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The financial position of agriculture improved substantially during 1962. The Balance Sheet of Agriculture prepared by the United States Department of Agriculture values farmers' assets at a record $216.5 billion on January 1, 1963, compared with $208 billion a year earlier. Farm debts increased as well, though less than assets, with the result that the owner equities in farm assets reached $186.3 billion, up 5.7 per cent from the year earlier. This is more than six times as great as total farm liabilities.

Comparative Balance Sheet of Agriculture
for the United States, January 1

	1962	1963	Change
	(billion dollars)		
Assets			
Physical			
Real estate	137.4	143.6	6.2
Non-real estate			
Livestock	16.4	17.2	0.8
Machinery and motor vehicles	18.6	19.3	0.7
Crops stored	8.7	9.1	0.4
Household furnishings	9.1	8.9	-0.2
Financial	17.8	18.4	0.6
Total	208.0	216.5	8.5
Claims			
Liabilities			
Real estate debt	13.9	15.4	1.5
Non-real estate debt			
CCC	1.9	2.1	0.2
Other	11.6	12.7	1.1
Proprietors' equities	180.6	186.3	5.7
Total	208.0	216.5	8.5

This and other data suggest that the over-all financial condition of agriculture continues to be relatively strong even though some farm borrowers may be burdened by their debts. For example, the average ratio of farm mortgage debt to value of mortgaged land was 26 per cent in 1962—about the same as the year-earlier figure—but considerably lower than during the Forties. Moreover, data obtained in the 1960 sample Census of Agriculture indicated that only 30 per cent of the farm operators had mortgage debts and of these only one-fourth had mortgage debts equal to one-half or more of the land and buildings they owned. Furthermore, farm mortgage delinquencies and foreclosures have been at extremely low levels in recent years.

The relatively sharp gain in owner equities, however, is largely the result of higher price tags on real estate, livestock, crops and machinery and not the result of significant increases in physical assets. Valued in constant prices, the physical assets of agriculture rose less than 1 per cent in 1962.

As in other years, most of the increase in assets and net worth was due to higher farm real estate values (the principal farm asset) which rose $6.2 billion during 1962 to a new record of $143.6 billion. The increase in farmland value was about the same as in the previous year. The demand for land to enlarge existing farms remains strong while the supply of farms offered for sale remains small. Loan funds for the financing of land purchases were readily available last year.

The inventory value of livestock and poultry on farms rose to $17.2 billion from $16.3 billion the year earlier. The $900 million increase reflected higher prices for most classes of livestock and slightly larger population of both cattle and hogs.

Farmer-owned crop inventory values rose about $400 million to $9.1 billion with approximately half of the increase resulting from higher prices for feed and food grains and about half from an increase in quantities of feed grains, cotton and forage crops.

Farmers' holdings of liquid financial assets increased $300 million during 1962. The increase resulted mainly from a 10 per cent expansion in farmer-owned time deposits at banks. The sharp increase apparently stemmed largely from the increased interest rates banks offered on their time deposits.

Total farm debt (excluding CCC loans) rose $2.5 billion during 1962. Loans secured by mortgages rose nearly 16 per cent, accounting for about three-fifths of the increase in total farm debt. This was the second consecutive year of substantial increases in farm mortgage debt. Moreover, the rapid expansion in farm mortgage lending has continued during 1963. Non-real estate debt outstanding also increased during 1962—up slightly more than $1 billion or 9 per cent above the previous year.

Underlying the increase in both farm mortgage and non-real estate debt were the continued farm consolidations, higher farm real estate values and rising capital requirements as farmers continued to mechanize and intensify their operations. The exceptionally sharp rise in farm debt can be partly attributed to the greater availability of funds for mortgage loans that resulted from the rapid growth of liquid savings in 1962. Also, continued higher farm income following the rise in 1962 may have encouraged greater use of credit by farmers during the past year.

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