

THE FEDERAL RESERVE BANK OF CHICAGO

AGRICULTURAL LETTER

March 24, 1950

A reduction of five million acres in the 1950 corn crop is indicated by the USDA's March 1 survey of farmers' planting intentions. This would be a cut of about six per cent compared with the 12.9 per cent reduction requested under the acreage allotments program. Indicated declines in planted acreage in Seventh District states were: Illinois, 12 per cent; Indiana, 10 per cent; Iowa, 13 per cent; and Wisconsin, 4 per cent. With average yields (1944-48) this would result in a total production of 2.8 billion bushels, 17 per cent less than in 1949. More than 40 per cent of the acres released from corn are indicated to be planted in soybeans, most of the remainder in feed grains.

Wheat acreage intentions are slightly below the national acreage allotment established by the USDA, but the good condition of the winter wheat crop indicates a total production at least as large as in 1949. Total acreage of spring-grown crops is expected to reach 277.9 million acres compared with 274.2 million in 1949. Reductions in winter crops, however, indicate a decline in the total crop acreage of about 10 million acres below 1949 plantings.

Cash receipts from farm marketings in March are estimated at 1.7 billion dollars, seven per cent above February receipts but nine per cent lower than in March of last year. Prices received by farmers are averaging about ten per cent below the year-ago level. Total cash receipts in the first quarter of 1950 are estimated at 5.6 billion dollars, five per cent less than in the corresponding period of 1949—livestock receipts were down six per cent and crop receipts two per cent.

Farmers are marketing the 1949 fall pig crop relatively early at light weights. This has resulted in a substantial decline in hog prices recently and is likely to result in larger-than-expected price increases in May and June.

Hatchery production of chicks in February was at about the same level as a year earlier but 21 per cent above the 1944-48 average. The demand for chicks in commercial broiler areas is strong but for farm flock replacements is relatively weak. It appears now that the number of chicks raised in farm flocks this year will be less than in 1949.

The first exchange of surplus farm products for strategic (defense) materials was completed this week. This type of barter is authorized in the Agricultural Act of 1949. The first transaction involved about 1,000 bales of surplus cotton, exchanged for chromite—an essential raw material for both chemical and metallurgical industries.

Over one-third of the USDA's stock of dried eggs was sold this week to Great Britain. The sale involved 32 million pounds of the product which had been acquired largely in 1948 and 1949 at \$1.26 per pound. The sale price was 22 cents per pound, actual cost to the British being about 3.1 cents. The total transaction involved seven million dollars, three million from ECA funds, three million from USDA surplus disposal funds, and one million from English funds.

A battle is developing over the appropriation of ECA funds for the year ahead. There is some pressure for cutting the appropriation, as well as restricting the purposes for which the funds may be used. The House Foreign Affairs Committee this week approved an amendment to cut the appropriation one billion dollars and substitute therefor an equivalent amount of surplus farm products.

Total loans outstanding on December 31, 1949, for the agencies supervised by the Farm Credit Administration totaled \$2,135,112,406. Of this, 956 million were farm mortgage loans, 306 million were loans to cooperatives, 392 million were Production Credit Association loans, and 481 million were loans and discounts of Federal Intermediate Credit Banks.

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FARM BUSINESS CONDITIONS

FEBRUARY 1950, WITH COMPARISONS

I T E M S	1950		1949	1940
	FEB.	JAN.	FEB.	FEB.
PRICES:				
Received by farmers (1935-39=100)	221	220	238	96
Paid by farmers (1935-39=100)	194	195	197	98
Parity price ratio (1910-14=100)	96	94	101	79
Wholesale, all commodities (1935-39=100)	189	187	196	98
Paid by consumers - "cost of living" (1935-39=100)	167 ^a	168 ^b	171 ^a	100 ^a
Wheat, No.2 hard winter, Chicago..... (dol.per bu.)	--	2.22	2.25	1.05
Corn, No.3 yellow, Chicago (dol.per bu.)	1.30	1.29	1.27	.58
Oats, No.3 white, Chicago (dol.per bu.) .....	.77	.75	.74	.43
Soybeans, No.2 yellow, Chicago (dol.per bu.)	2.36	2.31	2.26	1.06
Hogs, barrows, and gilts, Chicago (dol.per cwt.)	16.85	15.54	19.78	5.12
Beef steers, good grade, Chicago (dol.per cwt.)	27.19	28.14	22.99	9.53
Milk, wholesale, U. S. (dol.per cwt.)	3.95	4.06	4.30	1.94
Butterfat, local markets, U. S. (dol.per lb.) .....	.63	.63	.64	.30
Chickens, local markets, U. S. (dol.per lb.) .....	.22	.20	.30	.12
Eggs, local markets, U. S. (dol.per doz.).....	.30	.31	.42	.20
Milk cows, U. S. (dol.per head).....	184	183	187	60
Farm labor, U. S. (dol.per week without board).....	29.25 ^a	--	29.75 ^a	--
Factory labor, U. S. (dol.earned per week)	56.44 ^a	56.40 ^b	55.50 ^a	25.51 ^a
PRODUCTION:				
Industrial, physical volume (1935-39=100)	178	183	189	117
Farm marketings, physical volume..... (1935-39=100)	110	152	113	90
INCOME PAYMENTS:				
Total personal income, U. S. ¹ (Annual rate, bil.of dol.)	218 ^a	212 ^b	215 ^a	76 ^a
Cash farm income, U. S.*** (Annual rate, bil.of dol.)	25	30	28	10
EMPLOYMENT:				
Farm (millions)	8.3	7.3	8.4	9.0
Nonagricultural (millions)	50.7	50.8	50.2	34.4
FINANCIAL:				
Demand deposits, weekly reporting member banks * (bil.of dol.).....	46.8	48.5	46.3	--
Loans, weekly reporting member banks, all leading cities: ²				
Total * (bil.of dol.)	25.0	24.9	24.9	--
Commercial, industrial, and agricultural * (bil.of dol.)	13.9	13.9	15.2	--
U. S. Gov't total gross direct debt** (bil.of dol.)	256	257	253	42

^aJanuary.

^bDecember.

*Last Wednesday of the month.

**End of month.

***Based on estimated monthly income.

¹Revised series, not comparable to data published prior to December 1948.

²Revised series, not comparable to former series on "Weekly Reporting Member Banks in 101 Cities."

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

Farm product prices strengthened, due largely to increases in livestock and cotton. The livestock price rise was largely seasonal. Milk and egg prices declined, also a seasonal trend. The increase in personal income is due largely to disbursement of veterans' insurance refunds. Although employment is about the same as a year ago, the number of unemployed is about 1.5 million larger due to an increase in the labor force.