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Bloomberg Interview Seen by 1 Farmer¹

Hi Art,

I always have a business channel on when I do my office work. I farm so the programming they were doing was very interesting to me. The host about fell out of his chair when you said that we are putting two Iowa corn crops in our gas tanks every year. I'm sure he understands the volume of corn used for ethanol now which to him is "a Lot". I'm always amazed at the shallow, inaccurate "reporting" that goes on these cable channels. I think you helped agriculture's cause because you didn't have an ax to grind. Ethanol is constantly bashed on these networks. We definitely need leadership in this country.

*Thanks
Joe the Farmer*

Dear Joe,

I have no idea what State you live in but you must have been the only farmer in America watching the Bloomberg Business Channel. You are right. The critical details are never covered in a TV interview. It is also clear that I was the straw man for food "inflation". The viewpoint from New York is these "outrageous

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higher food prices” are caused only by higher grains prices, and higher food prices are hurting “poor” people.

I tried to make the following points:

1. We are nowhere near record wheat prices.
2. Wheat stocks to use ratio is at 33% and much higher than the 13% 2007 stocks to use ratio.
3. Even if cash wheat prices were to reach \$14, there is still only 20 cents worth of wheat in a \$3 loaf of bread.
4. Futures would have to be much higher than \$14 because of the current basis problems (this audience only follows futures prices).
5. I had to concede that higher corn prices do eventually roll over into higher meat prices.
6. My final point was that corn prices are driving wheat prices, and that we put two Iowa corn crops in our gas tanks. The host liked that one.
7. I also made the point that we can produce a lot more corn now that we have the energy market too.

For the limits of live TV, I think it was the best I can do in the limited TV time allowed. I would never have been interviewed for this program if grain prices had been low, even though wheat prices are not at a record. However, the increased returns from Goldman Sachs Commodity index fund was a good thing, but that fund depends on higher prices. Go figure.

The link to the interview is at: <http://www.bloomberg.com/video/66592848/>

I only had about 2 hours notice for the interview and I thought it was going to be a telephone interview so people would not see me. They called back and wanted me to go to Dole Hall so they could have a live TV feed (my wife had to bring me a coat and tie, purple of course). That really had the K-State TV technical people scrambling at the last minute and I appreciate their “can-do” work. I was in Manhattan so I could not see any of the charts that the host posted nor were they sent to me before the interview, even when I was asked to comment on the chart.

Grain farmers need to understand that ethanol is a market-maker and there is going to be a big fight with non-farm interests over ethanol policy. Anyone who wants more details than provided in a “10,000 foot” TV interview should attend our all day RAMII workshops in Wichita or Wyoming. Details at: <http://www.agmanager.info/events/RAM/2011/default.asp>

Thank you for taking the time to send me a note. I am happy to know one farmer saw the interview. I very much appreciate the note. But please no more “cards and letters”; I know I look old and fat on TV because I am old and fat! Spend 31 years at KSU and anyone will look old!

Art