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September 27, 1957



Number 424

FALL SOW FARROWINGS in ten Corn Belt states are now indicated to be 4 per cent larger than the 1956 number. This compares with farmers' intentions of early last June to have 2 per cent more sows farrow in the fall period (June–November) of 1957 than in the corresponding six-month period of 1956.

The change in farmers' plans, no doubt, reflects continued attractive hog prices, the prospect of a plentiful and cheap feed supply in most Midwest areas and the prospect of a reduced supply of beef, pork's chief competitor for the consumer's meat dollar. Despite the strong incentives to expand hog production, the indicated increase so far is only moderate. If farmers continue to exercise restraint, hog prices could continue relatively favorable well into 1958.

There is some evidence, however, that suggests the expansion in hog numbers may accelerate next spring. Farmers in ten Midwest states plan a 7 per cent increase in farrowings for the first half of the spring crop—December–February.

This is interpreted in many quarters to indicate low hog prices in the latter part of 1958. The Secretary of Agriculture, in stating the reason for the recently announced \$1.10 per bushel support price on noncompliance corn, referred directly to the "danger signals in the pig crop report." He pointed out that steps had to be taken to stabilize the feed grain markets now and the hog market in the future.

Other observers, however, have noted that the winter months account for only about one-third of the total spring pig crop and, if the trend toward early farrowing is to continue, the first half of the spring crop would necessarily show a larger increase than the second half (March–May). In the spring of both 1954 and 1955 when the number of sows farrowing increased about 9 per cent, winter farrowings (December–February) increased more than 20 per cent, while March–May farrowings increased only 4 per cent. The first indication of the important March–May farrowings will be provided in an early December survey.

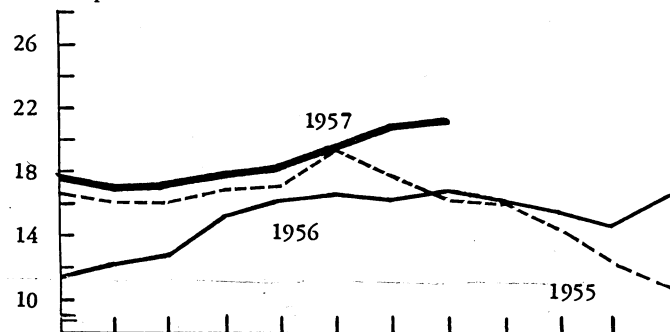
The indicated percentage increase in the number of sows farrowing in selected states follows:

	June–November (farrowed and to farrow)	December–February (breeding intentions)
Illinois	+5	+ 7
Indiana	+4	+ 3
Iowa	+4	+10
Minnesota . . .	+3	+10
Missouri	+1	+ 3
Ohio	+3	+ 2
Wisconsin . . .	+7	+ 7

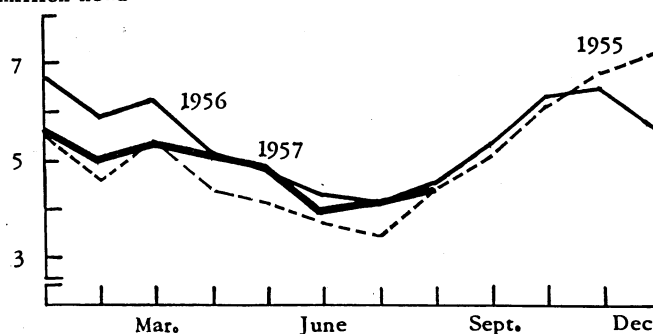
HOG SLAUGHTER was short of 1956 by 15 per cent in January–March, but by June–August the difference narrowed to about 3 per cent. The gap probably will not be closed until late in the year or early in 1958 when the larger summer pig crop begins to come to market.

The number of hogs, six-months old and older, on farms September 1 was estimated to be 3 per cent below the year-ago figure. This suggests that marketings in the weeks ahead will continue below year-ago levels. The number of hogs in the 3-to-6-month age bracket, those that will largely come to market in the final quarter of 1957, is up 1 per cent, while the number under 3 months has increased 4 per cent. Pigs in this latter class will largely be marketed after the first of the year.

PRICES OF BARROWS AND GILTS AT CHICAGO
dollars per cwt.



HOGS SLAUGHTERED AT FEDERALLY INSPECTED MARKETS
million head



Research Department

FARM BUSINESS CONDITIONS

August 1957, with comparisons

I T E M S	1957		1956	1940
	August	July	August	August
PRICES:				
Received by farmers (1947 - 49 = 100)	92	91	87	35
Paid by farmers (1947 - 49 = 100)	118	118	115	49
Parity price ratio (1910 - 14 = 100)	84	84	82	77
Wholesale, all commodities (1947 - 49 = 100)	118	118	115	50
Paid by consumers (1947 - 49 = 100)	121 ^a	120 ^b	117 ^a	60 ^a
Wheat, No. 2 red winter, Chicago (dol. per bu.)	2.17	2.15	2.16	.77
Corn, No. 2 yellow, Chicago (dol. per bu.)	1.32	1.35	1.60	.66
Oats, No. 2 white, Chicago (dol. per bu.) . . . . .	.72	.74	.76	.31
Soybeans, No. 1 yellow, Chicago (dol. per bu.)	2.45	2.45	2.45	.81
Hogs, barrows and gilts, Chicago (dol. per cwt.)	21.31	20.84	16.81	6.69
Beef steers, choice grade, Chicago (dol. per cwt.)	25.63	25.12	25.81	11.69
Milk, wholesale, U.S. (dol. per cwt.)	4.17	3.99	4.13	1.76
Butterfat, local markets, U.S. (dol. per lb.) . . . . .	.59	.59	.58	.27
Chickens, local markets, U.S. (dol. per lb.) . . . . .	.19	.20	.19	.14
Eggs, local markets, U.S. (dol. per doz.) . . . . .	.36	.32	.37	.17
Milk cows, U.S. (dol. per head)	168	165	155	60
Farm labor, U.S. (dol. per week without board)	--	42.50	40.50 ^a	--
Factory labor, U.S. (dol. earned per week)	82.59	82.18	79.79	26.10
PRODUCTION:				
Industrial, physical volume (1947 - 49 = 100)	144	144	143	67
Farm marketings, physical volume (1947 - 49 = 100)	119	111	123	80
INCOME PAYMENTS:				
Total personal income, U.S. (annual rate, bil. of dol.)	347	346	329	79
Cash farm income, U.S. ¹ (annual rate, bil. of dol.)	31	32	32	9
EMPLOYMENT:				
Farm (millions)	6.8	7.8	7.3	10.3
Nonagricultural (millions)	59.6	59.4	59.5	36.4
FINANCIAL (District member banks):				
Demand deposits:				
Agricultural banks (1955 monthly average = 100)	98.9 ^a	98.1 ^b	97.7 ^a	--
Nonagricultural banks (1955 monthly average = 100)	101.5 ^a	101.1 ^b	98.6 ^a	--
Time deposits:				
Agricultural banks (1955 monthly average = 100)	110.1 ^a	109.5 ^b	102.8 ^a	--
Nonagricultural banks (1955 monthly average = 100)	110.4 ^a	110.1 ^b	103.7 ^a	--
¹ Based on estimated monthly income. ^a July ^b June				

Compiled from official sources by the Research Department, Federal Reserve Bank of Chicago