

What's going on with inputs?

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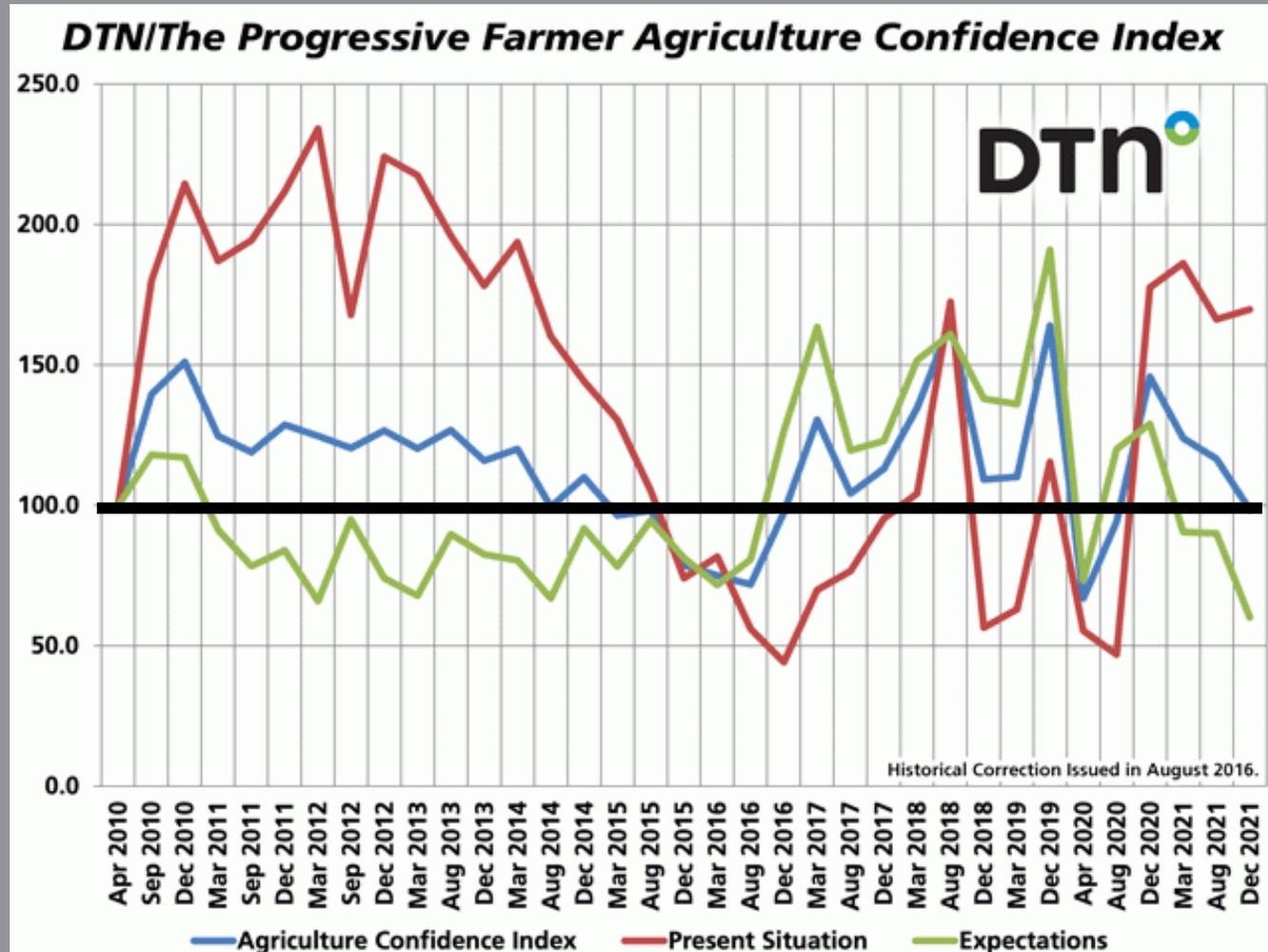
Economic Environment Beginning 2022

OMICRON!!!

- IMF global growth forecast 4.4% in 2022
 - Risks to the downside
- Inflation is being felt across the economy
- **Commodity prices are still up**; driving demand for inputs
- **Supply chain disruptions** affect imports and **increase cost of inputs**
- Energy consumption at pre-pandemic levels and expected up
- Ag production bountiful; consumption is up, but exports have slowed
- Interest rates low; Federal Reserve plans to increase
- Government support to farmers expected to decline in 2022



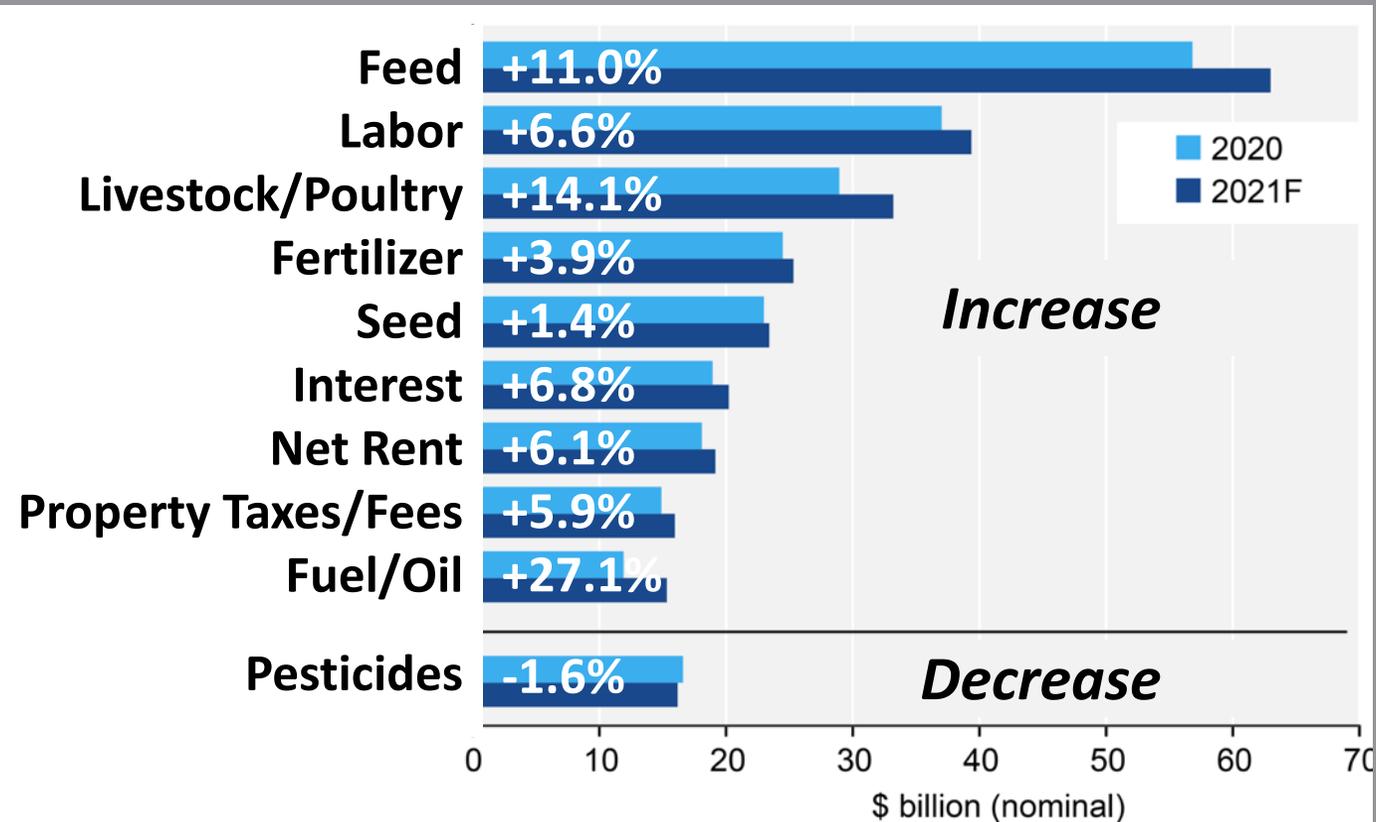
Producers Happy, but Concerned



- Ag Confidence Index: **99**
- Present Situation: **170**
- Expectation: **60**



Selected US Farm Production Expenses, 2020-21F



Note: F = forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of September 2, 2021.



Cash Rents Likely to Increase in 2022

USDA National Agricultural Statistics Service
Georgia State Average Cash Rents in 2021

Cropland	\$135/ac	(up \$ 9)
Irrigated Cropland	\$215/ac	(up \$10)
Non-irrigated Cropland	\$ 69/ac	(up \$ 2)
Pastureland	\$ 30/ac	(no change)

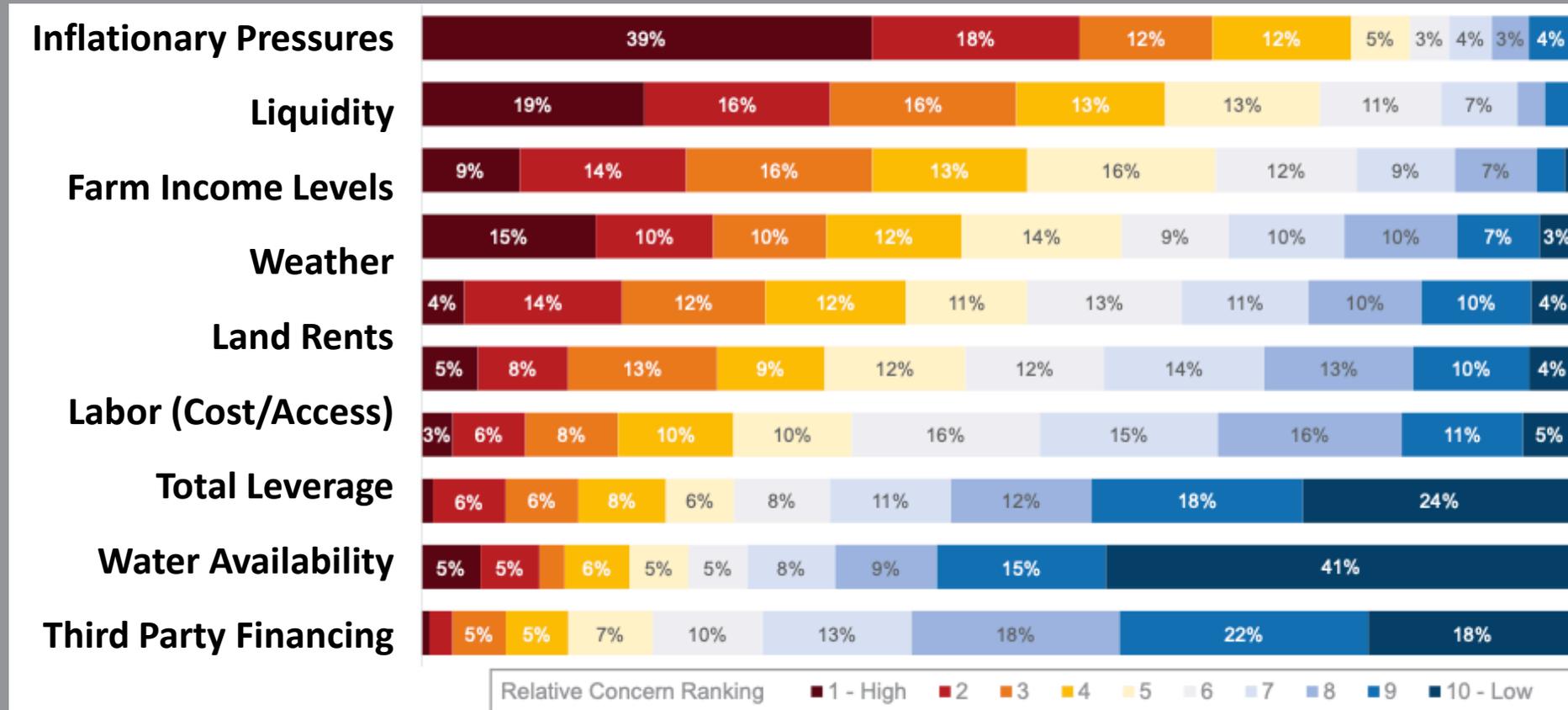
Consider a flexible cash rent lease arrangement.

Source: USDA National Agricultural Statistics Service, Aug 2021



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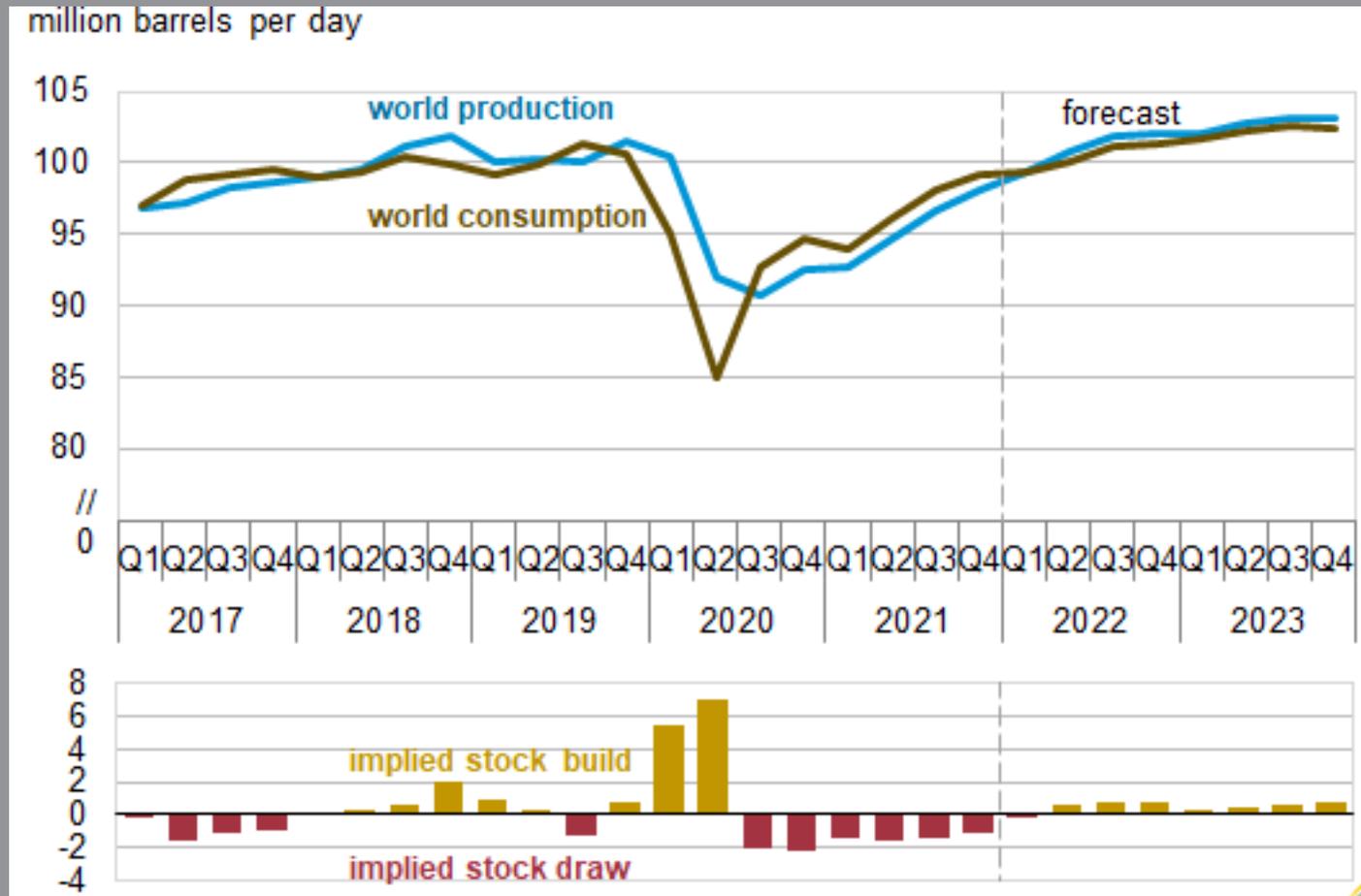
Lenders' Top 2022 Concerns for Producers



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2021. Mean response to Q3: Please rank your level of relative concern for the following conditions facing your ag borrowers at this time with 1 being the highest concern and 10 being the lowest concern.



World Liquid Fuels Production and Consumption Balance

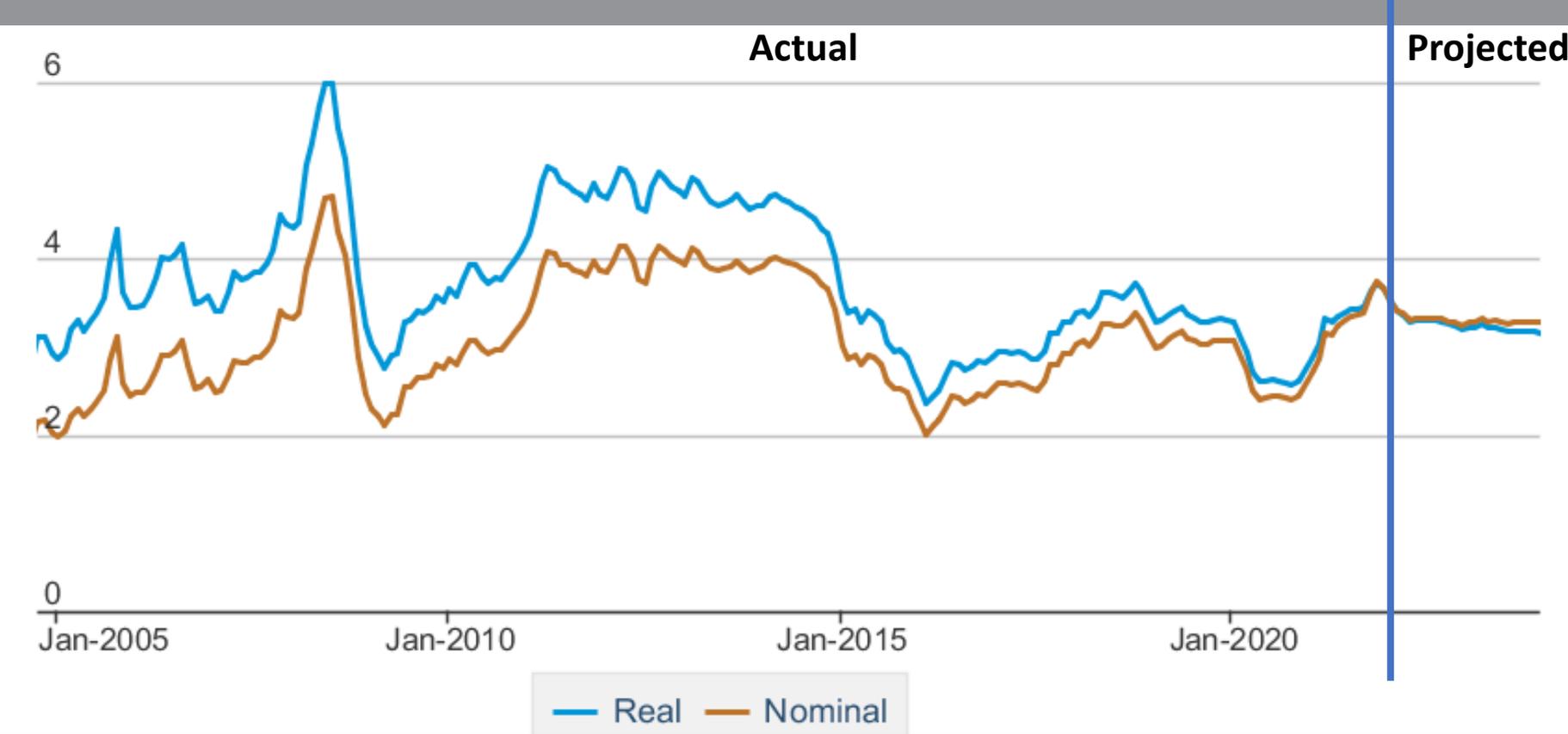


Source: US Energy Information Administration,
This Week in Petroleum, Jan 2022



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US Diesel Retail Fuel Prices, Jan 2005-Dec 2023P

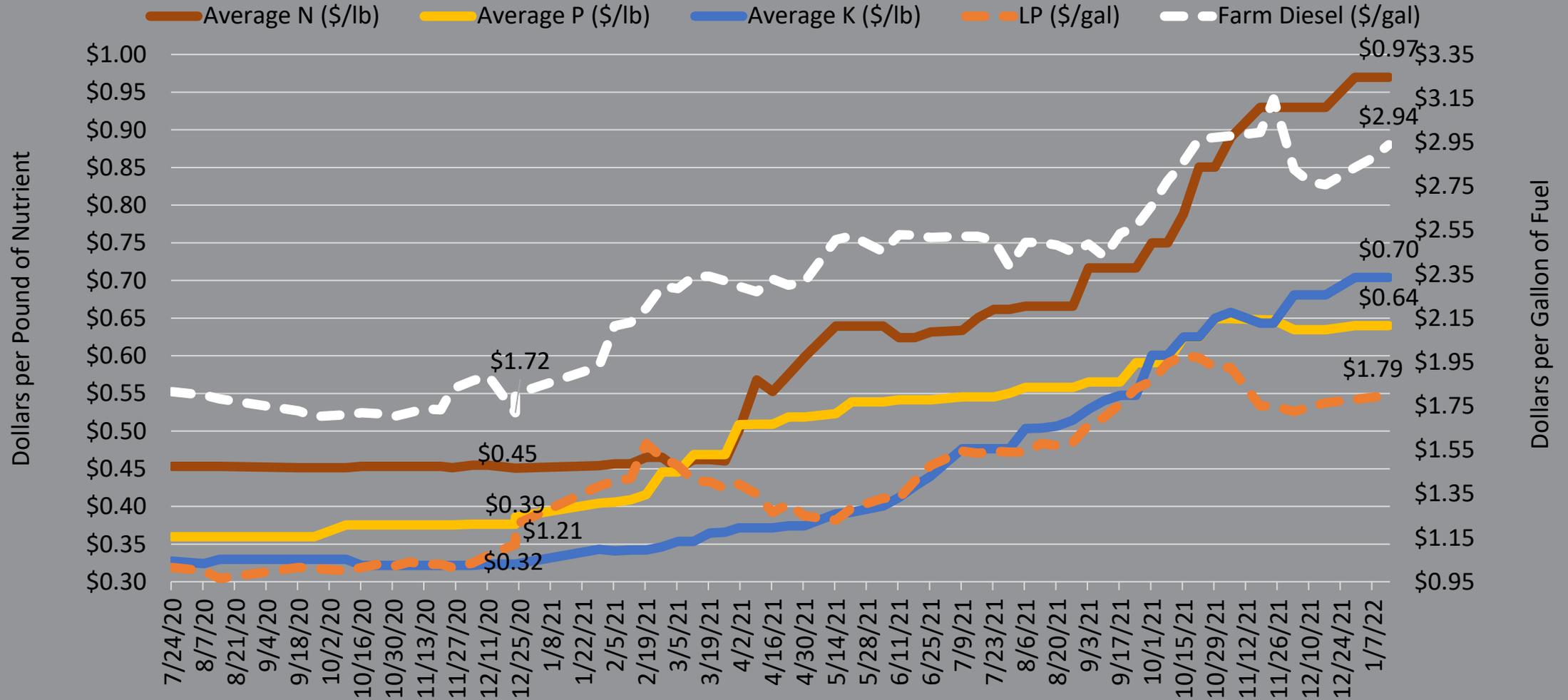


Source: US Energy Information Administration, Jan 2022



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Average Energy Prices Southeastern U.S.

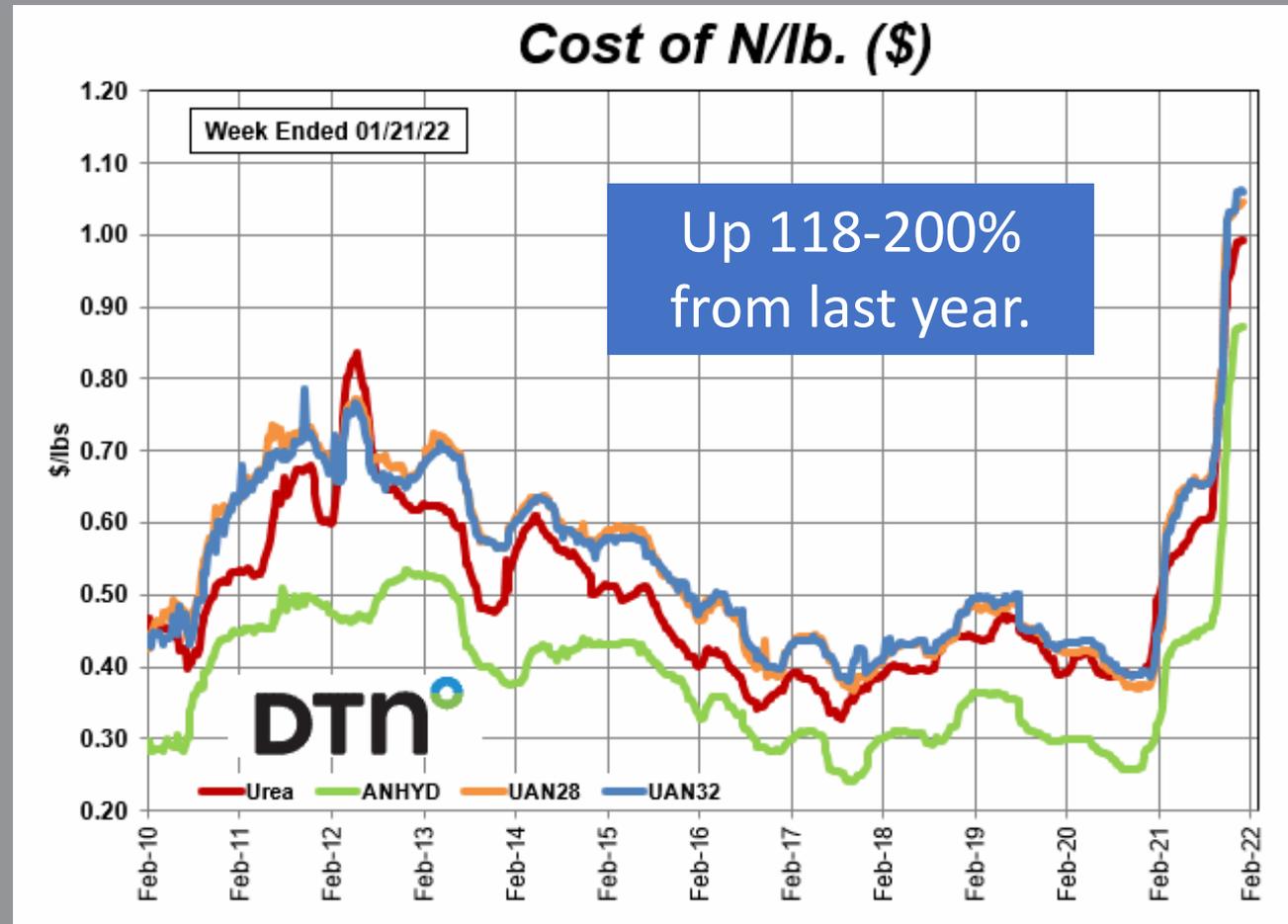


Source: USDA Agricultural Marketing Service and State Dept. of Ag. in AL, NC & SC, Jan 2022

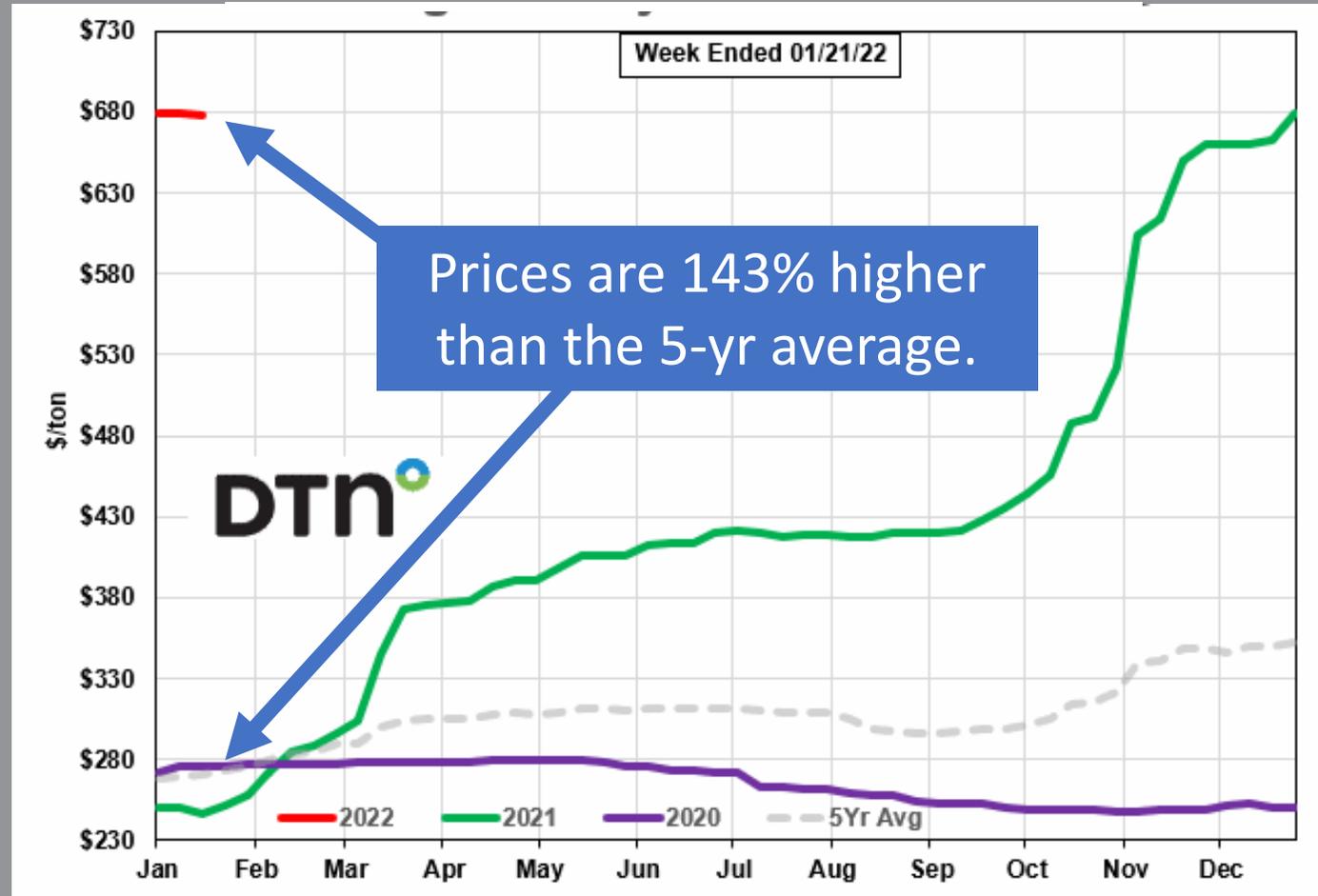


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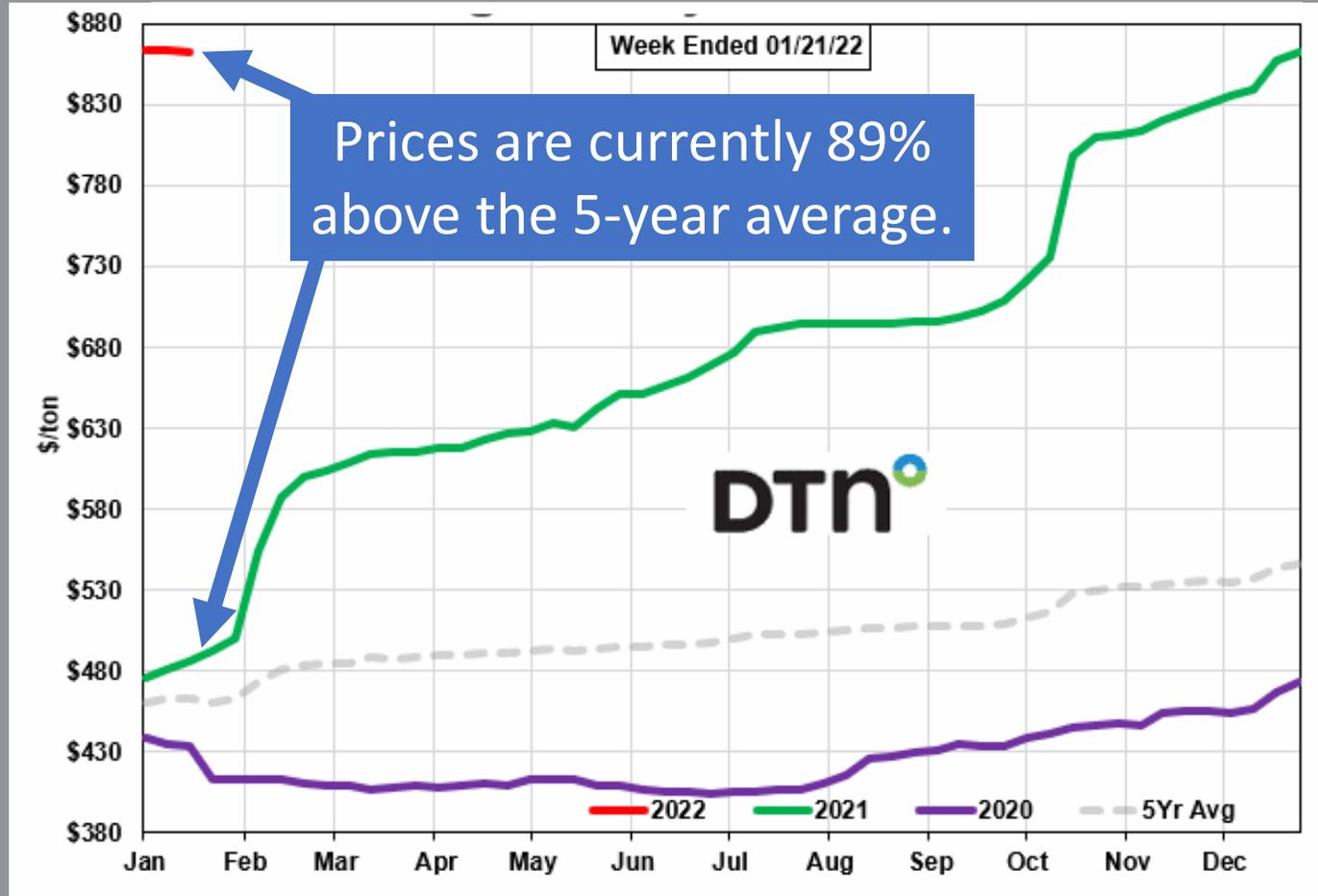
DTN Average Retail N Prices



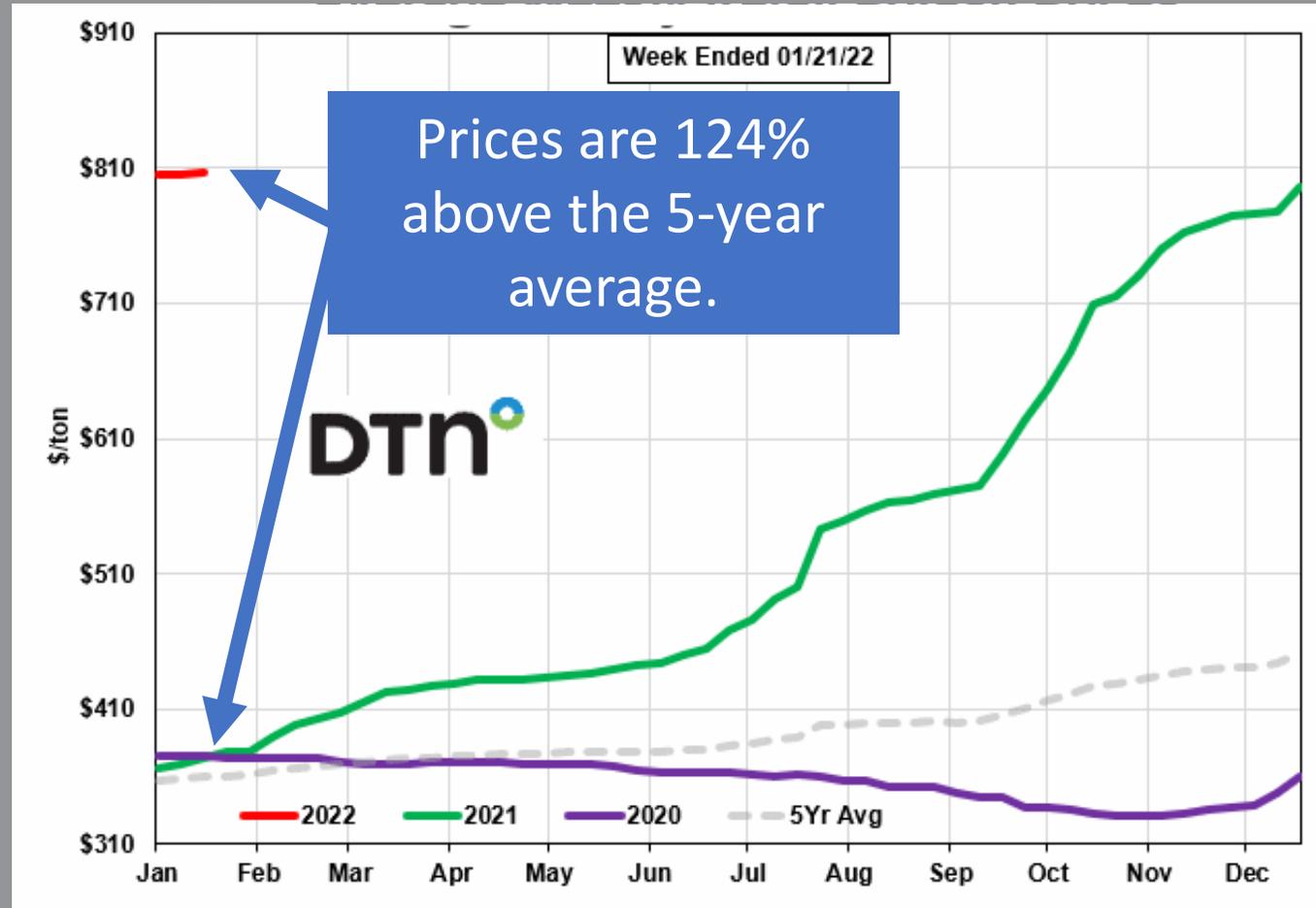
DTN Average Weekly Retail UAN32 Prices



DTN Average Retail DAP Prices



DTN Average Retail Potash Prices



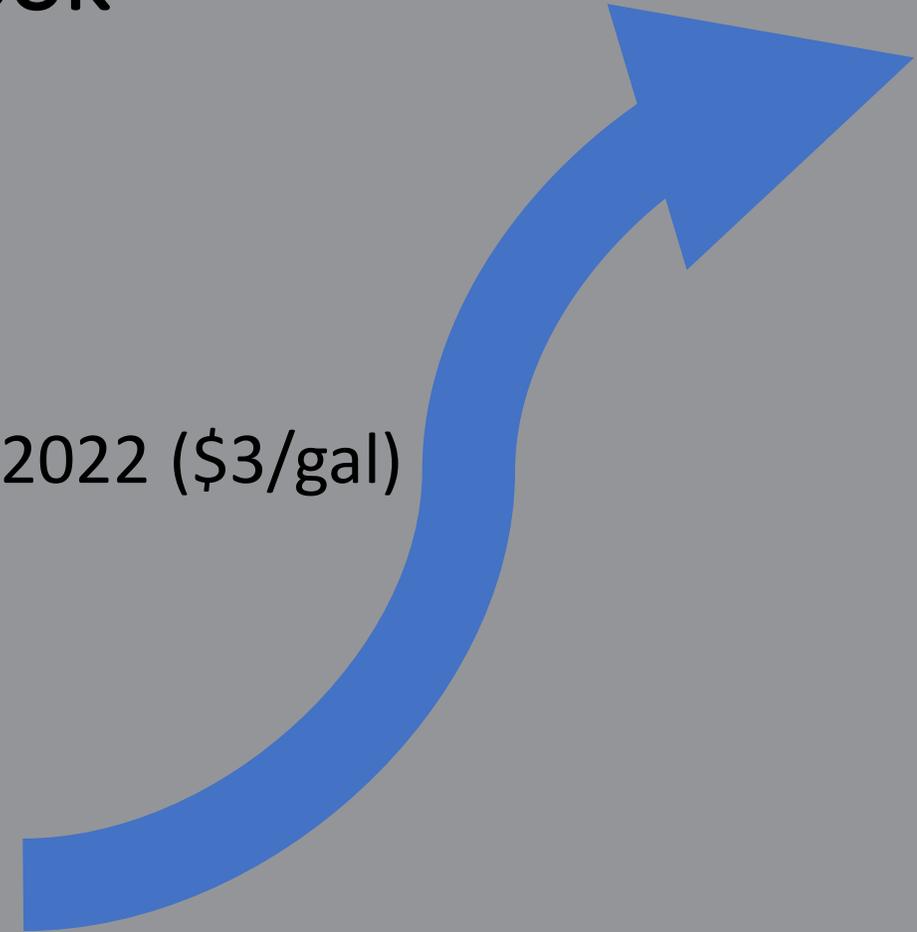
Concern about Shortages

- Concern about ability to get some inputs; affecting prices
 - Parts for repairs, workers, chemicals and fertilizers
 - US Gulf production facilities continue to return online; worst of logistical woes should be over
- Labor: hard to come by and wage rates are increasing
- Machinery and equipment costs are going up

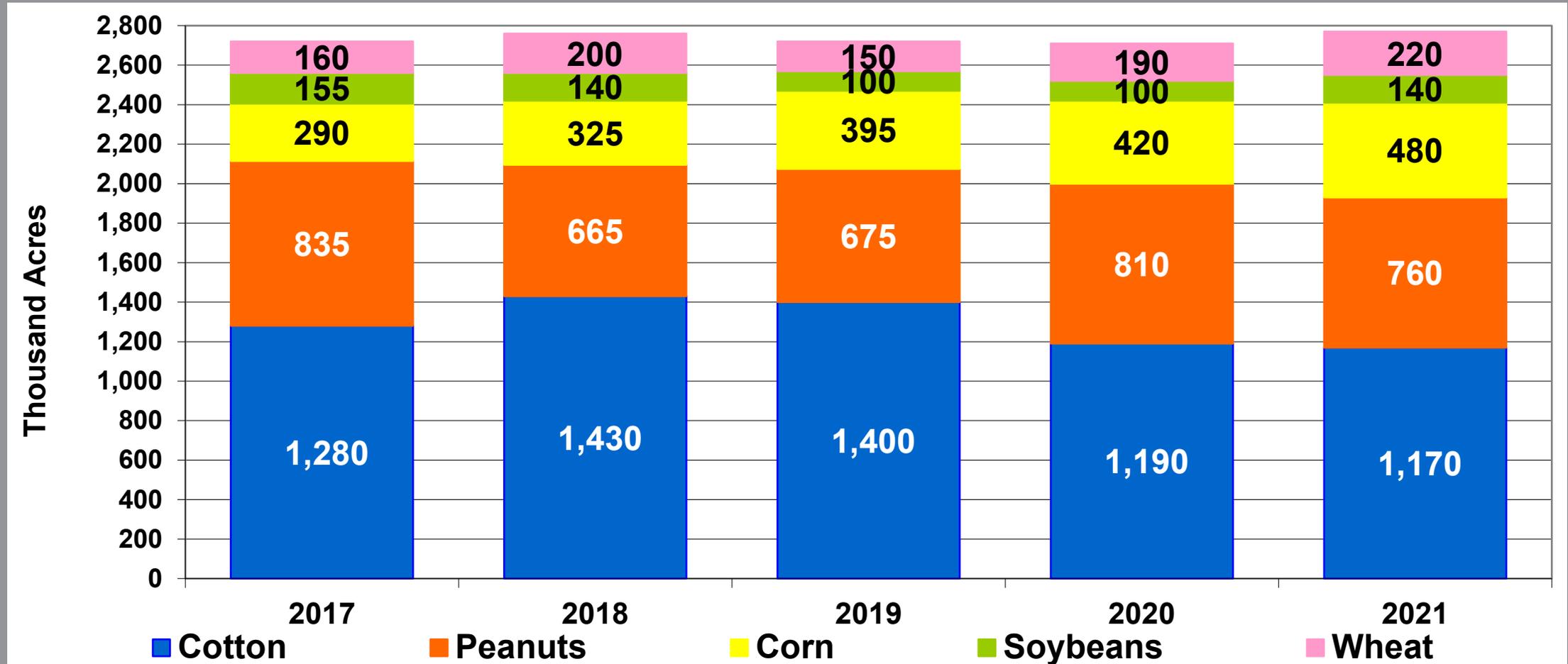


2022 Inputs Outlook

- Land values up
- Cash rents up
- Interest rates will go up
- Diesel and fuels up, expected to decline mid-2022 (\$3/gal)
- Fertilizers up (N: \$1.10, P:\$0.70, K: \$0.70)
- Seed prices slight increase
- Ag chemicals up to scarce
- Labor up
- Machinery & equipment up



GA Planted Acres of Select Row Crops



Row Crop Comparison Tool

- Side-by-side comparison of expected net returns for cotton, peanuts, corn, soybeans, wheat, and grain sorghum.
- Fully customizable for dryland and irrigated as well as conventional and strip tillage.
- Available for download at:
<https://agecon.uga.edu/extension/budgets.html>



A final word about 2022

There are still opportunities to make a profit because commodity prices are high.

- Breakeven analysis: Price & Yield
- Calculate your cost of production; then lock in profitable prices (marketing plan)
- Efficient use of inputs (rotation, tillage, precision application, irrigation management)
- Risk management tools like crop insurance will also be critical to protect direct costs





Thank you!

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