THE FEDERAL RESERVE BANK OF CHICAGO

AGRICULTURAL LETTER

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Farmers' cash receipts in the first four months of 1952 totaled $8.7 billion, 3 per cent more than in the corresponding period last year. Receipts from crops were 17 per cent higher than a year earlier whereas livestock brought in 3 per cent fewer dollars. This increase in receipts reflected a 5 per cent larger volume of marketings; prices averaged lower than a year ago.

The outlook for 1952 is for cash farm income slightly larger than the $32.8 billion received last year. If growing conditions are average or better, the total volume of marketings probably will exceed that of any previous year, but prices moderately lower than in 1951 may offset most of the effects of increased volume. Even with a moderate increase in cash receipts, farmers' net income is expected to be about the same as the $14.9 billion realized last year, as production costs are still rising.

Good Michigan farmers netted about $5 thousand last year. An analysis of records on some 300 better-than-average general livestock farms in southern and central Michigan by state college experts reveals that these farmers grossed an average of $14,675, had expenses (including 5 per cent interest on investments) of $9,848, and net return for operator's labor and management of $4,827. The corresponding amounts for 1950 were $11,776, $8,258, and $3,518.

Consumers' food expenditures in the last two years were about 26 cents out of each dollar of income after personal taxes, according to BAE calculations. This amounted to $380 per person in 1951, appreciably more than in any previous year, but was a smaller proportion of disposable income than in the 1947-49 period. In these years food expenditure s accounted for 27 to 28 per cent of disposable income. In 1935-39, however, consumers spent only 23 per cent of their income for food. The rise in relative importance of food expenditures, compared with prewar, reflects primarily a larger per capita consumption of the more expensive foods. In 1951, the average 1935-39 diet could have been purchased for only 19 per cent of disposable income, appreciably less than the 26 per cent actually spent for food.

Marketing costs have continued to rise. For a selected list of farm foods, they were 4 per cent higher in March than a year earlier. Since the retail cost of this "market basket" remained unchanged, the farm value of the food items was reduced by the amount of the increase in marketing costs. The farmers' share of the average dollar consumers spent for farm food was 49 cents in March, 2 cents less than a year earlier.

Meat production under federal inspection for the week ended May 3 totaled 305 million pounds, 3 per cent more than in the corresponding week last year. This reflected increases of 6 per cent in cattle slaughter and 4 per cent in hogs. Calf slaughter was down from a year ago but lamb slaughter was up sharply. Current market developments indicate stable or weakening cattle prices but the long awaited seasonal rise in hogs now seems to have started. It remains to be seen whether hog prices will equal the year-ago level by midsummer as has been commonly forecast.

College students occasionally contact us relative to employment opportunities for agriculturally trained men in commercial banks. We recently have had such an inquiry and will be pleased to put this person in touch with any bankers who might have such an opening on their staff.

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