

Rural Migration News

Blog 266

MARCH 2022

U.S. and Global Ag Outlook

US farmers had cash receipts of \$362 billion in 2020, including \$165 billion from the sale of livestock and \$198 billion from the sale of crops, plus government payments of \$46 billion and other farm-related income of \$34 billion. Farm cash receipts are expected to increase to \$438 billion in 2031, including \$214 billion from livestock, \$224 billion from crops, \$7 billion in government payments, and \$36 billion in farm-related income.

The three major US crops by acreage are corn, soybeans, and wheat. Their combined acreage of about 230 million acres accounts for over 70 percent of harvested US crop land.

The value of US fruit, tree nut, vegetable, and pulse (dry bean) crops was \$49 billion in 2020, and is projected to increase to \$57 billion by 2031. By value, fruits and nuts were worth \$28 billion in 2020 and vegetables were worth \$21 billion. By volume, the 55 billion pounds of US fruits and nuts were swamped by the 128 billion pounds of US vegetables.

Noncitrus fruits such as apples, strawberries, and cherries accounted for \$15 billion or over half of the \$28 billion in fruits and nuts in 2020, followed by tree nuts worth \$10 billion and citrus worth \$3 billion. US fruit and nut production is expected to rise slightly to 54 billion

pounds worth \$31 billion by 2031, reflecting a decline in citrus production to 12 billion pounds while tree nut production rises to 10 billion pounds.

Fresh vegetables (including melons, mushrooms and sweet potatoes) are 30 percent of total vegetable output by volume, followed by processing vegetables, 28 percent, potatoes, 20 percent, and pulses, 12 percent. Fresh vegetables are 60 percent of the total value of vegetables, potatoes, and pulses, led by lettuce, tomatoes, onions, and sweet potatoes. Tomatoes are 70 percent of US processing vegetables by value.

USDA acknowledges that its data collection systems do not fully reflect output from CEA or controlled environment agriculture such as greenhouses and urban vertical farms. CEA production of tomatoes, cucumbers, and other fresh vegetables is rapidly replacing open-field production.

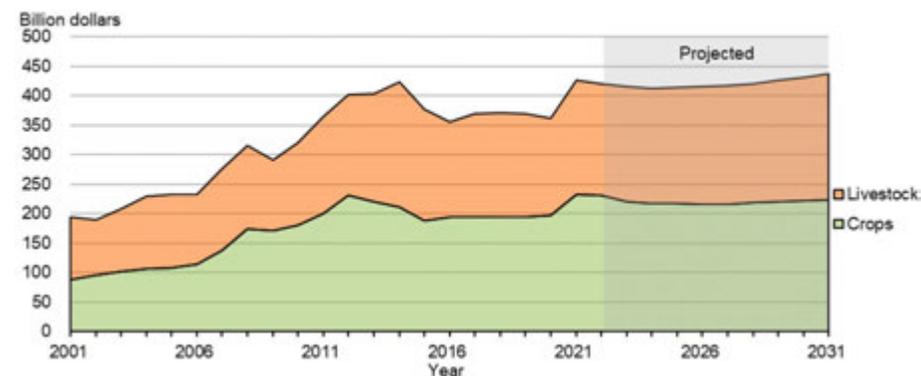
Trade

The US has had an agricultural trade surplus since 1960, exporting farm goods worth more than the value of imported farm goods. However, the US farm trade surplus is projected to become a deficit as the US imports more high-value fruits and vegetables while the value of US exports of meat and grains stabilizes.

Half of US farm exports are grains and oilseeds that are produced in competition with other major farm exporters including Brazil, Canada, and Russia. The value of US meat and dairy product exports is about equal to the value of US fruit and vegetable exports.

US farm imports are dominated by horticultural products including fruits and vegetables, and the horticultural-

Farm Cash Receipts are Projected to Top \$400 Billion a Year in the 2020s Despite Falling Government Payments

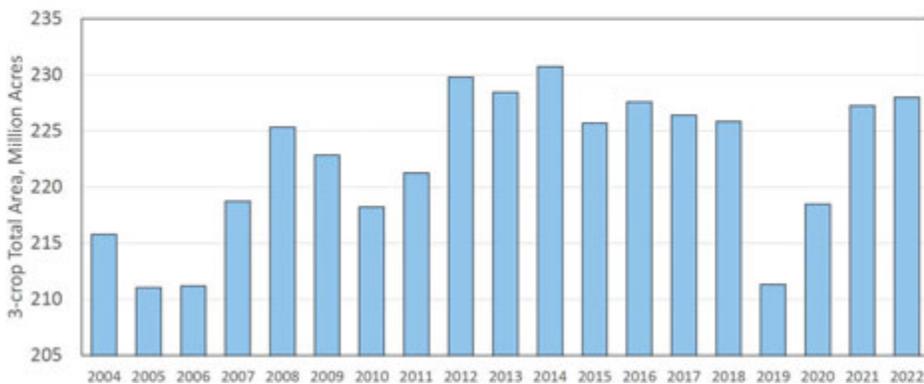


Corn, Soybeans and Wheat Account for 70% of U.S. Crop Land Harvested

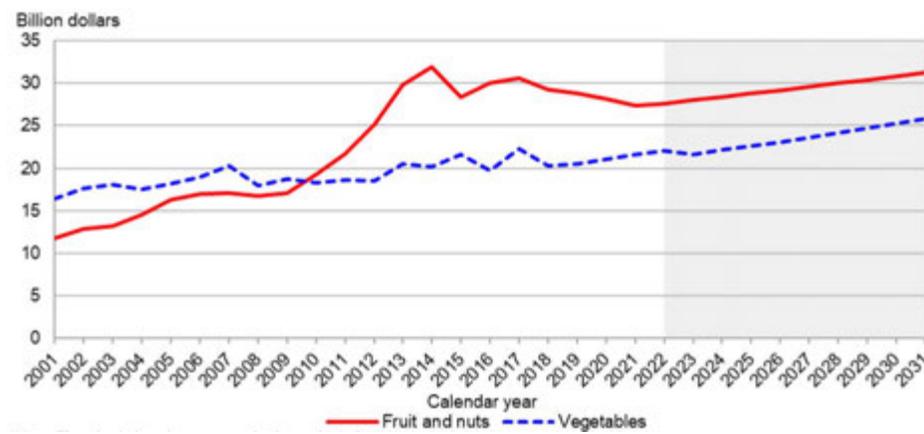
Combined Corn (92ma), Soybean (88ma), and Wheat (48ma)

Area Modestly Above a Year Ago;

High prices for other crops and assumption of normal weather limits area expansion



U.S. Fruits and Nuts were Worth \$28 Billion and Vegetables \$21 Billion in 2020



tural share of US farm imports is expected to increase in the 2020s. The value of US farm imports is expected to increase by almost \$100 billion during the 2020s, from \$163 billion in FY21 to \$261 billion in FY31.

Horticultural imports include beer, wine, and distilled spirits, but most are fresh fruits and vegetables and packaged or prepared food products. Many imported horticultural products are organic, making them less sensitive to price and currency fluctuations.

Inflation

Food prices are expected to increase in 2022 due to increased costs for farm inputs such as fertilizers, rising labor costs, and shipping cost increases amidst reduced output attributed to drought, natural disasters, and the Russian invasion of Ukraine in February 2022. La Nina weather, which is occurring in 2021-22 in a repeat of 2011-12, typically means droughts in South America and the southern US.

Rabobank expects wheat prices to top \$8 a bushel in 2022, corn to decline to about \$6 a bushel,

and soybean prices to decline to less than \$13 a bushel. The price of Arabica coffee is projected to drop from the current \$2 a pound by the end of 2022.

Palm oil is the world's major vegetable oil, and most of the 80 million metric tons produced each year are from Indonesia, which has 15 million hectares producing 60 million tons, and Malaysia, with five million hectares producing 18 million tons. High fertilizer prices reduced yields of palm oil, while Malaysian covid-prevention policies limited the entry of migrant workers who cut bunches of palm oil fruit from trees for processing.

Stocks of coffee went from surplus to shortage during covid, allowing prices to double from about \$1 to \$2 a pound. Brazil is expected to produce 45 million bags of Arabica and 21 million bags of Robusta coffee in 2022-23, which should reduce coffee prices.

NYC-based Gro Intelligence, which uses AI predict commodity prices, predicts high food price inflation in developing countries whose currencies fall as the Fed raises US interest rates, making imported food more expensive.

States

There are several ways to group states by their major farm commodities. One grouping finds that grains and oilseeds such as soybeans were the most valuable commodity in 16 states, poultry and eggs in nine states, and cattle and milk in seven states each. Fruits, nuts and berries were the most valuable commodities in three states, CA, FL, and WA, and vegetables including potatoes were the most valuable commodity in two states, AZ and ME.

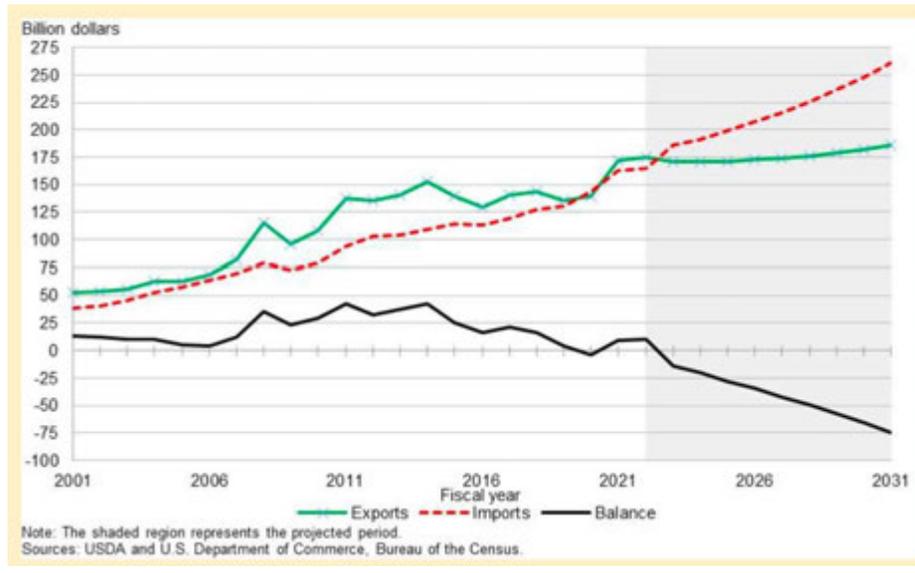
The Value of by Fresh Vegetables is Projected to Rise 30% Between 2020 and 2031, and the Value of Tree Nuts by 20%

Item	Unit	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Production, farm weight													
Fruit and nuts	Mt. lbs.	54,672	52,773	50,908	51,681	52,851	53,173	53,554	53,337	53,792	53,807	53,944	54,099
Citrus	Mt. lbs.	15,704	13,804	12,190	12,571	12,558	12,546	12,533	12,521	12,508	12,496	12,483	12,471
Noncitrus	Mt. lbs.	30,729	31,087	30,465	30,772	31,758	31,939	32,163	31,794	32,095	31,958	31,942	31,944
Tree nuts	Mt. lbs.	8,239	7,882	8,253	8,338	8,535	8,688	8,858	9,022	9,188	9,353	9,519	9,684
Vegetables 1/	Mt. lbs.	126,096	125,850	133,940	133,551	131,931	130,907	130,808	130,771	131,332	131,895	132,150	132,518
Fresh market	Mt. lbs.	38,799	42,350	43,515	42,850	42,821	42,883	42,900	42,921	43,054	43,160	43,072	42,984
Processing	Mt. lbs.	32,076	31,993	34,313	33,028	33,068	33,328	33,585	33,835	34,084	34,323	34,558	34,792
Potatoes	Mt. lbs.	42,020	41,316	44,297	46,546	44,386	43,082	42,559	42,208	42,254	42,275	42,239	42,398
Pulses	Mt. lbs.	6,638	4,508	6,162	5,500	6,054	6,041	6,220	6,290	6,448	6,670	6,835	6,921
Other 2/	Mt. lbs.	5,663	5,683	5,654	5,627	5,603	5,572	5,543	5,517	5,492	5,469	5,446	5,424
Total fruit, nuts, vegetables	Mt. lbs.	180,767	178,623	184,849	185,232	184,782	184,080	184,362	184,107	185,124	185,703	186,094	186,618
Farm value													
Fruit and nuts	Million dollars	28,119	27,425	27,648	28,058	28,421	28,802	29,193	29,592	30,000	30,410	30,834	31,268
Citrus	Million dollars	3,396	3,310	3,274	3,376	3,407	3,437	3,468	3,500	3,531	3,563	3,595	3,627
Noncitrus	Million dollars	14,655	14,147	14,194	14,289	14,410	14,547	14,695	14,851	15,015	15,180	15,351	15,527
Tree nuts	Million dollars	10,068	9,967	10,180	10,392	10,605	10,817	11,029	11,242	11,454	11,667	11,888	12,114
Vegetables	Million dollars	21,020	21,640	22,061	21,665	22,184	22,617	23,076	23,595	24,123	24,663	25,223	25,818
Fresh market	Million dollars	11,660	12,238	12,301	12,603	12,893	13,199	13,511	13,859	14,215	14,587	14,983	15,398
Processing	Million dollars	2,008	1,887	2,004	1,848	1,878	1,917	1,957	1,997	2,038	2,079	2,121	2,164
Potatoes	Million dollars	3,906	4,111	4,472	3,990	4,025	4,076	4,130	4,185	4,238	4,293	4,349	4,405
Pulses	Million dollars	1,462	1,387	1,243	1,154	1,281	1,295	1,322	1,375	1,432	1,479	1,516	1,568
Other 2/	Million dollars	1,984	2,017	2,040	2,070	2,107	2,131	2,156	2,179	2,200	2,226	2,254	2,284

1/ Includes melons, sweet potatoes, and mushrooms. Utilized production is used for potatoes. Pulses include edible dry beans and peas, lentils, and other peas.
 2/ Other includes melons and mushrooms. Sweet potatoes included with fresh vegetables.
 Note: Totals may not add due to rounding. The projections were completed in December 2021.
 Source: USDA, Interagency Agricultural Projections Committee.

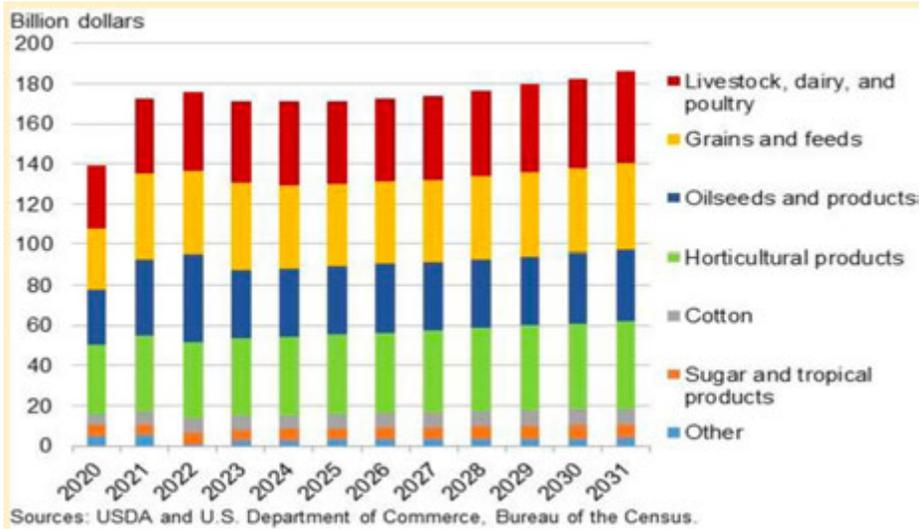
The U.S. Farm Trade Surplus is Expected to Become a Deficit After 2022

U.S. Agricultural Trade Long-Term Projections, 2011–31



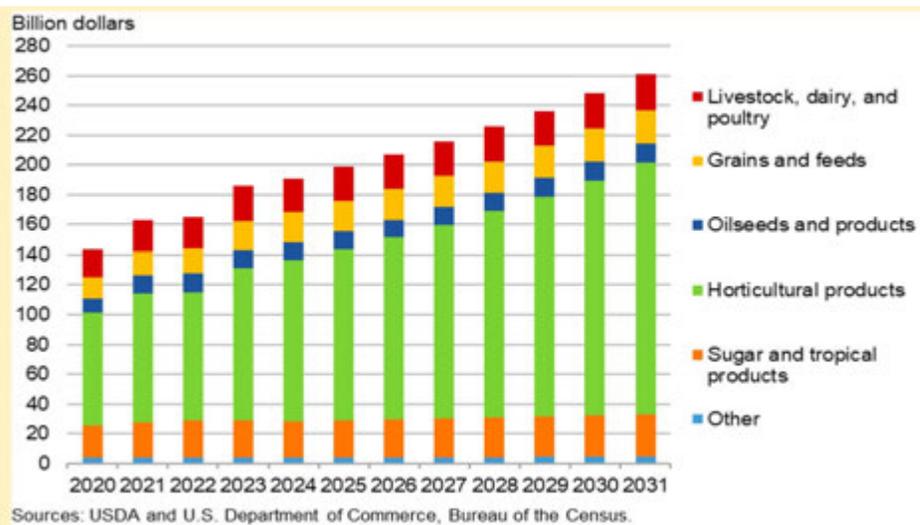
The U.S. Farm Trade Surplus is Expected to Become a Deficit After 2022

Projected U.S. Agricultural Exports by Commodity Group, 2020–31

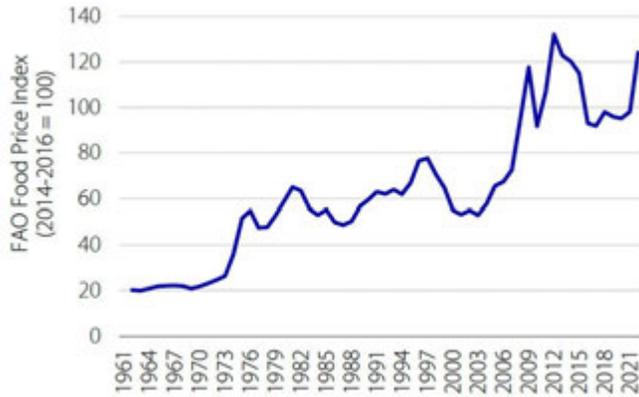


U.S. Horticultural Imports are Projected to Increase by Almost \$100 Billion by FY31

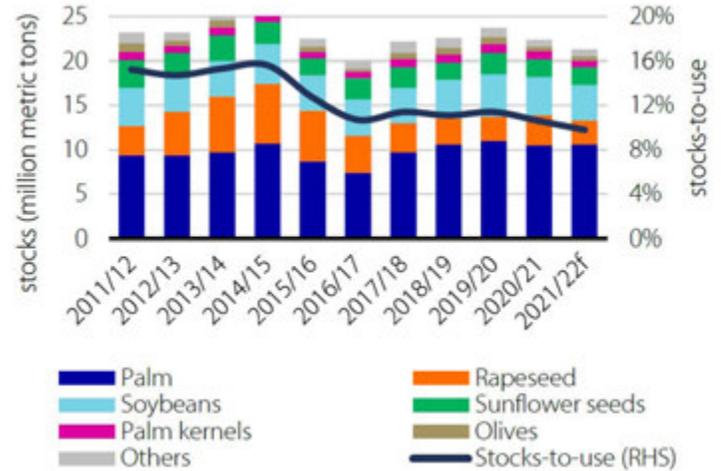
Projected U.S. Agricultural Imports by Commodity Group, 2020–31



The FAO Global Food Price Index Rose Over 25 Percent Between 2020 and 2021



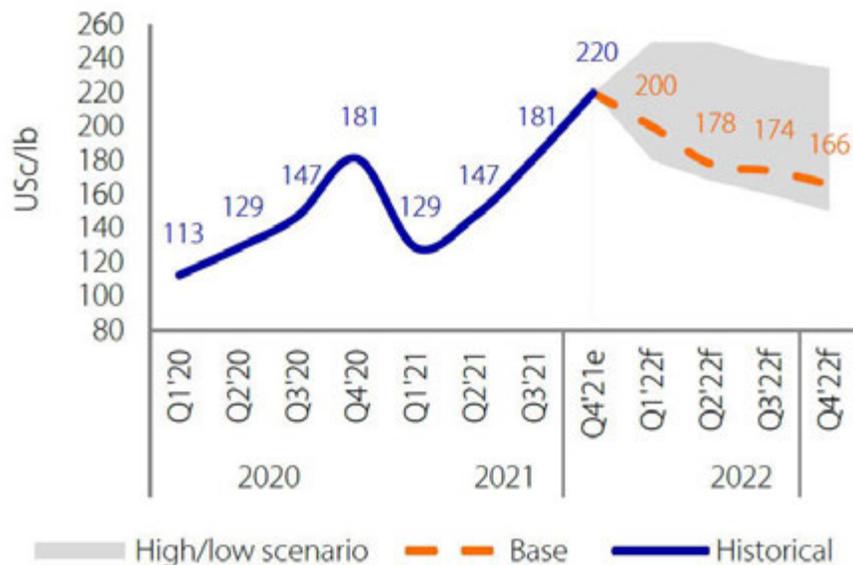
Palm Oil Accounts for Almost Half of the Stock of Vegetable Oils



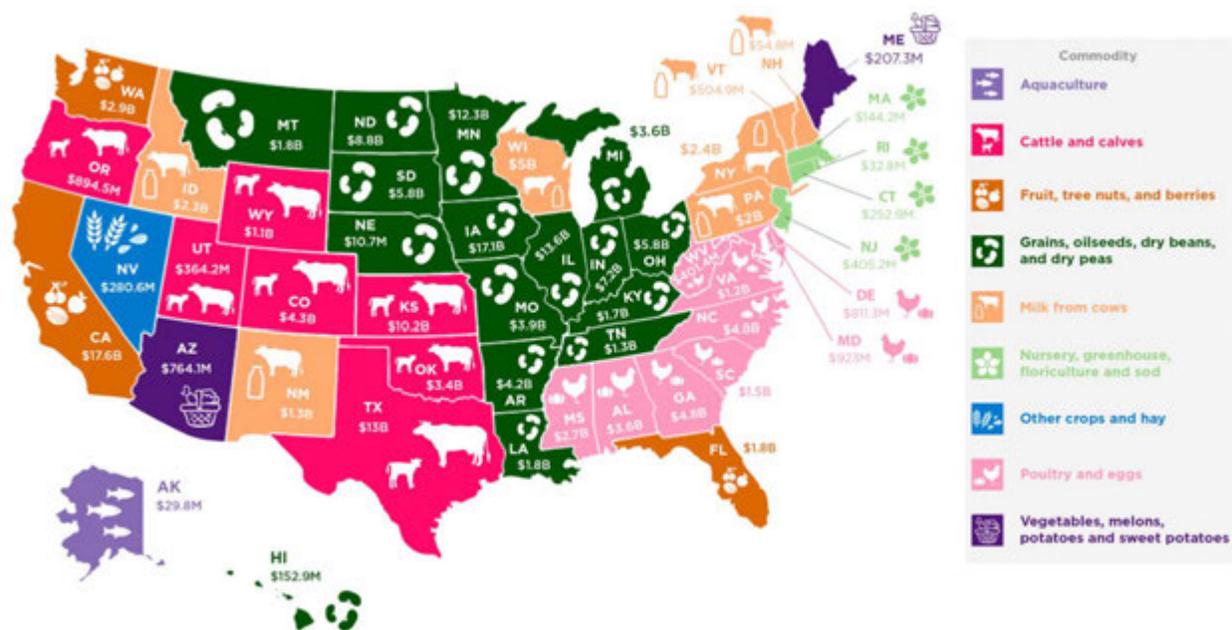
The prices of Wheat, Sugar, and Palm Oil are Rising, While the Prices of Corn and Soybeans are Falling

Commodity	unit	Q1'21	Q2'21	Q3'21	Q4'21e	Q1'22f	Q2'22f	Q3'22f	Q4'22f
Wheat (CBOT)	USc/bu	646	600	690	788	820	810	750	750
Corn (CBOT)	USc/bu	538	659	560	570	585	590	595	585
Soybeans (CBOT)	USc/bu	1,308	1,497	1,361	1,260	1,270	1,275	1,280	1,265
Soy oil (CBOT)	USc/lb	40	63	62	60	60	59	59	58
Soymeal (CBOT)	USD/t	426	400	352	345	348	350	347	345
Palm oil (MDEB)	MYR/mt	3,634	3,092	4,245	4,914	4,700	4,500	4,300	4,300
Sugar (ICE #11)	USc/lb	15.5	16.9	19.4	19.5	20.0	20.5	20.8	20.8
Arabica coffee (ICE)	USc/lb	129	147	101	220	200	178	174	166
Robusta coffee (ICE)	USD/mt	1,372	1,512	1,910	2,197	2,000	1,880	1,820	1,800
Cocoa (ICE NY)	USD/mt	2,496	2,436	2,519	2,587	2,580	2,630	2,680	2,710
Live Cattle*	USD/cwt	117	119	123	130	134	142	141	147
Lean Hogs (CME)	USc/lb	80	111	90	78	80	88	89	78

Coffee Prices Doubled to Over \$2 a Pound at the End of 2021



Grains and Oilseeds were the Major Ag Commodity in 1/3 of U.S. States



Source: <https://howmuch.net/articles/the-most-valuable-agricultural-commodity-per-each-state>

References

US Agricultural Trade Data Update. <https://www.ers.usda.gov/data-products/foreign-agricultural-trade-of-the-united-states-fatus/u-s-agricultural-trade-data-update/#U.S.%20agricultural%20imports,%20year-to-date%20and%20current%20months>

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