

Federal Reserve Bank of Dallas

F A R M P R I C E L E V E L

The USDA reports that sharp declines in prices received for truck crops, cotton, cottonseed, oats, eggs, wool, and lambs, together with small but general declines in prices of many other commodities during the month ended February 15, 1952, dropped the Index of Prices Received by U. S. farmers 11 points, or nearly 4%, to 289 (1910-14 = 100). This is 8% below the all-time peak of 313 established February a year ago but well above any other February of record.

During the same period the Parity Index (Prices paid for commodities, interest, taxes, and farm wage rates) rose 1 point. At 288% of its 1910-14 average, the Parity Index was 4% higher than a year ago.

As a result of the drop in prices received by farmers and a rise in prices paid by farmers, the Parity Ratio dropped to 100. This means that prices received by farmers generally were on a parity basis with prices paid. Beginning with July 1950 the Parity Ratio was continuously greater than 100 until February.

The Index of Prices Received by Texas farmers at mid-February stood at 350% of its 1910-14 base, compared with 355 in January and a record 399 in April 1951.

W O O L A N D M O H A I R

Total wool production in the U. S. in 1951, shorn and pulled, amounted to about 250 million pounds, according to the BAE. This is slightly higher than in 1950 and is the first year since 1942 that wool production has increased over the previous year.

Of the total wool produced in 1951, 225 million pounds were shorn and 25 million pounds were pulled wool. The 225 million pounds shorn in 1951 compares with the record 388 million pounds in 1942.

Shorn wool produced in Texas in 1951 totaled 48,712,000 pounds, compared with 51,480,000 in 1950. This decline resulted from both the reduction in number of sheep shorn and the average weight per fleece. The 7.3 pounds per fleece last year is lower than in most recent years and compares with a national average of 8.24 pounds and the Western States average of 9.22 pounds. Wool production in Oklahoma rose last year, while production in New Mexico and Arizona declined; no change was reported for Louisiana.

U. S. farmers and ranchers last year received about \$225 million from sale of wool; this is about 99.5 cents per pound. Cash receipts in 1950 at 57.3 cents per pound totaled \$123 million.

Cash receipts for wool in Texas rose from \$33 million in 1950 to more than \$49 million in 1951. Prices received per pound in Texas averaged 64 cents in 1950; \$1.01 in 1951.

Mohair production in the U. S. last year rose about 10%, which indicates that the liquidation of goats came after shearing time. Production totaled 14,573,000 pounds, compared with 13,245,000 in 1950. All but about 2% or 3% of the Nation's mohair output is produced in Texas.

Cash receipts from sale of mohair last year totaled \$17,188,000 - 71% over 1950. Prices per pound averaged \$1.18 vs. 76 cents in 1950.

There was no improvement in business conditions in the Boston wool market last week, according to the PMA. Only occasional lots of wool were sold. A small quantity of average 12-months Texas wool sold in the local market last week at around \$1.55 per pound, clean basis.

A few scattered small lots of mohair were bought in Texas last week at \$1.00 for adult and \$1.25 for kid mohair. These prices are about 1-1/2 cents below the previous week.

#### C O T T O N

The spot cotton market was a little stronger late last week and early this week than it had been on most marketing days of the previous 2 weeks. Market analysts offer little explanation for the rise except for covering actions by those who previously sold short at higher prices. On Tuesday, March 4, Middling 15/16-inch cotton on the Dallas Cotton Exchange closed at 39.85 cents per pound, compared with 39.70 a week earlier and 39.30 two weeks ago. There have been declines recently in prices of cotton futures, especially for contracts for delivery after harvest of the 1952 crop begins. For example, October 1952 futures closed Tuesday, March 4, on the New Orleans market at 36.18 cents per pound, compared with 37.70 a month earlier and above 39.00 during much of January.

Cotton is coming up in the Lower Rio Grande Valley. It was feared that the light frost on February 27 had destroyed the crop that was up at that time. However, it now appears that the crop apparently escaped with very little damage.

#### G R A I N S

There was considerable selling in the Nation's cash grain markets during the past week and prices fell to the lowest levels in several months. It is claimed that the moisture received over the winter Wheat Belt was an important factor in the declines. On Tuesday, March 4, No. 1 hard wheat closed on the Fort Worth market at \$2.71-3/4 per bushel - 1 cent under a week earlier and lower than at any time since November 2. In December it sold as high as \$2.83 per bushel. Prices of other grains on Tuesday were near the same levels as a week earlier although below previous weeks. Barley and sorghum grain were unchanged.

The weakness in the grain market is more apparent in wheat futures quotations. The closing price for July futures on the Chicago market on Tuesday was \$2.43-3/4 per bushel, compared with \$2.47-5/8 on February 22.

The trade in Texas and Louisiana rice markets was slow last week although prices held steady, according to the PMA. Demand for seed, particularly Zenith, indicates there may be a shift from long to medium grain varieties this year.

Grain sorghum planting in the commercially important Coastal Bend area is gaining momentum, according to this week's BAE crop report. Corn planting is getting started in central Texas but wet soil is delaying field work in most eastern and southeastern counties.

#### P O U L T R Y

Wholesale poultry markets weakened further last week. Top grade commercial fryers on the Fort Worth wholesale market brought 28-29 cents on Tuesday, March 4 - 1 cent below a week earlier. Broilers in East and South Texas brought 27 and 28 cents, respectively - 2 cents under a week ago. Egg markets last week were steady to firm after having declined seasonally since November and December. There were advances of 1/2 to 2 cents for large extras on some of the central markets.