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# Agricultural Letter



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Income of farmers in Illinois declined in 1959. This came as quite a jolt to many farm families whose incomes in 1958 had been at the highest level since 1951. According to reports from farmers cooperating with the Illinois Farm Bureau Farm Management Service, the greatest income declines were for hog and beef farms, though cash grain and dairy farms also had substantial reductions in farm earnings.

For Northern Illinois farms of between 180 and 259 acres in size, farm and family earnings dropped 65 per cent for hog farms, 60 per cent for beef farms, 28 per cent for dairy farms and 19 per cent for cash grain farms. In the case of hog farms, the sharp drop from \$19.84 to \$13.88 in average price received was responsible for the lower income. Of course, 1959 was the low point for prices and incomes in the current hog cycle, while in 1958 prices and incomes were at their cyclical highs and well above average.

Cash grain farms had a reduction of nearly 10 per cent in value of production. Prices received by farmers for corn and soybeans were down slightly, though this was partially offset by increases for oats and wheat. One of the main reasons for declines in income for these farms was somewhat lower yields of corn and soybeans and large reductions in wheat and oats yields. In addition, sharply lower livestock income helped cut net family earnings for those farms with livestock enterprises.

Northern Illinois Farms, 180 to 259 Acres, 1959

Yields Per Acre, Northern Illinois Farms

Type of Farm	Value of Farm Production Per Farm			
	1951-59 average	1958	1959	per cent change
Cash Grain . . .	\$16,201	\$16,897	\$15,267	-10
Hog . . . . .	18,563	24,445	15,577	-36
Dairy . . . . .	17,660	21,262	18,658	-12
Beef . . . . .	18,458	24,371	15,957	-35

  

Type of Farm	Farm Earnings Per Farm			
	1951-59 average	1958	1959	per cent change
Cash Grain . . .	\$ 8,343	\$ 8,110	\$ 6,579	-19
Hog . . . . .	9,126	13,186	5,115	-61
Dairy . . . . .	7,340	9,207	6,587	-28
Beef . . . . .	8,289	11,946	4,219	-65

Crop	Type of Farm			
	Cash Grain	Hog	Dairy	Beef
(bushels per acre)				
Com				
1958 . . . . .	81.8	88.8	82.6	85.4
1959 . . . . .	79.5	85.4	77.9	84.9
Soybeans				
1958 . . . . .	30.5	32.8	30.4	31.8
1959 . . . . .	30.5	31.2	30.1	31.3
Oats				
1958 . . . . .	63.7	69.2	68.9	67.2
1959 . . . . .	41.7	48.6	52.7	54.0
Wheat				
1958 . . . . .	42.0	45.0	37.1	41.0
1959 . . . . .	28.2	31.3	*	33.8

\* Not available.

Lower returns for beef cattle enterprises reflected both higher costs of feeder cattle in the fall of 1958 and a small decline in the value of cattle during 1959. In 1958, the sharp rise in cattle prices brought sharp gains in the value of inventory which boosted income well above average. Feeder cattle enterprises are especially subject to gains and losses as a result of fluctuations in the value of cattle from the time feeder animals are purchased to the time the fattened animals are sold.

Dairy farms received slightly lower prices for milk in 1959, \$3.52 per hundredweight compared with \$3.66 in 1958, and had smaller crop yields similar to other types of farms. Important changes have been taking place over the past five years on those dairy farms which keep records. The average size of herd (for farms with 10 or more cows) has increased from 21 to 28 cows, and the increase has been nearly uniform over the past four years. In addition, the level of milk production per cow reached 9,884 pounds in 1959, a gain of more than 1,000 pounds since 1954. During the past six years, average milk prices have remained within the narrow range between \$3.50 and \$3.72 per hundred pounds.

These inventory risks brought cattle feeder returns per \$100 of feed fed down to \$112 in 1959 compared with a 1951-59 average of \$126 and \$144 during 1958. However, the changes in value of inventory were not unfavorable for all feeders. Those farmers who purchased cattle in the spring of 1959 when prices of feeder animals reached their peak had very low returns. On the other hand, farmers who purchased yearlings and heavy steers in the fall of 1958 and sold in the spring of 1959 had well above average returns—\$138 and \$135, respectively.

Indications are that the cyclical upswing in hog prices during 1960 will bring substantially higher returns to livestock enterprises. However, it is much too early to accurately judge the possible crop yields and incomes this year. Early forecasts would indicate that corn and soybeans yields in most areas will be lower, while yields of wheat and oats will be higher than last year.