Slump Mild But Getting Deeper

Several things have kept business from going into a severe tailspin:

1. Lots of building activity—homes, factories, schools, roads, etc.
2. Automobile production is staying high.
3. Heavy government spending for foreign aid, armaments, and public works.
4. Farm price supports.

Still going down. That's what's happening to production, employment, and business activity. From the high levels reached last fall, industrial production is down 11 per cent, wholesale prices 8 per cent, and employment 3 per cent.

It looks like business will continue to slow up for several months. Business firms, both manufacturing and selling, have cut spending more than consumers. They are reducing their inventories of goods and cutting down on plans for expansion.
Outlook for Wheat in the Northwest Improves

It now looks like Washington wheat farmers should get close to the loan rate for any wheat they sell on the market this year—even at harvest time. The loan rate probably will be near $1.90 per bushel for Soft White wheat in most parts of the state.

Two things have happened recently to improve the wheat price outlook:

1. Dry weather has cut the prospects for Washington’s wheat crop 20 to 30 per cent under last year’s production. This means less wheat to crowd available storage space.

2. The new government storage plan has been announced. Under it wheat growers will be able to get distress loans equal to 75 per cent of the full support price for wheat stored on the ground or in temporary storage. Also, farmers wanting to buy or build storage can get loans for up to 85 per cent of the cost. Interested farmers should inquire at their county PMA office for details.

Farm storage needed: It will still be good business for many Washington farmers to build farm storage. The distress loans are for 90 days. At the end of that time the farmer must redeem the loan or provide satisfactory storage. When the wheat is properly stored, distress loans will become regular loans under the price support program. If the farmer does not provide good storage within 90 days, he must either pay off the loan or sell his wheat to the government at the market price.

Wheat crop second largest on record: The smaller wheat crop in the Northwest is an exception to the national picture. The U. S. wheat crop was estimated at 1,337 million bushels on the basis of crop conditions on June 1. During June, growing and harvesting conditions were unfavorable in several important areas. But the crop is still pretty sure to be larger than the 700 million bushels we are likely to use in this country plus exports of 400 to 500 million bushels.
Marketing Quotas Coming for Wheat Next Year

Unless wheat farmers vote it down, wheat harvested in 1950 probably will be subject to market quotas. That's because it now looks like the wheat supply this year (production plus carry-over) will exceed the marketing quota level of 1,566,000,000 bushels. Only a big drop in the July estimate of the wheat crop would change this.

Marketing quotas just about force a wheat farmer to stay within his allotted acreage. Suppose a farmer has a wheat allotment of 200 acres but plants 250 acres. Here's what he is up against:

He cannot get a government loan on any of his wheat.

He can sell his wheat from the 200 acres allotted at market price without penalty.

He must handle wheat from the extra 50 acres as follows:

1. Lock it up so that he can prove he hasn't sold or fed it.

2. Sell or feed it and pay a penalty equal to half the loan rate per bushel. Suppose the loan rate is $1.80, but not being eligible for loans he sells his wheat for $1.50. He would pay a 90¢ per bushel penalty on all wheat grown on the 50 acres, leaving him a return of 60¢ per bushel.

Wheat farmers can vote down marketing quotas if they want to. If they do, the loan rate drops to 50 per cent of parity, or around $1 per bushel in 1950.

These are provisions of the Agricultural Act of 1948, which is now the law of the land. Under it, wheat is the only Washington product subject to market quotas. But recent proposals if enacted would make market quotas available for use on many other farm products, including meat animals, poultry and dairy products, fruits, and vegetables. Some proposals would get rid of all price supports for commodities on which farmers turned down market quotas.
Fruit Crops Are Large

Sweet cherries have produced a record crop this year. The crop for the nation as a whole is about 40 per cent above average and 51 per cent larger than last year. The large crop and a slightly weaker consumer demand have resulted in low prices.

Most other fruit crops will also be above average in size nationally but not as much as cherries. Last year the size of most fruit crops was below average.

The production of pears, peaches, and grapes will be about one-tenth above average. The pear crop is estimated to be 28 per cent larger than last year's small production. The size of the Bartlett crop is estimated at 34 per cent above last year and 17 per cent above average.

There will be more apples than average and a lot more than last year. The production of apricots will be about average but about 8 per cent less than last year.

Prunes: The crop of prunes for drying and canning will be below average in size. A large crop of prunes for fresh markets in eastern Washington, Oregon, and Idaho is expected.

Oranges and lemons will continue to be scarce and expensive throughout the summer and fall because of short crops.

Foreign customers want American fruit: This is the conclusion reached by a U. S. Department of Agriculture representative who recently returned from a study of European fruit markets. Most European governments now keep out American fruit so that what dollars they have can be spent for goods they consider more essential.

MORE CHICKENS

Hatcheries in the nation as a whole produced 26 per cent more chicks in the first 5 months of this year than in the same period last year. Broiler production accounted for part of the increase. Farmers took more chicks too. On all U. S. farms there were 14 per cent more chicks and young chickens on hand June 1 than a year earlier.
Fewer Potatoes -- More Onions

California down: Most of the potatoes now on U. S. markets are from early areas in California. Production there is 14 per cent lower than last year. Yields are up 4 per cent, but acreage is down 17 per cent.

The California potatoes seem to be moving out earlier this year than last. Even though the crop is smaller this year, shipments from the Central district totaled 23,524 cars by June 11 this year compared with 19,719 cars at that time last year.

Prices at Bakersfield for 100-pound sacks of U. S. No. 1 size A Long Whites, graded and loaded on the car, are running around $2.35. Last year at the same time they were bringing $2.65, which was right at the support price. This year the June support price is $1.70. The government is taking less than half as many California potatoes under the support program this year, and only the lower grades.

Onion production in the Early Summer section, which includes Washington, is estimated at 1,921,000 sacks of 50 pounds each. This is 16 per cent above last year and 36 per cent more than average.

Lamb Prices Drop

Lamb prices went up sharply in May. At the first of the month, medium to good lambs were selling at Portland for $21.50 to $22.50 per hundred pounds. By the first of June they had advanced to 25.50 to $28. By mid-June nearly all of the May gain had been lost, the quotations being down to $22 to $23.

Lamb prices usually reach their peak for the season in May and then drop sharply in June and July as more lambs come to market. This year, lambs are more scarce than usual. Partly because of that, the spring price increase was greater than usual. But the scarcity of lambs is not likely to keep lamb prices from going down some more this year.

For the next several years, sheep and lambs will be scarce. This is likely to make lamb prices high compared to hogs and cattle.
What's New . . . What's Ahead

Business will get a few shots in the arm this year.

1. Several states will pay bonuses to veterans.
2. Next winter the U. S. government will return over two billion dollars in refunds on veterans' insurance.

Good growing weather: For the nation as a whole, this season so far has been one of the two or three best on record.

There is more empty space in cold storage coolers and freezers than ever before for this time of the year. No one seems to want to own goods when prices are falling.