

Iowa's Agricultural Situation

—By Phillip J. Kaus and Darnell B. Smith

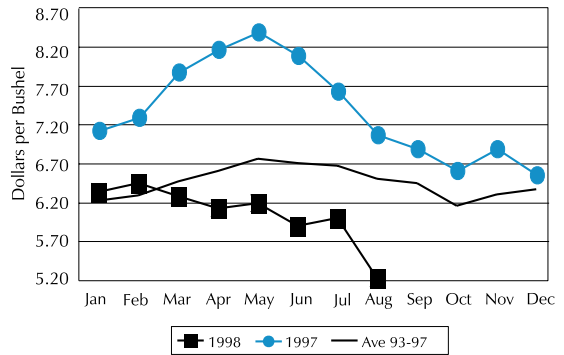
According to the National Agricultural Statistical Service, January to May 1998 Iowa farm cash receipts are down 12 percent from January to May 1997 cash receipts. In fact, early indications are that net farm income may be down by as much as 35 to 40 percent in 1998 compared to 1997. The cash receipts table (page 5) shows that both crop and livestock producers have been hit this year by lower prices. As shown by the graphs, prices received by Iowa producers for all eight commodities are below last year's levels and well below the five-year average. In addition, this year's above-normal summer decline in prices will result in cash receipts falling even more by the end of the year.

As of August 1998, world crop stock holdings were high. Further projected increases in the stocks-to-use ratios for this year, as shown in the table (page 5), indicate that it may take time to reduce the large supplies, especially on the crop side, because of the large U.S. crop yields expected this year.

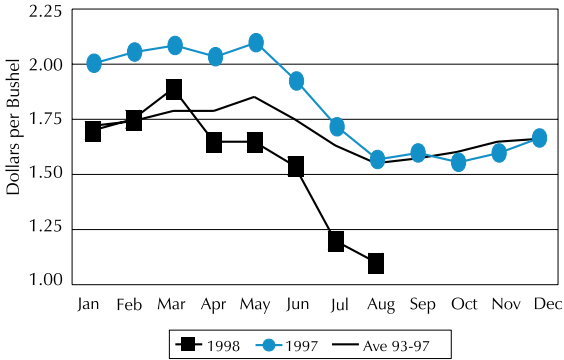
With the low grain prices and a large breeding herd, pork supplies should remain high for the rest of 1998. The unexpected summer sell-off in the southern U.S. cattle herd added to the beef supply woes. Hopefully, those large beef and cattle supplies will be reduced by the fourth quarter. There should then be some recovery in cattle prices. However, the overall market recovery will take time.

Speculation has focused on government assistance to help increase farm income as the U.S. Congress enters the fall session. With low prices, Iowa producers should be eligible for Loan Deficiency Payments (LDP) as they begin the fall harvest. The LDP is a provision of the 1996 Farm Bill and will help stabilize farm income to a certain extent. Producers should check with their local Farm Service Agency representative for eligibility requirements before making any marketing decisions. ♦

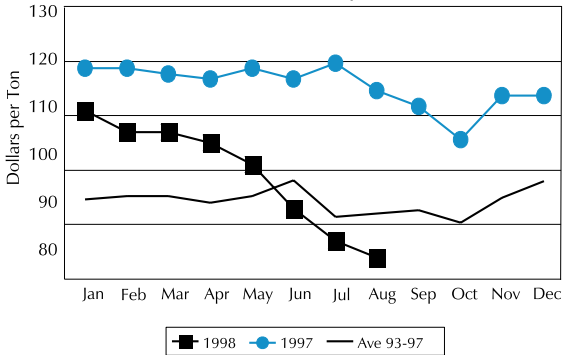
Iowa Soybean Price



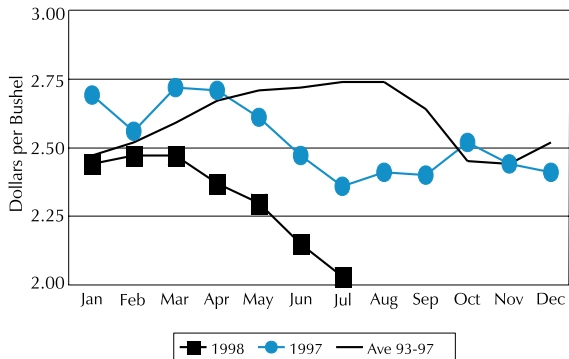
Iowa Oat Price



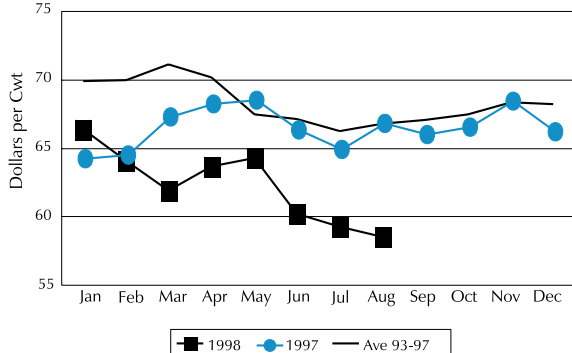
Iowa Alfalfa Hay Price



Iowa Corn Price



Iowa Steer and Heifer Price



Iowa Cash Receipts Jan. – May

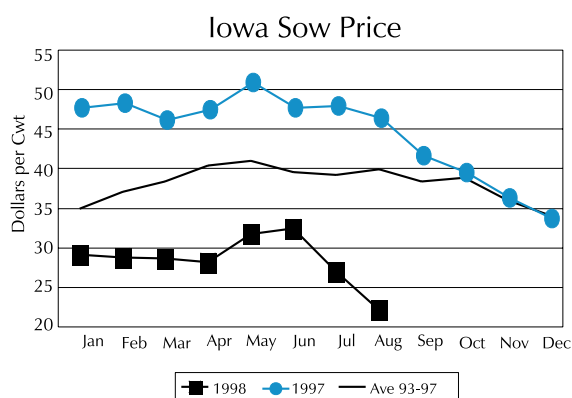
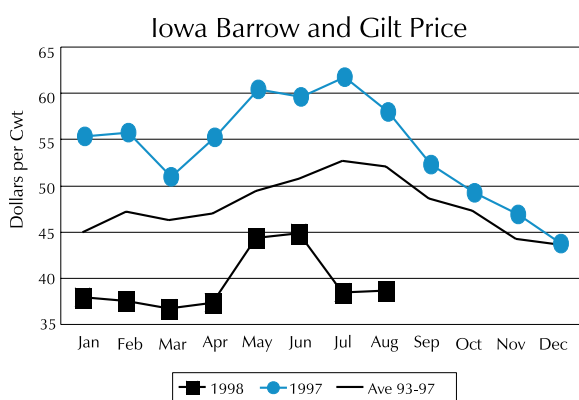
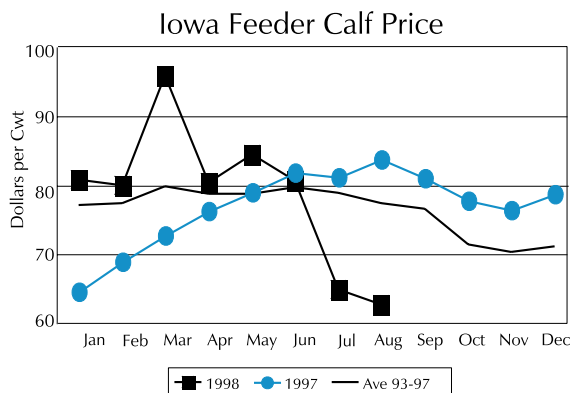
	1998	1997	1996
	(Million Dollars)		
Crops	2,376	3,206	3,089
Livestock	2,011	2,199	2,218
Total	4,803	5,406	5,307

World Stocks-to-Use Ratios

	Crop Year		1996/97
	1998/99	1997/98	
	July	July	
	Projection	Estimate	(Percent)
Corn	15.17	14.85	16.00
Soybeans	15.96	12.87	9.47
Wheat	21.98	22.59	19.14

Average Farm Prices Received By Iowa Farmers

	July 1998	June 1998	July 1997
	(\$/Bushel)		
Corn	2.03	2.15	2.36
Soybeans	6.09	5.91	7.64
Oats	1.30	1.54	1.72
	(\$/Ton)		
Alfalfa	87.00	93.00	120.00
All Hay	85.00	92.00	116.00
	(\$/Cwt.)		
Steers & Heifers	59.30	60.20	65.10
Feeder Calves	65.00	80.80	81.30
Cows	37.00	37.00	40.30
Barrows & Gilts	38.50	44.90	61.80
Sows	27.00	32.40	48.20
Sheep	24.70	24.70	34.50
Lambs	88.00	88.00	91.00
	(\$/Lb.)		
Turkeys	0.37	0.37	0.43
	(\$/Dozen)		
Eggs	0.34	0.34	0.44
	(\$/Cwt.)		
All Milk	13.60	13.60	11.60



FALL POLICY CONFERENCE

The 1998 Fall Policy Conference was on September 4, 1998, at Iowa State University in Ames, Iowa. The conference's theme was "Agricultural Contracts: Freedom Or Restraint?" More information and proceedings from the conference can be found at the Center for Agricultural and Rural Development's Web site at <http://www.card.iastate.edu>.