

2020 Georgia AG FORECAST



STRATEGIC
INSIGHTS
FOR
GEORGIA'S
NO.1 INDUSTRY

The 2020 Georgia Economic Outlook

Dr. Jeffrey M. Humphreys
Director of the Selig Center for Economic Growth, Terry College of Business

- Georgia's economic expansion will continue, but growth will decelerate significantly.
- The trade war is the main recession risk and the strongest economic headwind.
- The consumer will be the main strength of the 2020 economy.
- Home sales and homebuilding will be important economic drivers.
- Economic development projects will provide a solid push to Georgia's economy.
- Higher defense spending will be very good for Georgia.

Takeaways

Peanuts

Adam N. Rabinowitz, Assistant Professor and Extension Economist
Department of Agricultural and Applied Economics

- Record production in 2017 continues to limit price movement for peanut producers as ending stocks remain high.
- Peanut demand forecast flat for the fourth year in a row.
- Prices near \$400 per ton are expected.

Cotton

Yangxuan Liu, Assistant Professor, Department of Agricultural and Applied Economics

- U.S. cotton acreage and production are more likely to be down for 2020.
- Uncertainties in the cotton market are expected as a result of the ongoing trade negotiation and the slowing down of the global economy.
- Producers need to be aware of the continuous risk of downside price weakness in 2020 and need to consider strategies to improve productivity or cut costs.

Fruits and Nuts

Dr. Esendugue Greg Fonsah, Professor, REI Coordinator and Agribusiness Extension Economist, Fruits, Vegetables and Pecans; Department of Agricultural and Applied Economics

- If production of other fruit and tree nuts remains strong, it will still dampen the growers price index, but not as much as in 2019.
- Georgia pecan production will still be low compared to pre-Hurricane Michael era, but will be slightly higher than the post-Hurricane 2018-2019 crop season, as recovery from Hurricane Michael is still in progress.
- Pecan trade war will continue to suppress exports to China, Vietnam, the Netherlands, the United Kingdom and Hong Kong. The earlier the trade conflict between China and the U.S. is resolved, the better for the U.S. pecan industry.

Vegetables and Pulses

Dr. Esendugue Greg Fonsah, Professor, REI Coordinator and Agribusiness Extension Economist, Fruits, Vegetables and Pecans; Department of Agricultural and Applied Economics

- Vegetable production will stay strong in the 2020 crop year.
- Consumer prices will be sluggish and fluctuating.
- Growers price index will be significantly depressed.



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Environmental Sciences
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Corn, Wheat and Soybeans

Adam N. Rabinowitz, Assistant Professor and Extension Economist
Department of Agricultural and Applied Economics

- More corn, less soybeans and less wheat is the acreage trend in Georgia, which should continue in 2020.
- The most significant increase in prices should be in the corn market, although export competition could dampen that upward movement.
- Resolution of trade disputes are expected to produce opportunities for all three commodities, however marketing opportunities are not expected to rebound to pre-trade dispute levels as increased global competition has occurred.

Beef Cattle

Tommie Shepherd, Public Service Associate, Center for Agribusiness and Economic Development

- The expansion phase of the current cattle cycle appears to be coming to an end and growth in beef production is beginning to slow down.
- Cattle prices in 2020 are projected to exhibit very little improvement over 2019 price levels although strong consumer demand for beef, both domestic and internationally, should support cattle prices through 2020.
- Feed and forage prices and availability may hamper producer profitability in 2020.

Pork

Tommie Shepherd, Public Service Associate, Center for Agribusiness and Economic Development

- African Swine Flu has devastated pork production in China and Southeast Asia, creating a strong demand for U.S. pork exports and driving hog prices higher for the foreseeable future.
- U.S. pork production is expanding rapidly and is projected to grow by 5% in 2020 in response to higher prices.
- U.S. pork producers should see significant increases in profitability in 2020 despite higher feed prices.

Poultry and Eggs

Todd E. Southerland, Senior Vice President and Food and Agribusiness Industry Manager, SunTrust Bank

- Continuing increases in egg sets and chick placements point to higher broiler production in 2020.
- Broiler pricing was mixed for most of the year, but profitability was challenged due to lower boneless breast pricing and the lack of a seasonal summer rally to prior year levels.
- Export markets are a key to broiler market conditions in the year ahead as the downward trend in trade volumes has resulted in more commodity meat left to clear the domestic market, which was a significant contributor to the lower price environment experienced in 2019.

Dairy

Tommie Shepherd, Public Service Associate, Center for Agribusiness and Economic Development

- Dairy cow numbers declined throughout 2018 and 2019 in response to several years of depressed farm-level milk prices.
- Lower dairy cow numbers and reduced availability of replacement heifers should slow milk production and support modestly higher prices in 2020.
- Strong dairy exports will continue to support domestic milk prices despite Chinese tariffs.

Honey Bees

Jennifer Berry, Agricultural Research Professional and Lab Manager
UGA Honey Bee Program

- There are five major sources of honey produced in Georgia: sourwood, tupelo, gallberry, wildflower and cotton. Honey production overall was average in 2019 for the state, with each source fluctuating slightly above or below average, depending on location.
- Colony losses for commercial operations remains at 20 to 30%, with backyard beekeepers, in some cases, experiencing losses above 80%.
- Varroa destructor (parasitic mites) and starvation remain the leading cause of colony loss in Georgia and nationally.

Timber

Tyler Reeves and Bob Izlar, Harley Langdale Jr. Center for Forest Business, Warnell School of Forestry and Natural Resources
Amanda Lang, Forisk Consulting

- Lumber prices have declined significantly from 2018 and are holding steady at \$350 per thousand board feet.
- Pulp prices have decreased across the board in the South, leading to several pulp mill closures.
- Average Southern Pine Sawtimber and Pulpwood prices continue to remain flat.

Green Industry

Associate Professor Ben Campbell, Department of Agricultural and Applied Economics

- Housing permits and starts in Georgia are highly variable with some areas experiencing growth while other areas seeing a decline.
- Temperatures are projected to be normal to above average, with normal rainfall during the spring.
- Green industry sales within Georgia are projected to be stagnant in 2020 compared to 2019 as there is uncertainty with trade, housing starts and other economic indicators.