

Posted on Fri, Jun. 22, 2007

Cattlemen pinched as corn demand rises

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LUBBOCK, Texas --

Motorists might save a few cents a gallon filling their tanks with ethanol, but they could soon be paying more for a burger and a milkshake as a result.

Demand for corn to make ethanol is soaring and so are the prices, which have more than doubled in the past year. That's bad news for beef and dairy producers who depend on grain to feed their herds. Many say the cost will be passed on to consumers in the form of higher grocery bills this year.

"There's a lot of concern among cattle feeders," said Jim Gill, market director for Amarillo-based Texas Cattle Feeders Association. "It's not a moneymaking proposition right now."

Cattle feedyards like the one Kyle Williams manages in Texas, the nation's leading cattle-producing state, is one of the first stops on the road to higher beef prices.

About a quarter of the 30,000 animals at Lubbock Feeders were bought before corn prices began to soar steadily and the added cost was not factored into the price. Williams knows he'll lose money when it's time to sell.

Corn costs went from \$4 per 100 pounds last June to about \$8.50 per 100 pounds this month, Gill said. Cattle feeders are losing as much as \$100 per head because of the higher prices, he said.

By December, corn costs could push the already high beef prices consumers are paying even higher, Gill said.

The U.S. Department of Agriculture reported that the average price for choice beef in May was already the second highest on record at nearly \$4.30 per pound, just a couple of pennies under the record set in November 2003.

Cattle feeders and producers are not the only ones complaining about higher corn prices. Dairy farmers also are feeling the pinch.

"As more acres go into corn it takes out other forages," Canton dairy farmer Scott Ortiz said.

Farmers who once grew forage crops like alfalfa, milo or grain sorghum are switching to corn, so there are fewer forage crops to feed dairy cows, said John Cowan, executive director of the Texas Association of Dairymen.

Milk prices are expected to continue climbing because of higher transportation costs and the increased demand for corn.

- [Texas Cattle Feeders Association](#)
- [Texas Association of Dairymen](#)