

South Dakota State University  
**Open PRAIRIE: Open Public Research Access Institutional  
Repository and Information Exchange**

---

Economics Commentator

Department of Economics


---

1-17-1974

## Agricultural Outlook for 1974

Robert J. Antonides  
*South Dakota State University*

Follow this and additional works at: [http://openprairie.sdstate.edu/econ\\_comm](http://openprairie.sdstate.edu/econ_comm)

 Part of the [Agricultural and Resource Economics Commons](#), and the [Regional Economics Commons](#)

---

### Recommended Citation

Antonides, Robert J., "Agricultural Outlook for 1974" (1974). *Economics Commentator*. Paper 35.  
[http://openprairie.sdstate.edu/econ\\_comm/35](http://openprairie.sdstate.edu/econ_comm/35)

This Newsletter is brought to you for free and open access by the Department of Economics at Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. It has been accepted for inclusion in Economics Commentator by an authorized administrator of Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. For more information, please contact [michael.biondo@sdstate.edu](mailto:michael.biondo@sdstate.edu).



# Economics Newsletter

Economics Department

• South Dakota State University

• Brookings 57006

• (605) 688-4141

No. 36

January 17, 1974

## AGRICULTURAL OUTLOOK FOR 1974

A sharp climb was experienced in 1973 in farm prices, in farm income and in farm assets brought about by unprecedented domestic and foreign demand. Prices received by farmers during 1973 averaged about 35 percent higher than in 1972. Realized net farm income in the U. S. for the year was the highest ever, about \$5 billion higher than 1972, or about 25 percent. Farm real estate prices appear to have risen an average of 20 percent nationally.

### INCOME

In 1974, farm prices of both crops and livestock will likely average about the same as 1973. However, direct government payments to U. S. farmers will be down sharply from the \$2.6 billion in 1973. These lower payments combined with some rises in farm production expenses could well cause realized net income to be somewhat lower than the 1973 national total of \$25 billion. Much, of course, depends upon such factors as growing conditions, and the availability of fuel, fertilizer and other inputs at the proper time.

### EXPENSES

Farm production expenses have risen nearly a third since 1972. The increase in 1974 over 1973 is not expected to be as large. Nearly 60 percent of the increases in production expenses were due to inputs of farm origin, (such as feed grain and feeding animals) which represents income to other farmers. These are not expected to change significantly.

### FARM ASSETS

The value of farm assets as of January 1, 1974 totaled \$441 billion, 15 percent greater than a year ago. Debt claims

against those assets were up 9 percent, or \$80 billion. About two-thirds of all farm assets are in the form of real estate. Land prices will continue to rise in 1974 as farmers seek more land for enlargement purposes. More investments in capital improvements will be made in 1974, though they are likely to be in smaller proportions as net farm income declines from the 1973 high.

### CROPS

Despite delays in plantings in 1973, U. S. crop production was the highest ever. In the most critical areas of corn, wheat and soybeans, there may still be further reductions in carryover stocks particularly in corn and wheat. This points to continued strong prices for these grains. Projections for 1974 indicate substantial increases in acreage and production, provided there are adequate supplies of fuel, fertilizer and other inputs.

### LIVESTOCK

Many conditions led to the current livestock picture. Red meat production in 1973 was down six percent and prices were up about 35 percent. Very severe winter weather and the ban on DES caused slower weight gains on animals

being fed for slaughter. Sharply rising feed prices discouraged hog producers from following through on expansion plans. Devaluation of the dollar made our meat and feed products more competitive in world markets. Stronger demand for meat was world wide, thus raising the price of imported meat. Price controls on meat caused disruptions that led to smaller supplies of meat and sharply higher prices.

#### DEMAND FOR MEAT

Per capita food consumption was down about 1.5 percent in 1973. Much of this was due to the lower amount of red meat available and its higher price. High prices for meat in 1973 gave a boost to meat substitutes as consumers sought ways to keep meat expenditures at a minimum. Meat substitutes are likely to continue to be of some importance. At present, it is anticipated that increased supplies of meat may be coming on the market beginning about the second quarter of the year. If this occurs meat consumption may recover about half of the 1973 loss of about 13 pounds per person.

#### POULTRY PRODUCTS

Strong consumer demand and relative-

ly high red meat prices will tend to support poultry and egg prices, although they are not expected to reach the highs of 1973.

#### DAIRY PRODUCTS

High feed prices together with strong slaughter cow prices have been the primary reasons for reduced milk production. Lower milk output per cow (the first decline in nearly 30 years) accounted for a large part of last year's drop. This resulted from high prices which limited the use of protein supplements and discouraged increases in grain feeding rates. Milk production may show a further decline in 1974. Farm milk prices took a sharp jump from July to November, reflecting the tight demand-supply situation for dairy products. During the first half of 1974, retail dairy prices will probably stay well above a year ago.

#### SHARE OF MARKET BASKET

Retail prices of food rose rapidly during 1973. Farm prices were high and in the last quarter of the year, marketing margins began to climb. The farmer's share of the food market basket averaged 45 cents as compared with a range of 37-41 cents for the previous decade. The margins are likely to continue into 1974.

Robert J. Antonides, Extension Economist

COOPERATIVE EXTENSION SERVICE  
U. S. DEPARTMENT OF AGRICULTURE  
SOUTH DAKOTA STATE UNIVERSITY  
Brookings, S. D. 57006  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF  
AGRICULTURE  
AGR 101

