

Federal Reserve Bank of Dallas

C O T T O N

Spot cotton prices fell below 38 cents last week as rains improved the outlook for production of cotton this year. However, the market recovered later in the week, and by Tuesday of this week was back to the highest levels of the month. Middling 15/16-inch cotton was quoted on the Dallas market Tuesday at 38.55 cents per pound, compared with a low of 37.80 cents last week and with a high of 41.95 cents last month.

The OPS has announced suspension of price controls on raw cotton and nearly all textiles. However, this had no noticeable effect on cotton prices, since it was already selling well below OPS ceilings. The order suspending controls sets 43.76 cents per pound for spot cotton as the point at which cotton will be brought back under control.

The USDA has announced the mechanics of its cottonseed price support program as it pertains to crushers. Crushers who participate in the program will be paid from 15.50 cents to 15.5625 cents per pound for prime crude cottonseed oil, basis f.o.b. buyer's tank cars at crusher's mill, depending on location. The USDA will also buy cottonseed cake or meal and linters. Crushers permitted to sell cottonseed supplies to the Department must purchase from producers at not less than \$66.40 per ton for basis grade (100) cottonseed f.o.b. gin point, with special premiums and discounts for other grades.

Department prices to crushers for prime crude cottonseed oil in Texas, Oklahoma, Arizona and New Mexico will be 15.25 cents per pound; and the Mississippi Valley states, 15.5 cents per pound.

Cotton exports in the first eight months of the current season - from August through March - totaled 4.6 million bales, vs. 2.9 million in the same months a year ago. However, it is reported by the FMA that demand for export has dropped off in the past several weeks and sales have been limited in volume.

G R A I N S

After the May 9 announcement of wheat production estimates by the USDA, the wheat market declined, with prices of No. 1 hard wheat on the Fort Worth market falling 10 cents per bushel, or to a low of \$2.65-3/4 on the 11th. However, the market strengthened later in the week and on Tuesday of this week the top price was \$2.68-1/4, which compares with the May high of \$2.75 on the 6th.

Prices of barley are off as compared with 2 weeks ago, with No. 2 grain quoted in Fort Worth this week at \$1.55 per bushel; the high for May is \$1.63-1/2, vs. a high of \$1.70 in April.

Sorghum grain has been rising irregularly for the past 2 months; Tuesday's top price was \$3.30 per cwt., the highest since June 1948.

Prices of corn and oats are showing little significant change for the month thus far, although market quotations this week are slightly above those of a week ago.

The BAE reports that the corn crop in Texas made only fair progress last week, although weekend rains improved prospects in nearly all areas of the State. Sorghums in the Coastal Bend and southern counties are in the boot or heading, and the weekend rains were timely.

L I V E S T O C K

Hog prices in Fort Worth this week reached \$22.00 per cwt., the highest since last August. A month ago they were bringing \$17.25. This rise is largely seasonal and further increases may occur.

Spring lambs moved this week at steady to strong prices, with Choice and Prime springers bringing \$29.00 and \$29.50.

Slaughter steers held steady this week at \$29.50 to \$34.00, although slaughter cows were down about \$1.00, or to \$22.50 top price. Good and Choice slaughter calves brought \$31.00 to \$34.50.

On the San Antonio market this week, small lots of Medium Angoras and Spanish-type goats sold at \$11.00 to \$11.50. Kids went at \$7.25 each.

Cool season grasses and clovers matured rapidly in the past week due to high daytime temperatures and strong winds. This caused farmers and ranchers to step up the marketing of livestock before shrinkage occurred on the cured range and pasture feed. Recent rains, however, will hasten the development of summer grasses over the Southwest, although many southern and western counties of Texas still need rain.

#### P O U L T R Y   A N D   E G G S

The broiler market appears to have regained the losses sustained in late April and early May, with prices back to the March levels. Broilers in East Texas this week are bringing 26 cents per pound in a steady market; in South Texas, broilers are quoted at 28 cents.

Top-grade commercial fryers are selling in Fort Worth this week at 26 to 29 cents per pound - as high as they have sold since February. Heavy hens are still quoted at 16 to 19 cents per pound, or as low as they have sold in many months.

The few turkeys offered in the Fort Worth market this week sold at 26 to 28 cents per pound.

The Texas State Department of Agriculture reported this week that demand for eggs was good at most points, but only fair at some. Prices paid f.o.b. station: US Grade AA large 41 cents; A large 36-39 mostly 36; A medium 29-33; B large 31-32 mostly 31; Grade A large 34-36 mostly 34; A medium 27-30; B large 27-30; current receipts 27-29 mostly 28 cents.

#### W O O L   A N D   M O H A I R

While there have been no developments as yet in the wool situation to cause excitement among wool growers, there are increasing signs that a pickup in the wool market may be developing, or is "just around the corner." At least, that is the opinion of many closely associated with the wool business. Spot wool in New York sold this week at \$1.53-1/2, vs. \$1.36-1/2 a month ago. Fine staple territory wool in Boston has advanced 5 cents in the past week. Department stores report that their stocks of woollen materials and garments have declined substantially, due to continued sales and little restocking. Last week's quotations from many foreign markets indicate a rise of 5 percent or more; the London auctions last week showed price advances of 15 to 20 percent over previous auction-selling prices.

A fair-sized lot of original bag 12 months Texas wool, good French combing length, sold last week at around \$1.56, clean basis, according to the FMA. Prices in the grease are estimated at 60 to 65 cents per pound.

Mohair sold in Texas last week at \$1.01-1/2 for adult and \$1.26-1/2 for kid mohair at the warehouse.

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

Farm employment in the U.S. near the end of April was estimated by the BAE at 10,083,000 workers, or 300,000 below a year earlier. Farm employment in the Southwest was down some 6 percent from a year earlier.