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Agricultural Letter

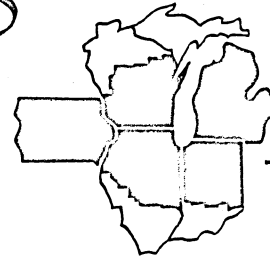
March 30, 1962

Number 649

THE SPRING PIG CROP is smaller than originally expected. The number of sows to farrow in 10 Corn Belt states is expected to be only 2 per cent larger than last year. In December farmers had indicated plans for 4 per cent more sows to farrow this spring.

From December through February (the first half of the spring farrowing period) farrowings were up only 1 per cent from year earlier and in the March through May period are indicated to increase 2 per cent.

Therefore, 1962 may be a year with exceptionally small seasonal fluctuations in hog marketings and prices. At present the major seasonal variation apparently will be a decline in marketings and a rise in prices during the summer.

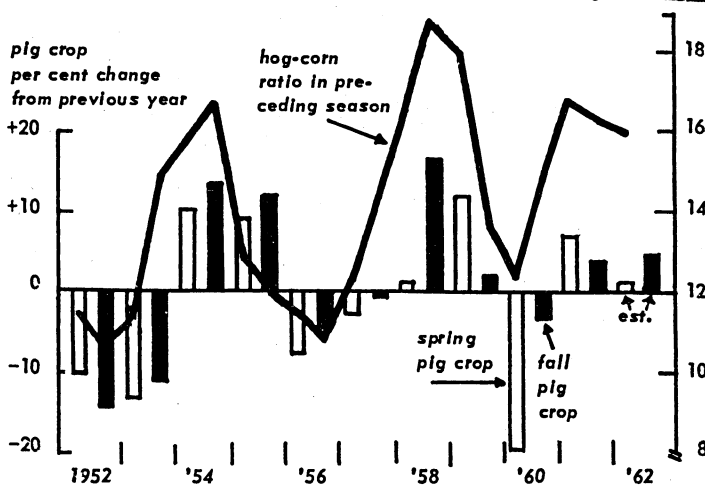


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hog-corn ratio

Oats acreage will continue its long-term downward trend and will be the lowest ever planted. The addition of barley to the 1962 feed grain program apparently has had little impact on acreage since farmers plan to reduce planting only 4 per cent below last year. Through early March farmers who grew barley last year had signed 10 per cent of last year's acreage for diversion under the Government program.

Government Programs Hold Down Crop Acreage in 1962

Slow Cyclical Upswing in Hog Production



	1959	1960	1961	1962 Intentions
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	1959	1960	1961	1962 Intentions
Com	85.5	82.9	67.0	69.3
Soybeans	23.2	24.3	28.1	28.8
All spring wheat: .	13.4	12.4	12.2	10.5
Durham	1.3	1.7	1.7	2.4
Other spring . . .	12.1	10.7	10.5	8.1
Sorghums	19.9	19.7	14.4	14.6
Oats	36.1	32.3	32.5	30.5
Barley	17.0	15.6	15.8	15.1

If farmers follow through with their intentions to increase acreage of corn, sorghums and soybeans by 3.1 million acres, it apparently will mean participation in the 1962 feed grain program will drop below last year. Sign up through March 22 totaled nearly 20.5 million acres which was behind the pace of 1961 when over 26 million acres were signed in the program. Bad weather is reported to be delaying sign up in some areas.

EGG PRODUCTION has been running above and egg prices below year earlier. On March 1 the nation's laying flock was 2 per cent above the previous year. In addition the current laying flock has a larger proportion of pullets (63 per cent compared with 61 per cent a year earlier) reflecting the large hatchings of egg-type chicks in the last half of 1961. This indicates the seasonal decline in layer numbers would not be as sharp as last year. Thus, egg production will remain above year earlier through the spring, which will keep egg prices well below those of the second quarter of 1961. Farmers already have been responding to these lower prices. In the first two months of this year hatchings of egg-type chicks dropped 13 per cent below year earlier.

While the upswing in hog production during the current cycle is slow, it is also persistent. Farmers in the Corn Belt indicate that they plan to increase the number of sows farrowing in the first half of the fall period (June through August) by 5 per cent. Even if this large increase were achieved, it would be relatively small compared with earlier experience during periods of upturns in hog production and favorable hog-corn price ratios similar to current levels.

ACREAGE of corn and soybeans will be up slightly from 1961 according to the U. S. Department of Agriculture's survey of farmers' planting intentions on March 1. Spring wheat acreage will fall 14 per cent from last year as farmers in the Northern Plains comply with the mandatory 10 per cent acreage reduction in the 1962 wheat program and voluntarily idle some additional acreage. Durham wheat acreage is expected to be up 40 per cent, under special exemption from the wheat program, while other spring wheat acreage is down 23 per cent.

Research Department