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# Agricultural Letter

FARM PRICES in mid-May were above year-earlier levels for the twelfth consecutive month. Higher prices for meat animals and vegetables were largely responsible for the 1 per cent increase from a year earlier.

Prices received by farmers mid-May, 1957	Per cent change from year-ago
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Corn, bu . . . . .	\$ 1.23	-14
Oats, bu . . . . .	.70	+11
Wheat, bu . . . . .	1.98	-1
Soybeans, bu . . . . .	2.23	-25
Hogs, cwt . . . . .	17.20	+12
Beef cattle, cwt . . . . .	17.50	+14
Milk, cwt . . . . .	3.86	+1
Chickens, lb . . . . .	.18	-11
Eggs, doz . . . . .	.29	-23

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the 5 per cent price rise. Fewer crop acres are expected to be harvested this year, and this is enabling some farmers to conserve on their expenditures.

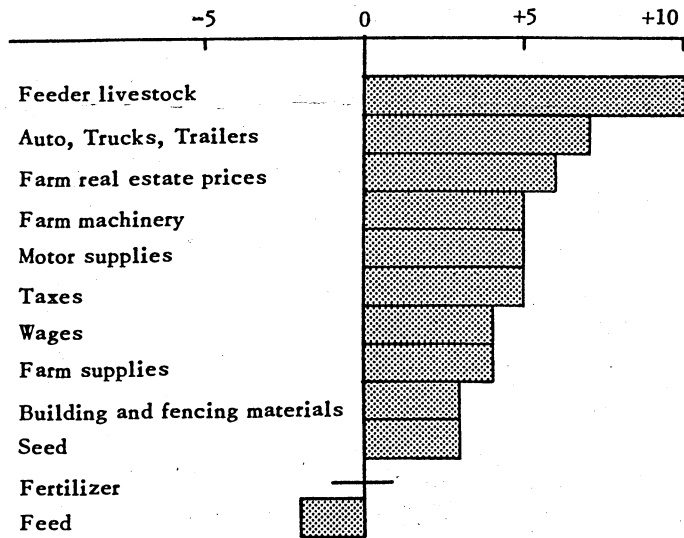
Total farm production expenditures in the first quarter of 1957 on a seasonally adjusted annual rate were running only 2 per cent above 1956. Farm construction outlays, which have registered year-to-year declines since 1952, were 4 per cent below year ago in the first four months of 1957. While data on farmers' purchases of tractors and machinery so far this year are not available, the value of manufacturers' shipments of farm machinery and equipment to dealers in the first quarter of the year showed a 5 per cent gain from a year ago and a somewhat smaller gain for tractors. These increases reflect largely higher price tags on farm implements and tractors. More recently, however, manufacturers have reported increases in the physical volume of shipments.

The volume of farm marketings through April was slightly smaller than in the corresponding period of 1956, but price gains for meat animals and dairy products boosted livestock receipts by 6 per cent. Reflecting the importance of these commodities to Midwest farmers, cash receipts from marketings in District states have been topping year-earlier levels by a wider margin than the 3 per cent gain registered nationally.

Partially offsetting the improvement in prices and income are higher production costs. Prices paid by farmers for items used in farm production are about 5 per cent higher this spring than they were a year ago. Prices of virtually all major items, except fertilizer and feed, are above a year ago.

Preliminary estimates made by the USDA indicate that the quantity of farm machinery and equipment on farms valued in constant dollars at the beginning of 1957 was 4 per cent below year earlier. The indicated decrease is the first year-to-year decline in the machinery inventory since the Thirties. A 2-3 per cent decline is also indicated for farm inventories of tractors, automobiles and trucks.

Cost rates this spring compared with a year ago per cent change



CHICK PRODUCTION for laying flock replacements during the first four months of this year was down 21 per cent from the same period last year. Moreover, the number of eggs in incubators on May 1 was 7 per cent less than on the same date of 1956. The result: egg production in the latter part of 1957 will be below a year earlier though the cutback will not be as much as replacement buying indicates. There will no doubt be an increase in the number of hens retained for a second year of laying, and the rate of lay per bird is likely to continue to increase.

HIGHER COST RATES will cause farm expenditures to increase further on many farms. However, total outlays are not likely to increase as much as indicated by

Egg prices, which in mid-May were at the lowest level in 13 years, can be expected to rise substantially in the months ahead. Prices usually show a seasonal rise of 20-25 per cent between June and late fall. While prospects of reduced egg production late in the year suggest a larger than normal seasonal price rise, large storage stocks will cushion the rise.

Research Department