NO EARLY DROP IN BUSINESS

High rates of business activity and employment seem likely to continue for at least 2 years and probably longer. Our expanding defense program seems to assure this even if international tensions should ease.

There will be ups and downs in both business and prices during the next 2 years even though times are generally good. For example, a lull often comes early in the year when income tax paying takes so much money out of the spending stream. We have had such a lull in 3 of the 6 years since World War II ended: 1948, 1949, and 1951. They came in February and brought sharp drops in farm prices.

Any reduction in defense spending will probably bring a drop in business activity, employment, and price levels. To offset this, we would need a high rate of private investment in things like new factories and equipment, office buildings, and new houses.
Farm prices have gained 5 per cent, on the average, during the 3 months ending December 15. In the same period, farm costs increased about 1 per cent.

Since the fighting started in Korea farm prices have advanced 23 per cent while prices paid by farmers have gained 12 per cent. But even so, farm prices are lower compared to costs than they were in the 6 years from 1943 to 1948.

More Feed Grains Are Needed

Feed grains are becoming so scarce that livestock production is likely to be cut back sharply. The indicated reduction of 9 per cent in next spring's U. S. pig crop is an example.

Barley, oats, and feed wheat imported from Canada may bring some relief next spring. But this is not likely to increase U. S. feed grain supplies more than 2 or 3 per cent at the most. Strong world demand for our wheat to feed people leaves little opportunity to use more of it as feed for livestock.

Prices for feed grains are likely to be favorable again after the 1952 harvest unless the crops are extremely large. The production of hogs, poultry, other livestock, and livestock products is so large that big supplies of feed grains are needed.

Price supports for the 1952 crop of barley will be about $50 per ton in eastern Washington and $55 per ton in western Washington.
Cattle Prices Drop

From early October to Christmas, cattle prices dropped gradually. They went below ceiling price levels and are again largely on a free market basis. But the reduction amounted to only $1 to $3 per 100 pounds for most kinds. A large part of this was regained in late December and early January when holidays, snow, and cold weather made market receipts extremely light.

More beef will be slaughtered in 1952, maybe as much as 10 per cent more than in 1951. But it now looks like demand will be strong enough to use all available beef at prices near those prevailing in December. Civilian demand will continue strong, the armed services have ordered large supplies set aside for their use, and pork will give less competition in the last half of the year.

Seasonal variations in cattle prices are to be expected. Fed cattle sales may bunch up enough sometime this winter or spring to bring a moderate price break. Some seasonal weakness also is likely next fall when grass cattle marketings are heavy.

NEED FOR WHEAT GROWS

Wheat has been the major feed grain in Washington many years in the past. Now, however, the demand for wheat for human food is so great that little is available for livestock.

Wheat production in the Northwest (Washington, Oregon, and northern Idaho) in 1950 was 101 million bushels. In addition 17 million bushels were brought in from Montana. Only 8 million bushels out of the 118 were used for feed. A total of 76 million bushels was exported and 35 million bushels were milled for flour in the Northwest.

Exports of Northwest wheat have been heavier in the past 6 months than a year earlier. They have totaled 51 million bushels compared to 21 million in the 6 months beginning July 1, 1950. Exports for the year ending June 30 probably will total larger than the 76 million bushels exported the preceding year. India has received the largest increase in exports this year.
LAMB AND WOOL PRICES FIRMER

Lamb prices are likely to move up a little during the first 3 months of 1952. Demand for lamb will be strong. Ceilings on retail lamb prices, however, will prevent much advance.

More lambs fed: About 30 per cent more lambs moved into Corn Belt feed lots last fall than a year earlier. Many of these, however, have been sold.

STOCK SHEEP AND LAMBS ON FARMS JAN. 1

![Graph showing sheep and lamb counts over years]

Lamb and wool production in the U. S. will be low for many years.

Also, far fewer lambs are being fattened on winter wheat pastures this year.

Wool prices are likely to strengthen some during the coming year. Demand should be up some, and supplies are not large.

Ceiling prices on wool have been lowered. They have been set at a level that probably would mean about 95¢ per pound for grease wool in Washington. Prices have recently been around 70¢.

Fewer Hogs Coming

The coming spring pig crop will be down about 9 per cent from last year for the U. S. The BAE pig crop survey recently completed shows that only 56½ million hogs are likely to be farrowed next spring compared with 62 million last year.

Scarcity and high cost of corn is the main reason why farmers are planning to raise fewer pigs.

Hog prices next fall and winter are likely to be higher than in the same months this year. But grain prices will be high enough to prevent much profit in hog feeding in Washington unless grain crops are extremely large in 1952.
Family Buying Power to Change Little

by Lila B. Dickerson
Extension Home Management Specialist

Farm families may have slightly more money to spend during 1952. But prices of many articles they buy will also be higher and taxes will take more. The buying power of farm families will average about the same as in 1951. But many families will have less buying power.

Less household equipment will be produced in 1952 because of basic metal shortages. There are, however, large stocks of some types of equipment. Prospects are that the consumer will have to pay ceiling prices for most household equipment and waiting lists may develop in a few instances.

Furniture is likely to be plentiful except for some items made of metal.

Metal building materials will be scarce. People who are building houses will find it advisable to plan the purchase of material carefully, and buy well in advance of when the materials are needed.

Construction costs may advance slightly during 1952.

Food will be plentiful in 1952. Meats, poultry products, fluid milk, ice cream, fresh vegetables, and frozen and dried fruit and juices will be fairly plentiful. More fresh oranges, grapes, and cranberries are now available. We expect short supplies of potatoes in the first half of 1952.

Prices for many foods will be a little higher in 1952 and people will spend more money for food because their incomes will be higher. Prices of meats are not likely to be greatly different from 1951. Fresh and frozen fish and pork will continue plentiful until mid-year. Retail prices of fluid milk and ice cream will be somewhat higher. Fats and oils (except butter) will average lower in price.

Clothing and textiles are plentiful: The trade is fairly heavily stocked with most kinds of clothing.

Sometime during 1952 people are likely to start buying clothing more rapidly as many garments they now have begin to wear out. This is likely to cause prices of some clothing to advance, but no runaway prices are likely.
What's New . . . What's Ahead

Potato price rollback is the most the law will allow. The ceiling is $3.65 per 100 pounds of No. 1's f.o.b. shipping points in Washington, for the rest of the storage season. This means around $60 per ton to growers on a bulk basis for No. 1's, a reduction of about $30. The ceiling on No. 2's is $20 per ton less than for No. 1's.

Red clover seed prices are low for the second year. Two years of low red clover seed prices are usually followed by lower production and higher prices.

Land values are still rising, but at a slower rate. In the 4 months ending November 1, the average increase was 3 per cent for Washington. The increase for the preceding 12 months was 13 per cent. Small gains are expected in 1952.