

Report on PIK forecasts higher wheat, feed grain ending stocks

CHICAGO, — In a special research report on the impact of the U.S. Government's Payment-In-Kind (PIK) program, Merrill Lynch Futures Inc. has forecast sharply increased ending stocks of wheat and feed grains for the 1983/4 season.

James A. Culver, director of research for Merrill Lynch Futures Inc. said, "With normal weather, production reductions should range from 9 percent for soybeans to 33 percent for rice compared to 1982/3. However, commodity stocks are very large and since farmers will keep their best land in production, higher

yields will offset part of the reduction in harvested area. The PIK payments plus 1983 crop grain will likely exceed use for wheat, feed grains and cotton. For these crops, ending free stocks could increase during the coming season and hold average farm prices near price support floor levels.

The Merrill Lynch report also forecast a slight decline in ending free stocks for soybeans and a sharp decline for rice, from 40.4 MIL CWT to 25 MIL CWT.

Specifically, the Merrill Lynch report forecasts:

•Wheat — Total ending free stocks at the end of the 1983/4

season are expected to more than double, from 330 million to nearly 780 million bushels. The result will be heavy downward pressure on the 1983/4 average farm price.

•Feed Grains — Ending free stocks are expected to rise from 16 mmt to 21 mmt. Corn prices are expected to continue to decline and go below the \$2.65 loan at the farm by late fall.

•Soybeans — If soybean yields in 1983 are the same as in 1982, stocks at the beginning of 1983/4 should be moderate, and ending stocks will likely decline unless the summer weather is unusually favorable. Beans are expected to be the trading market during the growing season, rising on reports of adverse weather and declining on forecasts of better yields.

•Rice — World supplies are relatively tight; consumption is expected to exceed production, and ending stocks will likely be down from last year.

•Cotton — Cotton will likely trade within four pricing tiers; San

Joaquin Acala will trade at substantial premiums to New York Futures while "white tenderable cotton," which is likely to mirror the futures market, could move upward in response to increasing export demand. Qualities that are not tenderable against futures contracts, but are eligible for CCC loans, should trade at prices close to the CCC loan. Unsold PIK cotton, probably of poor quality, will not be eligible for CCC loans. Thus, while 1983/4 ending stocks likely will decline, relatively large free stocks will hold average farm prices within \$.05 of the \$.55 per pound CCC loan.

The Merrill Lynch report analyzes each market in-depth, including current yield, price predictions and variables that could further affect these markets, such as weather, legislative or administrative policies and foreign grain purchases.

The 1983 PIK program is the

most massive land diversion program in the history of the United States, offering farmers payment for acreage reduction with warehouse receipts for surplus agricultural commodities, rather than cash. The program was initiated with the intent of depleting excessive surplus stocks and reducing the decline in farm income.

In response to the very attractive payment rates offered by the PIK program, farmers have agreed to idle nearly 83 million acres ordinarily planted to wheat, feed grains, cotton and rice. This is the largest amount in history, nearly one-third greater than the previous peak of 63 million acres idled in the early 1970s.

This report is available, free of charge, to the general public by calling toll-free 1-800-MERRILL or writing to Merrill Lynch Futures Inc., 2 Broadway, New York, N.Y. 10004.

Sire Power

(Continued from Page D2)

headquarters where he will undergo an intense preventative herd health program before he joins 60 other bulls being sampled this year.

Terrapin NOD-ET 1881562 is sired by Wagnerscrest Ivanhoe Astronaut, a genetically superior bull with +1525m +.05% +63f +\$212.77%R.

His dam is Terrapin Jet Stream 1180, VG85. She was specially selected because of her outstanding type and production with a top record at 3-6 365d of 24970m, 1164f, a cow index of +1904m +.00% +70f +\$253. She is sired by Arlinda Jet Stream-twin.

A young Holstein bull bred by Mark S. Yoder, Belleville, Pa.

9H873 Sir Els Rickyside Jet MARK 1870089 is also located at Sire Power headquarters.

Sir Els Rockyside Jet MARK 1870089 is sired by Arlinda Jet Stream-twin, a genetically superior bull with +2104 -21%

+43f +\$217.

His dam is Y-Brookside Chairman Snow 108 VG(85). She was specially selected because of her outstanding type and production with a top record at 3-2 365d of 26,518m 1079f, a cow index of +1488m -.03% +49f +\$185. She is sired by Cal-Clark Board Chairman.

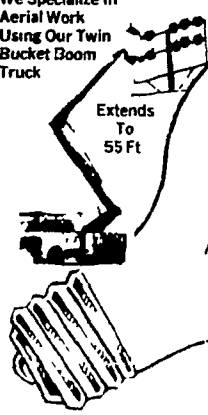
A young Holstein bull bred by William Terhune, Andover, N.J.

9H871 Bi-Jo Blendell HANNON 1885018 is also located at Sire Power headquarters.

Bi-Jo Glendell HANNON 1885018 is sired by Glendell Arlinda Chief a genetically superior bull with +2007m -.07% +61f +\$241.

His dam is Bi-Jo Elevation Heather, EX(93) 3E. She was specially selected because of her outstanding type and production with a top record at 5-7 365d of 24,851m 1195f, a cow index of +991m +.19% +65f +\$172. She is sired by Round Oak Rag Apple Elevation.

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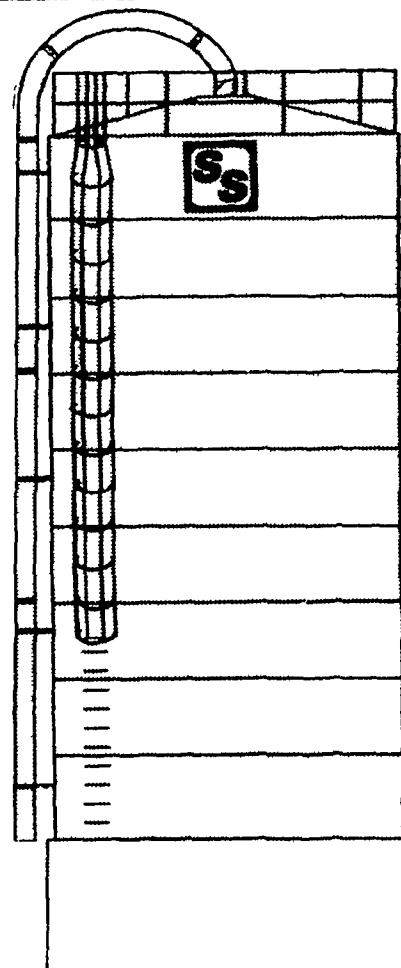
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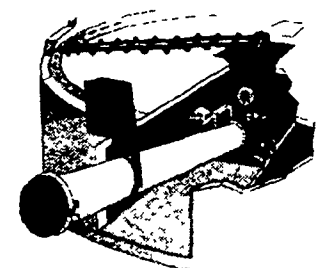
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