

Weekly Article

11-28-2022

Getting Ready For 2023

Hello, my name is Richard Purdin with OSU Extension, Ag and Natural Resource Educator, and Community Development Educator for Adams County. I hope to better inform local producers and the public of the latest news in the world of agriculture. The end of November is here, and December will soon begin, this means another year is almost in the books, and the baby new year is just about to be born! The weather has once again changed on us, with mild air welcoming the month of December and a little more precipitation to go with it. The region saw a fair amount of moisture over the thanksgiving weekend with precipitation amounts ranging from .7 to 1.1 inches. The recent rains were welcomed by many as we come off one of the drier fall seasons we have experienced in recent years. For many farmers last week was a slower week and many farmers were actually able to enjoy thanksgiving knowing the crops have been harvested and the machinery cleaned up and stored away for winter. With that said there was still some fieldwork taking place, fertilizer, and manure applications, baling corn stalks, and some fall tillages were some of the fieldwork I witnessed in my travels. The year 2022 can be marked as a very challenging year for all of us and for many farmers it was a year of many unknowns from month to month. With incredibly high input costs, global unrest, shortages, and extreme weather, many might be ready to close the books in 2022. The question of the day is will 2023 be better or just a continuation. I would probably bet that thanksgiving dinner was surrounded by conversations of this crazy world and when things might get back to normal (if there is such a thing)!

On November 15th the Department of Agricultural, Environmental, and Development Economics held its Outlook and Policy Conference Covering many topics including Energy Market, Ohio Farm Market, Labor Market, International Economic, Grain Market, and Inflation Outlook for 2023. I just want to touch on a topic that seems to be weighing on everyone's minds these days, the Energy market, fuel, fertilizer, electricity, and other forms of energy have increased dramatically in the last year. This dramatic increase has created a chain reaction increasing the cost of living. Here are some main points that wanted to highlight presented by Professor Brent Sohngen with the environmental and natural resource economics department of AEDE of The Ohio State University:

- **The World is Consuming more-** Total energy consumption has increased by 1.3% each year in the last 10 years. Even Coal consumption has seen a slight increase.

- **World consumers are cleaner eaters** – Even though energy consumption has increased carbon emissions continue to decline.
- **USA still likes its oil**- In 2021 38% of the energy used in the USA was oil followed by natural gas at 32%. Renewable energy such as wind and solar only make up 8% of our energy consumption.
- **Energy dependent doesn't mean resistant**- Over the last 10 years we have become more energy dependent, the goal of expanding renewable energies doesn't always mean being resistant to outside forces. In Europe, 12% of their energy come from green energy and they are no less vulnerable to supply shocks than we are.
- **Don't expect fuel prices to fall anytime soon**- Diesel and Gasoline prices are expected to moderate in 2023 but not as much as we would like. Strong demand coupled with slower than expect outputs will keep Gasoline prices around \$3.50- \$3.70/gal and diesel around \$4.90- \$5.20/gal.
- **Natural gas will soon take 1st place**- Oil is still # 1 but soon natural gas consumption will surpass. Since 2001 use of Natural gas has increased by 72% for electricity, 15% in industrial uses, 19% in Residential, and 22% in commercial industries.
- **USA is a big exporter**- 15% of our natural gas production is exported to other countries. Europe imports 60% of its natural gas and 50% of that comes from Russia!
- **Where does Fertilizer fit in** - Nitrogen/Ammonia prices have doubled in the last year but due to lower consumption (farmers getting tight) prices are expected to moderate. The US imports 35% less ammonia fertilizer than 10 years ago. Due to lower supplies globally natural gas prices are expected to stay around \$6/MMBTU until the spring of 2023.
- **What about green energy?** – Wind power expansion is slowing down but solar continues to grow, expecting to rise to 17% of total green energy generation in the next 2 years.

Dates to remember

- Dairy Margin Coverage sign-up is December 9th.
- 2023 Crop Year safety Net enrollment has begun, and coverage for ARC/PLC coverage will be open until March 15th, 2023, contact the USDA FSA office for more information.
- 2023 Pesticide/Fertilizer Applicator recertification training 1-26-2023 at The Ohio Valley Career and Technical School 175 Lloyd Road West Union, Ohio 45693 5:00 –9:00 pm Call to register (937) 544-2339

Ag Educator Words of encouragement – “The Welfare of the farmer is vital to that of the whole country” – **President William Howard Taft**