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THE OUTLOOK FOR FOOD IN 1956

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On an overall basis, the food situation for next year closely resembles that of 1955. Supplies in general are expected to continue abundant, and sufficient for civilian consumption of food in 1956 to be maintained at about the present year's per capita rate, which is 13 percent above the prewar (1935-39) average. The high level of economic activity and employment in prospect for next year points to a record flow of income to consumers. This will likely be reflected in the continuation of a strong demand for food in 1956. However, with large supplies available, retail food prices probably will average close to that indicated for 1955, with variations for individual items during the year reflecting mainly seasonal changes in supplies.

Looking at the demand side first, the record high level of consumer incomes expected for 1956 indicates some increase over this year in per capita expenditures for food. On a percentage basis, however, these expenditures probably will account for about a fourth of spendable income, as it has in recent years. For the most part the expected increase in the amount of money spent for food per person next year will be for the more expensive and highly processed foods rather than for more food in general or due to higher prices.

The longtime trend in demand for processed food has been upward, and the number of new food products coming into the domestic market to meet this demand has been increasing, particularly in the past decade. The uptrend in demand for these foods is due to many factors in addition to the level of income consumers receive. Important among these factors are the shift of the population from farm to nonfarm areas, improvements in the food distribution process, the more uniform quality and the convenience in use of processed foods, and the general availability of these foods throughout the year at relatively stable prices. At present our statistics on production and consumption of processed foods are not as complete as we would like to have them. Some of the surveys which have been made or are being planned by the Department of Agriculture are expected substantially to increase our knowledge in this area.

Now let us look at the food supply prospects for next year. In general, record or near-record supplies are expected to be available for distribution. We will be starting the new year with a large number of livestock on farms and heavier supplies of feed at lower prices than at the beginning of 1955. For meat this means that total production probably will be at or even slightly above the record quantity indicated for 1955. However, if prospective output is measured on a civilian per capita basis, it may be a little smaller next year because of the expected increase in population. Whether total meat production next year is the same as or exceeds that of this year will depend on output after mid-1956. Supplies will be up from a year earlier this coming winter and spring mainly because of the larger pig crop this fall; the number of cattle on feed this January 1 probably will be about the same as a year earlier, but could be marketed for slaughter at a somewhat faster rate. The quantity of meat available in the second half of 1956 will depend on farmers' decisions for farrowings of spring pigs, and for maintaining or reducing the size of their cattle herds. The composition of the meat supply will likely be a little different next year, with a moderate increase for pork at least offsetting a possible small decline for beef and veal.

Supplies of the other livestock products will also be very large next year. Milk production on farms in 1956 is expected to exceed by 2 billion pounds or more the record output of over 124 billion indicated for the present year. The prospective increase will reflect continuation of the longtime upward trend in production per cow, since the number of milk cows and heifers on farms at the end of this year probably will be no larger than a year earlier. Thus, even with stocks likely to be much smaller next January 1 than last, supplies of dairy products probably will be plentiful throughout the year both in total and on a per capita basis. For the poultry products, "plentiful" and "record" or "near-record" are also appropriate adjectives to use in describing the supply prospects for next year. Compared with 1955, more poultry meat--both chicken and turkey--is expected to be available in 1956 and about as many eggs.

Now about food from crops. The large carryover stocks of food grains from earlier harvests plus the 1955 crops assure a continued abundance of cereal products. We now have enough wheat to cover fully our anticipated food and nonfood needs and exports through mid-1957 even if we do not harvest a single bushel of this grain in 1956. This example represents an extreme situation. Our supplies of rice and grains other than wheat, although substantial, are by no means as large relative to the expected demand for these items. Edible vegetable oils--which are used to make such products as margarine, shortening, mayonnaise, salad dressings and cooking oils--are expected to continue plentiful throughout most of next year. In addition to the vegetable oils, there will be plenty of butter and lard.

At this time we can look ahead at most about 6 months for fruits and vegetables, even less for some of the fresh commodities. Supplies of the processed fruits--that is, the canned, frozen or dried items--to about midyear are up some from a year earlier but those of the processed vegetables are almost the same. Stocks of a few of the processed products may run a little low, temporarily, before the new packs move to market during the second half of 1956. More fresh apples, pears, and grapefruit are indicated next winter and possibly early spring than last. The total supply of oranges from now till about mid-1956 is about the same as a year earlier, but the volume marketed for use in the fresh form during the coming months will depend on how much is used for processing into frozen and canned juice, particularly the former. For fresh vegetables, supplies this winter will depend mainly on weather. An increase for some winter-season vegetables is already indicated by the slightly larger acreages planted. Also, prospects are that imports of fresh vegetables this winter will be up some from the low level of a year earlier.

More coffee will be available in 1956 than this year and at retail prices probably averaging no higher. World production of coffee in 1955 was much larger than in 1954, and our imports of this commodity through next spring are expected to continue at a higher level than a year earlier. The world production potential for coffee has been on the uptrend in recent years and, barring unfavorable weather, probably will continue expanding in the next 5 to 10 years. This reflects the large scale planting of coffee trees in many countries since the end of World War II and improvements in cultural practices.

Food purchases by U. S. military agencies for use by our troops are expected to be about as large as this year, but exports will likely be somewhat lower. Food exports will be comprised mainly of commodities like wheat and rice, which are in surplus supply.