



Keeping up on
The FARM
OUTLOOK

by

Karl Hobson
Associate Extension Economist

Extension Service
Institute of Agricultural Sciences
THE STATE COLLEGE OF WASHINGTON
Pullman Washington

Boom Tempered but Business Good

Off to a good start: This year began with high employment and business activity. Signs point to more gains because of things like the building boom and the big demand for cars and many other goods.

Investments abroad by U. S. citizens are already **slowing down** and so is the building of new industrial plants and equipment in this country.

Still high: Investments, however, in new factories, mines, oil wells, and other similar businesses have been at a high level. Some reduction can take place before investments are low enough to bring much of a depression. When people get stocked up on goods that last a long time, like homes, cars, refrigerators, etc., we are likely to have trouble. But it looks like that will take a while longer.

Fewer Dry Peas Needed

No support price of any kind will be available for the 1950 crop of dry peas. This makes the dry edible pea crop a big gamble this year. It seems most likely that the crop will be large enough to keep prices low. Drastic cuts in acreage, however, are possible since we have had two poor crops and one year of low prices. Here is the situation:

Total U. S. seedings of dry peas in 1949 were 367,000 acres. An especially poor growing season brought average yields of 975 pounds per harvested acre, the lowest in 9 years and the second lowest in 17 years. In spite of this, 3¼ million 100-pound bags of peas were produced.

More than needed: Even last year's small crop of 3¼ million bags seems to be more than peacetime markets will pay a good price for. It looks like markets in this country will take a little less than 3 million bags each year—about half for seed and half for food. Before the war they took less than 2½ million bags.

Exports are the big question. Before the war they averaged about 135,000 bags per year. Now they depend largely on how many the Army will buy for Germany and Japan—something we cannot forecast.

Watch for the planting intentions reports that will be out about March 20. If farmers intend to plant 257,000 acres or more, the crop is likely to be large enough to bring low prices unless growing or harvesting conditions are poor or unless the Army should buy heavily. On the other hand, if farmers show intentions to plant 250,000 acres or less the crop should be short enough to bring good prices.

The biggest cut is needed in the acreage of edible peas, since the seed demand is fairly stable. It looks like a cut of about 40 per cent below last year in acreage in the dry edible pea producing sections is needed.

Stocks of dry peas from crops earlier than 1949 were pretty well cleaned up last fall by the Army shipment to Japan.

DRY BEAN SUPPORT LOWER

The support price for dry beans on the 1950 crop will be 25c per hundred pounds lower than last year or around \$6.60 per hundred pounds in Washington for Small Reds and \$6.15 for Great North-erns. The support price will be available to producers who stay within acreage allotments.

Prices for the 1950 crop of dry beans probably will be at or near the support again. Only an unusually small crop could make them better, since the carryover from 1949's record bean crop will be large. Also, it looks like European demand for our beans will be weaker.

More Potatoes than Expected

Second highest per acre yield on record: This is how the 1949 potato crop finally turned out. The latest estimate places the size of the U. S. crop at 402 million bushels.

It is still 12 per cent smaller than the 1948 potato crop. But supplies are large enough in eastern areas to keep prices there near support. Total U. S. potato stocks on January 1 were 7 per cent larger than a year earlier and the second largest ever for that date.

Western late potatoes have fared better. The crop in Washington, Oregon, and Idaho, largely late Gems, is 20 per cent smaller than in 1948. Until late December, prices were 10 to 20 per cent higher than a year earlier. But January prices have not shown the usual seasonal advance because of heavy stocks in other areas. January 1 potato stocks in Idaho, Oregon, and Washington were 15 per cent smaller than a year earlier.

A smaller acreage of California early potatoes is indicated by the B.A.E. survey on planting intentions, 60,000 acres, 9 per cent below last year's 66,000.

Lower prices for late Gems next fall and winter: The B.A.E. January intentions survey shows that all U. S. growers of summer and fall potatoes are likely to cut acreage about 1 per cent. But Gems probably will be a bigger part of the total.

Europeans Want American Fruit

F. A. Motz, who is investigating fruit market prospects in Europe for the U. S. Department of Agriculture, makes these points in a recent report:

1. The demand for high quality fruit in Europe is greater than ever.
2. Local supplies of high quality fruit are short, especially in the northern countries.
3. We could sell large quantities of fruit to Europe if these two problems could be solved:
 - a. High European import controls.
 - b. Shortage of dollars in Europe. Denmark would like to earn more dollars by shipping us butter, but she is unable to do this now because of our embargo on butter.
4. When we do ship fruit to Europe, it is important that we send only the best qualities. Without our reputation for quality we could not compete with locally produced fruits.

Dairy Supports Continued

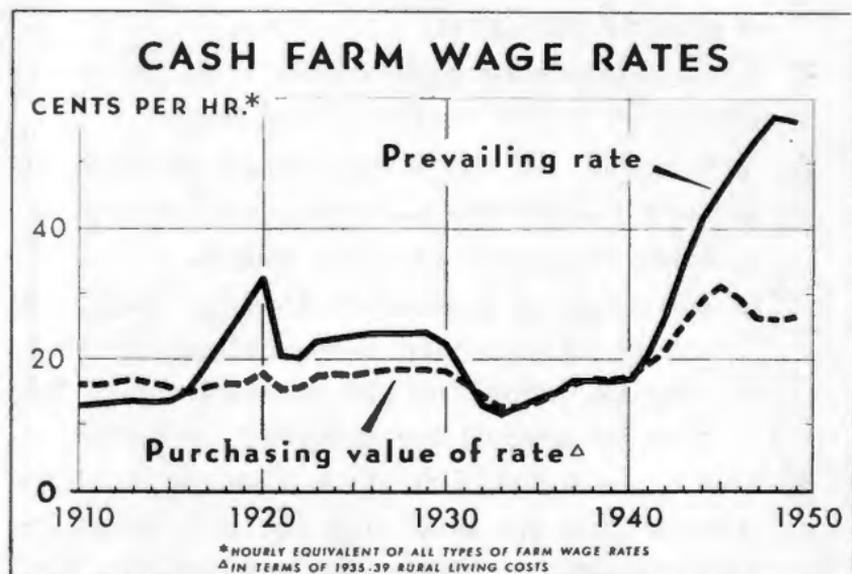
Butter, cheddar cheese, and nonfat dry milk will be supported at just about the present prices by the U. S. Government until March 31, 1951. Evaporated milk will be supported at \$3.95 per case. The Department of Agriculture will offer to buy these products at the announced prices in carlots anywhere in the nation. Support prices are 60c per pound for Grade A butter, 31c for Grade A cheddar cheese, 12½c for nonfat dry milk, spray type, U. S. extra, and 10½c for roller type.

Fairly stable prices for milk going into these products seem assured for the next 14 months. Some dairymen selling on fluid markets may get lower prices, however, if a larger part of their milk goes for manufacturing or if fluid markets weaken.

Looking farther ahead: Unless consumer demand is strong enough to take most of the dairy products at the support prices or better, dairymen can look forward within 2 or 3 years to one or more of the following: lower support prices, subsidized consumption at home or abroad, restrictions on production, or restrictions on marketings.

FARM COSTS MOVE SLOWLY

Down only 4 per cent from the peak in 1948, farm costs will not change much in 1950. Nearly all the drop that has taken place so far has been in farm wage rates, feed, and building materials.



Farm wage rates averaged the highest ever in 1948.

Farm labor and feed may cost a little less in 1950, but little change is expected in fertilizer, building materials, seed, and farm machinery. Better trade-in allowances may be secured on old machinery.

MORE CATTLE — FEWER LAMBS ON FEED

The number of cattle on feed in the entire U. S. on January 1 was about the same as the record high a year earlier, according to the B.A.E. survey. Feeding was down 16 per cent in the Western states but it was larger in most other areas.

But beef prices may not drop as much as they did last year. More of the cattle in feedlots are light in weight this year. They will make less total beef and a smaller proportion will be slaughtered in the next 2 or 3 months. This also indicates that the seasonal low in prices of fed beef may come 2 or 3 months later this year than last, when it was reached in early February.

Sheep and lambs on feed January 1 were reported as 7 per cent fewer than last year by the B.A.E. Additional gains in lamb prices between now and summer are almost certain.

What's New . . . What's Ahead

Another egg record: Total U. S. egg production in the month of December was the largest for any December. The same thing happened in September, October and November. The rate of lay and the number of hens is up.

Fewer chicks: Eggs in all U. S. incubators were 5 per cent fewer on January 1 than the record number a year earlier. But this would still make lots of chicks.

Lots of turkeys again: It looks like the 1950 U. S. turkey crop in 1950 may be as large as it was last fall. The B.A.E.'s report on turkey growers' intentions as of January 1 indicated a 1 per cent increase. The Western states indicated an 8 per cent drop, but this was more than offset by increases in the Midwest and East.

THE STATE COLLEGE OF WASHINGTON
AGRICULTURAL EXTENSION SERVICE
PULLMAN . . . WASHINGTON

E. V. Eckington
DIRECTOR

FREE--CO-OPERATIVE AGRICULTURAL
EXTENSION WORK

ACTS OF MAY 8 AND JUNE 30, 1914

10m-150

Permit No. 1206

Penalty for Private Use to avoid
payment of postage
\$300.00