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PRODUCTION OF MILK in 1959 probably will be more nearly in balance with disposition in commercial outlets than in any of the past six years. Such is the judgment of the U. S. Department of Agriculture.

While output is expected to show a small increase, higher consumer incomes may boost per capita consumption of whole milk and ice cream. Thus, total use of milk products would increase fully as much as the population which currently is about 1.8 per cent per year.

Nevertheless, output probably would continue to exceed disposition in commercial channels with Government purchases for price support and other purposes taking up the difference. Price support purchases since April 1, when support prices were reduced somewhat, have been substantially below year earlier.

Milk production declined slightly in 1958 after increasing in each of the preceding five years. A number of factors contributed to the decline: Milk prices to farmers were slightly lower; high prices for cattle and hogs encouraged some farmers to shift from dairy to livestock production and promoted heavy culling of dairy herds; the continued shift to bulk tanks for handling milk and other kinds of mechanization requiring additional investment in buildings and equipment have encouraged many farmers to discontinue small herds; further increases in farm wage rates have tended to encourage shifts to production of commodities requiring relatively less labor. Probably the high prices for meat animals were the most important factor causing farmers to reduce the number of milk cows by about 3½ per cent in the year ending mid-1958, compared with about 2 per cent in other recent years.

If hog prices decline substantially in 1959, the culling of dairy herds may be more nearly in line with the average of recent years. Relatively low feed prices will likely result in a further increase in output per cow and

a small increase in total milk output in 1959. Since output would still exceed expected commercial utilization, prices probably will remain close to support levels and about equal to the current year's average. Thus, total income of dairy farmers may rise somewhat in 1959.

CONSUMPTION of milk products of all kinds (fat-equivalent basis) is estimated to total about 700 pounds per capita in 1958. This is slightly larger than in 1957, reflecting a larger distribution of milk products under Government programs. Per capita consumption from commercial sources totaled 665 pounds, the lowest on record.

However, if milk consumption is measured in terms of solids-not-fat, a different picture emerges. Dairy products for which average consumption has been increasing contain relatively large quantities of solids-not-fat.

Looking beyond 1959, USDA specialists foresee a possible resumption of sizable increases in milk output such as occurred in the mid-1950's. This would result from prospective lower prices for meat animals, indicated abundant supplies of feed grains and improvement in milk prices relative to other livestock products. This assumes, of course, that dairy prices would continue to be supported at 75 per cent of parity, the minimum permitted by present legislation.

Research Department

	Total Milk Production (billion pounds)	Utilization as a Per Cent of Production				Per Capita Consumption			
		Commercial	Total	For Price Support	Other*	Fluid Milk and Cream	Butter	Cheese	Ice Cream
		(per cent)				(pounds)			
1949	116.1	97.3	2.7	2.2	0.5	352	10.4	7.2	17.4
50	116.6	96.3	3.7	3.2	0.5	349	10.6	7.6	17.0
51	114.7	99.3	0.7	.1	0.6	352	9.5	7.1	17.1
52	114.7	99.0	1.0	.3	0.7	352	8.6	7.6	17.9
53	120.2	91.1	8.9	8.4	0.6	347	8.5	7.5	18.0
54	122.1	91.8	8.2	7.5	0.7	348	8.9	7.9	17.4
55	123.1	94.9	5.1	4.0	1.1	352	9.0	7.9	18.0
56	125.5	94.3	5.7	4.3	1.4	355	8.7	8.0	18.0
57	126.4	93.3	6.7	5.1	1.6	356	8.5	7.8	17.9
58**	126.1	93.7	6.3	4.7	1.6	355	8.6	7.9	18.0

* Primarily school lunches
** Preliminary estimates