

THE

# Livestock and Wool

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

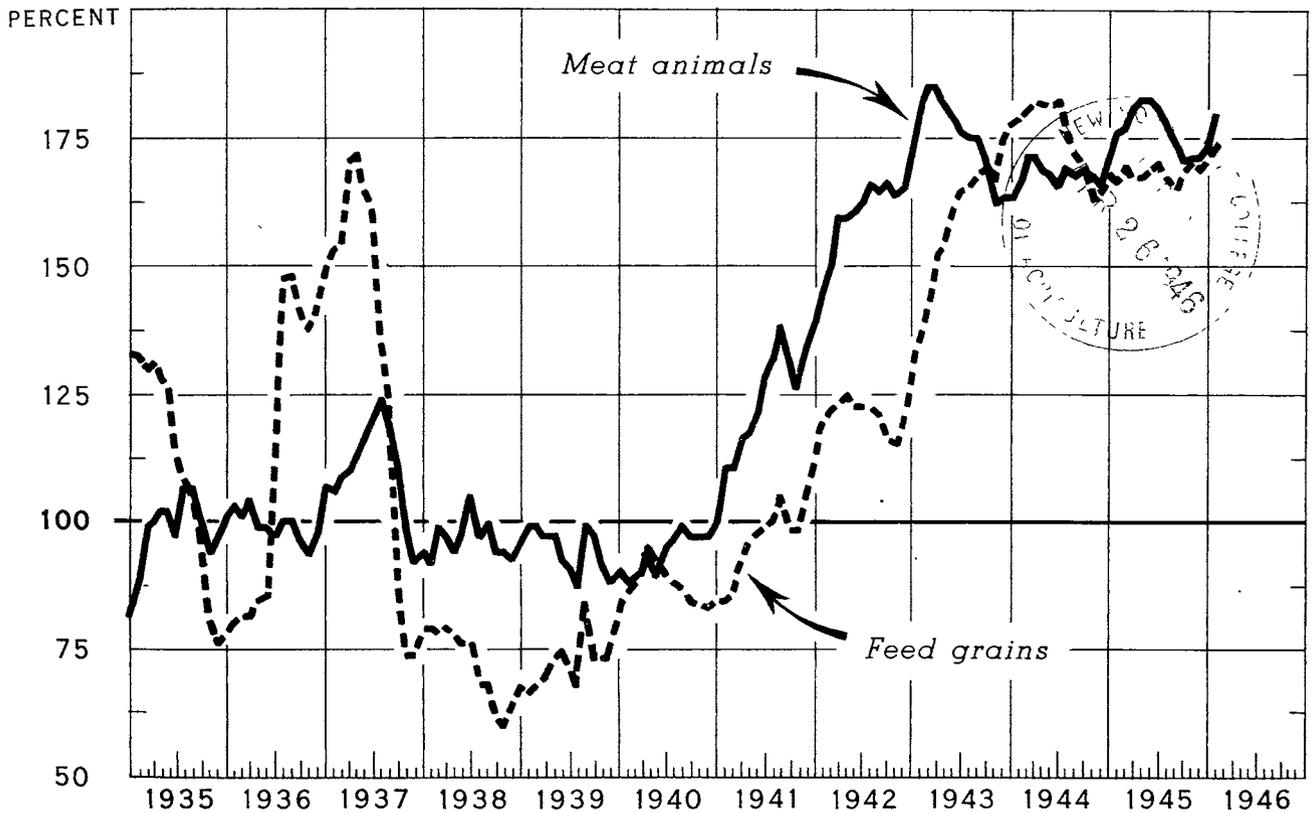
LWS - 45



MARCH - APRIL 1946

## PRICES RECEIVED BY FARMERS FOR MEAT ANIMALS AND FOR FEED GRAINS, UNITED STATES, 1935-46

INDEX NUMBERS (1935-39=100)



U. S. DEPARTMENT OF AGRICULTURE

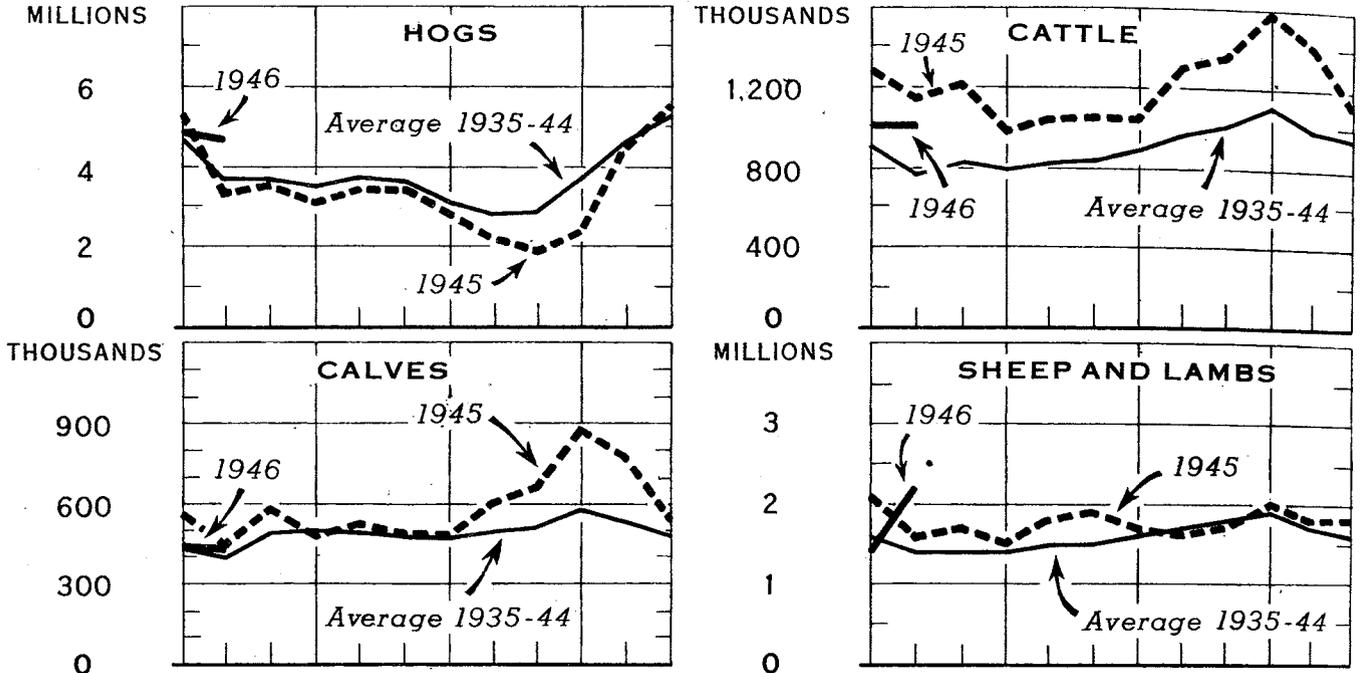
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BUREAU OF AGRICULTURAL ECONOMICS

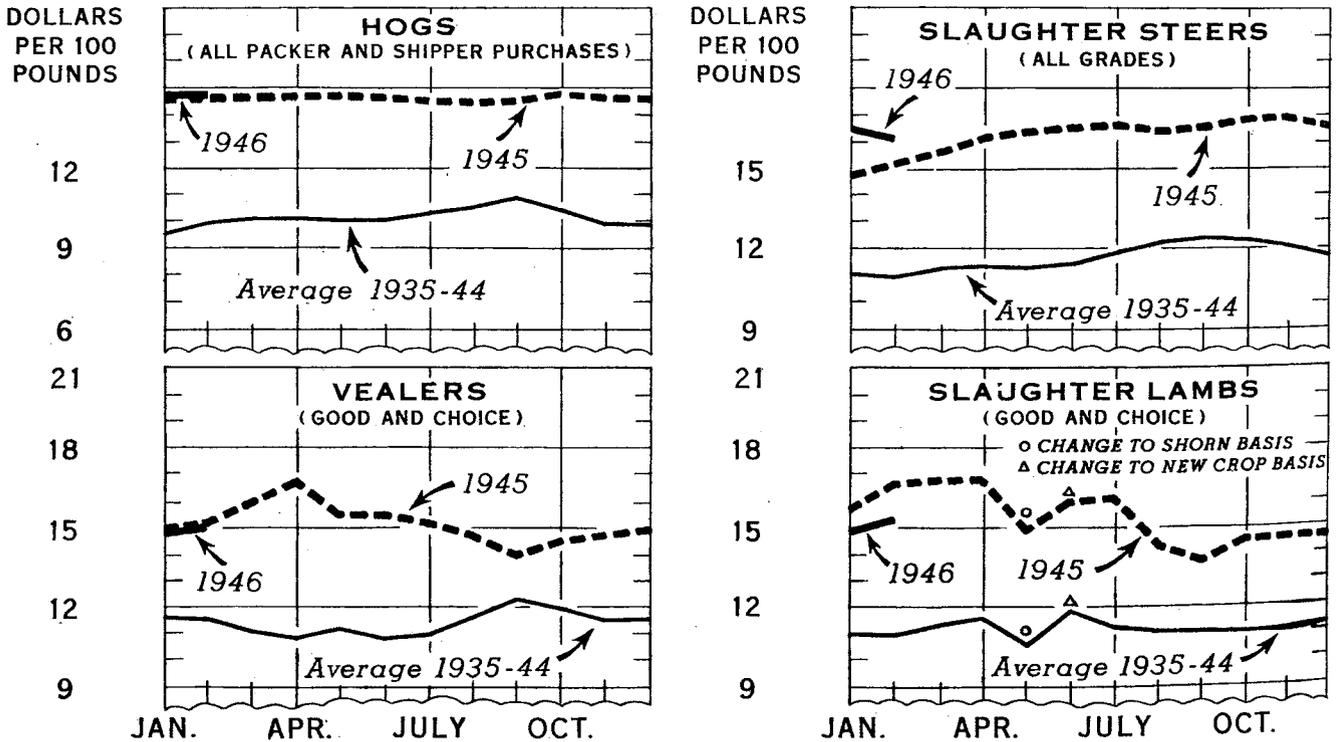
Meat animal-feed price relationships favored increased meat animal production during the early years of the war. But feed grain prices rose sharply in 1943 and early 1944, and the meat animal-feed price relationships became less favorable for heavy livestock feeding. Prices of meat animals in 1946 probably will average at least as high as in 1945. But feed grain prices are likely to advance relative to prices of meat animals largely as a result of the smaller supply of feed grains per animal unit and the unusually strong demand for grains this year. Some reduction in total output of livestock production will occur in 1946, chiefly in milk and poultry products. Production of meat is expected to be close to that of 1945.

# LIVESTOCK SLAUGHTER AND PRICES

FEDERALLY INSPECTED SLAUGHTER, UNITED STATES\*



## MARKET PRICES AT CHICAGO



\* INCLUDES SLAUGHTER IN "FULMER" PLANTS SINCE 1941, NOT PREVIOUSLY UNDER FEDERAL INSPECTION

FIGURE 1

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 THE LIVESTOCK AND WOOL SITUATION  
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Approved by the Outlook and Situation Board April 3, 1946

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SUMMARY

Demand for meat will continue strong through 1946. Government purchases for export will be at least as large as in 1945, and high incomes of domestic consumers will continue. Meat production probably will be close to the high of 1945. Prices of all classes of meat animals will be at or near present levels through midyear, but during the latter half of the year will depend partly on ceiling prices and subsidy programs in effect. Without ceilings, the retail price of meat in the second half of the year probably would average 15 to 20 percent above present reported prices, with a somewhat greater rise taking place on the better grades and more desirable cuts.

Hog slaughter is likely to continue larger than a year earlier throughout the remainder of 1946, reflecting in part the 12-percent increase in the 1945 fall pig crop over a year earlier, and probably earlier marketings of the 1946 spring pig crop. Slaughter during the late fall and early winter of 1946-47 will depend largely on the size of the 1946 spring crop, which is not likely to be greatly different from the 1945 spring crop of 52 million head.

Hog marketings during the rest of the year will be at lighter weights than a year earlier, when they were 35 to 40 pounds heavier than average. The reduction in weights will reflect higher prices and smaller supplies of corn and other feed grains than a year ago.

The number of cattle and calves on hand January 1, 1946 was only 3 percent below the peak of 1944, and the potential supply of cattle for slaughter in 1946 is large. However, slaughter of cattle under Federal inspection since November has fallen considerably below that of a year earlier, although total cattle slaughter continues at a high level. While some decline in numbers of steers and yearling beef heifers occurred in 1945, most of the 2 million head decline in total cattle numbers was in the reported number of milk stock. The number of beef cows and heifers 2 years old and over on hand January 1, 1946 was an all-time high, indicating that production of cattle for slaughter in the next 2 or 3 years will continue large. Supplies of fed cattle for market in the late summer and fall of 1946 are likely to be less than a year ago, reflecting smaller supplies of feed grains and other concentrate feeds and current high prices of feeder cattle in relation to prices of fed cattle.

Federally inspected slaughter of sheep and lambs in February set a new high for the month and in March continued above a year earlier. Prior to February, slaughter had been running less than a year earlier. Large slaughter in February and March resulted from the reduction in January when many packing houses were shut down and from the higher rates of subsidy payments on lambs effective February 1. Lamb slaughter beginning in April is likely to be less than a year earlier because of a sharp decline in the 1946 lamb crop. The early spring lamb crop was estimated to be 13 percent less than in 1945 and to be the smallest in almost 20 years.

The Department of Agriculture and OPA announced March 2 that ceiling prices on heavy hogs would not be lowered before September 1. Reductions had been proposed as a means of inducing farmers to market hogs at lighter weights to conserve grain. It was announced March 2 that the 50-cent per 100 pound subsidy paid on certain weights and price classes of cattle marketed for slaughter will be terminated June 30, 1946. This subsidy had the purpose of encouraging grain feeding of cattle.

Government subsidies on meat animals totaled approximately 1.2 billion dollars from mid-1943 through December 1945. Payments to slaughterers by Reconstruction Finance Corporation amounted to 210 million dollars in 1943, 487 million dollars in 1944, and 471 million dollars in 1945. In addition, direct payments to producers by Commodity Credit Corporation in 1945 amounted to 14 million dollars on sales of cattle and 10 million dollars on sales of sheep and lambs.

Shorn wool production will again decline this year in line with the 8 percent smaller number of stock sheep on January 1, 1946. The probable 1946 production, about a fourth smaller than the record 1942 production of 392 million pounds, will be the smallest production since 1927. Because of reduced sheep slaughter, production of pulled wool also is likely to be smaller than last year when 66 million pounds of pulled wool were produced. Wool production may decline further in the next year or two, but probably at a rate less rapid than that of the past 4 years.

At the beginning of 1946, stocks of domestic and foreign apparel wool available for commercial use in the United States totaled 797 million pounds, grease basis, about 50 million pounds larger than a year earlier. More than half of this total was domestic wool held by the Commodity Credit Corporation. Total mill consumption of domestic and foreign wool in 1946 is likely to be at least double domestic production. The carry-over of domestic wool into 1947 is likely to be reduced greatly if Government selling prices remain sufficiently attractive. In 1945, only about one-fourth of the wool used by United States mills was of domestic origin.

Combined exports of wool from the five Southern Hemisphere countries this season probably will be much larger than in any of the past 3 seasons. But the carry-over in these countries this summer and fall probably will not be greatly different from the 1945 carry-over of approximately 3.1 billion pounds, actual weight. The British Joint Wool Organization held about four-fifths of the 1945 total carry-over in Southern Hemisphere countries, and will hold an equally large proportion of the 1946 carry-over.

#### OUTLOOK

##### Demand for Meat to Exceed Supply in 1946

Total production of meat in 1946 may be close to that of 1945. Exports are likely to be at least as large. But military procurement is scheduled to be around one-fourth of last year, when a reported 3.6 billion pounds of meat (dressed carcass weight) were purchased for the armed forces. The supply of meat available to civilians in 1946 may be 145 to 150 pounds per person compared with 130 to 135 pounds per person in 1945. Despite this increase, the supply of meat will be insufficient to meet consumer demand in full, at present prices, at least through early fall. Consumer income and retail prices of commodities and services generally are now forecast at higher levels than a few months ago. It is now estimated that civilians in 1946 would take about 165 pounds per person at present reported prices. If price ceilings on meat were removed, the average retail meat price in the second half of the year probably would be 15 to 20 percent above present reported levels, and somewhat higher than this for the better grades and more desirable cuts.

Federally inspected meat output in January-March totaled slightly greater than a year earlier. Output of pork, a third larger than a year ago, more than offset lower inspected production of beef and veal. (A large noninspected slaughter of cattle is reported.) Lamb and mutton production was slightly larger than a year earlier. Although civilian supplies of meat are materially larger than a year earlier because of reduced military procurement, the supply has not been large enough to fill all civilian demands, at current prices, and the effective demand for export.

The Department of Agriculture has increased set-asides to aid in the purchase of meats to fill export requirements. Purchases in the first 3 months of the year were at an annual rate of around 1.4 billion pounds, dressed meat basis. Allocations for export during the year are 1.6 billion pounds. Purchases of cured and frozen meat by the Department increased in February and March over the low level of January. Contracts let for the purchase of canned meat in March were substantially larger than those of February.

Commercial and Government stocks of meat are not large in relation to current output. Holdings of meats and edible offals in commercial cold-storage warehouses and meat packing plants on March 1 totaled 713 million pounds, compared with 592 million pounds a year earlier and the 1941-45 average of 902 million pounds. March 1 stocks this year were only 18 percent greater than on January 1, although they usually are 20 to 25 percent greater. Commercial stocks of meat usually reach a seasonal high in early March. With ceiling prices on meat, which have no seasonal variation, there is not the usual incentive to store meat in the period of peak production for withdrawal in the period of seasonally small supply.

#### Meat Animal Prices To Continue

##### Close to OPA Maximums

Meat-animal prices during the second quarter of the year will continue close to the maximums permitted by ceilings on live animals and meat. Hog prices are likely to hold to ceilings even during the peak marketings of fall pig in late spring. Prices of lower grade cattle have increased seasonally since early fall and some further seasonal increase in prices is likely. Unit returns from sales of lambs are expected to continue materially higher than a year earlier through midyear, reflecting continued high market prices and the direct subsidy payments on sales of slaughter sheep and lambs.

Each month since January 1945 the average price received by farmers for hogs has been \$14.00 or more per hundredweight. The average of \$14.20 recorded in November and December 1945 and again in February and March 1946, was the highest since April 1943. Since midsummer 1944, virtually all hogs have sold at ceiling prices, with only a few of low quality selling below ceilings for any extended time.

The average price received by farmers for cattle in February and March was higher than a year earlier and was higher than the previous record high prices in 1943. In February and March, prices of feeder steers at Kansas City averaged the highest in 22 years of record.

Prices received by farmers for lambs in February and March were almost as high as a year earlier. Unit returns in February and March this year were higher than a year earlier by nearly the amount of the direct subsidy of \$3.15 per 100 pounds paid on lambs weighing over 90 pounds and \$2.50 on lambs from 65 to 90 pounds.

If present subsidies to slaughterers and present ceilings continue in the second half of 1946, prices of hogs and beef cattle probably will continue near the level of the latter half of 1945. If sheep and lamb subsidy payments to farmers continue at the same rates as in the past, returns to producers in the last 6 months of 1946 probably would be greater than during this period a year earlier.

No Change in Hog Ceilings Before September 1, 1946;  
Hog Subsidy May Be Reduced

The Government announced March 2 that there will be no change in ceiling prices for hogs prior to September 1, 1946. However, the Office of Price Administration has announced that that agency will confer with its industry advisory committee to consider lowering the ceiling prices on heavier-weight butcher hogs after September 1, and to consider lowering the subsidy on heavier hogs before September 1. Such changes would encourage marketing of lighter weights as a feed conserving measure.

More Hogs to be Slaughtered This Year  
Than Last But at Lighter Weights

Spring and summer slaughter of hogs in 1946 will exceed that of a year earlier because of marketings from the 12-percent larger fall pig crop. Slaughter during the last three months of the year will be determined largely by the size of the spring pig crop, which may be slightly greater than the 1945 spring pig crop of 51.6 million head. Total hog slaughter in 1946 may be 5 to 10 percent larger than in 1945. However, slaughter weights are likely to decline from the record weights in 1945, chiefly as a result of a tighter feed situation. Pork production may be no greater this year than last.

Supplies of Fed Cattle Less Than a Year Earlier,  
But Total Cattle Slaughter Large

With the number of cattle and calves on hand January 1, 1946 the third largest on record, the potential supply of cattle for slaughter in 1946 is still large. While some decline in numbers of steers and in yearling beef heifers occurred in 1945, most of the 2 million head decline in total cattle numbers was in the reported number of milk stock. The number of beef cows and heifers 2 years old and over on January 1, 1946 was an all-time high, indicating that the production of cattle for slaughter in the next 2 or 3 years will continue large. Marketings of grass cattle in the second half of the year may be close to the record marketings in the latter part of 1945. Smaller supplies of fed cattle for market this year are likely to result from smaller feed supplies, higher feeding costs, and high prices of feeder cattle. The number of cattle on feed January 1, 1946 was 4 percent less than a year earlier. The withdrawal of subsidies to farmers for the better grades of slaughter cattle June 30 may induce feeders to market feedlot cattle somewhat earlier than usual this year.

Lamb Slaughter to be Below 1945; Early Lamb  
Crop 13 Percent Under Year Ago

Beginning in April or May, lamb slaughter probably will be less than in 1945. Stock sheep numbers on January 1, 1946, estimated at 37.5 million head, were 8 percent less than a year earlier and were the lowest since early 1926. A sharp drop in the 1946 lamb crop will result from the much smaller number of breeding ewes, which accounted for most of the decline in stock sheep numbers.

The early spring lamb crop of 1946 was estimated to be 13 percent less than a year earlier. The crop was the smallest in almost 20 years. However, slaughter of lambs from April through June may not be reduced as much as is indicated by the sharp decline in the early spring crop this year. If subsidies on sheep and lambs are not continued beyond midyear, early marketings for slaughter will result. To take advantage of higher subsidy payments on lambs over those on yearlings, a much larger than usual proportion of old-crop Texas lambs will be marketed for slaughter early this year.

Meat Animal Output Limited  
By Feed Scarcity

Livestock producers in surplus-feed areas generally have adequate supplies of feed grains, but many buyers in other areas are finding it increasingly difficult to obtain feed grain or byproduct feeds.

Commercial supplies of feed grains and byproduct feeds were insufficient in the past few months to meet the unusual demand at ceiling prices, although total supplies are fairly large. Competition for available supplies of feed concentrates, especially high protein feeds, is expected to continue intense at least for several months. Disappearance of feed has been large since October, resulting particularly from the heavy feed requirements caused by lower feeding value of soft and wet corn, the feeding of hogs to heavy weights, the large number of cattle on feed (although less than a year ago), high feeding rates for poultry and milk cows and strong demand by grain processors.

The total supply of corn, oats, and barley, on farms and at terminal markets January 1, and wheat to be fed in January-June 1945 was indicated to be almost 4 million tons smaller than a year earlier and, with a slightly larger number of grain-consuming animals to be fed, supplies per animal-unit are smaller. The per-animal-unit supply of the four grains is estimated at .52 tons for the first half of 1945, compared with .55 tons a year earlier and .46 tons in January-June 1944, when considerable liquidation of hogs occurred because of feed shortages.

Table 1.- January-June supplies of corn, oats, and barley, and wheat for feed, United States, average 1938-42, 1944, 1945 and indicated 1946

Item	Unit	Average 1938-42	1944	1945	1946
Corn, Jan. 1 stocks <sup>1/</sup>	Mil. bu.	1,969.0	1,980.7	2,135.1	1,942.3
Oats, Jan. 1 stocks <sup>1/</sup>	" "	727.0	720.7	757.6	1,035.1
Barley, Jan. 1 stocks <sup>1/</sup>	" "	157.3	172.6	166.1	147.3
Total	Millions	70.54	71.13	75.89	74.48
Imports, Jan.-June	" "	.06	1.21	.88	.05
Wheat fed Jan.-June	" "	2.26	6.28	3.68	2.2
Total supply <sup>4</sup> grains <sup>2/</sup>	" "	72.86	78.62	80.45	76.7
Animal units on farms					
Jan. 1	Millions	132.6	171.1	146.2	146.5
Jan.-June, total supply					
4 grains per animal					
unit	Ton	.55	.46	.55	.52

<sup>1/</sup> Stocks on farms and at terminal markets.

<sup>2/</sup> June 1 stocks of corn, oats, and barley, plus imports Jan.-June, plus wheat fed.

In contrast to the tight supply situation in feed grains, supplies of hay are generally adequate for livestock feeding for the balance of the feeding year. Hay prices are moderately lower than a year earlier. Stocks of hay on farms January 1 were second only to the 1943 record. (January 1 farm hay stocks have been estimated only 9 years.)

#### Ceiling Prices Raised on Feed Grains

Effective March 5, ceiling prices of the feed grains were increased 2 to 5 cents per bushel. Price increases per bushel were as follows: Wheat, 3 cents; corn, 3 cents; oats, 2 cents; barley, 4 cents; and grain sorghums, almost 5 cents. Ceiling prices for rye, which will go into effect June 1, will be increased by 4 cents per bushel. These increases were made to allow for increases in the parity price index.

In general, unit returns from dairying, in terms of the usual livestock product-feed price ratios, were favorable to dairymen during all of 1945 and, including production payments, are continuing above average even with the recent increases in grain prices. The hog-corn price ratio was above the 1925-44 average for corresponding months during most of 1945, and during the first 2 months of 1946. In March, the ratio fell below the average for that month.

Table 2. Livestock-feed price ratios, United States,  
March 1946 with comparisons

Commodity ratio	February			March		
	1925-44: average:	1945	1946	1925-44: average:	1945	1946
Hog-corn	12.6	13.2	12.8	13.0	13.1	12.5
Beef cattle-corn	11.3	10.9	11.4	11.5	11.7	11.5
Milk-feed 1/	1.28	1.49	1.44	1.24	1.46	1.41
Butterfat-feed 1/	24.6	26.4	28.5	24.4	26.2	28.4
	1935-44 average			1935-44 average		
Egg-feed	11.7	12.5	10.8	10.4	11.5	10.5
Chicken-feed	8.3	8.6	7.6	8.5	8.7	7.6
Turkey-feed	9.7	11.9	10.5	9.6	11.7	10.0

1/ Including dairy production payments beginning October 1943.

High feed-grain prices, together with the difficulty in securing feed grains and protein feeds, is likely to be reflected in lighter market weights of hogs through the remainder of 1946 than a year earlier. In February the average slaughter weight under Federal inspection were 14 pounds heavier than a year earlier and 28 pounds heavier than the 1935-44 average. Market weights of hogs were reduced materially in March. Decreased grain feeding of cattle for the summer and fall market also is probable.

#### Lamb Feeding Operations This Season More Favorable Than Year Ago

Returns from lamb feeding in the past grain-feeding season appear to have been more favorable than in either of the previous two seasons, chiefly as a result of the direct subsidy payments for fed lambs. The accompanying table shows a comparison of average price of feeding lambs at Omaha in September-December and average price of slaughter lambs at Chicago in December-March. The table also shows the cost of a typical Corn Belt feeding ration calculated from reported average prices received by farmers for feed. The cost of the feeding ration, consisting of 2½ bushels of corn and 200 pounds of alfalfa hay, for the past feeding season was \$4.18 compared with \$4.29 in the 1944-45 season and \$4.23 in 1943-44. The purchase price of lambs for feeding was considerably higher than a year earlier, with the average price of good and choice grade feeder lambs at Omaha last September-December amounting to \$14.56 per 100 pounds compared with \$12.44 in the same period of 1944. The average price of good and choice slaughter lambs at Chicago for the 4 months period, December 1945-March 1946 averaged \$15.12 compared with \$15.93 a year earlier. The margin between the market value of the fed lamb and the Purchase Price of the feeder lamb, plus the cost of the feeding ration, during the past season was \$3.48 compared with \$2.75 a year earlier and \$2.94 2 years ago.

The feed ration and prices shown are fairly representative of feeding operations in the Corn Belt, but, the prices reported are averages for the season for all of the North Central States and probably do not coincide with the experience of individual feeders. Labor costs, overhead, death losses, purchasing and marketing expenses, costs of other feed ingredients or credits other than from the sale of the fed lamb, are not included in the comparisons.

Table 3.-Average prices and values of important items affecting returns from lamb feeding, specified periods

Item	1941-42	1942-43	1943-44	1944-45	1945-46
	Dollars	Dollars	Dollars	Dollars	Dollars
	<u>Price per unit</u>				
Price per 100 pounds of good and choice grade slaughter lambs, Chicago, December-March .....	12.19	15.84	15.67	15.93	15.12
Direct subsidy producers, per 100 pounds .....	.0	.0	.0	.0	2.90
Price per 100 pounds of good and choice grade feeder lambs, Omaha September-December .....	10.89	12.64	11.87	12.44	14.56
Price per bushel received by farmers for corn, North Central States, October-March .....	.677	.798	1.028	.993	1.036
Price per ton received by farmers for alfalfa hay, loose, North Central States, October-March .....	10.66	11.01	16.64	18.12	15.93
	<u>Total value</u>				
Market value at Chicago good and choice grade 95-pound slaughter lambs .....	11.58	15.05	14.89	15.13	14.36
Subsidy credit .....	.0	.0	.0	.0	2.76
Market cost of Omaha of 65-pound feeder lamb .....	7.08	8.22	7.72	8.09	0.46
Cost of 2-1/2 bushels of corn ...	1.69	2.00	2.57	2.48	2.59
Cost of 200 pounds alfalfa hay ...	1.07	1.10	1.66	1.81	1.59
Total of cost items shown 1/ ..	9.84	11.32	11.95	12.38	13.64
Margin of market value of lamb over total of cost items shown 1/ .....	1.74	3.73	2.94	2.75	3.48

1/ Does not include purchasing or marketing expenses, labor cost, overhead costs, or costs of other feed ingredients or credits for manure. The feed ration and prices shown are designed to be fairly representative of average feeding experience in the Corn Belt, but probably do not coincide with the experience of individual feeders.

Meat Ceiling Prices Increased

Increased wholesale meat and lard price ceilings became effective March 11 and March 14 to compensate in part for recent wage and salary increases in the meat packing industry. Increases in retail price ceilings were made in late March and early April.

In general, the increases to the civilian wholesale trade range from 25 to 75 cents per 100 pounds for uncured pork products, and 75 cents to \$2 for smoked, ready-to-eat and cooked items. Increases in Canadian-bacon price ceilings ranged from \$2.25 on the fresh product up to \$3.75 on ready-to-eat types.

Generally, ceiling prices for beef and veal wholesale carcasses and cuts for sale to the civilian market were increased 30 cents per 100 pounds, boneless beef 70 cents, and fabricated beef cuts 50 cents. On cured and cooked beef items increases ranged from 75 cents to \$4.75 per 100 pounds.

Wholesale ceilings on lamb and mutton carcasses and cuts increased 50 cents; for boneless cuts the increases range from 75 cents to \$1.50.

Allowable increases in wholesale ceilings on meat and lard for sale to war procurement agencies were somewhat greater than those for sales to civilians.

Wholesale price ceilings on lard were increased 50 cents per 100 pounds on sales to the Government and 25 cents per 100 pounds on sales in the civilian market.

Increases in retail meat price ceilings, to accompany the higher wholesale ceilings, average around 1½ percent. Increased retail ceilings on pork and beef became effective March 31 and April 1, respectively. New retail ceilings for sausage, variety meats, lamb and mutton became effective at a later date.

Meat Set-Asides Increased

To aid in procurement of meat by the Government, set-asides on meat produced under Federal inspection, suspended September 2, 1945, were reinstated October 14 on beef, veal, and mutton. The pork set-aside was reinstated February 10, 1945. Since then the set-aside on pork has been increased, and other set-asides also have been increased by reducing the number of States exempt from the orders and by broadening coverage to include some 100 nonfederally inspected plants certified by the Department of Agriculture as meeting certain sanitary standards.

Top grades of beef were exempt from the set-asides effective March 31. No change was made in the set-asides for the lower grades.

Table 4.- Summary of the meat and lard set-aside orders, October 1945-March 1946

(All set-asides previously in effect, except for lard, suspended September 2, 1945 reinstated October 14, 1945)

MARCH-APRIL 1946

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Type and grade	Set-aside percentages from federally inspected production effective:									
	1945					1946				
	Oct. 14	Oct. 21	Nov. 4	Dec. 16	Feb. 10	Feb. 17	Mar. 3	Mar. 10	Mar. 17	Mar. 31
Percentage of meat produced										
<b>Beef - WFO 75-2</b>										
Steer and heifer										
Choice grade .....	0	0	0	1/30	1/30	1/30	30	30	20	0
Good grade .....	0	0	0	1/30	1/30	1/30	30	30	20	0
Cow										
Good grade .....	0	0	0	1/30	1/30	1/30	30	30	20	0
Steer, heifer, cow										
Commercial grade .....	30	1/30	1/30	1/30	1/30	1/30	30	2/30	2/40	2/40
Steer, heifer, cow, bull, stag										
Utility .....	40	1/40	1/40	1/40	1/40	1/40	40	2/40	2/50	2/50
Canner and cutter .....	50	1/50	1/50	1/50	1/50	1/50	50	2/50	2/60	2/60
<b>Veal - WFO 75-4</b>										
Utility grade .....	40	1/40	1/40	1/40	1/40	1/40	40	2/40	2/40	2/40
<b>Mutton - WFO 75-6</b>										
Choice grade .....	20	1/20	1/20	1/20	1/20	1/20	20	2/20	2/20	2/20
Good grade .....	20	1/20	1/20	1/20	1/20	1/20	20	2/20	2/20	2/20
Commercial grade .....	20	1/20	1/20	1/20	1/20	1/20	20	2/20	2/20	2/20
Utility grade .....	20	1/20	1/20	1/20	1/20	1/20	20	2/20	2/20	2/20
Percentage of liveweight slaughter										
<b>Pork - WFO 75-3</b>										
Pork .....	0	0	0	0	3/7 1/2	3/10	3/13	2/3/13	2/3/13	2/3/13
Lard .....	4/4	4/4	4/3 1/2	4/3 1/2	3/5	3/5	5	2/3/5	2/3/5	2/3/5

1/ Arizona, California, Florida, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming, exempt from set asides.  
 2/ Set-asides broadened to include some 100 non-federally inspected slaughterers certified by the Department of Agriculture under WFO 139. 3/ Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia exempted from order. 4/ 29 States exempt from order, representing 15 to 20 percent of federally inspected lard production.

Restrictions on Purchase of Grain  
by Livestock Feeders

Widespread restriction on purchases and use of grain to obtain better distribution and to conserve supplies, was ordered by the Department of Agriculture April 1.

Under the order purchases of grain or grain products by a livestock producer are restricted to an amount which will allow him to feed market hogs not to exceed 225 pounds, to finish cattle to not better than the good grade, and to feed during the period April through September 1946, not more than 30 percent of the number of poultry fed during the corresponding months of 1945. The order also imposes various corn and sorghum grain inventory and use restrictions applicable to feeders, mixed feed, and food manufacturers, and processors. These restrictions prohibit purchases or delivery of corn by a livestock feeder if the user's inventory of corn and sorghum grains exceeds a 45-day supply. Livestock feeders' inventories of oats, barley, wheat, or other grains, except corn, for feeders who purchase grain, are not restricted under the order.

SUBSIDY PROGRAMS FOR MEAT ANIMALS

During the past three years, Government subsidy payments have been made to livestock slaughterers and to livestock producers to hold down the price of meat to consumers and to maintain or increase returns to producers. A third objective was to insure slaughterers and meat processors against incurring losses because of Government price controls. Subsidy payments to livestock slaughterers also were used to implement programs to control prices of live animals (with slaughterers being forced to comply with ceiling price regulations to be eligible for payments), and to channel more livestock through federally inspected packing plants to aid Government procurement and obtain better meat distribution for civilians in deficit meat areas. To accomplish the last objective, subsidy payments to nonfederally inspected slaughterers were limited for a time during 1945 to a percentage of the kill in a previous period, with no limitation of payments to plants operating under Federal inspection.

Subsidies to Livestock Slaughterers

In late June and Early July 1943, ceiling prices for meats were reduced about 3 cents per pound at retail and about 2 cents per pound at wholesale. The effect of this "roll-back" on prices of live animals was offset by the payment of subsidies to livestock slaughterers, to enable them to pay prevailing prices for live animals despite the reduction in wholesale meat prices.

Payments to slaughterers were made by the Reconstruction Finance Corporation. The initial payments were 1.1 cents per pound, live weight, for cattle and calves; 1.3 cents per pound for hogs; and 0.95 cents per pound for sheep and lambs. Later, subsidies on cattle and hogs were increased, and special subsidies were paid to non-processing slaughterers of cattle.

In late 1943, the slaughter subsidy payments on cattle became an integral part of the cattle stabilization plan. This plan was inaugurated primarily to establish ceiling prices on cattle, and the subsidy payments were used to bring about compliance with the price control features of the general price stabilization plan. Maximum and minimum prices for cattle by grades were established for geographical zones in the United States. From the calculated liveweight slaughter by grades and specified maximum and minimum prices by each grade, the overall limits for the average cost of cattle to individual slaughterers for a monthly accounting period were determined.

If a slaughterer's total cost for cattle in an accounting period was higher than the maximum permissible cost, or was below the minimum permissible cost, deductions were made from the subsidy payments in the amount that cattle costs were outside the permissible cost range. As a further refinement, beginning in early 1945, subsidy payments for cattle costs within the range were made on a sliding scale depending upon the cost of cattle in a monthly period. If the total cost of cattle (including transportation costs) to an individual slaughterer was at the top of the stabilization cost range, slaughter payments were made at the maximum rates; if the total cost of cattle was below the top of the stabilization cost range, the payments were reduced.

If a court found a violation of an OPA livestock or meat regulation, the entire subsidy for the accounting period had to be withheld by RFC upon certification by OPA. This requirement is still in effect. Effective April 1, 1946, penalties were increased for livestock slaughterers whose cattle costs exceed maximum permissible costs. The RFC will now withhold 10 percent of the subsidy of a slaughterer whose cattle costs exceed the maximums by no more than one-quarter of 1 percent, 30 percent will be withheld when the cost ranges from one-quarter to and including 1 percent, and 60 percent will be withheld when the cost ranges from 1 to and including 2 percent above the maximum. The entire subsidy will be withheld when the cost exceeds the maximum by more than 2 percent. The amount of the payment will be reduced 2 cents for every 3-cent decline in the cost of cattle from the maximum to the minimum of the cost range. Previously the payment was reduced 4 cents for each 5-cent drop in cost.

To aid in correcting an undue diversion of cattle, calves, and hogs from federally inspected to noninspected plants, payment of subsidies to noninspected slaughterers was limited beginning February 17, 1945. Under these limitations, noninspected slaughterers were limited to claims for subsidy payments on only a percentage of their kill in the corresponding accounting period a year earlier. These restrictions were later extended to sheep and lamb slaughterers. The percentages were changed from time to time by the War Food Administration in amendments to WFO-126. All such limitations on noninspected slaughterers were withdrawn May 23, 1945.

Special subsidies to slaughterers were paid in the period April 1-October 31, 1945 to assure that slaughterers who operated profitably before the war would not be required to operate at a loss during 1945. Additional payments were made to livestock slaughterers in fulfillment of the Barkley-Bates Amendment to the Price Control Act, to insure slaughterers a profit on each species of livestock killed. Such payments were made on cattle, calf, sheep, and lamb slaughter during the period July 1-October 31, 1945.

Table 5.-Summary of major changes in the livestock slaughter payment program of the Reconstruction Finance Corporation

Effective date	Principal provisions
Late June and early July 1943	: Began slaughter payments; \$1.10 per 100 pounds for live cattle and calves, \$1.30 per 100 pounds for hogs and \$.95 per 100 pounds for sheep and lambs. Subsidy payments accompanied a roll-back of meat prices about 3 cents per pound at the retail level and around 2 cents per pound at wholesale.
December 1943	: Subsidy payments for cattle on the basis of grade. Additional payment of \$.80 per 100 pounds to nonprocessing cattle slaughterers. No change in subsidy payment rates on calves. : Deductions taken from slaughter payments in the amount that slaughterers paid more than or less than the maximum and minimum cost for all cattle slaughtered each month (including transportation costs) under the cattle stabilization plan.
January 29, 1945	: Payment rates for cattle changed.
April 1, 1945	: Subsidy on hogs increased from \$1.30 to \$1.70 per 100 pounds. : Cattle subsidy payments on a sliding scale depending on average cattle costs.
May 1, 1945	: Changed subsidy rates on cattle.
June 4, 1945	: Changed subsidy rates on cattle. : Reduced nonprocessing subsidy on cattle from \$.80 to \$.40 per 100 pounds.
August 5, 1945	: Discontinued payment of \$.95 per 100 pounds to sheep and lamb slaughterers. (Special adjustment subsidies were paid on slaughter from April 1 to October 31, 1945. The payment rates were announced in December 1945 retroactive to the earlier periods).
March 21, 1946	: Increased amount of subsidy withheld from slaughterers whose monthly cattle costs exceed the maximum permissible cost. : <u>When costs exceed maximum by:</u> <u>Percentage of total subsidy withheld:</u> : Up to and including 25 percent 10 percent : 25 percent to and including 1 percent 30 percent : 1 to and including 2 percent 60 percent : Over 2 percent 100 percent : Changed the rate of subsidy withdrawal as cattle costs fall below the maximum permissible cost.

Table 6.-Summary of cattle subsidy payment rates under the slaughter payment program of Reconstruction Finance Corporation, "regular packers."

Effective date	(Dollars per 100 pounds, liveweight)			
	Choice and Prime	Good	Medium	Other grades
June 7, 1943	1.10	1.10	1.10	1.10
December 25, 1943	1.00	1.45	.90	.50
January 29, 1945	2.00	1.95	.90	.50
April 1, 1945				
Subsidy at maximum:	2.50	2.45	1.40	1.00
Subsidy at minimum:	2.00	1.95	.90	.50
May 1, 1945				
Subsidy at maximum:	2.75	2.70	1.65	1.00
Subsidy at minimum:	1.75	1.70	.65	.00
June 4, 1945				
Subsidy at maximum:	3.00	2.95	1.90	1.25
Subsidy at minimum:	1.80	1.75	.70	.25
April 1, 1946				
Subsidy at maximum:	3.00	2.95	1.90	1.25
Subsidy at minimum:	2.00	1.95	.90	.25

Table 7.-Subsidies paid by the Reconstruction Finance Corporation to livestock slaughterers, June 1943 - February 1946

Date	Amount	
1,000 dollars		
June to December 31, 1943	210,486	
January 1 to June 30, 1944	251,731	1944 total
July 1 to December 31, 1944	235,682	(487,416)
January 1 to June 30, 1945	192,104	1945 total
July 1 to December 31, 1945	278,514	(470,618)
January 1 to February 28, 1946	114,636	
Total	1,283,163	

Source: Reconstruction Finance Corporation

Direct Subsidy to Cattle Producers

On May 19, 1945, the Commodity Credit Corporation began the payment of a 50-cent per 100 pound subsidy to sellers of slaughter cattle weighing 800 pounds or more that had been owned by the seller for at least 30 days, and which sold for the equivalent of \$14.25 per 100 pounds or higher at Chicago. Payments are made by Commodity Credit Corporation through the offices of the county committees of the Agricultural Adjustment Agency (now known as Field Service Branch, FMA). The subsidy paid direct to farmers offered some inducement for the feeding of cattle to heavier weights and for feeding more cattle for market.

Direct payments to farmers for cattle totaled almost 14.5 million dollars in 1945 on over 2.8 million head of cattle, according to records of the Production and Marketing Administration. These records also show that subsidies paid on 550,000 cattle in January 1946 totaled 2.8 million dollars.

Direct Subsidies on Sheep and Lambs

A subsidy program to lamb feeders and sheep producers, replacing subsidies to slaughterers, became effective August 5, 1945, and will extend at least through June 1946. Payments are made through NAA county committees to persons selling sheep and lambs for slaughter. The program seeks primarily to help farmers and ranchers meet increased costs of production without increasing consumer prices on lamb and mutton. The schedule of payments on lambs varies seasonally. For 65 to 90-pound lambs, the rates vary from \$1.50 to \$2.50 per 100 pounds. For lambs over 90 pounds, payments range from \$2.15 to \$3.15. Payment rates for all other sheep and lambs are \$1.00 per 100 pounds without seasonal variation.

The CCC paid out almost 10 million dollars in 1945 under the sheep subsidy program.

Table 8 .- Prices received by farmers for meat animals and for feed grains,  
United States, 1935-46

(Index numbers 1935-39 = 100)

Month:	Meat animals 1/											
	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946
Jan. :	81	101	107	94	96	90	111	139	173	163	171	173
Feb. :	89	103	106	92	99	88	110	145	182	167	176	180
Mar. :	99	101	109	99	99	89	110	150	185	171	177	184
Apr. :	100	104	110	97	97	90	116	159	185	171	181	
May :	102	99	113	94	97	94	117	159	182	169	182	
June :	102	99	117	98	92	89	121	160	179	168	162	
July :	97	97	121	105	91	95	128	162	176	166	181	
Aug. :	106	100	124	97	87	96	131	166	175	169	178	
Sept. :	106	100	118	100	99	99	138	164	175	168	174	
Oct. :	100	96	110	94	97	97	131	166	171	169	170	
Nov. :	94	94	98	94	92	97	126	164	162	168	171	
Dec. :	98	98	92	93	88	97	134	165	163	166	171	
	Feed grains 2/											
Jan. :	133	77	150	79	68	83	84	114	133	178	168	171
Feb. :	132	80	153	79	66	86	84	120	138	179	167	174
Mar. :	129	81	154	78	67	88	86	122	145	180	169	178
Apr. :	131	81	170	79	69	91	92	123	152	182	167	
May :	138	84	172	78	73	95	96	125	155	182	167	
June :	121	85	163	76	75	92	98	122	161	181	169	
July :	113	114	160	76	71	89	99	122	164	182	170	
Aug. :	108	147	135	68	68	88	100	122	165	178	167	
Sept. :	104	148	125	68	84	87	105	121	168	173	165	
Oct. :	98	141	86	62	73	85	98	115	169	170	169	
Nov. :	80	137	74	60	73	84	98	114	167	163	170	
Dec. :	76	141	74	64	79	83	105	121	175	165	169	

1/ Cattle, calves, sheep, lambs, and hogs.

2/ Corn, oats, and barley.

Livestock prices per 100 pounds (except where noted), marketings and slaughter statistics, by species, February 1946, with comparisons

## PRICES

Item	1945 : January-February				1945 : 1946		
	annual	1944	1945	1946	Feb.	Jan.	Feb.
	average						
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
<u>Cattle and calves</u>							
Beef steers sold out of first hands, Chicago:							
Choice and prime .....	17.30	16.38	16.44	17.64	16.37	17.81	17.46
Good .....	16.00	15.06	15.38	16.44	15.42	16.51	16.56
Medium .....	14.12	13.19	13.76	14.88	13.96	14.30	14.96
Common .....	11.73	11.16	11.54	12.09	11.94	11.86	12.32
All grades .....	16.18	14.86	14.92	16.32	15.12	16.49	16.14
Good grade cows, Chicago .....	14.01	12.27	14.38	13.82	14.52	14.01	13.64
Vealers: Gd. and ch., Chicago ..	15.12	14.22	15.05	14.68	15.10	14.78	14.99
Stocker and feeder steers,							
Kansas City .....	13.07	12.28	12.70	14.14	13.00	13.56	14.71
Av. price rec'd by farmers:							
Beef cattle .....	12.10	11.40	11.30	12.20	11.60	11.80	12.60
Veal calves .....	13.20	12.95	13.20	13.75	13.20	13.60	13.90
<u>Hogs:</u>							
Av. market price, Chicago:							
Barrows and gilts .....	14.75	13.58	14.74	14.62	14.75	14.79	14.85
Sows .....	15.99	12.26	14.00	14.06	14.00	14.02	14.10
All purchases .....	14.66	13.36	14.08	14.74	14.70	14.72	14.77
Av. price rec'd by farmers for							
hogs .....	14.00	12.85	13.90	14.15	14.00	14.10	14.20
Av. price rec'd by farmers for							
corn 1/ .....	109.7	113.0	106.5	110.5	106.0	110.0	111.0
Hog-corn price ratio, U. S. 2/ ..	12.8	11.4	13.0	12.8	13.2	12.8	12.8
<u>Sheep and lambs</u>							
Lambs, gd. and ch., Chicago .....	15.48	15.92	16.12	15.08	16.59	14.99	15.28
Feeding lambs, gd. and ch., Omaha:	---	12.88	13.41	14.98	13.83	14.46	15.50
Ewes, gd. and ch., Chicago .....	7.63	8.11	8.44	7.56	9.04	7.26	7.90
Av. price rec'd by farmers:							
Sheep .....	6.35	6.34	6.37	6.50	6.56	6.36	6.64
Lambs .....	13.00	12.65	13.20	13.15	13.50	13.00	13.50
Index retail meat prices 3/ .....	131.1	130.8	130.4	131.4	130.7	131.4	131.3
Index income of industrial							
workers 4/ .....	276.3	338.4	325.3	---	324.3	224.7	---
Number slaughtered under Federal inspection and market statistics							
	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.
Cattle .....	14,538	1,092	1,216	1,013	1,149	1,012	1,015
Calves .....	7,020	454	501	453	442	440	427
Sheep and lambs .....	21,220	3,454	3,695	3,636	1,622	1,440	2,196
Hogs .....	46,960	15,219	8,566	9,610	3,267	4,911	4,698
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
Av. live weight of hogs,							
7 markets .....	269	250	248	264	249	263	264
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Percent packing sows are of							
all purchases, 7 markets .....	9	7	5	5	4	6	5

1/ Cents per bushel. 2/ Number of bushels of corn equivalent in value of 100 pounds of live hogs. 3/ Bureau of Labor Statistics, 1935-39 = 100. 4/ 1935-39 = 100.

# WOOL, SHORN: PRODUCTION, PRICE, AND CASH FARM INCOME, UNITED STATES, 1909-45

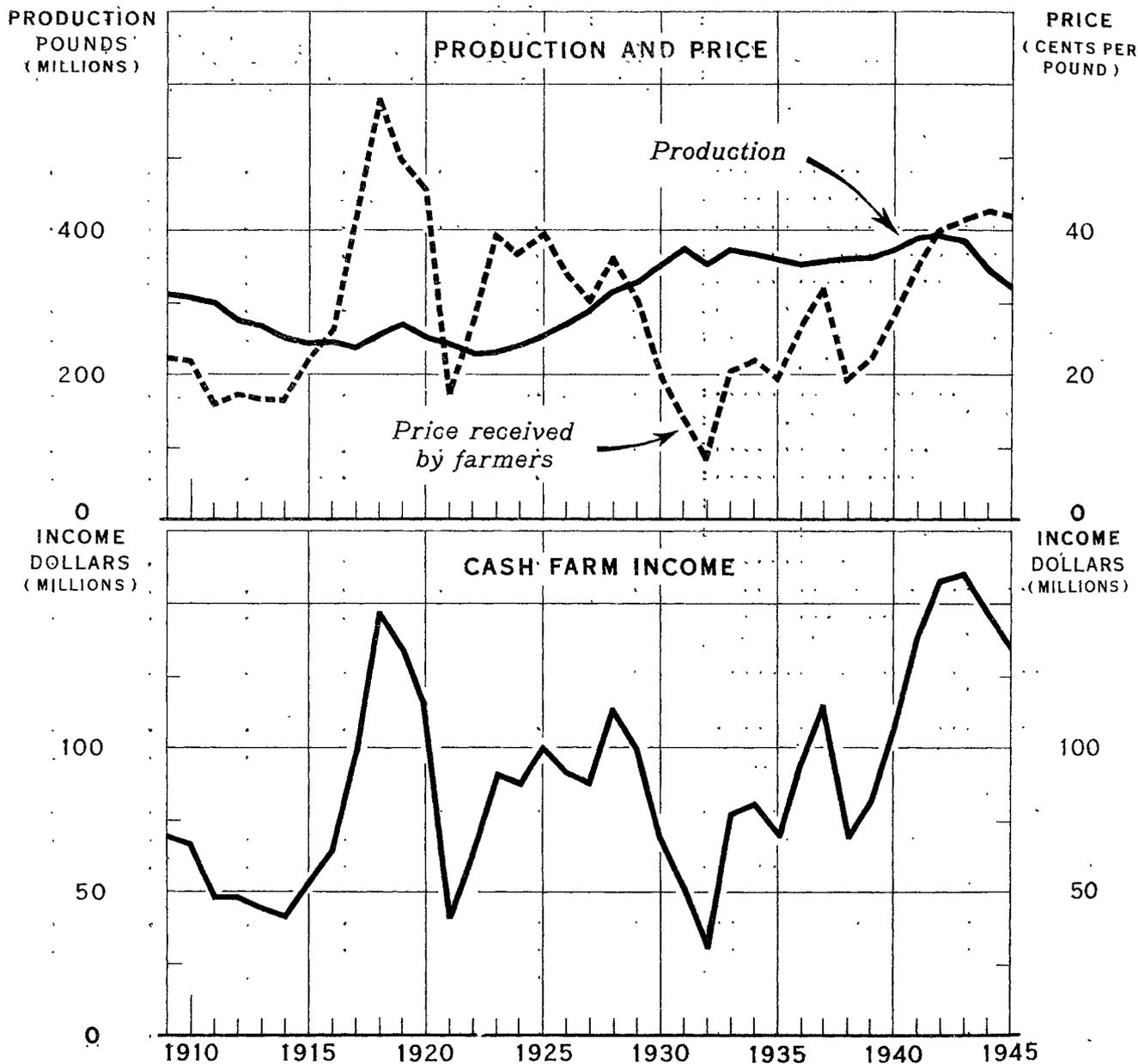


FIGURE 2.

Cash income from shorn wool in 1945 of 135 million dollars, was 16 percent smaller than the 1943 record income of 160 million dollars. Prices received by farmers for wool have not changed much during the past 4 years, but production has declined sharply.

Prices for 1946 will be about the same as in 1945, as the government purchase program has been extended to November 1, but production and cash income will decline still further.

## THE WOOL SITUATION

United States Wool Production  
To Be Reduced in 1946

As the number of stock sheep on farms on January 1, 1946 was 8.3 percent smaller than a year earlier, United States shorn wool production this year will be smaller than the 1945 production of 321 million pounds, continuing the decline which began in 1943. During the 10 years 1935-44, the annual number of sheep shorn ranged from 97.5 to 100.7 percent of the number of stock sheep on farms on January 1 of the same years, averaging 99.1 percent. On the basis of this relationship and average weight per fleece (1935-44) of 7.98 pounds, shorn wool production this year would be 290 to 300 million pounds, some 25 percent less than the 1942 record production. This would be the smallest shorn wool production since 1927. Slaughter of sheep and lambs in 1946 is expected to be smaller than last year, and production of pulled wool also is expected to be smaller than last year's production of 66 million pounds.

Wool production may decline further in the next year or two, but the rate of decline is likely to be smaller than in the past 4 years. Breeding sheep have been culled heavily in the past 2 years, and prices of sheep and lambs are likely to be high relative to prices of beef cattle and some other competitive farm enterprises in the next year or two if price controls are removed. Growers' prices for wool will remain about at present levels, at least through 1946.

Production of shorn and pulled wool combined totaled 387 million pounds in 1945. This was 7 percent smaller than the 1944 production and 16 percent smaller than the 1942 record production of 459 million pounds.

Further Reduction in Farm Income  
From Wool in 1946

The extension of the wool purchase program to November 1, 1946 will hold growers' prices at 1945 levels. Total farm income from wool in 1946, however, will be smaller than in 1945 because of reduced production. The weighted average price received by farmers for wool in 1945 of 41.9 cents a pound was 0.5 cent lower than in 1944, but with the exception of 1944 was the highest annual average price reported since 1920. Cash farm income from shorn wool in 1945, totaling 135 million dollars, was the smallest since 1940. The 1945 income was 9 percent less than in 1944 and 16 percent less than the record 1943 income of 160 million dollars.

Table 9.- Stock sheep on farms January 1, number shorn, wool produced, and cash farm income from sales of wool  
United States, 1935-46

Year	Stock sheep on farms Jan. 1	Sheep shorn	Weight per fleece Pounds	Shorn wool production 1,000 lbs.	Price per pound Cents	Cash farm income 1,000 dol.	Pulled wool production 1,000 lbs.
1935	46,139	44,991	8.04	361,531	19.3	69,613	66,000
1936	45,386	44,623	7.91	352,863	26.9	94,828	66,200
1937	45,422	44,444	8.04	357,454	32.0	114,234	66,200
1938	45,119	45,030	8.02	361,180	19.1	69,156	64,500
1939	45,710	45,428	8.01	363,716	22.3	81,108	64,500
1940	46,558	46,645	8.03	374,564	28.3	106,174	62,000
1941	47,804	48,130	8.11	390,568	35.5	138,656	65,800
1942	49,807	49,784	7.88	392,373	40.1	157,235	66,700
1943	48,796	48,573	7.91	384,378	41.6	159,953	65,200
1944	45,232	44,324	7.83	347,094	42.4	147,206	71,000
Average:							
1935-44:	46,597	46,197	7.98	368,572	30.8	113,816	65,800
1945	40,922	40,337	7.96	321,017	41.9	134,621	66,000
1946	37,517						

Government Wool Stocks May Be  
Reduced in 1946

At the beginning of 1946, stocks of apparel wool held by United States mills and dealers, and Government owned wool available to domestic mills totaled 798 million pounds, grease basis, compared with 749 million pounds a year earlier, and the 1935-39 average January 1 stocks of about 275 million pounds. In addition to these stocks, about 268 million pounds of British owned wool were stored in this country at the beginning of 1946. The British owned wool is being reexported, however, and it is unlikely that any of it will be available for commercial use in the United States.

Stocks of domestic wool -- largely owned by Commodity Credit Corporation-- were about 112 million pounds larger at the beginning of 1946 than a year earlier. Because of the low rate of consumption of domestic wool, a considerable part of the 1945 domestic production went into Government stocks. United States Government stocks of foreign wool, which totaled 114 million pounds at the beginning of 1945, have all been sold to domestic users, or allocated to foreign countries. Privately-owned stocks of domestic and foreign apparel wool, totaling 348 million pounds at the beginning of 1946, were slightly larger than a year earlier. They consisted chiefly of foreign wool. Because 1946 mill consumption of domestic and foreign wool combined probably will be fully twice as large as domestic production the carry-over of Government stocks into 1947 is likely to be reduced greatly if CCC selling prices remain sufficiently attractive.

Factors other than price also may be of importance in determining the proportion of domestic wool to be used during 1946. In the preparatory stages-- sorting, scouring and combing -- less labor is required for foreign wool because of its better preparation prior to marketing, and its higher clean yield. This is important where output is limited by shortage of skilled workers. Commercial reports indicate that United States buyers purchased approximately 400 million pounds of wool in Australia between July 1, 1945 and March 15, 1946. These represent orders accepted but not as yet completely filled. Shipments from Australia to the United States from July 1 through November 30 totaled only 107 million pounds. Hence large quantities will be shipped during the first half of 1946 if all of the reported sales are filled. United States buyers have also purchased apparel wool in other Southern Hemisphere markets in recent months. Importation of this wool may reduce consumption of domestic wool.

Table 10 - Stocks of domestic and foreign wool in the United States, beginning of year, 1945 and 1946 <sup>1/</sup>

Item	1945	1946
	Million pounds	Million pounds
Wool available for domestic use		
Apparel wool		
Privately owned		
Domestic wool .....	96	70
Foreign wool .....	229	<sup>2/</sup> 279
Total .....	325	349
Government owned		
Domestic wool (CCC) .....	310	449
Foreign wool (DSC) .....	114	---
Total .....	424	449
Total apparel wool .....	749	798
Carpet wool, privately owned .....	52	110
Wool held for shipment abroad (all foreign) :		
Owned by British Government <sup>3/</sup> .....	464	268
Owned by U. S. Government .....	---	<sup>4/</sup> 10
Total all wool .....	1,265	1,186

<sup>1/</sup> Reporting dates for commercial stocks were December 30, 1944 and 1945. Privately owned stocks and CCC stocks converted to a grease basis. Stocks of foreign wool owned by the Defense Supplies Corp. and by the British Government are in actual weight but consisted almost entirely of grease wool. Wool on farms, if any, is not included.

<sup>2/</sup> Includes about 2 million pounds owned by War Asset Corporation.

<sup>3/</sup> Wool stored in the United States for the British Government is being re-exported. None of this wool is likely to be available to commercial interests in the United States.

<sup>4/</sup> Foreign wool held by Treasury Procurement but allocated to foreign countries. Based on data from the Commodity Credit Corporation, Defense Supplies Corporation, and Bureau of the Census.

Table 11. - Stocks of apparel and carpet wool held by CCC, dealers, and manufacturers, grease basis, United States, 1937-45 <sup>1/</sup>

Year and date	Apparel wool						Carpet wool
	Domestic			Foreign			
	CCC	Dealers	Mills	Dealers	Mills	Total apparel	
	2/	3/	3/	3/	1/		
	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds	pounds
Dec. 31							
1937		134,623	66,037	14,355	23,213	238,288	59,866
1938		116,635	82,225	16,036	15,329	230,225	33,524
1939		44,051	81,491	20,522	31,227	177,291	37,971
1940		35,055	86,991	23,822	47,973	193,841	35,291
1941		59,671	110,499	27,511	92,752	290,433	44,723
1942 <sup>4/</sup>		61,778	146,963	5/62,517	5/122,225	5/393,483	70,245
1943		41,459	61,063	77,391	128,255	490,168	42,045
By quarters:							
1944							
Apr. 1	184,000	28,479	48,697	66,962	142,972	471,110	40,138
July 1	233,000	108,458	50,982	73,464	152,549	618,453	33,481
Sept. 30	328,000	78,056	43,163	81,310	138,767	669,296	48,904
Dec. 30	310,000	39,173	57,079	81,167	147,960	635,379	52,197
1945							
Mar. 31	292,000	26,559	47,292	56,968	189,960	612,779	66,412
June 30	353,000	76,420	39,172	66,697	179,714	715,003	67,379
Sept. 29	421,000	59,757	21,596	74,254	188,047	764,654	80,693
Dec. 30	449,000	49,814	19,711	99,457	179,987	797,969	110,034

<sup>1/</sup> Excludes wool on farms and ranches, Defense Supplies Corp. stocks, and wool stored for the British Government.

<sup>2/</sup> Beginning 1943 dealers' stocks include wool held on consignment for appraisal and purchase by the Commodity Credit Corporation. The figures were obtained by deductions of CCC owned stocks (as shown in preceding column) from the total stocks of domestic wool reported by dealers.

<sup>3/</sup> Includes topmakers.

<sup>4/</sup> December 26.

<sup>5/</sup> Includes a small quantity of fine carpet wool.

Compiled from reports of the Bureau of the Census and the Commodity Credit Corp.

United States Wool Imports in Second  
Half of 1945 Much Larger Than a Year  
Earlier

General imports of apparel wool into the United States from July through December 1945--the first 6 months of the current Southern Hemisphere export season--totaled 427 million pounds, almost twice as large as a year earlier. In addition to the 228 million pounds imported in the latter half of 1944, however, commercial interests in the United States purchased about 110 million pounds of foreign wool--chiefly Australian wool--from the Defense Supplies Corporation stockpile. Slightly more than one-third of the July-December 1945 imports of apparel wool were from Australia, and about one-third from Argentina. The remainder came chiefly from Uruguay, South Africa and New Zealand, with small quantities from other South American countries and Canada.

Imports of apparel wool from Australia totaled 152 million pounds in the latter half of 1945. Only 64 million pounds were imported from Australia in the same period of 1944, but 104 million pounds of Australian wool were purchased for the Defense Supplies Corporation stockpile. About 146 million pounds of apparel wool were imported from Argentina in the second half of 1945, compared with 75 million pounds in the corresponding period of 1944. A considerable part--probably about half--of the apparel wool imported from Argentina in the latter part of 1945 was wool grading 40's and coarser. Imports from South Africa, of 28 million pounds, were 3 times as large as a year earlier and imports from New Zealand of 33 million pounds, were 5 times as large as a year earlier. Imports from Uruguay of 53 million pounds were slightly smaller than the July-December 1944 imports.

Imports continued large during the early months of 1946. About 130 million pounds of apparel wool were received at the 3 leading ports of entry (Boston, New York and Philadelphia) between January 4 and March 22.

Table 12.--General imports of raw wool into the United States by principal countries of origin, July-December 1944 and 1945

Country of origin	Actual weight 1/					
	1944			1945		
	Apparel wool	Carpet wool	Total	Apparel wool	Carpet wool	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Australia .....	63.6	2/	63.6	152.1	-	152.1
Argentina .....	74.6	6.2	80.8	146.3	41.9	188.2
Uruguay .....	58.1	.5	58.6	52.9	.3	53.2
South Africa .....	8.6	-	8.6	28.2	-	28.2
New Zealand .....	6.6	.8	7.4	32.7	2.1	34.8
Chile .....	8.4	-	8.4	7.7	-	7.7
Peru .....	1.7	-	1.7	1.4	-	1.4
Canada .....	5.6	-	5.6	5.4	-	5.4
Eire .....	.1	1.1	1.2	.2	2.2	2.4
United Kingdom .....	-	.7	.7	.1	.7	.8
British India .....	-.1	11.6	11.7	-	21.3	21.3
Afghanistan .....	-	.8	.8	-	1.3	1.3
Ira .....	-	.5	.5	.1	2.2	2.3
China .....	-	-	-	.2	1.5	1.7
Other countries .....	.2	.5	.7	.1	1.0	1.1
<b>Total .....</b>	<b>227.6</b>	<b>22.7</b>	<b>250.3</b>	<b>427.3</b>	<b>74.5</b>	<b>501.8</b>

1/ Weight of greasy, scoured and washed wool as reported.

2/ Less than 50,000 pounds.

Data based on a study of raw wool made through the war period by the Tariff Commission for the WFB.

Domestic Mill Consumption to Continue  
Large in Next Year Or Two

In the second half of 1945 United States mill consumption of apparel wool was at a weekly average rate of 16 to 17 million pounds, grease basis, equivalent to an annual rate of approximately 850 million pounds. This relatively high rate of consumption is likely to be maintained or exceeded during the greater part of 1946, to replenish commercial inventories of wool fabrics and clothing and to meet strong civilian demands. Mill consumption probably will decline somewhat after inventories are built up. Strong civilian demand in the next few years, however, is likely to maintain mill consumption well above the 1935-39 average annual consumption of approximately 590 million pounds grease basis.

Consumption of apparel wool for 1945 as a whole totaled 1,013 million pounds, grease basis, 589 million pounds scoured equivalent, about the same as in 1944. Consumption of wool was well maintained from late 1941 until mid-1945 at an annual rate of slightly more than 1 billion pounds, although the number of workers in the industry declined from a peak of 191,900 reported employed in December 1941 to 140,400 in June 1945. While total annual consumption was fairly constant, consumption of domestic wool declined rapidly after 1942. In 1945 consumption of domestic wool amounted to only 250 million pounds-- 25 percent of the total used by United States mills. In the latter half of 1945, only 12 percent of the wool used was domestic wool. Use of domestic wool increased slightly in December, following November 27 reduction in sales prices for such wool.

Prices of Government-Owned Domestic  
Wool Further Reduced

Further reductions in selling prices for domestic wool were made by the CCC February 21 to encourage increased use of domestic wool by mills. Prices were reduced an additional 3 cents per clean pound for 1944, 1945, and 1946 wools, and 5 cents per clean pound for 1943 wool. This reduction, combined with the reduction made November 27, brings CCC average selling prices for domestic wool approximately 9.5 cents per pound, grease basis, below both the original CCC selling prices and the prices at which the CCC is purchasing domestic wool. Prices to growers are not affected by the change in selling prices, as the CCC continues to purchase wool at prices specified in the 1945 purchase program.

This reduction in CCC selling prices is designed to bring prices to mills to a level competitive with current prices of duty-paid imported wool. At present, prices of imported wool are determined to a large extent by prices at which the British Joint Wool Organization is selling wool from Australia, New Zealand and South Africa. Prices of such wool will remain unchanged until June 30, 1946. Prices of South American wool, which is privately owned, have advanced moderately in recent months in response to revived European buying. Current prices of fine and medium South American wool appear to be more or less in line with prices of comparable British wool.

Wool Program Proposed

The President on March 11 recommended to Congress a program designed to place price support to wool growers on a basis comparable with support to other agricultural producers. The program calls for legislative action: (1) to establish a comparable price for wool, in place of the present parity price; (2) to authorize the Commodity Credit Corporation to support prices to wool growers through purchases, loans, or payments in line with the Steagall provisions for support of other agricultural commodities; (3) to provide for the sale of domestic wool by the CCC at prices competitive with imported wool, irrespective of other provisions of law; (4) to provide for the use of general customs receipts to make up losses in the CCC wool support program; (5) to make the Marketing Agreements Act of 1937 applicable to wool; and (6) to provide for a research and development program to improve wool quality and stimulate its use regardless of price.

The Steagall provisions specified in point 2 provide for support of prices at not less than 90 percent of the parity or comparable price for at least two years following official proclamation of termination of the war. However, the proposed wool program specifically provides that no reduction shall be made in the general level of support prices from the 1946 level until the decline in sheep numbers is halted, except to correct inequities. It would further provide that the reduction for any one year shall not exceed 8 percent of the average support price for the previous year. The present program which provides for Government purchase of domestic wool at ceiling prices will expire November 1, 1946, unless extended. Under this program, prices to growers averaged 42.4 cents per pound in 1944 and 41.9 cents in 1945.

1946 Southern Hemisphere Carry-Over may  
Slightly Exceed 1945 Carry-Over

Wool exports from Southern Hemisphere countries in the early months of the 1945-46 season were much larger than in the corresponding months of the previous season. <sup>1/</sup> The increase was chiefly in exports to the United States and the United Kingdom, but shipments to other countries also increased somewhat. Exports from Australia totaled 271 million pounds in the first 5 months (July-November) of the 1945-46 season, compared with 181 million pounds a year earlier. Exports from Australia to the United States of 107 million pounds were 56 percent larger than in the same months of the previous year and shipments to the United Kingdom, totaling 135 million pounds, were 31 percent larger than a year earlier. Argentine exports for the first 5 months (October-February) of the current season, 230 million pounds, were four times as large as for the corresponding period of 1944-45. About 70 percent of Argentine exports were to the United States. Shipments from South Africa also were much larger from July through November 1945 than a year earlier, but exports from Uruguay this season are smaller.

Although combined exports from the 5 Southern Hemisphere countries this season probably will be much larger than in any of the past 3 seasons, the 1946 carry-over in these countries may not differ much from the 1945 carry-over of approximately 3.1 billion pounds actual weight. The British Joint Wool Organization held about four-fifths of the 1945 total carry-over in Southern Hemisphere countries, and will hold an equally large part of the 1946 carry-over.

<sup>1/</sup> Season begins July 1 in Australia, New Zealand and South Africa; October 1 in South America.

## Prices per pound of wool and other textile fibers, United States, 1943-46

Item	Annual average			1945		1946	
	1943	1944	1945	Jan.	Feb.	Jan.	Feb.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Prices received by farmers, grease basis, 15th of month	41.6	42.4	41.9	40.7	40.2	40.1	40.1
Boston market: 1/							
Territory; scoured basis-							
64s, 70s, 80s, staple combing:	117.8	119.0	117.7	119.0	119.0	103.5	102.5
56s combing .....	104.2	104.5	103.5	104.5	104.5	92.5	91.5
Bright fleece, greasy-							
64s, 70s, 80s delaine .....	46.9	47.0	47.0	47.5	47.5	42.0	41.5
56s combing .....	54.2	54.5	54.0	54.5	54.5	48.5	48.5
Foreign wool, in bond:							
Scoured basis-							
Australian 64s, 70s good							
top-making 2/ .....	75.9	72.1	75.2	74.3	75.0	75.5	75.5
Cape, short combing .....	72.5	72.5	72.5	72.5	72.5	3/67.5	3/67.5
Grease basis-							
Montevideo 60-64s .....	41.4	39.4	39.6	39.2	39.2	40.7	41.5
Montevideo 1s (56s) .....	41.4	40.7	42.2	41.5	41.5	42.4	42.5
Other textile fibers:							
Cotton, 15/16-inch							
Middling 4/ .....	20.6	21.2	22.6	21.7	21.6	24.7	25.5
Rayon staple fiber 5/							
Viscose 1-1/2 denier .....	24.4	24.8	25.0	25.0	25.0	25.0	25.5
Acetate 5 denier .....	43.0	41.9	38.0	38.0	38.0	38.0	38.5

Domestic wool prices are from the Production and Marketing Administration; foreign wool prices are from the Boston Commercial Bulletin except as noted, and are before payment of duty.

1/ Domestic wool prices based on CCC selling prices, 1944 to date. 2/ Quotation from the Production and Marketing Administration. 3/ New series beginning 1946 prices are for Cape 10-12 months superior spinners style, and are not strictly comparable with earlier data. 4/ Average at 10 markets. 5/ F.o.b. producing plants Bureau of Labor Statistics.

## Wool: Mill consumption in the United States, 1943-45

Item	Total			Weekly average		
	1943 1/	1944 2/	1945	1944	1945	
				Dec. 3/	Nov. 4/	Dec. 4
Grease basis:	1,000	1,000	1,000	1,000	1,000	1,000
Apparel wool-	pounds	pounds	pounds	pounds	pounds	pounds
domestic	430,456	318,595	251,735	6.554	1.491	1.597
Foreign	630,968	690,364	761,046	12.652	15.222	14.374
Total	1,061,424	1,008,959	1,012,781	19.206	16.713	15.971
Carpet wool	43,732	61,166	76,087	1.299	2.181	2.569
Scoured basis						
Apparel wool-						
Domestic	203,580	150,861	120,357	3.184	.772	.781
Foreign	388,284	426,152	468,891	7.699	9.311	8.818
Total	591,864	577,013	589,248	10.883	10.083	9.599
Carpet wool	32,240	45,757	55,885	.983	1.592	1.862

Compiled from reports of the Bureau of the Census.

1/ 52-week totals based on weekly averages for reporting year.

2/ Revised 3/ 5-week period 4/ 4-week period.