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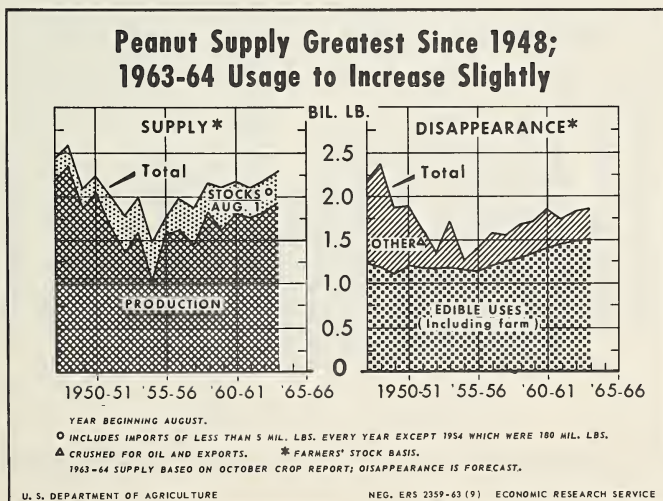
UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

The Outlook for Peanuts in 1963-64

Talk by George W. Kromer
Economic and Statistical Analysis Division
at the 41st Annual Agricultural Outlook Conference
Washington, D. C., 1:30 P. M., Thursday, November 21, 1963

The supply of peanuts (farmers' stock basis) during the 1963-64 marketing year that began August 1, 1963, is placed at 2,310 million pounds, 6 percent more than the year before and the largest since the 1948-49 season. The increase is attributed to the larger crop, since starting stocks were about the same as a year earlier. The 1963 peanut crop sharply exceeds edible requirements, and CCC will acquire the surplus under the support program.

The 1963 peanut crop was estimated on October 1 at 1,943 million pounds compared with 1,810 million in 1962. The increase is due entirely to record yields in the Southeastern area of the peanut belt, since yield per acre and production are down in both the Virginia-Carolina and Southwestern producing areas. The U. S. average yield per acre is placed at 1,387 pounds and exceeds by 105 pounds the previous record yield in 1962. The 1963 acreage picked and threshed at 1,401,000 acres was about the same as last year. Acreage allotments for 1963-crop peanuts were again at the

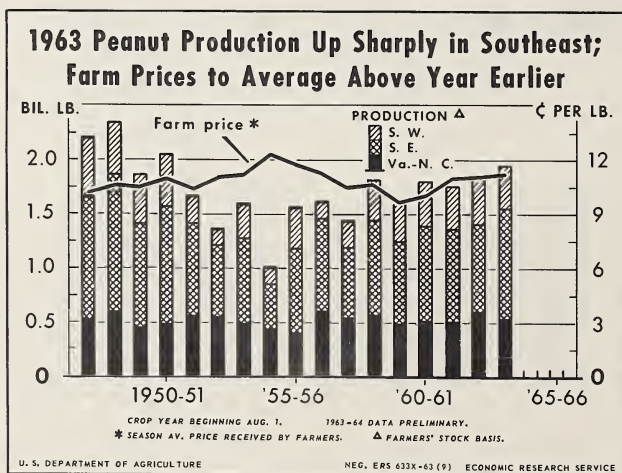


legal minimum of 1,610,000 acres for picking and threshing. Because of the long-term uptrend in yields, production of peanuts from the minimum allotment during most years provides a surplus above edible requirements even though population is increasing.

The 1963-64 outlook is for peanut prices to producers to average around 11.2 cents per pound compared with 11.0 cents in 1962-63. Farm prices, as in recent years, are likely to average near the CCC support rate. Prices to farmers for 1963 crop Spanish and Runner type peanuts so far this season are averaging at about the support level and 6 percent above last year. Virginia-Carolina peanuts have just started to move in volume and prices are also running near the 1963 loan rate.

The 1963-crop peanuts are being supported at a national average of \$224.00 per ton (11.2 cents per pound) compared with \$221.40 per ton (11.1 cents per pound) for the 1962 crop. The 1963 support price is 80 percent of parity. Support by type is as follows: Virginia, \$236.86 per ton; Runner, \$211.24; Southeast Spanish, \$228.98; Southwest Spanish, \$219.70; and Valencia (suitable for cleaning and roasting), \$236.86.

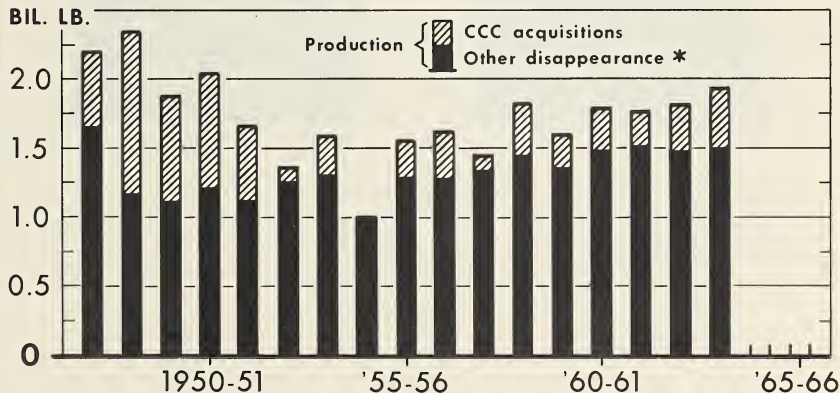
Principal provisions of the 1963 program are similar to those of the 1962 crop. Support will be available by means of warehouse storage loans to grower associations, farm storage loans, and purchase agreements to producers. Loans and purchase agreements are available from time of harvest through January 31, 1964. Loans will mature May 31, 1964, or earlier on demand by CCC.



Civilian consumption of peanuts has increased in recent years, rising from 5.8 pounds per person in 1955-56 to 7.0 pounds, farmers' stock basis (5.0 pounds shelled basis) in 1962-63. Supplies of peanuts in most years are plentiful and prices to growers average near support. Of the 7 pounds per capita, about 6 are consumed in the form of peanut butter, salted peanuts, and in candy. The other pound is divided almost equally between roasted peanuts (the ball-park type) and those consumed as food on farms.

The consumption rate of 7.0 pounds per person is expected to continue during the 1963-64 marketing year. With increased population, this means that total consumption will rise slightly. Assuming a 2 percent increase in total peanut consumption and about the same farm use as in recent years, around 450 million pounds or about 23 percent of the 1963 peanut crop will be acquired by CCC. Both peanut crushings during 1963-64 and carryover stocks on July 31, 1964, are expected to increase, the extent of which will mainly depend upon the CCC diversion policy. The Corporation will continue to purchase peanut butter on the open market for distribution to the school lunch program and needy persons. This is also considered part of the CCC diversion program for surplus peanuts.

CCC Likely to Acquire One-fifth of 1963 Peanut Production Farmers' Stock Basis



YEAR BEGINNING AUGUST.

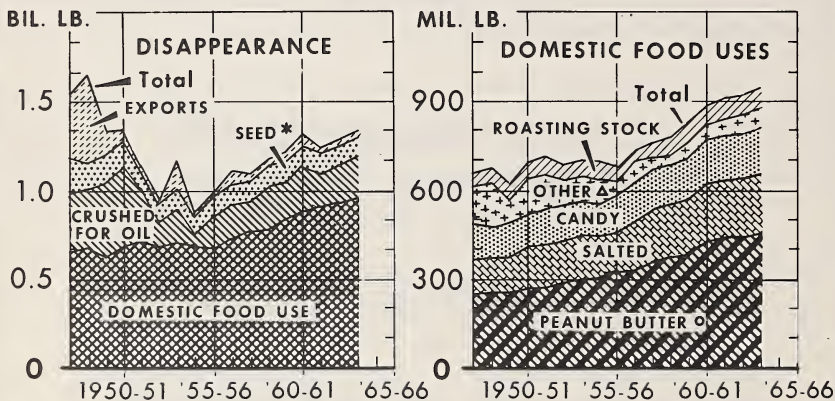
* INCLUDES EDIBLE AND FARM USES, CRUSHINGS, EXPORTS, AND STOCKS.

1963-64 FORECAST.

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 1964 Outlook Issue, FOS-220 for November 1963.

Edible Uses of Peanuts Rising Slowly; Peanut Butter Accounts for One-half of Total Consumption

Kernel Basis



YEAR BEGINNING AUGUST. * INCLUDING FEED, FARM LOSS AND SHRINKAGE.
 ▲ INCLUDING FARM HOUSEHOLD USE. ○ BEGINNING 1956 INCLUDES PEANUT BUTTER USED IN SANDWICHES.
 1963-64 FORECAST.

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