

# FARM AND RANCH BULLETIN

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## AGRICULTURAL OUTLOOK FOR 1964

Continued expansion in domestic demand for the Nation's farm products and record-high exports are anticipated for 1964, reports the U. S. Department of Agriculture. Dominant factors in the outlook for farm income this year include sharply reduced income from wheat and a continued upward trend in farm production expenses. Under the present program for 1964-crop wheat, cash receipts from marketings and Government payments to wheat growers probably will be reduced around \$600 million from the 1963 total. In contrast, cash income from commodities other than wheat is expected to be about \$500 million larger than last year. Consequently, gross farm income in 1964 may be only slightly less than the \$41 billion estimated for 1963.

U. S. farm production expenses increased at an average rate of about \$750 million a year in the past decade. With a continued advance in expenses, realized net farm income in 1964 is expected to be about 5 percent lower than last year. Realized net income per farm is not expected to decline as much as total income, however, because of the continued downtrend in the number of farms. Much of the decline likely will be concentrated on farms where wheat receipts comprise a significant part of the total income.

The USDA says that its views about the outlook for agriculture this year assume the retention of the present 1964 program for wheat, no change in programs for other commodities, and substantially larger exports of wheat and some other commodities to Com-

munist bloc countries. A reduction in personal and corporate taxes sometime early in 1964 also is assumed by the USDA economists.

The following are summaries of national outlook statements by the Department of Agriculture for some important commodities in the Southwest.

### Cotton

U. S. carry-over of cotton on August 1, 1964, is expected to total about 13.1 million bales, or 1.9 million bales above a year earlier. A carry-over of this size would make 1963-64 the third consecutive season in which the carry-over has increased and would be the largest quantity since the record high of 14.5 million bales in 1956. Commodity Credit Corporation stocks also are expected to rise during the current season (August 1, 1963-July 31, 1964), while stocks held in commercial hands probably will show little change.

The U. S. cotton carry-over is expected to increase this season, as the 1963 crop of an estimated 15.5 million bales probably will exceed disappearance. The 1963 production is about 681,000 bales above the 1962 output as a result of a record per acre yield of 524 pounds. Disappearance during the 1963-64 season is expected to total 13.8 million bales, which is about 2.0 million bales more than in the preceding season. Both mill consumption and exports are indicated to be larger this season.

The 1964 national acreage allotment for upland cotton has been set at the statutory minimum of 16 million acres — the same as for the 1963 crop. An additional 200,000 acres for the 1964 crop have been allotted from the national reserve for small farms. The 1964 national acreage allotment for extra-long staple cotton has been set at 112,500 acres, which is below that for the 1963 crop but is the second largest of record.

Domestic mill consumption during the 1963-64 season is estimated at 8.8 million bales, or 400,000 bales more than a year earlier but 200,000 bales less than in 1961-62. U. S. cotton exports during the 1963-64 crop year are estimated at 5.0 million bales, compared with 3.4 million bales in the preceding season. The increased exports would reflect an improvement in the competitive position of U. S. cotton prices in world markets, a moderate advance in foreign consumption during 1963-64, a production decline in foreign countries, and a small buildup in cotton stocks in importing countries.

## Wheat

Two unprecedented events in 1963 have substantially changed the 1964 outlook for wheat. In a May referendum, the Nation's wheat producers rejected, for the first time, a marketing quota price-support program. The second event involves an expected record level of wheat exports of 1 billion bushels in the 1963-64 marketing year (which began July 1, 1963), about 200 million bushels of which may be shipped to the Soviet Union and Eastern European bloc nations. This would be the first such large-scale agricultural trade with these countries since before World War II.

The wheat outlook for most of the 1963-64 season is characterized by a good demand and a tight privately held supply — conditions that indicate strong prices. Toward the end of the 1963-64 marketing year, however, the size of the 1964 crop and its much lower price-support rate will have a pronounced effect on the wheat economy. Under the 1964 program, price support will be lower than for many years.

The total wheat supply in the United States during the 1963-64 season is estimated at 2,333 million bushels, or 87 million bushels below the preceding season. Domestic disappearance is expected to be somewhat larger than in most recent years because of an anticipated increase in the quantity of wheat used for seed. With a total disappearance of about 1,600 million bushels, the carry-over on July 1, 1964, is expected to be reduced to a level of 730 million bushels, which would be the smallest carry-over since 1953. With a high level of demand, the average price received by the Nation's wheat farmers in the 1963-64 season probably will be moderately above the national average loan rate of \$1.82 per bushel.

## Rice

The rice outlook for 1963-64 is highlighted by a record 1963 crop and the largest supply since 1956. The 1963 national rice output is estimated at 69.4 million hundredweight, and the total supply is placed at 77.2 million hundredweight. (The supply includes the August 1, 1963, carry-over of 7.7 million hundredweight and an allowance for a small quantity of imports.) A supply of this size is 11 percent greater than last year and 18 percent above the 1957-61 average.

Domestic disappearance of rice in 1963-64 is expected to total around 29.5 million hundredweight, about 22.0 million of which is to be used for food. Among the cereal grains in this country, rice has been the only one not showing a downward trend in per capita consumption. U. S. rice exports for 1963-64 are estimated at 36 million hundredweight, or slightly above the quantity shipped in the preceding season but somewhat below the record attained in 1956-57.

With a projected total disappearance of 65.5 million hundredweight, U. S. carry-over of rice on August 1, 1964, may increase to 11.7 million hundredweight. This quantity would be 4 million hundredweight above a year earlier but moderately below the high level of the late fifties. A national acreage allotment of 1,818,166 acres has been proclaimed for



1964-crop rice — the same as the 1963 national acreage allotment but about one-tenth above the statutory minimum allotment. A national average support price of \$4.71 per hundredweight has been announced for the 1964 rice crop, the same as that established each year since 1961.

## Feed

U. S. feed grain production in 1963 was 6 percent larger than in 1962, reflecting both increased acreage and higher yields per acre. Because carry-over stocks were smaller, the total supply for 1963-64 is about equal to the year-earlier level. Feed grain production is expected to be only slightly below total requirements for the 1963-64 marketing year, and, according to the USDA, carry-over stocks probably will be reduced about 3 to 4 million tons, or much less than in the previous 2 years. Both domestic and foreign demand is expected to continue generally strong. Prices for feed grains and high-protein feeds probably will average near their 1962-63 levels.

The feed grain program, which has played an important role in the feed situation during the previous two seasons, will continue to influence feed grain supplies and prices in 1963-64, according to the Department of Agriculture. Feed grain price supports will be provided by price-support loans and price-support payments.

The 1963 feed grain crop is estimated to be second only to the 1960 crop. The 1963 production is expected to come closer to meeting total domestic and export requirements than was the case in the previous 2 years, when output averaged 11 million tons below total utilization. A slight increase is in prospect for livestock numbers in 1963-64, and domestic use of feed grains probably will be slightly larger than in 1962-63.

Carry-over stocks of feed grains are expected to be reduced to about 59 million tons at the close of the 1963-64 marketing year. This would be the third year of declining stocks, following the steady buildup from 1952 to 1961. Feed grain prices in 1963-64 are expected to remain near the 1962-63 level.

## Cattle

Little change is in prospect for U. S. cattle prices in 1964 as compared with the preceding year. Cattle marketings are expected to advance again, but the increase probably will be no more than can be absorbed by the indicated gain in population, rise in consumer incomes, and continued preference for beef. With increased marketings and little change in price, cash receipts from cattle and calves in 1964 are expected to be above the estimated \$8.1 billion in 1963.

The number of cattle and calves on the Nation's farms and ranches at the beginning of January 1964 is estimated at approximately 107 million head, or 3 percent more than a year ago. Since the number of cattle kept for milk production is indicated to be down about 3 percent, the gain in beef cattle numbers may be up as much as 5 percent. The beginning inventory will provide the basis for a further increase in beef production during 1964. More important, a larger basic cow herd will furnish the source for future increases in the supply of feeder cattle suitable for feedlot fattening. The USDA says that the continued optimistic long-run outlook for the demand for beef likely will encourage further expansion in herd numbers, and a buildup of 2 to 3 percent is in prospect for 1964.

Even with further expansion in cattle numbers, cattle slaughter more than likely will rise again in 1964. However, the gain in beef production may be slightly smaller than the increase in the number of cattle slaughtered because marketings probably will be at lighter weights, according to the USDA. With consumer incomes likely to advance further in 1964 and with continued consumer preference for beef, prospects are that cattle prices for the year as a whole will not differ much from the average price for 1963.

## Dairy

The 1964 dairy outlook is that production of dairy products will equal 1963 levels, commercial demand probably will increase less than the population, and excess dairy products likely will continue to move to the Commodity

Credit Corporation. Prices to U. S. farmers and consumers for dairy products are expected to average about the same as last year. In line with larger marketings, cash receipts from farmers' sales of dairy products may increase slightly over 1963. On the other hand, rising production costs are expected to offset near-record cash receipts to dairymen. This outlook is based on the continuation of the present dairy support program with supports at 75 percent of parity. The actual support levels for the marketing year beginning April 1, 1964, will be announced before that date.

## Wool

The outlook for the U. S. wool industry in 1964 is for a further decline in the number of sheep and less wool production, moderately lower mill consumption of carpet and apparel wool, and a continued increase in imports of apparel wool textile products. Domestic wool consumption probably will be about unchanged from the 1963 level, as the anticipated increased imports of apparel textile products likely will offset the lower mill use of raw wool.

The average price received by the Nation's producers for shorn wool for the 1964 marketing year probably will be moderately lower than in 1962 and 1963, since U. S. mill demand is not expected to be as firm during the current year. The shorn wool incentive level for the 1964 marketing year remains at 62 cents per pound, grease basis. The mohair support price has been set at 72 cents per pound, which is 4 cents less than the 1963 marketing year level.

## Poultry and Eggs

U. S. production of poultry and eggs in 1964 is expected to be larger than in the past year. Although only a small gain appears likely for eggs, a moderate expansion may occur in output of broilers and turkeys, points out the USDA.

The laying flock on the Nation's farms and ranches at the beginning of 1964 is estimated to be about the same as a year ago. As the year progresses, however, more new layers

probably will be added to the laying flock. Consequently, by the second quarter of the year, the inventory may exceed the 1963 level by about 1 percent. Much of the expected larger egg output in the first half of 1964 likely will stem from an increase in the number of eggs per layer. Egg production during the second half of 1964 probably will be determined largely by the number of replacement-type chicks hatched in the first half of the year.

Egg prices in early 1964 likely will be lower than a year ago because of larger production. As a result, egg-feed price relationships, which are already less favorable to producers than a year earlier, would probably be depressed further. The total gain in egg production in 1964 may not be great enough to maintain the civilian per capita consumption rate at the estimated 1963 level of 316 eggs.

The anticipated larger beef supplies in the first half of 1964 may tend to hold down broiler prices and thereby limit broiler production, points out the Department of Agriculture. Slightly higher prospective feed prices may also be a restraining factor in broiler production. However, competition from red meats may lessen in late 1964, and broiler prices likely will strengthen. Thus, a sizable expansion in broiler output may occur in the second half of this year.

Civilian per capita consumption of chicken in 1964 probably will reach a new high, exceeding the 30.6 pounds estimated for 1963. Broilers are expected to account for about 87 percent of the chicken consumption. Prices to producers for broilers may average close to the 14.6 cents per pound estimated for 1963.

A small to moderate expansion in turkey production is indicated for 1964. Turkey prices in the major marketing season this year will depend upon the amount of expansion that occurs in turkey output. A moderately larger turkey production in 1964 probably could be absorbed at an average price as high as the 22½ cents per pound estimated for 1963. This indication is based on prospects for a 4-percent increase in per capita disposable income, a slightly larger population, and a smaller carry-over of frozen turkey.