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AGRICULTURAL LETTER

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Yielding reluctantly, as irresistible targets, the nation's three leading grain exchanges (Chicago, Minneapolis, and Kansas City) this week raised margin requirements on futures trading in grain to the 33 1/3 per cent demanded by the Commodity Exchange Authority. In defense of their position spokesmen have pointed out that, in spite of all the furor that has been made over grain speculation, the futures prices have for the most part been below cash prices.

The announcement on Sunday evening of detail of the "all out" drive to eat less focused sharply the scale on which the "feed-Europe" program will be conducted. The bulk of the additional one hundred million bushels of grain it is sought to provide will have to come from reduced feeding operations on farms, rather than from any substantial savings of waste by consumers. A 60-day holiday by brewers and distillers is seriously talked but would at most provide probably less than ten million bushels.

Rapidly mounting farm prices for grains, livestock, and dairy and poultry products sent the index of prices received by farmers up four per cent for the month ending September 15 and established a new record at more than two per cent above the previous record established last March. But prices paid by farmers also have risen, leaving farm prices at 121 per cent of parity, compared with 132 per cent reached a year ago.

The President's Economic Advisory Council warned last week in its third quarter report that if voluntary food conservation programs are not completely effective, it may be necessary to seriously consider the return to rationing and price control. Among possibilities as tools to fight the price spiral the Council included: grain allocations to millers, distillers, and other users; more regulation of margin requirements in grain futures trading; and extension of controls of consumer credit beyond the present November 1 expiration date.

Continued pressure for the production of wheat is evident from the USDA official state goals for 1948 calling for 75 million acres. This would be about the same as the plantings for 1947, excluding about two million acres of "volunteer" wheat. The goal for rye acreage is 25 per cent above the 1947 harvested acreage.

Reports of USDA indicate that by September 26 more than four-fifths of the corn acreage in the Corn Belt was largely safe from frost damage, and that soft corn will be a minor problem except in Michigan and Ohio and possibly some parts of Indiana and Illinois. The Weather Bureau says that dry, cool weather hastened maturity in the main part of the Corn Belt, and the frosts even favored advanced fields in several important states.

USDA's research program to develop satisfactory corn drying equipment is reported to be progressing satisfactorily. Demonstrations are expected to start soon with equipment manufactured to meet the specifications set up by the research engineers. Some Extension and other USDA workers in field offices have lists of available commercial corn driers. It is reported that there are 103 such driers in Illinois, 60 in Indiana, 119 in Iowa, 33 in Michigan, and 15 in Wisconsin.

It may sound irrelevant, but USDA has announced that the support price of hogs, Chicago basis, from October through next March will range from $14.50 to $16.75. Nobody expects hogs to drop to $10 to $15 between now and March. These announced levels of support are the "90 per cent of parity" figures USDA is required by law to publish.

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