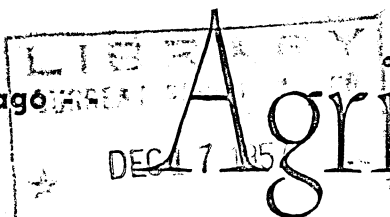


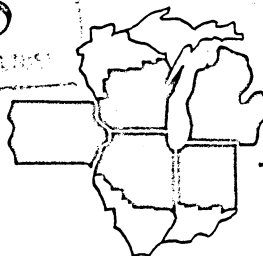
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Federal Reserve Bank of Chicago

November 29, 1957



Agricultural Letter



Number 432

AGRICULTURE'S NET WORTH will show an increase of \$11 billion or 7 per cent during 1957, according to USDA's projected estimates of assets and liabilities as of January 1, 1958.

The balance sheet figures represent the total assets and liabilities of all farms in the United States, valued at current market prices. The estimates for January 1, 1958, and changes from a year earlier, follow:

	Estimated for January 1, 1958 (billion dollars)	Per cent change from January 1, 1957
<u>Assets</u>		
Physical assets:		
Real estate	118.0	+ 7.8
Non-real estate	51.5	+ 5.3
Financial assets	18.8	+ 0.5
Total	188.3	+ 6.3
<u>Claims</u>		
Liabilities:		
Real estate debt	10.6	+ 7.1
Non-real estate debt:		
Loans held and guaranteed by Commodity Credit Corp.	1.2	-25.0
Other	8.1	+ 1.2
Total liabilities	19.9	+ 2.1
Equities	168.4	+ 6.9
Total claims	188.3	+ 6.3

Of the projected 11.2 billion dollar increase in total assets, gains in farm real estate contribute 8.5 billion. Non-real estate—machinery, livestock, crops and household furnishings and equipment—contribute 2.6 billion. Financial assets remain virtually unchanged. Thus, the increase shown in proprietors' equities is mainly the result of price increases for real estate and livestock.

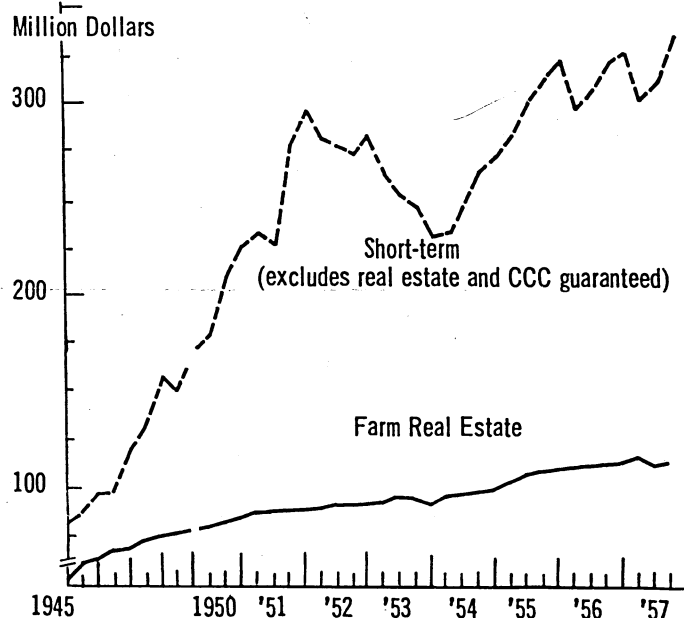
The general financial and credit situation of farmers appears to be about the same or slightly better than last year, according to a recent nationwide survey made by the USDA. Most farmers have found adequate credit available. Operating costs, land prices and property taxes are up from 1956. Operators of the larger and more efficient farms were frequently reported to be doing well, in sharp contrast to the smaller and less efficient units.

Farmers' financial assets consist mostly of bank deposits and currency, U. S. savings bonds and the net worth of farmer-owned cooperatives. Corporate securities and the cash value of life insurance policies are of lesser importance than in other sectors of the economy.

Farmers' spending and saving habits differ considerably from those of urban people. A greater part of the farm than of the nonfarm income is saved; farm families make much less use of consumer credit and, as noted above, infrequently include corporate stocks and bonds among their investments. Farmers' savings are invested primarily in real estate and other agricultural assets and secondarily in time deposits at country banks and U. S. savings bonds.

BANK LOANS TO MIDWEST FARMERS have increased further in recent months (see back of Letter). Loans secured by farm real estate have continued their persistent rise of recent years, except in Wisconsin. Illinois and Michigan banks showed the largest gains, nearly 5 per cent, over the past year.

AGRICULTURAL LOANS AT DISTRICT MEMBER BANKS



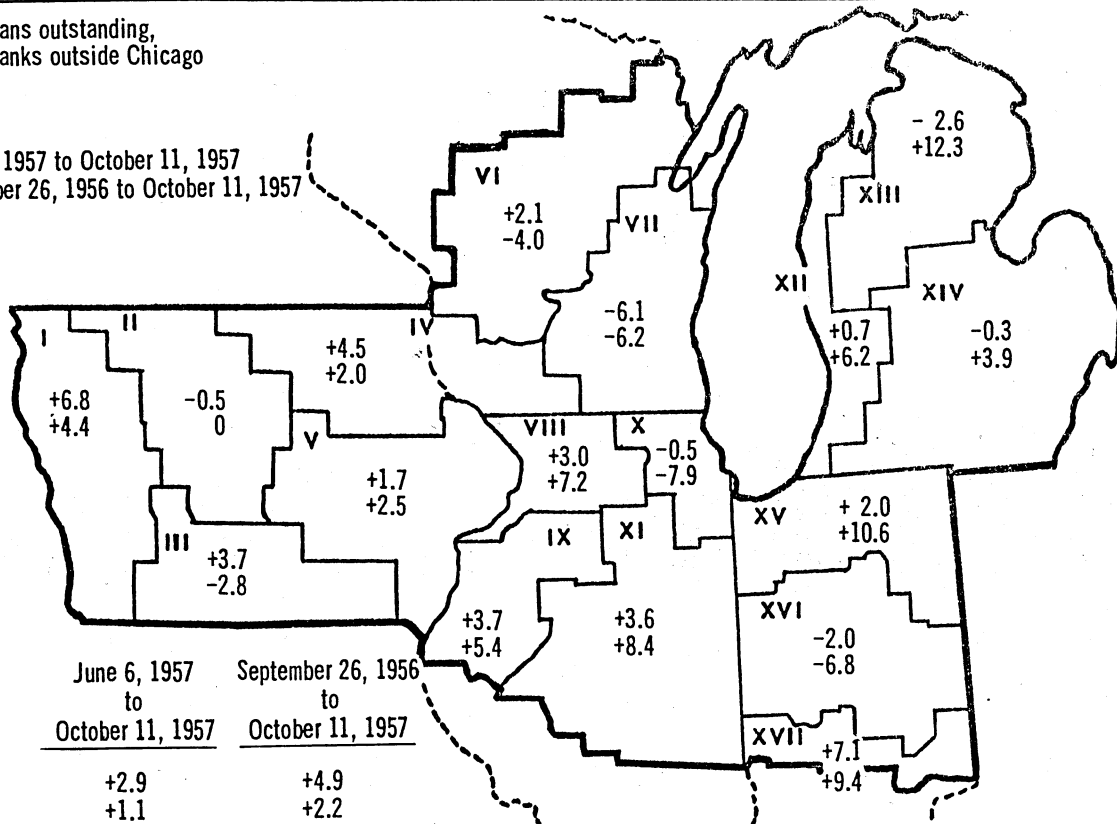
Non-real estate loans to farmers have shown relatively small changes over the past year, except in Iowa. The 13 per cent gain at Iowa banks (24 per cent in western Iowa) reflects the greatly improved crop situation in that state and substantially larger purchases of feeder cattle.

Research Department

Farm real estate loans outstanding,
District member banks outside Chicago

Per cent change:

TOP: June 6, 1957 to October 11, 1957
BOTTOM: September 26, 1956 to October 11, 1957



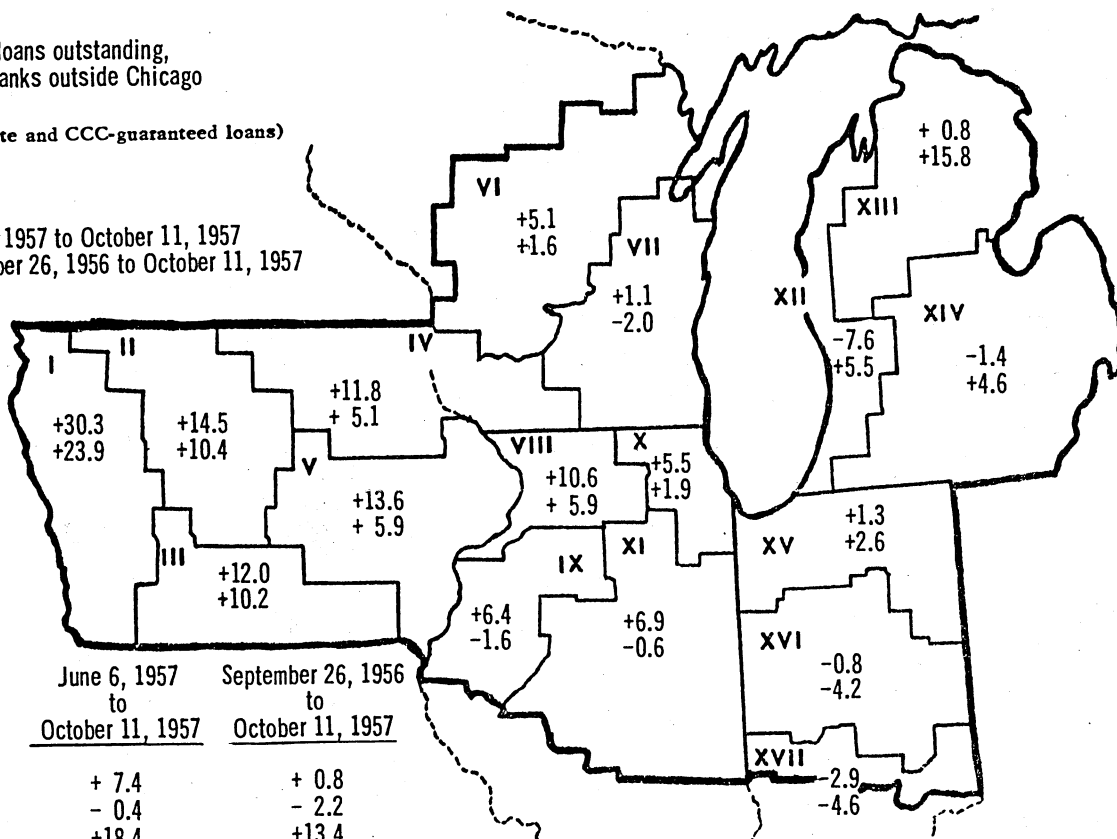
	June 6, 1957 to October 11, 1957	September 26, 1956 to October 11, 1957
Illinois	+2.9	+4.9
Indiana	+1.1	+2.2
Iowa	+2.9	+1.9
Michigan	-0.3	+4.8
Wisconsin	-1.8	-4.9
SEVENTH DISTRICT	+1.0	+2.1

"Short-term" farm loans outstanding,
District member banks outside Chicago

(excludes real estate and CCC-guaranteed loans)

Per cent change:

TOP: June 6, 1957 to October 11, 1957
BOTTOM: September 26, 1956 to October 11, 1957



	June 6, 1957 to October 11, 1957	September 26, 1956 to October 11, 1957
Illinois	+7.4	+0.8
Indiana	-0.4	-2.2
Iowa	+18.4	+13.4
Michigan	-2.1	+5.4
Wisconsin	+1.3	-1.3
SEVENTH DISTRICT	+7.8	+4.6