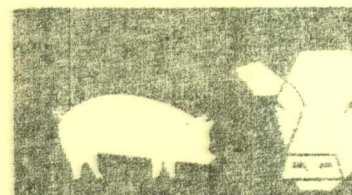


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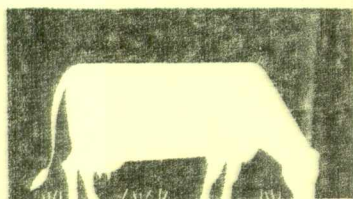
Palmer, Alaska
MARCH 1965



CROPS



LIVESTOCK



DAIRY



POULTRY

1965
the agricultural outlook

ALASKA'S AGRICULTURAL OUTLOOK FOR 1965
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The general economic picture for 1965 indicates another better-than-average year for the nation as a whole. Strong advances in economic activity now underway will likely continue at least through the first half of the year. Current trends reveal no serious imbalances in the economy. Forces expected to shape demand expansion for business, consumers and the government in coming months are (1) continued uptrend in business investments, (2) favorable inventory-sales ratios, (3) further improvement in the goods and services export-import trade balance, (4) more favorable factors affecting demand for housing, schools, and facilities, (5) expanded consumer purchases of goods and services, (6) another big sales year for autos, (7) larger consumer expenditures for food, and (8) increased government purchases of goods and services.

Such economic activity and growth as that outlined above should raise output, employment and consumer income. With prospects for expansion in plant capacity to nearly keep pace with greater output, reasonable price stability is likely. The current gradual upturn in average consumer prices will probably continue, due largely to rising costs of services. Further growth in employment, together with rising wage rates, will increase consumer incomes.

THE NATIONAL OUTLOOK

Continued economic expansion, rising consumer incomes, and population growth will further boost domestic demand for farm products in 1965. Per capita consumption of food is expected to maintain high levels reached in 1964. Consumers will eat more beef, veal and turkey but less pork, lamb and animal fats. A substantial upturn in use of fruits is indicated. Total food consumption is expected to rise in line with the predicted 1.4 percent growth in population.

Production of livestock and crops, with the exception of hogs, will make moderate gains. Beef production will rise again while dairy and poultry may be up slightly. Hog slaughter will be down. Overall, crop production may be up but marketings will not change much. Another good year is in prospect for exports of farm products.

Prices received for cattle will be unchanged. Hog and lamb prices probably will advance in response to lower production. A further drift downward in poultry prices is probable as output rises.

Farm production expenses may show smaller than average gains. Costs of feed, livestock and fertilizer will be higher. Overhead costs such as depreciation charges, taxes and interest will be up. Higher farm wage rates are expected in 1965. However, the need for labor continues to drop as more machines and other labor-saving devices are used and farms are combined into larger units. Income per farm and per capita of persons living on farms is expected to follow the trend upward but the gap between high-income and low-income farmers will widen.

POULTRY AND EGGS

NATIONAL OUTLOOK - More growth in egg production is indicated through mid-1965. Numbers of layers and replacement chickens on hand January 1 practically assure this. The volume of eggs produced during the second half of 1965 will depend largely upon the number of replacement chicks started in the first half. Rate of lay will probably continue upward as it has over the past 21 years. More broilers and turkeys will also be produced in 1965 than in 1964.

For eggs and turkeys, increases are expected to be large enough to cause a further decline in prices in 1965. Expansion in broilers may be small and farm prices may average higher. In summary the outlook for eggs and turkeys is less favorable in 1965 but is a little more optimistic for broilers, particularly during the first half of the year.

ALASKA OUTLOOK - 1965 will probably be a peak year for volume of eggs produced in Alaska. Chicken numbers may go well above 40,000 and could top the high level of 47,363 reported on farms January 1, 1961. This along with closer culling, should result in higher rate of lay and expanded total production.

Egg production for the month of March (688,000) was the highest for any month since estimates were started in 1960, according to the Alaska Cooperative Crop Reporting Service. With expanded production indicated in the lower 48, rather large shipments of low-priced outside eggs may continue to move into Alaska's markets. Larger shipments, coupled with greater local production, may tend to depress prices.

In spite of ever greater competition, Alaska's poultrymen are optimistic about the future. Existing operations are expanding and more automatic labor-saving machinery is being used. Through larger volume and improved efficiency local poultrymen hope to capture a greater share of local markets.

DAIRYING

NATIONAL OUTLOOK - Adjustments have continued in the dairy industry. During 1964, cow numbers continued their downward trend for the eleventh successive year. By year's end cow numbers were down 2.8 percent while replacement numbers were down 4 percent. Average annual production per cow reached 7,820 pounds, an improvement of 250 pounds. Marketings of milk went up by 1 percent. Prices received also went up one percent. Cash receipts from dairy marketings gained about 2.5 percent over 1963. Per capita consumption of milk decreased slightly, but population increase was sufficient to provide a slight strengthening of the overall market. Exports of dry skim have continued at a very high level, removing much of the problem of surpluses of a few years ago.

Cow numbers are expected to go down again in 1965, while per cow production is expected to continue its upward trend. Average production per cow should go above 8,000 pounds for the first time. Marketings of milk should be above 1964, although somewhat smaller increase than last year.

ALASKA OUTLOOK - Many changes took place in Alaska's dairy industry during the past year. Numbers of Grade A dairy farms dropped from 62 to 53 while cows milked went down from 2,600 to 2,300 head. Cow numbers went down some 220 head in the Matanuska Valley alone. Total milk production fell off by some 300,000 pounds. Prices paid for milk were slightly less than in 1963. Although the average annual production per cow went up 250 pounds, Alaska dropped one place in national ranking, to eleventh.

Noticeable adjustments will continue during the coming year. Numbers of Grade A dairies may decline well into the 40's. Cow numbers will adjust downward again in 1965. Production per cow will slightly increase, continuing a several year trend. New sanitary regulations coming into effect this summer may well necessitate a renewed emphasis on sanitation, disease control and bacterial count. Much of this emphasis will be "to continue doing the usual things but do them unusually well". Improvements in farm milk quality along with the opening of a new modern cooperative processing plant in Anchorage should strengthen marketing of local milk.

While emphasis on improved sanitation, better production practices and enhanced technology have brought noticeable gains, renewed emphasis on sanitation, along with farm business evaluation and adjustment must be given high priority in the coming year.

One may summarize the outlook for dairying with, "Now here, you see, it takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that." (Lewis Carroll's "Alice in Wonderland"). It will take a great deal of effort to "stay in the same place" and will take a doubled effort to move ahead.

BEEF

NATIONAL OUTLOOK - Cattle inventories expanded only about 400,000 head during 1964. Pressure from beef imports receded somewhat. Cow slaughter was heavy - up 20 percent from 1963 - and is expected to continue well into 1965. Steer numbers are down 5 percent from a year earlier. All of these factors indicate a possible reversal of the trend in cattle numbers of the past several years. Beef calves and heifers were up 2 percent from a year earlier. High slaughter numbers at much lighter weights along with a continued high slaughter of cows seems to be the picture for early 1965. This indicates the possibility of a slight decrease in cattle numbers, perhaps as much as 2 percent. Per capita consumption of red meat reached a high 174 pounds but may go down slightly this year.

ALASKA OUTLOOK - Cattle numbers remained relatively stable in 1964. Cow numbers were up slightly but heifer numbers were down. Greater interest in expanded slaughter facilities may indicate the appearance of more local beef in retail channels in the coming year. Beef cattle should again pick up their slow but sustained rise in numbers that has been going on for the past decade.

HOGS

NATIONAL OUTLOOK -- Hog numbers were down 9 percent on January 1 and may be expected to continue somewhat lower than in 1964. Hog prices are expected to average somewhat above 1964 due to an expectation of lower per capita supplies. Estimates of prices above 20¢ -- and even to 22¢ -- per pound are being made for early summer highs. Last year saw noticeable price fluctuations. Unless hog numbers go up during the latter part of the year, a modest price increase should continue throughout the year.

ALASKA OUTLOOK - Hog numbers for January 1, the largest recorded, show a 56 percent increase over January 1, 1964. Hog numbers may well show another increase this year because some new producers have entered the field. New slaughter facilities put in operation during the past year have undoubtedly encouraged upward movement in hog numbers and should continue to have a positive effect. Higher hog prices "outside" should strengthen local prices and possibly create some opportunity for further local expansion.

SHEEP

Sheep numbers increased by another 2,000 head in southeast Alaska during 1964. Total numbers reached the 20,000 mark as of January 1, 1965. The developing sheep industry in southwest Alaska is often forgotten due to its remote location, but it is growing at a substantial rate and will continue to move towards the position of a recognized industry. Wool is one Alaskan agricultural product produced for shipment "outside". It is a bit unique in this sense and should receive due recognition.

POTATOES

NATIONAL OUTLOOK - Outside potato growers' intentions for late summer and fall potato plantings indicate acreages will be up 7 percent over 1964. Larger plantings are expected in 22 of 33 states producing late summer and fall potatoes. Increases of 25 percent for Washington and 14 percent for Idaho are anticipated.

Based on an average yield per acre with an allowance for trend, production of potatoes from the indicated acreage of late summer and fall potatoes would be 237 million hundredweight, 17 percent more than in 1964 and 5 percent more than in 1963.

Potato prices are expected to remain above normal into the late summer. With the harvest of the late summer and fall crop prices will adjust in relation to production. Assuming average yields, prices will probably fall to the 1962 - 63 price level.

ALASKA OUTLOOK - Prospective potato plantings for 1965 are indicated at 800 acres, an increase of 40 acres over 1964. The Alaska market should be able to absorb the slightly larger expected harvest without strain providing growers market their crop in an orderly manner.

Prices received by Alaska growers for their 1964 crop were the highest in several years. Above average prices received are attributed to a reduction in total supply in the lower 48 states. This was a result of a 12 percent decrease in acreage from the previous year. Due to adverse weather, yields in all of the major potato growing areas were below average in 1964. If forecasted national production for 1965 materializes, Alaska growers should expect no more for this year's crop than they received during the 5 year period prior to 1964.

VEGETABLES

NATIONAL OUTLOOK - No major changes are anticipated in acreage planted to fresh vegetables. Prices will probably follow usual seasonal patterns which are largely determined by supply and demand. New restrictions on the use of foreign laborers may result in higher prices for some vegetables.

ALASKA OUTLOOK - Prospective plantings for 1965 indicate acreage increase of 30 percent for cabbage and 25 percent for carrots. This may lead to gluts on the market and reduced prices during the peak harvest months. Indications for lettuce are about the same as last year with little change in price anticipated. Prices for local fresh produce are less affected by outside conditions than for other crops. Recent changes in freight rates and shipping methods have so far had minor influences on the market for local fresh produce in season.

FEED CROPS

NATIONAL OUTLOOK - Anticipated changes for crops planted in the "South 48" are that soybeans will be up 2.6 million acres and grain sorghum by 700,000 acres. Reduction, below 1964, of 1.5 million acres of oats, 1.4 million acres of barley and one-half million acres of corn are indicated. Some increase in hay acreage is also indicated.

Prices of soybeans will probably drop below the high level of the past two years. No major changes in feed crops are anticipated unless congress makes major changes in current price support program.

ALASKA OUTLOOK - The Alaska Cooperative Crop Reporting Service's March 1 survey forecasts 1,465 acres more in crops than last year, for a total planted acreage of 19,550 in 1965. Of this predicted increase 1,400 acres will be planted to livestock feed crops (grain and forages) and 65 acres to potatoes and vegetables.

Anticipated planting of 2,300 acres of oats and 2,700 acres of barley represent increases of 100 and 500 acres respectively. Because of a slow start last spring, less than 45 percent of the planted acreage was actually harvested as grain, production being the smallest in several years. With normal weather conditions prevailing this spring grain production could be the largest on record. An additional 800 acres of mixed grain and grass to be harvested for hay or silage is indicated.

With last year's reduction in dairy cattle only partially offset by increases in hogs, 1965's production should be sufficient to meet all requirements for livestock feeds that can be raised in Alaska.

No rise in feed prices are anticipated locally or nationally. On the contrary, four factors indicate that Alaska's farmers should expect lower prices for livestock feeds. They are (1) lower milk prices, (2) reduction in dairy cow numbers, (3) larger plantings of feed crops, and (4) stronger competition by imported feeds due to more efficient shipping methods and lower freight rates. Last year's development of better slaughtering facilities and improved marketing practices may help to foster increased meat production. This could improve the overall outlook for locally produced livestock feeds in the future.

FARM COSTS

NATIONAL OUTLOOK - Although farm production expenses have risen an average of about 3.5 percent per year for a decade, the rise in 1964 was approximately 1 percent. Increases came primarily in categories such as fertilizer, repair and operating capital items, taxes and interest. They were partially offset by smaller outlays for feed, livestock and hired labor. Overall production expenses should show a slight increase this year. Prices of feed, livestock, fertilizer, along with depreciation costs, taxes and interest will go up. These rises should be offset somewhat by general substitution of machines for labor and other labor-saving developments. The trend toward fewer and larger farms will surely continue.

LOCAL OUTLOOK - Taxes, interest, depreciation and maintenance may all take a slightly greater part of farm incomes. Purchasing feed in larger quantities and in bulk may effect some savings in overall feed costs. Comparisons of national and Alaska milk-feed price ratios still indicate that feed is a good buy in Alaska. Feed is high but the price ratio relationship of milk and feed is favorable. Emphasis will be placed on economic input/output ratios at an increasing rate if farmers in Alaska are to attain a more competitive status. Unit costs of production must receive very close attention because the per unit net operating margin measures the economic success of a farm far better than the price of a product sold.