FARM TO market outlook

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Markets at a Glance

Prices—Inflationary trend continues in non-farm wages and prices.

Cattle—Prices for grassers will average substantially higher than last year.

Hogs—Favorable feeding ratio will continue to stimulate production.

Lambs—Waiting for price rallies probably will pay.

Wool—Prices probably will hold, although demand is slow.

Wheat—Price drop below support is probable during harvest.

Feed Grain—Large production is again in prospect.

Flaxseed—Price is already moderately below new crop support.

Seeds—Weather is favorable for large new crops.

Feedstuffs—Near-term prices are likely to be steady to slightly higher.

Hay—Larger crop, smaller demand, are in prospect.

Dairy Products—Milk-feed price ratio will continue best in several years.

Eggs—Good seasonal price rise probably has started.

Poultry—Summer increase in demand may sustain recent price gains.

Potatoes—Light early summer crop will help prices in next few weeks.

INFLATIONARY FORCES appear to predominate in the non-farm sector of the national economy. Industrial production has held nearly level for the last 10 months, but incomes have continued to rise because of the up-trend in wage rates. The general level of wholesale prices of commodities other than farm products and foods continues to creep higher.

CATTLE—Prices for upper grades of fed cattle are likely to be steady to moderately higher in the next few months. They have been chopping up and down without much net change in the general level in the last two months.

Prices for lower grades of fed cattle and for grassers, which have moved higher all spring, probably will soon start a seasonal decline. However, supplies will be smaller and prices will stay substantially higher than last year, at least until late fall. Growers probably will hold back grassers for maximum weight gains, which will throw an increased proportion of the supply on the late season market.

Prices for stocker and feeder cattle probably will decline as marketing of grass cattle increases, but will continue higher than last year and relatively high compared with fat cattle. Recent sales of Good and Choice grades on the range for fall delivery were reported at $19-20 for yearling and two-year-old steers, $17.50-19 for yearling heifers, $23-25 for steer calves and $21-22 for heifer calves.

HOGS—Prices are likely to fluctuate widely in the next few weeks while passing the peak for the year and the price cycle. Market supply probably is close to the low point.

This year's spring pig crop was practically the same as that of 1956. Growers plans point to an increase of 1 per cent in fall pigs. The ratio of hog prices to feed costs probably will continue favorable enough in the next six months to stimulate a further cyclical increase in hog production.

LAMBS—Prices are in a seasonal downtrend that may not end until late fall, but it will be interrupted by sharp temporary upturns. Movement to market will gradually increase as more of the Cornbelt and range crop reaches good weight. It will pay to hold back on sharp price breaks and sell on price bulges.

In recent range trading, sales of Wyoming feeder lambs were made at $18 a cwt. and Montana lambs at $18-18.50 for fall delivery. Many producers are holding for more. White-faced yearling breeding ewe sales for fall delivery sold at $24-27 a head.

WHEAT—Cash prices probably will be steady to weak during the harvest movement, then gradually move higher as offerings taper off.

Crop prospects probably remain near the early June forecast of 971 million bushels, consisting of 736 million bushels of winter wheat and 235 million bushels of spring wheat. Final outturn may be reduced by rust or damage at harvest or raised by favorable growing weather.

Domestic usage and exports during the new season may approximate the present crop prospect, but part of the exports will come from government-owned carryover, so that placement of 150 million bushels or more under price support may be necessary to cause enough tightness in "free" stocks to pull prices up to support levels.

SEEDS—Price changes in the next few months will depend greatly on new crop harvests. Except in flooded areas, weather has been unusually favorable for starting new seedings and for thickening old stands. High yields of hay and forage will tend to increase acreages available for making seed.

DAIRY PRODUCTS—Prices for milk will work higher until around November. Production will decline one-fourth or more. Since consumption of fluid milk is relatively constant, output of manufactured products will drop more than milk production. Milk prices will continue the best in several years compared with feed costs.

Milk production in May reached an all-time high and was 2 per cent over a year ago. Although pastures were the best in several years, dairymen were feeding more grain per cow on June 1 than ever before on that date.

EGGS—Prices appear to have started a relatively strong seasonal rise that will continue through the next three months. They are likely to hold up