



March 1974

**PROSPECTIVE PLANTINGS OF CORN,  
COTTON AND WHEAT UP SHARPLY**

Encouraged by favorable prices, the nation's farmers intend to plant substantially larger acreages of corn, cotton, and wheat this spring than they did in 1973. According to a January 1 survey by the U.S. Department of Agriculture, growers will plant 77.4 million acres of corn and 14.5 million acres of cotton. The intended corn acreage is 10 percent more than the amount planted in 1973 and the largest since 1960, while prospective plantings of upland cotton are 17 percent greater than last year and the biggest acreage since 1964.

Durum wheat plantings are seen at 4.5 million acres, up 47 percent from 1973 and the most since 1930. Other spring wheat plantings are set at 14.6 million acres, 14 percent more than in the previous year and the largest since 1953. Sorghum acreage, at 19.6 million, will be only slightly higher than in 1973.

Growers intend to plant slightly fewer acres of soybeans. And if so, soybean acreage will decline for the first time since 1959. The acreages of oats and barley are also expected to decrease.

**Feed Grains**

The outlook for the nation's feed grains—corn, grain sorghum, oats, and barley—is for limited supplies until the 1974 crop is harvested. Despite a larger crop in 1973, the total supply of 240 million tons for the current season is slightly less than in the preceding year. Carryover stocks from the 1972 crop were off a third from the season before. And since use is exceeding production this season, an even smaller carryover is likely for the 1974 crop year.

United States feed grain production in 1974 is projected at 235 million tons, 15 percent above the record 1973 output. But at the same time,

**PLANTING INTENTIONS FOR SELECTED CROPS, JANUARY 1, 1974**

Area	UPLAND COTTON		ALL SORGHUMS		RICE		SOYBEANS	
	Acres (Thousands)	1974 as percent of 1973	Acres (Thousands)	1974 as percent of 1973	Acres (Thousands)	1974 as percent of 1973	Acres (Thousands)	1974 as percent of 1973
Arizona	360	130%	135	90%	0	—	0	—
Louisiana	625	118	46	115	574	92	1,700	97
New Mexico	145	111	411	102	0	—	0	—
Oklahoma	570	104	1,200	103	0	—	210	100
Texas	5,800	107	8,500	105	460	83	500	111
Five states	7,500	109	10,292	104	1,034	88	2,410	100
United States <sup>1</sup>	14,505	117%	19,562	101%	2,134	98%	54,910	97%

1. 35 major producing states  
SOURCE: U.S. Department of Agriculture

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domestic use is projected to increase only about 6 percent and exports will likely decline moderately. Therefore, the expected total disappearance of nearly 220 million tons in the 1974 season would be less than the expected production, resulting in stock rebuilding. Consequently, prices for the 1974 feed grain crop will likely average below levels for the 1973 crop although well above longer-term average prices.

Most of the advance in feed grain production is expected from a larger corn crop. Following a sharp increase in 1973 output, grain sorghum production is expected to change little. And with a small decline in acreage of oats and a sharp drop in barley acreage, these crops are expected to show output declines.

### **Cotton**

Given prospects of 14.5 million acres of upland cotton and assuming that yields are near levels of the past two seasons, U.S. cotton production might reach 15.0 million bales in the 1974 season, the biggest crop since 1965. The total supply for the coming season could, therefore, advance to nearly 19.0 million bales, provided August 1 stocks are close to the 3.8 million estimated in January. By comparison, supplies were less than 17 million bales for the 1972 and 1973 seasons. With mill use and exports expected to total a little more than 13.0 million bales, carryover at the end of the 1974 season could climb to almost 6 million bales, the highest level since the start of the 1970 season. Since prospective disappearance in the 1974 season is less than probable production, cotton prices are apt to weaken in the second half of this year.

Because of the many uncertainties in the world market—due to a marked slowdown in economic activity in several countries—reports indicate that forward contracting for the 1974 cotton crop has been substantial. Many growers have locked in a favorable price by contracting with buyers for future delivery of their 1974 crop at a specified price. This will prove especially beneficial if expected production levels are attained and

if the expansion of supplies causes substantially lower prices.

### **Wheat**

A record wheat crop of about 2 billion bushels is projected for the 1974 season, although carryover from the 1973 crop will be very small. Usage in the marketing season ending July 1 may surpass the record disappearance of nearly 2.0 billion bushels the season before. High prices have reduced domestic use of wheat for feed, which, in turn, has more than offset a small increase in food and seed use. Domestic use is expected to total about 772 million bushels, compared with 787 million in the 1972 season.

Bolstered by strong world demand, wheat exports for the 1973 season are estimated at 1.2 billion bushels, near last season's record level. With disappearance of around 2.0 billion bushels, carryover at midyear is likely to slip below 200 million bushels—the lowest level since 1948. As a result, the price of wheat is expected to remain strong in spite of a record crop. Considerable fluctuations in prices are expected as reports of U.S. and foreign production are released during the coming year, but world stocks remain low and no major price break is expected this year.

### **Soybeans**

Soybean supplies at the start of the year were up more than a third from a year earlier. Although disappearance of the 1973 crop is projected at nearly 1.4 million bushels, a record crop of almost 1.6 million bushels is expected to bolster carryover from the 1973 season to around 240 million bushels, up from 60 million a year earlier. Accordingly, the outlook is for slightly lower soybean prices in 1974.

### **Rice**

With total disappearance of rice for the 1973 crop projected at nearly 94 million hundred-weight and a crop of almost 93 million, carryover from the 1973 season is expected to be at the lowest level since 1962. This drop in U.S. stocks

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has combined with a world market characterized by low supplies and strong demand to lift prices of rice to record levels.

A good world rice crop in 1973 relieved the tight supply situation. But the import requirements of many countries will remain high in 1974. Because of the strong world demand, the national rice allotment was raised by 27 percent in late January, and with favorable weather conditions, plantings this year could yield a crop of nearly 108 million bushels of rough rice. Based on current estimates of domestic use and continued strong exports, the U.S. supply could rise to 13 million hundredweight by the end of the 1974 season from the low level of 4.7 million expected at the start of the season.

### Changes possible

Although the nation's farmers indicate a sizable increase in plantings this year, there are numerous factors that could alter their plans. These include unseasonable weather conditions, unforeseen changes in market conditions, and changes in farm and economic programs that were not expected in early January. Moreover, these projections assume that fuel and fertilizer shortages will have little effect on potential production. But with prices paid by farmers climbing rapidly, there is some concern that output may fall short of its potential as growers have to reduce input of resources, especially fertilizer.

### NEW CONSERVATION PROGRAM ANNOUNCED BY USDA

Details of a new program aimed at strengthening conservation and environmental protection practices on American farms and nonindustrial private forestlands were recently announced by the U.S. Department of Agriculture. The new Rural Environmental Conservation Program includes some features of the old Rural Environmental Assistance Program and is designed to share with farmers and forestland owners from 50 percent to 75 percent of the cost of carrying

out approved forestry and conservation practices. The initial funding for 1974 is \$90 million, \$10 million of which is earmarked for a special forestry incentives effort.

The RECP provides for both annual and long-term cost-sharing agreements. Some of the practices covered under the 1974 program are establishing and improving permanent vegetative cover, planting trees, improving stands of forest trees, water impoundment reservoirs, strip-cropping, conservation terrace systems, streambank stabilization, and providing permanent wildlife habitat. Other qualifying measures to control soil erosion include sediment retention, erosion and water control structures, windbreaks and shelterbelts, and reorganizing irrigation systems. All these practices are designed to provide lasting protection to soil and water resources.

Under the long-term agreements, essential practices and cost sharing will be scheduled over a period of three to ten years. Agreements with farmers will be based on approved conservation plans for the whole farm. The Forestry Incentives Program phase of RECP will apply only in counties specifically designated, but cost sharing for regular forestry practices will also be offered in counties that are not designated.

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### INITIAL RECP ALLOCATIONS FOR ELEVENTH DISTRICT STATES, 1974

(Thousand dollars)

Area	Soil/water conservation	Forestry incentives	Total
Arizona	\$681	\$12	\$693
Louisiana	1,422	163	1,585
New Mexico	914	12	926
Oklahoma	2,316	95	2,411
Texas	6,723	437	7,160
Five states	\$12,056	\$719	\$12,775

SOURCE: U.S. Department of Agriculture

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## DECLINE IN FARM NUMBERS SLOWS AS INCOME POSITION IMPROVES

The number of farms in the United States at the beginning of this year was estimated at slightly more than 2.8 million, or less than 1 percent fewer than a year before. For the third consecutive year, the change in farm numbers is minimal.

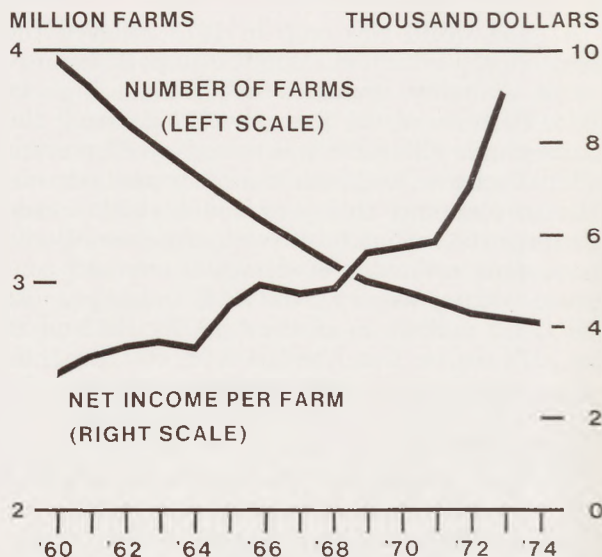
A sharp rise in farm income has been largely responsible for slowing the decline in farm numbers. But another important factor has been increased off-farm income, which allows many families to operate farms that, by themselves, would provide unsatisfactory levels of income.

The lower rate of decline in farm numbers is in marked contrast to the annual average rate of more than 3 percent in the early 1960's. One reason for the change is consolidation of farmland into larger units has slowed significantly over the past few years. As a result, the average farm size—385 acres this year—has increased only 22 acres in the past six years. The number of farms with annual sales of more than \$20,000 has increased rapidly, however, while the number with sales less than \$20,000 continues to decline.

Despite higher farm income and more large commercial farms, a significant part of the farm family's income is derived from off-farm sources. For farms with sales over \$40,000, nonfarm sources of income provide 18 percent of total income. At the other extreme, nonfarm income accounts for 90 percent of the total income of farms with sales under \$2,500. For farms with sales of \$10,000 or less, off-farm income accounts for more than 60 percent of total income. Since this group includes nearly two-thirds of the nation's farms, it is evident that most farm families operate their farms part-time in conjunction with other employment.

Compared with the nonfarm population, the income of the farm population has improved considerably in recent years, mainly reflecting the smaller number of farmers and the favorable prices in the past two years. Whereas the ratio

## FARM DECLINE SLOWS AS INCOME ACCELERATES



1973 Net Income Per Farm figure estimate  
1974 figure preliminary  
SOURCE: U.S. Department of Agriculture

of individual incomes of farm residents to those of nonfarm residents was barely over 50 percent at the start of the 1960's, it had climbed to well over 80 percent by 1973. But with a slowdown in the decline of the farm population and an expected drop in net farm income from the record 1973 level, the advance in the ratio may subside in 1974.

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