



# AGRICULTURAL NEWS OF THE WEEK

FEDERAL RESERVE BANK OF DALLAS

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## OPTIMISTIC OUTLOOK FOR FARM INCOME

Realized net farm income in the United States for 1965 is estimated to be around \$14 billion, according to the Economic Research Service. The figure represents an increase of over a billion dollars from the \$12.9 billion realized in 1964 and is the highest level since 1952. A further gain of possibly \$250 million to \$500 million is likely for 1966. The ERS says that a strong domestic and foreign demand for farm products and the recently enacted Food and Agriculture Act of 1965 support the optimistic outlook for farm income in 1966.

Realized net income per farm in the Nation is expected to reach an all-time high in 1966. In addition, disposable personal per capita income of the farm population will probably rise next year because of the prospective gain in overall farm income and the continued excellent opportunities for nonfarm earnings. Both farm numbers and the farm population are expected to decline further in 1966.

## RATE INCREASED ON CERTIFICATES OF INTEREST

Effective November 16, 1965, the rate of interest payable on certificates of interest issued to banks and other lending institutions participating in the financing of 1965-crop price-support loans has been increased from 4.10% to 4.25% per annum. According to the U. S. Department of Agriculture, this increase has been made in order to bring the interest rate payable on certificates more nearly in line with interest rates which generally have prevailed for some time in the money market. This increase will not be retroactive; therefore, lending institutions which have invested funds in 1965-crop price-support loans will earn interest on their investments at the rate of 4.10% per annum from the date of investment through November 15, 1965, and 4.25% thereafter.

## ACREAGE CUTS FOR POTATOES RECOMMENDED

The USDA recently reported that abundant supplies of Irish potatoes grown this fall likely would be carried over into 1966 and suggested that producers reduce plantings next year in order to improve their bargaining position in the market. The USDA recommendations are that national plantings of 1966-crop spring potatoes be reduced to 139,710 acres, a figure that is about 11% below the 1965 plantings.

## FLAXSEED NOT ALTERNATE CROP

The USDA recently announced that flaxseed will not be a substitute crop which may be planted on acreage diverted under the 1966 wheat, feed grain, and cotton programs. The announcement was made at this time because flaxseed is a fall-planted crop in Texas, although it is spring-planted in most producing areas.

Flaxseed was included on the list of substitute crops for diverted acres in some prior program years; however, domestic and world production had resulted in current stocks that are substantially in excess of utilization, according to the USDA. The alternate crops which may be planted on acres diverted under the 1966 programs will be announced in advance of producer signups early in 1966.

W H E A T   F E E D I N G   A T   1 0 - Y E A R   H I G H

Feeding of wheat in the United States during the 1964-65 feeding year (which ended September 30) reached a 10-year high of 120 million bu., points out the ERS. Contributing to the peak volume was the fact that most of the wheat was fed to beef animals in areas that ordinarily depend on shipped-in grain. Moreover, wheat prices in many sections were near, or below, feed grain prices, even with no allowance being made for the higher feeding value of wheat. The ERS expects wheat feeding to remain high during the 1965-66 season, although feed grain prices may be lower.

L I V E S T O C K

During the 3-day trading period ended Wednesday, November 10, the pre-Veterans Day holiday receipts of all classes of livestock except sheep and lambs were below both a week earlier and the corresponding 1964 period, reports the Consumer and Marketing Service. The cattle run totaled about 2,800 head, reflecting decreases of 30% from a week ago and 42% from last year. Trading on all classes of slaughter cattle was moderately to fairly active. Compared with the previous Thursday's close, slaughter steer marketings were too limited for a test of price trends. Individual Good grades of 960-lb. slaughter steers brought \$23.50 per cwt., and small lots of Standard and Good 565- to 700-lb. yearlings sold at \$19.10 to \$23.50. Trading on feeder cattle was fairly active, and quotations were fully steady to 50¢ per cwt. higher than a week ago. Good grades of 500- to 690-lb. yearling steers sold at \$20.50 to \$23.50 per cwt.

Calf supplies are placed at 1,775, compared with 1,900 a week ago and 2,225 a year earlier. Slaughter calf prices were steady to 50¢ per cwt. higher than on the previous Thursday. Good grades of killing calves weighing up to 550 lbs. cleared at \$20.70 to \$22.10 per cwt., and quotes for Good and Choice 300- to 500-lb. stocker steer calves ranged from \$20.80 to \$25.60.

Hog marketings, at approximately 650 head, were 75 fewer than in the preceding week and 125 below the corresponding period last year. Prices were fully steady to strong the first 2 days of the week but were steady to 25¢ per cwt. lower on Wednesday. Most of the 3-day supply of mixed U. S. No. 1 through No. 3 Grades of 200- to 265-lb. barrows and gilts brought \$23 to \$23.50 per cwt.

A total of 1,500 sheep and lambs was received at Fort Worth during the week ended November 10, or 50% above the previous week's offerings but 63% below a year ago. Demand continued broad, and quotations were fully steady as compared with the preceding Thursday. Good and Choice 75- to 85-lb. shorn slaughter lambs with No. 1 and No. 2 pelts cleared at \$22 to \$22.50 per cwt.

	Area	Week ended November 6, 1965	Percent change from	
			Previous week	Comparable week, 1964
BROILER CHICK				
PLACEMENTS	Texas.....	2,927,000	4	11
	Louisiana..	621,000	-2	17
	23 States..	43,066,000	2	11