1950 Looks Good

First half best: There are several things that, taken together, are likely to keep business activity high in the first half of 1950. These include the insurance refund to veterans, government spending in excess of tax receipts, and high rates of activity in the steel, automobile, and building industries.

Second half doubtful: By late 1950 or sometime in 1951 several things could happen to reduce employment. Automobile production may be down quite a bit, business may be spending less for new plants and equipment, other private building activity is likely to slow up, effects of the veterans’ insurance refund will be over, and foreign aid spending may be down. But it still looks like these and other items in the business picture will not drop off enough to bring a severe depression for a few years at least.
More milk will be produced in the U. S. next year. Large supplies of lower-cost feed will mean heavier feeding and the number of milk cows may be slightly larger. A poor pasture season next year could, of course, change this picture.

Less money probably will be spent for dairy products by American people next year. They have cut down on the money spent for food during the past 2 years, since they were able to get more cars, homes, furniture, etc. Then too, many people are likely to have smaller incomes next year. Only an increase in business activity and employment would change this.

Slightly less fluid milk and cream are likely to be used by American people next year. But only small price drops in these products are expected. Dairymen producing milk for the bottled trade will continue to make the best returns.

Milk for manufacturing will increase considerably next year because of the larger milk production but less use of milk for fluid milk and cream. Export markets probably will take less cheese and evaporated milk. Butter production is likely to increase again in 1950. In 1949, 1.7 billion pounds of butter were produced in the U. S. compared with 1.5 billion pounds in 1948 and the 1935-39 average of 2.3 billion pounds.

Butter prices are likely to drop quite a bit in 1950 unless price support operations are large and effective enough to hold them up. Fat supplies for margarine are large and prices are low. Under the new price support law, butterfat support prices on a Washington farm price basis can be anywhere from 54 to 65 cents per pound next year. This compares with an October, 1949, average farm price in Washington of 62 cents. Just where the support price is set within this range may depend quite a bit on the size of government storage holdings of butter.

Purchases of dairy products by the U. S. government for price support in the first 10 months of 1949 amounted to 114 million dollars. They were made up of 98 million pounds of butter, 34 million pounds of cheese, and 376 million pounds of non-
Favorable in 1950

fat dry milk. Most of the butter and cheese purchases and more than one-half of the dry milk are still in government stocks. Even these large purchases took less than 4 per cent of the total U. S. milk production.

Lamb Slaughter at New Low

The number of sheep in the U. S. has been going down steadily for 7 years. Sheep and lamb slaughter this year is about half that of 1943.

U. S. consumers will eat only about 4 pounds of lamb and mutton each this year. This is the lowest in more than 100 years. And the figure is likely to be even lower next year since it looks like more of next year's lambs are likely to be held back for breeding purposes.

But no rapid increase in the number of sheep is to be expected. Prices of breeding stock are at a new all-time high. It takes lots of money to go into the sheep business, except for small farm flocks. And beef cattle have been paying well enough that no one seems interested in changing back to sheep from beef.

Wool production in this country equals about one-third of our total use. Wool prices dropped several cents per pound following currency devaluation abroad, but by mid-November they had recovered all the loss. The support price program will keep wool prices almost as high next year as they were in 1949.

World wool supplies are shrinking. Here are the July 1 world stocks of apparel wool in each of the past 3 years:

- July 1, 1947 .............. 4,170 million pounds
- July 1, 1948 .............. 3,650 million pounds
- July 1, 1949 .............. 2,767 million pounds

The earth's sheep are not producing near as much wool as is being used. This is in spite of the fact that the number of sheep has been increasing in the world as a whole and are now the largest since 1944.
Red clover seed prices have dropped a little the past two seasons. This usually happens when prices of other farm products are going down. Since we expect farm prices as a whole to drop some more next year, it looks like red clover seed prices will keep on going down. But acreage allotment programs may improve the demand for red clover seed. At any rate, Kenland red clover seed with its premium price looks good.

POTATO SUPPORTS ARE CUT

Potato support prices for next year have been announced at 60 per cent of parity. This is on the new basis for figuring parity. It will make the support price to Washington growers, graded, sacked, and loaded on the car, about $25 in October. Supports for summer potatoes probably will be even lower.

Acreage allotments for potatoes in 1950 have been cut 7 per cent below the allotments for 1949.

It does not follow that the acreage will be down and the crop small next year. Allotments are often disregarded by many in a year following one like the present, when many growers who overplanted made the most money. Watch for the B. A. E. planting intentions reports in January and March for a better clue to the size of next year's crop.
Less Money for Farm Families

by Helen Noyes
Extension Economist in Home Management

Lower incomes next year lie ahead for most Washington farm families. Net income will be down more than total income. Farm incomes are falling faster than family living costs.

Study your budget carefully. It's important this year so you can make cuts which will least affect family welfare. Likely cuts will be for gifts and contributions, recreation, house furnishings, and equipment. Food and clothing costs are harder to reduce. Certainly the nutritive value of the family diet should be maintained.

Milk continues to be a best buy. It is one of the cheapest foods when you consider nutritive value. Most families are eating more fruit than they did before the war. And from a health standpoint this should continue. Washington families are in a position to make good buys in apples and soft fruits.

Citrus fruits rich in vitamin C will continue to be fairly expensive. Tomatoes, raw cabbage, and green vegetables can supply at least part of the vitamin C.

Pork will be still more plentiful and cheaper in 1950. Supplies of well-finished beef will be adequate. There will be more fish but less lamb and mutton.

Building material prices have dropped a little but are still two and one-half times the 1935-39 level. The housing act recently passed by Congress will stimulate the building of both city and farm homes and there is much other construction work going on. This will tend to discourage any substantial cuts in building material prices for the year ahead.

Home furnishings and equipment have gone down some in price in the past year. But new houses will take enough of these items to keep prices from going down much more in the coming year.

Clothing is cheaper than last year. Some additional drops may come. The devaluation of currencies in foreign countries will affect the prices for imported clothing by spring.
Winter wheat seedings in most of the important producing areas of the nation have been completed under favorable conditions.

Dry bean production in 1949 for the U. S. as a whole is now estimated at an all-time record high of 21 million bags compared with 20.8 million last year and the 10-year average of 16.9 million bags.

Telephone service to more Washington farm families will soon result from the passage of the rural telephone bill by the last Congress.

Pears in cold storage on November 1 for the entire U. S. were 2½ million bushels, almost exactly the same as a year earlier.