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COOPERATIVE EXTENSION WORK
IN
AGRICULTURE AND HOME ECONOMICS

STATE COLLEGE OF WASHINGTON
U.S. DEPARTMENT OF AGRICULTURE
COOPERATING

STATE OF WASHINGTON

EXTENSION SERVICE
COUNTY AGENT WORK
PULLMAN, WASHINGTON

January 18, 1957

PRICES FOR WASHINGTON GEM POTATOES - 1950-56

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U. S. DEPARTMENT OF AGRICULTURE

The attached charts show prices for Gem potatoes grown in Washington in each of the seven years, 1951 through 1956 inclusive. Note that this is the same potato that is called Russets in all other areas outside Washington.

The price per ton includes sorting costs. Thus, to get a net price to the grower, \$4 per ton should be deducted from the price shown on these charts.

Since no quotations are available on Washington Gem potatoes after March, a derived price was secured for the following three months in order to indicate the trend of the market. This was secured by taking the Chicago price for Idaho Russets and deducting \$2.10 per hundred pounds and converting to tons.

1950: This was the last of eight consecutive years of general price support operations for potatoes. The price support level had been reduced to 60 percent of parity. The prices rested on the low support level most of the season since growers had become accustomed to growing a large volume of potatoes each year. This is inevitable under a price support system in which part of the price risk in growing potatoes was removed.

1951: Growers in all late areas reduced acreage very sharply because of the low prices received for the preceding crop and the fact that price support was removed after eight continuous years of operation.

As is usual in a short crop year for late potatoes, prices advanced during most of the storage season. The only reason that prices declined during January was the price roll-back forced by the Office of Price Stabilization. Because of this price roll-back, potatoes were sold and used more rapidly during January, February, and March than would otherwise have been the case. In other words, the supply rationing function performed by free market prices in a year of short potato supplies was destroyed by this price roll-back. The inevitable result was a "potato famine" in late May and June.

1952: The late potato crop was moderate in size this year. However, remembering the sharp price advance during the preceding storage season, growers stored heavily and held strongly. This resulted in a sharp price decline in late potatoes from late January to the end of the storage season in all except areas producing Gem potatoes. The advance in late March and April for Gem potatoes was caused by the severe freeze damage to the California early crop. Had it not been for this, the price of Gems would have continued to decline in the latter part of the storage season, although they may not have declined so much as the very severe drop suffered by potato growers in all other storage areas.

1953: The late potato crop was large this year. As is usual in large crop years, potato prices declined during a large part of the storage season. The sharp advance in May was due to the fact that growers in all late producing areas except those producing Gems remembered the severe losses taken by growers who held to the latter part of the storage season the preceding year and for that reason had sold practically all of their potatoes before May. Also important was the fact that the early crop was substantially reduced in 1954.

1954: The late crop was moderate in size this year. Most growers were inclined to sell early since most of them held the year before and lost money by so doing. Thus, prices advanced steadily during most of the storage season.

1955: This was a year of large production for late potatoes. Normally, we would expect prices to decline during most of the storage season in the case of such a large crop, particularly when it followed a year when growers made good money by storing, as was the case in the preceding season. However, several factors combined to reverse this usual tendency and make it a profitable storage season. One of these was the diversion of large quantities of potatoes to potato starch, flour, and livestock feed under the potato diversion program provided by the U. S. Department of Agriculture. Another was an unusual export demand for fairly large quantities of potatoes from Europe in the late winter and spring. Finally, a small early crop in 1956 contributed to strength in the latter part of the season.

1956: The late potato crop in 1956 was the largest since the last price support year of 1950. Growers were fairly optimistic because of the way potato prices advanced during the two preceding storage seasons. For this reason, they were inclined to store heavily. This brought a price bulge in November but by December, it was evident that supplies were likely to be burdensome most of the storage season, especially after release of the December 1 stocks report which showed potato holdings on December 1 to be 13 percent larger than a year earlier.

Gem Potatoes - Yakima Grower Prices

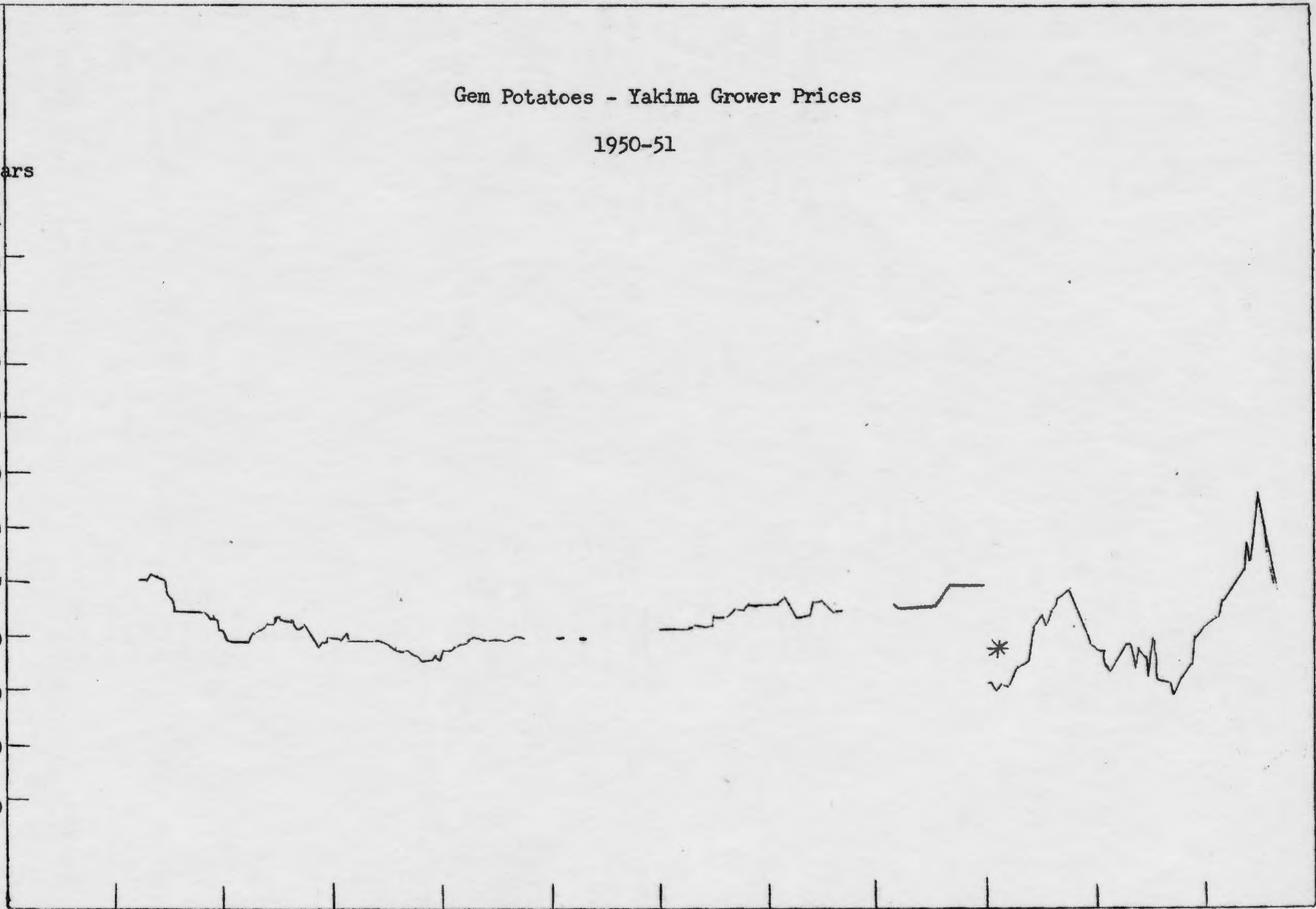
1950-51

Dollars
per
ton

100
90
80
70
60
50
40
30
20
10
0

July Aug. Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June

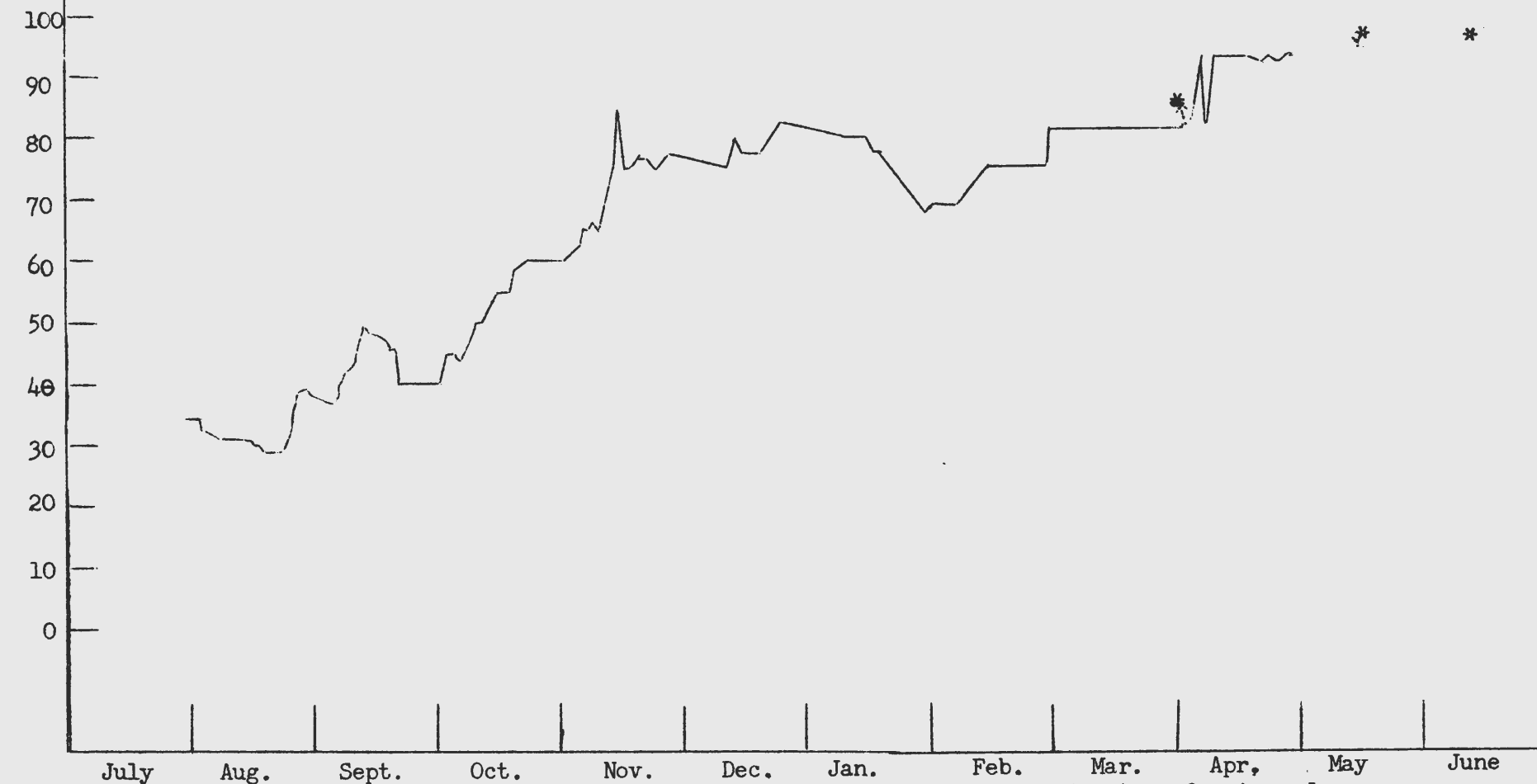
* Derived after April 1 from Chicago FOB quotations on Idaho potatoes -
subtract \$2.15 and convert to Ton



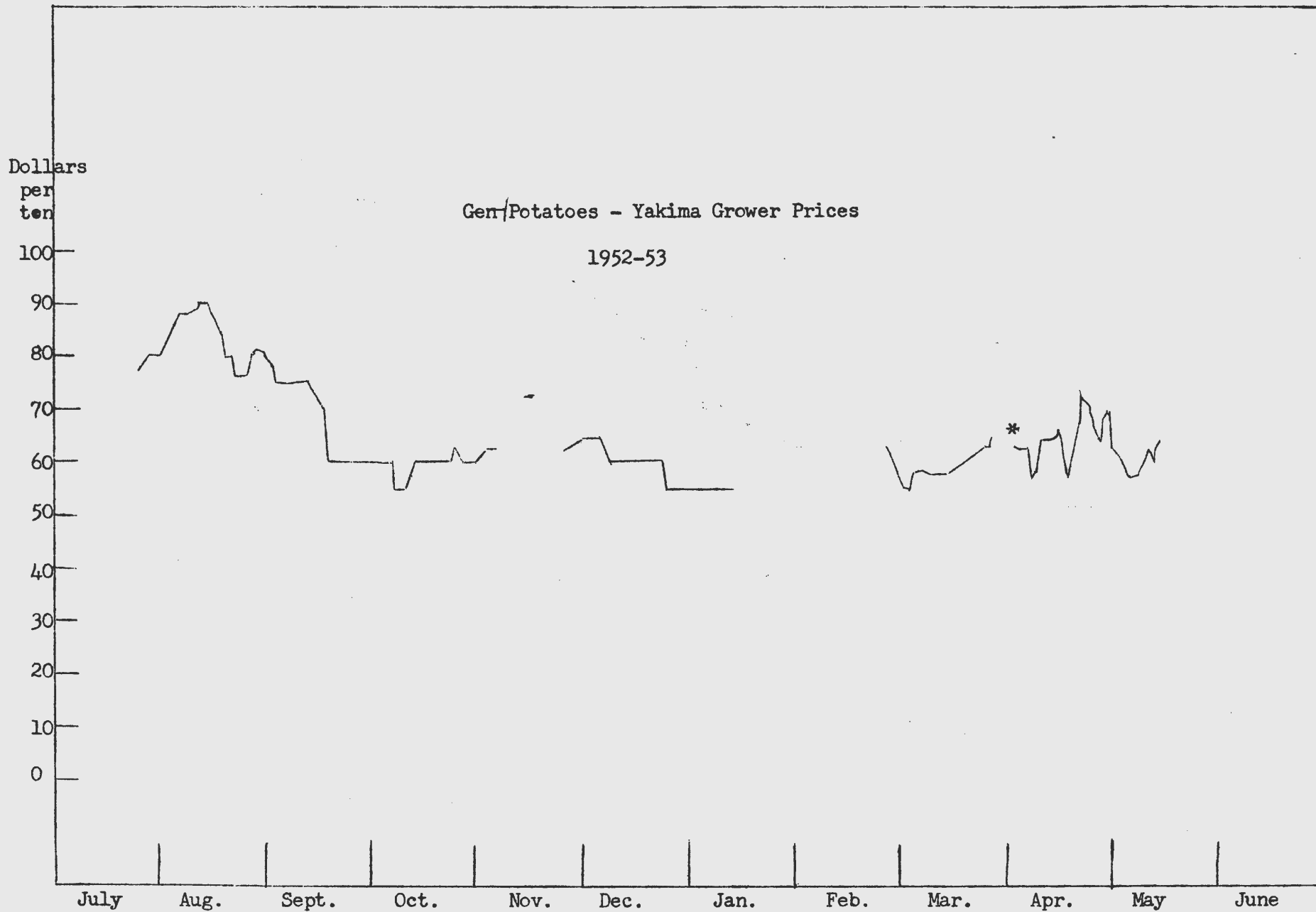
Gem Potatoes - Yakima Grower Prices

1951-52

Dollars
per
ton



*See chart for 1950-51 for derivation of prices for Apr.-June
**May & June no carlot sales reported (apparently all black market)



* See the chart for 1950-51 for derivation of prices for Apr. - June

Gem Potatoes - Yakima Grower

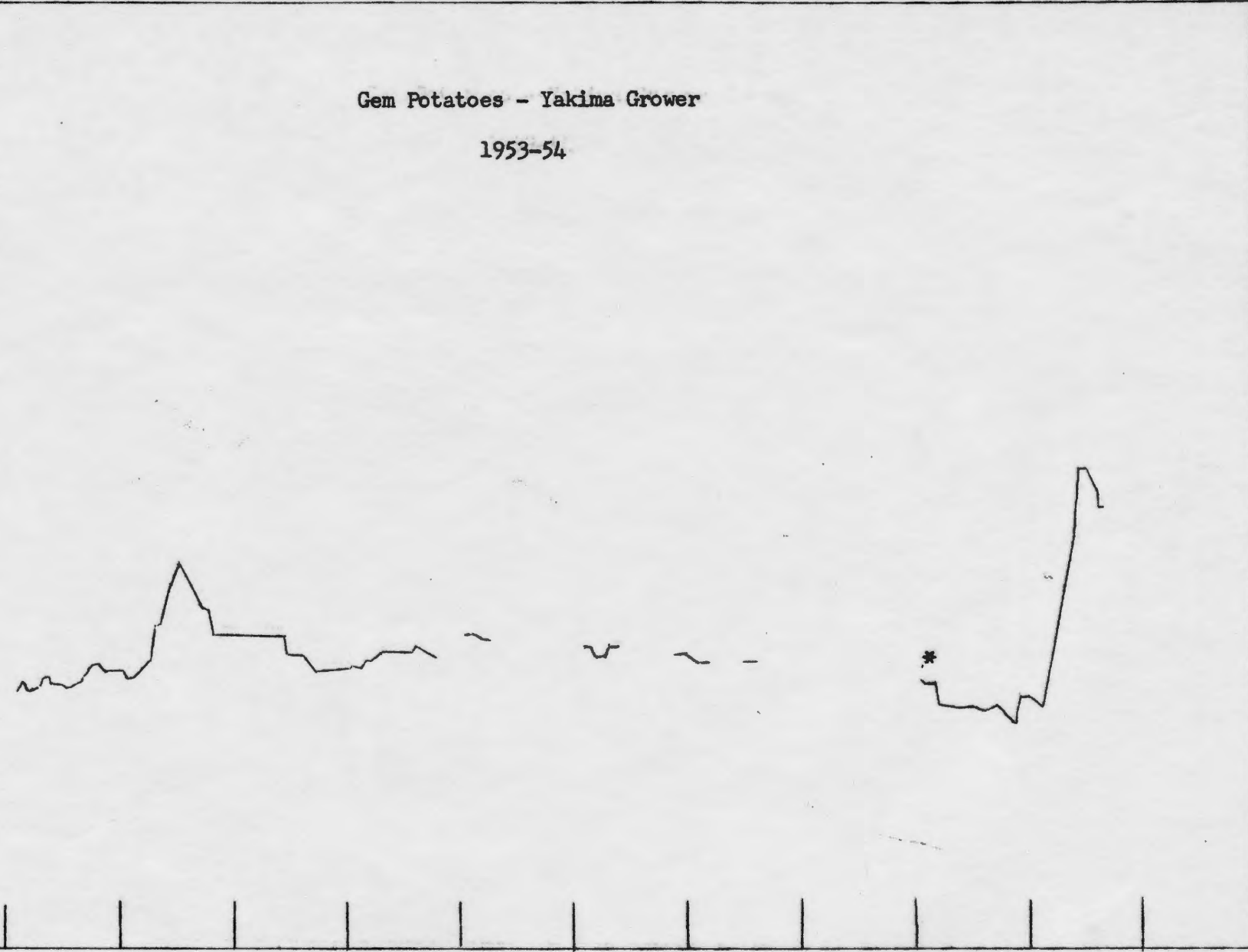
1953-54

Dollars
per
ton

100
90
80
70
60
50
40
30
20
10
0

July Aug. Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June

* See chart for 1950-51 for derivation of prices for Apr.-June



Gem Potatoes - Yakima Grower Prices

1954-55

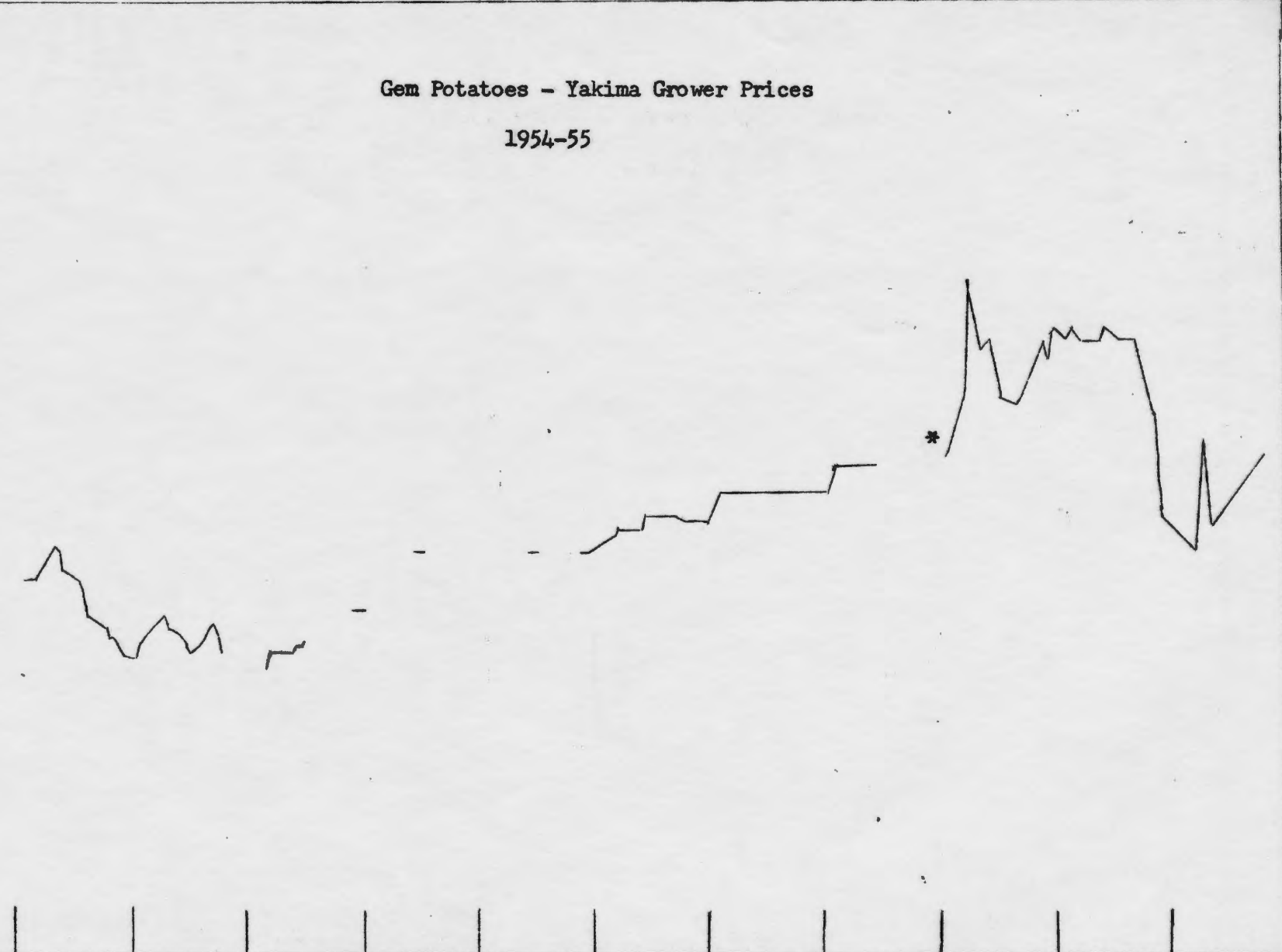
Dollars
per
ton

100—
90—
80—
70—
60—
50—
40—
30—
20—
10—
0—

July Aug. Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June

* See chart for 1950-51 for derivation of prices for April-June

*



Gem Potatoes - Yakima Grower Prices

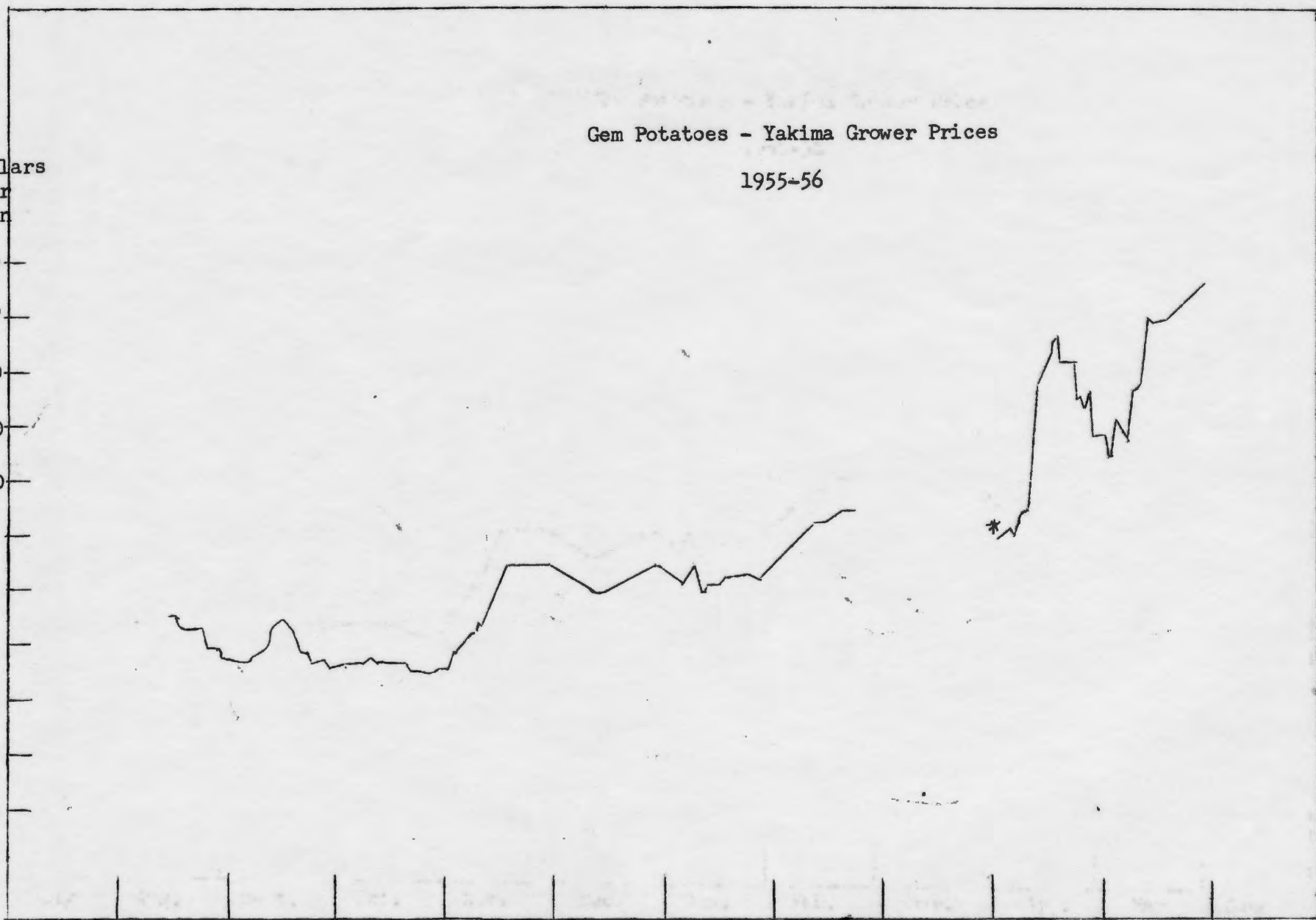
1955-56

Dollars
per
ton

100
90
80
70
60
50
40
30
20
10
0

July Aug. Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June

* See chart for 1950-51 for derivation of prices for Apr.-June



Gem Potatoes - Yakima Grower Prices

1956-57

Dollars
per
ton

100
90
80
70
60
50
40
30
20
10
0

July Aug. Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June

*See chart for 1950-51 for derivation of prices for Apr.-June
and from Nov. 10.

