THE PRICE SITUATION, SEPTEMBER 1930

FARM PRICES

Following the very sharp break in the level of farm prices from June 15 to July 15 there was a further decline of 3 per cent to 108 on August 15 compared with 111 on July 15, 123 on June 15 and 143 a year ago. The August index was 2 per cent below the lowest level reached in 1921. While the drop between June 15 and July 15 was general for practically all farm products included in the index there were some advances between July 15 and August 15 but not sufficient to offset the downward trend in other commodities. All grain and hay prices averaged higher on August 15 than on July 15, reflecting the drought conditions. Hog prices advanced on a lighter volume of marketings and prices of eggs, butter and wool also advanced from their very low levels in July. But considerable declines took place in apples and potatoes, which because of light crops in 1929 had not declined to the same extent as other commodities earlier this year, and beef cattle and sheep and lambs declined to new low levels. The farm price of cotton was also lower by half cent a pound on August 15.

From August 15 to September 10 price advances at primary markets have outweighed declines, although cotton and wheat failed to maintain their gains into the first part of September. The gains have been most noticeable in hogs, cattle, potatoes, and butter.

THE GENERAL COMMODITY PRICE LEVEL

Average wholesale prices for the month of August were lower than in July but during the course of the month the commodity price level advanced from the very low point reached at the end of July. The rise was due almost entirely to higher prices of farm and food products.

On September 2, according to the Annalist index, (1913=100) farm-product prices averaged 118 compared with 109 on July 29, and 147 on September 3 of last year and food prices at 131 were 6 points higher than on July 29, but were 23 points below a year ago. Fuel prices also were one point higher while the other five commodity groups showed further declines during August. Prices of metal, chemicals and miscellaneous commodities declined only slightly while textile product prices fell 3 points to 112 compared with 147 a year ago and building materials declined 9 points to 134 compared with 154 a year ago. As a result of these diverse movements the average of all commodities on September 2 was 125 compared with 121 on July 29 and 148 a year ago.

Moderately lower nonagricultural prices and a rising tendency in agricultural prices has also characterized some of the commodity markets abroad particularly in England. Should agricultural markets maintain their recent gains they may be expected to exercise a wholesome influence on other commodities and check further recessions in the general commodity price level.
BUSINESS CONDITIONS

The general level of business activity in August showed no noticeable change from the low level reached in July. Increased activity in certain lines appear to have been only of a seasonal character, but in the steel industry production increased somewhat more than usual, while the production of pig iron declined. Electric power production showed only a seasonal increase in August compared with July, and building contracts awarded, which declined sharply in the last week of August and the first week of September showed somewhat more than the usual seasonal decline. Textile activity remains very low and automobile production, in spite of resumption of operations after the July shutdowns, was lower in August than in July.

The latest definite figures on industrial production and payrolls, as of July may therefore be taken as indication of the current state of business activity. In that month the Federal Reserve Board index of industrial production at 94 was 24 per cent below the July level of last year and 28 per cent below the peak of last June. The index of factory payrolls, at 82 was 22 per cent below that of last July. A similar if not greater reduction appears in the money incomes of farmers in August compared with a year ago, as indicated by the fact that prices received by them in August were 24 per cent lower than in the same month of last year with no compensating increase in the volume of markets. Distribution of goods as indicated by freight movement was lower in August than in July. Department store sales were also lower being 11 per cent below those of August 1929, compared with a 10 per cent decline in July.

The present business recession has been in progress since last June, a period of about 14 months. Taking the three preceding recessions, the mild one in 1926-27 lasted 14 months, the moderate one of 1923-24 lasted 15 months, while the one of 1920-21 lasted 18 months. The factors in the present depression which have generally been expected to give rise to improvement in the last half of 1930, particularly interest rates, have not yet shown their effectiveness. Building activity where the low interest rates should theoretically have been most potent has not yet shown signs of stimulation.

Interest rates at New York remained at low levels during August; banks expanded their investments but did not increase their loans on securities or for commercial purposes. Gold exports exceeded imports, but the reduction in the credit supply was partly offset by increased purchases of Government securities by Federal Reserve Banks. Stock exchange activity was at a very low level during August. Following a decline in the first half of August to a level somewhat above that of the first half of July, industrial stock prices advanced during the last half of August and the first half of September.

It was suggested in the review of business conditions last month that the agricultural situation had become an additional complicating factor in a national business situation, which in recent months has taken on the characteristics of the depression of 1920-21. It will be recalled that in 1921 the low level of business activity was reached in the summer months, although

1/ Based on the Federal Reserve Board Index of industrial production adjusted for trend.
factory payrolls continued to decline for a few months thereafter. In that year agricultural incomes were also greatly reduced because of the great decline in prices. But the volume of agricultural marketings was large, and the textile industry, stimulated by the low cotton prices of the preceding year's crop, was proceeding at a good rate of activity. In 1921 also, a large volume of farm products was exported. At the present time, however, the volume of exports is low in spite of low prices, and the volume of marketings is not now large and cannot be expected to be large in view of the reduced crops. The textile industry, instead of operating on the high level of 1921, is as much depressed as business in general.

The decline in industrial activity up to the present has not been as great as that of 1921. In that depression the low point was 36 per cent below the high of 1920; in 1924 it was 25 per cent below the high of 1923, and at present it is probably more nearly 30 per cent below the high level of 1929. Should the business situation continue to follow the development of the 1920-21 depression, there would be no material change from the present level of consumer buying power in the next few months.

WHEAT

Wheat prices continue on a low level, with some prospect of improvement in the demand for wheat before the end of the season. At the present time prices are depressed by increases in estimates of production in the United States and Canada, heavy marketings in Canada, and shipments from Russia, in the face of a world-wide financial and business depression. Smaller feed grain crops in the United States and Europe, together with some reduction in stocks of old wheat, undoubtedly will increase the demand for wheat, but no material improvement in prices is to be expected until the business situation begins to improve and the general price level turns upward. A continuation of exports from the United States, together with heavy feeding of wheat, eventually will reduce the supplies of wheat to a point that will raise prices in the markets of the United States in relation to foreign market prices.

The farm price of wheat improved from an average of 70.6 to 74 cents per bushel between the middle of July and the middle of August. The farm prices for September may average slightly lower than in August. Market prices which improved early in August, declined from the middle of August into September. The average of all classes and grades at six markets increased from 81 cents in the week ended August 1 to 86 cents at the end of the second week in August, then declined to an average of 81 cents in the week ended September 5. Apparently feeding wheat in the drought area strengthened soft red winter wheat prices so that the average of No. 2 red winter at St. Louis increased from 57 to 94 cents per bushel during August. The decline in the first week of September left prices still above the beginning of August. Hard red winter wheat prices remained fairly stable increasing from 76 to 85 and then declining to 79 cents. The heavy marketings of new wheat in the spring wheat territory, on the other hand, carried the market price of spring wheats below levels of August. The prices of white wheat were likewise reduced to a lower level.
The relation of cash prices to futures has been improved over a year ago. The margins between cash and near futures and between near and distant futures have been reduced. The narrowing of these margins is probably due in part to the stronger domestic demand for feeding and to the movement of the crop without congestion at terminals.

The price margins between the markets of the United States and Liverpool are wider than a year ago, whereas the margin between Buenos Aires and Liverpool is narrower. One obvious reason for this change is the fact that Argentina has much smaller supplies to ship, whereas the supply in the United States is greater than a year ago. The margin between the Winnipeg market and Liverpool has also widened and even more than between Chicago and Liverpool. With a larger crop and a large carryover, Canada has a larger surplus to move. Canada is taking the place of Argentina as the heavy shipper in the face of low prices.

The price of wheat is low relative to the price of corn. It seldom happens that a bushel of corn can be sold for more than a bushel of wheat. Since wheat has about the same feeding value pound for pound as corn, a bushel of wheat obviously has more feeding value than a bushel of corn. It is estimated that when a bushel of corn is valued at $1.00, a bushel of wheat is worth $1.12 for feeding cattle and hogs. Notwithstanding this fact, the farm price of wheat is now below the price of corn generally throughout the United States. As long as the price of wheat continues to be low relative to corn as it is at the present time, large quantities of wheat will be fed. It would require more than the wheat surplus to make up the deficit in the 1930 corn crop.

The wheat crop of the United States is of good quality. Protein tests indicate that the hard winter and red spring wheat crops of 1930 have a higher protein content than the crops of 1929. Even in the past season the abundance of high protein wheat resulted in relatively low premiums, and only small premiums are to be expected for the present season. The hard red winter wheat crop is grading considerably higher than last year and higher than average in the past five years. In Kansas July inspections graded 48.5 per cent of the cars No. 1 as compared with an average of 40.2 per cent in that grade in the period 1925-1929. The crop began to move early and in large volume. Receipts in July were larger than a year ago when the crop was also early. The early movement of the crop in the face of a very large carryover was facilitated by an increase in storage capacity and by larger exports. It now appears that the winter and spring wheat crops will be moved without congesting terminal markets. The visible stocks at terminal markets are now somewhat larger than a year ago but it is probable that the seasonal peak of stocks will soon be reached and may not exceed the high point of a year ago.

Wheat continues to move into export more rapidly than a year ago. Exports for the first two months of the season exceeded the corresponding period of last season by about 5 million bushels. The relation of prices in the United States to prices in foreign markets continues favorable for exporting.
The Northern Hemisphere wheat crop outside of Russia and China is likely to be about 3,200 million bushels, only about 2 per cent greater than in 1929. Recent upward revisions in the forecasts of the spring wheat crops of the United States and Canada have been largely offset by downward revisions in the estimates of European crops. The estimates of 27 countries reporting to date indicate a production of about 2,778 million bushels, 172 millions greater than a year ago. France is not included in these estimates and it is generally admitted that the French crop is at least 100 million bushels less than a year ago. The European crop now appears likely to be about 1,345 million bushels or 110 million bushels less than a year ago. Smaller crops in North Africa and Italy are likely to strengthen the market for American durum.

Russia and China have somewhat larger crops, but the increases in these countries may not have a very significant influence upon the world situation for the entire season. Shipments from Russia are a significant factor in world markets at the present time. In the past season Russia did not begin shipping until toward the end of the season. A shift in production has made it possible for Russia to begin shipping earlier in the present season. How much will be shipped is uncertain. One authority has estimated the probable exports at about 48 million bushels, in comparison with between 5 and 6 million bushels shipped in the past season. The immediate effect of better Chinese crops has been to supply the Chinese coastal mills with domestic wheat for a few months. Chinese takings in the past season were reduced by large stocks of flour in ports and a sharply declining exchange rate. The flour stocks are now at a low level and the exchange rate has become more stable. When the native wheats are used up, as they will be before the end of the season, China may import more freely and the takings for the season be as large or larger than in the past season.

The Southern Hemisphere crop conditions will soon be an important factor in the market. Australia has sown a larger acreage and conditions to date have been quite favorable for the crop. The Argentine area has been increased about 3.6 per cent, and a crop larger than last year is to be expected. Average yields would increase the crops of these two countries about 150 million bushels, making the world crop for the season about 150 to 200 million bushels greater than in the past season.

The probable increase in the world wheat crop would be nearly offset by the reduction in stocks at the beginning of the season. Surplus stocks in overseas exporting countries, United Kingdom port stocks, and afloat, as of July 1, 1930 were only about 56 million bushels less, but continental European supplies were at least 55 million bushels less than on July 1, 1929. Some authorities have estimated the reduction in European stocks to be much greater than the 55 million bushel estimate of our Berlin office.

A small reduction in the European rye crop may contribute some strength to the wheat market before the end of the season. The rye crop of Europe outside of Russia is probably about 50 million bushels less than in 1929. Smaller potato and feed grain crops also will increase the demand for rye, both as food and feed.
Reductions in the supply of feed grain crops in the United States and Europe are likely to be one of the most important factors in the demand situation for wheat during the 1930-31 season. In the past season corn and other food grains were so plentiful in Europe that they not only reduced the feeding of wheat but even reduced the food consumption of wheat in some countries. In 17 European countries the feed grain production is estimated to be about 38,579,000 tons or 20.5 per cent less than a year ago. This reduction in supply does not represent scarcity in the sense that the corn crop of the United States is scarce, as the European food grain supplies of the past season were very large, but it does greatly reduce the competition of food grains with wheat.

POTATOES

The farm price of potatoes at $1.09 per bushel was 20 cents lower on August 15 than on July 15 and 30 cents lower than on August 15 last year. During the last half of August, market prices fluctuated very little and then advanced noticeably during the first week of September. At New York potato prices on September 8 averaged about $2.05 per 100 pounds, an advance of 30 cents since the middle of August. At Chicago during the same period, prices advanced about 45 cents to $2.35 on September 8. These advances appear to be an adjustment to higher levels warranted by reduced crop prospects.

The marketings of the late crop so far this season (to September 6) have been somewhat less than during the corresponding period of last year, the shipments from the 19 late surplus States amounting to 15,300 cars compared with 16,900 cars last year, but the movement from other States where most of the crop has already been marketed, amounted to about 13,000 cars compared with about 9,500 for the corresponding period last season. The marketings from the 19 late surplus States will undoubtedly continue to fall short of last year's volume as the season progresses, in view of the extensive crop deterioration which took place during August. As a result of drought damage generally and of excessive rains in Maine, the total potato crop prospects have been reduced by about 34 million bushels to a crop of only 339 million bushels. This is only 18 million bushels greater than the very small crop of 1925 and is 15 million bushels less than the light crop of 1926 and 21 million bushels less than the 1929 crop. During most of the 1928-29 and 1929-30 marketing seasons the general level of farm prices remained practically unchanged at about $1.55-$1.60 per bushel, compared with $1.09 on August 15 of this year. In the winter months of 1925, prices advanced to about $2.00 in November and December and still higher thereafter. But in both the 1925 and 1926 seasons of light crops, the buying power of wage earning consumers was probably about 25 per cent higher than at the present time and food prices in general were also considerably higher, particularly in 1925. If crop prospects continue to point to a supply of about 339 million bushels somewhat higher prices approaching the 1926 and the 1929 levels may reasonably be anticipated.

RICE

The recent declines and present low levels of rice prices are largely accounted for by the low price level of all commodities. Rough rice prices of new crop Early Prolific have been further depressed this season, owing to low milling quality and relatively large crops of this variety in Louisiana and Texas.
No improvement in Prolific prices is anticipated during the next few weeks except possibly for the top grades. Another factor which has contributed to the low prices of rough rice is the apparent lack of demand for the milled product. Domestic sales and shipments to Porto Rico for August were reported to be below last year. Exports during July and August this year totaled 21,434,000 pounds compared with 38,252,000 for the corresponding period last year. Recent reports, however, state that 10 million pounds of American rice has been sold to Santo Domingo. This apparent decrease in demand is due in large part to the poor quality of Blue Rose type Prolifics on the market.

Blue Rose variety will come on the market about October 1 and the low prices of Early Prolific may depress prices of Blue Rose rough for a short time. However, since only high grade Early Prolific is substituted for Blue Rose, and supplies of the best grades of the former are not large, Blue Rose prices are not likely to be depressed for any considerable period. If farmers market their Blue Rose at a normal rate, prices of the rough rice of this variety during October will probably improve to some extent.

Conditions as of September 1 indicate for this year a southern rice crop of 32.1 million bushels and 6.2 million bushels for California making an indicated United States total of 38.3 million bushels. This is 1.9 million bushels under that harvested in 1929. The relatively small carryover in the southern belt and California when added to this year's production makes a supply smaller than any since the 1924-25 season. Owing to the reduced buying power of consumers, however, the relatively small supply this year will probably not cause prices to increase as much as they did in 1924-25.

**TOBACCO**

The average auction floor price of Type 14 grown in Georgia and Florida for the 1930 season was about 10 cents per pound compared with 13.4 cents per pound in 1929 and 12.8 cents per pound in 1928. The quality of the crop in this section was below that of last season. The price of Type 12 and 13 grown in eastern North Carolina and South Carolina to date (September 12) have averaged about 25 per cent below those for the same grades last season. There has been some improvement in prices as the season advanced. Lugs appear to be lower compared with last season than cutters and good leaf. The quality of the crop in eastern North Carolina is better than last season. In South Carolina the quality appears to be fully as good as last season.

The total acreage of sun-cured types is 3.5 per cent larger than in 1929. The production indicated on September 1 is 772.7 million pounds, compared with a crop of 750.7 million pounds in 1929. The stocks of old leaf in the hands of dealers and manufacturers on July 1, 1930 were 599.3 million pounds compared with 590 million pounds a year earlier. The total supply this season based on September 1 crop conditions and stocks on July 1 is 1,373.0 million pounds compared with 1,340.7 million pounds in 1929 and 1,305.8 million pounds in 1928.

Since 1916 the disappearance of sun-cured tobacco including domestic consumption and exports has increased at an average rate of about 33 million pounds a year. Allowing for this increase in consumption the number of months supply this season is not greatly different from that at the beginning of either of the two previous seasons. In 1928 the season's average price was 17.7 cents per pound and in 1929 it was 18.1 cents per pound.
During the past five years the increase in the quantity of flue-cured tobacco used in making cigarettes has more than offset the decrease in the quantity used in making chewing and smoking tobacco. The net increase in domestic consumption during this period has averaged almost 5 per cent per year. During the year ended June 30, 1930 the increase was about 5 per cent. Cigarette tax sales maintained about the usual rate of growth from July to December 1929, being 9 per cent larger than for the corresponding period of the previous year, but from January to June 1930 cigarette tax sales were only 1.5 per cent larger than for the corresponding period of last year. It may be that unfavorable business conditions affected consumption during the early part of 1930 or it may turn out that cigarette consumption is increasing at a slightly slower rate. In either case present indications are that the domestic consumption of this type of tobacco during the current year will exceed that of the year just closed. Cigarette tax sales in June 1930 were 8.4 per cent and in July they were 10.6 per cent larger than for the corresponding months of last year.

Exports of flue-cured tobacco during the year ended June 30, 1930 were 429.9 million pounds compared with 414.4 million pounds in 1929 and 328.9 million pounds the previous year. In July, 1930 exports were 18.0 million pounds compared with 14.1 million pounds in July, 1929. The United Kingdom and China are the principal importing countries.

There has been some uncertainty as to the effect of the low exchange rate and unsettled conditions in China. However, exports to China during the past few months have exceeded those of the corresponding period of the previous year and recent reports indicate that the cigarette trade in China is active. The total exports to China during the year just ended were 127.1 million pounds compared with 131.3 million pounds, the exceptionally large total of the previous year.

Exports to the United Kingdom during the year ended June 30, 1930 were 186.6 million pounds compared with 171.4 million pounds the previous year. Colonial grown flue-cured tobacco does not appear to be making much headway in displacing American grown types and exports to the United Kingdom this season are expected to compare favorably with those of the past two seasons.

Unless prices improve materially during the remainder of the marketing season an acreage reduction is probable next season. Recent studies indicate that if farmers respond to prices and other factors as in recent years the acreage in Georgia and Florida will be reduced about 20 per cent and should present prices prevail during the remainder of the season the area in the other sections would be reduced between 5 and 10 per cent.
Steady corn prices and declining wheat prices through the first week of September widened the spread between the prices for these grains and have caused increased feeding of wheat and increased marketing of corn. With the small supplies of corn in prospect for the coming feeding season, it is unlikely that corn prices will go much below present levels. The wide spread between corn and wheat prices at the present time makes the trend of corn prices unusually dependent upon the trend of wheat prices and no material improvement in corn prices is likely unless there is some improvement in wheat prices.

The average farm price of corn advanced sharply from 77.1 cents on July 15 to 90.0 cents on August 15, but was still below August 15 last year when farm prices averaged 95.9 cents. Prices at the central markets also averaged much higher during August than during July. No. 3 yellow corn at Chicago averaged 99 cents in August, 82 cents in July and 101 cents in August last year. Most of the advance in corn prices took place from the middle of July to the second week of August while the crop was deteriorating due to drought. From the middle of August to the first week of September prices were remarkably steady. For the week ended August 16 the average price of No. 3 yellow in Chicago was 99.9 cents and on September 6 the average was 100.0 cents. During the second week of September corn prices weakened relatively more than wheat prices and materially reduced the margin of corn prices over wheat prices.

Further deterioration of the corn crop took place during August due to hot dry weather over a large portion of the Corn Belt and conditions on September 1 indicated a crop of only 1,983 million bushels compared with 2,614 million bushels harvested last year, 2,309 million bushels in 1924 and 1,614 million bushels in 1901, the two previous years of unusually short crops. The shortage of corn for the coming season will be further intensified by the small crop of grain sorghums this year, which is only 65 per cent of average supplies and the short hay crop of only 94 million tons compared with 115 million tons last year. Supplies of oats and barley are slightly above last year but the shortage of corn and grain sorghums has reduced the supply of all feed grains to only 85 per cent of last year.

The production of corn for grain will undoubtedly be reduced more than the production of corn for all purposes. The low yields of both grain and fodder and the shortage of other roughages and pasture, accompanied by early cutting of corn forage will tend to greatly increase the acreage harvested as silage and forage this year and to decrease the acreage husked and snapped for ear corn.

Commercial stocks have increased somewhat during the past month but are still at unusually low levels. Total stocks of corn in 39 primary markets on September 6 were 4.9 million bushels compared with 3.2 million on August 9 and 5.2 million bushels on September 5 last year.
Higher prices have tended to increase receipts while shipments were only slightly higher than in July. Total receipts at 14 markets were 19.9 million bushels during August compared with 16.5 million bushels in July and shipments were 12.7 million bushels compared with 11.8 million bushels in July. Reports from primary markets indicate that low grade wheat is replacing corn as a feed due to the wide spread in prices between corn and wheat.

The price of corn has been higher than the price of wheat since the second week of August and during the first week of September this margin averaged 15 cents at Chicago and similar margins existed in other markets. This is the only time in recent years when prices of corn remained above wheat prices for any length of time or when corn prices were over over one or two cents higher than wheat prices. Since a bushel of wheat has a greater feeding value than a bushel of corn for most kinds of livestock it seems that the present situation should result in considerable wheat being fed in the place of corn until their usual price relationship is reached. The trend of corn prices from now until the new crop becomes available will be more dependent than usual upon the trend of wheat prices and no marked rise in corn prices can be expected without at least a corresponding improvement in wheat prices.

**FEED GRAINS**

The total supplies of home grown foods for the 1930-31 season will be about 15 per cent below those of last year and supplies of by-product foods will be about the same as a year ago. The numbers of livestock on farms are slightly smaller than last year, but this will be partly offset by the increased feeding early in the season due to poor pastures in the drought areas. Prices for nearly all foods are now somewhat below a year ago and the shortage of corn supplies suggests that they are not likely to decline much (if any) below present levels.

The total tonnage of feed grains for the 1930-31 season is about 15 per cent below that for the 1929-30 season and 18 per cent below the average supply for the past five years. Supplies of oats are slightly above average and are 13 per cent above last year. Barley supplies are also plentiful, being 34 per cent above the five year average and about equal to last year's large supplies. The shortage of feed grains is largely in corn and grain sorghums. Supplies of corn are only 76 per cent of last year's short supplies and are only a little over 73 per cent of the 5-year average. The grain sorghums crop of 1930 is 82 per cent of last year's small crop and only 65 per cent of the 5-year average crop. The hay crop is also smaller than usual being only 82 per cent of last year's crop and 88 per cent of the 5-year average production.
Supplies of commercial feedstuffs will not be greatly different from a year ago. The amount of wheat feeds and cottonseed meal will be about the same as last year. Supplies of corn by-products will probably be less than a year ago but supplies of linseed meal may be greater than last year.

Supplies of feed grains in European countries are also materially below last year. Present indications are that the total supplies will be about 20 per cent below a year ago. Supplies last year, however, were unusually large and the low price of wheat and poor economic conditions in most European countries are likely to restrict any large purchases of feed grain until later in the season.

The total number of stock to be fed during the 1930-31 season will be slightly less than during the past season. The total number of cattle on farms is about 3 per cent larger than a year ago but this is more than offset by smaller numbers of hogs, horses and mules. The demand for meat and dairy products is now somewhat less than a year ago due to the decreased buying power of consumers and has resulted in lower prices for most of these products. Should these lower prices continue it is likely that farmers will use less grain per animal than usual during the coming season. The smaller numbers of livestock and lower prices for livestock products will be largely offset, however, by the lack of fall pasture which has already compelled many farmers to begin feeding their livestock.

Prices of most feeds are now somewhat below a year ago in spite of the lower supplies of feed grain. On August 15, the farm price of corn was 90 cents or 6 cents below the same time last year. The price of oats was 35.7 cents or 7 cents lower and the price of barley was 43.6 cents or 12 cents lower than a year ago. The farm price of cottonseed was $23.99 or $6.70 per ton lower than last year while hay was only $11.51 or 46 cents a ton above August 15 last year. Present prices for by-product foods, except corn by-products, are also materially below prices at the same time a year ago.

The decline in the general price level during the past year has been an important factor in depressing the price of feed grains and feedstuffs. The general level of prices is now about 16 per cent below the same time a year ago, but during the past month prices have been fairly stable and it is not likely that prices of feed grains will be depressed further by changes in the general price level. The present low level of wheat prices is also largely responsible for the lower food prices.

In view of the present low food prices, the stability of the general price level during the past month, and the shortage of feed supplies for the coming season, it is not likely that feed prices will fall much if any below the present levels. In past years of short feed supplies, prices of foods and feedstuffs have begun to advance as the feeding season began. During the latter part of August and first week of September, corn prices were considerably above wheat prices in the central markets. This has resulted in farmers using wheat for feed in several localities and lower grades of wheat in the primary markets are being sold for feed.
The present margin of corn prices over short prices is so extreme that it seems unlikely to continue throughout the year. Corn prices are also high in comparison with competing foodstuffs, and food grains. The unusually small supply of corn, however, argues against any continued lowering of corn prices below present levels, even though some decline takes place as the new crop becomes available. On the other hand the short corn crop should add strength to the other food grain markets.

**HOGS**

Hog prices rose sharply during August and a new weekly top of $11.90 for the current crop year was made at Chicago during the week ended August 24, just a month after the year's lowest weekly average had been established. Although exports of both pork and lard fell off materially in July, storage stocks are still considerably below those of last year at this time. The time of year when a seasonal downturn in hog prices usually occurs is near but indications point to a continuation of relatively small market supplies of hogs during the next six weeks. Reduced food supplies and a less favorable corn-hog ratio, however, probably will result in relatively large slaughter supplies during the late fall and early winter.

The August average price of hogs at Chicago was $9.58. This was about 9 per cent below that of August 1929, but almost 10 per cent above the monthly average for July this year. The weekly average in August rose from $8.99 in the first week to $10.07 in the third week. Average prices since then have fluctuated around the $10.00 level. The average of $9.99 during the first week in September was seven cents higher than that for the corresponding week last year.

Wholesale prices of fresh pork loins at New York made substantial advances during every week in August. A considerable part of the rise was lost during the first week in September, but prices that week were not greatly different from those in the corresponding week a year earlier. Prices for fresh hams remained unchanged during August at $22.50 or $2.50 below those of a year earlier. Cured pork prices at New York made slight advances the last week in August and the first week in September. These advances brought the level of bacon prices up to that of a year earlier, but prices for both cured hams and picnic were still considerably below those in the first week in September 1929. Prices of refined lard at New York rose from $11.62 at the beginning of August to $13.00 during the first week in September, but the latter price was still $1.50 below the average for the first week in September last year.

Federally inspected slaughter of hogs in August, amounting to 2,724,000 head, was 14.5 per cent smaller than that of July, and 13.0 per cent smaller than that of August 1929. Slaughter during the first eleven months of the current hog-crop year was 3,141,000 head or 6.7 per cent smaller than that in the corresponding period last year. Slaughter at nine important centers during the first two weeks of September was almost 21 per cent below that during the corresponding weeks in 1929 and indications are that slaughter through most of October will continue relatively light as compared with slaughter last September and October.
Storage supplies of hog products continue relatively small. Stocks of pork on September 1, amounting to 552 million pounds, were 15.3 per cent smaller than those on August 1, 25.3 per cent below those of September 1, 1929 and 18.5 per cent smaller than the 5-year September 1 average. Lard stocks amounting to 89 million pounds were 50.5 per cent smaller than those on September 1, 1929 and 43.7 per cent smaller than the 5-year average on that date. The reduction in storage stocks of hog products compared with a year ago is the equivalent of about 1,600,000 hogs.

Exports of both pork and lard fell off materially in July. Fresh and cured pork exports declined 23 per cent and lard exports were 21 per cent smaller than those in July 1929. Total exports in July, however, amounted to 12.6 per cent of the July production, and this is not greatly different from the 5-year average ratio of exports to production in July. The foreign outlet for pork products appears likely to continue unfavorable for some months as Europe is on an upward trend in hog production.

More or less uncertainty prevails as to the probable distribution of hog slaughterings during the next six months. In other years of small corn crops and unfavorable corn-hog ratios there were relatively light receipts in the early fall, and in the late winter and early spring, but in the late fall and early winter receipts were relatively large. This distribution resulted in a rather material advance from the winter or fall low price to the spring high price.

The time of year when hog prices usually make a seasonal decline is at hand. In some years this decline is preceded by a sharp advance in late September or early October as in 1924, but this advance usually does not extend over a period of more than two weeks, and if the seasonal downturn has not already started it may be expected to get under way in the next few weeks. The average of September and October prices probably will not be greatly different from that of the corresponding period in 1929.

CATTLE

After the sharp decline during July, cattle prices during the first half of August were fairly steady at the low levels prevailing at the beginning of the month. During the second half of August a rather sharp recovery was made and by the end of the month most kinds of cattle had regained the loss suffered during July. The price recovery was greatest with the better grades of beef steers and least with the poorer grades of butcher cattle.

The average weekly price of choice steers at Chicago, which at the low point went below 10 cents and reached the lowest level for the month since 1921, advanced to 12 cents by the end of the first week in September. The price recovery on the lower grades of butcher cattle, however, was short lived, declines during the first week of September wiping out most of the August advance.
The recovery in cattle prices was due partly to light supplies and partly to improved market demand. Receipts of cattle at 7 markets during August were very small. At 7 markets they were 11 per cent below August 1929, nearly 30 per cent below the 5-year August average and the smallest for the month in at least 14 years. Receipts at Chicago were the smallest for August in 40 years. Inspected slaughter was 4 per cent below August 1929 and 10 per cent below the 5-year August average. Shipments of stocker and feeder cattle were much the smallest for the month in at least 12 years, reflecting both the small supply of cattle and the indifferent demand for unfinished cattle. The recovery of prices of beef steers resulted in a somewhat similar advance in stocker and feeder cattle prices.

Cattle supplies during September are expected to show a seasonal increase and during the last 4 months of 1930 will probably be at least as large as during the same period in 1929. Some further advance in fed cattle prices, a continuing weak market for butcher cattle and fairly steady prices for stocker and feeder cattle, seems to be the prospect for the next two or three months. Any considerable recovery in the general level of cattle prices must await a substantial improvement in consumer demand for beef.

BUTTER

Butter prices made more than the usual seasonal rise from July to August in response to curtailed production, caused by the drought. The movement into consumptive channels continues at levels slightly below a year ago in spite of the lower prices and reflects the lower demand for butter. The low production during August resulted in a slight decrease in cold storage holdings on September 1 compared with the usual seasonal increase from August to September, and holdings are now slightly less than average for this time of the year. Production for the remainder of the year is not expected to continue as much below a year ago as during July and August, but is not likely to exceed the production during the latter months of last year.

The price of 92 score butter at New York during August averaged 38.9 cents per pound. This was 3.4 cents more than July, but 4.5 cents or 10.4 per cent less than in August 1929. The farm price of butterfat made similar advances during August. On August 15 the farm price averaged 35.2 cents compared with 31.6 on July 15 and 43.3 on August 15, 1929.

Sharp decreases in receipts at the principal markets resulted from the decrease in production caused by the drought. Receipts of butter at the four principal markets during August were 53,020,000 pounds, or 14.6 per cent less than during August, 1929. Total receipts for the first eight months of 1930 at the same markets were only 3 per cent less than for the same months in 1929. Reports from cooperatives and trade associations indicate that production during the last week of August and the first week of September was not as much below a year ago as during the unusually dry weather of July and the first half of August.
The disappearance of butter from the four principal markets during July was one per cent less than a year ago. For the seven months from January to July, however, the total disappearance was only about 0.7 per cent less than for the same months for 1929. Although butter prices during 1930 have been decidedly lower than a year ago, the movement into consumptive channels has been slightly less.

The estimated production of creamery butter during July, 1930, was 11.7 per cent less than in July, 1929. The principal decrease occurred in Nebraska, Kansas, Missouri, Illinois and Ohio, where production during July was more than 20 per cent less than a year ago. In Minnesota and Iowa production declined about 9 per cent from July last year. The drought has caused marked curtailment in production and the production of milk per cow on September 1 was 6.4 per cent below a year ago. Pasture conditions on September 1 were the lowest ever recorded for that month, and the shortage of food is likely to curtail production somewhat when the heavy feeding season approaches. Although the number of milk cows on farms is about 4 per cent greater than a year ago, this is likely to be offset by lower production per cow.

Cold storage stocks of butter on September 1 were 143,096,000 pounds compared with 168,952,000 pounds on September 1 last year, when storage holdings were the highest on record and 147,076 million pounds for the 5-year September 1 average. Although the peak of the cold storage holdings is usually reached September 1, there was a net out-of-storage movement during August this year, and storage holdings on September 1 were 2,201,000 pounds below those of a month earlier. The relatively low storage holdings at this time improved the outlook for butter prices over that of a month ago. Last year butter prices declined sharply from October to February, due to the falling price level and declining business conditions. This year prices should follow the usual seasonal trend, and by the first part of 1931, prices are likely to be as high or higher than during the first part of 1930.

Cheese

Although cheese prices during July were the lowest since 1921 movement into trade channels continues to run below a year ago. Production for the first seven months of 1930 was somewhat above last year and this together with the lower trade output resulted in the largest cold storage holdings on August 1 that were ever recorded for that date. During August prices improved somewhat and cold storage stocks decreased instead of making the usual seasonal increase. Prices are still low, however, and the large cold storage holdings continue to be a depressing factor.
The wholesale price of No. 1 American choose (single daisies) in Chicago during July 1930 averaged 16.5 cents per pound. This was 4.6 cents or 22 per cent less than in July 1929, and the lowest since June 1921. From the third week of July to the last week in August the wholesale price of American choose advanced 2.2 cents per pound and the wholesale price during August averaged 17.9 cents or 1.4 cents higher than during July. The increase in the August price over July was four times as great as the usual seasonal rise from July to August, and 13 per cent greater than the largest July-to-August increase during the nine year period 1921 to 1929.

The estimated production of choose for the first seven months of 1930 was 7.4 per cent larger than during the same months of 1929. The increase in production over 1929 was largest during the first five months of the year. Poor pasture conditions during June and July curtailed milk production and the estimated production of choose was only 3.2 per cent larger than for the same two months of 1929.

The apparent trade output of choose for the first seven months of 1930 was 2.3 per cent less than for the same months of 1929 in spite of the lower prices which reflects the lower demand for choose.

As a result of the increased production and lower consumption cold storage holdings of American choose on August 1 were the largest holdings on record, being 88,664,000 pounds or 12.2 per cent larger than a year previous, and 15.9 per cent greater than the 5-year average August 1 holdings. Cold storage holdings on September 1 were 87,253,000 pounds compared with 86,558,000 pounds on September 1 a year ago and 79,604,000 pounds for the 5-year September 1 average.

The estimated cold storage holdings of American choose as of September 1 indicate a net out of storage movement from August 1 to September 1 of about 1.4 million pounds. This is the first time on record that there was a net out of storage movement during August. For the five years 1925 to 1929 the net into storage movement during August averaged 7.5 million pounds. The unusual storage movement during August was probably due to the price differential in favor of butter and condensed and evaporated milk causing a large diversion of milk from choose factories to condenseries and creameries. Shortage of milk supplies in certain midwestern cities also caused a diversion of milk from choose producing areas to those points.
EGGS

The seasonal rise in egg prices continued during August but on a level below that of recent years. Receipts were lower than usual for the month of August but during the last week of August and first week of September receipts were about the same as a year ago. Storage holdings are extremely large, making certain a plentiful supply of eggs during fall and winter. Some improvement in demand is indicated by the larger movement into consumptive channels.

The prices of the better grades of fresh eggs at New York rose during August, fresh extras averaging 30.4 cents, or 5 cents above the July average, but about 8 cents below the price in August 1929. Fresh firsts averaged 24.5 cents, about 3 cents above the July average but nearly 10 cents below a year ago. In view of the present large storage supplies the difference from a year ago is likely to continue about the same through the fall and winter months. Last year prices of extras and firsts averaged 58 cents and 51 cents, respectively, in December, the month of peak prices.

Receipts of eggs at the four markets dropped sharply in August, being 879,000 cases as compared with 1,308,000 cases in July and 1,096,000 cases in August 1929. With cooler weather, during the early part of September receipts have regained the levels of a year ago. For the next three months receipts are likely to be about the same as for the same period in 1929.

Cold storage holdings of eggs, the primary source of supply in fall and winter, are large. Stocks of eggs in the shell on September 1 were 10,389,000 cases or about 22 per cent more than a year ago and about 10 per cent more than the 5-year average. Stocks of frozen eggs are also heavy, being 113,238,000 pounds on September 1, equivalent to 3,235,000 cases or 30 per cent more than a year ago and 52 per cent more than the 5-year average.

Consumptive demand, as indicated by the trade output has been at low levels since the early spring months. Some improvement however was noted in August when trade output was only 2 per cent below last year while in July output was 11 per cent below July 1929.

POULTRY

The farm price of chickens declined from 17.4 cents on July 15 to 17.3 cents on August 15. A year ago the price changed from 23.7 cents to 22.7 cents for the same dates. In 1927, a year comparable to this the seasonal decline was slight after August, most of it having occurred before then. An unusually large drop in price came in July of this year and no further material decline is likely.
Receipts of dressed poultry at the four markets during August were 20.0 million pounds as compared with 25.6 million pounds a year ago and a 5-year average of 22.1 million pounds. For the next three or four months, receipts are likely to continue somewhat below the record figures of the same period a year ago, though numbers of chickens on farms this summer have been about the same as last year. The explanation is to be found in very heavy shipments of poultry early in the season and in loss of weight and deterioration due to heat in recent shipments. It is also likely that poultry were fed to lighter weights than a year ago.

Storage holdings of frozen poultry on September 1 were 42.6 million pounds as compared with 49.0 million pounds a year ago and a 5-year average of 43.2 million pounds. Last year there was a net into-storage movement of about 8 million pounds during August while this year the net movement was out of storage, indicating a weaker demand on the part of storage operators, many of whom last heavily this past season. As much of the fall and winter receipts must go into storage, this factor will tend to maintain low prices.

LAMBS

Lamb prices, after reaching the lowest level of the season to date for new crop lambs about the end of July, made a recovery of over $1.00 per hundred during August. At the low point the top on slaughtered lambs at Chicago was around $9.00 and the recovery was to be about $10.35. Most of this advance, however, was lost during the first week of September. Feeding lamb prices at Chicago made a similar advance, the average weekly cost going from $6.09 to $7.50 between the first and last week of the month. Compared with a year ago feeder lamb prices are much lower than fat lambs. During August 1929 slaughter lambs at Chicago averaged about $13.00 and feeder lambs $12.85, this August slaughter lambs averaged about $9.75 and feeder lambs $6.80.

While the receipts of lambs at 7 leading markets during August was practically the same as in August last year, inspected slaughter this August was 9 per cent larger than last, 22 per cent above the 5-year August average, largest for the month on record. Shipments of feeder lambs from markets were very limited, the movement into 7 important feeding States of the corn belt being 35 per cent smaller than in August last year and the smallest for any August since 1921. These small shipments reflect both the poor pasture conditions and prospective short corn production and also the uncertainty of feeders as to the trend of the lamb market during the next four months.
Domestic wool prices were firm during August and early September with a few active lines showing slight advances. Trading at the Boston market was rather quiet partly because of seasonal conditions and the approaching of the new season's sales in primary markets. Demand continued best for 64s and finer grades. The market on foreign wools was very quiet.

The Boston price for strictly combing Ohio and similar grease wools on September 6 was 31½ cents per pound for 64s, 70s, 80s (fine) an increase of 1/4 cent per pound being reported in August while 58s, 60s (1/2 blood) and 56s (3/8 blood) were 30½ and 30 cents per pound respectively an increase of 1/2 cent per pound during the month. Strictly combing fleece wools advanced 1 cent per pound in August while all other fleece and territory wools remained firm and unchanged.

Receipts of domestic wool at Boston continue well above the level of previous years but no depressing influence is felt from them on the market. The receipts for August amounted to 50,648,800 pounds compared with 32,377,000 pounds in August 1929 while total receipts from January 1 to August 31 were 57,000,000 pounds above those for the same period last season and 38,000,000 pounds above 1928. Stocks of foreign wool in the United States have been very low in recent months and imports of combing and clothing wool show some increase since the end of June. Imports from July 1 to September 6 were above those for the same period last year but imports from January 1 to September were almost 30 per cent below those for the same months of 1929.

Domestic consumption of combing and clothing wool in July continued the improvement begun in June and increased to 25,469,000 pounds compared with 29,622,000 pounds consumed in July, 1929. Total consumption for the seven months ended July 31, 1930 was 17 per cent below consumption for the same months of 1929.

Foreign wool auctions will be resumed about the middle of September when the new Southern Hemisphere clip starts to market. Activity in the Bradford top market fell off in August and poor demand is reported to be keeping prices low and some slight price recessions have occurred in Bradford tops during the past month. Trading on the Continent continues rather quiet but shows some improvement over the July level. The French industries are still hampered by the social insurance strike which is but partially settled.

There was an increase in the total amount of wool tops and yarn passing through conditioning houses at Bradford from May through July when the amount exceeded that of last year. This recovery followed the settlement of the wool textile workers' strike. In August, however, the total again dropped below that of last year. During the Bradford strike considerable business was transferred to the Continent. As a result the total amount of materials passing through conditioning houses at Roubaix and Tourcoing and at Verviers was higher in May than it was last year. But since May the figures for Roubaix and Tourcoing have shown a marked falling off this year in contrast to the steady increase after May last year. At Verviers there was a decrease in June and July to levels below
those of last year, and the slight improvement in August was not quite as large as occurred last year. This general falling off in activity appears to reflect the general demand conditions responsible for the weakness in Bradford tops prices.

The Australian wool clip will probably be slightly less than last year, but the total Southern Hemisphere clip is not expected to be much different from the last year's large clip. Stocks of last year's wool in the primary markets in the Southern Hemisphere have moved out rapidly in recent months and information is not available to show just where they have gone. Some of it is undoubtedly still in ocean transit and should appear shortly in the import figures of various countries. Probably a large part of this wool will be offered in the London Auction sales which open September 18.

COTTON

The sharp decline in cotton prices during August resulted in the lowest daily market price since June 1921 and the lowest monthly average since September 1915. During the last of August and the first of September prices moved irregularly. Last season the world consumption of American and Egyptian cotton was reduced but most of this reduction was offset by increased consumption of the cheaper Indian and sundries cottons. The reduction in consumption took place in the United States and European countries, where it was most noticeable and left larger than usual stocks to be carried over in the United States. Stocks of Indian cotton have been reduced, however, and stocks of American cotton outside the United States are lower than last year, so that the total world supply of American cotton is smaller than in 1927-28. Mill activity and consumption of raw cotton both in the United States and abroad continue low. Production, sales and unfilled orders of standard cotton cloth improved during August, but are still low. The crop movement is earlier than last year and exports of raw cotton are above last year.

The August decline in cotton prices took the price of Middling 7/8 inch cotton at the ton markets to 10.10 cents per pound on August 18 which is 1.31 cents per pound below the price on August 1, 2.28 cents below the quotation on August 8, and is the lowest since June 1921. Since the low point of August 18 the price movement has been irregular. The average of the 10 markets for August was 10.63 cents compared with 12.21 cents for July, 18.04 cents for August 1929, and is the lowest monthly average since September 1915. The average farm price on August 15 was 11.4 cents, .4 cents below July 15, 6.6 cents below August 15, 1929 and is the lowest since November 1928.

The Crop Reporting Board estimated that on September 1 the condition of the 1930 cotton crop indicated a production of 14,340,000 bales of 500 pound, gross weight. This is 22,000 bales lower than were in prospect a month earlier, 488,000 bales less than last year's crop, and 688,000 bales less than the average crop of the five years, 1924 to 1928. The decrease of 22,000 bales in the September forecast as compared with that of August was due principally to the reduced prospects in Texas, Oklahoma, Arkansas and Tennessee, which more than offset the improved conditions in the eastern part of the belt. This deterioration in the cotton crop in some states and the improvement in others during August was largely the result
of weather conditions. It is reported the present prospect is that the total loss from weevils this year will be less than any year since all states in the cotton belt proper became infested with weevils, except 1925. In that year reported reduction from a full yield due to weevils was 4.1 per cent. The Bureau of the Census reports ginning of the 1930-31 crop prior to September 1, 1930 at 1,878,253 bales compared with 1,568,434 bales, and 956,577 bales ginned to the corresponding date in 1929 and 1928 respectively.

Last month it was pointed out that the prospective supply of American cotton in the United States for the 1930-31 season to be 18,684,000 which is reduced by the latest crop estimate to 18,662,000 bales. Supplies in this country for earlier years were 16,958,000 bales, 16,904,000 bales in 1928-29, and 21,391,000 bales in 1926-27.

Domestic consumption of raw cotton during August, fell to 352,335 running bales, 26,500 bales below July, and 206,000 bales below August 1929. August consumption was the lowest for any month since July 1924 and was the lowest August consumption on the records which extend to 1912. The world mill consumption of American cotton for the year ended July 31, 1930 amounted to 13,025,000 running bales compared with 15,076,000 bales the previous year, a decrease of 13.6 per cent, according to a late report from the International Federation of Master Cotton Spinners' and Manufacturers Association. The decrease in the world mill consumption of all growths amounted to only 4.2 per cent in terms of uniform bales and of Egyptian 5.3 per cent, while the total mill consumption of Indian cotton increased 17.6 per cent, and the indications are that the stocks of Indian cotton are low which is probably responsible for the relatively stronger price of Indian cotton when compared with American. This relationship is more favorable to the consumption of American cotton than at any time since early March.

The weekly average production of cotton cloth during August amounted to 43.8 million yards according to the Association of Cotton Textile Merchants of New York. This compares with a weekly average during July of 41.5 million yards and 61.5 million yards during August 1929. Sales of cotton cloth made another gain during August with the weekly average amounting to 47.0 million yards which compares with 45.0 million yards during July, 32.5 million yards during June, and 62.5 million yards during August last year. Stocks at the end of August were 12.5 million yards less than at the end of July but 78.9 million yards above August 1929. Unfilled orders while 1.8 per cent above July are still very low.

Exports of raw cotton during August amounted to 366,000 bales, an increase of 190,000 bales over July and 140,000 bales over August 1929. Exports of cotton textiles from Great Britain during August were lower than during July and were lowest for the month since 1919. Textile activity outside the United States on the whole is still low though slight improvements have taken place in some of the central European countries.