

# Farm Management



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## USDA Reports

The March 31 Intended Planting Report from the USDA suggests an all out effort at increased agricultural crops production in the United States for 1998. Growers intend to plant 80.8 million acres of corn. This is an increase of 1% over the 1997 season. The expected corn acreage is down in most of the major crop production states as growers switch to soybeans. Pennsylvania growers will be planting 50,000 less acres of corn this year with 1,500,000 acres intended for corn production during the 1998 growing year. Winter wheat acreage is down

from last year, generally. The catch for this region is increased acreage of soft red winter wheat has been planted. 20,000 additional acres in PA, DE and MD were planted to wheat last fall.

Soybean plantings are expected to come in at 72 million acres. This would be an all time record for acres planted to beans in the United States. Pennsylvania farmers intend to plant 380,000 acres in soybeans this spring. This is up from 370,000 in 1997 and 290,000 in 1996.

Acres of harvested hay continues to decline in the Commonwealth. This year's hay acres is expected to be 98% of last year's total. Even with a steady decline, hay still dominates Pennsylvania agriculture with 1,830,000 acres planted.

**The World As An Oyster**  
45% of the recent growth in agricultural exports can be attributed to the Asian markets. Planting of corn, beans and wheat in the US has increased by 19 million acres in the past 3 years in an effort to meet the demand for exported grain, meat and poultry products. 28% of the corn and 54% of the beans grown in the US are exported, in one form or another. A record Argentina corn crop added to Chinas corn exports will offer stiff competition for US corn exports this year. A continuing Asian economic crisis puts the US in the position of over production. Over production translates to lower prices.

The dire El Nino predictions did not materialize. Australia, South Africa and South America produced crops at average or above yields. El Nino did impact the edible oils market. The soy oil price being a single bright spot for agricultural crops producers. If we believe history, an El Nino that is slow to dissipate results in a drought in the Mid West.

Recently the Canadian Wheat Board announced it expects wheat and barley prices to weaken through the '98-'99 crop year. They state this is due to a 20%

increase in world wheat inventories.

Livestock production in Japan and Korea will be sharply reduced because of the currency devaluation. The devaluation effectively made their imported feed grains 30% more expensive over a 9 month period. Beef, pork and milk will be the most effected. Poultry is expected to gain from the consumer shifting from the more costly animal proteins.

## Comparisons

Hogs slaughtered in the US during the first three months of 1997 = 19,000,000. Hogs slaughtered in the first three months of 1998 = 22,000,000. Ham price from the processor during 1997 = \$63 per cwt., during 1998 = \$52 per cwt.

Rain in Brazil has slowed the movement of soybean meal out of the South American ports. There is a 40 day wait to get ships loaded out. The resulting South American exporting season extension could run into our early bean market. This could combine with decreased export demand to limit any weather scare rallies in the 1998-1999 bean market.

## What Could Be Ahead

What does all this early spring

information mean to a farmer in Pennsylvania? A crop grower can expect little support for prices of soybeans and wheat. Corn does show some evidence of solid support near the \$2.60 DEC level on the CBOT. This could indicate a tight year for crop farmers. A tight year for crop farmers usually means lower feed prices for animal agriculture.

At this point, all of this data is speculation. The value of these numbers lies in indicating possible outcomes as this year progresses. These possible outcomes have individual farm impacts that can be altered through marketing efforts. If your outlook is less than optimistic, maybe a portion of the 1998 crop should be forward priced on any rallies that occur? Now is an excellent time to get talk with your grain merchandiser and lender. Planning for the future results in the ability to respond to opportunities and challenges more effectively.

The one power that can alter the course of agricultural prices more quickly than government is the weather. The world population expansion continues to drive demand for food. Weather events

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