

# Ag outlook cautious, uncertain

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aren't going to improve in the immediate future and showed a chart to explain one of the reasons. Cattle numbers are still increasing. This year alone, there are an estimated 5.5 million more cattle on farms than there were in 1974. The rate of increase is going down, however.

Slaughter weights are down by 75 pounds according to Crowley, and any price strength in the near future will be confined to fed cattle.

"The guy getting slaughtered in the cattle market right now is the cow-calf man. In the Midwest the fellows can't hardly give calves away," Crowley concluded.

Information received at this office indicates that only hog prices are expected to remain steady during the remaining months of the year. But the hog market may get some extra pressure as larger supplies of non-fed beef cattle enter the market. Also, consumers may begin to resist the comparatively high pork prices at the supermarket. Overall, however, economists predict: "Profits for finishers and feeder pig producers currently are good and should continue good well into 1976."

Crowley's comment on bacon prices was: "If you think bacon is high now . . . wait a while." He added however, that they may have reached a ceiling. The hog to corn ratio is now pegged at 18 to 1, and hog producers are not seen as reacting to the current price stimulus. No big expansion in hog production is seen for the country as a whole, although Pennsylvania's interest in hog production is growing, according to the state's swine specialists.

The picture isn't that optimistic for farmers specializing in dairy steers, beef calves, and fed cattle. "There's little if any chance to avoid lower prices during the next 60 days," reports Commonwealth National Bank's agricultural pamphlet for September. "Fed cattle will be weaker, but the

main factor is the large supply of feeder cattle," the report continues. It points out that Western ranchers who held on to their calf crops last year will be forced to sell this fall no matter what the price might be.

Choice steers are expected to slip into the mid-\$40's at major markets during September and October. Total number of cattle slaughtered is estimated to be 10 percent above a year ago - due mostly to the heavily stocked western ranges. Beef demand is reportedly on the rise.

Red meat production in Pennsylvania during July was four percent above a year ago. Slaughter of meat animals increased for cattle and calves, but decreased for hogs, sheep and lambs, according to the Crop Reporting Service.

Cattle slaughter increased 29 percent, calves 79 percent, while hog slaughter decreased 17 percent, and sheep and lambs were 25 percent below July a year ago.

## Turkeys

Turkey prices this Thanksgiving are likely to be on the high side. Frozen stocks of gobblers are down by 29 percent from a year ago and there are only four percent more eggs in the incubators to make up for the shortage. If supply and demand holds true here, there should be a few opportunities for profit in the turkey business for 1975.

James Via from the University of Maryland said that intentions among the 20 leading turkey producing states indicate a six percent cutback. "Records show it will be down even more than that," Via observed. The poultry specialist predicts prices to average 59 to 60 cents per pound for the third quarter of this year, and 62 to 63 cents for the remainder. The strong trend is expected to continue through the early part of 1976 as well. Lower feed prices combined with higher broiler and turkey prices caused the feed-price ratios to rise to their highest

levels since August 1973 for broilers and December 1973 for turkeys.

## Poultry

"We can't really talk about broilers and eggs without mentioning beef because demand, supply, and price are inter-effective," James Via, from the University of Maryland said. He claims broilers are in a more favorable position this year because: 1. feed costs have dropped off somewhat and price increases are allowing for more profit. "We're in a favorable position this year due to a cutback in pork and relatively high beef prices," he explained.

"We're not ready for all out production," the specialist noted, "but they have set the stage for it." Via says there's too much uncertainty yet with the feed grain situation - "nobody will buy \$3.00 corn" - the broiler industry should be most careful for the rest of the year.

"Cycles of feast or famine have been typical in the past, but it doesn't have to be that way," Via remarked.

There are six million less pullets going to the laying flocks for the rest of this year, according to Via, which means lower supplies at a time when demand is increasing. This should spell extra cash for the poultry farmers. According to USDA, poultry and egg production is likely to be profitable in coming months, barring a rise in feed costs. USDA also notes that profit margins for broilers this fall may narrow to near the breakeven point.

Via sees no great increase in Northeast egg production until possibly late 1976. "Egg producers have been rather cautious, and as far as I'm concerned I hope they continue to do so," Via commented. "Unless caution is thrown to the wind, we can expect 1976 to be better than this year," he concluded.

## Grain

According to the Wall Street Journal, farmers are having second thoughts about expansion programs due to the possibility of higher grain prices. The analysis concludes that a farm price of \$2.00 to \$2.25 per bushel for corn is needed to induce a significant boost in livestock and poultry production, and even that may not be enough according to some specialists. The uncertainty of grain prices weighs heavily on all of the aforementioned outlooks.

The University of Maryland's John Crothers told of rail car loadings being down and whiskey sales up. "That means more people are getting loaded than railroad cars," he said to the accompaniment of chuckles from others in the room.

On a more serious note, Crothers stressed the uncertainty of Soviet purchases, and the longshoremen's willingness to load it. He believes this year's crops will easily meet or exceed August estimates, although the final prediction for corn is still in doubt.

Crothers does not see a "great spurt in demand" for

domestic consumption of feed grains, and adds that the demand for it last year was a "disaster."

Soybean production is described as adequate to meet all utilization and leave a big carryover to boot. Crothers noted that we are experiencing the lowest soybean consumption since the 1968-69 season due to soybeans having priced themselves out of a market.

The senior marketing specialist at the University of Maryland does not believe a \$6.00 price for soybeans can be sustained in view of the soft demand, large carryover and large crop. Not much improvement is seen unless Russia decides to buy.

According to the experts, there is still too much uncertainty with grain prices to make any concrete predictions.

## Broilers

According to a USDA release, dated September 8, demand for broilers in the first quarter of 1976 will be boosted by a sharply reduced supply of pork, a smaller supply of turkey, and higher real disposable consumer incomes. Broilers will face more competition, however, from a larger supply of beef.

These views are contained in the U.S. Department of Agriculture (USDA) publication "Broiler Marketing Facts - First Quarter 1976," which was released on Sept. 9.

Other prospects concerning the broiler industry during the first quarter of 1976 include:

- Broiler production at the same per capita level as in first quarter 1975 - considering the prospective supply-demand conditions for competing meats and general economic activity - should result in an average price of 46 cents per pound, about 5 cents higher than a year earlier.

- This analysis takes into account the August forecast for a record 5.85 billion-bushel corn crop and a soybean crop of 1,458 million bushels. With prospects for strong export and sluggish domestic feed demands, corn prices could average about \$3.30 a bushel during the November 1975 - January 1976 period, 8 cents below the year-earlier ingredient purchase price. Soybean meal prices could average near \$130 a ton, some \$8 lower than in the same period of 1974-1975. These corn and soybean meal prices would decrease feed cost of producing a pound of ready-to-cook broilers about 1 cent from a year earlier.

- Other broiler production costs will be higher in the first quarter of 1976 than in 1975. Processing and marketing costs will also be greater than in the year-earlier period as the prices of most items continue to rise.

## Grain exports

Assistant U.S. Secretary of Agriculture, Richard E. Bell pointed out recently that the U.S. is expected to export

almost 60 per cent of its wheat crop, in the neighborhood of a quarter of its corn crop, and about half the soybeans. He added that "American farmers must export in these magnitudes year after year or sharply curtail output."

Bell projected wheat exports for 1975-76 at 33.7 million tons, (vs. 28 million last year), corn exports at 35.9 million tons (vs. 28.2 million in the 1974-75 marketing year), and over all grain exports at 77 million

tons (vs. 62.4 million in the previous year).

Carryover stocks are likely to be up next year because of increased production of these crops - despite both record exports and increased domestic consumption. Bell sees wheat carryover at 500 million bushels, more than double that of either of the past two years; corn at 670 million bu., more than double that of the current year, and the highest since 1973.

## Champion Exhibitors at York Fair

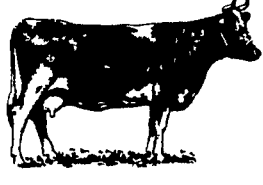


Cindy Rutter, York, was chosen as the grand champion showman of the 4-H Dairy Show at the York Fair. She also exhibited the grand champion of the Guernsey breed.



Barbara Kilgore of Airville R2 was named grand champion fitter of the 4-H Dairy Show. This is the second time she has won the honor.

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