Industrial Production and Construction Contracts Awarded, 1921 to Date

INDEX NUMBERS (1923-1925=100) ADJUSTED FOR SEASONAL VARIATION

*VALUE OF CONTRACTS AWARDED IN 37 STATES ADJUSTED TO 1923-1925 LEVEL OF BUILDING COSTS.

Industrial Employment and Payrolls, 1919 to Date

INDEX NUMBERS (1923-1925=100) ADJUSTED FOR SEASONAL VARIATION
FARM PRICES

The general level of farm prices, after a 1 point rise in April, appears to have resumed the downward trend that began in January. Prices of wheat, cattle, hogs, butterfat, and wool have declined considerably in the last month, whereas egg prices have risen a little.

With prospects for a smaller winter wheat crop and a reduced carry-over of wheat on July 1 it is now very uncertain whether or not the United States will be faced with a sufficiently large exportable surplus to reduce wheat prices to export levels. On the basis of the present forecast for winter wheat and of the intended spring wheat acreage under average yields, the total wheat crop for 1936 will be about sufficient to meet domestic requirements. Corn prices advanced in April and early May with an improvement in the demand from feeders and industries accompanied by smaller market supplies. Steady to higher corn prices may be expected for the next month or two. An increased acreage of rice is being planted this year, especially in California. Present indications are for a downward seasonal price adjustment when the new rice crop begins to be marketed in volume in July and August. Increased market supplies have resulted in a sharp decline in prices of new potatoes since a month ago, whereas prices of old stock potatoes advanced somewhat. Cotton prices have declined a little recently following a moderate upward trend in March and April. World consumption of all growths of cotton is at a record high level and prospects are for a considerable reduction in the world carry-over of American cotton.

Hog prices began their seasonal decline in late April following an advance throughout most of the late winter and early spring. The recent decline in hog prices followed a seasonal increase in slaughter supplies and weakness in cattle prices. Although considerable part of the expected seasonal decline in hog prices has already taken place it is possible that the low point will not be reached until late June or early July. Cattle prices continued to weaken in April and early May especially for the better grades of beef steers. Supplies of cattle for slaughter during the next few months will no doubt continue large and little improvement in prices is expected until late summer or fall when a seasonal advance in the better grades of steers usually occurs. Lamb prices are expected to be fairly well maintained at least until the middle of June or about the level prevailing in early May, with some further advance possible in prices of spring lambs if a temporary shortage occurs. The seasonal drop in lamb prices that usually occurs about the first half of June may be delayed somewhat this year.

Butter prices declined seasonally from March to early May, and although some further decline is likely it seems probable that prices during the summer will average higher than a year earlier, and the highest for any summer since 1930. Cheese prices have been declining seasonally owing in part to heavy production and large stocks. Egg prices rose steadily in April but they are still below those of a year earlier and are likely to continue so until late summer. Domestic wool prices declined sharply in April. Although the supply of wool available in the United States in 1936 will be materially less than in 1935, wool manufacturing also is expected to be below the high level in 1935.
Prices received by farmers declined a little more than prices paid in the year ended April 15, 1936 with a drop of 1 point in the unit exchange value of farm products, to 86 percent of the pre-war level. The index of prices received by farmers in mid-April at 105 percent of the pre-war level was 1 point less than in March, 6 points less than a year earlier, and the lowest since July 1935. The index of prices paid by farmers was estimated at 121 in April (1910-1914=100), the same as in March, compared with 127 a year earlier.

WHOLESALE PRICES

The Bureau of Labor Statistics index of wholesale prices, after a temporary rise in the first half of April, resumed its slight downward trend to the lowest level since July 1935. The Annalist index of wholesale prices is now at the lowest level since the end of 1934. Changes in prices of farm products and foods have dominated the movement of the wholesale price level in recent weeks. General rains in the mid-West resulted in lower wheat prices, and heavier marketings have depressed prices of meat animals. Prices of textiles, chemicals, drugs, hides, and leather products have continued to decline a little.

Despite some decline in recent months, wholesale prices of the major commodity groups have been characterized by a high degree of stability in the last year, at about 40 percent below the 1926 level. The price relationships among the major groups are not greatly different from those which existed in 1926. There has been little net change since a year ago in prices of raw materials as a whole, whereas prices of semiminished articles have risen a little and prices of finished products have declined slightly. Compared with a year ago, prices of farm products and foods are lower, prices of nonagricultural products are the same, and prices of all commodities other than farm products and foods are somewhat higher.

Wholesale prices in the major foreign countries were steady to slightly lower in April. Prices in France declined nearly 1 percent from March to April, after a continuous rise for 8 months. Prices in England, Canada, and Japan, as in the United States, are now a little lower than in January. In Germany, prices advanced slightly in April to the highest level of the entire recovery movement, the most substantial rise occurring in food and vegetable foods, which more than offset the sharp seasonal decline in prices of coal. Prices in China (Shanghai) have risen a total of 3 percent since the abandonment of the silver standard early in November.

BUSINESS CONDITIONS

While some seasonal slackening occurred in a few lines of industrial output during the first half of May, the decline was no larger than usual and the seasonally adjusted index numbers of industrial output continue near the high point of the recovery period. Some further seasonal decline may occur in the next few months, but it is not expected that the decline in activity will be greatly different from that which usually occurs during the summer months. Both farm income and the incomes of industrial workers are now at about the highest level since the latter part of 1930, after allowance for seasonal changes, but they are still less than three-fourths as
large as the average for the period 1924-29. Additional gains in the level of industrial activity would further increase the incomes of farmers and of urban workers. Replacements and repairs of buildings and equipment and new residential building afford the greatest field for further expansion.

Industrial output increased sharply in April and has since made about the usual seasonal changes. Most of the increase in activity was the result of greater output in the automobile and steel industries. Steel output has been stimulated by the larger requirements for the automobile, farm implement, machine tool, building, and railroad industries. Other heavy industries, particularly manufactures of railway equipment and electrical supplies, also have shown marked increases in output in recent months, heavier railroad traffic and increased electrical power consumption have accompanied the improvement in industrial output.

The improvement in retail sales in March was followed by further improvement in most lines in April. Retail sales in rural areas increased further in April and, after seasonal adjustment, equaled the highest point reached since 1929. Preliminary indications are that retail sales of automobiles were near record proportions for the month. Variety store sales also increased more than seasonally from March to April. On the other hand, department store sales lost a part of the sharp increase which occurred in March, but were still above April a year ago. The Federal Reserve Board of Governors seasonally adjusted index of department store sales was 81 percent of the 1923-25 average in April compared with 88 percent in March and 73 percent in April last year.

The improvement in business conditions has been accompanied by further increases in employment and pay rolls. The seasonally adjusted index of the incomes of industrial workers in March was 70 percent of the 1924-29 average or within 1 point of the peak reached in December and January. It is probable that when the estimates for April and May become available they will record new high levels for the recovery period. This increase in incomes of industrial workers is being accompanied by increases in farm income. During the first quarter of 1936 cash income from farm marketings exceeded those in the same period a year earlier by 20 percent, and a substantial increase over the same period last year is expected in the second quarter. While farm income in the second half of the year will depend to some extent on crop yields, it is probable that if industrial activity is maintained at the levels now in prospect the income of farmers will continue to exceed that of a year ago. So far in 1936, Government payments to farmers have been considerably less than a year earlier, but, if the remaining rental and benefit payments still to be paid farmers on 1935 production-adjustment contracts are made in the next few months and extensive payments on the 1936 Soil Conservation program are made before the end of the year, Government payments to farmers during the remainder of 1936 will be larger than in the same months of 1935.

While activity in several lines of industry is now at a level equal to or considerably above that which is necessary for normal replacement, there are other lines of industrial activity much below normal. This is particularly true of construction in general and of improvement and replacement of worn out and obsolescent equipment. Residential building is still at very low levels. Since July 1935 residential contracts awarded have made about the usual seasonal changes and have averaged only 25 percent of the corresponding period of 1923-25. This is less than half the residential construction
required to meet normal replacements and the increase in population. Residential vacancies are now declining and are at about normal proportions in most cities. The increase in consumers' incomes is being accompanied by some decline in the doubling-up of families and by an increase in marriages. In view of these trends, further increases in residential construction seem probable. On the other hand, there apparently is still a surplus of office and factory buildings and little building other than improvements and replacements is in prospect in this field.

Railroad purchases of rails and equipment have been far below normal replacement since 1930. Recently there have been reports of shortages of certain lines of equipment, and early in 1936 railroads began increasing orders for equipment. In the first quarter of 1936, rail orders were more than twice as great as a year earlier and orders for freight cars and locomotives were nearly 10 times as great as at the same time last year. The recent improvement in freight traffic and net earnings of railroads is likely to be accompanied by further increases in the replacement of equipment. During the latter part of 1935 and the first part of 1936 there has been a marked increase in the purchase of machine tools for bringing factory equipment up to date, and further expansion is in prospect. Consequently, while some industries are operating at levels above normal, and some recession may occur as necessary replacements are met, it is likely that this will be at least offset by further increases in the industries supplying materials for residential construction and for the replacement of equipment.

The latest report indicates that the recovery in industrial output has been world wide in spite of political and financial uncertainties in several countries. Industrial activity in Great Britain continues near record levels, with the output of both durable goods and consumption goods unusually high. The recovery in France which began last October has apparently continued in spite of the uncertain financial situation. Reports from Germany indicate a slow but steady increase in exports of manufactured products, particularly to Latin-American countries. Business conditions in Japan have shown little change during the past month.

WHEAT

Less favorable winter wheat crop prospects together with prospects for a reduced carry-over on July 1 now make it very uncertain whether or not the United States will be faced with a sufficiently large exportable surplus to reduce prices to export levels. With a winter wheat crop indicated at only about 464,000,000 bushels, the size of the surplus will be largely dependent upon the outturn of spring wheat. On the basis of intended acres and present growing conditions it appears reasonable to assume that the spring wheat crop may bring the total wheat outturn to about 700,000,000 bushels. With prospective July 1 carry-over stocks reduced both in quantity and milling quality, a crop of this size probably could be largely or entirely absorbed in this country. Domestic prices under such circumstances would average above export levels. Exceptionally favorable growing conditions in the Spring Wheat Belt and no further deterioration in the winter wheat area would be necessary for the crop to be sufficiently large to result in a surplus for export at prevailing world price levels.
Conditions of winter wheat as of May 1 indicate a production of about 464,000,000 bushels compared with the forecast of 403,000,000 bushels a month ago. The May indication is only 7 percent above last year's small production and the fifth light crop of winter wheat in succession. It is estimated that the abandonment of acreage seeded for the 1936 crop has been 24.4 percent, which leaves 35,932,000 acres for harvest. Condition of the crop remaining for harvest was reported at 87.0 percent of normal on May 1 compared with 75.3 percent on May 1, 1935. Below average yields of winter wheat are in prospect in almost all sections of the country, with the greatest reduction appearing in the group of States extending from Montana and South Dakota to New Mexico and Texas. Reductions in prospective production since the April 1 report are the result of continued droughty conditions in the Southern Great Plains, particularly in the States of Kansas, Oklahoma, and Texas. While rains have been widespread since May 1 over most of the area where they were most urgently needed, from western Kansas to the Rio Grande River, a large acreage of the grain seeded last fall had already been lost. In a rather considerable southwestern area there is still a scant supply of moisture in the subsoil and final outturn is largely dependent upon the receipt of well distributed rains during the remainder of the growing season.

The size of the spring wheat crop will depend largely upon weather conditions during the rest of May and through July. Studies made by the Bureau of the effect of weather upon yield in the spring wheat area indicate that variations in June temperatures are most important in affecting yields, whereas April and May precipitation and July temperatures, respectively, are next in importance. Precipitation in the Spring Wheat Belt during April averaged less than 50 percent of normal, with South Dakota receiving the most moisture and North Dakota the least. Precipitation for the first 10 days in May, however, has been above average in Minnesota and eastern Montana, and only slightly below average in eastern South Dakota. Elsewhere it was only about 50 percent of average. Work is about 8 days late in the Spring Wheat Belt and there has been a tendency for farmers to seed on poorly prepared land.

Total wheat stocks in the United States on April 1, 1936 are estimated at 278,000,000 bushels compared with 294,000,000 bushels a year ago. Making allowance for likely disappearance and reduced imports during the remainder of the season, a carry-over of about 120,000,000 bushels is indicated for July 1, 1936. While this is about the size of the carry-over stocks prior to the accumulation of large surpluses which began in 1938, supplies of milling wheat probably will be reduced to a minimum as a result of the poor quality produced last year.

The United States average farm price of wheat as of April 15 was 86.3 cents per bushel compared with 90.9 cents a month earlier and 90.2 cents a year earlier. Market prices rose generally after the middle of April, dominated by deterioration in the winter wheat crop, but then declined as rains relieved the drought and more favorable conditions developed in the spring wheat area. No. 2 Hard Winter at Kansas City and No. 1 Dark Northern Spring at Minneapolis declined 10 and 2 cents, respectively, from the average of the week ended April 25 to the week ended May 9, while No. 2 Red Winter at St. Louis and No. 2 Hard Amber Durum at Minneapolis declined 8 and 7 cents, respectively. On May 11 the September futures price at Kansas City
closed at 9-1/8 cents under the October Liverpool future. On the basis of current freight rates, exports of any significance would require a price difference of 12 to 20 cents between Kansas City and Liverpool.

The wheat acreage for the 1936 harvest in the 23 countries for which reports are available is about 1 percent greater than the acreage for the 1935 harvest, when the same countries represented 90 percent of the Northern Hemisphere wheat acreage, exclusive of Russia and China. In Canada, an increase of about 3 percent is indicated. In that country seeding operations will again be late, but soil conditions are very satisfactory for germination and early growth. In Europe, excluding Russia, estimates of acreage are about 4 percent less than last year's. Winter wheat in most European countries is reported to be in a satisfactory condition. Conditions in all Danubian countries are reported as excellent. Owing to excessive rains, crop prospects in western Europe, especially in France, Spain, and Portugal, are only fair. The wheat acreage in North Africa is about 11 percent below last year's acreage. Prospects in eastern Algeria and in Tunisia are very poor as the result of drought and high temperature. The outlook in Morocco, however, is only somewhat below average.

CORN AND OTHER FEED GRAINS

Corn prices advanced in April and early May. The seasonally heavy marketings and the weakness in wheat were more than offset by the better market demand from feeders and industries, and the small market supplies. Oats and barley prices were only slightly higher. Steady to higher corn prices may be anticipated in May and June. Oats and barley prices will be influenced by crop developments which will very largely depend on weather conditions.

Corn prices, after declining sharply in the latter part of March, recovered in April and in early May were at about the highest point for the 1935-36 season to date. All classes and grades of corn at five markets averaged 53.3 cents per bushel in the last week of March, and 51.2 cents in the week ended May 2. No. 3 Yellow at Chicago averaged 52.3 cents in the week ended March 28 and 63.0 cents in the week ended May 2. Prices of oats and barley recovered some of the late March loss. No. 3 White oats at Chicago were 27.8 cents and No. 3 barley at Minneapolis was 53.5 cents per bushel in the week ended May 2. The United States farm price of corn advanced slightly from March 15 to April 15, but oats and barley declined. The April 15 farm price of corn was 57.2 cents; oats, 25.4 cents; and barley, 36.6 cents per bushel. The hog-corn price ratio remained unusually favorable for feeding.

The marketings of corn continued relatively heavy in April and early May. Receipts of corn at 13 markets during April were about one-fifth larger than the 5-year (1930-34) April average. Shipments of corn from these markets, however, were only about 71 percent of the average shipments for that month, with the result that commercial stocks, while small, increased slightly. Corn in stores and ar.lso at 41 domestic markets aggregated 2,419,000 bushels on May 11, being only about two-thirds as large as a year ago. Approximately 6,000,000 bushels of corn were processed into products for domestic consumption in April by the wet-process industry. The market movement of oats was materially reduced in April. Receipts at 13 markets during that month
were only 72 percent of the 5-year (1930-34) April average, while the shipments were 67 percent of average. Market stocks decreased during April, and on May 11 totaled 34,000,000 bushels. However, these stocks are about three times as large as those in store a year ago.

Planting of the 1936 corn crop got under way in the first half of May. Farm work on the new crop was generally delayed by the cool April weather. Most sections east of the Mississippi River had better-than-normal rains in April, but moisture was seriously deficient over a large area in northern Texas, Oklahoma, and much of Kansas. The first 4 months of 1936 were the driest on record in Kansas, Arkansas, Missouri, and Oklahoma. Subsoil moisture is generally low in the tier of States from Texas to North Dakota. A continuation of these unfavorable conditions would result in another short crop in the western part of the Corn Belt. The 1935 corn crop was only about two-thirds of the 5-year (1928-32) average.

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Rice

Southern rice prices advanced in recent months, but California rice were mostly steady. Marketings of rough rice were seasonally light in March and April because stocks on farms were quite small. Shipments of milled rice into trade channels were about average. The seeding of a larger acreage is under way, and since yields of rice do not fluctuate much, a 1936 crop as large as, if not larger than last year's, is indicated. If such a crop is obtained, a rather sharp seasonal price adjustment may be expected with the movement of the early new-crop rices in July and August.

Rough rice prices were about steady to higher in March, April, and early May. The April 15 farm price was $3.10 per barrel (162 pounds) compared with $3.07 on March 15. Sales of southern Blue Rose late in April were made at as high as $4.00 per barrel. No. 1 paddy f.o.b. California shipping points remained at $2.02 per 100 (33.27 per barrel). Mill receipts of southern rough rice in March totaled 232,000 barrels and in April 161,000 barrels. Total mill receipts of rough rice so far this season have been 7,797,000 barrels compared with 7,544,000 barrels in the same period a year ago. The movement of California rough rice was small in April, with mills either reducing their stocks or purchasing only sufficient amounts to cover current orders.

Shipments of southern milled rice into trade channels in April amounted to 78,600,000 pounds against 97,900,000 pounds in March. Exports increased sharply in April over those for any of the preceding several months, and, with fairly large shipments to Puerto Rico, it is evident that domestic takings had declined sharply. The movement of California rice to Hawaii in April was greater than that for March, which brought the seasonal total
since August close to average. Shipments of southern rice to Puerto Rico in April, however, were smaller than in March. The total movement this season to date is below that of last year.

Planting of the new crop was practically completed in Louisiana early in May, and was nearing completion in Arkansas and Texas. While a larger southern acreage is in prospect, the lack of moisture and the low level of irrigation water in certain areas may limit the increase. Seeding of the California crop is expected to be completed by about May 20. Present indications suggest an increase of about 25 to 30 percent in the California acreage over last year’s plantings, which were small.

**POTATOES**

Market prices of new potatoes declined sharply during the last month, whereas prices of old stock advanced. The decline of new-potato prices was due to the seasonal increase in supply. In addition to the early crop in Florida and Texas, market supplies have been drawn from California, Alabama, and Louisiana during the last few weeks, and shipments are just starting from South Carolina.

Production of new potatoes in the second section of early States is forecast at 10,476,000 bushels, or about 8 percent more than the harvested crop of 1935. On the other hand, the prospects in the second-early States are for a crop about one-fifth smaller than that of last year. Although very little information is available concerning crop prospects in the intermediate States, the intended acreage, with average yields, would indicate potato supplies in these States slightly larger than those of a year ago but considerably below average. Therefore, the probable supplies in the early and intermediate States, not yet harvested, would indicate that marketings of new potatoes from now until the first of August will be only moderate. There appears to be no indication of market pressure during any part of the present early and intermediate season unless there happens to be a large supply of home and market-garden potatoes produced in the Northern States, similar to the large crop produced in that area last year.

Prices of new potatoes at city markets declined seasonally during the last month. At New York, prices declined from an average of $4.46 per 100 pounds on an l.c.l. basis to $3.10 in April, but then recovered sharply in the first week of May to $3.64. A year ago they averaged $2.05 per 100-pound sack, after a precipitous drop from the preceding week brought about by heavy shipments from South Carolina. At the same market, old-stock potatoes (mostly from Maine) advanced from $1.80 the first week of April to about $2.40 per 100 pounds the first week of May. A year ago they averaged 97 cents. New potatoes at Chicago declined from $4.62 per 100 pounds to $3.09 during April and continued this downward trend during the first full week of May. At this time last season new stock in Chicago averaged only $2.28. Old-crop round whites advanced at Chicago during the last month from $1.25 to $1.67 per 100 pounds.
Prices of new potatoes at shipping points followed very closely the trend at market centers. Southern Louisiana points averaged $1.85 per 100 pounds, f.o.b. cash track, in the first week of May compared with $1.35 a year ago, while prices at Alabama shipping points averaged $2.15 against $1.65 a year earlier. At Hastings, Florida, Spaulding Rose potatoes declined from $7.00 per barrel to about $4.00 during the last month. The total rail and boat output of new potatoes increased sharply to 2,400 cars for the week ended May 9, compared with 1,620 cars for the same week last spring. Total shipments of new stock to May 9 this season were about 7,660 cars, or 1,600 more than to the same time in 1935.

Owing to the short supply of old potatoes remaining for market, the prices at shipping points rose sharply during the last month. At Presque Isle, Maine, prices of Green Mountains advanced from $1.48 to about $2.02 per 100 pounds, f.o.b.; at Rochester, New York, round whites rose from $1.28 to $1.87; and at Waupeca, Wisconsin, they advanced from $1.08 to $1.33 per 100-pound sack on an f.o.b. basis. Carlot movement of old potatoes decreased to about 1,640 cars for the first full week of May against 2,370 for the same week in 1935. The season total to date amounted to 1,38,000 cars, or 11,350 less than to May 11 last year. Maine shipped 665 cars in the first week of May and Idaho about 360 cars.

United States farm prices of potatoes averaged 81.1 cents per bushel on April 15, compared with 72.3 cents on March 15, 47.1 cents on April 15, 1935, and 68.8 cents the April average for 1910-14.

Tobacco

Tobacco prices during the 1936-37 season are likely to average lower than in either of the previous 2 seasons. The total supply for the season will probably be more than 300,000,000 pounds above normal. A prospective upward trend in consumption of tobacco products and the possibility of increased exports appear unlikely to offset entirely the effects of increased supplies.

Based upon the general trend of stocks, manufactures, and exports, a carry-over at the beginning of the 1936-37 season of about 2,259,700,000 pounds (farm sales weight) is indicated. This is an increase of about 1.7 percent over the carry-over at the beginning of the 1935-36 season. A carry-over of this size plus the indicated production of 1,178,600,000 pounds (based on March 1 intentions to plant and average 1932-33 yields) would result in a supply of about 3,438,300,000 pounds for the 1936-37 season.

Statistical analyses indicate that the demand for tobacco products is relatively inelastic, though there is a tendency to increase consumption somewhat with increased employment and pay rolls. Some increase in domestic consumption over the previous year may be expected, since employment and industrial incomes are improving and population is increasing.

With prospects for lower prices, exports in 1936-37 may be higher than in 1935-36, depending somewhat upon the available stocks in the importing countries. Information concerning stocks in foreign countries is not generally available. It is known, however, that stocks in the United Kingdom, one of the largest importers of American tobacco, are at a high level.
The principal factors affecting changes in the farm price of tobacco are changes in the supply of tobacco and in the incomes of industrial workers. The record high supply of 1931-32 together with a relatively low level of income of industrial workers resulted in the low farm price of 8.2 cents. With a reduction of 187,000,000 pounds in the supply of 1932-33, a farm price of 10.5 cents was obtained. The stimulus afforded by the marketing agreement during the season of 1933-34 and by the control programs for the seasons of 1934-35 and 1935-36 raised prices during those years even though supplies were well above normal. With a relatively large supply in prospect (assuming normal growing condition) and the absence of a crop control program, prices for the 1936-37 crop of all tobaccos may be considerably lower than in the last 2 seasons. Demand for tobacco products has improved due to increased employment and pay rolls, but this improved domestic demand and a possible increase in exports probably will not be sufficient to absorb the excess supply of all tobaccos which now seems likely.

Flue-cured tobacco is predominantly a cigarette type. It is also the largest export type, representing about 70 percent of United States exports. Cigarette consumption (during the period January-March 1936) as represented by tax-paid withdrawals was 12.5 percent above what it was during the same period in 1935. Exports of flue-cured tobacco during the period July-March 1935-36 were about 22 percent above those in the same period of 1934-35. Flue-cured tobacco represents about 45 percent of the indicated supply for the 1936-37 season.

Burley is consumed almost entirely in domestic manufacture. Probably one-third is used in the manufacture of cigarettes, while the remainder is used largely in the manufacture of chewing and smoking tobacco. Tax-paid withdrawals during the period January-March 1936 indicate a 4.5 percent increase in smoking and chewing tobacco consumption over the same period of 1935. Burley represents about 27 percent of the indicated supply for the 1936-37 season.

Maryland tobacco is used largely as a cigarette blend in domestic manufacture, and in recent years from about one-half to one-third of the crop has been exported. Exports during the period January-March 1936 were 76 percent above those for the same period in 1935. Maryland tobacco represents about 2 percent of the indicated total supply for the 1936-37 season.

Fire-cured and dark air-cured tobaccos are used in the production of chewing and smoking tobacco and snuff. Exports of these types have been decreasing for several years, partially because of increased production of competing types in foreign countries. Although increases in the consumption of smoking and chewing tobacco of 4.5 percent and of snuff of 1.8 percent were indicated during January-March 1936 over the same period in 1935, it is not likely that this increase will become noticeably greater during the year, as with improved pay rolls there is a tendency to shift to the higher-priced tobacco products.
Cigar-leaf is nearly all used in domestic manufacture. Cigar consumption during the period January-March 1936 shows a 4.9 percent increase over the same period in 1935. With increased employment and pay rolls it is reasonable to believe that a small increase in cigar consumption will continue. However, the March 1 acreage intentions indicate an acreage increase of 16.0 percent for filler tobacco; 29.0 percent for binder tobacco; and 1.0 percent for wrapper tobacco.

Practically all tobacco markets have closed for the 1935-36 season and practically all of the 1935 crop, except Maryland and the cigar types, has been sold. Prices, by types, received by producers for the 1930 to 1935 crops, are shown in the following table:

| Tobacco: Weighted average price received by producers for the crop marketing season, 1930-35 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Types                            | 1930             | 1931             | 1932             | 1933             | 1934             | 1935             |
|                                 | Cents            | Cents            | Cents            | Cents            | Cents            | Cents            |
| Flue-cured                       | 12.0             | 8.4              | 11.6             | 15.3             | 27.3             | 20.0             |
| Fire-cured                       | 8.5              | 5.1              | 6.2              | 9.1              | 10.8             | 8.8              |
| Burley                           | 15.5             | 8.7              | 12.5             | 10.5             | 16.9             | 19.1             |
| Maryland                         | 20.6             | 15.0             | 16.3             | 17.8             | 17.5             | 18.5             |
| Dark air-cured                   | 7.9              | 3.4              | 4.2              | 7.3              | 7.6              | 8.0              |
| Cigar, filler                    | 8.3              | 6.8              | 4.5              | 5.4              | 9.0              | 10.4             |
| Cigar, binder                    | 15.3             | 8.7              | 6.3              | 8.6              | 12.1             | 12.6             |
| Cigar, wrapper                   | 68.7             | 62.6             | 50.7             | 57.7             | 75.1             | 72.3             |
| All types                        | 12.8             | 8.2              | 10.5             | 13.0             | 21.3             | 18.3             |

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The 1935-36 season began with a carry-over of 2,220,900,000 pounds (farm sales weight), the third largest carry-over on record. This together with the increase of 215,200,000 pounds in production over the 1934-35 season resulted in an available supply of 3,517,700,000 pounds, the largest supply on record.

Consumption of tobacco products in the calendar year 1935, as indicated by tax-paid withdrawals, showed an increase in consumption of cigars of 3.4 percent above the previous year. The consumption of cigarettes was a record high of 134,800,000,000, an increase of 7.2 percent over that of 1934. Consumption of smoking and chewing tobacco declined about 1.0 percent from 1934 and was record low. Snuff consumption declined 2.9 percent from 1934 and was the lowest for any year since 1921.
Exports for the crop year 1935-36 are not available, but a tentative estimate based upon exports through March indicates that exports of all types will be about 469,000,000 pounds (farm sales weight). This is about a 19 percent increase over the previous season, about 10.8 percent less than the 1933-34 season, and about 5.9 percent more than the 1932-33 season.

HOGS

Hog prices began their seasonal decline in late April, following a rising tendency throughout most of the late winter and early spring. The decline was especially sharp in early May and during the second week of the month prices were about $1.40 per 100 pounds below the highest levels of the year reached in April. The increased market movement of fall-farrowed pigs is the major cause of the decline, although the marked weakness in cattle prices may be a contributing factor. Although a considerable part of the expected seasonal decline has already taken place it is probable that the low point will not be reached until late June or early July.

The weekly average price of hogs at Chicago declined from $10.61 per 100 pounds the week ended April 18 to $9.77 the week ended May 9, after being maintained for several weeks around the $10.50 level. Prices of the heavier hogs declined relatively more than those of the lighter weights. The average price for April of $10.47 was 23 cents higher than the average for March and 10 cents above that for February but was $1.53 higher than that of April last year when the processing tax of $2.25 per 100 pounds was in effect.

Hog slaughter under Federal inspection during April, totaling 2,559,000 head, was about 2 percent smaller than that in March but was 17.5 percent larger than the very small slaughter of April last year. Seasonal expansion in slaughter operations, reflecting increased marketings of fall-farrowed pigs, started during the week ended April 25 and is expected to continue until sometime in June before the usual summer decline in marketings gets under way. The extremely unfavorable weather of late January and most of February apparently retarded the finishing of many hogs that were being fed then for the spring markets, thereby delaying somewhat the beginning of the seasonal increase in slaughter. Average weights in April were about the same as those of March but were somewhat heavier than the average of a year earlier. The weighted average for the seven principal markets was 241 pounds, compared with 240 pounds in March and 230 pounds in April last year.

There was little change as between March and April in the monthly hog-corn price ratio computed on the basis of Chicago prices, although there was a decrease of 1.3 points between the ratio at the end of March and that at the end of April. The ratio for the latter month was 16.6 whereas that for March was 16.8. In April last year it was 10.0.

Wholesale prices of fresh pork advanced sharply in New York during April, following a sharp decline for 1 week at the beginning of the month, but they broke rapidly in early May when supplies increased. Prices at Chicago also moved up during most of April but declined late in the month.
Prices of most cured products were steady to higher during April as compared with those in March. Prices of fats, however, continued the decline which has been under way for some time and in early May were nearly 40 percent below those prevailing at the beginning of the year. The composite wholesale price of hog products at New York in April was $20.99 per 100 pounds compared with $20.75 in March and $20.62 in April last year. The index of retail prices of hog products in that city on April 30 was 88.6 compared with 88.4 on March 31 and 86.0 on April 30, 1935 (1924-1928 = 100).

Storage holdings of both pork and lard increased slightly during April. Stocks of pork on May 1, totaling 456,000,000 pounds, were 1 percent larger than those reported April 1, but were 19 percent smaller than those of a year earlier and 35 percent smaller than the 5-year average for May 1. Stocks of lard increased 8 percent during April, but the total on May 1, amounting to 83,000,000 pounds was 18 percent less than that reported a year earlier and 25 percent less than the 5-year average for that date. The decrease in stocks of hog products from the totals reported a year earlier is equivalent to about 800,000 hogs of average slaughter weight. This decrease will offset in part the expected increase in numbers and weight of the slaughter supply from May to September inclusive, over that of the corresponding period of 1935. The increase in numbers is expected to total at least 3,000,000 head, or about 35 percent, and the increase in weight will be the equivalent of 300,000 to 400,000 hogs of the weights slaughtered in the May to September period last year.

Although supplies of all hog products during the remainder of the marketing year (May to September), measured by current storage holdings and the yield from slaughter during the period, will probably be about 20 percent larger than those reported a year earlier, the increase will be relatively very much greater in lard than in pork and will be offset to some extent by a stronger consumer demand than prevailed in 1935. The average price for the 5-month period probably will not be greatly different from that of the first quarter of 1936.

CATTLE

The cattle market continued weak during most of April, with the general trend of prices downward. The weakness was most marked with the better grades of beef steers, and more with medium and heavy weights than with light weights. The average weekly prices of good and choice steers declined steadily during the month and for the last week of the month were at the lowest levels since December 1934. In 1935 the prices of better grade steers advanced steadily from January to the week ended May 4, when the average weekly price of choice steers at Chicago reached the peak of $14.45, about $4.00 higher than the first week in January. This year prices have declined steadily since the middle of January, and the average weekly price of choice steers at Chicago the week ended May 2 was $9.59, a decline of about $3.70 from the middle of January. The usual price trend of the better grades is downward during the first 4 or 5 months of the year, so the movement this year has been in the usual direction, but the amount of the decline has been unusually large. In only 3 other years of record have price declines as large or larger than this year occurred, and these were in the beginning years of business depressions when all prices were declining.
The usual trend of lower grade steers and of most grades of butcher cattle is upward during the first 4 or 5 months of the year. Common grades of beef steers advanced somewhat in price until toward the end of March and then declined, and at the end of April they were at about the level of early January. Medium beef-steer prices strengthened somewhat during January, but since then the trend has been slightly downward. The prices of lower grades of butcher cattle have been fairly steady during most of 1936, but the better grades of heifers have declined somewhat, as have the better grades of beef steers. Prices of stocker and feeder cattle were fairly strong until the middle of April and then declined somewhat, but the spread between the average monthly prices of beef steers and of stocker and feeder steers at Chicago narrowed to less than $1.00 for April. The average price of all beef steers at Chicago for April was $8.42, compared with $8.65 in March and $11.10 in April 1935. The April 15 farm price of beef cattle was $6.27 compared with $6.12 in March and $6.71 in April 1935.

Supplies of cattle continued large during April. Receipts at seven leading markets were 7 percent larger than in April 1935 and about 3 percent above the 5-year April average. Inspected slaughter of 812,000 head was 9 percent larger than in April 1935 and 20 percent above the 5-year average. Slaughter of calves of 525,000 head was the second largest for the month on record and 17 percent above the 5-year April average. While the total number of beef steers at Chicago in April was over 30 percent larger than the very small number in April 1935, it was the second smallest for the month in the 14 years of record. The number of choice steers was but little larger than in April 1935 and was much below the average for the month. The number of good beef steers was below average for the month and the proportion of the total was not abnormal. Because of the relatively large number of cattle being fed this year in areas outside the usual Chicago market territory, and also because of the relatively large slaughter of cattle at interior packing plants, bought direct, it is fairly certain that the character of receipts at Chicago does not reflect the commercial cattle supply to the extent that it has in other years. While the proportion of cows and heifers in the slaughter supply is declining, it is still above average for the time of year. For March, the proportion was much below March 1935 but still above the average for the month.

Imports of cattle continue fairly large. In March, the number, not including breeding cattle, was about 51,000 head compared with 52,000 head in March 1935. A somewhat larger proportion came from Canada this year than last, but the number of heavy cattle (over 700) from Mexico was over 25 percent of the total of such cattle, whereas in March 1935 the imports from Mexico included only a few head of this class. For the 3 months, January to March, imports were about 100,000 head compared with 95,000 in 1935, but the proportion from Canada was up from about 22 percent last year to 39 percent this year and the proportion of heavy cattle was up from about 17 percent to 46 percent. The inspected slaughter of cattle and calves in the United States during the same 3 months was about 3,763,000 head.

The decline in cattle prices has reflected the declines in the wholesale and retail prices of beef, but these declines have been larger in wholesale than in retail prices. On the basis of a 1,000-pound steer of good grade the average cost of the live animal at Chicago dropped from
prices in advance on and fall, especially if business conditions continue to improve. The larger supplies of beef resulting from the increases in the number and weight of cattle slaughtered explains, in large part, the decline, although a part of it may have been the result of a readjustment in the relationship of cattle prices to wholesale and retail beef prices. At the same time, the index of retail pork prices April 15 this year was 89.7 compared with 85.4 a year earlier, and hog slaughter in April this year was 17.5 percent larger in numbers, and weights were also heavier.

Supplies of cattle for slaughter during the next few months are expected to continue large, with the proportion of fed cattle larger than a year ago, but probably not up to the average of other recent years. The number of cattle on feed in the Corn Belt States April 1 this year was estimated as 28 percent larger than on April 1, 1935, but probably the second smallest number for that date in 10 years. There is some indication that the poor gains from feeding in January and February, caused by the extreme cold and poor quality of corn, resulted in quite a few cattle being carried over into the late spring that normally would have been marketed in February and March. With the present narrow price spread between feeder cattle and fed beef steers and the current unfavorable returns from feeding and the relatively high price and scarcity of corn in some States, there is little incentive to put cattle on feed. Hence it is likely that supplies of fed cattle for late summer and fall markets will be relatively smaller than during the period when most of the present supply of cattle in feed lots is being marketed. While little improvement in prices from present levels is expected before July because of the relatively large supply of fed cattle and the sharply increased hog slaughter, a normal seasonal advance in prices of better grade steers is not unlikely during the late summer and fall, especially if business conditions continue to improve.

**LAMBS**

Lamb prices are expected to be fairly well maintained until about the middle of June around levels prevailing early in May, with some further advance on spring lambs if temporary shortages develop. The seasonal drop in prices that usually occurs during the first half of June may come somewhat later this year.

Prices of slaughter lambs advanced rather sharply during April. Toward the end of the month the top on fed woolled lambs at Chicago reached $12.65, the highest for any month since 1930 and for any April since 1929, and an advance of about $2.20 from the first week of the month. Prices of new crop lambs also advanced during the month, but the spread between fed-wooled lambs and spring lambs was relatively small for April. Some recession in prices occurred early in May but the new level was around $2.60 per 100 pounds higher than during the low period of the season in March. The average price of good and choice woolled fed lambs at Chicago for April was $10.38 compared with $9.90 for March and $8.11 for April 1935. The April 15 farm
price of lambs was $8.46 compared with $8.10 a month earlier and $6.58 a year earlier. Prices of slaughter ewes also advanced during April to the highest level for the month since 1930.

Supplies of lambs dropped rather sharply during April. Receipts at seven leading markets were 21 percent smaller than in April 1935 and 26 percent below the 5-year April average. Inspected slaughter of 1,266,000 head was 15 percent less than in April 1935 and 10 percent below the 5-year April average. April was the only month this year when slaughter was below that of the corresponding month a year earlier. The sharp decrease in slaughter in April compared with March was in marked contrast to other recent years, during most of which April slaughter has been equal to or above March. The decrease in supplies in April compared with April 1935 was mostly in supplies of fed lambs. The slaughter of new crop lambs was probably about as large as in April last year, and the slaughter of ewes and other sheep was probably larger.

Supplies of lambs during May are expected to continue relatively small, with fewer fed lambs and a considerably smaller supply of new crop lambs. The number of lambs remaining in Colorado and western-Nebraska feedlots early in May was considerably smaller than a year earlier, and in other feeding sections the number on feed was also smaller. Conditions remained unfavorable for development of the early, new crop lambs in most States except California. Shipments from that State to eastern and other points to the first of May this year were considerably smaller than a year earlier and were the third smallest since 1929. Shipments in May will be fairly large, but with a considerably larger proportion of feeder lambs than in May last year. Shipments of sheep from Texas in May will be considerably larger than a year ago, with some increase in spring lambs. On the other hand, marketings of new crop lambs from other early lambing States are expected to be considerably smaller than in May last year and with quality rather poor. It is probable that marketings of new crop lambs, because of their slow development in many areas, may tend to be bunched during the latter part of June and early July.

**BUTTER**

Butter prices declined seasonally from March to early May and, although some further decline is likely, it seems probable that prices during the summer (May to August) will average higher than a year earlier and the highest for any summer since 1930. Production of butter has been decidedly larger than in 1935, but it is not to be expected that this marked increase compared with 1935 will be maintained during the pasture season. If pastures during the coming summer are average or better, it seems probable that production during the coming summer may not be greatly different than the high production in the summer of 1935. Even with relatively large production, the improvement in pay rolls, the prospects for a good storage demand, and the fact that butter prices have been unusually low in relation to the general level of prices indicate the probability of higher prices during the coming summer than a year ago.
From April 22 to May 8 the Agricultural Adjustment Administration purchased about 1,300,000 pounds of butter on the New York and Chicago Exchanges for relief purposes.

The price of 92-score butter at New York in April averaged 31.0 cents. This was 1.2 cents less than in March, but 3.5 cents less than in April 1935. The decline in prices from March to April was about the same as the usual seasonal decline. The lower prices in April 1936 compared with a year earlier were due in large part to the larger volume of production.

The farm price of butterfat in mid-April of 31.2 cents was equivalent to the farm price of 32.8 pounds of feed grains, compared with 21.3 pounds a year earlier and the 15-year (1920-1934) April average of 29.4 pounds. Farm prices of butterfat are relatively high compared with feeds, but relatively low compared with cattle and hog prices. With more normal supplies of feed on farms than a year ago and prospects for higher prices of butterfat than a year earlier, it seems probable that supplementary feeding during the pasture season will be greater than in 1935.

Estimated production of creamery butter in March of 121,000,000 pounds was 9 percent greater than the low production a year earlier but about the same as the 1931-35 March average. The 12 percent increase in production from February to March was about the same as the usual seasonal increase. It is not to be expected that the marked increase in production in March, compared with the preceding year, will be maintained during the coming summer.

In the early part of 1935, production was low because of the short feed supplies resulting from the 1934 drought. When cows were turned on pasture there was an unusually sharp increase in production and a marked decline in prices. For 1936 the prospects are for a much more nearly normal increase in production when cows are turned on pasture.

Trade output of creamery butter in March of 124,600,000 pounds was 4.8 percent larger than the low trade output in March 1935, but 9 percent less than the 1931-35 March average. Retail prices of butter in March were 5 percent higher than a year earlier. These changes indicate that consumer expenditures for butter were about 10 percent greater than in the corresponding month of the preceding year.

The margin between domestic prices and the price of New Zealand butter in London in early May was decidedly less than the tariff. During the next 6 months, at least, imports will probably be small.

Storage stocks of creamery butter on May 1 were 5,000,000 pounds compared with 5,700,000 pounds a year earlier and the 5-year average of 10,900,000 pounds.

**CHEESE**

Cheese prices declined seasonally from March to early May. Production and stocks are large. During the coming summer (May to August), cheese prices may average about the same as a year ago, but they probably will be lower in relation to butter prices than in the summer of 1935.
The price of cheese (thin) on the Wisconsin Cheese Exchange in April averaged 13.0 cents, down 0.9 cents from the preceding month and 1.7 cents from the same month of 1935. The decline in prices from March to April was about the same as the usual seasonal decline. Cheese prices are at about the pre-war level.

Production of cheese in March of 45,300,000 pounds was 21.8 percent greater than a year earlier and a new high for the month. Production in March, however, was only 3 percent larger than in January. Production in March usually averages about 25 percent greater than in January. In contrast with the small increase in cheese production, butter production has shown about the usual seasonal changes. The low price of cheese in relation to butter since the first of the year has resulted in a relative decline in the production of cheese compared with butter.

Trade output of cheese in March of 56,600,000 pounds was 16 percent higher than a year earlier and a new high for the month, being 15 percent larger than the 1930-35 March average. Retail prices of cheese in March were 3 percent higher than in March 1935. These changes indicate an increase of about 20 percent in consumer expenditures for cheese. With an increasing supply of meats, following the curtailment brought about by the drought, it is unlikely that the rapid rate of increase in cheese consumption which took place in the last year will continue.

Total imports of cheese in March were 5,700,000 pounds, compared with 4,200,000 pounds in March 1936. Imports of Cheddar cheese from Canada were 1,526,000 pounds compared with 103,000 pounds a year earlier. Thus practically all of the increase in total imports was due to the increase from Canada.

Storage stocks of cheese continue unusually large. Stocks on May 1 were 56,000,000 pounds compared with 46,600,000 pounds a year earlier and the 5-year May 1 average of 44,000,000 pounds.

POULTRY AND EGGS

Market prices of eggs rose steadily in April, but they are still below those of a year earlier and averaged less than in March. Until late summer this difference in price from 1935 is likely to continue. Receipts in April were about average, but greater than in April 1935. Storage stocks, however, are not accumulating as much as last spring so that consumption has evidently increased.

The farm price of chickens advanced from March 15 to April 15, regaining the unseasonal decline of a month before. Chicken prices will probably remain above those of a year earlier until mid-summer, when increased receipts are expected to offset the influence of lower storage stocks.
The market price of eggs (mid-western special packed) at New York averaged 22.8 cents per dozen in April, 7/10 of a cent less than in March, and 3.8 cents less than in April 1935. Prices in the first week of April averaged 21.6 cents and in the last week 23.8 cents. The farm price rose 1.3 cents in the month ended April 15 to 16.8 cents a dozen. The farm price of chickens in mid-April was 16.9 a pound; .3 of a cent higher than in mid-March and 1.4 cents higher than a year earlier.

Receipts of eggs at the four markets in April were 1,922,000 cases compared with 1,779,000 cases a year before and a 5-year April average of 2,040,000 cases. Of the last 15 Aprils, only those in 1935 and 1932 had lower receipts. Until mid-summer, receipts of eggs are likely to continue to exceed those for the same period of 1935, but will still be less than the 5-year average.

Receipts of dressed poultry at four markets in April were 14,500,000 pounds compared with 13,500,000 pounds in April 1935 and a 5-year April average of 13,300,000 pounds. By this time of the year poultry receipts have begun to increase seasonally. With an estimated increase in commercial hatchings of over a fourth, since a year ago, poultry receipts will probably remain above those of 1935 throughout the rest of the year.

Since storage stocks of poultry (an important source of supply until summer) are low the effect of heavier receipts on prices will be offset to some extent. Storage stocks of frozen poultry on May 1 were 48,316,000 pounds compared with 51,500,000 pounds a year earlier and a 5-year average of 51,600,000 pounds.

Storage stocks of eggs continue to accumulate more slowly than a year ago, being 3,071,000 cases on May 1 compared with 3,901,000 cases a year earlier and a 5-year average of 4,008,000 cases. This is largely due to a poor demand for eggs for storage and to heavier consumption. If this tendency to store less continues to August 1, when the into-storage movement is over, fall egg prices are likely to exceed those of the fall of 1935.

Wool

Domestic wool prices declined rather sharply in April and trading continued very limited on the Boston market. The carry-over of old clip domestic wool is unusually small but wool from the new clip is now arriving in Boston and receipts will increase rapidly in June and July. Although the supply of wool available in the United States in 1936 will be materially smaller than in 1935, changes in domestic wool prices in the next few months will depend to a considerable extent upon the demand from domestic manufacturers and changes in foreign prices for wool. Domestic mill activity is well below the unusually high level reached in the last half of 1935, but consumption was still above average in March, the latest month for which statistics are available. It now appears probable that domestic mill activity in the remainder of 1936 will be smaller than the high level of activity in the same months last year.
Some weakness has developed recently in foreign wool prices. Prices of most wool at the opening of the third 1936 series of London sales on May 5 were lower than at the close of the previous series on March 24. The decline in prices of merino wools amounted to about 5 percent, while prices of fine and medium crossbred wools were mostly 5 to 7.5 percent below the March quotations. Withdrawals of wool from the sale were heavy during the first week of the series.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 87 cents a pound, scoured basis, in the week ended May 2 compared with 94 cents a month earlier and 64 cents a year earlier. Territory 56s averaged 76 cents a pound in the week ended May 2 compared with 81.5 cents the first week in April and 52.5 cents in the corresponding week in 1935. The United States average farm price of wool on April 15 was 26.2 cents a pound compared with 26.5 cents on March 15 and 16.2 cents on April 15, 1935.

Stocks of apparel class wool held by dealers and manufacturers in the United States on March 28 were about 104,000,000 pounds, scoured basis, a reduction of 23 percent compared with the same date in 1935. Of the total stocks held on March 28 of this year only 57 percent was domestic wool, while in March 1935 domestic wool was 66 percent of the total. Dealers held only about 41,000,000 pounds or 40 percent of the total stocks of apparel class wool reported on March 28, while manufacturers and top-makers held 62,000,000 pounds. Dealers' stocks on March 28 were only half as large as a year earlier. Manufacturers' stocks were about 20 percent larger than in March 1935, but the increase was due entirely to larger stocks of foreign wools. The total stocks of apparel class wool on March 28 of this year represented about 145,000,000 pounds of shorn wool, greasy shorn basis, and 42,000,000 pounds of pulled wool, greasy pulled basis. If the total domestic wool production should be about the same in 1936 as in 1935, as now seems likely, the total supply of wool available from current domestic production and present stocks for the year beginning April 1, 1936 will be about 22 percent smaller than a year earlier.

United States imports for consumption of apparel class wool in the first quarter of 1936 were about 30,000,000 pounds compared with 5,507,000 pounds in the same period of 1935. The imports for the first quarter of 1936 were larger than in the same period of any year since 1929. Orders to be filled in foreign markets for United States buyers began to decline in March as the domestic demand for wool apparently weakened, and imports will probably show a considerable decline in the next few months as is usual for that time of year. Imports of carpet wool were about 37,000,000 pounds in the first quarter of this year compared with about 29,000,000 pounds in the same months of 1935.

The weekly average consumption of apparel class wool by United States mills in the 4 weeks ended March 28 was 5,092,000 pounds, scoured basis, compared with an average of 6,122,000 pounds in February and 4,635,000 pounds in March 1935. At the peak of activity in October 1935 consumption averaged 7,395,000 pounds a week. Although the rate of consumption in March, after seasonal adjustment, was about 24 percent below the October peak, it was the highest March average since 1929 and was 10 percent higher than the average
for March in the 10 years 1926-1935. Since the normal trend of wool consumption is downward from March through July, a further decline in consumption is likely to occur during the next few months. The use of substitutes and reworked wool in the wool manufacturing industry is reported to be on the increase. Such a tendency would restrict to some extent the consumption of raw wool.

There was a slight decline in machinery activity in the wool industry of the United Kingdom during the first quarter of 1936. In view of the very high consumption in that country in 1935, the recent high level of activity may not be maintained throughout 1936. New orders for the wool industry of western Europe were somewhat curtailed in the second half of March as a result of uncertainty in the international political situation, but mills continued active on old orders.

Since the bulk of wool supplies in the Southern Hemisphere was marketed early in the current season, a smaller quantity remains to be sold in those countries in the last few months of the season than was the case a year ago. Available supplies still remaining for disposal in Southern Hemisphere countries on April 1 were about 305,000,000 pounds smaller than a year ago, a reduction of about 31 percent, and were 18 percent smaller than the preceding 5-year average.

COTTON

The moderate tendency of cotton prices to rise during March continued to be evident until the last of April, when prices sagged somewhat. Mill activity in the United States was higher than a year ago, but tended downward throughout most of the month. Foreign mills continue to run at a high rate and to take more American cotton than a year ago in spite of the fact that foreign cotton during April was cheaper relative to American than in any month since last September. World consumption of all growths of cotton is still running at a record-breaking annual rate, with a considerable reduction indicated in the world carry-over of American on August 1 next.

The price of Middling spot cotton at the 10 markets has been relatively steady during the past 6 weeks. Prices showed a slight tendency to rise until about the end of the third week in April. At the end of the month a moderate weakness showed itself, that has been in part carried over into May. The average price for the month of April was 11.57 cents, the high being 11.70 on April 21 and the low of 11.38 on April 29 and 30. The average price was 11.57 cents compared with 11.38 in March and 11.80 in April a year ago.

The Producers' Pool disposed of approximately 45,000 bales of spot cotton during April, bringing its spot stock down to about 84,000 bales at the end of the month. It is reported that trade estimates place the quantity of loan cotton sold up to May 9 at between 600,000 and 800,000 bales. Requests for release of 892,000 bales were actually made to the Commodity Credit Corporation, but clearances of certificates are believed to be delayed at least several days as compared with sales in the country. Estimates are to the effect that the entire 1,000,000 bales, which is the maximum quantity which can be disposed of under the plan as it stands, will be sold by the end of May.
There has been some indication during the last 2 or 3 weeks that the tendency shown in recent months for the price of foreign cotton to decline relative to American has been checked. However, the ratio of the prices of three types of Indian to two types of American of 77.4 in April compares with an average of about 80 for the 10 years ended 1931-32 and an average of 82.5 for the 6 months October to March of the present season. Indian cotton relative to American was slightly cheaper during April of this year than during April 1935, while during the preceding 8 months of the present season the ratio of the price of Indian to the price of American ranged from between 4 and 5 to nearly 20 points higher than in the corresponding months last year.

So far this season, American cotton has been helped to compete with foreign growths by the absence of artificial support of prices for the 1935-36 crop in the United States and by the release of some of the Government-financed cotton. However, the large supplies of foreign cotton which have been moving through trade channels, the high level of mill activity in the United States, the continued large amount of Government-controlled cotton, and, lately, the drought conditions in Texas and Oklahoma, with their effect on new crop prospects, have caused the price of American to strengthen relative to foreign even though the relationships up until April have been more favorable to the consumption of American than in the corresponding months last year.

World consumption of all growths of cotton has continued to run at a record high annual rate of nearly 27,000,000 bales. Taking the figures of the New York Cotton Exchange Service, world consumption in the present season up to the end of March totaled approximately 18,074,000 bales, an increase of between 5 and 6 percent over the 17,167,000 bales consumed in the same period last year. Consumption of foreign cotton has shown a slight increase compared with last year, but most of the increase of 907,000 bales in total consumption over last year has been accounted for by an increase of about 760,000 bales or 10 percent in the consumption of American cotton. During this season to the end of March, American constituted about 46 percent of all the cotton consumed in the world, compared with 44 percent in the same period last season. However, during the 10 years ended 1932-33, American cotton averaged 56 percent of total world consumption of all cotton.

As was pointed out in the release of last month, a continuation of the present rate of world consumption indicates that world carry-over of American on August 1, 1936 will be roughly 7,300,000 bales, a decrease of over 1,700,000 bales compared with the carry-over at the beginning of the present season. This, however, is an increase of more than 1,250,000 bales over the average world carry-over of American during the 10 years, 1923-24 to 1932-33. Comparing the present rate of consumption and the estimated production of foreign cotton during the present season, there seems to be a likelihood that the carry-over of foreign cotton will be increased somewhat. This being the case, the indicated reduction in total world carry-over of all growths from 13,624,000 last year to an anticipated 12,500,000 at the end of the present season will mean a somewhat smaller net reduction in total world carry-over than is expected to take place in American alone. If total world carry-over of all cotton is reduced to approximately 12,500,000 bales, it will represent a reduction of 8 percent from the carry-over on August 1, 1935 but it will still be 23 percent above the average carry-over of 10,155,000 bales during the 10-year period, 1923-24 to 1932-33.
Domestic mill activity, while above a year ago, tended slightly downward during April as a result of a falling of sales below production and a decline for the industry as a whole in the mill position on stocks and orders, according to trade reports. In the third week of April the mill position was improved by increased sales and bookings, but the increase in sales and orders was largely induced by price concessions at the expense of manufacturing margins and was limited to certain sections of the trade. It is reported that during the last 2 weeks sales and orders have again declined. Both wholesale and retail trade are generally thought to be holding up well, but the discounts on new crop deliveries of cotton are believed by the trade to be responsible for the unwillingness of buyers to make forward commitments. Cotton consumption amounted to 577,000 bales in April compared with 549,000 last month and 468,000 bales in April a year ago.

In foreign countries, mill activity has continued to run at a relatively high level, with forwardings of American cotton considerably above a year ago. It is reported that in Great Britain mill activity is being maintained largely on the basis of old orders, as yarn and cloth sales have been below current production for several weeks. In Germany, Italy, and Spain the raw cotton situation is still dominated largely by import restrictions and barter arrangements.

Exports of American cotton were 353,000 bales in April, an increase of 9 percent over the same month last year. Exports for the first 9 months of the present season were 5,137,000 bales, an increase of 33 percent over the same period last year. The improved level of exports so far this year compared with last probably can be attributed not only to reduced stocks of American cotton abroad, a higher level of industrial activity and demand for cotton, and lower prices for American cotton relative to foreign, but also to the increased value of imports into the United States with a resultant increased ability on the part of foreign consumers to buy American cotton.
Business statistics relating to domestic demand

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### Commodity Prices

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</table>

1/ Federal Reserve Board index, adjusted for seasonal variation.
3/ Bureau of Agricultural Economics, August 1909 - July 1914 = 100.
4/ Weighted average of index numbers for seven foreign countries (recomputed to omit Italy, for which data are not now available) - United Kingdom, Canada, China, Japan, France, Germany, and the Netherlands.
6/ Dow-Jones index is based on daily average closing prices of 30 stocks.