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Letter No. 2377

August 25, 1988

1988 NET CASH  
INCOME STEADY

The drought's effect on farmers' incomes has been uneven, according to the U.S. Department of Agriculture. Although some crop farmers have suffered severe losses, others with irrigation or normal rainfall have benefited from the higher prices. Higher feed costs and poor range and pasture conditions are hurting livestock incomes. Farmers suffering severe losses will receive some relief through the recently passed Disaster Assistance Act. Net cash income for the farm sector as a whole is expected to equal or possibly exceed last year's \$57.1 billion. Net farm income, which reflects inventory drawdowns caused by the crop shortfall, will be some \$3 - \$8 billion below last year's \$46.3 billion.

SPRING WHEAT  
50% LOWER

The production of spring wheat is estimated by the U.S. Department of Agriculture at 50 percent below last year...corn, 37 percent...soybeans, 23 percent. Wheat stocks will be drawn down to half of a year earlier by the end of the 1988/89 crop year, and corn and soybeans to a third. The reduced supplies are fanning market prices. The average price for wheat during 1988/89 is forecast at \$3.45 - \$3.95 per bushel, up from \$2.57 a year earlier...for corn, \$2.30 - \$2.70, up from \$1.90 - \$2.00. The forecast for soybeans is \$7.25 - \$9.75, up from \$6.15.

EMERGENCY  
FEED

Three hundred fifty five million bushels of feed grains owned by the U.S. Department of Agriculture's Commodity Credit Corporation are being held in reserve to meet the potential demand for emergency livestock feed as a result of the recently enacted Disaster Assistance Act of 1988. The Act provides about \$3.9 billion to assist producers who have experienced crop losses or feed shortages caused by this year's severe drought. The grains in reserve include 250.4 million bushels of corn, 79.7 million bushels of sorghum and 25 million bushels of barley.

CONSERVATION  
PLANS FOR 54  
MILLION ACRES

Conservation plans have been developed by the U.S. Department of Agriculture for 54 million acres of highly erodible cropland -- 38 percent of the 143 million affected by the conservation provisions of the Food Security Act of 1985. Plans have been implemented on 17 million acres, or about 12 percent of the affected land. Under the Food Security Act, a farmer who crops highly erodible land must have a conservation plan approved by Dec. 31, 1989, and implement it fully by Dec. 31, 1994, to remain eligible for USDA program benefits.

STOCKS DOWN,  
PRICES UP

U.S. wheat stocks on May 31, 1989, are forecast by the U.S. Department of Agriculture at about 600 million bushels, less than half the June 1, 1988 stocks. About half of those carryover stocks are forecast to be in the Farmer Owned Reserve. An additional third may be in CCC inventory. Because of lower stocks, the season average market price is forecast between \$3.45 - \$3.95 per bushel, up from \$2.57 in 1987/88.

WHEAT SUPPLY  
LOWEST SINCE  
1979/80

U.S. wheat supplies in 1988/89 are forecast at 3.1 billion bushels, down over 20 percent from a year earlier and the lowest since 1979/80, according to the U.S. Department of Agriculture. Production is forecast at 1.8 billion bushels, down 13 percent from a year earlier, while carryin stocks are down 30 percent. The supply will be more than sufficient to meet the expected use, although the forecast ending stocks-to-use ratio is the lowest since 1973/74. Fewer idle U.S. acres and higher world prices will likely lead to larger 1989/90 U.S. and foreign production.

EC PROPOSES  
EXPORT CREDITS  
FOR WHEAT

The European Community is apparently considering the use of new export credit programs to assist agricultural exports, according to the U.S. Department of Agriculture. The EC Commission recently sent two proposals to the EC Council which would establish Community-wide guidelines for commercial credit extended by EC member states for agricultural exports, and would establish a Community financing facility for concessional credits to developing countries importing EC agricultural products. Provisions of the proposed budget assume that during the first year, the facility would finance exports of about 2 million tons of wheat.

UP AND DOWNS  
OF HARD REDS  
AND DURUM

Largely due to the drought, Hard Red Spring wheat production is forecast to decline 56 percent in 1988 to 188 million bushels, according to the U.S. Department of Agriculture. However, indications are that the Hard Red Spring and Durum crop quality is higher than expected, and protein content is rated high. Hard Red Winter production in 1988 is an estimated 894 million bushels, down 12 percent from a year earlier, and area and yields are forecast lower. In contrast, Soft Red Winter wheat production is up 33 percent in 1988, as area and yield increased.

JULY MEAT  
PRODUCTION

Commercial red meat production for the U.S. in July 1988 totaled 3.17 billion pounds, nearly the same as July 1987, according to the U.S. Department of Agriculture. The January-July red meat production was 22-1/2 billion pounds, up 3 percent from the comparable period a year earlier. Comparing July 1988 with July 1987, beef production at 1.98 billion pounds was down 2 percent from a year earlier. Pork production, at 1.13 billion pounds, was up 5 percent. Veal production, at 31 million pounds, was down 9 percent.

U.S. AND USSR  
ON LONG-TERM  
AGREEMENT

As of August 25, the United States and the Soviet Union have reached on final agreement on either on new long-term grain agreement or an extension of the current agreement which is set to expire on Sept. 30, 1988. According to Thomas Kay, Admin. FAS, U.S. Department of Agriculture, the two sides are in continuing contact and expect another round of talks to take place in September.

FROM OUR RADIO  
SERVICE

AGRICULTURE USA #1630...(Weekly 13 1/2 min documentary)  
What direction should Biotechnology take in the future? Some scientists are ready to pick up the pace while environmental activists say slow down. On this edition of AGRICULTURE USA two of the nation's leading experts debate the pros and cons of biotechnology.

AGRITAPE/FARM PROGRAM REPORT #1618...(Weekly reel of news features) USDA news highlights; New trade bill signed; U.S. exports continue to improve; Drought disaster payments; Pollution by Agricultural production.

CONSUMER TIME #1110...(Weekly reel of 2 1/2-3 min features)  
Planning for a funeral; Mobile homes in rural America; Fighting bone disease; Choosing the right nursing home; Testing clothes for quality.

USDA RADIO NEWS SERVICE...Mon, Sept. 12, U.S. crop production report; Soviet grain outlook; World supply and demand; Tues, Sept. 13, Weekly weather and crop outlook; World Crop Production report; World Oilseed report; World Cotton report. Wed, Sept. 14, Sugar and sweeteners outlook; Thurs, Sept. 15, Milk Production report; Fri, Sept. 16, Cattle on feed report.

FROM THE NEWS SERVICE: In addition to our normal news lines, we are offering a daily crop weather update which is changed Monday through Friday at 9 A.M. Eastern Time. The number for this report is 202-447-2545

TELEVISION SERVICE program, A BETTER WAY, DOWN TO EARTH, AGRICULTURAL UPDATE and SATELLITE NEWS are available on satellite Westar IV, audio 6.2 or 6.8 as follows:

Thursdays...AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET....Transponder 12D

Saturdays...A BETTER WAY, 10:00-10:30 a.m. ET.....Transponder 10D  
ORIGINAL DOWN TO EARTH, 10:30-11:00 a.m. ET.....Transponder 10D  
UPLINK SATELLITE NEWS/AG UPDATE, 11:00-11:15 a.m. ET.....Transponder 10D

Mondays.....A BETTER WAY, 8:00-8:30 a.m. ET.....Transponder 12D  
REPEAT DOWN TO EARTH, 8:30-9:00 a.m. ET....Transponder 12D  
UPLINK SATELLITE NEWS/AG UPDATE, 9:00-9:15 a.m. ET.....Transponder 12D

A BETTER WAY is also available on The Learning Channel, SATCOM 3R, Transponder 2, Audio 6.8 on Thursday at 10:30 a.m. ET.



OFFMIKE

September Crop Report news conference will be broadcast on satellite for both radio and TV September 12, 3:30 p.m. ET. Radio on Westar 4, transponder 1-X. TV on Westar 5, 12-D, audio 6.2 & 6.8.

Reminder - National Association of Farm Broadcasters convention, November 13-16, at Crown Center in Kansas City, MO.


Reminder - Radio-Television News Directors Association international conference, November 30-December 3 in Las Vegas. Exhibits, seminars, and interviews make it worthwhile. RTNDA membership not required. (202) 659-6510 for additional information.

September 12 Lynn Wyvill moves from the USDA Video and Teleconference staff to the Radio & TV Division. She will produce and direct Satellite TV News Service, and undertake special projects for the Division. Those of

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you who receive TV News may recall that she previously served on-air with USDA's Economic Marketing Service. On September 22 Brenda Curtis-Heiken (USDA radio staff) assumed the role of Radio & TV Division Deputy Director. Eric Parspons (Agriculture Update) has been promoted to chief, ASCS Information Division Broadcast Services, replacing Nelson Robinson who retired. Dix Harper, (WRAL-TV/Tobacco Net, Raleigh, NC) called the other day to express congratulations on new assignments. Despite the fact that his year-long term as NAFB president is approaching an end, he still had a sprightly sound in his voice. Now there's a guy with Constitution.

  
VIC POWELL, Chief, Radio and Television Division.