

Weather to influence meat, crop markets

WASHINGTON, D.C. — Meat supplies and crop prospects will be especially sensitive to weather this year because of moisture deficits from last year's drought. The expected drop in red meat supplies and consequent upward pressure on prices of meat and poultry rests partially on the expectation that nonfed slaughter will decline.

Likewise, because of the moisture deficit and tight stocks of several crops, crop prices will be volatile as weather and growing conditions develop through the summer.

Wheat

Wheat prices have remarkably steady considering the generally favorable growing conditions of Northern Hemisphere wheat crops. Short-term price adjustments now await weather developments, particularly rainfall, to determine the size of the 1981 U.S. wheat harvest.

Slowing demand in the last 3 months induced heavy movement, nearly 125 million bushels, into the grain reserve. The large proportion of year-end stocks expected to be in the reserve (nearly two-thirds) may help to support market prices.

Feed Grains

Good weather may have encouraged some extra planting of corn relative to soybeans. Subsoil moisture remained low in many areas, particularly the southern portion of the Corn Belt.

Soybeans

Weak demand for soybeans and products is causing overall use to continue downward. Reduced demand from the hog sector led to lower-than-expected domestic use of soybean meal.

Because of weak demand for soybean products, particularly

oil, and lower product prices relative to beans, crushing margins have been unfavorable. As a result, soybean processors have slowed their domestic crush.

Lower-than-expected domestic use for soybean meal and oil and reduced exports of soybeans and products are currently in prospect.

Cattle

Nonfed slaughter has slowed as spring grazing began and the last of the wheat-pastured cattle came to market. However, weather will remain a key element and could force nonfed slaughter to rise

unless depleted moisture levels are replenished.

Prices of Choice fed steers at Omaha are forecast to average in the low-to-mid \$70's this summer. Price increases will be the sharpest during June through early August as total meat supplies decline further and the economy begins to strengthen. However, feedlot returns are expected to remain below total costs this summer.

Feeder cattle prices will stay down because of high feed costs and interest rates. Lower interest rates, improved moisture con-

ditions, and stronger fed cattle prices would strengthen feeder cattle prices; however, large cattle feeding losses over the past year and a half will force feeders to be cautious in bidding for replacement cattle.

Hogs

Second-quarter commercial pork production is forecast 7 to 9 percent below last year. Expected lighter hog marketings in June along with reduced beef supplies may boost average hog prices.

Hog slaughter in the second quarter will be drawn mainly from

the March 1 inventory of market hogs weighing 60 to 179 pounds. There were 7 percent fewer hogs in this weight category than a year ago.

Hogs to be slaughtered in the third quarter will be drawn largely from the market hogs weighing less than 60 pounds on March 1, which numbered 11 percent fewer than a year earlier. Third-quarter pork output is expected to be 6 to 8 percent below last year. With the expected drop in slaughter, hog prices may average in the low-to-mid \$50's.

Milk still flows at record pace

began last July and has continued ever since.

The reasons for the continued record production are simple. There are more cows being milked and each, on the average, is producing more milk.

The number of dairy cows on farms during April was set at 10,865,000. That's one percent higher than a year earlier and 1.3 percent higher than two years ago.

The increase in the national dairy cow herd began 15 months ago and each month since has been higher than the corresponding

month a year earlier.

Production per cow now ranges from 780 lbs. in Alabama to 1,320 lbs. in California, with a national average of 1,063 lbs. The national average is up some 41 lbs. from a year ago.

Pennsylvania still ranks fifth in production. April's milk output in the Commonwealth was 741 million lbs., which was seven percent higher than a year ago.

Wisconsin still ranks well at the top with 1.98 billion lbs. in April — an increase of one percent over last April.

California at 1.21 billion lbs. was up eight percent.

New York's production in April was set at 990 million lbs., which is an increase of three percent over last year.

And Minnesota showed a 10 percent increase over last April with 945 million lbs.

These five states account for half of all the milk produced nationally.

April figures brought output for the first four months of 1981 to 43.8 billion lbs. That's an increase of four percent over the same period last year.

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