Federal Reserve Bank of Dallas

WHEAT

Spot wheat prices are gradually drifting downward. On Tuesday, May 27, No. 1 hard wheat on the Fort Worth market brought a top price of $2.61-1/2 per bushel, compared with $2.68-1/4 a week ago and $2.75 earlier in the month.

Several reasons have been advanced for the weakness in wheat prices. The improved moisture situation over much of the wheat-producing section of the Southwest and the generally good outlook for wheat production in the Nation this year are mentioned in most reports. Moreover, the somewhat unstable position of the British Pound is said to be a factor in the export outlook.

Wheat harvest has begun in Texas, although it is making slow progress due to interruptions by rain. More moisture would be beneficial to the crop on the High Plains which is in the critical heading and filling stage.

The CCC has announced that the interim loan rate for most wheat-producing counties in Texas is $2.16 per bushel at the farm, with a deduction of 1/4 cents for handling charges. The final loan rate will not be determined until the June 15 parity price becomes available. Usually the interim rate is several cents below the final rate.

The interim rate, established especially to help Texas and other southwest wheat growers, permits the farmers to make use of the loan arrangements to clear bank loans with which they financed the planting and harvesting of the crop, and without which some of them probably would not be able to finance the storage of the crop until the final loan rate becomes effective.

OTHER GRAINS

In contrast to declines in the wheat market, prices of sorghum grain are going steadily higher. On Tuesday of this week, No. 2 yellow milo sold in Fort Worth for $3.34 per cwt. - 1/2 cents over a week earlier and 1/4 cents above a month ago.

No. 2 white oats closed Tuesday at $1.05-1/4 per bushel - 1 cent under a week ago and about 10 cents below the April peak. No. 2 yellow corn brought $2.16-3/4 per bushel, which is 2 cents lower than a week ago but higher than in most other recent weeks. No. 2 white corn, at $2.30-1/4 per bushel, was the lowest in 3 weeks.

The corn crop in the District generally is making good progress, favored by an adequate moisture supply. A considerable quantity of fertilizer was applied to the crop this year and the recent rains have made this available to the crop. Corn in southern parts of the District is tasseling.

There is very little activity in rough rice markets in Texas at present, as supplies are limited. However, prices of milled rice have advanced and are near ceiling levels. Export demand continues good, and it is reported that domestic demand for rice has picked up as a result of the shortage of Irish potatoes.

Planting of the rice crop should be completed by the end of the month. In most states rice planting is 80 to 90 percent completed.

COTTON

There is little new to report from the spot cotton markets. Prices are fluctuating daily; closing quotations in the past several weeks have been within a range of less than 1 cent per pound. The closing price for Middling 15/16-inch cotton on the Dallas market Tuesday was 38.45 cents per pound - the same as a week ago.
Mill consumption of cotton declined in April; daily consumption averaged 33,900 bales, vs. 36,800 in March and the April 1951 average of 39,900. Consumption in the first 9 months of the current cotton year totaled slightly more than 7 million bales, vs. 8.2 million a year earlier.

It appears that practically all cotton-producing sections of the District now have adequate moisture for current needs, except the Lower Rio Grande Valley and a section around Garza, Dawson, and Lynn Counties of Texas. The latter area is too dry for cotton planting.

LIVESTOCK

Hog prices on the Fort Worth market declined this week from the peak reached last week. The top price on Tuesday was $21.00 per cwt. for Choice 180-260 pound barrows and gilts, or $1.00 below last week's high. The principal reason for the decline apparently was the announcement by the USDA that the Department was withdrawing from the market.

The USDA operated a buying program from early April until last week, during which time it purchased about 26.5 million pounds of pork products. This buying was for the purpose of "diverting temporary burdensome supplies of pork from the market."

Cattle prices in Fort Worth during the past week have been steady to weak. The better grades appear to be showing little price change, although some of the lower grades are off as much as $1.00. Tuesday's top price for slaughter steers went to some Good & Choice fed steers and yearlings at $34.00, which is about in line with last week's quotations, although odd lots sold last week as high as $35.00.

Spring lamb prices weakened last week. The top price in Fort Worth this week is $29.00 per cwt., or 50 cents lower than a week ago. Feeder lambs, on the other hand, are $1.00 higher this week.

Goat prices in San Antonio last week were mostly steady; Medium Angoras brought $11.00 to $11.50 per cwt. Kids sold at $5.00 to $7.50 each.

A final report on total meat production (commercial and farm slaughter) in the U.S. last year shows a decline of 1 percent from 1950 and was 13 percent below the peak of 1944. Beef, accounting for 40 percent of the total meat output, was down 7 percent as compared with 1950. Veal production was down 14 percent, and was the smallest since 1941. Pork production, accounting for 53 percent of total meat production, was up 7 percent. Lamb and mutton production dropped 13 percent and represented only 2 percent of the total meat supply.

POULTRY AND EGGS

Poultry prices for the past week have been steady to weak, with supplies adequate. Broilers in East Texas this week are bringing 26 cents; in south Texas they are quoted at 26 to 27, mostly 27; in the Waco-Corsicana area the 2.75 pound birds are bringing 27 cents, with heavier weights discounted.

Top-grade commercial fryers on the Fort Worth wholesale market dropped 1 cent last week, and are quoted this week at 26 to 28 cents per pound; lower grades are bringing 19 to 23 cents; heavy hens are priced at 16 to 18 cents.

The few turkeys offered for sale in Fort Worth this week are quoted at 25 to 28 cents per pound.

Egg prices have weakened somewhat. Current receipts by the case dropped 25 to 50 cents in Fort Worth last week. Graded eggs are selling in central Texas markets at prices which prevailed a week ago, according to the Texas State Department of Agriculture.