## Near-record crop prospects moderate prices

WASHINGTON, D.C. - With U.S. feed grain supplies next season likely to be around 7 percent larger than this year, prices will probably be somewhat lower. Here's a breakdown of prospective average farm prices in 1981/82:

✓ Corn may average \$2.70 to \$3.15 a bushel, compared with this season's estimated \$3.15;

- Sorghum, \$2.50 to \$2.90, compared with \$3 estimated for this year:

- Barley, \$2.35 to \$2.60, down from \$2.91;

- Oats, \$1.65 to \$1.85, versus \$1.82.

According to USDA's Economic Research Service, these are national averages-you can expect prices to vary considerably during the year with changes in demand, in the volume of marketings, and in prospects for 1982 crops here and abroad. So, the prices you get will depend to some extent on when you sell.

Also, local prices may be higher or lower than the national averages depending on how far you are from major markets, and other special circumstances.

Larger feed grain crops expected This year's corn crop may be the second largest on record. The August forecast is for about 7.73 billion bushels, up 16 percent from last year and exceeded only by the

(Continued from Page C34)

the first year in the reserve has

Also, only 700 million bushels of

wheat can be in the reserve at one

time. As of August 1, the reserve

totaled 360 million bushels. A

review of the current features that

apply to the loan and reserve

programs may help you firm rart

You can place 1981 wheat under

the regular loan at \$3.20 per

bushel. The interest rate is 14.5

percent (subject to a semiannual

review) and you may repay any

You can place the wheat into the

recently opened reserve at \$3.50

per bushel. The interest rate is 14.5

percent - for the first year only.

Thereafter, no interest is charged,

as long as the national average

farm price remains below the \$4.65

You will also receive a prepaid

annual storage payment of 26.5

cents a bushel. Any time the

trigger price is reached, the loan

may be redeemed without penalty.

If prices continue above the trigger

trigger price.

time during the 9-month term.

of your marketing strategy.

been rescinded.

1979 harvest.

Weather, ot course, could still alter this outlook. But based on past events, chances are 2 out of 3 that the corn crop will not be more than 525 million bushels above or below the August forecast.

A corn crop of 7.73 billion bushels and a carryover of just over a billion bushels this fail would make a supply of 8.75 billion bushels for the year ahead, 6 percent more than this year's supply but 5 percent less than the record 1979/80 supply.

Following are prospects for other feed grain crops as of August 1. Chances are 2 out of 3 the harvest will fall within the ranges shown.

Sorghum-torecast at 833 million bushels, up 42 percent from last year. Range: 780 to 890 million bushels. Barley-483 million bushels, up

35 percent. Range: 460 to 510 million bushels. Oats-522 million bushels, 14

percent more. Range: 495 to 545 million bushels.

Combined production of the four teed grains is forecast at about 236 million metric tons, almost a lifth larger than last year and smaller only than the 1979 harvest.

Larger U.S. feed grain crops will account for most of the expected 5percent increase in world

**Planting doubts** 

production of coarse grains, which tons from the alltime high will provide for both an increase in world consumption and a modest buildup in stocks during 1981/82.

World coarse grain trade may be up 5 million tons from this season to a record 110 million metric tons. For U.S. farmers, who always supply the lion's share of world coarse grain trade, this points to record exports in 1981/82probably around 73 million metric tons, nearly 6 percent more than this season.

U.S. carryover stocks of each of the four feed grains will likely be larger next season, with total feed grain stocks around 41 million metric tons at the end of the marketing year, up from 32.5 million estimated for this year. The corn carryover may be about 1.3 billion bushels, versus just over a billion expected on October 1, 1981.

Expanded use to help shore up prices

Domestic use of feed grains next season may-total around 155 milion metric tons, almost 4 percent more than the current level.

Roughly 129 million metric tons will be ted to U.S. livestock and poultry, versus an estimated 125 million this year. This estimate assumes higher feeding rates this winter under more typical weather conditions than last year's unusually mild winter.

More will be ted to cattle, broilers, and turkeys, but less to hogs. Pork output will continue to decline well into 1982. An expected increase in wheat feeding, due to the record large crop this year, will moderate teeding of teed grains in some areas, especially in the grain-deficit Southeast.

Food, seed, and industrial uses are likely to take a record 26

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LION...

The Classified

Livestock

Section

**Has Beastly** 

**Selections!** 

projected for this year. Biggest gainer-corn going to make tuel alcohol and high tructose corn syrup.

What to watch now:

Check out forward contract opportunities. Now's a good time to find out what kind of arrangements are available in your area.

Watch storage availability and costs. Estimates of U.S. crop production and movement of grain through marketing channels this summer suggest the crunch on storage tacilities during harvest will be no greater than usual.

Consider CCC price support loans. Grain must be in approved storage facilities to be eligible for 9-month price support loans or for the farmer-owned reserve.

In states where sizable amounts of grain must be stored temporarily on the ground, State ASCS Committees are authorized to provide 90-day distress loans to farmers. The interest rate is 14-1/2 percent, the same as for regular 9month loans and for the first year ot reserve loans. With distress loans, however, borrowers cannot forfeit grain in lieu of repaying principal and interest. Check with your county ASCS office tor details.

Figure the cost of handling grain for later sale

Compare the interest you are paying for loans, any ott-tarm storage charges on the grain you are holding, and the returns you could earn from investing cash obtained by selling grain now. Next, estimate how long you expect to hold the grain and the price you could sell it for then. This will give you some idea whether it will pay you to hold grain and for how long.

For example, suppose you could sell your corn for \$3 a bushel at

harvest but think you probably could get a higher price about 4 months later. If you put it under price support loan to get some ready cash, how much would prices have to rise in 4 months to make storage pay off?

The CCC interest rate is 141/2 percent now, but will be adjusted on October 1 and April 1 to reflect the cost of borrowing money from the U.S. Treasury. The national average loan rate on regular 9month loans for 1981 corn is \$2.40 per bushel; the rate in your county may differ by a few cents. For illustration, let's use the 14-1/2percent rate and the \$2.40 loan rate.

Also, let's assume that if you sold corn for cash at harvest rather than putting it under loan, you put the receipts in the money market where you earn, say, 16 percent interest.

Figure the amount of interest per month per bushel that you are forteiting by putting corn under loan at \$2.40 instead of selling it for

0.16x(\$3-\$2.40)≈0.8 per bu.

## 12 mos.

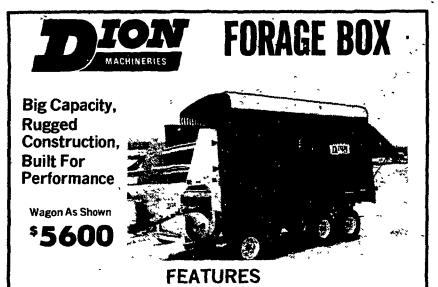
Figure the monthly interest you pay on the CCC loan: 0.145x\$2.40=2.9<sup>.</sup> per bu.

## 12 mos.

Your total monthly cost per bushel for keeping corn under CCC loan-and assuming you store it in your own tacilites-works out to 3.7 cents a bushel (0.8 cents + 2.9)cents = 3.7 cents).

In this example, prices -would have to rise by 3.7 cents a month to make returns from holding corn under loan equal to returns from selling it at harvest for \$3. Therefore, to come out even, you would have to expect corn prices to AN (Turn to Page C37)

AVAILABLE



The penalty for early redemption is now calculated a bit differently. The penalty is based upon the time that has lapsed since the reserve was in the release status. For wheat, release status ended 9 months ago. For wheat placed in the reserve after December, the penalty is based on the date of entry.

For example, as of September, total repayment of older reserve loans (those secured before last December) would require 1) the principal plus 9 months' interest, 2) all prepaid storage payments plus 9 months' interest, and 3) and

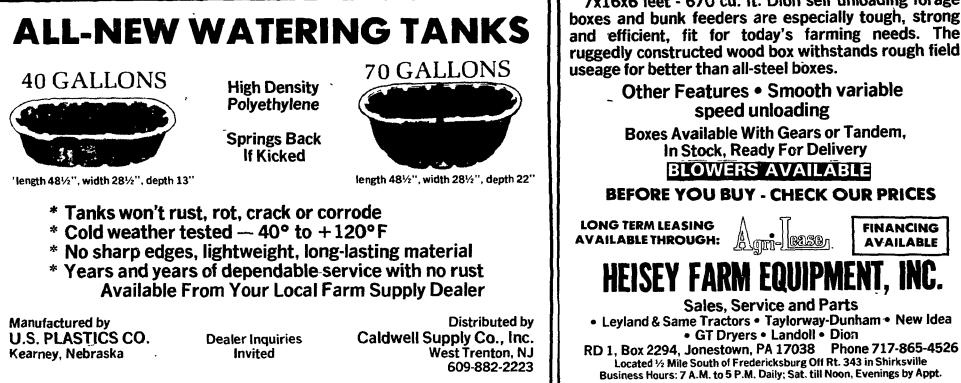
Unearned storage payments must be refunded when the reserve loan is repaid.

If you hold any outstanding 1980crop wheat loans, you may convert these into the reserve program until December 31. You will receive an additional 30 cents per bushel above the \$3 loan, a prepaid \_ million metric tons, up 2 million 26.5 cents storage payment, and the loan will be interest-free. However, you can't sell that wheat without penalty until the \$4.48-perbushel release price is reached.

interest surcharge on the principal

price through the end of the month plus an additional 30 days, storage payments will end and the current interest charges will resume.

equal to one-half of the loan rate at the time of repayment (7.25 percent) for 9 months.



 Standard Equipment includes 6 ft. ninge rear door, Ø) rear unloading, 18" diagonal cross auger and individual beater clutch. 7x16x6 feet - 670 cu. ft. Dion self unloading forage boxes and bunk feeders are especially tough, strong and efficient, fit for today's farming needs. The ruggedly constructed wood box withstands rough field useage for better than all-steel boxes. Other Features • Smooth variable speed unloading Boxes Available With Gears or Tandem, In Stock, Ready For Delivery **BLOWERS AVAILABLE BEFORE YOU BUY - CHECK OUR PRICES** LONG TERM LEASING FINANCING A mi- lease