

Marketplace

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Agriculture suffers from small corn crop

Before the corn fields flooded, a lot of farmers decided to forgo planting a massive amount of corn to make room for other commodities. Alisa Roth reports many agricultural businesses are in trouble.

TEXT OF STORY

RENITA JABLONSKI: Every March, the USDA asks farmers what they're planning to plant, and how much. Then in June, they go back and ask those farmers what they actually planted to give everybody from other farmers to traders an idea of what to expect at harvest time. That June report comes out today. The news is expected to be grim. And as Alisa Roth reports, it probably won't even tell the whole story.

ALISA ROTH: This spring, a lot of farmers decided to plant less corn than they had in the past. Sure, prices for the commodity were at record highs. But other crops were getting top dollar, too. Namely soybeans and wheat. And they're cheaper to grow.

So everybody was already expecting a smaller corn crop this year. Then the Corn Belt flooded.

Shawn Hackett is a financial advisor specializing in agricultural commodities. He says corn ethanol makers are obviously in trouble, but so are plenty of others:

SHAWN HACKETT: Cattle producers, hog producers, just simply can't make any money feeding their livestock with high priced corn. Chicken business, they're having a very difficult time making any money. Even companies like Archer Daniels Midland, who makes high-fructose corn syrup.

Hackett says we'll probably see some of that cost passed on to consumers. But today's data was collected in early June, before most of the flooding. So the actual corn shortage will probably be even bigger than the report predicts.

The government's re-interviewing farmers in flooded areas. That data will be released in August.

In New York, I'm Alisa Roth for Marketplace.

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A corn field is submerged in flood water near Oakville, Iowa, on June 16, 2008. (Scott Olson/Getty Images)