# ag outlook

FARM INCOME forecasters put this year's prospects at better than any other year but 1972. The value of farm marketings is slated to top the 1972 record as prices stay high and large output continues. So, despite some cutback in direct government payments, realized gross farm income may well surpass 1972's $66.4 billion.

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PRODUCTION EXPENDITURES are the fly in the ointment. They began to climb sharply in late 1972 and are rising steadily still. Experts see the total 1973 gain at least matching the $3.2 billion hike of last year when farmers paid out $47.2 billion for production goods and services. Higher production expenditures will leave 1973 realized net farm income lower than the all-time peak level of $19.2 billion set in 1972. (P.S.—Farm people made a record amount of money away from the farm, too, last year. Latest estimates put the nonfarm income of the farm population at $15.5 billion in 1972, up from $13.9 billion the year before.)

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FINANCIAL FACTS ... Financially farmers are noticeably better off this year than last and prospects favor a continuation of this situation. Farm assest values, up 9 percent on January 1 from a year earlier, will probably keep climbing with real estate values providing the biggest push. However, the farm debt-to-asset ratio will, in all likelihood, resume its uptrend (interrupted in 1972 for the first time since 1957) as debts gain faster than asset values.

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INCREASED LOAN ACTIVITY seems probable as farmers up their investments in land, machinery, equipment, and other capital improvements — and as farmers attempt to meet higher production costs (including those incurred in farming the extra acres which will likely be put into production due to changes in farm programs). Additionally, farmers who plan to pay off by May 31 any CCC loans on grains stored on farms under the program will likely need financing even if only for a short time. Most major lenders report that their loan funds are ample, however, and it's not expected that interest rates will move much above the present levels of 7½ to 8½ percent.

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COTTON CUT... Upland acreage in 1973 may total a little over 31 million, nearly a million under plantings last year, but about 2 million over the 1967-71 average. The cut reflects the smaller national base acreage allotment this year than last - 10 million versus 11½ million, respectively.

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PRODUCTION MAY DIP, TOO... The 5 percent drop in upland acreage could limit 1973 output to 12½ million bales, assuming harvested yields average out to about a bale per acre. The season total would be about 1 million bales below 1972. Still supplies for 1973-74 may gain slightly because of the 5 plus-million-bale carryover expected this summer. Carry-over in the summer of 1972 was a rather skimpy 3.4 million bales.

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EXPORT EXPECTATIONS ... After a slow start, our cotton exports have picked up and may reach 4 million bales by the end of 1972-73. Exports last year totaled about 3½ million bales. Back of the bigger shipments are larger U.S. supplies, smaller stocks in competing countries abroad, and larger use in noncommunist countries.

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DOMESTIC MILL USE SLOW... Cotton use by U.S. mills in 1972-73 may fall to the lowest level since the late 1930's. Right now the year's total is pegged at less than 8 million bales, against 8.2 million last year. Tight supplies and high prices have combined to worsen cotton's position vis-a-vis manmade fibers. Cotton's share of the fiber market slipped to about a third of the estimated 11.6 billion pounds of fibers consumed by U.S. mills in calendar 1972 down from 37 percent the year before.

WHEAT NOTES... Exports continue to dominate the 1972-73 wheat scene. Pegged to reach 1.15 billion bushels, they'll top the old mark set in 1965-66 by a third. Coupled with domestic needs, this would cut year-end stocks to around 440 million bushels, smallest since 1967. Most of this will be outside of the loan program of CCC ownership.

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WHEAT PRICES have soared four-fifths above their harvest lows. The $2.38 per bushel received by farmers in December was the highest for the month since 1947, and the season-average price is likely to hit $1.67, around a fourth over 1971-72's amount. The increase in the estimated winter wheat price is just over a fifth while spring wheat prices are expected to average nearly 30 percent higher.