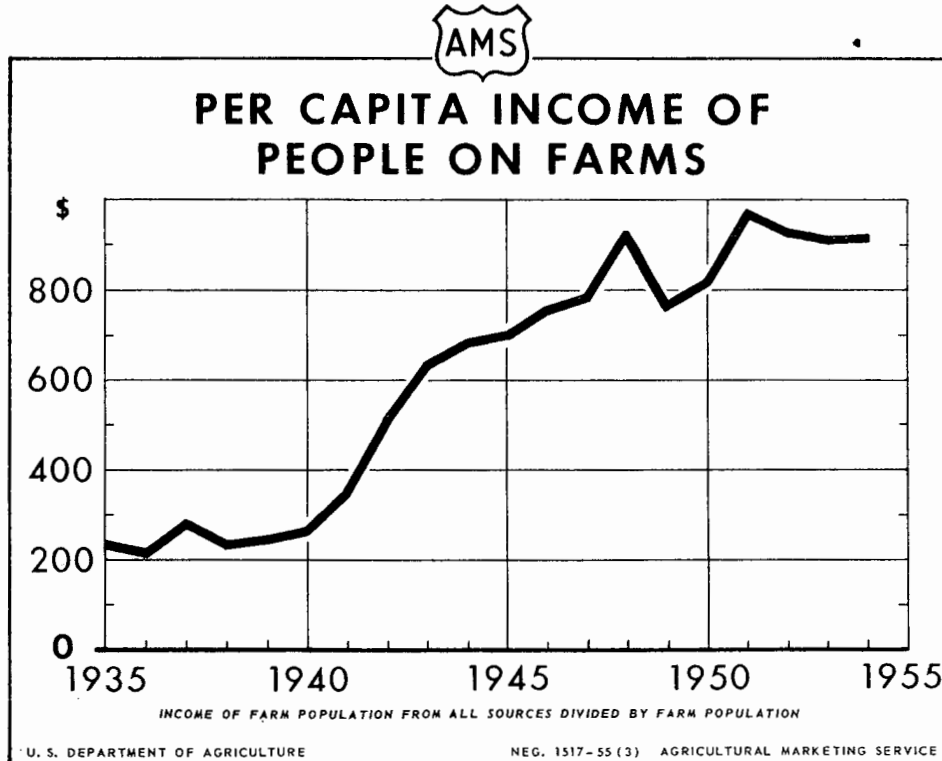


APR 26 1955

The FARM INCOME SITUATION

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Outlook for 1955

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Average per capita income of the farm population was slightly higher in 1954 than in 1953, and only a little below the all-time high reached in 1951. Total income of the farm population from all sources, farm and nonfarm, was 20.1 billion dollars in 1954, 3 percent less than in 1953. There were

3-1/2 percent fewer people sharing in the total, however, so that per capita income rose from \$914 in 1953 to \$918 in 1954. As compared with the post-Korea high in 1951, total income was down 14 percent, but there were 9 percent fewer people on farms, and income per person was down 5 percent.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

THE FARM INCOME SITUATION

FARM INCOME IN 1955

Summary

Farmers' gross income, expenses, and realized net income may all be a little lower in 1955 than they were in 1954.

With further acreage restrictions on cotton and wheat this year, a moderately lower price support level for 1955 crop wheat, and considerably lower prices for hogs now than in the first half of 1954, cash receipts from total farm marketings, the principal component of farmers' gross income, are not likely to equal those of 1954. However, cash receipts from most farm products except cotton, wheat, and hogs should hold fairly close to last year's levels. In a few instances, such as broilers, eggs, and oil-bearing crops, cash receipts in 1955 may well be larger than they were in 1954; and final returns to growers for the 1955 wool clip, partly to be received in 1956, will be substantially larger than returns on the 1954 clip.

With prices paid by farmers for production items, including interest, taxes, and wage rates, slightly higher this year than last, total farm production expenses are likely to be reduced only a little, primarily reflecting lower feed costs and smaller rental payments. Farm operators' realized net income may be about 5 percent lower in 1955 than in 1954.

Cash receipts from farm marketings in the first quarter of 1955 were 5 percent smaller than in the same period last year. The total volume of marketings was about the same, but prices averaged 5 percent lower.

Estimates for the first quarter

Farmers' realized net income in the first quarter of 1955 was at an annual rate of approximately 11.9 billion dollars, up substantially from the low rate of 11.1 billion dollars reached in the fourth quarter of 1954, and only slightly below the total of 12.0 billion dollars estimated for 1954 as a whole (table 1). However, the increase in the first quarter rate was due almost entirely to a temporary increase in the rate of marketings on a seasonally adjusted basis.

Farmers' realized gross income in the first quarter was at an annual rate of 34.0 billion dollars, 4 percent above the fourth quarter rate for 1954 and a trifle higher than the annual estimate for 1954. Farm production expenses also rose on an annual rate basis, but the first quarter rate was up less than 3 percent from the fourth quarter. Consequently, realized net income rose 7 percent in terms of seasonally adjusted annual rates.

Table 1.- Realized gross and net farm income by quarters,
seasonally adjusted at annual rates

Item	Year	1954				1955
		I	II	III	IV	I
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Cash receipts from farm marketings	30.0	31.9	29.9	29.3	28.7	30.2
Nonmoney income and Government payments ..	3.9	3.9	3.9	3.9	3.9	3.8
Realized gross farm income	33.9	35.8	33.8	33.2	32.6	34.0
Farm production expenses	21.9	22.3	22.0	21.6	21.5	22.1
Farmers' realized net income	12.0	13.5	11.8	11.6	11.1	11.9

The first quarter rise in realized gross income was due entirely to a 5-percent increase in cash receipts from farm marketings on a seasonally adjusted basis. Prices of farm products averaged less than 1 percent higher in the first quarter of 1955 than in the fourth quarter of 1954, so most of the increase in seasonally adjusted cash receipts was due to a less-than-seasonal decline in the volume of farm marketings in the first quarter. Marketings of hogs, soybeans, oranges, and apples were larger than usual; but a large volume of crops going under CCC loan, even though a little smaller than last year, was the principal factor underlying the larger-than-seasonal rate of marketings.

The proceeds from CCC loans are counted as cash receipts when the loans are made. If the crops are later redeemed and the loans repaid, such repayments are treated as an offset to cash receipts when they are made. Loans on corn represented more than half of the total value of CCC loans in the first quarter. Some of this corn will probably be redeemed later on and fed to livestock. In the meantime, however, the loans go to expand the rate of cash receipts, and this was particularly important in the first quarter.

The rise in the production expense rate was due to an increase of 2 percent in the first quarter average of prices paid by farmers for production items, together with even larger increases in interest, taxes, and wage rates. Wage rates were up 4 percent on a seasonally adjusted basis, and interest and tax payments applicable to the first quarter of the new year were each about 5 percent above the previous year.

Prospects for the year

The outlook for 1955 as a whole remains approximately as indicated at the Outlook Conference last October. Present prospects are for some

decline in farmers' gross income. With the total volume of farm marketings likely to be a little smaller than last year, and with prices probably not averaging quite as high, farmers' cash receipts from marketings will probably be down a little from 1954. Farm production costs may also be lower this year, but the chances are that any reduction farmers can make in their expenses will not fully compensate for the expected decline in gross income. Consequently, realized net income is likely to be down from last year's figure of 12.0 billion dollars, probably around 5 percent.

Marketings of livestock and livestock products will remain large in 1955, and may exceed last year's record volume. Similarly, cash receipts from livestock and products may, on the whole, compare rather favorably with last year. Lower cash receipts from hogs are likely to be largely offset by increases for some of the other livestock items, notably eggs. On the other hand, crop marketings, assuming average yields, will probably be from 5 to 10 percent smaller than last year, and total crop receipts may be down in about the same proportion. Most of the decline will be in cotton and wheat for which acreage has been curtailed. Cash receipts from corn will also be down, however, as most of this year's marketings will be from last year's smaller crop.

Farm property taxes and farm mortgage interest payments are continuing their upward trends this year, and farmers may also spend more on purchased seed than they did last year. No further increases are expected in any of the other expense items, however, and some are likely to be down a little. The largest decline is expected in rental payments, which are mostly share rents. The net result will probably be only a small reduction in total production expenses.

CASH RECEIPTS, JANUARY-MARCH 1955

Cash receipts from farm marketings in the first quarter of 1955 totaled approximately 6.4 billion dollars, down 5 percent from last year. The total volume of marketings was about the same as a year ago, but prices averaged 5 percent lower. First-quarter livestock receipts of 3.8 billion dollars were down nearly 10 percent because of lower average prices, but crop receipts of 2.6 billion were practically the same as in the first quarter of last year.

Cash receipts in February

Cash receipts in February totaled 1.9 billion dollars, down seasonally from January and 4 percent less than cash receipts in February of last year. Receipts from livestock and products were 1.2 billion dollars, down 10 percent from a year earlier, and crop receipts were 0.7 billion, slightly higher than in February of last year.

Cash receipts in March

The preliminary estimate of cash receipts in March is 1.9 billion dollars, about the same as in February but 4 percent lower than a year earlier. March receipts from livestock and products are estimated at 1.3 billion dollars, crop receipts at 0.6 billion.

Table 2.- Cash receipts from farming, United States

Source	January		February		January-February	
	1954	1955	1954	1955	1954	1955
	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.
Farm marketings and CCC loans ^{1/}	2,697	2,536	2,006	1,917	4,703	4,453
Livestock and products	1,421	1,291	1,308	1,179	2,729	2,470
Meat animals	793	741	706	618	1,499	1,359
Dairy products	329	311	314	299	643	610
Poultry and eggs	278	219	268	243	546	462
Other	21	20	20	19	41	39
Crops	1,276	1,245	698	738	1,974	1,983
Food grains	168	134	140	127	308	261
Feed crops	297	297	205	213	502	510
Cotton (lint and seed) ...	306	245	86	70	392	315
Oil-bearing crops	92	134	46	79	138	213
Tobacco	150	143	22	19	172	162
Vegetables	97	116	77	102	174	218
Fruits and tree nuts	74	74	60	64	134	138
Other	92	102	62	64	154	166
Government payments	18	35	14	31	32	66
Total cash receipts	2,715	2,571	2,020	1,948	4,735	4,519

Table 3.- Index numbers of cash receipts from farm marketings and CCC loans, physical volume of farm marketings, and prices received by farmers, United States (1935-39=100)

Item	January		February		January-February	
	1954	1955	1954	1955	1954	1955
Cash receipts from farm marketings and CCC loans ^{1/} ..:						
All commodities	407	383	303	289	355	336
Livestock and products ...:	374	340	344	310	359	325
Crops	451	468	247	277	349	372
Physical volume of farm marketings:						
All commodities	165	165	127	129	146	147
Livestock and products ...:	155	163	144	146	150	154
Crops	178	167	106	106	142	136
Prices received by farmers:						
All commodities	241	227	240	228	240	228
Livestock and products ...:	240	208	240	211	240	210
Crops	244	253	241	249	242	251

^{1/} Receipts from loans represent value of loans minus value of redemptions during the month.

Table 4.- Cash receipts from farm marketings, by States, January 1954-55

State and region	Livestock and products		Crops		Total	
	1954	1955	1954	1955	1954	1955
	1,000	1,000	1,000	1,000	1,000	1,000
	dollars	dollars	dollars	dollars	dollars	dollars
Maine	8,533	8,101	4,595	8,067	13,128	16,168
New Hampshire	4,604	4,193	819	808	5,423	5,001
Vermont	8,455	8,069	682	724	9,137	8,793
Massachusetts	10,858	9,695	3,968	3,841	14,826	13,536
Rhode Island	1,561	1,449	404	418	1,965	1,867
Connecticut	10,056	8,779	6,142	6,311	16,198	15,090
New York	46,082	42,739	14,523	15,187	60,605	57,926
New Jersey	19,214	16,370	4,172	4,129	23,386	20,499
Pennsylvania	49,090	43,747	13,284	15,454	62,374	59,201
North Atlantic Region	158,453	143,142	48,589	54,939	207,042	198,081
Ohio	55,026	50,335	34,326	40,887	89,352	91,222
Indiana	65,834	55,136	35,195	37,615	101,029	92,751
Illinois	102,775	90,713	84,301	88,617	187,076	179,330
Michigan	32,742	28,721	20,918	20,168	53,660	48,889
Wisconsin	73,800	66,555	11,160	11,223	84,960	77,778
East North Central Region ...	330,177	291,460	185,900	198,510	516,077	489,970
Minnesota	80,822	69,372	54,553	64,189	135,375	133,561
Iowa	171,681	151,352	76,119	83,038	247,800	234,390
Missouri	61,641	54,577	25,005	19,364	86,646	73,941
North Dakota	13,298	11,976	24,092	25,706	37,390	37,682
South Dakota	35,657	31,836	20,399	17,817	56,056	49,653
Nebraska	70,784	68,656	38,446	36,770	109,230	105,426
Kansas	49,481	45,775	37,323	45,087	86,804	90,862
West North Central Region ...	483,364	433,544	275,937	291,971	759,301	725,515
Delaware	6,525	5,105	1,159	1,048	7,684	6,153
Maryland	14,031	12,108	2,587	2,438	16,618	14,546
Virginia	19,085	16,769	13,658	13,375	32,743	30,144
West Virginia	6,174	5,444	2,761	2,598	8,935	8,042
North Carolina	18,109	16,090	13,968	11,466	32,077	27,556
South Carolina	6,721	6,277	9,825	6,837	16,546	13,114
Georgia	22,171	22,163	14,037	11,037	36,208	33,200
Florida	11,533	10,435	48,913	47,393	60,446	57,828
South Atlantic Region	104,349	94,391	106,908	96,192	211,257	190,583
Kentucky	19,002	17,210	94,702	84,404	113,704	101,614
Tennessee	15,741	14,215	34,177	32,435	49,918	46,650
Alabama	13,242	13,501	10,291	7,583	23,533	21,084
Mississippi	10,633	9,750	38,211	28,020	48,844	37,770
Arkansas	13,404	12,766	45,197	39,710	58,601	52,476
Louisiana	9,447	8,564	33,414	23,180	42,861	31,744
Oklahoma	21,869	20,824	16,458	13,333	38,327	34,157
Texas	59,817	57,159	93,470	88,769	153,287	145,928
South Central Region	163,155	153,989	365,920	317,434	529,075	471,423
Montana	10,997	10,972	29,571	24,719	40,568	35,691
Idaho	12,935	12,557	18,338	21,509	31,273	34,066
Wyoming	5,034	4,712	3,184	3,258	8,218	7,970
Colorado	23,757	23,408	17,133	11,675	40,890	35,083
New Mexico	4,954	4,825	11,095	10,604	16,049	15,429
Arizona	7,940	7,739	44,591	38,693	52,531	46,432
Utah	8,971	8,215	2,815	2,961	11,786	11,176
Nevada	2,927	2,961	785	685	3,712	3,646
Washington	15,177	14,318	35,976	38,314	51,153	52,632
Oregon	15,951	14,680	15,094	15,710	31,045	30,390
California	73,154	70,200	114,128	117,492	187,282	187,692
Western Region	181,797	174,587	292,710	285,620	474,507	460,207
United States	1,421,295	1,291,113	1,275,964	1,244,666	2,697,259	2,535,779

Table 5.- Cash receipts from farm marketings, by States, February 1954-55

State and region	Livestock and products		Crops		Total	
	1954	1955	1954	1955	1954	1955
	dollars	dollars	dollars	dollars	dollars	dollars
Maine	8,019	8,279	4,691	9,258	12,710	17,537
New Hampshire	4,402	4,367	727	751	5,129	5,118
Vermont	8,090	8,070	803	855	8,893	8,925
Massachusetts	10,390	9,836	3,321	3,387	13,711	13,223
Rhode Island	1,463	1,391	399	436	1,862	1,827
Connecticut	9,593	8,975	4,518	4,774	14,111	13,749
New York	42,701	40,749	12,830	12,934	55,531	53,683
New Jersey	17,517	17,370	3,683	3,888	21,200	21,258
Pennsylvania	45,265	42,729	13,682	15,450	58,947	58,179
North Atlantic Region	147,440	141,766	44,654	51,733	192,094	193,499
Ohio	59,141	52,024	22,456	24,285	81,597	76,309
Indiana	66,637	55,271	25,433	28,075	92,070	83,346
Illinois	95,773	82,834	45,503	45,046	141,276	127,880
Michigan	31,569	29,050	17,046	15,428	48,615	44,478
Wisconsin	74,044	67,035	9,144	8,854	83,188	75,889
East North Central Region ...	327,164	286,214	119,582	121,688	446,746	407,902
Minnesota	74,593	65,293	38,884	50,513	113,477	115,806
Iowa	160,201	135,322	46,271	55,125	206,472	190,447
Missouri	55,544	48,144	8,413	8,345	63,957	56,489
North Dakota	8,664	7,570	20,954	23,096	29,618	30,666
South Dakota	25,518	22,472	14,363	16,168	39,881	38,640
Nebraska	72,571	67,443	31,432	29,144	104,003	96,587
Kansas	39,101	34,852	35,436	43,672	74,537	78,524
West North Central Region ...	436,192	381,096	195,753	226,063	631,945	607,159
Delaware	5,461	4,858	802	710	6,263	5,568
Maryland	12,077	10,808	2,175	2,071	14,252	12,879
Virginia	19,089	17,080	5,799	6,306	24,888	23,386
West Virginia	6,037	5,337	1,597	1,653	7,634	6,990
North Carolina	17,599	15,639	7,398	6,388	24,997	22,027
South Carolina	6,806	6,424	4,080	3,063	10,886	9,487
Georgia	19,552	18,780	7,539	6,094	27,091	24,874
Florida	9,725	8,736	40,796	53,350	50,521	62,086
South Atlantic Region	96,346	87,662	70,186	79,635	166,532	167,297
Kentucky	17,040	15,000	8,283	6,546	25,323	21,546
Tennessee	15,993	14,125	10,492	7,916	24,485	22,041
Alabama	13,032	12,484	4,384	3,449	17,416	15,933
Mississippi	10,330	9,388	19,232	14,886	29,562	24,274
Arkansas	13,657	13,868	10,467	10,969	24,124	24,837
Louisiana	8,759	8,044	6,232	5,028	14,991	13,072
Oklahoma	18,468	17,319	8,366	6,733	26,834	24,052
Texas	53,401	49,555	38,323	39,587	91,724	89,142
South Central Region	150,680	139,783	105,779	95,114	256,459	234,897
Montana	6,707	6,479	16,828	15,458	23,535	21,937
Idaho	9,760	9,708	12,046	14,715	21,806	24,423
Wyoming	3,666	2,885	1,482	1,243	5,148	4,128
Colorado	17,790	16,463	11,070	7,393	28,860	23,856
New Mexico	4,696	4,290	5,366	5,238	10,062	9,528
Arizona	8,368	7,723	12,168	11,548	20,536	19,271
Utah	8,869	8,101	1,871	1,840	10,740	9,941
Nevada	1,645	1,524	697	630	2,342	2,154
Washington	13,150	13,099	25,955	27,460	39,105	40,559
Oregon	10,951	10,165	10,716	10,823	21,667	20,988
California	64,371	62,153	64,106	67,109	128,477	129,262
Western Region	149,973	142,590	162,305	163,457	312,278	306,047
United States	1,307,795	1,179,111	698,259	737,690	2,006,054	1,916,801

Table 6. - Cash receipts from farm marketings, by States, January-February 1954-55

State and region	Livestock and products		Crops		Total	
	1954	1955	1954	1955	1954	1955
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	16,552	16,380	9,286	17,325	25,838	33,705
New Hampshire	9,006	8,560	1,546	1,559	10,552	10,119
Vermont	16,545	16,139	1,485	1,579	18,030	17,718
Massachusetts	21,248	19,531	7,289	7,228	28,537	26,759
Rhode Island	3,024	2,840	803	854	3,827	3,694
Connecticut	19,649	17,754	10,660	11,085	30,309	28,839
New York	88,783	83,488	27,353	28,121	116,136	111,609
New Jersey	36,731	33,740	7,855	8,017	44,586	41,757
Pennsylvania	94,355	86,476	26,966	30,904	121,321	117,380
North Atlantic Region	305,893	284,908	93,243	106,672	399,136	391,580
Ohio	114,167	102,359	56,782	65,172	170,949	167,531
Indiana	132,471	110,407	60,628	65,690	193,099	176,097
Illinois	198,548	173,547	129,804	133,663	328,352	307,210
Michigan	64,311	57,771	37,964	35,596	102,771	93,367
Wisconsin	147,844	133,590	20,304	20,077	168,148	153,667
East North Central Region ...	657,341	577,674	305,482	320,198	962,823	897,872
Minnesota	155,415	134,665	93,437	114,702	248,852	249,367
Iowa	331,882	286,674	122,390	138,163	454,272	424,837
Missouri	117,185	102,721	33,418	27,709	150,603	130,430
North Dakota	21,962	19,546	45,046	48,802	67,008	68,348
South Dakota	61,175	54,308	34,762	33,985	95,937	88,293
Nebraska	143,355	136,099	69,878	65,914	213,233	202,013
Kansas	88,582	80,627	72,759	88,759	161,341	169,386
West North Central Region ...	919,556	814,640	471,690	518,034	1,391,246	1,332,674
Delaware	11,986	9,963	1,961	1,758	13,947	11,721
Maryland	26,108	22,916	4,762	4,509	30,870	27,425
Virginia	38,174	33,849	19,457	19,681	57,631	53,530
West Virginia	12,211	10,781	4,358	4,251	16,569	15,032
North Carolina	35,708	31,729	21,366	17,854	57,074	49,583
South Carolina	13,527	12,701	13,905	9,900	27,432	22,601
Georgia	41,723	40,943	21,576	17,131	63,299	58,074
Florida	21,258	19,171	89,709	100,743	110,967	119,914
South Atlantic Region	200,695	182,053	177,094	175,827	377,789	357,880
Kentucky	36,042	32,210	102,985	90,950	139,027	123,160
Tennessee	31,734	28,340	44,669	40,351	76,403	68,691
Alabama	26,274	25,985	14,675	11,032	40,949	37,017
Mississippi	20,963	19,138	57,443	42,906	78,406	62,044
Arkansas	27,061	26,634	59,664	50,679	82,725	77,313
Louisiana	18,206	16,608	39,646	28,208	57,852	44,816
Oklahoma	40,337	38,143	24,824	20,066	65,161	58,209
Texas	113,218	106,714	131,793	128,356	245,011	235,070
South Central Region	313,835	293,772	471,699	412,548	785,534	706,320
Montana	17,704	17,451	46,399	40,177	64,103	57,628
Idaho	22,695	22,265	30,384	36,224	53,079	58,489
Wyoming	8,700	7,597	4,666	4,501	13,366	12,098
Colorado	41,547	39,871	28,203	19,068	69,750	58,939
New Mexico	9,650	9,115	16,461	15,842	26,111	24,957
Arizona	16,308	15,462	56,759	50,241	73,067	65,703
Utah	17,840	16,316	4,686	4,801	22,526	21,117
Nevada	4,572	4,485	1,482	1,315	6,054	5,800
Washington	28,327	27,417	61,931	65,774	90,258	93,191
Oregon	26,902	24,845	25,810	26,533	52,712	51,378
California	137,525	132,353	178,234	184,601	315,759	316,954
Western Region	331,770	317,177	455,015	449,077	786,785	766,254
United States	2,729,090	2,470,224	1,974,223	1,982,356	4,703,313	4,452,580

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