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Federal Reserve Bank of Chicago --

April 21, 1955

Agricultural Letter



CATTLE AND CALVES on feed April 1 in 14 major feeding states are estimated to exceed the year-ago number by 12 per cent. This compares with an increase of 8 per cent at the beginning of the year. Corn Belt farmers have 9 per cent more on feed compared with an increase of 4 per cent on January 1.

The largest increase from a year ago is in California, up 54 per cent. That state has now moved to fourth place--behind Iowa, Nebraska and Illinois--in number of cattle fed. Iowa farmers had more cattle on feed than Nebraska and Illinois combined and nearly four times the number in California.

RECENT CROP REPORTS have been alternately bright and gloomy, depending on changes in the weather. Fruit and early vegetable crops have been damaged by a severe cold snap while extensive acreages of wheat have been blown out. However, it is expected that total crop output in 1955 has not been greatly affected. The damaged areas are a small part of the total cropland, and much of the land will be replanted.

Winter wheat production was recently forecast about 15 per cent below the 791 million bushels harvested in 1954. A prospective crop of 662 million bushels plus an estimated spring wheat crop of 177 million would bring total wheat production to about 840 million bushels. About 875 million bushels are expected to be required for domestic consumption and exports during 1955-56, hence the large wheat inventory may be trimmed moderately for the first time in four years.

The reduction in wheat production has been due largely to a 5 million cut in acreage allotments. In addition, USDA reports 10 million acres have been damaged by winds since early last winter.

Milk production for the first three months of 1955 has averaged about 2 per cent below the record high of 1954 due to fewer cows on farms. Production per cow has continued to mount. Grains are being fed at a liberal rate, and spring pasture conditions have improved over those of 1954 in most dairy areas.

Egg production pushed into new high ground during January and February, but by March output dropped slightly below the corresponding month of 1954 although the laying flock was 2 per cent larger than last year.

Larger production cutbacks are indicated for later in the year, suggesting that the burdensome supplies and low prices of 1954 are largely behind us. Chicks being raised for farm flock replacement from this year's hatch are estimated to be 30 per cent below the number of a year ago. Nine per cent fewer eggs in incubators on April 1 than last year indicates that the number of chicks raised for flock replacement is continuing below year-ago levels.

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Turkey growers, also plagued with excessive supplies and low prices last year, are apparently not cutting back production as are the producers of eggs. Growers have been cautioned by USDA a second time of a potential over-supply of heavy breed turkeys.

Breeding flocks were estimated to be 5 per cent larger than in the winter of 1953-54, and while the hatch of heavy breed poulters through March has been below that of 1954, the April hatch is expected to be 7 per cent above a year ago. Continued large egg settings during the next few weeks could bring the May hatch to a record level and result in a large production of turkeys again in 1955 although somewhat later in the season.

FEED GRAIN supplies on farms April 1 continue ample in relation to the number of livestock. Total farm stocks are about 2 per cent larger than a year earlier.

The estimated 1.4 billion bushels of corn on farms nearly equal the April 1 stocks of each of the last two years despite the smaller 1954 harvest. Oats and barley stocks on farms are respectively 24 and 55 per cent above those of a year ago.

Soybean stocks on farms were about three times larger than a year earlier. One-third of the 1954 crop still remains on farms compared with 14 per cent in early April of 1954.

FARM EMPLOYMENT increased 13 per cent as the spring planting season got under way. While the increase represents about the usual seasonal pickup, there were 5 per cent fewer family and hired workers on farms than a year ago. The decrease is due to "the later spring" in some areas and to a continuation of the long-time downtrend in the number of persons working on farms.

Wage rates for hired workers are reported to average 2 per cent higher than a year earlier. During each of the previous two years, wage rates declined slightly from the peak reached in 1952.

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