THE PRICE SITUATION, NOVEMBER 1931

FARM PRICES

The index of farm prices on October 15 was 68, or 4 points lower than on September 15, and compares with 106 on October 15 last year. All groups of commodities in the index declined with the exception of dairy and poultry products, prices of which followed the usual seasonal movement, advancing the index for this group from 93 on September 15 to 99 on October 15.

Since August, 1929, the index of farm prices has declined each month with the exception of April and September, 1930, and March 1931 when prices made only moderate advances. In August, 1929, the index was 143 so that the level of prices on October 15 at 68 was only 47.5 per cent of that of August 1929. From the second week in October to the first week in November market prices of several farm products advanced sharply especially grains and cotton, but grain prices declined sharply by the middle of November for example December wheat futures at Chicago advanced from 45 cents per bushel on October 5 to 66-7/8 cents on November 6 and then declined to 57 cents per bushel on the 14th.

GENERAL COMMODITY PRICE LEVEL

Recent advances in the wholesale prices of several farm products and petroleum have resulted in an increase in the Annalist's wholesale index from 99.9 on October 6 to 101.8 on November 3. During this period the index of farm products advanced from 81.4 to 87.6 and fuels advanced from 126.2 to 128.8. Prices of most other non-agricultural commodities continued to decline during October. The index of chemical prices on November 3 was 96.8 compared with 97.3 a month earlier while food prices declined from 113.5 to 111.2, textiles declined from 86.3 to 84.9, building material from 113.5 to 111.9 and metals from 100.5 to 100.1.

Although an upward trend in raw material prices while prices of manufactured goods continue to decline is typical of the turning point after a long period of declining prices, the movements of the past month have been confined to too few commodities to judge their significance as an indication of change in the trend of wholesale prices.

BUSINESS CONDITIONS

Although industrial production in many of the major lines of activity continued to decline during October more recent indications point to some pick-up in the production of iron and steel and automobiles. Steel operations showed slight increases during the first half of November and many automobile producers are now stepping up production preparatory to introducing new models. Several events during the past few weeks such
as the sharp advance in prices of some raw materials, the decline in the
number of bank failures, the falling off in the outflow of gold from the
United States and the recent election in England which demonstrated the
people's confidence in the present administration of that country, have
had a favorable effect upon business.

The Federal Reserve Board's index of industrial production averaged
76 in September compared with 80 in August and 87 in October last year.
Factory employment and payrolls also declined to new low levels in September.
In many industries the general decline in activity and employment which
occurred in September continued through October. Automobile production
reached unusually low levels in October as many producers have closed their
plants to prepare for the introduction of new models. Building activity
showed more than the usual seasonal decline. Steel and pigiron output and
electric power production as well as many other lines of activity were un-
favorably affected by the curtailment in those two major lines of activity.
Production of consumers goods on the other hand has continued at about the
same levels as in the earlier months.

Certain elements have appeared in the domestic business situation
during the past few weeks which tend toward a restoration of business con-
idence; among these are the organization of the National Credit Corporation
to strengthen banking conditions; a rise in certain commodity prices such
as cotton and wheat; and a rise in industrial stock prices. A good part of
the rise in stock market prices since the lowest level of this depression
reached on October 5, has been maintained and there has been a firming of
bond prices in recent weeks particularly the lower grade bonds which have
declined most in this depression. The advances in cotton and wheat prices
have given a measure of stability to the general level of commodity prices
by counteracting the declines in some commodities. They have also tended
to improve the purchasing power of wheat and cotton producers here and in
other producing countries and to affect favorably those banking conditions
which have become strained in the past year because of the low prices of
those and other commodities. The recent advance in silver prices has in-
creased the purchasing power in those countries which have a silver currency
and has given encouragement to many countries now off the gold standard.

WHEAT

Cash wheat prices in United States markets rose rapidly during most
of October and during the first week of November. For the week ended
October 9 the average price of all classes and grades of wheat at the
principal market was 52.8 cents, while for the week ended November 6 it was
69.3 cents per bushel. Most of the increase, however, took place during
the latter part of October and early November. The United States average
farm price as of October 15 was 36.1 cents per bushel compared with 35.7 a
month previous and 65.6 cents for October, 1930.
All of the principal markets shared in the price advance during October. No. 2 Hard Winter at Kansas City averaged 41.7 cents for the week ended October 9 and 59.7 cents for the week ended November 6. No. 1 Dark Northern Spring at Minneapolis advanced from an average of 69.1 cents for the week ended October 9 to 82.6 cents for the week ended November 6. The most striking advance was that of No. 2 Amber Durum, Minneapolis, from 71.7 cents for the first week of October to 93.1 cents for the first week of November.

No. 2 Red Winter at St. Louis advanced from 46.3 cents to 62.8 cents during the same period and western white at Seattle advanced from 53 cents to 66 cents.

The rise in prices has been attributed to various factors, but seems to have been largely due to increasing attention being paid to the supply situation and to an easing of the pressure of immediate supplies, rather than to any fundamental change in the outlook for supplies in the entire 1931-32 crop year. It has been evident for some months that the combination of an extremely large world carryover, large crops, and stringent import and milling restrictions in the importing countries of Europe, and a reduced acreage in the Southern Hemisphere would tend to make current supplies more burdensome in the early part than in the latter part of the 1931-32 season. However, weekly Russian shipments have shown a general downward tendency since mid-September and this has tended to confirm previous indications that the crop is smaller than in 1930.

Of outstanding importance in the price situation of recent months has been the indication that prices were lower than they need be in the long run to accomplish the necessary readjustment of the level of average world production to the level of consumption. Under such conditions the burdensomeness of current supplies has constituted the principal factor hindering improvement of prices. In the United States commercial stocks reached a peak early in September and have since been declining gradually. With this indication that the peak of storage requirements for the year was safely passed, there was less likelihood of material distressed sales of wheat for export from the United States. This, together with the decline in Russian shipments, eased the immediate supply situation in importing markets even though there was no significant change in the outlook for total supplies available for the 1931-32 crop year. Furthermore, reports of decreased winter wheat sowings and dry weather in the winter wheat regions of the United States have been generally interpreted as indicating the possibility of a small 1932 crop of winter wheat.

There have also been some factors indicating an improved demand situation for the crop year as a whole. Total shipments from the principal exporting countries from July 1 to November 7 amounted to 271 million bushels compared with 262 million during the corresponding period of last year despite decreased shipments to European countries. Non-European shipments from July 1 to October 24 amounted to 57 million bushels compared...
with 35 million last year. The decrease in the rate of shipments to Europe had been expected because of the larger crops of the importing countries of Europe, but it has not been generally anticipated that shipments to non-European countries would be so large. Despite their larger wheat crops, takeoffs of the importing countries have been well maintained due in part at least, to the small rye crop of Europe, together with the poorer quality of much of the European wheat crop. Shipments to Europe from July 1 to October 24 amounted to 201 million bushels compared with 214 millions in the corresponding period of 1930.

Prices in the United States advanced considerably more than at Liverpool in the rise of October and early November, resulting in the price of December futures at Liverpool being only a fraction of a cent per bushel higher than at Chicago on November 9. On that date, Chicago prices were about 3 cents per bushel above Winnipeg (when Winnipeg prices are converted on the basis of current exchange rates). This relatively greater strength of the United States market and the reluctance of other markets to follow the rise indicates that the main focal point of the speculative movement for higher prices was in the United States. On the 10th and 12th the rise was broken by sharp declines, Chicago December futures closing about 3 cents lower on the 10th and 5 cents on the 12th than they had closed on the 9th. Liverpool prices had also declined, December futures closing there at 65½ cents per bushel compared with 61½ cents at Chicago.

The outlook for domestic wheat prices during the next few months is very greatly dependent upon the development of crop conditions, especially the condition of the winter wheat crop in the United States. The small amount of rain in Kansas thus far this fall, it has been pointed out, suggests the possibility of small yields for the 1932 crop. However, the final effect of fall drought on the abandonment and condition of winter wheat is usually not known until the spring months. In addition, the outturn of the Southern Hemisphere crops, which are now about to be harvested, are of importance in the wheat situation. Present indications point to the crops of Argentina and Australia being between 50 million and 100 million bushels below last year.

CORN

Market prices of cash corn rose somewhat during October but averaged lower than in September due to the sharp decline which took place in the latter part of that month. During the first week of November there was a rapid further rise which was followed by a recession. The advance appears to have been due primarily to the improvement in wheat prices but as November 1 crop conditions indicated a slightly smaller crop than October 1 conditions, a part of the rise is also attributable to the change in crop prospects as October advanced.
The United States average farm price of corn as of October 15 was 33.4 cents per bushel compared with 43.2 cents a month earlier and 81.9 cents for October 1930. At the principal markets prices were similarly lower in October than in September, No. 3 Yellow at Chicago averaging 38.1 cents per bushel in October compared with 41.8 cents for the previous month. Market prices declined sharply during the latter half of September and early October, No. 3 Yellow at Chicago averaging 36.5 cents per bushel for the week ended October 9. There followed a fairly steady but small rise in the next three weeks to 38.4 cents for the week ended October 30. In the first week of November, however, there was a sharp rise which brought the average price of No. 3 Yellow at Chicago to 42.0 cents per bushel. Prices reached a high point on the 9th when December futures at Chicago closed at 47 cents but there was a recession on the two following market days, prices closing at 44 3/4 cents and 42 7/8 cents respectively, on the 10th and 12th.

Supplies of corn, while greatly in excess of those resulting from last year's short crop, are still somewhat below the average of recent years. The oats and berley crops are also smaller than the average of recent years so that despite a fairly large crop of grain sorghums, this year's supply of feed grains is with the exception of last year, the smallest of any year since 1924. Increasing numbers of hogs and cattle have been tending to increase the consumption of feed grains, but in the past year low prices of wheat relative to feed grains have resulted in heavy feeding of wheat. More recently corn prices have been declining relative to wheat and on October 15 there were but few States outside the Rocky mountain region for which the average farm price of corn was not lower than that of wheat.

November 1 conditions indicate the corn crop to be 2,674 million bushels. This is of course, greatly in excess of last year's crop, though slightly below the average for the five years 1925 to 1929 of 2,761 million bushels. Farm stocks of old corn as of November 1 are estimated at 93 million bushels while the visible supply is 7 millions. These indicate a total accounted for supply of 2,775 million bushels compared with 2,171 million last year and an average of 2,869 million bushels for the five years 1925 to 1929.

Total supplies of feed grains, including both carryover and the new crop, except in the case of sorghums for which carryover is not available, are as follows for the years 1921-22 to 1931-32.
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<th>Year</th>
<th>Corn 1,000 tons</th>
<th>Oats 1,000 tons</th>
<th>Barley 1,000 tons</th>
<th>Sorghum 1,000 tons</th>
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**Tobacco**

**Flue-cured**

Market prices for flue-cured tobacco weakened during October and early November. This appeared to be due partly to buyers' unwillingness to pay as much for certain grades as they had been paying and partly to the increasing proportion of "old belt" and the decreasing proportion of "new belt" tobacco being offered on the markets. Discrimination against the heavier bodied tobacco of the old belt sections of Virginia and North Carolina has been evident for several seasons and the demand for it this year has been smaller than usual. The general average of prices for all auction floor sales to November 1 was about 20 per cent below that of the same period for 1930, when prices averaged approximately 12.25 cents per pound.

Prices for some of the lower grades recently have been reported to be so low that they will not bring marketing charges with the result that farmers have stopped offering them for sale.

The total production of flue-cured tobacco for 1931 was estimated on November 1 at 687 million pounds. This is about 20 per cent less than the record crop of 1930 and the smallest production of flue-cured since 1926. The carryover on July 1, however, was 13 per cent greater than in 1930 so that the total supply this year is only about 6.5 per cent smaller than in 1930. The quality of the crop is reported to be lower than that of a year ago.

Consumption of products made from flue-cured tobacco recently has stopped increasing and begun to decline, both in this country and abroad. Sales of cigarette tax stamps in the United States started declining in July and for the quarter ended September 30 they were 8.3 per cent smaller than for the same months in 1930. The use of smoking tobacco apparently increased during this period but not enough to offset the decline in cigarettes. In the United Kingdom cigarette consumption for 1931 has been increasing very much less than usual, while the exports of manufactured cigarettes from that country have been about 33 per cent smaller than in 1930. Consequently, British manufacturers are using from 5 to 10 per cent
less flue-cured tobacco this year than last. The consumption of flue-cured products in Continental Europe is reported to be materially less in 1931 than in 1930. China, on the other hand, appears to have maintained her rate of increase in cigarette consumption, but due to unfavorable exchange and expansion in the production of flue-cured tobacco in China, imports from this country continue to be taken only at very low prices.

The movement of new crop leaf into export has been smaller than usual this season. For July, August, and September, exports totaled only 58 million pounds. This is 29 per cent less than the quantity exported for these months in 1930 and 10 per cent less than the 5-year average, 1925 to 1929. Buying for future export delivery thus far has been on a rather limited scale, apparently reflecting a continued weakness in foreign demand.

Fire-cured

Prices for Virginia fire-cured tobacco during the opening week of the season (beginning October 26) averaged 5.93 cents per pound. This is materially lower than the prices for 1930, when sales for the first month averaged 8.03 cents per pound, and it appears to have resulted from the larger supplies and reduced exports for this type. Quality this year is reported to be superior to 1930 when the crop was adversely affected by drought.

The indicated production in 1931, which was estimated on November 1 at 33 million pounds, is 43 per cent larger than in 1930 and also appreciably larger than in 1927, 1928, or 1929. The stocks on October 1 of 29 million pounds also were larger than in 1930, but smaller than for any other year since 1927. Due largely to declining exports the annual disappearance of this tobacco has been at relatively low levels for several years and the indicated 1931 production is approximately 50 per cent larger than the disappearance of either of the two previous seasons.

Markets for Kentucky and Tennessee fire-cured tobacco will not be opened until early in December. The situation, as regards these types appears similar to that for Virginia fire-cured in that supplies are larger than a year ago and exports have fallen off materially. For the first nine months of 1931 exports were only 56 million pounds as compared with 86 million pounds during the same period in 1930. The total supply of these types for the coming season is indicated at 286 million pounds, made up of the November 1 estimate of production, 157 million pounds, and the October 1 stocks, 129 million pounds. This is about 19 per cent larger than the supply of 1930 when prices averaged 10.5 cents per pound for the Clarksville and Hopkinsville type and 5.7 cents per pound for the Paducah and Mayfield type. Quality in 1931, however, is considerably above that of 1930, particularly in the western district.

Burley

Burley markets, like those for Kentucky and Tennessee fire-cured, will not open until early December. The total indicated supply of this tobacco for 1931, 905 million pounds, is the largest on record. Although the stocks of 437 million pounds on October 1 were materially larger than those a year earlier the principal cause of the increase in supply was the great
expansion in production which occurred in 1931. The November 1 estimated production of 465 million pounds was about 33 per cent larger than the previous largest crop of 1930. Total supply this year is about 25 per cent larger than that of 1930 when the crop averaged 15.5 cents per pound and it is 18 per cent larger than in 1926 when the average price was 13.1 cents per pound. The 1931 crop is of excellent quality, however, which should partially offset the influence of the unusually large supply.

Disappearance for the year ended September 30 amounted to 285 million pounds, which was about 3 per cent smaller than that for the previous twelve months but about in line with the 5-year average 1925-1929. The utilization of this crop is confined almost entirely to domestic purposes, exports amounting to only about 3 per cent of the total disappearance.

POTATOES

The potato price situation on November 15 is slightly more favorable than a month ago. Prices of sacked Long Island Green Mountain potatoes in New York averaged about $1.06 per cwt. for the first week in November or about 9 cents above the first week in October, in contrast to a 28 cent decline during the corresponding month last year. F.o.b. prices to shippers on November 7, compared with a month previous, were about 10 cents per cwt. higher in Maine and New York, but were somewhat lower in the North Central potato growing States and in Idaho.

The average farm price of potatoes for the United States of 46 cents per bushel on October 15 was 14 cents less than on September 15. The corresponding decline last year was 9 cents, from $1.10 on September 15 to $1.01 on October 15. Lower prices this year are due not only to the decline in the general price level but also to the larger crop.

The November 1 forecast of production of 382,000,000 bushels is seven and one-half million bushels above the October 1 forecast and is considerably above the 1930 crop of 343,000,000 bushels. Notwithstanding the small loss from blight and field frost this year, the quality of the potato crop is reported at 78.8 as compared with 82.8 for the 1930 crop and 86.4 as the average for the ten years preceding. According to the Crop Reporting Board, the reports on quality, average lower than in any year since the very dry season of 1901.

Potato shipments this fall have been less than last fall in spite of a larger crop. Advance buying seems to be on a smaller scale and farmers' stocks are apparently larger than a year ago. Shipments totaled 24,392 cars for October and 16,979 cars for September compared with 29,076 and 22,415 cars respectively for the same months in 1930.
RICE

Prices of milled rice in the Southern Belt advanced during the last week of October and first part of November. Fancy blue rose at New Orleans was quoted at $3.00 per hundred pounds on November 9 as compared to $2.75 on October 19, which was the low point for the month. This grade and quality of rice averaged $3.75 for the month of October, 1930. Rough rice prices likewise advanced during the past few weeks. Blue rose was selling at Texas and Louisiana points at $2.25 per barrel during the week ended November 9 as compared with $1.80 to $1.90 the middle of October.

The 1931 crop for the United States based on conditions as of November 1 was forecast to be 45,045,000 bushels. By adding the carryover to this forecast production, supplies for the current season appear to be about 1,324,000,000 pounds which is practically the same as the accounts-for distribution of the 1930-31 supplies. The quality of the 1931 crop is reported to be somewhat above average. Approximately 75 per cent of the inspections during the week ended November 2 graded No. 1. Over half of these inspections were blue rose. The movement of the new crop rice from farms to mills in the Southern Belt during October continued heavy but was about average for that month whereas the September movement was much above average. This retarded movement in part helps to account for the fact that rough rice prices advanced relatively more than milled rice prices during the month ended November 15. Stocks of rough and milled rice in millers hands on November 1 were reported to be the equivalent of 179,109,000 pounds of milled rice compared with 167,000,000 pounds a year earlier. The movement of milled rice into consuming channels during October was about average for that month but there was more buying than usual for future delivery. Shipments to Porto Rico and Hawaii during October were somewhat under the shipments of October 1930. Exports for October were reported to be about 20 million pounds compared with 15,094,000 for October 1930.

Prices of milled rice at San Francisco strengthened during the second week of November as a result of the advance in Southern markets and also because of some improvement in domestic takings of California rice. Prices on November 9, however, were somewhat lower than during October. Fancy California-Japan was quoted on the San Francisco market at $3.05 per hundred pounds compared with $3.52 on October 8 and an average of $3.56 for October 1930-31. No. 1 Paddy, at growing points, on November 9 was selling at $1.25 per hundred pounds which was a slight improvement over the prices a week earlier but somewhat lower than the average for October.

Exports of California rice during October continued at a very low level. Japan took small amounts of fancy screenings at about $1.60 per hundred pounds but was not in the market for the higher grades. Prices of middle quality brown rice at Tokyo declined during October, the quotation on October 21 being $2.67 compared with $2.80 per hundred pounds on October 8. No. 1 Brown was quoted on the San Francisco market $2.92 per hundred pounds on October 21 but by November 9 had dropped to $2.80. The carryover as of November 1 in Japan is reported to be about 2,600,000,000 pounds which with a crop of somewhat over 17 billion pounds makes the total domestic supply for 1931-32 about 19,600,000,000 compared with the 1930-31 domestic supply of over 22 billion pounds.
HOGS

After declining sharply during September hog prices remained steady during the first three weeks of October, but resumed their decline during the two following weeks. The average at Chicago during the week ended November 7 was $4.65 compared with $5.20 during the first week in October. The average price at Chicago during October was $5.09 as compared with $5.41 in September and $9.34 in October, 1930. The recent price declines have been greatest on heavy hogs with the result that the spread between heavy and light weight hogs is extremely narrow.

With the market movement of new crop hogs getting well under way, slaughter supplies during October increased seasonally and were the third largest for the month on record. Federally inspected hog slaughter during the month amounting to 3,772,000 head was 28 per cent larger than that of September and 8 per cent larger than in October, 1930. The increase in market supplies over those of a year earlier during September and October tends to corroborate other indications that the spring pig crop this year was larger than the 1930 spring crop. There was a tendency in some areas, however, to market a larger than usual proportion of the hog supply during those two months. The average live weight of hogs slaughtered during October as indicated by weights at representative markets was probably about the same as the average for October of last year.

Recent reports from producing areas indicate that conditions for feeding during October were very favorable. New corn matured early. The weather has been favorable, no severe storms occurring and temperatures being above average in most sections. As a result of these favorable conditions, hogs in most of the Corn Belt States took on weight rapidly and they are reported to be somewhat heavier and more nearly finished than is usual for this time of year.

Corn prices advanced sharply during the last week in October and the first week in November. This advance, along with the decline in hog prices, changed the relationship between hog prices and corn prices from one which was very favorable for feeding to one which was below average. The hog-corn price ratio based on Chicago prices was reduced from 15.8 during the second week of October to 11.0 during the week ended November 7. The average ratio for November during the last ten years was 11.6.

The marked increase in supplies and unusually warm weather for this season of the year were reflected in lower prices of fresh pork during recent weeks. Marked declines occurred in all cuts, but the sharpest reductions were on light loins. Eight to twelve pound loins at New York averaged $12.00 per hundred pounds during the first week of November which was a new low for the year and $7.50 below the average five weeks earlier. Other price reductions on fresh pork since the first of October ranged from $2.00 to $6.00. Cured pork prices were also lower during October, the sharpest declines occurring on bacon.
Storage supplies of hog products decreased sharply during October but on November 1 they were still somewhat larger than the unusually small holdings of a year ago. Storage stocks of pork on November 1 amounting to 380 million pounds were 6.4 per cent larger than on that date in 1930, but were 12 per cent smaller than the 5-year November 1 average. Lard stocks amounting to about 40 million pounds were 9.5 per cent larger than on November 1 last year, but were 45.5 per cent smaller than the 5-year average. The marked downward trend of hog prices during the last marketing year resulted in heavy losses from pork and lard storage operations during that period. Such losses normally result in a reduced storage demand the following year, and it is usually reflected in a slow accumulation of winter storage stocks and a larger than average movement of both cured and fresh pork into current consumption.

**CATTLE**

The movement of cattle prices during October was quite different for different classes and grades of cattle. The better grades of slaughter steers made a rather substantial advance which carried them to the highest levels since early in the year. The better grades of slaughter heifers followed the upward trend of high grade steers but the better grades of cows, veal calves and bulls declined. The lower grades of all slaughter cattle and calves declined during the month and reached levels lower than the low point of last June and the lowest for any month in many years. On the other hand prices of better grade slaughter steers were higher than in a number of months in the past ten years and no lower than they were in October 1926. Prices of stocker and feeder cattle also declined but did not reach as low a level as in the early summer of this year. Prices for nearly all kinds of cattle advanced during the first ten days of November. Compared with the corresponding week of 1930 the average weekly price of choice steers at Chicago for the first week of November was $1.30 lower, good steers 91.00 lower, medium $2.11 lower and common $2.50 lower.

The weakness of cattle prices in October continued to reflect the poor demand for the lower grades of beef and for unfinished cattle. The demand for beef, already low, was further adversely affected by the unseasonably warm weather in October which tended to cut down consumptive demand for all meats, especially pork. The poor demand for unfinished cattle, in spite of the low prices of feed grains and the generally ample to abundant supplies in important feeding States, reflected the lack of confidence in the future cattle situation and the difficulties confronting feeders in securing funds to finance feeding operations.

The supply of cattle in October was very small - receipts at 7 leading markets being the smallest for the month in fifteen years and inspected slaughter the second smallest for the month in the same period and 7 per cent below October last year and 11 per cent below the 5-year October average. The receipts of choice steers at Chicago, while much smaller than in October last year, were larger than in October of the years 1927, 1928 and 1929. The combined receipts of good and choice steers while 15 per cent smaller than in October last year was about equal to the average October receipts during the preceding nine years. Apparently the consumptive demand for better grade beef was somewhat better than for the lower grades.
Shipments of stocker and feeder cattle into the Corn Belt States in October were small, due partly to the small market supplies of cattle but mostly to the poor demand. The shipments in October were 13 per cent smaller than in October last year and probably the smallest for the month in ten years. This reduction in October following the reduction in September brought the total shipments for the four months July to October below last year, thus offsetting the large increases in July and August. Total shipments for the four months were 2 per cent below last year and 9 per cent smaller than the 5-year average. The decrease was due to the sharp falling-off of shipments into the States west of the Mississippi River, which were the second smallest in thirteen years. The decrease in shipments into the States west of the Missouri River was most marked. The total movement into the States east of the Mississippi River was not only larger than the small shipments of last year but the largest in five years. The distribution of shipments this year to a large extent reflects the supply of corn and other feed.

BUTTER

The average price of 92 score butter at New York during October of 33.8 cents was 1.3 cents higher than in September and the highest since November 1930. The upward trend in butter prices reached a peak of 36.6 cents for the week ended October 17, but declined sharply during the latter half of October and averaged 29.2 cents for the week ended November 7.

The sharp break in butter prices was associated with an improvement in production and some importations of Canadian butter. For the three weeks ended October 10, reports from the Middle West indicated that butter production in that section was approximately 10 per cent less than for the same period of 1930. For the two weeks ended October 31, however, reports from the same territory indicated that butter production was about 5 per cent greater than a year previous.

Milk production per cow (as reported by crop correspondents) on November 1 was the highest on record for that month, and the percentage of milk cows being milked on November 1 was also the highest on record for that date (1925 to 1931). Pastures in many dairy sections during late October and early November were exceptionally good, and in marked contrast to the poor pasture conditions that existed during the summer months. On October 1 milk production per cow was 3 per cent below the 5-year average as of October 1 (1925-1929), while production on November 1 was 4 per cent above average for that date (1925-1929). This change in production per cow together with the increase in number of cows has caused a marked change in total milk production.

Cold storage holdings of butter on November 1 of 56.2 million pounds were about 53.5 million pounds less than a year ago, and the smallest on record for November 1 (since November 1, 1915). The out-of-storage movement during October of about 16 million pounds was about 27 per cent less than a year ago and approximately 30 per cent less than the 5-year average.
With the marked decline in domestic butter prices during the last half of October and comparatively stable prices abroad, the margin of domestic prices over foreign prices, (gold basis) declined from 15 cents during early October to 9 cents on November 5, (based on prices of 92 score butter at New York and the Copenhagen official quotation).

CHEESE

The price of cheese (twins) on the Wisconsin Cheese Exchange during October average 13.4 cents compared with 14.0 cents in September and 16.2 cents a year earlier. From October 2 to November 6 the ruling price declined from 14.0 cents to 12.0 cents, due largely to the increase in production compared with last year, as indicated by receipts at Wisconsin warehouses. For the week ended September 15, receipts were approximately the same as a year previous while for the week ended October 31 receipts were 42 per cent larger than last year. When compared with the 5-year average of receipts for the two weeks were 20 per cent below average and 5 per cent above respectively. The unusually heavy receipts during the last few weeks may have been influenced by the fact that the new Wisconsin grading law was to become effective in November.

Total cheese production during September of 38.2 million pounds was about 1 per cent greater than for September 1930. September was the first month since November 1930 in which cheese production was larger than in the corresponding month of the preceding year.

Cold storage holdings of American cheese on November 1 of 64.1 million pounds were about 14.8 million pounds less than last year and the smallest for November 1 since 1927.

The movement of cheese into consumptive channels during September of 46.6 million pounds was 2.3 per cent more than for September 1930. Imports of cheese during September of 5.5 million pounds were 25 per cent larger than a year ago but for the first nine months of 1931 net imports of 43.4 million pounds were 16 per cent less than last year.

EGGS

The prices of fresh eggs continued the usual seasonal advance and have been approaching more closely the prices which prevailed a year ago. Fresh firsts at New York averaged 23.9 cents during October, an increase of 41 per cent from June, the low month of the season, this year. The average advance from the low month to October for the period 1925-1930 is about 40 per cent. The October price is only 1.3 cents below the October 1930 price while the difference in September and August was 4.0 cents and 4.9 cents, respectively. The farm price of eggs has followed a corresponding course, being 22.7 cents on October 15 compared to 19.1 cents in September and 26.5 cents in October 1930.
Receipts of eggs at the four markets during October were about the
same as a year ago, 665 thousand cases as compared to 662 thousand cases
but were somewhat heavier than had been anticipated in view of the reported
5 per cent fewer laying birds in farm flocks than in 1930. Mild weather and
heavy feeding, due to low grain prices, have been largely responsible
for a greater rate of laying per hen than a year ago.

Storage stocks of case eggs on November 1 were 5,740 thousand cases
as compared to 6,735 thousand cases on November 1, 1930 and a 5-year average
of 5,907 thousand cases. While movement out-of-storage since August 1
was greater last year than this, being 4.4 million cases from August 1 to
November 1, 1930 as compared to only 3.6 million cases for the same period
this year, yet the percentage withdrawal is the same, storage stocks on
November 1 being 61 per cent of the August 1 figure in each year. As was
the case in 1930, however, refrigerator eggs have declined in price from
September to October partly through fear of the possibility of excessive
holdings at the end of the year.

CHICKENS

The farm price of chickens declined from 15.7 cents on September 15
to 14.4 cents on October 15. This is largely a delayed seasonal change as
the price up to September did not fall as much as usual after the spring
peak. The price on October 15, 1930 was 17.4 cents.

Receipts of dressed poultry at the four markets during October were
the lightest for the month since 1927, being 30.1 million pounds as compared
to 32.8 million a year ago and 32.1 million pounds in September. This latter
decrease, which is contrary to the usual seasonal trend, appears to be
partly a reflection of the relatively higher egg prices compared to chicken
prices, layers not being marketed so freely as earlier in the season.

Storage holdings of frozen poultry on November 1 were 65,690,000
pounds as compared to 59,269,000 pounds a year ago and a 5-year average of
64,278,000 pounds. The storage stocks now being built up will be one of the
major sources of supply during next spring and early summer.

LAMBS

Prices of lambs, after fluctuating rather widely for the period from
the middle of September to the middle of October, were fairly stable the
last half of October at the low levels then reached and showed little change
during the first week of November. The level since the middle of October
was about the lowest of the year and for many years, with the top on lambs
at Chicago about $6.50 and the bulk of the better grade slaughter lambs
at $5.75 to $6.25.
Feeder lamb prices from the middle of September to the middle of October followed only in a minor way the fluctuations in slaughter lamb prices but from the middle of October they tended to weaken and reached the lowest point of the season in November with the top on feeding lambs at Chicago at $5.00 and at Omaha at $4.75. The average weekly price of feeder lambs at Chicago the first week in November was $4.56.

Supplies of lambs continued at high levels during October. Inspected slaughter at 1,804,000 was the largest for any month on record, being 4 per cent over October 1930 (the previous record month) and over 30 per cent larger than the 5-year October average. Market receipts during the last half of October were especially large. Usually the peak of weekly receipts of the fall movement is reached about the first week in October and then declines rather sharply during the following two months as the range sheep marketing season closes. This year receipts for the week ended October 15 were the largest of the year and the following week was the second largest.

The movement of feeder lambs from markets, which was larger in September this year than last, tended to fall off in October when compared to last year. The total movement in October inspected through markets apparently was not quite as large as in October 1930. There continues to be a rather heavy movement of feeder lambs direct from the range to feed lots in the Corn Belt, and available information indicates that this movement to date has been larger than last year, when it was also large. Reports from Western States indicate that there are still considerable numbers of feeding lambs not yet contracted, which remain to be disposed of. Receipts to date and contracts yet to be filled indicate that feeding in Colorado will be on a smaller scale than last year.

WOOL

The domestic wool market was very quiet during October and the early part of November and prices showed slight declines although prices in primary markets of the Southern Hemisphere were advancing. On November 10 word was received of the return to the mills of a large number of workers after a four to five weeks strike in the New England worsted industry.

Declines in domestic prices during the past month have been small. The price of fine strictly combing territory wool, scoured basis, at Boston, for the week ended November 7 averaged 59 cents a pound, compared with 59.5 cents a pound for the week ended October 10. Three-eights blood (56s) territory, strictly combing, scoured basis, averaged 48 cents a pound for the week ended November 7 compared with 49 cents a pound a month earlier.

Sales in Australian markets have met with good response during the past month. Prices have increased and competition has been good on the part of England, Japan and some of the Continental European countries. Wool sales at London are now closed until November 24 when the sixth and final series of auctions for 1931 will open at that center. Conditions in the wool industry at Bradford have improved considerably since the abandonment of the gold standard by Great Britain and the market for semi-manufactures is firm. An increase in consumption by British users has recently been reported and there has also been an improvement in the export trade.
Consumption of combing and clothing wool reported by United States manufacturers in September 1931 was slightly lower than that of July and August although the usual seasonal trend in September is upward. The September consumption this year, however, was the largest reported for the month of September since 1922. Wool consumption in the United States from June to September was maintained at high levels despite the declines which occurred in general business activity and the consumption of combing and clothing wool (grease equivalent) reported by United States manufacturers for the first nine months of 1931 was 23 per cent above that reported for the first nine months of 1930 and was 9 per cent above the average reported consumption for the first nine months of the years 1926-1930. In view of the unsettled condition of the domestic market and the strike in the New England worsted industry the consumption of wool in October was believed to be smaller than in September.

Stocks of wool available in the United States at the present time are probably considerably smaller than they were at this time last year, judging by figures available on production, imports and consumption. Domestic production of shorn wool for 1931 is now estimated to be 25 million pounds greater than in 1930. In the six months April - September, however, imports of combing and clothing wool into the United States were 16 million pounds less than in the same period of 1930 while consumption of combing and clothing wool by manufacturers reporting to the Bureau of the Census, was about 60 million pounds (grease equivalent) greater than in the same period of 1930. A report recently released by the Boston Wool Trade Association showed stocks of unsold wool in the hands of the National Wool Marketing Corporation and dealers in Boston, Philadelphia, Chicago, St. Louis and Louisville on October 15, 1931, to be about 189,670,000 pounds. Imports of combing and clothing wool continue very small.

Despite the low prices prevailing there is an increase of 5 per cent in 1931 in the combined clips of seven countries which usually produce almost four-fifths of the world total exclusive of Russia and China. New Zealand and Uruguay are the only important countries for which decreases are estimated. The increase in production in 1931 compared with 1930 is largely attributed to favorable climatic and food conditions.
COTTON

On November 13 the average price of middling 7/8 inch cotton in the 10 spot markets was 0.06 cents per pound, 0.37 cents per pound above the price on October 13, and 1.17 cents above the low of 4.89 cents per pound recorded on October 5. The advance in stocks, bonds, grains and a few other commodities; the increased textile activity in Great Britain which has been stimulated since the abandonment of the gold standard; an improvement in domestic exports during October; the movement to hold a substantial amount of cotton off the market until July 1932; and the unusually large increase in the sales of cotton cloth in the domestic industry together with other indications of improvement in general conditions were important factors contributing to the advance.

Sales of cotton cloth as reported to The Association of Cotton Textile Merchants of New York during October amounted to 333.7 million yards or an average of 83.4 million yards per week. This was the largest weekly rate since September 1929 and was 46.9 per cent above production which itself was the largest since April 1930. Shipments, however, while almost as great as during the past few months were below both production and sales resulting in a slight increase in stocks and a 61.7 per cent increase in unfilled orders. In actual yardage, as well as in percentage, the increase in orders on hand was the largest recorded in any single month since comparable statistics have been gathered. This indicates that buyers generally are coming to the conclusion that the low prices on cloth warrant forward commitments.

Domestic cotton textile mill activity as measured by consumption of all cotton during October continued at a rate above last year but showed less than the usual seasonal advance. Total consumption amounted to about 462,000 running bales compared with 464,000 bales in September and 442,000 bales in October 1930, according to reports of the Bureau of the Census. During the past five years October consumption has averaged about 50,000 bales above September. Consumption for the season to the end of October totaled about 1,352,000 bales which is 162,000 bales or 14 per cent above the same period last season. Domestic exports on the other hand have been about 490,000 running bales or 21.5 per cent below the first three months of last season. Exports during October however, were about 1 per cent above last year, being 1,014,000 running bales compared with 1,004,000 bales in October 1930. Exports to the Orient continue well above last year, Japan having taken 64 per cent more cotton during the first three months this season than during the August to October period last year. The greatest pick-up in exports during October has been in those going to Great Britain. During August and September the amount of cotton exported to Great Britain was almost 81 per cent below last season, but in October was only about 14 per cent below October 1930. Germany, Italy, France and other European countries showed smaller improvements during October.
During the past twelve months stocks of raw cotton held in domestic consuming establishments have been less than at the corresponding period the previous year. On October 31, 1931 the report of the Bureau of the Census showed that this situation still exists, total mill stocks amounting to 1,116,000 running bales compared with 1,355,000 bales one year earlier or 18 per cent less.

The November 1 estimate of production indicated a domestic crop of 16,903,000 bales of 478 pounds net or 500 pounds gross, an increase of 619,000 bales (3.8 per cent) over the October 1 forecast, 2,971,000 bales or 21.3 per cent above production in 1930 and 1,635,000 bales or 10.7 per cent above the 1925-1929 average of 15,268,000 bales. Only the 17,977,000 bale crop of 1926 exceeds the present one and the indicated yield this year is the highest since 1914. The present indications are that the 1931-32 production in the major foreign producing countries will be around 600,000 bales less than in 1930-31 which will partly offset the increase in domestic production.

The most important recent development in foreign countries so far as the American cotton situation is concerned is the increase in textile mill activity in Great Britain which was reported to have been between 75 and 100 per cent of capacity during the last of October and the first of November compared with 55 per cent one month earlier. The increased activity has been brought about by increased demand from foreign consumers due to reduced value of the pound sterling. This improvement is being reflected in larger exports of American cotton to Great Britain as pointed out above.

In Japan yarn production in September amounted to about 89.7 million pounds, an increase of almost 1.2 million pounds over August, and was 11.7 million pounds or 15 per cent above September last year. The Chinese boycott of Japanese goods and the increased competition of British piece goods in the Indian, South African and Near East markets, however, has resulted in an agreement by Japanese spinners to curtail production an additional 5.3 per cent for the months of November and December. In China the boycott has caused increased activity in the Chinese mills and they are now very busy, but the Japanese mills in China are expected to reduce activity if the boycott continues since yarn stocks are accumulating.
### Business Statistics Relating to Domestic Demand

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1/ Federal Reserve Board, 1923-1925 = 100. (1) adjusted for seasonal.
   (2) adjusted for seasonal and trend.
   (3) per cent of peak in June, 1929.

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.