



# Production Input Outlook

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2022 Southern Outlook Conference

Atlanta, GA

# USDA Forecasts

Item	Corn		Soybeans		Wheat		Cotton	
	2022F	2023F	2022F	2023F	2022F	2023F	2022F	2023F
<b>Dollars per planted acre</b>								
Operating costs								
Seed	90.51	90.81	58.87	59.06	14.36	14.41	79.57	79.84
Fertilizer <sup>2</sup>	189.00	180.50	50.21	47.96	70.74	67.56	111.81	106.78
Chemicals	36.41	37.44	39.99	41.13	17.51	18.01	77.48	79.68
Custom operations <sup>3</sup>	24.71	25.44	13.78	14.19	15.07	15.52	28.65	29.50
Fuel, lube, and electricity	36.11	29.71	18.47	15.20	14.13	11.63	38.66	31.81
Repairs	40.95	40.04	33.90	33.16	29.68	29.02	52.46	51.30
Other variable expenses <sup>4</sup>	0.29	0.30	0.01	0.01	0.84	0.87	90.70	93.90
Interest on operating capital	2.93	6.06	1.51	3.16	1.14	2.36	3.36	7.09
Total, operating costs	420.90	410.31	216.74	213.86	163.47	159.37	482.68	479.91
<b>Total, costs listed</b>	<b>813.47</b>	<b>793.18</b>	<b>566.97</b>	<b>554.82</b>	<b>384.84</b>	<b>375.58</b>	<b>803.51</b>	<b>793.88</b>

Item	Rice		Peanuts		Sorghum		Oats		Barley	
	2022F	2023F	2022F	2023F	2022F	2023F	2022F	2023F	2022F	2023F
<b>Dollars per planted acre</b>										
Operating costs										
Seed	87.87	88.17	114.15	114.53	13.09	13.13	18.05	18.11	19.40	19.47
Fertilizer <sup>2</sup>	156.87	149.81	110.50	105.53	64.81	61.89	64.43	61.54	77.08	73.61
Chemicals	101.70	104.58	138.30	142.23	31.00	31.88	7.80	8.02	23.41	24.07
Custom operations <sup>3</sup>	99.76	102.71	68.32	70.34	19.15	19.72	10.94	11.26	6.51	6.70
Fuel, lube, and electricity	92.75	76.32	60.43	49.72	11.97	9.85	23.74	19.54	17.74	14.60
Repairs	59.99	58.66	70.22	68.68	30.34	29.68	31.39	30.70	33.13	32.40
Other variable expenses <sup>4</sup>	15.20	15.65	0.82	0.84	0.17	0.17	2.36	2.43	2.73	2.82
Interest on operating capital	4.30	8.94	3.94	8.28	1.19	2.49	1.11	2.27	1.26	2.61
Total, operating costs	618.44	604.85	566.68	560.15	171.72	168.81	159.82	153.86	181.27	176.28
Total, costs listed	1121.73	1101.03	1051.81	1037.16	403.24	395.04	484.54	472.75	446.40	435.07

# Fertilizer

- Ukraine-Russia conflict
  - Prices Stabilized
- Russian Natural Gas supply concerns

EUROPE

## Coal stoves and wood thieves: Europe braces for winter without Russian gas

By [Anthony Faiola](#), [Vanessa Guinan-Bank](#) and [Karla Adam](#)

September 17, 2022 at 7:28 a.m. EDT

- European Natural Gas costs increase, increased cost of Fertilizer Production

# Other Potential Impacts

- China
  - A major exporter
    - Any actions?
  - Recession concerns seem to be in a holding pattern

CHINA ECONOMY

**China's inflation is far lower than U.S. inflation. But Chinese feel the pinch anyway**

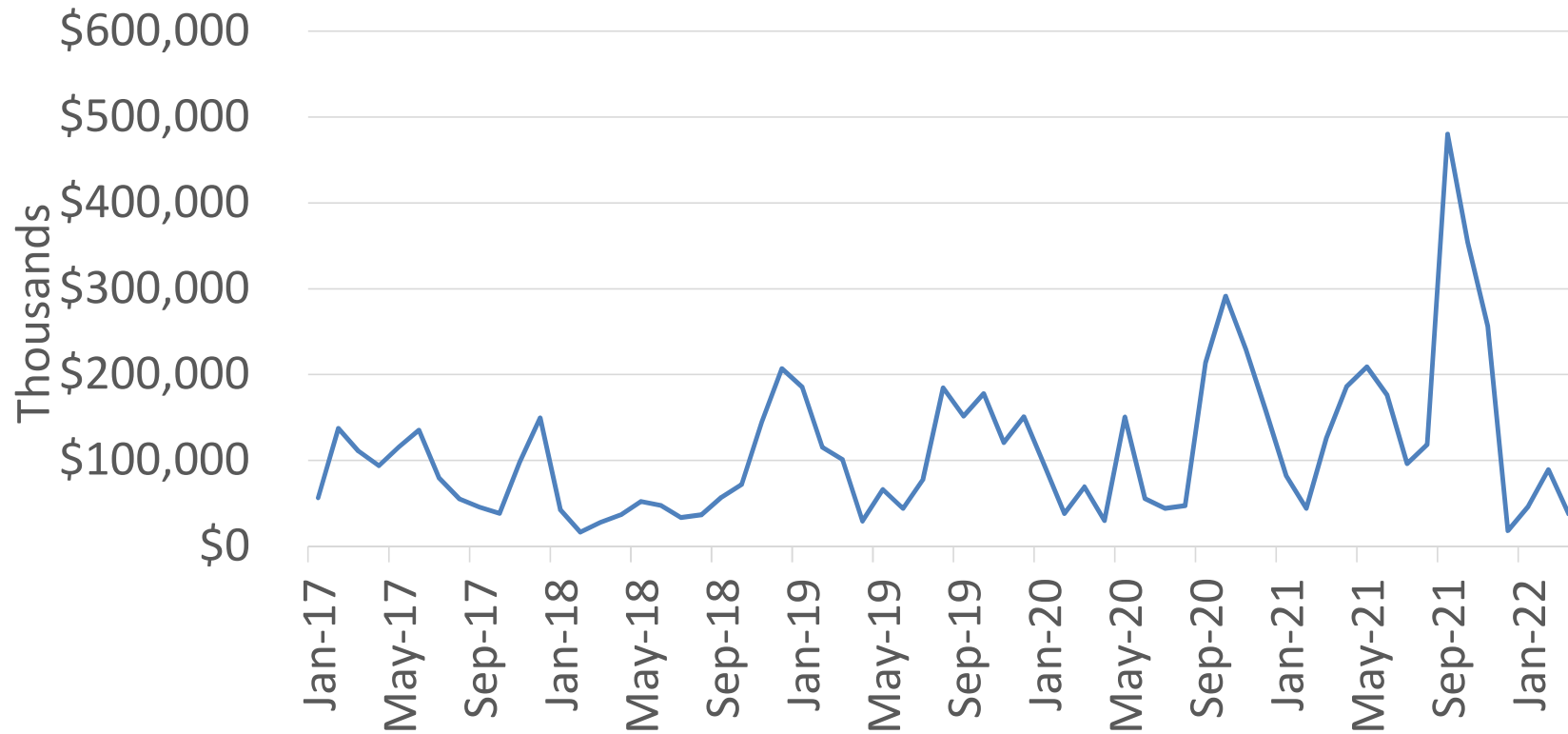
PUBLISHED WED, SEP 14 2022-2:27 AM EDT | UPDATED WED, SEP 14 2022-8:25 AM EDT



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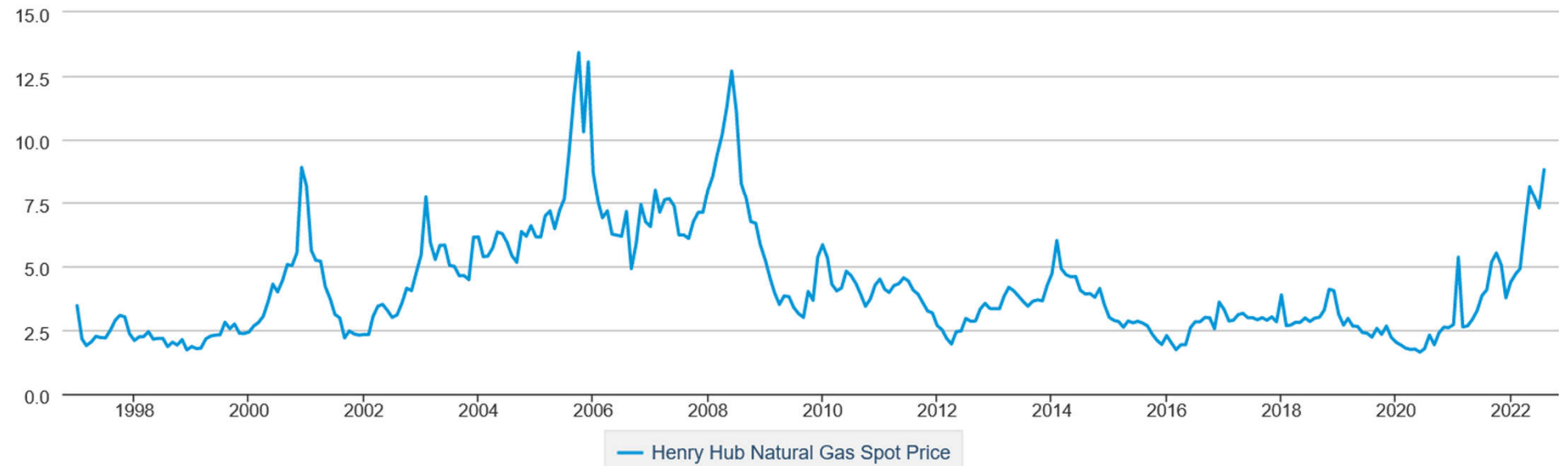
## Urea-China Exports



# Domestically

## Henry Hub Natural Gas Spot Price

Dollars per Million Btu

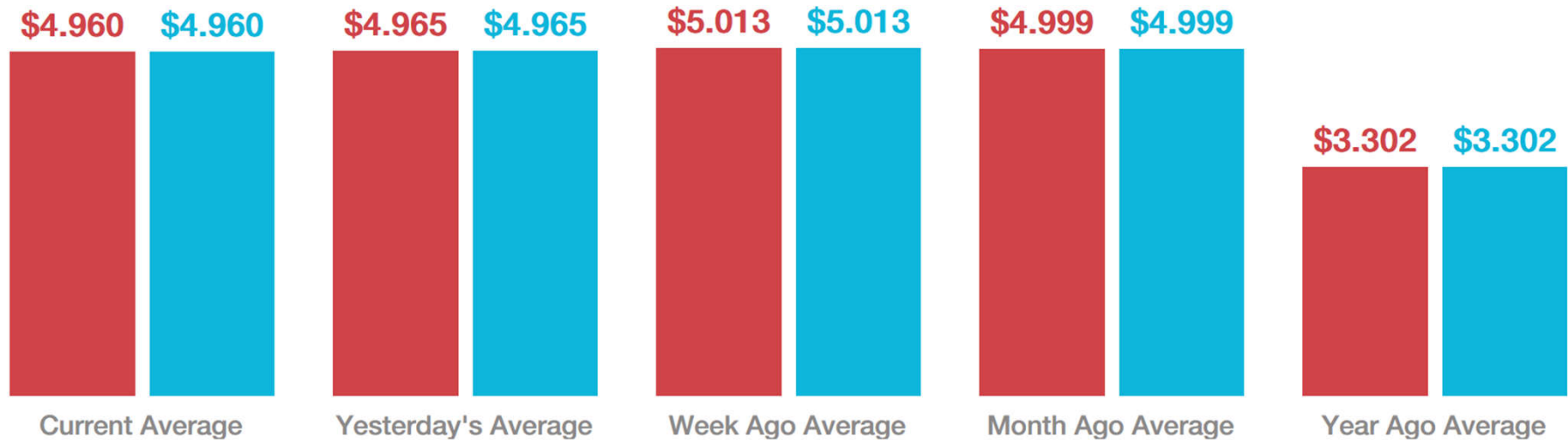


# Domestically

- Watch natural gas prices
- Won't be much cheaper
- Could increase given Geo-political riff



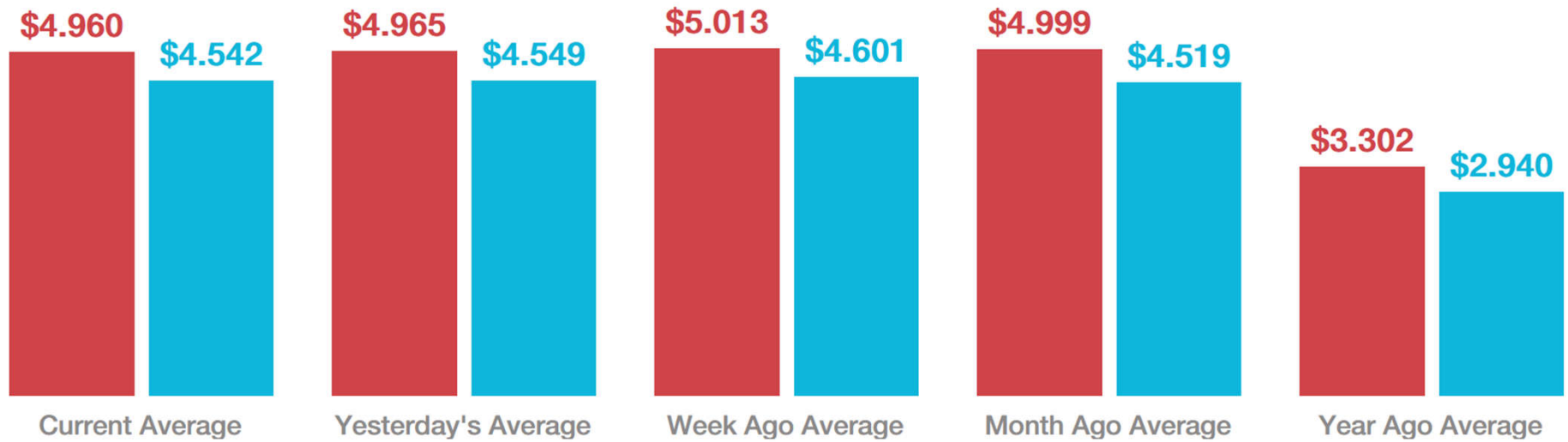
# National-Diesel



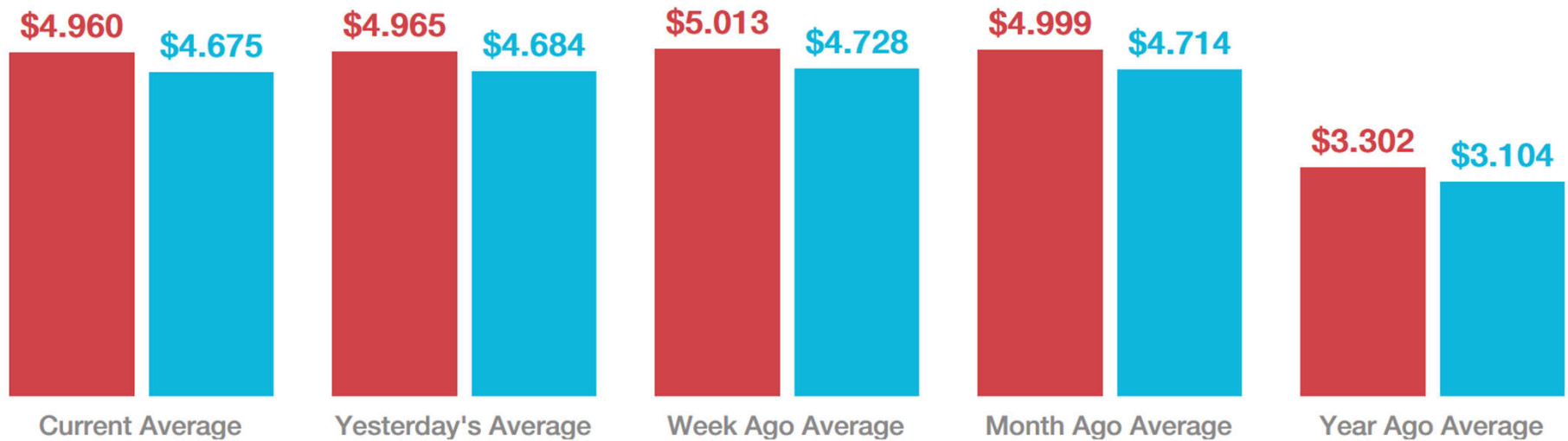
## HIGHEST RECORDED AVERAGE PRICE

	Price	Date
Regular Unleaded	\$5.016	6/14/22
Diesel	\$5.816	6/19/22

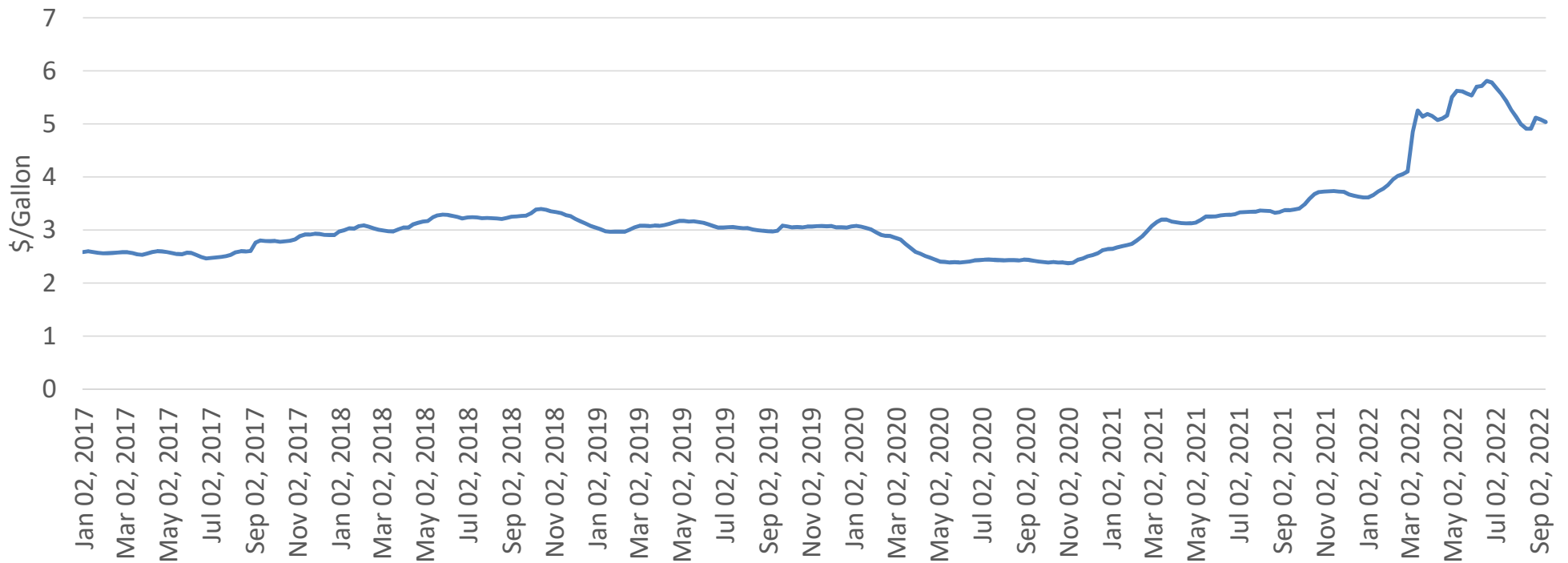
# Texas- Diesel



# Tennessee-Diesel

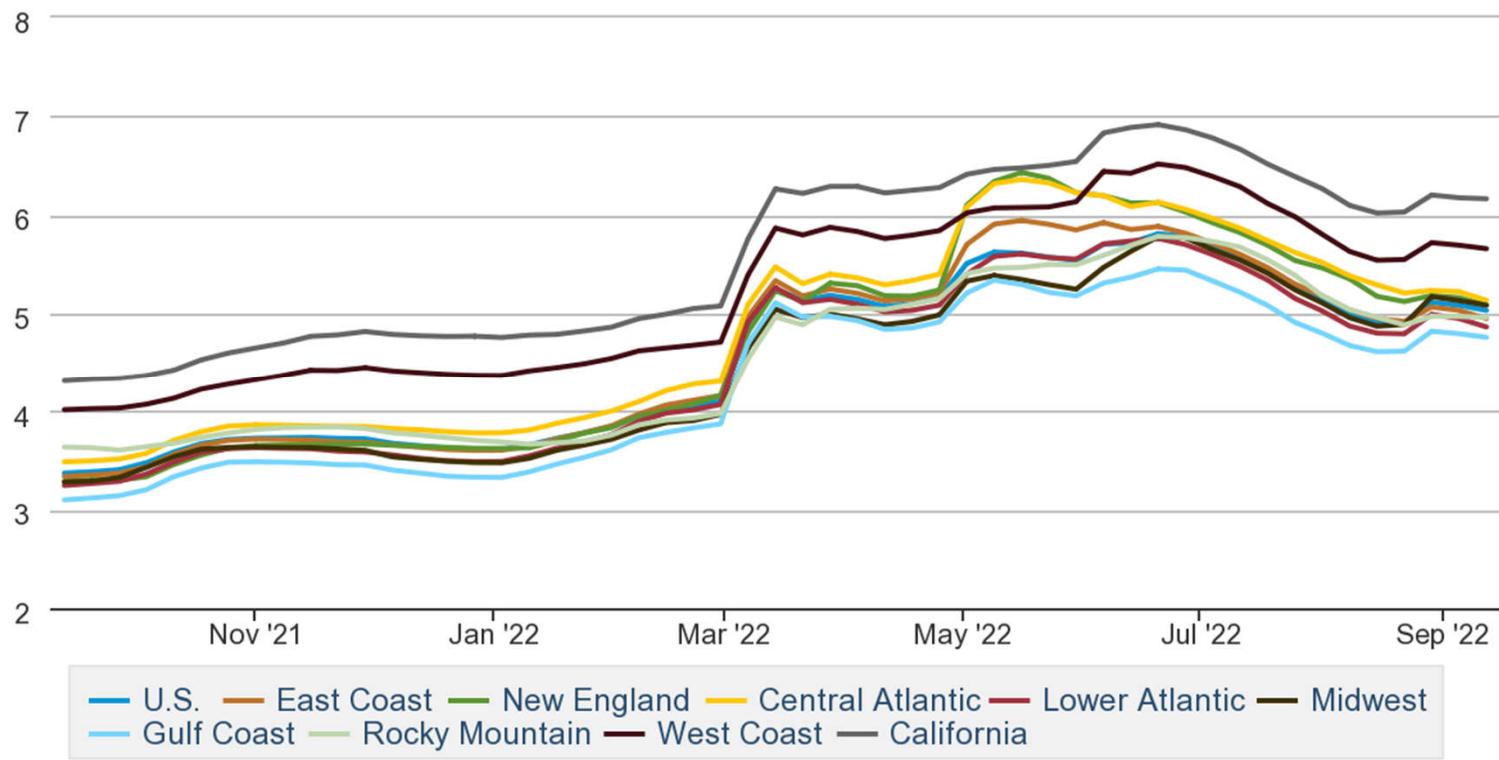


## Weekly U.S. No 2 Diesel Retail Prices (Dollars per Gallon)



# On-Highway Diesel Fuel Prices

(dollars per gallon)



 Data source: U.S. Energy Information Administration

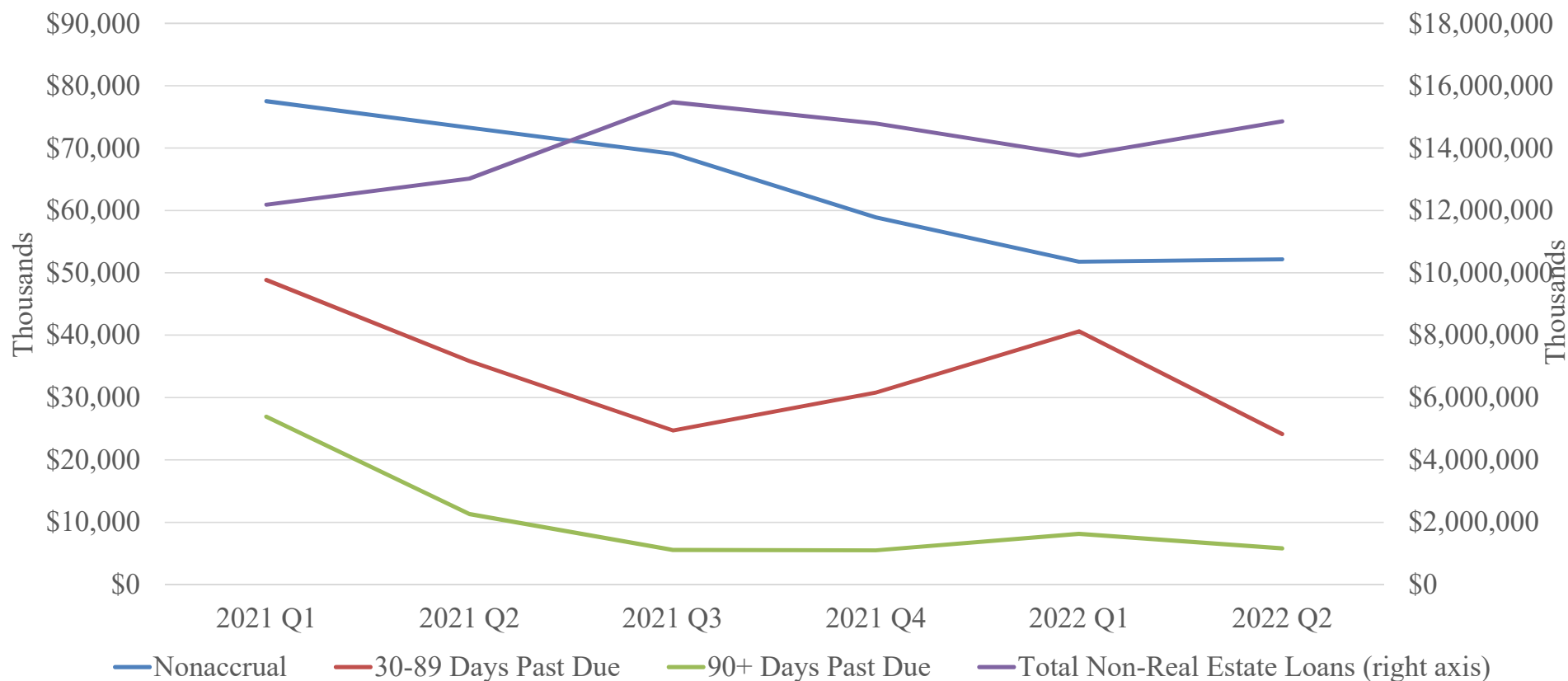
# Forecasts

- Retail gasoline prices will average \$3.60/gal in 4Q22 and \$3.61/gal in 2023.
- Retail diesel prices in our forecast average \$4.90/gal in 4Q22 and \$4.28/gal in 2023.
- Lower Production and Demand
- USDA Forecasts lower costs in all major Row Crops

# Farm Debt

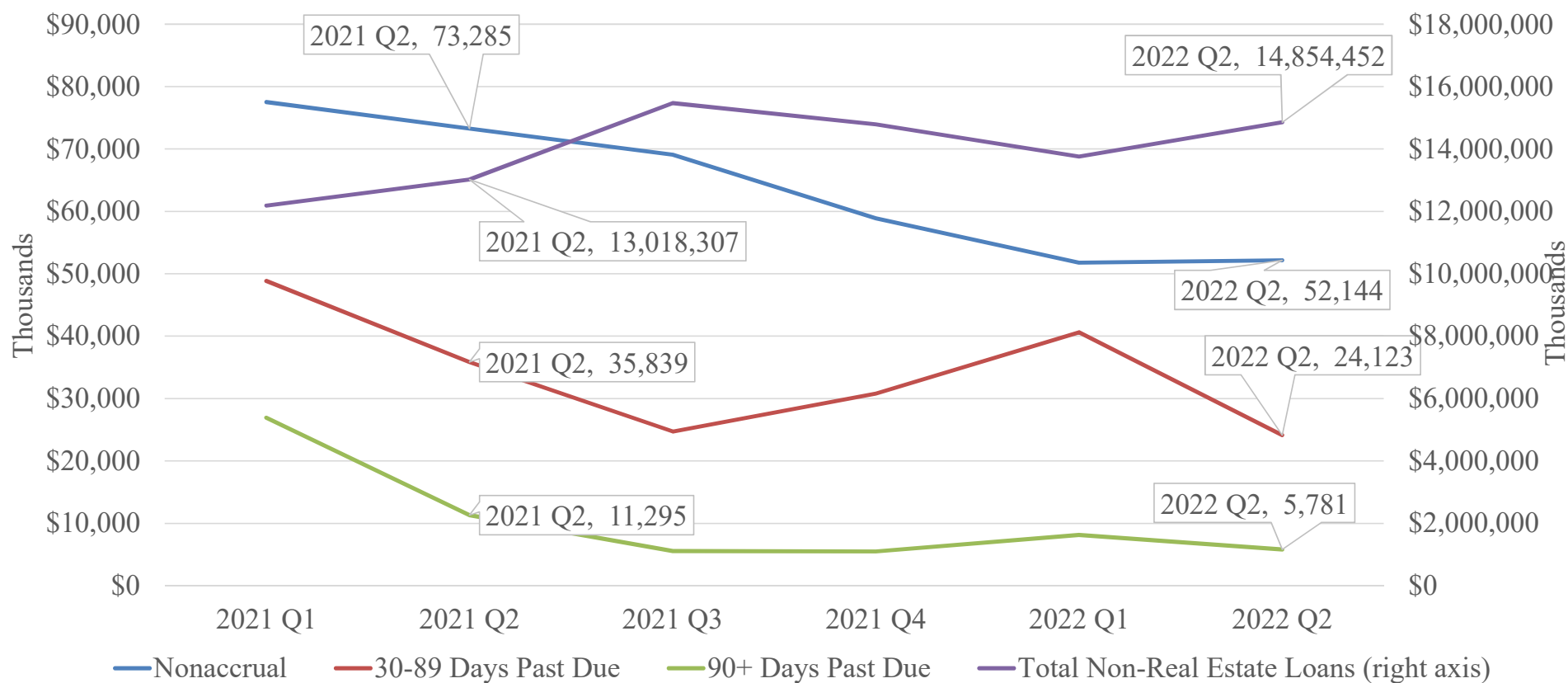
- Federal Financial Institutions Council Data
  - Call Reports
- Summation of all States in the Region
- Loans
  - Current, late, non-accrual (really bad loans)

### Non-real Estate Farm Debt



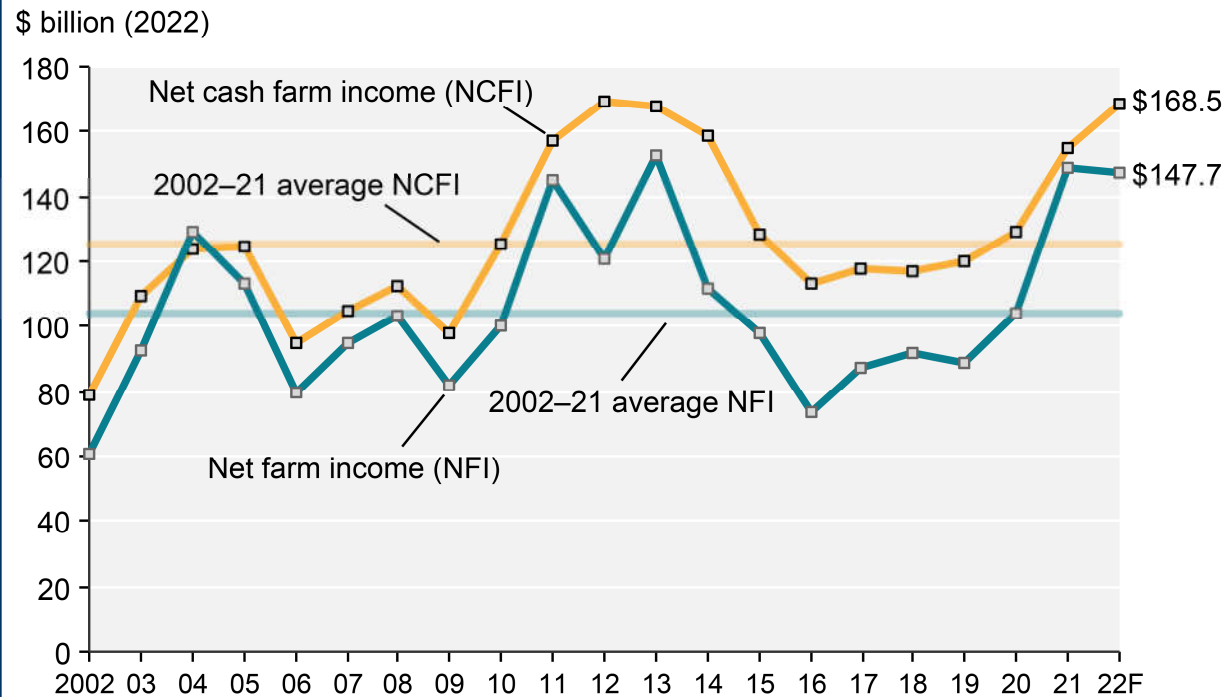


### Non-real Estate Farm Debt



# Farm Income

**U.S. net farm income and net cash farm income, inflation adjusted, 2002–22F**



Note: F = forecast. Values are adjusted for inflation using the U.S. Bureau of Economic Analysis Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2022 by USDA, Economic Research Service.  
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.  
 Data as of September 1, 2022.

# Coming Months

- Crops
  - Mixed bag on inputs
    - Diesel-Steady
    - Interest Rates-steady, probably will rise
      - Farmers are in decent position if it rises
    - Fertilizer
      - Wild Card-Farmers should buy if prices are in there favor (could jump)

# Coming Months

- Livestock
  - Rising Feed Costs
    - Cotton Seed Hulls
  - Hay prices: Have Steadied
    - Region Specific with the recent rains
      - Stock Piling Continue?

# Coming Months

- Some Producers have really liked Chicken Litter
  - Stick with it?
- Winter management will be crucial
  - Balancing act of putting fertilizer some this winter?
    - Producers have indicated they might

# Coming Months

- Bounce back in Labor?
- Inflation?
- Recession?
- Given the environment
  - This coming year seems that it will be similar to a year ago.

# Income

- Producers need to be timely and really be on their management game
  - Efficient
  - Be mindful of Debt Structure
  - Buy when opportunity presents

# Thanks!!!

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