

## Federal Reserve Bank of Dallas

COTTON AND COTTONSEED

Cotton prices last Saturday reached a new high of 40.94 cents per pound, basis 10-market average for Middling 15/16-inch staple. The market was a few points lower the first two days of this week. Cotton prices are higher than at any time since 1921.

World cotton prices have advanced about 20 percent during the past 2 months, according to the International Cotton Advisory Committee. Prospects for a substantially reduced world cotton crop is the primary cause for this increase, but the outbreak of hostilities in Korea and rearmament in the United States and elsewhere have also bolstered prices.

Trading in Southwest cotton markets increased last week, according to the FMA. However, offerings were light in volume for this time of the season.

Mill activity is reported at a high level, and the daily rate of consumption now reflects an annual rate of 10.5 million bales.

The U. S. cotton crop was estimated by the USDA on September 1 at 9,882,000 bales, down almost 1/2 million from the August 1 estimate. The Texas crop is estimated at 2,775,000 bales, down 225,000 bales from the estimate of a month earlier.

Ginnings of cotton in Texas through August 31 totaled 615,000 bales, vs. 974,000 bales to the same date last season.

The USDA estimates that 3.2 percent of the cotton acreage in cultivation in the U. S. on July 1 has been or will be abandoned, leaving 18.4 million acres for harvest. Except for 1945 and 1946, this is the smallest acreage harvested since 1886.

Harvest of the new crop is very nearly complete in the Lower Rio Grande Valley and in the Corpus Christi Area; high prices have induced farmers to pick over fields closely to harvest remaining bolls.

Reports show that most of the 1949-crop equities have now moved into trade channels. Prices last week ranged from \$30.00 to \$40.00 per bale.

Reports from Washington indicate that there will be no controls on the 1951 cotton crop.

The USDA has announced that price support loans on 1950-crop cottonseed will be available at \$51.00 per ton; and in areas where a purchase program may be necessary, purchases will be made at \$47.00 per ton. Department officials pointed out, however, that cottonseed is currently moving at prices considerably above these announced support levels, and it is anticipated, on the basis of the reduced 1950 crop, that little if any active support will be necessary.

G R A I N S

Prices of most grains on the Fort Worth Grain and Cotton Exchange moved higher during the past week, although there were instances of weakness.

No. 1 hard wheat sold Tuesday, September 12, at a top price of \$2.45-3/4 per bushel - up 3 cents from a week earlier and 8 cents above a year ago.

No. 2 barley at a top price of \$1.55 on Tuesday was up 10 cents, and No. 2 red oats at 99 cents per bushel were up 3 cents from a week ago.

No. 2 white corn rose to \$2.34-1/2 per bushel - up 10 cents from the previous Tuesday, while No. 2 yellow corn held steady at \$1.66-1/2 per bushel.

Grain sorghums made no net change during the past week; No. 2 yellow milo brought a top price of \$2.15 per cwt. on Tuesday of this week.

Rice markets held about steady during the week ended September 4, according to the USDA. Harvesting of early varieties made good progress in Texas and Louisiana.

The Texas corn crop is estimated at 67 million bushels, or 9 million bushels over the 1949 crop. Grain sorghum production in the State is estimated at 121 million bushels - up 28 million bushels from last year. Oat production in 1950 is expected to decline about 3 million bushels, or to 31 million bushels.

Drilling the 1951 wheat crop in the High Plains of Texas has made good progress during the past 2 weeks, favored by near ideal moisture supplies for early germination and growth. Some early seedings are up to a good stand.

#### L I V E S T O C K

Livestock prices on the Fort Worth market have made no noteworthy changes during the past week. Tuesday's top prices: hogs, \$23.75; slaughter steers and calves, \$30.00; slaughter cows, \$23.00; feeder and stocker steers, \$30.00; and slaughter lambs, \$28.00 per cwt.

A report of livestock receipts at the Fort Worth market during August indicates that the market received more cattle and hogs but fewer sheep than in the same month last year. Totals for the month show 87,000 cattle and calves, up 5,000 from last year; 40,000 hogs, up 2,500; and 60,000 sheep, down 6,000 head.

Prices of hogs are expected to decline seasonally this fall as marketings increase but to be higher than last fall, says the BAE. Prices of cattle may decline moderately during the early fall because of increased marketings but probably will make some recovery later in the year or early in 1951.

#### W O O L   A N D   M O H A I R

Wool trade was slow in the Southwest range country and in Boston the past week, but prices continued an upward climb to unusually high levels, the PMA reports. There was small-scale contracting of wool in Texas at 75 cents to 80 cents per pound, grease basis. Choice lots brought 81 cents. Some ranchers asked for higher prices.

Mohair trade also was slow last week, being restricted in Texas to shearing and shipping of fall clips contracted for earlier.

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

The production of Austrian Winter peas in Texas in 1950 is estimated at 600,000 pounds, vs. 400,000 pounds last year. The State's hairy vetch seed crop is placed at 820,000 pounds, vs. 600,000 pounds last year.

The index of agricultural prices received by farmers in Texas on August 15 reached 326 (1910-14 = 100), according to last week's report from the BAE office in Austin. This is only 3 index points below the postwar peak reached in June 1948.

Feed markets turned somewhat firmer during the week ended September 5, according to reports of the USDA. Prices gained from \$1.00 to \$2.00 per ton, compared with the sharp declines during August. Good pastures in important feeding areas, however, continued to restrict consumer demand for feed.

CCC reported that \$3.4 billion was invested in price support program loans and inventories as of July 31, 1950, and that the Corporation sustained a net realized loss of almost \$10 million in carrying out this program during the month of July.

The Secretary of Agriculture has requested all shippers of agricultural commodities to load and unload box cars promptly and to fill them to maximum capacity. The Association of American Railroads estimates that there are now 45,000 fewer freight cars available for service than at the same time a year ago.