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Keeping up on The FARM OUTLOOK

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MONEY IN FARM ANIMALS

We expect livestock, dairy, and poultry to be profitable during the next 5 or 6 years. Here's why:

Business activity and employment are likely to be fairly high except for a brief slump. Unfilled demands for cars, homes, schools, roads, etc., plus prospects for defense spending, foreign aid, and foreign investments are the chief reasons. With city people employed most of the time at good pay, they will bid actively for meat, dairy, and poultry products.

Feeds are likely to be inexpensive except in years of short crops.

CROPS LESS FAVORABLE

Supplies of many crops may be large, and foreign markets are shrinking. Unless we are more successful than we expect in developing a large foreign demand, high prices for most crops and fruit may come only when production is low.

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Meat to Change Little

The meat supply outlook for the next 4 years is about the same as in 1948. But the production of beef, veal, lamb, and mutton will be down while pork goes up. Here's why:

For several years stockmen have been selling more cattle and sheep than they raised, increasing meat slaughter. They may start holding back young stock in a year or so to increase their herds and flocks. And this will reduce the amount of beef, veal, lamb, and mutton available for consumers.

Larger grain supplies, however, will bring more hogs, making total meat production about the same as in 1948. So it looks like hogs will be cheaper in relation to beef, veal, and lamb than in recent years.

In 1949, meat supplies probably will be slightly smaller during the first half of the year than they were in 1948. In the summer they should be a little larger. And fall supplies, especially pork, should be well above those of the same period in 1948. There will be more well-finished beef and more heavy hogs.

CATTLE PRICES BREAK

The sharp break in cattle prices in early October brought medium steers weighing 700 to 1,100 pounds down to $23 to $27 at North Portland. Common steers of the same weights were down to $18 to $23. In early November they continued to hold these prices. This is a price decline of over 20 per cent since the mid-July peak. Usually medium and common steers drop only 6 per cent during fall and early winter.

Is this the bottom? We can't see how common and medium grades can drop much more this winter unless employment and consumer incomes slump severely. And that doesn't look likely.

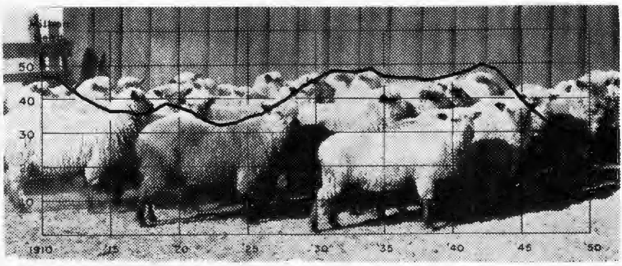
But the high livestock prices of last summer may not be repeated again for many years. With more cars, homes, and fixtures to spend money on, people are not likely to bid meat prices up so high even though their incomes do not decline.

'EAL, LAMB . . .

Number of Sheep Dropping

There are fewer sheep in the United States than at any time since 1879. But since then our population has almost trebled. It looks as though we may be heading into a period like the mid-1920's, when sheep paid well. From 1918 to 1923 sheep numbers fell sharply. High lamb prices followed.

Lots of ewes were marketed again in 1948. This means a still smaller lamb crop next year. In fact, supplies of lamb will be extremely low for several years.



Stock sheep numbers in the U. S. are the smallest in 75 years

Wool, too, is getting scarce. U. S. mills have used about 1 billion pounds (grease basis) of wool per year for the last 8 years. We once produced close to ½ billion pounds of wool a year. Our production is now between ¼ and ⅓ billion pounds. In other words, wool users in this country depend heavily on foreign supplies.

World demand is high and the supply is declining. There were about 3.85 billion pounds of apparel wool consumed during the each of the past 2 years. But the world produces less than 3 billion pounds. So world stocks are shrinking. At the end of June, 1949, stocks probably will be about 2.75 billion pounds compared with 3.55 billion pounds in June, 1948. This will still be larger than average pre-war stocks, but fine wools are pretty well cleaned up.

Support prices for wool will be the same next year. And fine wools are likely to sell above support prices again.

MORE PORK

HOG FEEDING PAYS

You can make money during the coming year by feeding hogs. Top hogs on the Portland market reached a peak of $33 per hundred on the North Portland market late in August. The price averaged around $31 most of September. In early October heavy hog sales from farms and pork sold from storage stocks caused a severe break which brought the North Portland price down to $26. They went back to $28.50 late in the month, but by mid-November were down to around $23.50.

Even at these lower prices hog feeding pays in the Northwest. Grain still costs less than usual in relation to hog prices.

Hog feeding should remain profitable in Washington until next fall. Pigs farrowed next spring should make money if they can be marketed fairly early in the fall.

Will hogs pay after next fall? Grain prices may be lower. A large acreage is going into wheat and the Great Plains have had some good rains. That looks as though supplies will be large enough next year to keep wheat prices near loan levels again. The loan rate, however, is not likely to be down much more than 10¢ compared with this year.

Hog prices will be down, too. How much depends mostly on the increase in hog production next fall. Watch for the December report on farmers' plans for spring farrowing.

WHY SO MUCH ON LIVESTOCK?

Why not something on fruits, vegetables, wheat, and potatoes? We suspect that some of you are asking that by now. We have concentrated on livestock in this issue to give a well-rounded picture for that part of our farming. Then, too, we thought many of you probably would be making important decisions on livestock at about this time. Later issues will discuss the other farm products important in this state.

Dairy Outlook Fairly Good

The fluid milk outlook is good for 4 or 5 years. Here are the reasons:

1. Fluid milk prices should hold up fairly well.

Buying power of consumers is likely to average high.

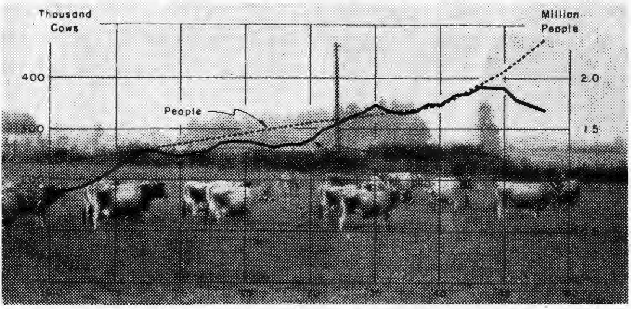
Population in Washington has increased about 40 per cent in the last 8 years.

The number of milk cows in the state is the smallest in 10 years. They are down over 12 per cent from the 1943-45 peak.

2. Costs should increase little or none.

Feed is likely to be inexpensive except in years of short crops.

Other costs should be up only slightly.



Milk cow numbers are low in Washington

For manufactured dairy products, however, the future doesn't look so good. Butter is still the chief manufactured dairy product, and people are now using only about 10 pounds of butter per person per year. It may increase some, but is not likely to reach the pre-war rate of 17 pounds.

Butterfat Near Support Price Levels

From September 15 to October 28, A-92 Score wholesale bulk butter at Chicago declined from 75¢ to 57¢ per pound. In Seattle the decline was less severe, being from 78¢ to 66¢. These drops can partially be blamed on declines of vegetable-oil prices. They brought butterfat prices to about 90 per cent of parity. In early November butter prices recovered a few cents per pound.

Other manufactured dairy products, such as evaporated milk and cheese, have declined this fall. This is the time of the year when they usually advance. Two of the reasons are more storage stocks and less demand for fluid milk and cream. This poured it into processing plants.

What's New . . . What's Ahead

Farm Prices Continue Decline

Falling prices have spread from crops to livestock and butterfat.

Additional declines should be only moderate. Most crops and butterfat are at or near support levels. Meat will be scarce for another year.

Farmers Pay More

Prices of most industrial products are still advancing. This may continue into early 1949. On the average, farmers probably will pay a little more next year for most of the things they buy except feed.

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AGRICULTURAL EXTENSION SERVICE
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