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Quality of the export markets have improved. USMEF has been able to identify and qualify new and expanding market bases, to Russia and the Far East.

In 1995, exports rose 13 percent over 1994 exports. The focus has not been on just selling meat, according to Oates, but to sell the "entire production and distribution chain" to overseas, he said.

USMEF, chartered in 1976, has added many more offices to cities in Japan, Korea, Russia, China, and other countries. Oates explained the funding sources and how these have worked to boost exports around the world.

Oates indicated that "China will be the market in the future," and that more is being done to help China train store operators to promote U.S. beef.

1996 predictions

An agricultural forecaster said it's been a bloodbath if you're a meat producer, but a real boom if you grow grain to sell.

And that forecast is not likely to change for many cattle producers, while the grain markets will continue to remain "strong at least until harvest time," said Lou Moore, Penn State professor of ag economics, at the Penn-State sponsored Cattle Feeder's Day.

On the other hand, for feeder cattle operations, 1996 will be marked by "continued losses in feeder cattle operations" because of the dismal price and the increasing cost of feed, particularly corn.

Carryovers of corn could be nearly depleted by September, while demand continues to remain steady at nine billion bushels per year for all varieties of livestock and poultry operations and derived products from corn, according to the ag economist.

More meat will continue to be

produced every year for at least the next 3-4 years, according to Moore. Cattle futures for April, posted Feb. 2., were 63.92 per hundredweight, with a cash price of 67.50.

Moore provided his predictions for 1996 at the Cattle Feeder's Day. Production of beef will increase by 3 percent, to 25.7 billion pounds; pork up 1 percent, 18.3 billion pounds; lamb will decrease 2 percent, at 3 billion pounds; and veal will decrease 1 percent, at 3 billion pounds.

However, the trend the past several years has been a manifold increase in poultry production. This year, broilers will increase production by 6 percent, or 26.9 billion pounds and turkeys up 4 percent, at 77.5 billion pounds.

Contrary to recent reports, people are not becoming more vegetarian. They are actually eating more meat, according to Moore. In 1994, people were eating 211.5 pounds per person of meat; in 1996, the number is projected at 216.6 pounds per person. In the year 2004, projections are for people to eat meat at about 219.1 pounds per person. But poultry products will continue to show an increase in consumption over beef products, according to Moore.

The good news for beef producers is that exports continue to exceed imports, which is doing a lot to take meat off the market.

For grain producers, the news continues to improve. Unemployment remains down, as does inflation, at 2.6 percent. Unemployment in November stood at 5.8 percent.

While corn yields in 1995 equalled only 7.37 billion bushels for the U.S. (compared to the record-breaking year of 1994 with 10.11 billion bushels), the use of corn is steady at 9 billion bushels per year. Corn users must reduce feed use by 18 percent to have a 5

billion bushel corn carryover. So far, this isn't happening, since feed use in the first quarter has remained unchanged, even with the high prices of corn, according to Moore. As of last Friday, according to Moore, March 1996 corn futures stood at \$3.66 a bushel.

"I think we're heading for a big planting in corn this year," he said.

If we have a drought, however, "we're in for a real trial in the grain business," he said.

Captive supplies

Dr. Wayne Purcell, Virginia Tech Ag Economist, spoke about the effect of captive supplies on cattle prices. Purcell indicated that processors use captive supplies not to fix the price of cattle, but simply to keep the kill line running, which "gets the flow stabilized and keeps costs" in check. It is important from a cost of slaughter standpoint to have a steady, reliable supply of product. This technique may have price ramifications that could prove positive for producers, according to Purcell.

He said the big three processing companies in the U.S. — IBP, Conagra, and Excell — find it is substantially cheaper to maintain a slaughter rate of 300-350 head of cattle an hour over the slower and more expensive 100 head per hour at the plants.

"I don't think captive supplies are going to go away," he said.

Using by-products

"On paper, it's real easy to make money in the cattle business," said Glenn Paris, who oper-

ates a large cattle feeding operation in Borneo, N.Y. "But nothing is easy, it turns out."

Paris maintains about 2,400 acres, 1,000 of which are in corn, about 30 miles west of Albany. He said his "real love is balancing rations."

The secret is to use food by-products, which are in abundance in the Northeast, considering all the supply of raw material from the big food manufacturers here.

Many of the rations include bread — about 55 percent bread, according to Paris. For his custom feeding operation for a customer base that is "getting bigger and bigger," Paris has used lots of by-products, with a good dry matter base, including an afterproduct of penicillin production, candy, onion rings, spaghetti, potato chips, poultry litter, and one time, 10,000 tons of tapioca.

He's even mixed whey with sawdust to get a feed that provides

"the least cost per pound of gain," he said.

Paris told the producers there are a lot of products available, and nearly "anything out there is worth money" in terms of a feed source for cattle. "Dry matter consumption is absolute king" he said.

Also at the Feeder's Day, Dave Ivan, executive director of the Pennsylvania Beef Council, spoke about the National Cattlemen's Beef Association, a consolidation of the Beef Board, National Cattlemen's Association, USMEF, and the Beef Industry Council.

The consolidation brings together organizations that were doing some of the same types of work "into the same shop," he said, and keeping the "producers in the driver's seat."

Also, Brad Morgan, Oklahoma State University, provided an overview of the National Beef Quality Assurance survey conducted in 1995.

Holstein USA Cancels Forums

BRATTLEBORO, Vt.—The Holstein Association will not be sponsoring a series of Open Forums (previously known as Winter Forums) as they have done in past years.

However, national officers, directors and staff members will work throughout the year to hold information sessions in connection with other scheduled member meetings such as state conventions, sales, barn meetings, and grass roots meetings. Several such events are already scheduled and others are in the planning stages. In the last several years, atten-

dance at the Open/Winter Forums has declined. The success of grass roots meetings in 1995 allowed Association staff to reach members and non-members alike.

Meetings were organized by field representatives, staff officers, and members of the Board of Directors. These meetings brought a positive response from participants, prompting the Association to continue this format in 1996.

Please contact the Holstein Association at 1-800-952-5200 if you would like help scheduling a similar meeting in your area.

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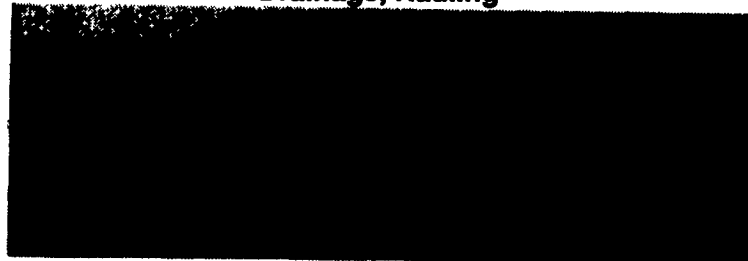
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