

USDA Data Shows Hemp Industry Rebound: Increased Yields and Prices

Is the U.S. hemp industry experiencing a turnaround?

The recent release of the National Hemp Report by the U.S. Department of Agriculture suggests a promising outlook for domestic hemp growers, with stable or growing prices and acreage observed in many states.

An Era of Stability:

After a period of volatility following the legalization of hemp in 2018, the industry appears to be finding its footing. According to Joshua Bates, a USDA statistician, the situation is leveling out after experiencing significant fluctuations.

Market Growth:

The report highlights a notable increase in the value of outdoor-grown hemp flower, which saw a 35% jump to \$241 million in 2023. Additionally, the average price per pound for outdoor-grown hemp flower rose by 8.6% to \$31.60.

Indoor Hemp Sector:

Indoor hemp growers are also experiencing improvements, with prices for clones and transplants surging by 61%. While production decreased, the increased profitability signifies a positive trend for indoor hemp cultivation.

Niche Market Expansion:

Even smaller segments like hempseeds, used for oils, saw a surprising increase in value, with a remarkable 96% jump to \$2.91 million. This expansion reflects growing demand for diverse hemp-derived products.

Recovery from Past Challenges:

Despite setbacks in previous years, the hemp industry is bouncing back. Reports of its demise were exaggerated, according to Jonathan Miller of the U.S. Hemp Roundtable, indicating resilience and adaptability within the sector.

Demographic Trends:

While U.S. hemp growers largely remain male and white, there's a notable difference in age demographics. A smaller proportion of hemp producers are over 65 compared to the overall farming population, suggesting a younger demographic engaged in hemp cultivation.

Regional Dynamics:

Sunbelt states are emerging as significant contributors to hemp production, with Alabama, North Carolina, and Texas joining traditional hemp-growing regions like California and Oregon. Kentucky stands out for its high yields per acre, leveraging its agricultural expertise from tobacco farming.

Favorable Weather Conditions:

Weather played a crucial role in the industry's growth last year, with conducive conditions contributing to record yields. Unlike crops like corn and soybeans, hemp requires optimal conditions for success, making favorable weather a critical factor in its cultivation.

As the U.S. House of Representatives gears up for discussions on the next Farm Bill, the positive trajectory of the hemp industry offers hope for continued growth and stability in the years to come.

Email: info@cannabisriskmanager.com | Phone: +415-226-4060

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