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UNITED STATES DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE

THE OUTLOOK FOR VEGETABLES AND POTATOES IN 1962

Talk by Will M. Simmons
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at the 39th Annual Agricultural Outlook Conference
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SUPPLY AND DEMAND PROSPECTS

Supplies of canned vegetables available in the current marketing season appear to be moderately larger than last season, and frozen vegetables are record large. Supplies of potatoes available this fall and winter are considerably larger than a year ago, and in excess of normal marketing requirements. Slightly less sweetpotatoes are available than last year. Dry edible beans are in moderately larger supply, but less dry peas are available than last season.

Overall economic activity has moved up substantially from the recession low of last spring, and continues to advance. Prospects for a high level of activity and high incomes in the months ahead assure continued strong consumer demand for vegetables. Foreign demand for, and U. S. exports of potatoes in the current season probably will be down from a year earlier, largely because of further Canadian restrictions on imports. Exports of vegetables, although small relative to domestic use, probably will be a little larger than last season. Foreign sales of fresh vegetables, most of which go to Canada, are expected to continue the uptrend of recent years. Also, with lessening of restrictions on trade by a number of European countries, prospects are good for some increase in exports of processed vegetables.

As usual, the quantity and quality of vegetables available will exert a heavy influence on farm prices and income, and on consumer prices. Export demand plays a much more important role in the marketing situation for dry edible beans and peas than it does with vegetables. Exports of dry beans in the current season probably will be substantially larger than the small volume of last season. But with limited supplies available, exports of dry peas are likely to be moderately smaller.

COMMERCIAL FRESH VEGETABLES

During the next 4 to 6 weeks, moderately less vegetables probably will be available for fresh market sale than a year earlier. In late fall, prices both to the grower and at the retail level are likely to average a little above those of last fall. Because of extreme uncertainty about the weather in the months ahead, and its effect on production, little can be said about winter vegetable prospects.

VEGETABLES FOR COMMERCIAL PROCESSING

Overall quantities of canned vegetables available for markets into mid-1962 are moderately larger than a year ago, and substantially above the recent 10-year average. Supplies of frozen vegetables are substantially above those of a year ago, and the largest of record. Carryover stocks of canned vegetables

in mid-1961 were moderately smaller than a year earlier. But the decrease in beginning stocks probably was more than offset by a materially larger canned pack. Both larger stocks at the beginning of the season and a considerably larger pack than last year contributed to the heavy supplies of frozen vegetables. Harvested acreage of vegetables for processing was substantially larger than in 1960, with only winter and spring spinach showing a decline. Acreages of other major processing crops were significantly larger than a year earlier.

According to reports in early October, estimated total production of 8 important vegetables for processing was a tenth larger than last year and a fifth above the 1950-59 average. Indicated packs together with carryover stocks point to slightly smaller supplies of canned green peas this season than last. But supplies of sweet corn appear to be substantially larger than those of a year ago, and snap beans and sauerkraut moderately larger. Some tomato items are also in significantly larger supply. However, combined supplies of tomatoes, tomato juice, and tomato products probably are the same to only slightly larger than last season. Supplies of frozen green peas, although about a tenth larger than last year, are still at moderate levels. But all other major frozen items are in heavy supply.

During the early part of the season, demand for most processed items, except canned corn, was routine, with distributors generally waiting for the market to adjust to new crop packs. Most vegetables probably have adjusted to the new pack basis, with prices of many canned items averaging the same to moderately higher than a year ago. But sauerkraut and corn have been substantially lower, and snap beans moderately lower. Because of heavier supplies, a number of frozen items have also averaged lower. Cost of raw product, particularly tomatoes, was higher than in 1960, and costs of processing and distributing continue to increase, tending to exert an upward pressure on prices. However, supplies of processed vegetables are heavy. F.o.b. prices of canned items for the remainder of the season probably will average a little above the moderate levels of last season, with frozen items the same to slightly lower. Consumers again will find shelf prices of processed vegetables attractive -- though likely a little above those of a year earlier. The consumption rate for processed vegetables is expected to be slightly above the high level of last season.

There is as yet no indication of the 1962 acreage of vegetables for commercial processing. Assuming yields near the average of recent years, however, it appears that a moderate cut in acreage will be needed to avoid the likelihood of burdensome supplies in the 1962-63 marketing season.

DRY BEANS AND PEAS

Moderately more dry edible beans are available than a year ago. Both larger carryover stocks at the beginning of the season and a larger crop contributed to the increase. Production by class of beans is not yet available. However, production by areas indicates that supplies of both white and colored classes are larger than a year ago. Among the more important white classes, supplies of great northern and small whites probably are below those of last season. But production in Michigan, mostly pea beans, was record large and supply of this important class probably is up from the heavy supply of last season. Among colored classes, small red beans are in light supply, being down substantially from last year. Growers apparently cut acreage sharply because of loss of the large Cuban market. Less red kidney beans also are available. But supplies of pinto beans, most important of the colored types, is materially larger than last year. However, growers and handlers report serious quality problems. Wet weather in Kansas, Colorado, and Wyoming, and frosts in Colorado resulted in only minor loss of pinto production, but caused considerable quality damage.

Domestic use of dry beans in the current season probably will be about as large as the 15.5 to 16.0 million bags used last season. Such a movement assumes a continuation of the domestic donation program, which last season took well over a million bags of beans. With continued loss of the Cuban market, exports of beans for dollars probably will remain relatively low -- although perhaps larger than the light volume of last season. However, prospects point to much larger shipments of dry beans under P. L. 480 programs. The national average support rate for 1961-crop dry beans is \$6.32 per hundredweight, about a dollar more than that for the 1960-crop. Actual prices received by growers compared with last season will vary depending on the supply and demand situation for the various classes. However, with substantially higher support levels, prices as a whole are likely to average a little above those of last season.

Dry pea producers planted a tenth more acreage of dry peas this year than last. However, yields were a little lower than in 1960 and production was up only moderately. Because of substantially smaller carryover stocks at the beginning of the season, total supplies of dry peas are moderately smaller than last year.

Domestic use of dry peas this season may not exceed the relatively low level of 2 million bags used last season. Even so, quantities of peas available for export promise to be moderately smaller than last season. Reports indicate serious weather damage and small crops of dry peas in both the Netherlands and Morocco -- our major export competitors in Europe. Partly offsetting, however, are reported heavy stocks of canned peas in the United Kingdom, our largest export market for peas. Nevertheless, with smaller supplies available in the United States and in Europe, prices received by U. S. producers probably will average above those of last season.

POTATOES AND SWEETPOTATOES

The potato picture all year long has been one of heavy supply, and relatively low prices to growers. We started the year in January with stocks of 105 million hundredweight, 6 percent more than a year earlier. The production of winter and early spring potatoes was up substantially, and late total spring output was slightly above the large crop of 1960. Production of late spring potatoes in the East was materially smaller than last year. But heavy supplies from the West, especially California, kept prices under pressure.

Indications are that markets will remain under heavy pressure into next spring. Combined production of late summer and fall potatoes was 228 million hundredweight, more than 18 million hundredweight above 1960. The fall crop alone hit 194 million hundredweight, about a tenth more than a year ago. The larger overall fall crop resulted from an 8 percent increase in acreage and slightly higher yields.

The pattern of 1961-crop production was also significantly different from last year, with the West showing a big increase. Production in the 9 Eastern States, at 64.1 million hundredweight, was up only slightly. A substantially larger output in Upstate New York and a slightly larger crop in Maine accounted for most of the increase. The increases both in Maine and for the East as a whole were due to higher yields, as acreage was down slightly. Acreage in the 9 Central States was materially larger than in 1960, and but for a lower average yield output would have been very high. Except for Michigan, however, the larger producing States had lower average yields than in 1960, and total production of 44.4 million hundredweight was slightly smaller than last year.

Among the more important States, production in Michigan was up substantially and output in Minnesota and Wisconsin was about the same as a year ago. But the crop in North Dakota was down substantially. As indicated earlier, the big increase came in the West. Acreage in the 9 Western States was up 15 percent over 1960, and yields were up a tenth. Indicated production of 85.2 million hundredweight was a fourth larger than last year. Biggest increase was in Idaho which produces almost two-thirds of the Western crop. But all other States in the area also reported larger crops, with material increases in Colorado, Oregon, Washington, and California.

As in the last several years, about three-fourths of the fall crop is in areas covered by marketing orders. Also, the Department, at industry request, is operating a potato diversion program to assist farmers in marketing the large crop.

Despite industry efforts to move the big crop as rapidly as feasible, large supplies are expected to continue to press on markets into spring. Farmers can best contribute to clearing up the heavy supplies and maintaining the best overall marketing conditions by full use of the diversion program, and by consistent and orderly market shipments throughout the season.

Both acreage and indicated yield of sweetpotatoes are down fractionally from a year ago. Total production, at 15 million hundredweight, was slightly smaller than a year ago and substantially below the recent 10-year average. The size and geographic distribution of the crop indicate that supplies available for winter and spring markets in most parts of the country are likely to be moderately smaller than those of a year earlier. Combined production in New Jersey, Virginia, North Carolina, Louisiana, and Texas, which furnish the bulk of winter and spring supplies to markets in the Eastern and Central States, was down 7 percent from last year. However, production in California, most of which is marketed in the West, is substantially larger.

During the early part of the season, prices to growers averaged materially above those of a year ago. Prices are expected to rise seasonally into winter and spring, and are likely to remain somewhat above those of last season.