

# Equipment supplies strengthen

DENVER, COLO. - Farm equipment manufacturers expect overall demand for farm equipment to remain strong in 1976, especially for bigger tractors and combines.

That was the consensus of outlook statements prepared by a group of industry leaders for use in conjunction with the 82nd annual convention of the Farm and Industrial Equipment Institute being held here Sept. 28 through Oct. 1.

To support their optimism, manufacturers mentioned such reasons as the strong demand for bigger equipment which aids farmers in combatting higher food production costs, the strong world demand for American crops and improved export outlook, and some expectations of improvement in livestock operations.

While they were optimistic about the overall outlook, however, they noted inventories of smaller-sized tractors and equipment now have been replenished after the shortages which occurred during 1973 and 1974.

"The tractor industry has remained strong through very trying economic times. The outlook, both near-term and longer range, is for continued strength," Louis R. Ross, Ford Motor Company vice president and general manager of Ford Tractor Operations, said.

He said while unit sales of tractors may decline slightly in 1976, "We foresee a continued rise in sales dollars as the trend to larger and more sophisticated tractors will continue."

"The improved outlook for farm commodity prices as a result of higher export demand encourages us to expect 1975 to be another year of strong demand for farm equipment, especially for larger tractors and combines," Chairman William A. Hewitt of Deere & Company said. "Cash receipts from farm marketings have been the best indicator of demand for farm equipment. It now appears that 1975 receipts will almost equal last year's record \$94.1 billion and that 1976 receipts likely will surpass \$100 billion for the first time."

John E. Mitchell, Massey-Ferguson's executive vice

president-Americas, said his firm expects farmer's total cash receipts to increase three percent or more over 1975 "reflecting a large volume of crop and livestock marketings and relatively favorable prices. Increased prospects of export sales have cushioned the price impact of record crop harvests. Crop production in 1976 will likely be another 'all-out' year." He said demand for large tractors and combines still exceeds supply.

Ben H. Warren, group vice president, International Harvester, said "the agricultural scene during 1976 is somewhat clouded, but at this point in time we foresee a good year for ag equipment sales, somewhat comparable to 1975." He said "the single most dominant factor in determining the kind of year this industry will have is the federal government's approach to gain trade with foreign nations."

"Restricting or removing the farmers' foreign markets discourages the full employment of agriculture's capabilities and brings with it, higher production costs," he said.

"We do not advocate high food prices to the consumer. All of us are consumers. We do advocate an export policy which is long term and consistent. We deplore the manipulation of farmers' incomes for political purposes. If this country is to continue to play its major role in helping feed the world, it cannot, in justice, be done at the expense of the one small group of people most responsible for meeting world food needs.

Optimism continues as J I Case Company surveys the agricultural outlook and markets for 1976, according to T. J. Guendel, the company's president and chief executive officer.

Farm income and receipts this year are higher than originally expected, due to the fact that North American grain and livestock prices are improving because of more domestic usage and larger export demand, Guendel said.

"The outlook for American and Canadian farmers is favorable for the balance of this year and for 1976," he continued. "The world demand for full food production will continue to grow in 1976. This demand, coupled with the increase to 10 per cent U.S. investment credit on farm machinery purchases, means that prospects for machinery manufacturers should improve this fall and well into 1976."

Robert E. Kidder, group vice president-farm equipment, White Motor Company, said "the critical factor for the farm economy in the future will be the farmer's ability to generate the greater possible income in the face of continually increasing production costs."

He said he expects "over 100 horsepower" tractors to account for at least half of all units sold by 1980.

"To be more efficient and productive, today's machinery buyer (and tomorrow's) required larger, higher horsepower machines designed to get in and out of fields when weather permits," he said.

Joseph H. Maloney, executive vice president of Allis-Chalmers Corporation, said the end of the economic recession in the United States coupled with an improved agricultural outlook, will help generate a strong market for agricultural equipment for the remain of 1975 and for 1976.

"Worldwide prosepcts for farm machinery are also on the rise. The long term implications of the latest Russian grain deal are that weather conditions will periodically

depress their crop and provide an additional market for us," he said.

Kenneth F. Thompson, president, Sperry New Holland, said equipment sales might show a slight decrease in constant dollars. He said the apparently strong export demand for crops means the livestock sector will not enjoy the lower feed prices to the extent previously anticipated "but we nevertheless see gradual improvement in livestock producers' margins."

R. W. Engle, vice president and general manager of AVCO New Idea said equipment sales could show a modest five to six percent increase in sales in 1976 if commodity and livestock prices hold at or near current levels.

"We at Hesston Corporation are viewing 1976 with considerable optimism, fully anticipating a more favorable market for beef and milk producers as well as a respectable net farm income," Howard L. Brenneman, president of that firm, said.

R. L. McElheny, president of Farmhand, Inc., felt however "the difficult market conditions in the livestock equipment sector in particular, will continue throughout most of 1976, causing a continued softness in the hay and forage equipment retail sales activity."

"In our opinion 1976 should be approached with guarded moderate optimism. It has many of the indications of being a near repeat of 1975," John E. Love, president of the J. E. Love Company, said. "World demand for food and fiber will continue to be high, and equally important with demand the capability to pay seems more reliable."

Joe J. Zedra, president of Gehl Company, said "livestock prices have a very strong effect on equipment sales and the hog market looks particularly encouraging into mid 1976. With large quantities of beef being available in the market place, these prospects are somewhat questionable."

R. H. Rawson, president of the Empire Plow Company, said "a good 1976 is in prospect." He said while there are some "clouds on the horizon" the plus factors seem to outweigh the minus.

William D. Hairrell, president of Taylor Implement Manufacturing Company, said his firm is planning to produce 10 percent more tonnage of its products in 1976.

## Corn-soybean field day held



Dick Cole, representing Penn State, spoke to interested farmers during the corn-soybean field day held Monday afternoon at the Research Farm near Manheim.

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