

AGRICULTURAL NEWS LETTER

THE FEDERAL RESERVE BANK OF DALLAS

Vol. II

Dallas, Texas, October 15, 1947

Number 10

THE FEED SITUATION

Based upon the total prospective supply of feed concentrates, the feed situation for the Nation as a whole during the 1947-48 feeding season was estimated by the United States Department of Agriculture in early September as near the average for the past 10 years, though somewhat less favorable than that of last season. This year's production of feed grains—the major component of the total feed supply—was expected to be about one-fifth less than the 1946 output, but a larger carry-over this year than last of old-crop feed grain will partly offset the smaller production. Total supplies of byproduct feeds and supplies of hay per animal unit were expected to be near the largest on record. It was anticipated that larger quantities of wheat would be fed to livestock than during last season because of the record wheat crop and the high price of corn in relation to wheat. Total livestock requirements were expected to be smaller this season than last on account of reductions in numbers of cattle, sheep, and workstock

on farms and little, if any, changes in numbers of chickens and hogs.

Since the release of the Agriculture Department's report, two developments affecting the feed situation have occurred. First, the prospect for the year's corn production has improved, resulting in a somewhat larger prospective supply of feed grains and causing the price of corn in relation to wheat to decline. Second, sharply increased estimates of the grain requirements of the emergency relief program for Europe have induced the Government to launch a food-conservation campaign designed to withdraw from domestic use an additional 100 million bushels of grain, mostly wheat, for export. Working in opposite directions, one favorably, the other unfavorably, these two developments will alter some details of the following summary of the feed outlook at the beginning of the 1947-48 season, but they do not appear likely to make drastic changes in the situation as a whole.

PLANTING TIME FOR A 10-YEAR MONEY CROP

Farmers and ranchers in the Southwest, as in other parts of the United States, this year are reaping the greatest harvest of net income in the history of the Nation—the result of a rare combination of large production and high prices. It is another in a series of "fat years," during which, according to the United States Treasury, farmers and ranchmen in great numbers are preparing for the "lean years" to come by investing heavily in United States Savings Bonds. The twelve top states in net E-Bond sales in the first half of 1947 were states with heavy agricultural income. These bonds, maturing in 10 years from date of purchase, will return four dollars for each three dollars invested in them.

The Treasury believes that nearly all farmers and ranchmen who are operating places productive enough to make a living in normal years can well afford in this year of unusual prosperity to invest 10 percent of their incomes "in the crop that never fails"—the savings bonds of their Government. For those who can put 15 or 20 percent into E Bonds, up to the annual limit of \$5,000 maturity value for each member of the family, the reserve for the "lean years" will be just that much greater.

Bankers throughout the Eleventh Federal Reserve District, cooperating with the Treasury, are ready to serve the convenience of the farmers and ranchmen as well as other investors of their communities in the purchase of E Bonds or other types of U. S. Savings Bonds.

Production of the four principal feed grains (corn, oats, barley, and grain sorghums) in the Nation was expected to be about 22 percent below last year and the smallest since 1939. The decline in combined production is due largely to a reduced corn crop this year, which was estimated at 2,403-, 913,000 bushels on September 1, compared with the record crop of 3,287,927,000 bushels produced last year. Corn normally accounts for more than half the quantity of all grains and other concentrates fed to livestock. Consequently, this year's decline of 27 percent in corn production, coupled with declines of 19 percent in oats and 13 percent in grain sorghums, seriously affects the supply of feed concentrates per animal unit this season. However, as suggested above, the reduced supply of new-crop feed grains is partly offset by a large carry-over of old corn, an improved outlook for the new crop on October 1, and a prospect of record supplies of oilseed cake and meal.

August reports on production of oilseed crops indicated that the total supply of cake and meal would be larger in 1947-48 than in the previous season—possibly about 10 percent. Most of the anticipated increase was in linseed and cottonseed cake and meal, since soybean cake and meal production was expected to be somewhat smaller than in 1946-47. Production of grain byproduct feeds was expected to be heavy, although slightly smaller than last season's very large output. It is now evident that this estimate will be affected considerably by the expanded grain export program and that the season's output of these feeds may be considerably smaller than in 1946-47.

The total feed concentrate supply (including feed grains, byproduct feeds, and wheat and rye for feed) was estimated by the Department of Agriculture on September 1 at 12 percent less than the large 1946-47 supply and smaller than in other recent years, but slightly larger than the 1937-41 average. Livestock numbers, however, have been declining since the peak was reached in 1944, and a further small reduction is in prospect

this year. Therefore, the indicated 1947-48 supply of feed concentrates per grain-consuming animal unit was near the average for the past 10 years.

Adequate supplies of hay, much above average for the last ten years, were in prospect for the 1947-48 feeding season, although estimated on September 1 to be a little smaller than the very large supplies of last year. Since the number of hay-consuming livestock on farms in 1947-48 was estimated to be lower than in 1946-47, due to reduced numbers of cattle and horses, the supply of hay per animal unit was expected to be the largest on record.

With a record United States wheat crop and the smallest corn crop in recent years, wheat prices in 1947-48 probably would be low relative to corn prices were it not for the upward pressure on wheat prices created by heavy actual and prospective exports of grain. The high prices of wheat resulting from this pressure may be expected to restrict sharply the feeding of wheat to livestock and may result in marketing some cattle and hogs at lighter weights.

The feed situation in the Southwest is similar to that in the Nation as a whole. Production of the four principal feed grains in 1947 is expected to fall about nine percent below 1946 and about 11 percent below the 10-year (1936-45) average. Corn production in five southwestern states—Arizona, Louisiana, New Mexico, Oklahoma, and Texas—was estimated on September 1 at 89 percent of last year's crop and 70 percent of average. Estimated production of grain sorghums, the second most important feed grain in the Southwest, is 16 percent below last year's total, while production of oats is about the same as in 1946. The carry-over of corn, oats, and barley in off-farm locations in the Southwest, estimated at 2,190,000 bushels on July 1, is about three times the carry-over of last year, but is small in relation to the annual production. The 1947 production of hay in this region is estimated as slightly above last year's and about 15 percent above average.

The effects of indicated reductions in total feed supplies in the Southwest will be partially offset by a decline in livestock numbers. In terms of animal units, livestock numbers in the Southwest, including poultry, declined 13 percent between January 1, 1946, and the same date this year. Recent reports indicate that numbers of some types of livestock are continuing to decline. Shortages of some kinds of feed, however, particularly protein concentrates, may develop in this area during the coming winter. In any case, it is likely that feed prices will remain at high levels. Thus, southwestern livestock growers may find it unusually profitable to seed additional acreages of small grains, legumes, and grasses to furnish fall, winter, and early spring grazing. Similarly, it will be a gain to continue close culling of livestock so as to dispose of all animals that do not make efficient use of feed.

FARM MANAGEMENT

Control of Peach Tree Root-Borer

The root-borer, a serious threat to peach trees, can be controlled by applications of either of two treatments to the ground around the trees, according to recent reports issued by the Experiment Stations of Louisiana and New Mexico. October is the time for application of these treatments since the root-borers lay their eggs in this month. The usual sign of infestation is an accumulation of reddish, gummy sawdust at the base of the tree.

The first of the two preparations, known as paradichlorobenzine, or P.D.B., is a white sugar-like compound which can be bought at most drug or seed stores, and is easy to apply. In the use of this treatment, the grass and weeds should be scraped from around the tree, but care should be taken not to hoe up the soil. One-half ounce to two ounces of the preparation, according to the age of the tree, should be applied in a circle about two inches from the base of the tree, and covered with a mound of soil eight inches high to protect the tree from direct contact with the chemical. Three or four weeks later, the soil should be leveled around the tree with a hoe.

The other treatment is ethylene dichloride emulsion, a liquid which is easier to apply than P.D.B., and is safer for young trees. It is applied by pouring on the ground around the tree, but not directly on the tree. This preparation varies in strength and should be used according to directions. Rough ground should be leveled before the liquid is applied. It is not necessary, in using this preparation, to erect a protective mound around the trunk of the tree.

Vote on Peanut Marketing Quotas December 9

A referendum on the adoption of a system of peanut marketing quotas for the 1948, 1949, and 1950 crops will be held Tuesday, December 9, 1947, according to a recent announcement of the United States Department of Agriculture. All persons engaged in the production of more than one acre of peanuts in 1947, including tenants, share croppers, and owners who share in the proceeds of the 1947 crop, are eligible to vote. Acreage allotments for 1948, which will apply if the quota system is approved, are being prepared on state, county, and farm bases. Questionnaires have been distributed by county Agricultural Conservation Committees to individual producers to obtain data for use in determining farm acreage allotments. It is expected that each farm operator will be advised of his farm's allotment for 1948 before the referendum.

Acreages allotted to the four peanut-growing states of the Eleventh Federal Reserve District for 1948 and the estimated acreage of peanuts grown alone (not interplanted with other crops) in 1946 and 1947 are as follows:

| | 1948 Allotment (acres) | 1946 (acres) | 1947 (acres) |
|-----------------|---------------------------|-----------------|-----------------|
| Louisiana..... | 4,152 | 4,000 | 10,000 |
| New Mexico..... | 6,559 | 7,000 | 14,000 |
| Oklahoma..... | 147,197 | 221,000 | 282,000 |
| Texas..... | 562,626 | 767,000 | 823,000 |

COMMODITY NOTES

Grading Standards for Citrus Fruits Amended

The United States Standards for Citrus Fruits have been amended by an order issued

last month by the Production and Marketing Administration. The new standards, which became effective September 30, provide additional measurements for the internal quality of citrus fruits and will, in general, improve the quality of fruit graded in accordance with the standards. The standards apply to the common or sweet orange group, grapefruit, and varieties belonging to the Mandarin Group, except tangerines. They do not apply to tangerines or to California and Arizona citrus fruits for which separate United States standards are issued. Complete information regarding these new standards may be secured from the Production and Marketing Administration, Washington, D. C., or from local agents of the PMA.

TECHNOLOGICAL DEVELOPMENTS

Killing Potato Tops by Defoliant

The application of certain chemicals to cotton, soybeans, pepper, tomatoes, and other crops for purposes of defoliation has been practiced for several years, but now it has been found practicable by increasing the dosage of defoliant chemicals to kill even the rank growths of potato tops, including the stems, with benefit to the crop. This practice, which destroys the heavy foliage that is an encumbrance to harvesting machines and a nuisance in hand picking, enables the grower to choose the best time for digging, when the potatoes are at their preferred size and before development of knobby secondary growths. Timely elimination of foliage is also said to be an important method of preventing insects from transmitting virus diseases to the healthy seed tubers and of getting rid of the late blight fungus to avoid storage rot. Experiments indicate that killing the vines about ten days before harvest causes the skins of the potatoes to thicken and toughen normally, thereby reducing "feathering" and mechanical injury from subsequent handling and improving the appearance of the potatoes in the market.

Caution Needed in Using Insecticides

The dangers involved in the use of inflammable insecticides to spray barns and grain storages were reported in a recent release by the Louisiana Agricultural Extension Service. For example, carbon bisulfide, or "high life" as it is commonly known, is an effective spray but is one of the most dangerous. It is said to be more explosive than gasoline, and it can ignite from the heat of a steam pipe. If flammable fumigants and insecticides must be used, says this report, they should not be kept inside a building housing persons or animals, and one should not strike matches near a building which is being sprayed. When applying any inflammable spray, it is desirable to have a fire extinguisher handy, preferably one especially designed to deal with chemical fires.

Persons using insecticides are cautioned also against using preparations which produce harmful fumes. According to the report, gases or fumes set up by some fumigants can cause a serious lung condition which may result in death. This fact prompts the Extension Service to advise farmers to be wary about purchasing fumigants and insecticides that do not bear the seal of the Underwriters' Laboratory.

ANNOUNCEMENTS

Meetings

The Texas Flying Farmers will hold their first annual fall meeting at the Flying L Ranch, near Bandera, on October 18-19.

The Louisiana State Fair will be held at Shreveport, October 18-27.

The House Agriculture Committee will conduct a hearing at Temple, Texas, November 1, on a long-range program for agriculture. This will be one of a series of such hearings which the Committee is holding throughout the Nation.

The Annual Meeting of the Texas Federation of Cooperatives will convene at the Jefferson Hotel in Dallas, November 4-5. Speakers on the program will include the Honorable Wright Patman, Texas Congressman, and Charles A. Richards, Executive Secretary of the Kansas Cooperative Council.