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October 4, 1974

U. S. AGRICULTURAL EXPORTS were up 65 percent during the last fiscal year, and the increase turned out to be an important factor in offsetting a large part of the higher costs of petroleum imports. The \$21.3 billion worth of agricultural exports shipped in fiscal 1974 (July 1, 1973 to June 30, 1974) resulted in a U. S. agricultural trade surplus of \$11.8 billion, more than double the year-earlier level. Although the total U. S. trade balance has slipped into deficit in recent months, the value of agricultural exports continues to run substantially above the year-ago rates.

The United States almost doubled its export volume of feedgrains and wheat during the last two years as world trade of these products rose from 120 million metric tons to nearly 153 million metric tons, up 27 percent. The U. S. increase boosted the U. S. share of international trade in these products to 50 percent of the total, up from one-third of the total in fiscal 1972.

Ten countries purchased 55 percent of all U. S. agricultural exports in fiscal 1974. Their ranking and other purchase-related data are as follows:

Rank	Country	Agricultural purchases from U. S.		
		Amount (mil. dol.)	Change from fiscal 1973 (percent)	Share of total (percent)
1	Japan	\$3,355	48.5	15.8
2	West Germany	1,541	73.1	7.2
3	Netherlands	1,473	52.2	6.9
4	Canada	1,195	28.6	5.6
5	Peoples Republic of China	852	326.0	4.0
6	Italy	758	52.5	3.6
7	United Kingdom	684	29.3	3.2
8	Republic of Korea	660	35.8	3.1
9	Spain	644	66.4	3.0
10	Mexico	610	142.1	2.9

The threefold increase in agricultural purchases by the Peoples Republic of China was the most spectacular development. Also noteworthy is the fact that Russia and France, ranked fourth and tenth the previous year, were replaced by the Peoples Republic of China and Mexico last year.

One group of countries increased its purchases of U. S. agricultural goods from slightly more than one-half billion dollars in fiscal 1973 to over \$1 billion in fiscal 1974. The Organization of Petroleum Exporting Countries (OPEC)—made up of Algeria, Ecuador, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudia Arabia, United Arab Emirates, and Venezuela—nearly doubled its purchases of U. S. agricultural products last

Agricultural

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Letter

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year. As a result of the higher prices OPEC is charging for its crude oil and petroleum exports, the member countries are using part of their oil profits to upgrade the diets of their populations.

Some OPEC countries also are making changes in their attitude toward domestic agricultural production. Iraq plans to increase annual broiler production nearly 20-fold by 1980, and Saudia Arabia has endorsed a subsidy program to increase dairy production. Other wide-ranging changes may offer long-term sales potential to U. S. farmers. There has been a boom in the market for such processed foods as flour and fresh and frozen meat and poultry products in some Arab countries. Supermarkets are being formed, refrigerator sales have jumped, and people, in general, are increasing their intake of high protein foods, all changes from traditional habits that will likely result in substantial long-term marketing opportunities.

VOLUME OF WORLD GRAIN TRADE in the months ahead will probably decline substantially from recent levels. There has been significant downward revisions in crop production estimates in several major producing countries, particularly in the United States. As a result of these revisions, estimated world feedgrain production for the next fiscal year has been lowered to 589 million metric tons, 3 percent less than last year, and estimated wheat production has been lowered to 355 million metric tons, down 4 percent from last year.

International trade in wheat will probably remain near year-earlier levels since world-wide midyear stocks were up 11 percent. However, midyear feedgrain stocks had declined to what some observers felt was a critical level at the start of the 1973/74 year and dropped even further, down another 10 percent, by the beginning of the current year. Sharply higher prices will ration feedgrain supplies this year and result in a cut-back in animal feeding rates. Total world trade will likely drop below 60 million metric tons, down one-fourth from last year's record 78 million ton level. Since feedgrains are a large component of U. S. agricultural exports, U. S. trade volume will be reduced significantly.

Terry Francel
Agricultural Economist

AGRICULTURAL ECONOMIC DEVELOPMENTS

Subject	Unit	Latest period	Value	Percent change	
				Prior period	Year ago
INDEX OF PRICES					
Received by farmers	1967=100	September	178	- 2	- 7
Crops	1967=100	September	211	- 5	+ 8
Livestock	1967=100	September	154	- 4	-29
Paid by farmers	1967=100	September	175	+ 1	+17
Production items	1967=100	September	182	+ 2	+18
Family living items	1967=100	September	166	+ 1	+17
Ratio of prices received to prices paid	1967=100	September	102	- 3	-20
Consumer price index (all items)	1967=100	August	150	+ 1	+11
Food at home	1967=100	August	163	+ 1	+ 8
CASH FARM PRICES (U. S. average)					
Corn	dol. per bu.	September	3.30	- 2	+53
Soybeans	dol. per bu.	September	7.32	- 3	+26
Wheat (all)	dol. per bu.	September	4.32	+ 2	- 6
Sorghum grain	dol. per cwt.	September	5.30	+ 5	+37
Oats	dol. per bu.	September	1.57	+ 1	+44
Beef steers and heifers	dol. per cwt.	September	35.50	-12	-28
Hogs	dol. per cwt.	September	33.60	- 7	-23
Milk, all sold to plants	dol. per cwt.	September	7.91	+ 3	0
Milk cows	dol. per head	September	475	- 4	-11
Chickens, broilers, live	cents per lb.	September	226	+11	-24
Eggs	cents per doz.	September	54.3	+15	-15
INCOME (seasonally adjusted annual rate)					
Cash receipts from farm marketings	bil. dol.	2nd Qtr.	98.4	- 6	+ 6
Net farm income	bil. dol.	2nd Qtr.	23.9	-27	-21
Nonagricultural personal income	bil. dol.	August	1,126.9	0	+11
FARM FINANCE					
Total deposits at agricultural banks ¹	1967-69=100	August	206	+ 1	+14
Time deposits	1967-69=100	August	258	+ 1	+18
Net demand deposits	1967-69=100	August	153	0	+ 7
Total loans at agricultural banks ¹	1967-69=100	August	231	+ 2	+14
Production Credit Associations					
loans outstanding:					
United States	mil. dol.	July	9,294	+ 2	+24
Seventh District states	mil. dol.	July	1,482	+ 2	+16
new loans made:					
United States	mil. dol.	July	1,055	+10	+18
Seventh District states	mil. dol.	July	170	+ 8	+12
Federal Land Bank Associations					
loans outstanding:					
United States	mil. dol.	July	12,684	+ 2	+24
Seventh District states	mil. dol.	July	2,240	+ 2	+19
new loans made:					
United States	mil. dol.	July	348	+12	+83
Seventh District states	mil. dol.	July	57	+27	+128
Interest rates					
Three-month Treasury bills	percent	Week ended 9/25	7.04	-17	- 7
Federal funds rate	percent	9/25	11.12	- 3	+ 3
Government bonds (long-term)	percent	9/25	8.56	- 1	+19
AGRICULTURAL TRADE					
Agricultural exports	mil. dol.	July	1,649	- 4	+33
Agricultural imports	mil. dol.	July	917	+ 7	+43
FARM MACHINERY SALES					
Farm tractors	units	July	11,341	-26	-11
Combines	units	July	2,881	- 7	-14
Balers	units	July	6,489	- 4	-27

¹ Member banks in Seventh District having a large proportion of agricultural loans in towns of less than 15,000 population.