Railroads Add To Cash Value Of Grains

Grain elevators on branch railroad lines will suffer the most in the crunch this fall to move grain as the transportation industry gears to meet agriculture's demand, according to the Soybean Digest, the monthly publication for American Soybean Association members.

"Grain with wheels is worth 25 cents per bushel more than grain without wheels," some grain dealers are saying now.

Phil Baumel and Bob Wisner, Iowa State University economists, say the number of elevators building up to 100-car unit train tracks is growing rapidly. But, all the equipment in the world won't be much help to the elevator that's on a branch line that can't handle the new and bigger hopper cars.

David Brown, manager of the MFA Exchange, Moberly, Mo., says, "Normally, we don't have any downtime when we can't take grain and we hope we don't this year. But, the way it looks now, we could be plugged up before we really get started."

Bob Pitts, export traffic manager at Riceland Foods, which handles about 40 percent of Arkansas' soybeans and much of its rice adds, "We'll probably work it out somehow, but availability of cars looks like a lot less than last year."

Russ Cole of the Indiana Grain and Feed Assn. says, "The big question in Indiana is what will happen to the Penn Central Railroad. Although the supply of hopper cars will be tight this fall, more cars helped to clean out elevators in July."

Dave Howard, manager of the Landmark Grain Elevator, Kenton, Ohio, says, "We're in pretty good shape on storage but railroad equipment is nil."

Illinois officials report that for the state as a whole, about 1.1 billion bushels of 1973 grain and soybeans will probably be moved. Shortages of storage in the northern and southern part of the state could cause some problems.

On the more optimistic side of the fall transportation outlook:

1. There are more new hopper cars on nearly every railroad line. Hopper car deliveries doubled year ago figures in the first quarter of this year. By July 1, railroads had 6,611 more hopper cars than a year earlier. Private firms had 9,721 more hoppers and another 5,973 were on order. But the number of regular boxcars has dropped, so total capacity is not moving up rapidly enough.

2. Barge capacity has increased. In the past year, barges handled the equivalent of 60,000 railroad cars, more grain than they did the previous year. And, they're gearing to haul more.

3. The grain movement volume will be spread over the entire year instead of just six months. Last fall railroads started out behind and never did catch up.

4. More storage space is available than ever before. On farm storage capacity should be up sharply judging from the big increase in ASCS loans. In addition, stocks of soybeans and corn were at their lowest levels in recent years in the July 1 stocks report. Much of the CCC corn has been moved in a number of areas.

5. The transportation system has more experience. A year ago no one was really ready to handle the volume sold for export.

6. Total exports may be about the same as a year ago. Although it's still too early to tell, there's some indication wheat exports may be down slightly to offset an increase in soybean exports. However, strong interest in wheat and soybeans means there's little chance exports will be lower than a year ago.

7. Better weather this fall could spread out shipments over a longer period.

For now, there is no question transportation will be tight this year, but how tight? "You tell me," David Henderson, director of marketing for the Illinois Gulf Central Railroad, replies. "Last year we had quite a lot of feedback by August as to what we could expect. This year we haven't heard much. We're getting a lot of cars out but we don't really know what we need yet. When will farmers sell? Let me know when you find out."

That, apparently, is the key to the transportation dilemma.

Supply-Demand Data Released

The first issue of "Agricultural Supply and Demand Estimates," a brief periodic report carrying the latest estimates of acreage, supply, use, and carryover of major commodities, was released on September 14, the U. S Department of Agriculture (USDA) announced.

The report is the result of a joint decision by Carroll Brunthaver, USDA's assistant secretary of international affairs and commodity programs, and Don Paarlberg, the Department's director of agricultural economics, that the public be informed as quickly as possible whenever new market-sensitive estimates are developed.

Coordination, approval, and release of the report will be handled by the Department's Outlook and Situation Board. The report will augment and update the Board's economic analyses and forecasts, as regularly published in its Outlook and Situation reports.

The first issue of the new report focused on corn, feed grains in total, wheat, soybeans and products, upland cotton, and rice consisted of tables and accompanying text to briefly analyze and explain the data. The report mainly reflected significant changes in supply and demand for these commodities due to crop production estimates the Department made September 11 in its release of the monthly report, "Crop Production." Data in the report also reflected changes in other factors affecting supply and demand prospects.

Subsequent issues of the report will be keyed to crop reports, to quarterly grain stocks reports, and to other releases which would significantly alter supply and demand prospects. Subsequent issues will also cover additional commodities as necessary,.

A copy of "Agricultural Supply and Demand Estimates" will be available free on postcard (please include zipcode) or telephone (447-4026) request from the Office of Communication, U. S. Department of Agriculture, Washington, D. C. 20250.

My Neighbors