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Worst Texas Drought in 44 Years Damaging Wheat Crop, Reducing Cattle Herds

By Whitney McFerron and Elizabeth Campbell - Mar 24, 2011

The worst [Texas](#) drought in 44 years is damaging the state's wheat crop and forcing ranchers to reduce cattle herds, as rising demand for U.S. food sends grain and meat prices higher.

Texas, the biggest U.S. cattle producer and second-largest winter-wheat grower, got just 4.7 inches (12 centimeters) of rain on average in the five months through February, the least for the period since 1967, State Climatologist John Nielsen-Gammon said. More than half the wheat fields and pastures were rated in poor or very poor [condition](#) on March 20.

Dry conditions [extending](#) to Oklahoma, Kansas and [Colorado](#) may cut crop yields in the U.S., the world's largest exporter, as too much moisture threatens fields in [North Dakota](#) and in [Canada](#). Wheat futures in Chicago are up 50 percent in the past year, after drought in [Russia](#) and floods in [Australia](#) hurt output and sent global food prices surging. Wholesale beef reached a record this week, and the U.S. cattle herd in January was the smallest since 1958.

"We're probably already seeing some damage, but in the next couple of weeks, we'll surely go downhill major if we don't get some rain," said David Cleavinger, who is irrigating 75 percent of his 1,000 acres (405 hectares) of wheat in Wildorado, Texas. "With the prices we're seeing, we're trying to hold on, but there's nothing that takes the place of a rainstorm."

Cleavinger, 53, has a 3,500-acre farm that includes corn and cotton.

Below-Normal Rains

Parts of Texas, [Oklahoma](#), Kansas and Colorado had less than 25 percent of normal precipitation in the past 30 days, [National Weather Service](#) data show. The region may get some help from storms beginning March 26, which may drop about a half an inch of rain, said Joel Widenor, a meteorologist at the Commodity Weather Group LLC in Bethesda, [Maryland](#).

"In a lot of places, there's very little moisture in the ground," said Nielsen-Gammon, the state climatologist who also is a professor of atmospheric sciences at [Texas A&M University](#) in [College Station](#). Low subsoil moisture "will make us very susceptible to drought this summer if we have extended patches of dry weather," he said.

Wheat prices on the [Kansas](#) City Board of Trade, which track the hard-red [winter variety](#) grown in the southern Great Plains, have surged 71 percent during the past year. Futures for May delivery closed yesterday at \$8.30 a bushel.

Prices may climb to \$10 or \$12 by August if the dry conditions persist in the southern Great Plains and if other growing areas of the world endure adverse weather the way they did last year, said Kim Anderson, an agricultural economist at Oklahoma State University in Stillwater.

Reduced Crop Yield

Crop yields in the U.S. this year may be comparable to 2007, when dry weather trimmed winter-wheat output to 41.7 bushels an acre, Anderson said. Since 2000, national yields have averaged 43.8 bushels, according to U.S. Department of Agriculture data.

The USDA estimated last month that the nation's production may fall 5.8 percent from a year earlier to 2.08 billion bushels, as dry weather spurs farmers to abandon some crops.

"Each day we don't get rain, our potential yield goes down," Anderson said. "If things turn perfect, I think we could have an average crop, but I'm talking about perfect from here on out. The odds of that are pretty slim."

Prices reached a record \$13.495 on the [Chicago](#) Board of Trade and \$13.95 in [Kansas City](#) in February 2008, when food shortages sparked riots from [Haiti](#) to [Egypt](#). Unrest this year toppled leaders in Egypt, the world's largest wheat importer, and [Tunisia](#). Chicago futures advanced to a 29-month high on Feb. 14 as countries in the Middle

East and [Africa](#) boosted stockpiles.

Cattle Outlook

Texas, Kansas, Oklahoma and Colorado [produced](#) 716.6 million bushels of wheat last year, about 32 percent of the total U.S. crop, USDA data show. Those four states had 27.35 million head of beef and dairy cattle as of Jan. 1, or 30 percent of the [total nationwide](#).

Ranchers are selling cattle to feedlots earlier than usual because there's little grass for them to eat, said Bill Hyman, the executive director of the 8,000-member Independent Cattlemen's Association of Texas, based in Lockhart. The state will have a smaller herd later this year, said Hyman, a rancher in Gonzales, Texas.

The herd "is probably overall decreasing because of the drought," Hyman said. "The number of cattle will probably continue to decrease until we see rain" and signs that there is a sufficient profit incentive to expand herds, he said.

Meat Prices

Cattle futures jumped 23 percent in the past year to \$1.1335 a pound yesterday on the Chicago Mercantile Exchange, after touching a record \$1.18 on March 9. Wholesale-beef prices are up 17 percent in the past year, touching \$1.8905 a pound on March 22, the highest since at least January 2004, when USDA began its current price-tracking method. U.S. retail-beef prices were 9.4 percent higher in February than a year earlier, the USDA said last week.

The drought "is not allowing us to increase supplies when the market's asking us to," said Brent Skaggs, a commodity broker at Price Futures Group in Amarillo, Texas. "It's been dry for a number of years. We haven't really had a wet year to be able to increase our herd size."

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