What Will Be the 1955 Wheat Support Level?

The level of price supports for the 1955 wheat crop is still uncertain. The administration has proposed a flexible price support program to go into effect for the 1955 crop. Under this program prices would vary between 75 and 90 per cent of parity. The larger the supplies the lower would be the support, and some of the CCC stocks would be set aside and not used in figuring the support level. However, private reports from Washington, D.C., indicate a great deal of opposition in Congress to the new farm program. These reports also state that it appears most likely that Congress will extend the present 90 per cent of parity supports for at least another year.

It is possible that Congress will not pass any new support legislation, nor extend the present 90 per cent of parity supports. In that case the present agricultural act of 1949, providing for flexible supports between 75 and 90 per cent of parity, will continue in effect. Under this law the parity level for the 1955 crop will be calculated as in the past; a new method of calculating parity will be used.
for the 1956 and later crops. The new method of calculating parity will mean about 15 per cent lower parity than under the old method.

Here are the approximate Portland support prices we could expect for the 1955 and 1956 crops for soft white wheat under the present act and the administration's new farm program. The Portland support price for the 1953 crop is $2.45.

<table>
<thead>
<tr>
<th>Crop year</th>
<th>Flexible provisions of present act</th>
<th>Administration's New Program Assuming 400 million bushels set aside</th>
<th>Administration's New Program Assuming 500 million bushels set aside</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>75% of parity</td>
<td>$2.13</td>
<td>$2.15</td>
</tr>
<tr>
<td>1956</td>
<td>75% of parity</td>
<td>$1.86</td>
<td>$2.16</td>
</tr>
<tr>
<td></td>
<td>1 New method of calculating parity</td>
<td></td>
<td>2 A partial shift from the old to new method of calculating parity</td>
</tr>
</tbody>
</table>

You can expect production controls next year regardless of which program is in effect. Acreage allotments may be at 55 million next year; special legislation raised the allotment to 62 million for the 1954 crop only.

**Dry Bean Exports are Down**

During the first 6 months of this crop year (September through February) dry bean exports were 27 per cent below those for the similar period a year ago. From all reports, much of this decline was in Pintos and Small Reds. Shipments to Mexico, the main Pinto outlet, were down 68 per cent. Exports to Cuba, a primary Small Red outlet, were 20 per cent below last year.

Prices of both Pintos and Small Reds appear likely to work lower this summer. Not only are exports down, but production was larger this past year. In addition, acreage is being increased sharply this year. Prices at harvest time will probably be around support levels. No one will want to hold higher-priced stocks when the new crops come in.

Price supports for 1953 and 1954 in Washington are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1953 Supports</th>
<th>1954 Supports</th>
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</thead>
<tbody>
<tr>
<td>Small Red</td>
<td>$8.50</td>
<td>$7.96</td>
</tr>
<tr>
<td>Pinto</td>
<td>7.30</td>
<td>6.73</td>
</tr>
<tr>
<td>Great Northern</td>
<td>8.00</td>
<td>7.38</td>
</tr>
<tr>
<td>Pink</td>
<td>8.40</td>
<td>7.86</td>
</tr>
</tbody>
</table>
Cattle Numbers Leveling Off

The cattle increase is leveling off. Between January 1, 1949, and January 1, 1954, the number of cattle increased from 76.8 million head to 94.6, but the rate of increase is now much less than formerly. In 1951 and again in 1952 the increase was about 6 million head; in 1953 only one million head were added. Another good indication that the increase in beef cattle is about over is shown by the decrease in beef heifers on farms last January. Beef heifer numbers were actually reduced 4 per cent last year.

The cattle population could reach its peak either this year or in 1955, depending upon drought conditions. If the drought should become more severe it could cause heavier marketing and prevent a further increase in numbers. Without a more severe drought the total number of cattle will probably increase by from one-half million to one million head in 1954.

In the past, numbers have been reduced from their peak normally because of either or both of the following reasons: (1) widespread drought, or (2) unfavorable prices, tight credit, and distrust of the future. At the present time neither of these factors appear sufficiently strong to cause a sharp liquidation of herds. Consequently, unless the drought should become more severe I would expect the cattle population to stay large for the next 2 to 3 years or so.

It is not possible to estimate how fast numbers will be decreased once farmers start reducing their
breeding stock. The liquidation could be gradual; in this case regular market supplies would not be greatly increased, and there would not be a sharp price break. If liquidation should be extreme, prices would break accordingly for a short period until marketings were reduced. Then we would see a price improvement.

Prices are not likely to improve in the next 2 to 3 years and will probably move slightly lower. Large numbers will be going to market, even without any liquidation of breeding stock. But a larger proportion will be cows and calves, and beef supplies per person will probably not exceed the record set last year. Supplies of beef per capita this year will probably be between 72 and 76 pounds; last year supplies reached 76.7 pounds.

Prices of cattle off grass this summer and fall may average slightly lower than a year earlier. The supply of yearling steers and heifers off grass will not change much from last year. The supply of beef calves will be slightly greater. The feeder demand should be a little better, but consumer spendable incomes will be a little lower than last fall. In addition, pork supplies will be larger than in the fall of 1953. Severe drought could cause heavier marketings this summer and fall.

Purchasing stockers for grazing and sale in the fall looks like a poor bet this year.

**Hog Price Will Improve a Little**

Prices should improve a little by late June. Marketings will continue below a year earlier for another 2 months or so. We could see peak prices as early as late June. The heavy run of spring farrowed hogs won't really start until late July. However, by June we will see a heavier run of sows, and pork will be moving out of storage. Prices are not likely to break very much, however, before late July when heavier marketings of the spring farrowed hogs will start. Watch for a sharp price break between late July and December. My earlier estimate of $22 (Spokane) hogs at the December low may be a dollar or so too high.

Hog numbers are increasing more rapidly than earlier anticipated. A March survey in the corn belt
showed that farrowings would be up 9 per cent. And it is my opinion that an even larger total spring crop is likely—possibly as large as 12 to 15 per cent above last spring.

Farrowings this coming fall will probably also be increased by from 12 to 15 per cent. Much depends on this year's corn crop. Large acreages will not be under price support since many farmers are exceeding their allotted acres. Acreage increases are also noted outside of the main corn area.

**U.S. Wheat Stocks May Grow Still More**

We may not be able to stop the build-up in carry-over stocks of wheat this year, even with marketing quotas. Last year the crop totalled 1,168 million bushels, but this year's crop is expected to be around 930 million bushels. A crop of this size will probably be greater than the amount we would use and export. During this 1953 crop year, ending June 30, we will probably use and export around 860 million bushels.

Our carryover stocks have been growing rapidly. The carryover at the beginning of the 1952 crop year was 256 million bushels; in 1953 it was 562; and it appears that the carryover on June 30 this year will be above 875 million.

The reason for the increase in stocks is a smaller export trade. Total use of wheat in this country is holding up well. Exports, however, have declined sharply since 1951. During the 1951 crop year United States exports reached 470 million bushels; in 1952 exports were 315 million; and exports this year will probably be slightly less than 200 million bushels. Larger quantities are now available in the other exporting countries as well as the United States. In addition, wheat crops in many of the importing countries have improved.

How can we reduce our large wheat stocks? Here are some possibilities: (1) Increase exports. A sharp increase in exports would have to be paid for by our own government. We would be severely criticized by the other exporting countries if we attempted to greatly expand our exports in this manner.

(2) Increase use of wheat in the United States. This would require our using wheat for livestock feed at lower prices.

(3) Tighter production restrictions. This would be opposed by many farmer groups.
There are reports that some late Russet potato areas are planting pick-outs this year in order to save money on seed. This could easily cause lower yields. It will pay farmers to use certified seed.

The price outlook for late onions has improved recently. Wet weather has delayed onion plantings in parts of both the Central and Eastern areas. Reports state that Michigan's total acreage will probably be much less than it was last year. Other areas may have slightly less acreage than earlier expected. In addition, late planting will probably cause a reduction in yields.

Summer onion prices look more optimistic than earlier. The late spring production is now estimated at 25 per cent below last year. Early summer acreage is expected to be down 27 per cent.