UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

FOOD OUTLOOK FOR DOMESTIC CONSUMERS

Statement presented by Marguerite C. Burk, at the 29th Annual Agricultural Outlook Conference, Washington, D. C., October 30, 1951

The outstanding features of the food outlook for 1952 are that slightly more food is likely to be available to consumers, perhaps at prices a little higher than 1951. but consumers are expected to have more dollars available for buying food.

Prospects are that some increases in output of livestock products and crops, plus relatively large stocks, and usual imports will provide for a 2 or 3 percent increase in per capita food supplies, despite some increase in military procurement. To measure changes in the over-all level of food consumption we use an index consisting of changing quantities of food consumed per capita multiplied by fixed retail prices of the 1935-39 base period. (See U. S. Dept. Agri. Misc. Pub. No. 691 "Food Consumption in the U. S., 1909-48.)

For 9 out of the 12 food groups, we don't expect any particular change from the 1951 averages in the rates of consumption next year. But present indications as to production, military and export takings, and stock positions lead us to forecast slight increases in the consumption of eggs, meats and poultry, and perhaps we will see some recovery in sweetpotato consumption from this year's record low. I'll comment further on individual foods a little later.

Now for the outlook for retail food prices. Yesterday, Nathan Koffsky discussed the outlook for domestic demand. You will remember that he showed how the defense program has increased employment and consumer incomes. Further increases in consumer incomes in 1952 may be greater than the increase in taxes. So consumers will have more purchasing power in total. The expanded defense effort is expected to prevent any increase in the supply of consumer durables next year. In fact, it actually may result in a reduction in supplies. If so, more purchasing power would be available for savings, for food, or for other non-durable goods and services. Savings are already at a high rate as are purchases of non-durables and services. So we're likely to have more dollars available for food.

We've already noted that food consumption, really supplies of food available for consumption, may be up a little. Accordingly, the increase in the number of dollars available for food can go to buy the increased supplies and not put very much pressure on prices except for a few items. The principal ones among them - meats - are already under price control. Therefore, we have concluded that retail food prices won't rise more than a little, much less than in the past year.

What about prices of major foods at retail next year? Prices of a number of processed items are now moving up a cent or two as the 1951 packs reach the grocery shelves - such as canned fruits and vegetables, and also some of the cereal products and dairy products. Wages are up in processing plants and are added on to a little higher prices received this year by farmers for supplies for processing. But these increases do not appear to add up to much in total. Prices of good potatoes may surprise consumers next spring, the effect of bad weather in some growing areas in recent weeks. On the other hand, rice and dried fruits from this year's crop may cost us less.

These supply and price expectations are contingent on certain basic assumptions about which you've already heard - (1) no major improvement or deterioration in the international situation; (2) the defense program as outlined by Mr. Koffsky including no significant change in the size of the armed forces; (3) no occasion for a new wave of scare buying; (4) usual marketing patterns for livestock products in relation to livestock numbers; and (5) at least average weather.

Commodity Highlights

Now I shall make a few comments on the outlook for major foods. I shall not attempt to cover all pertinent details for each commodity because we've already written them down in the National Food Situation for you to read.

Meats - Meat consumption per capita probably will be up a little. Increased output of beef and veal is expected to add enough for total meat supply to more than offset possibly higher military procurement. Just how much meat we will have depends to a considerable extent on farmers' decisions on marketing their cattle.

Fish - No important change in the over-all picture, but a little less canned and a little more fresh and frozen than in 1951.

Poultry and eggs - Larger supplies of eggs, chicken, and turkey with likelihood of higher consumption.

Dairy products - With no increase in milk output expected, slightly increased demand for fluid milk and ice cream probably will be met, in effect, at the expense of butter. No particular change in other dairy products.

Fats and oils - Large supplies of products processed from vegetable oils, including margarine, shortening, and cooking and salad oils, so consumption can increase. Also plentiful supplies of lard. But less butter as noted above.

Fruits - At this time of year it is impossible to predict next year's fruit crops. However, we do know that we have fewer apples and pears, but more grapes - and large supplies of cranberries - from the 1951 crops. Also, we expect smaller supplies of grapefruit but more oranges from the current citrus crops. Despite expanded military procurement of canned fruits, the larger packs will provide civilians with about as much canned fruit as last year as well as good supplies of canned fruit juices and frozen fruits and fruit products. Large supplies of dried fruit this year at lower prices so per capita consumption may rise.

Vegetables - Fresh vegetables may be somewhat short this fall. What happens later in the year will depend in part on price outlook and of course on weather conditions. But good prices in 1951 should encourage plantings for 1952. Larger packs of canned and frozen vegetables this fall and probable military takings no greater than from 1950 packs mean plentiful supplies for civilians but we expect retail prices to reflect somewhat higher prices received by farmers this year and perhaps higher processing and marketing costs, contributing to only relatively slight increases in the level of processed vegetable prices. Although the quantity of potatoes raised in 1951 would appear to provide adequate supplies until the 1952 crops come in, the quality of potatoes raised in some areas is so poor that supplies of good potatoes may be quite short in some areas next spring. Consumption of sweetpotatoes from the short 1951 crop is likely to fall to a new low. But we'll have plenty of dry beans and peas.

Cereal food products - No problems on food products but, except for rice, their retail prices probably will reflect this year's higher grain prices.

Sugar - Record world output of sugar, with a substantial increase in the Cuban crop assure plentiful supplies available for the U. S. Just how much civilians will have depends on the Secretary of Agriculture's determination of the domestic consumption requirements.

This represents the highlights of the 1952 October issue of "The National Food Situation" for October 1951, a processed publication issued by the Bureau of Agricultural Economics.