

# Lower Grain Prices Seen

(Continued from Page 1) have on prices will be offset somewhat, Blankley feels, by the fact that the country is coming out of the old crop year with a 285-million

bushel carryover, the smallest since the summer of 1948. In the export markets, U.S. growers will be facing stiff competition from their

Australian and Canadian counterparts. Export orders are way under levels of last year at this time, mostly because the bigger buyers have been waiting to see what happens to the market. The Chinese haven't placed any orders yet, and although the Russians have been reported active in Canada, they have yet to place any orders for American wheat, Blankley noted. But he did say that the Indians have been making some export commitments.

Some observers see corn prices sinking in a sea of crop after this year's harvest. Even so, Blankley feels we'll be walking a kind of tightrope from now until harvest. Last year's shortfall, caused mostly by bad weather conditions in the Midwest, left the U.S. with its lowest corn reserves since 1948.

This near term shortness in supply, and uncertainty about the new crop could cause wild swings in the price between now and harvest, Blankley said. The new crop is off to an excellent start on 66.94 million acres, some three percent more than last year. The acreage, though, will have less of an impact on the market than the expected increase in yields over last year's crippled crop.

Corn, Blankley pointed out, is not a major item in American exports, accounting for less than two percent of the nation's crop. Much of the corn in the world markets is grown in South America. Because of its nearness to Eastern port cities, some local corn is exported.

From the producers' point of view, the soybean price outlook for this year is pretty

grim. Brazilian growers should harvest what Blankley called an "astounding" number of soybeans, and they're going to be competing strongly against the Americans for export business. Competitive crops - those with high protein contents-appear to be booming this year, too. African peanut production soared 40 percent this year from last. Anchovies are again being harvested off the coast of Peru, Philippine copra is up from 1.4 million tons to 1.8 million tons, and there's a significantly greater amount of palm oil entering international trade channels.

Blankley feels this year's carryover will likely be double last year's and said that he can't see anything high-priced in soybeans for this year's crop.

As he wound up his talk, Blankley told the audience that he was dismayed by the image many people hold of the grain exporter as an ogre. "Grain exports keep people off the breadlines," he said. "About 20 percent of U.S. farm products are exported. Our balance of payments would be in lots worse shape if it weren't for exports, especially with the price of oil skyrocketing."

William Poorbaugh, president of Lancaster's Poorbaugh Grain Co., took the dais after Blankley. Poorbaugh commented on some of the broader aspects of the grain market.

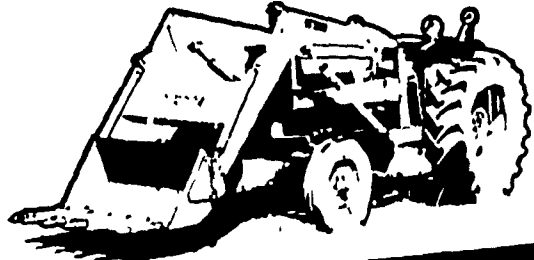
"We will certainly have enough wheat and maybe too much - if there can be such a thing as too much wheat in a world where people are going hungry," the long-time grain dealer said. "The U.S. could again find itself in the position of being a granary

for the world. If India, Russia or China have had crop years, our price picture could change tremendously."

Barring weather calamities here or abroad, Poorbaugh, like Blankley, expects to see generally lower grain prices this year. "This could be the year that the grain grower finds out what the livestock producers have been going through in the recent past," he said. "Farm income is winding down. Farmers dropped \$7 billion in purchasing power last year. This has created a real credit crunch. Farm indebtedness is up 25 percent

from last year. "Mortgaging land is like a corporation selling assets to stay afloat. We don't want low yields and poor prices. That won't solve grain dealers' problems and it certainly won't solve farmers' problems."

Pointing to the increases in energy prices, Poorbaugh said, "If gasoline prices have to go up to encourage production, then I think the same should happen to food. The world needs food. But I'm concerned that if farmers have a shortfall on prices this year, we may not be getting the food we need in the years ahead."



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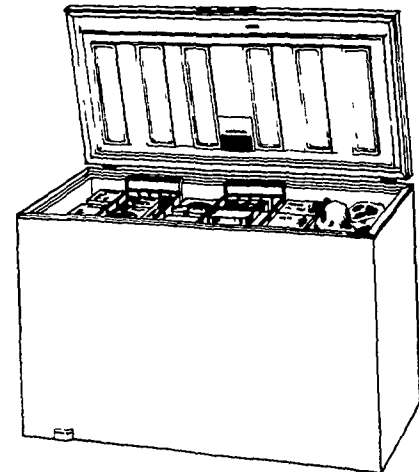
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