Business Steadies

Improvements: Many lines of business picked up in July and early August. Steel production, electric power output, the manufacture of clothing, and a number of other lines showed gains. Building activity and automobile production moved to new post-war peaks. Prices climbed in metals and most other raw materials.

Dark spots: In spite of the improvements, no more people are working. There are other unfavorable signs like the August drops in department store volume. Also, wintertime is almost sure to bring drops in automobile production and building activity.

No severe slump: Things like increased military spending, life insurance dividend payments to veterans, and the large backlog of demand for homes and public buildings are likely to bring an upward turn in business not later than sometime next year.
Wheat prices have bounced back nearly to the loan rate in the Northwest now that harvest is about completed. They are likely to stay near the support price until next spring. By then wheat prices are likely to go up if it looks like a short wheat crop will be harvested next year. A large wheat crop will bring lower prices.

Supplies are smaller than expected because the wheat crop was reduced by drought in the northern Great Plains and the Pacific Northwest and by rains during harvest in the southern Great Plains. The August 1 estimate of the U.S. wheat crop was 1,132 million bushels. This is over 200 million bushels less than the June estimate of 1,337 million.

Here's the supply picture:

<table>
<thead>
<tr>
<th>Million bushels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated 1949 U.S. wheat crop</td>
</tr>
<tr>
<td>Carryover of old wheat July 1</td>
</tr>
<tr>
<td><strong>Total U.S. supply</strong></td>
</tr>
<tr>
<td>Food in this country</td>
</tr>
<tr>
<td>Feed in this country</td>
</tr>
<tr>
<td>Seed in this country</td>
</tr>
<tr>
<td>Exports</td>
</tr>
<tr>
<td><strong>Total use</strong></td>
</tr>
</tbody>
</table>

This would leave a carryover next July of 275 million bushels—slightly smaller than this year's 293 million bushel carryover.

The 700 million bushels estimated to be used in this country should be pretty accurate. This allows for more wheat feeding than last year because of the larger amount of damaged wheat. But the amount used for seed will be lower because of the smaller acreage planted under allotments.

Exports are the big question, but they should not drop much this year. In the year ending June 30, 1949, we exported 501 million bushels, the largest ever. Last year the military services bought 174 million bushels for occupied areas and 6 million to feed the Armed Forces. These uses and the 4 million bushels taken by U.S. territories probably will be about the same this year.
PROVE MARKET OUTLOOK

A total of 315 million bushels of U.S. wheat was taken by countries like India, Italy, Holland, Greece, Belgium, Austria, Norway, Portugal, Switzerland, and the Latin American Republics. These nations probably will take less U.S. wheat next year because they are short of dollars. But under the international wheat agreement, some of them can make their dollars go farther because they can get their quota of wheat for 20 to 35 cents under the market price. Also their needs are still great. In fact, bread grain output this year in Europe will be about 5 per cent less than last year and over 10 per cent below prewar. Production of wheat in Asia is estimated at 200 million bushels smaller than last year. Supplies of wheat available from the three other major exporting countries of Canada, Australia, and Argentina will be about the same as last year.

Turkey Crop Up 29 Per Cent

Second largest on record is how the 1949 U.S. turkey crop stacks up. It is 29 per cent larger than the small 1948 crop, and the latest estimate places it at 41,107,000 birds. Only the 1945 crop was larger with 45 million birds.

Northwest has smaller increase: The 1949 turkey crop in Washington is estimated at 1,118,000 birds. This is up only 5 per cent from last year. Except for 1948 it is the smallest crop of turkeys in Washington since 1942. Feed prices have dropped less in the Northwest than in most parts of the nation.

The government will support prices by buying frozen dressed turkeys from growers or from dealers who have paid growers prices equal to or higher than the supports. The support prices to producers in Washington are as follows for September:

- Turkeys weighing under 18 pounds: 34 3/4c
- 18 to 22 pounds: 31 1/2c
- 22 to 24 pounds: 28c
- 24 pounds and over: 25 1/4c

The support price will be 1/4c per pound higher in October and 1/2c higher in November and December.
Cattle Prices Drop Early

Prices of feeder cattle and lower grades of slaughter cattle dropped early and severely in the Northwest this year. By late August common slaughter steers had dropped 15 per cent since May. Good grade feeder steers at Spokane dropped 25 per cent in the same period, twice the usual amount. The common and medium grades of feeders went down even more.

Move to market early: Grass cattle in the Northwest have been sent to market early this year because of dry pastures and ranges. This is the most important reason for the early sharp price declines. In the Midwest prices have not dropped nearly so much. The demand for feeders is stronger there because of big feed supplies.

Cattle feeding operations are likely to be much smaller in the Northwest this year than the record high of last year. The movement to feedlots has been slow. Feed is not so plentiful and many feeders lost money last year.

The price drop in lower grades of cattle may end earlier this year than it did a year ago, when the low was not reached until early February. About the only thing that could bring a repeat performance would be a severe drop in business and employment this fall and winter. The movement is earlier this year, and shipments from Canada will be much lighter. Corn Belt farmers may soon be bidding more actively for feeders.

Prices for fed cattle are difficult to forecast. Although feeding operations are likely to be light in the Northwest, they will be heavy in the Corn Belt. If employment and business continue to drop off this fall and winter, the demand for high quality beef will lessen. On the other hand, a business pick-up would strengthen demand.

Total beef and veal supplies are likely to be slightly less in the last 4 months of this year than they were last year. This, plus the fact that prices are starting from a lower level, indicates that cattle prices may hold up better this fall. Slaughter supplies of steer and heifer beef will be up more than 10 per cent from last year, but this probably will be more than offset by a big drop of around 20 per cent in the supply of cow beef and veal.
Watch Potato Marketings

Growers with early Gems may do well to think twice before passing up a good price in September, especially if they lack storage space for carrying them past the harvest season.

October prices may not be high: Even in years of short potato crops, prices are usually lower in October, when most of the late potatoes are dug, than in September. There have been only two exceptions to this in Washington in the past 30 years.

Better outlook for the season as a whole: The U.S. potato crop estimate was reduced about 2 per cent—from 369 million to 363 million bushels.

The late potato crop estimate in the 10 western states was reduced 4 per cent—from 100 million to 96 million bushels. Frost damage has been severe in the Klamath Basin and in parts of Idaho and Montana. Psyllids have reduced yield prospects in Colorado and Nebraska.

Marketing agreement turned down: California growers recently voted down a proposed marketing agreement for potatoes. This probably makes them ineligible for price support in 1950. They will have no incentive to hold plantings down to acreage allotments.

Washington potato growers and handlers have just voted in a marketing agreement for their potatoes. Potato marketing agreements are also in effect in a number of other areas including Idaho, Colorado, Oregon, and Maine.

FILBERT PRODUCTION IS LARGE

U.S. crop a record: The estimated U.S. crop of filberts this year of 10,680 tons is the largest ever by a big margin, but it is still less than one-tenth of total production in the three other top producing countries of Turkey, Italy, and Spain. The total crop in these three countries is estimated at 125,400 tons—the third largest in the past 4 years. Turkey produces over half of the world’s filberts.

Most U.S. imports of filberts come from Turkey in the shelled form. In the 9 months ending in May this year, 3,149 tons of shelled and 13 tons of unshelled filberts were imported.
World rice production is up and estimated at 7½ billion bushels for the season August 1, 1948, to July 31, 1949. This is 4 per cent larger than the preceding year and 2 per cent larger than the prewar average. Acreage was the largest ever and growing conditions were favorable in many areas. Rice is the main food for a large part of the world’s people.

Second best crop year in history: That’s the way it looks now for total crop production in the U.S. of cows and lambs indicates this.

Cattle and sheep producers are increasing breeding herds: At least the extremely small marketings of cows and lamb’s indicates this.