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All week we have been attending here at the USDA the sessions of the Annual Outlook Conference. Since what happens to farm prices and farm incomes depends so very much on the general level of economic activity in the country, it is not surprising that as much time has been spent here this week on the trend of economic conditions for 1949 and the years beyond as on discussion of the outlook for individual commodities.

One Government economist in commenting on economic prospects for 1949 said that, assuming no decrease in 1949 in federal expenditures for defense preparedness and for foreign aid, there will be no depression in 1949 and that there will continue to be a high level of consumers demand for farm products, and that it is likely that consumers disposable income will be as high or higher in 1949 than this year. But a USDA economist pointed out that the turning point has already been reached for agriculture; that while 1948 was the highest year of gross income for farmers, 1947 was the peak year for net income and 1946 the peak year for real income of the nation's farmers. Farm production costs are beginning to catch up with incomes and for 1949 it is estimated that all major costs of production will be above 1948 levels excepting feeds.

On individual commodities the outlook for 1949 is generally favorable as to production, demand, and prices. For livestock the production prospect is for relatively more pork and less beef than in 1948. More grain feeding of beef is expected, and a larger proportion of the beef will be of better grades. More hogs are expected in the fall of 1949, assuming the increased feed supplies will stimulate an increase in breeding this fall and a larger spring pig crop. Continued strong demand for meat by consumers is forecast, but the possible return of more normal relations between consumer expenditures and incomes could weaken livestock prices moderately.

On feed grains the bumper crops, especially of corn, give a total supply of feed concentrates only four per cent under the 1942-43 record. Heavy feeding is thus to be expected, but the experts here figure corn to go below the support level during harvest time, and indicate that the amount going under the CCC loan may exceed the 300 million bushel record established in 1939.

For milk and dairy products the 1949 outlook is for prices at about the same as this year. Even with cow numbers 12 or 13 per cent below the 1944 peak, more favorable price ratios are thought to assure more heavy feeding, giving a total production slightly above the 117 billion pounds estimated for this year, for which continued strong demand is anticipated. Continuing good demand is also forecast for fats and oils in 1949, but increased domestic production, especially the bumper crops of soybeans and cottonseed, is expected to lead to moderately lower prices for fats and oils crops in 1949. Exports of three million bushels of soybeans are already scheduled, and more is under consideration, but a difference between the Commerce Department and USDA has not yet been resolved.

The 1949 outlook for poultry production, particularly eggs, is for a total about the same as this year. Demand is expected to continue unchanged from this year's level, and a slightly higher price for eggs is expected, except here in the Middle West where "no higher prices" is the forecast. No material change in the demand for fruits, taken as a whole, is anticipated for next year, but an expected slightly larger production indicates a somewhat lower price for fruits generally.

A feature of this year's commodity discussions has been a survey of 1950-54 prospects. We expect to tell you more of these discussions later.

Walter B. Garver
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