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Looking Ahead at 1948 Farming and Ranching Prospects Another Good Year?

Lyle M. Bender

Arthur W. Anderson

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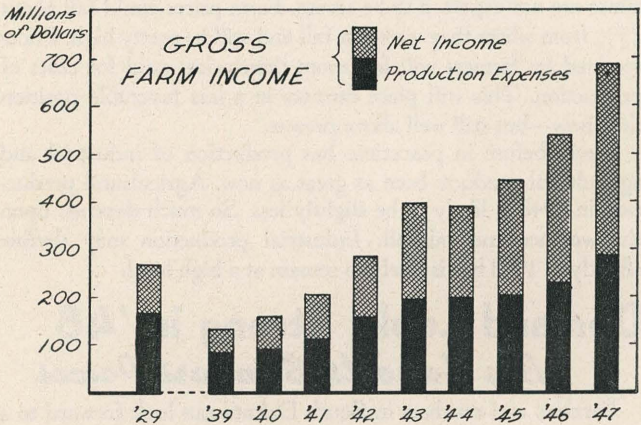
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Looking Ahead AT 1948

Farming and Ranching Prospects

Another Good Year?



Gross Farm and Ranch Income Is at an All-Time High in South Dakota

BUT LOOK AGAIN . . .

Production Costs Are Also the Highest in History, and Are Likely to Stay High LONGER than the Good Incomes

Agricultural Extension Service

South Dakota State College

U. S. Department of Agriculture Cooperating

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LOOKING AHEAD

LYLE M. BENDER *and* ARTHUR W. ANDERSON*

Inflation Continues

Prices and Production High

Our nation continues in postwar inflation. This upward trend in prices may be expected to continue the first six months of 1948. Then it may decline slightly. For the year as a whole, prices may average as high or slightly higher than the record level of 1947.

Prices for most South Dakota farm products, allowing for seasonal variations, will continue near present levels for at least the first half of 1948. The level of prices in the latter part of the year depend on the size of the grain crop both in the U. S. and abroad. Greater or less activity in business will also affect farm prices.

A Drop Sooner or Later

Some downward adjustments in business activity and prices are sure to come. No one can say for sure when. The proposals for foreign aid may postpone falling prices of some farm products until 1949 or '50. When these adjustments do come, the price declines are not expected to be severe. Farm prices could fall about 25% from where they were last fall and still be pretty high. Prices received by farmers will fall more than prices paid for costs of production. This will place farmers in a less favorable position than now—but still well above prewar.

Never before in peacetime has production of industrial and agricultural products been as great as now. Agricultural production in 1948 is likely to be slightly less. So much depends upon the weather and rainfall. Industrial production may decline slightly in 1948 but is likely to remain at a high level.

Demand Looks Strong in '48

Big Exports Support Prices

Farmers and ranchers in South Dakota can look forward to a good demand for their products in 1948. The factors most important in supporting future employment and demand for farm products are described here.

During 1947, we exported goods and services at an annual rate of 20 billion dollars. We received in return, goods and services valued at eight billion dollars.

This net export balance in our favor of 12 billion dollars cannot continue forever.

The foreign aid that may be granted under the Marshall and other programs will add much support to prices of farm products. However, total exports in 1948 are likely to be on a smaller scale than last year. Exports of grains may be large, depending on crops abroad and home. Exports of livestock, dairy, and poultry products are likely to be less, but still at a high level.

*Extension Farm Management Specialists

U. S. Demand Very Strong

Consumer purchases—the things people buy for all their every day needs—is at an all time high. The production of many of these goods is large enough to meet the demand. For some things, such as houses and automobiles, the demand is still greater than the supply.

American businessmen are buying large amounts of industrial goods to build up inventories and to expand and rebuild industrial plants. Businessmen are buying large amounts of new equipment. Individuals are building many new homes. A great deal of expansion in business and in homes has already taken place. These activities have helped to maintain high employment. Some decline in any or all of these lines is possible in 1948.

The urgent needs have been filled. This is one of the weakest spots in our business economy.

However, lower prices for building materials and an increase in supplies and labor, would strengthen the demand for housing which is still great. A high level of building will tend to give support to employment and business activities.

In 1947 about 60 million people were employed. They are getting good wages. Both employment and wages are likely to continue at a high level in 1948.

People and business concerns have been able to maintain high purchases of industrial and agricultural products, because of high incomes, the use of past savings, and buying on credit. The use of credit in the past two years has greatly increased. It may increase further in 1948 if credit controls are not restored.

Farm Income May Decrease

Gross farm income, both for the nation and South Dakota, hit all time records in 1947. For the nation, gross farm income was over 30 billion dollars, and for South Dakota about 700 million dollars. Some decline in gross income may be expected in 1948 due to somewhat lower production.

Production expenses of farmers are likely to continue to rise. If prices of farm products level off at current levels or drop, this will result in lower net farm income for farmers in South Dakota.

Livestock Price To Be High

Demand Big, Supply Short

There'll be less meat in 1948. That will make the price of livestock continue high, particularly so because the consumer has so much money to spend. Cause of less meat is a general decrease in livestock numbers. Also many livestock have been sold at lighter weights than usual. Livestock men have reduced herds and sold at lighter weights because of scarce and high-priced feed. Also they're worried about future livestock prices.

There is a terrific demand for meat and there'll continue to be in 1948. When people have money, they buy more meat. In 1947, we averaged eating 156 lbs. each—in 1948 we'll eat about 146 lbs. There won't be much meat left to send overseas this year.

If meat-buying by the consuming public should fall off very much because of falling national income, the price of livestock would likely drop, too, even though meat is scarce.

Beef Cattle Prices High

Beef cattle prices will probably stay high for the first part of 1948 but might go down some next fall when marketings are heavy. Good to prime fed cattle are likely to be very high compared to lower grades of fed cattle and grass-fat stuff.

Cattle numbers have been going down everywhere since 1945. South Dakota is not generally over-stocked. Most folks may find it profitable to keep as many cattle as their grass and hay supplies will permit.

Outlook Good for Hog Prices

Hog prices look good in 1948 although they may go down some when market runs are heavy. There will be fewer hogs this year. With the strong demand for pork, the price will be good. Hogs are supported at 90% of parity until December 31, 1948. By carefully managing feed, most South Dakotans could well raise about as many pigs as they did last year.

Sheep Price Prospects Good

Lamb and wool prices, especially for fine wools, are expected to continue high. The wool support program assures farmers and ranchers that prices in 1948 will average slightly higher than in 1947. There is a very strong demand for fine wools used in worsted clothing. Sheep numbers in the United States and in this state, are going down.

Hen, Cow Production Steady

Dairy Prices About Same

Prices of dairy products are likely to average about the same as in 1947. Butterfat should stay about the same the first six months. Some decline may take place the last half of 1948.

The demand from United States buyers for milk, butter, cheese and ice cream is very strong. However, the export demand will probably be less than last year. Total milk production may be about as large as in 1947.

Little Change in Poultry Prices

Poultry and egg prices are likely to be slightly higher in 1948 but will drop to support levels in seasons of high production. Eggs should be a little higher than last year. They probably will be at support levels from February through May.

Chickens may average a little higher than in 1947 but turkeys are expected to be about the same. Demand will be strong since supplies of all meat will be less.

The demand for eggs by United States consumers is likely to stay as strong as it is now but the foreign demand is uncertain and probably will be less.

Probably there will be fewer laying hens and fewer chickens raised. Turkey numbers are not expected to change much.

Feed Supplies Are Tight *But Enough If Conserved*

Feed supplies in the United States are less than any time during the past five years but still about equal to the long-time average. There are 1.02 tons of feed grains and concentrates for each animal unit. Last year the supply was 1.18 tons.

Hay is generally very plentiful. There are more high protein feeds than a year ago. In South Dakota, we have less feed grains than in recent years but still more than our long-time average.

Because of the strong demand and small supply, feed grains will stay up, or go higher, until the 1948 crop is known. Protein feeds will be higher than last year. However, it will be profitable—because grain is so high—to use large amounts of protein supplements.

The Grain Must Be Saved

We do not have enough grain to feed our livestock as heavily as last year. But we do not need to sacrifice our herds and flocks. We must use our feed efficiently and waste less if there is to be any for export. Every farmer should be careful to maintain his minimum feed and seed requirements for at least one year.

Large Crop Acreage Needed

Demand for feed and food is strong enough to encourage South Dakota farmers to seed about the same big acreage of feed crops as they seeded in 1947.

We may and can have drouth and grasshoppers.

Choosing the best adapted varieties cannot be too strongly emphasized. Where these hazards are a threat, sorghums and early grains should be used.

Wheat Price Looks Good

Big Exports Support Wheat

Two factors, large exports and the short corn crop, are mostly responsible for our high wheat prices. Foreign countries are buying a lot of our wheat, both with their own money and money supplied them under European aid plans. The demand for wheat both at home and abroad looks strong for 1948 and 1949. Prices will continue high. When the demand abroad weakens (perhaps by '49 or '50) wheat will feel the pinch. South Dakota's goal is for 3,900,000 acres—a little above last year.

Good Demand for Flax, Beans

The world outlook for fats and oils is one of scarcity. Demand is greater than supply. Flax and soybeans will remain high in 1948. Support price for flax is \$6, Minneapolis. Soybeans are supported at \$2.04 but will stay above that. It should be profitable to seed as much flax as last year and increase soybeans.

Living Cost To Stay Up

Farm Income Is Record High

Farm family income set a new record in 1947 and will likely continue high in 1948. The high level of farm family income the past few years will enable farm families to make many needed improvements. High costs will hinder improvements in 1948, but planning should go ahead. Savings for planned improvements should be set aside during these years of favorable farm incomes.

Food prices will continue high in 1948. A good garden can cut food expense a lot. Some fruits and green vegetables will be plentiful this winter and maybe cheaper. Cut costs by using seasonal foods and plan carefully to avoid waste.

More Clothing, But Expensive

Clothing costs have increased considerably. Some further increase may be expected in some lines. In other lines, production has nearly caught up with demand and prices may begin to decline. There is considerable resistance to the high prices and quality is still low, so it is wise to be "quality conscious" and to buy only what is needed.

Prices of furniture and furnishings have increased more rapidly than any other household item. Prices will still remain high in 1948. Supplies are improving but there is a great backlog of demand waiting for better quality.

New House?--Better Wait

Housing repairs and building costs have gone up greatly and may remain high in 1948. The supplies of nearly all building items improved in 1947 but are still likely to be short and high priced. For most families it may be best to plan building improvements and wait for better quality and somewhat lower prices. Continue to lay away savings for home improvement.

Credit Buying Is Dangerous

Recent trends indicate that families will use more credit and savings in buying household equipment, furnishings and other large items than they did a year ago. Most farm families will find it safest to avoid using credit to buy major farm or household equipment because the purchasing power of the dollar is very low at this time.

Agricultural Extension Service
South Dakota State College

GEORGE I. GILBERTSON, *Director*

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