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NET FARM INCOME continues to edge downward. Net income realized by the nation's farmers was 1 per cent under the year-earlier total in 1963 and by mid-1964 had declined further to a seasonally adjusted annual rate of \$12.3 billion or 2 per cent under the 1963 level.

Net Farm Income Continues Lower

	1964 ¹ (billions)	Change from 1963 (per cent)
Cash receipts from farm marketings	\$36.8	*
Non-money income and Government payments	5.2	+8
Gross farm income	42.0	+1
Production expenses	29.7	+2
Realized net income	12.3	-2
Change in inventories	0.3	-
Adjusted net income	12.6	-3

¹Seasonally adjusted annual rate.

*Less than 1 per cent.

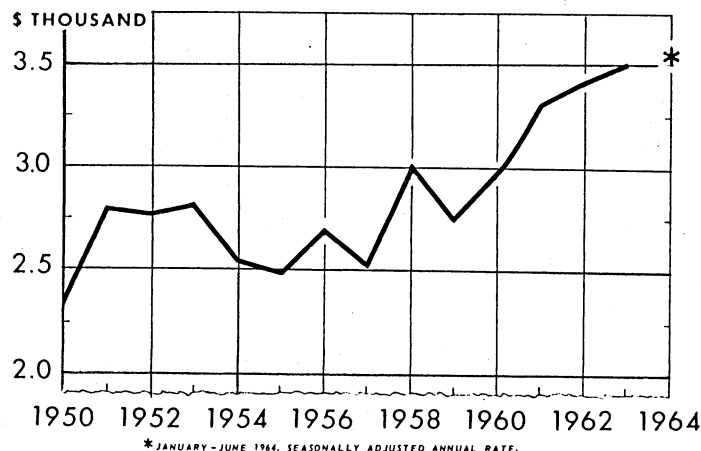
Gross farm income is estimated at an annual rate during the first six months of this year to be \$300,000 above the \$41.7 billion 1963 total. The rise in gross income is primarily attributable to higher Government payments, mostly under grain acreage retirement programs. Through midyear, cash receipts from farm marketings lagged behind the corresponding year-earlier rate by about \$100 million, reflecting generally lower prices for many important farm commodities.

Sharply increased Government payments to farmers participating in the feed grains and wheat programs during 1964 are expected to boost payments under all programs to nearly one-fourth greater than the \$1.7 billion total for last year. Direct payments to farmers under all programs in 1964 are expected to account for about 6 per cent of total cash receipts from the sale of farm commodities. This would be up from 4 per cent last year and well above the 1960 level of 2 per cent of total cash receipts. Through the first five months of this year, Government payments totaled \$553 million—nearly one and a half times more than the \$371 million disbursed during the corresponding year-earlier period.

Production expenses have continued to increase thus far in 1964. Total farm expenses are now projected at an annual rate of about \$29.7 billion—nearly 500 million above 1963 outlays, reflecting both higher prices and stepped up purchases of some of the more important production items. Farm wage rates were up about 3 per cent over a year earlier while interest and taxes per acre aver-

aged about 12 and 5 per cent higher, respectively, than a year earlier. Purchases of fertilizer, feed and farm equipment have all exceeded year-ago levels. Retail sales of tractors during the period January through May were 5 per cent above the volume of the corresponding year-earlier period.

Realized Net Income Per Farm



Net income per farm is projected at a record high level despite the anticipated decline in total net income from the year-earlier figure. Realized net income per farm totaled \$3,504 in 1963; a further rise of nearly 1 per cent is indicated for 1964. Net income per farm has risen in each successive year since 1959, reflecting the continued consolidation of small farms into larger, more efficient units. With the general expansion in the nonfarm economy, income from nonfarm sources in 1964 probably will also exceed the year-ago level. As a result, total per capita income of the farm population—counting income from both farm and nonfarm sources—is likely to reach a record high. In 1963, per capita income for people living on farms totaled \$1,488—4 per cent higher than in the previous year and nearly 30 per cent greater than in 1959.

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