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New York Economic Handbook 1969

AGRICULTURAL SITUATION and OUTLOOK

Prepared by

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F O R E W O R D

The U.S.D.A. publishes a "Handbook of Agricultural Charts" each year. This provides reference material pertaining to the nation's agricultural situation and is used by many persons working in the field of agriculture.

This New York Economic Handbook is a companion reference for the U.S.D.A. Handbook. Economic information pertaining to New York agriculture and to the general economic situation and outlook has been compiled in this publication. It is prepared primarily for the use of professional agricultural workers in New York State.

The first part of this Handbook deals with general topics and the balance covers the commodities. For ease in locating material, different colors are used for each section.

"Current Economic Situation" is a two-page monthly release which carries the latest figures for selected economic indicators. This release is essentially a supplement to the Economic Handbook. It is available to anyone who requests to be on the mailing list.

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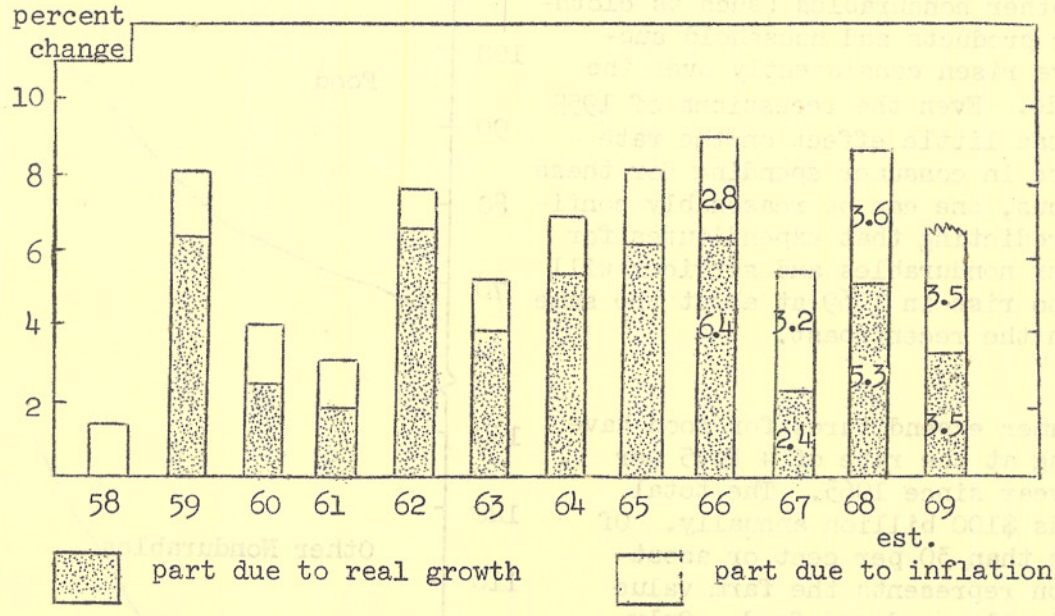
C O N T E N T S

ESTIMATES OF GROSS NATIONAL PRODUCT, 1967, 1968 AND 1969

Gross National Product	Annual Average 1967	Est. 1968	Est. 1969	Estimated Dollar Change 1967-68	1968-69
			(billion dollars)		
Stable Growth Components					
Non-durable goods including food	216	231	245	15	14
Services	204	221	239	17	18
State and local government	88	97	107	9	10
Total Stable	508	549	591	41	42
Unstable Components					
Durable goods - (autos, etc.)	73	83	88	10	5
Residential construction	25	29	31	4	2
Other private investment and change in inventories	89	97	101	8	4
Net exports	5	2	2	- 3	0
Federal government	91	100	103	9	3
Total Unstable	283	311	325	28	14
Total GNP	790*	860	916	70*	56

* Figures do not add due to rounding.

YEAR TO YEAR CHANGES IN GROSS NATIONAL PRODUCT



The rate of expansion in economic activity is likely to be a little less vigorous in 1969, at least during the fist half of the year, than it was in 1968. GNP rose about 8.9 per cent in 1968; the rate of increase is likely to decline moderately and to average between 6 and 7 per cent in 1969, with about half the gain due to higher prices and the remainder to real growth. A 4 per cent rate of growth in real or deflated output would be about in line with the long-term trend or 1 per cent less than the average rate of growth experienced in the mid 1960s.

A combination of higher social security taxes and a shift from deficit to surplus in government accounts is likely to dampen growth in aggregate demand during the first half of 1969. Because of insufficient withholding, some families may have to dip into savings to pay their taxes. There will be less margin in 1969 than there was in 1968 for consumers to increase purchases by cutting back on savings. Much of the effect of higher federal taxes was offset in the last half of 1968 by reduced savings and increased borrowing. The long-delayed effects of the tax increase and fiscal restraint are likely to show up early in 1969. This combined with a slower rate of increase in the money supply could lead to a modest rise in the rate of unemployment.

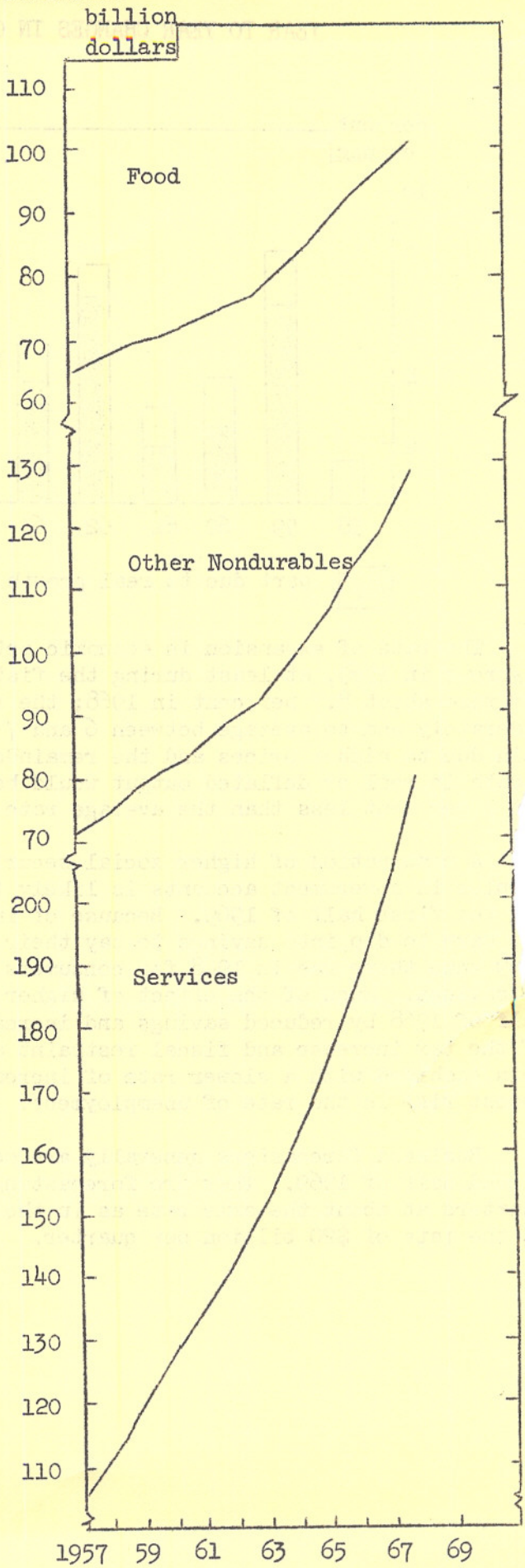
Business forecasters generally are more optimistic about prospects for the second half of 1969. They are forecasting a rate of expansion in the last two quarters at about the same rate as in the first half of 1968 when GNP was rising at the rate of $20 billion per quarter.

Consumer expenditures for services, food and other nondurables (such as clothing, paper products and household supplies) have risen consistently over the past decade. Even the recessions of 1958 and 1967 had little effect on the rate of increase in consumer spending for these items. Thus, one can be reasonably confident in predicting that expenditures for food, other nondurables and services will continue to rise in 1969 at about the same rate as in the recent past.

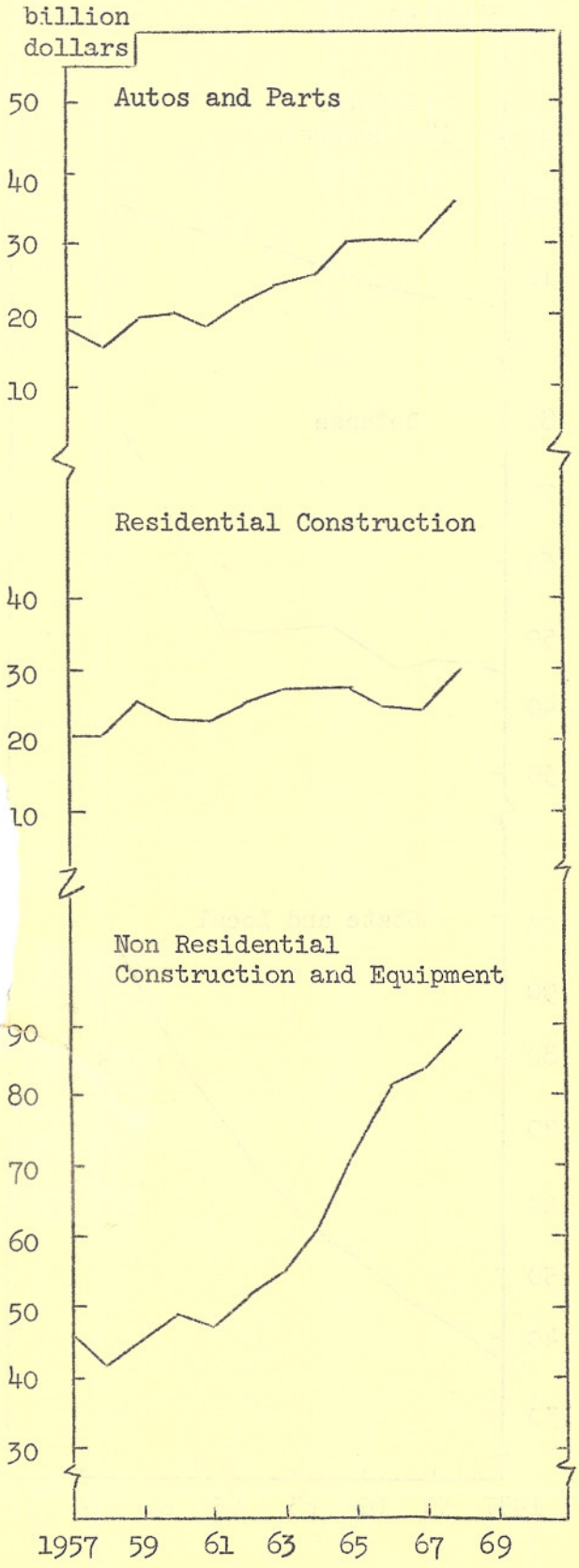
Consumer expenditures for food have been rising at the rate of 4 to 5 per cent per year since 1963. The total now exceeds $100 billion annually. Of this, less than 30 per cent or about $29 billion represents the farm value of domestically produced food. Only $8 billion of the $35 billion increase in total food expenditures over the past decade has gone to farmers. Most of the increase has been due to higher labor and processing costs, additional services and more eating away from home.

Total consumer expenditures for services have doubled in the past decade. In recent years, consumer spending for services has been rising at the rate of about 8 per cent per year. More than half of this is accounted for by price increases since inflation in service costs has been more rapid than for food or other nondurables.

CONSUMER EXPENDITURES



EXPENDITURES ON AUTOS AND PRIVATE INVESTMENT



Total consumer expenditures for autos and parts reached a new high in 1968 after having leveled off in 1966 and 1967. Passenger car sales increased more than 10 per cent in 1968 and established a new record of 9.5 million. About 10 per cent of new car sales consisted of imports, which rose more than 20 per cent in 1968. A high rate of scrappage plus the growth of two-car families will help to sustain the demand for cars in 1969, but it is unlikely that total sales for the year will exceed those in 1968.

Housing starts rose in 1968 and are expected to increase by another 10 per cent in 1969. The rate of increase will depend in part on the availability of credit and whether young families buy permanent or mobile homes. The total number of housing starts in 1968 was about 1.5 million. This is expected to rise to over 1.6 million in 1969 and to 2.0 million in the early 1970s. These projections are based on the recent increase in family formation, which, in turn, is the result of higher birth rates prevailing in the late 1940s.

Business spending has been a major contributor to the high rate of economic expansion experienced during the past 7 years. But the rate of growth in business spending is likely to slow down in 1969. Firms are now operating at a lower rate of capacity, and profit margins are likely to be reduced in 1969. This will tend to hold down new commitments for plant and equipment. Overall spending for private, non-residential construction is likely to rise about 4 per cent in 1969, most of it due to higher prices.

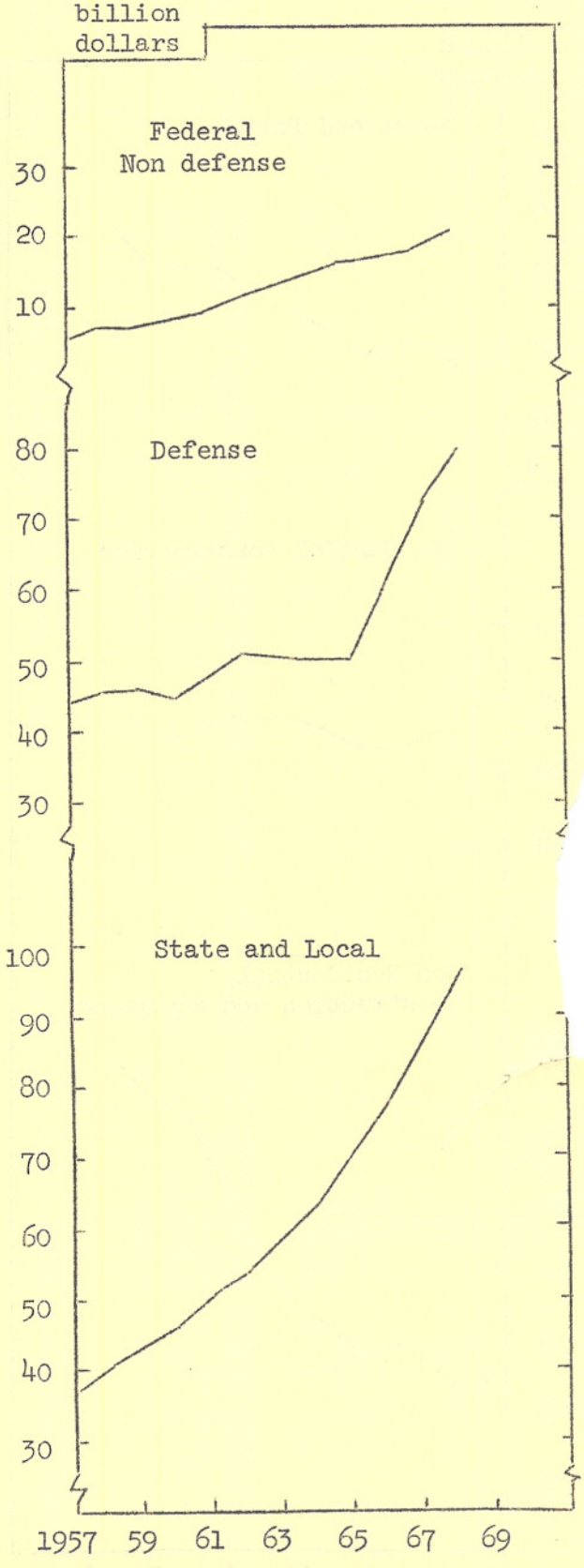
GOVERNMENT PURCHASES OF GOODS AND SERVICES

Federal nondefense spending for goods and services has been rising at the rate of $2 to $3 billion per year during the past 7 years; however the total spent on these activities is still small in relation to defense expenditures. Despite attempts to trim nondefense spending, the total is likely to rise in 1969 at about the same rate as in the recent past.

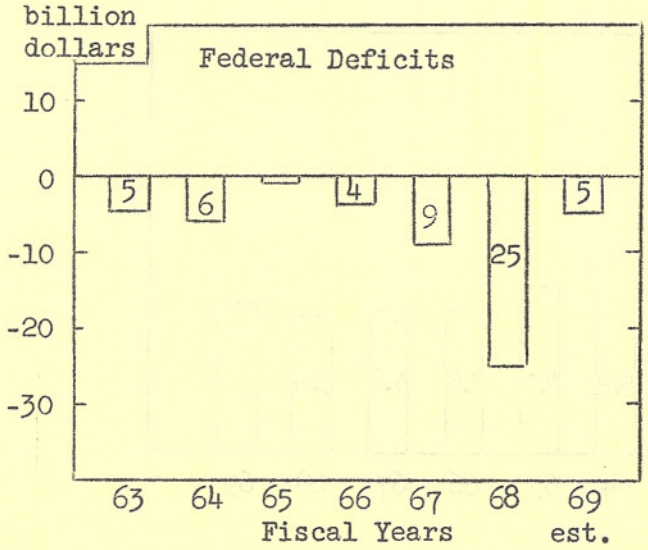
Total federal spending is larger than these figures suggest since transfer payments such as those for social security and medicaid are not included. These are excluded from GNP accounts of federal government purchases of goods and services since they merely transfer income from some individuals to others.

Defense spending rose dramatically from about $50 billion in the early 1960s to about $80 billion in 1968. In recent months, defense spending has leveled off at an annual rate of just under $80 billion. Some cut-backs in defense spending are possible in 1969 if a negotiated settlement can be attained in Vietnam; however, non-Vietnam defense spending probably will rise since it is widely anticipated that the new Administration will recommend increases in allocations for missiles and new defense systems.

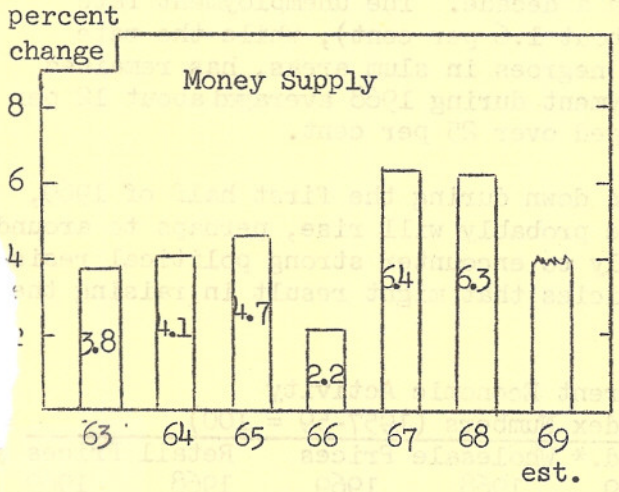
State and local government expenditures for goods and services have more than doubled since 1958. These expenditures are now rising at the rate of about 10 per cent annually. Recent trends in state and local government spending are likely to persist in 1969 although the rate of increase may be tempered somewhat because voters turned down an unusually high proportion of proposed bond issues at the last election.



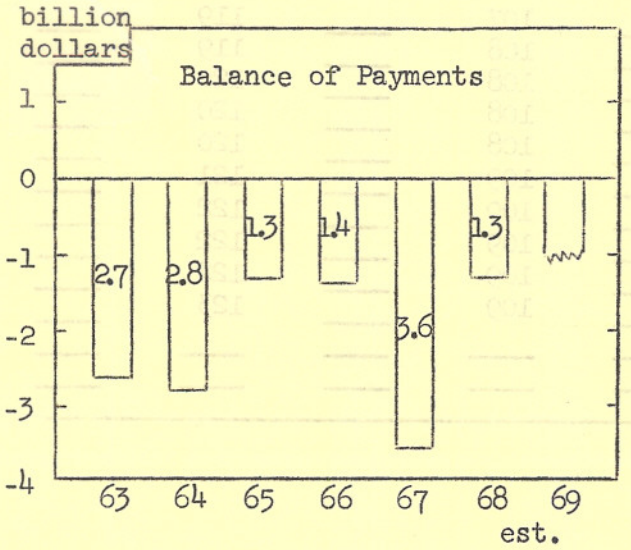
FEDERAL DEFICITS, CHANGES IN MONEY SUPPLY AND BALANCE OF PAYMENTS



The federal budget has shown a deficit of varying amounts every year since 1960. Because of rising defense outlays and delays in approving a tax increase, the deficit rose dramatically to about $25 billion in 1967-68. It is expected to decline to about $5 billion in 1969. During the first half of 1969, there may be as much as a $7 billion surplus in government accounts. The shift from deficit to surplus is expected to assist in holding down the rate of inflation in 1969.

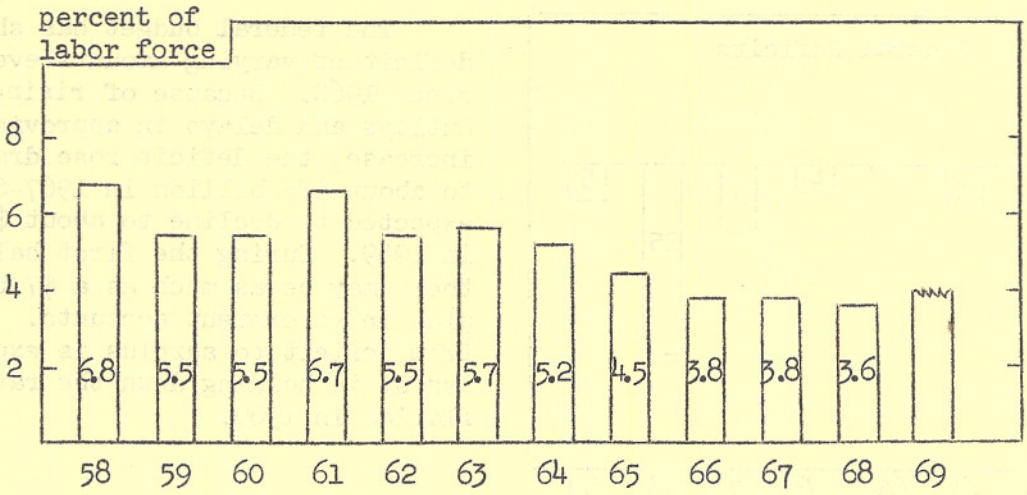


The total money supply (demand deposits plus currency) rose at an annual rate of more than 6 per cent in both 1967 and 1968. A slower rate of growth in the money supply is likely in 1969 partly because of anticipated reductions in federal borrowing and partly because the monetary authorities are likely to pursue a less expansionary policy in the months ahead.



The United States has had a balance of payments deficit every year but one since 1950. The war in Vietnam, of course, contributed to the rise in payments abroad. Recently, merchandise imports have risen relative to exports so that the trade surplus which previously enabled the United States to finance capital investments or foreign aid programs abroad has declined from about $4 billion to only about $1 billion. However, capital inflows from abroad have risen in recent months and this has helped to reduce the total deficit.

UNEMPLOYMENT RATE



The unemployment rate declined slightly to 3.6 per cent of the total labor force in 1968, the lowest level in more than a decade. The unemployment rate among married men has continued very low (about 1.6 per cent), while the rate prevailing among teenagers, and particularly negroes in slum areas, has remained high. Among all youth, the rate of unemployment during 1968 averaged about 12 per cent, but among non-white teenagers it averaged over 25 per cent.

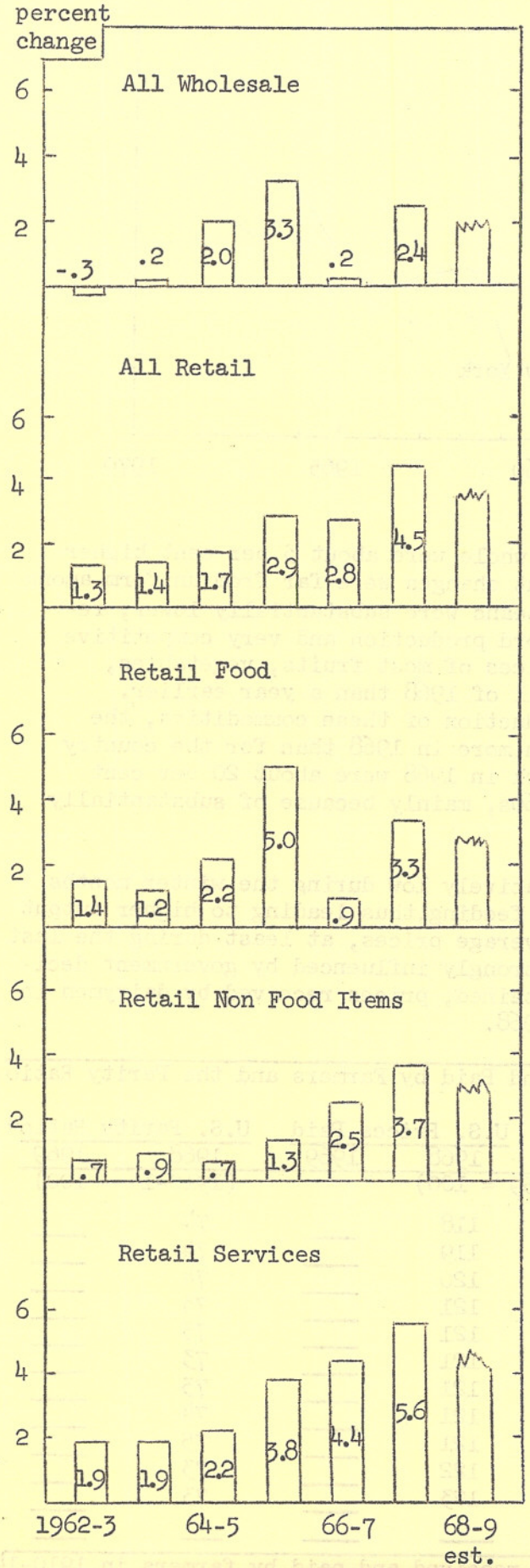
If the rate of economic expansion slows down during the first half of 1969, as now appears likely, the unemployment rate probably will rise, perhaps to around 4 per cent. The new Administration is likely to encounter strong political resistance, however, if it attempts to persue policies that might result in raising the rate much about that level.

Indicators of Current Economic Activity

	Unemployment Rate*		Index Numbers (1957-59 = 100) Industrial Prod.*		Wholesale Prices		Retail Prices	
Month	1968	1969	1968	1969	1968	1969	1968	1969
Jan.	3.5	___	161	___	107	___	119	___
Feb.	3.7	___	162	___	108	___	119	___
March	3.6	___	163	___	108	___	120	___
April	3.5	___	162	___	108	___	120	___
May	3.5	___	164	___	108	___	120	___
June	3.8	___	165	___	109	___	121	___
July	3.7	___	166	___	109	___	122	___
Aug.	3.5	___	164	___	109	___	122	___
Sept.	3.6	___	164	___	109	___	122	___
Oct.	3.6	___	165	___	109	___	123	___
Nov.	___	___	___	___	___	___	___	___
Dec.	___	___	___	___	___	___	___	___

* Seasonally adjusted.

YEAR TO YEAR CHANGES IN PRICES



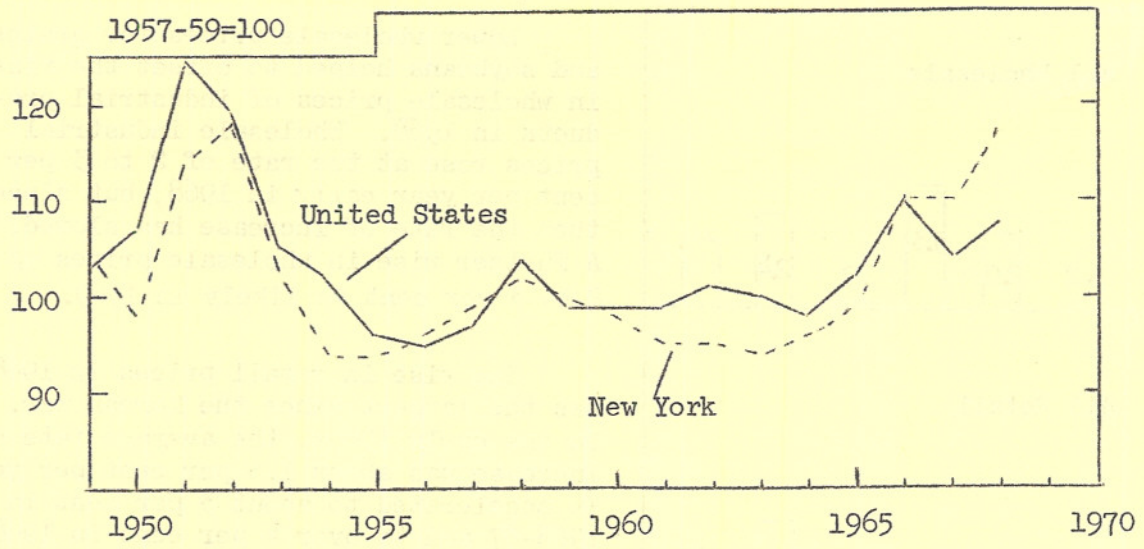
Lower wholesale prices for grains and soybeans helped to offset the rise in wholesale prices of industrial products in 1968. Wholesale industrial prices rose at the rate of 2 to 3 per cent per year early in 1968, but since then the rate of increase has slowed. A further rise in wholesale prices of 2 to 3 per cent is likely in 1969.

The rise in retail prices in 1968 was the largest since the Korean war. In the early 1960s, the average rate of increase was about 1.5 per cent per year. It accelerated to about 3 per cent in 1966-67 and to over 4 per cent in 1968. A continued rate of inflation averaging about 3.5 per cent annually is likely in 1969.

Retail food prices rose over 3 per cent in 1968, a much more rapid rate of increase than has prevailed in other years since 1960 (except for 1966). The same or lower farm prices for livestock products will help to moderate the rate of increase in food prices in 1969 although the higher cost of services embodied in foods will continue to push the index upward.

Wage increases in service industries have not been accompanied by comparable increases in output per worker. Hence service costs have risen at a much more rapid rate than the prices of industrial goods in recent years. As long as wage rates keep rising at the rate of 5 to 6 per cent per year, there is little prospect of moderating the rate of increase in service costs. Higher construction and land prices also have contributed significantly to a strong upward trend in housing costs in recent months.

PRICES RECEIVED BY FARMERS, U.S. AND NEW YORK



Average farm prices for the U.S. as a whole were about 3 per cent higher in the fall of 1968 than a year earlier, but changes were far from uniform among commodities. The prices of grains and soybeans were substantially lower, reflecting the effects of record or near-record production and very competitive export markets. On the other hand, the prices of most fruits, vegetables, poultry, eggs and milk were higher in the fall of 1968 than a year earlier. Because New York farmers specialize in production of these commodities, the index of farm prices for New York rose much more in 1968 than for the country as a whole. Average farm prices in New York in 1968 were about 20 per cent above the level prevailing in the early 1960s, mainly because of substantially higher prices for milk.

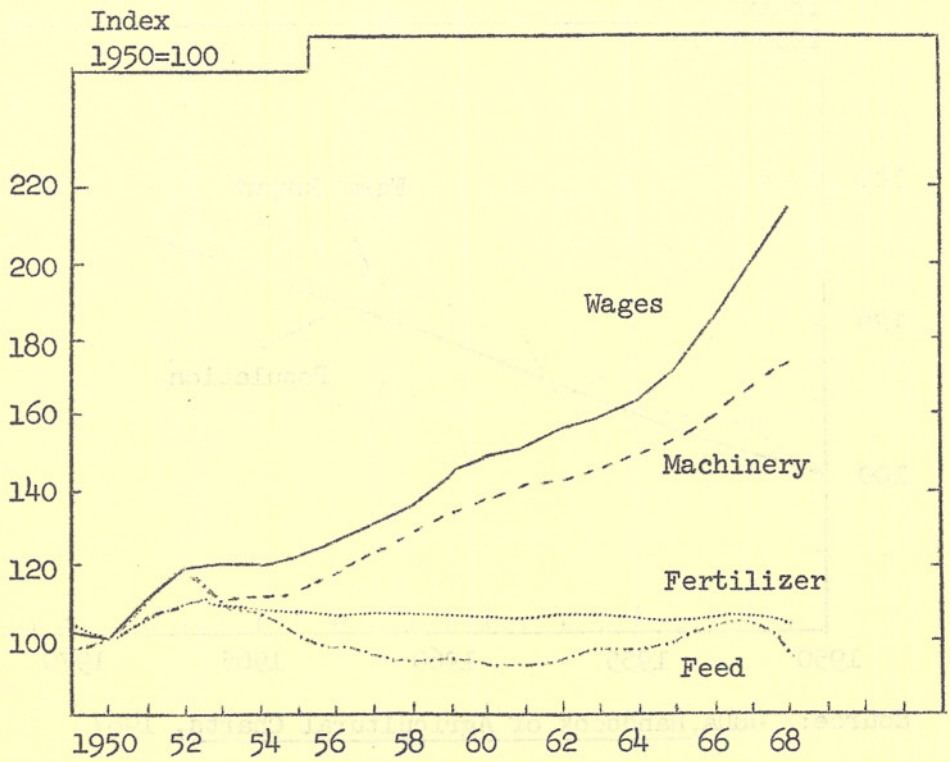
Grain prices are likely to remain relatively low during the winter months of 1968-69. This will encourage livestock feeding, thus leading to higher output of livestock products and somewhat lower average prices, at least during the last half of 1969. The price of milk will be strongly influenced by government decisions. If present support levels are maintained, prices received by dairymen in 1969 should average about the same as in 1968.

Monthly Index Numbers of Prices Received and Paid by Farmers and the Parity Ratio

	Prices Received							
	New York		United States		U.S. Prices Paid		U.S. Parity Ratio*	
	1968	1969	1968	1969	1968	1969	1968	1969
	(1957-59 = 100)						(1910-14 = 100)	
January	109	___	105	___	118	___	74	___
February	110	___	106	___	119	___	74	___
March	114	___	107	___	120	___	74	___
April	116	___	107	___	121	___	73	___
May	121	___	108	___	121	___	73	___
June	122	___	107	___	121	___	73	___
July	118	___	108	___	121	___	73	___
August	115	___	108	___	121	___	74	___
September	123	___	110	___	121	___	75	___
October	126	___	108	___	122	___	73	___
November	124	___	108	___	123	___	73	___
December	___	___	___	___	___	___	___	___

* Based on the relationship between prices received and paid by farmers in 1910-14.

PRICES OF SELECTED FARM INPUTS



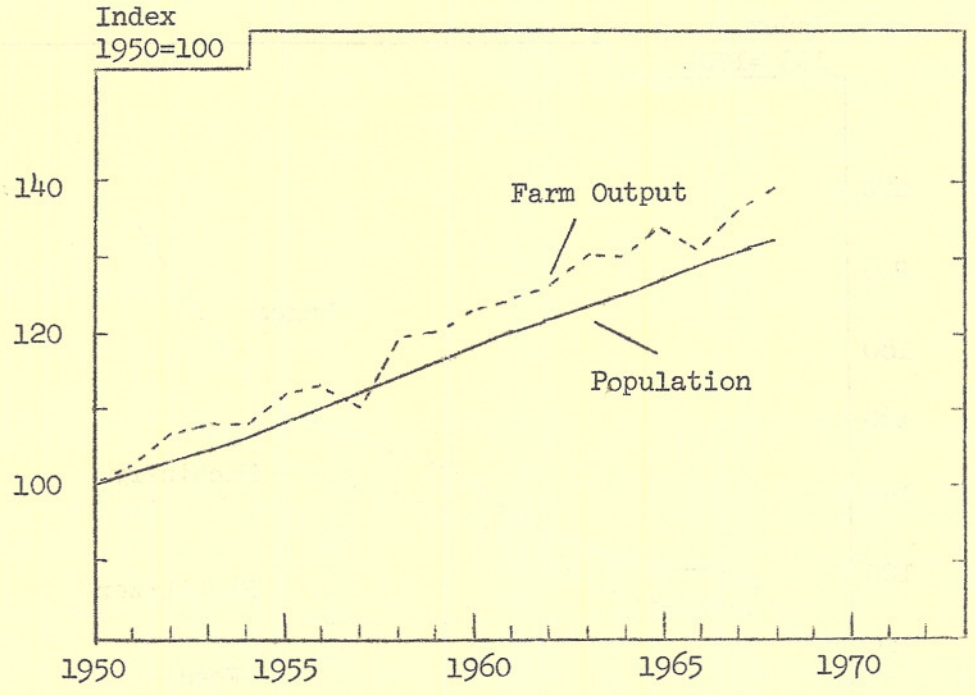
The index of prices paid by farmers for all items used in production and in family living rose about 4 per cent in 1968. As in other recent years, increases in wage rates contributed significantly to the rise in the overall index. Farm wage rates for the country as a whole rose about 8 per cent in 1968, machinery prices rose about 4 per cent, while the price of fertilizer declined about 2 per cent and the price of feed about 7 per cent. Excess capacity and strong competitive pressures have kept fertilizer prices very low during the past few years. Modest increases in fertilizer prices have recently been announced by some manufacturers, but it is not clear as yet whether these higher prices will prevail next spring.

Feed costs are likely to remain favorable for dairymen and egg producers during the first half of 1969. Prices thereafter will depend on crop prospects and developments in export markets.

Machinery and labor costs are likely to continue to rise in 1969 at about the same rate as in the recent past.

Farm land values, taxes and interest rates have risen even more rapidly than farm wages in recent years. Average prices paid for farm land are now more than 2.5 times what they were in 1950. Taxes have nearly tripled and interest costs have more than quadrupled over the same 18 year period.

U.S. POPULATION AND FARM OUTPUT



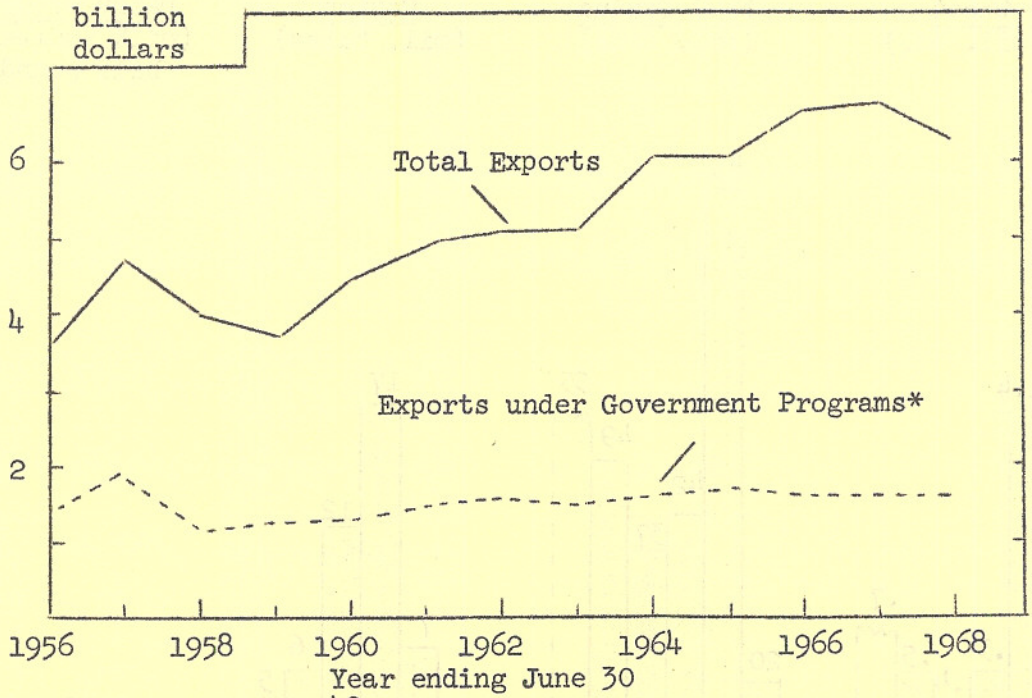
Source: USDA, Handbook of Agricultural Charts, 1967

Total farm output rose about 3 per cent in 1968 despite cut-backs in the acreage planted to wheat and feed grains. Wheat and soybean production reached new highs in 1968, and feed grain output was only about 3 per cent below the record achieved in 1967. Production of eggs and milk, however, declined slightly in 1968.

Total output of livestock products undoubtedly will rise in 1969, mainly because large supplies of grain are available at relatively low prices. An attempt will be made to hold down the acreage planted to wheat and feed grains in 1969 so as to limit production, strengthen prices and, if possible, reduce carryover stocks in the 1969-70 marketing season. Early reports indicate that the wheat acreage may be cut as much as 15 per cent in 1969. Details of the feed grain program have not been announced although the Secretary of Agriculture has indicated that farmers who wish to qualify for payments may be compelled to keep additional acreage idle in 1969.

The total U.S. population increased only about 1 per cent in 1968, the slowest rate of growth since World War II. Within the next few years, the rate of growth is expected to increase again because of the large number of new families being formed, but is unlikely that the growth rate will again rise as high as 1.7 per cent which is the rate that prevailed in the late 1940s and most of the 1950s.

VALUE OF FARM EXPORTS



* Mainly under P.L. 480

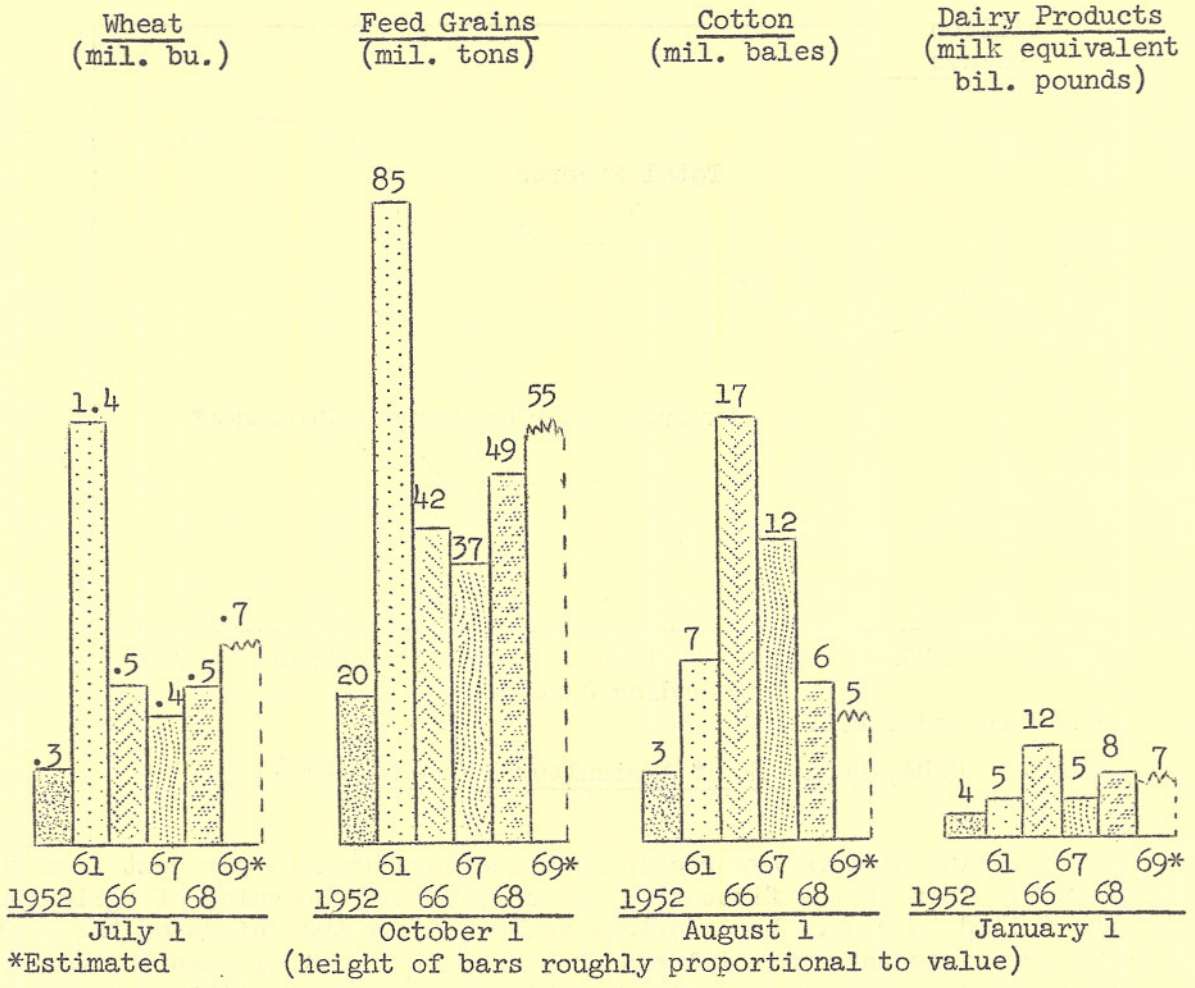
Source: USDA, Handbook of Agricultural Charts, 1968

The total value of farm exports in 1968 declined about 7 per cent from the preceding year. This is the first time since 1959 that the value of agricultural exports has failed to rise. Lower prices accounted for two thirds of the decline which occurred mainly in commercial exports for dollars rather than in those under food aid programs. Larger world supplies and very competitive conditions in export markets have continued to hold down the value of U.S. agricultural exports in recent months.

Exports under food aid programs continue to account for over one fourth of total agricultural exports and a much higher proportion of exports for some commodities. Over 90 per cent of the quantity of nonfat dry milk exported, more than 80 per cent of soybean oil exports, from 50 to 70 per cent of wheat exports, 40 per cent of rice exports and a third of cotton exports have been financed under various government programs, mainly those authorized and financed under Public Law 480, during recent years.

Unless growing conditions in importing countries are very unfavorable, there is little prospect that agricultural exports will increase substantially in 1969. Wheat exports are unlikely to match those of the past two or three years when exceptionally large amounts were sold abroad or donated for use in food deficit countries.

CARRYOVER STOCKS OF SELECTED COMMODITIES



*Estimated (height of bars roughly proportional to value)

Source: USDA, Handbook of Agricultural Charts, 1968 and Situation Reports

Carryover stocks of wheat, feed grains and soybeans rose in 1968 and are expected to increase again in 1969. In contrast, stocks of cotton and dairy products declined. The increase in grain stocks is the result of two record or near-record crops in succession and lagging export markets. A combination of large-scale cuts in the total acreage planted to cotton (in response to high government payments for keeping land idle) and adverse crops conditions which reduced yields has made it possible to reduce the cotton surplus to about one third of what it was in 1966. A further decline in cotton stocks probably will occur in 1969.

For the first time in history, the United States now has excess stocks of soybeans as well as grains. This is due to a slower rate of increase in soybean utilization during the past two years and record production. Carryover stocks at the end of the 1967-68 marketing season amounted to about 167 million bushels. The carryover in 1969 probably will exceed 300 million bushels.

CROPLAND USE AND INDEX NUMBERS OF CROP YIELDS AND TOTAL PRODUCTION, UNITED STATES, 1955 AND 1966-68

Use	Planted Acreage 1955	1966	1967	1968
	(mil. acres)			
Wheat	58	55	68	63
Four Feed Grains	169	117	121	116
Soybeans	20	37	41	42
Hay	75	65	65	64
Southern Allotment Crops*	23	15	14	16
Other	9	9	8	9
Total	354	298	316	310
Idled Under Government Programs≠	0	63	41	52
	Index Numbers (1955 = 100)			
Acreage Planted	100	84	89	87
Crop Yields	100	139	142	147
Crop Production	100	116	122	125

* Cotton, rice, peanuts and tobacco.

≠ Includes land under wheat, feed grain, cotton, cropland adjustment and conservation reserve programs.

Source: USDA Agricultural Statistics, 1967 and Crop Production, July and November 1968.

Government land retirement programs have helped to reduce the total area planted to crops by as much as 15 per cent over the past decade. Most of the adjustment has been made in the acreage planted to grains and cotton. In 1966, the government paid farmers to keep more than 60 million acres idle. Additional land was brought back into production in 1967 because of declining stocks and anticipated world food shortages, but this trend was reversed again in 1968.

If a substantial proportion of the land kept idle in recent years were to be brought back into production during the next few years, surpluses of grains and cotton undoubtedly would increase. This would force the government to add to storage holdings or to let prices decline. Neither alternative is very attractive. For this reason, the new administration is likely to continue some kind of program designed to keep cropland idle although greater emphasis may be given in the future to long-term land retirement schemes rather than to annual rental contracts such as those provided for under the existing wheat, feed grain and cotton programs.

COST OF FEDERAL PROGRAMS RELATED TO AGRICULTURE*

Type of Activity or Program	Estimated Expenditures 1968 (billion)	
Price Support and Supply Adjustment Activities		
Payments to Farmers (wheat, cotton, feed grain, sugar and wool programs)	$2.3	
General Land Retirement (Soil Bank and Cropland Adjustment)	.2	
Other Price-Support Costs (ASCS and CCC Administrative Storage and Handling Costs and Price Support Losses)	1.1	
Total Support Activities		3.6
Food Aid and Other Export Programs (mainly P.L. 480)		1.7
Domestic Food Subsidy Programs (School Feeding and Food Stamp Programs)		.6
Conservation Programs (SCS and ACP)		.5
Research, Education, Community Development, Marketing Services, Crop Reporting, etc.		.6
Total		7.0*

* Excludes appropriations for agricultural credit programs.

About $7 billion has been spent annually on programs related to agriculture in recent years. Price-support and supply adjustment activities account for about one half of this total. Congress has been especially critical of programs involving large payments to farmers. In the last session of Congress, an attempt was made to limit payments to individuals, but this provision was dropped from the final bill which provides for continuing the existing wheat, cotton and feed grain programs through 1970.

Appropriations are likely to be maintained at about the same level as in the recent past for food aid programs. A further increase in the amount of money allocated to domestic food subsidy programs is likely since these programs have widespread support from urban Congressmen.

Farmers who are most vulnerable to changes in farm programs are those producing wheat, rice, cotton and cash corn or sorghum. As much as 15 per cent of the gross income of farmers in the Delta and Southern Plains states now comes from government payments. In contrast, payments add only about 2 per cent to the total cash receipts of farmers in the Northeast.

THE UNITED STATES FARM BALANCE SHEET
(In current dollars, January 1)

	1940	1950	1960	1967	1968
	- billion dollars -				
Assets					
Real estate	33.6	75.3	130.2	182.5	193.7
Other physical	15.1	41.3	54.7	66.2	67.7
Financial	4.2	15.9	18.2	21.1	22.1
Total	52.9	132.5	203.1	269.8	283.5
Claims					
Real estate debt	6.6	5.6	12.1	23.3	25.5
Other debt	3.4	6.8	12.7	22.4	24.9
Total debt	10.0	12.4	24.8	45.7	50.4
Owners' equity	42.9	120.1	178.3	224.1	233.1
Total	52.9	132.5	203.1	269.8	283.5
Percent owners' equity	81	91	88	83	82

Source: U.S.D.A. The Balance Sheet of Agriculture

Post-war trends continued in the U.S. Farm Balance Sheet. Despite credit scarcity and continued high interest rates, farm debts increased 10 percent in 1967 and evidence indicates that they continued to increase in 1968 but probably at a slower rate. Debts outstanding at the first of 1968 were twice those in 1960 and four times those of 1950.

Farmers' total equity also increased but at a slower rate than either assets or debts. The percent equity was of assets dropped from 83 to 82 percent continuing the downward trend evident since 1950.

CHANGES IN THE NEW YORK FARM BALANCE SHEET
(In current dollars January 1)

	1950	1955	1960	1965	1968
	Millions of dollars				
Total assets	2,805	3,009	3,579	3,816	4,446
Total debts	307	423	547	750	1,033
Owners' equity	2,498	2,586	3,032	3,066	3,413
Percent equity	89	86	85	80	77

Sources: Tubbs, A. R. & R. S. Smith, A Balance Sheet of New York Agriculture, A.E. Research No. 260, July 1968; American Bankers Association and Estimates by Tubbs and Hedlund.

A New York Farm Balance Sheet is available for the first time. Since 1950 the value of all farm property increased by 58 percent from 2.8 to 4.4 billion dollars. During the same time farm debt more than tripled by increasing from a third of a billion dollars to more than a billion. The value of farmers' assets increased but debts increased more rapidly. Even so, farmers' equity increased but not as rapidly as debts or assets. In 1968 agriculture assets, debts, and owners' equity are at all time high figures.

THE NEW YORK FARM BALANCE SHEET
(In current dollars)

Assets	Jan. 1, 1965 Million Dollars	Jan. 1, 1965 Percent of Assets	Jan. 1, 1968 Million Dollars	Jan. 1, 1968 Percent of Assets
Real Estate	2,181.3	57.2	2,486.0	55.9
Livestock	385.4	10.1	492.1	11.1
Machinery & Motor Vehicles	485.3	12.7	575.1	12.9
Crops Stored	191.4	5.0	225.7	5.1
Other Feed & Supply	38.5	1.0	44.5	1.0
Household Furnishings & Equipment	152.6	4.0	177.8	4.0
Cash	114.5	3.0	133.4	3.0
Other Investments	76.3	2.0	88.9	2.0
Investment in Cooperatives	114.1	3.0	133.4	3.0
Receivables	76.4	2.0	88.9	2.0
Total Assets	3,815.8	100.0	4,445.8	100.0
Liabilities & Equity	**Million Dollars**	**Percent of Assets**	**Million Dollars**	**Percent of Assets**
Real Estate:				
Federal Land Bank	71.7	1.9	97.5	2.2
Farmers Home Administration	6.7	.2	4.6	.1
Insurance Companies	12.3	.3	10.6	.2
Commercial Banks	100.0	2.6	183.5	4.1
Individual and Other	188.6	4.9	294.8	6.7
Total	379.3	9.9	591.0	13.3
Non-Real Estate:				
Commercial Banks*	146.7	3.8	156.5	3.5
Production Credit Associations	69.7	1.8	101.6	2.3
Farmers Home Administration	21.1	.6	28.4	.6
Merchant, Dealer, Individual and Other	133.5	3.5	155.6	3.5
Total	371.0	9.7	442.1	9.9
Total Liabilities	750.3	19.6	1,033.1	23.2
Equity	3,065.5	80.4	3,412.7	76.8
Total Liabilities & Equity	3,815.8	100.0	4,445.8	100.0

* Excludes loans guaranteed by CCC

Sources: Tubbs, A.R. & R.S. Smith, A Balance Sheet of New York Agriculture, A.E. Research No. 260, July 1968; American Bankers Association and Estimates by Tubbs & Hedlund.

Table 2 FARM CREDIT OUTSTANDING IN NEW YORK
January 1, 1968

	Amount Millions	Percent change from: 1963	1967
Real Estate Loans:			
Federal Land Bank	97.5	51	11
Farmers Home Administration	4.6	69	-1
Insurance Companies	10.6	-2	-5
Banks	183.5	174	59
Individuals and Other	294.8	98	35
Total	591.0	99	35
Non-Real Estate:			
Banks	156.5	20	4
Production Credit Assoc.	101.6	61	14
Farmers Home Administration	28.4	92	9
Merchant, Dealer, Ind. & Other	155.6*	50	4
Total	442.1	42	7
Total Credit	1,033.1	70	19

* Estimated by Tubbs & Hedlund
Source: American Bankers Association

Despite high cost and scarcity of credit, New York farmers increased their use of credit one-fifth during 1967. They continued to use increasing amounts of credit in 1968 but the rate of increase has slowed down.

During 1967 real estate credit in New York increased 35 percent while other credit increased only 7 percent. In the last five years real estate credit has doubled while other credit increased 42 percent. Demand for real estate credit has not been as active in 1968 as in 1967.

Several forces are causing the rapid increases in use of borrowed capital. Perhaps the three most important are the increasing size of farm, larger and more modern buildings and equipment, and the general increase in prices of both capital goods and items going into operating costs. Although farm incomes have increased during recent years they have not been sufficient to permit farmers to live, pay operating expenses and enlarge and modernize their farms without going farther into debt.

CHANGES IN CAPITAL PER FARM
Town of Dryden, Tompkins Co. New York 1907, 1957 & 1967

	1907	1957	1967	Percent Increase 1957 to 1967
	dollars per farm			
Real Estate	$4,624	$22,567	$42,343	88
Livestock	1,096	13,063	23,354	79
Equipment	436	9,650	15,592	61
Feed & Supplies	209	714	5,536	615
Total	6,365	45,994	86,825	89
Man Equivalent	1.7	1.9	1.9	
Investment per Man Equivalent	$3,744	$24,207	$45,697	
Expense per $ of Receipts*	43	85	78	

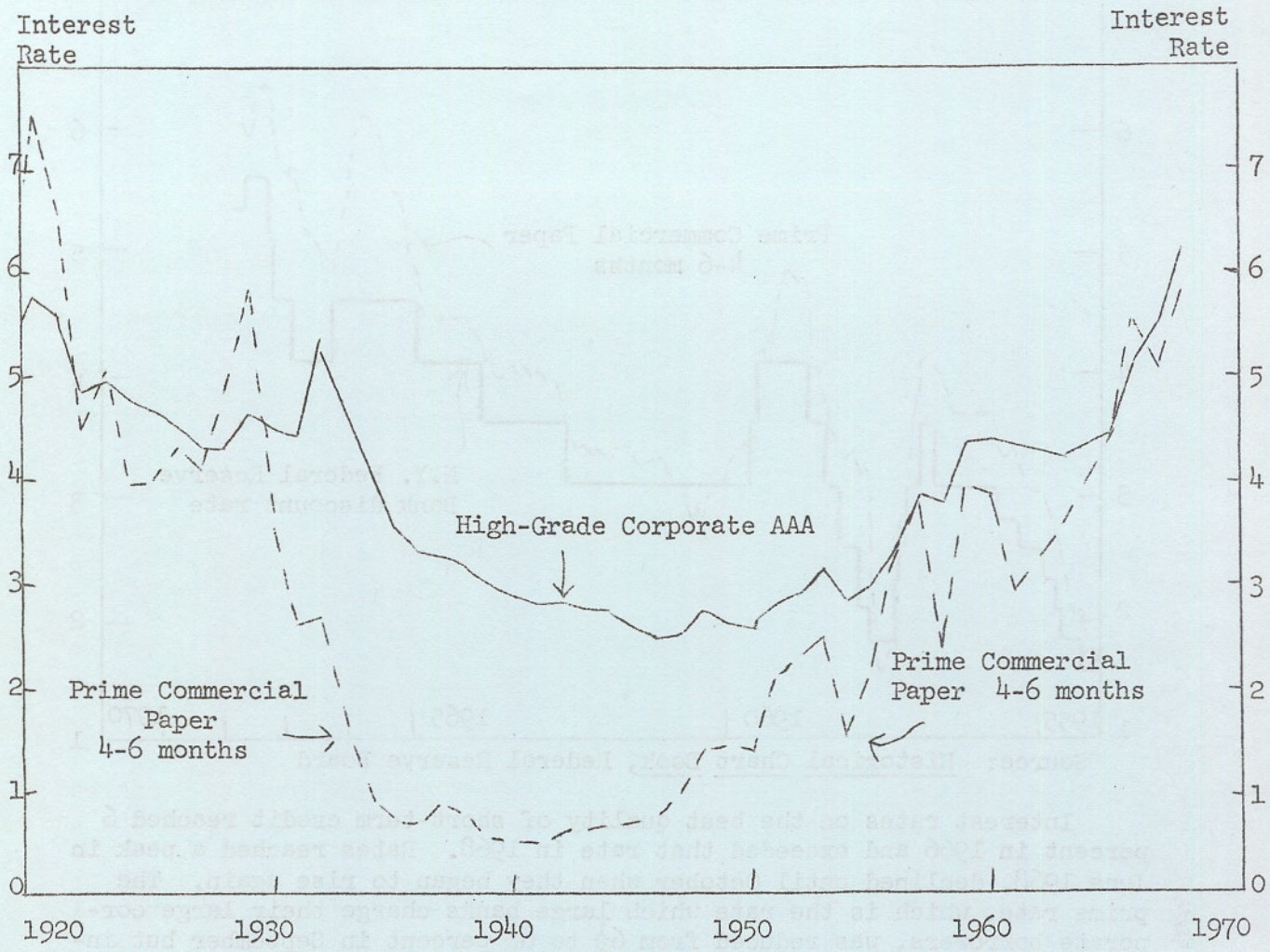
* Does not include inventory charges and interest payments
Source: A. E. Lines, S. W. Warren et al

Financial information about farms in the Town of Dryden, Tompkins County, N. Y. is available each 10 years since 1907. Investment has increased per farm and per man so that in 1967 it was almost $87,000 per farm and $46,000 per man. Over the 60-year period investment in livestock and equipment increased more rapidly than the investment in real estate.

Farm expenses in 1967 average somewhat more than $25,000 per farm and amounted to 78 cents for each dollar of farm receipts. Sixty years earlier the expenses were 43 cents for each dollar of receipts. The amount of cash outgo in relation to cash received almost doubled and is one explanation why many farmers find that short-term production credit is as essential as a tractor.

LONG- AND SHORT-TERM INTEREST RATES

U.S. 1920 - 1968

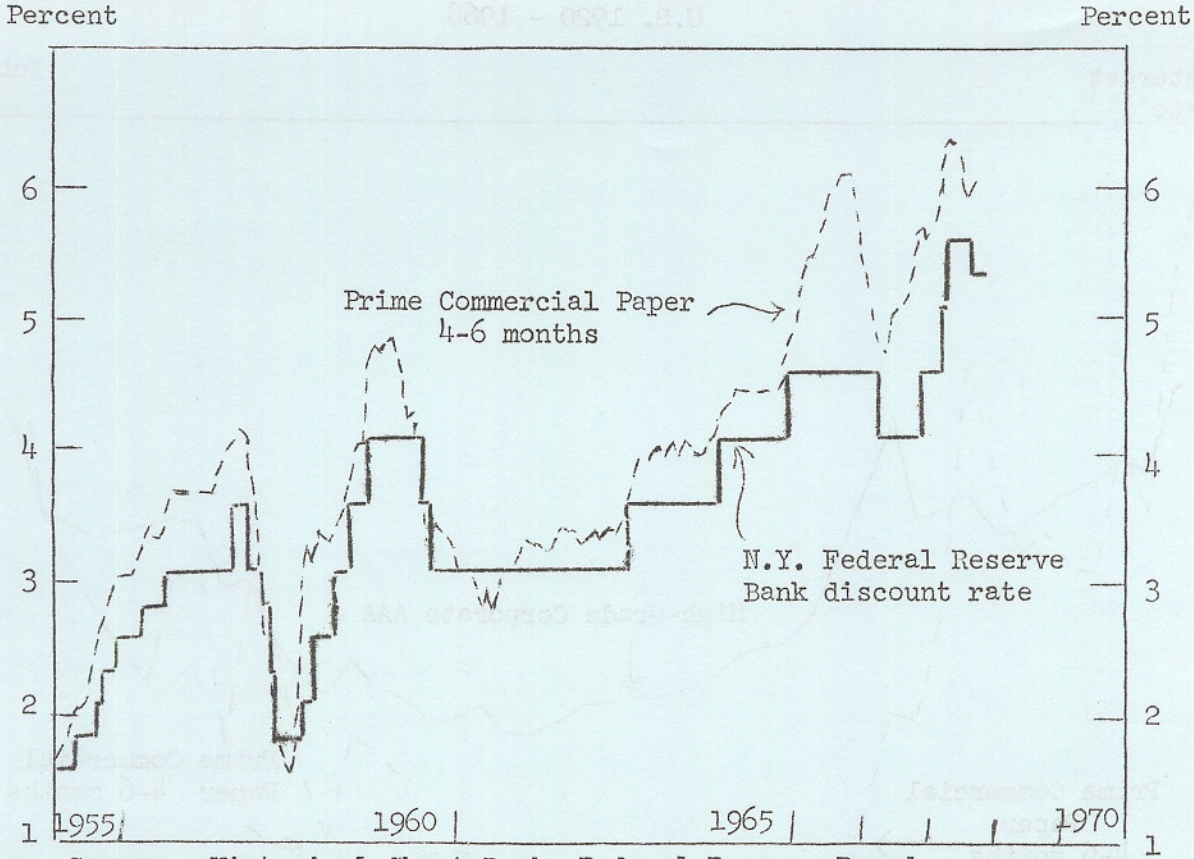


Source: Historical Chart Book, Federal Reserve Board.

To most people under 60, current interest rates appear to be very high. A longer perspective, however, indicates that current rates are at about the same levels as prevailed in the 20's and early 30's. Measures intended to elevate the depression and to minimize the cost of war finance contributed to the very low rates in the 30's and 40's. Beginning in 1966, counter-inflationary measures, high demand for credit and inflation itself contributed to the substantial increase in rates.

For most of the 35 years from 1930 to 1965, basic interest rates for short-term credit were substantially below those for long-term. This was not true for the first 30 years of this century and is not true today.

BASIC SHORT-TERM INTEREST RATES
U. S. 1955-68



Source: Historical Chart Book, Rederal Reserve Board

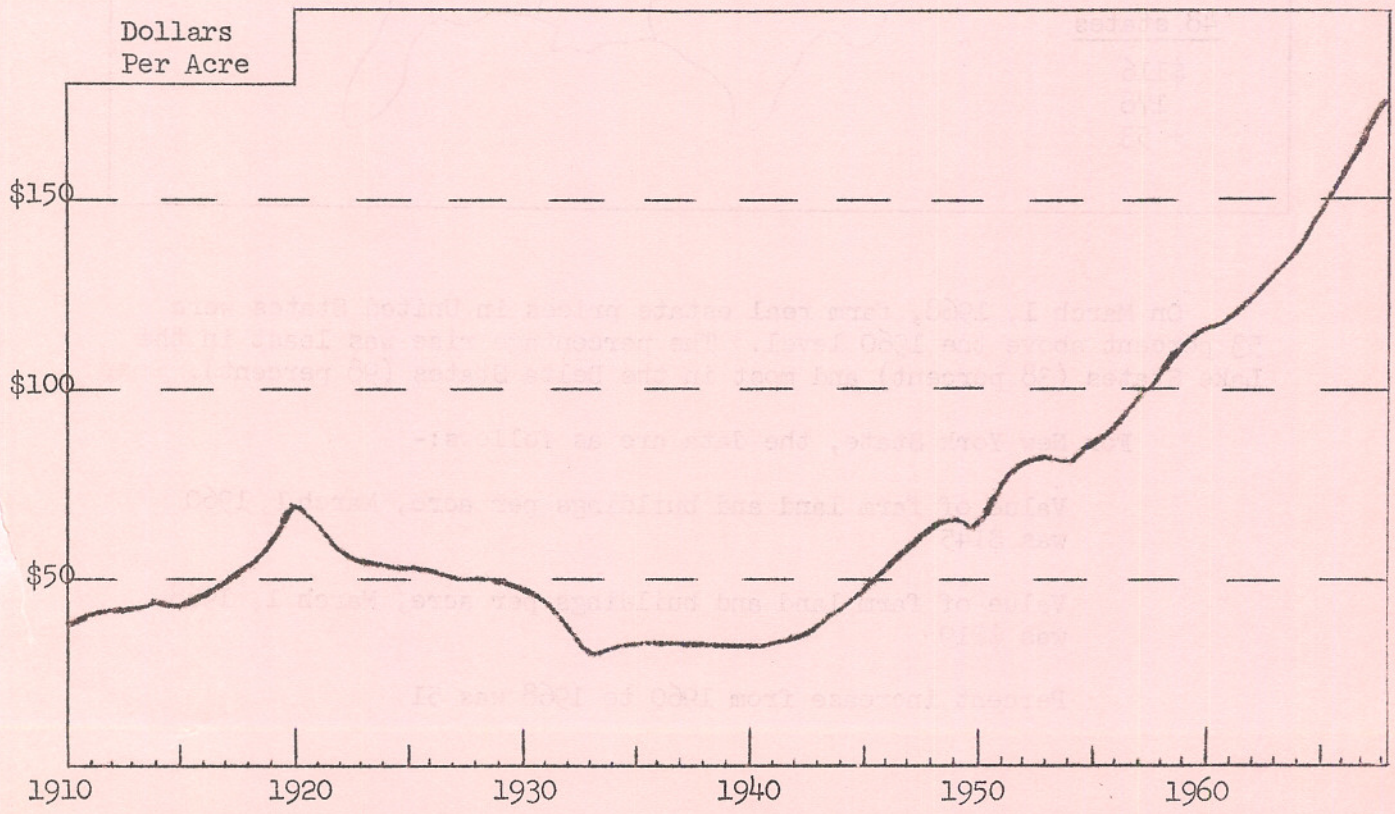
Interest rates on the best quality of short-term credit reached 6 percent in 1966 and exceeded that rate in 1968. Rates reached a peak in June 1968, declined until October when they began to rise again. The prime rate, which is the rate which large banks charge their large corporate borrowers, was reduced from $6\frac{1}{2}$ to $6\frac{1}{4}$ percent in September but increased again to $6\frac{1}{2}$ on December 2. Seven percent and higher are now commonly charged farmers and others for both mortgage and short-term credit. It is not realistic to expect any lowering of rates charged farmers in 1969.

The last session of the New York Legislature amended the law with respect to the so-called legal rate of interest. The State Banking Board now has power to set this rate between 5 and $7\frac{1}{2}$ percent. It was $7\frac{1}{4}$ percent in late 1968.

Both the New York State Legislature and the Congress passed "Truth in Lending Laws" which become effective July 1, 1969. These laws require that all lenders inform borrowers the exact rate they will pay on credit transactions. They are not likely to cause much change in interest rates and credit practices of financial institutions. They will have their greatest impact on merchants and finance companies where credit charges are incorporated into installment payments. Even here there will be more change in what is said about credit charges than in the charges themselves.

VALUE OF FARM LAND AND BUILDINGS PER ACRE, March 1
48 Mainland States of United States
Information from "Farm Real Estate Market Developments"
Economic Research Service, United States Department of Agriculture

Year	Value	Year	Value	Year	Value
1910	$40	1930	$49	1950	$ 65
1911	41	1931	44	1951	75
1912	42	1932	37	1952	82
1913	43	1933	30	1953	83
1914	44	1934	31	1954	82
1915	43	1935	32	1955	85
1916	46	1936	32	1956	90
1917	49	1937	33	1957	97
1918	53	1938	33	1958	103
1919	58	1939	32	1959	111
1920	$69	1940	$32	1960	$116
1921	65	1941	32	1961	118
1922	57	1942	34	1962	124
1923	56	1943	38	1963	130
1924	54	1944	43	1964	138
1925	54	1945	47	1965	146
1926	52	1946	53	1966	157
1927	50	1947	60	1967	167
1928	50	1948	64	1968	178
1929	49	1949	66		



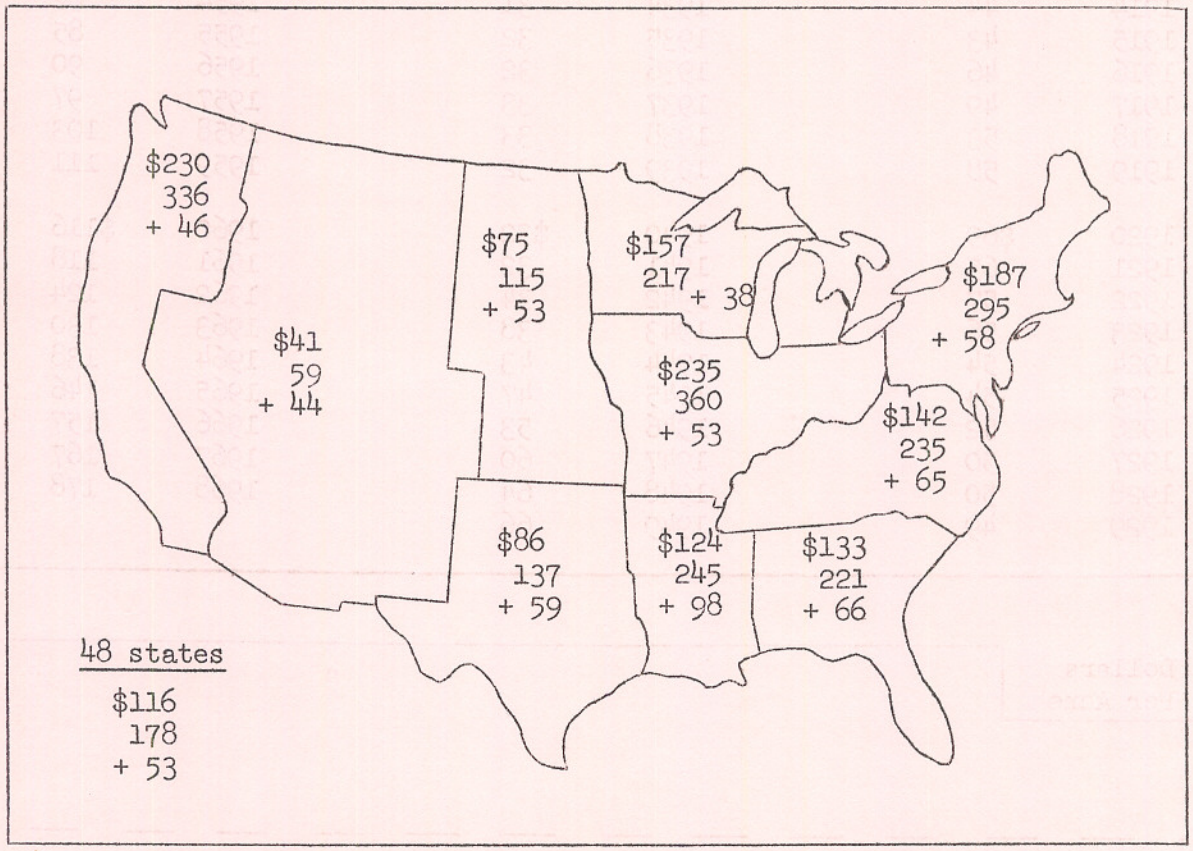
VALUE OF FARM LAND AND BUILDINGS PER ACRE

Information from "Farm Real Estate Market Developments"

Top figure in each region is for March 1, 1960

Second figure in each region is for March 1, 1968

Lower figure in each region is per cent increase from 1960 to 1968



On March 1, 1968, farm real estate prices in United States were 53 percent above the 1960 level. The percentage rise was least in the Lake States (38 percent) and most in the Delta States (98 percent).

For New York State, the data are as follows:-

Value of farm land and buildings per acre, March 1, 1960 was $145

Value of farm land and buildings per acre, March 1, 1968 was $219

Percent increase from 1960 to 1968 was 51

NEW YORK DAIRY AND POULTRY FARMS
EXTENSION SERVICE FARM BUSINESS MANAGEMENT PROJECTS

	Dairy Farms				Poultry Farms			
Year	Number of farms studied	Value of real estate per farm	Number of cows per farm	Value of real estate per cow	Number of farms studied	Value of real estate per farm	Number of hens per farm	Value of real estate per 100 hens
1956	342	$18,900	34	$560	46	$20,300	3,000	$680
1957	464	20,400	33	620	57	26,700	3,800	700
1958	559	21,700	33	660	47	26,700	4,000	670
1959	542	22,800	35	650	32	28,600	4,900	580
1960	467	22,500	35	640	22	34,800	6,300	550
1961	490	25,800	38	680	22	31,000	5,900	530
1962	503	25,700	38	680	23	27,400	5,700	480
1963	468	26,300	39	670	26	24,700	7,400	330
1964	434	27,800	40	700	37	35,100	9,600	370
1965	673	32,800	44	750	18	42,100	12,600	330
1966	731	37,400	47	800	19	41,600	12,500	330
1967	548	42,600	51	840	26	54,800	13,600	400

The above information is based on farmers' valuations as reported in their account books. Farms included are a shifting group, but represent the "kind of farmers who come to meetings".

Value of real estate per cow on dairy farms increased from $560 in 1956 to $840 in 1967.

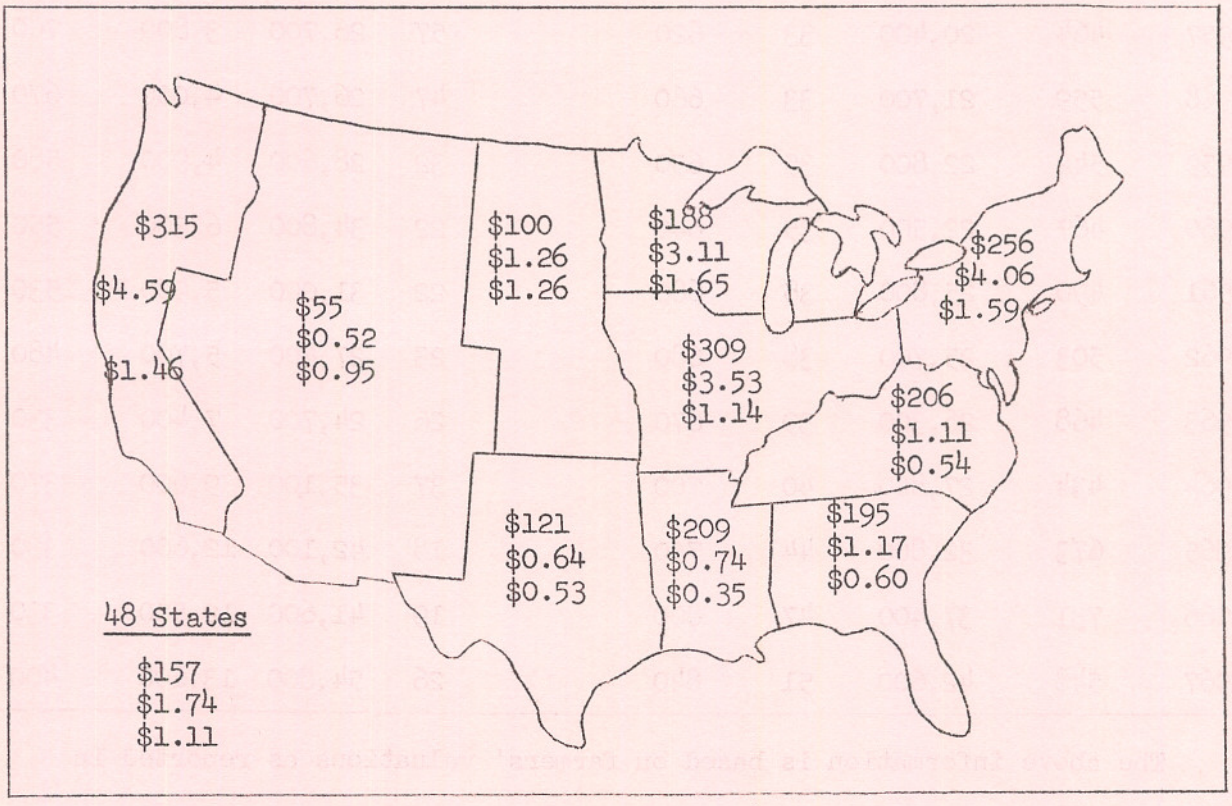
The value of real estate on poultry farms - per 100 hens - has been lower in recent years than it was 10 years ago.

FARM REAL ESTATE TAXES

Top figure in each region is average value of farm land and buildings per acre, March 1, 1966. From "Farm Real Estate Market Developments", April 1968.

Second figure in each region is average real estate tax per acre, 1966. From "Farm Real Estate Taxes", December 1967.

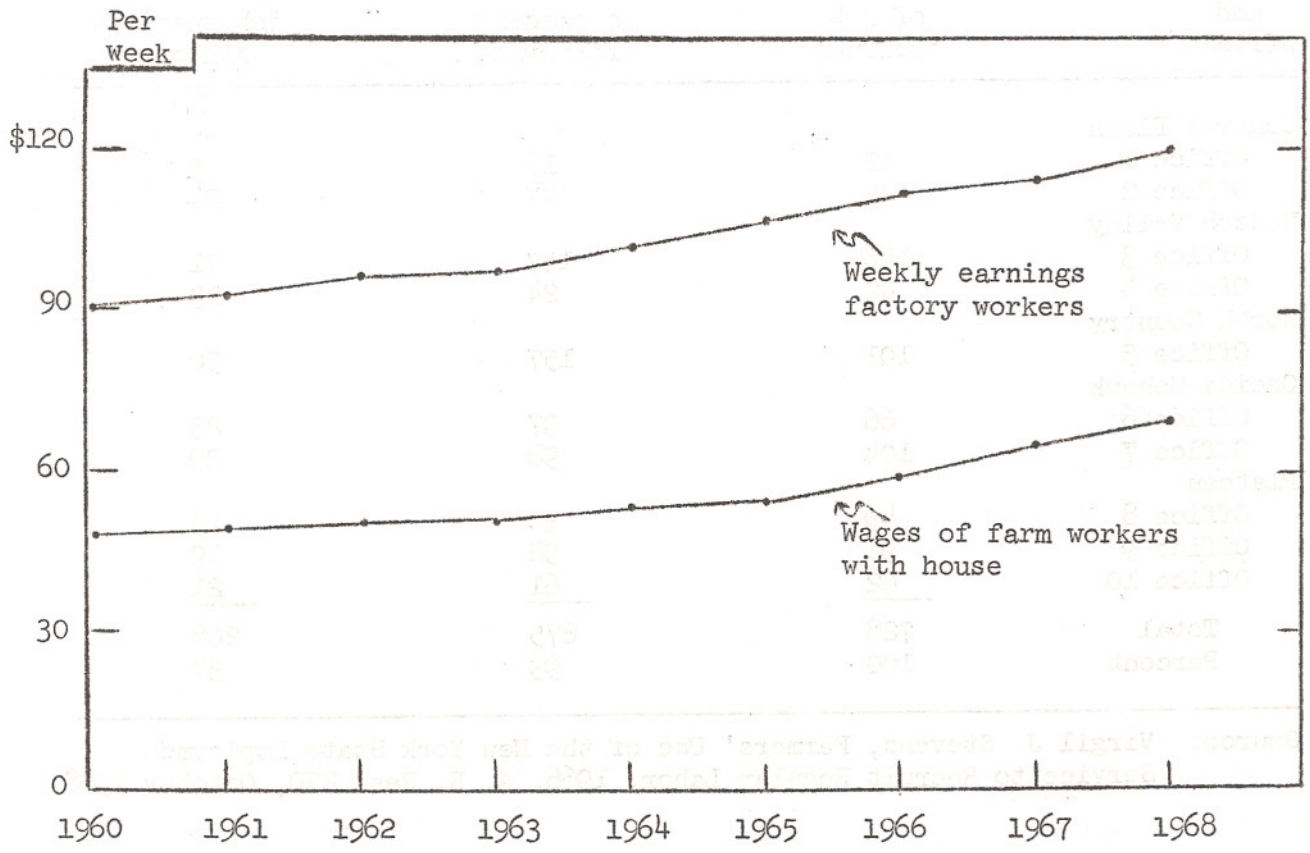
Bottom figure in each region is the average real estate tax per $100 of value.



For New York State, the average value of farm land and buildings per acre on March 1, 1966 was $190. Taxes were $4.04 per acre, or $2.13 per $100 of value. Thus, farm real estate tax rates in New York are among the highest in the nation.

Before drawing conclusions concerning relative tax burdens, other taxes levied in the different states would need to be studied.

FARM WAGES AND EARNINGS OF PRODUCTION WORKERS
IN MANUFACTURING INDUSTRIES
New York, 1960 to date



Source: Farm Labor, USDA and Labor Market Review, New York State

The margin of average weekly earnings of factory workers over average wages of farm workers with house tended to widen over the years. For example in 1960, the margin was $42 per week. By 1968 it had increased to $50. In addition, fringe benefits though larger for both groups, were increased more for factory workers generally.

Year	Farm workers cash wages with house per week	Factory workers earnings per week
1960	$48	$ 90
1961	49	92
1962	50	96
1963	51	97
1964	53	102
1965	54	106
1966	59	111
1967	65	114
1968	70	120*

* Based on 8 months

JOB OPENINGS, APPLICANT REFERRALS AND JOB OPENINGS FILLED

10 Offices, New York State Employment Service, 1966

Regions and offices	Number of job openings	Number of applicant referrals	Number of job openings filled
Central Plain			
Office 1	12	16	5
Office 2	55	47	24
Hudson Valley			
Office 3	146	147	71
Office 4	42	24	13
North Country			
Office 5	101	157	50
Oneida-Mohawk			
Office 6	66	37	23
Office 7	104	98	29
Plateau			
Office 8	49	30	13
Office 9	91	58	19
Office 10	62	61	21
Total	728	675	268
Percent	100	93	37

Source: Virgil J. Stevens, Farmers' Use of the New York State Employment Service to Recruit Regular Labor, 1966, A. E. Res. 270, October 1968.

During 1966 farm operators placed job orders for 728 job openings with the 10 selected local employment service offices of the New York State Employment Service. The number of job openings ranged from 12 in one office to 146 in another.

From among the 462 applications in the 10 offices from applicants who sought employment in 1966 and who also indicated that they would accept farm jobs, 675 applicant referrals were made to the job orders (some applicants were referred to a job opening more than one time). Thus, applicant referrals were equal to 93 percent of job openings.

Nearly 40 percent of the job openings were filled, and about 45 percent of the job openings were filled during the first week after they were placed. This creditable performance suggests that many more farm operators might well use this service to cope with the continuing tight labor market.

CROP PRODUCTION
New York State and United States
Average 1962-66, 1967 and 1968

Crops	Average 1962-66	1967	1968	% change 1968 from Average	% change 1968 from 1967
			New York State		
Hay, thous. tons	5,231	5,845	5,728	+10	-2
Corn for silage, th. tons	5,442	7,146			
Corn for grain, th. bu.	12,479	21,252	17,280	+38	-19
Oats, thous. bu.	26,504	22,308	25,132	-5	+13
			United States		
Corn for grain, mil. bu.	3,862	4,722	4,440	+15	-6
Oats, mil. bu.	912	782	934	+2	+19
Barley, mil. bu.	398	370	425	+7	+15
Sorghum grain, mil. bu.	595	766	755	+27	-1
Total mil. tons	149	175	171	+15	-2
Soybeans, mil. bu.	769	973	1,079	+40	+11
Cottonseed, thous. tons	5,723	3,326	4,497	-21	+35
Peanuts, mil. lbs.	2,111	2,473	2,477	+17	0
Flaxseed, mil. bu.	29.3	19.9	26.9	-8	+35
Hay, mil. tons	121	126	126	+4	0

Sources: November Crop and Cotton Production, USDA

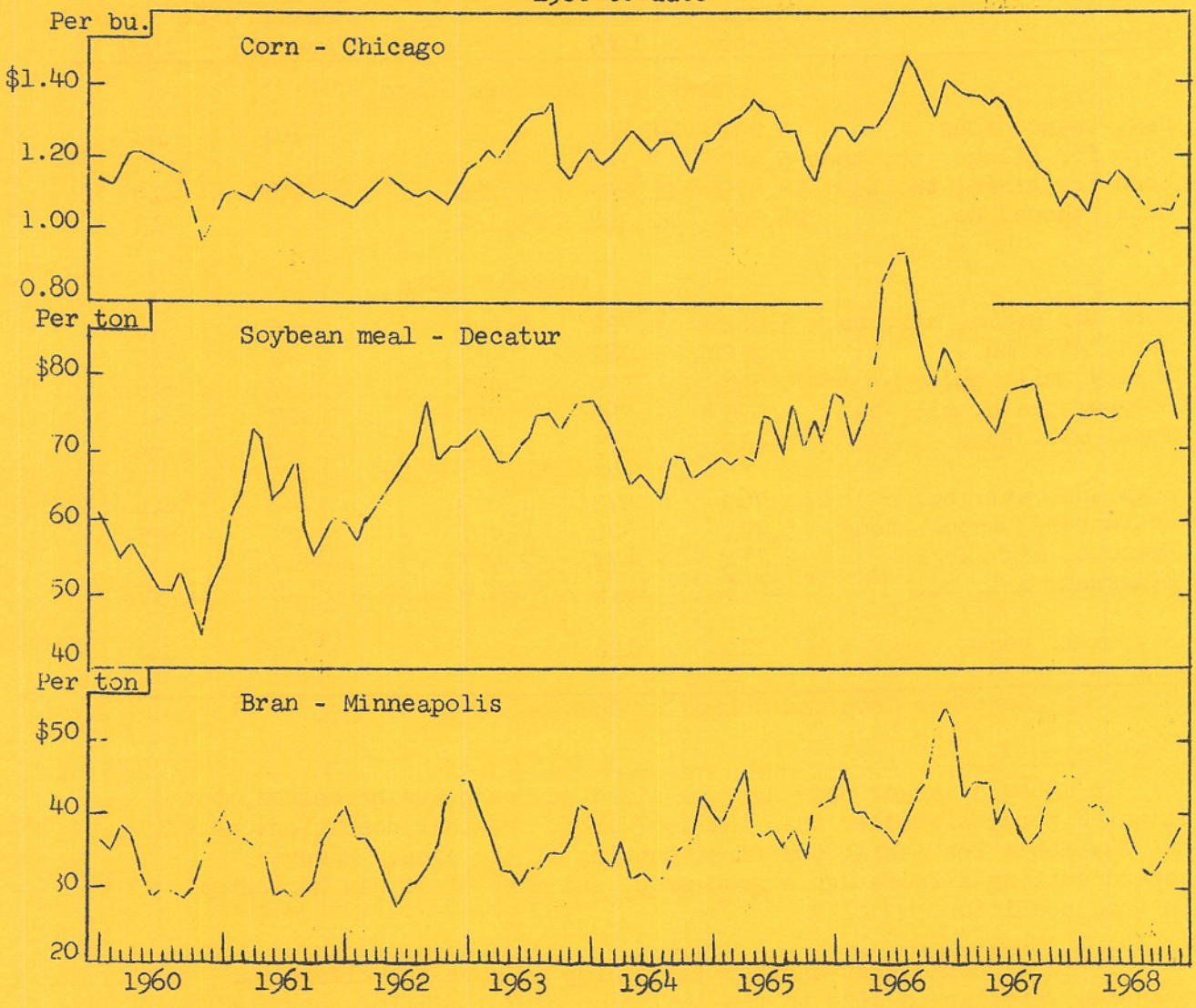
In 1968, a larger than average sized hay crop was harvested, but it was 2 percent smaller than the 1967 crop. Weather conditions were not favorable for making the first cutting of the crop. However, second cutting alfalfa was a good crop, and most of it was harvested in good condition.

It is expected that another large crop of corn for silage was produced, similar in size to the 1967 crop of 7.1 million tons. With a 13 percent cut in acreage and 5 bushels smaller yield per acre, the 1968 corn for grain crop was nearly 20 percent smaller than the unusually large 1967 crop. The fall weather was favorable for the development of field corn, so the crop is much dryer than last year's crop.

Reversing a longer-term downward trend, the 1968 production of oats was 13 percent larger than the 1967 crop, although still 5 percent smaller than average.

In the nation as a whole, the outturn of feed grains was near-record large -- only 2 percent below the 1967 record. Both soybean and cottonseed crop showed major increases in 1968 over 1967 production.

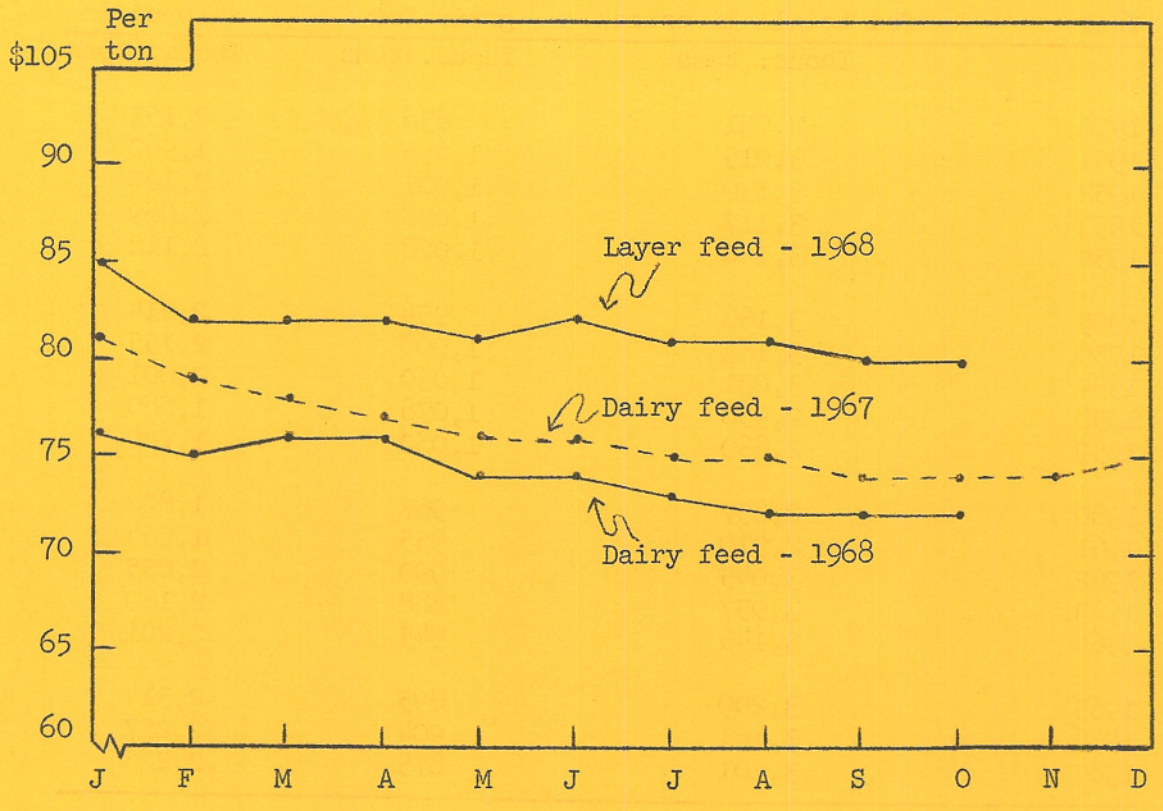
MARKET PRICES OF CORN, SOYBEAN MEAL AND WHEAT BRAN
1960 to date



Source: USDA Feed Situation

The price of corn in the Chicago market averaged about 17 cents per bushel lower in 1967-68 (October-September) than during the previous year. With prospects of a near record 1968 crop and a favorable harvest season, the price dropped to $1.00 per bushel in mid-October. Actual corn yields turned out to be lower than anticipated and the price rebounded. The price will probably move up to the loan rate during the coming months, but not much higher. The price of soybean meal averaged about $2 a ton higher in 1967-68 than in the year before, despite large soybean production. Sparked by continued strong effort demand, the price is expected to be about as high during 1968-69. Price weakness will probably continue to typify the bran and other grain by-product markets this winter.

PRICES OF DAIRY AND LAYER FEEDS
By Months, 1967 and 1968, New York



Source: USDA Agricultural Prices

Both dairy and layer feed prices declined slightly during 1968. These relatively favorable prices are expected to continue in 1969, particularly during the first half of the year.

Month	1968 Dairy Feed	1968 Layer Feed	1969 Dairy Feed	1969 Layer Feed
Jan	$76	$85	___	___
Feb	75	82	___	___
Mar	76	82	___	___
April	76	82	___	___
May	74	81	___	___
June	74	82	___	___
July	73	81	___	___
Aug	72	81	___	___
Sept	72	80	___	___
Oct	72	80	___	___
Nov	___	___	___	___
Dec	___	___	___	___

FEED USE, NEW YORK
1950 to date

Year	Total concentrates fed to all livestock	Home-grown grain fed	Amount shipped in
	Thous. tons	Thous. tons	Thous. tons
1950	2,991	838	2,153
1951	3,015	1,055	1,960
1952	3,130	1,001	2,129
1953	3,117	1.028	2,089
1954	3,140	1,028	2,112
1955	3,168	954	2,214
1956	3,163	1,008	2,155
1957	3,031	1,030	2,001
1958	2,958	1,078	1,880
1959	2,860	1,080	1,780
1960	2,857	967	1,890
1961	2,919	955	1,964
1962	3,045	990	2,055
1963	3,057	888	2,169
1964	3,146	945	2,201
1965	3,209	895	2,314
1966	3,161	904	2,257
1967	3,101	875	2,226

Source: Commercial Feed Use in New York, A. E. 740

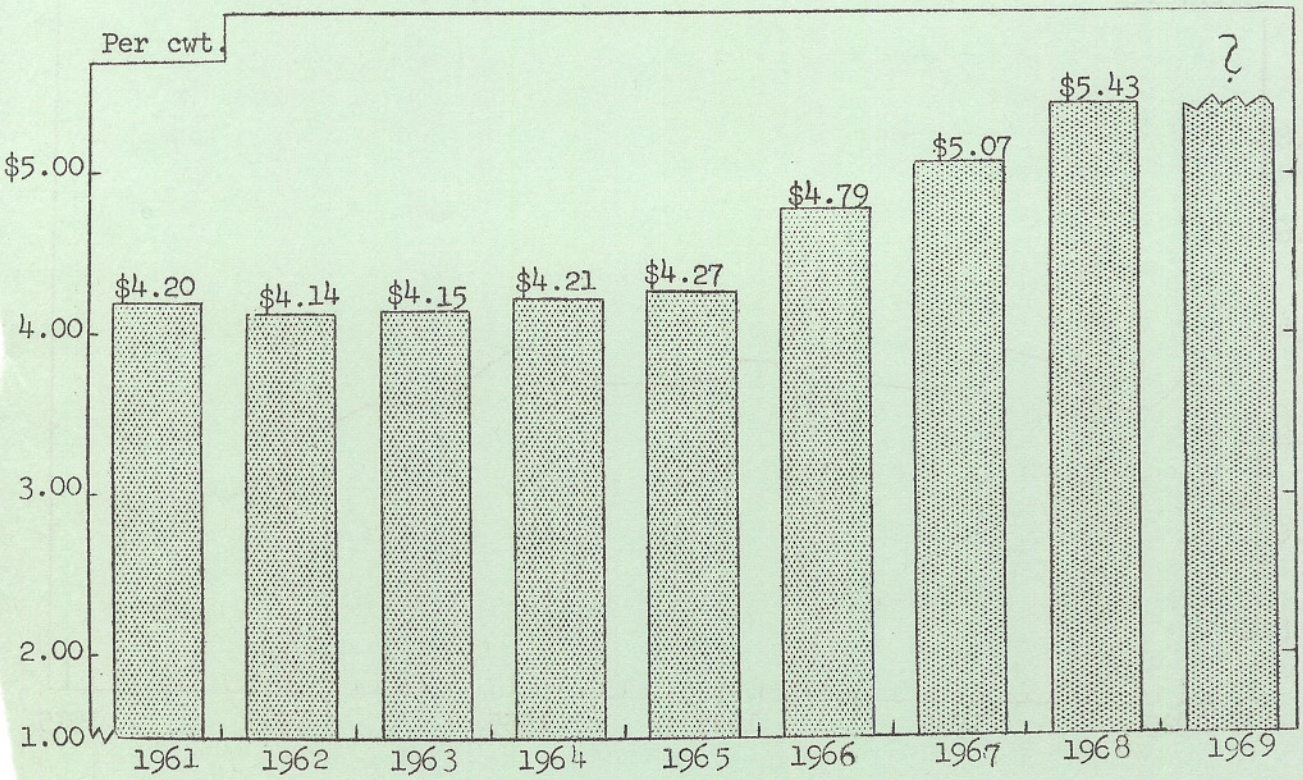
In 1967, about 3,100 thousand tons of concentrates were fed to livestock in New York, of which 875 thousand tons were home-grown and 2,226 thousand tons were shipped into the state.

In 1968, a reduction in corn for grain resulted in the production of all grains in the state of 1,168 thousand tons, down from 1,288 thousand tons in 1967.

According to reports of the United States Tariff Commission, sales of feed grade urea in the United States rose to 192.0 thousand tons in 1966 (the latest figure available) from 94.6 thousand tons in 1960:

Year	Sales (thous. tons)
1960	94.6
1961	107.4
1962	114.1
1963	129.6
1964	129.0
1965	152.6
1966	192.0

FARM PRICE OF MILK
1961 to date



Source: Price Announcements, Office of the Administrator, New York-New Jersey Milk Marketing Area

The farm price of milk in New York increased in 1968 for the fifth consecutive year, and prospects are for a further increase in 1969.

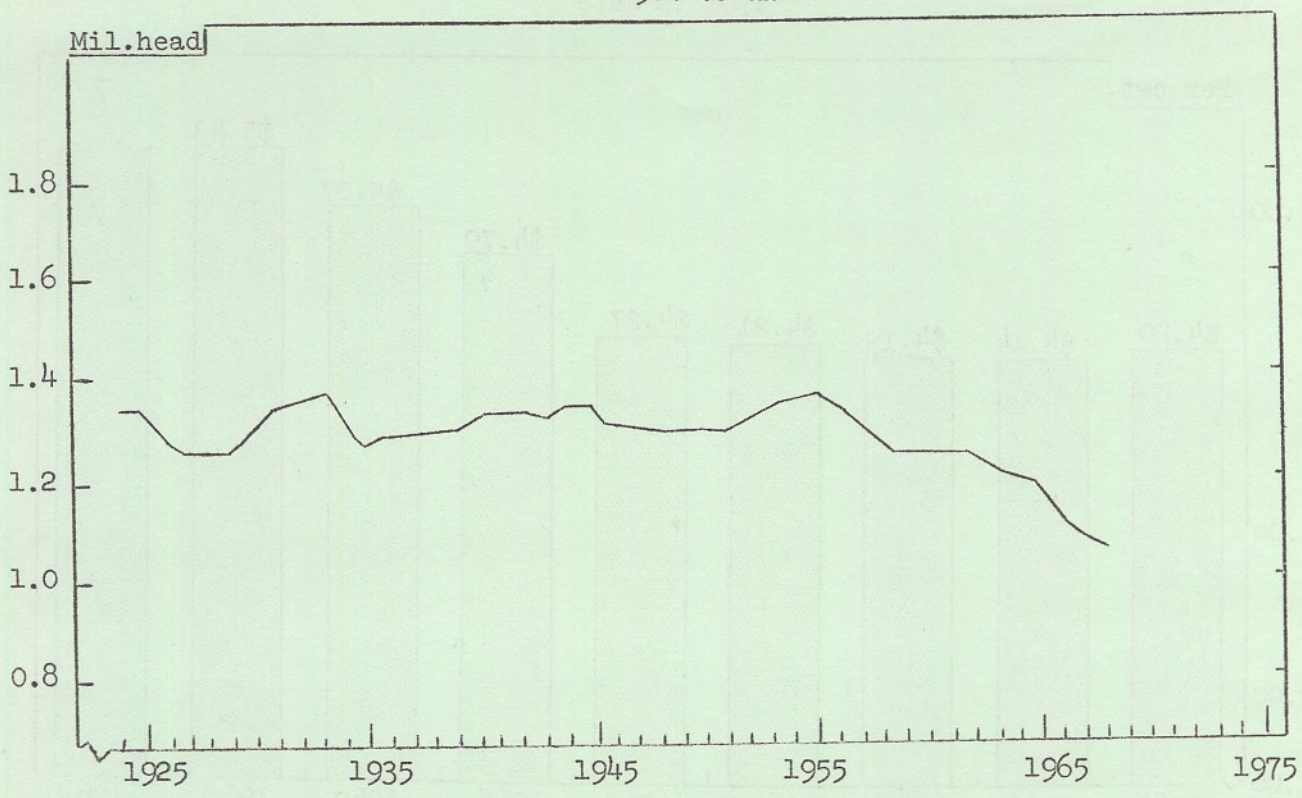
In 1968, the blended price for the New York-New Jersey Market was $5.43 per 100 pounds, 26 cents above that for the previous year and nearly $1.30 more than the lows which occurred in 1962 and 1963. With the seasonal take out and pay back plan in effect, a $6 farm price for milk was realized during some fall months of 1968 for the first time in history.

Month	Price per 100 pounds 1967	1968	1969
January	$5.13	$5.21	____
February	5.05	5.21	____
March	4.86	4.98	____
April	4.53	4.88	____
May	4.40	4.81	____
June	4.42	4.79	____
July	4.99	5.40	____
August	5.43	5.87	____
September	5.61	6.09	____
October	5.64	6.15	____
November	5.53	6.02*	____
December	5.25	5.74*	____

* Estimated

During the first quarter of 1969, the farm price is expected to be about 50 cents per 100 pounds higher than a year earlier. If the current national price support level of $4.28 is continued beyond April 1, 1969 and no change is made in the present Class I price of $6.73, the average price for all of 1969 will probably be about 25 cents higher than for 1968. A change by administrative action in either direction of these two components of the blended price would, of course, affect this projected increase in price.

NUMBER OF MILK COWS, NEW YORK
1924 to date



Source: New York Dairy Farm Report

The number of milk cows in New York continued to decline during 1968, extending the downward trend which began in 1963. The decrease in the average number from 1967 to 1968 was 2.8 percent compared with 3.6 percent the previous year, thus indicating some slowing down in the rate of reduction.

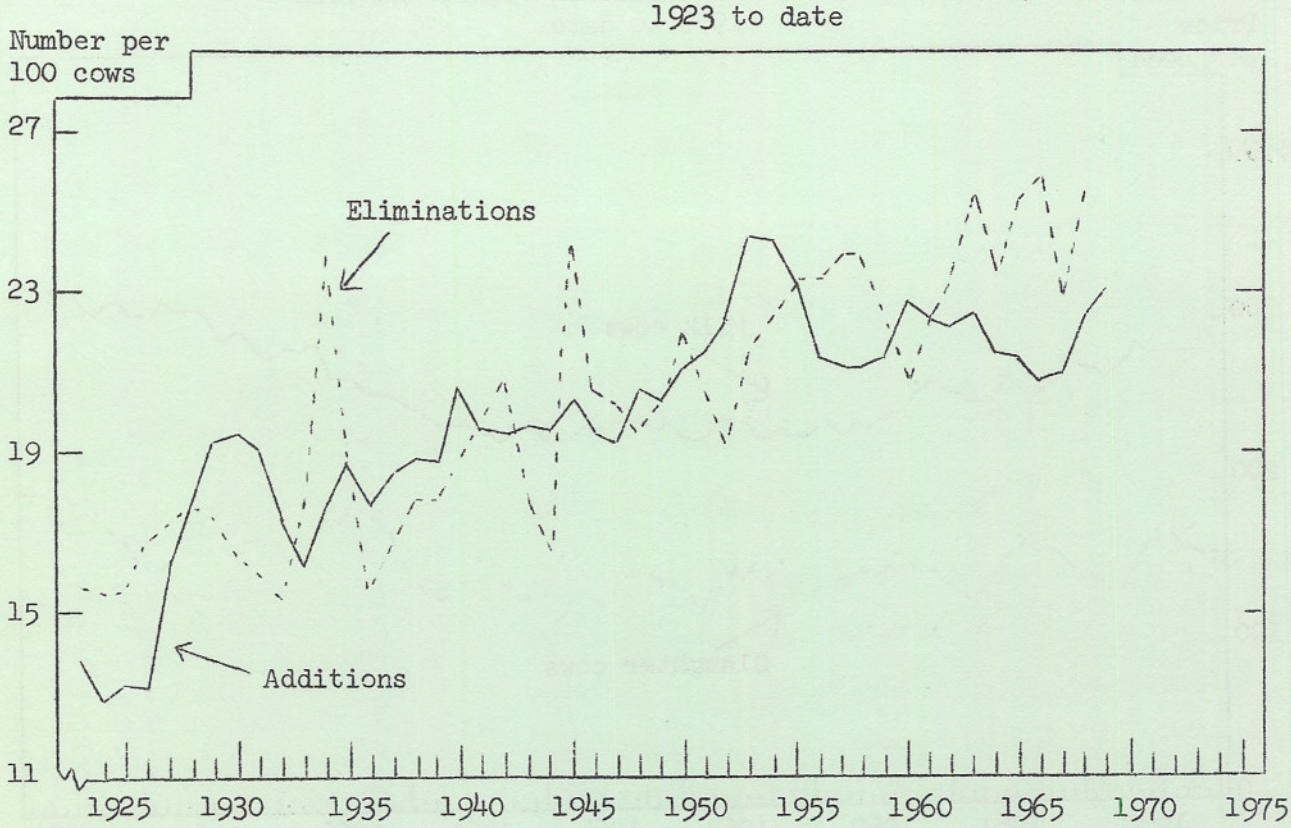
The drop off in number to 1,039,000 head in 1968 leaves the milk cow population 20 percent below the long-term average.

Prospects for 1969 are that the number of milk cows will level out from the 1968 year end number. If so, this would mean a decline from 1968 to 1969 in average numbers of a little more than one percent.

Year	Milk cows thous.head
1955	1,372
1956	1,354
1957	1,313
1958	1,271
1959	1,245
1960	1,248
1961	1,253
1962	1,253
1963	1,217
1964	1,196
1965	1,165
1966	1,109
1967	1,069
1968*	1,039

* Preliminary

ADDITIONS TO AND ELIMINATIONS FROM DAIRY HERDS, NEW YORK
1923 to date



Source: New York Dairy Farm Report

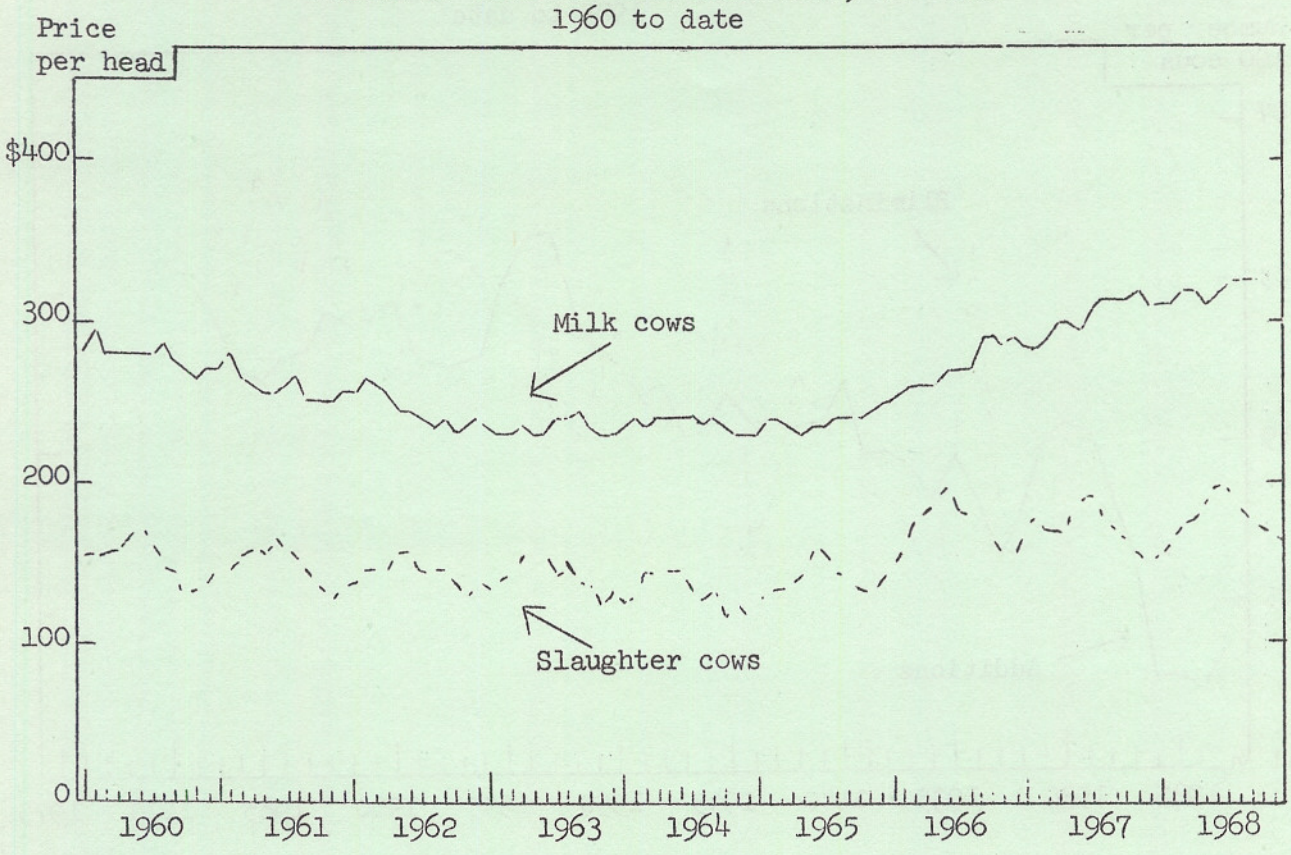
During both 1966 and 1967, somewhat more heifer calves were raised. With a declining number of cows, the number of heifers available for herd replacements for 100 milk cows on hand rose sharply in 1967 and again moderately in 1968. An increase in net exports of cows from the state has been a factor, but culling and other eliminations from the herds has been much above normal in 4 out of the last 6 years. The result has been the declining cow population.

During 1968, 25.6 cows per 100 head on hand at the beginning were removed from the herds - the second highest rate on record. The number of additions per 100 head of cows on hand at the beginning of 1968 amounting to 23.3 is the largest since 1955. With some moderation in rate of culling during 1969, the reduction in the milk cow population may be checked.

	Per 100 cows	
Year	Additions	Eliminations
1960	22.9	20.9
1961	22.6	22.6
1962	22.3	23.3
1963	22.6	25.5
1964	21.5	23.5
1965	21.4	25.3
1966	20.9	25.9
1967	21.0	23.0
1968*	22.6	25.6
1969**	23.3	

* Preliminary
** Estimated

PRICES OF MILK AND SLAUGHTER COWS, NEW YORK
1960 to date

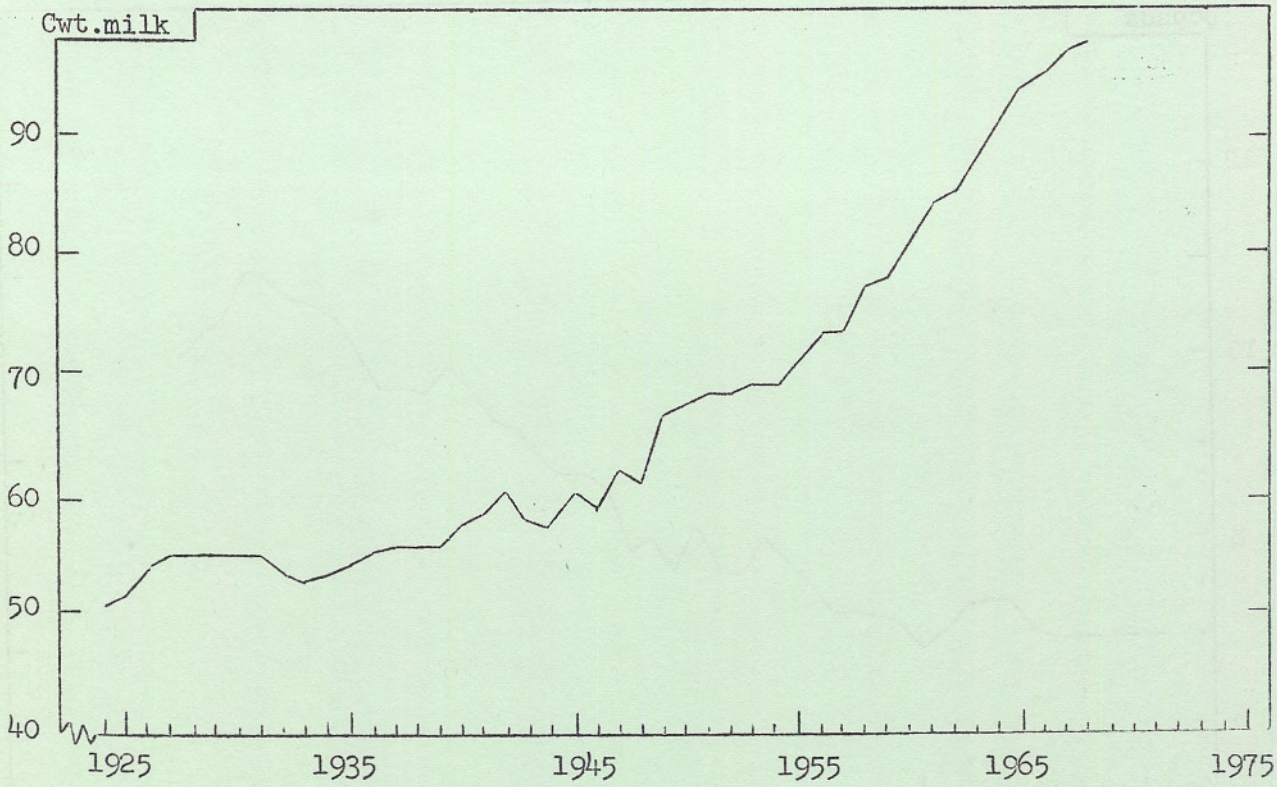


Source: New York Agricultural Price Report

Strong consumer demand for beef and favorable milk prices continue to support moderately high cattle prices. During 1969, both milk cow and slaughter cow prices are expected to maintain the respective levels of the past year.

	Average price per head			
	Milk cows		Slaughter cows	
Month	1967	1968	1967	1968
January	$285	$310	$173	$157
February	285	310	180	166
March	290	320	171	174
April	300	320	170	178
May	300	310	181	190
June	295	315	191	200
July	310	325	191	199
August	315	325	179	184
September	315	325	171	178
October	315	325	164	171
November	320	330	156	161
December	310	310	152	152

ANNUAL MILK PRODUCTION PER COW, NEW YORK
1924 to date



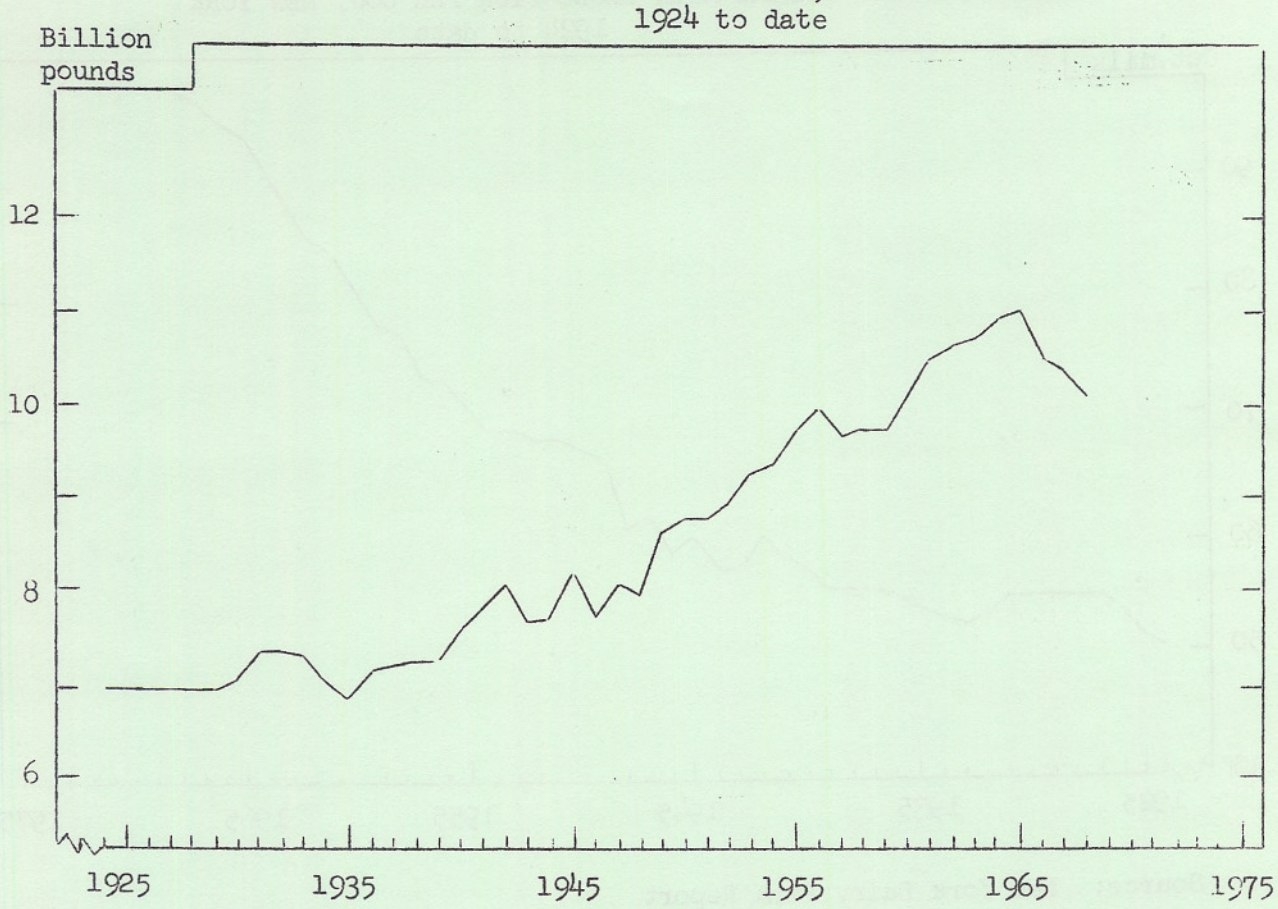
Source: New York Dairy Farm Report

Monthly milk production per cow during 1968 showed little change from the corresponding months a year earlier up until September, despite a heavier rate of grain feeding. Gains in milk flow per cow in the fall months brought the year's increase to 60 pounds, or an estimate for the year of 9,790 pounds per cow. The increase is similar to that for 1966 over 1967, but much smaller than the increases of other recent years. In continuation of the long term upward trend, an increase of 150 pounds of milk per cow is forecast for 1969. If realized, this would bring the year figure to 9,940 pounds per cow. In light of liberal feed supplies and favorable feed prices, grain feeding is expected to increase further to reach 3,600 pounds per cow in 1969, up from about 3,500 pounds during 1968.

Year	Pounds of milk produced per cow	Pounds of grain per cow
1955	7,160	2,130
1956	7,400	2,180
1957	7,400	2,210
1958	7,730	2,300
1959	7,840	2,330
1960	8,150	2,440
1961	8,450	2,610
1962	8,530	2,840
1963	8,880	2,910
1964	9,160	3,090
1965	9,470	3,290
1966	9,540	3,330
1967	9,730	3,410
1968*	9,790	3,510

* Preliminary

TOTAL MILK PRODUCTION, NEW YORK
1924 to date



Source: New York Dairy Farm Report

Total milk production declined moderately in 1968 for the third consecutive year. The year's production estimated at 10,172 million pounds is off about 8 percent from 1965's peak production of 11,033 million pounds.

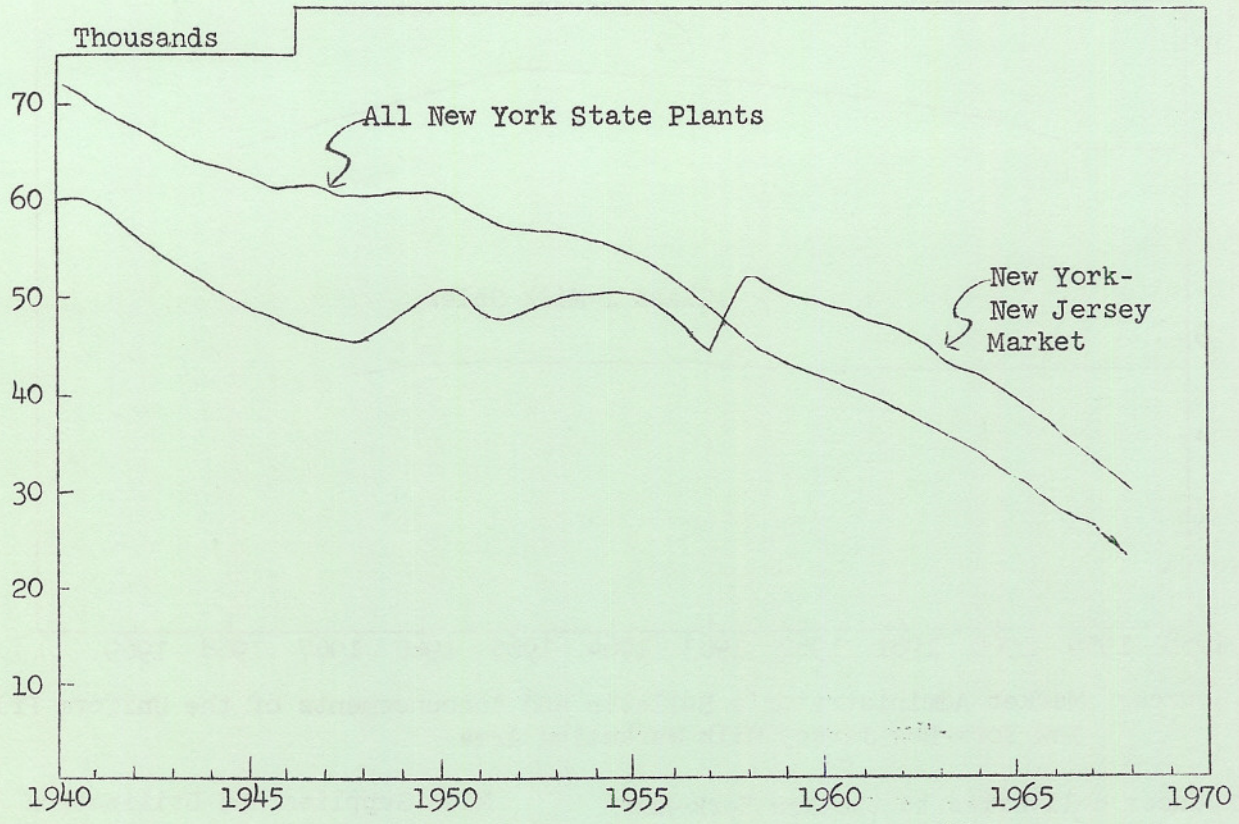
The reduction in total milk production resulted from a decline in number of milk cows, which more than offset small yearly increases in milk production per cow.

For 1969, total milk production is forecast at about 10,200 million pounds, practically the same as for the previous year. The estimate is based on a small decline in number of milk cows coupled with a moderate increase in milk production per cow.

Year	Total production New York State Mil. lbs.
1952	8,960
1953	9,340
1954	9,466
1955	9,824
1956	10,020
1957	9,716
1958	9,825
1959	9,761
1960	10,171
1961	10,588
1962	10,688
1963	10,807
1964	10,955
1965	11,033
1966	10,580
1967	10,401
1968*	10,172

* Preliminary

NUMBER OF PRODUCERS DELIVERING MILK IN JUNE
1940-1968



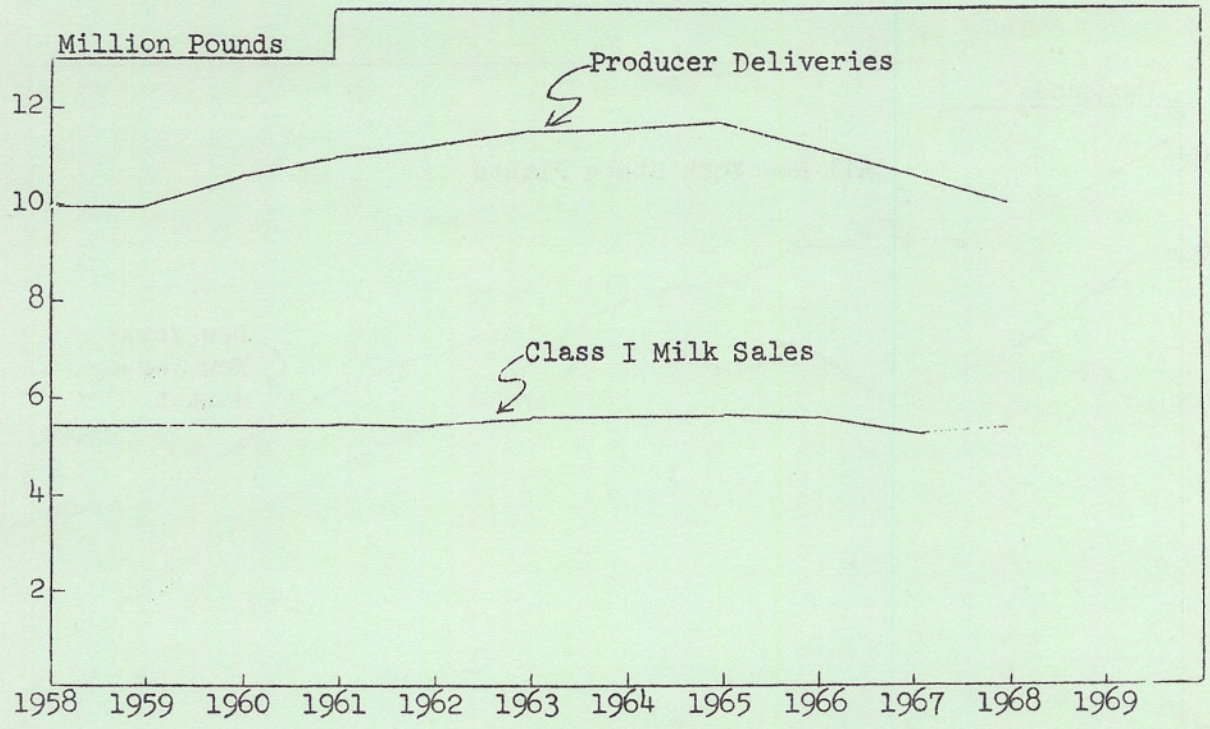
Source: Statistics Relative to the Dairy Industry in New York State, New York Market Administrator's Report

The number of producers delivering milk both to New York-New Jersey Order plants and to all New York State plants continued to decline during 1968. In June 1968 the number of producers delivering to New York-New Jersey Order plants was down by nearly 3,500 from a year earlier and by more than 20,000 over the past decade. A further decline is likely during 1969 although some slowing may occur. The number of farmers delivering to all New York State plants in June 1968 was 23,625. About 500 of these producers were located outside of New York. On the other hand, about 1,875 New York producers delivered milk directly to out-of-state plants. The net number of New York producers declined from 28,201 in June 1967 to about 25,000 in June 1968. Some slowing may occur from this rate of decline during 1969.

Year	Number of Producers Delivering Milk in June: All N.Y. Plants	All N.Y.-N.J. Order Plants
1950	60,715	50,425**
1955	54,525	50,175**
1956	52,075	48,049**
1957	48,507	44,537**
1958	45,809	52,080
1959	43,183	50,338
1960	41,478	49,460
1961	39,928	48,005
1962	38,447	46,880
1963	36,036	43,930
1964	34,096	42,210
1965	31,866	39,800
1966	28,845	36,479
1967	26,899	33,494
1968*	23,625	29,907

* Preliminary ** N.Y. Order Plants

MILK SUPPLIES AND UTILIZATION
NEW YORK-NEW JERSEY MARKET, 1958-68



Source: Market Administrator's Bulletin and Announcements of the Uniform Price, New York-New Jersey Milk Marketing Area

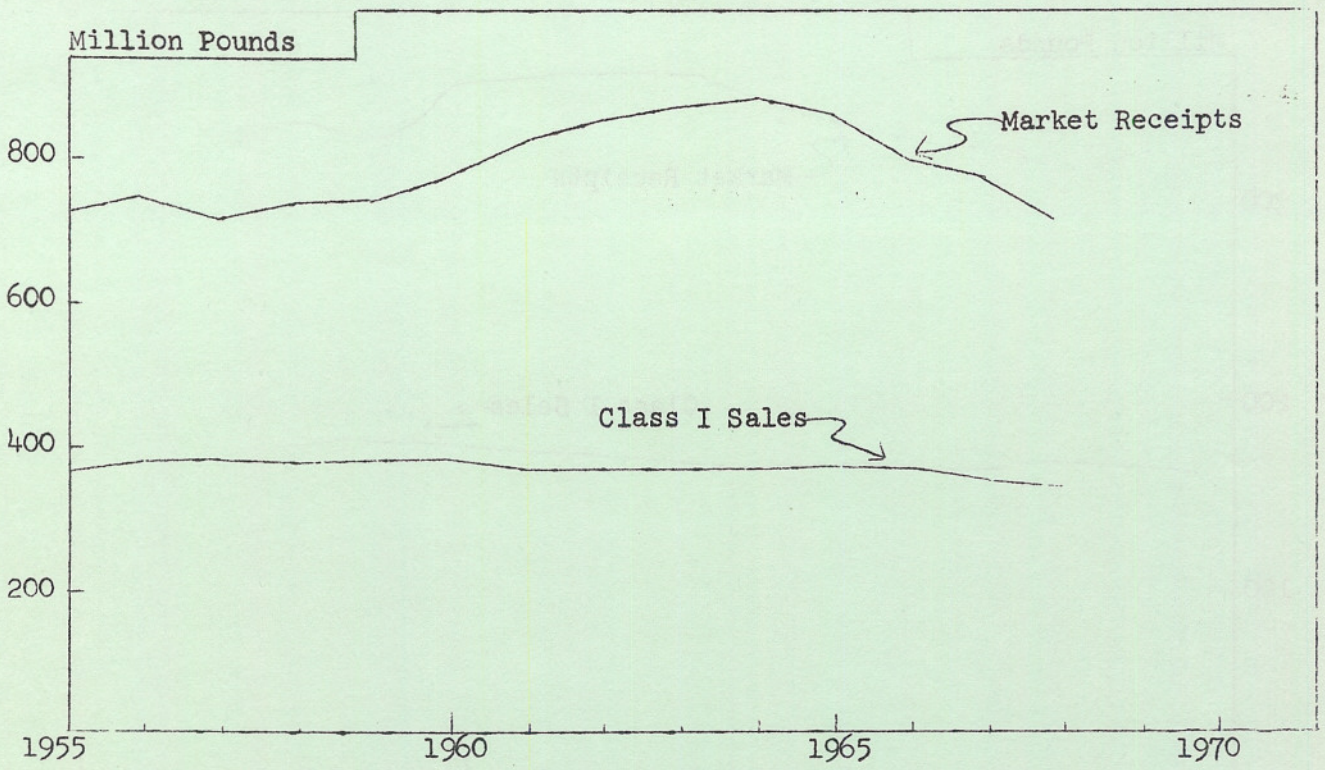
Producer deliveries to the New York-New Jersey Market in 1968 were down about 6 percent from 1967. This reflected a decline in milk production and a shift of milk supplies to other markets. The volume of Class I sales increased about one percent in 1968 over 1967 but this reflects order changes which became effective July 1, 1968 which destroys the comparability of the data. An increase of about 1 percent in producer deliveries is likely in 1969 as the result of shifts of milk supplies to the New York-New Jersey Market from the Niagara Frontier Market and some increase in milk production in the milkshed. This prospective gain in milk supplies could be offset by further shifts of supplies to other markets during 1969. The total volume of Class I sales in 1969 is expected to increase because of the order changes that became effective in July 1968, but again data for the two years will not be fully comparable.

Milk Supplies and Utilization

Year	Producer Deliveries	Class I Sales	Fluid Skim Milk Use
	million pounds		
1958	10,010	5,520	107
1959	10,082	5,559	124
1960	10,647	5,501	134
1961	11,095	5,447	148
1962	11,371	5,538	164
1963	11,517	5,674	172
1964	11,635	5,712	191
1965	11,764	5,726	225
1966	11,275	5,654	269
1967	10,741	5,347	400
1968*	10,086	5,398 1/	213 1/

* Partly forecast
1/ Classification and basis for accounting changed effective July 1, 1968 and additional products included in Class I including fluid skim milk and fluid cream.

MARKET RECEIPTS AND UTILIZATION, NIAGARA FRONTIER MARKET
1955-1968



Source: Annual Statistical Summary and Announcement of the Uniform Price, Niagara Frontier Marketing Area

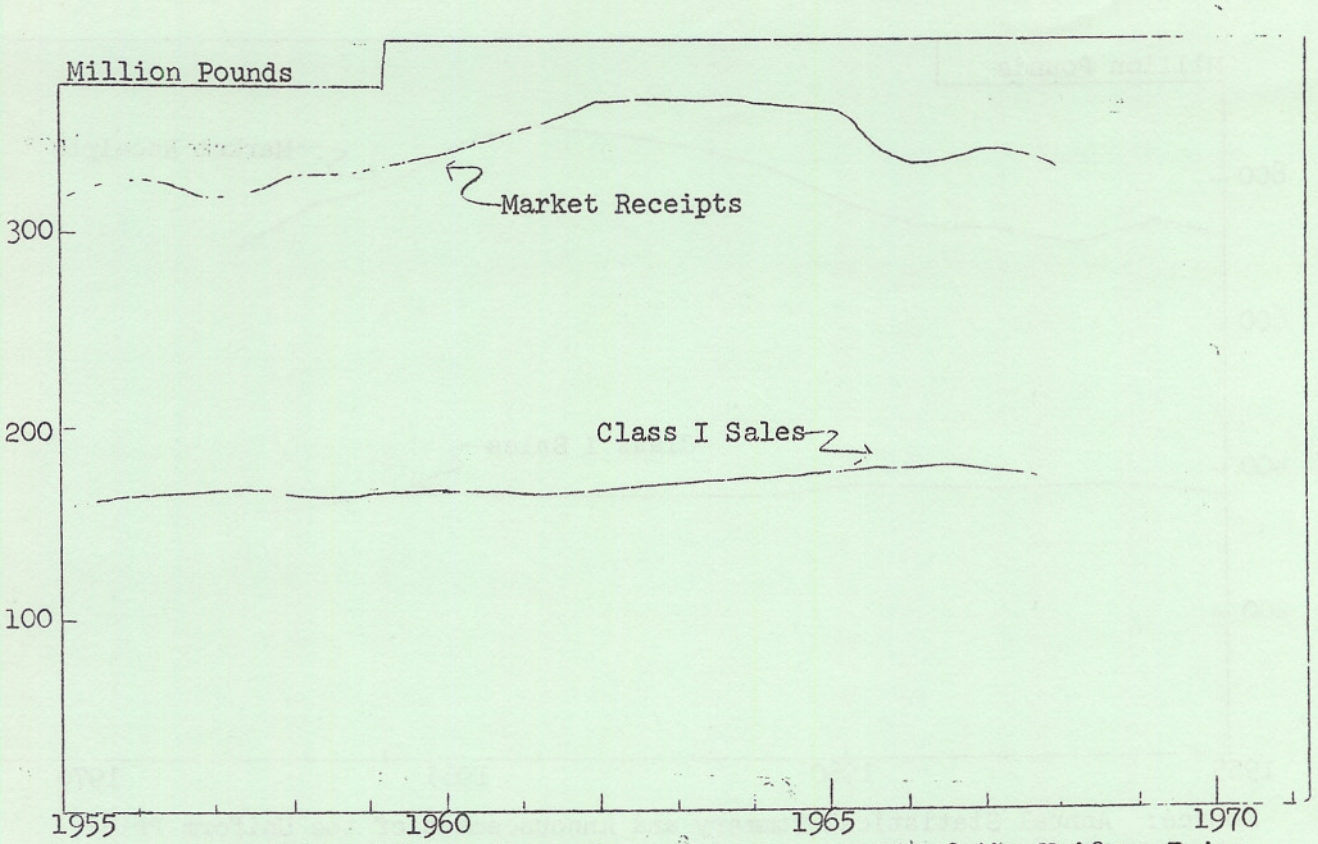
Pooled market receipts in the Niagara Frontier Market declined 1.4 percent during 1968 from 1967 levels. The decrease was strongly influenced by shifts of milk supplies to other markets in the latter months of 1968. Pooled Class I milk sales in the Niagara Frontier Market declined 2 percent from 1967 to 1968 reflecting a decline in per capita sales. A further decline of 1 to 2 percent is likely in 1969. Market receipts in 1969 may decline as much as 10 percent due to shifting of supplies to other markets. This would result in a large increase in the fluid utilization percentage in 1969. Combination of the Niagara Frontier and Rochester markets should this occur during 1969 would further increase the fluid utilization percentage.

Milk Supplies and Utilization

Year	Total Market Receipts[1]	Total Class I Sales[2]	Fluid Skim Sales[3]
	million pounds		
1955	723	366	15
1956	747	380	15
1957	714	382	15
1958	736	374	14
1959	737	379	14
1960	772	379	14
1961	823	369	14
1962	851	368	15
1963	867	370	16
1964	878	370	17
1965	859	372	18
1966	796	366	18
1967	769	349	32
1968*	756	342	33

* Partly Forecast, 1/ Includes total pooled receipts from producers and other sources, 2/ Includes total pooled Class I sales from producers and other sources, 3/ Includes skim milk used to standardize Class I milk and for other fluid products.

MARKET RECEIPTS AND UTILIZATION, ROCHESTER MARKET 1955-1968



Source: Annual Statistical Summaries and Announcement of the Uniform Price, Rochester Milk Marketing Area

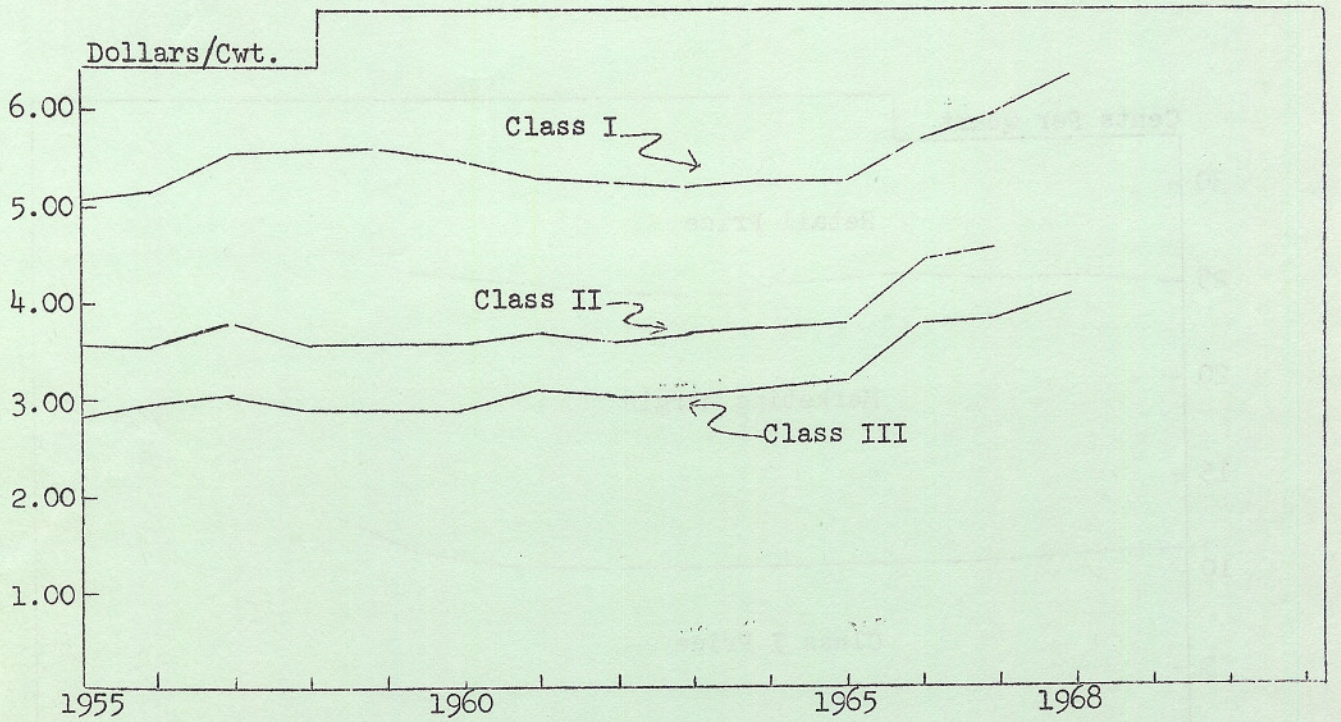
Pooled market receipts in the Rochester Market during 1968 declined 3.5 percent from 1967. Pooled Class I milk sales declined about 3 percent but two-thirds of this decline was offset by gains in the use of fluid skim milk. A further decline of 2 to 3 percent is likely in pooled market receipts in 1969 and a decline of about 1 percent in fluid milk sales is likely in view of expected higher retail milk prices in 1969. A small increase in the fluid utilization percentage is likely in the Rochester Market during 1969.

Milk Supplies and Utilization

Year	Pooled Market Receipts[1]	Pooled Class I Sales[2]	Fluid skim Milk[3]
	million pounds		
1955	317	158	12
1956	327	165	12
1957	317	167	13
1958	328	164	13
1959	332	166	14
1960	340	167	14
1961	351	165	15
1962	368	167	16
1963	367	170	16
1964	366	172	17
1965	363	175	17
1966	335	176	18
1967	343	176	22
1968*	331	171	25

* Partly forecast, 1/ Includes total pooled receipts from producers and other sources, 2/ Includes total pooled Class I sales from producers and other sources. 3/ Includes skim milk used to standardize Class I milk and for fluid products.

CLASS PRICES, NEW YORK-NEW JERSEY MARKET



Source: Price Announcements, Office of the Administrator, New York-New Jersey Milk Marketing Area

Class I milk prices in the New York-New Jersey, Rochester and Niagara Frontier Markets increased about 40 cents per hundredweight from 1967. During the first four months of 1969, Class I prices in these markets will average 66 cents per hundredweight above year earlier levels and for the year Class I prices may exceed 1968 by 34 cents. Prices during the last 8 months of 1969 will depend upon hearing decisions. The Class II classification was eliminated during 1968 and the Class III classification was renamed Class II. The combination of these class prices during 1968 averaged $4.12 or nearly 23 cents above 1967. The Class II price during the first quarter of 1969 will exceed the year earlier Class III price by 20 cents or more. For the year the 1969 Class II price will depend upon support levels for the 1969-70 marketing year which will be announced prior to April 1, 1969. If current support buying prices are continued the 1969 Class II price in the New York-New Jersey Market will average about 10 cents above the comparable 1968 class prices.

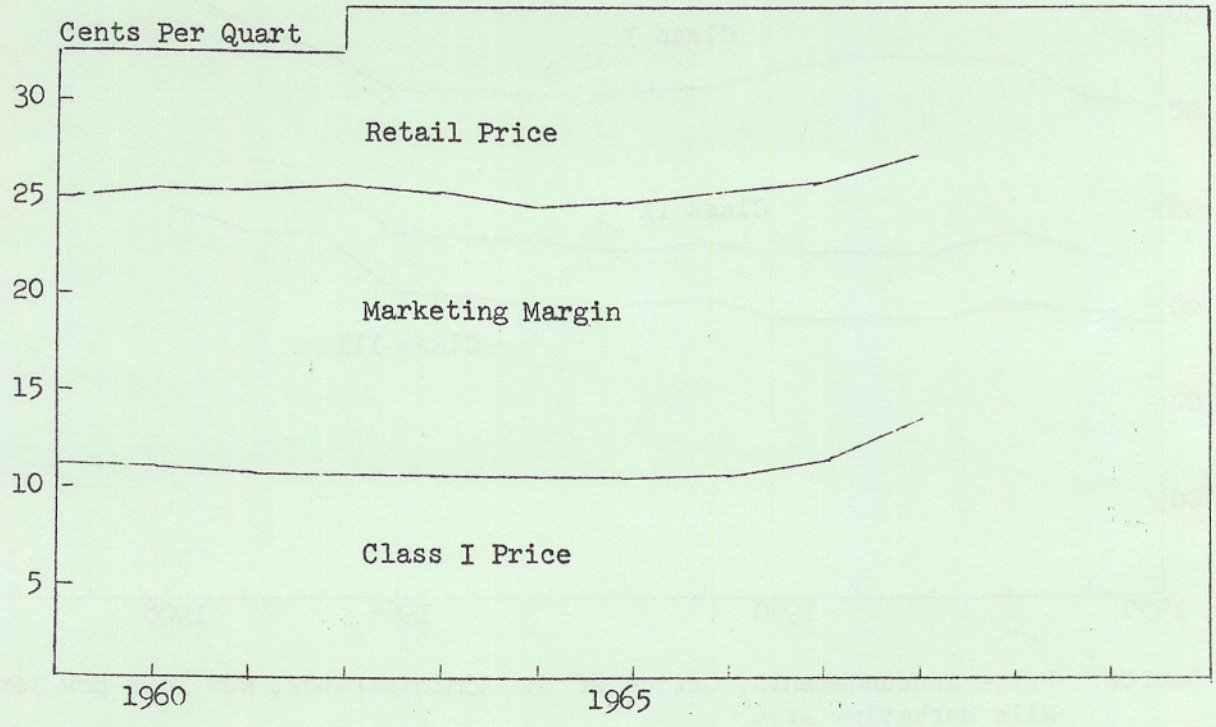
Average Annual Class Prices
3.5% Milk 201-210 Mile Zone
New York-New Jersey Market

Year	Class IA	Class II	Class III
	dollars per 100 pounds		
1950	5.00	3.56	2.81
1955	5.20	3.70	2.88
1956	5.29	3.66	2.99
1957	5.64	3.81	3.06
1958	5.59	3.63	2.94
1959	5.64	3.64	2.96
1960	5.55	3.62	2.92
1961	5.32	3.76	3.10
1962	5.30	3.64	3.05
1963	5.22	3.71	3.08
1964	5.26	3.77	3.16
1965	5.28	3.82	3.24
1966	5.70	4.45	3.834
1967	6.01	4.58	3.894
1968*	6.42	1/	4.120

* Partly forecast

1/ Class II classification eliminated effective July 1, 1968 and Class III classification remamed Class II.

PREVAILING RETAIL MILK PRICES NEW YORK CITY
HALF-GALLON CONTAINERS, CHAIN FOOD STORES, 1959 TO DATE



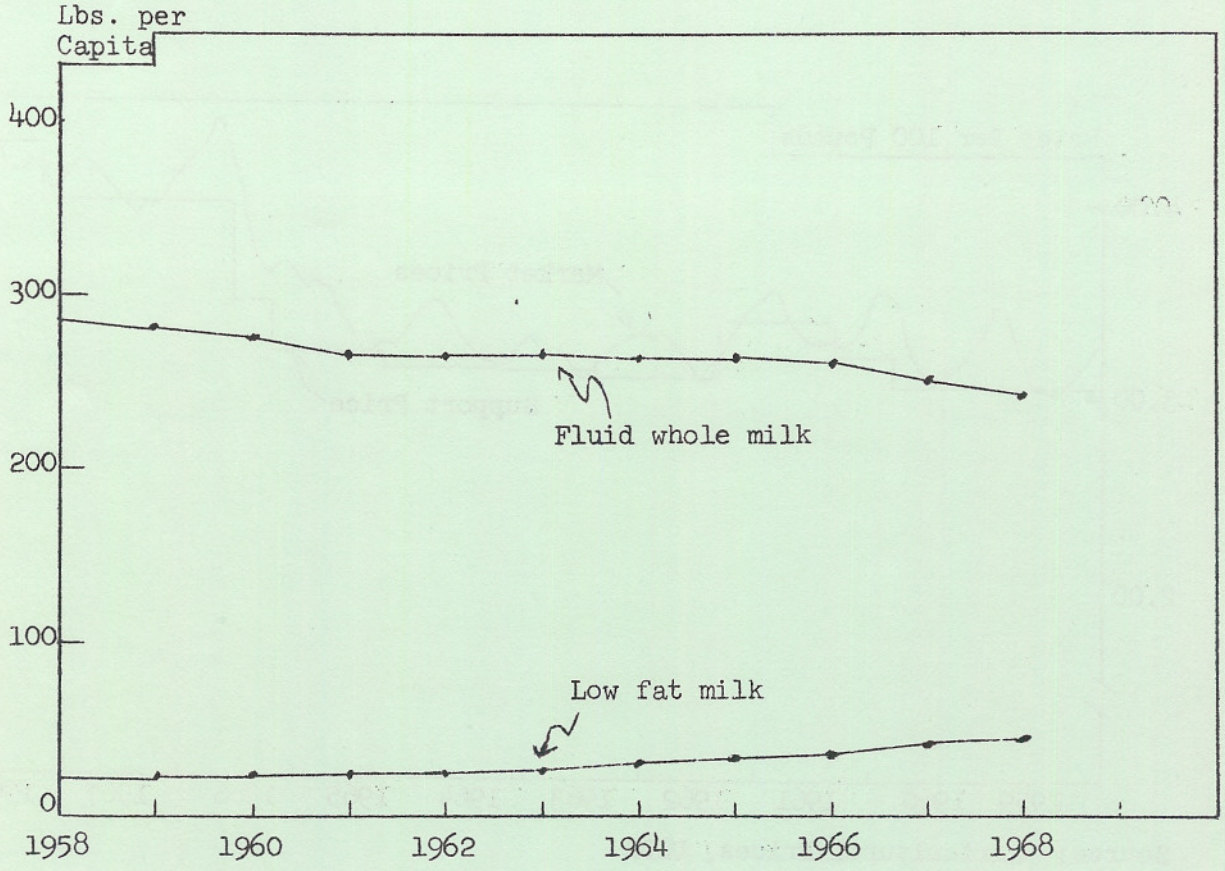
Source: Reports, Division of Milk Control, New York State Department of Agriculture and Markets.

Retail milk prices per quart in half-gallon containers in chain food stores in New York City increased 0.6 cents per quart during 1968 and a further increase of a cent per quart is likely in 1969. Prices which handlers are required to pay for bottling milk during the first four months of 1969 will be nearly 1.5 cents per quart above year earlier levels. After April 1969 these prices will depend upon hearing decision, but price increases during the latter eight months of 1969 are likely to be smaller than the first four months and for the whole year are not likely to increase by more than three fourths of a cent per quart. The marketing margin on fluid milk decreased slightly during 1968, but this margin is likely to widen again during 1969.

Year	Class IA Price 3.5% Milk, 201-210 Mile Zone NY-NJ Market	Retail Price Per Qt. Chain Stores, NYC	Marketing Between Class I and Retail Price
	Cents Per Quart		
1959	12.1	25.3	13.2
1960	11.9	25.8	13.9
1961	11.4	25.8	14.4
1962	11.4	26.2	14.8
1963	11.2	25.6	14.4
1964	11.3	24.6	13.3
1965	11.4	24.8	13.4
1966	12.3	26.0	13.7
1967	12.9	26.8	13.9
1968*	13.8	27.4	13.6

* Partly forecast

CONSUMPTION PER CAPITA OF FLUID WHOLE MILK
AND LOW FAT MILK
United States, 1958 to date



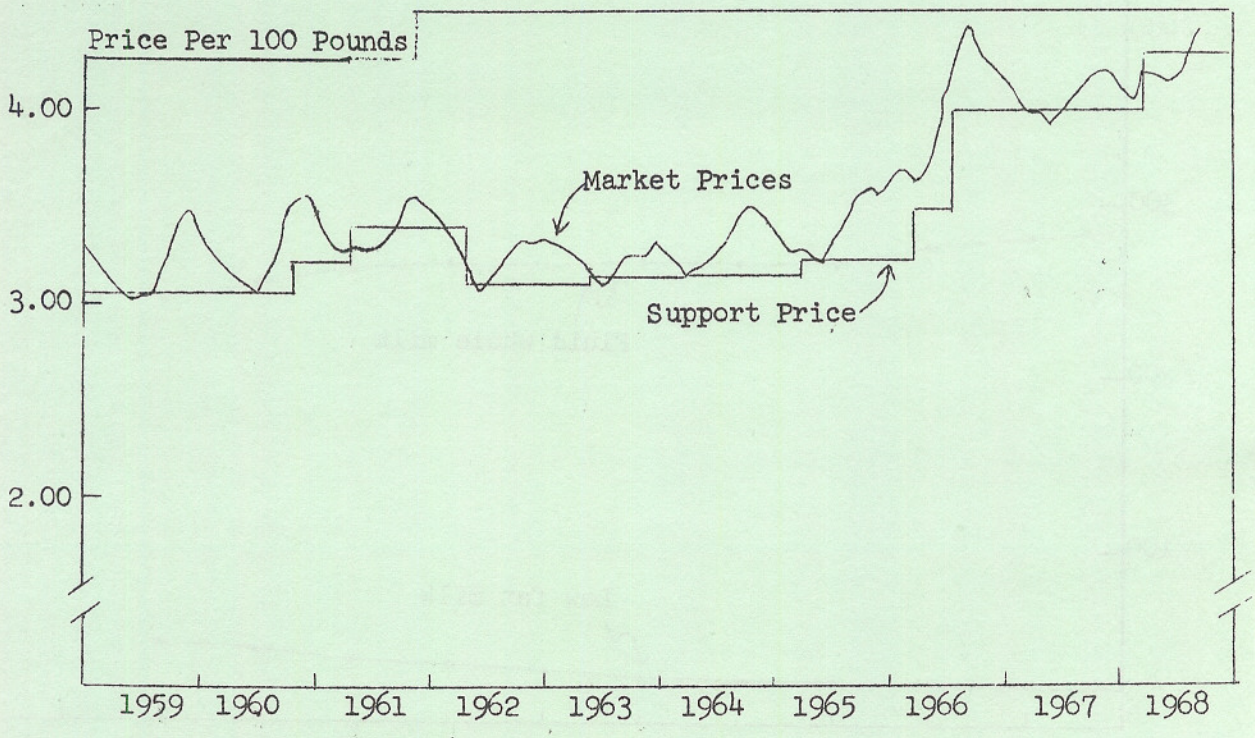
Source: USDA Dairy Situation

Consumption per capita of fluid whole milk in the United States has shown a small but persistent decline since 1956. In contrast, the use of low fat milk per person, although much smaller in amount than fluid whole milk, has increased. The gain has offset, in volume but not milk equivalent, about half the loss in fluid whole milk.

The following statement is quoted from the November 1968 issue of the USDA Dairy Situation: "Sales of filled milk in 19 federal order markets total 5.3 million pounds in August, 0.4 percent of their Class I sales. Almost 70 percent of these sales were in the Central Arizona market, where filled milk sales accounted for about 12 percent of total Class I sales in August. Data on the volume of non-dairy imitation milk sales are not available. Sales of filled milk in California, 5.8 million pounds in August 1968, have leveled off in recent months".

According to a current study by the Department of Agricultural Economics, sales of Melloream (fluid milk substitute) during the months of January through October 1968 were about one percent of Class I sales.

MANUFACTURING GRADE MILK PRICES AND SUPPORT PRICES FOR MANUFACTURING MILK, UNITED STATES, 1959-1968



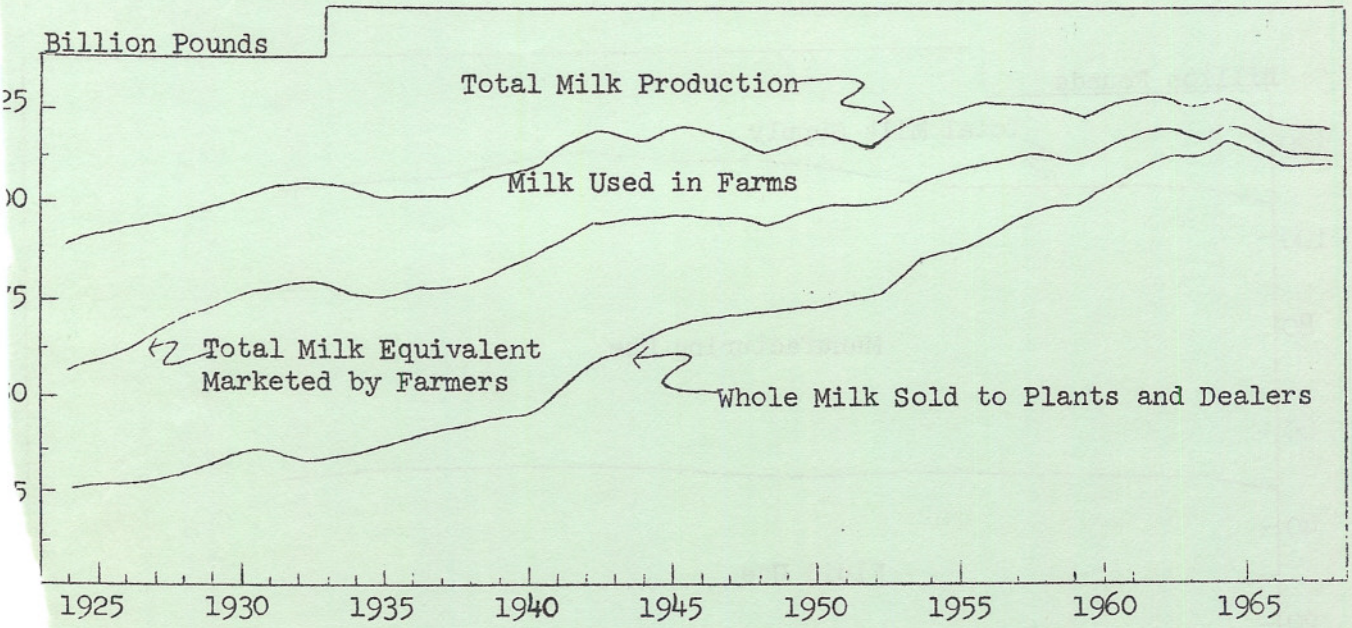
Source: Agricultural Prices, USDA

The price of manufacturing grade milk in the United States during 1968 averaged about $4.20 per hundredweight - up 13 cents from a year earlier. The manufacturing grade milk price during the first quarter of 1969 will average 20 cents or more above year earlier levels. After March 1969, manufacturing grade milk prices will depend upon price support levels for the 1969-70 marketing year which will be announced prior to April 1. If current support levels are continued the manufacturing grade milk price for 1969 will average about 10 cents above 1968 levels.

U. S. Manufacturing Grade Milk Price

Year	Price per 100 pounds
1950	3.16
1951	3.85
1952	4.06
1953	3.48
1954	3.14
1955	3.15
1956	3.25
1957	3.27
1958	3.15
1959	3.17
1960	3.25
1961	3.36
1962	3.20
1963	3.21
1964	3.26
1965	3.34
1966	3.97
1967	4.08
1968	4.21

TRENDS IN MILK PRODUCTION AND COMMERCIAL MILK SUPPLIES
UNITED STATES, 1924-68

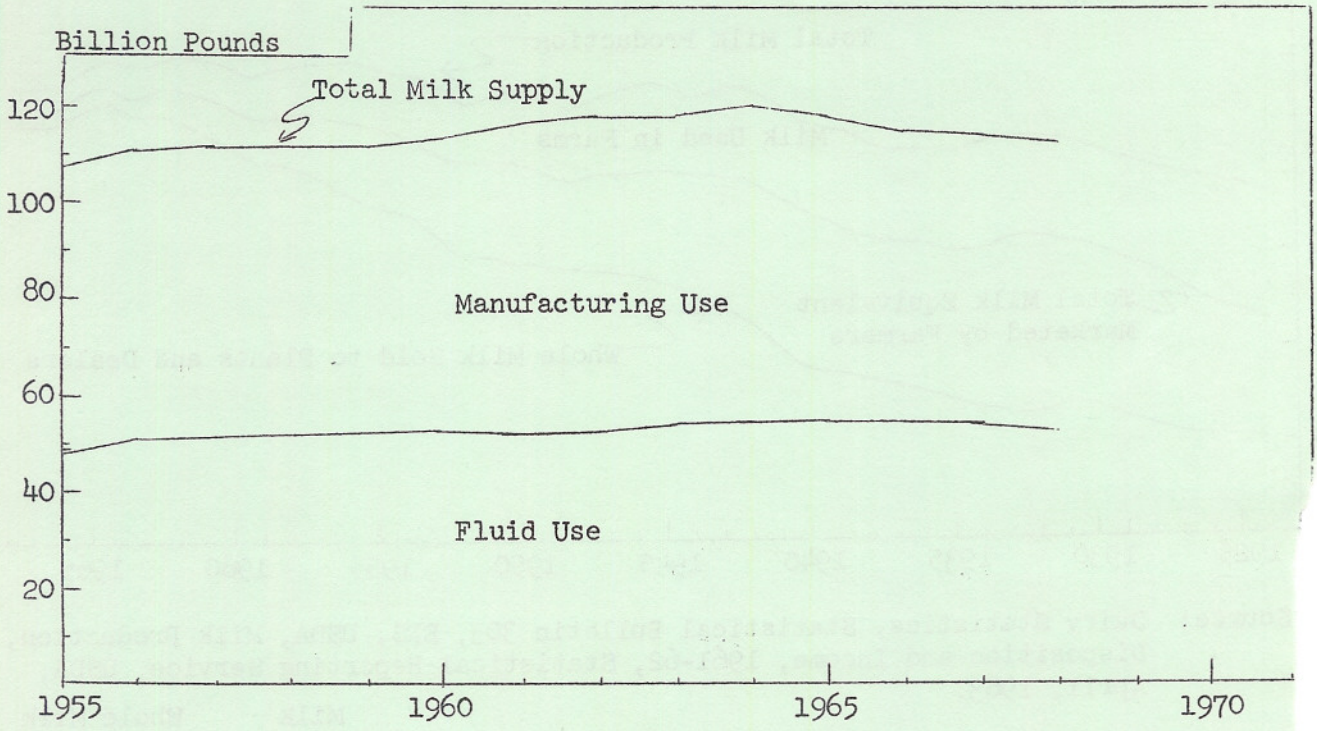


Source: Dairy Statistics, Statistical Bulletin 303, ERS, USDA, Milk Production, Disposition and Income, 1961-62, Statistical Reporting Service, USDA, April, 1963.

Milk production in the United States during 1968 declined a little more than a billion pounds from 1967. However, total marketing by farmers declined less than three-fourths of a billion pounds as on-farm use of milk declined. After four years of production decline which totaled about 9 billion pounds of milk, milk production in 1969 is expected to level out at about 1968 levels. A gain of about half a billion pounds is expected in farm marketings as farm use of milk continues to decline.

Year	Total Milk Production	Milk Marketed By Farmers	Whole Milk Sold to Plants and Dealers
	billions pounds		
1950	116.6	98.3	74.2
1951	114.7	96.7	74.5
1952	114.7	97.7	77.3
1953	120.2	104.1	84.6
1954	122.1	106.7	87.9
1955	122.9	108.3	91.0
1956	124.9	111.2	95.5
1957	124.6	112.2	98.3
1958	123.2	112.1	99.6
1959	122.0	111.9	100.8
1960	123.1	114.0	103.9
1961	125.7	117.3	108.4
1962	126.3	118.6	110.7
1963	125.2	118.1	111.2
1964	127.0	120.5	114.2
1965	124.2	118.2	112.7
1966	119.9	114.4	109.7
1967	119.3	114.1	109.9
1968	118.0	113.4	109.8

UTILIZATION OF U. S. MILK SUPPLY
1950-1968

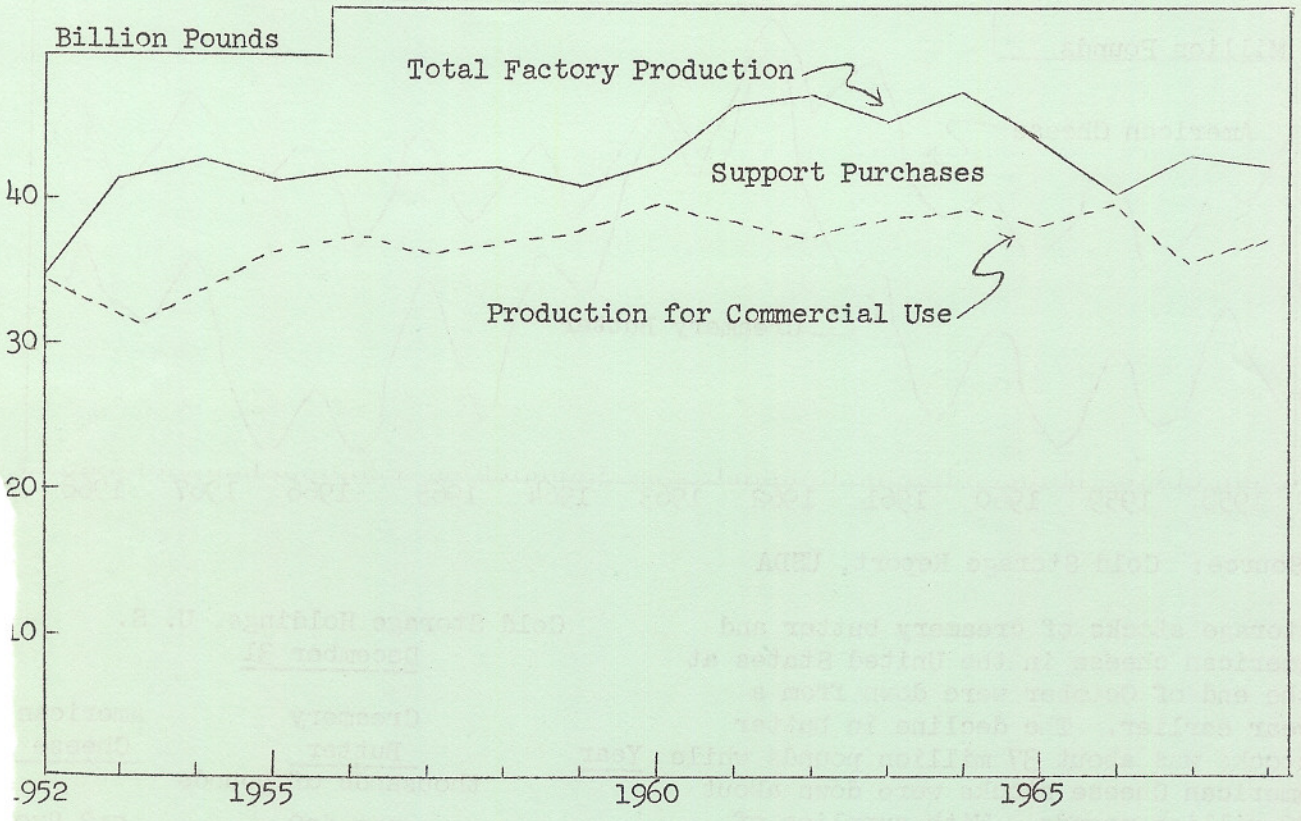


The commercial milk supply in the United States declined nearly three-quarters of a billion pounds during 1968. The volume of whole fluid milk declined during 1968 by nearly as much as commercial supplies. Increased sales of low-fat and skim milk, however, more than offset the loss in sales of whole fluid milk. The volume of butterfat manufactured during 1968 was about unchanged from 1967 but the volume of nonfat solids manufactured during 1968 declined from 1967 levels. With an increase of about half a billion pounds in commercial milk supplies anticipated in 1969 and with some further loss in whole milk sales, the volume of milkfat available for manufacturing will increase but available supplies of nonfat solids will decline.

Year	Fluid[1]	Butter	Cheese	Other Man. Use	Tota. Supp
		billion pounds			
1955	49.1	28.0	13.6	17.6	108.3
1956	50.7	28.7	13.7	18.1	111.2
1957	51.8	29.0	13.5	18.0	112.3
1958	52.1	29.7	12.7	17.6	112.1
1959	52.4	28.7	12.6	18.3	112.0
1960	53.0	29.4	13.4	18.2	114.0
1961	52.6	31.8	14.9	18.1	117.4
1962	53.3	33.1	14.4	17.8	118.6
1963	54.3	30.7	14.8	18.5	118.3
1964	54.9	31.3	15.7	18.6	120.5
1965	55.4	28.5	15.8	18.7	118.2
1966	55.4	23.7	16.7	18.6	114.4
1967	54.3	26.1	17.2	16.5	114.1
1968	53.7	25.0	17.6	17.1	113.4

1/ whole milk equivalent

MILK EQUIVALENT OF PRODUCTION AND SUPPORT PURCHASES
OF BUTTER AND CHEESE, UNITED STATES, 1952-1968

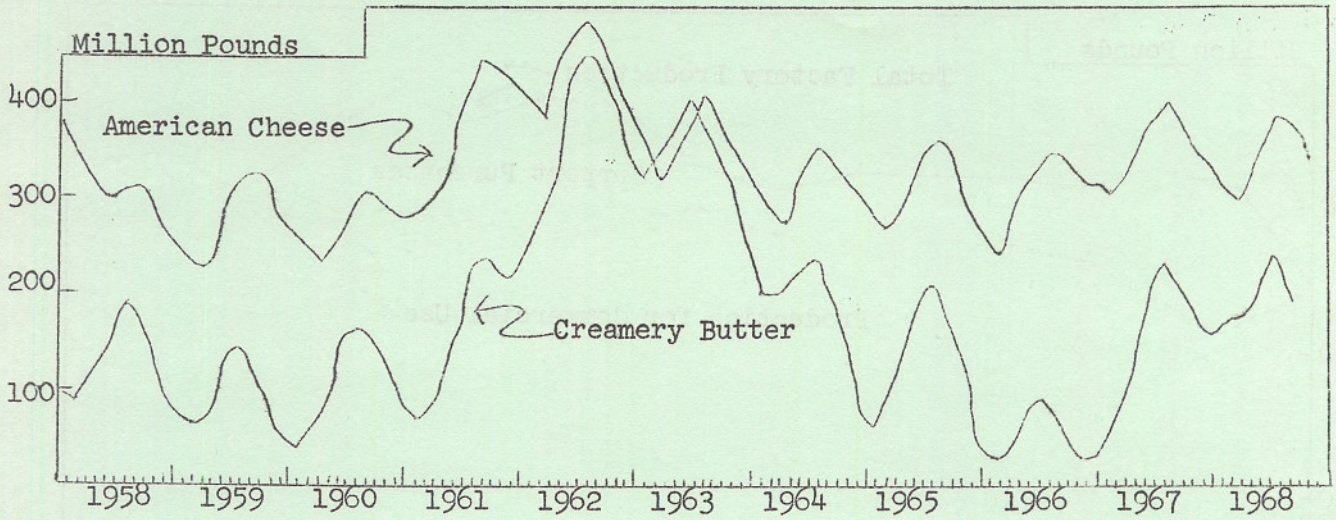


Source: Dairy Situation, USDA

Butter production in the United States during 1968 declined slightly from 1967 levels but production of American cheese increased by more than 2 percent. Support purchases of dairy products declined from 7.4 billion pounds of milk equivalent in 1967 to 5.5 billion pounds in 1968. Support purchases during 1969 are expected to be near 1968 levels.

Year	Butter and Cheese Production	Price Support Purchases
	billion pounds	
1950	39.7	3.6
1955	41.6	4.8
1956	42.4	5.2
1957	42.4	5.9
1958	42.5	4.7
1959	41.3	3.2
1960	42.8	3.0
1961	46.7	7.9
1962	47.5	10.9
1963	45.5	7.8
1964	47.0	7.7
1965	44.3	6.1
1966	40.4	0.6
1967	43.3	7.4
1968	42.6	5.5

COLD STORAGE HOLDINGS OF BUTTER AND CHEESE
UNITED STATES, 1958-1968



Source: Cold Storage Report, USDA

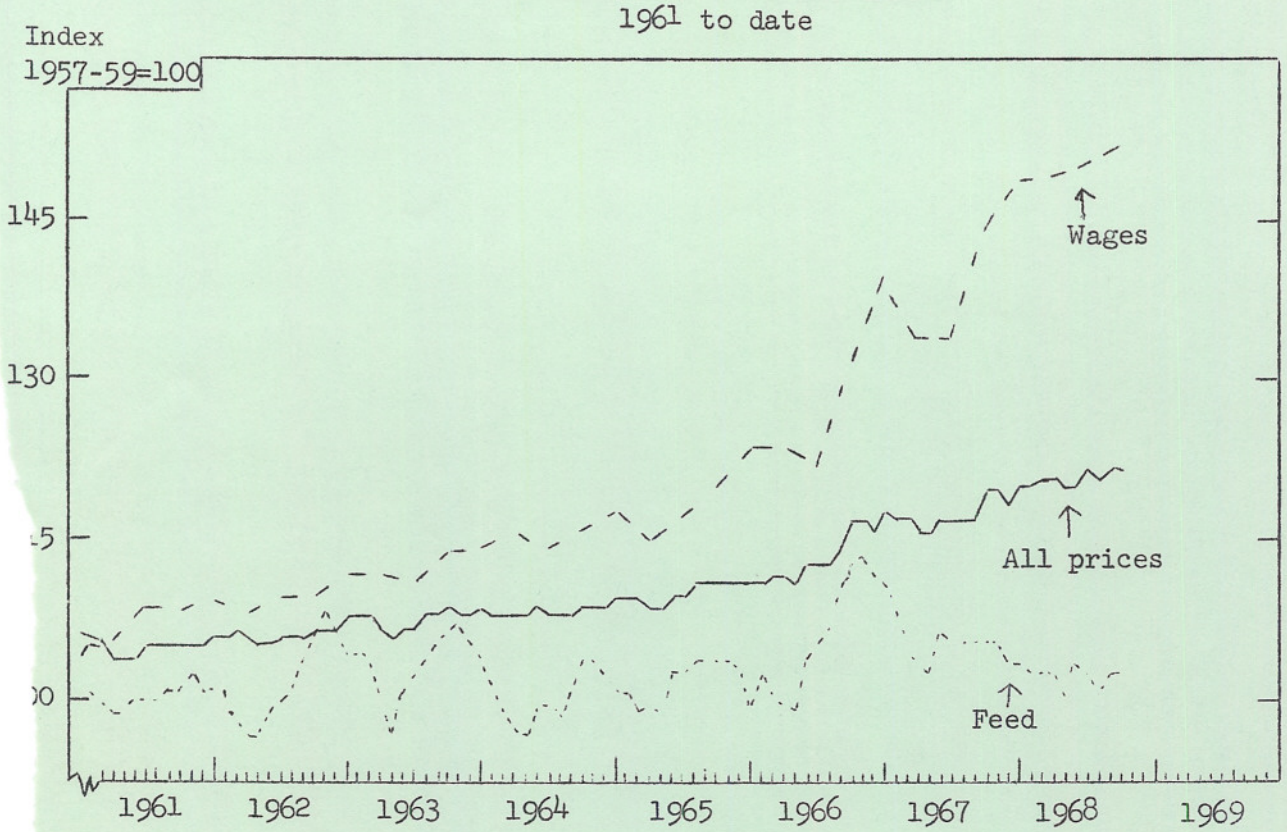
Storage stocks of creamery butter and American cheese in the United States at the end of October were down from a year earlier. The decline in butter stocks was about 37 million pounds while American Cheese stocks were down about 20 million pounds. With supplies of milk available for manufacturing about the same in 1969 as in 1968, little change is expected in butter and cheese stocks during 1969 from 1968 levels.

Cold Storage Holdings, U. S.

Year	Creamery Butter	American Cheese
	thousands of pounds	
December 31		
1954	377,638	518,879
1955	163,136	492,124
1956	25,103	401,079
1957	86,773	372,056
1958	69,295	249,042
1959	31,171	265,256
1960	76,443	289,940
1961	224,820	419,914
1962	318,663	384,246
1963	206,963	301,631
1964	66,499	283,647
1965	52,096	270,988
1966	32,298	322,248
1967	168,613	344,047
October 31		
1964	145,204	302,464
1965	124,795	310,420
1966	58,143	335,516
1967	200,513	370,030
1968*	163,893	349,756

* Preliminary

FARM WAGES, FEED PRICES AND ALL PRICES
PAID BY NEW YORK DAIRYMEN
1961 to date



Source: Department of Agricultural Economics

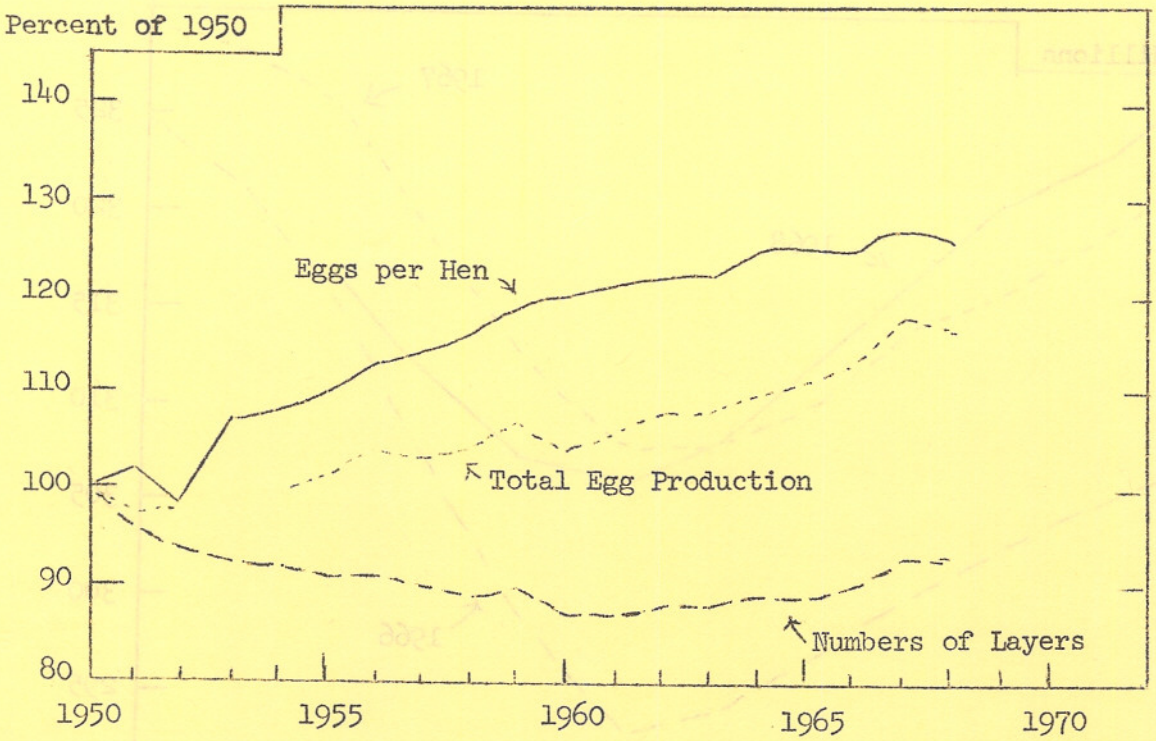
All prices paid by New York dairy farmers rose 2.5 percent from 1967 to 1968. Increases in farm wages, machinery and building material prices, and seed prices were only partially offset by decreases in feed and fertilizer prices.

For 1969, further increases are in prospect for most items, except feed.

Month	Prices paid (Index 1957-59=100) 1967	1968	1969
January	118	120	____
February	117	120	____
March	117	121	____
April	116	121	____
May	116	120	____
June	117	122	____
July	117	122	____
August	117	121	____
September	117	122	____
October	120	122	____
November	120	____	____
December	119	____	____

NOTES

NUMBER OF LAYERS, EGGS PER HEN, AND EGG PRODUCTION
United States, 1950-1968



SOURCE: U.S.D.A. Poultry and Egg Situation

Egg production for the year 1968 is expected to be 2 percent below 1967. This decrease results from a decline in production per hen rather than a change in the average number of layers on hand during the year.

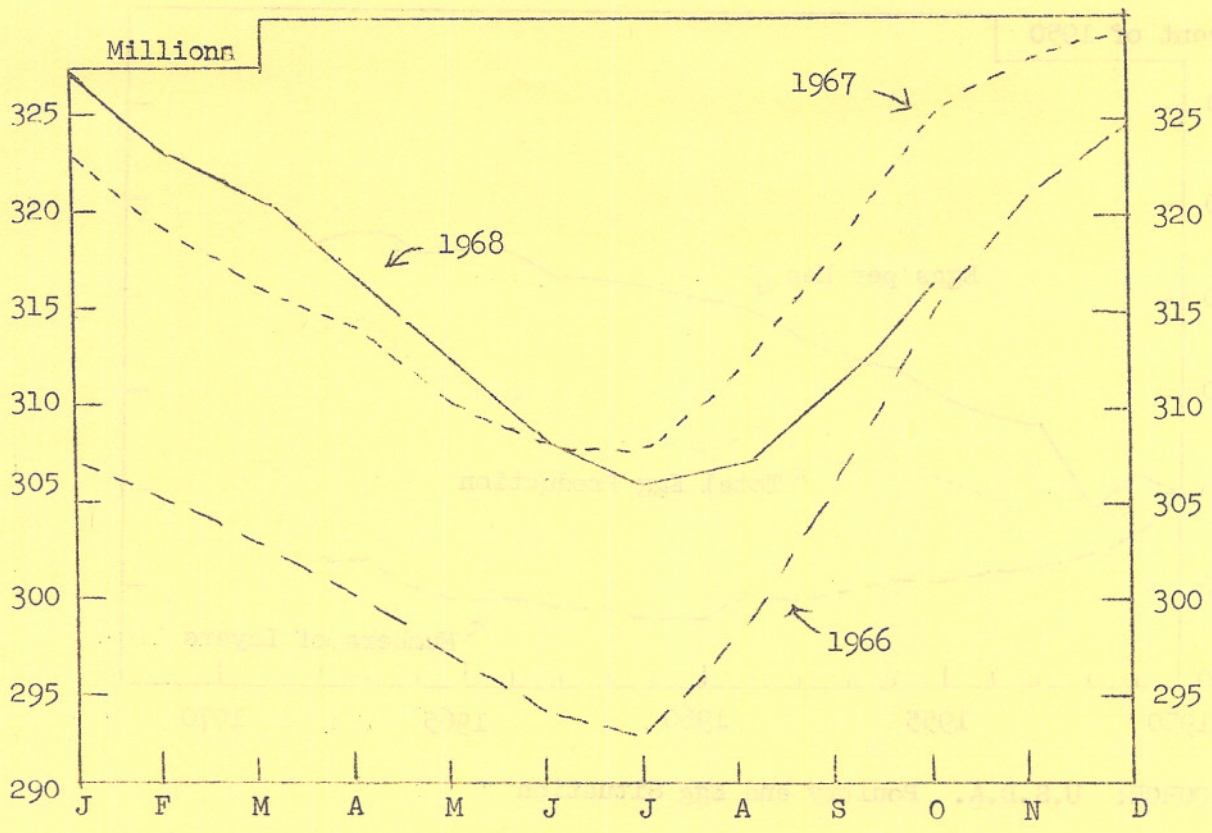
The number of layers on hand declined generally during the period 1944 to 1960. Since 1960 the trend in numbers has been upward. Increases in both numbers and egg productivity have resulted in significant annual increases in output from 1960 through 1967.

It is expected that the size of the laying flock and egg production are expected to continue below year earlier levels through the first half of 1969. However, numbers will equal year earlier levels in midsummer and exceed year earlier levels during the latter half of 1969.

Year	Number* of layers (millions)	Eggs per hen (number)	Egg production (billions)
1950	340	174	59.0
1955	309	192	59.5
1960	295	209	61.5
1961	297	210	62.4
1962	300	212	63.6
1963	298	213	63.5
1964	301	217	65.2
1965	302	218	65.7
1966	305	218	66.5
1967	318	221	70.2
1968**	315	220	68.9

* Av. number layers on hand during year
** Preliminary

NUMBER OF LAYERS ON FARMS
United States, 1966, 1967, and 1968



SOURCE: U.S.D.A. Poultry and Egg Situation

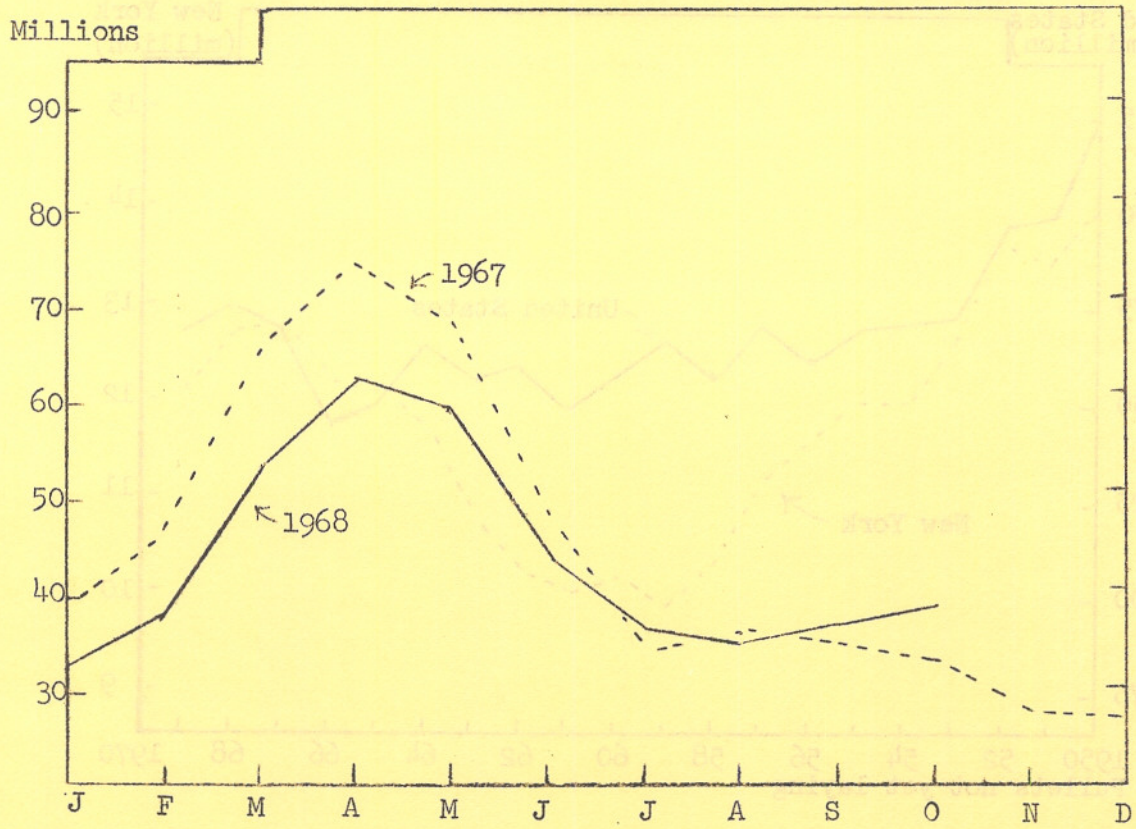
The number of laying hens on farms in the United States during all months of 1967 was dramatically higher than in the comparable months of 1966. Relative expansion continued through May of 1968. Since June of 1968 layer numbers have been below comparable months of 1967 but still above comparable months of 1966.

Numbers will continue below year earlier levels through the first half of 1969. However, producers are in the process of rebuilding laying flocks. Numbers are expected to be about equal to year earlier levels by next summer. During the last half of 1969, the flock will be moderately larger than during the last half of 1968.

NUMBER OF LAYERS ON FARMS, U. S.

Month	1966	1967	1968
	millions		
January	307	323	327
February	305	319	323
March	303	316	321
April	300	314	317
May	297	310	312
June	294	308	308
July	293	308	306
August	298	312	307
September	306	318	311
October	315	325	316
November	321	328	---
December	324	329	---

EGG-TYPE CHICKS HATCHED
United States, 1967 and 1968



SOURCE: U.S.D.A. Hatchery Report

About 15 percent fewer egg-type chicks were hatched during the first half of this year compared to the same period of 1967. This resulted in an adjustment in the size of the laying flocks and an increase in egg prices. These currently favorable egg prices are providing an incentive for expansion.

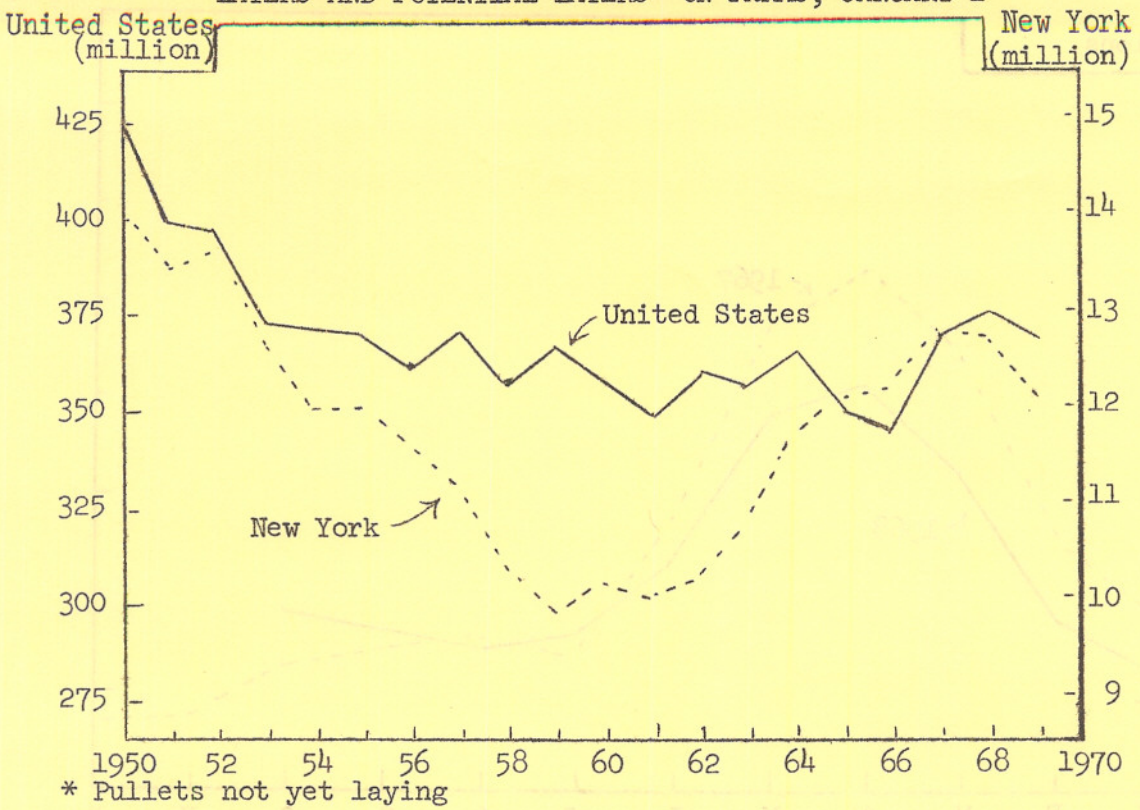
The egg-type chick hatch is expected to be 10 percent larger for the last half of 1968 compared to 1967. During the first half of 1969, hatch may be up 10-15 percent or at a level almost equal to that of the first half of 1967.

EGG-TYPE CHICKS HATCHED, U. S.

Month	1966	1967	1968
	millions		
January	36.2	39.8	33.5
February	41.2	46.3	38.1
March	64.7	66.1	53.5
April	81.0	74.4	62.2
May	77.0	68.1	59.2
June	53.9	47.9	43.7
July	36.7	34.0	36.0
August	34.4	36.0	35.9
September	35.4	34.6	36.5
October	37.9	32.9	38.6
November	35.5	27.7	----
December	35.4	27.0	----
Total	569	535	498*

* Estimated

LAYERS AND POTENTIAL LAYERS* ON FARMS, JANUARY 1



* Pullets not yet laying

SOURCE: U.S.D.A. Poultry and Egg Situation

The number of layers and potential layers on farms in the U. S. on January 1, 1969 is expected to be down 2.5 percent from January 1, 1968. But the number on New York farms is expected to be down proportionately more by about 5 percent.

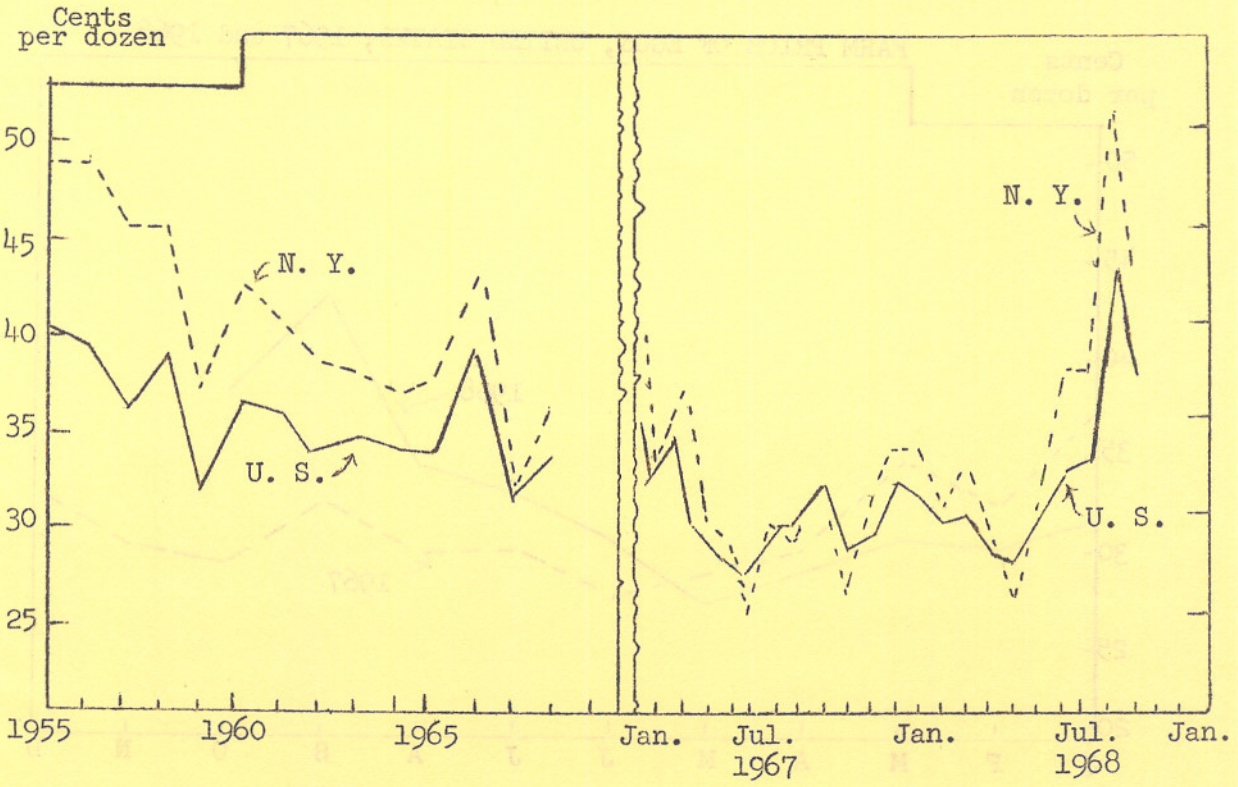
On October 1, 1968 there were 9 million fewer layers and 8 million fewer pullets not yet laying in the U. S. than a year earlier. The flocks on October 1, 1968 were 42 percent pullets. This compares to 49 percent in 1967, 46 percent in 1966 and 44 percent in 1965. This is the oldest flock for several years and means lower rate of lay and more rapid decline in numbers until egg-type hatch starts exceeding year earlier levels.

NUMBER OF LAYERS AND POTENTIAL LAYERS ON FARMS, January 1

Year	U. S.	N. Y.
	millions	
1950	424	14.0
1951	399	13.5
1952	397	13.7
1953	373	12.6
1954	371	12.0
1955	369	12.0
1956	361	11.6
1957	370	11.2
1958	356	10.3
1959	367	9.9
1960	352	10.2
1961	348	10.0
1962	359	10.2
1963	357	10.8
1964	364	11.7
1965	349	12.2
1966	346	12.2
1967	369	12.8
1968	374	12.7
1969*	366	12.1

*Preliminary

FARM PRICE OF EGGS, U. S. and N. Y.



SOURCE: U.S.D.A. Agricultural Prices

The spread between New York and U.S. farm egg prices narrowed considerably during the last decade. During months of relatively low U.S. egg prices, New York farm egg prices are generally equal to or below the average level for the United States. During periods of relatively high U.S. prices, New York producers enjoy a significant margin above the U.S. price level. Heavy supplies nationwide compete strongly in the east coast central markets and depress central market prices more than proportionate to market prices elsewhere.

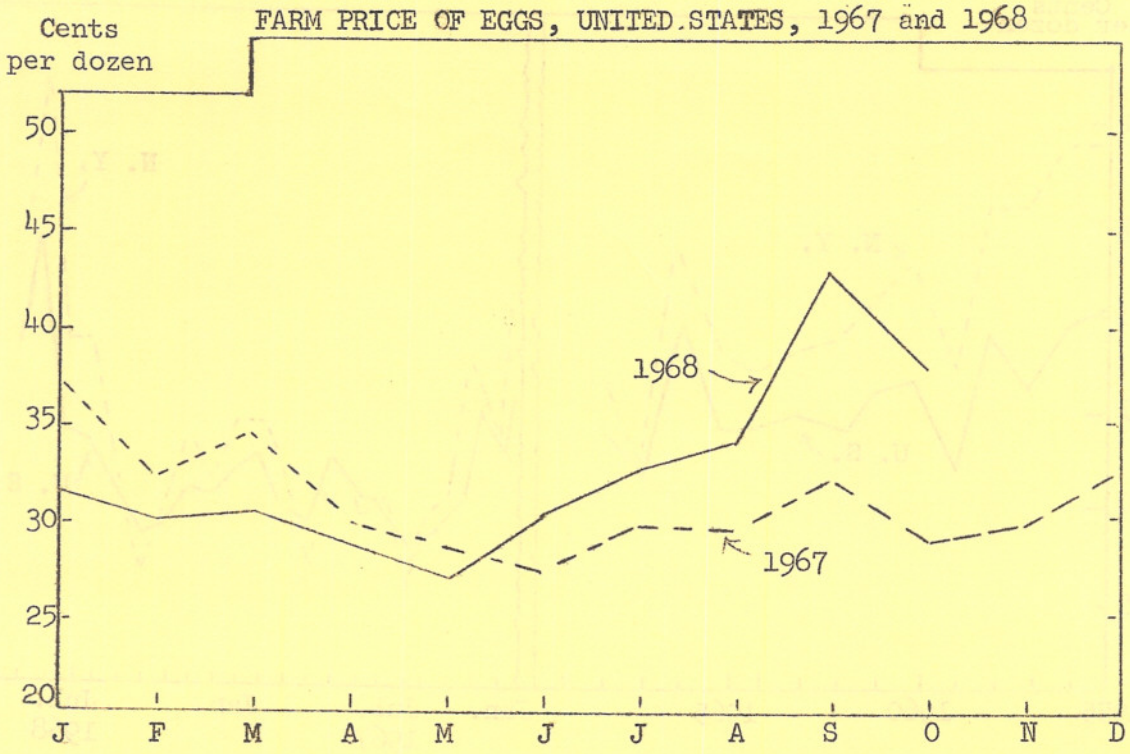
ANNUAL FARM PRICE OF EGGS

Year	U. S.	N. Y.
1955	39.5	48.5
1956	39.3	48.6
1957	35.9	45.1
1958	38.5	45.3
1959	31.4	36.8
1960	36.0	42.0
1961	35.5	40.1
1962	33.6	38.3
1963	34.4	37.6
1964	33.8	36.5
1965	33.7	37.1
1966	39.1	42.8
1967	31.2	31.5
1968	33.3	36.2

* Partly forecast

MONTHLY N. Y. FARM PRICE OF EGGS

	1967	1968
Jan.	40.0	34.0
Feb.	33.0	30.5
March	37.0	33.0
April	30.0	29.0
May	29.0	26.0
June	25.5	31.5
July	30.5	38.0
August	29.5	38.0
Sept.	32.0	51.5
Oct.	26.5	41.0
Nov.	31.0	----
Dec.	34.0	----



SOURCE: U.S.D.A. Agricultural Prices

The significantly low egg prices of 1967 held through May of 1968 before starting an upward movement. The peak in September is normal but the level reached was somewhat unusual and unexpected. The level in October is more in line with expectations.

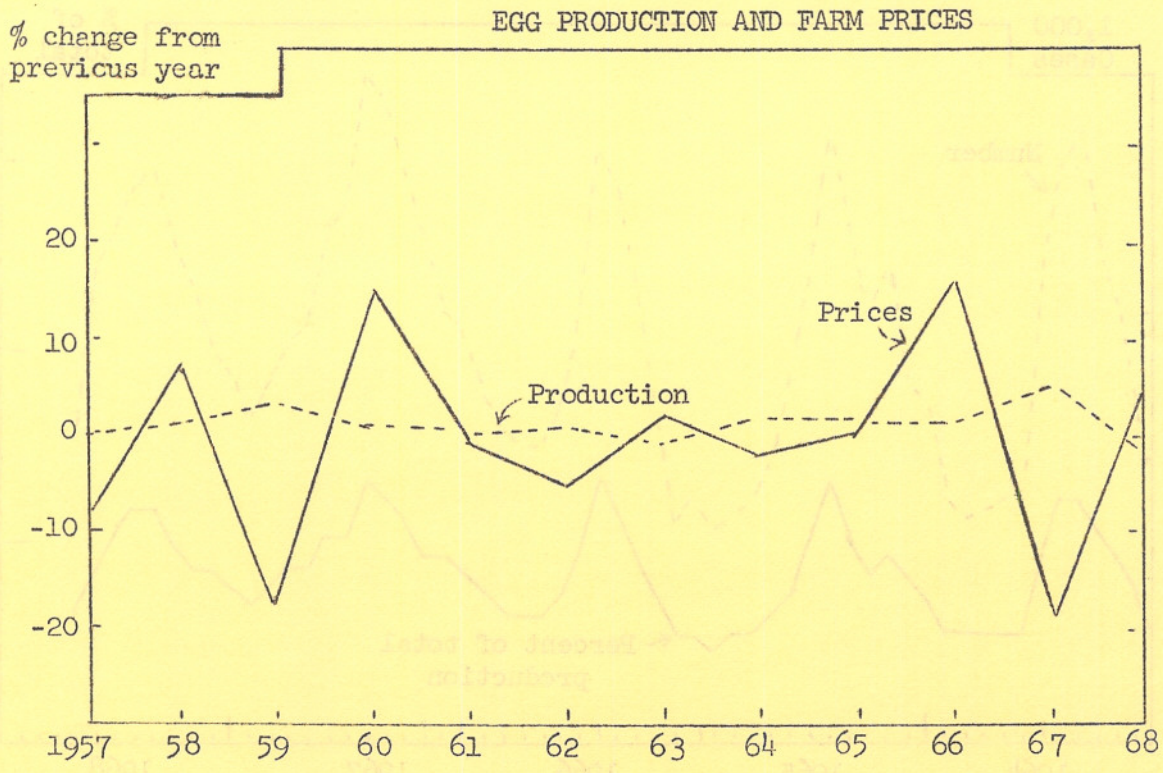
U.S. farm egg prices during the October-December 1968 quarter are expected to average about 40 cents, about 10 cents above the same period of 1967. Price comparisons for 1968 to 1969 by quarters are as follows: First quarter - about 8 cents higher, second quarter - 4 cents higher, third quarter - 2 cents lower.

FARM PRICE OF EGGS, U. S. 1/

Month	1966	1967	1968
	cents per dozen		
January	37.5	37.4	31.5
February	41.3	32.4	30.0
March	41.6	34.6	30.4
April	38.3	29.9	28.6
May	33.2	28.9	27.0
June	32.9	27.4	30.3
July	35.4	29.9	32.7
August	39.5	29.8	34.1
September	42.5	32.0	42.7
October	41.1	28.6	37.6
November	41.6	29.6	----
December	40.9	32.1	----
Average	39.1	31.2	32.5*

* Preliminary

1/ Price of all eggs sold including hatching eggs



SOURCE: U.S.D.A. Poultry and Egg Situation

A relatively small percentage change in egg production is usually accompanied by a somewhat larger percentage change in the opposite direction in farm egg prices. The 2 percent decrease in egg production in 1968 is associated with a 5 percent increase in average egg prices.

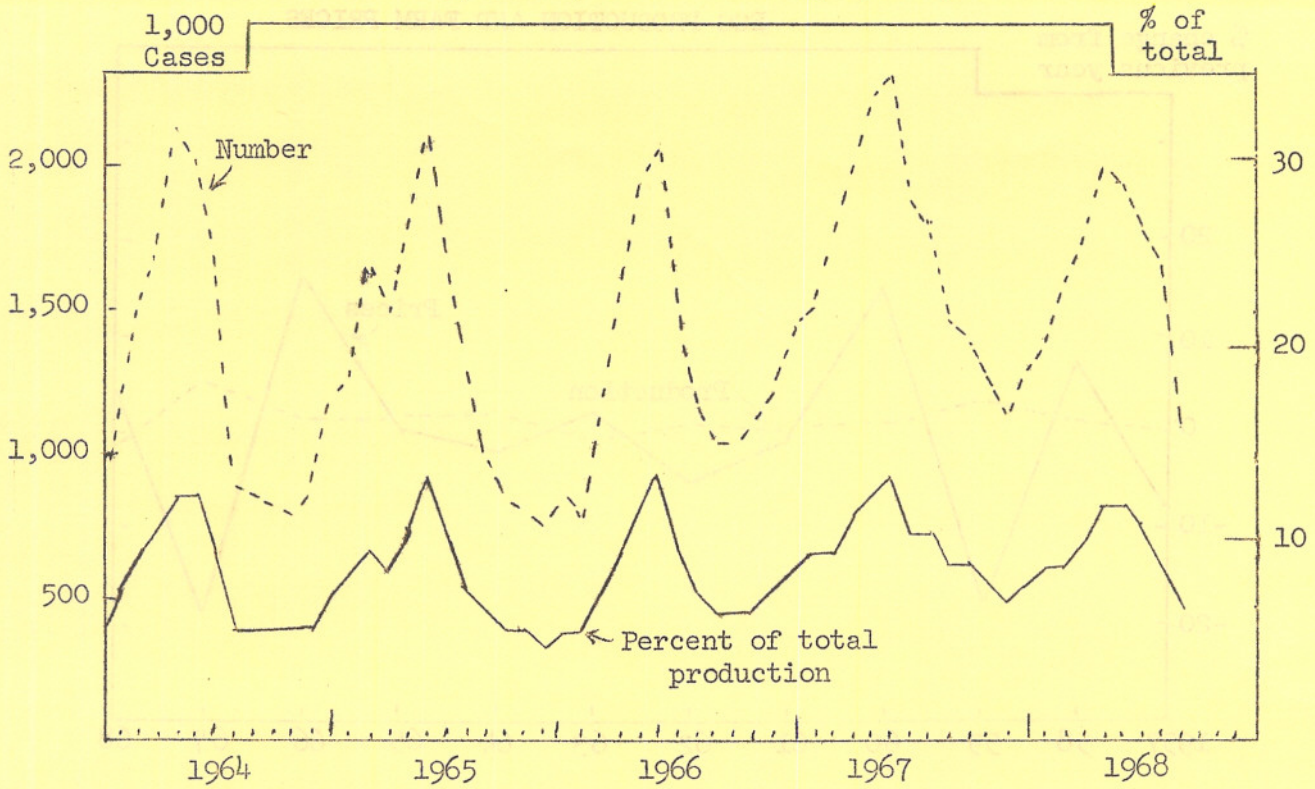
The relatively high price of 1966 encouraged the largest annual expansion in production for any year during the past decade. The resultant record price decrease in 1967 forced contraction in 1968 and more than proportionate price increases.

The wide price swings of the 1966 - 1968 period mirror the price swings of the period 1957 - 60. The extremely favorable prices of the last half of 1968 and first half of 1969 may produce another large decrease in price.

CHANGES IN EGG PRODUCTION AND PRICES

Year	Price	Production
	% change from previous year	
1957	- 9	-0
1958	+ 7	+1
1959	-18	+3
1960	+15	+1
1961	- 1	+0
1962	- 5	+1
1963	+ 2	-1
1964	- 2	+2
1965	- 0	+1
1966	+16	+1
1967	-19	+5
1968	+ 5	-2

EGGS BROKEN COMMERCIALLY
By Month, United States, 1964-1968



SOURCE: U.S.D.A. Poultry and Egg Situation

Egg breaking activity through September was down 14 percent from last year. Liquid egg production for immediate consumption was 1 percent above, while production drying was down 14 percent and for freezing down 16 percent. Large storage holdings of frozen and dried eggs discouraged breaking even though prices for breaking eggs were relatively low.

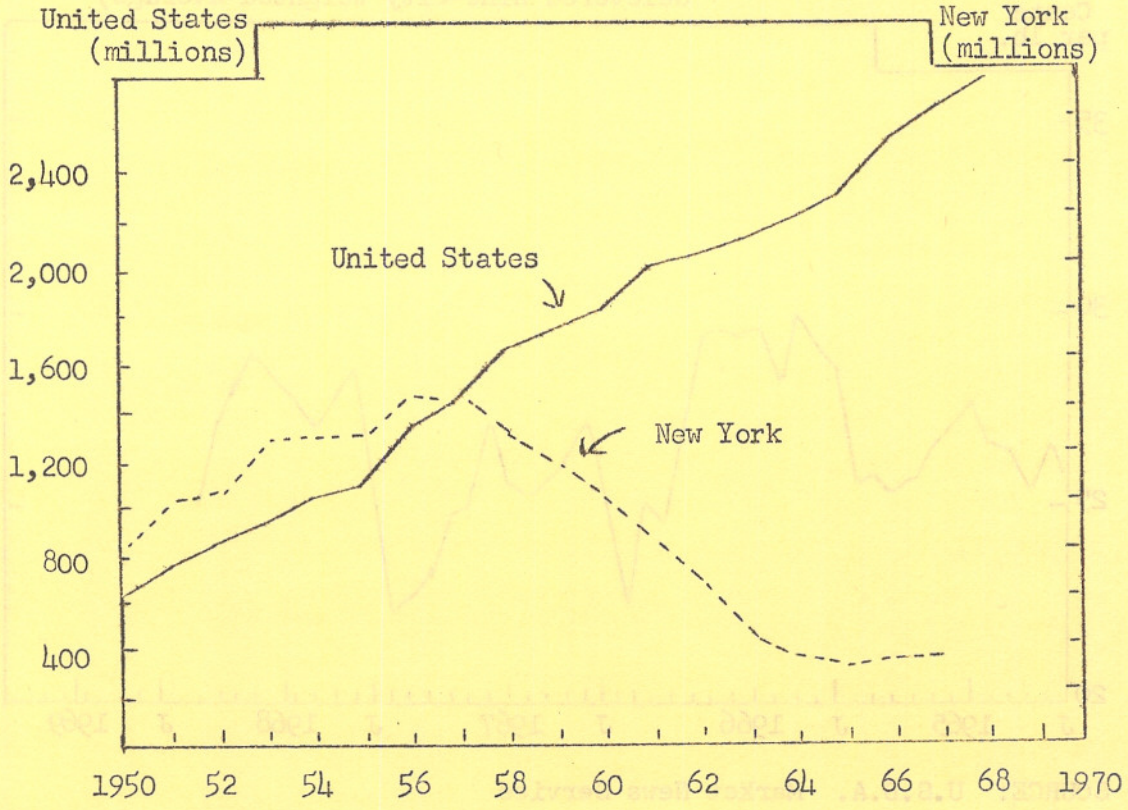
In May, U.S.D.A. began a purchase program for scrambled egg mix, buying 16.7 million pounds to be used in the domestic food assistance program for the needy.

EGGS BROKEN COMMERCIALLY
United States, 1964-1968

Year	Eggs broken	Total eggs produced	% broken is of total produced
	(1,000 cases)	(1,000 cases)	
1964	15,152	179,295	8
1965	15,919	182,478	9
1966	15,729	184,583	9
1967	20,297	194,892	11
1968 *	18,869	193,743	10

* Estimated

NUMBER OF BROILERS PRODUCED



SOURCE: U.S.D.A. Production, Disposition, Cash Receipts and Gross Income

Although the total number of broilers will be up in 1968 compared to 1967 broiler meat production will be about the same, because of lower average weights at marketing.

During the first six months of 1969, broiler production is expected to be 4 - 5 percent greater than the first six months of 1968.

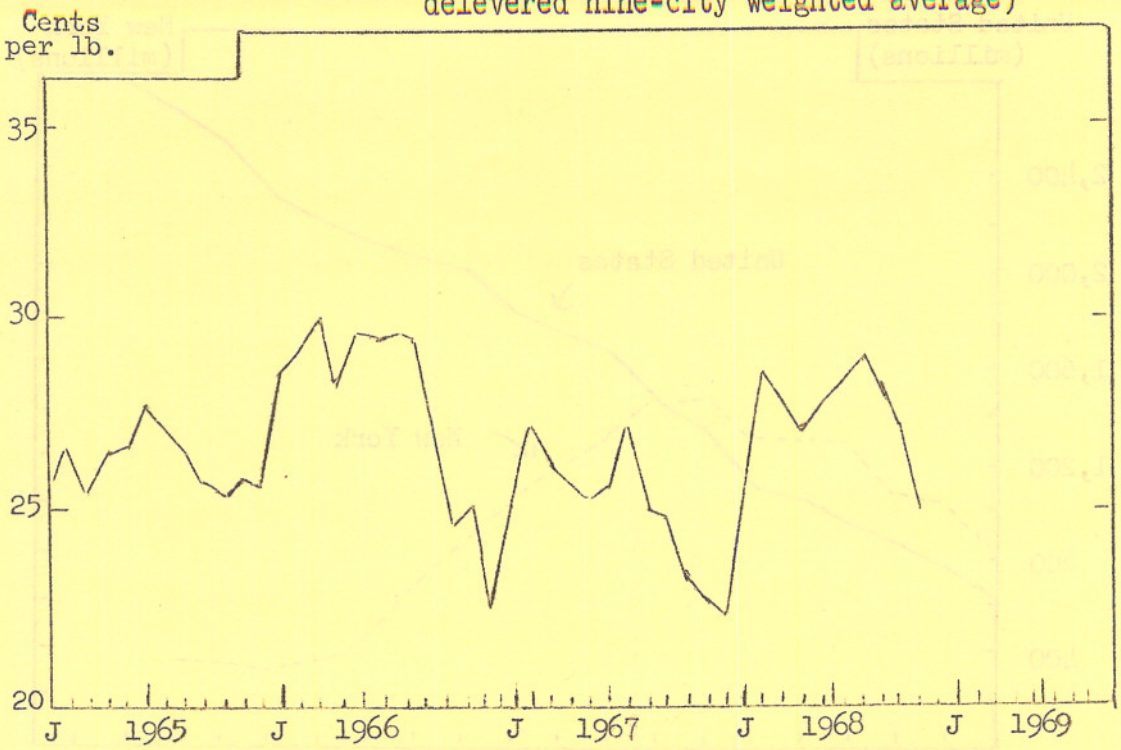
New York State broiler production is relatively stable. Production is for a relatively specialized market.

NUMBER OF BROILERS PRODUCED

Year	U. S.	N. Y.
	millions	
1950	631	8.6
1951	789	10.3
1952	861	10.6
1953	947	12.8
1954	1,048	13.1
1955	1,092	13.1
1956	1,344	14.6
1957	1,448	14.3
1958	1,660	12.9
1959	1,737	11.6
1960	1,795	10.3
1961	1,991	8.5
1962	2,023	6.6
1963	2,102	4.3
1964	2,161	3.6
1965	2,334	3.2
1966	2,568	3.3
1967	2,647	3.5
1968*	2,726	-

*Preliminary

BROILER PRICE
(Ice packed, ready-to-cook, trucklot delevered nine-city weighted average)



SOURCE: U.S.D.A. Market News Service

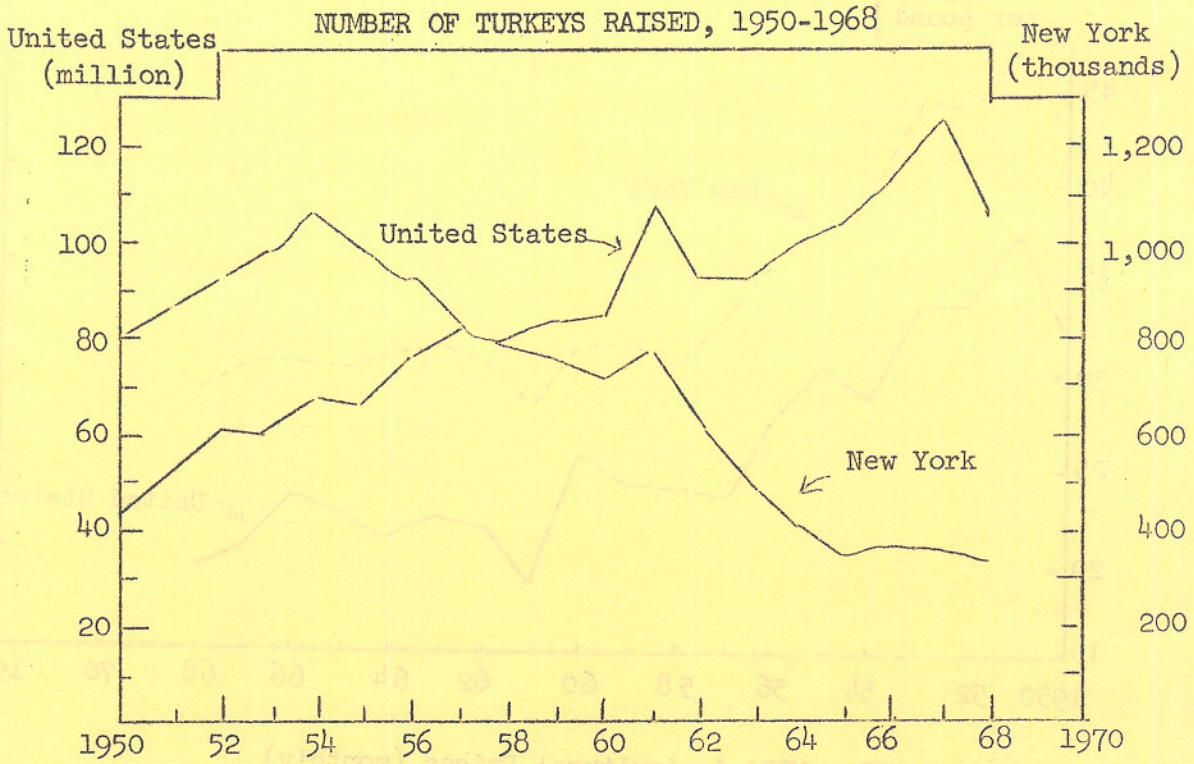
Broiler prices have been significantly above year earlier levels all during 1968.

During the first six months of 1969, broiler prices are expected to average 1 to 2 cents per pound below the same months of 1968.

BROILER PRICE - NINE-CITY AVERAGE

Month	1965	1966	1967	196
January	25.7	28.6	25.3	25.
February	26.7	29.0	27.2	28.
March	25.3	30.0	26.1	27.
April	26.5	28.1	25.7	27.2
May	26.7	29.5	25.2	27.8
June	27.6	29.4	25.6	28.1
July	27.2	29.5	27.1	29.0
August	26.7	28.4	25.0	28.2
September	25.8	26.8	24.9	27.2
October	25.3	24.5	23.8	25.0
November	25.9	25.1	22.8	----
December	25.8	22.6	22.4	----
Average	26.3	27.6	25.1	27.4*

* 10 month average



SOURCE: U.S.D.A. Poultry and Egg Situation

Turkey production in the United States decreased 16 percent compared to 1967. Declines were about equal between heavy and light breeds. Turkey meat output for the year may run 16 - 18 percent below 1967 as turkeys are being marketed at lighter average weights. Although meat production was up in the first quarter of 1968, production was cut sharply in the 2nd and 3rd quarters. Production in the main marketing season is expected to be 16 - 18 percent below a year earlier.

Turkey production in New York is primarily for a special market but continues to decline gradually.

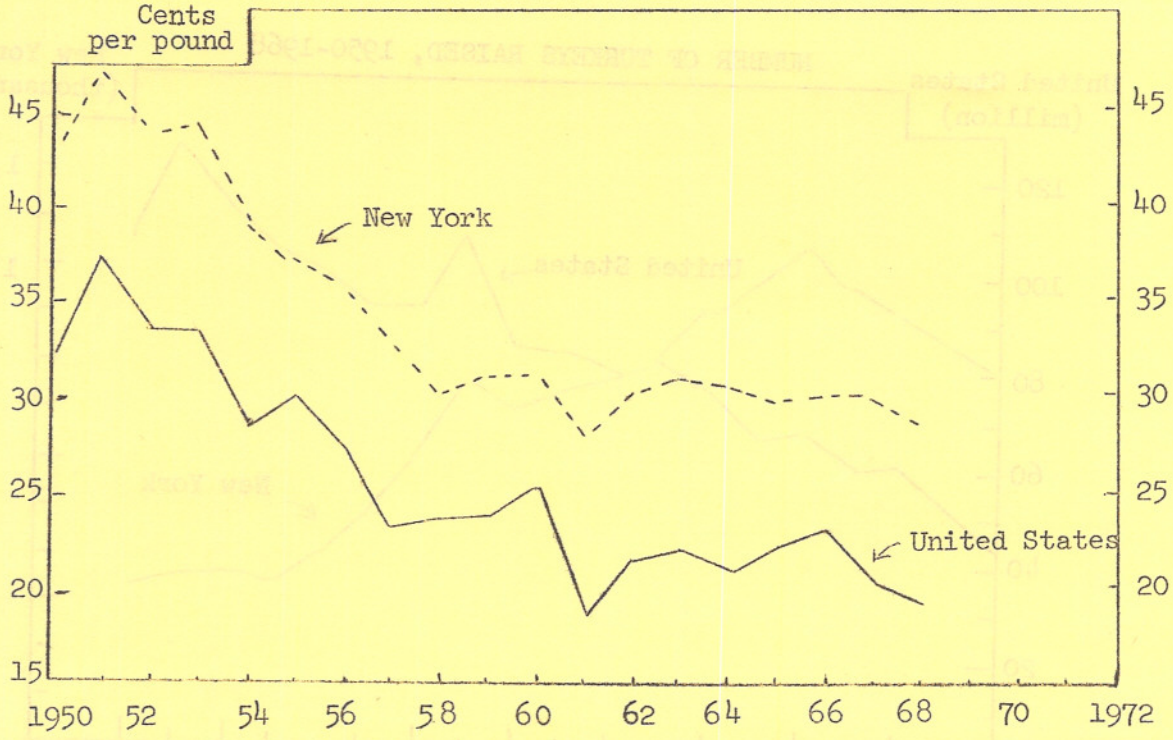
Turkey numbers in 1969 are expected to be 3 - 5 percent greater than in 1968.

NUMBER OF TURKEYS RAISED

Year	U. S. (million)	N. Y. (thousand)
1950	44	808
1951	53	881
1952	62	943
1953	60	981
1954	68	1,059
1955	66	974
1956	77	935
1957	81	809
1958	80	783
1959	84	770
1960	85	722
1961	108	773
1962	92	603
1963	93	493
1964	100	414
1965	105	374
1966	116	378
1967	126	370
1968*	107	348

* Preliminary

FARM PRICE OF TURKEYS, U. S. AND N. Y.



SOURCE: SRS, USDA Agricultural Prices (monthly)
ERS, USDA Poultry and Egg Situation, November 1966

The U.S. farm price of turkeys declined in 1968 despite less production. This is primarily due to the large storage carryover at the beginning of the year which kept total available supplies well above year earlier levels until September. Since October there has been some improvement in price.

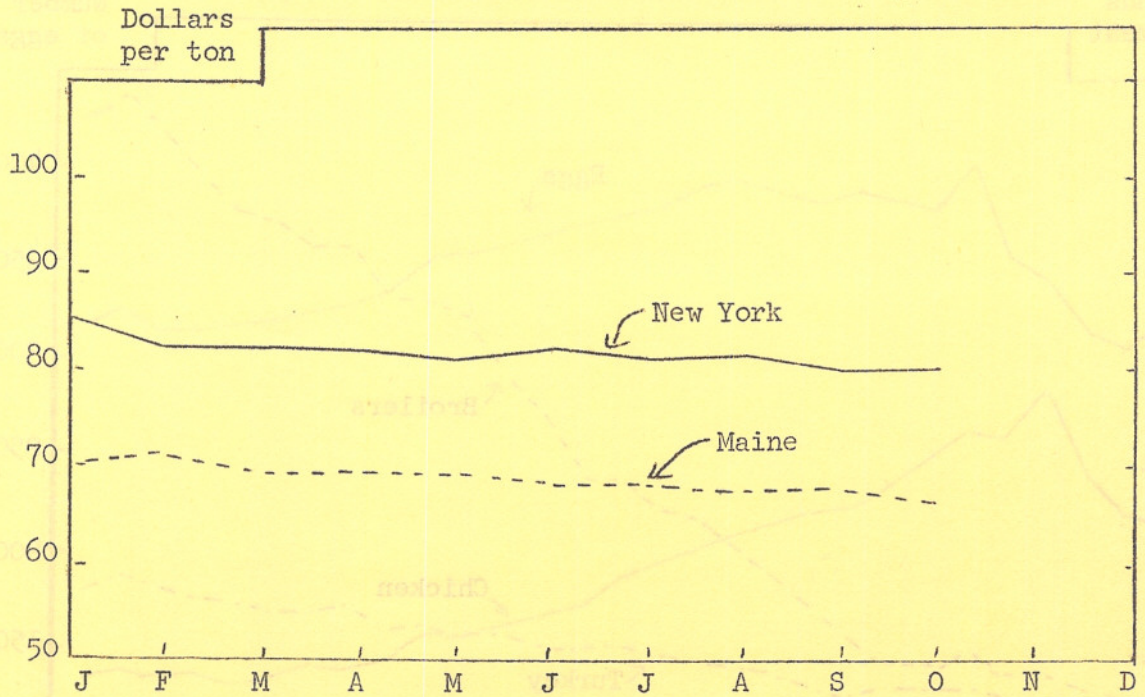
If prices are to be improved in 1969 compared to 1968, turkey numbers will have to be kept within 3 percent of 1968 levels.

FARM PRICE OF TURKEYS

Year	U. S.	N. Y.
1955	30.2	37.1
1956	27.2	35.6
1957	23.4	32.9
1958	23.9	30.2
1959	23.9	31.1
1960	25.4	31.2
1961	18.9	28.1
1962	21.6	30.2
1963	22.3	31.1
1964	21.0	30.8
1965	22.2	29.8
1966	23.4	30.2
1967	20.7	29.8
1968*	19.2	28.5

* Preliminary

FARM PRICE OF LAYING MASH NEW YORK AND MAINE



SOURCE: Agricultural Prices

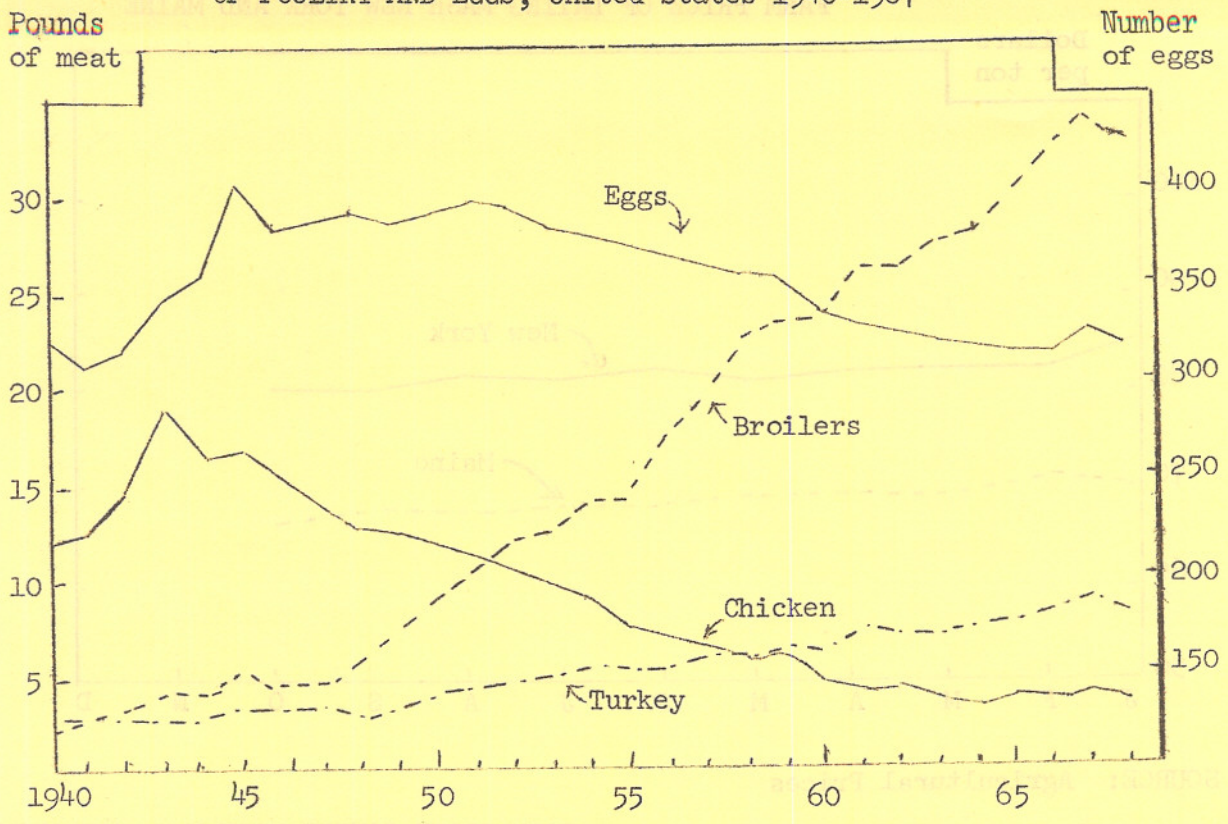
The reported farm price of laying mash in New York runs about $12 per ton above that reported in Maine. This implies a different, more efficient system of procurement, processing, and delivery in Maine than in New York on the average throughout the State.

Feed costs during the first 9 months of 1969 are expected to average the equivalent of one-half cents a dozen less than a year earlier.

FARM PRICE LAYING MASH N.Y. AND MAINE

	Dollars per ton	
Year	N.Y.	Maine
January	85	70
February	82	71
March	82	69
April	82	69
May	81	69
June	82	68
July	81	68
August	81	67
September	80	67
October	80	66
November	--	--
December	--	--

CIVILIAN PER CAPITA DISAPPEARANCE
OF POULTRY AND EGGS, United States 1940-1967



SOURCE: U.S.D.A. Poultry and Egg Situation

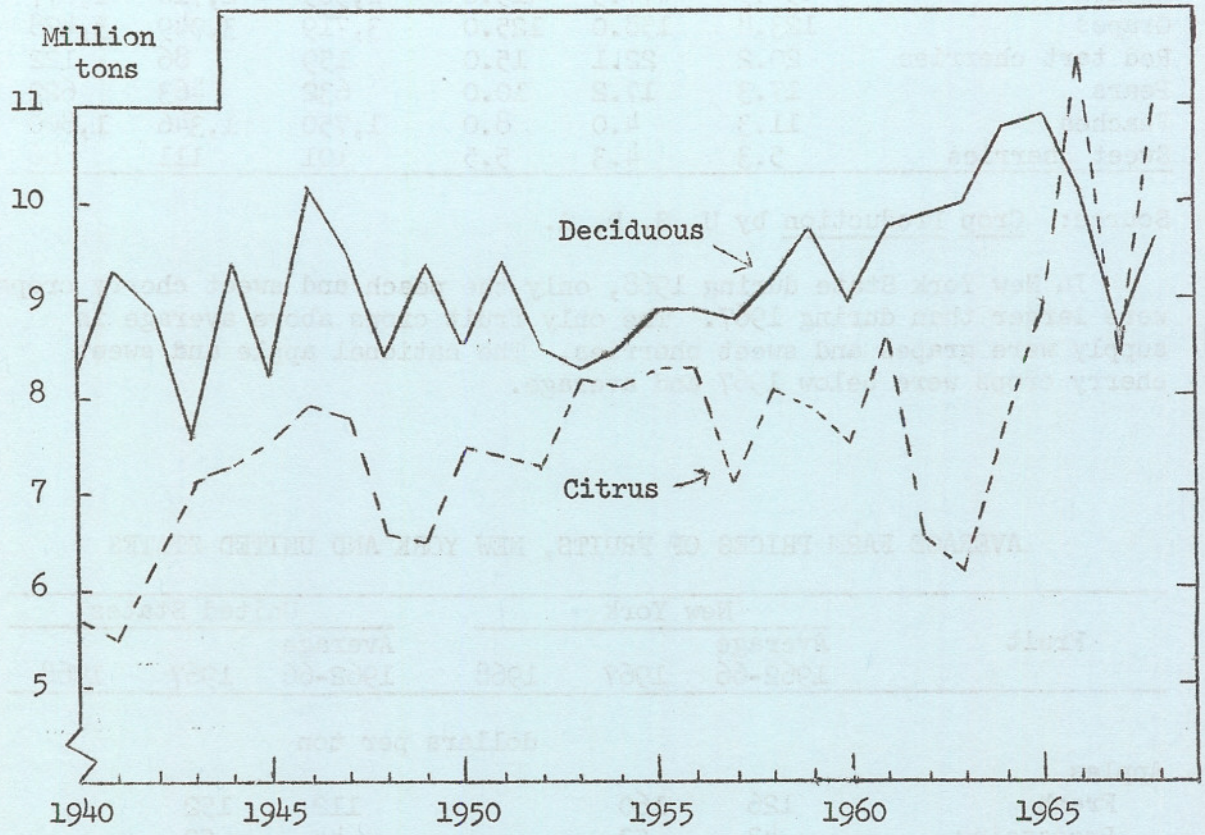
The per capita disappearance of eggs decreased again in 1968 after an increase in 1967. Per capita disappearance of broiler meat will decrease in 1968 relative to a year earlier, the first actual decrease since 1946. Per capita turkey disappearance will also decline in 1968 compared to a year earlier.

PER CAPITA DISAPPEARANCE OF EGGS AND POULTRY
United States, 1940-1968

Year	Population (millions)	Eggs (number)	Broilers (pounds ready to cook basis	Chicken	Turkey
1940	132.1	319	2.0	12.1	2.9
1945	139.9	403	5.0	16.6	3.5
1950	151.7	389	8.7	11.9	4.1
1955	165.3	371	13.8	7.5	5.0
1960	180.7	334	23.4	4.6	6.1
1963	189.4	317	27.0	3.7	6.8
1964	192.1	318	27.5	3.5	7.3
1965	194.6	314	29.4	3.9	7.5
1966	196.9	313	32.2	3.8	7.8
1967	199.1	326	33.4	4.1	8.8
1968*	201.2	318	32.4	4.0	8.0

* Forecast

DECIDUOUS AND CITRUS FRUIT PRODUCTION, U. S.



Source: U. S. D. A. Crop Production Reports

The production of deciduous fruits in the United States totalled 9.6 million tons during the 1968 season, an increase of 1 million tons over the 1967 season. Modest increases occurred in the production of most of the fruits in this classification. The total production of deciduous fruits is expected to range above the 10 million level for the next few years.

The production of citrus fruits for the 1968-69 season is estimated to reach 11 million tons, the second largest tonnage on record. Production of each of the fruits in this classification is in greater supply than during 1967-68. Total citrus production is expected to exceed the 10 million ton level during the next few years.

COMMERCIAL FRUIT PRODUCTION, NEW YORK AND UNITED STATES

Fruit	New York			United States		
	Average 1962-66	1967	1968	Average 1962-66	1967	1968
	thousand tons					
Apples	454.5	477.5	415.0	2,965	2,718	2,677
Grapes	123.8	158.0	125.0	3,719	3,049	3,478
Red tart cherries	20.2	22.1	15.0	159	86	122
Pears	17.3	17.2	10.0	632	463	622
Peaches	11.3	4.0	8.0	1,750	1,346	1,800
Sweet cherries	5.3	4.3	5.5	101	111	86

Source: Crop Production by U. S. D. A.

In New York State during 1968, only the peach and sweet cherry crops were larger than during 1967. The only fruit crops above average in supply were grapes and sweet cherries. The national apple and sweet cherry crops were below 1967 and average.

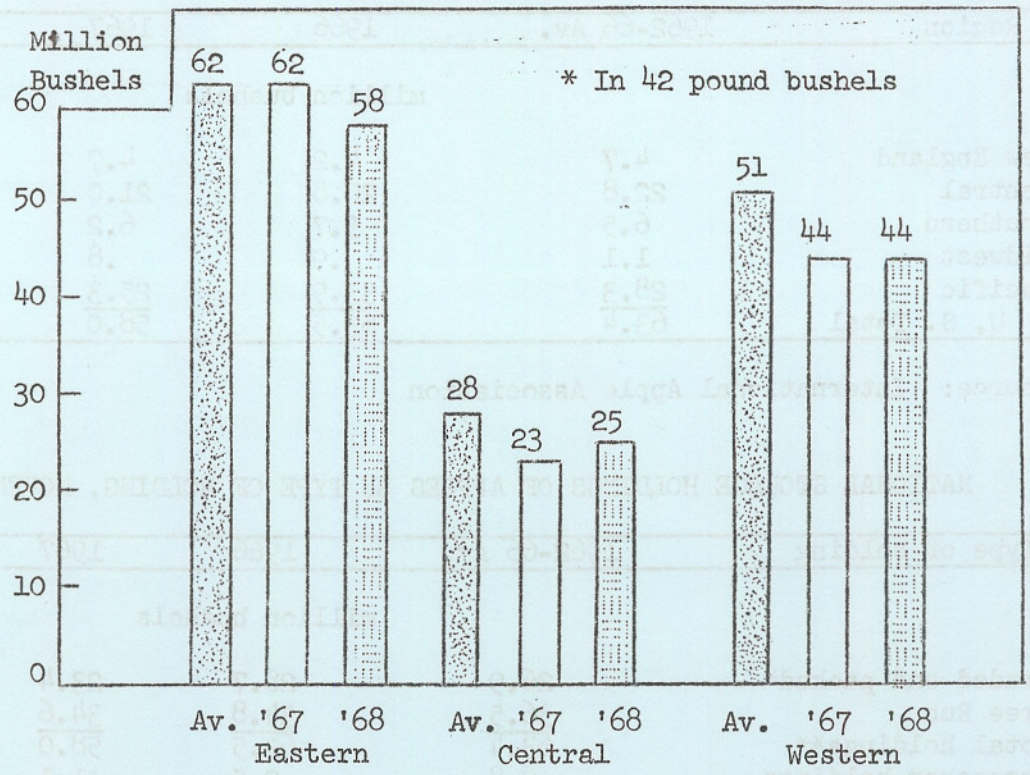
AVERAGE FARM PRICES OF FRUITS, NEW YORK AND UNITED STATES

Fruit	New York			United States		
	Average 1962-66	1967	1968	Average 1962-66	1967	1968
	dollars per ton					
Apples						
Fresh	126	160		112	152	
Processing	43	53		44	59	
All sales	76	96		84	113	
Grapes	125	119		56	69	
Red tart cherries	157	360	326	153	350	299
Pears	107	131		99	164	
Peaches	125	258	210	90	127	108
Sweet cherries	233	306	354	331	400	421

Source: Agricultural Prices by U. S. D. A.

The average prices of red tart cherries in New York and nationally were down from the highs reached in 1967 but about double the average levels. Average prices received for peaches were down from 1967 but above average. Sweet cherry prices exceeded the levels reached in 1967 and were above the 1962 - 1966 averages.

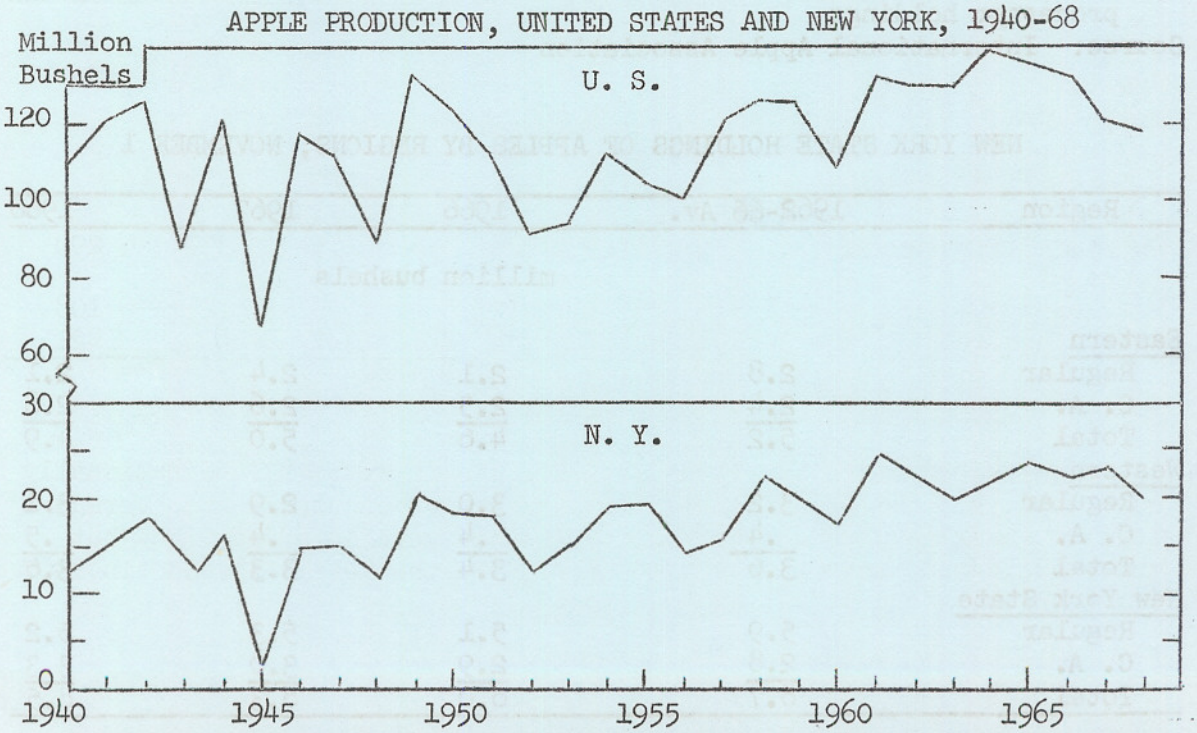
APPLE PRODUCTION* IN THE UNITED STATES



Source: U.S.D.A. Crop Production Average refers to 1962-66.

Apple production in the East during 1968 was 4 million bushels less than in 1967 and average. The crop in the Central States was 2 million bushels larger than in 1967. The Western crop was the same size as in 1967 and 7 million bushels below average.

APPLE PRODUCTION, UNITED STATES AND NEW YORK, 1940-68



National apple production of 118 million bushels was the smallest amount produced since 1960. The New York crop of 20 million bushels was the shortest one in 5 years.

NATIONAL STORAGE HOLDINGS OF APPLES BY REGIONS, NOVEMBER 1

Region	1962-66 Av.	1966	1967	1968
		million bushels		
New England	4.7	4.2	4.7	4.4
Central	22.8	20.8	21.0	22.7
Southern	6.5	3.7	6.2	6.7
Midwest	1.1	.9	.8	.9
Pacific	28.3	33.9	25.3	23.0
U. S. Total	63.4	63.5	58.0	57.7

Source: International Apple Association

NATIONAL STORAGE HOLDINGS OF APPLES BY TYPE OF HOLDING, NOVEMBER 1

Type of holding	1962-66 Av.	1966	1967	1968
		million bushels		
Graded and packed*	26.9	28.7	23.4	19.9
Tree Run	36.5	34.8	34.6	37.8
Total holdings**	63.4	63.5	58.0	57.7
Processor holdings	9.8	9.5	11.1	11.6
"Fresh" supplies	53.6	54.0	46.9	46.1
C. A. holdings	11.4	13.2	13.0	14.2

* Actually graded and packed and stored in boxes, cartons, crates, baskets, or consumer packages, or reported on a converted packed basis.

** Include all holdings in Common, Regular, and CA storages including processor holdings

Source: International Apple Association

NEW YORK STATE HOLDINGS OF APPLES BY REGIONS, NOVEMBER 1

Region	1962-66 Av.	1966	1967	1968
		million bushels		
Eastern				
Regular	2.8	2.1	2.4	2.1
C. A.	2.4	2.5	2.6	2.8
Total	5.2	4.6	5.0	4.9
Western				
Regular	3.2	3.0	2.9	3.1
C. A.	.4	.4	.4	.5
Total	3.6	3.4	3.3	3.6
New York State				
Regular	5.9	5.1	5.3	5.2
C. A.	2.8	2.9	3.0	3.3
Total	8.7	8.0	8.3	8.5

Source: New York State Department of Agriculture and Markets

PROCESSED APPLE SITUATION

Item	Average 1962-66	1966	1967	1968
Applesauce		million actual cases		
Carryin, Sept. 1	3.4	6.4	2.7	4.0
Pack to Nov. 1	11.9	9.0	11.4	13.3
Supply	15.3	15.4	14.1	17.3
Shipments to Nov. 1	4.5	4.7	3.9	4.7
Stocks, Nov. 1	10.8	10.7	10.2	12.6
Canned Apple Slices		million cases of 6/10's		
Carryin, Sept. 1	1.0	1.3	.8	1.1
Pack to Nov. 1	1.5	1.1	1.2	1.4
Supply	2.5	2.4	2.0	2.5
Shipments to Nov. 1	.8	.9	.7	.7
Stocks, Nov. 1	1.7	1.5	1.3	1.8
Frozen Apples		million pounds		
Stocks, Nov. 1	37.0	45.7	35.5	44.3
Apple Juice		million cases of 24/2's		
Season's Pack	8.8	8.9	8.7	N.A.

N.A. - not available

A larger carryin of canned applesauce, an increased pack, and just above average shipments combined to give a total supply of 17.3 million cases on November 1, 1968. Stocks on November 1 were 12.6 million cases, compared with 10.2 million cases a year ago and average stocks of 10.8 million cases.

An increased carryin of canned apple slices, a larger pack, and shipments slightly below average combined to give a total supply of 2.5 million cases on November 1, 1968. Stocks were 1.8 million cases -- just above average and a half-million cases greater than last season.

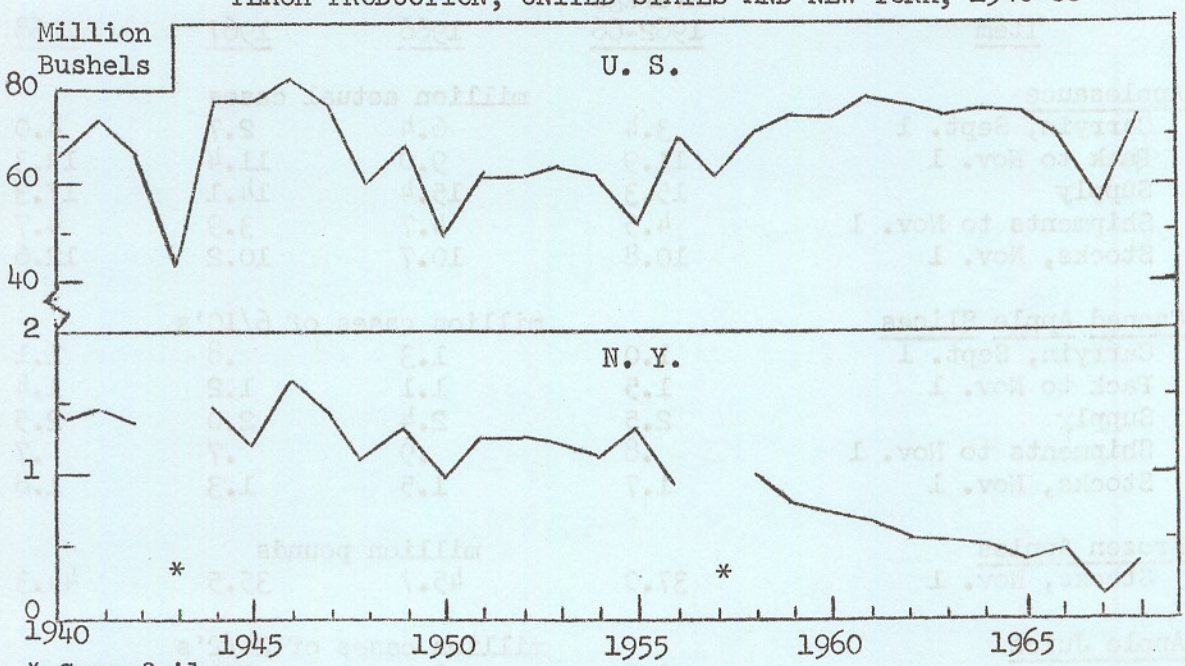
PROCESSED RED TART CHERRY SITUATION

Item	Average 1962-66	1966	1967	1968
Canned Cherries		million actual cases		
Carryin, July 1	.3	.2	*	**
Pack	3.0	1.2	1.1	1.6
Supply	3.3	1.4	1.1	1.6
Shipments to Nov. 1	1.7	.8	.5	.67
Stocks, Nov. 1	1.6	.6	.6	.95
Forzen Cherries		million pounds		
Stocks, Nov. 1	114.0	80.1	66.6	90.5

* 46,000 cases ** 28,000 cases

Stocks of canned red tart cherries on November 1, 1968, were 954 thousand cases, less than average but greater than the amounts during the last two seasons on the same date. Stocks of frozen cherries were 90.5 million pounds -- below average but greater than in 1966 and 1967.

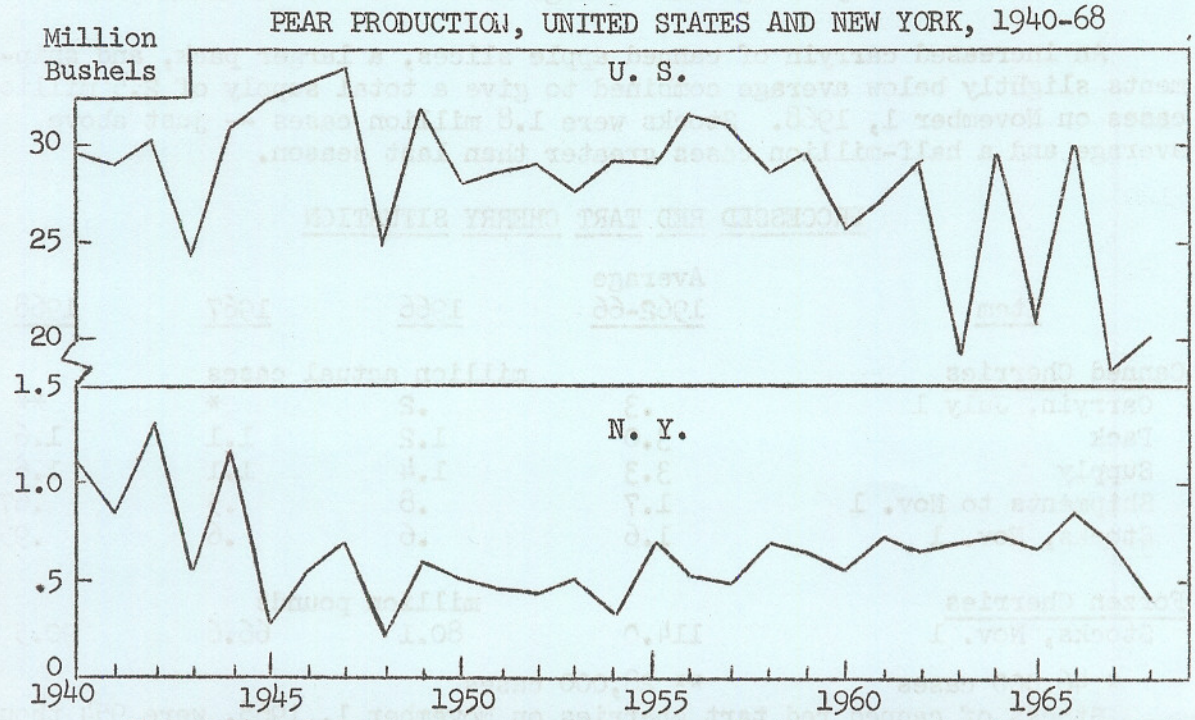
PEACH PRODUCTION, UNITED STATES AND NEW YORK, 1940-68



* Crop failure

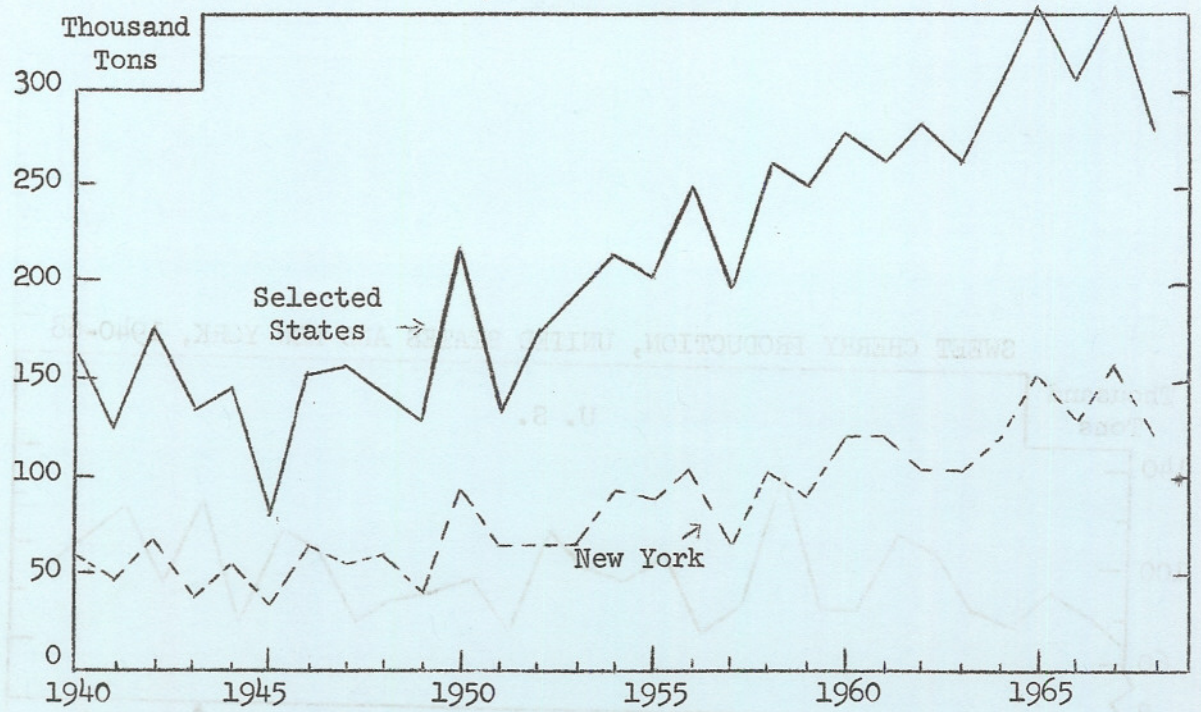
The total production of peaches in the U.S. during 1968 amounted to 74 million bushels, an increase of 19 million over the light supply in 1967. The New York State crop was 320,000 bushels -- double the amount produced a season earlier.

PEAR PRODUCTION, UNITED STATES AND NEW YORK, 1940-68



The national pear crop was 25 million bushels, up 7 million bushels from the light crop produced in 1967. Production in New York of 400,000 bushels, was the smallest volume produced since 1954.

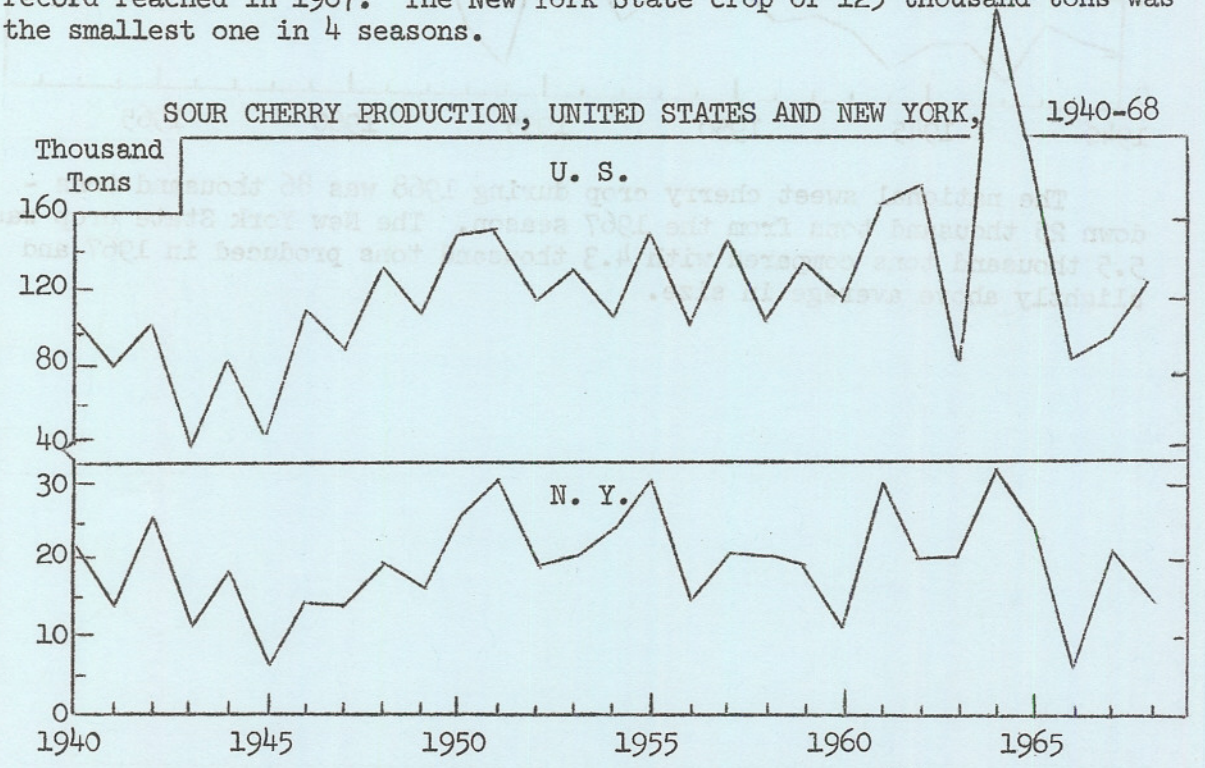
GRAPE PRODUCTION, SELECTED STATES* AND NEW YORK, 1940-68



* N. Y., Pa., Ohio, Mich., Ark., and Wash.

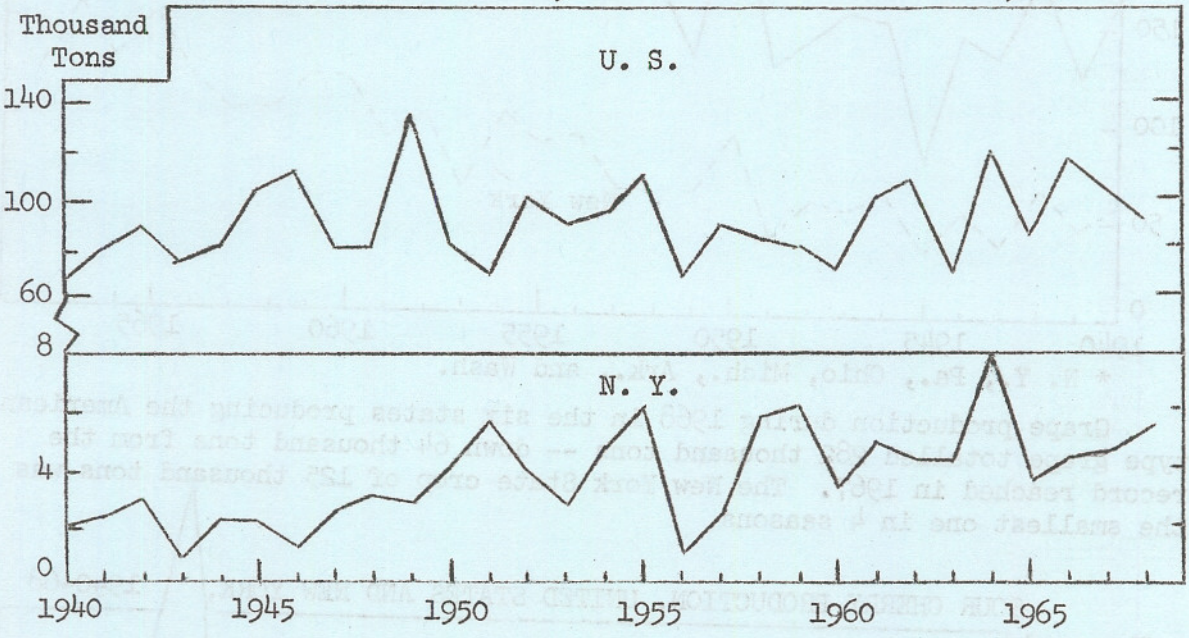
Grape production during 1968 in the six states producing the American-type grape totalled 282 thousand tons -- down 64 thousand tons from the record reached in 1967. The New York State crop of 125 thousand tons was the smallest one in 4 seasons.

SOUR CHERRY PRODUCTION, UNITED STATES AND NEW YORK, 1940-68



Red tart cherry production in the nation during 1968 came to 122 thousand tons -- up 36 thousand tons from 1967 but below average. The New York State crop of 15 thousand tons was down 7 thousand tons from 1967 and below average in size.

SWEET CHERRY PRODUCTION, UNITED STATES AND NEW YORK, 1940-68



The national sweet cherry crop during 1968 was 86 thousand tons - down 25 thousand tons from the 1967 season. The New York State crop was 5.5 thousand tons compared with 4.3 thousand tons produced in 1967 and slightly above average in size.

NUMBERS OF BEARING AND NON-BEARING APPLE TREES IN SELECTED COUNTIES OF NEW YORK, 1959 and 1964

Area and County	Number of bearing trees		Non-bearing trees: Number		Non-bearing trees: Per cent of total trees	
	1959	1964	1959	1964	1959	1964
	thousands		thousands		per cent	
Ontario:						
Wayne	615	688	202	189	25	22
Niagara	296	262	69	45	19	15
Orleans	196	222	72	71	27	24
Monroe	128	147	43	32	25	18
Total	1,235	1,319	387	338	24	20
Hudson:						
Ulster	348	389	97	150	22	28
Columbia	200	166	47	55	19	25
Dutches	129	95	36	29	22	23
Orange	110	85	30	22	21	21
Total	786	734	209	256	21	26
Champlain:						
Clinton	59	70	28	36	32	34
Essex	18	14	3	4	13	21
Total	77	84	30	40	28	32
Other Counties:	457	351	80	95	15	21
N. Y. State total:	2,554	2,489	706	729	22	23

Source: U. S. Census Columns may not add to totals because of rounding.

Between 1959 and 1964 in New York State, bearing apple tree numbers increased in the four Lake Ontario and Champlain Counties while in the Hudson Valley and other counties decreases occurred. The State's total bearing apple tree population declined only 3 per cent during this period.

The total non-bearing apple tree population in 1964 was larger than in 1959 and indicates continued stabilization in bearing apple tree numbers over the next few years. Some changes occurred between different areas of the state. Only 20 per cent of all trees were non-bearing in the Lake Ontario region in 1964 while in the Hudson Valley area the figure was 26 per cent. In the Champlain area, young trees accounted for 32 per cent of the total tree population in 1964. Total non-bearing tree numbers increased in other counties of the state not listed here and represented 21 per cent of the total trees in 1964.

FRUIT TREE AND VINE NUMBERS IN NEW YORK STATE, 1959 and 1964

Fruit	Number of bearing trees		Non-bearing trees: Number		Non-bearing trees: Per cent of total trees	
	1959	1964	1959	1964	1959	1964
	thousands		thousands		per cent	
Apples	2,554	2,489	706	729	22	23
Peaches	457	294	111	101	20	26
Pears	319	329	123	207	28	39
Grapes (vines)	18,635	18,589	1,206	1,411	6	7
Sour Cherries	827	643	144	107	15	14
Sweet Cherries	125	126	45	38	26	23
Plums and Prunes	198	170	49	68	20	29
Quinces	13.8	7.6	2.1	1.3	13	14

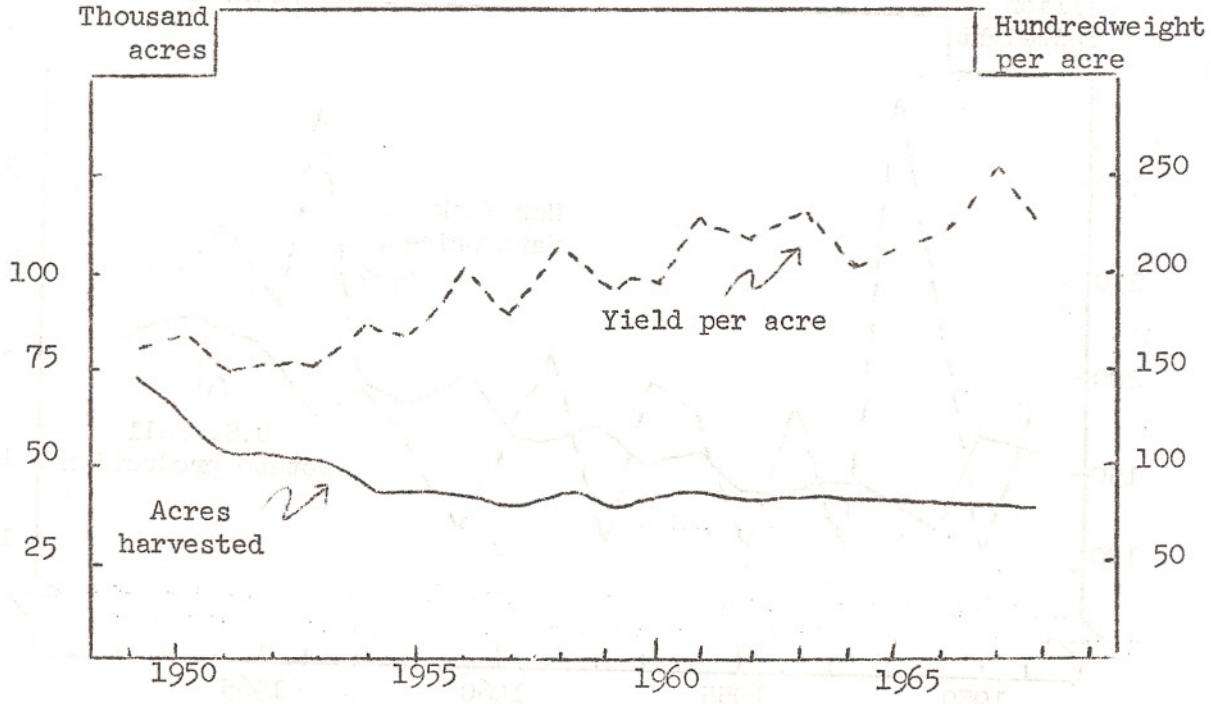
Source: U. S. Census

Between 1959 and 1964 the number of bearing pear and sweet cherry trees in New York State increased while bearing apple tree numbers and grapevine numbers were about maintained. Small to sizeable decreases took place in bearing peach, sour cherry, plum and prune, and quince acreages.

The number of non-bearing apple and pear trees, grapevines, and plum and prune trees indicate continued stable to moderate increases in bearing acreages of these fruits over the next few years. Present planting levels for peaches, sour cherries, sweet cherries and quinces indicate reduction in bearing tree numbers during the next few years.

POTATO ACREAGE AND YIELD PER ACRE

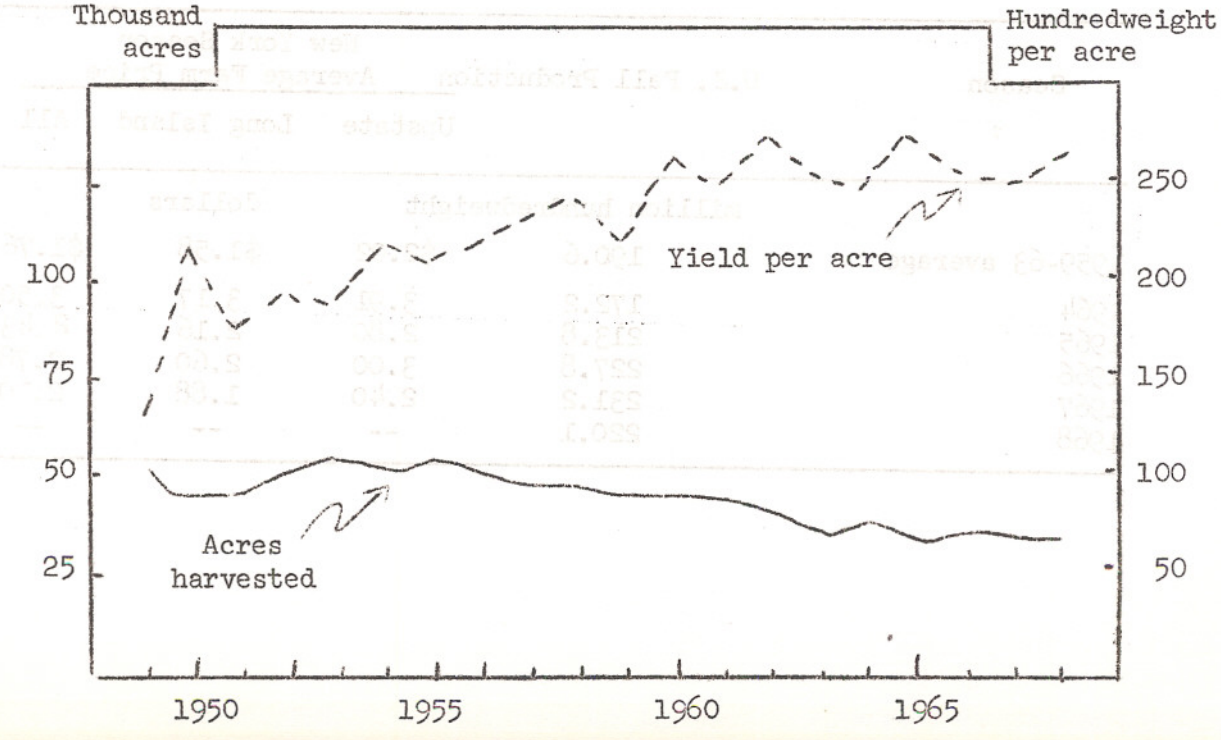
Upstate New York



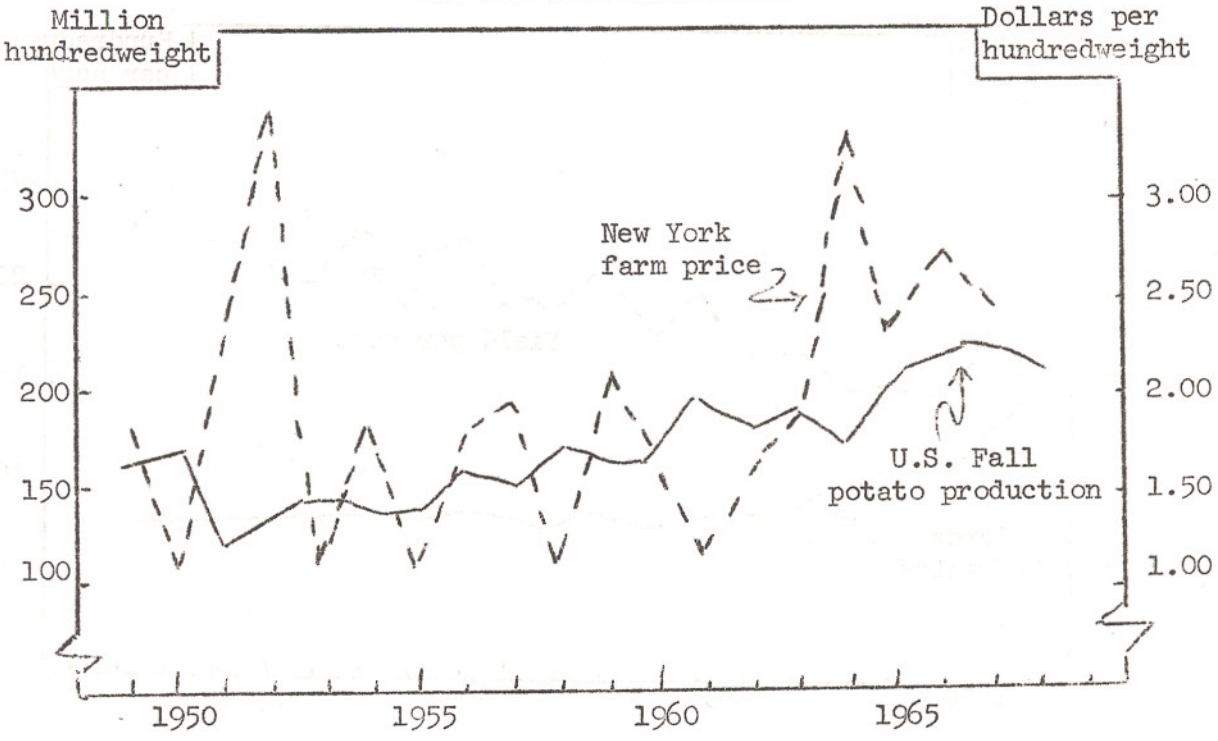
Potatoe acreage has declined gradually both in Upstate New York and on Long Island, while yield per acre has risen substantially in both areas in recent years.

POTATO ACREAGE AND YIELD PER ACRE

Long Island



U.S. FALL POTATO PRODUCTION
AND NEW YORK FARM PRICE



There has been a fairly consistent upward trend during the last ten years in U.S. production of potatoes during the fall season, and considerable fluctuation in New York farm prices of potatoes. Changes in potato production per capita from year to year is the major factor associated with changing farm prices, although there are other contributing factors.

U.S. FALL POTATO PRODUCTION
AND NEW YORK FARM PRICE

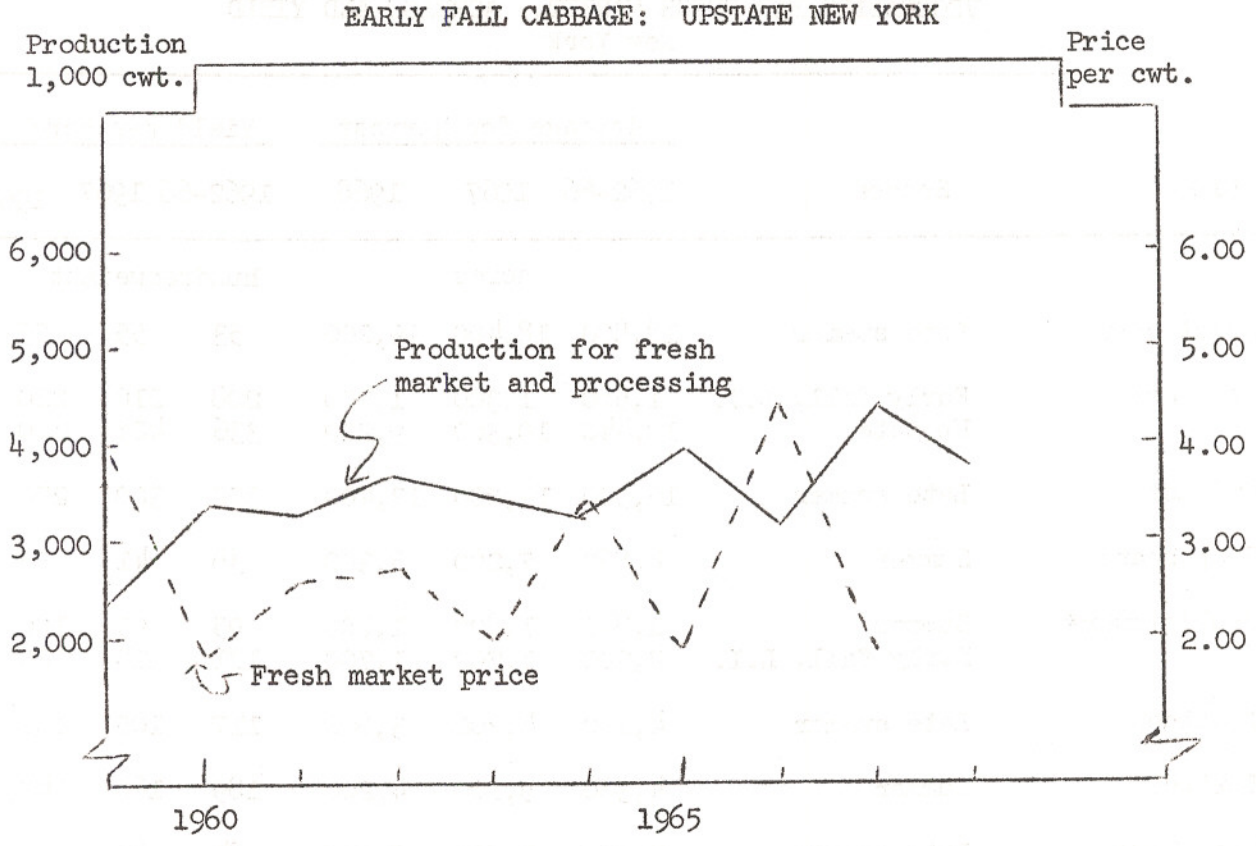
Season	U.S. Fall Production	New York Season Average Farm Price		
		Upstate	Long Island	All
	million hundredweight		dollars	
1959-63 average	190.6	$2.02	$1.58	$1.76
1964	172.2	3.91	3.17	3.50
1965	213.8	2.80	2.16	2.43
1966	227.8	3.00	2.60	2.78
1967	231.2	2.40	1.88	2.10
1968	220.1	--	--	--

VEGETABLES FOR FRESH MARKET: ACREAGE AND YIELD
New York

Crop	Season	Acreage for harvest			Yield per acre		
		1962-66	1967	1968	1962-66	1967	1968
		acres			hundredweight		
Sweet corn	Late summer	18,800	18,400	19,200	53	55	55
Cabbage*	Early fall, L.I.	1,580	1,300	1,200	208	210	220
	Upstate	10,440	10,300	9,200	336	425	410
Onions*	Late summer	15,500	14,000	13,400	300	300	270
Snap beans	Summer	8,860	7,200	6,300	38	41	35
Cauliflower*	Summer	1,840	1,800	1,800	95	95	100
	Early fall, L.I.	2,220	1,700	1,700	121	125	125
Tomatoes	Late summer	4,240	4,200	3,900	117	105	100
Lettuce	Summer	4,380	5,100	4,200	189	180	140
Cucumbers	Late summer	2,960	3,000	2,900	84	85	85
Carrots*	Early fall	2,120	1,900	2,000	330	330	330
Celery*	Late summer	1,980	1,800	2,000	355	310	300
Spinach	Spring	530	500	500	94	95	95
	Early fall	450	500	500	75	80	80
Cantaloups	Late summer	960	900	900	89	95	100
Green peppers	Late summer	940	800	800	55	70	60
Brussel sprouts*	Fall	960	900	1,200	71	58	84

*Includes production for both fresh market and processing.

EARLY FALL CABBAGE: UPSTATE NEW YORK



Crop year	Acres harvested	Yield per acre	Total production	Price per cwt.
	1,000 acres	cwt.	1,000 cwt.	
1959	10.3	230	2,369	$3.85
1960	10.9	310	3,379	1.80
1961	10.4	320	3,328	2.60
1962	10.6	345	3,657	2.75
1963	10.6	330	3,498	2.00
1964	10.3	315	3,244	3.45
1965	10.8	365	3,942	1.95
1966	9.7	325	3,152	4.45
1967	10.3	425	4,378	1.90
1968	9.3	410	3,772	-

VEGETABLES FOR PROCESSING: ACREAGE AND PRODUCTION

United States

	Acreage			Production		
	Harvested		For harvest			
	Average 1962-66	1967	1968	Average 1962-66	1967	Ind. 1968
	acres			tons		
Green lima beans	84,100	97,310	102,600	94,600	115,680	113,290
Snap beans	213,940	274,010	282,540	491,540	636,790	651,800
Beets	16,720	17,630	21,320	194,090	206,350	267,640
Cabbage for kraut (contract)	8,010	11,370	10,930	139,190	217,860	197,300
weet corn	402,100	470,550	514,740	1,707,020	2,101,900	2,446,800
Jucumbers for pickles	110,560	154,700	147,120	453,900	595,640	560,640
Green peas	424,480	458,220	475,490	527,380	590,560	606,280
Spinach: Winter	8,940	10,900	10,600	71,520	93,400	87,600
Spring	10,270	10,220	9,230	43,130	38,700	41,550
Fall	5,460	6,090	5,000	24,530	24,930	24,820
Tomatoes	281,840	327,560	372,970	4,647,720	5,187,450	6,750,350
Total to date	1,566,420	1,838,560	1,952,540	8,394,620	9,809,260	11,748,070
Asparagus for processing	105,240	98,100	--	128,740	110,950	--
Cabbage for kraut (open market)	3,480	2,910	--	58,780	55,240	--
Total 10 Vegetables	1,675,150	1,939,570	--	8,582,140	9,975,450	--

ource: U.S.D.A. Vegetables - Processing November 1968

VEGETABLES FOR PROCESSING: ACREAGE AND YIELD
New York

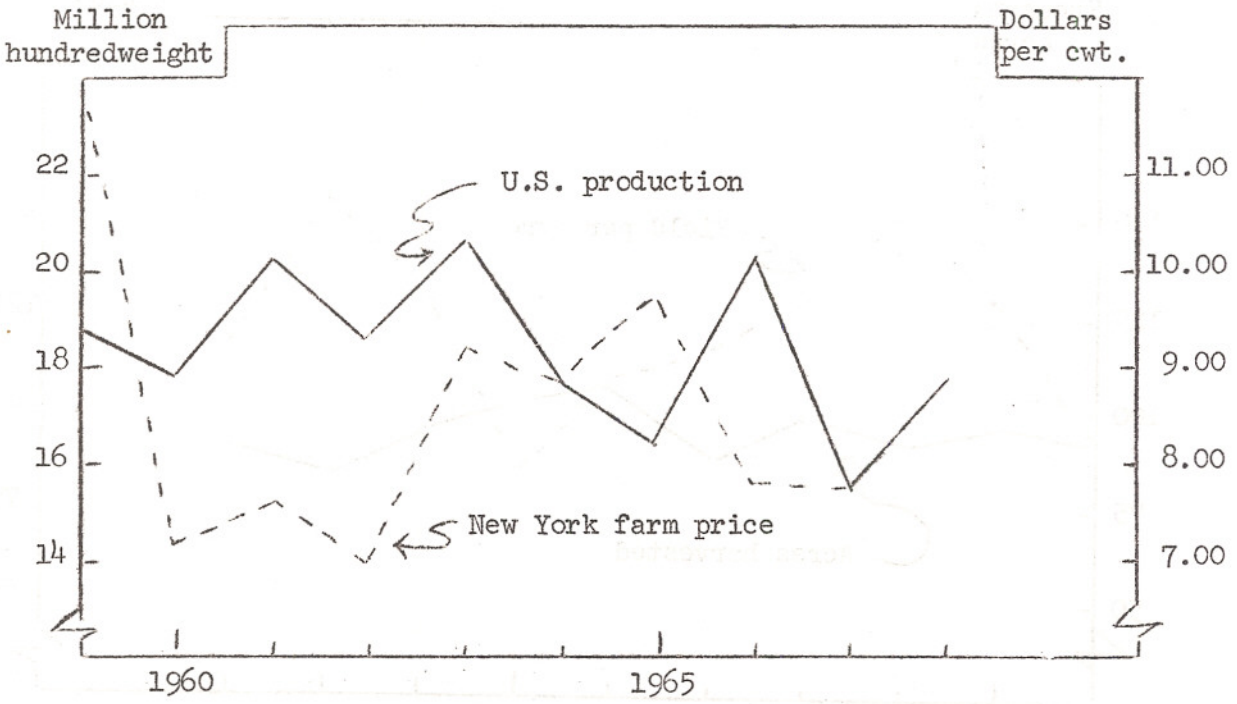
Crop	Acreage For Harvest			Yield Per Acre		
	1962-66	1967	1968	1962-66	1967	1968
Snap beans	48,440	52,600	55,000	1.8	2.0	1.6
Sweet corn	16,340	14,800	14,700	4.72	5.20	5.20
Sweet peas	9,000	7,000	6,200	1.35	1.50	1.65
Tomatoes	7,700	6,700	6,500	11.1	13.5	12.5
Beets	4,940	4,600	5,300	14.1	17.0	18.0
Cabbage (contract only)	1,900	3,000	3,300	19.3	24.4	21.5
Cabbage (total)	3,960	4,400	--	19.2	24.5	--

VEGETABLES FOR PROCESSING: FARM PRICES[1/]
New York

Crop	1961-65	1966	1967	1968
Snap beans	$ 93.80	$ 92.80	$ 91.50	--
Sweet corn	23.60	22.20	21.90	--
Green peas	100.80	117.00	116.00	--
Tomatoes	32.20	37.50	43.00	--
Beets	18.80	19.30	19.40	--
Cabbage	13.40	24.20	15.70	--

[1/] The recent prices are not strictly comparable with 1963 and earlier years. Beginning in 1964 the price used in determining the crop value is the per unit value at the processing plant door. Prior to 1964, the price referred to the average price received by growers at the receiving point.

U.S. DRY BEAN PRODUCTION, NEW YORK FARM PRICE



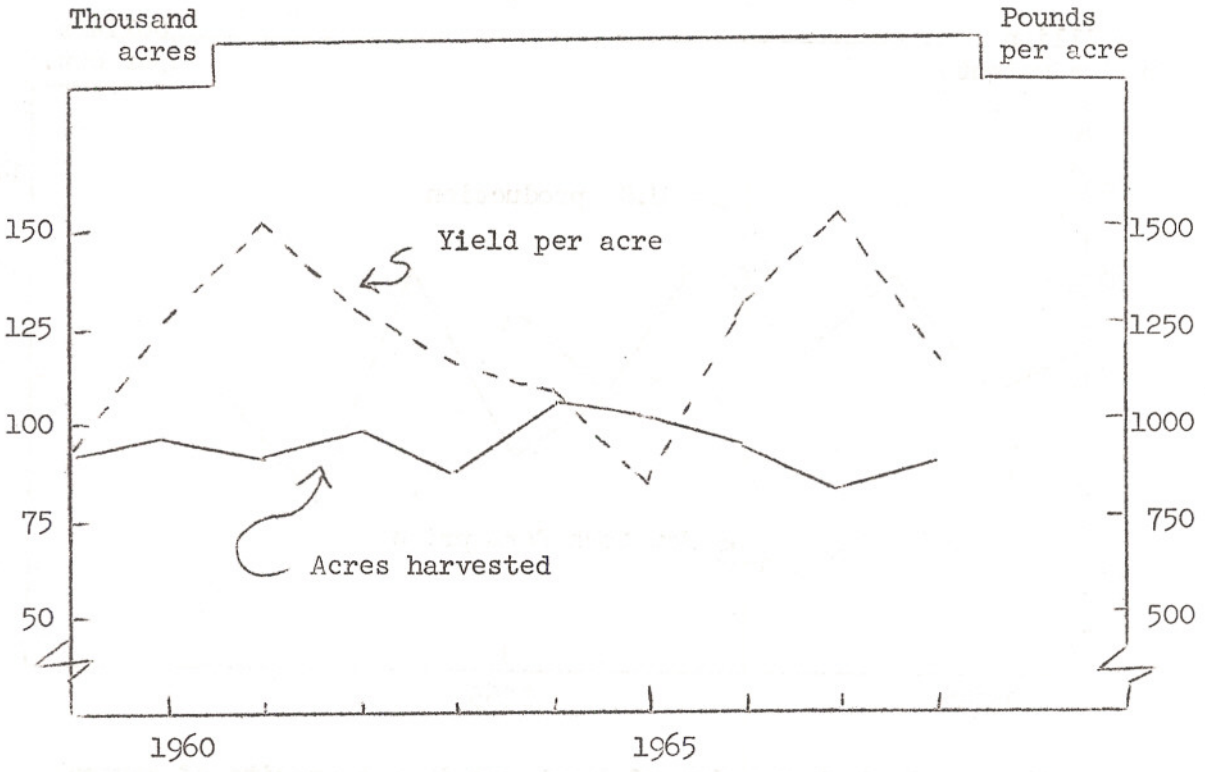
The New York farm price of dry beans is a composite of several different classes. Price supports provide a floor under Red Kidney prices. Supports are not available for Black Turtle Soup, and the market depends on export business. Total supply of the particular class as well as supplies of competing classes influence market prices.

U.S. DRY BEAN PRODUCTION, U.S. RED KIDNEY PRODUCTION, AND NEW YORK FARM PRICES

Year	U.S. Production		New York farm price
	All classes	Red kidneys	
	thousand hundredweight		per hundredweight
1959	18,853	988	$11.70
1960	17,917	1,474	7.20
1961	20,287	1,555	7.60
1962	18,599	1,579	7.00
1963	20,612	1,691	9.20
1964	17,809	1,636	8.90
1965	16,501	1,366	9.70
1966	20,271	1,658	7.80
1967	15,472	1,171	7.70
1968	17,662	--	--

DRY BEAN HARVESTED ACREAGE AND YIELD PER ACRE

New York



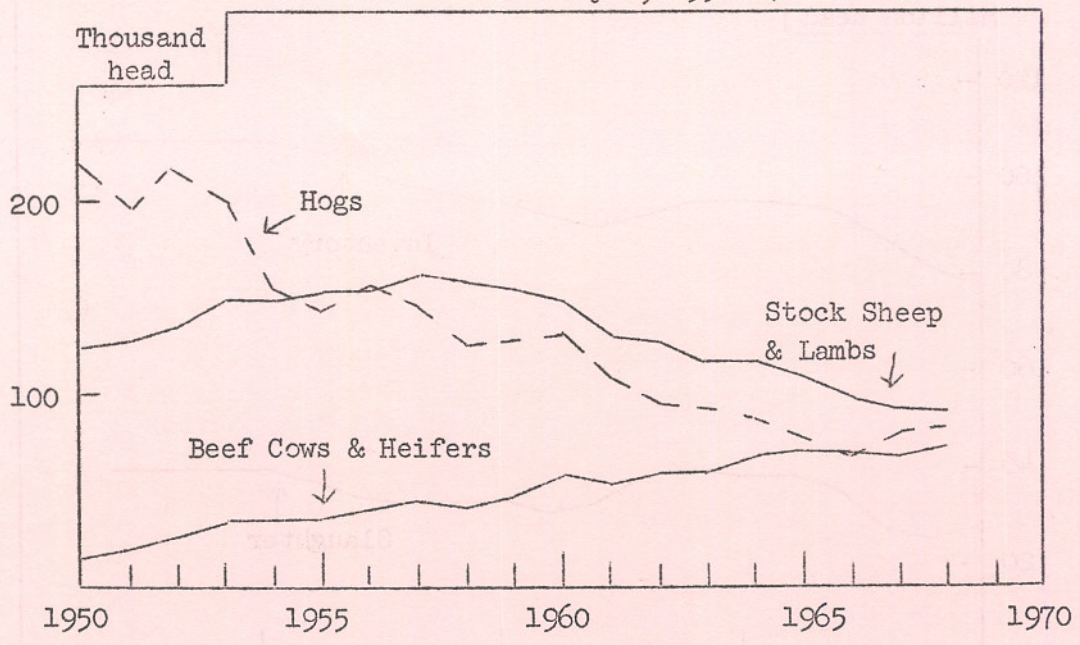
The acreage of dry beans harvested in New York during the past ten years has tended to level out. Yields have varied considerably. Red Kidneys continue to be the most important class of beans grown in New York although production has declined in recent years. Production of Black Turtle Soup has increased.

DRY BEAN PRODUCTION BY CLASSES

New York

Year	Acres harvested	Yield per acre	Production by Classes: Red Kidneys	Black Turtle	Other	Total production
	thousands	pounds	thousand cwt. cleaned basis			
1959	89	940	653	82	99	837
1960	96	1270	984	144	91	1219
1961	87	1530	958	220	153	1331
1962	98	1300	884	317	73	1274
1963	82	1180	774	103	91	968
1964	106	1100	798	308	60	1166
1965	101	850	562	192	88	842
1966	93	1300	877	295	128	130
1967	82	1530	734	373	148	12!
1968	90	1180	-	-	-	10

NUMBERS OF HOGS, SHEEP, AND BEEF CATTLE ON NEW YORK FARMS
January 1, 1950-67



LIVESTOCK NUMBER ON NEW YORK FARMS, JANUARY 1, 1940-67

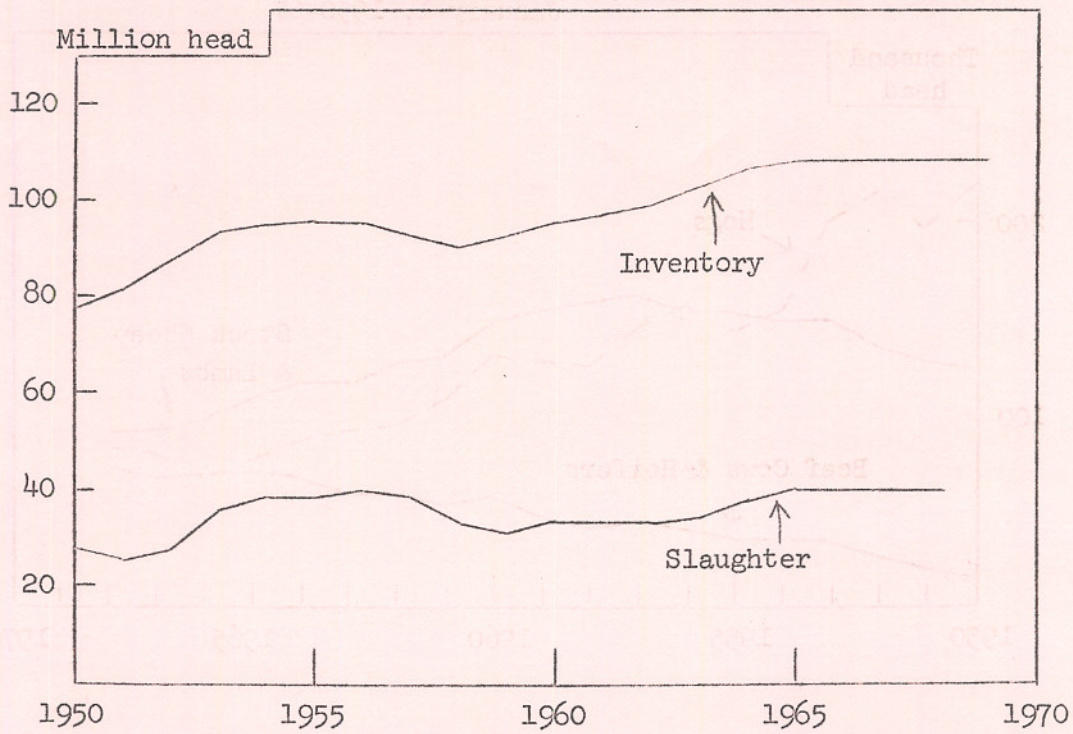
	HOGS		SHEEP AND LAMBS			BEEF CATTLE	
	Sows & Gilts	Total	Stock Sheep & Lambs Ewes	Total	Lambs on feed	Cows & Heifers	Steers & Calves
	(Thousand head)						
1940	36	298	236	303	40	9	44
1945	36	317	186	246	36	20	48
1950	28	217	92	124	20	15	45
1955	23	145	114	154	20	36	63
1960	20	133	116	150	23	58	59
1961	16	110	102	132	22	54	56
1962	14	97	99	128	21	61	60
1963	14	95	94	118	17	62	54
1964	N.R.	89	93	117	14	69	56
1965	N.R.	81	87	110	11	73	56
1966	N.R.	68	80	99	12	72	54
1967	N.R.	82	75	95	13	69	61
1968	N.R.	86	74	93	14	75	65

Source: Livestock and Poultry Inventory, January 1, USDA

Sheep and lamb numbers continued the downward trend in 1967 but at a slightly slower rate. Hog numbers increased again but less than in 1966.

The number of beef cows and heifers increased in 1967 after a slight decline in 1966. Steer and calf numbers continued the upward trend of recent years.

CATTLE AND CALVES ON FARMS, JANUARY 1, AND TOTAL CATTLE AND CALF SLAUGHTER - U. S.



Source: Livestock and Meat Situation, USDA
1968 Slaughter: Estimated
1969 Inventory: Forecast

Cattle numbers are expected to hold about steady this year, continuing the pattern of the past few years. The inventory at the start of 1968 was slightly less than 109 million. Changes in the national herd during 1968 have been small. Additions to the total--increases in live cattle imports, and this year's calf crop--are being about offset by increases in the number of cattle slaughtered. Stockmen have increased beef cow numbers each year since 1958, but the gain in recent years has slowed considerably. Trends toward a smaller dairy herd and a larger beef herd are expected to continue in 1969.

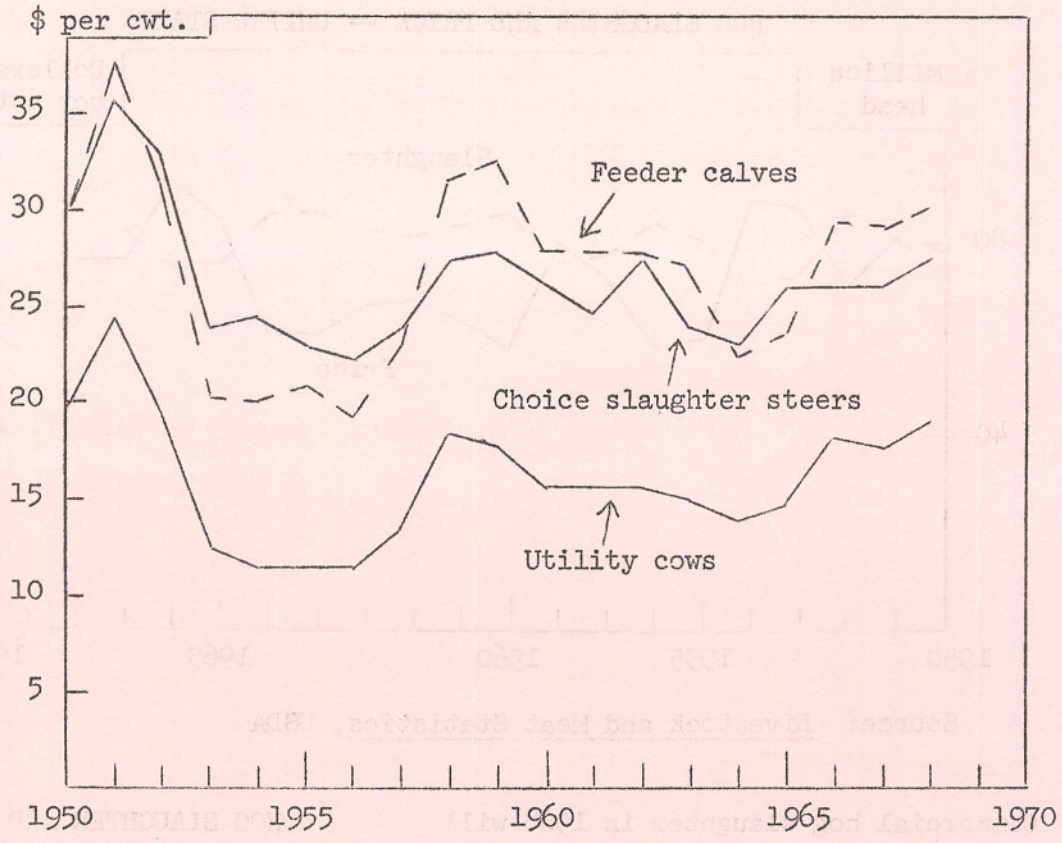
Beef output likely will rise again in the coming year because of continued gains in fed cattle marketings. Calf slaughter probably will be smaller again next year, as it has been since 1965. As calf slaughter declines and more calves are fed to maturity before being slaughtered, total beef production rises.

CATTLE ON FARMS, JANUARY 1, AND TOTAL CATTLE AND CALF SLAUGHTER

Year	Inventory January 1	Slaughter
	(1,000 head)	
1955	96,592	39,452
1956	95,900	40,754
1957	92,860	39,421
1958	91,176	34,106
1959	93,322	31,794
1960	96,236	34,644
1961	97,700	34,551
1962	100,369	34,768
1963	104,488	35,274
1964	107,903	39,310
1965	109,000	40,959
1966	108,862	41,032
1967	108,645	40,407
1968	108,813	41,000*
1969**	108.2-109.2	--

* Estimated
** Forecast

STEER AND COW PRICES AT SELECTED MARKETS



Source: Livestock and Meat Statistics, USDA
Livestock and Meat Situation, USDA

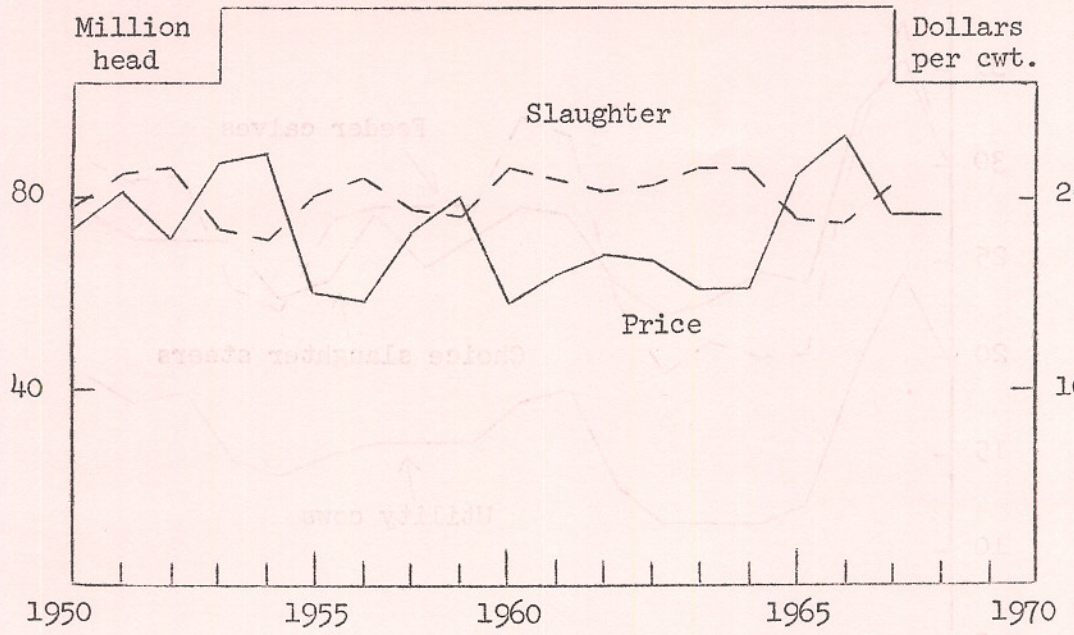
Choice slaughter steers at Chicago averaged $26.90 per 100 pounds in June but rose to $28.20 in September. In late October, they were $28.30. In October-December 1967, they were $26.60. Fed cattle prices probably will decline from mid-November levels this winter and average about the same as or lower than prices a year earlier. This situation probably will hold through the spring. Choice steers at Chicago were $27.30 per 100 pounds during the first 6 months of 1968 and price variation within the period was small. Fed cattle marketings in July-December 1969 likely will continue larger than a year earlier. This year's beef calf crop is larger than the 1967 crop. The increasing proportion of the calf crop being fed out will contribute to larger marketings which will put downward pressure on prices in the fall of 1969.

STEER AND COW PRICES
1955 to date

Year	Choice Sl. Steers 1/	Utility Cows 1/	Feeder Calves 2/
	(Dollars Per Cwt.)		
1955	23.16	11.52	21.04
1956	22.30	11.37	19.57
1957	23.83	13.61	23.36
1958	27.42	18.41	31.68
1959	27.83	17.79	32.65
1960	26.24	15.68	27.88
1961	24.65	15.66	27.77
1962	27.67	15.50	27.69
1963	23.96	15.10	27.02
1964	23.12	13.74	22.57
1965	26.19	14.46	23.70
1966	26.29	18.02	28.38
1967	26.04	17.52	28.00
1968*	27.56	18.70	29.20

1/ At Chicago
2/ Good & choice steers, Kansas City
* 10 month average

HOG SLAUGHTER AND PRICE -- UNITED STATES



Source: Livestock and Meat Statistics, USDA

Commercial hog slaughter in 1968 will be about 3-4 percent larger than a year earlier. Prices of barrows and gilts at 8 markets this year will average slightly lower than in 1967 when they were $19.40 per 100 pounds.

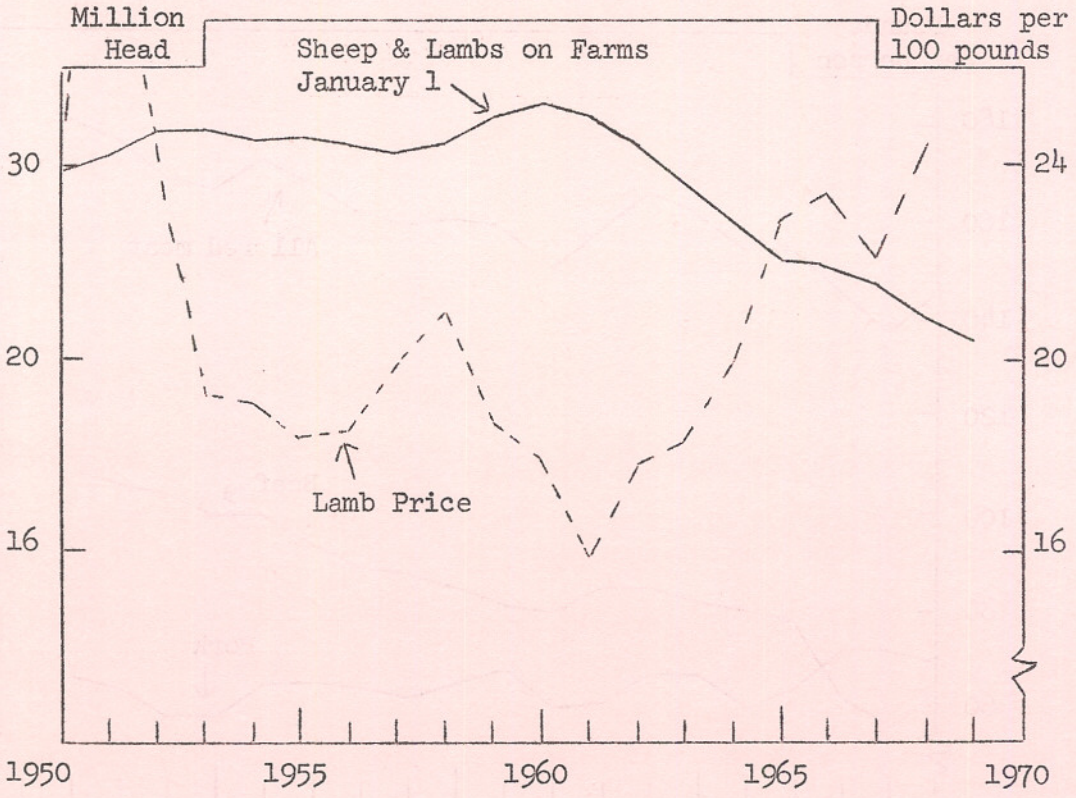
The September Hogs and Pigs Report indicates larger slaughter supplies are in prospect for 1969. In the first half, hog slaughter may be about 4 to 5 percent larger than in January-June 1968. Corn Belt farrowings during June-November 1968 were up about 4 to 5 percent. Pigs born during this period will supply the bulk of first half slaughter. In the second half of 1969, the number of hogs slaughtered will depend largely on the size of the December 1968-May 1969 pig crop. Farrowings in this period are likely to be about 5 percent above the same period a year earlier. A large supply of low-cost feed may also lead to continued increases in the slaughter supply.

HOG SLAUGHTER AND PRICES
1955 to date

Year	Mil. head slaughtered	$ per cwt.*
1955	81,051	15.19
1956	85,064	14.82
1957	78,636	18.29
1958	76,822	20.25
1959	87,606	14.64
1960	84,196	15.96
1961	81,970	17.16
1962	83,424	16.82
1963	81,117	15.38
1964	86,284	15.31
1965	76,394	21.30
1966	75,325	23.49
1967	83,421	19.37
1968**	--	19.49

* Barrows and gilts, 8 markets.
** 10 months

SHEEP AND LAMBS ON FARMS, JANUARY 1, AND PRICES RECEIVED FOR LAMBS -- U. S.



Source: Livestock and Meat Statistics, USDA
1968: Preliminary
1969: Estimated

1951 Lamb Price = $31.00

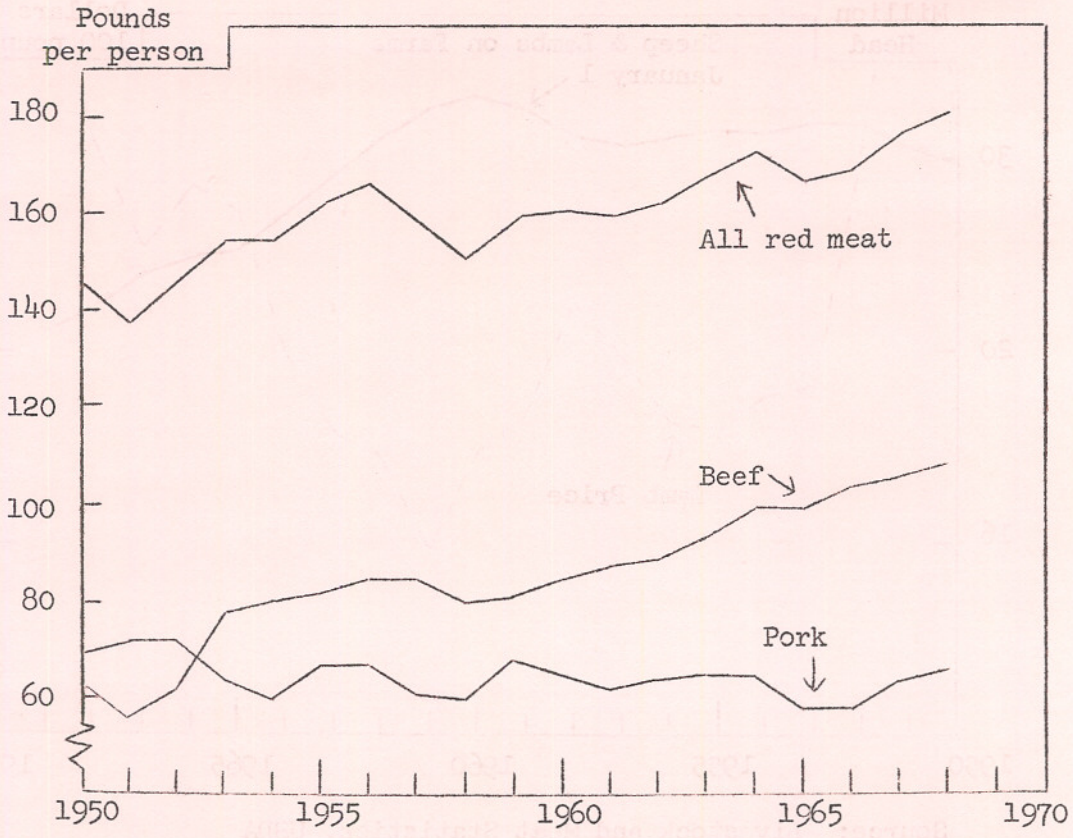
Liquidation of sheep and lambs is continuing in 1968 although perhaps at a slower rate than last year. This marks the ninth consecutive year of declining inventories. Sheep and lamb numbers have been dropping at an average annual rate of about 5 percent since 1960, the most recent peak. The inventory last January 1 was 22.1 million head--down 7 percent from a year earlier, off 33 percent from 1960--and a record low. The reduction in sheep and lamb numbers during 1968 is expected to be less than the 1.8 million head decline last year. Unusual price strength developed in the lamb market in late summer and has been maintained. Higher fed cattle prices have added strength to the lamb market all year. Slaughter lamb prices in 1969 are expected to average above 1968 prices.

SHEEP AND LAMBS ON FARMS, JANUARY 1, AND PRICES RECEIVED FOR LAMBS -- U.S.

Year	Sheep and Lambs (Million Head)	Price Per Cwt. (Dollars)
1955	31.6	18.40
1956	31.2	18.50
1957	30.7	19.90
1958	31.2	21.00
1959	32.6	18.70
1960	33.2	17.90
1961	32.7	15.80
1962	31.0	17.80
1963	29.2	18.20
1964	27.1	19.90
1965	25.1	22.80
1966	24.7	23.40
1967	23.9	22.10
1968	22.1	24.30
1969*	20.7-21.1	--

* Estimated

PER CAPITA CONSUMPTION OF RED MEAT



Source: Livestock and Meat Situation, USDA

1968: Preliminary

Consumption of red meat in 1968 will average 4 lbs. per person more than the 178 lbs. consumed in 1967. Beef consumption is up about 3 lbs. and pork 1.5 lbs; these increases more than offset the small declines in veal and lamb. Beef consumption is expected to rise again in 1969. The expected upturn in hog production will lead to another increase in pork consumption per capita.

Unusually strong consumer demand has resulted in increased meat prices, particularly for beef, even though supplies increased from 1967. Supplies of red meat in 1969 will probably increase faster than the growth in demand, thereby putting some downward pressure on meat prices.

PER CAPITA CONSUMPTION OF RED MEAT
UNITED STATES, 1950-67

Year	Beef	Veal	Lamb & Mutton	Pork	Total
			(pounds)		
1950	63.4	8.0	4.0	69.2	144.6
1955	82.0	9.4	4.6	66.8	162.8
1956	85.4	9.5	4.5	67.3	166.7
1957	84.6	8.8	4.2	61.1	158.7
1958	80.5	6.7	4.2	60.2	151.6
1959	81.4	5.7	4.8	67.6	159.5
1960	85.0	6.1	4.8	64.9	160.8
1961	87.7	5.6	5.1	62.0	160.4
1962	88.8	5.5	5.2	63.5	163.0
1963	94.3	4.9	4.8	65.3	169.3
1964	99.8	5.2	4.2	65.3	174.5
1965	99.3	5.2	3.7	58.5	166.7
1966	104.0	4.5	4.0	58.0	170.5
1967	105.9	3.8	3.9	63.9	177.5
1968*	109.0	3.5	3.7	65.4	181.6

* Preliminary