

Keeping up on
**The FARM
OUTLOOK**

by

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Demand for Food Weakens

People have more money. Personal incomes in the U. S. increased about 8 per cent in 1948.

But they have more things to spend it on. During 1948 people bought nearly a million new homes, nearly 4 million new cars, and other things, such as furniture and appliances. Monthly payments are taking a bigger slice from incomes.

So less money is left for food. U. S. consumers spent 28 per cent of their incomes for food a year ago compared with 23 per cent before the war.

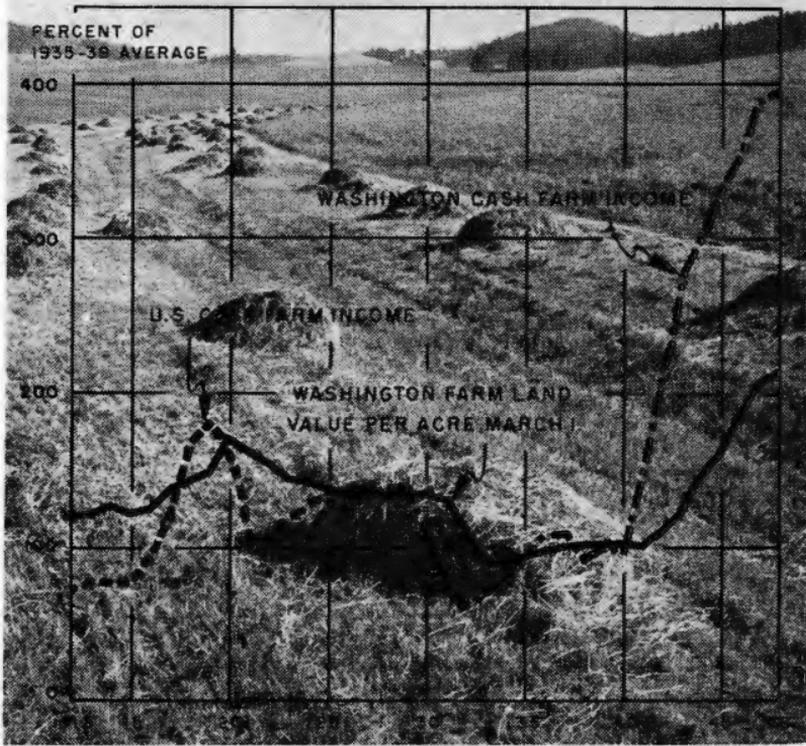
Are they changing back? Maybe part way.

1. Meat production in November and December, 1948, was 7 per cent less than a year earlier. But hog prices were about \$3 a hundred lower. Cattle prices were about the same as a year ago.

2. The price of butter dropped 20 per cent last fall during the season when butter usually advances.

But even 23 per cent of our present incomes adds up to a pretty good demand for food.

Washington Land Prices



The chart shows that:

1. Land prices in Washington are higher than ever before.
2. But they still are low in relation to farm income.
3. Land prices usually move in the same direction that farm income moved the year before.
4. Land prices fluctuate less than farm income.

They are the highest ever. Farm land in Washington is selling at higher prices than ever before. It is 25 per cent higher than the peak in 1920 and two and one-fourth times higher than the 1935-39 average. For the nation as a whole, farm land prices are 4 per cent above the 1920 high and two and one-eighth times higher than the 1935-39 level.

But they are not climbing so fast now. In Washington, land values increased only 1 per cent in 1948 as compared to 13 per cent each year between 1942 and 1947. For the nation as a whole, farm land values increased 8 per cent in 1948 as compared with the 1942 to 1947 average annual increase of 12 per cent. Also, fewer farms are changing hands now than was the case a year ago and in other recent years.

Prices at an *All-Time Peak*

What About the Future?

Land prices may go up some more in 1949 since the farm cash income was a little larger in 1948 than in 1947. Beginning about 1950, land prices may turn down because we expect farm income to be lower in 1949 than it was in 1948. But the decline in land prices may be moderate for a number of years because farm income has advanced so much more than land prices.

OUTLETS SHRINK FOR DRY PEAS

Half crop: Only about 3½ million bags of dry peas were produced in 1948. This is less than half the U. S. average in the previous 6 years. Yields were good but acreage was down because of the wet spring.

But support still is necessary: In spite of the short crop, the government has purchased a good many dry peas this season to support the market. Here's why: The foreign market has practically disappeared. It had taken over half the U. S. crop in recent years.

Support may be lower: The 1948 crop was supported at \$4.80 per hundred pounds for U. S. No. 1's. The 1949 crop may be supported anywhere between 90 and 60 per cent of parity. This would be from about \$4.70 to \$3.10.

More Eggs than Expected

Layers were fewer by 3 per cent in December than a year earlier for the nation as a whole.

But egg production was up 8 per cent. The reason was that the number of eggs laid per hen was up 11 per cent from the year before to a new all-time high for December.

Egg prices dropped in December because of the large supply. Grade A large eggs in Seattle dropped from 70¢ in early December to 57¢ on January 18. But eggs usually go down that much or more in midwinter as hens start to lay more.

On Washington farms layers averaged 14½ eggs per bird in December. Only the New England states exceeded this rate. Vermont was tops with 17 eggs per layer. The U. S. average was 10½.

MORE PIGS COMING

More hogs for market at lower prices were foreshadowed for 1949 by the Department of Agriculture's December pig survey. Last fall's pig crop for the nation as a whole was up 8 per cent from a year earlier. Next spring's pig crop was forecast at 10 per cent over last spring. This would be the third largest pig crop on record.

But pork will get scarcer and hog prices may go up moderately between now and April. The market probably will turn down again in April when hogs from last fall's larger pig crop start coming to market in volume.

The July and August bulge in hog prices probably will be considerably smaller than last year.

Supplies of pork and high-quality beef will be larger than they were last summer and consumer demand for meat probably will be a little weaker.

How sharp the decline in hog prices will be next fall and winter when the large spring pig crop is marketed depends mostly on how large payrolls are at that time. Fall and winter supplies of beef and lamb will be the smallest in many years. This will help cushion the decline.

The support price probably will be in the neighborhood of \$17.

Beans Are Plentiful

Price down: Dry beans from the 1948 Washington crop have been selling near support levels of \$7.95 per 100-pound bag for Great Northerns and Small Reds. This is about \$3.50 per bag less than a year ago. Reasons for the lower price are:

1. Large U. S. crop of 20.8 million bags. This is 25 per cent above the average of the past 10 years and almost equal to the record crop of 21 million bags in 1943.

2. Lower foreign demand. Bean supplies are still short in Europe but other foods are more plentiful and Europeans prefer to spend scarce dollars for other things.

Support prices for 1949 crop beans can be placed anywhere between 60 and 90 per cent of parity instead of the straight 90 per cent for the 1948 crop.

Wheat Will Pile Up

Wheat stocks will be built up more in 1949. At least, that is indicated by the Department of Agriculture estimate of the winter wheat crop.

Here's the way it stacks up:

Million Bushels

Estimated 1949 winter wheat crop	965
An average spring wheat crop would be	255
This would make a total crop of	<u>1,220</u>

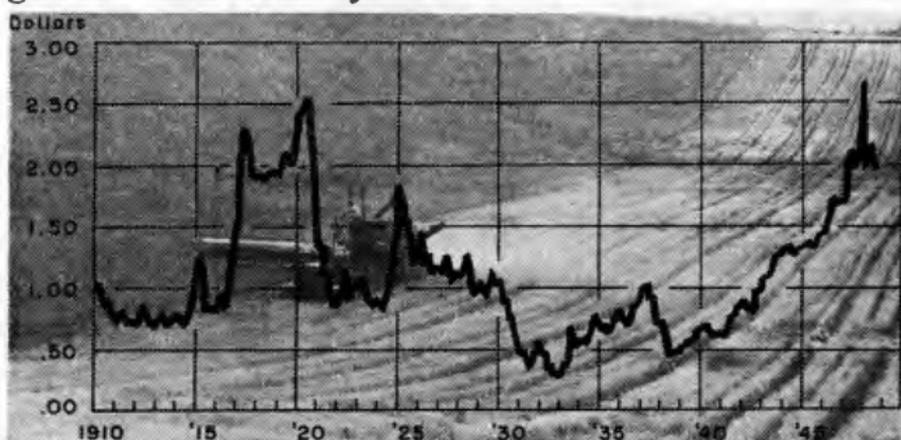
Here's how we likely would use such a crop:

Million Bushels

For food, feed, and seed we will need about	720
Leaving for export and addition to stocks	500

Even if exports continue heavy they probably will not exceed 400 million bushels at the most, leaving 100 million bushels to add to stocks. It would make the carry-over on July 1, 1950, about 400 million bushels, the largest carry-over on record except for 1941 and 1942, when stocks exceeded 600 million bushels.

After foreign aid ends, wheat exports may slip below 100 million bushels per year as they were before the war. That is, unless foreign countries are able to secure more dollars by selling more goods in this country.



Washington wheat prices have varied greatly in the past 40 years.

Support prices for 1949 crop soft white wheat in eastern Washington probably will be between \$1.80 and \$1.85 per bushel. That would be straight 90 per cent of parity, which is required by the present law for the 1949 crop. As the law stands, later crops would be supported on a flexible basis at a lower level.

Conditions are favorable abroad. In Continental Europe, the United Kingdom, and Russia, present conditions point to good grain crops in 1949.

What's New . . . What's Ahead

Fewer Early Potatoes

Areas that supply the markets with new potatoes up to early July probably will grow fewer potatoes this year. Indications point to a potato acreage in those areas 11 per cent below last year and 17 per cent below the 1938-47 average. Indicated acreage is down 7 per cent from last year in California, which supplies three-fifths of these new potatoes.

Have You Ordered Your Chicks and Poults?

Hatcheries are booked heavily this year for desirable dates. Our poultry records show that February and March chicks usually make the most money in the laying house.

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