



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

28119
F313
Cg 2

THE FEDERAL RESERVE BANK OF CHICAGO
AGRICULTURAL LETTER

April 20, 1951

Stocks of feed grains on farms April 1 were relatively large although 10 per cent below a year ago. Current high livestock production is expected to result in continued high utilization with a tightening of marketable supplies this summer unless crop prospects are exceptionally good.

Some of the feed grain now on hand will not be available for current use as the CCC plans to carry substantial reserve stocks. PMA committees have been instructed to select bins of corn for this reserve supply and to withhold them from the market. The sale price of CCC bin corn in Iowa for the month of April is the local market price or the 1950 loan rate plus 21 cents per bushel, whichever is higher.

Adverse weather continues to delay field activity in the Seventh District, less than 10 per cent of the Illinois oat crop was planted by mid-April, the smallest fraction for this date in more than 10 years. Late planting usually reduces oat yields and encourages farmers to shift to other crops. Most planting intentions reports indicate, however, that Corn Belt farmers will be reluctant to abandon oats as they normally are used as a nurse-crop to legume and grass seedings, and farm management specialists recommend that farmers maintain good crop rotations with adequate acreages of legumes. Increased grain production should be obtained on most farms through heavy fertilizer applications and other measures which increase per acre yields.

Export demand for grain continues at very high levels; approximately 74 million bushels are scheduled for export in May. The strong foreign demand for U.S. supplies reflects war jitters and inability to obtain desired amounts from other export countries. Wheat exports may go well above 300 million bushels in the year ending July 1951.

The Annual Agriculture-Finance Clinic of the Michigan Bankers Association was held last week in cooperation with Michigan State College. Major theme of the program was soil conservation. M. H. Cohee, Soil Conservation Service, reported experimental evidence indicating that approved soil management practices could be expected, at current prices, to increase cash returns about 10 dollars per acre on soil types common to Michigan, and with very little expense.

There is talk currently of providing new Government credit for high risk farm loans, similar to those available several years ago through Regional Agricultural Credit Corporations. It is argued that this type of credit is needed to bolster food production even though measures are being taken currently to limit over-all credit expansion.

The CCC is back in the butter business. Following announcement of the 66 cent a pound support price there was some weakness in the market with butter going to the CCC. The outlook for reduced butter supplies (production in a recent week was one-fifth below a year ago) and increased demand gives every indication that surplus stocks will be moved back into consumption at profitable prices.

The 1951 fall pig crop is expected to be slightly larger than in 1950 and to result in a moderate increase in pork production in the spring and summer of 1952, according to the USDA. The current seasonal increase in marketings from the 1950 fall crop is expected to continue for several more weeks and hold prices near current levels. Further measures to tighten price controls on pork and hogs probably will be delayed until seasonally smaller marketings result in upward price pressures, but this does not change the outlook for beef price control measures reported last week.

Ernest T. Baughman
Agricultural Economist
Research Department