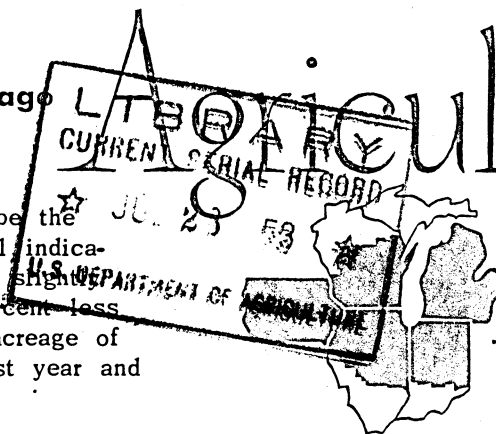


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# Agricultural Letter

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CROP PRODUCTION this year will be the third largest on record if the BAE's July 1 indications are realized. Total output would be slightly below last year's volume and about 4 per cent less than the record 1948 harvest. The total acreage of crops for harvest is about the same as last year and near the 1942-51 average.

Corn production is indicated to total 3,337 million bushels, as compared with last year's 3,307 million. The outlook for District states follows (acreage and production in millions):

	Acreage	Yield	Production
Illinois .....	9.1	57	518
Indiana .....	4.7	51	242
Iowa .....	11.0	60	661
Michigan .....	1.7	45	78
Wisconsin .....	2.5	54	137

Per acre yields promise to be lower than last year in all District states except Indiana, but total production is indicated to slightly exceed 1952 for both Indiana and Illinois. These five states would account for about one-half of the nation's crop.

With hog production continuing at a reduced level, there is no prospect for increased demand for corn from this source. Poultry present a similar picture. The nation's cattle herd, of course, is of record size, and cattle feeding continues in large volume but, in total, accounts for only a small portion of the corn crop.

Over 415 million bushels of the 1952 corn crop were placed under price support. This was exceeded only by the 551 million bushels from the record 1948 harvest. Thus, a crop of the size indicated by July 1 conditions will intensify storage and price support problems.

Oats, the second crop in importance in Midwest states, if judged by acreage, are indicated to turn out a harvest of 1,319 million bushels of which 540 million would be produced in District states. Although the total crop would be about 4 per cent larger than last year, Midwest production is indicated to be off, due largely to reduced acreage.

Hay occupies about as many acres in the District states as oats. The acreage, however, is smaller than last year as is the indicated harvest. For the U. S., both acreage and production are up slightly from 1952 levels. Except in drouth areas, the indicated supply would be adequate for all livestock.

Wheat occupies more land than any other crop except corn. Although not of major importance in the agriculture of District states, it is of prime importance nationally. Production prospects have improved as the season progressed, even though some areas have

suffered severe drouth. The July 1 indication was for a harvest of 1,175 million bushels, about 10 per cent less than in 1952.

Wheat stocks are already burdensome. The July 1 carry-over from previous harvests was about 580 million bushels, and this is expected to increase to 750 million or more by mid-1954.

Production controls are being implemented in an effort to keep the supply within bounds. Acreage allotments for the 1954 crop will total 62 million acres, compared with 78 million planted this year. Farmers must comply with their allotment to get price support. To further strengthen the production control, the Secretary of Agriculture has proclaimed marketing quotas. These must be approved by referendum of wheat farmers before going into effect. If approved, farmers who exceed their allotted acres of wheat receive no price support and are penalized about \$1.10 a bushel on wheat marketed in excess of their quota. If disapproved, support drops to 50 per cent of parity, as compared with the current 90 per cent, but acreage allotments remain in effect.

Soybean production will not be forecast until August. The acreage to be harvested for beans is indicated to be a record high, 2 per cent larger than last year. The crop has made good progress to date.

CATTLE ON FEED July 1 in Corn Belt states were at a record level, 8 per cent above the year-ago number. For the U. S., it appears that the increase is about 4 to 5 per cent. The margin of increase over year-earlier dates has narrowed from 16 per cent on January 1 and about 12 per cent on April 1 as farmers sent large numbers to market.

However, the number placed on feed in Illinois, Iowa, and Nebraska--the leading feeding states--in the past three months is about 2 per cent larger than in the corresponding period last year, and shipments of stocker and feeder cattle into these states were up about 1 per cent.

Marketings of fed cattle in July and August, according to the BAE survey, will be relatively large. Recent price advances for fed cattle, however, may have caused many farmers to change their opinion of the price outlook. This would delay some marketings and provide temporary support for the price strength demonstrated recently.

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