Federal Reserve Bank of Dallas

FARM REAL ESTATE VALUES

Despite the usual seasonal reduction in farm real estate activity and a 6-percent downturn in prices of farm products from March to July, farm real estate values continued the uptrend that has been under way for the past year. The U.S. Index for July was 202 (1912-14 = 100), 5 percent above March and 17 percent above a year earlier, according to figures released last week by the BAE.

Nonfarm people apparently have continued to be active as purchasers of farm land, says the BAE. They bought 32 percent of the farms sold during the 12 months ended March 1, the largest share since 1947. A greater-than-usual proportion of the farms sold also went to people living outside the counties in which the farms are located.

A particularly significant development in the farm real estate situation is that buyers of farm land are paying cash for a larger percentage of the farms bought, and there has been an increase in the average size of down payment on farms bought on credit.

Farm land values in Texas in July averaged 22 percent above a year earlier and 137 percent above prewar (1935-39).

Percentage changes in farm real estate values in other Eleventh Federal Reserve District States from July 1950 to July 1951: Arizona, up 25 percent; New Mexico, up 22 percent; Oklahoma, up 18 percent; and Louisiana, up 10 percent. Percentage changes in these states from 1935-39 to July 1951: Arizona, up 127 percent; New Mexico, up 103 percent; Oklahoma, up 173 percent; and Louisiana, up 126 percent.

GRAINS

The Secretary of Agriculture has announced that the price of wheat produced in 1952 will be supported at a national average of not less than $2.17 per bushel. This is 90 percent of the July 15, 1951 wheat parity price of $2.41. If the wheat parity price as of July 1, 1952 (the beginning of the marketing year for the 1952 crop) is higher, the support level will be increased to reflect 90 percent of the wheat parity price at that time. The 1952-crop wheat will be supported through farm-storage and warehouse-storage loans and by the offer of the CCC to purchase wheat delivered by producers under purchase agreement.

Grain prices on the Fort Worth Grain Exchange changed only slightly during the past week. No. 2 barley, at $1.51 per bushel on Tuesday, September 4, was up 2 cents from a week earlier; No. 2 Texas yellow corn, at a top price of $1.98 per bushel, was off 2 cents; while No. 2 Texas white corn rose 2 cents, to $2.17 per bushel. Prices of other grains remained virtually unchanged.

Southern rice markets have continued to weaken. While harvesting made good progress during late August, the quality of rice harvested was rather poor and the new crop offerings mostly graded No. 2 and 3 of fair milling quality. No. 2 Blue Bonnet sold in the Houston area at $4.64 to $4.85 per 100 pounds; No. 3 sold at $4.46 to $4.60. Prices of these and other grades were 5 to 75 cents under loan values.

COTTON

Private estimates of a large cotton crop this year, despite droughty conditions in much of Texas and sluggishness in the textile trade, together with other factors, have depressed spot cotton prices to new lows for the year. On Tuesday, following the Labor Day week end, middling 15/16-inch cotton in the 10
designated markets averaged $31.13 per pound, compared with $34.57 a week earlier. The comparable price in the Dallas market was $33.75 cents.

Cotton futures based on 1951 production also continue to decline. October 1951 futures closed Tuesday on the New Orleans Exchange at $34.19 cents, compared with $34.23 and March 1952 futures at $34.42, which suggests some expectation on the part of the market that prices will strengthen after the peak marketing season is over.

Consumption of American-Egyptian cotton in the United States totaled 30,400 bales during the 1950-51 season, compared with 2,500 a year earlier. Stocks of American-Egyptian cotton on August 4 this year totaled 21,300 bales, vs. 2,800 on July 29, 1950.

It is reported that cotton farmers in areas where harvest is under way generally are not offering freely their cotton for sale but are holding large quantities. A considerable amount is being placed under CCC loan or being financed through private sources.

L I V E S T O C K

Trends in livestock prices on the Fort Worth market last week were mixed. Hog prices declined seasonally to a top price of $21.75 per cwt., vs. $22.50 a week earlier and $22.75 two weeks ago.

On the other hand, prices of some classes of cattle rose, despite increased marketings. Slaughter heifers and cows each registered gains of 50 cents per cwt. Top prices of slaughter cattle on Tuesday, September 4: steers and heifers, $36.00; cows, $29.00; and calves, $35.00 per cwt. Feeder and stocker steers brought $36.00.

Markets of quality lambs are limited and the market is difficult to gauge. The top price paid for a small lot of spring lambs on Tuesday was $30.00 per cwt.

Weekly receipts of cattle, calves, and sheep and lambs on the Fort Worth market continue to run above comparable weeks of last year, due principally to the shortages of range and pasture feed. Marketings of hogs are lower than at this season in 1950.

Livestock slaughter statistics for Texas, reported by the USDA, show that slaughter of cattle in the State from January through July 1951 totaled 415,000 head, vs. 444,000 head a year earlier. Calf slaughter was 140,000, vs. 161,000 a year ago. Hog slaughter reached 250,000 head, vs. 209,000 last year, while slaughter of sheep and lambs declined to 23,000, vs. 31,000 in the same 7 months of 1950.

The goat market in San Antonio closed about 50 cents lower at the end of last week.

P O U L T R Y  A N D  E G G S

Poultry and egg prices on the Dallas wholesale market strengthened last week, with price advances all along the line. Hens, fryers, turkeys, and eggs made significant gains. Hens, fryers, and turkeys are up 1 to 2 cents per pound, while egg prices are up 8 to 9 cents per dozen as compared with a month ago.

Broiler prices in Texas the last week in August averaged 31.7 cents per pound.