

New Use Market Should Be Where Producers Set Sights

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tose corn syrup market for soft drinks, and the "alternative uses" are slim.

And producers need to straighten out the situation before they go out of business.

"I've been involved in the Soybean Association for 15 years," said Boova. He told them: "Your checkoff is too low and it's gotta go up."

Before the checkoff, "we were being outspent by Malaysian palm producers by a huge margin. With our checkoff, we're still being outspent by the Malaysian palm producers."

But technology is changing the chemistry, through private industry and research, to use soybeans — and corn — in different ways.

"If you don't support (the research), it's going to either die," he said, "or it's not going to come up on the curve fast enough to keep us all going." He told them they must provide more money for investment in new uses.

"Fund that research and get new uses going, because they're out there," he said. "I feel very strongly about funding research for corn use."

Boova, a 1978 graduate of the University of Kentucky with a degree in ag economics, has learned about growing markets in the past 20 years. He

spoke about how producers will be farming in the year 2005.

"There's a lot of hysteria after the last couple of years," he said. "Myths and rumors about where we're going to be in 20 years and five years."

Marketers and futurists make use of common-sense, rational forecasting methods. They rely on "yield trends" and project, based upon world supply and demand, where the prices should be and where an industry, such as corn growing and marketing, will go.

In 1968, the trend yield for corn, on average, stood about 70 bushels per acre. In 1999, the trend yield for corn stood at 130 bushels per acre, on average.

"I don't know where we'll be in 2005, as far as the trend yield is concerned," said Boova. "We're going to be higher than 130. That's a safe statement. I'm not sure how much higher we're going to be."

For wheat and soybeans, the same holds true. The yield average for corn could stand at 134-148 bushels per acre. This will provide the world with a lot more corn.

In 1978, the Food, Seed, and Industrial (FSI) Use For Corn postings from the federal government stood at 50 million bushels.



Pat Boova, Smith Barney marketing specialist, far right, speaks to growers at the state crops conference in January. From left, Kyle Henninger, Larry Moyer, and Boova.

That was essentially seed. Now, the FSI is close to two billion bushels.

New use for corn includes sweeteners, plastics, and all

sorts of industrial items.

"If I can find a use for an extra 200 million bushels of corn, I'm going to have an impact on that stocks-to-use

ratio," he said.

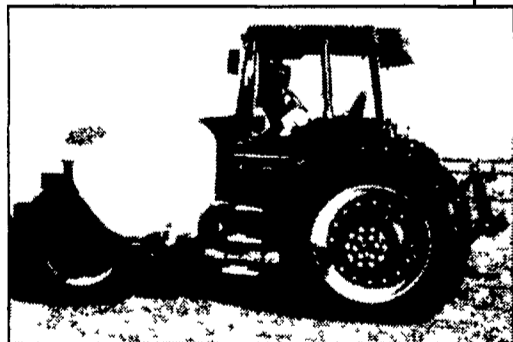
"Are we really going to change the price structure?" he asked those at the conference.

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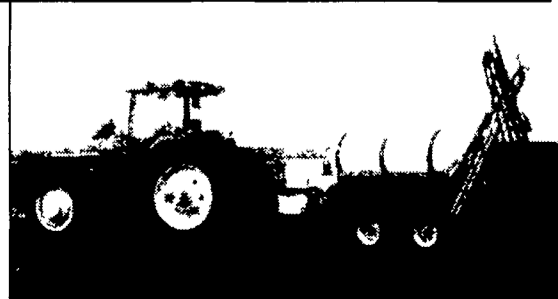
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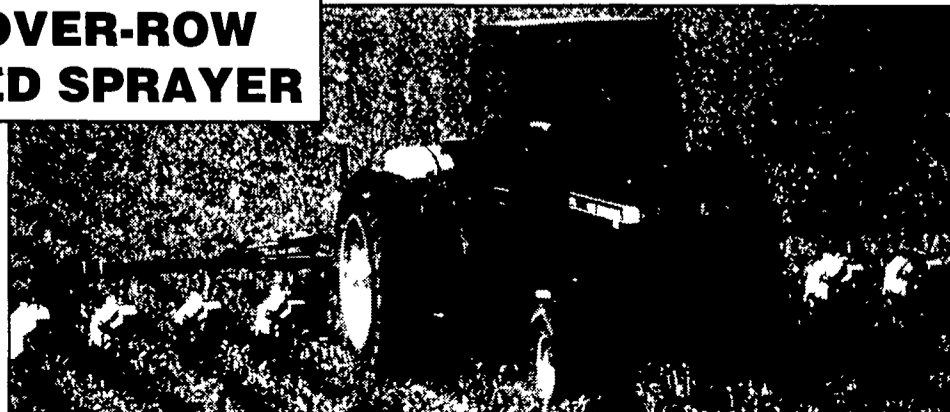
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