



# ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE  
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

February 16, 1977

## MORE STABLE FARM INPUT COSTS

FARM INPUT COSTS are likely to rise in 1977, but slower than they have in recent years. For 1976, the prices of production inputs may average about 7-1/2 percent above the figure for 1975.

*FARM MACHINERY.* Retail sales of farm tractors for January to September, 1976, averaged about 2 percent below a year earlier, although farmers purchased about 13 percent more four-wheel-drive tractors during the first three-quarters of 1976. Combine purchases were down about 3 percent from the previous year. Farmers did buy more corn heads, windrowers, and forage harvesters in 1976 than in 1975. The prices being paid by farmers in September of 1976 for tractors and other self-propelled equipment was 10 percent higher than a year earlier and about 27 percent above the 1974 averages. Further price rises appear likely in 1977 if demand remains strong. Lower interest rates and various dealer sales campaigns will provide a sales stimulus. However, if demand softens, dealers' and manufacturers' inventories could accumulate. That would lead to weaker prices later on. It appears now that for 1977, sales might slow down slightly and the price rise might be slower than in 1976.

*PESTICIDES.* Inventories for the beginning of 1977 are expected to be above the 1976 initial inventories. The production capacity available for the 1977 season is expected to be up 20 percent for herbicides, and up 5 percent for insecticides. If 1977 crop acreages are similar to those of 1976, the use of insecticides and fungicides should be about the same. Herbicide use may be up because of a general trend to use more herbicides. Prospects are good that supplies of pesticides will be adequate for the 1977 season. Little change in 1977 pesticide prices is expected, and some declines in herbicide prices may occur.

Regulatory actions are becoming an increasingly important factor in the use and availability of pesticides. All aspects of the new pesticide act are to be in force by October of 1977. By then, all private and commercial applications must be certified. If farmers forego certification, they will be required to use alternate pesticides or to have restricted-use pesticides applied by a certified custom applicator. The use of certified applicators could increase costs and could mean less-timely use. Employing alternate pesticides could mean higher costs and less-effective control.



*FERTILIZER.* Farmers boosted fertilizer use by 15 percent for the 1975-76 season ending in June. The large supplies and lower prices carried the higher use into the summer and fall of 1976. The use of fertilizers in 1977 may equal or be slightly above a year earlier. Retail fertilizer prices continue to decline from their peak in April, 1975. Farmers paid about 3 percent less in October than in the spring of 1976. With inventories relatively large and production capacities up from a year ago, fertilizer supplies in 1976-77 crop year should lead to slightly lower prices, even with some increased use.

*FARM LABOR.* The wages paid by farm employers for hired labor in 1976 are running about 10 percent above a year earlier. The average increases for the past several years have closely paralleled those in the Agricultural Federal Minimum Wage. On January 1, 1977, the Federal minimum wage went from \$2 to \$2.20 per hour. Wage rates could increase about 10 percent in 1977.

Annual hired employment in agriculture increased about 15 percent from 1972 to 1975. Further increases were expected in 1976. Illinois has witnessed a slight rise in the number of hired agricultural workers since 1972, while the number of family workers has been on the decline. Hired workers will continue to increase in Illinois as the number of family workers decreases.

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