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THE FEDERAL RESERVE BANK OF CHICAGO
AGRICULTURAL LETTER

March 27, 1947

Continued high food production is indicated by USDA reports of farmers' "intentions to plant" on March 1, showing an increase of 2.3 million acres over last year in total acreages to be planted to all crops. Some crops, such as wheat, oats, and dry peas, would exceed USDA "goals" while others, including corn, barley, flaxseed, dry beans, and soybeans, would be below the goals.

Declines in poultry production are indicated by the report on February commercial hatchery production which shows four per cent fewer chicks than a year ago, but there was a slight increase in states of this District. Demand for chicks by commercial broiler producers is reported as slow.

A continued favorable outlook for dairy farmers is seen by USDA economists even though 1947 earnings are not expected to be quite as good as 1946. Demand is changing, diverting milk from sale as whole milk and cream to manufactured products, particularly butter. Farm prices of milk and butterfat have been declining more than seasonally and are expected to continue to decline into the summer. Rises after the summer low point are expected to be less than the usual seasonal advance.

World oats production in 1946 is reported as three per cent above 1945 but two per cent below prewar average. European production was far below average, but this was almost entirely offset by increases in North America. USDA also reports a decline in world hog numbers as of the first of this year, nearly four million less than the 241 million head of last year. Decline is credited mainly to strong demand for grains for human food and to drought and (in the U.S. and Argentina) price uncertainties at breeding time.

Additional allocations of American meat (mostly beef) to Great Britain bring first quarter totals to 50 million pounds. This would be about one per cent of domestic consumption or about equal to two days kill of Federally inspected cattle slaughter at current rates of slaughter. U.S. Department of Commerce reports that 1946 exports of food totaled nearly 2.2 billion dollars, of which nearly two-thirds was for cash, the balance being covered by UNRRA, lend-lease, and other Government-financed programs. The total is equal to about nine per cent of U.S. cash farm income. Included in the total was 1.3 billion pounds of meat. Grain and grain products were valued at 788 million dollars. Fruit exports amounted to 153 million dollars. Shipments of tobacco were reported at 415 million dollars.

The Senate Agricultural Committee this week voted a one-year extension of the life of Commodity Credit Corporation to June 30, 1948. A two-year extension was originally asked, but the one-year limit was set because an audit of the agency is to be made prior to surrender of its Delaware Charter and the obtaining of a Federal charter. This change is required by law to be consummated before June 30, 1948.

The President has asked Congress to extend his powers to control exports until June 30, 1948. These powers are asked as essential to protecting the American economy against a price spurt and to aid in discharging international relief responsibilities. CPA this week raised from \$1,000 to \$5,000 the exemption from CPA authorization for non-residential building alterations and repairs for farms of five or more acres. Federal crop insurance is in hot water again and will be drastically curtailed--too many losses on cotton contracts.

With a loan of \$145,000 to the Monroe County Electric Co-op. at Waterloo, Illinois, the REA passed the billion dollar mark for loans since it began operations in 1935.

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