



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

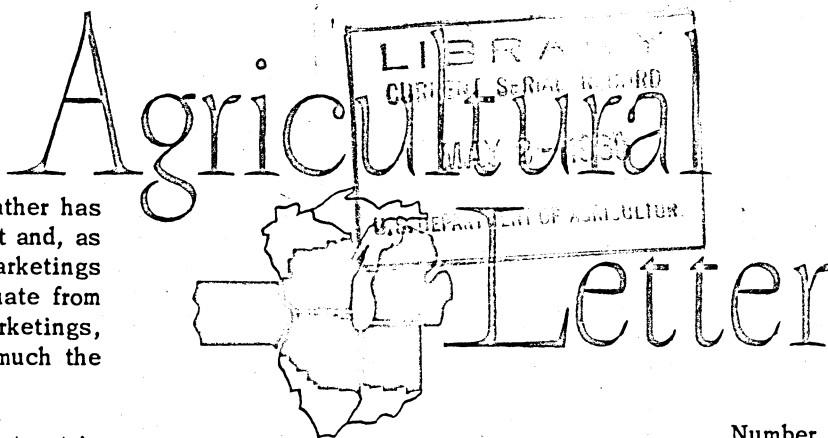
*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

28/09
F313

Federal Reserve Bank of Chicago - -

April 22, 1960



The advent of warm and sunny spring weather has helped dry the wet, muddy roads in the Corn Belt and, as the roads have become passable, livestock marketings have risen. While prices have tended to fluctuate from day to day as road conditions have affected marketings, the basic trends for livestock prices remain much the same as indicated earlier in the year.

HOG PRICES, in response to the 13 per cent cut in the spring pig crop, should climb to a peak during the summer and remain well above last year's levels during the fall. Prices could average \$2 to \$4 above the \$13.57 received by farmers last July through September and the \$12.00 last October through December.

CATTLE ON FEED on April 1 were 8 per cent above the year-earlier level in 21 major feeding states, continuing the trend toward larger numbers on feed. The greatest increase was in California, up 34 per cent from a year earlier. The number on feed was up 11 per cent in Iowa, the leading cattle feeding state, but down 1 per cent in Nebraska, the second largest state. The Illinois number was up 4 per cent and Minnesota up 8 per cent.

Farmers intend to market 19 per cent more cattle this spring than during April, May and June of last year. However, this high level of intentions may not be realized. The total number of cattle on feed more than three months was up just 8 per cent.

Bad weather, however, seemed to have delayed marketings. At the beginning of April, the number on feed more than six months was over 350,000 head compared with 250,000 a year earlier, while the number on feed three to six months was 3.5 million head—up 5 per cent from last year.

In terms of weight, the number of cattle 900 pounds and over was up 10 per cent from last year, and the number 700 to 900 pounds was up 18 per cent. If marketings of fat cattle follow the pattern of these weight classes, moderate increases in marketings of fat cattle compared with a year earlier can be expected during the spring and larger increases during the summer.

EGG PRICES have moved above year-earlier levels as egg production in March fell 7 per cent below the same month in 1959. It is unlikely that the improvement in egg prices will prevent a sharp decline in the size of egg-laying flocks and egg production as 1960 progresses. Nineteen per cent fewer chicks were hatched in the last five months of 1959 compared with the high levels of the same months in 1958. During the first three months of 1960, hatchery production of egg-laying type chicks was down 37 per cent from last year. Even with the encouragement of improved prices, egg producers are unlikely to step up purchases of pullets the remainder of the year by enough to offset this sharp cutback. Thus, prices promise to improve throughout the remainder of the year.

The reduction in replacements has been in response to low prices. It was just a year ago that egg prices dropped sharply to the lowest levels since before World War II and then remained at depressed levels throughout the remainder of 1959. While earlier reports indicated farmers intended to reduce their purchases of pullets, the large size of the actual reduction was unexpected. Thus the sharp downswing in the cyclical pattern of egg production during 1960 may provide the incentive for a sharp turnaround in production and bring an upswing during 1961.

WINTER WHEAT prospects have improved and production is forecast to be 977 million bushels, 6 per cent above last year and the fifth largest crop on record. Yields are estimated at 22.0 bushels per seeded acre, second only to the phenomenal record of 26.9 bushels in 1958. Even though cold, damp weather has made plant growth and development slow, winter losses have been relatively light, and ample moisture supplies are available.

PRICE SUPPORT LOANS on corn have exceeded last year's total. Up to April 1, 443.1 million bushels of the 1959 corn crop were under Commodity Credit Corporation loans compared with 332.8 million for the entire 1958 crop. While much corn has qualified for Government supports in spite of the problem of "wet" corn, the amount placed under CCC loan in March was only 64.7 million bushels compared with 82.1 million in the same month last year. The deadline for obtaining Government price support loans is May 31.

ACREAGE going into the soil bank's conservation reserve this year will total 6.3 million, bringing the total to 28.4 million acres of land now under contract. The goal announced for this year was 5.1 million acres, but more land could be taken in because of lower per acre rentals obtained under competitive bidding and because of lower costs for establishing approved conservation practices. Nearly four out of five new contracts are for "whole farms" with all eligible cropland placed in the conservation reserve. The five leading states in the sign-up were Kansas, North Dakota, Oklahoma, South Dakota and Texas. Acreage in these states accounted for more than one-third of the total placed under contract for 1960.

Number 555

Research Department