

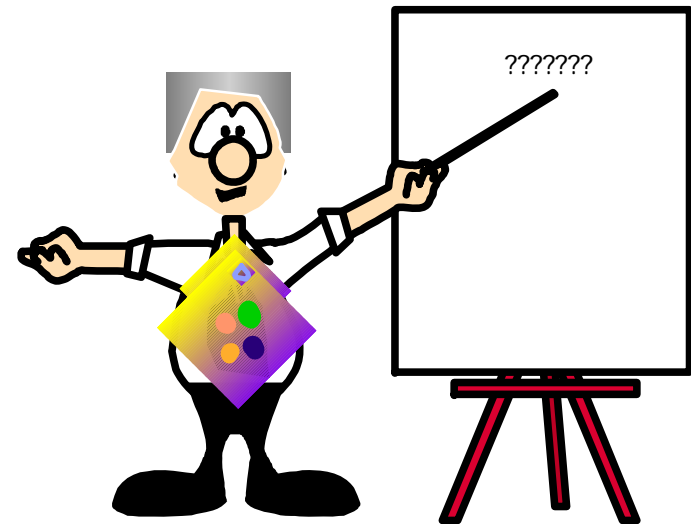
Crop and Livestock Repercussions from Biofuels

David P. Anderson
Joe L. Outlaw
Henry Bryant
James W. Richardson
David P. Ernstes
J. Marc Raulston
J. Mark Welch
George M. Knapek
Brian K. Herbst
Marc Allison



Presentation Outline

- Our Last Report
- More Questions



Our Last Report

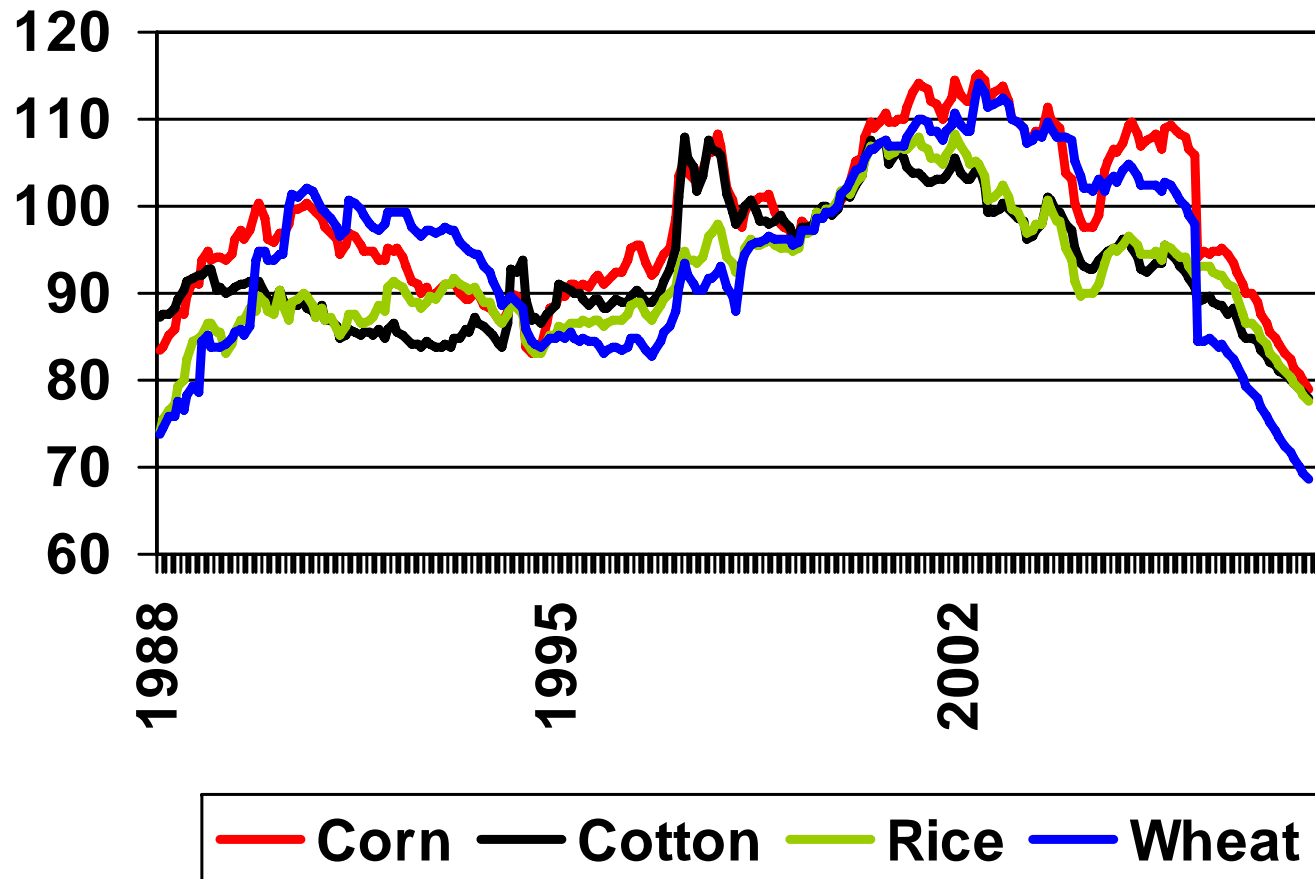
- Addressed Many Common Questions
 - Compiles research conducted over the past 3 years
 - From Texas A&M and other sources
- More Questions
 - Econ, effect of ethanol plants?
 - Changes in fuel prices?
 - Effects of the dollar?
 - Local DDGS?
 - Effect of more dairies?
 - And more we ran out of time to answer!

Exchange Rates

Exchange Rates

- Not Just Euro or Yen
- Trade Weighted Exchange Rate
 - Exchange rates weighted by countries U.S. sells to
- Much More Complex
 - Our exchange rate, but also our competitors exchange rates (other exporters)
 - Changes in policies (export bans, etc.)
 - Weights change over time
 - Income effects

U.S. Trade Weighted Exchange Rate



Ethanol Plant Economic Impact

Impact of a 100 Mil Gal Ethanol Plant

100% Imported Corn

	Direct	Indirect	Induced	Total
Output	76	39	24	140
Value Added	41	21	14	76

100% Local Corn

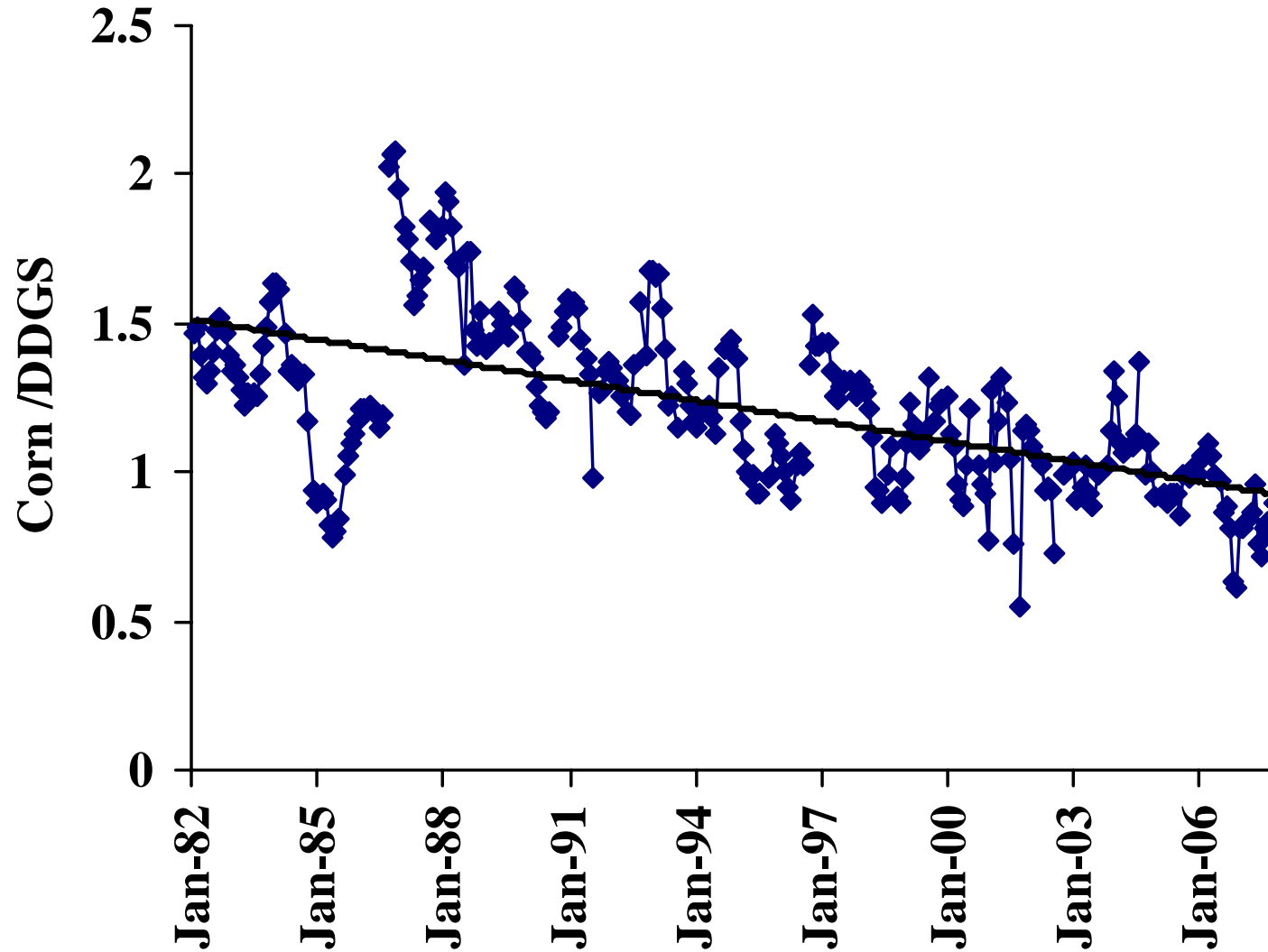
	Direct	Indirect	Induced	Total
Output	247	116	86	448
Value Added	123	56	50	230

Distiller's Grains

Local Source DDGS

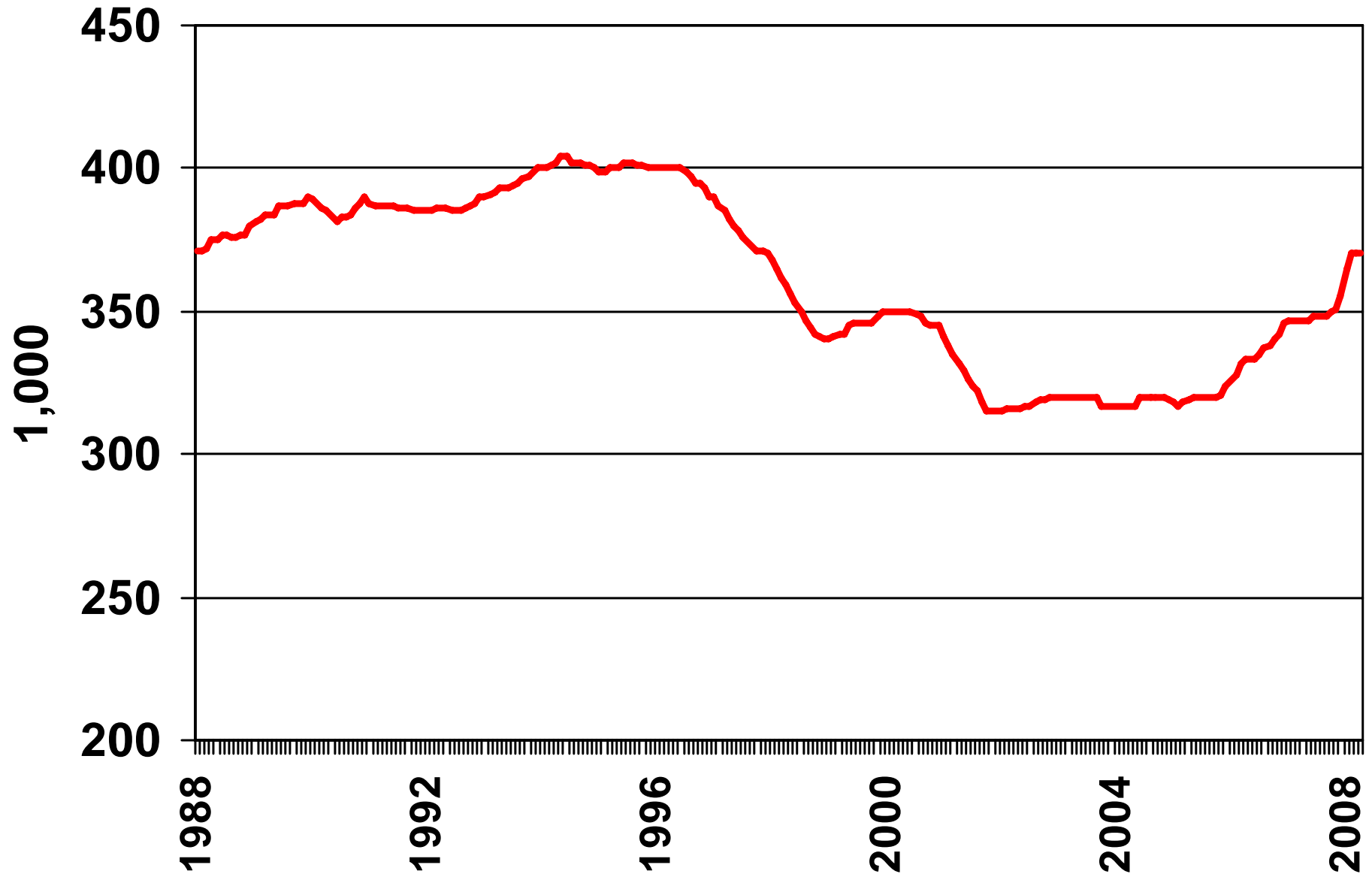
- Feed Market More Integrated With Corn
- Local DDGS, Reduced Hauling Costs
 - But, National feed market
 - Buy less corn, but feed costs high
- Reduced Costs of Gain From Feeding WDGS
 - Local sources allow more economical feeding of WDGS

Corn-DDGS Price Relationship

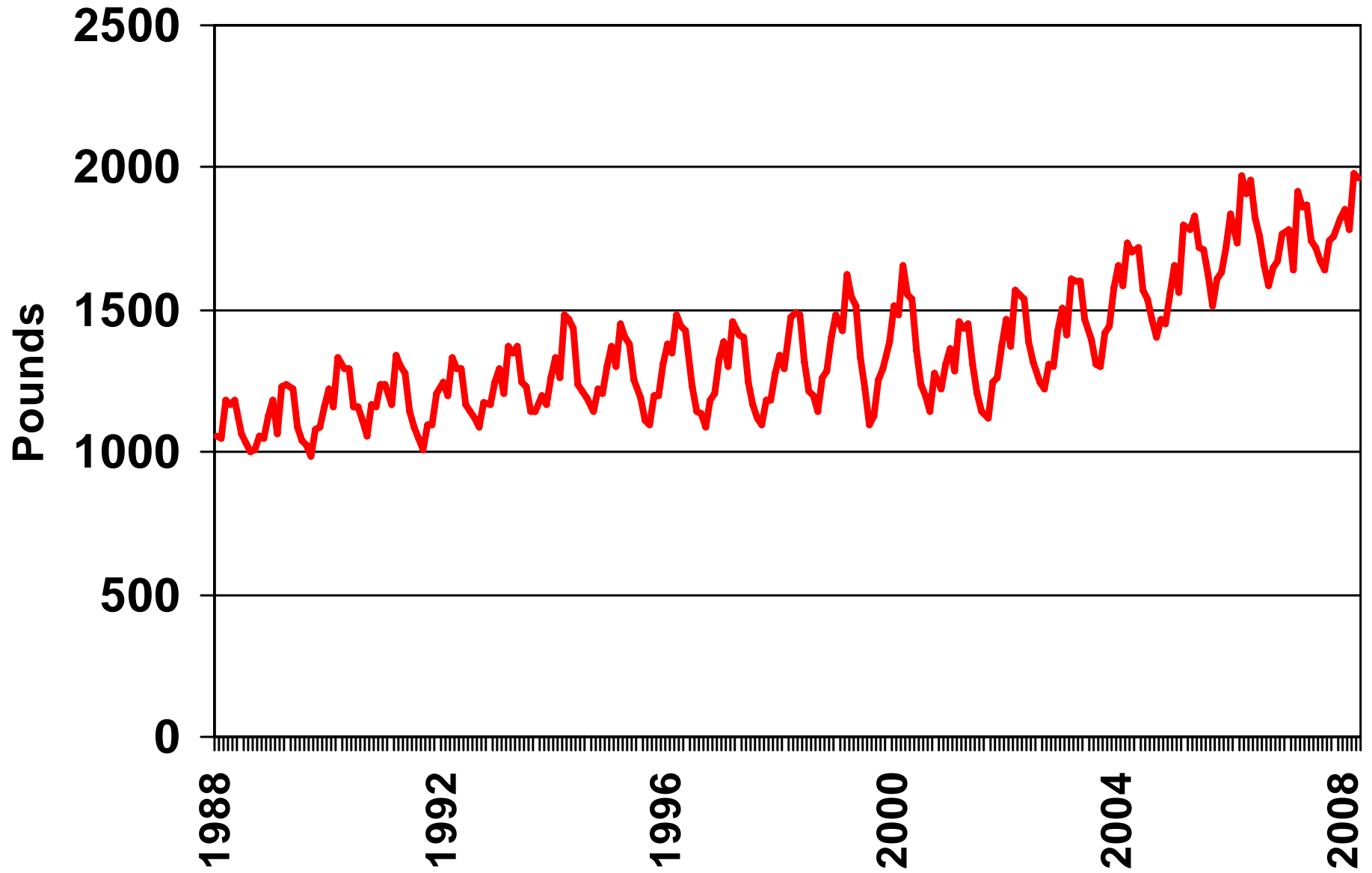


Dairy Industry Growth

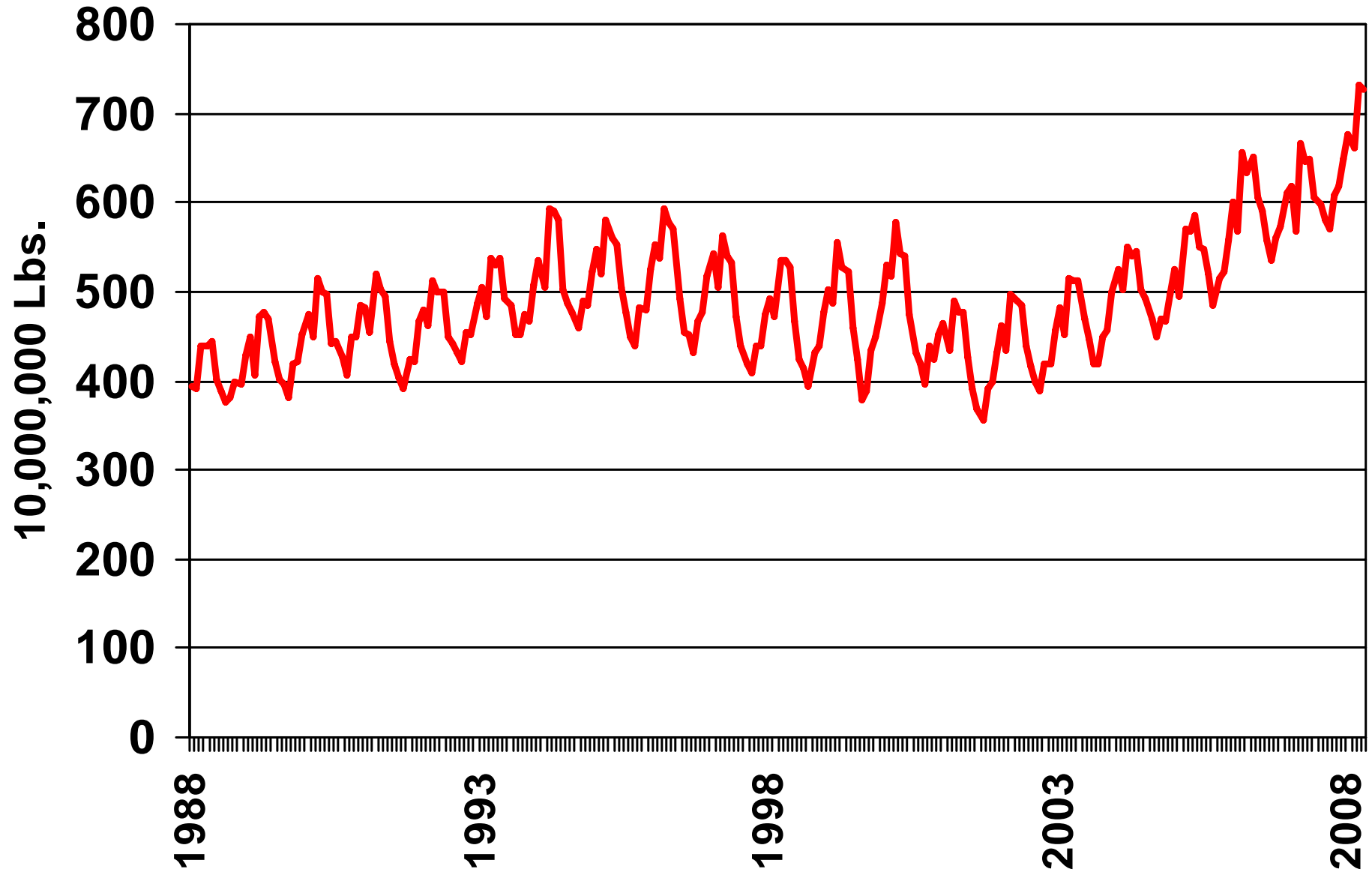
Texas Milk Cows



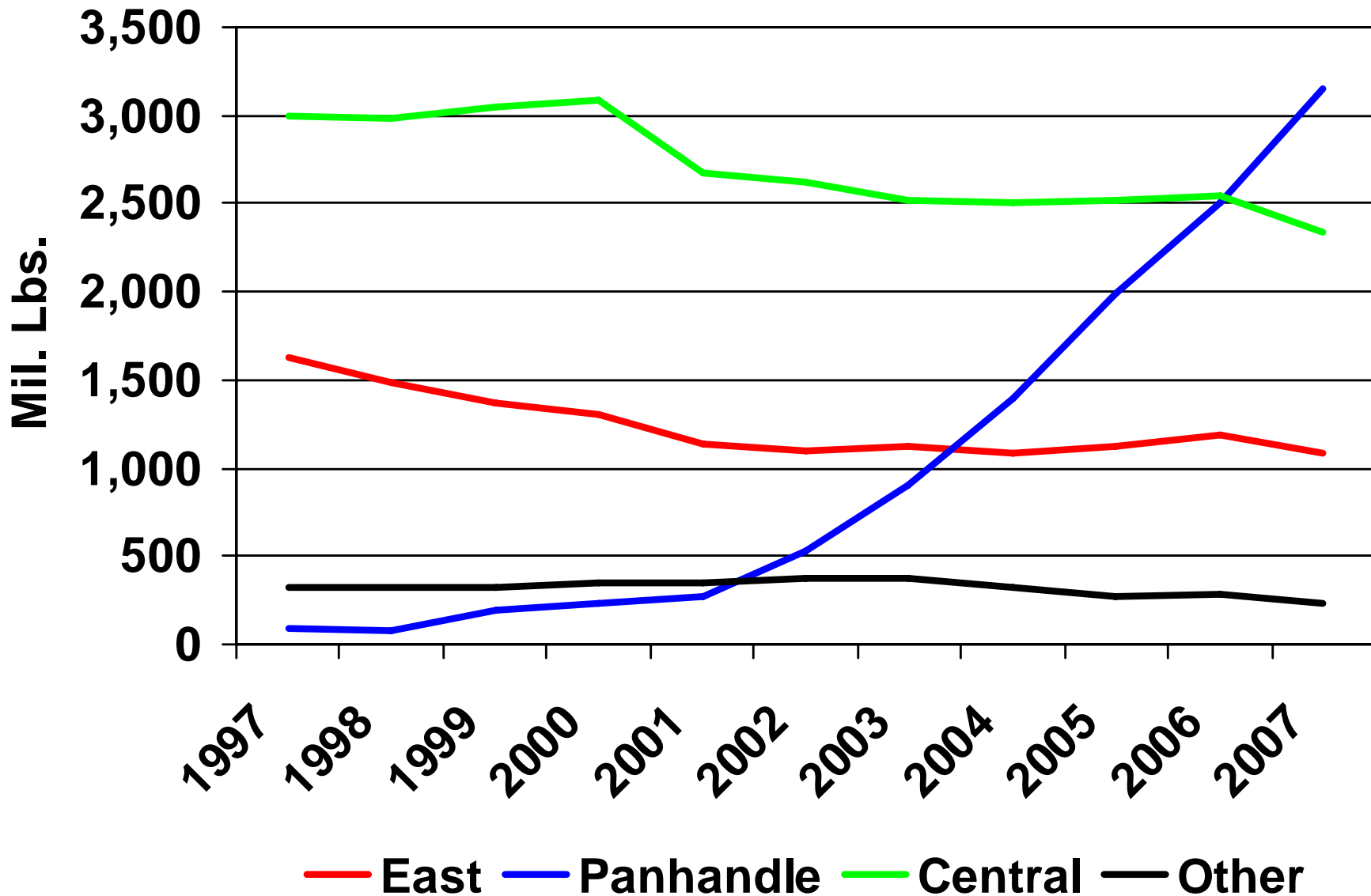
Texas Milk Per Cow



Texas Milk Production



Texas Regional Milk Production



Future Dairy Production

- Additional 150,000 Cows
 - About 40 percent more
- 21,000 Lbs Per Cow
 - 31,500,000 Cwt.
 - 40% more feed, 10% more total feed

Competitiveness

Competitiveness

- Versus What?
- Texas vs Other States?
 - Feeding, cow/calf
- Beef vs Pork vs Poultry
- U.S. vs Rest of World
- Adjustment Process

Competitiveness (cont.)

- No Real Change, To Date, in Cattle Feeding Numbers By State
 - Percent of all cattle on feed
 - Some advantage closer to by-products
- Cow/Calf
 - Further from feeding, lower prices, higher transportation costs
- Beef Is Higher Priced Meat
 - Poultry adjusts quicker, higher prices
 - Reduced beef imports, higher hamburger prices, continued cow herd culling

Competitiveness vs ROW

- As Incomes Rise, Eat More Meat
 - Production increasing in China, Brazil
 - Most beef countries reducing production
- Beef
 - Not uncommon to feed grains/concentrates
 - Different products, grainfed vs other
- What About Conversion Rates?
 - Is there an advantage in having the best conversion of feed to meat?
 - Implications for poultry, pork, beef

Summary

- A Lot More Questions, Some Answers

Questions ?

www.afpc.tamu.edu

Implied Feed Use, Dry Matter

