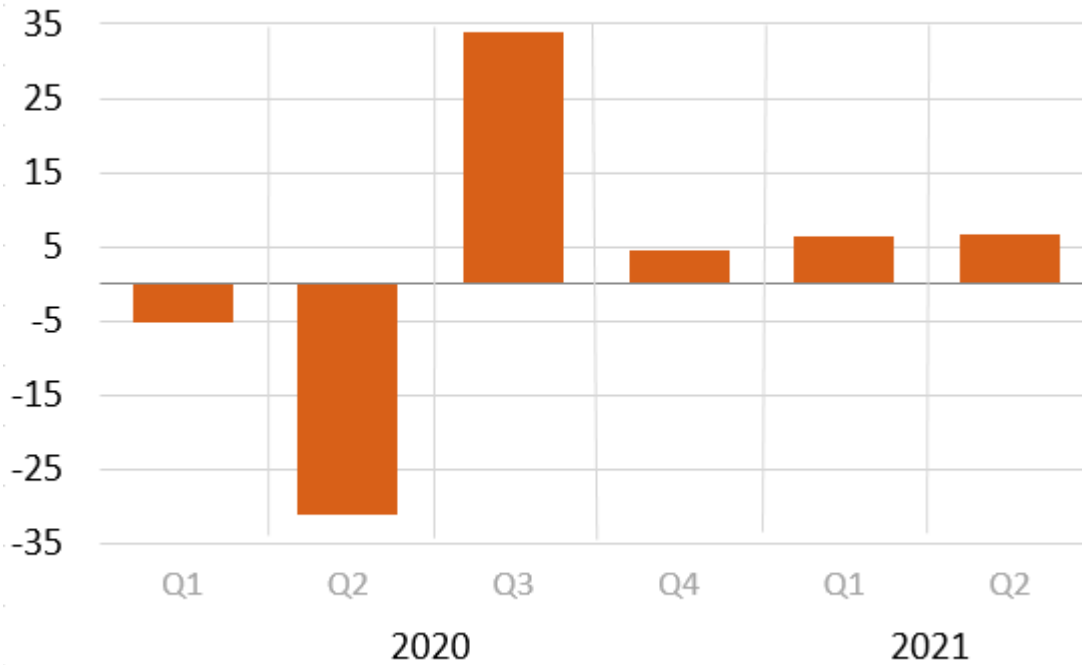


# **U.S. Peanuts and Tobacco Situation and Outlook**

**Blake Brown, PhD**  
**Hugh C. Kiger Professor**  
**Agriculture & Resource Economics**  
**College of Agriculture & Life Sciences**

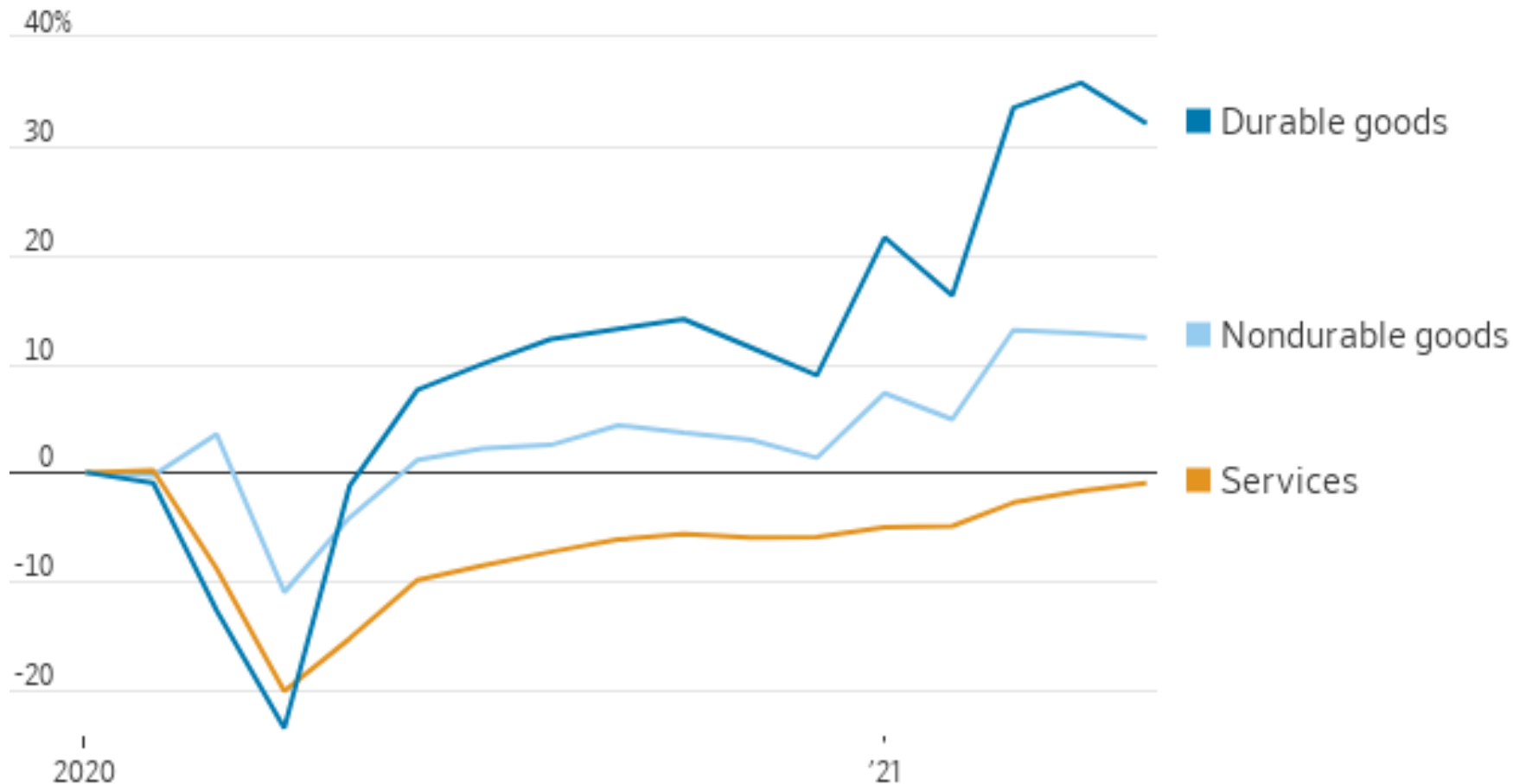
### Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

### U.S. consumer spending, change since January 2020

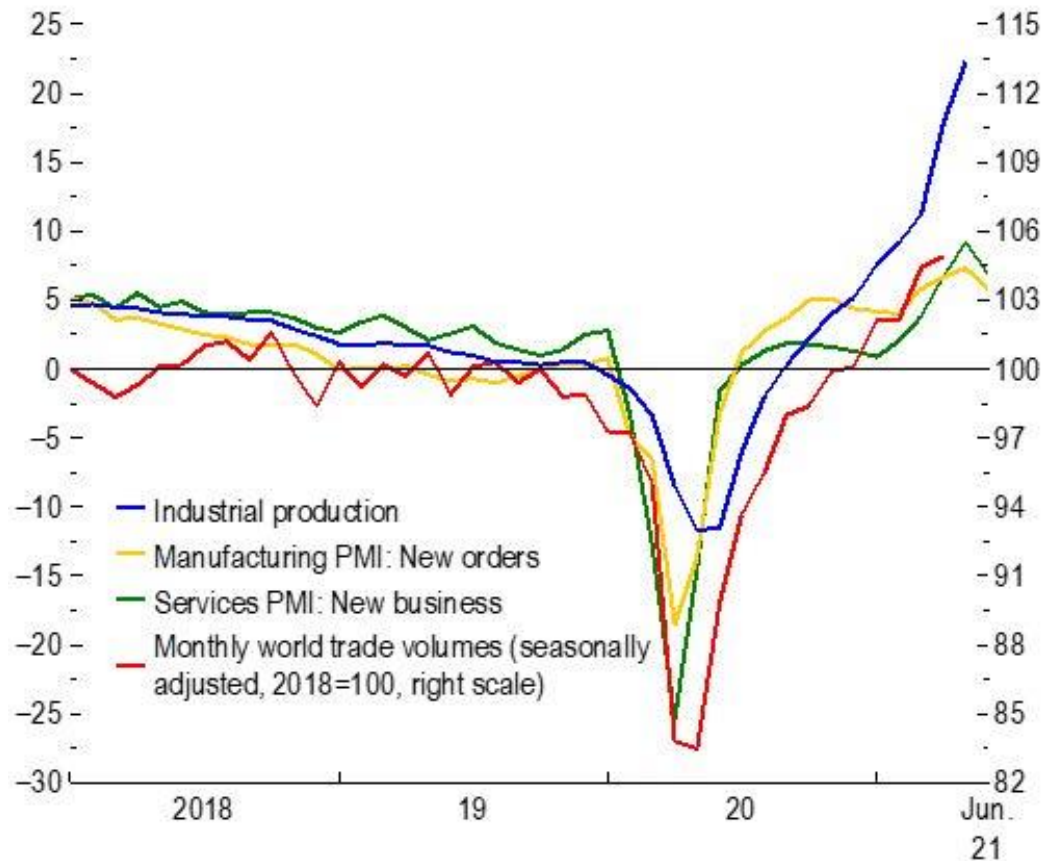


Note: Seasonally adjusted annual rate

Source: Commerce Department via the St. Louis Fed

### Figure 2. Global Activity Indicators

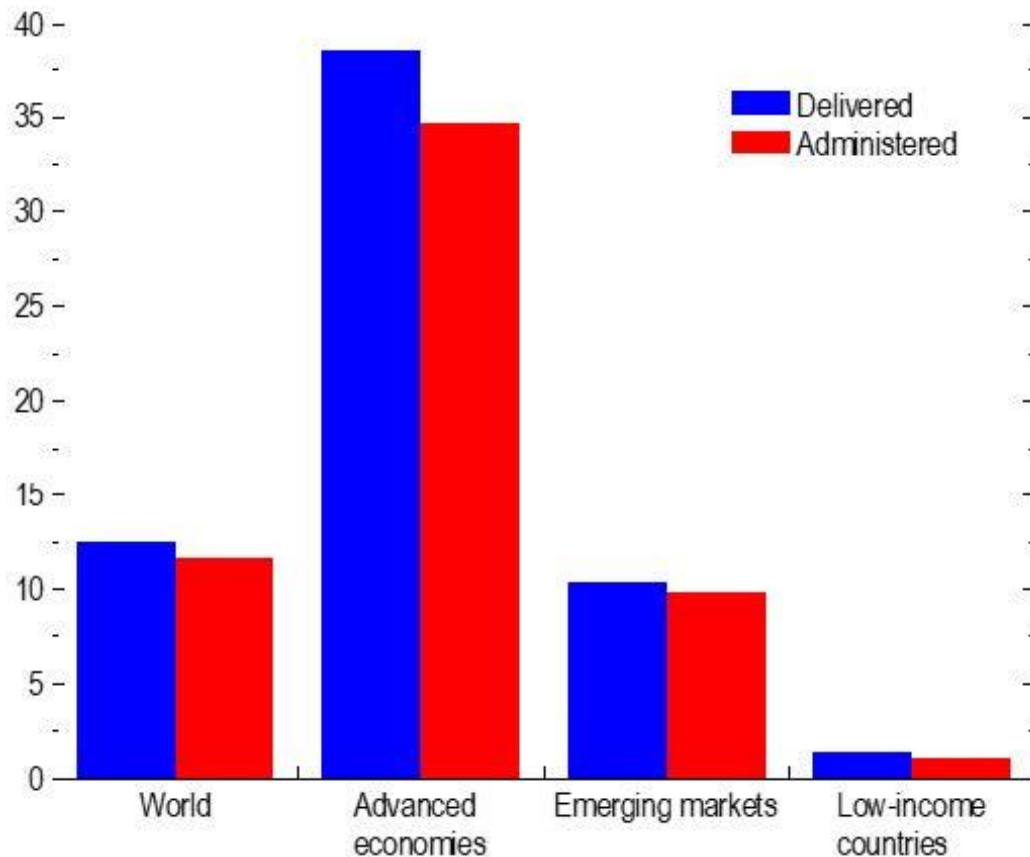
(Three-month moving average, annualized percent change; deviations from 50 for PMIs, unless noted otherwise)



Sources: CPB Netherlands Bureau for Economic Policy Analysis; Haver Analytics; Markit Economics; and IMF staff estimates.

Note: PMI above 50 indicates expansion while below 50 indicates contraction. PMI = purchasing managers' index.

**Figure 1. Vaccine Courses**  
*(Percent of population)*

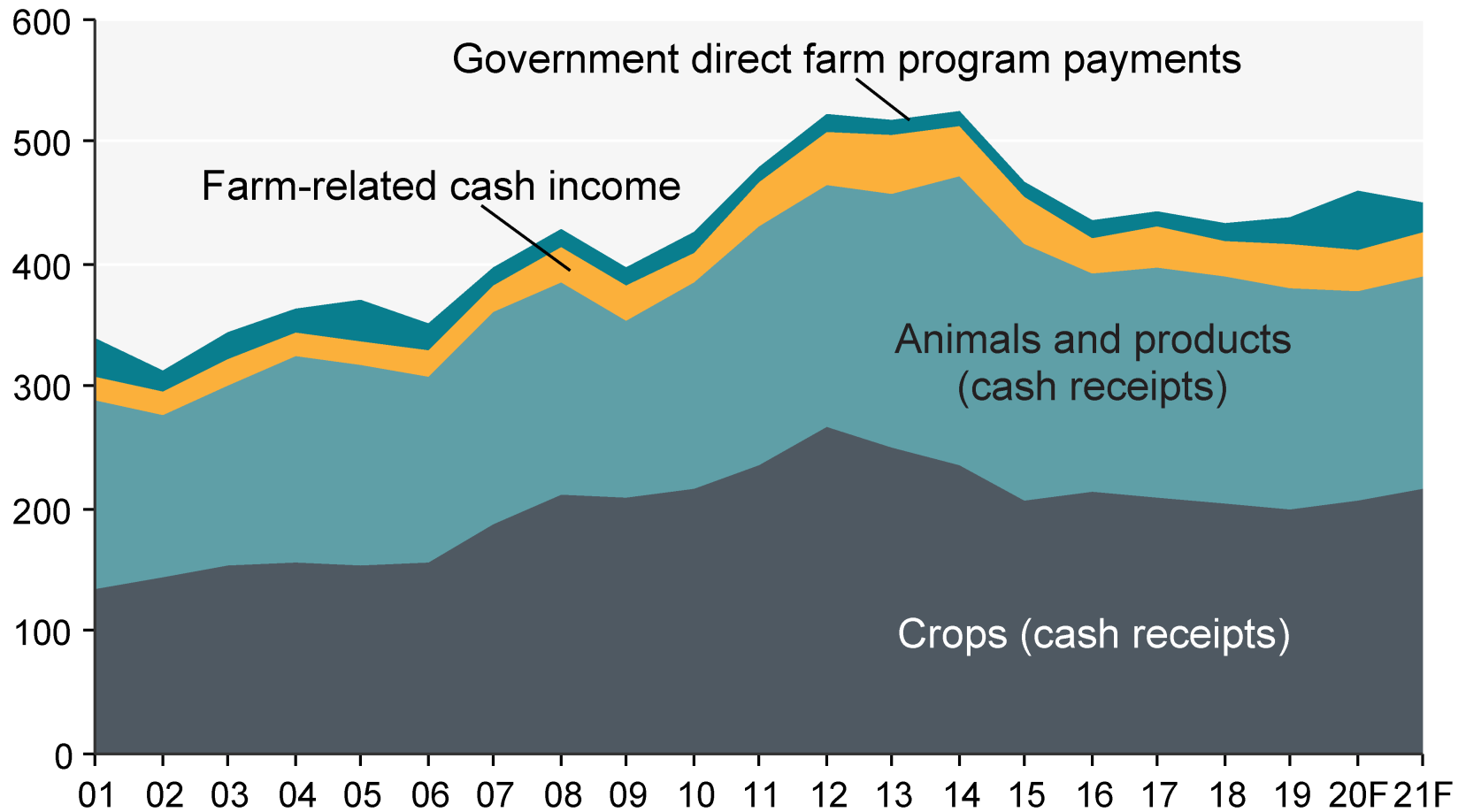


Sources: Airfinity; and IMF staff calculations.

Note: Latest data available are for July 6, 2021. Bars show the ratio of vaccine courses needed for full vaccination (two doses generally, but one dose for Johnson & Johnson and CanSino) either delivered or administered to population by WEO economy group.

# U.S. gross cash farm income components, 2001–21F

\$ billion (2021)



Note: F = forecast. Values are adjusted for inflation using the Gross Domestic Product chain-type price index, 2021=100.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of February 5, 2021.

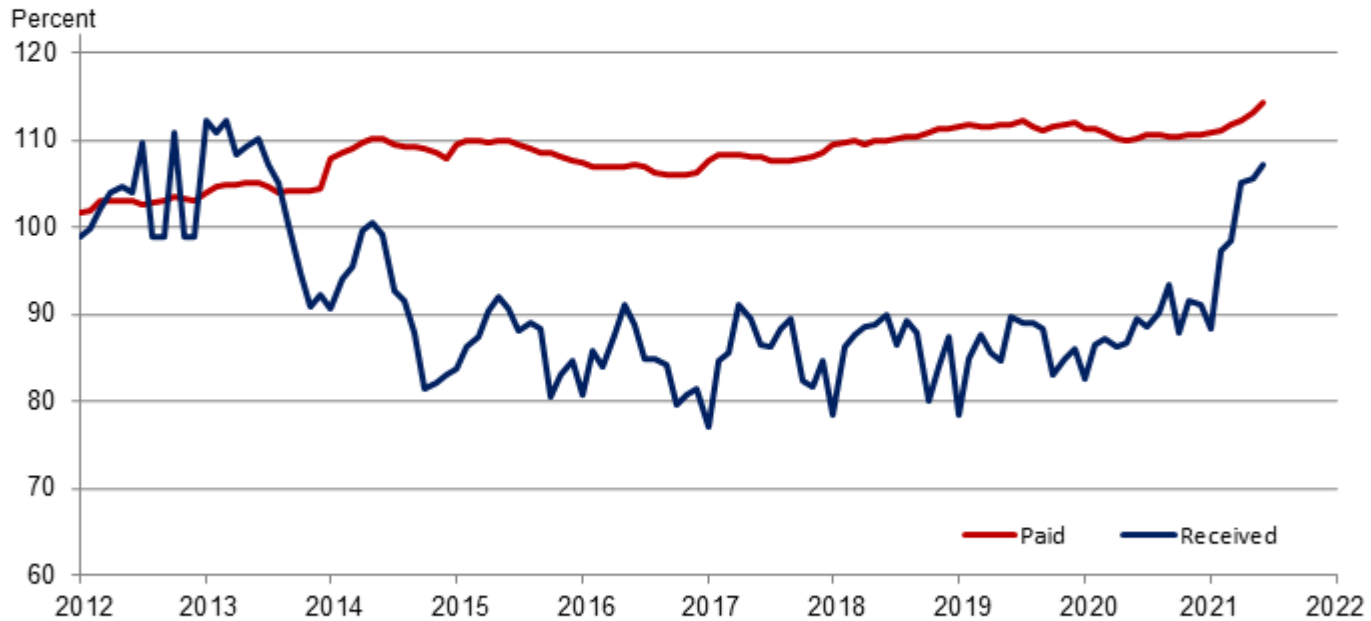
## Federal Government Direct Farm Program Payments

(\$1,000)

	2016	2017	2018	2019	2020F	2021F
Direct government payments	12,979,676	11,531,611	13,669,010	22,447,200	46,265,518	25,294,082
Fixed direct payments	-5,348	818	-933	-1,327	NA	NA
Cotton Transition Assistance Payments	1,064	122	-43	-6	NA	NA
Cotton Ginning Cost-Share Program	326,456	254	214,562	27	NA	NA
Average Crop Revenue Election Program	122	-250	-63	-37	NA	NA
Price Loss Coverage	1,942,170	3,213,642	2,064,825	1,945,080	4,960,000	5,324,200
Agriculture Risk Coverage	6,061,419	3,797,083	1,109,009	710,107	1,280,000	24,800
Counter-cyclical payments	-189	59	NA	NA	NA	NA
Loan deficiency payments	165,850	8,459	-515	6,780	16,916	890
Marketing loan gains	40,158	3,440	0	695	151,632	1,427
Milk income loss payments	-64	-43	-20	-25	NA	NA
Dairy Margin Coverage Program	10,394	19	250,013	294,551	150,592	119,653
Conservation	3,763,963	3,824,171	3,986,516	3,830,392	3,879,192	4,202,000
Biomass Crop Assistance Program	6,879	1,236	236	83	NA	NA
Supplemental & ad hoc disaster assistance	657,543	679,465	915,566	1,447,919	32,066,033	15,579,387
Market Facilitation Program	NA	NA	5,127,345	14,202,517	3,732,484	8,485
Miscellaneous programs	9,259	3,129	2,514	10,445	28,669	33,240

Source: USDA-ERS

**Crop Farm Received and Paid Indexes,  
All Items by Month –  
United States: 2011=100**



USDA – NASS  
7/30/2021



# Peanuts

## U.S. Peanut Use

Million pounds	Candy	Snacks	Peanut Butter	Other Products	Total Shelled Edible Grades	Total Shelled All Grades	In Shell
Aug-July 2019/20	396	481	1,410	92	2,379	2,959	141
Aug-July 2020/21	433	505	1,449	73	2,460	3,115	144

# Peanut Production, Use, Carryover

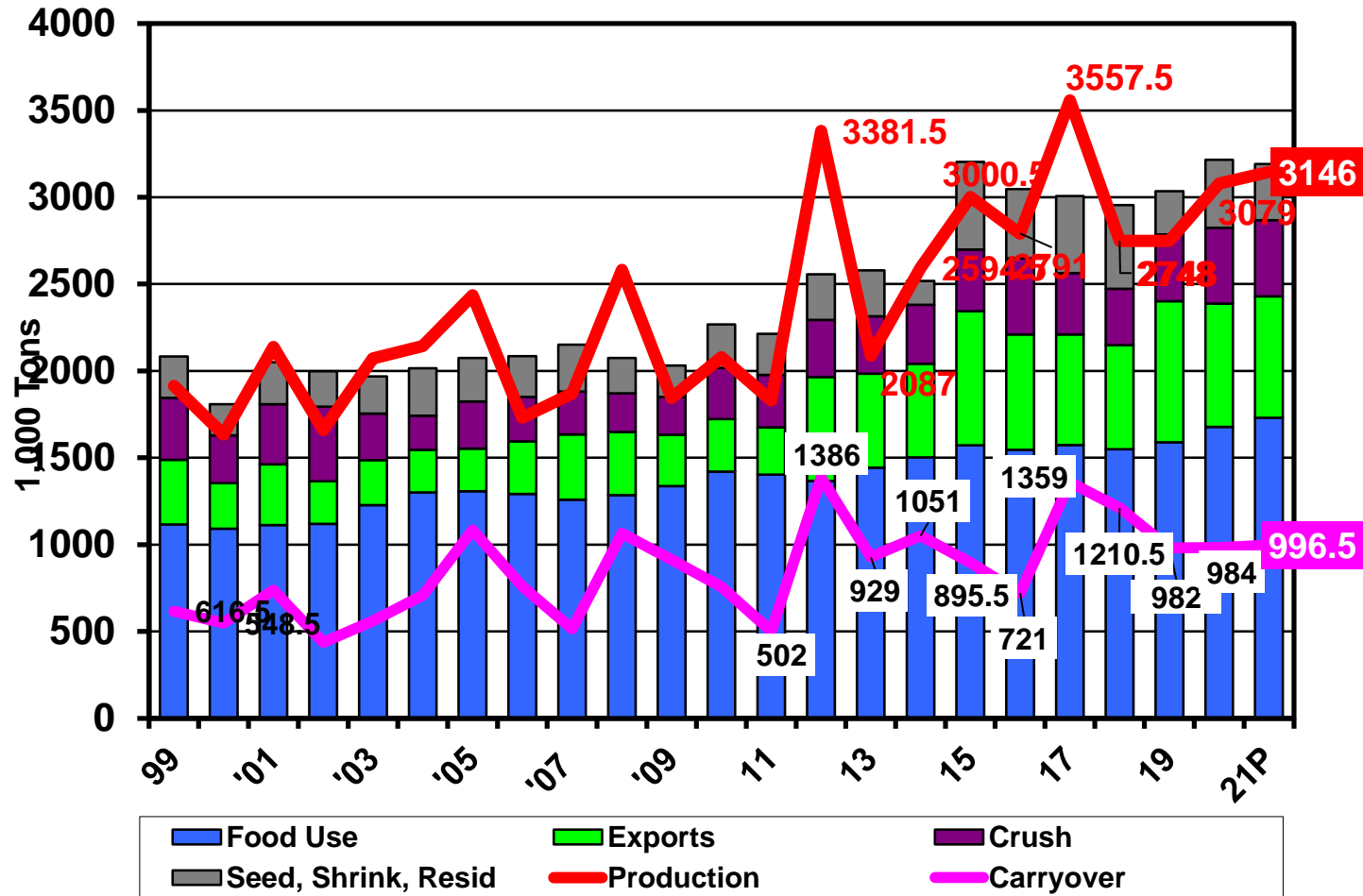
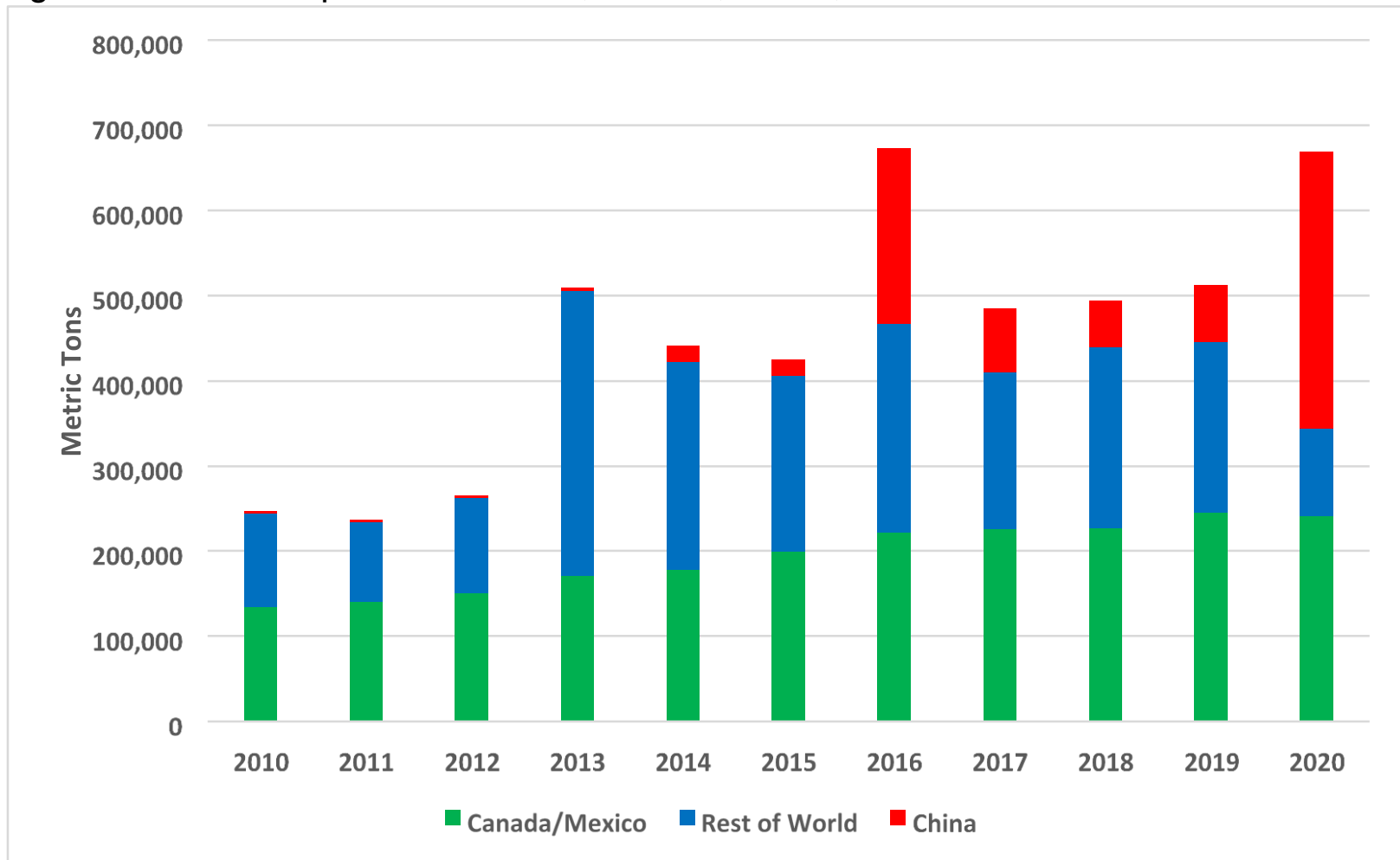


Figure 1. Peanut Exports to Canada, Mexico, China, and the Rest of the World: 2010-2020



Source: Data from the USDA Foreign Agricultural Service

## Peanut Supply

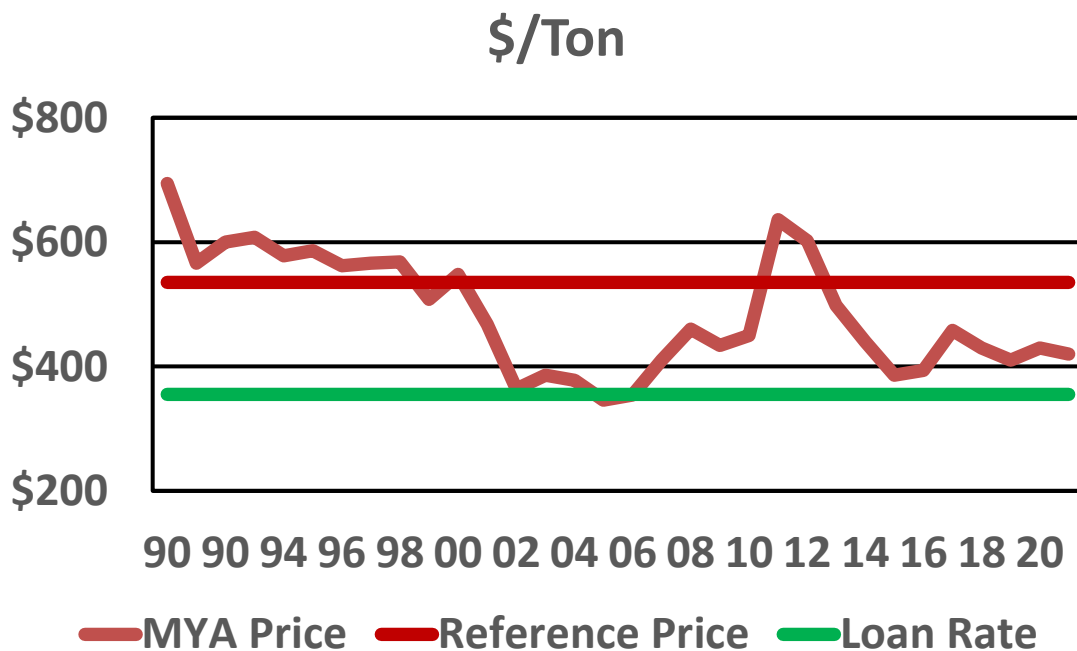
	Planted Acres		Harvested Acres		Yield	
	2020	2021	2020	2021	2020	2021
Source: NASS, USDA	1000 acres				Lbs/acre	
<b>Alabama</b>	<b>185</b>	<b>185</b>	<b>182</b>	<b>182</b>	<b>3,500</b>	<b>3,600</b>
<b>Florida</b>	<b>175</b>	<b>170</b>	<b>165</b>	<b>160</b>	<b>3,400</b>	<b>3,900</b>
<b>Georgia</b>	<b>810</b>	<b>760</b>	<b>800</b>	<b>750</b>	<b>4,100</b>	<b>4,400</b>
<b>North Carolina</b>	<b>108</b>	<b>115</b>	<b>106</b>	<b>113</b>	<b>4,000</b>	<b>4,000</b>
<b>South Carolina</b>	<b>84</b>	<b>69</b>	<b>82</b>	<b>66</b>	<b>3,400</b>	<b>4,100</b>
<b>Virginia</b>	<b>28</b>	<b>30</b>	<b>27</b>	<b>29</b>	<b>4,100</b>	<b>4,600</b>
<b>US</b>	<b>1,664</b>	<b>1,580</b>	<b>1,616</b>	<b>1,533</b>	<b>3,796</b>	<b>4,141</b>

# Peanut Situation

- Stocks declined from 1.63 billion to 1.36 billion from July 2019 to July 2020 and to 1.280 billion for July 2021
- Production is forecast up 3% in 2021
- Use is up 5% from 2019/2020 to 2020/2021

	2019 Production million lbs	2020 Production million lbs	2021 Production million lbs (Aug Forecast)
Georgia	2,752	3,280	3,300
North Carolina	449	424	441
South Carolina	236	279	264
US	5,466	6,134	6,348

# Peanut Marketing Year Average Prices and PLC Payments



Marketing Year	MYA Price	PLC Payment Rate
2014/15	\$440/ton	\$95/ton
2015/16	\$386/ton	\$149/ton
2016/17	\$394/ton	\$141/ton
2017/18	\$464/ton	\$71/ton
2018/19	\$430/ton	\$105/ton
2019/20	\$412/ton	\$123/ton
2020/21	\$420/ton	\$115/ton

# Trade



**FRED** — U.S. / Euro Foreign Exchange Rate



Source: Board of Governors of the Federal Reserve System (US)

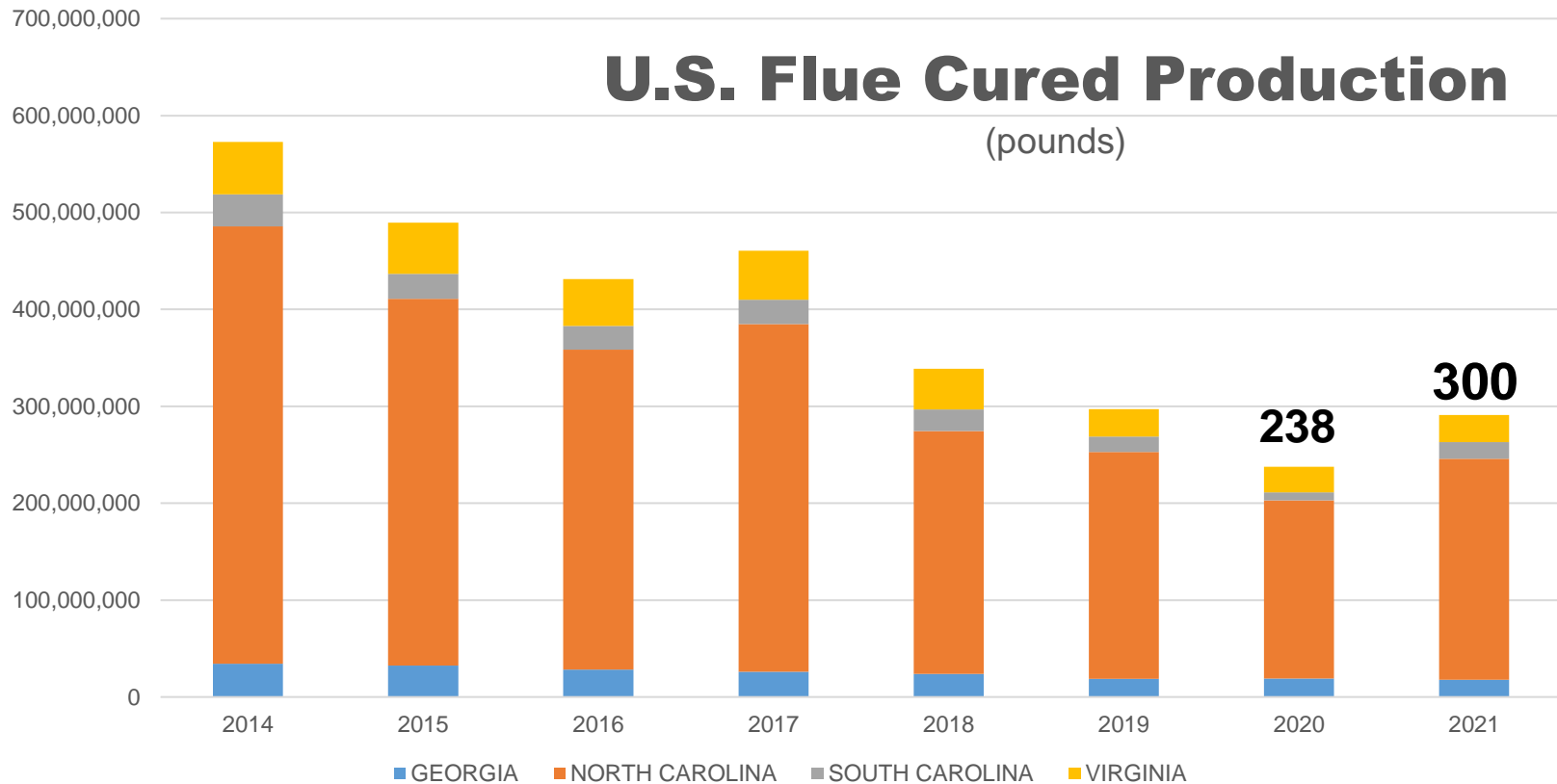
[myf.red/g/FRD3](https://myf.red/g/FRD3)

# China Policy

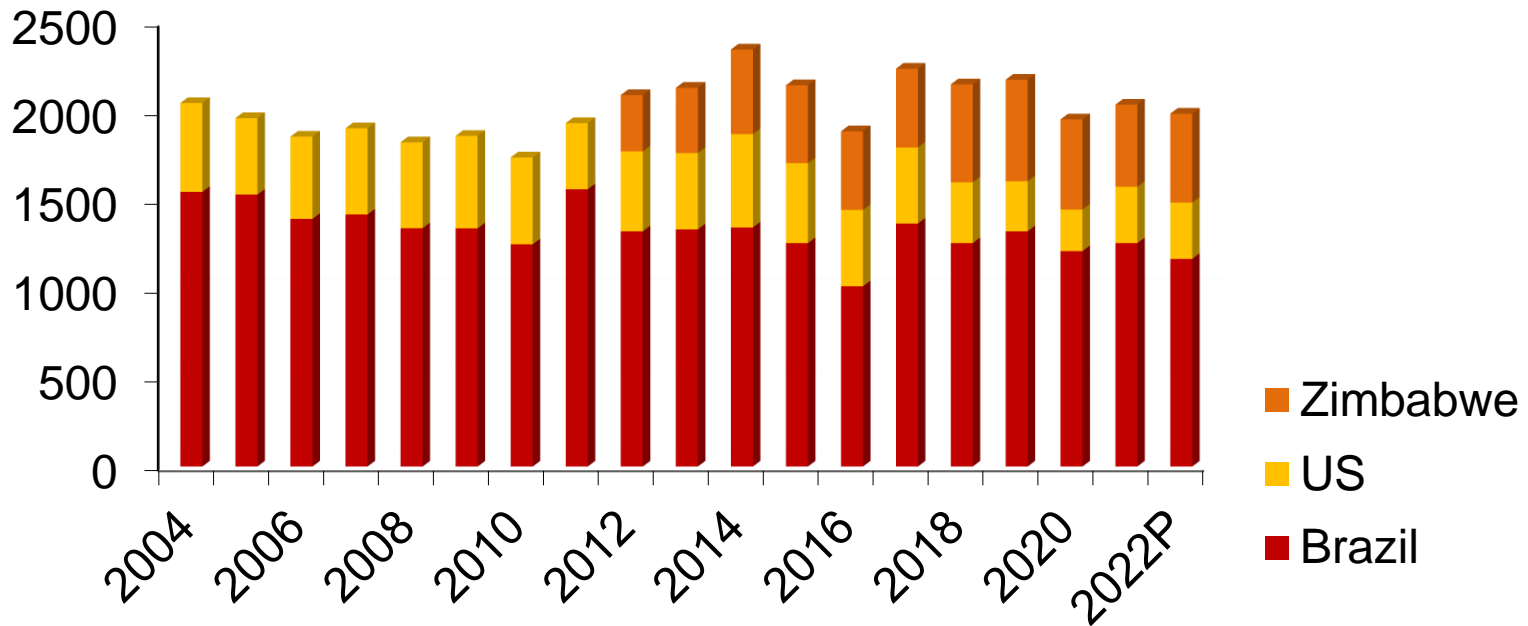
- **US-China relations will remain strained**
  - ***“China Is National Security Threat No. 1***  
Resisting Beijing’s attempt to reshape and dominate the world is the challenge of our generation. “ *Opinion WSJ* 12-3-20 John Ratcliffe, Former Director of National Intelligence
  - ***“Biden’s National Security Council Sharpens Focus on China”*** *Foreign Policy* 2-18-21

# Tobacco

# China buys U.S. flue-cured tobacco again...



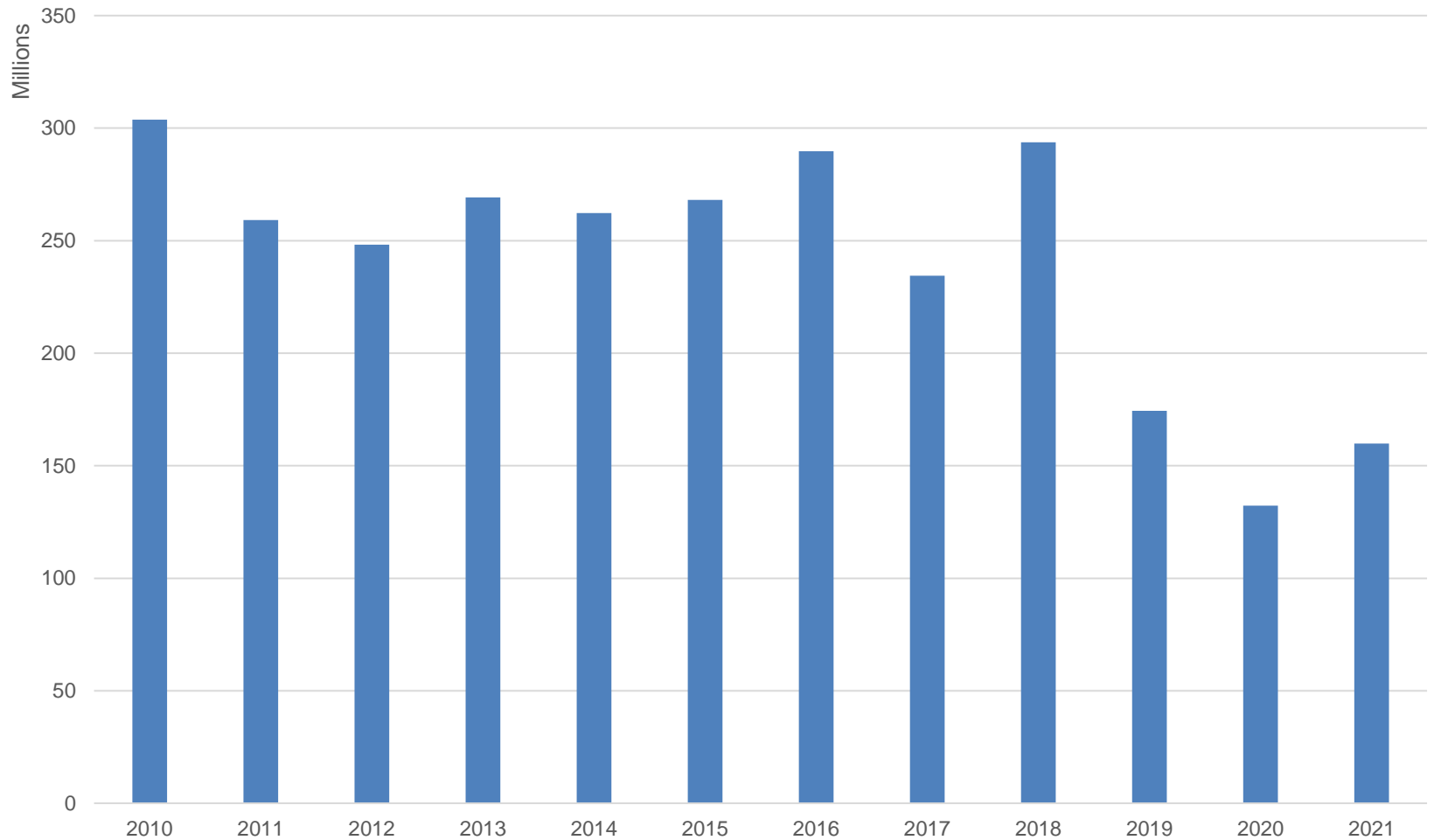
## Global Supply: U.S., Brazil and Zimbabwe Flue-Cured Tobacco Production



Source Brazil & U.S.: Universal Corporation. "World Leaf Production Aug 4, 2021  
 Source Zimbabwe: Zimbabwe Tobacco Association Sept 21, 2021

# US Exports of Flue-Cured Tobacco

(Pounds, Farm Sale Weight)



Source: USDA-FAS

# Another increase in the Federal Excise Tax on Tobacco Products?

- Tobacco Tax Equity Act, from Senator Richard Durbin
- 100% increase in tax on cigarettes
- Places tax on vapor products as well as other tobacco products
- Could reduce the value added by tobacco manufacturing to the NC economy by \$1.36 billion
- Could reduce the farm value of tobacco production by \$15 million

# Labor

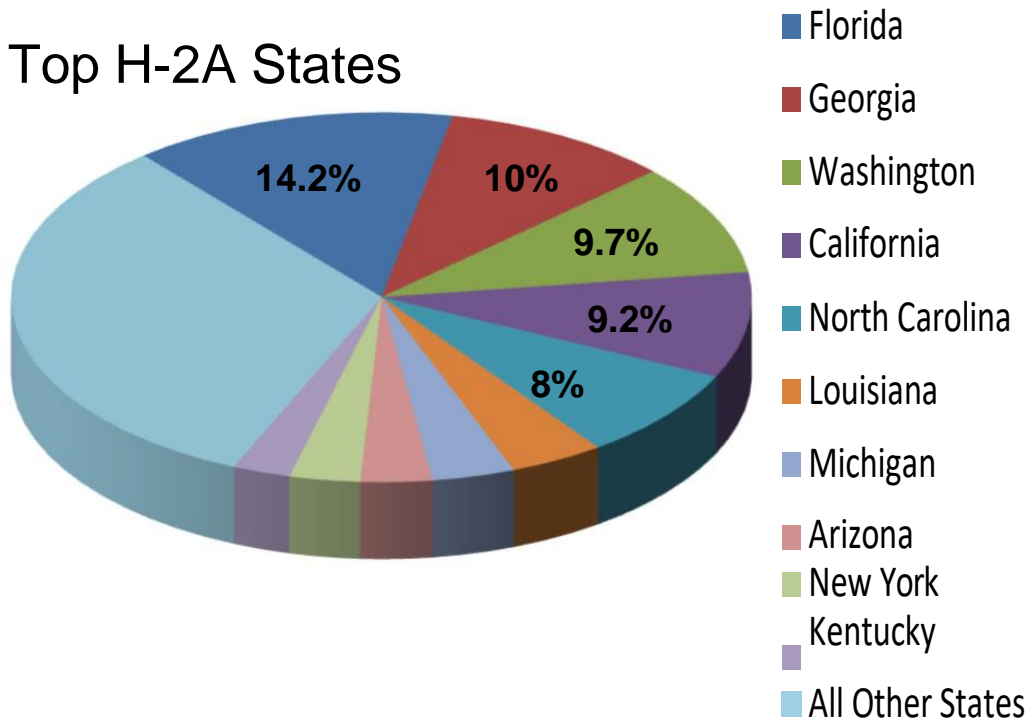


## 2021 AEW

NC: \$13.15

SC: \$11.81

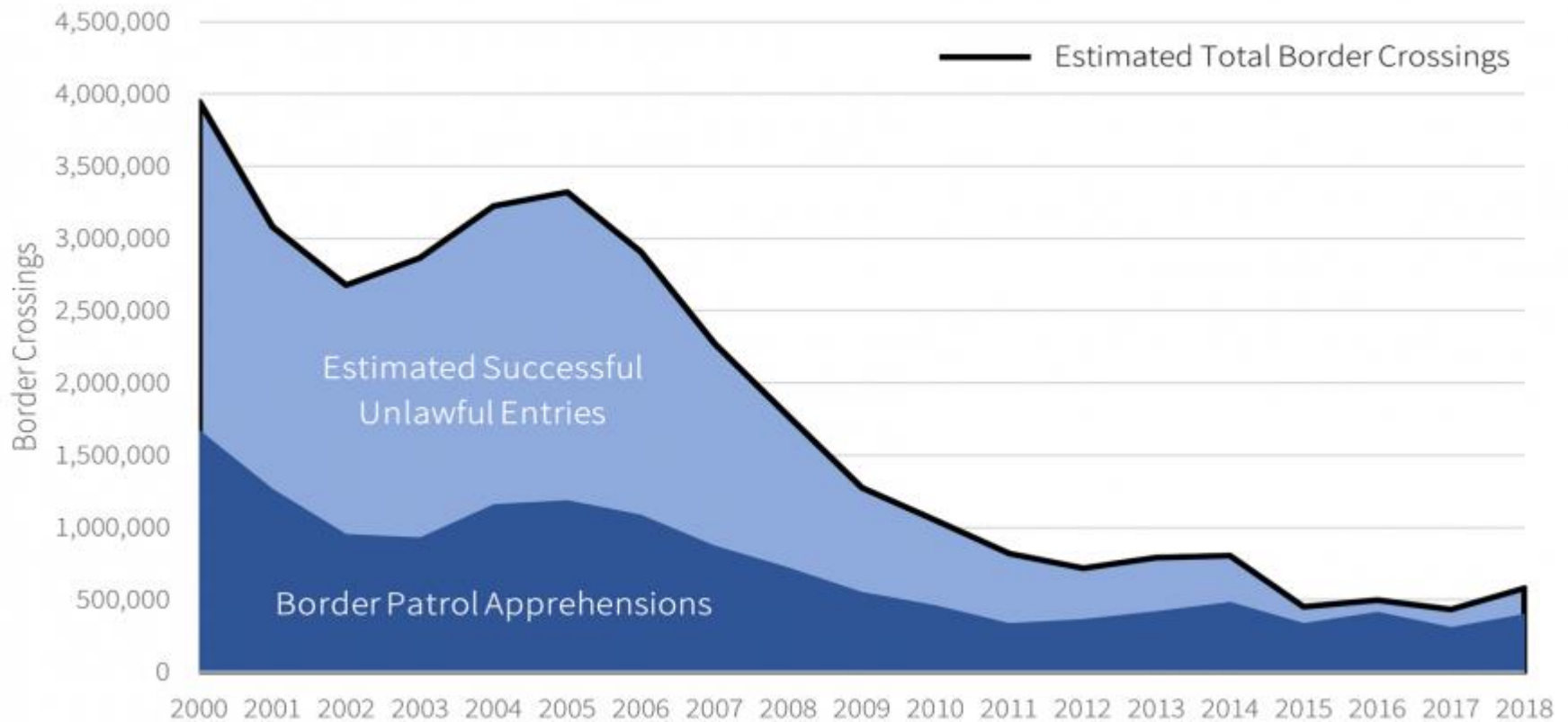
### Top H-2A States



**275,430 positions certified in 2020**

Source: Office of Foreign Labor Certification, U.S. DOL

# Border Crossings from Mexico



Source: "Rising Border Encounters in 2021: An Overview and Analysis" American Immigration Council | July 2021

# Executive Farm Management Program

## 3 sessions, January & February 2022

### Key Topics

- Strategic Planning
- Human Resource Management
- Financial Management
- Leading Change
- Risk Management
- Family Business Issues
- Assessing Markets
- Assessing and building key partnerships
- Strengthening your value proposition

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