



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.*

MINNESOTA FARM MANAGEMENT SERVICE NOTES

No. 38

January 10, 1926

Prepared by the Farm Management Group at University Farm, St. Paul, Minn.

FARM PROSPECTS FOR 1926

The General Situation

The policy of "watchful waiting" is still in order in agriculture. While there has been some improvement during the past year no one seems to want to take the responsibility for saying how long it will continue. President Coolidge, in his speech before the Farm Bureau at Chicago and in his Message to Congress indicated that he believed that agriculture was to experience a satisfactory year. Secretary Jardine of the agricultural department also breathes a spirit of optimism in such material as comes out from the Department and is agreed with in his views by Secretary Hughes and Secretary Mellon. The administration is supported in this view by the leaders in various business circles. The spokesmen for the farmers' organizations recognize improvement in the agricultural situation but are leaving no stones unturned in hastening further improvement or in making permanent any advantages gained. That all are right in taking the optimistic view is earnestly to be hoped.

The general business situation gives promise of continued industrial activity for the first half of 1926 at least. This is reflected in increased purchases of pig iron and increased activity at the mines. It is also indicated in continued industrial activity. There is a note of doubt expressed in some quarters, however, as to the possibility of the building boom continuing much longer. "For Rent" and "For Sale" signs are becoming much more numerous and in many of the larger cities there is a feeling that the building program has already gone too far.

There are some signs that point also to less demand for labor. Should there be any material lessening in the demand for labor or in wage rates it will at once be reflected in a lower purchasing power on the part of the laboring classes and in shrinking market demands. The effect will first be felt on the demand for the finer classes of farm products such as butter, cream, eggs, poultry and fancy fruits.

Against these indicators must be weighed the movements in farm commodities and prices. The income to farmers in 1925 have been about the same as in 1924. Prices for livestock have been higher and for most crops lower than a year ago. The composite for all commodities is at about the same level as a year ago. It is not likely that there will be any immediate or radical changes in relative prices. Those conversant with the livestock market look for improvement, especially in cattle and hog prices. If hog raisers follow the usual course there is likely to be a large pig crop in 1926 with consequent lowering of prices in the late fall.

The Crop Outlook

Wheat and flax continue to hold a strong position. The world shortage of wheat, apparent a year ago, has not yet been wholly overcome. While there is still uncertainty as to the quantity and quality of the crop in the Argentine and in Australia, the indications are that a full crop will not be harvested. There is a possibility that Russia may again offer wheat on the world market. Our national needs, according to most recent advices, will be barely covered by 1925 production.

It is quite probable that some Canadian wheat will be imported in spite of the 40 cent tariff rate. The wheat growers of the Northwest may take some comfort in the fact that the winter wheat acreage is not quite up to last year. It is too early yet to tell what the effect of the winter will be and farmers should keep in mind that it is the acreage harvested and the yield and not the acreage sown that tells the story in the winter wheat territory. It is probable that the present price of wheat will be a sufficient inducement for the encouragement of spring wheat growing. There should be no general increase of the wheat acreage.

Flax, like wheat, continues in strong demand. Less was produced last year than was needed for the domestic market and the farmers are getting the advantage of a good price. A good acreage should again be sown. In that part of the Northwest adapted to flax growing, or where new land is available for it the acreage may safely be increased. According to United States Department of Agriculture reports Russia has been rapidly increasing flax production and may become a factor in the flax market.

There probably should be no large change in the corn acreage in Minnesota. A good crop was secured last year but another good crop would not seriously overdo the corn production program. It is probable that there will be more hogs next year and quite possible that more farmers will feed cattle again, especially if corn should sell at relatively low prices. A sage program for farming in the Northwest calls for a good acreage of corn for feed purposes. The acreage of last year at least should be maintained.

Oats and barley are used largely for feed crops. While some farmers make money by selling them as cash crops, their chief function is to fill the feed bins. The acreage of either oats or barley should be increased but little if any except in those areas where a large yield may be expected or where the quality of the crop is especially good. The excellent yields made by these crops in 1924 and 1925 should not influence the acreage unduly.

Those who went out of potatoes last year are wishing they had stayed in. It is quite possible that if they go in this year they may wish they had stayed out. Potato growing is a more or less speculative game. Basing the estimates on consumption demands it would look as tho there could safely be an increase of 10 to 15 per cent in the potato acreage of last year for the United States as a whole. Just who should supply this increase is another question. Naturally, those living where potatoes do best will gain most by growing the larger acreage. There are many, however, in other places that will want to try again. Growers should increase their acreage cautiously. The high cost of seed is a factor that puts a handicap on the profits and may keep many growers out of the annual guessing contest. The acreage of sugar beets and other intensive crops should not be unduly expanded. Market conditions do not warrant it. Labor is too high to insure proper care at hoeing and weeding time. It is unwise to plant a large acreage of the intensive crops demanding hand labor unless the labor is in sight for caring for them.

There was a good increase in the acreage of sweet clover and alfalfa last year. The need, however, has not yet been supplied. The campaign for sweet clover pastures especially should be pushed vigorously. The crop is proving to be well adapted to some of the sandy lands and on the western prairies it is proving to be of great value. Alfalfa should be sown wherever legume hay can be used and where the crop can be made to succeed well. Attention to top dressing the meadows and pastures and to reseeding where necessary to get a full stand promises good returns for the labor and material expended.

In making the crop program one must keep in mind the fact that fall plowing is again behind and that there will be more land than usual to prepare in the spring. This means a handicap for the small grain grower and indicates a possible trend toward an increase in corn acreage or in the spring grains such as barley that can be sown late on spring plowed land.

The Livestock Outlook

There has been a considerable improvement in the livestock market during the past year. Beef cattle have sold at fairly satisfactory prices and farmers are again giving attention to the matter of breeding and feeding cattle. Naturally they are entering into the game cautiously and it is well to do so. The beef price cycle is tending upward. Since beef production can not be quickly adjusted to prices there is some reason for believing that they may continue to rise for a time. It is probable that those who have been conserving their resources and holding their breeding stock will begin to realize on their long anticipated profits.

A large amount of pork is being marketed this year on a short supply. Farmers are holding their hogs longer and marketing them at heavier weights. This is in part solving the corn surplus. It is probable that more pigs will be raised next year than were raised this year and that prices a year from now will be lower than at present. The hog price cycle is at the peak and by late fall is likely to be on the downward swing. Many hog raisers are expecting good prices in the summer and early fall with lower prices thruout the rest of the season. As a consequence they are breeding for early pigs with the intention of crowding the finishing and marketing in the late summer or early fall before the heavy run to market beings. This is good practice for those who have the resources and equipment. Corn and hogs are likely to be a good combination next year, especially for those who market early.

Sheep are still near the top of the price cycle. Prices for both mutton and wool continue satisfactory. The prospects are good for fair prices another year, tho there are some indications that the returns will not be so great as they have been in the past. There are some signs of weakening in the wool market. Those who buy into sheep now at high prices as a matter of speculation may be disappointed in their profits.

Butter prices have been somewhat lower during some of the fall months. They are higher, however, than they were a year ago and there seems to be nothing in the dairy market to indicate an early slump. It is believed, therefore, that dairymen can safely go on with their program of normal expansion in the dairy business. It will not, however, stand a boom of any kind. The more liberal feeding due to an abundant oat crop and cheap corn will likely increase production. If followed by a good pasture season lower prices may follow.

Poultry prices likewise are holding up well. The American people are acquiring the ability to consume enormous proportions of eggs and chickens. The fact must be borne in mind, however, that these are in the "luxury class" of farm products and will be the first to feel the effect of depression in industrial conditions. Farmers may safely increase their production somewhat but they should continue to give attention to culling, to efficient methods of feeding and to high production. Well managed farm flocks will add materially to the farm income long after low prices have driven commercial producers out of the market.

Farmers who have well laid plans for the conduct of their farm business should not seriously disturb the plans. The emphasis can well be placed on corn, forage crops and beef cattle. Hogs and sheep if skillfully handled and wisely marketed are also likely to give good returns for feed and labor. Those in the Northwest who have land adapted to it should consider favorably the production of spring wheat and flax. The normal production of other products seems advisable.

Andrew Boss.