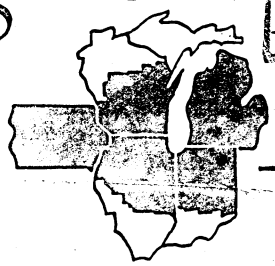
Federal Reserve Bank of Chicago - -

July 15, 1960

Agricultural Letter



Number 566

CROP PRODUCTION in 1960 is expected to equal the record output in the past two years, according to USDA experts. The estimate is based on conditions as of July 1. While the cool, wet weather has delayed plantings and development of corn and soybeans, it has been nearly ideal for wheat and oats. As a result, an increase of 18 per cent is forecast for food grain production, while total feed grain production is expected to be slightly below last year.

The 1960 season is still young and much can happen to change the picture between now and harvest time. Yet, in spite of a slow and backward planting season, the index of crop yields per acre is likely to be around 137 per cent of the 1947-49 average, second only to the record of 143 in 1958.

The sizes of the corn and soybean crops will be especially dependent on weather conditions between now and harvest. In recent years, favorable weather for crop development during the season brought steady increases in production estimates. With nearly ideal weather for crop development and a late frost date, the 1960 corn and soybean crops could approach new records. On the other hand, continued slow growth together with an early frost could cut yields substantially.

For individual crops, the present indications are as follows:

CORN: Production is forecast to total 4.1 billion bushels, the second largest crop in history. This is 6 per cent below last year's record 4.4 billion bushels and 7 per cent above the previous high of 3.8 billion in 1958. Production in the Corn Belt is indicated to be 7 per cent lower than last year. Weather conditions forced a 1 per cent reduction from last year in planted acreage whereas farmers' intentions this spring were to plant the same acreage. The main reason for the production drop is an indicated decline of 5 per cent in yields. In the Seventh District, prospects are excellent in Indiana. On the other hand, development in northeastern Iowa has been particularly slow and late plantings have cut Michigan and Wisconsin yield prospects.

SOYBEANS: Acreage planted this year is 5 per cent above last year and only slightly smaller than the record acreage in 1958. In most areas the acreage increase is nearly the same as the planting intentions reported in March, though in northern areas wet weather prevented all of the intended acreage from being planted.

OATS: Production is expected to total 1.1 billion bushels, 6 per cent above last year's small crop. Acreage is the smallest in over 70 years and down 4 per cent from last year. The downward trend in acreage since 1955 was accentuated by the excessively wet planting season in the eastern two-thirds of the country. Cool weather during June aided filling, and yields are expected to be 10 per cent higher than last year.

WHEAT: Production estimates were boosted in June by cool, wet weather which brought exceptionally high yields in many areas. Total production is expected to be 1.3 billion bushels, 20 per cent larger than last year and only 8 per cent below the 1958 record. Yields of 25.4 bushels per acre are exceeded only by the phenomenal 27.4 bushels recorded in 1958.

Crop Production

	Ill.	Ind.	Iowa	Mich.	Wis.	U. S.
	(million bushels)					
Corn						
1959	673	336	830	126	180	4,361
1960	631	345	699	110	144	4,079
Per cent change 1959-60	- 6	+ 3	-16	-13	-20	- 6
Oats						
1959	89	32	186	39	128	1,074
1960	91	41	175	31	101	1,140
Per cent change 1959-60	+ 2	+28	- 6	-21	-21	+ 6
Winter wheat						
1959	42	33	3	35	1	923
1960	52	42	3	35	1	1,090
Per cent change 1959-60	+24	+27	—	—	—	+ 18

This high production of farm commodities will mean substantial further additions to the Government's surplus stocks and will have a depressing effect on market prices at harvest time. Even with record high levels of feed grain consumption, the carry-over of feed grains from last year's crop on October 1 is expected to be around 77 million tons, 9 million tons more than on October 1, 1959. While feed grain production will likely fall below last year's 166 million tons; the prospect for feed grain use in the coming year is for only a small further expansion above the 157 million tons in the 1959-60 year. Thus feed grain production would be expected to exceed consumption for the ninth consecutive year. However, if corn yields were reduced by poor weather and an early frost and if livestock feeding were expanded considerably to consume the immature corn, production and consumption of feed grains might be in better balance than in any recent year.

Research Department