

NORTHWESTERN Banker Newsletter

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Outlook for Feed Grains and Soybeans

The following views on the outlook for feed grains and soybeans were presented at the 22nd annual Agricultural and Rural Affairs Conference by Dean McNeal, group vice president of The Pillsbury Company, Minneapolis:

THE United States—the largest grain producer in the world—is completing the harvest of a record grain crop.

The latest Government estimate indicates a total wheat, corn, grain sorghum, and soybean crop of approximately 10 billion bushels. This compares with last year's record of slightly over nine billion bushels.

At the same time, domestic and export demand has more than kept pace, and it seems probable that usage this year of wheat and feed grains will exceed production. This means a smaller carryover next fall for these grains.

On the other hand, the anticipated 24% increase in the soybean production this year appears to be slightly more than adequate to satisfy the demand—suggesting a slight increase in soybean stocks a year from now.

There are more troublesome questions concerning 1974 production of feed grains and soybeans than usually have to be considered. In addition to next year's weather conditions, supplies of fertilizer and fuels will be critical.

It is too early to estimate with any confidence the acreage of feed grains and soybeans that will be planted in 1974. It appears that there will be some five to six

million additional acres available, and current price levels would indicate that practically all of this acreage will be planted.

If fertilizer is available, we anticipate the acreage going into feed grains increasing



some six to eight million acres, or 5 to 7%, with a one to three million acre reduction in soybeans. If adequate fertilizer is not available, farmers will probably plant one to two million acres more soybeans and increase the feed grain acreage only slightly.

The domestic demand for feed grains will be determined by the size of our livestock herds during the next few months. Producers have been very slow to react to this year's advances in livestock prices. High grain prices have taken some incentive away from increasing the number of animals on feed.

This is especially true of the corn belt feeder who also produces his own grains. He is experiencing a significant increase in his income without taking the risk of putting his grain into livestock. He is much concerned about price controls on the end product as well as his overall production costs.

It is doubtful if we will see any significant increase in the number of hogs on feed during the next six months. We do anticipate some increase in the number of cattle in feedlots during the later spring and summer months. Increasing broiler numbers will also be competing for our feed grains and proteins during the coming months.

Unusual weather patterns reduced the 1973 world oilseed production. Oilmeal supplies were already short when the USSR entered the market for a million tons of soybeans. As could be expected, the result was an explosion in meal prices and we witnessed a frantic search for protein substitutes.

Our domestic demand for soybean meal dropped approximately 10% from the previous year, since many feeders refused to pay the \$300 to \$400 per ton price.

A disaster in the 1972-73 Peruvian fish catch also contributed to the high soybean meal prices experienced this year. The Peruvian government recently announced that the fishing expeditions in October were disappointing. It probably will be next spring before it can be determined whether or not the anchovy stock is being replaced.

In any event, we see no great downward pressure on oilmeal prices during the next six months due to an expanded fish catch.

The export demand for oil meals should be the major market factor this fall and winter.

Currently, there are extremely large forward export commitments on the books. This support plus a slight improvement in the domestic demand should result in some

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IOWA NEWS

CORNING: The Okey-Vernon National Bank of Corning has filed an application asking permission to change its corporate title to Okey-Vernon First National Bank.

DES MOINES: Marilyn Hurley has been appointed assistant vice president of the National Bank of Des Moines. She had been customer officer in the State National Bank of Evanston, Ill.

DUBUQUE: Melvin C. Murrack, chief executive officer of Key City Bank, has been elected president, succeeding Dr. Donovan Ward who resigned. Dr. Ward will remain on the bank's board of directors.

FAYETTE: Lewis Jordan has been appointed vice president of the State Bank. He was vice president and manager of the Miltona Bank, Miltona, Minn.

HAMPTON: Bill Tufford has been appointed installment and student loan officer at the First National Bank.

JEFFERSON: Kenneth L. (Ken) Baker, formerly of Kansas City, Kan., recently began working at the Home State Bank as installment loan officer.

MASON CITY: Bernard Z. Miller has been elected senior vice president of the First National Bank. He continues as cashier.

McCALLSBURG: The State Bank & Trust Co., newly organized bank in

Nevada, has opened an office here with F. E. Nail as manager.

PRAIRIE CITY: Gary Martin has joined the First National Bank as a management trainee.

TRAER: William C. Talen, formerly exec. v.p., Bankers Trust Co., Des Moines, has announced that he is now associated with the Farmers Savings Bank here. Mr. Talen has also purchased controlling interest in the National Bank of Edgerton, Wisconsin. He now resides in Northfield, Minnesota, where he is continuing his work as bank consultant and investor.

WYOMING: Carl L. Levsen of Anamosa has been named vice president of the Citizens State Bank. He succeeds Louis M. Lorenzen, vice president and director, who died on October 4.

NEBRASKA

GRAND ISLAND: The First National Bank has announced the promotions of R. Keith Jobs and Ernest J. Thayer to senior vice presidents. Mr. Jobs has been with the bank since 1955 and has been vice president and senior installment loan officer. Mr. Thayer, also a vice president and senior loan officer, has been with the bank 13 years.

HASTINGS: The City National Bank has announced the election of Lloyd R. Kitrell as president. Mr. Kitrell will assume his

duties December 17. He previously was executive vice president of the West Omaha National Bank. Prior to that he was assistant vice president and cashier of the Beatrice National Bank and Trust Company and he also has been a national bank examiner. Also announced was the election of Kenneth M. Meredith as assistant cashier. Mr. Meredith joined the bank in September of 1972 in the installment loan department.

OMAHA: Kermit Hansen, president, United States National Bank, has been elected to the Association of Reserve City Bankers. He succeeds former U. S. National president and now chairman of the board, Edward W. Lyman, to membership in the Association.

OMAHA: The First National Bank has received approval for a facility at 132nd Street and West Center Road, according to J. William Henry, vice president. Manager will be R. E. Ericksen, an operations officer. Assistant manager will be Thomas E. Wolf, a marketing officer.

The facility will be in Baker Square Shopping Center and will have a walk-in teller window and a drive-up window. It should be open shortly after January 1.

OMAHA: M. M. (Mickey) Krupinsky has been named business development officer for the Ames Plaza Bank.

ILLINOIS NEWS

BLOOMINGTON: Funeral services were held recently for Paul Leclere, 48, trust officer with the National Bank of Bloomington.

CHICAGO: Robert E. Wahlgren, second vice president, has been assigned to the correspondent banking division of Continental Illinois National Bank and Trust Co., and will be responsible for northern Iowa.


CHICAGO: Phil Bakakos has been named vice president, personal banking, at Central National Bank. Also announced were the following staff changes: Gerald G. Doles, Frank L. Dwojacki and John W. Broers, all named second vice presidents; Thomas E. Beck joins the bank as managing portfolio officer, investment department, and John R. Suich joins as director of accounting and control.

CHICAGO: Ezell Reaves has been named cashier of the Seaway National Bank.

CHICAGO: Paul C. Maylone has been elected executive vice president-finance of Talcott National Corp., and subsidiary, James Talcott, Inc.


CHICAGO: Robert J. Russell has joined Harris Trust & Savings Bank as a vice president in the employee trust division.

CHICAGO: First National Bank has nam-



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ed as vice presidents: Frank J. Bouska, Emile P. Coulon, Norman J. Kost, Joseph C. Lane, Frederick W. Rocky, Richard B. Stoltz, Jr., and Robert B. Shulman.

ROSELLE: Gary E. Logan has been appointed auditor of the Roselle State Bank & Trust Company.

WORTH: Edward Lode, Jr., has been named assistant vice president of the Worth Bank and Trust. He joined the bank in 1970 and was named cashier in 1972.

MINNESOTA NEWS

John R. Bunting, chairman of First Pennsylvania bank holding company, will speak at the annual dinner of the Upper Midwest Council December 12 at the downtown Radisson Hotel in Minneapolis. The dinner and social hour are open to the public.

EAST GRAND FORKS: Lynn D. Johnson has been promoted to assistant cashier and manager of the timepay department at the First National Bank. He joined the bank in November of 1968 and was elected assistant cashier in January of 1972.



ST. PAUL: Margaret Kennedy has been elected auditor at the First Merchants State Bank. She joined the bank in 1959 and most recently served as assistant to the auditor.

NORTH DAKOTA NEWS

The North Dakota Bankers Association will hold its Ag Credit Conference at the Holiday Inn in Bismarck on December 6 and 7. The program will begin Thursday evening, Dec. 6, with a social hour, smorgasboard dinner and dance. The theme of the conference is "New Dimensions in Credit and Farm Management."

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BOWBELLS: R. C. Wiper, president and major stockholder of the First National Bank has announced the sale of his stock in the bank to Franklin D. Larson of Valley

City. Mr. Larson is a native North Dakotan. He is an attorney, farmer and banker, owning and operating banks in Ellendale and Oakes.

FARGO: J. Bruce Jacobson has been elected vice president of The First National Bank and Trust Company. He joined the bank in October of 1969 as an assistant vice president.

COLORADO NEWS

DENVER: Colorado National Bank has announced the following staff changes: James G. Kennedy to assistant vice president, administration; David R. Bennett, personal trust officer, and James W. Hoban, loan officer, installment loans.


DENVER: Clyde D. (Bud) Moslander has joined the United Bank of Denver as trust officer in charge of trust operations. For nine years Mr. Moslander has conducted the examinations of trust departments in the Twelfth National Bank Region.

DENVER: The United Bank of Denver has announced the promotion of Robert D. Houston to commercial banking vice president, and the appointments of Gerard J. Vanderbeek to international banking officer and William J. Murray to trust real estate officer. Richard H. Fynn, accounting officer, has been named financial information officer.

EVERGREEN PARK: Elaine M. Suffern has been promoted to assistant cashier of the Standard Bank and Trust Company, according to Justin O'Toole, bank president.

FORT COLLINS: Walter J. Winrow has been named senior vice president, loan administration, at First National Bank.


GLENVIEW: Royal L. Cox has joined Glenview State Bank as senior vice president and cashier. Mr. Cox is a Certified Public Accountant.



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GRAIN OUTLOOK
(Continued from Page 1)

price appreciation during the next 60 to 90 days.

We do not anticipate major strength this crop year unless farmers experience a serious planting delay next spring or adverse growing weather conditions during the summer. A similar price trend is expected in soybeans with very minor strength occurring this fall and a good probability of lower prices next spring as farmers start liquidating their 1973 crop.

Feed grain price movements will be extremely sensitive to export demand and planting conditions next spring. Farmers have added substantial on-farm storage capacity this year. This increased capacity coupled with the reduction of off-farm stocks of 1972 grain, means there is ample storage space available.

The relatively dry harvest and this ample storage capacity will allow farmers to choose their time for selling this year's crop.

Feed grain prices should bottom out in November and then a moderate advance appears likely. Some weakness should occur after the first of the year as selling accelerates for tax reasons and the beginning of warmer weather brings the usual concerns about keeping qualities.

With a strong likelihood of a significant reduction in feed grain stocks next fall, we do not foresee any major price weakness next spring and summer. The degree of strength will be tied to weather, fertilizer availability, and the validity of the large forward export commitments.

We definitely expect price ranges in the year ahead to be much less than in the year just closed.

In summary, we appear to be headed toward a transition year. Over the long term, the export demand for our grain looks very strong.

The farm outlook is much sounder than the short-lived boom of the mid-sixties. The demand surge then was mostly for wheat and the increased exports were almost entirely to Russia and India. The demand in the sixties was mainly for give-away com-

modities whereas the major portion of our exports is now being sold for dollars. This should ultimately result in a new price plateau for our grains and oilseeds well above the levels experienced in the sixties but below the high levels of late 1973.

We believe 1974 will be a key year in this transition.

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