Food and Fiber Production and Directly Related Manufacturing *IMPACT* as % of Total Output
Opportunities/Challenges ’07?
After a “Challenged” ’06!

**Opportunities**
- Under 2002 farm bill this crop year
- First time since 1996 “real” cropping alternatives
- High grain/oilseed prices
- Demand for some food products/“farm fresh”, local grown, “Value-added”

**Challenges**
- High grain/oilseed prices impact livestock poultry industry (60% of Farm gate)
- Food quality/safety impacts demand
- Farm/agribusiness labor
- Long-Term – New Farm Bill!
- WEATHER
2006 Total Farm Gate Value
GA = $10.4 billion
2005 = $10.6 billion

Livestock & Aquaculture 12.2%
Vegetables 8.0%
Ornamental Horticulture 7.4%
Forestry & Products 6.4%
Other Income 6.2%
Fruits & Nuts 3.0%
Row & Forage Crops 14.5%
Poultry & Eggs 42.4%
Livestock & Aquaculture 12.2%
Vegetables 8.0%
Ornamental Horticulture 7.4%
Forestry & Products 6.4%
Other Income 6.2%
Fruits & Nuts 2.5%
Row & Forage Crops 15.1%
Poultry & Eggs 42.7%

Farm Gate Value
2005 = $10.6 billion
2006 = $10.4 billion
Farm Value Declined in 2006, First In 10 Years! What About 2007?

- Crop/Forage Prices improved, production?
- Poultry adjustments to high feed cost results in higher prices
- Vegetable/fruits modest growth
- Ornamental markets mixed
- Livestock reduced with Beef prices down

Bottom Line – Improved in 2007 Before Freeze and Drought
2006 Row & Forage Crops Farm Gate Value
GA = $1.5 billion
2005 = $1.6 billion

Straw 1.64%
Tobacco 3.68%
Wheat 2.31%
Soybeans 1.75%
Sorghum 0.29%
Silage 2.04%
Barley 0.01%
Corn 6.83%
Cotton 49.62%
Peanuts 21.39%
Hay 8.66%
Oats 0.42%
Other 0.68%
Rye 0.69%
“Fueling” the Opportunities and Challenges - Corn Ethanol

70 New Plants in 2007?
Adds 1BB to Corn Demand

$4.25/bu = Ethanol B.E.
Corn Production Can’t Keep Up with Ethanol Demand

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Use</th>
<th>End Stocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>10,000 MB</td>
<td>8,000 MB</td>
<td>2,000 MB</td>
</tr>
<tr>
<td>2001</td>
<td>11,000 MB</td>
<td>9,000 MB</td>
<td>2,000 MB</td>
</tr>
<tr>
<td>2002</td>
<td>12,000 MB</td>
<td>10,000 MB</td>
<td>2,000 MB</td>
</tr>
<tr>
<td>2003</td>
<td>13,000 MB</td>
<td>11,000 MB</td>
<td>2,000 MB</td>
</tr>
<tr>
<td>2004</td>
<td>14,000 MB</td>
<td>12,000 MB</td>
<td>2,000 MB</td>
</tr>
<tr>
<td>2005</td>
<td>15,000 MB</td>
<td>13,000 MB</td>
<td>2,000 MB</td>
</tr>
<tr>
<td>2006</td>
<td>16,000 MB</td>
<td>14,000 MB</td>
<td>2,000 MB</td>
</tr>
</tbody>
</table>

Livestock/Export B.E. = ?

2006 - Ga. Use 212 MB, Prod. 26 MB
## Ethanol Breakeven Matrix

<table>
<thead>
<tr>
<th>Corn Price</th>
<th>Ethanol Price</th>
<th>Ethanol Price</th>
<th>Ethanol Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.50</td>
<td>$0.13</td>
<td>$0.38</td>
<td>$0.63</td>
</tr>
<tr>
<td>$3.00</td>
<td>-$0.05</td>
<td>$0.20</td>
<td>$0.45</td>
</tr>
<tr>
<td>$3.50</td>
<td>-$0.23</td>
<td>$0.02</td>
<td>$0.27</td>
</tr>
<tr>
<td>$4.00</td>
<td>-$0.41</td>
<td>-$0.16</td>
<td>$0.09</td>
</tr>
<tr>
<td>$4.25</td>
<td>-$0.50</td>
<td>-$0.25</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
## Biodiesel Breakeven Matrix

<table>
<thead>
<tr>
<th>Oil Price</th>
<th>$2.00</th>
<th>$2.25</th>
<th>$2.50</th>
<th>$2.75</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.20</td>
<td>$0.03</td>
<td>$0.28</td>
<td>$0.53</td>
<td>$0.78</td>
</tr>
<tr>
<td>$0.25</td>
<td>($0.36)</td>
<td>($0.11)</td>
<td>$0.14</td>
<td>$0.39</td>
</tr>
<tr>
<td>$0.30</td>
<td>($0.74)</td>
<td>($0.49)</td>
<td>($0.24)</td>
<td>$0.01</td>
</tr>
</tbody>
</table>
United States Crop Acreage

Acres usually chase markets, NOW markets are chasing potential acres!

Need 8 to 10 M more corn acres, from where will it come?

Year


Planted Millions

- Corn
- Peanuts
- Cotton
- Wheat
- Soybeans

75.5 67.5 15.3 78.3 57.3 13.2 57.3 88.3 78.3 67.5 57.3 13.2 88.3
### Planting Intentions: Georgia and U.S.

<table>
<thead>
<tr>
<th>CROP</th>
<th>GA 2007 1,000 Ac</th>
<th>GA 2006 1,000 Ac</th>
<th>GA %Chg</th>
<th>US 2007 1,000 Ac</th>
<th>US 2006 1,000 Ac</th>
<th>US %Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>500</td>
<td>280</td>
<td>+78.6%</td>
<td>90,454</td>
<td>78,327</td>
<td>+15.5%</td>
</tr>
<tr>
<td>Cotton</td>
<td>1,150</td>
<td>1,400</td>
<td>-17.9%</td>
<td>12,147</td>
<td>15,274</td>
<td>-20.5</td>
</tr>
<tr>
<td>Hay</td>
<td>680</td>
<td>650</td>
<td>+4.6%</td>
<td>63,056</td>
<td>60,807</td>
<td>+3.7%</td>
</tr>
<tr>
<td>Oats</td>
<td>70</td>
<td>70</td>
<td>0%</td>
<td>4,029</td>
<td>4,168</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Peanuts</td>
<td>500</td>
<td>580</td>
<td>-13.8%</td>
<td>1,197</td>
<td>1,240</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Sorghum</td>
<td>40</td>
<td>40</td>
<td>0%</td>
<td>7,109</td>
<td>6,522</td>
<td>+9.0%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>250</td>
<td>155</td>
<td>+61.3%</td>
<td>67,140</td>
<td>75,522</td>
<td>-11.1%</td>
</tr>
<tr>
<td>Tobacco</td>
<td>19</td>
<td>17</td>
<td>+11.8%</td>
<td>344,170</td>
<td>338,950</td>
<td>+1.5%</td>
</tr>
<tr>
<td>Wheat</td>
<td>400</td>
<td>230</td>
<td>+73.9%</td>
<td>60,303</td>
<td>57,344</td>
<td>+5.2%</td>
</tr>
</tbody>
</table>

*Primary data source: Prospective Plantings, March 2008, NASS*
Peanut Production Falls Below Use in 2006-7? $425/ton Prices but who pays storage/handle? Demand???

![Graph showing peanut production and use over several years with categories for Food Use, Crush, Exports, Seed, Shrink, Resid, Production, and Carryover.](image)
Cotton lagging in acreage race, acreage would have to decline by 30% or more to offset ‘06 use decline!
Farm Bill Implications for Crop Producers

- Less spending on commodity programs, but same general program structure – good for land owners
- Some spending will be diverted from 5 major program crops to specialty crops.
- More in conservation, less in commodity programs
- Lower payment limitations and/or lower means-tests (if not done in agriculture committees, will likely be debated on floor).
  - Peanuts may lose separate payment limitation.
2006 Livestock & Aquaculture Farm Gate Value
GA = $1.266 billion
2005 = $1.299 billion

- Beef Cows: 28.1%
- Horses-raised: 9.7%
- Horses-board-train-breed: 23.2%
- Goats: 1.1%
- Dairy: 18.4%
- Other: 2.1%
- Pork-Feeder pigs: 2.5%
- Pork-Farrow-finish: 2.8%
- Beef Stockers: 6.2%
- Catfish: 0.5%
- Quail: 1.8%
- Pork-Finish only: 1.9%
- Sheep: 0.05%
- Beef Cattle Fin Out Co: 1.7%

Color-coding for farm gate value ranges:
- $0 - $3,000,000
- $3,000,000 - $5,000,000
- $5,000,000 - $10,000,000
- $10,000,000 - $15,000,000
- $15,000,000 - $36,241,000
Ga. Beef Cattle Prices Feel Impact of Higher Corn Prices

MED. & LRG. #1 & 2 STEER CALF PRICES
500-600 Pounds, Georgia, Weekly

$ Per Cwt.

2001-05

2006

2007

30%
If Not For Improved Beef/Red Meat Demand, Adjustments Would Be More Severe!
THE BEEF CATTLE CYCLE

Increase in Cattle Inventory Means Increased Beef Supplies 3 Years Later

Percentage Change Yr. over Yr.
<table>
<thead>
<tr>
<th></th>
<th>JA N-MA R</th>
<th>A PR-JUN</th>
<th>J UL-SEP</th>
<th>O CT-DEC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bil. Pounds</strong></td>
<td><strong>Avg.</strong></td>
<td><strong>2001/05</strong></td>
<td><strong>2006</strong></td>
<td><strong>2007</strong></td>
</tr>
<tr>
<td><strong>2001/05</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2006</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2007</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2008</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Georgia Milk Prices Recover

Milk production slows to half of 2006’s 2.8% increase
Georgia Livestock – Generally Lower Prices or Returns?

- **GRAIN** prices increases real risk to all livestock. Further adjustments, i.e. reduced production or lower calf prices will be required with $5 corn!

- **RED MEAT** demand still good!

- **BEEF CATTLE** – Grain reduces calf prices in 2007, but still relatively good! Production is **GROWING in US but drought management in Ga.**

- **PORK** production growing nationally, but prices up supported by strong exports.

- **DAIRY** – Production up, prices up, but only enough over 5 yr avg. to cover added feed cost.

- **HORSES** – pleasure agriculture continues on the rise
2006 Poultry & Egg Farm Gate Value
GA = $4.4 billion
2005 = $4.5 billion

Breeder Unit: 3.3%
Pullet Unit: 11.0%
Broiler-Integrator: 75.2%
Layers-Hatching egg: 7.7%
Layers-Table egg: 2.5%
Other: 0.2%
Breeder Pullet Unit: 3.3%
Broiler-Grower: 11.0%
Broiler Producers Adjust To Higher Feed Cost

Mill. Birds

Broiler Chick Placements

JAN  APR  JUL  OCT

 Avg. 2001-05

 2006

 2007
Broiler Prices Much Improved – Better Demand, Production Lower

Cents Per Pound

Broiler Prices, 12 city

$/(cwt)

Avg. 2001-05

2006

2007
Broiler Production Drops .8 lbs. Per Person in 2007! 2008 - See Corn?

![Bar chart showing broiler production by quarter from 2001/05 to 2008. The chart indicates a decline in production from 2007 to 2008.]
Farm Bill Implications for Livestock Producers

• **Additional spending on ethanol development.**
  – Implies higher feed cost for poultry and swine producers. Lower prices for feeder cattle.

• **No further postponement in mandatory country of origin labeling.**
  – Affects beef and swine producers.

• **Restrictions on long-term packer ownership or contracting of livestock** (Harkin and Peterson have both supported this in the past).
2006 Fruits & Nuts Farm Gate Value
GA = $306 million
2005 = $268 million

<table>
<thead>
<tr>
<th>Fruit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pecans</td>
<td>46.8%</td>
</tr>
<tr>
<td>Grapes</td>
<td>3.1%</td>
</tr>
<tr>
<td>Blueberries</td>
<td>24.8%</td>
</tr>
<tr>
<td>Peaches</td>
<td>19.8%</td>
</tr>
<tr>
<td>Other</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Other fruits:
- Apples: 1.3%
- Blackberries: 1.9%
- Strawberries: 1.6%
- Other: 0.7%
2006 Vegetables Farm Gate Value
GA = $828 million
2005 = $896 million

- Tomato: 6.8%
- Watermelon: 13.4%
- Sweet Corn: 12.5%
- Zucchini: 2.3%
- Southern Peas: 5.9%
- Squash: 3.3%
- Cucumbers: 5.3%
- Cantaloupe: 7.3%
- Bell Peppers: 9.3%
- Cabbage: 3.8%
- Greens: 7.9%
- Eggplant: 1.2%
- Okra: 0.2%
- Onions: 15.9%
- Snap Beans: 1.3%
- Other Veges: 8.0%
- Other Peppers: 1.39%
- Other: 8.0%

$0 - $10,000
$10,000 - $200,000
$200,000 - $3,000,000
$3,000,000 - $15,000,000
$15,000,000 - $141,237,000
Georgia Fruits, Nuts and Vegetables

- .....in 2007
- Capitalized on our main competitive advantage – proximity to large diversified markets
- Move to value added – farm processing. Fresh saturated except for specialty/ethnic markets.
- Expected gains – Sweet Corn, Fresh packaged, Onions....
- Labor? Food Safety, quality? Demand?
2006 Ornamental Horticulture Farm Gate Value
GA = $765 million
2005 = $699 million

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenhouse</td>
<td>35.9%</td>
</tr>
<tr>
<td>Turfgrass</td>
<td>21.9%</td>
</tr>
<tr>
<td>Container Nursery</td>
<td>27.5%</td>
</tr>
<tr>
<td>Field Nursery</td>
<td>13.7%</td>
</tr>
<tr>
<td>Other</td>
<td>1.0%</td>
</tr>
</tbody>
</table>
Ornamental Horticulture

Gains marginal

- Market advantage — Ga. 4th Fastest Growing State offsets declining housing starts
- Declining energy cost support disposable income growth for discretionary goods?
- Some oversupply — new greenhouses, annuals?
- New demand — new turf species, environmental landscaping, sod turf requirements, tree-scaping (field container)
- Labor for installation, maintenance and production operations?
2006 Forestry & Products
Farm Gate Value
GA = $663 million
2005 = $644 million

Timber 88.3%
Pine Straw 9.4%
Christmas Trees 1.4%
Other 0.9%

$0 - $1,000,000
$1,000,000 - $3,000,000
$3,000,000 - $5,000,000
$5,000,000 - $10,000,000
$10,000,000 - $22,260,000
2006 Ag-based & Nature-based Tourism
Farm Gate Value = $78 million
2005 = $72 million

Nature-based = $50.8 million

Ag-based = $27.1 million

- Guide services: 31.8%
- Fishing: 9.6%
- Camping: 20.4%
- Other Ag-based: 8.7%
- Special events: 14.6%
- Special attractions: 4.9%
- School tours: 1.8%
- Hayrides: 0.6%
- Equestrian trail rides: 2.7%
- Corn Maze: 1.5%
- Wildlife observation: 0.5%
- Other Nature-based: 2.9%
- Other-Ag-based: 8.7%
Always be alert and then wait. Perhaps what you're looking for, will find you...
Contact Information

Prepared by
John McKissick and Sue Boatright
Center for Agribusiness & Economic Development

“Adding Value to Georgia's Agricultural Economy Through Research and Extension”

To learn more about Georgia counties, go to:
http://www.caed.uga.edu/
...click on “Georgia Statistics System”

Special Area Report
SA-07-14
2007