



# Farm Talk

Jerry Webb

This could be a good year for grain farmers, according to some economists, and that's mostly because of an ever-tightening world grain situation.

At least one observer says there's potential for a run-up in farm prices that will be the most dramatic of the past decade. That comment from Bruce Scherr,

president of Agri-Commodities, Inc., was made at last fall's Department of Agriculture Outlook Conference.

His prediction is based on the simple law of supply and demand. He says the world faces "an unprecedented vulnerability to a supply shortage."

The commodities expert says the

expected high prices will have little impact on U.S. corn exports, which are expected to total 2.6 billion bushels during the 1980-81 marketing year. High prices could cut domestic corn use for feed and that may mean more wheat is going to be used for livestock, and it may also change some farmers' feeding patterns as they opt for more grass and shorter feedlot finishing periods.

Scherr expects the prospects for strong prices next fall for both corn and wheat to be a strong motivating force to get farmers to plant all the acreage they can for harvest this year.

Reports indicate farmers are planning to harvest a sharply larger wheat acreage, and early thinking shows corn plantings could increase also.

Scherr thinks it will take between four and six million additional acres of corn in 1981 to meet the anticipated need.

"It will be very difficult to get enough acreage to meet the

demand of the following crop year," he says.

As a result, he anticipates that farmers may do more double cropping as they harvest their wheat as rapidly as possible and then go to soybeans.

Higher farm prices are bound to trigger substantially higher food prices this spring and summer, and that could mean more political pressure to restrain exports and thus protect U.S. consumers. Couple that with the potential for actual food shortages in some areas of the world and it could be a very interesting marketing year.

Dawson Ahalt, chairman of the Department of Agriculture's World Food and Agricultural Outlook and Situation Board, feels that disappointing world grain harvests this fall would lead to widely fluctuating prices and perhaps serious food shortages in some parts of the world.

He says those prospects are possible because world grain stocks have been depleted as a result of crop shortfalls in 1980. And that's an interesting prospect since the potential for shortages comes just two years after the largest global accumulation of grain stocks in over a decade.

Ahalt says that only underscores the fact that the world food situation is indeed fragile, that the balance between too much and too little food can tilt easily and rapidly in a very short period of time.

Consider that in the early 1960's the world was in a much more comfortable position in terms of grain and food supplies. End-of-season wheat stocks back then

represented about four months utilization. Feed grain reserves were at about a three-month level.

But those were hard times for U.S. farmers. The government was storing burdensome surpluses and farmers seldom got more than the loan rate for their grain.

Twenty years later, and it's an entirely different ball game. The experts say world grain reserves have been steadily shrinking, with an especially dramatic downtrend in feed grain.

The tightening world grain reserve situation has serious implications for U.S. farmers. That happens because we have a capacity to produce more grain than can be used in this country, and so over the years exports have been steadily climbing.

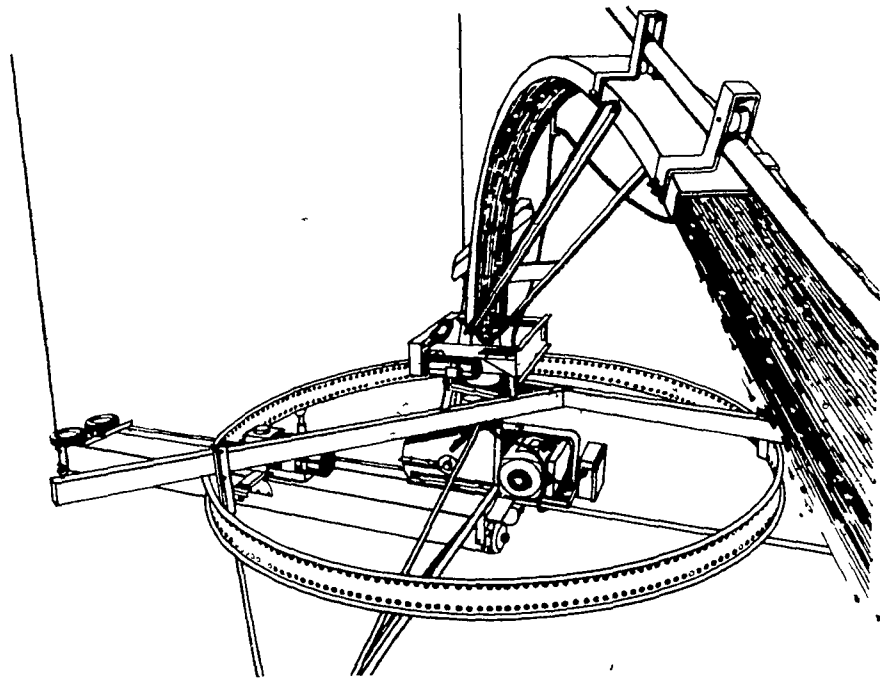
Back in the early sixties when world grain reserves were much more generous we were exporting about four billion dollars worth a year. By 1970, that was up to around seven billion, then in 1973 exports shot up dramatically to 17 billion dollars.

Even that is a small number compared to today's dollar value of agricultural exports, which are expected to reach an all-time record of about 48 billion dollars during the 1980-81 marketing year.

So bring on the warm spring days and the gentle rainfall, and hold back the embargoes and other world strategies that affect farmers.

It's planting time, farmers are anxious to get at it, and they would much prefer good prospects for a profitable crop year.

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