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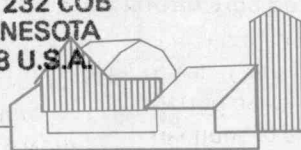
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Prices paid and received by farmers

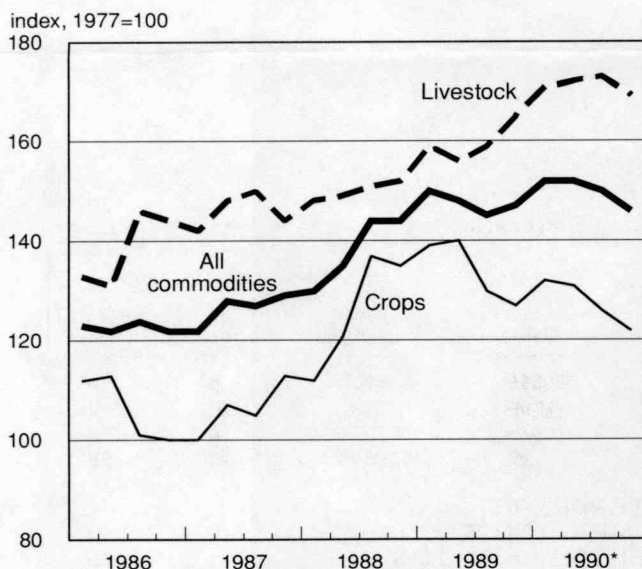
The index of prices received by farmers for all of 1990 will be up for the fifth consecutive year. From January through November, the USDA's monthly measure of all farm commodity prices averaged 2 percent above the record-setting pace of the year before and 9 percent higher than two years ago. Nevertheless, the index has been trending lower since May and in November dropped below the year-earlier level. While farm commodity prices have weakened recently, a spurt in energy prices this fall has added to the gains in prices paid by farmers for production inputs. For all of 1990, the quarterly tabulations of prices paid by farmers registered a 3 percent rise from last year and an 8 percent rise from two-years ago.

This year's rise in the overall measure of prices received by farmers was again led by the livestock component. Despite retreating to a 13-month low in November, the index of prices received by farmers for all livestock and livestock-related products from January through November averaged 7.5 percent higher than the year before and nearly 15 percent higher than two years earlier. In contrast, crop prices, which have been lagging all year, averaged nearly 5 percent lower than in 1989 and were up only marginally from two years ago.

Earnings of Midwest livestock farmers were especially buoyed by the higher livestock price in 1990. Higher prices for hogs, cattle, and--until recently--milk paced the rise in livestock prices. Through November, hog prices received by farmers averaged more than a fourth higher than in 1989. In addition, cattle prices averaged about 7.5 percent above the record-setting pace of 1989. Through August, milk prices received by farmers averaged 10 percent than the year before. But a sharp, contraseasonal decline since then has eroded much of the earlier gains, trimming the January-November average rise in milk prices to only 4 percent. In contrast to the strength in cattle and hog prices, prices for most poultry products this year were either down or up only marginally from last year.

Weakness in grain and soybeans prices accounted for a large share of the decline in overall crop prices in 1990. Paced by a sharp downturn since May, farm level wheat prices from January through November averaged more than a fifth lower than the year before. Because of large declines in early 1990, soybean prices during the same period averaged nearly 14 percent below the year-earlier level. Corn prices during the first 11 months of 1990 averaged 2 percent below the same period a year earlier as recent declines have countered the gains registered during the spring and summer months. Reflecting the disappointing pattern for grains in recent months, wheat prices since September have averaged the lowest since 1986 and the second lowest since 1977. And corn prices since October have been at a 3-year low.

Prices received by farmers



The USDA's index of prices paid by farmers for production inputs registered modest year-over-year gains of about 2 percent during the first three quarterly surveys taken in 1990 (January, April, and July). But the October survey showed a rise of 5.5 percent. The October gain was paced by a 30 percent year-over-year gain in prices paid for fuels and energy and a 12 percent rise in prices paid for feeder livestock. These gains were partially countered by year-over-year declines of 3 to 4 percent in prices paid for seed and feed. Prices paid for fertilizer and for building and fencing materials in October were up only marginally from the year before while prices paid for most other production inputs (including chemicals, farm and motor supplies, autos and trucks, and farm tractors and machinery) registered gains of 3 to 5 percent.

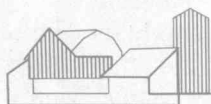
Selected agricultural economic indicators

	Latest period	Value	Percent change from		
			Prior period	Year ago	Two years ago
Receipts from farm marketings (\$ millions)	August	13,599	6.1	8	10
Crops*	August	5,989	9.0	10	7
Livestock	August	7,513	3.3	8	12
Government payments	August	97	94.0	-25	98
Real estate farm debt outstanding (\$ billions)					
Commercial banks	June 30	17.1	2.2**	5	13
Farm Credit System	June 30	29.6	-1.1**	-3	-10
Life insurance companies	June 30	10.1	3.0**	6	6
Nonreal estate farm debt outstanding (\$ billions)					
Commercial banks	June 30	31.9	8.7**	4	6
Farm Credit System	June 30	10.5	8.7**	6	4
Interest rates on farm loans (percent)					
7th District agricultural banks					
Operating loans	October 1	11.94	0.0**	-2	2
Real estate loans	October 1	11.07	-0.2**	-2	0
Commodity Credit Corporation	December	7.37	-3.3	-6	-11
Agricultural exports (\$ millions)	October	3,032	11.3	-11	-8
Corn (mil. bu.)	October	108	1.7	-38	-36
Soybeans (mil. bu.)	October	30	6.8	-60	-41
Wheat (mil. bu.)	October	88	-19.7	-6	-14
Farm machinery sales^p (units)					
Tractors, over 40 HP	November	4,915	-24.0	9	34
40 to 100 HP	November	2,419	-26.7	2	4
100 HP or more	November	2,496	-21.2	18	87
Combines	November	1,213	-12.1	26	99

*Includes net CCC loans.

**Prior period is three months earlier.

^pPreliminary



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