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173

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130

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48
THE OUTLOOK FOR VEGETABLES IN 1956

Statement presented by Will M. Simmons at the 33rd
Annual Agricultural Outlook Conference
Washington, D. C., December 1, 1955

Several speakers have already outlined the prospect of a continued high level of employment and income in 1956. Some have dealt in considerable detail with the anticipated level of important components of National income. In this generally healthy economic atmosphere, consumer demand for fresh, frozen and canned vegetables is expected to be at least as strong in 1956 as in the current year. Thus, the kind of year which farmers who grow vegetables for fresh market sale experience financially in 1956 will depend in large measure on the volume produced and marketed. If production in the coming year is kept about in line with the marketing guides issued by the Department of Agriculture, prices may rise moderately above 1955 levels. However, the situation will vary considerably, and the coming year is not expected to be uniformly good for all crops. If the disappearance rate of processed vegetables during the next several months is as high as is presently anticipated, processors may be expected to seek a larger pack of a number of canned and frozen vegetables. Consequently, acreages of a number of processing crops probably will be up from those of a year earlier, and prices received by growers for these crops may average higher than in the 1955 season.

Present indications are that, in general, equipment, materials and facilities needed to produce, package and distribute vegetables will be in ample supply at least during the first half of 1956. However, production costs probably will be a little higher than in the current year.

COMMERCIAL FRESH VEGETABLES

Total production of commercial vegetables for fresh market sale in 1956 may not differ materially from that of 1955. At present official estimates of acreages of winter vegetables are available for only 8 crops. Of these, indicated acreages of artichokes, cabbage, lettuce and early potatoes are above those of 1955, while acreages of asparagus, beets, kale and spinach are down. Acreage of shallots for winter harvest is reported to be the same as a year earlier. In the aggregate the indicated 1956 acreage is about 3 percent larger than in 1955 and about 8 percent above the 1949-54 average. With average yields, tonnage of these 8 vegetables would be only slightly larger than in the winter of 1955. The Department's guide for vegetables for 1956 spring harvest suggest a 2 percent smaller acreage than in 1955. On the acreage recommended, yields near the average of recent years would result in a moderately smaller tonnage of spring vegetables than in 1955.

United States foreign trade in vegetables is relatively small compared with total production. But exports and imports are important to some areas, particularly in the winter harvest season. In Canada, the chief customer for our exports, demand for fresh vegetables is expected to continue strong and exports of winter vegetables are likely to be a little larger than in 1955. On the other hand, indications are that the imports of winter vegetables from Cuba and Mexico will be substantially above the light volume of last winter.

Because of the seasonal and geographic dispersion of vegetable crops grown for fresh market sale, and the inherent characteristics which make these crops peculiarly susceptible to forces causing wide price swings, it is not feasible to make such sweeping forecasts for vegetable crops as may be made in a number of other agricultural products. Nevertheless, by putting our work in the proper perspective we can contribute to the total knowledge and thus aid the industry in anticipating probable market conditions and needed adjustments.

VEGETABLES FOR COMMERCIAL PROCESSING

As you know, processed vegetables still make up less than half of total vegetables consumed (fresh equivalent basis); but the use of processed vegetables both in pounds and relative to total vegetables has increased greatly during the past 15-20 years. The per capita disappearance of processed vegetables (fresh equivalent) rose from 57 pounds in 1937-39 to 88 pounds in 1952-54, a rise of more than 50 percent. During this same period per capita disappearance of fresh vegetables increased from 114 to 119 pounds--an increase of only 4 percent.

Supplies of processed vegetables available into mid-1956 are not expected to differ much from quantities available in the corresponding months of 1955. This is true both of canned and of frozen vegetables. Indications are that a slightly higher 1955 pack will about offset the smaller carryover stocks. In general, individual items appear to be in better balance with anticipated market requirements than was the case a year earlier. Supplies of sweet corn and sauerkraut appear to be materially smaller than the relatively heavy supplies of early 1955. On the other hand, tomatoes and most tomato products, green peas, asparagus and spinach should be in more plentiful supply than a year earlier. The supply of snap beans in the early part of 1956 probably will be about the same as the relatively large supply of early 1955.

With better balanced supplies and the prospect of continued strong demand, retail prices of processed vegetables in the first half of 1956 are expected to average a little higher than in the corresponding months of 1955. There is as yet no indication as to the probable 1956 acreage of vegetables for commercial processing. However, the generally good disappearance rate of processed vegetables in the current year, and expected firmness in retail prices probably will result in some net increase in processor demand for vegetable crops for the 1956 pack. Among the processing crops, packers are likely to seek increased acreages of sweet corn,

cabbage for kraut and perhaps lima beans. Processors may well increase the pack of whole canned beets in 1956, but there probably will be little change in total pack of beets. Past experience indicates that prices received by growers for vegetables for processing generally have moved in the same direction as contracted acreage.

Canned vegetables still account for about 6 out of every 7 pounds of processed vegetables consumed in this country. But use of frozen vegetables has increased rapidly. With improving technology, larger consumer incomes and the trend toward more "convenience food preparation," frozen vegetables are likely to continue to increase in volume per capita and relative to the canned and fresh components.

DRY BEANS AND PEAS

The United States has had a surplus of dry edible beans throughout the postwar period, and with the large 1955 crop, supplies are likely to continue burdensome in the year ahead. But the situation offers some encouraging aspects. The distribution of production of the various types of beans appears to be better balanced than a year earlier. A larger proportion of the supplies consists of white beans which move well both in domestic and foreign markets.

The national average support price for dry edible beans has been lowered. Beans from the 1955 crop will be supported at a national average price of \$6.36 per 100 pounds, basis U. S. No. 1 beans. This is about 88 cents per hundred pounds lower than the support rate for 1954 crop beans.

Better balanced supplies and lower support prices are expected to encourage some increase in domestic use, and somewhat larger exports of beans in 1956 compared with a year earlier. If anticipated market requirements materialize, the coming year promises to be one in which total utilization may exceed the 1955 production and result in some slight reduction in stocks.

In contrast with the surplus situation in dry edible beans, supplies of dry field peas in 1956 may prove barely adequate to meet a smaller total demand. As a result of extremely low yields in Washington and Idaho the 1955 crop was down almost one-fifth from that of 1954 and was the second smallest since 1940. Domestic demand in the coming year is not expected to differ significantly from that of 1955. But export demand is expected to be down substantially from the 1955 level when supplies in Europe were extremely tight because of virtual crop failure in 1954.

Prices into mid-1956 are expected to continue well above the 1949-53 average, but because of the weaker export demand probably will average moderately below the high level of 1955. With the relatively high prices for the last two crops, farmers are expected to plant at least as large an acreage to peas in 1956 as in 1955.