

Oklahoma Agricultural Outlook, 1937

Oklahoma A. & M. College
Extension Division
Stillwater, Oklahoma

Circular No. 347

General Series 290

Prepared by the
Extension Service and the Department of Agricultural Economics
Oklahoma A. and M. College.

GENERAL SITUATION

Demand and Price. It is expected that consumers' incomes will be increased in the neighborhood of 10 per cent over the 1936 level during 1937. This would mean an increase in demand for farm products. This prospective increase in demand, should it materialize, will come as a continuation of the trend toward an increase in national income due to increases in industrial production, factory employment, and payrolls, which have been taking place since the latter part of 1935.

It appears reasonably evident at the present time that farm prices in general will remain relatively high until the next crop season. As a matter of fact, prices of Oklahoma farm products have been relatively high since July, when the full effects of the drouth began to be realized, and since supplies cannot be appreciably changed before another crop season, they will likely remain so during the first half of 1937. Providing that the expected strengthening of demand materializes, tendencies beyond that time will depend primarily upon supply of the various products.

Credit. Increased needs for production credit in 1937 will arise in many parts of Oklahoma as a result of the drouth and the advancing costs of crop production. Feed supplies in drouth areas will be short in the first half of 1937 over practically the entire state. Increased credit advances will be needed for feed purchases and to sustain farm families whose 1936 crops were a failure, where such needs are not met by various emergency relief funds. Local banks and Production Credit Associations are in a position to supply such credit wherever sound collateral exists. It is probable that various public agencies will also continue to be active in the field of production credit.

Farm Supplies. The prices of commodities used by Oklahoma farmers in agricultural production will probably be much higher in 1937 than in 1936. Prices paid by farmers for seed have already advanced sharply as a result of drouth-restricted supplies and will continue at relatively high levels during the 1937 spring planting season. The supply of good cotton seed is expected to be particularly short and will probably be quite high in price.

Feed prices will be materially higher than in 1936 during the first half of the coming year, or until the harvest of the 1937 crop replenishes the present drouth-reduced supplies. Prices of other items used in production are expected to differ but little from the 1936 levels, although the prospective general upturn in the cost of materials and labor entering into the expense of manufacturing farm machinery and building supplies may result in slight advances in local market prices for these items.

United States Department of Agriculture, Bureau of Agricultural Economics, The Farm Outlook for 1937.

Farm Family Living. The expected increase in the national farm income for 1937 indicates more cash available for farm family living except in drouth areas. In some regions, there will be an increase of income from higher prices received from the sale of farm products, and government benefit payments. This increase in resources will probably be used in buying food, house furnishings, household appliances, medical care, and clothing, in the order named.

In the drouth areas during 1937, there will be little choice in the spending by farm families. Savings and the limited relief payments will be spent largely for such necessities as food, clothing, and operating expenses.

Prices paid for consumer goods by farm families will probably rise during the first half of 1937. Wholesale prices for fuel, lighting, and house furnishing goods are a little higher than a year ago, and the retail prices may continue to rise. No marked change is expected in the price of clothing except for leather goods such as shoes, gloves, and leather coats. Prices paid for leather goods have been higher during the last year than any year since 1930.

A scarcity of some fresh fruits such as apples, grapes, cherries, and peaches may indicate a rise in price during 1937. The short crop of fruits such as apples, prunes, and grapes, usually dried, may increase their cost in 1937.

Better prices for farm products in the first half of 1937 would enable farm families, not in the drouth areas, to pay the higher prices for farm family living items.

In the drouth areas, where very little fresh fruit and vegetables was canned and stored, it will be necessary for farm families to purchase these foods until another crop is available.

OUTLOOK FOR COMMODITIES

Cotton. Due largely to increased foreign production, world supplies of cotton for the year beginning August 1, 1936, are larger than in either 1934-35 or 1935-36 and are nearly 18 per cent above the average for the 10 marketing years which ended on August 1, 1933. In sharp contrast to the situation in Oklahoma where an unprecedented drouth cut the production to 290,000 bales, the production of cotton in the United States as a whole increased 17 per cent in 1936. However, even with this increase in American production, world supplies of our cotton in 1936-37 are the lowest in six years and about five per cent below the 10-year average. World supplies of foreign cotton in 1936-37, on the other hand, are expected to be nearly one-half again as large as the 10-year average.

A new high record of 27,000,000 bales was set in world mill consumption of cotton in 1935-36. In spite of the fact that much of the increase over 1934-35 was in American consumption of American cotton, world mill consumption of American cotton was still six per cent below the 10-year average, while world consumption of foreign cotton was 40 per cent greater than the 10-year average. It is probable that world mill consumption will increase again this season, but, because of the increased supplies, carryover stocks of American cotton, August 1, 1937, will probably be about the same as for this season, while stocks of foreign cotton may actually increase.

Increased prices, available land, abundant labor supply, and ample credit are conducive to a substantial increase in acreage to be planted to cotton in the United States in 1937. To what extent provisions of the 1937 Agricultural Conservation Program may influence acreage is not known, since this program has not yet (December) been announced.

This situation is also true of Oklahoma, unless the increased wheat sowings during the fall of 1936 should be harvested in 1937 and prevent an increase in cotton acreage next spring. It is also probable that only another drouth like that of 1936 will prevent Oklahoma farmers from showing a much larger increase in harvested acreage next fall than the United States as a whole. This situation arises out of the much greater abandonment of planted acreage in Oklahoma than in the United States as a whole during 1936. A favorable season would substantially increase Oklahoma cotton production through reducing acreage abandonment and increasing yields. The shortage of cotton seed of adapted varieties which normally produce cotton of around one inch staple, may be a handicap to the Oklahoma farmer in regard to quality of cotton produced in 1937.

A substantial increase in cotton production in 1937 for the United States as a whole would result in some reduction in cotton prices, unless demand conditions or a rise in the general price level should offset it. Such a reduction in prices, however, would not necessarily mean lower incomes for cotton producers, as there would be a larger supply of cotton to sell. A decline in domestic cotton prices compared with foreign prices would tend to increase our exports of cotton.

The final test of the desirability of increasing cotton production is, of course, not alone a matter either of regaining foreign markets or of attaining high prices. The ultimate test is in the effect on incomes of cotton producers over a long period. A high price now at the expense of losing foreign outlets may in the long run be undesirable just as large exports at the expense of current prices and incomes may be undesirable.

Wheat. If weather conditions return to normal in 1937 the wheat crop of the United States may be expected to exceed greatly its domestic needs. Had there been average yields on the acreage planted this year (1936) the same would have been true, for the acreage seeded to wheat was the second largest on record. There is no indication that the acreage will be any smaller in 1937 than in 1936. Thus far, however, some areas have had a shortage of moisture. World acreage in wheat at present is large enough to bring a great world surplus again, with average weather conditions. The reduction of supplies in recent years has been due to poor crops in the large surplus producing countries.

The United States will not be on an export basis this year (July 1, 1936 to June 30, 1937) inasmuch as the total production of 627,000,000 bushels in 1936, will not equal the estimated domestic utilization of 660,000,000 bushels. Consequently, prices will very likely stay above the Liverpool price. However, if the expected large crop of 1937 materializes, the price of wheat will be below the world price for the United States will then be on an export basis. The difference between an export and import price basis usually ranges from 30 to 50 cents per bushel to the farmer. Furthermore, should production of the world increase, the surpluses would bring about a lower world price unless offset by a rise in the general world price level.

Feed Grains, Hay, and Pasture. Prices of all feed grains, by-product feeds and hay will remain high until new crops come on in 1937. (For information on efficient feeding of livestock, write to the Extension Division, Oklahoma A. & M. College, for Extension Circulars Nos. 341, 225, 272, and Emergency Dairy Feeding Lesson 1936-1937.)

The livestock-grain price ratio will probably be generally unfavorable to feeding during the coming winter and first half of 1937, but later in the year it will probably shift so as to be favorable for feeding.

For the country as a whole the supply of feed grains per grain-consuming animal unit for the current feeding season is about the same as in 1934 but approximately 25 per cent less than a year ago and the 1928-32 average. The hay supply per hay-consuming animal unit is nearly one-third more than in 1934 and only five per cent less than the 1928-32 average. The supply of by-product feeds per grain-consuming animal unit is expected to be about 10 per cent larger than the 1932-1935 five-year average.

In Oklahoma the November 1, 1936, estimated production of all hay was 866,000 tons compared with an estimated production of 734,000 tons November 1, 1934, the record drouth year. Despite this increase of 18 per cent in the total hay production in 1936 over 1934, the Oklahoma farm price for hay in November, 1936, was \$11.30 per ton compared with \$10.50 per ton in November, 1934. Thus, even with considerably more hay than we had in 1934, it is expected that the price during the first half of 1937 will continue higher than prices that prevailed during the fall of 1934 and spring of 1935.

The November 1 estimated production of corn in this state is 11,310,000 bushels, which is approximately 43 per cent of average but was 29 per cent greater than the production in 1934. The November corn price to farmers in Oklahoma was \$1.04 compared with \$.82 in November, 1934. Prices of corn are expected to continue high until new feed grains come on in 1937.

The November 1 indicated yield of grain sorghums in Oklahoma was five bushels per acre compared with eight bushels in 1935 and 11.4 for the 1923-1932 average. The estimated production was 7,400,000 compared with 13,160,000 last year and 14,505,000 for the five-year average, or a reduction of 43 per cent from last year and 49 per cent from the five-year average.

Pastures. The condition of Oklahoma pastures on October 1, 1936, was 31 per cent of normal compared with an average of 67 per cent. The damage to pastures by the 1936 drouth was about as great as in 1934. Large acreages of winter grains were planted for pasture in Oklahoma in September and October. Ample moisture during the planting season made it possible for farmers in all areas of the state to plant winter grains. With continued favorable weather this winter pasture will make it possible for farmers to carry their stock through the winter with small purchases of hay and feed grains. The Agricultural Conservation Program has fostered an increased acreage of pastures.

During the next few years the existing permanent pastures may not supply their usual quantity of feed because of their deterioration brought about by severe drouth. The condition of ranges in the western states this fall was poorer than in any year since 1923 with the exception of 1934.

Alfalfa and Sweet Clover Seeds. Prices for sweet clover and alfalfa seeds are likely to continue high in 1937. Supplies of these seeds are now about one-fourth smaller than in either of the last two years. Decreased production in 1936 was caused chiefly by the drouth but grasshoppers reduced production in some areas. The carryover of alfalfa seed is believed to be somewhat below the average and that of sweet clover is much below the average.

The demand for these legume seeds is likely to be stimulated because of the Agricultural Conservation Program. Deficiency in supplies will be partly offset by substitution of other crops and decreased rates of sowing and by a large increase in imports. Farmers purchasing these seeds in 1937 will probably be able to purchase imported seeds

cheaper than domestic seeds of approved origin, but should keep in mind that the adaptability of these imported seeds has not been definitely established; therefore, more risk would be involved in the purchase of imported seeds.

Beef Cattle. Cattle numbers in the United States at the beginning of 1937 are expected to be somewhat smaller than the peak number of three years earlier. Over 80 per cent of this decrease will be west of the Mississippi River in the drouth areas. Although numbers of cattle have been reduced, it is expected that numbers will be large enough to furnish an inspected slaughter of cattle and calves for 1937 larger than the 10-year average, 1924 to 1933, and make no reduction in breeding herds. Numbers are expected to increase the next few years.

Cattle numbers in Oklahoma reached a peak on January 1, 1934, and on each succeeding January 1, the numbers were from 135,000 to 150,000 smaller than for the year earlier. It is expected that numbers will be still smaller on January 1, 1937.

Factors important in beef production are the amount and kinds of feeds and pastures available for feeding and grazing. (See statement in this circular on feed grains, hay, and pasture.)

The following points in the 1937 cattle outlook seem important to Oklahoma producers:

1. As a result of the scarcity and high price of grain, the number of grain-finished cattle marketed in 1937 will be smaller. Reduction will be mainly in the Corn Belt states.

2. Fed cattle prices are expected to be high the first part of 1937 due to decreased numbers of cattle on feed and the high cost of feeds used in production.

3. The outlook for cattle producers is favorable during the next two or three years. This is particularly true for the producers outside the drouth area where herd numbers have been maintained and feed is more abundant.

4. There will probably be a wider spread than usual in prices of the better grades and the lower grades of fat cattle.

5. The demand for cows and heifers for replacement purposes may be strong in the drouth areas next year if pasture conditions are near normal there.

6. Improved consumer demand in 1937 is expected to take care of the increased price of beef without materially reducing consumption.

Sheep, Lambs, and Wool. The 1936 drouth was not so severe on the sheep and lamb industry as the 1934 drouth as only a small part of the western range was affected.

The number of sheep and lambs on feed will be about the same as for 1934. The trend in sheep numbers will probably be downward for the next few years, although the 1936 lamb crop was nine per cent larger than the 1935 crop. The most of this increase occurred in the western area.

Feeding of lambs in the western Corn Belt will be less than last year while, in the eastern part of the Belt as many or more will be on feed.

Prices of lambs are expected to average about as high in 1937 as for 1936 with the improved consumer demand.

Wool:

Stocks of both domestic and foreign wool will be below average on April 1, 1937. The consumption of wool by domestic mills is not expected to be as high in 1937 as in 1936.

Hogs. The hog situation at present is characterized by a small number of hogs on farms and low hog prices compared with feed prices.

Such a situation, although somewhat common in Oklahoma is unusual for the country considered as a whole.

Undoubtedly the drouth of 1936 has been a major factor in this situation. Hog numbers on farms began to increase with the close of 1935. The 1936 drouth operated to reduce the value of hogs compared with the value of feed to such an extent that many sows originally intended for fall farrowing in 1936 were sent to market during the summer months. The prices of hogs compared with feed prices are still unfavorable. In November, 100 pounds of live-weight hogs were worth only 9.1 bushels of corn as compared with a value of 15 bushels of corn a year ago. The feed supply is so short that a favorable corn-hog ratio during the ensuing year seems unlikely until favorable prospects for a new feed crop are in sight. In number, therefore, hog marketings have been heavy during recent months. As the year advances, market supplies will doubtless decrease and the last quarter of the marketing year, July, August, and September, 1937, may find fewer hogs going to market than went to market in the corresponding period of 1936.

Late spring pigs in 1937 may be carried on maintenance rations until 1937 feed grains become available. With normal yields of feed crops in 1937, feed prices would be reduced materially below present high levels.

Horses and Mules. Since 1918 there has been a general and continuous decline in the number of horses on the farms of the United States. The decrease in the mule population began in 1925. In 1920, six per cent of the total number of horses on farms were colts under one year of age. This proportion decreased to 3.2 per cent in 1932. The reduction in colt production has operated to bring about a high average age of horses and mules. Because of this high average age, the death rate of old horses is expected to cause a continual decline in the number of all horses on farms, perhaps for three or four years, in spite of a substantial recovery in colt production since 1932.

The reduction in the horse and mule population in Oklahoma has occurred in all parts of the state and is due to a decrease in mules. The number of horses and colts on farms in Oklahoma has been increasing the past two years. The reduction in horses and mules is much more pronounced in the western than in the eastern counties of the state, however. The greater adaptability of the western areas of the state to the use of mechanical power has made possible a more rapid displacement of horses and mules in these than in the eastern areas.

Dairy. The number of milk cows per capita in the United States on January 1, 1937, will probably be somewhat below average and there are prospects for some further decline in 1937 and 1938.

The increase in the purchasing power of consumers because of an increase in industrial activity is an important factor in improving the dairy outlook. The decline in the consumption of fluid milk and cream and ice cream which occurred during the depression has been halted and consumption is now increasing. The outlook is for further increases in the consumption of fluid milk and cream and ice cream.

If harvests are near average in 1937, prices of feeds will probably decline in relation to dairy products. Prices of hogs and beef cattle will probably be high in relation to butterfat during 1937.

The outlook for the next few years is for some rise in butter prices. This will strengthen fluid milk prices in city markets. The prices of milk cows will probably increase during the next two years.

Poultry and Eggs. Poultry prices are expected to average somewhat lower in the spring and slightly higher in the fall of 1937 than

in corresponding periods of 1936. The Oklahoma farm price of chickens for selected months in 1936 is as follows: January, 14.8 cents; April, 15 cents; June, 13.9 cents; August, 11.4 cents, and November, 9.2 cents.†

Numbers of chickens on farms January 1, 1937, are expected to be only slightly larger than a year earlier despite a 25 per cent larger hatch in 1936 than in 1935. Receipts of dressed poultry from January to October, 1936, were 17.8 per cent larger than for the same period in 1935.

Poultry marketings throughout 1937 are expected to be less than in 1936 because heavy receipts in the fall of 1936 due to high feed prices are at the expense of receipts next spring, and fall receipts will reflect an expected slightly smaller hatch in 1937 than in 1936.

Egg prices in 1937 are expected to average somewhat higher in the spring than in the corresponding period of 1936. Egg prices in the fall of 1937 will be influenced by the production of feed grain and the number of pullets saved for layers. The Oklahoma farm prices of eggs for selected months in 1936 were as follows: January, 19 cents; April, 14.7 cents; June, 15.7 cents; August, 18.9 cents, and November, 30.2 cents.†

Receipts of eggs at the four principal markets in 1936 have been larger than in 1935. Receipts of eggs in early 1937 are likely to be only slightly above those of 1936, despite an increase of three per cent in the number of hens and pullets on farms November 1, 1936, compared with the same date in 1935. A more than off-setting factor is the unfavorable feed-egg price ratio expected during the first half of 1937.

During the last half of 1937 egg production may be increased and larger marketings will result. If feed grain production in 1937 is near average, a greater than normal seasonal decline in prices of feed grains may be expected in the summer and fall. This would result in a favorable feed-egg price ratio which would stimulate egg production during the last half of 1937.

Stocks of eggs in storage August 1 were much less than in recent years. It is probable that storage stocks will continue low until after January 1, when stocks of shell eggs cease to be a major source of supply.

From the egg price outlook, it appears that poultrymen will need to have efficient production in 1937 to make desirable profits. Some factors which have been found particularly important in increasing efficiency of production during the past year are: (1) high quality birds; (2) an all year round feeding program; (3) green feed; and (4) correct housing.

Turkeys Low turkey prices compared with feed prices in the fall and winter of 1936 will discourage production in 1937. If production does decline and demand increases as expected, turkey prices will be higher in the fall of 1937 than in 1936 when the bulk of the Oklahoma crop sold for a price around 12 cents.

Expected higher prices in the fall of 1937 may cause some producers to increase their production. More can be accomplished perhaps if production is not increased but if more feed is provided for the usual number. The quality of the greater per cent of Oklahoma turkeys can be improved by providing more feed for the flock, particularly green feed. When turkeys are under-nourished, more losses occur from disease.

† Current Farm Economics (Supplement), Agricultural Economics Department, Oklahoma A. and M. College.

Vegetables and Fruits. For the United States as a whole, it is expected that an increase of about 5 to 10 per cent in the acreage of vegetables grown for market will result in a corresponding increase in supplies of these products. It is believed, however, that increased incomes of industrial workers will permit the market to absorb these products at about the same prices as were paid in 1936. During the early part of 1937, prices may be higher than in 1936 because of a shortage in vegetables carrying over from 1936. Oklahoma truck-growers who sell on local markets are not greatly concerned with the national aspect of the fresh vegetable market, but will find it essential to study conditions affecting their local markets.

For much of Oklahoma production, conditions are such that the local market is the only one available, the principal exception to this rule being the Eastern Oklahoma region in the vicinity of Muskogee.

Irish Potatoes. Potato production in 1937 will probably exceed that of 1936, and prices will be generally lower. However, since the 1936 crop was so seriously shortened by the drouth, it appears probable that old crop potatoes will be scarce by the time early potatoes begin to come on the market. The price situation, therefore, appears favorable for producers who can get their produce to market before the middle of 1937.

Onions. In contrast to potato production, the production of onions was at a high level in 1936. It now appears that the acreage will be reduced in 1937, but extreme caution should be used by Oklahoma producers or satisfactory markets may not be available for their product at the time they have it ready for market. The onions grown in Oklahoma are highly perishable and must be marketed promptly when ready regardless of market conditions.

Grapes. Improvement in general economic conditions in the next few years may be expected to bring about increased demand for and consumption of grape products and all varieties of grapes. United States production of all grapes for 1936 was estimated on October 1 at 1,879,000 tons. This indicated production is about five per cent less than the 1931-1935 average but considerably smaller than the rather large crop of last year. With average growing conditions and reasonable control of insect pests and diseases the present bearing acreage may be expected to produce at least 2,000,000 tons per year.

Strawberries. Conditions appear to be favorable for strawberry production and prices in 1937. Prices paid to growers dropped to a low point in 1933, but since that year the trend has been upward. If the quality of the 1937 crop is average, or above average, it is probable that prices received by growers will be equal to or slightly higher than were received in 1936. Based on reports from commercial growers October 1, 1936, the United States strawberry acreage for picking in 1937 will be increased three per cent over the total acreage harvested in 1936 but will still be five per cent under the five-year (1928-32) average. This increase will take place largely in the early and late states. Due to the 1936 drouth, the acreage and production in Oklahoma are expected to be at a low level.