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Federal Reserve Bank of Chicago - -

# Agricultural Letter

June 23, 1961

The current upswing in hog-production is slowing noticeably. After a 7 per cent increase in the 1961 spring pig crop compared with a year earlier, the fall pig crop is now forecast to be only 3 per cent above last year. This small increase planned for the last half of 1961 is surprising in view of the relatively favorable hog-corn price ratio prevailing since last fall.

Even with the comparatively small increase indicated for this fall, the size of the pig crop will be nearly equal to that of two years ago. That fall's pig crop was exceeded only in the two exceptionally high peak years of World War II. After allowing for increase in population, the per capita supply of pork during the first half of 1962 would be only slightly larger than this year.

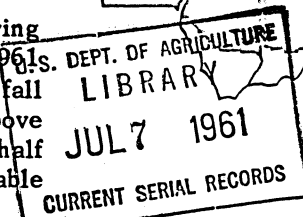
The question providing much provocation for forecasters is the probable size of the 1962 spring pig crop. With hog prices expected to remain at relatively favorable levels until fall, followed by only a moderate decline during the remainder of the year, past experience would indicate a substantial response by farmers in the size of the following spring's pig crop. However, the new feature in this year's picture is the feed grain program.

The impact of the substantial reduction in corn production expected for the 1961 crop, together with the likelihood of higher corn prices in the fall and winter will undoubtedly be a restraining influence on farmers' production plans. Livestock production tends to respond to the supply as well as prices of feed grains. With nearly one-fourth the base acreage of corn retired under the 1961 feed grain program many farmers may plan to reduce their livestock operations in the coming year.

If the current speculation proves correct—that these conflicting forces will be resolved by a small increase in the pig crop farrowed next spring—1962 might turn out to be a much more favorable year for hog producers than had been thought likely earlier.

The West Central region which typically has greater changes in hog production showed the largest gain in the spring pig crop this year—up 11 per cent from 1960. The number of pigs raised by Kansas and South Dakota farmers rose nearly one-fourth above last year. Farmers in Nebraska increased their production 18 per cent and in Illinois and Missouri, 11 per cent.

Interestingly, virtually all of the expected increase in the number of sows to farrow this fall is accounted for by the Corn Belt states. All other areas outside the North Central region indicate fewer sows to farrow this fall.



Number 613

## Sows Farrowing

	June through August			September through November		
	1960 (1,000 head)	1961* (1,000 head)	per cent change	1960 (1,000 head)	1961* (1,000 head)	per cent change
Ohio .....	165	166	+ 1	158	151	- 4
Indiana ...	326	327	0	222	237	+ 7
Illinois ...	409	421	+ 3	365	415	+14
Wisconsin ..	131	125	- 5	106	103	- 3
Minnesota ..	219	219	0	167	171	+ 2
Iowa .....	584	620	+ 6	572	594	+ 4
Missouri ...	206	227	+10	248	245	- 1
South Dakota	59	67	+14	58	68	+17
Nebraska ..	104	113	+ 9	138	144	+ 4
Kansas ...	50	60	+20	70	78	+11
10 States ..	2,253	2,345	+ 4	2,104	2,206	+ 5

\* Indicated.

In ten Corn Belt states, 4 per cent more sows than last year are now expected to farrow in June, July and August and 5 per cent more in September, October and November. South Dakota and Kansas again report the largest percentage increases in hog production plans.

EGG PRODUCTION similarly promises to have a fairly moderate upswing this fall and winter. While hatchings of egg-type chicks for January through April this year were 19 per cent greater than last year, during May hatchings dropped 15 per cent below the year-earlier month. This brings the total for the first five months to only 9 per cent above last year and 16 per cent below the 1959 period. With 20 per cent fewer eggs in incubators on June 1 this year, hatchings during June should also fall substantially below last year and bring the total for the first six months even closer to the 1960 figure.

With these adjustments in the size of the laying flock, egg production will probably be close to year-earlier levels during the fall and winter. With fewer eggs currently moving into storage, egg prices could remain stronger this fall and winter than was anticipated earlier.

Research Department