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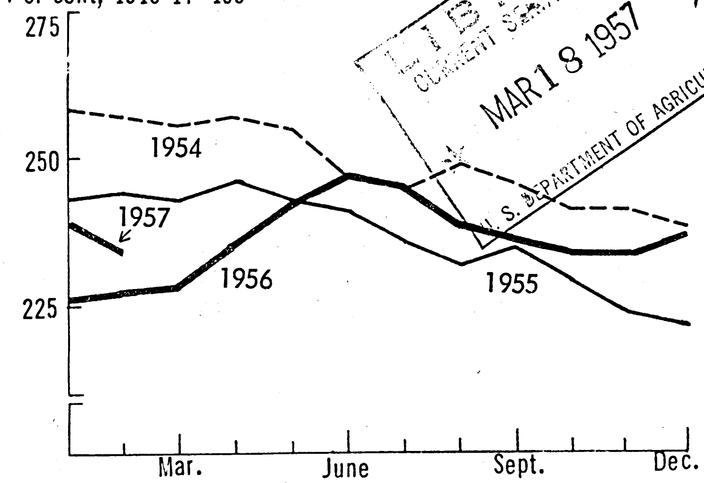
CASH RECEIPTS from farm marketings for the first month of the current year are estimated by the USDA to total about the same as in January 1956. Prices averaged 5 per cent higher than a year ago, but the volume of marketings, particularly for hogs and cotton, was smaller.

In the months ahead, however, higher farm prices are not likely to provide as strong a prop to income as has been the case in recent months. While farm prices in mid-February maintained a 3 per cent margin above a year ago, they were 2 per cent below mid-January. And there is little in the outlook that indicates farm prices will rise 9 per cent from present levels to mid-June as they did in the spring of 1956.

PRICES RECEIVED BY U.S. FARMERS
Per cent, 1910-14=100



Prices of cattle, hogs and dairy products are generally expected to continue to average about the same or somewhat above year-ago levels, but poultry, eggs, feed grains and soybeans are likely to average lower. Last spring corn and soybean prices rose to a spring peak of about $1.55 and $3.20, respectively. Recently, prices at Chicago have been about $1.30 for corn and $2.40 for soybeans, and most observers expect prices of these commodities to remain close to recent levels in the months ahead. Other important factors affecting commodity prices are large inventories and lower support prices recently announced on many 1957 crops.

Prices paid by farmers for items used in production and family living continue to rise. In mid-February the index of prices paid was 5 per cent above year ago. As a result, prices received by farmers averaged 80 per cent of "parity," about the same as in December 1955 when the "cost-price squeeze" was the tightest in the postwar period. Last February prices averaged 81 per cent of "parity."

FARMERS' REALIZED NET INCOME, according to revised data released this week by the USDA, rose from $11.3 billion in 1955 to $11.8 billion in 1956—a 4 per cent gain. Gross income rose $1.1 billion while production expenses increased by $0.6 billion. The increase in gross income resulted from soil bank and wool incentive payments totaling $0.3 billion and an increase in cash receipts of $0.8 billion. Higher cash receipts reflected stepped-up marketings as livestock and crop inventories were reduced. If adjustments are made for the inventory decline, farmers' net income during 1956 totaled $11.6 billion or about 1 per cent less than in 1955.

Income from nonfarm sources has become increasingly important in the total income received by the farm population in recent years. Farm residents received, in addition to the $11.6 billion from farming, $1.7 billion in wage payments to farm workers and $6.5 billion from nonfarm sources such as off-farm work, stock dividends and rent payments. In total the income of farm people was $19.8 billion, 1 per cent more than in 1955. As the number of people living on farms also increased slightly, there was little change in per capita income.

Income from nonfarm sources rose 6 per cent from the year-ago level and accounted for about one-third of the total. As recently as 1950 only about one-fourth of the income of farm people was received from nonfarm sources. This change reflects the relatively larger number of farm operators working away from their farms part of the year and the larger number of farm residents obtaining nonfarm jobs.

Census data indicate that 28 per cent of the farm operators worked away from their farms in 1954 compared with 23 per cent five years earlier. Similarly, between 1950 and 1956 the portion of employed farm people having nonfarm jobs rose from 30 per cent to nearly 40 per cent. Continuation of these trends will not only provide an important source of income in many farm households but will make business on Main Street less dependent on agricultural income.

SOME FURTHER GAIN in net income of farm operators is expected to occur in 1957. However, judging from the course of farm prices in the early months of the year and prospects for the spring months, it appears that any further rise in farm income will largely come in the second half of the year. Not only will soil bank payments be made in that period but higher prices that might result from any cutback in farm output would largely take place as 1957 harvests get under way.

Research Department