

# Beef prices to increase 15 to 20 per cent

CHICAGO, Ill. — Consumers may face beef price increases in 1979 from 15 to 20 per cent over last year, reflecting a sharp reduction in beef supplies, Continental Bank agricultural specialists said recently.

"Per-capita beef supplies will drop almost nine per cent in 1979 to around 81 pounds per person, or the lowest level since 1973," said Terry L. Francl, agricultural economist in the bank's economic research division.

However, Francl said that as a result of higher prices,

consumers probably will be buying less beef so that actual beef expenditures will be up only eight to 10 per cent over a year ago.

So far this year, retail beef prices have risen approximately twice as fast as during the same period in 1978, he said.

"The eight per cent decline in beef production witnessed thus far in 1979 reflects a sizable reduction in beef cattle inventories, which have dropped a total of 18 per cent since the 1975 peak," Francl said. He added that the severe winter weather in January and

February also played a role in reducing the already limited beef supplies.

"Pork and poultry production has been increasing, and with high beef prices, supplies of these meats will expand further, offsetting the decline in beef production," said Robert C. Vasko, vice president in the agribusiness division of Continental's Commercial Banking Services Department.

Vasko said that although broiler and turkey production increased seven per cent and five per cent respectively last year, broiler prices were up 11 per cent, and turkey prices rose 24 per cent. "As a result, producers are expanding output just as rapidly as physical facilities will permit," he said.

Francl said that a government report released recently confirmed that hog producers are planning to expand output at a rapid

pace. "The present outlook is for annual pork production to rise 15 per cent in 1979 with the bulk of the increase coming in the second half of the year," he said.

"Total per-capita supplies of all red meats and poultry in 1979 will match or possibly exceed the 1978 level," the economist said. "Consumers will be faced with the choice of either bidding up the price of the shrinking supplies of beef or switching to the more abundant pork and poultry products."

Outside the U.S., demand for meat is increasing with rising standards of living, Francl said. As a result, the demand for U.S. feed grains and soybeans continues to grow, he added.

Although soybean exports will remain strong, with a 10 to 15 per cent increase in 1979 export volume, the outlook for corn and wheat is less favorable," Francl said. "U.S. corn exports to Russia should be at about the same

level as last year, but wheat exports may be down five to 10 per cent due to a record wheat crop around the world."

Despite near-record incomes, U.S. farmers may face financing difficulties later this year, Vasko said.

"Bank loan demand, especially among rural banks, is expected to be strong again in 1979," he said. "At the same time, high interest rates coupled with interest rate ceilings imposed by state usury laws may serve to divert funds to other uses."

"Although usury laws differ widely from state to state, many states have ceiling rates in the eight to 11 per cent range," Vasko said. "With six-month Treasury bills rates averaging about 9 1/2 per cent and Fed funds running above 10 per cent, there are instances in which the maximum allowable interest rate on farm loans is unattractive to lenders."

"Fortunately, exemptions to these usury ceilings are sometimes available if farms are incorporated, if certain types of security can be pledged or if the loan is large," he said. "Still, there are likely to be cases in which farm borrowers incur difficulty in obtaining adequate funds."

Problems associated with the availability of credit, however, may be offset to some degree by another increase in net farm income, Francl said.

"Although it is highly unlikely that the increase in income will match the 40 per cent jump recorded in 1978, net farm income could rise 10 to 15 per cent on the strength of higher livestock prices," he said. "If this happens, net farm income would total about \$31 billion, or the second highest level ever recorded and only slightly below the 1973 record of \$33 billion."

## N.Y. boy gets Brown Swiss award

BELOIT, Wis. — The 1978 Youth Achievement Winners have recently been announced by the National Brown Swiss Cattle Breeders' Association. The Youth Achievement Award was initiated in 1974 to honor one outstanding Brown Swiss youth in each of the eight director districts in the United States. This year's winners were chosen from 21 entries by an anonymous committee.

The applications were not identified by name or town or even animal's names, thus were judged completely on the applicant's merit.

Some of the information requested on the application included the number of registered animals owned, classified and on official test, show participation and Brown Swiss and community activities and awards. They are also asked to tell of their duties on the farm and influence Brown Swiss has had on their lives.

All of this year's winners help with the work on the farm whether it be milking,

feeding, cleanup or field work. Also, all of the winners were 4-H and/or FFA members and recipients of several awards and honors. The Youth winners also have all exhibited their Swiss at county, district, regional or national shows.

In addition to district winners, an overall National Youth Achievement Winner was chosen. District I came through with the National Winner with their entry, Ken Simpson, 17, of Port Jervis, N.Y.

The owner of 16 Swiss, Ken has had several winners in the show ring in addition to good production at home. He has won several herdsman and showmanship honors.

This past year Ken has received several scholarship awards. He is planning to attend college and study dairy science.

Ken helps with all the farm work on school vacations and milks nights and weekends during the school year.

His parents are Mr. and Mrs. Willis Simpson, Jr.

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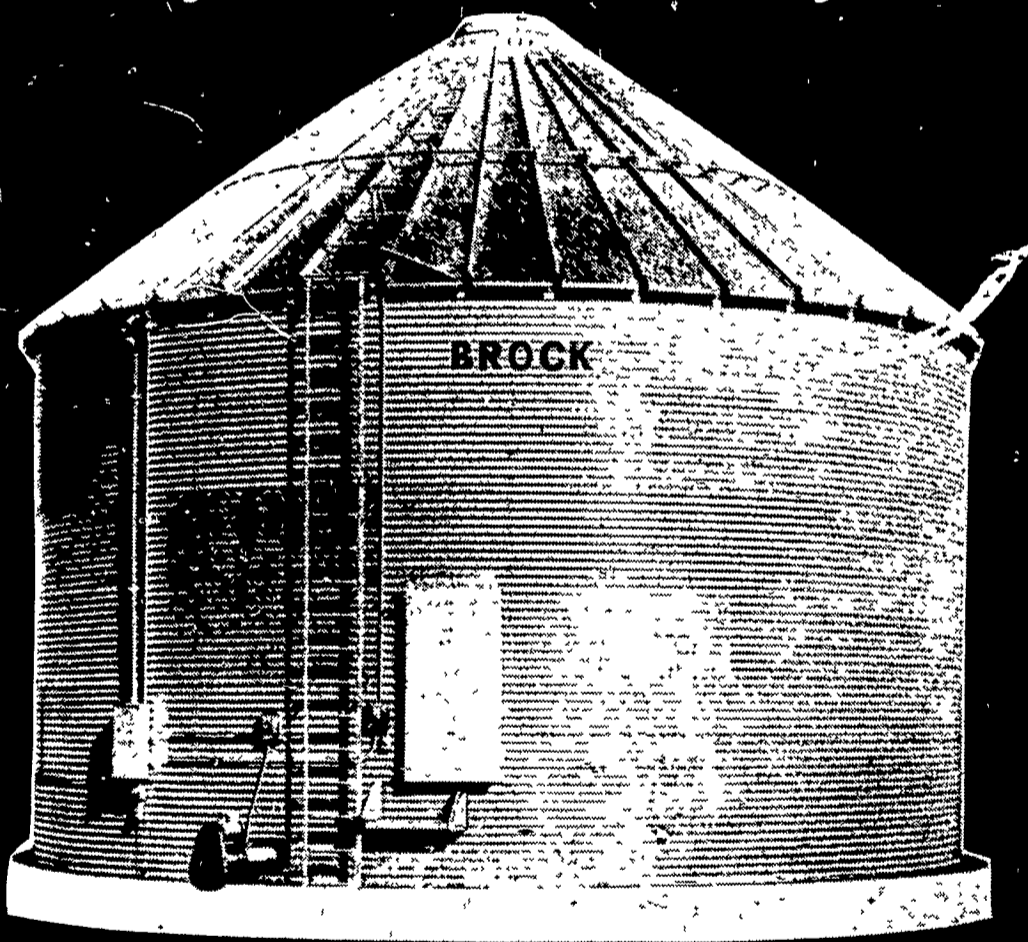
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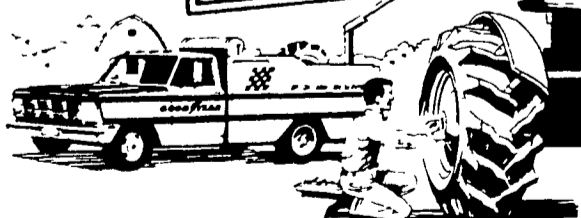
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