



Market Outlook

By RAY REIMAN

THE WINDUP MONTH for harvesting of the nation's major crops begins with official forecasters predicting total crop production at only 1 per cent behind last year despite a 3 per cent cutback in harvested acreage. Higher yields are making up much of the difference, averaging about 1 per cent above last year's record high.

Among the major groups, feed grain production is down 1 per cent, while total output of food grains is down considerably, with the 11 per cent smaller wheat crop more than offsetting the 19 per cent larger rice crop. The soybean crop is off 3 per cent from 1962's record, while flaxseed production is a whopper compared with last year's drought-shortened crop. The cotton harvest is up 2 per cent, peanuts down 2 per cent. Total potato crop is off 10 per cent, hay up 1 per cent.

The 7 million American farm workers have again demonstrated their ability to produce more than enough to feed 184 million U.S. consumers and provide assistance to other friendly nations, despite the smallest crop acreage in more than 60 years.

BEEF CATTLE—The 8 per cent rise over last fall in the number of cattle on feed in 26 major feeding states indicates a lower price trend ahead than prevailed last winter. Since all of the increase is among weight groups now below 900 pounds, you can look for the greatest increase in marketings to come after the new year begins.

The late summer-early fall shortage of quality fed cattle is already fading, however. As slaughter rises the next couple months, prices are due to weaken. By late January or early February, prices are expected to slip below last winter (when prices were rising) and stay under 1962 through the winter and most of the spring.

As a general guide, look for a slide of \$2 to \$3 between now and February, with prices working off more into the spring. While summer-fall markets won't likely zoom as high as they did this year, they should recover somewhat from the levels now expected in late spring.

HOGS—Lowest prices of the season are due to come during the next three or four weeks. Heavy hogs will weaken most, as price spreads widen between hogs above 240 pounds and those below that weight.

Part of the 2 per cent smaller late fall slaughter than last year may be offset by larger stocks of pork in cold storage. Although stocks had been trimmed considerably during September, there were still 8 per cent more pounds in coolers on Oct. 1 than a year earlier. November hog prices are still expected to average a little above last fall, however.

December and January prices should work up slightly from November levels. But any attempts at a sharp uptrend will likely be resisted as packers foresee a larger winter supply coming from the 3 per cent larger summer farrowings. Prices will probably remain below 1962 throughout the first five or six months of next year.

LAMBS—In contrast to lower prices on hogs and cattle, the slaughter lamb

Outlook at a Glance

TOTAL 1962 CROP—1 per cent below last year.

FED CATTLE—Lower prices during the winter.

HOGS—Prices nearing bottom for the fall.

LAMBS—Market continuing well above 1961-62.

WHEAT—Prices generally steady to strong.

FEED GRAINS—Corn prices sliding, but not below last fall.

POTATOES—Recovery may be a long way off.

DAIRY—Production's back above last year.

EGGS—Fairly steady market just ahead.

TURKEYS—Not much strength after Thanksgiving.

market will continue to enjoy somewhat higher prices than a year earlier for the next six months. Slaughter will be down considerably, due to the 4 per cent smaller lamb crop, the earlier movement and the tendency to hold onto a higher share of the breeding flock to make up for last year's liquidations.

A relatively stable market is now in prospect for the rest of the year, with moderate improvement in sight during the winter and into the spring. The spring market for early spring lambs should be as favorable as it was this year—perhaps more so.

WHEAT—There's not much in recent developments to indicate a significant change in wheat price prospects. The latest USDA crop report showed only minor revisions in production estimates—a slight gain in durum, a slight cutback in other spring wheat.

Soft red wheat could come in for improvement in the export situation. With sales for dollars not living up to advance hopes, USDA has made soft red wheat available for foreign currency under the P.L. 480 program. Such action, however, is not expected to bring about a tight price-booming balance between supply and demand.

Northern Plains growers whose wheat has been damaged by frost can still qualify for price support, although at discounts ranging from 1 cent to 2 cents a bushel for each per cent of damage above 7 per cent.

FEED GRAINS—Late season improvement in corn and grain sorghum

prospects added 900,000 tons to USDA's current estimate of total feed grain production. Tonnage is now placed at 133.9 million tons, about 1 per cent under the 140.6 million produced in 1961.

The government seems to be of no mind to help push corn prices below last fall. Although corn is moving out of CCC bins at market prices, USDA officials say they will not sell corn at prices below those which generally prevailed during the past two harvest seasons.

Holding new corn in farm storage should be profitable this season, even if you didn't participate in the 1962 Feed Grains Program. There won't be any sharp price run-up following harvest, but the markets should move closer to the loan rate by next summer than they did this year.

POTATOES—Any upward "life" in the potato market looks to be quite a long way off—probably too far off to make storing potatoes very profitable even though fall prices are generally low. While the latest crop estimate showed only a slight production gain over September's report, it just added that much on top of an already burdensome situation.

DAIRY—The record high milk output for September emphasizes the possibilities for a new record production this fall, following slight cutbacks from last year during the summer months. With cow numbers down only slightly and production per cow up again, a prospective 1 per cent rise in October-December output would bring the year's total output to a record 126.7 billion pounds—compared with the previous record of 125.5 billion produced in 1961.

While above last fall, November will likely see the year's lowest monthly output. When production starts to rise in December and heads toward the annual late spring peak, average milk prices will do just the opposite and head toward their late spring lows.

EGGS—Prices have probably passed their highs for the season. But the road ahead doesn't present any distinct weakness until after three or four months. January-March prices are expected to average about like last winter, and then generally follow the same 5 cent to 7 cent decline from midwinter into late spring as last season.

The prospective 4 per cent to 6 per cent larger 1963 spring chick hatch points up the probability of lower egg prices a year from now. Supplies would be larger, and there's good reason to expect the downtrend in demand to continue.

TURKEYS—Don't count on much improvement in the market after chain stores wind up their Thanksgiving buying. Supplies will be fairly ample, since the late season poult hatch was off from last year by a much smaller margin than during the early months. For 1963, current signs point to a 7 per cent to 10 per cent larger hatch than in 1962 and about 2 cents lower prices next fall.

Dec. 14 Is Deadline For Wheat Signup

WINTER WHEAT producers have until Dec. 14 to sign up for participation in the voluntary 1963 winter wheat program, the U.S. Department of Agriculture announced.

Under the voluntary reduction provision for 1963, farmers will be able to divert from 20 to 50 per cent of their wheat acreage. Special diversion provisions are made for small farms.

On diverted acres a payment will be made at 50 per cent of the county loan rate (reflecting the \$1.82 per bushel national average) on the normal production of the diverted acres, based on the 1959-'60 average yields. The minimum diversion for participation is 20 per cent of the wheat allotment. In the case of small farms, 20 per cent of the allotment or the average 1959-'60 wheat acreage, whichever is larger.

Of the \$2 per bushel 1963 average support price to farmers participating in the 1963 acreage reduction program, \$1.82 per bushel will be available through loans and purchase agreements and 18 cents per bushel will be in the form of a payment in kind based on the normal production of the harvested acreage.

Farmers may receive 50 per cent of their acreage diversion payment at the time they sign up. The remainder of the payment and all of the price support payment will be made after compliance is checked next summer.

The signed acreage will be a binding agreement. This is a change from the 1962 program. Farmers will be required to divert the full acreage for which they sign up to be eligible for payments. If a farmer does not divert the full signed-up acreage he will not be eligible for price support nor will he receive acreage diversion or wheat price support payments.

Payments will be made by sight drafts which can be used to purchase Commodity Credit Corporation-owned wheat. Price support payments will be made through payment-in-kind certificates. These may be redeemed in wheat from CCC stocks or cash will be paid and the CCC will assist in marketing the wheat covered by the certificates.

Acreage diverted to conservation uses, including summerfallow, will be in addition to the average acreage of conserving and idle land on the farm for 1959-'60. Diverted acres must be put in conservation and kept free from erosion, insects, weeds and rodents.

Production of flaxseed, rapeseed and mustard will not again be permitted on diverted acres under the 1963 program. However, the planting of safflower is permitted on diverted acres.

Farmers who do not participate in the voluntary reduction program but remain within their acreage allotments will be eligible for price support at the national average minimum price of \$1.82 per bushel.

The signup period for spring-planted wheat will be after the first of the year.

UNIVERSITY of Minnesota research men are working with a new legume crop called berseem clover. They are trying to find out how it will work as a substitute for oats in companion crop seedings with alfalfa. Berseem is a fast-growing legume that looks like alfalfa and is high in protein. So far it appears to have good yield potential if harvested about June 20 and a second crop is also likely. It is still too early to evaluate but watch for more information on this one.

PRICE RANGES AND TRENDS

	Last Week	Month Ago	Year Ago	1962 Range	
				High	Low
Hogs, top of market, cwt.	\$17.25	\$17.50	\$16.25	\$20.50	\$16.00
Hogs, barrows & gilt average, cwt.	16.50	16.50	15.65	19.75	15.05
Steers, choice, cwt.	23.00	23.00	24.00	29.25	24.75
Heifers, good & choice, cwt.	25.50	25.50	23.00	26.75	23.25
Cows, utility to commercial, cwt.	15.50	15.00	14.75	16.40	15.00
Cows, canners & cutter, cwt.	13.25	12.25	12.50	14.50	12.25
Bulls, cutter to commercial, cwt.	17.25	18.00	17.75	19.75	17.00
Veal, choice & prime, cwt.	30.00	30.00	28.00	34.00	29.50
Stocker & feeder steers, good & choice, cwt.	27.00	26.75	25.50	27.00	25.00
Lambs, choice to prime, cwt.	19.00	20.00	17.00	23.25	17.40
Wool, lb.	.39	.39	.38	.49	.38
Wheat, No. 1 dark no. spring, bu.	2.35	2.34	2.30	2.40	2.27
Wheat, No. 2 hard amber durum, bu.	2.56	2.58	3.41	3.70	2.49
Corn, No. 2 yellow, bu.	1.07	1.04	1.02	1.10	.98
Oats, No. 2 extra heavy white, bu.	.67	.65	.68	.72	.62
Rye, No. 2, bu.	1.15	1.17	1.32	1.35	1.10
Barley, No. 3 or better malting, bu.	1.18	1.15	1.34	1.22	1.13
Flaxseed, No. 1, bu.	3.08	3.08	3.44	3.65	3.06
Hay, alfalfa, ton	17.50	18.00	18.00	21.00	17.50
Alfalfa seed, cwt.	34.00	34.00	32.50	34.00	30.00
Eggs, lg. wh. ext., 60-79.9% A, doz.	38½	.39	.40	.46	.27½
Potatoes, Minn. farms, cwt.	1.70	1.70	1.10	2.90	1.00

* Protein premiums not included. Prices for livestock at South St. Paul. Others at Minneapolis, except wool at Boston, milk, hay and potatoes at Minneapolis farms, eggs at Chicago. Some of the prices are nominal.