The general average of farm prices declined sharply during May due largely to lower prices of cotton and livestock and livestock products. On May 15 the index of prices received by farmers at 86 was 5 points lower than on April 15 and 38 points lower than on May 15 last year. Prices of farm products at the central markets continued to decline after May 15, and although there was some recovery in livestock prices during the first part of June, the average of prices received by farmers during June will probably be below that for May.

The outstanding features of the recent price declines are: cotton at the spot markets fell below 8 cents per pound by the first week of June; the average price of beef steers went below $7.00 per hundred pounds, and of hogs below $6.00 at Chicago. Compared with pre-war levels, the commodities where supplies are relatively light, make the better showing. According to May 15 farm prices of potatoes, apples, cattle, lambs and chickens were still above the average of pre-war prices while others range all the way down to about 50 per cent of pre-war prices.

GENERAL COMMODITY PRICE LEVEL

Wholesale commodity prices continued to decline during May and the first part of June. According to the Annalist weekly index the recent declines have brought the wholesale commodity price level practically down to the pre-war average. On June 2 the weekly index at 100.4 per cent of pre-war prices was 4 points lower than on May 5 and 7 points lower than on April 7. A year ago the index stood at 132.3. During the month between May 5 and June 2 farm product prices declined 7 points to 86.3, food products 4 points to 107.0, textile products 2 points to 95.4, metal products 1 point to 101.3 and building material 2 points to 119.1. Prices of fuels and chemicals remained practically unchanged during May.

The price declines so far this year substantiate the forecasts made by some during the past few years that commodity prices would return to pre-war levels though the return has been much sooner than was generally expected. Since June 1929 prices of farm products declined at least 33 per cent and non-agricultural prices declined 21 per cent. The trend of agricultural prices for the rest of this year will depend to a large extent on the outturn of crops in the United States and abroad this year. While the condition of several crops on June 1 was below average there is little probability of any shortage in crop production in the United States this year unless generally unfavorable weather conditions should develop. Prices for livestock and dairy products and eggs are likely to show some seasonal advance depending on the rate of recovery in consumer purchasing power. On the other hand the prices of non-agricultural commodities will depend to some extent on the course of industrial activity. So far this year they have continued to decline even
though industrial activity advanced nearly 10 per cent by April above the low levels of last December. Should the current weakness in industrial activity (discussed below) be followed by further improvement in the late summer and fall months, non-agricultural prices are likely to become stabilized.

BUSINESS CONDITIONS

The gain in industrial activity during the first four months of the year was apparently maintained during May although some basic industries showed recessions. The money incomes of consumers, judging from factory employment and payrolls, though on a slightly higher level than that of last December and January is not likely to change materially during the next few weeks.

Industrial activity, as measured by the output of factories and mines advanced nearly 10 per cent from the low level of last December to April as shown by the rise in the Federal Reserve Board index from 82 to 90. It remained nearly at that level during May when more than seasonal reductions in steel and pig iron output were about offset by more than seasonal advances in other industries, such as automobiles and textiles. Building activity continues at the lowest level of this depression and the value of department store sales failed to maintain during May the sharp advance of April.

Stock prices declined considerably during May. According to the Dow-Jones index, 30 industrial stock prices declined from 151.6 on May 11 to 121.7 on June 2 to the lowest level since the first part of 1925 but averaged higher at 129.9 on June 6. Interest rates on commercial paper at New York also declined to about 2 per cent by the end of May as gold imports increased and commercial demand for credit remained low.

Such production and price trends as are available for the last part of May and the first part of June indicate that the noticeable advance in industrial production made during the first five months of this year may not be continued during June and July. Steel production has continued to decline. Automobile production is also reported to have been reduced, and car loadings have declined more than usual. But some irregularity after the advance already made would be in line with the early stages of revival from other major depressions. For this reason farm producers may consider any recession in demand accompanying such a slowing up of business activity as likely to be only temporary.

WHEAT

Cash wheat prices at United States markets were steady during May and averaged slightly higher than in April. At Liverpool and Winnipeg prices rose during the first half of the month and declined during the second half, the average prices for May being practically the same as for April. Early in June there was a sharp decline in cash prices which was followed by a recovery in the prices of bread wheat in the central and eastern States back to about their former levels. Readjustments between cash prices in United States and foreign markets seems likely in the next few weeks, especially after new wheat begins to move to market in volume. At the
beginning of a new harvest season the new wheat usually sells at some
discount in relation to the old wheat of good milling quality. Readjust-
ments in the prices of cash wheat between domestic and foreign markets
may take place through either, or both, some improvement in foreign
market prices and some decline in domestic market prices. It is to be
expected that the wheat market will continue to be burdened by extremely
large current stocks, but the importance of new-crop prospects is increasing
as the season progresses. Present indications point to a crop in the
Northern Hemisphere outside Russia and China, somewhat smaller than last
year. Adverse crop conditions in the spring wheat regions of Canada and
the United States have recently had a tendency to strengthen prices in
foreign markets.

The May 15 farm price for the United States was 59.9 cents per bushel
compared with 59.2 cents for April 15. The average price of car-lot sales
of all classes and grades of wheat at the 6 principal markets was 75.5 cents
per bushel - 1 cent higher than the average for the previous month. Through-
out May, cash prices in United States markets continued steady under the
influence of stabilization operations, but early in June prices declined
somewhat, the average price of all classes and grades declining to 71.0 cents
for the week ended June 5. Comparisons for the weeks ended May 29 and
June 5 respectively are as follows: No. 2 Hard Winter at Kansas City, 73.0
and 72.5 cents; No. 1 Dark Northern Spring at Minneapolis, 80.9 and 75.4
cents; No. 2 Amber Durum at Minneapolis 77.1 and 69.3 cents; No. 2 Red Winter
at St. Louis 78.6 and 75.6 cents per bushel. During the second week of
June prices of hard red winter, soft red winter, and hard red spring wheat
advanced sharply at the principal markets west of the Rocky Mountains.

Stocks of old wheat, July 1, in the world outside Russia and China
appear likely to be larger than last year and about as large as on July 1,
1929. In the United States, Canada, Argentina and Australia, stocks on June
1 appear to be considerably larger than last year and slightly larger than
in 1929. Both in the importing and exporting countries of Europe (outside
Russia) stocks appear to be much smaller than in 1929. The July 1 carry-
over of the world outside Russia and China is somewhat uncertain due to
uncertainty as to Russian shipments during the next few weeks. The amount
of carry-over in Russia remains entirely uncertain though it is expected to
be larger than last year and may be larger than in 1929.

The prospect for the world wheat crop of 1931 is uncertain, but present
indications point to a crop smaller than last year for the world outside
Russia and China. Estimated acreages of winter wheat together with intended
acreages of spring wheat in United States and Canada point to a reduction of
acreage in the Northern Hemisphere (outside Russia and China) of 2 per cent.
In addition, smaller acreages appear to be assured in Australia and likely
in Argentina. In the United States, the condition of winter wheat is
excellent and a crop of 649 million bushels is indicated by June 1 conditions
compared with a crop of 604 million harvested last year. This increase,
however, is expected to be more than offset by smaller crops of spring wheat
in the United States and Canada. Farmers have reported intentions to reduce
acreage of spring wheat in both the United States and Canada and June 1
conditions in both countries are the lowest on record. Conditions in Europe
also appear to be poorer than last year. Germany reports poorer conditions
than last year and Agricultural Attaché Michael at Belgrade indicates that
the crop of the four countries of the Danube Basin will probably be from 30
to 40 million bushels less than last year. In India the 1931 crop is estimated
to be 42 million bushels smaller than that of last year.

Information as to Russian prospects is meagre. The area seeded to
spring wheat up to June 1 is reported to be 54.6 million acres. This is
6.9 million acres more than was reported sown up to June 1 of last year
and is nearly as large as the total spring wheat acreage reported for last year.
Winter wheat acreage has previously been reported to have been materially
increased. Conditions of both the winter and spring crops appear to be about
average, but it is hardly to be expected that yields will be as good as
last year when they were unusually high.

If a world crop smaller than that of last year should materialize,
there may be some improvement in world market prices in the latter part of the
1931-32 season as compared with the early part. The extremely heavy world
carry-over may be expected to have an especially depressing effect upon early
season prices. It should be borne in mind, however, that developments as to
Russian exports will have an important bearing upon the course of world prices
during the season and that indications as to the probable volume of such
exports during the 1931-32 season are at the present time almost wholly lack­
ing. There are also other factors which are now uncertain and which will
affect the course of prices during the season. These include the relative size
of the crop as between importing and exporting countries and as between the
Northern and Southern Hemispheres and also developments as to business condi­
tions in various parts of the world.

In United States markets, cash prices, especially those of hard winter
wheat, may be expected to undergo considerable readjustments as compared with
world price levels, in the next few weeks. During the week ended June 5,
No. 2 Hard Winter at Kansas City averaged 72.5 cents per bushel and sales of
parcels at British markets apparently averaged between 65 and 70 cents per
bushel. Under normal conditions when the United States has a large export­
able surplus of hard winter wheat, prices of No. 2 Hard Winter at Kansas City
during midsummer and early fall generally average about 20 or more cents per
bushel lower than the average of British parcels.

The relation of prices of hard spring and soft winter wheats to hard
winters depends largely upon the relative production of these classes, but No.
1 Dark Northern Spring at Minneapolis and No. 2 Red Winter at St. Louis are
almost always somewhat higher in price than No. 2 Hard Winter at Kansas City.
With a production of 402 million bushels of hard red winter wheat in prospect
compared with 366 million bushels last year, and with early indications point­
ing to a relatively short crop of hard red spring wheat, the price of No. 1
Dark Northern Spring wheat at Minneapolis may be expected to average higher
than that of No. 2 Hard Winter at Kansas City during the coming season. The
crop of soft winter wheat is indicated by June 1 conditions to be about
208 million bushels. Such a crop would be the largest of this class of wheat
harvested since 1926 and nearly 14 million bushels larger than that of last
year and would probably result in No. 2 Red Winter wheat at St. Louis
averaging only a little above the price of No. 2 Hard Winter at Kansas City.
CORN

Corn prices averaged a little lower in May than in April. During the first half of May prices strengthened, but this was followed by a decline which brought them down nearly to early May levels by the close of the month. Both stocks and the rate of consumption continue at a low level with little to indicate the prospect of a marked change in prices either up or down before fall.

The United States average farm price as of May 15 was 56.3 cents per bushel, compared with 57.7 cents a month previous. At the principal terminal markets also, prices averaged lower in May than in April, the weighted average price of all classes and grades at 5 markets being 54.4 cents compared with 56.3 cents per bushel for the previous month. No. 3 Yellow Corn at Chicago averaged 54.3 cents for the week ended May 1 and was higher for each of the two following weeks, averaging 59.1 cents per bushel the week ended May 15. It then declined to 56.1 and 55.0 cents per bushel respectively for the last two weeks of May, while for the week ended June 5 it averaged 55.3 cents.

Commercial stocks as of June 6 amounted to 10.9 million bushels which was practically the same as on the corresponding date of last year and about half as large as the average for the corresponding date of the past four years. Receipts at the 14 primary markets continue at a very low level, amounting to 10.8 million bushels for May compared with 16.4 million last year and an average for the past five years of 15.3 million. For the months November to May inclusive receipts have amounted to 132.3 million bushels this year against 170.6 million last year and a 5-year average of 174.2 million bushels.

Industrial utilization, as indicated by wet process grindings, continues at a level considerably below last year. Grindings during May amounted to 5.6 million bushels compared with 6.6 million last year and an average for the five years from 1926 to 1930 of 6.4 million bushels. For the period November to May inclusive grindings have totaled 38.8 million bushels during the current season against 46.0 million last season and an average of 49.2 million for the past five seasons.

With commercial stocks at low levels, corn prices are expected to continue somewhat sensitive to the volume of receipts. Both farm and industrial utilization are likely to continue through the remainder of the present season at a relatively low level, but with farm and market supplies at a low level no marked decline seems likely before fall even though new crop prospects should continue favorable. However, it should be borne in mind that, although corn prices are at very low levels compared with recent years, they are at high prices compared with those at which wheat is expected to sell this summer. Under these conditions a marked shortage of supplies would have to develop this summer to cause any material rise of prices to be warranted. New crop prospects will, of course, have some bearing upon the outlook for prices, but it is still too early in the season for those to be very significant.
POTATOES

The average of prices received by producers for potatoes throughout the country at 37 cents per bushel on May 15 was 4 cents lower than on April 15 and 63 cents lower than on May 15 last year. The advances shown in April failed to hold, apparently because of abundant supplies of old crop potatoes, rapidly increasing shipments from the early States and prospects for a substantial increase in production in the second early States. Prices declined generally throughout the country between April 15 and May 15 except in the West North Central States. Since May 15 there have been further declines in the market prices of both old and new crop potatoes.

Prices of old crop potatoes at New York declined from $2.03 per 100 pounds (Groen Mountain, sacked) during the first week of May to $1.97 during the last week. On June 6, they had fallen to $1.57. Prices of new crop potatoes declined during the first three weeks of May from $3.61 per 100 pounds to $2.31 and after a moderate recovery, declined further to $1.30 on June 6. On the Chicago market, old crop potatoes (Round white, Wisconsin) declined from $1.56 to $1.19 per 100 pounds during the month and remained practically at that level during the first week of June. New crop potatoes on the Chicago market declined continuously from $4.02 during the first week of May to $1.58 during the first week of June.

The unusual weakness in potato prices in recent weeks compared with prices last year appears to be due to more abundant supplies carried over from the old crop, larger supplies of new crop potatoes and a much lower level of consumer incomes. Last year, shipments of old crop potatoes from the northern States amounted to 2,546 cars for the week ended May 3 and then declined seasonally to 1,071 during the week ended June 7. This year they amounted to 3,862 for the week ended May 2, and 1,027 for the week of June 6, the excess over last year's shipments continuing throughout the month of May. Shipments from the early producing States for the week of May 2 this year at 1,544 cars were only slightly higher than during the comparable week last year and were maintained at about last year's volume during the following three weeks, but by the end of the month and during the first week of June they greatly exceeded the comparable shipments of last year. For the week ended June 6, shipments had advanced rapidly to 6,205 cars compared with 4,739 cars last year, an excess of about 30 per cent. According to the latest crop report the early crop in ten southern States continues to show a very favorable prospect with average condition reported on June 1, 80.5 of normal compared with 71.1 in June 1 last year. Excellent yields are reported or expected, particularly in the Atlantic Coast States. The commercial or shipping portion of the early potato crop in the second early States is estimated at 21,396,000 bushels or 11 per cent greater than in 1930, while in the five intermediate States the crop is forecast at 10,691,000 bushels or 3 per cent more than last year's crop.

Although the current and prospective supplies this summer are somewhat below the record supplies of 1928, the continuation of low consumer incomes and the generally lower level of food prices make the prospects for the course of prices this summer more nearly like that which developed during 1928 when new crop potatoes at Chicago declined from an average of $2.34 per 100 pounds for May to $1.74 for June and $1.15 for July. This year's average for May was $2.75 and so for in June $1.58 or about 20 cents per 100 pounds lower than the comparable prices in 1928.
Prices of southern milled rice at New Orleans during the past month averaged about 5 cents per hundred pounds lower than for the previous month. Fancy Blue Rose was quoted at $3.40 per hundred pounds on June 12. Prices at other southern markets continued practically unchanged. American rice prices in European markets registered a slight advance during the past two weeks. Rough rice prices in the Southern Belt have been generally steady during the month. Prices for the remainder of the crop year are likely to remain at about present levels.

Receipts at mills of southern rough rice during May amounted to 520,000 barrels which was about 40,000 barrels lower than the April movement, but considerably above the normal May receipts. Stocks of rough and milled rice in hands of mills on June 1 amounted to 1,278,000 barrels (or pockets) which is about equal to the average on that date for the previous five years. The movement of southern milled rice into consuming channels during May totaled about 61 million pounds as compared with 77 million during April and 57 million during May 1930. Total sales for the first ten months of the 1930-31 crop year amounted to 907 million pounds as compared with 902 million for the corresponding period last year.

The export movement has accounted for about 20 per cent of those sales, shipments to Porto Rico a little less than 18 per cent, leaving about 62 per cent that has been taken by domestic markets. This distribution of sales is approximately the same as for the corresponding period in 1929-30. If rice prices continue at present levels during the remainder of the 1930-31 season it is likely that sales of southern rice for the crop year will exceed those of 1929-30. Domestic sales for the crop year are likely to exceed those of last year whereas exports will probably fall short of those of last year by a relatively small amount.

Prices of fancy California-Japan rice at San Francisco during the month ended June 15 have held steady at from $3.70 to $3.90 per hundred pounds. Those prices are not expected to change materially during the next few weeks. The takings of Hawaiian buyers have fallen off during the past week but the movement of California rice to this market for the crop year to date has been well above that of the corresponding period for any previous year. Exports to Canada during the past month have been very small and Japan has been taking only limited quantities. Reports indicate moderately heavy holdings by mills with stocks in first hands becoming rather low.

HOGS

Hog prices declined through May and established new post-war lows during the first week in June, notwithstanding that slaughter supplies were the smallest for May in five years. Unusually weak demand conditions in this country and abroad continue to make it difficult to move hog products into consumption except at marked price reductions. Although hog slaughter for the remainder of the marketing year ending September 30 is indicated to be somewhat smaller than that of the same period last year, the domestic market will probably have to absorb larger supplies of hog products than last summer because of reduced exports and larger storage holdings.
Last year the weekly average of hog prices at Chicago held fairly steady around the $10 level from early March until about the middle of June. It then declined sharply to around $8.75 in late June and fluctuated between $8.50 and $9.00 until a seasonal rise got under way in early August. This year prices declined steadily from early April to the first week in June when the weekly average at Chicago was $5.94 and a new low for the post-war period was established. This low was made in spite of the fact that receipts at 7 markets that week were 27 per cent smaller than during the corresponding week last year. The daily top price at Chicago dropped to $6.20 on May 27, and was the lowest daily top since that of February 14, 1912 which also was $6.20. During the week ended June 13 prices recovered much of the May decline. The May average at Chicago was $6.53 compared with $7.26 in April and $10.00 in May, 1930 and was the lowest monthly average since December 1915. The price spread between different weights of butcher hogs at Chicago was greatly reduced during May and in the first week in June this range became the narrowest since last December.

Hog prices declined relatively more during May than did corn prices, with the result that the corn-hog ratio became less favorable. On the basis of Chicago prices the ratio for May was 11.6 as compared with 12.4 in April and 12.7 in May last year. The ratio based on farm prices for the United States declined from 12.0 on April 15 to 11.3 on May 15.

Fresh pork prices at New York advanced during the last half of April but declined sharply during May and held steady in the first week in June. The declines were relatively greater on light loins than on heavier ones which accounts in part for the narrowing of the spread between prices of heavy and light hogs. Prices of several cuts of cured pork at New York remained steady at the levels prevailing at the end of April but rather substantial declines were made on others. In general, the market for cured pork during May was relatively stable but prices in early June were from 15 to 40 per cent lower than those of a year earlier.

Federally inspected slaughter of hogs during May, amounting to 3,408,000 head, was 2.3 per cent smaller than in April and 10.8 per cent smaller than in May 1930. Although the reduction amounted to 414,000 head, part of this can be attributed to the fact that there was one less slaughter day in May this year as compared with May last year. Except for 1918, this is the only year in which May slaughter has been smaller than April slaughter. The 20-year average seasonal increase from April to May is about 11 per cent. The average live weight of hogs slaughtered during May was heavier than in May last year. Slaughter at 9 centers for the two weeks ended June 12 was 26 per cent smaller than that during the corresponding period in 1930 but it is hardly likely that total Federally inspected slaughter for the month will show so great a decrease.

A weak foreign demand for American hog products continues to characterize the export situation and gives no indication of early improvement. Total exports of pork in April were 43 per cent smaller than in April, 1930 and lard exports declined about 11 per cent. Loadings from the principal ports of the United States indicate that exports of pork products fell off even more in May, as lard shipments from those ports were a third smaller and the pork movement was about 56 per cent smaller than in May last year.
Total exports of hog products for the first four months of 1931 were 20 per cent smaller than those in the corresponding period last year despite an increase of 6.4 per cent in the production of pork and lard and a decrease of 1.2 per cent in the apparent consumption of these products.

Storage stocks of pork continue relatively large. Although the movement of all hog products out-of-storage in May was slightly larger than in May last year and exports were considerably smaller, the apparent domestic consumption was less than in May, 1930, since there was almost 11 per cent reduction in hog slaughter. Disappearance of pork and lard into consumptive channels during April was 7.6 per cent smaller than in April last year. Stocks of pork on June 1, amounting to 828 million pounds, were 5 per cent smaller than those of May 1, but were 23 per cent larger than those of June 1, 1930 and 10 per cent above the 5-year May 1 average. Lard stocks increased 7 million pounds, or 8 per cent during May. The total of 103 million pounds on June 1 was 10 per cent smaller than on June 1 last year, and 26 per cent smaller than the 5-year June 1 average.

The supply of hog products to be moved into consumptive channels during the remainder of the current hog-crop marketing year which ends September 30 will be one of the important factors that will determine the summer level of hog prices. During the four months, June to September, last year the total production of pork and lard from Federally inspected hog slaughter amounted to 2,240 million pounds, while apparent consumption totaled 2,241 million pounds. Exports of 284 million pounds about equalled the reduction in storage stocks which took place between the beginning of and the end of the period.

This year, storage stocks on June 1, exceeded those of the same date last year by 140 million pounds. If exports continue to show the same relative decrease as prevailed in the first four months, as seems very likely, this means 57 million pounds additional product to go into the supply for domestic consumption. The total supply represented by the present increase in storage stocks over last year and the probable decrease in exports from June 1 to September 30 is the equivalent of about 9 per cent of the total production and consumption of hog products from Federally inspected slaughter in the June to September period last year. If hog slaughter during this period this year, therefore, should be equal to that of the corresponding period last year the supply of products for domestic consumption is expected to be 9 per cent larger than that of last year. In order to keep the supply of hog products for domestic use as small as that of last summer a reduction in slaughter of about 1,100,000 head will be necessary. Although slaughter supplies this summer are expected to be less than last summer it is unlikely that the reduction in the June to September period will equal a million hogs. Hence if storage stocks at the end of the marketing year are to be reduced to the level of October 1, 1930, the domestic market probably will have to absorb larger supplies of hog products than it did last summer.
CATTLE

Prices of all classes and grades of cattle continued to decline during May and in the last week of the month nearly all classes were at the lowest level not only for the season but for all months since 1911. While the average price of all beef steers at Chicago for May at $7.30 did not go quite as low as in January 1922, the monthly average of the different grades of beef steers went below the lowest levels reached in 1922, when cattle prices were at the lowest levels from 1911 to that date. The declines in the weekly average prices at Chicago during May amounted to $1.60 on choice steers, $1.39 on good, $1.00 on medium and $.97 on common. Somewhat similar declines were made in the prices of different grades of butcher cattle.

From the first week in January to the last week in May the decline in the weekly average of choice steers amounted to about $5.00, of good steers to $4.00, of medium steers to $2.40 and of common to $1.60. The declines on the better grades were in part seasonal but with the lower grades the sharp drop in the level of all cattle prices eliminated the seasonal advance usually shown during this period.

The drop in cattle prices in May was caused by the weakening consumer demand for beef as shown by declining retail and wholesale beef prices and not accompanied by unusually large supplies of cattle. Receipts at 7 leading markets and inspected slaughter of cattle during May were both 2 per cent larger than in May 1930 but were 5 per cent and 4 per cent respectively smaller than the 5-year May average. Receipts of beef steers at Chicago were about 5 per cent larger this May than last but the proportion of choice and good steers this year was about 52 per cent of the total, while last year it was only 41 per cent. The actual number of the two grades, while much above May last year, was considerably below the 5-year average for the month.

In the depression of 1921-22 the prices of choice and good steers at Chicago reached their lowest levels in May 1922. In that month the average price of choice steers was $8.80 and the number sold was over 14,000 head, in May this year the average price was $8.17 and the number sold was 9,500 head; of good steers in May 1922 the average price was $8.37 and the number sold was 66,000 while in May this year the average price was $7.52 and the number sold was 39,000. Total inspected slaughter in May 1922 was 702,000 head and in May this year it was 704,000 head. These figures give some measure of the effects of the two depressions on the prices of cattle in relation to the supply. During the first five months of 1922 the inspected slaughter of cattle was 2 per cent smaller than during the first five months of this year.

During the first week in June cattle prices made a rather marked recovery from the low point of the last week in May. This advance was due to sharply curtailed marketings and to the better demand from killers following the clearing up of the congested condition in the wholesale beef market.

It is probable that beef steer prices at the end of May reached the lowest levels of the present depression and that prices of other kinds of cattle that usually make a seasonal decline during the second half of the year will go but little if any below the low point of May. With short supplies of feed cattle in prospect for the next few months a seasonal advance of such cattle at least equal to the average advance is probable.
Following the sharp decline in butter prices during the latter part of April and early May, butter prices have remained relatively constant at a low level for the last three weeks. It is probable that butter prices are at about the low point of the season. Prices during the next few months will be influenced by pasture conditions. Although pastures were somewhat poorer on June 1 than a year ago, it is not likely that they will deteriorate as they did last year. With more cows on farms, prospects are for heavy production and with storage operators following a conservative policy in accumulating stocks, there is little prospect for a marked rise in prices during the summer months unless pastures conditions become so poor as to greatly curtail production.

The price of 92 score butter at New York during May of 23.7 cents was 2.4 cents less than in April and about 11 cents less than a year ago. Butter prices declined sharply during the latter half of April and the first part of May and reached a new low of 22.5 cents on May 11. Following this decline, there was a slight recovery and for the three weeks ended June 6 the price averaged 23.5 cents. The farm price of butterfat on May 15 of 21.2 cents was 5.2 cents less than on April 15, 15.3 cents less than a year earlier and 24 cents less than two years ago.

Production of creamery butter during the first four months of 1931 was 6.9 per cent larger than in the same months of 1930. The increase in April was also 6.9 per cent. May production, however, will probably not exceed last year by as large a percentage, as weekly reports of butter production during May indicated that in some regions production was less than during last May. Milk production per cow (in herds of crop correspondents) on June 1 of 17.6 pounds, was 3 per cent less than on June 1, 1930, while production on May 1 was only ½ of one per cent less. Dairy pasture conditions on June 1 were 77.9 per cent of normal the lowest for June since 1926, compared with a 10-year average of 84.7 and 80.4 last year. Pastures were poorest in the States from Michigan West and in California.

Retail prices of butter during the first four months of 1931 (as reported by the Bureau of Labor Statistics) were about 22 per cent less than a year earlier. The movement of butter into consumptive channels during the same period was only 2.4 per cent larger than a year earlier, and the April movement was less than 1 per cent larger. Even with the marked reduction in retail prices the movement of butter into consumptive channels has not been greatly stimulated and has not increased as much as creamery butter production during the first four months of 1931.

Cold storage holdings of creamery butter on June 1 of 35.3 million pounds were only about 70 per cent as large as a year ago but 17 per cent larger than the 5-year average. The not-into-storage movement during May amounted to about 18 million pounds, some 34 per cent less than last year and 5.5 per cent less than the 5-year average. This would seem to indicate that storage operators are following a conservative policy in accumulating storage stocks. In view of the price declines that occurred during the last
two years following the into-storage season and the general depression in business this policy is likely to be continued.

CHEESE

During the last half of May and early June cheese prices recovered somewhat from the low point reached during the first of May, largely as a result of the low production as compared with a year ago. Prices during the next few months will be affected by pasture conditions. But with storage operators following a conservative policy, no marked rise in prices is to be expected during the next few months, especially if pasture conditions should improve.

During May the average price of twins on the Wisconsin Cheese Exchange was 10.4 cents, 1.7 cents less than a month earlier, and the lowest price since May 1906. The low point of 10 cents per pound occurred on May 8 but by June 6 the price had advanced to 10.8 cents.

Cheese production during April was only 2.8 per cent less than last year, while production for the first four months of 1931 was 5.3 per cent less. During the first few months of 1931 production was exceptionally small. May production will probably be considerably smaller than last year since receipts at Wisconsin warehouses during May were 12 per cent less than a year ago as compared with only 3 per cent less in April.

Pastures in Wisconsin on June 1 were the poorest as of June 1 since 1907. The condition was reported as 69 per cent of normal as compared with 83 last year and a 10-year average of 84. Poor pastures and low prices have probably both been factors in causing the decrease in production as compared with last year. Unless there is an unusual improvement in pastures, June production may be less than last year as the condition of pasture in Wisconsin during June 1930 was about normal.

Even though retail prices (as reported by the Bureau of Labor Statistics) during the first four months of 1931 were about 16 per cent less than a year ago, trade output of cheese during the first four months of 1931 was 5.8 less.

Cold storage holdings of American cheese on June 1 of 42.5 million pounds were 14 per cent less than last year but 2 per cent larger than the 5-year average. The net-into-storage movement during May of 2.4 million pounds was only one-quarter as great as a year ago and about one-half as great as the 5-year average. The small into-storage movement during May was probably due in part to the low production as compared with a year ago, and in part to a conservative policy followed by storage operators in accumulating stocks.
EGGS

The price of eggs declined slightly during May under the influence of heavy receipts in the early part of the month. Present indications point to lighter receipts during the summer and fall than a year ago which, with present light storage stocks should result in a material rise in prices. Any improvement in consumptive demand would accentuate this tendency.

The price of fresh extras at New York during May averaged 20.0 cents as compared to 25.7 cents a year ago. Fresh firsts averaged 18.0 and 18.9 cents, respectively, for regular and storage packed, approximately 5.7 cents below last year's prices. The decline since April in each of these grades was about a cent. The farm price of eggs dropped from 16.2 cents on April 15 to 13.3 cents on May 15 and was 6.7 cents below the May 1930 price. The usual course of egg prices is a gradual rise in the summer terminating in a more rapid advance in the fall and early winter.

Receipts of eggs at the four markets during May, while heavy early in the month, were the lightest since 1926, being 2,163,000 cases, as compared to 2,293,000 cases a year ago. While receipts since January 1 are about the same as for the same period in 1930, due to heavy marketings in January and February, they are about 5 per cent or 320,000 cases less than a year ago for the period March, April and May. With fewer layers reported in the farm flocks and with reduced commercial hatchings this reduction in production is likely to continue.

Cold storage holdings of case eggs on June 1 were 7,661,000 cases as compared to 9,173,000 cases a year ago and a 5-year average of 8,050,000 cases. The net into-storage movement for the month this year was 2,707,000 cases as compared to 3,412,000 cases in May 1930, indicating some improvement in consumption. Since storage holdings on June 1 were 1,297,000 cases less than for June 1, 1930, as compared to a difference of 522,000 cases on May 1, and since receipts are likely to continue below last year it does not seem probable that storage stocks will be excessive when the peak is reached in August. Last year it was the exceptionally large supply of storage eggs that prevented the fall and winter market from developing its usual strength.

POULTRY

The seasonal decline in the farm price of chickens began in May, with receipts probably being at the seasonal low point of the year. With relatively small numbers of chickens reported on farms, fewer hatchings than a year ago, and low storage stocks the price decline is likely to be halted by any material improvement in consumer demand.

The farm price of chickens on May 15 was 15.9 cents, a drop of .8 cent since April 15. As compared with last year there has been some improvement, the May 15 price being but 4.1 cents below May 1250 while March and April prices were 4.5 and 4.4 cents, respectively, below the corresponding months of 1930. The usual course of chicken prices through the remainder of the year is downward.
Receipts of dressed poultry at the four markets during May were 17.0 million pounds, about the same as the month before but the lowest May figure in five years, and 4.6 million pounds below a year ago. The number of hens and pullets on farms are reported to be about 5 per cent fewer than last year. Commercial hatchings this spring have been much below those of 1930 and the number of young chicks on farms May 1 were reported to be 20 per cent less than at the same time last year. It does not seem likely, therefore, that receipts will be as heavy as last year during the seasonal increase now beginning.

Cold storage stocks of frozen poultry on June 1 are the lowest since 1920, being 35.3 million pounds as compared to 61.2 million pounds a year ago. While the net reduction in stocks since May 1 of 10.6 million pounds is smaller than in 1930, 16.2 million pounds, the percentage reduction is greater, 23 per cent as compared to 21 per cent in 1930. With those low stocks any improvement in consumptive demand would tend to check the decline in price caused by moderate seasonal increase in receipts.

**LAMBS**

Lamb prices were fairly steady during the first half of May at the level prevailing during April, but weakened during the last half of the month. This weakness continued into June with a sharp break at the end of the first week and further declines during the second week of that month. During this period of decline the movement of prices at different markets showed quite unusual fluctuations, due in part to the wide variety in the character of the supplies as among these markets, and to the unusually large movements both between markets and direct to slaughterers.

At the end of May the weekly average of good and choice shorn fed yearling lambs at Chicago was about $9.30 compared to $10.12 for the same date in 1930; of good and choice spring lambs it was $9.75 compared to $12.55 a year earlier. The May average for good and choice fed lambs was $8.84 compared with $9.35 for April and $9.82 for May 1930. This May average was the lowest for the month since 1914.

As a result of the heavy marketings of Texas sheep in May the price of fat ewes declined sharply during the month. At the end of May the top on fat ewes at Chicago was about $3.00 and at the Missouri River markets about $2.50 with the bulk of the ewes selling at $2.00. Aged fat wethers at Kansas City were selling from $2.25 to $3.00 and at Ft. Worth from $2.00 to $2.50. These prices on ewes and wethers are probably the lowest for the season of the year that have prevailed during the present century and are about as low as reached during the depression years of 1894 and 1896 when they were the lowest shown by records of the Chicago market since 1878.

Supplies of sheep and lambs during May continued large. Receipts at 7 leading markets were 10 per cent larger than in May 1930 and inspected slaughter was 5 per cent larger and the largest for May on record. The increase this year over last was due to the heavy supplies of Texas sheep, the slaughter of lambs in May this year being smaller than in May, 1930. Supplies of both fed lambs and spring lambs at middle western markets were smaller this year than last, the decrease in the latter being due to the smaller receipts of California and Arizona lambs. The movement of southeastern
spring lambs to eastern markets was larger in May this year than last.

Continued liberal supplies of lambs during June and July are in prospect, although the sharp drop in prices early in June may tend to delay somewhat shipments from Idaho and Washington. In addition to supplies from areas that usually market during these months there is likely to be a heavy movement of spring lambs from Texas. The exceptional feed situation in that State has resulted in an early development of this year's lambs, many of which are in slaughter condition, whereas in most years they only develop into feeding lambs.

WOOL

Wool prices in domestic markets declined moderately during May and the early part of June. Receipts at Boston since the first of the year have been materially larger than a year ago, while imports have been only a little over half as large as last year. Consumption has increased steadily since the beginning of the year and in April was the largest since October 1929. Consumption of domestic wool has been especially large exceeding the 5-year average for the four months period by 13.4 per cent. Activity in foreign countries, on the other hand, has continued at low levels, with sales small in spite of frequent price reductions.

The Boston wool market was quiet throughout May and the early part of June. Prices of wool the first week of June were lower than those of a month earlier on all lines except low quarter blood and common and braid. Ohio and similar grease wools were quoted generally at 1 cent a pound below the early May prices while declines in Fleece and Territory wools ranged from 1 to 4 cents a pound on a scoured basis. For the week ended June 6, fine strictly combing Territory wool scoured basis was 61.5 cents per pound compared with 63.5 cents per pound on May 2. Territory wool 3/8 blood (56s) scoured basis, was 46.5 cents per pound on June 6 compared with 49.5 cents on May 2. The farm price of wool on May 15, 1931 was 14.4 cents per pound compared with 15.6 cents per pound on April 15 and 19.6 cents per pound on May 15, 1930.

There is little activity in foreign wool markets at the present time. The London sales are now closed until July 7 and sales in Southern Hemisphere centers are chiefly of a clearing-up nature as the regular selling season has ended. Depression continues in the Bradford wool industry. Home consumption is below normal and exports of woolen and worsted tissues from the United Kingdom during the first four months of the present year were smaller than for any similar period during the post-war years. Under these circumstances manufacturers of tops and yarn have found it impossible to maintain prices and frequent reductions have been reported during the past two months.
Receipts of domestic wool at Boston are increasing as the new marketing season advances and are above those of last year. Receipts for May 1931 were 28.6 million pounds compared with 11.3 million pounds received in April and 18.9 million pounds received in May 1930. Total receipts of domestic wool at Boston from January 1 to May 30 of the present year were approximately 56 million pounds compared with 45 million pounds received during the same period of 1930. This was an increase of 24 per cent. With larger supplies of domestic wool available and consumption lower in the past year, the domestic demand for foreign wool has been reduced. The result has been that domestic prices have followed foreign prices downward gradually and the margin of domestic over foreign prices has kept below a point that would attract large imports. Imports of combing and clothing wool for the first four months of 1931 were only 23,495,000 pounds compared with 40,469,000 pounds imported during the same period of 1930 or a decrease of 42 per cent and were 63 per cent below the imports for the first four months of 1929 which amounted to 63,394,000 pounds. The normal period of heavy importation is now past and with a large domestic clip coming on the market it does not seem probable that imports will show much increase during the remainder of the year unless United States prices advance considerably without a similar advance in foreign prices.

An important feature of the United States wool situation in recent months has been the large increase in the consumption of domestic wool by United States manufacturers. Consumption of domestic wool for the first four months of 1931 by manufacturers representing about 80 per cent of the industry showed an increase of 13.6 million pounds or 18.2 per cent over that of the same period of 1930 and was 13.4 per cent above the average for that period for the years 1926-1930. This increase in consumption of domestic wool over last year more than offsets the decline of 9.9 million pounds in the consumption of foreign wool and reported consumption of all wools for the first four months of 1931 was 3.7 million pounds or 2.7 per cent greater than that reported for the same months of 1930. Consumption increased steadily during the first four months of 1931 and in April it was the largest since October 1929. The reported total for January 1 - April 30, 1931 was 141,195,000 pounds compared with 137,468,000 pounds in 1930 but was 6.8 per cent below the average of 154,741,000 pounds for the five years 1926-1930. Consumption of domestic wool reported from January 1 - April 30, 1931 was 88,292,000 pounds compared with 74,651,000 pounds consumed during the first four months of 1930 and an average of 77,644,000 pounds for this period in the years 1926-1930.

Prospects for the 1931 clip in Northern Hemisphere countries remain unchanged and production in those countries is expected to be slightly larger than that of last year. Seasonal conditions in the Southern Hemisphere have recently shown some improvement, especially in Australia and the Union of South Africa. Shipments from Southern Hemisphere countries during the present season have been much heavier than those of last season and carry-over at the end of the present export season is expected to be about normal except in New Zealand where stocks are still large.
COTTON

During the first week of June, cotton prices declined to the lowest point since 1915, when the average at the 10 spot markets was below 8 cents per pound. By the last part of the second week, however, the price had recovered to slightly over 8 cents per pound. Domestic consumption of cotton during the nearly equaled that of May last year, but was lower than in April. The cotton textile business in foreign countries has been quiet, resulting in further curtailment of production on the Continent and in England. In Japan conditions have been more favorable and restrictions on yarn production have been reduced so that some increase in mill activity is likely. The apparent supply of American cotton in the United States on June 1 was approximately 2.2 million bales larger than on June 1, 1930.

After a temporary halt in the downward movement of cotton prices, the first part of May, the decline in prices was resumed and continued until on June 9, the average of the 10 markets for middling 7/8 inch was 7.62 cents. This was the lowest average price since before August, 1915, when the average of daily prices at the 10 markets was compiled. On June 9 the average price was 0.96 cents lower than on December 15 when the previous low point of the season was reached and was 2.94 cents lower than on March 4 when the average of the 10 markets was 10.56 cents. The average price received by farmers on May 15 was 8.8 cents, which was 0.5 cents below the price received on April 15; 5.7 cents below the price received on May 15 last year; and only 0.2 cents above the price received on January 15 which was the lowest since 1915.

The sales of commercial fertilizer, as measured by tag sales, in the nine important producing cotton states were 3,109,000 tons. This is a decrease of 30 per cent from the sales during the same period last year and the smallest since 1921. As most of the fertilizer sales occur before the end of May this is a pretty good indication of the decrease in the use of fertilizer this year.

The apparent supply of American cotton in the United States on June 1 was about 7.8 million bales compared with 5.6 million last year and 3.7 million two years ago. European port stocks of American cotton on June 5 were 340,000 bales larger than last year, according to the Commercial and Financial Chronicle.

The visible supply of foreign cotton was estimated to be 2,414,000 bales, a decrease of 233,000 bales from that on the same date last year but 177,000 bales more than on June 4, 1929. The greatest decrease was in Bombay where stocks were 310,000 bales less than at the same date in 1930. The decrease in stocks at Bombay reflects lower receipts. Exports from India have been practically as large this season as last. Stocks at Alexandria, Egypt are large, on the other hand, and exports are low. Imports of Egyptian cotton into the United States have been less than one-tenth as large as they were last year.
Domestic consumption of raw cotton during May of 466,000 running bales was 43,000 bales below April and 8,000 bales below May 1930, according to the Bureau of the Census. Total consumption for the season to May 31 amounted to 4,365,000 bales compared with 5,322,000 bales during the same period last year and 5,974,000 bales two years ago.

Exports of cotton during May were the largest for any May since 1928 so that total exports for the season to date are almost equal to those of the same time last season. Exports for May amounted to 336,000 bales compared with 209,000 in May 1930, and for the ten months they were 6,241,000 bales against 6,329,000 a year ago.

Foreign textile conditions have shown little improvement during the past month. Sales of yarn and cloth in England are very limited and output still curtailed. Textile mills in France are curtailing output and spinners are finding sales difficult. Stocks of cloth and yarn are increasing in Italy which points to a possible reduction in activity. Germany continues to curtail output by agreement. Conditions in the Orient are more favorable with some increase in mill activity in prospect.
Business Statistics Relating to Domestic Demand

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1/ Federal Reserve Board, 1923-1925=100. (1) adjusted for seasonal.

2/ Federal Reserve Board, 1923-1925 = 100, adjusted for seasonal.


5/ Weighted average of indexes for eight foreign countries—United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands, 1926 = 100.

6/ Commercial paper at New York, adjusted for seasonal.

7/ Dow-Jones index.