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THE FEDERAL RESERVE BANK OF CHICAGO

AGRICULTURAL LETTER

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July 13, 1951

DEPARTMENT OF AGRICULTURE
Farmers planted crops this year on the largest acreage since 1933, nearly 14 million more than last year, and prospects on July 1 were among the most favorable the country has known. Over-all production, according to USDA experts, may exceed that of any year except 1948.

Excessive rainfall over a large Midwest area since July 1 has caused some deterioration in crop conditions, especially for corn, soybeans, and wheat, but the outlook continues generally good.

Corn acreage is up 1.5 per cent from 1950 and a crop of 3.3 billion bushels is indicated re 3.1 billion last year. For Seventh District states—Illinois, Indiana, Iowa, Michigan, and Wisconsin—the step-up in acreage amounts to 7 per cent and a production increase of 14 per cent is indicated. In view of expanding livestock production, all the corn that can be produced is likely to be needed. Utilization for the year ending next October is estimated at 3.3 billion bushels, 200 million more than 1950 production. And requirements in the year ahead probably will rise causing a further reduction of reserve stocks, unless 1951 production exceeds current indications.

The District states' acreage of oats is down 8 per cent from a year ago and production may be off about 12 per cent, but farm stocks on July 1 were very large.

Soybean acreage in the District is 10 per cent less than a year ago but the reduction for the U.S. is only 2 per cent. Production of oil seeds will increase if the soybean harvest approximates the record 1950 crop. Cotton acreage is 58 per cent larger than last year, indicating a large increase in cottonseed, and flaxseed acreage is only about 5 per cent below last year. Further downward pressure on oil seed prices may be expected if these crops progress favorably.

Hay production, very important to livestock producing areas, is indicated to total 113 million tons, 6 per cent more than in 1950. Acreage in District states is up 3 per cent from last year but indicated production is up 13 per cent.

The wheat harvest is now estimated at 1,070 million bushels, an increase of about 50 million over 1950. The increase is entirely in spring wheat as the winter crop is smaller than last year. Wet weather has delayed harvesting and probably will result in serious shipping difficulties in some areas. The USDA is expected to request a large acreage of wheat again next year as big reserve stocks are considered good insurance in an unsettled world.

Farmers may now obtain an extension of price support loans on 1949 crop corn in areas where state PMA committees determine it can be safely stored for another year. This represents a reversal of an earlier decision. Extended loans will mature July 31, 1952.

Grain exports totaled 558 million bushels from July 1950 to May 1951, compared with 454 million bushels in the corresponding period a year earlier. A continuing strong export demand is in prospect due to international uncertainties and rising business activity in importing countries.

Farmers spent 1.6 billion dollars to build, improve, and repair houses and farm buildings in 1949, according to USDA estimates. Over 900 million dollars was for house building, repair, and improvement, the remainder for other buildings. The only prior year for which estimates are available is 1946. In that year total farm building expenditures amounted to 1.3 billion dollars of which 695 million was for operators' dwellings.

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