2010 – 2014 Texas Agriculture
The Economic Impact of Drought

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The 2011 Texas Drought

Unwelcome records in Texas
Driest one year drought
Hottest year (24 hr avg temp)

Previous records low rainfall – 1956 & 1918
The 2011 Texas Drought

- 3.2 million acres wildfires
- Livestock, grazing lost
- Infrastructure – fence 6,200+ mi.
Agricultural Costs of Drought

Texas produces approximately $16 Billion in Ag cash receipts annually.
(6% of the nation’s Ag cash receipts)

2011 drought losses est. $7.62 Billion
– Corn, cotton, wheat, hay $4.4 billion
– Livestock $3.2 billion
– Another $669 million in timbe

Eclipses ‘06 drought loss $3.5 Billion
Agricultural Costs of Drought

Conservative Estimate

- includes major crops only

- no fruits, vegetables, tree nuts, peanuts, and other specialty crops.

- No horticultural crops and landscapes

- No indirect impacts to financiers, suppliers and post harvest services.
<table>
<thead>
<tr>
<th>CROP</th>
<th>5 yr avg</th>
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<tbody>
<tr>
<td>Wheat</td>
<td>92.4 million</td>
</tr>
<tr>
<td>Cotton</td>
<td>9.0 million</td>
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<tr>
<td>Corn</td>
<td>119.5 million</td>
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Multi-Year Effects

Livestock 2011-2014
- 20% brood cow reduction to 4 million
- Reduced conception and calving rates

Range and Pasture
- Long-term recovery began in eastern 1/3 (I-35 east) in 2013 continued in 2014
- Western 2/3 of Tx rainfall deficit continues
- Delays rebuilding herds,
- Thousands of acres abandoned from Ag

Loss of river irrigation water for Rice
Adjustment to Drought

Recovery Takes Time

- Pasture and range recovery
- Financial: debt, higher priced replacements, lure of high heifer prices

Occurred at Time of High Prices
Adjustment to Drought

• Long Term Stocking Rates
  – Adjust stocking rates to consider drought
  – Drought risk management strategy

• Reducing Feed Lost
  – Feeding strategies to reduce waste
  – Cost risk management

• Different Crops, Varieties
  – More drought tolerant
  – Cotton and grain sorghum more tolerant
O.H. Ivie Reservoir 16% full as of 17Oct14