

Lower District Farm Income in 1956

Net farm income in 1956 will be down roughly 6 percent from 1955 in Sixth District states. Alabama and Mississippi are destined to suffer the largest declines, but Louisiana will also experience a sizable drop. Florida and Tennessee are the only states in which farm income will be up from last year. Lower receipts and higher expenses are responsible for the lesser income that District farmers will receive.

Earlier this year farmers' cash receipts were exceeding receipts of a year ago by a tenth or more. There was little hope even then, however, that total receipts for the year would be great enough to raise farm income above the near record of 1955. Not only were planted acreages of major crops sharply reduced this year, but price supports for important District crops were lower. The effect of such developments, of course, could not be expected until the fall harvest, when about half of the total receipts from farm marketings is obtained. As the crop season advanced, adverse weather reduced prospective yields and turned a probable decline in receipts into a certainty. Livestock production, although growing in importance in the District, is not contributing sufficiently to sales in 1956 to lift total farm cash receipts to the 1955 level.

Receipts from Crops Reduced

When the year's sales of crops in District states are totaled, the amount will be about 12 percent less than the total for 1955. Sales will be much smaller in Alabama and Mississippi, and somewhat lower in Georgia and Louisiana. There will be small gains in Florida and Tennessee. The major cause for lower sales is the reduced output of cotton and cottonseed, tobacco, peanuts, rice, and sweet potatoes,

as indicated by the United States Department of Agriculture's September 1 report on crop production. Lower average prices received by District farmers, however, also are contributing to smaller receipts from cotton, tobacco, corn, oats, and potatoes.

It is those farmers who depend heavily upon the basic crops who will suffer an income loss; those growing soybeans, fruits, and vegetables will gain income. Output of soybeans, peaches, strawberries, and grapefruit is improved, and prices are favorable. Receipts from vegetables have been especially large in 1956: Output this year is either approaching or exceeding that in 1955, and prices are averaging much higher. Gross income from vegetables, therefore, will probably be a fifth larger in 1956. The situation is most pronounced in Florida, where truck crops account for a fourth of the receipts from farm marketings.

Greater Receipts from Livestock

Producers of most livestock products will regard 1956 as a reasonably good year. Receipts from the sale of all livestock products in the District will exceed those in 1955 by roughly 6 percent. Beef and sheep and lambs are the only items not showing gains, largely because marketings have been reduced.

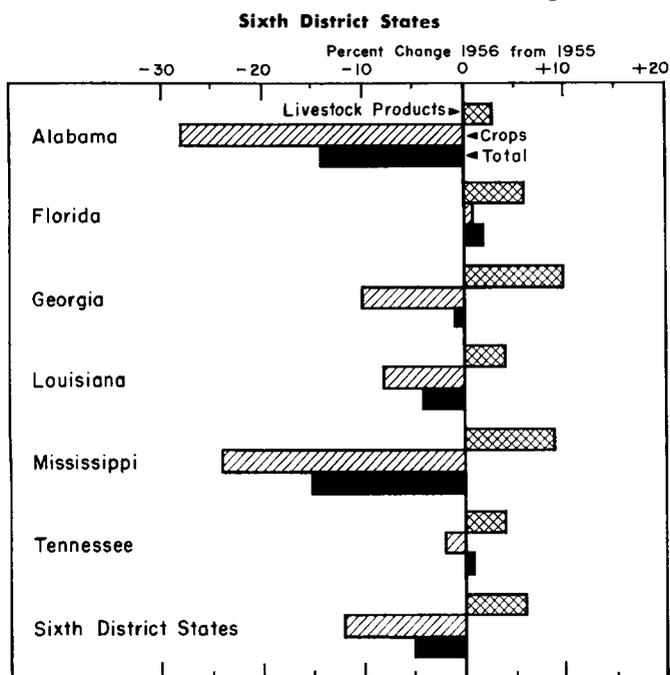
Hogs especially are bringing in more dollars this year, since farmers are selling many more of them than they did last year. Prices are averaging lower, but they are not down enough to offset the increase in sales. The improvement in receipts from hogs is sizable in all District states except Alabama, where the volume of sales is down.

Larger sales of poultry products are raising gross income from livestock this year. Receipts from broilers, for instance, are larger in all states except Florida. Broiler growers increased their output enough to raise their receipts about a tenth over those of last year, despite prices that averaged about six cents a pound less. Farmers' gross incomes from egg sales in the District show a substantial rise, with the largest gains in Florida and Tennessee. Receipts from eggs are also up in Mississippi and Alabama, but they are lower in Georgia.

Meanwhile, total farm costs inched higher this year. Wages rose further and, indicative of the trend in items supplied by industry, prices of building materials and hardware moved upward. Other expenses, like taxes, also increased. Feedstuffs, on the other hand, averaged less. The decline in farm income registered in much of the District, however, should not be great enough to cause seriously depressed business and loan carryovers in very many rural areas, although in some rural communities in Alabama, Georgia, Louisiana, and Mississippi where crop income has a large impact, business probably will be somewhat depressed.

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Cash Receipts from Farm Marketings



Note: Cash receipts for 1956 estimated by this Bank.