

Hog profits

(Continued from Page 1)

Moore noted that despite the poor general economy, and depressed industrial output, demand for milk, meat and eggs has been very good lately. Also, agricultural commodities will become more competitive in world markets.

Hog marketings in recent weeks have been down, reasons for which aren't exactly known. Moore and others suspect strongly, however, that it is a combination of weather, erroneous marketing expectations, and sows being held for breeding purposes. The latter reason did not receive much support from the audience. Winter's storms may have caused setbacks in production schedules and also kept the finished hogs from reaching the markets due to bad road conditions. What's really happening may not be known for months, noted Moore, adding that last year's cold weather contributed significantly to 1977 having been a good year for swine producers because the chilly weather took its toll on baby pigs, thus reducing total numbers on farms. That same situation could be developing this season. Statistical information isn't readily available, however, and even if it were, it is not very accurate by the farmers' own admission.

Although hog prices are likely to decline, the Chicago's Futures have been revised upward for weeks. That indicates speculators are getting progressively more bullish about the market.

Pork production, nationwide, bolsters Moore's claim that hogs will be a profitable venture for the remainder of the year. Total pork output for this year is being estimated at 14 billion pounds, up from 13.1 billion pounds in 1977. If this year's production estimate is actually realized, it will make up about 35 per cent of total red meat production in this country. Last year the hog farmers had a 34 per cent share of the market. Imports are not figured into these estimates.

The Penn State specialist further predicts that pork supplies will be up by eight to 10 per cent over last year. Availability of fed beef is expected to be up by four to five per cent over last year and non-fed beef may drop by as much as 20 per cent, Moore predicted. Poultry meat will also become more plentiful, with a four to five per cent increase expected.

Moore observes that sow marketings have been increasing but says more gilts in the farrowing crates are making up for the loss in sows.

The national hog inventory is up on all counts by percentages ranging from four to 13. In Pennsylvania, the number of hogs has increased even more dramatically. At least that's the case on paper. Nevertheless, hog marketings in the nation are down by five per cent.

While that fact in itself is somewhat puzzling, numerous other economic factors cloud the future. One example is Ms. Carol Tucker Foreman's crusade to ban nitrates in red meat



Louis Moore

Foreman, an assistant secretary at USDA, is striving to eliminate the chemical from meats on the allegation that it causes cancer. That fact is highly disputed, however. Moore cited government figure of some 40,000 pounds of bacon having to be eaten by a laboratory rat per day in order to possibly contact the dreaded disease. An article on the nitrate controversy begins on page 1 of this week's edition of Lancaster Farming.

The agricultural uncertainties which continue to cloud the farmers' future are as follows:

1. Farm income prospects. Net farm income has been declining since 1973, when it stood at a peak of 29.5 billion dollars. For 1978 it is expected to be just about a third of that amount. That's about the same as what it was for 1977, and Moore says

"with inflation, prospects this year aren't too great." Grain farmers are hardest hit in the economic squeeze.

2. Russian grain purchases will continue to have a big effect on the U.S. agricultural economy.

3. Grain stocks, which this Fall will be the highest since 1969, have the potential to dramatically affect the farmers' income.

4. The farm strike has "done an outstanding job in calling attention to the farmers' plight, but isn't likely to affect production, predicts Moore.

5. The 1977 Farm Bill will affect agriculture. Only a handful of farmers understand the Bill, says the Extension economist.

6. Weather is always a factor.

7. Diet changes are seriously challenging the production trends on America's farms. Consumer and government interests are in the forefront.

8. The supply of competing meats will affect price fluctuations.

9. Changes in the cattle cycle are to be watched, and finally, but not least, talk of USDA dismemberment can have profound effects.

The general economy, including agriculture faces the following uncertainties: A trade deficit of \$27 billion last year, compared to \$6 billion the year before; the strong possibility of double digit inflation; the absence of an energy program; protectionist sentiments regarding imports and

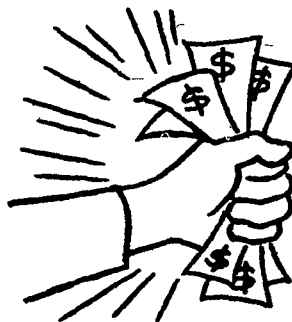
exports, taxes; President Carter; the stock market; the falling dollar; world economic recovery; and Social Security costs.

Moore noted that if double-digit inflation develops in

1978, it'll be the first time since the 1973-74 period. The economist also pointed out that incomes are going down due to larger tax bites.

The falling dollar will make this nation's

agricultural exports more competitive in the world market, Moore said.



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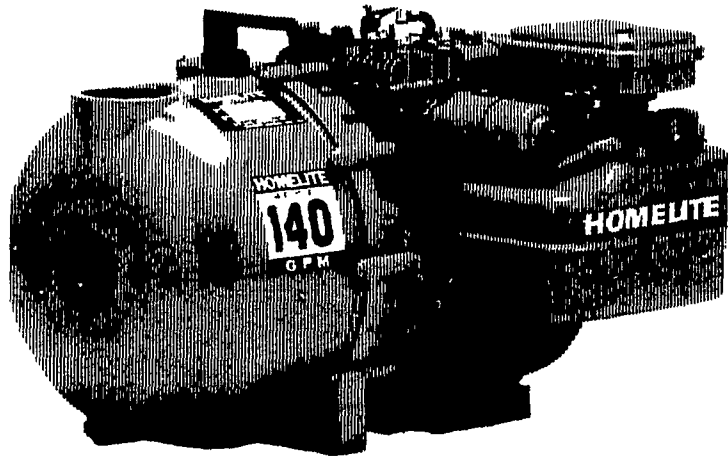


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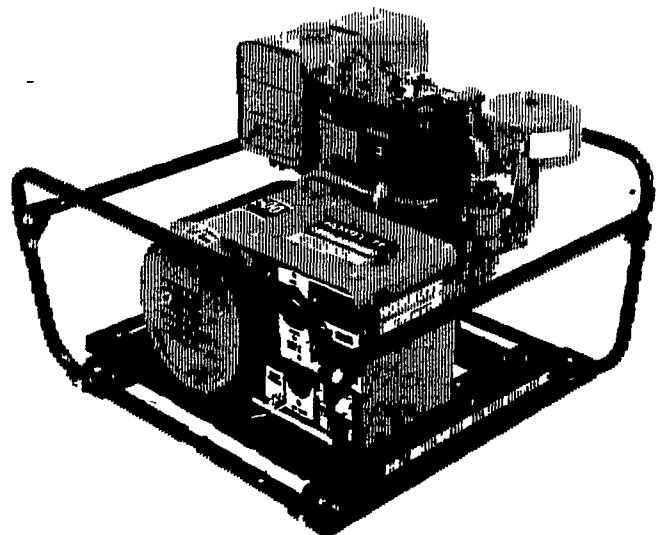
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