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## Agriculture Industry & Commodities

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### Economic Impact from Agriculture Industry in New Mexico

- According to the *2019 Report on Agriculture Statistics*, the Ag industry had gross revenues of \$3.4 billion generated from the primary commodities shown below:
  - Dairy/Milk: \$1.4 billion
  - Live beef & veal: \$1 billion
  - Top crops: \$442 million (pecans, hay, onions, chile)
- Dairy products: \$201.9 million in sales (2019)
  - In 2019, Mexico was the largest export market for NM dairy.
  - Inventory of milk cows grew marginally to 330,000 head and milk production dropped from 8.29 billion pounds to 8.19 billion pounds.
  - New Mexico ranks 9<sup>th</sup> in country for milk production and 4<sup>th</sup> for cheese production.
  - As of June 2020, the top 3 export markets for NM Dairy are:
    - Mexico
    - Philippines
    - Singapore
- Pecans, \$165.1 million in sales (2019), ranks 1<sup>st</sup> in the country.
  - As of June 2020, NM pecan export sales were \$13.4 million.
  - Production and price per pound has decreased from the 2017 peak by 4.5 percent and 21.2 percent, respectively.
- Chile, \$50 million in sales (2019) from 63 thousand tons, down from 71 thousand tons (2018).
  - 84 percent of production is processed into chile products.
  - Production has decreased 11.3 percent but price per pound has increased by 4.8 percent.
- Onions, \$102.6 million in sales (2019), based on 3.9 million pounds.
  - Price per pound has increased by 25 percent, which has resulted in a similar increase in revenue (28 percent growth), despite a reduction on onions produced and acreage farmed.

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- Production value in 2018 was \$79.6 million from 4.2 million pounds.
  - Live Beef and Veal \$517,003 in export sales (2019)
    - In 2019, Mexico was the largest export market for live NM beef and veal
    - As of June 2020 (latest export data), NM beef and veal export sales has surpassed June 2019
      - June 2020 (\$286 thousand)
      - June 2019 (\$243 thousand)
    - 2018 cash receipts for NM beef and veal \$919.7 million.

## Challenges to the Agriculture Industry

- 97 percent of farms and ranches are family owned and operated, making succession planning difficult. Farmers are aging professionals, whose children are leaving the business. 25 thousand farms operate in New Mexico.
- Drought and climate: uncertainty with water delivery.
- Price inflation will impact commodity markets. Farmers and ranchers in New Mexico are price takers, selling into national commodity markets.
- Stable labor and increasing costs of labor are constraints.
- Some ag markets in New Mexico remain constrained due to limited processing activity within the state. Meat processing is very limited in New Mexico, forcing most producers to sell into national distribution channels, rather than provide direct to consumer product.