

1980 farm financial outlook less favorable

WASHINGTON, D.C. — The farm financial picture for 1980 is not expected to measure up to 1979, according to a report soon to be published by the Farm Credit Administration, the Federal regulatory agency

for the \$57 billion cooperative Farm Credit System.

The report, "Agriculture and Credit Outlook, '80," offers hope for the future stating that the coming year will likely be viewed as a

lean year in a series of relatively good years during the early 1980s.

But it also notes that a number of unpredictable events could change the picture.

Record increases in farm sector assets, debts and owner equity along with favorable incomes made 1979 a better than expected year.

Inflation, however, will be the major reason for the less than bright farm income picture in 1980. Net farm income in 1980 is expected to drop from \$32 billion projected for 1979 to the mid-twenties.

Large farms will be more severely affected by a large reduction in net farm income because they are more highly leveraged and have comparatively less noncash and off-farm income than small farms.

"Although gross income may improve slightly, production expenses for such items as energy, fertilizer and interest will climb higher and erode farmers' profits," said George Irwin, director of FCA's Economic Analysis Division.

Reduced purchasing power for farmers is expected to affect other parts of the farm economy.

"We expect to see farmers borrowing less for capital investments, which will result in a slowing in machinery purchases and

land purchases and transfers. Although land prices will continue to rise, the rate of increase will be slower," Irwin said.

Farm Credit System borrowing, however, is expected to be strong during 1980.

"High interest rates and tight commercial bank liquidity will mean that the Farm Credit System's share of farm debt financing will be high in 1980," Irwin said.

During 1979, the interest rates available from the Federal Land Banks and Production Credit Associations attracted new borrowers.

Federal Land Banks now have an estimated 35.5 percent of outstanding farm real estate debt. During 1979, they financed 45 percent of the net increase in total farm real estate loans outstanding.

Rural housing lending also grew rapidly with a 45 percent increase in number of loans made and a 68 percent increase in loans outstanding.

Following a lower than typical year, Production Credit Association share of nonreal estate loans outstanding rebounded during

1979 ending the year at 23.5 percent. PCA loans outstanding to aquatic producers grew by 105 percent.

Federal Intermediate Credit Bank lending to other financial institutions also grew rapidly increasing by 24 percent in loans outstanding and 47 percent in loans made.

"Potential loan demand will be there," Irwin commented.

"But the probable cost increases coupled with weaker farm income prospects during 1980 will emphasize the need for strict application of credit standards in reviewing requests from both old and new Farm Credit System borrowers," he said.

The year-to-year volatility that became common during the 1970s calls for continual monitoring by farm lenders particularly during the downturn expected in 1980.

Next year farm income will be especially vulnerable to shocks. "A weather catastrophe in a major production area of the world, oil price increases, or changes in farm, food or energy policies could alter our predictions," Irwin said.

Vegetable conference slated for Hershey

HERSHEY — Vegetable Growers from across the entire state of Pennsylvania will gather together in Hershey on January 29, 30, 31 to attend the annual Vegetable Growers and Small Fruit Conference.

The three day educational program is sponsored cooperatively by Penn State University's College of Agriculture, The Pennsylvania Vegetable Growers Association and the Pennsylvania Food Processors Association.

According to Conference Chairman Burton Hetherington, Berwick, this year's conference will feature an outstanding trade exhibit of the latest implements, varieties and developments in the vegetable and small fruit industry.

Penn State Coordinator, Donald Daum said participation in the conference will qualify Pennsylvania Certified Pesticide Applicators to receive a "Pesticide Applicator Update Training Certificate."

The first day of the conference, Tuesday, January 29, will feature tomato and squash growing problems with emphasis on diseases, insect control, escape weeds, varieties and other problems associated with the growth of crops for processing.

A special Tomato Awards luncheon will be held at which time the 1979 Tomato Harvest Festival Queen will

be honored along with tomato production award winners in Pennsylvania.

A dinner will be held that evening with Richard T. Meister, editor of the "American Vegetable Grower" Magazine as principal speaker.

Wednesday will feature sessions on soil management and include topics such as the proper use of lime, handling properties of bulk blended fertilizers, tillage methods, interpreting soil test reports, vegetable diseases, and a panel session on new varieties in the vegetable field.

Wednesday evening's annual Vegetable Banquet will be highlighted by a speech by Ivan Martin, Lebanon, on the production of ethanol and the role that

agriculture can play in the energy crisis.

Thursday, January 31, will be devoted to small fruit production which includes various berries such as blueberries, raspberries and strawberries, among others. Topics will include, disease and weed control and new varieties along with other pertinent material.

Registration costs for the conference are \$5 for one day, or \$10 for the three day program per person. The tomato luncheon tickets are \$7.50 each and dinner tickets for Tuesday or Wednesday are \$11 each.

More information is available and registration may be made by contacting the Vegetable Growers of Pennsylvania, Waverly Road, Dalton, PA 18414

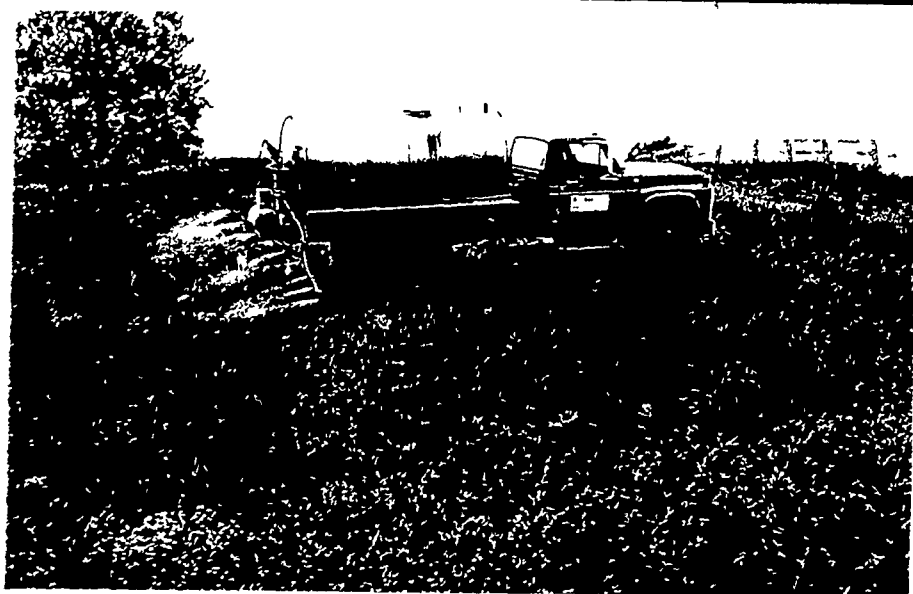
Public speaking contest slated

NEWARK, Del. — The public is cordially invited to attend the New Castle County 4-H Public Speaking Contest to be held on Friday evening, January 11. The contest will begin at 7:30 p.m. in Agricultural Hall located on the University of Delaware campus. This contest will feature 4-H'ers from throughout the county giving a short talk or speech on any topic of their choice.

This contest gives 4-H'ers

an opportunity to exercise one's ability to express oneself. Public Speaking is unique in that it makes use of language without the help of visual aides.

Judging will be done on the basis of organization of material, use of communication skills and audience contact. The members will compete in three age categories. Why not plan now to attend and do a little judging on your own?



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