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GROWTH IN FARM INCOME in Seventh District states has closely paralleled the national trend over the past decade. During the past three years of record-high farm incomes, cash receipts from farm marketings in district states averaged \$19.4 billion, up 132 percent from the 1963-65 average. Similarly, net realized farm income in district states rose 124 percent since 1963-65 to average \$5.8 billion during the past three years. These regional growth trends nearly equaled the overall patterns, indicating farmers in district states still account for about 22 percent of both the nation's cash receipts from farm marketings and net realized farm income.

Although the rise in farm earnings in district states about matched the national increase, there has been a perceptible difference in the growth trends among district states. In Michigan and Wisconsin the growth in both cash receipts from farm marketings and net realized farm income, although substantial, fell considerably short of the growth in other district states. The slower rates of increase in these two states partially reflects their reliance on dairy farming. Over the past three years milk production was generally flat and milk prices received by dairy farmers did not rise as much, or as fast, as did prices of other major Midwest commodities.

District states parallel national increase in farm income over past decade

	Cash receipts		Net realized farm income	
	1973-75 average	Change from 1963-65	1973-75 average	Change from 1963-65
	(mil. dol.)	(percent)	(mil. dol.)	(percent)
Illinois	5,327	133	1,512	132
Indiana	3,008	139	961	135
Iowa	7,013	147	2,034	139
Michigan	1,603	104	523	102
Wisconsin	2,465	106	806	82
Total	19,416	132	5,837	124
United States	89,760	136	26,816	134
District states as percent of U.S.	21.6	—	21.8	—

Over the past three years cash receipts from farm marketings in district states have been about equally divided between livestock and crops. Among individual states, however, livestock receipts substantially overshadow crop receipts in Wisconsin and Iowa. In contrast, crop receipts predominate in the other three district states. The presence of the "hog-corn" belt is particularly evident in Illinois, Indiana, and Iowa where cash receipts from those two commodities, on average, accounted for about 50 percent of the total over the past three years. Receipts from cattle and soybean marketings in those three states absorbed an additional 31 to 42 percent of total receipts. In Wisconsin milk marketings accounted for 55 percent of all receipts, while cattle, hogs, and corn added another 26 percent. Michigan is the most diver-

Distribution of cash receipts from farm marketings in district states (1973-75 average)

	Ill.	Ind.	Iowa (percent)	Mich.	Wis.
Hogs	19.3	21.0	24.9	6.0	8.0
Cattle	10.5	8.4	25.2	10.9	11.5
Milk	3.7	6.0	4.0	21.9	55.3
Poultry & eggs	1.3	5.3	1.9	4.1	4.5
Other livestock	0.3	0.3	0.4	1.0	1.1
Total livestock	35.1	41.0	56.4	43.9	80.4
Corn	33.0	28.5	24.9	12.1	6.1
Soybeans	25.7	22.2	17.2	5.1	1.1
Wheat	3.1	4.8	0.1	6.2	0.3
Fruits & vegetables	1.1	1.9	0.1	22.3	6.9
Other crops	2.0	1.6	1.2	10.4	5.2
Total crops	64.9	59.0	43.5	56.1	19.6

sified of the district states, reflecting the 22 percent of its receipts generated by a wide spectrum of fruit and vegetable marketings, particularly dry beans. Milk marketings also accounted for 22 percent of the cash receipts in Michigan, while receipts from hogs, cattle, corn, and soybeans added an additional 34 percent.

This year's trend for farm income in district states varies by commodity. On the one hand, increased production and higher prices will substantially augment the cash receipts of dairy farmers, particularly in Michigan and Wisconsin. Nationwide, milk prices received by farmers averaged nearly 15 percent above year-earlier levels during the past nine months. Milk production is up about 7 percent in both Michigan and Wisconsin, nearly double the increase nationwide. Crop receipts in district states will also show a substantial increase this year. Last fall's nearly one-third increase in the combined corn and soybean harvest in district states substantially augmented marketings during the first three quarters of this year and more than offset the lower average prices received by farmers. Fourth-quarter crop receipts, however, may closely approximate year-earlier levels in light of the reduced soybean harvest and lower corn prices.

Receipts to hog farmers will likely decline this year, reflecting the plunging prices that have been associated with the second-half recovery in hog marketings. Although fed cattle marketings in district states are above year-earlier levels, the increase has fallen substantially short of the overall rise and most likely will not offset the lower prices for choice cattle experienced this year.

Gary L. Benjamin
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AGRICULTURAL ECONOMIC DEVELOPMENTS

Subject	Unit	Latest period	Value	Percent change from	
				Prior period	Year ago
INDEX OF PRICES					
Received by farmers	1967=100	September	186	- 0.5	- 7
Crops	1967=100	September	204	+ 1.5	- 3
Livestock	1967=100	September	172	- 1.7	- 9
Paid by farmers	1967=100	September	191	0	+ 5
Production items	1967=100	September	197	- 0.5	+ 4
Wholesale price index (all commodities)	1967=100	September	185	+ 0.5	+ 4
Foods	1967=100	September	178	+ 0.1	- 5
Processed foods and feeds	1967=100	September	177	+ 0.2	- 5
Agricultural chemicals	1967=100	September	187	+ 0.6	- 7
Agricultural machinery and equipment	1967=100	September	186	+ 1.3	+ 10
Consumer price index (all items)	1967=100	August	172	+ 0.5	+ 6
Food at home	1967=100	August	181	+ 0.1	+ 1
CASH PRICES					
Corn	dol. per bu.	September	2.60	- 1.5	- 6
Soybeans	dol. per bu.	September	6.65	+ 9.6	+ 25
Wheat	dol. per bu.	September	2.88	- 3.0	- 30
Sorghum	dol. per cwt.	September	4.20	+ 4.2	- 8
Oats	dol. per bu.	September	1.49	+ 0.7	+ 3
Steers and heifers	dol. per cwt.	September	35.10	- 0.6	- 8
Hogs	dol. per cwt.	September	39.70	- 6.8	- 32
Milk, all sold to plants	dol. per cwt.	September	9.85	+ 1.0	+ 6
Broilers	cents per lb.	September	23.1	- 4.9	- 22
Eggs	cents per doz.	September	62.1	+ 2.5	+ 11
INCOME (seasonally adjusted annual rate)					
Cash receipts from farm marketings	bil. dol.	2nd Quarter	102	+11.7	+ 11
Net realized farm income	bil. dol.	2nd Quarter	30	+44.0	+ 27
Nonagricultural personal income	bil. dol.	August	1,351	+ 0.7	+ 10
FARM FINANCE					
Total deposits at agricultural banks ¹	1972-73=100	September	157	+ 2.1	+ 12
Time deposits	1972-73=100	September	182	+ 2.0	+ 18
Demand deposits	1972-73=100	September	125	+ 3.7	+ 5
Total loans at agricultural banks ¹	1972-73=100	September	173	+ 1.6	+ 19
Production credit associations					
loans outstanding:					
United States	mil. dol.	August	12,319	+ 1.1	+ 14
Seventh District states	mil. dol.	August	2,184	+ 1.3	+ 19
loans made:					
United States	mil. dol.	August	1,178	+ 0.1	+ 20
Seventh District states	mil. dol.	August	216	- 0.6	+ 24
Federal land banks					
loans outstanding:					
United States	mil. dol.	August	17,806	+ 1.0	+ 16
Seventh District states	mil. dol.	August	3,373	+ 1.2	+ 21
new money loaned:					
United States	mil. dol.	August	256	-14.1	+ 6
Seventh District states	mil. dol.	August	55	+ 6.1	+ 31
Interest rates					
Feeder cattle loans ²	percent	2nd Quarter	8.77	0	0
Farm real estate loans ²	percent	2nd Quarter	8.95	0	0
Three-month Treasury bills	percent	9/23-9/29	5.07	+ 0.2	- 22
Federal funds rate	percent	9/23-9/29	5.32	+ 2.1	- 16
Government bonds (long-term)	percent	9/20-9/24	7.77	+ 0.6	- 9
AGRICULTURAL TRADE					
Agricultural exports	mil. dol.	July	1,799	- 1.4	+ 17
Agricultural imports	mil. dol.	July	958	- 6.1	+ 26
FARM MACHINERY SALES					
Farm tractors	units	July	9,961	-14.8	+ 2
Combines	units	July	3,659	+10.3	+ 23
Balers	units	July	4,500	- 1.7	- 22

¹Member banks in Seventh District having a large proportion of agricultural loans in towns of less than 15,000 population.

²Average of rates reported by district agricultural banks.