The index of farm prices at 126 on March 15 was one point lower than on February 15 and 14 points below the index of March, 1926. The prices of grains, and fruits and vegetables were somewhat lower. Egg prices were considerably lower, the decline being greater than usual for March. The prices of livestock as a group showed only a slight increase, a 7 per cent increase in lambs being offset by a decrease in hog prices. Cotton prices in March were again higher than in the preceding month, as is usual in years of large cotton crops when smaller crops are expected the following year. During the next month or two the fluctuations in the index of farm prices will continue to be influenced largely by seasonally lower dairy and poultry product prices and possibly by higher cotton prices.

Wholesale prices of nonagricultural production during March were again lower than in the preceding month, due largely to lower prices of fuels. With a decline in the index of farm prices from 127 to 126, and in the index of nonagricultural prices from 155 to 153 the relative exchange value of farm product prices was 82, compared with 82 in February, and 87 a year ago.

BUSINESS CONDITIONS

Business activity in general, as measured by the value of bank debits, was maintained at last year's level, being somewhat higher during the month and somewhat lower by the first of April. The lower level of commodity prices indicates a larger physical volume of goods entering commercial transactions. This is substantiated by a large volume of freight car loadings, which during the entire first quarter of this year have exceeded last year's volume. In manufacturing industries there appears to have been the seasonal advance in production and employment during March, as indicated by expansion in the steel and automobile industries. The value of building construction projects awarded was approximately at last year's level, while building permits for the month of March as well as for the first quarter appear to be considerably below the comparable permits for last year. Sales through retail stores were somewhat less than a year ago and mail order house sales somewhat above. Money rates have not made their usual advance during March in response to increased use of commercial bank credit and are still a favorable factor toward maintaining the present high level of business activity.

WHEAT

The farm price of wheat on March 15 at $1.21 per bushel was 2 cents lower than on February 15, and 25 cents lower than prices of a year ago, and only 2 cents higher than the lowest price this season as of September 15. At the central markets cash prices for all classes and grades at $.34
for March averaged 2 cents less than during February and 21 cents less than a year ago. The prices of the several classes of wheat are approximately equal, hard red spring averaging $1.36, durum $1.36, hard red winter $1.32, and soft red winter $1.30. A year ago soft red winter wheat prices were 6 cents higher than spring, and durum prices were about 30 cents lower than other wheat prices.

At the present time an important factor in domestic wheat price changes is the condition of the winter wheat crop in relation to abandonment and yield. Winter wheat conditions in general, as of April 1, are reported as 84.5 per cent of normal compared with 84.1 last year. In some eastern sections the late sown crops are in poor condition. With prevailing conditions generally good to excellent, abandonment this year may be less than usual. Based on the usual relationship between the December and April 1 conditions and abandonment as reported on May 1, this year's abandonment may be slightly less than last year when 7.3 per cent of the area sown was abandoned, compared with an average of 13 per cent. Unless growing conditions change materially in the next month or two, the prospect for wheat prices is a continuance of the present stability at about the present level.

CORN

The farm price of corn declined from 66.5 cents on February 15 to 65.2 cents on March 15, while the price of No. 3 cash corn at Chicago declined from 73 cents on February 15 to 66 cents a month later. The receipts of corn during the past month were moderated, but the demand for corn has been unusually light causing the visibly supply to increase and the price to decline. Since March 15 the market for corn has been fairly steady and the price of No. 3 cash corn has remained at about 68 to 70 cents.

Although the visible supply began to decrease toward the end of March, it is still the largest on record for this time of year, making it unlikely that there will be any advance in the present low price of corn until the supplies at the terminal markets are further reduced. The unusually early spring in the southern and central states and the favorable pasture conditions will undoubtedly reduce the feeding demand for corn in these areas.

CATTLE

Cattle prices continued to advance during March. While all kinds of cattle shared in this advance, it was most marked with heavy well-finished cattle - heavy kosher cows and beef steers. The average price of beef steers was the highest for the month since 1920 and the top price (on heavy steers) was over $1.00 per hundred higher than for any March since 1920. While heavy, well-finished cattle continued to sell at a premium the demand for better grade cattle was reflected in substantial price advances for all weights. Stocker and feeder steers reached the highest average for any month since 1920.

Receipts at seven markets were only about 90 per cent as large as in March a year ago and were below the ten-year average for the month. The number of cattle on feed in the Corn Belt States April 1 was estimated at 92 per cent the number of last year. Although the strength of the cattle market and low price of corn will undoubtedly encourage further feeding operations during the next six months, present indications point to moderate supplies of fed cattle and a continuing strong market during the balance of the year.
LAMBS

The advance in lamb prices which began the latter part of February continued through March and carried the top on fed lambs nearly $4.00 per hundred above the low point at the beginning of the year. This advance was caused by a sharp falling off in supplies due to the reduced feeding in Colorado and western Nebraska. Supplies of fed lambs are expected to continue moderate during April and May but by the end of April the movement of new crop lambs will be well under way and the indicated supplies of these, and of Texas sheep and yearlings, will be more than ample to offset the shortage of fed lambs in May. On the whole the early lambs have made good growth, in spite of excessive rains in many sections during March, and the supply to the first of July will be larger and the lambs heavier and of better quality than last year. No such unusual temporary price advance as took place early in June last year now seems probable.

HOGS

With hog receipts at seven markets a little smaller than in March a year ago but with inspected slaughter indicated as a little larger, the hog market ruled steady to weak during the month. The average cost at Chicago was $11.28, compared to $11.73 in February, $11.67 in December and $12.20 in March, 1926. Although hog slaughter during the winter of 1926-27 was only about one-half of one per cent smaller than during the previous winter, total dressed weight was about 7 per cent smaller due to lighter weights, and lower yields. The average cost of hogs for slaughter was $11.75 the past winter, compared to $11.72 the winter before. The weighted average price of pork products was about one per cent higher for the past winter but lard was 15 per cent lower. The spread between hog costs and wholesale products prices was apparently narrower than the past winter.

Exports of pork were over 40 per cent and of lard 15 per cent smaller the past winter than during the same four months of 1925-26. The foreign market for pork products has been weak and declining since last November. The average price of Danish bacon in Liverpool for the past winter was only $21.56 compared to $27.67 the previous winter. This weakness was due to a reduced consumer demand and increased European supplies of hogs. Storage stocks of pork in this country are 10 per cent larger than a year ago, and indicated supplies of hogs for the next seven months are about the same. If the present weakness in the foreign market continues and cheap cottonseed oil continues to depress the domestic lard market, hog prices are not expected to average as high as last year nor to reach as high peaks either in the spring or fall.

BUTTER

The outstanding features of the butter situation continue to be the unusually strong position brought about by the low seasonal production, almost negligible storage reserves, and a well sustained demand.

The average price of 92 score butter at New York for March at 50.2 cents was only slightly lower than the February average of 51.5 cents, and 7.5 cents higher than a year ago. During the month prices fluctuated rather widely, the high for the month being 53 1/2 cents and the low 46 cents, which occurred during the middle of the month. Foreign arrivals near the middle
of the month and low priced offerings of foreign goods principally from New Zealand and Australia were considered responsible for the sharp price decline. Imports however amounted to only some 750,000 pounds and the price recovery after the middle of the month was rapid.

At the opening of April there were no signs of a weakening in the current situation. Production continued to fall short of that of a year ago, as evidenced by the March receipts at the leading terminal markets which showed a 2.5 per cent decrease from March, 1926. Storage stocks on April 1 were practically exhausted amounting to but 3,044,000 pounds, compared with April 1, 1926 stocks of 17,392,000 pounds.

Although the market appears to be in an unusually firm position the trade is operating cautiously because of the nearness to the spring increase in production and the consequent price recession which normally occurs at that time. The differential between foreign and domestic butter prices remains such as to permit importation but the prospective seasonal increase in production will tend to restrict imports.

COTTON

The average price received by growers on March 15 was 12.5 cents as compared with 11.5 cents on February 15, and 16.5 cents a year ago. At the ton designated spot markets cotton prices declined during the first half of March, but became firmer the latter half, averaging 13.74 cents for the month, compared with 13.45 cents for February. During the first week of April prices have remained at approximately the March average.

At this time of the year the fluctuations in cotton prices are determined chiefly by prospective acreage and weather conditions as they affect planting. Preparations in March for planting on the whole made fairly good progress, but recently cold and wet weather has delayed planting. Examinations of the Bureau of Entomology to determine the survival of boll weevils indicate that an initial infestation somewhat heavier than was experienced in 1926 may be expected in the Mississippi Valley territory. In the eastern areas there may be sufficient weevils to cause serious damage provided weather conditions during the cotton growing season are favorable for weevil development. In Texas a somewhat heavier initial infestation is expected this season than for several years. A lower volume of fertilizer sales to date and temperature conditions that have prevailed during the past five months indicate considerably lower yields this year than last.

A feature of the market the past month has been the increase in mill takings. Total foreign mill takings from August 1 to the beginning of March were about half a million bales greater than for the same period last season, while on the first of April excess of takings over last season had increased to a million bales.

So far this season the increase over last year's stocks seems to have been carried largely at ports. World mill stocks the last of January were only slightly greater than a year ago, according to the International
Cotton Federation, the increase in American cotton being offset by a decrease in other growths.

The outlook for cotton and cotton manufactures continues encouraging. Domestic mill activity is good. Prospects abroad on the whole also point to a continuation of high mill activity. In northern and central European countries the cotton industry maintained during January and February the comparatively high level of activity reached toward the close of 1926, and sufficient orders have been received to insure satisfactory operations for some months to come. The trade appears generally optimistic about the future with stocks of finished and semi-finished goods low, and with general economic conditions improving slowly but steadily.

Reports from Manchester, England show a slackening in demand for cotton goods, following the recent high level. The recently organized association of British spinners of American cotton has recommended a suspension of production for the week beginning April 11 as a precautionary measure against any probable weakness in prices of yarn. This recommendation does not, however, indicate a permanent weakness in demand. During February, according to the British Ministry of Labor, a number of mills which had been closed for long periods were reopened.

WOOL

Domestic wool prices continue steady at the levels prevailing a month ago, with the exception of a slightly easier tendency on some grades. Prices received by producers averaged 31.3 cents on March 15, compared with 31.1 cents on February 15. The domestic market has been dull with buying proceeding on a hand-to-mouth basis, but the downward tendency of wool prices in the United States has been checked by rising prices abroad. Prices at the London sales have been well maintained at about five to ten per cent above the close of the sales in February. Primary markets have continued strong. Prices at the closing sale at Wellington on March 28 showed an advance over the closing sale on February 18 of two cents per pound with the exception of merinos which were slightly lower.

A feature of the domestic market has been the movement in March of foreign wool in bond to foreign markets. Imports of clothing and combing wool in February increased 8,173,000 pounds, or 64 per cent over January but were still lower than for any February of the past four years. Reported consumption in the United States in February of clothing and combing wool (grease basis) increased one per cent over January being 34,418,000 pounds compared with 33,965,000 pounds in January and 29,834,000 pounds in February, 1926. The average daily consumption however showed an increase of 13 per cent for February as compared with the previous month.

At Bradford the trade in British wool has been steady at firmer rates. An expansion is reported in the piece goods trade. Employment in the wool textile industry in the United Kingdom taken as a whole showed an improvement in February over January, according to reports of the Ministry of Labor. There was little change in numbers totally employed but the numbers on short time and temporarily stopped were considerably below the level of the previous month.
Clips during the 1926-27 season in the principal producing countries are being readily disposed of and stocks are lower than at this time last season.

**FLAXSEED**

The average farm price of flaxseed on March 15, at $1.95 per bushel was one cent lower than on February 15 and eight cents lower than a year ago. At Minneapolis, No. 1 flaxseed during March averaged $2.22 compared with $2.25 during February and $2.32 a year ago. So far this season the flaxseed prices have averaged lower than at any time since 1921, but with the exception of a sharp decline at the beginning of the season, prices have maintained a fairly stable trend.

The price of flaxseed in the United States is strongly influenced by the exportable surplus in the Argentine, which has been one of the most dominant factors in the world price situation. The combined production of Argentina, Canada, and the United States in 1926 was 94,896,000 bushels compared with 106,834,000 bushels in 1925 - a decline of 11,938,000 bushels or 11.2 per cent. However, this difference is partially offset by the Argentine carryover of the old crop, which was reported to be considerably larger than the year previous, so that the total quantity available for export this year is substantially the same as last year - probably a few million bushels less. The exports from Argentina from January 1 to April 1 of this year are about the same as for the corresponding period of 1926.

During the next month or two, the important price determining factors will probably be the volume of Argentine exports and the rate of domestic consumption. With exports from the Argentine approximately equal to that of last year and the domestic demand (as shown by the present level of building contracts awarded) not materially different from that of last year, flaxseed prices in the immediate future are likely to remain at their present level.