Written by Heather Lilienthal
Tuesday, 06 November 2012 13:45

WEST DES MOINES, IOWA – November 6, 2012 – Whether you're feeding your family or your livestock next year, you'll feel a pinch in your pocketbook. After dealing with the worst drought in 50 years, Iowa farmers found corn and soybean yields down across the board, causing crop prices to increase due to the weather's pressure.

The increase in corn prices will affect farmers' feed prices for their livestock and that will trickle down to consumers as early as January at the grocery store.

"These higher grain prices continue to put pressure on grain users, from ethanol plants to livestock farmers," explained Dave Miller, Iowa Farm Bureau Federation (IFBF) director of research and commodity services. "In the past few weeks, ethanol production is running 12 percent below last year's levels. Cattle, hog and poultry farmers are trimming back production expectations for the coming year."

These adjustments aren't causing concerns for consumers just yet. As farmers bring livestock to market sooner and at lighter weights, meat supplies are strong. Miller warns that this will change at the beginning of the year.

"Lowered production levels are expected to support beef and pork prices in 2013," said Miller. "Consumers can expect higher meat prices in the coming year as livestock farmers continue to make adjustments due to the continued strength and increases in feed costs."

Despite dry conditions throughout the growing season and reduced yields, Iowa farmers continue to lead the nation in corn production. According to Miller, the statewide corn yield is estimated to be 140 bushels per acre, down 32 bushels per acre in 2011. Iowa farmers raised 1.9 billion bushels of corn this year, accounting for nearly 18 percent of U.S. corn production.

Iowa soybean fields weathered the drought better than expected and Iowa farmers will have harvested an estimated 399 million bushels of soybeans this year, representing 14 percent of U.S. soybean production. Soybean yields were also down from last year, coming in at an estimated 35.3 bushels per acre.

The drought brought stresses not only to farmers, but to the markets, as well; tightening supply estimates and raising prices. Miller said prices for corn and soybeans are higher than a year ago, with corn prices 23 percent higher and soybean prices 20 percent higher. The U.S. Department of Agriculture (USDA) releases its monthly crop production report Nov. 9 and Miller says the mid-range of the USDA estimate of season-average prices is $7.80 for corn and $15.25 for soybeans.

-30-