

THE FEDERAL RESERVE BANK OF CHICAGO

AGRICULTURAL LETTER

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1950 crop prospects continue good! This general view is confirmed by the U.S.D.A.'s official report of crop conditions as of July 1. Farmers reduced corn acreage this year only 4 per cent although the U.S.D.A. recommended a 13 per cent cut last spring. With an indicated yield per acre nearly equal to the 38.9 bushel average last year, production of 3,175 million bushels is in prospect, only 202 million less than the 1949 crop. Most of the indicated reduction in corn production is in the Seventh District states where an 11 per cent decline is in prospect.

Major surprise in the crop report is the oats production estimate of 1,395 million bushels, five per cent above last year's crop. Production in Seventh District states is estimated at 649 million bushels, about one per cent larger than the 1949 harvest.

Soybean acreage is a record high—14.5 million acres, of which 12.9 million are indicated to be harvested for beans. This is 2.2 million acres more than the previous high in 1945 and 3 million acres more than were harvested for beans in 1949. The first official estimate of yield per acre will be made August 10.

A 31 per cent reduction in cotton acreage will be an important price supporting factor in the soybean market this fall as cottonseed oil and meal have many of the same outlets as soybean oil and meal.

Other crops for which production estimates were made and the indicated change from 1949 harvests include: winter wheat, 721 million bushels, 20 per cent decrease; spring wheat, 236 million bushels, 4 per cent decrease; barley, 265 million bushels, 11 per cent increase; rye, 22 million bushels, 18 per cent increase; flaxseed, 29 million bushels, 33 per cent decrease; hay, 103 million tons, 4 per cent increase; potatoes, 390 million bushels, 3 per cent decrease; and sugar beets, 13 million tons, 22 per cent decrease. Pastures were reported to be yielding about the same as last year.

Milk production continues at peak levels with output in the first half of 1950 about 2.5 per cent above the corresponding period in 1949. Production will decline seasonally until fall, but prices are expected to make only a minor response.

The number of people engaged in agricultural production in late June totaled 11.7 million, four per cent less than a year ago, according to the BAE. Wage rates paid hired labor in July averaged the same as in 1949.

Price support levels for several 1950 grain crops were announced this week. National average levels of support at farms are: oats, 71 cents per bu.; rye, \$1.28 per bu.; barley, \$1.10 per bu.; and grain sorghums, \$1.87 per cwt. Corresponding Chicago prices were announced for barley and rye at \$1.36 and \$1.52 per bushel, respectively.

The Iowa PMA Committee has announced that the July sale price of corn in CCC bins is 22 cents a bushel above the 1949 loan rate in the county where the corn is stored. CCC loans on both 1949 and resealed 1948 corn mature August 1, 1950. Some farm managers are suggesting that farmers carefully consider redeeming corn, rather than delivering it to the CCC, so as to keep a large reserve of feed grains on hand.

Prices of most deciduous fruits will continue higher than a year ago due to smaller production, reduced stocks of canned fruit, and a strong consumer demand. According to BAE estimates, the peach crop is the smallest since 1943; apricots, 5 per cent larger than last year; sweet cherries, 43 per cent smaller; sour cherries, a record high; and pears, 25 per cent smaller.

Ernest T. Baughman
Agricultural Economist
Research Department