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# THE FEDERAL RESERVE BANK OF CHICAGO

# AGRICULTURAL LETTER

U.S. DEPARTMENT OF AGRICULTURE  
MAY 16 1949

August 14, 1947

As this is written drought progresses in the Corn Belt, and it is our judgment that without quick and general rains the Government crop report issued Monday and showing a total estimated national crop of 2,660 million bushels could be as much as 10 per cent too high. Consumers and farmers are both fortunate that on July 1 sizable corn stocks of nearly 700 million bushels were on farms with possibly 300 million or more bushels to carry over into the next feeding season.

In view of the possibility of wet corn this fall USDA urges manufacturers to speed up production and shipment of corn drying equipment to the Corn Belt. Efforts of Federal, state, and private agencies are to be concentrated in a combined research program now getting under way to develop portable corn drying equipment suitable for farm use this fall and winter.

Basing their estimates on July conditions, the USDA says supplies of all feed concentrates for the forthcoming feeding season, beginning October 1, will be eight per cent less than last year on the basis of supplies per grain-consuming animal unit. Weather and crop developments since July will pare this down further. It means less meat in 1948.

The record wheat crop of over 1.4 billion bushels this year now appears to be a very real blessing, especially in view of continued heavy foreign demands for wheat and the current feed crop situation. In the recently announced production goals for 1948 USDA asked for 75 million acres, about the same as this year. The Department said that in a normal peacetime year such an acreage would be too large, but with world food shortages continuing urgent maintenance of high wheat output is thought desirable.

Farm income from sale of products and Government payments during the first seven months of the year is now reported at 14.7 billion dollars, 22 per cent above corresponding months of 1946. Higher farm prices are the principal factor, prices backed up by strong domestic demand. The U.S. Department of Commerce reports that in June personal incomes in the U.S. reached the record breaking annual rate of 193 billion dollars.

As previously mentioned here, export demand has also been a tremendous factor in farm prices, but in this connection USDA has just pointed out that a lack of financing by foreign countries may force a reduction in such exports, and indicates that "Foreign gifts and loans of the U.S. Government already earmarked for farm products will finance one-half billion dollars less of agricultural exports in 1947 than in 1946." But with the food needs as urgent as they are, it appears highly probable that ways will be found to prevent the lack of financing from preventing the meeting of critical food needs.

With consumer demand for eggs expected to remain strong during the balance of the year and with prospective smaller supplies in the fall and winter, USDA is urging farmers, dealers, and handlers to make additional efforts to prevent deterioration and assure better quality of eggs so that demand may be met at reasonable prices.

The Farm Credit Administration says that for the year ended June 30 the land banks showed a decline in the rates at which borrowers paid off on old loans and an increase in new mortgage writings of eight per cent in number and 11 per cent in dollar amounts over the previous fiscal year.

New construction on farms in 1947 is estimated by the U.S. Department of Commerce at 450 million dollars as compared with 350 million dollars in 1946.

Imports of purebred livestock into the U.S. for breeding purposes totaled 36,000 head in the year ending June 30, of which 30,000 were cattle, mostly Holstein, Ayrshire, and Jersey.

Walter B. Garver,  
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