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# Current Information Letter

For the Information of County Extension Agents and Extension Workers Only

AGRICULTURAL EXTENSION DIVISION—PAUL E. MILLER, DIRECTOR

File for Future Reference—Complete Index Will Be Furnished Annually

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FILE UNDER: AGRICULTURAL ECONOMICS - Outlook

Highlights from U.S.D.A. "Situation Reports" -- By Agricultural Extension Economists.

Announcement--A short-cut method of keeping up with current outlook information--something we have all badly needed--is hereby announced on a trial basis. Try it and let us know how you like it. The idea is that the extension economists will review the various "Situation Reports" as they come in each month, and pick out the highlights as shown below. You can take the ideas directly from this sheet, or, still on a short-cut basis, have your office clerk assemble their reports, and mark the indicated passages, so you can get the context of each statement.

If you are not on the regular mailing list of any of these Situation Reports, write the Bureau of Agricultural Economics, U.S. Department of Agriculture, Washington, D.C.

## Dairy Situation - January, 1942

Production (P.2)--Total milk production on January 1 was 4 to 5 per cent larger than on the same date in 1941 but milk production per cow was only 1 per cent larger.

Shipments (P.7)--Lend-lease: Total deliveries for British shipment from April 29 to November 1 included 75 million pounds of cheese, 234 million pounds of evaporated milk, and 21 million pounds of dry skim milk.

Prices (P.8)--Wholesale prices of all dairy products except butter probably will continue substantially above a year earlier during the first quarter of 1942. During the remainder of the year prices for these products may be about the same as a year earlier, or only slightly higher. On the other hand, butter prices are now only slightly higher than a year earlier. If butter prices follow a normal seasonal trend during 1942, prices may average somewhat higher than a year earlier during the first quarter of the year but somewhat lower than in 1941 during the second quarter.

## Livestock Situation - January, 1942

Hogs (P.3)--Hog production in 1942 will set a new all-time record. The number of pigs raised during the past fall totaled 35.6 million head, 18 per cent more than the 1940 crop and the largest fall crop on record. The number of sows indicated to farrow during the 1942 spring season is 28 per cent larger than in 1941, and if the number of pigs saved per litter is about average, this year's spring crop will total close to 62 million head.

Cattle (P.4)--The number of long-fed cattle still in feed lots on January 1 was exceptionally large, and marketings of well-finished cattle probably will

continue large for several more weeks. A fairly sharp reduction in market supplies of fed cattle is expected in the late spring, however.

Sheep (P.4)--The number of sheep and lambs on feed on January 1 this year was the largest for any year on record - 5 per cent larger than a year earlier.

Hog prices (P.16)--Although hog marketings in 1942 are now expected to be considerably larger than were indicated last fall, the outlook for hog producers continues favorably. Because of the war program, domestic demand for meats will be stronger this year than last and the strongest in many years. In addition, lend-lease purchases of pork and lard by the Department of Agriculture will be made in greater volume than in 1941, particularly in the latter part of the year when slaughter will be exceptionally large. These two factors are expected to more than offset the effect of the increase in marketings upon hog prices, and with record large marketings, cash farm income from hogs in 1942 probably will be the largest in over 20 years.

Wool (P.19)--Cash income received by farmers and ranchers for the sale of wool in 1942 probably will be as large as the 1941 income, if not larger.

#### Poultry and Egg Situation - January, 1942

Eggs (P.4)--On January 1 the average number of eggs laid per hen was 9 per cent larger than a year earlier, and with the number of layers in flocks of crop reporters averaging about 8 per cent larger, total egg output on the first day of this year is estimated at about 18 per cent over that of a year earlier.

Drying capacity (P.6)--As a result of the heavy Government demands for dried eggs during 1941, egg-drying facilities were expanded several-fold. At the beginning of 1942 total egg-drying capacity in the United States was somewhat over 200 million pounds, based on 300-day operation at 20-22 hours per day. The existing capacity is adequate to supply all requirements now in prospect.

Hens (P.9)--The increase in layers over a year earlier is expected to increase further during coming months. The most important basis for this expectation is the favorable feed-egg price relationship in prospect. Although the feed-egg ratio may not be as favorable in 1942 as it was last year, it is expected to be more favorable than average. As a result farmers will keep as many hens for egg production as possible.

Rate of lay (P.10)--The rate of lay per hen in 1941 was the largest on record and continued at record levels until the cold weather in early January. The favorable feed-egg ratio in prospect and the larger proportion of pullets in laying flocks will help to maintain a continued high rate of putput per bird.

Prices (P.10)--With the stronger average consumer demand in prospect for this year than in 1941, and the lend-lease purchases expected to be made, it is likely that egg prices this year will average higher than in 1941. Considerable price declines probably will occur during the weeks immediately ahead, however, as market supplies increase seasonally.

Turkeys (P.16)--Because of the favorable outcome of turkey raising during 1941, a considerable increase in production is expected this year. A material increase in turkey supplies probably could be absorbed in 1942 at prices which compare favorably with prices in 1941.

#### Fats and Oils Situation - January, 1942

Production (P.3)--Revised acreage goals for 1942 crops, announced January 16, provide for an expansion of more than a billion pounds in the production of vegetable oils in 1942-43 compared with 1941-42. Additional measures are contemplated to

bring about increased recovery of lard, tallow, and greases in packing plants and other establishments.

Imports (P.3)--Domestic demand for fats and oils in 1942-43 will be the strongest in more than 20 years, and substantial purchases of lard for lend-lease shipment are in prospect. Without increased domestic production, the United States would face a possible deficiency equivalent to 8 to 10 per cent of total requirements for fats as a result of curtailed imports of oilseeds and oils from the Pacific area.

Imports (P.4)--More than 60 per cent of total imports of oilseeds, fats, and oils in recent months has originated in the Pacific area, which normally supplies all of our imports of copra, coconut oil, tung oil, and perilla oil, and most of our imports of palm oil.

Yields (P.11)--Table shows average yield of oil and meal from a ton of seed of different oil crops. Converted to an acre basis at 750 pounds peanuts, 17 bushels of soybeans, or 8 bushels of flaxseed per acre (p.9), this figures out as follows, per acre: Peanuts, oil 214 lbs., meal (45% protein) 319 lbs.; soybeans, oil 168 lbs., meal (41% protein) 896 lbs.; flaxseed, oil 152 lbs., meal (37% protein) 286 lbs.

#### Demand and Price Situation - January, 1942

Consumer buying power (Pp.3-4)--The national income probably will be at least 10 billion dollars greater in 1942 than in 1941. Incomes of industrial workers will be over 15 per cent greater than in 1941, and nearly double what they were at the beginning of the war. But increased taxes applying to individuals may hold the net increase in the money purchasing power of consumers in 1942 over the average for 1941 to not much more than 5 per cent. Increased sales of defense bonds to the public may make the gain even smaller than this and the net result of increased money incomes, taxes, and defense bond purchases may leave the money income of consumers available for purchase of commodities and services no higher in 1942 than the present level. For some groups it will be even less than in 1941. Increased war production, however, will substantially reduce the quantity of factory products remaining for civilian use, probably to less than the quantity in 1940, so that consumer income in relation to available supplies of goods will be increased. This should add to the consumer demand for farm products in 1942 compared with 1941.

Price level (P.7)--The greatest anti-inflationary influence on farm prices will be the higher level of production in 1942. With the wartime production goals attained, supplies should be adequate for domestic demand and for lend-lease shipment. In connection with supply, a major influence is the handling of the Government-owned stocks of such staples as wheat, corn, and cotton. For all these commodities, a policy of selling Government stocks in order to stabilize prices has been announced by the Secretary of Agriculture and presumably will be followed through 1942.

Corn supplies (P.14)--The carry-over of corn next October 1 may be 50 million bushels smaller than the carry-over of 646 million bushels last October 1. (This is about a quarter of a year's crop; total U.S. corn in an average good year is about 2,300 million bushels. Ten-year average carry-over (1927-36) was 180 million.)

Wheat supplies (P.15)--The preliminary indication of 1942 production of winter wheat is placed at 631 million bushels.....If 15.1 million acres are seeded and average yields are obtained, production of spring wheat would amount to 162 million bushels. On this basis, the total crop would amount to 793 million bushels. With domestic disappearance in the neighborhood of 670 million bushels, this would leave about 123 million bushels available for export or addition to carry-over.