

# Pennsylvania Ag Prognosis Good For 1994

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STATE COLLEGE (Centre Co.) — Further growth is in store for the United States economy during 1994.

The most recent recession was not as severe as thought and the 1992 recovery was much stronger than reported a year ago.

Gross domestic product grew by a surprising 4 percent for much of the 1992 period.

However, growth prospects for 1993 have been scaled back from

earlier expectations. Gross domestic product (GDP) growth for 1993 is expected to be about 2.5 percent. Economic recovery has been characterized as being "stuck in low gear."

Unemployment continues to be a problem as employers try to increase output with smaller workforces.

The modest recovery rate brought some side benefits.

Consumer prices rose only 2.7 percent in the 12-month period ending Sept. 30. Commercial lending rates average 6 percent — their lowest levels in 25 years — and should remain near current levels through the first half of 1994.

Looking farther ahead, 1994 could be a repeat of 1993. Economic growth is projected to be 2.3 to 2.7 percent. Consumer prices will increase 3 percent or even less. Unemployment will change little from the current level of 6.8 percent, which is high by historical standards for this stage in an economic recovery.

### Feed Supplies Sharply Lower

Agriculture had an unusual year during 1993.

Drought in the Northeast and Southeast and record floods in the Midwest sharply reduced crop prospects.

This was the first time that too

much moisture reduced crop yields in such a large area of the country.

November projections of the national corn crop were 6.50 billion bushels, down 31 percent from last year's record crop. Soybean production in 1993 was expected to total 1.83 billion bushels, down 16 percent from last year.

Corn and soybean supplies will be tighter in 1994 than during the past year. Sizable stocks were carried over from 1992 record crops.

Corn stocks on September 1, 1993, were at 2.1 billion bushels, nearly double a year earlier, but on September 1, 1994, they should total about 1.1 billion bushels

(Figure 1).

Tightening supplies of corn will support prices at 15- to 50-cents higher than during the past year. Higher prices will restrict corn used for livestock feeding by about 100 million bushels.

Corn exports have been dropping sharply.

Sales to Japan have been larger than a year ago but sale levels to the countries of the former Soviet Union have been sagging — a reflection of instability and the lack of hard currency in those countries.

Exports of corn for the 1993-94 year are projected at 1.4 billion

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Figure 1. Ending stocks and farm prices received for U.S. corn from 1980 to 1993.

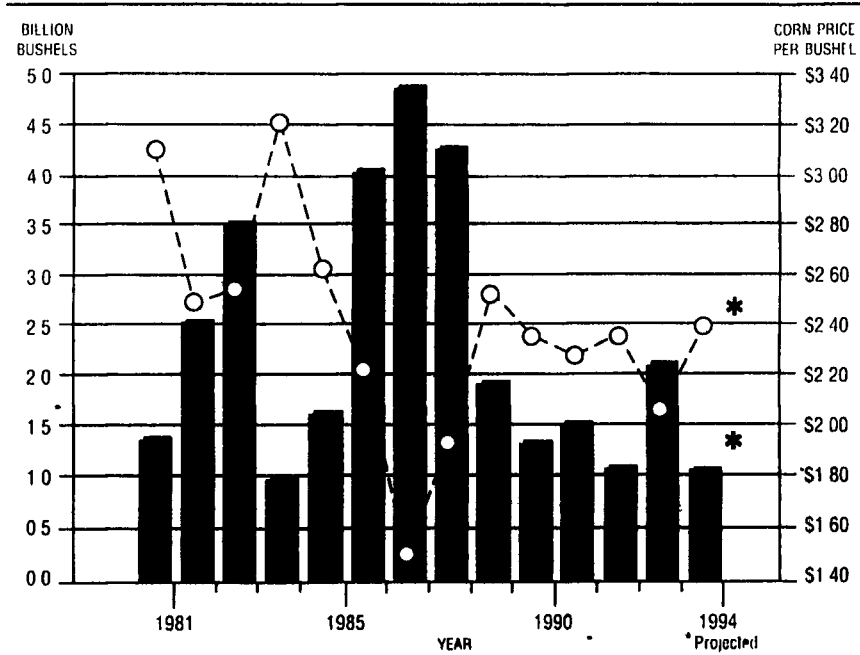
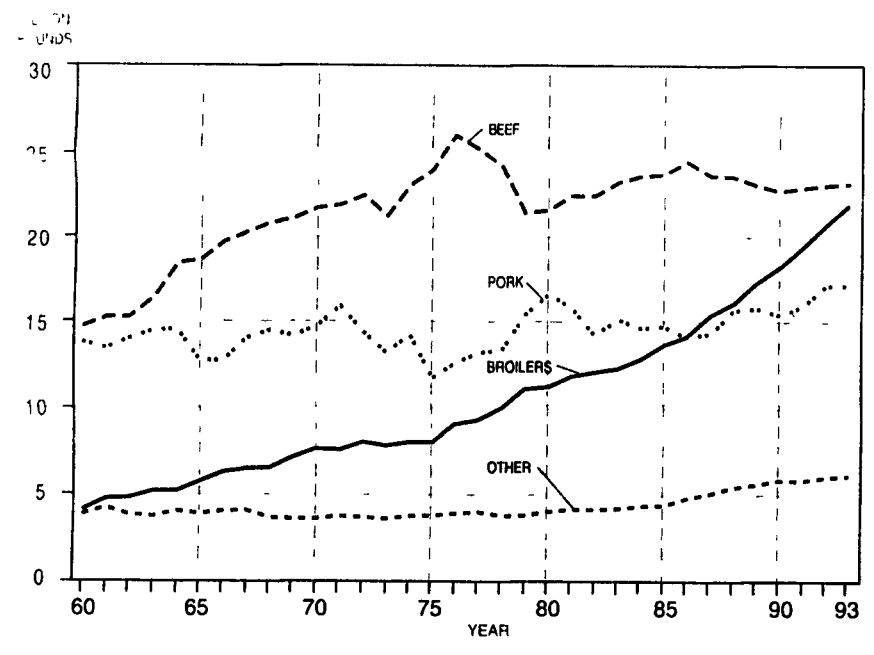


Figure 2. Meat production in the United States from 1960 to 1993.

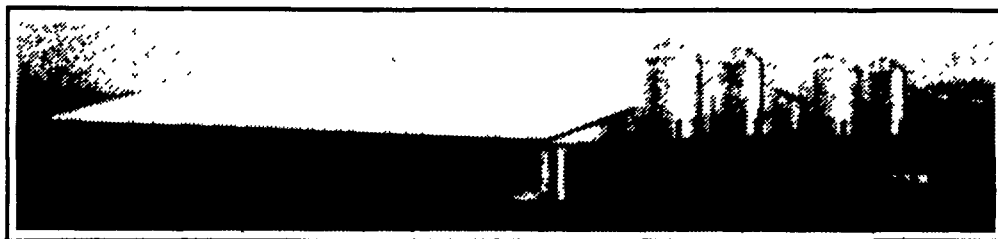


SOURCE: USDA Ag Outlook, marketing year ends August 31

SOURCE: USDA National Agricultural Statistics Service

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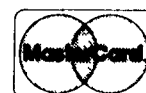
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