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CASH RECEIPTS from farm marketings in the first five months of 1956 were above the year-earlier period in Illinois, Michigan and Wisconsin but were lower in Iowa and Indiana.

	Cash receipts January–May 1956 (million dollars)	Per cent change from year ago
Illinois.	749	+11
Indiana.	380	-8
Iowa.	842	-6
Michigan.	231	+1
Wisconsin	424	+4
U. S.	10,140	-1

In Michigan and Wisconsin higher income from milk more than offset lower income from crops. For the year as a whole, the USDA expects receipts from dairy products to rise 10 per cent above the 1955 level and about equal the 1952 record of 4.6 billion dollars. Both higher prices and increased output are contributing to the rise in dairy income.

Milk prices, in the first half of the year, averaged about 5 per cent above year ago. However, the price rise has not been uniform over the U. S. To a considerable extent the increase has been centered in the north central states. June prices received by Midwest farmers for fluid milk averaged 17 per cent above June a year ago. While milk prices are expected to continue above a year earlier for the remainder of the year in most areas, the margin over a year ago is likely to be smaller.

Milk production has exceeded year-ago by 4 per cent. And while it decreased more than seasonally bet 'een May and June owing to poor pasture conditions, the USDA expects the milk flow to continue near the year-earlier level for the next few months but to "again show sizable increases toward the year's end."

IN THE DISTRICT'S THREE CORN BELT STATES—Illinois, Indiana and Iowa—receipts from the sale of livestock and livestock products were running 5-8 per cent below a year ago as lower average hog and cattle prices more than offset the increase in the volume of marketings.

Receipts from crops were also lower except in Illinois. In that state crop receipts rose over 40 per cent due to higher corn and soybean prices and the larger movement of corn under price support loans than in the previous year.

However, in the second half of the year receipts from livestock are expected to be higher than in the corresponding period of 1955. Marketings of both hogs and fed cattle are expected to be smaller than a year earlier but with higher prices more than offsetting the effects of reduced volume. During the past week, prices of fed cattle have come to life as market receipts dwindled and demand held strong. Choice steers at Chicago rose to the year-ago price for the first time in over a year.

Moreover, corn prices, currently 10-15¢ above a year earlier, while declining seasonally as harvest approaches, are likely to continue above last year. One factor contributing to this expectation is the loan of $1.25 per bushel available for the first time this fall to farmers who overplanted their allotments.

While a repeat of this past winter's very strong soybean market is not likely, a larger prospective crop, together with an active demand and higher price supports, is expected to result in favorable income from that crop.

The farm income stream in Illinois, Indiana and Iowa will also be swollen somewhat by soil bank payments. It appears that payments to participants in some Corn Belt areas will average over $600 per farm and as many as 1 in 5 farms are likely to be eligible for payments.

Another important source of income in District states is poultry and eggs. In the first five months of the year, receipts from poultry and eggs were virtually the same as in 1955.

Egg prices are currently about 5¢ a dozen over the year-ago level and, while production may continue above the second half of 1955, prices may not be greatly different.

Broiler and turkey production is expected to continue large and for the year as a whole may top the 1955 output by 20 and 15 per cent, respectively. Broiler prices have been averaging about 20 per cent below year ago and turkey prices, currently near year-earlier levels, are expected to decline as marketings increase seasonally.

IF THESE PROSPECTS are borne out, farmers in all District states will find that their cash income has improved from the low levels reached last fall and winter. However, continued upward pressure on costs will partially offset gains in cash receipts. This will be in contrast to the second half of 1955 when farm production expenses declined.

Research Department