The Price Situation, November, 1929

Farm Prices

Farm prices averaged 140 per cent of the pre-war level on October 15, having declined 1 point since September 15 and 3 points since August 15, but remaining 3 points above the level of a year ago. There has been a further decline since October 15 which affected most of the important farm products. This further decline appears to at least equal the 3 point decline from October 15 to November 15 last year.

This general decline in farm prices has accompanied the unsettlement in speculative markets during the past three weeks and the level is likely to remain below that of October for the next few weeks.

The General Commodity Price Level

The drastic decline in stock prices during the past month and a further slowing down from the high rate of business activity reached this summer has been accompanied by a further recession in the general level of commodity prices. Should business conditions continue to decline, it would tend to prevent a recovery of the general commodity price level from its recent decline and may even cause it to fall somewhat lower.

Both agricultural and nonagricultural prices declined during October and the first part of November, thus continuing the downward trend in each of these major groups of prices which set in in the middle of July. In the three months since then agricultural prices have declined from a level of 153 to 144.5, a drop of 8 points, but are still 4 points above the low level of last May according to the Annalist index. Nonagricultural prices during the same period have declined from 146 to 143, or 5 points to a level 2 points below that of last May. Thus, agricultural prices at wholesale have not only declined but have lost part of the summer gains in their exchange value for nonagricultural commodities.

Among the small groups of commodity prices which have influenced the general level, the farm and food product groups have each declined 3.3 points since October 15. A recovery of these prices, which ordinarily might be expected toward the end of the year, would be interfered with by any further recession in business and reduction in the buying power of consumers.

Textile product prices have also continued their downward tendency since September but have declined only slightly since October 15. Fuel
prices, the only group that has recently advanced, has remained unchanged during the past month, 3.4 points higher than in September. Metal prices have continued to reflect the recession in the basic industries and have declined to 126.1 on November 4 compared with the peak of 131.1 last March. This tendency is likely to continue with any further curtailment in the output of basic industries.

BUSINESS CONDITIONS

Further slowing down in the rate of industrial activity and continued declines in commodity prices were the outstanding features during most of October, then came the tremendous decline in industrial stock prices. Although interest rates were immediately reduced these recent events are likely to influence business sentiment. A continuation of the recent decline in business activity from the peak reached during the summer would adversely affect the domestic demand for some important farm products.

Although in the aggregate industrial activity in October was relatively high, the chief lines of activity showed further curtailment. Steel mill operations, after a slight recovery in the first week of October resumed the practically continuous decline since last April. Pig iron output failed to show the usual seasonal increase. Automobile production is reported to have been further curtailed and building activity as indicated by contracts awarded, was also lower than in August and September and considerably below last year's high level.

Industrial stock prices began to decline after the middle of the month and fell most sharply on October 24, October 28 and 29, and after a sharp recovery declined again during the first part of November. During this period, the Federal Reserve Bank of New York reduced its discount rate from 6 to 5 per cent and other interest rates are now considerably lower than they have been in recent months, although still higher than the low rates which prevailed two years ago. The reserve banks also increased their loans on securities considerably during the week of rapidly falling stock prices and further aided credit conditions by increasing their purchases of Government securities.

In previous years when stock prices reached their peaks and interest rates were high, the subsequent tendency in business was either moderately downward as in 1926 and 1927 or sharply downward as in 1923 and 1924. At the present juncture the unusual elements are the magnitude of the decline in stock prices and the possible effects of losses on future trade and the extent to which the immediate lowering of interest rates may counteract the effects.

A continuation of the recent decline in business activity from the summer peak would reduce the purchasing power of consumers to a level probably no higher than that of last winter. Factory wage earnings of the past three months have been below those of last spring.
While these changes will reduce the demand for farm products, they will also lower some agricultural production costs. A falling off in industrial employment would make available a larger supply of farm labor next spring. The withdrawal of credit from speculative uses would also help farmers to the extent that it reduced credit rates for farm use. A continuation of the downward trend in nonagricultural prices at wholesale may also eventually lower the retail prices paid by farmers for manufactured goods.

WHEAT

The outlook for wheat prices is for some advance within the next two months. The world crop is about 550 million bushels short of last year and less than an average of the past five years. The total supply of wheat available for the season is about 360 million bushels short of last year. Relief from the present depression appears to be in sight, following a slackening of shipments from Argentina and the Danube countries, and a slackening of marketing in Europe, the United States, and Canada. Exports from the United States probably will increase with the closing of the Lakes and the decline in exports from Argentina. Large visible supplies, however, may continue for some time to hold in check any marked advance until these supplies are materially reduced.

The farm price of wheat as of the middle of October averaged 111.5 cents per bushel compared with 112.1 in September and 98.7 in October a year ago. Cash wheat prices declined in the latter half of October and into November. The average of all classes and grades at six markets declined from 128 cents per bushel for the week ended October 11, to 119 the week ended October 25. The rise in the last week of October was followed by a decline in November. This depression in prices has been due in part to large visible supplies and congested markets, but also in part to a decline in the prices of stocks which temporarily affected prices in nearly all speculative markets.

The world's crop outside of Russia now seems likely to be about 530 million bushels less than last year. Forecasts and estimates of production in 33 countries amount to 3,024 million bushels, a reduction of 400 million bushels. The Argentine crop seems likely to be 100 to 125 million bushels less than last year, and slight reductions elsewhere may make the total reduction about 530 million bushels. The carryover has increased about 170 million bushels, which added to the production indicates a world supply about 360 million bushels less than last year. This reduction in world supply would ordinarily increase the average price in world markets about 35 cents per bushel over the average of the past season when British parcels prices averaged 129 cents per bushel, but the advance in the average now seems likely to be only about 25 cents per bushel.
It now seems necessary to reduce our previous estimates of the probable average of prices for the season in markets of the United States. The world supplies for the present season and the past season are now indicated to be larger than they were estimated to be at the beginning of the season. The depression of prices in September and October by the heavy early marketings of grain in Europe and large stocks in the United States, together with a decline in the price level and some depression in speculative markets, indicates that the average for the season is not likely to reach the level indicated earlier in the year. The approximate average price for the season to date, the average for the week ended November 8, 1929 and the estimated average prices for the season by classes at principal markets, are as follows:

<table>
<thead>
<tr>
<th>Class of wheat and market</th>
<th>Price per bushel</th>
<th>Probable average prices for the season</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average of weeks</td>
<td>Average, week ended</td>
</tr>
<tr>
<td></td>
<td>July 5-Nov 1</td>
<td>Nov 8, 1929</td>
</tr>
<tr>
<td>No. 2 hard winter, Kansas City</td>
<td>123</td>
<td>118</td>
</tr>
<tr>
<td>No. 2 red winter, St. Louis</td>
<td>133</td>
<td>130</td>
</tr>
<tr>
<td>No. 1 dark northern spring, Minneapolis</td>
<td>139</td>
<td>130</td>
</tr>
<tr>
<td>No. 2 amber durum, Minneapolis</td>
<td>129</td>
<td>118</td>
</tr>
<tr>
<td>No. 1 western white, Seattle</td>
<td>125</td>
<td>121</td>
</tr>
</tbody>
</table>

Evidences of relief from congested markets and the present depression in prices are beginning to appear. Our Agricultural Commissioner at Berlin reports that a firmer tone in the market is becoming evident, as pressure due to the heavy movement from surplus areas and large farm marketings is lessened. German farm stocks are reported to be smaller than last year. The European take-in of foreign wheat are beginning to increase to some extent. Shipments from the Argentine Basin are declining and prices rising. Argentine shipments are declining. The visible supply in the United States, as reported by the Department of Agriculture, has apparently reached its peak and is beginning to decline. Trade reports indicate larger sales for export. The closing of the Lakes in December will check the movement of the Canadian crop, and this will offer an opportunity for the exporting of more grain from the United States. Heavy domestic marketings in Europe early in the season will stimulate consumption and pave the way for heavier imports in the latter part of the season. It seems likely, therefore, that prices for the remainder of the season will average higher than they have averaged for the first four months of the season. Prospects for new crops will, of course, have some influence upon this average and will materially affect the course of prices in the latter part of the season.
During October, weather conditions were favorable for maturing the corn crop and the November 1 forecast of production was higher than that of a month ago. Due to the larger crop now indicated the outlook for prices during the coming season is not as good as it was a month ago. During the next two months prices are likely to be considerably influenced by the storage situation; and are likely to improve when the storage situation eases.

The United States average farm price as of October 15 was 91.9 cents per bushel, compared with 97.2 cents a month before. Prices of cash corn at terminal markets also were lower in October, No. 3 yellow at Chicago averaging 95 cents per bushel against 101 cents for the previous month. During October there was a decline in prices; and No. 3 yellow at Chicago averaged 90 cents per bushel for the first week of November against 98 cents for the first week of October, and 84 cents for the first week of November last year.

The November 1 forecast of production by the Crop Reporting Board is 2,621 million bushels. This is an increase of 93 million bushels over the October 1 forecast, which in turn, was an increase of 72 million bushels over the September 1 forecast. These increases have been due to weather conditions favorable to maturing the crop. The crop is now estimated to be 215 million bushels smaller than that harvested last year, while farm stocks of old corn are estimated to be 23 million bushels larger than a year ago.

Total supplies of corn including the new crop, stocks of old corn on farms and Bradstreet's visible supply amount to 2,702 million bushels for this year against 2,892 million for 1928. Production of corn in the nine principal Corn Belt States is now estimated at 1,727 million bushels compared with 1,946 million in 1928 and 1,782 million in 1927. The farm supply of corn in these States, including stocks of old corn and the new crop is estimated at 1,787 million bushels against 1,924 million in 1928 and 1,862 million bushels in 1927.

Production of other feed grains is also below last year, the oats, barley and grain sorghums crops all being smaller than those of 1928. The combined production of corn, oats, barley and grain sorghums for this year is now estimated to be 103.5 million tons compared with 115.1 million last year. Production of hay, however, is considerably above the levels of last year, but smaller stocks make the total supply about the same.

The feeding demand and the export demand for corn are both expected to be somewhat less during the coming season than during the season just closed. Food cattle movement into the seven principal feeding States from 12 markets during the months of July to October has been 12 per cent less than during the corresponding months of last year, and it is expected that there will be somewhat fewer hogs fed this year and that they will be fed to lighter weights.

While Canada has a short crop of feed grains, and exports to that country may be unusually large, total export demand is likely to be somewhat less than it was last year because of the much larger corn crop of Europe. Corn production of the seven European countries thus far reporting is placed at a little more than twice that of 1928.
The grain storage situation is such that heavy market receipts early in the season may result in congestion at some points and depress prices below what otherwise might be expected. Shipments to market should be regulated in line with available storage capacity in order to avoid over-taxing storage facilities. It is likely that prices will improve in January and many farmers can afford to delay marketing until such improvement takes place.

**RICE**

The price of fancy Blue Rose rice has been below four cents at New Orleans for the greater part of the time since the beginning of the crop year. Although the November 1 forecast of a 39 million bushel crop for this year may justify a price for the year above the present levels, rice prices during the early part of the crop year are usually not greatly affected by forecasts of the current season's crop. Prices have been declining for the three successive years and it is to be expected that prices prior to December (at which time about 50 per cent of the crop will have been marketed) will continue at about the 1928-29 level, which was a little under four cents per pound. Thereafter, prices probably will begin to rise and continue upward for the remainder of the season.

Receipts prior to November 1 this year represent a larger percentage of the year's crop than was marketed during the corresponding period last year. This fact is likely to cause the trade to overestimate the current year's supply for a time; and consequently prevent prices from rising so rapidly as they otherwise would. If, however, this effect on the rate of increase materializes, a compensating increase in prices may be expected during the last four months of the crop year.

The price situation for this year is comparable to that of the 1923-24 crop year. The rise in prices during that year began in January and continued uninterrupted for the rest of the season.

**POTATOES**

The farm price of potatoes for the country as a whole averaged $1.38 per bushel on October 15 or 3 cents higher than on September 15 and 80 cents above the October 1928 price. On the New York wholesale market October price at $3.15 per 100 pounds averaged slightly higher than in September and on the Chicago market prices at $2.60 remained at the September level. During the month of October the trend of prices was slightly downward and continued downward into the first part of November. On November 7 prices at New York averaged around $3.00 per 100 pounds compared with $1.30 a year ago, and at Chicago they averaged around $2.50 per 100 pounds compared with $1.25 last year.
The recent downward trend may be associated with the seasonally high rate of marketings and the improvement in crop conditions resulting in a larger crop in prospect than appeared in evidence on September 1. Marketings increased from 24,000 cars in September to 31,000 cars in October which may be compared with 30,000 last year when the supply was much larger and the price unusually low.

Based on November 1 conditions, with digging well underway, the crop in the 35 late producing States now appears to be 323 million bushels or about nine million bushels greater than appeared in prospect on September 1. A crop of this size is practically equal to the small crop of 1926.

Prices at the present time are not materially different from those that prevailed in the 1926 season. In November of 1926 the United States farm price of potatoes averaged $1.41 per bushel which may be compared with $1.38 (on October 15) this year.

At New York the present level of around $3.00 is practically the same as the November average in 1926 and at Chicago the present average of $2.60 compares with $2.65 in November of that year. After November of 1926 prices declined moderately until March, the decline amounting to about 20 cents per 100 pounds at New York and about 50 cents at Chicago, but a shortage of supplies from the late States which developed toward the end of that season advanced prices in May considerably above those of the first part of the season.

In September and October carlot shipments were about 57,000 cars. Last year in these two months, with a larger supply available but prices much lower, 51,000 cars were shipped. This season's marketings are somewhat under those of 1926, a year of comparable total supply, for the country as a whole, but they have been unusually heavy from Maine and unusually light from Michigan. The extent to which these car-lot shipments reflect the movement of potatoes into consuming channels is not known, in view of the considerable volume that is transported by truck.

Although the general level of potato prices at present is not far below the average for the marketing season, September-March of 1926, some further price shifts are likely to take place. The unusually small crops in New York, Michigan and Minnesota are likely to result in advances in prices to producers by January, which advances may amount to 15 to 30 cents per bushel above present levels in New York and Michigan and 40 to 50 cents in Minnesota. The large crop in Maine may tend to keep January prices at or somewhat below present prices.
TOBACCO

The prices of flue-cured, Maryland export, Virginia fire-cured, Virginia sun-cured tobacco and those crops of the cigar binder types running largely to the binder grades grown in New England, New York, northern Pennsylvania and Wisconsin are expected to average higher than last year. The supply of flue-cured tobacco is larger than a year ago but the demand is growing and the quality of the crop is slightly better than that of last year. The average price of flue-cured tobacco in 1928 was the lowest in recent years. The supply of Maryland export is smaller and the quality better than last year. The supply of Virginia fire-cured is the smallest in recent years and the quality of the crop is better than a year ago. The supply of Virginia sun-cured is not greatly different from that of last year and the quality unusually good. The supplies of cigar binder tobacco appear to be well below those of last year.

The prices of Green River, Henderson stemming and the cigar filler types grown in southeastern Pennsylvania and the Miami Valley will probably not be greatly different from those of last year. The indicated production of Green River and Henderson stemming is larger than last year but stocks have been reduced and the total supplies are smaller than a year ago. The disappearance of these types has declined in recent years but the quality of the crop appears to be better in each case than last year. The indicated supplies of the cigar filler types and the quality are not greatly different from those of last year.

The prices of Burley, Kentucky and Tennessee fire-cured One-sucker and the crops of the cigar binder types with a large proportion of the stemming grades are expected to average lower than last year. The indicated supply of Burley is slightly larger and the quality of the crop lower than last year when the supply was unusually small and the quality unusually good. (The supply of Kentucky and Tennessee fire-cured is 10 per cent larger than last year but the quality of the crop is better). The indicated supply of One-sucker and the quality of the crop are not greatly different from last year but the disappearance of this type has declined in recent years. The supply of stemming tobacco appears larger than a year ago and this will probably result in an average slightly lower than that of last year for Wisconsin types.
The following shows the average season's prices on local markets by types for the 1927 and 1928 seasons and the probable changes in 1929 compared with 1928:

<table>
<thead>
<tr>
<th>Type</th>
<th>1927</th>
<th>1928</th>
<th>Probable change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flue-cured</td>
<td>21.3</td>
<td>17.6</td>
<td>Slightly higher</td>
</tr>
<tr>
<td>Burley</td>
<td>26.0</td>
<td>30.3</td>
<td>Lower</td>
</tr>
<tr>
<td>Maryland export</td>
<td>22.8</td>
<td>22.0</td>
<td>Slightly higher</td>
</tr>
<tr>
<td>One-sucker</td>
<td>10.6</td>
<td>12.2</td>
<td>Slightly lower</td>
</tr>
<tr>
<td>Green River</td>
<td>9.1</td>
<td>11.6</td>
<td>Little change</td>
</tr>
<tr>
<td>Virginia sun-cured</td>
<td>13.1</td>
<td>10.1</td>
<td>Higher</td>
</tr>
<tr>
<td>Kentucky and Tennessee fire-cured</td>
<td>17.1</td>
<td>15.2</td>
<td>Slightly lower</td>
</tr>
<tr>
<td>Virginia fire-cured</td>
<td>9.9</td>
<td>10.6</td>
<td>Higher</td>
</tr>
<tr>
<td>Henderson storming</td>
<td>9.7</td>
<td>12.0</td>
<td>Little change</td>
</tr>
<tr>
<td>Cigar binder</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New England broadleaf</td>
<td>21.0</td>
<td>21.0</td>
<td>Slightly higher</td>
</tr>
<tr>
<td>New England Havana seed</td>
<td>23.4</td>
<td>24.6</td>
<td>Slightly higher</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>16.6</td>
<td>14.5</td>
<td>Slightly lower</td>
</tr>
<tr>
<td>Cigar filler</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>13.0</td>
<td>14.0</td>
<td>Little change</td>
</tr>
<tr>
<td>Miami Valley</td>
<td>15.6</td>
<td>17.5</td>
<td>Little change</td>
</tr>
</tbody>
</table>

The last column in the above will be revised on December 15 in the light of developments up to that date.

HOGS

Hog marketings in October were slightly larger than in October 1928 and were the second largest on record for the month, but prices declined more gradually and during the latter part of the month were slightly above those of a year earlier. Unless there is a tendency to liquidate unfinished hogs, supplies during the next two months are expected to be less than a year earlier, and prices will probably not decline much further this winter. With reduced numbers of hogs to come to market this winter as compared with last, a moderate seasonal advance in hog prices may be expected through the late winter and spring.

The downward trend in hog prices continued through October and early November, the weekly average at Chicago dropping from $9.49 the first week in October to $9.06 the first week in November. During the corresponding period last year prices declined from $10.54 to $8.95. Since about the 20th of October the averages have ranged slightly higher than a
year earlier. The decline in hog prices this fall has been orderly and about in line with the usual seasonal trend. Packers and shippers have been active buyers on all breaks.

Near the end of October prices of fresh pork broke sharply and in the second week in November were 6 to 13 per cent below those of the corresponding period of 1928. Prices of cured products and lard also made slight recessions. Prices of cured ham and bacon during the first week in November however, were slightly higher than a year earlier while prices of lard, picnics and dry salt cuts were lower.

Federally inspected slaughter of hogs in October was 3.9 per cent greater than in October 1928 and the second largest on record for the month. The increase in numbers was offset to some extent by a slightly lower average weights as indicated by the weights of hogs received at most of the larger markets. Compared with a year ago weights dropped off sharply in the past week. This has tended to stimulate the demand for heavy butcher hogs and these are now selling above lightweights of comparable grade.

Stocks of pork in storage on November 1 amounting to 490 million pounds, were 13 per cent larger than those of a year earlier, and 16 per cent greater than the 5-year average for that date. Lard stocks amounting to 99 million pounds, were about 19 per cent greater than a year ago, and 4.3 per cent larger than the 5-year average. Exports of lard in September exceeded those of September 1928 by 25.4 per cent and were 4.3 per cent above the 3-year average for that date. Exports of pork also showed an increase, being 36.4 per cent above a year earlier but 3.5 per cent less than the 3-year average.

All the available evidence as to the character of hog marketings this fall indicates that slaughter supplies in September and October included a larger proportion of new crop hogs than they did in those months last year. If hog feeders maintain orderly marketings of present feedlot supplies, market receipts during the next two months will probably be less than in the same period last year, while hog prices are not likely to show much decline from present levels.

CATTLE

The trend of cattle prices during the next few months will be influenced materially by the credit situation, the course of commodity prices and the attitude of cattle feeders with regard to feeding prospects. Cattle supplies during November and December will probably exceed last year and demand for beef may be no better if as good.

The cattle market was steady to strong during the first three weeks of October but weakened during the last week. This weakness continued into the first part of November, with the sharpest break of the season coming during the week ended November 9. The weekly average price of good and choice steers at Chicago advanced to about the highest level of the year in the week ended October 19 and the better grades of butcher cattle also advanced somewhat. Stocker and feeder cattle prices continued
firm throughout October but weakened with the break in fat cattle during the first week of November. The feature of the fat cattle market during October was the strength of light weight yearlings contrasted with a gradual weakening of heavy weight steers. When the market weakened late in the month prices of yearlings declined but little and in the further decline in early November medium and heavy weights were most affected and the better grades of light yearlings were at a premium of from $1.00 to $1.50 a hundred over similar grades of heavy steers.

Week by week during October the receipts of cattle at seven leading markets were about the same as in the similar weeks in 1928 and the total for the month was 3 per cent smaller. The inspected slaughter during October, however, was 5 per cent larger than in October 1928 but 12 per cent below the 5-year October average. Receipts of choice beef steers at Chicago were about the same as in October a year ago but there was an increase of 80 per cent in supplies of good steers. Shipments of stockers and feeders from 12 markets into the seven leading feeding States in October were about 5 per cent larger than in October 1928, but total shipments for four months July to October, inclusive, were 12 per cent below last year.

Early in November the average price of choice steers at Chicago was over $2.00 a hundred lower than at the same time in either 1928 or 1927 and of good steers $1.00 lower. While the decline in October and November was partly seasonal it was also due in part to heavier supplies of cattle than a year ago both from feed lots and the western range. These supplies of western cattle apparently represented a late movement from areas where feed is short and where there was bad weather during the last week in October, and the movement from these areas may continue rather heavy for several weeks. This weakness of the market undoubtedly has caused considerable misgiving in the minds of cattle feeders as to the future. Shipments of stocker and feeder cattle do not point to any heavy supply of cattle in feed yards and there seems to be nothing in the situation to justify cattle feeders in rushing cattle to market in advance of the time they normally would have come and thus make worse a condition which may be only temporary.

LAMBS

While the level of lamb prices during the coming fed lamb season is quite uncertain, a seasonal advance before the close of the year is expected but it may not be as marked as usual. Supplies during this period are expected to be larger than last year, pelts values will be lower and consumer demand for lambs may not be quite as good.

The lamb market after making some recovery from the low point reached early in October continued fairly steady during the rest of the month. Fluctuations from week to week were small with the top on slaughter lambs around $13.25 at Chicago. Prices of feeder lambs were steady during most
of the month with top quotations on feeders above the top of killing lambs a considerable part of the time. During the week ended November 9 lamb prices weakened somewhat, but did not experience the sharp declines shown by cattle and hog prices, nor did they reach the low point of early October.

Supplies of sheep and lambs continued liberal during October. Receipts at seven leading markets were the same as in October 1928. Inspected slaughter was 3 per cent smaller but 14 per cent above the 5-year October average. Shipments of feeding lambs from markets into the seven leading Corn Belt feeding States were a little larger in October this year than last and for the four months period, July to October inclusive, were practically the same for the two years. Market comment indicates that the return movement of corn right feed lambs up to November 1 had been smaller this year than last. Lamb feeding in the western feeding areas will probably be on a somewhat larger scale this year than last.

Total supplies of lambs from November 1 until the end of the feeding season next spring will probably be larger this year than last. The demand for lambs during these months may not be as good as during the period a year earlier. The trend of prices will be influenced by the distribution of receipts. This distribution will be determined partly by the weight of feeding lambs and rapidity of gains, but largely by the attitude of feeders toward the future market.

Wool

Domestic wool prices have made further declines on most grades in the past month but there has been a strengthening in the foreign market due to a withholding of offerings from the Australian wool sales. This reduces somewhat the margin which had become unusually wide between foreign and domestic prices. The stabilizing of foreign prices has increased the business in tops in European markets. Domestic consumption, while still above last year's level, declined during September. Wool production is now estimated to total about the same as last year for nine of the most important producing countries.

Declines on most grades of domestic wool at Boston amounted to one-half cent to 6 cents per pound during October, but for the week ended November 9 prices were stable except on 56s. and some of the fine wools on which there were declines of one-half cent to 1.5 cents per pound. In general prices have been more stable for the coarser grades than for the finer grades. This has resulted in domestic prices for fine unsoared wool very little higher than for medium unsoared wool. On November 9, prices for strictly combing unsoared territory wool ranged from 67 to 70 cents for 64s, 70s, 80s grade and 65 to 70 cents for 56s grade. On a grease basis, Ohio and similar wool of these lengths ranged from 36 to 37 cents on the fine grade and 43 to 45 cents on the 56s (3/8 blood) grade. Prices of Australian wools in bond at Boston, which declined immediately following the declines in the last London wool sales, held stable in October and so far in November. Prices of Montevideo and some Buenos Aires wools in bond at Boston declined 1 cent in October and 1 to 2 cents the first week in November. These prices for South American
wools represent the changed basis from those for a few sales of old wool to the prices received as the new clip comes to market. The United States farm price averaged 28.6 cents on October 15, compared with 29.0 cents a month earlier and 36.0 cents a year earlier.

Falling prices caused a holding off of one-third of the wool originally planned to have been offered at the Australian wool sales. This has strengthened prices abroad and appears to have helped the tops trade, as dealers previously were withholding their purchases as much as possible waiting for the bottom in wool prices. Prices of 64s tops at Bradford rose 4 cents per pound from October 4 to November 6, while 50s tops were a cent lower on October 25 and then recovered a cent by November 6. The strengthening of prices abroad and weakening of prices in the domestic market is a tendency toward a more normal relationship of differentials. It appears, however, that the adjustment has not gone very far yet, especially in the case of medium grades of wool, on which the differentials were most extreme. A lower rate of business activity, which would adversely affect domestic demand, could be expected to lower the domestic prices relative to foreign prices considerably.

As was to be expected from the increased domestic clip and slowness of movement, receipts at Boston have not fallen off as fast as they did a year ago, and recently they have been about twice as high as last year. From January 1 to November 2, they totaled 189 million pounds compared with 194 million last year and 213 million in 1927. Imports of combing and clothing wool were one-half million pounds greater than last year for the month of September and 10 million pounds greater for the period January 1 to September 30.

Demand from domestic mills was poor during most of October, the best business coming in the middle of the month when prices fell. Domestic consumption of all wool amounted to 44.4 million pounds in September 1929 as compared with 37.5 million in September 1928. While consumption was still considerably above last year's levels, the decrease from August to September amounted to 2.4 million pounds this year compared with 1.6 million last year, and for combing and clothing wool there was a decrease of 1.8 million pounds this year to be compared with an increase of one-half million pounds last year.

A study of domestic consumption of foreign and domestic wools by grades explains in considerable part the relatively high levels for medium grade wools. For the period January through September domestic consumption of 64s, 70s, 80s wool increased 22.8 million pounds or 27.3 per cent over last year whereas consumption of 56s wool increased only 5.3 million pounds or 11.0 per cent. In the fine grades the consumption of domestic wool amounted to 66.6 per cent and increased 23.4 million pounds, whereas the consumption of foreign wool decreased six-tenths of a million pounds. In the 56s grade, however, consumption of domestic wool amounted to only 76.3 per cent, a decrease of three-tenths of a million pounds, and consumption of foreign wools increased 5.7 million pounds. In other words, domestic mills consume a larger proportion of foreign wools of the medium grades
than of the fine grades, and this difference is becoming more accentuated. The effect is of course to keep medium wools on a more definite import basis. The comparatively low prices for fine wools also are a primary cause of the greater increase in consumption of these grades.

European markets for tops have generally improved with the stabilization of raw wool prices abroad and some improvement in the wool textile industry appears to have occurred, especially in France. It is doubtful if European business conditions are such that material improvement in most other countries will occur immediately, however.

Receipts of wool into store in Australia for the first three months of the new season aggregated 287,000,000 pounds, a decrease of 8 per cent, compared with last season. Disposals for the same period were 13 per cent greater at 61,000,000 pounds while stocks on hand on October 1 were 12 per cent less. It is too early in the season in Argentina to tell much about conditions as the export season in that country only begins on October 1. Receipts into the Central Produce Market, Buenos Aires from July 1 to October 3 were 1,647,000 pounds, a decrease of 10 per cent compared with the same period last year.

Wool production in nine countries 1/ which usually produce about three-fourths of the world's clip, exclusive of Russia and China, is now estimated at 2,467,000,000 pounds or approximately the same as the large clip of 1928. These countries produce the bulk of the world's combing and clothing wool. Supplies for this season therefore, including production and the carryover in primary markets, are estimated at about 1.5 per cent above the preceding season.

Since our October report, estimates have become available for the two principal South American countries. These show a 4 per cent decrease in Argentina to 330,000,000 pounds and an 8 per cent increase in Uruguay to 150,000,000 pounds. The clip in these two principal South American wool growing countries is thus less than 1 per cent below last year, as the increase in one practically balances the decrease in the other. Of the nine countries mentioned, decreases are reported in Australia, Argentina, the United Kingdom, France and Germany and increases in the United States, Uruguay, New Zealand and the Union of South Africa. Although no estimate is as yet available for Canada which produced about 20,000,000 pounds in 1928, sheep returns for 1929 in two of the most important provinces, indicate an increase.

Stocks of wool on hand in the principal exporting countries 2/ of the Southern Hemisphere, except Uruguay, at the beginning of the 1929-30 season are estimated at 78,000,000 pounds against 55,000,000 at the beginning of last season, an increase of about 38 per cent. These stocks,

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1/ United States, United Kingdom, France, Germany, Argentina, Uruguay, Australia, New Zealand, Union of South Africa.
2/ Australia, Argentina, New Zealand and Union of South Africa.
however, constitute a very small percentage of the total amount of 1,800,000,000 pounds available from those countries in 1928. Stocks of wool in Uruguay at the end of August were estimated at 8,928,000 pounds. No estimate is as yet available for the end of the season, i.e., September 30, nor is there a comparable one for last year, although stocks were reported as low a year ago.

COTTON

Cotton prices had a downward trend from the first of September well into November, reaching a low point for the season to date on November 12. The total supply of American cotton for the present season is now indicated to be about the same as that for last season, the increase in production appearing to be offset by a decrease in the carryover. For the first month since January exports have been greater than those for corresponding months last year, and there appears to have been some improvement in European demand conditions, especially in France. Domestic consumption is materially above the level of last year, but the sales of cotton goods have declined and the production of cotton cloth was slightly lower in October than in September.

Cotton prices at the ten spot markets declined from 18.68 cents per pound on September 3 to 16.18 cents on November 12. For the month of October it averaged 17.62 cents, or .39 cents under September and .84 cents under October 1926 and 1.05 cents under the average for the 1928-29 season. The price received by producers was 17.5 cents on October 15, compared with 18.2 on September 15 and 18.1 on October 15, 1928.

The Crop Reporting Board's November forecast is for a cotton crop of 15,009,000 bales. This is 94,000 bales, or 0.6 of 1 per cent larger than last month's forecast, and is 531,000 bales above last year's production. As noted in previous reports, the increase in production this year is slightly more than offset by a decrease in the world carryover of American cotton, so that the total supply now indicated for this year is not materially different from that for last year. In the past year the larger supply and comparatively lower prices of Indian cotton resulted in its being used to a greater extent in place of American cotton. The visible supply of Indian cotton appears to be slightly greater now than it was a year ago and the discount under American middling at Liverpool is about the same as it was a year ago, according to the Commercial and Financial Chronicle. Up to the first of October, 20,812,000 acres had been planted to cotton in India as against 21,700,000 acres to the same date in 1928.

Stocks of American cotton in European ports and afloat for Europe on November 1 were approximately 200 thousand bales smaller than on the same date last year, but stocks at United States ports and interior towns were 541 thousand bales greater, reports the Chronicle. Stocks held by mills in the United States on November 1 amounted to 1,254,000 bales, compared with 1,129,000 a year ago, according to the Bureau of the Census. The accumulation of stocks at ports and interior towns is the result of larger receipts not having as yet been completely offset by movement to
mills and export markets. Exports for the season to November 1 totaled 2,206,194 bales compared with 2,303,282 in the same period of 1928. Exports for October amounted to 1,251,300 bales, compared with 1,240,700 for October 1928. Reports of the Bureau of the Census show that American mills have taken 1,982,000 bales of domestic cotton for the present season to November 1, compared with 1,681,000 bales a year earlier, and that in October they took 1,196,000 bales compared with 1,076,000 bales in October 1928, which was the peak month last season.

Domestic consumption of all cotton reached the very high October level of 641,000 bales compared with 546,000 in September and 616,000 for October 1928. It should be noted that consumption for October last year was high due to recovery from the low level of 492,000 bales consumption for September 1928. For the season to November 1, consumption has been 110,000 bales greater this year than last.

There appears to have been some improvement in sales of cotton goods in Europe and the demand for raw cotton has increased. The cotton and textile trades are most active in France, but at least the seasonal increases have occurred in Germany also. Although demand for raw cotton is reported to have improved in Great Britain, recent declines in raw cotton prices are said to have temporarily affected the cloth trade adversely, and stringent money conditions and present silver exchange rates are making trade with the Orient difficult. Cotton yarn and cloth production is still at a high level in Japan and increased during September, but exports have declined. The Chinese cotton textile trade has been affected by civil difficulties and present low prices for native cottons and exchange rates are causing a continued shift toward the production of low count yarns from Chinese cotton.

Production of cotton goods in four weeks of October by mills reporting to the Association of Cotton Textile Manufacturers amounted to 285 million yards or 5 million less than for the four weeks of September and 2 million yards under October last year. Sales totaled 222 million yards, 149 million or 40 per cent under September. Stocks are of moderate size, however, and except for September, unfilled orders are still higher than for any month since April.

BUTTER

Some advance from the present unusually low prices of butter is to be expected although the present temporary situation may carry prices somewhat lower before the advance begins. The rise is not likely to be rapid because of the heavy cold storage holdings. Prices for the remainder of the year will probably be even further below the level of those a year ago than they were in October.

The price of 92 score butter in New York averaged 45.6 cents for the month of October which was 0.6 cents below the average for September, 2.2 cents below the average price in October 1928, and was the lowest October average price since 1924. The price was 46.5 cents on October 1, fluctuated
around 46 cents until October 19, and around 45 cents until October 28, and declined to 42.5 cents on October 30. The price on November 12 was 42.0 cents.

The decline was due in part to the improvement in production conditions during October which resulted in somewhat larger production and receipts relative to a year ago than was expected, failure of cold storage holdings to reduce as rapidly as anticipated and the uncertain outlook resulting from the drastic decline in the stock market.

Farm prices of butterfat on October 15 were lower in practically all States than on October 15, 1928. Farm prices in the principal producing regions advanced slightly relative to prices in the rest of the country. For the country as a whole prices averaged 1.4 cents below those of a year ago, while in Minnesota, Iowa, and Wisconsin they were 2 cents below those of a year ago. The average farm price for the United States was 1 cent above September 15, 1929.

Receipts at the four principal markets were 48,753,000 pounds compared with 46,902,000 pounds in October 1928. Cold storage holdings on November 1 were 138,324,000 pounds compared with 105,811,000 pounds on November 1, 1928 and 111,059,000 pounds for the 5-year average. Cold storage holdings on November 1 were 124.5 per cent of the 5-year average while on October 1 they were 116.6 per cent of the 5-year average. The decrease in cold storage holdings during October was 20,217,000 pounds or 12.75 per cent of the October 1 holdings, compared with an average decrease of 16.9 per cent for the past five years.

Conditions affecting production improved somewhat during October and were reflected in a larger production relative to a year ago than in September and early October in the reports of two of the important butter producing associations. At present levels of prices, however, the butter-fat ratio is less favorable than a year ago and continues to indicate a somewhat smaller production this winter than last. Present butter prices are unusually low for this season of the year and advances from present levels are to be expected.

The extremely heavy storage holdings will, however, prevent any rapid rise in prices. Prices in November and December will vary probably average further below prices of corresponding periods a year ago than was the case in October. Present low prices will undoubtedly increase the consumption of butter and since prices are likely to remain comparatively low for some time the existing surplus should disappear during the next few months. If the prospective lower production during the winter materializes the market situation will improve considerably during the latter part of the winter with prices well above present levels.
Eggs

Egg prices should reach a peak this month and, though declining, should remain relatively high during December and January due to low storage holdings and small receipts. The course of prices will probably be somewhat similar to that of 1927 when fresh eggs at New York averaged 58 cents in November, 53 cents in December, and 50 cents in January. Good weather with early production would hasten the decline, while bad weather with delayed transportation would cause temporary rises.

The prices of the better grades of fresh eggs at New York showed less than the normal seasonal rise during October due largely to competition from storage eggs. Fresh eggs, after a slight decline and subsequent recovery, averaged 36.6 cents, or 3.5 cents more than in September, though 5 cents above October in 1926. Nearby closely selected extras and Pacific Coast eggs lost their gain to average 64.7 cents. Since November 1, prices of both middle western and Pacific Coast eggs have risen rapidly.

October receipts at the four markets were 686 thousand cases or 7.5 per cent less than last year when they amounted to 742 thousand, and about the same as the 5-year average (681 thousand). The greater number of poultry reported on farms indicates that when receipts begin to make their seasonal increase in December they will be larger than last year.

Storage holdings on November 1 were 4,231 thousand cases as compared with 6,271 thousand last year and a 5-year average of 5,042 thousand. In 1927 storage holdings were 5,485 thousand cases on November 1, and 2,956 thousand on December 1, and 682 thousand on January 1, 1928.

Poultry

The present seasonal decline in poultry prices may be expected to continue until the end of the year when the peak of receipts will have passed. The prospect of continuing heavier receipts this year indicates that prices will remain below the level of last year.

Prices of fresh killed poultry at New York made the usual declines for the month, but in a lower level than last year. Top quotations on roosters averaged 33 cents, 7 cents less than last month and 1 cent less than in October 1926. Pullets averaged 30.5, a drop of about a cent, and about a cent less than the price last year. The farm price of chickens on October 15 was 21.5 cents, a decline of about a cent for the month. The farm price last year was 22.0 cents.

Receipts of dressed poultry at the four markets totaled 37.3 million pounds for October, 2.1 million more than a year ago and 7.5 million more than the 5-year average. Receipts probably will continue heavier than last year. Cold storage holdings, which have been increasing more rapidly than last year, were 66.9 million pounds on November 1 as compared with 56.1 million a year ago and 56.8 for the 5-year average.
DOMESTIC WOOL PRICES, WORLD WOOL PRODUCTION AND DOMESTIC BUSINESS CONDITIONS

CENTS PER LB.

PRICES
BOSTON PRICES 3/8 BLOOD GREASE WOOL DEFLATED TO 1926 PRICE LEVEL

POUNDS BILLIONS

WORLD PRODUCTION
WORLD WOOL CLIP FOR PRECEDING CALENDAR YEAR

INDEX NUMBER

VARIATIONS FROM NORMAL MANUFACTURING ACTIVITY

NOTE: LOW PRICES AND CONDITIONS CONducIVE TO LOW PRICES ARE SHADOW
1929 ESTIMATE BASED ON REPORTS FROM 8 COUNTRIES

U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS