

# Farmers must do better job of selling crops, says marketing analyst

NEWARK, Del. — There's a lot of concern these days over the need to increase industrial productivity in the U.S. But the American farmer doesn't have to hang his head in shame when lack of productivity is discussed.

"He has few peers when it comes to getting the most from the land he farms," Merrill Lynch Vice President H.R. Purkey, told farmers gathered for the recent Delmarva Corn and Soybean Technology Conference in Salisbury, Md.

The marketing analyst had high praise for the production efficiencies achieved by today's farmers. But he said many are missing the boat when it comes to marketing their crops. That's a costly mistake no one can afford to make.

Farmers are good at discovering more productive uses of their time, equipment and resources. But does the American agribusinessman spend an appropriate percentage of his time and effort on marketing, Purkey asked.

"Is he aware of the ever-evolving factors that affect price? Does he have a marketing strategy? Does he understand the different market factors that constantly emerge? And does he

make time to effectively market his production? My experience tells me he does not."

To remedy this problem, Purkey said farmers need to commit themselves to developing a knowledge base which will allow them to sell their crops effectively. This involves understanding the prevailing economic climate, recognizing the conditions that affect it and potential changes which may alter the picture.

Purkey said he doesn't agree with those "doom and gloomers" who predict American economic disaster. "We may have become somewhat complacent," he said, "but our economic resilience fostered by our competitive ability should once more allow a steady economic growth." And though the short outlook is glum, he said he considers the long-range future bright for American agriculture — "the most important industry our country has."

Prices farmers get for their crops in the months ahead will be determined in part by such factors as interest rate levels, overseas demand for U.S. grain, and available energy supplies, he said.

With the government apparently competing with the private sector for funds, will interest rates

remain high? "I'm afraid so," he said, though it's too soon to know what impact recently liberalized IRA and Keogh provisions will have on individual savings activity. This, in turn, will determine the amount of loan money available and could affect interest rates.

Americans have gotten out of the habit of saving, he said. As a nation we've recently been spending about 95 percent of our income and saving only about five percent. But this attitude may be changing. Saving a little more "for a rainy day" could well gain in popularity.

In the world marketplace, Purkey said the problem is not lack of demand for American products, but one-sided trade policies. "Mutual diligence must be exercised," he said, "to insure that protectionist barriers aren't implemented against our country which might create a political atmosphere of retaliation. I don't believe barriers do much good."

What of the overseas market for American grain? "The 1981 world grain production was a record, even with the poor Russian crop," he said. "We're all aware of the record 1981 U.S. corn and wheat crops. The soybean crop was excellent. The problem is, supply

simply exceeds available demand."

Last year agricultural exports totaled nearly \$44 billion dollars or almost 19 percent of the total U.S. export volume of \$234 billion. Grain exports represented almost \$30 billion, which shows how important they are.

What will Russian grain needs be this year? Will the Polish situation rekindle an export embargo on U.S. grain? "I certainly hope not," Purkey said. Unless conditions are absolutely ideal and the Russians manage to produce a bumper crop, he expects them to need to buy world grain for years to come. "Their system, along with uncooperative elements, simply hasn't proven capable of providing their food needs, let alone those of their Red Block neighbors."

Beyond this, the increasing world population assures a continued demand for American grain. Whether it's Russia, China, India or other countries, the need is there, he said. The U.S. has become the world's residual grain supplier and, with improved worldwide economic conditions, our grain will be in demand.

As for the demand for grain to produce fuel, the predicted boom in this quarter hasn't materialized,

and Purkey doesn't expect it to occur, at least for the time being because of an easing in the fuel crisis.

Other factors could affect the price of grain over the months ahead. It's too soon to tell, for example, whether the recent tax cuts will have their desired effects on the economy. The Mid-East situation could flare again into a world political hot-spot. Relations between Russia and the People's Republic of China could worsen, or possibly even improve.

"Either situation would create ripples around the world," the analyst said. Some new world issue could also emerge. All of these factors make the task of market analysis more complicated, and Purkey said he sometimes yearns for the good old days when there weren't so many extraneous elements to consider.

He listed a number of near term market factors to watch for: the emerging Brazilian and Argentine crops, the continued good pace of U.S. soybean exports, the price relationship of corn and soybeans as spring planting decisions are made, the anticipated cost of growing corn vs. beans this year, adherence to the just-announced

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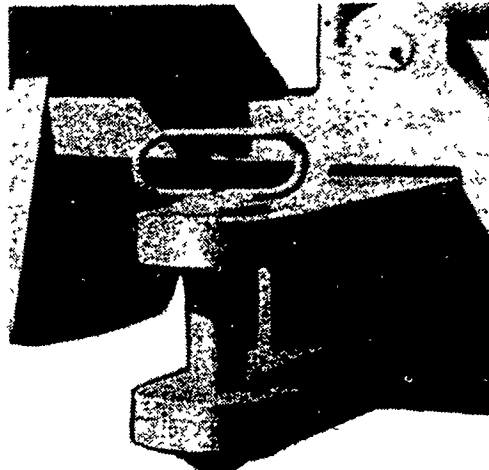
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2.	STEIGER ST-280 (CUMMINS)	91.59%
3.	STEIGER PTA-280 (CUMMINS)	88.95%
4.	STEIGER ST-225 (CAT)	87.99%
5.	STEIGER PTA-280 (CAT)	87.49%
6.	STEIGER ST-325 (CAT)	86.75%
7.	VERSATILE 875 (CUMMINS)	86.44%
8.	VERSATILE 835 (CUMMINS)	86.23%
9.	STEIGER PTA-325 (CAT)	85.13%
10.	FORD FW-60 (CUMMINS)	85.24%

STEIGER AVERAGE 87.78%

Others Average 77.17%

\* NOTE: All information is current as of Jan. 1982.

\* NOTE: Drive Train Efficiency is calculated by dividing the highest drawbar horsepower attained in the test by the engine horsepower. The percentage represents the maximum ratio of engine horsepower transferred to the drawbar on tested tractors.

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