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THE OUTLOOK FOR VEGETABLES AND POTATOES IN 1961

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COMMERCIAL VEGETABLES

Postwar Trends

Before moving into a discussion of the outlook for 1961, lets take a brief look at what has happened to vegetable consumption in the period since World War II. Civilian per capita consumption of commercially produced vegetables, on a fresh equivalent basis, has shown no change. Throughout the period, annual consumption, excluding melons, potatoes, sweetpotatoes, dry beans and dry peas, remained remarkably stable at about 200 pounds per person.

There were, however, significant changes in consumption of individual vegetables, and in the forms in which vegetables were used. Use per person, in all forms combined, increased materially for lima beans, broccoli, sweet corn, cucumbers, and tomatoes and tomato products. The higher overall consumption rates were due mainly to substantial increases in the use of canned, and large gains in the use of frozen items. Among major items, consumption in the fresh form was maintained or increased only in the case of sweet corn and two salad vegetables--cucumbers and lettuce. Rapid increases in use of processed forms enabled asparagus, green peas, and snap beans to hold their own or gain slightly. Overall consumption rates declined for cabbage, spinach and a number of less important items.

As larger percentages of vegetable production have gone into processing--now about 50 percent--there has been some slowdown in the rate of shift toward processed items. Nevertheless, with advancing technology, increasing consumer incomes, and the homemaker's desire for prepared or easy-to-prepare foods, use of processed vegetables during the next few years is likely to continue to gain relative to total use.

Outlook for 1961

Supply and Demand Prospects - Supplies of frozen vegetables available during the first half of 1961 probably will be the same to slightly larger than those of a year earlier, but canned supplies are likely to be a little smaller. Slightly less dry beans than a year earlier, and far less dry peas and sweetpotatoes will be available. Indications are that the supply of potatoes through the winter will be slightly larger than a year ago, but the important late spring crop may be somewhat smaller.

General economic activity in the third quarter of this year was down slightly from the record second quarter, but disposable personal income, though leveling out continued about 5 percent above that of a year earlier. Prospective trends in economic activity indicate that consumer income will be well maintained, and that domestic demand for vegetables in 1961 is likely to continue strong. Because of larger Canadian supplies, export demand for potatoes into mid-1961 is expected to be down materially from 1960. Exports of dry beans and dry peas are expected to be smaller than last season. Total exports of vegetables, small relative to U. S. production, probably will not differ much from those of last season. As usual, the dominant influences on farm prices and income, and to a lesser extent on consumer prices, will be the supply and quality of vegetables available and the pattern of marketing.

Machinery, equipment, containers and facilities necessary to produce, package and distribute vegetables are expected to be in ample supply during the first half of 1961. Most fertilizer materials, insecticides, fungicides, and weed killers are expected to continue in adequate supply.

Commercial Fresh Vegetables - Total fall production of vegetables is moderately larger this year than last. However, most of the increase over 1959 was in early fall crops, most of which have been harvested. Thus, total supplies available in the next 4 to 6 weeks probably are close to those of a year ago. More cabbage, cauliflower and broccoli are available. But prospective supplies of sweet corn, green peppers, eggplant and tomatoes, all hard hit by hurricane Donna, are down.

It is of course too early to have much information on production in the first half of next year. However, past experience suggests that supplies of fresh market vegetables in the first half of 1961 are likely to be no larger than in the first half of 1960. Mainly because of larger acreages and higher yields of cabbage, carrots and lettuce, total winter tonnage in 1960 was about a tenth above the near average production of 1959. Acreage intentions reports indicate another large crop of winter cabbage, but production of carrots may be smaller. Barring a repeat of 1960 severe weather damage to tender winter vegetables in Florida, production of snap beans, sweet corn, eggplant, and tomatoes is likely to be larger than the light volume of last winter. Total production in the spring probably will not be much different than last spring. Prices of individual items both at the farm and retail levels, compared with the first half of 1960, will vary depending on quality and on volume and pattern of marketing.

Processed Vegetables - The same to slightly more frozen vegetables will be available into mid-1961 than a year earlier, but overall supplies of canned vegetables probably are a little smaller. Carryover stocks of canned and frozen vegetables at the beginning of the season, in mid-1960, were materially smaller than a year ago. But indications are that both canned and frozen packs were up at least moderately from 1959. More active early season demand and heavier shipments than last season probably leaves slightly less volume of canned vegetables than a year ago, though remaining supplies still are above average. Among major canned items supplies of asparagus were somewhat larger this season than last, and indications are that supplies of snap beans, sauerkraut, and lima beans are at least moderately larger. Combined supplies of tomatoes, tomato juice and tomato products for the season may be close to those of last season, but some items probably are smaller. Also, supplies of green peas and sweet corn are materially smaller than a year ago.

With adequate, though not burdensome, overall supplies of processed vegetables available, consumption of canned vegetables per person is expected to continue at a high level, and frozen may again set a record. Overall stocks of canned vegetables are likely to be smaller at the end than at the beginning of the season. Because of smaller supplies of some items, higher prices for some processing materials, and increasing distribution costs, prices both at the packer and retail levels are expected to average moderately higher than last season. Supplies of processed vegetables generally are in closer balance with anticipated demand than in several years. To avoid a buildup of supplies to burdensome levels, it now appears that acreage for processing in 1961 should be the same or only moderately larger than in 1960. The Department's detailed acreage-marketing guide for vegetables for processing will be issued early in 1961.

Dry Beans and Peas - Supplies of dry edible beans are slightly smaller this season than last. Indications are that supplies of colored classes are again relatively tight. Total supplies of white classes, though below last year, are large relative to other recent years, with supplies of pea beans very heavy. Total domestic use in the current season is likely to equal or slightly exceed the 14.9 million bags used in the 1959-60 season. While this would leave less beans available for export than last season, foreign countries may not need as many U.S. beans. Because of the political situation, exports to Cuba, most important foreign market for our colored beans, are likely to be much smaller than last season. However, total quantities of colored beans available for export again will be limited. Fewer great northerns are available than a year ago, but probably more than enough pea beans. Prices of colored classes again may be relatively high, though perhaps below the high levels of last season. Prices of most white beans may average close to those of a year earlier, and above support levels. Because of the heavy supply, however, substantial quantities of pea beans are likely to be placed under CCC loan, and prices of this class probably will average close to support levels.

Supplies of dry peas are much smaller than last season and substantially below the 10-year average. Domestic use in the current season may be the same or larger than that of last season. While foreign demand probably will be down somewhat from the high level of the 1959-60 season, only about half as many peas will be available for export as in the past season. Thus, foreign demand again will be an important market factor. Dry pea markets are likely to advance into late spring, with prices to growers for Alaskas and other smooth green types averaging materially above those of last season. With prospects of substantially smaller stocks at the end of the current season and continued strong export demand, a moderate increase in dry pea acreage in 1961 seems justified.

POTATOES AND SWEETPOTATOES

Lets review briefly the highlights of the potato situation during the past few months. Supplies of both old and new crop potatoes last winter were materially smaller than the heavy supplies of a year earlier. Demand was good and movement to food processing outlets was significantly larger than a year earlier. Also, adverse weather delayed planting and development of the spring crop in the Southeast, extending the season of heavy demand for storage potatoes. Prices to growers averaged about double the low levels of a year earlier.

The earlier cleanup of storage potatoes helped to maintain relatively high prices to growers through early spring. Marketings from the big late spring crop, up a fifth from the previous year, started to push prices downward and they continued to decline seasonally as movement from the summer and then the fall crop increased. Except for a few weeks in late spring, however, prices averaged significantly above those of last year.

Now for the outlook in the months ahead. Although prices to growers in the early part of the season averaged higher than a year ago, the outlook for some areas, during the rest of the season is not as favorable as last season. Combined acreage of late summer and fall potatoes was 3 percent larger than in 1959. Less favorable weather and moderately lower yields in the West were about offset by higher yields in the East and Midwest. Indicated late summer and fall production was slightly larger than last year, with all of the increase in the fall States. Intentions reports indicate that growers in California plan the same acreage of potatoes for winter harvest as a year ago, but Florida growers plan a 4 percent cut. However, production in Florida is likely to be larger than last winter when adverse weather resulted in very low yields.

The geographic distribution of the fall crop is somewhat different than a year ago. The 9 Western States with a slightly smaller production than last year have 38 percent of the fall volume compared with 40 percent last year. The 9 Central States, with 8 percent more production, have 26 percent of the total compared with 25 percent a year ago. The 8 Eastern States, where production is up 6 percent, has 36 percent of the fall total compared with 35 percent in 1959. Federal marketing agreements and orders, similar to those of the past several seasons, are in effect in areas which produce about three-fourths of the total fall crop. The orders restrict marketings of tablestock potatoes to the more desirable qualities and preferred sizes. A few additional areas operate under State marketing agreements and orders. These programs, and strong processor demand are expected to give potato markets considerable support. Also, in the western States productioon is down slightly from last year and quality of much of the crop is reported to be only fair. Prices in this area, may average close to those of a year earlier. But moderately larger supplies in eastern and central States are likely to mean somewhat lower prices in these areas, particularly for round white types. To avoid the risk of overproduction, farmers should plant moderately less acreage of late spring potatoes than last season. The acreage-marketing guides for 1961 summer and fall potatoes will be released in early 1961.

Supplies of sweetpotatoes are about a fifth smaller than both a year ago and the 1949-58 average. Production was down from 1959 in all areas except the Central Atlantic States. Production in Louisiana, leading State in volume, is down a third. Very unfavorable early-season weather in that State resulted in sharp cuts in both acreage and yield. Heavy harvest-time marketings from the Maryland-Virginia Eastern Shore pushed early-season prices to growers in that area below those of a year earlier. But prices in Louisiana and most other areas averaged materially above those in the early part of last season. Prices are expected to advance seasonally into the spring, with both farm and retail prices in most areas averaging substantially above those of last season. Barring unfavorable weather at planting time, some increase in sweetpotato acreage is likely in 1961.