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Agricultural Economics: The Year In Review

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CORNHUSKER ECONOMICS

UNIVERSITY OF
Nebraska
Lincoln

June 24, 2009

University of Nebraska–Lincoln Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
<http://www.agecon.unl.edu/Cornhuskereconomics.html>

Agricultural Economics: The Year In Review

Market Report	Yr Ago	4 Wks Ago	6/19/09
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.....	\$94.59	\$85.35	\$80.31
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	123.09	120.97	125.35
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	112.25	99.81	*
Choice Boxed Beef, 600-750 lb. Carcass.	158.20	147.03	140.00
Western Corn Belt Base Hog Price Carcass, Negotiated.	74.86	56.83	56.53
Feeder Pigs, National Direct 50 lbs, FOB.	34.30	*	31.36
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	79.24	59.70	56.26
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	117.00	*	111.00
National Carcass Lamb Cutout, FOB.	272.32	249.32	261.06
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	8.29	5.80	5.35
Corn, No. 2, Yellow Omaha, bu.	6.75	4.13	3.74
Soybeans, No. 1, Yellow Omaha, bu.	14.18	11.71	11.75
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	11.39	6.52	6.14
Oats, No. 2, Heavy Minneapolis, MN, bu.	4.09	2.49	2.06
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	195.00	*	*
Alfalfa, Large Rounds, Good Platte Valley, ton.	77.50	*	*
Grass Hay, Large Rounds, Premium Nebraska, ton.	*	*	*
Dried Distillers Grains, 10% Moisture, Nebraska Average.	180.00	147.50	130.37
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	67.75	50.87	47.45
*No Market			

Undergraduate programs continue to be a mainstay for the Department of Agricultural Economics. In an ongoing effort to match our offerings with the market demands for our graduates, we have implemented four new options in the Natural Resources and Environmental Economics major. This, combined with the options in the Agribusiness and Agricultural Economics majors allows students to customize their program to meet particular career goals. As a result of diligent efforts by faculty and staff, student enrollment for fall semester 2008 increased by 13.2 percent over the 2007 fall semester. This increase was greater than the College average.

One measure of industry support for our programs is evidenced by the increasing number of undergraduate scholarships for students in our department. This past year, the Nebraska Bankers Association (NBA) increased the number of scholarships for the Agricultural Banking and Finance students to \$40,000, with 31 scholarships being awarded. For the coming year, support from the NBA is increasing to \$65,000. Other significant scholarship support was provided by Ms. Leone Harlan for students in the Agribusiness major. In addition to funding the Neal E. Harlan Freshman Agribusiness Scholarship, Mrs. Harlan awarded the Neal and Leone Spencer Harlan Agribusiness Scholarship to six new Agricultural Economics Department freshmen students in 2008, and to 16 students in 2009. These, and all the donors who provide support for our students are greatly appreciated.

In addition to our undergraduate program, faculty members in the Agricultural Economics Department are engaged in important research areas, and in providing education and information to Nebraskans through active extension education and outreach programs. Some examples of the research work include the development of pre-season and within season irrigation management guidelines, which can be used by producers concerned with water shortages to address multi-year water supply risks. In conjunction with a group of researchers from the Water Resources Research



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Initiative, Agricultural Economics faculty are developing a project designed to examine the impact of climate change on the Great Plains, with a focus on changing water resources.

Departmental faculty members are developing a set of decision aid tools that are beneficial for livestock producers. These tools include: 1) a stochastic calf marketing tool used to help producers understand the risk and potential differences in profits associated with retaining ownership of calves to the slaughter stage; 2) a Feedcost Cow-Q-lator decision tool to allow producers to calculate the cow feeding costs; and 3) a Cow Lease Decision Aid tool to help producers in estimating equitable lease arrangements. These tools and other farm and ranch management decision aids are available on the website "The Ag Managers Tool Box." <http://westcentral.unl.edu/agecon/>

The bio-energy sector is an increasingly important sector in the Nebraska economy. Faculty in the Agricultural Economics Department have estimated the likely economic impact of future expansion of ethanol production in the United States and in Nebraska.

A high proportion of Nebraska grown crops is marketed internationally. The increase in genetically modified crops have an impact on consumer acceptance of those crops. The emergence of agricultural biotechnology and the subsequent introduction of genetically modified organisms (GMOs) into the food system have been among the most controversial issues surrounding the increasingly scrutinized agri-food system. Research by Ag Economics faculty analyzes the market and welfare effects of reduced purity standards for non-genetically modified food products. A change in purity standards is shown to create winners and losers among the consumers, as well as among the suppliers of the genetically modified and conventional products.

Significant investments are made by agribusiness companies in the development of genetic traits. Departmental faculty have conducted research focusing on agricultural biotechnology patents that analyzes the effect of various patent characteristics (e.g., patent breadth, forward and backward citations, type of ownership) on patent ownership change (through mergers and acquisitions). Through the use of experimental economics, the understanding of the factors and conditions under which patenting strategies are optimal will be developed. This will help innovators in firms and academic institutions to better safeguard their intellectual property. In addition, this type of research will be beneficial for the students involved, as this



is a relatively new research methodology in the Agricultural Economics field.

The Cornhusker Economics Management and Outlook Conferences provided timely information for managers of agricultural and agribusiness firms. The agenda for the conferences focused on the outlook for livestock, grain, land, policy and the rural economy, and also included a focused session on the new

(pending) Farm Bill and the potential impacts on commodity programs, livestock regulations, rural development programs and conservation programs.

Faculty members from the department led the coordination of a set of educational materials, publications, programs and resources, as the Farm Bill was belatedly passed in June 2008 and implemented over the following months. In addition to locally delivered educational materials, the national "2008 Farm Bill Education Conference" was coordinated by departmental faculty and delivered on July 8-9 in Kansas City.

Nebraska agricultural producers have been operating in increasingly uncertain times. Timely information on marketing strategies, analysis and the outlook for the future was presented at numerous meetings across the state of Nebraska. In addition, the *Market Journal* television program provides regular market analysis and risk management strategies.

The education, research and extension education programs identified above are some of the many ways that the faculty and staff of the Department of Agricultural Economics are at work for Nebraskans. You are invited to find additional information about the department on our website: www.agecon.unl.edu.

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