

# Nebraska Agriculture: Economic Impacts of Drought Conditions in 2006

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August 22, 2006



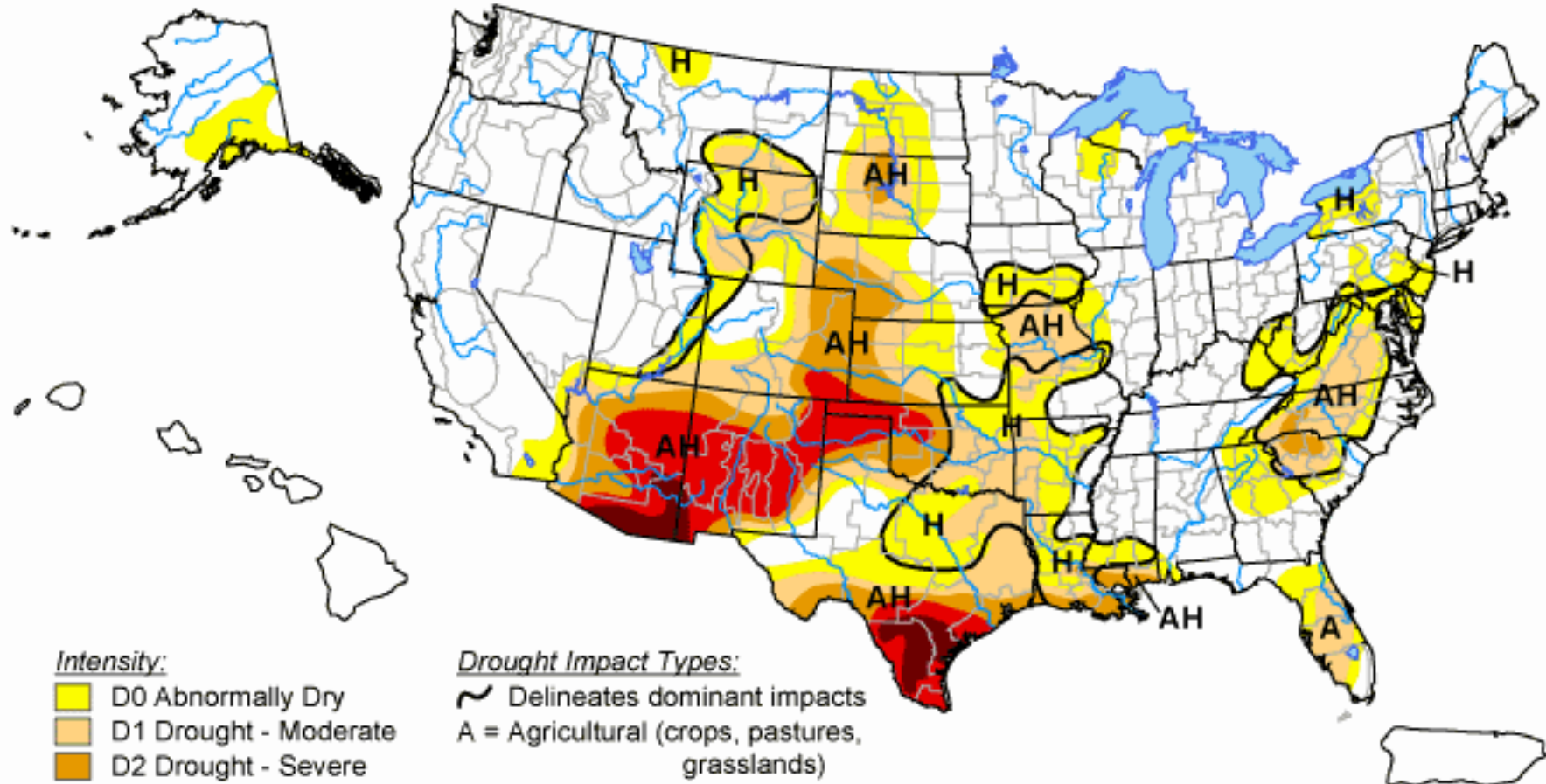
# Economic Analysis

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- Impact of Drought Conditions
    - Crop production
    - Livestock production
  
  - Impact of Policy Responses
    - Disaster assistance proposals
    - Farm program alternatives
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# U.S. Drought Monitor

May 23, 2006  
Valid 8 a.m. EDT



## Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

## Drought Impact Types:

- Delineates dominant impacts
- A = Agricultural (crops, pastures, grasslands)
- H = Hydrological (water)

*The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.*

<http://drought.unl.edu/dm>



**Released Thursday, May 25, 2006**  
**Author: David Miskus, JAWF/CPC/NCEP/NOAA**

# Crop Production Impacts

## Changes in Acres and Yields

Crop	PI Acres (1,000s)	Har Acres (1,000s)	Yield (un/ac)	Ch in. Har Acres (1,000s)	Ch in Yield (un/ac)
Wheat (bus)	1,800	1,650	33	-20.0	-8.8
Corn (bus)	8,300	7,950	153	+121.7	-0.9
Oats (bus)	140	45	39	-7.5	-25.9
Sorghum (bus)	430	300	73	-22.1	-2.2
Soybeans (bus)	4,850	4,822	45	+13.4	-1.0
Alfalfa Hay (ton)	n/a	1,300	3.4	n/a	-0.1
Other Hay (ton)	n/a	1,650	1.2	n/a	-0.1
Dry Edible Beans (lbs)	140	130	2250	-0.8	-36.0
Proso Millet (bus)	145	n/a	n/a	n/a	n/a
Sunflowers (cwt)	45	n/a	n/a	n/a	n/a
Sugarbeets (tons)	61.4	58.2	20.5	+4.3	0.0
Total	18,863.4	17,883.2	--	+89.1	--

Source: NASS

# Crop Production Impacts

## Changes in Production and Value

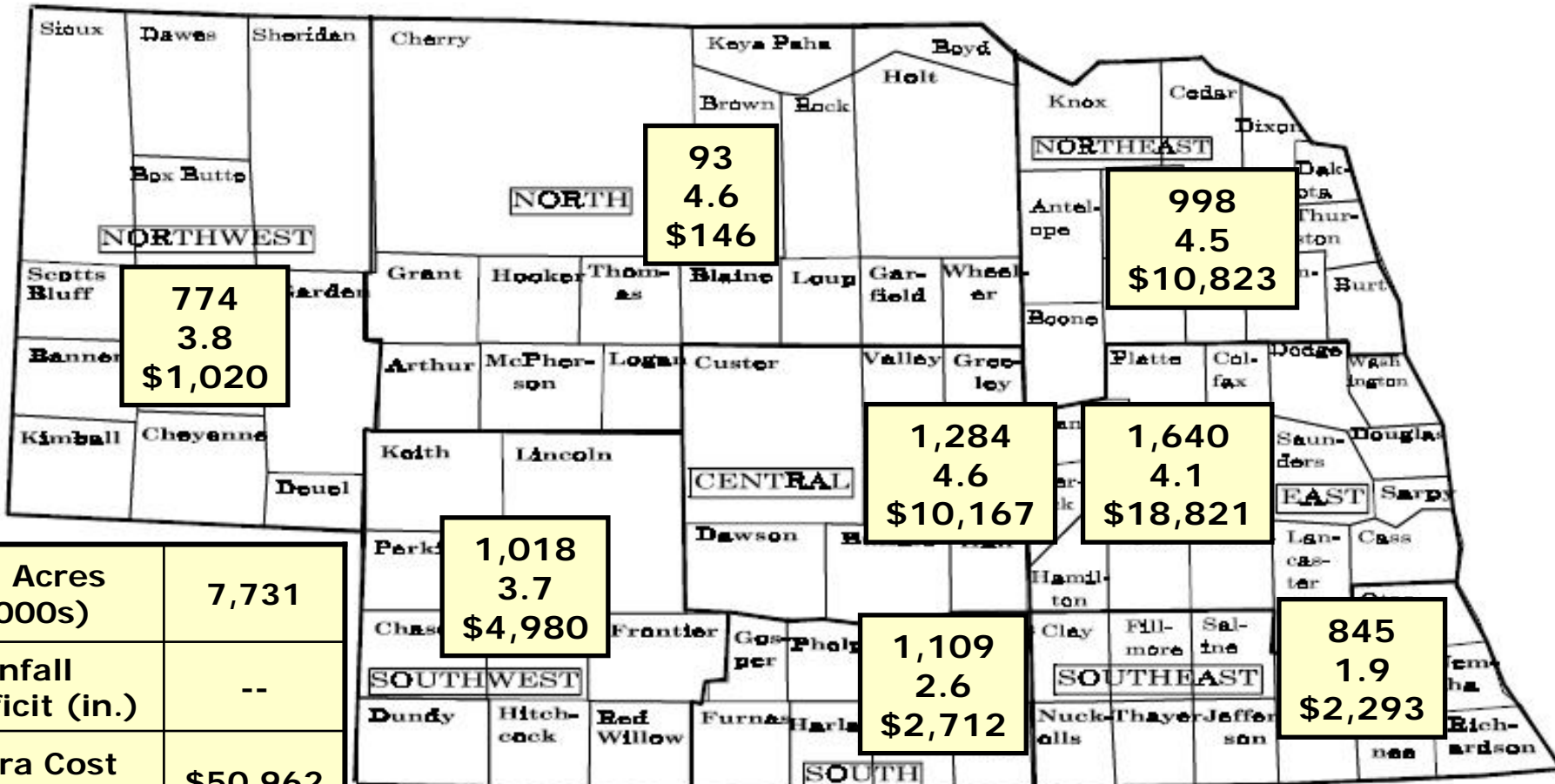
Crop	Production (1,000s)	Value (\$1,000s)	Ch in Prod (1,000s)	Ch in Value (\$1,000s)
Wheat (bus)	54,450	\$245,025	-15,388	-\$69,245
Corn (bus)	1,216,350	2,615,153	+11,538	+24,807
Oats (bus)	1,755	3,686	-1,651	-3,467
Sorghum (bus)	21,900	48,443	-2,305	-5,099
Soybeans (bus)	216,000	1,177,200	-4,113	-22,418
Alfalfa Hay (ton)	4,420	358,020	-146	-11,834
Other Hay (ton)	1,980	148,500	-180	-13,495
Dry Edible Beans (cwt)	2,925	51,480	-66	-1,163
Proso Millet (bus)	n/a	n/a	n/a	n/a
Sunflowers (cwt)	n/a	n/a	n/a	n/a
Sugarbeets (tons)	1,193	47,601	+89	+3,554
Total	--	\$4,695,107	--	-\$98,359

Source: NASS

# Irrigation Impacts

## Additional Water Applications and Costs

Nebraska Agricultural Statistics Districts

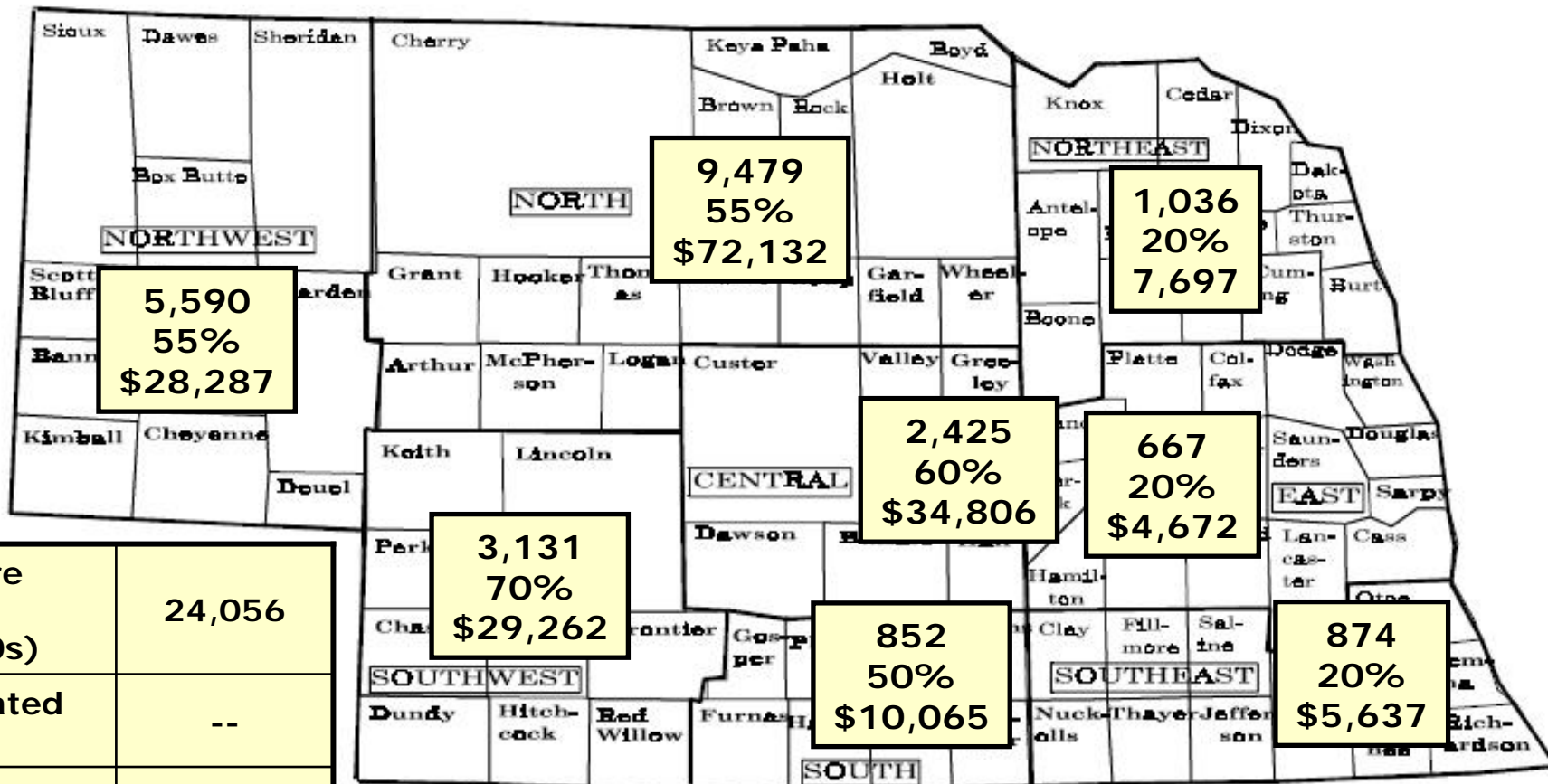


Source: UNL research by Dr. Ray Supalla

# Livestock Impacts

## Grazing Capacity Losses and Values

Nebraska Agricultural Statistics Districts



Pasture Acres (1,000s)	24,056
Estimated Loss	--
Lost Value (\$1,000s)	\$192,558

Source: NASS; local observations; and UNL research by Dr. Bruce Johnson

# Summary of Drought Impacts

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## □ Losses

- Crop losses = \$98 M
- Irrigation pumping costs = \$51 M
- Grazing losses = \$193 M
- Total losses = \$342 M

## □ Caveats

- Losses based on estimates, not final production numbers
  - Losses based on changes in production at current prices, not changes in revenue
  - Existing and proposed assistance
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# Disaster Assistance

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- Existing assistance
    - Crop insurance
    - CRP emergency haying and grazing
    - Roadside haying
  - Proposed assistance in Senate FY07 Ag Appropriations
    - Crop Disaster Assistance for 2005, not 2006
    - Livestock Assistance Program for 2005-2006
    - Economic Loss Assistance based on 2005 Direct Payments
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