

USDA releases 1979 outlook

WASHINGTON, D.C. — U.S. agriculture will enter 1979 with large grain supplies and relatively low livestock feed costs. Corn prices are forecast to average \$2.00 to \$2.15 for the 1978/79 season, according to a USDA report released recently. These prices are expected to encourage continued expansion of cattle feeding. However, nonfed beef slaughter will be less and the total beef supply in 1979 is forecast to be about 5 per cent below 1978. Continued favorable profit margins for pork and broiler production are encouraging expansion in 1979.

Overall, the red meat and poultry production for 1979 should equal this year's 51 billion pounds. Continued growth in consumer incomes and strong retail demand in 1979 will be reflected in further increases in livestock and livestock product prices, especially beef prices.

Foreign demand for U.S. farm products is also expected to continue strong in 1978/79. Increasing livestock numbers and some rebuilding of reduced foreign grain stocks may further strengthen export demand. Exports for 1978/79 should be near the record 1977/78 volume, with a moderate increase in value anticipated.

The farm economy is exhibiting more strength than expected as 1978 draws to a close. Increased feeding of livestock, sustained large export volume, and heavy placement of grain in the farmer-owned reserve have combined to offset the price-depressing effect of record large grain supplies.

The higher than anticipated grain prices, along with strong livestock and poultry prices, have increased USDA's forecast of ending year prices for farm commodities. Prices received by farmers in

October through December are now expected to be 1 to 2 per cent higher than the third quarter level and 20 per cent higher than fourth quarter 1977 prices.

Cash receipts in the fourth quarter play a major role in determining annual farm income since crop marketings are seasonally large during this period. The recent increases in commodity prices also suggest that 1978 net farm income may be about \$1 billion higher than earlier expected. Net farm income before inventory adjustment is now forecast at around \$26 billion, compared with \$20.1 billion in 1977.

Led by strong gains for wheat, soybeans, feed grains, and oilseed products, 1977/78 (October-September) farm commodity exports reached \$27.3 billion, a record value, while volume increased 19 per cent over the previous year. With

agricultural imports of \$13.9 billion, the agricultural trade surplus increased to \$13.4 billion.

The stronger commodity prices, along with rising marketing costs, portend further increases in food prices. Retail prices in the fourth quarter will be 1 per cent higher than third quarter prices and 11½ per cent above a year earlier. Food prices for all of 1978 will average about 10 per cent above 1977.

Cost of production and marketing will further increase next year, reflecting rising wage rates, nonfarm input prices, transportation rates, and higher outlays for taxes, insurance, and interest. The recently announced anti-inflation program, including monetary and fiscal measures, is designed to moderate cost increases in the coming year, even though higher short-term interest rates will raise some costs.

Farm production expenses in 1979 are expected to increase slightly more than 6 per cent. Although much depends on the outturn of 1979 crops which are highly uncertain at this time, cash receipts from crops are expected to remain near 1978 levels as little change is expected in average prices or volume. Livestock receipts, however, are forecast to increase by about 7 per cent. These larger cash receipts, with increases in nonmoney income, will offset the higher production expenses. Net farm income will thus remain near the \$26 billion now estimated for 1978.

Considerable uncertainty surrounds this forecast. The final results will depend on many domestic and foreign supply and demand factors which will unfold during 1978. This uncertainty is reflected in the probable forecast range of \$23 to \$29 billion.

The anticipated supply, demand and marketing cost conditions in the food sector point to further increases in retail food prices during 1979. However, smaller increases in farm prices are expected next year, and cost

increases for marketing services, reflecting the general inflation rate, indicate that retail food prices will average about 7½ per cent above 1978. Grocery store food prices are expected to increase about 7 per cent, and prices for away-from-home eating to average about 8 per cent over the 1978 levels.

If food supplies should be larger than expected and wage and other marketing costs are slowed by anti-inflation measures, the food price increase could be as low as 6 per cent. Conversely, adverse weather causing smaller supplies of food, and higher marketing costs would increase prices, possibly as much as 10 per cent.

The farm value of a market basket of domestically produced foods is expected to increase 7½ per cent next year. However, the increase could range between 5 and 10 per cent, considering the usual un-

certainties surrounding commodity markets. Nevertheless, this increase will be well below the 17-per cent estimated for 1978, barring very unusual conditions.

Marketing spreads, representing the costs incurred for processing, transporting, and distributing food products, are also expected to average about 7½ percent higher for 1979 than in 1978. The spreads could vary by a percentage point around this expected value, depending on the response to anti-inflation measures.

Prices for imported foods and fishery products (not originating on U.S. farms) will be slightly less than the expected increase for domestic foods. Coffee prices are expected to decline further, and a moderation in prices of other imported foods and fish is expected, relative to increases of the past few years.

Rural America examined

WASHINGTON, D.C. — After decades of population loss and economic decline, rural America progressed significantly in improving its social and economic condition during the 1970's, according to a new publication released by the U.S. Department of Agriculture.

"Rural Development Perspectives," prepared by the Economics, Statistics, and Cooperatives Service

(ESCS), contains articles on many aspects of rural development, including population trends, women in the rural labor force, rural

housing and volunteers in rural communities.

Although agriculture remains the major industry in many rural counties, over 66 per cent of rural residents have more than 90 per cent of their employment in other industries, reports ESCS demographer Calvin Beale in one of the main articles.

Rural women are joining the labor force in greater numbers, accounting for the vast majority of non-metro job growth in the 1960's. Expanding opportunities, changing family size and structure, inflation and a changing attitude toward female employment outside the home all help explain the rapid growth of rural women's participation in the labor force.

Rural housing conditions improved dramatically from 1950 to 1975, as the percentage of households in substandard units dropped from 59 to 8 per cent. Yet 1.9 million rural households lived in substandard housing in 1975, mainly low-income people, report ESCS agricultural economists.

Gardening tips given

MEDIA — Now that your vegetable garden is finished for the season don't be tempted to sit down and rest, because there are several things you can do now to prepare for next year's garden, advises James J. McKeehen, Delaware County Extension agricultural agent.

Make sure your garden is covered for the winter. If you haven't planted a cover

crop, cover the garden with old leaves to serve as a mulch and then next spring rake off most of the leaves.

Have your soil tested now. A soil test will tell you the fertilizer and lime needs of your garden. Contact the Delaware County Cooperative Extension Service at the Toal Building, Media for a soil sample mailing kit costing \$3. (50 cents additional, to cover mailing costs if it is sent to you). The kit includes instructions for taking a soil sample. Soil scientists at the Pennsylvania State University will analyze the sample, then send you the proper recommendations.

Start thinking about the vegetables you'd like to plant next year. Learn from trial and error in this year's garden. Select old faithfuls, and decide what new varieties and kings to try. If you follow such an end-of-season program, your garden will be in good shape, and you'll be raring to go when the new seed catalogs come out.

Farm census shortened

WASHINGTON, D.C. — The United States questionnaires will soon be mailed to the nation's farmers and ranchers to arrive in January.

Due to complaints from farmers, the forms have been reduced from the previous 22 pages to four or five pages, this year.

The census questionnaires have been advanced one year to phase with the ten year cycle of other economic censuses. The information which has been collected since 1840, is limited to land ownership, land use, crops, poultry, and livestock, total value of products sold and operator and farm management characteristics.

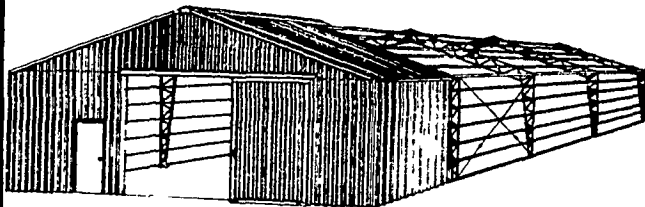
This year the census will also include a question concerning land held under foreign ownership. Answers will help to measure the increase of farm land being held by foreign interests.

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