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AGRICULTURAL EXTENSION DIVISION
UNIVERSITY OF MINNESOTA

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MINNESOTA FARM BUSINESS NOTES

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THE FARM PROGRAM FOR 1936
Prepared by Andrew Boss

Livestock Should Dominate the 1936 Farm Program

Price relationships between feed crops and livestock are completely reversed from a year ago. The advantage now lies with the livestock enterprises. Feed supplies are abundant and there is little likelihood of the production of a surplus of livestock within the year. Feed prices are high enough, however, to call for careful planning of rations and to center attention on the combination that will bring to the farmer the largest possible net farm income.

Economy of livestock production begins with an abundance of good quality pastures and liberal provision for green and cured forage. An abundant supply of these crops will not only start the livestock off well but fits well into a national need for the adjustment of wheat, corn, rye, potatoes, and other cash crop production and export requirements. It fits well also into the long-time soil building and erosion control program just now being initiated as a national movement. Whether or not adjustment contracts are offered this year, it is doubtful if farmers can find a better use for 10 to 15 per cent of the tillable crop land than to put it into additional soil building, soil saving crops which will serve as a basis for economical livestock production. Surpluses stored in the form of soil fertility and good soil condition that can be brought into use when a full and active demand for farm products again opens up are far less depressing on prices and income than surpluses of grain and feed products stored in granaries, elevators, or packing houses. Farmers throughout the nation should this year get more land into grass.

Meat Animals

Hogs

Hogs should stand at the head of the list as money makers this year. Those who have the feed supplies and the foundation stock may well produce up to 100 per cent of the base established under the proposal of the Agricultural Adjustment Administration program. Even though the prospective pig farrowings for 1936 show a considerable increase over 1935, there will be little possibility of oversupplying the market or greatly depressing the price of hogs before September or early October. Those fortunate enough to farrow their spring pig crop early should push it along rapidly, thus gaining the advantage of the market at its peak. It may be wise to feed present holdings to somewhat heavier weights for the early fall market. It is probable that when the full run of the spring farrow reaches the market by late October or November there will be some depression in price. In all probability, however, hogs can be marketed at a profit throughout the year 1936. Skill in care and management and economy in feeding is, of course, quite as much a factor in determining profits as is market price.

Sheep

The number of sheep on farms has increased steadily since 1922. However, there has been a substantial decrease in sheep on ranges in the United States in the past three years and there appears to be no immediate prospects of surplus production in sheep. Prices for sheep have remained consistently good during the past ten years, and the wool market is again active. Since a fair sized flock of sheep may be maintained on most farms of the Northwest without great expense and since they will convert into salable products much material that would not otherwise be salable, they may add substantially to the farm income without greatly increasing the expense. No animals are better adapted to converting pasture grasses and rough forage into salable meat products and few animals make better use of the concentrates required in finish feeding than do sheep. Farm flocks therefore may safely be rounded out to what the farm in hand normally should carry.

Beef Cattle

Cattle numbers also are at a relatively low point. The decrease in foundation stock caused by the drouth and government buying and forced liquidation has not been overcome. This fact, together with the shortage of hogs, has resulted in favorable prices for beef cattle throughout the past few months. It is likely that the favorable prices will continue well into, or possibly throughout the year ahead. With increased hog supplies in prospect greater competition will be met toward the close of the year. The feed lots are now full and it is likely that there will be some decrease in prices when the finished cattle run becomes heavy. As with some other classes of livestock, economy of feeding and management is essential but the prospects for profitable beef production in 1936 appear to be good.

Poultry

The outlook for poultry and poultry products indicates a favorable year ahead for poultrymen. Poultry numbers are still low, a condition which should favor the market until the next crop is offered. The upturn in prices predicted for the latter part of the year 1935 materialized and conditions are now favorable for profitable production. Feed prices are more moderate than a year ago and promise to remain favorable throughout the early part of the year at least. With increased activity in business and increased purchasing power, poultry products are likely to be consumed more freely and the demand throughout the year should be well maintained. Poultrymen therefore are justified in moderately increasing production.

Dairy Production

With the upturn in industrial activity and an expected increase in buying power on the part of consumers, there should be increased consumption of dairy products. The decrease in number of cows and heifers, two years old and over, since 1934 and decreased production due to shortage of feed and poor quality of feed during the past year have resulted in clearing up stocks and surpluses so that the market is now well cleared for normal production. Dairy men who have weathered the storm so far should continue their culling process, increase the numbers in the herd where desirable, and prepare to stay in the business. In rebuilding herds depleted by disease and drouth, only healthy stock of high productive power should be given a place. Anxiety to return quickly to full production should not induce the purchase of poor foundation stock. Abundant good pastures and legume forages should be provided as a factor in economical production. Dairy men will do well to follow the same conservative policies in the use of land that are advised for other stock raisers. An abundance of feed crops and well protected fertility is good insurance for the future, as well as a profitable policy for the present.

The Cropping Plan

Pastures

First attention should be given to the matter of pasturage. Economical livestock production begins with suitable and adequate pasture crops. Since it is still unwise to put in full seedings of the cash and feed grain crops and since more land is available than is needed for national food supplies, there is no good reason why the long neglected pastures should not receive the attention and care they deserve. Seeds of most of the grasses and clovers used in pasture mixtures throughout the Northwest are available at reasonable prices and new seedings should be made if needed. In many places, and in some large areas, old pasture seedings are short and weedy because of the drouth effects. These should be remedied if possible or replaced with new seedings. Emergency pastures may be needed in such areas for the coming season. If so, they should be supplied in adequate acreage. The annual grains and sorghums, the legumes, and Sudan grass may well be used for pasture and forage in emergencies. These should be freely used where the pastures are short. In any event, it is good practice to make a seeding of sweet clover or Sudan grass to carry the livestock through the hot summer season when native pasture and tame grasses are usually short and dry. Sudan grass particularly has made a place for itself as a late summer pasture crop throughout the Northwest. It should be used freely as a catch or emergency crop.

Forage Crops

Alfalfa fields and tame grass meadows are in much better condition than a year ago. While the hay crop of 1935 was large, it was on the whole of poor quality and of low feeding value. As a consequence, it likely will be fully used in this winter's feeding unless an unusually early spring should be experienced. Where prospective hay supplies are not in proportion to the amount of livestock required for well balanced production, the meadows should be supplemented by seedings of annual grain crops, soybeans or Sudan grass to be cut for hay. Any of these crops or combinations of them make excellent quality hay and should be provided in abundance in view of the fact that the cheapest livestock gains are made on pasture and good forage.

Feed Grains

In those areas where hogs, beef cattle and other forms of livestock hold a prominent place in the farm plan, corn likely will be planted liberally. Seed injury by frost last September and October is causing serious concern in much of the Corn Belt. It is possible that a shortage of seed may interfere with full planting on many farms. Those wishing to plant a full acreage of corn should make sure of viable seed at an early date. Seed shortage may serve to hold corn production within reasonable range.

In areas where corn is not adapted, full seedings of barley, oats, or other coarse feed grain crops may be made to serve. The livestock numbers throughout the Northwest are shorter than they have been for some years, however, and feed grains should not be planted with the expectation of marketing them as cash income crops. The best outlet for feed grains this year will be through livestock channels. Let me repeat again, that it is less expensive to carry surpluses in good pasture crops and meadows than to carry them in visible supplies of feed or cash grains. This may mean less rapid production but more economical production of the grass consuming meat animals.

High Protein Concentrates

During the past two years many farmers have learned to grow soybeans for grain. These make an excellent high protein concentrate with which to supplement farm forages. On those farms well provided with legume hay, there is not so much

need for the high protein concentrates, but a supply of soybeans or Canada field peas will provide a satisfactory protein supplement if needed. A part of the feed crop may well be seeded to these crops.

The Cash Crops

Wheat

In the line of cash grains, there is no crop so well adapted to the Northwest as spring wheat. Present estimates indicate the carry-over from old supplies of 125 to 150 millions and a prospective crop of about 600 million bushels. Should 1936 be a favorable wheat year and a normal yield result, production might run as high as 825 million bushels, which with the carry-over would be a sufficient surplus to break the present market. Wheat growers generally will be on safer ground to follow the Agricultural Adjustment Administration proposal and reduce their acres by five per cent than to make a full seeding. Those in good wheat territory should place their seedings at about 95 per cent of the normal base. Those in territory where wheat is not normally a good crop should look for something with greater promise. Wheat prices for 1936 with a normal crop are expected to run somewhat lower than the average price for the 1935 crop.

It is not likely that we will have a repetition of the severe rust epidemic of 1935. However, farmers should keep in mind the fact that black stem rust is always a menace to the wheat crop. Last year's experience should have taught them that there is good insurance in using seed of rust-resistant varieties. It is still possible to secure seed of varieties such as Thatcher, Marquillo, Ceres, or Hope, which throughout the Northwest have a well earned reputation for resistance to rust. There is no use in taking risk when it can be avoided.

Flax

The future of the flax crop is somewhat uncertain. There is increasing competition for flax seed in the use of substitutes for linseed oil and for the by-product, oil cake. This is a factor which holds down prices in spite of low national production. It is believed, however, that the increased building activity in the United States and Great Britain, together with prospects for a materially smaller crop in the Argentine this year, may result in more favorable prices for flax seed. Those farming in areas where flax seed normally yields well and is of good quality, may well put in a normal acreage. Production for 1935 was only about half the average required for domestic crushing and seed. It would seem to be good policy to sow a reasonable acreage of flax where clean, good quality land is readily available.

Barley

Barley is counted as a cash sale crop in many localities. It is not likely that it can compete with wheat and flax as a cash sale crop in 1936 unless there should be a failure of the corn crop which would result in a larger demand for feed barley. The crop deserves consideration as a cash sale crop in those areas where a malting barley of good quality can be grown and in those areas unsuited to corn production for grain. Most farms will find a place for a reasonable acreage of barley either as a feed crop or as a cash sale crop.

Potatoes

Potato producers have been thrown into a quandary by the proposal for a potato adjustment contract and now by its withdrawal. As a matter of fact, wide cooperation in a potato adjustment control program should stabilize rather than unsettle the potato market. A program calling for a reduction of not more than ten per cent in potato production would be a steadying influence. It would tend to prevent large variation from year to year in the acreage grown. It can not, of course, control the yield, which is a product largely of climatic conditions. At the present time, it would seem that those who are accustomed to growing potatoes and who have soil and climatic conditions suited to that crop should plan for slightly less than their normal acreage and sale. Under these conditions, potatoes may be one of the best cash crops grown this year.

MINNESOTA FARM PRICES FOR DECEMBER 1935
Prepared by W. C. Waite and W. B. Garver

The index number of Minnesota farm prices for the month of December, 1935 was 79.3. When the average of farm prices of the three Decembers 1924-25-26 is represented by 100, the indexes for December of each year from 1924 to date are as follows:

December 1924 -	92.3	December 1930 -	72.7
" 1925 -	104.0	" 1931 -	49.5
" 1926 -	104.3	" 1932 -	35.5
" 1927 -	95.0	" 1933 -	41.9
" 1928 -	95.2	" 1934 -	68.9*
" 1929 -	96.1	" 1935 -	79.3*

*Preliminary

The price index of 79.3 for the past month is the net result of increases and decreases in the prices of farm products in December 1935 over the average of December 1924-25-26 weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index,
December 15, 1935, with Comparisons*

	Dec. 15, 1935	Nov. 15, 1935	Dec. 15, 1934	Av. Dec. 1924-25- 26	% Dec. 15, 1935 is of Nov. 15, 1935	% Dec. 15, 1935 is of Dec. 15, 1934	% Dec. 15, 1935 is of Dec. 15, 1924-25-26
Wheat	\$1.00	\$.97	\$1.00	\$1.43	103	100	70
Corn	.42	.45	.84	.67	93	50	63
Oats	.20	.21	.52	.38	95	38	53
Barley	.36	.37	.91	.60	97	40	60
Rye	.37	.37	.68	.96	100	54	39
Flax	1.60	1.57	1.72	2.31	102	93	69
Potatoes	.38	.29	.35	.96	131	109	40
Hogs	8.90	8.60	4.90	9.70	103	182	92
Cattle	5.90	6.10	3.90	5.49	97	151	107
Calves	8.20	7.80	4.60	8.18	105	178	100
Lambs-sheep	8.58	7.93	5.60	11.33	108	153	76
Chickens	.146	.142	.098	.162	103	149	90
Eggs	.25	.27	.23	.44	93	107	57
Butterfat	.34	.31	.30	.49	110	113	69
Hay	5.06	5.54	15.00	12.45	91	34	41
Milk	1.72	1.66	1.52	2.32	104	113	74

*Except for milk, these are the average prices for Minnesota as reported by the United States Department of Agriculture.

Indexes and Ratios of Minnesota Agriculture*

	Dec. 1935	Nov. 1935	Dec. 1934	Av. Dec. 1924-26
U.S. farm price index	81.0	79.0	74.0	100.0
Minnesota farm price index	79.0	76.0	69.0	100.0
U.S. purchasing power of farm products	101.0	98.0	90.0	100.0
Minnesota purchasing power of farm products	99.0	95.0	83.0	100.0
U.S. hog-corn ratio	16.5	15.1	6.0	13.3
Minnesota hog-corn ratio	21.2	19.1	5.8	15.7
Minnesota egg-grain ratio	22.8	24.5	14.6	26.2
Minnesota butterfat-farm-grain ratio	49.5	43.0	18.1	42.6

*Explanations of the computation of these data are given in Farm Business Notes No. 144.