



## **Industry News - AM**

### **USDA predicts corn price decline after this year as ethanol use stabilizes**

**By Rita Jane Gabbett on 2/14/2012**

USDA predicted U.S. corn prices would average \$6.70 per bushel in the 2011/12 marketing year ending Sept. 1, 2012, but remain at or below \$5.00 per bushel for the next nine years.

In a report titled "USDA Agricultural Projections to 2021" the agency forecast corn prices would average \$5.00 per bushel in 2012/13, then remain in a range between \$4.30 and \$4.65 through 2022.

The report assumes the 45-cents-per-gallon tax credit available to ethanol blenders, the 54-cents-per-gallon tariff on imported fuel ethanol and the \$1-per-gallon tax credit for blending biodiesel expired at the end of 2011 would not be reinstated.

USDA projected that while about 36 percent of total corn use will go to ethanol over the next decade, gains in corn-based ethanol will be smaller than in recent years.

The report predicted feed and residual use of corn will rise from recent low levels as meat production picks up, corn supplies rise and corn prices moderate.

Also supporting gains in feed use of corn will be a slowdown in the growth of distillers grain production, as corn-based ethanol expansion moderates, according to USDA.

To read the full report click [here](#).