	33.79	.00
CALIFORNIA	3.74	.00	6.46	3.21	2.31	2.91	5.08	91.13	29.67	32.10	.00
ALASKA	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
HAWAII	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	24.49

1/ INCLUDES ALLOWANCE FOR LOANS OUTSTANDING AND PURCHASES BY THE GOVERNMENT VALUED AT AVERAGE LOAN AND PURCHASE RATE. DOES NOT INCLUDE PRICE SUPPORT PAYMENTS.
 2/ DOES NOT INCLUDE PAYMENTS UNDER THE SUGAR ACT.

STATE	COMMODITIES										
	: COTTON, :	: COTTON:	SOYBEANS:	PEANUTS :	: APPLES :	ORANGES:	GRAPE--:	: SWEET-			
	: LINT	: TOBACCO:	SEED :	FOR	: HARVESTED:	FLAX:	COMMER--:	ALL :	FRUIT :	POTA--:	POTATOES
: UPLAND3/:	:	: BEANS :	FOR FUTS :	SEED:	CIAL 4/:	:	: ALL 5/:	TOES :			
	POUND	POUND	TON	BUSHEL	POUND	BUL.	POUND	BOX	BOX	CWT.	CWT.
MAINE	.00	.00	.00	.00	.00	.00	.21	.00	.00	4.01	.00
NEW HAMPSHIRE	.00	.00	.00	.00	.00	.00	.24	.00	.00	.00	.00
VERMONT	.00	.00	.00	.00	.00	.00	.20	.00	.00	4.63	.00
MASSACHUSETTS	.00	5.65	.00	.00	.00	.00	.24	.00	.00	4.98	.00
RHODE ISLAND	.00	.00	.00	.00	.00	.00	.25	.00	.00	4.18	.00
CONNECTICUT	.00	5.40	.00	.00	.00	.00	.22	.00	.00	5.08	.00
NEW YORK	.00	.00	.00	.00	.00	.00	.21	.00	.00	5.34	.00
NEW JERSEY	.00	.00	.00	4.97	.00	.00	.19	.00	.00	5.81	13.93
PENNSYLVANIA	.00	.84	.00	4.93	.00	.00	.17	.00	.00	5.69	.00
DELAWARE	.00	.00	.00	5.02	.00	.00	.18	.00	.00	7.37	.00
MARYLAND	.00	1.27	.00	5.03	.00	.00	.18	.00	.00	7.20	9.81
MICHIGAN	.00	.00	.00	4.95	.00	.00	.13	.00	.00	4.77	.00
WISCONSIN	.00	1.02	.00	4.92	.00	.00	.23	.00	.00	4.05	.00
MINNESOTA	.00	.00	.00	4.95	.00	5.29	.26	.00	.00	4.13	.00
OHIO	.00	1.65	.00	5.05	.00	.00	.22	.00	.00	5.11	.00
INDIANA	.00	1.72	.00	5.00	.00	.00	.19	.00	.00	5.44	.00
ILLINOIS	.00	.00	.00	5.14	.00	.00	.19	.00	.00	4.46	.00
IOWA	.00	.00	.00	5.00	.00	.00	.21	.00	.00	4.54	.00
MISSOURI	.56	1.72	75.45	5.00	.00	.00	.21	.00	.00	.00	.00
NORTH DAKOTA	.00	.00	.00	4.77	.00	5.33	.00	.00	.00	3.94	.00
SOUTH DAKOTA	.00	.00	.00	4.88	.00	5.42	.00	.00	.00	3.13	.00
NEBRASKA	.00	.00	.00	4.89	.00	.00	.00	.00	.00	5.22	.00
KANSAS	.00	.00	.00	4.95	.00	.00	.16	.00	.00	.00	.00
VIRGINIA	.58	1.66	75.08	5.06	.27	.00	.19	.00	.00	7.87	8.55
WEST VIRGINIA	.00	1.64	.00	.00	.00	.00	.17	.00	.00	.00	.00
NORTH CAROLINA	.58	1.70	76.00	5.02	.27	.00	.11	.00	.00	5.71	12.45
KENTUCKY	.00	1.71	.00	5.10	.00	.00	.16	.00	.00	.00	.00
TENNESSEE	.55	1.68	79.15	5.05	.00	.00	.19	.00	.00	7.58	12.84
SOUTH CAROLINA	.58	1.70	81.37	5.08	.26	.00	.13	.00	.00	.00	15.92
GEORGIA	.55	1.71	83.60	4.92	.25	.00	.14	.00	.00	.00	12.98
FLORIDA	.55	1.67	67.65	5.11	.26	.00	.00	6.29	3.11	7.79	.00
ALABAMA	.54	.00	79.27	4.98	.26	.00	.00	.00	.00	6.80	11.13
MISSISSIPPI	.54	.00	75.13	5.10	.00	.00	.00	.00	.00	.00	10.18
ARKANSAS	.54	.00	74.11	5.08	.00	.00	.14	.00	.00	.00	13.89
LOUISIANA	.53	.00	76.43	5.03	.00	.00	.00	.00	.00	9.62	6.45
OKLAHOMA	.46	.00	86.76	4.76	.26	.00	.00	.00	.00	.00	.00
TEXAS	.50	.00	86.62	4.80	.26	.00	.00	4.25	2.19	8.39	19.94
MONTANA	.00	.00	.00	.00	.00	.00	.00	.00	.00	7.45	.00
IDAHO	.00	.00	.00	.00	.00	.00	.22	.00	.00	3.90	.00
WYOMING	.00	.00	.00	.00	.00	.00	.00	.00	.00	4.24	.00
COLORADO	.00	.00	.00	.00	.00	.00	.19	.00	.00	4.00	.00
NEW MEXICO	.58	.00	88.31	.00	.30	.00	.16	.00	.00	5.24	.00
ARIZONA	.56	.00	87.80	.00	.00	.00	.00	5.61	3.05	6.41	.00
UTAH	.00	.00	.00	.00	.00	.00	.14	.00	.00	3.82	.00
NEVADA	.67	.00	99.82	.00	.00	.00	.00	.00	.00	3.79	.00
WASHINGTON	.00	.00	.00	.00	.00	.00	.14	.00	.00	3.61	.00
OREGON	.00	.00	.00	.00	.00	.00	.14	.00	.00	3.76	.00
CALIFORNIA	.61	.00	96.48	.00	.00	.00	.22	5.72	3.49	8.24	13.46
ALASKA	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
HAWAII	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00

3/ PRICES BASED ON A 480 POUND NET WEIGHT BALE.

4/ BOTH FRESH AND PROCESSED SALE PRICES (EQUIVALENT PACKINGHOUSE-DOOR RETURNS FOR WASHINGTON AND OREGON, EQUIVALENT FIRST DELIVERY POINT FOR CALIFORNIA AND "AS SOLD" FOR OTHER STATES).

5/ EQUIVALENT PACKINGHOUSE-DOOR RETURNS PER BOX FOR ALL USES.

STATE	COMMODITIES									
	STEERS	CALVES	SHEEP	LAMBS	HOGS	MILK 6/	COMMER- BROILERS	TURKEYS	EGGS	WOOL
	CWT.	CWT.	CWT.	CWT.	CWT.	CWT.	POUND	POUND	DOZ	POUND
MAINE	45.48	51.21	41.38	102.10	46.26	14.26	.27	.00	.65	.61
NEW HAMPSHIRE	45.48	51.21	41.74	105.65	46.26	14.10	.00	.98	.72	.69
VERMONT	45.13	52.61	40.61	98.12	46.26	13.74	.00	.00	.77	.62
MASSACHUSETTS	45.15	56.83	43.94	110.35	46.26	14.13	.00	.88	.74	.61
RHODE ISLAND	44.48	57.19	.00	.00	46.26	14.10	.00	.00	.66	.00
CONNECTICUT	44.14	57.19	45.60	111.15	46.26	14.03	.00	.83	.73	.48
NEW YORK	47.34	66.55	21.96	67.69	47.40	13.28	.00	.45	.48	.54
NEW JERSEY	54.28	69.46	34.48	59.18	50.12	13.54	.00	.97	.57	.46
PENNSYLVANIA	57.49	71.93	21.65	73.18	50.28	13.61	.29	.55	.49	.47
DELAWARE	58.32	71.22	.00	.00	49.43	13.61	.32	.48	.74	.00
MARYLAND	58.32	71.22	22.57	63.91	49.43	13.64	.32	.48	.56	.52
MICHIGAN	55.71	59.38	17.96	64.81	47.78	13.22	.29	.48	.42	.43
WISCONSIN	56.04	99.19	13.87	67.00	46.74	12.86	.28	.43	.41	.42
MINNESOTA	55.22	61.96	17.13	67.22	48.01	12.58	.28	.42	.41	.44
OHIO	57.85	56.45	21.65	64.60	48.44	13.25	.26	.45	.43	.41
INDIANA	59.39	57.43	19.21	57.32	48.28	13.22	.29	.56	.48	.38
ILLINOIS	60.96	60.12	19.93	62.46	48.10	13.15	.00	.45	.49	.41
IOWA	62.21	63.76	19.98	65.41	47.49	12.83	.35	.43	.40	.42
MISSOURI	60.60	62.73	19.50	60.42	47.88	12.93	.29	.43	.42	.44
NORTH DAKOTA	59.68	65.34	15.70	60.76	44.28	12.11	.00	.41	.40	.56
SOUTH DAKOTA	61.67	68.78	19.61	65.55	47.31	12.54	.00	.42	.33	.65
NEBRASKA	62.83	68.59	22.48	65.47	47.98	13.03	.40	.40	.36	.47
KANSAS	61.82	66.05	21.53	67.37	47.07	13.64	.00	.42	.42	.51
VIRGINIA	54.05	56.27	17.00	64.45	47.72	13.54	.28	.46	.57	.52
WEST VIRGINIA	49.41	60.93	16.62	62.25	48.83	13.19	.32	.46	.65	.51
NORTH CAROLINA	49.47	57.12	24.17	63.21	47.19	14.45	.27	.47	.57	.49
KENTUCKY	52.08	57.62	16.83	66.19	48.73	13.12	.28	.00	.45	.41
TENNESSEE	53.25	57.97	21.90	65.89	47.44	13.28	.27	.00	.50	.50
SOUTH CAROLINA	52.55	58.21	.00	.00	45.66	15.07	.28	.46	.48	.00
GEORGIA	52.86	56.06	.00	.00	46.88	14.13	.27	.46	.58	.00
FLORIDA	58.15	63.64	.00	.00	45.28	15.81	.28	.00	.42	.00
ALABAMA	55.47	58.77	.00	.00	48.07	14.36	.28	.00	.62	.00
MISSISSIPPI	56.26	61.29	.00	.00	49.06	13.87	.30	.00	.58	.00
ARKANSAS	55.23	60.86	.00	.00	47.06	13.97	.29	.42	.52	.00
LOUISIANA	54.97	60.65	25.58	67.35	52.00	14.23	.30	.00	.67	.42
OKLAHOMA	60.50	62.73	18.28	63.00	47.26	13.71	.29	.42	.60	.48
TEXAS	63.31	64.42	21.76	65.26	45.84	14.10	.31	.46	.57	.81
MONTANA	58.84	64.78	15.78	60.58	44.01	13.09	.00	.00	.45	.74
IDAHO	60.20	62.98	16.92	63.20	45.42	12.41	.00	.00	.45	.63
WYOMING	61.00	69.50	15.98	62.75	47.98	12.73	.00	.00	.46	.76
COLORADO	63.87	69.33	18.53	66.88	48.95	14.45	.00	.44	.53	.63
NEW MEXICO	57.27	67.52	21.17	60.45	49.02	14.22	.00	.00	.51	.78
ARIZONA	63.04	65.02	20.51	67.12	50.91	13.51	.00	.00	.43	.47
UTAH	58.52	64.49	17.60	61.18	46.40	12.57	.00	.55	.41	.65
NEVADA	54.88	63.61	14.94	52.58	38.17	13.06	.00	.00	.39	.68
WASHINGTON	62.91	57.90	14.18	61.86	49.77	12.89	.34	.00	.45	.57
OREGON	55.18	60.40	14.47	61.83	49.26	13.35	.34	.48	.47	.54
CALIFORNIA	60.84	59.66	21.03	66.43	52.02	12.71	.33	.42	.43	.67
ALASKA	71.92	72.38	41.06	81.70	72.06	21.11	.00	.00	.94	.66
HAWAII	53.27	45.53	.00	.00	74.38	19.73	.50	.00	.68	.00