The steady advance in domestic wool prices from May 1935 to March 1936 was chiefly a result of the strong demand for wool in this country and abroad. The lower section of this figure shows an apparent tendency for domestic mill consumption to move in 2-year cycles.
Market prices indicate that the general level of farm prices has recovered a little from the sharp decline in the month ended March 15. Prices of cotton, potatoes, hogs and some other products have increased during the last month whereas prices of wheat and dairy products have declined.

Income from the sale of farm products in March continued to exceed that of a year earlier and the payment of rental and benefits on contracts entered into in 1935 was resumed in March. Income from farm marketings in the first quarter of 1936 have totaled 20 percent more than in the same period of 1935. Rental and benefit payments have been considerably less but even when these are included farmers' income in the first quarter was nearly 8 percent above last year.

Domestic wheat prices in the next month will probably fluctuate near present levels unless moisture conditions change materially. Corn prices are expected to be steady to higher in the remainder of April and in May especially for the better grade. Prices of oats and barley will soon be subjected to new crop influences. Indications are that farmers intend to plant about the same acreage of oats and barley as in 1935. Prices of both old and new potatoes are expected to maintain present relatively high levels through the remainder of April but will probably decline seasonally during May and June.

The advance in hog prices in the last month reflects an increased demand for hogs and hog products since supplies have increased considerably. A relatively large seasonal increase in hog supplies is expected in the next 3 months. Supplies of cattle in the next few months are expected to continue fairly large. Prices of the better grades of fed steers may not change greatly during the next few months and may strengthen some after May. Some further seasonal improvement in prices is expected for the lower grades of slaughter cattle. Indications point to a below-average supply of fed lambs for the remainder of the season and an earlier movement of new crop lambs. Consequently prices of fed lambs may make some further recovery and the seasonal decline in prices of new crop spring lambs may come somewhat later than usual.

Butter production is larger than a year ago and it is expected to continue so for several months. However, the decline in butter prices from March to mid-summer will probably be less than a year ago because of the improved demand situation. Egg prices appear to have reached their seasonal low point in March; prices throughout the spring and summer will probably be lower than a year earlier. Chicken prices are likely to remain high during the spring. Available supplies of unmanufactured wool in this country and abroad will be much smaller in the first half of 1936 than a year earlier, but the consumption of wool by domestic mills probably will not be as large as the very large consumption in 1935. Production of shorn wool in the United States is not likely to be greatly different from the production last year but stocks of wool in this country are now much lower than a year ago.
The general level of farm wage rates at 101 percent of the 1910-14 average on April 1 was 7 points higher than on January 1 or April 1, 1935, and the highest April 1 level in 6 years. The rise in farm wage rates from January 1 to April 1 this year was a little more than the usual seasonal increase.

WHOLESALE PRICES

The general level of wholesale prices has declined about 2 percent in the last 2 months to 115.6 percent of the pre-war average in early April, the same as a year earlier. Most of the decline in recent weeks was due to declines in prices of farm products and foods. Prices of hides and leather products and chemicals also declined somewhat in March. The combined prices of commodities other than farm products and foods have been practically unchanged since November. However, they are now about 2 percent higher than a year ago, whereas prices are 4 percent lower for foods and 3 percent lower for farm products. Prices of metals and metal products as a group have been practically unchanged since July 1934.

Wholesale prices in the major European countries have been fairly steady in recent months. The level of prices in England has been unusually stable since October. Wholesale prices in Germany have been steady in 1936 after a rise of nearly 3 percent from May to December 1935. The recent decline in prices of agricultural products in Germany was offset by higher prices of industrial products. Wholesale prices in France, Belgium, and China have continued their advance in recent weeks. The London Economist reports, in substance, that in France money is being brought out of hoarding and exchanged for goods, perhaps because its owners fear a devaluation of the franc or hope for a revival of business, or both.

BUSINESS CONDITIONS

Recent expansion in the durable goods industries points toward an extension of the upward trend of industrial output and a continuation of the increased demand for farm products. While the output of consumers' goods during 1936 will probably exceed that of 1935, no material increase is expected from present levels. Industrial activity in most foreign countries is above the level of a year ago and some further increase may occur but trade restrictions are likely to prevent any material improvement in the foreign demand for American farm products except in the case of cotton where exports in the first 8 months of the 1935-36 crop year exceeded the previous year by 35 percent.

Industrial activity increased seasonally from February to March in spite of temporary interruption due to floods, and the vigorous increase in output of the durable goods industries in the first half of April indicates that the trend of industrial production has again turned definitely upward. The extent and duration of the present business upturn depends primarily upon a continuation of the present high level of the retail sales of automobiles, the increased purchases of equipment by railroads and other consumers of steel and the higher level of building activity as the output of nondurable products during the remainder of the year are not expected to make much more than the usual seasonal changes from present levels.
While the output of durable goods has shown marked improvement during the past 3 years, the level of activity in these industries is still considerably below the level prevailing from 1923 to 1929 and the increase in railroad traffic, the larger earnings of all corporations, the increase in consumer incomes, and the present low interest rates all favor the continuation of the upward trend in the output of durable goods.

Improvement in retail sales of automobiles has been accompanied by increased production, and output is again exceeding the levels of the same time last year. Increased purchases of equipment by the railroads, together with the increased utilization of steel in the automobile and construction industries and by machine tool and farm equipment manufacturers, have raised the level of activity in steel mills to the highest point since June 1930, even after allowing for the fact that the seasonal trend of steel output is now near the high point of the year.

Industrial activity in the nondurable goods industries continues to exceed slightly the levels of a year ago. While there has been a marked decline in the output of wool textiles from the record levels reached in the summer of 1935, activity during the first 2 months of the year still averaged above the same time last year. The output of wool textiles in 1936, however, is not expected to be as large as in 1935. In the first quarter of 1936, cotton textile activity was also slightly higher than a year ago, and it is expected that the output of cotton textiles during the rest of 1936 will continue to exceed that of the same time last year. Activity in silk and rayon textile manufacturers in the first quarter of 1936 was somewhat below the same period last year and the production of leather and leather products has also declined from the high levels reached in December.

Contracts awarded for all types of construction other than public works and utilities during the first quarter of 1936 were nearly twice as large as a year ago, while public works and utilities contracts have been about 58 percent larger than in the same months last year. In spite of marked improvement in building activity in the past year, the amount of construction now under way is much below normal replacements. This is indicated by the Federal Reserve Board's seasonally adjusted index of building contracts awarded which averaged 52 percent of the 1923-25 average in February and compares with an average of 135 percent for 1928, the peak year in building activity. Retail sales of automobiles so far in 1936 have been above the same period last year and increased sharply during the first half of April. Department store sales in March, after allowance for the usual seasonal changes, were the highest since August 1931. Retail sales in small towns and rural areas declined more than seasonally during January and February due to the severe weather but increased sharply during March.

The increase of 20 percent in income from the sale of farm products during the first quarter of 1936 is evidence of the improved demand for agricultural commodities. Incomes of industrial workers during the first 2 months of 1936 averaged 9 percent higher than a year earlier, and, in view of the outlook for increasing industrial activity, it is likely that the incomes of industrial workers will continue to improve relative to a year ago. Net profits of 2,010 corporations increased 42 percent from 1934 to 1935 according to compilations by the National City Bank of New York and this
increase in earnings has been accompanied by increased dividend payments to individuals. The payment of the bonus will also tend to stimulate retail sales, of automobiles, furniture, clothing, etc., and residential building.

The political situation in Europe has overshadowed economic changes during the past month but there is little evidence of any change in the trend in business activity in most foreign countries. The level of industrial production in nearly all foreign countries is now higher than a year ago, but there has been little if any, reduction in trade restrictions. Business activity in Great Britain increased slightly more than seasonally from January to February. The gradual improvement in business activity in France which began last August has continued into 1936, whereas business activity in Germany has been declining since September but is still somewhat above the level of a year ago. There has as yet been no sign of definite improvement in business activity in Holland and Switzerland but activity in most other European countries has continued to improve. Business activity in Japan is gradually getting back to normal following the political disturbances in February.

Wheat prices in the United States in the next month will probably fluctuate near present levels unless moisture conditions change materially. Moisture continues to be badly needed in Missouri and in a large area extending from southern Nebraska and southeastern Colorado southward. On the other hand, moisture in many eastern localities is excessive. The condition of winter wheat on April 1 indicates a winter wheat crop of 493,000,000 bushels, compared with the 1935 crop of 433,000,000 and the 10-year average of 579,852,000 bushels. While this current indication represents a reduction from earlier estimates, under average conditions in the spring wheat area, total domestic production still appears likely to provide a substantial surplus which would result in prices being adjusted to provide a shipping differential between our surplus areas and importing countries. Extremely unfavorable weather would tend to hold the crop close to domestic requirements.

Yields per acre of winter wheat indicated by April 1 condition, with the exception of a few Northeastern States, are generally below average. In the Southern Great Plains, drought conditions in the winter reduced winter wheat prospects, but in the Pacific Northwest the moisture situation improved during the winter with the result that there has been some improvement in crop prospects. In the soft red winter wheat belt the extreme cold apparently caused considerable damage. Condition on April 1 indicates that about 21 percent of the acreage seeded last fall will be abandoned. The 10-year (1923-32) abandonment was 12.6 percent. In general, the abandonment is expected to be above average in the western half of the country and below average in the eastern half. Very heavy abandonment is again in prospect in the southwestern area, including the Oklahoma and Texas Panhandles and adjacent territory.

The United States average farm price of wheat as of March 15 was 90.9 cents per bushel compared with 91.9 cents a month earlier and 85.5 cents a year earlier. Market prices declined generally after the middle of March, influenced by only moderate demand, improved winter wheat conditions,
prospects of an increase in spring wheat acreage, and an easing in the European political situation, and in early April reached the lowest levels since November. Prices recently have strengthened in line with the reduction in winter wheat prospects as indicated by April 1 conditions.

In the event that a surplus continues to be in prospect, a further widening of the spread between domestic and world prices may be expected. On April 14 the September future price at Kansas City closed at 4-3/8 cents under the October Liverpool future. On the basis of current freight rates, a price difference of 12 to 20 cents between Kansas City and Liverpool appears necessary before significant shipments will take place, which indicates a further adjustment of 8 or more cents. New crop futures are materially lower than the old crop future, as evidenced by July contract running about 9 cents under the May. Moreover, in case of a surplus, premiums for cash grain would likely be eliminated; No. 2 Hard Winter at Kansas City, is currently about 6 cents over the May.

While it is too early to forecast world wheat production, a return to more normal yields in the Southern Hemisphere countries and in North America and likely increased production in Russia might more than offset the decline in world stocks and also the prospective decline in European production. This would leave the quantity of the 1936-37 world wheat supply perhaps slightly larger than in 1935-36, and cause world prices to be largely influenced by the return of certain European countries as net importers, changes in world business conditions, and changes in the international exchange situation. France, which is normally an important importer but which has been exporting wheat during the past 2 years, will likely become an importer again this year. With the return of nearer normal yields in Argentina, however, the effects of the free selling policy of that country would again be felt in importing markets.

The surplus of wheat available for export or carry-over in Canada, Australia and Argentina on April 1 appears to be in the vicinity of 331,000,000 bushels this year, compared with 447,000,000 last year.

The April 1 farm holdings of wheat amounted to about 97,000,000 bushels compared with 93,456,000 bushels a year earlier and the 5-year (1928-32) average of about 127,000,000 bushels. The indicated disappearance of wheat from farm stocks since January 1, which was 62,500,000 bushels compared with an average of 44,000,000 bushels in the same period last year and the 5-year average of 121,000,000 bushels, was the smallest except for last year since 1927. The total of farm stocks plus commercial stocks this year was only slightly larger than a year earlier, when it was the smallest since 1926. Stocks in these two positions totaled 149,000,000 bushels this year compared with 145,500,000 bushels on April 1, 1935 and 117,223,000 in 1926. No figures are as yet available for stocks in or in transit to merchant mills or in interior mills and elevators, which last year totaled 188,500,000 and in 1934 totaled 148,500,000 bushels.
CORN AND OTHER FEED GRAINS

Feed grain prices declined in March as the result of heavier marketings and weakness in wheat. Corn and oats advanced in the first week of April, but barley was about steady. With stocks nearly one third larger than average, oats prices late in March declined to a seasonal low so far this season. Steady to slightly higher corn prices, particularly of the better grades, may be expected in the remainder of April and in May, but oats and barley prices will soon begin to be subjected to new-crop influences. Farmers intend to plant a larger corn acreage than last year, but may only seed about the same oats and barley acreage.

Feed grain prices declined in March, but some recovery occurred in early April. No. 3 Yellow corn at Chicago in the week ended March 7 averaged 62.3 cents per bushel, the highest weekly average since early in the 1935-36 season. During the last week of the month (the week ended March 28) the average receded to 59.3 cents, but on April 9 was 60.5 cents. The average price of all classes and grades of corn at five markets reached a seasonal high since November in the week ended February 22, when the prices averaged 58.9 cents per bushel. The average for the week ended March 28 was 55.3 cents and on April 9 the price was 55.1 cents. Oats weakened considerably in March, with No. 3 White oats at Chicago declining from a little above 30 cents per bushel in February to 26.4 cents per bushel on April 9. Barley prices, which have fluctuated much more widely this season than either oats or corn, declined in March, although premiums for malting grades increased over those for the feed types. The spread between prices of malting barley sales compared with those of feed barley at Minneapolis widened to 17 cents compared with about 10 cents per bushel a year ago.

With the termination of the severe cold and wintry weather in February, marketings of feed grains increased sharply in March. Receipts of 18,165,000 bushels of corn at 13 markets during March were 27 percent larger than the 5-year (1930-34) March average, and brought the cumulative total for the 1935-36 season (November through March) nearly up to average. Receipts of oats were 56 percent larger than the March average. Total marketings of oats, July through March this season, were about one third larger than the 5-year average for this period. Barley receipts in March at four important markets were the largest for that month during the post-war period, and were double those for February.

Shipments of feed grains from the 13 markets, however, were not so large as the receipts, and in the case of corn, resulted in an increase of the market stocks. Shipments of corn from the markets during March were not quite one half as large as receipts, and were about 10 percent under the 5-year average shipments for that month. Total shipments of corn for the season to date (November through March) were below those for the same period of the 5 years, 1930-34. Shipments of oats from the markets during March were about as large as those of corn. While the March shipments of oats from the markets were smaller than the receipts of oats, they were larger than the March average. The cumulative total of shipments of oats so far this season (July through March) was slightly above average for this period.
One of the features of the commercial utilization of field grains in the past month was the larger grind of corn by the wet-process industry. Nearly 6,900,000 bushels of corn were processed for domestic consumption in March by the manufacturers of starch, syrup, sugar, and other derivatives of corn. This was the largest monthly grind since late in 1933, when a proposed change in the processing tax stimulated the grinding of corn. On the other hand, the use of corn in the manufacture of distilled spirits has decreased in recent months. While consumption (tax-paid withdrawals) of whisky has been gradually increasing, production is being maintained at a relatively higher rate, resulting in an accumulation of stocks, which on March 1 totaled 234,000,000 proof gallons, an amount not very far from the record pre-war accumulation in 1913-14. Some of the seasonal decrease in the use of corn for the making of whisky will be offset by a seasonal increase in the utilization of corn products in the production of beer, which so far this season has been about 12 percent greater than in the same period last year.

Farm and market stocks of corn amounting to 784,000,000 bushels on April 1 were about 13 percent below the average on that date in the period, 1930-34. Oats stocks of 533,000,000 bushels, however, were 32 percent above average. The relatively large stocks of oats are the result of a below-average utilization in the first 6 months of this season. The disappearance of corn and of oats in the quarter, January through March, was only slightly under average, but considering the reduced livestock numbers, it reflects the increased feeding requirements because of the unseasonably cold weather in January and February.

Should farmers carry out their intentions as reported by them on March 1, the acreage of feed grains for harvest in the fall of 1936 would be about average. The area of corn to be harvested would be about 98,775,000 acres, or about 6 percent over that harvested in 1935. Not much change is expected in the 1936 oats area, but a slight increase is indicated for barley. In the event that these areas are harvested and average growing conditions prevail, the total 1936-37 supply of feed grains would be much larger than the 1935-36 supply. This would provide each unit of grain-consuming livestock and poultry on farms with more than the average supply of feed grains per head. The cash market for feed grains may not be so favorable as it has been in the past several years.

Foreign corn continues to sift into the United States and further imports of Argentine corn may be expected. However, if the 1936 feed crops in the United States are about average, and the Argentine official price remains at about the present level, imports of Argentine corn in 1936-37 will probably decrease and not be the market factor in the United States coastal markets that they have been so far in 1935-36. The first official estimate of the new Argentine corn crop was 380,000,000 bushels compared with last year's record harvest of 452,000,000 bushels. The carry-over of old-crop Argentine corn on April 1 was probably the largest in recent years, and considering the probability of smaller local requirements in 1936-37, the exportable surplus on April 1, 1936 may have been as large as or slightly larger than that of last season. The Argentine Government continued its price-supporting policy, fixing the new-crop price at 42 cents per bushel compared with 37 cents established for the 1935 crop. Early April prices
at Buenos Aires were only slightly above the basic price. Duty-paid Argentine corn was quoted, April 9, at San Francisco at 76 cents compared with Nebraska corn at 85 cents and locally-grown King Philip corn at 74 cents per bushel.

**POTATOES**

Both old and new potato prices may be expected to maintain the present relatively high levels through the remainder of April but probably will decline seasonally during May and June. For the present time supplies of both old and new stock are relatively scarce but for the last half of May and early June the delayed new crop is expected to be available in greater than usual volume. Prospects for the late crop indicate that supplies and prices probably will be similar to that of the 1935-36 seasons.

Because of an active seed demand and the lateness of the early crop the supply of old stock potatoes has been diminished rapidly during recent weeks and potato prices generally have advanced sharply from the levels of a month ago. The present supply situation is one of scarcity of marketable potatoes in relation to demand conditions and this has created a strengthening price prospect. During the last month prices have advanced from 30 to 40 cents per 100 pounds in the East and from 20 to 30 cents in the West. It is probable that the April average price will be the season's high and that May and June prices will be respectively lower.

Although the new crop is late in nearly all of the early states, it is anticipated that a fairly heavy movement of new potatoes from the Hastings area of Florida will get under way immediately and from Alabama and Louisiana during May. Production in Florida and the Lower Valley of Texas, the first section of early states, is estimated at 3,279,000 bushels this year or about one third larger than in 1935 but 14 percent below the 1928-32 average crop. The prospects for the second section of early states is for a crop slightly larger than in 1935 and considerably larger than the average. Owing to a late start, reduced plantings, and unfavorable growing conditions the new crop in the second early states is expected to be nearly one fifth smaller than either last year or the average. This is a strengthening factor in the price situation for late June.

Growers' intention reports indicate that the commercial acreage in the Intermediate States will be reduced slightly this season compared with last season. Also, that the acreage in the late Northern States near the larger markets will be curtailed substantially. Acreage intentions, with average yields, would produce a total crop of about 356,000,000 bushels or about the same as the 1935 crop and slightly less than the 1928-32 average production. The acreage adjustments planned for each region are such that, with average yields, the regional crops this season would be approximately the output of 1935. In the light of this supply situation for the country as a whole and with continued improvement in demand conditions, potato producers might expect prices to remain fairly comparable to those of the 1935-36 season.
Potato prices in market centers have advanced sharply during the last month. New York wholesale prices advanced from $1.74 per 100 pound sack the second week of March to $2.06 the second week of April, while at Chicago carlot prices rose from $1.22 to $1.45. A year ago New York prices averaged $1.09 and Chicago 88 cents. Shipping point prices have made even greater advances than market prices. Maine Green Mountains at Presque Isle, rose from $1.12 to $1.92 f.o.b. sacked per 100 pounds during the last month; Round Whites at Rochester, N. Y., from $1.08 to $1.78, and at Waupaca, Wisconsin, from 96 cents to $1.12. Michigan potatoes at Benton Harbor rose from $1.10 to $1.55; and Russet Burbanks at Idaho Falls rose from $1.02 to $1.38 per 100 pound sack. New potatoes at Florida points advanced from $2.15 to $3.64 during the month and Texas earlys opened at $3.00 per 100 pounds f.o.b. during the first week of April.

The United States farm price averaged 72.3 cents per bushel on March 15 compared with 66.9 cents on February 15, 43.6 on March 15, 1935 and 67.5 cents the March average 1910-14.

HOGS

Hog prices rose gradually during March after declining moderately in late February, and most of the February decline was regained by early April. The advance reflected an increased demand for hogs and hog products since supplies in March were somewhat larger than those in February. Although hog slaughter during the next 3 months is expected to show a relatively large seasonal increase and be much larger than that of a year earlier, the total will be considerably smaller than that of the corresponding periods of other recent years.

The weekly average price of hogs at Chicago rose from $9.99 the last week in February to $10.42 the last week in March, and held unchanged during the first week in April. Prices of heavy butcher hogs advanced slightly more than those of the medium and light weight groups, thus causing the price spread between the various weight groups to narrow slightly. The average price for March of $10.44 was 8 cents higher than the average for February and $1.70 higher than that of March last year when a processing tax of $2.25 per 100 pounds was in effect. The advance in prices, accompanied by an increase in slaughterings and weights, indicated a much stronger demand for hog products than in February when demand was restricted by extremely unfavorable weather conditions.

Hog slaughter under Federal inspection during March, totaling 2,617,126 head, was 13 percent larger than in February, 21 percent larger than the small slaughter in March of last year, and the second smallest slaughter for the month since 1910. The increase over the previous month amounted to 298,000 head. In most years the March total is smaller than that of February. Average weights in March were heavier than in February and above those of March last year. The average for the seven principal markets was 240 pounds, compared with 228 pounds in February and 224 pounds in March 1935.
Although corn prices at Chicago tended to decline during March, the change as between the beginning and end of the month was relatively small. The rise in hog prices, therefore, caused an increase in the hog-corn price ratio from 16.3, the last week in February, to 17.3 the first week in April. The ratio was 10.4 in early April last year. The current very favorable price ratio, together with more abundant feed supplies than a year earlier, is reflected in the heavier average weight of hogs marketed.

Wholesale prices of most cuts of fresh pork advanced during March, and in the case of loins nearly regained the loss that occurred during the last half of February. Prices of most cuts of cured pork continued relatively unchanged from the levels prevailing in February until early April when ham prices rose moderately. Prices of fat backs declined sharply during the first week of March but held steady afterwards. The composite wholesale price of hog products at New York in March was $20.75 per 100 pounds as compared with $20.94 in February and $20.47 in March last year. The index of retail prices of hog products in that city on March 31 was 88.4 as compared with 90.4 on February 29 and 84.4 on March 31, 1935 (1924-1928 = 100). Usually the index increases slightly during March.

Storage holdings of hog products decreased slightly during March, notwithstanding the increase in slaughterings and weights, as compared with February. Stocks of pork on April 1, totaling 450,000,000 pounds, were slightly less than the stocks reported March 1, and were 36 percent smaller than the 5-year average for that date. Lard stocks, totaling 77,000,000 pounds, were about 2 percent smaller than those reported on March 1, but were 26 percent smaller than a year earlier and the 5-year April average.

Exports of both pork and lard declined materially in February, and those of pork were the smallest for the month in many years. Although exports of lard also were very small, they were larger than the monthly exports of last summer and fall. Exports of both pork and lard in February amounted to less than half of the volume of such products exported in the corresponding period a year earlier. Shipments of pork from the principal ports in March were smaller than in February but shipments of lard abroad tended to increase. As hog slaughter increases in this country during the remainder of the year, it is probable that exports of pork and lard will show some increase from the present low level. The total, however, will probably be less than the average volume exported during the years 1930 to 1934.

Hog slaughter during each month of the remainder of 1936 is expected to be considerably larger than in the corresponding period a year earlier when the total during most months was the smallest in 25 years. The expected increase in slaughter, however, will not bring the total for the period up to the levels of other recent years. Average weights also are expected to exceed those of the previous year. Current storage supplies, on the other hand, are smaller than those of a year earlier. After offsetting the decrease in storage holdings against the expected increase in supplies of products from slaughter, the total supply of products for consumption during the remainder of the marketing year which ends September 30 probably will be from 20 to 25 percent larger than that of the corresponding period last year.
Supplies of cattle in April, May, and June are expected to continue fairly large and slaughter during this period will probably exceed that of a year earlier. The supply this year will include a much larger proportion of fed steers than a year ago and the proportion of the better grades will make a seasonal increase. Prices of the better grade fed steers may not change greatly during the next 2 months and may strengthen some after May. Prices of lower grade slaughter cattle may show some further seasonal improvement in April and May.

The movement of cattle prices during March followed rather closely the seasonal trend for the month; the better grades of beef steers declined steadily but moderately and the lower grades tended to hold steady or advance. As a result the spread between common and choice grades narrowed further and for the week ending April 4 was only $3.71 compared with $4.51 a month earlier and $5.37 a year earlier. The prices of better grades of butcher cattle were fairly well maintained during March and those of the lower grades tended to improve. As the pasture season approaches the demand for stocker and feeder cattle improved and prices tended to advance and the spread between the average weekly prices of beef steers and of stockers and feeders at Chicago became very narrow, some weeks being less than $1.00. The average monthly price of beef steers at Chicago for March was $8.05 compared with $8.37 for February and $10.77 for March 1935. Compared with February, good and choice grades averaged lower and medium and common higher.

The March 15 farm price of beef cattle was $8.12 compared with $6.19, the February 15 and $6.55 the March 15, 1935 prices. The market prices of veal calves tended to weaken during the first half of March, but to strengthen during the second half. The March 15 farm price of veal calves was $7.55, a sharp drop from $8.58 a month earlier, but higher than the $6.97 a year earlier.

Supplies of cattle for slaughter in March continued large. Receipts at seven leading markets were 18 percent larger than the small receipts in March a year earlier and 3 percent larger than the 5-year March average. Inspected slaughter of 763,000 head was 11 percent larger than in March 1935 and was the fourth largest for the month on record. Inspected slaughter of calves of 492,000 head was 2 percent larger than a year earlier and was the second largest for the month on record. Supplies of all grades of beef steers at Chicago were larger in March this year than last and the total of all grades was nearly 35 percent larger, but was below the 5-year March average. March was the first month in over a year and a half in which the number of good and choice steers was larger than for the corresponding month a year earlier. The percentage of cows and heifers in the total slaughter apparently continued to decrease in March. In February the percentage was 49.43, compared with 56.29 in February 1935 and with 47.29 the 10-year February average.

Shipments of stocker and feeder cattle from markets to country points tended to increase seasonally in March and was somewhat larger than in March 1935, but in the first 2 months of the year was much smaller than in these months of 1935. The severe cold weather and snow-blocked roads over large areas of the Corn Belt in January and February of this year tended to restrict the purchase of stockers and feeders. The better demand for such cattle in March was a price supporting factor of some importance in the beef steer markets.
The demand for meat apparently improved considerably in March over February. Slaughter of all species was larger in March than in February and total slaughter was larger than in March 1935, yet the prices of all species tended to strengthen. Further improvement in consumer demand during the next few months, which is not unlikely, may be sufficient to offset to considerable extent the effects of increased supplies of livestock for slaughter that are expected during those months.

LAMBS

With the supply of fed lambs for the remainder of the season apparently below average and a delayed movement of new crop lamb, prices of fed lambs may make some further recovery and the seasonal decline in prices of new crop spring lambs may come somewhat later than usual.

New crop lambs had largely supplanted fed lambs in the California slaughter supply by the end of March and shipments in some volume of both California and Arizona lambs reached midwestern markets the latter part of March. Feed conditions in California in March were not favorable for developing of the early lambs as rainfall was almost entirely lacking and pastures and ranges started to dry up. Good rains late in the month and in early April were expected to bring considerable improvement and eliminate the necessity for an early shipment of the new crop of lambs. Weather and feed conditions during much of March were unfavorable in most of the other early lambing areas and delayed marketings and below average quality seemed probable early in April.

Prices of slaughter lambs, after reaching the lowest level of the fed lamb season early in March, when the top at Chicago went below 10.00 made a substantial recovery during the last half of the month. This recovery brought the level of prices up to about what it was during the last half of January, but still substantially below the level of December. During the first part of March heavy lambs - 100 pounds and over - met with a substantial price discrimination but during the latter part of the month this differential tended to be eliminated. The first shipments of new crop Arizona lambs reached Kansas City the latter part of March and sold at prices about 1.50 a hundred higher than did the initial shipments in 1935. Prices of slaughter ewes reach the highest levels of the season in March. The average price of good and choice lambs at Chicago in March was 9.90 compared with 10.00 in February and with 8.117 in March 1935. The March 15 farm price of lambs was 8.10 compared with 8.31 and 6.67, the prices of February 15 and March 15, 1935, respectively.

The supply of slaughter lambs in March was about average for the month. Inspected slaughter of 1,374,000 head was practically the same as in March 1935 and about 1 percent above the 5-year March average. Reflecting the heavier weights of feeder lambs last fall, and the favorable feeding season in the Western feeding areas, the proportion of heavy lambs was above average and the average live weight of lambs slaughtered in March was fairly high, with quality much better than a year ago. Shipments from Colorado and Western Nebraska continued heavy during March, being nearly 800 double deck cars larger than in March of either 1935 or 1934. The estimated number still in feedlots about March 21 this year was 605,000 head, compared with 740,000 head a year earlier and 705,000 head 2 years earlier.
Butter prices declined sharply from mid-February to the end of March with the increase in shipments following the severe weather of late January and early February and the seasonal increase in production. The decline in prices from March to mid-summer will probably be less than a year ago. Butter production is larger than in 1935 and will probably continue larger for several months. Consumer demand for butter is better than a year ago, and prospects are for a better demand for storage during the coming summer than in 1935.

The price of 92-score butter in New York in March averaged 32.2 cents. This was 4.7 cents less than a month earlier, but 0.5 cents higher than a year earlier. The decline in price from February to March was decidedly greater than the usual seasonal decline and the index number of prices which is adjusted for seasonal variation declined from 118 in February to 102 in March. After allowance for the usual seasonal change, prices in March were at about the same level as in December. A further seasonal decline in prices from March to mid-summer is in prospect.

The farm price of butterfat in mid-March of 31.7 cents per pound was 3.2 cents less than a month earlier but 0.5 cents higher than in March 1935, and the highest for the month since 1930. From mid-February to mid-March the farm price of feed grains rose slightly. In March the relationship between butterfat and feed prices was not as favorable for dairy production as a month earlier, but was favorable as compared with the 15-year average 1920-1934.

Estimated production of creamery butter in February of 108,000,000 pounds was 6.2 percent larger than a year earlier. Part of this increase was due to an extra day in February 1936. After allowance for the difference in the length of the month the increase was about 3 percent. Increases in production for the same period of 1935 will probably continue for several months and total production for the first half of 1936 will exceed the same period of 1935.

In each group of States except the New England, butter production in February exceeded the same month of 1935 by at least 5 percent. In the East North Central States the increase was 7 percent and in the West North Central States, 6 percent.

Trade output of creamery butter in February was 7.4 percent larger than a year earlier, but 5 percent less than the 1931-35 February average. Retail prices in February were 1.7 percent higher than in the same month of 1935. These changes indicate an increase of 9 percent in consumer expenditures for butter to the highest level for the month since 1930. Estimated consumer expenditures for butter in February were 17 percent less than the 1925-29 February average. Consumer expenditures for butter will probably continue larger than in 1935.
Storage stocks of butter are at about the seasonal low point of the year. The 1935-36 season was a favorable one for storage operators. A relatively large volume of butter was moved out of storage when prices were decidedly higher than during the into-storage period. The margin between prices during the into-storage and out-of-storage period was 7.5 cents. In the last 20 years there have been only 7 in which the margin was wider than during the past season. This indicates a good demand for butter for storage during the coming summer.

In early April the margin between the price of 92-score butter at New York and New Zealand butter in London was 11.1 cents compared with 14.2 cents a month earlier. This margin will probably narrow with a further seasonal decline in domestic prices. There is little probability of any large volume of imports during the next 6 months.

**CHEESE**

Cheese prices declined slightly from February to March and the decline from March to midsummer will probably be relatively small. Cheese production is large but has tended to decline in relation to butter. Trade output of cheese is large and estimated consumer expenditures for cheese in February had recovered to about the pre-depression level.

The price of cheese (twins) on the Wisconsin Cheese Exchange in March averaged 13.9 cents; 0.3 cents lower than in February but 0.9 cents less than a year earlier. The decline in price from February to March was somewhat less than the usual seasonal decline, and it is probable that the decline in prices from March to midsummer will be relatively small.

Cheese production continues unusually heavy. Estimated production in February was 25 percent greater than a year earlier and 11 percent greater than the preceding high for the month in 1934. The decline in cheese production from January to February was considerably greater than the usual seasonal decline. In the case of butter, the increase from January to February was somewhat greater than usual. It appears that the low price of cheese compared with butter is having an effect on cheese production.

Trade output of cheese in February was 17 percent greater than in February 1936 and 9 percent greater than the preceding high for the month in 1934. Retail prices of cheese in February were up 4 percent from February 1935. These changes indicate an increase of 22 percent in consumer expenditures for cheese, to the highest level for the month since 1930 and about the same as the 1925-29 February average.

During the recovery of the last 3 years the estimated consumer expenditures for evaporated milk recovered to about the pre-depression level (1925-29) in 1934, while expenditures for cheese reached the pre-depression level in early 1936. Expenditures for butter, however, are still nearly 20 percent below the 1925-29 average. Somewhat the same sequence occurred during the recovery period following the depression of 1920-21.
Storage stocks of American cheese on April 1 of 62,300,000 pounds compare with 54,800,000 pounds a year earlier and the 5-year average of 46,700,000 pounds.

Imports of cheese in February were 3,800,000 pounds compared with 4,100,000 pounds a year earlier, a decline of about 7 percent. Imports from Canada were 629,000 pounds compared to 49,000 pounds in February 1935.

POULTRY AND EGGS

Market prices of eggs fell sharply in early March from the peak reached during the cold weather in February. Throughout the spring and summer egg prices will probably be lower than in 1935. Receipts of eggs were greater in March than a year earlier and slightly greater than the March 5-year average. Storage stocks of shell eggs are lower than a year ago, however, indicating a heavier rate of consumption than a year earlier.

The farm price of chickens fell from February to March with an unseasonal increase in receipts. With low storage stocks of poultry, however, chicken prices are likely to remain high during the spring.

The market price of eggs (mid-western special packs) at New York averaged 23.5 cents a dozen in March, 9.1 cents less than in February, and .6 of a cent less than in March 1935. On April 8 the price was about 22 cents. The farm price on March 15 was 17.5 cents, a decline of 6.3 cents from February 15 and 1.1 cent less than a year earlier. The farm price of chickens on March 15 was 16.6, .3 of a cent less than in mid-February, but 2.4 cents above the price a year before.

Receipts of eggs at the four markets in March were 1,695,000 cases compared with 1,415,000 cases a year earlier and a 5-year average of 1,610,000 cases. Receipts until summer are likely to continue greater than a year earlier, through not by so great an amount as in March.

Receipts of dressed poultry at the four markets in March were 14,200,000 pounds compared with 12,500,000 pounds a year before and a 5-year average of 16,900,000 pounds. The increase of 500,000 pounds from February is quite unusual. It is not likely that receipts will continue above those of 1935.

Storage holdings of frozen poultry, too, are low, 69,500,000 pounds on April 1, as compared with 83,700,000 pounds a year ago and a 5-year average of 74,000,000 pounds.

Storage stocks of shell eggs have not accumulated to the same extent as last year, being 802,000 cases on April 1, as compared with 1,508,000 cases a year earlier and a 5-year average of 1,428,000 cases. This is due partly to severe weather, heavier consumption, and a poor demand for storage.
Available supplies of unmanufactured wool in this country and abroad will be much smaller in the first half of 1936 than a year earlier, but the consumption of wool by domestic mills in 1936 probably will not be so large as the very large consumption in 1935. Production of shorn wool in the United States is not likely to be greatly different from the production in 1935, but stocks of wool in this country are now much smaller than a year ago. Some weakness in domestic prices of wool has developed in recent weeks, but wool prices in foreign markets have continued very firm. The margin between foreign and domestic prices has been sufficiently large in the last few months to permit substantial imports of wool by the United States.

Little trading was reported in the Boston wool market in March and early April. Prices of territory wools were almost entirely nominal and showed no change during this period. Quotations for fine strictly combing territory wools averaged 94 cents per pound for the week ended April 4, compared with an average of 66 cents per pound in the corresponding week of 1935. Territory 56s averaged 81.5 cents for the week ended April 4 and 56 cents a year earlier. Prices for Ohio and similar fleece wools at Boston declined about 1 cent per pound grease basis, during the first week in April. The United States average farm price of wool on March 15 was 28.5 cents per pound compared with 29.3 cents on February 15 and 17.4 cents on March 15, 1935.

Prices at the close of the second series of the 1935 wool sales at London on March 24 were generally 5 to 7-1/2 percent higher than at the close of the previous series on January 30. The quantity of wool available for this series was somewhat smaller than usual for this season of the year, supplies of Australian wool especially being limited. The selling season in Southern Hemisphere markets is drawing to a close and it appears that the carry-over of wool in most selling centers will be very small. On March 1 this year apparent supplies of the 1935-36 clip on hand in the five principal wool producing countries of the Southern Hemisphere were 24 percent smaller than a year earlier and 10 percent smaller than the 5-year average supplies for that date.

Imports of apparel class wool into the United States have increased greatly in the last few months. Large orders for wool were placed by United States dealers in foreign markets as it became apparent that supplies of domestic wool would be limited for several months before the new domestic clip becomes available. Imports of such wool for consumption in February totaled 9,417,000 pounds compared with 8,747,000 pounds in January and 1,754,000 pounds in February 1935. Total imports in recent months have been somewhat larger than imports for consumption. Entries of foreign wool into bond warehouses in this country in recent months have exceeded withdrawals and stocks of apparel class wool in such warehouses at the end of February were the largest since May 1934. About 21,000,000 pounds of this class of wool were held in bond at the end of February, an increase of
10,000,000 pounds from the low point reported at the end of last June. Stocks of foreign wool held in bond at the end of February 1935 amounted to 13,000,000 pounds.

Consumption of wool by United States mills continued large in the early months of 1936 at a rate somewhat below the unusually high level of the last half of 1935. The weekly average consumption of apparel class wool in the 4 weeks ended February 22 was 6,122,000 pounds scoured basis, compared with an average of 5,645,000 pounds in January and 4,850,000 pounds in February 1935. At the peak of activity in October 1935 consumption averaged 7,355,000 pounds per week. When the mill consumption figures are adjusted for seasonal variation there has been a decline in every month since October.

The tendency for a 2-year cyclical movement in domestic mill consumption of wool is indicated in the figure on the cover page of this report. It will be observed that since 1927 consumption has been high and low in alternate years. This cyclical tendency probably occurs because mills apparently process wool in excess of actual consumer requirements for wool goods in years when conditions in the wool industry are favorable and prices relatively high. This large consumption apparently leads to an accumulation of stocks of manufactured and semi-manufactured goods which in turn tends to curtail mill activity the following year. With increases in consumption in any year frequently being accompanied by advances in the price of wool, mill consumption of reworked wool and wool substitutes the following year is encouraged, while consumption of raw wool is discouraged by the high prices of raw wool. Thus in the second year mill consumption apparently declines and stocks of manufactures and semi-manufactures are disposed of. In years when consumption is low stocks of raw wool tend to accumulate and wool prices tend to decline, with both factors tending to stimulate an increase in mill consumption the next year.

In 1935 mill consumption of apparel class wool was very large and wool prices advanced materially in the last 6 months of the year. This increase in consumption in 1935 was preceded by the lowest annual consumption on record in 1934. Thus conditions in the wool industry are such that a decrease in consumption in 1936 from the 1935 level is probable. Also a part of the large mill consumption in 1935 was due to large government orders for wool goods which are not likely to recur in as large a volume in 1936 as in 1935.

Some slackening in wool manufacturing activity has been reported in the United Kingdom in the last few months. However, wool consumption in that country was unusually large in 1935. Conditions in the wool textile industry of France and Belgium continued favorable during January and February. In Germany mill activity has shown a slight decline chiefly because of the difficulty of procuring raw materials of adequate quality. Developments in the wool industry in Italy continue very unsatisfactory as a result of many restrictions necessitated by military operations and sanctions.
The tendency for domestic cotton prices to sag during January and February was halted early in March, and they have shown increased strength during the past month. Desirable qualities of American cotton for both domestic consumption and export continue to be very scarce, although the Producers' Pool has reduced its holdings of spots by over 400,000 bales since February 4. Attention is now centered in the recent announcement of the Commodity Credit Corporation which announces a plan to permit the disposition of a substantial part of the cotton now in the Government loan stock. Both foreign and domestic mill activity continued at high levels during March. Exports from the United States in March showed a more marked improvement over March 1935 than did exports in January and February over the same months last year.

The price of Middling spot cotton at the 10 markets has been relatively steady during the past 5 weeks, although there has been a decided, if moderate, tendency for prices to rise. The average price of Middling 7/8 inch in the 10 markets for the month of March was only 11.38 cents as compared with 11.32 cents in February, but the average weekly price advanced from an average of 11.18 during the week of March 7 to 11.61 for the week ended April 4.

In spite of large supplies of foreign cotton now moving into consumption and price ratios in foreign markets more favorable to the consumption of this cotton and the continued sale of spot cotton by the Producers' Pool, prices have tended to move upward, probably because of a continued high level of domestic mill activity, a continued large volume of exports as compared with the same period last year, continued scarcity of rainfall in the western part of the Belt and its effect on new crop prospects, and the increasing scarcity of spot cotton in domestic trade channels.

The ratio of three types of Indian to two grades of American at Liverpool was 84.1 in December, 83.1 in January, 81.7 in February, and 80.1 in March. However, notwithstanding the tendency during recent months for the price of foreign cotton to decline relative to the price of American, price relationships at the present are more favorable to the consumption of American cotton in foreign countries than was the case a year ago.

Of the approximately 9,000,000 bales of cotton on hand in the United States at the end of March, nearly 4,500,000 bales were held under the loan agreements and about 250,000 were in the Producers' Pool. At the end of March last year approximately 10,200,000 bales were on hand in the United States, of which about 5,100,000 bales were so held. This leaves a relatively small supply of "free" cotton available for the remainder of the present season. The comparatively high level of mill activity and increased volume of exports result in a comparative shortage of spot cotton.
In order that a reasonable amount of the loan cotton may be made available to world markets between now and picking time for the new crop, in competition with cotton grown in other countries, as well as for the domestic market, the Government through the Commodity Credit Corporation announced on April 4 that it will release to producer-borrowers or their authorized agents up to 1,000,000 bales of cotton held under the 1934 12-cent loan \( \frac{1}{2} \), or whatever fraction of 1,000,000 bales borrowing-producers may desire to sell prior to September 1, 1936. Producers may obtain the cotton from the Commodity Credit Corporation by paying to the Corporation an amount equivalent to 25 points less than the average market price of Middling 7/8-inch staple at the 10 markets on the proceeding day. Provided, however, that no cotton under the 12-cent loan will be released for less than 11-1/4 cents per pound, and no cotton held under the 11-cent loan will be released for less than 10-1/4 cents per pound. Present stocks in the latter amount to only about 76,000 bales.

The latest report by the Bureau of the Census on cotton ginned places the American crop at 10,635,000 bales of 478 pounds net. This is a reduction of 99,000 bales from the previous figure of 10,734,000 bales. No reduction has been made, however, in the previous estimate for a world crop in 1935-36 of approximately 26,000,000 bales of 478 pounds net. The estimate of foreign production has been raised from 15,856,000 to 15,365,000 bales or by the amount of the decline in the domestic crop, on the basis of indications that production in China and Brazil will probably be larger than was previously estimated.

World cotton consumption so far this year has been running at a record breaking annual rate of about 27,000,000 bales, according to the New York Cotton Exchange Service. This compares with a previous maximum of 25,800,000 bales in 1928-29. World consumption of American cotton has been running well above a year ago, 7,190,000 bales from August to February as compared with 6,597,000 bales during the same 7 months last year, but it is below the average of 7,291,000 in the past 5 seasons, and the record high rate of world consumption is due primarily to the very high rate at which the world is using foreign growths.

It will be seen from the estimates of production and consumption that world consumption of all cotton is running in excess of world production. All of this excess of consumption over production applies to American cotton. Unless there is a decline in the rate established in the first 7 months of this year, world consumption of American during the season will amount to about 12,300,000 bales. With an American crop of 10,635,000 bales such a consumption would mean a reduction in the world carry-over of American of nearly 1,700,000 bales, as compared with the carry-over et the end of last season. Even if allowance is made for a moderate amount of reduction in

\( \frac{1}{2} \) Twelve cents loaned on cotton of 7/8-inch staple or above and 11 cents on cotton less than 7/8-inch in staple length, but both loans are commonly referred to as the 12-cent loan.
the present high rate of consumption, room still is left for a significant reduction in the world carry-over of American cotton.

Mill activity in the United States during March continued to run at about the 1922-27 level. During most of the month of March stocks of unfinished cloths were accumulating as a result of insufficient new business and the high rate of mill operation, and at the present time unfilled orders are reported to be very small for this time of year. It is reported that the trade expects this situation to be corrected shortly through an increased demand from buyers of cloth. Domestic consumption in March amounted to 549,000 bales as compared to 482,000 bales in March 1935.

British mills are reported to be maintaining operations at the relatively high rate at which they have been running since early in November 1935. On the Continent in general there was little change from the fairly active conditions prevailing in recent months. Forwardings of American cotton to mills continued to run well above last year in all the major European countries. The feature of the foreign mill situation during February and March was the improvement in the Japanese spinning trade. Yarn production increased considerably in February as compared with January and was, with the exception of the record production for February last year, the highest production for any February. Trade reports are to the effect that yarn and cloth sales in Japan have exceeded current output during March and that prospects are that a large volume of demand will continue and mill activity be maintained during the next few months.

Exports of American cotton amounted to 405,000 bales in March, an increase of 28 percent over the same month last year. This is a greater improvement over March of last year than was shown in January and February, but it is still not so great a relative improvement as that which occurred during the first half of the present season. This improved level of exports during March came about not only as a result of continued increased purchases by most European countries as compared with last year but also because of increased shipments to Japan, where the tendency to substitute large quantities of Indian cotton on account of its lower cost has been partly offset by depleted stocks of American.