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AGRICULTURAL LETTER

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Last week we expressed the opinion that efficient cattle feeders would have another profitable year in 1950-51. Iowa State College in a recent review of the situation concludes that feeding profits in 1950-51 "won't be as great as in 1949-50" but that the average feeder can sell cattle next year at $30.00 from feeder calves costing $36.00 this fall and from yearlings costing $31.50 and still cover his death risk, interest, and pay for his feed (figuring corn at $1.50 per bushel). At the same time "he is selling his roughage at a pretty good figure."

The cattle population continues to increase. A USDA economist estimates that we may have 90 to 95 million cattle by 1954 or 1955. Furthermore, he indicates that, with the reduction in horse, mule, and sheep numbers and increased productivity of land as a result of improved management practices, the feed and grazing resources are ample to maintain this many cattle under normal weather conditions. It is indicated that cattle numbers increased about two million last year and that the 1950 increase will be about three million head.

Some reports now indicate that the soybean crop may exceed the USDA's September 1 estimate of 275 million bushels. Even though this would be the biggest crop ever produced, December futures prices are higher than a year ago. This reflects the effects of a short cotton crop as well as strengthening demand for fats and oils. Reduced cottonseed production will more than offset the increase in soybeans as to oil supplies and will about offset the increased supply of soybean meal. Heavy marketings of soybeans at harvest time, of course, may depress prices appreciably even though the outlook is for strong prices in the year ahead.

Fertilizer orders are running at a high level. Farmers who have storage facilities would do well to take delivery on spring needs at any time supplies are available. This is particularly true in view of the shortage of rail transportation.

Prospects for a continuing strong demand for farm products re-emphasize the importance of applying adequate fertilizer, phosphate, and lime to soils needing such treatment. Professional farm mangers insist that this is the most profitable investment farmers can make. The soil should be sampled and tested to determine its needs. This service is available in most communities through county agricultural agents, the local PMA office, agricultural colleges, and commercial soil testing laboratories. Frequently the needed materials can be applied during the fall months when the work load on many farms is slack and the fields are dry and easy to get on to. More capital can be profitably invested in soil improvement on many Seventh District farms.

The Farm Credit Administration reports total loans outstanding on June 30, 1950, of 2,348 million dollars. Adjusting for interagency loans and discounts results in net outstandings of 1,816 million dollars. Increases from a year earlier are noted primarily for farm mortgage loans with a small increase in outstandings of PCA's.

The program of selling Government-owned nonfat dry milk solids for livestock feed in foreign countries continues, with an announcement this week of an additional sale of 44 million pounds to Denmark. This will reduce CCC stocks to about 318 million pounds out of a total of 660 million pounds bought for price support during the past 18 months.

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