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Ag & Applied Economics

# 2022 Production Inputs Outlook

Colquitt County Commodity  
Outlook Meeting  
Moultrie, GA  
November 23, 2021

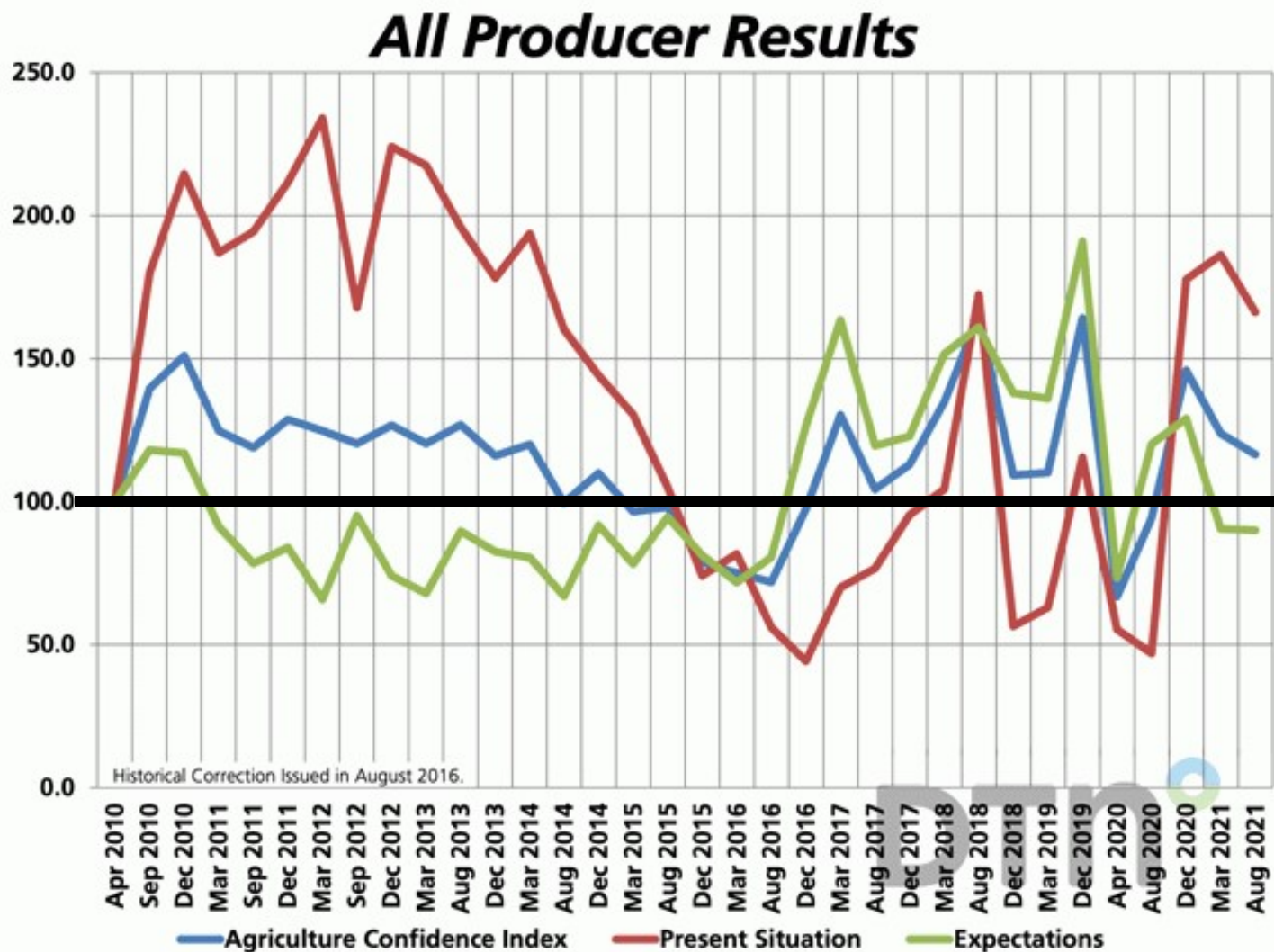
**Amanda R. Smith**  
*Extension Economist and  
Agribusiness Instructor*

# Economic Environment Beginning 2022

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- IMF global growth forecast 5.9% in 2021 and 4.9% in 2022
  - Led by advanced economies; emerging economies slow
  - Risks are to the downside
- Inflation pressures should ease in the long-term: peak at end of 2021 and reach pre-pandemic levels by mid-2022
- Energy consumption at pre-pandemic levels and expected up
- Record ag exports projected for 21/22 crop
- Interest rates low and steady; expect Federal average 0.75 in '22 and 1.0 in '23
- Government support to farmers expected to decline in 2022

# Confident, but Concerned

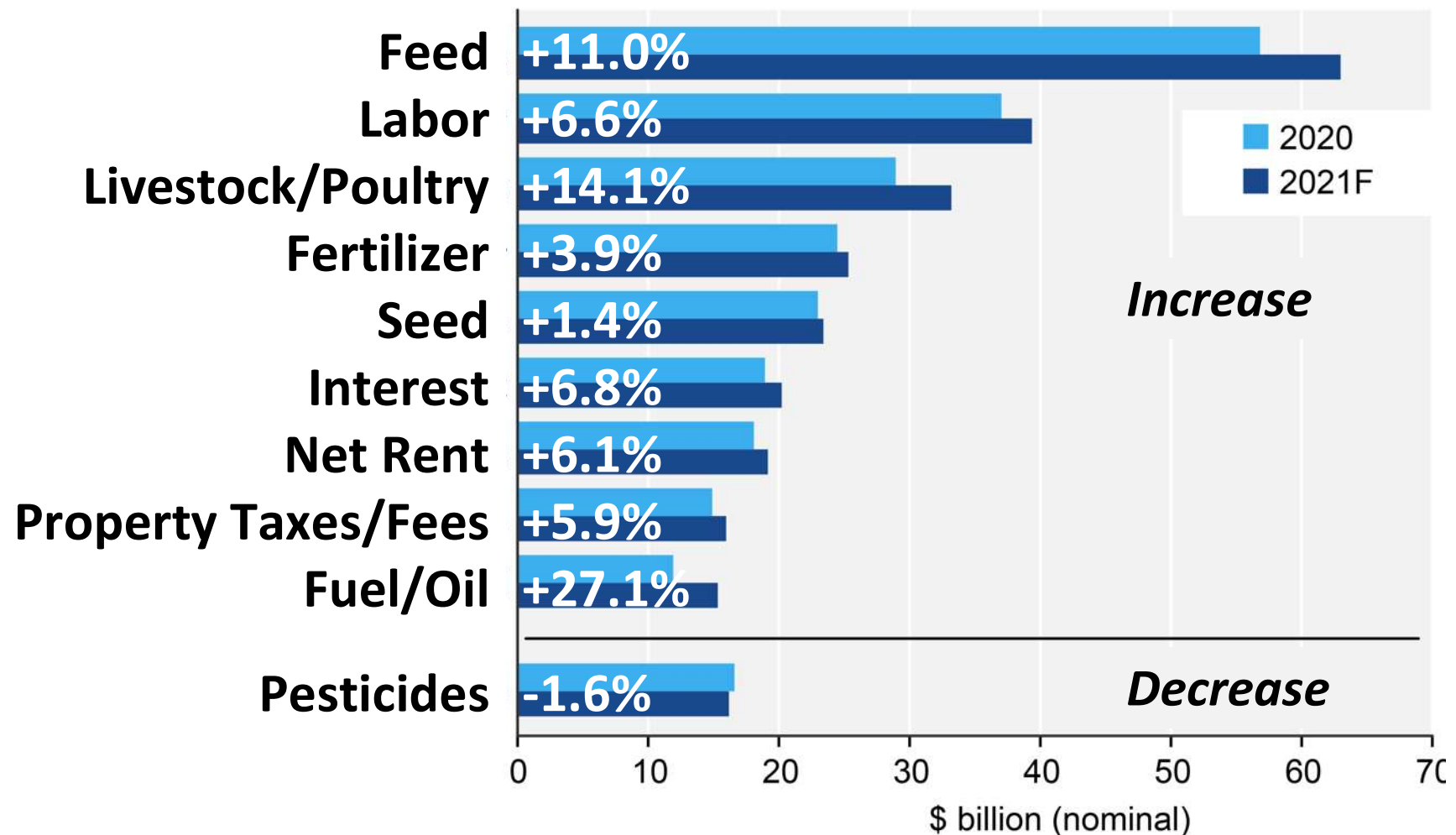


**Ag  
Confidence  
Index 116.6**

**↓ 7.3 pts  
from Spring**

**↑ 22.3 pts  
from last  
year**

# 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.

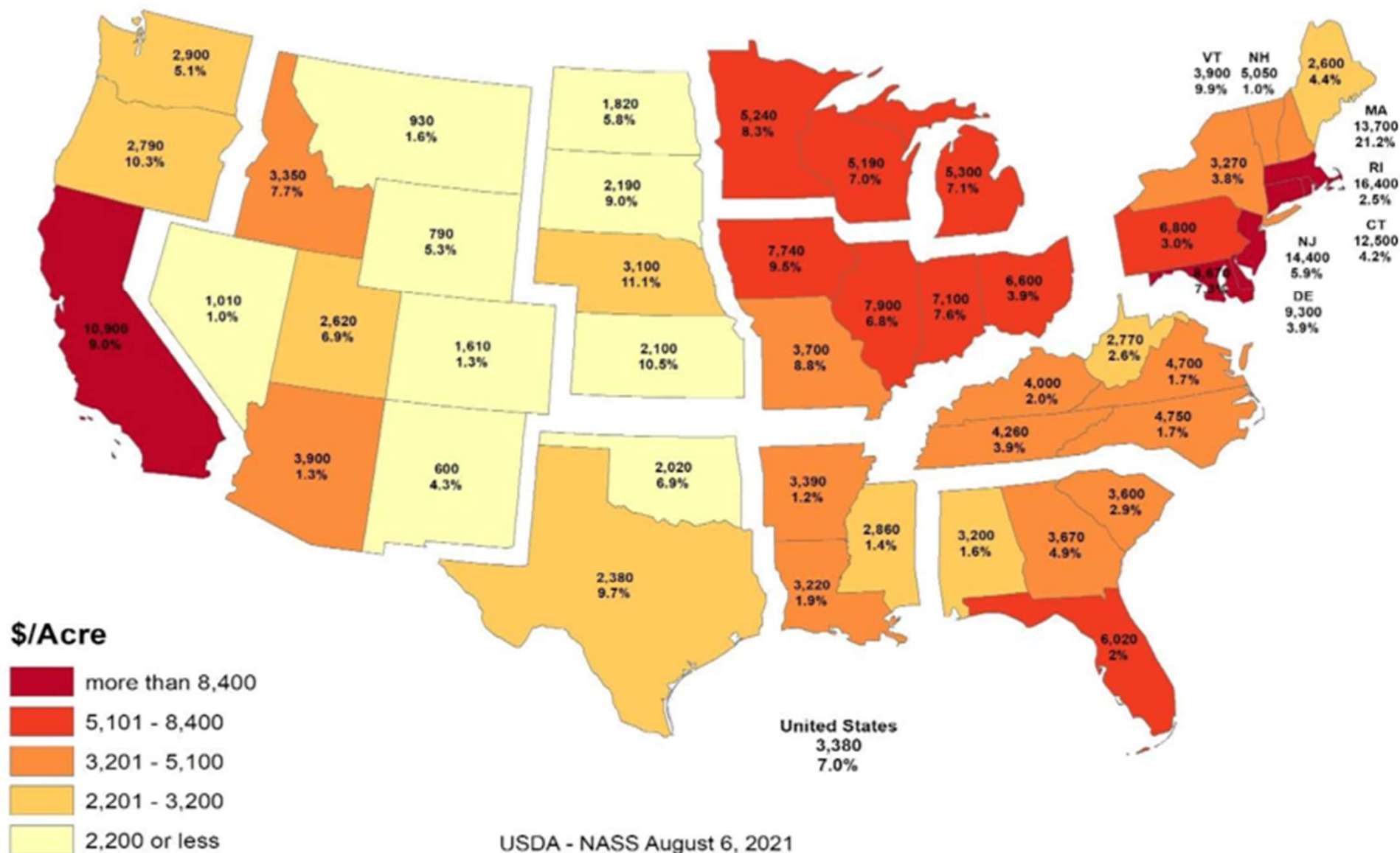


A close-up photograph of a wheat field. The wheat stalks are green and upright, with golden-brown heads of grain. The background is a clear blue sky. The word "LAND" is written in white capital letters in the lower-left corner.

**LAND**

# 2021 Farm Real Estate Value

## (\$/ac and percent change from 2020)



USDA - NASS August 6, 2021

# Cash Rents Likely to Increase in 2022

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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) |

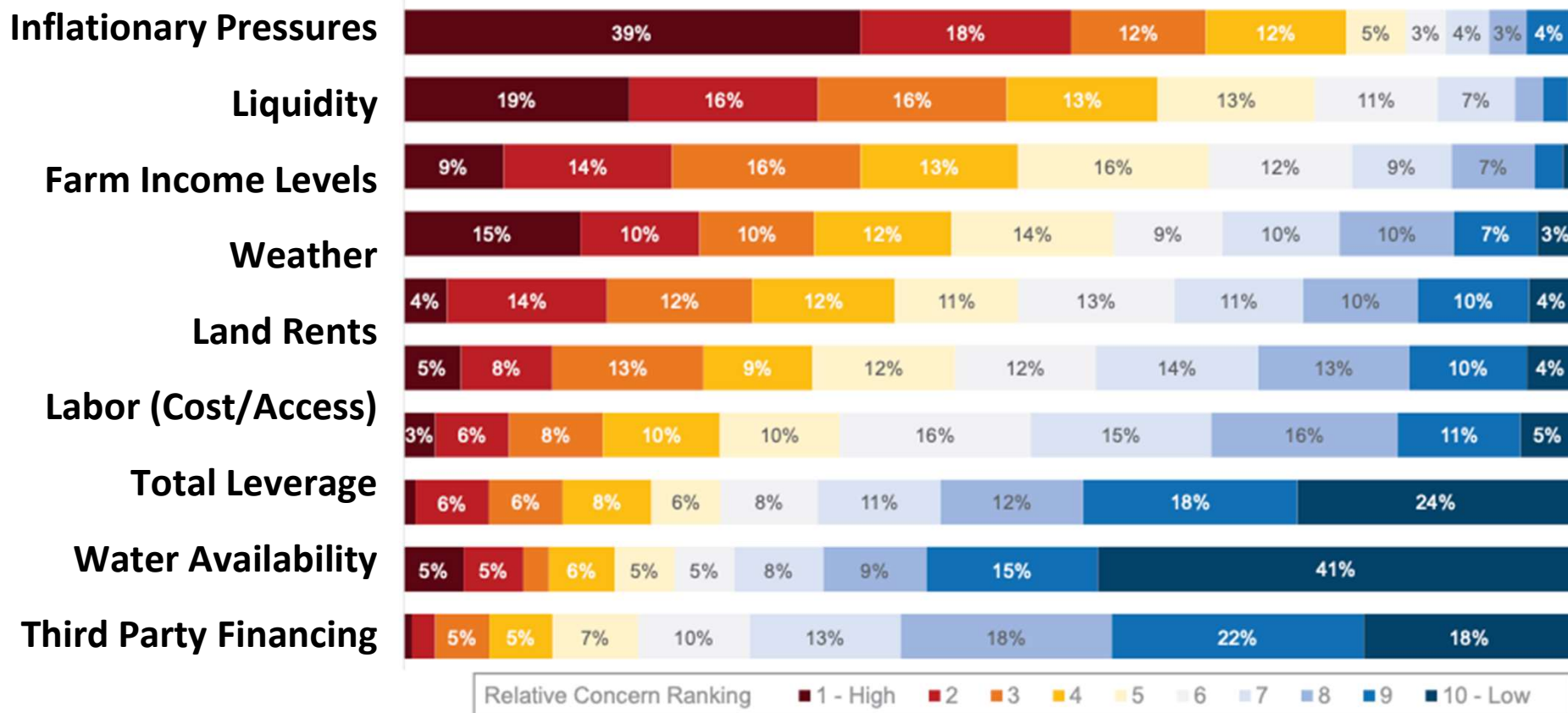


**CREDIT**



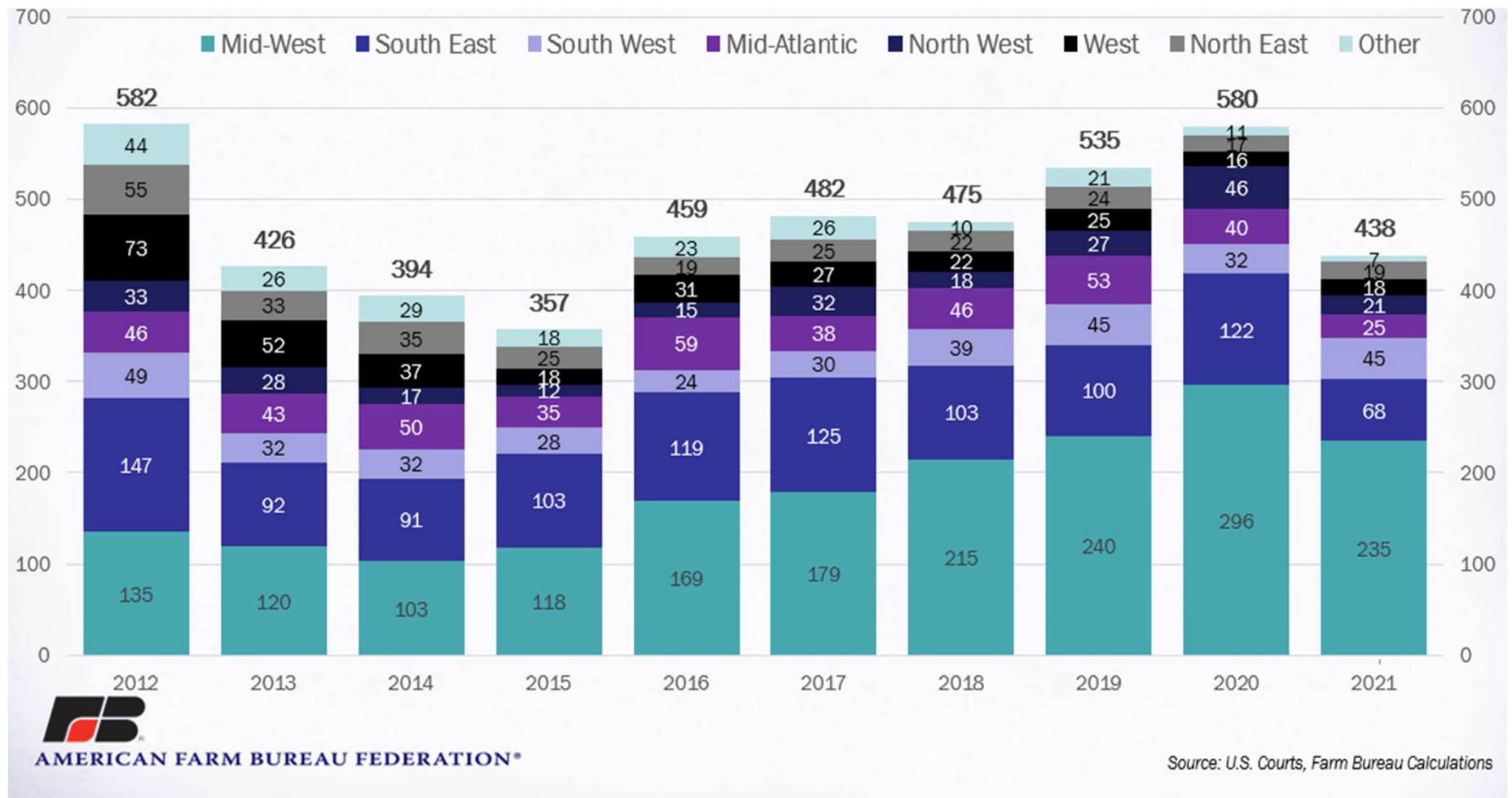


# Lenders' Top 2022 Concerns for Producers



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.

# Chapter 12 Farm Bankruptcies by Region, July 2020 – June 2021: 438 Filings US -24%



**ENERGY**

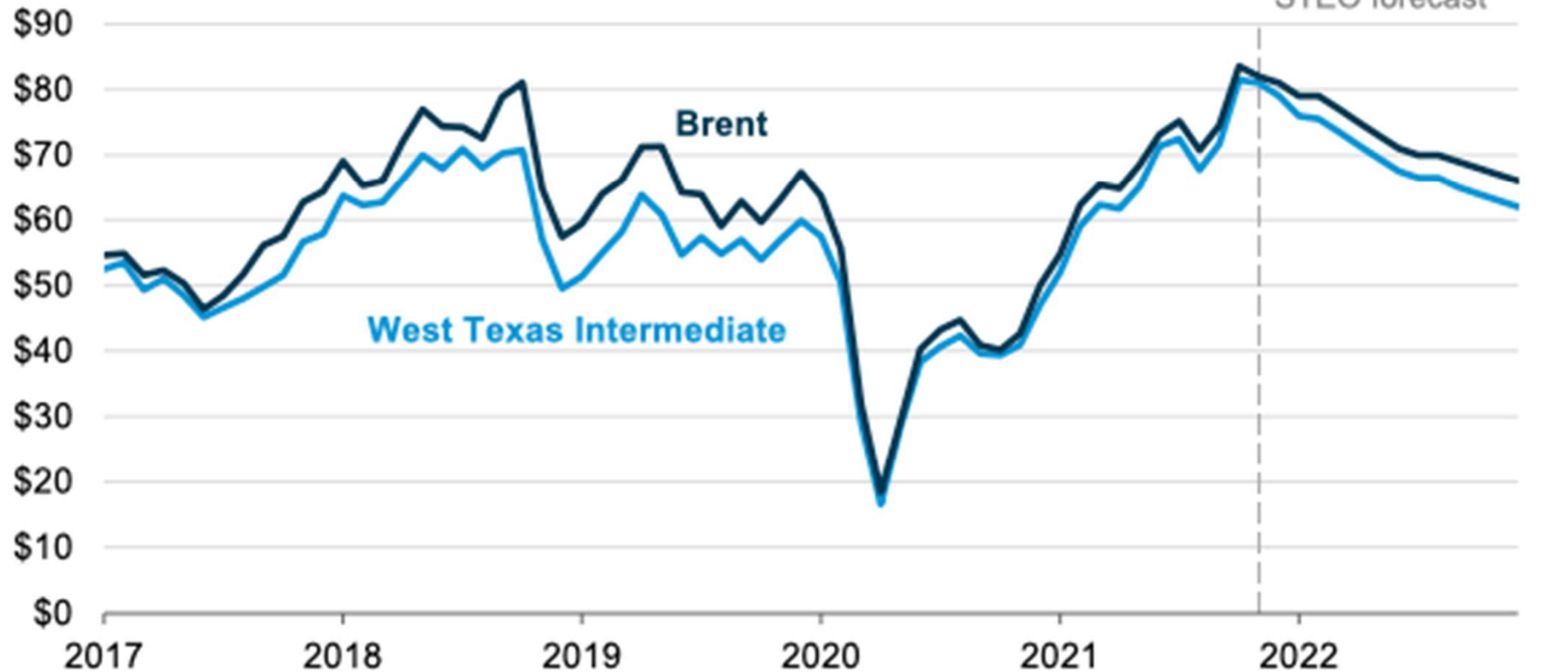




# US Energy Information Administration Oil Update

Monthly crude oil spot prices (Jan 2017–Dec 2022)

dollars per barrel

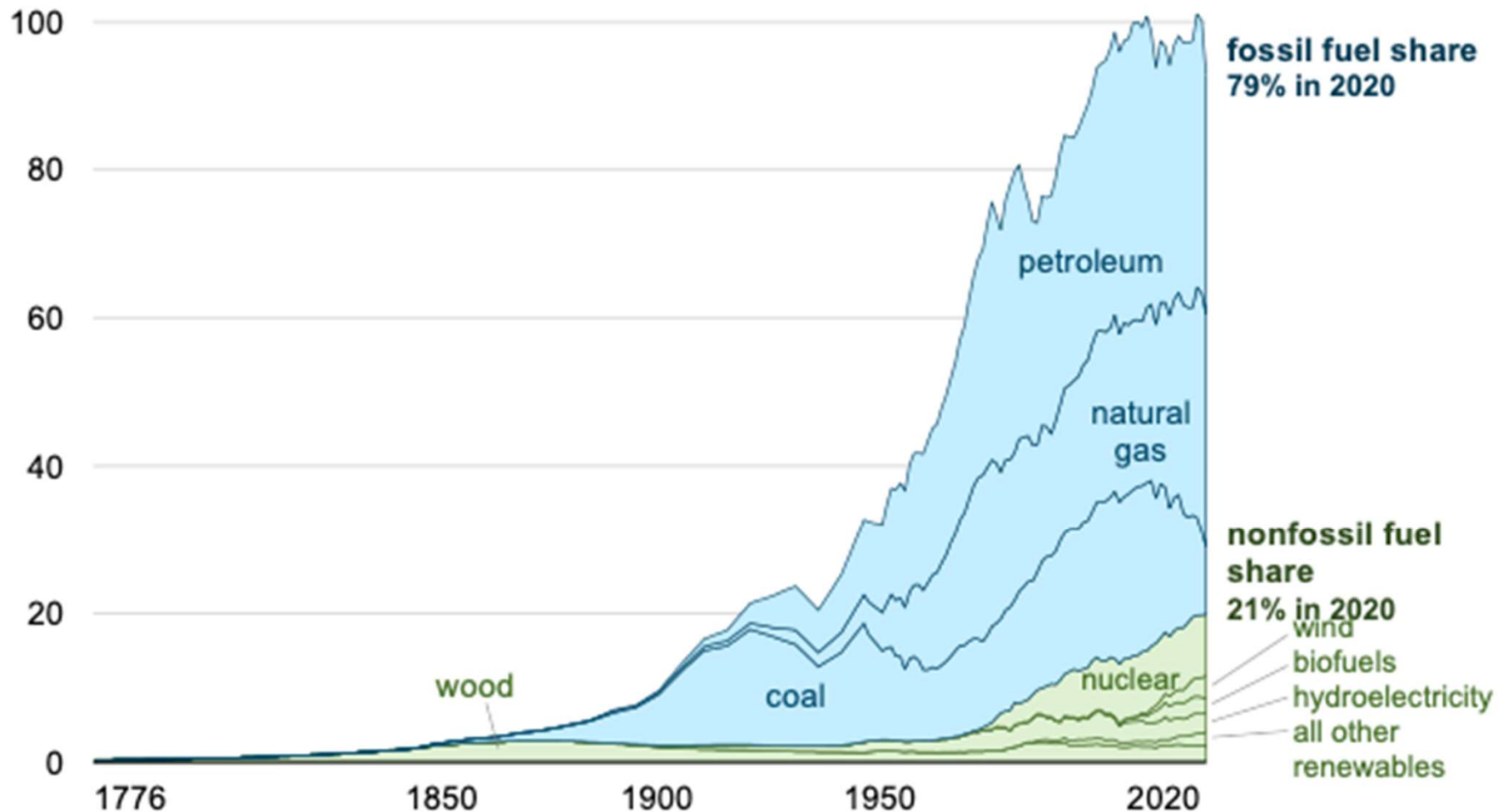


Source: U.S. Energy Information Administration, *Short-Term Energy Outlook* (STEO), November 2021



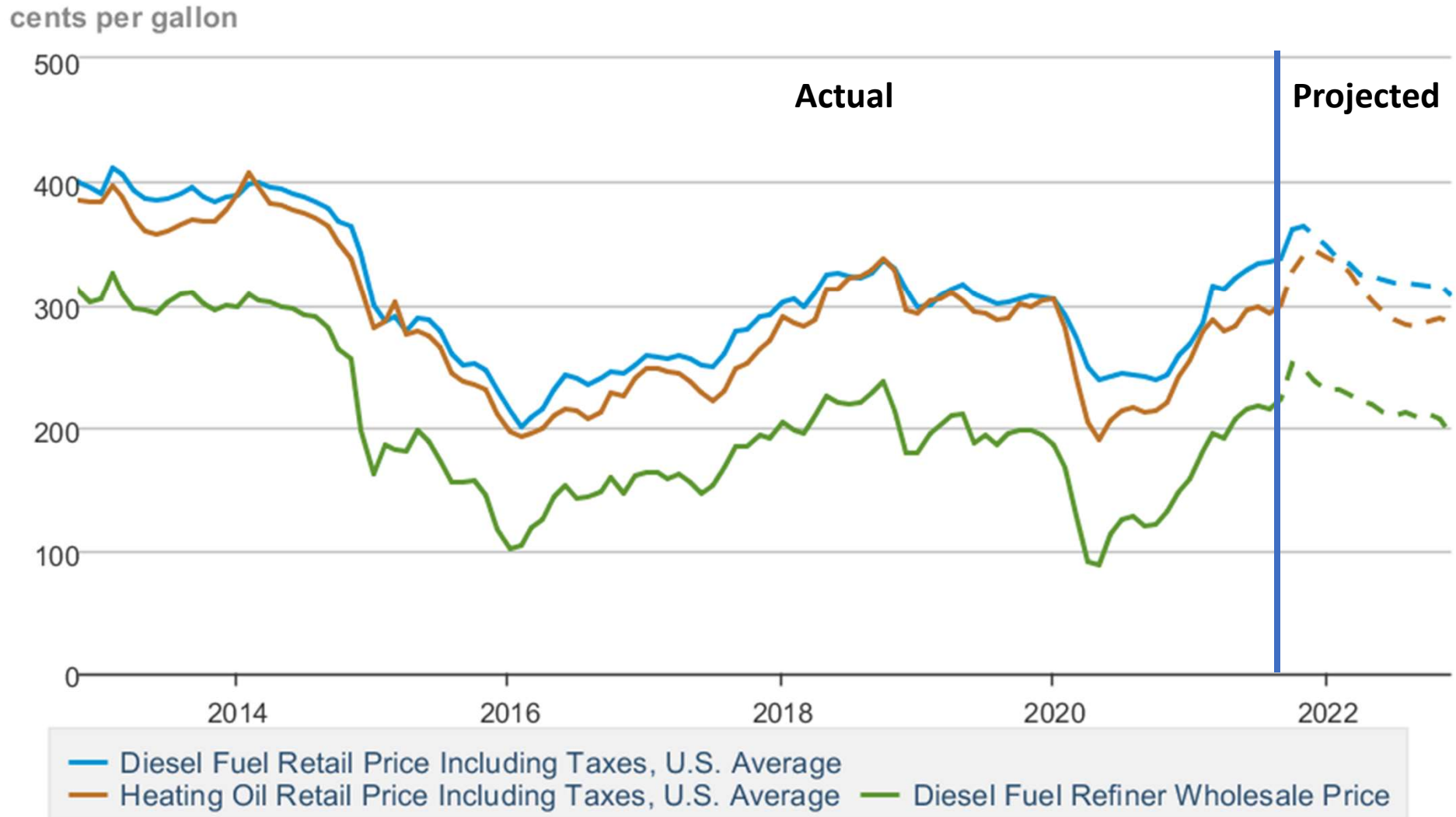
# Nonfossil Fuel Sources Accounted for over 21% of US Energy Consumption in 2020

Energy consumption in the United States (1776–2020)  
quadrillion British thermal units



Source: U.S. Energy Information Administration, [Monthly Energy Review](#)

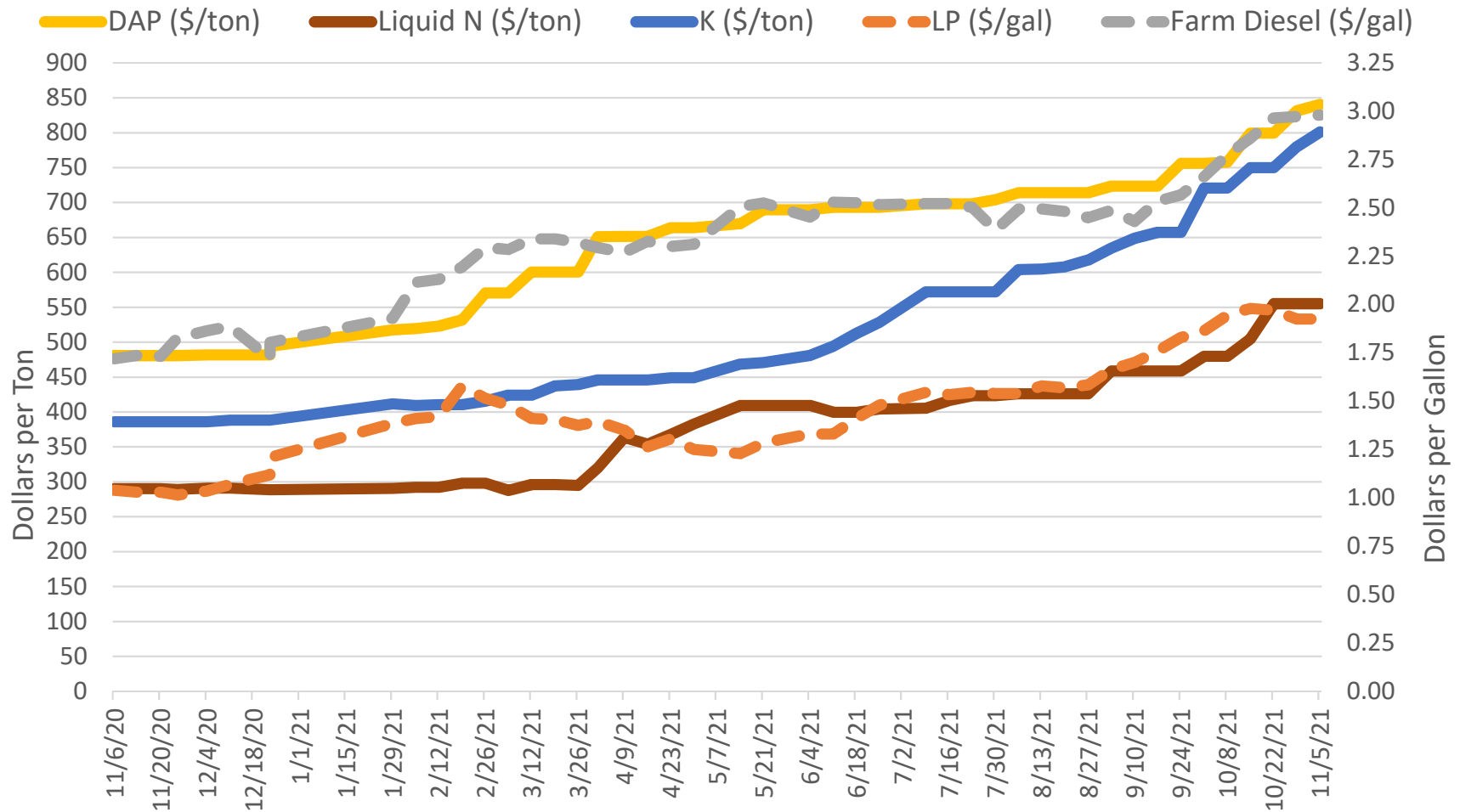
# US Farm Diesel Fuel Prices, Sep 2012-Oct 2022P



eia US Energy Information Administration, Nov 2021

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# YOY Avg Energy Prices Southeastern U.S.

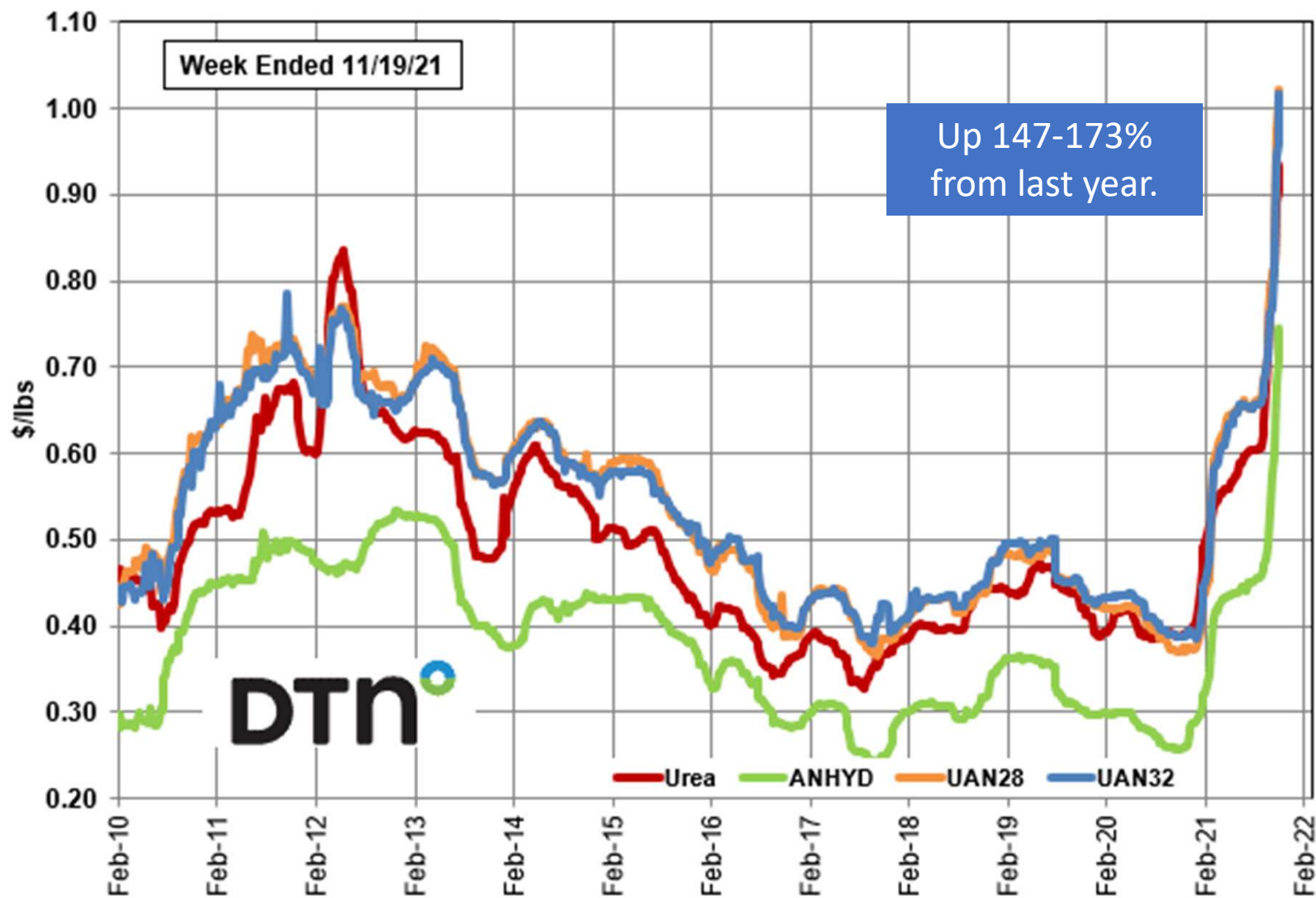




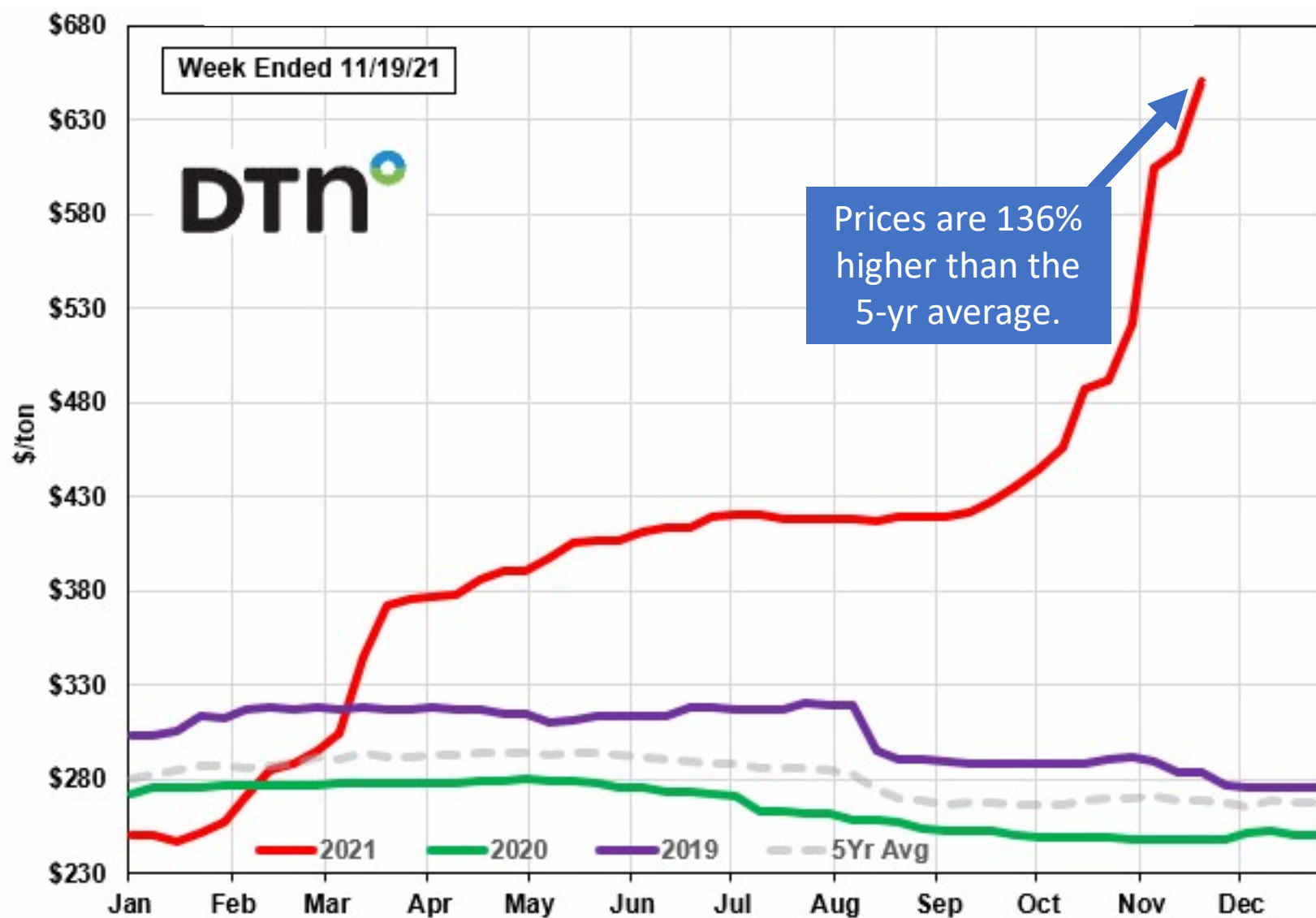
**FERTILIZERS**



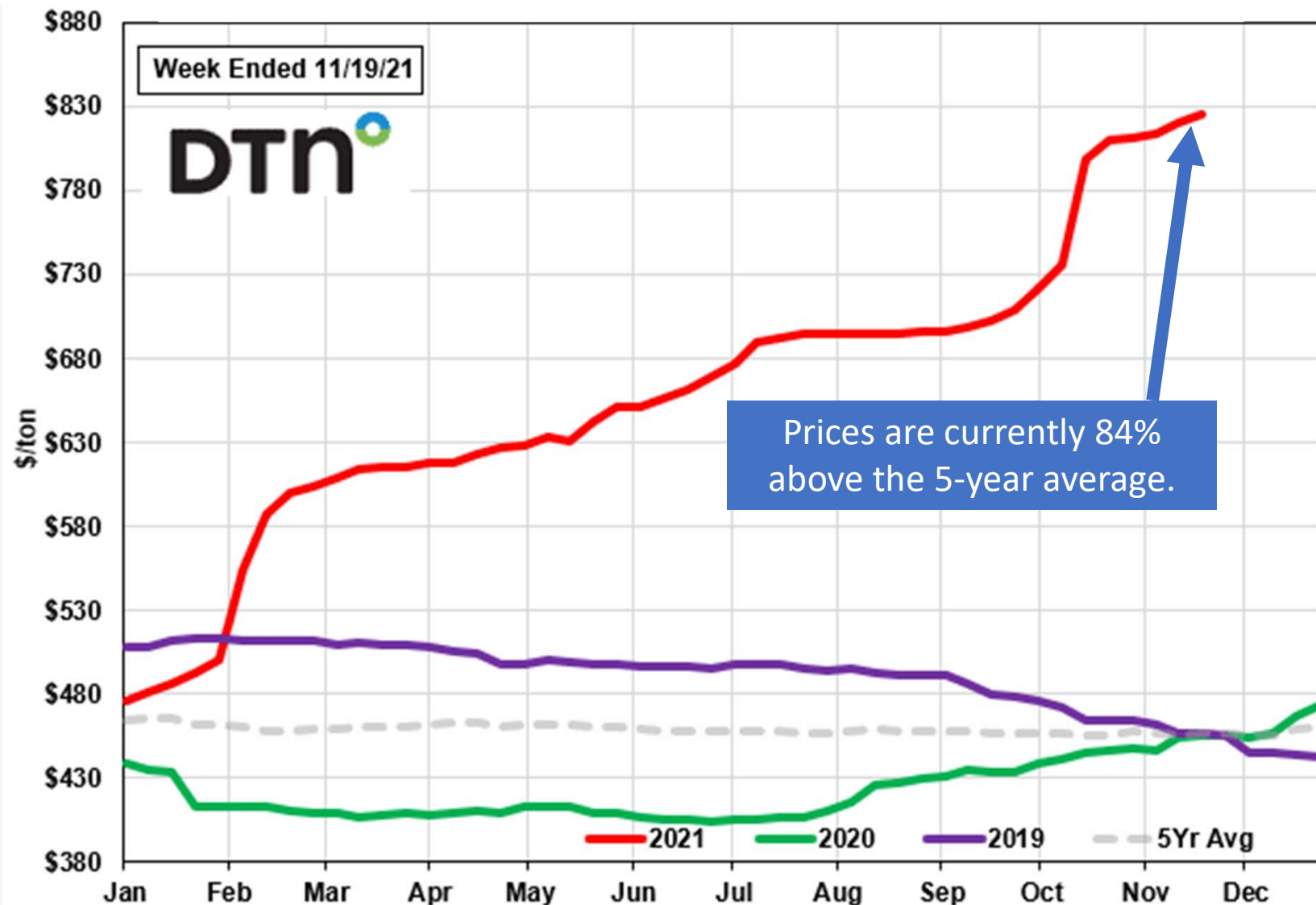
# Average Retail N Prices (\$/lb N)



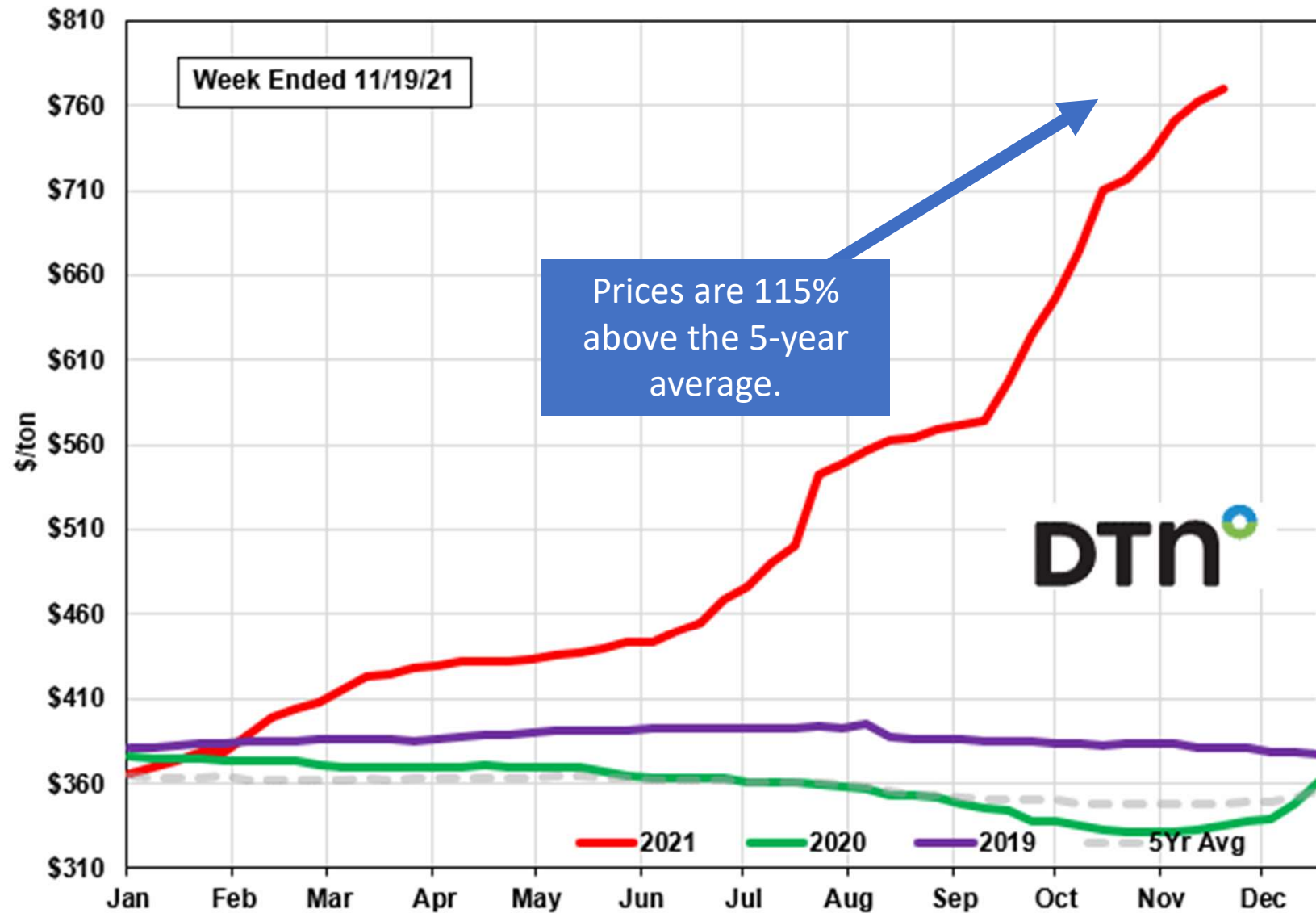
# Average Weekly Retail UAN32 Prices



# DTN Average Retail DAP Prices



# DTN Average Retail Potash Prices





# MACHINERY AND LABOR, ETC.



# Shortages

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- 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 behind us
- Labor: hard to come by and wage rates are increasing
- Machinery and equipment costs are going up

# 2022 Inputs Outlook

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- Land values up
- Cash rents up
- Interest rates stable
- Diesel and fuels up, expected to decline mid-2022
- Fertilizers up
- Seed prices slight increase
- Ag chemicals up to mixed
- Labor up
- Machinery & equipment up

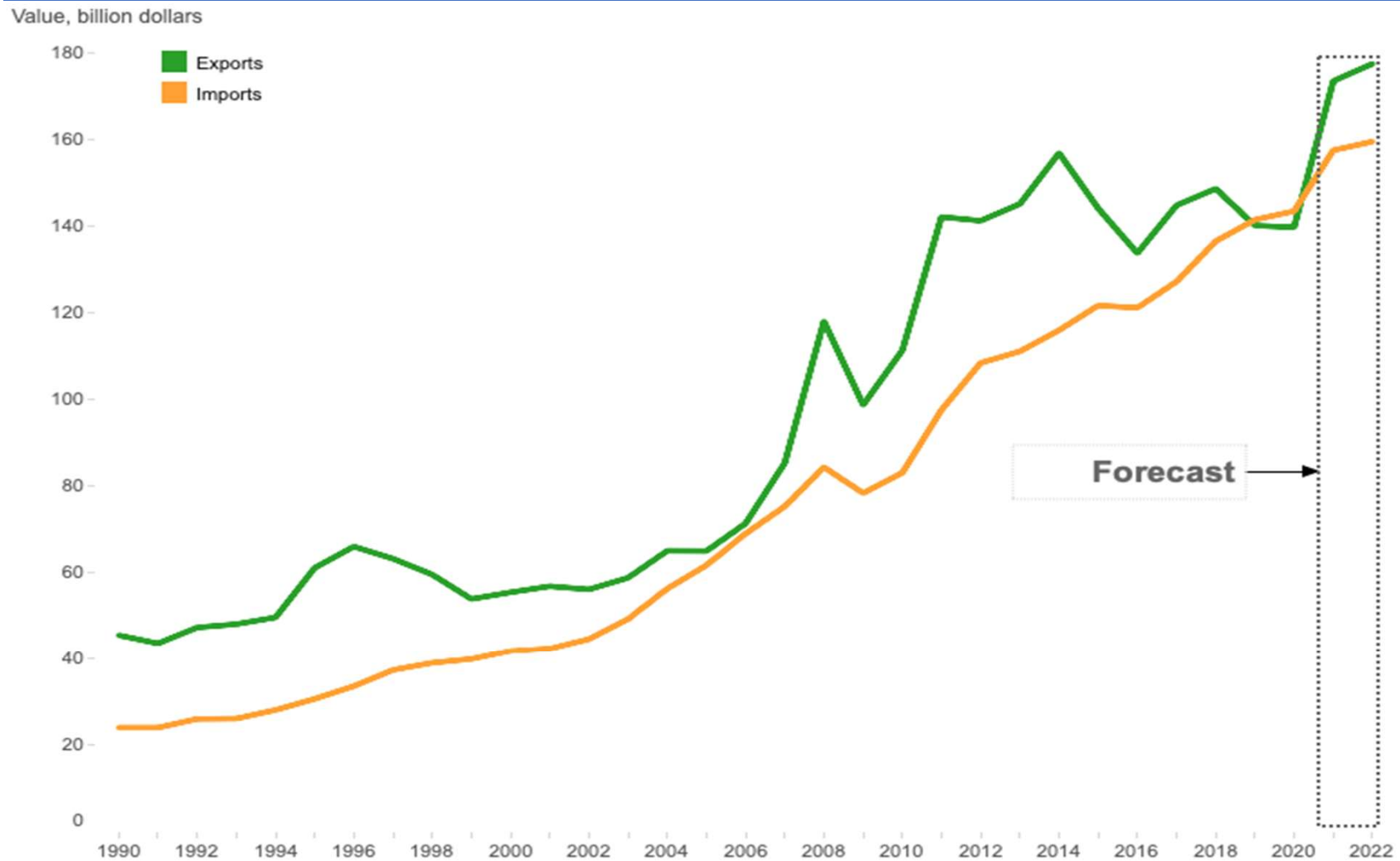
# What's the good news?

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- 2021 farm income was up
- Commodity prices are still up
  - Opportunities to market or forward price above breakeven
- You can manage your risks
- So what is breakeven?
  - Budgets & Crop Comparison Tool



# U.S. Ag Exports & Imports



Source: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.



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