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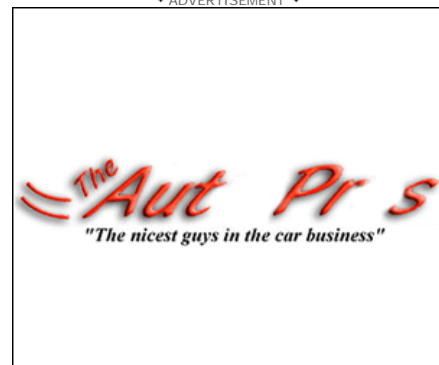
## Ethanol: When will affair end?

### Farmers excited, but stay realistic about the future

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Local farmers are breathing a little easier at the bank thanks to high corn prices, but experts say the boon may not last forever.

Ethanol production, such as what's about to start at Central Indiana Ethanol is causing the price of a bushel of corn - about 56 pounds - to skyrocket nationally. This week, local prices were above \$3.40 a bushel; a year ago at this time, it was just \$2.28.



"We've got a whole new volume of demand, which is causing the price of corn to go up, as opposed to previous years," said John Woodmansee, Purdue Cooperative Extension educator. "Supply and demand forces are going to demand how things go in the future, and I can't make any predictions about how high or how low or how much prices are going to stay the same."

"Locally, corn farmers are excited because they've got a brand-new market for their corn," he continued. "I guess the national picture tied into our local picture as well because there's been such a boon. This is an unprecedented time right now."

Central Indiana Ethanol buys its corn from farmers in about a 50-mile radius of its 2955 W. Delphi Pike plant. One of those suppliers is Swayzee-based Newhouse Farms, which works more than a thousand acres of corn and soybeans in Grant County.

Danny Newhouse said he's been delivering grain to CIE this year; previously, most of his corn went to Ceres Midland grain elevator in Swayzee.

He's as happy as any farmer would be about more money coming in, but he's a realist, too. With Central Indiana Ethanol, plus plants under construction in Blackford and Jay counties, the supply side of corn farming may not be able to keep up with demand.

"There's only so much corn to go around," he said. "The jury's still out. There's a lot of uncertainty. I hope it holds out. You can look at a lot of different scenarios; you can be pessimistic or optimistic. I hope it works out, but nobody has a crystal ball to see into the future."

Even if corn prices stay above \$3 a bushel, Newhouse still sees his profit margin shrinking. An increase in his production costs is inevitable, eating into his bottom line.

"It's going to be a short-term deal for us farmers," he said. "Everyone wants a piece of that pie. All of our inputs will also go up. We'll probably make the same amount of money in the long run; it's going to take more to make our product. All of our inputs will increase; they hardly ever go down."

To keep their fortunes high, some farmers are switching their crop rotation to put out more corn, Woodmansee said.

But if more acres of corn are produced, fewer soybeans will be available and their prices will go up, too.

"We're going to see some potential for markets to be volatile for a while until we get an evening-out of the ethanol plant capacity nationwide and in the Midwest," he said.

For buyers of corn, high prices have cost them money. Agrigor, 1626 S Joaquin Drive, makes products out of milled corn that are then used in foods.

President Steve Wickes said operation costs have gone up since corn prices have increased.

"The thing we've noticed the most is when corn is high, it takes a lot more cash to run the business," Wickes said. "Having said that, our sales have been good, so it's a good year so far."

"We've been able to weather the storm. Our customers aren't real happy about it, but they seem to be dealing with it."

Wickes said even if the ethanol industry's demand for corn goes down, farmers and companies producing corn products will have plenty of reasons to produce their wares.



"I don't think people are going to stop eating corn products," he said. "I feel pretty good the customer demand will be there. I have concerns about the long-term availability of corn in Indiana if we bring in more ethanol plants. At the rate they've been building, it's a little scary if you continue to see current trends continue."

"I think a lot of folks are wondering what all the effects are going to be from all this," Woodmansee said.

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