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Federal Reserve Bank of Chicago - -
March 22, 1968

FAR LESS ACREAGE will be planted to crops this year than last, if farmers carry out the plans they reported to the Department of Agriculture early this month. The department's survey indicates about 6 million fewer acres will be planted this spring. This, with the nearly 5-million acre reduction in winter wheat plantings, would drop acreage planted to all crops to about 305 million acres—compared with 316 million last year.

Acreage of Selected Crops

	Actual		Indicated	Change 1967-68 (percent)
	1966	1967 (million acres)	1968	
Corn	66.3	70.9	64.9	- 8
Soybeans	37.3	40.6	41.8	+ 3
Oats	23.3	20.6	21.2	+ 3
Barley	11.1	10.0	10.3	+ 3
Sorghums	16.4	19.2	17.0	-12
Hay	65.1	64.7	63.0	- 3
Spring wheat	11.4	13.6	12.9	- 5
Cotton	10.3	9.5	11.1	+17
Total acreage	298	316	305*	- 4

*Based on spring planting intentions, winter wheat plantings, and allowance for other crops.

Farmers' plans may be revised, of course, in response to weather, price changes, and a variety of other things that affect last minute decisions. But despite all the things that can happen between early March and planting time, the survey has been fairly reliable in the past.

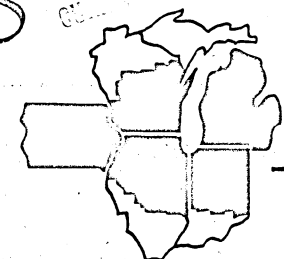
Feed-grain acreage is expected to drop to 113.4 million acres from the 120 million planted last year. The expected sharp reduction is attributed to smaller plantings of corn and sorghum that would more than offset slight increases in oats and barley. The reduction no doubt reflects low feed-grain prices, difficulties many farmers had harvesting last year's corn crop, and changes in the feed-grain program. The biggest change is the reinstatement of the grower's option to idle more acres for payment than the minimum required for participation. Another change is the elimination of feed-grain price supports for soybeans grown on permitted feed-grain acreage. The program is much like the 1966 program, except that support loans and diversion payments are slightly higher. Under the 1966 program, farmers diverted about 32 million acres from the production of corn and sorghum. Farmers, and especially those producing corn, apparently intend to divert more acreage this year.

Nationwide, only about 64.9 million acres are expected to be planted to corn. About 8 percent less than last year, corn plantings will be the smallest since before the turn of the century. Sizable reductions in corn acreage are indicated for all the Seventh District states. Acreage will be down 12 percent in Iowa, 9 percent in Indiana, and 6 percent in Illinois.

U.S. DEPARTMENT OF AGRICULTURE
BUREAU OF ECONOMIC RESEARCH
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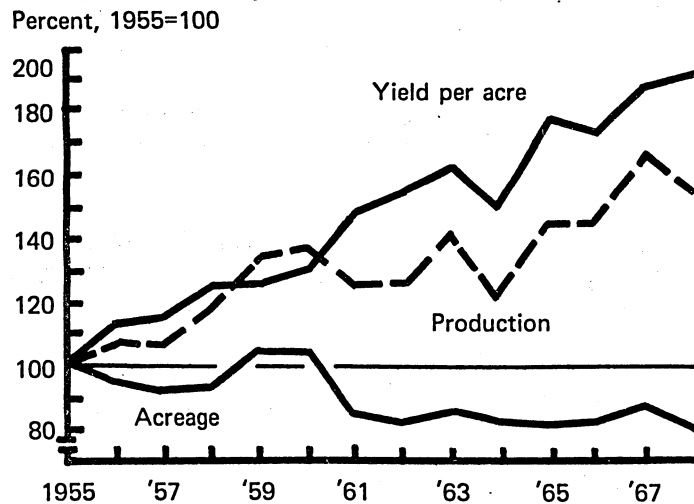
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If these intentions are carried out, Illinois will surpass Iowa as the state with the most acreage planted to corn.

Corn production could still reach near-record levels despite the sharp cutback indicated. According to USDA projections, which take into account the upward trend in yields, corn production could total about 4.4 billion bushels. Such a crop would be the second largest and only 300 million bushels short of the record crop last year.

**Higher Corn Yields Boost Production
Despite Acreage Cutbacks**



1968 projected.

Soybean acreage is expected to increase to a record 41.8 million acres—about 3 percent larger than last year. If this acreage is planted, 1968 will be the eighth consecutive year that record acreages have been seeded. In contrast with recent years, nearly all the expansion—about 90 percent—will be in the Midwest. Plantings are expected to increase 8 percent in Illinois, the leading soybean state, and 7 percent in Iowa and Indiana. With many farmers shifting out of cotton, much of the rapid expansion in soybean production has been in the southern states. Revisions in the 1968 cotton program will apparently reverse this trend, however. Farmers in the south central states are expected to plant about 2 percent fewer acres to soybeans this year than last.

About 40.8 million acres would be harvested if farmers follow through on their plans. That could result in the first billion-bushel soybean crop—up from 973 million in 1967.

Roby L. Sloan
Agricultural Economist

FARM BUSINESS CONDITIONS
December 1967 with Comparisons

I T E M S	1967		1966
	December	November	December
PRICES:			
Received by farmers (1957-59=100)	105	103	106
Paid by farmers (1957-59=100)	117	117	115
Parity price ratio (1910-14=100)	74	73	76
Wholesale, all commodities (1957-59=100)	107	106	106
Paid by consumers (1957-59=100)	118	118	115
Wheat, No. 2 red winter, Chicago (dol. per bu.)	1.46	1.45	1.80
Corn, No. 2 yellow, Chicago (dol. per bu.)	1.14	1.10	1.45
Oats, No. 2 white, Chicago (dol. per bu.) . . . . .	.78	.74	.80
Soybeans, No. 1 yellow, Chicago (dol. per bu.)	2.64	2.61	3.00
Hogs, barrows and gilts, Chicago (dol. per cwt.)	17.82	17.88	20.20
Beef steers, choice grade, Chicago (dol. per cwt.)	26.68	26.51	24.50
Milk, wholesale, U. S. (dol. per cwt.)	5.33	5.36	5.28
Butterfat, local markets, U. S. (dol. per lb.) . . . . .	.67	.66	.68
Chickens, local markets, U. S. (dol. per lb.) . . . . .	.11	.11	.12
Eggs, local markets, U. S. (dol. per doz.) . . . . .	.32	.30	.41
Milk cows, U. S. (dol. per head)	262	262	257
Farm labor, U. S. (dol. per week without board)	--	--	--
Factory labor, U. S. (dol. earned per week)	119.60	117.59	114.40
PRODUCTION:			
Industrial, physical volume (1957-59=100)	162	159	159
Farm marketings, physical volume (1957-59=100)	135	167	130
INCOME PAYMENTS:			
Total personal income, U. S. (annual rate, bil. of dol.)	649.3	642.4	605.0
Cash farm income, U. S. ¹ (annual rate, bil. of dol.) . .	41.4	43.1	44.4
EMPLOYMENT:			
Farm (millions)	3.5	3.8	3.5
Nonagricultural (millions)	71.8	71.5	70.2
FINANCIAL (District member banks):			
Demand deposits:			
Agricultural banks (1957-59=100)	125.7	126.3	124.2
Nonagricultural banks (1957-59=100)	132.2	121.9	124.1
Time deposits:			
Agricultural banks (1957-59=100)	274.3	272.9	240.4
Nonagricultural banks (1957-59=100)	294.1	293.8	251.5
¹ Based on estimated monthly income.			

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