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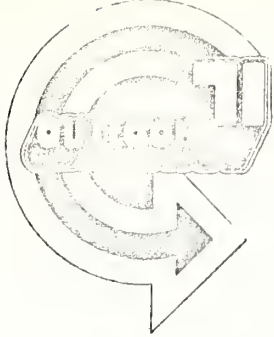
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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

OUTLOOK FOR VEGETABLES AND POTATOES

Talk by Charles W. Porter
Economic and Statistical Analysis Division
at the 1971 National Agricultural Outlook Conference
Washington, D.C., 2:35 P.M., Wednesday, February 24, 1971

GENERAL SUPPLY AND DEMAND PROSPECTS

Canned and frozen vegetable supplies for the 1970/71 season are running moderately less than a year earlier. Potato supplies are record large with most of the increase in the Pacific Northwest; sweetpotato supplies are not greatly different from a year earlier, and a smaller supply of dry beans is available this year.

Demand for fresh and processed vegetables looks strong again this year. As economic activity picks up, disposable income will rise and contribute to a sustained demand for vegetables.

Foreign trade activity in fresh vegetables is highlighted by large quantities of Mexican tomato imports and further increases in cucumbers and peppers. Fresh vegetable exports may approximate 1970. Increasing competition from Mexican supply sources will tend to restrain U.S. movement to Canada, our principal export market. Although export demand holds generally favorable for dry beans and peas, reduced domestic bean supplies will probably keep overseas shipments below the record made in the previous season.

PROCESSED VEGETABLES

Canned and frozen vegetable supplies are moderately less than a year earlier. The slightly larger canned pack was more than offset by a sharply reduced carryover. The 1970 pack of 6 major frozen vegetables was about 6-8 percent less, and the total available supply was further reduced by a smaller carryover. Prices of most canned and frozen items have continued to show firmness through recent weeks, although some discounting of the more plentiful can sizes of certain items has been taking place.

The slight increase in the important tomato crop, and the larger processing cabbage, cucumber and spinach tonnage did not quite offset declines in other leading crops. Production declined for peas, sweet corn, lima beans, asparagus, and beets. Snap bean tonnage was virtually unchanged from 1969.

Despite a 9 percent reduction in harvested acreage, U.S. tomato production was nearly 3 percent above 1969. The U.S. average tomato yield per acre exceeded 20 tons for the first time. The average yield in California was 23.7 tons per acre, and in the next 4 leading States--Ohio, Indiana, New Jersey, and Pennsylvania--yields ranged from 19.3 to 20.6 tons.

Disappearance of processed vegetables---while a little under a year ago--- is continuing at a relatively high rate, suggesting that carryovers of most important items this summer will range from light to moderate. Processors will likely be planning for larger 1971 packs. With supplies of canned and frozen peas the smallest in years, materially larger packs probably could be accommodated. Similarly, larger packs of frozen limas and frozen sweet corn could be handled as well, since current stocks of both are substantially less than in either of the past 2 years. However, supplies of pickles, sauerdraut, and possibly beets are large enough to encourage canners to plan to use somewhat less raw product this coming season. For other important vegetables---tomatoes, snap beans, sweet corn for canning, and spinach for freezing---anything more than a moderate increase in production might result in burdensome supplies.

FRESH MARKET VEGETABLES

Winter vegetable supplies are estimated 4 percent more than the sharply curtailed production a year earlier. Materially larger cabbage and celery production are responsible for most of the increase. Peppers, tomatoes, and sweet corn are somewhat more plentiful than the very short supplies available last year, but the estimated 1971 production of each of these 3 vegetables is markedly less than 2 years ago. Lettuce production this season is slightly less than in 1970 and winter carrot production is down 10 percent.

Early and late spring onion acreage is down this year, but growers in the early summer onion States intend to have 2 percent more acreage for harvest this year. All the increase is expected in Texas. This early summer acreage is always much smaller than the important late summer storage crop. Storage stocks of onions the first of the year were 24 percent larger than the small quantity held the same time a year ago.

DRY BEANS AND PEAS

Bean producers planted only slightly less acreage in 1970 but abandonment was heavier than usual, and average yields fell. U.S. production was 17.4 million hundredweight, 8 percent less than a year earlier but the same as 1968. As a result of less acreage and extremely variable and generally unfavorable weather patterns in major producing areas, white bean production fell about a fourth from the relatively large 1969 production. Production of all colored beans except kidneys increased, and total colored bean production rose an eighth. Lima bean production in California was less.

In view of shorter supplies, movement of dry beans through both domestic and export channels will be less this season. Domestic use will probably be down slightly, and exports could trail the record shipments of the previous season. Dry bean exports the past 3 crop years have increased steadily, and in 1969/70, almost a fourth of the U.S. crop moved into foreign markets. But with 1970 world production closer to the average of recent years, American export markets now are likely to find more competition than last year. Shipments to Europe have figured importantly in the gains of recent years. The United Kingdom is our largest overseas customer.

U.S. exports of dried edible beans by
country of destination

Country	Marketing year beginning--		
	Sept. 1967	Sept. 1968	Sept. 1969
	<u>1,000 cwt.</u>		
United Kingdom	632.5	926.1	1,023.8
France	65.8	111.0	434.2
Venezuela	300.4	277.7	433.9
Japan	133.4	431.4	433.5
Mexico	176.5	175.6	389.5
Dominican Republic	111.0	26.5	210.2
Spain	60.9	39.8	207.4
West Germany	16.1	40.0	194.1
Netherlands	47.7	105.6	161.6
Other countries	523.8	636.4	854.5
Total U.S. exports	2,068.1	2,770.1	4,342.7

As is often the situation, there is a wide range in the price of various classes. The more plentiful pintos have been holding fairly steady at about \$9 per hundredweight (Colorado dealer-shipper price basis). This is moderately less than a year ago. On the other hand, both pea beans and great northern are selling well above a year ago, and kidney bean prices again exceed \$20 per hundredweight. With total supplies moderately below a year earlier, prices seem destined to hold firm to strong through most of the marketing season.

Dry pea production in 1970 was more than a fifth less than the record crop a year earlier, but 6 percent more than 1968. According to a recent trade release, combined stocks of commercial and seed peas on January 1 were moderately higher than a year earlier, and prices to growers on January 15 averaged \$4.23 per hundredweight, 4 cents less than a year ago. Exports of dry peas from September to January 1 were 5 percent larger than the comparable period a year earlier. Japan, one of our major customers, has been taking substantially more this season. The 1970 European crop was sharply higher, and production in 19 foreign countries was moderately higher than 1969.

POTATOES AND SWEETPOTATOES

Potato supplies are large again this winter, and on February 1 U.S. stocks were 8 percent above a year earlier. All major producing regions have more on hand, but the increase is greatest in the 8 Western fall producing States.

Through the fall and early winter, processing activity was heavy, but since the first of the year there have been signs that this expansion is easing off. January stocks of frozen french fries were about a fourth more than a year ago. Western processors have been using stock from prior contracts, and are making few open market purchases.

The pack of frozen potato products has risen sharply in recent years. By 1969, it exceeded 2 billion pounds and the 1970 figure will show a further substantial increase. The pack in the first 6 months of 1970 was 1.2 billion pounds, 15 percent above the same 1969 period.

Fresh market potato prices are now substantially below a year ago at all major reporting shipping points. Disappearance of the large 1970 fall crop during January, and for the season to February 1, has been record high. Unload data for potatoes which includes movement to chippers and fresh market outlets was slightly below that of a year earlier.

Sweetpotato harvested acreage last year was the smallest of record-- down to 137,600, 5 percent less than 1969. Record yields brought production back to a 3 percent decline, 14.1 million hundredweight. Prices to growers this winter have been moderately higher than a year earlier. The quality of the crop marketed has been better than average in most major producing States. This month shipping point prices for Porto Rico types have been holding steady at \$4 for a 50-pound crate at eastern North Carolina points. Since the first of the year, trading in Louisiana has been fairly active, even though unload data suggest that U.S. total movement of sweets thus far this season has been moderately less than a year ago. Processing may be less active than last season's canning volume of more than 12 million cases (basis 24/303's). U.S. prices are expected to show some of the usual advance as the storage season progresses. Remaining supplies are probably not greatly different from a year ago.