

Federal Reserve of Dallas

C O T T O N

The acreage of cotton in cultivation in the United States on July 1 is estimated by the USDA at 29,510,000 acres, according to a report released this week. This indicates an increase of 59 percent above the 18,613,000 acres in cultivation a year ago and 33 percent above the 1940-49 average.

The greatest increases over last year are in the western states, led by California with an increase of 129 percent, Arizona 100, New Mexico 92, Texas 86, and Oklahoma 74 percent.

The acreage of cotton in cultivation in Texas on July 1 is estimated at 13,125,000 acres, vs. 7,048,000 acres a year earlier and 10,988,000 acres on the same date in 1949. This year's acreage is the largest since 1933, but is still far below the record high of 18,443,000 acres planted in 1925.

Substantial increases over the small acreage planted last year are reported for all sections of Texas. Record large acreages are indicated for the High Plains, the Lower Valley, and the Trans-Pecos areas - all relatively high-yielding areas. The acreage in east Texas is smaller than in 1949.

The acreage of cotton in the United States, as announced by the USDA, is a million or more acres above the average of most private estimates made in late June. Reaction in the cotton market was immediate and sharp, as prices tumbled almost \$3 per bale the day the official estimates were released and fell further the following day. On Tuesday, July 10, Middling 15/16-inch cotton averaged 42.89 cents per pound in the 10 designated spot markets, compared with 44.95 cents a week earlier. Prices of other grades and staple lengths fell accordingly. Cotton prices are lower than at any time since last December.

The effect of the acreage announcement was reflected also in the cotton futures market, as was to be expected. October futures closed in New Orleans on Tuesday of this week at 35.23 cents, compared with 36.24 a week ago and 37.30 a month earlier.

The extended drought in southern counties of Texas has taken a heavy toll of the cotton acreage in that area, and conditions there are very serious. In other sections of the Southwest, however, condition of the cotton crop is fair to excellent, with the crop at all stages of growth. The state of cultivation is good, and insect infestation is light.

G R A I N S

Cash grain prices on the Fort Worth Grain Exchange have made few significant changes during the past week and are within a few cents of levels maintained for several weeks.

The Texas wheat crop now being harvested is estimated by the USDA at 16.3 million bushels, the poorest crop since 1936. Last year's crop was only 22.7 million, compared with 100 million bushels in 1949.

The Texas corn crop is forecast at 50 million bushels, on the basis of 21.5 bushels per acre and 2.4 million acres. This compares with 66 million bushels produced last year and 58 million in 1949.

The rice crop in Texas is forecast at 11.3 million bags (100 lbs.), compared with 11.5 million in 1950 and 10.7 million in 1949.

The Secretary of Agriculture announced last week that there will be no acreage allotments and no marketing quotas on 1952-crop wheat. Department officials stated that the supply of wheat during the 1952-53 marketing year is expected

to be below the quantity specified for marketing quotas in existing legislation and that the continuing need for food in the uncertain world situation makes it advisable not to establish acreage allotments for the 1952 crop.

L I V E S T O C K

Livestock prices on the Fort Worth market generally are holding steady, although lambs and some classes of cattle have shown some weakness. Feeder and stocker steers, for example, are down to \$35.00 per cwt., top price, compared with \$37.00 a month ago; slaughter calves are selling up to \$35.00, vs. \$36.00 a week ago.

Spring lambs are bringing as high as \$32.50 per cwt., or \$2.00 less than at this time last month.

The belief held by some livestock market specialists a few weeks ago that lower meat prices are in prospect this fall, whether there are rollbacks or not, appears to be gaining support. Meat supplies are going to be heavy in late summer and fall, as large numbers of cattle and hogs reach the market; on the other hand, there are reports that consumer demand for meat at present prices is waning. One USDA official is quoted as saying that "the housewife simply isn't buying meat like she was a month ago."

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

The 1951 Texas flaxseed crop is estimated at only 64,000 bushels, compared with 1.3 million bushels in 1950 and almost 2 million bushels in 1949.

The mid-June index of prices received by Texas farmers for all agricultural commodities is 380 percent of the 1910-14 base, or 3 percent (13 index points) under a month earlier and 19 points below the peak in April.

Offers of \$1.40 per pound for adult and \$1.90 per pound for kid mohair in Texas were refused by goat raisers last week, according to the PMA.

Farmers in the US spent \$1.6 billion to build, improve, and repair their houses and other farm buildings in 1949, according to a survey, the results of which have just been released by the USDA. Of this amount, \$935 million went for house building, improvement, and repair; \$690 million was for service buildings.

From a study of the transportation situation, the USDA has concluded that the shortage of boxcars, which has been especially severe this spring, will arise again in a few months, when the heavy crop movements will coincide with the seasonal increase in demand for boxcars for industrial use. Shortages are partially a matter of total car supply in relation to demand but are also partially a matter of geographic location, which accounts for the fact that boxcar surpluses usually exist in some areas even during periods of shortages. Steps are being taken to minimize car shortages by advance planning of car movements; also, Federal agencies are making special efforts to expedite the movement of cars, to utilize fully the carrying capacity of available cars, and to reduce transportation bottlenecks at ports.

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