
DOLLARS PER 100 POUNDS

PRODUCTION IN 37 INTERMEDIATE AND LATE STATES
1919-20 = 280,123,000 BUSHELS
1925-26 = 275,362,000 BUSHELS
1936-37, AUG. 1 = 268,836,000 BUSHELS

*ADJUSTED FOR CHANGES IN B.L.S. INDEX NUMBERS OF WHOLESALE FOOD PRICES, (JULY 1935-JUNE 1936 = 100)

U.S. DEPARTMENT OF AGRICULTURE
REG. 3-367
BUREAU OF AGRICULTURAL ECONOMICS

IN PREVIOUS YEARS WHEN THE SIZE OF THE POTATO CROP IN THE 37 INTERMEDIATE AND LATE STATES WAS SIMILAR TO THE ONE INDICATED FOR THIS YEAR, ADJUSTED WHOLESALE PRICES AT MARKET CENTERS ROSE SHARPLY FROM THE SEASONAL LOW POINT IN SEPTEMBER OR OCTOBER TO A PEAK IN APRIL OF THE FOLLOWING YEAR.
Preliminary indications are that farm income during the last 2 months has shown a marked increase over the corresponding period of 1935. A part of the increase in income, particularly in July, has been due to forced sales of livestock in the drought area, owing to shortage of feed. As in 1934, the drought has resulted in a considerable advance in prices of farm products toward the end of the marketing period for 1935 crops. As the new crops begin to move to market, however, it is likely that income from farm marketings will increase less than seasonally, the same as in 1934, when the adjusted index of farm income declined from 73 in July to 54.5 in January 1935 (August 1909-July 1914 = 100). However, in view of the increased demand for farm products, it is likely that farm income for the last 6 months of 1936 will continue to exceed that of the same period last year.

The general level of farm prices appears to have advanced considerably during the last month, continuing the rise which began in May. Extremely sharp advances in the prices of all grains and dairy products have much more than offset slight declines which occurred in the prices of livestock, wool, and cotton.

Wheat prices advanced sharply during the latter part of July and early August owing largely to deterioration in the Canadian crop. Although the current year's production is somewhat below the domestic utilization of the past 2 years, total domestic supplies will more than take care of usual domestic requirements of soft red, white, and hard red winter wheat. However, supplies of hard red spring and durum wheat will be below our normal minimum milling needs. The extremely hot weather and drought conditions which prevailed during July over the entire Corn Belt, reduced corn prospects to the smallest crop harvested in this country in more than 50 years. Feed grain prices advanced sharply in July as a result of this deterioration in the corn crop, and, until the final outturn of feed crops can be determined, corn prices will tend to fluctuate within rather wide limits. The usual seasonal recession from a summer peak is expected to be much less than usual this year, and may not occur at all.

In early August prices of the better grades of medium weight butcher hogs were at the highest levels reached thus far this year, but prices of heavy hogs and of packing sows were somewhat lower than the highest prices for those kinds paid late last winter. The tendency to sell off brood sows and to market 1936 spring pigs early because of feed shortage may prevent much further seasonal advance in hog prices this summer and may cause the seasonal decline this fall to be greater than average. The decline in hog prices this fall, however, is likely to be followed by a marked seasonal advance in the late winter and early spring of next year, when marketings are expected to be relatively small. Hog prices during the 1936-37 year probably will average about the same as in 1935-36, but seasonal changes in prices are expected to be somewhat different. Farm prices of cattle and veal calves declined slightly from June 15 to July 15, but market prices of most grades of slaughter cattle were generally steady during most of July
at the levels reached at the end of June. Late in July and early August, however, there was a rather sharp decline in prices of low grade slaughter cattle owing to the heavy movement of this kind from the drought area. Marked declines occurred in both farm and market prices of lambs during the last month. There has been a relatively small slaughter of lambs to August 1, despite a relatively large lamb crop. This is owing to the generally poor development of the early lambs in many states, caused by early unfavorable weather and poor pastures in June and July. The quality of the 1936 lambs marketed to August 1 has been generally below average.

Butter and cheese prices have shown a considerable advance during the last month. Butter production has been curtailed by the drought, and, with the shortage of feed supplies in prospect, will probably continue at a low level during the remainder of the pasture season and coming winter. Production of cheese has been unusually high and stocks are large, but cheese prices have remained high owing to the outlook for relatively light production of milk during the remainder of the year and the early part of 1937 and an improvement in demand for dairy products.

Crop conditions as of August 1 indicate a late potato crop about as small as the extremely short crops of 1925 and 1919. With such a small crop in prospect, and with demand conditions improved over those of last year, the prospects are for potato prices to average much higher this season than they have for any season since 1925-26.

The drought retarded the growth of vegetables for canning during July and, consequently, the prospective production has been curtailed sharply. Wholesale prices of most canned vegetables rose sharply during June and July and are now considerably higher than at this time a year ago. With the exception of pears and citrus fruit, fruits in general have suffered materially from late spring frosts and to some extent from lack of rain during the summer. Consequently, a rather small production is anticipated, with accompanying advances in farm prices.

The index of prices received by farmers in mid-July was 115 percent of the pre-war average, compared with 107 in June and 103 in July 1935. Prices paid by farmers in July were probably slightly higher than in June, or about 123 percent of the pre-war average. This compares with 126 for July 1935. The advance in prices of farm products more than offset this rise in prices paid by farmers, and the ratio of prices received to prices paid increased from 89 in June to 93 in July, compared with 81 in July 1935.
WHOLESALE PRICES

The general level of wholesale prices at more than 118 percent of the 1910-14 average in early August, was 4 percent above the recent low point in May, and at the highest level in nearly 6 years. Most of the increase since May was due to a rise of 12 percent in prices of farm products, and of 7 percent in prices of foods. The sharp advances in recent weeks in prices of wheat, flour, feed grains and dairy products reflected the persistence of the drought. Grain prices alone have risen 45 percent since May, and dairy products have advanced 17 percent.

Prices of commodities, other than farm products and foods combined, have advanced in recent weeks to 118 percent of the pre-war level, the highest since December 1930. Since early June an upward trend has been apparent in prices of textiles, metals, building materials, chemicals and drugs, and miscellaneous commodities, whereas prices of hides and leather products, fuel and lighting materials, and house furnishings have fluctuated within a narrow range. An outstanding example of the rise of metals prices is that of export copper, which has advanced sharply since early August, due in part to an increased demand in foreign countries for rearmament purposes.

The ratio of wholesale prices of farm products to wholesale prices of nonagricultural products (base period of each series 1910-14) rose to 91.7 in June, the highest since February and the highest June average in 6 years.

The movement of wholesale prices in the major foreign countries was generally upward in July. Prices in England have risen steadily since early June and are now at the highest level since December 1930. Prices in France have reached the highest point in over 2 years.

Prices in Germany continued to climb slowly, reaching a new level in July, the highest since November 1931. Government price regulations in Germany which now apply to nearly all foodstuffs and raw materials as well as to most manufactured goods have tended to modify the price rise. During the last 3 years prices of agricultural products in Germany have risen about 25 percent, whereas prices of industrial goods have advanced approximately 7 percent. Prices in Canada continue to move upward from the low point in late May. Prices in the Netherlands have also risen since May, with noticeable increases in prices of foodstuffs, particularly cheese. Prices in China continue upward, and prices in Japan have in general moved upward since the low point of the year in March.

The combined index of wholesale prices in the currencies of seven foreign countries which are important markets for American farm products, advanced in June to 75 percent of the 1926 average, with all seven countries showing increases over prices for May.
Preliminary reports indicate that incomes of industrial workers in July were nearly 20 percent above July a year ago, and, with relatively high levels of industrial activity in prospect, will undoubtedly continue somewhat above last year during the remainder of 1936. This higher level of urban incomes is resulting in an increased demand for farm products and the level of income from farm marketings during the remainder of 1936 is likely to remain somewhat above that of a year ago, in spite of the marked curtailment in agricultural output due to the drought. While the drought will no doubt have some affect upon industrial activity in those industries supplying farmers with industrial products and upon the volume of trade and transportation in the drought-stricken area, the general level of industrial activity in July continued at about the same levels as in June instead of making the usual seasonal decline, and, after seasonal adjustment, was at the highest level since the early months of 1930. The continued high level of automobile sales, large orders for fall merchandise and extensive demand for steel products by the railroad equipment, pipe line, and miscellaneous industries all point to a relatively high level of industrial output during the fall months.

The high level of demand for steel products, automobiles, and cotton textiles has been an important factor in maintaining industrial activity during the summer months. Steel mill activity has continued at slightly above 70 percent of capacity since May instead of making the usual seasonal decline. The present backlog of orders for steel products indicates a continuance of a fairly high level of activity during the fall months. Automobile output has been maintained by the unusually high level of retail sales in the last 2 months. While automobile production declined sharply the first week in August, it now appears that the period of shutting down to prepare for new models will be much shorter this year than a year ago. Textile activity in both cotton and rayon mills continued at an unusually high level during July. The output of durable consumers' goods other than automobiles has also continued at high levels in response to the marked improvement in sales.

Retail sales in July continued the upward trend of recent months. The Federal Reserve System's seasonally adjusted index of department store sales was 91 percent of the 1923-25 average in July compared with 88 in June and 80 in July 1935, and was the highest for any month since July 1931. Preliminary indications are that automobile sales declined less than seasonally from June to July and were largest for the month since 1929. The seasonally adjusted indices of retail sales in rural areas and of variety store sales in July also were at the highest levels since 1929.

In response to the higher levels of industrial output and trade, electric power production continues to exceed last year by a large margin and freight car loadings in recent weeks have exceeded that of the same time last year by more than 20 percent. The earnings of class 1 railroads during the first 6 months of 1936 were the highest since 1930 and have been accompanied by increased orders for railway equipment. New freight car orders during the first 6 months of 1936 were the highest for that period since 1929.
Building contracts awarded increased sharply in the first half of July after making about the usual seasonal changes from March to June. The marked improvement in electric power production is being accompanied by an increasing amount of construction by this industry and the volume of contracts awarded for public works and utility projects in June and early July were nearly three times as large as a year earlier. Residential contracts awarded continued to increase more than seasonally through June but "all other" types of building have declined more than seasonally in recent months.

Business conditions in foreign countries have been irregular in recent months. Industrial activity in Great Britain in June was at new record levels due largely to the high level of building and extensive rearmament program in that country. Industrial activity in Scandinavian countries was also at relatively high levels and industrial production in Germany increased more than seasonally from April to May. In France the labor strikes have been largely settled but the level of business activity has as yet shown no improvement since April. In Holland business conditions continue at low levels and unemployment in the first quarter of the year was above a year ago. Industrial activity in Japan declined slightly from March to April. Imports into Japan from January to June 1936 were 11.4 percent above the same period in 1935 whereas exports were only 3.4 percent higher. Tariff barriers in Australia and Canada have tended to restrict Japan's trade with those countries. China's trade balance has continued the improvement of the past several months.

WHEAT

Wheat prices advanced sharply during the latter part of July and early August owing largely to deterioration of the crop in Canada. United States wheat prices may be expected to continue to be influenced by the same factors which influence prices at Winnipeg and Liverpool. During 1936-37 domestic prices will probably average about as high relative to Liverpool as in 1935-36, when the price of No. 2 Hard Winter at Kansas City averaged 15 cents over parcels at Liverpool. The spread between these two markets is currently somewhat less than a year ago, however, owing largely to relatively larger early supplies of hard winter wheat on the domestic market this year, and higher quality wheat at Liverpool. The advanced stage of the season in the Northern Hemisphere permits a better appraisal of supplies than is usual at this time, and it appears that world prices may continue near existing levels for the present at least. Later, Southern Hemisphere crop prospects will become a major price factor.
The average United States farm price of wheat for July 15 was 94.4 cents per bushel compared with 80.6 cents a month earlier and 76.4 cents in July 1935. In mid-June wheat prices were adjusting down to a shipping differential under Liverpool because it was then expected that the United States would have a large enough surplus to be on an export basis. However, as drought conditions began to reduce spring wheat crop prospects, prices strengthened and, as conditions grew worse, they registered the sharpest gains in recent years. The weekly average price of all classes and grades of wheat rose 40 cents from the low point in the middle of May to early August.

The current year's wheat production in the United States, based on August 1 condition, was officially estimated to be 633,000,000 bushels, which is somewhat below the domestic utilization of the past 2 years, but above the 5-year (1923-27) average. In 1935-36 domestic disappearance amounted to 655,000,000 bushels and in 1934-35 to 661,000,000 bushels, while the 5-year average was 620,000,000 bushels. With carry-over stocks on July 1, 1936 estimated at 150,000,000 bushels, total supplies for the 1936-37 year are indicated to be about 783,000,000 bushels.

Domestic supplies will more than take care of usual domestic requirements of soft red, white, and hard red winter wheat, but supplies of hard red spring and durum will again be below our normal minimum milling needs. In spite of an increase of about 6 percent in the seeded acreage, production of these two classes of wheat was small owing to the drought, which reached its greatest intensity in the hard red spring wheat and durum area. The domestic winter wheat crop is materially larger than last year and is of good quality, and good yields are in prospect in the Pacific Northwest. It is probable that spring wheat mills in the 1936-37 season will use a larger percentage of hard red winter and Pacific Northwest wheat than last year. A larger than usual quantity of soft red winter wheat is also likely to be used in bread flour. Accordingly, the quantity of full-duty bread wheat to be imported in 1936-37 is expected to be less than imported in 1935-36. In the case of durum wheat, which is used in the manufacture of macaroni and related products, substitution of other kinds of wheat is unsatisfactory, and the short supplies available will undoubtedly result in some increase in the imports of such wheat. The probable reduction in imports of full-duty hard red spring wheat, however, should more than offset the increase in durum imports and result in total imports of these two types less than last year. On the other hand, as the result of a greatly reduced corn crop, some increase in the demand for wheat "unfit for human consumption", which classification pays a duty of 10 percent ad valorem, may be expected. Any increase in the use of such wheat together with the feeding of domestic light weight wheat, a considerable quantity of which was carried over from last year's rust-damaged crop, should result in a somewhat larger total wheat utilization in 1936-37 than in 1935-36.
During the 1935-36 season, total imports of wheat and flour in terms of wheat amounted to 35,000,000 bushels and exports and shipments to 7,000,000 bushels, resulting in net imports of 28,000,000 bushels, or 4 percent of utilization. Of the total imports, about 26,000,000 bushels were of milling wheat, and 9,000,000 bushels of wheat "unfit for human consumption". Imports were necessary in 1935-36 because drought curtailed the acreage and reduced the yields of the hard red winter crop while rust reduced the production of spring wheat.

Supplies east of the Rocky Mountains are again smaller than domestic requirements, while those in the far western group of States are about average. Prices, accordingly, are expected to continue to be relatively higher in central western markets than in the Pacific Northwest. With imported wheat coming from Canada, the price of hard red spring wheat during the 1936-37 season, at least until the new crop prospects become the dominant price factor, will continue to be influenced largely by factors which also influence the price in Canada, with prices of other classes also affected in varying degrees. The price of hard red winter wheat will benefit most because such wheat can be substituted directly for hard spring, whereas in the case of soft wheats, only limited quantities can be substituted for hard wheat in the manufacture of flour for commercial bread baking. However, while soft wheat supplies even during the last 2 years have been ample for domestic needs, prices of such wheat have also benefited considerably by the shortage of hard wheats because of the increased demand.

Winter wheat farmers who are now making their sowing plans are concerned with prospects in 1937-38. It is significant to note that the four short wheat crops which we have just experienced, are primarily the result of extremely low yields per acre rather than to a reduction in acreage. In fact, the acreage seeded to wheat for the 1936 crop was the second largest on record, and seedings as large for the 1937 crop would produce enough wheat for average domestic utilization even if yields per acre should turn out to be one-fourth below average. Stated another way, on the basis of the 1925-34 average yield per seeded acre (11.8) bushels, an acreage in excess of 60,000,000 acres would probably result in a surplus available for export. The area planted for harvest in 1936 is estimated at 74,000,000 acres. With the likelihood of an acreage considerably larger than 60,000,000 acres, average yields in 1937 would result in United States prices being lower relative to Liverpool than they have been in the past 3 years, and it is altogether possible that they might result in farm prices in the United States averaging about 20 to 30 cents below what they would if we continued on a domestic or import basis. Under these conditions the price of hard red spring wheat and durum would tend to drop more, and soft white wheat less, than this average range. The decline in prices of soft red and hard red winter wheat would probably be within the range of 20 to 30 cents.
CORN AND OTHER FEED CROPS

Feed grain prices advanced sharply in July as a result of the marked deterioration of the corn crop. Until the final outturn of feed crops, and possibilities and effects of various feeding adjustments made necessary by short feed supplies can be determined, corn prices will tend to fluctuate within rather wide limits. With the movement of the new crop, there may be some recession from a summer peak, but this seasonal decline is expected to be much less than usual, owing to the extreme shortage of feed, and may not occur at all.

The United States average farm price of corn as of July 15 was 80.2 cents per bushel compared with 61.3 cents a month earlier and 82.4 cents in July 1934. The averages for oats and barley for July were 35.3 cents and 56.1 cents and for June 24.3 cents and 37.0 cents, respectively. Feed grain prices have been rising since late May and early June, with the advance gradual until the first of July when prices rose sharply. Corn continued to rise abruptly until early August, but barley and oats weakened after about the first week in July and did not follow the corn advance again until late in the month. The price of corn in five markets for the week ended August 8 averaged 111.3 cents per bushel compared with 88.0 cents for the week ended July 4. For the same 2 weeks No. 3 White oats at Chicago averaged 44.0 cents compared with 32.1 cents, and No. 3 barley at Minneapolis 103.9 cents compared with 71.8 cents.

The recent advance in domestic corn prices has resulted in relatively heavy purchases of Argentine corn. The Commercial Attaché at Buenos Aires reported sales of around 12,000,000 bushels to United States firms during July. At the close of last week Argentine corn for September and later shipment was quoted at 95 cents per bushel for fair average quality, c.i.f. duty paid. Argentina is by far the most important source of our corn imports and the 1936 harvest in that country is one of the largest on record.

Largely as the result of high corn prices, the rate of decrease in stocks of corn at commercial centers has become relatively small. Commercial stocks of oats increased with the arrival of grain from the new crop from 31,100,000 bushels the second week in July to 45,500,000 bushels the second week in August, while barley increased from 9,200,000 bushels the latter part of July to 10,800,000 bushels the second week in August.

As a result of the decline in crop prospects during July there will be a shortage of grain that will necessitate rather heavy marketings of grain-consuming livestock and a reduction in the grain ration of the livestock wintered. In a fourth of the States, pastures were the poorest on record for August 1, and for the country as a whole they were almost as poor as in August 1934. This has necessitated a heavy summer feeding of hay and forage and is causing a severe shortage of roughage in the Northern Great Plains area and threatens to cause shortages elsewhere, the outlook depending primarily on how soon the drought is broken.
The extremely hot weather and drought reduced prospects for corn to 1,439,135,000 bushels. This would be about 2.6 percent less than the short crop of 1934 and the smallest corn crop harvest in this country in more than 50 years. It would be only about 56 percent of average production. With the production of oats forecast at about 772,000,000 bushels, barley at 145,000,000 bushels and grain sorghum at 81,600,000 bushels, all very light crops, the total production of the four feed grains is expected to total only about 58,000,000 tons. This would be 8 percent more than the final harvest of 1934, but about 31 percent less than production in any other recent year and 42 percent less than the 1923-32 average.

Prospects for hay are relatively much better. Allowing for first cuttings already harvested and assuming the usual progressive relief of the drought, production is forecast at nearly 69,000,000 tons compared with 87,000,000 tons last year and the short crop of 58,000,000 tons in 1934. Considering the rather large quantity of old hay on hand and the probability that available supplies will be rather closely utilized, the quantity fed is expected to be about equal to the average quantity fed during the last 6 years, a period of short supplies. However, in some areas, principally in the western part of North Dakota and South Dakota, eastern Montana and the northeast corner of Wyoming, hay supplies are seriously short, and over a wide area pastures are so short that farmers are being compelled to feed hay that may be badly needed next winter.

In comparison with 1934, the available supply of feed grains (production adjusted for carry-over and feed wheat) is expected to be about 5 percent greater, whereas the number of grain consuming units of livestock and poultry on farms on August 1 this year was about 3 percent less than on August 1, 1934. Available hay supplies appear to be about 20 percent greater and the number of hay-consuming animals 9 percent less this year than in 1934.

APPLES

Owing to the small apple crop indicated for this year, prices generally are expected to average much higher than in any year since 1929. Prices of apples may be expected to decline seasonally during the next two months, and then experience more than the usual seasonal advance to a high point at the end of the present marketing season. Based upon August 1 crop conditions, it appears that the United States crop-year average farm price may be nearly twice as high as that of the 1935-36 season.

Although apple prices are expected to be much higher this season than in 1935-36, at the present level of demand they probably will not be high enough to offset the reduction in total supplies and, therefore, it is likely that the total farm income from apple production this season will be less than that of last season.
Based upon August 1 condition, the United States total apple crop is indicated to be 102,487,000 bushels, compared with 167,283,000 bushels produced in 1935 and 161,333,000 bushels, the 1928-32 average. The indicated 1936 crop is the smallest since 1921. Production this year is below that of last year in nearly every state. The crop in the Atlantic Coast States is forecast at 39,615,000 bushels, against 69,558,000 last season. In the Central States, including both North and South Central, production is expected to total 16,568,000 bushels, compared with 44,268,000 in 1935, and in the West it is 46,304,000 bushels, against 53,457,000 bushels in 1935.

The commercial apple crop (destined for market as fresh fruit) is indicated at 64,500,000 bushels, or almost one-third less than that of last season, which was nearly equal to the average for 1928-32. The commercial apple crop in 1921 totaled 66,274,000 bushels, or little more than is expected this season.

Prices of eastern early apples in wholesale markets averaged about $1.19 per bushel during the first week of August, compared with $1.17 a month earlier and 82 cents a year ago. At Chicago, apples from nearby sources averaged $1.06 the first week of August, against $1.50 a month ago and $1.00 a year ago. On the auction market at New York, California fancy Gravensteins averaged $2.32 per box during early August, compared with $1.68 in the first week of August 1935 and $1.57 the average for the 1935-36 season. At Chicago, the auction prices for this variety averaged $1.99 per box in the early part of August this year against $1.60 a year ago and $1.50 the 1935 season average.

The United States farm price of apples on July 15 averaged 94.3 cents per bushel, compared with $1.07 on June 15, 1936, the season high point for 1935-36. On July 15 last year the average was 96.4 cents per bushel, and the July average for 1910-14 is 86.3 cents.

Only slightly more than 200 cars of apples were shipped by rail or boat during the first full week of August this season, chiefly from northern California, Michigan and West Virginia. For the same week last season the output by rail and boat totaled 385 cars. Total shipments to August 8 this year were about 1,730 cars, compared with 2,145 to the same time last season. Most of the apples marketed at this time of the year are moved by auto truck, and, therefore, the carlot movement is not a good indication of the total volume of marketings.
The drought retarded the growth of vegetables for canning during July and, consequently, the prospective production has been curtailed sharply. Whereas the total supply of the principal canned vegetables for 1936-37 appeared on July 1 to be slightly more than 104,000,000 cases and only slightly below the total supply for 1935-36, by August 1 it declined to 93,000,000 cases. On the basis of August 1 conditions, the total supply of canned vegetables is expected to be 12 percent less than the large supply in 1935-36, but 16 percent above that for 1934-35 and 28 percent above that for 1933-34.

Consumer purchasing power has increased sharply in the last 3 years, and if it continues to improve through the 1936-37 season, the quantity of canned vegetables moving into consumption will tend to increase. With the total supply less than in 1935-36 and with consumer purchasing power increased, the prospect is for prices of canned vegetables in general to advance during the coming marketing season. This is especially true, if the pack is further curtailed by the drought.

The yields of snap beans, beets, sweet corn, and peas has been curtailed by drought this summer and the prospects are that the pack of each of these canning vegetables will be reduced considerably below the large packs in 1935. On the other hand, the prospects are for a larger than normal pack of spinach, tomatoes, tomato juice, and lima beans.

Wholesale prices of most canned vegetables rose sharply during June and July and are now considerably higher than at this time a year ago. Canned snap beans were quoted in the East at 80-85 cents per dozen standard No. 2 cans during early August, compared with 67½ cents in January and 57½-60 cents a year ago. Cream-style canned corn was quoted at 80-90 cents per dozen in early August, or about the same as a year ago. In May and June, when a large pack was expected, the quotations were 65-67½ cents. Standard No. 4-sieve Alaska peas have risen from 65 cents per dozen No. 2 cans in May to 80-85 cents in early August. A year ago they were quoted at 70 cents. Canned spinach has risen from 70 cents per dozen in January to 85-95 cents in early August. Last year the price was quoted at 72½ cents. Standard tomatoes have advanced about 10 cents per dozen No. 2 cans in the last year to 70-75 cents, in spite of the fact that the pack is expected to be slightly larger than last year. Tomato juice has shown no change in price during the last year.
With the late potato crop deteriorating sharply during July, and with demand conditions improved over those of last year, the prospects are for potato prices to average much higher this season than they have for any season since 1925-26. Crop conditions as of August 1 indicate a late potato crop about as small as the extremely short crops of 1925 and 1919. In those years, when the price level was considerably higher than in this year, farm prices of potatoes averaged $1.66 and $1.91 per bushel, respectively. Based upon crop conditions as of August 1, the 1936-37 United States farm price is expected to average at least twice as high as for the 1935-36 season when it was about 70 cents per bushel, and perhaps three times the average farm price of 47 cents for the 1934-35 season. In the present season, as was the case in 1925-26 and 1919-20, potato prices are expected to decline to a seasonal low point in September or October, and then advance rather sharply to the next April.

Potato crop prospects declined sharply during July, and on August 1 production in the 30 late states was indicated to be only 244,253,000 bushels. This is 20,000,000 bushels below the July 1 forecast for these states; 75,000,000 bushels below the crop harvested in 1935, and is the smallest crop of late potatoes since 1919. For the United States as a whole the potato crop is indicated to be 294,537,000 bushels, or about 33,000,000 smaller than the 1935 crop and nearly 80,000,000 bushels below the 1928-32 average production. With the crop in the early and intermediate states also curtailed by drought, the total United States crop of potatoes will be nearly 3,000,000 bushels under the smallest crop of 1919 and the smallest since 1916.

The indicated production in the three Eastern surplus late States is 86,200,000 bushels (the same as forecasted in July), or about 6,000,000 less than in 1935 and 10,000,000 less than the 1928-32 average. In the five central surplus late-potato States the crop is indicated to be 52,945,000 bushels, or 45,000,000 bushels (46 percent) below the 1935 crop in these States and nearly 37,000,000 below their average production for 1928-32. The crop in the 10 Western surplus late States is forecast at 71,798,000 bushels, which would be 11,000,000 bushels less than in 1935 but about equal to their average production. Potato production in the 12 other late states is indicated at 33,310,000 bushels this year, or 13,000,000 below the crop of 1935.

Market prices of potatoes have shown a seasonal decline since early July. The general level for Cobblers in the Chicago car-lot market during early August was $2.50 per 100-pound sack, with Idaho Russet Burbanks as high as $3.00. This is slightly below the price range of a month ago, but compares with $1.12 for Cobblers and $2.00 for Idaho potatoes a year ago. The New York wholesale market recently reported Long Island and New Jersey Cobblers around $2.00 per 100-pound sack, compared with $2.55 in early July and about 77 cents at this time last year. The f.o.b. price at New Jersey shipping points had declined slightly to about $1.95 during early August, as against 70 cents a year ago. Shippers on Long Island were receiving
about $1.90 per 100 pounds, whereas at this time in 1935 the f.o.b. price was scarcely half that amount. The active season on the Eastern Shore of Maryland and Virginia closed with the best stock returning shippers around $2.00 per 100-pound sack, compared with $2.43 in early July and only 62 cents in early August of 1935.

On July 15 the United States average farm price of potatoes had reached the relatively high level of $1.41 per bushel, as against $1.37 at the middle of June, 52 cents a year ago, and an average of 81½ cents per bushel for July of 1910-1914.

Shipments of potatoes by rail and boat during the week ended August 8 totaled 3,415 cars, of which New Jersey furnished nearly half. Other active shipping States in the order of their importance were Idaho, California, Colorado, Washington, New York, Pennsylvania, and Utah. The week's movement was almost 60 percent heavier than that of the corresponding period last year. The season total to August 8 was about 51,120 cars, compared with 48,370 cars to the same time last season.

HOGS

Hog prices improved slightly during the second half of July, following the moderate decline earlier in the month. In early August prices of the better grades of medium weight butcher hogs were at the highest levels reached thus far this year, but prices of heavy hogs and of packing sows were somewhat lower than the highest prices paid for those kinds late last winter. Because of greatly reduced feed supplies resulting from the drought, there has been considerable liquidation recently of packing sows and of young hogs farrowed early this year. This liquidation is reflected in the relatively large slaughter of hogs in July compared with that in May and June, and in the sharp reduction in the average weights of hogs marketed.

Slaughter supplies during the remainder of 1936 are expected to be large in relation to the total number of hogs now in the country, and will be considerably larger than was indicated by conditions prevailing in June. The tendency to sell off brood sows and to market 1936 spring pigs early because of feed shortage may prevent much further seasonal advance in hog prices this summer and cause the seasonal decline this fall to be greater than average. Prices of light weight hogs will decline relatively more than those of other weights. The decline in hog prices this fall, however, is likely to be followed by a marked seasonal advance in the late winter and early spring of next year, when marketings are expected to be relatively small.

The weekly average price of hogs at Chicago declined from $10.12 per 100 pounds the first week in July to $9.42 the third week and then recovered to $9.91 in the closing week of the month. The average for the month was $9.76 compared with $9.88 in June, and $9.49 in July last year when the processing tax of $2.25 per 100 pounds was in effect. The spread between the prices of the better grades of butcher hogs and the
prices of packing sows widened as the proportion of sows increased and that of the others decreased.

Hog slaughter under Federal inspection during July totaling 2,692,000 head was only 1.7 percent less than that in June and was 57 percent larger than the very small slaughter of July last year. Slaughter in July ordinarily is very much smaller than that in June, but drought conditions this year over a large part of the important hog producing territory caused considerable liquidation of hogs that otherwise would have been retained for producing fall pigs or for sale later in the year. Short feed supplies are expected to cause marketings during the remainder of 1936 to be large in relation to the total number of pigs and hogs on hand on July 1. Average weights of hogs increased seasonally during July but the seasonal peak was reached somewhat earlier than usual. The average for the month at the seven principal markets was 258 pounds compared with 253 pounds in June and 254 pounds in July last year.

The hog-corn price ratio, based on Chicago prices, became less favorable during July, primarily because of the very sharp rise in corn prices. The ratio during the first week of August was 8.9, whereas a month earlier it was 14.8. For the month of July it was 11.4 as compared with 15.4 in June and 11.2 in July of the previous year.

Wholesale prices of fresh pork fluctuated sharply during July, declining during the first half of the month and rising during the second half. Highest prices for the month, however, were not as high as the best prices reached in May. Prices of cured hams and bacon changed relatively little during the month but those of lard and fat backs advanced sharply, apparently discounting somewhat the probability of short supplies of these products within the next 8 to 10 months.

Storage holdings of pork increased 7,000,000 pounds, or about 2 percent, during July and those of lard about 10,000,000 pounds, or about 9 percent. Ordinarily pork stocks are reduced during July whereas those of lard usually increase, the yearly peak in lard stocks often being reported on August 1. Stocks of pork on August 1, totaling 442,000,000 pounds, were 20 percent larger than those reported a year earlier but were 30 percent smaller than the 5-year average for that date. Lard stocks, totaling 117,000,000 pounds, were 71 percent larger than the very small stocks reported a year earlier but were 21 percent smaller than the 5-year average for August 1.

In the summer outlook report, released August 6 by the Bureau of Agricultural Economics, the Bureau states that the number of hogs for slaughter in the 1936-37 marketing year, beginning next October, probably will be from 10 to 20 percent larger than in the marketing years 1935-36 and 1934-35, when the totals were the smallest in many years. The indicated supplies for the 1936-37 year, however, are from 20 to 25 percent less than the average of the 5 years preceding 1934-35. The total for market in 1936-37 would have been further increased had not the 1936 drought greatly curtailed feed grain production and thereby compelled many hog raisers to change their 1936 fall farrowing plans. Average weights probably will be lighter than usual and about the same as in 1934-35, following the drought of 1934.
The seasonal distribution of marketings during the 1936-37 marketing year is likely to be much different from that of the present year. Current conditions indicate that hog slaughter during the 3 months, October to December 1936, will represent a larger than usual proportion of both the marketing year total and the winter total (October to March). The entire winter supply will be a larger than average proportion of the year's supply.

Hog prices during the 1936-37 year probably will average about the same as in 1935-36, but seasonal changes in prices are expected to be somewhat different. The seasonal decline this fall probably will be greater than that of last fall and the advance from the winter low is likely to be similar to the sharp rise which occurred in early 1935. Prices during the summer of 1937 probably will average higher than in the summer of 1936.

CATTLE

Prices of most grades of slaughter cattle were generally steady during most of July at the levels reached at the end of June. There was some weakness about the middle of the month, but all of the decline during this period was regained the following week. Late in July and early in August, however, as heavy runs of cattle came in from the drought areas, the market for low grade slaughter cattle weakened considerably and prices of these kinds declined rather sharply. This resulted in buying of such kinds by the Surplus Commodity Corporation for Government account at a number of middle western markets, and this buying tended to support the market for such kinds. Prices of stocker and feeder cattle, on the other hand, tended to weaken during July as a result of sharply increased supplies and poor pastures and rapidly increasing prices of grains and roughage.

The average price of beef steers at Chicago for July was $8.13 compared with $7.86 in June and $9.80 in July 1935. Compared with June all grades were higher except common, but compared with July 1935 the average price of common showed the smallest decline of all grades. The monthly price of stocker and feeder steers at Chicago for July was $5.66, compared with $6.94 in June and $6.74 in July last year. The spread between beef steers and stocker and feeder steer prices, which in May and June was very narrow, widened sharply in July, but was still much smaller than in July 1935. Prices of veal calves fluctuated sharply during July, the top at Chicago dropping $2.00 between the beginning and middle of the month, but with half of the decline recovered by the end of the month. The July 15 average farm price of beef cattle was $5.71, compared with $5.99 June 15 and $6.30 in July 1935. The farm price of veal calves was $7.21 July 15 this year, compared with $7.46 in June and $6.75 in July 1935.

Cattle supplies continued large during July and tended to increase more than seasonally toward the end of the month. The shortage of feed of all kinds, resulting from the drought, tended to force cattle to market from an ever widening area. Receipts at seven leading markets were 39 percent larger than in July 1935 and 22 percent above the 5-year average. Inspected slaughter of 928,000 head was 25 percent larger than
in July 1935 and 28 percent above the 5-year July average and was the second largest commercial slaughter for the month on record. Inspected slaughter of calves was equal to the largest for the month on record. The number of beef steers at Chicago was 40 percent larger than for any other July in 5 years. The number of choice steers was twice as large as in July last year and the largest for the month since 1931.

The number of cattle on feed for market on August 1 was estimated by the Department of Agriculture as 3 percent larger than on August 1 a year earlier. This is a much smaller increase over a year earlier than was estimated April 1 or January 1 this year. Apparently many cattle that would have been marketed earlier were held back in the hopes of a substantial advance in the market. The sharply increased prices of feeds and shortage of pastures, however, was tending to force a rather heavy movement of these toward the end of July. The number of cattle put on feed during the remainder of this year is expected to be sharply reduced from a year earlier, and may be below the number in the corresponding period of the drought year of 1934. Corn supplies will be smaller than in 1934, especially in the Western Corn Belt. With hog prices substantially higher than in 1934, and the number of spring pigs larger than in that year, the demand for corn for hog feeding will be much stronger than in 1934 and a larger proportion of the available supply will go to finishing hogs.

Despite the poor pastures and advancing feed prices during July there was a heavy movement of stock cattle into the Corn Belt States both from markets and direct from the bad drought areas. Shipments from four leading markets were nearly two and one-half times as large as in July last year and were much larger than for any July in 10 years. The shipments this year included a very large proportion of calves and of cows and heifers. The number of the latter was nearly four times as large as in July last year. While large numbers of drought cattle went to market there was also a heavy movement of the better grades of stock cattle to pastures and ranges in other States. It is expected that there will be a continuing heavy movement of such cattle for several months, and, if August and September rains should bring good fall pastures in the Corn Belt, some recovery in prices may occur.

Supplies of fed cattle are expected to continue fairly heavy for 2 months more, but after the first of October they may fall off rather sharply. With a further improvement in consumer demand for meats there may be a rather sharp advance in the prices of better grade cattle during the last quarter of the year.

**LAMBS**

Prices of slaughter lambs recovered somewhat from the low level reached early in July. At the end of the month, the better grades were about 50 cents a hundred higher than at the beginning, but common lambs were 50 cents lower. The top on slaughter lambs at the end of the month was $10.75. Prices of slaughter ewes declined seasonally during July, but were at a somewhat higher level early in August this year than a year earlier.
Prices of feeder lambs also declined during the month, with the decrease largest for the lower grades. Compared with a year earlier prices of feeder lambs at Omaha early in August were about $1.00 higher. The average price of good and choice slaughter lambs at Chicago for July was $9.94 compared with $11.44 in June and $7.96 in July 1935. The farm price of lambs on July 15 was $7.94 compared with $8.33 June 15, and $6.24 July 15, 1935.

Market supplies of lambs in July continued small. Receipts at seven leading markets were 14 and 17 percent smaller than in July 1935 and the 5-year July average, respectively. Inspected slaughter of 1,352,000 head, was 13 percent smaller than the record July slaughter of last year and 5 percent below the 5-year July average. For the first 3 months, May to July of the 1936-37 lamb marketing season, slaughter was considerably smaller than last year and was below the 5-year average.

The 1936 lamb crop was estimated as 9 percent larger than that of 1935 and but very little smaller than the record lamb crop of 1931. All of the increase was in the Western Sheep States, as the native lamb crop was about 2 percent smaller than last year. Most of the increase in the Western lamb crop was in the late lambing states with over one-half of the increase in Texas.

The relatively small slaughter of lambs to August 1, despite the increased lamb crop, is a result of the generally poor development of the early lambs in many states, caused by early unfavorable weather and poor pastures in June and July. The quality of the 1936 lambs marketed to August 1 has been generally below average, with weights also below average.

A rather heavy movement of both slaughter and feeder lambs is expected during the next 4 months. While the demand for slaughter lambs will continue good, the demand for feeders, especially for light-weight and poor conditioned kind, may be rather poor, as a result of the short supplies and high prices of feed grains and very poor pastures generally over the Corn Belt.

A considerable part of the feeder lambs in the Western Sheep States were contracted in May and June at prices that appear high in comparison with present market prices of feeder lambs. Quite a number of the lambs in the bad drought areas in Montana, Wyoming, and South Dakota were contracted early, but it is likely that a considerable proportion of these lambs may not make the contract minimum weights. In view of the feed situation and the relatively large number of feeder lambs available, it seems likely that there will be a fairly wide spread between the top prices of fat lambs and of feeder lambs during the next few months.

BUTTER

Butter production has been curtailed by the drought, and butter prices have increased sharply since the early part of the pasture season. The shortage of feed supplies in prospect indicates that butter production during the remainder of the pasture season and coming winter will probably be relatively low, and, with the low storage stocks on hand, total domestic supplies during the coming winter will be less than a year earlier and probably about as low as in 1934-35. Increased employment and greater
business activity indicate further improvement in demand. Even though butter prices have increased at a season of the year when there is usually some decline, a seasonal rise in prices from mid-summer to the end of the year is in prospect.

The price of 92-score butter at New York in July averaged 33.6 cents. This was 3.9 cents higher than a month earlier, and 9.7 cents higher than a year earlier, and the highest for the month since 1930. Ordinarily there is little seasonal change in prices from June to July. The rise this year was due primarily to the effects of the drought in curtailing production.

In mid-July the farm price of butterfat was 32.6 cents per pound. The price in mid-June was 27.7 and in July 1935 22.3 cents. The farm price of butterfat in mid-July was equivalent to the farm price of 24.9 pounds of feed grains compared to 17.6 pounds a year earlier, 19.6 pounds 2 years earlier, and the 15-year (1920-1934) July average of 25.2 pounds. In mid-July the relationship between the farm prices of butterfat and feed grains was about the same as the long-time average for the month. Butterfat prices, however, are low compared to hogs. This price relationship may encourage some farmers to curtail the feeding of their milk cows more than the feeding of their hogs.

Production of creamery butter in June of 187,000,000 pounds was 7 percent less than a year earlier, and except for 1934 was the lowest for the month since 1928. The increase in production from May to June was decidedly less than the usual seasonal increase. Reports from the centralizer territory indicate that production in July and August was decidedly less than a year earlier. Production during the coming winter probably will be considerably less than in the winter of 1935-36.

The trade output of butter in June of 133,500,000 pounds was 4 percent less than a year earlier. Trade output was relatively high compared with production because of the relatively small into-storage movement. The changes in trade output and retail prices indicate that consumer expenditures for butter in June were 8 percent higher than a year earlier and the highest for the month since 1930.

Storage stocks of butter on August 1 of 103,000,000 pounds were 46,000,000 pounds less than a year earlier and the lowest for that date in 13 years. The low level of stocks, together with prospects for lower production than a year earlier, indicate that domestic supplies during the winter months will be considerably smaller than a year ago.

During July the margin between 92-score butter at New York and New Zealand butter in London averaged 7.3 cents compared to 4.0 cents in July 1935. It is probable that before the winter is over the margin will widen to at least as much as the tariff rate of 14.0 cents.

**CHEESE**

Production of cheese has been unusually high and stocks are large, but prices have increased to the highest levels for the year. The outlook for relatively light production of milk during the remainder of the year and the early part of 1937, together with the improvement in demand, are the principal factors supporting the expectation of a seasonal rise in cheese prices during the remainder of the year. Cheese prices (twins) on the Wisconsin Cheese Exchange in July averaged 16.6 cents, this was 2.4 cents higher than a month earlier and the highest for the month since 1929. The decline in dairy production, because of the drought, resulted in a rise in prices at a season of the year when there is usually some decline.
While the drought has curtailed total milk production, there was little or no effect on cheese production up to July 1. Total production of cheese in June of 83,000,000 pounds was 11 percent higher than a year earlier and a new high for the month. The increase in production from May to June was somewhat greater than the usual seasonal increase. Relatively high prices for cheese compared with butter was probably the principal factor bringing about the change.

Trade output of cheese in June of 72,000,000 pounds was a new high for the month and was 22 percent larger than in June 1935. This change in trade output together with the increase in retail prices indicated that consumer expenditures for cheese were 26 percent higher than in June of the preceding year and the highest for the month since 1929. In view of the prospects for relatively light supplies of some protein foods during the coming winter it is probable that the demand for cheese will continue relatively high.

Imports of cheese in June were 4,300,000 pounds compared to 3,800,000 a year earlier. For the first 6 months of 1936 imports were about the same as in the corresponding period of 1935.

Cold storage stocks of American cheese on August 1 of 81,000,000 pounds compare with 82,000,000 pounds a year earlier and the 5-year average of 80,000,000 pounds.

POULTRY AND EGGS

Market prices for eggs continued to rise sharply throughout July and in early August. While receipts of eggs in July exceeded those of a year earlier, as they have for several months, the difference was smaller than before. Storage stocks of eggs, now near their seasonal peak, are much less than a year ago. Under these conditions a greater-than-seasonal rise in egg prices is in prospect.

The farm price of chickens followed the regular seasonal movement and declined slightly from June 15 to July 15. Poultry receipts are greatly exceeding those of a year earlier, and it is likely that they will continue to do so. Consequently, it is probable that there will be a greater than seasonal decline in poultry prices.

The market price of eggs (mid-western special packed) at New York averaged 26.9 cents per dozen in July, a cent below that of a year earlier. In late July, however, the price rose above that in 1935 and averaged 31.1 cents in the week ended August 8. The farm price of eggs rose from 18.9 cents on June 15 to 20.6 cents on July 15, which is 1.7 cents below that of July 15, 1935. The farm price of chickens declined from 16.4 cents on June 15 to 16.1 cents on July 15 but was still 2.1 cents above the price on July 15, 1935.

Receipts of eggs at the four markets in July were 1,173,000 cases as compared with 1,101,000 cases a year earlier and a 5-year average of 1,059,000 cases. The reduction in the difference between the receipts of
1936 and of 1935, which was roughly 200,000 cases per month in the period March-June, is largely due to the drought. Receipts in the rest of 1936 are not likely to exceed the relatively heavy receipts for this period of 1935.

Receipts of dressed poultry at the four markets in July were 22,300,000 pounds as compared with 18,200,000 pounds a year earlier and a 5-year average of 21,000,000 pounds. With an increase of 25 percent in the commercial hatch this year over that of a year earlier, poultry receipts during the remainder of 1936 will probably continue above those of 1935. The drought will accentuate this trend.

Storage stocks of case eggs were 7,334,000 cases on August 1 as compared with 7,947,000 cases a year ago and a 5-year average of 8,470,000 cases. More than any other circumstance, this will tend to maintain fall egg prices above those of 1935.

Storage stocks of frozen poultry were 49,300,000 pounds on August 1 as compared with 41,300,000 pounds a year ago and the 5-year average of 39,800,000 pounds. With stocks beginning their seasonal increase the larger quantities of poultry available this fall will probably make the peak storage stock (January 1 or February 1) greater than a year earlier. Chicken prices in the spring of 1937 will tend to be lower than in the same period of 1936.

**WOOL**

The estimated production of shorn wool in the United States in 1936 was only about 1 percent smaller than in 1935, but stocks of wool in all positions in this country at the end of June were about 7 percent smaller than a year earlier. Consumption of wool by United States mills has been fairly well maintained in the first half of 1936, although it was smaller than the relatively large consumption in the corresponding period of 1935. Domestic prices of wool were generally unchanged in July and trading on the Boston market was confined to only moderate quantities. Although mill consumption during the remainder of 1936 is not expected to be so large as a year earlier, the relatively small supplies available in this country probably will prevent any severe decline in domestic wool prices in this period.

The outlook in foreign wool markets for the opening of the new selling season in September is somewhat uncertain. The unsettled conditions in several continental European countries and the threatened restrictions of Japanese imports of Australian wool may result in a rather slow movement of new clip wool from the Southern Hemisphere. However, available supplies of wool (production plus carry-over) in Southern Hemisphere countries in 1936-37 are expected to be slightly smaller than in 1935-36.

Little change was reported in domestic wool prices in June and July. Quotations for fine (64s 70s 80s) staple territory wool at Boston for the week ended August 1 averaged 89 cents per pound, scoured basis, the same as a month earlier, but at the same time a year earlier the average price of this grade of wool was 75.5 cents per pound. Territory 56s averaged 75 cents per pound, scoured basis, for the week ended August 1, compared
with 76.5 in early July and 62 cents in early August last year. The United States farm price of wool on July 15 was 27.5 cents per pound compared with 27.8 cents on June 15 and 20.5 cents on July 15, 1935.

The quantity of wool shorn or to be shorn in the United States in 1936 was estimated at 361,000,000 pounds compared with 365,000,000 pounds in 1935 and the 5-year (1931-35) average of 367,000,000 pounds. On the basis of stocks of wool in the hands of dealers and manufacturers at the end of March, domestic production, imports, and domestic mill consumption from April through June, it was estimated that the total supplies of wool on hand on July 1, 1936 plus the quantity to become available during the remainder of the wool marketing year amounted to about 527,000,000 pounds. This quantity is about 7 percent smaller than the estimated supply available on July 1, 1935 and 15 to 20 percent less than that of 2 years earlier.

Imports of apparel wool into the United States in June totaled about 9,000,000 pounds compared with only 1,448,000 pounds in June last year. Although larger than in May, the June imports were smaller than those in each month from January through April this year. In the first half of 1936 imports of apparel wool totaled about 62,000,000 pounds compared with about 14,000,000 pounds in the first 6 months of 1935.

The rate of domestic mill consumption of apparel wool in June was higher than in any month since March, but it was about 12 percent lower than in June last year. Mill consumption of apparel wool in the first 6 months of 1936 totaled 131,000,000 pounds, scoured basis, compared with 140,000,000 pounds in the first half of 1935 and 97,000,000 pounds, the January to June average for the 5 years 1930-34.

COTTON

Although domestic mill activity and cotton consumption are at high levels, cotton prices tended downward during the last month largely as a result of more favorable crop prospects in the United States. In the 12 months from August to July, which make up the 1935-36 season, both domestic consumption and exports were considerably above the 1934-35 level, although the latter were well below average exports in the 10 years 1923-24 to 1932-33. The world carry-over of American cotton has been considerably reduced as a result of the small 1935-36 crop and the increased world consumption of American cotton compared with last year. The New York Cotton Exchange Service places the world carry-over of American cotton on August 1 at 7,100,000 bales, a reduction of about 1,900,000 from the carry-over of 9,009,000 bales on August 1 last year, but still nearly 18 percent above the average carry-over of 6,024,000 bales from 1923-24 to 1932-33.

The price of Middling spot cotton at the 10 markets, after reaching a high for the season of 13.42 cents on July 10, has shown a tendency to decline since then. The weekly average price was 13.08 cents for the week ended July 18, 12.98 cents for the week ended July 25, 12.78 in the week ended August 1, and 12.53 for the week ended August 8. The average for the month of July was 12.90 cents. Among price depressing influences during the past few weeks, have been the general beneficial weather conditions affecting crop prospects in the United States and some unfavorable factors featuring the foreign demand outlook, such as the high price of American cotton relative to foreign growths and the disturbance of cotton
consumption and industrial activity in general on the Continent as a result of civil war in Spain and political and labor troubles elsewhere.

The August 1, 1936 consolidated cotton report of the Crop Reporting Board estimates the new crop at 12,481,000 bales of 478 pounds net. This production represents an estimated average of 199.7 pounds from 29,924,000 acres. This compares with an actual production and yield for this last year of 10,638,000 bales and 186.3 pounds respectively. This season crop conditions are poorer than at the same time last year, and are poorer than they were on an average from 1923-24 to 1932-33 in Georgia and North Carolina and South Carolina, and are poorest of all in Oklahoma. In the other important producing States conditions are better than the 10-year average and are about as good or better than last year.

Domestic cotton mills continue to be very active, and cotton consumption is running at a very high rate. Trade reports state that mill sales of unfinished goods were relatively light during the month of July, but that the domestic spinning situation can be regarded as favorable in view of the high ratio of unfilled orders to unsold stocks. During the 12 months, August to July, domestic mills used about 6,300,000 bales of cotton according to a preliminary estimate of the New York Cotton Exchange Service. This compares with a utilization of 5,360,000 bales last year, and an average of 6,182,000 bales in the period 1923-24 to 1932-33.

The condition of foreign cotton textile industries vary greatly from country to country. In Great Britain mill activity is comparatively high, but it is reported that yarn sales have been below current output for the last few weeks and that there are indications of some recession in mill activity. German and Italian mills continue to be hampered by barriers to the importation of raw cotton, and France and Belgium are still affected by labor troubles. The Spanish industry is disorganized by the civil war. Trade reports indicate that Japanese conditions during July were about the same as in June which was a busy month for the Japanese cotton textile trade. Total imports of raw cotton were the second largest for any June on record, although American cotton represented a smaller share of total imports than in any month on record. Imports of American cotton in June were only slightly larger than last year while imports of Indian, Egyptian, Chinese, Brazilian, and African cotton were much larger than in June 1935.

Exports for this past season are estimated at 6,050,000 bales, an increase of 26 percent over last year's very low level of 4,799,000 bales but are 23 percent less than average exports of 7,880,000 bales in the 10 years ended 1932-33. The world carry-over of American cotton on August 1 of this season estimated by the Trade at approximately 7,100,000 bales, compares with 9,009,000 bales on the same date last season and the 10-year average of 6,024,000. Of the total carry-over of about 5,475,000 in the United States, approximately 3,200,000 bales are estimated to be government financed cotton and 2,275,000 are in private hands. On August 1, 1935 government financed stocks amounted to 5,088,000 bales and private holdings to about 2,000,000 bales. The indicated carry-over of American cotton in foreign countries is roughly 1,685,000 bales compared with about 1,900,000 bales on August 1 last year and an average of 2,337,000 bales from 1923-24 to 1932-33. Indicated production for the 1936-37 season of 12,481,000 bales plus a carry-over of 7,100,000 bales gives an indicated total supply of American cotton for 1936-37 of about 19,600,000 bales, approximately the same as last year and somewhat less than the 10-year average of 20,438,000 bales. However, in the 10 years ended 1932-33, world consumption of American cotton averaged 13,471,000 bales which is 2,133,000 bales more than the consumption of 11,338,000 in 1934-35, and 1,000,000 bales more than trade estimates of a consumption of 12,475,000 bales in 1935-36.
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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.