

TO : Mr. Galusha
 FROM : Richard Herder
 SUBJECT: Current Agricultural Conditions
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Cash farm receipts

District farm income continued to improve through the first half of 1965 on the strength of favorable commodity prices. At the end of June total district cash farm receipts were 2 per cent over those of the same period of 1964. As shown in the following table, all of the gain was attributable to livestock receipts as crop receipts failed to achieve last year's levels. The half-year gain in district receipts, however, fell far short of the relative gain experienced throughout the U.S.

CASH FARM RECEIPTS, JANUARY-JUNE

	<u>1964</u>	<u>1965</u>	<u>% Change</u> <u>1964 to 1965</u>
	(millions of dollars)		
Minnesota			
crops	175	171	- 2.0
livestock	523	552	+ 5.6
total	698	723	+ 3.7
North Dakota			
crops	132	140	+ 6.3
livestock	92	92	0
total	224	232	+ 3.7
South Dakota			
crops	63	43	- 31.8
livestock	239	254	+ 6.1
total	302	297	- 1.8
Montana			
crops	63	57	- 9.6
livestock	60	61	+ 1.1
total	123	118	- 4.4
4 States			
crops	433	412	- 4.9
livestock	914	959	+ 4.9
total	1,347	1,370	+ 1.7
United States			
crops	5,765	5,877	+ 1.9
livestock	9,453	9,973	+ 5.5
total	15,218	15,830	+ 4.2

June receipts in the district totaled \$209 million, up almost 8 per cent from those of a year earlier. Again, livestock receipts accounted for the entire gain and were sufficient in each of the district states to offset a sizable decline in crop receipts. Gains in total receipts for June 1965 as compared with June 1964 ranged from 12 per cent in Minnesota and North Dakota to 10 per cent in South Dakota to 5 per cent in Montana.

Cash receipts during the third quarter of 1965 should continue to exceed those of a year earlier but not of as great a magnitude as the near 6 per cent second quarter gain. Prices, while still above those of a year earlier, have tended to level off and in some cases have gone into the seasonal decline. The favorable crop outlook, on the other hand, will strengthen farm incomes to some degree, especially when compared with the relatively low crop receipts of last year. In all, a tentative income estimate at this time would indicate that cash farm receipts for the third quarter should be up from 3 to 4 per cent over those of third quarter 1964.

Crop report

The August 1 crop report issued by the U.S. Department of Agriculture indicated that district grain output would far exceed that of a year earlier. Based on growing conditions as of that date, the final harvest estimate of each of the major grains except barley was placed at 20 per cent or more above that of a year earlier. District production was also expected to be generally above that of the 1959-65 average and well above the figure for the total U.S. crop.

Total wheat production for the district is estimated at 365 million bushels for 1965, 65 million bushels more than a year ago and 120 million bushels above the average. Spring wheat production, estimated at 220 million bushels, is expected to better that of last year by 32 per cent with output in each of the Dakotas up 42 per cent. A 25 per cent increase in Montana winter wheat more than offset reductions in the other district states as total winter

wheat output is expected to be up 9 per cent from 1964. Durum production is estimated at 8 per cent over a year ago. In sum, each of the district states is expected to produce more total wheat than last year with the largest increase, 30 per cent, anticipated in North Dakota, followed by gains of 17 per cent in Montana, 6 per cent in South Dakota, and 4 per cent in Minnesota. Comparing the 1965 production with the five-year average emphasizes the size of this year's crop. On that basis, total wheat production gains are put at 70 per cent in North Dakota, 40 per cent in Montana, and 28 per cent in South Dakota. Minnesota's 1965 wheat output is not expected to change from the five-year average.

The production of other small grains is also expected to exceed that of recent years. Barley output is likely to be down slightly from a year ago in Montana but that decline is expected to be offset by gains in the other states.

District corn production, estimated at 433 million bushels, is 21 per cent over a year ago and just about equal to the five-year average. An increase in corn production of 56 per cent over 1964 is expected in South Dakota while Minnesota's crop is expected to exceed that of last year by 10 per cent. Soybean production will continue its long-term trend as the 1965 crop is estimated at 81 million bushels, up 27 per cent from 1964 and 56 per cent over the average. The soybean crop in Minnesota is predicted at 70 million bushels, up 25 per cent from 1964 and 48 per cent from average.

The August 1 small grain crop estimates generally reflect the final crop total to a fairly close degree. While some problems with plant disease and weather have shown up during this month's harvesting, major changes in the anticipated totals are unlikely. Corn and soybean estimates, however, are more subject to change at this time. So far, the growing season has been unusual in terms of weather conditions and the late maturing crops are not as yet out of danger. Recent crop reports indicate that warmer weather and more moisture are needed for proper maturity of the corn and soybean crops.

CROP PRODUCTION

	<u>1965 as a % of 1964</u>	<u>1965 as a % 1959-63 avg.</u>
All wheat		
Ninth District	121.5	149.1
United States	106.6	115.7
Corn		
Ninth District	120.9	100.4
United States	115.4	107.3
Oats		
Ninth District	129.7	126.1
United States	108.9	92.0
Barley		
Ninth District	110.5	113.4
United States	98.7	95.1
Flax		
Ninth District	122.4	100.7
United States	120.0	106.8
Soybeans		
Ninth District	127.6	156.0
United States	123.5	137.8
Rye		
Ninth District	119.8	148.7
United States	97.9	106.6