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THE FEDERAL RESERVE BANK OF CHICAGO  
AGRICULTURAL LETTER

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JUN - 7 1951  
U. S. DEPARTMENT OF AGRICULTURE  
June 1, 1951

Prices received by farmers declined one per cent in the month ended May 15, due largely to lower prices for meat animals, cotton, milk, wool, and wheat. During the same period, prices paid by farmers showed little change with the result that the parity ratio (ratio of prices received to prices paid by farmers) declined one point to 108. Mid-May price data are reported on the back of this letter.

Cash receipts from farm marketings in May were estimated by the BAE at 2.2 billion dollars, 16 per cent more than a year earlier. For the first five months of 1951, receipts totaled 10.7 billion dollars, up 17 per cent from the corresponding period of 1950. Prices averaged about 30 per cent higher than a year ago, but the volume of marketings was lower. Estimates of cash receipts by states are available for only the first three months of the year. During this time the percentage increases for Seventh District states were: Illinois, 4; Indiana, 15; Iowa, 19; Michigan, 12; and Wisconsin, 25.

Farmers' holdings of demand deposits increased about three per cent in the year ending January 31, 1951, to a total of about seven billion dollars, compared with an increase of seven per cent for other individuals. The smaller increase for farmers reflected the reduced farm income and larger expenditures on equipment in 1950.

Congress probably will not conclude its study of the Defense Production Act in sufficient time to act before the June 30 deadline. Thus, a temporary extension of the present law is indicated, possibly with a prohibition of the August and September price rollbacks announced for beef. Irrespective of the Congressional action taken, the price and wage control controversy promises to continue in the headlines. Farm organizations generally are expected to oppose extension of the Act unless price and wage ceilings are eliminated.

Fruit production in 1951, as indicated by May 1 conditions, will be slightly above average. Although apple production may be only average, relatively large supplies of pears, sour cherries, and grapes are in prospect, but with below average supplies of peaches, apricots, and sweet cherries. The USDA has issued an order requiring a "set-aside for defense use" of portions of the 1951 canned fruit pack, ranging from 10 per cent for blueberries to 41 per cent for figs. An earlier order established set-asides for canned vegetables.

The acreage of green peas for processing is indicated to be 10 per cent more than the 1950 plantings and seven per cent more than average. Increases in Seventh District states range from three per cent in Michigan to 47 per cent in Indiana. Planting has been generally late in this area but growing conditions are reported "fair to excellent." A strong demand is indicated for canned vegetables in the year ahead.

The Tenth Annual Institute on Conservation, Nutrition, and Health, sponsored by Friends of the Land, will be held at the Stevens Hotel in Chicago, June 21-23. The program emphasizes the importance of good soil management to a healthy population and includes an imposing array of experts on subjects of importance to both farmers, scientists, and consumers.

Ernest T. Baughman  
Agricultural Economist  
Research Department

Farm Product Prices  
May 15, 1951

Commodity	Prices Received by Farmers	Effective Parity Price	Price as a Percentage of Parity
Hogs, cwt. ....	\$20.40	\$21.30	96
Beef, cattle, cwt. ....	29.50	19.80	149
Veal calves, cwt. ....	33.20	22.10	150
Sheep, cwt. ....	16.90	N.A.	--
Lambs, cwt. ....	32.60	21.70	150
Butter, lb. ....	0.60	N.A.	--
Butterfat, lb. ....	0.70	0.77	96 <sup>1</sup>
Milk, wholesale, cwt. ....	4.23	4.79	98 <sup>1</sup>
Milk, retail, qt. ....	0.20	N.A.	--
Chickens, live, lb. ....	0.29	0.31	94
Turkeys, live, lb. ....	0.35	N.A.	--
Eggs, doz. ....	0.45	0.53	98 <sup>1</sup>
Wool, lb. ....	1.06	0.57	186
Wheat, bu. ....	2.11	2.41	88
Rye, bu. ....	1.61	1.77	91
Rice, rough, cwt. ....	5.74	5.56	103
Corn, bu. ....	1.64	1.75	94
Oats, bu. ....	0.89	0.98	91
Barley, bu. ....	1.28	1.52	84
Sorghum grain, cwt. ....	2.22	2.97	75
Hay, all baled, ton ....	22.90	N.A.	--
Cotton, lb. ....	0.42	0.34	124
Cottonseed, ton ....	101.00	73.60	137
Soybeans, bu. ....	3.13	2.82	111
Peanuts, lb. ....	0.11	0.13	85
Flaxseed, bu. ....	4.16	4.71	88
Potatoes, bu. ....	1.09	1.80	61
Sweet potatoes, bu. ....	2.09	2.56	82
Beans, dry edible, cwt. ..	7.85	9.25	85
Peas, dry field, cwt. ....	4.56	N.A.	--
Tobacco, lb. ....	0.40	N.A.	--

<sup>1</sup>Percentage of seasonally adjusted prices to parity prices.

SOURCE: Bureau of Agricultural Economics, United States Department of Agriculture.

N.A. Not available.