



# ILLINOIS FARM AND FOOD OUTLOOK

## COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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### FARM INCOME SITUATION

MOST FARMERS HAVE COMPLETED one of the highest-income seasons on record. However, for some cattle operators and farmers in drought areas, it was not a good year. Rising production costs limited gains in net farm income everywhere.

**LIVESTOCK.** During the first half of 1976, the market was taking about 10 percent more beef and 14 percent more poultry than a year before. Livestock prices averaged about 14 percent above those of a year earlier. Part of the demand for beef and poultry in the first half of 1976 was due to reduced pork output.

A big gain in pork production and slower advances in the production of beef, poultry, and milk continued to expand the output of livestock products during the July-December period. Accordingly, July-December prices in 1976 averaged 5 to 6 percent below those of a year earlier. The increases in pork and poultry production should about equal to the expected cutback in beef output during the first half of 1977.

**CROPS.** Despite drought problems, the 1976 grain crops were as large as the big ones in 1975. The 1976 soybean crop was off about 18 percent from 1975. The 1976 cotton crop was about a fifth larger than a year earlier. The final figures on the production of foodstuffs for 1976 may be down 2 or 3 percent from those for 1975.

In the 1976-77 marketing year, grain supplies appear to be large enough to cover the anticipated increases in domestic use and the near-record exports that are expected. Wheat supplies are high. Prospective use points to a further buildup. The supplies of soybeans and cotton, however, will continue to be tight; and stocks may be reduced to minimum levels by the end of the 1976-77 season.

For the 1976-77 marketing year, crop prices could average a little above those of a year before. Higher prices can be expected for soybeans, fibers, tobaccos, and some fruits and vegetables. Grain prices are likely to be lower.

The volume of marketings will rise slowly in 1977, at least until crop developments begin to make their influence felt. The 1977 prices for crops and livestock may average about the same as in 1976. Modest gains can be expected in gross farm income for 1977, with increases for livestock prices, too, if output eases later in the year.



*NET FARM INCOME.* For 1976, realized net farm income was estimated at about \$24 billion, compared to \$23 billion a year earlier. Total net income, which includes an adjustment for inventory changes, may decline slightly for 1976 compared to 1975. As expected, modest gains in gross income and small increases in production expenses suggest little change in net farm income for 1977. With average weather conditions and no drastic changes in world markets, net farm income for 1977 may range from \$23 to \$25 billion.

Substantial gains in net farm income have been realized during the past five or six years. The per capita income of farm people from all sources has improved in relation to that of nonfarm people.

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