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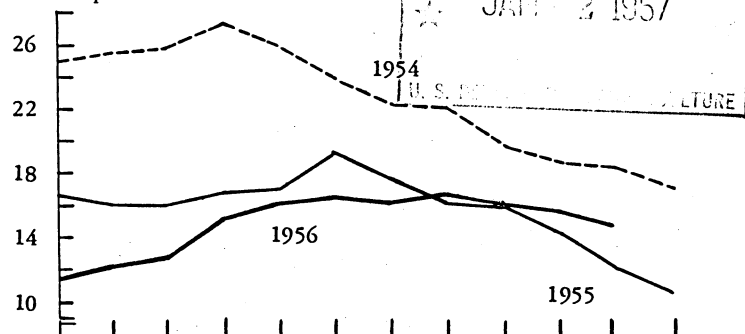
December 21, 1956

HOG SLAUGHTER has been running about the same or below year-ago levels since mid-August. In some recent weeks it has dropped as much as one-fifth below year ago and is expected to continue to lag year-earlier levels well into 1957.

Farmers reported early in December that the number of pigs farrowed during the past six months (June-November) was 4 per cent below the number farrowed during the fall period of 1955. Moreover, they indicated that they intend to have 2 per cent fewer sows farrow in the next six months (December-May) than in the corresponding period of a year ago. Pigs farrowed in these 12 months will largely determine the volume of marketings in 1957 since it usually takes 6-8 months after farrowing to get a pig on the market.

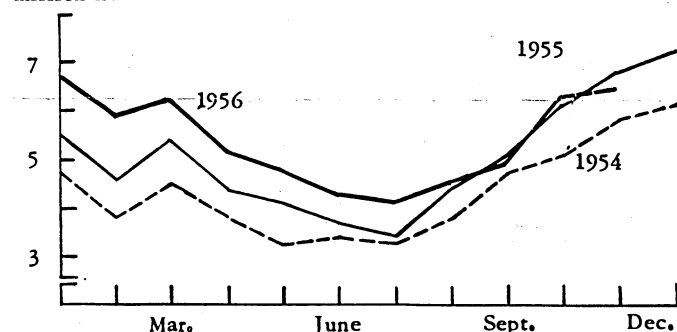
PRICES OF BARROWS AND GILTS AT CHICAGO

dollars per cwt.



HOGS SLAUGHTERED AT FEDERALLY INSPECTED MARKETS

million head



Planned farrowings in the 9 Corn Belt states show no change in the December-February period from last winter while intentions to have sows farrow in March-May are down 1 per cent.

Distant farrowings can still, of course, be altered and, with strengthening hog prices so far in December, some observers expect late spring farrowings to increase further. As over two-fifths of the spring pigs are usually farrowed during April and May, the size of the pig crop could be affected substantially if farmers change their early December plans.

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If such an increase materializes and is maintained during fall, the downturn in hog production will have lasted about one year and numbers will have been cut about 10 per cent compared with the previous reduction that lasted two years and cut hog production by nearly 20 per cent. Whether the "hog cycle" will be tempered as indicated above cannot be foreseen yet.

An important factor shaping the intermediate-term outlook is the prospect for continued high corn production. With the failure of the base acreage plan in the December corn referendum, the acreage allotment program continues in effect. However, allotments are so small that few farmers are expected to comply so as to qualify for the \$1.36 per bushel loan announced for the 1957 crop. The 1957 allotment is nearly 15 per cent below last year's and about 35 per cent below the acreage actually planted to corn in the commercial area in recent years.

Under these circumstances, the price support program would have even less effect on corn prices than in the past when 9 to 15 per cent of total production was placed under price support loan.

It is too early, of course, to assume that the current program will remain unchanged. Secretary Benson has called for "a prompt and searching appraisal of the entire corn situation," and Congress apparently will undertake such a review.

1957 WINTER WHEAT PRODUCTION is estimated currently at 625 million bushels—about 15 per cent below year ago, according to recent Crop Reporting Board estimates. Some observers had expected an even larger reduction in the face of a 10.7 million acre sign-up in the acreage reserve part of the soil bank and continued widespread drought.

The smaller than expected reduction is due in part to the fact that production estimates were made for land seeded but signed up in the "bank." Under certain circumstances farmers may cancel agreements and harvest the crop. Allowing for this, normal weather and a considerable "banking" of spring wheat land, it appears that total 1957 wheat output may not be reduced as much as the 200-225 million bushels that had been expected earlier.

Research Department