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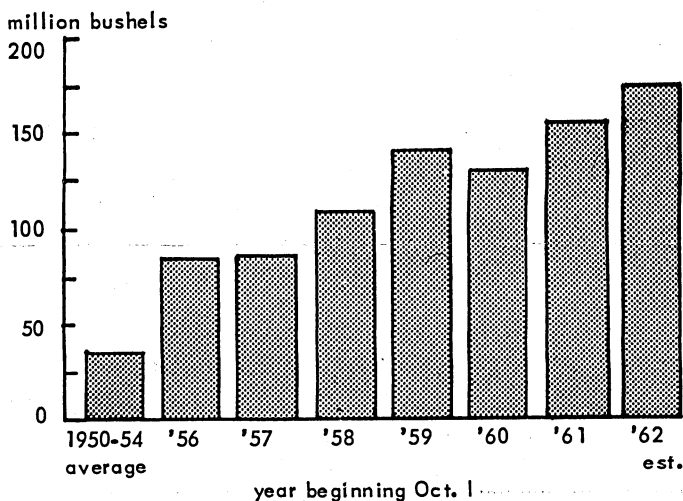
August 9, 1963

SOYBEANS provide a pleasant contrast to the surplus-ridden situation in several other major crops. While production of soybeans has risen steadily and substantially for a number of years, the demand—especially foreign demand—has increased commensurately. After a phenomenal increase in acreage during most of the 1950's—from 14 million acres in 1951 to 24 million in 1958—acreage harvested for grain declined slightly in 1959 but then resumed a sharp climb during the past four years.

Estimated acreage for soybeans in 1963 is 29.1 million or 4 per cent more than the previous record of 1962. The current crop is reported to be progressing very well and, at this early date, a record crop seems likely.

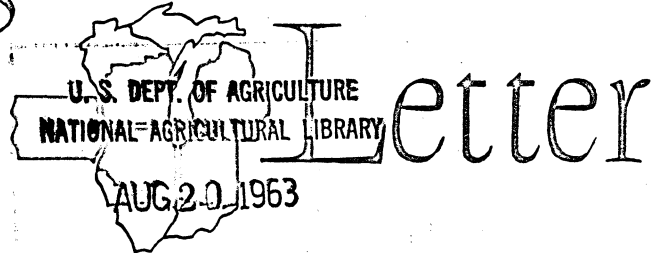
Total exports of soybeans rose from less than 20 million bushels in 1950 to about 153 million last year, including exports of soybean oil in bushel equivalent. Exports for the current marketing year are estimated at 175 million bushels. Soybean exports in oil equivalent will account for over one-half of the total exports of all food fats and oils in the current marketing year, while in 1950 they amounted to less than one-fourth of the total.

Soybean Exports at Record Level



Domestic usage of soybeans for their oil content has also shown important increases. Nearly one-half of the food fats consumed in the United States consist of soybean oil. However, the strong demand for soybeans in this country is largely the result of the rapid growth in the demand for meal during the past decade. Production of soybean cake and meal jumped from 5.8 million tons in 1950-51 to 10.3 million in 1960-61, and production during the current marketing year is estimated at 11 million tons. Soybean meal presently accounts for about 80 per cent of all oilseed meals fed to livestock.

Agricultural



CURRENT SERIAL RECORDS

Number 712

As a result of expanding demand, bean prices—unlike many other commodities—have generally held near or above support levels. Relatively attractive soybean prices combined with acreage allotments and less favorable prices for some other crops have encouraged the further shift to soybeans that has continued this year.

The states comprising the Seventh Federal Reserve District constitute the "heart" of soybean production and presently account for more than one-half of the nation's total output.

During 1963, substantial reductions in acreages of relatively low-income crops such as oats and barley were made as Seventh District farmers increased the acreage planted to soybeans by more than 300 thousand acres. Large increases in soybean acreage were also made in several southern states. The latter shift occurred chiefly because of cotton allotment reductions. Acreage planted to cotton is 9 per cent less than last year and in many cotton areas of the South soybeans are the next best use of cropland.

The shift to soybeans will probably continue as farmers adjust cropping programs in response to favorable prices and the growing demand for this commodity.

Soybean prices in July averaged about 10 cents a bushel above last year's level. This reflects the higher level of foreign demand, a slightly smaller supply and the higher rate of domestic consumption which is largely due to increased numbers of livestock and poultry being produced this year. The tonnage of protein concentrates fed to livestock during the current feeding year is expected to be about 4 per cent larger than in the preceding year. Nearly all of the increase will be soybean meal. As a result of the sharply increased demand, the U. S. Department of Agriculture in June lowered its estimate of carryover of beans from 55 million bushels to 25 million—and some observers expect the carryover to be even smaller. The carryover last year was 58 million bushels. Bean prices are expected to continue near or above the present levels into the harvest season.

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Agricultural Economist

FARM BUSINESS CONDITIONS

June 1963, with comparisons

I T E M S	1963		1962
	June	May	June
PRICES:			
Received by farmers (1957-59=100)	100	99	99
Paid by farmers (1957-59=100)	106	106	104
Parity price ratio (1910-14=100)	77	77	78
Wholesale, all commodities (1957-59=100)	100	100	100
Paid by consumers (1957-59=100)	107	106	105
Wheat, No. 2 red winter, Chicago (dol. per bu.)	1.96	2.13	2.17
Corn, No. 2 yellow, Chicago (dol. per bu.)	1.31	1.24	1.15
Oats, No. 2 white, Chicago (dol. per bu.)	0.73	0.74	0.70
Soybeans, No. 1 yellow, Chicago (dol. per bu.)	2.66	2.64	2.53
Hogs, barrows and gilts, Chicago (dol. per cwt.)	17.32	15.20	16.93
Beef steers, choice grade, Chicago (dol. per cwt.)	22.69	22.61	25.25
Milk, wholesale, U. S. (dol. per cwt.)	3.74	3.77	3.72
Butterfat, local markets, U. S. (dol. per lb.)	0.58	0.58	0.58
Chickens, local markets, U. S. (dol. per lb.)	0.14	0.14	0.14
Eggs, local markets, U. S. (dol. per doz.)	0.38	0.30	0.28
Milk cows, U. S. (dol. per head)	215	215	217
Farm labor, U. S. (dol. per week without board)	--	47.25 ^{a/}	--
Factory labor, U. S. (dol. earned per week)	100.61	99.47	97.27
PRODUCTION:			
Industrial, physical volume (1957-59=100)	125	124	119
Farm marketings, physical volume (1947-49=100)	108	112	114
INCOME PAYMENTS:			
Total personal income, U. S. (annual rate, bil. of dol.)	462	460	442
Cash farm income, U. S. (annual rate, bil. of dol.)	--	352	348
EMPLOYMENT:			
Farm (millions)	6.0	5.2	6.4
Nonagricultural (millions)	64.4	63.9	63.2
FINANCIAL (District member banks):*			
Demand deposits:			
Agricultural banks (1957-59=100)	104	103	100
Nonagricultural banks (1957-59=100)	107	104	103
Time deposits:			
Agricultural banks (1957-59=100)	156	155	137
Nonagricultural banks (1957-59=100)	169	169	145
¹ Based on estimated monthly income. ^{a/} April			

Compiled from official sources by the Research Department, Federal Reserve Bank of Chicago.