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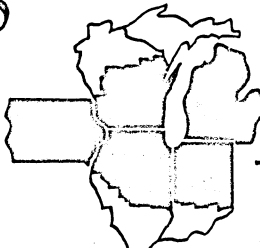
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from the Federal Reserve Bank of Chicago

April 16, 1954

Agricultural



Letter

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MAY 7 1954
U.S. DEPARTMENT OF AGRICULTURE

Number 244

AS THE SUN moves to a higher and higher position in the heavens and its rays assume a more nearly perpendicular slant to our portion of the earth's surface, the Midwest countryside bursts into a welter of activity. Spring is here. Cold, uninteresting fields are promptly tilled and planted. Dormant seeds, tucked into the soil, respond to nature's incessant urge to reproduce, and another crop is on its way. But the road ahead is not a wide, straight, smoothly paved "freeway."

Rain, temperature, wind, insects and diseases all are to be encountered in varying degrees and combinations during the growing season. Particularly favorable or unfavorable developments as to any or all of these factors are NEWS--news which has an impact far beyond the confines of the back forty, the local community or even the nation. For food is a world commodity. Hence, the great interest in "how crops are doin' " and the widespread effort to keep tab on current developments.

A number of private businesses make periodic surveys and reports on one or a few crops. The broadest and most frequent coverage, however, is provided through the Crop Reporting Board of the U. S. Department of Agriculture.

Field preparations are generally advanced for this time of year and are moving ahead rapidly, even in some of the northern areas. Spring wheat seeding in South Dakota, for example, is estimated to be 10 per cent completed. Two-thirds of the oats are planted in Illinois, and four-fifths of the indicated acreage is planted in southern Iowa. Corn planting has moved as far north as southern Kansas and southeast Missouri.

Recent rains have improved soil conditions, but additional moisture would be welcomed in many areas. Snow and rain have improved prospects for an adequate supply of irrigation water, but some areas will be short.

WINTER WHEAT showed some further deterioration through March. The crop was estimated at 678 million bushels as of April 1, about one-fourth less than last year's harvest. About 9 million acres, or 20 per cent of the crop, are now indicated to be abandoned due to drouth, winter kill, wind and insect damage. The total supply of wheat will remain abundant, however, since the carry-over from previous crops will approximate a full year's domestic requirements.

FARM STOCKS OF GRAIN are generally larger than a year ago. Feed grains are up 2 per cent from last year, due largely to a smaller disappearance of corn from farms in the first quarter of the year. This reflects the smaller number of hogs fed in that period and a rather heavy movement of corn into Government price support loans.

Stocks of barley, rye and flaxseed are also above year-ago levels, but stocks of soybeans, estimated at 37 million bushels compared with 60 million last year, were the lowest since 1948.

MOST COMMODITIES, however, are being produced currently--or are indicated to be produced--in large volume this year. March production of milk was 5 per cent above last year's record volume as farmers continued heavy grain feeding of the increased number of cows in herds. Lower prices for dairy products have brought the milk-feed price ratio below the long-time average and can be expected to reduce the rate of grain feeding unless the improvement in quality of cattle and other measures affecting efficiency of dairy farmers have brought a permanent shift in feeding programs.

HENS in the nation's laying flocks put in a busy month and shelled out 6.6 billion eggs, 5 per cent more than in March of last year. The number of hens was up only 3 per cent from last March.

Young chickens from this year's hatch were at a record high number on April 1, 19 per cent above a year ago. Although it is too early to determine the total number of chickens raised for flock replacements this year, the large increase early in the season indicates a heavy volume of egg production in late summer and fall.

HOG PRODUCTION, as reported previously, is being stepped up also. Last December farmers reported plans for a 6 per cent increase in sows for spring farrowing. It now appears, however, that the increase will be substantially larger. Farrowings in six important producing states from December to February were nearly 40 per cent above the like period a year earlier. It should be noted, however, that farrowings in these months usually are relatively small, hence a large percentage change does not reflect a large change in total number. The total spring crop is now expected to show an increase on the order of 9 per cent. These pigs will start showing up in Midwest markets in significant numbers after the middle of the year, probably rising to a peak rate in December.

SPRING VEGETABLE and melon production will be increased as planted acreage is up 9 per cent from last year. A record orange crop is being harvested, and large grapefruit and lemon harvests are also indicated.

(over)

STORE GRAIN? OR SELL AT HARVEST? It is obvious, of course, that it pays to store grain if the price rises enough from harvest to market to more than pay the costs of holding it. But these costs are not easy to determine. They include yearly cost of storage structure (or of leased space), interest on the value of the stored grain, insurance, taxes (if grain is held beyond assessment date), shrinkage, and handling. Neither is it an easy matter to judge at the outset whether prices will rise during the storage period in any particular year or period of years.

Studies made at various times and places and of various historical periods have sought to shed some light on these questions. A recent one made at the University of Illinois is of interest to Midwest farmers, land owners, and credit men.* Among the conclusions reached in the study are the following:

CORN: Prices have risen enough from harvest to a later marketing date in most years to pay to store corn if only a modest charge is made for storage. However, if the full cost of a new structure is to be recovered over its useful life from the storage operation, prices would need to rise more from harvest to marketing date than in most recent years.

	<u>Storage cost</u>		<u>Median price</u>
	<u>crib</u>	<u>total</u>	<u>increase</u>
Harvest to January 15	10¢	13¢	9¢
Harvest to May 15	10	18	14
Harvest to July 15	10	20	16

These costs and returns from storing corn do not take into consideration the price support program, except as it may have affected market prices of corn in the periods studied. This program requires farmers to provide storage for their corn if they are to qualify for price support loans. It also provides storage payments in certain circumstances if corn is stored beyond July of the first marketing season following harvest.

In general, farmers should not plan to hold corn for a long storage period in years of "short corn crops," "shrinking hog numbers," or "deflation" since the seasonal high price tends to come early in the season in such years. Two of these factors--the size of crop and number of hogs--are usually quite clearly indicated at harvest time.

Hogs are important in the demand for corn since they consume about half of the crop. About 87 per cent of the corn is used for livestock feed.

* University of Illinois, College of Agriculture, Circular 711.

Illinois farmers distribute their sales of corn quite evenly through the year. November is the peak month with 13 per cent of annual sales, and July is the lowest month, with 6 per cent of sales.

SOYBEANS: During the 27-year period, 1925-51, soybean prices tended to increase about 30¢ a bushel from harvest to the following May. Storage costs were estimated at 16¢ to 22¢ a bushel. Thus it was profitable for farmers to store soybeans. The study concluded, however, that it is by no means certain that this will be as true in the future since (1) there has been an increase in the storage capacity on farms, at mills, and at country elevators, (2) futures markets have been introduced, and (3) inflationary price movements may be less important in the future than in the past 25 years.

In recent years, two-thirds of Illinois soybeans sales have been in October and November. The remaining third has been quite uniformly distributed through the remaining ten months of the year.

WHEAT: Seasonal increases in wheat prices are dampened by the long period over which the harvests in various areas are realized. In recent years Illinois farmers have sold 67 per cent of their wheat in July and another 11 per cent in August. The remaining 22 per cent is distributed through the remainder of the year.

The study concluded that short-term storage of wheat (July to December) probably is justified in years when the quality of the grain makes it possible to store without risk of spoilage but that Illinois farmers probably should not hold wheat for a long period since price increases from harvest to the following spring usually are modest and storage costs are relatively high. Since 1945, however, there has been a strong tendency for prices to rise from August to December, no doubt reflecting the effects of CCC loans.

OATS: Oat prices usually have risen month by month from August to April; the median rise in years since 1938 has been about 15¢ a bushel. Most of the increase, however, usually has occurred by January. "The increases in price of oats after harvest are ordinarily enough to make on-farm storage worth-while" but usually "would not make commercial storage very profitable."

Since the Illinois oat harvest hits its peak before that of the major producing areas, Illinois farmers can sell as they reap in July and avoid storage costs and, usually, a modest August decline in price. Farmers make about 28 per cent of their sales of oats in July and an additional 16 per cent in August.