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## Federal Reserve Bank of Chicago - -

April 1, 1960

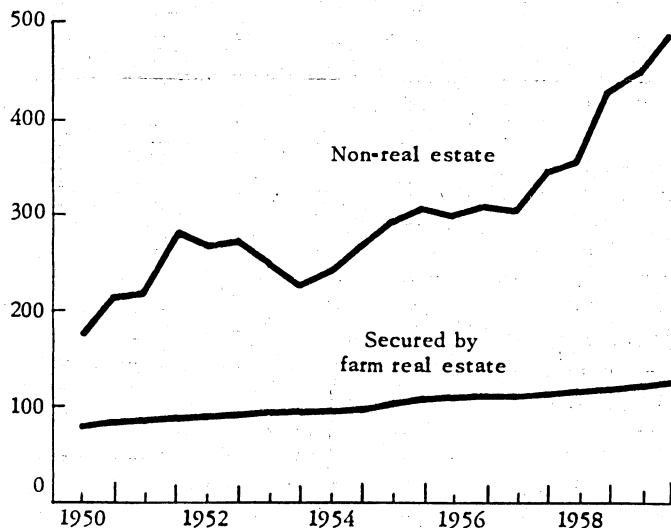
**FARM DEBT** in the U. S. rose substantially further during 1959. The rise of about 10 per cent was on top of a similar increase in 1958 and boosted total farm debt to nearly 22½ billion dollars on January 1, 1960. However, there were indications during the second half of 1959 that the upward trend was slowing as farmers adjusted expenditures to the lower level of income.

Loans secured by mortgages on farm real estate at member banks in the Seventh Federal Reserve District increased 6 per cent during 1959, the same as for all member banks in the U. S. Farm real estate prices increased about 5 per cent during the year, with increases for District states ranging from 3 per cent in Indiana to 7 per cent in Michigan. Most of the increase in land prices occurred in the first half of 1959, and at year end prices were tilted downward in most Midwest areas. However, the number of farms offered for sale was at a low level, and the number of sales apparently declined toward year end. Farm mortgage loan commitments of life insurance companies reached their seasonal low in the fourth quarter of 1959, instead of the usual third quarter.

"Other" agricultural loans at member banks in the Seventh Federal Reserve District rose 16 per cent during the year, also about the same as in the U. S.

In 1958, however, non-real estate loans of Midwest banks increased more than in most other regions and, for 1958 and 1959 combined, rose 44 per cent in the Chicago Federal Reserve District. The increase for the U. S. during the same period was 36 per cent.

Farm Loans at District Member Banks (excludes Chicago)  
Million dollars



The cattle feeding areas of Iowa and north and west central Illinois showed the largest change in rate of loan expansion in the two years. In western Iowa, for example, non-real estate farm loans increased 40 per cent during 1958 but only 7 per cent during 1959. In eastern Iowa, increases of 32 per cent and 18 per cent were reported in 1958 and 1959, respectively. In Indiana,



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Michigan and Wisconsin, on the other hand, farm loans generally showed larger increases in 1959 than in 1958.

FARMERS' CASH RECEIPTS from marketings in January and February totaled 4.8 billion dollars, nearly 7 per cent less than in the same months of 1959. The lower farm receipts are mainly a result of lower average prices, as aggregate marketings were down only slightly.

Sharply reduced marketings of wheat during the first two months of 1959 caused receipts from crops to decline 9 per cent. Receipts from livestock were about 5 per cent below the year-earlier period. An increase in receipts from dairy products was more than offset by lower income from beef cattle, hogs and poultry.

Hog prices continued to rise during March as Federally inspected slaughter fluctuated around the year-ago level. Slaughter in February was about 2 per cent below year ago. The price of barrows and gilts at eight markets averaged \$15.83 per hundred pounds for the week ending March 19, approximately equal to the corresponding week in 1959.

Turkeys are likely to be on the bargain counter again this fall. Prices advanced to 28-29 cents per pound (live, at farms) in late December and early January after having been at a low of 21 cents per pound in August and September. But production in 1960 is indicated currently to exceed the 1959 record of 82 million birds by about 6 per cent. The present inventory of turkeys in cold storage is the lowest for this season since 1956, indicating continued strong markets until the 1960 crop is marketed later this year, at which time prices will probably decline.

This year's crop apparently will continue the trend toward larger-size birds. Production of the (small) Beltsville is indicated to decline about 18 per cent in 1960.

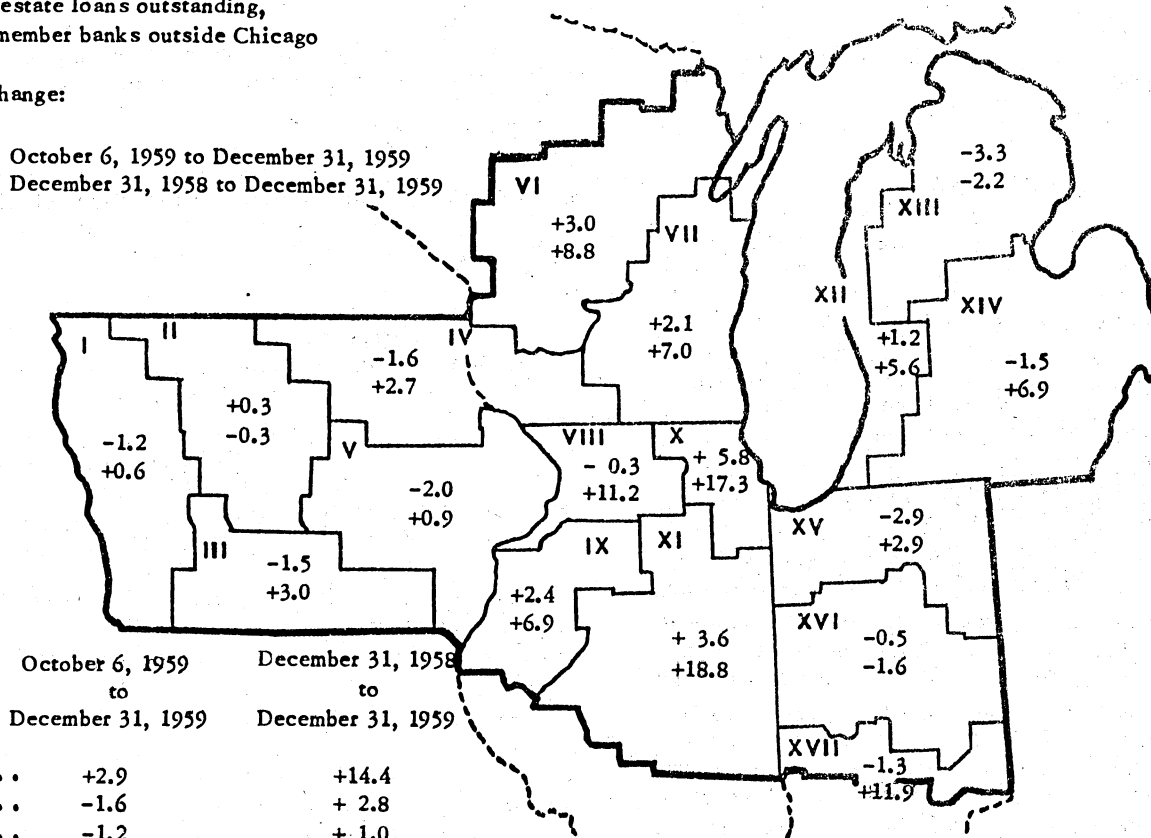
CONFERENCES on agricultural credit, sponsored by state universities and banking associations, have been announced for three states in the Seventh Federal Reserve District. The Illinois conference will be held at Urbana on April 26 and 27. The Michigan conference will be at Detroit on April 13 and 14. Iowa's annual Agricultural Credit School will be held at Ames, June 13-24. Further information may be obtained from the respective universities or state banking associations.

Research Department

Farm real estate loans outstanding,  
District member banks outside Chicago

Per cent change:

TOP: October 6, 1959 to December 31, 1959  
BOTTOM: December 31, 1958 to December 31, 1959



October 6, 1959 to December 31, 1959  
December 31, 1958 to December 31, 1959

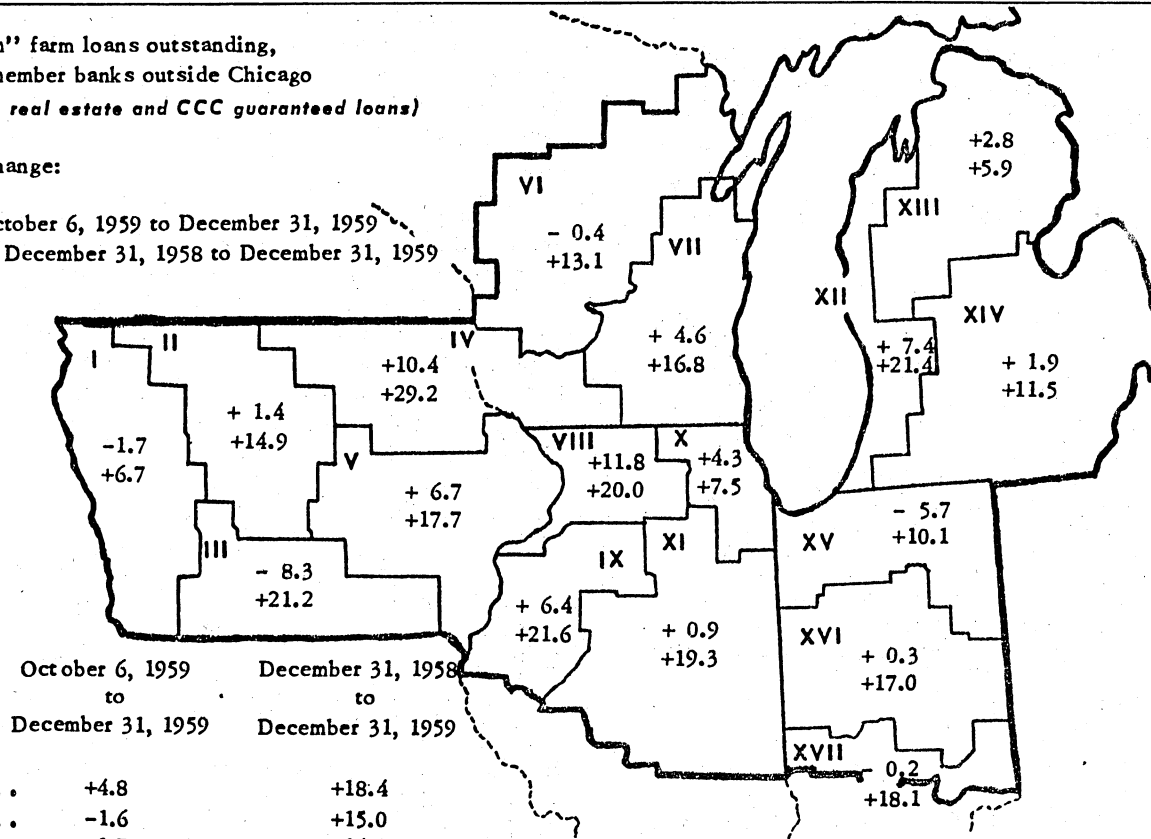
Illinois . . .	+2.9	+14.4
Indiana . . .	-1.6	+ 2.8
Iowa . . . . .	-1.2	+ 1.0
Michigan . . .	-1.2	+ 6.1
Wisconsin . .	+2.1	+ 7.6

SEVENTH DISTRICT. 0 + 6.1

"Short-term" farm loans outstanding,  
District member banks outside Chicago  
(excludes real estate and CCC guaranteed loans)

Per cent change:

TOP: October 6, 1959 to December 31, 1959  
BOTTOM: December 31, 1958 to December 31, 1959



October 6, 1959 to December 31, 1959  
December 31, 1958 to December 31, 1959

Illinois . . .	+4.8	+18.4
Indiana . . .	-1.6	+15.0
Iowa . . . . .	+1.7	+14.3
Michigan . . .	+2.8	+12.6
Wisconsin . .	+4.2	+18.3

SEVENTH DISTRICT. +2.6 +15.8