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Nebraska's Participation in Global Food and Agricultural Marketing

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CORNHUSKER ECONOMICS

January 11, 2006

University of Nebraska–Lincoln Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
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Nebraska's Participation in Global Food and Agricultural Marketing

| Market Report | Yr Ago | 4 Wks Ago | 1/6/06 |
|---|-----------|--------------|---------|
| <u>Livestock and Products,</u> | | | |
| <u>Weekly Average</u> | | | |
| Nebraska Slaughter Steers, 35-65% Choice, Live Weight | \$87.33 | \$91.27 | \$92.66 |
| Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb | 123.36 | 131.82 | 140.88 |
| Nebraska Feeder Steers, Med. & Large Frame 750-800 lb | 105.10 | 118.05 | 118.08 |
| Choice Boxed Beef, 600-750 lb. Carcass | 140.76 | 153.80 | 155.58 |
| Western Corn Belt Base Hog Price Carcass, Negotiated | 71.15 | 61.64 | 57.56 |
| Feeder Pigs, National Direct 45 lbs, FOB | 64.60 | 60.35 | 72.50 |
| Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean | 73.08 | 67.44 | 65.31 |
| Slaughter Lambs, Ch. & Pr., 90-160 lbs., Shorn, Midwest | 100.00 | 85.00 | 81.00 |
| National Carcass Lamb Cutout, FOB | 244.48 | 246.30 | 236.02 |
| <u>Crops,</u> | | | |
| <u>Daily Spot Prices</u> | | | |
| Wheat, No. 1, H.W. Omaha, bu | 3.39 | * | * |
| Corn, No. 2, Yellow Omaha, bu | 1.79 | 1.81 | 1.90 |
| Soybeans, No. 1, Yellow Omaha, bu | 5.34 | 5.45 | 5.73 |
| Grain Sorghum, No. 2, Yellow Columbus, cwt | 2.63 | 2.41 | 2.96 |
| Oats, No. 2, Heavy Minneapolis, MN, bu | 1.85 | 2.22 | 2.15 |
| <u>Hay</u> | | | |
| Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton | 115.00 | 117.50 | 130.00 |
| Alfalfa, Large Rounds, Good Platte Valley, ton | 62.50 | 65.00 | 65.00 |
| Grass Hay, Large Rounds, Good Northeast Nebraska, ton | 57.50 | 52.50 | 52.50 |
| * No market. | | | |

Nebraska is one of the leading agricultural producing states in the country, and the Nebraska Department of Agriculture is highly committed to ensuring that the state maintains its leadership position. Within the Department, the Division of Agricultural Promotions and Development assists agricultural producers and value-added companies in identifying target markets, coordinating trade missions and sponsoring outreach projects to market Nebraska products abroad. The Division utilizes funds available from USDA's Foreign Agricultural Service along with membership in MIATCO (Mid-America International Agri-Trade Council), USMEF (United States Meat Export Federation) and USLGE (United States Livestock Genetic Exports) who also provide financial support and expertise for the marketing of Nebraska food and agricultural products.

Over the years, the Division has developed the Chinese, Vietnamese, Japanese, Brazilian, Mexican, Cuban and many other markets for Nebraska. Through the efforts of the Division in 2005, Nebraska producers will benefit from a \$27 million contract and a \$35 million Memorandum of Understanding with Cuba.

The Division also played a vital role in the negotiations that led to the re-opening of the Japanese market for U.S. meat. The Nebraska economy gained an estimated \$150 million associated with fresh and frozen beef exports to Japan the year prior to the installment of the ban. In fact, industry analysts have estimated that, due to the cultural and taste preferences in Japan for meat cuts that are not valued in the U.S.,

Nebraska producers can earn as much as \$100 extra per head of cattle if exporting meat to Japan.

The following table lists Nebraska's top 6 agricultural importers.

| 2004 Nebraska Food and Agriculture Exports | |
|---|----------------------|
| Country | Total Value |
| Mexico | \$310,334,275 |
| Japan | \$133,228,557 |
| Canada | \$105,763,555 |
| Taiwan | \$19,801,669 |
| Indonesia | \$12,854,645 |
| Russia | \$8,222,677 |

As part of my Research Assistantship with the University of Nebraska-Lincoln, I have been granted the opportunity to work as an International Marketing Intern in the Division of Agricultural Promotions and Development. In that role I've learned that for every \$1 of agricultural exports from Nebraska, \$1.67 in economic benefits is generated to the state in the form of transportation, financing, warehousing and production. The gains from international trade are observed beyond the producer and industry sector to the whole economy.

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