



UNIVERSITY OF
GEORGIA

Inputs Outlook and Crop Economics for 2023

Amanda R. Smith

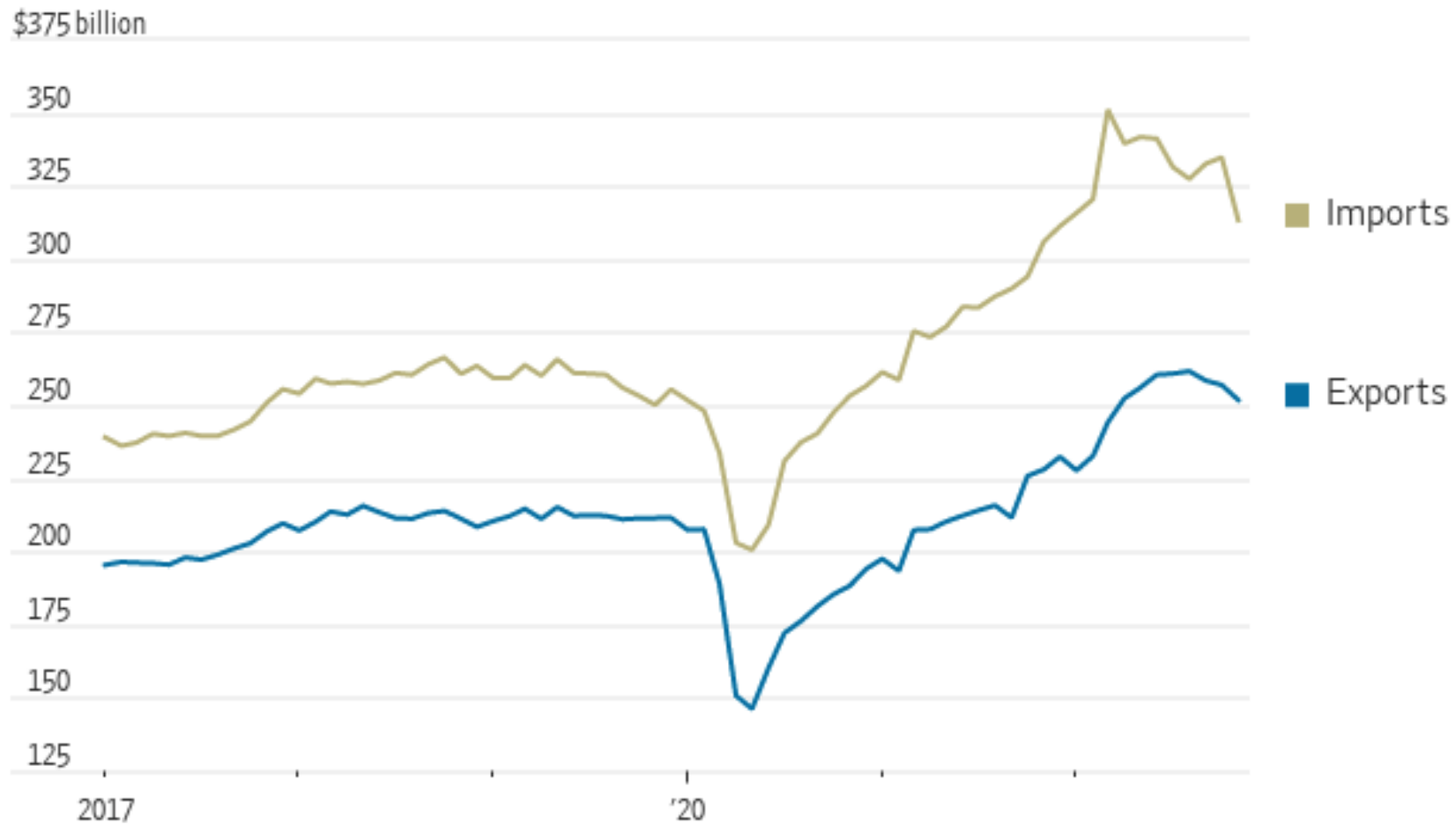
Extension Economist,

Department of Agricultural & Applied Economics

Economic Environment Beginning 2023

- 2022 saw higher net farm incomes despite high input costs
- 2023 will see lower farm revenues – input price declines are slower
- IMF global growth forecast 2.9% in '23 (6.0% in '21, 3.4% in '22)
COVID **War in Ukraine** **???**
- Inflation still a factor (**Higher Interest Rates** – Federal Funds Rate 4.75%)
- Commodity prices are still up, but weaker
- Energy consumption above pre-pandemic levels, may decline in '23
- Demand for cotton is down and trade (exports) has slowed
- Will there be a Farm Bill in 2023?

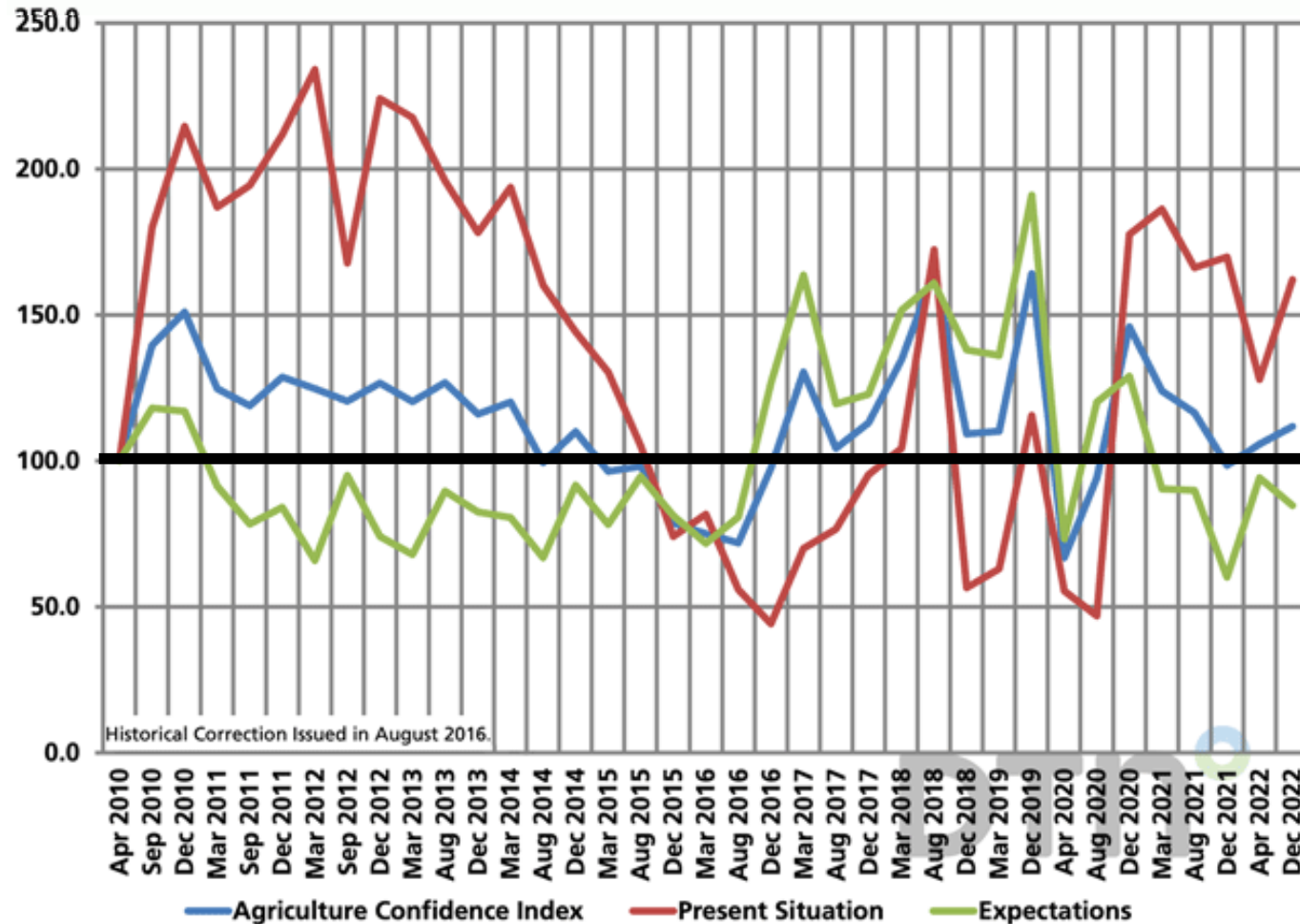
Seasonally Adjusted US Monthly Trade in Goods & Services



Source: Census Bureau, Jan 4, 2023

Happy, but Concerned

DTN/The Progressive Farmer Agriculture Confidence Index

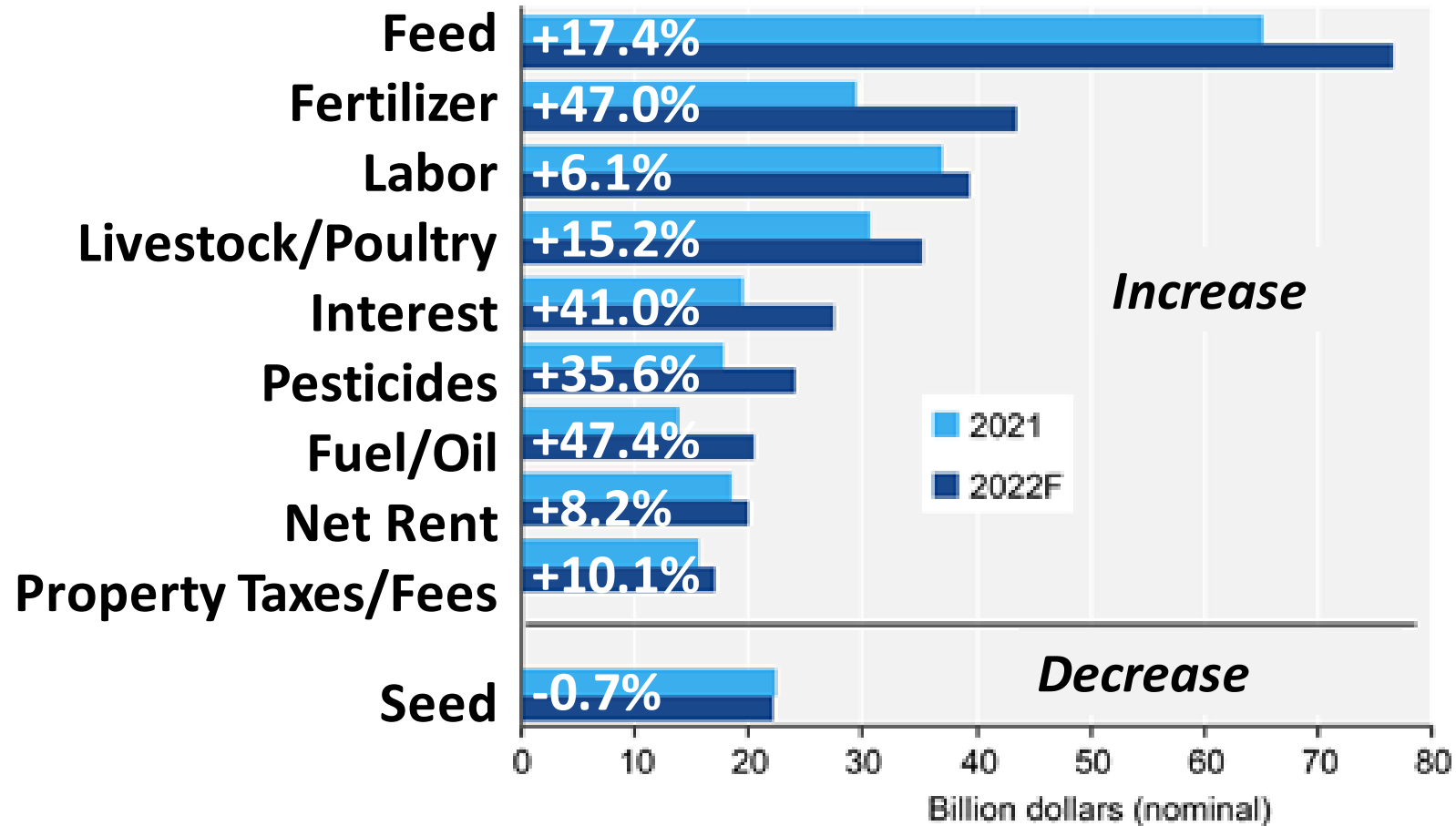


Ag Confidence Index: 111.8

Present Situation: 162.1

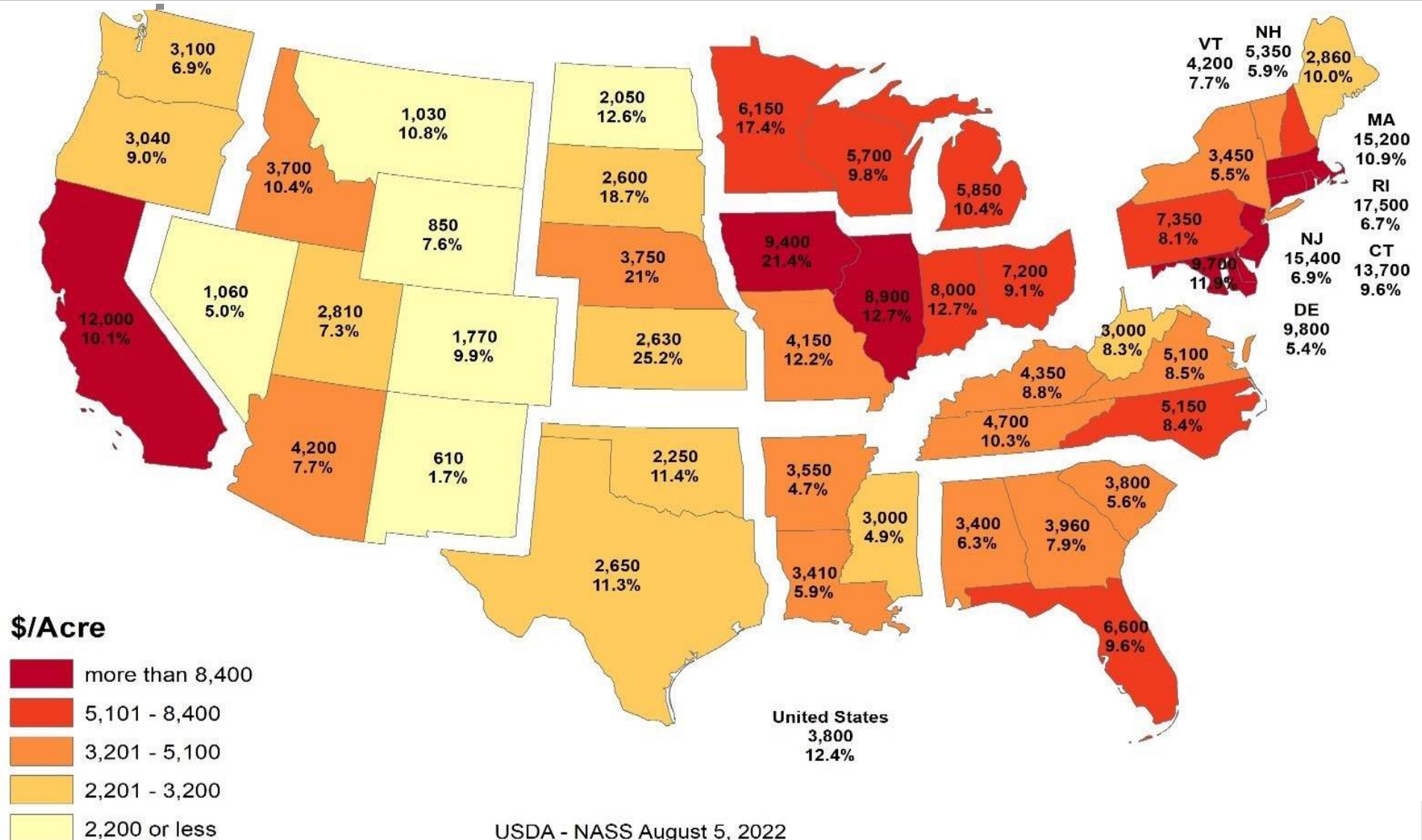
Expectation: 84.8

Selected US Farm Production Expenses, 2021-22F



2022 Farm Real Estate Value

(\$/ac and percent change from 2021)



Cash Rents Likely to Increase in 2023

USDA National Agricultural Statistics Service Georgia State Average
Cash Rents in 2022

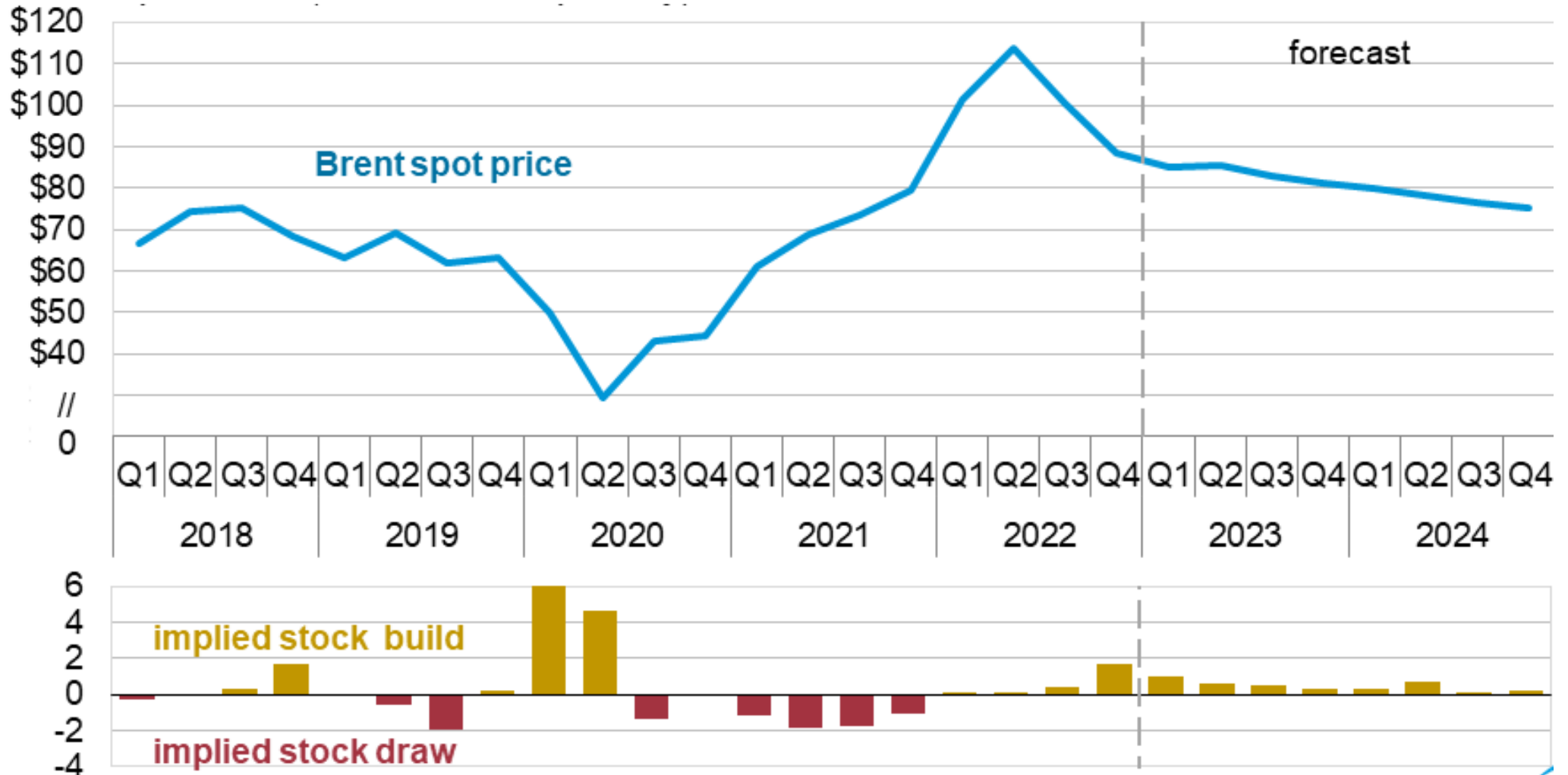
Cropland	\$135.00/ac	(no change)
Irrigated Cropland	\$221.00/ac	(up \$6.00)
Non-irrigated Cropland	\$ 73.50/ac	(up \$3.50)
Pastureland	\$ 31.00/ac	(up \$1.00)

Consider a flexible cash rent lease arrangement.

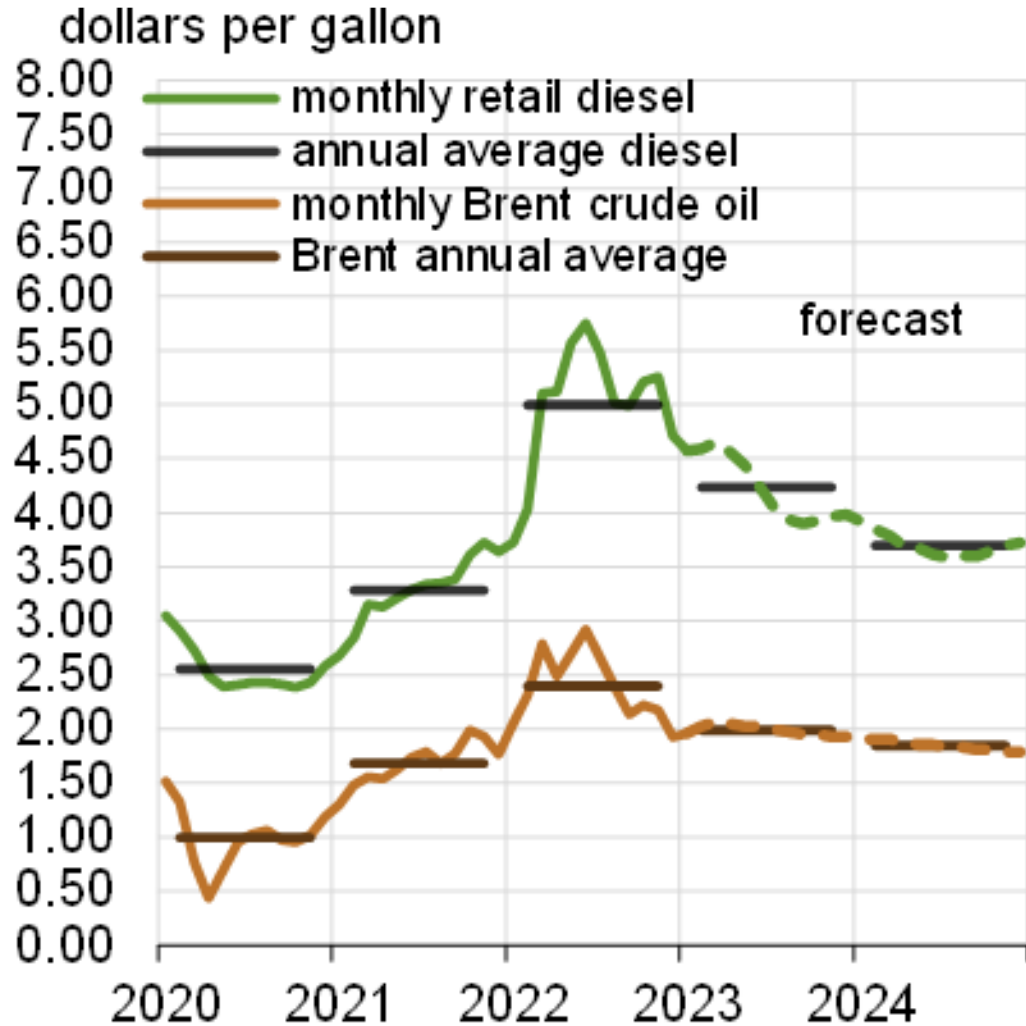
Lenders' Top 2023 Concerns for Producers



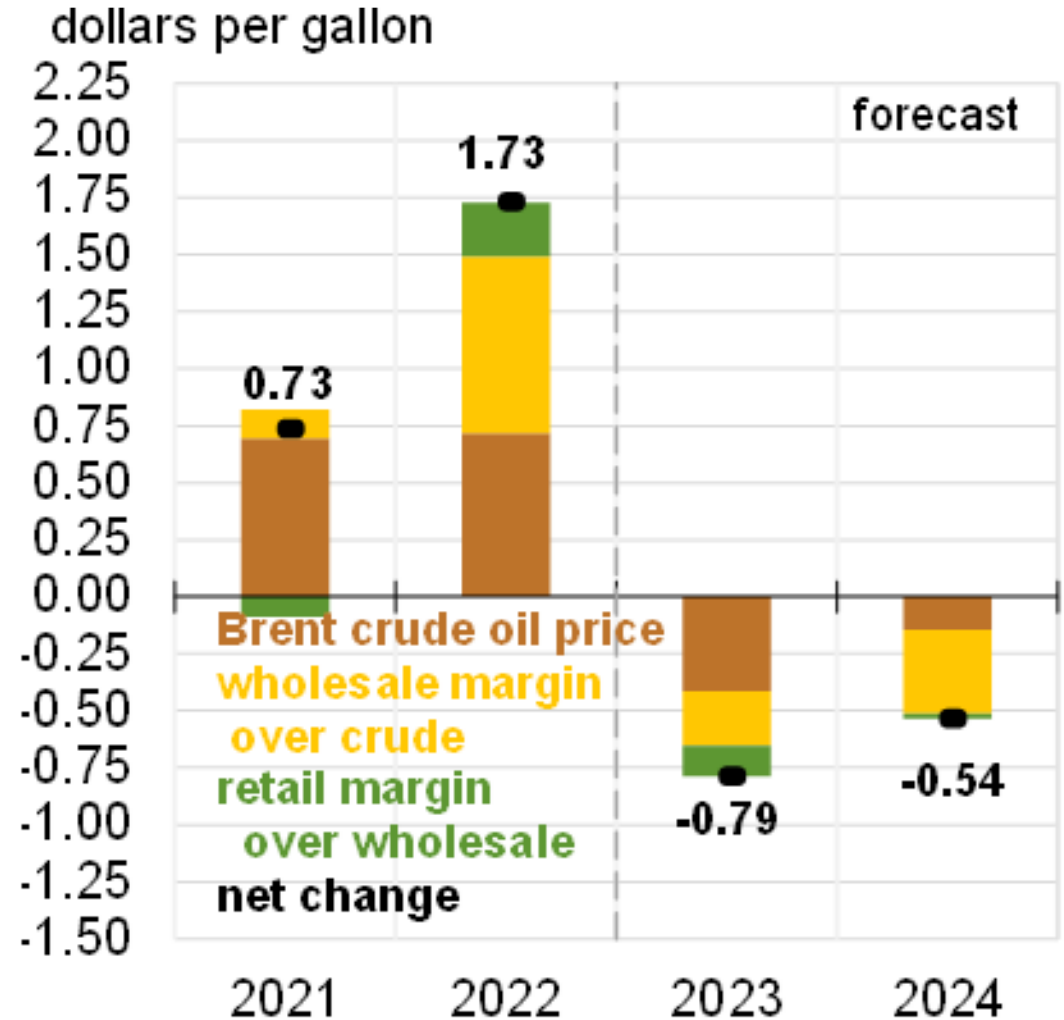
Brent Crude oil Spot Price and Global Inventory Changes (dollars per barrel / million barrels per day)



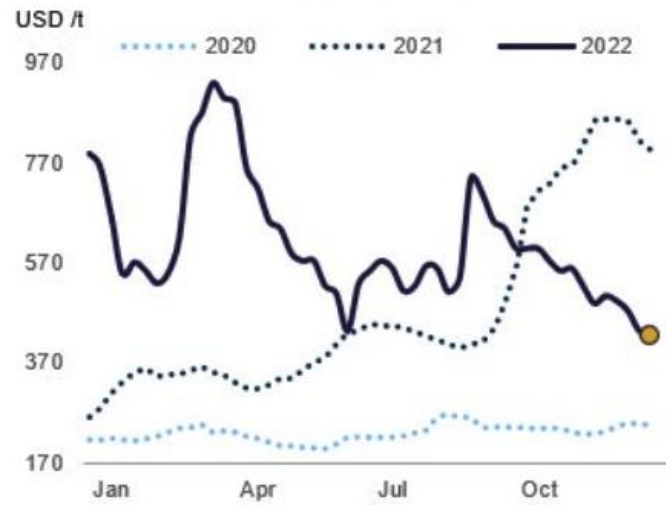
US Diesel and Crude Oil Prices



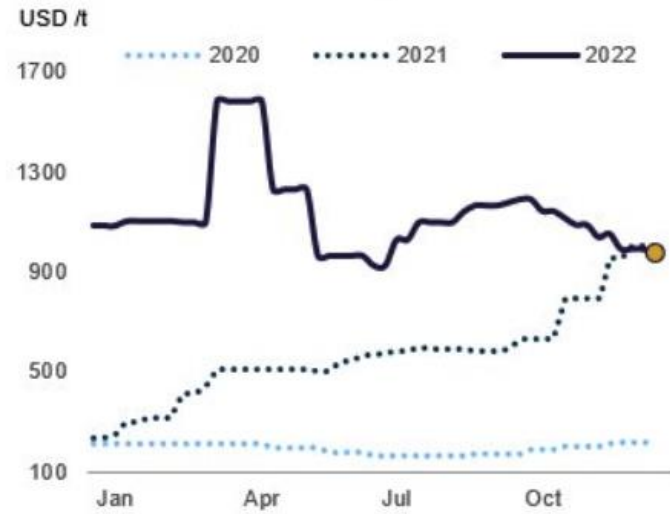
Components of Annual Diesel Price Changes



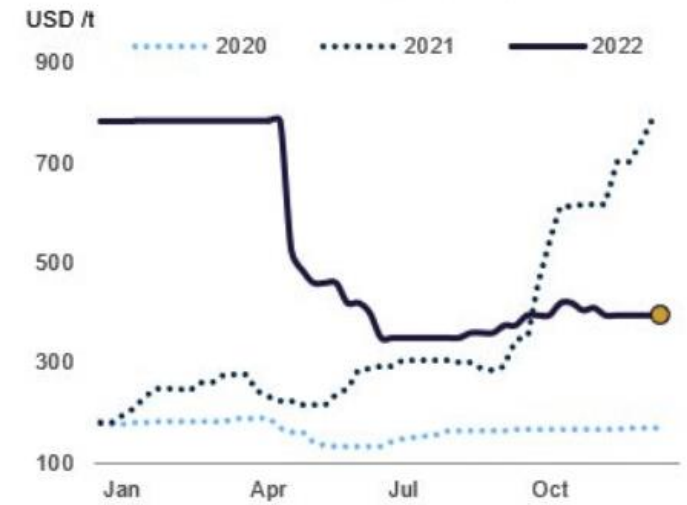
Urea Granular FOB Black Sea Spot



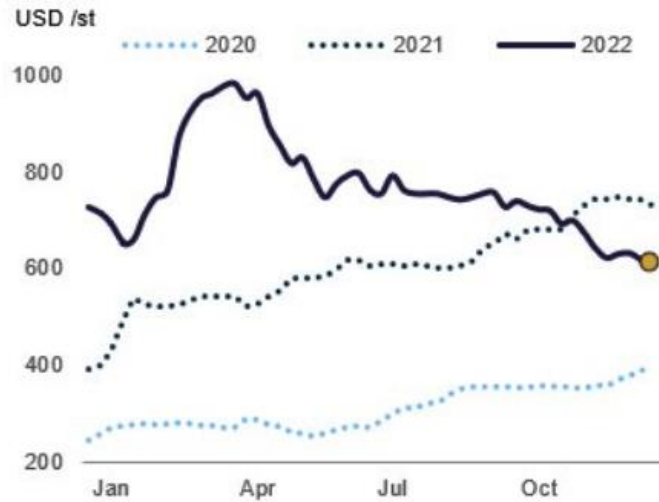
Ammonia FOB Caribbean Spot



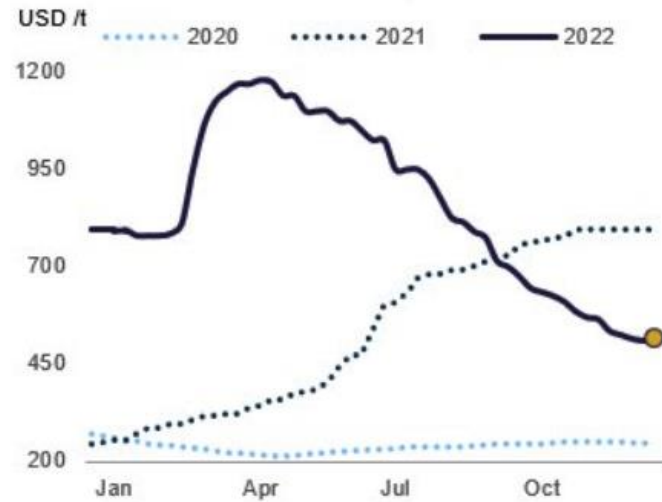
Ammonium Nitrate FOB Baltic Sea Spot



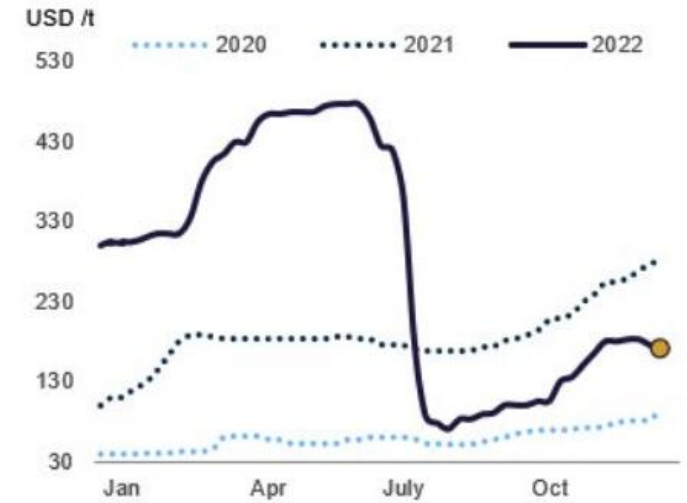
DAP FOB NOLA Spot



Potash Granular CFR Brazil Spot

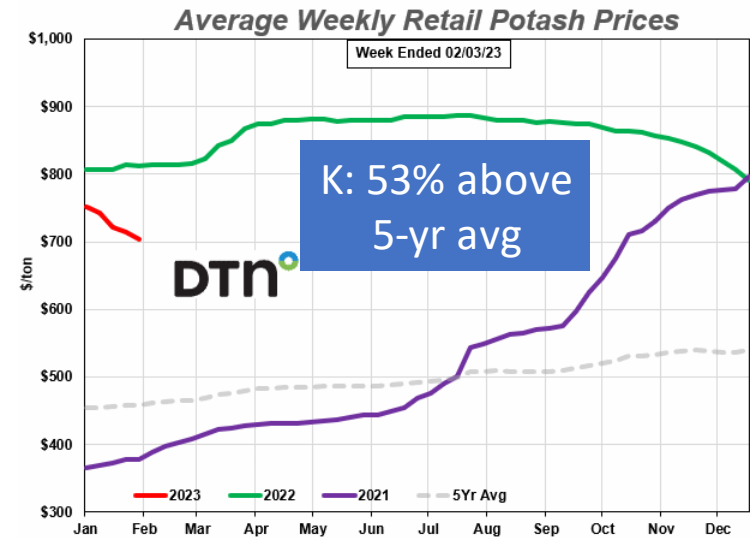
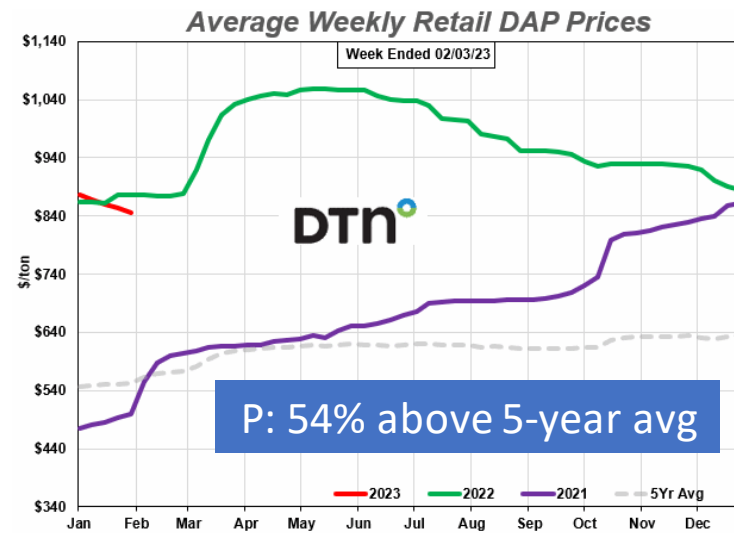
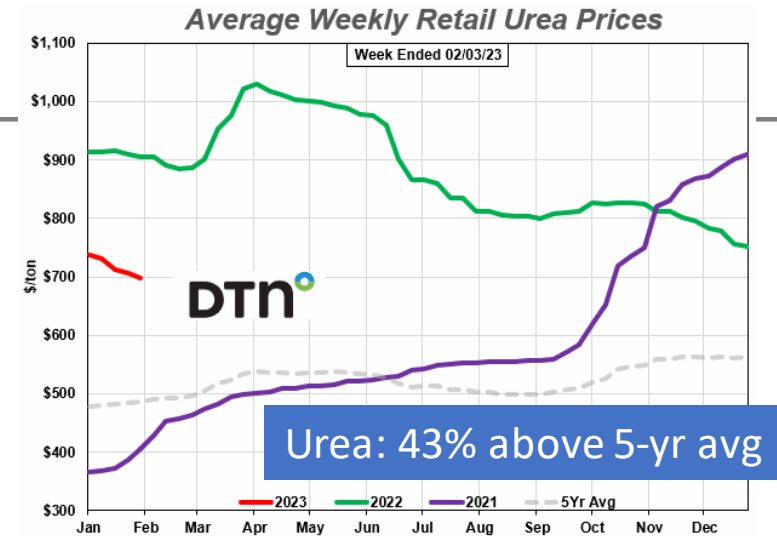
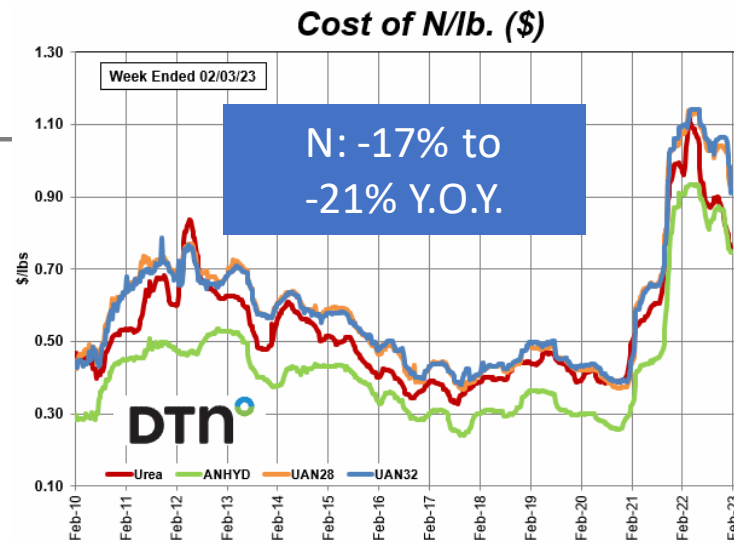


Sulphur FOB Middle East Spot

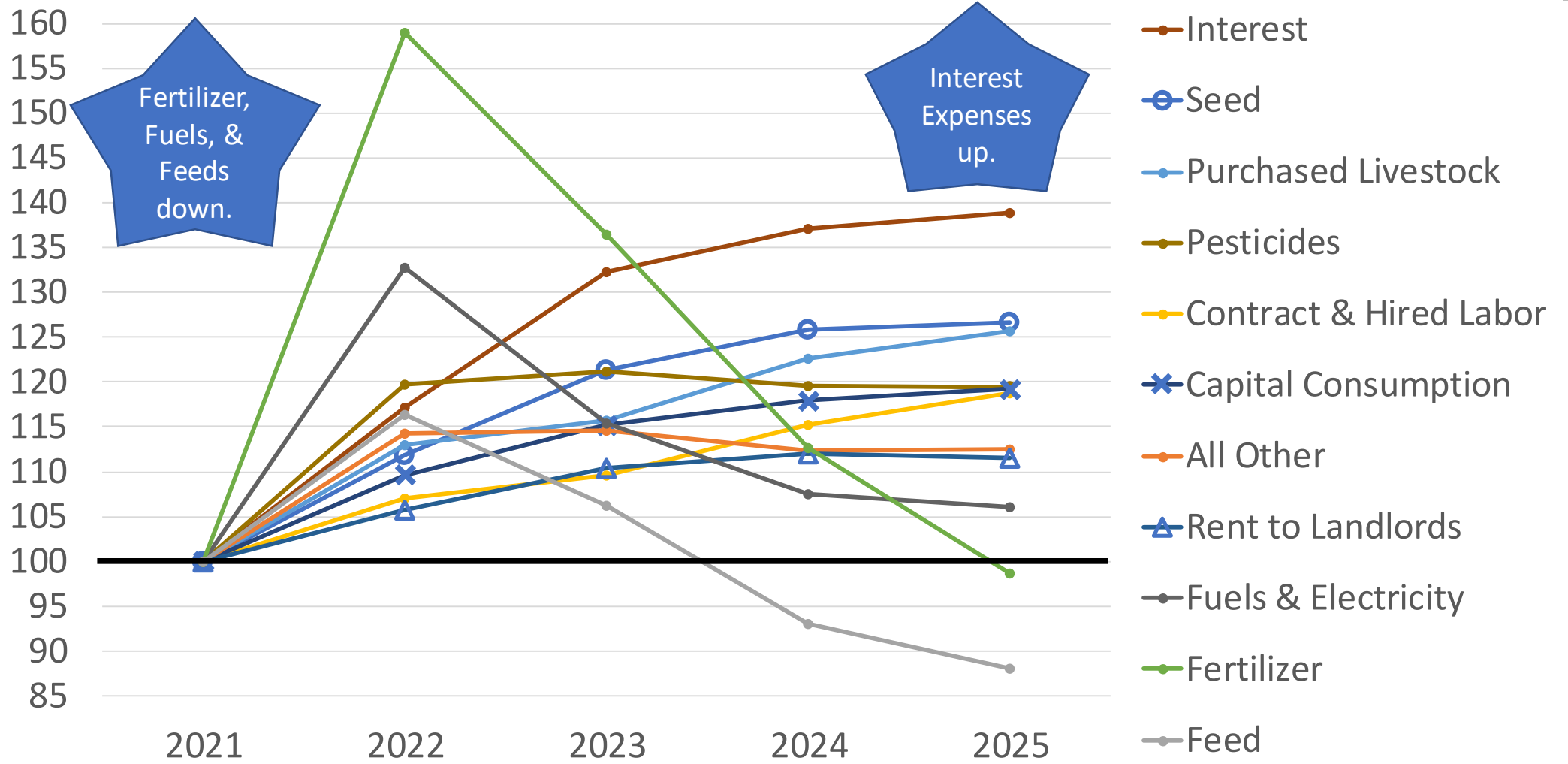


Fertilizers

- N demand is more inelastic than P & K
- The direction N prices will go depends upon:
 - Corn Prices
 - Natural Gas Prices
- **Prices have softened recently**
- 2023 Budgets
 - N = \$1.10/lb
 - P = \$0.80/lb
 - K = \$0.75/lb

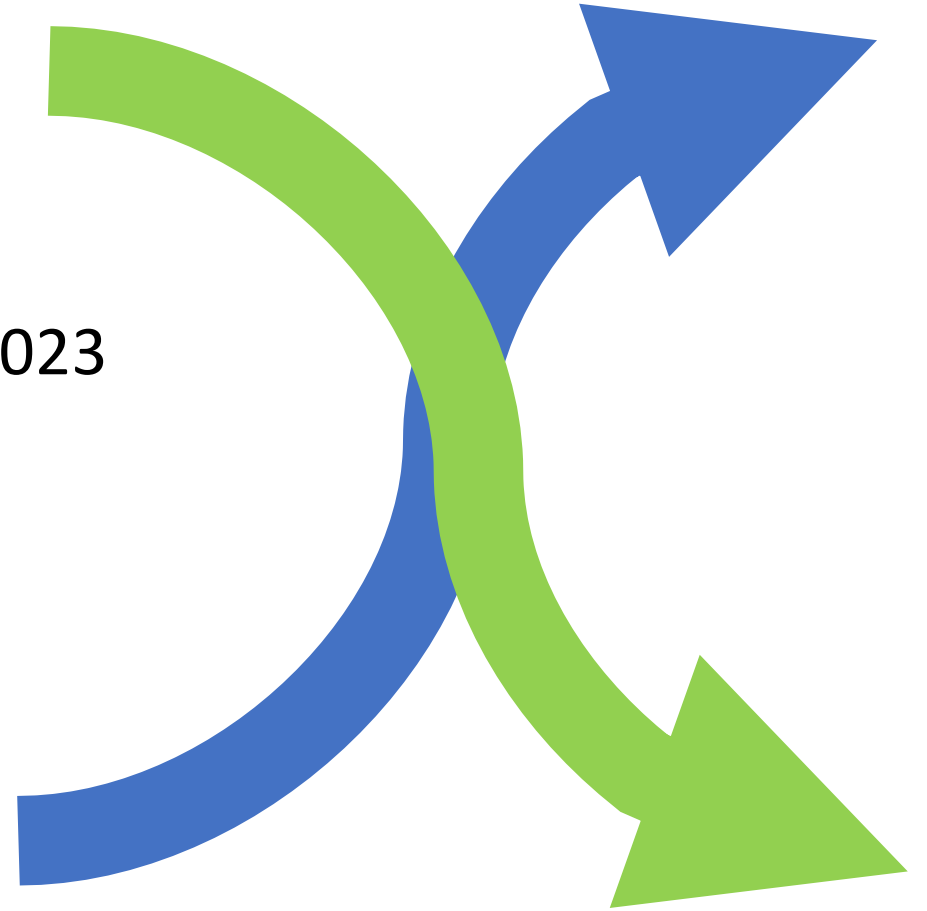


Baseline Projections Index: U.S. Farm Production Expenses, 2021-2025 (2021 = 100)



2023 Inputs Outlook

- Land value rate of increase to slow
- Cash rents to go up
- Interest rates will go up
- Diesel and fuels expected to decline mid 2023
- Fertilizers to decline
- Seed prices slight increase
- Ag chemicals down to mixed
- Labor up
- Machinery & equipment up



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 2023

There are still opportunities to make some profit:

- 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



UNIVERSITY OF
GEORGIA
EXTENSION

Ag & Applied Economics

Thank you for
your time!



UNIVERSITY OF
GEORGIA

EXTENSION

Ag & Applied Economics