

## Growing interest in ethanol spurs area farmers' hopes for corn prices Looking for 3rd consecutive bountiful crop



Farms that grow corn, such as this one near Wauseon, are predicted to make 50 cents a bushel more than last year.  
( THE BLADE )

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Area farmers - blessed with good weather for planting corn before the week-long rainy spell hit - are hoping for a third straight bountiful crop, and higher prices to boot.

Farmers and grain elevator operators say corn prices are 50 to 60 cents a bushel higher than a year ago, and some predict corn will hit \$3 a bushel by year's end.

The price rise is fueled in part by the ethanol frenzy caused by companies including The Andersons Inc., of Maumee, starting plants to produce grain alcohol as automotive fuel.

"I think ethanol is helping corn prices up right now, but it's all in the speculation stage," said Roger Burtchin, who planted 130 acres of corn in Pemberville.

The higher price gives him the opportunity to sell his crop in advance, at prices between \$2.20 and \$2.40 a bushel - an advantage to farmers who don't have their own grain storage.

Bob Rahrig, general manager of Countyline Co-Op Inc., in Pemberville, said corn prices also were boosted by international demand and China's holding back on corn exports to foster its own production of meat and poultry.

His elevators paid a cash price of \$2.35 a bushel yesterday, compared with \$1.83 a year ago, and he speculated some farmers may have switched more of their acreage into corn this year to take advantage of the price boost. Soybeans, the area's other big crop, may have less acreage this year.

Several area elevators reported corn cash prices as high as \$2.48 a bushel, quite a contrast to the \$1.40 at the height of last fall's harvest.

However, many farmers benefited from a government guarantee of \$1.90 a bushel, for those who qualified for a loan-deficiency program that amounts to a subsidy for corn. Mr. Rahrig's elevator in Pemberville is adding 100,000 bushels of storage capacity this summer, and his firm's elevator in Risingsun is adding equipment to triple its truck-unloading speed.

Joe Needham, vice president of grain for The Andersons, said corn prices will be more affected by increased ethanol demand in the future than today, compounded by the anticipation of smaller crops in years to come.

Chicago Board of Trade futures for this fall hit \$2.83 a bushel yesterday, compared with about \$2.25 a year ago. The futures price for delivery at the end of 2007 topped \$3.08, versus \$2.43 a year ago for delivery in late 2006.

Tom Dierksheide, who farms 450 acres of corn out of his 950 acres on his Bradner farm, said corn rules now but other crops, such as switchgrass, may be used eventually for ethanol production.

Robert Short, division manager for the Delta facility of the Pettisville Grain Co., said how much of the higher price is from demand or speculative pressure is unclear. His firm sells hundreds of thousands of bushels of corn to an ethanol plant in South Bend, Ind.

About 15 percent of the nation's corn crop went to ethanol production last year, and about 20 percent could be used for that purpose this year, said Matt Roberts, an agricultural economist for Ohio State University in Columbus.

So far, crops this year are off to "an awfully good start," said Don Breece, farm management specialist in the Findlay office of Ohio State's Lima Extension Center. But he cautioned that costs are higher for fuel and fertilizer.

Mr. Dierksheide, the Bradner farmer, said May rains don't make corn. "You need [good weather] in July and August."

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