

Nebraska will see all-time record farm incomes this year along with steady employment and income growth in most industries over the next two years, according to the Nebraska Business Forecast Council.

In its latest report, the council projected solid employment and income growth in the state for 2011 as a whole.

While job growth will slow in late 2011 and early 2012, it should accelerate again in the second half of 2012 and in 2013.

Farm income this year is forecast at a record \$5.4 billion, up 35 percent from 2010. It is expected to remain strong in 2012 and 2013.

“As has often been the case when comparing the national economy with Nebraska’s in recent years, (the state) will be better off,” said Eric Thompson, University of Nebraska-Lincoln economist and director of UNL’s Bureau of Business Research, which publishes the report.

“Even a mediocre U.S. economy usually meant a decent economy in Nebraska. As long as the nation stays out of a recession, the state should be all right.”

Nebraska’s total income growth, which includes both farm and non-farm income, will be strong in 2011, with moderate growth in 2012 and 2013, the report projects.

It forecasts overall non-farm employment in Nebraska growing 1.2 percent in 2012 and 1.8 percent in 2013. Meanwhile, the council is projecting jumps of 5.4 percent in non-farm personal incomes for 2011, and 3.9 percent increases for both 2012 and 2013.

The record in farm income is the result of good crop and livestock seasons, as well as long-term economic changes in Nebraska’s ag production sector, the report says.

Nebraska farms have gained from rising commodity prices, increasing cooperation of key crop and livestock sectors and producers’ state-of-the-art management skills.

High commodity prices reflect a long-term trend of growing incomes in the developing world, shifting the “terms of trade” in favor of U.S. agriculture, according to the report.

Another reason is the preference for distiller’s grain in feedlots, which has made Nebraska an attractive location for feeder cattle operations. Also, Nebraska’s large farms and flat landscapes have made it an ideal location for precision agriculture equipment and techniques.

While the state’s farm incomes will likely dip below 2011’s expected record levels in 2012 (\$4.8 billion) and 2013 (\$4.7 billion), the council projects Nebraska farm incomes to remain consistently higher than a decade ago.

Other segment-specific forecasts in the report:

- The services sector, which makes up 38 percent of Nebraska employment and includes large industries such as health care, professional and scientific jobs, and arts, recreation and entertainment businesses, will see 2.3 percent employment growth in 2011, 1.8 percent in 2012 and 2.4 percent in 2013. Those growth rates amount to between 6,000 and 9,000 new jobs per year in Nebraska.

- Nebraska’s manufacturing industry should be especially solid, given its links to agriculture, and its employment growth should outperform the nation in 2012 and 2013 as the demand for food, food products and ag machinery around the world continues to grow. Durable goods employment should rise 4.1 percent in 2011, and 2.1 percent in both 2012 and 2013.

- Financial services—including finance, insurance and real estate—will continue to recover more slowly. Housing-sector losses outweighed other improving sectors of the industry in 2010 and 2011, but in 2012 incremental improvements in housing should help spur new employment

growth. The council forecasts that financial services employment will dip 0.5 percent in 2011, but grow 0.5 percent in 2012 and 1.5 percent in 2013.

Members of the Nebraska Business Forecast Council are John Austin, Department of Economics, UNL; Chris Decker, Department of Economics, University of Nebraska at Omaha; Tom Doering, Nebraska Department of Economic Development; Ernie Goss, Department of Economics, Creighton University; Bruce Johnson, Department of Agricultural Economics, UNL; Ken Lemke, Nebraska Public Power District; Phil Baker, Nebraska Department of Labor; Franz Schwarz, Nebraska Department of Revenue; Scott Strain, Greater Omaha Chamber of Commerce; and Thompson.