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# Agricultural Letter




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UNDER THE PRESSURE of large output, prices of dairy and poultry products have been substantially under year-ago levels. However, there is mounting evidence that some adjustment is on the way in both the dairy and poultry industries.

	Production 1954	Per cent change from 1953	1954 fall price received by U. S. farmers	Per cent change from 1953
Milk . . .	123.8 bil. lbs.	+2	\$4.28 cwt.	-7
Eggs . . .	64.6 bil.	+5	.33 doz.	-35
Turkeys .	61.0 mil.	+9	.28 lb.	-16
Broilers.	733.3 mil.	+9	.21 lb.	-19

Milk production exceeded the corresponding month of a year earlier all through 1953. In the early months of 1954 milk flowed at a rate 5 per cent larger than in the corresponding period of 1953. But drouth and lower support prices teamed up to hold the flow at year-ago levels during the last half of 1954. And USDA expects milk production in the first few months of 1955 to be "nearly equal to the record highs established a year earlier."

Production adjustments will be more readily determined after the inventory of cattle on farms is made available about mid-February. However, the greatest adjustment to lower support prices probably has been on the consumption rather than on the production side. With lower supports, retail prices of many dairy products declined and milk consumption increased to 700 pounds per person in 1954—up almost 2 per cent from a year ago. While not all of the gain can be traced directly to lower support prices, the greatest increases in disappearance occurred for butter, up 8 to 9 per cent, and cheese, up 4 per cent, where retail prices have dropped substantially.

The nation's hens set a new record by laying 5 per cent more eggs than in 1953. Most of the increase is attributed to a larger number of layers. However, there is evidence of severe culling of laying flocks during the past fall. The laying flock, which on October 1 was 8 per cent larger than in 1953, was on January 1 only 1 per cent above a year earlier.

Egg production, which has exceeded year-ago levels for the past year, may just equal year-earlier levels during the peak spring production months of March and April. And by midyear production may fall below year-ago levels as both chicks hatched and settings of eggs have been running considerably below a year earlier.

The turkey industry, which also has been plagued with low prices due to large supplies, will be in for some improvement in 1955 if farmers carry out their intentions as reported in a January survey. Four per cent less turkeys are expected to be raised. All of the decrease is concentrated in the small-breed birds.

In the broiler industry significant cutbacks in chick placements have been made since early fall. And by late December the reduced supply was reflected in prices which were 5 cents per pound higher than received a month earlier.

Continuations of these adjustments are needed for substantial improvement in these industries. However, it now seems that the worst of the pressure on poultry prices will be past by late spring and that annual surpluses in the dairy industry will be cut from 5 billion pounds in 1954 to 2.5 during 1955.

DAIRY PRICE SUPPORTS in the year commencing April 1, 1955, have been set by the Secretary of Agriculture at the same dollar and cents level as in the current year. But because of a lower parity index and use of the modernized parity formula, the support level will increase to 77 per cent of parity in the case of butterfat and 80 per cent in the case of manufacturing milk. If the current support level of 75 per cent of parity had been maintained, the CCC purchase price for dairy products would have been lower.

PRICES OF HIGH-GRADE slaughter cattle are expected to decline seasonally as marketings increase in the months ahead. And when the pasture season gets under way, prices of low-grade stock are expected to increase seasonally as the demand for cattle to utilize forage picks up. These seasonal price movements are expected to reduce the current wide price spread between the top and the lower grades.

BEEF STEERS SOLD FOR SLAUGHTER AT CHICAGO

	December 1954		December 1953		Price change from December 1953
	Number	Average price	Number	Average price	
Prime . . . . .	21,400	\$29.69	18,885	\$27.59	\$2.10
Choice . . . . .	64,764	26.53	60,272	24.37	2.16
Good . . . . .	23,596	22.94	28,453	21.21	1.73
Commercial .	2,917	18.13	8,209	17.18	.95
Utility . . . . .	696	14.53	1,623	13.31	1.22

The wide price spread reflects a strong demand for beef—particularly of high quality. Slaughter of both prime and choice cattle has been above last year, and prices of these grades are up substantially. On the other hand, slaughter of the lower grades of beef steers has been smaller and prices have increased only moderately.