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New York Economic Handbook 1971

AGRICULTURAL SITUATION and OUTLOOK

Prepared by
Extension Staff
Department of Agricultural Economics
New York State College of Agriculture
A Statutory College of the State University
Cornell University, Ithaca, New York

FOREWORD

U.S.D.A. Agriculture Handbook No. 397 entitled "1970 Handbook of Agricultural Charts" provides current reference material pertaining to the nation's agricultural situation. This handbook is used by many agriculturalists throughout the United States.

Cornell A.E. Ext. 571 entitled "New York Economic Handbook 1971" 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 Economic 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 and highlights of current developments. This release is essentially a supplement to the Economic Handbook. It is available to anyone who requests to be on the mailing list.

Department of Agricultural Economics staff members contributing to this Handbook were: C. A. Bratton, S. A. Belden, G. L. Casler, G. J. Conneman, B. A. Dominick, W. G. Earle, G. W. Hedlund, R. B. How, D. I. Padberg, K. L. Robinson, R. S. Smith, S. F. Smith, R. P. Story, W. G. Tomek, S. W. Warren, and W. C. Wasserman.

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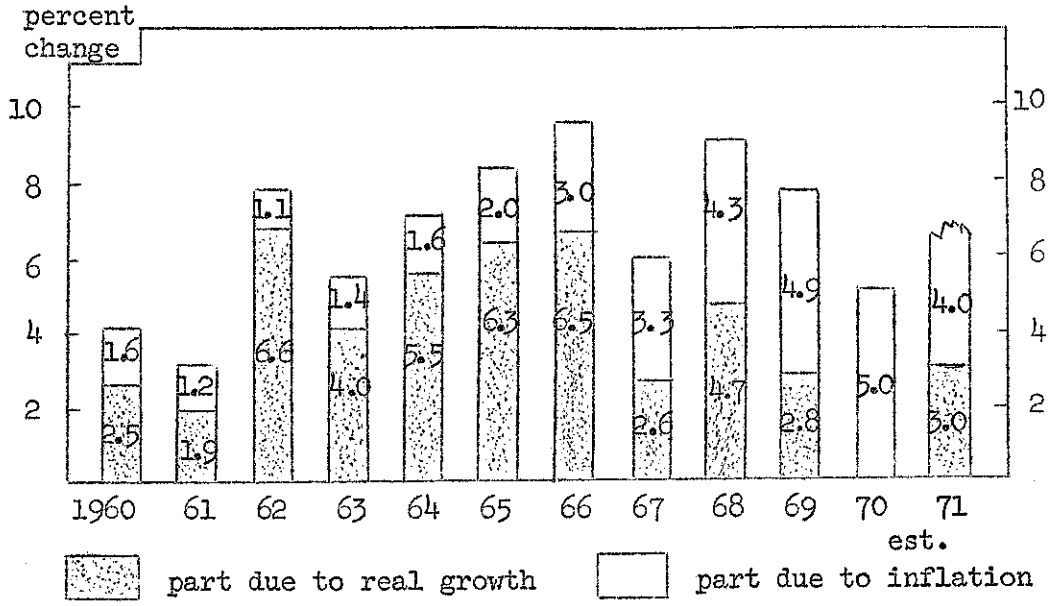
ESTIMATES OF GROSS NATIONAL PRODUCT, 1969, 1970 AND 1971

Gross National Product	Annual Average Actual 1969	Estimated 1970	Estimated 1971	Estimated Dollar Chang 1969-70	1970-71
			(billion dollars)		
Stable Growth Components					
Non-durable goods including food	246	263	279	17	16
Services	242	262	283	20	21
State and local government	111	121	131	10	10
Total Stable	599	646	693	47	47
Unstable Components					
Durable goods - (autos, etc.)	90	91	96	1	5
Residential construction	32	29	33	- 3	4
Other private investment and change in inventories	108	107	110	- 1	3
Net exports	2	4	3	2	- 1
Federal government	101	100	105	- 1	5
Total Unstable	333	331	347	- 2	16
Total GNP	931*	977	1040	46*	63

* Figures do not add due to rounding.

YEAR TO YEAR CHANGES IN GROSS NATIONAL PRODUCT

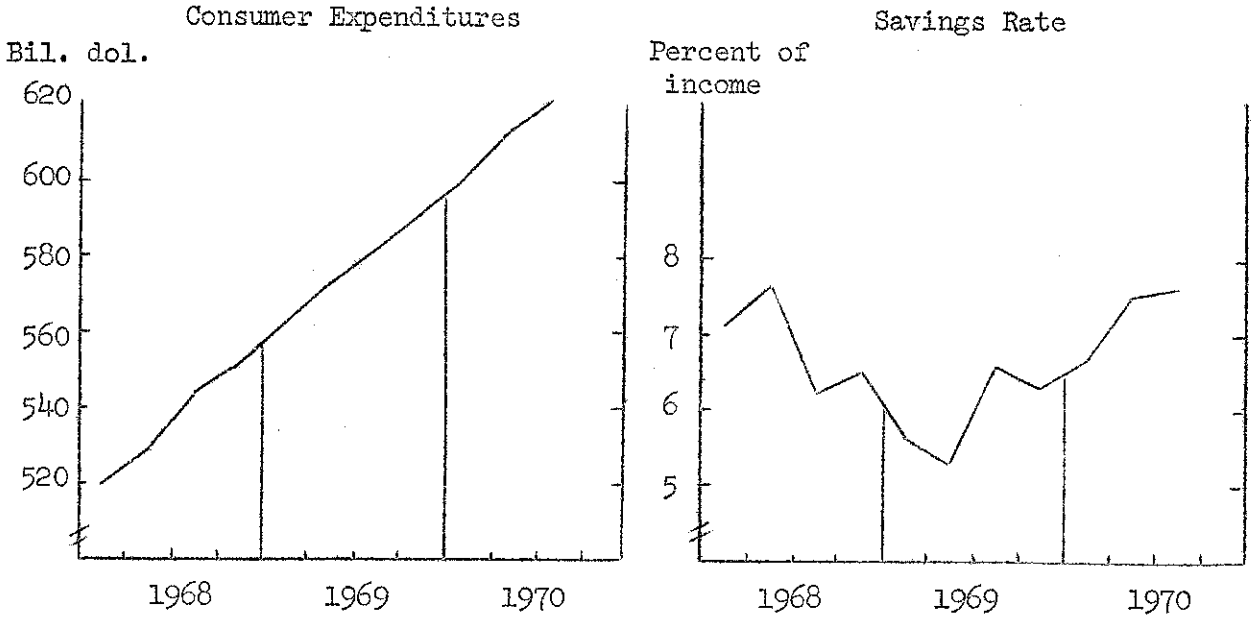


For the first time in more than a decade the economy showed little or no real growth in 1970. Most of the increase in GNP in 1970 (which for the year as a whole averaged about 5 per cent) was due to inflation. The performance of the economy in 1971 is expected to be somewhat better, with total growth amounting to between 7 and 8 per cent, about half of which will be attributable to inflation and half to real growth.

The rate of inflation probably will moderate somewhat in 1971 although if an attempt is made to accelerate the overall rate of economic growth during the year to 8 or 9 per cent (as recommended by some of the President's economic advisers), the rate of inflation could equal that maintained during the past year.

The major sectors contributing to expansion in 1971 are likely to be: housing (up perhaps as much as 20 per cent), auto production, spending by state and local governments, and consumer spending for nondurable goods and services. Little or no growth is expected in government spending for defense or in business investment in new plants and equipment. These two sectors contributed to a high rate of expansion in the mid 1960s but during the past year business spending tapered off because of lower profit margins and more excess capacity. Federal nondefense spending undoubtedly will continue to rise in 1971, but defense expenditures are expected to stabilize at about the rate maintained in the last half of 1970.

CONSUMER BEHAVIOR

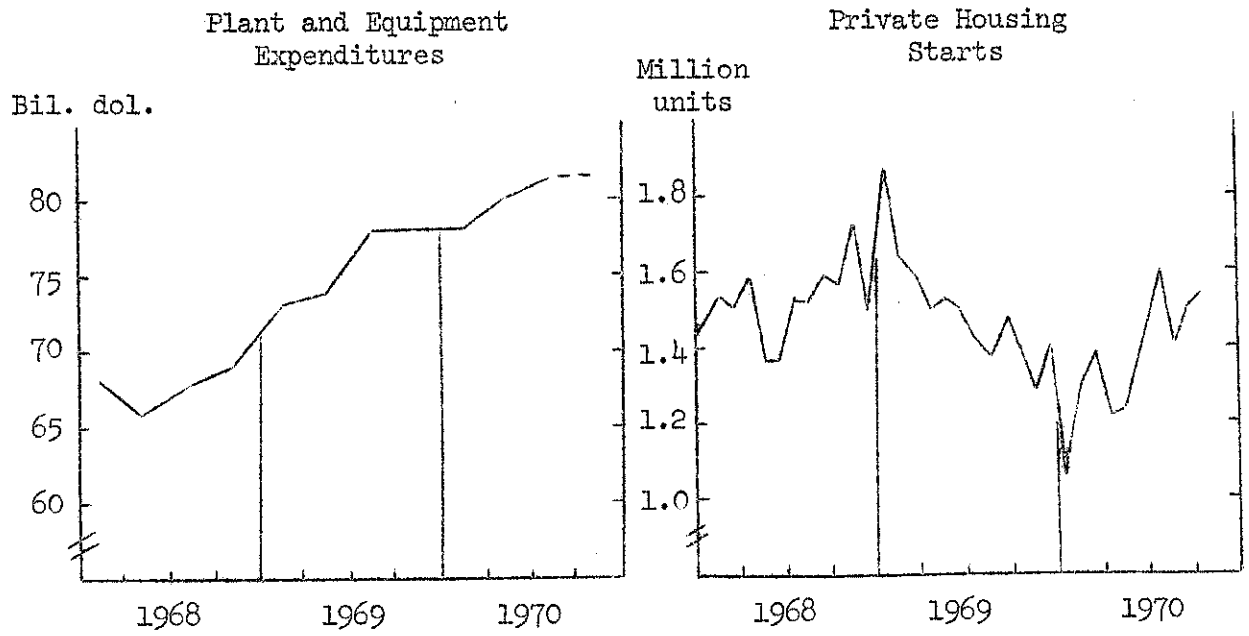


Source: U.S. Department of Commerce, Survey of Current Business

Consumer expenditures continued to rise in 1970 almost as rapidly as in 1969 despite rising unemployment, cut backs in the length of the work week, and less overtime. Purchases of nondurable goods and services accounted for most of the gain.

Consumers will be in a position to increase expenditures at a higher rate in 1971 than in 1970. Wage rates will continue to rise and a boost in social security payments undoubtedly will be approved by Congress. Liquidity has been improved by paying off existing debts and by adding to savings accounts. The savings rate increased from a low of 5.5 per cent in early 1969 to 7.5 per cent in mid 1970. If consumers choose to spend more and save less, 1971 could be a good year for retailers. But it is not clear whether consumers will remain cautious and defer spending plans or will decide to buy a new car, invest more in housing, or purchase additional appliances and other durable goods. The latest survey of consumer intentions to buy indicates they are likely to continue to be conservative in their expenditure plans over the months immediately ahead.

PRIVATE INVESTMENT



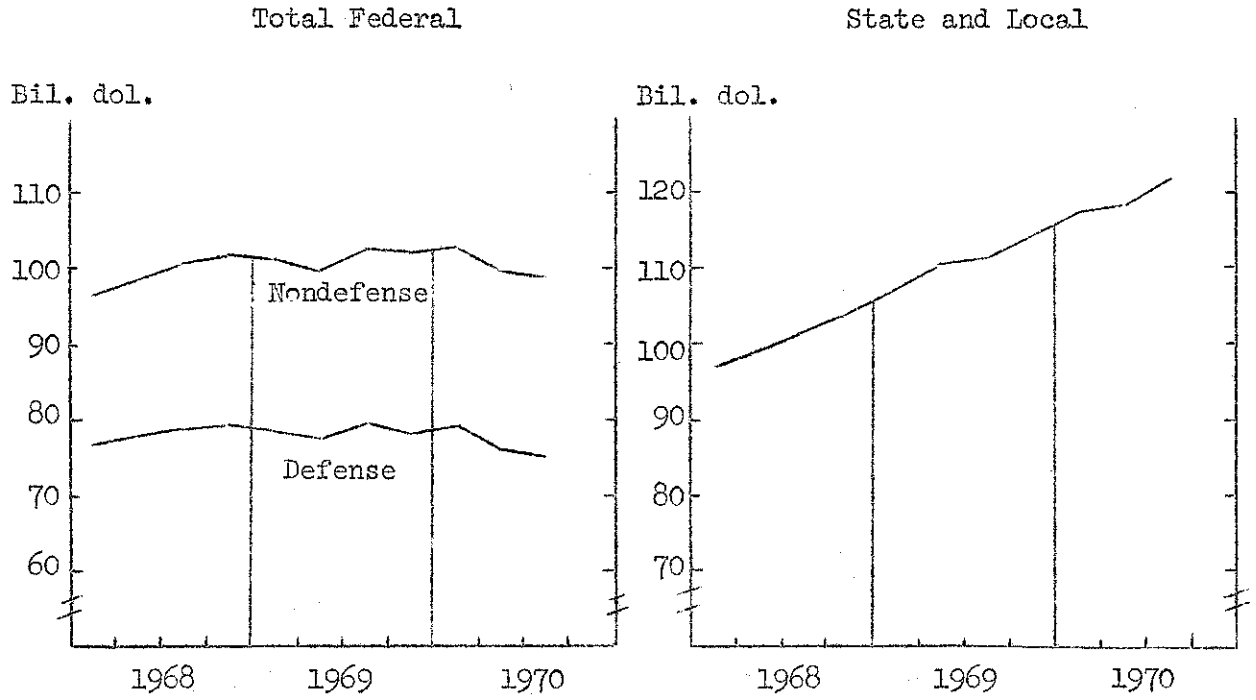
Source: U.S. Department of Commerce, Survey of Current Business

The two most important components of private investment are business spending for plant and equipment and home construction. Increased business investment was a major contributing factor to the economic expansion which occurred in the 1960s. Business spending leveled off in the second quarter of 1970 and very little expansion is planned for 1971. The most recent government survey indicates that business spending during the first half of 1971 will average only about $82 billion. Thus, business spending for new plants and equipment can be expected to contribute very little to increasing employment and output in 1971.

Housing starts, in sharp contrast to business investment, turned up in 1970. Still further expansion, perhaps by as much as 20 per cent, is expected in 1971. For the year as a whole the number of new housing starts may average 1.7 million compared to 1.4 million in 1970.

The high rate of family formation in recent years (a by-product of the post-war baby boom) is contributing to the demand for low-cost housing. As a result more apartments rather than conventional single-family dwellings are likely to be built over the next few years. An increasing proportion of housing needs also are being met by families purchasing mobile homes. More than 30 per cent of the new homes added in 1970 were mobile units.

GOVERNMENT PURCHASES OF GOODS AND SERVICES



Source: U.S. Department of Commerce, Survey of Current Business

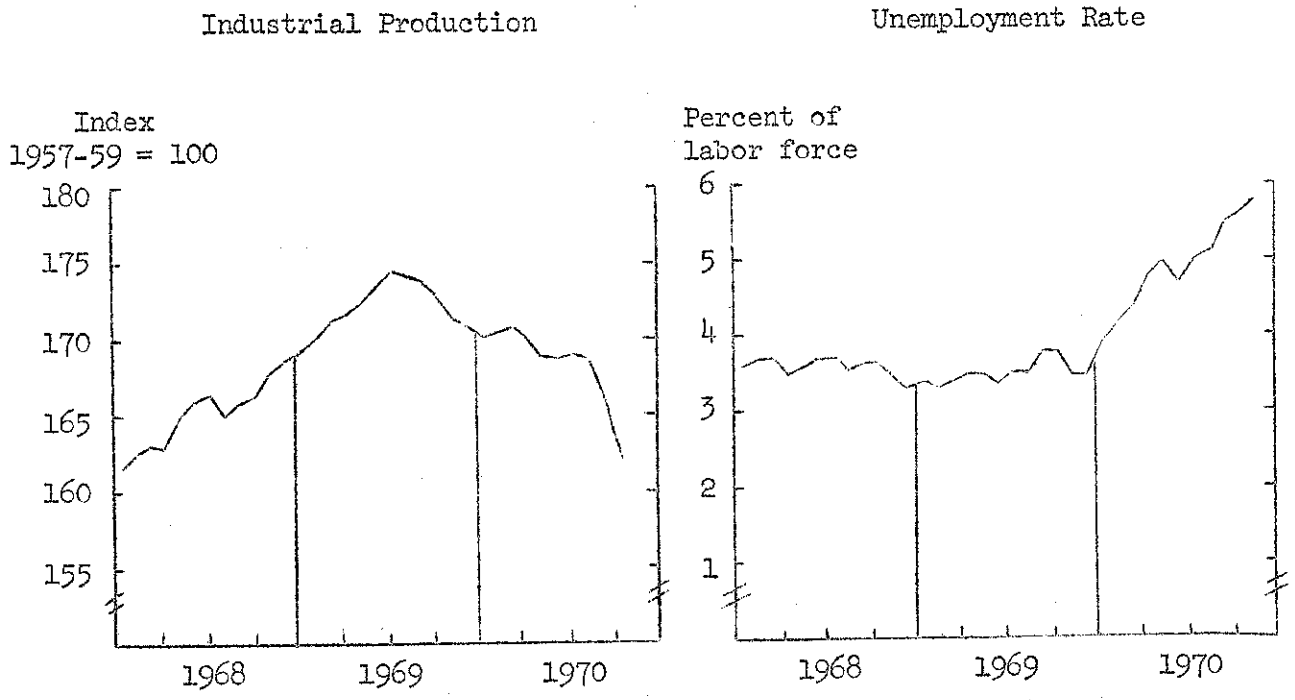
The federal government expenditure figures shown above do not include transfer payments such as social security benefits and grants to states. The effects of these transfer payments show up in the purchases of goods and services by individuals and by state and local governments.

Total federal government purchases of goods and services declined in 1970 and only a modest increase is expected in 1971. Defense expenditures dropped from about $80 billion in the first quarter of 1970 to only about $75 billion in the third quarter. Defense spending probably will not decline any further, but no large increase is expected despite Secretary Laird's plea for more money.

Nondefense spending, of course, will continue to rise because of built-in commitments. The rate of expansion will depend in part on whether Congress and the President will be willing to accept larger deficits in an effort to speed-up the rate of economic growth.

Aggregate expenditures of all state and local governments have grown at a rate averaging about 9 per cent per year over the past decade. Continuing increases in the demand for services provided by these governments including health education, welfare, highways and recreation are expected to push state and local government expenditures up again in 1971 at about the same rate as in the recent past.

INDUSTRIAL PRODUCTION AND UNEMPLOYMENT



Source: U.S. Department of Commerce, Survey of Current Business

The sharp drop in auto production combined with a decline in the production of business equipment and aero-space components were responsible for most of the drop in the index of industrial production and the rise in unemployment in 1970.

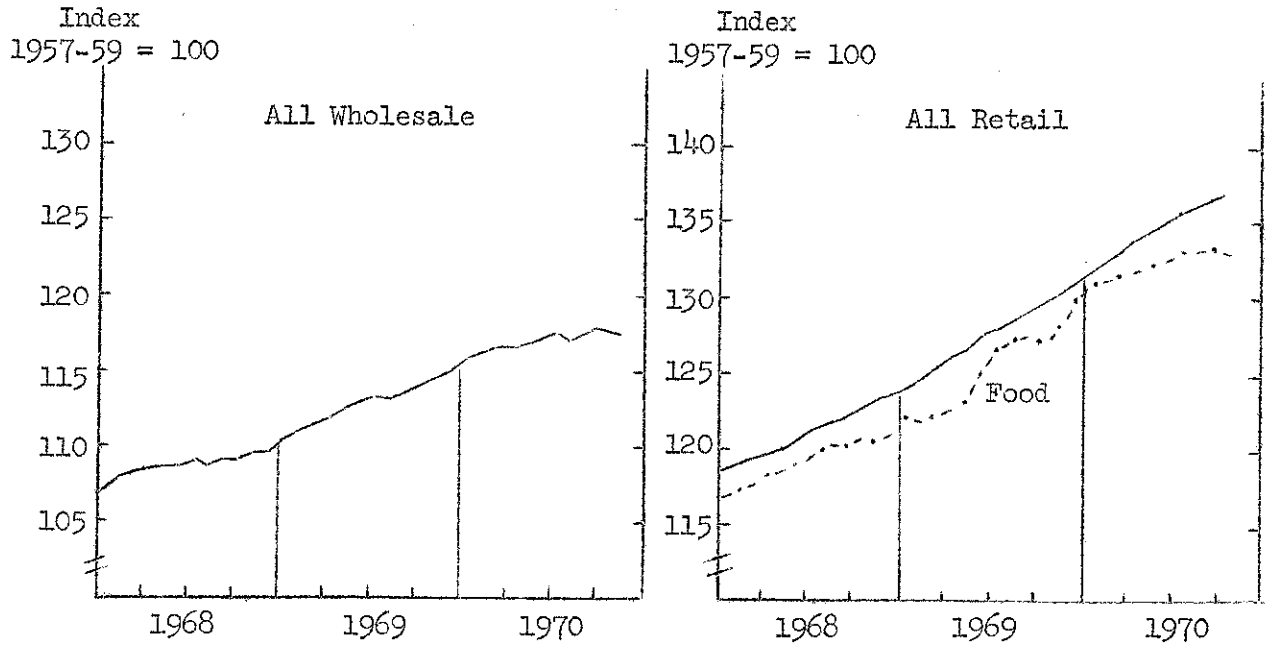
Sales of U.S.-made automobiles in 1970 were the lowest since 1962. Deferred purchases (due to the GM strike) will help to increase auto sales during the first quarter of 1971; trends thereafter are much more difficult to predict. The optimists are estimating sales of 8.5 to 8.9 million U.S.-made cars in 1971.

The major contributors to increased industrial production in 1971 are likely to be consumer goods, construction materials, home furnishings (sales of which are closely associated with the volume of home construction), fuel and power.

Unemployment may continue to rise early in 1971 but is expected to decline thereafter. The Administration's objective is to get the unemployment rate back down to 4 per cent by 1972.

	Auto Sales				
	1967	1968	1969	1970 (est.)	1971 (est.)
	(million units)				
U.S. Manufactured	7.6	8.6	8.5	7.2	8.5 to 8.9
Imports	.8	1.0	1.1	1.3	1.2
Total	8.4	9.6	9.6	8.5	9.7 to 10.0

WHOLESALE AND RETAIL PRICES



Source: Council of Economic Advisers, Economic Indicators

The wholesale price index continued to rise at the annual rate of nearly 5 per cent during the first half of 1970, but leveled out after mid-year. Lower prices for farm products, especially hogs, beef, broilers and eggs helped to offset the effects of higher industrial prices in October and November. Industrial prices in late 1970 were rising at the rate of about 4 per cent per year. A further rise of 3 to 4 per cent can be expected in 1971.

Retail prices in late 1970 averaged almost 6 per cent higher than in the corresponding period of 1969. Food prices rose more slowly in 1970 than in 1969 and actually declined very slightly in September and October. Retail food prices probably will continue to creep upward in 1971 due to higher marketing costs. Towards the end of 1971, meat prices may begin to show the effects of smaller feed supplies and higher costs. Some moderation in the rate of increase in the overall consumer price index can be expected in 1971, but the rate of inflation is unlikely to fall below 4 per cent before the end of the year.

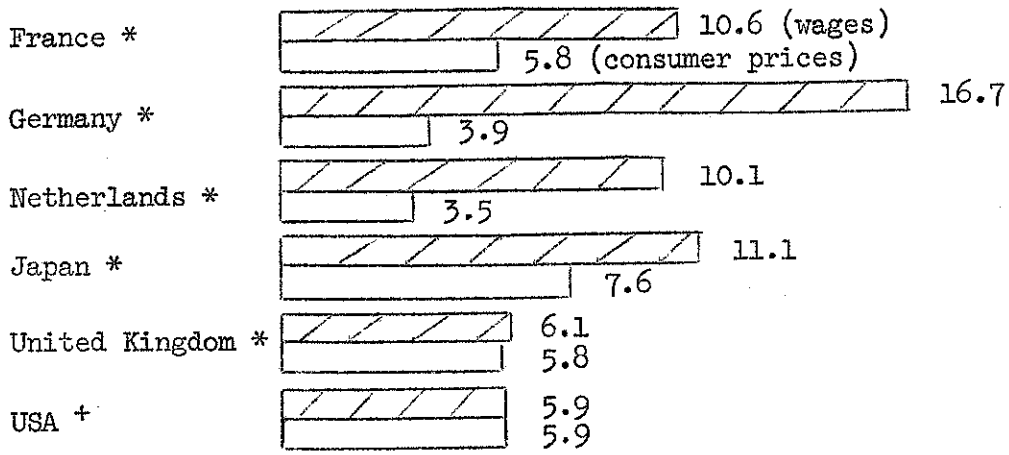
Current Economic Indicators

			(Index Numbers) 1957-59=100					
	Unemployment Rate*		Industrial Prod.*		Wholesale Prices		Retail Prices	
Month	1970	1971	1970	1971	1970	1971	1970	1971
Jan.	3.9	———	170	———	116	———	132	———
Feb.	4.2	———	170	———	116	———	132	———
March	4.4	———	171	———	117	———	133	———
April	4.8	———	170	———	117	———	134	———
May	5.0	———	169	———	117	———	135	———
June	4.7	———	169	———	117	———	135	———
July	5.0	———	169	———	118	———	136	———
Aug.	5.1	———	169	———	117	———	136	———
Sept.	5.5	———	166	———	118	———	137	———
Oct.	5.6	———	162	———	118	———	137	———
Nov.	5.8	———	———	———	118	———	———	———
Dec.	———	———	———	———	———	———	———	———

* Seasonally adjusted.

WAGE AND PRICE INFLATION, SELECTED COUNTRIES

Annual Rates of Increase, 1970



* The first figure in each pair is the annual rate of increase in wages based on changes in the first half of 1970; the second figure is the percentage change in the consumer price index (expressed at an annual rate) over the same period.

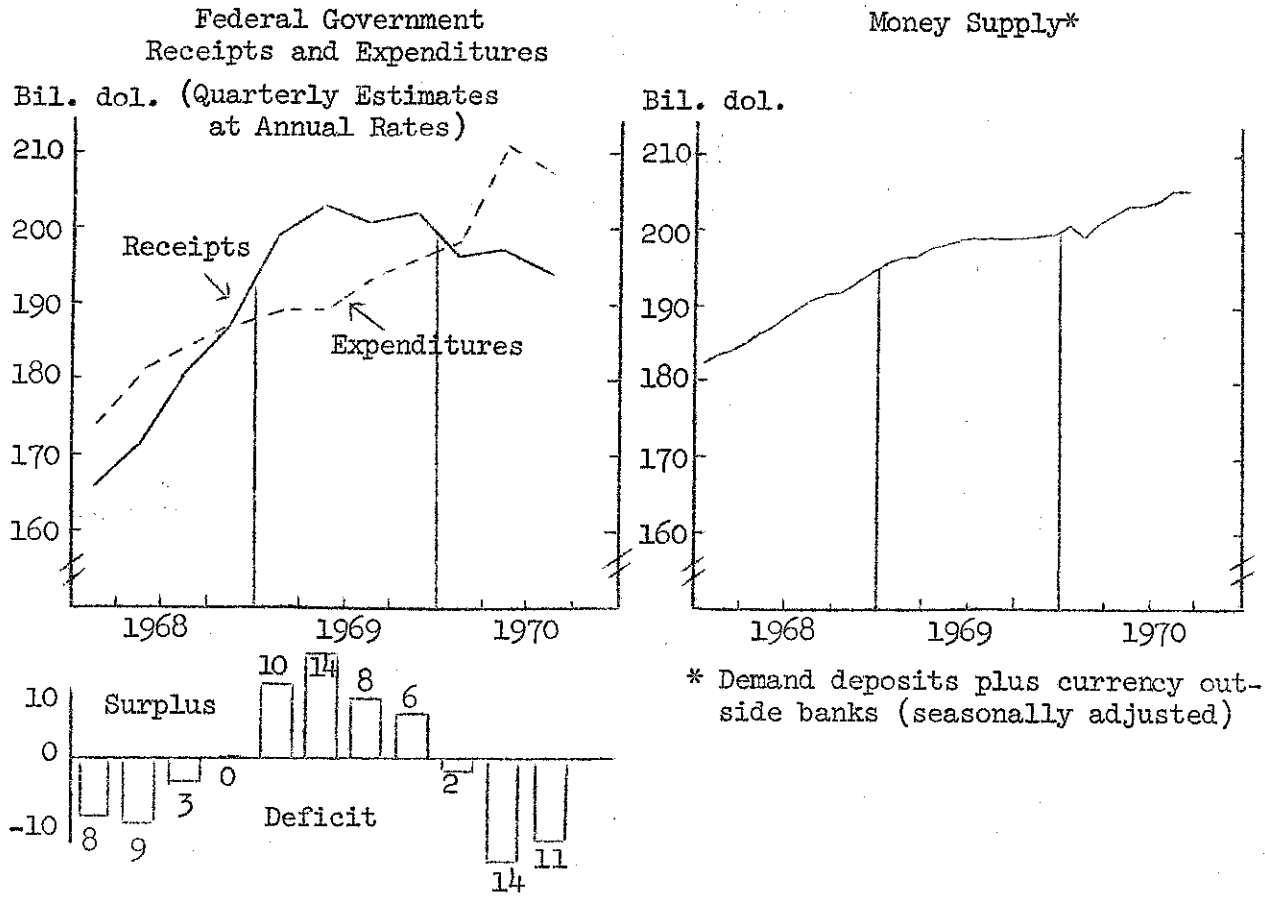
\+ Comparisons for the United States are based on September or October 1970 compared to the corresponding month of 1969.

Source: Federal Reserve Bulletin, October 1970

First-year wage increases in the United States under newly negotiated contracts averaged 8.5 per cent in the first 9 months of 1970 (compared to 7.9 per cent in the preceding year). The average annual increase in the hourly wage rate actually paid to workers was somewhat lower, amounting to just under 6 per cent in September of this year. The average figure reflects the fact that a large proportion of workers are covered under contracts that provide for more modest increases than those negotiated in the last few months.

Wage and price inflation is not confined to the United States; it is currently a serious problem in nearly every industrialized country. The rate of wage inflation in the United States has in fact been somewhat less during the past year than in many countries in Europe and Japan where wages have gone up 10 per cent or more. Consumer prices, however, have gone up more in the United States during the past year than in most other industrialized countries. But the rate of inflation in Europe and Japan apparently has accelerated in recent months, while it has leveled off in the United States.

Traditional monetary and fiscal policies have not proved to be effective in halting so-called "cost-push" inflation, partly because of fear that restrictive policies, if pursued too vigorously, will lead to unacceptable levels of unemployment. For this reason, more serious consideration is now being given to adopting some kind of "incomes policy".



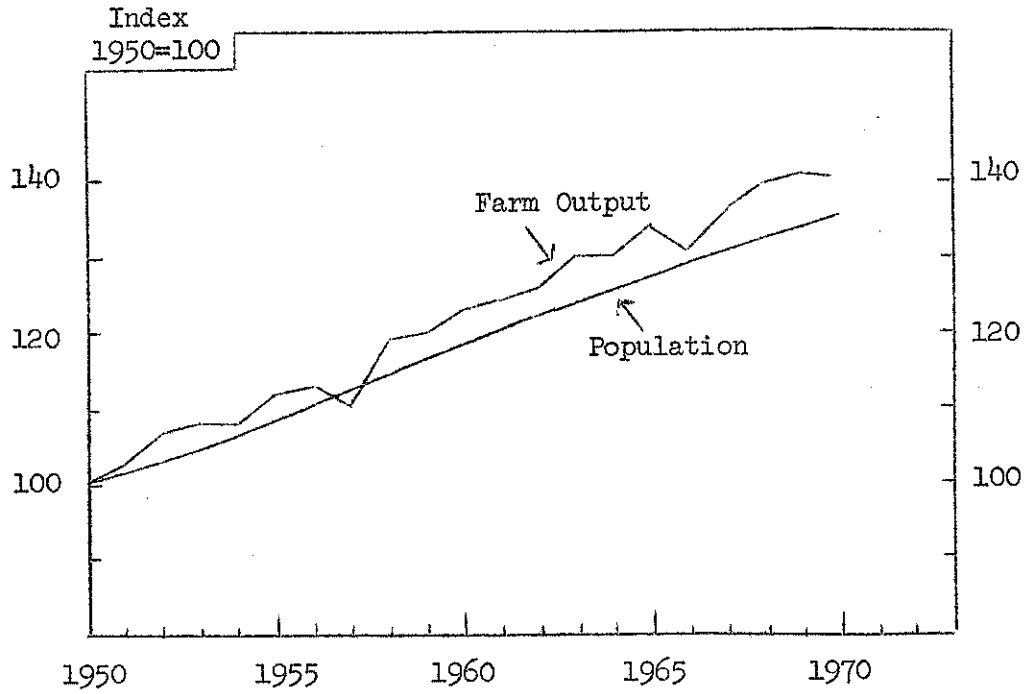
Source: U.S. Department of Commerce, Survey of Current Business

The Federal budget has shifted from a substantial surplus to a deficit during the past year. In the 2nd and 3rd quarters of 1970, the federal deficit (calculated at an annual rate) was running between 11 and 14 billion dollars. In contrast, a year earlier, government accounts showed a budgetary surplus of about the same magnitude. The change has been due to a sharp upward trend in government expenditures (attributable mainly to increased transfer payments such as interest on the federal debt, medicare, social security and payments to states) combined with a drop in revenue. Tax cuts enacted by Congress last year and lower corporate earnings are responsible for the decline in revenue.

The deficit may increase to as much as $15 to $20 billion (again at an annual rate) during the first half of 1971. This will continue to exert a mild expansionary effect on the economy.

The total money supply grew at the annual rate of about 7 per cent during 1968 and the first half of 1969. This high rate of growth contributed to inflationary pressures. In an attempt to slow down inflation, the Federal Reserve authorities began putting on the brakes in 1969. This undoubtedly contributed to the slow-down in economic activity in 1970. Since early in 1970, the monetary authorities have permitted the money supply to expand at a rate which they hope will encourage economic expansion without inflation. More attention is now being paid to so-called "monetary aggregates" in deciding when to modify policies rather than to short-term changes in the interest rate. The objective of Federal Reserve officials is to sustain a modest but steady growth in the money supply in 1971 averaging about 5 per cent per year.

U.S. POPULATION AND FARM OUTPUT



Source: USDA, Handbook of Agricultural Charts and Demand and Price Situation

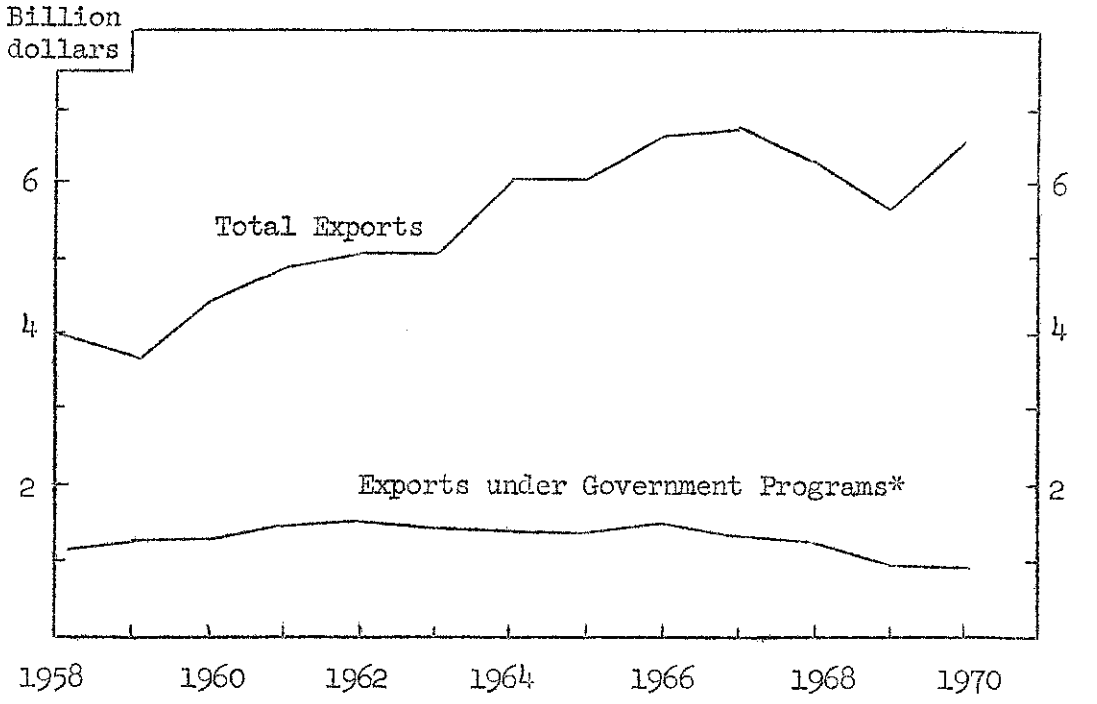
Despite adverse weather for crop production in many parts of the country and serious damage from the corn blight in the summer of 1970, total crop production was the third highest on record. Larger output of soybeans, cotton, vegetables and citrus helped to compensate for a drop in the production of wheat and feed grains. Total crop production was down 2 to 3 per cent from the record high attained in 1969.

Domestic requirements plus exports for wheat, feed grains and soybeans during the 1970-71 marketing year are expected to exceed this past year's production, but carryover stocks of these commodities are ample to cover anticipated deficits. Prospects for production of corn and soybeans in 1971 are more uncertain than usual because of the risk of corn blight damage.

Total output of livestock products rose about 3 per cent in 1970. Hog production was up substantially in the last half of 1970. Supplies of eggs and broilers also increased. Hog slaughter is expected to continue substantially above a year earlier in the first half of 1971. Marketings of fed cattle, eggs and milk are likely to be slightly higher in 1971, but the output of broilers probably will decline.

	Index Numbers, 1957-59=100			
	Crop Yields Per Acre	Crop Production	Livestock Output	Total Population
1968	129	120	118	116
1969	132	121	118	117
1970 (est.)	125	118	121	118

VALUE OF FARM EXPORTS



* Mainly under P.L. 480

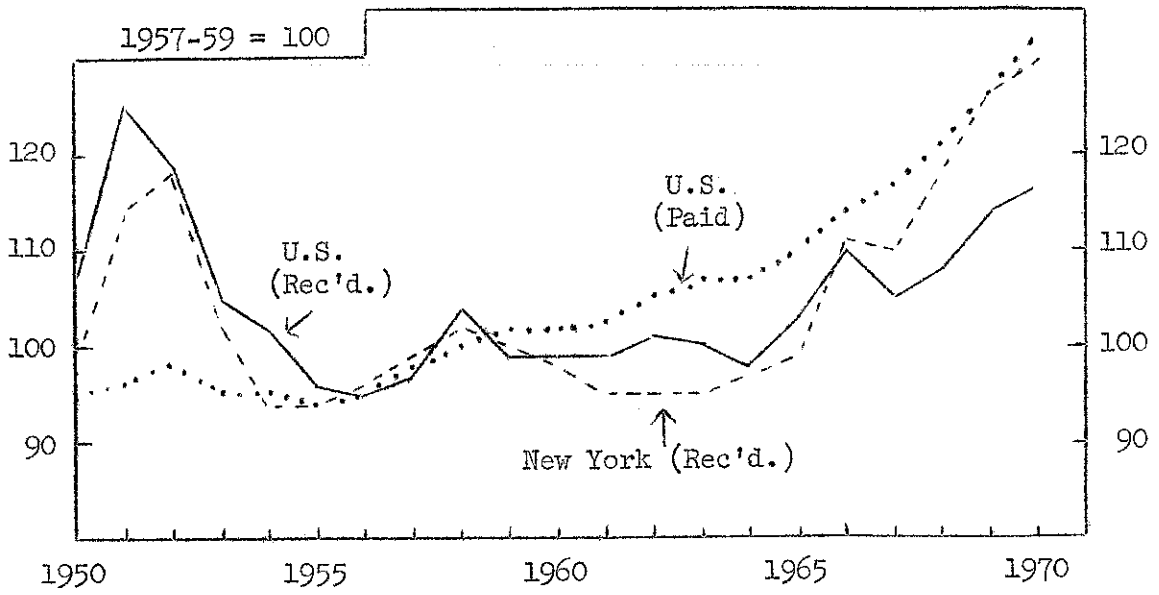
Source: USDA, Handbook of Agricultural Charts and Foreign Agricultural Trade of the United States

The value of agricultural exports rose substantially in 1969-70 after declining during the two preceding years. All of the gain was in commercial exports for dollars. The value of P.L. 480 shipments continue to decline and reached the lowest level since 1955. Total food aid shipments this past year were valued at just under a billion dollars, about one third below the value of P.L. 480 exports in the mid 1960s.

The total value of farm exports, according to USDA estimates, is likely to rise still further in 1971. Because of smaller wheat crops in Europe, the U.S. should be able to increase exports during the current marketing year. Recent increases in the prices of feed grains and soybeans also will help to raise the value of exports.

India, the major recipient of food aid shipments in the past, has had another favorable year for crop production. An extension of P.L. 480 legislation was included in the farm bill which was recently approved by Congress, but no marked increase in food aid shipments is in prospect during the coming year.

INDEXES OF PRICES RECEIVED AND PAID BY FARMERS, U.S. AND N.Y.



Source: USDA, Agricultural Prices

Prices received by farmers averaged a little higher in 1970 (both in New York and for the U.S. as a whole) than they did in 1969, but the trend was unfavorable to farmers after midyear. Farm costs continued to rise somewhat more rapidly and for the year as a whole, the index of prices paid by farmers averaged about 5 per cent above the preceding year.

The "parity ratio" which expresses the average relationship between the prices received and paid by farmers declined during the year, mainly because of a sharp drop in the prices of eggs, broilers and hogs. In contrast, grain and soybean prices began to rise in the late summer of 1970 in response to reduced estimates of yields and improved export prospects.

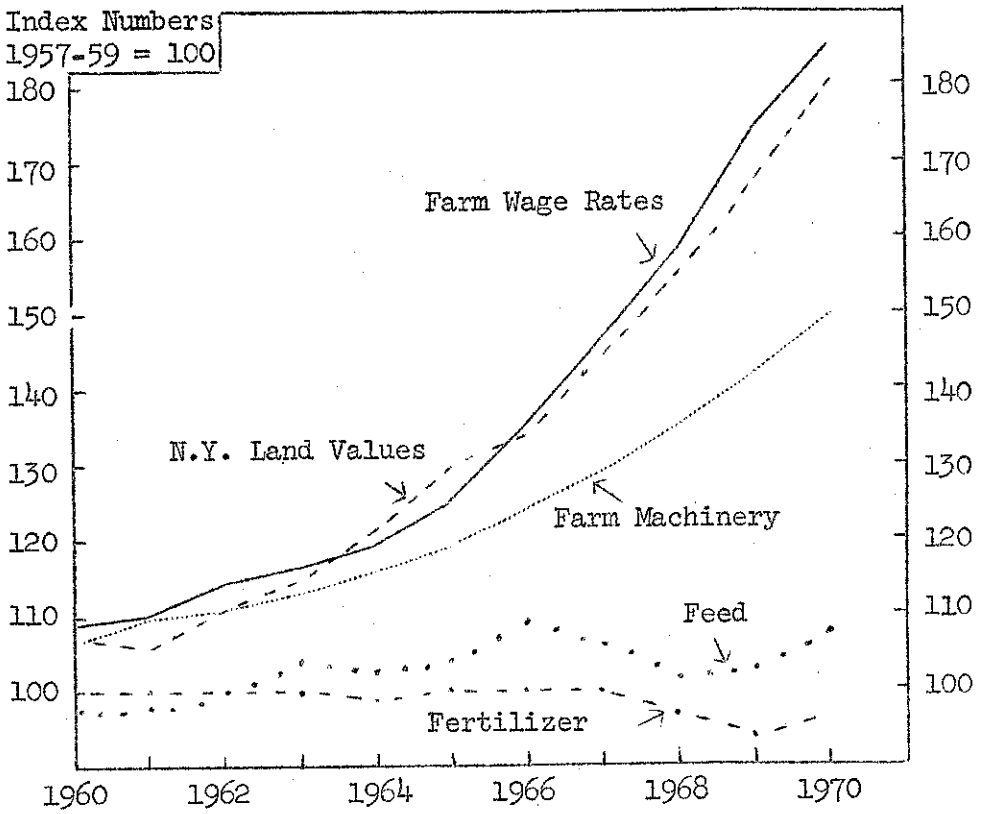
The prices of eggs, hogs and citrus fruit are likely to remain relatively unfavorable for farmers during the first half of 1971. Grain and soybean prices can be expected to average higher than a year earlier and to fluctuate more than they normally do because of uncertainty regarding the effects of the corn blight on the planting plans of farmers and on yields.

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*	
	1970	1971	1970	1971	1970	1971	1970	1971
	(1957-59=100)						(1910-14=100)	
January	132	____	119	____	131	____	75	____
February	133	____	120	____	132	____	75	____
March	132	____	120	____	132	____	75	____
April	134	____	116	____	132	____	72	____
May	134	____	117	____	132	____	73	____
June	135	____	116	____	133	____	72	____
July	129	____	118	____	133	____	74	____
August	121	____	114	____	133	____	71	____
September	126	____	116	____	134	____	72	____
October	127	____	113	____	135	____	70	____
November	123	____	112	____	135	____	68	____
December	--	____	--	____	--	____	--	____

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

PRICES OF SELECTED FARM INPUTS

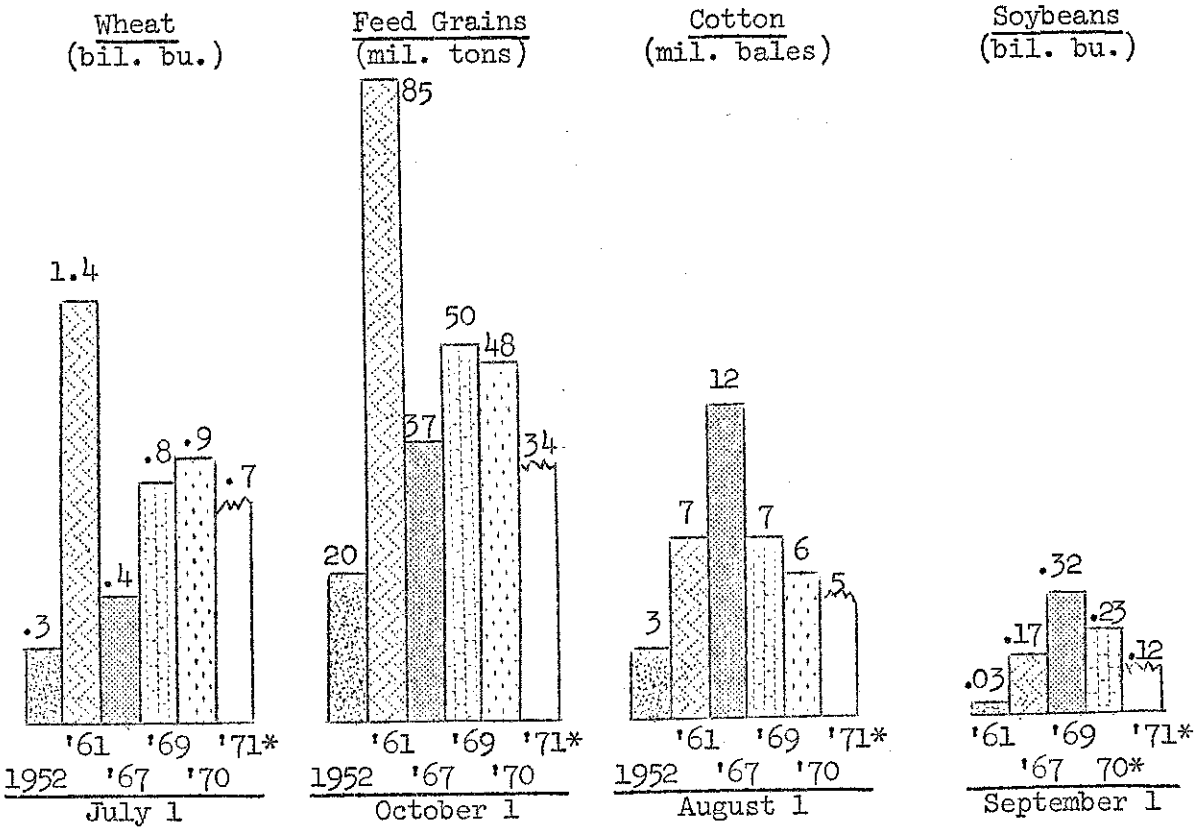


Source: Economic Report of the President, Agricultural Prices and Agricultural Finance Review

Nearly everything the farmer buys costs more in 1970 than in 1969. Even the prices of fertilizer and feed, which have risen much less than the prices of machinery, labor and land, over the past decade rose 3 to 5 per cent in 1970. Land values flattened out or even declined moderately in grain growing areas of the Great Plains and the Corn Belt in 1970, but they continued to rise in New York in response to favorable prices for milk, competition among farmers for land to increase their size of business and expectations of continuing inflation and strong demand for land in areas surrounding cities.

Dairy and poultry feed undoubtedly will cost from $5 to $10 per ton more in the early months of 1971 than a year earlier. Inflation in wage rates may moderate somewhat but with nonfarm wages rising 6 to 7 per cent per year, there will be continued upward pressure on farm labor costs as well.

CARRYOVER STOCKS OF SELECTED COMMODITIES



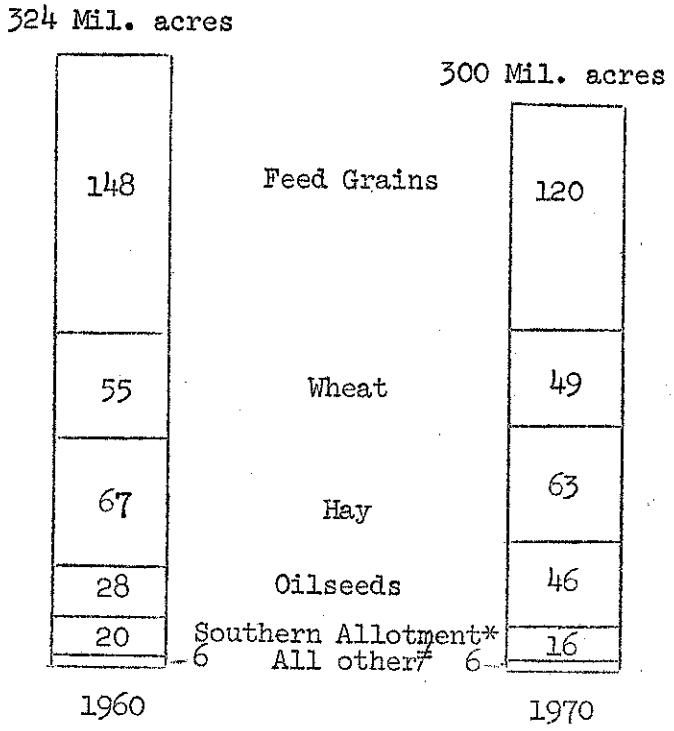
* Estimated (height of bars roughly proportional to value)

Source: USDA, Handbook of Agricultural Charts and Demand and Price Situation

Carryover stocks of all major surplus commodities except wheat declined in 1970. This was due to a combination of high rates of feeding of grains and soybean meal (attributable mainly to the large number of animals on feed), a larger volume of exports, and the effectiveness of the cotton and feed grain programs in holding down production. Surplus stocks are likely to be reduced still more during the 1970-71 marketing season. This is particularly true of feed grains. Because of the effects of drought and the corn blight, production of feed grains in 1970 was only 159 million tons. Combined domestic use and exports in 1970-71 will probably amount to as much as 173 to 175 million tons; hence carryover stocks of feed grains will fall to 30 to 35 million tons by next October. The carryover of grains (including wheat) is ample to meet any foreseeable emergencies, but another short crop in 1971 would reduce stocks below prudent levels.

The demand for soybeans exceeded expectations this past year. Despite record-high production, the carryover was reduced. If current trends in sales persist, the U.S. will end the current marketing season with a still smaller carryover.

PLANTED ACREAGE OF MAJOR CROPS, 1960 AND 1970



* Cotton, tobacco, rice and peanuts

≠ Mainly sugar, vegetables and fruit

Increases in yields have made it possible to reduce the acreage planted to each of the major crops (except soybeans) over the past decade and still boost total crop production about 14 per cent. There is no immediate prospect of a "land shortage" in the United States. The U.S. has available at least 40 to 50 million acres of land that has been kept idle under government programs in recent years. A substantial proportion of this land could be brought back into production if needed; but few economists think it will be necessary to do so in the years immediately ahead. This view is shared by senior members of the Senate and House Agricultural Committees and the Secretary of Agriculture. The major point of agreement among them is that some kind of government program will be needed to hold down production over the next few years.

The legislation recently adopted by Congress provides for a voluntary "set aside" program for wheat, cotton and feed grains over the next 3 years. As in the recent past, only those farmers who elect to participate and keep a certain proportion of acreage idle will be eligible for price-support loans and payments on wheat, corn and cotton.

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

	1940	1950	1960	1969	1970
	- billion dollars -				
Assets					
Real Estate	33.6	75.3	130.2	202.7	208.9
Other Physical	15.1	41.3	54.7	73.4	78.6
Financial	4.2	15.9	18.2	23.0	23.8
Total	52.9	132.5	203.1	299.1	311.4
Claims					
Real Estate Debt	6.6	5.6	12.1	27.1	28.4
Other Debt	3.4	6.8	12.7	27.5	29.7
Total Debt	10.0	12.4	24.8	54.6	58.1
Owners' Equity	42.9	120.1	178.3	244.5	253.3
Total	52.9	132.5	203.1	299.1	311.4
Percent Owners' Equity	81	91	88	82	81

Source: U.S.D.A. Agricultural Finance Outlook, 1970.

Debts of farmers increased slowly in 1969 than in the earlier years of the decade of the 1960's. High interest rates and credit scarcity appeared to influence farm debt levels. Debts increased 6.4 percent in 1969, and 134 percent from 1960 to 1970. Farmers equities increased 3.5 percent in 1969, and 42 percent from 1960 to 1970.

Farm debts are now nearly five times as great as in 1950. During the twenty years since then, they have risen rapidly and steadily, but farmers equities have also improved continually over that period. Percentage wise, debts have risen much more rapidly, but owners' equity still represents over 80 percent of total farm assets, an indication that farmers in general are in very sound financial condition.

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

	1950	1955	1960	1965	1970
	Millions of dollars				
Total Assets	2,805	3,009	3,579	3,816	4,723
Total Debts	307	423	547	750	1,206
Owners' Equity	2,498	2,586	3,032	3,066	3,517
Percent Equity	89	86	85	80	74

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

The New York Farm Balance Sheet shows long-term trends in farm assets and liabilities similar to those in the United States Farm Balance Sheet. New York farmers' equities as a percentage of total assets are somewhat lower than for the nation as a whole. In 1969 New York farmers appeared to have increased their debt more rapidly than did farmers nationally.

THE NEW YORK FARM BALANCE SHEET
(In current dollars)

Assets	January 1, 1970 Million dollars	Percent of assets
Real Estate	2,695	57.0
Livestock	527	11.1
Machinery & Motor Vehicles	593	12.6
Crops Stored	200	4.3
Other Feed and Supply	47	1.0
Household Furnishings & Equipment	189	4.0
Cash	142	3.0
Other Investments	94	2.0
Investment in Cooperatives	118	2.5
Receivables	118	2.5
Total Assets	4,723	100.0
Liabilities and Equity		
Real Estate:		
Federal Land Bank	111.1	2.3
Farmers Home Administration	3.8	.1
Insurance Companies	9.4	.2
Commercial Banks*	241.6	5.1
Individual and Other	363.7	7.7
Total	729.6	15.4
Non-Real Estate:		
Commercial Banks*	156.2	3.3
Production Credit Associations	122.8	2.6
Farmers Home Administration	29.4	.6
Merchant, Dealer, Individual and Other	168.2	3.6
Total	476.6	10.1
Total Liabilities	1,206.2	25.5
Equity	3,516.8	74.4
Total Liabilities and Equity	4,723.0	100.0

* Excludes loans guaranteed by CCC

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

FARM CREDIT OUTSTANDING IN NEW YORK
January 1, 1970

	Amount	Percent change from: 1965	1969
	Mil. dollars		
Real Estate Loans:			
Federal Land Bank	111.1	55	8
Farmers Home Administration	3.8	77	10
Insurance Companies	9.4	24	6
Banks*	241.6	142	24
Individuals and Other	363.7	93	17
Total	729.6	87	17
Non-Real Estate:			
Banks	156.2	7	3
Production Credit Association	122.8	76	12
Farmers Home Administration	29.4	39	3
Merchant, Dealer, Ind. & Other**	168.2	30	2
Total	476.6	30	2
Total Credit	1,206.2	64	11

* It is estimated that 100 million of farm mortgages held by New York banks are F.H.A. insured loans on farms in other states.
** Estimated by Smith.
Source: American Bankers Association

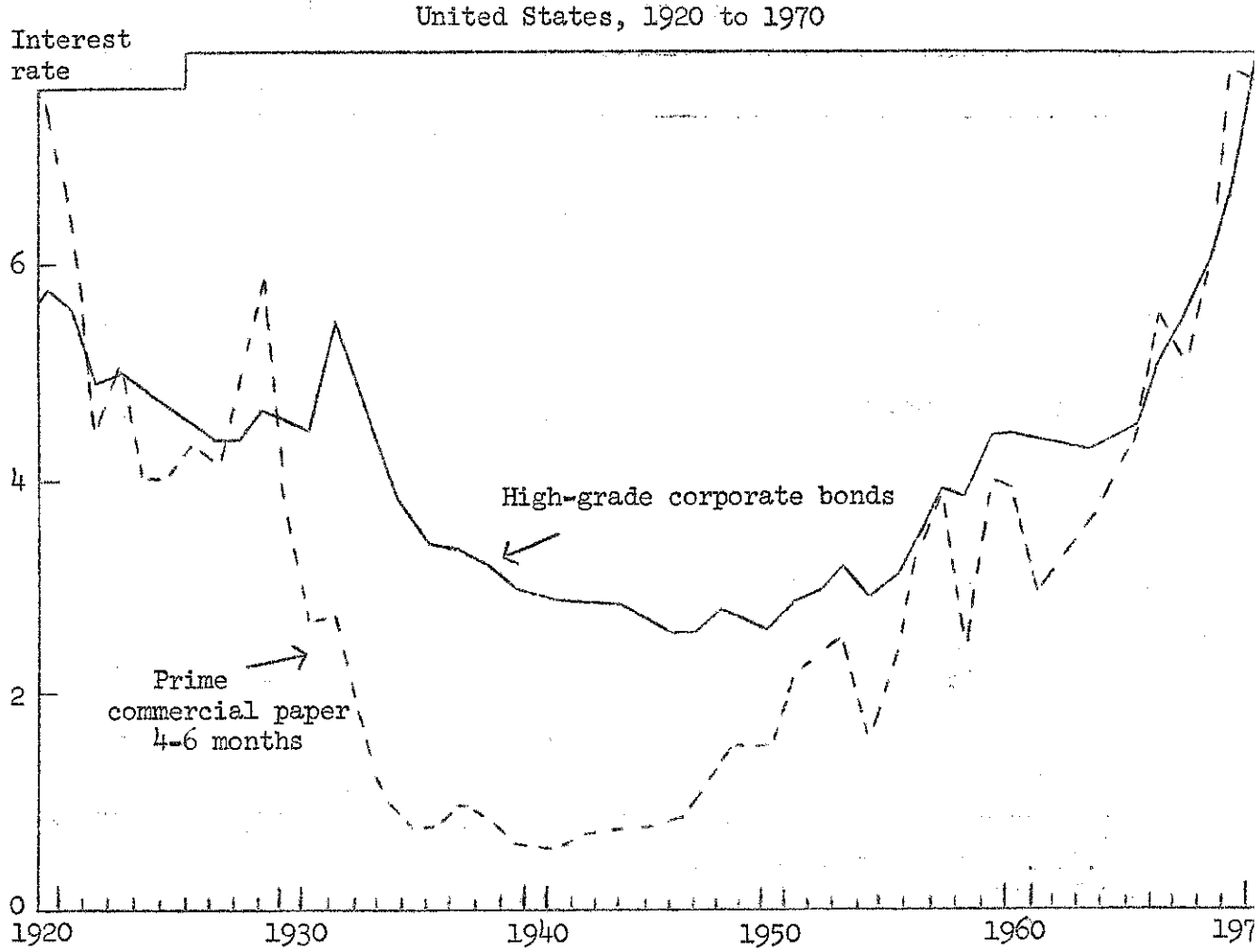
New York farmers increased their use of credit in 1969 by about 11 percent. This is a faster rate than in the previous year, but in line with the trend of past decade. It is expected that this rate of increase has continued through 1970.

The cost of credit to farmers in 1969 and 1970 was extremely high, and money continued to be scarce. In spite of this farmers found sources of credit, and the high rates on borrowed funds did not appear to be as much of a deterrent to farm borrowing in New York as in the earlier years of the credit crunch.

Good farm incomes, particularly for dairy farmers, contributed to a build up in the value of farm assets, and was undoubtedly a factor in holding down the growth of farm debt. It is obvious, however, that improved incomes are not used to materially reduce debt in most progressive farm businesses. The additional net income is much more likely to be used for capital improvements and consumption expenditures.

Farmers as borrowers have generally fared very well during the past four years of scarce money, when compared with other businessmen. Interest rates on farm credit are much higher than four years ago, but the rate of increase has been less than on many classes of nonfarm credit. In most instances, farmers in reasonably sound financial condition have been able to obtain necessary financing.

LONG- AND SHORT-TERM INTEREST RATES*
United States, 1920 to 1970

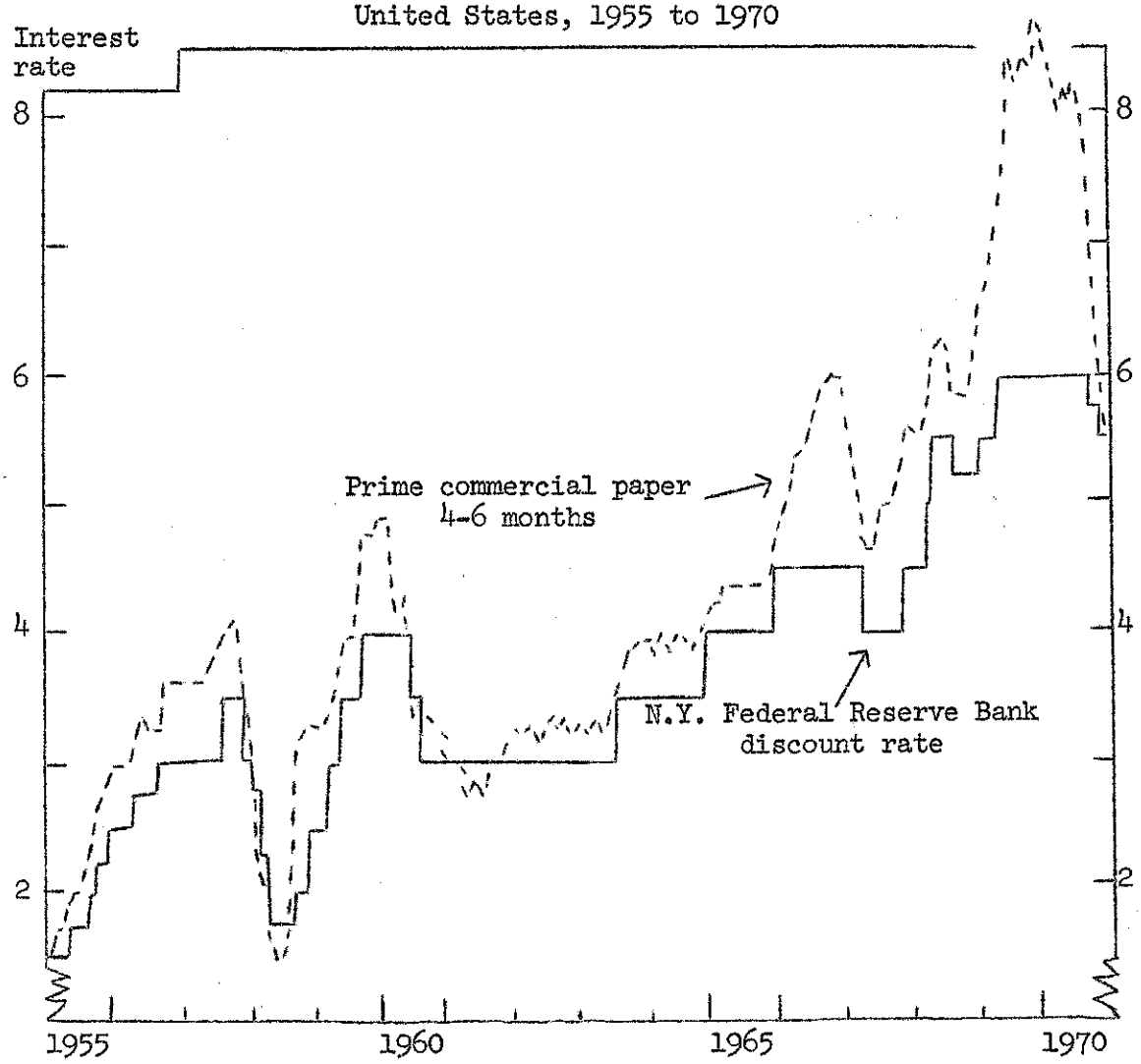


* Annual data
Source: Historical Chart Book. Federal Reserve Board

Interest rates in 1969 and 1970 were higher than at any other time during this century. A fifty-year perspective, however, suggests that recent rates were only somewhat higher than those in the 1920's. Measures intended to alleviate the depression and to minimize the cost of war finance contributed to the very low rates in the 1930's and 1940's. Beginning in 1966, counter-inflationary measures, high demand for credit and inflation itself contributed to the substantial increase in rates up to 1970. The annual average rates for 1970 do not reflect much of the decline in short-term rates during 1970.

For 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 during the first 30 years of the century and has not been true since 1965.

BASIC SHORT-TERM INTEREST RATES*
United States, 1955 to 1970



* Monthly data
Source: Historical Chart Book. Federal Reserve Board

Interest rates on the best quality short-term commercial credit increased sharply in 1968 and 1969 to almost 9 percent in late 1969 and early 1970. Rates declined in 1970 to less than 6 percent late in the year. The Federal Reserve Bank discount rate was raised to 6 percent in April 1969 and remained at that rate until it was reduced to 5 3/4 percent in early November 1970 and to 5½ percent on November 30.

The "prime" rate (not on chart) which is the rate large banks charge their large corporate borrowers reached a peak of 8½ percent in June of 1969. In 1970 it was reduced to 8 percent in March, to 7½ percent in September, to 7¼ percent and a few days later to 7 percent in November.

A year ago this Handbook stated "We expect rates to soften in 1970 but not so much as to be noticeable by farmer borrowers." We hope our estimate for 1971 is as accurate. We expect interest rates to decline somewhat more and that some farmers will pay less for credit than they did in 1970.

Notes:

MAJOR USES OF LAND, NEW YORK STATE, 1964
(Information from United States Census of Agriculture except as otherwise noted)

Use	Acres in 1964	Percent of total land area of the state
COMMERCIAL FARMS		
In 1964, there were 26,237 farms with sales of farm products over $10,000 each. These farms sold 85 percent of the state's farm products.		
Harvested cropland on these farms	3,248,000	10.6
Pasture, woods, and other land on these farms	4,171,000	13.6
OTHER FARMS		
In 1964, the Census counted 40,273 farms with sales of farm products below $10,000 each. These farms sold 15 percent of the state's farm products.		
Harvested cropland on these farms	1,495,000	4.9
Pasture, woods, and other land on these farms	3,361,000	11.0
GRAZED LAND NOT IN FARMS	2,009,000	6.6
WOODLAND AND FOREST		
Woodland and forest which was not grazed, not in parks, not in farms, and not in wildlife refuges, (see note at bottom of page).	8,482,000	27.7
FOREST PRESERVE		
In the Forest Preserve in the Adirondacks and Catskills. Information from the New York State Conservation Department	2,651,000	8.6
URBAN AREAS		
In places of 1,000 or more inhabitants. These places had 81 percent of the total state population in 1960. Information from Economic Research Service, U. S. Department of Agriculture, Agricultural Economic Report No. 149.	1,603,000	5.2
ALL OTHER LAND		
All other land includes the following outside of places with 1,000 or more inhabitants:- homesites, factory sites, airports, superhighways, railroads, golf courses, ski areas, wildlife refuges, military bases and installations, and idle land not in farms. It also includes parks outside of places with 1,000 or more inhabitants, and outside of the Adirondacks and Catskills.	3,616,000	11.8
Total	30,636,000	100.0

Note:- In total, 47 percent of the land area of New York State was in woodland and forest in 1964. Information from Economic Research Service, U. S. Department of Agriculture, Agricultural Economic Report No. 149.

VALUE OF FARM LAND AND BUILDINGS
Index numbers of average value per acre, March 1 of each year
1957-59 = 100

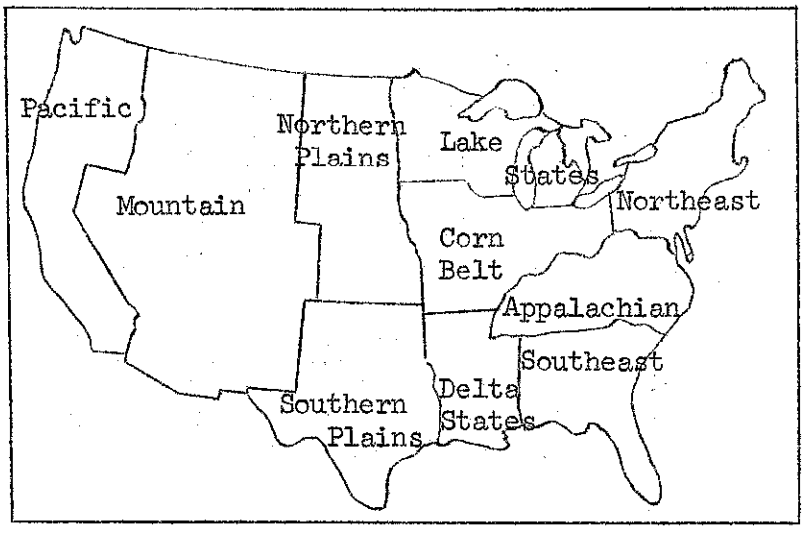
Region	Index (1957-59 = 100)			
	1950	1960	1969	1970
New York	75	107	168	181
Northeast	67	111	186	206
Lake States	66	108	162	170
Corn Belt	65	107	168	170
Northern Plains	70	109	173	173
Appalachian	68	109	182	190
Southeast	55	116	211	228
Delta States	59	113	232	248
Southern Plains	64	116	198	208
Mountain	66	111	160	166
Pacific	60	113	179	181
48 States	65	111	179	186

Information from "Farm Real Estate Market Developments",
Economic Research Service, U.S.D.A., September 1970

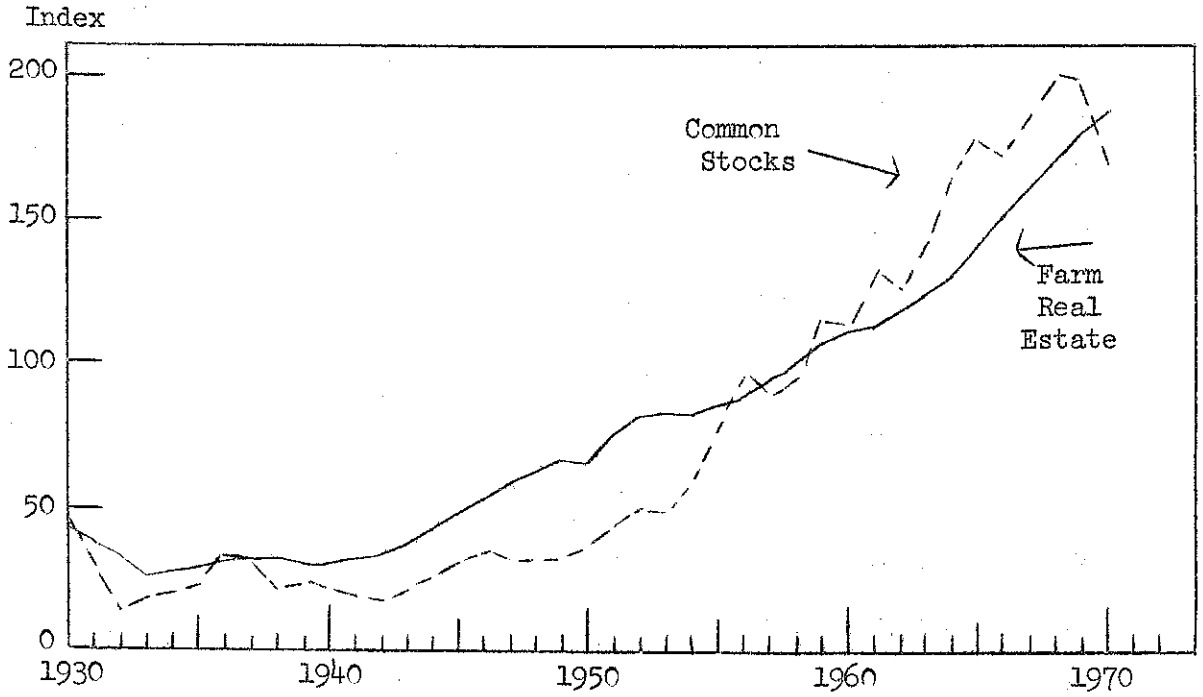
From 1950 to 1970, farm real estate values in United States increased nearly three times.

From 1957-59 to 1970, values increased the most in the Delta States, and the least in the Mountain States.

From 1969 to 1970, New York and the Northeast experienced a rapid increase in farm real estate values. During this year there was only a slight rise in the Corn Belt, and no change in the Northern Plains.



COMMON STOCKS AND FARM REAL ESTATE
United States
1957-59 = 100



Sources:- "Common Stocks" are Standard and Poor's Index of 500 Common Stocks - annual averages. Index for 1970 is preliminary.
"Farm Real Estate" is U.S.D.A. index of average value per acre of farm land and buildings - March 1 of each year.

For forty years, common stocks and farm real estate have followed a similar trend. From a long-range capital gains viewpoint they have been much the same. From a short-time capital gains viewpoint, individual stocks and individual real estate investments have had a wide variety of experiences.

From an income viewpoint, common stocks and farm real estate could be quite different. Farm real estate can return the investor a handsome income - exceeding the income from common stocks - if the farm is under outstanding management. For these forty years, farm real estate has been an excellent investment for persons who could use it. Farm real estate can return a negative income. Some uninformed investors have learned about this - to their sorrow. The lowest income that a common stock investment can have is 0 - that is, no dividends.

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

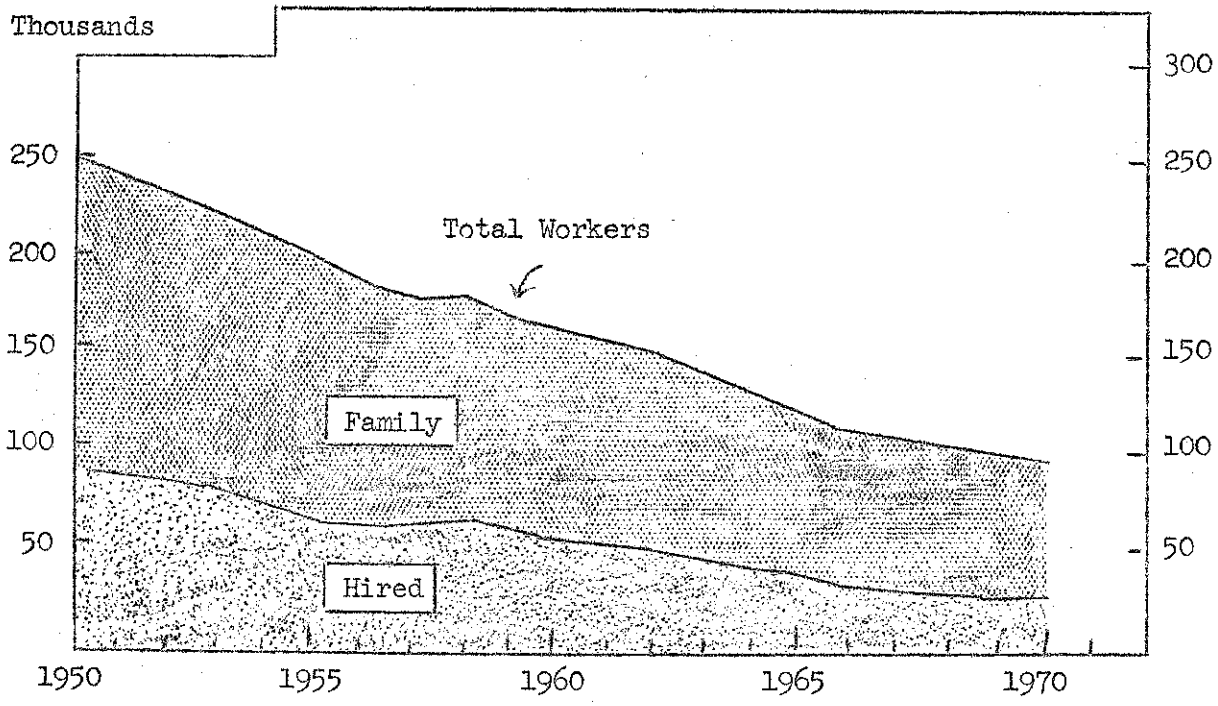
	Dairy Farms				Poultry Farms			
Year	Number of farms studied	Value of real estate per farm	Number of cows per farm	Value of real estate per cow	Number of farms studied	Value of real estate per farm	Number of hens per farm	Value of real estate per 100 hen
1956	342	$18,900	34	$560	46	$20,300	3,000	$680
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	24,300	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
1968	568	51,700	58	890	29	48,600	15,000	320
1969	511	56,900	60	950	36	50,400	15,400	330

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 $950 in 1969.

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

AVERAGE NUMBER OF WORKERS ON NEW YORK FARMS 1950-1970



The average number of workers on New York State farms declined from 248,000 in 1950 to 98,000 in 1970. This is a decrease of 60 percent in 20 years or 3 percent per year. During this period, the number of family workers decreased by 55 percent while hired workers decreased 70 percent. Hired workers accounted for 36 percent of the State's labor force in 1950 but only 27 percent in 1970.

In the United States as a whole, numbers of farm workers declined from 9.9 million in 1950 to 4.6 million in 1970 or a little more than one-half. Hired workers accounted for about the same proportion of the total in New York as in the nation. Numbers of farm workers are expected to continue to decline in the years ahead.

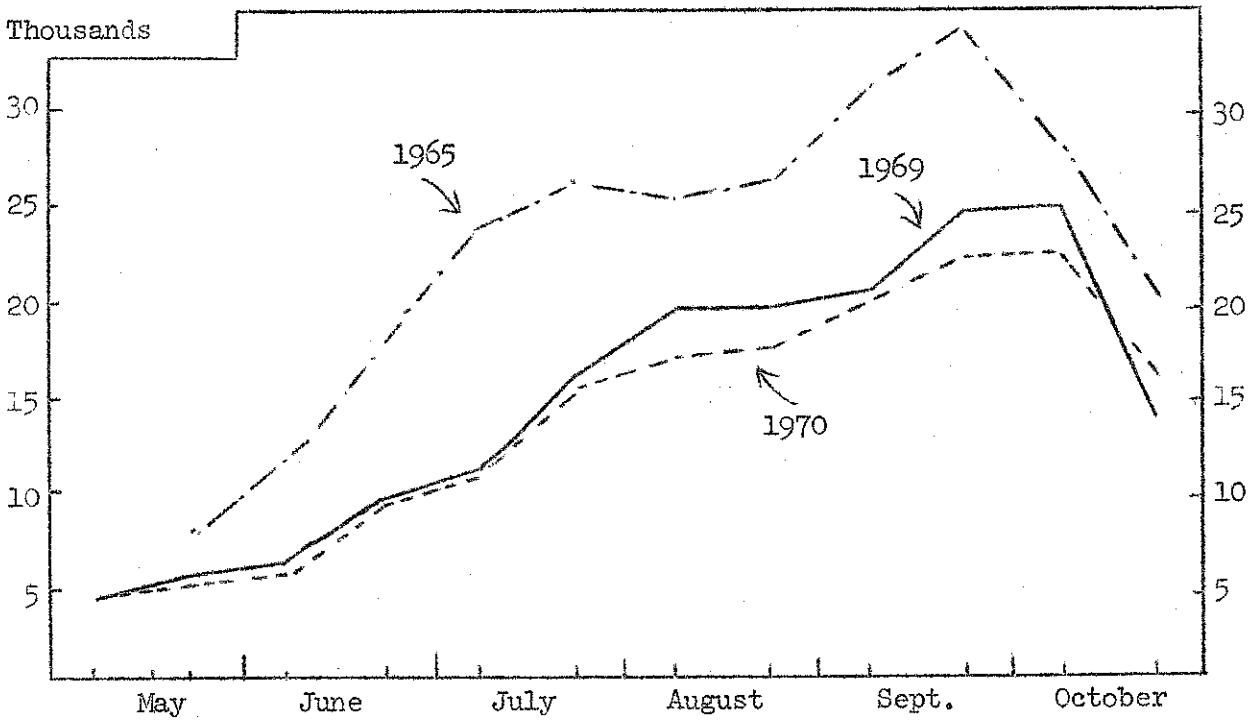
WORKERS* ON FARMS, N.Y. AND U.S., 1950-1970

Year	No. of farms	New York				United States			
		Total	Family	Hired	% Hired	Total	Family	Hired	% Hired
	(000)	(thousands)				(millions)			
1950	136	248	159	89	36	9.9	7.6	2.3	23
1955	104	200	136	64	32	8.4	6.3	2.1	25
1960	88	164	107	57	35	7.1	5.2	1.9	27
1965	71	122	84	38	31	5.6	4.1	1.5	27
1966	68	112	81	31	28	5.2	3.9	1.3	25
1967	64	104	76	28	27	5.0	3.7	1.3	25
1968	61	102	74	28	27	4.7	3.5	1.2	26
1969	59	100	72	28	28	4.6	3.4	1.2	26
1970	57	98	72	26	27	4.6	3.4	1.2	26

SOURCE: U.S.D.A. Farm Labor

* Average Number of persons employed on farms last week of each month of year

NUMBER OF SEASONAL FARM WORKERS IN NEW YORK
Semi-Monthly Periods May-October, 1965, 1969 & 1970



Numbers of seasonal workers employed in 1970 were below the numbers in 1969 for all periods except the end of October. Numbers of seasonal workers have been decreasing rapidly in recent years. The estimated peak number in 1970 was 23,000, whereas in 1965 the peak was 34,000. With growth of numbers of harvesting machines, numbers of seasonal workers likely will continue to decline.

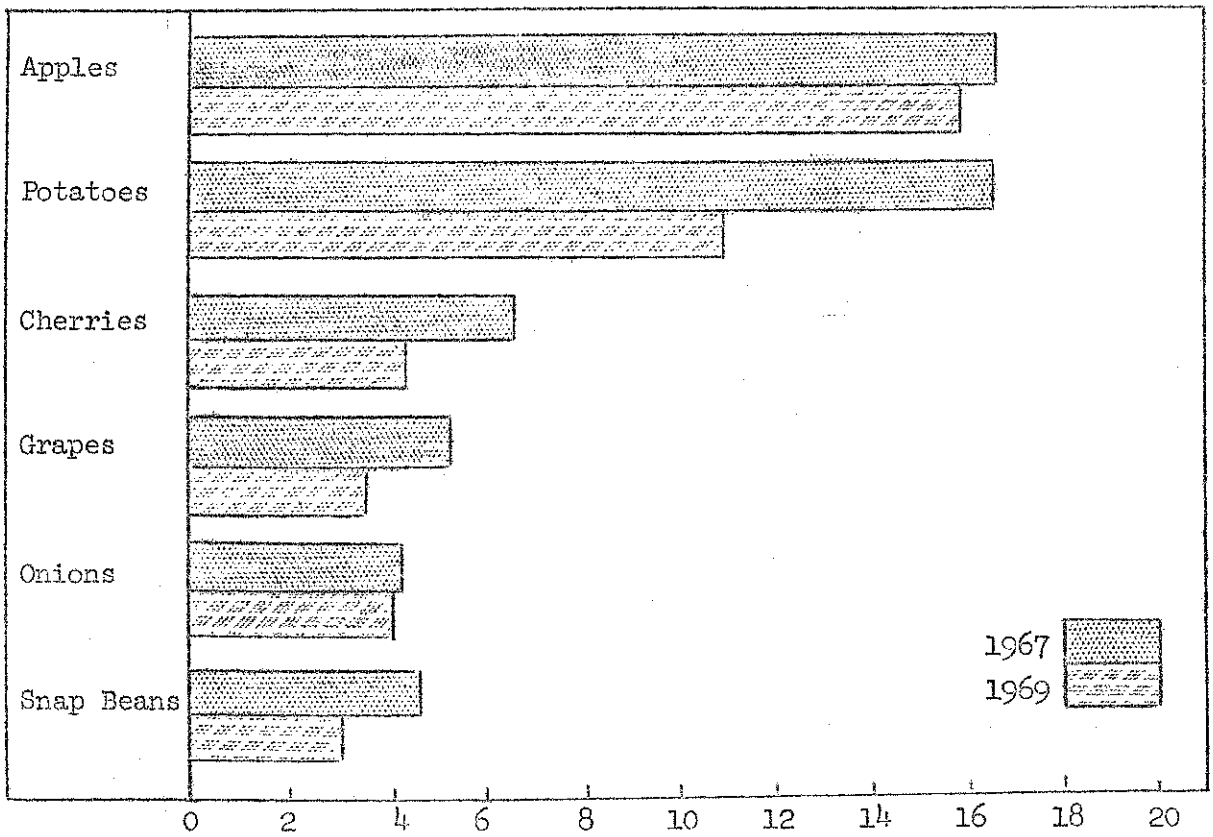
Fruit and vegetable growers use seasonal workers to harvest crops. These workers come from various sources but in New York 40 percent or more are local. The migratory workers are used most in the late part of the season.

ESTIMATED NUMBER AND ORIGIN OF NEW YORK SEASONAL FARM WORKERS

Date	Estimated total number 1969	Estimated total number 1970	Source 1970 Foreign	Intra-state	Inter-state	Local	% Local
July 8	12,435	11,205	--	530	4,890	7,080	57
July 22	17,475	15,490	--	495	7,150	7,845	51
Aug. 5	19,400	16,800	--	520	8,190	8,090	48
Aug. 19	18,700	17,475	--	535	8,740	8,200	47
Sept. 2	20,915	19,190	--	570	10,185	8,435	44
Sept. 16	24,210	22,465	835	640	11,970	9,020	40
Oct. 7	24,675	22,990	970	580	12,180	9,260	40
Oct. 28	14,685	16,100	760	395	8,835	6,110	38

SOURCE: N.Y. State Employment Service, Farm Labor Bulletin

MAN MONTHS OF SEASONAL WORKER EMPLOYMENT
ON SELECTED CROPS, NEW YORK, 1969



Apples and potatoes are the two leading crops in the use of seasonal farm workers. In 1967, each of these crops used 2-1/2 times as much as any other crop. This seasonal work for apples and potatoes is principally for harvesting.

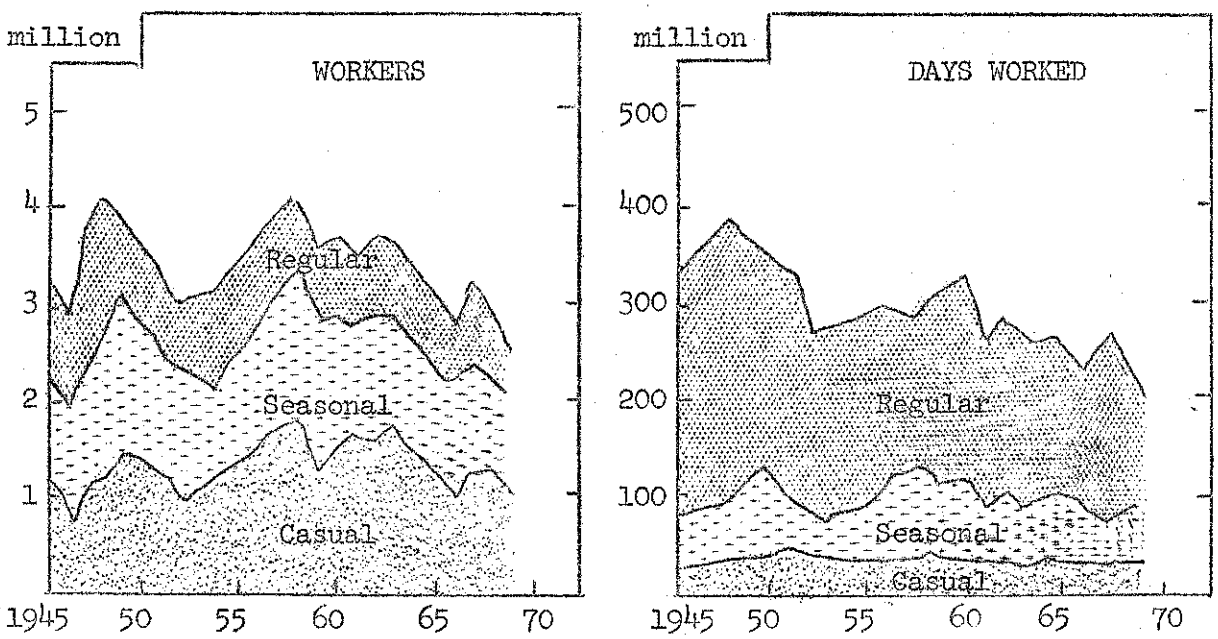
Mechanization has been an important factor in reducing the amount of seasonal employment provided. It is interesting to observe the variations by crops in the reduction of man hours of work used from 1967 to 1969. Apples and onions showed little reduction while potatoes, cherries, and grapes used about one-third less labor. The impact of mechanization on labor requirements is expected to continue.

ESTIMATED MAN-MONTHS OF HIRED SEASONAL WORKER EMPLOYMENT
FOR SELECTED CROPS, NEW YORK, 1967 and 1969

Crop	Thousand Man-Months 1967	1969	Crop	Thousand Man-Months 1967	1969
Apples	16,830	15,860	Snap Beans	4,620	2,890
Potatoes	16,750	10,840	Berries	3,370	2,600
Cherries	6,680	4,580	Celery	2,510	2,440
Tomatoes	6,590	5,560	Sweet corn	2,440	2,190
Onions	4,330	4,140	Other fruit	2,170	2,650
Grapes	5,300	3,510	Other vegetables	21,500	16,480
Lettuce	2,910	2,890	Other agriculture	15,300	11,400

SOURCE: N.Y.S. Employment Service, Farm Labor Annual Report, 1969

NUMBER OF HIRED FARM WORKERS AND MAN DAYS WORKED
BY DURATION OF WORK, UNITED STATES, 1945-1969



About 2.6 million persons in the United States did some farm work for wages in 1969. This was 12 percent less than in 1968 and about 40 percent less than the peak in the fifties. Of these workers, 43 percent worked less than 25 days and 71 percent worked less than 75 days or three months. Only 12 percent or one in eight worked over 250 days or were year-round hired employees. During the last five years, the number of year-round workers decreased 5.5 percent, while the part year (75-249 days) decreased 18 percent.

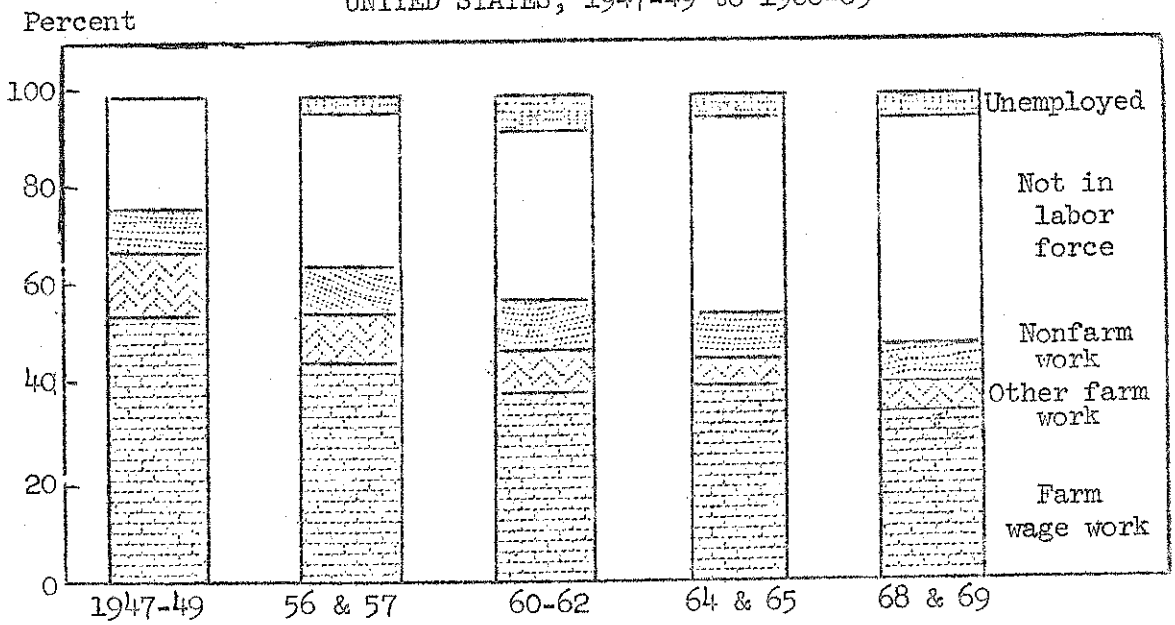
The casual workers accounted for 43 percent of the number of workers but only 5 percent of the total days of hired work. On the other hand, the regular hired workers accounted for 19 percent of the employees but 66 percent of the days worked. Females accounted for about one-third of the workers employed less than 75 days but only 5 percent of the year-round workers. These data emphasize the seasonal or part year nature of hired farm employment.

NUMBER OF HIRED FARM WORKERS AND MAN DAYS WORKED
BY DURATION OF WORK, UNITED STATES, 1969

Duration of Work	Number of Workers		Days Worked		% of workers
	Thousands	Percent	Millions	Percent	females
Casual - 0-24 days	1,105	43	10	5	32
Seasonal - 25-74 days	718	28	32	16	32
75-149 days	258	10	26	13	19
Regular - 150-249 days	189	7	38	19	7
250 & over	301	12	97	47	5
Total	2,571	100	203	100	26

SOURCE: USDA, ERS, The Hired Farm Working Force of 1969

CHIEF ACTIVITY OF SEASONAL AND REGULAR FARM WAGEWORKERS
UNITED STATES, 1947-49 to 1968-69



Seasonal and regular farm wageworkers (25 days or more of farm wage work) were classified on the basis of their chief activity for the year. Nearly half were not in the labor force. These were principally students and housewives. Farm work was the chief activity of 38 percent while 11 percent reported nonfarm work.

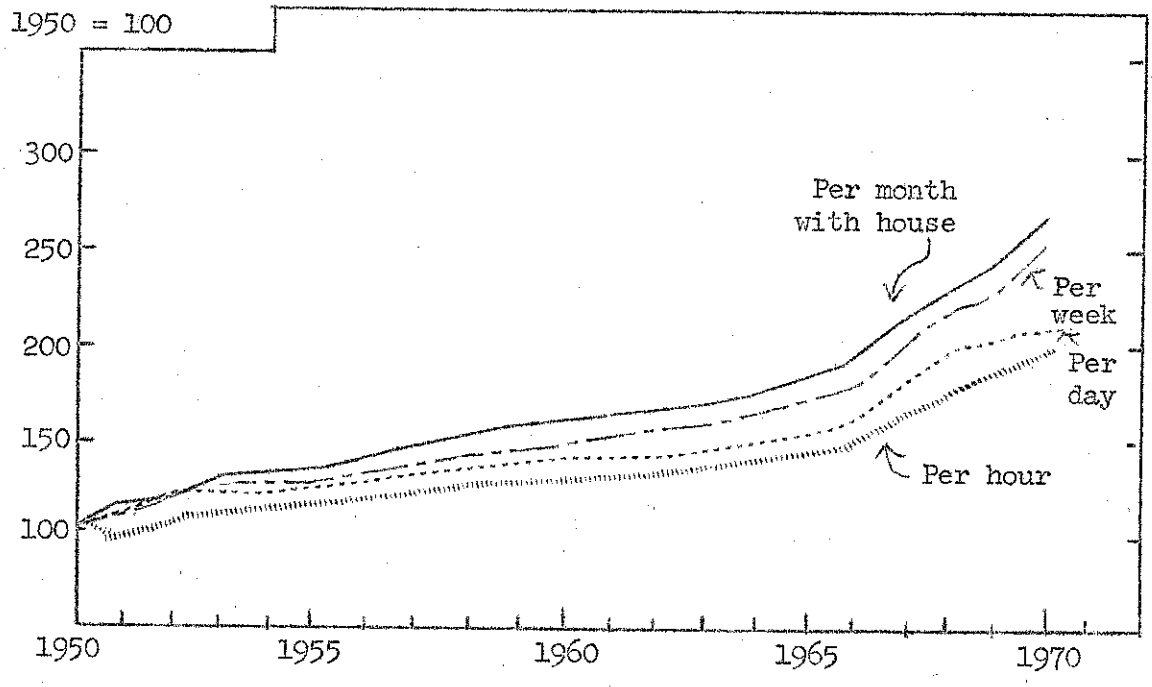
The nonfarm workers who did some farm wage work reported the largest number of days worked and the highest total wages for the year. Their average wages per day was $15.65 while the average for farm workers only was $11.80 per day. The Northeast region reported the most days worked (194) and the highest annual earnings with $2,383 or $12.30 per day. The West with 162 days worked for $2,267 averaged $14.00 per day, while the average for all regions was $11.55 per day.

DAYS WORKED AND WAGES EARNED BY SEASONAL & REGULAR FARM WAGEWORKERS
BY CHIEF ACTIVITY AND REGION, UNITED STATES, 1969

Characteristic	Thousands of workers	Farm Work		Nonfarm Work		All Work	
		Days	Wages	Days	Wages	Days	Wages
Chief Activity							
Farm work	562	232	$2,722	13	$ 174	245	$2,896
Nonfarm work	157	76	830	178	3,151	254	3,981
Unemployed	28	--	--	not reported		--	--
Not in labor force	718	67	536	15	125	82	662
Regions							
Northeast	156	147	1,467	47	916	194	2,383
North Central	313	129	1,255	40	689	170	1,945
South	579	126	1,150	25	294	152	1,445
West	417	133	1,853	29	414	162	2,267
All Seasonal & Regular	1,466	131	1,406	32	479	163	1,886

SOURCE: USDA, ERS, The Hired Farm Working Force of 1969

NEW YORK FARM WAGE RATES, 1950-1970



Farm wage rates reported here are published quarterly by the Statistical Reporting Service (SRS) and are based on farmers' reports of average farm wage rates paid in their localities. The rates reported reflect cash wages only, exclusive of the value of privileges furnished. The hourly composite is computed on the basis of a weighted average of the different kinds of rates reported.

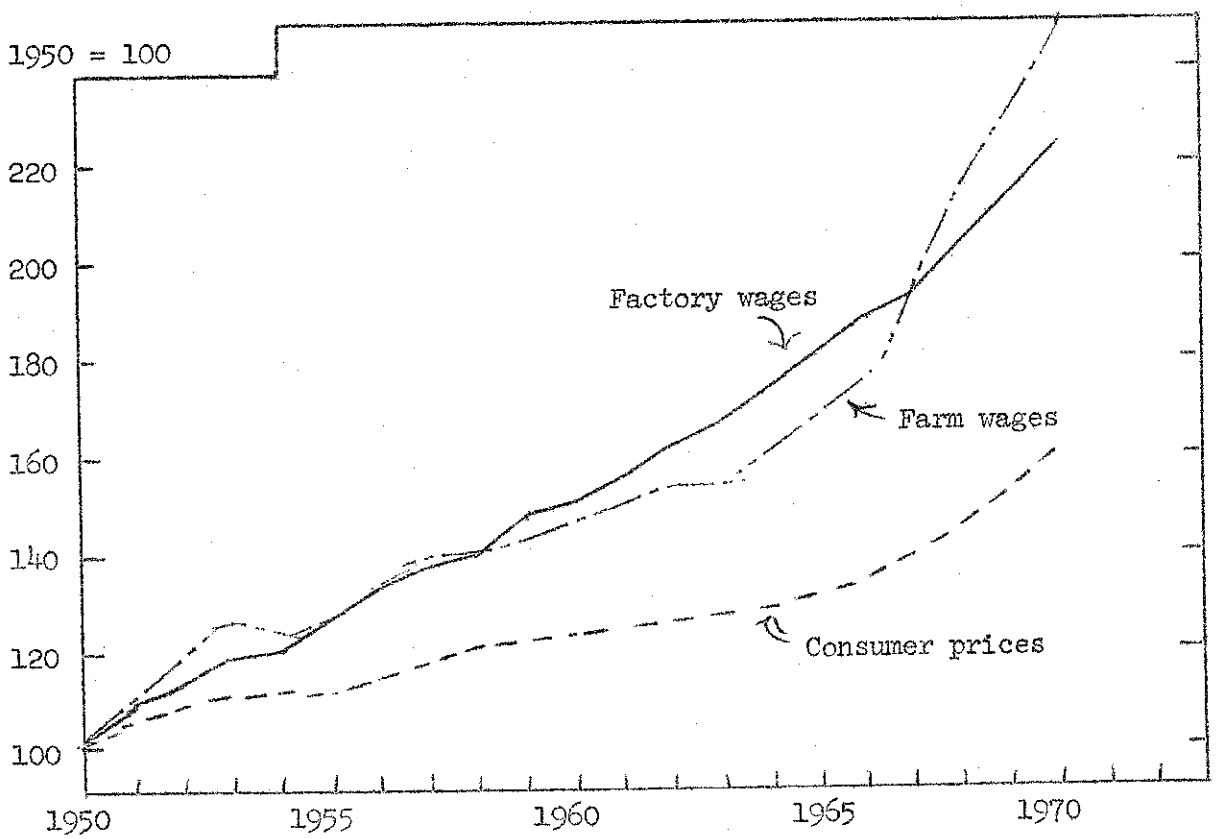
The hourly composite for 1970 was 2-1/6 times that of 1950. However, some kinds of wages have risen more than others. Monthly and weekly wages for 1970 were about 2-1/2 times 1950 while day and hour rates were only double. This probably reflects greater demand for regular skilled farm workers than for casual workers. With greater mechanization this trend is likely to continue in the future.

NEW YORK FARM WAGE RATES, 1950-1970

Year	Per month with house	Without Board or Room			Hourly composite
		Per Week	Per day	Per hour	
1950	$134	$36	$ 6.50	$ .89	.67
1955	174	46	8.20	1.02	.81
1960	210	53	9.10	1.13	.91
1965	236	61	10.10	1.25	1.02
1966	248	64	10.20	1.30	1.08
1967	279	71	11.50	1.43	1.17
1968	302	79	12.60	1.54	1.28
1969	321	84	13.00	1.65	1.36
1970 est.	355	90	13.60	1.75	1.45

SOURCE: USDA, SRS, Farm Labor

CHANGES IN WEEKLY WAGES OF FARM AND FACTORY WORKERS AND IN CONSUMER PRICES, NEW YORK 1950-1970



The relative change in weekly wages of farm and factory workers was about the same from 1950 to 1960. From 1960 to 1966, factory wages increased faster than farm wages, but from 1966 to 1970 weekly wages of farm workers increased faster than those of factory workers. From 1950 to 1970, farm and factory weekly wages increased by 150 and 125 percent respectively while consumer prices rose only 60 percent. This indicates that the economic position of both groups of workers has improved during the last 20 years.

Weekly wages of farm workers in 1950 were 61 percent of those of factory workers, in 1965 they were 57 percent, and in 1970 they were 68 percent. It is expected that the relative spread between wages of regular farm workers and of factory workers may continue to decrease.

WEEKLY WAGES OF FARM AND FACTORY WORKERS, NEW YORK 1950-1970

Year	Weekly Wages		% Farm is of Factory	Consumer Price Index
	Farm Workers	Factory Workers		1957-59=100
1950	$36.25	$59.55	61	83.8
1955	46.00	75.17	61	93.3
1960	53.25	89.61	59	103.1
1965	61.00	106.40	57	109.9
1966	63.50	111.35	57	113.1
1967	70.75	114.44	62	116.3
1968	79.00	120.72	65	121.2
1969	84.00	127.45	65	127.7
1970 est.	90.35	133.56	68	135.0

FARM LABOR DEVELOPMENTS

Traditionally, farm labor has been only a minor concern of legislative and agricultural leaders. Recent developments have changed this causing farmers and others to give more attention to labor problems. Below are some items that likely will be of concern in 1971.

Social Security was extended to farm workers in 1950. The tax to be deducted from wages will go from 4.8 to 5.2 percent on January 1, 1971. The combined tax rate for the worker and employer will be 10.4 percent for 1971. For persons receiving Social Security benefits, the monthly allowances were increased 15 percent January 1, 1970 and there are proposals for another 5 percent increase in 1971.

Workmen's Compensation for hired farm workers was made compulsory as of April 1, 1967 for all New York farmers with a cash payroll of $1,200 or more per year. Any farmer who paid cash wages of $1,200 or more in 1970 must carry compensation insurance for 1971. There were minor changes in rates effective July 1, 1970.

Child Labor and Hazardous Agricultural Employment is a concern on mechanized farms. Many farm jobs are classified as hazardous for youth. It is possible to hire 14 and 15 year old youths to drive tractors and operate machinery if they complete a 4-H or Vo-Ag course of instruction and receive a certificate. A farmer should personally see the certificate before permitting a 14 or 15 year old youth to work for him.

New York Minimum Wages were extended to farm workers as of October 1, 1969. All farmers paying cash wages of $1,200 or more in the previous calendar year are subject to the law. As of February 1, 1971, the minimum wage for farm workers goes from $1.40 to $1.50 per hour. The increase of the general minimum from $1.60 to $1.85 as of July 1, 1970 did not apply to farm workers. There is likely to be proposals for further increases in the minimum for farm workers. Farmers must keep records showing hours worked, cash wages paid, and privileges provided each worker. These are essential when The Labor Department checks for compliance with the law.

Unemployment Insurance was made available to New York farmers on an optional basis in 1969. Few farmers have enrolled to date. National legislation to make unemployment insurance compulsory for farm workers was introduced, but not passed, in both 1969 and 1970. The 1970 proposal was postponed pending results from a major research project on this subject. A bill likely will be introduced again in 1971.

Retirement Programs for farm workers are recognized under provisions of the Keough Act pertaining to federal income taxes. Some farmers have adopted plans under this act and others are likely to do so in the future. Retirement plans help to make regular farm jobs competitive with nonfarm employment.

Labor Unions have been active among farm workers in California. There has been limited activity in other states including New York. A major concern of agricultural leaders is whether farm labor unions should come under The National Labor Relations Board or if a special body should be created. Legislation has been proposed in this area and further considerations can be expected in the years ahead.

Migrant Labor Regulations continue to be a concern in New York. Required improvements often impose a financial burden on the farmer. This situation is likely to continue as long as migrants work in the State.

Farm Labor Developments in the Future are likely to require considerably more time and attention of farmers and agricultural leaders.

CROP PRODUCTION
New York State and United States
Average 1964-68, 1969 and 1970

	Average 1964-68	1969	1970	%Change 1970 from Average	%Change 1970 from 1969
			New York State		
Hay, thous. tons	5,438	5,523	5,574	+ 2	+ 1
Corn for silage, th. tons	6,025	7,448			
Corn for grain, th. bu.	15,378	18,525	21,484	+40	+16
Oats, thous. bu.	24,641	20,440	21,838	-11	+ 7
			United States		
Corn for grain, mil. bu.	4,168	4,578	4,104	- 2	-10
Oats, mil. bu.	862	950	891	+ 3	- 6
Barley, mil. bu.	393	417	410	+ 4	- 2
Sorghum grain, mil. bu.	675	743	708	+ 5	- 5
Total mil. tons	158.8	174.2	158.8	0	- 9
Soybeans, mil. bu.	911	1,117	1,134	+24	+ 1.5
Cottonseed, thous. tons	4,827	4,186	4,488	- 7	+ 7
Peanuts, mil. lbs.	2,362	2,523	2,927	+24	+16
Flaxseed, mil. bu.	26.0	36.4	30.9	+19	-15
Hay, mil. tons	123	127	126	+ 2	- 1

Sources: Crop Production, Fats and Oils Situation, Feed Situation, USDA

United States

The 1970 feed grain crop of 158.8 million tons is 9% below a year ago. The oats, barley, and sorghum crops were all below 1969 levels. The major reason for the decline in feed grain output was the smaller corn crop (10% below last year) due to the southern leaf blight and dry weather in parts of the corn belt. Despite poor corn yields, the 1970 crop was larger than any corn crop before 1965.

The soybean crop was slightly larger in 1970 than in 1969 and the cottonseed crop was up 10%. Oilmeal supplies will be above last year but strong demand will result in greater use of soybeans in 1970-71 than the 1970 crop.

New York

The November 1 estimate places the New York corn crop at 21.5 million bushels, the largest ever produced and a record yield of 82 bushels per acre. Poor harvesting weather may reduce the final crop estimate.

CORN BALANCE SHEET
United States

	1964-68 average	1968-69	1969-70	1970-71*
		million bushels		
SUPPLY				
Carryover, Oct. 1	1,102	1,162	1,113	999
Production	4,168	4,393	4,578	4,104
Imports	1	1	1	2
Total	5,271	5,556	5,692	5,105
UTILIZATION				
Livestock feed	3,302	3,521	3,683	3,557
Food, industry, seed	368	386	394	398
Exports	583	536	616	525
Total	4,253	4,443	4,693	4,480
Carryover, end of year	1,018	1,113	999	625
Season average price (U.S.)	$1.14	$1.08	$1.12	?

* Based on November 1970 indications.

Corn use in the 1968-69 marketing year was slightly more than the 1968 crop. Therefore, October 1, 1969 carryover of corn was 4 percent below a year earlier. But 1969-70 corn use exceeded the 1969 crop by over 100 million bushels, resulting in a 10 percent decline in carryover. Corn use in 1970-71 is expected to exceed the 1970 corn crop by 375 million bushels. The result will be a large reduction in corn carryover next fall -- to the lowest level since 1952.

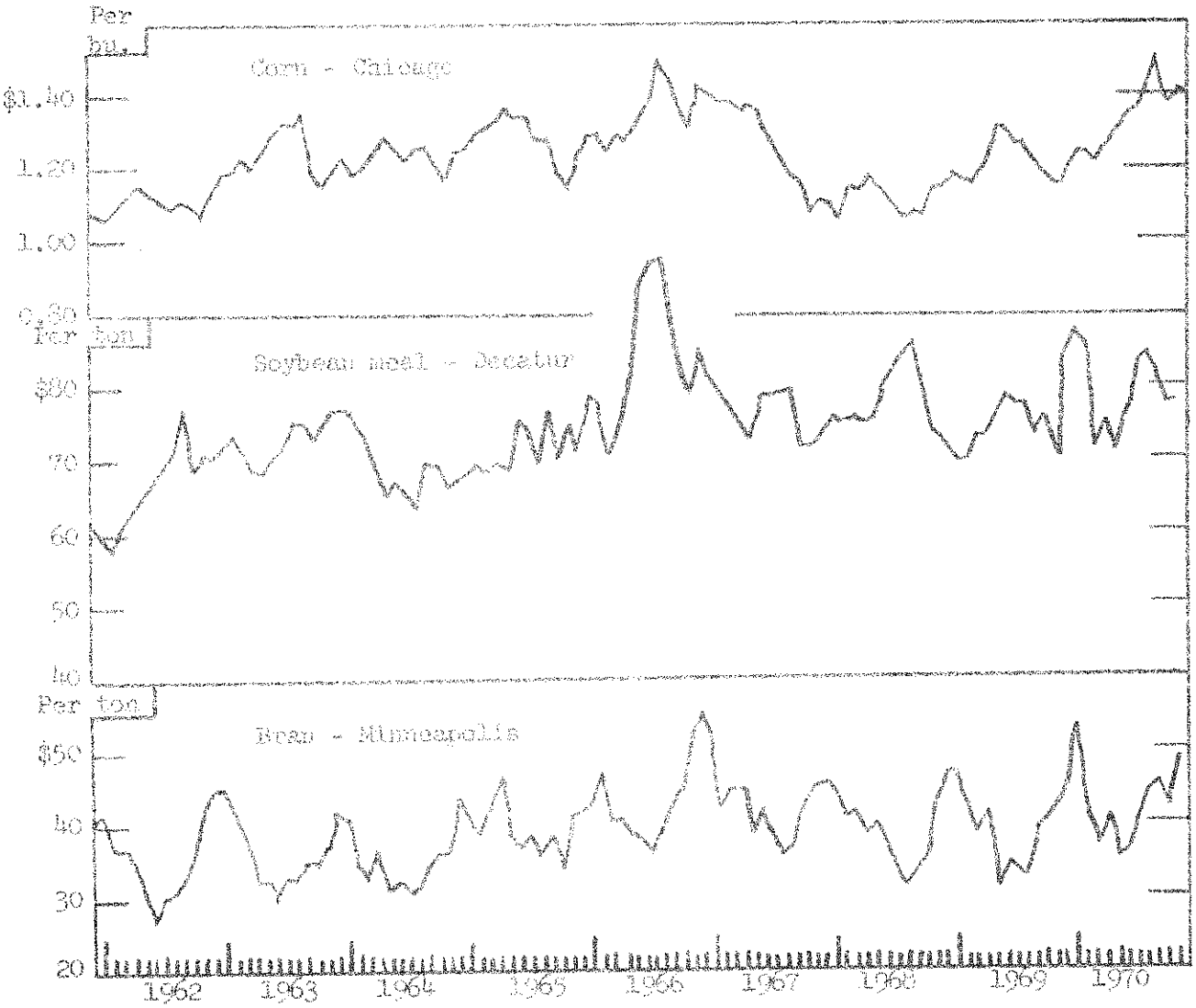
FEED GRAIN BALANCE SHEET
United States

	1964-68 average	1968-69	1969-70	1970-71*
		million tons		
SUPPLY				
Carryover	50.3	48.3	50.0	48.2
Production	158.8	168.9	174.2	158.8
Imports	.3	.3	.4	.4
Total	209.4	217.5	224.6	207.4
UTILIZATION				
Feed	124.7	133.0	138.8	138.1
Food, industry, seed	15.4	16.1	16.4	16.6
Exports	22.9	18.4	21.2	18.7
Total	163.0	167.5	176.4	173.4
Carryover, end of year	46.4	50.0	48.2	34.0

* Based on November 1970 indications.

Total feed grain use in the 1968-69 marketing year was slightly less than 1968 production, resulting in increased carryover. In 1969-70, use was greater than production and carryover declined nearly 2 million tons. In 1970-71, total feed grain use is expected to exceed production by nearly 15 million tons. If current expectations of use hold, carryover of feed grains next fall will be about 34 million tons, the lowest since 1954.

MARKET PRICES OF CORN, SOYBEAN MEAL AND WHEAT BRAN
1962 to date



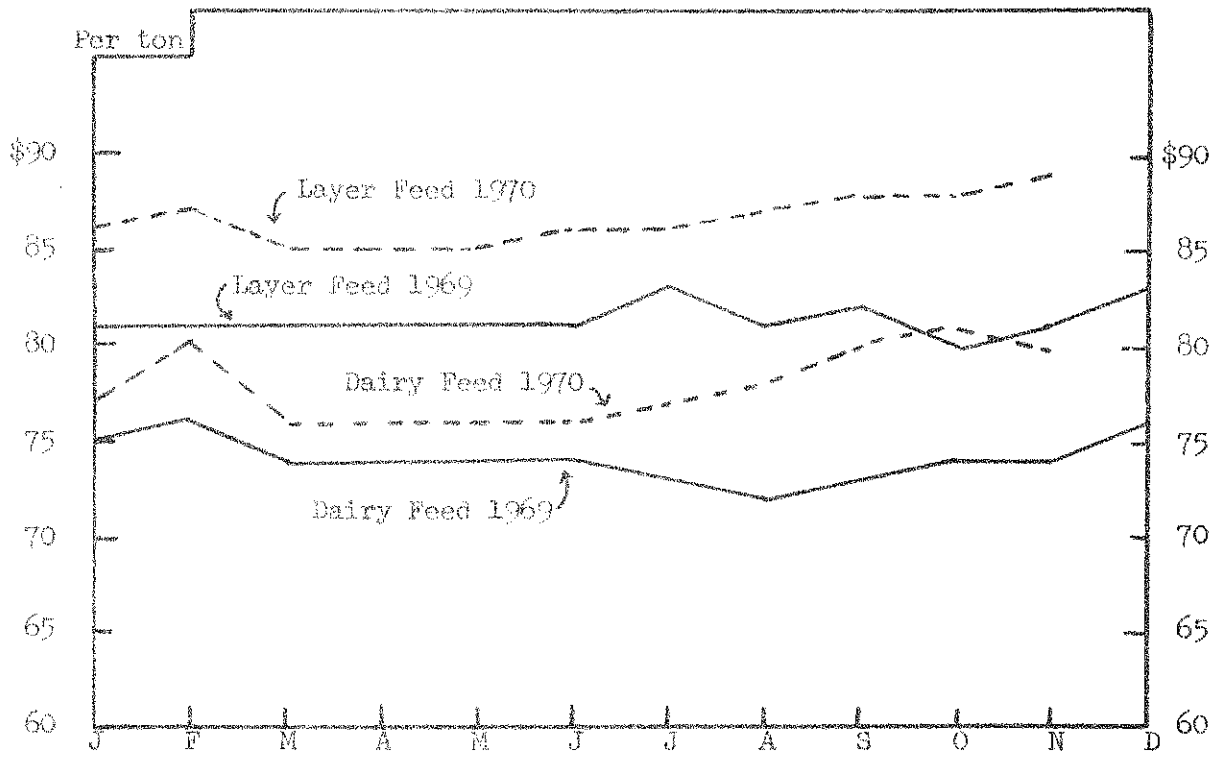
Source: USDA Feed Situation

Due to the rather poor corn crop, corn prices in the fall of 1970 were 20 to 30 cents above year earlier levels. Corn prices may be somewhat high in relation to feed supplies. If so, the seasonal price increase may be less than normal.

Soybean meal prices in the fall of 1970 were above year earlier levels. Strong demand is likely to keep the average price in the first nine months of 1971 above year earlier levels. The price is likely to fluctuate less than in 1970.

Bran and other by-product feed prices have tended to be higher in the fall of 1970 than in the same period in 1969. However these prices are lower in relation to corn than a year ago.

PRICES OF DAIRY AND LAYER FEEDS
By Months, 1969 and 1970, New York



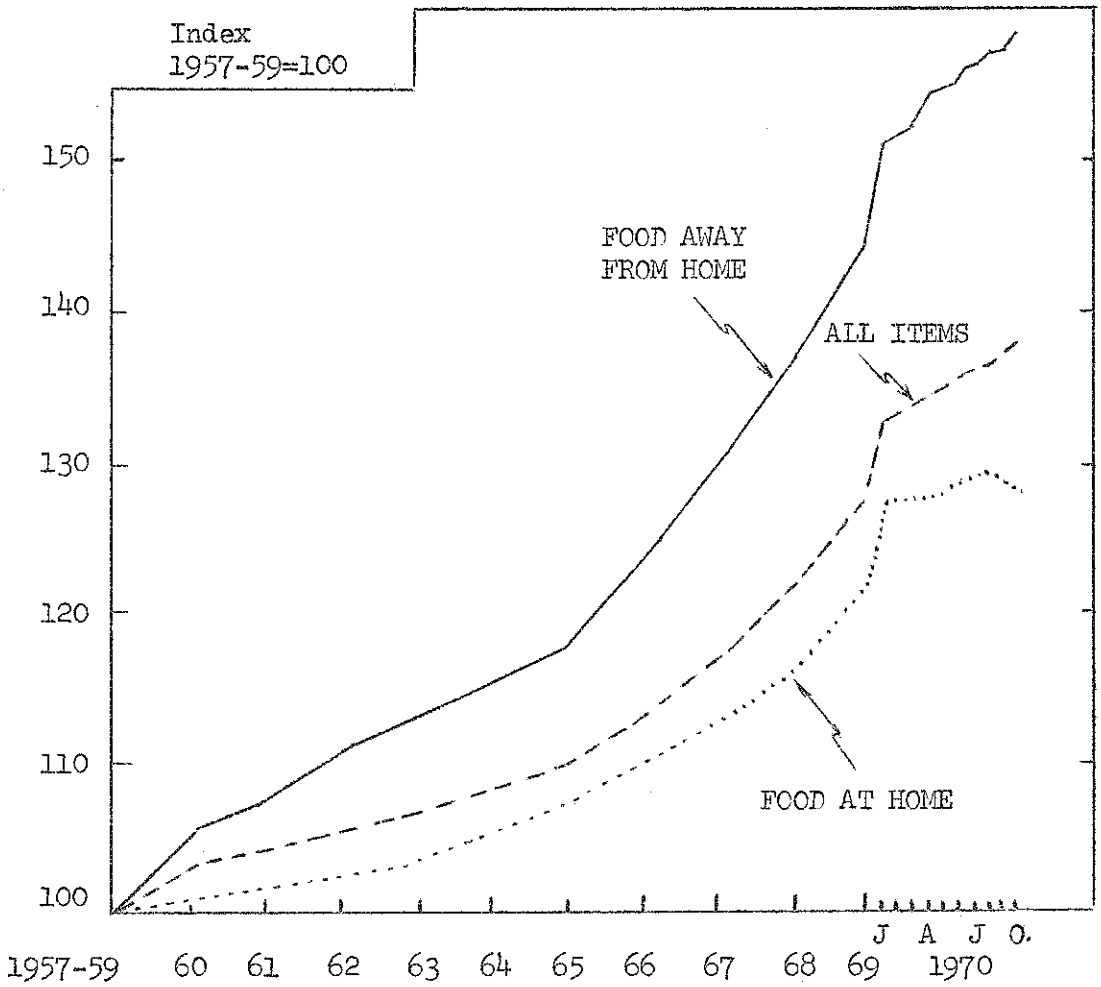
Source: USDA Agricultural Prices

Dairy and layer feed prices have been higher throughout 1970 than in 1969. The price spread widened after the prospect of a reduced corn crop due to southern leaf blight became apparent in August.

Feed prices are likely to average higher in the first half of 1971 than in the same months of 1970 because of rather low feed supplies in relation to demand.

	1970		1971	
Month	Dairy Feed	Layer Feed	Dairy Feed	Layer Feed
Jan	$77	$86		
Feb	80	87	___	___
March	76	85	___	___
April	76	85	___	___
May	76	85	___	___
June	76	86	___	___
July	77	86	___	___
Aug	78	87	___	___
Sept	80	88	___	___
Oct	81	88	___	___
Nov	80	89	___	___
Dec	___	___	___	___

CONSUMER PRICE INDEX ALL ITEMS, FOOD AWAY FROM HOME
AND FOOD AT HOME

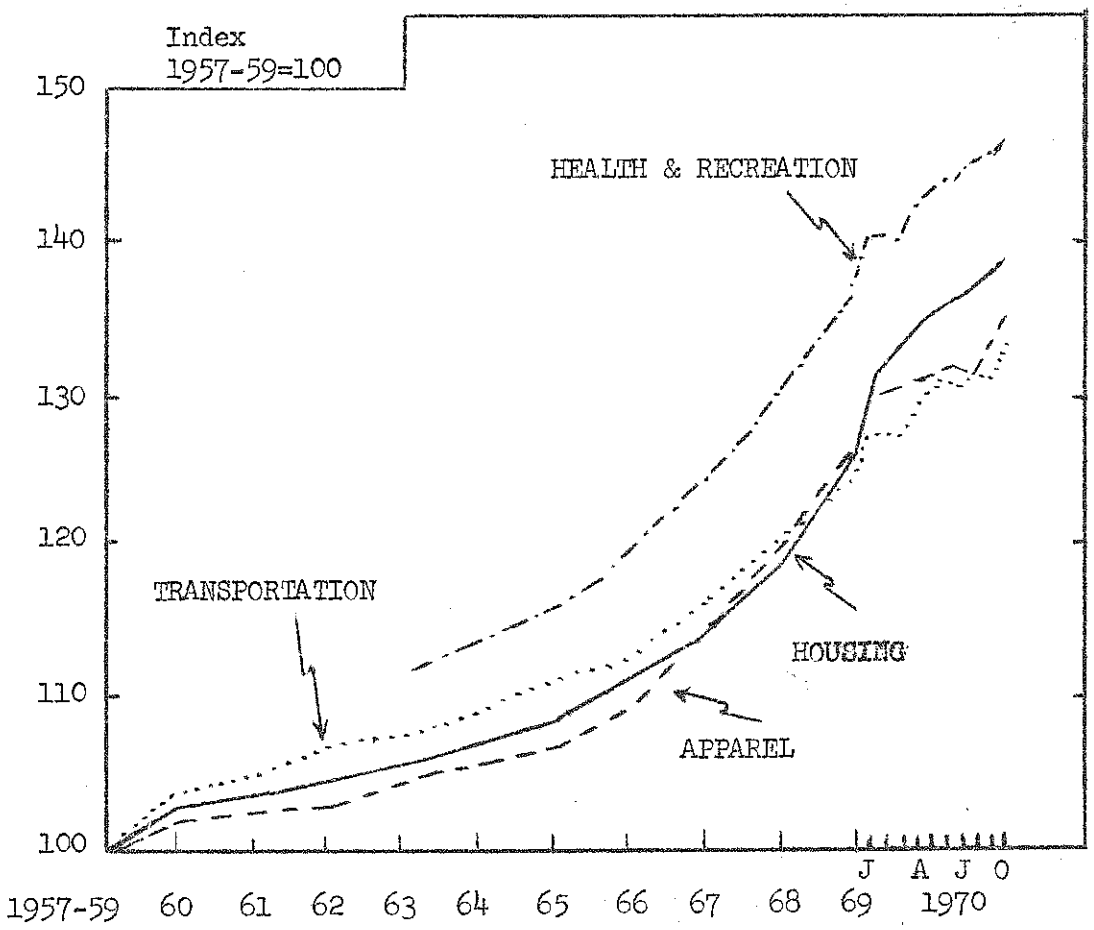


The consumer price index for all items will average about 135 for the year 1970, a seven percentage point increase over 1969. Although the absolute increase will be about equal to that experienced in 1969, it will represent a slightly smaller percentage increase. The "food at home" component representing about 80 percent of total food purchased continued to increase during 1970 and will average about 127. The "food away from home" share increased about 10 percentage points during 1970 and will average about 155.

A major contributor to the increase in the "food away from home" category was the rapidly rising cost of labor which is an important factor in the total cost of food purchased in restaurants, hotels and other institutional outlets.

With red meat and poultry meat supplies higher than a year ago the increase in food prices for 1971 is expected to be about two-thirds as great as that experienced in 1969 and 1970.

CONSUMER PRICE INDEX SELECTED NON-FOOD CATEGORIES



All major components of the consumer price index rose substantially in 1970 The largest increase was recorded for the health and recreation sector. Apparel reported the smallest increase. Compared to "food at home" all non-food categories for 1970 averaged from 5 to 16 percentage points higher.

INDEX OF RETAIL COST, FARM VALUE AND MARKETING COSTS FOR FARM FOODS, UNTIED STATES, 1957-70*

Year	Retail Cost	Farm Value	Marketing Cost
		1957-59=100	
1957	97	98	96
1958	103	105	101
1959	100	97	102
1960	101	99	102
1961	101	98	104
1962	102	99	105
1963	103	97	107
1964	103	96	108
1965	106	105	106
1966	111	114	110
1967	110	107	112
1968	114	112	115
1969	119	123	117
1970 est.	125	125	124

Source: Handbook of Agricultural Charts, USDA, November 1970

The 1970 estimate for retail cost, farm value and marketing cost of a market basket of farm produced food is about 25 percent higher than the 1957-59 average. Marketing cost which have been rising gradually during previous years advanced 7 percentage points in 1970. This coupled with a modest increase in farm value resulted in a retail price for the market basket of food items about 6 percentage points higher than a year ago.

*Market basket contains average quantities of farm produced food purchased annually by wage earners and clerical worker families in 1960-61.

CHANGES IN THE MARKETING BILL FOR FARM PRODUCED FOOD, UNITED STATES, 1959-69

Item	1959	1969	Increase
Labor - Direct by Marketing Firms	$17.8	$29.3	$11.5
Transportation	4.0	4.8	.8
Profits Before Taxes	2.1	3.9	1.8
Depreciation	1.4	2.2	.8
Business Taxes	1.2	2.3	1.1
Advertising	1.2	2.0	.8
Rent, Net	1.1	1.7	.6
Interest, Net	.2	.5	.3
Repairs, Bad Debts Contributions	.7	1.2	.5
Other, Residual	12.5	15.3	2.8
Total	$42.2	$63.2	$21.0

Source: Marketing and Transportation Situation, August 1970

Between 1959 and 1969, the marketing bill increased by $21.0 billion or 50 percent reflecting growth in the amount of food marketed, additional service performed and the rising costs of doing business. Direct labor costs, the larg single component, increased by $11.5 billion. About $4.1 billion, or a fifth o the increase, resulted from rising depreciation business taxes, advertising, rent, interest, repairs, bad debts and contributions. Profits accounted for $1.8 billion of the increase in the marketing bill from 1959 to 1969 and transportation $0.8 billion.

The bill for marketing farm food products rose 3.6 percent in 1969. This compares with an increase of 6.1 percent in 1968. Preliminary indication for 1970 point to the largest increase since 1958, about 8 percent.

INDEX OF AVERAGE HOURLY LABOR COSTS AND
UNIT LABOR COST FOR MARKETING FARM FOODS 1957-70

Year	Labor Cost	
	Per Hour Used	Per Unit Marketed
	1957-59=100	
1957	97	98
1958	100	101
1959	103	101
1960	108	102
1961	114	101
1962	120	104
1963	125	104
1964	128	104
1965	133	110
1966	140	114
1967	147	119
1968	158	126
1969	167	134
1970		

Source: Marketing and Transportation Situation, August 1970

Labor cost is the largest single item in the cost of marketing food, and has accounted for more than 50 percent of the increase in total cost since 1958. Labor employed in food retailing and in away from home eating places accounted for slightly over one half of the labor cost reported in 1969. Labor employed in food processing used one third and the remainder was for wholesaling. Labor cost accounted for 46 percent of the marketing bill in 1969 compared with 42 percent a decade ago.

From 1957 to 1964 productivity increases offset most of the hourly increases in labor cost. Since 1964, labor cost per unit marketed has advanced 30 percentage points while hourly labor cost has increased 39 percentage points indicating only a modest increase in productivity.

Output per hour in the total private sector, which includes marketing firms rose only 0.9 percent in 1969, the smallest increase since 1956. The prospects for increased productivity for 1970 and 1971 are limited.

NET PROFITS, AFTER TAXES, FOR CORPORATIONS MANUFACTURING FARM ORIGINATED PRODUCTS, 1969

Product Group	Profit As A Percent Of	
	Sales	Stockholder Equity
Dairy	2.2	10.1
Bakery	1.9	8.6
Other Foods	2.4	11.4
Alcoholic Beverages	4.1	10.4
Tobacco	5.2	14.5
Textiles	2.9	7.9
Apparel	2.3	11.9
All Manufacturing	4.8	11.5

Source: USDA, Marketing and Transportation Situation, May 1970

Corporations manufacturing agricultural products reported sales increa 10 percent and profits increases of 5 percent in 1969 compared to a year ea The improved profits were due largely to increased sales volume rather than higher profit margins.

Except for corporations manufacturing alcoholic beverages and tobacco products the profit margins as a percent of sales do not compare favorably the average for all manufacturing firms. In terms of return to stockholder equity the differences among the various industries are less pronounced. T tobacco industry reported the highest return and the textile industry the l return to stockholders. Care should be used in judging industry profitabil using a single measure due to varying amounts of equity capital used, total assets used and the rate of inventory turnover.

During 1970 net earnings after taxes in the manufacturing sector incre for all food products, beverages and tobacco products, but declined for the textile and apparel industry.

FOOD CHAIN EARNINGS AFTER TAXES, UNITED STATES, 1957-70

Year	Earnings As A Percent Of		
	Sales	Total Assets	Net Worth
1957	1.4%	NA	14.0%
1958	1.4	NA	13.6
1959	1.4	NA	12.7
1960	1.3	NA	12.2
1961	1.3	6.5%	11.3
1962	1.2	6.1	10.7
1963	1.3	6.5	11.5
1964	1.4	7.2	12.6
1965	1.3	6.5	11.5
1966	1.2	6.1	10.7
1967	1.0	5.4	9.2
1968	1.0	5.5	9.7
1969	0.9	5.3	9.3
1970			

Source: Operating Results of Food Chains, Department of Agricultural Economics, New York State College of Agriculture

In 1969 food chains earnings, after taxes, were the lowest reported during the 20 years that accurate records have been maintained. Retail food distributors usually have difficulty during periods of rapid inflation in translating higher merchandise costs and higher operating costs into retail prices that are high enough to maintain adequate levels of profits. Given the current climate of generous contract settlements with organized labor the prospects for improved levels of profits during 1970 and 1971 for food retailers appear dim.

QUANTITIES OF FOOD ONE HOUR OF FACTORY LABOR BOUGHT
UNITED STATES, SELECTED YEARS

Item	Units	1957-59	1969
Frying Chicken	Pound	4.7	7.6
Fluid Milk	½ Gallon	4.5	5.8
Canned Peas	303 Can	10.1	12.8
White Bread	Pound	11.0	13.9
Pork Cuts	Pound	3.5	4.3
Choice Beef	Pound	2.7	3.3
Oranges	Dozen	3.2	3.8
Potatoes	Pound	34.8	38.9

Source: USDA, Marketing and Transportation Situation, May 1970

The average wage earner in 1969 could still purchase more units of food with the wages received for an hour of work than a decade earlier. Although food prices rose sharply in 1970, it is likely that wage rates rose faster and the favorable relationship between wages and food prices was maintained.

FOOD EXPENDITURES AND DISPOSABLE INCOME PER CAPITA
UNITED STATES, SELECTED YEARS

Period	Per Capita Disposable Income	Per Capita Food Expenditures	Percent of Income Spent For Food
1947-49	$1244	$306	24.6%
1957-59	1846	380	20.6
1967	2745	470	17.1
1968	2933	494	16.8
1969	3108	518	16.7
1970 (second quarter rate)	3335	551	16.5

Source: USDA, Marketing and Transportation Situation, August 1970

Since 1947-49 food expenditures per capita have increased 80 percent whi disposable income per capita has increased 168 percent. As a result the prop tion of income spent for food has declined 33 percent to 16.5. Today's food, however, is purchased with a greater amount of convenience built into the product. More variety is available from which to select and there are fewer seasonal limitations with regard to supply.

CHANGES IN CONSUMER INCOME

D. I. PADBERG

Figure 1 shows the changes in per capita consumer income deflated through out most of this century. This series of data is not a bad reflection of the changes in purchasing power or real income per person across society. This series shows several interesting characteristics. It is surprising how different the first one third of this century was as compared to the second one third. Most people, if asked, would suggest that the first one third of this century was a period of economic instability while more stable conditions have prevailed during the second one third. While that may be true in terms of cycles of business investment, prices and wage rates, consumer income was rather stable in terms of its buying power.

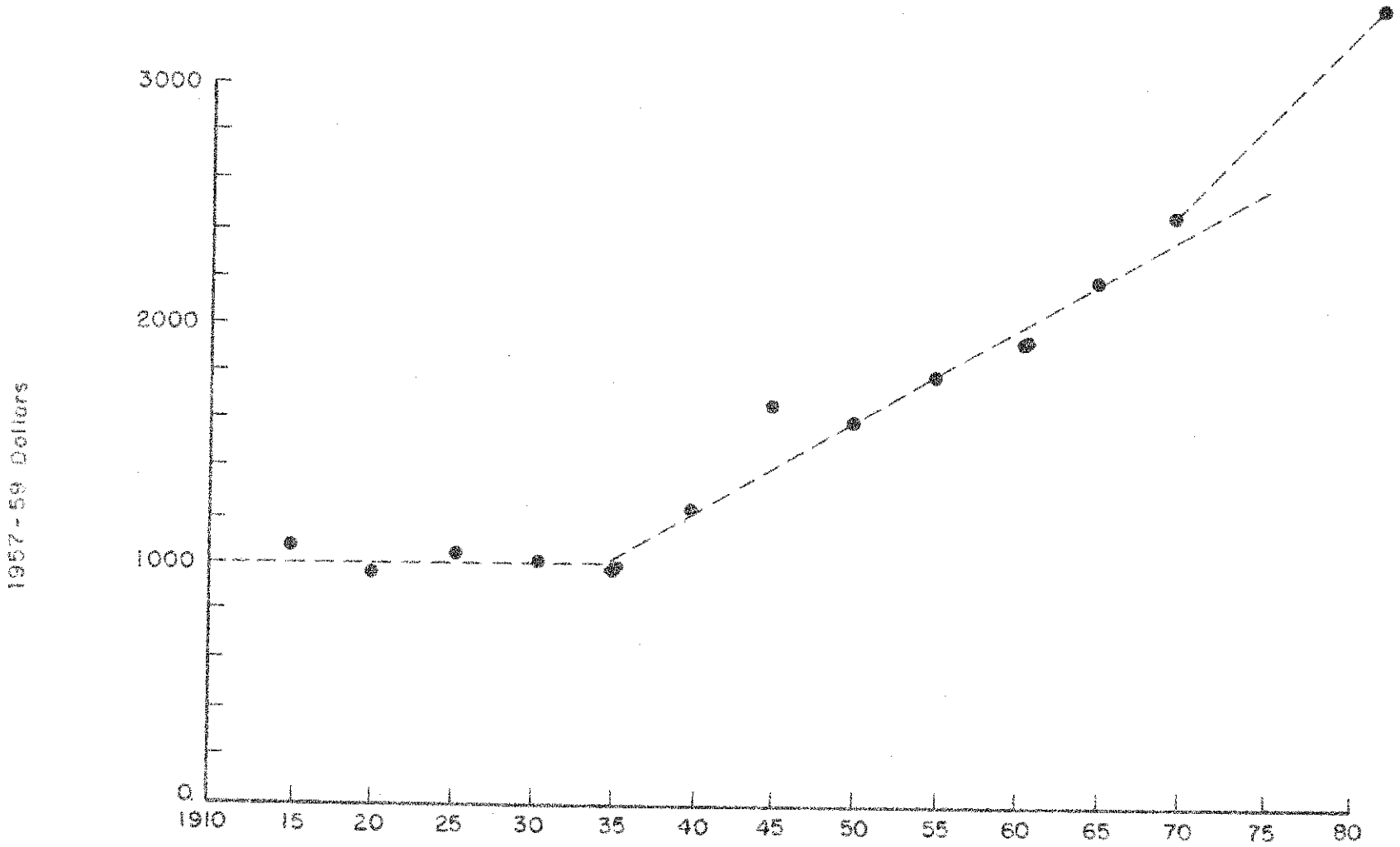
For whatever reasons (aside from the present topic), income began to increase steadily and rapidly during the late thirties. It doubled by the early 1960's and a projection by the National Industrial Conference Board indicates it will double again before the end of this decade. Data for the period after 1965 indicate that disposable income per person has continued to rise steadily each year despite inflation and tax increases. Disposable income per person in constant dollars for 1969 is up over 12% from the 1965 figure. 1/

It goes without saying that when income doubles, the amount of income available for purchases beyond necessities increases much faster. How have these rapid increases in purchasing power been spread across the population? Figure 2 gives an illustration of changes in income distribution during the period 1950 to 1967. While there is some slight shift from the highest income group to the lower groups, the essence of this picture is the surprising stability of income distribution during this rapid rising of incomes. This means, of course, that the number of and percentage of families moving into higher income groups have changed markedly. Figure 3 deals with family income in constant dollars of 1967 value between 1950 and 1967.

Although a family income of $7000 of 1967 value probably represents a level of living above subsistence, one can not attribute much affluence to family incomes below this level. On the other hand family income levels above $7000 begin to include substantial amounts of discretionary purchase choices beyond those associated with subsistence. In this regard we note that this measure of affluence reached only 23% of U.S. families in 1950 but had stretched to reach about 59% in 1967. Thirty four percent of U.S. families had 1967 income over $10,000. On the other hand U.S. families with income less than $3000 declined from 28% in 1950 to 12½% in 1967. More recent data show this figure to have dropped to about 10%. These data give an indication of the anatomy of affluence.

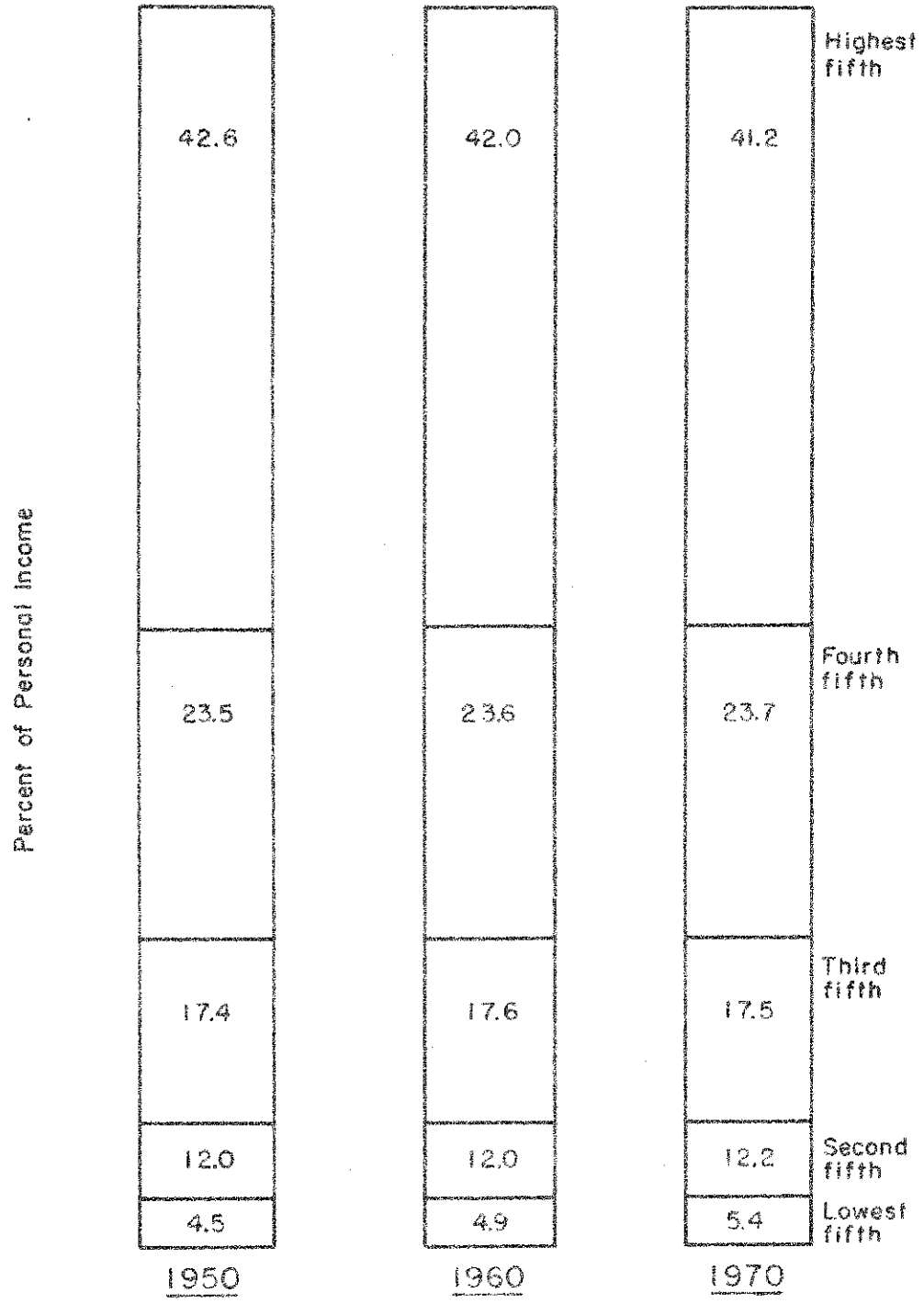
1/ Economic Report of the President, U.S. Government Printing Office, February 1970, page 195.

Figure I. Consumer Disposable Income Per Person, 1910 - 1965, 1/ Projected to 1980



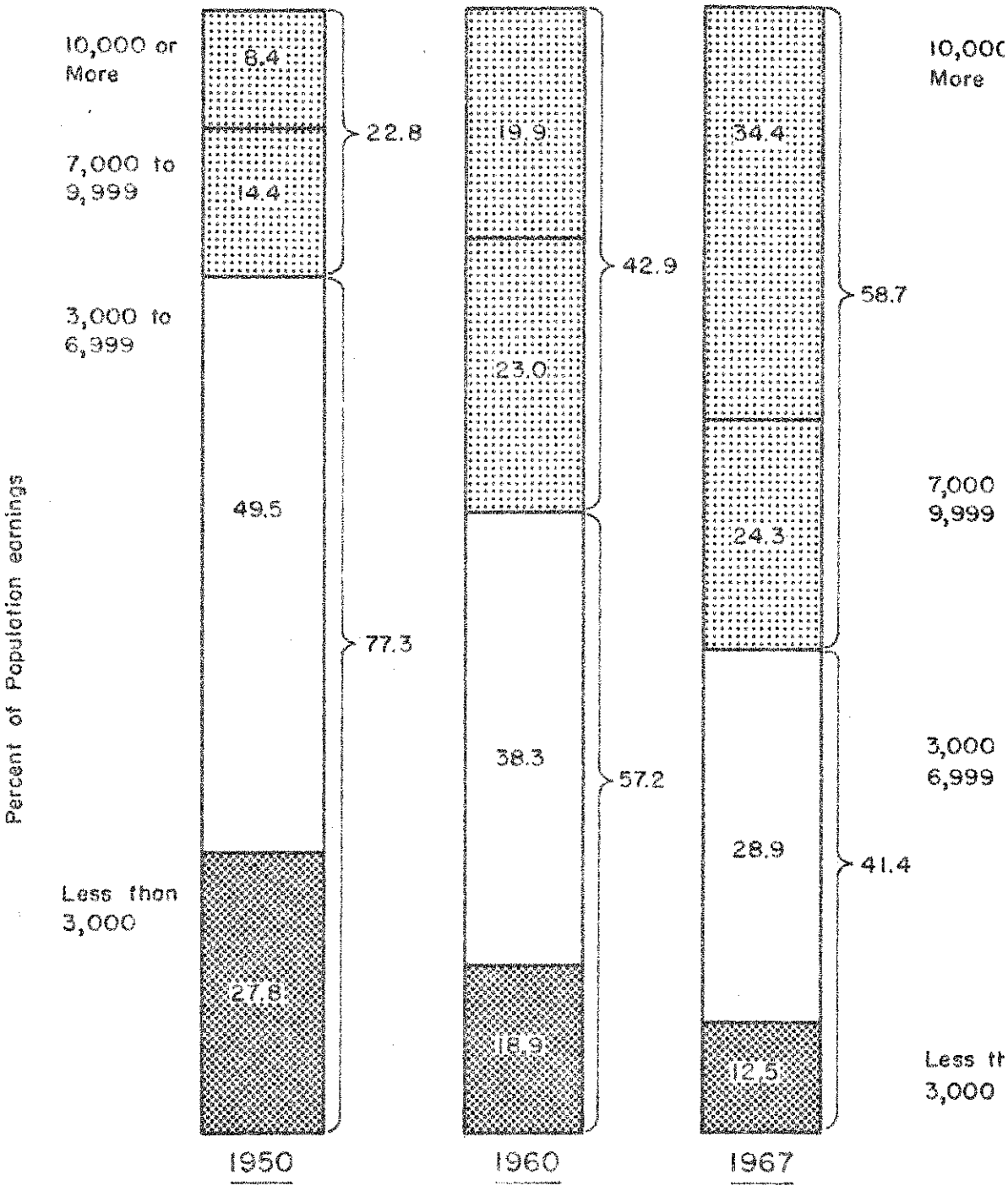
1/ Each dot represents a centered five - year average

Figure 2. Percentage of Aggregate Income in Selected Years, 1950-67, Received by each fifth of U.S. Families Ranked by Income.



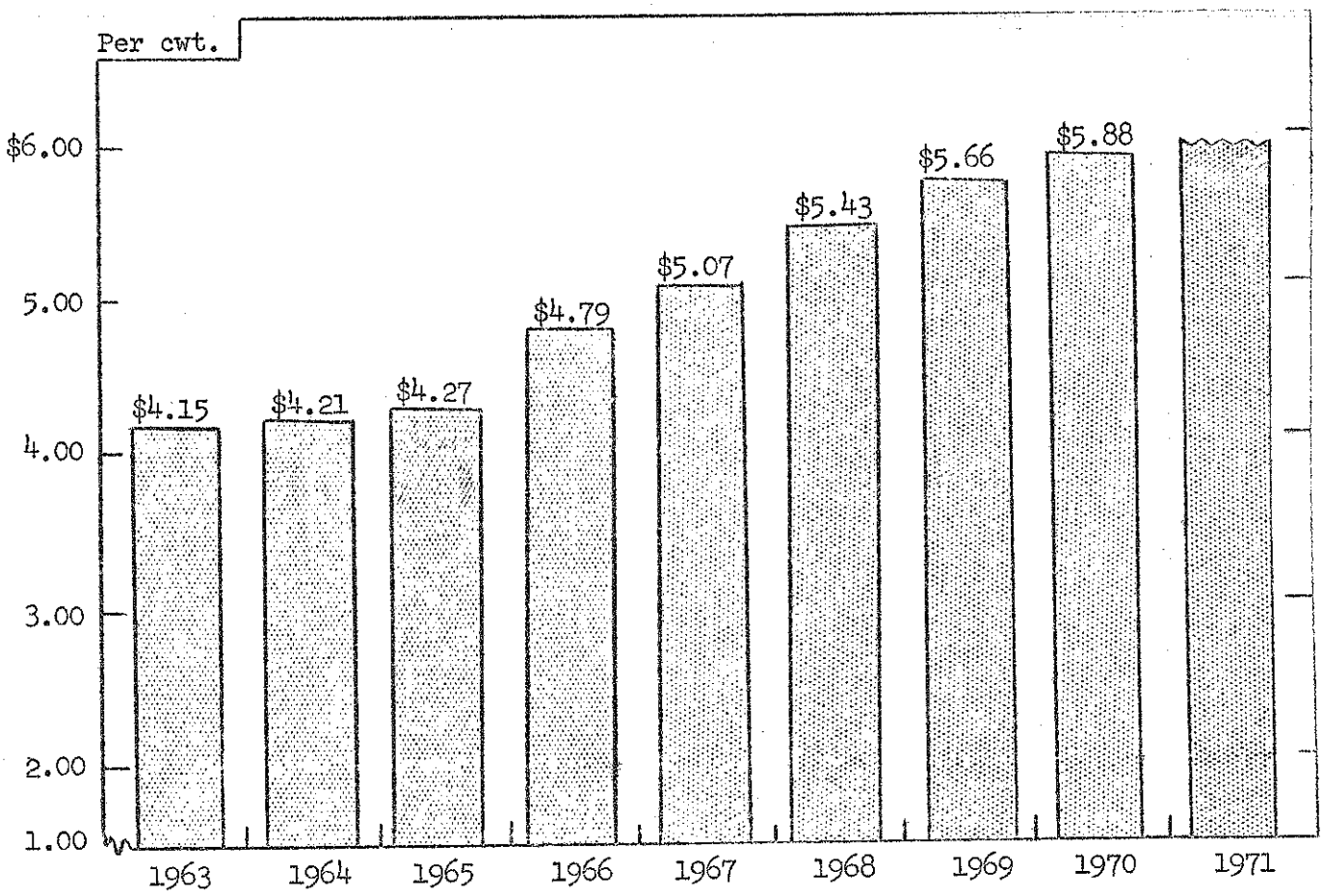
Source: U.S. Dept. of Commerce, Current Population Reports, Consumer Income, P-60, No. 59, Apr. 18, 1969, Page 24.

Figure 3. U.S. Families by Total Money Income in 1967 Dollars, Selected Years 1950-67.



Source: U.S. Department of Commerce, Current Population Reports, Consumer Income, P-60, No. 59, Apr. 18, 1969, Page 22.

FARM PRICE OF MILK
1963 to date



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

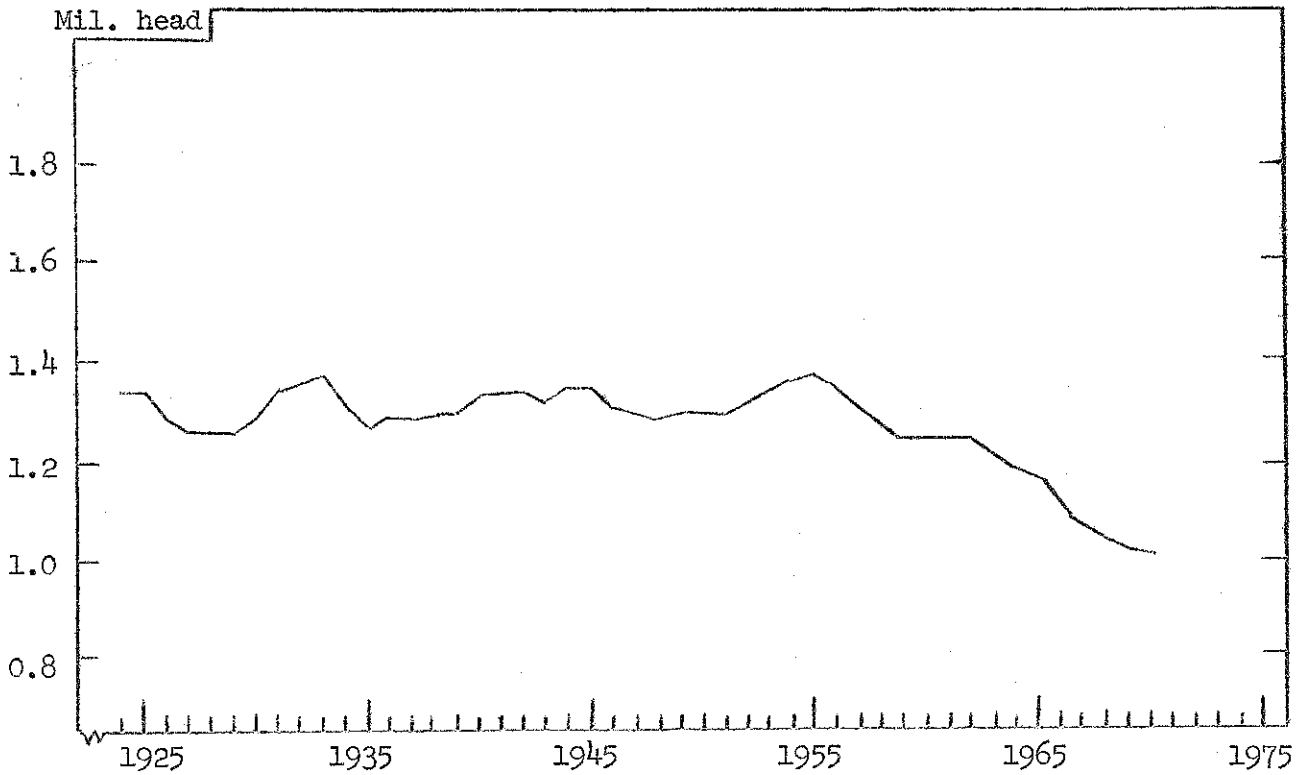
The farm price of milk in New York increased for the eighth consecutive year during 1970. The blended price in the New York-New Jersey market was $5.88 per 100 pounds or 22 cents above the 1969 price and nearly $1.75 above the 1962 level. This gain was in part offset by higher marketing costs including cooperative deductions and hauling charges.

Prospects for 1971 are for a further increase of 5 cents per hundredweight with much of the increase occurring in the first four months of the year.

Month	Price per 100 pounds 1969	1970	1971
January	$5.70	$5.83	$____
February	5.64	5.82	____
March	5.41	5.55	____
April	5.24	5.51	____
May	5.05	5.30	____
June	5.02	5.31	____
July	5.51	5.83	____
August	5.91	6.15	____
September	6.18	6.37	____
October	6.26	6.48	____
November	6.14	6.30*	____
December	5.92	6.06*	____

* Estimated

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 1970, extending the downward trend which began in 1963. The decrease in the average number from 1969 to 1970 was 0.2 percent compared with 1.5 percent the previous year, thus indicating a slowing down in the rate of reduction.

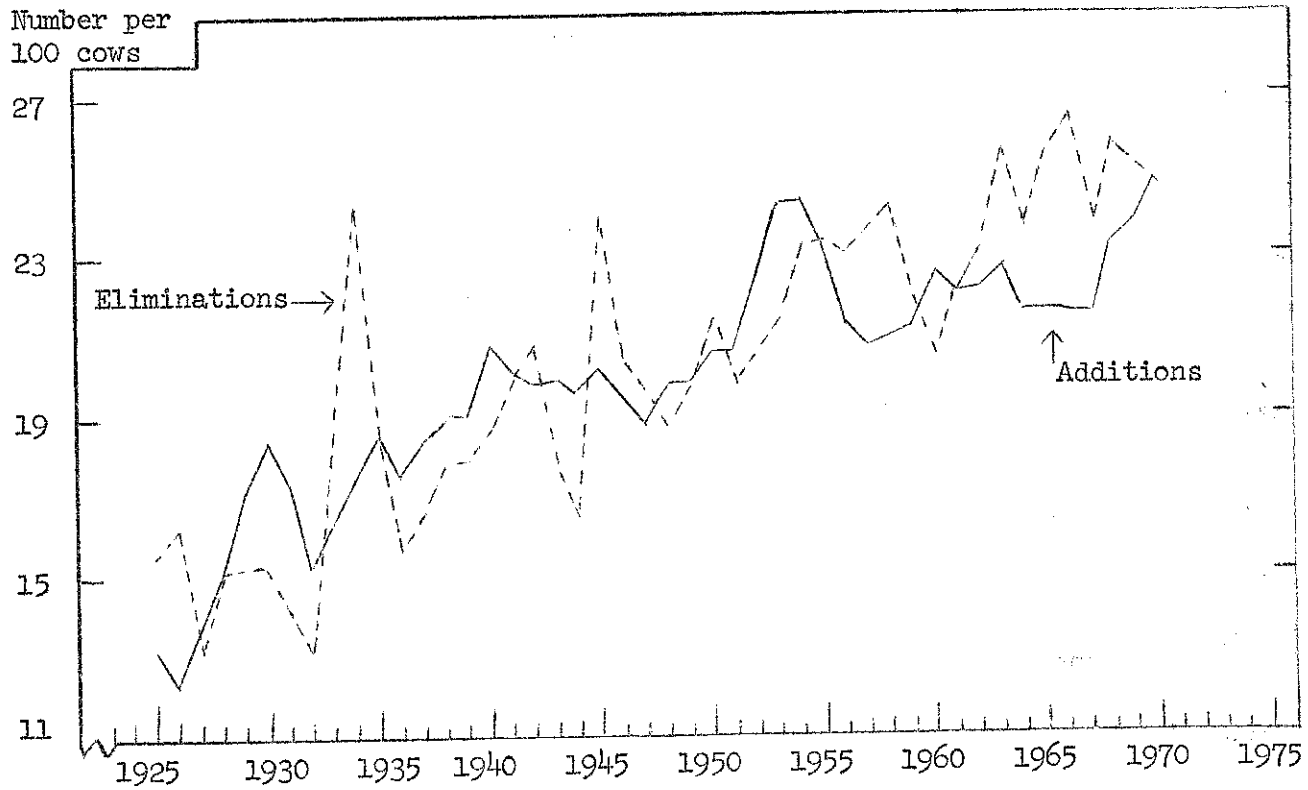
The drop off in number to 1,022,000 head in 1970 leaves the milk cow population about 20 percent below the long-term average.

Cow numbers for 1971 are expected to rise slightly (one-tenth of one percent) and thus reverse the down trend of the past six years.

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
1969	1,024
1970*	1,022

* Preliminary

ADDITIONS TO AND ELIMINATIONS FROM DAIRY HERDS, NEW YORK
1924 to date



Source: New York Dairy Farm Report

During the last 3 years, the number of heifer calves raised has been stable. With a declining number of milk cows, the number of heifers available for herd replacements per 100 milk cows on hand gained moderately in 1970. Culling and other eliminations from the herds have been much above normal in the last several years. The result has been the declining cow population.

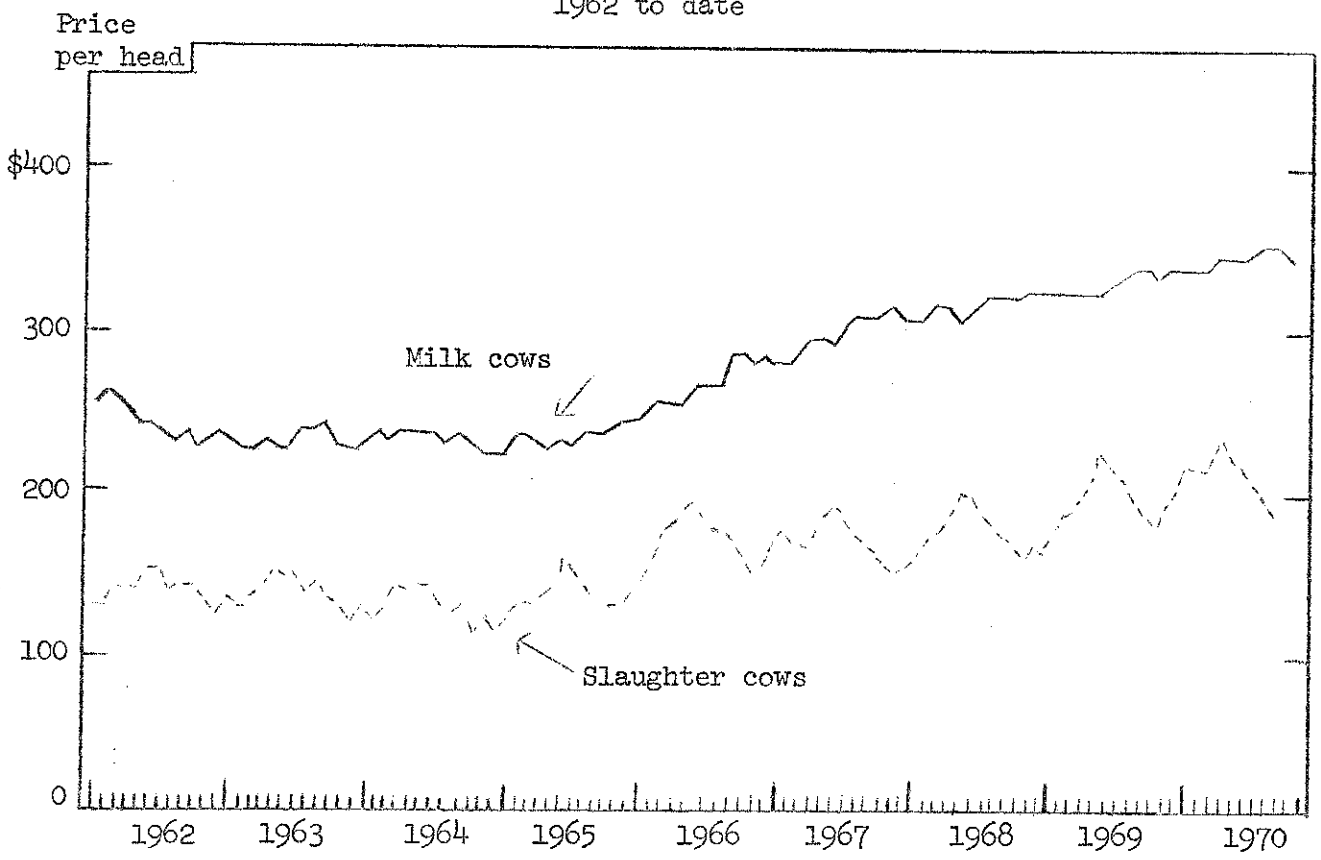
Going into 1971 there were more heifers on farms per 100 cows (25.0) than a year earlier and the largest ratio since 1955.

Even with a continued high rate of culling in 1971, cow numbers for the year are expected to rise slightly and thus reverse the down trend of the past 6 years. Favorable cull cow prices, higher feed prices, and declining outlets for can milk favor continuation of a high culling rate in 1971, and thus limit the increase in cow numbers.

	Per 100 cows	
Year	Additions	Eliminations
1955	23.4	23.4
1956	21.2	23.2
1957	20.8	23.8
1958	21.0	24.0
1959	22.2	22.2
1960	22.5	20.5
1961	22.1	22.1
1962	22.3	23.3
1963	22.8	25.7
1964	21.8	23.8
1965	21.7	25.7
1966	21.6	26.6
1967	21.7	23.7
1968	23.3	26.7
1969	23.9	24.4
1970*	24.8	24.9
1971**	25.0	

*Preliminary
**Estimated

PRICES OF MILK AND SLAUGHTER COWS, NEW YORK
1962 to date



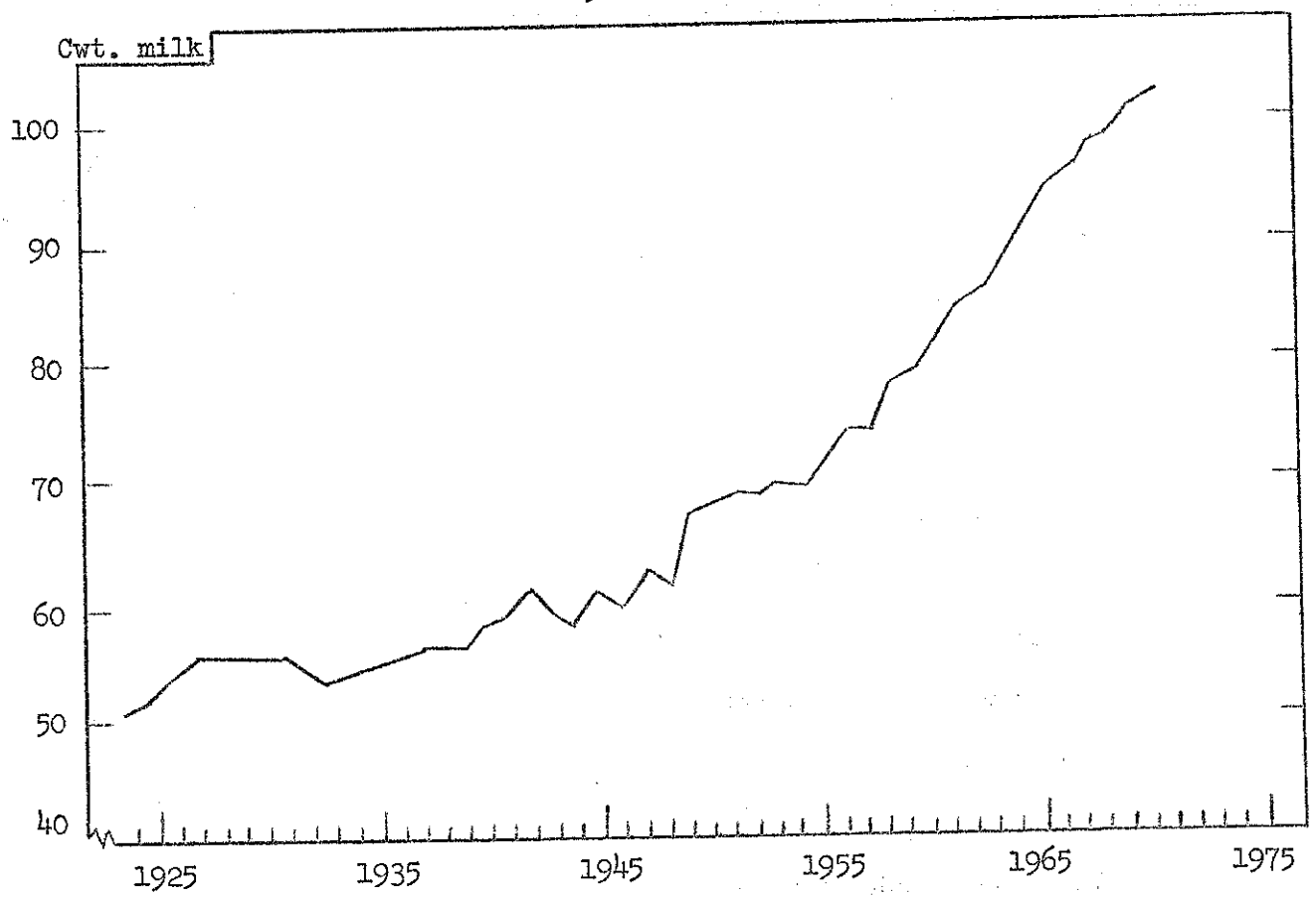
Source: New York Agricultural Price Report

Strong consumer demand for beef and favorable milk prices continue to support moderately high cattle prices.

During 1971 both milk cow and slaughter cow prices are not expected to be as strong as in the past year.

	Average price per head			
	Milk cows		Slaughter cows	
Month	1969	1970	1969	1970
January	$330	$345	$167	$191
February	330	345	178	201
March	330	345	187	216
April	330	350	190	214
May	330	350	206	215
June	330	350	228	235
July	335	355	220	222
August	340	360	211	214
September	345	360	196	206
October	345	360	184	198
November	340	350	177	186
December	345		185	

ANNUAL MILK PRODUCTION PER COW, NEW YORK
1924 to date



Source: New York Dairy Farm Report

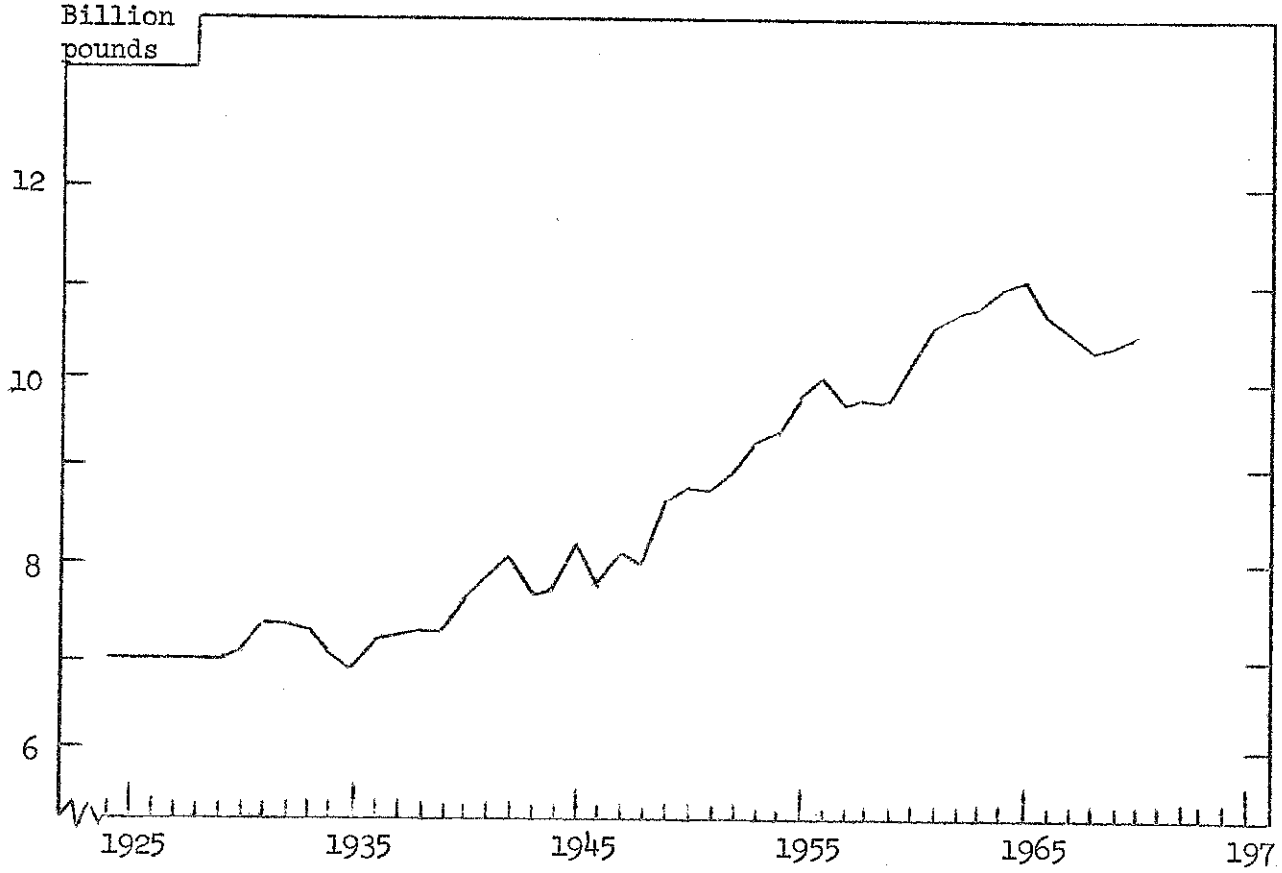
Monthly milk production per cow during 1970 showed only modest increases from the corresponding months a year earlier, despite a heavier rate of grain feeding. Milk production per cow gained 135 pounds during 1970. While this increase was nearly 100 pounds less than in recent years, it brought production to a record level of 10,200 pounds per cow.

The upward trend in milk production per cow is expected to continue at roughly the 1970 rate and bring the level to 10,325 pounds per cow in 1971. A less-than-normal gain in grain feeding is expected in 1971 because of higher feed prices. Increased heifer numbers in dairy herds also will limit the gain in output per cow.

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	9,780	3,410
1968	9,835	3,440
1969	10,067	3,730
1970*	10,200	3,800

* Preliminary

TOTAL MILK PRODUCTION, NEW YORK
1924 to date



Source: New York Dairy Farm Report

Total milk production increased by about one percent in 1970 for the second year in a row after three consecutive years of decline. However, the year's production, estimated at 10,420 million pounds, is off about 5 percent from 1965's peak production of 11,033 million pounds.

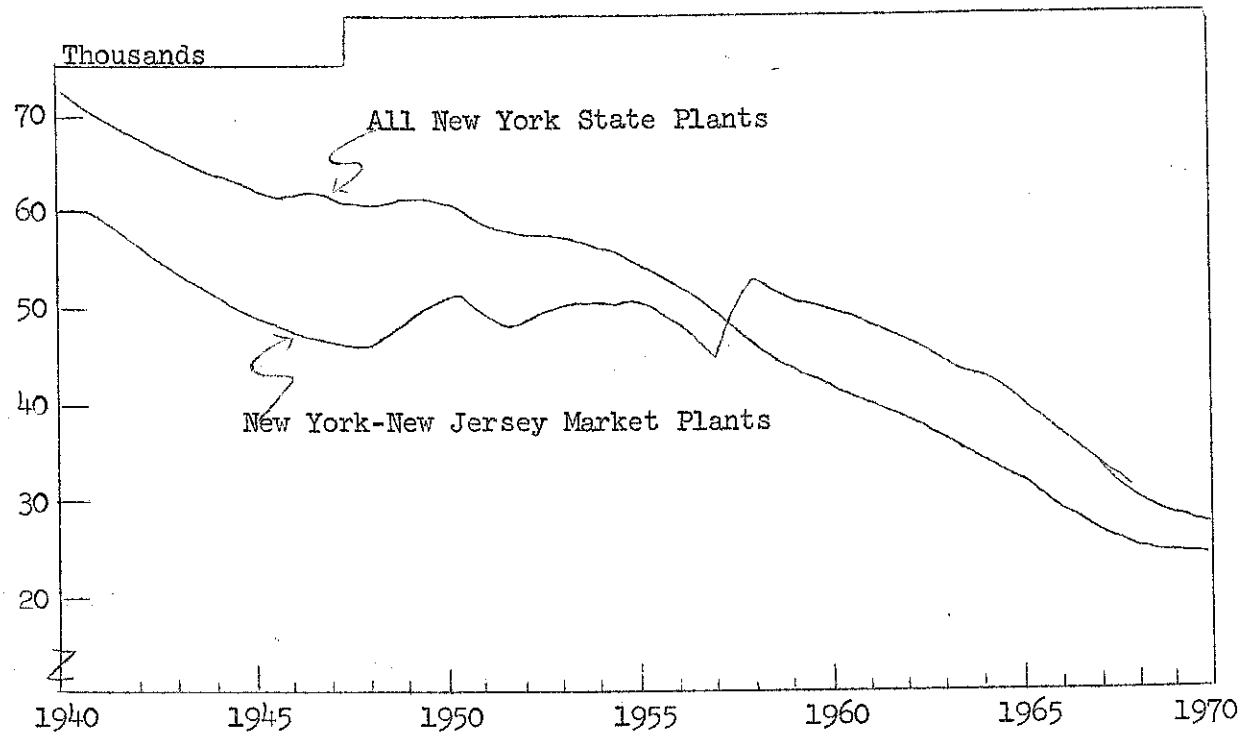
The increase in total milk production resulted from an increase in milk production per cow which more than offset the decline in the number of milk cows.

For 1971 total milk production is forecast at about 10,562 million pounds, up nearly 1.5 percent from the previous year. The estimate is based on a moderate increase in milk production per cow coupled with a slight increase in the number of milk cows.

Year	Total production New York State mil. lbs.
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	10,455
1968	10,219
1969	10,309
1970*	10,420

* Preliminary

NUMBER OF PRODUCERS DELIVERING MILK IN JUNE
1940-1970



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

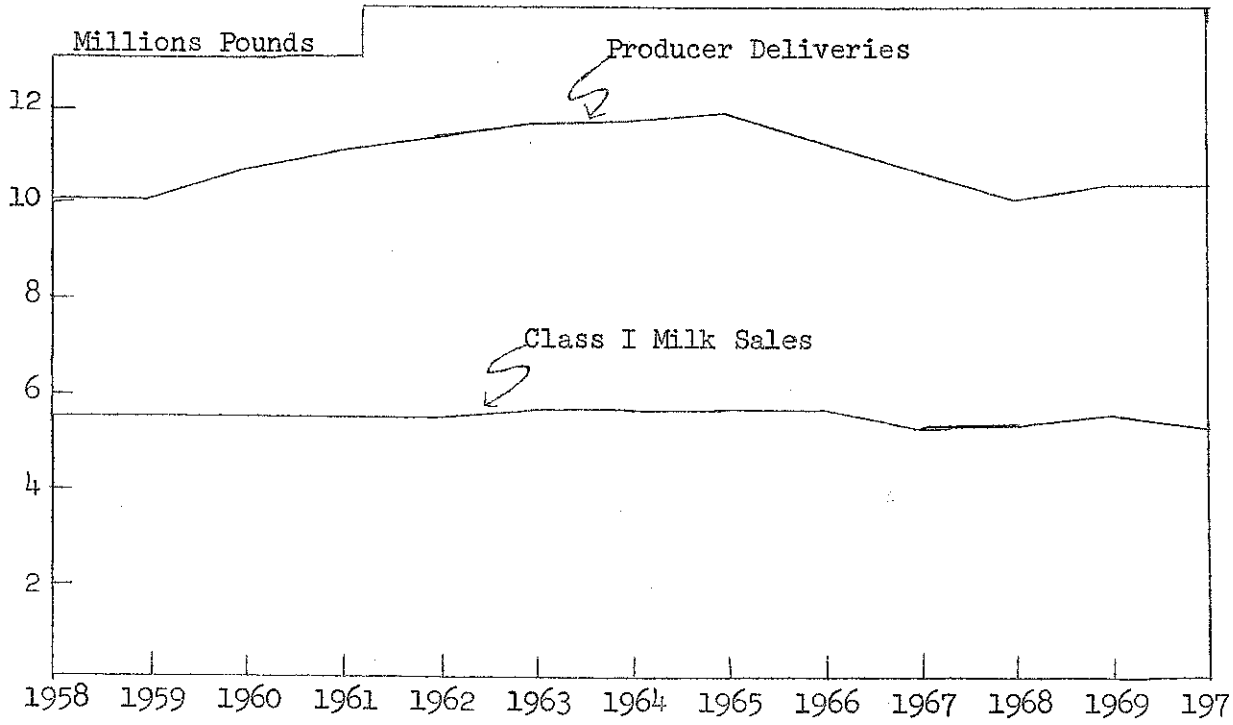
The number of producers delivering milk to plants in New York State in June 1970 declined by about 1,000 from the previous year. The number delivering to all New York-New Jersey market plants in June 1970 was down about 1,700 from 1969. The downtrend in producer numbers both in New York State and in the New York-New Jersey market will continue in 1971. Declining outlets for can milk in 1971 will tend to accelerate the withdrawal of farmers from dairying, but weaknesses in other farm enterprises and in the off-farm job market will be offsetting factors.

Number of Producers Delivering Milk in June

Year	All N. Y. Plants	New York-New Jersey Market
1950	60,715	50,425**
1955	54,525	50,175**
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	26,897	33,494
1968	25,065	29,907
1969	24,766	28,635
1970*	23,750	26,936

* Preliminary
** N. Y. Order plants

MILK SUPPLIES AND UTILIZATION
NEW YORK-NEW JERSEY MARKET, 1958-1970



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

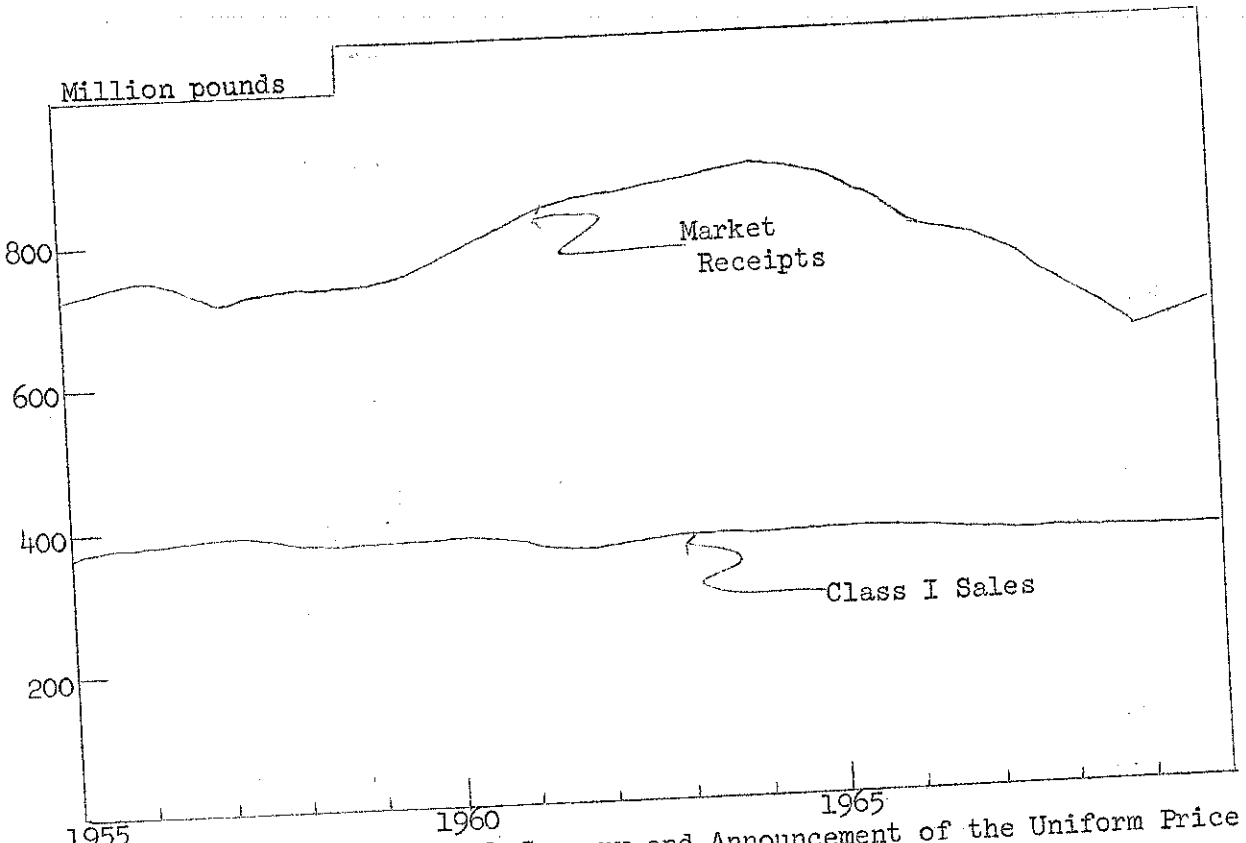
Producer deliveries to the New York-New Jersey market during 1970 were unchanged from 1969. Higher milk production in New York and Pennsylvania portions of the milkshed was offset by lower production in New Jersey and by a net shift of milk supplies to other market outlets. This situation is expected to continue in 1971 and market receipts are expected to continue at about 1970 levels. Class I milk sales in the New York-New Jersey market declined 2.7 percent from 1969. A further decline of 2.5 percent is forecast in Class I sales for 1971.

Milk Supplies and Utilization

Year	Producer Deliveries	Class I Sales	Fluid Sk Milk Us
	-------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	5,394	213
1969	10,332	5,588	---
1970*	10,332	5,435	---

* partly forecast

MARKET RECEIPTS AND UTILIZATION, NIAGARA FRONTIER MARKET
1955-1970



SOURCE: Annual Statistical Summary and Announcement of the Uniform Price Niagara Frontier Marketing Area.

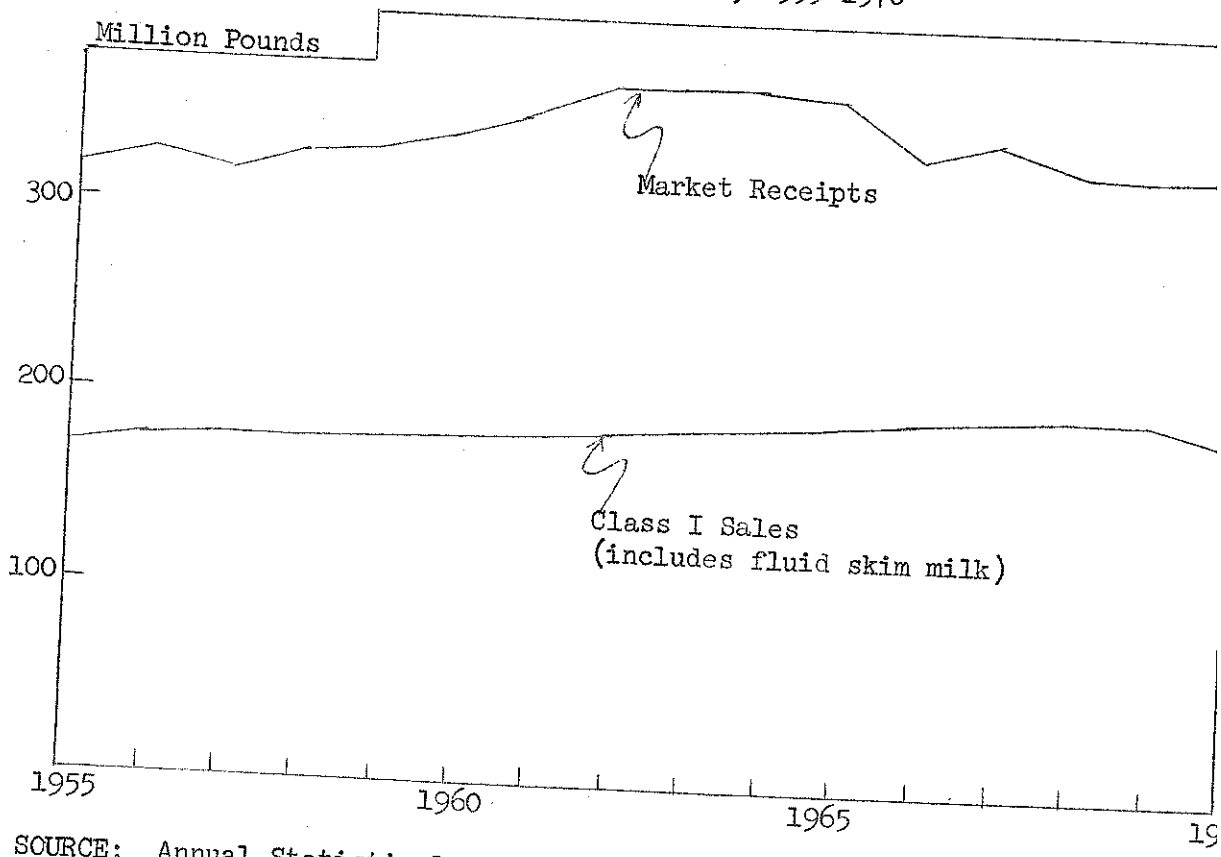
The volume of pooled receipts from producers and other sources increased 3.5 percent in 1970 after declining sharply in previous years, largely because of shifts of supplies to other markets. A further increase in market receipts of 1.5 percent is anticipated for 1971 because of the continued uptrend in milk production in that region of the state. Class I milk sales during 1970 were down about 1.5 percent from 1969 and a further decline of about the same rate is expected in 1971.

Milk Supplies and Utilization

Year	Total Market Receipts [1]	Total Class I Sales [2]
	--million lbs.--	
1955	723	381
1956	747	395
1957	714	347
1958	736	388
1959	737	383
1960	772	383
1961	823	383
1962	851	383
1963	867	386
1964	878	387
1965	859	390
1966	796	384
1967	769	381
1968	740	375
1969	651	376
1970*	674	370

* Partly forecast, 1/ Includes total pooled receipts, 2/ Includes fluid skim milk.

MARKET RECEIPTS AND UTILIZATION
ROCHESTER MARKET, 1955-1970



SOURCE: Annual Statistical Summaries and Announcement of Uniform Price, Rochester Milk Marketing Area.

Pooled market receipts in the Rochester market increased slightly during 1970 and a small increase is expected in 1971. Fluid milk sales declined sharply in the Rochester market in 1970 (about 4 percent) after 15 years of stable or rising sales. A further decline in Class I sales can be expected in 1971. With higher retail milk prices and continued weakness in the general economy there is little basis for a reversal in the downtrend in sales.

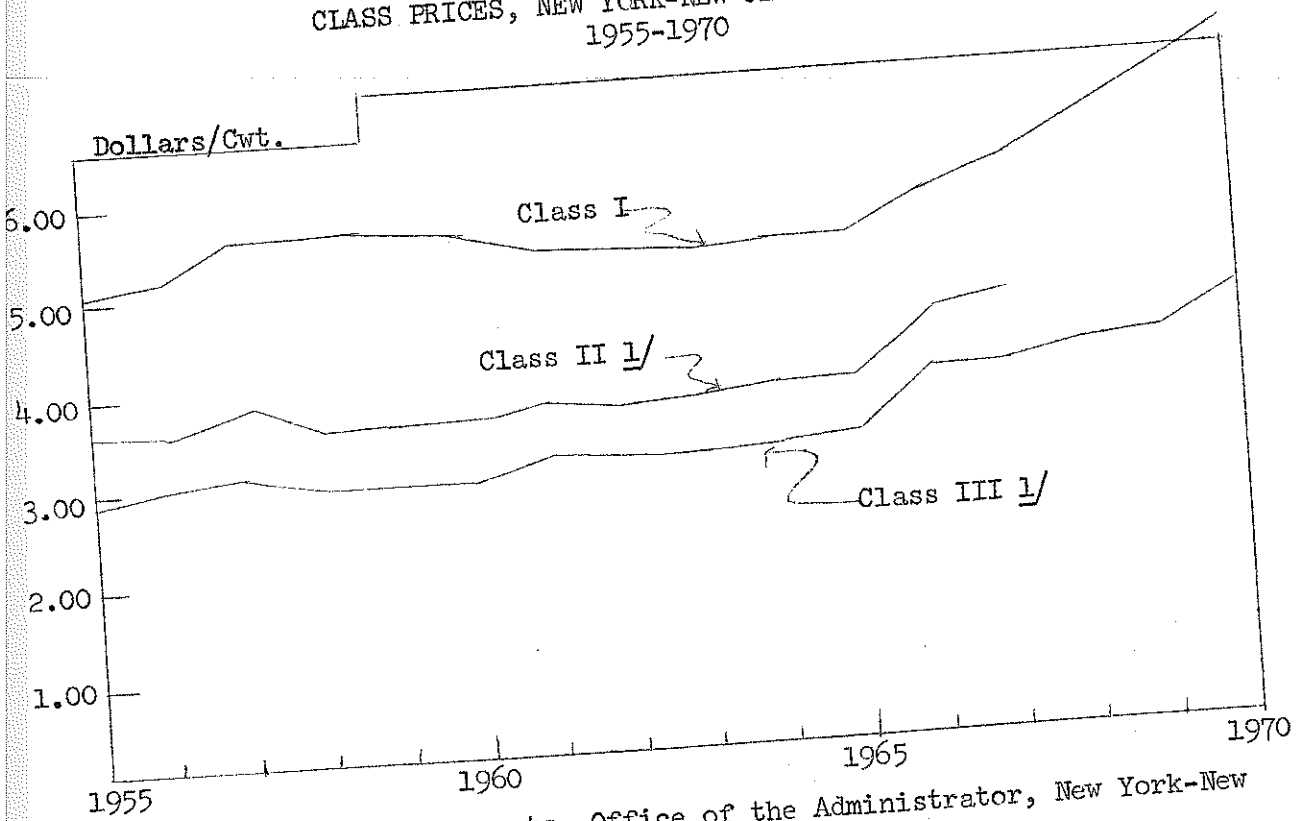
Milk Supplies and Utilization

Year	Pooled Market Receipts	Class I and Fluid Skim Milk Sales
	million pounds	
1955	317	170
1956	327	177
1957	317	180
1958	328	177
1959	332	180
1960	340	181
1961	351	180
1962	368	183
1963	367	186
1964	366	189
1965	363	192
1966	335	194
1967	343	198
1968	326	198
1969	326	198 1/
1970*	327	190 1/

* partly forecast

1/

CLASS PRICES, NEW YORK-NEW JERSEY MARKET
1955-1970



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

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

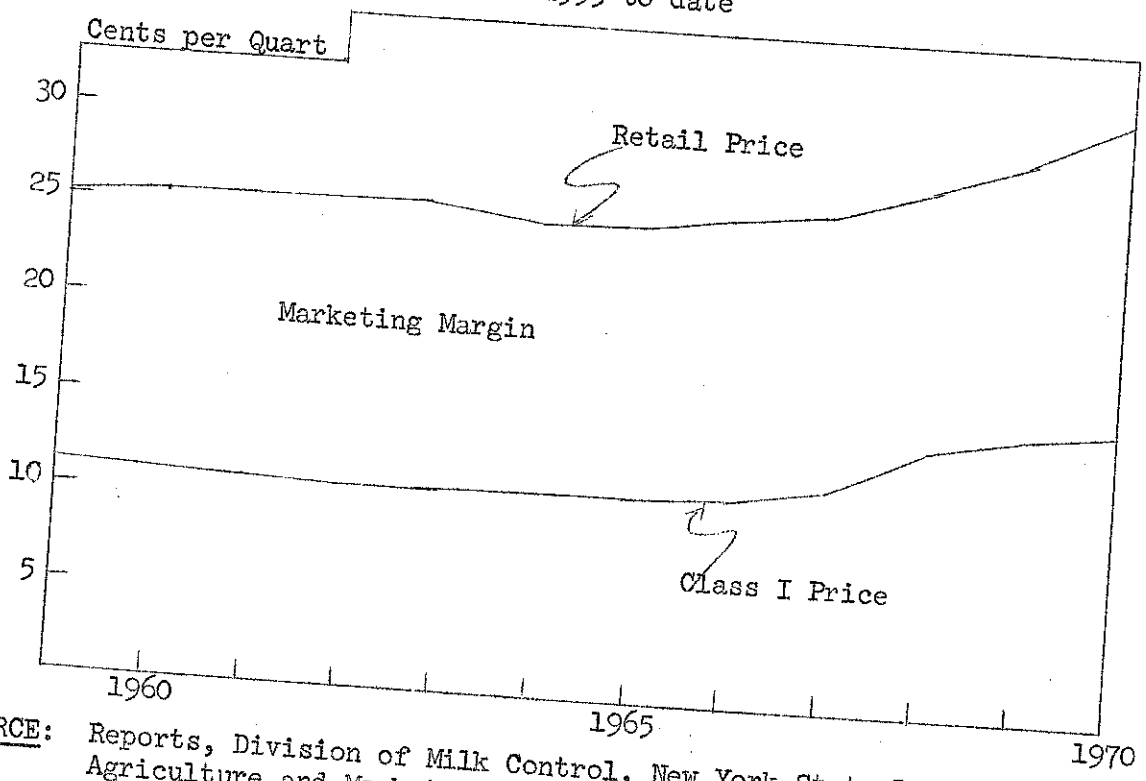
Class I milk prices in the New York-New Jersey market and in the two state order markets in 1970 were up 24 cents per 100 pounds from 1969. Class II milk prices in the three markets were up 29 cents per 100 pounds. Unless changes are made in the current price formula for Class I, the price will continue to relate to Minnesota-Wisconsin Price Series. In the first four months of 1971, Class I prices will be up an average of nearly 15 cents over the comparable period in 1970 because of the difference in price support levels between the two periods. After the first four months little increase can be expected in Class I prices unless support prices are raised. If the Minnesota-Wisconsin price series is maintained at existing support levels, Class I prices in the last 8 months of 1971 would average about 5 cents above the 1970 level. The Class II price is expected to be 17 or 18 cents above the 1970 level in the first quarter of 1971, but little increase can be expected after that unless support purchase prices for skim milk powder and butter are increased.

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/	4.126 1/
1969	6.80	1/	4.25
1970 *	7.04	1/	4.54

1/ Class II classification eliminated effective July 1, 1968 and Class III classification renamed Class II.
* partly forecast

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



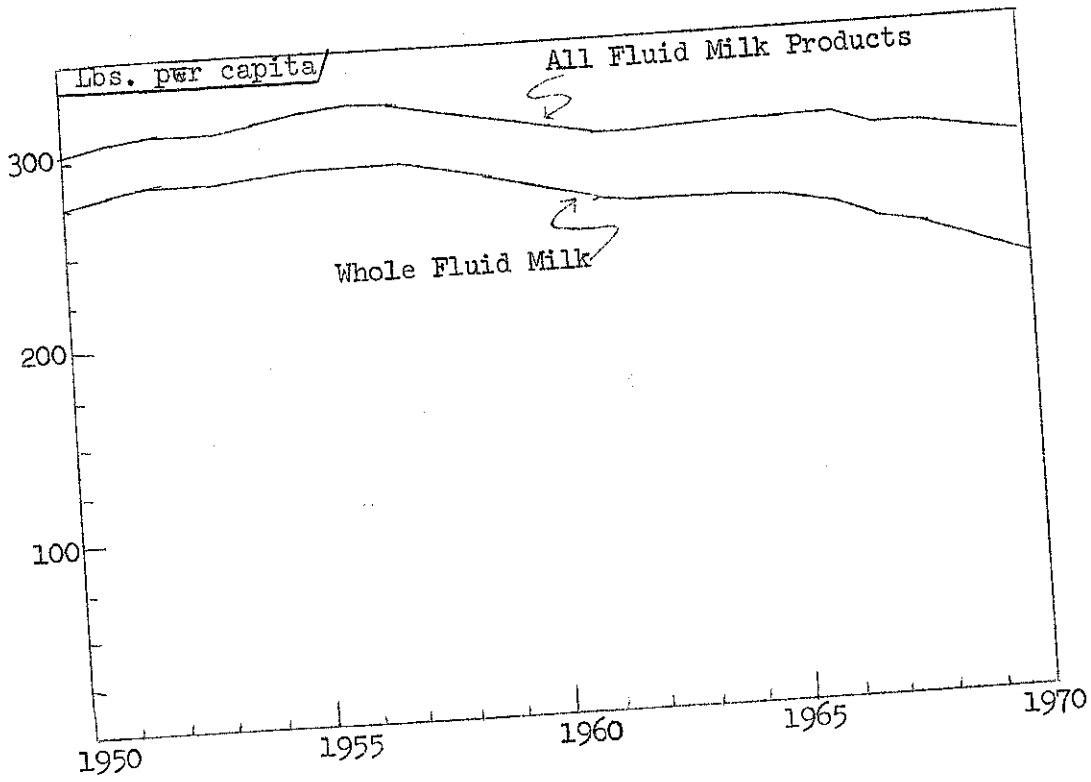
SOURCE: Reports, Division of Milk Control, New York State Department of Agriculture and Markets.

Retail milk prices per quart in half-gallon containers in chain food stores in New York City averaged 31.5 cents in 1970, up 2.3 cents from 1969. The Class I price paid by dealers for bottling milk increased 0.5 cents per quart and the gross margin between the Class I price and out of store price increased 1.8 cents per quart. Much of this margin increase was reflected in the margin taken by the retail store. A further increase in retail milk prices is expected in 1971 but the increase is expected to be less than in 1970 because of the smaller increase anticipated in Class I prices and because of a somewhat smaller increase in the gross margin.

Year	Class IA Price 3.5% Milk 201-210 Mile Zone NY-NJ Market	Retail Price Per Qt. Chain Stores, NYC	Marketi Betwe Class and Retai Price
	cents per qt.		
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
1969	14.6	29.2	14.6
1970*	15.1	31.5	16.4

* Partly forecast.

PER CAPITA CONSUMPTION FLUID MILK PRODUCTS
UNITED STATES 1950-1970



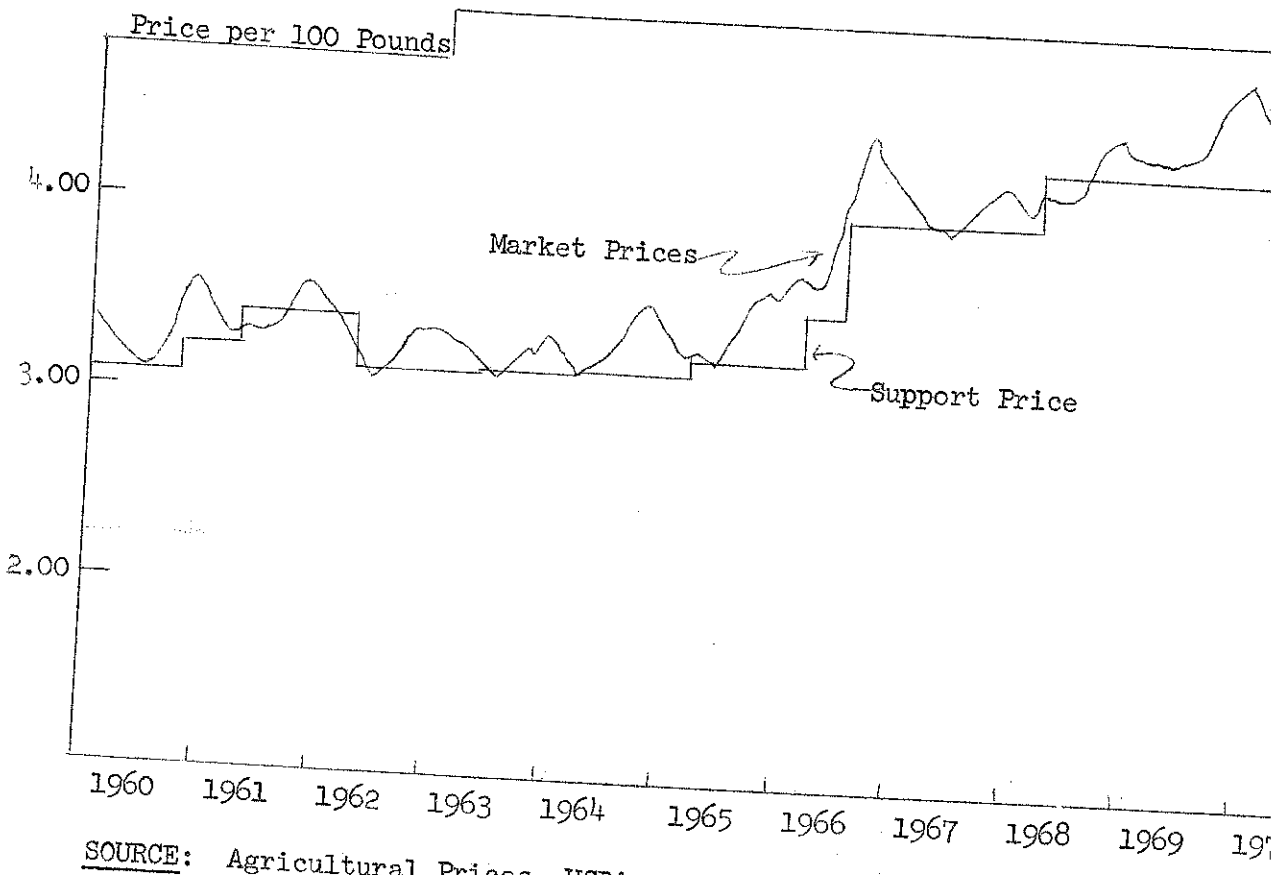
SOURCE: USDA Dairy Situation

Per capita consumption of fluid milk products in the United States declined by 1.7 percent from 1969 to 1970. The decline in per capita consumption a little more than offset the growth in population and total sales of fluid milk products declined slightly. In the past decade sales of fluid whole milk have declined 50 pounds per person or nearly 20 percent. Sales of low fat and skim milk increased nearly 35 pounds per person over the decade or more than 50 percent. Sales of fluid cream dropped by about a third over the decade. Per capita fluid milk product sales are expected to decline in 1971 by 1.5 to 2.0 percent from the 1970 level.

Year	Whole Fluid Milk	Fluid Cream	Low Fat Milk	Total Fluid
1950	278	11	16	304
1955	290	10	20	320
1956	293	10	20	323
1957	291	10	21	322
1958	286	9	21	317
1959	281	9	22	313
1960	276	9	24	309
1961	268	9	26	302
1962	266	9	27	302
1963	267	8	29	304
1964	265	8	32	304
1965	264	8	34	305
1966	260	7	38	305
1967	249	7	42	298
1968	244	6	48	298
1969	236	6	53	295
1970*	227	6	58	290

* Partly forecast

MANUFACTURING GRADE MILK PRICES AND SUPPORT PRICES FOR MANUFACTURING GRADE MILK, UNITED STATES 1960-1970



SOURCE: Agricultural Prices, USDA.

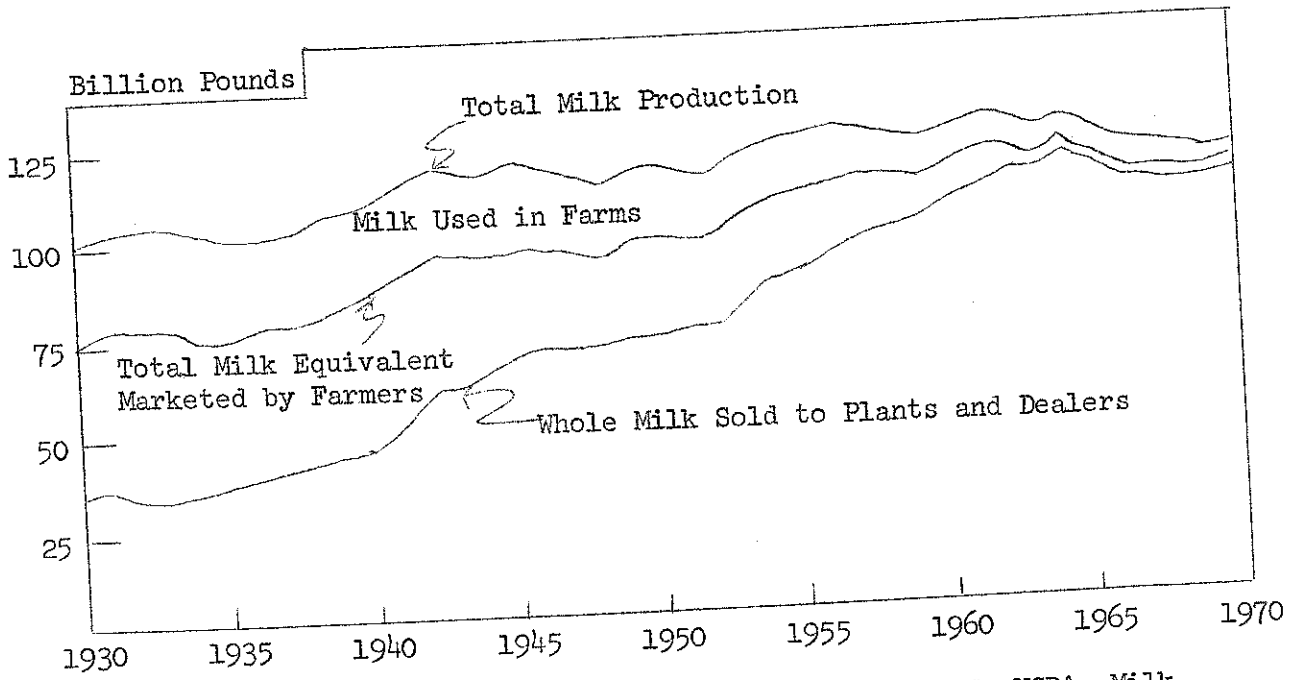
The price of manufacturing grade milk increased 21 cents per 100 pounds from 1969 to 1970. A strong market for cheese and higher support prices accounted for most of the price rise. Price of manufacturing grade milk in the first quarter of 1971 will be up about 15 cents per 100 pounds from a year earlier because of continued strength in the cheese market and because of the higher level of support prices. Little gain can be expected in manufacturing milk prices in the last three quarters of 1971 unless support prices are increased and the increase is not expected to average more than 5 to 10 cents per hundred pounds for the year.

U. S. Manufacturing Grade Milk Price

Year	Price per 100 Pou
1950	$ 3.16
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	4.06
1968	4.22
1969 1/	4.45
1970 2/	4.66

1/ preliminary
2/ partly forecast

TRENDS IN MILK PRODUCTION AND COMMERCIAL MILK SUPPLIES
UNITED STATES, 1930 - 1970



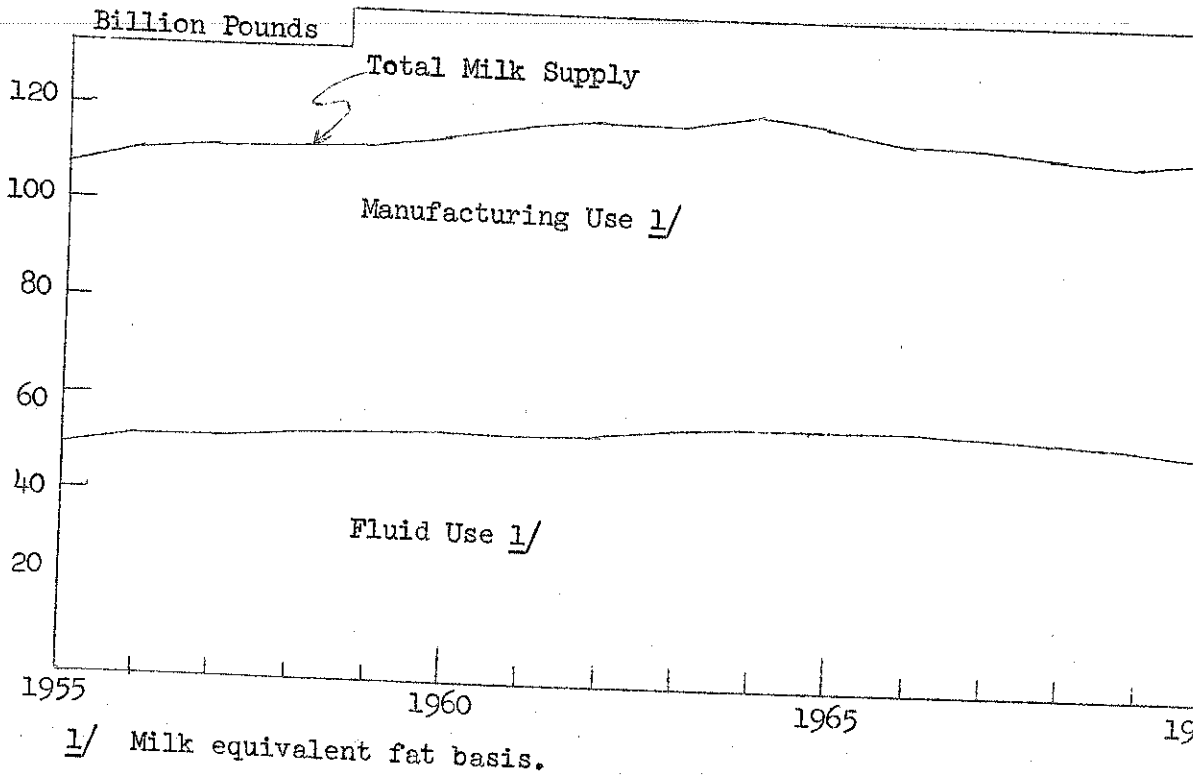
SOURCE: Dairy Statistics, Statistical Bulletin 303, ERS, USDA, Milk Production, Disposition and Income, 1961-62, Statistical Reporting Reporting Service, USDA, April 1963.

Milk production in the United States in 1970 increased for the first time since 1964 and a further increase is in prospect for 1970. The 1970 gain was about half a billion pounds or about .5 percent. The 1971 gain is expected to be a little greater than in 1970 - about three-quarters of a billion pounds. Marketings of milk continue to gain more than production as farm use continues to decline. In 1970 total marketings increased nearly a billion pounds while the volume of whole milk wholesaled by farmers increased more than a billion pounds. In 1971 marketings are expected to increase by $1\frac{1}{4}$ to $1\frac{1}{2}$ billion pounds. Milk cow numbers are expected to decline more slowly in 1971 and this decline will be more than offset by the expected gain in milk per cow.

Year	Total Milk Production	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	113.6	109.4
1968	117.3	112.6	108.8
1969	116.2	111.8	108.4
1970*	116.8	112.7	109.7

* partly forecast

UTILIZATION OF U.S. MILK SUPPLY
1955-1970



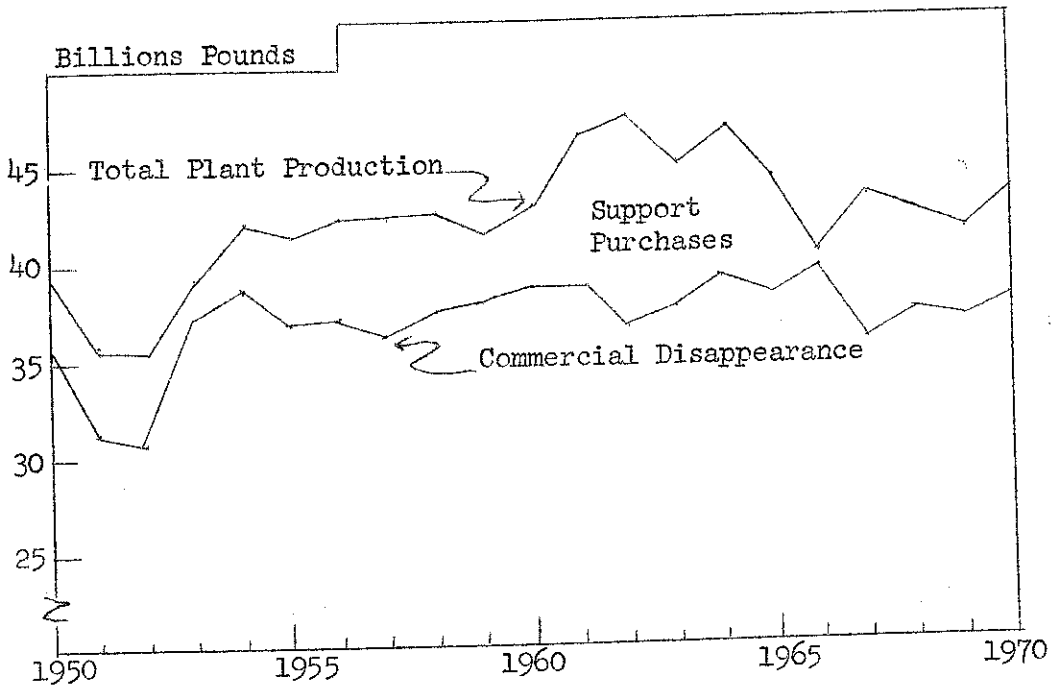
1/ Milk equivalent fat basis.

Commercial milk supplies including imported dairy product ingredients increased about a billion pounds in 1970 over 1969. With fluid milk product sales down nearly a million pounds on a milk equivalent basis, the volume of milk used in factory products increased nearly 2 billion pounds. With the net import-export balance unchanged in 1971, an increase in commercial milk supplies of 1.5 billion pounds in expected in 1971 and with a further decline in fluid milk sales, factory production of manufactured products is expected to increase 2.5 billion pounds on a milk equivalent basis.

Year	Fluid[1]	Butter	Cheese	Other Uses	T Su
	billion pounds				
1955	49.1	28.0	13.6	17.6	1(
1956	50.7	28.7	13.7	18.1	11
1957	51.8	29.0	13.5	18.0	11
1958	52.1	29.7	12.7	17.6	11
1959	52.4	28.7	12.6	18.3	11
1960	53.0	29.4	13.4	18.2	11
1961	52.6	31.8	14.9	18.1	11
1962	53.3	33.1	14.4	17.8	11
1963	54.3	30.7	14.8	18.5	11
1964	54.9	31.3	15.7	18.6	12
1965	55.4	28.5	15.8	18.7	11
1966	55.4	23.7	16.7	20.0	11
1967	54.0	26.1	17.2	17.6	11
1968	53.7	24.9	17.4	16.4	11
1969	52.8	23.7	17.6	18.0	11
1970 *	51.7	24.0	19.5	17.8	11

1/ Whole milk equivalent butterfat basis
* Partly forecast

PRODUCTION, COMMERCIAL DISAPPEARANCE
AND SUPPORT PURCHASES, BUTTER AND CHEESE, U.S.,
1955-70 (milk equivalent basis)

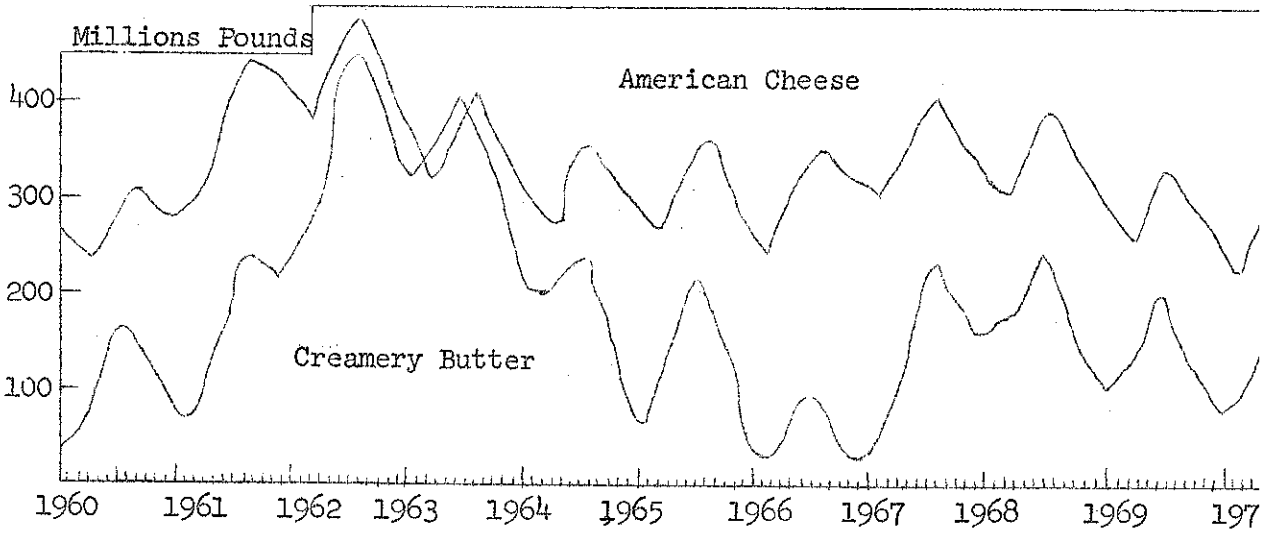


Total factory use of manufacturing milk in the United States increased about 2 billion pounds over 1970. Most of the increase in factory use was for cheese, with a small gain in butter production and a small decline in other products taken together. Most of the increased cheese production moved into commercial channels, but movement of butter into commercial use delined and price support purchases of butter increased. Support purchases on a milk equivalent basis rose by a little more than a billion pounds due primarily to increased butter purchases. A further increase in factory production of dairy products expected in 1971. Price support purchases also are expected to increase - probably about a billion pounds of milk equivalent. The increase could be greater if the movement of cheese into commercial channels should slacken.

	Butter and Cheese 1/	
Year	Production	Support Price Purchases
	(milk equivalent, billion lbs.)	
1950	39.7	3.6
1955	41.6	4.8
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	42.4	5.2
1969	41.3	4.5
1970 *	43.5	5.7

* Partly forecast.

COLD STORAGE HOLDINGS OF BUTTER AND CHEESE
UNITED STATES, 1960-1970



SOURCE: Cold Storage Report, USDA.

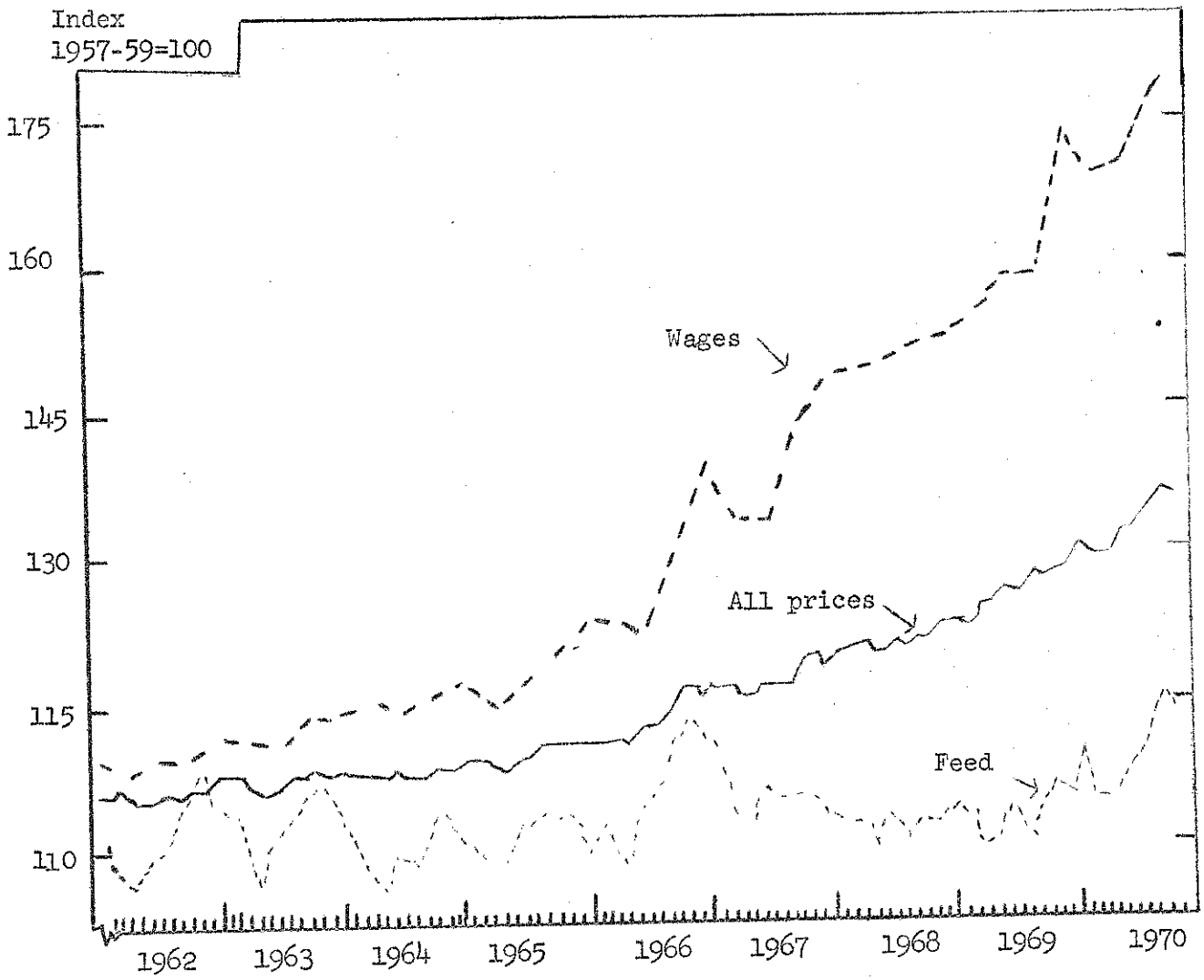
Storage stocks of American cheese at the end of October 1970 were down nearly 30 million pounds from a year earlier in spite of increased cheese production. Cheese movement through commercial channels has more than offset the increased production during 1970. Cheese production is expected to increase in 1971 and a modest gain in American cheese stocks is likely by year end 1971. Stocks of creamery butter in the United States were up about 25 million pounds from a year earlier on October 31, 1970. Increased butter production and reduced movement of butter into commercial and noncommercial use have resulted in the increase in butter stocks. A further increase in butter stocks is likely in 1971 unless the government speeds the movement of butter into non-commercial use.

Cold Storage Holdings, U.S.

Year	Creamery Butter	Ameri Chee
	December 31	
	---thousand pounds---	
1960	76,443	289,
1961	224,820	419,
1962	318,663	384,
1963	206,963	301,
1964	66,499	283,
1965	52,096	270,
1966	32,298	322,
1967	168,613	344,
1968	117,355	318,
1969	88,636	265,
	October 31	
1964	145,204	302,
1965	124,795	310,
1966	58,143	335,
1967	200,513	370,
1968	142,086	346,
1969	125,159	294,
1970*	151,719	262,

* Preliminary

FARM WAGES, FEED PRICES AND ALL PRICES
PAID BY NEW YORK DAIRYMEN
1962 to date



Source: Department of Agricultural Economics

All prices paid by New York dairy farmers rose 5 percent from 1969 to 1970. Farm wages, machinery, building material prices, seed prices, fertilizer and feed all increased. Feed prices were up substantially above a year earlier at the end of 1970.

For 1971, further increases are in prospect for most items, and prices paid are likely to be up about 5 percent. The higher feed prices at the end of 1970 are expected to continue into 1971 and bring average prices for the year $5 to $6 above the 1970 level.

Month	Prices paid (Index 1957-59=100) 1969	1970	1971
January	125	131	___
February	125	131	___
March	124	130	___
April	126	130	___
May	126	130	___
June	127	132	___
July	127	132	___
August	127	133	___
September	127	134	___
October	128	136	___
November	128	135	___
December	128	___	___

PRICES PAID BY NEW YORK DAIRY FARMERS, 1960-1970

The index of prices paid by New York dairy farmers was constructed to indicate the change in prices paid for production items used by dairymen.

Feed and wages make up 45% of the weight in the index.

The overall index of prices paid by New York dairy farmers in 1970 was up 5 percent from 1969 and was 27 percent higher than in 1960.

While prices paid by New York dairy farmers generally have been rising, some items have changed more than others. Farm wages have increased the most. Fertilizer prices have declined slightly. Feed prices up until 1970 have fluctuated but have changed little.

ITEMS AND WEIGHTS IN THE INDEX OF PRICES PAID BY NEW YORK DAIRYMEN
(1957-59 = 100)

Item	Weight
Wages	20%
Feed	25
Power & equipment	7
Gas & oil	5
Machinery	8
Supplies	6
Buildings	10
Dairy cows	5
Fertilizer	5
Taxes	3
Seeds	2
Insurance	1
Interest	3
	100%

	Index 1957-59 = 100				Prices paid by New York dairy farmers
Year	Feed	Fertilizer	Wages	Machinery	
1960	99	100	106	107	104
1961	100	101	107	110	105
1962	102	100	110	112	106
1963	104	100	112	114	108
1964	101	99	115	116	108
1965	102	100	118	120	110
1966	106	100	126	124	113
1967	106	100	138	130	118
1968	103	98	150	136	121
1969	103	94	160	144	126
1970	109*	98*	174*	151*	132*

* Preliminary

CHANGES IN NUMBER AND SIZE OF DAIRY FARMS

Between 1960 and 1970 the number of dairy farms in New York decreased by over 18,000, or from roughly 40,000 to 22,000 farms. Thus, nearly one-half of the farms that were producing milk in 1960 were not in dairying in 1970. The decline was much higher among the smaller farms. Farms with less than 30 cows declined by more than 70 percent over the 10-year period, while those with 50 or more cows increased by one-third.

However, in 1970 many small farms still exist. One-third of the farms kept less than 30 cows, and forty percent of the total number of farms were in the 20 to 39 cow size range. About four percent of the farms kept 100 or more cows.

The change in the size distribution of herds has been very rapid since 1960. In that year 31 percent of the dairy farms in New York State kept fewer than 20 cows. By 1970 this had decreased to 13 percent. Meanwhile, dairy farms that kept 60 or more cows increased from 5 to 15% of the total. The concentration of cows in larger herds was also increasing. In 1960 five percent of the cows were kept in herds with 100 or more cows; herds with 100 or more cows had 13 percent of the total number of cows in 1970.

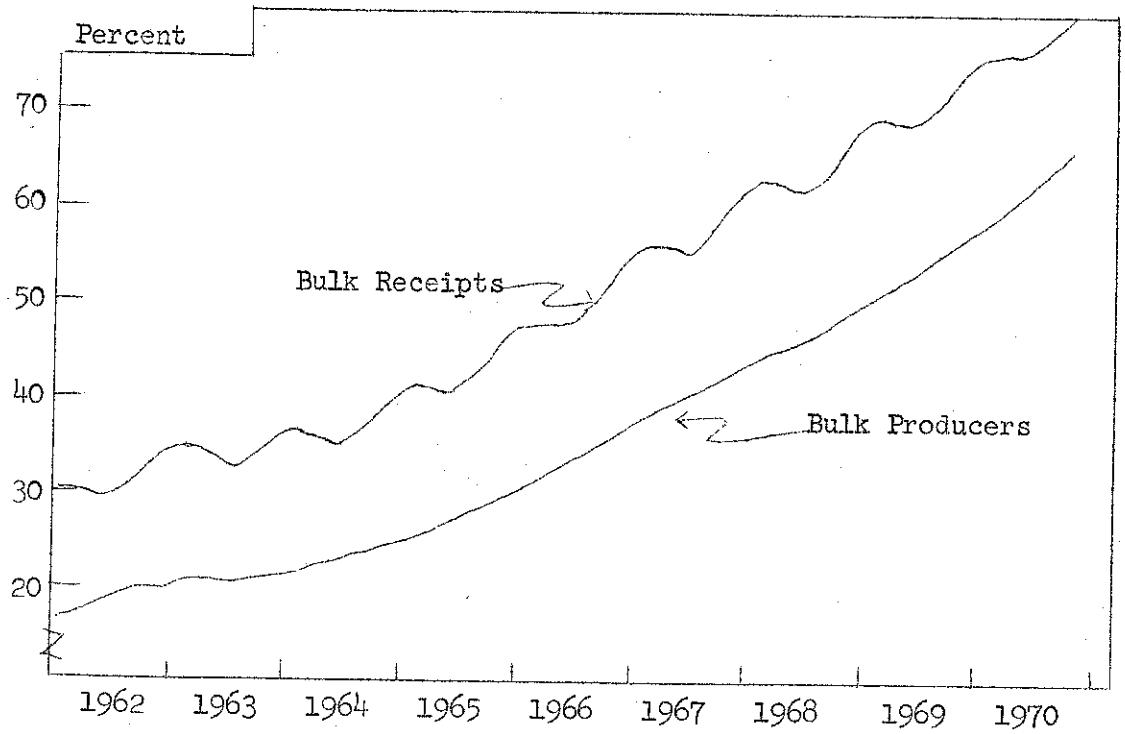
CHANGE IN NUMBER OF DAIRY FARMS BY SIZE OF HERD*
New York State, 1960 and 1970**

Cows per farm	Number of farms		Change between 1960 and 1970	
	1960	1970**	Number	Percent
Under 20	12,620	2,800	- 9,820	- 78
20 - 29	11,020	3,800	- 7,220	- 66
30 - 39	8,040	5,500	- 2,540	- 32
40 - 49	4,420	4,500	+ 80	+ 2
50 - 59	1,980	2,200	+ 220	+ 11
60 - 99	1,720	2,400	+ 680	+ 40
100 - 149	260	450	+ 190	+ 73
150 - 199	80	225	+ 145	+181
200 and over	40	125	+ 85	+212
TOTAL	40,180	22,000	-18,180	- 45

* Source: Cornell Producer Panel of Dairymen

** Estimated for 1970

BULK PRODUCERS AND BULK RECEIPTS AS A PERCENT OF TOTAL
NEW YORK-NEW JERSEY MARKET, 1962-1970



The percentage of Order 2 producers shipping bulk milk increased from 53.8 percent in 1969 to 62.9 percent in 1970 - a net increase of 9.1 percentage points. The percentage of bulk receipts increased 7.7 percentage points from the previous year to 77.9 percent. During the year the decline in can shippers was more than double the net increase in bulk shippers indicating that a substantial number of dairymen were looking to other alternatives when they ceased shipping in cans. Recent changes in the order relative to Class II bulk milk will encourage handlers to close can decks which in turn will tend to accelerate the rate of decline in can milk during 1971.

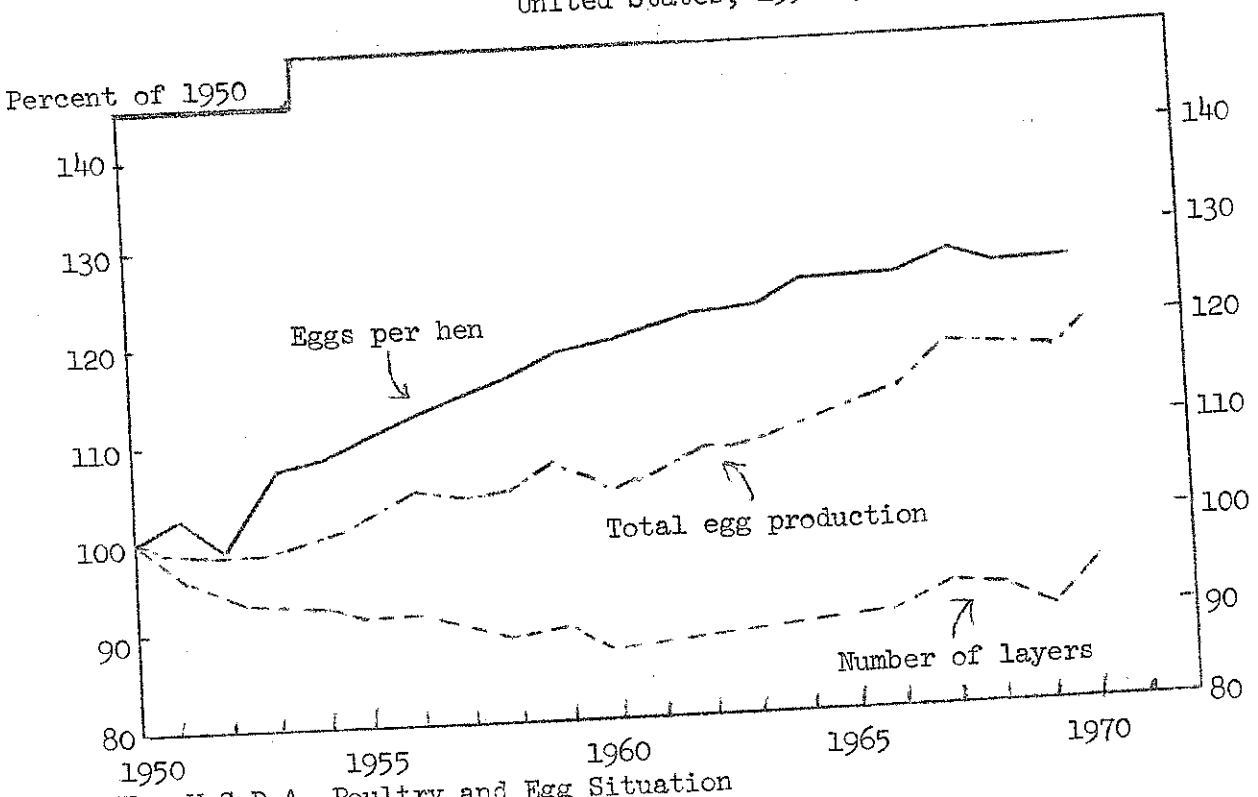
Year	No. of Bulk Prod.	Percent Bulk Prod.	Percent Bulk Receipts
1962	8,645	18.5	30.8
1963	9,182	20.8	33.7
1964	9,682	23.1	36.7
1965	10,839	27.4	42.1
1966	12,170	33.4	49.3
1967	13,348	40.1	56.7
1968	13,976	46.5	63.4
1969	15,360	53.8	70.2
1970	16,895*	62.9*	77.9*

* November-December estimate.

Month	Total No. of Prod.		No. of Bulk Prod.		No. of Can Prod.	
	1970	1971	1970	1971	1970	19
Jan.	27,966		16,369		11,597	
Feb.	27,592		16,242		11,350	
March	27,379		16,405		10,974	
April	27,217		16,502		10,715	
May	27,151		16,691		10,460	
June	26,936		16,770		10,166	
July	26,621		16,881		9,740	
Aug.	26,392		16,925		9,467	
Sept.	26,282		17,077		9,205	
Oct.	26,345		17,444		8,901	
Nov.*	26,224		17,624		8,600	
Dec.*	26,104		17,804		8,300	

* Estimated.

NUMBER OF LAYERS, EGGS PER HEN, AND EGG PRODUCTION
United States, 1950-1970



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

Number of layers on U.S. farms declined from 1950 to 1960. From 1960 to 1967, numbers increased gradually followed by a decline in 1968 and 1969. The number in 1970 was slightly more than the 1967 peak.

Eggs per hen has changed little in recent years. It appears a plateau has been reached.

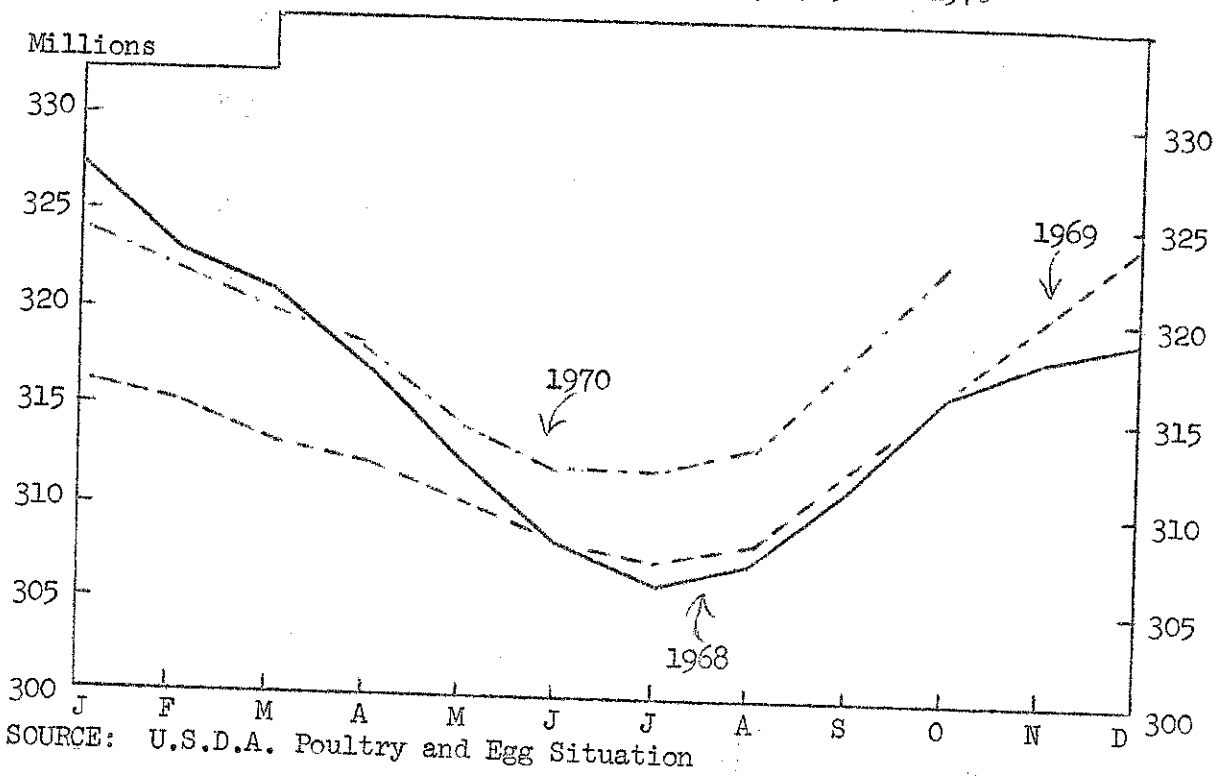
Egg production for the nation increased gradually from 1960 to 1967, dropped slightly for two years, and in 1970 reached an all time high of 70.3 billion eggs.

In 1971, number of layers is expected to be up, eggs per hen may be up slightly, and total production at a record high.

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	317	221	70.0
1968	315	220	69.3
1969	313	220	68.9
1970**	318	220	70.3

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

NUMBER OF LAYERS ON FARMS
United States 1968, 1969 and 1970



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

The number of layers on farms throughout 1970 has been above that of 1969. The numbers for 1970 are about 2 percent above 1969 and about the same as the record high year of 1967.

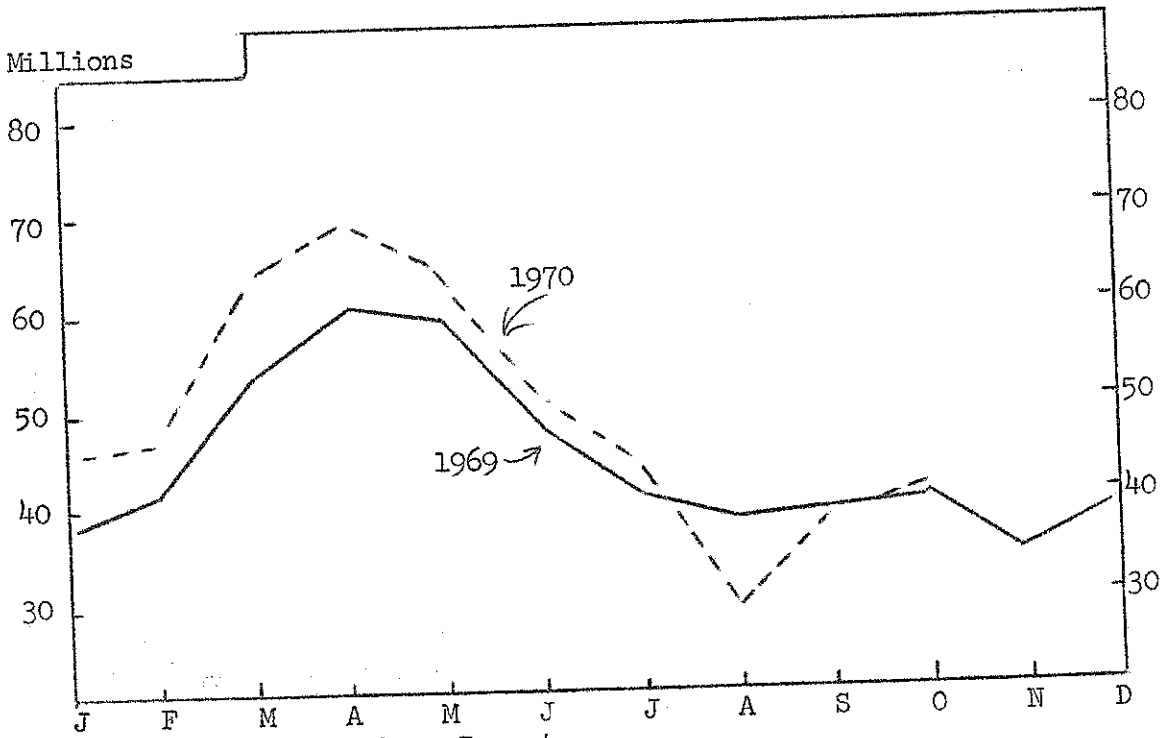
On November 1, the number of pullets 3 months old or over not laying was up 5 percent from a year earlier. It is expected that the number of layers the first half of 1971 will be 2 percent above a year ago. The last half numbers will likely be cut but may still be equal to or above those of 1970.

Increases in numbers vary by regions. Potential layers nationally were up 3 percent, with the Western region up 7 percent, East North Central and West North Central up 4 percent each, South Central up 2 percent, North Atlantic and South Atlantic up only slightly.

NUMBER OF LAYERS ON FARMS, U.S.

Month	1968	1969	1970
	millions		
January	327	316	324
February	323	315	322
March	321	313	320
April	317	312	318
May	312	310	314
June	308	308	312
July	306	307	312
August	307	308	313
September	311	312	318
October	316	316	323
November	318	320	--
December	319	324	--

EGG-TYPE CHICKS HATCHED
United States, 1969 and 1970



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

The number of egg-type chicks hatched during the first half of 1970 was above the same months in 1969. The low hatch for August was the result of a concentrated "jawboning" effort of the industry.

The 1970 October hatch nationally was 4 percent above a year ago but the North Atlantic hatch was down 4 percent. The Western region was up 13 percent, East North Central up 7 percent, West North Central up 3 percent, and South Atlantic and South Central combined up 1 percent. New York's hatch was up 1 percent.

The hatch for the first half of 1971 will be influenced by two opposing forces. The better than expected egg prices in most of 1970 will encourage the hatch to stay at a high level. The industry leaders on the other hand are continuing their "jawboning" efforts which should moderate the hatch.

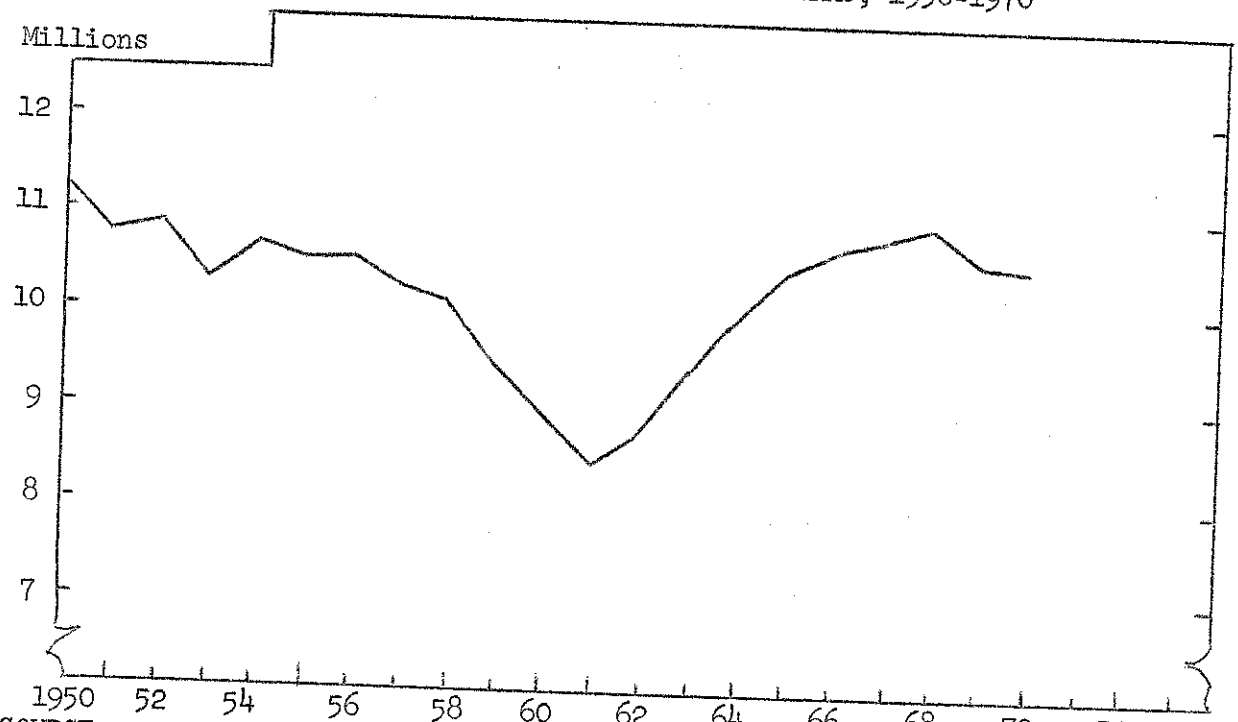
The hatch of egg-type chicks in the first half of 1971 is expected to be about 5 percent below the same months of 1970.

EGG-TYPE CHICKS HATCHED, U.S.

Month	1968	1969	1970
	millions		
January	33.5	38.0	45.7
February	38.6	40.3	47.0
March	53.8	53.6	64.0
April	62.3	60.3	69.3
May	59.4	59.5	64.4
June	45.0	47.4	51.1
July	37.1	40.2	44.8
August	37.1	38.0	29.2
September	37.5	39.5	39.6
October	40.4	40.0	41.5
November	35.8	34.1	----
December	34.0	39.0	----
Total	514	530	575*

* Estimated

LAYERS ON NEW YORK FARMS, 1950-1970



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

Numbers of layers on farms are reported monthly by the Crop Reporting Service. These are combined into an annual average figure.

Layers on New York farms declined steadily during the fifties. A low was reached in 1961 of 8.4 millions. This was a decline of more than a fifth from 1950.

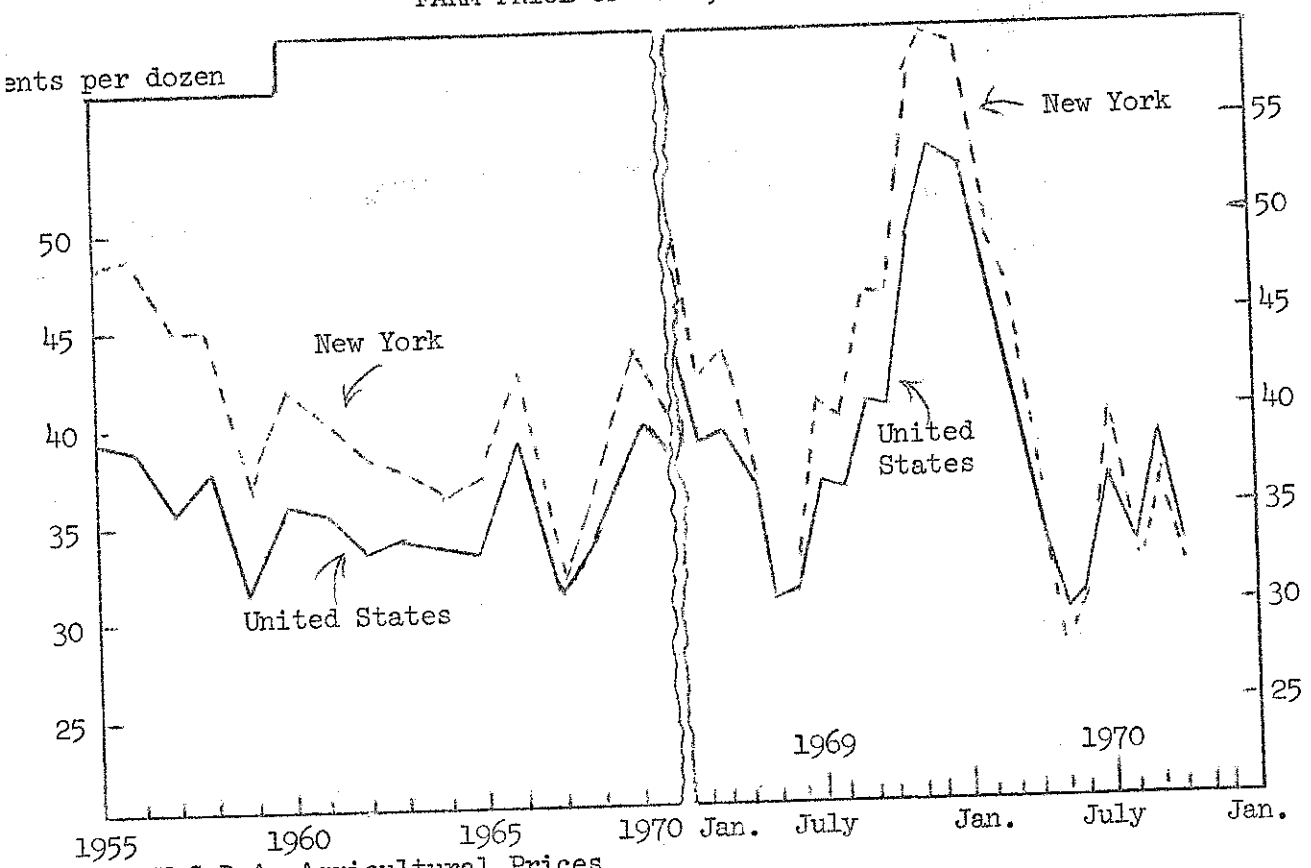
New York poultrymen increased their numbers of layers from 1961 to 1968. The peak of 10.9 million in 1968 was still below the number in 1950. Numbers in 1969 and 1970 were down slightly. Numbers for 1971 are expected to hold about the same.

In recent years, layers on New York farms have made up 3.0 to 3.5 percent of the national total.

LAYERS ON NEW YORK FARMS

Month	1969	1970	1971
	- thousands -		
Jan.	10,914	10,752	———
Feb.	10,773	10,591	———
March	10,536	10,406	———
April	10,298	10,172	———
May	10,194	10,096	———
June	10,142	10,176	———
July	10,114	10,231	———
August	10,240	10,288	———
Sept.	10,470	10,521	———
Oct.	10,674	10,667	———
Nov.	10,724	———	———
Dec.	10,765	———	———
Annual	10,487	10,450P	———

FARM PRICE OF EGGS, NEW YORK AND UNITED STATES



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

The spread between New York and U.S. farm egg prices narrowed considerably from 1955 to 1970. During months of relatively low egg prices, New York farm egg prices are generally equal to or below the average for the United States. Only during periods of relatively short supply and high prices do New York producers get a significant premium. When supplies are large there is strong regional pressures and local struggles for markets in New York. There are no signs of this situation changing in the near future.

ANNUAL FARM PRICE OF EGGS

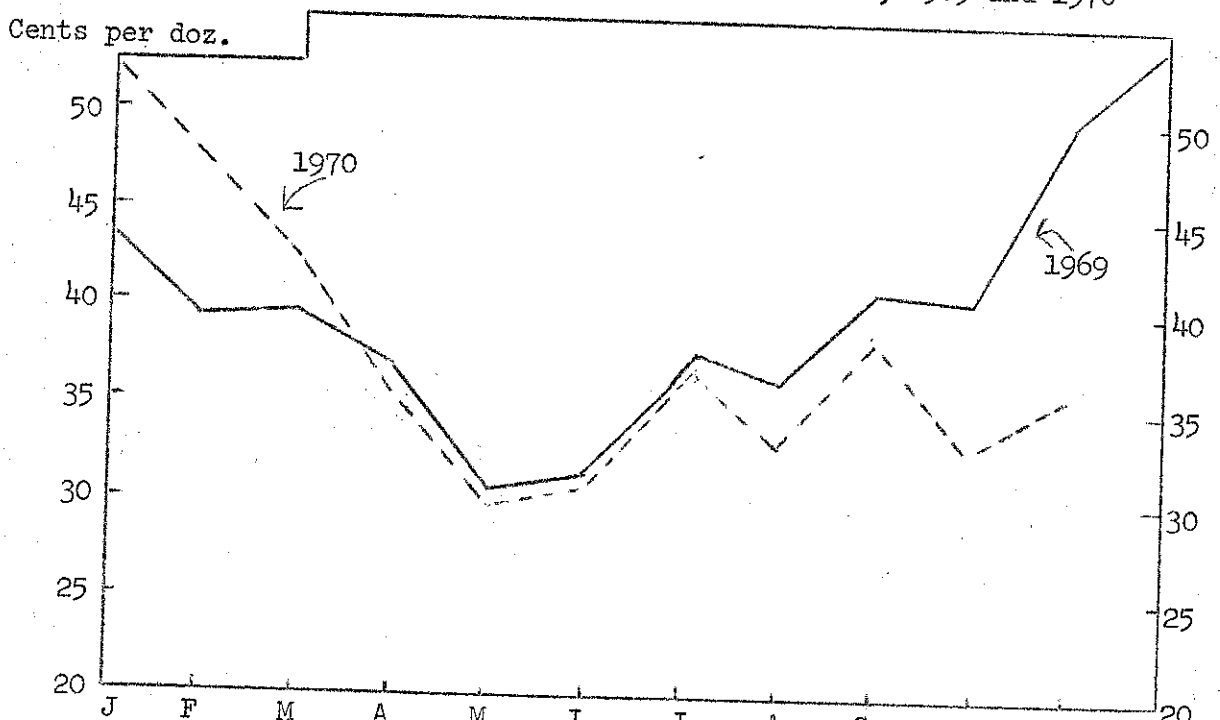
Year	U.S.	N.Y.
1955	39.5	48.5
1960	36.0	42.0
1961	35.5	40.1
1962	33.6	38.3
1963	34.4	37.6
1964	33.8	36.5
1965	33.7	37.1
1966	39.1	42.8
1967	31.2	31.5
1968	34.0	36.2
1969	40.0	44.0
1970*	37.8	40.8

* Preliminary

MONTHLY N.Y. FARM PRICE OF EGGS

Month	1969	1970
January	49.0	60.5
February	42.5	50.5
March	43.5	47.0
April	39.0	36.0
May	30.5	28.0
June	31.0	30.5
July	41.0	40.0
August	40.0	32.5
September	46.5	39.0
October	46.0	32.0
November	57.0	———
December	62.5	———

FARM PRICE OF EGGS, UNITED STATES, 1969 and 1970



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

U.S. farm egg prices in January 1970 were 10 cents above a year earlier. In February and March, the margin narrowed. From April through June 1970 prices were slightly below 1969, July was off 1 cent August and September were 2 to 3 cents below a year earlier. Prices dropped to 7 cents below 1969 for October and 13 cents below in November.

The year 1970 will average nearly 38 cents per dozen compared to 40.0 for 1969 and 34.0 for 1968. In general, U.S. poultrymen in 1970 averaged 2 cents less for their eggs than in 1969 but 4 cents more than in 1968.

Prices at the beginning of 1971 are likely to be 12 to 15 cents below the high levels of early 1970. During the first half, egg prices are expected to decline but not as sharply as in 1970. Mid-year prices may be only slightly below those of 1970. Numbers of chick hatched early in the year will be a key factor in determining egg prices beyond mid-1970. Unless hatches are curtailed markedly, prices are expected to be below those of the last half of 1970.

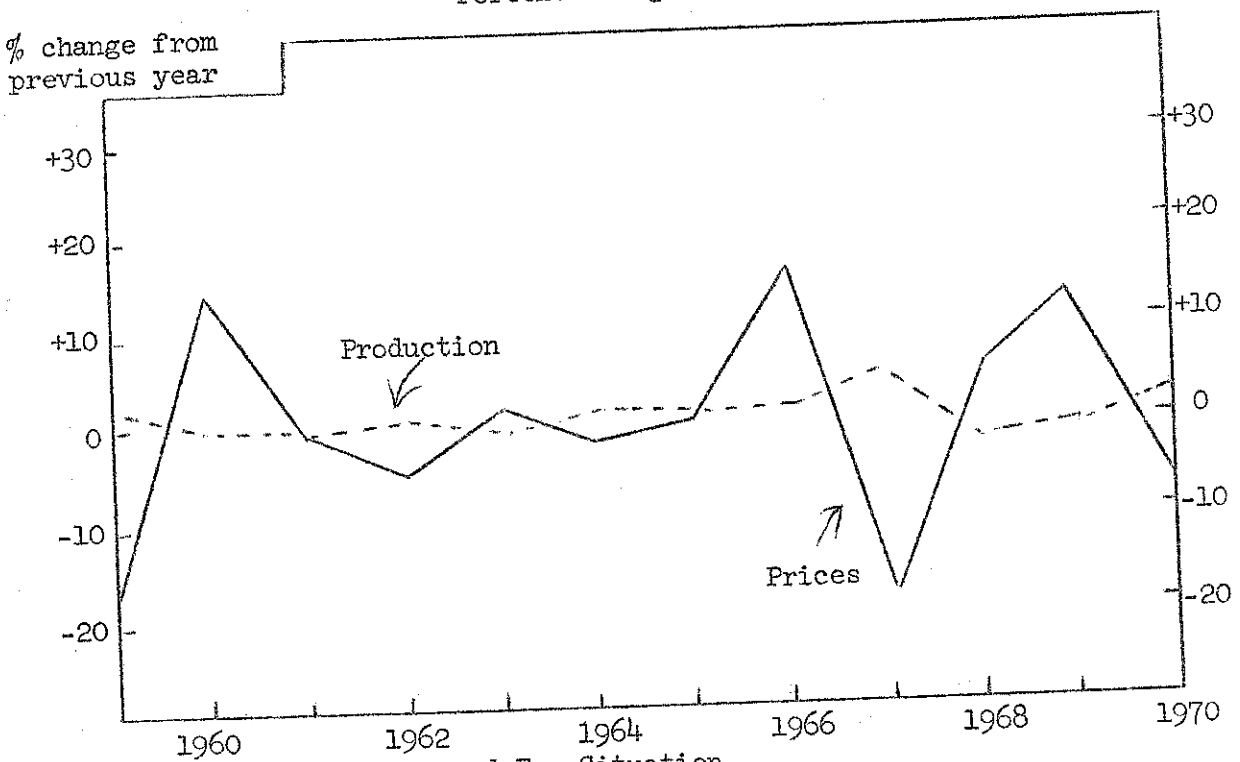
FARM PRICE OF EGGS, U.S. 1/

Month	1968	1969	1970
	cents per dozen		
January	31.8	43.5	53.1
February	30.3	39.1	47.3
March	30.6	39.8	42.5
April	29.0	36.7	35.1
May	27.3	30.4	29.9
June	30.5	31.4	30.5
July	32.9	37.7	36.7
August	34.3	36.2	33.0
September	43.0	40.7	38.8
October	37.8	40.4	33.2
November	39.1	49.2	36.4
December	42.2	54.7	
Average	34.0	40.0	37.8*

* Preliminary

1/ Price of all eggs sold including hatching eggs

EGG PRODUCTION AND FARM PRICES
Percent Change From Previous Year



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 two percent increase in egg production in 1970 was associated with a 5 percent decrease in average egg prices.

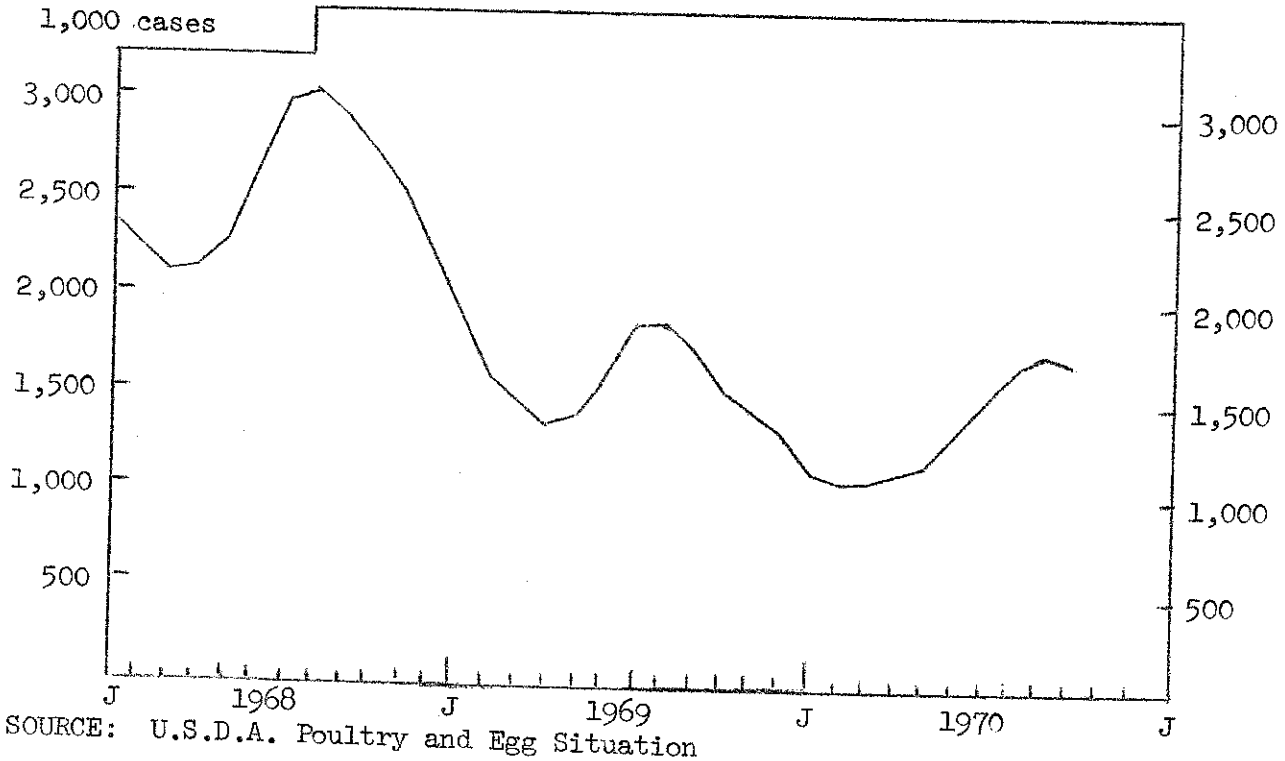
The relatively high price of 1966 encouraged the largest annual expansion in production for any year during the past decade. The resultant record price decrease in 1967 forced contraction in production in 1968 and more than proportionate price increases.

The 5 percent decline in egg prices in 1970 should encourage some decrease in production in 1971.

CHANGES IN EGG PRODUCTION AND PRICES
Percent Change from Previous Year

Year	Price	Production
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	- 1
1969	+12	- 1
1970	- 5	+ 2

STORAGE STOCKS OF EGGS AND EGG PRODUCTS (CASE EQUIVALENT)
United States, 1968-1970



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

Egg breaking activity during 1970 will be over 20 million cases and a little more than the high of 1967. The 1970 level will be 10 percent of the total U.S. production compared with 8 percent in 1969, and 11 percent in 1967.

Monthly storage stocks of eggs and egg products in 1970 were about one half the quantity of the same periods in 1968. There has been a good demand for eggs for breaking during 1970. Volume of storage holdings are increasing but have not been a major price depressing factor.

EGGS BROKEN COMMERCIALLY
United States, 1964-1968

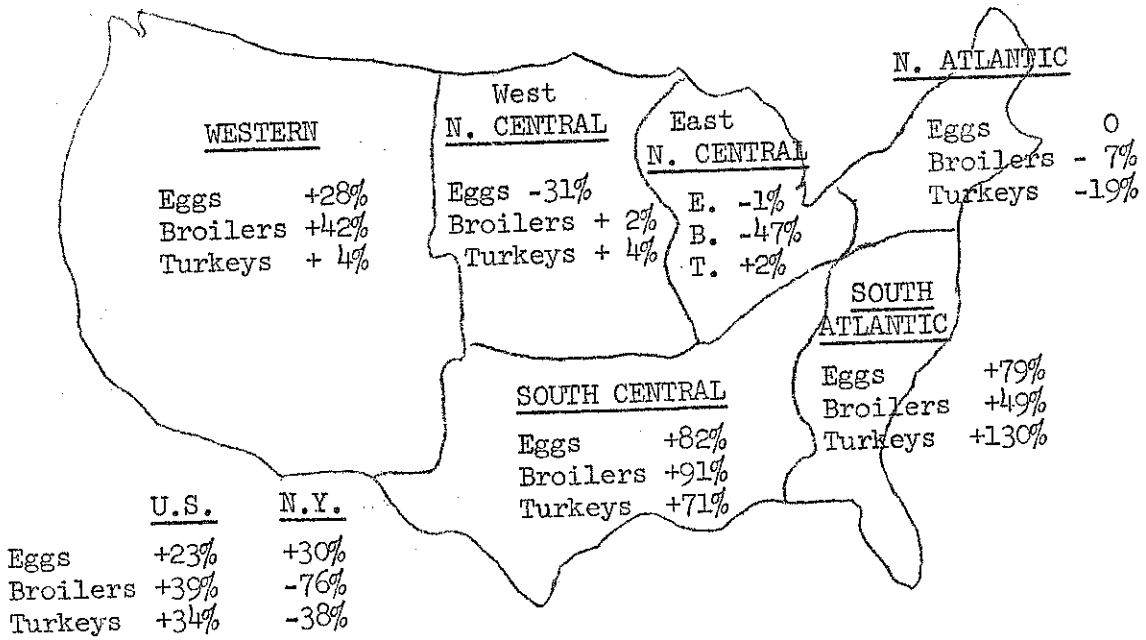
Year	1,000 cases broken	% broken
1964	15,152	8
1965	15,919	9
1966	15,729	9
1967	20,297	11
1968	17,134	10
1969	16,212	8
1970*	20,768	10

* Estimated

COLD STORAGE HOLDINGS EGGS (Case Equiv. Shell & Frozen) 1st of Month

Month	1,000 cases 1968	1969	1970
Jan.	2,352	1,880	1,131
Feb.	2,239	1,597	1,072
March	2,101	1,478	1,088
April	2,135	1,359	1,109
May	2,272	1,428	1,142
June	2,606	1,586	1,329
July	3,014	1,836	1,565
Aug.	3,038	1,889	1,668
Sept.	2,988	1,747	1,706
Oct.	2,733	1,513	1,668
Nov.	2,517	1,445	
Dec.	2,171	1,319	

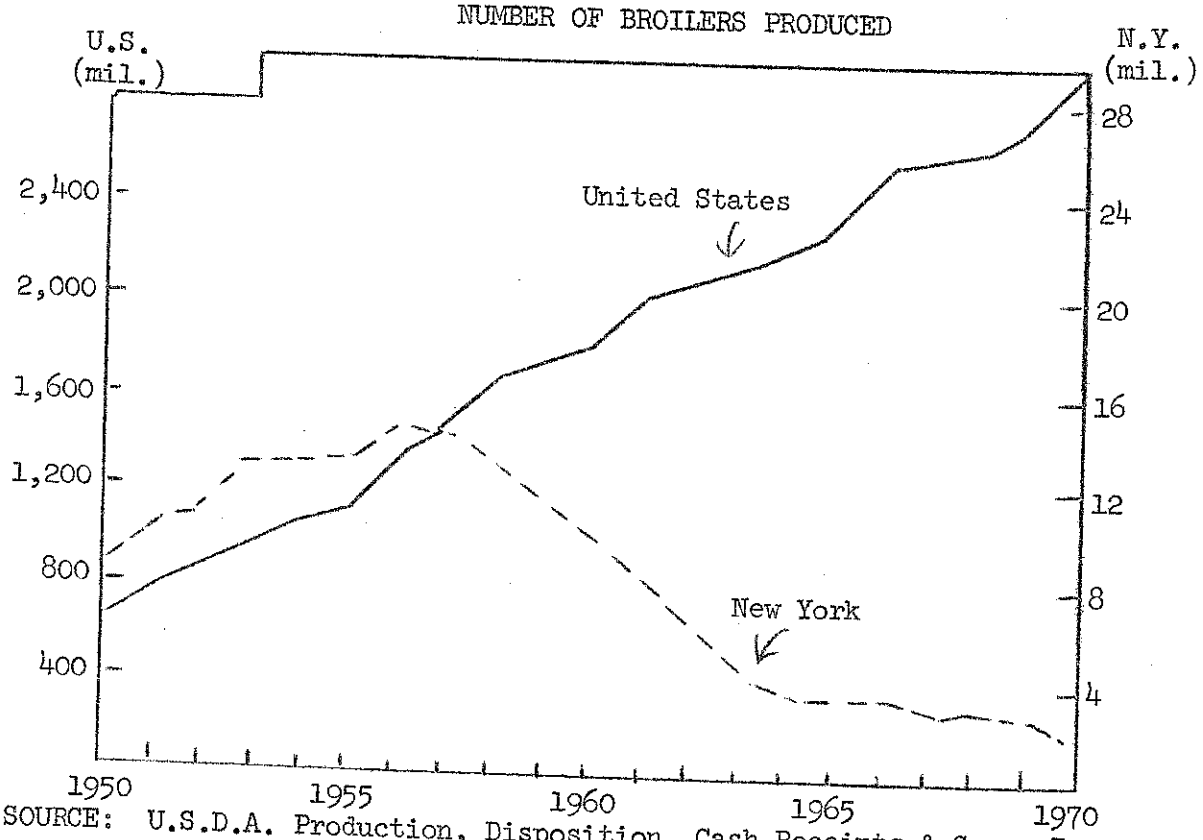
CHANGE IN FARM INCOME FROM EGGS, BROILERS, AND TURKEYS, BY REGIONS, UNITED STATES 1960-69



Changes in gross farm income from eggs, broilers, and turkeys reflect both production and price changes. The South evidenced the greatest increase in farm income from poultry and eggs during the '60s followed by the West. The East and North experienced general declines in the amount of farm income produced by poultry and eggs. The farm income from eggs in New York grew at a relatively more rapid rate than for the total U.S., while farm income from both broilers and turkeys declined for the State.

CHANGE IN GROSS FARM INCOME FROM EGGS, BROILERS, & TURKEYS, U.S. 1968 & '69

Region or State	Eggs			Broilers			Turkeys		
	Farm Income		%	Farm Income		%	Farm Income		%
	1960	1969	change	1960	1969	change	1960	1969	change
	(million $)			(million $)			(million $)		
N. Atlantic	375	375	- 0.1	104	97	- 7.2	20	16	- 19.3
S. Atlantic	294	525	+78.7	437	652	+49.1	33	76	+130.3
E.N. Central	288	286	- 0.8	49	26	-46.8	54	55	+ 1.5
W.N. Central	345	239	-30.8	26	26	+ 1.6	127	133	+ 4.3
S. Central	271	493	+82.1	340	647	+90.6	38	66	+ 70.9
Western	265	338	+27.5	59	83	+41.6	104	108	+ 3.8
U.S.	1,838	2,256	+22.7	1,104	1,531	+38.7	337	453	+ 34.4
New York	65	84	+29.7	9	2	-76.3	4	3	- 37.9



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

Broiler meat production is expected to increase about 9 percent in 1970 relative to 1969. This increase will result from an 8 percent increase in the number of broilers produced and a 1 percent increase in the average liveweight of birds marketed.

Reduced broiler placements in recent months coupled with a reduction in placement of pullets for hatchery supply flocks will likely result in a slightly reduced output during the first half of 1971 as compared to 1970. Output during all of 1971 is expected to be about the same as for 1970 and the trend of increasing yearly broiler production may level off.

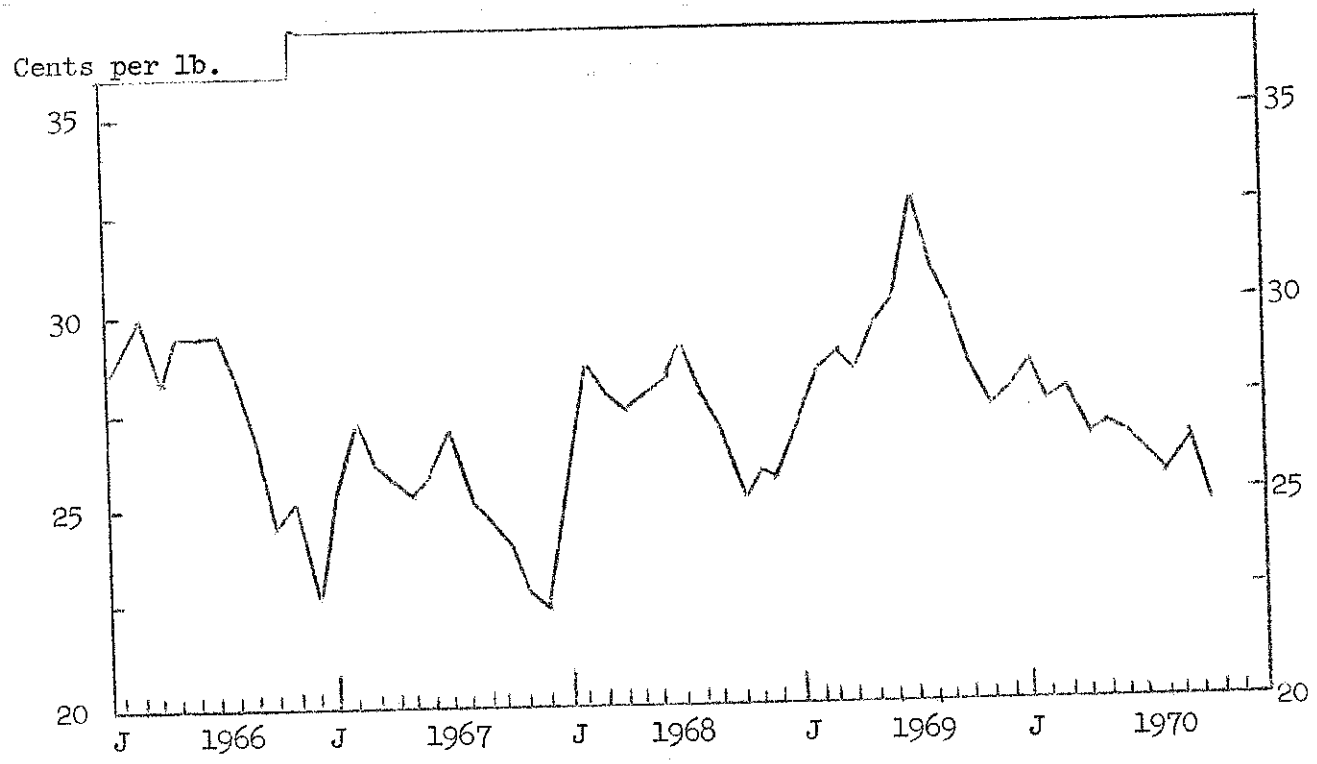
New York State broiler production continues to decline moderately and currently represents less than 1 percent of the total U.S. production.

NUMBER OF BROILERS PRODUCED

Year	U.S.	N.Y.
	millions	
1950	631	8.6
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	2,571	3.3
1967	2,593	2.7
1968	2,600	2.7
1969	2,788	2.4
1970*	3,039	2.2

* Preliminary

BROILER PRICES - ICE PACKED, READY-TO-COOK, TRUCKLOT
Delivered Nine-City Weighted Average



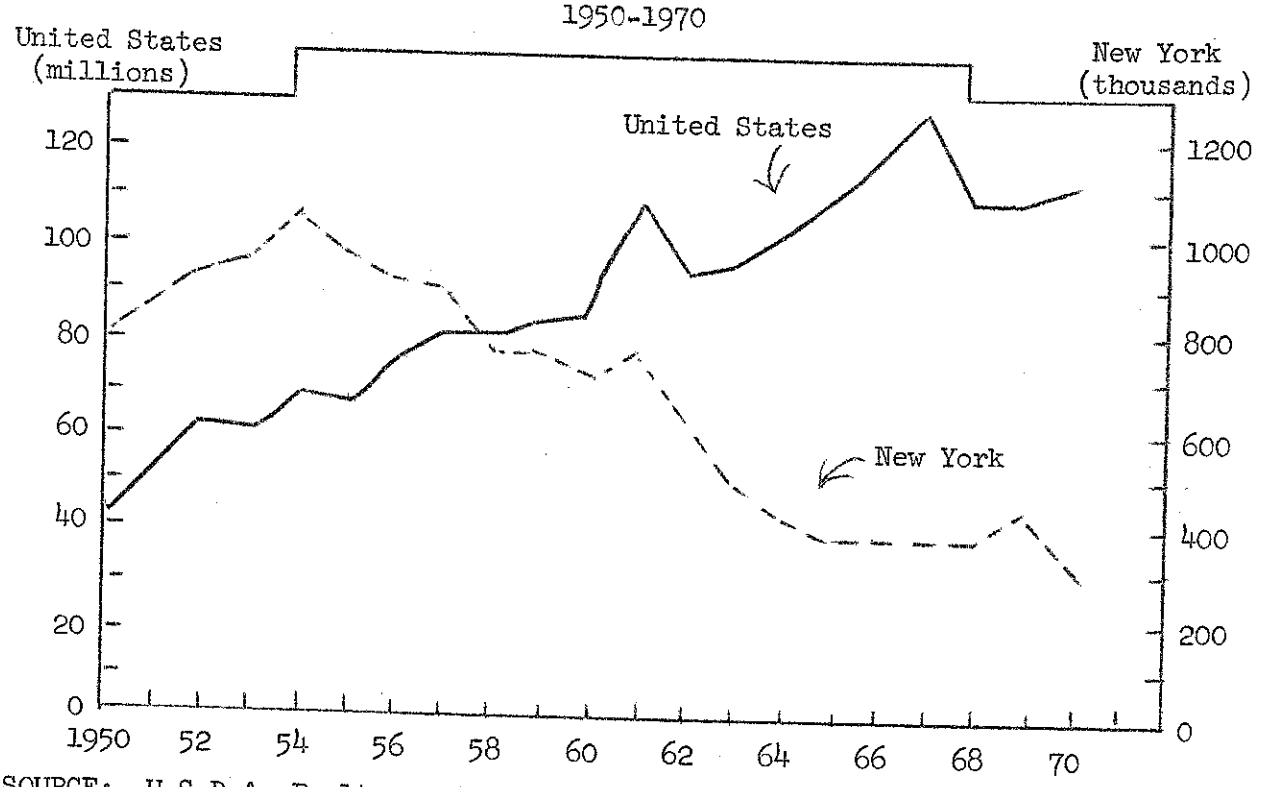
Broiler prices for 1970 will average about 2-1/2 cents a pound below the 29.1 cent average for 1969 in the face of expanded supplies of broiler meat and red meat (particularly pork). The continued high level pork supplies during the first half of 1971 will exert downward pressure on broiler prices which may more than offset the favorable effect of reduced broiler meat supplies. Prices during the second half may recover and average the same or higher than in the second half of 1970.

BROILER PRICE - NINE-CITY AVERAGE

Month	1966	1967	1968	1969	1970
January	28.6	25.3	25.6	27.1	28.6
February	29.0	27.2	28.6	28.4	27.4
March	30.0	26.1	27.8	28.9	27.8
April	28.1	25.7	27.2	28.4	26.6
May	29.5	25.2	27.8	29.6	26.8
June	29.4	25.6	28.1	30.2	26.6
July	29.5	27.1	29.0	32.8	26.0
August	28.4	25.0	28.2	31.0	25.5
September	26.8	24.9	27.2	30.0	26.5
October	24.5	23.8	25.0	28.4	24.9
November	25.1	22.8	25.8	27.4	____
December	22.6	22.4	25.7	27.6	____
Average	27.6	25.1	27.3	29.1	26.7*

* Preliminary

NUMBER OF TURKEYS RAISED
1950-1970



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

Turkey meat output during 1970 will average about 10 percent above last year with about an 8 percent increase in the number produced and a slight increase in the average liveweight marketed.

Poult hatch was up during late 1970 indicating an expansion of production in early 1971. The intentions of breeder flock owners to keep more breeder hens for the 1971 hatching season than in 1970 implies that production throughout 1971 will be above 1970.

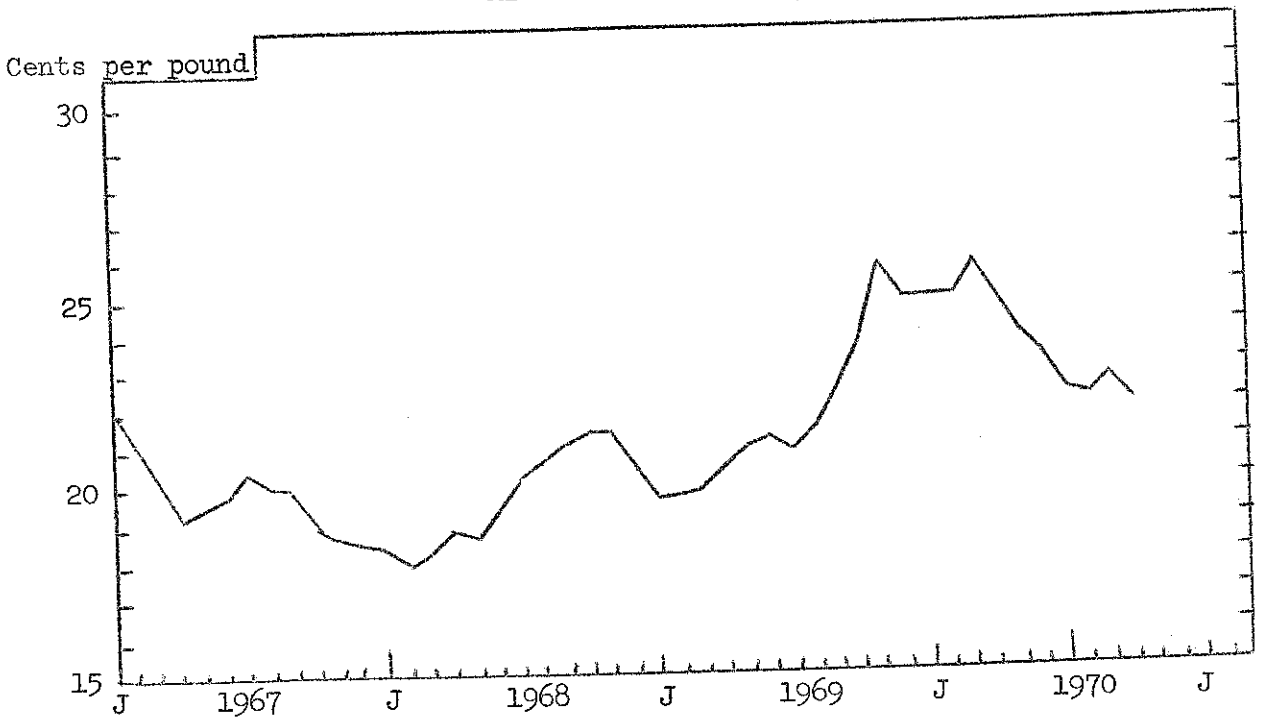
Turkey production in New York in 1969 reversed a long-term trend toward reduced production levels but fell off sharply in 1970.

NUMBER OF TURKEYS RAISED

Year	U.S.	N.Y.
	(million)	(thousand)
1950	44	808
1955	66	974
1960	85	722
1961	108	773
1962	92	603
1963	93	493
1964	100	414
1965	105	374
1966	116	378
1967	126	379
1968	106.5	344
1969	106.2	412
1970*	115.0	305

* Preliminary

FARM PRICE OF TURKEYS - UNITED STATES
Mid-Month Quotation, 1967-1970



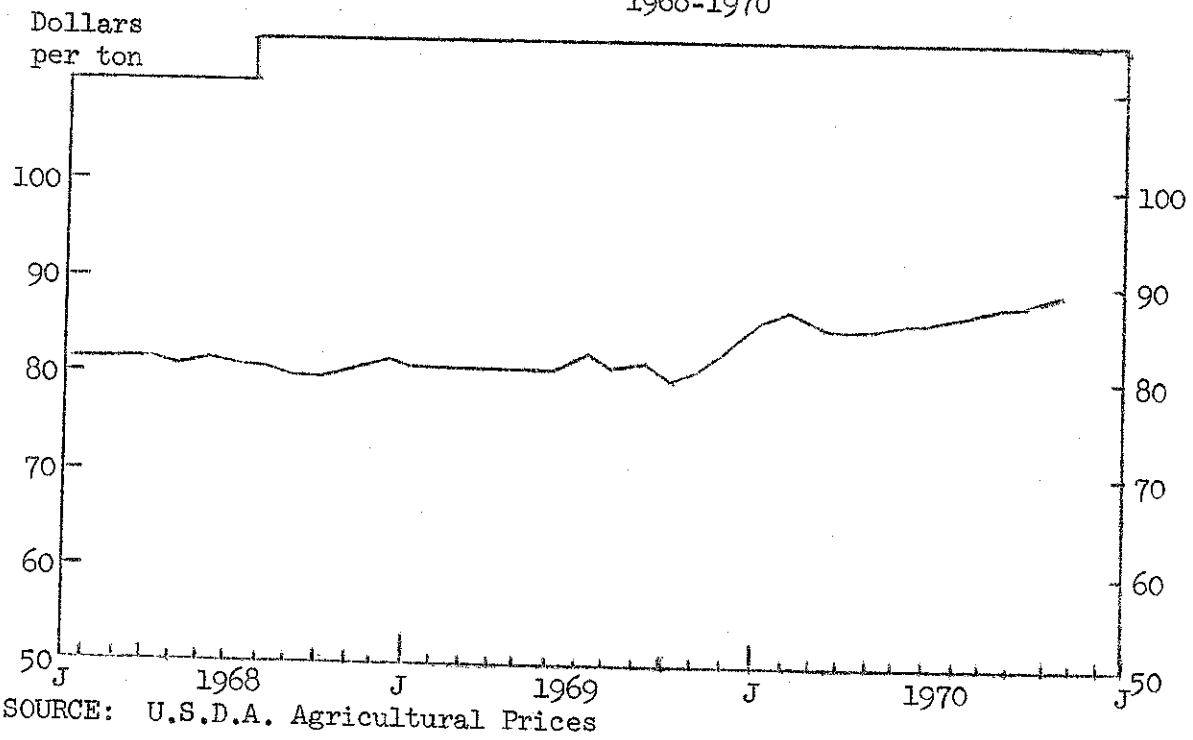
The U.S. farm price of turkeys for 1970 will average 5 percent above 1969. The anticipated expansion in production for 1971 coupled with the increase in cold storage stocks on January 1, 1971 imply prices for 1971 slightly below 1970 levels. The decline, if any, will depend on the degree to which turkey production increases during 1971. The highly seasonal nature of U.S. farm price is demonstrated in the graph. The New York State price pattern is much less seasonal than that for the U.S. and reflects a specialized type of market.

FARM PRICES OF TURKEYS - UNITED STATES, 1966-1970

Month	1966	1967	1968	1969	1970
January	23.9	22.3	18.4	20.4	24.8
February	24.0	21.2	18.0	19.6	24.9
March	24.5	20.5	18.2	19.7	25.6
April	24.4	19.3	18.7	19.8	24.9
May	22.9	19.5	18.6	20.4	23.9
June	23.0	19.7	19.5	21.0	23.3
July	22.0	20.4	19.8	21.1	22.2
August	21.8	20.0	20.2	20.9	22.1
September	22.2	20.1	20.7	21.4	22.6
October	22.7	19.0	21.1	22.4	22.0
November	23.8	18.8	21.4	23.6	____
December	25.0	18.5	21.4	25.6	____
Average	23.1	19.5	20.5	22.4	23.6P

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

FARM PRICE OF LAYING MASH, NEW YORK
1968-1970



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

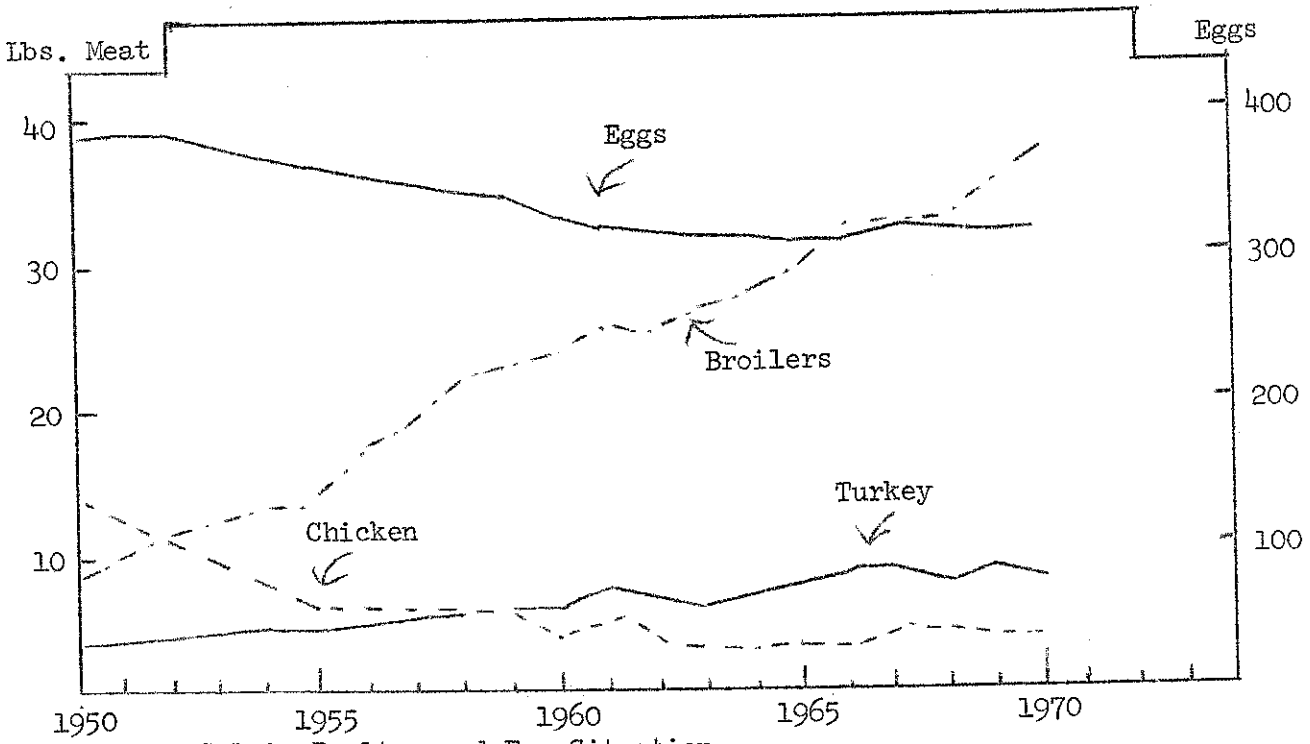
The farm price of laying mash in New York, after two years of unusual stability through 1968 and 1969, moved up in 1970. The combination of livestock numbers, supplies of corn and soybeans, and export demand for them suggest that prices through mid-year 1971 are likely to continue higher than year-earlier levels.

The prices shown here are from feed dealer quotations. Based on several surveys of paying prices reported by poultrymen to county agents, these prices are from four to six dollars per ton over actual prices paid for delivered feed by commercial poultrymen in New York.

FARM PRICE OF LAYING MASH, NEW YORK

Month	Year		
	1968	1969	1970
	Dollars per ton		
January	82	81	86
February	82	81	87
March	82	81	85
April	82	81	85
May	81	81	85
June	82	81	86
July	81	83	86
August	81	81	87
September	80	82	88
October	80	80	88
November	81	81	89
December	82	83	--

CIVILIAN PER CAPITA DISAPPEARANCE OF POULTRY AND EGGS
United States, 1950-1970



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

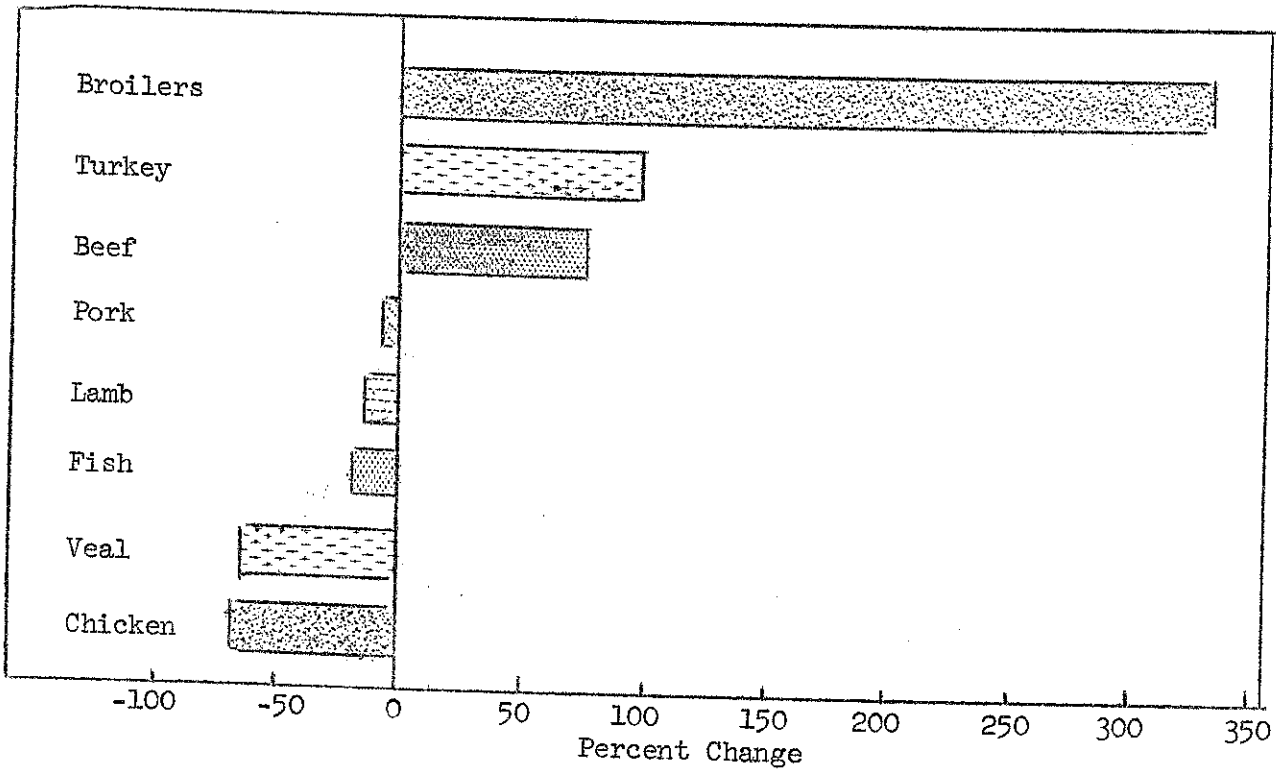
The long-time rise in per capita disappearance of broilers continues with an 8 percent increase again in 1970. The per capita disappearance of chicken and turkey meat has held steady in recent years at about 4 and 8 pounds respectively. The downward trend in per capita disappearance of eggs stabilized during the sixties.

PER CAPITA DISAPPEARANCE OF EGGS AND POULTRY
United States, 1950-1970

Year	Population	Eggs	Broilers	Chicken	Turkey
	(millions)	(number)	(pounds ready-to-cook basis)		
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
1965	194.6	314	29.4	3.9	7.4
1966	196.9	313	32.2	3.8	7.8
1967	199.1	323	32.7	4.4	8.6
1968	201.2	320	33.0	4.4	7.9
1969	203.2	316	35.1	3.9	8.4
1970*	205.4	317	37.8	4.0	8.1

* Preliminary

PERCENT CHANGE IN PER CAPITA MEAT CONSUMPTION
United States, 1950 to 1970



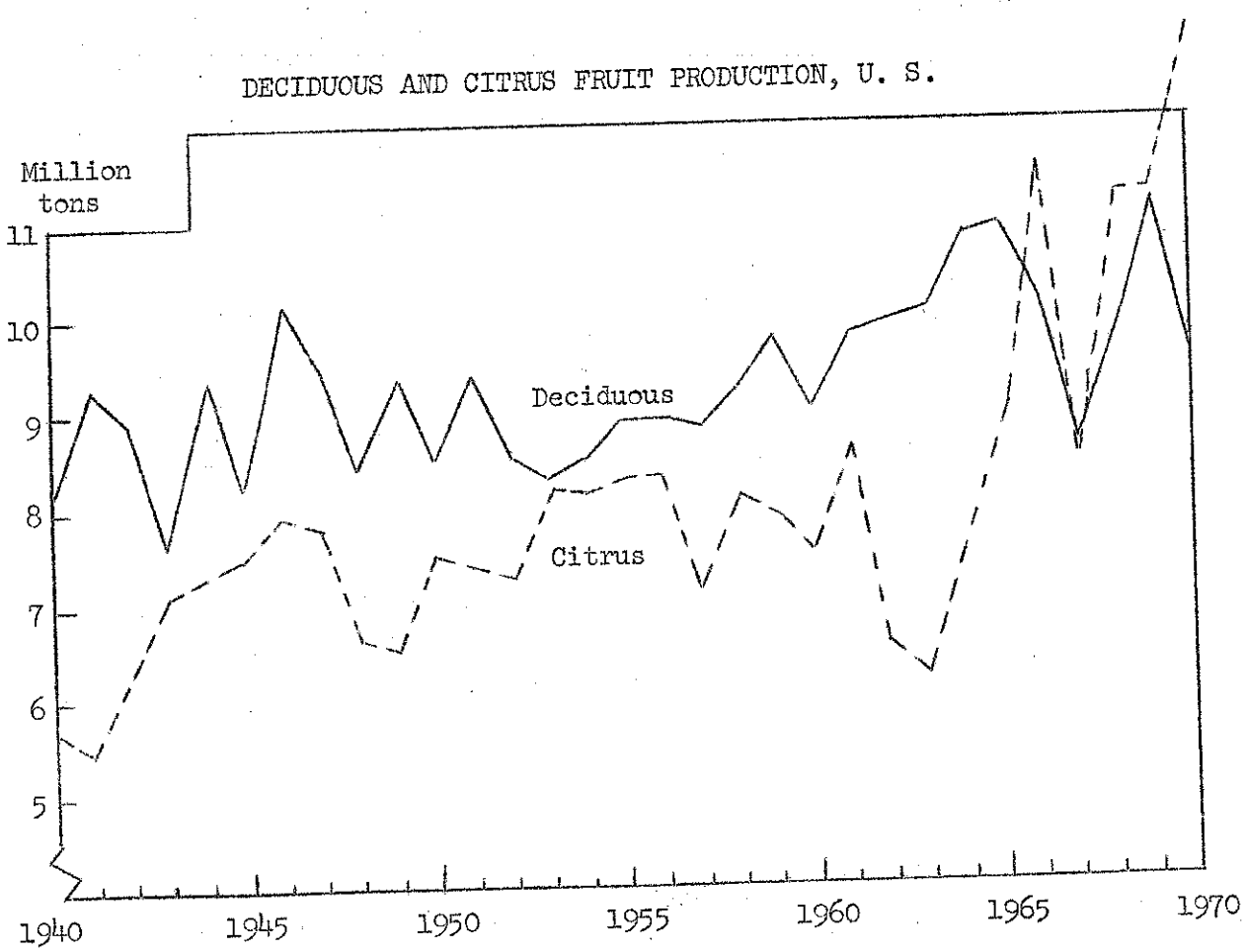
For consumers, all kinds of meat are competitive. From 1950 to 1970, the annual per capita consumption of meat and fish increased from 183 to 246 pounds or 34 percent. In 1950, pork led with 69 pounds or 38 percent of total meat, while in 1970 beef led with 113 pounds or 46 percent of all meats consumed. Broilers ranked third in 1970 with 15 percent of the total.

Broilers and turkeys had the largest relative increases with 334 percent and 98 percent respectively. Beef had the largest pounds of increase with 50 pounds or a 78 percent increase. Chicken had the largest decrease with 66 percent, while veal was down 64 percent.

MEAT CONSUMPTION PER CAPITA
United States, 1950 and 1970

Kind of meat	1950		1970		Percent change
	Pounds	Percent	Pounds	Percent	
Beef	63.4	34.6	113.1	46.0	+ 78
Pork	69.2	37.8	65.4	26.6	- 6
Broilers	8.7	4.8	37.8	15.4	+334
Fish	13.8	7.5	11.3	4.6	- 18
Turkey	4.1	2.2	8.1	3.3	+ 98
Chicken	11.9	6.5	4.0	1.6	- 66
Lamb	4.0	2.2	3.4	1.4	- 15
Veal	8.0	4.4	2.9	1.1	- 64
Total	183.1	100.0	246.0	100.0	+ 34

SOURCE: U.S.D.A. National Food Situation



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

Deciduous fruit production in the United States during the 1970 season totalled 9.5 million tons, a decline of 1.6 million tons from the 1969 season. Decreases in production occurred in each of the major fruits in this classification with the greatest reductions in grapes (3.1 million tons in 1970 compared with 3.9 million tons in 1969), apples (3.1 compared with 3.4), and peaches (1.6 compared with 1.9). Total production of deciduous fruits is expected to range above the 10 million ton level over the next few years.

Citrus fruit production during the 1970-71 season is estimated to exceed the 13 million ton level -- a new record. Each of the important citrus fruits will be in greater supply than last season with the largest increases coming about in oranges, 9.0 million tons compared with 8.0 million last season, and grapefruit with 2.7 million tons compared with 2.2 million tons in 1969-70. Total citrus production is expected to exceed the 11 million ton level during the next few years.

COMMERCIAL FRUIT PRODUCTION, NEW YORK AND UNITED STATES

Fruit	New York			United States		
	Average 1964-68	1969	1970	Average 1964-68	1969	1970
	thousand tons					
Apples	456.0	427.5	482.5	2,909.8	3,416.0	3,147.
Grapes	135.8	121.0	140.0	3,636.2	3,902.5	3,096.
Tart cherries	19.7	15.3	24.0	153.0	158.0	127.
Pears	16.3	18.0	14.5	612.6	726.9	545.
Peaches	9.0	10.4	9.6	1,670.5	1,856.1	1,520.
Sweet Cherries	5.3	7.3	4.0	105.0	127.6	109.

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

The apple, grape and tart cherry crops in New York State during 1970 were above 1969 and average. Pear, peach and sweet cherry production was below 1969 and except for peaches was below average. National production of each of the major fruits was smaller than in 1969 and except for apples and sweet cherries, was below the 1964-1968 average.

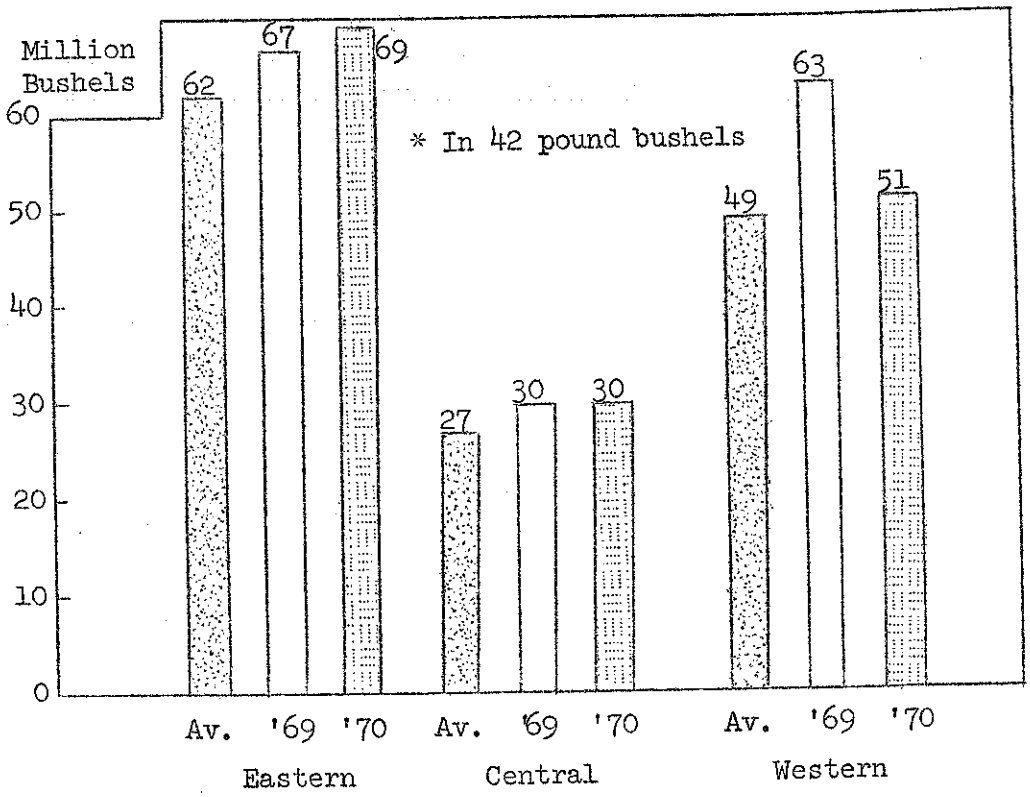
AVERAGE FARM PRICES OF FRUITS, NEW YORK AND UNITED STATES

Fruit	New York			United States		
	Average 1964-68	1969	1970	Average 1964-68	1969	1970
	dollars per ton					
Apples:						
Fresh	149	150		131	110	
Processing	51	55		51	47	
All sales	89	93		97	82	
Grapes	121	181		60	70	
Tart cherries	233	162	149	226	155	159
Pears	119	122		122	103	
Peaches	171	162	190	105	107	124
Sweet cherries	264	242	240	370	337	366

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

For the second year in a row the farm price of tart cherries was well below average both in New York State and nationally. New York growers experienced littl change in the price of sweet cherries over last season. The peach price was highe than in 1969 and average.

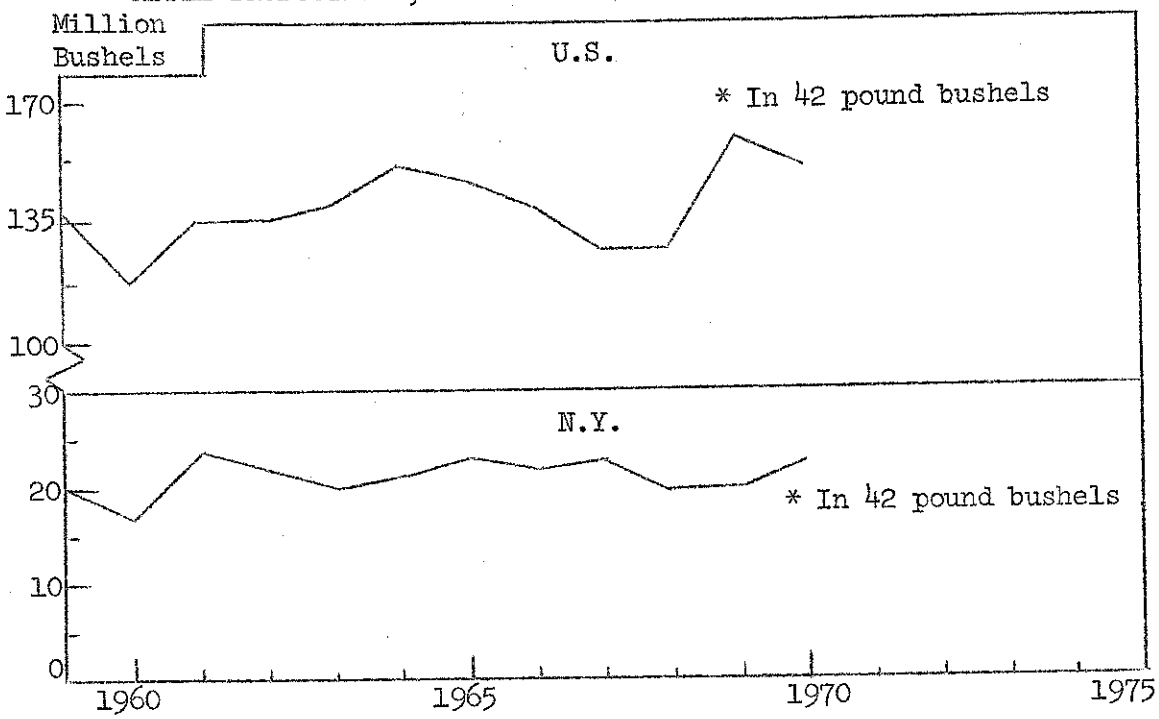
APPLE PRODUCTION* IN THE UNITED STATES



Source: U.S.D.A. Crop Production Average refers to 1964-68.

Apple production in each of the major producing areas was above average during 1970, but production varied considerably between areas compared with 1969.

APPLE PRODUCTION*, UNITED STATES AND NEW YORK, 1959-1970



The national apple crop in 1970 of 150 million bushels was more than 10 million bushels below the 1969 crop but still the second largest in recent years. The New York crop of 23 million bushels was 3 million bushels larger than the 1969 crop.

NATIONAL STORAGE HOLDINGS OF APPLES BY REGIONS, NOVEMBER 1

Region	1964-68 Av.	1968	1969	197
		million bushels		
Northeast	14.7	14.1	14.6	15.
Southern	10.5	11.1	14.7	12.
Midwest	9.6	9.5	10.8	10.
Western	27.0	23.0	36.3	30.
U. S. Total	61.8	57.7	76.4	68.

Source: International Apple Institute

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

Type of holding	1964-68 Av.	1968	1969	197
		million bushels		
Graded and packed*	24.9	19.9	31.1	24.
Not graded and packed**	36.9	37.8	45.3	43.
Total holdings**	61.8	57.7	76.4	68.
Processor holdings	10.7	11.6	14.3	12.
"Fresh" supplies	51.1	46.1	62.1	55.
C. A. holdings	13.2	14.6	16.5	17.

* Actually graded and packed and stored in boxes, cartons, crates, baskets, o consumer packages, or reported on a converted packed basis.
** Mostly Tree Run; also includes packing house sorts and processor holdings.

Source: International Apple Institute

NEW YORK STATE HOLDINGS OF APPLES BY REGIONS, NOVEMBER 1

Region	1964-68 Av.	1968	1969	197(
		million bushels		
Eastern				
Regular	2.3	2.1	2.5	1.9
C. A.	2.6	2.8	2.9	2.9
Total	4.9	4.9	5.4	4.8
Western				
Regular	3.1	3.1	2.8	2.9
C. A.	.5	.5	.4	.5
Total	3.6	3.6	3.2	3.4
New York State				
Regular	5.4	5.2	5.3	4.8
C. A.	3.1	3.3	3.3	3.4
Total	8.5	8.5	8.6	8.2

Source: Bureau of Statistics, State of New York Department of Agriculture and Markets

PROCESSED APPLE SITUATION

Item	Average 1964-68	1968	1969	1970
		million actual cases		
Applesauce				
Carryin, Sept. 1	3.9	4.0	4.6	6.9
Pack to Nov. 1	11.9	13.3	13.5	11.9
Supply	15.8	17.3	18.1	18.8
Shipments to Nov. 1	4.5	4.3	4.5	5.3
Stocks, Nov. 1	11.3	13.0	13.6	13.5
		million cases of 6/10's		
Canned Apple Slices				
Carryin, Sept. 1	1.1	1.1	1.3	1.5
Pack to Nov. 1	1.3	1.4	1.3	.9
Supply	2.4	2.5	2.6	2.4
Shipments to Nov. 1	.8	.7	.6	.5
Stocks, Nov. 1	1.6	1.8	2.0	1.9
		million pounds		
Frozen Apples				
Stocks, Nov. 1	39.8	49.0	59.9	65.8
		million cases of 24/2's		
Apple Juice				
Season's pack	9.2	9.4	13.4	N.A.

N. A. - not available Source: National Canners Association

A larger carryin, and a sizeable pack resulted in a record supply of applesauce of 18.8 million cases on November 1, 1970, even though shipments were ahead of a year ago and above average. Stocks on November 1, 1970, were only slightly less than a year ago and above average. The total stocks of canned apples on November 1, 1970, were just under a year ago and above average. Stocks of frozen apples on November 1, 1970, of almost 66 million pounds were 10 per cent above the level of a year earlier. A new record pack of canned apple juice was reached during the 1969 season.

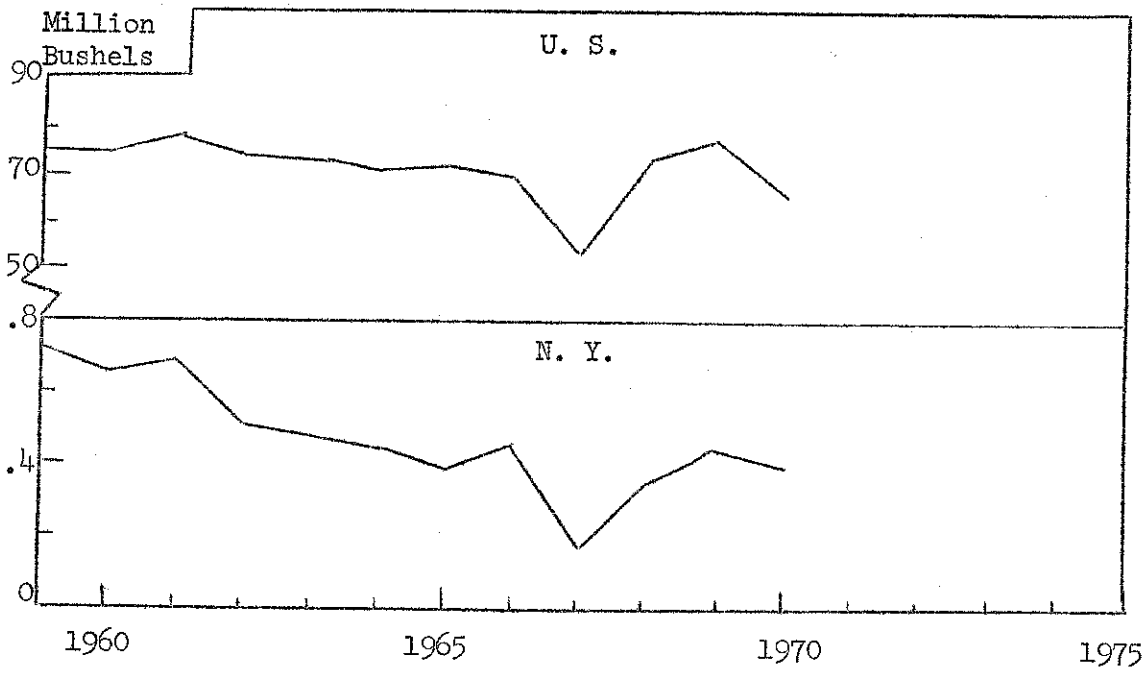
PROCESSED RED TART CHERRY SITUATION

Item	Average 1964-68	1968	1969	1970
		million actual cases		
Canned Cherries				
Carryin, July 1	.2	*	.1	.2
Pack	2.4	1.6	2.1	1.4
Supply	2.6	1.6	2.2	1.6
Shipments to Nov. 1	1.3	.7	.9	.5
Stocks, Nov. 1	1.3	.9	1.3	1.1
		million pounds		
Frozen Cherries				
Stocks, Nov. 1	105.2	93.2	115.7	100.0

* 28,000 cases Source: National Canners Association

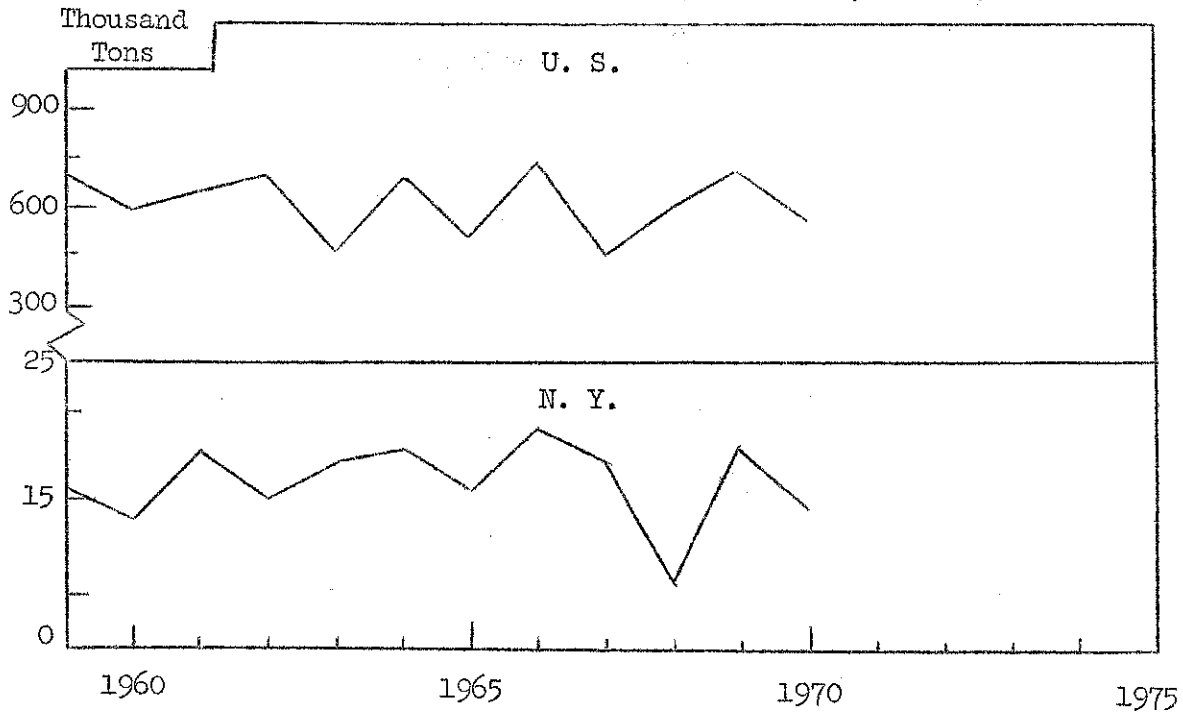
Stocks of canned red tart cherries on November 1, 1970, were 1.1 million cases, 200 thousand cases below the same date in 1969 and average. Stocks of frozen cherries were 100 million pounds on November 1, 1970 -- below 1969 and average.

PEACH PRODUCTION, UNITED STATES AND NEW YORK, 1959-1970



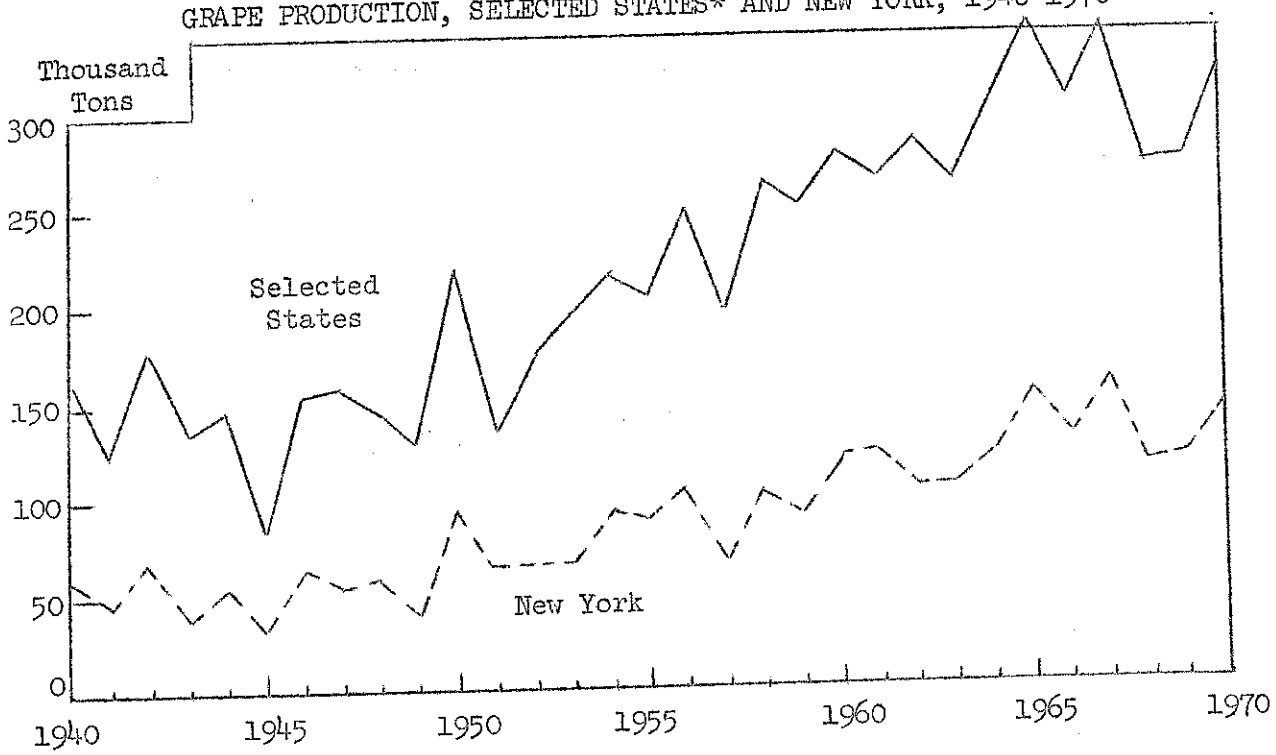
U. S. production of peaches in 1970 amounted to 63 million bushels compared with 73 million bushels produced in 1969. The New York crop was 400,000 bushels compared with 433,000 bushels in 1969.

PEAR PRODUCTION, UNITED STATES AND NEW YORK, 1959-1970



Pear production in the U. S. during 1970 totalled 545 thousand tons - down from 727 thousand tons produced in 1969. The New York State crop was 14.5 thousand tons compared with 18 thousand tons in 1969.

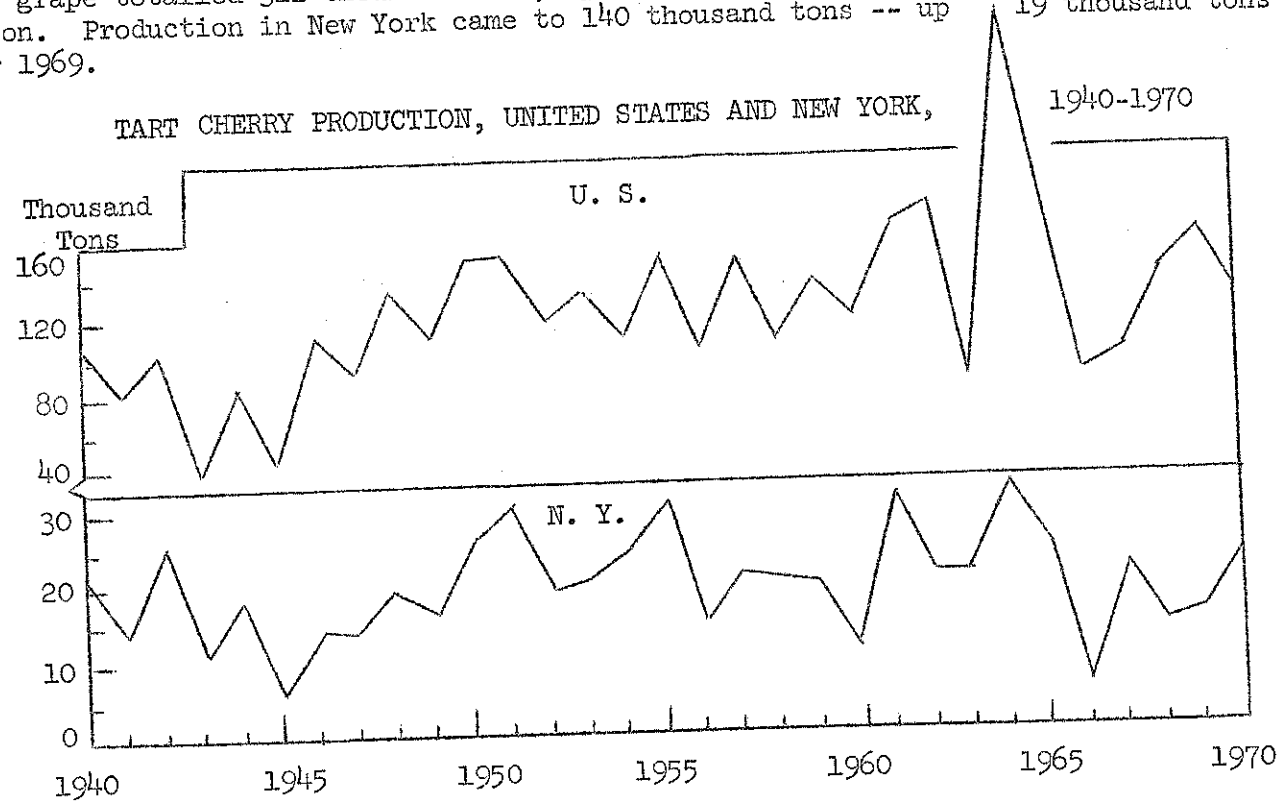
GRAPE PRODUCTION, SELECTED STATES* AND NEW YORK, 1940-1970



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

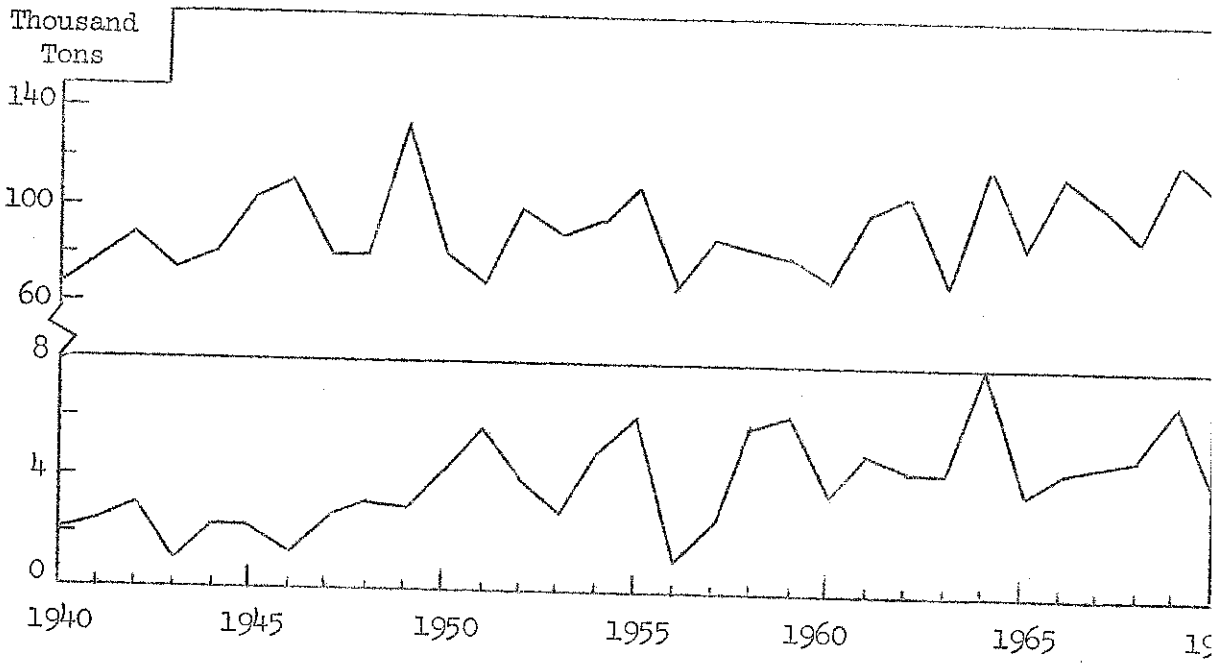
The production of grapes during 1970 in the six states producing the American-type grape totalled 322 thousand tons, up almost 50 thousand tons from the 1969 season. Production in New York came to 140 thousand tons -- up 19 thousand tons over 1969.

TART CHERRY PRODUCTION, UNITED STATES AND NEW YORK, 1940-1970



The 1970 national tart cherry crop of 127 thousand tons was down 31 thousand tons from the 1969 crop. Production in New York State was 24 thousand tons - up almost 10 thousand tons over 1969.

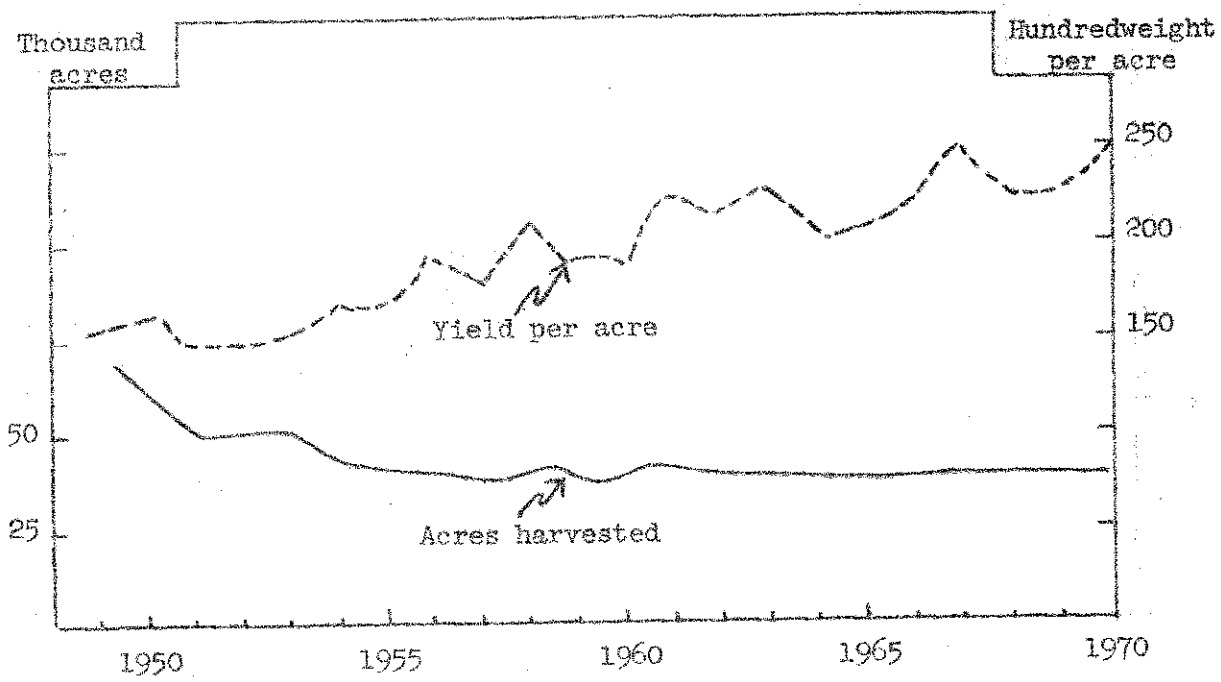
SWEET CHERRY PRODUCTION, UNITED STATES AND NEW YORK, 1940-1970



The national sweet cherry crop during 1970 was 120 thousand tons - down 8 thousand tons from the 1969 crop. The 1970 crop in New York State of 4 thousand tons was the smallest since 1965.

POTATO ACREAGE AND YIELD PER ACRE

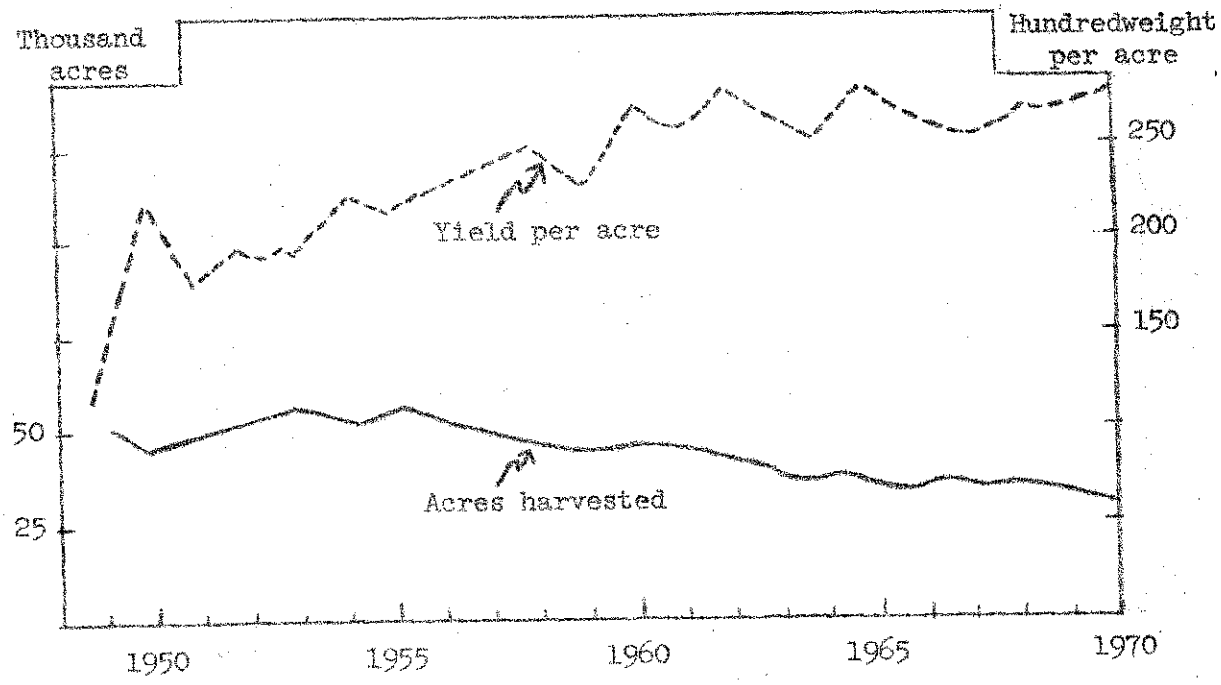
Upstate New York



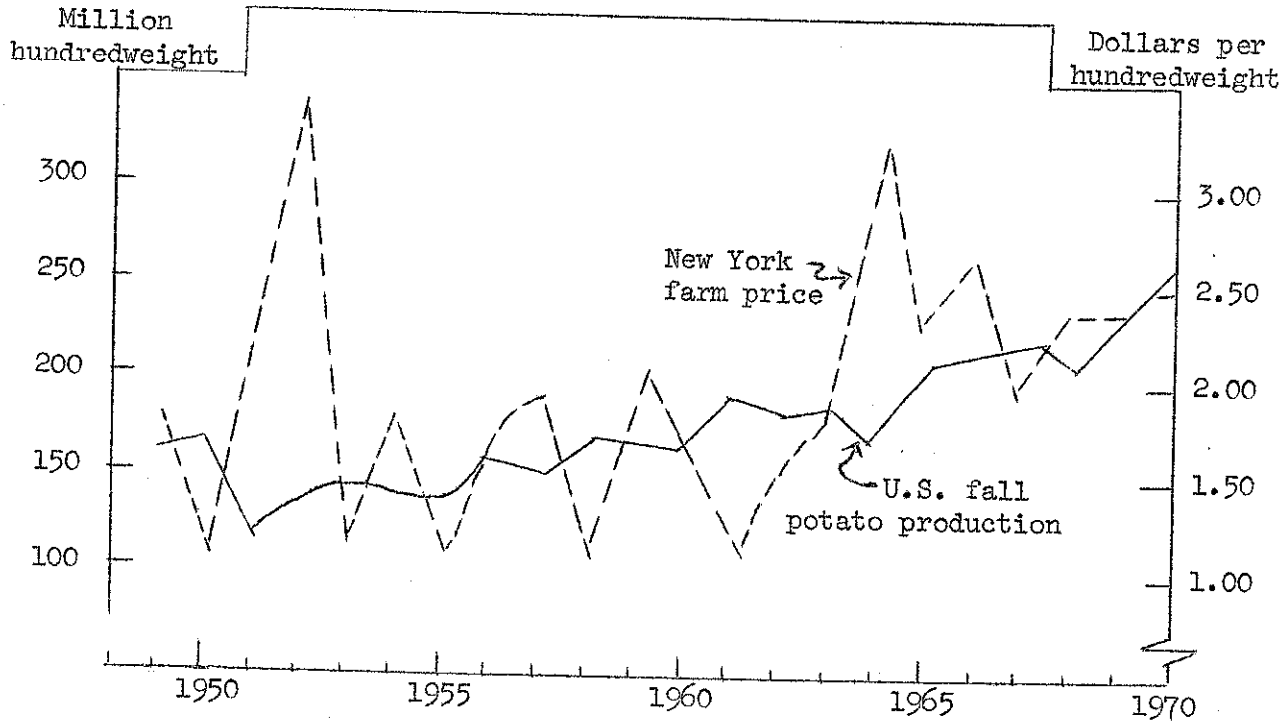
Potato acreage has remained fairly stable in recent years in Upstate New York but continues to decline on Long Island, while yield per acre has risen substantially in both areas.

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 hundredwieght		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	231.5	2.29	1.54	1.90
1968	220.9	2.71	1.96	2.31
1969	238.5	2.70	2.00	2.33
1970	252.0	--	--	--

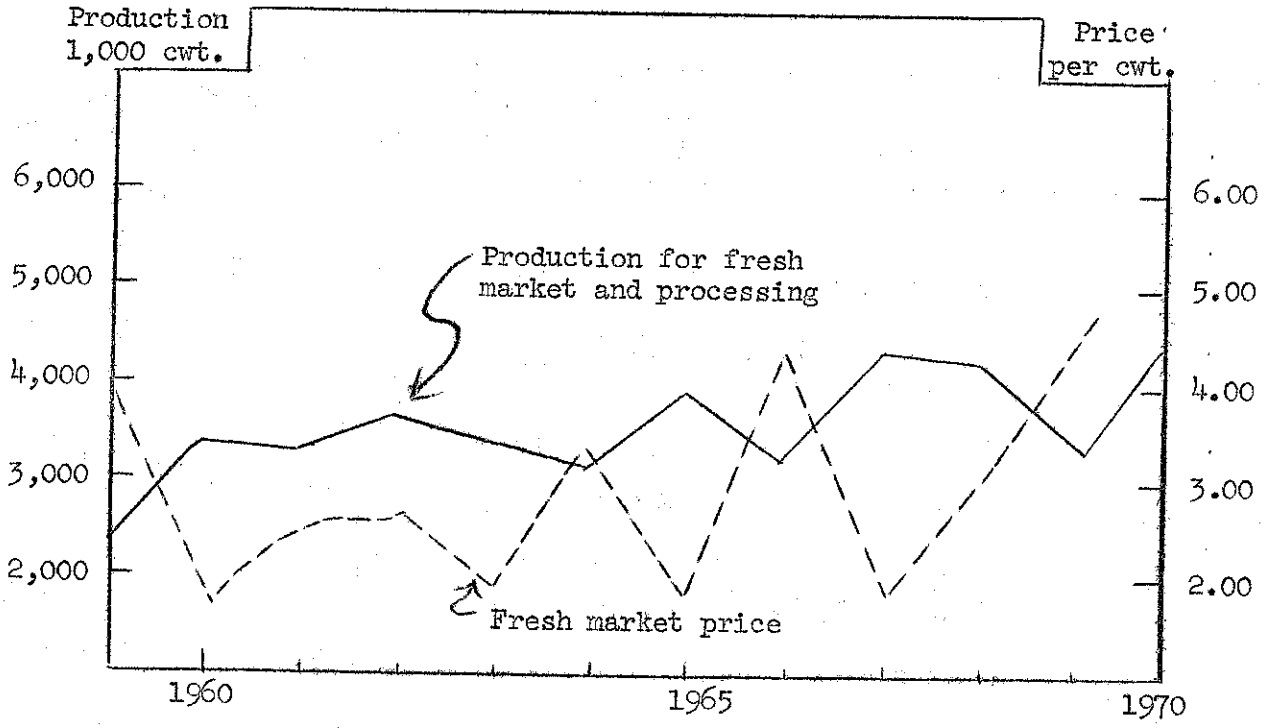
VEGETABLES FOR FRESH MARKET: ACREAGE AND YIELD

New York

Crop	Season	Acreage harvested			Yield per acre		
		1968	1969	1970	1968	1969	1970
		acres			hundredweight		
Sweet corn	Late summer	18,800	18,200	18,400	52	50	55
Cabbage*	Early fall, L.I.	1,100	1,100	1,100	220	205	220
	Upstate	10,200	10,100	10,900	405	340	440
Onions*	Late summer	13,400	13,200	14,200	280	285	325
Snap beans	Summer	6,700	6,100	6,200	42	45	45
Cauliflower*	Summer	1,800	1,600	1,600	100	85	100
	Early fall, L.I.	1,800	1,400	1,400	125	105	120
Tomatoes	Late summer	4,300	3,900	3,700	115	100	110
Lettuce	Summer	3,750	3,200	3,300	165	170	180
Cucumbers	Late summer	2,900	2,600	2,900	88	105	95
Carrots*	Early fall	2,200	2,300	2,300	335	310	320
Celery*	Summer	2,000	1,700	1,500	290	300	350
Cantaloupes	Late summer	800	800	800	100	85	95
Green peppers	Late summer	800	700	700	60	65	65
Brussel sprouts*	Fall	1,200	1,100	950	65	70	80

*Includes production for both fresh market and processing.

EARLY FALL CABBAGE: UPSTATE NEW YORK



Upstate New York cabbage production has increased over the past ten years. Cabbage prices vary widely from year to year largely due to changes in supplies.

Crop year	Acres harvested	Yield per acre	Total production	Price per cwt.
	1,000 acres	cwt.	1,000 cwt.	
1959-63	10.6	307	3,246	$2.60
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	10.2	405	4,131	3.00
1969	10.1	340	3,434	4.50
1970	10.9	440	4,796	----

VEGETABLES FOR PROCESSING: ACREAGE AND PRODUCTION

United States

	Acreage			Production		
	Harvested		For harvest			Ind.
	1968	1969	1970	1968	1969	1970
	thousand acres			thousand tons		
Green lima beans	104.7	83.2	71.7	115.1	98.7	80.4
Snap beans	267.1	238.3	228.5	626.7	568.5	564.9
Beets	21.2	17.9	15.2	269.2	219.6	200.9
Cabbage for kraut (Contract)	10.8	10.6	11.7	199.9	186.3	235.7
Sweet corn	519.2	448.7	409.8	2,479.3	2,109.4	1,865.9
Cucumbers for pickles	144.8	129.7	135.4	554.6	503.1	587.5
Green peas	452.1	404.2	381.4	581.7	524.4	468.7
Spinach:						
Winter	10.6	8.1	9.3	87.6	64.6	78.3
Spring	9.3	8.4	10.9	42.0	44.1	55.2
Fall	5.5	5.8	4.9	24.2	25.0	20.8
Tomatoes	370.2	266.9	247.0	6,965.9	4,897.7	4,833.6
Total 9 Vegetables	1,915.4	1,621.8	1,525.8	11,946.3	9,241.1	8,991.7
Asparagus for processing	94.6	92.7	Dec. 17	115.9	103.4	Dec. 17
Cabbage for kraut (open market)	1.7	2.5	Dec. 17	31.9	37.9	Dec. 17
Total 10 Vegetables	2,011.7	1,717.0		12,094.0	9,382.4	

Source: Vegetables-Processing, November 1970, Crop Reporting Board, SRS, USDA

VEGETABLES FOR PROCESSING: ACREAGE AND YIELD, NEW YORK

Crop	Acreage harvested			Yield per acre		
	1968	1969	1970	1968	1969	197(
Snap beans	53,500	48,500	47,500	1.80	2.00	2.2
Tomatoes	7,000	5,000	2,900	12.1	13.2	14.0
Beets	5,100	4,700	4,300	17.50	14.75	17.5
Cabbage (contract only)	3,170	3,100	3,200	23.00	18.70	25.0
Cabbage (total)	4,000	4,200	---	23.0	19.0	---

VEGETABLES FOR PROCESSING: FARM PRICES: NEW YORK

Crop	1967	1968	1969
Snap beans	$92.00	$91.80	$88.70
Tomatoes	43.00	41.50	41.20
Beets	19.20	21.40	19.50
Cabbage	15.60	17.20	18.80

NEW YORK SURVEYS OF POTATO PRODUCTION

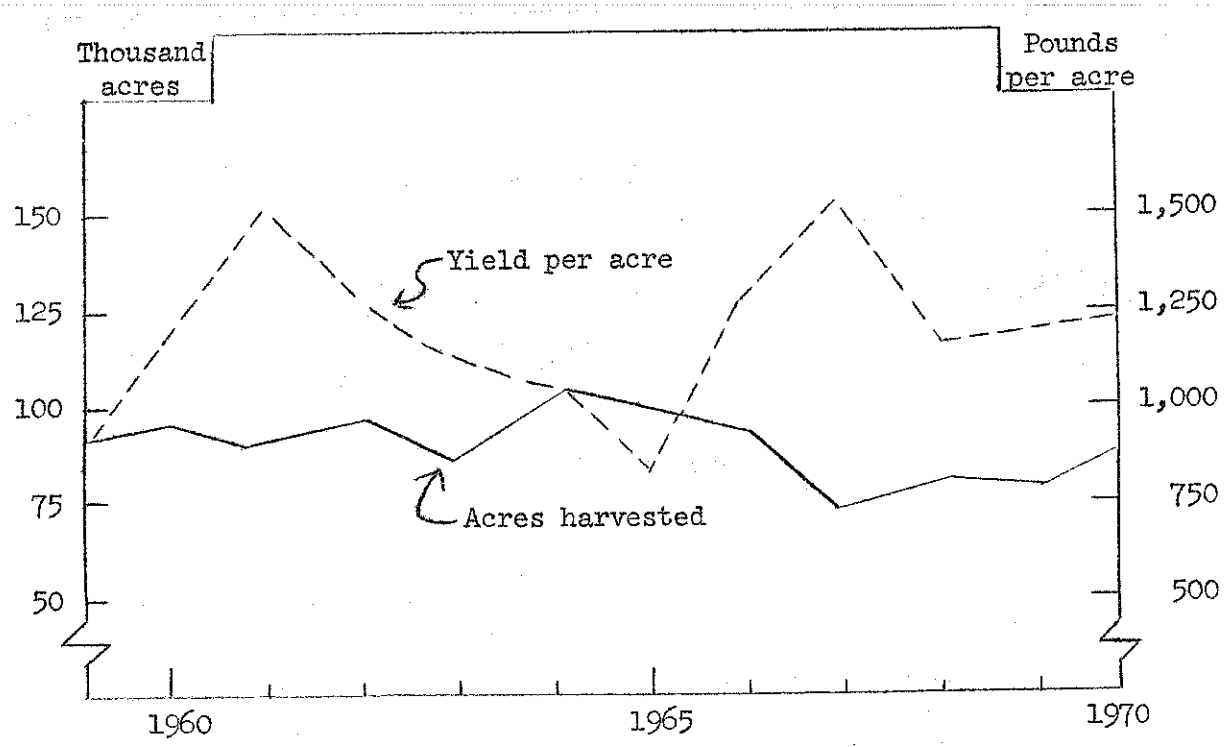
	Long Island 1/		Upstate New York 2/
Year of survey	1966	1970	1967
Number of farms with potatoes	404	283	315
Potato acreage planted	39,297	30,881	35,480
Potato acreage per farm	97	109	113

1/ New York Crop Reporting Service, Long Island Potato Survey, AMA Release No. 121, July 1970.

2/ New York Crop Reporting Service, Upstate New York Potatoes, AMA Release No. 112, October 1968.

DRY BEAN HARVESTED ACREAGE AND YIELD PER ACRE

New York



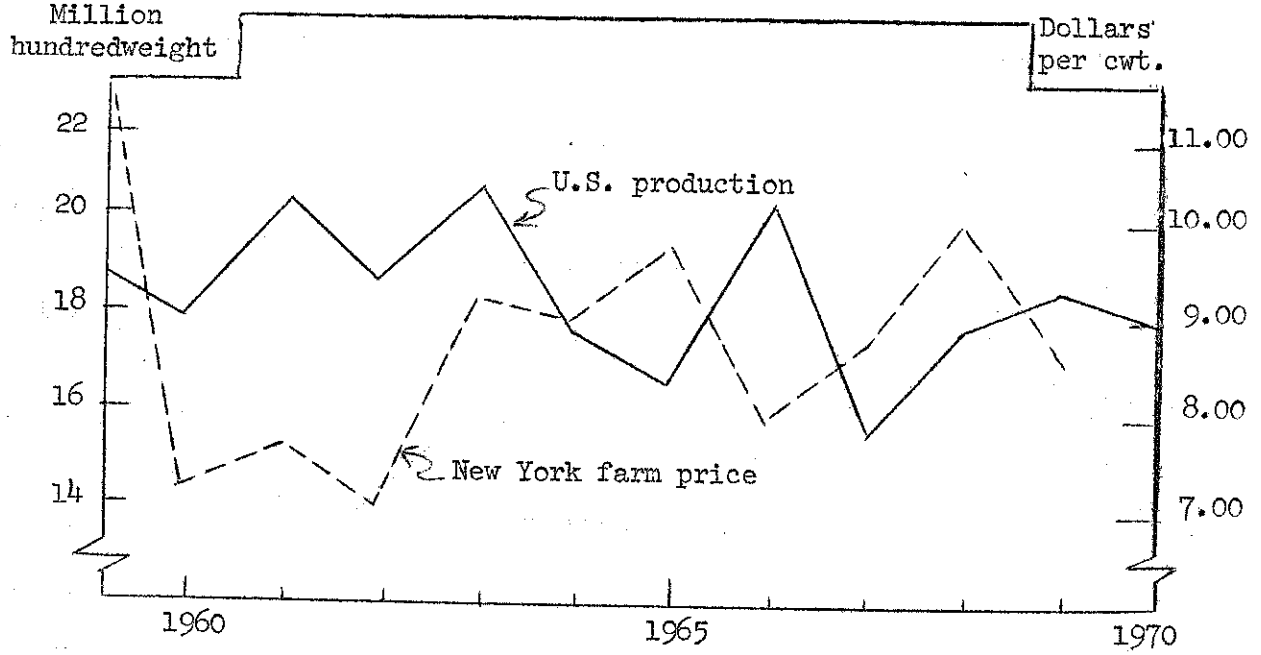
The acreage of dry beans harvested in New York during the past ten years has remained about the same. Yields have varied considerably. Red Kidneys continue to be the most important class of beans grown in New York although production has declined in recent years. Production of Black Turtle Soup has increased.

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	1,270	984	144	91	1,219
1961	87	1,530	958	220	153	1,331
1962	98	1,300	884	317	73	1,274
1963	82	1,180	774	103	91	968
1964	106	1,100	798	308	60	1,166
1965	101	850	562	192	88	842
1966	93	1,300	877	295	128	1,300
1967	73	1,510	673	321	108	1,102
1968	80	1,130	503	314	87	904
1969	77	1,150	614	223	49	886
1970	83	1,200	---	---	---	996

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

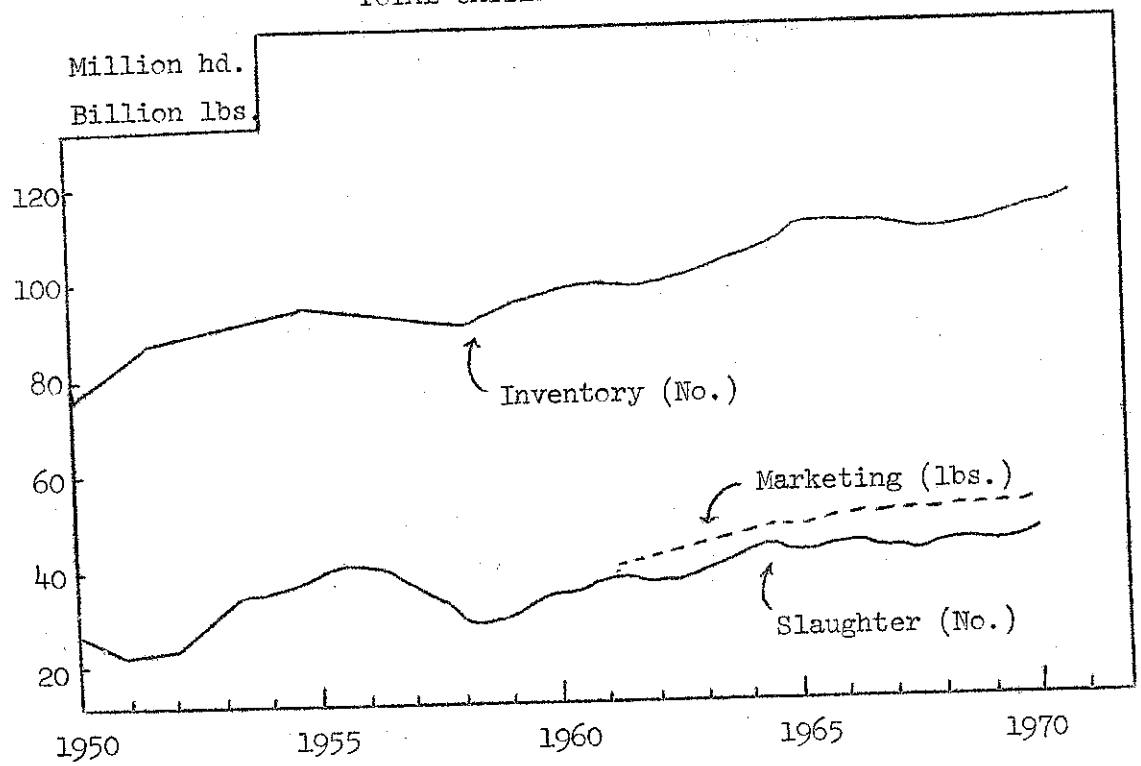


The New York farm price of dry beans is a composite of several different classes. Price supports provide a floor under Red Kidney prices. Supports are not available for Black Turtle Soup, and the market depends on export business. Total supply of the particular class as well as supplies of competing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

U.S. DRY BEAN PRODUCTION, U.S. RED KIDNEY PRODUCTION, AND NEW YORK 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	15,177	1,158	8.70
1968	17,389	1,124	10.00
1969	18,795	1,474	8.50
1970	17,922	---	---

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



Source: Livestock and Meat Situation, USDA
1970 Slaughter and Marketings - Estimated
1971 Inventory - Forecast

Cattle numbers increased two and one-half million head during 1969, and 1970 gains may exceed this. The total number of cattle marketed for slaughter in 1970 will be about the same as last year. Total pounds marketed for the year will be up one or two percent. Fed cattle marketings will be up some during the first half of 1971. Higher feed costs will temper increased output and will result in lower market weights on fed cattle. The 1971 beef output will show a moderate increase similar to that occurring in 1970.

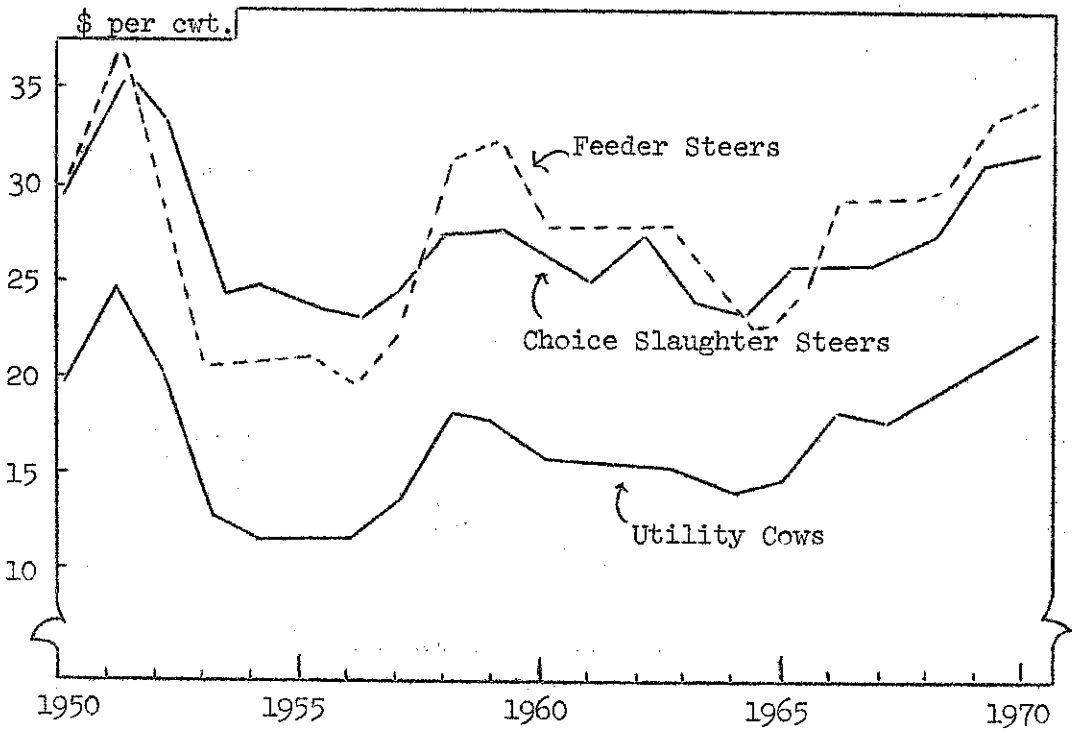
High feed costs and less favorable beef-feed price relationships will contribute to further beef breeding herd expansion in 1971. The potential for a substantial increase in beef output in 1972 is developing. The realization of this potential depends on demand, feed prices and continued expansion of feed lot capacity.

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

Year	Inven. Jan. 1 (1000 head)	Slaughter (1000 head)	Marketings (billion pounds)
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	36.8
1962	100,369	34,768	37.7
1963	104,488	34,274	40.0
1964	107,903	35,310	42.7
1965	109,000	39,959	44.6
1966	108,862	40,032	46.3
1967	108,645	41,407	46.4
1968	109,152	40,027	47.4
1969	109,861	40,588	47.0
1970	112,300	40,400*	47.6*
1971**	114.5-115.5	--	--

* Estimated
** Forecast

STEER AND COW PRICES AT SELECTED MARKETS



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

Prices were steady and averaged above year earlier levels for the first half of 1970. Prices declined at mid-summer but have remained above 1969 levels. The decline reflects large marketings of fed cattle and abundant supplies of pork. Current choice steer prices are around $29 per cwt., $3 below the 1970 high. The 1971 fed cattle prices are not likely to average much above 1970 levels this winter, but some price strength may develop next spring and summer. Look for choice steers to average at least $1 above 1970 prices during 1971.

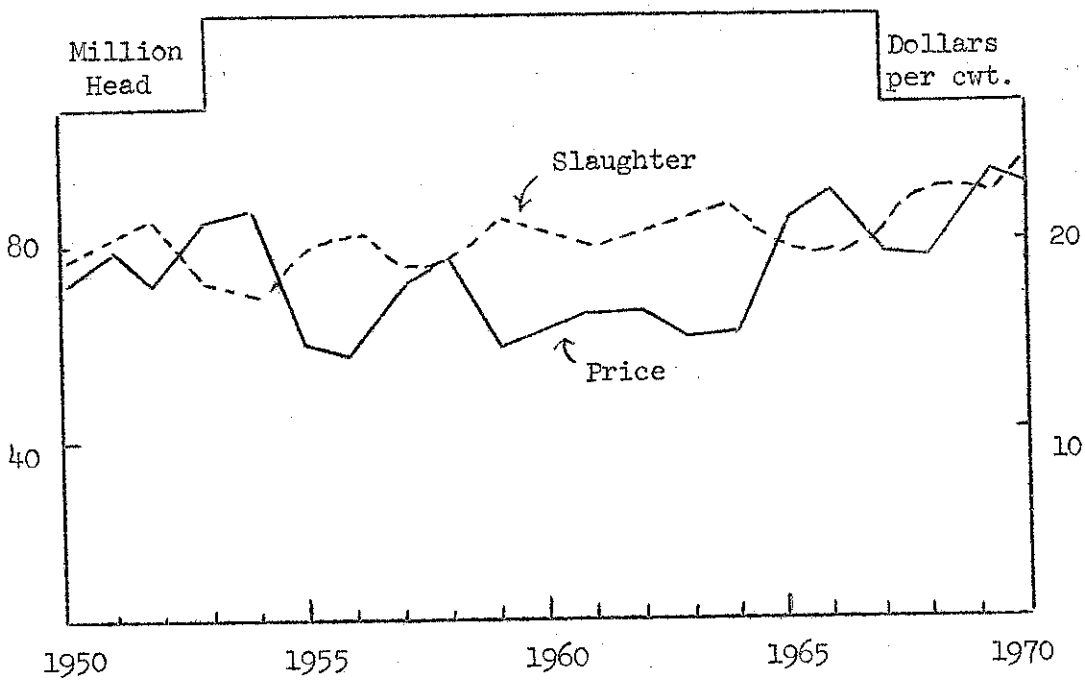
Feeder cattle prices have roughly followed the fed cattle market this year but at a higher level. Look for a better balance of feeder and fed cattle prices during the second half of 1971. Utility cow prices were up again in 1970. Prices are not expected to be as strong during 1971. Veal calf prices were up about $3-4 in 1969 and are expected to remain strong in 1971.

STEER AND COW PRICES
1955 to Date

Year	Choice Sl. Steers 1/	Utility Cows 1/	Feeder Steers 2/
	(Dollars per Cwt.)		
1955	23.16	11.52	21.04
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	27.74	18.45	27.92
1969	30.42	20.48	31.78
1970*	30.70	22.00	33.50

1/ At Chicago.
2/ Choice steers, Kansas City.
* Preliminary

HOG SLAUGHTER AND PRICE -- UNITED STATES



Source: Livestock and Meat Statistics, USDA

Hog slaughter for the second half of 1970 will be eight to nine percent above year earlier output. Marketings for the first half of the year were off more than six percent so total 1970 production will be up less than two percent. The large increase in supplies caused hog prices that averaged $4 higher during the first half of 1970 to fall more than $9 below 1969 price levels in November.

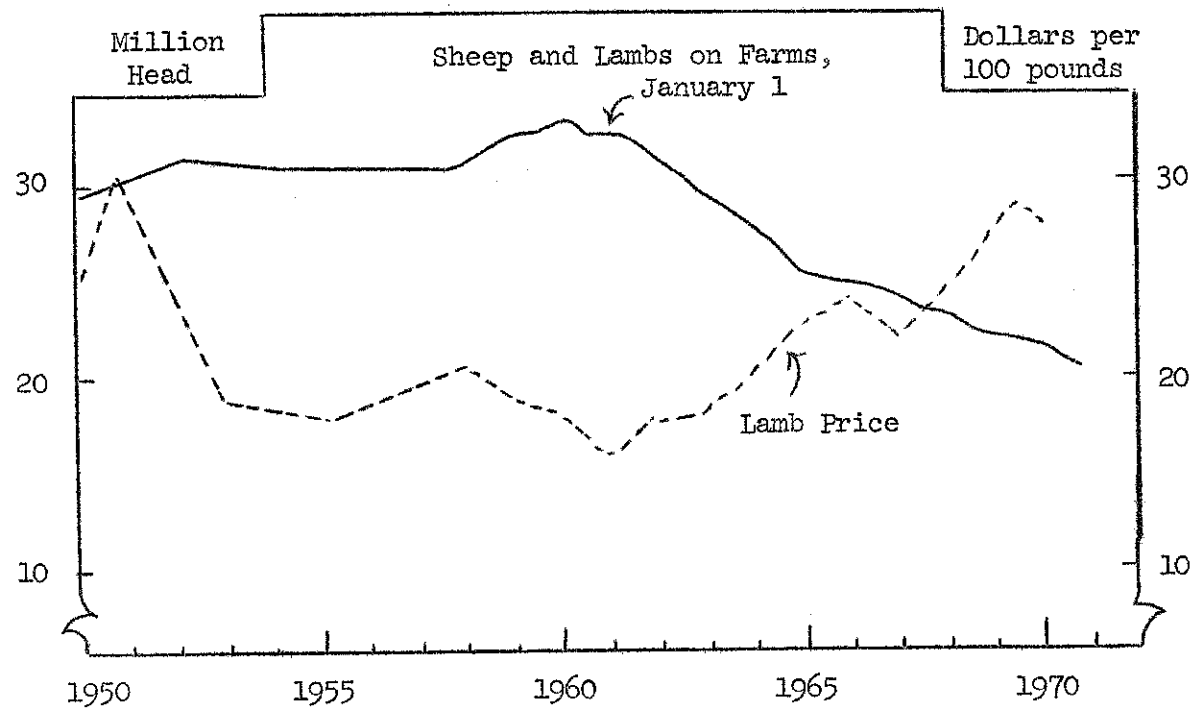
Hog slaughter for the first half of 1971 will be well above the first half of 1970, but somewhat below 1970 fall levels. Current intentions of hog producers suggest that increases in hog slaughter will moderate after mid-1971. Look for 1971 hog slaughter to be more steady than the pattern shown in the last two years, slaughter weights will be down, and pork production will be up. The 1971 hog prices are expected to run a more normal seasonal pattern. Prices for the first half of the year will be well below the $25.50 average for the first half of 1970. Look for something substantially less than a $12 price range in 1971.

HOG SLAUGHTER AND PRICES
1955 to Date

Year	Thous. Head Slaughtered	Dollar per Hundredweight*
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	86,401	19.19
1969	84,958	23.68
1970**	85,500	23.00

* Barrows and gilts, 7 markets.
** Preliminary

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



Source: Livestock and Meat Statistics, USDA
1970 Preliminary
1971 Estimated

The number of sheep and lambs declined again in 1970 for the eleventh consecutive year. This year's decline is expected to be over a half a million head. The 1970 lamb slaughter will average one or two percent below 1969 despite an increase during October. In 1971, sheep and lamb slaughter is expected to continue below a year earlier reflecting smaller fed lamb supplies.

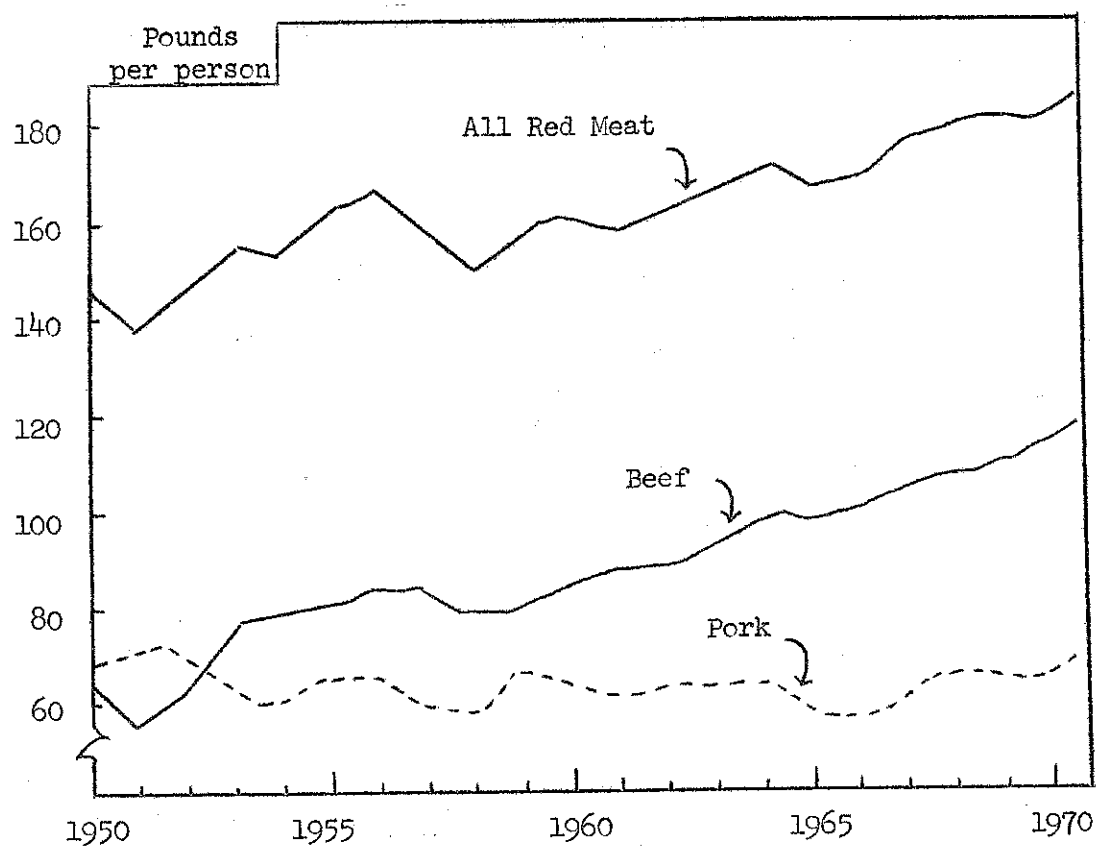
Slaughter lamb prices were steady during 1970 but averaged about $1 below 1969 prices. The 1971 prices are expected to move on a generally firm tone with the usual winter-spring advance pushing prices to near $30. This fall's feeder lamb prices averaged $1.25 below slaughter lambs. Last fall's feeder lambs were 35 cents higher than slaughter lambs. The current spread may narrow this winter but feeder lamb prices are not expected to rise above slaughter prices in 1971.

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

Year	Sheep and lambs (Mil. head)	Price per cwt. (Dollars)
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	24.40
1969	21.2	28.79
1970	20.4	27.75*
1971**	20.4-20.0	---

* Preliminary
** Estimated

PER CAPITA CONSUMPTION OF RED MEAT



Source: Livestock and Meat Situation, USDA

Per capita consumption of red meat was up three pounds in 1970 to a record high of 185 pounds. The recovery in pork consumption offset continued declines in veal and lamb. Beef consumption rose three pounds per capita.

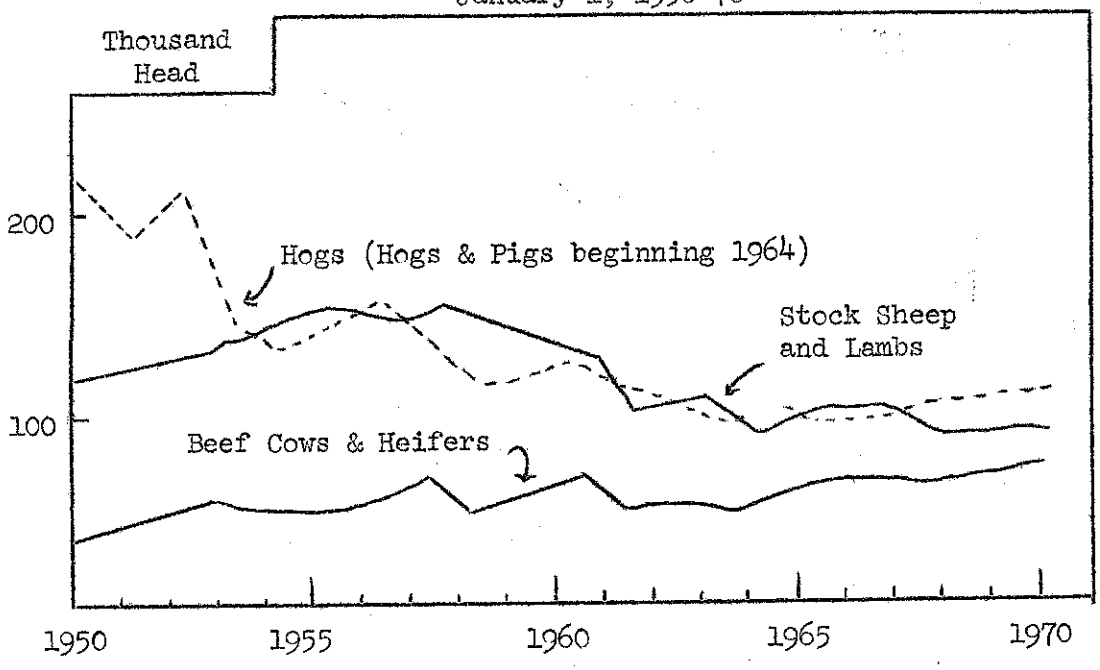
Pork consumption is expected to continue substantially larger than a year earlier, during the winter & spring of 1971. Strong demand for beef will continue despite prospects for increased unemployment, continued inflation and larger pork supplies. Beef demand has been projected to reach 130 pounds per capita by 1980. Veal consumption is expected to drop further in 1971 & some continued decline is expected for lamb. Retail beef prices are expected to change very little in 1971. Retail pork prices fell during last half of 1970 and are expected to edge still lower before winter is over.

PER CAPITA CONSUMPTION OF RED MEAT
UNITED STATES, 1950-70

Year	Beef	Veal	Lamb & Mutton	Pork	Total
			(lbs.)		
1950	63.4	8.0	4.0	69.2	144.6
1955	82.0	9.4	4.6	66.8	162.8
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	174.5
1964	99.8	5.2	4.2	65.3	169.3
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	109.4	3.6	3.7	66.0	182.7
1969	110.5	3.3	3.4	64.8	182.0
1970*	113.5	3.0	3.1	65.4	185.0

* Preliminary

NUMBERS OF HOGS, SHEEP, AND BEEF CATTLE ON NEW YORK FARMS
January 1, 1950-70



LIVESTOCK NUMBER ON NEW YORK FARMS, JANUARY 1, 1940-70

	HOGS & PIGS		SHEEP AND LAMBS			BEEF CATTLE	
	Sows &		Stock Sheep & Lambs		Lambs	Cows &	Steers
Total	Gilts	Total	Ewes	Total	on Feed	Heifers	& 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
1962	14	97	99	128	21	61	60
1963	14	85	94	118	17	62	54
1964	N.R.	103*	93	117	14	69	56
1965	N.R.	81	87	110	11	73	56
1966	N.R.	95	80	99	12	72	54
1967	N.R.	99	75	95	13	69	61
1968	N.R.	99	74	93	15	75	65
1969	N.R.	103	72	89	14	80	64
1970	N.R.	103	70	86	14	80	69

Source: Livestock and Poultry Inventory, January 1, USDA
* Series converted to Hogs and Pigs in 1964 (previously hogs only).

Only the number of steers and calves on New York farms showed an increase between January 1, 1969 and January 1, 1970. Hogs and pigs, and cows and heifers were unchanged while sheep and lambs continued to decline. It is expected that 1971 inventories for hogs, pigs and beef cattle will be up some but the increase will be less than the U.S. average.