

Record grain crops but lower prices, reports Lou Moore

UNIVERSITY PARK — The 1981 growing and harvesting season was nearly perfect for grain producers. The 1981 corn crop was a record 8.10 billion bushels, up 22 percent from the drought reduced crop of a year ago. The previous

record was 7.94 billion bushels harvested in 1979. "The fears of shortage which existed a year ago have all evaporated," says H. Louis Moore, Penn State Extension agricultural economist.

The increased supplies, plus only moderate growth in domestic feed use and exports will result in large supplies of unused grain when the current marketing year ends on September 30, 1982. The projected carryover of feed grains will exceed this year's carryover by at least 40 percent. Corn is the major feed grain and the volume on hand next October should total about 1.5 billion bushels.

"With such a large volume of grain on hand before the harvest of the 1982 crop, there will not be as much concern about the 1982 crop

as there was this year," notes Moore.

The burden of the potential surpluses has taken a heavy toll on the grain markets, he points out. Cash prices at major markets are in the \$2.63 to \$2.65 per bushel range. This is nearly 30 percent below the price received a year ago and puts severe pressure on cash grain producers.

Future prices for most delivery months are near contract lows. The burden of the potentially large carryover keeps prices low despite occasional reports of increased

interest in export markets.

"The strong U.S. dollar relative to other currencies, coupled with high interest rates and very poor livestock feeding margins resulted in slowing of domestic use and exports," explains Moore.

"The continuation of these factors will combine to keep price pressure on feed grain prices."

Moore adds that because of lower prices of grain, dairy and livestock farmers will probably increase their use of corn by about 10 percent during the current marketing year.

Grange introduces new health insurance

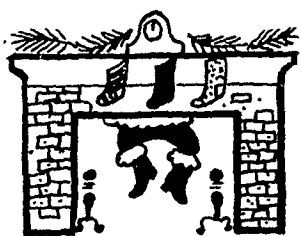
HARRISBURG — The Pennsylvania State Grange has introduced a new group health insurance plan for members, State Master Charles Wismer announced last week during a series of local area meetings across the state.

The new hospital and major medical plan is designed specifically for farms and small businesses and underwritten by a major insurance company. The program provides the benefit of low group rates for all employers, employees and dependents up to nine persons. A number of plans, ranging from a \$100 deductible to \$500 deductible, can be selected.

"Rising health insurance costs have really hit hard on the farmer," Wismer said. "Our goal in

setting up this health plan is to save substantial amounts of money for many farmers in Pennsylvania. This new program is flexible so that groups can choose a deductible plan to satisfy both their health needs and financial capabilities."

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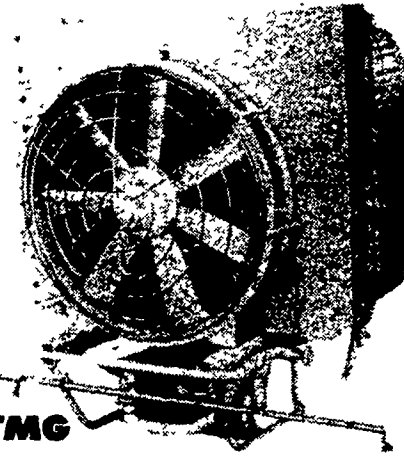
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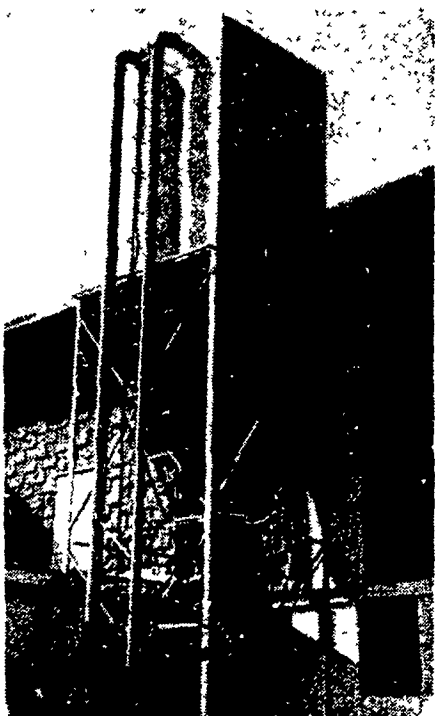
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