Federal Reserve Bank of Dallas

COTTON

The USDA announced this week its revised estimate of the 1951 cotton crop, placing the figure at 16,931,000 bales - down 360,000 bales since September 1. Reductions were reported for Mississippi, Alabama, Louisiana, Oklahoma, Arkansas, and Tennessee.

Except for the declines of 50,000 bales in Louisiana and 45,000 bales in Oklahoma, production estimates in other states of the Eleventh District remain unchanged. October 1 estimates in bales: Louisiana 800,000, Oklahoma 580,000, New Mexico 300,000, Arizona 820,000 and Texas 4,800,000.

The new official estimate of the cotton crop was somewhat lower than most private estimates announced around October 1. The USDA announcement was followed by an immediate advance in prices. Prices rose more than 100 points but settled with a net gain of about 60-points. On Tuesday, October 9, Midland 15/16-inch cotton in the 10 designated spot markets averaged 36.87 cents per pound compared with last week's close of 36.24 cents.

Cotton ginnings in Texas through September 30 totaled 1,761,000 bales, or 37 percent of the estimated crop, compared with 34 percent of the crop harvested to the same date last year.

Unofficial reports indicate that from 50 to 60 percent of the U.S. cotton crop has been harvested, while only 10 to 15 percent has been sold. Farmers are holding a large quantity of cotton from the market.

GRAINS

Grain prices on the Fort Worth Grain and Cotton Exchange fluctuated considerably during the past week, but on Tuesday of this week were at approximately the same levels as a week ago. The only noteworthy net change was in the price of corn; prices are higher than a week or 2 weeks ago, reflecting frost damage to the corn crop in the Middle West where final outcome of the crop is still uncertain.

The relative level of feed grain prices in the U.S., as compared with a year ago, is shown in a feed grain index computed by the USDA. The index last week was 255.4 compared with 210.7 a year ago.

The price support level for the 1951 corn crop will be $1.57 per bushel, national average. This is 90 percent of parity as of October 1, and is 10 cents per bushel above the support level for the 1950 crop.

Rice markets in Texas and Louisiana have been stronger for the past 2 weeks, reflecting a more active demand for both rough and milled rice.

U.S. rice exports during the marketing year ended August 1 totaled 9.1 million bags vs. 11.2 million in the previous year and 9.9 million in 1948-49, according to information published last week by the USDA. Exports last season more than doubled the annual average before World War II.

TRUCK CROPS

Insofar as weather conditions are concerned, prospects for fall and winter commercial vegetables in Texas are materially improved from the outlook a few weeks ago but the extent of plantings will depend upon other factors as well, says the BAE office in Austin. Preparation of soil was delayed by earlier unfavorable conditions, harvest of summer field crops was from 2 to 4 weeks later than usual, and the local supply of field help is not sufficient to plan extensive vegetable plantings and still take care of early field crop plantings in 1952.
Growers' present plans indicate that the over-all acreage for harvest during the 1951-52 season will be on a much lower level than that of the past few years. However, spinach and onion plantings are showing increases over last year's small acreage because of the present favorable moisture conditions in most nonirrigated sections; such conditions did not prevail last season.

D A I R Y I N G

There are indications that milk prices during the coming months may rise more than seasonally. Dairy farmers are experiencing a squeeze between rising feed costs and the price of milk. The average wholesale price received by Texas farmers in mid-September was $6.35 per cwt., or 25 cents above a year earlier. However, the average price of all mixed dairy feeds in Texas on September 15 was $4.35 per cwt. vs. $3.75 a year earlier, according to USDA figures. The price of hay was up $5 or more per ton as compared with a year ago.

Another factor in the dairy price situation in Texas is the relatively poor condition of pastures. The August drought and heat caused serious deterioration of pastures and there is a shortage of adequate grazing in many sections of the State. This loss must be replaced by the purchase of expensive feeds.

Milk production per cow in the U.S. is above a year ago but in Texas it is probably somewhat lower.

The price received by farmers for milk at mid-September was 93 percent of parity, while butterfat, in cream, was 90 percent of parity.

L I V E S T O C K

Cattle markets weakened last week as a result of a slackening demand for feeder and stocker cattle. The better grades of cattle lost 25 to 50 cents, while some of the lower grades dropped as much as $2.00 per cwt.; however, the markets in the first 2 days of this week generally were steady.

Hog prices this week were off from a week earlier although near the level of a month ago. The top price paid on the Fort Worth market on October 9 was $21.00 per cwt. vs. $21.75 on most days last week.

Numbers of cattle and calves on farms are now on the upswing phase of the sixth cycle since 1880. There were about 84 million head of cattle on U.S. farms at the beginning of 1951 and the large scale restocking of pastures and ranges during the year indicates that the total by year's end may reach 90 million head. If the pattern of previous cycles is repeated, numbers will continue upward in the next few years but at a slower rate than in 1951. The BAE says that they may reach 100 million by the mid-1950's.

Largely because of the reduced cattle slaughter, meat consumption per person has been slightly smaller this year than last; however, with a large cattle slaughter and beef supply in the last quarter of 1951, consumption of all meat per person for this year may about equal the 144 pounds of 1950.

W O O L

Domestic wool markets continue unsettled while dealers attempt to evaluate the sharp advances scored by wool prices at Australian sales. Domestic dealers are already marking up their prices but as yet there is no indication of any substantial pickup in demand for woolen materials. No sales of Texas wools were reported last week.

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