THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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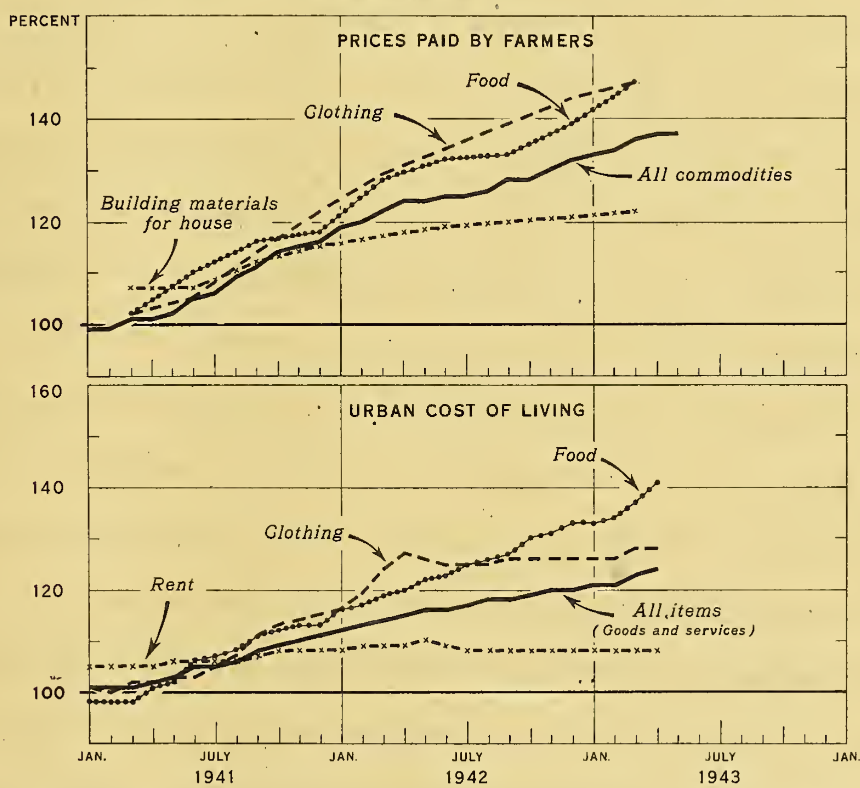
PRICES PAID BY FARMERS FOR ITEMS PURCHASED FOR FAMILY USE, AND URBAN COST OF LIVING, UNITED STATES, 1941-43

INDEX NUMBERS (1935-39=100)



U. S. DEPARTMENT OF AGRICULTURE NEG. 43099 BUREAU OF AGRICULTURAL ECONOMICS

The cost of living both for farm and urban families has increased sharply since early 1941. Rent, which accounts for about a fifth of the urban family living budget, has shown no rise during the past year, but prices paid by farmers for building materials have risen. Services generally, such as utilities, transportation, medical, recreation, and personal, which are in the urban cost of living index but not in the index of prices paid by farmers, have risen less than commodities. The rise in food costs during the past 2 years appears to have been little different for farm and urban families. Prices paid by farmers for clothing have risen considerably during the past year, whereas the index of clothing prices used in the urban cost of living index has shown little change.

SUMMARY

Consumer income and the domestic demand for agricultural products are expected to rise further during the second half of 1943, but more slowly than during the first half.

The rate of rise in consumer income will be restricted by the program to hold increases in commodity prices and wage rates within narrow limits. Also, further lengthening of the industrial workweek will be small and civilian employment is not expected to increase. In addition to the outlook for a slowing of the advance in consumer income, larger portions of consumer income will be used in meeting Federal taxes and buying War Bonds.

With war requiring an increasing proportion of the supply of industrial labor and of the output of industry, and with dealer inventories of civilian goods declining, further decreases are in prospect in the volume of goods and services available to domestic consumers. With prices controlled, therefore, consumer demand during the remainder of 1943 will continue in excess of available supplies despite the expected slower rate of advance in income, larger tax collections, and increased sale of War Bonds to the public.

The Office of Price Administration has ordered a roll-back of about 10 percent in retail prices on butter and meats, products that account for about one-quarter of the urban workers' food budget. Coffee and vegetables are to be added to the list of rolled-back products later. The probable reduction to consumers in food costs incident to this action will be small compared with the recent rises in food costs, but if prices of these important food items are stabilized, the resulting cumulative savings to consumers will be substantial. Living costs other than food, according to Bureau of Labor Statistics data, have risen less than 3 percent since the

"General Maximum Price Regulation" became effective in May 1942. Wholesale prices, exclusive of farm and food products, have risen even less.

The trend of commodity prices and living costs during the next few months will continue to depend in large measure upon the effectiveness of governmental price controls, wage controls, and fiscal policies in creating a better balance between consumer purchasing power and available supplies of goods and services.

The Government index of prices received by farmers reached a new peak for the present war period in May and probably will be somewhat higher this month. Marketings of farm products generally remain well above those of a year earlier. The combination of enlarged marketings and higher prices in recent months has carried cash income from sale of farm products to the highest level of record. Farm operating costs are increasing, of course, as are prices paid by farmers for commodities for farm family living (cover page chart).

-- June 22, 1943

DEMAND

During the second half of 1943 consumer income and the domestic consumer demand for agricultural products will rise further, but the advances are expected to be less rapid than during the first half.

The rise in consumer income during the first 6 months of 1943 was largely a result of increasing commodity prices and wage rates and a lengthening of the nonagricultural workweek. There was no increase in the seasonally adjusted number of employees in nonagricultural establishments. During the remainder of the year the Government will increase its efforts to hold commodity price advances within narrow limits and to slow down the rise in wage rates. Also any further lengthening of the workweek will be relatively small and there will be little if any gain in civilian employment.

Government taxing and borrowing policies are helping to channel off part of the excess purchasing power represented by increased consumer income. During the first 5 months of 1943, personal taxes (income and Victory) amounted to about 3 billion dollars. The total of such taxes during the 7-month period June-December 1943, with collections on a current basis beginning with July, may approximate 10 billion dollars -- a monthly rate more than double that prior to June. This increase in tax collections from individuals apparently will be just about sufficient to prevent any further increase in disposable consumer income (i.e., income after personal taxes). However, price control measures will continue to be vital because the amount of goods and services available to consumers will decline further. Dealer inventories are being reduced and the over-all output of goods for consumer use is still being curtailed. Wholesale and retail inventories combined were 19 percent smaller in dollar value on April 30, 1943 than a year earlier; on a volume basis the decline is estimated to have been around 23 percent.

The Treasury Department has begun a campaign to induce the public to invest a larger portion of its income in war bonds. This campaign, in addition to aiding in prosecution of the war, will assist in preventing price rises. The goal of War Bond sales to nonbanking sources which has been officially mentioned is 18 billion dollars during the last 7 months of 1943. This goal compares with 6 billion dollars in bonds sold during the first 4 months -- an average increase of approximately 1 billion dollars per month. In view of the goal for this campaign, the balance of individual savings in excess of War Bond purchases may average less on a per month basis from June to December 1943 than during January to May. Some of the War Bonds purchased by individuals, of course, represent a diversion of current savings from other channels and a portion of the funds come from past rather than current savings.

Other developments which indicate a probable slowing of the rise in domestic consumer demand include: (1) a reduced rate of gain in over-all industrial activity; (2) failure of civilian employment to rise in recent months; and (3) downward adjustments in some phases of the war-construction program and in some types of combat equipment. Although the demand for industrial products for war is practically limitless, the war facilities and production programs generally have reached a point where some equipment can be made faster than needed, necessitating increased attention to allocation of available materials and manpower. Creation of an "Office of War Mobilization" on May 28 by Presidential order recognized need of better coordination between various phases of the war effort. The result of pressure for increases in industrial production at one point is sometimes offset in part by reduced schedules elsewhere. However, on an over-all basis, war output, and industrial employment and pay rolls probably will continue to rise for several more months at least.

War expenditures of the Federal Treasury and the Reconstruction Finance Corporation totaled 7,364 million dollars in May, a new peak. This was about double the amount spent on the war in May 1942, and was at an annual rate of approximately 87 billion dollars. With no end to the increase in the total of military and lend-lease demand yet in sight, and with the Nation's labor force about as fully employed as can be expected, further decreases in the volume of goods and services available to civilians are probable. Under these conditions, domestic consumer demand during the remainder of 1943 will continue to exceed greatly the available supplies of most agricultural and many industrial commodities at prices prevailing under governmental controls.

GENERAL PRICE LEVEL

The subsidized roll-back of retail prices of several important food products originally scheduled for June 1 was delayed somewhat, but a roll-back of butter prices went into effect June 10, fresh meats June 21, and are scheduled to go into effect July 5 on cured and processed pork products. The Office of Price Administration also intends to include coffee among the roll-back items soon, and vegetables are to be added later. The reduction ordered in prices of butter and meat products to consumers, compared with previously existing ceilings, amounts to around 10 percent. The reduction is to be accomplished by means of subsidy payments to processors and revised dollars-and-cents price ceilings at retail.

It is estimated that the price reductions on these subsidized foods will affect about one-fourth of the urban workers' total food budget. Therefore, the intended reductions in retail prices would save consumers, at the present level of retail prices, more than 2 percent on food and close to 1 percent on all living costs. Retail food prices rose 7 percent from February to May, according to the Bureau of Labor Statistics index. The roll-back in itself will be small in relation to the amount of rise in food prices generally during the past several months, although success of the plan in preventing further price rises for around one-quarter of all foods would be important. Food alone accounted for about 80 percent of the total rise in urban living costs during the 6 months ended May 15, 1943. The rise in costs other than foods, according to Bureau of Labor Statistics index numbers, has been 2.3 percent since May 1942, when governmental controls were extended to practically all nonfood items.

As rising living costs cause labor to ask for increased wage rates, any slowing of the advance in living costs will aid in wage control. Wage stabilization, in turn, helps in the task of price stabilization. Particularly is the latter true now, when most of the available workers are already employed. Under these conditions, changes in wage rates have greater importance than before in determining changes in the total wages paid to industrial workers.

Wholesale commodity prices exclusive of farm and food products have risen about 1 percent since the "General Maximum Price Regulation" went into effect May 11, 1942. During this same period wholesale food prices have risen 12 percent and farm products about 23 percent. During the year preceding operation of the "General Maximum Price Regulation" wholesale price advances amounted to 10 percent in the index of all commodities exclusive of farm and food products, 23 percent in foods, and 37 percent in farm products. Although some agricultural product prices were specifically exempted from ceilings by the general price order, the rate of price advance in farm and food products has been only about half and in nonagricultural prices about one-tenth as large as during the year preceding broadened controls.

The trend of commodity prices and living costs during the next few months will depend in large measure upon governmental controls, including specific dollars-and-cents price ceilings; rationing of commodities in short supply, subsidies to processors, and the wage and fiscal policies designed to bring a better balance between available supplies of goods and services and consumer purchasing power. The general price trend is expected to continue upward.

FARM INCOME AND PRICES

The index of prices received by farmers in May reached 187 percent of the 1910-14 base period and was two points higher than in April. Prices of farm products in central markets in mid-June indicated a slight further rise in the general level of prices to agricultural producers. Marketings of farm products increased seasonally from April to May and preliminary indications are that income from marketings increased by about the usual amount.

The rapid movement to market of 1943 fruits and potatoes in the early months of the season resulted in relatively small marketings in May and, although prices increased sharply, it is probable that income declined after seasonal adjustment. Marketings of grains were somewhat less in May than in April. On the other hand, marketings of truck crops increased somewhat more than usual in May, but this increase was accompanied by a sharp decline in prices from the unusually high level in April. The quantity of cotton placed under loan was larger than in April and income from cotton continued at relatively high levels for this time of year. However, income from all crops probably declined slightly more than usual between April and May. Hog marketings were unusually heavy in May but marketings of other meat animals, dairy products, and eggs increased slightly less than usual. Also, hog prices declined some, so that income from all livestock and livestock products probably made only about the usual seasonal increase.

The 1942 realized net income of American farmers -- roughly their current income less their current expenses -- amounted to 9,480 million dollars. This exceeds by 2 percent the previous record of net income realized by farmers in 1919 of 9,249 million dollars. In addition to the net income realized, farmers had on hand at the end of the year more livestock and more products for sale than at the beginning of the year, which, valued at current prices, would amount to 700 million dollars. On the other hand, in 1919 farmers sold more products than they produced. The decrease in inventories, valued at current prices, amounted to 450 million dollars. In 1941 the net realized income of farmers totaled 6,324 million dollars. The sharp increase in income from 1941 to 1942 was brought about by a combination of greatly increased demand for farm products and a record output which resulted from unusually favorable growing conditions.

COTTON

At the end of this July the carry-over of cotton in the United States is expected to be about 10.5 million bales, or about 19 percent smaller than on August 1, 1939, just before the outbreak of war. The carry-over in foreign countries is tentatively estimated at 13.0 million bales, or 52 percent higher than 4 years earlier. The record carry-over of cotton in foreign countries will make world carry-over considerably higher than ever before.

World cotton consumption has declined each year since 1938. In that year consumption totaled about 28.5 million bales, whereas in 1942-43 it is tentatively estimated at about 24.9 million bales, a decline of 13 percent. Diverse trends have prevailed as between the United States and foreign countries. Consumption in this country has advanced from 6.9 million bales to a record of an estimated 11.2 million bales, a gain of 63 percent. Consumption in foreign countries has declined from 21.6 million to an estimated 13.7 million bales, a decrease of 37 percent. This is the smallest consumption in foreign countries since 1920.

Consumption of American-Egyptian cotton totaled 3,853 bales in April. This was the fourth consecutive month in which consumption fell below the level in the corresponding month a year earlier, and the April consumption rate of 178 bales per working day was only three-fourths as large as the record established in February 1942. It is estimated that the quantity of American-Egyptian cotton on hand in May was equal to 16 months' supply at the March-April rate of consumption.

The price of Middling 15/16-inch at the 10 markets fluctuated within a range of about 1/2 cent during the month ended June 11. The May 15 farm price was 20.09 cents per pound, or four points lower than on April 15. The parity price advanced from 20.09 cents on April 15 to 20.21 on May 15.

WHEAT

A total wheat crop of 731 million bushels was indicated June 1. This is 26 percent less than the 981 million bushels produced last year and 1 percent smaller than the 10-year (1932-41) average of 738 million bushels. Winter wheat production was estimated at 502 million bushels, which compares with 515 million a month earlier, and the spring wheat production at 229 million bushels. Prospects are that production of soft red winter wheat, which was less than ordinary requirements in 1942-43, will again be short. In the four most important producing States of Ohio, Illinois, Indiana, and Missouri, the June indication is that production will be only 2 percent above that in 1942, or 54 percent of the 1930-39 average.

Probable disappearance of about 1.1 billion bushels of wheat in 1943-44 is considerably in excess of the indicated 1943 crop of 731 million bushels. The probable disappearance would reduce the carry-over of wheat from about 600 million bushels on July 1, 1943 to about 250 million bushels on July 1, 1944. It is expected that imports of wheat will supplement domestic supplies available for feeding. The expected disappearance in 1943-44 is very large compared with the 1932-41 average of 720 million bushels.

Congress has authorized another 50 million bushels of wheat to be sold for feed, making the total for the 1942-43 year 275 million bushels. The previously authorized sales have been completed and it is expected that the additional amount will be sold this month. Contributing also to the heavy disappearance in 1942-43 were large sales by the Commodity Credit Corporation for the production of alcohol.

Market prices at Kansas City and Minneapolis on June 21 were about 3 cents lower than a month earlier and 7 cents below the high level in early March. Ordinarily prices in June adjust to lower levels influenced by the new-crop supply prospects. Few sales are reported of soft red winter wheat, because of depleted stocks. The loan for the 1943 crop, averaging $1.22 at the farm, was announced on June 9; for No. 2 Hard Winter at Kansas City it is $1.36 per bushel as compared with $1.27 in 1942. At the time the loan was announced the various markets were a fraction to about 1 cent higher than the new rate.

FATS, OILS, AND OILSEEDS

Apparent production of inedible tallow and greases declined from March to April, contrary to expectations. Indications now point to a total output this year in the neighborhood of 1,600 million pounds, compared with 1,740 million pounds in 1942. Tallow is derived mostly from cattle and greases from hogs and meat scraps. Cattle slaughter was considerably smaller in April this year than last and was also down in May. Hog slaughter was larger in both months, but it apparently has less direct effect on inedible fat production than cattle slaughter.

Other factors adversely affecting production of tallow and greases include (1) the tendency of packers and butchers to leave more fat on meat cuts and to put more into sausage, hamburger, and similar products, (2) increased slaughter outside packing plants with loss of byproduct fats in some cases, and (3) a shortage of meat scraps for rendering, particularly in Eastern areas. Recently, an agreement was signed between War Food Administration and the Office of Price Administration whereby Federal meat inspectors and graders would report any persistent violations of Maximum Price Regulation 148, which contains provisions limiting the amount of fat that may be left on pork cuts. This would affect production of lard and grease but not tallow.

Maximum prices for linseed oil and flaxseed were established effective May 21. The ceiling price for linseed oil, tank cars, delivered Minneapolis, is 14.5 cents per pound. The maximum price for No. 1 flaxseed at Minneapolis is $3.05 per bushel.

Government purchases of fats, oils, and soap — in terms of fat — totaled 662 million pounds in the first 5 months of 1943, 60 percent more than in the corresponding period a year earlier. The quantity purchased was equivalent to about 14 percent of estimated production of fats and oils from domestic materials during the same period.

Apparent domestic disappearance of lard and rendered pork fat declined about 5 percent from 1941 to 1942, chiefly because of large lend-lease purchases. Disappearance of shortening other than lard also declined in 1942, apparently as a result of a reduction of excess stocks accumulated by dealers and large users in 1941. Per capita domestic disappearance of lard and other shortening (civilian and military) totaled 23 pounds in 1942 compared with nearly 25 pounds in 1941 and an average of a little more than 23 pounds in 1936-40. Total disappearance of lard and shortening in the first quarter of 1943 was 9 percent greater than a year earlier, but was slightly below last year in April, the first month of consumer rationing.

CORN AND OTHER FEED

Because of excessive rainfall, floods, and cool weather over large areas of the Corn Belt, prospects on June 1 were not as favorable for feed-grain production as on that date in 1942. Corn yields are expected to be somewhat below the very high yields of last year. The 1943-44 barley supply, including indicated production and June 1 carry-over, is 6 percent smaller than last year and the oats supply, including expected carry-over July 1, is 10 percent smaller. With average growing conditions during the remainder of the season, the 1943-44 supply of feed grains, including wheat and rye available for feed, probably would total about 135 million tons, 12 percent smaller than the 1942-43 supply but 12 percent larger than the 1937-41 average. In this event, by reducing stocks of feed at the close of 1943-44 to a minimum, disappearance in 1943-44 could be about 95 percent as large as in 1942-43. The number of grain-consuming animal units next January 1 is expected to be 5 to 10 percent greater than on January 1, 1943 and about 28 percent above the 1938-42 average. The 1943-44 supply of feed per grain-consuming animal unit probably will be smaller than in any of the past 5 years.

Marketings of corn have declined in recent weeks, reflecting the tendency of Corn Belt farmers to hold corn for feeding in response to the favorable feeding ratios. Receipts of corn at primary markets averaged about 3-1/2 million bushels weekly for the 3 weeks ended June 4, about 30 percent smaller than the 5-year average. Receipts have been inadequate to meet the requirements of corn processors, which average 20 to 25 million bushels monthly, and commercial stocks of corn were reduced from 31 million bushels about the middle of May to 16 million bushels by the middle of June.

Sales of feed wheat were large during May and by the end of the month practically the entire 225 million bushels of wheat authorized for sale by Congress for feeding had been sold, making it necessary to discontinue further sales. Sale of an additional 50 million bushels of wheat was authorized June 14.

The current strong demand for corn and byproduct feeds is holding central market prices of these feeds at the ceilings. Feed mixers and livestock producers continue to take the current production of oilcake and meal as rapidly as it becomes available. The production of oilmeal is expected to be about 45 percent greater during the 6 months April-September than in this period of 1942 and about double the average for the years 1938-42.

LIVESTOCK AND MEATS

Reductions in retail ceiling prices for meats amounting on the average to about 3 cents per pound, to become effective in late June and early July, have been announced by the Office of Price Administration. These reductions (equivalent to about 2 cents per pound on dressed carcasses and from 95 cents to $1.30 per 100 pounds live weight depending upon the species slaughtered) are not intended to be reflected in reduced livestock prices to producers. The resulting reduction in processors' margins is to be made up by subsidy payments to slaughterers. The subsidy became effective June 7. Payments are to be made by the Defense Supplies Corporation, a subsidiary of the Reconstruction Finance Corporation. Any slaughterer who slaughters 4,000 pounds or more live weight a month in any one establishment is eligible for subsidy payments. To avoid inventory losses as a result of the roll-back in ceiling prices, the dates at which the reduced ceilings become effective are staggered as follows: Ceiling prices on all fresh and frozen meat will be reduced at the packer level on June 14, at the wholesale level on June 19, and at the retail level on June 21. Price reductions on cured and processed pork and beef will be required at the slaughter level on June 28 and for wholesalers and retailers on July 6.

Hog prices weakened a little further and lamb prices declined sharply in early June while cattle prices held about steady at levels which have prevailed since early May. Despite the sharp downward trend in hog prices since early April, prices are still somewhat above the increased support price for hogs announced by the Department of Agriculture on April 10. The average price of Good and Choice grade butcher hogs weighing 240-270 pounds at Chicago (the classification and market to which the support specifically applies) for the week ended June 12 was $14.10, compared with a support price of $13.75 and the early April peak of around $15.75.

Livestock slaughter under Federal inspection during May, all species combined, exceeded 8 million head, the largest May total on record. Cattle slaughter was down 13 percent from a year ago and calf slaughter was 30 percent smaller than in May last year. However, these decreases were more than offset by record May slaughter for both hogs and sheep. The number of hogs slaughtered under Federal inspection totaled 5.4 million head, 24 percent more than in May last year and over a million head more than the previous record slaughter for May.

Production of meat under Federal inspection during the first 4 months of 1943 was 4 percent larger than a year earlier and 37 percent larger than the 10-year 1932-41 average for the period. The increase over last year was accounted for entirely by pork, production of beef, veal, lamb, and mutton being smaller than in 1942. The number of hogs slaughtered under Federal inspection during January-April was only 5 percent greater than a year earlier, but heavier live weights and increased yields of pork per 100 pounds (chiefly at the expense of lard) also contributed to the 14 percent increase in pork production for the period over a year earlier. Production of lard during January-April was slightly smaller than in the first 4 months of 1942.

Wool consumption quotas for civilian fabrics have been increased and liberalized under an amendment to Wool Conservation Order M-73 issued June 8. The amendment permits unrestricted use of the entire quota. Previously a substantial part of the quota could be used only if blended with reprocessed or reworked wool or other fibers. The changes are made possible by the favorable raw wool supply situation. Since early 1941 consumption of wool for civilian use has been limited to specific percentages of total mill consumption during the first half of 1941. The new quotas will permit consumption at 70 percent of the 1941 rate in the worsted section and 50 percent of the 1941 rate in the woolen section. Consumption was at a relatively high level in 1941.

Mill consumption of apparel wool has set a new high record in recent months. Consumption totaled 392 million pounds (grease basis) in the first 4 months of 1943 compared with 363 million pounds in the corresponding period last year. About 194 million pounds of domestic wool were used.

Stocks of apparel and carpet wool held by dealers and manufacturers at the beginning of the 1943 clip year (April 1) totaled 324 million pounds (grease basis). Of this total, 123 million pounds (about 38 percent) were domestic wool. The April 1 stocks this year were larger than in most recent years but were about 90 million pounds smaller than in 1942 when commercial stocks were unusually large.

Quoted prices for domestic wools at Boston have been unchanged since the Government purchase program began on April 25. Prices are about at ceiling levels.

DAIRY PRODUCTS

Major developments affecting the dairy industry during the past month are: (1) the 10 percent roll-back in butter prices, (2) the extension of rationing to include condensed and evaporated milk and soft perishable cheeses, and (3) the order requiring manufacturers of both spray and roller dried skim milk to set aside 75 percent of their production for Government purchase. Manufacturers of spray-process dried skim milk previously set aside 90 percent of their production for Government use. While the roll-back did not become effective at the retail level until June 10, at the creamery and wholesale levels the roll-back became effective earlier in order to minimize the financial loss due to changes in inventory value. The Reconstruction Finance Corporation subsidy of 5 cents per pound at the creamery level will apply to butter manufactured after June 1.

Rationing of canned milk, put into effect on June 2, is intended to conserve limited supplies for infant feeding and for persons unable to obtain fresh milk. It is expected that civilian consumption per capita will be reduced by 40 percent between the second and third quarters of 1943. Rationing of cream cheese and other soft types will tend to prevent the diversion of milk from the manufacture of other essential dairy products into a heavier-than-normal manufacture of these hitherto unrationed foods. Cottage cheese containing 5 percent or less of butterfat will continue unrationed. Although 1943 production of dried skim milk for human consumption may be about 70 percent higher than in 1940 only the most essential civilian, lend-lease, and military requirements will be met.

With the seasonal increase in production, storage stocks of both butter and cheese have been accumulating rapidly under the set-aside orders. Due to the large consumption of fluid milk, production of most manufactured products has continued below a year earlier.

POULTRY AND EGGS

Substantial increases in poultry marketings have taken place during the past month as some young chickens reached marketable age and fowl were culled from laying flocks in seasonally larger numbers. Farm marketings of poultry will continue to increase until the seasonal peak is reached late next fall and in most of the remainder of 1943 will exceed the record movement of a year earlier. Laying flocks in May were 14 percent larger than a year ago and on June 1 the number of young chickens on farms was 15 percent larger than a year earlier. Receipts of live poultry at Midwest primary markets in early June were more than double those in early May, but considerably smaller than a year previous. Receipts of fowl at these markets was still over 40 percent smaller than a year earlier despite larger numbers of fowl removed from laying flocks. This reflects apparent heavy local consumption in the Midwest.

Quotations on poultry in all markets continued at maximum ceiling levels. In recent weeks the shortage of supplies relative to demand have been greater for young chickens than for fowl. The average price received by farmers for chickens in mid-May was 24.7 cents per pound compared with 18.4 cents in May 1942. The War Food Administration has advised poultrymen not to make further expansion in broiler-raising facilities. The slaughter goal of 4 billion pounds dressed weight, however, remains unchanged. The demand for chicks is continuing at an unprecedented level for the summer season and production of chicks is in line with the output needed to reach the chicken production goal.

Egg production in the United States during May was 13 percent larger than in that month last year. Despite the limitation on protein content of laying mashes and the rather unfavorable weather, the rate of production per bird in May was reduced only about 1 percent from the record set in May last year. Wholesale prices of eggs advanced between 1 and 4 cents per dozen from mid-May to mid-June and the egg-feed price ratio has been the most favorable on record for the season.

Civilian supplies of shell eggs will decline seasonally through the summer and fall and will be short of demand, particularly in deficit winter egg-producing areas. For the Nation as a whole, supplies in most of the period probably will be larger than a year earlier.

FRUITS

Prices for fresh fruits continue at levels far above those of a year ago. Since mid-May orange and grapefruit crops have continued to sell at the established ceilings, and lemon prices now have advanced to ceiling levels. As of May 15 the equivalent-on-tree returns to citrus growers were as follows: Oranges, 125 percent of the "comparable price"; grapefruit, 146 percent of the "comparable price"; and lemons, 60 percent of parity. Apple prices continue their greater-than-normal seasonal advance, and strawberries during the first part of June were selling at approximately double the price of a year ago.

Fresh fruits just beginning to move to market in volume -- plums, prunes, cherries, and apricots -- also are being sold at a level far above prices in 1942. The total movement of citrus fruit to market has declined since mid-May. Smaller shipments of oranges and grapefruit from Florida more than offset the increased shipments of oranges, grapefruit, and lemons from California and Arizona. Movement of cold-storage apples is declining as the end of the shipping season approaches. The total number of cars of strawberries shipped to date is only about two-fifths the number shipped during the same period of 1942.

Indications are that deciduous fruit production in 1943 may be 10 percent below that of 1942. The peach crop is expected to be only about two-thirds that of last year and to be the smallest since 1932. Apricot production probably will not exceed one-half the 1942 production. Considerably smaller pear and cherry crops and an apple crop somewhat smaller than in 1942 also are indicated. Partially offsetting these smaller crops are larger prune, grape, and fig crops.

On the basis of June 1 condition and if the conditions in the future continue favorable, combined citrus production from the bloom of 1943 (marketed in the fall of 1943 and in 1944) should be about the same as the crop this season (1942-43). With such a citrus production and a deciduous fruit production about 10 percent below that of 1942, total fruit production during the 1943-44 season would be about 5 percent less than during the 1942-43 season.

TRUCK CROPS

The general level of fresh vegetable prices during the first part of June was only slightly lower than at mid-May. Average wholesale prices on the New York market during the week ended June 12 were lower for 13 of 17 vegetables than during the week ended May 15. However, such price declines were small except for beets, cantaloups, corn, and spinach. Prices for celery and peas during this 4 week period advanced considerably. Carlot shipments for the week ended June 19 totaled 6,825 cars -- about 462 cars more than for the preceding week but less than the average weekly shipments in May.

The tonnage of combined vegetable crops for which estimates have been made to date is 13 percent smaller than the corresponding tonnage in 1942. The acreage from which this production has been or is being harvested is 10 percent smaller than the comparable acreage of last year. Excessive moisture and abnormally cool temperatures in many States have delayed the planting and growth of truck crops. Consequently, crops in many areas are being harvested as much as 3 weeks later than usual. Total supplies of fresh vegetables probably will be materially smaller the next few weeks than during the same period last year. Snap beans and carrots are expected to continue in larger supply than a year ago. Late asparagus, beets, cabbage, corn, spinach, and tomatoes probably will be on the market in approximately the same quantities during the next 4 to 6 weeks as in the corresponding period of 1942. Other vegetables -- particularly cucumbers, celery, onions, and melons -- will be in shorter supply.

Growers' intended acreage of crops for processing this year compared with the planted acreage last season is 2.4 percent larger for tomatoes, 19.0 percent larger for snap beans, 5.0 percent larger for sweet corn, 6.0 percent larger for beets, and 13.0 percent smaller for cucumbers. The California and Texas acreage of spinach for processing is about 25 percent smaller this season than last. The planted acreage of peas for processing is estimated to be 6.0 percent larger this year than in 1942. Because of frequent rains in the latter part of May, many growers in the North Atlantic and North Central States were not able to plant green pea, snap bean, corn, and tomato crops at the usual times. As a result, planted acreages of some of these crops may be considerably smaller than the intended acreages. At best the season on these crops will be from 1 to 2 weeks late. Good yields are less likely when planting is late.

POTATOES

Prices for potatoes continue at ceiling levels with increasing quantities moving to market. Carlot shipments of early potatoes totaled 5,859 cars for the week ended June 19, 373 cars more than during the preceding week. Relatively heavy shipments of the "early (2)" crop can be expected to continue during June -- principally from California, with smaller shipments from Florida, Louisiana, South Carolina, and Texas. The "early (2)" crop this season is expected to be about 28 percent larger than in 1942. Digging is under way in the "second-early" and "intermediate" groups of States. The 1943 crop in these States is expected to be about one-third larger than that of last year. Major producing States in these two groups are North Carolina, Virginia, Kansas, Tennessee, Maryland, and Missouri. Demand during the next few weeks is expected to continue to absorb available potato supplies at the ceiling price level.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUSTRIAL PRODUCTION[1]	FACTORY EMPLOYMENT[2]	FACTORY PAY ROLLS[2]	INCOME OF INDUSTRIAL WORKERS[3]	CASH INCOME FROM FARM MARKETINGS[4]	WHOLESALE PRICES OF ALL COMMODITIES[5]	RETAIL FOOD PRICES[6]	COST OF LIVING URBAN[7]	PRICES RECEIVED BY FARMERS[8]	PRICES PAID BY FARMERS[9]	PRICES PAID BY FARMERS, INTEREST AND TAXES[9]	RATIO OF PRICES RECEIVED TO PRICES PAID INCL. INTEREST AND TAXES
Base period	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1910-14*	*1910-14*	*1910-14*	*1910-14*
1929	110	108	127	134	142	118	133	122	146	154	167	87
1930	91	94	103	110	113	107	126	119	126	146	160	79
1931	75	80	78	84	80	91	104	109	87	126	140	62
1932	58	68	54	58	59	80	86	98	65	108	122	53
1933	69	75	58	61	67	82	84	92	70	108	118	59
1934	75	88	74	76	79	93	94	96	90	122	128	70
1935	87	93	86	86	89	99	100	98	108	125	130	83
1936	103	101	99	100	105	100	101	99	114	124	128	89
1937	113	111	118	117	111	107	105	103	121	131	134	90
1938	89	93	91	91	96	98	98	101	95	123	127	75
1939	108	102	106	105	99	96	95	99	93	121	125	74
1940	123	110	122	119	105	98	97	100	98	122	126	78
1941	156	135	178	169	141	108	105	105	122	131	134	91
1942	181	155	258	238	188	123	124	116	157	152	152	103
1942-												
May	174	152	241	225	188	123	122	116	152	152	152	100
June	176	154	249	234	192	122	123	116	151	152	152	99
July	178	156	267	247	192	122	125	117	154	152	152	101
Aug.	183	158	272	251	204	123	126	118	163	153	152	107
Sept.	187	160	278	255	208	124	127	118	163	154	153	107
Oct.	191	162	284	259	211	124	130	119	169	155	154	110
Nov.	195	164	301	273	224	124	131	120	169	156	155	109
Dec.	197	168	307	279	226	125	133	120	178	158	156	114
1943-												
Jan.	199	171	322	291	224	126	133	121	182	160	158	115
Feb.	202	171	315	286	240	127	134	121	178	162	160	111
Mar.	202	172	314	287	260	128	137	123	182	163	161	113
Apr.[10]	203	172	323	296	255	129	141	124	185	165	162	114
May[10]	--	--	--	--	--	129	--	--	187	166	163	115

[1]Federal Reserve Board, adjusted for seasonal variation.

[2]Based on Bureau of Labor Statistics data, adjusted for seasonal variation (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics). 1941 to date revised March 1943.

[3]Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised March 1943. To convert to 1924-29 base, multiply by 78.4314 percent.

[4]Adjusted for seasonal variation.

[5]Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

[6]Bureau of Labor Statistics.

[7]Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

[8]August 1909-July 1914 = 100.

[9]Annual figures are straight averages of 12 monthly indexes, 1923-41.

[10]Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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