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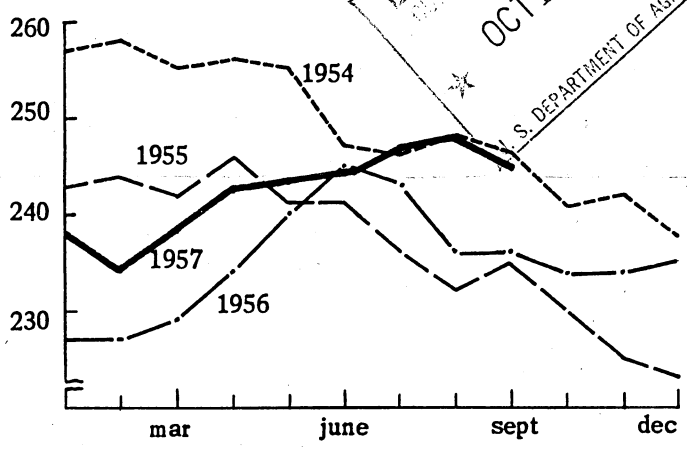
Agricultural Letter



Number 425

FARM PRICES in mid-September averaged slightly below the August level. Despite the decline from the summer peak, prices received by farmers in mid-September were 4 per cent above the year-ago month.

Prices Received by U. S. Farmers
per cent, 1910-14=100



Price weakness usually occurs at this time of year as the volume of marketings of crops, hogs and cattle increase seasonally. On the other hand, for producers of eggs and milk, fall is usually a period of strengthening prices.

	mid-September price	Change from:	
		midsummer	year-ago
Corn, bu	\$ 1.15	-\$.08	-\$.28
Soybeans, bu	2.13	- .14	+ .06
Oats, bu60	- .06	- .08
Hogs, cwt	19.10	- .90	+ 3.40
Cattle, cwt	17.70	- .70	+ 1.60
Eggs, doz40	+ .11	+ .01
Milk, cwt	4.39	+ .56	+ .03

Corn and soybean prices in mid-September averaged slightly above the respective support prices of \$1.10 (noncompliance) and \$2.09 per bushel. Last year at harvest time prices received by farmers for these commodities dropped below their support prices. If a similar relationship is to prevail this year, prices of both corn and soybeans could be expected to decline somewhat more.

Throughout the past year corn prices moved within a narrow range. Sales of CCC corn prevented any significant upturn and the noncompliance support price served as a lower limit. Many traders expect a similar price trend this year once the large harvest movement is over.

Hog prices are expected to continue to work lower until late fall or early winter. Most observers, however, expect that the sharpest part of the seasonal decline is

over. By early October, more than \$4.00 had already been trimmed from the summer high.

Cattle prices are also off from their summer highs and while prices may continue to decline seasonally for the lower grades, the price pattern for fed cattle is less clear.

Prices of choice cattle usually reach a peak in late summer and then decline to a spring low. Prices of prime cattle, however, usually reach their seasonal high sometime in the fall. The recent break in fed cattle prices suggests to some that the period of highest prices could be past. And according to the USDA, "reduced market receipts in July and August despite a larger number in feed lots on July 1 than last year at that time indicate that fed cattle marketings have been delayed somewhat. Sizable marketings yet to come dim the prospects for any substantial price advance in early fall."

Egg and milk prices are staging strong seasonal price advances. Egg prices rose 38 per cent in the past three months and may extend their gains somewhat more in the next month or two before starting to decline seasonally. Prices which now average above the unusually low levels of a year ago will likely maintain a margin of gain for sometime to come. Reflecting the 18 per cent cut this year in the number of chickens raised for flock replacement, egg production in the next nine months is expected to be lower than a year earlier.

FARM MORTGAGE DEBT outstanding continues to rise although the rate of increase has slowed. By mid-year the mortgage debt outstanding totaled \$10.3 billion, 7 per cent more than a year earlier. Since the fall of 1956 most farm mortgage lenders have reported a substantial decline in the demand for long-term loans. In the first half of 1957 the dollar volume of mortgage recordings was estimated to be 7 per cent below the 1956 amount. Both the number and average size of mortgages recorded was smaller.

The reduced demand for long-term credit apparently reflects fewer real estate transfers, the need for less refinancing and most important, the higher interest rates charged by virtually all major mortgage lenders. Rates are generally 1 to 1-1/2 per cent higher than two years ago.