THE PRICE SITUATION, AUGUST, 1929

FARM PRICES

The general level of prices received by farmers was higher on July 15 than on June 15 as indicated by a rise in the index of farm prices from 135 to 140, compared with 145 a year ago. The commodities which contributed to the rise in the index are wheat, corn, barley, flaxseed, potatoes, apples, hogs, cattle, calves and eggs. These were partly offset by low prices for hay, cottonseed, sheep and lambs, wool and chickens. Butter prices were practically unchanged. Since the middle of July wheat, oats, barley and rye declined. Hogs and lambs also declined. Higher prices of potatoes, cattle, butter and eggs only partly offset the declines so that the general average of farm prices around the middle of August was below that of July. The general average is not likely to exceed the July level, until grain prices have resumed their advance.

THE GENERAL COMMODITY PRICE LEVEL

The general commodity price level advanced steadily from the low point of 143.0 at the beginning of June to 150.4 on July 23 and then declined to 148.1 on August 6, according to the Annalist index. Fluctuations in agricultural prices have been responsible for this recent rise and moderate decline. The present level of commodity prices at 148 is about three points under the average of July last year and five points under the peak of last September.

Farm product prices which declined steadily from the peak of last September to the end of May, recovered sharply in June and July, advancing from 137 in May to 149 by the end of July and then declined to 146 in the first week of August, this advance and recent decline reflecting the course of grain prices.

Food prices after a similar decline from September to May advanced from 144 to 157 the middle of July and then declined to 153 by the first week in August. An advance in grain prices should sustain an upward trend in the group.

Textile prices have continued the decline, which set in last January, the index of textile prices averaging 145 on August 6 compared with 156 in January and 153 a year ago.

Fuel prices which reached a peak last January and declined in February have remained fairly stable. Metal prices have also remained unchanged during July, being now somewhat below the peak reached in March. Prices of building materials remained practically unchanged during the past six months and are now about three points lower than at this time last year.

The general average of commodity prices in the near future will reflect largely changes in agricultural prices and is likely to maintain most of the advance registered since May.
During July business activity was maintained close to the high level reached in May and June. Steel output showed less than the usual summer decline, and pig iron production reached a new record but the production of automobiles and of textiles is reported to have declined more than usual, both in June and July. There has also been a considerable increase in building activity in July above last year's level, as contrasted with a volume in the first six months of 1929 about 12 per cent below that of 1928, the July increase being almost wholly in public work and utilities. Railroad freight loadings also continued in record volume, reflecting a heavier movement of coal, ore, grains and miscellaneous commodities than for the same period last year.

The financial situation in July was marked by continued firmness in the money markets with commercial interest rates maintained at New York at the recent high level of 6 per cent and by a further reduction in investment holdings by banks in the Federal Reserve System, but there were further increases in their loans on securities as well as loans for commercial purposes, the volume of loans on securities showing the greater increase over the comparable loans of last year. The high level of interest rates continued to bring gold to this country, but the effect of an increased gold supply on interest rates may have been partly offset by a further withdrawal of funds from the money markets by the sale of government securities on the part of the Reserve Banks. On August 9 the New York Federal Reserve Bank advanced its discount rate from 5 to 6 per cent, but lowered its rate on acceptances.

Industrial stock prices continued the sharp advance which began in the first week of June, reaching a record level at which it remained into August, then breaking sharply but temporarily, after the advance in the New York Federal Reserve Bank rediscount rate.

The continued advance in business activity over the past year and a half has apparently enhanced the domestic buying power for farm products. This may be inferred from the fact that the volume of factory payrolls in June averaged about 7 per cent greater than a year ago.

The continuation of the present volume of consumer buying power for the balance of this year appears to depend very largely on the trend in construction and the activity in the automobile and iron and steel industries which have been the chief contributors to the recent advance in industrial activity. The high level of output reached in these two industries in recent months and the reductions in automobile production and payrolls from the peaks reached last April are suggestive of a lower rate of activity during the remainder of the year. A continuation of the recovery in the building situation which took place in July might offset a lower volume of industrial output, but in the face of high and advancing interest rates a sustained recovery in construction work appears problematical. Consequently a rate of industrial activity not quite as high as recent months is to be expected but the buying power of consumers in the next two or three months may be expected to average somewhat better than that of a year ago.
Cash wheat prices continued to rise through most of July and then turned downward under the pressure of heavy marketings of new wheat. Farm prices as of the middle of July averaged 103.4 cents per bushel, 15.6 cents above the average for the middle of May. The average cash price of all classes and grades at six markets rose from 119 cents per bushel for the week ended July 12 to 134 cents the week ended July 19. The third week in July marked the culmination of a sharp rise from an average of 94 cents per bushel the last week in May. The weakening of the market in recent weeks has brought the average of all classes and grades back to 124 cents per bushel for the week ended August 9.

The world's supply of wheat now seems likely to be considerably less than last year. The carryover of old wheat on July 1 in all positions accounted for to date totals 557 million bushels, or 136 million bushels greater than last year; but this increase is more than offset by the prospects of reduced production.

Most of the increase in world's carryover is in the United States. The carryover in all positions in the United States on July 1 is now estimated to be about 245 million bushels, an increase of 117 million bushels over last year. The August crop report, however, indicates that the wheat crop will be 126 million bushels less than last year, so that the total supply of wheat in the United States is somewhere less than last year.

Official forecasts and estimates of production in 22 countries to date indicate a production of about 2,024 million bushels, a reduction of 199 million bushels from the corresponding crops of last year when they amounted to 56 per cent of the world's crop. An analysis of Canadian weather conditions to date indicate a crop of about 300 million bushels, which, if realized, would be 234 million bushels less than last year.

Our Agricultural Commissioner in Berlin reports some improvement in the Continental European wheat crops in the past month, but he still believes that the crops of these countries outside of Russia, will be less than last year. Reports to date indicate that production in European countries outside of Russia is likely to be at least 100 million bushels less than last year. Russian crops may be somewhat better than last year, but Russia will probably have no wheat for export. The Southern Hemisphere crops are still somewhat uncertain. There are no indications that Australia and Argentina have recovered from the effects of the drought. Parts of both countries are still experiencing droughty conditions. Trade reports from Australia suggest that the crop there may be reduced 25 per cent. Taking into account a reduction in seedings in Argentina and a continuation of droughty conditions in these two countries, it hardly seems likely that the Southern Hemisphere will produce more than 390 million bushels as compared with about 490 million bushels last year, a reduction of 100 million bushels.

The above indicated reductions total 560 million bushels, but these will be offset by some increases in production in Africa and Asia where crops are somewhat larger than last year. Should the world's crop turn out to be 500 million bushels less than last year, the world's supply would be
360 million bushels less than last year, after allowing for the increase in carryover. Allowing for the normal increase in world demand of about 70 million bushels per year, the world's supply in relation to demand would be in effect over 400 million bushels short of last year. This reduction in supply on the average would tend to raise the average price for the season in world markets about 45 cents over the average for the past year. This suggests that the prices paid for British parcels might be raised from an average of about 128 cents last season to between 170 and 179, the averages for the 1925 and 1924 seasons. As indicated last month, the large carryover of wheat in the United States may prevent the average prices for export wheats in the United States from increasing as much as British parcels prices.

As previously indicated, the world's wheat situation is now quite similar to that of the 1924 season when the world's supply was approximately 384 million bushels short of the previous season. Allowing for an annual increase in demand, the supply for the 1924-25 season would be equivalent to about 3,350 million bushels in the present season, approximately the same as the supply indicated for present conditions.

The supply of hard winter wheat in the United States is more than sufficient to supply domestic needs, and the price of this class of wheat will probably be upon an export basis through most of the year. The cash price of No. 2 hard winter wheat at Kansas City for the season to date has followed fairly closely the course of the price in the 1924 season, when the weighted average for the season was 135 cents a bushel.

The supply of No. 2 soft red winter now appears to be about the same as in the 1924-25 season when the price averaged 159 cents a bushel at St. Louis. It will probably average close to this figure but may not quite equal it in the present season. The supply of hard red spring wheat appears to be considerably less, and prices are likely to average higher than in 1924 when the average of No. 1 hard spring at Minneapolis was 158 cents per bushel. The short crop of durum will probably hold prices of that wheat up close to the other spring wheat and it may average higher than the 158 for No. 2 amber durum at Minneapolis for the 1924-25 season.

The course of prices during the next few weeks will continue to be determined to some extent by crop reports but probably will be affected more by market activities. The heavy marketings of new spring wheat may cause some reduction in the cash prices paid for spring wheat. The futures market may be affected to some extent by financial conditions. The present declining tendency, however, is not likely to continue long, and an upward turn in the wheat market generally is to be expected within the next two or three weeks. The rise through September and October may not be quite so marked as it was in 1924, owing to the fact that European crops, while shorter than last season, are still fairly good, and the full strength of the foreign demand may not be felt until later in the season.

Charts showing the course of prices in the 1924-25 season, in comparison with other seasons, are attached. In studying these charts it should be kept in mind that, while conditions are now quite similar to what
In 1924, the course of prices in the season may be modified to some extent by changes in marketings and by differences in the distribution of the crop. A possible effect of the larger supply in Europe has already been noted. On the other hand, should a tendency to hold a larger volume in the United States develop, the immediate effect of holding would be to increase prices markedly early in the season, but also possibly to prevent prices using to so high a point in the present season as they did in the 1924-25 season.

CORN

Cash corn prices averaged higher during July. On July 15 the average price for the United States was 91.2 cents per bushel which was 4.3 cents higher than the figure of a month before but 11.2 cents per bushel over than the average price July 15, 1928. No. 3 yellow corn at Chicago which averaged 93.9 cents per bushel the week ended July 5 was higher each succeeding week through the week ended August 2 when it averaged 104.4 cents per bushel. For the week ended August 9, however, the average price of No. 3 yellow at Chicago declined to 99.7 cents per bushel.

Both the rise during July and the decline during the first week of August were due largely to changes in crop prospects during a period when the outlook for the corn crop is very uncertain. The August forecast of the Crop Reporting Board is 2,741 million bushels while the July forecast was more than 78 million bushels smaller. The present outlook suggests that the 1929-30 supply situation will be somewhat like that of 1927-28. The 1927 crop is estimated to have been 2,763 million bushels compared with the August forecast of 2,741 million this year. While commercial stocks are now smaller than on the corresponding date last year, farm stocks appear to be not much different than in 1927; consequently total stocks of old corn on November 1 this year are not expected to be very much below what they were on November 1, 1927.

Since the size of the corn crop is still somewhat uncertain it is too early to obtain a definite idea of the outlook for prices during the 1929-30 season. Since the prospects are now for a somewhat larger crop than was expected a month ago, price prospects for the season beginning November 1 are slightly weakened. It now seems likely that No. 3 yellow Chicago during the early part of the new season will average about the same as during the early part of the 1927-28 season. Corn prices during the next few months are likely to fluctuate with changing prospects for the crop. While the new level of commercial stocks will lend support to the market, the next two months are likely to see a downward adjustment of prices toward the new crop basis.
OATS

During July oats prices averaged slightly higher than in June. The average farm price for the United States as of the middle of July was 42.9 cents per bushel against 42.5 cents a month before. At Chicago, No. 3 white oats averaged 46.7 cents per bushel during July compared with 44.5 cents during the preceding month, the rise taking place early in the month and weekly prices averaging 48 cents for the four weeks closing August 2. For the first week of August there was a slight decline, prices for the week ending August 9 averaging 44.5 cents per bushel.

The supply situation this year is somewhat similar both to that of 1926 and to that of 1927. The August forecast of production this year of 1,260 million bushels is about 44 million bushels smaller than the estimated production of 1926 and 20 million larger than that of 1927. Farm stocks on August 1 likewise are estimated to be smaller than 1926 and larger than in 1927, while the visible supply at the beginning of August was smaller than in either 1926 or 1927. The total supply as of August 1, including farm stocks, Bradstreet's visible supply and production is 1,298 million bushels this year compared with 1,389 million in 1926 and 1,256 million in 1927. The indicated supply for this year is 13 per cent smaller than the supply of 1,493 million bushels a year ago.

The present outlook for oats production together with the corn situation which is somewhat similar to that of 1927 suggests that oats prices during the coming year may be more like those of the 1927-28 season than like those of 1926-27. It seems doubtful, however, if prices will go quite as high as they did in 1927-28. There may of course be considerable change in the prospects for supplies of oats, and more especially of corn and such changes may materially affect the price outlook. Cash oats prices are likely to fluctuate with market operations and temporary depressions may result from heavy marketings and lack of storage space for both wheat and oats. Changes in corn prospects may also be of significance to the price situation during the next two or three months. Present indications are that prices of No. 3 white oats at Chicago during the next three or four months may average around 45 to 50 cents per bushel.

POTATOES

The farm price of potatoes advanced sharply from 63 cents per bushel on June 15 to 87 cents on July 15 compared with 78 cents last year. The advance was most marked in the Northern States where the new crop is considerably smaller than that of last year. The supply of potatoes from the South is also much below that of a year ago as indicated by a smaller volume of shipments in July as compared with July 1928.

At Chicago prices averaged 50 cents per 100 pounds higher in July than in June, but declined from about $2.80 per 100 pounds at the beginning of July to $2.50 toward the end of the month compared with around $1.25 a year ago. At New York prices of Virginia potatoes advanced during July from $2.45 per 100 pounds at the beginning to $3.40 at the end of the month and
the first week in August, compared with a price of about $1.25 in the first part of August last year. With increased marketings of late crop potatoes prices are likely to be lower at these central markets during the next few weeks with some recovery taking place in October.

Crop conditions as of August 1 indicate crops smaller than last year in every State except in New England. The August 1 forecast is for a crop of 373 million bushels compared with 464 last year, 402 two years ago, and 354 in 1926. The situation now developing may produce a level of prices received by producers, for the late crop season (September to March) somewhat under that of 1926. Prices for the country as a whole in that year averaged $1.30 per bushel. With a late crop this year in 35 States of around 340 million bushels compared with 326 million bushels in 1926, the general average price for the September-March period may be somewhat under $1.20 compared with a present level of 87 cents. The situation may of course be materially changed by weather conditions between now and the harvesting of the late crop.

APPLES

The farm price of apples in July continued the advance which began last fall when prices throughout the country averaged 97 cents per bushel. By July 15 the average was $1.61, an advance of 6 cents over the June price and 19 cents over the May price.

Crop conditions as of August 1 indicate a total supply of apples this year of 149 million bushels compared with 186 million bushels last year, which was about an average crop. The indicated production is less than average in every important apple producing State, except Virginia, where an estimated crop of about 15 million bushels is one million bushels greater than recent average production, but 3 million bushels less than last year's crop. The production in Washington is about average but is 5 million bushels under last year's crop. Compared with last year's crops, there is indicated a reduction this year in all important areas except New England, Michigan, Kansas and Arkansas. Furthermore, this season is practically certain to be a year of very light fruit production in general. On August 1 the combined condition reports for 12 fruit crops averaged about 24 per cent below the condition on August 1 last year and 19 per cent below August 1 conditions in recent years. Consequently this year's level of apple prices will average higher than that of the past season. Based on past relationships between production and price, a moderate supply of 149 million bushels is likely to produce an average price for the season ended next May of around $1.35, compared with an average last year of $1.23, or about 10 per cent higher.

Some recession from the present general average of prices being obtained for summer varieties is to be expected with the increased movement of the main apple crop, but after September or October, at least the usual seasonal advance is likely to take place.

For the North Atlantic States the indicated supply situation, taking into account the production in competing areas such as the Northwest and in
South Atlantic States, is similar to that of 1924 or 1927, when prices in New York State advanced over 50 cents per bushel between September and the following May. In the Far Western States the supply this year is close to that in 1922 and in 1925, with the prospect of less competition from the North and South Atlantic States than in those two years. In 1922 the farm price in Washington advanced nearly 70 cents per bushel after October, but in 1925 when a relatively large proportion of the total western crop was shipped to eastern markets there was no material seasonal advance.

In Virginia, prices on July 15 averaged $1.05 per bushel and are not likely to be much lower in September and October, in view of the moderate national crop. Between September and April a seasonal advance of around 35 cents a bushel may be expected as a result of the combined influences of the national and local supply situations.

In foreign markets, American apples are also likely to bring generally higher prices than those of last year. Although the supply of European apples may be larger than last year, the smaller supply in this country available for export will tend to establish higher prices in the British markets. Taking into account the prospective reduced commercial production in the North and South Atlantic and Far Western States, it is likely that by Novemher the general level of American apple prices in England will be somewhat better than 6 dollars per barrel, compared with somewhat under $5.50 last November. After the turn of the year (in February) the seasonal advance in prices and the additional influence of the lighter supply in the Far Western States is likely to raise the British price level above $7.00 per barrel, assuming shipments to England are not excessive. Lighter than average shipments would tend to enhance the seasonal advance and excessive shipments, to check it.

TOBACCO

Flue-cured

The flue-cured tobacco markets in Georgia opened during the last week of July and the Georgia crop will be sold before the end of August. Present indications are that the Georgia crop will average about 20 cents per pound compared with 12.8 cents in Georgia and 17.6 in the entire belt in 1928. The difference appears to be due largely to the improved quality of the 1929 crop. The Georgia crop was very poor in 1928 and the 1929 crop is the best since the State became an important producer of the flue-cured tobacco. Such reports are available indicate some improvement in quality in the remainder of the belt. This improvement may be marked enough that the average price for the entire belt will be slightly higher than last year but tobacco of similar quality probably average below the price of last year unless unexpected increases in foreign demand develop.

The indicated supply this year is from 50 to 70 million pounds larger than last season. In 1928 the production was 723 million pounds and the stocks on July 1 were 565 million pounds, making a total supply of 1,288 million pounds. The stocks are 25 million pounds larger, the acreage not materially
changed and the indicated yield based on August 1 conditions 10 per cent larger in Georgia and South Carolina and 4 per cent smaller in North Carolina. Since 1913 the disappearance of flue-cured tobacco, domestic consumption plus exports, has increased at a rate of approximately 30 million pounds a year. Allowing for this normal increase in demand the supply this year would have an effect on price equivalent to from 20 to 40 million pounds or from 1.5 to 3 per cent more than last year.

Reports from Canada and South Africa indicate that the production of flue-cured tobacco in those countries in 1929 will not greatly exceed, if it equals, the production in 1928. The increases in Canada will probably be offset by decreases in South Africa. The total production of flue-cured tobacco in foreign countries in 1928 was about 10 per cent of the production in the United States.

Exports of flue-cured tobacco for the year ended June 30, 1929 were 414 million pounds compared with 329 millions for the year ended June 30, 1928 and 299 millions the previous year. Exports were exceptionally heavy during and just following the 1929 marketing season and lighter than usual during the remainder of the year. This was due to large takings by China during the first part of the year when stocks were being built up in anticipation of increases in import and excise duties. Recent reports indicate that stocks in China have been reduced somewhat and that demand conditions are favorable for the present season. However, it does not appear probable that exports to China will exceed those of last year. So far as reported, demand conditions in other foreign countries are not much if any more favorable than last year.

The domestic consumption of flue-cured tobacco has not greatly changed during the past six years. The domestic consumption for the year ended June 30, 1929 was 274 million pounds compared with 288 million pounds in 1928. In 1923 the domestic consumption was one million pounds less than in 1922. From 1923 to 1928 the domestic cigarette output increased at a rate of approximately 8 per cent per year. Since the total domestic consumption of flue-cured tobacco has not materially increased during this period obviously more of other types of tobacco are being used in making cigarettes or less flue-cured tobacco is being used in other products. As the supply for the present season is fairly definitely known, foreign demand will be the dominating price determining factor during the remainder of the season. Apparently the further expansion of the industry will depend upon the further development of foreign markets.

Burley

The indicated supply of burley is from 40 to 60 million pounds larger than that of last year. The supply of 1929 indicated by August 1 crop conditions and stocks on hand July 1 are approximately the same as in 1923. During that year 330 million pounds were produced and the stocks on July 1 were 405 million pounds making a total supply of 735 million pounds. The average price received by growers was 21.4 cents per pound. The quality of the crop in that year was about average. There appears to have been little change in the total annual volume of consumption since 1923. The average price of flue-cured
tobacco will probably be below the 1923 average and this may affect burley prices adversely to the extent that the prices of the two types tend to fluctuate together. The quality of the crop will be the important factor in determining whether the price this year will equal or exceed that of 1923.

Maryland export

The indicated supply of this type is slightly larger than that of 1928. Stocks are practically unchanged but the acreage is about 4 per cent larger and according to August 1 conditions the yield will be slightly higher. The disappearance was 23 million pounds for the year ended June 30, 1929 compared with 27 millions in 1928 and 22 millions in 1927. During the past five years the exports have gradually declined and the domestic consumption gradually increased leaving the total disappearance on practically the same level. The 1928 crop is still being marketed at gradually improving prices, averaging 22 cents for the season to date. Indications are that the quality of the crop will be better than that of last year and prices equal to or better appear probable.

One sucker

The indicated supply of this type is approximately one million pounds or 2 per cent less than in 1928. Stocks are smaller and the indicated production larger than last year. The disappearance was 28 million pounds for the year ended June 30, 1929 compared with 29 millions in 1928 and has gradually declined in recent years. However, the price has shown marked improvement during the past two years following the extremely low prices of 1926. The price received by growers in 1926 was 5.7 cents per pound, in 1927 it was 10.6 cents and in 1928 it was 13.1 cents. If the quality this year is equal to that of last year it is probable that the price will almost equal that of 1928.

Groen River

The indicated supply of this type is 7 million pounds or 10 per cent less than last year. The disappearance was about 3 million pounds or 10 per cent larger for the year ended June 30, 1929, than for 1928. Stocks have gradually reduced and prices have gradually improved since 1925 when extremely low prices prevailed. If the quality of the 1929 crop is equal to that of last year the price will probably be equal to or slightly better than last year, when the price received by growers averaged 11 cents per pound.


**Virginia sun-cured**

The indicated supply of this type is slightly less than in 1928 and the disappearance for the past year is less than that of the previous year by about the same amount. The trend of disappearance appears to be slightly downward. If the quality of the crop is as good or better than last year prices higher than those of 1928 appear probable. The price last year was 8.5 cents per pound compared with 13.1 cents in 1927 and 9.5 cents in 1926.

**Kentucky and Tennessee fire-cured**

The disappearance of fire-cured tobacco has declined at a rate of approximately 5 per cent a year since 1919. This decline has been due largely to decreased exports. It appears that the exports of fire-cured tobacco are being gradually displaced by the exports of cigarette types. Recent reports from foreign countries indicate little change in the conditions that are causing this reduced export demand for fire-cured tobacco.

The indicated supply of Kentucky and Tennessee dark-fired tobacco is approximately 5 per cent larger than last year and slightly larger than in 1927. Stocks have been reduced slightly but the acreage is 15 per cent larger and the indicated yield slightly higher than last year. The exports of these types for the year ended June 30, 1929 was 79 million pounds compared with 37 millions in 1923 and 134 millions in 1927. Unless a crop of exceptional quality is produced the prices will probably average lower than those of last year. In Clarksville and Hopkinsville district the average price in 1928 was 14 cents and in the Paducah district the average price was 12 cents per pound.

**Henderson stemming**

The domestic stocks of Henderson stemming tobacco are practically exhausted according to the July 1 stocks report. However, the acreage is 25 per cent larger than in 1923. The indicated supply is slightly less than 10 million pounds compared with 11 millions in 1928 and 14 millions in 1927. The disappearance of this type was 9.5 million pounds for the year ended June 30, 1929, compared with 8.9 millions for 1928 and 10.5 for the previous year. Since 1925 when extremely low prices prevailed the total supply has been less reaching succeeding year and prices correspondingly higher. With some further decrease in supply in 1929 and the disappearance for the year ended July 1, larger than the preceding year, it appears probably that prices as high or higher than last year will prevail for tobacco equal to that of last year in quality. The average price in 1928 was 11.2 cents per pound.

**Virginia fire-cured**

The indicated supply of Virginia dark-fired tobacco is slightly over 60 million pounds, compared with 81 millions in 1928 and 91 millions in 1927. The disappearance was 43 million pounds for the year ended June 30, 1929, compared with 52 millions in 1928 and 36 millions in 1927. While the exports of this type have declined along with those of other fire-cured types,
domestic consumption has increased enough to largely offset this, so that the average disappearance for the past three years is not greatly different from the average disappearance ten years ago. Unless there is a marked decline in the domestic demand for this type, indications are that the average price for the 1929 crop will be above that of 1928, provided the quality of the crop is average or above. In 1928 the price received by producers averaged ten cents per pound.

HOGS.

The upward movement in hog prices which got underway in late June was halted the third week in July and prices receded slightly after top prices at Chicago had reached $12.50 and the weekly average, $11.40. The average price for July was $11.20, which was 55 cents above the July average of last year. During the second week in August prices were below those of a year earlier for the first time this year.

The downturn in prices was due primarily to the very large increase in hog marketings over the corresponding period of a year earlier. Inspect slaughter in July was 20.5 per cent larger than in July 1928 and was the third largest on record.

Supplies still continue much above those of a year ago as indicated by an increase of more than 30 per cent in weekly inspected slaughter at nine important centers for the month to date.

In addition to the increased numbers of hogs marketed average weight have been somewhat heavier than a year earlier, thus still further increased the tonnage of hog products. Because of the scarcity of desirable lightweight hogs and the rather large proportion of packing sows in receipts the price spread widened materially during the month. Quality of marketings in general however, was good.

Storage stocks of pork on August 1, amounting to 814.8 million pounds were slightly less than those of a year earlier, but 7.7 per cent above the 5-year average for that date. Lard stocks amounting to 203.9 million pounds were only one million pounds less than the very large stocks of August 1, 1928, and were 22.4 per cent larger than the 5-year August 1 average. The decrease in storage holdings during the month of July this year was much less than the decrease which took place in that month last year. This, however, was due to the unusually heavy slaughter in July rather than to a reduced movement of products into consumptive channels.

Exports of both lard and pork in June were not only larger than those of June 1928 but were above the 3-year June average.

Prices of fresh loins during the past month advanced on the lighter weights but declined slightly on the heavier weights. Prices of cured pork and lard were steady to higher.

The unusually large marketings of hogs in the past six weeks tend to confirm earlier indications that the period of smallest supplies and highest prices would probably occur in late September or October.
Cattle prices were generally steady during most of July, such changes as occurred being in line with the usual seasonal movements. During the last week of the month a rather sharp drop in prices of all kinds of cattle except choice steers took place, due to retrench heavy supplies and a weak dressed beef market. This drop was largely regained the first week in August, when top on steers reached $17.00. The average weekly price of choice steers at Chicago advanced from $15.43 to $16.02 during the month, while the medium steers declined from $13.28 to $12.63 and the common steers declined from $11.78 to $10.49. The average price of good steers after advancing from $14.21 to $14.78, declined to $14.26 the last week. This tendency for better grades to remain steady while lower grades declined, was shown by other kinds of slaughter cattle. Stocker and feeder cattle prices changed little until the last week of the month when a sharp decline occurred, which was especially marked at Kansas City.

Supplies of cattle during July were larger than in July, 1928. The receipts at seven leading markets were 8 per cent larger and inspected slaughter was 7 per cent larger than in July, 1928, but 9 per cent below the 5-year July average. Receipts of all beef steers at Chicago were 8 per cent and good and choice steers 9 per cent larger than in July last year. A part of the increased supply of all cattle during July this year was caused by the forced shipments from drought areas in the Dakotas and Montana.

At the end of July the spread between average price of common and choice steers at Chicago was $5.53 compared with $2.39 the last week in May. This spread will probably continue to widen, due more to advance on choice steers than to further decline on common steers. While some further decline on the lower grades of slaughter cattle are probable, and with these declines on stockers and feeders, it is not expected that this decline will be as much as the usual seasonal, unless the unfavorable feed situation in a number of States should force marketings much larger than they otherwise would be. The number of cattle on feed in the Corn Belt August 1 is estimated as 1 per cent more than August 1, 1928, and fed cattle prices for the balance of this year should average about the same as last year. The trend of prices will probably be somewhat different than in 1928, however, with the peak coming later in the year. Last year many steers suitable for slaughter were bought by feeders in July, August and early September for a short feed and were marketed in October or later. This tended to reduce the supply of slaughter cattle in the earlier period and increase it during the latter. Speculative feeding of this kind will probably be on a much reduced scale this year.

LAMBS

The lamb market was comparatively steady during the first three weeks of July, but a rather sharp break took place during the last week. This carried the top price of lambs at Chicago to $13.65, the lowest point for the season of the year since 1923.

Supplies of lambs during July were large. While receipts at seven leading markets were only 2 per cent larger than July 1928, inspected slaughter
was 16 per cent larger than in July 1928, and was 19 per cent above the 5-year July average and the second largest July on record.

The 1929 lamb crop was 250,000 head or 1 per cent smaller than that of 1928, with a decrease of 600,000 head in the crop in the Western States partly offset by an increase in the native States. The decrease in the Western States that market most of their lambs from August to November was about 900,000 head, these being the States from which most of the supply of feeding lambs come.

Market supplies during August while containing liberal will not be as much above August 1928, as were July 1929 supplies above July 1928. Supplies during September and October will depend upon the extent to which unfavorable feed and other conditions in the Western States affect marketings. They probably will be smaller than during these months of 1928, and if so, prices probably will advance from present levels.

**BUTTER**

The price of 92 score butter at New York reached a low point of 41.5 cents on July 15 and then rose sharply reaching 43.5 cents on July 25, at which level it remained into August. For the month of July the price averaged 42.4 cents or 1.1 cents under the June price and 2.5 cents under the price for July 1928.

The favorable production conditions up to the middle of July in the north central surplus producing States was reflected in a farm price for butterfat in Minnesota, Iowa and Wisconsin on July 15 of 45.3 cents per pound or two-thirds cents under the June price and one and one-third cents under the price a year earlier. Poor pasture and feed conditions in the West have raised the butterfat price for Idaho, Washington and Oregon to 46 cents or one and two-thirds cents higher than the July 1928 price and slightly above the level a month earlier. In the seven Southeastern States the price continues to average about one cent per pound above last year's levels, and rose somewhat during July.

The marked rise in the price of 92 score butter the latter half of July was in part a seasonal phenomenon, but resulted mostly from the period of hot, dry weather in the surplus producing regions. Pasture conditions on August 1 were 79.7 compared with 87.5 on July 1 and 85.6 a year ago. Grain prices have risen considerably in the past month.

Receipts at four principal markets declined from 78,296,000 pounds in June to 76,799,000 pounds in July or about one-quarter as much as the 5-year average decline between these months. Cold storage holdings increased to 161,614,000 pounds by the end of July, or to a point 25.9 per cent above those of a year ago, and 18.5 per cent above the 5-year July average.
Cold storage holdings and receipts were as follows:

<table>
<thead>
<tr>
<th>July 5-yr average</th>
<th>July 1928</th>
<th>July 1929</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000 lbs</td>
<td>1,000 lbs</td>
<td>1,000 lbs</td>
</tr>
</tbody>
</table>

Receipts at 4 principal markets | 79,638 | 73,415 | 76,799 |
Cold storage holdings (end of month) | 127,986 | 120,437 | 151,614 |

Production has now passed the seasonal peak, and poorer pastures and higher feed prices will probably accentuate the decline. The recent rise in butter prices appears to have been in anticipation of a more than usual decline in production so that unless conditions become more severe than now appears likely, butter prices can be expected to make their normal seasonal rise on a level under that of last year when the New York price of 92 score butter averaged 46.9 cents in August and 48.8 cents in September.

EGGS

Egg prices increased steadily throughout July, though the hot weather and heavier receipts at the end of the month caused a slight drop, now regained. The price of fresh firsts at New York rose from 31 cents on July 1 to 33 on July 31, averaging 32.3 cents for the month. With the exception of 1925 this is the highest July figure since 1921 when it was a cent more. Other price comparisons follow:

<table>
<thead>
<tr>
<th>5-yr average</th>
<th>1928</th>
<th>1929</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cents</td>
<td>Cents</td>
<td>Cents</td>
</tr>
<tr>
<td>June</td>
<td>28.4</td>
<td>29.5</td>
</tr>
<tr>
<td>July</td>
<td>29.1</td>
<td>30.2</td>
</tr>
<tr>
<td>August</td>
<td>31.3</td>
<td>31.5</td>
</tr>
</tbody>
</table>

Receipts at the four markets during July were heavy for this period, 5 per cent above July 1928 and 6 per cent above the 5-year average, the excess occurring during the last ten days of the month. The increase is exaggerated somewhat by the necessary inclusion of an extra day, compared with last July, caused by the arrangement of Sundays. Receipts at the four markets were:

<table>
<thead>
<tr>
<th>5-yr average</th>
<th>1928</th>
<th>1929</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000 cases</td>
<td>1,000 cases</td>
<td>1,000 cases</td>
</tr>
<tr>
<td>June</td>
<td>1,817</td>
<td>1,704</td>
</tr>
<tr>
<td>July</td>
<td>1,233</td>
<td>1,274</td>
</tr>
<tr>
<td>August</td>
<td>999</td>
<td>1,007</td>
</tr>
</tbody>
</table>
These slightly heavier receipts are diminishing the shortage in receipts since January 1 as compared with the same period last year. Present conditions indicate that this difference will remain between 400 and 500 thousand cases during the rest of the year. Receipts since January 1 are:

<table>
<thead>
<tr>
<th>Date</th>
<th>1928</th>
<th>1929</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 1 to June 30</td>
<td>10,154</td>
<td>10,425</td>
</tr>
<tr>
<td>July 31</td>
<td>11,422</td>
<td>11,689</td>
</tr>
<tr>
<td>Aug 31</td>
<td>12,422</td>
<td>12,706</td>
</tr>
<tr>
<td>Dec 31</td>
<td>15,010</td>
<td>15,381</td>
</tr>
</tbody>
</table>

With the peak of the storage season at hand, stocks of shell eggs are about a million and a half cases less than last year. This difference is partly made up by an increase over last year in the stocks of frozen eggs equivalent to 300 thousand cases of shell eggs. First of the month storage holdings of shell eggs are:

<table>
<thead>
<tr>
<th>Date</th>
<th>1928</th>
<th>1929</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1</td>
<td>9,573</td>
<td>10,002</td>
</tr>
<tr>
<td>Aug 1</td>
<td>10,076</td>
<td>10,486</td>
</tr>
<tr>
<td>Sept 1</td>
<td>9,504</td>
<td>9,944</td>
</tr>
</tbody>
</table>

During the past seven years, August average prices of fresh firsts at New York have ranged from a half cent below July to four and a half cents above, the variation depending upon August receipts and storage holdings and on the level of prices reached in July. Prospects are for average receipts this month; storage stocks are extremely low; July prices were very high. August prices which averaged 32.9 cents for the first two weeks should probably average between 33 and 34 cents for the month. Lower prices are unlikely in view of the small supply at this season, while higher prices would probably be prevented by the release of more storage eggs. Last year fresh first prices averaged 32.8 cents in September, 33.1 in October and 36.6 in November. It is very likely that the increase in this year’s prices over those of last year will become greater during the next three months.

WOOL

Prices for most grades of wool continued to fall during July, but most of the declines came in the first half of the month and prices were more stable, with some rises occurring in the second half. Fine wools were unchanged to 5 cents per pound lower at the beginning of August than they had been at the first of July and 46's, 36's, 40's were 3 to 5.5 cents lower but 56's, and 48's, 50's were steady to 5 cents higher. Strictly combing 64's, 70's, 80's (fine) territory wools averaged 94 cents (scoured) and 56
Ohio and similar grease wools were 45 cents at Boston on August 3. Grease wool prices are now 10 cents per pound under those of a year ago, and scoured wools are 14.5 to 24.5 cents lower, the greatest declines being on the fine wools and the smallest declines being on medium grades. The price received by producers averaged 29.4 cents per pound on July 15 or approximately 1 cent lower than the June price and 8 cents lower than the price a year ago.

At the London wool sales, July 9 to 23, prices for most grades were 6 to 15 per cent below those of the May series. A part of this decline may have been due to inferior quality of the offerings. Reports from Germany show that prices for tops and noils were still declining up to the first of August.

Imports of combing and clothing wool were lower for the month of June than they were last year, but for the first six months of the year they amounted to 78,638,000 pounds against 65,968,000 pounds for the corresponding period of 1928. Despite the somewhat larger clip this spring receipts of domestic wool at Boston were lower this year than in either of the two preceding years for every month prior to July. In July, however, they totaled 53,652,000 pounds against 51,346,000 pounds in July 1928 and 55,877,000 in July 1927. Last year receipts in August fell to approximately half the level for July, but no such decline is likely to occur this year.

The wool stock report issued by the Bureau of Agricultural Economics and the Bureau of the Census shows that 347 million pounds, grease equivalent, of wool, tops and noils, were held by dealers and manufacturers on June 30. This is 42 million pounds less than a year ago and is due to smaller stocks of domestic wool.

Consumption of combing and clothing wool in mills reporting to the Bureau of the Census amounted to 26,939,000 pounds during June compared with 28,530,000 pounds in May and 24,323,000 pounds in June 1928. For the period January through June consumption of these wools by reporting mills totaled 78,679,000 pounds compared with 65,901,000 pounds for the corresponding period last year. Coincident with the higher rate of wool consumption there has been a higher rate of domestic cotton consumption and a more active general business situation for the current year.

British exports of tops, yarns, and woolen piece goods have been smaller this season than last and were lower in June than in May. Exports of worsted tissues for the first six months of 1929 as reported were much higher than in 1928 but this was at least in part due to a change in the system of reporting. The number of insured work people unemployed was 13.9 per cent on June 24, against 11.5 per cent on May 27 and 12.0 per cent on June 25, 1928.

On the continent trade and activity in the wool industry appears to be mostly moderate with indications of some improvement toward the end of July.

The 1929 wool clip of the United States is estimated to be 302 million pounds or 3 million pounds greater than that of 1928 and 20 million pounds greater than the 1927 clip. This estimate does not include the production
of pulled wool, which amounted to .50 million pounds in 1927 and 52 million pounds in 1928. The increase of approximately 1 per cent in the amount of wool resulted from a decrease in the weight per fleece which largely offset the increase of 4 per cent in the number of sheep shorn.

New Zealand is reported to have 7 per cent more sheep in April 1929 than in the preceding year, so that an increase in the 1929 clip seems probable. In New South Wales and Queensland, which have 65 per cent of the sheep of Australia, sheep numbers were 8 per cent greater on January 1, 1929 than in 1928. As the weight per fleece in 1928 was high, there probably will not be a corresponding increase in the 1929 wool clip, and some decrease has been anticipated by the national councils of wool selling brokers and growers, but another large clip seems assured. A generally satisfactory livestock situation is reported for the Union of South Africa but in Argentina and Uruguay some regions are still in need of rain.

COTTON

Cotton prices varied erratically during July, with some recovery from the low point reached at the first of the month. The price of middling cotton at the ten spot markets averaged 18.29 cents in July or slightly under the June average. Recently there has been a further decline, the price averaging 18.11 cents for the week ended August 10. The price received by producers on July 15 was 17.8 cents, or just under the June level, against a price of 21 cents on July 15, 1923. For the 1928-29 season middling cotton at the ten spot markets averaged 18.67 cents compared with 19.72 for 1927-28 and 14.40 for 1926-27, and 19.68 for 1925-26.

The Crop Reporting Board's August forecast of the cotton crop is 15,543,000 bales of 500 pounds, gross weight. Last year's production totaled 14,478,000 bales. The forecasted increase of 1,065,000 bales is based on an increase in acreage and an indicated yield of 159.3 pounds per acre, compared with 152.9 last year and a 10-year average of 155.8.

The Bureau of the Census reports stocks of American cotton in the United States on August 1 to be 2,131,000 bales compared with 2,426,000 bales on August 1, 1928. The decrease was entirely in stocks outside of consuming establishments, although stocks in consuming establishments were reduced 235,000 bales during July. The Commercial and Financial Chronicle reports stocks of American cotton in European ports and atfkat for Europe on August 2, to be 990,000 bales or 342,000 bales less than they were last year. The Carside Cotton Service tentatively estimates world carryover on August 1 to be 4,300,000 bales compared with their estimate last year of 5,121,000 bales. The New Orleans Cotton Exchange estimates the world carryover of American cotton on August 1 to be 4,395,000 bales, but have raised their last year's figure from 5,078,000 to 5,252,000 bales, and their 1927 world carryover from 6,052,000 to 7,191,000 bales.

It is apparent that the decrease in the world carryover will be sufficient to offset most of the forecast increase in production, so that from
present indications the increase in the total world supply of American cotton for the 1929-30 season may not be more than 200,000 to 300,000 bales greater than that for the past season. Using 500 pound bales for the crop and running bales for the world carryover, the supply for the 1928-29 season was 19.6 million bales, while that for 1927-28 was 20.8 million, that for 1926-27 was 23.6 million and that for 1925-26 was 19.7 million.

As is usual in the summer months, domestic cotton consumption has been less than it was in the spring months, but is higher than it was a year ago. For July it was 546,000 bales compared with 570,000 in June and 440,000 in July last year. The total domestic consumption of cotton for the season 1928-29 was 7,099,000 bales compared with 6,654,000 for the season 1927-28. Both the Garside Cotton Service and the New Orleans Cotton Exchange estimate world consumption of American cotton for the past season as about 15,250,000 bales. In 1927-28 it was 15,400,000 bales according to the International Federation.

Exports are still low as they have been in recent months. In July exports were 236,000 bales compared with 299,000 in June and 331,000 in July last year. For the year ended July 31, exports totaled 8.0 million bales or 4.5 million more than in the previous crop year. This increase came early in the season and was due to a smaller carryover in foreign countries and lower cotton prices.

In the domestic cotton textile industry production was curtailed during July and sales increased somewhat making sales 112 per cent of production. Production, sales, unfilled orders are higher than last year and stocks on hand are lower, so that the domestic cotton textile industry is starting this season in a better condition than it was a year ago. In Great Britain there is a strike of spinners and weavers against wage reductions. This affects all cotton mills belonging to the Spinners Federation or practically all the cotton mills in the country. No settlement has been made as yet, attempts to arbitrate having ended in deadlocks. However, exports of cotton textiles increased in July to a level over that of June or of last July. There has been no material change in the continental cotton textile industry in recent months, and conditions in the central European countries being only fair, while in western Europe they are still good.