

UNITED STATES DEPARTMENT OF AGRICULTURE
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THE FARM PRICE SITUATION
(November, 1928)

A radio summary of the November monthly review of the farm Price Situation.

Farm prices are a little lower than a month ago. The average of all farm prices dropped from 141 per cent of pre-war prices in September to 137 in October. This was a decline of slightly less than 3 per cent. The prices of corn, hogs, cattle, lambs and potatoes declined. Improvement in the prices of cotton, wheat, butter and eggs was not sufficient to offset this decline. The prices of corn and hogs usually decline through November and December which is a heavy marketing season for these products, while the prices of butter, eggs, and some other products, usually rise because of light market receipts. The average of all farm prices in November and December is expected to be about the same as in October.

The average wholesale market price of all kinds of commodities is falling slightly. But this decline is due almost entirely to cheaper agricultural products. The prices of some of the nonagricultural products, particularly textiles and metals are rising.

Business conditions continue to improve. The iron, steel and automobile industries are very active. Textile machinery activity is increasing. While factory employment is still slightly below last year's, the payroll is now greater. It is fairly certain that the wage earnings of factory workers will continue in the next few months larger than in the corresponding months a year ago. This means a better market for the farmer. The industrial laborer will be able to pay more for food and clothing in the next few months than he could pay in the same months a year ago.

Let me review briefly the price prospects of some of the important farm products.

Are you holding wheat? World wheat production estimates have been reduced. Canada has taken off 50 million bushels and Rumania 15 millions. The world's supply is still a little larger, about 5 per cent larger, than last year but the need for wheat is also larger than a year ago. The low price point for the season may have been reached in October. Probably wheat prices will hold near present levels for a few weeks more, fluctuating to some extent on crop and market reports. Eventually some further increase in prices is to be expected.

Potato prices have fallen to a very low level. They cannot go much lower. At any rate a rise is expected after December if not earlier.

The corn market is strengthening. The corn crop of Europe is 23 per cent less than last year when it was short. The Argentine stock of old corn is small. It is reported that a large amount of corn has been sold for export. Many cattle and hogs are being fed to heavier weights than last year. These facts suggest that prices will average close to present levels until August or until the new crop becomes a factor in the market. Should prices drop much below the present level, it may pay farmers to hold surplus corn until the market improves, or feed it.

Many corn producers are more interested in the price of live-stock and their products than in the price of corn.

Hogs will pay for the corn fed to them. The sharp decline in hog prices, which has been under way several weeks, was checked in the first week of November. As indicated last month, hog prices probably will remain near present levels through November and December, probably a little higher than in December a year ago. If corn prices hold up near to present levels, hogs will be marketed about as usual and prices will follow their usual seasonal course. The usual advance in hog prices in March and April is to be expected.

Cattle prices have fluctuated some but have remained on a high level. Supplies of all cattle through November and December will continue comparatively small. Larger supplies of fed steers are in prospect and the prices of fed steers, as usual, may decline a little as receipts increase. The prices of finished cattle probably will remain high but may not reach so high a point as was reached late in November, 1927.

Lamb prices are expected to fluctuate greatly, with a marked upward tendency in the next few months.

Butter prices did not make the customary advance in the past month. Good pasture conditions and cheap feeds appear to be encouraging a large production. Butter receipts in October were larger than in October last year. Foreign countries are also producing a large amount of butter. November prices may average about the same as for November last year, and December prices may be slightly less than last December.

I have not forgotten cotton, the great crop of the South. Farmers reported conditions November 1, indicating a crop a little larger than was indicated a month ago. But market conditions have improved. More cotton has been exported. Mills in the United States consumed a large volume of cotton in October. Mill orders for cotton goods are increasing and the goods are being sold faster than they are being produced.

This is a very brief summary of a report on the price situation for November released today. You can have the full report free by writing to the United States Department of Agriculture, Washington, D. C.

I will call again tomorrow to talk more about feed and live-stock prices.