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# THE FEDERAL RESERVE BANK OF CHICAGO

# AGRICULTURAL LETTER

U.S. DEPARTMENT OF AGRICULTURE  
MAY 18 1948

June 27, 1947

Headline news for agriculture, as well as for the rest of the economy, continues to be the state of the weather in relation to crop prospects. Some partial break in rain spells has come during the past 10 days, but even so, corn is still in disheartening shape, and all the breaks from now on will be needed to bring out a decent crop. Many farmers anticipate a crop of soft corn and are now tentatively planning their feeding operations for fall and winter in these terms. Even corn that got off to a fair start is now suffering from inability to cultivate. The situation has brought corn (July) over \$2.00, breaking all previous high records.

The weather makes current Congressional discussions of crop insurance seem more to the point than they did two or three months ago. The bill on which the Senate Agricultural Committee is holding hearings would reduce insurance to only those counties where the insured crop is a major source of income, and would reduce coverage to a lower level than previous crop insurance. Generally the coverage would be only for the farmers' investment in the crop.

Sour cherry production in five important states, including Michigan and Wisconsin, is now forecast at 10 per cent less than the crop anticipated June 1, and 20 per cent less than last year. The Michigan crop is estimated at nearly one-fourth below last year, and the Wisconsin crop is expected to be off more than one-third. This year's production and acreage of pickling cucumbers, green peas, and sweet corn for processing are reported to be off from last year—cucumbers 9 per cent; peas 22 per cent; and sweet corn about 2 per cent. On sweet corn the expectations show increases for Illinois and Indiana, but decreases of 3 per cent for Wisconsin and 13 per cent for Iowa.

The Government spring pig crop, usually released on June 10 but just out a few days ago, shows an increase over last year of 1.5 per cent. This is a better showing than many observers had expected. The number of sows farrowed was seven per cent above last year, but pigs saved per litter averaged 6.10, compared with 6.47 last year. Fall intentions are reported to be to farrow nine per cent more sows than last fall.

The nation's farmers producing "fats and oils" in one form or another may be interested in the USDA report showing that output of fats and oils during the 1947-48 season will exceed 10 billion pounds, compared with 9.4 billion last season. Consumption continues to run heavily, and use in soaps is more than 20 per cent greater than last year. The report says that on prices several fats will continue above war-time ceiling prices.

The Senate last week finally passed the controversial wool price support measure, assuring supports through 1948, but including also the provision which aroused the heated controversy—authority for the President to throttle wool imports if he finds it desirable by the use of import quotas or higher import fees. Current farm legislation controversy in Washington is over bills in hearings to establish a permanent farm labor program. Some witnesses want the program handled by the Department of Agriculture, others favor giving it to the Department of Labor, some want it assigned to the farm Extension Service, others want it left with the United States Employment Service, and there are some witnesses who do not want any such program at all.

Walter B. Garver  
Agricultural Economist

# FARM BUSINESS CONDITIONS

MAY 1947, WITH COMPARISONS

I T E M S	1947		1946	1940
	MAY	APRIL	MAY	MAY
<b>PRICES:</b>				
Received by farmers ..... (1935-39=100) .....	254	258	197	94
Paid by farmers ..... (1935-39=100) .....	179	180	144	98
Parity price ratio ..... (1910-14=100) .....	119	120	114	76
Wholesale, all commodities ..... (1935-39=100) .....	182	182	137	98
Paid by consumers - "cost of living" ..... (1935-39=100) .....	156 <sup>a</sup>	156 <sup>b</sup>	131 <sup>a</sup>	100 <sup>a</sup>
Wheat, No.2 hard winter, Chicago ..... (dol.per bu.) .....	2.68	2.73	-	1.05
Corn, No.3 yellow, Chicago ..... (dol.per bu.) .....	1.78	1.78	1.45	.69
Oats, No.3 white, Chicago ..... (dol.per bu.) .....	.99	.92	.84	.41
Soybeans, No.2 yellow, Chicago ..... (dol.per bu.) .....	3.15 <sup>c</sup>	3.15 <sup>c</sup>	-	1.00
Hogs, all purchases, Chicago ..... (dol.per cwt.) .....	22.24	23.49	14.81	5.59
Beef steers, good grade, Chicago ..... (dol.per cwt.) .....	24.22	23.45	16.55	9.92
Milk, wholesale, U. S. .... (dol.per cwt.) .....	3.84	4.06	3.21	1.66
Butterfat, local markets, U. S. .... (dol.per lb.) .....	.63	.69	.51	.27
Chickens, local markets, U. S. .... (dol.per lb.) .....	.28	.28	.25	.14
Eggs, local markets, U. S. .... (dol.per doz.) .....	.41	.41	.33	.15
Milk cows, U. S. .... (dol.per head) .....	148	148	126	61
Farm labor, U. S. .... (dol.per month without board) .....	-	107	97 <sup>a</sup>	36 <sup>a</sup>
Factory labor, U. S. .... (dol.earned per week) .....	47.44 <sup>a</sup>	47.72 <sup>b</sup>	42.88 <sup>a</sup>	25.33 <sup>a</sup>
<b>PRODUCTION:</b>				
Industrial, physical volume ..... (1935-39=100) .....	187 <sup>a</sup>	190 <sup>b</sup>	165 <sup>a</sup>	114 <sup>a</sup>
Farm marketings, physical volume ..... (1935-39=100) .....	-	113 <sup>b</sup>	117 <sup>a</sup>	90 <sup>a</sup>
<b>INCOME PAYMENTS:</b>				
Total, U. S. *** ..... (Annual rate, bil.of dol.) .....	175 <sup>a</sup>	177 <sup>b</sup>	161 <sup>a</sup>	76 <sup>a</sup>
Cash farm income *** ..... (Annual rate, bil.of dol.) .....	27	27	23	8
<b>EMPLOYMENT:</b>				
Farm ..... (millions) .....	10.3	9.2	10.4	10.9
Non-agricultural ..... (millions) .....	49.4	48.8	46.0	34.9
<b>FINANCIAL:</b>				
Demand deposits, weekly reporting member banks* (bil.of dol.) .....	39.9	39.8	38.9	20.3
Loans, weekly reporting member banks:				
Total* ..... (bil.of dol.) .....	17.0	17.0	14.9	8.5
Commercial, industrial, and agricultural*... (bil.of dol.) .....	10.7	10.9	7.5	4.4
U. S. Government total gross direct debt** ... (bil.of dol.) .....	258	258	273	43

<sup>a</sup> April. <sup>b</sup> March. <sup>c</sup> Last trading day of the month, bid price.

\* Last Wednesday of the month. \*\* End of month. \*\*\* Based on estimated monthly income payments.

Compiled from official sources by the Agricultural Section, Research Department, Federal Reserve Bank of Chicago.