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Feed grain supplies for the feeding year beginning October 1, 1963, are expected to total about 7 million tons less than at the same time last year. The anticipated reduction reflects record amounts of grain fed to livestock thus far in the current feeding year.

Domestic utilization of feed grains has been rising in recent years—last year's total was about one-third larger than utilization in the 1956-57 feeding year. This increase is attributable principally to higher rates of feeding per animal unit. Consumption per animal unit moved up to about 1,800 pounds from 1,480 pounds in 1956-57 while the number of grain-consuming animal units increased by 8 per cent during the same period.

Total feed grain consumption in the current year is expected to top last year, but largely because of an increase in livestock on farms rather than a further rise in feeding rates per animal unit, which are projected at or near the record 1961-62 rates.

During the current marketing year, domestic consumption and the continued high level of exports are expected to result in total disappearance of a record 155 million tons of feed grain—slightly more than last year.

The total inventory of feed grains in July was estimated at 87 million tons or about 11 per cent less than a year ago and 20 per cent below the 109 million tons in July 1961. Of the July total, nearly 34 million tons were in CCC inventory or under CCC loans. Thus, the "free supply" was only 53 million tons, down from 59 million last year. Free supplies of corn were 10 per cent below the level of a year ago.

Feed grain prices have risen sharply since last fall, reflecting the generally strong demand and the tightening of free supplies of corn and sorghum grain. The index of prices received by farmers for feed grains in July reached the highest level in six years and was 9 per cent above July 1962.

Feed grain production probably will also be below total utilization in the 1963-64 feeding year. Production is estimated at 147 million tons or about 3 per cent more than in 1962. Livestock production, however, continues to expand. An estimated 176 million grain-consuming animal units will be on hand in the 1963-64 feeding season—about 2 per cent more "mouths to feed" than in the current 1962-63 period.

If current feeding rates are maintained, about 126 million tons of feed grains will be consumed by livestock in the coming year. Such other uses as food, industrial and seed are expected to absorb 13.5 million tons, thus domestic usage would total about 139 million tons. This would leave only about 8 million tons of the current production available for export.

Feed Grain Supply and Utilization*

	Average 1957-61	1962[1]	1963[2]
	(million tons)		
Stocks, beginning of year	66.9	71.8	60.5
Production and imports	145.1	143.4	147.3
Total supply	212.0	215.2	207.8
Fed to livestock	114.4	124.3	126.3
Other domestic uses	13.1	13.4	13.5
Exports	13.0	17.0	17.0
Total utilization	140.5	154.7	156.8
Grain-consuming animal units (millions)	165.2	173.2	176.0

*Data are for crop year beginning October 1.
[1] Preliminary.
[2] Based on indications August 1963.

Despite the month-long dock strike that began late last December, the unusually cold winter weather that impeded lake and river movements and changes in trade restrictions abroad, exports of feed grains during the current year are expected to total 17 million tons—just slightly below last year's record level. Exports are projected at about the same level for the coming year.

Demand for farm loans remains strong in the corn-livestock areas. The volume of new non-real estate loans to farmers in July was substantially above year-earlier levels, according to reports from bankers in northern Illinois and Iowa. Renewals of farm loans were also well above year earlier. These developments apparently reflect the larger inshipment of stocker and feeder cattle. During July, nearly 24 per cent more cattle were brought into these two states than in the same month a year ago. Indications are that movements remained well above year earlier in August.

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FARM BUSINESS CONDITIONS

July 1963, with comparisons

ITEMS	1963 July	1963 June	1962 July
PRICES:			
Received by farmers (1957-59=100)	101	100	99
Paid by farmers (1957 59=100)	107	106	104
Parity price ratio (1910-14=100)	79	77	79
Wholesale, all commodities (1957-59=100)	101	100	100
Paid by consumers (1957-59=100)	107	107	106
Wheat, No. 2 red winter, Chicago (dol. per bu.)	1.84	1.96	2.15
Corn, No. 2 yellow, Chicago (dol. per bu.)	1.33	1.31	1.14
Oats, No. 2 white, Chicago (dol. per bu.)	0.70	0.73	0.68
Soybeans, No. 1 yellow, Chicago (dol. per bu.)	2.65	2.66	2.54
Hogs, barrows and gilts, Chicago (dol. per cwt.)	18.70	17.32	18.34
Beef steers, choice grade, Chicago (dol. per cwt.)	24.72	22.69	26.50
Milk, wholesale, U. S. (dol. per cwt.)	3.87	3.71	3.86
Butterfat, local markets, U. S. (dol. per lb.)	0.58	0.58	0.58
Chickens, local markets, U. S. (dol. per lb.)	0.14	0.14	0.14
Eggs, local markets, U. S. (dol. per doz.)	0.31	0.30	0.30
Milk cows, U. S. (dol. per head)	218	215	217
Farm labor, U. S. (dol. per week without board)	51.00	--	50.00
Factory labor, U. S. (dol. earned per week)	99.88	100.37	96.80
PRODUCTION:			
Industrial, physical volume (1957-59=100)	127	126	120
Farm marketings, physical volume (1947-49=100)	123	109	126
INCOME PAYMENTS:			
Total personal income, U. S. (annual rate, bil. of dol.)	464	463	444
Cash farm income, U. S. [1] (annual rate, bil. of dol.)	--	33	37
EMPLOYMENT:			
Farm (millions)	6.0	6.0	6.1
Nonagricultural (millions)	64.9	64.4	63.5
FINANCIAL (District member banks):*			
Demand deposits:			
Agricultural banks (1957-59=100)	104	104	100
Nonagricultural banks (1957-59=100)	107	107	101
Time deposits:			
Agricultural banks (1957-59=100)	158	156	139
Nonagricultural banks (1957-59=100)	170	169	147

[1] *Based on estimated monthly income.*

Compiled from official sources by the Research Department, Federal Reserve Bank of Chicago.