

# Agriculture Markets Review

By Nationwide Economics

September 2021

## Ag News Highlights

### Significant increase in use of H-2A program

H-2A is a federal program through which farmers can hire foreign workers if they have already tried and failed to hire domestic workers. New data from the Department of Labor show that workers hired through use of the H-2A program has more than tripled since 2010. The largest growth in hiring came from fruit, nuts, and vegetable farming categories.

The increased use of the H-2A program is due to a combination of rising demand for farm labor and decreased interest from domestic workers in farm work. Data for 2021 is not yet available, but it's likely that the domestic labor supply for farms continued to wane as overall labor supply has grown only sluggishly in the face of surging labor demand. ([Ag Web](#))

### Citrus greening found in San Diego County

Citrus greening, a plant disease which can be deadly to citrus trees or reduce the quality and quantity of their produce, has been found for the first time in San Diego County. The California Department of Food and Agriculture (CDFA), San Diego County Agricultural Commissioner, and the USDA are working together to enforce a mandatory 60-square-mile quarantine around the site where the disease was found, preventing transportation of citrus fruit, trees, and planted material. ([Fox 5 San Diego](#))

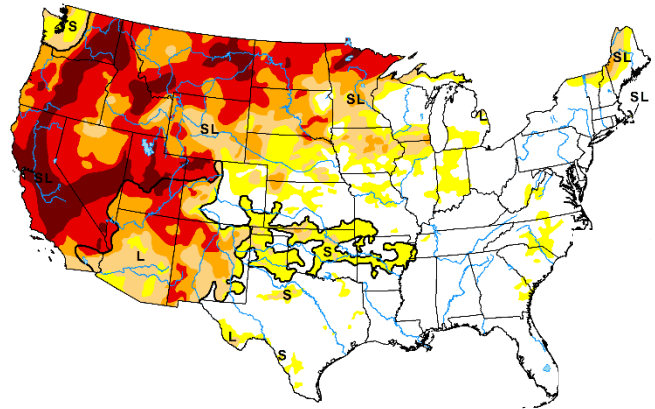
Citrus greening has already devastated the citrus industry in Florida, dramatically reducing the number of growers and lifespan of citrus trees. Although well behind Florida's spread, the disease is spreading in California now, and quarantines are already in place in parts of Orange, Los Angeles, Riverside, and San Bernardino counties. ([Growing Produce](#))

### Spotted lanternfly threatens vineyards

The spotted lanternfly, an invasive insect which can destroy vineyards and fruit crops, has infested at least some parts of 10 states, prompting quarantines in Pennsylvania, New Jersey, Maryland, Virginia, and Delaware. The quarantines are meant to restrict the transport of the bug by asking travelers to inspect vehicles to ensure that they are not transporting any spotted lanternfly eggs. ([Washington Post](#))

## Drought Monitor

Intense drought conditions still plague much of the western half of the U.S. There has been a modest expansion of D4 (exceptional) drought in the Four Corners, Pacific Coast, and Northern Plains regions. Mild-to-moderate drought conditions have also spread to parts of North Texas, Oklahoma, and Arkansas.



#### Drought Impact Types

- Delineates dominant impacts
- S** Short-Term, typically less than 6 mos (ex: agriculture, grasslands)
- L** Long-Term, typically greater than 6 mos (ex: hydrology, ecology)

#### Intensity

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

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USDA

## Commodity Prices

Monthly average, August 2021

	Average Price	1 Month Change	3 Month Change	12 Month Change
<b>Corn</b> <sup>1</sup>	\$6.02	-6%	-13%	92%
<b>Cotton, Upland</b> <sup>3</sup>	\$0.92	6%	-11%	54%
<b>Soybeans</b> <sup>1</sup>	\$13.60	-5%	-14%	53%
<b>Wheat (winter)</b> <sup>1</sup> (July 2021)	\$6.10	0%	-2%	35%
<b>Cattle, All Beef</b> <sup>2</sup> (July 2021)	\$122.00	1%	3%	26%
<b>Hogs</b> <sup>2</sup>	\$102.51	-2%	-3%	87%
<b>Milk</b> <sup>2</sup> (July 2021)	\$17.90	-3%	-3%	-13%
<b>Broilers</b> <sup>3</sup>	\$1.05	-1%	0%	58%
<b>Eggs</b> <sup>4</sup>	\$1.07	19%	39%	59%
<b>Crude Oil</b> <sup>5</sup> <i>West Texas Intermediate</i>	\$67.73	-7%	4%	60%
<b>Diesel Fuel</b> <sup>5</sup> <i>U.S. City Average</i>	\$3.35	0%	4%	38%

#### Table Footnotes

<sup>1</sup> \$ per bushel

<sup>4</sup> \$ per dozen

<sup>2</sup> \$ per hundredweight (CWT)

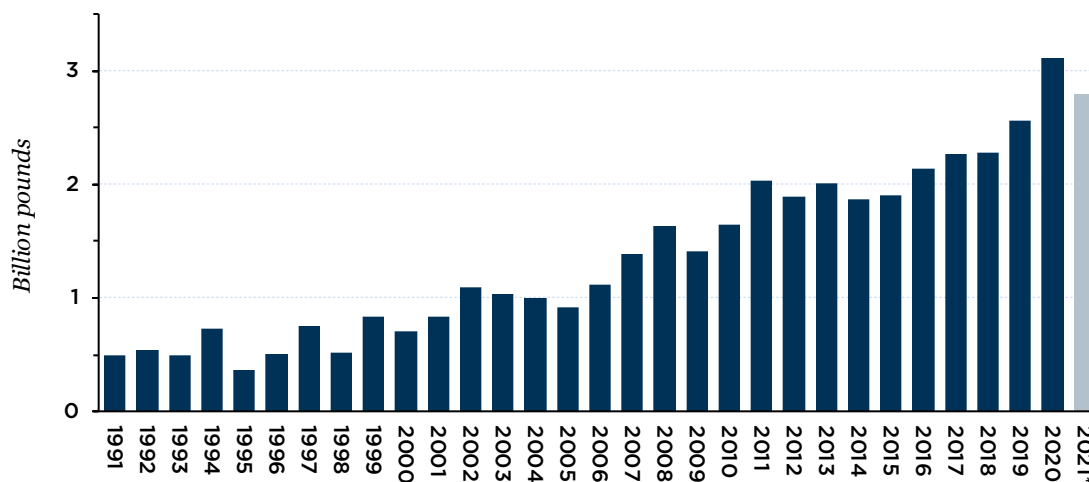
<sup>5</sup> \$ per barrel

<sup>3</sup> \$ per pound

<sup>6</sup> \$ per gallon

# Fall crop production update

## U.S. Almond Production



Source: National Agriculture Statistics Service

\* USDA forecast for 2021

Up to 88 percent of California is experiencing “extreme drought” conditions, resulting in the draining of reservoirs and a low supply of water for crops. The state grows most of the country’s fruit and nuts, with several of those crops requiring extensive — even year-round — watering. This creates a situation in which many thirsty crops, along with a state full of residents, compete for an increasingly limited water supply, resulting in growers choosing which crops will receive water and which will die.

California produces much of the world’s supply of almonds, which is one of the state’s top agricultural exports — with roughly 70 percent of the state’s almond yield being shipped overseas. A worldwide shift in preference toward almonds has resulted in a nearly ten-fold increase in production over the last 25 years (from 370 million pounds in 1995 to 3.1 billion in 2020). Due to a combination of heat and drought, however, the USDA has dropped its 2021 almond production forecast from a record 3.2 billion pounds to 2.8 billion pounds. Although down from 2020’s record level, it would still be the second largest almond production year on record. ([Smithsonian Magazine](#))

The latest USDA crop production report shows most other crops are seeing increased production in 2021. Covid-related demand shocks cut production in 2020 and, consequently, some crops are seeing much higher output numbers this year. Highlights include:

- Corn production is expected to be up by six percent from 2020; yields are expected to be up by 4.3 bushels per harvested acre based on crop conditions as of September 1.
- The forecast for soybeans is also an increase of six percent, while yields should be up by 0.4 bushels per harvested acre.
- Cotton production is forecast to be up by 27 percent from 2020 (upland cotton up by 29 percent; pima cotton up by 39 percent). All cotton yields are forecast to increase by 48 pounds per acre from 2020.
- Orange production is expected to decline further, likely due in part to the continued spread of citrus greening in key production areas.
- Among non-citrus fruits, current forecasts call for a year-over-year increase in production for apples, apricots, cherries (sweet and tart), cranberries, grapes, and pears. Several other non-citrus fruits do not have 2021 forecasts yet.

Source: [USDA](#)

# EIA Energy Forecasts

	2021 (August) <sup>1</sup>	2021 <sup>2</sup>	2022 <sup>2</sup>
West Texas Crude (per barrel)	\$67.73	\$67.00	\$59.00
Diesel Fuel (retail \$ per gallon)	\$3.35	\$3.21	\$3.00
Natural Gas (per million Btu)	\$4.07	\$4.10	\$3.27

<sup>1</sup> Latest actual price.

<sup>2</sup> Forecast prices are an average for the month of December.

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

## 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](http://www.cobank.com/Knowledge-Exchange.aspx)

USDA Economic Research Service – [www.ers.usda.gov](http://www.ers.usda.gov)

USDA Price & Import/Export Forecasts – [USDA Economic Research Service Publications](#)

Association of Equipment Manufacturers – [www.aem.org/agriculture/](http://www.aem.org/agriculture/)

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

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

## Compiled and Researched by Nationwide Economics

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