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UNITED STATES DEPARTMENT OF AGRICULTURE

PROGRAM

34th ANNUAL NATIONAL AGRICULTURAL OUTLOOK CONFERENCE

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Program
34th Annual National

November 26-29, 1956
Washington 25, D. C.

Agricultural Marketing Service
Agricultural Research Service
Commodity Stablization Service
Foreign Agricultural Service
Forest Service
and
Federal Extension Service Cooperating

AEP-240 (11-56)

November 26-29, 1956

MONDAY (November 26) MORNING

(Thomas Jefferson Auditorium - South Building)

C. M. Ferguson, Administrator
Federal Extension Service, Chairman

9:00	Registration	
9:30	Opening of Conference	C. M. Ferguson, FES
9:45	World Outlook	Clarence B. Randall Special Consultant to the President P.R. + address
10:15	Discussion	
10:30	Intermission	
10:45	Problems of Economic Policy	Herbert Stein Acting Director of Research Committee for Economic Development P.R. + address
11:15	Discussion	
11:30	General Economic Outlook for 1957	Nathan M. Koffsky, Chief Farm Income Branch, AMS
12:00	Discussion	
12:30	Lunch	

MONDAY (November 26) AFTERNOON

(Thomas Jefferson Auditorium - South Building)

Bushrod W. Allin, Chairman of
Outlook and Situation Board, AMS, Chairman

2:00	Outlook for Agricultural Exports and Foreign Demand	Clayton E. Whipple Deputy Administrator, FAS
2:40	Discussion	
2:55	Family Living Outlook	Gertrude S. Weiss, Chief Household Economics Research Branch, ARS
3:25	Discussion	
3:40	Intermission	
3:50	Agricultural Outlook for 1957	Fred V. Waugh, Director Agricultural Economics Division, AMS
4:20	Discussion	
5:00	Adjournment	

AEP-240 (11-56)

TUESDAY (November 27) MORNING

(Thomas Jefferson Auditorium - South Building)

Longer-Term Outlook

Omer W. Herrmann, Deputy Administrator
Marketing Research and Statistics, AMS, Chairman

9:15	Trends in Consumer Demand	James P. Cavin, Chief Statistical and Historical Research Branch, AMS
9:45	Trends in Production, Costs, and Technology	Carl P. Heisig, Chief Production Economics Research Branch, ARS
10:15	Trends in Marketing Costs and Practices	Kenneth E. Ogren, Head Marketing Information and Statistical Section, AMS
10:45	Discussion	
11:00	Agriculture and Economic Growth	O. V. Wells, Administrator Agricultural Marketing Service
11:30	Discussion	
12:15	Lunch	

TUESDAY (November 27) AFTERNOON

Commodity Outlook Sessions for Producers, Handlers, and Consumers

1:30 - 4:15* Feed, Livestock and Meat - Thomas Jefferson Auditorium
J. B. Claar, FES, Chairman
Outlook Statement: Harold F. Breimyer, AMS
Malcolm Clough, AMS

4:20 - 5:20 Grass and Legume Seeds - Room 331 W. Administration Building
T. E. Hall, FES, Chairman
William H. Youngman, FAS, Outlook Statement

4:20 - 5:20 Forest Products - Room 3106 South Building
M. M. Bryan, FS, Chairman
Horace R. Josephson, FS, Outlook Statement

4:20 - 5:20 Peanuts - Room 3115 South Building
W. E. Jones, CSS, Chairman
George W. Kromer, AMS, Outlook Statement

5:20 Adjournment

5:30 State Specialists Dinner - 4th Wing Cafeteria
South Building

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

TUESDAY (November 27) AFTERNOON

(Freer Art Gallery Auditorium -
Entrance on Independence Avenue)

Family Living Sessions

1:30 - 4:30 Outlook for Consumer Goods
Starley M. Hunter, FES, Chairman

Durable Goods	L. Jay Atkinson Office of Business Economics Department of Commerce
Clothing and Textiles	Harry Kahan Bureau of Labor Statistics Department of Labor
Food	Harry Sherr Agricultural Economics Division, AMS
Trends in Farm Family Food Practices	Mollie Orshansky Household Economics Research Branch, ARS

4:30 Adjournment

5:30 State Specialists Dinner - 4th Wing Cafeteria
South Building

WEDNESDAY (November 28) MORNING

(Freer Art Gallery Auditorium)

Family Living Sessions

9:30 - 12:30 Consumer Credit
Gertrude S. Weiss, ARS, Chairman

Trends in Consumer Credit	Margaret L. Brew Household Economics Research Branch, ARS
Who Uses Consumer Credit?	Emma G. Holmes Household Economics Research Branch, ARS
The Cost of Installment Credit to the Consumer	Robert Johnson Assoc. Professor of Finance University of Buffalo

Panel: Impact of Consumer Credit on the Economy and the Family

Nathan Bailey	Dean, School of Business Administration American University
Allan Fisher	Director of Legal Aid Bureau of District of Columbia
Robert Johnson	Assoc. Professor of Finance University of Buffalo
Loughlin F. McHugh	Office of Business Economics Department of Commerce
Dorothy Thomas	Director of Case Work Services, Family and Child Services of Washington, D.C.

12:30 Lunch

WEDNESDAY (November 28) AFTERNOON

(Freer Art Gallery Auditorium)

Family Living Sessions

2:00 - 3:30 Economic Principles of Outlook
Frances Scudder, FES, Chairman

Implications of Outlook for Family Living	Starley M. Hunter Division of Home Economics Programs, FES

Panel: Methods of Using Outlook

Susan Christian	Florida State University
Patricia Middleton	University of Delaware
Mabel Spray	Ohio State University
Lila Dickerson	State College of Washington

4:00 - 6:00 Housing Supplies - National Housing Center, 1625 L St., N.W.

WEDNESDAY (November 28) MORNING

Commodity Outlook Sessions for Producers, Handlers, and Consumers

9:15 - 11:00* Dairy - Thomas Jefferson Auditorium
Max K. Hinds, FES, Chairman
Herbert C. Kriesel, AMS, Outlook Statement

11:05 - 12:30* Fats and Oils (Special Emphasis on Soybeans) - Room 3106 South Building
Karl G. Shoemaker, FES, Chairman
George W. Kromer, AMS, Outlook Statement

11:05 - 12:30* Fruits and Tree Nuts - Room 218 Administration Building
Lloyd H. Davis, FES, Chairman
Ben H. Pubols, AMS, Outlook Statement

11:05 - 12:30* Rice - Room 5860 South Building
J. A. Satterfield, CSS, Chairman
Robert E. Post, AMS, Outlook Statement

12:30 Lunch

WEDNESDAY (November 28) AFTERNOON

Commodity Outlook Sessions for Producers, Handlers, and Consumers

2:00 - 3:30* Poultry - Thomas Jefferson Auditorium
Homer S. Porteus, FES, Chairman
Edward Karpoff, AMS, Outlook Statement

3:35 - 5:15 Vegetables & Potatoes - Room 218 Administration Building
R. L. Childress, FES, Chairman
Will M. Simmons, AMS, Outlook Statement

3:35 - 4:45 Sugar - Room 4966 South Building
Lawrence Myers, CSS, Chairman — [not published]

5:15 Adjournment

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

THURSDAY (November 29) MORNING

Commodity Outlook Sessions for Producers, Handlers, and Consumers

9:15 - 12:30* A Resume of the Outlook for Producers, and the Outlook for Consumers (By commodities and a discussion of the use of consumption data in consumer marketing programs) - Thomas Jefferson Auditorium

Sharon Q. Hoobler, FES, Chairman

Outlook Statement: Harold F. Breimyer, AMS
Edward Karpoff, AMS
Herbert C. Kriesel, AMS
Will M. Simmons, AMS
Ben H. Pubols, AMS
Malcolm Clough, AMS
Frank Lowenstein, AMS
Marguerite C. Burk, AMS

9:15 - 11:00* Wheat - Room 3106 South Building

T. E. Hall, FES, Chairman

Robert E. Post, AMS, Outlook Statement

9:15 - 11:00* Tobacco - Room 331 W. Administration Building

S. E. Wrather, AMS, Chairman

Arthur G. Conover, AMS, Outlook Statement

11:05 - 12:30* Cotton - Room 509 Administration Building

E. P. Callahan, FES, Chairman

Frank Lowenstein, AMS, Outlook Statement

12:30 Lunch

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

THURSDAY (November 29) AFTERNOON

(Thomas Jefferson Auditorium - South Building)

Francis A. Kutish, Iowa State College, Chairman

1:45 - 2:00	A World Outlook Service	Dr. Henry C. Taylor Former Chief of BAE, USDA
2:00 - Panel:	The General Economic Situation	
	State Department	John W. Evans, Deputy Director Office of Intelligence Research
	Labor Department	Aryness J. Wickens Deputy Commissioner Board of Labor Statistics
	Agriculture Department	O. V. Wells, Administrator, AMS
		Sherman Johnson, Director Farm and Land Management Research, ARS
	Federal Reserve System	Woodlief Thomas Economic Advisor
4:00	Outlook's Challenge	P. V. Kepner Deputy Administrator, FES
4:30	Adjournment	

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

THE OUTLOOK FOR FATS, OILS AND OILSEEDS

Statement presented by George W. Kromer
Agricultural Economics Division
at the 34th Annual Agricultural Outlook Conference
Washington, D. C., November 28, 1956

The fats and oils outlook this year focuses not only on the situation for 1957 but on the longer-term (5-year) outlook for food fats and oils, with emphasis on soybeans. Before looking ahead, however, let us briefly summarize the export situation of the past marketing year which certainly was the most outstanding feature.

In 1955-56, the United States exported about 5.0 billion pounds of fats, oils and the oil equivalent of oilseeds. This was 800 million pounds more than the previous high attained the year before and was reflected in a sharp cut in stocks of food fats and linseed oil. Exports were equal to about 35 percent of total production from domestic materials. Record quantities of edible vegetable oils, soybeans, flaxseed, and tallow and greases were shipped abroad.

The strength of export demand will again be a major price-influencing factor in the coming year on the level of domestic prices of fats and oils. Production of all fats and oils for the 1956-57 marketing year is forecast at 14.8 billion pounds, nearly the same as last year's record. However, beginning stocks are down somewhat.

The outlook for U. S. exports of edible fats and oils in 1956-57 is about as favorable as the situation in 1955-56. The annual increase in the population of the world outside the United States calls for 300 to 400 million pounds more of edible fats each year merely to hold per capita consumption constant. Economic activity abroad is continuing at a high level and stocks of fats, oils and oilseeds this fall were relatively low. The troubled situation in the Near East is a special factor this year which could lead to increased buying by importing countries to build up reserves against contingencies. These demand factors are largely offset, however, in their effect on the outlook for U. S. exports in 1956-57 by the likelihood of a moderate increase in foreign production of edible fats and oils.

Without taking into account the possible effect of foreign buying to build up stocks, exports of U. S. edible oils and fats other than butter but including the oil equivalent of soybeans, in 1956-57 are likely again to be about 2.7 billion pounds, or about the same as last year. This would include about 1.1 billion pounds of soybean and cottonseed oils, over 75 million bushels of soybeans (roughly 850 million pounds in terms of oil) and about 600 million pounds of lard. Exports of butter probably will decline sharply because CCC stocks have been exhausted.

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Now I would like to look at the individual commodities.

Supplies of soybeans for the 1956-57 marketing year are estimated at 461 million bushels, about 80 million bushels more than last year's record. Soybean output is estimated at a record 457 million bushels, almost one-fourth above last year. Crushings and exports, which last year totaled 350 million bushels, may reach a new high of 410 million bushels. Assuming 30 million bushels of soybeans are used on farms, this would leave a carry-over of about 20 million bushels.

With a continuing high level of economic activity in most parts of the world, growing population and improved standard of living in many foreign countries, and the impetus provided by sales for dollars and the P.L. 480 programs on edible oils, exports of soybeans and soybean products are expected to remain at relatively high levels during 1956-57. If the Suez Canal continues to be blocked for an extended period of time, the demand for U. S. soybeans and its products is likely to be even larger.

Prices to farmers for 1956 crop soybeans are being supported at a national average farm price of $2.15 per bushel, 11 cents more than a year ago. The support is equal to 75 percent of the January 15, 1956 parity price compared with 70 percent of parity for the 1955 crop. Farm prices of new crop soybeans averaged $2.07 per bushel in October when the 1956 marketing season opened. By mid-November market prices had risen about 20 cents. No more than a moderate further rise is expected unless export demand increases even more than anticipated. The size and availability of competing foreign crops, for which better estimates can be made in early 1957, will also have considerable influence on U. S. soybean prices later in the crop year.

The acreage of soybeans is expected to stay very large in 1957, and if corn producers vote in December to accept provisions for a Soil Bank base acreage rather than acreage allotments, the soybean acreage could increase 1.0 to 1.5 million acres. If the yield per acre is assumed to be the same as the 1952-56 average of 20.2 bushels, the crop on such a large acreage would be around 450 million bushels, or about the same as this year.

The 5-Year Outlook - In projecting the soybean situation forward to 1961 it is necessary to make certain assumptions about fats and oils. These assumptions are stated in the 1957 Outlook issue of the Fats and Oils Situation, FOS-181.

Under this set of assumptions, the estimated production of U. S. food fats and oils in five years would be about 12.5 billion pounds, 1.5 billion or about 15 percent more than currently estimated for 1956-57. Domestic disappearance of food fats and oils in 5 years would be about 8.7 billion pounds, 0.7 billion or 7 to 8 percent more than for 1956-57. If this situation develops, then foreign markets will become even more important as an outlet for U. S. fats and oils.

In the postwar period, per capita consumption of total fats and oils outside the U. S. has been increasing at the rate of about 2 pounds every 5 years and in 1956 totaled a little more than 19 pounds per person. The U. S. level is about 64 pounds per person. Thus, if a sufficient supply is available, a further increase in non-U. S. consumption seems probable. If this increase should amount to 1.0 pound, the world would need about 6 billion pounds more fats and oils by the end of the 5-year period. While the larger part of this should be supplied from increased foreign production, there would appear to be room for the additional one billion pounds estimated to become available from the United States.

Soybeans will play an increasingly important role in the U. S. fats and oils situation during the next 5 years. Increases in soybean acreage in the future, as in the past, will result from gradual reduction in acreage needed for wheat and cotton, as well as corn, due in part to steadily rising yields per acre. Soybeans are expected to furnish about 1 billion of the 1.5 billion pounds increase in domestic production of fats and oils. Soybean oil production in 1956, including the oil equivalent of exports, is estimated to represent about 40 percent of the total food fats produced in the U. S. As production trends upward, it may represent nearly half by 1961.

Cottonseed production in 1956 is computed at 5,431,000 tons, based on a normal lint-seed ratio. This would be about 10 percent less than last year and the smallest since 1950.

Prices received by farmers for cottonseed so far this crop year have been around $50 per ton, which is above the support ($44 per ton, purchase price, basis grade 100) and the 1955 season average price of $44.60 Cottonseed prices for the 1956-57 season probably will average near their recent level. Prices of crude cottonseed oil, southeast mills, in mid-November were 13.8 cents per pound compared with 11.1 cents a year ago. Oil prices are likely to remain at least as high as their current level through most of the season. Meal prices now are slightly higher and linters are about the same as a year ago.

The U. S. Department of Agriculture announced a national marketing quota of 11 million bales of cotton for the 1957 crop and a national acreage allotment of 17.4 million acres, the same as the national allotment for 1956. However, under provisions for State allotments, the State totals are 17.6 million acres. If cotton production is the same as the marketing quota, and if the relationship between lint and cottonseed yields is the same as the average for the past 5 years, output of cottonseed would total about 4,500,000 tons. This would be nearly 18 percent below the 1956 level and the smallest since 1950. Cottonseed oil and meal production would drop about 300 million pounds and 400,000 tons, respectively, creating a strengthening effect on prices.

Supplies of flaxseed (including the flaxseed equivalent of linseed oil) in 1956-57 are estimated at about 63 million bushels. Output of flaxseed is the second largest of record but stocks at the beginning of the marketing year were the smallest since 1947.

Carryover stocks on July 1 were 11 million bushels (including the flaxseed equivalent of linseed oil). Production is estimated at 52 million bushels, compared with about 32 million needed for oil, seed and feed. If commercial stocks are not reduced below the relatively small inventory on hand at the beginning of the year, about 20 million bushels would be available for export or delivery to CCC.

Flaxseed prices to farmers so far this year have averaged near the 1956 support price and unless world conditions change materially they will probably continue to do so. The deadline for loans and purchase agreements is January 31, 1957.

Total exportable supplies of flaxseed (including the seed equivalent of linseed oil) from the 1956 crops in foreign countries are likely to total about 55 million bushels. This is about 65 percent more than was available from the 1955 crops and is about equal to the average level of total world exports in recent years. Prices of flaxseed and linseed oil on world markets have declined materially since last summer and are now too low to permit the sale abroad of U. S. supplies at prices that would reflect the U. S. flaxseed support price to farmers. Unless world prices rise sufficiently to induce exports, virtually all of the U. S. crop above domestic requirements is likely to be placed under loan or purchase agreement and to be acquired by CCC after loans mature on April 30, 1957.

United States production of flaxseed in 1957-58 probably will continue well above domestic use, assuming average growing conditions. About 95 percent of the crop is grown in Minnesota and North and South Dakota where alternative land uses are limited. The wheat allotment for the 1957 crop is about the same as the year before. The Soil Bank program for 1957 crop wheat could increase flaxseed acreage by 250,000 acres in 1957 if wheat acreage is planted to flax.

Lard output in 1956-57 is expected to be about 8 percent less than last year. Prices will average somewhat higher than last year because of smaller supplies. Since the difference between prices of lard and the vegetable oils may not be as wide as in the past year, there probably will be less incentive to use lard in shortening. Exports of lard in 1956-57 might not fully reach their very high level of 1955-56.

Output of inedible tallow and greases in 1956-57 will be down from the record 3.1 billion pounds last year, reflecting the drop in hog slaughter. As little change in domestic disappearance is expected, prices in 1956-57 to a large extent will again depend upon export demand, which is expected to be strong.