

Federal Reserve Bank of Dallas

C O T T O N

Cotton prices have risen to the highest levels in 30 years. On Tuesday, September 5, Middling 15/16-inch staple averaged 39.96 cents per pound in the 10 designated markets, which compares with 38.98 cents a week earlier and 30.30 cents a year ago.

On the New York market, cotton futures prices went above 40 cents per pound on Tuesday of this week. It sold for March 1951 delivery at prices ranging as high as 40.25 cents per pound. The main reason for this advance is said to have been the fear of a shortage of cotton later in the season. Other factors in the buying of futures were wet weather over large areas of the Cotton Belt, continued favorable dry goods reports, and small private crop estimates.

The September cotton crop estimate will be announced on Friday of this week. Until recently, an increase over August figures had been expected but severe insect damage, stimulated by heavy rains, and damage caused by recent tropical storms in the South has induced expectations of a crop reduction. It is said that the USDA is contemplating action to curtail cotton exports.

Most farmers in the early areas are selling their cotton as fast as it is ginned, according to PMA. The spread between prices at country points and central markets is apparently very narrow.

Loan repayments reported to CCC during the week ended August 24 totaled 20,700 bales, the smallest weekly volume since mid-January. CCC loan stocks of 1949-crop cotton totaled 200,600 bales on August 24.

The parity price for cotton on August 15 was 31.25 cents per pound. This compares with the July parity of 31 cents. However, the higher August parity will not affect support prices for the 1950 crop.

This year's supply of American-Egyptian cotton is indicated at about 69,000 bales, compared with only 5,700 bales in 1949-50. Acreage allotments were not imposed on long staple cotton acreage this year, and the 1950 prospective crop of 67,400 bales is the largest since 1942.

G R A I N S

Trends in grain prices on the Fort Worth Grain and Cotton Exchange during the past week have been mixed. On Tuesday, September 5, No. 2 white corn sold for a top price of \$2.24-1/2 per bushel -- up 13 cents from a week earlier. No. 2 yellow corn, at \$1.66-1/2 per bushel, was up 1 cent over a week ago.

No. 2 red oats sold on Tuesday of this week for a top price of 97 cents per bushel -- about 2 cents above a week earlier and higher than at any time in several months. No. 2 barley brought \$1.45 per bushel -- up 3 cents from last week.

On the other hand, wheat and grain sorghum prices declined during the past week. Tuesday's top price for No. 1 hard wheat was \$2.44 per bushel -- 3-1/2 cents below last week's top price although near the average of levels of the past month. No. 2 yellow milo sold as high as \$2.15 per cwt. -- 3 cents under a week ago.

ECA last week allotted \$20 million to Germany to buy U. S. wheat and flour.

Due to the proximity of wheat prices to loan levels, there has been no rush by producers so far this season to place wheat in the loan program, which is open until January 31 1951.

Rice markets weakened during the week ended August 28 as new crop offerings became more plentiful.

L I V E S T O C K

Reports from the Fort Worth livestock market during the past week indicate some strengthening of cattle prices and a weakening of hog prices. On Tuesday, September 5, hogs sold for a top price of \$23.25 per cwt. -- off \$1.50 from a week ago.

Prices of slaughter steers, at \$30.00 per cwt., on Tuesday of this week were \$1.50 above a week earlier, while increases of \$1.00 per cwt. were reported for heifers (\$29.50) and calves (\$29.00). Feeder and stocker steers are holding steady at \$30.00.

Spring lambs continue to hold at \$28.00 per cwt., top price.

W O O L A N D M O H A I R

Wool trading at Boston was temporarily suspended last week as dealers watched the market abroad. In the Southwest range country, there was little trading because of wool shortages, according to the PMA. Wool was so scarce that buyers began contracting for the 1951 clip in Texas, Nevada, and California. Contracts around Alpine, Sanderson, and Ingram, Texas last week sold at 75 cents per pound, grease basis.

Developments in the Texas mohair situation followed closely those in wool. Nearly the entire fall mohair clip has been contracted at the starting price of 65 cents per pound to the last contract at 85 cents.

M I S C E L L A N E O U S

With smaller production and stronger demand, grower prices for most deciduous fruits marketed during late summer and fall are expected to continue higher than in comparable months of 1949, says the USDA. Heavy harvest-time marketings probably will result in about seasonal declines in prices, in contrast to the sharp drops of a year ago, but prices for the entire crops are expected to average moderately above those of 1949. Demand for fruit for processing as well as for fresh use is a strong factor in the higher prices of fruit this year. As military procurement enlarges, it will become an increasingly important factor in prices.

Four thousand farmers received loans to construct or repair houses and other farm buildings during the first year's operation of the Farm Housing Program, the USDA announced. Loans totaling over \$18 million were made from a \$25 million authorization.

The first survey of frozen food locker plants by the USDA since the war years shows the number of plants on January 1, 1950, to have been nearly double the number of midsummer 1945. They now number about 11,400, serve some 15 million people, and process about 1.3 billion pounds of food yearly.

Cash receipts from farm marketings in Texas during June slightly exceeded \$100 million but fell \$30 million below those for the same month a year ago. Cash receipts in the State for the first 6 months of this year totaled \$707 million, vs. \$640 million for the same period last year.

Cash receipts from farm marketings in Louisiana, Oklahoma, New Mexico, and Arizona for the first half of 1950 were lower by \$5 million to \$15 million as compared with this period last year.