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Open This Door! : For a Glimpse of the 1940 Farm Outlook for South Dakota

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ENTRANCE

For A Glimpse

of the

1940 Farm Outlook

for

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South Dakota

Extension Leaflet 36 ♦ January, 1940



Demand to Be Stronger

---Prices Higher; Credit Ample

Demand for farm products during 1940 will be stronger than in 1939. This will be a powerful force for higher farm prices in 1940.

Farm prices may not receive all the rise the demand warrants because of big supplies. The war will cause a bigger export demand for some products.

General Conditions in the United States are good and would have been without the war. All important industries have good prospects. However, factories were encouraged by the buying wave to produce more than could be sold which may bring a slight recession early in 1940.

Large Supplies will hold down rising prices but not enough to stop the upward trend. Prices will be higher in 1940 than for two years. Government payments will be about the same. Total farm cash income will be the largest for two years. Prices of things farmers buy are also expected to average higher in 1940 than in 1939.

War in Europe has already quickened the pace of some industries in the United States. War's effect on United States business conditions may not be entirely beneficial though because of such factors as blockades, competition from new regions of the world, and diversions of some of the allies' trade from the United States to such new regions as South America in an effort to usurp Germany's trade with those regions.

Credit will be ample from private and public lending agencies. This is a good time to buy farms because favorable long-term contracts may be secured now before possible inflationary war effects are felt.

The demand and price situation for farm products in 1940 presents these aspects:

State. No burdensome supplies of any farm commodity on hand in South Dakota, with the possible exception of hogs. In fact, some areas are low in supplies of all farm products.

National. Demand has already started to pick up. Recessions may occur in 1940, but general trend is upward. Supplies of some farm products are so heavy they may retard price rises.

World. The war as yet has failed to increase the demand for agricultural products from this country. War's effect is unpredictable, though. Reasons why war has not increased United States exports much: 1. European supplies larger than in 1914. 2. Allies attempting to develop South American trade. 3. New countries competing with United States. 4. "Rationing" and other restrictions on use of imported goods by European governments.

Will Cost More to Live

---Careful Management Needed

Farm families will have more money to spend in 1940 than they did in 1939. The cost of living, however, will also be greater.

The Food Supply in the United States will be ample but food prices in general will be higher.

Clothing Prices are expected to be higher in 1940 than they were in 1939.

Household Operation costs will rise because the prices of coal, petroleum and rubber are expected to be higher. Household equipment will sell higher, especially products made of wool, steel or imported materials.

Farm Income Improvement in 1940 will probably result in more rural telephones, radios, automobiles and electrical equipment.

Net Farm Income will be less than \$500 for one-fifth of United States farm families. The number of these low-income families may be large in South Dakota in comparison with the rest of the country even though a rise in the national farm income is expected. Continued careful management of household and family living expenses will be necessary.

Wages, Machinery Higher

---Takes More Money to Farm

Farm Machinery will be higher if the war causes iron and steel to rise. New model tractors are on the market, however, at lower prices because they contain less steel and rubber than former tractors. Mass production will lower prices of small combines.

Building Materials may advance only slightly in price in 1940.

Farm Wage Rates in 1940 will average only slightly above 1939.

Enormous Wheat Surpluses

---Increasing Acreage Unwise

The wheat situation looks discouraging to the wheat farmer. Indications are that the world carry-over July 1, 1940, will be 300 million bushels greater than a year ago. Countries at war will produce less wheat but neutrals will produce more.

The AAA has set a United States wheat acreage allotment for 1940 of 62 million acres, compared with 55 million for 1939. Actual seeding in 1939 was 64.6 million acres, producing 736 million bushels.

This, plus the carry-over from July 1, 1939, made a total supply of 990 million bushels. The average annual domestic consumption of 670 million bushels will leave 320 million next July for export and carry-over.

In making plans for wheat seedings, farmers should face these facts:

State. South Dakota farmers harvested wheat from only three-fourths as many acres in 1939 as in 1938, and are anxious to recoup their losses.

National. The Nation's supply of wheat is still ample. If exports this year go up to 100 million bushels (they averaged only 70 million the last 10 years) and if we average only 10 bushels on 67 million acres this year, will still have a 200 million bushel carry-over next July.

World. Supplies of wheat are the largest on record. World acreage is not being reduced. Average yields over the world this year, will produce all the wheat needed in a single year without reducing the carry-over a single bushel.

U. S. Flax Acreage Gains

---Over Supplied Market Remote

World flaxseed supplies were relatively large at the beginning of the year. A decline in the European demand for flaxseed is expected. A further expansion in flax acreage in the United States is expected for 1940.

If wheat prices look good at planting time, there will be a tendency to shift acres intended for flax into wheat. The likelihood of an over-supplied flax market seems remote. Recent crop reports from Argentina indicate drastic reduction in flax supplies there.

GET COMPLETE OUTLOOK REPORT FROM COUNTY AGENTS

This brief report on farm prospects for 1940 was condensed from more complete write-ups of each commodity by staff members of the South Dakota State College Extension Service and Experiment Station. The complete reports have been bound in book form and furnished to all County Extension Agents. If you wish more information, we suggest you consult your Extension Agent who will be glad to give you the complete detailed report.—S. W. Jones, Farm Management Specialist.

Feed Supplies Are Larger

---But There's More Livestock

Total supplies (production, carry-over and imports) of feed grain and forage crops in the United States for 1939-40 are the second largest since 1928-29; for South Dakota, supplies are slightly above last year, but are below the 1928-37 average.

There are seven percent more animals on farms now than a year ago, and prospects are for further increases in 1940. Present livestock numbers, even if fed at lower rates than in pre-drought (1923-32) years, will consume as much feed grain as was produced this year. This would result in a smaller carry-over of feed grain next July 1 than the bumper stocks on hand in the United States July 1, 1939.

The feed situation is not uniform in all parts of the world:

State. South Dakota's supplies of both feed grains and roughage are unevenly distributed in the state. Hay supplies are lower than last year and the average, but feed grain supplies are above a year ago and below average. Cattle and lamb feeding has increased above a year ago.

National. Feed supplies are the second largest since 1928-29, but livestock numbers are high enough to consume as much feed grain as was produced last year. As livestock numbers increase, they will eat into the carry-over stocks. The livestock-feed price ratio will not be so favorable for livestock producers in 1940 as it was in 1939.

World. The foreign situation is such that a reduction in feed grain imports by warring nations is expected in 1940 because of reduced livestock numbers in Europe, increased feed production in the United Kingdom, blockades, difficulties of shipping, foreign government controls.

Legume Supplies Plentiful

United States alfalfa seed production in 1939 was 25 percent above a year ago and 31 percent above the 10 year average. Sweet clover seed production was 10 percent larger in 1939 than in 1938. However, demand for both alfalfa seed and sweet clover seed is greater than the U. S. production as indicated by relatively large imports which in 1939 were the largest on record.

Grasshoppers Still With Us

Limited areas of the Black Hills, an area in the Rosebud country, the James river valley and the southeastern counties, are the sections of South Dakota which may expect most serious grasshopper invasions next summer. This prediction is based on the grasshopper egg survey made in the fall of 1939.

Beef Cattle Prices Good

---Numbers Continue to Increase

The price prospects for the beef cattleman continue good. These prospects are supported by increasing demand, fairly large feed supplies, likely improvement in exports of pork, higher hide prices and possibly smaller tonnage of cattle slaughtered in 1940 than in 1939 because of the continued tendency to hold breeding cattle off the market for restocking purposes. Beef cattle are still one of the few agricultural products commanding prices above parity.

Cattle numbers are steadily increasing with 3 percent more on farms January 1, 1940, than at the same time a year ago. Most of the increase was east of the Dakotas.

Slaughter of cows, heifers, and calves is expected to be smaller in 1940 than in 1939, but steer slaughter will show but little change. Increased marketings of grain fed cattle are expected the first six months of 1940 due to increased feeding in the fall of 1939. Accordingly, higher prices for the better grades of cattle are not probable until after the middle of the year. South Dakota reports a 17 percent increase in cattle feeding over a year ago, but still only half what it was 10 years ago.

Farmers and ranchers looking ahead into 1940 are confronted with these facts:

State. Cattle numbers are still low, but every effort is being made to increase them. Feed supplies are unevenly distributed, hay supplies below average, ranges about average.

National. Feed supplies are large, and cattle numbers are increasing. The incentive to increase is aided by good prices for both fed and breeding cattle.

World. Cattle imports into the United State were higher in 1939 than a year ago, but are expected to fall off in 1940. Direct effects of the European war on our domestic cattle situation will be only minor.

More Potatoes Expected

---Price in Uncertain Position

An increase of 100,000 acres of potatoes in the United States is indicated for 1940. If this materializes, a total acreage of 3,175,000 and normally a production of 384,000,000 bushels would result. This is 24,000,000 bushels more than is annually consumed in the United States. Hence, unless consumer buying power rises materially, this surplus production may depress potato prices in the fall of 1940.

Dairy Prices May Improve

---Dairymen See Happy Days

Prices of dairy products are expected to average higher than any year since 1933. Increased consumer purchasing power because of improved industrial activity is expected to bring this about.

Milk production during 1940 is expected to equal the heavy production of a year ago. Any increase in milk production is not expected to offset the improved demand enough to depress prices.

A brief statement of the dairy situation, then, would point out these items:

State. Some expansion in dairy sections of the state seems warranted, if high quality stock is used.

National. Last year's big dairy products surpluses have been pared down. However, heavy production is in prospect again for 1940, but will probably not offset increased consumer demand.

World. The war may cause our dairy products exports, especially concentrated milks, to increase.

Record Number Pigs in 1939

---1940 Pig Crop Looks Big

The 1939 pig crop in the United States is the largest on record. The combined spring and fall pig crop in 1939 was 19 percent larger than in 1938 and 17 percent larger than the 10 year (1928-37) average.

Consumer demand for hog products in the United States in 1940 will be stronger than a year ago. Also, a stronger foreign demand for pork and lard is in prospect for 1940 as a result of the European war.

Prospective domestic demand, resulting from enlarged consumer incomes, is expected to do more for the hog raiser than increased foreign demand. Greater exports of pork and lard from this country, to England especially, are anticipated. The effects of the combined increase in domestic and foreign demand will largely be offset by the increased supplies of hogs for slaughter.

Summing up the hog situation brings out these points:

State. A faster rate of increase in hog numbers is being retarded only by shortage of feed in some areas and present unfavorable corn hog ratio.

National. More pigs farrowed in 1939 than ever before.

World. Strong foreign demand in prospect because of war.

Sheep, Lambs Look Good

---Price Good Despite Numbers

A moderate increase in sheep numbers in the United States is expected in 1940. This will be encouraged by a general improvement in demand for meats and wool, strong feeder lamb demand, a less favorable outlook for hogs, and any strengthening in prices due to the war. South Dakota sheep numbers are expected to increase in 1940.

The 1939 lamb crop was the second largest on record. Increases in sheep numbers are not expected to offset the price improvement the increased demand will bring.

Wool Prices Improving

Wool prices are expected to be much more favorable in 1940 than they were in 1939. The British government has contracted for the entire Australian and New Zealand clips, taking them off the world market. Small wool supplies, improved demand and the war are major factors in strengthening the wool market.

1940 Poultry Outlook Good

Poultry prices during the last half of 1940 are likely to be higher than in 1939. Egg prices in 1940 are expected to average above 1939, due to increased demand, even though production will be greater.

The feed-egg ratio will probably be less favorable, from the poultry producer's viewpoint, than last year or the 10 year average.

Hatchings are expected to be smaller than the large hatch of 1939. A decrease below the 1939 record is expected in turkey production in 1940.

The war is not expected to greatly affect the poultry industry in the United States in 1940.