

SAN LUIS VALLEY

High commodity prices expected

By MATT HILDNER

THE PUEBLO CHIEFTAIN

MONTE VISTA — While drought conditions are expected to continue to plague the state this summer, farmers and ranchers who can withstand them will likely see high commodity prices.

James Pritchett, an agricultural economist at Colorado State University-Fort Collins, reviewed the economic impacts of the drought and discussed potential impacts during a Wednesday session of the Southern Rocky Mountain Agricultural Conference and Trade Fair.

“Farm revenues are going to hit record levels this year on the strength of higher prices,” he said. “So if you have a crop — and not everybody does — and you’re able to stay in production, you’re going to make some money.”

Pritchett and a pair of colleagues have yet to wrap up their surveys on how producers did in 2012 but based on preliminary results, he said operations with lower debt ratios would be in the best position to benefit from high prices for many commodities.

“I think it’s the highdebt folks, I think it’s the dry-land crop producers, I think it’s the cow-calf producers — those are the ones that are experiencing some of the most difficulties,” he said. His results from 2011 found the San Luis Valley had an above-average year and endured only \$4.7 million in drought-related losses. “There weren’t really reductions in irrigation yields and there wasn’t a big change in harvested acres versus planted acres,” he said.

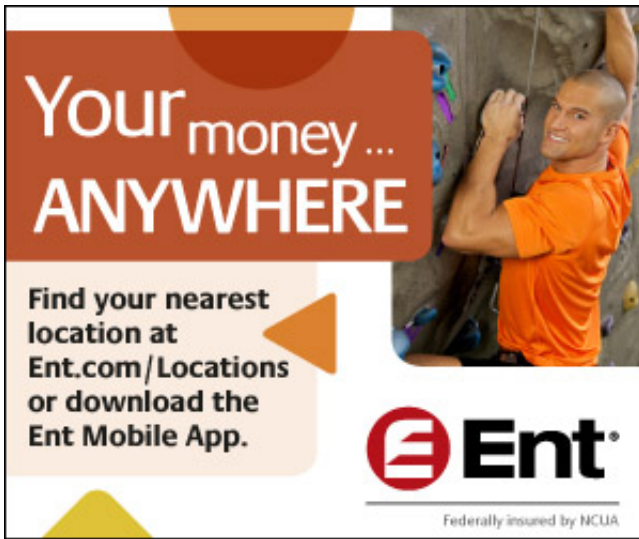
That year also saw little impact on Main Street businesses dealing with agriculture, but he thinks that will change as the drought persists.

“In 2011, I don’t think anybody saw the drought coming,” he said. “But if you expect the drought to come, you do adjust your input purchases.”

That could mean farmers and ranchers spend less on pesticides, herbicides and farm equipment.

Pritchett still is looking for farmers and ranchers to fill out the 2012 survey, which can be found online at chieftain.com.

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