

Federal Reserve Bank of Dallas

C O T T O N

Spot cotton prices declined further last week; prices of Middling 15/16" staple in the ten spot markets averaged 31.86 cents per pound on Saturday, March 11, compared with 32.04 a week earlier and a season's high of 32.51 on February 25. The comparable price on the Dallas Cotton Exchange last Saturday was 31.45.

Cotton of the 1949 crop placed under loan in the U.S. through March 2 slightly exceeded 3.1 million bales, versus almost 4.8 million to the same date last season.

Total repossessions for the season through March 2 amounted to 390,000 bales. During the week then ended, farmers repossessed 104,000 bales and placed only 14,000 in the loan program.

Cotton placed under loan in Texas through March 2 exceeded 1.3 million bales, of which more than 65,000 had been repossessed.

The CCC announced last week that only about 132,000 of the 3.8 million bales of 1948 pooled cotton had been sold through February 17, 1950.

Activity in spot markets decreased last week; ten market sales totaled 124,600 bales, against 155,600 the previous week and 126,800 reported in the corresponding week a year ago.

Cotton exports for the season through March 11 amounted to an estimated 3,133,000 bales, versus 2,611,000 during the same period last season.

The Netherlands have obtained \$9 million and Italy has been granted \$10.9 million of ECA funds to buy U.S. raw cotton.

U. S. Senator Clinton P. Anderson spoke before a meeting of the Texas Cotton Association in Houston last week and suggested setting up a new trading corporation to handle export sales on a barter basis. "I can almost see you freeze up at this suggestion," the New Mexico Senator said, "but let us remember that this vehicle would take us safely past rocks and shoals of soft currencies, sterling areas, and dollar shortages." Looking ahead to the time when Marshall Plan aid runs out, Mr. Anderson said, "In order to keep cotton moving, a new vehicle is needed -- a temporary one, it is true, and one that none of us looks on with particular favor when normal trade winds are blowing."

The Senate-House conference committee last week worked out an agreement on the bill to increase acreages of cotton and several other crops in 1950. This compromise version of the bill provides for an increase of 1.2 million acres of cotton over the previous allotment. However, because of some of the other provisions of the bill, some doubt has been expressed as to whether it will become law in its present form.

Congress has passed and sent to the President the bill repealing taxes on oleomargarine. The bill would eliminate the 10 cents a pound tax on colored margarine, the one-quarter cent tax on the uncolored product, and a variety of handling fees. The state regulations would be left unchanged.

W H E A T

Prices paid for wheat on the Fort Worth Grain and Cotton Exchange continue to show some additional strength, which is no doubt attributable at least in part to the unfavorable wheat crop prospects in sections of the Southwest. On Saturday, March 11, No. 1 Hard wheat sold as high as \$2.49 per bushel, the highest price since last May.

Conditions in the Winter Wheat Belt of the Texas Panhandle Area showed further evidence of deterioration last week. There was an increasing number of

complaints of green bug and other insect infestation. However, the immediate plant condition, according to crop experts, is at least fair over the belt and could be vastly improved with good to heavy rains in the near future.

ECA allocations last week included several grants for purchase of U.S. wheat and flour. Countries receiving these grants were: Greece \$10.4 million, Italy \$5.6 million, Ireland \$1.75 million, and Denmark \$1.6 million.

R I C E

Rice markets continued weak during the first week in March and prices were barely steady, according to the USDA.

Heavy rains in the rice areas of southern Louisiana stopped most of the field work during the week, while showers in Texas interrupted land preparation.

Rough rice stocks in first hands in Texas on March 1 totaled about 950,000 barrels, of which 425,000 barrels were Patna, 303,000 were Blue Bonnet, and the remainder were of miscellaneous varieties.

U.S. milled rice exports in January totaled 187 million pounds, bringing total exports for the season thus far to 737 million pounds, versus 500 million for the same period last season. The principal countries of destination were Cuba, Indonesia, Japan, and Canada.

O T H E R G R A I N S

Corn prices in Fort Worth showed some indication of further strength last week, with No. 2 yellow quoted at \$1.53 to \$1.55 and No. 2 white at \$1.71-1/2 to \$1.73 per bushel on Saturday, March 11. Prices are near the levels of a year ago.

The ECA last week allocated \$1.5 million to Norway to buy American corn.

Prices of oats on the Fort Worth market continue to fluctuate within a narrow range; prices on March 11 were 95-1/2 to 96-3/4 cents per bushel.

Prices of grain sorghums have shown no significant change since the decline of 5 cents per cwt. the first of the month. Last week's quotations were \$2.35 to \$2.40 per cwt.

Barley prices have moved up about 8 cents per bushel since mid-February and were quoted last week at \$1.36 to \$1.41 per bushel for No. 2 grain.

L I V E S T O C K

Last week saw only minor changes in prices of livestock on the Fort Worth market. Hogs at a top price of \$17.00 per cwt. were at the same level as a week earlier.

Slaughter steers and heifers remained unchanged at top prices of \$27.50 and \$26.50, respectively.

Slaughter cows and stocker steers at \$19.50 and \$26.00, respectively, were off 50 cents from a week earlier.

The upward advance in lamb prices continued with a top price of \$25.50 per cwt. for shorn lambs.

Final tabulations of receipts of livestock in Fort Worth in February show that marketings of all types of livestock fell below those of the same month last year. Receipts of cattle were off about 8,000 head, calves 500, hogs 10,000, and marketings of sheep and lambs were down more than 5,000.

Commercial meat production in Texas in January totaled 67.3 million pounds, or 4 percent less than in the same month of last year, according to BAE. Numbers of all classes of stock except hogs slaughtered during January were below corresponding numbers a year earlier.

The PMA has said that the government may have to buy pork within the next few weeks to keep hog prices up. Average cost of barrows and gilts at Chicago fell

under the support level at the close of last week, and fall pigs are already starting to market to threaten prices further.

In looking back over February it is worth noting that prices of meat animals generally were steady throughout the month in contrast with the sharp breaks that occurred in that month of both 1949 and 1948.

WOOL AND MOHAIR

The wool and mohair markets in the Southwest and in Boston were quiet last week. A fair weight of good French combing, 12-month wool sold in Texas at 61 to 64 cents per pound, grease basis, while a small volume of 12-month Texas wools sold on a clean basis at about \$1.60 per pound in Boston, according to the PMA.

Shearing of goats is in full swing in the Edwards Plateau and the quality of the new hair is reported to be exceptionally good.

On the basis of the government's estimate of over 2.2 million goats in Texas on January 1, 1950, unofficial estimates of the 1950 spring mohair clip are running as high as 6 million pounds.

Mohair production in Texas last year is estimated by the USDA at 13,910,000 pounds, compared with 15,810,000 in 1948. There were 2,675,000 goats clipped with an average of 5.2 pounds of hair per clip. At an average of 47 cents per pound the year's production was valued at \$6,538,000.

U.S. Imports of dutiable wool during 1949 totaled 262 million pounds, actual weight. On a clean basis, this was about 155 million pounds, equivalent to about 45 percent of domestic consumption.

POULTRY AND EGGS

Prices paid by Dallas wholesalers to farmers and other producers for poultry and eggs have held steady during the last two weeks.

Broiler chick placements on Texas farms reached a record high of 847,000 during the week ended March 4, according to the BAE. This was 12 percent above the previous record number placed during the week of May 14, 1949.

Supplies of eggs are likely to press heavily on egg markets during most of 1950, says the USDA. The U.S. laying flock on January 1 was 7 percent larger than a year earlier and the rate of lay during January was a record.

MISCELLANEOUS

The USDA announced last week that arrangements had been made to sell 44 million pounds of CCC stocks of nonfat dry milk solids to The Netherlands under financing by ECA.

Farm employment in the West South Central States during the week of February 19-25 was estimated by the BAE at 1,276,000, or 5 percent above a year earlier. There were increases in employment of both hired and family workers.

Shipments of package bees from Texas in 1949 totaled 84,600 pounds, versus 93,000 in 1948, according to the USDA. Forecasts for 1950 indicate a further reduction of some 18 percent; low honey prices have discouraged honey producers with the result that demand for package bees is very poor.