The general average of prices received by producers on October 15 was 139 compared with 160 on September 15 and 130 on October 15 a year ago. The decline of one point was the net result of lower prices of grains, fruits and vegetables, and cotton, which more than offset the higher prices for meat animals, dairy and poultry products. Since the middle of October improved crop prospects have lowered prices of cotton, wheat, corn, barley and potatoes. Increased marketings have lowered hog prices considerably and prices of chickens usually continue to decline toward the end of the year. These declines are likely to outweigh the normal seasonal advances in butter, eggs and apples.

The general level of wholesale prices at central markets averaged somewhat higher during October than during September, as indicated by weekly price indexes. During September agricultural and non-agricultural prices both averaged 152, representing a decrease of 9 points in the non-agricultural average and an increase of 6 points in agricultural prices since September, 1926. During October farm and food product prices were higher than during September and prices of textiles, fuels, metals and building materials were lower.

BUSINESS CONDITIONS

During October business conditions in general failed to show the seasonal rise that was expected several months ago. Total money payments covering all lines of activity were higher in October than a year ago.
However, as in previous months these payments, as evidenced by debits to individual accounts, are not in line with conditions in the major lines of production and distribution. Pig iron production during October declined still further when normally an increase is expected, and steel prices also declined to the lowest since 1916. Steel prices also continued low with a slight improvement toward the end of the month. Automobile production apparently had not increased during October, judging from reports of lower employment in the automobile centers. On the other hand, the cotton textile industry continued its high activity, and building activity as indicated by the value of contracts awarded in 37 states continued at a high level, exceeding the value in October, 1926, by 9%. Of the total value of contracts of $563,000,000 in October, $186,000,000 represent public works and public buildings compared with $179,000,000 a year ago; $244,000,000 represent residential buildings compared with $227,000,000 a year ago and $131,000,000 represent industrial and commercial buildings, compared with $110,000,000 in October, 1926.

The total volume of goods distributed by railroads continued to increase, but still remained below last year's level. Distribution through retail channels showed increases over October, 1926, in mail order sales and sales of five and ten cent stores, but retail trade as a whole, as reported to the Federal Reserve Board, declined 3%. Bank loans continue to reflect the less active state of business in general and the greater activity in the speculative markets, loans on stocks and bonds being about 10% higher than a year ago, while loans for commercial purposes barely equal last year's loans. Discounts were lower than a year ago, and interest
rates were also lower. The easier money rate situation did not prevent a considerable decline during October in the prices of representative stocks. During the month successive declines brought the average of stock prices by the end of October nearly 10% below the peak during the first week in October. This decline is probably to be associated with the lower profits being reported by industries generally as compared with the favorable profits of the third quarter of 1926. During the first two weeks of November prices of industrial stocks regained about half of the recent decline.

COTTON

The average price of Middling spot cotton as quoted in 10 important spot markets for October was 20.35¢ per lb., or 7.95¢ higher than October 1 year ago, and .84¢ below the average for September 1927. Prices received by producers averaged 21.0¢ on October 15, compared with 22.5¢ on September 5, and 11.7¢ on October 15, 1926.

Official reports from the Weather Bureau have indicated very favorable conditions for the past several weeks for picking and ginning of the crop with the result that the grade of the 1927 crop so far has been unusually high. Recent studies by the Department in Georgia and Texas indicate that 2 and 94 per cent respectively, of the cotton ginned prior to October 1, is above Middling White in grade.

As reported last month the average price received by producers for all grades has been above the average spot middling price at ten important spot markets. This is probably due in part to the high average grade of the crop.

Indications as of November 1 were for a crop of 12,842,000 bales,
(500-pound gross weight), which is 19% less than the average of the final ginning for the three years 1924-26. On October 1 indications were for a crop of 12,678,000 bales. The Department of Commerce reported that 9,925,795 running bales were ginned of the 1927 crop to November 1. The ginnings to November 1, 1926, were 11,253,873 bales; to November 1, 1925, 11,207,197; and to November 1, 1924, 9,715,643. The acre planted to cotton in India up to October 1 has been estimated by the Indian Department of Statistics at 20,592,000 acres compared with 22,143,000 planted to the same date last year. Weather conditions in India are understood to have been rather favorable. Production in India last year according to the Indian Department amounted to 4,162,000 bales, or less than any season since 1922-1923. The 1926-27 yield was 80 lbs. per acre compared with the average of 91 lbs. for the 5 preceding years. Estimated cotton production in Egypt is reported by the International Institute of Agriculture, Rome, at 1,255,000 bales of 478 pounds each, compared with a previous estimate of 1,319,000 bales, and a final estimate for last season of 1,497,000 bales.

World's spinners' takings of American cotton are maintained at a high rate. According to the Liverpool Cotton Association world's spinners' takings of American cotton from August 1 to October 28, amounted to 3,915,000 bales, compared with 3,802,000 bales for the corresponding period a year ago.

Reports received from our Agricultural Commissioner at Berlin state that the general situation in the textile industry in Continental Europe in September and October was more favorable than for many months. French and Italian mills showed signs of recovery from the long depression. The outlook for the immediate future was favorable in Germany and Central Europe.
Reports continue to indicate some dullness in the cotton goods market in the United Kingdom. Exports of piece goods as reported by the British statistical office of the Customs and Excise Department for the 9 months ended September 30, were 3,109,000 square yards compared with 3,009,000 for the same period last year, and 3,359,000 for the same period two years ago. According to the Bureau of the Census domestic consumption for the three months ended October 31, totaled 1,874,000 bales, compared with 1,640,000 for the corresponding period in 1926. Mill stocks in the United States on October 31 were 1,327,000 bales, compared with 1,216,000 bales on the same date a year ago.

In Great Britain according to the weekly report of the Liverpool Cotton Association, stocks of American cotton on October 28, were 692,000 bales, compared with 485,000 bales in 1926, and 257,000 bales in 1925.

Exports from August 1 to November 4, according to The Commercial and Financial Chronicle, amounted to 2,296,014 bales, compared with 2,784,116 bales for the corresponding period in 1926. Exports to Great Britain to November 4, this season, were 309,921 bales; last season 719,769; to Germany 855,105 compared with 814,615 in 1926; and to Japan and China 352,116 against 356,177 in 1926.

Reports received by the Association of Cotton Textile Merchants on finished goods at American mills show that sales in October were 68% of production, shipments 88.4% of production, stocks increased 17.6%, and unfilled orders decreased 13.6%.

The firmness in foreign markets for raw wool continues to strengthen the domestic market. The price of domestic wool at Boston showed a general
increase for most grades during October and at the close of the month averaged somewhat higher than a year ago. Prices received by producers since January have shown little variation this year, and averaged about 31 cents per pound for both October 15 and September 15. Last year producers' prices averaged 32.6 cents on September 15 and 31.6 cents on October 15.

Since the close of the last series of the London Sales prices of wool in the foreign primary markets have continued to reflect the strong foreign demand for raw wool. The fifth series of the Sidney Sales opened October 31 with a tendency toward rising prices. There was a strong demand from all sections, especially from Japan, France, Germany and Russia.

Prices of wool in the United States have not risen in proportion to foreign prices. Accordingly domestic mills have used more domestic wool and have drawn from stocks of foreign wool in the United States, rather than buying in foreign markets. Consequently stocks of foreign wool in the United States have reached a low point. Stocks of wool held by reporting dealers and manufacturers in the United States were 357,107,000 pounds (grease equivalent) on September 30, 1927, compared with 375,714,000 pounds on September 30, 1926, a decrease of 5 per cent, all of which was due to the decrease in foreign wool stocks. Stocks of foreign combing and clothing wool in bond at Boston were only 9,506,000 pounds on October 31, as compared with 36,307,000 pounds on October 31, 1926, and 45,470,000 pounds on October 31, 1925.

The total imports of clothing and combing wool for January - September were 101,179,000 pounds, compared with 164,567,000 pounds for the same time last year. The amount of wool entered through the United States Customs at Boston, New York, and Philadelphia during the four weeks ending October 30
as 3,645,000 pounds (combing and clothing estimated clean weight), as compared with 2,283,000 pounds for the four weeks ending October 30, 1926.

Consumption of combing and clothing wool in September by reporting mills of the United States was higher than for any month of this year except March and higher than for any September since 1922. The consumption of all kinds of wool from January to September was 414,393,000 pounds (grease equivalent), as compared with 365,313,000 pounds for the same period last year.

According to the Pastoral Review, the Australian clip is expected to be approximately 15% smaller than last year. Receipts of wool into store in Australia from July 1 to October 31, 1927, are estimated at 1,442,277 compared with 1,460,617 bales for the same period of 1926, according to a cable from the Consul General at Melbourne. The larger receipts this year compared with last are attributed to earlier shearing on account of drought. It is also estimated by Australian authorities that the weight per bale will be less than last year. Disposals this year up to October 31 were 670,166 bales compared with 621,517 bales up to the same date of 1926.

Some improvement in the market for semi-manufactured wool and piece goods at Bradford has taken place in the past two weeks according to a telegram from Consul Thompson.

WHEAT

The significant developments in the wheat situation in the past month have been the lowering of estimates of production in some European countries and in Canada. According to the International Institute of Agriculture, the Italian crop is estimated to be about 202 million bushels, 13 millions less than a previous estimate and 18 millions less than last year.
Slight downward revisions in estimates of the crops of other European countries including Spain and Yugoslavia have reduced the estimates of the European wheat crop outside of Russia to within 50 million bushels of last year's crop. Considering the reports of poor quality wheat in northern Europe, probable reduction in exports from Russia, and the possibility of an increase in consumption due to the lower prices now prevailing, it now seems possible that Europe may import this year more wheat than last year from overseas surplus producing countries.

Production in all countries reporting to date, including Australia and practically all of the Northern Hemisphere exclusive of Russia, amount to 3,163,000,000 bushels as compared with 3,063,000,000 bushels last year, an increase of 100 million bushels. The Australian crop is still uncertain. Loss is known about the Argentine prospects but weather conditions and acreage as reported to date indicate that the crop is likely to be not very different from last year when Argentina produced 228 million bushels.

The Canadian November estimate of 444 million bushels is still larger than last year's crop but the quality of the grain marketed to date is not so good as last year. Of the inspections from August 1 to November 9, 37.6% graded No. 3 or better, whereas last year 54.6% so graded. Owing to the lateness of the harvest the movement of new crop grain to market has been delayed. The inspections August 1 to November 9 amounted to 121 million as compared with 144 million bushels last year. The market movement is now fully under way and will probably continue heavy until the closing of the lakes, which ordinarily is early in December.

The average farm price of wheat in the United States as of October 15 was $1.14 as compared with $1.19 in September and $1.21 for October last year.
Market prices fell sharply after the 15th but have recovered part of the decline. The average price of all classes and grades at five markets declined from $1.32 for the week ending October 14 to $1.23 in two weeks, but by the end of the first week in November had recovered to $1.25. Good quality soft red winter wheat and high protein lots of hard wheats were relatively scarce and commanded substantial premiums. The prices of all wheats except No. 2 red winter continue below the prices of the corresponding weeks last year. No. 2 red winter in the first week in November averaged 6 cents above a year ago, the higher prices resulting not only from a shorter crop of red winter but also a scarcity of the higher grades. Reported sales in six markets for the four months July to October of this year show that only 32% graded No. 2 or better as compared with 75% last year. Due both to the larger supplies placing all spring wheats upon an export basis and to the lower world price level, prices of spring wheat continue considerably below last year, No. 1 dark northern spring being 17 cents and No. 2 amber durum 42 cents below the average for the corresponding week last year at Minneapolis. Spring wheat grades are running higher than last year. The average price of No. 2 hard winter wheat at Kansas City for the week ending November 4th was 10 cents below last year. Hard winter wheat is also grading lower than last year but not so low as red winter wheat.

Although weather and crop reports from Australia and Argentina may cause prices to fluctuate somewhat in the next month, the recent downward revisions in the estimates of crops in Canada and certain European countries should have a tendency to strengthen the market. The effect upon world markets of the heavy Canadian movement may be reduced somewhat by the closing of the Lakes. Furthermore, the lower quality of soft red winter
wheat in the United States, of the spring wheat crop of Canada and of the
crops of North Europe has a tendency to offset the increase in the world's
production outside of Russia, and the lower prices now prevailing will
probably encourage increased wheat consumption.

CORN

Corn prices moved steadily downward through October. No. 3 Yellow
corn at Chicago declined from 95.2 cents on October 4 to 80.6 cents on
October 27, then turned upward reaching 85 cents on November 8 and again
declined to 83 cents on November 12. The unusually favorable weather for
maturing the crop, the lack of frost in those areas where the crop was
planted unusually late, and the heavier receipts of old corn during October
were largely responsible for the decline.

Reports to the Department of Agriculture on November 1 indicate a
corn crop of 2,753 million bushels for 1927, or 106 million bushels greater
than in 1926. The quality of the crop on November 1 was reported to be 75.2
%, as compared with 72.6% in 1926. The supplies of old corn on farms Novem-
ber 1 was reported as 111 million bushels as compared with 183 million bush-
els a year ago. Should the November 1 indications of production be realized,
this year's total farm supply of corn will be 2,885 million bushels in com-
parison with 2,852 million bushels last year. The visible supply on November
1 amounted to nearly 21 million bushels, as compared with 22 million bushels
last year.

As was indicated in last month's report, feeding requirements this
winter will be but little if any larger than last year. Although the sup-
plies of barley and grain sorghums are larger than last year, the supplies
of oats and cottonseed meal are smaller and this decrease in these food
crops along with higher prices for commercial foods, may result in a
slightly greater demand for corn for feed.

The recent decline in prices in the United States has practically removed the incentive to import corn from Argentina. The spread between prices in Argentina and Chicago have narrowed to a low point. The nine European countries so far reported show a production of only 444,556,000 bushels, compared with 628,994,000 bushels last year. The smaller crop in Europe will probably mean larger imports during the coming year from both Mexico and Argentina.

In comparison with last year, the prospects for a stronger demand from Europe and a slight increase in the feeding demand in the United States more than offset the slight increase in production and quality of the crop. Starting the year with a higher price level it seems probable, therefore, that prices will be maintained above the level of last year.

HOGS

Receipts of hogs at seven principal markets have been below last year since the second week in September, but increased sharply the last week of the month, and prices, which had been firm previously, took a sudden drop, apparently starting the usual fall decline. Indicated slaughter for October, however, was nearly as large as last year.

Contrary to the usual seasonal movement, prices during October averaged a trifle higher than in September, packer and shipper droves at Chicago averaging $10.39 for the month, just 17 cents higher than the previous month. The cost of packer and shipper droves declined from $11.10 the second week in October to $9.33 the first week in November.

The average weight of hogs at Chicago during October was slightly heavier than last year. The influence of corn prices higher than a year ago
was seen in the materially improved position of heavy hogs. During the last week of October heavy hogs commanded a premium over both medium and light weights for the first time in many months.

Cured products, which had been advancing since August, showed only slight further advances during October, while fresh cuts declined sharply during the latter part of the month. With the exception of loins for the first two weeks, all products sold much below a year ago. Export demand continued much lower than a year ago, September exports totalling 5% smaller than last September, in spite of the much lower prices of this fall.

With corn prices lower than during the early fall there does not now appear to be the danger of a heavy run of light partly-finished hogs this winter. Slaughter during the past four months totalled slightly more than during the same period of last year, and indications are that the winter run will continue to be larger than last year. Hog prices ordinarily decline 15 to 25 per cent from the fall peak to a low point early in December, and then recover less rapidly to a spring peak in March or April. With no present signs of improvement in demand and with corn prices still favorable for feeding, the indications are that prices this winter are likely to follow the usual seasonal movement.

The relation of hog prices to corn prices, while less favorable to feeding hogs than last year is still more favorable than the long-time average. While it may not pay to feed hogs to unusually heavy weights, feeding to normal weights and marketing at the usual times through the winter and spring would appear to promise the greatest returns.
In spite of a generally weak dressed lamb market during October, prices for slaughter lambs were fairly steady throughout the month. Top lamb prices at Chicago ranged between $13.75 and $14.15. The keen demand for feeder lambs helped to hold up the slaughter lamb market as a good many lambs suitable for slaughter were taken by feeders. Feeder lambs outsold fat lambs most of the month by from 50 to 75 cents and feeder lambs bought at Chicago were around 4 pounds heavier in October this year than last. While the fat lamb market in October this year was below October last year, feeder lambs at Chicago averaged nearly $.75 per hundred above October, 1926. While the movement of feeder lambs into the Corn Belt from July to October has been considerably below the movement last year, increased feeding in Colorado and western Nebraska will probably result in at least as many lambs being fed this winter as last, but with supplies much differently located and with a different monthly distribution of marketings of the fed lambs. Receipts in December and January will probably be less than last year, but from February to April they will exceed last year.

BUTTER

Receipts of butter during September were much below a year ago but during October were almost equal to the receipts during October last year. Out of storage movement was fairly heavy, and though stocks on November 1 of 110,768,000 pounds were 10% heavier than a year ago, they are now much less burdensome than they seemed in midsummer. As a result the advance in butter prices which had been under way since early August was checked, and prices were unsettled through October. Although the average price of 92
score for the month at New York, 48.4 cents, was 1.4 cents higher than a year ago, prices at the end of the month were at practically the same level as last year.

Domestic demand appears to be holding up well in spite of somewhat slacker business. The foreign situation is much firmer than last year, with better demand from western Europe, and a backward season in Australia due largely to drought.

Butter prices usually reach the peak of their seasonal movement in late November or in December, with the price for December averaging about 10% higher than in October. With the strong foreign situation and domestic supply and demand situation about the same as last year prices during November and December are likely to show about the usual seasonal advance.

PEANUTS

Virginia type peanuts of this year's crop have started to market. Color and quality are reported good, but the size is running smaller than usual. The price of Jumbos opened at 4½-5 cents per pound at country points, with other grades less. This is slightly higher than last season's opening price, but 25% less than the figure at which old stock last sold.

Reports of November 1 indicate a production for 1927 of 918 million bushels as compared with 627 million bushels last year. The increase, however, is mostly in the Spanish and Runner type of peanuts, as the estimate of production of large podded peanuts is only slightly larger than last year.

Spanish and Runner type peanuts in the Southeastern States are rapidly leaving the farm. Due to the large crop the price of farmers' grade Spanish at country points is around $70-78 per ton and of Runners $55-60 per ton.
ton. This closely approaches the prices of two years ago, but is much less than those prevailing in November last year, when Spanish peanuts brought the farmer 895-100 and Runners 885-87.50 per ton. Spanish peanuts in Texas are selling for around 90-95 cents per 30-pound bushel in the country.

More than half the crop in the Southeast has already been picked and has left the farm. Speculators are becoming active and prices are firm. Some peanuts have been bought by crushing mills, but it is not considered that any great quantity will be crushed for oil unless an advance occurs in the oil market.

Considering the smaller proportion of large peanuts of the Virginia type this season, it is probable that as the season progresses the premium for large-sized Jumbos and Bunch will increase. This would result in a widening of the price differential between the two sizes of cleaned and shelled Virginias.

The crop in China is reported to be smaller than usual this year, and the kernels not up to standard in size and quality. Competition with Virginia type peanuts will be less sharp than usual, therefore, and extra large Virginia shelled may be expected to bring more than the usual premium over No. 1 Virginias.

EGGS

The price of eggs has improved. The farm price of eggs on October 15 of 35.6 cents was 1.2 cents lower than a year ago but made the usual seasonal advance from the September price.

During October the price of fresh gathered firsts, of mixed colors, averaged about the same as for last year. The price of the best storage
packs was from 4 to 5 cents higher than a year ago which brought them up to the price of the fresh gathered firsts. This substantial increase over last year in the price of the best storage packs is further indication of the keen competition that is taking place on the New York market between common run fresh receipts and the best grades of storage goods, at this time of the year.

The New York price for the best grades of fresh eggs averaged about 4 cents less for the month than in 1926, even though the price at the beginning of the month was from 1 to 2 cents higher than a year ago. The October price advance for the best grades of fresh eggs amounted to 10 cents this year as against 15 cents last year. At the end of the first week in November, market egg prices for the best grades were from 3 to 4 cents under last year's prices. The tendency toward specialization in winter egg production is being reflected in larger winter receipts and an earlier start of the period of flush production which tends to eliminate the extremely high prices for fresh eggs, during the late fall and winter months.

The normal peak in egg prices occurs in November.

FLAX

Flax prices declined about 12 cents during the past month. At $2.00 a bushel at Minneapolis early in November flax prices are the lowest since 1921 and with that exception the lowest since 1915. This lower level is largely occasioned by continued large supplies in important countries together with heavy marketings of the 1927 crop in this country and favorable prospects in Argentina.

The preliminary estimate of the flaxseed crop of the United States is 24,300,000 bushels as compared with 18,600,000 bushels produced last
year. The new crop is being marketed earlier than usual this year and the supplies at the primary markets are larger than a year ago. By November 1, 1927, receipts of flaxseed in carlots at Minneapolis and Duluth were 45% of the estimated 1927 crop, as compared with 33% last year and 40% in 1925, according to the "Price Current Grain Reporter". The visible supply of flax as given by the Department of Agriculture on November 5 was 6,602,000 bushels, as compared with 3,460,000 bushels a year ago. The heavy marketings and large supplies have undoubtedly temporarily depressed the domestic price of flax.

Domestic consumption seems to be holding up well. The production of linseed oil in the United States for the nine months ending September 30, 1927, was 539,000,000 pounds as compared with 514,000,000 pounds for the same period last year. The stock of linseed oil on hand September 30, 1927 was a little greater than last year, 117,000,000 pounds as compared with 107,000,000 pounds on the same date in 1926. Consumption of oil in factories has also been larger this year than last, being 346,000,000 pounds for the first nine months of 1927, as compared with 312,000,000 pounds in the first nine months of 1926.

The trend of prices during the rest of the 1927-28 season will be largely determined by the developments in the Argentine crop. The Canadian crop now estimated to be 4,755,000 bushels is 1,200,000 bushels less than last year. While the North American crops are now estimated to be 4,500,000 bushels over last year's harvest the carryover in Argentina and the amount of seed remaining in India at the close of 1927 will probably be much smaller than a year ago. The acreage sown to flax in Argentina is slightly larger than it was last season but the production is still uncertain.
CATTLE

Cattle prices continued to advance during October and now top prices for nearly all kinds since 1930 were established at Chicago. Although receipts at 7 leading markets in October were only 7% below October last year and 10% below the 5-year average for the month, the prices on nearly all kinds of cattle were from 20 to 50 per cent higher than in October last year.

Wholesale prices of carcases beef and beef cuts show advances somewhat comparable to those of cattle but retail prices of beef do not seem as yet to have made comparable advances.

Conditions about November 1 pointed to a considerable decrease in cattle feeding this coming winter and supplies of slaughter cattle for some months to come are expected to be the smallest in some years.