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NET FARM INCOME In the United States in 1959 dropped back to the 1957 level of \$11 billion and was about 16 per cent below 1958. Compared with a year ago, declines in realized net farm income in the Seventh District states ranged from 15 per cent in Wisconsin to 29 per cent in Iowa. Also, income in each of the District states was somewhat below 1957. Reasons for the decline: lower prices for farm commodities, higher costs of production and marketing and a reduction in Government soil bank payments.

	Cash receipts from mktgs.			Realized net income per farm		
	1959 (mil. dol.)	1958-59 (per cent change)	1957-59	1959 (dollars)	1958-59 (per cent change)	1957-59
Ill.	1,028	-6	- 5	3,187	-16	-12
Ind.	1,983	-5	- 1	2,188	-20	-17
Iowa	2,388	-7	+ 8	3,357	-29	-15
Mich.	705	-1	0	1,892	-17	-10
Wisc.	1,098	-5	+ 3	2,486	-15	- 4
U. S.	32,777	-2	+10	2,547	-15	+ 4

With gross income lower in 1959 and production expenses higher, net income was equal to only 30 per cent of farmers' gross, compared with 34 per cent in 1958, and was 1 per cent below the previous low in 1932. This reflects the greater importance of purchased materials and services and the substitution of capital for labor in the production of farm commodities. In part, also, it reflects rising prices of manufactured commodities and services relative to agricultural commodities.

Total cash receipts from farm marketings in 1959 totaled \$32.8 billion or 2 per cent below the record set in 1958. The decline from 1958 to 1959 was due to lower prices. The volume of products marketed reached an all-time high.

Cash receipts from livestock, down 5 per cent, declined even more than the total. Hogs made up the largest portion of this decline. Marketings increased 16 per cent from the preceding year and prices dropped 30 per cent, resulting in a decline in total receipts from hogs of 18 per cent. Because of this sharp decrease, the major hog-producing states such as Iowa and Illinois had relatively large reductions in cash receipts from a year ago, 7 per cent and 6 per cent, respectively. **Poultry and egg receipts** fell by 13 per cent in 1959, reflecting the lowest prices for eggs, broilers and farm chickens since before World War II.

Receipts from sales of **cattle and calves**, on the other hand, were slightly greater than the previous record in 1958, as higher prices more than offset smaller marketings. There was little change in cash receipts from **dairy products**, as both prices and volume of products marketed remained quite stable.

Receipts from **crops** were at a record high in 1959, totaling nearly \$14-1/2 billion or 1 per cent above 1958.

A large volume of marketings of **corn** caused a sharp increase in cash receipts from corn. This, together with a larger cotton crop, more than offset reduced marketings of other feed grains and an 11 per cent reduction in cash receipts from **wheat** as production dropped 23 per cent below the 1958 record.

The discontinuance of the acreage reserve portion of the soil bank program, which accounted for payments of \$693 million in 1958, was partly offset by an increase of \$200 million in payments for the conservation reserve program.

Production expenses for 1959 reached a record high, 2 per cent above the previous year. In addition to higher production cost rates, there were further increases in the volume of purchased inputs. This caused production expenses to increase from \$25.3 billion in 1958 to \$26.0 billion in 1959.

Cattle feeding systems varied in "returns above feeding cost" during the 1958-1959 period.

While prices of fat cattle averaged higher in 1959 than in 1958, feeder cattle cost more in the fall of 1958 and spring of 1959 than the previous year. Cattle which were purchased last fall and marketed as short-feds during the March and April bulge in fed cattle prices generally showed above average returns. However, farmers who were following a longer-term feeding program had below-average returns as the price of choice 900-1100 pound cattle gradually declined from \$31 in April to \$26 in December. This is pointed out by business records kept by cooperators in the Farm Bureau Farm Management Service.

Good to Choice Steers

	Return above feed cost per head		
	1954-58 average	1957-58	1958-59
Long-fed calves	\$41.51	\$51.88	\$17.11
Long-fed yearlings	36.22	43.35	22.36
Short-fed yearlings	23.15	-	29.99
Short-fed heavy steers	16.29	49.94	25.95

Purdue University and the Indiana Bankers Association have announced their annual agricultural finance clinic will be held at Lafayette, Indiana on March 16 and 17.

Research Department