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# Agricultural Letter



Number 194

**FARM PRODUCT PRICES** "probably will not change materially from present levels during 1953." This view is expressed by the BAE in its current roundup of economic prospects. Basic factor in the forecast is the expectation that domestic demand will continue strong. Export demand is expected to remain at the current reduced level.

Assuming average growing conditions, the volume of marketings of farm products will about equal the record 1952 volume, but with prices averaging at about current levels, farmers' 1953 cash receipts will decline. Farmers' net income will probably decline "about a billion dollars from last year's total of 14.3 billion."

This outlook for farm product prices and farm income assumes that over-all business activity will continue at a high level. The BAE observes that "with prospects for a continued high level of Government expenditures and a record rate of business investment in new plant and equipment there is little likelihood of any marked reduction in economic activity in 1953." It may be noted, however, that there is growing concern in some quarters that the current high level of production and employment may not be maintained through the year. In that event, the BAE farm income estimates would be subject to revision.

Cash receipts from farm marketings in March were estimated to be down 4 per cent from March last year; livestock receipts were off 7 per cent; and crop receipts were at about the year-ago level.

Prices received by farmers declined 2 per cent in the month ending April 15, continuing the slump which has been under way for several months. Lower prices for milk, cattle, potatoes, and some other items were only partly offset by higher prices for hogs, lambs, and eggs. (April 15 prices and selected comparative data are reported in a table on the back of this Letter.)

Prices of items purchased by farmers declined fractionally due to lower prices for feeder livestock, feed, and seed. Farm products now average 93 per cent of parity, compared with 100 a year ago.

Cash receipts for 1952 are now estimated at 33.1 billion dollars, up 2 per cent from the preceding year. The increase reflects a rise of 6 per cent in volume of products marketed and a decline of 4 per cent in average prices. Livestock and livestock products accounted for 56 per cent of the farm sales, crops for 44 per cent. Estimates for District states follow:

	Cash Receipts		1952 as a per cent of 1951		
	1951 (\$1,000)	1952	Live-stock	Crops	Total
Illinois	2,028	1,999	95	105	99
Indiana	1,142	1,096	94	102	96
Iowa	2,361	2,329	92	143	99
Michigan	725	744	98	111	103
Wisconsin	1,128	1,143	100	114	101
Total	7,384	7,311	--	--	99

**PRICE SUPPORT LOANS ON 1952-CROP CORN** mature July 31, 1953. But the CCC has authorized extension of the loans to July 31, 1954, for farmers who will retain the corn in farm storage. A storage payment of 13 cents a bushel will be made for the additional year of storage. Corn that is delivered to the CCC after July 31, 1953--in settlement of the price support loans--becomes the property of the CCC and will be held in its own bins or commercial storage. As much as 400 to 500 million bushels of 1952 corn may be under price support by the end of May.

A similar program has been announced for cats. The loan maturity dates are April 30, and the storage payment is 10 cents a bushel.

Storage space is again becoming a problem. There's a shortage in some areas for CCC wheat, and if the 1953 corn crop comes through in good shape, there'll be a shortage in Iowa this fall.

**CROP PROSPECTS** in the Midwest are average or better at the present time. It is too early in the season, of course, for them to mean very much as to actual output. Field preparation and seeding have progressed well, with oats planting practically completed in the District. Spring plowing and field preparation for corn and soybeans are 75 per cent completed in Illinois, 53 per cent done in Indiana, and ahead of schedule in Iowa. Rainfall has been average or above and, accompanied with cool weather, has resulted in a slow growth of pastures and small grains in some areas. But the general condition of these crops is good, and warm weather will result in rapid growth.

Ernest T. Baughman -- Assistant Vice President



FARM PRODUCT PRICES			
Commodity	Received by farmers		Effective Parity Price Apr. 15, 1953
	April 15, 1953	April 15, 1952	
Wheat, per bu.....	\$ 2.08	\$ 2.18	\$ 2.44
Rye, per bu.....	1.49	1.65	1.69
Corn, per bu.....	1.46	1.68	1.77
Oats, per bu.....	.76	.87	.88
Barley, per bu.....	1.30	1.31	1.36
Sorghum grain, per cwt.....	2.52	2.56	2.67
Hay, all baled, per ton.....	23.60	24.80	—
Cotton, per lb.....	.31	.37	.34
Soybeans, per bu.....	2.81	2.72	2.78
Flaxseed, per bu.....	3.57	3.64	4.52
Potatoes, per bu.....	1.34	2.31	1.64
Beans, dry edible, per cwt.....	9.25	7.84	8.87
Hogs, per cwt.....	20.70	16.40	20.30
Beef cattle, per cwt.....	17.30	27.70	21.00
Veal calves, per cwt.....	19.60	30.70	23.40
Sheep, per cwt.....	8.50	13.50	10.50
Lambs, per cwt.....	20.80	26.60	22.90
Butterfat, in cream, per lb....	.65	.74	.75
Milk, wholesale, per cwt.....	4.12	4.61	4.69
Chickens, live, per lb.....	.27	.26	.31
Turkeys, live, per lb.....	.33	.35	.38
Eggs, per doz.....	.46	.35	.47
Wool, per lb.....	.53	.51	.59

SOURCE: Bureau of Agricultural Economics, U.S. Department of Agriculture.

# FARM BUSINESS CONDITIONS

## APRIL 1953, WITH COMPARISONS

I T E M S	1953		1952	1940
	April	March	April	April
<b>PRICES:</b>				
Received by farmers ..... (1947-49=100) .....	96	98	107	37
Paid by farmers ..... (1947-49=100) .....	112	113	116	50
Parity price ratio ..... (1910-14=100) .....	93	94	100	76
Wholesale, all commodities ..... (1947-49=100) .....	110 <sup>a</sup>	110 <sup>b</sup>	112 <sup>a</sup>	51 <sup>a</sup>
Paid by consumers ..... (1947-49=100) .....	114 <sup>a</sup>	113 <sup>b</sup>	112 <sup>a</sup>	59 <sup>a</sup>
Wheat, No. 2 hard winter, Chicago ..... (dol. per bu.) .....	2.33 *	2.34 *	2.50 *	1.11
Corn, No. 3 yellow, Chicago ..... (dol. per bu.) .....	1.57	1.56	1.82	.63
Oats, No. 3 white, Chicago ..... (dol. per bu.) .....	.78	.80	.89	.43
Soybeans, No. 2 yellow, Chicago ..... (dol. per bu.) .....	2.92	—	2.83	1.09
Hogs, barrows and gilts, Chicago ..... (dol. per cwt.) .....	22.78	20.78	16.86	5.48
Beef steers, choice grade, Chicago ..... (dol. per cwt.) .....	21.99	22.68	34.76	10.01
Milk, wholesale, U. S. .... (dol. per cwt.) .....	4.12	4.41	4.61	1.75
Butterfat, local markets, U. S. .... (dol. per lb.) .....	.65	.67	.74	.28
Chickens, local markets, U. S. .... (dol. per lb.) .....	.27	.28	.26	.13
Eggs, local markets, U. S. .... (dol. per doz.) .....	.46	.45	.35	.15
Milk cows, U. S. .... (dol. per head) .....	193	201	254	60
Farm labor, U. S. .... (dol. per week without board) .....	36.25	35.75 <sup>c</sup>	34.75	—
Factory labor, U. S. .... (dol. earned per week) ..	72.10 <sup>a</sup>	71.17 <sup>b</sup>	66.99 <sup>a</sup>	25.46 <sup>a</sup>
<b>PRODUCTION:</b>				
Industrial, physical volume ..... (1947-49=100) .....	131	131	117	62
Farm marketings, physical volume ..... (1947-49=100) .....	88	84	79	61
<b>INCOME PAYMENTS:</b>				
Total personal income, U. S. <sup>1</sup> ..... (Annual rate, bil. of dol.)	283 <sup>a</sup>	281 <sup>b</sup>	262 <sup>a</sup>	76 <sup>a</sup>
Cash farm income, U. S. <sup>2</sup> ..... (Annual rate, bil. of dol.)	29 <sup>a</sup>	30 <sup>b</sup>	29 <sup>a</sup>	9 <sup>a</sup>
<b>EMPLOYMENT:</b>				
Farm ..... (millions) .....	8.8 <sup>a</sup>	7.6 <sup>b</sup>	8.8 <sup>a</sup>	10.4 <sup>a</sup>
Nonagricultural ..... (millions) .....	55.7 <sup>a</sup>	55.6 <sup>b</sup>	53.7 <sup>a</sup>	34.6 <sup>a</sup>
<b>FINANCIAL:</b>				
Weekly reporting member banks: <sup>3</sup>				
Demand deposits adjusted <sup>4</sup> ..... (bil. of dol.) .....	54.2	53.3	53.0	—
Total loans <sup>4</sup> ..... (bil. of dol.) .....	39.4	39.6	35.1	—
Commercial, industrial, and agricultural loans <sup>4</sup> ..... (bil. of dol.) .....	23.1	23.3	20.9	—
U. S. Government total gross direct debt <sup>5</sup> ..... (bil. of dol.) .....	265	268	258	43

<sup>a</sup> March    <sup>b</sup> February    <sup>c</sup> January

<sup>1</sup> Revised series, not comparable to data published prior to January 1949.

<sup>2</sup> Based on estimated monthly income.

<sup>3</sup> Last Wednesday of the month.

<sup>4</sup> Revised series, comparable data not available prior to January 1952.

<sup>5</sup> End of month.

\* Estimated.

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

Farm product prices continued their current downtrend in April, although most other price indices remained about stable. Outstanding exception was the continued rise in hog prices, reflecting a reduced supply. Most economic indicators reflect continued high level activity. The leveling of industrial production at the March figure may indicate that the expansionary factors experienced in recent months have lost most of their push.