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# ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE  
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

February 14, 1979

## FARM INPUT COSTS

THE INDEX OF PRICES PAID BY FARMERS FOR PRODUCTION ITEMS as of December 15 increased about 13 percent compared to a year earlier. More than half of the increase can be credited to inflation in the general economy. The index of livestock feeder prices for December 15 has increased about 58 percent during the past year. The interest payable per acre of sale estate debt increased about 16 percent for the year; farm machinery increased 9 to 11 percent. The prices paid for agricultural chemicals decreased about 5 percent during the past year. Fertilizer prices remained the same as a year earlier. Other production expenses increased from 3 to 8 percent.

**FERTILIZER.** U.S. consumption for all of the primary plant nutrients is likely to increase about 7 percent for 1978-79. Fertilizer supplies should be plentiful. Adequate capacity is available, especially in the nitrogen sector where there is excess capacity of anhydrous ammonia. Domestic capacity for phosphates should remain about the same as a year earlier. The inventories of phosphate fertilizers have declined but production will remain ample to meet domestic and export demand. Imports will provide the major share of potash. Adequate supplies are available from Canada. Although inventories have declined since last July, supplies will be plentiful for 1978-79.

Prices of nitrogen fertilizers are generally expected to remain close to present low levels for the remainder of 1978-79 with large domestic inventories and foreign supplies. The prices of phosphate fertilizers will hold firm, with a chance for modest increases in 1978-79 because of the strong export demand. The prices paid by farmers for potash are up about 4 percent from a year earlier and could rise by a similar amount this spring due to strong overseas demand.

**AGRICULTURAL CHEMICALS.** Supplies of major herbicides and insecticides were plentiful in 1978 and should be adequate in 1979. During the past year, prices were up about 8 percent for insecticides. Herbicides were as much as 10 percent lower than a year ago. Prices may be from 2 to 5 percent higher in 1979 due to increased manufacturing and handling costs. Pesticide registration will not have a significant impact on the pesticide availability in 1979 for most crops but could mean a cutback in 1980 and later years. The 65 pesticide products currently under review account for about a quarter of all pesticide sales.

*FUELS AND ENERGY.* No shortage of gasoline, diesel fuel, or L.P. gas is anticipated for Illinois farmers in 1979. The fuel and energy price index increased about 8 percent during the past year. Gasoline prices are expected to rise 10 to 12 percent during 1979. Diesel prices may go up about 7 percent during the coming year. The inventories of L.P. gas are larger than last year and should increase. Farmers paid about 5 percent less for L.P. gas in December, 1978, than a year earlier. Electricity prices increased about 8 percent over the year before. Electricity prices should increase 5 to 10 percent during 1979.

*FARM MACHINERY.* Sales went up on nearly all types of farm machinery during 1978. For 2-wheel tractors, sales increased about 6 percent; for 4-wheel tractors, about 16 percent. Combine sales rose about 10 percent during 1978. The prices of tractors and self-propelled combines increased about 11 percent during the past year; those on other machinery, about 9 percent.

Inventories of most machines appear to be adequate for the beginning of 1979. Prices will increase during the coming year, perhaps 5 to 8 percent.

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