Slaughter supplies of hogs increased greatly in the last three months largely because of liquidation and early marketings resulting from the 1936 drought. The decline in hog prices since September, however, has been only moderate despite the large increase in supplies, thus indicating further improvement in demand. It is expected that hog slaughter during the remainder of 1936-37 will be sharply reduced as was the case in 1934-35 following the drought of 1934. As supplies are reduced, hog prices in 1936-37 are likely to advance and the course of hog prices this year may be somewhat similar to that of 1934-35.
FARM PRICES

Judging from the movement of market prices, the general level of farm prices appears to have made a substantial rise since mid-November. A marked advance in wheat prices and moderate increases in prices of potatoes, hogs, cattle, wool, and cotton much more than offset slight declines in prices of lambs, corn and butter.

Wheat prices in domestic markets have risen since early November, largely as a result of higher world prices resulting from increased buying by European countries. In years which have been more or less similar to the present, domestic wheat prices in January usually have been higher than those in December. Whether or not this will be the case this year, with the present level of prices, will depend upon the extent and the rapidity with which reserves are accumulated by European importing countries. With normal weather conditions and demand not much different from the present level, feed grain prices are expected to fluctuate at, or slightly above the present level, with no large changes in prospect until they are influenced by 1937 crop prospects. However, if the winter turns out severe and feed requirements are thereby increased, or if improvement in the general demand for farm products continues, grain prices might be expected to advance accordingly.

Hog prices changed relatively little during November, but in early December prices strengthened and advanced fully 25 cents, notwithstanding that slaughter supplies reached new high levels for the current season and were the largest in nearly 3 years. During the next 2 or 3 months marketings are expected to be reduced much more than usual, and this will cause the seasonal rise in prices now underway to be greater than average. The prices of better grades of beef steers continued to strengthen during November, and early in December prices of choice and good cattle at Chicago reached the highest levels since the middle of February. Prices of medium and common steers weakened somewhat during the first half of the month, but regained a part of the loss before the end. Prices of better grades of butcher cattle followed those of better-grade steers. Cattle supplies are expected to continue large during December, with most of the remaining supply of long-fed cattle cleaned up by the end of the year. The average quality of slaughter cattle during the first half of 1937 will be much below that of the first half of 1936, but cattle prices, not only grade for grade, but as an average, are expected to be considerably higher than a year earlier. Prices of slaughter lambs at Chicago changed little during November, but during the first week of December prices weakened and the top declined to the lowest level yet reached for 1936 lambs. With slaughter supplies of lambs until the end of January, at least, likely to continue rather large and supplies of other livestock fairly large, no considerable change in lamb prices seems likely during this period. In the late winter and spring when supplies of other livestock will be sharply reduced, it is expected that the advance in prices of other livestock will be reflected also in lamb prices.
Butter prices have declined slightly during the last month and cheese prices have remained about the same. With the outlook for relatively light production of dairy products during the feeding period, butter and cheese prices will probably remain relatively high compared with other recent years throughout the winter.

Potato prices in terminal markets showed little change from October levels during the first 3 weeks of November, but made some gains in the last week of November and in early December. In view of short stocks and improving consumer purchasing power, the trend of potato prices is expected to be upward until new potatoes start moving in volume next spring. Seasonal advances in the price of late crop onions occurred at large city markets and shipping points during late November and early December. The flue-cured (types 11 and 12) tobacco markets, open during November, reported prices higher than those for the same month and for the season to December 1 of the previous year. Indications are that the price of all flue-cured tobacco for the 1936 season will be about 22 cents compared with 20 cents for the 1935 season.

Wool prices in domestic and foreign markets advanced sharply in October and November. Prices of domestic wools are now higher than at any time since 1929. Although the apparent world supply of wool is not greatly different from that of a year earlier, the strong demand for wool in most consuming countries probably will result in wool prices being well maintained in the next few months with some further advance not unlikely. Cotton prices were firm and comparatively steady during November, but a strong rise was experienced in the first part of December. In view of the very high level of activity in the domestic cotton textile industry, indications are that world consumption of American cotton will continue to be maintained throughout the season as a whole at a level not greatly different from that of last year.

The index of prices received by farmers in mid-November was 120 percent of the pre-war average, compared with 121 in October, and 108 in November 1935. The index of prices paid by farmers in November was about the same as in October, or 127 percent of the pre-war average, compared with 122 in November 1935. The ratio of prices received to prices paid by farmers declined slightly from 95 in October to 94 in November, compared with 89 in November 1935.

WHOLESALE PRICES

Wholesale prices in the last 5 weeks made the largest advance for any period of equal length since January 1935, and a further increase seems likely. The general level of wholesale prices advanced 2 percent from late October to early December to 121 percent of the pre-war level, the highest point in over 6 years. Much of the gain in recent weeks has been due to advances in prices of farm products and foods, each of these groups gaining 3 percent.
Prices of commodities other than farm products and foods combined also advanced in recent weeks, but more moderately, for although gains in prices of textiles, hides and leather products somewhat exceeded the gains in prices of farm products and foods, prices of house furnishings, fuel, and lighting materials made barely perceptible gains. Metals, chemicals, building materials and miscellaneous commodities have advanced moderately since October.

The ratio of wholesale prices of farm products to wholesale prices of nonagricultural products for the week ended December 5 was 98 percent of the pre-war average, compared with 91 for the corresponding week last year and 86 percent 2 years ago.

The recent upturn in wholesale prices in the United States has a parallel in most of the major foreign countries. Prices in Canada have risen steadily since the low point of the year in May, the greatest gain occurring in prices of vegetable products. While the general index of 567 commodities in Canada has gained 7 percent since May, the index of Canadian farm products (70 commodities) has advanced 18 percent. The trend of prices in England has been similar to that in Canada; both Canadian and English prices are at the highest levels in 6 years.

Prices in France have increased 18 percent since devaluation of the franc, partly due to higher costs as a result of social legislation and a reduction in the hours of labor per week. Prices of all commodities are now 34 percent above the level of a year ago. Prices of agricultural commodities from January to August rose about twice as rapidly as did those of industrial products, whereas the situation since devaluation has been reversed, with industrial prices advancing twice as much as agricultural prices. Devaluation in the Netherlands likewise was followed by an advance in prices with a gain of 9 percent from September to October. Prices in Germany, on the other hand, have been practically unchanged from July through November. In order to carry out a new 4-year plan in Germany, the purpose of which is to maintain the existing price structure, a Reich Commissioner for Price Supervision was recently appointed and granted extensive powers, thereby returning to the centralized price control abandoned in July 1935.

A combined index of wholesale prices in the currencies of seven foreign countries, which are important markets for American farm products, advanced in October to 79 percent of the 1926 average, compared with 73 percent a year ago.

BUSINESS CONDITIONS

Industrial activity in November and the first half of December was at least as high as in September and October, with further increases occurring in the output of steel and automobiles. Retail trade increased more than seasonally from October to November and retail sales during the holiday season are expected to be the largest since 1929. The income of consumers has been increased by the continued upward trend in employment, the gradual lengthening of the number of hours worked per week, increases in hourly rates of pay in many industries, by wage bonuses and by record dividend payments in November.
These increases have been partly offset by the decline in incomes resulting from strikes which have reduced output and employment in some industries, particularly in the shipping and lumber industries. The increase in consumer incomes has been accompanied by higher farm income from farm marketings, which in November was about 10 percent higher than a year ago.

Automobile output increased sharply from October to November, and in recent weeks has been running at levels somewhat higher than at the same time a year ago. Steel activity has increased sharply, partly in response to announced higher prices for deliveries after January 1, and steel mill activity in the second week of December was at the highest level for the year. The backlog of steel orders on December 1 was the highest for any month since 1929. Orders by the railroads for steel railroad equipment have been unusually large in recent weeks in contrast to the very low level for the past several years. There has also been a marked increase in orders for machine tools and miscellaneous steel products. Textile activity in November, particularly in the cotton and rayon goods industry, continued at high levels and was higher than in any other November since 1928.

The daily average of building contracts awarded in November was about the same as in October instead of making the usual seasonal decline. Increases in public works and utilities offset declines in residential and "all other" contract awards.

Retail sales in most lines of trade are making at least the usual seasonal increase during the holiday season. The Federal Reserve System's seasonally adjusted index of department store sales advanced from 90 in October to 93 in November and was about 10 percent higher than a year earlier. While department store sales in November were about 5 percent below those of the same period in 1930, retail sales in rural areas for November were the highest on record for the month (records going back to 1929). Automobile sales are also higher than for this season of any previous year. Variety store sales in recent months have been substantially higher than a year ago and in November were the highest for the month since 1929.

Industrial activity in most foreign countries appears to have been maintained or increased slightly in recent months. In Great Britain, the level of business activity has been unchanged since July with some decline in building activity being offset by increased activity in industries affected by international trade, particularly shipping, cotton textile, and motor vehicles. The marked upward trend in prices of raw products has greatly improved the purchasing power of countries which are large producers of such commodities and is being accompanied by a rising standard of living in those countries and is stimulating international trade.

Practically all European countries report a further expansion in industrial activity, in recent months expansion being especially noticeable in Scandinavia, while only moderate improvement has taken place in France. In Japan there appears to have been some recession in business activity in recent weeks which has been accompanied by declines in commodity and stock prices. However, foreign trade of both China and Japan continues on the upward trend.
WHEAT

Wheat prices in domestic markets have risen since early November, largely as a result of higher world prices resulting from increased buying by European countries. Not only has current business been well maintained by the usual importing countries, but there have been noteworthy purchases by countries such as Italy and Germany, which in recent years have played a very minor role in the European wheat trade. According to current reports, several countries, including England, Germany and Italy intend to accumulate wheat reserves. Lack of moisture in the western winter wheat areas also tended to strengthen prices, especially the July future.

In years which have been more or less similar to the present, domestic wheat prices in January usually have been higher than those in December. Whether or not this will be the case this year, with the present level of prices, will depend upon the extent and the rapidity with which reserves are accumulated by European importing countries. On the basis of present estimates of production, total wheat supplies in exporting countries, excluding Russia, are fully ample to take care of estimated net deficits in importing countries and also to permit of the accumulation of substantial reserves. With stronger world demand and with supplies substantially smaller than in recent years, prices are likely to fluctuate more than usual.

The average United States farm price of wheat on November 15 was 106.5 cents per bushel compared with 106.3 cents in October and 97.6 cents, the revised figure for November, 1935. No. 2 Hard Winter Wheat at Kansas City and No. 2 Red Winter at St. Louis for the week ended December 5 averaged about 6 cents higher than for the week ended November 15. All prices continued to rise during the week ended December 12.

Prices of No. 2 Red Winter at St. Louis and No. 2 Hard Winter at Kansas City are about 25 and 19 cents higher, respectively, than a year ago, while No. 1 Dark Northern Spring at Minneapolis is about 11 cents higher. Higher prices this season are due to higher world price levels, which are the result of increased demand and smaller supplies. No. 3 Manitoba Northern Spring at Winnipeg and Parcels at Liverpool are 26 and 35 cents higher, respectively, than they were a year ago.

During the past month the price spread between the United States and world wheat markets widened. No. 2 Hard Winter at Kansas City was 21 cents higher than No. 3 Manitoba Northern Spring at Winnipeg for the week ended December 5 compared with 17\frac{1}{2} cents and 15\frac{1}{2} cents, the average spreads for November and October, respectively. The spread between domestic hard winter prices and Canadian spring wheat prices has been narrower this season than during the corresponding period in the last 3 years when crops were also less than domestic needs. Compared with the 21 cents for early December this year, the spread for the same wheats and periods was 33 cents in 1935, 32 cents in 1934, and 26 cents in 1933. Any increase in the demand for hard red spring wheat, the supplies of which are less than we normally use, will tend to widen this spread. Although winter wheat production was 55,000,000 bushels larger than in 1935, the hard red spring and hard red winter wheat crops combined are about the same as in 1935.
Present indications are for a net winter-wheat acreage increase in the Danubian Basin countries of probably 5-10 percent. It seems likely that a full acreage will be planted generally in the western Mediterranean countries, particularly France and Italy. No information is available for Spain but it is doubtful that seedings have progressed normally. In the British Isles, after 2 seasons of decline, some increase now seems likely. Fall grain seedings in the Soviet Union are now reported to show a slight increase. The wheat acreage in China is definitely smaller.

The world production of wheat, excluding Russia and China, for 1936 is now estimated at 3,486,000,000 bushels, compared with the November estimate of 3,469,000,000 bushels. This increase is accounted for, almost entirely by the revision in the estimate for Argentina, which is now placed at 155,000,000 bushels, compared with the estimate of 140,000,000 bushels a month ago. On the basis of the present estimate of production and July 1 stocks, estimated at 747,000,000 bushels, total world supplies, excluding Russia and China, for the current marketing year amounted to 4,233,000,000 bushels. This is the smallest supply since 1926, when it was 4,198,000,000 bushels. The intervening period since 1926 includes years of very large supplies, and the reduction to present levels implies that burdensome surpluses have now been eliminated.

**CORN AND OTHER FEED GRAINS**

With normal weather conditions and demand not much different from the present level, feed grain prices are expected to fluctuate at or slightly above the present level, with no large changes in prospect until they are influenced by 1937 crop prospects. However if the winter turns out severe and the feed requirements are thereby increased or if improvement in the general demand for farm products continues, grain prices might be expected to advance accordingly.

The weekly average price of corn for all grades and classes at the five markets was practically unchanged during November and early December, fluctuating within the narrow limits of $1.02 and $1.06 per bushel. December future prices of corn were generally lower than cash prices in October and early November, but, as the delivery month approached, future prices advanced to the cash level. The price of No. 3 White oats at Chicago advanced slightly during November and the average price for the week ended December 5 was 4.7 cents per bushel or 2 cents higher than a month earlier. The price of No. 3 barley at Chicago advanced from a weekly average of $1.16 per bushel for the week ended November 23 to $1.21 for the week ended December 5.

The October 1 supply of corn, oats, barley and grain sorghums, consisting of stocks of corn and oats October 1 plus production of corn, barley, and grain sorghums is estimated at 64,555,000 short tons compared with 81,725,000 tons last year and 101,155,000 tons for the 1928-32 average. Of the combined oats and corn supply 80 percent was made up of corn and 20 percent of oats. The respective percentages in 1935 were 80 percent and 20 percent, in 1934, 87 percent and 13 percent, and for the 1928-32 average 83 percent and 17 percent. As oat supplies have been large compared with corn supplies during the past year, oats prices have been relatively lower than corn prices.
The relative price of oats adjusted for seasonal variation and based on the 1910-14 level, was 116 on November 15 compared with 159 for corn. The July-September disappearance of these grains indicates that oats are being utilized somewhat more rapidly than corn. Relatively low oats prices can be expected to cause a continuation of a more rapid disappearance of oats and some increase in the price of oats relative to corn may occur during the next few months.

Market receipts of corn at the 10 primary markets totaled 16,426,000 bushels in November compared with 17,664,000 bushels last year and 7,852,000 bushels in 1934. Receipts and commercial utilization are expected to be smaller in quantity but larger as a percentage of production during the present marketing year than in 1935-36. For the crop marketing year 1935-36, beginning in August, market receipts of barley at four markets totaled about 85,000,000 bushels, the largest since 1928-29, and 74 percent larger than in 1934-35. In the first 4 months of the present marketing year receipts continued large in response to an active demand and high prices for malting barley.

Wet process grindings of corn in 1935-36 exceeded 72,000,000 bushels. This was 31 percent larger than in 1934-35, and the largest amount used since 1929-30. The amount used in the present marketing year is expected to fall short of the large grindings of last year, but to exceed the amount ground in 1934-35. Grindings in November totaled 5,425,000 bushels compared with 5,636,000 in November 1935 and 4,275,000 bushels for this month 2 years ago.

The margin between domestic and Argentine corn prices remained above an import basis during October, November and early December. In October 6,182,000 bushels were imported from Argentina compared with 3,466,000 bushels in September this year and 3,883,000 bushels in October 1935. The November importations are not yet available, but figures showing weekly arrivals of foreign grain indicate a substantial reduction largely as a result of coastal labor difficulties. Domestic oats prices since the beginning of the marketing year have been only slightly higher than foreign prices and importations have been small.

The sharp advance in barley prices since July has not been accompanied by an equal advance in Canadian barley, and imports since the beginning of the crop marketing year have increased rapidly. Total imports during the period July to October, inclusive, totaled 4,899,000 bushels compared with 391,000 bushels for this period last year and 3,068,000 bushels for this period 2 years ago. Indications are that barley imports during the current marketing year may be larger than in 1934-35 when they represented about 9 percent of the total supply. An active demand from breweries during recent months has been an important factor supporting domestic prices and stimulating importations.
Supplies of soybeans and soybean meal will be somewhat smaller during the 1936-37 marketing year beginning October 1 than they were in the previous year. The November estimate indicates a crop of 26,054,000 bushels in the six leading states compared with 37,691,000 bushels in those states last year, but with the exception of the 1933 crop this is the largest crop on record. Soybean prices have advanced sharply since June and the average farm price on November 15 was 61.12 compared with 69 cents on that date last year. Soybean prices are supported by an active demand from industry and below average supplies of competing products.

Increased production and relatively low prices for soybeans resulted in a large percentage of the crop being used commercially during the past 2 marketing years. Since a large percentage of the oil produced from soybeans is used by the food products industries, the price relationship between cottonseed and soybean prices is an important factor in determining the amount of soybeans processed. Sharp increases in soybean prices since June have advanced the price of soybeans relative to cottonseed and reduced their competitive advantage.

**FLAXSEED**

Domestic flaxseed prices have advanced sharply since June, influenced principally by reduced prospects for the 1936 crop. Monthly average prices of No. 1 flaxseed at Minneapolis have exceeded $2.00 per bushel for each of the first 4 months of the present crop marketing year beginning August 1, compared with monthly averages ranging from $1.53 to $1.80 for corresponding months of 1935. The United States crop estimate of November 1 was 6,100,000 bushels compared with 14,100,000 bushels last year, and, with the exception of the 1934 crop of 5,700,000 bushels, was the smallest on record. Foreign supplies are expected to be slightly larger than last year and to offset, at least partially, the smaller domestic supply. With domestic demand strong, present indications are that imports will be larger during the present marketing year than in 1935-36, and that the yearly average of domestic prices will be higher than in any other year since 1929-30. Since domestic prices fluctuate rather closely with world prices, they may weaken after January if the Argentine crop is as large as present conditions indicate.

The price of No. 1 flaxseed at Minneapolis advanced from a weekly average of $1.56 per bushel for the week ended June 13 to a high of $2.19 for the week ended September 12, then declined during the last half of the month and remained below the September peak during October and November. The average price for the week ended December 5 was $2.13 per bushel. The average farm price of flaxseed on November 15 was 190.2 cents per bushel compared with 186.1 cents on October 15 and 153.2 cents on November 15 last year.
Foreign prices of flaxseed have advanced with domestic prices during the last 6 months, but increases at foreign markets have been smaller, resulting in a wider spread between United States and foreign prices. The margin between the price of Buenos Aires flaxseed of export grade and No. 1 flaxseed at Minneapolis, averaged 57 cents in June, and increased to an average of 96 cents in October. The margin over No. 1 Canadian Western flaxseed at Winnipeg was 31 cents for June and 49 cents for October.

Total domestic supplies of flaxseed for the 1936-37 marketing year, including a carry-over of 3,300,000 bushels on July 1 and the 1936 crop, are estimated at 9,400,000 bushels, compared with 16,300,000 bushels in 1935-36, and 8,200,000 bushels in 1934-35. After deducting probable seed requirements and allowing for crushings and imports from July to September, inclusive, total supplies on October 1 were estimated at 6,200,000 bushels, compared with 15,700,000 bushels on that date last year. Domestic utilization of flaxseed in the period October 1 to July 1 of 1935-36 totaled 20,500,000 bushels, and the prospects are that utilization for this period of the current marketing year will again exceed 20,000,000 bushels, necessitating large imports during the remainder of the marketing year.

Based on present indications the total world supplies of flaxseed in prospect for 1936-37 will be about the same as those of last year. With favorable weather for the remainder of the growing and harvesting season, the Argentine crop to be harvested in December and January may approximate 70,000,000 bushels or 14,000,000 bushels larger than production last year and about equal to the 1923-32 average. The Canadian crop is estimated to be 21 percent larger than that of last year, but only about one-third of the 1923-32 average, and substantially below usual Canadian requirements. Moderate reductions in European and Indian crops have been more than offset by a large increase in the prospective Argentine crop and a slight increase in the prospective Uruguayan crop. The prospective world production for 1936-37, including the Indian crop harvested last March and the Argentine crop to be harvested in December and January is expected to amount to about 140,000,000 bushels compared with 137,000,000 bushels last year and the 1923-32 average of 145,000,000 bushels. During the period 1923-32 the United States produced 11 percent of the world production and Argentina 48 percent. This year, as a result of the severe drought, the United States will produce only about 4 percent and Argentina about 50 percent.

During the last few years there has been a steady decrease in the percentage contributed by linseed oil to the total oil used by the paint and varnish industry. In 1931 linseed oil represented 77 percent of the total and in 1935 only 62 percent. Increases in other oils used during this period were greatest for perilla, tung, and fish oil, with a moderate increase in soybean oil. The imposition of a tax of 4.5 cents per pound on imports of perilla oil and a smaller soybean crop may result in a reduction in the amounts of these oils used by these industries in the coming year, and a further increase in the percentage of oils other than linseed may not occur in 1936-37.
Demand for linseed oil has shown steady improvement during the last 4 years. Total United States consumption of linseed oil increased from 348,000,000 pounds for the fiscal year 1932-33 to 470,000,000 pounds in 1935-36, accompanied by a substantial increase in prices. During the period July-September of the present marketing year factory consumption of linseed oil totaled 79,700,000 pounds. This exceeded the consumption of last year by 6,000,000 pounds, and was the largest for this period in recent years.

During the first 10 months of 1936 building activity in the United States has averaged 64 percent larger than in the same period of last year. Further improvement is expected in 1937, which would give additional strength to the demand for linseed oil. Building activity in important European importing countries in 1937 may also exceed the 1936 level. Demand for linseed meal will be stronger than a year earlier as a result of the sharp reduction of feed crops.

**POTATOES**

Potato prices in terminal markets showed little change from October levels during the first 3 weeks of November, but made some gains in the last week of November and in early December. Production in the late States indicates that the present per capita supply of potatoes is the smallest since the 1925-26 season. In view of short stocks and improving consumer purchasing power the trend of potato prices is expected to be upward until new potatoes start moving in volume next spring.

On the New York wholesale market potato prices averaged $2.05 per 100-pound sack (f.o.b.) for the month of November, and advanced to $2.41 the first week in December. At the same time a year ago the price was only $1.78. At Chicago the November average was $1.81 per 100-pound sack (carlot basis) and $1.95 in the first week of December. Prices a year ago at Chicago averaged $1.25 per 100-pound sack. As shown in the following table, shipping point prices also made advances in the first week of December.

<table>
<thead>
<tr>
<th>Locality</th>
<th>F.o.b. per 100-lb. sack</th>
<th>Cash to grower bulk per 100-lb.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presque Isle, Me.</td>
<td>Week ended</td>
<td>1936</td>
</tr>
<tr>
<td>Rochester, N. Y.</td>
<td>Dec. 5</td>
<td>Nov. 7</td>
</tr>
<tr>
<td>Benton Harbor, Mich.</td>
<td>1.88</td>
<td>1.50</td>
</tr>
<tr>
<td>Waupaca, Wis.</td>
<td>1.33</td>
<td>1.72</td>
</tr>
<tr>
<td>Idaho Falls, Idaho</td>
<td>1.78</td>
<td>1.78</td>
</tr>
</tbody>
</table>
The average farm price of potatoes for the United States was 98 cents per bushel on November 15, which is practically the same as the average price on October 15, but 58 percent higher than that of November 1935. Farm prices in the late surplus potato States in November of this year ranged from 75 cents per bushel in Maine and Utah to $1.25 in South Dakota.

Shipments of potatoes thus far this season have been relatively heavy. The late surplus States shipped 63,000 cars to December 5, 1936, compared with 52,000 cars to the same date in 1935.

ONIONS

Seasonal advances in the price of late crop onions occurred at large city markets and shipping points during late November and early December. Prices of eastern and mid-western grown stock showed considerable improvement, but price changes of western Valencias were less marked. It is expected that prices will show some additional advances before the first of the year, but in view of the large holdings it is doubtful if any decided improvement will occur during the next 2 or 3 months.

This year's record production of late onions, estimated to be 11,810,000 100-pound sacks, with much of it produced near the large consuming centers in the eastern half of the United States, resulted in relatively low prices in October and November. Favorable factors this season, however, are improved demand, smaller supplies of potatoes and other stored truck crops, and the possibility of an improved export demand resulting from a probable reduction in exports from Spain because of unsettled conditions in that country.

Yellow onions were selling at 50 to 60 cents per 50-pound sack at Western and Central New York shipping points during early December. A month earlier prices ranged from 40 to 45 cents. These compare with a price range of $1.00 to $1.10 in December 1935. At Benton Harbor, western Michigan yellows were quoted recently on a carload f.o.b. usual terms basis at 45 to 55 cents per 50-pound sack. A month earlier the price range was 35 to 40 cents, and in December 1935, stock was selling at 75 cents to $1.00 per 50-pound sack.

On the New York City wholesale market, New York yellows sold recently at 50 to 75 cents per 50-pound sack, prices having advanced 10 to 15 cents in late November and early December. Idaho and Washington Valencias showed little change in price, recent sales being made at $1.05 to $1.15 compared with $1.00 to $1.15 a month earlier. In Chicago carlot sales of Michigan yellows were made in early December at 50 to 56 cents per 50-pound sack compared with 40 to 50 cents a month earlier.

A total of 337 carloads from important late producing States were shipped during the week ended December 7 compared with 384 the preceding week and 552 during a corresponding week in December 1936. Shipments this season from the important late States, up to and including December 5, total 11,073 carloads. The total last season, up to a corresponding date, was 11,476 carloads.
Late cabbage prices at market centers advanced materially in November, but some of the gains were lost during the first week in December. Since there is prospect of a record production of cabbage in the Southern States in the 1937 season, it is possible that prices in general will decline more than seasonally when movement from these States attains considerable volume. It is quite probable that the peak in prices for the late 1936 crop has been passed.

Western New York f.o.b. prices on Danish type cabbage at shipping points advanced from $16 to $18 sacked per ton to $24 to $28 during the last month. More recent sales were made at $20 to $23 per ton. A year ago Danish type cabbage sold at $15 to $19 sacked per ton, f.o.b. New York shipping points.

Prices of Danish type cabbage in the large city wholesale markets followed similar trends in November and December. On the New York City market Danish type cabbage sold recently to jobbers at 60 to 75 cents per 50-pound sack compared with 50 to 60 cents a month ago and a year ago. On the Chicago market New York Danish sold recently at 85 to 90 cents per 50-pound sack.

Increased plantings for the 1937 season have resulted in relatively large volumes moving to market from early producing States. Prices this fall have ranged under those of a year ago. During the month of November this year South Carolina pointed type averaged about $1.70 per 100 pounds on the New York market compared with $2.30 in November 1935.

Carlot shipments of the 1936 season crop during the week ended December 7 totaled 461 compared with 408 carloads for the preceding week and 465 for the corresponding week in the fall of 1935. The total number of cars shipped this season through December 5 was 21,718 compared with 19,297 up to a corresponding date last year.

Based on present intentions to plant and average yields, a record production of cabbage in the early States, accompanied by relatively low prices, is in prospect. December 1 estimates of acreage planted and intended to be planted for the 1937 season in the fall, early, and second early States indicate an increase of 10 percent over the 1936 acreage, 95 percent over 1935, and 59 percent over the average for the 5-year period, 1928-32.
The flue-cured (types 11 and 12) tobacco markets, open during November, reported prices higher than those for the same month, and for the season to December 1, of the previous year. Indications are that the price of all flue-cured tobacco for the 1936 season will be about 22 cents compared with 20 cents for the 1935 season. The fire-cured (type 21) tobacco prices for sales during November averaged about the same as those for November of the previous season, but were below those received in November of 1934. The 1936 supply of burley is 897,861,000 pounds, a decrease of 93,641,000 pounds from the previous year. This is the largest decrease since 1927 when the decrease of 127,945,000 pounds was accompanied by a price increase of 12.8 cents. It appears that the increased consumption of cigarettes, together with the decreased supply will result in an average burley price considerably higher than that of the 1935 season.

For the flue-cured crop being marketed during November, the price of type 11 for the season to December 1 was 23.5 cents compared with 21.5 cents for the same period of the previous year, while the price received for type 12 was 23.1 cents compared with 21.0 cents to December 1 of the previous year. The decrease in production of flue-cured tobacco during 1936 was almost entirely offset by an increase in stocks, which makes the supply of flue-cured tobacco less than 1 percent below the supply in 1935. The higher prices received for flue-cured tobacco during the 1936 season were due largely to the increased demand for cigarettes, the manufacture of which accounts for about 75 percent of the domestic consumption of flue-cured. During the period January-October 1936, the consumption of cigarettes indicate by tax-paid withdrawals reached the record high of 128,368,000,000 which is 12.6 percent and 20.3 percent above the same periods in 1935 and 1934, respectively. Exports of flue-cured tobacco for the period July-October 1936 were 133,623,000 pounds (export weight) which is larger than that of the same period for any year since 1930.

Markets for Virginia fire-cured (type 21) tobacco opened November 17 with sales of 1,642,560 pounds during the remainder of the month at an average price of 11.3 cents compared with 11.1 cents for November 1935 and 14.1 cents for November 1934. Domestic consumption of products in which fire-cured tobacco is used (chiefly snuff) has remained at about the same level during the last 4 years, although a slight increase took place in the period January-October 1936 over the same period last year. Exports during the period October-September 1935-36 were the lowest on record, partly because of production of competing types in foreign countries, and partly because of a trend toward products of the lighter tobaccos.

In the burley (type 31) district, the Lexington market opened December 7 and the other burley markets opened December 8. Unofficial reports indicate that the average price on the opening market was approximately 10 cents per pound higher than a year ago. Official reports indicate that prices at the opening of the burley markets averaged from 1 cent to 15 cents per pound above last season's opening prices, depending upon the grade. The margin of increase was highest on the cigarette grades.
HOGS

Hog prices changed relatively little during November although there was a strong undertone to the market in view of the large supplies received, and an upward tendency developed near the close of the month. In early December prices showed further strength and advanced fully 25 cents, notwithstanding that slaughter supplies reached new high levels for the current season and were the largest in nearly 3 years. During the next 2 or 3 months marketings are expected to be reduced much more than usual, and this will cause the seasonal rise in prices now underway to be greater than average.

The weekly average of hog prices at Chicago reached the lowest level of the winter during the last week of October when it declined to $9.22 per 100 pounds. During November the weekly average fluctuated between $9.43 and $9.49, and in early December it advanced to $9.73. The average for November was $9.48, compared with $9.55 in October and $9.31 in November last year when the processing tax of $2.25 per 100 pounds was in effect. The spread in prices for the different weights and grades of hogs, which was extremely wide during the late summer, has decreased considerably in recent weeks, largely as a result of the prices of packing sows advancing more than those of other groups. Prices of extremely light weight hogs, however, are still selling at a considerable discount under the prices of medium and heavy weights.

Hog slaughter under Federal inspection during November, totaling 4,292,000 head, was 22.9 percent larger than that in October, 77.2 percent larger than the very small slaughter of November last year, and 11.6 percent larger than the 5-year average for the month. It was the third largest slaughter for November in the last 7 years. Slaughter during October and November combined this year was about 1 percent less than the slaughter in those 2 months of 1934. The spring pig crop this year, however, was slightly larger than that of 1934. The number of hogs for market during the next few months, therefore, is indicated to be slightly larger than the number that was available for market 2 years earlier. The geographical distribution of federally inspected hog slaughter during November indicates that an unusually large proportion of this slaughter supply came from the Western Corn Belt States, which was the area most severely affected by the 1936 drought and where feed supplies are extremely short. In years of plentiful feed supplies in this area, hogs from these States are marketed largely during the late winter and comprise a very large proportion of the late winter supply of all hogs. The unusually early movement of hogs from the Western Corn Belt this year is another indication that slaughter supplies during the late winter will be unusually small.

The winter low point in average weights of hogs was reached the week ended November 7, when the average for the seven principal markets combined was 206 pounds. The average at these markets in early December was 212 pounds. A year earlier it was 232 pounds. The low point in average weights during the winter of 1934-35 was 200 pounds and this average was maintained during most of December 1934.
The hog-corn price ratio, based on Chicago prices of hogs and corn, changed relatively little during November and averaged 9.1 for the month compared with 9.0 in October and 15.0 in November 1935. During the first week of December the ratio advanced to 9.3 which is the most favorable ratio in several months.

Wholesale prices of fresh pork advanced moderately during the early part of November but lost all of this advance during the second half of the month and prices at the end of the month were not greatly different from those at the beginning. In early December prices of fresh loins advanced slightly. Prices of most cured products made further declines in November. These declines carried bacon prices to new low levels for the year and to levels considerably lower than a year earlier. Prices of the lighter-weight hams also declined to near the low levels of the year and in early December were at about the same levels as those of a year earlier. Prices of picnics, fat backs, and lard, also are now lower than those of a year earlier.

Because of the large increase in hog slaughter in November over that in October, storage holdings of pork increased more than usual during the month. Those of lard also increased, whereas they are usually reduced during November. Stocks of pork on December 1, totaling 456,000,000 pounds, were 29 percent larger than those reported November 1, 80 percent larger than those of a year earlier and 6 percent larger than the 5-year average for that date. Lard stocks totaling 107,000,000 pounds, were about 13 percent larger than those of November 1, 182 percent greater than the very small stocks of a year earlier and 66 percent larger than the 5-year average for December 1.

The current hog situation is similar in many respects to that of 2 years earlier, following the severe drought of 1934. Many producers have been compelled to market their hogs much earlier than usual and at lighter than average weights because of the feed shortage. The scarcity and high price of feed also has caused them to raise fewer fall pigs and to plan for a smaller pig crop next spring. These developments will result in relatively small supplies of hogs for market throughout most of 1937. Since consumer buying power is much greater than that of 2 years earlier the supply and demand conditions indicate a relatively high level of hog prices during the next 12 months.
The prices of better grades of beef steers continued to strengthen during November, and early in December prices of choice and good cattle at Chicago reached the highest levels since the middle of February. Prices of medium and common steers weakened somewhat during the first half of the month, but regained a part of the loss before the end. Prices of better grades of butcher cattle followed those of better-grade steers. Low-grade cows declined to about the lowest levels of the season during the first half of November but also regained most of the loss in the second half. Prices of stocker and feeder cattle tended to strengthen somewhat during the last half of the month, reaching the highest level since early July. For the month of November the average price of beef steers at Chicago was $10.31 compared with $9.31 for October and $9.97 for November 1935. This was the first month since January that the average exceeded that of a year earlier. The averages of choice and good steers were below those of a year earlier; while those of medium and common were higher; also the proportions of the better grades were much larger this year than last. The November 15 farm price of beef cattle was $5.97 compared with $5.89 in October and $6.05 in November 1935. The farm prices of veal calves were $7.46 in November this year, $7.54 in October, and $7.65 in November 1935.

Supplies of cattle in November continued large. Receipts at seven leading markets were 7 percent larger than in November last year. Inspected slaughter of 988,000 head was 3 1/2 percent greater than the large slaughter in November 1935, 28 percent above the 5-year November average, and was the largest for the month since 1919. Inspected slaughter of calves of 477,000 head was about 1 percent smaller than the record slaughter in November 1935, but 13 percent above the 5-year average for the month. Receipts of native beef steers at Chicago were 25 percent larger than in November last year, but below any other November in 15 years of record. Receipts of choice steers, however, were nearly four times as large as in November last year and much the largest for the month on record. The supply of well-finished heavy steers, over 1,200 pounds, continued large until about the middle of November, and prices on this kind continued at a sharp discount. Toward the end of the month receipts of heavy cattle tended to fall off rather sharply and early in December prices were about on a par, grade for grade, with those of light weights.

Demand for beef and other meats continued to improve. The total live weight of all livestock slaughtered under Federal inspection in November was the largest for the month in over 10 years and one of the largest for the month on record. Supplies of poultry, especially turkeys, were also quite large. Despite this large supply, prices of most classes of livestock either advanced or changed little. A much greater than usual seasonal decline in livestock slaughter is expected between December and next summer. If consumer demand shows further improvement, as is expected, the general level of livestock prices by next summer will show much more than the usual advance over November levels.
Cattle supplies are expected to continue large during December, with most of the remaining supply of long-fed cattle cleaned up by the end of the year. A fairly large number of warmed-up and short-fed steers is probable in January and February, but supplies of cows and heifers are likely to drop off rather sharply unless severe winter weather and short feed supplies should force further heavy marketings from the drought areas. The average quality of slaughter cattle during the first half of 1937 will be much below that of the first half of 1936, but cattle prices, not only grade for grade but as an average, are expected to be considerably higher than a year earlier.

**LAMBS**

Prices of slaughter lambs at Chicago changed little during November with the top price around $9.25 and common and medium lambs ranging between $6.00 and $8.50. During the first week of December prices weakened and the top declined to the lowest level yet reached for 1936 lambs. Prices of slaughter ewes strengthened during the latter part of the month. Prices of feeder lambs tended downward somewhat, the average cost of feeders at Chicago in November being $6.93 compared with $7.44 in October and $9.31 in November, 1935.

The average monthly prices of good and choice lambs at Chicago in November were $8.90 compared with $8.68 in October and $10.30 in November, 1935. The November 15 farm prices were $7.23 this year and $7.57 last, and October 15 this year of $7.25.

Supplies of slaughter lambs in November were large in relation to other months of the current marketing year, and also to November of other years. Inspected slaughter of 1,544,000 head was 10 percent larger than in November last year and also than the 5-year average and was the largest for the month on record. It was the second month of the current marketing year - beginning May 1 - that slaughter exceeded the corresponding month of 1935.

Slaughter supplies are expected to continue liberal during December and January and for the 5 months, December to April, will be larger than a year earlier. The number of lambs in feed lots on December 1 apparently was larger this year than last, with large increases in Texas and in all of the Western States except Colorado, more than offsetting the decrease in the Corn Belt and Colorado. Many of these lambs in the Western States are being held on beet tops and other pasture and will be shipped in December and January. Many of these have reached slaughter weights and the number that may be sorted out for further finishing in feed lots will not be large. Wheat pastures in Kansas and Oklahoma have not made the growth expected in October because of the general deficiency of rainfall during November. Some lambs on feed in these pastures have already had to move and most of the others will have to go elsewhere for feed by early January.
That lamb prices have declined while wool prices and pelt values have advanced rather sharply in the last 6 weeks reflects the general weakness in the dressed lamb markets. While wholesale prices of all kinds of meats were lower early in December this year than a year earlier, the decline on dressed lamb was much greater than that on either beef or veal and greater than most pork cuts, except loins. Compared with wholesale prices a month earlier lamb was down rather sharply while beef was mostly up and veal little changed.

With slaughter supplies of lambs until the end of January, at least, likely to continue rather large and supplies of other livestock fairly large, no considerable change in lamb prices seems likely during this period. In the late winter and spring when supplies of other livestock will be sharply reduced, it is expected that the advance in prices of other livestock will be reflected also in lamb prices.

BUTTER

Butter prices increased slightly from October to November. Production in October was 13 percent higher than that of a year earlier, and the highest on record for the month. The net movement of butter out of storage has been small and stocks on December 1 were above average. Apparent consumption of butter in October was the smallest in several years. Trade reports indicate that during November production declined more rapidly than in 1935. It is not probable that the relatively heavy production which occurred during the late fall will be maintained during the winter months. In view of the prospects for production during the coming winter, the seasonal decline in prices will probably occur later than usual.

The price of 92-score butter at New York in November averaged 33.6 cents per pound. This was 0.7 cents higher than a month earlier and 1.3 cents higher than in the corresponding month of 1935. The increase in prices from October to November was somewhat less than the usual seasonal increase.

The farm price of butterfat in mid-November of 33.1 cents was slightly lower than a month earlier, but was the highest for the month since 1930. The farm price of butterfat in mid-November was equivalent to the farm price of 20.7 pounds of feed grains compared to 31.5 pounds a year earlier, 18.5 pounds in the drought year 1934 and the 1920-34 November average of 34.9 pounds. Butterfat prices are also low in relation to beef cattle and hogs.

Production of creamery butter in October was 13 percent larger than in October 1935 and slightly larger than the preceding high for the month which occurred in the drought year 1934. This is in marked contrast to the situation in July when production was 17 percent less than a year earlier and the smallest since 1923. Following the period of relatively high production in the fall of 1934, production was relatively light during the winter of 1934-35. It seems probable that somewhat similar changes in production will occur during the coming winter.
Trade output of butter in October of 139,000,000 pounds was 6 percent less than in the same month of 1935 and the lowest for the month since 1929. In October 1935, however, there was a considerable volume of butter distributed by the Government for relief. Trade output through regular commercial channels in October 1936 was only 3 percent less than a year earlier. The changes in trade output and retail prices indicate that consumer expenditures for butter in October were 15 percent higher than a year earlier and the highest for the month since 1931.

Cold storage stocks of butter on December 1 of 89,000,000 pounds compare with 72,000,000 pounds a year earlier, and the 5-year average of 74,000,000 pounds. With the heavy fall production the out-of-storage movement has been unusually small.

In early December the price of 92 score butter at New York of 33.8 cents was 11 cents higher than the price of New Zealand butter in London. This margin compares with 10.1 cents a month earlier, and 13.7 cents a year ago. Imports of butter (for consumption) in October amounted to 650,000 pounds.

CHEESE

Cheese prices in November and early December were slightly less than in October. Production and stocks are large. Trade output is also relatively large, and estimated consumer expenditures for cheese are the highest since 1929. In view of the short supplies of nuts that are in prospect for the coming winter, cheese consumption will probably continue relatively high throughout the winter. With the outlook for relatively light production of dairy products during the feeding period, cheese prices will probably remain relatively high compared with other recent years, throughout the winter.

Choose prices on the Wisconsin Cheese Exchange (twins) in November averaged 16.0 cents per pound compared with 16.4 cents in October and 15.1 cents a year earlier. The decline in price from October to November was about the same as the usual seasonal decline, and the index number of cheese prices (which is adjusted for seasonal variation) was unchanged at 106 percent of the 1910-14 average.

Production of cheese in October of 52,600,000 pounds was 6 percent larger than the preceding high for the month in 1935. Production increased from September to October in contrast to the usual seasonal decline, and the index of production (adjusted for seasonal variation 1925-29 = 100) rose from 143 in September to 153 in October.

Trade output of cheese in October was 7 percent less than a year earlier, but, except for 1935, about as high as ever reported for that month. Retail prices of cheese were 10 percent higher than a year earlier. These changes indicate an increase of about 3 percent in consumer expenditures for cheese to the highest level for the month since 1929.
Cold storage stocks of American cheese on December 1 were 99,000,000 pounds compared with 93,000,000 pounds a year earlier, and the 5-year average of 81,000,000 pounds. With the heavy fall production, the out-of-storage movement has been relatively light.

Imports of cheese in October were 5,700,400 pounds compared with 6,000,000 pounds a year earlier, and the 1925-29 October average of 8,300,000 pounds.

POULTRY AND EGGS

Market prices of eggs followed their usual seasonal course in November, rising to what is probably the peak price for the year and beginning their winter decline. Winter prices are characterized by severe but temporary variations due to changing weather conditions. Receipts of eggs are running below those of 1935; storage stocks continue relatively low. These conditions, together with an improved consumer purchasing power over that of 1935, will tend to maintain winter egg prices above those of a year earlier.

Chicken prices continue to decline, though by more than the usual seasonal amount, as receipts continue heavier than in 1935. Storage stocks are much above those of 1935. It is not likely, therefore, that the usual rise will carry poultry prices in the spring to the levels of 1936.

The market price of mid-Western special packed eggs at New York averaged 39.7 cents per dozen in November, compared with 33.5 cents in October and 35.6 cents in November 1935. The farm price rose from 27.6 cents on October 15 to 32.5 cents on November 15. The farm price of chickens declined from 14.0 cents to 13.2 cents for these dates.

Receipts of eggs at the four markets in November 1936 were 443,000 cases, compared with 501,000 cases a year earlier and a 5-year average of 528,000 cases. These are the lowest November receipts since 1925. With feed costs unfavorable for feeding for heavy egg production, receipts are likely to continue low during the winter.

Receipts of dressed poultry at the four markets in November 1936 were 74,400,000 pounds, compared with 59,900,000 pounds a year earlier and a 5-year average of 66,900,000 pounds. Only in 1933 were November receipts greater than those of this year. These heavy marketings are due largely to the combination of a heavy hatch and to the effects of the drought.

Storage stocks of eggs on December 1 were 1,754,000 cases, compared with 2,738,000 a year earlier, and a 5-year average of 2,481,000 cases. Stocks of frozen poultry in cold storage on December 1 were 149,952,000 pounds, compared with 86,100,000 pounds a year earlier, and a 5-year average of 92,800,000 pounds. Peak stocks are usual reached by January 1 or February 1. The greatest stock in earlier years was 145,100,000 in 1927. The large stocks this season will keep spring poultry prices relatively low.
Wool prices in domestic and foreign markets advanced sharply in October and November. The rise in prices was accompanied by large sales in all markets. Prices of domestic wools are now higher than at any time since 1929. Although the apparent world supply of wool is not greatly different from that of a year earlier, the strong demand for wool in most consuming countries probably will result in wool prices being well maintained in the next few months with some further advance not unlikely. Because of the small supplies of wool now available in this country changes in domestic wool prices for the next few months will depend to a considerable extent upon changes in prices in foreign markets.

Quotations for fine (64s, 70s, 80s) staple territory wool at Boston for the week ended December 5 averaged $1.06 a pound, scoured basis, compared with 93.5 cents a month earlier and 84 cents a year earlier. Territory 56s combing wool averaged 93 cents a pound, scoured basis, the first week in December, 83 cents the first week in November and 74.5 cents in the first week in November 1935. The United States average farm price of wool on November 15 was 27.2 cents a pound compared with 26.4 cents on October 15 and 22.6 cents on November 15, 1935.

Prices in English currency at the final 1936 series of London wool sales held from November 17 to December 2 were generally 15 to 30 percent higher than at the close of the previous series on September 25. The advance was greatest on medium and low crossbred wools. The increase in prices at London on a dollar basis was slightly smaller due to a decline of about 3 percent in the exchange rate of the British pound. Closing prices were slightly below the high point of the series.

The United Kingdom and most continental European countries have bought wool freely at recent sales in the Southern Hemisphere markets and at London. Japan has been the principal buyer in the Union of South Africa and also has purchased wool in South America. United States buyers recently have made substantial purchases of fine apparel wool in Australia and of coarser wools in Argentina, and they also bought sliped crossbred wools at the recent London sales.

Wool manufacturing activity continues at a high level in the United Kingdom and Belgium. A sharp increase in new business was reported in the French wool textile industry following the period of uncertainty in early October incident to the devaluation of the franc.

Activity in the domestic wool manufacturing industry has declined since August. The weekly average consumption of apparel class wool by United States mills was 5,180,000 pounds, scoured basis, in October, a decline of 3.5 percent compared with September, and of 30 percent compared with October 1935. After adjustment for seasonal changes, consumption in October was the lowest since May. Consumption of apparel wool from January through October of this year totaled 226,400,000 pounds, scoured basis, which was 11 percent smaller than in the same months of last year but it was larger than in the corresponding period of any previous year since 1923.
Imports for consumption of apparel wool in the first 10 months of 1936 totaled 88,000,000 pounds compared with 19,000,000 pounds in the same months of 1935. Imports from July to October averaged about 6,500,000 pounds a month. In view of the relatively low supplies of wool available in this country and recent purchases by United States buyers in foreign markets, an increase in imports is probable during the remainder of the present season (to April 1, 1937).

COTTON

Cotton prices were firm and comparatively steady during November, but a strong rise was experienced in the first part of December. The December 1 report of the Crop Reporting Board estimates the 1936 crop in the United States at 12,407,000 bales, or just slightly larger than the November estimate. In view of the very high level of activity in the domestic cotton textile industry, indications are that world consumption of American cotton will continue to be maintained throughout the season as a whole at a level not greatly different from that of last year. However, while all cotton consumption in foreign countries is at a high level, so far this season foreign mills have been using American cotton at a considerably slower rate than in the corresponding months of 1935.

The price of Middling spot cotton at the 10 markets averaged 12.96 cents in November compared with 12.97 in October and 11.77 cents in November 1935. The high for the month was 12.21 on November 30 and the low 11.91 cents on November 2. The average for the weeks ended December 5 and 12 were 12.37 and 12.61 cents, respectively. The very high level of domestic cotton consumption and the small supply of cotton in trade channels in the United States continue to be important price strengthening factors. Announcements relative to the Agricultural Conservation Program for 1937 and reports that the 1936-37 cotton crops in India and Brazil may be smaller than was indicated by earlier estimates also have contributed to the buoyancy of prices. The price of Indian, Egyptian, and Brazilian cotton at Liverpool, expressed as a percent of American, strengthened slightly in November compared with October, but remained such as to encourage the consumption of foreign growths at the expense of American.

A United States cotton crop of 12,407,000 bales was forecast by the Crop Reporting Board based upon condition as of December 1, compared with the November estimate of 12,400,000 bales, and an actual crop of 10,638,000 bales in 1935. The indicated world supply of approximately 19,400,000 bales is about 250,000 bales less than the 1935 supply and 17 percent less than the average supply in the 5 years 1931-32 to 1935-36. Since slightly over 3,000,000 bales of the indicated world supply of American cotton consist of Government financed stocks, the total supply of "free cotton" on the basis of present conditions is about 16,400,000 bales.
The domestic cotton textile industry continues to be very active. Bookings of new cloth orders by mills were smaller in the last half of November and early December than in the weeks immediately preceding, and in unfinished goods new orders probably fell a little short of production, according to the New York Cotton Exchange Service. However, mills possess such a large volume of unfilled orders that they are having to run at an extremely high rate in order to fill the deliveries specified in existing sale contracts. Mill activity is reported to have been higher in November than in October, and mill margins (the difference between the estimated value of cloth obtainable from a pound of cotton and the market price of raw cotton) were considerably wider as the result of a further strengthening of cloth prices. Margins (based on 17 constructions of grey cloth) were 16.60 cents in November compared with 14.88 in October. This represents the sixth consecutive month in which the margin has averaged higher than that of the preceding month. Cotton consumption in November was 627,000 bales compared with 512,000 bales in November of last season. Consumption in the 4 months, August to November, totaled 2,477,000 bales, an increase of 29 percent over consumption in the corresponding period a year earlier.

Trade reports indicate that there has been little change in the generally high level of cotton mill activity in foreign countries. In general, the improvement evident during the last 2 or 3 months in most of the former "gold bloc" countries has been maintained, although mill activity and cotton consumption are still very low in Italy. The cotton industries of the United Kingdom and Japan continue to have sales about equal to output and to possess a comparatively large volume of unfilled orders. Mills in Germany are operating at the maximum rate allowed by law. However, judging from the sharp decline in net imports of raw cotton, cotton consumption in Germany so far this season is much smaller than in the corresponding period last year. Apparently, the decreased utilization of cotton has been accounted for by the admixture with cotton of larger quantities of substitute fibers.

In foreign countries, as a whole, consumption of American cotton has been considerably smaller and consumption of foreign cotton materially larger so far this season than in the corresponding months of last year. It seems likely that larger supplies of foreign cotton, increased output of synthetic fibers, and the continued shortage of foreign exchange in some countries, together with barter arrangements for the purchase of foreign cotton, will result in a reduction in the consumption of American cotton in foreign countries in 1936-37 as compared with 1935-36, which will tend to offset the expected increase in consumption in the United States.

Exports of cotton from the United States amounted to 690,000 bales in November compared with 1,135,000 bales in November 1935. Exports in the 4 months, August to November, totaled 2,303,000 bales or 11 percent lower than in the corresponding period of last season.
## Business Statistic relating to Domestic Demand

### Commodity Prices

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### Federal Reserve Board Index

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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.