

Agricultural Markets Review

from Nationwide Economics



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Ag News Highlights

Hurricanes can have devastating ag impacts

This space will be used to provide an update on the agricultural impacts of Hurricane Ian when those estimates are available. In the meantime, however, we can look at the effects of Irma, which similarly hit Florida in 2017, as a reminder that hurricanes of this magnitude can cause devastating losses in the ag sector. According to a 2018 impact analysis by the University of Florida, the economic impacts included:

- Total crop losses of \$1.31 billion
- Field crop losses of \$349 million
- Citrus losses of \$490 million
- \$151 million for other fruits and vegetables
- \$323 million for nursery and floriculture crops ([University of Florida](#))

Fertilizer supplies threatened again

A confluence of two issues — Hurricane Ian and the ensuing clean-up in Florida (a key fertilizer-producing state), and low water levels in the Mississippi River — threatens the availability of fertilizer. 75 percent of all phosphate fertilizer produced in the U.S. comes from Florida, and much of it is transported via the Mississippi.

Fortunately, most farmers already have what they need, in part due to stocking up after fertilizer prices fell off record highs seen earlier this year. Consequently, there is time for both an increase in precipitation to raise water levels in the Mississippi and recovery in Florida to keep prices from jumping back up. StoneX Group Vice President of Fertilizer Josh Linville believes spring 2023 is the time to keep an eye on prices if conditions don't improve. ([AgWeb](#))

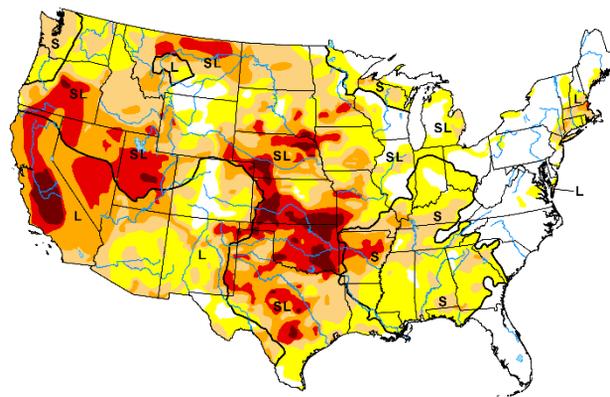
Oil production cut another energy shock

OPEC+ announced a 2 million barrel a day cut in crude oil production on October 5. While the move was likely done to keep the price of oil (and revenue generated from oil) elevated, its secondary effects are numerous. Specifically for ag, diesel costs (which are still above \$5/gallon) could climb even higher and remain elevated for the foreseeable future as OPEC+ has signaled little interest in helping to reduce energy costs.

President Joe Biden promised “consequences” for U.S. ally Saudi Arabia but was not specific on what actions would or could be taken. Some in Congress have suggested new legislation which would allow the U.S. to sue OPEC countries, a discontinuation of U.S. arms sales to Saudi Arabia, or a pause in support services. ([APNews](#))

Drought Monitor

Drought severity throughout much of the Great Plains – from Montana and North Dakota south through Kansas and Oklahoma – has intensified, and parts of the Southeast and Midwest are now experiencing at least mild drought conditions. Droughts along the West Coast are similar to last month, although they have worsened in the Pacific Northwest.



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Commodity Prices

Monthly average, September 2022

	Average Price	1 Month Change	3 Month Change	12 Month Change
Corn ¹	\$6.68	0%	-13%	31%
Cotton, Upland ³	\$1.03	-15%	-22%	10%
Soybeans ¹	\$14.83	-4%	-13%	19%
Wheat (winter) ¹	\$8.46	6%	-15%	N/A
Cattle, All Beef ² (Aug. 2022)	\$141.00	-1%	0%	15%
Hogs ²	\$95.77	-15%	-8%	5%
Milk ² (Aug. 2022)	\$24.30	-5%	-11%	38%
Broilers ³	\$1.25	-6%	-25%	19%
Eggs ⁴	\$2.67	13%	30%	121%
Crude Oil ⁵ West Texas Intermediate	\$84.26	-10%	-27%	18%
Diesel Fuel ⁶ U.S. City Average	\$4.99	0%	-13%	48%

*Note: Winter wheat price was not reported for September 2021

Table Footnotes

- ¹ \$ per bushel
- ² \$ per hundredweight (CwT)
- ³ \$ per pound
- ⁴ \$ per dozen
- ⁵ \$ per barrel
- ⁶ \$ per gallon



EIA Energy Forecast

	2022 (September) ¹	2022 ²	2023 ²
West Texas Crude (per barrel)	\$94.00	\$91.00	\$89.00
Diesel Fuel (retail \$ per gallon)	\$5.12	\$4.83	\$4.20
Natural Gas (per million Btu)	\$8.86	\$9.09	\$5.53

¹ Latest actual price.

² Forecast prices are an average for the month of September.

Source: [U.S. Energy Information Administration](https://www.eia.gov/)

Glossary

Acronyms/Terminology

USDA - United States Department of Agriculture

Hundredweight - Refers to a unit of 100 pounds in the U.S. and Canada

Data Sources

Commodities excluding beef and milk - Haver Analytics and The Wall Street Journal

Beef and milk - Haver Analytics and the U.S. Department of Agriculture (Prices received by farmers)

Drought Monitor - National Drought Mitigation Center, <http://droughtmonitor.unl.edu/>

Additional information sources

CoBank Knowledge Center - www.cobank.com/Knowledge-Exchange.aspx

USDA Economic Research Service - www.ers.usda.gov

USDA Price & Import/Export Forecasts - [USDA Economic Research Service Publications](https://www.ers.usda.gov/publications/USDA-Economic-Research-Service-Publications)

Association of Equipment Manufacturers - www.aem.org/agriculture/

Agriculture Commodity Prices - <http://www.cnbc.com/agricultural-commodities/>

Livestock Commodity Prices - <http://www.cnbc.com/livestock-commodities/>



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