

Keeping up on The FARM OUTLOOK

by

S. Q. Hoobler

Extension Price Specialist

Extension Service

Institute of Agricultural Sciences

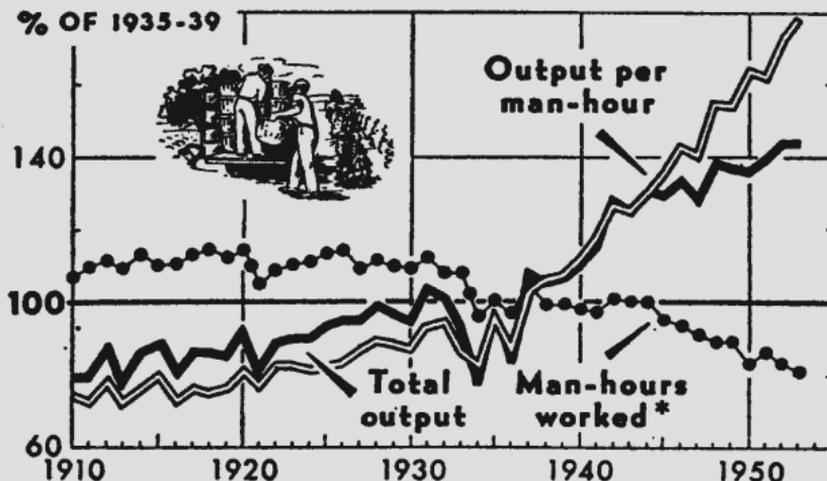
STATE COLLEGE OF WASHINGTON

Pullman

Washington

FARM OUTPUT and LABOR INPUT

% OF 1935-39



* IN TERMS OF TIME USED BY ADULT MALES

Farm workers are producing more per man-hour of labor than ever before. Output per man-hour of labor is more than $2\frac{1}{3}$ times that of 40 years ago, but most of the gain has taken place during the last 15 years. Farm mechanization has progressed rapidly, and improved farming practices have been adopted widely. Because of these changes, farmers have increased their total farm output with fewer man-hours.

Lower Dairy Supports A

The USDA has just announced a lower support level for dairy products. Effective April 1, supports on prices of dairy products will be reduced from 90 per cent of parity to 75 per cent. After April, prices of dairy products will likely work down close to that support level. This is going to mean lower prices for both Grade A and manufacturing milk. It is going to require less efficient dairy farmers to increase efficiency if they are to make a profit.

Recently, dairy prices have not dropped as much as have average farm prices. Thus, dairymen fed concentrates heavily and increased cow numbers. These are the primary reasons for the new record 1953 milk production, 4 per cent greater than in 1952. Milk cow numbers were increased both in 1952 and 1953.

I would not expect much further increase in milk production with dairy products supported at 75 per cent of parity. This cuts incentive to feed concentrates heavily, and probably will increase herd culling. With the drop in average farm prices and with dairy products supported at 90 per cent of parity, new producers have entered the field. Due to production controls on wheat, cotton, and corn, a further shift to dairying was expected. Thus, a lowering of supports now may keep out many new producers who would otherwise be entering the field. Lower supports now may be easier on the industry than at a later date when production would be further expanded.

Lower supports mean lower incomes for most dairy farmers. However, in many cases it may be possible to help offset the lower prices by increased efficiency. Below is a chart showing the resulting increase in labor income on small dairy farms from

CORRECTION: Last month I stated that January 1 Pacific Northwest wheat stocks were 117.5 million bushels. Estimates of the amount held for feed and seed use were not included. I should have stated that this figure represented an estimate of the amount remaining for milling, exports, or carryover rather than total stocks.

announced

improved practices and good cows. Although this chart is based on experiences in Michigan, no doubt equal possibilities for improving efficiency prevail here. Check with your county agent if you need help in improving your dairy set-up.

On One-Man Dairy Farm

HOW BETTER COWS AND BETTER PRACTICES BOOST DAIRY INCOME

Labor Income of Operator:

With Usual Practices*



With Improved Practices*



BASED ON DATA FROM "REDUCING DAIRY COSTS ON MICHIGAN FARMS," MICHIGAN AGR. EXP. STA. SPECIAL BULL. 376 (BAE COOPERATING)

INCOME DATA BASED ON 1945-49 PRICE LEVEL *CROP AND LIVESTOCK PRODUCTION PRACTICES

More Cattle, Fewer Hogs, Sheep

Cattle numbers on January 1 once again set a record. Total numbers were reported at 94.7 million by the Agricultural Marketing Service. This is an increase of slightly more than one million head over January 1, 1953, numbers. It is the fifth consecutive year that numbers have been increased, but last year's increase was the smallest in this period.

Beef Cattle—Numbers increased less than 1 per cent, but there was considerable difference among the different classes. Total beef cow numbers increased 6 per cent. Calf numbers were up 1 per cent; heifers one to two years old were 4 per cent fewer and steers one year and older 11 per cent fewer.

Beef prices face some further declines in the next two or three years because of increasing numbers, increasing pork supplies, and the possibility of lower consumer demand.

Milk Cows and Heifers—Numbers were 3 per cent greater than in 1953. All regions of the United States saw increases. Numbers in the west increased by 4 per cent. Washington numbers increased the same amount.

Hogs—Hog numbers declined sharply from a year earlier. Total hog numbers were 48.2 million

head, 11 per cent below last January 1, and the smallest since 1938.

Pig numbers were the smallest since 1948 and numbers of market hogs six months and older were 26 per cent smaller. Sow and gilt numbers were up 6 per cent, however. This increase is in line with farmers' intentions to increase hog production and substantiates an earlier forecast.

Stock Sheep—Numbers were 3 per cent below January 1, 1953, and 20 per cent below the average of the past 10 years. They are now only 3 per cent above the record low on January 1, 1950. Ewe numbers were 2 per cent smaller, and ewe lamb numbers decreased 10 per cent.

The sheep outlook is brighter than for either beef or hogs. Beef numbers are large and face a further price decline. Hog production is starting to increase, and prices will likely be substantially below recent levels by 1955. On the other hand, sheep numbers are low, and although prices are tied closely with beef prices they will show much more stability. In addition, a support on wool continues.

Feed Grain Stocks Large

Stocks of feed grains on January 1 were the largest in three years. They totaled 94.8 million tons, 4 per cent above a year earlier. In addition, the number of grain-consuming animal units is around 2 per cent below last year. Supplies per animal unit are about 6 per cent greater.

Most of the increase in stocks is due to larger corn holdings. On January 1, corn stocks were estimated at 2,676 million bushels, 5 per cent above last year. Oat stocks were 841 million bushels, 2 per cent below a year earlier. Barley stocks were 177 million bushels, 8 per cent larger.

It is not likely that we'll see much improvement in barley and oat prices during the rest of the season. Not only are supplies large, but more imports are expected.

Prices of both barley and oats are tied quite closely to corn prices. Large volumes of corn are being placed under support. It is possible that we will see tight supplies of free corn by early summer. However, this would be too late to lend much additional strength to barley and oat prices.

More Turkeys Mean Lower Prices

All signs point to a larger turkey crop and lower prices this year. A national survey on January 1 showed that producers intend to raise 7 per cent more turkeys this year. They plan to raise 6 per cent more heavy breed turkeys and 9 per cent more of the light breeds. This same survey reported that western producers plan to increase numbers by 5 per cent and Washington producers by 6 per cent.

The number actually raised usually varies from the January 1 report of farmers' intentions. The difference usually depends on feed and turkey prices as well as on supplies and prices of hatching eggs and poults during the hatching season. From 1946 through 1952, producers raised more than the intentions survey indicated. In 1953 they raised exactly as many as they had indicated that they would.

The number of heavy breed turkey breeder hens on farms January 1 was 7 per cent below a year earlier. This number is sufficient for the indicated increase. Last year many breeder hens were sold before the season was completed. In many cases, eggs were not used and some poults were not raised. Numbers of breeder hens of the light breeds on January 1 were 40 per cent above a year earlier.

From all appearances, this increase in turkey production is getting an early start. A January 1 report from seven leading poult-producing states shows the following: 33 per cent more poults were produced in the last half of 1953 than a year earlier. More than twice as many poults were hatched in December, 1953, as in December, 1952. Eggs in incubators January 1, 1954, were up 54 per cent.

Publicity is now being given the poor turkey outlook this year. At this time, I rather doubt that producers will heed those warnings, nor hold turkey production somewhat near last year's level.

Storage stocks are large and consumer incomes will probably be slightly lower by next fall. Supplies of other meats will also be large. If producers increase turkey production as much as they have indicated, turkey prices will be sharply lower.

The way it looks now, inefficient producers and producers considering entry into the turkey business might be better off to stay out this year.

What's New . . . What's Ahead

On March 19, 1954, a report on farmers' planting intentions will be released by the Agricultural Marketing Service. This report gives the results of a national survey of farmers and the acreages which they intend to plant in various crops. We will hold our publication until that report is released.

Acreage allotments have been announced on corn.

A private survey revealed that about $\frac{1}{3}$ of the corn farmers do not plan to observe the acreage allotments. There are no marketing quota penalties.

A bill has been passed which allows the government to buy surplus potatoes. But, don't expect this to be of much, if any, help. Not only are funds limited, but it is not likely that there will be any surplus buying as long as acreage exceeds the USDA planting recommendations.

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

R. B. Tootell

DIRECTOR

FREE--COOPERATIVE AGRICULTURAL
EXTENSION WORK

ACTS OF MAY 8 AND JUNE 30, 1914

9½m-254

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