



# Center For Agribusiness & Economic Development

## An Analysis of Historical Trends in the Farmgate Report

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Each year the University of Georgia's College of Agriculture and Environmental Sciences publishes the Georgia Farmgate Value Report.<sup>(2)</sup> The Farmgate Report is based on agricultural information reported in an annual survey of Georgia county extension agents. Extension agents are asked to provide data such as acreage of various crops harvested, yield per acre, and number of head of different animals in the county. These figures are then used to determine the county and statewide value to the producer for a variety of commodities.

The Farmgate Report has served as an important source of facts and figures to those involved in Georgia agriculture. Although the farmgate figures have been extensively used, there has been little analysis of the trends they reveal. This report examines the past 5 years of farmgate data. It provides an assessment of the changes in farmgate value by commodity, extension district and congressional district. This report will also try to examine these changes in the context of the year in which they occurred. Past trends are then examined to assist in predicting the future.

Figure 1 presents total farmgate value for the years 1995-1999. Farmgate value in Georgia has increased since 1995 by approximately 9 percent and approached the \$8 billion dollar mark in 1999.

# Figure 1: Georgia Farmgate Value 1995-1999

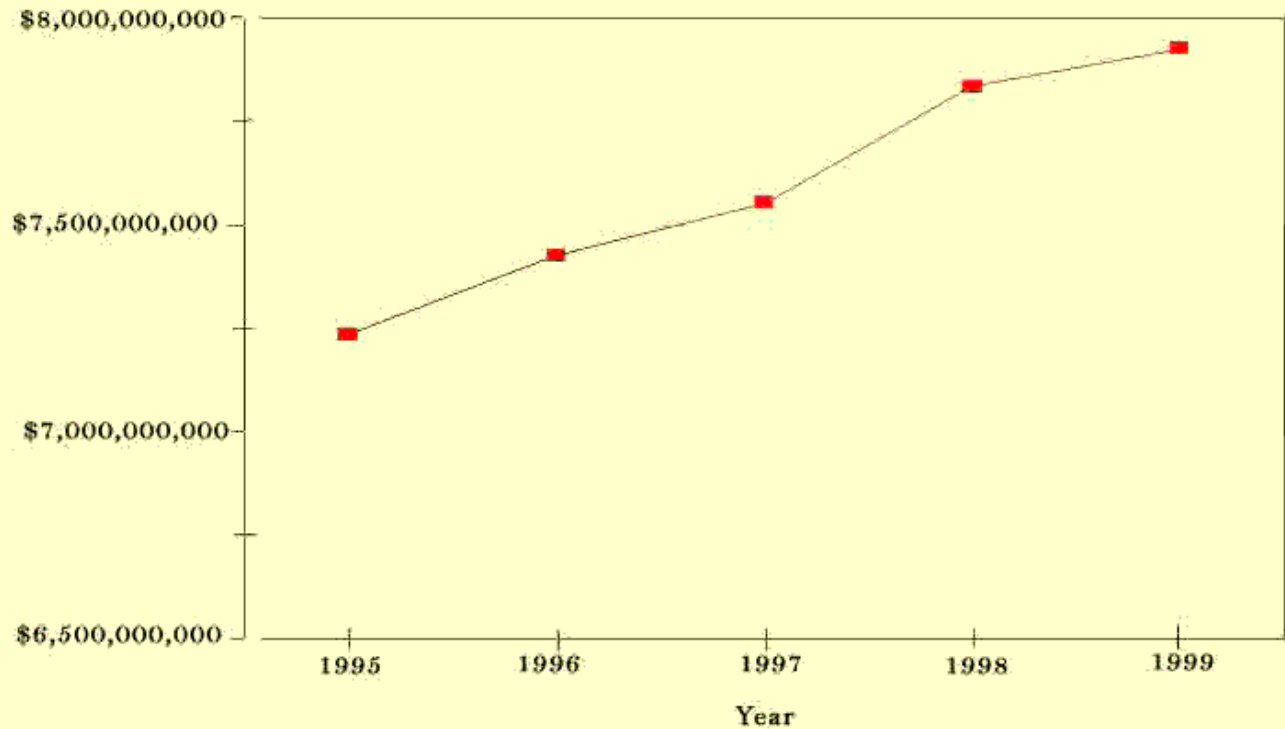


Figure 2 displays farmgate value by major type of commodity. Animal production has consistently provided the highest percentage (about 50 percent) of farmgate income to Georgia producers. Animal production grew from 1995 to 1999 with much of the increase being driven by higher farmgate value from the poultry industry. The second largest component of farmgate value in Georgia is row crop production. Row crop production's portion of farmgate value varied from a low of about sixteen percent in 1999 to a high of twenty-five percent in 1996, but has trended down in its contribution. Other crops proved to be the third largest source of farmgate value for Georgia farmers, contributing fifteen to seventeen percent of total farmgate value. Other crops include forestry, greenhouses, nurseries and turfgrass. The fourth major component of Georgia farmgate value is fruits, vegetables and pecans. This category comprised roughly eight percent of total farmgate value during the 1995-1999 period. Other income sources formed the smallest amount of farmgate value in Georgia. Other income sources include crop insurance, government payments, hunting leases and miscellaneous income. Other income sources contributed around six percent of farmgate value from 1995 to 1998 and jumped to 10 percent in 1999.

## Figure 2: Farmgate Value by Production 1995-1999

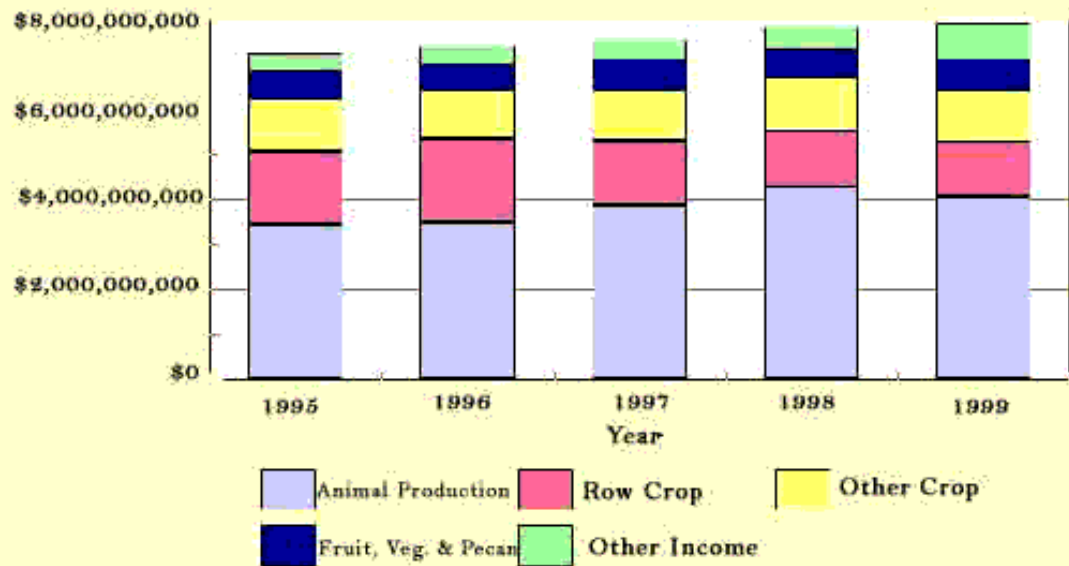
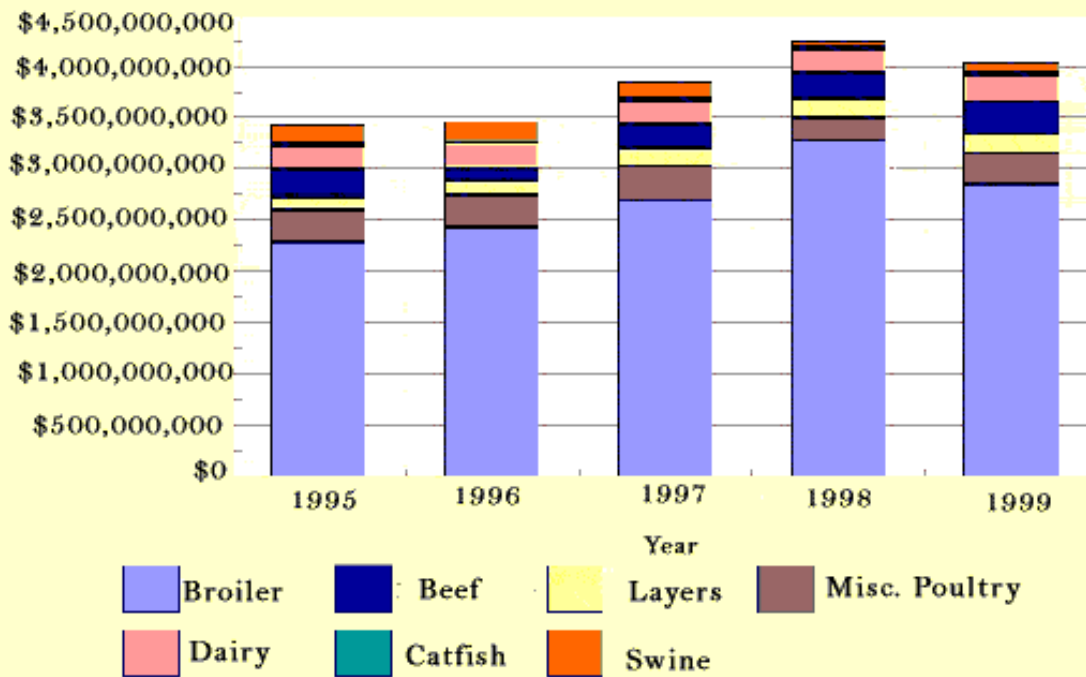


Figure 2 gives insight into the major components of Georgia farmgate value. Viewing the components individually will help provide a deeper understanding of how these components changed between 1995 and 1999.

Figure 3 shows the sub-sectors within animal production and their variations. Broiler production is clearly the highest contributor to Georgia animal farmgate value. Broiler farmgate value was twenty four percent higher in 1999 than in 1995. Broiler value in 1999 was lower than reported in 1998, which is most likely due to a change in measurement techniques. Higher farmgate value in broiler production has been driven by a combination of increased production and generally higher prices.<sup>(3)</sup> All poultry composes an even greater portion of Georgia farmgate. Beef production experienced a low value year in 1996, which can be attributed in part to low calf and cattle prices. Swine value is consistent from 1995 to 1997, displays a noticeable drop in 1998 and a slight recovery in 1999. During the 1995 to 1998 time period, the number of swine on Georgia farms fell. Lower hog numbers, combined with low prices, produced the 1998 decline in swine farmgate value. Dairy and catfish production value round out the animal production category.

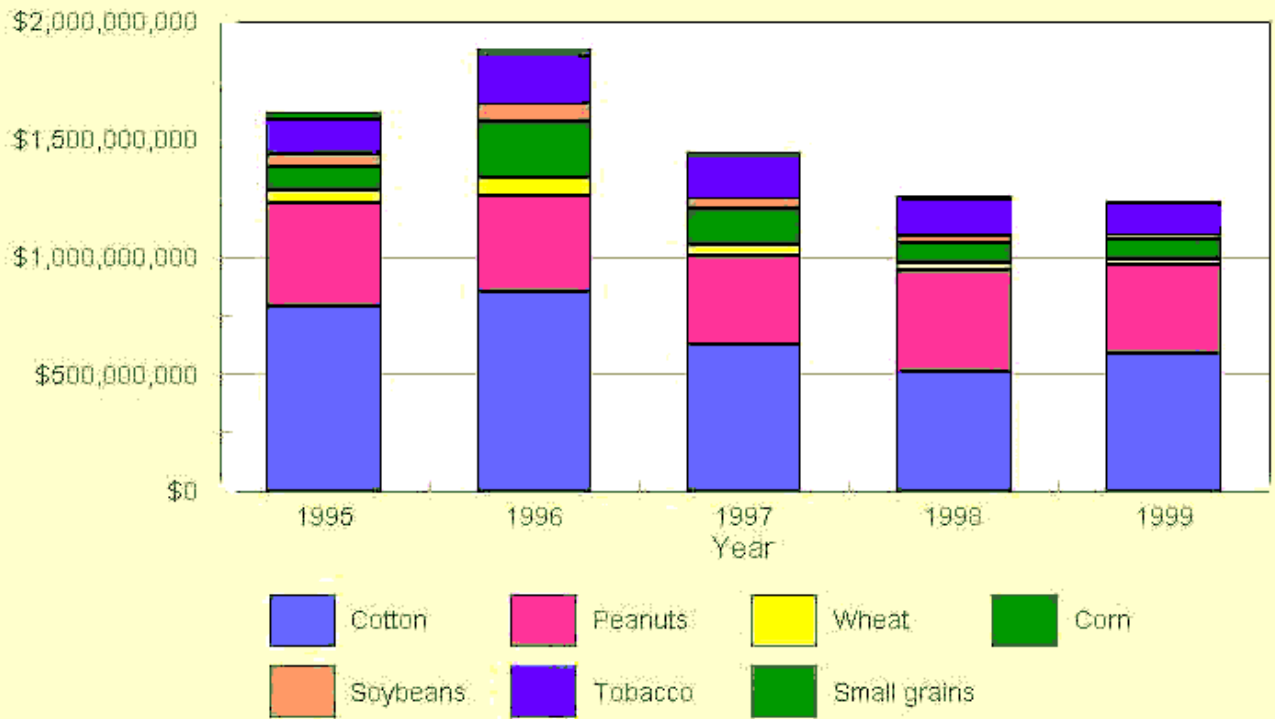
## Figure 3: Animal Farmgate Value 1995-1999



3. Broiler price is the wholesale value of the bird.

Row crop farmgate value is illustrated in figure 4. Cotton and peanuts generate the highest value, together averaging approximately seventy percent of row crop value. All crops exhibited fairly high values in 1996. This is a result of relatively high prices and decent yields. The years 1997 to 1999 show lower farmgate values for row crops. This trend may be affected by recent droughts in Georgia. Although all the crops were affected, cotton has the most reduced value, due to a variety of factors including lower prices, lower yields, and less acreage planted. Peanuts have a slightly decreasing farmgate value from the period of 1995 to 1999 with the exception of a slight increase in 1998. Although peanut prices increased from 1995 to 1997, yields and acreage planted were lower. Georgia producers received higher yields and planted relatively more acres in 1998 which contributed to higher farmgate value. Farmgate value for corn and soybeans has been variable over time. This fluctuation is largely because of variations in acres planted and harvested. Soybean acres harvested in 1995 were the lowest since the 1960s. While harvested acres for both soybeans and corn were up in 1996, both declined again in the 1997 and 1998 seasons. Tobacco's value was consistent in the period with a high value year in 1996. The 1996 season was marked by high yields and high prices.

## Figure 4: Row Crop Farmgate Value 1995-1999



Farmgate value for other crops appears in figure 5. Historically, forestry has been the major source of other crop farmgate value. This percentage tended to decrease over the period of 1995 to 1999. Meanwhile, turfgrass showed a significant increase in value in 1998 which is partially due to a change in measurement. Greenhouse value grew continually from 1995 to 1999. Nursery farmgate value was fairly stable over the period studied.

## Figure 5: Other Crop Farmgate Value 1995-1999

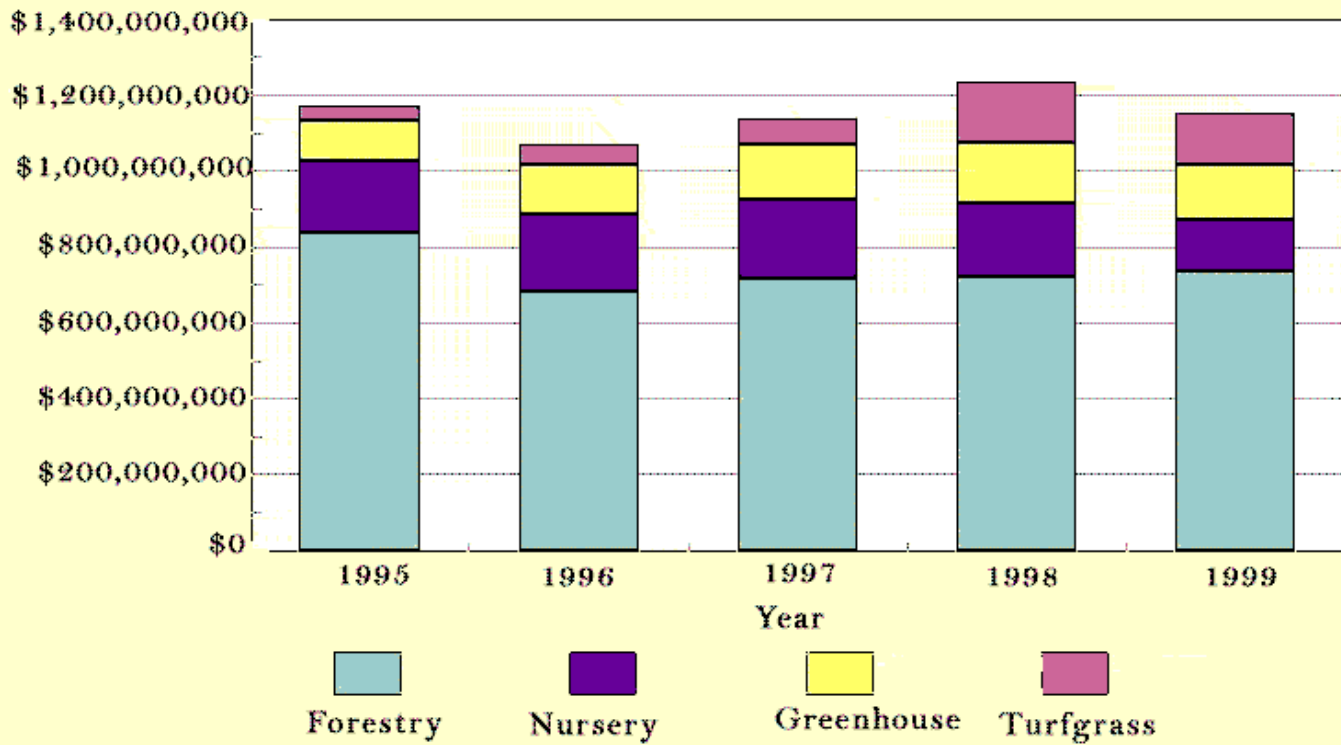
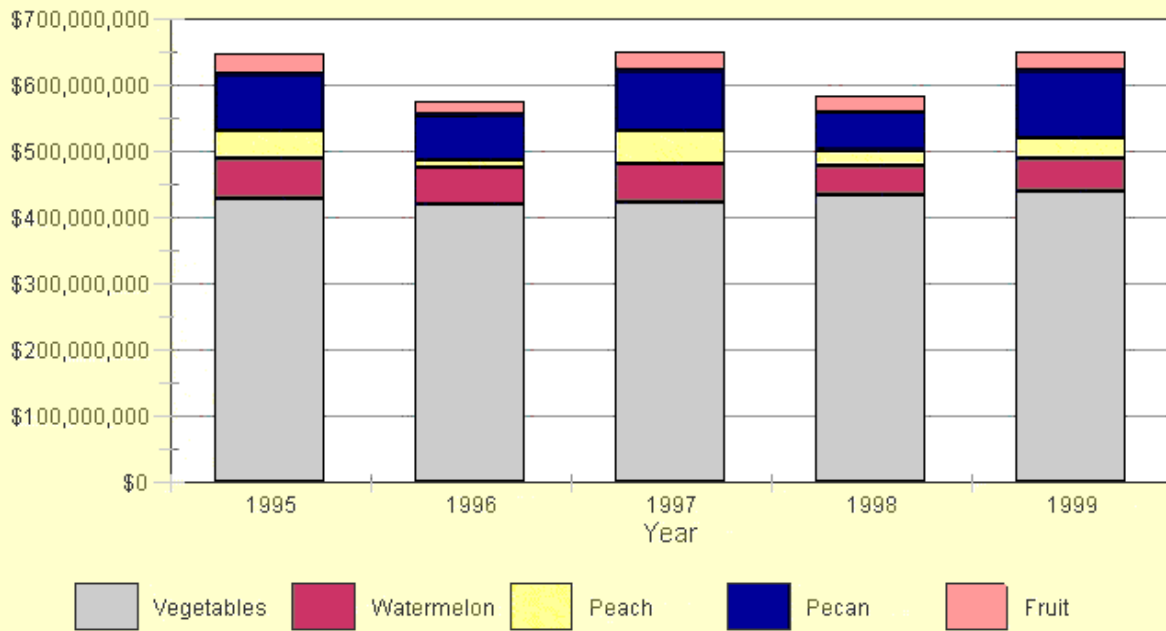


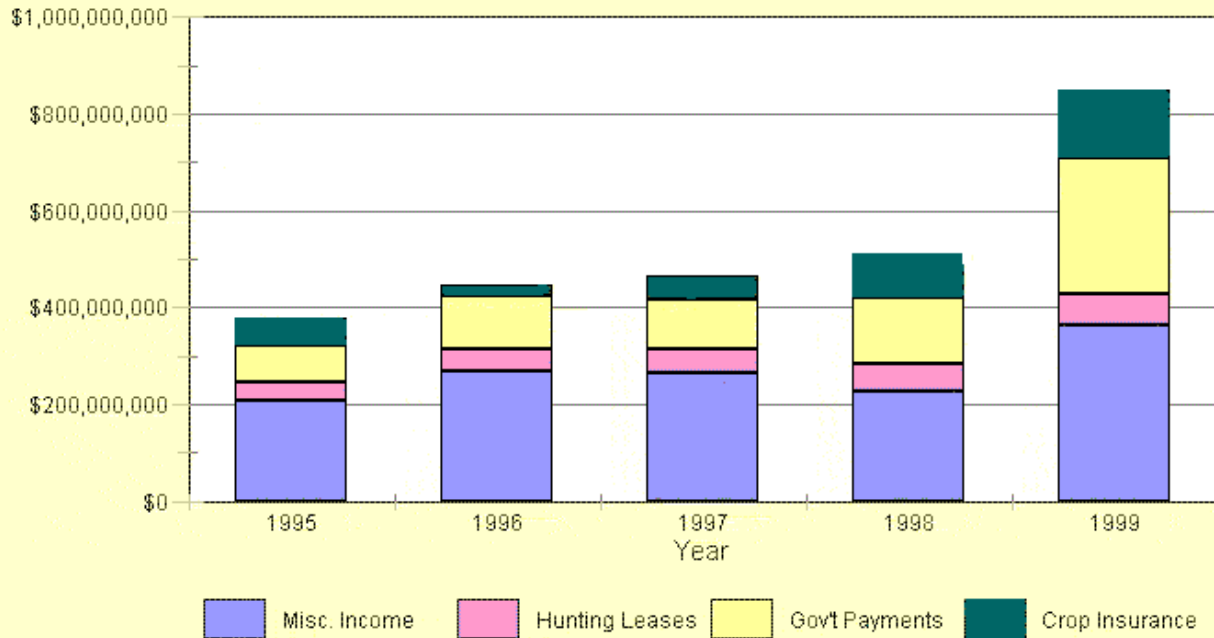
Figure 6 displays fruit, vegetable and pecan farmgate value in Georgia. Vegetables provide about seventy percent of this category's total farmgate value. Examining peach value reveals low values in 1996 and 1998. Although prices were relatively high in those years, farmgate value was restricted by low harvests caused by spring freezes and poor crop conditions. Pecans, watermelon and fruits are also part of this category. These three crops have experienced some variation in their farmgate value, but were largely stable over the time period.

## Figure 6: Fruit, Vegetables and Pecans 1995-1999



Other farmgate value is the final piece of total farmgate value and is illustrated in figure 7. Crop insurance, government payments, hunting leases, and miscellaneous income are all considered sources of other income. Wide variations in the value received from these sources is expected. Crop insurance and many forms of government payments are dependent on the growing season and the year in which the funds are dispersed. Hunting leases have been increasing as a source of value to Georgia producers since 1995. Miscellaneous income includes a variety of income sources. This category is also the least consistent over time and is subject to change according to the types of income reported by county extension agents. Some of the types of miscellaneous income include, but are not limited to, rabbits, cantaloupe, Christmas trees, earthworms, millet, Asian pears, lambs, wool, canola, and cane.

## Figure 7: Other Farmgate Value 1995-1999

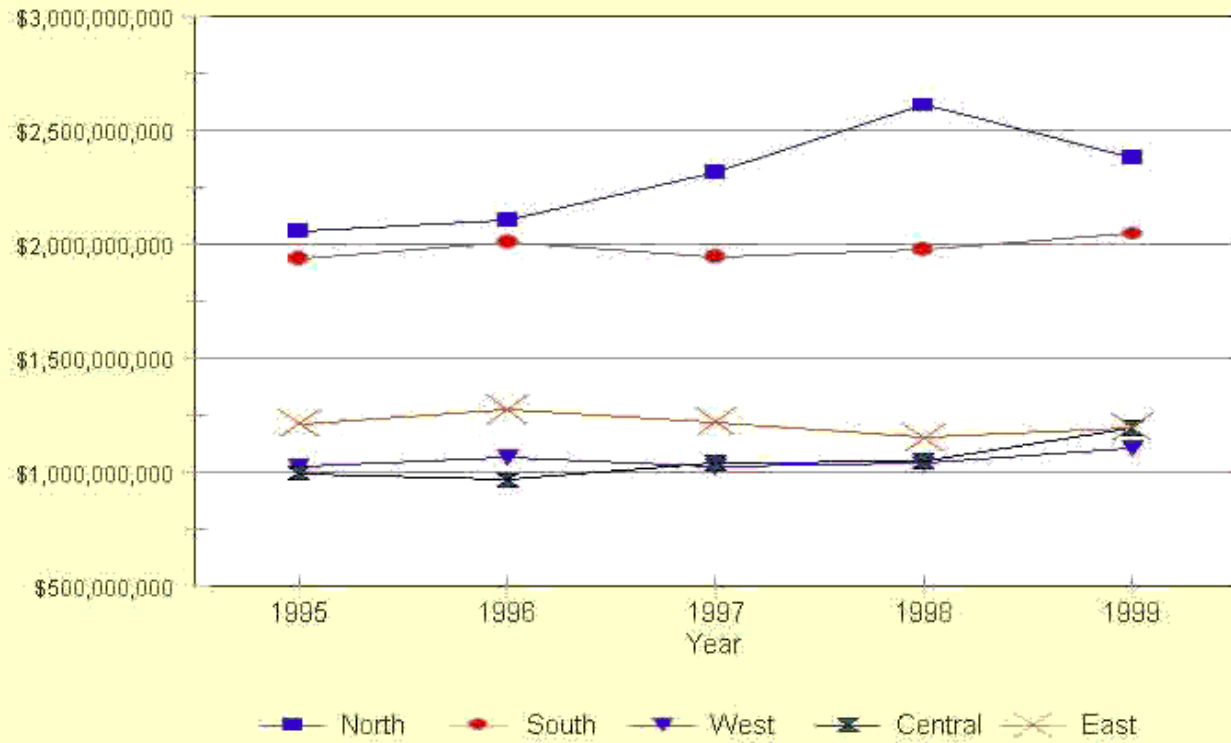


The Georgia Farmgate Report also provides detail on farmgate value by county. This allows for interpretation based on extension districts and on congressional districts. Given the recent change in the county composition of the extension districts, this report will provide one of the first analyses of how the extension districts have changed over the five year period ending in 1999.

Figure 8 is a line graph of the five extension districts' farmgate value over time. The north district has the highest share of farmgate value during the years 1995 to 1999. The graph shows an overall increase in the farmgate value generated in the north district. This increase is driven by growth in broiler value during the time period. Broiler production is concentrated in the northern portion of the state with 13 of the top 20 broiler producing counties in 1999 being in the north extension district.(4) The south district also has a substantial and stable portion of the total Georgia farmgate value. The east district is the third largest district in terms of farmgate value. Change in the total farmgate value of the west and central districts has been relatively minor with a general increasing trend.

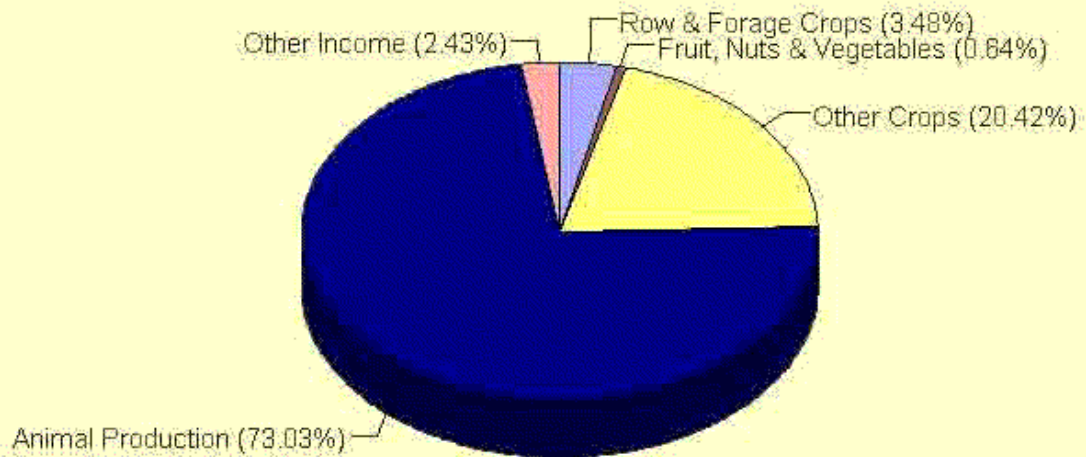


## Figure 8: Georgia Farmgate Value by Extension District



An examination of each extension district also reveals valuable information. The next several pie charts dissect farmgate value components in each district. The pie charts depict data from the 1999 farmgate report. Figure 9 shows the composition of the central extension district's farmgate value. Animal production is the dominant production in the central district, providing 73 percent of value. This value is up from 62 percent in 1996. The second largest component of farmgate value is other crop production at 20 percent of total value for 1999. Other income, fruits, vegetables and nuts and row crops round out the total value for central district.

## Figure 9: 1999 Central Extension Dist



The breakdown for south extension district is depicted in figure 10. Row crops are the largest value generator in the southern district with 35 percent of total value. Animal production is a close second with 22 percent. Fruit, vegetables and nuts provide slightly more value than other crops. Other income has nine percent of total value. In previous years, row crop production had a larger share of total value, capturing 45 percent of total value in 1996. Animal production has gained most of the share lost by row crops, increasing from 18 percent in 1994.

# Figure 11: 1999 East Extension Dist

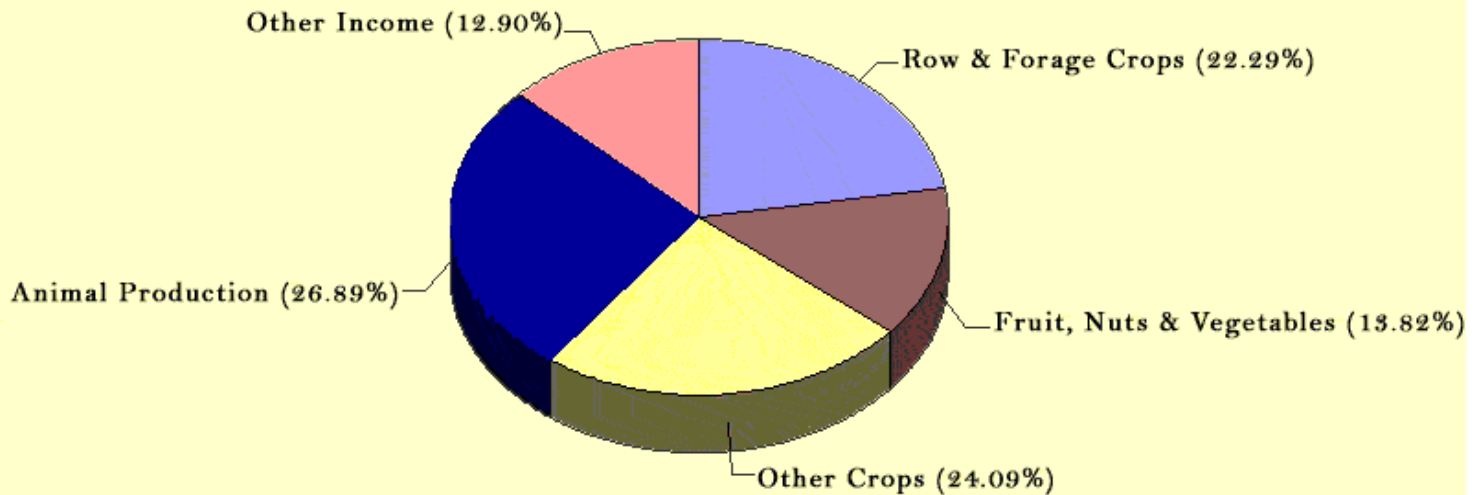


Figure 11 illustrates the east extension district's farmgate value. Animal production leads their farmgate value with 27 percent. This is an increase over 23 percent in 1996. Row crops and other crops each provided about 23 percent of value in 1999. Historically, row crops have had a higher percent of value with 35 percent in 1996.

The west district's farmgate value is analyzed in figure 12. Animal production is the biggest component of total farmgate value at 33 percent, up from 27 percent in 1996. Row crops had previously been the largest portion of value in the west district. In 1999, however, value was 27 percent, down from 43 percent in 1996. Other crops is third in terms of relative value. It has been about 20 percent historically. Fruits, vegetables and nuts and other income have been relatively steady in the west district.

# Figure 12: 1999 West Extension Dist

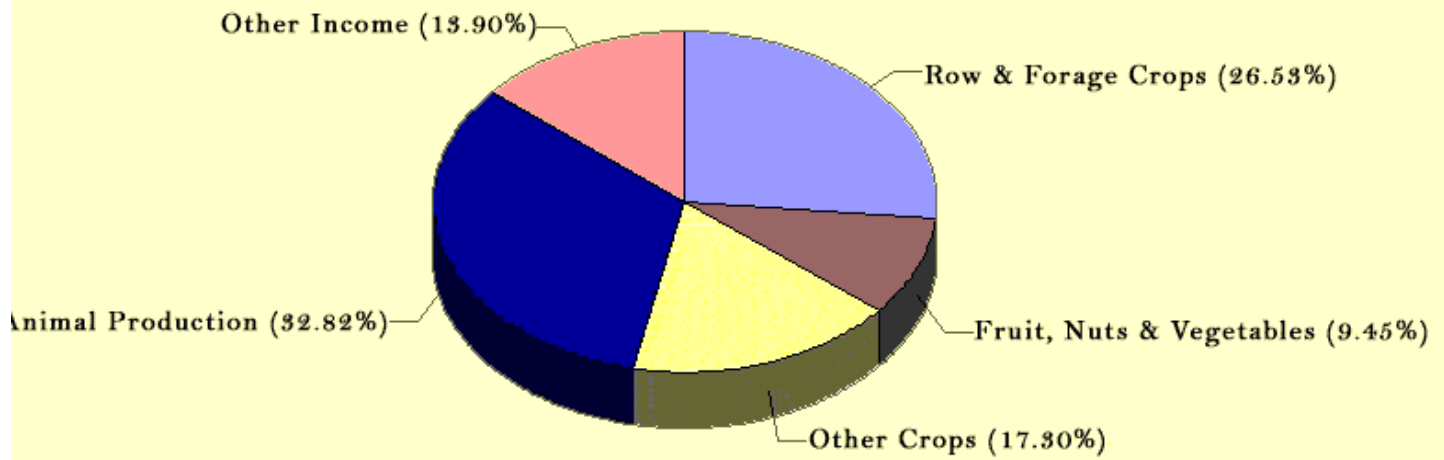


Figure 13 shows the north district's value. Animal production is clearly the largest portion, comprising 91 percent of total value. This is consistent over the time period, up only slightly from 87 percent in 1996.

# Figure 13: 1999 North Extension Dist

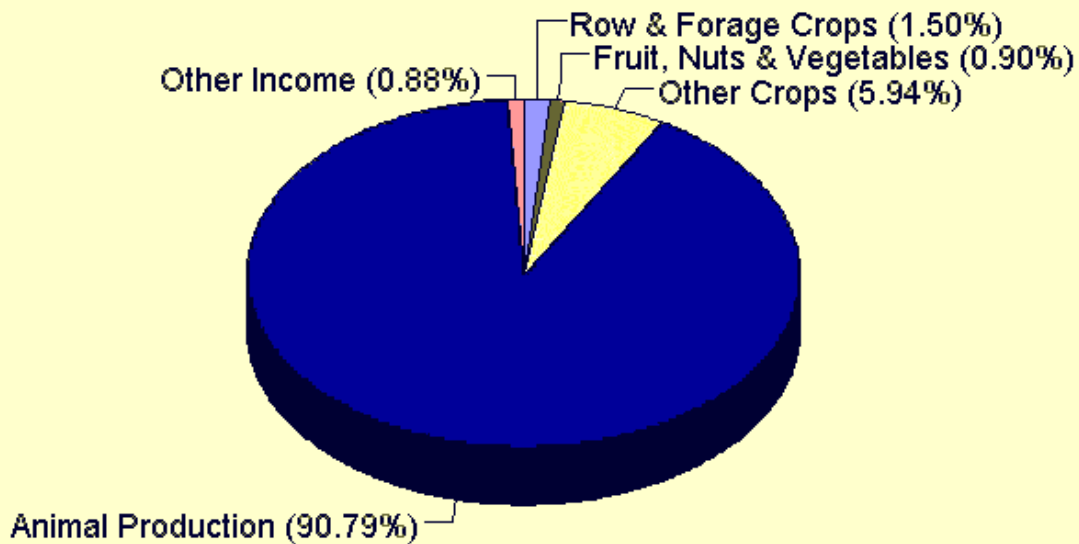
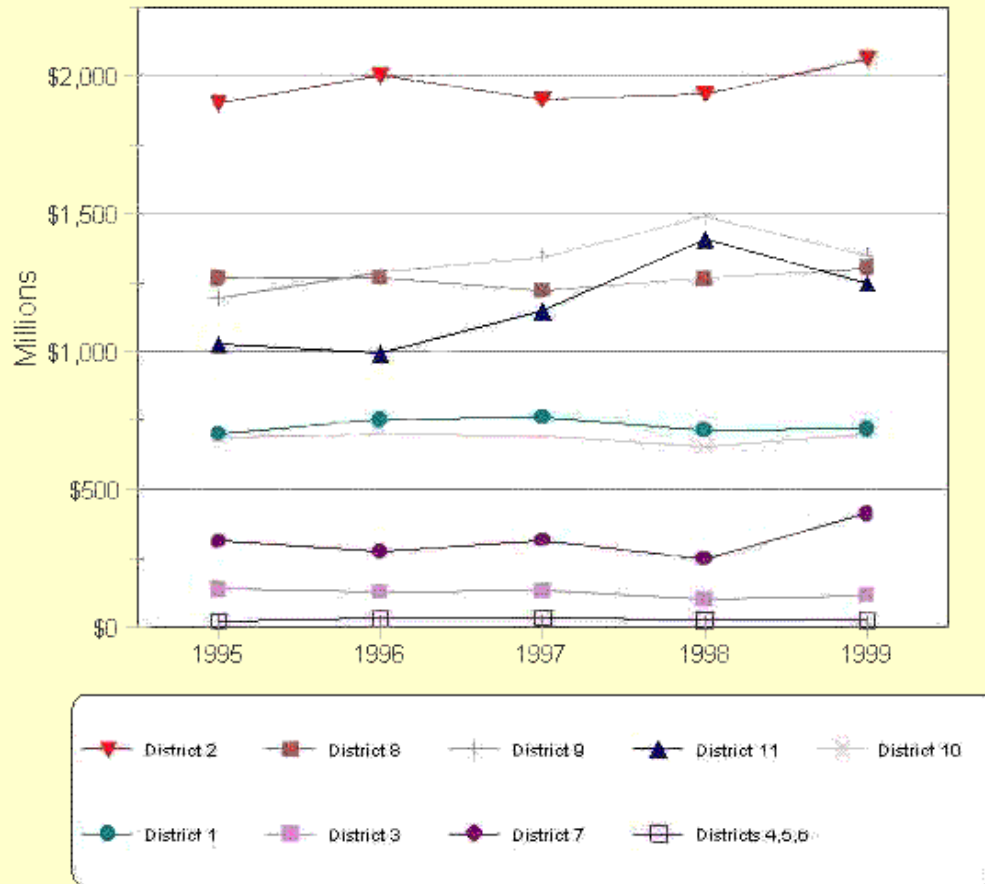


Figure 14 illustrates farmgate value by congressional district. Districts 4, 5 and 6 have been aggregated in the graph because each of these districts has a relatively low amount of farmgate value. Congressional District 4 has the lowest farmgate value over time, but this value is still as high as five million dollars. Farmgate value in these districts is especially important to agribusinesses located in the districts. Congressional District 2 has the highest farmgate value in the time period. Farmgate value in District 2 peaks in 1996 and 1999. Districts 9 and 11 have fairly high farmgate values and both demonstrate growth from 1995 to 1998 with a dip in 1999. This dip is caused by the change in broiler value measurement. Districts 1, 3, 7, 8, and 10 have comparatively flat farmgate values during the studied time period. The congressional district graphs reinforce the details made clear in the extension district graphs. The southern portion of Georgia which is part of District 2 has a strong agricultural base. However, the majority of farmgate value growth is evidenced in the northern portion of the state, including Districts 9 and 11, which are the major broiler producing counties.

## Figure 14: Georgia Farmgate Value by Congressional District



Several conclusions can be drawn by studying all the graphs in this report. First, animal production, particularly broilers, is an important source of value in Georgia. This is especially true for the north and central districts which rely most heavily on animal production. Animal production is growing in relative value in almost all the extension districts. Row crops are also an important source of value in the Georgia farm economy. Lower values have been experienced in recent years for row crops. Several years of drought have compounded this downward trend. The northern portion of Georgia displays the most growth in farmgate value. However, this growth appears to be highly dependent on animal production. Changes in animal prices or problems with animal production will impact these areas the most severely. Southern Georgia has more diversity and variety in the types of commodities produced. While price or production changes in one commodity will affect this region, the impacts will be less severe as other commodities can help to maintain total value levels.

Having completed a review of the past five years of farmgate value data, it is now useful to consider the next few years in Georgia agriculture.(5) In the broiler industry, indications are for continued growth in production, although at slower rates. Increased production along with more sluggish export markets will lead to slightly lower prices through 2001. The beef industry looks favorable as declines in inventory over the past few years will assist in strengthening prices. Hogs will see slow recovery in prices. Total slaughter numbers and production in the U.S. are predicted to decline for the next few years. In Georgia, the hog industry's future will also depend on the recently implemented environmental regulations. The dairy industry has potential for increased production derived from higher productivity. Dairy producers have several opportunities to exploit, including a growing population, close proximity to the Florida milk market and low feed costs. Some uncertainties facing the industry include Federal Milk Market Order reform and proposed new environmental regulations. Continued low feed costs will work to benefit all the animal producing sectors.

Cotton continues to face weak demand with relatively high levels of supply. This will work to keep prices low for the next few seasons. Planted acres in the United States are expected to decline. Domestic use and consumption of peanuts is expected to grow in the United States. A modest improvement in prices is expected. Foreign trade policy presents the largest question mark in the future of peanut value in Georgia. In the corn market, prices are expected to rise slightly. Acreage is predicted to decline meanwhile. Soybeans will have a minor rise in acres planted. The Food and Agricultural Policy Research Institute (FAPRI) is predicting that soybeans will remain competitive with cotton in the southeast and moderate price increases will occur. Wheat in Georgia will not experience much price change as excess supply is still evident. All row and forage crops are likely to suffer low values in 2000 as the drought continues in Georgia. It is further expected that strong growth will occur in vegetables, turfgrass and greenhouse values as alternative crops become increasingly attractive.

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Appendix

Table 1: Extension District Farmgate Value

	1995	1996	1997	1998	1999
North	\$2,057,998,958	\$2,108,799,072	\$2,314,233,740	\$2,610,956,265	\$2,379,665,881
East	\$1,212,527,745	\$1,273,799,047	\$1,221,693,997	\$1,149,597,369	\$1,196,847,064
West	\$1,029,592,978	\$1,067,514,557	\$1,027,357,426	\$1,040,137,184	\$1,106,144,739
Central	\$995,967,159	\$964,313,505	\$1,041,800,436	\$1,053,411,603	\$1,197,508,229
South	\$1,938,646,168	\$2,011,729,864	\$1,948,117,754	\$1,979,715,202	\$2,045,854,256
Total	\$7,234,733,008	\$7,426,156,045	\$7,553,203,344	\$7,833,817,623	\$7,926,020,169

Table 2: Congressional District Farmgate Values

	1995	1996	1997	1998	1999
District 1	\$701,532,356	\$752,084,262	\$761,358,750	\$715,362,423	\$719,489,417
District 2	\$1,897,550,909	\$1,997,729,416	\$1,914,386,933	\$1,935,085,383	\$2,059,231,632
District 3	\$136,366,781	\$126,208,028	\$131,043,057	\$100,439,089	\$111,317,988
District 4	\$3,561,948	\$5,525,122	\$5,481,265	\$1,005,259	\$2,078,716
District 5	\$6,140,303	\$11,809,860	\$12,782,488	\$11,743,457	\$11,583,893
District 6	\$9,233,169	\$15,026,096	\$16,059,588	\$12,390,907	\$12,231,793
District 7	\$311,727,493	\$273,302,421	\$312,201,929	\$248,441,413	\$409,983,315
District 8	\$1,263,175,683	\$1,267,759,952	\$1,221,458,993	\$1,265,986,979	\$1,302,360,335
District 9	\$1,193,176,920	\$1,285,554,478	\$1,340,744,723	\$1,484,938,705	\$1,347,742,842
District 10	\$686,920,864	\$700,896,937	\$693,864,659	\$652,815,280	\$701,980,527
District 11	\$1,025,346,583	\$990,259,473	\$1,143,820,959	\$1,405,608,727	\$1,248,109,981
Districts 4, 5, & 6	\$18,935,420	\$32,361,078	\$34,323,341	\$25,139,624	\$25,894,402
Total	\$7,234,733,008	\$7,426,156,045	\$7,553,203,344	\$7,833,817,623	\$7,926,020,439



Table 3: Georgia Farmgate Values by Commodity

	1995	1996	1997	1998	1999
Beef	\$258,609,984	\$126,330,599	\$238,013,230	\$247,437,486	\$301,347,007
Broiler	\$2,284,032,260	\$2,426,313,115	\$2,694,590,405	\$3,273,930,047	\$2,840,730,923
Catfish	\$9,042,329	\$8,416,235	\$8,275,334	\$7,398,114	\$5,756,487
Dairy	\$240,521,628	\$242,516,710	\$230,873,680	\$231,064,817	\$281,459,970
Layer	\$123,345,378	\$150,833,710	\$179,421,888	\$193,707,824	\$188,584,734
Misc. Poultry	\$317,197,660	\$305,006,269	\$321,943,549	\$219,131,968	\$307,953,180
Swine	\$197,632,226	\$196,225,119	\$183,559,624	\$72,498,014	\$110,430,631
Animal Subtotal	\$3,430,381,465	\$3,455,641,757	\$3,856,677,710	\$4,245,168,270	\$4,036,262,932
Corn	\$99,944,088	\$235,073,713	\$149,028,284	\$86,501,613	\$83,012,523
Cotton	\$791,147,670	\$848,179,724	\$627,002,810	\$511,515,891	\$584,524,694
Small grains	\$25,129,655	\$28,622,511	\$25,206,556	\$19,834,279	\$23,131,477
Peanuts	\$434,483,188	\$412,021,737	\$376,900,826	\$428,770,430	\$383,126,435
Soybeans	\$53,412,893	\$85,145,763	\$51,572,017	\$30,205,039	\$25,385,705
Tobacco	\$151,697,739	\$197,290,921	\$166,637,094	\$148,915,179	\$115,357,591
Wheat	\$54,839,164	\$76,481,062	\$49,528,805	\$34,567,346	\$24,350,528
Row Crop Subtotal	\$1,610,654,397	\$1,882,815,431	\$1,445,876,392	\$1,260,309,777	\$1,238,888,953
Crop Ins.	\$56,173,315	\$19,551,590	\$46,765,532	\$89,510,116	\$137,977,480
Gov't Payments	\$74,882,035	\$111,765,361	\$104,063,551	\$139,281,581	\$282,328,761
Hunting Leases	\$38,276,116	\$43,950,799	\$50,284,484	\$55,151,193	\$63,503,767
Misc. Income	\$208,280,415	\$269,622,423	\$263,652,606	\$226,783,434	\$364,527,289
Income Subtotal	\$377,611,881	\$444,890,173	\$464,766,173	\$510,726,324	\$848,337,297
Forestry	\$834,818,494	\$681,754,313	\$715,170,388	\$721,987,499	\$737,071,537
Greenhouse	\$105,023,151	\$131,284,076	\$143,563,048	\$159,032,445	\$145,219,333
Nursery	\$193,161,050	\$201,702,540	\$209,240,360	\$192,275,373	\$132,529,658
Turfgrass	\$37,696,300	\$52,745,200	\$69,161,450	\$162,161,450	\$138,439,470
O. Crop Subtotal	\$1,170,698,995	\$1,067,486,129	\$1,137,135,246	\$1,236,172,017	\$1,153,259,998
Fruit	\$29,486,640	\$19,705,989	\$27,626,052	\$23,431,075	\$26,732,134
Peach	\$39,876,509	\$11,687,084	\$48,716,727	\$20,762,250	\$32,148,170
Pecan	\$86,176,364	\$68,874,589	\$91,945,720	\$59,499,629	\$103,250,994
Vegetable	\$426,874,933	\$418,516,758	\$422,639,589	\$434,344,241	\$437,612,421
Watermelon	\$62,971,824	\$56,538,134	\$57,819,735	\$43,404,038	\$49,527,271
Fruit, etc. Subtotal	\$645,386,270	\$575,322,554	\$648,747,823	\$581,441,233	\$649,270,990
Total	\$7,234,733,008	\$7,426,156,044	\$7,553,203,344	\$7,833,817,621	\$7,926,020,170

Figure 1: Georgia Cooperative Extension Service Districts, 1999

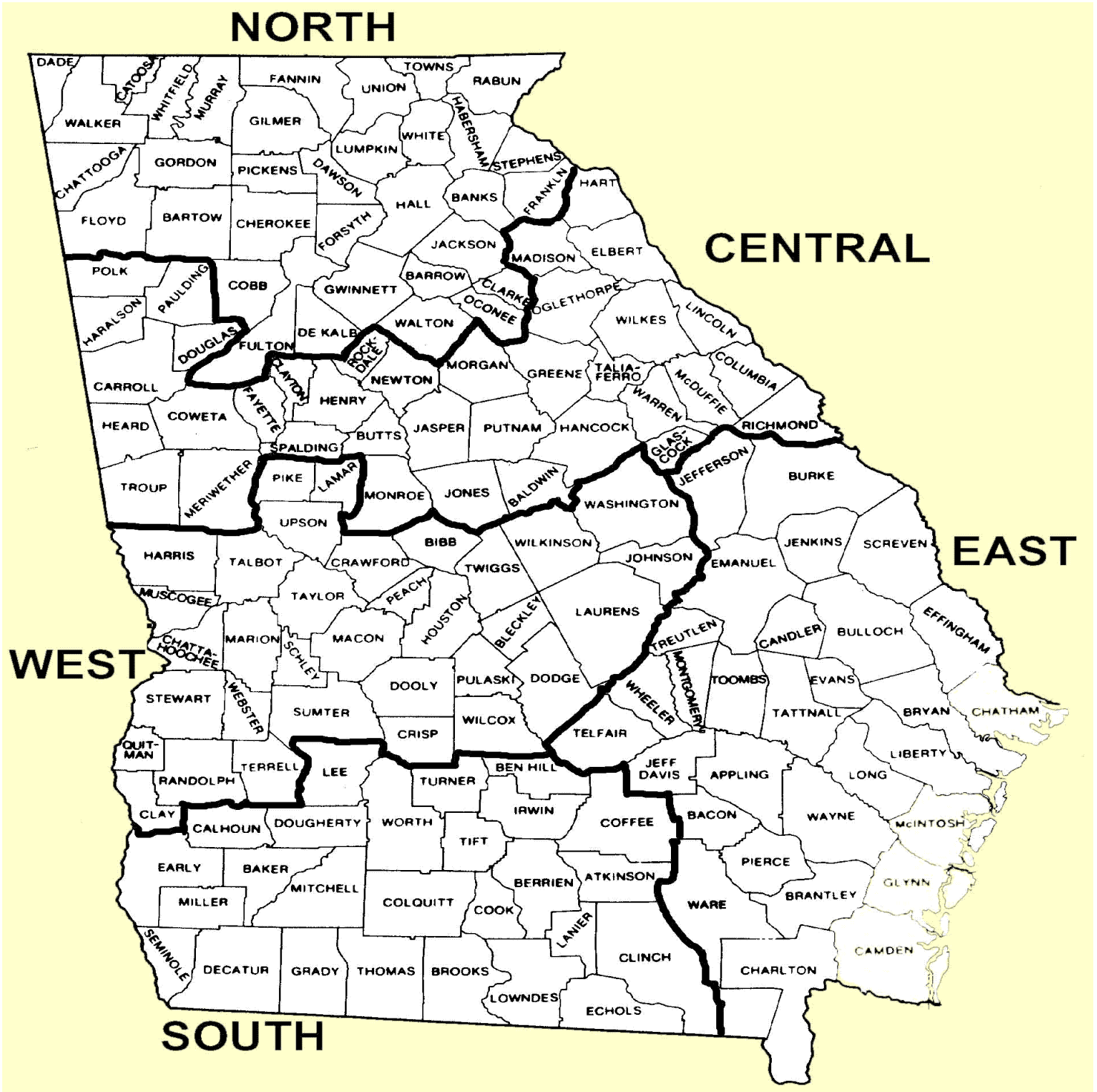
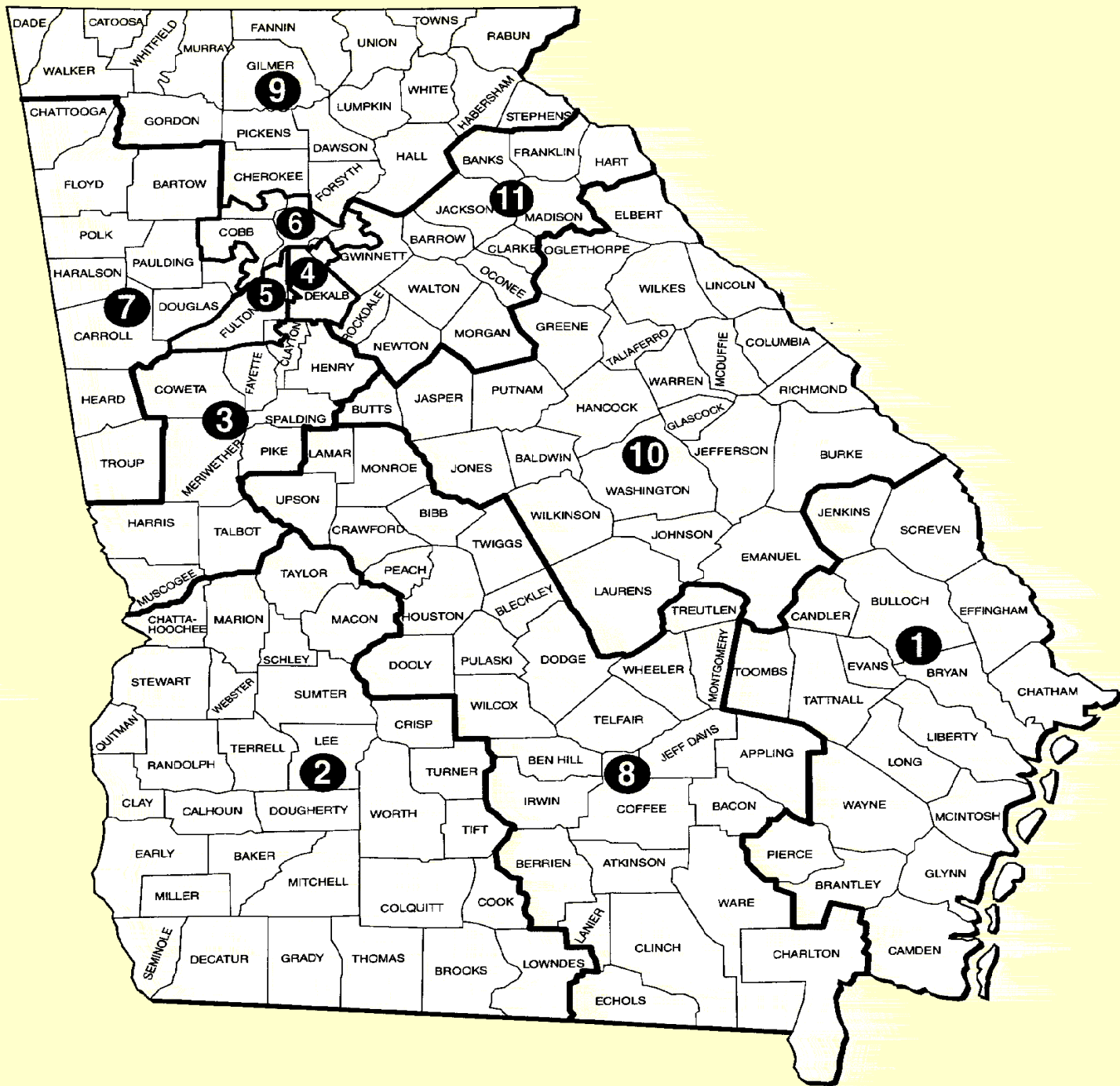


Figure 2. Georgia Congressional Districts, 1999



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4. The thirteen counties are: Banks, Barrow, Bartow, Dawson, Forsyth, Franklin, Gilmer, Gordon, Habersham, Hall, Jackson, Oconee, and White. The other seven are: Carroll, Coffee, Hart, Madison, Mitchell, Oglethorpe and Tattnall.

5. The information provided here is drawn largely from the Food and Agricultural Policy Research Institute (FAPRI) 1999 U.S. Agriculture Outlook and from Agriculture Outlook 2000 authored by Extension Economists at the University of Georgia. See references for more information. All final opinions are those of the author and do not reflect the exact opinion of the resources.