Few reasons to be excited about optimistic crop forecasts

Each February, farm magazines land in the mailbox as often as snowflakes hit the ground.

This year's blizzard of pulp nonfiction appears to be fatter in advertising, more colorful in design and more bullish in story tone than recent Februaries.

Except for specialized livestock magazines, that is. Like the pork, beef and dairy industries they serve, most livestock books are thin, gray and filled with stories on how to squeeze pennies out of today's rocky markets.

The contrast is striking. One set seems all grit and grimness; the other, all sunshine and blue sky.

Meat and milk's plight is worrisome. But even more worrisome to the wise farmer should be the raft of pollyannish stories about how American agriculture — boosted by explosive exports — has entered a new era of spiraling profits, windfall wealth and lightening growth.

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With utmost respect, I offer two words to those who believe this yahoo boosterism — The Seventies; and two phrases for those who may have forgotten that cruel but delicious decade: been there, done that.

Like many market watchers, I too can be sincerely optimistic about American agriculture. And I can back it up by constructing a nearly airtight case for boom times ahead. Pick your crop or animal — wheat, hogs, corn, beef, soybeans, poultry — and permit me a few minutes.

Corn? Presently, corn bulls appear bulletproof. The Conservation Reserve Program early-out announcement bounced off their kevlar hides without ruffling a hair. And foreign customers continue to chew up our crop. At the current weekly export pace, 49.5 million bushels, USDA's 1996 corn export prediction of 2.1 billion bushels will be reached July 1, not Sept. 1.

Additionally, USDA's January Crop Report continues to forecast domestic feed usage will drop 900 million bushels this year compared to last. A nifty trick when one considers this year's 2 to 5 percent larger hog, beef and poultry production must eat 14 percent less feed.

This is even more unlikely given updated livestock data. January's Cattle on Feed Report shows increased feedlot placements and higher numbers on feed. Weekly sow slaughter has not yet surpassed the 4 percent of kill threshold, which usually indicates sow liquidation.

Wheat? Telephone most anywhere in Kansas and try to find a farmer who rates his droughty, frozen, windblown wheat crop above average. Combine this with fast foreign purchases of last year's crop — despite all the chatter that today's 14-year high prices will nip this rose — and wheat may continue to break price records.

Soybeans? So far, soybeans are 1996's weakest bull. But I can muscle up this underachiever. If one assumes harvest soybean prices must be 2.4 times September corn prices to suck corn acres into beans, then the current corn-to-bean price ratio still clearly favors corn.

Some market seers see more Southern soybean acres. But with cotton prices at 85 cents and a fall forecast of 95 cents, expanded 1996 Delta bean acres likely is gone with the wind. For the present, new crop soybean acres should be trendline.

And yet, despite all current bullish fundamentals, these bullish winter stories mock the new, completely uncharted global market American farmers will be in one year, two years, five years in the future.

In fact, all the above-mentioned bullish juice that now inspires glowing ideas of new-found wealth can and will turn bearish.

One year ago, corn was $2.40 a bushel; today it is $3.40. Next year it easily may be $2.40. Last year, U.S. beef and pork exports set records. While impressive, ask a pork or beef producer if this growth presently adds to his profit or simply limits his losses.

Call me a killjoy, but today's markets seem nothing more than a golden exception to an ironclad rule you know to be true: In the commodity business, bulls make money, bears make money and pigs always get killed.

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