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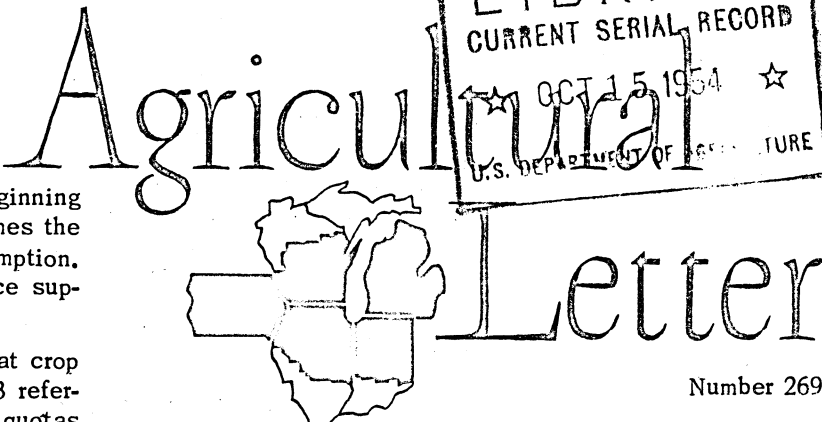
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THE SUPPLY OF WHEAT for the year beginning July 1, 1954, remains very large--nearly three times the amount that would be required for domestic consumption. Hence, prices will be determined largely by price support policies.

Government policies affecting the 1955 wheat crop are now fairly well rounded out. In the July 23 referendum, farmers approved extension of marketing quotas for the 1955 crop. The national allotment is expected to approximate the 55 million acre minimum allowed by law. Assuming average yields, production would total about 850 million bushels-- 12 per cent under the 962 million bushels harvested this year.

Price supports on the 1955 crop have been announced at \$2.06 a bushel. This is equivalent to 82½ per cent of parity, the minimum authorized by law and compares with the support of \$2.24 on the 1954 crop. The support level for next year's crop may be raised before harvest if conditions change but may not be reduced below that set in the preliminary announcement.

To be eligible for price support on the 1955 crop a farmer must harvest no more than his allotted acreage and, according to the cross-compliance provision, he must also comply with allotments on corn, cotton, tobacco, rice and peanuts and must not exceed his 1952-53 average acreage of commercial vegetables. Wheat growers who harvest up to 15 acres, even though their allotment is less, are exempted from the cross-compliance provision. Small wheat growers--less than 15 acres--who exceed their allotment, however, will not be eligible for price support loans.

As in the past, penalties of about \$1.12 a bushel will be assessed for wheat grown in excess of allotments which are over 15 acres. In 1955 compliance with allotments will be determined on a harvested acreage basis rather than by acres planted. Farmers can plant above their allotments and "destroy" the excess wheat acreage before compliance with allotments are checked.

Domestic use for the current, 1954-55, year is estimated at 660 million bushels. Exports may approximate the 1953-54 level of 215 million for a total disappearance of 875 million. Since the 1954 harvest totals about 962 million bushels, stocks may be about 85 million bushels larger on July 1, 1955, than on that date this year. This would be a much smaller addition to stocks than the 340 million added in the previous year.

The 850 million bushel crop in prospect for 1955-56 would be about in line with domestic requirements and probable exports, indicating that the build-up in stocks would be brought to a halt.

EXPORTS OF WHEAT accounted for almost 50 per cent of the 1951 crop, while during the 1953 crop year only about one-fifth of the crop was exported. In the current year, 1954-55, exports are expected to be about the same as in the past year. Most importing countries have relatively large supplies while major exporting countries have larger stocks than last year. Lower demand from foreign sources since 1951 has been largely responsible for the accumulation of wheat stocks. However, intensive efforts to expand U.S. exports under the Trade and Development Act may halt the downward trend in exports.

With most of the wheat inventory held by the CCC, average prices beginning July 1, 1955, are not expected to deviate far from the announced minimum support level of \$2.06 per bushel. Farm income from wheat in 1955 will probably be below 1954 levels, as acreage allotments will be reduced by about 12 per cent while average prices received by farmers will reflect the lower 1955 support levels.

THE FALL PIG CROP is now indicated to be 14 per cent above the 1953 crop in six Corn Belt states. This represents a step-up in planned production since last June when farmers reported plans to increase fall farrowings about 12 per cent. For the six Corn Belt states, the indicated percentage increases over a year ago are as follows: Illinois, +15; Indiana, +20; Iowa, +10; Wisconsin, +13; Minnesota, +10; and Kansas, +28.

As was true with the spring crop, early months show the largest year-to-year increases. Indicated increase in the June-August period is 18 per cent while the September to November period shows an 8 per cent increase. The heavy farrowings in the June-August period will come to market during the early part of 1955. As a result, prices are likely to show less than a normal seasonal recovery from the low point reached this fall.

