

Federal Reserve Bank of Dallas

C O T T O N

The sharp advance in cash cotton prices continues, with current quotations at the highest level in 23 months. The average price of spot cotton, basis 15/16 inch Middling, at the 10 leading markets reached above 34 cents per pound last week, and on Monday of this week was at 34.02 cents, the season's high.

Spot markets were very active last week; sales in the 10 markets totaled 177,000 bales, vs. 144,600 the previous week and 55,500 in the corresponding week last year. This is the largest volume of sales reported in any week in June in over 10 years.

Mill demand for cotton improved last week, according to the PMA, and many mills were reported to be covering their requirements through the summer and into the fall months.

Loan repayments on 1949-crop cotton continued in large volume through May. During the week ended June 1, farmers repossessed 120,300 bales. Thus far this season, a total of over 1.5 million bales, or 48 percent, of 1949-crop cotton placed under loan have been repossessed.

Surveys made by the USDA and the Texas Agricultural Experiment Station indicate that thrips are doing serious damage to cotton in many fields in the central and northern parts of Texas and in late-planted fields in the Gulf Coastal Area. Boll weevils are increasing rapidly and are becoming a serious threat to the cotton crop in the Lower Rio Grande Valley and in many Upper Coastal counties.

W H E A T

Wheat prices on the Fort Worth Grain and Cotton Exchange have been on a downward trend since harvest of the new crop began. On Tuesday of this week, No. 1 hard wheat sold for a top price of \$2.34 per bushel, which compares with \$2.37 a week ago and \$2.48-3/4 a month earlier.

The U. S. winter wheat crop is estimated at 710 million bushels, which compares with 902 million harvested last year, and reflects an improvement in production prospects since May 1. This crop, together with the spring wheat crop, is not expected to supply domestic demand and exports next year, but the nation has large reserves on which to draw.

Now that both the House and Senate have passed bills providing for an increase in the CCC's lending authority, it is expected that a price support program for wheat will be announced shortly.

There is one bright note in the wheat picture, namely, that stem rust will not cause serious damage to winter wheat this season. The USDA reports that most wheat has ripened or is in the hard dough stage as far north as Oklahoma City, except in the Texas Panhandle.

Harvesting of winter wheat in the Southwest made further progress last week, and increased quantities were received at Southwestern terminals.

With the storage situation crucial in the Southwest, and the wheat harvest under way, the CCC is reported to be considering a move to stretch the available space by renting some of its steel bins to elevator operators.

The ECA has allotted to Italy \$7.1 million for the purchase of U. S. wheat and flour, with delivery to be made between now and September 30.

C O R N

The advance in cash corn prices which began in February appears still unchecked. On Tuesday, June 13, No. 2 white corn sold on the Fort Worth market for a

top price of \$2.06-1/2 per bushel, which compares with \$1.62 on February 2. The price this week is 6-1/2 cents per bushel above the top price paid on the same day last week.

On Tuesday of this week, No. 2 yellow corn sold for a top price of \$1.71-3/4 per bushel at Fort Worth, which compares with \$1.75-1/2 a week ago and \$1.74 a month earlier.

Fort Worth corn prices are about 30 to 35 cents per bushel above a year ago, but a few cents under the 1949 peak reached last July.

The Chicago Board of Trade reports that the visible supply of corn in the U. S. increased over 1 million bushels last week, totaling over 41 million bushels, vs. 10 million a year ago.

#### OTHER GRAINS

Prices of barley in Fort Worth have tended to weaken slightly for the last several weeks. On Tuesday, June 13, a top price of \$1.37 per bushel was paid, which compares with \$1.44 a week earlier and \$1.48 a month ago.

The trend in prices of grain sorghums was downward during May and early June. From a top price of \$2.40 per cwt. for No. 2 yellow milo in April, prices declined irregularly to only \$2.17 on Tuesday of this week. Prices are about 20 cents per cwt. below the level of a year earlier and only about one-half the price of two years ago.

#### LIVESTOCK

Prices of most classes of livestock on the Fort Worth market have recovered the losses experienced during the past two weeks, and a few classes have reached new seasonal "highs".

Prices of hogs sold last week and early this week at a top price of \$20.00 per cwt., which is the highest price paid this year, although reached several times previously. Prices are slightly below the levels of a year ago.

Prices of cattle are at the highest levels of the year; however, much of the increase has been due to seasonal influences.

On Tuesday of this week, slaughter steers brought a top price of \$30.50 per cwt., which compares with \$29.00 a week earlier and \$26.50 a year ago.

Slaughter heifers sold as high as \$30.00 this week, or \$3.00 over a week earlier, and \$4.00 above a year ago. Cows, at a top price of \$23.00, were at the highest level in 22 months.

Lamb prices appear to have passed the spring peak. On Tuesday, June 13, spring lambs sold for a top price of \$27.50, which compares with \$30.50 the first of the month. Shorn lambs, at \$24.00, were off 50 cents for the same period.

The American appetite for meat is stronger now than at any time since the summer of 1948, says the USDA. This is said to be reflected in heavier demand at the meat counter and in rising prices. However, the gain in demand is probably no greater than the rise that has occurred in consumer incomes, the Department said.

The BAE reported last week that livestock over much of the eastern two-thirds of Texas are in very good flesh. Cattle are improving in the South and High Plains, while ewes and lambs are carrying good flesh, except in local dry areas of West Texas.

#### MOHAIR

Fall clip mohair showed gains last week of 15 to 20 cents per pound, according to the PMA. Some sales in Texas reached as high as 80 to 82 cents for adult hair and \$1.00 to \$1.06 for kid hair.