

Lush: Don't blame higher corn prices for higher food prices

Written by Gothenburg Times

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HOW IS CORN CROP USED IN 2011-12**?	
Seed	74.00 million bushels
Cereals & Other Products	200.70 million bushels
Glucose and Dextrins	300.00 million bushels
Starch	250.00 million bushels
Alcohol for beverages & manufacturing	125.00 million bushels
High fructose corn syrup	495.00 million bushels
Alcohol for fuel	5.050 billion bushels
Feed and Residual	4.550 billion bushels
Exports	1.050 billion bushels

WHAT IS TOTAL U.S. CORN SUPPLY 2011-12**?	
What is the Total U.S. Corn Supply in 2011/12**?	
Total U.S. Corn Supply (MY 2011/12)	13.500 billion bushels
Total U.S. Corn Use in MY 2011/12	12.605 billion bushels
Ending stocks (inventory on 9/30/12)	900.00 million bushels

Sources:
*USDA, ERS June 2012 Corn Food, Seed, Industrial Use-Table 31
**USDA July 11 2012 WASDE

A state corn organization is countering claims that higher corn commodity prices will lead to big jumps in food prices.

“With a drought-driven-reduced 2012 corn crop we see higher corn prices paid to farmers being blamed as the reason food prices to consumers will rise and that is wrong,” says Gale Lush, Nebraska corn farmer and chairman of the American Corn Growers Foundation.

“Only 200 million bushels or 1.5% of the 2011/12 marketing year’s 13.5 billion bushel corn supply will be utilized in the corn use category of ‘Cereals and Other Products’ according to the June 2012 reports from the U. S. Department of Agriculture’s (USDA) Economic Research Service. The farmer’s share is only 9 cents of a \$4.19 box of cereal.”

Others who are trying to make corn use for ethanol the scapegoat farmers need to remind the public, politicians and consumers that only the starch from yellow field corn is used to produce ethanol, Lush added.

“The protein, minerals, oils, all those high value feed components, still go to livestock feed just as they would have if the entire bushel of corn would have been fed to livestock,” he said. “The real added value is that with corn use for ethanol the livestock still gets the feed and the U.S. economy gets all those billions of gallons of ethanol that results in about \$1.09 per gallon cheaper gasoline prices at the pump for all U.S. motorists, or a savings in 2011 of about \$1,200 per household, according to the University of Wisconsin and Iowa State University.”

The USDA National Agricultural Statistics Service reports the retail price paid at the grocery store for an 18-ounce box of cereal, such as corn flakes in May 2012, was \$4.19, Lush said. The farmer’s share of that \$4.19 box of cereal was \$.09 or about 2%.

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“Even with stronger corn prices the farmer still only gets about 2% of the retail price paid by consumers for the relatively small amount of the U.S. corn supply that goes to cereal products,” Lush said.

Who gets \$4.10 of that \$4.19 price paid by consumers for that box of cereal? According to USDA, off farm costs including marketing, processing, wholesaling, distribution and retailing account for 80 cents of every food dollar spent in the United States.

“It's not the price of corn causing grocery prices to go up,” Lush said.