Vegetable supplies drop, prices should jump

LITITZ — This summer's outlook for fresh and processed vegetables is highlighted by smaller supplies and higher prices than a year ago

Production of fresh vegetables is expected to be down two percent from 1979 levels; melon production will be about five percent smaller. The smaller crops are resulting from less planted acreage for both fresh and processed vegetables.

Despite large carryover stocks, smaller packs of processed vegetables will result in total supplies moderately below last year's levels. Most of the important vegetable-producing areas have not been affected by the hot, dry conditions that have stressed crops in other areas.

Fresh vegetable prices rose in the spring quarter from low levels caused by last winter's large supplies The second quarter index of farm prices of commercial vegetables for fresh maket registered 232 (1967=100), compared with 202 in the first quarter and 206 last year.

The index of fresh vegetable prices is expected to decline seasonally with the new summer crops during the third quarter but will remain slightly to moderately above, year-earlier levels.

In response to last year's large supplies and low prices, growers and processors decreased their acreage of major processing vegetables about 14 percent this year.

All major processing vegetables showed declines except spring spinach, which was up 17 percent. Decreases in other crops ranged from 23 percent for lima beans to eight percent for winter spinach.

If average yields are realized, the total contracted tonnage will be substantially small than last year, resulting in moderately to substantially smaller supplies of canned and frozen vegetables This, along with increased processing and marketing costs, will push prices to levels substantially above a year ago.

Per capita use of fresh market vegetables and melons increased to 124.5 pounds in 1979, up two percent from 1978. Fresh vegetable consumption rose to 103.8 pounds per person — up from nearly 100.3 pounds in 1978 — more than offsetting a slight dip in melon consumption.

These changes resulted primarily from last year's larger vegetable production, lower prices, and a slight decrease in melon production.

Imports of fresh vegetables decreased slightly while melon imports were up a little. Both canned and frozen vegetable consumption also increased in 1979 because of ample supplies and low prices for most items.

Consumption of canned vegetables rose to 55.8 pounds per person in 1979, and consumption of frozen vegetables rose to a new high of 28.4 pounds per person.

Excluding potatoes, the most popular fresh vegetables in 1979 were lettuce, at 26 pounds per person; tomatoes, at 12.7 pounds; and onions, at 11.8 pounds.

Tomatoes and tomato products are the most important canned vegetables, with a per capita consumption of 23.9 pounds in 1979. Frozen potato products, at 18.1 pounds per person (product weight basis), were the leading frozen vegetable.

The summer potato crop for 1980 is estimated at a record low 18.7 million cwt.

This smaller crop has triggered higher prices, and has begun to pull the potato industry out of its two-year slump. Potato prices are expected to rise further this fall. Acreage for harvest of fall potatoes is the smallest in the past 15 years.

In addition, the crop may be adversely affected by drought conditions in the important producing area of the Red River Valley in Minnesota and North Dakota. If average yields are obtained and the fall crop is substantially smaller than a year ago, U.S. average grower prices can be expected to be substantially above the $3.47 per cwt average in 1979.

The U.S. area of dry beans is a quarter larger than in 1979. Increases were spurred by generally good export markets and sizable 1980 export contracts with Mexico. If export markets hold up, prices for the 1980 crop will average about the same as a year earlier.