ag outlook

SOYBEAN SUPPLIES... If the 1973 soybean outturn does reach 1,540 bushels or more, as indicated by the August crop report, supplies should be ample to meet the record anticipated 1973-74 season domestic and export demand approaching 1.5 billion bushels. This would also allow some buildup in carryover on September 1, 1974.

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PRICE STRENGTH PERSISTS. . With demand for the golden bean staying strong, prices received by farmers during 1973-74 will likely average somewhat above the record $4.35 per bushel now estimated for the 1972-73 season.

FED CATTLE MARKETINGS MAY GAIN... October-December fed cattle marketings could be a little larger than 1972's fourth quarter. The midyear inventory of steers on feed weighing 700-900 pounds and heifers in the 500-700 pound weight group were up 4 percent from a year earlier. These animals normally supply over half fourth quarter marketings.

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BUT BEEF OUTPUT MAY STILL BE DOWN... Offsetting the larger fed cattle marketings, though, will be very small nonfed steer and heifer slaughter as well as cow slaughter that may be about the same or only a little larger as a year earlier. On balance, these could lead to a small cut in October-December beef output.

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PRICE PICTURE STAYS ROSY... Early fall fed cattle prices may be higher than summer prices, following the release of beef from price ceilings in mid-September. However, as marketings rise above a year ago and pork output is seasonally larger, prices may ease some by late fall. Still, fourth quarter prices should be at least a third above 1972's October-December average of $34 per 100 pounds.

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HOG SLAUGHTER this fall is expected to be near or slightly below October-December 1972, judging from the number of market hogs on farms under 60 pounds last June 1. Prices of barrows and gilts may decline some into the fall but the average will be 50 percent above last October-December's $29 per 100 pounds. Strong consumer demand for red meats and limited supplies are serving to maintain high hog prices.

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WHAT'S HAPPENING WITH LAMBS... Lamb slaughter will continue well below a year earlier during July-December because of the 9 percent cut in the 1973 lamb crop and some probable increase in withholding of live lambs for herd replacement. Choice spring lambs were selling for $38 per 100 pounds at San Angelo in late July, about the same as late May. But second half prices should rise above that level in response to smaller supplies and a strong cattle and hog market. Lamb prices have not shared the spring-summer strength of cattle and hog markets.

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EXPORT EXCITEMENT... U.S. farm exports during fiscal 1972-73 soared to $12.9 billion, topping by nearly 60 percent the previous high of $8.05 billion set only a year earlier. The hike was about equally due to bigger sales and higher prices.

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GRAIN GAIN... Credit grains for the takeoff in our 1972-73 export values. Sales of wheat and flour and of feed grains both doubled to over $2.2 billion each. At the same time, soybeans and soybean products remained our most valuable export commodity, worth $3-plus billion in 1972-73.

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TRACKING THE TRADE BALANCE... While imports of agricultural items also swelled sharply in 1972-73... at $7.3 billion they were nearly a fifth larger than in the preceding fiscal year... the farm side of the trade ledger was the brightest spot in our balance of trade. Farmers' contribution reached an all-time high of $5.6 billion, compared with an over $9 billion deficit in our nonfarm trade. Thus, thanks to farmers, the United States wound up only $3½ billion in the red in terms of our total 1972-73 trade.

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DEVALUATION'S ROLE... Devaluation has had a dramatic impact on U. S. farm trade, increasing our comparative advantage in foreign markets despite recent world price rises. On the other hand, imports of foreign agricultural commodities have become less competitive in the United States.

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WORLD COMMODITY PRICES have gone up over the past 2½ years while the price of the U.S. dollar in most countries has gone down. For example, the price of our corn rose one-fifth between May 1971 and March 1973 in terms of U. S. dollars. But sharp dollar devaluation in Japan caused the price in yen to drop a tenth.

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