

FARM AND RANCH BULLETIN

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AGRICULTURAL OUTLOOK FOR 1960

A slight decrease in average prices received by farmers, coupled with a small rise in costs of farm production and marketing, points to a further decline in realized net farm income of the Nation's farmers in 1960, according to the United States Department of Agriculture.

Supplies of farm products are expected to remain heavy this year, with the already excessive stocks of wheat and feed grains being augmented further. Increases in exports, rising economic activity, and improved retail demand for food will help reduce the large supplies somewhat. Agricultural exports in fiscal 1959-60 are expected to reach \$4 billion, which would be a near-record level. Most of the gain is due to anticipated higher exports of cotton.

Cash receipts from farm marketings may show a smaller decline in 1960 than in the past year. Receipts from cattle, hogs, and wheat probably will be down somewhat, while those from milk and eggs may be up slightly. Not much change is likely for other commodities.

Production expenses may rise slightly this year, mostly for such overhead items as taxes, depreciation, and interest. With lower receipts and higher expenses, realized net farm income will probably be down slightly from 1959. Weather conditions will be the dominant factor influencing 1960 production, but improved crop technology has tended to increase average yields. Livestock production and slaughter are expected to increase this year.

The probable continued expansion in economic activity should reinforce the rise in

income of farm people from nonfarm sources. These sources accounted for 28 percent of total farm income in 1958 and increased further in 1959.

Government programs in 1960 will be about the same as in 1959. Available funds will permit the inclusion of about 5 million additional acres in the Conservation Reserve this year. No major changes in price support levels are expected during 1960.

Despite declines in agricultural prices and farm income, farm land values, farm assets, and rural levels of living have continued to rise. However, trends in 1959 suggest that these increases may be tapering off. The sharp rise in land prices during the past 5 years, which added nearly one-third to market values, may be approaching an end, according to the Department of Agriculture. The decline in farm income during the last half of 1959 and the prospect for some further decrease in 1960 probably will remove some of the stimulus to the farm land market.

The following are summaries of national outlook statements by the Department of Agriculture for some important commodities in the Southwest.

COTTON

The supply of cotton in the United States in the 1959-60 season (which began August 1, 1959) is estimated at approximately 23.7 million bales, or about 3.4 million bales more than in the preceding season, reflecting a sharp

increase in production. Despite this increase, the carry-over on August 1, 1960, probably will be about the same as the 8.9 million bales on August 1, 1959. Total disappearance is expected to rise to 14.5 million bales, which is up 3 million bales from 1958-59, principally because of sharply larger exports. Exports during the current season are indicated to be about double the 2.8 million bales shipped in 1958-59. Domestic mill consumption is expected to be about 9 million bales — the highest since 1955-56.

Under current legislation, 16.3 million acres have been allotted for upland cotton under the regular 1960 acreage allotment program. This minimum acreage can be increased by farmers' participation in the Choice B program. This program permits a cotton farmer to increase his acreage by 40 percent over his regular allotment and to obtain price support through nonrecourse loans at a 15 percent lower level than the price support available under the regular allotment, or the Choice A program.

WHEAT

The national wheat supply for the 1959-60 marketing year (which began July 1, 1959) is placed at an all-time high of 2.4 billion bushels. The total supply includes the carry-over of 1.3 billion bushels, the 1959 crop of an estimated 1.1 billion bushels, and probable imports of about 8 million bushels, mostly of feeding quality and seed wheat.

Domestic disappearance of wheat in 1959-60 is estimated at 630 million bushels, or approximately unchanged from the preceding season. Exports are expected to total 410 million bushels, which is somewhat smaller than in 1958-59.

These estimates of supply and disappearance indicate a carry-over on July 1, 1960, of about 1.4 billion bushels, or 7 percent more than the year-earlier level and 55 percent above the July 1, 1958, figure.

With the minimum national allotment of 55 million acres in effect for 1960, a little more than 53 million acres may be harvested. A crop of about 1.2 billion bushels may be produced if yields equal those in recent years. A crop of

this size would be about 8 percent larger than in 1959 and would again exceed domestic requirements and exports, resulting in a further increase in the carry-over. The carry-over on July 1, 1961, could be about 170 million bushels over the estimated carry-over on July 1, 1960.

Prices received by the Nation's wheat farmers in 1959-60 may average slightly higher than the \$1.72 per bushel in the preceding season. The "advance" minimum national average support price for 1960-crop wheat is \$1.77 per bushel; the average support price for the 1959 crop was \$1.81.

RICE

As a result of sharply increased exports, a further reduction in the rice carry-over is expected on August 1, 1960, for the fourth consecutive year. Tentative estimates are for 29 million hundredweight to be shipped abroad in 1959-60, which would be over 9.3 million hundredweight more than in 1958-59. Domestic use is estimated at 26.4 million hundredweight — up slightly from the previous marketing year. This volume of exports and domestic use would leave stocks on August 1, 1960, at approximately 13.6 million hundredweight, or 13 percent below a year earlier and 61 percent less than the 1956 record.

The advance minimum national average support price for 1960-crop rice has been set at \$4.36 per hundredweight, which is 75 percent of the December 1959 rice parity price. Producers who remain within their acreage allotments will be eligible for price support at this level for up to \$50,000 of nonrecourse loans and purchase agreements and for recourse loans for any production above this amount. Growers who exceed their farm acreage allotments will be subject to marketing quota penalties, and none of their production will be eligible for price support.

FEED

Another favorable growing season in 1959 and large carry-over stocks from previous years have increased total supplies of feed grains and other concentrates for the 1959-60

season (which began October 1, 1959) to a new high of 264 million tons.

Feed grain production has consistently exceeded utilization since 1952, and carry-over stocks have increased each year since then, attaining a new peak of 67 million tons in 1959. Total utilization in 1959-60 is expected to fall short of production again, and carry-over stocks will rise, probably reaching approximately 80 million tons at the close of the present marketing year. The total tonnage of feed grains exported in 1959-60 may equal, if not exceed, the record level of a year earlier.

The number of grain-consuming livestock in 1959-60 is expected to be 3 percent larger than a year earlier. Liberal feeding per animal unit probably will continue, and total domestic use is likely to be a little heavier than in 1958-59.

Feed grain prices are expected to average a little lower in 1959-60 than in the preceding season, in view of the record 1959 production and the decline in the general level of livestock prices.

The 1959-60 hay supply is down 6 percent from the peak level of a year earlier but is above the 1953-57 average, both in terms of the total supply and the supply per animal unit. Supplies of hay are ample in most areas of the United States.

CATTLE

Cattle numbers in the United States probably will continue upward during 1960. Combined steer and heifer slaughter is expected to show some increase over the reduced rate of the preceding year. The prospective gain in

slaughter reflects the quicker build-up in the number of young slaughter stock. Slaughter would still be low enough to allow cattle numbers to continue upward at a rather fast rate.

Average slaughter weights may be a little lower than the record level established in 1959; therefore, the gain in total beef output may not be unusually large. Indications are that cattle prices will continue to drift downward during 1960.

DAIRY

Some increase in national milk production is likely for 1960; however, the supply of milk products per person is expected to be below the 1959 level, according to the Department of Agriculture. With consumer incomes at a new high, retail prices may rise. For considerable periods in 1960, prices to farmers for milk and butterfat probably will be above the 1959 levels, and the average for the year is almost certain to be above that in 1959.

Both the volume of dairy products sold by farmers and the cash receipts from these commodities are expected to reach all-time highs in 1960. Costs of feed may be lower, but costs of most other items used in production may be higher. Net income from the dairy enterprise probably will be at least as high as in 1959, if not a little higher.

WOOL

The outlook for wool through the first half of 1960 is one of strong demand and stable prices at levels above a year earlier. Domestic production of shorn wool in 1959 was 5 percent higher than in the preceding year and is expected to increase slightly in 1960. The average price received by growers for shorn wool for the 1959-60 marketing year probably will be 10 to 15 percent higher than that received in 1958-59.

The incentive level for the Nation's producers for the 1960 marketing year (April 1, 1960-March 31, 1961) has been set at 62 cents per pound for shorn wool, or 86 percent of the October 1959 parity price. The support level for mohair is 70 cents per pound, which is 74 percent of the October parity price. Both



are at the same dollar-and-cents levels which have been in effect for the 5 years of the incentive programs.

POULTRY AND EGGS

Total egg and poultry meat output this year is expected to be little, if any, above the 1959 level. Smaller supplies of broilers and eggs are in prospect for the first half of 1960 than in the same period a year ago. More turkeys may be slaughtered, but production early this year will be seasonally small.

Egg production is likely to continue below a year earlier through the spring, inasmuch as the number of layers will be smaller. The reduced output of eggs will result in a decline in per capita supplies; however, a sharp rise in prices may not occur in 1960 because of apparent declines in the demand for eggs. A reasonable expectation would be an average increase of perhaps 2 or 3 cents per dozen above the 1959 average. Any increase in price probably will not begin until the second quarter of this year.

Properly Prepared Wool Pays Dividends

Clean, properly bagged wool will demand a premium price, and the increased return will more than offset the limited amount of time and effort required at shearing time, says Jack L. Ruttle, Sheep and Wool Marketing Specialist at New Mexico State University.

Mr. Ruttle makes the following recommendations for obtaining greater returns.

1. *Shearing* — Keep the number of “second cuts” at a minimum. (They result in waste and decrease the value of the wool.) Shearers should avoid tearing the fleece and should try to shear it off in one piece. Black fleeces should be sacked separately and marked as such, since their presence will lower the value of the wool.

2. *Fleece tying* — Roll and tie the fleeces with the shoulder and side wool out; the bellies and small pieces should be on the inside. Excess tags and stained portions should be removed before tying. Fleeces should be tied with standard paper fleece tie and should be

placed on canvas or boards to await sacking. The amount of shrinkage will be reduced, and fleeces will be brighter in color.

3. *Sacking* — Sack all wool according to grade, and mark accordingly. Bags should be firm but should not be overpacked. Overpacked bags tend to burst in handling, and the heavier bags often cause wool buyers to overshrink the clip.

4. *Corrals* — Sprinkle the corrals before shearing begins each morning and afternoon, in order to reduce wool shrinkage. This practice settles the dust and makes working conditions much more pleasant.

Cattle Bloat Runs in the Family

Studies made at Oregon State College indicate that chronic bloat of cattle “runs in the family,” according to Dr. C. M. Patterson, Extension Veterinarian with the Texas Agricultural Extension Service. In records kept on 250 beef calves in the Oregon study, chronic bloat showed up in 7 out of 13 offspring of “bloater” bulls mated to “bloater” cows or to cows closely related to the bulls. Less than 4 percent of the regular breeding herd bloated occasionally.

Bloat is caused by a build-up of gas during feed digestion in the large storage reservoir in a network of four stomachs in cattle. Chronic bloating stunts growth of the animals and is a major cause of death in both beef and dairy cattle.

Dr. Patterson points out that bloat occurs most often when animals are on high-quality feed, such as good alfalfa supplemented with barley. Test animals in the Oregon study received a pelleted ration of two parts half-inch cut alfalfa hay to one part grain mix.

Since the tendency to bloat was increased in the tests through selective breeding, Dr. Patterson believes that it may be possible to pinpoint chronic bloating families and thus help cattle breeders select against this abnormality.

The FARM AND RANCH BULLETIN is prepared in the Research Department under the direction of J. Z. Rowe, Agricultural Economist.