

## ● Outlook '67

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may change very little in the coming year, the total demand has only one way to go: up.

## FARM INCOME

Prospects for increased farm income are always encouraging news, but they can be misleading. First of all, they are general — talking about national farm income — lumping potatoes, beef, poultry, eggs, hogs, corn, and all other farm products. One farmer, even in diversified Lancaster County, seldom produces all farm products. Therefore, each is concerned about the income prospects of his own specialties.

Secondly, farmers in recent years are not being as easily influenced by the gross income figures. More and more, they're wondering, "How much of what I make do I keep after paying all my production costs?" Net income, that's what enables a farmer, or any other businessman, to stay in business.

So, while farmers can expect to handle more money in 1967, the experts say that increased production costs will cut into the net income — again, this refers to farmers in general. Those producing some commodities will undoubtedly enjoy higher net returns; others will find net gains reduced.

It looks from here like another year that holds promise for good income for farmers who will continue to strive for greater production efficiency, and who will continue to pay close attention to the business aspects of farming.

## DAIRY PROSPECTS

Estimates for 1967 in dairying range from "good" to "best ever". Probably the truth lies somewhere between. One thing seems certain: dairymen can look forward to 1967 prices averaging above the 1966 level, and income from milk and cream higher than this year's record \$56 billion.

The steep decline in cow numbers in the past two years is news to no one in the dairy business. The cumulative effects of prolonged drought, better price alternatives in livestock production, and more off-farm employment opportunities, have taken their toll of dairy farmers. Increased production per cow failed to offset the down trend in total milk production in 1966.

But for those who stay in dairying the prospects are bright. According to one economist, the \$4 price support level assures dairymen of higher milk prices in the first half of 1967 than in 1966, "and for all of 1967, prices likely will average higher than 1966". For the year, wholesale milk prices should average 35 to 40 cents per hundredweight over 1966.

Two factors which will combine to offset some of the dairyman's net income increase will be higher labor and feed costs.

Increased labor costs, reflected in the products he buys as well as in actual farm labor wages, will be felt most by the

larger dairyman. Those whose milk herds get by primarily on family labor will pay higher costs on the products they buy.

Based on October 1 crop estimates, which didn't change much compared with December's estimates, feed grain supplies for the first three quarters of 1967 will be about seven percent below the preceding year. Despite a slightly increased supply of high protein feeds, strong demand in 1967 will strengthen feed prices.

It is also expected that imports of dairy products will reach 2.5 billion pounds milk equivalent, before 1966 is through. This is nearly a one-billion pound increase over 1965, and that trend is expected to carry into the new year.

But everything considered, the chances for increased profits for dairymen look good for 1967.

## POULTRY OUTLOOK

More eggs and poultry are expected to be produced in 1967 with the net result of generally lower incomes for poultrymen. But, fortunately, there are some bright spots in this prediction.

## Eggs

Egg production in 1966 totaled the same as last year, but in 1967 it may show the

largest rise in more than a decade, say the experts. The combined production of all high protein foods — broilers, eggs, pork and beef — which have declined in recent months, will increase rapidly in early 1967. Consequently, prices for poultry and eggs will average below a year earlier during the first half of the coming year.

The lower prices could lead to some further pickup in exports of poultry products, offset this year by strong domestic demand. In the second half of 1967, growth in total production of animal products may slow down as the uptrend in poultry and egg production is dampened by the lower prices and higher production costs, especially feed, that will prevail if beef production declines sharply after midyear.

total per capita supplies of high protein foods may actually be smaller than a year ago in the second half of 1967. This may lead to a strengthening of poultry and egg prices later in the year.

But total egg production in 1967 may exceed this year's 182 million cases by three percent. Output during the first quarter could be up as much as five percent above a year earlier.

The buildup in pullet lay-

ing flocks, now underway, is expected to increase the rate of lay as well as total number of layers. Even if the hatch of replacement chicks were reduced sharply below a year earlier next spring, this would not begin to reverse the uptrend in egg production until the fourth quarter of 1967, say the experts.

The outlook report concludes that, if egg production expands as expected, egg prices could run below the 1966 level through 1967, adding that the difference probably would narrow as the year progressed.

## Broilers

Look for broiler output in the first six months of 1967 to be up substantially from the first half of this year. The increased production may not run as high as the 15 to 20 percent rise in broiler breeders, however. In the second half of the year, the broiler industry will probably be in a better position.

Hatcheries will probably respond to lower broiler prices by reducing chick placements for supply flocks, but this adjustment requires about seven months to take effect; it won't improve prices significantly until the latter part of 1967.

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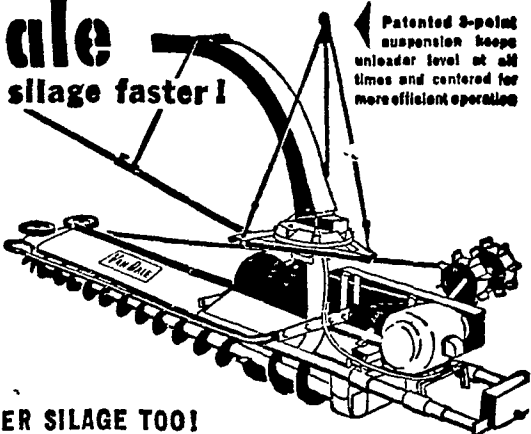
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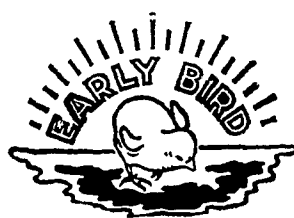
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