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United States Department of Agriculture
Economic Research Service

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The Outlook For Peanuts In 1962-63

Talk by George W. Kromer
Economic and Statistical Analysis Division
at the 40th Annual Agricultural Outlook Conference
Washington, D. C., 1:30 P. M., Thursday, November 15, 1962

The total supply of farmers' stock peanuts during the 1962-63 marketing year that began August 1, 1962 is currently estimated at 2,065 million pounds, 1 percent less than last year. The decline is due to the smaller crop which more than offset slightly larger beginning stocks. The 1962 peanut crop is nevertheless considerably in excess of probable food and farm uses, and CCC will acquire the surplus under the support program.

The 1962 peanut crop was estimated as of October 1, 1962, at 1,705 million pounds compared with 1,743 million in 1961. Declines in the Southeastern and Southwestern areas of the peanut belt more than offset gains in the Virginia-Carolina area. The decline is due to lower yield per acre--1,203 pounds this year compared with 1,220 pounds in 1961--as the acreage to be picked and threshed at 1,416,500 acres is only 1 percent below the acreage harvested for nuts last year. Acreage allotments for 1962 crop peanuts were again at the legal minimum of 1,610,000 acres for picking and threshing. On the other hand because of the longer term uptrend in yields, output of peanuts from the minimum allotment provides a surplus of peanuts above edible requirements even though population is increasing.

The 1962-63 outlook is for farm prices of peanuts to average around 11.0 cents per pound, about the same as last year. The 1962 crop of peanuts is well in excess of food and farm requirements, and farm prices, as in recent years, are likely to average near the CCC support rate.

Prices to farmers for 1962 crop Spanish and Runner type peanuts so far this season are averaging at about the support level and not much different from last year. Virginia-Carolina peanuts have just started to move in volume and prices are also running near the 1962 loan rate.

The 1962 crop peanuts is being supported at a national average level of 11.1 cents per pound (\$221.40 per ton), slightly above the 1961 crop. The 1962 support price is 82 percent of parity. Support by type of peanut is: Virginia, \$234.19 per ton; Runner, \$208.71; Southeast Spanish, \$226.35; Southwest Spanish, \$217.13; and Valencia, suitable for cleaning and roasting, \$234.19.

Principal provisions of the 1962 program are similar to those in effect for the 1961 crop. Price supports are available by means of nonrecourse warehouse storage loans to grower associations, nonrecourse farm storage loans to producers, and purchase agreements. Loans on 1962-crop peanuts are available to individual producers and grower associations through January 31, 1963; they will mature May 31, 1963, or earlier on demand by CCC.

Civilian consumption of peanuts in the post World War II era has been relatively stable averaging about 6.5 pounds per person, farmers' stock basis

(4.5 pounds shelled basis), about the same as for 1937-41. Supplies of peanuts in most years were plentiful, and prices to growers averaged near support. Of the normal consumption of 6.5 pounds per capita, about 5.5 pounds are usually consumed in the form of peanut butter, salted peanuts, and in candy. The other pound is almost equally divided between roasted peanuts (the ball park type) and those consumed as food on farms.

In each of the past two years, peanut consumption per person averaged nearly 7 pounds and this rate is expected to prevail during the 1962-63 marketing year. With population gain in prospect, this means that total consumption of peanuts will rise slightly. Assuming a slight increase in total peanut consumption and farm uses about the same as in recent years, around 250 million pounds or 15 percent of the 1962 crop would be available for crushing, exports, and additions to stocks.

A large quantity of 1962 crop peanuts acquired by CCC under the 1962 support program will be diverted by the Corporation into peanut butter manufacture for distribution to school lunches and needy persons. Preliminary estimates are that around 75 million pounds of 1962 farmers' stock peanuts may eventually wind up in the CCC peanut butter program (Section 32 and donation programs). The total quantity crushed, exported, diverted into peanut butter manufacture for donation, or carried over next August 1 depends upon the CCC diversion policy.

Economic outlook information for peanuts is published regularly in the Fats and Oils Situation, a processed publication by the Economic Research Service, Economic and Statistical Analysis Division. This statement is a summary from the 1963 Outlook Issue, FOS-215 for November 1962.