

281.9  
F 313

Federal Reserve Bank of Chicago --

December 24, 1954

# Agricultural Letter



Number 280

ACREAGE CONTROLS, even though augmented by drouth in many areas, carried 1954 crop production only 3 per cent below 1953 output. This is the estimate from the final USDA crop report for the year.

Stiff acreage controls were primarily responsible for the 17 and 18 per cent reductions of wheat and cotton, respectively. Acres diverted from these crops were used to produce other field crops. Production in 1954 and the percentage increases from year-earlier levels accompanying the substantial shift in land use were:

	<u>mil. bu.</u>	<u>per cent</u>
Oats	1,500	+25
Barley	370	+52
Sorghums	204	+87
Soybeans	343	+27
Rye	24	+31

Such changes in land use reduce total crop output as substitute crops usually yield somewhat less than the "first choice" crop. Another factor contributing to the lower crop output was a 1 per cent reduction in harvested acreage of the principal crops.

The drouth's toll showed up in a corn crop 7 per cent smaller than a year earlier and in a reduction of 2 per cent in hay tonnage.

Production of livestock and livestock products in the nation has shown gains. Milk production in the first 11 months of 1954 was 2 per cent ahead of the year-ago flow. Eggs were shelled out at a rate nearly 5 per cent above 1953. Beef output is expected to set a record, 3 per cent above a year earlier, while pork production probably will show an increase of 1 per cent.

CASH RECEIPTS from farm marketings in District states show up favorably relative to other areas of the U.S. Nationally, receipts from farm marketings during the first 10 months of 1954 were off 4 per cent, but in the District they registered less than a 2 per cent decline.

Most of the decline in cash receipts was due to lower prices; the average is about 3 per cent below last year. The index of the physical volume of farm marketings has been just a shade over the year-ago level.

By year-end cash receipts of the nation's farmers can be expected to total about 30.2 billion dollars. The 1953 total was 31.4 billion dollars. In the District the deficit between 1954 and 1953 might widen somewhat more but still is expected to be less than the estimated 4 per cent decline for the nation.

By states, the total cash receipts for the first 10 months of 1954 and their percentage change from the corresponding period of 1953 were:

	<u>mil. dol.</u>	<u>per cent</u>
Illinois	1,678	0
Indiana	955	-1
Iowa	1,922	+1
Michigan	554	-6
Wisconsin	841	-6

Cash receipts from crops were below year-earlier amounts in Michigan and Wisconsin where lower income from truck crops exerted a strong downward pressure on the crop total. Receipts from crops ran above year-earlier amounts in Illinois, Iowa and Indiana where lower income from wheat was more than offset by increases from corn and soybeans.

Only Iowa, where hogs account for about 40 per cent of the livestock income, showed a gain in the livestock category. Lower income from eggs, poultry and dairy products was sufficient to pull down the livestock total in all other states despite high receipts from hogs which were racked up in the first six months.

December hog receipts are expected to be below a year ago. Any substantial decline could wipe out the increase for Iowa and widen the gap for Illinois and Indiana.

Research Department

1954 production of selected crops and percentage change from 1953

	<u>Com</u>		<u>Oats</u>		<u>Soybeans</u>		<u>Hay</u>		<u>Wheat</u>		<u>Barley</u>	
	<u>mil. bu.</u>	<u>per cent</u>	<u>mil. bu.</u>	<u>per cent</u>	<u>mil. bu.</u>	<u>per cent</u>	<u>mil. tons</u>	<u>per cent</u>	<u>mil. bu.</u>	<u>per cent</u>	<u>mil. bu.</u>	<u>per cent</u>
Illinois	449	-11	140	+21	92	+17	4.7	+11	45	-22	2.1	+154
Indiana	256	+6	59	+29	46	+21	2.3	-8	40	-14	1.9	+160
Iowa	540	-9	231	+52	56	+57	6.8	+4	2	-25	.5	+224
Michigan	83	+4	55	+14	3	+66	3.7	+3	30	-33	3.7	+75
Wisconsin	154	+3	127	+4	1	+27	7.9	+2	1	-12	2.8	+1