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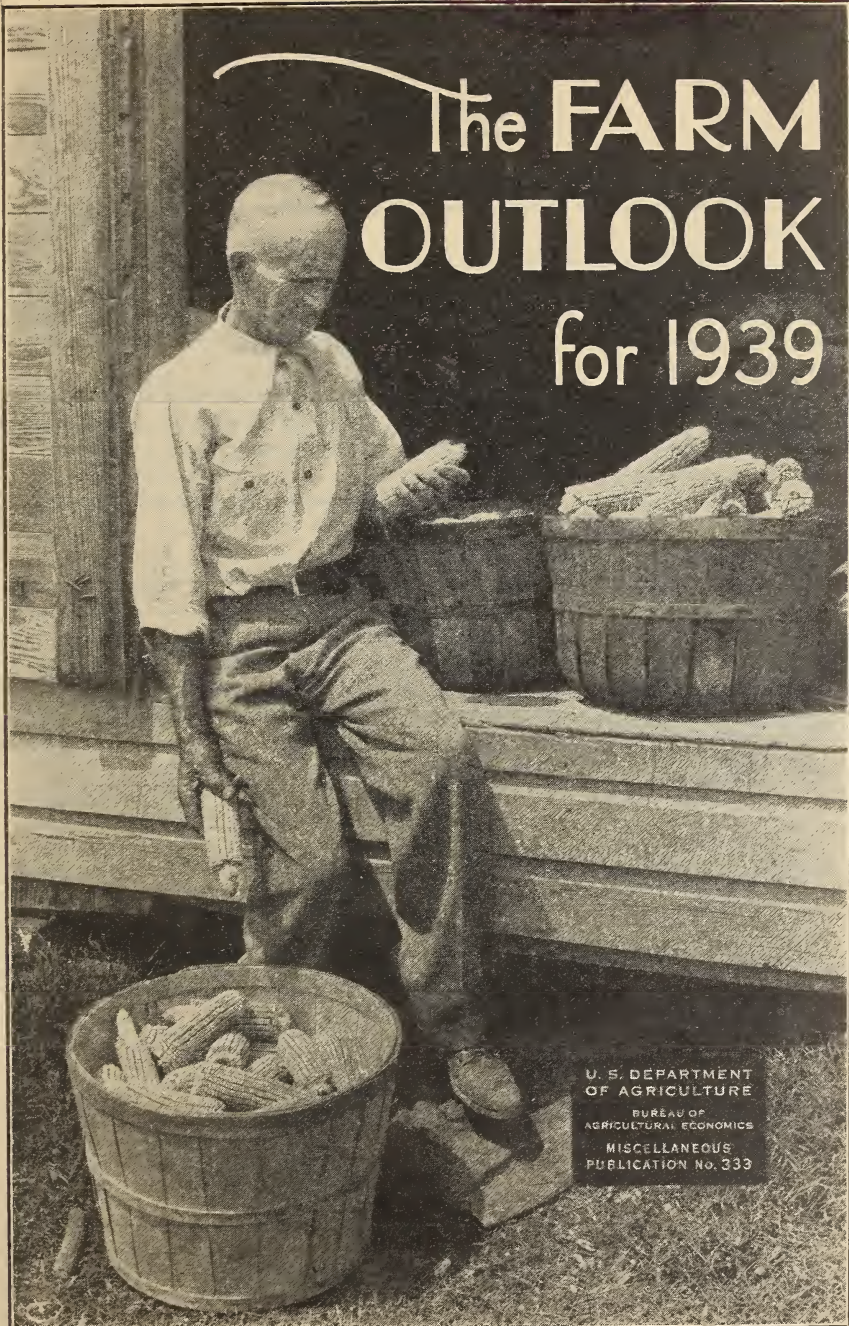


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BUREAU OF AGRICULTURAL ECONOMICS  
U. S. DEPT. OF AGRICULTURE

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# The FARM OUTLOOK for 1939



U. S. DEPARTMENT  
OF AGRICULTURE  
BUREAU OF  
AGRICULTURAL ECONOMICS  
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## Foreword

Farmers will soon be making their plans for 1939 crops and other operations. The purpose of this publication is to give in brief form information which may be helpful in such planning.

Every year representatives of the State Agricultural Colleges and the Bureau of Agricultural Economics cooperate in preparing an outlook report of this kind. In many cases, also, a State outlook report is prepared which will contain many local details not included in this general statement. Farmers should get their own State reports in addition to this one.

Of course, conditions may change before spring, and plans may have to be shaped to fit an altered situation. It will be recognized that the general information set forth herein must be taken in the light of circumstances and of one's own particular farm business.

H. R. TOLLEY,

*Chief, Bureau of Agricultural Economics.*

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## Summary.

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The general outlook is for some improvement in the agricultural situation in 1939.

Present conditions suggest that increasing business activity and rising consumer incomes will create a somewhat more favorable domestic market for farm products in the coming year. It is expected that this will more than offset the less favorable foreign prospects.

The general level of wholesale commodity prices in the United States is expected to average somewhat higher in 1939 than in 1938. Some increase in prices of farm products as a whole is likely, with the crops in somewhat better price position than livestock products.

The volume of short-term credit used by farmers is expected to increase somewhat in 1939, but the supply of loan funds will be ample. The demand for farm mortgage credit probably will not be large.

Farm wages probably will average a little lower in 1939, and the same trend is probable in other important production cost items, including farm machinery and fertilizer.

The cotton market situation is dominated by an exceedingly large supply of cotton. The 1938-39 world supply of all commercial cotton is expected to exceed 51 million bales—a new record high for the third successive year.

The wheat acreage seeded for harvest in 1939 probably will be reduced materially as a result of adjustment operations and the influence of prevailing low prices.

The outlook for tobacco as a whole in 1939 is rather favorable. Burley is the major type in which production has been running ahead of consumption, and stocks of burley tobacco next fall are likely to be large.

The outlook is for a larger production of fruit during the next 5 years, with marked increases in oranges and grapefruit. Apple production, on the other hand, is declining.

The acreage of truck crops for market has been expanding for several years. This year prices have fallen very low for lima beans, beets, cabbage, onions, and tomatoes and acreages of these crops probably will be cut somewhat next year. Increasing supplies of "frozen" vegetables will add some competition for the early spring crops.

Low prices for canning crops make it probable that a smaller tonnage of these vegetables will be produced in 1939, with a total pack about 10 percent under 1938.

The very low price of potatoes this season is expected to lead to about an 8 percent reduction in acreage in 1939.

Sweetpotato acreage for 1939 probably will be reduced somewhat as a result of low prices received for the 1938 crop in commercial areas.

Supplies of rice for the 1938-39 season probably will exceed last year's record supplies and again provide a large surplus.

The total supply of all feedstuffs will again be large for the winter and spring feeding seasons as a result of a good growing season and a large supply of grain and hay carried over from last year. The hay supply is the largest since 1927.

The probability is that this ample supply of feed will result in further expansion in livestock production in 1939.

The number of hogs, especially, is on the increase. Sheep numbers also are increasing. On the other hand, the tendency is to hold back cows and heifers to build up breeding herds, and there probably will be a smaller total slaughter of cattle and calves in 1939 than in 1938.

The dairy industry apparently is beginning to expand again. The decline in number of milk cows which started in 1934 has been checked and the number of heifers now on hand indicates an increase in milk herds next year and still more in 1940.

The poultry industry also is expanding. The number of laying hens in 1939 is expected to be about 10 percent larger than during 1938, and with a favorable feed situation, egg production also will be heavier.

The number of horses and mules has been declining until there are only about half as many on farms as there were in 1915. The decline probably will go on for several more years. Prices, however, have dropped somewhat this past year and colts raised to be sold 2 or 3 years hence are likely to meet a still less favorable price situation.

# The Farm Outlook for 1939

Prepared by the *Bureau of Agricultural Economics*

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## The General Outlook.

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### Demand for Farm Products

THE DEMAND FOR FARM PRODUCTS IS EXPECTED TO BE SOMEWHAT MORE FAVORABLE IN 1939 THAN IN 1938, WITH CONSIDERABLE IMPROVEMENT IN DOMESTIC CONDITIONS OFFSETTING LESS FAVORABLE FOREIGN PROSPECTS.

#### Improvement Especially in Consumers' Goods Industries.

Industrial activity and consumer incomes in the United States are expected to average higher in 1939 than in 1938. Important industries which should contribute to this rise in production are automobiles, building, steel, textiles, and miscellaneous consumers' goods. In fact, the major part of the improvement will represent increase in the output of goods bought by consumers and of materials used in their production.

Recovery in the output of what are usually spoken of as producers' goods, or industrial plants and equipment, may be somewhat delayed, due to relatively unfavorable situations in the important railroad, utility, and private non-residential building industries.

In the building industry, the volume of residential building has increased during most of the past year, having recovered by the summer of 1938 to above the level of a year earlier. Building interests seem to be devoting much more attention to the large market for medium- and low-priced homes—suggesting a continuance of the pick-up in residential building through 1939; and there will also be a considerable increase in public construction.

The textile industry, after having gone through a slump last year, has been steadily improving in recent months. With consumer incomes improving, and with indications pointing to smaller stocks in the hands of distributors and consumers, the general textile production situation should be materially better in 1939 than in 1938, as a whole.

It is true that unfavorable conditions exist in several industries which in the past have been important contributors to expansion in capital goods, notably the railroads. The fact remains, however, that industrial activity as a whole is improving in the last half of 1938. Even the purchasing power of the unemployed now is partly maintained by relief and other Governmental expenditures.



### **Effects of Better Demand Will be Tempered in Some Cases.**

The demand for many farm products, like consumer incomes, tends to lag behind the changes in industrial activity. Thus the demand for livestock, dairy products, poultry products, fruits and vegetables is expected to rise with the improvement in consumer purchasing power, but not as rapidly as the increase in industrial production. Moreover, the effects of this increase in demand, in a number of instances, will be obscured by increasing production. Several important farm products will be in such large supply, apparently, that they will not respond readily to the stimulus of business improvement.

### **Foreign Market Prospect Uncertain.**

The situation in Europe, as well as in the Orient, is confused and uncertain. General economic conditions abroad may show some improvement during 1939 if there are no further unfavorable political developments, and if the expected recovery in the United States materializes. Competition from foreign supplies, however, will be much more severe than it was a year ago. General stiffening of foreign trade restrictions against imports of our products is an additional unfavorable factor, although it would be offset to some extent by the conclusion of trade agreements with the United Kingdom and Canada.

The most uncertain element in the foreign demand situation is the tense European political outlook. The present assumption is that the prevailing condition of armed peace will continue. A general war would entirely change the outlook. The short-time demand for some commodities would be increased, while that for others would be curtailed. On the other hand, should European policies be turned toward world economic reintegration, the long-time outlook for all commodities would be improved.

## **Commodity Prices**

THE GENERAL LEVEL OF WHOLESALE PRICES IN THE UNITED STATES IS EXPECTED TO AVERAGE SOMEWHAT HIGHER IN 1939 THAN IN 1938. AN ADVANCE IN PRICES OF RAW MATERIALS WILL LIKELY MORE THAN OFFSET ANY DECLINES THAT MAY OCCUR IN PRICES OF SOME MANUFACTURED GOODS. A SLIGHT RISE IN THE PRICES OF FARM PRODUCTS AS A WHOLE MAY OCCUR.

Wholesale prices of all major groups of commodities have receded since September 1937. Prices have declined most for farm products, foods, hides and leather, and textiles. They have declined least for fuel and lighting products, metals and metal products, chemicals and drugs, house furnishings, building materials, and miscellaneous products.

Higher prices are probable in the coming year for raw materials, building materials, clothing, and several crops. Lower prices seem likely in the coming year for some iron and steel products and some livestock and foods.

As to prices in foreign countries, the depreciation of foreign currencies relative to the dollar will tend to increase prices of our products to foreign importers in terms of their moneys. Unless there is a pick-up in foreign industrial production, however, or substantial



Figure 1.—All farm products that are sold must find buyers. When consumers have more money to spend, they bid more freely for fruits, vegetables, dairy products, poultry products, meats, and many other things. It appears that incomes of industrial workers will increase somewhat in the coming year, and consequently that the demand for farm products will improve.

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further declines in foreign exchange rates, there seems little likelihood of any general increase in wholesale prices in the major foreign countries.

### **Crop Prices Likely to Move up Faster Than Livestock Prices.**

The general level of prices received by farmers in the United States has declined sharply from the high point reached in January 1937. By May 1938, the index of farm prices was down to 92 percent of the pre-war level and has been fairly steady since then. Although all groups of farm products shared in this downward movement, the decline was most marked in prices of crops, especially grains and cotton, and less pronounced in prices of livestock and livestock products.

In the coming year, this trend is likely to be reversed, with an improvement in crop prices relative to livestock prices. Higher prices for some crops are expected to more than offset any declines that may occur in some of the livestock groups and to result in some increase in farm prices as a whole in 1939.

The decline of prices from 1937 to 1938 cut farm income, farmers having found it impossible to reduce their expenses in proportion. In the coming year, it is likely that the total cash income from sale of products and from Government payments will increase, whereas farm expenses probably will not change much; the probability is, therefore, that the net cash income of farm operators will be higher in 1939.

## **Farm Credit**

**THE VOLUME OF SHORT-TERM CREDIT USED BY FARMERS IS EXPECTED TO BE GREATER IN 1939 THAN IN 1938. THE SUPPLY OF LOAN FUNDS WILL BE AMPLE.**

Among the reasons for the increase will be the loans offered by the Commodity Credit Corporation on cotton, corn, and wheat; a considerable hold-over of debt from 1938 among cotton, wheat, and vegetable growers; and increased demand for livestock financing.

The Farm Security Administration has an increased appropriation for loans to rehabilitate farmers who cannot obtain credit from the customary sources. Plentiful supplies of credit for cooperative purposes also are available.

### **No Great Demand for Mortgage Funds.**

The demand for farm mortgage credit is expected to continue small in 1939. The peak of the emergency refinancing demand is over, and no great change is expected in the amount of credit required for land transfers.

### **Ample Funds Available.**

Commercial banks, life insurance companies, and other private lenders are now lending on farm mortgages much more freely than even 2 years ago. Funds available for such loans from both Federal and private agencies are abundant; and increased amounts of money are available for tenant-purchase loans, to be made by the Farm Security Administration under the Bankhead-Jones Farm Tenant Act. The Federal Housing Administration is now authorized to insure mortgage loans on farm real estate under certain conditions.

Farmers' requirements for credit will be moderated by increased payments in 1939 under the Agricultural Adjustment Administration farm program.

## Farm Labor

**FARM WAGES PROBABLY WILL AVERAGE A LITTLE LOWER IN 1939 THAN IN 1938.**

Farm wage rates rose steadily from 1933 to 1937, increasing about 50 percent in that period. This fall, however, wage rates have dropped slightly. There is at present a slight excess of labor supply over demand, but with a substantial increase in business activity in prospect, the supply of labor is likely to decrease somewhat. However, there is no likelihood of a shortage.

### **Fewer Workers Needed on Farms.**

The replacement of farm equipment with new and improved machines has tended to reduce the number of workers on farms. The total employment on a group of several thousand farms reporting July 1, 1938, was only 82 percent as much as in 1929. This decrease has applied to family, as well as hired workers. In view of this downward trend, it is not probable that the number of workers will increase much in 1939, although larger crops might require more labor in some areas.

## Building Materials

**PRICES PAID BY FARMERS FOR BUILDING MATERIALS PROBABLY WILL BE SOMEWHAT HIGHER DURING 1939.**

During the last year there has been some decline in wholesale prices of building materials. There was a marked drop in prices of lumber especially common boards and framing material. More recently, however, lumber has been advancing again, and it is probable that retail prices to farmers will reflect this advance next year.

## Farm Machinery

**SOME DOWNWARD ADJUSTMENT IN FARM MACHINERY PRICES IS PROBABLE FOR 1939.**

The advance that began in 1933 had, by this year, brought the prices of farm machinery to the highest level since 1920. Automobile and truck prices moved up also.

Some decreases in prices of automobiles and farm machinery have recently been announced. Owing to the general reduction in steel prices in 1938, and the previous sharp rise in farm machinery prices, some further reductions may be made in the latter for 1939.

The dollar value of manufacturers' sales of farm machinery this year was 20 to 25 percent less than the record sales of 1937.

The use of pneumatic tires on tractors and field machinery is increasing. Field power equipment suitable for the smaller farm is entering the picture, as evidenced by the increasing manufacture of one-plow tractors and such equipment as the so-called baby combine (5-6 feet).



## Fertilizer

**RETAIL PRICES OF FERTILIZER DURING THE 1939 SEASON PROBABLY WILL AVERAGE SLIGHTLY LOWER THAN A YEAR EARLIER.**

The most marked decline is likely in organic ammoniates, as prices of tankage and bone meal are somewhat lower than a year ago. Wholesale prices of mixed fertilizers in mid-1938 averaged about 4 percent lower than a year previous.

Fertilizer sales in 1938 were about 10 percent below the record tonnage sold in 1937. Since the quantity of fertilizer bought is determined primarily by farm income in the preceding year, it is probable that the total tonnage bought in 1939 will be less than in 1938.

## Farm Family Living

**FOR THE COUNTRY AS A WHOLE, THE NET CASH INCOME AVAILABLE TO FARM FAMILIES FOR LIVING EXPENSES AND GENERAL PURPOSES MAY BE SOMEWHAT HIGHER IN 1939 THAN IN 1938.**

It is expected that the net income from farm products sold will be higher and Government payments probably will exceed those of 1938. As incomes rise, the tendency among farm families is to apply a larger share of the increase than do city families toward getting ahead financially, paying off debts, and making investments, especially in the farm business.

### **More Money Spent for Radios, Automobiles, and Electricity.**

The expenditure by farm families for food still takes first rank. In recent years, however, increased expenditures for the automobile and household operation have put the clothing outlay down in fourth place. The tendency has been to spend more money, especially on radios, automobiles, and electricity. A study made in 1922-24 showed less than one-tenth of the total money spent by the farm family going to the automobile; whereas a similar study in 1935-36 showed one-sixth spent on the car. Electricity now is used on 18 percent of all farms, as compared with 13 percent in 1930.

The probability is that any increase in income which may materialize in 1939 will be used in line with the general tendency of farm families to pay debts, make investments in the farm business, and toward the modernization of such items as radios, automobiles, and electrical equipment.

## Cash Crops.

### Cotton

THE COTTON MARKET SITUATION IS DOMINATED BY AN EXCEEDINGLY LARGE SUPPLY OF COTTON. THE 1938-39 WORLD SUPPLY OF ALL COMMERCIAL COTTON IS EXPECTED TO EXCEED 51 MILLION BALES—A NEW RECORD HIGH FOR THE THIRD SUCCESSIVE YEAR. IT WOULD BE NEARLY 30 PERCENT MORE THAN THE AVERAGE YEAR'S SUPPLY (1928-37).

The world carry-over of all cotton on August 1, 1938, amounted to 23.1 million bales. This was nearly 10 million bales larger than a year earlier, and  $4\frac{3}{4}$  million bales more than the previous peak in 1932. This marked increase in carry-over, however, is largely offset by a sharp reduction in the United States crop and some decline in foreign production.

#### **Large Carry-Over of American Cotton.**

The world supply of American cotton is expected to total about 25.7 million running bales, which is materially larger than that of the previous season and about a fifth larger than the 10-year average.

The 1938 crop in this country, as estimated, is 35 percent less than the record harvest of last season, and 8 percent below average.

The reduction this year, however, was less than the increase in carry-over.

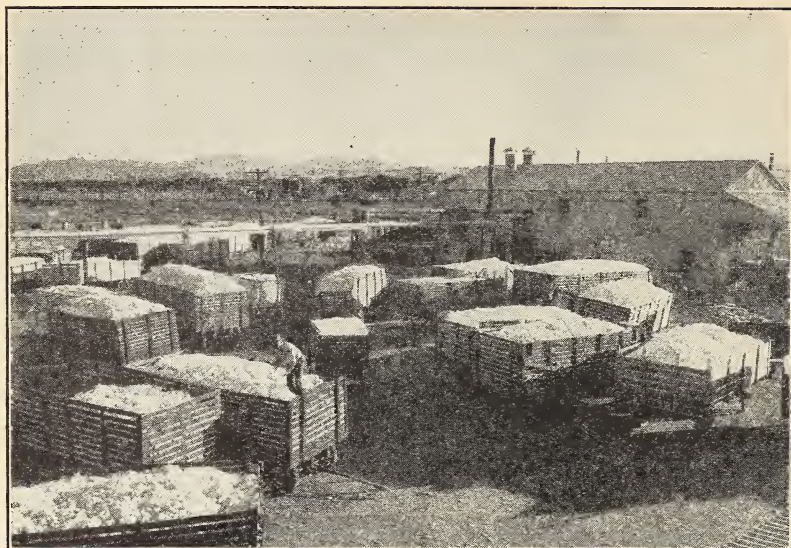
At the beginning of the current season, the world carry-over of American cotton was more than double that of a year earlier. It totaled  $13\frac{3}{8}$  million bales compared with 6.2 million a year earlier. It was 61 percent above average and considerably larger than the previous peak reached in 1932.

#### **Record Supply of Foreign Cotton.**

As to cotton produced in foreign countries, notwithstanding a prospective decline, the indicated world supply of such cotton for the present season is now estimated at 25.7 million bales of 478 pounds net weight. This is slightly larger than the record supply of the past season, and 40 percent above the 10-year average. This is the sixth consecutive season in which the supply of foreign cotton has reached a new record high.

The world carry-over of foreign cotton on August 1, 1938, totaled 9.4 million bales. This was one-third larger than the record carry-over a year ago, and nearly two-thirds above average.

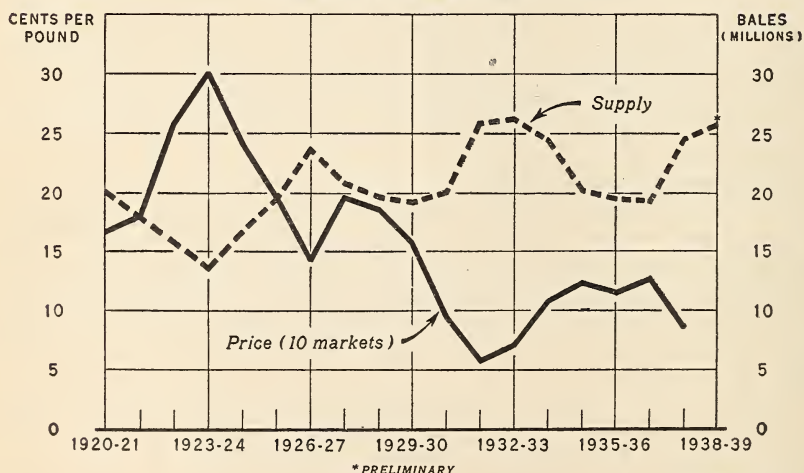
It is true that foreign production of commercial cotton in the coming season, now reckoned at 16.3 million bales, is 10 percent less than the record crop of last season. Nevertheless, this would still be 29 percent above the 10-year average, and 55 percent larger than the 1932-33 crop. Apparently much of the decrease in the coming season's production will result from cuts in the Chinese and Egyptian crops.



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Figure 2.—The 1938 cotton crop in this country is estimated at about 12 million bales, about a third less than in 1937.

### PRICE AND SUPPLY OF AMERICAN COTTON, 1920-21-1938-39



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Figure 3.—The cotton market situation is dominated by the large existing supply of cotton. The world supply of American cotton for 1938-39 is expected to total nearly 26 million bales. Although the 1938 crop in this country is estimated around a third less than the record harvest of last season, the reduction this year was less than the increase in carry-over.



### **Smaller Crop May Offset Larger Carry-Over of American Cotton.**

If the cotton acreage planted in this country next spring should total about the same as the 1938 national allotment, such an acreage, with average yields and abandonment, would give a 1939 crop a million to 1¼ million bales smaller than this year's estimated crop.

Although it seems likely that the world carry-over of American cotton on August 1, 1939, may be somewhat larger than a year earlier, the probability is that a new crop, as suggested, would result in a 1939-40 world supply of American cotton not greatly different from that of the present season.

The indications are that the carry-over of foreign cotton may increase somewhat, although it is quite possible that this may be about offset by a further decline in production.

### **Consumption Down.**

The mills of the world used 26.4 million bales of cotton in 1937-38. This was 15 percent below the consumption of the previous season. It was, however, somewhat larger than average.

The decline in world consumption last season was equivalent to 4.6 million bales, and of this decline American cotton accounted for 2.2 million bales and foreign cotton for 2.4 million bales. The decline in cotton consumption in China last season as a result of military operations accounted for most of the shrinkage in the mill consumption of foreign cotton.

Last season's consumption of American cotton outside of the United States was smaller than in any other year since 1918-19, and was 27 percent below average.

Consumption of American cotton in American mills was smaller than the previous season by 2.2 million bales, or 28 percent. It was 6 percent smaller than the 10-year average. Cotton consumption in the United States during the first 2 months of the current season, however, has been considerably above the average for the year. Furthermore, stocks of cotton textiles are smaller than a year ago. These factors, together with an expected improvement in domestic business conditions, should result in a substantially larger domestic consumption of cotton in 1938-39 than occurred in the past season.

In most foreign countries, the prospect is that consumption of both American and other cotton will be smaller during the 12 months ending July 1939 than in the past season.

### **Smaller Supplies of Cottonseed in Prospect.**

The United States supply of cottonseed for the 1938-39 season is expected to be about 5.8 million tons. This would be about one-third less than the record supply of the previous season, and 4 percent less than average (1928-37).

Domestic stocks of cottonseed at the beginning of the season were at record levels, but these larger stocks will be much more than offset by the sharp reduction in the 1938 cotton crop.

Supplies of important competitive products are larger than a year ago, and this, together with the lower level of demand conditions in general, is largely responsible for the price position of cottonseed products at present. It is expected that the consumption of cottonseed products during the 1938-39 season will be considerably larger than production, and that stocks by August 1, 1939, will be smaller than they were at the beginning of the current marketing season.



## Wheat

THE WORLD PRODUCED A RECORD CROP OF WHEAT IN 1938, AND THE PRICE IS DOWN IN CONSEQUENCE. IT IS EXPECTED THAT UNITED STATES WHEAT ACREAGE SEEDED FOR HARVEST IN 1939 WILL BE MATERIALLY REDUCED AS A RESULT OF ADJUSTMENT OPERATIONS AND THE INFLUENCE OF PREVAILING LOW PRICES.

The acreage allotted for seeding for the 1939 crop (under the Agricultural Adjustment Act) is 55 million acres. This compares with 81 million acres seeded for the 1938 crop and a 1928-32 average of 67 million acres.

The extent of the participation by farmers in the acreage adjustment program is of course uncertain. If total wheat seedings are reduced to 55 million acres and the yields per acre are average, production would amount to about 660 million bushels. This would be less than the average domestic disappearance of about 680 million bushels and would be likely to result in a smaller carry-over at the close of the next season.

If seedings for 1939 exceed the allotment of 55 million acres to any considerable extent, and yields are average, an increase in the already large carry-over would appear unavoidable. This assumes annual exports of about 100 million bushels.

### 300 Million Bushel Carry-Over Next July.

The carry-over on July 1, 1939, including insurance stocks, is expected to be close to 300 million bushels. This compares with about 325 million bushels, the average for the 1930-34 period, when stocks reached record size.

### Fairly Good Seeding Conditions This Fall.

In much of the Great Plains area, the soil moisture at seeding time has much to do with determining the yield of winter wheat. Present information (October 1) indicates that in this area as a whole, soil moisture is slightly below average but is generally more favorable than at this date in any of the last 6 years.

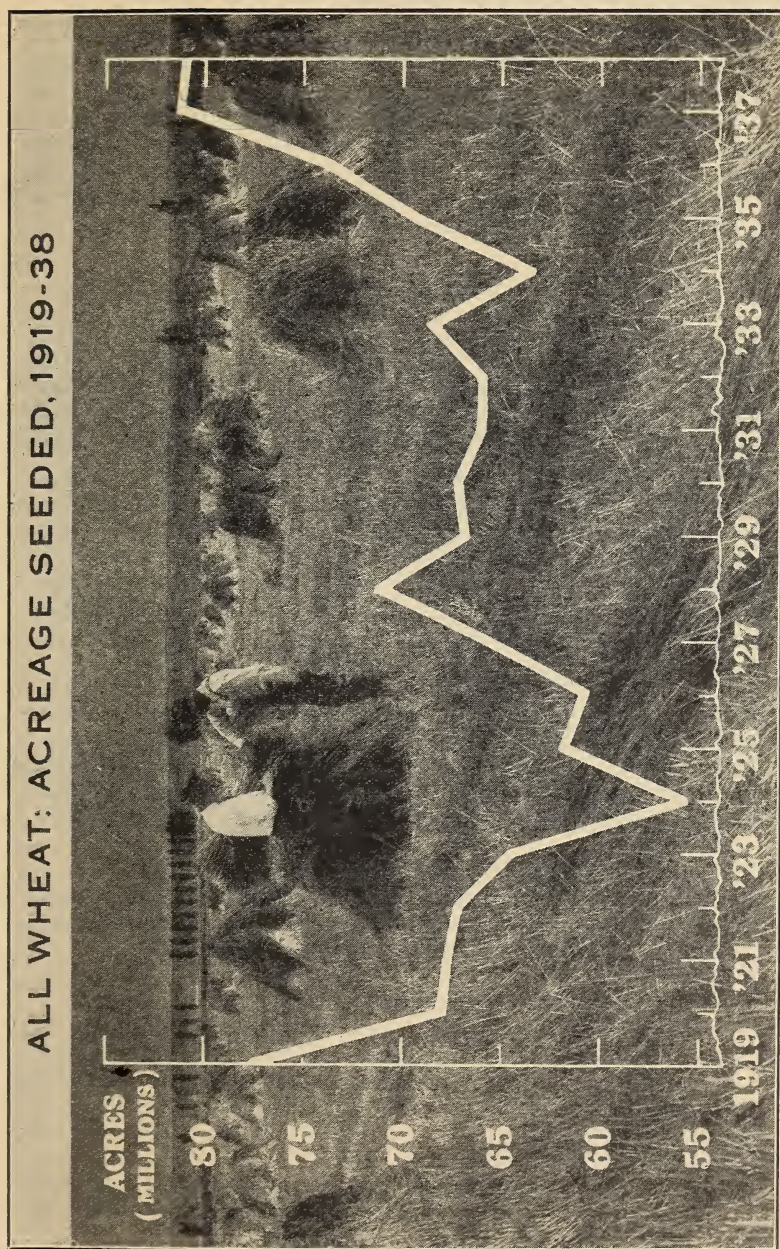
Reports so far received on the grasshopper situation indicate that infestation will be less in 1939 than during the last few years but still somewhat above average. Infestation continues to be serious throughout most of the Great Plains, and especially in the Dakotas and eastern Montana. Distinct improvement, however, is reported for Kansas, Missouri, and Illinois, where invasions have been destructive.

### More Competition Ahead in the Export Market.

In 1937, following 3 years of small crops, the United States again produced a large crop of wheat; about 100 million bushels were exported, leaving about 70 millions to be added to the carry-over. Large scale exports in 1937-38 resulted from the small world stocks and small crops in Canada and Argentina.

The export prospect for 1938-39 is not so favorable for the United States because of increased production in other countries, but it is expected that by Government aid, exports may total 100 million bushels.

Unless yields in other important exporting countries should be low, the export prospect for United States wheat in 1939-40 is definitely



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Figure 4.—The average area of wheat seeded during the 5-year period 1928-32 was about 67 million acres. After 1934, wheat seedings increased sharply, up to about 81 million acres for the current crop. It is expected that the United States wheat acreage seeded for harvest in 1939 will be materially reduced as a result of the prevailing low prices and adjustment operations.



less favorable than in either of the 2 previous years, because of the expected increase in world stocks carried over.

### **World Wheat Acreage Larger Than Necessary.**

The present world acreage of wheat, approximately 285 million acres, is about 15 million acres, or 5 percent above that necessary with average yields to produce a crop equal to the usual needs. The average annual disappearance (1927-36) is about 3,775 million bushels.

Unless the world acreage is adjusted downward, supplies probably will continue to be burdensome during the 1939-40 season, and any improvement in world wheat prices would depend upon better economic conditions, or a rise in the general commodity price level.

## **Tobacco**

**THE OUTLOOK FOR TOBACCO AS A WHOLE IN 1939 IS RATHER FAVORABLE. PRODUCTION IN 1938 AND PROSPECTIVE STOCKS FOR MOST TYPES ARE FAIRLY WELL IN LINE WITH ANTICIPATED USES IN THE COMING YEAR. BURLEY PRODUCTION IN THE PAST 2 YEARS, HOWEVER, HAS BEEN MATERIALLY ABOVE THE DISAPPEARANCE, AND STOCKS NEXT FALL ARE EXPECTED TO BE LARGE.**

Total production of all types of tobacco this year is estimated at 1,484,690,000 pounds, or about 4 percent less than the 1937 crop. The decrease this season is in flue-cured, fire-cured, and dark air-cured types. Material increases in production are indicated for Maryland and some cigar types. Burley production this year is only slightly below the very large crop of 1937.

### **Flue-Cured—Some Reduction Desirable.**

This year's crop of 813 million pounds is larger than probable disappearance, and stocks next July are likely to show a moderate increase over the record figure of a year earlier. Unless the 1939 crop is somewhat smaller than this year, the marketing situation in 1939-40 probably will be less favorable than that of the current season.

### **Burley—Production in 1939 Should be Reduced.**

Stocks by next October are expected to show a further large increase. Total supplies in 1939-40 will be large relative to disappearance unless production is reduced from the high levels of 1938 and 1937.

### **Maryland—Moderate Reduction Desirable.**

Estimated 1938 production is slightly above prospective disappearance. Stocks, which already are adequate, will probably show a small increase on January 1, 1940. The foreign situation for this type remains unfavorable.

### **Fire-Cured—Situation Fairly Stable.**

Exports are expected to continue at low levels, and little change is anticipated in snuff production, which is the principal domestic outlet. The 1938 output is fairly well in line with the 1938-39 prospective disappearance of these tobaccos for ordinary purposes.

**Dark Air-Cured—Production Fairly Well in Line With Consumption.**

Production of these types this season is about the same as prospective disappearance in 1938-39. Stocks of these types by next October are expected to be fairly well in line with consumption.

**Cigar Types—Stocks Reduced by Storm Losses.**

With better business conditions in prospect, cigar consumption is expected to increase. Stocks on October 1, 1939, probably will be smaller than a year earlier, largely because of storm losses in the Connecticut Valley. A total cigar acreage in 1939 about the same as this season, with average growing conditions, would result in an output not greatly different from prospective disappearance.



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Figure 5.—Tobacco production is fairly well in line with consumption, except in the case of burley. Stocks of burley are expected to show a further large increase by next fall, and it is considered that a reduction in burley output in 1939 would put the growers in decidedly better market position.

## Fruit

THE AVERAGE PRODUCTION OF ALL FRUITS DURING THE NEXT 5 YEARS (1939-43) PROBABLY WILL BE LARGER THAN THE AVERAGE FOR THE 5-YEAR PERIOD JUST PAST. MARKED INCREASES ARE EXPECTED IN GRAPE-FRUIT, ORANGES, AND LEMONS. MORE MODERATE INCREASES ARE IN PROSPECT FOR PEARS, PEACHES, AND PLUMS AND PRUNES.

The bearing acreage of grapes is sufficient at least to maintain production on the present high level.

The trend of apple production probably will be downward at a moderate rate.

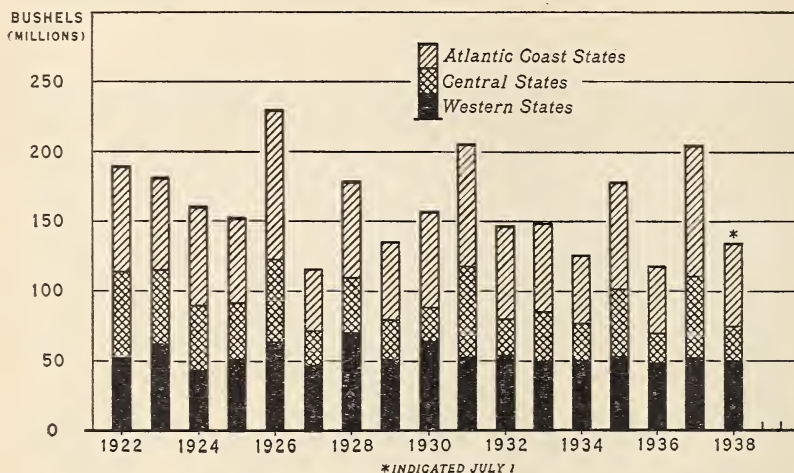


### Gradually More Total Fruit.

Total fruit production during the last five seasons was about a third larger than that of the 5-year period ending in 1923. The trend during the past decade has been moderately upward. During this period a decline in apple and peach production has been more than offset by increases in grapefruit, oranges, lemons, plums, pears, apricots, and cherries.

The annual average per capita production of the 13 important fruits increased from about 177 pounds for the 5-year period 1919-23, to 203 pounds during the last 5 years (1934-38). Apples have steadily been giving way to citrus fruits.

### APPLES: U. S. PRODUCTION BY REGIONS, 1922-38



BAE 34514

Figure 6.—At the beginning of 1935 there were about 100 million apple trees of all ages in the United States. This was less than one-half the number reported 25 years before, and about 14 percent less than in 1930. More than four-fifths of the trees have reached bearing age. The trend of production is expected to continue gradually downward for several years, especially in the East.

### Export Prospect Not so Good.

In foreign markets, increasing competition may be expected during the next 5 years. The trend of fruit production is upward in most countries. Many European importing countries are taking steps to insure larger production of deciduous fruits and to improve the quality.

### Gradually Fewer Apples.

THE NUMBER OF APPLE TREES OF BEARING AGE IN THE UNITED STATES IS DECREASING, AND THE TREND OF PRODUCTION IS EXPECTED TO CONTINUE DOWNWARD AT A MODERATE RATE FOR SEVERAL YEARS.

The number of trees yet to come into bearing is smaller than usual, and if plantings and replacements continue as light as they have been during the last several years, production 10 to 15 years hence may be materially lower than it is now.

## **Orchards Dwindling and Growing Old.**

At the beginning of 1935, there were about 100 million apple trees of all ages in the United States. This was less than half the number reported in 1910, and about 14 percent less than in 1930. More than 83 percent of the trees have reached bearing age.

## **Small Apple Crop in 1938.**

The apple crop of 1938 is estimated at 132 million bushels, which is one-third smaller than last year's crop and 12 percent below the previous 10-year average. Notwithstanding that demand conditions are rather poor, the smaller crop has resulted in prices this fall higher than the low prices of a year ago.

## **More Peaches Coming.**

**ANNUAL PEACH PRODUCTION IN THE UNITED STATES IN THE NEXT 5 YEARS IS EXPECTED TO BE SOMEWHAT LARGER THAN THE AVERAGE IN THE LAST 5 YEARS (1933-37).**

Although the outlook for peaches to be marketed as fresh fruit appears to be generally favorable through the next few years, the danger of over-expansion should be kept in mind. If planting continues at an equal or greater rate than in recent years, supplies 5 to 10 years hence may be excessive.

About half of the peach crop, exclusive of California, is produced in eleven southern States. For the South as a whole there was a decrease of about 10 million trees from 1925 to 1935, the total number in the latter year being about 28 million trees. In the last 3 years, however, nearly 7 million poor trees have been removed, and southern orchards now are generally in good condition.

In Georgia, the leading fresh peach State, plantings of the last 2 or 3 years are expected to result in larger crops within a few years.

Production of clingstone peaches in California has exceeded market requirements. Large stocks of canned fruit have accumulated, and prices to California growers were very low in 1938.

Production is expanding also in the Great Lakes region and in the summer marketing area, including Illinois, Pennsylvania, Virginia, and West Virginia.

## **More Pears on the Coast.**

**PEAR PRODUCTION IN THE UNITED STATES IS GAINING CHIEFLY BECAUSE OF INCREASE IN THE THREE PACIFIC COAST STATES.**

The Pacific Coast now is producing two-thirds of all the pears. Production in the eastern States probably will expand only slightly in the next few years, except in Michigan, where increases will be more noticeable.

New plantings of pear trees are very small. A large number of young trees coming into full bearing age, however, probably will cause an increase in production for a number of years.

## **Slight Increase in Cherries.**

**A SLIGHT INCREASE IN CHERRY PRODUCTION IS INDICATED FOR THE NEXT 3 TO 5 YEARS.**

In recent years, the western States have contributed more to the increase in crops than have the eastern States. The number of bear-

ing trees in the East, however, has increased by a larger percentage than those in the West.

There were approximately 15 million cherry trees in the United States in 1935. About one-fourth of these has not yet come into bearing.

As to the price outlook, with the present large number of bearing trees and the slight upward trend in production, it is probable that prices to growers will not reach the high levels that prevailed before 1929.

### **Somewhat More Grapes in Next Few Years.**

**PRODUCTION OF GRAPES DURING THE NEXT FEW YEARS IS LIKELY TO BE LARGER THAN THE 2.2 MILLION TONS' AVERAGE OF THE 10 YEARS, 1927-36.**

The crops of this year and 1937 averaged 2,649,000 tons, and it is expected that crops in the next year or so may be smaller than this figure.

The carry-over of raisins, wine, and brandy into the 1938 season was extremely large, and probably will be large also at the beginning of the 1939-40 season. Proration plans have been developed for raisins and winery grapes from the 1938 California crop. Indications are that the 1939 bearing acreage in California will be about 494,000 acres. California production during the next few years may be somewhat less than the 2.4 million tons' average of the last 2 years. The principal regions outside California may show some decline in acreage in the next few years.

### **Orange Production Increasing Rapidly.**

**FURTHER INCREASE IN ORANGE PRODUCTION IS EXPECTED DURING THE NEXT 5 YEARS. WITH REASONABLY GOOD CARE OF GROVES AND NO UNUSUAL DAMAGE BY HURRICANES AND FREEZES, CROPS IN EXCESS OF THE RECORD PRODUCTION OF NEARLY 74 MILLION BOXES LAST SEASON MAY BE EXPECTED.**

During the last 19 years, orange production has increased from 30 million to 58 million boxes, the average for the last 5 years.

The number of bearing trees has more than doubled since 1920. Of the 37,800,000 bearing trees now estimated in groves of California, Florida, Texas, and Arizona, 44 percent are from 5 to 15 years of age, and 23 percent are 5 to 10 years old. With productive capacity increasing, it seems probable that the output during the next five seasons (1938-39 to 1942-43) will average 75 million boxes or more.

Production of Valencias and other late varieties is expected to increase at a faster rate than that of early and mid-season varieties.

### **A Lot of Grapefruit Coming.**

**THE BEARING ACREAGE OF GRAPEFRUIT HAS BEEN INCREASING RAPIDLY DURING RECENT YEARS, AND THE TREND OF PRODUCTION IS SHARPLY UPWARD. IT IS NOT UNLIKELY THAT PRODUCTION DURING THE NEXT 5 YEARS WILL AVERAGE 25 PERCENT LARGER THAN DURING THE PAST TWO SEASONS.**

### **Millions of Young Trees Coming On.**

The number of bearing trees in 1935 was five times the number in 1920. Surveys indicate a present total of 13,100,000 bearing trees (5 years old and over). Of this total, about two-thirds are from 5 to



15 years of age and have not yet reached full production. Moreover, about 45 percent of the bearing trees are from 5 to 10 years old, and their productive capacity will increase.

### **The Big Increase is in the Southwest.**

Much heavier production may be expected during the next few years in Texas and Arizona where over 90 percent of the bearing trees have not yet reached full production.

The same is true in California, where about 70 percent of the bearing trees are less than 16 years old.

Production in Florida, on the other hand, is not expected to increase as rapidly as in the other areas, since more than 60 percent of the bearing trees in that State have reached the age of full production.

### **Something for the Breakfast Table.**

Although production of grapefruit is difficult to forecast because of hurricane and frost hazards, it is a reasonable assumption that the present bearing acreage will permit an average production during the next 5 years of around 35 million boxes. This estimate may be modified by neglect and abandonment of groves, for grapefruit crops of that size are very likely to result in low returns to growers.

### **No Lack of Lemons in Future.**

**BEARING LEMON ACREAGE IN CALIFORNIA IN 1938 IS ESTIMATED AT AROUND 51,500 ACRES. NON-BEARING ACREAGE, EXCLUSIVE OF 1938 PLANTINGS, IS APPROXIMATELY 11,500 ACRES. FORTY PERCENT OF ALL TREES NOW IN BEARING ARE BETWEEN THE AGES OF 5 AND 15 YEARS AND HAVE NOT YET REACHED FULL PRODUCING CAPACITY.**

In view of the increasing capacity of orchards, the average annual production of lemons during the next 5 years can be expected to amount to at least 10 million boxes. During the last 5 years, the average has been 8 million boxes.

Production in Italy, the world's leading producer of lemons, has declined materially. World production of lemons decreased from the record crop of 27,400,000 boxes in 1932-33 to 19,300,000 boxes for the 1936-37 season.

## **Truck Crops for Market**

**IN 1938 THE ACREAGE AND PRODUCTION OF TRUCK CROPS FOR MARKET CONTINUED TO EXPAND AND EXCEEDED ALL PREVIOUS RECORDS.**

Prices of several of the important crops have been very discouraging to growers. As a result of this price situation, the probability is that in 1939 there will be smaller acreages of lima beans, beets, cabbage, celery, cucumbers, onions, and tomatoes.

On the other hand, some increase is expected in acreage of asparagus, snap beans, cantaloupes, cauliflower, lettuce, spinach, and water-melons.

Reports from Cuba and Mexico indicate that plantings of vegetables for export to the United States probably will be reduced materially this season.

### **Too Much Cabbage.**

**CABBAGE IN 1938 APPARENTLY HAS MADE A RECORD CROP. PRICES ARE VERY LOW.**

The crop of late Danish type (around 385 thousand tons) is about a half larger than in 1937.



In the past, the tendency has been to reduce acreage in years following low prices, and on this basis, it is probable that plantings in 1939 may be decreased rather sharply in practically all areas except the early and intermediate States. Advance reports indicate that the fall acreage has been decreased slightly, and that growers in the early States intend to increase plantings by 30 percent over the 1938 acreage.

### **Onion Prices Low.**

**BECAUSE OF THE LOW PRICES RECEIVED FOR THE 1938 CROP, IT SEEMS PROBABLE THAT THERE WILL BE A SMALL DECREASE IN ACREAGE PLANTED TO COMMERCIAL ONIONS IN 1939.**

Despite a slightly smaller crop, prices this season have been somewhat below 1937. About 5 percent smaller acreage is in prospect for the early group of States producing Bermuda and Creole types. Unless prices show marked improvement during the fall and winter months, a similar acreage reduction is in prospect for the late States. No appreciable change is expected in plantings in the intermediate group of onion-producing States.

### **Probably Slight Decrease in Celery.**

**CELERY PRODUCTION IN 1939, BASED ON THE EXPECTED ACREAGE, WILL BE REDUCED ABOUT 5 TO 10 PERCENT.**

Celery is a semi-luxury product. If consumer incomes are higher in 1939 than they were in 1938, this fact, together with a smaller crop, would point to higher prices for celery growers. Even if such improvement should materialize, however, only those growers with average production costs or less can expect a reasonable profit.

### **Snap Beans Increasing.**

**NOTWITHSTANDING THE LOWER PRICES RECEIVED BY GROWERS IN 1938, IT IS EXPECTED THAT THE ACREAGE OF SNAP BEANS FOR THE 1939 SEASON WILL BE INCREASED SLIGHTLY.**

The trend in bean acreage and production has been sharply upward, and this is likely to continue through next year, except in some of the early sections.

The acreage of snap beans for market in 1938 was around 174 thousand acres, compared with 168 thousand the previous year and a 10-year average of about 127 thousand acres.

Total commercial production is estimated at 14,600,000 bushels, compared with last year's crop of 12,677,000 bushels.

### **More Than Enough Tomatoes.**

**THE PROSPECT FOR THE COUNTRY AS A WHOLE INDICATES A DECREASE IN PLANTINGS AND PRODUCTION OF TOMATOES FOR THE FRESH MARKET IN 1939.**

Following 2 years of high prices, growers planted a record acreage in 1938. The record crop produced was 40 percent above average. The 1938 price to growers apparently will average about \$1.00 a bushel as compared with \$1.28 last year and a 10-year average of \$1.37.

Declines in acreage are expected especially in the second section of the early States, where prices were exceptionally low. In the first section of the early, in the intermediate, and in the late States, no great change in acreage is expected. Probably some increase will be

made in the fall group of States, in view of the relatively high prices in those areas during 1938.

### **Somewhat More Watermelons Likely.**

**FOR 1939, THE PROBABILITY IS THAT THE MELON CROP WILL BE INCREASED SOMEWHAT.**

Although the watermelon acreage was slightly more than average in 1938, the total crop was somewhat below the average of the last 10 years. Prices for watermelons have been somewhat higher this season than they were last. If yields are up to average, a larger crop can be raised without any increase in acreage.

## **Truck Crops for Canning**

**THE COMBINED TONNAGE OF ALL VEGETABLES FOR PROCESSING THIS YEAR IS INDICATED AS 10 TO 15 PERCENT SMALLER THAN THE LARGE 1937 OUTPUT, AND PROBABLY WILL RESULT IN A TOTAL PACK OF IMPORTANT CANNED VEGETABLES ABOUT 10 PERCENT LESS.**

In addition, large carry-overs from the 1937-38 season are on hand for many of these products, and probably will provide a total supply only slightly below the record this past season, and considerably above average annual disappearance.

Wholesale prices of such items as green peas, snap beans, and sweet corn are now at low levels. Canned tomatoes are about the same price as during 1937-38.

If canners follow their past practice, it may be expected that they will contract for their 1939 acreage at prices in line with those prevailing for the canned product during the 2-month period of December and January.

### **Possibly Somewhat Less Sweet Corn Next Year.**

**THE 1938 PACK OF CANNED CORN IS AROUND 19.5 MILLION CASES, THE SECOND LARGEST PACK IN RECENT YEARS, ALTHOUGH 4 MILLION BELOW 1937. THE PACK IS CONSIDERABLY ABOVE AVERAGE (THE 10-YEAR AVERAGE, 1927-36, WAS 14.4 MILLION CASES A YEAR).**

With the large carry-over, the total supply of canned corn in the current season exceeds 24 million cases.

Planning for 1939, it appears that around 315 thousand acres of sweet corn, with yield similar to the last 2 years, will provide sufficient tonnage for a supply of 22 million cases for the 1939-40 marketing season and leave a carry-over of 2 million cases. This would be a reduction of 8 percent under the 1938 acreage.

### **Heavy Supply of Canned Snap Beans on Hand.**

**WITH THE PRESENT SUPPLY OF CANNED SNAP BEANS THE LARGEST ON RECORD, IT WOULD REQUIRE A REDUCTION OF ABOUT 25 PERCENT IN THE ACREAGE FOR 1939 TO BRING SUPPLIES IN LINE WITH AVERAGE CONSUMPTION.**

Allowing for a carry-over from the 1938-39 marketing season somewhat larger than the previous year's carry-over, a pack between 6.5 million and 7 million cases in 1939 would be enough to provide for consumption somewhat above that of the six seasons past.

Under average growing conditions, this pack could be made with a planting of around 53 thousand acres, as compared with a 1938 planting of 71 thousand acres.

### **Some Expansion Likely in Tomatoes for Canning.**

IN VIEW OF THE RELATIVELY LOW SUPPLY OF CANNED TOMATOES, IT SEEMS PROBABLE THAT CANNERS WILL CONTRACT WITH GROWERS FOR A LARGER ACREAGE IN 1939.

Acreage was contracted at lower prices in 1938, and the acreage planted decreased 17 percent below 1937. The acreage was still about 9 percent above average, however.

The 1938 pack is expected to be only about 20 million cases. This small crop, added to a large carry-over, makes a total supply about 11 percent below last year and 6 percent below average.

### **Green Pea Acreage Could Well be Cut a Third.**

THE 1938 PACK OF GREEN PEAS, ESTIMATED AT 26.2 MILLION CASES, IS THE LARGEST ON RECORD BY A MILLION AND A HALF CASES.

Added to this is the large carry-over of 5.9 million cases. The total supply of 32.1 million cases is 5.8 millions above any previous supply. Present prices are very low. In planning for a reasonable supply for 1939, it appears that a planting of around 210 thousand acres would provide for consumers' requirements of canned peas and leave a normal carry-over in April 1940. This would represent a reduction of 36 percent from the 1937 acreage.

## **Potatoes**

THE ACREAGE PLANTED TO POTATOES IN 1939 IS EXPECTED TO BE ABOUT 8 PERCENT LESS THAN IN 1938.

With average yields, such an acreage would give a crop of about 310 million bushels, which would be around 60 million bushels less than the crop of this year or the recent 10-year average.

It is probable that the greatest reduction in acreage will occur in the late States, although it is indicated that all areas will show some decrease under the 1938 plantings.

### **Prices Low Although Crop is Not Unduly Large.**

The acreage this year was slightly smaller than in 1937, and the same is true of the crop, which is estimated at 373 million bushels.

Relatively low consumer-purchasing power in 1938 has left potato prices at low levels. In mid-September, the average price to growers was around 48 cents a bushel, compared with 54 cents a year earlier, and \$1.14 2 years before. If present prospects for a smaller crop and better consumer-purchasing power materialize, the situation for potato growers in the coming year should improve.

## **Sweetpotatoes**

THE ACREAGE OF SWEETPOTATOES IN 1939 IS EXPECTED TO BE ABOUT THE SAME AS THIS YEAR—891 THOUSAND ACRES. WITH AVERAGE YIELDS, THIS WOULD SUGGEST A CROP OF ABOUT 77 MILLION BUSHELS, OR ABOUT THE SAME AS IN 1938.

The 1938 acreage was increased about 6 percent over 1937. The 1938 crop, 77 million bushels, was about 2 percent more than that of 1937.

The farm price of sweetpotatoes in mid-September 1938 averaged 73 cents a bushel, compared with 90 cents on the same date a year previous.



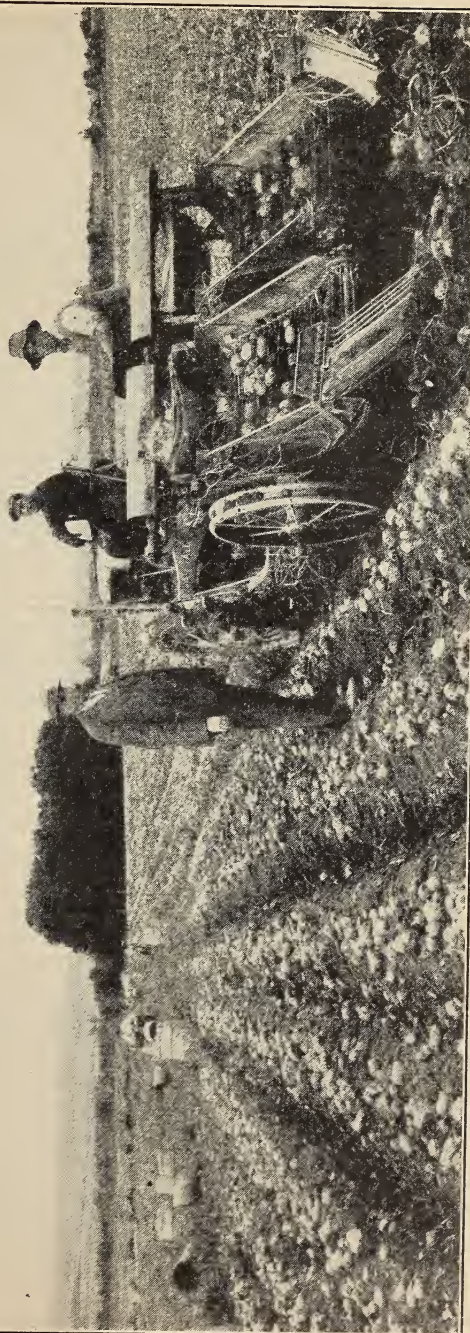
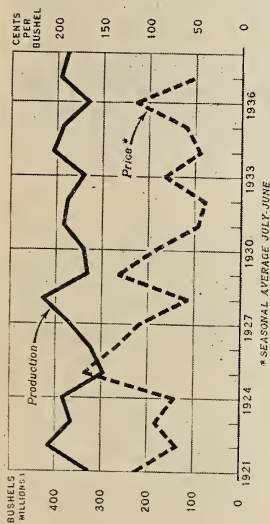


Figure 7.—Potato production in this country has been rapidly adapted to large-scale machinery and concentrated in commercial areas. The price usually is governed mainly by the size of the domestic crop, since we do not export nor import any large quantity. The 1938 crop (373 million bushels) was slightly smaller than that of a year ago; yet prices this fall are very low, partly as a result of poor market demand.

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### **Fewer Sweetpotatoes in the East.**

The sweetpotato acreage for 1939 is expected to be about the same as the previous year in the Cotton Belt, but in the eastern States, where about three-fifths of the market supply are grown, the low prices received for the 1938 crop probably will result in some reduction of commercial acreage.

## **Rice**

**SUPPLIES OF UNITED STATES RICE FOR THE 1938-39 SEASON PROBABLY WILL EXCEED LAST YEAR'S RECORD SUPPLIES AND AGAIN PROVIDE A LARGE SURPLUS.**

### **Heavy Yield in 1938.**

In the southern rice areas, the acreage was the third largest on record, this year, and good yields produced a record crop. California production fell short of the 1937 record crop, but supplies for the coming year will still be well above average.

The 1938 acreage totaled 1,080,000 acres, the southern acreage being practically the same as in 1937. In California, the area was reduced about 10,000 acres, being estimated in that State at 135,000 acres. The record production of southern rice was the result of a heavy yield of 47.3 bushels (nearly 10 barrels) per acre.

### **Market for 1939 Not Very Promising.**

Demand for United States rice in the coming year probably will not equal that of the past year. Domestic consumption probably will not differ greatly, and shipments to insular possessions are not likely to exceed the large tonnage of 1937-38. Exports probably will drop below those of the previous season, since about two-thirds of the 1937-38 exports went to Cuba under special tariff concessions which are not in effect this season.

With somewhat smaller consumption of American rice indicated for 1938-39, heavy stocks probably will again be carried over. Unless the crop is small in 1939, low prices are likely to continue into the next crop year.

## **Flax**

**FLAX APPEARS LIKELY TO GIVE A BETTER RETURN PER ACRE THAN SPRING WHEAT IN 1939, IF YIELDS OF BOTH ARE AVERAGE.**

A larger flax acreage may be expected in 1939 if flaxseed prices continue high relative to wheat. About 1,144,000 acres were seeded in 1938. The current crop is estimated at just under 8 million bushels. This crop provided less than one-third as much flaxseed as this country has used annually in the last 5 years.

The carry-over this year, including flaxseed in crushing plants, was the smallest since 1935. These stocks plus the crop give a total supply of 10,191,000 bushels, compared with 10,313,000 a year ago, and an average of 12,506,000 (1931-36).

## Soybeans

SOYBEAN PRODUCTION THIS YEAR HAS REACHED A NEW RECORD HIGH WITH ABOUT 47 MILLION BUSHEL, WHICH IS 14 PERCENT LARGER THAN THE 1937 CROP. MOREOVER, COMMODITIES WHICH COMPETE WITH SOYBEANS SHOW LITTLE REDUCTION FROM LAST YEAR'S LARGE SUPPLIES.

It appears, therefore, that prices of soybeans to growers during the coming year may run somewhat lower than the average of 84 cents a bushel last year. At present (October), prices are 10 to 15 cents a bushel under last year. The price outlook for soybeans is largely dependent on the outlook for soybean oil and meal, and the prices of these products are expected to average slightly below the low prices of last year. It does seem probable that the demand for soybeans late in 1939 will be somewhat better than during the current market season.

The 6,743,000 acres of soybeans grown alone for all purposes this year was 10 percent above last year's acreage and slightly more than the previous peak reached in 1935. About half the increase was in the North Central States, which produce most of the soybeans sold for crushing.

## Clover and Alfalfa Seed

THE PRESENT ACREAGE OF THE CLOVERS APPEARS PLENTY LARGE ENOUGH FOR SEED PRODUCTION FOR 1939, BUT THE ACREAGE OF ALFALFA FOR SEED IN NORTHERN SEED-PRODUCING DISTRICTS MIGHT WELL BE INCREASED.

The extent and condition of clover meadows at the end of the summer indicate that a rather large acreage of clover will be available for seed production in the summer of 1939. Unless widespread killing of clover occurs during the coming winter, or there is a severe drought in the spring of 1939, the present acreage of clovers for seed production appears to be ample.

Supplies of red and alsike clover seed this fall are much larger than a year ago, but are below average. Because prices of these seeds are very much lower than in 1937, sales are expected to increase considerably.

Supplies of sweetclover seed also are somewhat larger than in the fall of 1937, and prices are lower.

### Alfalfa Seed Supplies are Small.

Production of alfalfa seed in 1938 is estimated at 46.6 million pounds, or about 17 percent below 1937 and average (1932-36). The crop is much smaller than average in the northern seed-producing States. Growers this fall are receiving an average of around \$16.00 a hundred pounds, compared with about \$24.00 last fall and \$12.55, the 5-year average.



## Dry Beans

THE ACREAGE OF BEANS, PARTICULARLY PEA BEANS, UNDOUBTEDLY WILL BE DECREASED IN 1939, PRIMARILY BECAUSE OF THE LOW PRICES RESULTING FROM THE LARGE CROPS OF THE LAST 2 YEARS.

The total acreage of dry, edible beans this year is estimated at 1,691,000 acres, which is about 2 percent less than harvested last year, but slightly larger than average.

With an estimated crop of over 14 million bags (100 pounds), and a record carry-over, the total supply available for the 1938-39 marketing season is about 16.5 million bags. This is slightly smaller than that of a year ago, but about a fifth larger than average.

Apparently this country uses about 12 to 13 million bags of beans annually.

An acreage (1939) about the same as this year would, if yields are no larger than average, produce around 13 million bags—a crop about 13 percent less than in the two preceding seasons. Such a crop, together with the probable carry-over, would still provide a supply of beans about 2 million bags in excess of usual disappearance.

There is a fair prospect, however, that if acreage is reduced in 1939 as expected, if yields are average and if consumer incomes are better, bean prices in the 1939-40 season may be higher than in either of the two preceding seasons.

## Peanuts

RETURNS TO GROWERS FROM PEANUTS THIS YEAR APPARENTLY WILL BE SOMEWHAT BETTER THAN FROM COTTON AND OTHER COMPETING CROPS. THE RESULTING TENDENCY PROBABLY WILL BE TOWARD A LARGER PEANUT ACREAGE IN 1939.

Current prices of peanuts have resulted largely from the Agricultural Adjustment Administration program of diverting nuts to crushers.

### More Peanuts Than the Country Can Eat?

Unless yields are below average next year, the probability is that the 1939 crop will be larger than the edible trade can absorb at around current prices. Thus the marketing situation in the 1939-40 season will again depend to an appreciable extent on peanut oil prices.

The oil price is influenced by supplies and prices of cottonseed oil and lard. With the prospect for a reduction in stocks of cottonseed oil, it appears that the combined supply of cottonseed oil and lard in 1939-40 will be smaller than this year. These smaller supplies, together with improved demand conditions, probably will result in a somewhat better outlet for peanut oil in 1939-40.

## Tree Nuts

THE TREND OF PRODUCTION OF TREE NUTS IS EXPECTED TO CONTINUE MODERATELY UPWARD DURING THE NEXT FEW YEARS.

WILD AND SEEDLING PECANS ARE THE ONLY TREE NUT CROPS OF WHICH THE PRODUCTION IS NOT EXPECTED TO INCREASE.

### Current Crop Not Large.

The total crop of 1938 is expected to amount to approximately 84,900 tons. This is 30 percent under the 1937 crop and slightly below the previous 5-year average.

The crop comprises English walnuts, 45,200 tons; pecans, 25,400 tons (improved varieties, 9,840 tons; wild and seedling pecans, 15,570 tons); almonds, 12,100 tons; and filberts, 2,200 tons.

**Some Recovery in Almond Prices; Walnuts and Pecans Down.**

Since the low levels of 1931, prices of walnuts and improved pecans have declined slightly further. The prices of wild and seedling pecans have varied widely, but the average level remains low.

Almond prices, on the other hand, were high in 1935 and 1936, and even last year, with a bumper crop, they remained well above their depression lows.

In view of the prospect for further increases in the production of tree nuts, it does not seem probable that their prices to growers during the next few years will average much above the present levels.

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## **Feed Crops.**

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### **Feed Grains**

THE TOTAL SUPPLY OF ALL FEEDS WILL AGAIN BE LARGE FOR THE WINTER AND SPRING FEEDING SEASONS, AS A RESULT OF A GOOD GROWING SEASON AND A LARGE SUPPLY OF FEED GRAINS AND HAY CARRIED OVER FROM LAST YEAR.

#### **Feed Supplies Ample.**

Though livestock numbers have increased somewhat this year, the number of grain-consuming animal units at the beginning of 1939 is expected to be about 8 percent below the average for the pre-drought years 1928-32. The supply of feed grains per animal unit, therefore, will again be well above average, though slightly less than last year. The supply of hay per animal unit will be the second largest in 30 years.

Large supplies and relatively low prices of feed grains are expected to encourage liberal feeding of livestock, as well as further increases in the production of all kinds of meat animals—especially hogs and fat cattle—and of dairy and poultry products.

#### **High Protein Feeds Still Above Average Supply.**

The indicated supply of oil-seed cake and meal for feed uses is about 3,150,000 tons for the coming season. Although large, this is 15 percent less than the record supplies that were available for feed last season.

Total supplies of cottonseed cake and meal will be much smaller than they were last season.

Soybean cake and meal supplies for 1938-39 will be the largest on record.

Supplies of linseed cake and meal for domestic use in this coming feeding season are expected to be slightly larger than a year ago.

There will probably be slightly more gluten feed and meal this season than last and the same is true of brewers' dried grains and dried beet pulp. The production of distillers' dried grains may be smaller.

### **Corn**

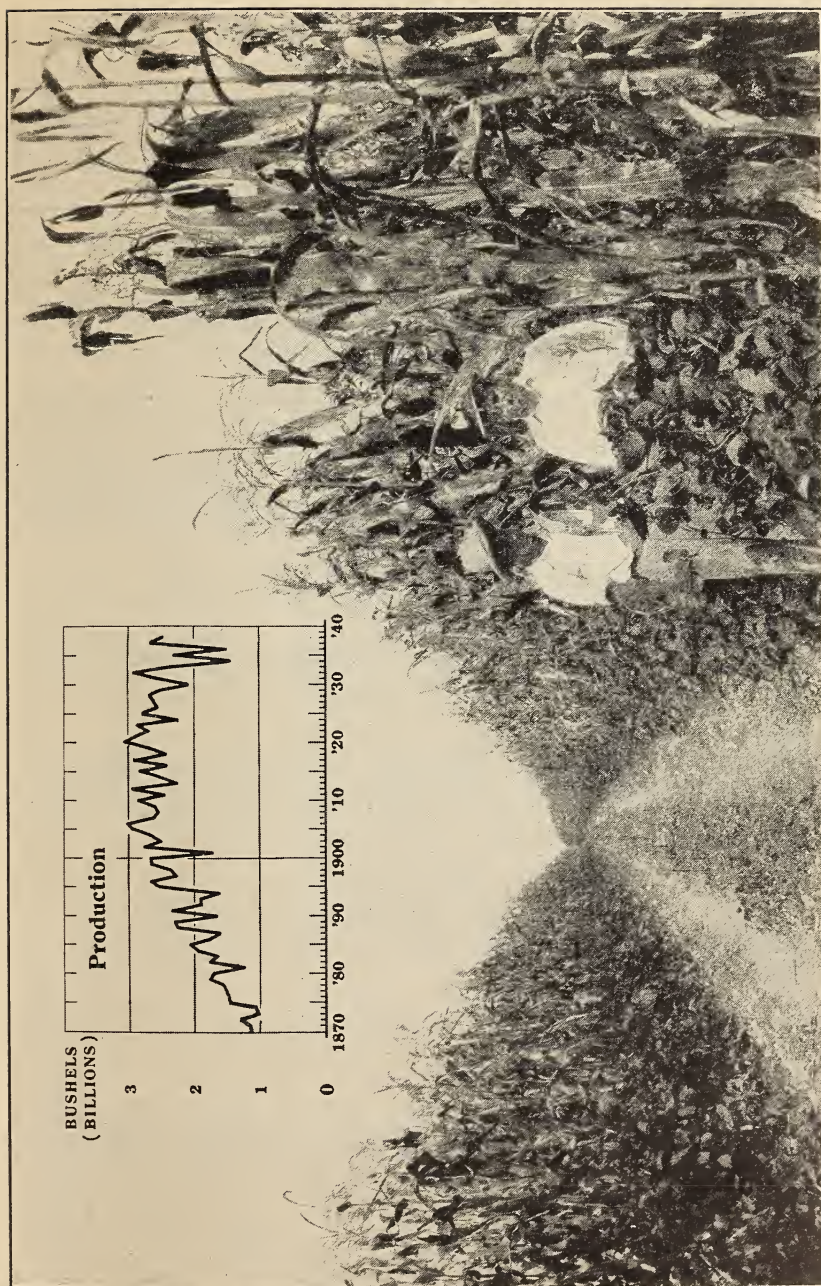
THE TOTAL SUPPLY OF CORN THIS FALL IS ABOUT 2,821 MILLION BUSHEL. THIS COMPARES WITH A TOTAL SUPPLY OF 2,711 MILLION BUSHEL LAST YEAR. THERE IS AMPLE CORN THIS FALL FOR THE LIVESTOCK IN NEARLY ALL SECTIONS.

The current crop is estimated at 2,459 million bushels and the carry-over from last season, 362 million bushels.

While the drought during August cut corn yields in Nebraska and sections of Missouri, South Dakota, and Kansas, livestock numbers are low in much of this area and the feed supply per animal unit may be not far from average.

In the eastern Corn Belt, livestock numbers are about average, while supplies of feed grains are above average.





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 Figure 8.—The 1938 corn crop is estimated at about 2,460 million bushels—slightly under last year. Dry weather again cut the yield in parts of the western belt and the general conditions of the past few years that have restricted feeding in that area have been repeated.

### **Large Crop Again in Eastern Belt, Scarcer in West.**

In other words, the general conditions of the past few years that have restricted feeding in the western Corn Belt but have led to some expansion in the eastern Belt, have been repeated again this year, and this will tend to retard the movement back to a normal geographical distribution of livestock production and feeding.

In most areas outside of the Corn Belt, feed grain production has been maintained near the pre-drought level or above.

## **Oats**

**THE SUPPLY OF OATS THIS YEAR IS SLIGHTLY ABOVE LAST YEAR BUT SLIGHTLY UNDER AVERAGE (1928-32).**

The crop this year of 1,042 million bushels was a little below last year but this was more than offset by a larger carry-over.

### **Less Oats but Fewer Horses to Eat It.**

Oat production throughout the Central States has declined considerably in the last half dozen years. Nevertheless, the number of horses has decreased so much during this period that, taken together with the reduction in other livestock as a result of the drought, the supply of oats per animal unit is not a great deal different from that of the pre-drought period.

## **Barley**

**THE CURRENT CROP OF BARLEY AMOUNTS TO SOME 253 MILLION BUSHELS. THIS IS ABOUT 33 MILLION LARGER THAN LAST YEAR, AND THE CARRY-OVER ALSO WAS ABOUT 10 MILLION LARGER.**

### **More Barley Than a Year Ago.**

In other words, there is a total supply of barley this fall about 43 million bushels larger than last fall. The indicated yield and acreage of barley both are larger this year than last in most of the important barley States of the Midwest.

## **Grain Sorghums**

**THE CURRENT GRAIN SORGHUM CROP (111 MILLION BUSHELS) IS 14 MILLION OVER LAST YEAR.**

It is above the previous 10-year average in practically all of the important producing States, with the greatest percentage increase in Nebraska.

## **Hay**

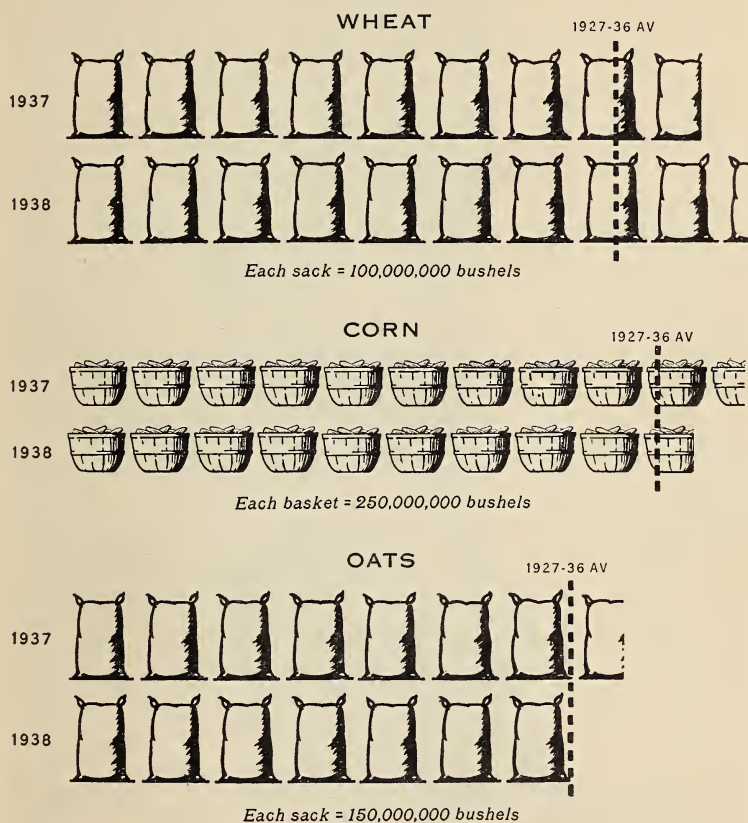
**THE HAY AND PASTURE SITUATION CONTRASTS SHARPLY WITH THAT OF RECENT DROUGHT YEARS. PASTURES HAVE BEEN GOOD AND HAY-MOWS ARE FULL TO OVERFLOWING. NOT ONLY WAS THE 1938 CROP THE LARGEST IN 10 YEARS, BUT A LOT OF HAY WAS CARRIED OVER FROM A YEAR AGO. THE SUPPLY OF HAY PER ANIMAL UNIT FOR THIS COMING FEEDING SEASON IS THE SECOND LARGEST IN 30 YEARS.**

With good fall pastures, plenty of feed grains, and an abundance of hay, it is reasonable to expect that stocks of hay on farms will be large next spring.

## 1938 HARVEST: CORN, OATS, AND WHEAT

BUREAU OF AGRICULTURAL ECONOMICS

OCT. 1 CROP REPORT



BAE 32667

Figure 9.—For the coming feeding season, the supply of feed grains per animal to be fed will again be well above average. It will encourage liberal feeding, as well as further increases in production of meat animals, especially hogs and fat cattle, and of dairy and poultry products.



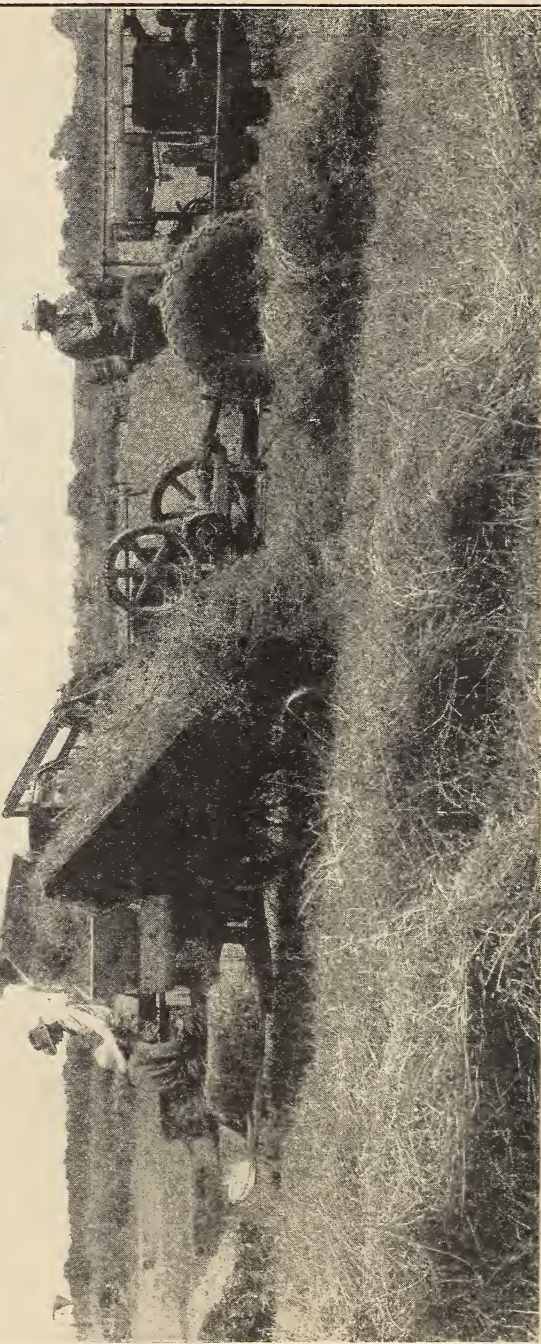
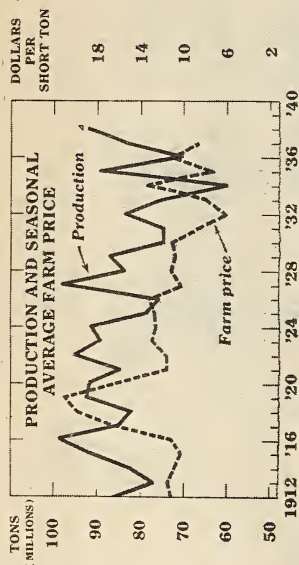


Figure 10.—Haymows this fall are full to overflowing. The supply of hay per animal to be fed is the second largest in 30 years. The farm price of hay has been going in a downhill direction for a long period of years—the result in large part of the displacement, by machinery, of about half the country's horses.

BAE 36246

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## **Livestock and Livestock Products.**

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### **Meat Animals and Meats**

RELATIVELY LARGE FEED CROPS THESE LAST 2 YEARS WILL RESULT IN FURTHER EXPANSION IN LIVESTOCK PRODUCTION AND FEEDING IN 1939.

#### **Pork on the Increase.**

There will probably be some increase in the total meat supply in 1939, and it will be practically all in pork, as production of beef and veal is expected to be smaller next year. Total meat supply will still be somewhat below the average of the 5 years preceding the 1934 drought.

The increase in pork production will represent a partial recovery from the drought situation of 1934 and 1936. The decrease in slaughter of cattle and calves, on the other hand, will result largely from farmers withholding cows, heifers, and calves from market.

Consumer demand for meats in 1939 is expected to improve somewhat, and this improvement in demand will partly offset the effect of larger meat supplies. Consumer demand for meats weakened considerably last winter and spring, but in the past 2 or 3 months, it has tended to strengthen as industrial employment has increased.

#### **More Meat in the Next Few Years.**

If feed output continues near the level of the last 2 years, the trend in livestock production and meat supplies will be upward for a few years after 1939. It is possible that by about 1940 or 1941, meat production will come back up about to the pre-drought level of 1929-33.

### **Hogs**

THE SUPPLY OF HOGS COMING TO MARKET IN THE 1938-39 SEASON WILL BE MATERIALLY LARGER THAN IN THE PREVIOUS SEASON, AND WEIGHTS WILL CONTINUE HEAVY.

#### **Number of Pigs Increasing.**

The 1938 pig crop—spring and fall crops combined—is about 12 percent larger than that of 1937. The upswing in hog production this year is primarily a result of the abundant feed supplies produced in 1937 and the low price of corn relative to hogs. With feed conditions favorable, a further increase is expected in the number of pigs raised in 1939. However, the increase in next year's pig crop will be limited to some extent by the fact that the corn crop is again short in Kansas, Nebraska, and South Dakota.

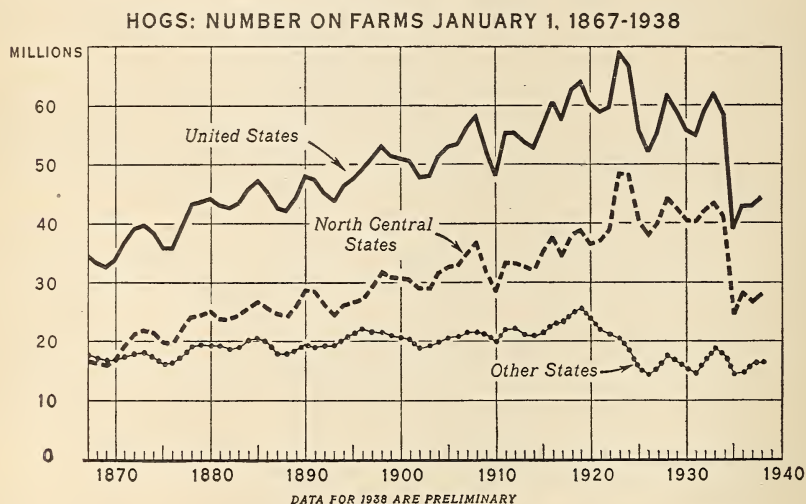
If the corn crop next year is about as large as the current crop, the number of pigs raised in 1940 may come back up to about the level of the pre-drought years.



### Probably 3 Million More Hogs to Slaughter This Season.

On the basis of present information as to the pig crop and taking into account the early market movement of 1938 spring pigs, it appears probable that hogs slaughtered under Federal inspection in 1938-39 will total between 37 and 38 million head, compared with 34.6 million head in 1937-38.

During the first three quarters of the current marketing year, more hogs will be sold than in the like quarters a year earlier. In the last quarter of the year, any increase probably will be relatively small unless there is again an early market movement of spring pigs in the late summer. Seasonal changes in hog marketings in the first half



BAE 34149

Figure 11.—The 1938 total pig crop was about 12 percent larger than in 1937. This represents the come-back after the droughts and feed shortage in the Corn Belt. With feed supplies back at normal levels, it is expected that the number of hogs in the Corn Belt will increase considerably in the next year or two.

of the season, which began October 1, may be rather similar to those of the previous year. A fairly large seasonal increase is now in progress. In the late winter and early spring, a seasonal decrease in the marketings may occur, similar to that of a year earlier.

### Small Stocks of Pork in Storage.

At the beginning of the present marketing year, October 1, 1938, stocks of pork were near record low levels, but stocks of lard were somewhat larger than a year earlier. It seems probable that the demand for hog products for storage may be somewhat stronger this fall and winter than a year earlier, when it was very weak.

### Exports up Slightly But Still Small.

Last year (1937), exports of pork and lard were equivalent to only about 2 million hogs, or about 5 percent of the inspected hog slaughter. They had dropped to this figure from a level equivalent to about 7 million hogs, the average export in the period 1926-30.



So far in 1938, exports of both pork and lard have been materially larger than a year earlier, but despite this increase total exports in 1938 will be smaller than in all other post-war years prior to 1934.

Our exports of pork are going largely to Great Britain. On the Continent, the outlet for American hog products continues to be limited by import and exchange restrictions.

### **Price Outlook None Too Encouraging.**

A year ago hog prices made one of the sharpest declines on record. From August to December 1937, prices of butcher hogs at Chicago dropped from about \$13.00 to \$7.85. This was a result of a large seasonal increase in hog marketings, along with marked weakness in consumer demand. Prices strengthened during the early months of this year and by late July were about \$9.65. Since then the trend has been downward, reflecting an unusual increase in marketings in August and September.

Looking ahead, it is expected that while there will be some improvement in demand, this will hardly offset the effects of the larger supplies upon prices of hogs.

With abundant feed supplies in most areas, the proportion of heavy hogs will again be large. This probably will mean a rather wide spread again between prices of light and heavy hogs, although it may not be as wide as it was last winter.

### **Pork Production up by 1941.**

Looking ahead still further, it is expected that there will be some decrease in cattle slaughter during the next few years, but it probably will not be as large as the increase in hog supplies. Thus, the trend in meat production will be upward, and by about 1941 it is probable that total meat production will be as large as the average in years immediately preceding the 1934 drought.

Whether this upswing in hog slaughter and in total meat production will be accompanied by a downward trend in hog prices will depend quite largely upon the income of domestic consumers, and to some slight extent upon the foreign demand for American hog products, especially lard.

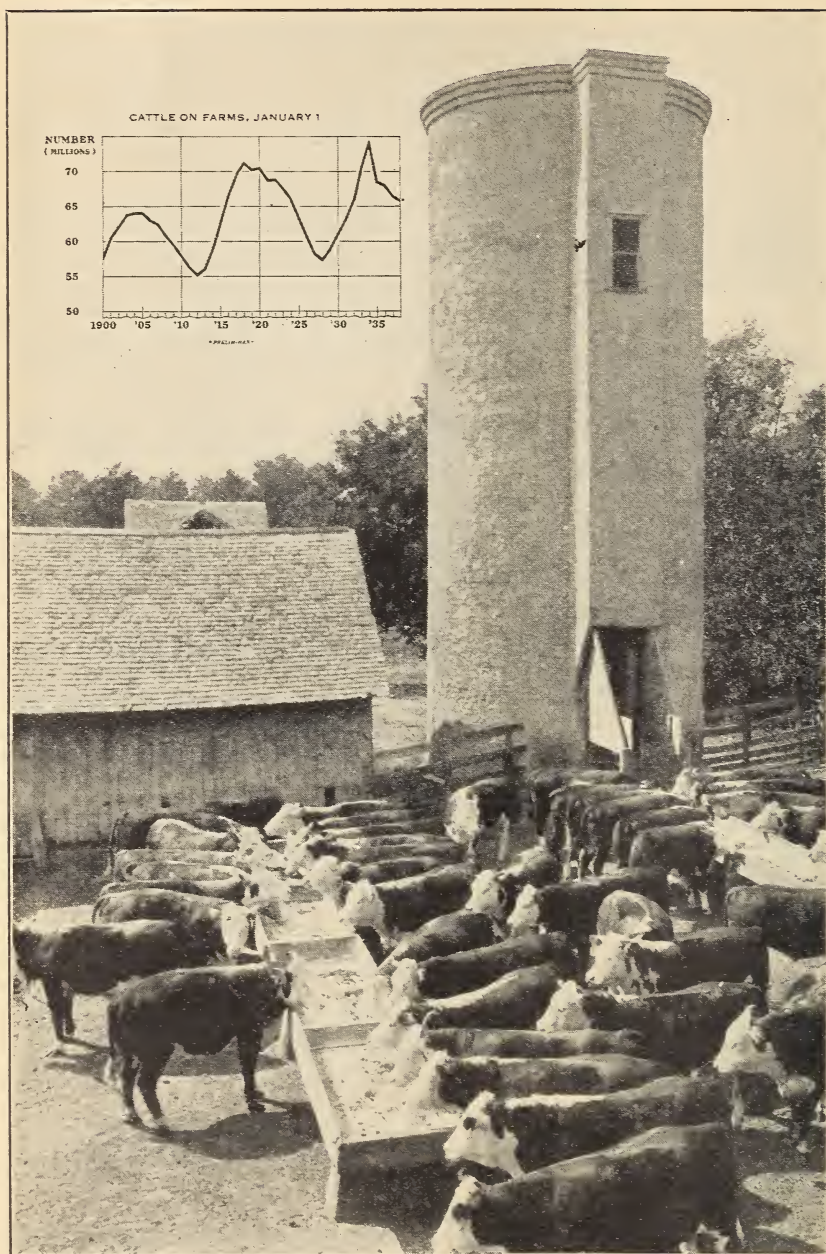
## **Beef Cattle**

**TOTAL SLAUGHTER OF BOTH CATTLE AND CALVES IN 1939 IS EXPECTED TO BE SMALLER THAN IN 1938. THE REDUCTION WILL BE MOSTLY IN CALVES AND BREEDING STOCK, AS STEER SLAUGHTER PROBABLY WILL SHOW LITTLE CHANGE.**

Average weights are expected to be heavier and the general finish higher than in the previous year, but total beef supplies for consumption probably will be somewhat smaller.

### **Probably Some Increase in Cattle Feeding.**

Some increase in cattle feeding is anticipated, in view of the large supplies and relatively low prices of feed. However, demand for cattle for restocking and expansion of herds, and the smaller number of feeder animals generally available will tend to prevent any large increase in the number of cattle fed.



BAE 36247

Figure 12.—The production of cattle tends to run in a fairly definite cycle. It is considered that the numbers are now at the low point of the current cycle, and that the slight increase which is likely to take place next year will start a new upswing in production.



### **What Price Beef?**

Some expected improvement in consumer demand, as well as the reduction in output of beef, will be on the side of stronger prices next year. On the other hand, the larger supply of hogs and of all meat will press toward lower prices.

The spread between prices of the upper and lower grades of cattle probably will continue rather narrow, in view of somewhat larger market supplies of grain-fed cattle and smaller marketings of cows and heifers in 1939. Prices of cows, particularly, are likely to stay fairly high in relation to prices of other kinds of slaughter cattle.

### **Production Cycle Heading Upward.**

The number of cattle on farms at the beginning of 1938 was estimated at 65,930,000 head. It is expected that by the beginning of 1939 this number will have increased about 1 percent. This increase is expected to be the first phase of a new cycle of cattle production, which, barring serious droughts, is expected to continue for several years.

The rate and extent of the prospective expansion in cattle numbers during this new cycle cannot be accurately predicted at this time, but it appears unlikely that numbers will reach as high a peak as they did in early 1934, the peak of the last cycle. Expansion will take place largely in the Great Plains States, where cattle numbers were greatly reduced as a result of the droughts of 1934 and 1936. Some increase also probably will occur east of the Mississippi River, especially if there is further diversion of land in this area from food and fiber crops to grass.

The expansion in cattle numbers will be accomplished largely by holding cattle back from slaughter, which, for the next few years, will result in decreasing slaughter supplies of cattle and calves from recent levels. Nevertheless, the trend of hog slaughter and of total meat supplies during the period of increasing cattle numbers is expected to be upward, regardless of a reduction in cattle slaughter. The increase in total meat production may result in a downward trend in cattle prices in the next few years, even though slaughter of cattle should be reduced.

## **Sheep and Lambs**

**THE TREND IN SHEEP NUMBERS IN THE UNITED STATES PROBABLY WILL BE UPWARD DURING THE NEXT FEW YEARS. WITH FAVORABLE WEATHER AND FEED CONDITIONS, SOME INCREASE IS PROBABLE IN THE WESTERN STATES AND IN THE NATIVE SHEEP STATES AND IN TEXAS.**

The expansion in sheep numbers probably will be reflected in increased production of wool. The lamb crop, however, is affected considerably by feed supplies and weather conditions during the lambing season. Conditions as generally favorable as those last spring are very unusual; consequently the 1938 lamb crop may not be equaled for several years, even though sheep numbers increase.

### **Record Lamb Crop in 1938.**

The 1938 lamb crop was 5 percent larger than that of 1937 and was the largest crop on record. This increase already has been reflected



in heavier marketings of lambs thus far in the present marketing year, which began last May.

At the beginning of 1938 there were slightly under 47 million stock sheep and lambs on farms in the United States. The number of stock sheep in the Western States, excluding Texas, was the smallest since 1927. Texas, however, had a record number of sheep.



BAE 36248

Figure 13.—Sheep numbers in the United States probably will increase somewhat during the next few years. While this means probably somewhat more wool, it does not necessarily mean larger lamb crops than in 1938, when conditions were unusually favorable. Better demand conditions are expected to help the lamb market in the coming year.

### Lamb Feeding This Winter Uncertain.

The number of lambs that will be fed this winter is rather uncertain. Though feed is abundant in most feeding areas, comparatively few feeder lambs had been bought before mid-September. Apparently the poor returns from last year's feeding operations have discouraged some feeders.

### Better Consumer Demand Will Help the Market.

Some improvement in consumer demand is expected during the coming year, and any increase in lamb supplies that may occur is not likely to be large enough to offset this. Consequently prices of fed lambs in the coming marketing season probably will average no lower, and may average higher than a year earlier.

## Wool

**PRESUMABLY WOOL PRODUCTION IN THIS COUNTRY WILL INCREASE SOMEWHAT DURING THE NEXT FEW YEARS, IN LINE WITH AN INCREASED NUMBER OF SHEEP.**

### **Mills Gradually Taking More Wool.**

Domestic mill consumption of wool has risen considerably from the low level of last spring, and wool prices in this country have risen moderately since June. Available supplies of wool in this country and abroad are larger than a year earlier.

During the coming winter, mill consumption of wool in the United States is likely to be considerably larger than a year earlier. If imports remain small, as now appears likely, such an increase in consumption probably will leave stocks of wool on hand next spring smaller than those of a year previous.

### **Prices Nearly High Enough to Bring in Imports.**

In the first half of 1938, the spread between domestic and foreign prices was considerably less than the tariff, and imports of wool have been very small. But with the recent rise in domestic prices, the spread has widened, and now it is not much less than the tariff.

Any further increase in mill consumption during 1939 will be a supporting influence to prices. But unless there is some rise in foreign prices, any advance in the domestic price of wool in the coming year will be rather moderate.

### **World Wool Production Down Slightly in 1938.**

Preliminary estimates indicate that world wool production in 1938 will be slightly smaller than that of 1937. World production in 1937 totaled 3,487,000,000 pounds, which was about 1 percent larger than in 1936, and was the largest production in recent years.

## Mohair

**THE MOHAIR SITUATION HAS IMPROVED SINCE LAST SPRING. PRICES HAVE RISEN CONSIDERABLY. THE DEMAND FOR MOHAIR FROM THE AUTOMOBILE INDUSTRY PROBABLY WILL BE MORE FAVORABLE IN 1939 THAN IN THE CURRENT YEAR.**

Production of mohair this year appears to have been at least as large as, and perhaps larger than, in 1937. It is expected, however, that by the end of 1938 the total supply of mohair in the United States will be no larger, and may be smaller than a year earlier.

The number of goats on hand at the beginning of 1939 is likely to be slightly larger than a year earlier.

### **Mohair Production Fairly Well Stabilized.**

From 1924 to 1931, domestic production of mohair increased from 10 million pounds to more than 19 millions. Most of this increase was in Texas, which is by far the leading mohair-producing State. Since 1931, production has ranged between 15 and 17 million pounds.

Imports of mohair have been relatively small in recent years, exceeding 1 million pounds in only 2 years since 1929.

Apparently in the past 5 years mohair production has been sufficient for domestic needs, and any marked increase in number of goats and in mohair production from present levels would reduce, if not destroy, the effectiveness of the present tariff on mohair, unless there is an increase in the domestic demand.

## Dairy Products

**THE DAIRY INDUSTRY IS BEGINNING TO EXPAND AGAIN. THE DECLINE IN THE NUMBER OF MILK COWS WHICH STARTED IN 1934 HAS BEEN CHECKED, AND AN INCREASE IN NUMBERS IS IN PROSPECT.**

The number of milk cows on farms at the beginning of 1938 was estimated to be 24,902,000 head, or 7.5 percent less than the excessively high number at the beginning of 1934.

### **Gradual Increase Beginning.**

The probable increase in the number of milk cows in 1938 will be less than 1 percent. Some 4,923,000 yearling heifers were on hand at the beginning of 1938, most of which have come into production.

The number of heifers 1 to 2 years old on hand at the beginning of 1939 probably will be about 5,100,000 head. This would permit about a 2 percent increase in milk cows in 1939, if culling goes on at the average rate.

### **More Cows by 1940.**

A survey of heifer calves saved last spring suggests that the number of heifers which will be added to milking herds in 1940 may be around 5,400,000 head, equal to about a fifth of the expected number of cows at that time. This would be decidedly more than enough to provide normal replacements.

Evidently farmers are prepared to increase the number of milk cows, and perhaps other cattle, about as rapidly as they did during the 1929-33 period. The rapid increase in numbers at that time resulted in a marked decline of cattle prices as compared with the general level of commodity prices.

### **Ample Feed Supplies Favor Milk Production.**

The supply of feed grain now on farms and crops being harvested per animal unit for the 1938-39 feeding season will be the second largest in more than a dozen years. Hay supplies also are unusually large. In other words, the feed situation favors milk production.

Total milk production during 1937 amounted to 103 billion pounds and in 1938 probably will be 4 or 5 percent larger. This represents a record output, nearly 3 percent above the previous peak in 1933. With allowance for the steady increase in population, it would give a per capita production about as high as in the years 1931-33, which were the highest in the past decade.

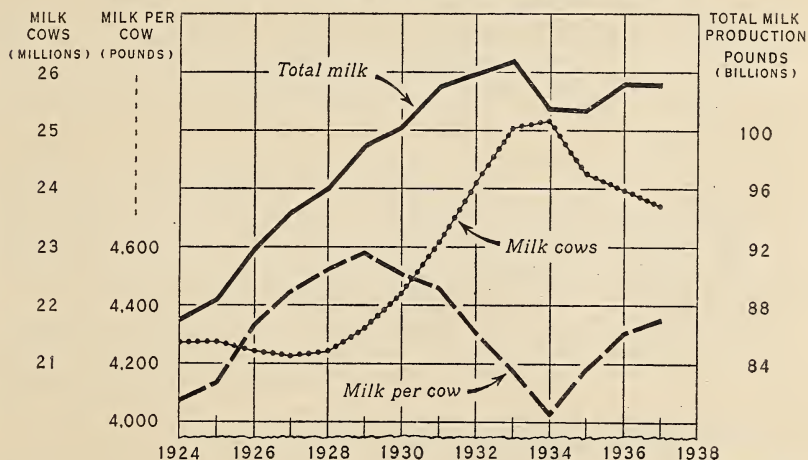
Milk production this coming winter is expected to be the largest on record; on a per capita basis it will be probably about 3 percent above the 10-year average.



### Consumption of Milk and Cream Off.

In recent years, about 30 percent of the total milk production has been consumed as fluid milk and cream. Receipts of milk and cream at the three principal eastern markets, New York, Boston, and Philadelphia, declined sharply during the first half of 1938. Even though consumer incomes may improve and milk production is heavy, it seems probable that the consumption of milk and cream in cities and villages during the winter of 1938-39 may not be greatly different from last winter.

MILK COWS, MILK PRODUCTION PER COW, AND TOTAL MILK PRODUCTION ON FARMS, UNITED STATES, 1924-37



BAE 34574

Figure 14.—It is expected that the number of dairy cows will increase about 1 percent in 1938. Production per cow has been moving upward as feed supplies have been replenished since the 1934 shortage. Total milk production in 1938 probably will be slightly above the previous record output of 104.8 billion pounds in 1933.

With business recovery, the longer time outlook, however, is for increased consumption.

### Larger Output of Butter, Cheese, Canned Milk.

The output of the principal manufactured dairy products in the first 8 months of 1938 was 9 percent larger than the heavy production of a year earlier. Creamery butter production was up 8 percent, cheese 12 percent, and evaporated milk 11 percent. Consumption of these products, on the other hand, apparently was about the same. Storage stocks increased rapidly to new high levels.

### Large Stocks to Come to Market.

On an annual basis the consumption of manufactured dairy products in the United States is about the same as production. Imports and exports are relatively small. There is little or no tendency to carry over stocks from one storage season to the next. Thus, the large stocks now on hand will mostly be moved into consuming channels during the remainder of the storage season, which ends about May 1.

### **Butter All Gets Eaten at Some Price.**

The consumption of butter in 1936 and 1937 averaged 16.7 pounds per capita. This was 9 percent less than in 1934, and 5 percent less than the 1924-29 average. Changes in consumer incomes and pay-rolls affect the price of butter but have little or no effect on the annual volume of consumption. What is produced is consumed.

The consumption of butter probably will increase from the relatively low level of the last few years. During the last 35 years, there has been no consistent tendency toward either increase or decrease in the per capita production and consumption of butter.

### **Prices Down.**

Prices of dairy products reached a recovery peak the latter part of 1937, averaging then the highest since 1930. During the first half of 1938, however, when dairy production increased to new high levels and the depression became more serious, prices of manufactured dairy products declined sharply, weakening the price structure in fluid milk markets.

Since 1924, the production of milk has fluctuated between 806 and 855 pounds per capita. Production in the peak year was only 6 percent larger than the low. This is a very stable level of production as compared with most other important agricultural or industrial products. Most of the fluctuations in the annual prices of dairy products have been due to factors other than the supply.

With prospects for heavy milk production, any marked improvement in milk and butter prices this coming year will depend upon a further rise in urban prosperity or in the general level of commodity prices.

### **More Dairying North and South in Coming Years.**

Although the long-time trend of milk production has been upward about parallel with population growth, marked differences in trend have existed between areas and are to be expected in the future. Moderate increases are to be expected in the northern dairy States from New England west through Minnesota, and in the South, particularly along the northern edge of the Cotton Belt, and in Texas. Over the somewhat longer term, it may be anticipated that fundamental readjustments in Corn Belt agriculture also will expand dairy production in that region.

## **Chickens and Eggs**

THE NUMBER OF LAYING HENS IN 1939 IS EXPECTED TO BE ABOUT 10 PERCENT LARGER THAN DURING 1938. EGG PRODUCTION IS LIKELY TO BE HEAVIER, ALSO, BECAUSE OF THE INCREASING NUMBERS OF LAYERS AND A FAVORABLE FEED SITUATION.

The feed situation is expected to favor poultrymen, at least through next summer. This will be a stimulus to the number of pullets saved for layers this fall, the size of the spring hatch, and the rate of feeding for egg production through the season.

### **More Chicks Will be Hatched Next Spring.**

A further increase in number of chicks hatched, over the relatively large hatch of 1938, is likely next spring.

Beginning in 1925, a 3-year cycle in number of chickens raised has been evident. Since the low point in the present cycle was reached in 1937, it is expected, if the 3-year tendency is continued, that the high point will be reached in 1939.

### **Probably More Broilers.**

The number of broilers to be raised this fall and winter will be larger than a year ago, judging from reports from the broiler-producing areas of Delaware, Maryland, Virginia, and the Midwest.

### **Cold-Storage Stocks Low.**

Cold-storage stocks of eggs at the peak of the 1938 season (August 1) were less than a year previous by about 2¼ million cases (or 26 per cent), and the lightest since 1916. The probability is that the favorable outcome of the current storage operations will result in an increased demand for eggs to be stored next spring.

Stocks of frozen poultry at the peak in early 1939 are expected to be heavier than in 1938, although lighter than the record holdings of 1937.

### **Egg Prices May Weaken in Late 1939.**

Egg prices during the early part of 1939 will be strengthened by the small carry-over of storage eggs at the beginning of the year, together with a prospective improvement in consumer demand.

During the last half of 1939, however, the egg market may be somewhat weaker than in 1938, because of the increased supply of eggs.

### **Poultry Industry All Set to Expand.**

The longer time outlook in the poultry industry suggests that over the next 4 or 5 years production is likely to swing upward from the relatively low levels of the past several seasons.

The high point in numbers of chickens on farms, around 475 millions, was reached in 1928. Since that time, the number has declined to about 387 millions in 1938, as a result of drought and disturbing economic conditions. It seems reasonable now to expect some expansion again over the next few years, in view of the probability of more abundant feed, a tendency toward heavier laying per bird, and a continuation of the trend toward commercial flocks.

## **Turkeys**

**A FAVORABLE 1938 SEASON FOR TURKEY PRODUCERS, TOGETHER WITH ABUNDANT FEED AVAILABLE FOR NEXT SEASON, PROBABLY WILL RESULT IN A FURTHER INCREASE IN NUMBER OF TURKEYS IN 1939.**

On September 1, 1938, the number of turkeys on hand was estimated as about 4 percent larger than a year previous. It was, however, somewhat less than in 1936, which was the year of heaviest production. This season has been favorable, and it is reported that turkeys weigh a little heavier than a year ago. Marketing is expected to be earlier this fall.



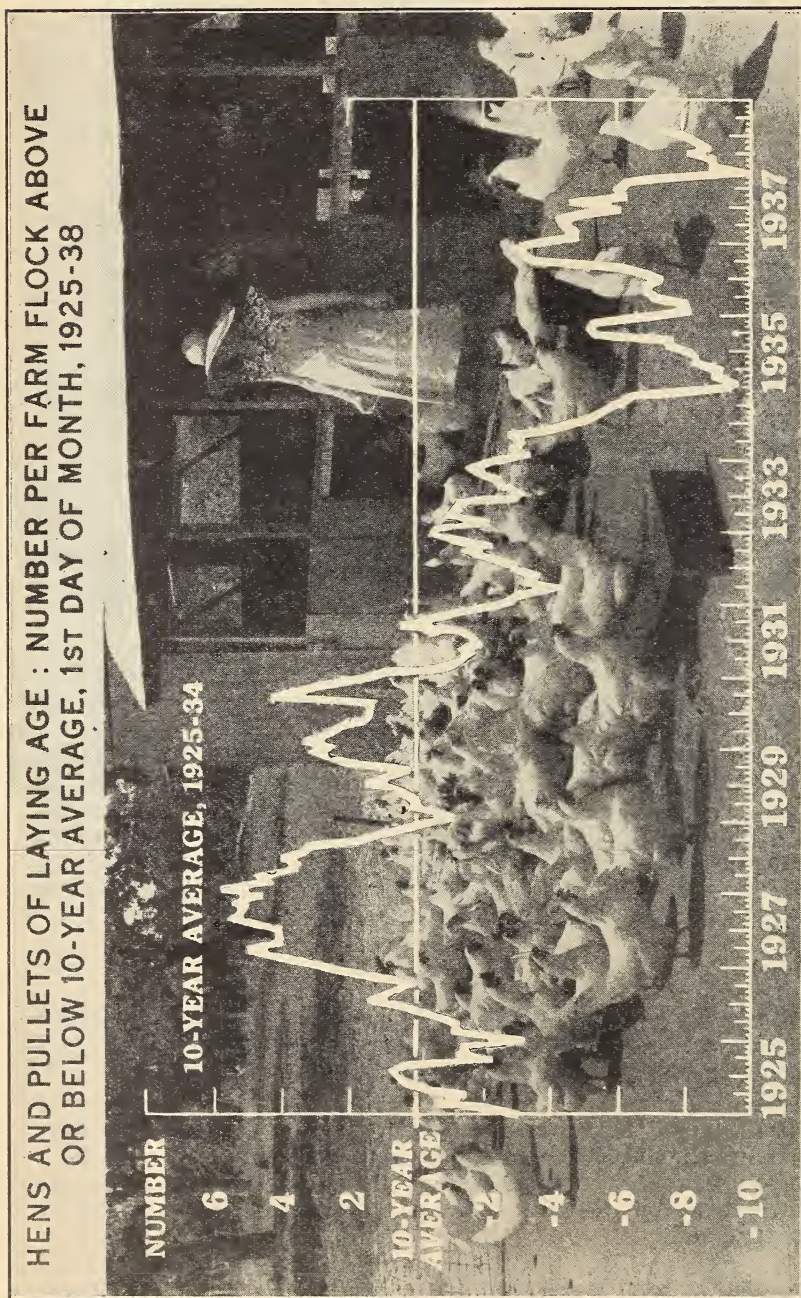


Figure 15.—Although the number of laying hens is still considerably below average, it is moving upward and is expected to be about 10 percent larger in 1939 than in 1938. More chicks will be hatched next spring, and the plentiful feed supply probably will mean heavier egg production. The current situation in farm flocks still represents, in part, the aftermath of droughts and feed shortage.

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Indications are that the outcome of the present turkey season will be at least as favorable to growers as it was last year, especially to those who buy their feed. The price of poults was lower, the season has favored better growth, cold-storage stocks are smaller, and the tendency to all-year-round consumption of turkeys is increasing.

## Horses and Mules

THE NUMBER OF HORSES AND MULES HAS BEEN DECLINING UNTIL THERE ARE ONLY ABOUT HALF AS MANY ON FARMS AS THERE WERE IN 1915. THE DECLINE PROBABLY WILL GO ON FOR SEVERAL MORE YEARS. PRICES, HOWEVER, HAVE DROPPED SOMEWHAT THIS PAST YEAR, AND COLTS RAISED TO BE SOLD 2 OR 3 YEARS HENCE ARE LIKELY TO MEET A STILL LESS FAVORABLE PRICE SITUATION.

At the beginning of 1938 there were only 11,163,000 horses on farms, half the number of 25 years ago.

The decrease in number of mules began in 1925, and at the beginning of 1938 there were 4,477,000 head on farms, or three-fourths as many as in 1925.

### More Colts But Not Enough Yet to Replace Old Animals.

The number of horse and mule colts under 1 year of age has been increasing since 1932. At the beginning of 1938 there were 832,000 head on farms—the largest number since 1924.

This production of colts last year, however, was still about 400,000 head short of the number that would replace the 1937 disappearance of work animals. Even with expected increases in the colt crops and smaller disappearance, it will still be several years before the decline in numbers of work animals will end.

### Prices Have Passed Peak But Are Still High.

Prices for horses and mules reached a 17-year peak in 1937, but for about a year past have been dropping off. Both smaller numbers sold and lower prices have featured the horse and mule markets during 1938. Lower prices were general for all classes of work horses, including draft horses, young mares, and geldings. The mule markets are slow this fall, partly because of the lower prices of cotton, with sales reported at \$25 to \$40 a head under a year ago.

It is still true, however, that prices of horses and mules, though actually lower than a year ago, are high enough in relation to prices of farm products in general so that they favor colt production.

### More Mechanical Power Coming Into Use.

Events of the last several years have created a number of changes in the farm power situation. Disease and old age have increased the death rate of work stock. Colt production has increased, but many of these colts are too young for work. Droughts in 1934 and 1936 resulted in high feed prices and in very short feed supplies in some areas. Farm labor, both hired and family, has become more mechanically minded. All this has resulted in less farm work being done by work stock and more by tractors and other mechanical power.

It seems probable that the number of horses and mules of work age will continue to decrease for several years, and that tractors will be used to do an increasingly large proportion of the work in farming.



With a general tendency to increase the acreages of forage crops and pastures, farmers may find it advantageous to raise colts for their own use, rather than to buy new work stock. Those, however, who are interested in raising colts primarily for sale 2 or 3 years from now probably will be confronted by continued strong competition from the use of tractors and by a less favorable horse and mule price situation than has existed during the last few years, but they will have a more favorable feed situation than during the drought period.





