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Agricultural Letter

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HOG PRODUCTION has been curtailed more than previously anticipated. According to the U.S. Department of Agriculture, less than 1.8 million sows were farrowed in the 14 major hog-producing states during the December 1974-February 1975 period. This is a 21 percent decline from the same period a year ago, substantially exceeding the reduction indicated in farrowing intentions of last December. The March 1 inventory of all hogs and pigs in these states—which account for about 86 percent of the U.S. total—was 17 percent below the year-earlier level.

Although sow slaughter has lagged year-earlier levels so far in 1975, it appears that replacements also have been off sharply. The inventory of hogs held for breeding purposes has continued to decline and was 20 percent below the year-earlier level by March 1. In line with the smaller breeding stock, producers intend to farrow 21 percent fewer sows during the three months ending in May—compared with the same period a year ago—and 17 percent fewer sows during the June-August period. Three months ago the same producers intended to cut March-May farrowings only 18 percent.

Hogs intended for market numbered 16 percent less than a year earlier on March 1. Year-to-year declines within the four categories of hogs weighing less than 220 pounds ranged from 14 to 17 percent, while the comparatively small number of market hogs weighing 220 pounds or more was down 30 percent.

Hog slaughter has lagged the year-earlier level by 5 to 6 percent so far this year, and substantially larger declines are certain for the remainder of this year. Slaughter during the second quarter may average 12 to 15 percent below the unusual seasonal high of a year ago. In the third quarter the decline may widen to around 20 percent if the recent report presents an accurate reflection of the December-February pig crop.

Pork production will likely be down even more than slaughter, reflecting lighter weights of hogs marketed. Although rising seasonally, the average live weight of hogs marketed is expected to remain well below the unusually heavy weights experienced during the second quarter of 1974.

The anticipated declines in pork production, coupled with below-year-ago levels of poultry produc-

tion, should boost hog prices well above early 1975 levels and add measurably to profits of hog producers. The extent of the uptrend, however, will likely be constrained by a continuation in the large volume of non-fed and short-fed cattle slaughter. Nevertheless, the arrival of spring will provide owners of such cattle with pasturing alternatives which may result in a significant contraseasonal decline in cattle marketings during the second quarter. Such a development could hold total meat supplies below year-ago levels for most of the remaining months in 1975.

Planting intentions have been scaled downward from earlier expectations, but total 1975 crop acreage appears likely to exceed that of a year ago. Farmers intend to plant 3 percent fewer acres of corn this year than in 1974 and about 2.5 percent fewer acres than indicated in an earlier planting intentions survey. Total feed grain acreage, however, may nearly equal the year-ago level reflecting farmers' intentions to boost sorghum and barley plantings. Soybean planting intentions point toward a 6 percent rise from 1974, down from the 8 percent increase indicated in January but still close to the 1973 record plantings.

Corn planting intentions in district states ranged from no change in Illinois to down 3 percent from a year ago in Michigan. Prospective declines of 3 to 4 percent were indicated for soybean plantings in Illinois, Indiana, and Michigan, while farmers in Iowa and Wisconsin intend to boost soybean plantings by 1 percent and 7 percent, respectively.

Plantings of 16 major spring crops may fall slightly this year. However, when combined with the larger winter wheat seedings of last fall, it appears total crop acreage in 1975 may slightly exceed the year-earlier level. Moreover, hay acreage will be up this year also.

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AGRICULTURAL ECONOMIC DEVELOPMENTS

Subject	Unit	Latest period	Value	Percent change	
				Prior period	Year ago
INDEX OF PRICES					
Received by farmers	1967=100	February	167	- 4	-17
Crops	1967=100	February	189	- 7	-14
Livestock	1967=100	February	151	- 1	-21
Paid by farmers	1967=100	February	180	0	+12
Production items	1967=100	February	180	- 1	+11
Family living items	1967=100	February	175	+ 1	+14
Ratio of prices received to prices paid	1967=100	February	93	- 4	-26
Consumer price index (all items)	1967=100	February	157	+ 1	+11
Food at home	1967=100	February	172	0	+ 9
CASH FARM PRICES (U. S. average)					
Corn	dol. per bu.	February	2.86	- 7	+ 4
Soybeans	dol. per bu.	February	5.72	- 9	- 6
Wheat (all)	dol. per bu.	February	3.95	- 4	-28
Sorghum grain	dol. per cwt.	February	4.21	-15	- 4
Oats	dol. per bu.	February	1.58	- 2	+10
Beef steers and heifers	dol. per cwt.	February	29.60	- 5	-36
Hogs	dol. per cwt.	February	38.40	+ 1	- 3
Milk, all sold to plants	dol. per cwt.	February	8.28	- 1	- 7
Milk cows	dol. per head	February	390	- 3	-28
Chickens, broilers, live	cents per lb.	February	9.4	+ 2	-23
Eggs	cents per doz.	February	54.3	- 5	-15
INCOME (seasonally adjusted annual rate)					
Cash receipts from farm marketings	bil. dol.	4th Qtr.	96.2	+ 2	- 2
Net farm income	bil. dol.	4th Qtr.	26.9	- 3	-37
Nonagricultural personal income	bil. dol.	January	1,156.0	0	+10
FARM FINANCE					
Total deposits at agricultural banks ¹	1972-73=100	February	130	0	+ 8
Time deposits	1972-73=100	February	140	+ 2	+16
Net demand deposits	1972-73=100	February	115	- 4	- 4
Total loans at agricultural banks ¹	1972-73=100	February	134	0	+14
Production Credit Associations					
loans outstanding:					
United States	mil. dol.	December	9,557	+ 3	+22
Seventh District states	mil. dol.	December	1,613	+ 4	+19
new loans made:					
United States	mil. dol.	December	1,672	+47	+15
Seventh District states	mil. dol.	December	311	+72	+30
Federal Land Bank Associations					
loans outstanding:					
United States	mil. dol.	December	13,864	+ 2	+25
Seventh District states	mil. dol.	December	2,409	+ 1	+28
new loans made:					
United States	mil. dol.	December	312	+ 2	+36
Seventh District states	mil. dol.	December	48	+ 9	+66
Interest rates					
		Week ending			
Three-month Treasury bills	percent	3/19	5.42	- 2	-32
Federal funds rate	percent	3/19	5.38	- 1	-42
Government bonds (long-term)	percent	3/19	7.93	+ 2	+ 2
AGRICULTURAL TRADE					
Agricultural exports	mil. dol.	December	2,132	-10	+ 7
Agricultural imports	mil. dol.	December	968	+14	+22
FARM MACHINERY SALES					
Farm tractors	units	December	10,651	+19	-33
Combines	units	December	1,908	+12	+ 9
Balers	units	December	449	+ 5	-59

¹ Member banks in Seventh District having a large proportion of agricultural loans in towns of less than 15,000 population.