

Federal Reserve Bank of Dallas

C O T T O N

Spot cotton prices continue to advance; on Tuesday, February 7, prices of Middling 15/16" cotton in the ten markets averaged 31.52 cents per pound, the highest level since August 1. This price compares with a season's low of 29.45 cents per pound on October 5 and with a loan rate of 29.57 cents per pound on the same ten markets average basis.

Spot markets were less active last week than in previous weeks and spot sales totaled only 209,800 bales, compared with 260,500 bales a week earlier and 178,300 bales during the same week last year.

Farmers were reported to be selling loan equities last week at prices ranging generally from \$2.50 to \$10.00 per bale.

This week's CCC report indicates that 2,877,194 bales of 1949-crop U. S. cotton were pledged under the loan program through January 26, or an increase of approximately 93,000 bales for the week then ended. This is a sharp reduction from the 152,000 bales pledged a week earlier. Cotton placed under loan to the same date last year totaled 4.4 million bales.

Cotton placed under loan in Texas through January 26 totaled 1,085,934 bales. The loan program for 1949-crop cotton expires April 30.

The CCC still has made no announcement concerning the prices at which it will dispose of its large holdings of 1948-crop cotton. Under the law, the minimum sale price for domestic use must be the current support price plus 5 percent, plus reasonable carrying charges. There have been rumors this week that the CCC will not announce a selling program for its holdings for a long time and this is believed to be one factor in the rise in the market.

The Senate Agriculture Committee yesterday ended hearings on the cotton acreage revision bill. This bill, which has been passed by the House, will add some 1.4 million acres to the 21 million acres originally allotted for 1950. However, it is reported that this increase may be more than offset by an estimated 2 million acres of unused allotments.

W H E A T

Prices of wheat on the Fort Worth market dropped about 4 cents per bushel last week but regained the loss early this week, with top prices for No. 1 Hard at \$2.43 per bushel on Tuesday, February 7.

The CCC announcement that it will dispose of its holdings apparently has had little effect on the market, as there is enough free wheat obtainable at current levels for domestic and export requirements.

Unofficial reports indicate that rather substantial quantities of wheat were put under loan or purchase agreement during January; official figures on the wheat support program will not be released until sometime in late February. The Support program for 1949-crop wheat expired January 31.

The ECA last week allocated \$5,432,000 in new Marshall plan aid to Belgium and Luxembourg for the purchase of United States wheat. Western Germany this week received an ECA grant of \$9,300,000 to buy American wheat.

The Chicago Board of Trade estimates that the visible supply of wheat in the U. S. on February 4 was about 176 million bushels, compared with 110 million bushels a year earlier.

The USDA has recommended to Congress that "normal supply" be re-defined as applied to the wheat acreage control program. The national acreage allotment must produce an amount of wheat which, together with the previous year's carryover, will take care of domestic consumption and exports plus a 30 percent reserve. The USDA wants this changed to 20 percent reserve. Such a change will cut some 7 million acres off the 1951 acreage allotment.

C O R N

Corn prices on the Fort Worth market experienced a further decline early this week with prices at about $6\frac{1}{2}$ cents per bushel under the January high. The top price for No. 2 White on February 7 was \$1.62- $\frac{1}{2}$ per bushel.

Exports of corn last week included 1,160,000 bushels which were sold to Spain and Ireland. Otherwise, the export demand is spasmodic and appears to be easily supplied without providing much market interest.

The Chicago Board of Trade estimates the visible supply of corn on February 4 at 45 million bushels, compared with 47 million bushels a year earlier.

O A T S

Prices of oats on the Fort Worth market made no significant change during the past week; prices of 94 to 95 cents per bushel on Tuesday, February 7, were about 3 cents above a month ago.

Export of oats from this country is said by trade specialists to be far from satisfactory. Enough supplies have been sold off farms to satisfy domestic feeding requirements and to fill the needs of processors; the disappearance of supplies is occurring largely on farms.

The visible supply of oats on February 4 was under 15 million bushels, compared with less than 8 million bushels a year earlier, according to the Chicago Board of Trade.

R I C E

Rice markets continue to hold steady but trading is relatively slow. Houston mills were reported last week to have bid over \$9.00 per barrel for long grains and \$8.00 per barrel for Zenith, but without acceptance. Growers are holding firmly to their rough rice and this is the principal strengthening influence in the milled rice market.

The ECA has allotted \$1,725,000 to Greece for purchases in this country and Canada, and an undisclosed part of this amount is for the purchase of rice.

Rough rice stocks in all positions in the United States on January 1 totaled nearly 44 million bushels, equivalent to about 49 percent of the 1949 crop, according to current USDA estimates. January 1 data are not available for the years 1947 through 1949 but the current estimate may be compared with the January 1, 1946 stocks of less than 30 million bushels.

O T H E R G R A I N S

Prices of barley and grain sorghums on the Fort Worth grain market last week made little net change, although top prices of \$1.35 per bushel for barley and \$2.35 per cwt. for grain sorghums on February 7 were up 2 cents each.

ECA allocated \$1,500,000 to Germany last week for purchase of United States rye, but the announcement of this allocation caused no stir in the rye market. We have moderate stocks of rye but they appear sufficient for all domestic and export requirements.

P O T A T O E S

The USDA has announced support of Irish potato prices in 1950 at 60 percent of parity. This is expected to give farmers an average farm support price for the season of about \$1.01 per bushel, or 9 cents under the comparable support price for 1949-crop potatoes. Support prices for potatoes in Texas will vary seasonally from \$2.50 per cwt. for marketings in April to \$1.55 per cwt. for marketings during July to October.

PMA state committees in potato producing areas have been instructed by

the Department of Agriculture to continue efforts to develop and use all practicable diversion outlets which do not involve additional handling costs and freight charges. Where these diversion outlets prove inadequate, however, the instructions authorize disposition of the surplus potatoes in the immediate areas of production. The farmer can freeze or air-dry them for use as livestock feed, or he may be authorized to dispose of them as fertilizer or in any other way when practicable. The potatoes will be died to be sure they are disposed of as provided and not moved into normal channels of distribution.

L I V E S T O C K

Livestock prices on the Fort Worth market are holding more or less steady, although prices paid for some classes of cattle were down about 50 cents per cwt. and lambs were up about \$1.00 per cwt. on February 7, as compared with a week earlier.

Livestock receipts last week on the Fort Worth market fell sharply below receipts of the previous week, due largely to the rains and sleet during the early part of the week.

With the exception of a brief period, hog prices so far this winter have held above the support level. The national average support price is \$15.50 per cwt. for February and \$16.20 for March.

P O U L T R Y

Prices received for poultry in the Dallas market have made no significant changes during the past week, with the exception of an increase of about 4 cents for fryers, now at 25 cents per pound.

The government purchased 2 million pounds of powdered eggs last week, which makes the total purchase so far this year about 5 million pounds. They have sold approximately 21 million pounds of their holdings under the current disposal program. Eggs costing \$1.26 per pound are being sold at 38 cents per pound.

The USDA announced this week that it will continue through March to support egg prices so that producers will be guaranteed an average of 25 cents per dozen on the farm. This also means the government will continue to pay the producers of dried eggs around 96 cents per pound for their product.

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

Prices of \$1.60 to \$1.65 per pound, scoured basis, delivered to Boston, were paid for occasional lots of 12-months wool sold in Texas last week. About 60 thousand fleeces of 8-months wool were contracted in the Del Rio section at 61 to 62 cents per pound, grease basis, f.o.b. These contracts were 1 to 2 cents above those for similar wools in the same section a year ago.

Mohair trading was dull in both Texas and Boston last week, according to the PMA.

The ECA granted 4 million dollars to Germany last week for purchase of unmanufactured wool from the U. S. and possessions for delivery by June 30.

Australian wool prices are declining from the record high peaks of a month ago, but a strong demand for wool continues. At the Newcastle sales the best Merino wool sold on February 6 at prices generally 5 percent lower than closing rates at Sydney last week. Crossbred wools were 5 to 10 percent lower and coarse and faulty types showed a greater decline.