Production costs outpace commodity prices

The cost of growing crops could outpace revenue for many farmers in 2022, making it more difficult to break even despite rising commodity prices and increased demand both domestically and globally.

The American Farm Bureau Federation (AFBF) published a report that shows farm production costs are likely to increase 6% in 2022, which follows a 12% increase in 2021. This continues a trend stretching back several years.

Since 2013, farmers have seen almost all production expenses increase, AFBF noted. For example, livestock and poultry expenses have gone up 46%, and marketing, storage and transportation costs have increased 59%.

Farmers are seeing a number of production cost increases, including rising fertilizer, seed and chemical prices, which now make up to 17.5% of on-farm expenditures.

Fuel and energy prices continue to increase, and the situation is made worse by uncertainty due to the Russia-Ukraine conflict.

Increased costs of labor, both on-farm and for agribusinesses serving farms, is also a challenge.

AFBF noted farmers and ranchers are still feeling the impacts of the COVID-19 disruption of labor markets and production.

"The rising prices for fuel, fertilizer and other supplies create an unwelcome counterforce to higher commodity prices," AFBF President Zippy Duvall said. "Higher prices for crops are getting a lot of attention right now and, of course, help farmers balance the books, but when expenses are rising just as quickly or even outpacing revenue, the financial gains evaporate."

AFBF and Texas Farm Bureau (TFB) are working to ensure the administration and Congress understand the severity and potential implications of increased production costs and the limited availability of some supplies.

"Farmers and ranchers have always had to carefully manage input costs, but the COVID-19 pandemic and now the conflict between Russia and Ukraine have ushered in even more uncertainty and higher costs for inputs," TFB National Legislative Director Laramie Adams said. "We are in constant communication with elected officials and federal agencies to inform them on how these issues affect farmers, ranchers and rural communities in the Lone Star State."

The invasion and subsequent sanctions against Russia could further complicate U.S. fertilizer supplies and prices.

Crop protection chemicals and land values have also increased, tightening what could have been above breakeven profit margins.

And ongoing transportation issues are fueling concern and uncertainty, AFBF economists noted.

No part of the transportation sector has been spared supply-chain disruptions, with higher rates and shipping delays often hitting farmers and ranchers particularly hard.

A continuing shortage of truck drivers has driven freight rates back above their pre-pandemic highs. Rail rates for bulk farm commodities have been, in part, driven up by limited rail terminal capacity.

"Uncertainty fuels volatility, and that's certainly what we are looking at right now for this crop year," Adams said. "Then, you add in the drought conditions, wildfires and severe weather that comes with the spring, and farmers are rolling the dice with more odds this growing season."

The net market return for commodities across the board may exceed that of 2021, but without the pandemic-linked government payments of the last two years, net farm income will likely be down in 2022, according to AFBF.

For more reports and the latest AFBF economic analyses, visit fb.org/market-intel.

On This Day in Texas History

April 8, 1864

On this day in 1864, Confederate forces under Richard Taylor defeated a much larger Union force at the battle of Mansfield, Louisiana. Union general Nathaniel Banks had gathered an army of some 17,000 Federal troops to advance up the Red River to Alexandria and Shreveport, hoping to cut off the flow of supplies from Texas and to capture large quantities of cotton. General Taylor, commanding a Confederate force of Texas and Louisiana units, attacked the long, 12,000-man Union column three miles south of Mansfield with an army of 8,800 men. Taylor's force killed or wounded 700 Union soldiers, captured 1,500, and took 20 Union cannons and 200 wagons. About 1,000 Confederates were killed or wounded. It was one of the most humiliating Union defeats of the war. The following day Taylor's army was repulsed when it attacked the Union army at Pleasant Hill. Nevertheless, stung by his defeat on the 8th and convinced that Taylor's army was much larger than it was, Banks gave the order to retire on the night of April 9.

SHOP LOCAL

NOTICE OF SPECIAL ELECTION (COUNTY)
AVISO DE ELECCIÓN ESPECIAL (CONDADO)

To the registered voters of the County of Coke, Texas:

(A los votantes registrados del Condado de Coke, Texas)

Notice is hereby given that the polling places listed below will be open from 7:00 a.m. to 7:00 p.m., 05 / 07 / 2022 for voting in a special election to elect:

(Notifíquese por la presente, que los sitios de votación citadas abajo se abrirán desde las 7:00 a.m. hasta las 7:00 p.m. el 05 / 07 / 2022 para votar en la elección especial para elegir:

On Election Day, voters must vote in the precinct where registered to vote, unless the countywide polling place program is being used in the election.
(El Día de Elección, los votantes deberán votar en el precinto donde están inscritos para votar, a menos que el programa de sitios de votación del condado se está utilizando en la elección.)

Location of Election Day Polling Places Include Name of Building and Address *(Sitios de votación el Día de Elección) (Incluir Nombre del Edificio y Dirección)*	Precinct Number(s) *(Número de precinto)*
13 E 7th St, Room #10, Robert Lee, TX 76945	1 & 3
350 E Park Rd, Bronte, TX 76933	2 & 4

During early voting, a voter may vote at any of the locations listed below:
(Durante Votación Adelantada, los votantes podrán votar en cualquiera de los sitios de votación nombradas abajo.)

Location of Main Early Voting Polling Place Include Name of Building and Address *(Sitio principal de votación adelantada) (Incluir Nombre del Edificio y Dirección)*	Days and Hours of Operation *Días y Horas Hábiles*
13 E 7th St, Room #10, Robert Lee, TX 76945	4/25-5/03 Mon-Thurs 8am-5pm and Fri 8am-1pm

Locations for Early Voting Polling Places Include Name of Building and Address *(Sitios de votación adelantada) (Incluir Nombre del Edificio y Dirección)*	Days and Hours of Operation *Días y Horas Hábiles*
13 E 7th St, Room #10, Robert Lee, TX 76945	4/25-5/03 Mon-Thurs 8am-5pm and Fri 8am-1pm

Applications for ballot by mail shall be mailed to:
(Las solicitudes para boletas que se votarán adelantada por correo deberán enviarse a:)

Monica Reyes
Name of Early Voting Clerk
(Nombre del Secretario/a de la Votación Adelantada)

13 E 7th St
Address *(Dirección)*

Robert Lee 76945
City *(Ciudad)* Zip Code *(Código Postal)*

325-453-2631
Telephone Number *(Número de teléfono)*

monica.reyes@co.coke.tx.us
Email Address *(Dirección de Correo Electrónico)*

co.coke.tx.us
Early Voting Clerk's Website *(Sitio web del Secretario/a de Votación Adelantada)*

Applications for Ballots by Mail (ABBMs) must be received no later than the close of business on:
(Las solicitudes para boletas que se votarán adelantada por correo deberán recibirse no más tardar de las horas de negocio el:)

04 / 26 / 2022.
(date)*(fecha)*

Federal Post Card Applications (FPCAs) must be received no later than the close of business on:
(La Tarjeta Federal Postal de Solicitud deberán recibirse no más tardar de las horas de negocio el:)

Issued this 4th (day) day of April (month), 20 22 (year).

(Emitada este día 4th (día) de April (mes), 20 22 (año).)

Signature of County Judge *(Firma del Juez del Condado)*