



Market Outlook

By RAY REIMAN

AVERAGE PRICES received by the nation's farmers during the month just past dipped slightly below October and below November, 1960. At 238 per cent of the 1910-14 average, the November price index was three points under a year earlier.

The all-crop price index of 223 weakened from October but held at four points above last fall. While the overall year-to-year difference was the result of a downturn in the livestock and product index, the real break came in dairy, poultry and eggs, which are included in the livestock and product category.

The index of prices paid by farmers, meanwhile, remained at 301 for the fourth straight month. It's the highest November index on record, standing at about 1 per cent above a year earlier.

BEEF CATTLE—Outlook for the winter and spring looks more "normal" than it has for some time. With top quality making up a smaller share of the winter-spring total than a year ago, and weights due to average lighter, price spreads will widen and heavy animals will suffer less price discrimination. It creates the incentive to put on more finish during winter.

Try to have steers cleaned out before spring, however. Even though prices won't dip nearly as sharp as a year earlier, the expected weakness plus spiraling feed costs on heavy animals may remove a big chunk of the profits.

After maintaining strong prices throughout the big fall movement, stockers and feeders won't likely advance any more after December than the slight gains of last year. With corn costs up and the year-ahead slaughter outlook similar to this year, feedlot operators won't have much reason to push spring feeder prices up either.

HOGS — Substantial price improvement is due shortly . . . carrying through about the next 60 days or so. Good chance February prices will reach about \$1.50 per cwt. above fall lows. Marketings will soon shift to a summer pig crop about the same size as last year — in contrast to 10 per cent slaughter increases through much of the fall.

Strength won't likely be soon enough or great enough to justify holding back hogs now much above 200 lbs. With lard very plentiful, overfat hogs will continue to be discriminated against during weeks just ahead. Plan to carry current lightweights up to 230-240 lbs. during early months of 1962.

Outlook at a Glance

FARM PRICES—Averaging slightly below last year.

BEEF CATTLE — More "normal" outlook for winter-spring; less price discrimination against heavy steers.

HOGS—Substantial price improvement is due shortly.

LAMBS — Fall feeder shipments off more than 10%.

WHEAT — Little profit to be gained by holding most classes.

RYE—Sell now, unless you want to defer income into 1962.

FEED GRAINS — Corn strength may be long coming; oats and barley are well "overpriced" as feeds.

HAY—Quality hay prices will likely advance.

DAIRY — Off-season chick hatch is up 30%.

POULTRY — Consumers will resist much broiler strength; huge frozen stocks to weigh on turkey prices.

POTATOES — Diversion payments drop 20 cents after Dec. 31.

LAMBS—Shipments of feeders into North Central States have been off much more from last fall than the 6 per cent cutback in number on feed Nov. 1. It indicates total feeding operations may be down 10 per cent or more.

Lighter marketings from fed crop, plus a marked shift from last winter-spring's liquidation to a firm holding attitude, paves way for about \$3-plus gains during the next three to five months.

WHEAT—Strength since harvest has been aided by rapid export pace and tight farmer holding. But prices at some points have worked up to levels permitting CCC to move out stocks. And exports aren't expected to keep up the price of recent months. Except possibly on quality soft wheat, profitable gains for further holding are becoming highly doubtful.

FEED GRAINS—The administration appears determined to keep the pressure on corn and sorghum prices throughout the winter. And CCC has ample supplies (and authority) with which to do it: about a half billion bushels of "certificate" corn plus any that might be going "out of condition." During late spring and summer, market should work closer to loan levels. It means corn must be of safe moisture and in good storage to return a holding profit.

While oats and barley supplies are down, prices will likely move up little so long as corn doesn't show much

gain. They're already overpriced in terms of feeding value, when compared with corn. If you need feed, sell small grains and replace with corn unless transportation costs eat up the advantage.

HAY—For the country as a whole, hay prices aren't averaging any higher than last fall. The over-all supply is ample, and even drought-stricken areas have generally moved in about enough total forage to carry them through the winter. It's still best to buy now if you need winter supplies—prices on quality hay are still due to advance several dollars a ton.

DAIRY — Milk prices will probably work lower through the winter and spring under the pressure of seasonally increasing supplies. Class I milk prices are due to show the greatest year-to-year spread.

With returns being squeezed further, culling the money-losers with a sound production-testing program is becoming even more important. Market the boarders before prices weaken sharply by late summer and fall.

EGGS—The higher average rate of lay will keep production up and prices sagging through most of the winter and spring. In addition to the current flock, the July-November egg-type chick hatch was up 30 per cent from last year; increasing supplies from these

pullets in the spring may well offset the expected strong demand by breakers.

POTATOES — Active processors and liberal use of the diversion program, especially in the West, are keeping this year's price situation from being even worse than it is. Without much winter price recovery in sight, keep moving spuds out gradually, making use of diversion program if it's offered in your area. Note that diversion payments drop from 60c to 40c per cwt. after Dec. 31.

Weather Summary

Mean Temperature and Total Precipitation
November, 1961
United States Department of Commerce
Weather Bureau Office, Helena, Montana

	Mean Temperature		Total Precipitation	
	Departure from Normal	Total	Departure from Normal	Total
Billings	31.2	-4.6	1.55	+0.87
Butte	25.1	-3.1	0.36	-0.33
Glasgow	27.6	-0.4	0.19	-0.33
Great Falls	30.0	-5.2	1.49	+0.82
Have	26.2	-4.7	0.22	-0.26
Helena	27.8	-3.9	0.37	-0.27
Kalispell	26.6	-5.4	1.07	-0.48
Miles City	30.0	-3.0	0.56	+0.07
Missoula	27.1	-4.8	1.38	+0.27
Boz. (St. Col.)			1.10	+0.03
Broadus			0.56	-0.05
Cut Bank			0.04	+0.08
Dillon			0.11	-0.27
Fiservide			0.19	-0.17
Lewistown			0.50	-0.21
Malta			0.12	-0.23
Medicine Lake			Tr.	-0.38

Jan. 1-Nov. 30
Departure from Normal Jan. 1-Nov. 30

*—Temperature data not available at press time.



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ACTUAL vs. PARITY PRICES

Comparison of U.S. average prices received by farmers on Nov. 15, 1961, with parity prices, as reported by U.S. Department of Agriculture:

	Average Farm Price	Parity Price	Actual As % of Parity
Hogs per cwt.	\$15.70	\$21.30	74
Beef cattle, per cwt.	19.90	23.70	84
Calves, per cwt.	23.70	26.20	90
Lambs, per cwt.	15.10	25.20	60
Wool, per lb.	.405	.749	54
Butterfat, per lb.	.607	.749	81
Milk, wholesale, per cwt.	4.53	5.12	80
Chickens, live, per lb.	.116	.251	46
Turkeys, live, per lb.	.184	.346	53
Eggs, per doz.	.36	.47	70
Wheat, per bu.	1.87	2.38	79
Corn, per bu.	.94	1.62	58
Rye, per bu.	1.05	1.47	71
Oats, per bu.	.64	.84	77
Barley, per bu.	1.00	1.25	80
Hay, baled, per ton	20.50	25.30	81
Flaxseed, per bu.	3.12	3.79	82
Potatoes, per cwt.	1.24	2.45	51
Apples, per bu.	2.27	2.69	84
Beans, dry edible, per cwt.	7.39	9.00	82

Average farm price adjusted for seasonal variations:
Milk, wholesale, per cwt. 4.08
Eggs, per doz. .327