

December 8, 2006

MUCH LIKE THE LOCKS, WRDA CRUMBLES

Hopes for passage of the Water Resources Development Act (WRDA) this year came to an end as the Senate and House conferees failed to pass the legislation. The effort to pass WRDA officially ended Tuesday when Senate and House conferees could not agree on compromise text. Falling victim to politics and the congressional blame game, WRDA would have authorized construction of seven 1,200 foot locks as well as extensive ecosystem restoration on the Upper Mississippi and Illinois Rivers. The legislation was postponed in October with the promise that it would be a priority upon Congress' return after the elections. The bill had significant bipartisan support in the Senate and in the House; the Senate passed the measure by voice vote and the House overwhelmingly passed its version 406-14. After working for over 15 years to modernize our waterways, this was a long-overdue bill that would have addressed the nation's failing river infrastructure. Without significant reinvestments and improvements, producers and consumers will face increases in operation and transportation costs in addition to decreasing export opportunities that will negatively impact U.S. global competitiveness. The light has not completely gone out for corn growers' drive to get a WRDA bill. Rep. James Oberstar (D-Minn.), ranking member of the House Transportation and Infrastructure Committee, has already announced plans to make WRDA a priority next year when he takes over committee chairmanship. The new Congress begins Jan. 4, 2007.

2006 TRAIT TRIAL INFORMATION POSTED ONLINE

Value-added corn hybrids offer opportunities for farmers to channel corn for specific end uses and may represent one of the best alternatives to keep corn growers competitive. Because there are many output traits that change or improve corn quality, the Missouri Corn Growers Association (MCGA) established Quality Trait Research Trials in 2001 to evaluate multiple hybrids. This year's trait trials included over 75 commercially available food grade (hard endosperm), waxy, NutriDense, and high extractable starch hybrids in multiple locations across the state. The goal of this research is to help Missouri Corn members and end users make informed decisions on stable, high yield hybrids with value-added potential. "We are encouraging growers to talk to their seed representatives now to plan next year's crop," says Gary Clark, MCGA/MCMC director of market development. "The total planted acres of corn in Missouri and across the U.S. are expected to grow two to seven percent, depending on geography. With that in mind, growers should take extra time to identify additional hybrids to add to their operation in the 2007 planting season. Utilizing MCGA's yield data from across the state provides a broad look at several good options to consider." To view the results of the 2006 research trait trials, visit <http://www.mocorn.org/TraitResearch/Trials.htm>.

ENERGY OUTLOOK HIGHLIGHTS ETHANOL GROWTH

According to the U.S. Energy Information Administration (EIA), the nation's ethanol production from January through September 2006 rolled in at 83.994 million barrels, compared to 67.682 million for the first nine months of 2005. The growth in production was due to increased demand and the phase out of the additive Methyl Tertiary Butyl Ether (MTBE). For September 2006, production was 9.992 million barrels, compared to 10.185 million in August. Stocks at the end of September were 9.727 million barrels, compared to the end of August total of 9.16 million. Looking to the future, the EIA reports that alternative fuel use, such as ethanol and biodiesel, is expected to increase substantially as a result of federal legislation and higher prices for traditional fuels. Estimates are that ethanol demand will increase to 14.6 billion gallons in 2030 from 4 billion gallons in 2005, which is about 8 percent of total gasoline consumption by volume. According to the latest report, ethanol use for gasoline blending grows to 14.4 billion gallons and E85 consumption to 200 million gallons in 2030. EIA expects domestically grown corn to be the primary input source, accounting for 13.6 billion gallons of ethanol production in 2030. Make no mistake, ethanol is here to stay.

VALUABLE CO-PRODUCT INCREASES OPPORTUNITIES FOR LIVESTOCK SECTOR

The changes, challenges and opportunities related to corn and ethanol's nutrient rich co-product, distillers dried grains (DDGs), was the topic at the seminar "Distillers Grains: Implications for the U.S. Pork Industry" in Des Moines, Iowa, Nov. 20. The event featured a wide range of information and viewpoints in order to help the pork industry move forward with DDGs. While much of the session focused on research concerning DDGs in feed rations for hogs, there were also reports on the potential economic impacts of DDGs and ethanol production on feed prices. Improving corn yields will help meet additional corn supply demands, but educational events like this are necessary to open the doors for increased communication with the livestock industry. We need to make sure that all agriculture sectors understand the new paradigm of corn-ethanol-DDGs. Today's rapidly improving production technologies are leading to new feed ingredients for livestock producers, including some that can be fed in large quantities to swine and poultry. If you would like to learn more about this topic, please contact the Missouri Corn office toll free at (800) 827-4181 for a free DDGs booklet.

GROWERS REMINDED TO PROPERLY CHANNEL MARKET CHOICES-LABELED GRAIN

As recently harvested corn goes to market, the National Corn Growers Association (NCGA) reminds growers to develop a marketing plan for grain with the Market Choices logo, which helps growers and grain handlers identify non-European Union (EU) approved corn hybrids. Traits with the Market Choices logo are fully approved for food and feed use in the United States, but may not be in some countries. As a result, these hybrids may require separation when delivered to a local elevator and prohibited from entering exported grain. Examples of a hybrid bearing the Market Choices logo are Herculex™ Rootworm, YieldGard Plus™ or AgriSure GT/CB™. These technologies all have full regulatory approvals in the United States, Japan and several other major markets, but still lack approvals for import into EU. The EU is a leading market for corn gluten feed (CGF), and a growing market for distillers dried grains (DDGs). To protect the EU feed market, many wet mills will not accept grain produced from Market Choices hybrids. Likewise, ethanol dry mills that may export DDGs to the EU may also refuse to accept this grain. Ideally, the best way to use Market Choices-labeled grain is to feed it on-farm or contract directly to a livestock feeder. Growers looking for an approved market for any hybrids bearing the Market Choices logo should contact their seed dealer, the American Seed Trade Association or the "Know Where To Go" site at www.ncga.com.

CORN CHECKOFF SUPPORTS PORK PROMOTION IN CHINA

The U.S. Meat Export Federation (USMEF) is aggressively promoting U.S. pork in China and educating Chinese foodservice and retail marketers the value of featuring U.S. pork in their operations. This work is being done in part due to the support of Missouri corn checkoff investment. The United States is the second largest exporter of pork and pork variety meat to the China market, sending more than 46,000 metric tons (mt) of product to that country through Sept. 6, worth an excess of \$60 million. In North China, USMEF recently held a seminar for new traders at Shenyang Count Western Restaurant covering many subjects, including market trends, product safety, U.S. inspection systems and selling techniques. Meanwhile, in conjunction with USMEF, Shenzhen Grand Kitchen Restaurant conducted a menu promotion featuring U.S. pork. And Northern Dalian Mycal Supermarket held a U.S. pork hotpot promotion Sept. 30 to Oct. 7 at two of its outlets, increasing U.S. pork sales from 4,000 Yuan to 10,000 Yuan per month. Through USMEF several U.S. pork advertorials were purchased at Yummy Food Magazine, which is influential within the South China foodservice community. USMEF also assisted Atlantic Western Restaurant, which in turn placed a 1-mt order for boneless U.S. pork butt, riblet and bone-in pork loin. Exporting corn through meat, Missouri Corn and USMEF are partners for progress.

NET FARM INCOME DROPS IN 2006

According to last week's report from USDA's Economic Research Service, U.S. net farm income is forecast to be \$58.9 billion in 2006, down from \$73.8 billion in 2005, but slightly above the 10-year average of \$57.2 billion. The primary reasons for the anticipated decline are a drop in the value of livestock production and direct government payments combined with an increase in the cost of purchased inputs. Net cash income is forecast to be \$66.6 billion in 2006. Family farm operator household income is expected to decline 0.9 percent in 2006, as the decrease in farm income more than offsets an increase in off-farm income. The value of crop production is projected to be up \$7.1 billion over 2005, due in part to higher projected corn prices. These higher corn prices trimmed loan deficiency payments compared to 2005 and most ad hoc and emergency payments received in 2005 were not reauthorized in 2006. Despite the income drop, USDA notes the debt-to-asset ration for 2006 will shrink to 11.4 percent as the rise in land values has exceeded farm mortgage debt. This means U.S. agriculture is in better shape financially to weather any short-term downturn.

BIG THREE AUTOMAKERS BACK ETHANOL

After meeting with President George W. Bush on a variety of auto-related issues, Daimler-Chrysler, Ford and General Motors issued a joint statement, saying, "We said that we are willing to do our part to increase the use of renewable fuels, and that we stand ready to make half our annual vehicle production E85 flexible fuel vehicles or capable of running on biodiesel by 2012." In June, the Big Three agreed collectively to increase production of renewable fuel vehicles to a total of 2 million cars and trucks by 2010. This reaffirmation of support for ethanol and renewable fuels is greatly appreciated by members in corn country.

CONSUMER PRODUCT CREATES ADDITIONAL MARKET FOR CORN

The world's first shipments of Bio-PDO, a corn-based polymer, were made on Nov. 27 from a plant in Loudon, Tenn. DuPont Tate & Lyle Bio Products, LLC, a joint venture of DuPont and UK-based Tate & Lyle, manufactured the Bio-PDO. According to the company, Bio-PDO can be used in a variety of glycol-based products ranging from anti-freeze to cosmetics to carpet fiber. Production of Bio-PDO requires 40 percent less energy and reduces can greenhouse gas emissions by 20 percent compared to petroleum-based propanediol, according to parent company DuPont. The polymer is made from corn sugar produced at a corn wet mill in Loudon.

MISSOURI STATE FAIR DIRECTOR RETIRING

After more than 23 years with the organization, Missouri State Fair Director Mel Willard is retiring effective Jan. 1, 2007. He began as an electrician in 1984 and has since served as operations manager and assistant director before being named director in 2001. The Missouri State Fair Commission is scheduled to meet this month and will proceed with the search for a new director.

TIRED OF SNOW?

If all this cold weather has you longing for sun and sand, MCGA and the National Corn Growers Association (NCGA) invite you to attend the 2007 Commodity Classic taking place March 1-3, 2007 in Tampa, Fla. Themed "Bounty on the Bay," this 11th annual Commodity Classic offers valuable educational sessions, cutting edge technological demonstrations and important networking opportunities for corn, soybean and wheat growers. Highlights of the 2007 Commodity Classic include an address by Ron Young, a prisoner of war during Operation Iraqi Freedom, and entertainment by country music star Collin Raye. Members can register online at www.commodityclassic.com. Be sure to make your reservations today!

AGRICULTURE - A JOB THAT WILL NEVER DISAPPEAR

According to CareerBuilder.com, the farmer lands a spot on the "12 Jobs That Will Never Disappear." The article says that "one of the basic human needs is food and, even though farming is increasingly consolidated, there will still be a need for someone to grow it." The farmer was listed among other professions including doctor, teacher, mortician, scientist, waste disposal manager, tax collector, barber, soldier, religious leader, law enforcement officer and construction worker.

LET YOUR FINGERS DO THE WALKING

Weather and market information is only a click away! Visit the MO Corn Web site (www.mocorn.org) to get up to the minute information and news. To receive *StalkTalk* via e-mail, or need to update your address, send a note to bgrisham@mocorn.org.