

NEW YORK ? A BB&T Capital Markets analyst said Monday corn rationing may be necessary this year, following a U.S. Department of Agriculture report predicting farmers would plant far fewer acres of corn in 2008.

According to the March Prospective Plantings Report, farmers intend to plant about 86 million acres of corn this year, down 8 percent from 2007, when the amount of corn planted was the highest since World War II.

Analyst Heather L. Jones said in a note to investors if the USDA estimate proves accurate, the year may produce just 200 million bushels of corn. That, she said, wouldn't be enough to meet demand, given current export and feed demand trends and higher ethanol demand. Both ethanol and animal feed are made with corn.

"That is an untenable inventory demand, in our opinion," she said. "Consequently, we believe demand must be rationed or there needs to be a big supply response from other growing regions of the world."

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