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UNITED STATES DEPARTMENT OF AGRICULTURE  
Economic Research Service

OUTLOOK FOR VEGETABLES AND POTATOES

Talk by Charles W. Porter  
Economic and Statistical Analysis Division  
at the 1972 National Agricultural Outlook Conference  
Washington, D.C., 2:35 P.M., Thursday, February 24, 1972

GENERAL SUPPLY AND DEMAND PROSPECTS\*

Combined canned and frozen vegetable supplies equal or barely exceed a year ago. Potato storage stocks are slightly smaller than the large quantity held a year earlier; sweetpotato supplies are much less. Relatively high prices for dry beans reflect the light supply, but the dry pea crop in 1971 was one of the largest since the World War II era.

Recent substantial gains in disposable personal income will sustain a strong demand for fresh and processed vegetables. Demand will be strong for salad vegetables and there will be further increases in the use of several processed items, especially potato products, and many canned vegetables.

Import activity in fresh vegetables is expected to be heavy again this season, despite a slow start. With the advent of warmer weather on the west coast of Mexico, shipments northward are increasing. Fresh vegetable imports in winter months have averaged about an eighth of our total winter supply in recent years.

During the last three or four years vegetable imports made their largest gains in the spring months. These imports nearly doubled in volume between 1967 and 1971, and now comprise nearly an eighth of our spring vegetable supply. Winter and spring account for most of the vegetable import activity, but fall imports which now make up only 4 percent of our supply that time of year, have made a sharp gain in recent years. Domestic summer vegetable supplies still meet very little foreign competition.

Imports, mostly from Mexico, have kept the per capita supply and use of fresh vegetables from dropping sharply in the last decade as domestic production rose only slightly in this period. With rapidly rising harvest labor costs in this country, further increases in imports are likely.

\*For consideration of long range vegetable demand, see article in August 1970 - Vegetable Situation - The Vegetable Industry - A Review of Progress and Prospects

## PROCESSED VEGETABLES

### Processed Supplies About the Same

Total processed vegetable supplies in the 1971/72 marketing season are about the same or slightly larger than a year ago. Beginning carryovers of both canned and frozen vegetables were well below a year earlier, but larger new packs probably made up the difference. Disappearance of processed vegetables in 1970/71 continued brisk and for the major items where data are available, totals were slightly above the 1969/70 period.

Supplies of canned vegetables in the 1971/72 season are probably a little larger than a year earlier. The carryover of leading items was low but there were larger packs of sweet corn, peas, and many tomato products which offset smaller packs of beets, sauerkraut and pickles. Total supplies of snap beans and pickles were close to a year earlier. The disappearance of canned vegetables for the 1971/72 marketing season will at least equal and probably exceed that of a year ago.

On the other hand, stocks of frozen vegetables (excluding potatoes) on February 1 were moderately smaller than on the same date a year earlier. These supplies were well below levels of other recent seasons. Stocks of peas, cut corn, and lima beans are probably light enough to reduce total disappearance of these important items this marketing season. Even so, high rates of movement are expected for most frozen vegetables, and the anticipated carryover into 1972 is expected to be low.

Prices for many processed vegetables are expected to hold steady to strong, even though there was some discounting of some of the more plentiful items, especially in the canned sector. However, this activity has diminished, and wholesale prices for most canned and frozen vegetables will average slightly to moderately higher than a year earlier.

As a result of good movement of processed vegetables, growers and processors are likely to plan for about the same or slightly smaller canned packs in 1972. But moderately larger packs of several frozen vegetables could be accommodated in 1972. This takes into account the prospect of a small carryover, the the steadily expanding demand for frozen vegetables.

## FRESH MARKET VEGETABLES

Winter vegetable production is down an estimated 2 percent this year, reflecting moderately smaller lettuce and celery crops. Prospective winter tomato production in Florida is sharply larger than last year's small volume. As for other high-tonnage crops, about the same quantity of cabbage is expected, while carrot production is up 2 percent. Vegetable prices are near the record highs set in November and are expected to continue seasonally high the next few weeks. Cold rainy weather has reduced Mexican tomato imports by at least a fourth early in this shipping season, compared with a year earlier, but heavier receipts have been arriving since late January.

For domestic winter vegetables, the production forecast of 38.1 million hundredweight was exceeded in 1969 and 1971, and equaled in 1967. Despite higher farm prices in recent years, growers have shown less tendency to boost plantings. There are several reasons for this, but the most important appear to be: (1) rising production costs (2) limited and less dependable sources of harvest labor (3) high capital investment restricting entry into the business on an efficient scale (4) more awareness of supply-demand conditions and (5) increased imports, especially in the early spring.

### Fresh Vegetable Price Trends

Index of Quarterly Prices <sup>1</sup> Received by Growers-1967=100						Index of Quarterly Retail Prices <sup>2</sup> 1967=100				
	1st	2nd	3rd	4th	Annual	1st	2nd	3rd	4th	Annual
1968	119	113	91	108	108	114	112	98	105	107
1969	109	109	97	129	111	111	113	104	118	112
1970	130	116	101	100	112	125	128	110	109	118
1971	129	140	114	138	130	114	119	119	128	124

1/ Statistical Reporting Service, USDA  
Agricultural Prices

2/ Economic Research Service, USDA  
"Market Basket"

### POTATOES AND SWEETPOTATOES

Potato supplies are large again this winter as the East and Midwest have larger crops to move than a year ago. The West produced 5 percent less this season. Total U.S. stocks on February 1 were slightly less than a year ago but moderately larger than February 1970. In general, round whites and round reds are in heavy supply, but Russets are in lighter supply and in better market position than a year ago.

Even though potato stocks slightly trailed year-earlier levels, U.S. grower prices averaged moderately lower through the late fall months. However, the situation differs markedly from a year ago in that prices for western grown Russets are above a year ago, and are likely to hold higher than 1971. Round red and round white potato prices are likely to continue under some pressure.

Western shipping point prices for Russets have been running substantially above the very low year-earlier prices. February 1 stocks in 8 western States were moderately smaller than a year ago, although Idaho stocks held about equal to a year ago. In the Midwest, shipping point prices are well below a year earlier as January 1 stocks were up substantially. Under pressure of heavy supplies, Red

River Valley farm prices have been about a fourth less than a year earlier. In the East, shipping point prices have been mixed compared with last season, but mostly slightly to moderately below a year ago. Eastern potato stocks on February 1 were up only slightly.

The pack of frozen potato products continues its long-term upward trend. For the first 6 months of 1971 it was 1.3 billion pounds - nearly 9 percent more than the corresponding period a year earlier. February 1 stocks of frozen french fries held above a year earlier, but active demand keeps prices on a firm basis.

As of mid-January, the Department of Agriculture had purchased 26.6 million pounds of dehydrated potato products and for the first time, 22.3 million pounds of frozen french fries. These purchases were for child nutrition programs, and for distribution to needy persons.

The winter potato crop of 2.7 million hundredweight is 13 percent less than a year ago, and a fourth smaller than 1970. The California frost-damaged crop is about two-thirds as large as a year ago, but a 9 percent larger Florida crop is expected.

Planting intentions for early spring potatoes are down 11 percent from 1971 and 13 percent less than 1970. The important Hastings, Fla. area is expected to plant 21,000 acres, 9 percent less than a year ago, and Texas intentions currently call for a third less acreage this season.

Sweetpotato production dropped to 11.9 million hundredweight, 14 percent less than a year earlier. The acreage harvested in 1971 was the smallest of record in the United States, 14 percent less than 1970. Declines were noted in most major producing states.

With a much smaller crop, prices ran sharply higher early in the shipping season. However, by December the U.S. farm price of \$5.95 per hundredweight was only moderately above a year earlier. By the first of the new year, unloads at major markets were down about a tenth. Eastern North Carolina shipping point prices for cured Porto Rico types held at \$4.50 - \$4.75 for 50-pound cartons in early January, about 50-75 cents higher than a year ago. Louisiana prices for the same type are fully \$1.25 per hundredweight higher. Prices are likely to show further seasonal rise.

As of December 1, 1971, the National Cannery Association reported 5.1 million cases (Basis 24/303's) on hand. Canning activity in 1971/72 is not as heavy as in other recent seasons, judging from the pack reported thus far.

## DRY EDIBLE BEANS AND PEAS

Despite favorable prices, farmers harvested 6 percent less bean acreage last year. U.S. production of 16.2 million hundredweight in 1971 was one of the smallest crops in recent history, 7 percent less than the previous crop.

Production of colored beans was substantially less and lima bean output fell sharply, but white bean production rose slightly. Considering the major classes, pinto bean production was shaved in several Western states. The sharply reduced kidney bean crop in Michigan offset minor gains in New York and California. Black-eyes and small reds were much less as well. In the white classes, the Michigan navy bean crop was slightly higher, there were 9 percent more great northerns largely from Nebraska, and small white types were also more plentiful.

With lighter stocks at the beginning of the season and with a small crop, both export and domestic movement will decline again. Domestic use will be slightly less than last season, and exports will probably be markedly less. In the September-December period, bean exports were substantially below a year earlier. Exports in 1970/71 were well below the 1969/70 record, and a further decline is in prospect this season with shorter supplies and higher prices. However, the United Kingdom, our largest customer last year, used more beans, mostly pea, than in the previous year. These sales, plus sales of baby lima beans to Japan, pinto beans to Mexico, and black turtle soup beans to Venezuela combined to account for more than half the total U.S. bean export trade in the 1970/71 marketing year.

Farm prices in 1971 for dry edible beans averaged \$10.60 per hundredweight, 15 percent more than 1970 and sharply more than 1969. Recent farm prices have exceeded the high levels reached during the previous marketing season. These high prices are expected to hold at least until the size of the 1972 crop becomes apparent.

Dry pea production in 1971 of 4.9 million hundredweight was one of the largest since the World War II period. Harvested acreage was 15 percent less than 1970 but yields in Idaho and Washington combined, exceeded a ton per acre.

Stocks of peas at the end of December were sharply above the previous season's, and January grower prices were much lower than a year earlier. Apparently due to the dock strike, September-December exports through Pacific Northwest ports ran nearly a tenth less than a year ago, causing a serious marketing problem in this season of heavy supply. In the 1970/71 season, dry pea exports exceeded 2.6 million hundredweight - a 20 percent decline from the record a year earlier. Shipments to the United Kingdom were the lowest in more than 20 years. However, this year, both the United Kingdom and Japan, our major customers, probably will be increasing their purchases from U.S. sources. Production estimates in these two countries indicated smaller 1971 crops.







