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# AGRICULTURAL LETTER

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Except for a few commodities January 1948 farm prices will probably stand in history as the record high levels. This assumes, of course, no drought or crop failure conditions of major proportions while the present world "food emergency" continues. Such a catastrophe could easily upset the records. Market behavior during the past several days has tended strongly to indicate that the commodity price break was largely a readjustment in prices to the generally improved world wheat outlook, which is the major factor in the world food situation. The large acreage sown to winter wheat in this country and the improvement in its prospect; general improvement in the wheat situation in Australia and Argentina; plus the gains reported for Europe's winter crops; and the minor fact that Russia again has become a grain exporter, even if on a relatively small scale, all tended to ease the wheat crisis.

While it is still far too early to be sure, present prospects indicate that the four major wheat exporting countries (U.S., Canada, Australia, and Argentina) may be able to furnish about 750 million bushels for 1948-49 export. While this would be considerably less than the 925 million bushels to be exported for this year, the 175 million bushels difference will be more than offset, it appears now, by a European grain crop in 1948 about 300 million bushels larger than last year.

Just to prevent over-confidence about our own domestic winter wheat crop, it should be reported that one observer from Nebraska, with whom we talked in Des Moines at the National Farm Institute, said that in his judgment the prospects for wheat in his own state were currently overly optimistic. Furthermore, the "heat wave" of this last week has removed the snow blanket, and another extensive cold spell could do a lot of damage.

In spite of some improvement in the wheat prospect, we are reminded that the "crisis" in food is by no means past. D. A. FitzGerald, secretary general of the International Emergency Food Council, recently warned that the food requirements for Western Europe and parts of the Far East will be "very, very urgent" during the coming few months. USDA has just set up a voluntary food and feed conservation program designed to operate at farm, industry, and consumer levels to promote the efficient preservation, care, and use of food; to eliminate waste of food and feed; and to encourage consumption shifts from those in short supply to those more abundant. The Joint Economic Committee recommended to Congress that it pass legislation to foster grain controls and allocation to the alcohol distilling industry in order to save about 20 million bushels of grain to help meet the 40 to 50 million gap between world needs and supplies between now and harvest time.

Even though there has recently been a substantial liquidation off farms of livestock and poultry (said to have been a significant factor in the grain price break), stocks of feed grains (corn, oats, and barley) are the smallest in 11 years, and about one-fourth below last year. Total stocks and supplies per grain-consuming animal are both 14 per cent below the 1938-42 average, according to USDA.

The feed and price situations will combine to give us a total meat production in 1948 about 10 per cent below last year. On a per capita basis this will mean for the year about 143 pounds per person compared with 155 pounds in 1947. But even at this reduced rate meat production will be about eight per cent above the prewar average (1937-41). But the relative decline will probably be felt most during the last half of this year because, according to the USDA report on the livestock situation, the supplies will decline seasonally to the lowest point in the July-September period.

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