

## Federal Reserve Bank of Dallas

C O T T O N

The sharp drop in spot cotton prices, which began after the first of the month, continues. On Tuesday, July 17, Middling 15/16-inch cotton averaged 38.35 cents per pound in the 10 designated spot markets. This compares with 42.89 cents a week earlier and 44.95 cents 2 weeks ago. Spot prices average about 7 cents per pound lower than on the first of July; some of the lower grades are off more than 9 cents per pound.

Cotton futures prices, which began declining before the drop in the spot market, experienced additional losses during the past week. October futures closed on the New Orleans Exchange on Tuesday of this week at 34.61 cents, compared with 35.23 cents a week earlier and 37.10 cents a month ago.

One highly recognized statistical bureau predicted last week that spot cotton prices will fall to the support level when the peak of marketing begins. This prediction is supported by several factors, including (1) the generally favorable outlook for large production this year and (2) relatively small mill demand for cotton. However, other factors may arise to offset these conditions.

The Secretary of Agriculture announced last week an increase of 1 million bales in the 1951-52 preliminary cotton export allocation. An initial allocation of  $2\frac{1}{2}$  million bales was announced on June 12. The addition of 1 million bales brings the preliminary allocation to a total of  $3\frac{1}{2}$  million bales. As previously announced, additional quantities of cotton will be made available for export as the developing situation warrants, in order to provide for the shipment of all cotton not genuinely required by our own economy.

Hot and dry weather continues to prevail over the District, and it is reported that there are thousands of acres of cotton now in the critical stage and must have rain soon to mature fully. Cotton harvesting in the Valley is gaining momentum despite a scarcity of labor. In the Coastal Bend area the crop is opening prematurely due to the extended drought in Nueces and San Patricio counties. In the Lubbock area the condition of the crop ranges from poor to excellent. There are some 100,000 acres in Lynn, Garza, and Dawson counties which need rain to survive.

G R A I N S

Grain prices on the Fort Worth Grain and Cotton Exchange on Tuesday, July 17, were near the levels reported during the past 2 weeks. Tuesday's top prices: No. 1 hard wheat, \$2.55-3/4; No. 2 barley, \$1.51; No. 2 white oats, \$1.07-1/2; No. 2 yellow corn, \$2.02; and No. 2 white corn, \$2.24-1/2 per bushel. No. 2 yellow milo (sorghum grain) is holding at \$2.50 per cwt.

The Secretary of Agriculture has called on winter grain producers to increase their acreage this fall. The wheat goal for the Nation is set at almost 79 million acres, or a little above the big acreage planted for harvest this year. With normal yields, this goal acreage would produce nearly 100 million bushels above this year's estimated production. For oats the USDA is suggesting that the 10 southern states, where winter oats are grown, seed more than 6 million acres - an increase of 5 percent.

The acreage of corn planted with hybrid seed in Texas this year totals 1,546,000 acres, or 65 percent of the total corn acreage, compared with 57 percent in 1950. Oklahoma farmers have 894,000 acres, or 72 percent, of their corn acreage in hybrids, compared with 65 percent last year. Louisiana growers, with

292,000 acres of corn, have 38 percent of their acreage planted to hybrids, compared with 31 percent in 1950.

Sorghum harvest is active in south Texas this week and the crop is maturing in central and northern counties. Much of the south Texas crop was hurt by drought, particularly in the Coastal Bend where a considerable acreage was harvested as forage. The crop is making good growth in northwest Texas and the High Plains areas.

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

Livestock prices on the Fort Worth market generally are holding within narrow ranges. Day-to-day fluctuations reflect more the variations in quality of animals marketed than the changes in demand.

The principal areas of weakness in livestock prices appear to be in feeder and stocker cattle and in lambs, the prices of which have declined about \$1 per cwt. in the past week.

Prices of goats and kids on the San Antonio market were mostly \$1 lower last week. A few goats sold as high as \$17, although most sales were between \$15 and \$16. Prices of kids ranged up to \$9.25 each.

Stocker and feeder cattle and calves received in 8 Corn Belt states during January-June, inclusive, totaled 820,000 head, or 2 percent more than in the same period last year. Receipts of feeder sheep and lambs totaled over 900,000, or 20 percent more than a year earlier. These figures support the forecast made several weeks ago that more meat will be available this fall than in the same season in 1950.

Reports on livestock slaughter under Federal meat inspection in the United States during the 12 months ended June 30, 1951, show slaughter of cattle down 4 percent, calves off 14 percent, hogs up 7 percent, sheep down 12 percent, goats off 36 percent, and horses up 33 percent.

#### P O U L T R Y   A N D   E G G S

Poultry prices on the Dallas wholesale market fell this week. Hens are off 2 cents per pound; those weighing 4 pounds and over are quoted at 22 cents; those weighing 3 to 4 pounds are bringing 18 cents per pound.

Local fryers are selling at 27 cents per pound, while Arkansas fryers on the Dallas market are quoted at 29 cents per pound on farms.

Baby beef turkey hens are quoted at 35 cents per pound, having held at this level for 2 months.

Egg price quotations show No. 1 infertile eggs at 45 cents per dozen, compared with 41 cents a week ago.

#### F A R M   L A B O R

Wage rates paid hired farm workers in Texas on July 1 were up 11 percent from a year ago, according to BAE estimates. Texas farmers paid an average of \$5.50 per day without board or room; the hourly rate on the same basis was 63 cents per hour.

As compared with a year ago, farm wage rates in Louisiana are up 17 percent, Oklahoma 9 percent, New Mexico 28 percent, and Arizona 11 percent.

Farm employment in the Southwest in late June was 3 percent below a year earlier and 9 percent below the 1945-49 June average.