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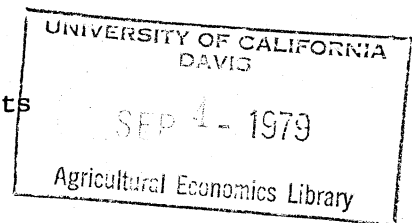
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Review of 1978 AAEA Outlook Survey Results
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Background

The first Survey of Annual Outlook Information was conducted by the AAEA in 1978, under the direction of an outlook task force that was formed by the AAEA Agricultural Statistics Committee. Survey forms were mailed to all AAEA members in early June 1978 and a follow up mailing was made in mid-July to Agricultural Economics Heads and selected businesses which provide analytical services. Department Heads were encouraged to have persons on their staff with responsibility for outlook to respond to the survey.

There were 53 responses to the survey questionnaire in 1978, including 36 university economists, 11 from industry and business and 6 from government agencies. Responses to the 1978 survey were summarized by John Ikerd of Oklahoma State University and presented at the first annual AAEA Outlook Survey session at the summer meetings in Blacksburg, Virginia.

Mean values of the responses (forecasts) were presented as well as the standard deviation of responses, the minimum and maximum responses, and the coefficient of variation for each value. Responses concerning 1979 data were also tabulated by affiliation (university, industry/business, government), by the extent to which formal models were used in the forecasts, and by the extent of respondent responsibility for outlook analysis.

A comparison of mean values for 1978 data and actual 1978 outcomes is presented in table 1. In general, the percentage error on livestock and poultry data estimates was smaller than on crop related data estimates. The average error on 10 livestock and poultry data estimates was 1.8%, with a range of .5% to 4.1% on individual items.

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July 29 - Aug 1, 1979.*

On crop related data estimates, the average error on twenty items was 6.3%, with a range of .1% to 17.4% on individual data estimates. Soybean forecasts were the most accurate, with an average error of 2.8% on 6 different items and a range of 1.2% to 4.3%.

Table 2 summarizes the mean values of the 1979 forecasts for the various data series. The mean values of responses from all survey participants are presented in the first data column. Mean values of forecasts for several different respondent classifications are also presented.

The relative accuracy of these forecasts cannot be measured until the actual 1979 data is available. However, two sets of data are presented for comparisons with the various forecasts. Actual values for either the marketing or calendar year to date are shown in the next to last column. The last column in table 2 presents current forecasts from USDA sources of the various economics data.

In general, actual prices so far this year on most livestock poultry and crop items have averaged above the forecast levels. Forecasts of cash receipts, net farm income and price inflation, however, appear to be low in relation to likely actual performance.

Table 1. AAEA Outlook Survey Forecasts for 1978 vs. Actual

	<u>Mean Forecast</u>	<u>Actual</u>	<u>% Error</u>
<u>Livestock and Poultry</u>			
Beef production, 1978/1977 (%)	95.6	96.1	.5
Cattle price (\$/cwt.)	53.19	52.34	1.6
Pork production 1978/1977 (%)	102.5	101.2	1.3
Hog price (\$/cwt.)	47.40	48.49	2.2
Broiler production 1978/1977 (%)	107.6	107.1	.5
Broiler price (¢/lb.)	46.03	44.50	3.4
Egg production 1978/1977 (%)	101.9	103.5	1.5
Egg price (¢/doz.)	60.44	61.7	2.0
Milk production 1978/1977 (%)	99.9	99.3	.6
Milk price (\$/cwt.)	10.15	10.58	4.1
<u>Crops</u>			
<u>Wheat</u>			
Exports 1977-78 (mil. bu.)	1123	1124	.1
Carryout 1977-78 (mil. bu.)	1182	1177	.4
Production 1978-79 (mil. bu.)	1808	1799	.5
Exports 1978-79 (mil. bu.)	1096	1200	8.7
Carryout 1978-79 (mil. bu.)	1082	922	17.4
Price, (\$/bu.)	2.44	2.72	10.3
<u>Corn</u>			
Exports 1977-78 (mil. bu.)	1730	1948	11.2
Carryout 1977-78 (mil. bu.)	1216	1104	10.1
Production 1978-79 (mil. bu.)	6114	7082	13.7
Price (\$/bu.)	2.12	2.26	6.2
<u>Cotton</u>			
Exports 1977-78 (mil. bu.)	5.40	5.50	1.8
Carryout 1977-78 (mil. bu.)	6.22	5.30	17.4
Production 1978-79 (mil. bu.)	11.83	10.90	8.5
Price (¢/lb.)	53.98	52.70	2.4

Table 1 AAEA Outlook Survey Forecasts for 1978 vs. Actual (cont.)
(cont.)

	<u>Mean Forecast</u>	<u>Actual</u>	<u>% Error</u>
Soybeans			
Exports 1977-78 (mil. bu.)	670	700	4.3
Carryout 1977-78 (mil. bu.)	156	161	3.1
Production 1978-79 (mil. bu.)	1786	1843	3.1
Price (\$/bu.)	5.99	6.11	2.0
Soybean Oil			
Price (¢/lb.)	24.30	24.6	1.2
Soybean Meal			
Price (\$/ton)	169.46	164.20	3.2
<u>Agricultural Costs/Returns</u>			
Cash receipts			
Crops 1978/1977 (%)	105.1	107.2	2.0
Livestock 1978/1977 (%)	114.9	121.8	5.7
Realized Net Farm Income			
1978/1977 (%)	113.2	140.3	19.3
Land Values 1978/1977 (%)	108.7	114.0	4.9
<u>General Economic Assumptions</u>			
Real GNP (% Chg.)	4.06	3.98	2.0
CPI - All items (% Chg.)	7.38	7.66	3.7
Food Prices (at home) (% Chg.)	9.68	10.51	7.9

Table 2. Mean Values of AAEA Outlook Survey Forecasts for 1979

	All Respondents	By Affiliation		By Model Use		By Outlook Responsibility		Actual Year to Date	Current USDA Forecast
		University	Industry/ Business	Major	None	Major	Minor		
Cattle Prices	59.02	58.30	60.09	59.81	57.28	59.00	57.17	68.98 <u>a/</u>	69-71
Hog Prices	44.65	44.40	43.33	44.50	44.67	44.79	43.92	47.51 <u>a/</u>	42-45
Broiler Prices	44.57	44.40	42.80	42.40	43.51	43.69	44.84	47.59 <u>a/</u>	46.6
Egg Prices	62.39	62.61	60.18	---	59.53	63.53	64.03	68.98 <u>a/</u>	69.0
Milk Prices	10.59	10.61	10.65	---	10.59	10.58	10.67	11.70 <u>a/</u>	12.15
Wheat Prices	2.93	2.88	3.16	3.01	2.88	2.98	2.97	2.97 <u>b/</u>	2.94
Corn Prices	2.24	2.23	2.31	2.28	2.20	2.24	2.37	2.19 <u>c/</u>	2.20
Cotton Prices	53.62	54.18	54.43	---	54.45	54.33	53.87	59.00 <u>d/</u>	
Soybean Prices	5.90	5.83	6.05	5.82	6.09	5.95	5.50	6.75 <u>e/</u>	6.75
Soybean Oil Prices	24.30	24.91	24.47	23.82	24.62	24.57	27.33	26.47 <u>e/</u>	27.0
Soybean Meal Prices	171.04	171.69	174.10	175.20	171.29	177.10	176.67	186.60 <u>e/</u>	190.00
Percent of 1978:									
Cash Receipts - Crops	104.6	105.9	102.5	---	104.6	105.6	106.2	114.9 <u>f/</u>	11.32
Cash Receipts - L.S.	108.9	111.6	104.0	---	106.0	108.0	112.8	124.0 <u>f/</u>	118.6
Net Farm Income	103.3	104.1	103.6	---	101.6	102.8	104.8	131.5 <u>f/</u>	123.1
Land Values	108.3	108.0	107.5	---	108.5	107.8	107.5	---	---
Percent Change 1978 to 1979:									
Real GNP	2.91	2.52	3.53	3.78	3.44	2.78	2.40	---	2.0-2.5
CPI	7.08	7.28	6.70	---	7.12	6.50	8.60	12.80 <u>f/</u>	10.00
Food Prices	7.68	7.96	7.03	---	5.84	7.40	9.20	15.86 <u>f/</u>	10.00

a/ January-June 1979 average.

b/ June 1978-May 1979 average.

c/ October 1978-June 1979.

d/ August 1978-May 1979.

e/ September 1978-June 1979.

f/ Annual rates based on first 2 quarters of 1979.