

MICHIGAN FARM NEWS



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Overall Economic Outlook for 1993

Lester V. Manderscheid, MSU Ag. Econ Dept. Officially, the 1990-91 recession ended in the spring of 1991. Economic recovery has been very slow, much slower than is typical of recovery periods. The University of Michigan survey of consumer attitudes found confidence in economic policy at an all-time low in mid-1992.

A new administration brings uncertainty concerning economic policy. Investments in equipment may be postponed until there is a clear signal on legislation concerning investment tax credit. However, consumer spending increased in December, indicating a rebound in consumer confidence in the future of the economy.

The economy currently is not under major stresses. Unemployment is still above 7 percent, which means that workers are available to increase output. Inventories are relatively low, and credit is generally available. Economic growth in 1993 is expected to be 3 percent after correcting for inflation. Business firms will use low interest rates and investment tax credit to modernize equipment and improve productivity.

Michigan will continue to experience the impact of plant closings in the auto industry. The good news is that the average age of automobiles and light trucks in the U. S. is eight years compared to six years in about 1970. Some 20 percent of the fleet is over 12 years of age. Increased auto sales could help blunt the effect of plant closings. However, Michigan's unemployment will remain above the national rate throughout 1993.

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Special thanks to MSU's Ag. Econ. Department staff and coordinator Jim Hilker

AFBF Convention Delegates Oppose Tax Increases

Delegates to the American Farm Bureau Federation's 74th annual meeting in Anaheim, Calif., approved policies calling for growth-oriented economic measures that reject tax increases, the adoption of the North American Free Trade Agreement with "transitional safeguards" for sensitive agricultural commodities, and protection for private property rights in the enforcement of environmental laws.

Asserting that the nation's economy is their overriding concern, the farmer delegates approved recommendations to be sent to President Clinton. "The delegates had a long discussion about the growing federal deficit and national debt, and debated at some length whether tax increases should be used to reduce the deficit," said Al Almy, director of public affairs for Michigan Farm Bureau. "When the debate ended, the delegates adopted a very clear policy that calls for a balanced federal budget achieved through spending restraints and spending cutbacks. They opposed all tax increases, and reaffirmed this as a top priority for Farm Bureau in the coming year" (see related remarks in "president's column").

Almy said that Farm Bureau's policy stand against tax increases will be very important in the 1993 budget debate. "We believe there will be many efforts by members of Congress, some members of the new administration and by outside private interest groups who will be opposed to any cutbacks or restraint on federal spending," he said. "They will suggest tax increases as a way of reducing the deficit and national



Above, MFB President Jack Laurie introduces a policy amendment that called for a balanced federal budget achieved through spending restraints and spending cutbacks, without tax increases. After considerable discussion, the Michigan amendment won approval by the 250 voting delegates.

debt. I think one of the real concerns of the delegates that led them to oppose tax increases is the fact that Congress and the federal government have a very dismal record when it comes to using tax increases to actually reduce the deficit and national debt. Instead, the increased revenue from previous tax increases has been used to finance new programs and more spending."

The Farm Bureau policies also include reinstatement of capital gains treatment and the investment tax credit, which Clinton has called for; a line-item veto for the president; and a constitutional amendment requiring a balanced federal budget.

Turning to international trade, the delegates endorsed NAFTA as signed by President Bush. They said the implementing legislation that Congress will begin writing soon should include temporary safeguards for commodities that will be hurt by imports from Mexico. AFBF President Dean Kleckner said the delegates expressed "overwhelming" support for NAFTA and "strong" support for the ongoing world trade negotiations.

In several policy statements, the delegates expressed their concern that private prop-

See "AFBF Annual" continued on page 3

MSU Extension Special Radio Broadcast Feb. 6 to Focus on Michigan's Corn Problem and Alternatives

Coping with Michigan's corn problem will be the focus of a special broadcast at 8 a.m. to 9 a.m., Feb. 6, on 12 Michigan radio stations.

The program will be heard live on the following stations:

- WTGV (97.7 FM)..... Sandusky
- WKYO (1360 AM)..... Caro
- WMLM (1540 AM)..... St. Louis
- WJIM (1240 AM)..... Lansing
- WBCH (1220 AM)..... Hastings
- WPZA (1050 AM)..... Ann Arbor
- WDOW (1140 AM)..... Dowagiac
- WLKM (1510 AM)..... Three Rivers
- WTVB (1590 AM)..... Coldwater
- WCSR (1340 AM)..... Hillsdale
- WABJ (1490 AM)..... Adrian

WLEW (1340 AM) in Bad Axe will tape delay the program by one hour. That broadcast will be from 9 a.m. to 10 a.m.

The broadcast, to be moderated by the Michigan Farm Radio Network, is being paid for by the Michigan State University Cooperative Extension Service.

Originating from MSU's Agriculture Hall, the program is intended to answer questions farmers have about harvesting, marketing, handling and feeding corn. Farmers can call in during the show to pose questions to a panel of resource people.

The number farmers should call between 8 a.m. and 9 p.m. is: (517) 355-0117.

No collect calls will be taken. If the number indicates busy, farmers are encouraged to redial. The phone line can handle up to five callers at any given time.

The broadcast will feature Extension specialists in animal science, agronomy, entomology, plant pathology, agricultural economics and agricultural engineering.

An all too familiar part of Michigan's winter scenery, the 1992 corn harvest was reported as only 75 percent complete as of mid-January.



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Holding Back the Tax Increase Tidal Wave

The nearly 150 Michigan Farm Bureau members at the American Farm Bureau Federation annual meeting Jan. 10-14 in Anaheim searched in vain for sunshine during one of the rainiest weeks in southern California history. There's no doubt that the downpour was welcomed by California agriculture, which has suffered through several years of severe drought. But the rain fell so fast and furious that much of it went to waste. The saturated ground could not soak up all the water and the reservoirs were filled to overflowing so, unfortunately, a good portion of the moisture drained away into the ocean.

Just as California farmers have been waiting and hoping for rain, various special interest groups around the nation have been anticipating a downpour of government spending from the new Clinton administration. Farmers, to their credit, make productive use of rainfall. But special interests, I fear, are looking forward to soaking Uncle Sam for their pet projects without much benefit to the rest of us.

The issue of government spending and taxation generated a very spirited debate during the AFBF resolutions session. For several years, AFBF policy has consistently called for cuts in spending, rather than an increase in taxes, as a way to bring the federal deficit under control. But this year's proposed AFBF policy, in the views of our Michigan delegates, would have watered-down this "no new taxes" philosophy. So our farmers argued vigorously in support of the Michigan Farm Bureau national policy recommendation, approved at our state annual meeting, that calls for a continuation of AFBF's traditional opposition to tax increases.

I'm proud to report that the efforts of your Michigan delegates were successful, and 1993 AFBF policy stands firmly against tax hikes. This policy will be critically important as we begin the new Clinton administration. Already, there has been widespread publicity about the projected size of the federal deficit. Administration appointees have been widely quoted about the need for a gasoline tax hike, a consumption tax or some other kind of revenue enhancement as the only "realistic" way to reduce the deficit.

But, in fact, as Farm Bureau has pointed out time and time again, the reason we have a deficit is not too little revenue - it's too much spending! Over the past decade, federal tax receipts as a percentage of Gross Domestic Product have remained stable, while federal expenditures have soared.

The tax hikes signed into law in 1990 by President Bush did not cut the deficit, and tax hikes being proposed for President Clinton's term of office won't cut the deficit either. There's no doubt that the deficit must be brought under control. But the solution lies in controlling spending and promoting economic growth, not burdening us with more taxes.

Farmers need to take the time to remind the new Clinton administration and Congress that raising taxes and sending more money to our nation's capitol will simply be a repeat of what has already been proven to be ineffective at reducing our deficit and balancing the budget.

Jack Laurie
Jack Laurie, President
Michigan Farm Bureau

Is This Your Last Issue of the Michigan Farm News?

It could be if your Michigan Farm Bureau membership dues have not yet been renewed. According to MFB Member Services Department Manager, Doug Fleming, just over 6,600 out of 45,450 regular (farm) members, had not renewed their dues as of presstime. Effective Feb. 15, all unpaid members will no longer receive the *Michigan Farm News* until their membership dues are current. Fleming reported that nearly 38,400 regular members and another 47,000 associate members had renewed their dues thus far. A total of 9,525 new members have been written thus far, putting MFB's membership at 76.5 percent of goal (total membership), and at 85.34 percent of target (farmer membership). Be sure to watch your mail for a membership renewal notice if your dues haven't been paid, and checkout the member service ads in this issue to make sure you're getting the full benefit of your Farm Bureau membership.



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In Brief...

USDA Responds to MFB Corn Disaster Request

Michigan Farm Bureau had asked USDA to allow grade standards to be included in the eligibility requirements used to qualify Michigan corn producers for disaster assistance. MFB had stated in a letter to USDA that if grade standards were used to determine eligibility, producers who are suffering devastating economic losses due to extremely poor quality corn could qualify for assistance. What follows is the response from USDA.

Mr. Laurie:

Many thanks for your letter regarding administration of the disaster provisions of the Food, Agriculture, Conservation, and Trade Act of 1990 as amended. Section 2245 of the 1990 Act provides discretionary authority for making additional disaster payments to producers who suffer losses resulting from the reduced quality of their crops which was caused by damaging weather or related conditions. Much consideration was given to section 2245 of the 1990 Act. However, because of concerns regarding potential costs and subjective eligibility criteria, it was determined that the crop quality reduction payments provision in section 2245 would not be implemented.

Producers are eligible for assistance in accordance with the 1990 Act with respect to unharvested corn if their loss is in excess of 40 percent (35 percent for producers who had obtained crop insurance coverage) of the farm program payment yield established for the farm. County Agricultural Stabilization and Conservation committees are not authorized to consider quality when assigning yields in these cases.

Sincerely,

Robert Randall Green, Acting Under Secretary for Commodity Programs

MFB continues to seek out other regulatory and legislative alternatives to address disaster assistance for Michigan farmers hard hit by the immature corn crop.

USDA to Permit Planting of 1993 Crop Soybeans on Optional Flexible Acres

Former Secretary of Agriculture Edward Madigan announced that soybeans may be planted on optional flexible acreage as allowed by the 1993 price support and production adjustment programs. Producers may plant designated crops on acreage, known as "flexible" acreage, that does not exceed 25 percent of each crop acreage base enrolled in these programs, and the crops planted can be credited as "considered planted" to the program crop. The first 15 percent is called "normal flexible acreage" and the other 10 percent is called "optional flexible acreage".

Deficiency payments won't be made to optional flexible acreage planted to a crop other than the crop for which acreage base has been established. However, producers who plant program crops or oilseeds on optional flexible acres may receive price support. The secretary is required to prohibit the planting of soybeans on optional flexible acres if on Jan. 1 the estimated price of 1993 - crop soybeans was below 105 percent of the 1993 loan rate. On Nov. 16 the national average price support loan level of \$5.02 per bushel was announced for the 1993 crop of soybeans. Since the price of soybeans is projected to be greater than \$5.27 a bushel (105-percent of the price support loan rate), soybeans may be planted on optional flexible acres, Madigan said.

Michigan December Farm Prices Higher

The Index of Price Received by Farmers in Michigan for all products, as of Dec. 15, was 131 percent of its 1977 base, according to the Michigan Agricultural Statistics Service. The December index is 1 percent over the November index of 130 percent, and 6 percent over December 1991's level of 124.

The price index for all crops in Michigan rose 2 percent from its November level. Feed grains led the increase with hay prices rising 6 percent from last month. Potatoes, soybeans, and winter wheat prices all rose 1 percent while corn prices fell 1 percent from November. Dry beans and sugar beet prices were virtually unchanged.

The livestock products index fell 1 percent from November. The decline was led by egg and milk prices, which dropped 8 and 2 percent respectively. Meat animals partially offset the fall by rising 3 percent from last month. Calves rose 10 percent, while hogs rose 5 percent from a month ago.

Michigan Wheat Seedings Down

Fall seedings of winter wheat in Michigan for harvest in 1993 were estimated at 600,000 acres, according to the Federal/State Michigan Agricultural Statistics Service. This is down 8 percent from the previous year, but 5 percent above two years ago. The combination of a cool summer that delayed crops maturities, and a wet fall that hampered harvest of many crops, prevented some acres of winter wheat from being planted.

About two thirds of the Michigan wheat acreage was planted by mid-October. Condition of the wheat crop as it headed into the winter season was about 55 percent good to excellent. Early planted wheat was in better condition than late planted wheat acreage. Rye seedings totaled 80,000 acres, down 17 percent from last year. This is the lowest seeded acreage since records of planted acres began in 1931. Nationally, fall seeded acreage for the 1993 winter wheat crop is estimated at 51.5 million acres, up 1 percent from 1992.

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Officers: President, Jack Laurie, Cass City; Vice President, Wayne Wood, Marlette; Administrative Director, Chuck Burkett; Treasurer and Chief Financial Officer, Tom Parker; Secretary, William S. Wilkinson. Directors: District 1, Jim Miller, Coloma; District 2, Blaine VanSickle, Marshall; District 3, Diane Horning, Manchester; District 4, Tom Guthrie, Delton; District 5, Mark Smuts, Charlotte; District 6, Wayne Wood, Marlette; District 7, Larry Snider, Hart; District 8, Richard Leach, Saginaw; District 9, Joshua Wunsch, Traverse City; District 10, Margaret Kartes, West Branch; District 11, Robert Wahmhoff, Baraga. At-Large: Douglas Darling, Maybee; Jack Laurie, Cass City; Faye Adam, Snover; Jan Vosburg, Climax. Promotion and Education, Paul Swartzendruber, Pigeon; Young Farmers, Kurt Inman, Sturgis.

AFBF Annual Meeting Highlights Continued...

erty rights are under assault from environmental laws and regulations. They said the rewrite of the Clean Water Act should rely on voluntary actions by farmers, with incentives from state and federal programs, to remedy problems with non-point source pollution (agricultural runoff).

Delegates supported pollution permit trading in the reauthorized Clean Water Act. They said farmers should be compensated for restrictions resulting from Endangered Species Act measures that put the burden of protecting plants and animals on landowners.

The package addressed estate tax issues, calling for eventual repeal of the federal estate tax, with an interim increase in the exemption to \$1 million from the present \$600,000. Delegates opposed taxing capital gains at death. They also called for indexing of capital gains to negate inflation's impact.

AFBF President Dean Kleckner said, in a post-convention news conference, "With a new administration and a Congress that is one-quarter new, we have the opportunity to present our ideas on economic policy". Kleckner also stressed the delegates' sense that they are facing "regulatory overkill." President-elect Clinton, he said, "must address the issue of over-regulation. If not, his plan for a growing economy will fall in shambles."

Delegates also called for the elimination of federal agricultural disaster programs in favor of federal or private crop insurance programs. They said crop disaster programs and crop insurance should be combined into a single program and designed to encourage widespread participation.

In other actions, the delegates voted to:

- Oppose additional delays in revisions to the wetlands manual and support the exemption of prior-converted cropland and any land that has been cropped from wetlands provisions of the Clean Water Act.
- Oppose the imposition of new gas or carbon taxes or the use of gas tax revenues for other programs.
- Support environmental regulations based on scientific data with a requirement that scientific studies undergo replication and peer review.
- Support immediate legislative solutions to ensure the availability of minor-use pesticide.
- Support efforts to improve the present health care system based on minimal government intervention, tort reform dealing with medical malpractice law-

MFB's Promotion and Education Committee in attendance at the AFBF annual, encouraged young and old alike to "Discover the Treasures of Promotion and Education."



suits and pursuit of innovations in medical care, such as individual medical savings accounts.

- Oppose the introduction of wildlife that prey on livestock.
- Support strong intellectual property provisions under the Plant Variety Protection Act to allow farm producers to retain seed for their own personal use.
- Support humane treatment of animals while opposing the elevation of animals to the same status as people.
- Support production and use of agricultural-based fuels such as ethanol, biomass fuels and bio-diesel.
- Support exemptions from commercial driver's license requirements for farmers who transport pesticides and fertilizers on farm vehicles.

In addition to setting the organization's policy for the year, delegates re-elected MFB President Jack Laurie to the AFBF Board of Directors.

MFB Young Farmers were represented well at the annual by James Wagner of Cass County, who competed in the Distinguished Young Farmer competition. Below, Robert Sollman (left) of Eaton County also represented Michigan well in the first three rounds of the Young Farmer Discussion Meet Contest.



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Weather

Expect Above Normal Temps and Normal Precipitation

Milder than normal conditions persisted over nearly all of Michigan during the past 30 days, with departures from normal ranging as high as 5-7 degrees F above the 30-year normals in the southern section. An active southern branch of the jetstream brought several weather systems into the state (the same mechanism responsible for all the precipitation in the southwestern U.S.), resulting in above normal precipitation amounts, especially in southern sections of the Lower Peninsula, where rain and snow totaled in excess of 200 percent of normal for the period.

While keeping or bringing soil moisture levels at or near field capacity, the precipitation, some of which fell in the form of heavy wet snow, caused further corn harvest delays and likely induced lodging in some areas.

The latest National Weather Service 30-day outlook calls for little change in the general weather pattern that has persisted in the Great Lakes region for the past several weeks. The outlook for mid-January through mid-February calls for above normal temperatures statewide, with near normal precipitation in the north and above normal amounts in the south.

In contrast, the 90-day National Weather Service outlook calls for drier than normal conditions statewide for the January through March period, with temperatures expected to average above normal in the western half of the Upper Peninsula and near normal elsewhere.

Michigan Weather Summary

12/15/92 to 1/15/93	Temperature		Precipitation	
	Observed Mean	Dev. From Normal	Actual (inch.)	Normal (inch.)
Alpena	23.8	+ 2.5	1.48	1.74
Bad Axe	26.7	+ 2.6	3.43	1.59
Detroit	31.6	+ 7.3	3.94	1.87
Escanaba	20.7	+ 1.3	0.97	1.83
Flint	29.5	+ 5.4	3.03	1.87
Grand Rapids	28.3	+ 5.5	5.28	2.41
Houghton	16.4	- 0.9	2.80	1.96
Houghton Lake	23.5	+ 2.8	2.09	1.74
Jackson	28.3	+ 3.0	.70	1.74
Lansing	28.8	+ 5.2	3.83	1.74
Marquette	16.3	+ 3.3	2.21	1.96
Muskegon	28.2	+ 2.5	2.78	2.21
Pellston	22.1	+ 3.1	1.86	1.89
Saginaw	27.6	+ 3.6	4.27	1.59
Sault Ste. Marie	18.0	+ 1.9	2.66	1.83
South Bend	29.5	+ 4.1	4.40	2.41
Traverse City	24.8	+ 1.0	2.97	1.89
Vestaburg	26.5	+ 2.5	4.94	1.73

Normals are based on district averages.

Jeff Andresen, Ag Meteorologist, MSU

Michigan Fruit Outlook - Expansion Underway

Donald Ricks, MSU Ag. Econ Dept.

Apples

After an average-sized crop in 1991 of 22.1 million bushels, which was accompanied by higher prices, Michigan's 1992 apple crop was large despite a substantial crop-reducing freeze in late May. Industry estimates indicate the 1992 crop may be as large as 24 million bushels. The largest Michigan crop in recent years has been 25-26 million bushels.

Preliminary data from the 1991 Michigan orchard survey indicate that the state's total apple acreage is down slightly at 59,000 acres from 61,700 acres in 1986. Apple tree numbers, acres of bearing age and yields per acre are all trending upward, however. Many in the industry estimate that Michi-

gan could soon produce as many as 30 million bushels in a year with favorable weather, and might well have produced that much in 1992 if the late May freeze had not occurred.

With the prospects for larger crops in future years, the apple industry will need to gear up to handle and market the expected larger production. Further market expansion for fresh and processed apples as well as more bin-boxes and additional storage capacity will likely be needed.

Tart Cherries

The nation's 1992 tart cherry crop, which is heavily influenced by Michigan's production, turned out to be large. With larger supplies in 1992, market prices dropped considerably from new pack opening prices. The low prices in 1992 were in notable contrast to 1991 crop prices which were the highest since 1983.

Conditions in the tart cherry industry during 1991-92 illustrate several industry needs for strong cherry marketing including:

- Strong cherry demand expansion for both domestic and export markets.
- Some type of supply management capability so that the industry can avoid severe shortages, which curtail the building of long-run markets with

cherry customers; substantial surpluses in the large-crop years; and overplantings that can result in excessive producing acreage.

- Effective industry structure and pricing arrangements for realistic prices with supply and demand conditions.

Blueberries

Blueberry industry acreage, production and market supplies have demonstrated a strong upward trend for more than a decade. The successful blueberry demand growth performance has occurred for both processing and fresh markets and has included export expansion and domestic market growth.

In future years, blueberry acreage and production are expected to increase, including further expansion in Michigan, in the U.S. as a whole, and in Canada. Total blueberry production may increase to as much as 340 million pounds by the end of the century in comparison to an average of 251 million pounds produced during recent years.

Blueberry markets are expected to continue to grow in future years. This is expected to include growth in fresh and processed markets and in further expansion of exports. With the projected substantial expansion in supplies, the overall expansion in blueberry markets may, however, involve some downward pressure on prices.

Michigan and Major Commodity Area Extended Weather Outlook

T - Temp.	1/30.....2/15	1/30.....3/31
P - Precip.	T.....P	T.....P
Michigan	N.....A	A.....B
W. Corn Belt	A.....N	N.....N/B
E. Corn Belt	A.....N/A	N/B.....B
Wint. Wheat Belt	N.....N/A	N.....N
Spr. Wheat Belt	A.....B	A.....N
Pac. NW Wheat	A.....N	A.....N/B
Delta	N/A.....A	B.....N/B
Southeast	N.....N	B.....N
San Joaquin	N.....N	A.....N

A-Above Average, B-Below Average, N-Normal, MA-Much Above, MB-Much Below, NP-No Precip. Source: National Weather Office



Serving Michigan Farm Families is Our Only Business

Since its beginning in 1971, Michigan Farm Radio Network's only objective has been to serve Michigan's farm families. This dedication to serve agriculture is shared by 29 local radio stations in Michigan. Through these stations, Michigan Farm Radio Network provides the latest in market analysis, weather and news to Farm Bureau members daily on the following stations:

Station	City	Frequency	Morning Farm	Noon Farm
WABJ	Adrian	1490	5:45 am	12:15 pm
WATZ	Alpena	1450	5:30 am	12:15 pm
WPZA	Ann Arbor	1050	6:15 am	12:05 pm
WLEW	Bad Axe	1340	6:30 am	12:50 pm
WHFB	Benton Harbor	1060	*	12:30 pm
WKYO	Caro	1360	6:15 am	12:45 pm
WTVB	Coldwater	1590	5:45 am	***
WDOW	Dowagiac	1440	6:15 am	12:15 pm
WACY	Fenton	1160	6:15 am	12:15 pm
WGHN	Grand Haven	1370/92.1	5:45 am	12:15 pm
WPLB	Greenville	1380	6:15 am	12:45 pm
WBCH	Hastings	1220	6:15 am	12:30 pm
WCSR	Hillsdale	1340	6:45 am	12:45 pm
WHTC	Holland	1450		12:15 pm
WKZO	Kalamazoo	590	**	12:15 pm
WJIM	Lansing	1250	5:05 am	12:15 pm
WWGZ	Lapeer	1530	*	12:15 pm
WNBY	Newberry	92.5		12:15 pm
WOAP	Owosso	1080	6:15 am	12:30 pm
WHAK	Rogers City	960	7:10 am	12:15 pm
WSJ	St. Johns	1580	6:15 am	12:15 pm
WMLM	St. Louis	1540	6:06 am	12:20 pm
WSGW	Saginaw	790	5:55 am	12:15 pm
WMIC	Sandusky	660	6:15 am	12:45 pm
WKZC	Scottville	95.9	5:45 am	12:30 pm
WCSY	South Haven	940		12:15 pm
WKJC	Tawas City	104.7		12:45 pm
WLKM	Three Rivers	1510/95.9	6:15 am	12:15 pm
WTCM	Traverse City	580	5:55 am	12:40 pm

* Station signs on at different times during the year. Morning farm times change with sign-on times.

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*** Station airs various farm reports between 12:00 and 1:00 pm.

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1993 Outlook for Hogs Less Than Ideal

Jim Hilker, MSU Ag. Econ Dept.

The outlook through 1994 does not look very rosy for hog farmers due to an expected growing supply of pork, which is coming at the same time as expected increases in beef and poultry production.

However, if the demand stays strong, we could do better than the production figures would indicate. The best information we have to forecast pork production through 1994 is the December Hogs and Pigs Report we discussed in the last issue. The low corn prices are likely to keep the slaughter weights in the same range as last year to slightly higher.

In order to project winter quarter production, we will consider summer farrowing and hogs weighing between 60-179 pounds Dec. 1, 1992. Summer farrowings were up 2 percent and, due to large litter numbers, market hogs were up 3-4 percent in the relevant weight classes. However, weekly slaughter up through the middle of January has been up 0-3 percent and we appear to be current based on slaughter weights. Therefore, first quarter production is expected to be up 1-3 percent.

Second quarter production is likely to follow fall farrowings and pigs under 60 pounds last Dec. 1. Fall farrowings were up



3 percent and pigs under 60 pounds were listed as up 5 percent. Again, farrowing conditions were good and pigs saved per litter was high. Production is projected to be up 2-4 percent. As you can see, I am somewhat suspect of the high numbers.

Third and fourth quarter production can be approximated by winter and spring farrowing intentions and breeding herd size. The breeding herd was up 2 percent this past Dec. 1 compared to the previous Dec. 1,

according to the report. This number seems a little high according to those who watch gilt retention. Producers reported they will farrow 3 percent more this December-February

period than last and will farrow 1 percent more in the March-May period in 1993 compared to 1992. These numbers would indicate slaughter numbers will be up 1-3 percent over the last two quarters of the 1994.

As a general rule of thumb, prices will move in the opposite direction of the change in production by twice the amount. For example, if production increases 1 percent, we would expect prices to decrease by 2 percent, all other factors constant. The following projections are a combination of this rule, adjusted for other factors such as income and competition from other meats.

Hog prices in the first quarter are expected to be \$38-\$42 per cwt. Prices in the second quarter are expected to run counter-cyclical and increase to the \$42-\$45 per cwt. range. Third quarter prices are projected to average \$43-\$47 per cwt. Fourth quarter hog prices are estimated at \$39-\$43 per cwt.

1993 Cattle Prices Relatively Strong

Jim Hilker, MSU Ag. Econ Dept.

The cattle price outlook for 1993 looks fairly strong through most of the first quarter. But given the placement numbers last summer and fall, I would expect a drop-off towards the end of the first quarter through early fall. Steer prices in the second quarter are expected to fall back into the mid-\$70 range.

Steer prices are projected to be in the lower half of the \$70 range the second half of the year. Demand has been stronger than expected over the last six months; I suspect the economic recovery will have to continue for the strong demand to continue.

Feeder prices are expected to follow the same pattern with perhaps a little stronger showing continuing into the second quarter. Yearling steer prices should stay in the

\$80's other than perhaps for a while this fall. Calf prices will continue to bring the cow-calf operations excellent returns through summer, but this fall could fall into the upper \$80's or low \$90's. This is still good, but not as exciting as the last several years.

We have not had much new fundamental news in the way of numbers for some time now. However, two important reports will be released concerning cattle about the time you receive this issue. On Jan. 29, the quarterly 13-State Cattle-On-Feed Report will be released.

This report is important because it gives weights as well as numbers. On Feb. 5, the annual Jan. 1 Cattle Inventory Report will be released. This report will give us an indication of where we are in herd expansion and calf numbers.

Outlook for Eggs and Poultry – Steady

Allan Rahn and Henry Larzelere, MSU Ag. Econ. Dept.

Table Eggs

Prices of Grade A large white, cartoned eggs to retailers in New York during 1993 are projected to average in the 72 to 74 cent price range. These price levels would be about 8 cents higher than the 65.4 cent average received in 1992, but 4 cents lower than the 77.5 cents per dozen realized during 1991.

In contrast to the 2 percent table egg production increase in 1992, production during 1993 is expected to be almost 1 percent lower than the previous year. The demand for eggs during 1992 remained strong and the number of eggs broken for use "out of the shell" expanded another 8 percent.

There is potential for the table eggs market to be stronger than anticipated this year as the number of pullets previously hatched and now being raised for flock replacement purposes is lower. Lower induced molting rates and shortened lay cycles could reduce the flock size more than anticipated, thereby cutting egg production and boosting marketing clearing egg price levels.

Plentiful corn supplies are expected to help keep feed costs below year ago levels throughout most of the year. Per capita egg consumption during 1993 is projected to be 232 eggs compared with 235 eggs and 233 eggs in 1992 and 1991, respectively.

Turkeys

Turkey producers are expected to increase turkey meat output in 1993 by around 2 percent and wholesale prices (8-16 pound young, frozen hens, Eastern Region) are expected to average 1 to 2 cents per pound above the 59.9 cents realized during 1992.

Production was up almost 5 percent in 1992, but storage holdings have been burdensome with negative net returns for many producers and the industry is in a retrenchment phase. Per capita turkey consumption (retail-weight basis) during 1993 is projected at 18.2 pounds compared with 17.9 and 18 pounds in 1992 and 1991, respectively.

Broilers

Broiler prices in 1993 are expected to average around the 52.6 cents per pound, 12-city average, realized last year. Young chicken meat production is likely to continue on its upward annual record setting trend and increase another 3 to 4 percent.

Net returns to broiler producers have tightened, but favorable domestic consumer demand trends and additional export opportunities for poultry related products should sustain these price levels. Per capita broiler consumption (retail-weight basis) during 1993 is projected at 69 pounds compared with 67 and 63.9 pounds in 1992 and 1991, respectively.

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6 Wheat and Feed Grains 1993 Outlook Mixed

Corn

The "final" USDA Production Report for the 1992 corn crop listed the average U.S. corn yield at 131.4 bushels per acre. This is 2.1 bushels higher than the November estimate and 11.6 bushels higher than the previous record set in 1987. This led to record corn production of nearly 9.5 billion bushels, smashing the old record set in 1985 of nearly 8.9 billion bushels.

Michigan's yield was set at 105 bushels per acre. At first glance, that does not look real bad when placed next to a three-year average of 112.6 or a five-year average of 101 bushels per acre. The problem in Michigan this year is that most of the corn is of poor quality and was harvested at high-moisture levels and, therefore, after the extra drying and discounts are netted out, it has a very low value.

On Jan. 12 the USDA released an updated Supply/Demand Report and the first quarterly Stocks Report. Table 1 below shows the USDA numbers for 1991-92 and projections for 1992-93, and shows my estimates for the 1993-94 crop year. These are the primary numbers I use in estimating corn prices through the remainder of 1994.

Feed use is expected to be at record levels in 1992-93 following record levels in 1991-92. Feed use is determined by primarily two items - the number of grain consuming animal units (GCAU) and the price of grain. For 1992-93 we expect an increase in GCAU's of at least 2.5 percent and a decrease in corn prices of 10-20 percent, both relative to 1991-92.

Feed, seed and industrial use is expected to grow about 4 percent in 1992-93, following a 5 percent gain last year. About half of the gain is due to an increase in corn used to produce fuel alcohol. This increase is mainly attributed to parts of the Clean Air Act that went into effect Nov. 1, 1992. Significant year-to-year increases are expected to continue as implementation of the act takes place over the next several years.

As shown in Table 1, exports are expected to grow in 1992-93. Growth is mostly due to other countries exporting less and low U.S. prices. In fact, world coarse grain trade is expected to drop 6 percent, mostly due to

a sharp decline in former Soviet Union imports.

With all of these increases in disappearance added up, expected 1992-93 total use should be a whopping 420 million bushels. However, that's not nearly enough to offset the 1,566 million bushel increase in total supply, and thus, the lower corn prices. Ending stocks for 1992-93 are expected to be 2.25 billion bushels or 27 percent of use. In other words, for every bushel we use, we will have one left over. This puts the average annual weighted U.S. price at about \$2.10 per bushel, and that would put the poor quality Michigan average corn price considerably below that.

It is not too early to begin looking at the expectations for the 1993-94 corn crop year for several reasons. Corn is a storable crop, which means next year's expectations affect this year's prices. Soon we will have to be making planting decisions and relative price forecasts are needed in that decision process. It also helps in making forward pricing decisions. In the third column of Table 1, I make some forecasts for 1993-94 corn marketing year.

The increase in set-aside from 5 to 10 percent will decrease planted acreage. Whether or not the decrease in acreage equals the increase in set-aside is determined by several factors with flex acreage use being a primary one. Trend yield for next year, if we look back 30 years, would be about 121 bushels a year. The resulting production, if added to expected beginning stocks, and 1993-94 total supply will be close to this year. This means any improvement has to come on the demand side.

Animal numbers are not expected to increase much, grain quality is expected to be better, and prices may be slightly higher next year, which would indicate feed use at about the same level as this year. Food, seed and industrial use is expected to increase on a trend as discussed and exports are expected to be slightly higher if the world economy rebounds. Therefore, I expect ending stocks to be down slightly and prices up slightly.

Dr. Jim Hilker, Dept. of Agricultural Economics, MSU

Wheat

The biggest factor in the 1993 wheat outlook is the yield for the 1993 wheat crop. With wheat being a storable crop, what we expect to harvest this spring and summer will be the biggest variable in this winter's prices. And, of course, that will be determined by the weather. Also, production will be the main factor in determining the price for the 1993-94 marketing year which begins June 1.

On Jan. 12 the USDA released its estimate of winter wheat plantings. There were 51.5 million acres of winter wheat planted. This is only .4 million more than last year despite set-aside being lowered from 5 percent to zero. It was about 2 million acres lower than trade expectations. Michigan's planted winter wheat acreage for 1993 is 600,000 acres, down from last year's 650,000 acres.

Table 2 below shows both the USDA's projections for 1992-93 and my estimates for 1993-94 for the wheat supply/demand situation. Being this late in the 1992-93 marketing year, the supply numbers are fairly well known and the final use numbers are likely to be very close to the projections. Food use increased, feed use (most of which occurs in the first summer quarter) is down slightly and exports are up.

This puts projected ending stocks at 486 million, 19.4 percent of use, not much different than the previous year. This would put the average 1992-93 price at about \$3.30 per bushel. It is higher than the 1991-92 price due to the supply/demand situation

Soybeans

Speaking of records, soybeans did not want to be completely outdone. The U.S. average yield for 1992 was 37.6 bushels per acre, 3.3 bushels higher than the record 1991 yield. Total production was put at 2.2 billion bushels, only slightly below the 1979 record level of 2.26 billion bushels. But the 1992 crop was produced on only 58.1 million acres versus 70.3 million acres in 1979. Michigan's 1992 soybean yield was put at 33 bushels per acre versus 38

FARM BUSINESS OUTLOOK

being known much earlier in the year. As you surely recall, we had most of our wheat sold before we discovered our 1991 spring wheat crop was poor and the former Soviet Union countries were having a poor crop as well.

Given the small increase in winter wheat plantings and the likely small increase in spring wheat plantings, 1993 total plantings are not likely to increase much. Yield is expected to be about the same in 1993, although winter wheat yields are likely to be higher and spring wheat yields are likely to be lower than last year's record yields. This puts 1993 production just slightly higher than 1992. And, with slightly higher carry-in and slightly higher production, you have slightly higher total supply.

As shown in Table 2, use levels are not expected to change much either, other than feed use. With relatively high wheat prices and low corn prices expected this summer, feed use is likely to be on the low side of historical use levels. **This all adds up to expected 1993-94 ending stocks being up about 65-70 million bushels, 15 percent, and prices being down some, but still over the \$3.00 level. A lot can happen between now and then, but this is a level you can use as a base when making your forward pricing decisions.**

bushels in 1991 and a 35.4 bushel per acre five-year average.

Total supply is up for the 1992-93 soybean marketing year due to the increased production, despite beginning stocks being down. Projected crushings and seed and feed use are up slightly. But the main item holding soybean prices from being very

See "Soybean Outlook"... Page 7

Table 1
Supply/Demand
Balance Sheet For
CORN

	USDA Proj.	Hilker Proj.	
	1991-92	92-93	93-94
Corn Acreage (Million Acres)			
Acres Set-Aside and Diverted	4.7	3.5	7.0
Acres Planted	76.0	79.3	75.8
Acres Harvested	68.8	72.2	68.7
Bu./A. Harvested	108.6	131.4	121.0
Stocks (Million Bushels)			
Beg. Stocks	1521	1100	2247
Production	7474	9479	8313
Imports	20	3	5
Total Supply	9016	10,582	10,565
Use:			
Feed	4897	5200	5200
Food/Seed	1434	1485	1535
Total Domestic	6331	6685	6735
Exports	1584	1650	1700
Total Use	7915	8335	8435
Ending Stocks	1100	2247	2130
Ending Stocks Percent of Use	13.9%	27.0%	25.3%
Regular Loan Rate	\$1.62	\$1.72	\$1.72
U.S. Season Average			
Farm Price, \$/Bu.	\$2.37	\$2.10	\$2.15
Source: USDA & Hilker			

Table 2
Supply/Demand
Balance Sheet For
WHEAT

	USDA Proj.	Hilker Proj.	
	1991-92	92-93	93-94
Wheat Acreage (Million Acres)			
Acres Set-Aside and Diverted	10.0	3.5	0.0
Acres Planted	69.9	72.3	73.5
Acres Harvested	58.1	63.1	64.0
Bu./A. Harvested	34.1	39.0	39.0
Stocks (Million Bushels)			
Beg. Stocks	866	472	486
Production	1981	2459	2496
Imports	38	55	48
Total Supply	2885	2986	3030
Use:			
Food	785	830	850
Seed	94	95	100
Feed	259	225	175
Total Domestic	1137	1150	1125
Exports	1275	1350	1350
Total Use	2413	2500	2475
Ending Stocks	472	486	555
Ending Stocks Percent of Use	19.6%	23.8%	22.4%
Regular Loan Rate	\$2.04	\$2.21	\$2.45
U.S. Season Average			
Farm Price, \$/Bu.	\$3.00	\$3.30	\$3.10
Source: USDA & Hilker			

Table 3
Supply/Demand
Balance Sheet For
SOYBEANS

	USDA Proj.	Hilker Proj.	
	1991-92	92-93	93-94
Soybean Acreage (Million Acres)			
Acres Planted	59.1	59.1	59.1
Acres Harvested	58.0	58.1	58.1
Bu./Harvested Acre	34.3	37.6	35.0
Stocks (Million Bushels)			
Beg. Stocks	329	278	355
Production	1987	2197	2033
Imports	3	2	2
Total Supply	2319	2477	2390
Use:			
Crushings	1254	1265	1250
Exports	685	745	740
Seed, Feed and Residuals	102	112	100
Total Use	2040	2122	2090
Ending Stocks	278	355	300
Ending Stocks, Percent of Use	13.6%	16.7%	14.4%
Regular Loan Rate	\$5.02	\$5.02	5.02
U.S. Season Average			
Farm Price, \$/Bu.	\$5.60	\$5.40	\$5.60
Source: USDA & Hilker			

7 Making Farm Records Work for You

John D. Jones, Telfarm director and district Extension farm management agent, Michigan State University

A business records system needs to be designed to deliver both tax accounting and management information. Tax accounting information is needed to file legally required reports and returns. Management information is used in the control and planning functions of the business operation. Information for these two purposes overlap and can come up with what looks like conflicting results.

A quality records system will provide for these functions for tax accounting and farm management information including:

- Income tax return preparation
- Labor reports to the Michigan Employment Security Commission
- W-2 form preparation
- Workers Compensation records and reports
- Any other legally required reports
- Accrual income statement, net worth statement and cash flow statement
- Enterprise reports for cost of production information, bonuses and special accounting needs
- Labor management records
- Projected budget compared to an operating statement
- Information for the lender and debt management
- Production records on each business enterprise
- Purchase, sales and inventory control information
- Comparison with business and family goals and industry standards
- Other information needed in the day-to-day business management

Business management requires records. Whether the above functions are formally provided for in a system or not, the needs exist and differ in importance with the type of business. The business manager must weigh the cost and effort of accumulating and processing data with the probable benefits when designing a records system. Even not keeping records is a choice of a records system in which managers must rely on memory and assorted slips of paper,

and then make important decisions without reliable information.

Most business managers choose to comply with the Internal Revenue Service and provide a record of their income and expenses. The alternative is jail and penalties under Willful Failure to File laws. This would be too high of a cost to pay in most people's estimation, so they comply with IRS and produce the tax return.

For the business manager, it is his responsibility to design the record keeping system that delivers needed information for the business at an affordable cost. Many times income tax filing is considered the most important purpose of the record system.

This is not the most important need in business management, as many farmers found out during 1980s with the dropping commodity and asset values and increasing operating costs. The business manager must also answer these questions: What information do I need to manage my business? When do I need it? In what form? And where do I get it?

Aiding in the success and survival of the business is the most important role of a records system. If the business does not survive difficult times, there will not be any need to keep records for income tax purposes.

Take a look at your record system. Will it communicate the true accrual profit generated by the business? Are you making enough profit to meet all of your business and family goals or are you living off depreciation from previous capital purchases? Are you holding enough liquid funds, or working capital, to meet the next year's commitments? Will your lender be confident that you understand your business financial matters to manage the money that is being loaned to you?

It is very easy for a business to become over extended in today's environment, especially when making long term purchases and commitments related to expansion and financed by large amounts of debt. Monitoring your business health is vitally important when debt is used to finance the acquisition of assets used in the business. Agricultural lending has been central to the dramatic growth in agriculture. Loan losses had remained very low, when compared to non-agriculture loans, until recent years when plunging asset values forced agriculture lenders to absorb large losses and put many farmers out of agriculture.

Proper use of a coordinated set of financial statements, including an accrual income statement, a net worth statement and a reconciled cash flow statement to the check book balance, can be used to monitor the

health of a business. Many lenders have staggered the net worth statement dates when processing loans to spread out their work load, but often these dates are not correlated with the accounting period for the income statement. The result is chaos in the analysis process when the income and cash flow statements are not correlated with net worth.

Historically, lenders and farmers have relied heavily on physical observation and let large errors through the cracks of the loan processing procedure and the profit appraisal of the operation. Operations are growing beyond the point where seat-of-the-pants observations alone will give correct answers and often neither the farmer nor the lender will recognize it until serious problems arise.

One quality program that will provide adequate accounting and management records is the Telfarm program offered by Michigan State University through the Extension Service. Telfarm is a flexible and simple, yet very complete accounting system. This computer records program is designed to take a minimal amount of information about your farm business and produce accurate and valuable accounting statements, tax schedules and management reports.

Telfarm also has two optional software programs. MicroTel Accounting and MicroTel Payroll, developed as an addition to the Telfarm records program. The accounting software can generate:

- Detailed "on-farm" operating statements
- Cash reconciliation statements
- Printed checks
- Enterprise cost accounting reports
- Transaction listings sorted by any choice of vendor, account, date, enterprise and eleven other criteria
- Asset and liability histories
- Easy transaction correction

The payroll software is for farmers who want the ease and accuracy that only a computer-generated payroll program can provide. The payroll program can generate:

- Payroll checks that are calculated and printed to meet all labor department regulations
- Optional payroll deductions
- Automatic withholding calculations
- Worker compensation divisions
- Hourly, salaried, and piece-rate payrolls or any combinations
- W-2 forms preparation or magnetic media
- Payroll summary reports on employee information, enterprise costs, and piece rate amounts

The Telfarm program traces its roots to the MSU farm records program that started in 1928. Since then, the Telfarm records program has changed as farmers' needs have changed and is committed to providing for the farmers' needs in the future. For more information, contact your local Cooperative Extension Service office.

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Soybean Outlook Continued...

low despite huge production is the strong exports. Soybean exports are projected to be up nearly 9 percent as can be seen in the USDA projection for 1992-93 shown in Table 3.

Ending stocks are expected to be 355 million bushels, or 16.7 percent of use. This points to an annual average weighted price of about \$5.40 per bushel. If you are holding soybeans when prices are much above this, like now, you should either consider selling a large percentage of them or have a "good" reason why not to, not just "I want prices to go higher." Also, the basis has narrowed a lot since harvest, and it is unlikely that the basis will narrow enough more from this point on to pay storage. If you really want to stay in the market, consider a basis contract, a minimum price contract, or selling cash and buying a call option versus storing cash soybeans.

My estimates for the 1993-94 soybean marketing year shown in Table 3, third column, do not show a dramatic change in the situation. Acreage is likely to be about the same. Yields are likely to be lower. This would put production down about 164 million bushels. However, beginning stocks will be higher so that total supply is only likely to drop about 87 million bushels.

Expected use is projected to be about the same in 1993-94. The biggest variable here is soybean demand. South America is expected to have a larger crop this spring than last year. The question is, will world demand increase enough to keep our exports level and still find a home for the expected increase in the South American crop? One positive factor is a probable decrease in EC oilseed production.

Given the scenario shown in Table 3, stock levels are likely to drop in the next marketing year which should and is helping prices. I expect the annual average price for 1993-94 will be in the \$5.60 range, although we could see more beans on corn flex acres if the relative prices of corn and soys tilt much more towards soys. Keep an eye on forward pricing opportunities for your 1993 soybean crop.

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Here are steps you can take to protect your family and workers:

- Prepare an emergency plan that involves everyone who lives and works on your farm. Be sure everyone knows how to follow it.
- Use a good first-aid manual. Take a first-aid course and a CPR class.
- Have a well-stocked medicine chest. Check it periodically to remove old outdated materials and leftover prescription medicines.
- Keep first-aid kits in your shop and barn, on your tractor and combine, and in your truck.

- Post emergency numbers on or near all phones--doctor, emergency medical service, fire and police, poison control center, and reliable neighbors who would be willing and able to help. Have exact directions to your place posted and ready to read to help emergency personnel get there as quickly as possible. Be sure your house number is clearly visible from the road.
- If a family member or worker has a health problem, be sure you and others on the farm know what to do if that person becomes ill.
- Know what to do if you are the first on the scene of an accident. Everyone should know how to shut off an engine and electrical power.
- Have operating smoke detectors. Develop and rehearse a home fire escape plan, including ways to evacuate those who cannot get out on their own. Make sure children know what they should do.

- Install fire extinguishers in your home and outbuildings, and learn how to use them. Have water available for firefighters to use.
- Pay attention to weather forecasts and be ready to respond accordingly. Take appropriate refuge if a tornado threatens or flooding is likely.

From Farm Bureau Insurance



Michigan Land Values Struggle

Steven D. Hanson and Ralph E. Hepp
MSU Ag. Econ. Dept.

Land prices in Michigan continued their gradual upward trend through the first part of 1992. USDA estimates show aggregate values of farmland and service buildings in Michigan averaged \$1,105 per acre in January 1992, up about 1 percent from the previous year's value. During the same period, the Federal Reserve Bank of Chicago showed a 2 percent increase in Michigan

land values. Likewise, a Michigan State University survey conducted last spring found high quality corn-soybean-hay (C-SB-H) land averaged \$984 per acre, up 2.5 percent from the previous year, while low quality C-SB-H land averaged \$662 per acre, up 1.6 percent from the previous year. Sugarbeet and irrigated land averaged \$1,441 and \$1,070, respectively, with sugarbeet land increasing 3 percent and irrigated land increasing 3.4 percent from the previous year.

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10-24 25 and over

Since the first quarter of 1992, land value surveys conducted by the Federal Reserve Bank of Chicago found that Michigan land values fell 1 percent during second quarter and 2 percent during the third quarter of 1992. This decline in land values can be attributed to a number of factors.

A record U.S. corn harvest and the largest soybean crop in 10 years caused downward pressure on crop prices while, at the same time, Michigan farmers were facing both a cool, wet summer and problems harvesting low quality field crops. Even when the corn crop is harvested, low test weights, high drying costs and quality discounts are causing losses for Michigan crop producers.

In addition, projected increases in production weakens the outlook for livestock prices next year. To make matters worse, the weak domestic market is expected to receive little help on the export front in the near future. The struggling state economy has also reduced the nonfarm demand for land near urban areas.

A major factor that should be supporting land prices is the low current returns available to investors on alternative investments and the relatively low cost of mortgage funds available to finance land purchases. Record common stock prices have lowered the current return on stocks to below that available from land investments.

In addition, the low rates of return available from bank savings accounts and money market accounts make the current return from farmland look attractive to investors. Land investors who plan to mortgage a large portion of the investment should be cautious from a cash flow standpoint because the current return to farmland based on rental rates (6-8 percent) is still below the cost of mortgage funds (around 9 percent).

In the short-run, look for relatively few land transactions and land prices to drop slightly during the first half of the year. Cash flow problems for cash crop operations will decrease the demand for farmland through the spring.

If weather and crop conditions improve through planting and into the fall, land prices may stabilize and perhaps increase slightly in current dollars. Even stable prices will result in a decrease in the real value of land after accounting for inflation in other areas of the economy.

In the longer-run, the big unknown is what to expect on the international scene. Increased export demand for agricultural products would help improve farm incomes and indirectly support land prices. However, weaker export demand or increased competition in the export market (a likely event) will hurt farm incomes, thereby resulting in a negative effect on land prices.

Financial Management Implications for Crop Producers



Ralph E. Hepp, MSU Ag. Econ. Dept.

The gradual improvement in financial position of crop businesses during the last few years has hit the skids, again. The cool, wet summer and the resulting poor quality of field crops is causing serious cash flow problems for many operators. The extent of the financial difficulties depends on the amount of losses from 1992, the level of debts, availability of credit reserves and the amount of government assistance. Many operations will be unable to completely repay the 1992 operating credit, and will need larger amounts of operating credit this year because spring crop inventory sales will be down.

The first activity is to check the financial position of the business. How serious is the cash flow problem? This starts with summarizing the 1992 records into financial reports—a balance sheet, income statement and cash flow statement. Next, develop a projected cash flow for 1993, using average yields and prices. Revise the plans based on the projected cash flow constraints and flexibility to make capital improvements if the business has cash reserves.

Meet with creditors to arrange for the operating credit needs for next year and a plan to repay any loan delinquencies from 1992. Meet with lenders as soon as possible, so financial plans can be finalized and inputs purchased for 1993.

Continue to follow best management practices in applying production inputs, negotiating land rental agreements and finding the best prices for crop supplies. Apply production inputs that are required for maximum profits, but don't over-apply them.

Monitor the cash flow during the year and proceed cautiously with new investments until more information is known about next year's crop yields and prices, and the ability of the business to make down payments and service debts on new machinery or land.

Residual returns and cash flows will be constrained on most crop farms. Evaluate all alternative farm enterprises and non-farm uses for family resources during the next few years so cash flows can be enhanced. Non-farm employment for some of the family members may be the best option for many crop producers.

1993 Outlook for Production Inputs

Chris Peterson, MSU Ag. Econ Dept.

Fertilizer

National, Midwest and Michigan sources all indicate that fertilizer supplies will be more than adequate in 1993. Demand will be sluggish. USDA predicts that total acreage of major crops will decline in 1993. Fertilizer demand will fall accordingly. This year's sluggish demand for commodities and the difficult harvest season will put Michigan farm incomes down in 1992. In turn, this will have an adverse affect on the demand for purchased inputs generally in 1993 and for fertilizer in particular. With adequate supply and sluggish demand, prices should fall. However, USDA predicts that surges in natural gas prices may actually cause price increases in spite of demand conditions.

Chemicals

Chemical demand and prices will be affected by many of the same factors affecting fertilizer. Supplies will be adequate. Demand will be down due to reduced acreage and weakened farm incomes in Michigan. This should put downward pressure on chemical prices locally. In contrast to this, USDA predicts price increases nationally, even as much as 4 to 6 percent. Their forecast is based on petroleum feed stock price increases, increased research and development costs for pesticide manufacturers, and reregistration costs for older products.

Seeds

Seed supplies should mostly be adequate with some shortages possible in early maturity varieties of seed corn. Michigan agribusiness sources lay out the following scenario. With the late, partial harvest this fall, fall plowing is down and some crops will still be standing in the spring. Both of these factors, plus producer memories of this year's growing season, will put a high demand on early maturity corn with weak demand for late maturity. Prices should rise for early maturity, fall for late. These same factors may lead to a decline in corn acreage in favor of later crops, such as dry edible beans. This will impact supplies and prices differently for different seeds. Nationally, USDA predicts very little change in seed prices overall.

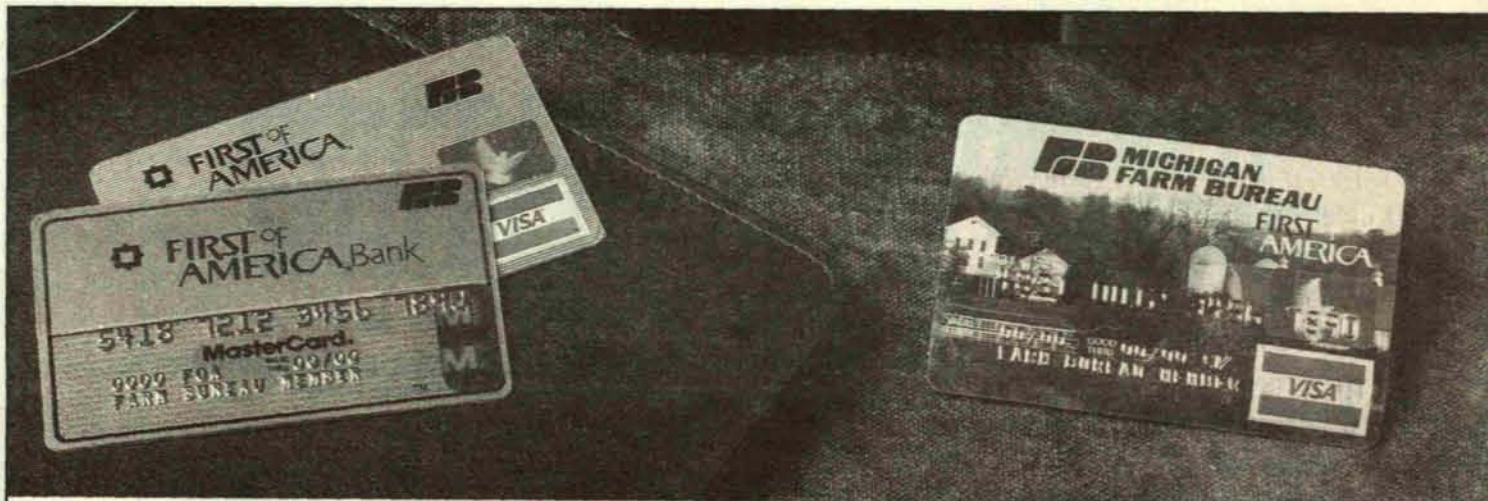
Energy

The Department of Energy forecasts a 6.6 percent increase in imported crude oil prices for 1993. Gasoline is expected to rise by 3 cents a gallon over the next year while diesel fuel will increase by 5 cents a gallon.

Equipment

The lowest interest rates in many years, higher farm asset values, and lower debt/equity ratios should make this an ideal time for farm capital expenditures. Even with these reasons for optimism, the psychology of the general economic recession and the problems stemming from Michigan's 1992 growing season will probably keep demand for new equipment low. USDA predicts that price increases will likely continue at a 3 to 5 percent rate in 1993 despite sluggish demand. In the longer term, one of the more interesting trends to watch will be the impact of changing tillage practices along with demands for reduced environmental impact

from chemicals and fertilizers on the mix of equipment purchased by farmers. "Smart" application equipment and site-specific practices will make significant changes in the nature and cost of equipment demanded by producers.



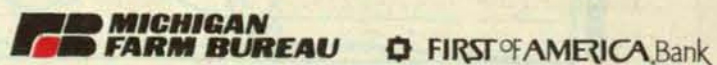
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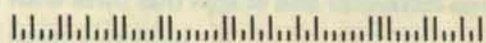
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11

Agricultural Credit Available for Well Qualified Borrowers

Mike Kelsey, MSU Ag. Econ Dept.

Short-term interest rates are at their lowest levels since the early 1960s. Rates paid by farmers on operating and term loans have dropped dramatically. However, longer-term rates have not dropped by a corresponding amount.

This spread between short-term and long-term rates is usually reported as the difference between the 30-year U.S. Treasury bond and the 3-month U.S. T-Bill. Currently this difference is unusually high. Short-term rates can be "managed" to a degree by the Federal Reserve and its position during the past 1-1/2 years has been to reduce rates to attempt to encourage borrowing and stimulate economic expansion.

Long-term rates, however, are more of an expression of market forces between borrowers and investors. This would seem to indicate that as the spread narrows, it will primarily be a result of an increase in short-term rates rather than a major decrease in long-term rates.

The "yield curve" is a chart showing the interest rate on the vertical axis and the length of maturity on the horizontal axis. A "steep yield curve" indicates a low rate for short maturities of debt with rapid increases in rates over the one to 10-year period.

The steepness of the yield curve offers a strong incentive for borrowers to finance with short-term variable rate loans. How-

ever, the steepness of the yield curve implies that investors expect short-term rates to be higher in the future, because they are not willing to lend for long periods except at much higher rates. Therefore, borrowers need to carefully weigh the advantages of today's low, short-term rates with strong indications that they could increase, against the potential of locking in longer-term rates at a level which is low by recent standards.

During 1993 expect current interest rates to hold steady into mid-year and then rise slightly into the fall. Short-term rates may increase about 1 percent.

Because of the adverse weather situation this fall, Farmers Home Administration and ASCS have disaster loan programs of various kinds which may help many borrowers to get over the cash crunch this spring for operating loans. Your best source of information will be your county office since ASCS programs, particularly, may vary by county.

Late this spring Farmers Home Administration will be offering a new direct loan program to beginning farmers.



Commercial banks and the four Farm Credit Service centers in Michigan have plenty of money to lend. They are, however, evaluating loans very carefully. Since credit quality is a major concern of their regulating agencies, they are reluctant to add any marginal loans to their portfolio. This means borrowers must do a good job of selling themselves and their potential to the lender.

Sugar Outlook

Jake Ferris, MSU Ag. Econ. Dept.

A key indicator of world sugar market conditions is the stock level as a proportion of consumption. In the past couple of years, total production has exceeded consumption, resulting in stock accumulation.

At the beginning of the 1992-93 crop year, that ratio was about 22 percent, compared with 18 percent at the beginning of the 1990 crop year. As a result, world sugar prices averaged 9.23 cents per pound in 1991-92, compared with about 14 cents in 1989-90.

For the 1992-93 crop year, global production is likely to exceed consumption again, but the difference should be small. World prices are projected to average slightly lower than in 1991-92.

A record U.S. sugar crop of 7.60 million short tons is estimated by the USDA for fiscal 1993--in spite of the two hurricanes which affected crops in Florida and Hawaii. U.S. beet sugar production is forecast at a near record of 4.20 million tons, raw value. Sugar consumption continues to expand with 1992-93 levels anticipated by the USDA to increase 1.5 percent over the previous year.

In spite of a record domestic output, stock levels are projected to decline in 1992-93. This is due to lower beginning stocks, a reduction in imports and expanding utilization. The USDA projects a stock-to-use ratio of 13.5 percent by the end of the 1992-93 crop year, compared with ending stocks of 14.2 and 16.0 percent in the previous two crop years, respectively.

U.S. wholesale refined beet sugar prices (Midwest) eased into November to 24.13 cents per pound and remained at the level through December. These prices are slightly below a year ago when these prices averaged 24.55 cents per pound. This weakening reflects the large sugarbeet crop. With total sugar supplies relative to utilization not particularly heavy, relatively stable sugar prices appear likely for 1993.

The Michigan Agricultural Statistics Service estimates the Michigan 1992 sugarbeet crop at 3.1 million tons, 20 percent larger than 1991.

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Policy and Trade Issues – Their Impact to Agriculture Considerable

David Schweikhardt,
MSU Ag. Econ Dept.

The next farm bill won't be written until 1995, but many issues affecting farmers will be debated in 1993. Commodity programs, trade policies and environmental policies will all be in the headlines in 1993.

1993 Farm Programs Provisions

Most provisions for the 1993 commodity programs have been announced by USDA (Table 1). Target prices remain at the levels established by the 1990 farm bill. The loan rate for wheat is somewhat higher than in 1992, while the corn loan rate is unchanged. The Acreage Reduction Program (ARP) for corn is higher than in 1992, and wheat will have a zero ARP in 1993. All "flex" provisions will remain in affect for 1993, with 15 percent of all Crop Acreage Bases serving as Normal Flex Acreage, and 10 percent of each base being eligible as Optional Flex Acreage.

Table 1
1993 Program Provisions

	Price	Target Rate	Loan ARP
Corn	\$2.75	\$1.72	10%
Wheat	\$4.00	\$2.45	0%
Oats	\$1.45	\$0.88	0%
Barley	\$2.36	\$1.40	0%
Soybeans	None	\$5.02	None

Source: USDA

1993 Trade Outlook

U.S. agricultural exports are expected to remain strong in 1993, with a total export value of 41.5 billion dollars (Figure 1). This level of exports would be \$800 million less than in 1992, but greater than any other year since 1987. The volume of exports is ex-

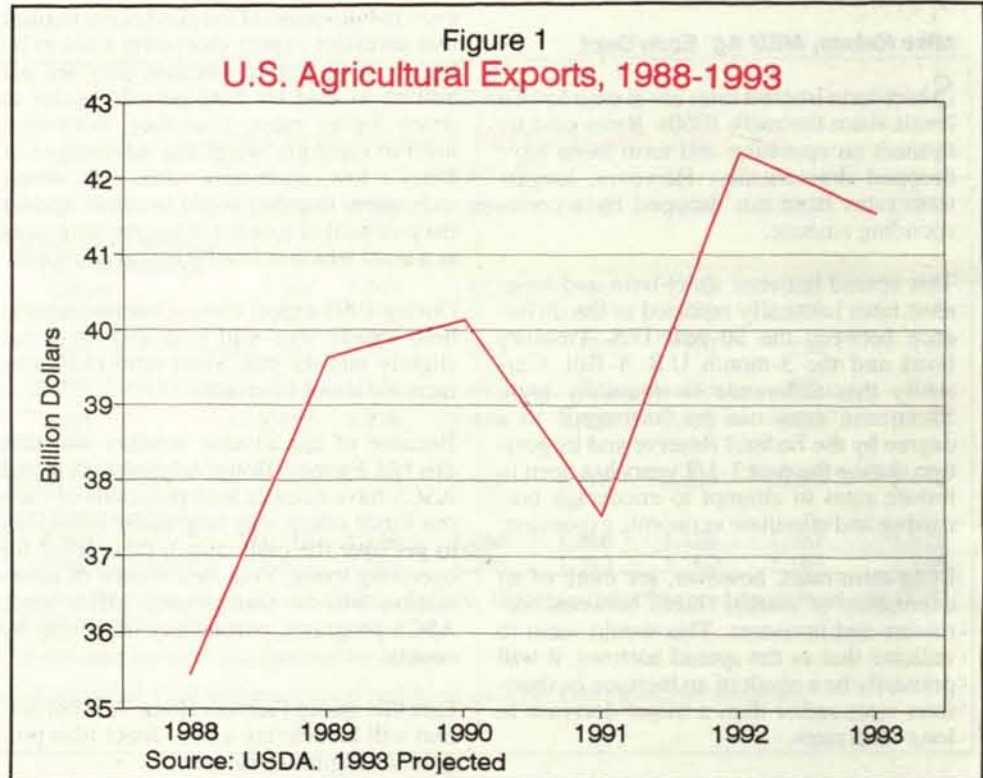
pected to exceed 1992 levels, but lower prices for corn and soybeans, combined with a decrease in cotton exports, is expected to cause a decrease in the total value of exports. Exports of high-value products – especially fruits, vegetables, and livestock products – are expected to increase for the eighth consecutive year.

Trade Policy Outlook

Several important trade policy issues will come to a head during 1993. President Bush signed the North American Free Trade Agreement in December, and the Clinton administration is now responsible for developing the implementing legislation and submitting the agreement and the implementing legislation for congressional approval. After the legislation is submitted, Congress will have 90 legislative days to approve or reject the agreement. If approved, NAFTA would remove all tariffs, quotas and import licenses on trade among the U.S., Mexico and Canada.

The U.S. exported \$2.5 billion of agricultural products to Mexico in 1990 and imported \$2.6 billion of products from Mexico. If NAFTA is approved, Mexico would remove all tariffs on approximately \$1.5 billion of U.S. agricultural exports in 1994. The U.S. would remove all tariffs on \$1.6 billion of imports from Mexico in 1994. Most of the products in this category have tariffs of less than 10 percent.

All other products will have their tariffs phased out over a 5, 10, or 15-year transition period. The U.S. will phase out its tariffs on dairy products and most vegetables during these longer transition periods. Mexico will phase out its tariffs on most livestock products over 10 years and will remove its tariffs on corn and dry beans over a 15-year period.



While the NAFTA negotiations are completed and await congressional action, negotiations on the General Agreement on Tariffs and Trade (GATT) are not yet complete. These negotiations did appear to make a breakthrough in November, when negotiators for the U.S. and the E.C. agreed to limit export subsidies and price supports. The elements of this agreement included:

- A 15 percent reduction in EC oilseed acreage
- A 21 percent reduction in the volume of subsidized exports over a 6-year period by both countries;

- A 20 percent reduction in internal price supports by both countries
- Provisions requiring binding arbitration to resolve any dispute arising if the U.S. believes the EC has violated the agreement.

Because the reductions in export subsidies and price supports are to be calculated from a 1986-1988 starting point, the U.S. may not have to make further reductions in order to comply with this agreement.

Continued on page 13, see "Trade and Policy Issues"

Your Michigan CARGILL Dealers

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CORN SILAGE Menu

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Maturity	Day Range	Yield		Energy			Intake		Quality Index
		Hybrid	70% Tonnage Moisture	% DM NFC	In Vitro WP Digestibility	% DM NDF	In Vitro Fiber Digestibility		
Very Early 80-90	809	8	5	6	9	9	8	9	65
	2127	7	5	5	8	9	7	8	60
	2927	8	9	9	4	7	5	9	67
	208280	8	8	1	8	7	8	7	51
Early 95-100	3427	8	7	9	7	8	5	6	54
	3477	5	2	8	8	7	9	5	44
	3637	6	6	9	6	8	7	8	63
	4137	7	5	6	9	9	6	7	57
Medium 105-112	4327	9	6	5	7	9	6	9	68
	5327	8	5	8	9	9	8	9	60
	SX269	7	7	5	6	4	5	4	33
	6227	8	7	7	6	9	6	9	66
Med-Late 115-120	7697	8	9	2	9	8	9	6	46
	7877	9	8	9	9	9	9	7	58
	8027	7	7	6	7	8	7	9	63
	8127	7	6	9	8	9	8	7	57

RATING SCALE

9-8	= Outstanding
7-6	= Above Average
5	= Average
4-3	= Below Average
2-1	= Substandard

University conducted research supported by Cargill has built the data base for the whole plant quality portion of this menu. Quality profiles were developed by the use of In Vitro Rumen Fermentation technology. In Vitro True Digestibility was used to measure whole plant energy. In Vitro Cell Wall Digestibility was used to measure fiber digestibility and correlated to dry matter intake.



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- Capac..... Blumerich Farms (313) 395-4517
- Croswell...Croswell Milling Co. (313) 679-3400
- Dexter..... Dexter Mill (313) 426-4621
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.....or (517) 531-4757
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February Discussion Topic - "Endangered Species"

13

Most reasonable people can agree on the desirability of protecting beautiful creatures like bald eagles, peregrine falcons, loggerhead turtles, the Florida panther or grizzly bears (as long as they're not eating your sheep). Many of us might even be willing to pay tax dollars for the privilege of seeing these creatures survive in their natural habitat.

But what is the value in saving the Snake River snail? The Florida Scrub Jay? The Spotted Owl? Or, endangered species here in Michigan like the American Burying Beetle, Mitchell's Satyr (a butterfly) and Pitcher's Thistle? Is it worth spending scarce tax dollars or sacrificing jobs and economic activity in order to save every animal, plant or insect species threatened with extinction?

The problem is that the Endangered Species Act, passed by Congress in 1973, is absolute and rigid in protecting species listed as endangered or threatened. The law expressly excludes considering economic impact when it comes to deciding whether a species is to be listed. And the act applies to private property as well as to federal lands.

Environmentalists who favor protecting all plant, animal and insect species from extinction claim, in essence, that humans should not eradicate any species because that species could have some as yet undetermined value to us in the future. A frequently cited example is the Pacific yew tree, whose bark was found to yield a drug helpful in the treatment of cancer.

"Trade and Policy Issues"

Negotiators must address Japan's refusal to open its rice market and must complete other portions of the agreement covering trade in textiles, service industries and intellectual property rights (patents and copyright laws).

An agreement must be reached by March 1 if it is to be submitted to Congress under the "fast track" approval process that expires on June 1. If an agreement cannot be reached by March, President Clinton may ask for an extension of the fast-track authority to give his new negotiating team enough time to finish the negotiations.

Environmental Policy Outlook

Congress may also write major environmental legislation in 1993 by reauthorizing the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), and the Clean Water Act. FIFRA regulates the safety and labeling of many agricultural chemicals, and changes in this legislation could affect the availability of some chemicals. The Clean Water Act regulates pollution levels in public water sources. Congress may consider changes to place tighter controls on chemical or animal runoffs from agriculture.

Miscellaneous Policy Issues

These policy issues may also be addressed in 1993:

Deficit reduction: If an effort is made to reduce the federal budget deficit, all forms of agriculture spending—price support programs, research, extension and others—could be on the defensive.

Wetlands definition: The debate over the definition of wetlands is likely to continue. If the agencies involved cannot resolve the issue, Congress may be forced to decide the matter.

USDA reorganization: Proposals to restructure the Department of Agriculture are still being considered. The enactment of any such proposal would affect the central organization of USDA and its field offices.

Summary

While farmers may not feel the impact of these policy decisions in 1993, many decisions could be made this year that will affect agriculture in coming years. The diversity and complexity of these issues require that farmers remain aware of many more issues than in the past.

But it strains credibility to claim that all the 700 plant and animal species currently listed for protection under the act, and the 3,500 more species waiting to be considered for listing, are as valuable as the Pacific yew. Perhaps they are. But current law permits no determination of relative value. All species are deemed equally worthy of protection.

Furthermore, even if you are genuinely concerned with protecting and recovering rare, threatened and endangered species, the thrust of the Endangered Species Act is misguided, according to Robert J. Smith, director of environmental studies for the Cato Institute. "The act is characterized by negative incentives instead of providing positive ones for protecting endangered species," he said. "Indeed, the negative incentives are especially destructive."

"The jeopardy section and the taking section of the act are a warning to any government land manager or private landowner that the presence of an endangered species on his lands -- or even the existence of habitat that might be used by a listed species -- will likely result in a change in how he

can use the land or in a regulatory taking of those lands."

Smith said no one has any incentive to make his land attractive for endangered species. "The perverse incentive structure of the act accelerates destruction of the very habitat the act was designed to protect. For example, spotted owl habitat is being cut at an accelerated rate on public and private lands by managers or owners of trees who face the prospect of not ever being able to harvest those trees and not receiving any compensation for the closing or taking. There is nothing in the act to promote or encourage the production of more wildlife habitat; not a word encourages landowners to increase the population size of any threatened or endangered species," said Smith.

Farm Bureau believes an appropriate balance must be struck between the needs of a species and the needs of people. This balance must begin with respect for private property and a recognition that costs to recover species must be borne by the public. Your organization is actively working to reform the Endangered Species Act to make

it reasonable, workable and fair to all species, including humans.

Discussion Questions:

1. What changes would you make to the Endangered Species Act?
2. How much should human and economic considerations enter into endangered species protection?
3. If an endangered species listing causes a person to lose his or her job or the use of property, should that person be compensated for the loss?
4. Who should be responsible for protecting endangered and threatened species?
5. To what extent should private property rights be considered in endangered species protection?
6. Should farmers be able to protect their crops/livestock from predators listed under the Endangered Species Act?

1993

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ORIGINAL EQUIPMENT Manufacturer rated quality tillage parts at discount prices. A full line of replacement wear parts for plows, chisels and discs for all of your fall needs. For more information call your local Group Purchasing vendor, or call 1-800-292-2680, ext. 2015.

PARTS for Tractors and self-propelled combines, will buy used and burned combines. Contact Bob Bamgras, Central Michigan Tractor Parts, 2713 N. U.S. 27, St. Johns, MI 48879, 517-224-6802 or 800-248-9263.

PATZ New equipment, many machines in stock. Interest rates starting at 4.9%. **Wingarden Equipment** Fremont, MI 49412. Call anytime 616-924-3176.

PATZ USERS Big chain pops off? We have the answer. Reconditioned drive heads ready to go. Service work on Gutter cleaners and silo unloaders. Will go anywhere in Michigan. Call anytime **Wingarden Equipment** Fremont, MI 49412. 616-924-3176.

PREMIUM QUALITY roller chain at factory-direct prices, guaranteed to last 30% longer than any other roller chain on the market with seamless rollers. Contact your local Group Purchasing vendor, or call 1-800-292-2680, ext., 2015.

RECONDITIONED PATZ 98 B Silo Unloader superior to new. Also previously owned Patz Gutter cleaner. **Wingarden Equipment** Fremont, MI 49412. 616-924-3176.

SAVE ON QUALITY cutting parts for your combine and haybine winter restoration projects. Call your local Group Purchasing vendor, or call 1-800-292-2680, ext., 2015.

04
Livestock

DEXTER dual purpose "Mini" cattle. Also rare registered Cotswold sheep and Cotswold cross ewe lambs. Cotswold fleeces for spinning. 616-674-8885 eves best.

POLLED Simmental bulls and heifers, Fleckvieh bloodlines, performance tested, bull fed-722lbs weaning weight average. Wm Garvey, Charlotte. 517-543-2938.

04
Livestock

QUALITY ANGUS BREEDING STOCK Performance tested, Bulls semen tested. Free delivery. Also Border Collie Stock Dogs. Call today. **BORDER ANGUS FARMS** Sturgis, MI 616-651-8353.

REGISTERED Polled Herefords, breeding age bulls and heifers and bred heifers. MSU Performance tested. Rocky Banner bloodline. Robert Rye, Rogers City, Michigan. 517-734-3005.

REGISTERED Holstein Service age bulls from high producing dams. Out of 24,000 pound herd. \$800-\$900. **MBM Pasch Farms.** Call 517-644-3519.

ROL-OYL CATTLE OILERS. 5 year guarantee, no pumps, mineral oil with Permectin II. Safe on all production livestock and pets. **Brewer Farms, Clare.** 517-386-2773 evenings.

SULKIE PACING MARES for sale. Bred and ready to start you in racing business. Will rebreed at 1/2 regular price. **Jack Sanderson** 616-924-3796.

05
Help/Position Wanted

FARMER NEEDS dependable, non-smoking farm hand in exchange for farm labor. Carpentry skills desirable. Possible long term situation. Details 616-582-6294.

06
Agricultural Services

BIRD FERTILIZER SERVICES. 1100 N Irving, Greenville. Fertilizer, chemicals, seed, lime, feed. Soil testing, truck spreading and custom spraying. Call 616-754-3684.

CUSTOM Manure Irrigation by the hour or by the job. Also I stir below barn pits, you can then haul it out or I will pump it out. 616-792-2854.

MICHIGAN FARMERS Why not choose the best insurance for your farm? Farm Bureau Mutual introduced the first Farmowners Policy in the nation in 1960. We were the first and we're still the best with quality coverages, customized for your farm. Call your Farm Bureau agent today.

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09
Real Estate

HILLSDALE COUNTY Vacant farmland, mostly tillable in PA116. Terms, rents for \$60 an acre, \$800 an acre. Call 313-495-0482.

HOG FARM 84 tiled acres all tillable with or without nice home, or 40 acres, barns, Parkhill loam londo loam soils. Mt Pleasant schools. 517-433-5453.

10
Seeds

FOR MORE INFORMATION about Northrup King Products or dealerships where available, please call the **Northrup King District Sales Manager** nearest you. **Dave Smith, Shepard** 517-828-6127.

Steve Leipprandt, Kentwood 616-956-7136
Mark Klett, Howell 517-546-5874
Lee Everett, Vermontville

11
Wanted to Buy

WANTED Bine-beater, single drum, 80 inches wide, Olsen or Speedy etc. Gene Symanzik, 8146 Baldwin Rd, Goodrich, Mich 48438. Call 313-636-2775.

12
General

CROP INSURANCE It's time to start planning for your 1993 crop insurance needs. If you have questions about crop insurance, call your authorized Farm Bureau Insurance agent or contact **Jim Gallagher** in the Farm Bureau Insurance home office, 517-323-7000, ext. 2741.

DENTAL INSURANCE Farm Bureau's newest member benefit! Fully insured individual dental plan, utilize any dentist in the state or maximize benefits by using one of 1200 PPD dentists statewide. Cleanings, fillings, x-rays, etc. covered at 100% after \$5.00 copay. Call your County Farm Bureau office for more details!

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POWER TWIST and adjustable V-Belts at discount prices. For more information, contact your Group Purchasing local vendor, or call 1-800-292-2680, ext., 2015.

WIRELESS DRIVEWAY ALARMS. Lets you know any time someone walks or drives into your place! Easy installation. Call or write for free brochures: **Paxton Enterprises, 48E 600N, Fortville, IN 46040.** Call 800-872-9866 or 317-326-2838.

YOU CAN SAVE up to 50% on home heating cost and never have to buy fuel, wood, oil, gas, kerosene, ever again.. replace your electric heat, old furnace. Available in Portable 1100 or Permanent 2200. Safe, clean, 100% efficient, no maintenance, lifetime warranty. 800-627-9276 or Hydro-Sil, PO Box 662, Fort Mill, SC 29795.

— Michigan Corn Information Exchange —

— CORN SELLER'S —

Larry Wineland, Dewitt, Clinton County. Estm. 76 acres. Trucking available. Call in p.m. 517-482-6556.

Vaughn Vondrasek, Bath, Clinton County. Estm. 300 acres. Trucking available. Call in a.m. 517-641-4584.

Marion May, Quincy, Hillsdale County. Estm. 200 acres. Trucking available. Call in a.m. 517-869-2322.

Dean Shrontz, Olivet, Calhoun County. Estm. 400 acres. Trucking available. Call in a.m. 616-781-2180.

Edward Feuerstein, Belding, Ionia County. Estm. 100 acres. Trucking available. Call in a.m. 616-642-9798.

Jeff Bristle, Manchester, Washtenaw County. Estm. 20,000 bu. Call 313-428-7113.

Paul Thelen, Fowler, Clinton County. Estm. 3,000 bu. Call 517-587-6874.

Dewitt Grain Corp., DeWitt, Clinton County. Estm. Unlimited. Will deliver and also do grinding. Call 517-669-5950.

John Hamilton, Manchester, Washtenaw County. Estm. 9,000 bu. Call 517-592-8444.

Dave Kent, Alto, Kent County. Estm. 3,500 bu. Call 616-765-3073 or 616-765-3094.

Harold Mennernix, Alto, Kent County. Estm. 195 acres. Call 616-868-6639.

Maxwell Seed Farm, Hope, Midland County. Estm. 1,200 acres. Trucking available - large volume (semis only). Call in a.m. Farm # 517-689-3653; Dirk at 517-689-3667; Scott at 517-689-4060; or Clay at 517-435-9249.

Don Borgic, Wayland Allegan County. Estm. 8,000 bu. Call 616-792-2627 after 4:30 p.m.

Bob Humpert, Fairgrove, Tuscola County. Estm. 100 acres. Call 517-693-6415 in a.m. Trucking available.

Gerald Resner, Pinconning, Bay County. Estm. 120 acres. Call 517-879-4760 early a.m. or late p.m. Trucking available.

Neil French, Munger, Bay County. Estm. 10,000 bu. Call 517-755-0977 (work) or 517-659-2265 (home). Trucking available.

John Welke, Mayville, Tuscola County. Estm. 4,000 bu. Call 517-843-5320 in p.m. Trucking available.

Bill Buckenmeyer, Swanton, OH Estm. 600 bu. Call 419-829-4717 anytime. Trucking available.

Jeff Reed, Owosso, Shiawassee County. Estm. up to 100 acres. Call 517-723-5205 in the a.m. Trucking available.

Gerald Hubbard, Freeport, Kent County. Estm. 3,000 bu dry & wet ear corn Call 616-765-5301.

Doug Shepard, Birch Run, Saginaw County. Estm. 100 acres. Call 517-642-5677.

Steve Hord, Breckenridge, Midland County. Estm. 50,000-60,000 bu. Call 517-842-3830.

Robert Hoffmaster, Hopkins, Allegan County. Estm. 5,000 bu. Call 616-793-7116.

Jeff Beebo, Alma, Gratiot County. Estm. 45,000 bu. Call 517-463-4656.

Don Day, Ceresco, Calhoun County. Estm. 7,000 bu. (pop-corn) Call 616-781-5097.

Dean Linderman, Dexter, Washtenaw County. Estm. 5,000 bu. Call 313-426-4042.

Peter Kern, St. Johns, Clinton County. Estm. 10,000 bu. Call 517-224-3422

Lynn Griffin, Charlotte, Eaton County. Estm. 400 acres. Call 517-543-1856

P. John Parrent, Sandusky, Sanilac County. Estm. 50,000 bu. Call 313-648-3009 or 648-2151 - ask for John or Randy.

Robert Friederich, Petersburg, Monroe County. Estm. 50 acres. Call 313-279-2539

Dale Seyfred, Galien, Berrien County. Estm. 45,000 bu. Call 616-545-8358 (anytime) Trucking available.

Scott Baker, Jonesville, Hillsdale County. Estm. 10,000 bu. Call 517-894-2864 (anytime), trucking available.

Charles Brown, Beaverton, Gladwin County. Estm. 22 acres. Call 517-435-4834 (early a.m. or evenings).

Auburn Bean & Grain, Auburn, Bay County. Estm. 450,000 bu. Call 517-662-4423 either a.m. or p.m. Trucking available.

Tom Bailey, Shepard, Isabella County. Estm. 50 acres. Call 517-828-5114 after 6:00 p.m. Trucking could be arranged.

Jerry Jacobs, Birch Run, Saginaw County. Estm. 30,000 bu. Call 517-624-9496 in a.m. Trucking available.

Larry Horton, Gratiot County. Estm. 10 acres Call 517-337-5085 Trucking available.

David Wezensky, Mt. Pleasant, Isabella County. Estm. 4,000 bu. Call 517-773-7104 anytime. Trucking available.

Hitchcock Brothers (Scotty), Williamston, Ingham County. Estm. 30,000 bu. Call 517-655-3198 anytime. Trucking available.

Ruggles Beef Farm, Kingston, Tuscola County. Estm. 15,000 bu. Call 517-683-2459, trucking available.

Albert Ruggles, Kingston, Tuscola County. Estm. 50,000 bu. Call 517-683-2849.

Lonnie Kester, Millington, Tuscola County. Estm. 25,000 bu. Call 517-871-4949 Willing to custom store in a Harvestore until needed at a later date.

Schmandt Farms, Vassar, Tuscola County. Estm. 100,000 bu. Call 517-823-8639. Trucking available.

Marlin Herford, Pigeon, Huron County. Estm. 370 acres. Call 517-375-2357 anytime. Trucking available.

Bremer Brothers (Dale), Munger, Bay County. Estm. 10,000 bu. (dried; hi-quality corn) Call 517-659-2497 in the p.m. Trucking available.

Pete Rufenacht, Waldron Grain & Fuel, Waldron, Hillsdale County. Estm. 700,000 bu. selling wet or dry. Call 517-286-6201 during working hours. Trucking available.

Roger Root, Cass City, Tuscola County. Estm. 10,000 bu. Call 517-872-3718 p.m. only. Trucking available.

David Houghtaling, Reese, Tuscola County. Estm. 350 acres. Call 517-868-4219 or 659-2478 early morning or late evening. Trucking available.

Jim Kozunplik, Lennon, Shiawassee County. Estm. 80 acres. Call 517-621-3662 evenings.

Zeeb Farms, Bath, Clinton County. Estm. 35,000 bu. Call 517-641-6419 or 641-4277 in the a.m. Trucking available.

Larry Meyer, St. Louis, Isabella County. Estm. 10,000 - 15,000 bu. Call 517-681-2672 a.m or late p.m. Trucking available.

Nyle VanSickle, Bellevue, Eaton County. Estm. 85 acres. Call 616-763-3110 anytime.

Elmer Gross, Montrose, Saginaw County. Estm. 9,000 bu. Call 313-639-2612 after 7 p.m. Trucking available.

John Richey, Ottawa Lake, Lenawee County. Estm. 45,000 bu. Call 517-486-4147 anytime. Trucking could be arranged.

Hogle Truck Lines, Middleton, Gratiot County. Estm. 4,000 bu. Call 517-236-7225 between 8 a.m and 5 p.m. Trucking available.

Roger Bloss, Swartz Creek, Genesee County. Estm. 10,000 - 15,000 bu. Call 313-635-3788 after 8 p.m. Trucking available.

Brad Goslin, Gageton, Tuscola County. Estm. 40,000+ bu. Call 517-665-2549 p.m. Trucking available (30 mile radius)

Gary Harper, Onsted, Lenawee County. Estm. 25,000 bu. Call 517-467-4758 after 6 p.m. Trucking available.

Richard Kessler, Jr., Montague, Oceana County. Estm. 6,000+ bu. Call 616-894-8876 after 8 p.m. No trucking available.

Gail Bennett, Caro, Tuscola County. Estm. 40,000 bu. Call 517-673-6934 anytime. Trucking available.

Chuck or John Adams, Jackson, Jackson County. Estm. 25,000+ bu. Call 517-536-4625 or 536-4454 p.m. Trucking available.

John B. Hersch, Chesaning, Shiawassee County. Estm. 3,000+ bu. Call 517-845-6238 after 3 p.m. No trucking available.

Elwyn Schnick, Owosso, Shiawassee County. Estm. 6,000+ bu. Call 517-845-6570 after 3 p.m. Trucking possible after 1/1/93.

John Seif, Caledonia, Kent County. Estm. 50,000 bu. Call 616-877-0046.

Paul Austin, Cass City, Sanilac County. Estm. 6,500 bu. Call 517-872-2249.

Dave Eltman, Pigeon, Huron County. Estm. 18 acres. Call 517-453-2507.

Erwin Rytlewski, Auburn, Bay County. Estm. 90 acres. Call 517-662-6746.

Don Rickett, Carsonville, Sanilac County. Estm. 12,000 bu. Call 313-657-9712.

David VandenBunte, Martin, Allegan County. Estm. 250 acres. Call 616-672-7266.

Ralph Ruggles, White Lake, Oakland County. Estm. 100 acres. Call 313-887-4992.

Hawkins Homestead, Mason, Ingham County. Estm. 400 acres. Call 517-628-2050.

John Hersh, Chesaning, Shiawassee County. Estm. 3,000 bu. Call 517-845-6238.

Alvin Bickle, Vassar, Gratiot County. Estm. 20 acres. Call 517-652-2380.

Sheridan Farm Limited, Fairgrove, Tuscola County. Estm. 40,000 bu. Call 517-673-2984.

Gene Wisenbergen, New Lothrop, Saginaw County. Estm. Large quantity. Call 517-845-3366.

Steve Holsten, Birch Run, Saginaw County. Estm. 2,000 - 3,000 bu. Call 517-652-9722.

Tom Hess, Tuscola County. Estm. 6,000 bu. Call 517-823-7026.

Neil Link, Ravenna, Muskegon County. Estm. 8,000 - 10,000 bu. Call 616-889-5530.

Steve Short, Archbold Ohio. Estm. 4,000 bu. Call 419-446-9493. Has truck for lease.

David Skjaerlund, Lansing, Clinton County (farm located north of Mt. Pleasant, Isabella county) Estm. 18,000 bu. Call 517-626-6966 anytime.

Citizens Elevator, Vermontville, Eaton County. Estm. 1,000 - 50,000 bu. Call 517-726-0514. Will also haul.

Gerald Martinez, Rodney, Mecosta County. Estm. 2,000 bu. Call 616-867-3440 anytime.

Gene Weisenberger, New Lothrop, Saginaw County. Estm. 100 acres. Can dry and quick and easy loading. Call 517-845-3366 early a.m. or evenings. Trucking available.

Diffin Farms (Francis), Burt, Saginaw County. Estm. 50,000 acres. Dry but low test weight. Call 517-624-9166 anytime. Trucking available.

Richard Belson, Pittsford, Hillsdale County. Estm. 10,000 bu. Call 517-383-2280 p.m.

Terry Roggenbuck (Roggenbuck Farms Inc.) Harbor Beach, Huron County. Estm. 100,000 bu. dried -- 400 acres standing. Call 517-479-6902, 479-6515 or 479-6761 anytime. Trucking available.

Jack Gerber, Scottsville, Mason County. Estm. 4,000 - 6,000 bu. Call 616-843-2773.

Harry Kline, Wacousta, Clinton County. Estm. 7,000 - 8,000 bu. Call 517-626-6477.

Gary Brownell, Ionia, Ionia County. Estm. 50 acres. Call 517-855-2030.

Doug Shannon, Fairgrove, Isabella County. Estm. 40,000 bu. Call 517-693-6369.

Dennis Heffron, Belding, Kent County. Estm. 100,000 bu. Call 616-794-2527.

Warfins Bros., Hemlock, Saginaw County. Estm. 12,000 bu. Call 517-642-5849 or 642-8590.

Jim Cosenblik, Lennon, Genesee Cty. Estm. 10,000 bu. Call 313-621-3662.

Gary Krug, Bad Axe, Huron County. Estm. 50,000 bu. Call 517-269-9697.

Clifford Besaw, New Lothrop, Shiawassee County. Estm. 18,000 bu. (dried). Call 313-638-7528 (home) 695-4660 (office).

Jenuware Bros., Armada, Macomb Cty. Estm. 10,000 bu. Call 313-784-5956.

Neil Clezenger, Stanton, Montcalm County. Estm. 58 acres. Call 517-831-4274.

Ron Balder, Auburn, Bay County. Estm. 2 million bu. Call 517-662-4423.

Gene Meijer, Shepard, Isabella County. Estm. 150 acres. Call 517-828-6476.

Carrol R. Parr, Charlotte, Eaton County. Estm. 50 - 60 acres. Call 517-543-4709.

Willard Jurgess, Bad Axe, Huron County. Estm. 50,000

Michigan Corn Information Exchange Free Listing Coupon

Name: _____

County: _____

City: _____

Phone: _____

Quantity (in bushels): _____

Fill out this coupon and mail it directly to:
MSU Outreach Communications
c/o MCIE, Room 312 Ag Hall
East Lansing, MI 48824-1039

You can also phone your listing in by calling:
Michigan Farm News, 1-800-968-3129
 or
Michigan State Univ., (517) 336-1555

Be prepared to provide the same information as requested above when calling. No additional information will be taken or used in the listing.

bu. (Dry, shelled.) Call 517-269-2305. Will deliver.

Irvin Wisinski, Parma, Bay County. Estm. ? Call 517-662-6746.

John Schaffner, Manchester, Washtenaw Cty. Estm. 700 bu. Call 313-475-8802.

Bill McClintic, Merrill, Saginaw Cty. Estm. 10,000 + bu. Call 517-643-7162 after 5 p.m. Trucking available.

Randy Walden, Birch Run, Saginaw County. Estm. 2,000 bu. Call 517-624-5279.

McClintic Farms (Art), Alma, Gratiot County. Estm. 25,000 bu. Call 517-463-1140 anytime. Dryer available.

Richard Carpenter, Three Rivers, St. Joseph Cty. Estm. 1,000 bu. Call 616-279-2364.

Jeff Knoblauch, Blissfield, Lenawee County. Estm. 5,000 in field - 7,000 dried. Call 517-486-4627 a.m. Trucking available.

Garry Harper, Onstead, Lenawee County. Estm. 25,000 bu. Call 517-467-4758.

Larry Butchen, Wheeler, Gratiot County. Estm. 300 acres. Call 517-842-3189 evenings.

Dodge City Coop (Mike), Beaver Dam, Wisconsin. Estm. - large quantity. Call 414-887-7671.

Joe Schweitzer, Sparta, Kent County. Estm. 9500 bu. Call 616-784-6182.

Dan Hart, Freeland, Midland County. Estm. 900 acres. Call 517-695-5409.

Omega Farms, Webberville, Ingham County. Estm. 50,000 bu. Call 517-468-3366.

Bill McClintic, Saginaw, Saginaw County. Estm. 40 acres. Call 517-681-5771 (days) or 517-643-7163 after 5 p.m.

Dale Schmitt, Standish, Arenac County. Estm. 3,000 bu. Call 517-846-6745.

Pater Brothers Farms, Grandville, Ottawa Cty. Estm. 20,000 bu. Call 616-896-9387 anytime. Trucking available.

Raymond Oates, Waldron, Hillsdale County. Estm. 80,000 - 90,000 bu. Call 517-286-6241.

Joe Catarinia, Tecumseh, Lenawee County. Estm. 15,000 bu. dry, shelled. Call 517-423-4007.

Jeff Knoblauch, Blissfield, Lenawee County. Estm. 7,000 bu. dry corn and 5,000 other. Call 517-486-4627.

David Gross, Midland, Midland County. Estm. 4,000 bu. Call 517-638-7422. Trucking available.

M. Marshall, Richfield, Hillsdale County. Estm. 80,000 bu. Call 517-452-3162.

Tom Todd, Croswell, Sanilac County. Estm. 8,000 bu. dry and 15,000 bu. wet. Call 313-679-9829.

Pete Ratajezmak, Munger, Bay County. Estm. 35,000 - 36,000 bu. dry. Call 517-659-3320.

Robert Boettger, St. Johns, Clinton County. Estm. 5,000 bu. Call 517-224-3048 anytime. Trucking can be arranged.

Tom Zyrowski, Brown City, Sanilac County. Estm. 60,000 bu. Call 313-346-3711 p.m. Trucking available.

— TRUCKING —

Trucking Services (hopper trailers and grain trains) and access to large HMC volume. Vick Parker, Charlotte, Eaton County. Call anytime at 517-543-3761 (office) or 616-967-1554 (mobile).

Scott Baker, Plainsite Farms, Jonesville, Hillsdale County. Call 517-894-2864 anytime. Truck capacity: 900 - 1200 bu.

Terry Wright, Lake City, Missaukee County. Call 616-839-4957 either early a.m. or late p.m. Truck capacity: 22 ton.

Rocky Wright, Gaylord, Otsego County. Call 517-732-1021 either early a.m. or late p.m. Truck capacity: 22 ton.

Larry Cline, St. Louis, Gratiot County. Call 517-681-5305 after 8 p.m.

Norm Mihills, Jones, Cass County. Call 616-244-5056 or 646-5105.

Citizens Elevator, Vermontville, Eaton County. Call 517-726-0514. Truck capacity: 35 ton.

K & R Trucking (Roger Pitts), Camden, Hillsdale County. Call 517-254-4119 anytime. Bottom unloaders.

David Uloth, Golden Valley Farms, Jasper. Call 517-443-5495 anytime. Truck capacity: 900 bu.

Dairy Market Situation and Outlook – Efficiency Critical

Larry Hamm and Sherrill Nott,
MSU Ag. Econ. Dept.

The 1993 outlook points to a modest cost-price squeeze on dairy producers. After several years of stable or declining production costs, input prices could increase 2 to 3 percent in 1993. Milk prices are expected to drop about 3 percent in 1993. The resulting cost-price squeeze will demand greater productivity and management skill.

Production and Consumption Increases Will Be Modest

Milk production for 1993 will likely increase only 1-2 percent over the cool weather induced production increase this year. Cow numbers will continue to decline to about 9.8 million head. Production per cow is likely to increase around 2 percent, but will be constrained by feed quality problems early in this year. Total production will likely reach around 152.5 billion pounds.

Consumption will continue to increase. The estimated commercial disappearance for 1993 will be around 143.9 billion pounds, up about 1.5 percent. Most of the increase will result from increased cheese consumption associated with modest economic growth. There will be some enhanced powder demand caused by active use of the Dairy Export Incentive Program (DEIP). After taking into account stock level changes, imports, farm milk use, etc., CCC surplus purchases will be below the price support assessment trigger level.



Price Possibly 35 to 45 Cents Lower

For all of 1992 the Minnesota-Wisconsin price averaged \$11.87 per cwt (3.5 percent). After dropping to around \$10.40 to \$10.60 in March, the M-W will rebound to the \$12.40 to \$12.65 in the fall. For the year, the M-W will average around \$11.40 to \$11.60. Michigan milk prices at the farm will be helped by the reformulated super-pool. The all-milk price (3.5 percent test) for Michigan producers will likely run between \$12.45 and \$12.85

for the year. This will be around 40 cents lower than 1992's average price. While not good news, 1993 price levels will be above support levels which would prevail under rapidly expanding production conditions. The modest 3 percent decline in milk prices will be compounded by rising production costs.

Dairy Farm Expenses to Increase

The USDA's composite price index for all production items, interest, taxes and wage rates remained unchanged during 1992. The

composite index rose only 1.7 percent in 1991. Price inflation for input items will resume its upward push in 1993, perhaps increasing by 2 to 3 percent by year end.

Feed handling will demand an extra amount of managerial time in the coming months. Whether feeding your own, or buying hay to get you through to the summer feed production period, quality will be a big factor. Feed test often and adjust daily rations as you move from batch to batch of hay.

When buying hay, the time and effort required to sample what is for sale will pay dividends. Hay will tend to move from south to north. Clearinghouse lists and brokers can provide alternative sources with ample time for testing and weighing. Supplies appear large enough to stop hay prices from increasing much above current levels.

Vitamins, minerals and milk replacer will likely see higher prices as 1993 proceeds. The uncertainty in the international feed grain markets, coupled with the big supply of U.S. corn and other crops, should keep our feed prices low.

Interest rates dropped during 1991 and 1992. Managers with variable interest rate loans gained, as did those who refinanced or negotiated lower rates at loan renewal time. Interest rates may go back up in 1993.

Management time will be needed in those counties designated as disaster areas. Low interest rate loans might become available if time is spent to document the need. Such loans usually have special low interest rates.

The price indexes for seed and for fertilizer dropped during 1992. With the environmental emphasis on closely controlling plant nutrients, expect further downward pressure on fertilizer prices as demand slackens. This will encourage 1993 planting activities aimed at restoring inventories of quality feeds.

However, the price index for crop chemicals has been increasing at an annual rate of nearly 7 percent the last two years. If this upward trend continues, farmers will be searching for alternatives.

Wage rate increases ran about 6 percent annually in the past two years, despite the recession and high unemployment. Dairy farmers will likely see it increase another 6 percent in 1993. One way to offset high labor is to substitute machinery. But in 1992, the price indexes for autos and trucks, for tractors, and for other equipment increased about 3 percent. These costs are likely to continue their upward trend in 1993, thereby diluting any gains from reduced labor.

Michigan dairy farmers in 1991 achieved lower costs per hundredweight of milk than they did in 1990. They probably did as well or better in 1992. But in 1993, managers may see their per unit costs go back up a bit while they deal with feed quantity and quality problems the first part of the year.

Policy Issues Continue

There are several policy decisions which will affect milk checks and others which will get a lot of press coverage, but will not likely impact producers this year.

The coming debates on environmental regulation and health care reform have great potential to impact dairy, but will probably not hit in 1993. Surplus assessments are not in the cards for 1993. Because milk production increased in 1992 over 1991, the number of producers eligible for "deficit assessment" refunds for holding their production down in 1992 will be lower. The May 1 "deficit assessment" increase from the 11.25 cents per cwt. in effect now will go only to around 13 cents. This is slightly lower than the 13.65 cents in late 1992.

The USDA will hold hearings on component pricing on Federal Order No. 40 in February. Any implementation of multiple component and somatic cell count pricing in the Federal Order will likely wait until 1994. Final decision by the USDA on the national Federal Order hearings and Class IIIa pricing for Michigan may be made in 1993. Full impacts of those decisions will not be felt until 1994. Expect the butterfat differential to go down again. For the first part of 1993, a "point" of butterfat will be worth only around 6 cents. If the USDA does put in another "butter-powder tilt" change this spring, the butterfat differential can fall to 5 cents a point. Finally, the policy environment won't support an increase in the dairy price support this year.

Summary

The year of 1993 will again challenge Michigan dairy producers. Future dairy activity to safeguard the industry income and markets will increasingly come from industry self-help programs. The Michigan industry-wide success on building a new and expanded super-pool for 1993 can serve as a model for future industry initiatives to develop a prosperous dairy industry in Michigan.

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