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Federal Reserve Bank of Chicago

December 23, 1955

THE 1955 CROP OUTPUT topped last year by about 5 per cent and is nearly equal to the 1948 record harvest, according to the USDA's final estimate for the year.

About 10 million acres were taken out of wheat, cotton, tobacco and rice, largely due to acreage control programs, but the total harvested acreage was only 5.4 million less than last year.

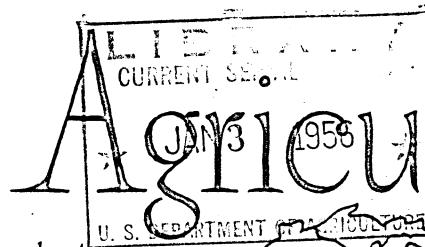
Feed grain output was at a record level and 6 per cent above last year. Corn production exceeded the year-earlier level by 6 per cent while favorable weather and acres diverted from the controlled crops were a factor boosting the output of oats, barley and sorghums.

Soybean production moved to a new high, exceeding last year by 9 per cent. The gain was due to an increase in acreage harvested.

Production of livestock and livestock products also show gains. Milk production in the first 11 months of 1955 was 1 per cent ahead of the year-ago flow. Eggs have been shelled out at a rate that is 3 per cent above 1954. Beef output continues at a record-setting pace, 5 per cent above a year earlier; and pork production will show about a 13 per cent increase.

TOTAL FARM OUTPUT--crops and livestock combined--is at a record level and about 4 per cent above a year ago. Compared with 1948, the year of record crop output, total farm output has increased by 8 per cent--all of the increase being attributed to a larger output of livestock products. The total acreage of feed grains has increased 12 per cent during the past two years as acreage was shifted out of cotton and wheat and other "controlled" crops. This shift in crop production has provided the ingredients for part of the substantial increase in the output of livestock products.

These changes in production of crops and livestock products, along with price support programs for crops, have been largely responsible for differing price trends for these two major groups of commodities. Livestock product prices have declined substantially, particularly in recent years as cyclically large slaughter of hogs

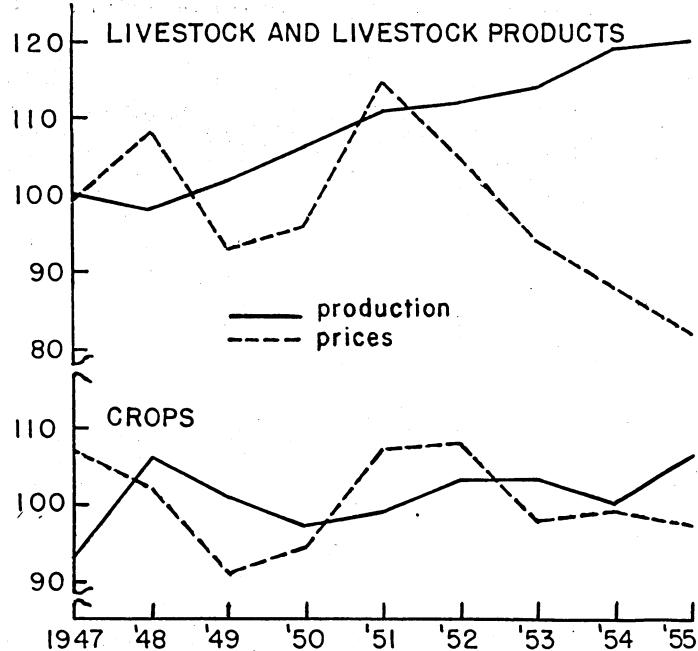


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and cattle coincided. In contrast, prices of crops (more directly affected by the price support programs) have until recent months averaged near the levels of previous years.

per cent, 1947-49=100



A continued high volume of marketings is indicated. Much of this year's harvests will be sold in 1956; and large numbers of livestock on farms and ample supplies of feed at lower prices assure a continued heavy outpouring of most livestock products.

Research Department

1955 Production of Selected Crops and Percentage Change from 1954

	Corn		Oats		Soybeans		Hay		Wheat		Barley	
	mil. bu.	per cent	mil. bu.	per cent	mil. bu.	per cent	mil. tons	per cent	mil. bu.	per cent	mil. bu.	per cent
Illinois	524	+14	177	+29	101	+13	4.6	+1	51.2	+9	4.8	+112
Indiana	276	+6	68	+18	44	-5	2.5	-5	34.0	-14	2.5	+32
Iowa	495	-12	258	+14	41	-27	7.1	+4	3.3	+57	.7	-1
Michigan	89	+7	67	+21	3	-4	3.3	-11	28.9	-5	4.6	+22
Wisconsin	140	-10	139	+9	1	-1	8.4	+6	1.3	-10	2.2	-26
U. S.	3,185	+6	1,576	+5	371	+9	110	+4	938	-5	391	+5