

TO : Mr. Galusha
FROM : Richard Herder
SUBJECT: Montana Agricultural Conditions
DATE : September 9, 1965

Cash farm receipts

Total receipts from farm marketings in Montana during the first six months of 1965 amounted to \$117.8 million, down 4 per cent from the first half of 1964. Crop receipts during that period fell to their lowest level since 1961 and were almost 10 per cent under the year-earlier figure. Livestock receipts achieved about the average of the past ten years and were up just slightly from a year ago.

While the results for the first half of the year were less than satisfactory, there is every reason to expect the remainder of 1965 to evidence considerable improvement. Improved livestock and crop prices should combine with greater marketings resulting in a higher gross income during 1965 than that of 1964.

Farm prices

Prices received by Montana farmers during August showed a mixed pattern with crop prices moving to lower seasonal levels and livestock prices showing some improvement. Over-all, the Montana index of prices received at mid-August was unchanged from the July level but at 84 was 8 points above a year earlier. Price increases in the all beef category, as well as for hog, sheep, and dairy product prices, brought the livestock price index to 102 per cent of its base, the highest mid-August level since 1959. The crop index fell 3 points from mid-July as the wheat price average declined six cents per bushel and barley, three cents. Both the mid-August livestock and crop indexes were well above mid-August levels of last year.

PRICES RECEIVED BY FARMERS, AUGUST 15, 1965

	Aug. 15 <u>1965</u>	July 15 <u>1965</u>	Aug. 15 <u>1964</u>
All wheat (bu.)	\$ 1.18	\$ 1.24	\$ 1.25
Barley (bu.)	.82	.85	.70
Steers and heifers (cwt.)	22.60	23.40	19.70
Calves (cwt.)	25.50	25.50	22.00
All beef cattle (cwt.)	20.40	19.30	18.10
Sheep (cwt.)	6.30	6.00	5.80
Lambs (cwt.)	22.90	23.40	20.60

FARM PRICES RECEIVED INDEX
(1947-49=100)

	-----1965-----			--1964--
	<u>Aug. 15</u>	<u>July 15</u>	<u>June 15</u>	<u>Aug. 15</u>
All farm products	84	84	83	76
All crops	66	69	67	61
Livestock and livestock products	102	98	99	90

Crop conditions

The August 1 crop report indicated that grain output in Montana would reach near-record levels in 1965. As shown in the table significant gains in output are expected for all but a few crops relative to those of 1964 and the 1959-63 average. Favorable growing conditions generally increased yields as all classes of wheat are expected to yield about five to six more bushels per acre than the 1959-63 average and slightly more than in 1964. Per acre yield of barley and oats is expected to show about the same gains as in wheat. Total wheat output is further enhanced by a 6 per cent increase in planted acreage. Barley acreage, on the other hand, was reduced by about 5 per cent.

The 1965 harvest was delayed during the last week of August by rainfall and work continued to lag about ten days behind that of last year. By September 1, 80 per cent of the winter wheat was harvested, 60 per cent of the spring wheat, and 55 per cent of the oats and barley. The rainfall can be expected to adversely affect both quality of grain and yield although total output is still expected to be well above average.

MONTANA CROP PRODUCTION
(1,000 bu.)

	<u>Average 1959-63</u>	<u>1964</u>	<u>Indicated 1965</u>	<u>1965 as a % of avg.</u>	<u>1965 as a % of 1964</u>
Spring wheat	29,248	34,040	37,191	127	109
Winter wheat	43,130	52,269	65,744	152	126
Durum wheat	3,539	4,512	3,120	88	69
All wheat	75,917	90,821	106,055	140	117
Corn	230	195	360	157	185
Oats	8,198	9,972	10,878	133	109
Barley	43,394	50,457	49,400	114	98
Flax	189	168	210	111	125
Rye	554	387	425	77	110
Sugar beets (tons)	914	973	810	89	83
Potatoes (cwt.)	1,301	1,221	1,365	105	112
Cherries (tons)	1,674	2,800	265	16	9

U.S. Department of Agriculture Crop Report, August 1, 1965

U.S. feed grain production

1965 feed grain production is estimated at 157 million tons, 15 per cent above that of last year and, if achieved, a new record high. Greater production is expected for corn, sorghum grain, and oats but off slightly for barley. Total barley production is expected to be about 10 million tons, about the same as last year and about 1 per cent down from average. Sorghum production is expected to exceed that of last year by 27 per cent while oat output is expected to be up 9 per cent.

Corn production is estimated at 115 million tons, up 15 per cent from 1964 and 7 per cent from the 1959-63 average. The 1965 estimated corn crop would be slightly higher than that of 1963 and would set a new record high.

While the expected crop has had a depressing effect on feed grain prices during the past few weeks, the relatively low level of feed grain stocks on July 1 will buffer some of the decline. Total stocks on that date were 17 per cent under a year earlier and corn stocks were their lowest since 1956.

Cattle situation - Montana

Montana's cattle herd numbered 2.6 million head on January 1, 1965. That figure was 5 per cent greater than a year earlier as most classes of cattle, with the exception of steers 1 year old and older, showed similar increases. The 1965 calf crop in Montana amounted to 1.3 million head, also a 5 per cent increase over a year earlier. The number of cattle and calves on feed lots during the first three quarters of 1965 generally exceeded that of any of the past five years with the July 1 report indicating a 16 per cent gain over a year earlier. Marketings of fed cattle from Montana lots totaled 83,000 head during the first half of 1965 as compared with 79,000 head during the same period of 1964. Fed cattle marketings during the last half of this year are expected to total about 47,000 head as compared with 34,000 head a year earlier.

Cattle situation - United States

Cattle slaughter has continued above year-ago levels through the past two months and prospects are that the total slaughter will continue at these relatively high levels well into the winter. Cow slaughter, which has been unusually high, is expected to decline this fall but fed cattle marketings are likely to continue above year-earlier levels for the rest of the year. The total supply of beef moving to market, however, is not expected to have much effect on price and current estimates place prices at well above those of last year.

This year's cow and heifer slaughter is likely to bring about the first decrease in cattle numbers since 1957. If slaughter for the rest of this year is about the same as in 1964, total cattle numbers on January 1, 1966 should be down about 1 million head from January 1 of this year.

Feeder cattle prices peaked at around \$23.50 in June and have fallen to about \$22.75 at the end of August, a favorable price compared with the \$19.00 level of August 1964. Some continuation of the decline is expected this fall although prices late in the fall are not expected to be much different from present levels. A considerable and unexpected decline in fed cattle prices, of course, would adversely affect feeder prices.