Prices of farm products are at about the same level as a month ago following the sharp advance from mid-January to mid-February. Prices of cotton and meat animals have been fairly steady in recent weeks, grain prices have declined slightly, and butter, fruits and vegetables have continued to advance. Butter prices are at the highest level in over 2 years, after a phenomenal rise since mid-December. Cheese prices have also advanced markedly. Although egg prices have declined seasonally they are well above the level of a year ago. Cattle prices have increased despite very heavy slaughter supplies. Lamb prices have been fairly well maintained at a relatively high level. The sharp rise in hog prices in early February has been fairly well maintained although prices weakened somewhat in the second week in March. Prices of potatoes and tobacco are steady to higher than a month ago.

The index of farm prices in mid-February was 76, the same as last July, compared with 49 at the record low in February 1933. The index of prices paid by farmers was 118 in February compared with 107 in July and 101 in February 1933. This represents a rise in farm prices of 55 percent from a year earlier compared with a rise of 17 percent in prices paid by farmers. Consequently the purchasing power of a given quantity of farm products in February was 31 percent above a year earlier.

Farmers' cash income in January was 41 percent higher than in January 1933. The cash income from marketings of farm products in January of $424,000,000 was 4 percent higher than in December and 23 percent higher than in January last year. In addition, farmers received $60,000,000 in January in the form of rental and benefit payments from the Agricultural Adjustment Administration compared with $19,000,000 in December.

Wool and potato prices are above "parity" (pre-war purchasing power). Prices of some other farm products as a percent of parity on February 15, 1934 were as follows: lambs, 94; apples, 85; cotton, 90; wheat, 69; beef, cattle and corn, 60; eggs, 59; and hogs, 45.

WHOLESALE PRICES

The general level of wholesale prices in early March was 23 percent above the post-war low point of a year earlier and 7 percent above the pre-war (1910-1914) average. Price increases for the year ended March 3 amounted to 19 percent for nonagricultural products (other than farm and food), 26 percent for foods, and 53 percent for farm products. Textile products also

Wisconsin Farm Prices, 1841-1933, Research Bulletin 119, of State and Federal agencies cooperating, is a welcome addition to the group of historical series of farm prices, which may be obtained upon request.
have increased over 50 percent. Prices of "chemicals and drugs", and "metals and metal products" have advanced the least. These two groups, farm products and miscellaneous products are still below their pre-war level, whereas building materials and house furnishing goods are over 50 percent above their pre-war average. Domestic prices of a few products such as brick, aluminum and nickel have been steady since January 1933.

A simple average of wholesale prices of 10 important export commodities has risen about 50 percent since April 1-15, 1933 compared with a rise of about 70 percent in 10 important imports and a 68 percent rise in the dollar price of gold in London. (See chart at end of report). Of these 20 export and import commodities, prices have risen approximately twice as much for nonfoods as for food products. Prices of nonfood imports have risen about three times as much as food imports, whereas nonfood exports have risen only a little more than food exports.

Price changes for the 20 exports and imports from April 1933 to February 1934, show a wide dispersion. Rubber has increased the most with a rise of about 200 percent. Wool and tin are second and third in point of increase with a rise of a little over 100 percent. Sugar shows the smallest increase, only 11 percent.

terms of

The index of wholesale prices in the currencies of eight foreign countries which normally take about 75 percent of our agricultural exports was 69 percent of the 1928 average for January compared with the low of 66 in April 1933. If adjustment is made to the lower dollar exchange rate the index is 84 for January instead of 69.

Wholesale prices in Canada and England have advanced to the highest level in over 2 years. Prices in Germany were steady in January whereas prices in France declined a little, as did prices in Italy in February.

BUSINESS CONDITIONS

Industrial production during February and the first half of March continued the upward trend which has been in progress since mid-November. Production in practically all lines of industry made more than the usual seasonal gains, with the greatest increases in activity occurring in the automobile, iron and steel, and textile industries. The unusually cold February in the Eastern States was accompanied by marked increases in coal and electric power consumption and greatly curtailed construction and many other types of outdoor activity. Payments to C. W. A. workers were smaller in February than in January but indications are that both employment and payrolls in industry made more than the usual seasonal increase. Retail sales in February were at about the same levels as in January and were sharply higher than a year ago. The large flow of gold to this country in recent weeks has further increased the record excess reserves of banks and has been accompanied by lower interest rates on short time loans.

The Federal Reserve Board's seasonally adjusted index of industrial production for December has been revised upward to 75 and the preliminary index for January is 78, making a total advance of 5 points since November 1933. The increase in industrial production from December to January was fairly general in all lines of activity. The index of construction contracts declined from 58 in December to 52 in
January and department store sales remained unchanged at 69 percent of the 1923-1925 average. Factory employment was unchanged from December to January after seasonal adjustment while the index of freight car loadings increased from 62 in December to 64 in January.

Weekly statistics on automobiles and iron and steel through the first week of March indicate that improvement in these industries has continued at an accelerated rate during the past month. Car loadings, electric power production and cotton forwardings have also made more than the usual seasonal increase according to the New York Times weekly index of business activity. Building and construction were sharply curtailed in February by cold weather, the weekly total of contracts awarded for the third week in the month reaching the lowest point since last July. Sales of chain stores and mail order houses during February continued to show marked increases over a year earlier and were at about the same levels as in February after allowing for seasonal changes. The preliminary index of department store sales in February was 70 compared with 69 in January.

The movement of over $500,000,000 of gold into the United States in the past 6 weeks has greatly increased the excess reserves of the member banks, which has now reached the record levels of approximately $1,300,000,000. Loans of member banks decreased slightly during February but the rate of turnover of bank deposits has increased with the upturn in business.

The trend of industrial activity in foreign countries to date in 1934 has been mixed with some decline in activity occurring in those countries having political disturbances and depending largely upon export trade, and further improvement occurring in the larger industrial countries. In the United Kingdom the Economist Monthly Index of Business Activity advanced 4.5 percent between December and January, the increase in activity being rather general in all lines of industry. Industrial activity in January was the highest for any month since April 1930 and only slightly below the peak recorded in November 1929. Some improvement in retail trade and in foreign trade was noted in January. Further improvement in industrial activity in Great Britain depends largely upon a revival of international exchange of commodities. In France and Austria political disturbances have resulted in some decline in business activity. Industrial activity in Belgium and Holland, which depend largely upon international trade, continues at unusually low levels. No improvement has been noted in Italy, Switzerland, or Poland in recent weeks but in Germany economic activity appears to have been maintained and unemployment has decreased. In Japan business activity continues at record levels and the value of exports in January was substantially higher than a year ago whereas imports were substantially lower thus reducing the excess of imports over exports. Industrial activity in Canada has also continued to improve and in January industrial production was the highest since March 1932.

**WHEAT**

The surplus of wheat available for export or carry-over in the principal exporting countries continues to be well below that of last year. However, import take-ins are restricted because of last year's unusually large crop in European importing countries and because of the high tariffs and other barriers against the importation of wheat by many countries. These circumstances are combining to keep prices low in the unprotected and unsubsidized wheat markets of the world. At Liverpool, prices converted to terms of gold cents of the
old par value have been at about 40 cents per bushel for nearly 5 months and when converted at current rates of exchange they are now in the vicinity of 65 cents per bushel. Meanwhile wheat at Chicago is selling for around 85 to 90 cents per bushel.

The United States average farm price of wheat as of February 15, was 72.0 cents per bushel compared with 69.4 cents a month earlier, and 32.3 cents in February 1933. Market price changes since mid-February indicate that the March 15 price is likely to average slightly lower than that of February 15. The weighted average price of all classes and grades of wheat at six markets which was 91.8 cents for the week ended February 17 declined to 85.5 cents for the week ended March 3, and 86.1 cents per bushel for the week ended March 10. At Kansas City No. 2 Hard Winter declined from 85.4 cents for the week ended February 17 to 81.9 cents for the week ended March 3, and 81.7 cents for the week of March 10. There have been no striking changes in the relationship between prices of the various representative wheats in United States markets. No. 2 Amber Durum, however, continues to be higher in price than the others. At Minneapolis, for the week ended March 10, No. 2 Amber Durum averaged 105.0 cents per bushel compared with 88.6 for No. 1 Dark Northern Spring.

Prospects for wheat prices during the next few months can probably best be appraised by considering separately the prospect for world market prices and for the relationship between prices in the United States and world markets. World market prices continue to be under the influence of very abundant supplies of wheat in the exporting countries and a restricted demand in the importing countries. Present estimates point to a surplus of wheat available for export or carry-over in the four principal exporting countries, together with quantities afloat and United Kingdom port stocks of about 821,000,000 bushels as of March 1 compared with 964,000,000 a year earlier. It is likely, on the other hand, that supplies in the Danube Basin and in Russia which might be exported are somewhat larger than a year ago, though it is not expected that these countries will export much wheat during the remainder of the current crop year. Although it does not seem likely that March to June takings by importing countries will be quite as large as those of last year, the carry-over in the exporting countries as of July 1 will probably be considerably smaller than it was on the corresponding date of 1933.

The course of world wheat prices during the next few months will depend to a considerable degree upon the results which are obtained in the way of acreage reduction and export controls, and upon the prospective yields of wheat in the various countries of the world for 1934. Weather and crop conditions to date suggest that the total production of wheat in Europe will not be as large as it was last year, though it is too early to draw definite conclusions. While present indications point to another year of large abandonment and relatively low yields of winter wheat in the United States, the crop is expected to be considerably above that of last year. With average yields, the spring wheat crops of both the United States and Canada would be much larger than they were in 1933. Thus in the Northern Hemisphere the 1934 crop might prove to be smaller than that of 1933 in the importing countries, but larger in the exporting countries. This would not result in any very material improvement in world prices during the next few months unless it should be as a result of more tangible evidence of effective acreage reduction in wheat producing countries, of export controls, and measures to increase consumption than we have had thus far.
We may next turn to a consideration of the prospective relationship between prices in the United States and in world markets. In years past the price of wheat at Chicago has ordinarily been in the vicinity of 10 to 20 cents per bushel lower than at Liverpool. When Chicago prices are low relative to Liverpool, there is a heavy movement of wheat from the United States into export markets. This tends to result in there being a lower limit to the spread between Chicago and Liverpool prices, and during most years in the past the spread has frequently about reached that limit. There is similarly an upper limit to the spread, the point at which prices in the United States rise so high that wheat will be imported in large amounts over our tariff wall. With freight rates now prevailing, it appears that Chicago prices cannot well decline to more than about 15 or 20 cents per bushel under Liverpool, whereas the upper limit is such that Chicago prices cannot rise much more than 25 cents per bushel above Liverpool.

Since July the spread between Chicago and Liverpool, has averaged about 20 cents per bushel which is but little lower than the upper limit. This is the result partly of the short crop of wheat harvested in the United States during 1933; partly of the program of aiding exports from the Pacific Northwest; partly of the acreage reduction campaign; and partly of various other factors which have contributed to a speculative support of the market. From a long-time standpoint, however, prices at Chicago can be maintained far above an export basis only if wheat acreage in the United States is reduced sufficiently to leave us with no material export surplus east of the Rocky Mountains, or if the United States extends its policy of export aid to regions east of the Rockies. An acreage reduction of 15 percent is not sufficient to place wheat production east of the Rockies on a domestic basis except in years when yields are below average. With the large surplus for carry-over which still exists in the United States and a crop equal to or in excess of domestic requirements, prices at Chicago might occasionally decline to an export basis if export aid were not extended to wheat grown east of the Rockies.

Rather comprehensive data on stocks indicate that there was a surplus of wheat available for export or carry-over in the United States as of January 1 amounting to about 285,000,000 bushels. This consequently suggests a carry-over into the new crop year of somewhere in the vicinity of 275,000,000 bushels. Murray forecast the winter wheat crop at 475,000,000 to 480,000,000 bushels based on his March 1 condition figures of 73.5 percent. If spring wheat yields should be average, and if there should be no acreage reduction beyond that already contracted for, the spring wheat crop of the United States this year would amount to about 230,000,000 bushels. Hence, using Murray's figure for winter wheat production and the above figure for spring, we arrive at a total of about 710,000,000 bushels. This may be compared with an allowance for domestic utilization of 625,000,000 bushels, which includes 500,000,000 bushels for food, 75,000,000 for seed, and 50,000,000 as feed. The above calculation takes no account of the effects of any supplementary acreage reduction campaign. Since some steps toward supplementary reduction have been taken and others may be taken it is to be expected that a somewhat smaller production than that indicated above would be obtained if spring wheat yields should be about average.
Corn prices have changed but little during the past month, after a slight decline from mid-January to mid-February. Commercial stocks continue at the highest level on record for this time of year despite only moderate receipts at primary markets.

The United States average farm price of corn in mid-February was 45.6 cents per bushel compared with 43.9 cents a month earlier. Changes in market prices since mid-February indicate that the farm price in the Corn Belt as of March 15 will differ but little from the February 15 price. At Chicago, No. 3 Yellow declined from a high point of 50.3 cents for the week ended January 20 to 47.8 cents for the week ended February 24. Since the latter date there was some recovery, and for the week ended March 10, No. 3 Yellow averaged 49.2 cents per bushel.

Primary market receipts for the 4 months November to February inclusive, have amounted to 68,341,000 bushels compared with 50,081,000 in the corresponding period of last year, and an average of 87,715,000 bushels in the first 4 months of the past 5 seasons. During February receipts amounted to only 14,427,000 bushels compared with 15,074,000 in January, 13,107,000 in February 1933, and the 5-year average of 22,148,000 bushels for February.

There has been very little change in commercial stocks during the past 2 months. Their high point thus far this season was reached at the close of December when they amounted to 70,540,000 bushels. The next highest point was reached on February 24 at 70,122,000. As of March 10 they amounted to 67,919,000 bushels. This compares with an average of 29,354,000 bushels for the second week of March of the past 5 years. The highest previous figure for commercial stocks of corn for the second week of March was in 1927 when they totaled 49,789,000 bushels. Commercial stocks were not compiled prior to 1927, but they are fairly closely comparable to figures of the visible supply as reported by the Chicago Board of Trade. The highest previous level reached by visible supplies of corn as of the first week of March was only 45,103,000 bushels. It is, nevertheless, significant that corn stocks have increased but little since the beginning of the current season. On October 28 they amounted to 61,355,000 bushels. Ordinarily in the second week of March corn stocks are very materially higher than they are at the beginning of November.

The average increase for the past 5 years is approximately 20,000,000 bushels. The corn loans which have been made will probably serve to prevent any material distress selling of corn between now and August when the corn loans are due. Consequently, no great weakening of the market seems likely unless as the result of a favorable new crop outlook. On the other hand, the possibility of considerable amounts of corn being turned to the government for disposal at the expiration of the loans may tend to prevent any material advance. Farmers are, of course, free to sell their corn prior to August, but they are not likely to do so unless they can obtain prices equal to or higher than the loan value.

Wet process grindings of corn during February amounted to 4,526,000 bushels. This is the lowest figure for February since 1921. Utilization of corn for alcoholic beverages is no doubt much higher than in recent years, but in the absence of definite figures, it is impossible to appraise the extent to which the decline of wet process grindings is offset by, or more than offset by increased utilization for other purposes.
POTATOES

Potato prices in central markets followed a mixed trend during February; advancing about 63 cents per 100 pounds or 30 percent in the East, but declined 21 cents or 10 percent in the Middle West. Both eastern and western market prices eased off during the first week of March. The car-lot movement of old stock has continued heavy during February, although it was somewhat lighter than during February a year ago. Although increased plantings have been made in the southern early states recent frosts caused some damage to the growing plants which may reduce yields slightly.

Potato prices at New York rose steadily through February to a new season high of $2.71 per 100 pounds but eased off to $2.55 during the first week of March. This new peak in prices is 71 cents above the January low, and $1.06 above the November or season's low point. A year ago the quotations averaged $1.13 per 100 pounds. At Chicago potato prices declined 21 cents per 100 pounds from the seasons high of $2.13 reached the last week of January to the last week of February and then declined further to $1.82 during the first week of March. A year ago they averaged 98 cents per 100 pounds.

Eastern shipping point prices followed much the same trend as New York prices. At Presque Isle, Maine, Green Mountains advanced steadily throughout February to $2.00 per 100 pounds f.o.b. cash track and then declined slightly during the first week of March. This new high point is exactly double the season's low reached last November. Round whites at Rochester, New York, advanced about 35 cents per 100 pounds during February to $1.96 and then declined to $1.75 the first week of March. Shipping point prices in the Middle West and Western States followed the lead of the Chicago market. At Waupaca, Wisconsin, round white prices declined 10 to 15 cents per 100 pounds during February and then another 10 to 15 cents during the first week of March, when they averaged about $1.12 per 100 pounds. At Idaho Falls, russets declined from $1.38 per 100 pounds to $1.30 during February and held fairly steady during the first week of March.

The United States farm price averaged 87.7 cents per bushel on February 15, compared with 77.2 cents a month earlier, 37.0 cents a year earlier and 66.3 cents the 1910-1914 February average. Farm prices are now 7 percent above their "parity price" of 82 cents per bushel. Shipping point prices of Florida bliss triumphs declined from $3.10 per 100 pounds to $2.30 during February. Prices strengthened slightly during the first week of March.

The car-lot movement of old stock potatoes continues heavy. Shipments have averaged from 4,100 to 4,900 cars per week during February. To March 3 this year the movement of late potatoes exceeded 114,000 cars compared with 90,000 cars last year to March 4. Even the movement of new potatoes from Florida is heavier than a year ago. Around 550 cars had been moved to March 3 compared with only 241 a year ago.

TOBACCO

Prices of nearly all types of tobacco averaged higher in February than in January and much higher than in February 1933. A marked increase in the quantity of tobacco used in manufacture occurred in January. Exports of leaf tobacco declined in January to about 30 percent of the 5-year average.
Prices of Burley (type 31) in Kentucky average 11.1 cents per pound in February compared with 10.5 cents in January and 8.2 cents in February, 1933, according to the State report of warehouse sales. Prices on a grade basis have continued to advance during the past several weeks. According to reports of the Bureau of Agricultural Economics grading service they were higher in the week of March 10 than in any other week since the markets opened in January. According to the Kentucky report, prices of One-Sucker tobacco (type 35) in February averaged 9.4 cents per pound compared with the January average of 6.7 cents and the February, 1933 average of 4.4 cents. Green River (type 36) averaged 9.3 cents compared with a January average of 7.7 cents and a February, 1933 average of 3.5 cents. Prices of the flue-cured types which averaged, respectively, 8.1 cents for Clarksville-Hopkinsville (type 22), 5.7 cents for Paducah (type 23), and 5.9 cents for Henderson (type 24), were each about 10 percent higher than in January and from 60 to 110 percent above February a year ago. Prices for Virginia fire-cured tobacco (type 21) also increased during February, according to State reports, averaging 7.9 cents per pound compared with 6.9 cents in January and 7.6 cents in February a year ago. Flue-cured prices for the season, as shown by State reports, indicated an average price of about 15.2 cents per pound, compared with an official estimate of 11.6 cents for the 1932 crop, and 8.4 cents for the 1931 crop.

The quantity of tobacco used in manufacture of tobacco products, as indicated by reports of the Commissioner of Internal Revenue, was about 20 percent larger in January, 1934 than in January, 1933 and about 40 percent larger than in December, 1933. All classes of tobacco products shared in this increase. The number of tax stamps issued for use on cigars was 16.5 percent greater in January than a year earlier; the number issued for cigarettes was 33.2 percent; the number for manufactured tobacco (smoking and chewing combined) was 11.6 percent greater and the number for snuff 6.6 percent greater.

Exports of leaf tobacco for the United States during January totaled only 25,800,000 pounds. This was more than 50 percent below the quantity exported during December, 1933 and nearly 30 percent below the 5-year average for January. The greatest decline occurred in the case of flue-cured tobacco, owing largely to the reduced takings of the United Kingdom, the principal importer of flue-cured tobacco. Flue-cured exports usually constitute more than 80 percent of the total United States tobacco exports during this period. Exports of all other types of tobacco except Burley also showed declines during January.

HOGS

Hog prices, after advancing sharply in early February were fairly well maintained through early March followed by some decline in the second week of March. The marked rise in the first 8 days of February was in response to a very marked reduction in slaughter supplies and increased buying of market offerings for government account. The rise carried the weekly average at Chicago from $3.40, the fourth week in January, to $4.50 by mid-February. The advance at first was somewhat uneven as between markets and different weight groups, as it was more pronounced at Chicago and East St. Louis than elsewhere, and much greater on hogs weighing under 240 pounds than on those of heavier weights. This out-of-line relationship was corrected later through advances in those prices which had lagged earlier and slight reductions in the prices of the lighter weights.
The Federal hog processing tax was increased on March 1 from $1.50 to $2.25 per 100 pounds live weight. Prices during the period immediately following the increase in the tax were fairly well maintained as a result of a sharp curtailment in market offerings and a temporary resumption in the buying of hogs for government account.

The seasonal rise in hog prices this winter from the low point of $3.18 in the weekly average at Chicago in late December to the high point reached thus far in March of $4.56 represents an advance of about 43 percent from the low point. If the increase of $1.25 in the hog processing tax during this period is included, the cost of hogs to packers rose from $4.18 to $5.81. This cost, therefore, increased $2.63 or 63 percent. The average rise during the late winter and early spring in the previous 33 years amounts to $2.17, or about 29 percent from the winter low. The largest percentage rise on record is 70. The percentage rise this winter is about equal to that which occurred in 1922 following the depression of 1921, and also is about equal to that in the late winter of 1925, following the very short corn crop of 1924. In 1922, the late winter rise ended early in March and in 1925 it terminated in the third week in March.

Federally inspected slaughter of hogs in February, totaling 3,433,000 head, was about 6 percent smaller than that of February last year and was the smallest slaughter for the month since 1927. The reduction in slaughter from that of January amounting to 1,957,000 head, was the second largest decrease for this period on record. Total inspected slaughter during the first 5 months of the current marketing year which began with last October exceeded that of the corresponding period of the previous year by about 600,000 head, or 8 percent. Because of lighter average weights at which hogs were marketed the total output of hog products was probably no greater than that of the earlier period.

The hog-corn price ratio continues unfavorable to hog producers although it improved somewhat in February, largely as a result of the rise in hog prices. The ratio in the North Central States as of February 15 averaged 9.9 compared with 7.6 on January 15 and 19.1 in February last year.

Largely as a result of the marked reduction in slaughter supplies in early February, prices of fresh pork rose sharply during that period and then lost part of this advance later in the month. Prices of light loins in New York advanced about 6 cents per pound but later lost about half of this gain.

Prices of cured pork and lard made a moderate seasonal advance in February and the composite average wholesale price of the principal hog products at New York during the month was 12 percent higher than that in January and 31 percent higher than that of February 1933.

Because of the large reduction in hog slaughter during the month the seasonal increases in storage stocks of pork and lard were much smaller than average. Pork stocks on March 1, amounting to 736,000,000 pounds, were about 6,000,000 pounds larger than those of February 1, and 8 percent smaller than the 5-year average for that date but were 21 percent larger than those of a year earlier. Lard stocks totaled 173,000,000 pounds, or 9,000,000 pounds more than a month earlier. This total was 205 percent more than that of March 1, 1933 and 73 percent greater than the 5-year March 1 average.
Pork exports in January were somewhat larger than in January last year as a result of a larger movement of fresh and frozen pork. Exports of this class of pork have been increasing in recent months. Exports of cured pork and lard in January were smaller than those of a year earlier. Last year, however, exports of lard in that month were unusually large as a result of an increased movement into Germany in anticipation of higher German import duties on lard becoming effective.

The unusually large reduction in hog slaughter during February from that in January was to some extent a reflection of the slaughter of 6,000,000 pigs last August and September in connection with the hog production control program of the Agricultural Adjustment Administration. Much of that slaughter probably represented pigs farrowed in the late spring and early summer and which normally would have been marketed from early February to mid-April of this year. Because of their removal from the market supply, a further decrease in hog slaughter during the next few weeks from that of last year would seem probable. The very unfavorable relationship between hog prices and corn prices which has prevailed during the last 6 months, however, may tend to cause hog producers to market their fall pig crop somewhat earlier than usual, consequently the reduction in hog slaughter may be more marked next summer than during the next 6 weeks.

CATTLE

Cattle prices continued to advance during February despite the largest slaughter of cattle for the month in 16 years, and the largest February slaughter of calves on record. Improving consumer demand for beef is making it possible to move largely increased supplies of all cattle at advancing prices. Although slaughter supplies of all cattle are expected to continue large, the proportion of well-finished cattle is expected to decrease during the next few months whereas it usually increases. Hence, a further contra-seasonal advance in prices for such cattle is not unlikely. Further expansion in consumer demand for beef, which will follow if business conditions continue to improve, may result in a material improvement in the cattle situation by the end of the year.

Most kinds and grades of cattle continued to advance during February and at the end of the month were higher than at any time since last September. Comparing the last week in February with the week ended November 18, which marked the recent low point in beef steer prices, different grades of beef steers at Chicago showed price advances ranging from $.94 to $1.17 per hundred. Other kinds of slaughter cattle advanced somewhat from the middle of November, the improvement being more marked with low grade cows and heifers, which were helped by the purchases on government relief account, than with the better grades of butcher cattle.

Prices of stocker and feeder cattle also advanced in price, reflecting the improvement in beef steer prices, especially common steer prices, the advance from November to February amounting to over $1.00 per hundred at Chicago and Kansas City. The average price of all grades of beef steers at Chicago for the month of February was $5.49, compared with $5.35 in January and $4.81 in February 1933. The average farm price of beef cattle on February 15 was $3.67, compared with $3.33 in January and $3.31 in February 1933.

Slaughter of cattle in February was very large, much larger than receipts at leading markets would indicate. Inspected slaughter of 733,000 head was the largest for the month in 16 years and the second largest for the
month on record, being 29 percent larger than in February 1933 and the 5-year February average. Calf slaughter in February of 437,000 head was also very large, being 38 percent above February 1933 and 50,000 head larger than for any other February on record. The slaughter supply continued to include an unusually large proportion of long-fed cattle. The number of choice steers at Chicago was over twice as large as in any other February in the 13 years for which records are available and the number of good steers was the second largest for the month.

Consumer demand for beef has been increasing steadily during the past few months and is markedly above a year ago. This improving demand is making it possible to move into consumption, not only largely increased supplies of beef, but to move these at advancing prices. During the first 2 months of 1934 slaughter of cattle and calves was over 600,000 head larger than for the same months in 1933, an increase of nearly one-third. Prices of both cattle and calves were higher for the 2 months this year than last.

The slaughter of both cattle and calves is expected to continue large during the balance of 1934, but hardly at the same relative increase over 1933 as prevailed in January and February. During the next few months the proportion of fed cattle in the supply is expected to become less and after March, the number and proportion of choice cattle will be considerably reduced. Although the usual seasonal trend in prices of better grade steers is downward from January to June, a reversal of this trend this year is to be expected since the number of such steers will tend to decline, whereas it usually increases, and a further improvement in consumer demand for beef is fairly certain.

BUTTER

Production of butter is low; a phenomenal rise in prices has occurred since mid-December, and prices are the highest in more than 2 years. Even with the rise in butter prices the farm prices of butterfat in relation to feed grains is relatively low. Because of this price relationship and short feed supplies, butter production will probably continue relatively light for the rest of the feeding seasons. The number of milk cows on farms January 1 was 3.1 percent larger than the large number a year earlier. The number of heifer and heifer calves was also larger than a year earlier. The number of milk cows on farms will be large throughout the coming year.

Estimated creamery butter production in January was 112,400,000 pounds or 12.9 percent less than the high production a year earlier, and the lowest for January since 1930. January production was only 0.6 percent larger than December compared with an increase of 4.6 percent from December to January a year ago and the usual seasonal increase of about 10.5 percent. In the West North Central States the area of heaviest production, January production was 11.6 percent less than a year earlier, while in the South Central States the decrease from 1933 was 27 percent. Weekly reports indicate that production has continued relatively low during February.

The price of 92-score butter at New York in February averaged 25.4 cents or 5.5 cents higher than a month earlier, and the highest for any month since December 1931. Ordinarily there is little seasonal change in prices from January to February. The farm price of butterfat on February 15 was 21.6 cents or 5.5 cents higher than in mid-January, and nearly 6 cents higher than in February 1933. Farm prices of feed grains were only slightly higher in mid-February than a month earlier. Even with this
change butterfat prices are relatively low compared with feed grains. This price relationship has been an important factor in tending to curtail production, and will probably result in relatively light production from now until the pasture season.

During 1933 the number of milk cows on farms increased by 785,000 head or 3.1 percent. The largest increases in numbers occurred in the North Central States, 3.7 percent; and in South Central States, 4.0 percent. In the North Atlantic States there was practically no change.

The number of dairy heifers 1 to 2 years old on farms January 1, was 1 percent larger than a year earlier and the number of heifer calves 2.5 percent larger. The number of milk cows on farms during the coming year will probably average higher than in 1933.

Trade output of butter in January was 10.7 percent larger than a year earlier. This increase was due to the distribution of government butter for relief purposes, which amounted to approximately 14,800,000 pounds in January. Trade output through the regular commercial channels in January was about the same as a year earlier, and consumer expenditures for butter through the regular commercial channels about 5 percent less than in January 1933.

Cold storage holdings of butter on March 1 were 36,800,000 pounds, about 24,000,000 pounds larger than on the same date in 1933, but 10,000,000 pounds less than the peak holdings for that date in 1930. Cold storage holdings are small compared with current production. Government holdings of butter on March 1 were 4,114,000 pounds. If these are deducted from the total holdings, the amount available for distribution through the regular commercial channels is 32,728,000 pounds or 9,541,000 pounds more than the 5-year average.

CHEESE

With the decrease in milk production on farms as compared with 1933, cheese production has been decidedly less than a year earlier. With the light production and general rise in commodity prices, cheese prices have increased sharply since the first of the year. Trade output and stocks of cheese are larger than a year ago, whereas imports are low. Even though the number of cows on farms is larger than in 1933 the outlook is for relatively light production of cheese during the remainder of the feeding season because of the relatively high prices of feed grains.

Production of cheese in January was 28,436,000 pounds or 16.2 percent less than a year earlier and the smallest for January since 1929. January production was about 10 percent larger than in December compared with the usual seasonal increase of about 5 percent.

January production of American cheese in Wisconsin was 27 percent less than in January 1933. In the West Coast States and West North Central States, however, January production was larger than in the same month a year earlier.

The price of cheese (twins) on the Wisconsin Cheese Exchange in February averaged 12.6 cents, 3 cents higher than a month earlier and 4.6 cents or 58 percent higher than a year earlier. The price in February was the highest for any month since October 1931.
Trade output of cheese in January was 44,284,000 pounds or 4.8 percent larger than in January 1933 and the largest for January since 1930. The retail price of cheese in January was only slightly lower than a year earlier so that the estimated consumer expenditures for cheese in January were 4.3 percent larger than a year earlier. This was the first month since last July when estimated consumer expenditures were larger than in the same month of the preceding year. Cheese imports continue low. January imports were 8 percent lower than the small imports a year earlier.

Cold storage holdings of American cheese on March 1 of 54,383,000 pounds were about 7,391,000 pounds larger than on March 1, 1933, but only 4,000,000 pounds larger than the 5-year average.

EGGS AND CHICKENS

Prices of eggs and chickens continued their usual seasonal trends in February with egg prices declining and chicken prices rising. These price movements ordinarily continue through March and May respectively. Receipts of eggs have been slightly above the average of recent years but heavy production this spring is not anticipated. Storage stocks of case eggs are now low; the into-storage movement is starting late; stocks are not likely to be greater than last year. The principal factor in maintaining higher egg prices this spring than last, is the generally higher price levels.

The poultry situation is somewhat different. Storage stocks, which are the dominant source of supply during the spring months, are large and while receipts in February were below average, yet spring receipts are always relatively low. The farm price of chickens on February 15 was 10.2 cents, an advance of 0.8 of a cent from a month before, and 0.8 of a cent above the price a year before.

The prices of special packed mid-western eggs at New York averaged 21.1 cents per dozen in February, a decline of 3.7 cents from the December average, but 1.9 cents above the average price for February 1933. On March 7 the price was 19-3/4 cents. The farm price of eggs of 15.8 cents on February 15 was 1.8 cents lower than on January 15, but 4.8 cents above the farm price a year before.

Receipts of eggs at the four markets during February were 1,103,000 cases compared with 936,000 cases a year before and a 5-year average of 994,000 cases. The total for both January and February is about the same as the 5-year average for those months.

Receipts of dressed poultry at the four markets in February were 17,900,000 pounds compared with 20,800,000 a year before and a 5-year average of 21,700,000 pounds.

Hatchery reports for December and January indicate a larger broiler production than last year and the possibility of smaller laying flocks next fall and winter. The number of saleable chicks hatched in December was 56 percent greater than a year earlier. These hatchings are primarily for early broiler production. The number of chickens hatched in January was about the same as in 1933 whereas orders for February delivery or later were reported as 14 percent less than in 1933. These later hatchings are mainly for replacement of laying flocks.
Cold storage stocks of case eggs on March 1 were 90,000 cases compared with 163,000 cases a year ago and a 5-year average of 185,000 cases. Eggs are going into storage later this year than last. Cold storage stocks of frozen poultry were 101,800,000 pounds compared with 88,700,000 pounds a year ago, and a 5-year average of 100,500,000 pounds.

LAMBS

Lamb prices continued to advance during February until a top of $10.15 was reached at Chicago late in the month. A recession of about $1.00 a hundred occurred early in March largely as a result of the inability of dressed lamb prices to support the high live lamb level. While supplies of lambs for the next 2 months are expected to be smaller relative to the same months in recent years than were supplies in February, any advance in live lamb prices above the high point in late February will depend upon whether dressed lamb prices can maintain their margin above prices for other meats.

Lamb prices continued to advance steadily during February and in the last week of the month the top on slaughter lambs at Chicago reached and passed the $10.00 mark. This was the first time since June 1931 that lambs had sold above $10.00. During the early days of March however, a sharp reaction set in and the price dropped about $1.00 a hundred, carrying the general level of lamb prices back to where it was about the middle of January. The average weekly price of good and choice slaughter lambs of 90 pounds and less, at Chicago the week ended March 3, was $9.63 compared with $5.42 in the corresponding week of 1933. For the same weeks good and choice slaughter ewes averaged $2.10 this year and $2.62 last. The February 15 farm price of lambs was $5.55 this year compared with $3.50 on January 15, and $4.19 in February 1933. The pre-war February farm price of lambs was $5.95. Lambs, wool and potatoes were the only important farm products whose February prices this year exceeded the pre-war prices. Lambs are the only species of meat animals, whose price has advanced to a point above the low point reached in the 1920-21 recession.

Supplies of slaughter lambs in February made more than the usual seasonal decline from January. Inspected slaughter of 1,159,000 head was about 18 percent smaller than in January, but only 7 percent below February 1933, only 1 percent below the 5-year February average, and larger than any February prior to 1930. Receipts of lambs at leading markets continue to be an unreliable index as to slaughter supplies. Receipts at seven leading markets were 22 percent smaller than in February 1933 and 26 percent smaller than the 5-year February-average receipts.

Wholesale prices of dressed lambs advanced sharply during February. During the months in 1933 when live lamb prices were higher than in the corresponding months of 1932 wholesale dressed lamb prices at New York were lower than in 1932 and this situation continued through most of January this year. The higher prices of live lambs during the period were a result of the higher wool and pelt values. The further advance in live lambs in February followed the advances in wholesale dressed prices. This resulted in prices of dressed lamb much higher than those of other kinds of meats. At the end of February the average weekly wholesale price of dressed lamb at New York was $16.70, compared with $10.75 for choice steer beef, $11.50 for choice veal and $13.50 for light pork loins. The drop in lamb prices early in March was largely due to the inability of the dressed market to advance in line with the further advance in live prices.
Slaughter of lambs in March and April is expected to be considerably smaller than a year ago, but not as much smaller as the reduced number of lambs on feed January 1 would indicate. There has apparently been a heavy movement of feeder lambs direct to feed lots since January 1, especially from Texas where feed conditions have been poor, and a somewhat heavier early movement of new crop lands in California is not unlikely. The number of lambs in feed lots in Colorado and the Scottsluff area at the end of February was about 130,000 head smaller than a year earlier.

WOOL

Little change occurred in the wool marketing situation during the last month. Sales in the Boston market have been light, with prices remaining firm on fine grades of wool but weakening slightly on some of the coarser grades. Wool prices in foreign selling centers are below the peak reached in January. Contracting of the new United States clip on a limited scale has been reported in the Western States. Prices indicated in the reports on such contracts were considered to be slightly above current Boston quotations. Although wool consumption in the United States failed to show the usual seasonal gain in January, available supplies of the 1933 domestic clip are reported to be small. Present stocks of wool in the Southern Hemisphere countries are also estimated as being smaller than usual for this time of year. In view of the reported low level of stocks of wool, no appreciable decline in wool prices is expected during the remainder of the current season.

Quotations for fine (56's, 70's, 80's) strictly coming territory wool at Boston averaged 87 cents a pound, scoured basis for the week ended March 10, having shown no change since the middle of January. The price of this wool in the second week of March, 1933, averaged 46 cents a pound. Territory 3/8 blood (56's) wool remained unchanged during February, and for the week ended March 10 was 61.5 cents a pound scoured basis compared with 57 cents a pound in the corresponding week of March, 1933. The United States average farm price of wool was 25.4 cents a pound on February 15 compared with 24.6 cents on January 15 and 25.6 cents on February 15, 1933.

Wool prices in foreign markets have declined from the high level reached in January. Prices for super-merinos and fine crossbred wools at the opening of the second series of the London sales on March 6, were barely equal to the closing quotations of the previous series on February 2. Prices for average quality crossbreds were 5 percent below the February quotations and medium and low crossbreds had declined 10 to 12-1/2 percent. England and Germany were the chief buyers in the early days of the series.

The quantity of combing and clothing wool consumed by mills reporting to the United States Bureau of the Census in January was about the same as in December. The index of consumption of such wool, on a grease basis, adjusted for seasonal variation, was only 50 (1923-1929=100) in January compared with 64 in December and 64 in January, 1933. Some improvement in mill activity was reported toward the end of January and early part of February. Woolen mills, particularly those using the lower quality wools are in a relatively better position than mills making high grade worsted fabrics. Trading and wool manufacturing activity were fairly well maintained in continental European countries during January, but employment declined somewhat in the English wool industry. Part of the slowing-down in activity in Great Britain was seasonal and was to be expected in view of the greater than usual increase in activity which occurred in the last quarter of 1933.
The revised estimate of 364,735,900 pounds for the domestic wool clip for 1933 together with the estimate of pulled wool production shows a total production of 428,936,000 pounds for 1933, an increase of 4 percent above 1932. Such indications as are now available point to little change in wool production in the United States for 1934 from that of 1933. The total number of sheep and lambs on farms on January 1, 1934, was slightly smaller than a year earlier, but there was a small increase in the number of stock sheep. Sheep and range conditions since last summer have been less favorable than those of the preceding year.

Production of wool in 20 Northern and Southern Hemisphere countries for 1933 is now estimated at 2,417,100,000 pounds, a decrease of 2 percent compared with the record year of 1932, but 9 percent above the 5-year average, 1923-1927. These 20 countries in 1932 produced over 90 percent of the world total, excluding Russia and China.

COTTON

Domestic cotton consumption from August 1 to the end of February was larger than in the like period in either of the last three seasons. This was likewise true of the total world consumption of all cotton judging from the reversed consumption to the end of January. Cotton prices which advanced from 10-1/4 to 12-1/2 cents from early January to February 12, reacted about 2/3 cent per pound during the latter part of February, but recovered to 12-1/4 cents during the first part of March. With planting now under way in the southern part of the belt, much attention is being given to the prospects for the new crop. Despite the success of the acreage rental program, large applications of fertilizer and intensive cultivation of the smaller acreage might result in a fairly large crop, if weather conditions were favorable. However, legislation is now pending which is designed to restrict the amount of cotton marketed from the 1934 crop to about 13,000,000 bales.

Domestic cotton consumption for February showed about the usual decline as compared with January, but was the largest for the month since 1930, according to data released by the Bureau of the Census. The 478,000 running bales consumed during February represented a decrease of 3 percent from the previous month, whereas during the last 10 years the average decrease in consumption from January to February was 6.6 percent. The daily rate of consumption during February was about the same as during January, the decline being due to the fewer number of days in February. Consumption in February last year amounted to 441,000 and in February, 1932 to 451,000 bales. While consumption during February this year was larger than in either of the 3 previous years, it was smaller than in the corresponding month of any of the 8 years, 1925 to 1932. Total consumption from August 1 to February 28 amounted to 3,482,000 running bales which was 142,000 bales larger than during the first 7 months of last season and continued larger than in the like period of either of the last three seasons. Although sales of cotton goods by domestic manufacturers apparently dropped below production toward the end of February and in the first part of March, sales for the month of February were probably well in excess of production. This plus the fact that unfilled orders on hand in late January were unusually large insures a continuation of at least the present rate of activity for many weeks, barring some very unusual development. However, due to the marked increase in domestic consumption in the latter part of last season, the comparisons between the consumption for the remainder of this season and that of a year earlier will not be so favorable as thus far.
World consumption of all cotton during the first half of the present season amounted to 12,519,000 running bales, which was 656,000 bales or 5 percent larger than the like period last season and the largest for the period since 1929-30, according to data recently received from the International Federation of Master Cotton Spinners' and Manufacturers' Associations. Consumption of American was reported at 7,018,000 bales which was also larger than in the like period of either of the last three seasons, but about 202,000 bales less than in the 6 months ended July 31, 1933. Consumption of Egyptian, Indian, and Sundries (cotton other than American, Indian, and Egyptian) all showed increases over the like period last season and in the case of Egyptian the increase amounted to 17 percent making the largest consumption of this cotton ever recorded in any 6-month period.

Cotton prices reacted somewhat following the marked advance which occurred during January and the first part of February. During this period of loss than a month and a half the average price of Middling 7/8 inch cotton in the 10 designated markets advanced about 2-1/4 cents or 25 percent. This advance was associated with such factors as increased sales of cotton textiles and increased domestic mill activity, the stabilization of the dollar, improvement in business and business sentiment, and the success of the A. A. A. in renting cotton lands from the farmers, together with the consideration given to the Bankhead bill providing for greater control over the 1934 marketings.

The reaction which followed the marked advance resulted in the 10 market average declining to 11.86 cents on February 26, part of which was associated with the decline in the prices of other speculative agricultural commodities and of stocks prices. In early March, cotton prices again strengthened, with a March 2 average of 12.28 cents and a March 6 average of 12.24. On March 14, the average in the 10 spot markets was 12.25 cents per pound. A year earlier the markets were closed on account of the bank holidays, although scattered sales of Middling 7/8 inch were then reported at around 7 cents.

The results of the A. A. A.'s cotton acreage control program is expected to show that approximately 15,000,000 acres (the goal which they set out to accomplish) will have been rented to the Government, when all of the contracts have been received and accepted. With the prospective abundant labor supply and the large increase in the sale of work animals, equipment and fertilizer, the smaller acreage may be so intensively cultivated and heavily fertilized that the crop may be fairly large despite the small acreage. During February sales of fertilizer tax tags in eight of the principal cotton producing states amounted to about 388,000 short tons compared with 202,000 tons during February 1933, representing an increase of 91 percent, but 44 percent less than the average for the 5 years, 1928 to 1932. For the 3 months December to February, total tag sales in these states amounted to 796,000 tons compared with 374,000 tons during the like period last season, but was 21 percent less than the average for the 5 years ended 1932. The Bankhead bill is designed to hold marketings in check. This bill which originally provided for the restriction of the ginning from the 1934 crop to 9,000,000 bales has recently been revised to limit the amount of cotton which may be ginned without being taxed to 10,000,000 bales.
### 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.
Prices of Commodities Entering International Trade, Especially Raw Materials, Advanced Sharply in the United States after Gold Payments Were Suspended. The Unprecedented Rise in Business Activity in This Country and Commodity Speculation Contributed to the Price Rise from April to Mid-July 1933. Since August the Indexes of Prices of 20 Important Exports and Imports Have Maintained a Fairly Constant Trend.