
THE FEDERAL RESERVE BANK OF CHICAGO

AGRICULTURAL LETTER

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The Stabilization Administrator has announced a definite schedule for the ending of the various food subsidies which indicates that most of the subsidies will be ended by June 30, 1946. Subsidies included to be terminated by that date are present payments on cheese, pork, canned and frozen vegetables, dairy production, feeder cattle, beef, sheep and lambs, and flour.

According to the USDA milk production in this country set an all-time high for October, but the rate of production was showing more than a usual seasonal decline, tending toward last year's level. October production was only 2 per cent above October of last year as compared with 5 per cent for September and 8 per cent for August. Meanwhile, estimates of production of milk for next year are for an output one to three per cent below the total of 123 billion pounds for 1945.

Tentative forecasts by the USDA are for a total gross cash farm income in 1946 10 per cent below this year. With farm prices expected to decline more than production costs it is further forecast that the net farm income will drop by 15 per cent.

The monthly labor report of the USDA says that farm employment on November 1 showed an increase over the previous year, the first time such an increase has been shown since September 1943.

About the same number of lambs will be finished in feed lots during the 1945-46 season as last year, according to the USDA, but substantially larger numbers will be finished in lots in the Corn Belt states.

The recently announced move of the Commodity Credit Corporation to dispose of 41 million pounds of wool, 10 per cent of Government owned stocks, to bidders has apparently fallen flat. Bids on only 13 million pounds were received, and CCC has rejected the bids because it considered the prices offered too low.

Declining mill demand and rumors of lower New Zealand export prices are factors in making wool buyers bearish.

Farmers are urged to buy their fertilizer as early as possible by the USDA. Supplies of materials for making fertilizers may be slightly higher than last year, but production and delivery congestions threaten a smooth delivery schedule and may be acute enough to prevent delivery on time if farmers wait until the last minute to order their supplies, according to the warning.

Legislation was recently introduced in the House calling for Federal aid in planning and construction of county agricultural buildings in county seats throughout the country. The aim is to provide centralized housing and facilities for Federal, state, and local offices administering various agricultural and farm welfare programs.

The CCC in the first of a series of monthly reports on inventories of commodities held by the Federal Government announces that on September 30 the Government held stocks totaled above 8 million tons of agricultural commodities. More than 5 million tons of the total was in grain and grain products, and more than one million tons in cotton and fibers.

The Bureau of Labor Statistics Index of wholesale prices for the week ended November 10 marks the eighth week in which the all-commodity index has risen. Rise is about $1\frac{1}{2}$ per cent for the eight-week period.

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