

Rising expenses loom over 2022 machinery sales

By MATEUSZ PERKOWSKI
Capital Press

Farmers invested heavily in new tractors and combines last year but higher production costs could affect their continued appetite for machinery in 2022, experts say.

Unit sales of new tractors over 100 horsepower increased by 24% in 2021, while new four-wheel-drive tractors rose 18% and combines surged by nearly 25%, according to the Association of Equipment Manufacturers.

"Attitudes in the ag economy have been pretty positive," said Curt Blades, AEM's senior vice president of industry sectors and product leadership.

The strong demand for farm machinery was partly a "timing issue," as growers already had crops in the ground before the price of fertilizer and other inputs began soaring, said Michael Langemeier, an agricultural economics professor at Purdue University who tracks



AGCO

Farm machinery sales soared in 2021 but higher expenses may dampen growers' appetites for new tractors and combines in 2022.

farm machinery.

"It was the perfect rolling of the dice in terms of crop net income returns," he said. The USDA forecast net farm income at about \$117 billion in 2021, a 23% increase over the previous year.

While expenses have since climbed, likely eating

into farm profits, about 45% of growers in Purdue University's "ag economy barometer" survey said it was tough to find replacement machinery, Langemeier said.

"Machinery sales would have been higher in 2021 if we hadn't been going through these supply chain

issues," he said.

Though farm input costs are "sharply on the rise," machinery manufacturers are optimistic that growers will still want to buy new equipment in 2022, Blades said.

"We're still in a bit of a replacement market," he said. "The fleet's older than

it's been in a while."

Farmers still have "a lot of working capital" and "some unmet needs," so 2022 could see a "lingering effect" of elevated demand for machinery, Langemeier said.

According to USDA's most recent estimate, the composite cost of farm machinery rose 16% year over year.

Higher demand for tractors and combines, as well as manufacturers' own climbing expenses, will probably exert upward pressure on machinery prices in the coming year, Langemeier said.

"I don't see how that can taper off in 2022," he said.

The cost of steel, labor and transportation — three major inputs for manufacturers — have all gotten higher with inflation, Blades said.

"Without question, everything is going up," he said. "It goes without saying prices will go up."

However, manufacturers recognize that farming is a relatively low-margin business, he said. "They're not trying to take additional prof-

its as much as cover their costs."

Langemeier agreed that manufacturers can't hike prices for tractors and combines too aggressively without destroying demand.

They're likely to aim for a sweet spot that will offset some of their rising expenses while minimizing damage to sales, he said.

"They can't pass all those costs on, but they can pass some of them on," Langemeier said.

Manufacturers are likewise wary of raising prices due to improvements in engine emissions and efficiency, Blade said.

"It takes money to engineer a product to meet a growing number of regulations, he said.

However, growers can expect that more advanced technology can help them save on fuel and other inputs, which is part of the equation, Blades said.

"What we're very cautious about is how much the market can bear," he said.

Hemp compounds block COVID-19 from infecting cells, research shows

By GEORGE PAVLEN
Capital Press

CORVALLIS, Ore. — New research from Oregon State University reveals hemp might offer protection from COVID-19, adding to the list of potential benefits for the versatile crop.

A major use of hemp comes from deriving chemical compounds in the plant, called cannabinoids, which can then be infused in products such as oils, creams and oral supplements. Growing evidence suggests these cannabinoids can help with everything from relieving pain and anxiety to stimulating appetite in cancer patients.

According to a recently published OSU study, two such compounds — specifically cannabigerolic acid, or CBGA, and cannabidiolic acid, or CBDA — can also block SARS-CoV-2, the virus that causes COVID-19, from entering human cells and preventing severe illness.

Richard van Breemen, a professor of pharmaceutical sciences at the Linus Pauling Institute and OSU College of Pharmacy, led the study. He said hemp is not a cure for COVID-19, nor is it a replacement for face masks and vaccines, but "another piece in the armor to help people stay healthy."

"It's going to help people. At least that's my hope," van Breemen said.

The way CBGA and CBDA work against the virus is similar to vaccines and other antibodies, van Breemen said. By binding themselves to the virus' signature spike proteins, the acids essentially cut off a key path-

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— Richard van Breemen, professor, OSU College of Pharmacy

way of infection.

Van Breemen and his research team began investigating hemp molecules in early 2020. At the time, lab access at OSU was restricted to coronavirus-related research.

"We looked for compounds that could bind to the spike protein, and hope-

fully prevent the virus from infecting the human cell," van Breemen said.

Using a form of mass spectrometry developed previously in the lab, the team screened for compounds across a range of botanicals and hemp extracts. They identified CBGA and CBDA as having the highest aff-

inity for binding to spike proteins in SARS-CoV-2.

But their lab work could only go so far, since they were unable to test the compounds on live virus samples. For that, the team partnered with Fikadu Tafesse at Oregon Health & Science University in Portland.

Results showed CBGA and CBDA were equally effective against the virus and two early variants. However, van Breemen said more testing is needed to gauge effectiveness against other existing and future virus mutations, including the highly conta-

gious Omicron variant.

"These variants are well known for evading antibodies against early lineage SARS-CoV-2, which is obviously concerning given that current vaccination strategies rely on the early lineage spike protein as an antigen," van Breemen said.

"Our data show CBDA and CBGA are effective against the two variants we looked at, and we hope that trend will extend to other existing and future variants," he added.

Another compound in licorice was also found to bind to the spike proteins during

the initial screening of botanicals, van Breemen said, but has not yet been tested against the live virus. "We need new funding for that," he said.

CBDA and CBGA are abundant in hemp extracts, and may actually require less processing than cannabidiol, or CBD, one of the more commonly marketed cannabinoids.

Van Breemen, who serves on the faculty for OSU's Global Hemp Innovation Center, said the compounds, if taken orally, appear to offer a degree of protection and could increase demand for hemp production.

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