

Grain market outlook firm despite current weakness

LANCASTER — Market prices are currently under downward pressure because of high interest rates and the tense situation in Eastern Europe.

However, declining supplies of grains and oilseeds, coupled with strong demand, provide a relatively firm base for stronger grain prices.

In early December, year end world stocks of grain for 1980/81 were estimated at 152 million metric tons — little changed from the November estimate but 20 percent below the 191 mmt carried over in 1980.

This will be a record single-year decline in world carryover grain stocks.

Total production is expected to remain near the 1979-80 output, but consumption is trending upward. Stocks will show the greatest decline in the United States because 1980 coarse grain crops were sharply reduced and use is up in response to strong demand.

World consumption of wheat and coarse grains in 1981 is expected to exceed production by nine and 32 mmt, respectively. Consequently, year end stocks of wheat in 1981 will be reduced to 70.4 mmt; this would be the lowest level since 1976 and represents a lower stock-to-use ratio than during the tight supply situation of the mid-1970's.

Year end stocks of coarse grains are projected to be lower than in the mid-1970's both in absolute terms and in the stocks-to-use ratio, with the U.S. situation particularly tight.

U.S. livestock prices will also increase next year, particularly in the second quarter. Lower pork production will be the major factor underlying the upward price pressure, but declining beef production

will reinforce the situation in the spring.

In 1981, prices will rise for most farm inputs, with energy prices increasing the most. On a per-acre basis, crop production costs may average 10 to 13 percent higher than in 1980.

However, if crop yields return to more normal levels next year, increases in per-unit costs will be much less.

Net farm income (in current dollars) will improve in 1981, perhaps regaining all the loss of 1980. Sharply higher prices for

most farm commodities will be instrumental in raising cash receipts. If growing conditions are more normal next year, increased farm inventories would add to net farm income, and higher yields would partly offset the impact of rising input prices.

Retail food prices are expected to rise 10 to 15 percent in 1981, led by meat, poultry, and eggs. The farm value component will account for more of the increase in retail prices than it did in 1980.

Pork Producers oppose delay in turkey labeling

DES MOINES, IA. — The USDA has asked a federal court for a one-year delay in obeying the court's decision regarding accurate labeling of cured turkey products.

The National Pork Producers Council has called that appeal a "stall", and is "vigorously opposing" any delay beyond the disappearance of turkey thigh meat already mislabeled.

NPPC's President, Bill Buller, said, "the appeal for a delay is based on USDA's proposal to draft a new labeling proposal, to work up an economic impact statement, to hold public hearings. These proposed steps add up to nothing more than a bureaucratic boondoggle...a stall."

"The facts are clear. Turkey thighs have been properly and accurately called turkey thighs for 200 years or more. USDA allowed turkey meat to be improperly and inaccurately labeled 'turkey-ham'," he said.

To protect consumers against misleading labeling, and NPPC brought suit in federal court, and on July 3, Judge Kellam ordered USDA to stop using the misleading label.

"All this court order requires is that the USDA, the turkey people, the food trade and the consumers go back to calling turkey what they've always called it...turkey," Buller said. "In fact, alternative labeling has

already been approved by USDA. It can be used immediately, thus erasing the last possible reason for delay in obeying the law."

NPPC Executive Vice President, Orville Sweet, said that the Council is "pleased that we won the case. David doesn't lick Goliath very often. We felt we had to bring USDA into a courtroom, since appeals to the Department were repeatedly rejected."

"We're complimented that

others want to ride along on the popularity of ham, but if consumers see labels saying turkey-ham or chicken-ham or catfish-ham or frog-ham, we'd have confusion at the meat case.

"Turkey is a good product. It can stand on its own, go by its right name, and compete for its share of market. We are not fighting turkey. We are only protecting pork and the consumer," Sweet concluded.

Float to honor farmers at Cotton Bowl parade

DALLAS, Texas — A major float in the New Year's Day Cotton Bowl parade in Dallas will salute the accomplishments of modern agriculture and 150 years of mechanized farming.

Sponsored by International Harvester, the float bears the theme "For Amber Waves of Grain".

It recreates Cyrus Hall McCormick's first successful demonstration of the mechanical reaper at Steele's Tavern, Virginia in 1831. The 18 foot wide by 65 foot long float features a replica of McCormick's original reaper and a professional actor in the role of the inventor.

The Cotton Bowl parade

will be broadcast by CBS-TV throughout North America from 9:00 to 10:30 a.m. (C.S.T.), January 1. The float is scheduled to appear during the last 30 minutes of the telecast.

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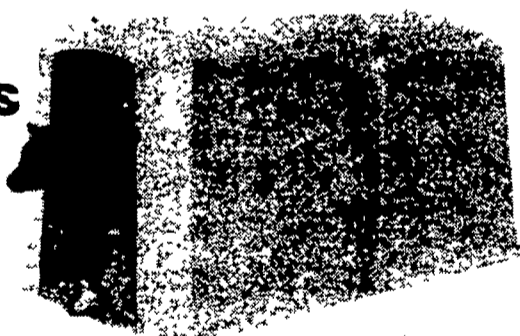


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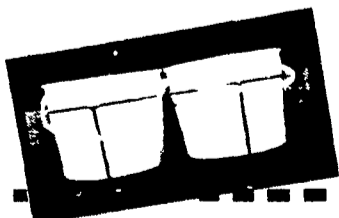
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