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Poor Crop Quality Affects Ethanol Plants, Future Grocery Prices

Corn and soybean crop conditions continue to deteriorate. The U.S. Department of Agriculture is now reporting a 13-percent drop in corn production from 2011 numbers. USDA Chief Economist Joe Glauber says they are already seeing the impact of the drought in ethanol production. (play audio :17 “very striking numbers.”)

USDA is estimating a 12-percent drop in soybean production from 2011 numbers. Predictions are that a bushel of corn will hit \$8.20, soybeans will go up 28-percent and wheat will go up 15-percent.

As prices for both corn and soybeans continue to climb, cattle producers are reducing the size of their herds, as both grains are used in livestock feed. Glauber says consumers may see a temporary drop in meat prices at the grocery store. (play audio :10 “poultry sectors.”)

Glauber says as livestock producers reduce their herd numbers now there will be fewer head shipped to packinghouses down the road. That could result in less meat in the grocery store and higher prices for what is there.

Nebraska Radio Network