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Federal Reserve Bank of Chicago - -

September 20, 1963

GRAZING CONDITIONS are less favorable than a year ago over large portions of the Plains and western states. Range conditions declined seasonally during the past month despite the rains and improved fall grazing in some areas.

Heavy September rainfall relieved drought conditions in much of Colorado and the extreme Southwest and stimulated growth of grass. Continued shortages of moisture in Texas and in portions of the Plains, however, have caused further deterioration of grazing in these areas. Range conditions on September 1 for the entire 17-state western region were rated at 77 per cent of "normal"—the poorest since 1956.

Volunteer wheat is providing only limited grazing in western Kansas where the dry August weather retarded growth. In addition, acreage was being reduced in sections of western Kansas in an effort to control insects and conserve subsoil moisture. On September 1, less than 3 per cent of the 1963 harvested acreage showed sufficient growth to provide livestock grazing, as compared with 5 per cent last year and 20 per cent in 1961. Furthermore, harvested wheat acreage in western Kansas in 1963 was below last year. This has also contributed to the decline in volunteer acreage available for pasturing.

Of course, the bulk of winter wheat pasture is normally produced on seeded acreage rather than volunteer acreage. Planting of somewhat larger wheat acreage is expected this year due to the lack of strict Government acreage control.

Soil moisture supplies are generally below normal and rainfall is needed in many sections before wheat can be seeded. Consequently, the amount of wheat forage available from planted acreage this year will depend largely upon fall precipitation and the possible expansion in total wheat acreage.

Steers and heifers for placement on feed this fall and winter will be available in larger numbers than a year ago due to the increase in cattle population. The potential supply of beef-type feeder animals on July 1 was estimated at 26.1 million head—6 per cent larger than year earlier.

Prices of choice fed steers at Chicago averaged \$24.34 per hundredweight during the first part of September—nearly \$5.69 below the level of a year ago. These low fed cattle prices, the generally dry conditions throughout much of the West, and the larger supply of feeder replacements would seem to indicate that Corn Belt farmers will be able to purchase feeder cattle during the coming months on somewhat more favorable terms than currently.

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# Agricultural Letter



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One offsetting factor is the size of the current corn crop in the Midwest. In the heart of the Corn Belt, record corn yields are again being realized and total production is estimated to be a record high. Consequently, many farmers will be seeking additional feeder animals to utilize the large supply of feed.

Exports of agricultural products in the fiscal year ended June 30 totaled slightly more than \$5 billion, down about 1 per cent from the preceding year. Commercial sales for dollars, however, totaled about \$3.5 billion and exceeded commercial exports last year. The decline came in Government exports.

This large volume of agricultural exports was achieved despite the month-long dock strike that began late last December, the unusually cold winter weather that impeded lake and river movements and the tightening of import restrictions abroad. Of particular significance were the variable levies imposed by the European Economic Community in August 1962 on imports from outside countries.

Commodities subject to the levies were down 27 per cent from a year earlier, and total agricultural exports to the EEC during the period August 1962 to May 1963 declined to \$903 million or nearly 12 per cent below last year's level.

The gain in commercial exports was largely in feed grains and soybeans. Exports of feed grains—of which about 88 per cent represented sales for dollars—advanced to \$737 million, exceeding the previous record of \$697 million in fiscal 1962. Exports of feed grains to the EEC were up substantially, even though total agricultural exports to that area declined. Poor crops in parts of Europe, reduced availability of feed grains from other exporting countries and expansion of livestock production in Western Europe and Japan were primarily responsible for the larger U. S. exports. Soybean exports jumped to 171 million bushels from 147 million in the previous year. The expansion in foreign demand for soybeans along with the continued high domestic usage kept bean prices well above U. S. support levels.

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