

# An outlook of the 2013 corn market

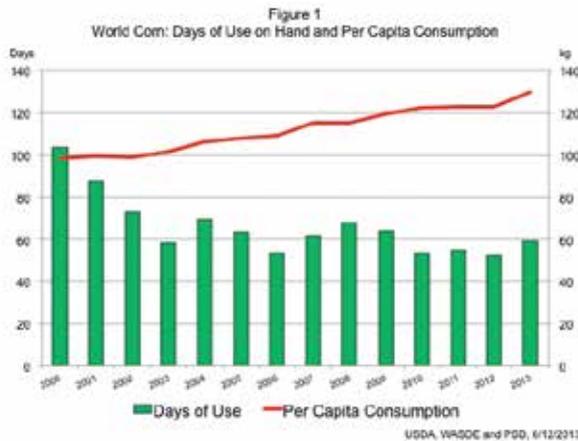
Contributed by Mark Welch, Texas A&M AgriLife Extension Economist

The world corn market can still be described as one of strong demand and tight supplies.

From 2000 to 2012, world per capita consumption of corn increased 25 percent, from 99 kilograms per person per year (218 pounds) to 123 kg (271 pounds) (see Figure 1). Much of the credit for increased demand for corn has been attributed to policies supporting the use of corn for ethanol, in place since 2007. But world corn consumption began its increasing trajectory in 2003. Rising incomes and improved standards of living around the world, especially in fast growth economies of India and China, increased the consumption of protein and dairy products and in turn the demand for feed grains. This two-fold demand base is reflected in USDA's estimates for 2013. World corn consumption is forecast to

continue to reach record levels, increasing to 130 kg per person (286 pounds).

With the drought in the U.S. Corn Belt last summer, world corn supplies fell to record lows. Measured by days on hand at the end of the marketing year, world corn stocks at the end of the 2012/2013



marketing year are estimated at a 53-day supply (Figure 1). Since 2000 the average for this measure is a 67-day supply of corn. For 2013, USDA projects world corn stocks to end the marketing year with a 59 day supply on hand.

Allowing this record-setting level of corn consumption *continued on p. 3*

From the Texas Corn Producers Board  
and the Corn Producers Association of Texas  
July 2013

# the kernel



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# CORNER Comments



**David Gibson**  
**TCPB Executive Director**  
**CPAT Exec. Vice President**

Harvest for the 2013 corn crop in Texas is underway. This is what makes Texas so unique in the corn world; we

have harvest beginning as some of the latest plantings in the Panhandle may just be emerging.

Producers in many areas of the state where Aflatoxin may be a problem can take advantage of several buying facilities that have signed up for the “One Sample Test” with the office of the Texas State Chemist.

These facilities have been certified by the office, and tests ran by the facility will count as official insurance claim samples in the event producers have aflatoxin levels above 20 PPB and will be filing a quality loss claim.

This program was instituted with the approval of the Risk Management Agency to

allow faster turnarounds on insurance claims, and making sure the corn being sold matches what is being submitted on insurance claims. I feel this is a program that is good for both the producer and the buying facility. The following is information from the website of the Office of the Texas State Chemist. You can read more and identify participating locations by visiting <http://bit.ly/11sn5NQ>.

## **Addressing Uncertainty in the Market**

At most commercial grain elevators in Texas each truckload of corn is sampled and tested for aflatoxin up to three or more times. These tests are performed to help  
*continued on p. 5*

While we all contend with issues beyond our control (i.e. weather, input costs, market fluctuations, etc.), it is disappointing that a majority of our congressmen couldn't come together to pass a well-crafted farm bill put forth by the House Ag Committee and give certainty to us as growers and to the lenders who we depend on for financing. This continued state of uncertainty makes it difficult to commit to long term capital investments.

Though the checkoff board does not work directly with the legislation, as an organization working to improve the profitability of Texas corn

farmers through research, promotion and education it's quite a disappointment to know our growers continue without security in the long term planning of their farms without the bill.

On the checkoff-front, we are working to continue research to explore ways to encourage corn profitability through variety development, management practices and disease and pest control.

TCPB directors and staff are working for Texas corn growers. If there are any matters you feel TCPB should address, please contact your local director representative or call 806.763.CORN (2676). 🌽



**Scott Averhoff**  
**TCPB Chairman**  
**Waxahachie, Texas**

## Corn market outlook, *continued*

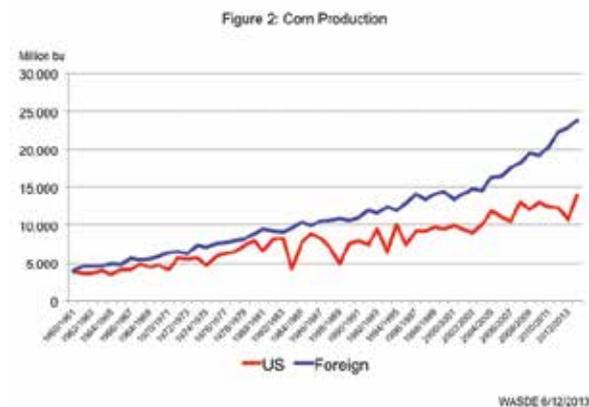
and rebound in corn stocks are expectations for a record large crop in 2013, both in the U.S. and around the world. After three consecutive seasons of lower production, early-season estimates call for a U.S. crop of about

With the wet conditions that existed over much of the Corn Belt this spring, final planted acres (and abandonment) may not be known until August. With much of the crop being planted late, yield prospects will be more vulnerable to hot, dry weather later in the summer than normal.

My price guide for 2013 is shown in Figure 3. The solid line represents the amount of corn we need to produce to keep U.S. ending stocks unchanged from

age estimate unchanged, but lowered yield from 158.0 to 156.5 bushels per acre. With that move the estimated season average farm price increased from \$4.70 to \$4.80. Factors that shift acres right or yields higher than current estimates will pressure prices lower. Likewise, the consumption line could move up or down resulting in an increase or decrease in ending stocks and change my price outlook.

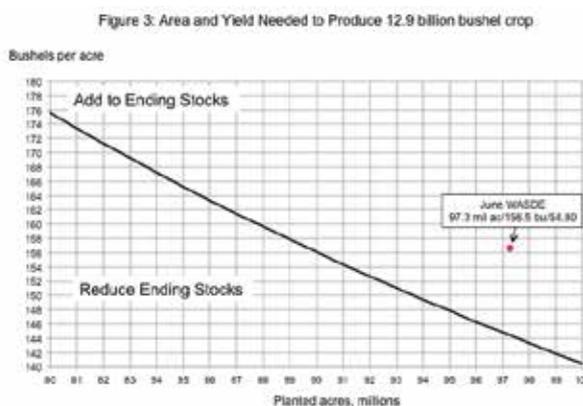
Recent price movements in the corn market confirm two important principles of economics: 1) price changes in response to a change in demand are more likely to be sustained over a long period of time and 2) price changes due to a change in supply are relatively short lived. The demand base for corn is strong, supporting prices at a new plateau. But around this new,



14 billion bushels, breaking the record of 13.1 billion bushels set in 2009 (Figure 2). Foreign corn production is expected to set a record for the fourth year in a row, 23.9 billion bushels. World corn supply and demand numbers for 2013, in billions of bushels (and change from 2012): production, 37.9 (+4.2); consumption, 36.8 (+2.8); ending stocks, 6.0 (+1.1).

In the U.S., early season estimates by USDA are for 97.3 million acres of corn to be planted, averaging a yield of 156.5 bushels per acre. U.S. ending stocks are projected to increase from 769 million bushels in 2012/13 to 1,949 million bushels in 2013/2014. An increase in ending stocks is expected to put downward pressure on prices for 2013. But a great deal of production uncertainty remains.

last year based on the most recent corn consumption estimate of 12.9 billion bushels. Based on the production and ending stock estimates from above, USDA's June season average farm price for corn was \$4.80 per bushel. A shift in acreage estimates to the left and or a shift in yield estimates down will lessen the cushion of ending stocks (the difference between the red dot and the solid line) and provide support for prices to move higher than the current projection of \$4.80, all else equal. For example, in the June World Agricultural Supply and Demand Estimates (WASDE), USDA left the planted acre-



higher price level is significant price volatility related to short crops and short term surplus. Managing that volatility may be the key to survival in this turbulent economic environment. 🌽

# THE VOICE: Association News

*A note from the President...*

Unfortunately, my prediction in the previous newsletter came true – we still don't have a five year farm bill! I will double down and make the same prediction for the next newsletter! With the House failing to pass their version of the FARRM bill, uncertainty is the word for the day... again.

Trying to again be optimistic as I pen this letter, I am pleased that the Senate passed their version of the FARRM bill, although it is somewhat lacking in support of farmers/programs in the Southern region, including corn producers. It was my hope that the House FARRM bill would be much better for Southern producers, with Chairman Frank Lucas (R-Okla.) at the helm – and the bill as passed out of the Committee on Agriculture

was indeed much better for Texas farmers.

CPAT staff and members were in D.C. the week the farm bill was debated in the House, calling on legislators for support of the farm bill. They worked very hard and were successful in helping defeat several "bad" amendments to the farm bill. Unfortunately, they even had to battle support from other farm organizations with a Midwest-slant that were supporting amendments that were harmful for Texas agriculture. CPAT staff and members have been very diligent in carrying the message to our legislators and others that CPAT does not support the policies of the National Corn Growers Association that do not favor Texas agriculture.



**Jimmy Wedel**  
**CPAT President**  
**Muleshoe, Texas**

At the end of the day, the House failed to pass the FARRM bill – where it goes from here is anyone's guess. CPAT will continue to work to get the best bill possible for Texas producers. ●

## Register now for the Corn Cob Classic

The Corn Producers Association of Texas is once again holding the Annual Corn Cob Classic golf tournament to raise efforts for the Texas CornPAC.

This year's event will be held August 17, 2013, at the Dalhart Country Club at 3139 Highway 54 West, Dalhart, Texas.

Join fellow Texas corn industry supporters on this course in the midst of Texas corn country, which features an 18-hole course 6,539 yards of golf from the

longest tees for a par of 72.

Registration for the four-man team scramble is \$300



per team through the Dalhart Country Club at 806.244.5597.

The event features cash prizes for winning teams, as well as golf drivers for the longest drives and putters for the longest putt and closest to the hole. Additionally, registration will include an evening meal.

Companies or individuals wishing to support the cause can contact the CPAT office for sponsorship opportunities.

Additional information on the Corn Cob Classic is available on the CPAT website, [www.TexasCorn.org](http://www.TexasCorn.org). ●

# Director Spotlight

David Ford of Dumas, Texas, farms land in Hartley and Moore counties with his brother, Donald, and his sons, Jeff and Kevin. Ford also has a cow/calf operation. His farm forms a legacy of four generations, which he hopes to pass on to his preschool-aged grandson who already talks about dreams of farming when he grows up.

Ford is an active director for both TCPB and CPAT, working toward keeping the corn industry strong and productive.

"I wanted to be more involved in the direction of corn production in Texas and do my part to improve things for producers," Ford said about serving on the board.

According to Ford, water conservation is among the

most important issues that currently affects Texas corn producers.

"I decided to become involved with water conservation in order to save water and be more economically efficient," Ford said.

Ford explained that advancements in the industry such as equipment manufacturers developing innovations for water conservation, and the first drought-tolerant varieties of corn being commercially introduced.

"There is a strong possibility that these new hybrids will help with conserving water and as more varieties are developed, drought-tolerant products will play an even larger



**David Ford of Dumas**

factor for the corn industry," Ford said.

Ford and his wife of more than 30 years, Vicki, have three children: Jeff; Dena, who lives with her husband John in St. Louis; and Kevin, and his wife Kylie.

## **Gibson**, continued from p. 2

elevator operators make corn purchasing decisions, help insurance representatives determine the value of the corn for insurance purposes, and help regulators control the sale and distribution of corn over 20 ppb aflatoxin.

Aflatoxin, however, is not uniformly distributed in each kernel of corn and its presence is measured in parts per billion. Consequently, each separate measurement is likely to yield different aflatoxin results that create uncertainty in the market place.

To minimize the negative market impact of multiple aflatoxin measurements, the One Sample Strategy uses approved sampling meth-

odology, validated test kits, employee training, adoption of quality control techniques, record keeping, and monitoring by competent authorities to ensure one sample of corn can represent the aflatoxin level in a truck load of corn.

### **Factors that Introduce Uncertainty**

- Inconsistent corn sampling and aflatoxin testing equipment & methods
- Multiple tests that yield varied results
- Delayed test results



## Famous farmers?

*Perhaps! Texas corn farmers featured in RFD-TV television series*

When you turn on RFD-TV this month, you may see some familiar faces.

Out on the Land host Larry Butler, Ph.D., visited Todd Kimbrell's farm in Hill County earlier this year. Kimbrell has worked closely with the USDA-Natural Resources Conservation Service over the years, and discussed his efforts in soil health and cover crops on his operation. Additionally, he visited with Butler about farm management that yields clean water for domestic use on the farm.

Kimbrell's episode will be aired on RFD-TV, which reaches more than 40 million homes, at 6 p.m. Central on July 2, and 8 p.m. Central on July 3.

host focused his discussion with Ford on how he implements a number of conservation strategies on his farm, including use of irrigation technology, efficient use of water resources and strip-tillage practices. Ford discussed how he's incorporated these practices on his operation with technical assistance through USDA-NRCS and utilizing federal programs such as EQIP for funding the efforts.

During his visit to the Panhandle, Butler also visited with the North Plains Groundwater District about its efforts to grow 200 bushels of corn with just 12-acre-inches of irrigated water. This effort is a premier example of a water district working with the region's farmers to grow profitable crops, while conserving the finite underground water resources.



*David Ford talks with Out on the Land Host Larry Butler about his conservation practices.*

This episode will be aired on RFD-TV on July 30 at 6 p.m. Central and August 1 at 8 p.m. Central.

When TCP had the opportunity to work with Butler through the Out on the Land video series, it saw the tremendous opportunity to further its education efforts on the innovative ways Texas corn farmers are advancing their farming practices and conserving resources.

Out on the Land is a weekly half-hour television series that showcases different farms, ranches and other land across the country. More information about the series is available at [www.OutOnTheLand.com](http://www.OutOnTheLand.com).

These episodes are just one way TCP works to get information into both the farmers' hands to spread word about new farming practices, while also educating consumers about Texas farmers' conservation efforts. ●



*Texas corn farmers will be featured on the RFD-TV series Out on the Land in July and August.*

Butler also made a trek up to the Texas Panhandle to visit TCP Director David Ford's farm in Dumas, Texas. The

# ODDS *AND* ENDS



## Southwest Ag Issues Summit registration

The second annual Southwest Agricultural Issues Summit will take place at the Skirvin Hilton in Oklahoma City, Okla., from Sept. 8-10, 2013.

The summit will again bring agricultural leaders from across the greater Southwest region together for a three day event to discuss key issues facing agriculture, as well as the opportunity to network with fellow agricultural influencers in the industry.

Registration for this unique event is now open. Register before July 31 to take advantage of \$325 attendee and \$125 spouse registration.



After Aug. 1, registration is still just \$375 for attendees and \$175 for spouses. Registration fees include all meals and programs.

This year's event boasts a host of notable speakers including House Ag Committee Chairman Frank Lucas, renowned futurist Jim Wiese-meyer and special entertainment of a cowboy poet.

Additionally, optional networking opportunities are

offered at an additional cost, including a golf tournament, wine tasting and poker tournament.

The summit's hotel block is at the Skirvin Hilton Oklahoma City at a special rate of \$149 per night. Reservations for this rate must be made by Aug. 9, 2013.

A complete program, further information, and online registration are available at [www.AgIssuesSummit.com](http://www.AgIssuesSummit.com).

## New Texas Tech communications intern joins TCP

Jaclyn Roberts is the new communications intern at Texas Corn Producers. She will graduate in December 2013 with a degree in agricultural communications and a minor in studies in personal finance from Texas Tech University.

On campus, Jaclyn is an active member of the Agricultural Communicators of Tomorrow and Kappa Delta Sorority, in addition to receiving numerous academic honors.

Coming from a fourth generation farming family, the Terry County native has a background in agriculture. She also has experience in the marketing field, having interned with Netafim USA.

Jaclyn will assist with all communications efforts within the Texas Corn Producers office. Her work includes print, online and social media publications along with general office duties.



# Directors

Scott Averhoff, *Ellis Co.*

Jay Beckhusen, *Milam Co.*

David Ford, *Hartley Co.*

Robert Gordon, *Dallam Co.*

Mark Howard, *Parmer Co.*

Larry Mason, *Dallam Co.*

Gary Obenhaus, *Wharton Co.*

Joe Reed, *Swisher Co.*

Charles Ring, *San Patricio Co.*

Wesley Spurlock, *Sherman Co.*

Max Swinburn, *Castro Co.*

Bart Thoreson, *Hansford Co.*

Wesley Valerius, *Cameron Co.*

Dee Vaughan, *Moore Co.*

Jimmy Wedel, *Bailey Co.*

Bruce Wetzel, *Grayson Co.*

Steve Yoder, *Dallam Co.*

# Staff

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*Executive Director*

**Stephanie Pruitt**

*Communications Director*

**Angie Martin**

*Executive Assistant*

**Kaci Bearden**

*Executive Assistant*

**Jaclyn Roberts**

*Communications Intern*

**Shelbie Reid**

*Administrative Intern*

## Thanks to our Corporate Members



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[www.TexasCorn.org](http://www.TexasCorn.org)

## Upcoming Events

**July 4, 2013**

Office Closed for Holiday

**July 12, 2013**

N. Texas Grain Crops Mtg.  
*McKinney, Texas*

**July 15-19, 2013**

NCGA Corn Congress  
*Washington, D.C.*

**July 18, 2013**

AgriLife Social Media Training  
*Austin, Texas*

**August 15, 2013**

TAWC Field Day  
*Muncy, Texas*

**August 17, 2013**

Corn Cob Classic  
*Dalhart, Texas*

**August 26-27, 2013**

TCPB & CPAT Meetings  
*Lubbock, Texas*



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4205 N. Interstate 27  
Lubbock, Texas 79403  
806.763.CORN (2676) phone  
800.647.CORN (2676) toll free  
806.762.2674 fax