THE PRICE SITUATION, JANUARY 1933

FARM PRICES

Market prices of farm products indicate that the general level of farm prices in mid-January is about the same as a month ago. Recent advances in market prices of wheat and cotton have brought these prices a little above the levels of mid-December. Livestock prices are about the same as a month ago; corn prices are a little lower and dairy products and eggs have declined seasonally during the past month.

The index of farm prices on December 15 at 52 per cent of the 1910-1914 average, was back to the low level of last June. In December the index was about 4 per cent lower than in November and 21 per cent below December 1931. The farm price of potatoes, apples, lambs, eggs, butter, and butterfat advanced from mid-November to mid-December, whereas prices of the other major farm products declined, except whole milk, which was unchanged in price. Mid-December farm prices of wheat, corn, oats, rye, hay, hogs, cattle, calves, and chickens were at the lowest level in the 24 years for which these prices are available.

The exchange value of farm products for the goods farmers buy was 49 per cent of the pre-war average on December 15 compared with 51 a month earlier, 47 at the record low in June, and 55 per cent in December 1931.

WHOLESALE COMMODITY PRICES

The advance in the general average of commodity prices which took place last summer, though sharper than any since 1929, has also turned out to be temporary. By November the Bureau of Labor Statistics Index of all commodities had receded to the previous low level of June, and by the end of December reached a point 2 per cent lower. The low point in June was 93.0, (1910-1914=100) the high point in September 95.9, and the latest low point 90.4 for the week ended January 7. Just as the previous advance had been largely in agricultural commodities, so also this decline. Between the middle of September and the last week of December the decline in farm product prices amounted to 13 per cent, food products 6 per cent, hides and leather 4 per cent, textiles 6 per cent, fuel and lighting 4 per cent, and housefurnishings 2 per cent. The other three important groups have remained fairly stable, metal products practically unchanged, building materials 1 per cent higher, and chemicals and drugs 1 per cent lower.

The further price recession to still lower levels, has increased the disparities between the prices of the several groups of commodities included in the wholesale price index. In comparison with their pre-war levels, market prices of farm products (chiefly raw materials) by the end of December occupied the lowest position at 61 per cent, and household furnishing goods, being chiefly finished or semi-finished goods, stood at the opposite extreme, 135 per cent. Other groups of commodity prices were as follows: chemicals 89, foods 90, metals 93, textiles 93, hides and leather 107, building materials 128 and fuel and lighting 131.
The chief element in the general price decline of the past few weeks is probably a lessened domestic industrial demand and depleted consumer purchasing power. Another influence is the general world price situation. Foreign price levels in terms of their various currencies averaged 67.4 per cent of the 1926 level in November. This is about 1 per cent lower than in September, but about 5 per cent higher than prices in the United States. In terms of gold however, foreign prices averaged only 54 per cent of the 1926 level. Currency prices in England, as in the United States, averaged 2 per cent lower during December than during November and prices in Italy 1 per cent lower.

**BUSINESS CONDITIONS**

Most of the 13 per cent improvement in industrial production which occurred during the third quarter of 1932 was maintained to the end of the year. A slight decline in November and another in December still left a net improvement in industrial output and incomes of factory workers over the lowest levels reached last July, but that improvement appeared somewhat unstable.

From the lowest point reached in July, at 58 per cent of the 1923-1925 average, industrial production advanced to 66 in September and October, averaged 65 in November, and somewhat lower in December. The advance from July to September was due chiefly to a sharp increase in textile activity from 69 per cent (of the 1923-1925 average) to 104, but a subsequent decline reduced this advance to 92 in November and to still lower levels in December. Food products production supported that advance by increasing from 81-83 in July-August to 93 in September. By November production in this group of industries fell back to 83.

These declines in the production of consumers' goods during October and November were practically offset by an advance in iron and steel production from 23 in August to 31 in October and November and by a sharp rise in automobile production from the very low level of 17 in October to 29 in November, but this improvement in the iron and steel and automobile industries has been followed by a recession. Automobile production has receded from the level reached during the middle of December and steel operations have fallen close to the low levels of last summer.

Other business indexes show a weaker business situation than prevailed in the preceding weeks. Car loadings of merchandise and miscellaneous freight were reduced substantially more than usual during the last half of December. December retail sales failed to increase by the usual seasonal amount. Building contracts awarded declined sharply during December. More than seasonal decreases occurred in all classes of construction, especially in public works and utilities.

No material changes occurred in financial conditions. Gold reserves of Federal Reserve banks have continued to expand while discounts fell off somewhat. Federal Reserve bank holdings of United States securities continue unchanged. Member bank loans for commercial purposes continued to decline to the middle of December, but this was checked in subsequent weeks. Their investments have not been altered materially and their loans on securities expanded somewhat. "Money in circulation" continued the decline of recent months. In general, banking conditions continue to be marked by mounting
reserves that are not being utilized for industrial or commercial purposes. Under these circumstances interest rates have gone to still lower levels, commercial paper rates at New York being 1½ per cent at the end of the year, compared with 2 per cent 2 months ago and 4 per cent a year ago. Industrial stock prices fluctuated during December around a level midway between the low level of July and the improved level of September.

WHEAT

An abrupt advance during early January increased wheat prices over 5 cents per bushel, which was followed by some recession after January 10. This advance followed a period of slightly declining prices during the last 3 weeks of December. The rise appeared to be due partly to trade estimates of a low level of farm stocks and perhaps partly to a belated recognition of poor prospects of winter wheat production in the United States in 1933. Though Liverpool prices have risen along with prices at Chicago, the rise in foreign markets was much less than in the United States, and on January 10 and 11, May futures at Chicago and Liverpool were at practically the same level.

The United States average farm price of wheat as of mid-December was 31.6 cents per bushel, compared with 32.8 cents a month previous, and 44.1 cents per bushel in December 1931. Primary market prices were similarly lower in December than in November. Thus, No. 2 Hard Winter at Kansas City averaged 41.8 cents per bushel during December, compared with 42.6 cents for the previous month. Prices averaged somewhat lower for each succeeding week of December, declining from 42.7 cents per bushel for the week ended the 9th, to 40.3 cents for the week ended the 29th. The average for the first week of January, however, rose to 43.2 cents per bushel. The movements of prices of other grades of wheat and at other markets were substantially the same.

The surplus of wheat available for export or carry-over in the four principal exporting countries, the United States, Canada, Argentina and Australia, as of January 1, this year, appears to be larger than that of a year ago. In the United States the surplus for export or carry-over appears to be a little smaller, for on the assumption that feed and waste during the current season will be about 80,000,000 bushels it would appear that the January 1 surplus is about 412,000,000 bushels compared with 422,000,000 bushels last year. However, the figure of 80,000,000 bushels for feed and waste should probably be looked upon as a minimum rather than a maximum estimate and any increase above this would result in a further reduction of the exportable surplus, for the current season. In Canada the surplus appears to be in the vicinity of 300,000,000 bushels which is about 70,000,000 bushels larger than that of a year ago. In both Argentina and Australia the carry-over of old crop wheat was very little different from last year, and in both years the carry-overs were at about a minimum. Hence, prospective supplies in those countries depend almost entirely upon the outturn of the new crops. The Argentine crop is officially estimated at 11,000,000 bushels above that of last year, and the Australian crop about 10,000,000 bushels above. Any change in the production estimates would correspondingly change the estimates of their surplus. Private estimates of the Australian and Argentine production are at the present time somewhat higher than the first official figures.

Surpluses of domestic wheat in the four exporting countries, plus bonded stocks in the United States and Canada, United Kingdom port stocks, and quantities afloat result in a total of only about 35,000,000 bushels more
wheat in these positions this year than last. This is at least partially offset by smaller supplies in the lower Danube Basin and Russia. During the period January to June of last year shipments of about 10,300,000 bushels were reported from the Danube Basin and Russia, while present indications are that they will have almost no wheat to ship during the corresponding period of this year.

World shipments declined during December from an average level of around 13,000,000 bushels weekly to about 11,000,000 bushels weekly. It is usual for there to be a marked decline during November or December in anticipation of the beginning of new crop shipments from the Southern Hemisphere. The decline this year has been rather less than usual, though the level of shipments is also considerably lower than usual. Last year shipments declined from an average level of around 17,000,000 bushels weekly during early November to a little less than 12,000,000 bushels weekly during December, and then rose to an average level of around 16,000,000 bushels weekly which was fairly well maintained from mid-January until early April. During the latter part of April there was a sharp rise followed by similarly sharp but greater declines from mid-May to the middle of August.

There will no doubt be a rise in the level of shipments during January of this year, the increase being largely, if not entirely, in shipments from the Southern Hemisphere. The level of total shipments during the months January to May, however, will depend very largely upon the demand for wheat by importing countries. In view of the large crops of wheat in important European countries which are normally heavy importers, it seems likely that their takings during the first half of the 1932-33 crop year have been relatively smaller than they are likely to be during the second half of the year, and that total shipments during the period January to June, 1933, will average higher than they have during the period July to December of 1932. It is not expected, however, that they will average as large as during the first 6 months of 1932.

Prices in the United States continue well above a normal export basis. During most of December, May futures were only about 1 to 2 cents per bushel lower at Chicago than at Liverpool although there was a somewhat greater spread between the December futures. On December 31, May futures closed at 44-7/8 cents at Chicago compared with 48-1/2 cents per bushel at Liverpool. On the advance which followed, however, Chicago prices rose to a close of 50-1/4 cents on January 10 compared with 49-3/8 cents at Liverpool, while on January 11 they closed at 49-7/8 and 50-3/8 cents per bushel respectively.

CORN

Corn prices, after having weakened slightly during December, improved early in January. The rise in early January may be attributed to corn being influenced slightly by wheat prices which rose markedly during the period. There have been no very significant changes in the general corn situation during the past month.

The United States average farm price of corn as of mid-December was 18.8 cents per bushel compared with 19.4 cents a month earlier and 24.5 cents per bushel in December 1931. The price of No. 3 Yellow at Chicago which averaged 23.0 cents per bushel during December was nearly 2 cents lower than in the preceding month. It averaged 23.5 cents for the week ended December
2 and 22.6 cents per bushel for the last week of December, but during the week ended January 7 rose to an average of 23.5 cents per bushel.

The December crop report placed the production of corn for the current season at 2,908,000,000 bushels compared with 2,567,000,000 bushels for 1931. The new estimate for this year is 15,000,000 bushels less than the preliminary estimate of November. Due to the very low prices, receipts have been small, total receipts at 14 markets during December having been 11,500,000 bushels or almost the same as the small receipts of the previous year. A more usual level of December receipts is from 30,000,000 to 40,000,000 bushels. Receipts during the first 2 months of the current marketing season have amounted to 24,300,000 bushels compared with 23,000,000 for the corresponding months of last season and receipts in the 5 previous years which ranged from 45,000,000 to 75,000,000 bushels during the corresponding months.

Wet process grindings in November were a little below the previous years level, but in December they were above, so that total grindings for the first 2 months of the current season have amounted to 10,700,000 bushels compared with 11,000,000 bushels in the previous year and an average of 12,500,000 during the corresponding period of the past 5 years.

Purchases of corn from the principal markets for non-industrial uses have been small, for in spite of the very low level of receipts commercial stocks have increased slightly. The increase has been small, however, total stocks on December 3 being reported at 26,500,000 bushels and on January 7 at 30,800,000. The present level of commercial stocks is considerably higher than the corresponding date of the past 3 years when it was from 15,000,000 to 17,000,000 bushels, but at the end of the first week of 1927 and 1928 they amounted to 36,000,000 and 29,000,000 bushels respectively.

**POTATOES**

Potato prices at central markets strengthened a little during the past month. Prices at New York averaged $1.16 per 100 pounds the first week in January or about the same as a month ago, but 3 cents higher than for the corresponding period last year. At Chicago, potato prices averaged 76 cents per 100 pounds the first week in January or about 6 cents higher than in December, but 10 cents lower than in January 1932. Car-lot shipments this season to date originating in the three eastern surplus States total only 17,000 cars or about 33 per cent less than last season; those originating in Western States this season to date total 37,000 cars or 28 per cent less than in the corresponding period last year. This decreased car-lot movement may be attributed to low prices, decreased consumer buying power, the difference in the distribution of production, increased home garden supplies, and increased truck movement.

F.o.b. prices of Green Mountain potatoes at Presque Isle, Maine remained steady at from 53 to 58 cents per 100 pounds throughout the month of December and the first week of January. At Rochester, New York f.o.b. prices made a slight advance in mid-December and now range from 65-72 cents per 100 pounds. The average for the month of January last year was 70 cents. At Wapaca, Wisconsin, f.o.b. prices advanced about 5 cents per 100 pounds during December and for the first week in January averaged about 51 cents, compared with 58 cents a year ago. Idaho Russets at Idaho Falls, ranged from 35-40 cents per 100 pounds f.o.b. cash during the first week in January. This is a slight advance over the price prevailing a month ago, but considerably below that of a year ago.

The average price received by producers as of December 15 was 36.8 cents per bushel compared with 34.4 cents as of November 15, and 45.7 cents
as of December 15, 1931. Potato prices during the month ended December 15 advanced in every group of States except the South Atlantic, which showed a slight decline.

Shipments of new potatoes from Texas began moving to market in December. However, only 32 cars of the early crop have moved to date compared with 68 cars by this time a year ago. Both Florida and Louisiana are late in getting started this season.

RICE

Milled rice prices in the Southern States during December averaged about the same as for November. Prices of rough, however, declined slightly during December. In California, prices of rough rice held fairly steady at 90 cents per 100 pounds while milled rice prices advanced. At New Orleans, fancy blue rose averaged $1.90 per 100 pounds for December, the same as the November average. The December 1931 average was $2.94 per 100 pounds. At San Francisco, fancy California-Japan averaged $2.15 per 100 pounds for December compared with $1.98 for November and $3.04 for December 1931. The strengthening of prices during December was due to a slight improvement in foreign demand.

Southern Belt

Receipts of rough at southern mills during December amounted to 724,000 barrels compared with 632,000 for December 1931. Stocks of both rough and milled rice in millers hands on January 1, 1933 totaled 2,145,000 barrels which was somewhat larger than stocks a year earlier. Shipments from mills during December were larger than for December 1931, the amounts being 85,000,000 and 78,000,000 pounds respectively. Exports from southern ports during December were more than twice as large as the 13,807,000 pounds exported during December 1931. Shipments to Puerto Rico from Southern States totaled about 21,000,000 pounds during December compared with nearly 22,000,000 during November and 22,589,000 pounds for December 1931. Sales in continental United States during December, however, were slightly less than for December 1931.

California

Exports of California rice during December totaled 1,505,000 pounds compared with 295,000 pounds for December 1931. Shipments to Puerto Rico and Hawaii during December were 4,217,000 and 7,443,000 pounds, respectively. Puerto Rican shipments were larger than the December 1931 shipments but shipments to Hawaii were somewhat smaller than the December 1931 movement. The total, however, was about the same as that of December 1931.

TOBACCO

Prices of tobacco at auction floor markets in December showed varying developments for the different types. In the flue-cured district, where most of the small 1932 crop has been marketed, prices declined about the usual seasonal amount, averaging 10.2 cents per pound for the month. The average for all flue-cured types (11-14) for the season up to January 1 was 11.7 cents for 1932-33, compared with 8.7 cents for 1931-32. Most of the improvement over 1931-32 was apparently due to reduced supplies caused by the curtailment of production from 665,000,000 pounds in 1931 to 362,000,000 in 1932. The level of flue-cured prices is still somewhat below the pro-war average.
In the burley district, with the opening sale at Lexington, averaging
around 12 cts. per pound, prices during December showed considerable improve-
ment. The average for all markets in Kentucky for the month was 13.5 cents
in 1932 compared with 9.8 cents in 1931. Reports for the early part of January
1933 indicate that prices have continued strong. One reason for the advance in
prices since the market opening is said to be that buyers now believe the out-
turn of the 1932 crop has been overestimated. The quality of the 1932 crop
continues to run heavily to the smoking grades and to yield a relatively large
proportion of cigarette tobacco. The total supply of burley for 1932-33 as
indicated by December 1 estimates is 220,000,000 pounds compared with the
previous record supply of 893,000,000 pounds for 1931-32.

Marketings in the fire-cured districts so far have shown the 1932 crop
to be of reasonably good quality but relatively short in length. The grades
normally going into export trade are present in greater abundance than usual,
with only a small proportion of the crop suitable for domestic snuff manufacture.
Prices of Virginia fire-cured for December averaged $2.2 cents in 1932,
compared with 4.0 cents in 1931. In the western district of Kentucky prices
for the Clarksville-Hopkinsville type averaged 4.8 cents in 1932 compared with
6.6 cents for the small volume of sales in December 1931 and 5.5 cents for
the marketings of January 1932. Prices for the Paducah type averaged 5.7
cents in 1932. No sales were made in December, 1931, but the average price for
Paducah in January 1932 was 5.6 cents. The price of Henderson fire-cured
tobacco for December averaged 4.1 cents in 1932 compared with 5.1 cents in 1931.
The supply of each of these types is smaller for 1932-33 than for 1931-32.

Of the dark air-cured types the December prices of one sucker in
Kentucky averaged 4.9 cents in 1932 compared with 5.5 cents in 1931. The
improvement over the low prices of 1931 is attributed largely to the higher
quality of the 1932 crop. Green River prices for December averaged 3.1 cents
in 1932 compared with 5.6 cents in 1931. The prices of Virginia sun-cured
tobacco in December averaged 5.0 cents in 1932 compared with 5.2 cents in 1931.
The supply of each of these types of tobacco is smaller for 1932-33 than for
1931-32.

The consumption of tobacco products in the United States for November,
as indicated by reports of the Commissioner of Internal Revenue, showed a
continued decline for all classes. Since January 1, 1933, the wholesale price
of the leading brands of cigarettes was reduced from $6.95 to $6.00 per
thousand. As this reduction was immediately passed on to consumers the tobacco
trade is anticipating that consumption of cigarettes will be increased.

Exports of flue-cured tobacco for November amounted to 35,993,000 pounds
in 1932 compared with 48,387,000 in 1931 and a 5-year average, 1926-1930, of
50,462,000. This is in part, no doubt a reflection of the very small 1932 crop.
Exports of Kentucky-Tennessee fire-cured for November were 3,358,000 pounds
in 1932; 4,809,000 in 1931 and 6,678,000 for the 5-year average. Exports of
Virginia fire-cured tobacco for November were 1,477,000 pounds in 1932,
757,000 in 1931 and a 5-year average of 1,631,000.

HOGS

Hog prices reached the lowest levels in more than 50 years during the
last week in December when the average price at Chicago declined to $2.95
per 100 pounds. Thus, save for a temporary rise in early November, the
downward course of hog prices was practically unbroken from mid-July to the end of the year. There was a slight advance during the first week in January as a result of relatively small slaughter supplies, but the average for the week was only $3.05. The average price in December was $3.04 compared with $3.54 in November and $4.20 in December 1931.

Many hogs that normally would have been marketed before this are still being held back, partly in the hope of a seasonal price advance, partly because of relatively large supplies of cheap feed and a high hog-corn price ratio, and partly because the returns above marketing costs on hogs at current price levels are so small. Hog slaughter under Federal inspection during December, totaling 4,584,000 head was 21.3 per cent larger than in November but it was 14.9 per cent smaller than the relatively large slaughter in December, 1931. This reduction as compared with a year earlier is largely a reflection of the smaller pig crop of last spring, although it is due in part to delayed marketings. Last winter, hogs were marketed unusually early in the Western Corn Belt because of food shortage.

The reduction in numbers of hogs slaughtered during the last 3 months as compared with a year earlier has been in part offset by heavier live weights of hogs marketed and higher dressing yields. The average live weight in October was 3 per cent heavier than in November and 4 per cent heavier than in those months in 1931. Weights in November were the heaviest on record for the month and weights in December were above average. Lard renderings were greatly increased during November and the increase in lard yields from October to November was the largest on record. Consequently, lard production in November was 2 per cent larger than that of a year earlier, notwithstanding that the number of hogs slaughtered was 10 per cent smaller and pork production was 8 per cent smaller.

The hog-corn price ratio continues relatively favorable for feeding. Based on Chicago prices, this ratio for December was 13.2 compared with 13.8 in November and 11.5 in December, 1931. The ratio in the Corn Belt States, based on farm prices, was 16.9 in December and 18.5 in November compared with 11.0 and 12.1 respectively, in the corresponding months a year earlier.

As a result of the sharp reduction in hog slaughter during December and a continued heavy movement of pork into consumptive channels, the increase in storage stocks of pork was relatively small for the month and amounted to only 90,000,000 pounds compared with an increase of 167,000,000 pounds in December 1931 and a 5-year average of 124,000,000 pounds. Stocks of pork on January 1 amounting to 494,000,000 pounds were 12 per cent smaller than those of a year earlier and 15 per cent smaller than the 5-year average holdings for that date. Lard stocks at the beginning of 1932 were also relatively small. The total of 40,000,000 pounds of lard on January 1 was 21 per cent smaller than that of a year earlier and 38 per cent smaller than the 5-year average holdings for that date.

Lard exports in November were 18,000,000 pounds smaller than those in October. The total of 38,000,000 pounds was 1 per cent larger than the relatively small total in November 1931, but was 38 per cent smaller than the 5-year average for the month. Pork exports in November increased seasonally over those of October, but the total of 11,000,000 pounds was 10 per cent smaller than that of a year earlier and 44 per cent smaller than the 5-year November average. Shipments of pork from the principal ports in December were smaller than in November, but shipments of lard were not greatly different.
The fall pig crop of 1932 was estimated at 20,000,000 head, which is 1,221,000 head, or 4 per cent, more than the unusually large number saved in the fall of 1931, according to the December, 1932 Pig Survey. About 4 per cent more sows farrowed, but there was little change in the average number of pigs saved per litter. Because of the decrease of 7 per cent in the spring pig crop, the combined spring and fall pig crop of 1932 is estimated to be 3 per cent smaller than that of 1931 for the United States as a whole and 5 per cent smaller in the Corn Belt. The fall pig crop in the Corn Belt was estimated at 20,163,000 head, or 718,000 more than the number saved a year earlier. There was an increase of 15 per cent in the Eastern Corn Belt States but there was a decrease of 3 per cent in the Corn Belt States west of the Mississippi River.

The number of sows bred or to be bred to farrow in the spring of 1933, as indicated by the surveys, was 1.8 per cent larger than the number farrowed in the spring of 1932. The estimated increase in the Eastern Corn Belt States was 7 per cent, but there was a small decrease in the Western Corn Belt. The large corn crop and low prices of corn in the Western Corn Belt States and the high ratio of hog to corn prices in these States would normally result in a material increase in hog production, but because of the very low levels of hog prices in recent months the reactions of producers will likely be different from what they would be under more normal conditions.

Federally inspected hog slaughter during the 3 months, October to December 1932, was 1,140,000 head, or 10.5 per cent smaller than during those months in 1931. The size and distribution of the 1932 spring pig crop which is now being marketed, the number of hogs over 6 months of age on farms on December 1, 1932, the relation of the total number of hogs slaughtered under Federal inspection in November and December to that usually slaughtered in January and February, and such other statistical evidence as is available indicate that total federally inspected slaughter during the 4 months, January to April, 1933, will be between 1,000,000 and 1,500,000 head smaller than that of the corresponding period last year.

**CATTLE**

The general average of cattle prices continued to decline throughout December and in the last week of the year was at the lowest level of the year and for many years. The decline in beef steer prices was almost without interruption during the month, but butcher cattle, with the exception of choice heifers, and veal calves made some recovery after the middle of December. The average monthly price of beef steers at Chicago in December at $5.44 was the lowest for the month and all months since early in 1908 and the average weekly price the last week in December at $5.15 was probably the lowest weekly average for an even longer period. The relative decline was about the same with all grades of beef steers, but was particularly severe on all grades of heavy steers.

The declines from the middle of September, when prices reached their fall peak, to the last week in December were from 9.45 to $5.50 on choice steers, $8.37 to $5.19 on good, $7.14 to $4.39 on medium, and $5.54 to $3.61 on common, with the average of all grades declining from $8.64 to $5.15. The December average in 1931 was $7.11, but choice steers in that month averaging $1.14 against $6.63 in December 1932. The average farm price of beef cattle December 15, 1932 was $5.41, a new low; in November it was $3.75, in December 1931 $4.32 and the 1910-1914 December average was $5.22. While prices for stocker and feeder steers weakened somewhat in December, the decline was
much less than with slaughter steers. The December average price at Chicago of $.41.14 was only about $.1.00 below the September average, which was the highest of the summer and fall season, while slaughter steers declined nearly $.3.00 in the same period.

Supplies of cattle during December were very small. Receipts at seven leading markets were 20 per cent smaller than in December 1931, 28 per cent below the 5-year average for December and the smallest for the month in over 30 years. Receipts at Chicago were the smallest for December since 1889 at least and the smallest for all months since 1915. Inspected slaughter at 567,000 head was 17 per cent smaller than in December 1931, 15 per cent below the 5-year average and the smallest for the month since 1907.

Although total receipts of cattle at Chicago were 23 per cent smaller than in December 1931 and supplies of beef steers were 21 per cent smaller, the supply of choice steers was the largest for the month for the 11 years for which records are available, with the combined supply of good and choice the fourth largest for those years. The supply of good and choice, heavy weight steers was especially large and the market for those kinds was demoralized during much of the month. This large supply of well finished cattle came apparently from two sources. The first was the large number of heavy feeders taken out in August and early September when the prices for heavy finished steers were high both relative to light steers and to other classes of cattle and other kinds of livestock. These cattle were pushed rapidly in the effort to get them finished before the market might have a seasonal break. The other source was a relatively large number of finished yearlings fed for the late fall market, that over-stayed the strong market prevailing up to early October and which were kept back in the hope that the market would later recover.

Shipments of stocker and feeder cattle from stockyards markets into the Corn Belt States in December were somewhat larger than in December 1931, and were relatively large compared with the total shipments during the preceding 5 months. The total of such shipments during the last 6 months of 1932 were small, being 10 per cent smaller than in 1931, and the smallest for the period since before 1919. The number of cattle on feed in the Corn Belt States on January 1, 1933 is estimated at 5 per cent larger than a year earlier. The percentage increase was about the same in the areas east and west of the Mississippi River. Larger direct shipments to feed lots, not going through markets, and larger numbers of locally raised cattle tended to offset the decrease in the shipment of feeder cattle from markets.

Fed cattle, especially fed steers, will probably continue to make up a relatively large proportion of the market supplies during the next few months, with total cattle supplies continuing small as a result largely of the small marketings of cows, especially of the lower grades.

**BUTTER**

Butter prices in December averaged somewhat higher than in November, but for the first week in January were about 2.7 cents lower than the seasonal peak reached in late November. The margin between domestic and foreign prices in early January was about 4 cents less than the tariff. Production of creamery butter in November was less than in November 1931 but decidedly above average. With an unusually heavy out-of-storage movement in November the trade output was larger than a year earlier. Cold storage stocks at the beginning of the year were low.
Creamery butter production in November of 108,900,000 pounds was 6.9 per cent less than the record November production in 1931, but 11 per cent larger than the 5-year average for November. The middle Atlantic States were the only group of States in which November production was larger than a year earlier.

The seasonal low point in butter production usually comes in November. From October to November the decline in production of 9 per cent was about one-half as great as the usual seasonal decline. The decline from July to November of 32 per cent was about two-thirds as great as the usual decline.

The price of 92-score butter at New York in December averaged 24.1 cents, the highest for any month in 1932 but 6.4 cents less than a year earlier. When allowance is made for the usual seasonal changes in prices the December price was about the same as in August and February. The average price for 1932 of 21.0 cents was 26 per cent less than in 1931 and 31 per cent less than the 1910-1914 average. The farm price of butterfat on December 15 of 21.1 cents was the highest since February but 6.2 cents less than in December 1931.

Farm prices of feed grains declined from November 15 to December 15. Farm prices of butterfat are high in relation to farm prices of feed grains. With more cows on farms and this price relationship, prospects are for relatively heavy production.

Trade output of creamery butter in November was 5.7 per cent larger than in November 1931. The unusually heavy out-of-storage movement in November more than offset the decrease in production. Retail prices in November, however, were 35 per cent less than a year earlier. These changes indicate that consumer expenditures for creamery butter were about 22 per cent less than in November 1931. The decrease in October was 37 per cent.

Cold storage holdings of creamery butter on January 1 of 22,000,000 pounds were 4,600,000 pounds less than a year earlier, and the smallest on record for that date.

On January 6 the price of 92-score butter at New York of 22.5 cents was 9.9 cents higher than the Copenhagen official quotation and 10.1 cents higher than the price of New Zealand butter in London. Imports of butter in November were only one-half as great as a year earlier.

CHEESE

Prices of cheese in Wisconsin in December were somewhat higher than in November. Cheese production in November was less than a year earlier even though the decline in production from October to November was small. Imports in November were larger than a year earlier and the out-of-storage movement heavier. These changes more than offset the decrease in production so that the movement into consuming channels was larger than in November 1931. Cold storage stocks of cheese on January 1 were lower than a year earlier.

Total production of cheese in November of 30,600,000 pounds was 3.4 per cent less than a year earlier, compared with the decrease of 8.1 per cent in October. The decline in cheese production from October to November of 16 per cent was less than the usual decline of about 26 per cent. The decline in cheese production each month from July to November has been relatively small and the index number of cheese production adjusted for seasonal
variation rose from 88 in July to 120 in November.

Production of American cheese in Wisconsin during November was 10 per cent less than a year earlier. Production in the North Atlantic, South Central and Mountain States was decidedly larger than a year earlier. The heavy production in the North Atlantic States indicates a larger amount of surplus milk than a year ago.

The ruling price of cheese (Twins) on the Wisconsin Cheese Exchange averaged 10.5 cents during December; 0.4 cents higher than in November but 1.5 cents less than in December 1931. The average price in 1932 was 10.0 cents or 20 per cent less than in 1931, and 55 per cent less than in 1928.

Trade output of cheese in November was 1.3 per cent larger than in November 1931. Retail prices in November were about 16 per cent less than a year earlier. These changes indicate that consumer expenditures for cheese in November were 15 per cent less than in the same month of 1931.

This was the smallest percentage decline from the same month of the preceding year for any month in 1932.

Cold storage holdings of American cheese on January 1 of 57,800,000 pounds were 3,000,000 pounds less than a year earlier, and about 6,000,000 pounds less than the 5-year January 1 average.

Imports of cheese in November of 6,600,000 pounds were 10 per cent larger than in November 1931. For the first 11 months of 1932, however, imports of cheese were 11 per cent less than in the same period of the preceding year.

EGGS

Market prices of eggs in December did not change materially from their November levels, whereas in most years there is a slight decline. December prices therefore averaged above those for December of 1930 and 1931. Supplies of eggs are low, both of storage stocks and of current receipts; the latter having increased much less than usual from November to December.

The price of special packed mid-western eggs at New York on January 9 was 35.75 cents. The average for December was 35.4 cents compared with 37.4 cents in November and 33.1 cents a year previous. On the other hand the average price of rehandled receipts advanced a little, from 50.6 cents in November to 51.3 cents in December; compared with an average of 25.0 cents in December 1931. Farm prices also advanced, from 26.1 cents on November 15 to 28.1 cents on December 15. Compared with the 1910-1914 average for corresponding months the relative price rose from 81 per cent on August 15 to 95 per cent on November 15 and then declined to 92 per cent on December 15.

Receipts of eggs at the four markets during December were light for the month, being 573,000 cases compared with 596,000 cases a year ago and a 5-year average of 598,000 cases. The increase from November was also less than usual, being 15,000 cases compared with 71,000 cases a year ago and a 5-year average of 81,000 cases. While production in the East and Middle West is probably heavier than last year, that on the Pacific Coast is less.

United States storage holdings of cases of eggs on January 1 were abnormally low at 159,000 cases compared with 1,475,000 cases a year before and a 5-year average of 1,274,000 cases. This is the lowest figure for January 1
since the record was begun in 1916. Storage operators this year appear to have regained some of the losses incurred the past 2 years.

CHICKENS

The farm price of chickens on December 15 was 9.2 cents a pound, compared with 10.1 cents a month before and 13.9 cents a year before. Compared with the 1910-1914 average for corresponding months, the relative farm price has declined from 101 per cent on August 15 to 93 per cent on November 15 and 87 per cent on December 15. The drop in price from November to December was largely due to the low prices and heavy supplies of turkeys during the holiday period.

Receipts of dressed poultry at the four markets during December were 72,700,000 pounds compared with 74,100,000 pounds a year ago and a 5-year average of 71,800,000 pounds. November receipts, it will be remembered, were much higher than for the same month the year before.

Cold storage stocks of frozen poultry on January 1 were 112,000,000 pounds compared with 117,000,000 pounds a year ago and a 5-year average of 117,000,000 pounds.

LAMBS

The lamb market was fairly steady during most of December at the level of prices prevailing at the end of November. During the last week of the month, however, the market weakened largely as a reflection of the weakness in the markets for cattle and hogs and prices declined from 50 to 75 cents, but most of this was regained during the first week in January. During most of the month the top on fed lambs at Chicago was around 96.50 with the high top for the month 106.60. The decline at the end of the month brought the top to 96.00 with the bulk of the good and choice lambs selling from 96.50 to 95.75. Feeder lamb prices changed little during the month and slaughter ewe prices strengthened somewhat. The farm price of lambs December 15 at 45.96 was 5 cents higher than the November price, 23 cents lower than the December, 1931 price, and $1.72 below the pre-war December average. Market prices of lambs in December, 1932 averaged a little higher than in December, 1931.

The supply of lambs in December was relatively the smallest for all months of 1932. Receipts at 7 leading markets were 33 per cent smaller than in December, 1931 and 20 per cent smaller than the 5-year December average. Inspected slaughter at 1,264,000 head was 20 per cent smaller than in December, 1931 and 1 per cent above the 5-year December average.

Supplies of fed lambs during the next 4 months are expected to be small compared with the supplies during the corresponding period of the last 2 years. The estimated number on feed January 1 was 5,239,000 head while on January 1, 1932 it was 6,135,000 head and on January 1, 1931 5,428,000 head. Most of the decrease from last year is in the Western Corn Belt where the decrease from last year amounts to 22 per cent. In the Eastern Corn Belt the number was 8 per cent below last year, with the proportion of native lambs somewhat larger than last year.

In the Western States as a whole the number on feed January 1 this year was 11 per cent smaller than a year earlier. The number on feed in Colorado was 15 per cent smaller than a year earlier, and there was a decrease in the total in the States west of the Continental Divide. These
Domestic wool prices again declined during December but for the first week of January prices still averaged about 30 per cent above the July low point. Business in the Boston market during December, while not large, was considered fairly satisfactory in view of the holiday period and year end inventories. Fine (64s, 70s, 80s) strictly combing territory wool was 45-46 cents a pound, scoured basis, the first week of January compared with 44-46 cents the beginning of December. Three-eighths blood (56s) territory, scoured basis, at 38-40 cents on January 7 showed no change from a month earlier. Ohio and similar greasy wools ranged from 13 to 20 ½ cents per pound the week ended January 7, while the average price received by United States producers was 9.2 cents on December 15 compared with 9.4 cents on November 15 and a low of 7.0 cents on July 15. Prices at recent sales in Australia and New Zealand have been very firm and some increases have been reported.

Consumption of combing and clothing wool reported by United States manufacturers for November had declined 30 per cent from the September high point. Consumption was still two and one-half times as large as at the low point in May and was about 4,000,000 pounds larger than in November 1931. Consumption of combing and clothing wool for the first 11 months of 1932 was only 77 per cent as large as that reported for January-November 1931 and 95 per cent as large as during the first 11 months of 1930.

Total receipts of domestic wool at Boston for 1932 amounted to approximately 213,000,000 pounds compared with 256,000,000 pounds during 1931. Despite a decline in domestic wool production the low consumption in 1932 further reduced domestic requirements and imports for the year were probably the smallest in 50 years. From January to November only 14,822,000 pounds of combing and clothing wool were imported compared with 33,777,000 pounds imported in those months in 1931 and 97,697,000 in 1929.

The outstanding feature of the current wool marketing season in Southern Hemisphere countries is the increased movement of wool during the period July 1-November 30, 1932 compared with the same period last season. This increase is principally due to earlier marketing of the clip, particularly in Australia and in the Union of South Africa, as production is not likely to exceed that of 1931 although no marked decrease is expected.

COTTON

Domestic cotton consumption declined somewhat during December with many of the mills closed for several days during the holiday period. In foreign countries mill activity may have been affected by the holidays, but in general, activity is thought to have been maintained at a relatively high level. Domestic sales of cotton textiles increased during the month and slightly exceeded production. Exports of raw cotton from the United States were again rather large during December but were less than a year ago. Cotton prices were fairly stable during the last half of December, but advanced during early January and on January 10 reached the highest levels since mid-November.
The average price of middling 7/8 inch cotton in the 10 designated markets ranged from 5.62 cents per pound to 5.53 cents during the last half of December with a slight improvement toward the end of the month. Or January 10, however, the price in these markets averaged 6.22 cents per pound compared with 6.03 cents a year ago and was the highest since November 17. The relative prices of American and Indian cotton in Liverpool continued rather stable and was favorable to the use of American cotton.

Domestic consumption during December amounted to 440,000 bales, compared with 504,000 bales in November, 415,000 bales in December 1931, and was the highest for the month since 1929. This brought the total consumption for the season to the end of December to 2,340,000 bales, an increase of 149,000 bales or 7 per cent over the same period last season, and 330,000 bales or 16 per cent over the first 5 months of 1930-31. Sales of carded cotton cloth are thought to have exceeded production during December whereas during the previous 2 months sales averaged only about 71 per cent of production.

In Europe as a whole cotton spinning mills during December apparently continued to operate at the improved levels of the previous 3 months. The French industry is still in a fairly good condition with its unfulfilled orders equivalent to several weeks production and its activity up to about 75 per cent of normal. Cotton mills in the Orient continued to operate at high levels during November and early December although activity in China continued below normal in the Japanese section of the industry. Large amounts of American cotton are still being consumed in Japan where the general situation of the cotton industry at the beginning of January was reported as good. Spinners continued to make good profits on yarn sales (estimated at 10 per cent) and weavers were still maintaining their high rate of activity due to the continued strong demand for Japanese piece goods.

Domestic exports during December amounted to about 1,040,000 running bales which is somewhat less than the 1,183,000 bales exported during December 1931 but about 274,000 bales or 36 per cent larger than in December 1930, according to data from the Bureau of the Census. The Orient continues to take smaller amounts than a year ago, largely due to reduced exports to China. During the first 5 months this season China has taken only 126,000 bales compared with 652,000 bales during the like period last season. From August 1 to December 31 this season total exports of American cotton amounted to 4,246,000 bales compared with 4,037,000 bales during the first 5 months of last season and 3,947,000 bales during the corresponding period in 1930-31.

The total world production during the present season is now estimated at 24,000,000 bales of 478 pounds net which is 200,000 bales less than the estimate released a month ago but still 600,000 bales more than the November world estimate. These changes were caused by an increase of 800,000 bales in the estimate of the domestic crop and a decrease of 200,000 bales in the figure being used for Indian production. At 24,000,000 bales the world figure is still 3,500,000 bales less than the estimate of the 1931-32 crop and is the smallest since 1927-28. The estimate of foreign production now stands at about 11,300,000 bales, an increase of 900,000 bales over 1931-32 but about 600,000 bales less than 1930-31.
Business statistics relating to domestic demand

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1/ Federal Reserve Board indexes, adjusted for seasonal variation. 2/ U.S.D.A. August 1909-July 1914 = 100. 3/ Bureau of Labor Statistics' index. 4/ Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands. 5/ The Annalist. Average of daily rates on commercial paper in New York City. 6/ Dow-Jones index is based on daily average closing prices of 50 stocks.