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FATS, OILS AND OILSEEDS, 1948-49

By Edgar L. Burtis

Prospective supplies of fats and oils indicate that the postwar peak in prices probably has been passed. Bumper oilseed crops this fall assure an increase in production of vegetable oils this crop year, and the record corn crop probably will result in a substantial rise in lard and grease output in 1949-50.

The BAE index of wholesale prices of 27 major fats and oils for the 12-month period just ended was about 275 percent of the 1935-39 average. This was moderately higher than a year earlier and was a new record.

Declines in fat-and-oil prices in the 1948-49 crop year, compared with a year earlier, will be mainly in edible vegetable oils and coconut oil, since it is in these items that supply increases are expected. Prices of edible vegetable oils probably were already approximately adjusted to the new crop level by mid-October, when they were about 30 percent below their average for the 1947-48 season. The price of coconut oil in mid-October was still high but is likely to decline later as imports of Philippine copra and coconut oil increase.

Prices of animal fats may average nearly as high in 1948-49 as a year earlier. Tallow production is expected to decline moderately in 1948-49 because, with a smaller stock of cattle on farms than a year earlier, cattle slaughter probably will be reduced. Lard and grease output in 1948-49 may be about the same as last season. A slightly reduced hog slaughter is likely in the first 6 months of the current season, reflecting a 3 percent decline in the 1948 spring pig crop. However, with the large supply of corn on farms, hogs may be marketed at somewhat heavier weights in 1948-49 than a year earlier.

Prices of soybeans to farmers are being supported this season, through loans and purchase agreements, at \$2.18 per bushel for No. 1 or No. 2 green and yellow varieties, delivered at country shipping points. This is 14 cents per bushel higher than the support for the 1947 crop, but is more than \$1.00 below the season average price actually received for that crop. Prices of soybeans in late September 1948 were near the support level for the new crop, but have risen moderately since then. In most years there is a considerable advance in soybean prices from mid-October to mid-January.

Flaxseed prices are being supported this crop year, as last, at \$6.00 per bushel, Minneapolis basis, mainly through Government purchases of flaxseed at terminal markets. Up to October 12, Commodity Credit Corporation had purchased 19 million bushels out of the total crop of nearly 50 million bushels. This near-record crop is estimated to be about 14 million bushels larger than needed to produce the linseed oil that is likely to be consumed in the United States in 1948-49. In addition, stocks of flaxseed on hand



July 1, 1948 were at least 3 million bushels larger than normal. Two million bushels of flaxseed have been allocated for export in October-December 1948, and further allocations are under consideration.

Peanut prices to producers are being supported at a schedule based on 90 percent of the parity price last July 15. At 10.8 cents per pound, this is 0.8 cent per pound higher than the support for the 1947 crop. The 1948 crop of 2.3 billion pounds of peanuts picked and threshed is about 1.0 billion pounds larger than the probable quantity that will be used on farms, sold by farmers for local consumption, and taken by the edible peanut trade for peanut butter, candy, and nut roasting and salting. In 1947-48, when the crop was slightly smaller than the estimated production this year, about 0.4 billion pounds (farmers' stock basis) were crushed in the United States and 0.5 billion pounds were exported.

