

Federal Reserve Bank of Dallas

THE FARM PRICE LEVEL

While indexes of prices of many groups of commodities continue to move gradually upward, the index of prices received by farmers for crops and livestock maintains a very stable position. The monthly index of prices received by U. S. farmers in 1951 ranged from 291 in September to 313 in March (1910-14 = 100). On January 15, 1952, the index stood at 300, the same as on January 15, 1951. The January index was 5 points below that of December.

Lower prices for eggs and turkeys, cotton and cottonseed, most meat animals, and citrus fruits during the month ended January 15, 1952, were primarily responsible for reducing the farm price index. Higher prices for butterfat, chickens, veal calves, hay, and rice partly offset the declines.

Price trends since January 15 indicate that the mid-February index will fall below that of January.

The index of prices paid by farmers continues to rise and was at a record 287 on January 15. However, the rise in this index during the month then ended was due principally to higher prices paid by farmers for feeder cattle, feed, and food, which are farm-produced commodities. There were also increases in wage rates, farm taxes, and interest payments on real estate mortgages.

As a result of these changes the Parity Ratio (ratio of index of prices received by farmers to the index of prices paid by farmers including interest, taxes, and farm wage rates) dropped 2 points and as of January 15, 1952, stood at 105. This is 5 points below January 1951, which indicates that, in so far as price relationships are concerned, farmers are not sharing as well as a year ago.

C O T T O N

The spot cotton market has held relatively stable for the past 3 weeks although it has shown some downward trend as compared with a month ago. On Tuesday, February 5, Middling 15/16-inch cotton on the Dallas market closed at 41.65¢ per pound, the same as 3 weeks ago.

Cotton futures have shown considerable decline in the past month; this is particularly true of futures contracts for delivery of cotton beyond start of harvest of the 1952 crop. On Tuesday, February 5, October 1952 futures closed on the New Orleans market at 37.64¢ per pound, compared with the January peak of 39.68 and slightly higher quotations on scattered days in November and December.

G R A I N S

Grain prices weakened this week. It is said that this is due largely to the fact that the grain markets have slumped in February in several of the postwar years and there has been heavy selling in anticipation of a possible market break in February 1952.

On Tuesday, February 5, prices of all grains on the Fort Worth market were below a year earlier. Closing prices show wheat off 3¢, barley 1¢, oats 7¢, yellow corn 11¢, white corn 17¢ per bushel, and sorghum grain 5¢ per cwt. Prices of wheat, oats, and corn are lower than a month ago.

Rough rice stocks in all positions in the U. S. in January 1952 totaled 25.2 million equivalent 100-pound bags, or about 57% of the 1951 production. These holdings were considerably larger than on January 1 of any year for which comparable data are available and reflect the record production of rice last year.

FLAX SEED

Flaxseed prices rose considerably during November and held relatively stable until late January, then declined sharply. On Tuesday, February 5, flaxseed was quoted in Minneapolis at \$4.22 per cwt., compared with the January top price of \$4.61.

Stocks of 28.5 million bushels of flaxseed were stored in the U. S. in January 1952. This total is about $\frac{1}{4}$ smaller than a year ago.

CCC reported that as of November 30, 1951, 1.6 million bushels of 1951-crop flaxseed had been placed under loan and purchase agreement. This is nearly 5% of the estimated production. However, it is expected that all 1951-crop seed will be redeemed, as the preliminary season average price received by farmers for flaxseed is estimated at \$3.59 per bushel, 94¢ above the support level. Prices of flaxseed have been maintained above the support level by the demand for both oil and meal.

C A S T O R B E A N S

Castor beans, which were grown in many parts of the Southwest and West in 1951, will be in heavy demand in 1952, according to the Department of Agriculture. Castor oil is needed for military purposes and for stockpiling under the National Stockpiling Act.

Farmers in Texas, Oklahoma, Arizona, Arkansas, and California planted 84,000 acres in 1951. The USDA has asked for 200,000 acres in 1952.

Final estimates of production in 1951 are not yet available. Weather conditions were poor in Texas and parts of Oklahoma, where yields were light and a considerable amount of shattering occurred before harvest. However, Texas farmers have found the crop fairly well adapted to dry areas and it is expected that a larger acreage will be planted in 1952.

The USDA will continue its castor bean program this year. The price to be paid farmers for castor beans grown under contract will be 10¢ per pound, hulled-basis, or the market price at time of delivery, whichever is higher. CCC will carry out the program and it will be available to farmers who enter into contracts either with CCC or organizations under contract with CCC. Farm machinery, other equipment, and technical guidance will be available to farmers participating in the program.

Export of castor oil continues under allocation and only 100,000 pounds are allocated for export this quarter.

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

There were no sales of Texas wool reported last week. However, buyers were offering Texas growers \$1.00 to \$1.01 to contract spring mohair. The Boston market is quiet.

Broilers and fryers sold in South Texas this week at 30 cents per pound, f.o.b. the farm. The East Texas market was steady with all weights at 28-29¢, mostly 29.

Current receipts of eggs were listed in the Fort Worth produce market early this week at \$9.00 to \$10.50 per case, with graded eggs quoted at \$10.50 to \$12.50.

Unfavorable weather conditions and the reduction in the number of colonies of bees reduced honey production in Texas during 1951 to 9,424,000 pounds, compared with the record crop of 15,850,000 pounds during 1950.

W. M. Pritchett
Agricultural Economist