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Federal Reserve Bank of Chicago - -

August 21, 1959

HEAVY GRAIN FEEDING of livestock has continued throughout the 1958-59 feeding season. Not only are more animals being fed, but also consumption per animal is greater as feeders put additional weight on the animals. The rate of feeding per animal unit for the current period, October 1, 1958 to September 30, 1959, is estimated to be a record 1,780 pounds of feed grains, oilseed meals and by-product feeds compared with 1,740 pounds last year. This is nearly 10 per cent above the average of 1,620 pounds per animal unit for the five years 1953-57.

The increase in feeding rates is most pronounced in the case of cattle, both beef and dairy. For example, the average weight of beef steers sold at seven Midwest markets the first half of 1959 was 1,147 pounds compared with 1,100 in first half of 1958. Larger quantities of feedstuffs, of course, are required to achieve these heavier weights. Dairy cows consumed an average of 2,079 pounds of concentrates per head in 1958, compared with 1,838 pounds in 1955 and 1,720 pounds in 1950. The average amount fed to hogs has shown relatively small increases, and, as a consequence, the average weight of barrows and gilts sold at eight Midwest markets in 1958 was 227 pounds, 2-1/2 pounds less than the ten-year average, 1948-57. However, hogs sold in the first six months of 1959 averaged about 1 per cent heavier than a year earlier.

Feed production, nevertheless, continues to exceed feed usage substantially. In the crop year 1959, estimated production of feed concentrates (grains, oil meals, and by-product feeds) is 184.3 million tons, nearly equal to last year's record output.

Feed Concentrate Supply and Utilization
(millions of tons)

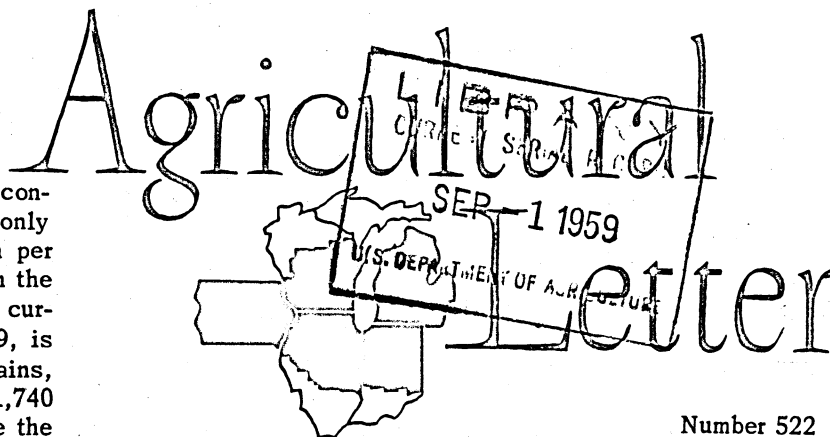
	Average 1953-57	1958 ¹	1959 ²
Stocks, beginning of year ...	38.0	59.1	68.0
Production	156.2	187.0	184.3
Total supply	194.2	246.1	253.7
Fed to livestock	130.8	153.2	158.4
Other domestic uses	12.4	12.6	
Exports	7.2	12.0	
Total utilization	150.4	177.8	
Grain-consuming animal units (millions)	161.4	172.0	178.0

NOTE: Data are for crop year beginning October 1.

¹ Preliminary

² Based on indications in August 1959

Meanwhile, livestock production continues to expand. An estimated 178 million grain-consuming animal units will be on hand in the 1959-60 feeding season (October 1 - September 30). This is over 3 per cent more "mouths to feed" than in the current 1958-59 period.



Number 522

If current feeding rates are maintained, about 158 million tons of feed will be consumed in the coming year. Other uses (seed, human food, alcohol, etc.) will take about 12.6 million tons. Domestic usage will therefore be about 171 million tons, leaving 13 million tons either for export or addition to carry-over. In the current 1958-59 crop year, exports are estimated at 12 million tons.

Therefore, utilization may be nearly equal to production, provided that exports can be maintained. However, an expected large carry-over of 68 million tons into the 1959 crop year (equal to 37 per cent of 1959 production) will probably remain untouched.

NON-REAL ESTATE FARM LOANS outstanding at member banks in the Seventh Federal Reserve District on June 10 were 25 per cent above the June 23, 1958 figure and 8 per cent above March 12, 1959.

Iowa had the largest gain over year earlier, up 38 per cent, followed by Illinois, up 22 per cent. Member banks in Indiana reported 15 per cent more from loans; banks in other Seventh Federal Reserve District states each reported gains of about 12 per cent. All of the 17 agricultural areas of the Seventh District reported higher levels. While loans in the cattle feeding areas of Iowa and north and west central Illinois increased the most compared with year earlier, Indiana banks had the greatest gains in the March-June period, up 13 per cent (see back of Letter).

Production Credit Associations reported large increases in loan volume. In the first half of 1959, U. S. farmers borrowed nearly 21 per cent more from PCA's than in the same period of 1958, and in June the gain was 24 per cent.

Farmers Home Administration loan volume was up 10 per cent in the year ending June 30, 1959. The amount of loans outstanding on June 30, however, was only 5 per cent above the year-earlier figure.

FARM REAL ESTATE LOANS in the Seventh District on June 10, 1959 were 3.1 per cent larger in volume than on March 12 and 6.4 per cent greater than a year ago. The percentage of increase in Iowa and north and west central Illinois was less than in other areas, both for the quarter and for the year.

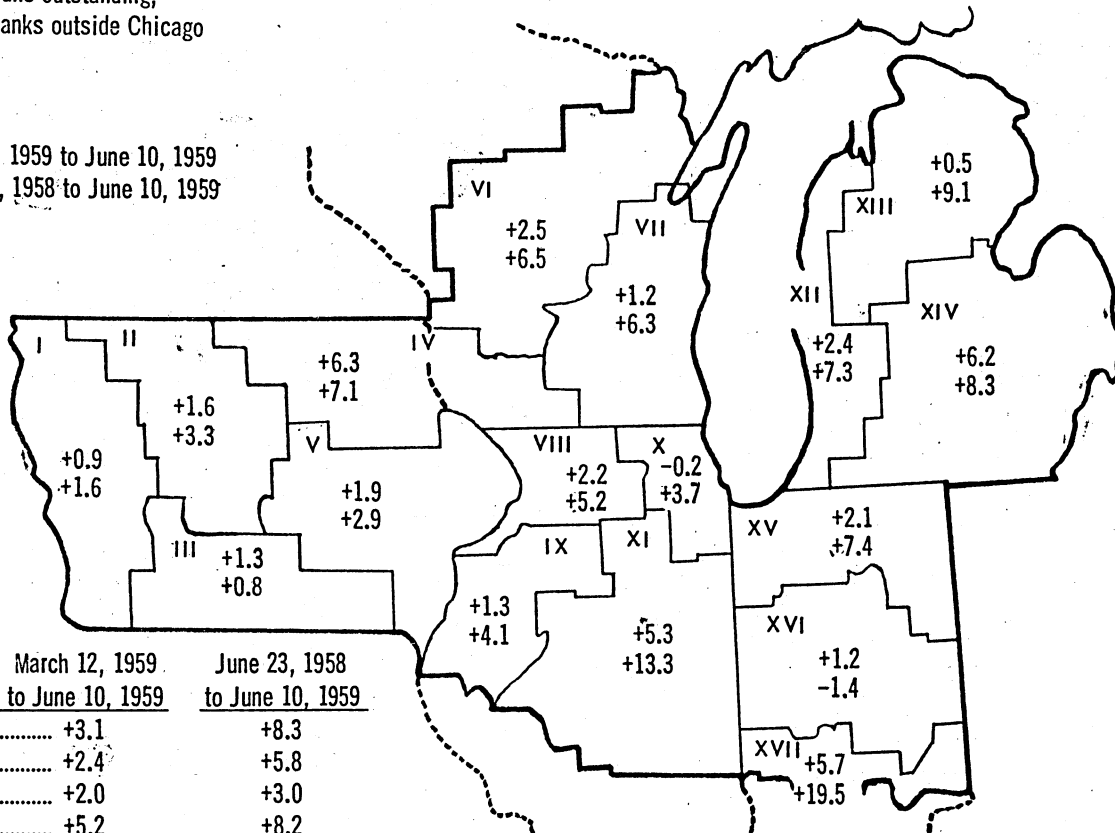
Research Department

Farm real estate loans outstanding,
District member banks outside Chicago

Per cent change:

TOP: March 12, 1959 to June 10, 1959

BOTTOM: June 23, 1958 to June 10, 1959



	March 12, 1959 to June 10, 1959	June 23, 1958 to June 10, 1959
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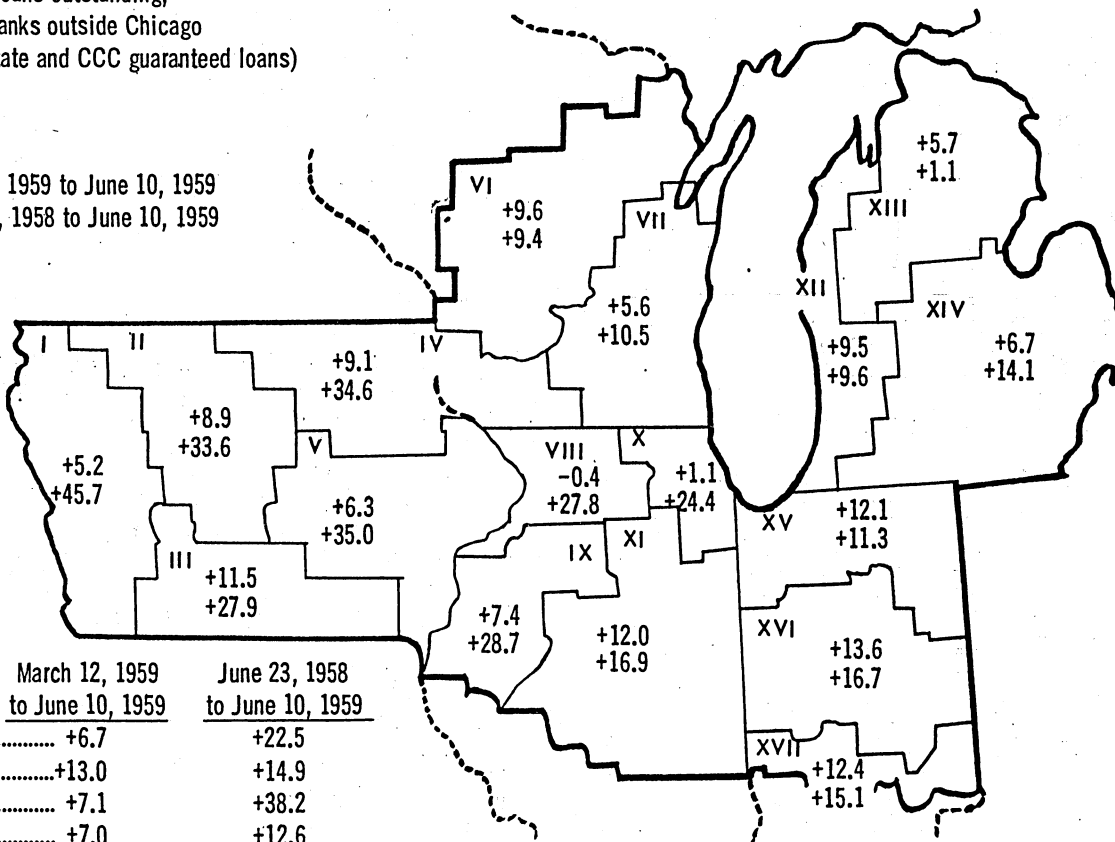
Illinois	+3.1	+8.3
Indiana	+2.4	+5.8
Iowa	+2.0	+3.0
Michigan	+5.2	+8.2
Wisconsin	+2.3	+6.3
SEVENTH DISTRICT	+3.1	+6.4

"Short-term" farm loans outstanding,
District member banks outside Chicago
(excludes real estate and CCC guaranteed loans)

Per cent change:

TOP: March 12, 1959 to June 10, 1959

BOTTOM: June 23, 1958 to June 10, 1959



	March 12, 1959 to June 10, 1959	June 23, 1958 to June 10, 1959
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Illinois	+6.7	+22.5
Indiana	+13.0	+14.9
Iowa	+7.1	+38.2
Michigan	+7.0	+12.6
Wisconsin	+7.2	+11.5
SEVENTH DISTRICT	+7.7	+24.8