FARM PRICES

Prices received by farmers, after advancing a little in November, receded to about the September to October level of 70 percent of the pre-war average by the end of the first week in December. Prices of wheat, cotton, eggs and especially hogs are lower than a month ago whereas prices of flue-cured tobacco were considerably higher and prices of apples, potatoes, corn, lambs and some other farm products were somewhat higher than in mid-November. Financial and business conditions indicate some improvement in the demand for farm products, which along with prospective smaller supplies of livestock, indicate some improvement in prices.

Although the general level of farm prices has been fairly stable for nearly 4 months the prices of individual farm commodities have changed considerably. Wheat prices in late November declined to below the early November level followed by a slight recovery in early December. Chicago wheat prices continue to be about 20 cents a bushel above Liverpool prices. Corn prices have strengthened some relative to other grains, partly as a consequence of the government corn loans in the Corn Belt. Flue-cured tobacco prices have increased sharply with an active export trade, whereas prices of fire-cured tobacco have been about the same as a year ago. Potato prices, after declining from July to early November, have increased a little in the last few weeks.

Hog prices, after advancing about 50 cents a hundred in early November, declined as usual in the remainder of that month and the first half of December. Hog marketings are expected to be materially lower during the remainder of the winter. Cattle prices reached a new low about the middle of November and there are some indications that this may be the low point reached by most kinds of slaughter cattle. The prospective reduction in the supplies of fed cattle for the next few months, reduced hog supplies, and some reduction in fed lambs, may pave the way for an advance in cattle prices generally. The lamb market in November was fairly steady in sharp contrast to the weakness in the cattle and hog market. A smaller supply of fed lambs and higher wool prices than a year ago will tend to strengthen the lamb market for the next few months.

Butter production continues large and storage stocks are unusually large. However, these stocks include government holdings of purchases for relief purposes, which purchases maintained prices in recent weeks. Cheese production has declined but storage stocks are large. Cheese prices, like butter prices, have been supported by government purchases for relief purposes. Active buying and some upward movement in wool prices was reported in the Boston market in the last half of November, followed by some recession in early December. Cotton prices in November and early December followed rather closely the fluctuations in the foreign exchange value of the dollar. Cotton prices in the 10 designated markets during the first part of December averaged
about 9\(\frac{3}{8}\) cents a pound, or about 4-1/8 cents a pound higher than a year earlier.

The general level of prices received by farmers in mid-November was 71 percent of the pre-war average compared with 70 for the previous 2 months, 49 in February and 54 in November 1932. Prices paid by farmers, after advancing 16 percent from March to September, have been steady to slightly higher with an increase of less than 2 percent since September.

The index of purchasing power of farm products in percentage of the pre-war average was 61 in mid-November, compared with 49 in February and 52 in November 1932. This represents an increase since February of 24 percent in the purchasing power of farm products for the commodities farmers buy.

WHOLESALE PRICES

The general level of wholesale prices declined a little in late November followed by a slight rise in the week ended December 9. The Bureau of Labor Statistics index for the first full week of December was equivalent to 103.5 percent of the 1910-1914 average compared with the low point of 87 in early March and 93 a year ago.

Market prices of farm products since mid-November have lost most of the early November rise. Wholesale prices of foods have declined about 3 percent the past month and textile prices have declined a little. Prices of nonagricultural products have risen 2 percent, whereas market prices of farm products declined about 3 percent from mid-September to the week ended December 2 when the former index was 118 (1910-1914=100) and the latter index was 78. Prices of building material continue to advance and at 154 percent of the pre-war average are higher than any other group of commodities. House furnishing goods are a close second with prices 150 percent of pre-war, and fuel and lighting products third at 140. Prices of hides and leather have recently recovered some of the late September to early November loss. Prices of metals, chemicals and drugs, and miscellaneous commodities have been steady to slightly higher the past month.

The gold value of the dollar based on the domestic price of newly mined gold was unchanged at 60.8 cents from December 1 to December 14 compared with the average for November of 62 cents and for October of 67.2 cents. Since October 25 the R.F.C. price of gold has been above the open market price of gold in London except for 16 market days in mid-November when the London prices was higher. On the basis of the London price of gold the dollar reached the low point of 59 cents on November 16, followed by a rapid recovery to 65 cents on November 28. On December 13 the London price was equivalent to a gold value of the dollar of 64.8 cents compared with 60.8 on the basis of the R.F.C. price. (See chart on prices of gold and six speculative commodities opposite last page).

Grump's index of wholesale prices in England was practically unchanged in November, having been remarkably stable for the last 6 months. Wholesale prices in Germany advanced a little in October for the sixth consecutive month. On the other hand, prices have declined in France since July and in Italy since June, to new low levels in October and November respectively.
Prices in Canada have declined since July, but are still considerably above the low level of February. Wholesale prices in Japan, although fluctuating within a 5 percent range, have maintained a fairly constant level for the last 10 months.

BUSINESS CONDITIONS

Increases occurred in some lines of industrial production from mid-November to mid-December in contrast to the downward trend from July through October. The building program of the Public Works Administration is gaining momentum and has been accompanied by some increase in residential construction. Production in the automotive industry in mid-November increased sharply and then slackened, steel operations have increased in the past month instead of showing the usual seasonal decline. In view of the outlook for these heavy industries it seems probable that the upturn in industrial production will continue through the winter and early spring months.

Reports to the Department of Commerce and to the Federal Reserve Board indicate that retail sales of several groups of chain stores and mail order house sales in November improved considerably over a year ago, but were not greatly different from sales in October. The index of department store sales in November was 65 compared with 63 in November last year but was five points lower than in October of this year after seasonal adjustment. Retail sales of automobiles in November were also considerably above those of last year and were held in check to some extent by the delay in the introduction of new models.

The Federal Reserve Board's index of industrial production was 77 percent of the 1923-1925 average for October compared with 84 in September. Indications are that the level of production in November was somewhat lower than in October but activity in the last week of November was about 3 percent higher than in the first week of the month according to the New York Times Weekly Index of Business Activity.

The indices of factory employment and payrolls are not yet available for November but indications are that employment in November was not greatly different from that in October when the index of factory employment was 73.9 percent of the 1923-1925 average compared with 74.3 in September and 61.1 in October last year. Employment was increased considerably in late November and early December by civil works projects. The civil works employment may not be reflected fully in the indices of employment but is furnishing income to many who were previously unemployed and will no doubt be reflected in an increase in the demand for agricultural products.

The monthly income of farmers from the sale of farm products increased 18 percent from March to October after allowance for seasonal changes in monthly marketings. From July to October the monthly income of farmers, including benefit and rental payments have averaged 42 percent above the same months of 1932 and only 1 percent below income from July to October, 1931. The greatest increases in monthly farm income through October occurred in areas where cotton, tobacco and potatoes were the important crops. Higher prices for wheat have also contributed to a material improvement where wheat is grown. The sharp increase in farm income has been accompanied by a marked increase in mail order house sales, in chain store sales in the smaller towns and in the sales of automobiles in rural communities.
The incomes of factory workers have also increased greatly since March. The index of payrolls in October was 62 percent higher than in March and for the 4 months, July to October, averaged 33 percent above the same month a year ago, but was still 11 percent below the same period in 1931. Incomes of workers in many of the nonmanufacturing industries have also increased since March. The Bureau of Labor Statistics has indexes of employment and payrolls for 15 different groups of nonmanufacturing industries. In all of these groups the low point of the payrolls index was reached in March or April 1933. The index of payrolls for all groups have shown increases since April and in October the index for nine groups was above a year ago. The greatest increases in payrolls over October last year have been for workers in canning and preserving, bituminous coal and metalliferous mining, petroleum production and retail trade.

The general trend of industrial activity in most foreign countries has been upward. In Germany industrial production increased slightly in October and remained steady during November. Employment has shown some increase and the excess of exports over imports is increasing, due mainly to greater exports. A general though gradual improvement in industrial activity has been shown each month in the United Kingdom and has been accompanied for the steel industry is making rapid progress and automobile production has increased sharply. Industrial activity in Canada increased sharply in August and September and the level of production is now about equal to that of the fall of 1931.

In France there has been a slight decline in industrial production since July. There is some apprehension in that country over the flight of gold and the difficulty of balancing the budget. A large part of the sharp drop in industrial activity in Japan in June was regained during July and August. Silk prices have declined further and exports of cotton goods fell off during September. Railway construction is being increased in Manchukuo. Chinese business activity has been curtailed because of declining exports.

WHEAT

The wheat situation has not changed materially in the past month. In a general way the course of wheat prices in the past month has followed that of foreign exchange. Chicago prices have held about 20 cents in United States currency above Liverpool. The shortage of feed grain supplies, the loan policy adopted for corn, and the purchase of wheat in the Far Northwest for export, all tend to strengthen the market for wheat in the United States in relation to foreign market prices. Furthermore, the commercial mill demand for wheat in this country in the remainder of the season is likely to be more nearly normal than it has been in the early part of the season, as the curtailment in operations since July 1 has now more than made up for the expansion in milling activity in the months April, May, and June. The foreign demand for wheat, however, continues on a low level because of the large supplies in several of the European importing countries and the harvesting of the new wheat crop of the Southern Hemisphere.

The price of wheat rose rapidly from the low point reached in October to the middle of November, and then declined, but turned upward at the end of the month. The average farm price in the United States increased from about 64, to 71 cents, between the middle of October and the middle of November, and market prices since the middle of November indicate that the farm price of wheat lost about half of this improvement before the end of
November, a part of which was regained early in December. A year ago the farm price of wheat averaged only 31.6 cents.

There have been few recent changes in estimates of wheat production in foreign countries, and none of them of much importance. Liverpool prices, when measured in terms of gold, have been fluctuating in a very narrow range with December futures at about 42 cents per bushel, though during the first few days of December they fell as low as 40.5 cents. This reflects the continued abundance of wheat in importing markets and relatively large surpluses available in the exporting countries. The harvest in the Southern Hemisphere is now in full swing and exports from Australia and Argentina will begin in volume during the next few weeks. The course of Liverpool prices in terms of gold during the next few months will depend largely upon the volume of Southern Hemisphere shipments in relation to the import demand. Some improvement in import takings seems likely by mid-winter or early spring, though the fact that the German, French, and Italian crops are about equal to or larger than the probable domestic consumption of these countries may be expected to result in a less marked seasonal increase than occurred last year.

Liverpool prices in terms of United States currency advanced from a closing level of 58-7/8 cents per bushel on October 17 to 73-1/4 cents on November 16 and then declined to 63-5/9 cents on December 12. Chicago December futures have followed the converted Liverpool quotations fairly closely, and have continued to be about 20 cents per bushel higher than Liverpool since the latter part of October. They advanced from a closing level of 69-7/8 cents on October 16 to a level slightly over 90 cents which approximate level was maintained from November 9 to 17. There followed a decline and from November 25 to December 8, December futures fluctuated in the vicinity of 83 cents per bushel. On December 12 they closed at 85-7/8 cents.

CORN

Corn prices during the past month have fluctuated in much the same manner as wheat and other speculative commodities. Since mid-November, however, they have shown more resistance to declines and a greater readiness to rise than have wheat prices. This is due in part at least to government loans on corn which tend to reduce marketings at prices lower than the government loan value.

The United States average farm price of corn as of November 15 was 40.6 cents per bushel compared with 38.8 cents a month earlier and 19.4 cents per bushel in November of last year. The course of market prices up to December 11, together with the maintenance of the government's corn loan policy, indicates that the December 15 farm price will not be greatly different from that which prevailed in mid-November. At Chicago, No. 3 Yellow, which averaged 40.2 cents in October was 40.8 cents during the week ended November 4. In each succeeding week it has been above that level. For the week ended December 9, No. 3 Yellow at Chicago averaged 46.0 cents per bushel. Day-to-day movements of corn prices show considerable evidence of their having been influenced along with wheat and other speculative commodities by the course of foreign exchange. From mid-October to mid-November there was a general upward trend, whereas from the middle of November to the first few days of December prices declined. Due partly to a smaller decline during the latter half of November, and partly to a
significant advance from December 5 to December 11 corn prices on the latter date were about as high as in mid-November, while wheat prices were about 5 cents per bushel lower. This relative strength of corn prices appears to have been due in part to the fact that the corn market is normally somewhat less subject to international influences and in part to the getting under way of the program for government loans on stored corn. These loans which are being made in the Corn Belt and adjacent states are serving to reduce the immediate pressure of market supplies.

Primary market receipts during the month of November were larger than during the corresponding month of any of the past 4 years. They amounted to 22,200,000 bushels compared with 18,900,000 a year earlier, and an average of 17,800,000 bushels for November of the past 5 years. Under the influence of these moderately heavy receipts, commercial stocks of corn have continued to mount, rising from 62,700,000 bushels as of November 4 to 67,100,000 on December 9. Consequently, corn stocks continue to be at an unusually high level.

Wet process grindings during November amounted to 8,700,000 bushels compared with 5,600,000 a year earlier and an average of 6,200,000 during November of the past 5 years. The high level of grindings during November may be attributed at least in part to the fact that the corn processing tax during that month amounted to only 5 cents per bushel, while an increase to 20 cents per bushel was scheduled to be initiated on December 1. More recently, however, the raising of the processing tax on corn has been postponed for another month.

The present prospects are that the government policy of loaning 45 cents per bushel on stored corn at country points will tend to prevent any material decline in prices below levels which have prevailed during the past month. An advance in prices of livestock and livestock products would tend to improve corn prices through making the feeding of corn to livestock profitable. Commercial stocks of corn are so large that there is no prospect of a scarcity of corn for milling even though there should be a continued increase in industrial utilization and only a small movement of corn from farms to market.

**TOBACCO**

**Flue-cured**

Prices of flue-cured tobacco continued to advance during November, averaging 19.2 cents per pound for the month, according to state reports. This compared with 14.6 cents for October and 12.0 cents for November 1932, and is the highest average for any month since November 1929. Export buying has been very active and the domestic companies have had to meet this competition in fulfilling the terms of the flue-cured marketing agreement in which they agreed to purchase a specified minimum quantity of tobacco.

Movement of the crop to market has been more rapid than usual. About 85 percent of the estimated production of 705,000,000 pounds was sold prior to December 1, whereas usually about 80 percent of the production has been sold prior to that date. With most of the crop marketed, prices during the last 2 weeks have shown some decline, particularly on the better grades of tobacco, but they are still (December 14) materially above the opening level
of the season. The crop apparently will average around 16.0 cents per pound, compared with 11.6 cents for the 1932 crop, and will have a total farm value of about $110,000,000. To this will be added the $4,500,000 price equalizing payments to be made by the Agricultural Adjustment Administration, which will give the largest income received for a flue-cured crop since 1929.

Virginia fire-cured

Markets for Virginia fire-cured tobacco opened December 6, but owing to low prices they were ordered closed December 8 by the Governor of Virginia for an indefinite period. According to reports of the Federal-State tobacco grading service at Lynchburg, the prices of most grades were about in line with the opening prices of the 1932-33 season when the crop averaged 8.2 cents per pound. The total supply of this tobacco which is estimated at 55,000,000 pounds (green weight), is about 5 percent larger than last year. October 1 stocks showed some reduction from a year earlier, but this was more than offset by the increase in size of crop. The 1933 crop is reported to have suffered considerable storm damage late in the season which affected the quality.

Burley

The marketing season for burley tobacco opened at Lexington December 11 with prices for the first day of sale averaging around 13.8 cents per pound, according to unofficial reports. Notwithstanding the record large stocks of this tobacco and the fact that production (estimated at 414,000,000 pounds) again exceeds consumption, the price is only slightly below the opening for 1933, when the crop averaged 12.8 cents per pound.

The total factory output of tobacco products in the United States for October, the first month during which the processing taxes were in effect, showed some slackening from the level of September, but was still higher than in October 1932, according to reports of the Commissioner of Internal Revenue. Cigarettes, manufactured tobacco (smoking and chewing), and snuff were each higher than a year earlier, but cigars were about 6 percent lower.

Exports of tobacco from the United States for the month of October were the largest for any month since October 1930, reflecting the improvement in exchange value of foreign currencies and the stimulus to export buying that has been given by the crop curtailment program of the AAA. Of the total of 64,500,000 pounds exported during the month, flue-cured represented 51,600,000 pounds; Kentucky-Tennessee fire-cured, 7,000,000 pounds; Virginia fire-cured, 2,000,000 pounds; Maryland and eastern Ohio, 1,900,000 pounds; burley, 900,000 pounds. The remainder consisted of minor export types.

POTATOES

Potato prices at central markets and shipping points reached what appears to be the season's low point in November after declining steadily since mid-July. There has been some slight advances since mid-November and during the first week of December prices at central markets were slightly above those of a month earlier. Weekly car-lot shipments have declined almost steadily since the peak established in mid-October and are now averaging about the same as a year ago. With the late potato crop totalling only 280,000,000 bushels or 11 percent less than in 1932
it is probable that the quantity of potatoes moving into consumptive channels from now until the end of the season will be lighter than in the corresponding period of the 1932 season and that prices will show a moderate advance.

Potato prices at New York averaged $1.74 a 100 pounds during the first week of December or about 9 cents above the low point reached in mid-November, 2 cents above the first week of November and 60 cents above a year ago. At Chicago, car-lot prices averaged $1.23 a 100 pounds during the first week in December or 11 cents above the low point reached during the first week of November and 53 cents above a year ago.

F.o.b. prices of Green Mountains at Presque Isle, Maine averaged $1.12 a 100 pounds (sacked) during the first week of December compared with $1.10 during the first week of November and 58 cents a year ago. At Rochester, N. Y. round whites averaged $1.15 a 100 pounds or about the same as a month earlier compared with an average of 63 cents for the first week in December 1932. Wisconsin round whites f.o.b. at Waupaca, averaged $1.02 a 100 pound sacked against 96 cents a month earlier and 48 cents a year ago. At Idaho Falls, Idaho Russet Burbanks averaged 80 cents a 100 pounds sacked f.o.b. cash track during the first week of December or about the same as a month ago, but 40 cents higher than a year ago.

The United States farm prices of potatoes averaged 68.8 cents per bushel on November 15 compared with 74.9 cents October 15, 34.4 cents November 15, 1932, and 60.4 cents the November average 1910 to 1914.

Car-lot shipments from the beginning of the 1933 season to December 9, totalled 63,792 cars against 40,104 cars to December 10 last year. The weekly movement has averaged slightly more than 3,000 cars per week for the past month. Owing to the increasing use of the motor truck in recent years, the car-lot shipment records are inadequate as a measure of the total movement of potatoes into consumptive channels. There is some question this season as to the proportion of the total movement being shipped by rail compared with last year. Prices are considerably higher this year and will support a higher transportation cost than during the 1932 season which indicates that a larger proportion is being shipped by rail. However, higher prices usually bring out a greater volume of shipments and it may be that the crop is being marketed earlier and at a much more rapid rate this season than was the case in 1932. It is probable that both of these factors have had an important influence on the volume of car-lot shipments this year.

HOGS

Hog prices after advancing about 60 cents in early November declined sharply in the 4 weeks ended December 15, the decline amounting to about $1.25 per hundred pounds. The winter low point in hog prices is usually reached in December and most often occurs before the Christmas holidays. Price improvement after the low point is usually slow until late January or early February when a large seasonal reduction in slaughter supplies takes place. In view of the relatively heavy movement of hogs to market in recent weeks and the slaughter for government account in August and September of more than 6,000,000 pigs that ordinarily would not be sent to market until after December, the reduction in slaughter in the late winter this season is expected to be much greater than average.
Hog slaughter under Federal inspection during November totaled 4,501,000 head, or 1,500,000 more than in October and 723,000 more than in November last year. It was the largest slaughter for November since 1924. Slaughter in October was relatively small, the increase over September being the smallest in the 27 years for which records are available. In November the situation was reversed and the increase over October was the largest on record. October and November slaughter combined was 2.4 percent greater than in the corresponding period last year. This unusual distribution of slaughter supplies during these 2 months was the result of several factors. During October some producers may have withheld hogs from market in anticipation of higher prices after the hog processing tax became effective. When hog prices continued downward after the tax went into effect and the hog-corn price ratio became increasingly unfavorable for hog feeding, there developed a tendency to rush hogs to market.

Hog prices at Chicago on November 1 averaged $3.80 per 100 pounds, increased to $4.48 on November 14, and then declined to $3.41 as of December 1, and averaged about $3.25 for the week ended December 15. The processing tax of 50 cents per 100 pounds went into effect November 5 and was raised to $1.00 per 100 pounds on December 1. The average price at Chicago is now about 25 cents higher than a year ago. In September, prices at that market averaged only 24 cents higher, but in October were 23 cents higher than a year earlier.

The hog-corn farm price ratio for the North Central States was 10.4 in November compared with 15.9 in October and 18.5 in November last year. Hog prices declined at a relatively faster rate than corn prices during the last half of November and the first half of December and the hog-corn ratio in mid-December was even lower than in mid-November.

Wholesale prices of fresh pork declined sharply during November as a result of the large increase in hog slaughter. The average price of 10-12 pound fresh loins at New York during the last week of the month of $9.50 per 100 pounds was $4.75 less than that of a month earlier but 60 cents higher than in the corresponding week last year. Average prices of most cuts of cured pork in November were steady to slightly higher as compared with those in October.

The composite price of wholesale pork products at New York during November was $11.95 per 100 pounds compared with $11.46 in October and $10.17 in November last year. The retail value at New York of hog products from 100 pounds of live hog was $8.46 compared with $8.58 in October and $8.16 in November last year. The spread between the price of 100 pounds of live hogs and the retail value of hog products at New York was $4.32, compared with $5.72 in October and $4.73 in November last year. The November spread this year, however, included the processing tax of 50 cents.

The movement of hog products into consumptive channels was relatively heavy during November. Despite the large increase in hog slaughter, the net increase in storage holdings of all hog products amounted to only 8,000,000 pounds. Stocks of pork increased 31,000,000 but lard stocks were reduced by 23,000,000 pounds. Pork stocks, totaling 525,000,000 pounds on December 1, were 30 percent larger than those of a year earlier and 21 percent larger than the 5-year average for that date and were the largest for December since 1925. Lard holdings continue at record levels for this time of year. The total on December 1, amounting to 110,000,000 pounds, was 271 percent larger than that of a year earlier and 238 percent larger than the 5-year average for that date.
Total exports of hog products during October were not greatly different from those in October last year, the increase in pork exports about offsetting the decrease in shipments of lard to foreign ports. Total pork exports, amounting to 11,568,000 pounds, were nearly 29 percent larger than those in October last year but were about a fifth smaller than the 5-year average for the month. Exports of lard, amounting to 50,296,000 pounds, were about 8 percent smaller than the exports in October last year, which were about equal to the 5-year average for the month.

CATTLE

Cattle prices reached a new low level about the middle of November and there are some indications that this will be the low point reached by most kinds of slaughter cattle. With the indicated supply of fed cattle for the first quarter of 1934 small, hog supplies the smallest in many years, and some reduction in fed lambs, a considerable advance in prices for all kinds of cattle may take place during this period.

Cattle prices in the first half of November continued the decline that started in August. For the week ended November 18, all grades of slaughter steers and nearly all kinds of other cattle were at the lowest point yet reached since prices began to decline. At this low point the average weekly price of choice steers at Chicago was only $5.41, with good at $4.91, medium at $4.21 and common at $3.45. Because of the large proportion of good and choice steers in the supply the average price of all steers, at $4.90 did not go quite as low as in February or April. During the following 2 weeks supplies were curtailed somewhat, and prices recovered somewhat with the different grades of steers during the week ended December 2, averaging about the same as for the week ended November 4. The average monthly price of all beef steers at Chicago was $5.13 compared with $5.53 in October and $6.29 in November 1932. The monthly farm price of beef cattle November 15 was $3.32, compared with $3.60 in October, $3.78 in November 1932, and the November pre-war average of $5.21. Prices of most other kinds of slaughter cattle reached new lows in November or at least went as low as at any time in recent years. Stocker and feeder cattle prices also declined further and the November monthly average of feeder steers at Chicago of $3.39 and at Kansas City of $3.51 were new record lows and over $1.00 below November 1932.

Market and slaughter supplies of cattle in November continued large. Receipts at seven leading markets were 15 percent larger than in November 1932, but 2 percent below the 5-year November average. Inspected slaughter at 771,000 head was 23 percent and 15 percent respectively above November 1932, and the 5-year November average and the largest since 1927. Calf slaughter at 424,000 head was the second largest for the month on record. As in other recent months the slaughter supply included an unusually large proportion of well finished grain fed cattle, with the number of heavy finished cattle especially excessive. The number of choice and of good and choice steers at Chicago was the largest for the month in the 12 years for which records are available and the price discrimination against weight was especially severe. Many heavy, long fed, well finished cattle sold for little more than $4.00 a hundred, while at the same time light heifers fed 60 to 90 days sold above $6.00.

Demand for feeder cattle in November was reduced, reflecting the decline in finished cattle and the advancing prices of corn. With a loan value on corn of about 45 cents a bushel, cattle feeders are faced with
higher corn prices this winter than last. Shipments of feeder cattle from leading markets in November were a little larger than in November 1932 but much below the 5-year average for the month.

While market and other reports indicate rather large numbers of long-fed cattle still in feed lots, being mostly cattle held back for some weeks in hopes of price improvement, a rather sharp dropping-off in fed cattle supplies by the end of the year is probable. There are some indications that the low point of prices for different grades of beef steers was reached the week ended November 18. Any considerable advance during the first quarter of 1934 would be contrary to the usual seasonal movement of prices of the better grades. But with hog supplies during this period indicated as much smaller than any recent year, and lamb supplies somewhat smaller, a considerable advance in prices for all kinds of slaughter cattle may take place.

BUTTER

Production of creamery butter is decidedly larger than a year ago. Storage stocks of butter are unusually large for this season of the year, but they do not have their usual significance in indicating the amount of butter available for distribution through the regular commercial channels, because they include government holdings that are to be used for relief purposes. The purchasing of butter by the Dairy Marketing Corporation maintained prices at a fairly stable level in several weeks. The seasonal peak of butter prices usually comes in December followed by a sharp decline in the early part of the year. The seasonal decline this year will be influenced by government purchases. Supplies are much larger than a year ago, and there has been relatively little increase in consumer expenditures for butter, as compared with last year.

Butter production in October was only 7 percent less than in September compared with the usual seasonal decline of about 12 percent. October production made a new high for the month and exceeded October 1932 by 6.5 percent. October production of butter was heavy in the North Atlantic and Pacific Coast States, and probably indicates an increase in milk supplies in excess of fluid requirements.

The price of 92-score butter at New York in November averaged 23.6 cents slightly less than in October, and 0.3 cents higher than a year earlier. The stability of butter prices in the last 2 months has been due in large part to government purchases for relief. The farm price of butterfat on November 15 of 20.4 cents was slightly higher than in October, but 2.0 cents higher than on November 15, 1932. Farm prices of butterfat are lower in relation to grain than a year ago, but in the West North Central States butterfat prices are still relatively high as compared with grain. Farm prices of butterfat are high compared with farm prices of meat animals.

Trade output of butter in October was approximately the same as a year earlier and production was larger but the decrease in the out-of-storage movement offset the increase in production. Estimated consumer expenditures for butter in October were 5 percent higher than in October 1932. This was the largest increase over the same month of the preceding year since July.

Storage stocks of butter continue unusually large. Cold storage holdings on December 1 of 138,090,000 pounds were about 100,000,000 pounds
larger than a year earlier and about 68,000,000 pounds larger than the 5-year average. The preceding peak in December 1 holdings was in 1929 when holdings were 111,650,000 pounds.

The net out-of-storage movement in November was about 22,373,000 pounds compared with about 30,000,000 pounds last year. The net storage movement, however, is affected by the policy in distributing butter for relief purposes. During October butter was purchased for relief and put into storage, and relatively little was actually distributed through relief agencies, which made the net out-of-storage movement light. Late in the season the distribution of butter for relief will probably exceed purchases, and the out-of-storage movement will be relatively heavy.

CHEESE

Cheese production declined sharply from September to October and October production was less than in the same month of 1932. The decline in some sections was affected by farm strikes. Cold storage holdings of cheese are large. Cheese prices have shown little change in the last 3 months. The support given to the butter market by government purchases has also tended to support cheese prices. Consumer expenditures for cheese in October were about the same as a year earlier.

There was a sharp decline in cheese production from September to October and October production was 4.8 percent less than in October 1932. This was the first month since April in which total cheese production was less than in the same month of the preceding year. Total production for the first 10 months of the year, however, was 6.5 percent greater than in the same period of 1932. Farm strikes may have been an important factor affecting deliveries of milk to cheese factories in some sections. Production of cheese in Wisconsin in October was 11 percent less than a year earlier. Production in the West North Central States and in the South Central States was decidedly larger than in the same month of 1932.

Cheese prices on the Wisconsin Cheese Exchange in November at 10.5 cents were the same as in October but about 0.4 cents higher than in November 1932. When allowance is made for the usual seasonal variation, the November price was about 70 percent of pre-war.

Trade output of cheese in October was 6 percent less than in October 1932. This was a slightly larger decline than occurred in the case of production. The retail price of cheese in October was slightly lower than a year earlier. These changes indicate that consumer expenditures for cheese in October were about 5 percent lower than in October 1932. In September there was also a slight decline from the preceding year. In the earlier months of the year consumer expenditure for cheese were decidedly lower than in 1932.

During October imports of cheese of 5,800,000 pounds were only about 60 percent as large as in October 1932. With the dollar at a decided discount the United States is probably a less favorable market. For the first 10 months of 1933 cheese imports were 12 percent lower than in 1932. While there has been about 20,000,000 pounds less cheese moved into consuming channels in the first 10 months of 1932 than a year earlier, about one quarter or 5,000,000 pounds of this decrease is accounted for in lower imports.

Cold storage holdings of cheese on December 1 were 85,100,000 pounds, or 22,700,000 pounds larger than on December 1, 1932, but only 13,500,000 pounds in excess of the 5-year average.
EGGS AND CHICKENS

Market prices of eggs rose seasonally in November to what may be the peak price of the winter and by early December had declined to lower levels. Light production this winter together with relatively low storage stocks will be a strengthening factor in the price situation until early spring. In similar situations in the past severe weather has brought on temporary periods of very high prices. The reduction in storage stocks indicates a somewhat higher level of consumption than has prevailed in recent years. The position of the poultry market is not so favorable to producers for supplies are plentiful.

Prices of special packed mid-western fresh eggs at New York averaged 33.7 cents a dozen in November, a rise of 5.4 cents from the October average, and by December 11 had declined to 27.5 cents. The November 1932 average was 37.4 cents. Prices of firsts changed correspondingly to an average of 25.2 cents in November. The farm price of 24.0 cents on November 15 was 3.2 cents more than a month before. The farm price of chickens on November 15 of 8.8 cents was half a cent below that of October 15 and 2.3 cents less than on November 15, 1932.

Receipts of eggs at the four markets during November were 452,000 cases compared with 560,000 cases a year before and a 5-year average for November of 522,000 cases. These are the lowest November receipts since 1924. Low chicken prices are likely to result in a saving of pullets so that in a few months production will be back to its average level.

Receipts of dressed poultry at the four markets during November were 75,300,000 pounds compared with 71,200,000 pounds a year before and a 5-year November average of 66,300,000 pounds. These are the largest receipts on record for the month. The peak of receipts always occurs in November-December. Hatchery reports for October indicate a reduction from last year of more than 30 percent in numbers of chicks hatched in October and a reduction of 20 percent in orders for November or later. These hatchings very largely represent chicks for broiler production.

Cold storage stocks of case eggs on December 1 were 2,655,000 cases compared with 1,195,000 cases a year before and a 5-year average for that date of 2,995,000 cases. The out-of-storage movement for November was 2,521,000 cases or slightly more than the 5-year average and 495,000 cases more than the out-movement in November 1932.

Cold storage stocks of frozen poultry on December 1 were slightly less than a year ago; 90,000,000 pounds compared with 91,100,000 pounds and a 5-year December 1 average of 91,800,000 pounds. Storage holdings of poultry usually increase until January or February and then are the principal source of supply until late spring.

LAMBS

The lamb market in November was fairly steady and in sharp contrast to the weakness in the hog and cattle markets. With a smaller supply of fed lambs for the next few months than a year earlier, and much higher wool prices, the prices of lambs during this period are expected to be materially higher than a year earlier and somewhat above the levels of the first half of December.
Lamb prices advanced rather sharply during the first part of November from the low point of the season and for the balance of the month were fairly well maintained, with the weekly averages of good and choice lambs at Chicago ranging from $6.84 to $6.99. The slaughter lamb market was relatively strong despite a rather weak dressed market and declining beef and pork prices and low priced turkeys. This strength was a reflection, in part, of the advancing wool market and higher pelt values. The November average price of good and choice lambs at Chicago was $6.84 compared with $6.74 in October and $5.71 in November 1932. The average November price of good and choice dressed lambs at New York, however, was somewhat lower than in either October 1933 or November 1932.

The farm price of lambs November 1 was $4.95 compared with $3.91 in November 1932 and the pro-war November price of $5.47. The average price of all slaughter lambs at Chicago for November was practically the same as the Chicago November average for the years 1910 to 1913 inclusive, of about $6 50. In comparison the average price of beef steers at Chicago in November was over $2.00 lower and of hogs over $3.00 lower than the pro-war November average which in both cases was about $7.30. The inspected slaughter of cattle in November was 9 percent above the pre-war November average, of sheep 6 percent above and of hogs 60 percent above.

Supplies of lambs in November continued fairly large. Although receipts at seven leading markets were 8 percent and 20 percent smaller respectively than in November 1932 and the 5-year November average, inspected slaughter was only 2 percent smaller than in November 1932 and was 4 percent above the 5-year average. Slaughter of sheep and lambs during the first 7 months of the current lamb marketing year, beginning May 1, has been only about 160,000 head or 1 1/2 percent smaller than for the same months in 1932.

Shipments of feeder lambs, passing through livestock markets into the Corn Belt States in November were somewhat larger than in November last year and were relatively large for the month. The total of such shipments for the 5 months July to November are a little larger than last year but much below any other year since 1919. The movement of feeder lambs into Colorado to the end of November indicates a decrease in feeding in that State of around 200,000 head from last year and the number fed in the other Rocky Mountain States is reported as smaller than last year. In the States west of the Continental Divide the total number of lambs for market on pastures and in feed lots on December 1 was considerably larger than a year earlier and unless the December marketings are heavy there will be more on feed on January 1 than a year earlier.

The supply of fed lambs for the first 4 months of 1934 will be somewhat smaller than a year earlier and the decrease in slaughter will probably be fairly well distributed over this period. With slaughter reduced and wool values materially higher than in the early months of 1933, the level of lamb prices during this period is expected to be materially higher than a year earlier and somewhat higher than during the first half of December this year.

WOOL

Active buying and some upward movement in wool prices were reported in the Boston market during the last half of November after 2 months of slow trading and steady prices. The activity in the domestic market during the month was based in part, upon increased sales of domestic goods, but it was also due to the
relatively low quotations for domestic wool compared with foreign wool prices in terms of dollars. Some recession in trading on the Boston market, however, was reported in early December. Available statistics and information on trade and manufacturing activity for the year thus far indicate a decided improvement over last year, both in this country and abroad. World wool production this year apparently will be considerably smaller than last year, and with increased consumption in most countries, the supply situation appears favorable. The trend of domestic prices during the next few months will be influenced greatly by price changes in foreign markets and by changes in the relationship of the dollar to currencies in the principal exporting countries. From the standpoint of the world price situation, however, it is not improbable that most of the favorable influence of reduced supplies has been discounted.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston for the week ended December 9 averaged 86 cents a pound, scoured basis, compared with 83 cents for the week ended November 11 and an average of 45 cents in December 1932. Territory 3/8 blood (56s) averaged 81.5 cents a pound the first week of December, 77.5 cents the first week of November, and 39 cents in December 1932. The United States average farm price of wool was 33.6 cents a pound as of November 15 compared with 23.6 cents on October 15 and 9.4 cents on November 15, 1932. Opening quotations for merino wools were not fully maintained to the close of the last London series, but prices for medium and low grades advanced during the sales. Prices in English currency at the close of the series on December 6 were mostly 10 to 20 percent higher than at the close of the previous series on October 11.

Consumption of wool by United States manufacturers reporting in October was slightly larger than in September and was well above that of October 1932. Consumption of combing and clothing wool was 13 percent larger than in October 1932, while consumption of carpet wool showed an increase of more than 50 percent. Consumption of combing and clothing wool in the first 10 months of this year was 36 percent larger than in the same months last year, while carpet wool consumption increased 50 percent in the same period. Mill operations were reported to be somewhat irregular during November. In view of the high output of the summer months, however, activity in the domestic wool industry is considered to have been well maintained in recent months. The improvement in wool manufacturing activity in foreign countries is also being maintained particularly in the United Kingdom.

Imports of combing and clothing wool into the United States in the first 10 months of 1933 amounted to 37,000,000 pounds compared with 14,000,000 pounds imported from January to October 1932. Imports of carpet wool were 108,000,000 pounds from January to October of this year and only 32,000,000 pounds from January to October 1932. The relatively heavy movement of foreign wools to the United States in the summer months of this year has resulted in a considerable increase in stocks of wool held in bonded customs warehouses. Stocks of combing and clothing wool in recent months have been larger than at any time since June 1930. On October 31 approximately 22,000,000 pounds of such wool were held in bonded warehouses. Stocks of carpet wool were 41,000,000 pounds on October 31, the largest in recent years. The weakening of the dollar in terms of foreign exchange up to November 16 and the rise in wool prices abroad resulted in a demand from abroad for reexports of foreign wool from the United States.

Latest information indicates still further reduction in this year's wool clip in Australia and the Union of South Africa. It is now estimated that production in 1933 in 19 countries which normally produce over four-fifths of the world's supply, exclusive of Russia and China, will be only 2,561,000,000 pounds,
a reduction of 8 percent compared with 1932 and 5 percent below the 5-year average, 1928-1932. The decrease in the 1933 world clip so far reported is practically all in three of the important wool producing countries of the Southern Hemisphere, i.e., Australia, New Zealand, and the Union of South Africa.

Apparent supplies in five Southern Hemisphere countries on November 1, 1933 were approximately 16 percent less than at the same date of 1932 and 11 percent less than on November 1 of the 5 years 1927-1931.

COTTON

During November and the first part of December cotton price fluctuations have been rather closely associated with the fluctuations in the foreign exchange value of the dollar. Prices in the ten designated markets during the first part of December of 5-5/8 to 9-7/8 cents were 4 to 4 1/4 cents higher than a year earlier. Both domestic mill consumption and domestic exports were smaller in November than a year earlier, but for the first 4 months of the season were the largest in several years. European mill activity continues to run above last year and the year before and in Japan activity is still very high with unusually large proportions of American cotton being used.

On November 16 cotton prices in domestic markets in terms of currency reached the highest levels recorded since the first week of the season, the average on the ten designated markets on that day being 10.03 cents. This represented an advance of 7/8 cent per pound from November 7, a substantial part of which was due to the further depreciation in the foreign exchange value of the dollar. During the latter half of November domestic prices declined about 1/2 cent, this being associated with an appreciation of the dollar, and declining prices of other commodities and of stock quotations. During the first 12 days of December cotton prices in the ten spot markets were fairly steady with the quotations ranging between 9-5/8 and 9-7/8 cents per pound. During December 1932 domestic prices were around 5/4 to 6 cents. During November the average price of three types of Indian cotton at Liverpool was only 77.6 percent of the price of American middling and low middling, compared with 78.4 in October, 90.3 in November 1932, and was the smallest since July 1931.

There was a slight decline in mill activity in the United States during November, the mills according to trade reports being very careful not to manufacture for stock. This caution on the part of the industry recently caused the manufacturers to draw up a resolution requesting the N. R. A. to restrict the hours of machinery operations during December to 75 percent of the maximum previously allowed. This request has been granted and the cotton textile code revised so that during December the maximum number of hours the machinery may operate will be 60 per week instead of 80. The indications are that mill stocks have been held down and on some types of goods are smaller than a year ago. The 475,000 running bales consumed during November represented a decline from October of 29,000 bales and was 27,000 bales less than domestic consumption during November 1932. This was the first month since last February that consumption by domestic mills did not exceed that of the corresponding month of a year earlier. However, consumption in November last year was considerably higher than in November of the two previous years so that consumption in November this year is the highest with the exception of last year since 1929. During the first 4 months of the season domestic mills used 2,067,000 bales, which was 166,000 bales larger than in the like period last season and the largest for the period.
since 1929-30.

Trade reports indicate that mill activity in some European countries may have declined slightly during November and that sales of cotton textiles by the mills were probably somewhat below production. On the whole activity in Europe has been well maintained and consumption of American so far this season has been the highest for the period since 1929-30. In Japan cotton consumption continues at very high levels with unusually large proportions of American cotton being used.

Domestic exports also declined, the November exports amounting to 915,000 running bales compared with 1,012,000 bales in November last year and 1,071,000 bales in November 1931. For the first 4 months of the season, however, exports were about 154,000 bales larger than in the like period last season and the largest for the period since 1928-29. The exports to Japan so far this season have been the largest in history. The agreement among the Japanese not to buy Indian cotton as a protest against the high Indian tariff on Japanese piece-goods has been an important factor in this development. So far no word has been received of any definite agreement having been reached in this matter, although many proposals and counter proposals have been submitted. There are indications, however, that some agreement may have already been reached or may be reached within the near future, although there seems to be little certainty as to when the differences will be settled. It is reported by observers in Bombay that during November Japanese houses bought forward contracts for Indian cotton and that it is believed they have bought c.i.f. contracts of specific growths, leaving to themselves the option of naming the port of destination later on. This, it is thought, may indicate that the boycott of Indian cotton by the Japanese may soon be lifted.
### Business statistics relating to domestic demand

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1/ Federal Reserve Board indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914 = 100.
4/ Weighted average of index 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 30 stocks.
The prices of basic commodities of the U.S. moving in world trade are affected by changes in foreign exchange value of the dollar. Here is presented the average of prices of six commodities—wheat, cotton, cottonseed oil, lard, sugar, and copper—since the middle of April 1933, when gold payments in the U.S. were suspended and exports of gold prohibited. The price of gold here used was determined by French, Swiss, and Dutch exchange values, until Sept. 8, when the U.S. Treasury export price was used. Beginning Oct. 25, the R.F.C. began to buy gold, and thereafter that purchase price was used. The lower line shows changes in the gold value of the pound sterling since suspension of gold payments in the U.S.