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U.S. DEPARTMENT OF AGRICULTURE

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Prices received by farmers as of July 15 are reported by USDA to have advanced almost two per cent over June. Declines in food grain prices were more than offset by increases in feed grains, livestock and livestock products, and cotton. These changes do not reflect some of the declines since July 15. Prices paid by farmers in July were unchanged from June, putting the general level for farm product prices at 19 per cent above parity.

The U.S. Department of Commerce reports that U.S. exports of foodstuffs through the first five months of this year totaled over a billion dollars. Wheat flour exports accounted for nearly a fourth of the total.

Total exports from this country in June declined 13 per cent from the May level, to roughly one and one-fourth billion dollars. Department of Commerce calls the drop "the first substantial interruption in the recent rising trend of exports." Our imports in June declined to 466 million dollars and cover only about 37 per cent of the exports.

Another report by the same Department states that our exports, at an annual rate of 16 billion dollars, are an important factor in strengthening prices and a high level of business activity, even though amounting to only seven per cent of the value of the goods and services available in the country. Of course, in some lines the exports are of much greater relative importance than in others. The importance of agricultural exports to American farmers may be seen from the fact that a tight supply-demand situation has developed in raw agricultural products--a larger share of them is being exported than of any other major class of goods. Rates of export in 1947 are estimated to be: wheat 35 per cent; rye 25 per cent; rice 57 per cent; corn 3 per cent of the crop but one-third of supply for food-uses; oats 23 per cent of the food-use supply; tobacco 30 per cent; cotton 39 per cent; meats 3 per cent; dairy products 3 per cent; fats and oils for food 10 per cent; fruits 7 per cent; eggs 4 per cent; and poultry products .5 per cent.

Some day a sizable reduction in these export demands will have a sharp impact on American farm prices, particularly those commodities, such as wheat, that have expanded greatly to fill the needs. Eventually, European and other areas will get back to fuller production. There is one important qualification on this situation that can't be ignored. Much of agricultural Europe that furnished a major portion of Europe's food is now in the Russian "sphere" or under Russian domination. What use Russia will make of this capacity may be guessed, but if the areas settle down to an economy where supplies move east instead of into the populous areas of Europe, the U.S. might find in Europe a market for relatively larger exports than before the war. But on the other hand it can't be overlooked that other countries may fill the European needs on the basis of exchange trade for Europe's eventually revived industrial goods.

The freight car situation continues to get more critical. A recent conference gives promise of speeding car production, but it won't come in time to relieve the situation for the next two months. Recent disclosure that more than half of 1947 car production has gone abroad surprised many, but policy was pursued on grounds that European need is much more critical than our own.

Estimates by the Department of Commerce put new construction on farms in 1947 at 450 million dollars, or 29 per cent above last year.

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