

US Farmers on Verge of Giant Corn Harvest

(Associated Press, IA)

Darrel McAlexander has been farming for 43 years and he's never seen his corn crop look so good.

"This is probably the best corn crop I've raised," McAlexander said from his farm in the southwestern Iowa town of Sidney.

It's the same across the country as favorable weather has helped farmers produce what could be a huge harvest, with projections calling for 13 billion bushels. That would be just shy of the 13.04 billion bushels harvested in 2007.

The giant crop is good news for farmers and livestock producers, who should benefit from lower feed costs, but it probably won't make a big difference to the cost of groceries.

Although corn is a key ingredient in countless products, from Coke to corn flakes, most of a product's cost is tied to labor and transportation, not ingredients, said Kent Thiesse, a farm management analyst and vice president of MinnStar Bank in Lake Crystal, Minn.

"Depending on what you're looking at on the store shelf, less than 25 percent of the cost goes back to the base product," Thiesse said.

Ephraim Liebttag, senior economist with the U.S. Department of Agriculture's economics research service, agreed.

"The effect of corn changes on retail prices is pretty mild and at this point we don't see anyone [Top Of Document](#) predicting a major swing in corn prices," Liebttag said. "If there isn't a major swing there is no major impact and the effect will be pretty negligible for the consumer."

A drop in corn prices is a rare bit of good news for a pork industry that has been battered by pricey feed, a drop in demand due to the recession and unfounded concerns about their product's safety in the wake of the swine flu outbreak that has led other countries to limit imports.

"We have seen, over the past two years, production costs go way up -- 70 percent of that is corn and soybean meal, so this would most definitely help pork producers," said Dave Warner, spokesman for the National Pork Producers Council.

The expected harvest has helped drive down corn prices from about \$4.30 a bushel in early July to \$3.17 currently. That's a drop from a peak price of more than \$6.80 a bushel in mid-2008 when prices soared because of increases in ethanol production and demands by the livestock industry.

Doug Kleckner, who grows corn on his farm near St. Ansgar in northern Iowa, said the nearly \$7 corn is coming back to "haunt us."

"It was nice for the time being, but it's driven a lot of our input costs up and now reality has set in -- prices have come down but our input costs are still relatively high," said Kleckner, 61, who farms on land once owned by his grandfather.

The price decline, coupled with persistent high costs of fuel, fertilizer and equipment, isn't good news for farmers, but the huge expected yield should ensure this season remains profitable.

McAlexander, 65, said the weather deserves most of the credit.

"We've had ideal weather," he said. "We got it planted early, around the 12th of April, and we just had a decent growing season."

Lance Honig, chief of the crops branch at the National Agricultural Statistics Service, said record high yields are forecast for Iowa, Nebraska, South Dakota, Ohio, Kentucky, Pennsylvania and Georgia.

Yields range from 187 bushels per acre in Iowa to 143 bushels an acre in Georgia.

Despite the good news, farmers remain edgy because cool temperatures that have largely helped the crop also have delayed it by a few weeks. That increases dangers of an early frost.

"We're at the point where it's the biggest factor and depending on where you're at, guys are very anxious to see when the first frost occurs," Honig said. "I'm sure that's high on their list of concerns."

Average first frosts in the Corn Belt can range from as early as Sept. 20 in far northwestern Minnesota to Oct. 25 in Kentucky and the Ohio Valley region, said Harry Hillaker, the Iowa state climatologist.

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Kleckner said his crop remains a couple weeks behind schedule and an early frost could lower his yields.

"We're getting short on moisture," he said. "A rain would help. It's unbelievable how many kernels of corn are in an acre and if they're nice and plump it makes a world of difference."

But Steve Wendel, 49, who grows corn on about 2,000 acres in northern Iowa near Mason City, said although an early frost is a concern, the recent dry, warm weather has been a big help.

"Where we're at it's not going to hurt us much," Wendel said, adding that this year's corn crop is among the best he's seen in his more than 20 years of farming.

McAlexander said he anticipates his yields to be 10-15 bushels higher than last year and he expects others will see similar results. At least for him, that will translate into money in the bank.

"We're not going to have a record year, but it should be a profitable year for us," he said. 9-16-09