THE PRICE SITUATION, DECEMBER 1934

FARM PRICES

The general level of farm prices appears to be a little higher than a month ago. The marked advance in corn prices has been the most notable change since mid-November. Prices of small grains and some livestock have risen and dairy products have increased seasonally. Farm prices in percent of the pre-war level averaged 101 (revised) in mid-November compared with 102 in October and 80 in November 1933.

Prices of nearly half of the major farm products are now between 82 and 109 percent of their pre-war average. The major exceptions are relatively low prices of livestock and potatoes and relatively high prices of tobacco, cottonseed, and feed grains. Prices paid by farmers for commodities in November are estimated at 126 percent of the pre-war level, the same as for each of the previous 2 months compared with 116 in November 1933. The ratio of prices received to prices paid by farmers was 81 in November compared with 86 a year earlier.

Cash income from the sale of farm products in October 1934, excluding the sale of cattle to the government, is estimated at $231,000,000 compared with $383,000,000 in September and $564,000,000 in October 1933. The increase in income from September to October this year, however, was less than usual. A marked decline in the seasonally adjusted income from crops was only partially offset by the slightly more than seasonal increase in incomes from livestock and livestock products. During the first 10 months of 1934, farmers' cash income was $58,045,000,000 of which $46,612,000,000 was from the sale of farm products through the regular channels and $433,000,000 was from rental and benefit payments and the emergency sale of cattle to the Agricultural Adjustment Administration. During the first 10 months of 1933, farmers' cash income totaled $4,069,000,000 of which $3,967,000,000 was from the sale of farm products and $132,000,000 from rental and benefit payments.

WHOLESALE PRICES

The general level of wholesale prices in the United States has fluctuated within a narrow range since early October. The week-to-week changes have ranged between 111 and 112 percent of the 1910-1914 average. No significant changes have occurred among the various commodity groups during the last 2 months.
The combined index of wholesale prices in the currencies of eight important foreign commercial countries has been steady at between 66 and 70 percent of the 1926 average for the last year and a half. Price declines in France and China have been offset by higher prices in Germany, Netherlands, Canada, and England; little or no change occurring in the level of wholesale prices in Japan and Italy.

In recent months wholesale prices in England, Canada, France, and Belgium have declined a little, whereas prices in Germany, Italy and Japan have strengthened a little. Prices in India, Canada, and Australia have been steady, whereas prices in Egypt have risen sharply.

BUSINESS CONDITIONS

Industrial production in the United States in November continued the moderate improvement begun in October and present indications are that the upward trend will continue at least until the spring months. During November increases in iron and steel and wool-textile production more than offset declines in automobile production. Activity in cotton textiles was slightly below that of October but considerably above the low point reached in September. Electric power production, railroad car loadings and bituminous coal production have all shown moderate improvement in November after seasonal adjustment. Although a slight decline was recorded from October to November in the seasonally adjusted index of department store sales, retail sales as a whole have been maintained at levels well above those of a year ago with the greatest improvement occurring in the rural areas.

There are several factors in the business situation which point to a continuation of the moderate improvement of the past 2 months. The introduction of 1935 automobile models is just getting underway and production is expected to continue upward from now until the spring peak. Wool textile activity has shown marked improvement since September and many mills have sufficient orders to continue operations for several months. The Federal Housing Administration has now completed plans for insuring the financing of new residential construction. While no construction involving this insurance feature has yet been started, this together with further increases in expenditures for home improvement are expected to stimulate residential building activity in the spring months.

Building contracts awarded during the first 10 days of November failed to retain the improvement recorded in October. The daily average of contracts awarded declined from $5,212,000 in October to $4,741,000 in the first weeks of November in response to a decline in residential, public works, and utility contracts awarded. In November last year daily contracts awarded averaged $6,493,000 largely because of the high level of public works projects awarded in that month.

The level of retail sales as a whole was well maintained in November at levels somewhat above a year ago. The Federal Reserve Board's seasonally adjusted index of department store sales declined from 74 in October to 72 in November but was well above last year when the index for November was 65 percent of the 1925-1926 average. Mailorder house sales in November continued at levels well above those of the same month last year and variety store sales increased from October to November.
Industrial activity in most foreign countries has been steady to slightly lower in the past month. In Great Britain improvement in building activity and in the heavy goods industries in October more than offset the decline in the textile industry and a slight increase was recorded by the Economist index of business activity. Little change has occurred in the level of industrial activity in European countries except in some of the "gold block" countries where the level of industrial output has continued to decline. In Japan, business activity continues at high levels with foreign trade showing a sharp increase in October over that of September and of October a year ago. Chinese exports have continued to decline. The low level of international trade continues to be an important factor in restricting further improvement in industrial activity in many countries. During recent months the value of goods (in terms of gold) moving in international trade has been only slightly above the level of last year and is still near the low point of the depression.

WHEAT

Wheat prices in the United States averaged about the same in November as in October. In the cash markets prices were slightly lower, whereas futures prices averaged slightly higher. In late October prices were at the lowest levels which had prevailed since July, but this was followed by a recovery which was apparently due in part to the pegging of prices on the Winnipeg Exchange and in part to the easing of the pressure of Argentine shipments. The maintenance of the improved level in the United States in the face of some further decline in Liverpool prices which was not terminated until the latter part of November appears to have been due to a combination of factors including reports of heavy feeding of wheat, serious deficiencies of moisture in the western Great Plains region and the rapidly rising prices of corn. With world shipments running at slightly higher levels than last year, prospects are for some strengthening of world prices during the next few months.

The United States average farm price of wheat in mid-November was 88.1 cents per bushel. A month earlier it was 88.5 cents, and in November 1933, 71.1 cents per bushel. At Kansas City, No. 2 Hard Winter declined from an October average of 102.2 cents to 101.8 cents for November; at Minneapolis No. 1 Dark Northern Spring declined from 114.9 to 114.0 cents and No. 2 Hard Amber Durum from 145.4 to 141.8 cents; while at St. Louis No. 2 Red Winter rose from 99.5 to 100.9 cents. Futures prices, on the other hand, averaged higher in November than in October. Thus, Chicago December futures averaged 99.5 cents per bushel in November compared with 98.1 in October, while May futures averaged 98.5 compared with 98.1 cents in October.

At Liverpool, wheat prices continued downward through mid-November, a low point of 68-1/2 cents per bushel for the December contract being reached on the 21st and 23rd of November. At that time December futures at Liverpool were approximately 30 cents below December futures at Chicago. There was, however, much less difference between prices of other deliveries. At Chicago, December and May futures have been selling at about the same prices for some time and during the month of November May futures were lower than December futures. This, of course is a very unusual situation. At
Liverpool, May futures have recently been in the vicinity of 8 to 10 cents above the December option and on November 23, when December futures at Chicago closed approximately 30 cents per bushel higher than the corresponding future at Liverpool, May futures in the same market were only about 20 cents above Liverpool.

There has been relatively little change in the wheat production estimates for the 1934-35 season during the past month. On the supply side, however, considerable attention has been given to the deficient moisture in the southwestern Great Plains region of the United States where the fall growth of winter wheat has been very poor. In western Kansas, for example, there is a very significant relationship between precipitation during the months of September to November inclusive and the abandonment and yields of winter wheat. During those months of this year, precipitation in western Kansas has apparently been only about 77 percent of normal. Fairly general rains and snows during the latter part of November and early December furnished considerable relief over most of the region, however. Further to the East conditions have been much more satisfactory and private crop reports as of December 1 indicate the condition of the winter wheat crop as a whole is better than in the past two years though somewhat below average.

In Argentina heavy rains fell over a great part of the wheat zone during the last few days of November and early December. It is reported that they caused no damage to the wheat crop in the southern half of the wheat zone where the condition of the crop is the best in many years, although it is late. In the Provinces of Santa Fe and Cordova, however, the heavy rains are reported to have caused lodging and to have lowered both the quality and the yield. Last year the Argentine production amounted to 286,000,000 bushels, which was the highest level since 1928-29, when the crop was estimated at 349,000,000 bushels. It now seems likely to be about 250,000,000 bushels.

A considerable amount of wheat continues to be imported; total duty paid imports during the period July 1 to December 8 having amounted to 5,046,000 bushels, compared with 22,000 bushels during the corresponding period of 1933. Of this amount 3,360,000 bushels were imported at the 42-cent rate of duty, whereas 1,686,000 were imported as "wheat unfit for human consumption" at the 10 percent ad valorem rate of duty. Low grade Canadian wheat imported at a 10 percent rate of duty provides a feed much cheaper than corn. Recently, the lowest grades of rejected and smutty wheats have been selling at Winnipeg for only about 60 cents per bushel, whereas at Chicago No. 3 Yellow corn averaged 96.9 cents during the week ended December 8.

Only small amounts of wheat appear to be available for importation as unfit for human consumption, however, unless they are made unfit by staining or other methods. During the months August to October only about one-quarter of 1 percent of the Canadian wheat was classed as rejected and food wheats respectively, and that proportion of the total crop would amount to only about 1,300,000 bushels. A somewhat larger proportion of the crop has been falling in the lower grades recently, however, and on the basis of the October inspections approximately 760,000 bushels of the crop would be classed as rejected, and 1,400,000 as food wheat. Applying the percentages
of inspections for the month of October to the total crop, less than 4,000,000 bushels are to be classed as sample, rejected, feed and smutty. An additional 821,000 bushels would thus be classed as damp, whereas there would be nearly 40,000,000 bushels of tough wheat. Most of the damp and tough wheat, however, is suitable as milling wheat when it is properly dried and conditioned. If it should be possible to diver any large quantity of Canadian or other foreign wheat to feeding purposes in the United States, this would tend to improve the world level of wheat prices. For the current season, however, the effect probably would be to hold prices in the United States to a level somewhat lower than would otherwise exist.

World shipments of wheat recently have been running in the vicinity of 10,000,000 bushels weekly, but for the week ended December 8 they dropped to only 8,322,000 bushels. Total shipments for the season through December 8 have amounted to approximately 237,000,000 bushels compared with 228,000,000 during the corresponding period of last year. Both Argentine and North American shipments have been ranging mostly between 3,000,000 and 4,000,000 bushels weekly, whereas Australian shipments have been fluctuating between 1,000,000 and 3,000,000 bushels weekly. Shipments from other sources have been averaging about 1,000,000 bushels weekly.

CORN

Corn prices advanced sharply in November and early December. It is expected that corn prices from January to April 1935 will not be greatly different from the average for December 1934. The shortness of the crop is accentuated by its low quality and the proportion of the new crop utilized so far this season has been greater than average. Commercial stocks decreased sharply in November but imports of food grains, hay and feedstuffs, while not anywhere near large enough to meet the food shortage, increased considerably.

Market prices of corn advanced sharply in November. During the first week of that month No. 3 Yellow at Chicago averaged 78.7 cents per bushel, and in the first week of December, 96.9 cents. The November average of 83.4 cents was 5.5 cents higher than the October figure. The advance of No. 3 Yellow from October to November at Kansas City was 10.8 cents, at St. Louis 7.9 cents and at Omaha 6.4 cents. Compared with price changes in these months in previous years this change is very unusual in direction and amount. Market prices of oats at Chicago showed little change during November, but barley prices at Minneapolis advanced sharply toward the close of November to approximately the mid-September peak.

The United States farm price of corn, November 15, of 75.7 cents was slightly below the October 15 figure of 76.7 cents and the September 15 price of 77.4 cents per bushel. A year ago the average farm price was 40.6 cents per bushel. From October 15 to November 15 prices declined in areas of fair corn supplies, but were mostly higher in the states having a small corn harvest. In this period, declining prices in the Middle Atlantic States, East North Central, South Atlantic, and East South Central States.
were nearly offset by the higher prices in the West North Central States, West South Central, Mountain, and Pacific Coast States. Wheat continued relatively cheaper than corn in the Mountain and Pacific Coast States, although wheat, and the principal feed grain in this area, barley, sold on November 15 at about the same price per pound.

From June through November 1934 the seasonal trend of No. 3 Yellow at Chicago has been quite similar to that in the same period of 1901. From the standpoint of feed grain supplies, hay production and livestock numbers, conditions during 1934-35 appear more nearly like those of 1901-02 than those of any other recent year. The present shortage of feed grains compared with livestock numbers is, however, more severe than in 1901-02. After adjusting for changes in the price level, corn prices in 1901-02 fluctuated during the period December 1901 to July 1902 within a narrow range of between 104 and 110 percent of the November-December price average. A study of corn price movements during past years suggests that because of the sharp reduction in livestock numbers, particularly hogs, unfavorable feeding ratios, efforts to secure food and forage from sources not generally used, and the recent sharp advance in corn prices at some markets, corn prices during the first 4 months of 1935, January through April, may not be greatly different from the average of prices in December. Prices during these months will be relatively firmer in the drought areas than in those states where the corn crop was not much below average. The level of corn prices (adjusted for price level) in years of a short corn crop when the number of animals was below a long-time trend or normal were fairly steady from November to April. With animal units on January 1 expected to be about 20 percent under a year ago, demand for feed grains during the feeding season will be low. Feeding ratios in this period, however, may be more favorable than in November since higher livestock prices are expected after the turn of the year. Based on farm prices, the hog-corn price ratio November 15 was 6.7 for the United States and 6.8 for Iowa.

Early market movement of the new crop reflects the small 1934 harvest. Feeding from the new crop has also been proportionally heavier than usual. Receipts of corn at 13 primary markets during November aggregated only 8,457,000 bushels compared with 22,196,000 bushels in that month last year and 17,845,000 bushels, the 5-year (1928-1932) November average. Early market receipts show lower-than-average moisture content but a high percentage of damaged kernels. This is unusual in the early part of a new corn crop movement. Corn earworm infestation in the Corn Belt is very great - probably the greatest on record. The percentage of the crop of merchantable quality is low. November receipts of oats of 3,979,000 bushels, were about as large as those of a year ago. The 5-year average was 6,331,000 bushels.

Active cash corn demand, principally for rail shipment or trucking into the drought area, increased the movement of corn from markets. Shipments from the 13 primary markets during November totaled
11,902,000 bushels against 12,953,000 bushels in November 1933 and 8,920,000 bushels, the 5-year (1928-1932) November average. Shipments of oats from these markets totaled 3,112,000 bushels compared with 3,730,000 bushels in November a year ago. The 5-year average was 6,336,000 bushels. With shipments of corn from the markets far in excess of receipts, market stocks declined sharply. The reduction was quite general although it was sharpest at markets close to the drought area. On October 27, 60,540,000 bushels of corn were in store at the principal United States markets, whereas on December 8 they totaled only 47,318,000 bushels. Stocks of corn were increasing during this period last year. Commercial stocks of oats were reduced about 1,000,000 bushels during the past month, but barley stocks increased nearly 3,000,000 bushels.

Wet-process corn grindings for domestic consumption during November totaled 4,069,326 bushels compared with 5,302,000 bushels in October. Prices of products resulting from the wet process, including starch, syrup and sugar, did not advance in November as much as corn, reflecting the extent of competition afforded by sucrose and tapioca flour. The index of wet-process corn-product prices for November, Chicago basis, was 99.9 percent of the base period (1926=100) and corn 111.3 percent. The former index was about 2 points higher than the October figure but corn was up approximately 7 points.

Slightly over 2,000,000 tons of hay and other roughage have been located by the Federal Livestock Feed Agency at Kansas City and listed as being for sale. This does not include a complete tabulation of available soybean hay in Illinois or corn stover and corn fodder saved under or as the result of the conservation program. The volume of listings suggests the extent of the plantings of late feed and forage on the contracted acreage, improved fall pasturage as the result of relatively mild weather, and probable extent of conservation of roughage. Rains in California improved local pastures, thereby releasing considerable surplus alfalfa hay for shipment into certain sections of the central western drought area. More than 30,000 cars of alfalfa and other hay in California, Washington, and Oregon are listed by the Feed Agency.

The President's Drought Relief Committee recently announced there would be no further distribution of food supplies, as such, to relief clients by agencies connected with the Federal Emergency Relief Administration. However, the Federal Emergency Relief Administration will provide funds to farmers for the purchase of feed to maintain livestock in case of farm families eligible for relief, with such funds limited to an amount necessary to provide feed for subsistence of livestock. Extension of credit to farmers for feed purchases through commercial channels and extension of credit to producers not in a position to avail themselves of commercial credit or of production credit loans is also being developed.
Imports of feed grains, feedstuffs and hay increased sharply in October over those of the preceding month, and trade reports imply continued heavy imports in November. Imports of corn during October aggregated 500,543 bushels, of oats 1,070,348 bushels, of hay 5,937 short tons, which includes 163 tons brought in under the President's Proclamation free of duty for use in drought afflicted counties, of wheat feeds 29,225 short tons and of soybean meal 5,010 short tons. A small quantity of wheat has been imported for feed under the classification of "unfit for human consumption" which carries a 10 percent ad valorem duty or around 7 cents per bushel. The duty on wheat for human consumption is 42 cents per bushel. A fairly large amount of wheat may be made available for importation under the classification, "unfit for human consumption".

RICE

Prices of rough and milled rice in the Southern States and California early in December were at about the minimum levels provided for in the marketing agreements for the respective areas. The 1934-35 supplies of rice in the United States are larger than in 1933-34 but the world crop is probably smaller. Disappearance of southern milled rice so far this season has been larger than in the same period last year, particularly in the United States, but the movement of California rice has been restricted to Hawaiian, Pacific Coast and Puerto Rican outlets. Shipments of California-Japan to Puerto Rico have been a smaller proportion of the total movement to that Island than last year. Fairly liberal importation of relatively cheap Philippine rice continued to unsettle the domestic rice situation.

Southern Belt

Rough rice

Supplies of rough rice in the Southern Belt, December 1, 1934, were probably smaller than a year earlier. Taking into account the southern rough rice carry-over in all positions, August 1, of 202,000 barrels, the crop of 8,250,000 barrels (November 1 estimate) and allowing 425,000 barrels for seed, feed and waste, the 1934-35 supplies of rough rice for milling and carry-over aggregate 8,027,000 barrels. Receipts at commercial mills in 1933-34 amounted to 7,627,000 barrels and it is estimated that about 150,000 barrels were milled by custom and commercial hullers, making a total of southern mill receipts of rough rice of 7,777,000 barrels.

Marketing of southern rough rice declined sharply in November with commercial mill receipts totaling only 910,400 barrels compared with 1,973,700 barrels in October and 1,100,000 barrels in November 1933. Commercial mill receipts of rough rice in the heavy marketing period, August through November 1934, were 3,963,600 barrels compared with 4,432,000 barrels in the same period last year. Assuming fairly liberal millings by hullers, there remained about 4,000,000 barrels of rough rice to be accounted for, December 1, 1934. Of this supply, mill stocks on that date totaled 1,003,000 barrels, leaving close to 3,000,000 barrels on southern farms or in country warehouses. This compares with the December 1, 1933 mill stocks of rough rice of 1,248,000 barrels, and farm or country warehouse stocks as measured by mill receipts, December 1933-July 1934, of slightly over 3,000,000 barrels.
The milling quality of the 1934 southern rice crop is below that of the 1933 harvest. Nearly one-half of the 1,508,000 bags of southern rice inspected between August 1 and December 7, 1933 were of prime milling quality, while in about the same period this season only 21 percent of the approximately 4,500,000 barrels inspected fell into this class. A larger proportion of the inspections this year show chalkiness in varying degrees, and a larger percentage has more than 14 percent moisture.

Higher minimum southern rough rice prices for 13 specified varieties were established by the Secretary of Agriculture October 15 under provisions of the Southern Rice Agreement and License. No. 1 prime "A" milling quality Early Prolific, Shoamed and Japan was given a minimum price of $2.90 per barrel of 162 pounds, Blue Rose type Prolific $3.10, Blue Rose $3.30, Louisiana Pearl $3.15, Lady and Early Wright $3.30, Edith and Stormproof $3.60, Fortuna and Mira $3.65, and Rexoro $3.70 per barrel. A schedule of premiums and discounts for rice of different quality than the above is given in the "Amended Marketing Agreement for the Southern Rice Milling Industry, July 21, 1934". These minimum prices were 5-20 cents higher than the 1933-34 minimum prices. Early in December Blue Rose and Prolific, which together account for about three-fourths of the southern production of all varieties, were selling at the base prices, but long grain rices, particularly Rexoro and Fortuna, were selling at slightly above the fixed minimums.

Milled rice

Production of southern milled rice, August through November 1934 was slightly less than in the same period last season. However, with a reduction in the large accumulation of milled rice at mills, movement of milled rice into commercial channels during the mentioned 4 months this year of 3,105,200 pockets was somewhat in excess of the 2,790,700 pockets shipped out in the same period last year. The term, "milled rice", as used here, refers to hood rice, second heads, and screenings. In addition, 119,000 hundredweight of brewers rice were moved into trade channels so far this season compared with slightly over 98,525 in the same period a year ago. Movement of milled and brewers rice from southern mills to points of consumption fell sharply in November from the level in October, but remained in excess of those in November 1933. Shipments to Puerto Rico and exports during the first 4 months this season were not greatly different from those in the same period last year, suggesting increased utilization in the United States.

Southern milled rice prices early in December were on a lower level than previous to October 15, on which date the permitted charge of converting rough rice to milled grain was reduced by an amendment to the license for the southern rice industry. Fancy Blue Roso was selling at New Orleans, December 10, at $3.50 - $3.65 compared with $3.70 - $3.85 per pocket early in August.

California

Rough rice

The 1934 California rice crop was estimated at 7,365,000 bushels of 45 pounds each or 3,449,250 bags of 100 pounds each. This crop is
much larger than the 2,716,000-bag harvest of 1933, but is slightly under the 5-year average of 3,580,000 bags. The California rice season begins on October 1 at which time mill stocks of rough rice totaled 30,100 bags as against 36,900 bags a year earlier. Data are not available on mill receipts for November but trade reports indicate that they were seasonally light with mills generally reducing stocks rather than making replacement purchases of rough rice. Mill receipts in October this year amounted to 626,300 bags (100 pounds each), compared with 692,000 bags received in that month of 1933. No. 1 paddy yielding 54 pounds of head rice was selling at $1.71 per 100 on December 10 and that yielding 50 pounds at $1.66 f.o.b. interior shipping points or close to the minimum provided by the California Marketing Agreement. Surplus or "excess" rice was netting growers $1.05 - $1.15 per 100 early in December with poultry feeders the principal takers. Late September and early October threshings were of comparatively good milling quality but the late marketings have been less satisfactory with numerous lots not yielding more than 40 - 45 pounds of head rice per 100 of rough.

Milled rice

Production of California milled rice in October, the most recent month for which data are available, was 191,700 bags (100 pounds each) or slightly more than in this full month of 1933. It is very likely that the November millings were below the seasonal normal for that month. Shipments from mills in October of 168,000 bags were only slightly larger than a year earlier. The market for California-Japan this season has been limited principally to Hawaiian and Pacific Coast outlets. Foreign demand has been negligible and Puerto Rican purchases have been reduced since prices of California-Japan have been relatively too high compared with grain from other sources, particularly the South. The seasonal total (October through November) of shipments to Puerto Rico this year was 72,835 (100 pound bags) compared with 118,615 bags for the same months last year. According to weekly data of the Department of Commerce shipments of California-Japan to Hawaii from October 1 - December 3 were 61,760 bags against 93,750 bags in the like period last year.

Foreign Situation

Production statistics are hardly in sufficient quantity to estimate the 1934 world output of rice. However, with a marked reduction in the Chinese and Japanese crops a 1934 world crop somewhat smaller than the 1933 production is probable. The 1934 rice crop for all of China is estimated to be about 20 percent below the 1933 production. Larger importations, principally from Indo-China, Burma and Siam, are anticipated. The second estimate of the Japanese crop is 15,642,000,000 pounds compared with 22,251,000,000 pounds last year. The November 1 carry-over was estimated to be 5,143,000,000 pounds against 2,984,000,000 pounds on the same date a year ago.

With relatively high rice prices in United States and no duty on Philippine rice, fairly heavy imports of rice from the Philippine Islands have unsettled the domestic market situation. Distributors estimate that approximately 30,000 bags of Philippine rice were received at San Francisco since the movement began several months ago, the bulk of which was later
moved to eastern seaboard markets. Approximately 50,000 bags additional are either float or are to be shipped during December. Last season, imports were negligible. Early imports of Philippine rice were of rather low quality but recent arrivals have been of more uniform and of higher quality. Philippine rice were quoted on December 10 at $2.25 - $3.05, depending upon class and quality, delivered at Pacific ports, and $2.50 - $3.30 per 100 pounds at Atlantic Coast ports. In comparison fancy California-Japan was selling on the same date at San Francisco at $3.77 per sack, and fancy Blue Rose at New York at $4.05 per 100. Seven hundred bags of Philippine brewers rice were received at San Francisco early in December and sold at $1.40 - $1.66 depending upon quality. A thousand bags were reported purchased for shipment later in the season.

**POTATOES**

Potato prices at market centers improved slightly during November as most of the late crop was placed in frost-proof storage for the winter and early spring movement. There is a heavy concentration of high quality stock in the Northeastern and North Central States this year, which is likely to keep market prices at about present levels during the rest of the season. In the Western States potato production was relatively light, and prices there are likely to show some improvement as the season advances. According to November estimates, production in the Northeastern States totals 132,000,000 bushels this year, as against 56,000,000 in 1933; in the Central States 123,000,000 bushels, against 92,000,000 last year; and in the Western States only 58,000,000, compared with 73,000,000 bushels in 1933.

At New York, potato prices averaged $1.00 per 100-pound sack, l.c.l. during the first week of December compared with 88 cents in the first week of November and $1.66 a year ago. At Chicago, round whites averaged 84 cents per 100-pound sack, on a carlot basis, or 2 cents higher than a month earlier compared with $1.26 a year earlier. Green Mountains at Presque Isle, Maine averaged about 42 cents per 100-pound sack f.o.b. for the first week of December, about the same as a month previous, compared with $1.16 at the same time last season. Round whites at Rochester, New York averaged 56 cents sacked per 100 pounds f.o.b. or slightly higher than in November, but considerably below the $1.15 in December 1933. At Waupaca, Wisconsin they averaged about 58 cents, the same as a month earlier, but much below the $1.02 a year ago. Russet Burbanks at Idaho Falls, Idaho averaged about 72 cents per 100-pound sack f.o.b. cash track, or slightly lower than a month previous. During the first week of December 1933, they averaged 80 cents.

The average United States farm price was 45.9 cents per bushel on November 15, compared with 46.0 cents on October 15, 69.8 cents on November 15, 1933, and 60.4 cents the pre-war November average.

**TOBACCO**

Prices of tobacco at auction warehouse markets continue at levels materially above a year ago. Burley (Type 31) markets for the 1934 season opened the first week in December with prices averaging around 20 cents
per pound, according to unofficial reports. The season average price of the 1933 crop was 10.6 cents per pound. Markets for Kentucky-Tennessee fire-cured tobacco opened at Springfield and Clarksville, Tennessee, (Type 22) the second week in December. Prices for the opening week at Springfield averaged 14.2 cents per pound this year compared with 10.1 cents for the opening week last year, and 7.9 cents for the opening week 2 years ago, according to unofficial reports. The opening of the western fire-cured markets has been postponed until after January 1.

Virginia fire-cured (Type 21) prices recently showed some decline from opening levels reported a month ago but still are much above those of the last 4 years. Warehouse sales during November averaged 14.1 cents per pound, according to state reports, compared with a season average price for the storm-damaged 1933 crop of 6.8 cents per pound and 8.0 cents per pound for the 1932 crop. Flue-cured (Types 11-14) prices average 28.1 cents for November compared with 33.3 cents for October and 19.2 for November 1933. Total sales to December 1 of flue-cured tobacco this year averaged 27.9 cents per pound compared with 15.1 cents for sales during the corresponding period last year and 7.6 cents during the corresponding period of 1932. Only a very small part of the 1934 crop remains to be sold and many markets will close for the season before the Christmas holidays.

Total supplies of all important types of tobacco in the United States in 1934-35 are below those of a year ago. The acreage planted to tobacco in 1934 was the smallest since 1921 and the second smallest since 1914. Production in 1934 was smaller than that of 1933 by more than 25 percent. The permitted sales of the 1934 crop announced by the Agricultural Adjustment Administration are approximately 200,000,000 pounds below the level of estimated world consumption of American tobacco. Any Burley, fire-cured or dark air-cured tobacco produced in excess of the permitted quantity in 1934, is required to be rendered unmerchantable according to an Agricultural Adjustment Administration ruling issued December 5, 1934. The November 1 official estimate of the 1934 production of these types was approximately 65,000,000 pounds above the permitted quantities announced by the Agricultural Adjustment Administration. Growers of flue-cured tobacco were permitted to market virtually all their 1934 crop, estimated at $62,000,000 pounds, which was nearly 100,000,000 pounds below the estimated world consumption. Cigar-leaf production estimated for 1934 was approximately 35,000,000 pounds below annual consumption.

Domestic output of tobacco products in 1934 showed an increase over 1933, according to monthly reports of the Commissioner of Internal Revenue. During the first 10 months of the year, cigarette output increased 9.8 percent and cigars increased 4.9 percent, compared with the corresponding period of 1933; snuff and manufactured tobacco (smoking and chewing combined) were approximately the same as a year earlier. Of the total leaf tobacco used in the United States about 45 percent is used in cigarettes, 15 percent in cigars, 5 percent in snuff, and 35 percent in manufactured tobacco. In October 1934, factory output was above that of October 1933 by 16.8 percent in the case of cigarettes, 16.7 percent for cigars, and 2.5 percent for manufactured tobacco. Snuff output in October this year was 16.7 percent below that of October 1933.
Exports from the United States of leaf tobacco of all types in October were 61,606,000 pounds compared with 64,464,000 pounds for October 1933, and a 5-year average of 64,244,000 pounds for October. Exports of flue-cured tobacco, which represented 82 percent of the total leaf exports during October this year, were slightly below those of a year earlier and 5 percent below the 5-year average for the month. Flue-cured exports from July to October 30, 1934, were above those for the corresponding period of each of the last 3 years. Takings of flue-cured tobacco by the United Kingdom have shown a substantial increase this year, but exports to China have been considerably below those of other recent years. Exports of fire-cured, dark air-cured and Maryland tobacco, each continue to fall below those of a year ago and below the level of other recent years. Burley exports in October were smaller than a year ago, but were above the usual exports for the month. Exports of Burley tobacco for the crop year ended September 30, 1934, were the second largest of record.

HOGS

The seasonal decline in hog prices which began in early September and continued through October was checked in early November and prices of heavy weight hogs have since shown a slight tendency to move upward even though the seasonal increase in marketings is still in progress. With unusually short market supplies of hogs in prospect during the late winter (January to March), the seasonal advance in hog prices during this period is expected to be much greater than average.

The very large proportion of lightweight and unfinished hogs and the relatively large numbers of light pigs in recent market supplies reflect the extreme shortage and high price of feed and the urgent necessity of producers to sell their hogs before they are ready for market. The weight and quality of current offerings also is evidence of the impending marked reduction in prospective marketings in the late winter. In brief, the price movement and supply situation for the fall and winter season to date has been typical of similar periods following a very short corn crop.

The weekly average of hog prices at Chicago reached its low point for the current season to date during the week ended November 3, when it was $5.36 per 100 pounds. It has since ranged between $5.63 and $5.78. The average for November was $5.66 compared with $5.60 for the previous month and $4.04 for November last year. During the last 2 months the premium paid for medium and heavy weight hogs has been much greater than average for this season of the year. In November, the price of heavy hogs was about $1.40 per 100 pounds higher than that of the extreme lightweights (140-160 pounds), whereas a year earlier the difference was only 9 cents.

Hog slaughter under Federal inspection in November, totaling 4,023,000 head, was about 13 percent larger than in October but 10 percent smaller than in November last year. Slaughter in November 1933, however, was the fourth largest for the month on record. Federally inspected slaughter for October and November combined this year was about the same as in those months in 1933. The marketing season for the spring pig crop is largely from October to April and since the spring pig crop this year was very much smaller than that of last year, the fairly large hog slaughter in October and November, together with the marked decrease in average weights, reflects chiefly the unusually early market movement of spring pigs.
which is occurring because of the shortage and high prices of corn. The average weight of hogs at the seven leading markets in November was 207 pounds compared with 230 pounds in November last year. Both the number and proportion of heavyweight butcher hogs in market offerings have been unusually small in recent weeks.

Based on farm prices as of November 15 the hog-corn price ratio in the Corn Belt States was at a record low of 6.8 in November compared with 10.4 a year earlier, and a 10-year November average of 12.2. The advance in farm prices of corn has been relatively more pronounced in the West North Central States where the decrease in corn production has been greater than in other areas, consequently the hog-corn price ratio in that area is now relatively low compared with the ratio in the eastern Corn Belt.

Wholesale prices of pork did not change greatly in November, but lard prices advanced early in the month. The rise in lard prices in the last 6 months has been relatively greater than the advance in pork prices, partly because the reduction in lard production has been relatively greater than that of pork, and also because of the sharp decrease in lard production in prospect. In recent weeks prices of lard have been about as high as the prices of pork loins, and prices of dry salt backs and bellies have been higher than prices of loins and some of the other cuts of fresh pork. This unusual price situation has resulted chiefly because the reduction in the supplies of heavy hogs has been so much greater relatively than that of the lighter weights. The composite wholesale price of hog products at New York in November was $15.90 per hundred pounds compared with $16.82 in October and $11.85 in November 1933.

The seasonal increase in stocks of pork in storage in November was slightly greater than that in November last year even though hog slaughter was smaller. The seasonal reduction in lard stocks that usually occurs in that month was less than that of a year earlier. Stocks of pork on December 1, totaling 570,000,000 pounds were 13 percent larger than on November 1, 8 percent larger than those of a year earlier, and 28 percent larger than the 5-year average for the month. Reported stocks on December 1 last year included about 70,000,000 pounds of pork held for government account for relief purposes. Current holdings are practically all commercial stocks. Lard stocks on December 1 totaling 104,000,000 pounds were slightly smaller than those of November 1 and 10 percent smaller than those of a year earlier but were 85 percent larger than the 5-year average for the month.

Exports of pork and lard in October were materially smaller than in that month last year, and they were smaller than in any month thus far in 1934. The decrease in pork exports in October compared with a year earlier amounted to 25 percent, and the drop in lard exports was 46 percent. Lard exports in October were the smallest for any month in the post-war years at least. Shipments of both pork and lard from the principal ports in November were considerably smaller than in November last year.

The provisions of the 1935 corn-hog contract recently announced by the Agricultural Adjustment Administration allow for a smaller reduction from the base period (1932-33) production of contracting producers than was permitted in 1934. Under the terms of the new contract, cooperating hog producers will not be allowed to produce more than 60 percent of the average number of pigs produced in the years 1932 and 1933. The 1934 contract
provided that only 75 percent of the base period production could be raised. In some areas the 1935 control program will tend to prevent part of the increase in the 1935 pig crops, which otherwise would occur, but in most of the worst drought areas an even greater reduction in pigs raised in 1935 than contemplated under the program is probable because of the shortage and high prices of corn and other feeds.

CATTLE

The fairly large market movement of short-fed cattle now in progress may continue for about 2 months, after which it is expected that slaughter supplies of all kinds of cattle will be sharply curtailed. Marketings of well-finished cattle have declined considerably since September and during the first half of 1935 the proportion of such cattle in the market supply will be unusually small. The normal seasonal tendency in the first half of the year is for prices of the better grades of cattle to decline and for the lower grades to advance. Because of the probable marked reduction in supplies of cattle, calves, and other meat animals in 1935, it is likely that the trend in prices of all grades of cattle and calves will be upward in the first half of the coming year.

After declining steadily from late September through October, cattle prices advanced in November, recovering part of the October decline. The advance during November was confined largely to prices of the better grades of slaughter steers since little change occurred in the prices of the lower grades. In October the decline in prices was most marked in the case of the better grades of cattle. The average price of choice and prime grade steers at Chicago was $5.02 per hundred pounds the last week of November compared with $5.16 the last week in October, and $5.60 at the high point reached the last week in August. The average price of common grade steers at Chicago was $3.76 the last week in November compared with $3.67 in late October and $4.65 in late August. The average price of all grades of slaughter steers at Chicago in November was $7.28 per hundred pounds compared with $7.48 in October, and $8.13 in November last year. The United States average farm price of beef cattle on November 15 was $3.81 compared with $3.66 a month earlier and $3.32 a year earlier.

Prices of stocker and feeder cattle advanced slightly during November and at the end of the month were about 50 cents per hundred pounds higher than a year earlier. This small advance compared with a year earlier is in marked contrast to the rise of more than $2.00 per hundred pounds in prices of slaughter steers in the same period. Prices of good grade cows were about steady during November, but those of lower grades declined slightly. Prices of veal calves also declined during the month.

Receipts of cattle for commercial purposes at the seven leading markets in November were 29 percent smaller than in October and about the same as in November last year, and also about the same as the 5-year average receipts for the month. In both October and November commercial supplies of cattle and calves were not greatly different from those of a year earlier, whereas receipts in the earlier months of 1934 were considerably larger. Inspected slaughter of cattle in November, including those slaughtered for the account of the Federal Government totaled 1,232,000
head, the second largest for the month on record, but it was the smallest monthly total since July, when slaughter for government account began in large volume. Inspected slaughter of calves including government slaughter in November of 495,000 head was the largest for the month on record, but it was smaller than in other recent months and only slightly larger than in November last year.

Receipts of slaughter steers at Chicago in November were only slightly smaller than in the corresponding month last year, but the proportions of the different grades of steers included were materially different. In November this year the proportion of choice and prime grade steers was considerably smaller than a year earlier, whereas the proportion of medium and common grades were much larger. This situation reflects the relatively large marketings of short-fed cattle in the last 2 months, which have been the result of the shortage and high prices of corn and other feeds.

Shipments of stocker and feeder cattle into the Corn Belt States in November were the smallest for the month in the last 16 years, and they were 45 percent smaller than the 5-year (1929-1933) November average. The total movement into these States from July to November this year was slightly less than that for the same period last year and was the smallest on record. Because of the short supplies and high prices of both grain and hay it is likely that a larger proportion of feeder cattle in all Corn Belt States will be wintered on roughage than was anticipated earlier. Reports from the Western States indicate that the number of cattle fed in such States will be considerably smaller than last year, except in California, where a slight increase in cattle feeding is expected.

BUTTER

Butter prices made somewhat more than the usual seasonal advance from October to November. Production during the fall was unusually heavy, but with the end of the pasture season and colder weather in recent weeks, production has declined sharply according to reports from some of the major producing sections. The low prices of butterfat in relation to foods, and short supplies of feed indicate light production during the winter months, and less than the usual seasonal decline in prices from the winter peak until the end of the feeding period. The margin between domestic and foreign prices is about the same as the tariff, so that the changes in foreign prices will be important in affecting domestic prices. Estimated consumer expenditures for butter are larger than a year ago. Storage stocks are decidedly less than a year ago and slightly below average.

The price of 92-score butter at New York in November averaged 23.4 cents, the highest for any month since December 1931. The price in November was 2.5 cents higher than a month earlier and 5.8 cents higher than in November 1933. The index number of butter prices (adjusted for seasonal variation, 1910-1914 = 100) rose from 85 in October to 88 in November.

The farm price of butterfat in mid-November of 27.2 cents was 2.9 cents higher than in October, and 6.8 cents higher than in November 1933. Even with this increase in price, a pound of butterfat at farm prices was
equivalent to only 18.5 pounds of feed grains, the lowest for the month since 1917 compared with the 1925 to 1929 average for November of 32.4 pounds. The farm price of butterfat is also low in relation to hay and by-product feed prices. These price relationships will discourage the purchase of feeds for feeding milk cows and the raising of heifer calves for milk cows, and tend to increase culling of cows from herds.

Production of butter in October was slightly higher than a year earlier. The decline in production from September to October of 7.7 percent was less than the usual seasonal decline of 11.5 percent. October production in the East North Central States was 12.0 percent larger than a year earlier whereas in the West North Central States there was a decrease of about 1 percent. With the exception of small increases in the New England and South Atlantic States there were marked declines in production in the other groups of States. Weekly reports indicate a marked decline in production since mid-November. In some sections pastures during the late fall have been the best of the year. This tended to make fall production heavy. Heavy production however, is not likely to continue during the feeding period.

Trade output of butter in October was practically the same as a year earlier. The retail price however, was 4.2 cents or 15 percent higher, indicating an increase of 15 percent in consumer expenditures for butter to the highest level for the month since 1931.

On December 6 the price of New Zealand butter in London was equivalent to 16.0 cents in American money. On the same date the price of 32-score butter at New York was 30.2 cents or 14.2 cents higher. The margin was approximately the same as the tariff. The trend in foreign prices will be important in affecting domestic prices.

Cold storage stocks of butter on December 1 of 81,000,000 pounds were 57,000,000 pounds less than the exceptionally large stocks a year ago and somewhat less than the 5-year average for that date. The net-out-of-storage movement in November of about 30,000,000 pounds was relatively large compared with 22,000,000 pounds in the same month of 1933 and the 5-year average of 23,000,000 pounds.

Cheese prices have increased at a season of the year when there is usually little change in prices. Production of cheese is heavy and stocks are large, but the heavy movement into consuming channels, together with the prospects for low production of dairy products during the feeding period, and the rise in butter prices have strengthened the cheese market. Estimated consumer expenditures for cheese in October were the highest for the month since 1930.

The price of cheese (twins) on the Wisconsin Cheese Exchange rose a half cent in early November, and the price in November averaged 12.3 cents. This was an increase of 0.9 cents over October and 1.8 cents over November 1933. The increase from October to November was contrary to the usual seasonal change and the index of cheese prices (adjusted for seasonal variation 1910-1914 = 100) rose from 74 in October to 81 in November.
Production of cheese has been unusually heavy, estimated production in October made a new high for the month, being 14.6 percent above October 1933. The decline in production from September to October of 7 percent was about the same as the usual seasonal decline. Estimated production of American cheese in October was up 13 percent from October 1933. Production in Wisconsin was up 20 percent and in New York State, 31 percent. The decreases were primarily in the West North Central and Mountain States.

Trade output of cheese in October of 61,000,000 pounds was 25.7 percent larger than in October 1933. Retail prices of cheese for October were 2 percent higher than a year earlier. These changes indicate an increase of approximately 28 percent in consumer expenditures for cheese, to the highest level for October since 1930. The short supplies of meats in prospect for the coming months will tend to increase cheese consumption.

Cold storage holdings of American cheese on December 1 of 95,000,000 pounds were a new high for the month, compared with 85,000,000 pounds a year earlier and a 5-year average of 73,000,000 pounds. Imports of cheese in October of 4,500,000 pounds were somewhat larger than in October 1933, but are low compared with the corresponding month in other years.

**CHICKENS AND EGGS**

Market prices of eggs rose seasonally in November to what is probably the winter peak. A seasonal decline is in prospect but a somewhat short supply is likely to retard the usual sharp decline. Farm prices of chickens are probably at or near their seasonal low point. Supplies are somewhat short and are likely to continue relatively low except possibly in the case of broilers.

Prices of special packed mid-western eggs at New York averaged 36.4 cents a dozen in November compared with 29.7 cents in October and 33.7 cents in November 1933. The farm price of eggs on November 15 was 28.6 cents compared with 24.0 cents a year before. Price of 15 cents a pound compared with 8.8 cents a year before. The seasonal low point in farm prices of chickens usually occurs in December.

Receipts of eggs at the four markets in November were 522,000 cases compared with 452,000 cases a year before, and a 5-year average of 513,000 cases. This is the first time in several months that current receipts have exceeded those of the year before or the 5-year average. Mild weather was an important factor in causing this. Receipts of dressed poultry at the four markets in November were 62,200,000 pounds compared with 78,300,000 pounds a year ago and a 5-year average of 70,000,000 pounds. Receipts are likely to continue relatively low during the next 2 or 3 months. However, hatchery reports indicate an increase of over 160 percent in number of salable chicks hatched in October, compared with a year earlier, and nearly as much of an increase in chicks for later delivery. Most of these chicks are for winter broilers.
Cold storage stocks of case eggs on December 1 were 2,380,000 cases compared with 2,641,000 cases a year ago and a 5-year average of 2,814,000 cases. Cold storage stocks of frozen poultry on December 1 were 105,149,000 pounds compared with 91,800,000 pounds a year before and a 5-year average of 94,200,000 pounds. The quantity of poultry in storage on February 1 is of importance in governing poultry prices in the spring and early summer.

**LAMBS**

Prices of slaughter lambs advanced sharply during the last week of November and the first week of December after fluctuating since mid-September around a level of $6.50 per 100 pounds for the better grades at Chicago. The average of $7.24 during the week ended December 8 was the highest price at that market since mid-July. Prices of yearlings and of fat slaughter ewes also rose slightly. Prices of feeder lambs did not improve until the first week in December when they advanced about 30 cents. The farm price of lambs, November 15, was $4.84, compared with $4.81 in October, $4.86 in September, and $4.95 in November last year and the pre-war November average of $5.47. The rise in prices was caused by a sharp reduction in market supplies of live lambs, a somewhat better demand for the dressed product in eastern markets, and improvement in the demand for wool.

Slaughter of sheep and lambs under Federal inspection in November totaled 1,369,000 head, including ewes slaughtered for government account, or only 12,000 more than in November last year when no government sheep were included. Slaughter for commercial use, therefore was considerably smaller than that of a year earlier. Receipts of sheep and lambs at the seven principal markets for commercial account were about 23 percent smaller than in November last year and were 36 percent smaller than the 5-year average for the month.

Shipments of feeder lambs through inspected stockyard markets into the Corn Belt States in November were much smaller than in November last year and the decline from October to November was greater this year than usual. Total shipments through these markets to the Corn Belt from July to November inclusive amounted to 1,492,000 head compared with 1,219,000 a year earlier and the 5-year average of 1,700,000 head. Shipments to Indiana, Illinois and Iowa were more than twice as large as in the corresponding period of 1933. The direct movement from the range into Iowa also has been relatively large and the total number of lambs fed in that State this winter apparently will be unusually large.

In the Western States, the number of lambs fed this season will be much smaller than last winter. Fed lambs from the Corn Belt generally are marketed earlier than those fed in the Western States. Consequently, supplies of lambs for market during the late winter and spring are expected to be relatively small. A substantial advance in lamb prices during that period, therefore, seems probable.

**WOOL**

Because of the large supplies of domestic wool available no material advance in domestic wool prices appears probable during the remainder of the 1934-35 selling season (up to April 1, 1935) but conditions generally in the domestic wool market have improved considerably in the last 2 months.
Wool has been moving in the Boston market in recent weeks in greater volume than at any time since last February. Price quotations on wool at Boston have shown no distinct change since the middle of October, but a larger proportion of wool is now being sold at quoted prices than earlier in the season. Manufacturing operations have been greatly expanded in United States wool textile mills. Trading and manufacturing activity also have shown a moderate improvement since September in most European textile centers. Prices of wool in foreign markets advanced slightly in October and early November but prices have been somewhat irregular in recent weeks.

For the week ended December 8 quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 76.0 cents a pound scoured basis and for 3/8 blood (50s) quotations averaged 66.5 cents compared with 85 cents and 81.5 cents a pound respectively for these grades during the week ended December 9, 1933. Prices of territory wools have shown little change since late August. Prices for Ohio and similar fleece wools were more irregular during the summer and early fall months but have been firm since the middle of October. The United States average farm price of wool as of November 15 was 19.3 cents a pound compared with 19.3 cents on October 15, and 23.8 cents on November 15, 1933.

Manufacturing activity in the United States wool textile industry increased rapidly after the settlement of the strike of textile workers in September. Consumption in October was greater than in any month since the first quarter of the year. The increased manufacturing activity apparently was partly seasonal in character, but it may also be partly the result of the need for replenishing stocks of manufactured goods after a long period of low manufacturing activity which was not accompanied by a corresponding decline in consumer purchases. The Bureau of the Census reports that after an adjustment for the variation in the number of working days the consumption of combing and clothing wool on a clean equivalent basis, by 509 identical mills in the 4 weeks ended October 27, was 19.1 percent higher than in the 5 weeks ended September 29. Total consumption of such wool by mills representing practically the entire industry was 12,709,000 pounds in clean equivalent in the 4 weeks ended October 27 compared with 7,937,000 pounds consumed in the 5 weeks ended September 29.

Receipts of domestic wool at Boston in October and November were smaller than in those months of the 2 preceding years but were above the average for the 5 years, 1929-1933. Total receipts from April 1 to November 30, however, remained well below average. Only 167,000,000 pounds were reported to the Boston grain and flour exchange in those months of the present season compared with 242,000,000 pounds last season and an average of 215,000,000 pounds for the April to November period in the 5 years, 1929-1933. United States imports of combing and clothing wool for consumption from January to October were 12,600,000 pounds compared with net imports of 33,583,000 pounds from January to October 1933.

Preliminary estimates of wool production for 1934 in Argentina and Uruguay have recently become available. Production in Argentina is now expected to total 365,000,000 pounds, an increase of 5 percent as compared with 1933. An increase is also indicated for Uruguay, the provisional estimate being 115,000,000 pounds or 10 percent above last season's clip. Including these two South American countries production in 20 countries
for 1934 is now estimated at 2,713,000,000 pounds, an increase of about 1 percent above 1933 but a decrease of 3 percent as compared with 1932, the year of record production. These 20 countries in 1933 produced over four fifths of the world's wool clip exclusive of Russia and China. The estimated reductions in 1934 in the United States, the Union of South Africa, and the United Kingdom apparently have been offset by increases in Australia, New Zealand, Argentina, Uruguay.

COTTON

Domestic cotton prices during November and the first half of December continued comparatively steady with the price in the 10 markets averaging around 12-1/2 cents. The price of American cotton continued high relative to foreign growths and exports of American cotton continued relatively low while exports of Indian and Egyptian have been comparatively high during recent months. With the exception of 1932 domestic mill consumption of raw cotton in November was the highest for the month since 1929, but consumption for the first 4 months of the current season was the lowest for the period with one exception since 1920-21. Total cotton consumption in foreign countries in November was probably about the same as a year earlier, but owing to the use of smaller proportions of American cotton, consumption of American was considerably below November last year.

Domestic cotton prices continued rather steady during the past month with the daily average price of Middling 7/8 in the 10 designated markets fluctuating within a few points of 12-1/2 cents. Since the latter part of September the daily average of the 10 designated markets has ranged between 12.15 cents and 12.74 cents. The average price at these markets in November was 12.46 cents compared with 12.40 cents in October and 12.65 cents in November 1933. The price of American cotton in Liverpool continues high relative to the price of foreign growths. During November three types of Indian averaged 67.7 percent of the price of American Middling and Low Middling and during the first 4 months of the current season averaged about 66.4. During November last year the ratio between these types of cotton was 77.3 and the average for the 10 years ended 1932-33 was about 81. From October 1920 to August 1934 there were only 3 months in which the price of these two grades of American averaged as high relative to the three types of Indian as during the first 4 months of the current season.

Exports of American cotton during November amounted to about 572,000 running bales. This was about 37 percent less than in November last year and 49 percent below the November average for the 10 years ended 1933. During the first 4 months of the season total exports of American cotton were about 44 percent below the corresponding period last season, about 42 percent below the 10-year average for the period and the smallest for these months since 1920-21. Exports of Indian cotton for the first 3 months this season were 34 percent above a year earlier but slightly less than the 10-year average for these 3 months. Exports of Egyptian cotton during the 4 months ended November 20, 1934 were about 7 percent below the corresponding period last season but 17 percent above the 10-year average. The high price of American cotton relative to Indian and Egyptian accounts in part for the low level of exports of American and the relatively high level of exports of Indian and Egyptian.
Domestic mill activity continued comparatively high during November, total cotton consumption amounting to about 477,000 bales compared with 475,000 bales in November last year. Domestic mill consumption for the first 4 months of the current season, however, was about 17 percent below the corresponding period last season and the smallest for these 4 months since 1920-21 and with that exception since 1920-21. Trade reports indicate that at least in some lines of cotton textile constructions, sales during November were equal to or in excess of production. Stocks of cotton cloth in cotton mills at the end of November were probably considerably below the high levels of a few months ago, but it is believed that they were above those at the end of November 1933.

Trade reports indicate that mill activity on the Continent of Europe in November remained about at the October level. In Great Britain, mill activity during November was apparently considerably higher than during September and October and was back to about the level of last January. Yarn production and cotton consumption in Japan reached a new high level in October and apparently continued at about a record level during November. Cotton consumption in foreign countries as a whole during November was probably not greatly different from that of November last year, but owing to the use of smaller proportions of American cotton, foreign consumption of American was considerably smaller than in November last year.

The 1934-35 world production of all cotton has been tentatively estimated at 23,500,000 bales of 478 pounds. This represents a decline of 2,800,000 bales from the estimated 1933-34 production and is the smallest since 1923-24. The decline in the estimated world production is more than accounted for by the decline in the United States crop which is now estimated at 9,731,000 bales compared with 13,047,000 bales in 1933-34. The 1934-35 production in foreign countries is tentatively estimated at 13,569,000 bales, this is about 500,000 bales larger than the estimate for 1933-34 and the largest on record.
Business statistics relating to domestic demand

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1/ Federal Reserve Board index, adjusted for seasonal variation.
3/ United States Department of Agriculture, August 1909 - July 1914 = 100.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.