

Federal Reserve Bank of Dallas

F A R M P R I C E T R E N D S

The mid-December local market price report issued last week by the BAE office in Austin gives prices of all important farm commodities in Texas on December 15, with comparisons as of a year earlier. Increases for the 12-month period then ended are reported for all grains except rice and for potatoes, hogs, veal calves, poultry, dairy products, hay, and citrus fruits. Prices of rice, cotton, cottonseed, peanuts, beef cattle, lambs, eggs, and wool were lower.

The mid-December index of prices received by Texas farmers for all agricultural commodities, at 365% of its 1910-14 base, was down 1 point from November but 3 points above December 1950. The December index of 365 compares with last year's high of 399 in April and a low of 343 in August and September. Although farm commodity prices in Texas at the end of 1951 averaged near the same level as a year earlier, the average for the year was substantially above that of 1950.

The U.S. index of prices paid, interest, taxes, and wage rates in December was 7% above December 1950 and 12% above June of the same year. The index of prices received by farmers in December was 7% above the index of prices paid by farmers.

P R I C E C E I L I N G S

The Office of Price Stabilization last week announced price ceilings designed to roll back the price of Irish potatoes some 5 to 10%, effective January 19. The OPS Director claims that "the brake this regulation will apply to potato prices will save the consumer millions of dollars".

This was the first OPS regulation setting ceilings in the fresh vegetable field. However, OPS says a sharp watch is being kept on the rising prices of several other vegetables, including lettuce, carrots, cabbage, spinach, tomatoes, and celery.

It was only several years ago that the Government was supporting the price of Irish potatoes through the price support program carried on by the CCC. However, the support price was established in line with certain price relationships that existed in 1910-14. In the meantime, potato growers had multiplied yields per acre, thus cutting costs of production to such a low level that the support price made potato growing very profitable. With prices supported, and no restrictions on acreage, production soared. CCC losses from its potato program became very heavy and the Agency was the target of considerable criticism. Thereafter, the price support program was dropped. With no price guaranteed, potato growers curtailed acreage. Within a very short time the potato supply situation changed from one of surplus to one of shortage. It is for this reason that the OPS has decided to place price ceilings on this commodity.

The OPS this week rolled back price ceilings on wool, wool futures, and mohair. Raw wool ceilings were cut an average of slightly more than 20%. The new ceiling on average 64's, clean basis, is \$2.66 per pound, compared with a previous \$3.35.

Wool futures ceilings were cut from \$3.22 for exchange standard wool to \$2.66 on the New York Cotton Exchange.

Mohair price ceilings were cut from \$2.28 per lb. for original bag kid to \$1.78.

The new wool price ceilings are about 40% higher than current market prices. The newer ceilings could mean about \$1.00 per lb. to the sheep raiser, compared with a December 15 U.S. average price of 63 cents.

### C O T T O N

Spot cotton market quotations continued to show wide fluctuations from day to day, although closing prices for the past several marketing days have been near those of the past month. On Tuesday, January 8, Middling 15/16-inch cotton closed on the Dallas Cotton Exchange at 42.10 cents per lb., or 1 cent below the December peak reached a month earlier.

Cotton has been moving into trade channels fairly rapidly in recent weeks. Reported sales in the 10 spot markets for the August-December period total almost 6 million bales, or slightly under the corresponding 5 months last season.

CCC loan entries reported through December 27 this season totaled 835,000 bales, with repayments at 266,000 bales, leaving loans outstanding on about 569,000 bales. During December, CCC loan redemptions totaled over 200,000 bales, while in the same month reported entries amounted to about 30,000 bales.

World production of cotton during 1951-52 is now estimated at about 33 million bales, which is about equal estimated world consumption of cotton.

### G R A I N S

After declining during the latter part of December, prices on the Fort Worth grain market advanced during the first week of January. On Tuesday, January 8, No. 1 hard wheat closed at \$2.76½ per bu., up ½ cents from a week earlier. No. 2 barley at \$1.76 per bu. was up 2 cents. No. 2 white oats brought a top price of \$1.24 per bu., up 3 cents.

Corn prices in Fort Worth on Tuesday were above a week earlier although below the peaks of last week. No. 2 yellow corn on Tuesday closed at \$2.23 and No. 2 white corn at \$2.53 per bu., both fractionally below the January 4 level.

Grain sorghums rose 5 cents per cwt. in the past week and on Tuesday were up to \$3.15, or as high as they have sold in almost 4 years.

### T R U C K C R O P S

Conditions in Texas during most of the second half of December were generally favorable for commercial vegetables, says this week's BAE truck crop report from Austin. Losses from low temperatures over the week end of December 16 were not extensive. There is need for rain in most non-irrigated sections.

Good progress has been made in planting the Lower Valley early spring potato and tomato crops and some watermelon acreage has been planted in the Falfurrias section.

Supplies of hardy type vegetables from Texas Districts are expected to be available in good volume by the middle of January, with cabbage showing the greatest increase in tonnage.

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

Receipts of cattle at Fort Worth last week were up considerably from the previous week and trading was slow on most classes, according to PMA reports. Prices were weak to lower on some grades. Slaughter calves found a steady market all week but stockers were in poor demand and prices were weaker. Hogs were steady to strong, with marketings up sharply. Supplies of sheep and lambs were light with prices up 50 cents to \$1.00 over the previous week's close.

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