

Is farm equipment shortage developing?

MINNETONKA, Mn — Tractors and other major farm machines could start to become scarce by the second half of 1983, according to a farm equipment guidebook publisher.

Morris W. Dorosh, whose Marshall Publications of Minnetonka, MN, produces the semi-annual Marshall's Farm Equipment Guide, says the farm equipment market is on the verge of a major change that will mean higher prices, fewer financing concessions and waiting lists for many tractor and machine models.

"The problem in the farm equipment industry over the last

two or three years has been similar to that of agriculture itself: overproduction in the face of weak demand," says Dorosh. The scramble to reduce manufacturer and retail inventories and generate cash at a time of record borrowing costs has financially strained every major manufacturer, according to Dorosh. He predicts that at least one, possibly two of the biggest names in the farm equipment industry won't survive in their present form beyond mid-1983.

"Farm equipment and tractor inventories are being reduced quite rapidly, which means that fewer units are being produced

than are being sold", says Dorosh. Many production lines are indefinitely idle and most of those still operating are working at reduced rates. Dorosh expects this to continue until the industry is sure that a genuine recovery in farmer demand has begun. In the meantime, inventories will likely shrink to the point where not all models or types will be available for immediate delivery from a dealer lot. Factory ordering will become common at prices much closer to list.

Manufacturer's list prices have been increased more slowly in most cases than actual production

costs since 1979. With discounts and rebates from the factory and price-shaving by dealers, most farm machines sold in the past two years cost more to produce than buyers paid for them. It's the inability to obtain "normal" manufacturing margins, much more than the highly-publicized debt-service problems of some companies, that is the most serious problem even for the industry leaders.

Manufacturers don't have to operate at the production rates of the booming 1970s, according to Dorosh. "Most manufacturers have excess capacity even for good years. Some are now starting to rationalize plants and product lines in order to be more flexible and be able to operate at lower output and sales rates. This will allow them to operate profitably even in poor sales periods so that the market probably won't be flooded with big-ticket machines again for years to come."

A factor in the current situation is the introduction of new tractor model lines this year by Allis Chalmers, Ford, International and Deere. "Filling the distribution pipeline with new models kept output higher than it would have

been otherwise and contributed to the new-tractor glut", says Dorosh. Many dealers are selling new tractors of both new and obsolete models, which especially depresses values of some late-model used tractors.

The latest edition of Marshall's Farm Equipment Guide shows clearly that used-equipment values have dipped along with those of new tractors and equipment. Additional downward pressure in the used market has come from an unprecedented number of farms and dealership dispersals, liquidations and auctions. But used tractor and machinery prices will recover faster than those of new machines, Dorosh anticipates. "Buyers who go new-tractor shopping a year from now will experience the same kind of 'sticker shock' that's been hitting new-car buyers. That's likely to cause a surge in used equipment values, especially larger, late-model units in prime condition. With fire-sale deals, huge factory rebates and below-cost financing almost a thing of the past, the used market should be booming by this time next year. Buying soon will save money in the longer run.

Harvestore sponsors ag lender conference

CHICAGO, Ill. — More than 550 persons from the United States and Canada attended the eighth annual North American Agricultural Lender's Conference, Sept. 12-14, 1982 at the Chicago O'Hare Marriott Motor Hotel.

Lending institutions from 18 states and 2 Canadian provinces were represented at the meeting.

The two-day conference was sponsored by A.O. Smith Harvestore Products, Inc., a manufacturer of oxygen-limiting feed storage structures, automated feeding equipment, and liquid manure handling systems and their dealers.

"This annual lender's conference is designed to provide representatives of agricultural credit institutions and agencies throughout North America with an opportunity to learn of new developments in agricultural finance," said Carl Clayton, organizer of the conference and director of marketing staff services for A.O. Smith Harvestore Products, Inc.

"This meeting also gives ag lenders an excellent chance to take a look at the exciting challenges that face them in the years to come," he added.

The Lender's Conference program involved presentations by a number of authorities on agricultural finance.

Among the speakers were Frank



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W. Naylor Jr., undersecretary of agriculture, U.S. Department of Agriculture, who presented a Washington insider's view of the outlook for agriculture; and Art Buffington, president of the Federal Land Bank of Omaha, Neb. who discussed long-term agricultural lending.

Additional speakers included John F. Marten, staff economist, Farm Journal, who discussed the outlook for agriculture; and Marvin R. Duncan, assistant vice president and economist, Federal Reserve Bank of Kansas City, Mo.

The economist provided an update on the fast changing field of leasing agricultural products.

Other speakers represented universities, lending institutions, and the staffs of A.O. Smith Harvestore Products, Inc., and its dealerships. Also on the program were farmers with extensive experience in the effective use of credit.

The conference also featured tours of the sponsoring company's manufacturing facilities at DeKalb, Ill.

Jan. 15 set as opening for new Purina plant

St. Louis, Mo. — Tom Potterfield, Director of Operations, North Atlantic Area, for Ralston Purina Company's Chow Division has announced that the Company's new Chow manufacturing facility, now under construction in Lancaster will be completed and on stream by Jan. 15.

According to Potterfield, "Our new Chow plant will utilize all the latest manufacturing equipment and techniques. We are pleased with the progress made here in

Lancaster County and the tremendous support we have received from the community. For that, we are especially grateful."

As announced earlier, the new plant will employ approximately 15 people and have an production capacity of 150,000 tons of Chow feed products per year.

Ralston Purina Company, based in St. Louis, is the world's largest producer of commercial feeds for livestock and poultry.

Upjohn to market mastitis treatment

KALAMAZOO, Mich. — Quartermaster, a combination antibiotic formulation for treatment and prevention of Staphylococcus aureus mastitis infections in the dry cow, is now available exclusively from The Upjohn Company.

Hamilton Pharmacal Company, Division, West Agro-Chemical, Inc., and The Upjohn Company recently concluded an agreement whereby Upjohn has been selected to be the exclusive marketer for Quartermaster. Quartermaster is an Rx product available only from veterinarians.

Gerald A. Welch, division vice president of Upjohn's Agricultural Unit, said Quartermaster puts the company into the position of having two dry cow products —

Quartermaster and Drygard — and Special Formula 17900 Forte, a procaine penicillin-novobiocin formulation for lactating cows, available to the veterinary profession.

"Upjohn's product line will enable veterinarians to offer their clients a more complete mastitis treatment program," Welch commented.

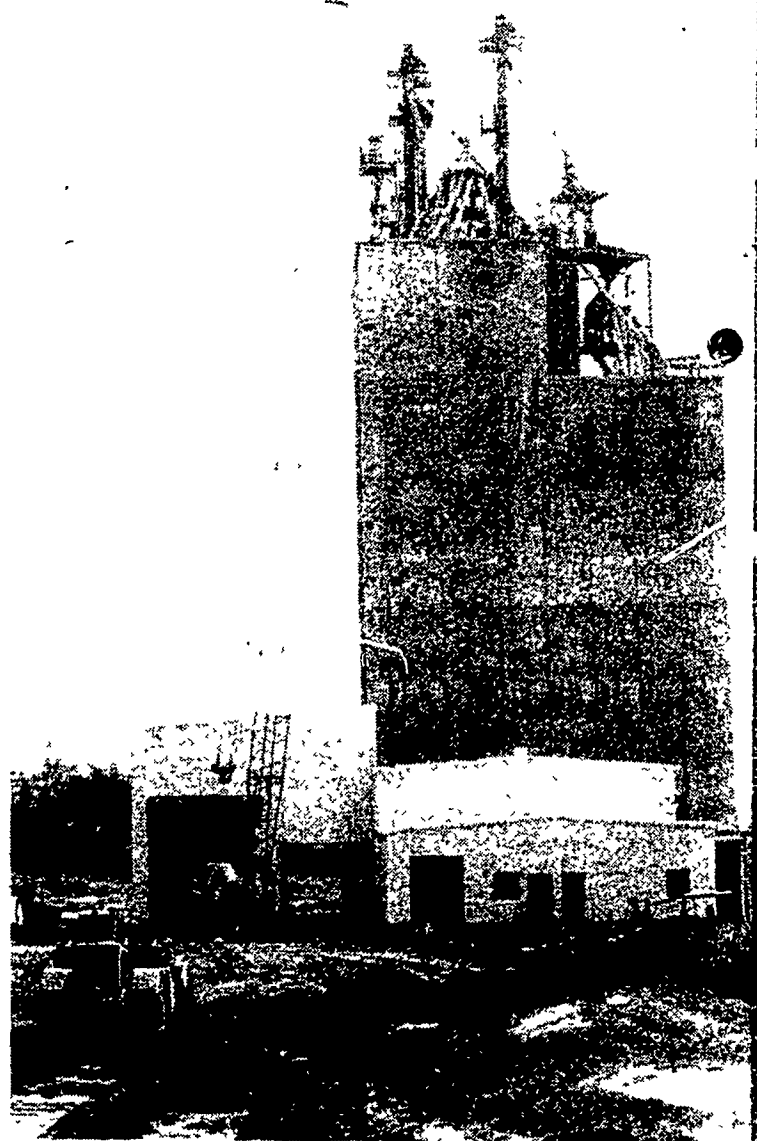
Each 10 ml syringe of Quartermaster contains 1 million units of micronized Procaine Penicillin G and 1 gm of micronized Dihydrostreptomycin Sulfate in an extended action base for longterm treatment.

The value of using Quartermaster as part of an effective mastitis control program was demonstrated in a three-year trial

conducted by Cornell University researchers. The test involved 1,973 infected quarters on 24 commercial dairy farms. Trial participants followed a mastitis control program which included udder sanitation, treatment/culling of severely affected cows, and infusing all quarters of all cows at drying-off with Quartermaster.

Trial results showed that when infected animals were placed on this program, infection rate dropped from 28.1 percent of the quarters to 7.1 percent — a 92.9 percent recovery or elimination of infected quarters.

Another well-controlled field study conducted by The Upjohn Company confirmed the efficacy of Quartermaster in reducing frequency of Staph. aureus mastitis infections. Results showed that Quartermaster eliminated 72 percent of Staph. aureus infected quarters, compared to elimination of infection in 34 percent of non-medicated control cows.



Construction continues on new Purina Chow manufacturing plant at Lancaster.

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