

ag outlook

A Good Year . . . Cash receipts to farmers during the year's first half stood 8 percent above a year earlier, highlighted mainly by higher returns from beef, pork, and cotton. Gross income for the year now is estimated over \$64½ billion. Despite some rapidly rising production costs, farmers will probably bring in a little over

\$18 billion in realized net farm income, a new record high.

Prices Received for farm marketings through June averaged almost 10 percent more than a year earlier while the volume of products marketed remained about the same. Livestock and livestock products brought in more than \$16.1 billion

by June, compared with \$14.4 billion a year earlier. The increase was due entirely to higher average prices. Almost \$1.6 billion of the \$1.7 billion total increase came from meat animals.

Cattle and Hogs . . . Up . . . Receipts for cattle and calves were up nearly \$1 billion for the first half, compared with 1971. Hogg producers' receipts were up about \$600 million as reduced supplies and continuing strong demand boosted prices 40 percent above year-earlier levels.

The Cost of Almost Everything that it takes to run a farm averaged almost 6 percent more this July than a year earlier. Expenses for production items, interest, taxes, and wages drifted upward. Only purchased feed of the major items cost less than a year earlier. Noticeable gainers during the past months have been farm machinery and building and fencing materials. At midyear they were up 6 percent and 8 percent, respectively, from a year earlier. For all of 1972, farm expenses are likely to gain around \$2½ billion, or possibly more, over the \$44 billion paid out during 1971.

Cotton Income . . . Cotton plantings are estimated 12 percent more than last year. Cotton prices so far this year have been running well ahead of 1971 levels. Receipts for January-June to producers were up \$200 million from last year. Good prices are stemming mainly from small carryovers resulting

from a short crop in 1971 and relatively firm demand.

Red Meat . . . Second half 1972 red meat production will about equal the output of a year earlier due mainly to a large beef pull-ahead. Pork production will be off from last year—veal, lamb, and mutton will continue their downtrends, which date back several years. Although expanding beef production and the seasonally larger pork supplies will bridge prices later in the year, prices of most classes of livestock will still run ahead of last year's.

Fed Cattle Marketings look record large this year. Feeders in the 23 major feeding States had 9 percent more cattle on feed July 1 in weight groups that typically make up fourth quarter sales. Fed cattle prices are expected to run well ahead of last July-December's \$33.50 per hundred pounds Choice steers at Omaha because of strong demand and a smaller pork output.

Feeder Cattle Supplies, up again at midyear, are large enough to support continued large placements. Also, this year's beef calf crop is estimated 4 percent larger than 1971's, indicating an increase in the 1973 feeder cattle supply.

Hogs . . . The hog situation during the second half will remain as tight as in 1972's first 6 months, when slaughter dipped 9 percent under the previous year and prices soared 40 percent

above. Also, operators had 7 percent fewer market hogs on June 1 and plan 5 percent less farrowings than a year earlier during June-November. So, although farrowings may rise above year earlier levels next winter, hog slaughter will trail behind year earlier levels next winter, hog slaughter will trail behind year earlier levels through mid-1973 and prices will continue strong.

Main Courses . . . During 1972's second half red meat consumption will continue to trail year earlier levels. During the first half it fell off about 1 pound per person from the 95-pound year earlier level.

Beef . . . Second half beef consumption will probably average around 59 pounds per person, up 2 pounds from a year earlier. Pork consumption will probably fall off around 3 pounds from 1971's second half, settling at around 34 pounds per person. Veal, lamb, and mutton will continue their fallback this year.

Futures Market . . . Futures trading in regulated agricultural commodities hit an alltime high during the year ended June 30. Trading in 17 commodities increased 6 percent over the year earlier, totaling 12.6 million transactions. The total was valued at an estimated \$148.0 billion, compared to 1970-71's 114.4 billion.

Futures Champs . . . Soybeans hit an alltime record in futures trading, marking up almost 4 million transactions. The volume transacted—19.8 billion bushels—was up 47 percent from the 13.4 billion traded the year before. Frozen pork bellies ranked as second most active with over 2 million transactions, up 34 percent from the year earlier. Live hogs set a new record for themselves, 366,450 transactions, up 92 percent from the year earlier. Pig value totaled almost \$2.8 billion, compared with 1970-71's almost 1.1 billion.

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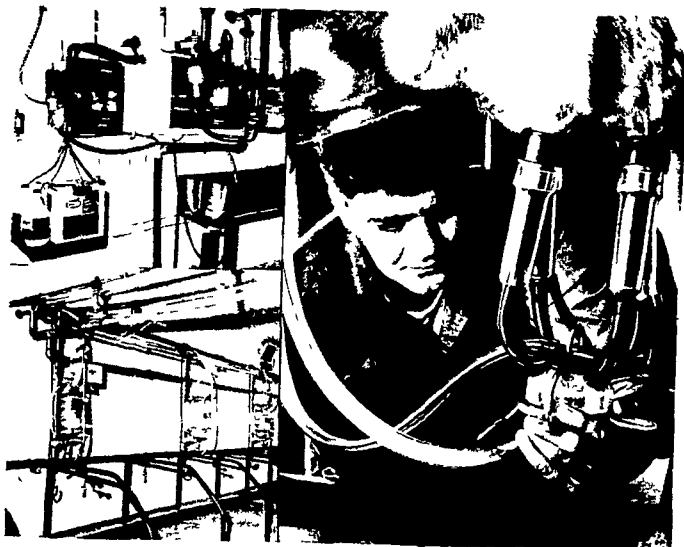
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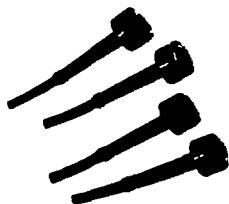
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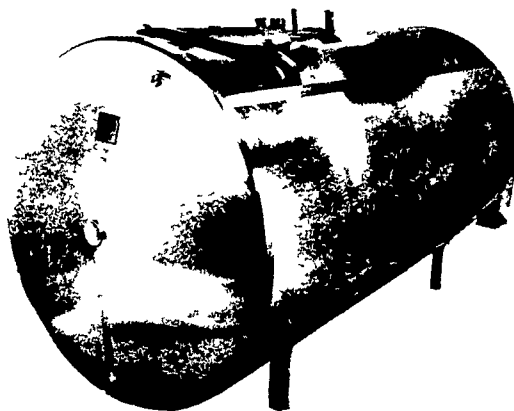
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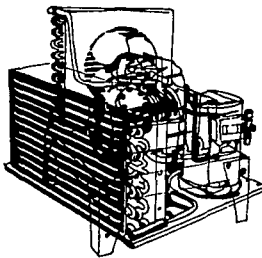
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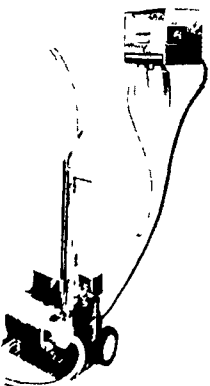
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