Season 6 Episode 13—Crops and Their Economic Considerations

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Announcer:

The Alabama Crops Report Podcast, your trusted information source for Alabama agriculture.

Josh Lee

Hello, everybody, and welcome to this episode of the Alabama Crops Report podcast. We got a good crew here today. Starting off with myself Josh Lee the Extension cotton specialist.

Chandler Gruener

Chandler Gruener, Extension soil health and soil fertility specialist.

Wendiam Sawadgo

Wendiam Sawadgo, Extension economist.

Josh Lee

So we've got an economist here today on our podcast. So, we're going to be talking a little bit of cotton acreage. Talk about some numbers right Wendiam?

Wendiam Sawadgo

Yep.

Chandler Gruener

We'll get him the other crops in there too. We'll talk about cotton corn, peanuts, soybeans, and some a little bit of fertilizer prices and implications too.

Josh Lee

So we got a good bit to dive into. So let's go ahead and kick it off Wendiam. So kind of just starting off. You know, where we're in. We're in July. We're recording this podcast on July the 7th. So pretty dadgum hot outside. Crops are doing pretty good. We could use a little bit of rain in some spots.

Josh Lee

Some spots are pretty looking good, but, overall, you know, how are we looking so far in 2026 as compared to where we were in 2025? In terms of row crops?

Wendiam Sawadgo

So we've so, you know, we had the report June 30th came out, gives us an idea of what acreage is looking like across the state. And so compared to 2025, where we've seen some pretty big shifts towards corn, or away from corn and towards cotton. And so, you know, stepping back a little bit last year, believe April was the wettest spring, wettest April on record in Alabama.

Wendiam Sawadgo

And so we had a lot of, delayed planting that ultimately became prevented planting. And so in 2025, you know, we typically have about 2000 acres of cotton that go unplanted. We had about 60,000. So huge drop there. 120,000 total for all crops. Usually that's around 20,000. So, we had a lot lower total crops planted last year.

Wendiam Sawadgo

And this year we're adding a lot more acres, to our total there. And a lot of those are going back to cotton. You know, last year we were around 290,000 acres of cotton. This year, forecast to be more of a reasonable 350,000.

Josh Lee

Right. Okay. So the latest the report I saw and I had on my newsletter, I put 360,000. That Correct? So that that's a 70,000 acre increase from 2025. Correct?

Wendiam Sawadgo

Correct. Yeah. That's correct.

Josh Lee

Okay. Good. Yeah. And as the cotton specialist, that's what I want to hear. And so, you know, I kind of wanted to save the cotton for last. But let's go ahead and talk. Let's go ahead and talk cotton for a little bit. So talking about where we're at, you know, we've had that big. We've had an obviously a 70,000 acre increase in cotton acreage.

Josh Lee

What would you say was the main driver or could you say that there are a couple drivers of that?

Wendiam Sawadgo

Yes, I think the big thing was last year, you know, we just lost a lot of cotton because of the weather.

Josh Lee

Sure.

Wendiam Sawadgo

And so, you know, if you look at the March report, that's sort of our first guess of what our acreage is going to look like they had us more in line with 290,000. So identical to last year.

Wendiam Sawadgo

You know, I'm guessing they were thinking where the prices were going to keep farmers away. Well, we've had two things happen since then. We've had, you know, better weather than last year for planting and then we've had higher cotton prices. So I think both of those factors pulled back a lot of those cotton acres that we lost because I think 290,000 was the lowest we had in, you know, at least a decade. So getting back to 350 to 400,000, that's more of our ten year average.

Josh Lee

Sure. And what do you think about in terms of the price of cotton, you know, in that April and May period, you think that definitely had some heads turning as well?

Wendiam Sawadgo

I think so, because, you know, when the March report came out, that data comes in from, you know, February. And so until around early March, we were sub $0.70 per pound cotton prices. We really took off. We peaked around, you know, $0.87 probably around mid-May. And then we come back a little bit, but we're still above $0.80. You know, we've been in the $0.75 to $0.80 range.

Wendiam Sawadgo

That's still about $0.10 higher than we were in the winter. So I think that's going to pull a lot more acres in. We're not quite to breakeven prices yet. As an economist, I'd like us to be maybe in the $0.90 a dollar range with how inputs are going right now. But we're a lot closer than we've been in the last two years.

Josh Lee

You know, and I've worked with you, of course, Wendiam on some budgets and that kind of stuff for cotton, you know, irrigated and dry land and that kind of stuff. What is our sweet spot for our breakeven price for this year in cotton?

Wendiam Sawadgo

So great question. First of all, that's going to depend on what our yield is. So, you know, we look at last year, what were we a thousand we were.

Josh Lee

We had the state record over about two bale cotton.

Wendiam Sawadgo

Yeah. So, 2 bale cotton, if we’re at 2 bale cotton. I'd say we're around $0.90 to $0.93 per pound is break even if we're more historical, I think our yield targets on those budgets are 850 pounds for dryland. So that would put us closer to a dollar to $1.05 for breakeven.

Josh Lee

Bottom line, we want prices to go up.

Wendiam Sawadgo

Right.

Josh Lee

So from a specialist standpoint, from a producer standpoint, obviously the higher the price, the more we're going to put in our pockets, right?

Wendiam Sawadgo

Yeah. That will solve a lot of problems.

Josh Lee

Oh yeah. Well, while we're talking about it, what do you think in terms of trends for these cotton prices? What do you think they're going to do? Because we're you know, we can always look we can try and look at the crystal ball and say, hey, maybe it'll do this or maybe it'll do that, but what is what is your opinion on this? What do you think?

Wendiam Sawadgo

Well, a couple things I would say. First, we've had, you know, where US wide. I think we're right around 9.1 million cotton acres, more or less. So we're a little bit less than where we were, last year. But we're more than we were predicted to be, probably in March. So, you know, I wouldn't say I'm too bullish on cotton numbers.

Wendiam Sawadgo

I think we're right around where we are is a good number. So I think it's, you know, you have that price Cotton. You know, anything above that $0.80 mark or around that $0.80 mark is probably a good place to price it right now.

Josh Lee

Sure.

Wendiam Sawadgo

I don't see a big thing that's holding that cotton is that demand side. And so those exports we have a lot of ending slots for cotton right now. And so until we can eat into those, you know, increase either domestic consumption, you know, wear more cotton and stuff like that.

Josh Lee

Of course.

Wendiam Sawadgo

You know, and our exports, that's going to prevent us from really shooting back up to, you know, the dollar cotton mark we were at maybe 4 or 5 years ago.

Josh Lee

Oh yeah. That was a yeah that was a big payout there. So hopefully we can get back to those terms. But yeah, seeing the 8s. You know I, I read an article from Don Shirley and I think it was Cotton Grower magazine, it says, or cotton farming is one of them and said, you know, the 80s not a runaway train, but it is something to look at.

Josh Lee

So, you know, hopefully, you know, be more optimistic. We've got a good bit of cotton. We're, looking at a good bit of cotton. Everything's looking pretty good so far. I actually just came out of the field before this podcast, looking at some stuff going into starting to bloom, and, everything was looking good. I think we're setting the stage for a good crop if we can catch some timely rains.

Josh Lee

We're looking, like, looking pretty good so far. Speaking of crops and that kind of stuff. You know, I'm a cotton guy. And of course, we're going to talk a little bit about other row crops. So kind of the next one I want to talk about the grains. Corn looks corn's looking pretty good overall when I'm riding around it's looking like a pretty solid.

Wendiam Sawadgo

Good. We need a good corn crop. I mean, that's another one where just the costs of production have gone up so much. I know we'll talk about fertilizer. That's been a big one. Here, corns, you know, the most intensive fertilizer user. So that's at his back. And so, you know, prices for corn aren't looking quite as good, as they are for cotton. But, that's going to be something we need to look at more as well.

Chandler Gruener

See all the corn acres, you know, they're kind of variable a little bit. And so how much does the USDA report from the corn acres from an Alabama standpoint versus a national standpoint? Is there anything we should think about there?

Wendiam Sawadgo

Yeah. So from a national standpoint, I think we're kind of right in line with where we thought we would be. The March number had us right around, 95 million acres, more or less. And we've pretty much stayed around that 95, 96 million acre mark. In the South, we've saw a little bit more of a decline in some of those acres here.

Wendiam Sawadgo

You know, we're down to think around 340,000 acres in Alabama. This year that was projected to be a little bit higher before. So we've seen that number come down a bit as well. Not too surprising. You know, the Midwest, they pre-book a lot of their fertilizer. So when the prices of nitrogen increased around late February to March, a lot of them had already locked in those prices. In the South, I'd say it's less than 20% of farmers that lock in those prices. So it's probably had more of an impact in this region.

Chandler Gruener

Yeah, that was one of the things I was curious about with like that fertilizer that you mentioned earlier. And so some of the impacts on fertilizer demand and prices, you know, shifting to crops that are maybe a little lower fertilizer intensity, that trend kind of fall in place since we had high prices in the spring.

Wendiam Sawadgo

Yeah. We've seen a little bit more, shift towards soybeans. And I think part of it is soybean prices look a bit better than corn this year. But when you throw in the fertilizer prices being higher, I think that's going to encourage more soybean use.

Chandler Gruener

So yeah, the combination. And then what did our soybean acres look like for here in Alabama?

Wendiam Sawadgo

We're right around 300,000 acres, though, up slightly from where we were last year, up about 5000 acres.

Chandler Gruener

So it seems like a lot of people may be shifting more towards a cotton.

Josh Lee

What? Yeah. Good. Yeah. Not complaining here. What's the price on soybeans going? How is it been over all past few months?

Wendiam Sawadgo

Soybeans have trended up. Really. You know, past week or two. Up to around $11.90. So we're that's the one crop. I would say we're in a pretty good position as far as breakeven prices go. You know, I'd say we're targeting probably $11, about $10.60 soybeans is what we need. And some we've gotten around that $11 mark. So that's the crop. I'd say we're in the best shape have in terms of markets. Okay.

Chandler Gruener

All right. And there's one more crop we haven't quite mentioned yet. Peanuts. So what are the peanut numbers looking like when they've.

Wendiam Sawadgo

Peanuts down quite a bit. You know I think the March report wasn't too surprising. So, you know, we saw since stepping back in 2025, we had the highest peanut acreage crop we had since 1991. So, no, not too big of a surprise. If we come back down, you know, revert back to that mean a little bit.

Wendiam Sawadgo

And so that's kind of what was expected across the country. Alabama is projected to be a little bit higher. We've seen that number come back down. We're looking closer to 165,000 acres, which is kind of in line with where we've been the last seven, eight years. So, we're at 195 last year. So a little bit of a decrease there, but pretty much in line with what the rest of the country is doing to.

Chandler Gruener

See, you know, we went back to maybe more historical norms instead of just high acres.

Wendiam Sawadgo

Yeah. And, you know, cotton prices being more favorable this year probably pulled some from that as well. Last year with cotton prices being as low as they were, there's there was a lot more peanut acres, especially in Texas. They had nearly 300,000 peanut acres. They're back to around 180,000. So most of that.

Josh Lee

Yeah. And I, I heard this from several folks and talking with Aaron Wells, down in South Alabama, you know, we had a good bit of acreage shift, you know, going from guys that were already planning to do peanuts. I saw the cotton, you know, and then switched over to cotton. So good bit there. What all was the price for peanuts. How that price trending? How is that looking?

Wendiam Sawadgo

You know, seen contracts low $400 range. I think USDA is projecting the price to bounce back up a little bit. I think last year was around $480 per ton average. And looking at being close to that area, not, at the higher prices we had, you know, two and three years before that. But peanuts, that's going to vary quite a bit.

Wendiam Sawadgo

I'd say with peanuts, we're still, you know, it matters a lot what the PLC payment's going to be too so can factor that in. But without that payment we're a little bit below breakeven in terms of prices. I had a break-even price around $485 a ton. Gotcha.

Josh Lee

Well, Chandler, I'm going to let you ask a little bit about fertilizer. I know we covered it a little bit, but, you know, we've had a good bit, you know, some had some input costs that have gone up. You know what, what are your what are your thoughts on this? And I'm gonna leave it to the to the specialist here to talk about fertilizer and that kind of stuff.

Chandler Gruener

So yeah, some of the fertilizer prices. Yeah. We had the spikes in the spring and then, you know, some of the crops like cotton, we had a delayed planting. So just from like more of an agronomic standpoint, as with the delay planting. And then a lot of people coming back and side dressing, a lot of the prices have come back down a little bit now it's a little bit more affordable by some of the, you know, nitrogen sources and stuff like that.

Chandler Gruener

So some of the side dress numbers, I think that'll help out a lot of the growers break even, maybe get a little bit closer to that. You know, affordability of some, you know, making a profitable crop. And so be kind of interesting thing this year because we had, you know, some people booked good numbers in the beginning of the year for cotton.

Chandler Gruener

Some of the crops. And then we were, you know, fertilizer was high. So the initial upfront cost a little bit. But a lot of like Alabama growers like you mentioned, Wendiam, don't book ahead of time. So if they're able to buy it during the summer here, they can maybe get a little bit lower price for their side-dress applications.

Chandler Gruener

But then switching over to corn is a lot of them. Fertilizer was purchased over there. So it's like they kind of had high numbers of not the best numbers for corn this year, but luckily they got in early there. And now there's a little dry spell in there. And you know, Eros has talked about that in previous podcast about the number, you know, the dry spell and everything like that.

Chandler Gruener

But the corn is kind of making it through. It's starting to look pretty nice like Josh mentioned earlier. And so we're kind of hitting that nice spot. So the rains and everything kind of fell in a good place for a lot of the corn throughout the middle of the year. And so I think overall some corn will end up turn out pretty good.

Chandler Gruener

But you know, the prices aren't as good. And, you know, having a high mountain market, I don't know when if you have any thoughts of, you know, the corn acres or stay way up like this over and over again, what kind of long run do you think we would have on it?

Wendiam Sawadgo

Yeah, that's a good question. And, you know, kind of getting back to the profitability of corn, start with, you know, we talked about Josh and I worked on the cotton budgets. This year, actually, we, I updated them about a month ago just because of how much of a spike there was in fertilizer prices. And so, you know, the ones we did in December, probably not too reflective of what we saw.

Wendiam Sawadgo

And so good news to hear that some of those prices are coming back down. It might be worth updating them some more. But you know, what we've seen with those for corn especially, is just, there's about a 50% increase in the price of fertilizer from, you know, what we had planned ahead of the time, for nitrogen, at least to what we ended up putting.

Wendiam Sawadgo

So, pretty big jump there that's really, reduced some of the profitability of those acres. I, I think one of the things with corn, looking at the marketing as a whole for the country, we just we had a record acreage last year for corn. So that was the highest since, what, 1932? Something like that. So I have to go back a few years.

Wendiam Sawadgo

But, you know, we had a ton of corn produced. You know, we're typically as a nation producing around 15 billion bushels, something like that. We had about 2 billion extra bushels. We had 17 billion. So that's still a lot of corn to work through. So in terms of long-term marketing, you know, we're at a place where we probably afford to lose a few acres and still have a pretty big supply there.

Wendiam Sawadgo

Demand for corn has been pretty solid, though, and so I expect we're going to keep planting corn. You know, I mentioned soybeans, too. We've seen a shift toward soybeans. And I think that's one of the biggest things we've seen as demand for, the renewable diesel. And so, you know, we've had a lot of crushing capacity up.

Wendiam Sawadgo

And so our soybean usage numbers have gone up as well. And we have more planned capacity for the future, especially in sort of the Mid-South region. Looking at from Arkansas, Kentucky, down in North Alabama. And so I can see us planting more soybeans in the future that can take away from foreign and could, you know, maybe alleviate some of the demand for fertilizer as we look in the next 2 to 5 years.

Chandler Gruener

Say it looks like we're, you know, the crushing plants and stuff like that will help increase, because I know there's a lot of crushing plants across the US that are coming into the US so we can actually, you know, refine it down a little bit so the shipping cost gets a little bit better. So that should help with some prices for farmers.

Chandler Gruener

Do we have any indication at this time for like buying overseas and so like know export market. Is there any kind of, you know, indication towards that. I know that kind of flexes some of the you know that you mentioned the 2 billion left over. And so like does that impact some of that. Like do we have any indication for what this year will look like if there's going to be any kind of buying market?

Wendiam Sawadgo

Yeah. So there's so soybeans, you know, we export about 50% of our soybeans and 50% of that goes to China. And so there was a long freeze on Chinese exports for soybeans, really starting around March of last year through the end of the year. And that's pick back up again this year. And so looking at our export numbers for soybeans, those picking back up is one of the big things that have moved those prices back up.

Wendiam Sawadgo

For corn it's been pretty solid. Where I wouldn't say we're in a low demand environment for corn or, high stock to use environment. Yeah, we're sort of middle there. And I think part of that is the exports have been picking back up and keeping us in a good spot for corn as well. Cotton, about 85 to 90% of our cotton's exported.

Wendiam Sawadgo

And that's one area that's lagged behind quite a bit the last few years is we've come down on those cotton exports. You know, we're producing less, but we're exporting less, too. So that's the one area where, you know, I'd like to see those numbers pick back up.

Josh Lee

I would agree 100% on that one. So Wendiam just kind of kind of looking over all of it, you know, we've gone over a bunch of different things, you know, in terms of marketing decisions. What would you recommend to our growers, our, you know, our stakeholders, that kind of thing. What's your main, main message here for market decisions as we move forward in this season?

Wendiam Sawadgo

You know, I'd like to say just keeping an eye on the markets and, you know, booking prices as much as possible. You know, we're in July now I I'd say it's better if we can book our corn probably by end of June. It's a good time. So, but we've seen some prices come back up as well.

Wendiam Sawadgo

So if we have more corn, that we have to book. Good time to follow those markets. Same with cotton. It's a good time to follow what prices are looking like because, you know, it's prices tend to fall off over the next couple of months. I'd say eight out of ten years. That's kind of going to be the case.

Wendiam Sawadgo

We're going to have lower prices and October than we do in, June and July. So, keeping an eye on those markets is good booking as much early ahead of time as we can. That's a good thing to do as well. And, just having a marketing plan, following it and, trying to just keep us in check that way because it's easy to see these high prices and think, well, they're only going to get higher.

Wendiam Sawadgo

But that's right. You know, that might be true. It might not be true.

Josh Lee

I know it's aggravating when cotton prices. I was watching it, you know, a couple of weeks, several weeks ago now. And I was convinced I had an idea where it was going to go, and it did not do what I did when I thought it was going to do. So I. I fell victim to that right there for sure.

Wendiam Sawadgo

Yeah. I do every year too. I, I talked to a producer who hasn't looked and they'll be like, you know, I think this year's different. I'll be like, yeah, let's say then I'll say, you're right. This year is different. Well, sometimes it is.

Josh Lee

Do you know, do you have any insight or any opinion on the fuel, fuel cost and that kind of stuff. Do you think you have any insight on that by chance? Obviously we want it to be low, but do you think we'll have any more spikes like we did in the early part of the season?

Wendiam Sawadgo

You know, I it'd be probably good to have a geopolitical expert on there. But you know. It's hard to say. Hard to say. It's right to say that's another one, though. That's, you know, our cost of production. I'm sure. You know, we went from what, $2.80 fuel prices to close to five, five something.

Josh Lee

Yeah five plus.

Wendiam Sawadgo

But that's one we'd like to see and check to.

Chandler Gruener

Yeah. Talking about like the budget you said you updated it for like some of the fertilizer cost. And that was like I think a lot of that's reflected back in that trucking costs. And so as diesel fuel went down, I think that's why we've seen slight price changes and a lot of things from that diesel fuel and trucking costs.

Chandler Gruener

So you know, from the budget standpoint is how influential like think about some of the components were there. So people kind of understand a little bit of that. But just when we're talking about $0.90, like how big is the fuel cost? And they're like, how important is that or how much is there any one factors that the most important factors or any one factor that conflicts the hardest in one season?

Wendiam Sawadgo

Yeah, that's a good question. For a lot of our crops, let's say for corn, that fertilizer number is probably the most important one. Fuel matters a lot for everything, but it's not going to be a huge expense on a per acre basis. It's going to for a whole farm, it matters a lot. But, for each acre, it's going to matter some.

Wendiam Sawadgo

But they're not going to be the biggest expense. It's really calculated that machinery cost as well. And so that's another thing we've seen is machinery costs going up too. And so when you have machinery costs going up and fuel going up, then, you know, a lot of those, just costs for maintaining and running equipment's going to go up too.

Chandler Gruener

So it's a cumulative thing. Yeah. Thanks for explaining that. And sometimes we don't always understand I don't know, I know I personally don't understand all the budget things and everything I do see. You know it's 90 some cents we talk about the optimal for cotton I say it's 80 some cents. I'm like, okay, I can make the difference or I can do the math.

Chandler Gruener

But you know what? What do I think about it? As a farmers, I'm thinking about booking things or whatever, like, oh, do I anticipate this or that to happen? So just trying to get a good understanding for, you know, fuel's little impact. But it's really the machinery. It's the cost of seed. It's the cost of fertilizers. All the factors that are.

Josh Lee

There’s a lot of overhead and other stuff. Right. Yeah. So Wendiam we talked a lot, we talked a lot about this budget and all this stuff. So where can we find this information? You know, we talked about how, you and I developed a cotton budget and all this kind of stuff. Where to where would one find this information?

Wendiam Sawadgo

Yeah. If we go to the Extension website, aces.edu go under farming, farm management and row crops. There's economics, enterprise budgets for row crops there. And so, good place to start out. Just look at the budget for the crop you’re most interested in. And you can kind of highlight what the largest factors are in terms of cost there.

Wendiam Sawadgo

So, you know, might be fertilizer for some cotton insect. Insecticide. Pesticides in general are huge. So can kind of help us highlight areas where we might worry about cutting back if we can.

Josh Lee

And so we've got different scenarios, right as well with north and south Alabama irrigated and dry land. Correct?

Wendiam Sawadgo

Yeah, that's true. Cotton we have north, south Alabama. You're getting dryland cotton we have an irrigated dry land one soybeans. Same for that. Same for peanuts as well. And then a double crop, soybean wheat one

Josh Lee

So we've got all the row crops covered across the state. So it was good to go. And, you know, I think that's a great tool even for growers to go in and kind of plug and play and you know, see what kind of what would work and what if, you know, what if I did this or what I did that.

Josh Lee

So excellent tools that are there. On the ACES website, there for y'all, for everybody to use.

Wendiam Sawadgo

Yeah, it's a good one. We try to put some summaries out there every so often, kind of comparing what returns of different crops look like as well. Help make those decisions.

Josh Lee

Perfect. That sounds great. All right guys, y'all have anything last comments. Last edits?

Chandler Gruener

Just one last question for Wendiam. So if you have just one big takeaway from the USDA numbers, like in one sentence, what would you say? You just were allowed one sentence only. This podcast didn't exist and just had one sentence only. What would it be?

Wendiam Sawadgo

We have a lot more cotton than we thought we did. Less corn than we thought we did in Alabama.

Josh Lee

So that's it. That is from The Economist. I didn't say anything. Not gonna complain there. So awesome guys. Well season's looking good. Definitely heating up. Cotton is growing pretty fast right now so make sure we're timely on management. But I think with that you know enjoyed it guys. Enjoy the conversation. And we thank you all for listening to this episode of the Alabama Crop Report podcast.

Josh Lee

If there's anything that we can help y'all do with y'all, please contact us. Thank you.

Announcer:

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