

THE

# Livestock and Wool

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

LWS - 47



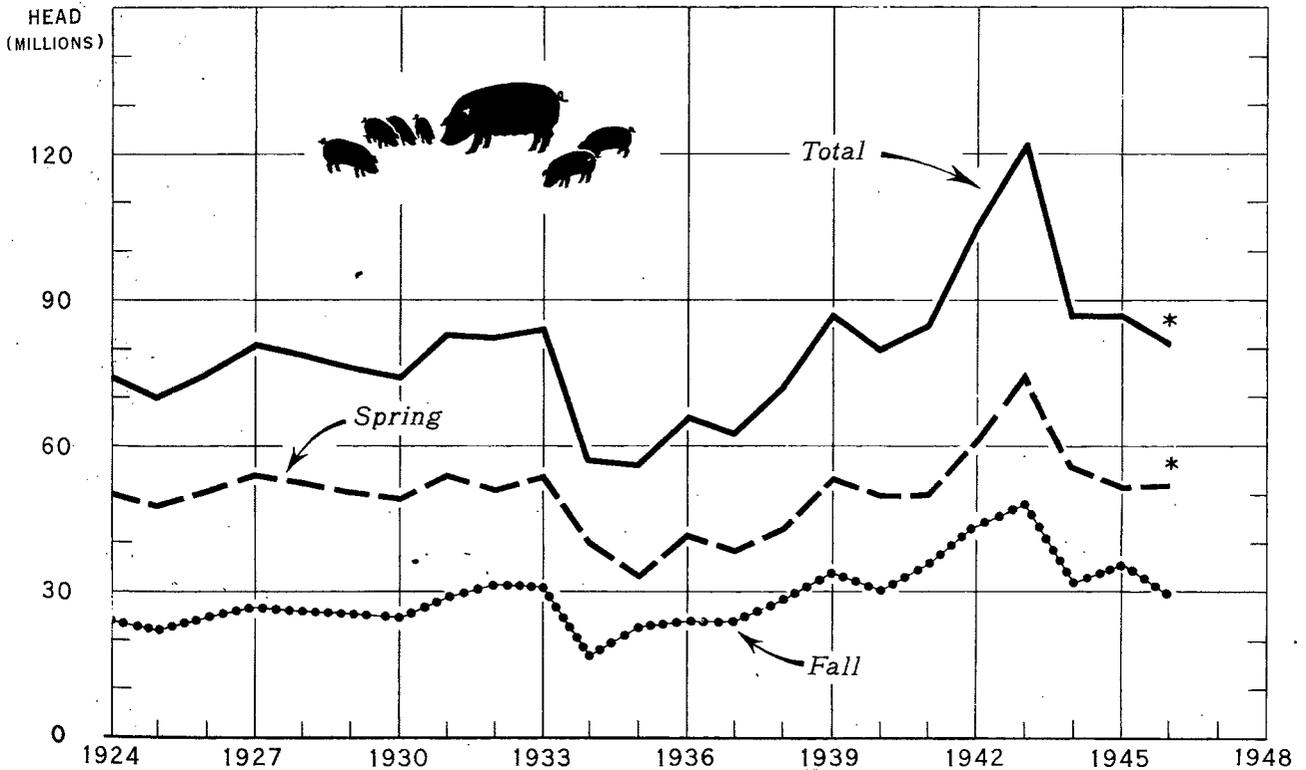
JULY 1946

427433  
U.S.U. -

In this issue:  
EUROPEAN LIVESTOCK AND MEAT PROSPECTS



## SPRING, FALL, AND TOTAL PIG CROPS, UNITED STATES, 1924-46



\* FALL PIG CROP BASED ON SOWS INDICATED TO FARROW AND 1935-44 AVERAGE NUMBER OF PIGS SAVED PER LITTER

U. S. DEPARTMENT OF AGRICULTURE

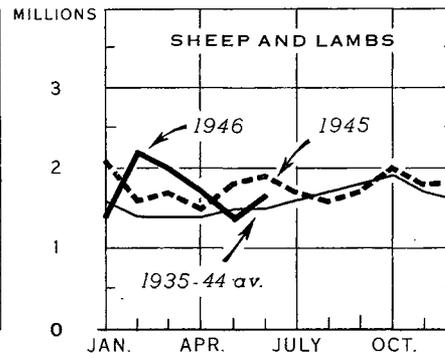
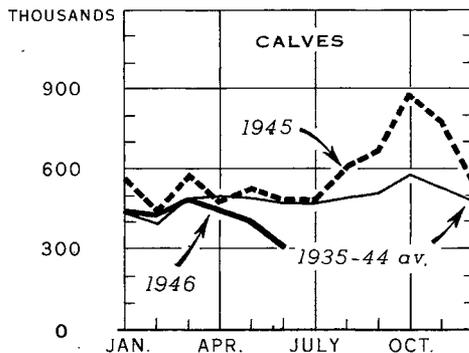
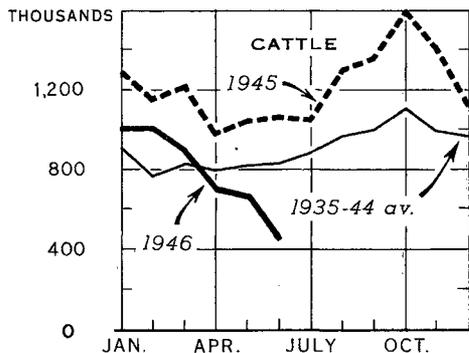
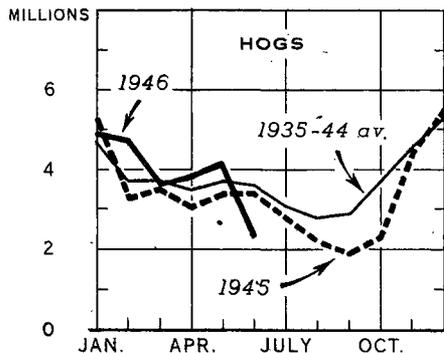
NEG. 39337 BUREAU OF AGRICULTURAL ECONOMICS

Breeding intention reports on June 1 indicated that around 4.6 million sows would be bred for fall farrow this year, a decrease of 16 percent from a year earlier. This number is 39 percent below the 1943 record, 9 percent below the 1935-44 average and the smallest since 1938.

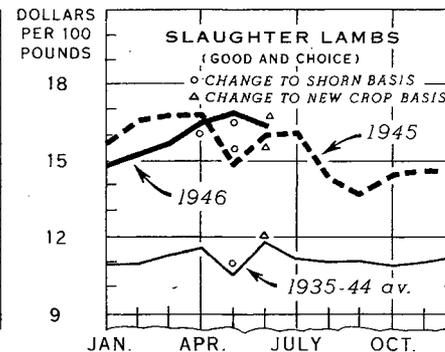
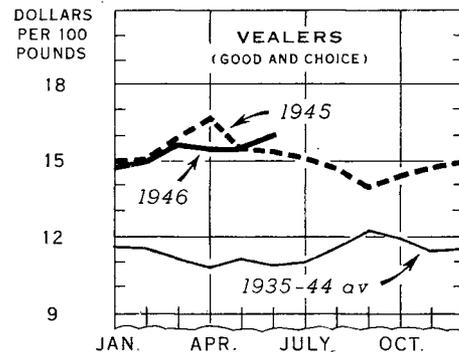
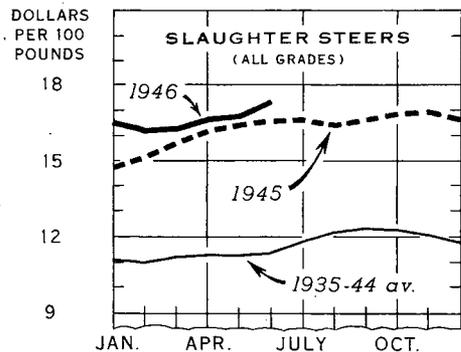
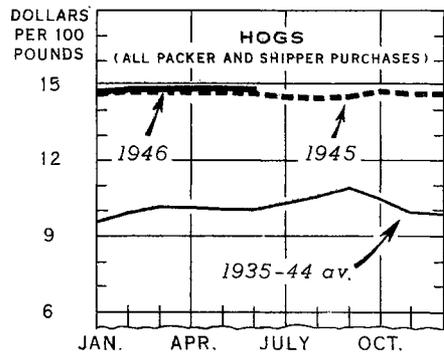
Since July 1, prices of corn have increased relatively more than hog prices and the hog-corn price ratio continues distinctly unfavorable to hog producers.

# LIVESTOCK SLAUGHTER, PRICES AND MARKETINGS, MEAT PRODUCTION AND STOCKS, AND HOG-CORN PRICE RATIO

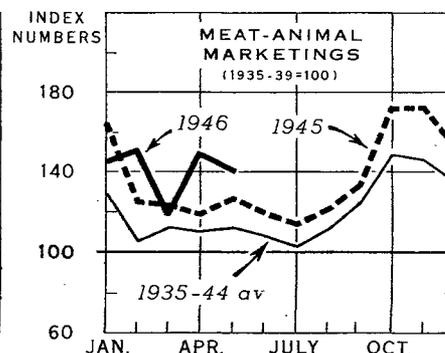
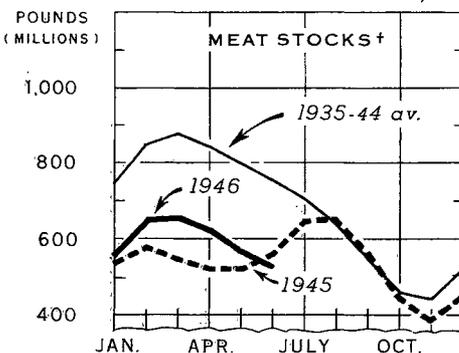
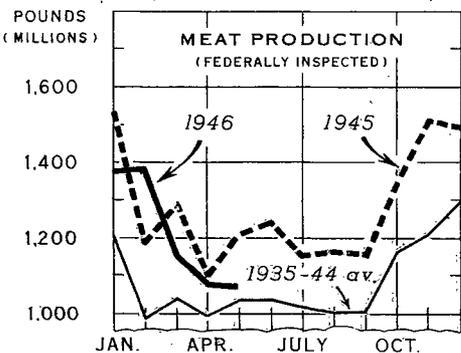
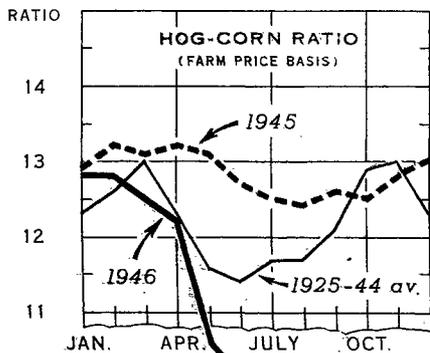
## FEDERALLY INSPECTED SLAUGHTER, UNITED STATES \*



## MARKET PRICES AT CHICAGO



## HOG-CORN PRICE RATIO, MEAT PRODUCTION, MEAT STOCKS AND MARKETINGS, UNITED STATES



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

† BEEF, LAMB, MUTTON, PORK, AND MISCELLANEOUS MEATS IN MEAT PACKING PLANTS AND COMMERCIAL COLD STORAGE HOUSES, BEGINNING OF MONTH

---

 THE LIVESTOCK AND WOOL SITUATION
 

---

Approved by Outlook and Situation Board July 15, 1946

<u>Contents</u>		<u>Page:</u>
: Summary .....		3 :
: Outlook .....		7 :
: Government Actions .....		15 :
: European Meat Supplies .....		17 :
: The Wool Situation .....		23 :

### SUMMARY

Meat animal prices, after increasing for several months, rose sharply as price control lapsed July 1. Prices of fed cattle were pressing against ceilings in June. In the second week of July, prices of slaughter cattle at Chicago averaged 6 to 24 percent higher than in late June, depending on grade, with some choice steers reaching the record top of \$23.25 compared with the \$18.00 ceiling in effect in June. Prices of top cattle moved to higher levels in the third week of July. The average price of all beef steers sold at Chicago for slaughter in the second week of July was 15 percent higher than two weeks earlier. Prices of feeder and stocker steers and heifers advanced only slightly. Spreads between prices of different grades and weights of animals, unusually narrow in June, widened considerably in July.

Despite increased marketings of hogs, prices of hogs at Chicago rose from an average of \$14.74 during the last week of June to \$16.71 during the second week of July, an increase of 13 percent. The average price of barrows and gilts advanced from \$14.35 to \$17.14. The percentage of sows in total sales at 7 markets increased from 9 to 34, but the increase was nominal at some markets since many sows in June apparently were sold at the ceiling price for barrows and gilts. The average price of sows at Chicago advanced from \$14.10 in late June to \$16.04 in the second week of July.

Prices of spring lambs rose about 21 percent in the first two weeks of July. Receipts of sheep and lambs were small, chiefly as a result of heavy marketings in late June in anticipation of subsidy termination July 1.

The lapse of price control on meat and of subsidies to slaughterers of cattle, calves, and hogs July 1 was accompanied by a greater rise in wholesale prices of most meats than in prices of live animals. Subsidies to slaughterers had been equivalent to about 14 percent of the average price received by farmers for cattle and hogs. Part of the rise in wholesale prices of beef, veal, and pork went to packers to compensate for withdrawal of subsidies. Wholesale prices of steer carcasses at Chicago in the second week of July were quoted at prices ranging from 13 to 108 percent above the June 30 ceilings. Prices of major pork cuts rose 7 to 72 percent. Wholesale prices of lamb carcasses were 19 to 58 percent higher than in late June. These ranges were wider than usual, due largely to uncertainties in the market.

Retail prices of meat, if not controlled, are likely to reach a peak during the summer when production of meat will be at the seasonal low. Meat prices probably would decline from summer peaks this fall and early winter as meat production increases seasonally, but prices probably would remain above the levels reported in June. Meat prices would be higher by at least the amount of the subsidies. Prices of meat animals probably would remain above June levels, although for cattle and hogs the increase would not be so great as in the case of retail prices of meats because of the withdrawal of packer subsidies.

The principal uncertainty in the outlook for meat prices is the extent to which retail prices of other commodities and services will rise. If price control should be continued on most items important in the cost of living except meat, the general level of consumer prices would rise only moderately. In that event, part of the demand for meat would be transferred to relatively lower priced foods and to other commodities; the price of meat at retail in October-December, on the

basis of past relationships, would be 15 to 20 percent higher than in June. On the other hand, if price controls are not restored and if the consumer price index should rise by as much as 20 percent, past relationships indicate that the average retail price of meat in October-December would be around 35 percent higher than in June. Increases in meat prices would not be uniform. The largest relative increases are likely to be on the better cuts and grades.

Other factors that will affect the price of meat in the fall and early winter include changes in real income of consumers and in the supply of meat. Although income is rising, it is not likely to rise much faster than prices. The supply of meat per person during the fourth quarter of 1946 will be 13 to 20 percent larger than in the spring and summer, although 8 to 10 percent smaller than the very large supply available last fall when slaughter was at a near record level, Army contracts were being cancelled, and little meat was procured for export.

Total meat production in the first 5 months of 1946 apparently was about equal to that of a year earlier. Marketings of hogs and cattle declined materially in June as producers awaited the outcome of legislative action on price control. But marketings increased substantially in July. Production of meat for the year as a whole may be around 22.6 billion pounds (wholesale meat basis) compared with 22.9 billion in 1945 and the record high of 24.7 billion in 1944.

Meat set-asides were set at zero, effective July 1. Commodity Credit Corporation purchases of meat were large in the first 6 months of 1946 and exports from the United States during the period were around 1 billion pounds compared with exports of 1.2 billion pounds for the full year 1945.

Meat consumption per person in continental Europe for 1945 is estimated at around 60 percent of prewar. Civilian consumption in the United Kingdom

also was below prewar. Some improvement apparently has taken place in continental Europe in 1946. Prospects for declining meat production in the United States and Canada in 1947 indicate that meat exports from those countries probably will decline in the next year, although remaining above prewar. Total exports of meat from the major supplying countries of South America, New Zealand, and Australia probably can be maintained at the 1945 level, or moderately above prewar. But improvement in European meat supplies will depend chiefly on recovery of livestock production in Europe, which will be gradual, particularly in view of the present serious world shortage of grains and high-protein feeds.

On many wool apparel items, demand will continue exceptionally strong for another year. According to Civilian Production Administration estimates, the maximum production of the men's suit industry during 1946 will be about one-sixth greater than in 1939. This will meet only the most essential requirements. Annual mill consumption of apparel wool will be close to a billion pounds for the first peacetime year in history, unless the rate of consumption in the remainder of the year drops considerably below recent levels. Mill consumption of carpet wool for 1946 as a whole may be larger than for most years since the first World War.

International trade in raw wool has expanded considerably during the past year, and it now appears that season-end stocks in the five Southern Hemisphere countries probably will be no larger and possibly will be smaller than last season. There has been a noticeable increase in exports of wool to continental European countries since V-E Day, but the bulk of wool exports are still moving to the United States and United Kingdom. The British have announced that wool auctions will begin in September in the United Kingdom and in the Southern Dominions.

## OUTLOOK

Prices of Meat Animals and Meats to be Well  
Maintained into 1947

Cattle prices continued to advance in June, reaching the highest levels since 1919. Independent slaughterers took a large proportion of the cattle and toward the end of June instances were reported that buyers were bidding for top-good cattle "sight unseen" at ceilings. National packers were largely out of the market for such cattle because of the high prevailing prices and limitations imposed by ceiling prices for beef. Prices of feeder and stocker cattle continued to rise, but less rapidly than prices of slaughter cattle.

Prices of all slaughter animals increased sharply in early July as price control lapsed. Market receipts also increased, but federally inspected slaughter of cattle in the first two weeks of July was still 13 percent below the corresponding period last year. Independent slaughterers continued to buy aggressively.

The lapse of price control on meat and suspension of subsidies to slaughterers on cattle, calves, and hogs was accompanied by a greater rise in prices of meat than in prices of live animals. The direct subsidy to sheep and lamb producers also was suspended.

Subsidies paid to slaughterers on cattle ranged from \$1.25 to \$3.00 per 100 pounds live weight when cattle costs were at their maximums, which generally was the case in June. This enabled slaughterers to sell beef 2 to 5 cents per pound less at wholesale than otherwise would have been possible, without lowering market prices for cattle. The subsidies on cattle were equivalent to 3 to 6 cents per pound at retail. Subsidies were greatest for the better grades. Payments to slaughterers on calves were \$1.10 per 100 pounds live weight, equivalent to around 2 cents per pound at wholesale and 2.4 cents per pound at retail. Payments to packers on hogs were \$1.70 per 100 pounds, the equivalent to around 2.2 cents per pound for pork and lard at wholesale and 2.6 cents at retail. Subsidies paid to slaughterers in June were equivalent to about 14 percent of the price received by farmers for the meat animals covered -- 7 percent for calves, 12 percent for hogs, and 16 percent for cattle.

In addition to the subsidies to slaughterers, direct payments to producers for lambs sold for slaughter in June amounted to \$2.00 per 100 pounds for those weighing 65 to 90 pounds and \$2.65 for lambs of heavier weights. Payments were made for other sheep sold for slaughter at \$1.00 per 100 pounds. Payments to farmers of 50 cents per 100 pounds for the better grades of cattle sold for slaughter terminated June 30, 1946. This subsidy had the original purpose of encouraging the grain feeding of cattle, and its withdrawal had been announced previously as a grain conserving measure.

Demand for meat is expected to continue strong through 1946 and the first half of 1947, with continued large incomes of domestic consumers in prospect. Production of meat probably will decline in 1947 as a result of early marketings of 1946 spring pigs, a reduced fall pig crop in 1946, and a

continuing down trend in cattle and sheep slaughter. Purchases of meat for export and by the armed forces probably will be reduced in the next 12 months, but this reduction is not likely to be great enough fully to offset the decline in meat output in prospect. If price ceilings on meat and livestock are not reimposed, meat prices are likely to reach a peak during the summer when production is at the seasonal low. As meat production increases seasonally during the fall and early winter, prices will decline but probably will remain higher than in June. Renewed Government buying for export, if undertaken on a substantial scale, would be a strong price-supporting factor at that time. Prices will tend to increase again in the late winter and spring of 1947.

Meat Output to Decline in 1947;

May be 10 to 15 Percent Below 1944 Record

Meat production in the calendar year 1947 may be a billion pounds smaller than in 1946, and about 3 billion pounds below the 1944 record output. Part of the decline in 1947 will result from earlier marketings of 1946 spring pigs than of 1945 spring pigs, a reduced pig crop in the fall of 1946, and smaller marketings of cattle and sheep next year. Meat production for 1946 is forecast at 22.6 billion pounds (wholesale dressed meat basis) compared with 22.9 billion pounds in 1945 and the record high of 24.7 billion pounds in 1944. Production averaged only 16.2 billion pounds in the 5 years, 1935-39, but that was a period when output of hogs and cattle was below normal as a result of the 1934 and 1936 droughts.

Total meat production in the first 5 months of 1946 apparently was about equal to a year earlier, despite a marked decrease in federally inspected slaughter of cattle and calves. Noninspected slaughter was much larger than usual. Increased output of pork offset a part of the reduction in beef and veal. Lamb and mutton production in January-May totaled about the same as in the first 5 months of 1945. Marketings of hogs and cattle declined materially in June. Hogs not marketed in June will be marketed largely in July. The marketing time for cattle held back in May and June is less certain, but a part of these cattle are in feedlots and probably will be marketed during the summer. The remainder are likely to be marketed by early fall.

Record production of meat in 1944 resulted from the largest slaughter of hogs this country has ever witnessed and a near-record slaughter of cattle and calves. The large hog slaughter in 1944 was a direct outgrowth of the food-for-freedom program begun in 1941 when price support was offered to hog producers above the market level, while prices of feed concentrates were held at a moderate level by the offer of the Department of Agriculture to sell Government-owned corn at the loan rate plus carrying charges. Feed prices were held moderately low through 1942 by the disposal of surplus corn stocks and also by the sale of wheat for feed. In the meantime, livestock prices rose sharply.

The pig crop surpassed 100 million head in 1942 and, in 1943, reached 122 million head. Predrought pig crops had averaged slightly less than 80 million head. In both December 1943 and January 1944, livestock markets were flooded with hogs from the record spring crop of 1943. Prices of hogs outside the support-price range (200-300 pounds) were heavily discounted. Hog marketings, although seasonally reduced after January, continued large through mid-

July 1944. Meantime, prices of feeds had risen sharply in 1943 and early 1944, and the hog-corn price ratio became distinctly less favorable to a high level of hog production. In 1944, the spring pig crop was 25 percent smaller than that of 1943, and the fall pig crop was one-third less than the fall pig crop of 1943. Consequently, marketings of hogs in the 1944-45 marketing year (October-September) were very much lower than in the preceding marketing year. Hog prices were maintained at ceiling price levels during practically all of that period.

The total pig crop in 1945 was approximately the same as the total pig crop in 1944. Distribution of hogs for slaughter was somewhat different, however. The spring pig crop in 1945 had shown a reduction of 7 percent from that of a year earlier, whereas the fall pig crop had shown an offsetting increase of 12 percent (the fall pig crop normally is only about three-fifths as large as the spring crop). Because of the relatively high prices prevailing for hogs in the fall of 1945 and the expectation that hog prices might go to higher levels, there was a tendency among producers to hold back on marketing of hogs and to feed hogs to heavier weights. Hog marketings were relatively low in October-December 1945, but beginning in January 1946 hogs from the 1945 spring pig crop came to market in relatively large volume. Marketings in April and May 1946 from the 1945 fall pig crop were large relative to the pig crop and the number of hogs over 6 months of age on farms June 1, 1946, estimated at 23 million, was 10 percent less than a year earlier.

Table 1.- Hogs: Number on farms January 1, and number over 6 months on farms June 1, United States, 1940-46

Year	On farms, January 1				June 1	
	Under	Over	Total	Over		
	6 months	6 months		6 months		
	Thousand	Thousand	Thousand	Thousand		
1940	30,017	31,098	61,115	27,740		
1941	26,285	27,971	54,256	25,143		
1942	30,972	29,405	60,377	28,841		
1943	38,316	35,420	73,736	36,257		
1944	42,319	41,533	83,852	34,500		
1945	27,469	32,290	59,759	25,566		
1946 1/	30,565	31,779	62,344	22,959		

1/ Preliminary.

In most years a reduction from the preceding year in the number of hogs over 6 months on June 1 is reflected in a decrease in hog marketings during the 4 months June-September. However, in view of the small slaughter in these months in 1945 relative to the June 1, 1945 number on farms and an indicated large reduction in 1946 fall sows, slaughter during the 4 months period this year may not be much different from a year earlier. June slaughter was unusually small; consequently slaughter during July-September 1946 may exceed that of a year earlier.

1946 Spring Pig Crop of 52 Million Saved;

Reduced Fall Pig Crop in Prospect

The 1946 spring pig crop, estimated at 52.3 million head was 1.5 percent greater than the spring pig crop of 1945. The number of sows that farrowed

in the 1946 spring season was 8,087,000, a decrease of 1 percent from 1945. But a record number of pigs was saved per litter, 6.47 compared with 6.30 in 1945 and a 10-year average of 6.15. In the West North Central States, there was a decrease of 1 percent from last year in the size of the spring pig crop. The number of pigs saved in the North Atlantic States was unchanged from a year earlier while increases were recorded in the Western States (1 percent), the South Central States (2 percent), and the East North Central and South Atlantic States (6 percent).

It is likely that hogs from the 1946 spring pig crop will be marketed somewhat earlier than hogs from the 1945 spring pig crop which were marketed quite late. This will result in part from drastic lowering of the hog-corn price ratio by the May 13 increases in ceiling prices for feeds, and by the relatively greater rise in corn prices than in hog prices after June 30. Corn prices are likely to continue high in relation to hog prices until October or November. Also, the 1946 spring pig crop was farrowed earlier than the 1945 spring crop. Slaughter of hogs probably will be larger in October-December 1946 than in October-December 1945, but the average weight of hogs slaughtered is likely to be lower. Marketings of hogs in January-March 1947 (also from the 1946 spring pig crop) probably will be smaller than in the corresponding period of 1946. Moreover, with a considerable reduction in the fall pig crop of 1946 in prospect, total hog marketings from April through September 1947 will be smaller than in the same period this year.

An analysis of farmers intentions to breed sows for fall farrowings reported about June 1, indicated that approximately 4.6 million sows would be bred for farrow in the fall season (June 1-November 30), a decrease of 870,000 sows or 16 percent from a year earlier. This number is 39 percent below the 1943 record number, 9 percent below the 1935-44 average, and is the smallest since 1938. Compared with last year, prospective numbers of sows to farrow are down in all except one region and in nearly all States, with the largest relative declines in the West North Central and Western States. By regions, the prospective decreases are West North Central 24 percent; Western, 22 percent; East North Central, 14 percent; North Atlantic and South Central, 11 percent. Prospective farrowings for the South Atlantic State are up 3 percent.

Breeding for fall pigs ends in July, but changes in the size of the fall pig crop can still be effected by changing the rate of marketings of bred sows; that is sows bred for fall farrowing may or may not be marketed for slaughter, depending on the farmer's evaluation of the relative profitability of hog raising. In early July, prices of corn rose relatively more than hog prices. The hog-corn ratio became less favorable to hog producers, falling to between 8 and 9 compared with a long-time average for the months of around 11.7. In June the ratio for the United States was 10.1.

### Cattle Slaughter to be Large This Summer and Fall

Cattle numbers have declined moderately from the peak of 82 million head on January 1, 1944. Total slaughter of cattle and calves was at a record high of 34.9 million head in 1945. Slaughter in 1946 is expected to be moderately lower than in 1945 as a result of the reduced numbers of cattle and calves available, but slaughter will still be at a near-record level. A great diversion of cattle slaughter from federally inspected to nonfederally inspected plants took place during the first 6 months this year. Estimates indicate that total

Table 2.--Sows farrowed, pigs saved, and pigs saved per litter, spring and fall pig crops, United States and by regions, average 1935-44, 1945-46

Year and region	Spring crop				Fall crop 1/			
	Sows farrowed	Pigs saved per litter	Pigs saved Number	Percent of U.S. total	Sows farrowed	Pigs saved per litter	Pigs saved Number	Percent of U.S. total
	Thousand	Number	Thousand	Percent	Thousand	Number	Thousand	Percent
East North Central:								
Av. 1935-44:	2,110	6.38	13,461	27.6	1,545	6.57	10,154	31.5
1945	2,137	6.66	14,236	27.6	1,746	6.58	11,495	32.7
1946	2,237	6.71	15,019	28.7	1,500	6.57	9,850	33.9
West North Central:								
Av. 1935-44:	3,777	6.19	23,363	46.9	1,633	6.25	10,232	31.9
1945	4,160	6.27	26,068	50.5	1,955	6.36	12,441	35.4
1946	3,932	6.53	25,695	49.1	1,479	6.25	9,240	31.8
No. Atlantic:								
Av. 1935-44:	144	6.26	908	1.8	137	6.59	899	2.8
1945	124	6.49	804	1.6	127	6.61	844	2.4
1946	120	6.75	807	1.5	113	6.59	740	2.5
So. Atlantic:								
Av. 1935-44:	599	5.80	3,486	7.0	528	6.00	3,174	9.8
1945	530	5.90	3,125	6.1	493	6.14	3,027	8.6
1946	558	5.93	3,304	6.3	510	6.00	3,060	10.5
South Central:								
Av. 1935-44:	1,144	5.75	6,601	13.2	1,006	5.99	6,048	18.8
1945	989	5.87	5,802	11.2	980	6.16	6,039	17.2
1946	996	5.97	5,947	11.4	873	5.99	5,220	17.9
Western:								
Av. 1935-44:	328	6.12	2,021	4.1	265	6.27	1,661	5.2
1945	247	6.22	1,535	3.0	202	6.41	1,298	3.7
1946	244	6.37	1,552	3.0	158	6.27	990	3.4
United States:								
Av. 1935-44:	8,102	6.15	49,840	100.0	5,114	6.29	32,218	100.0
1945	8,187	6.30	51,570	100.0	5,503	6.38	35,144	100.0
1946	8,087	6.47	52,324	100.0	4,633	6.29	29,100	100.0

1/ 1946 figures are estimates based on farmers' breeding intention reports.

Table 3.- Sows farrowed, pigs per litter, and pigs saved, United States, 1924-46

Year	Sows farrowed		Pigs per litter		Pigs saved		Year
	Spring	Fall	Spring	Fall	Spring	Fall	
	(Dec. 1- June 1)	(June 1- Dec. 1)	(Dec. 1- June 1)	(June 1- Dec. 1)	(Dec. 1- June 1)	(June 1- Dec. 1)	
	Thous.	Thous.	Number	Number	Thous.	Thous.	Thous.
1924	9,799	4,344	5.12	5.49	50,218	23,847	74,065
1925	8,334	3,939	5.74	5.70	47,859	22,451	70,310
1926	9,048	4,330	5.59	5.74	50,579	24,865	75,444
1927	9,754	4,609	5.59	5.80	54,502	26,744	81,246
1928	9,301	4,429	5.63	5.94	52,390	26,292	78,682
1929	8,854	4,264	5.70	6.01	50,479	25,646	76,125
1930	8,278	4,073	5.96	6.09	49,332	24,803	74,135
1931	8,969	4,797	6.02	6.09	53,984	29,192	83,176
1932	8,810	5,179	5.79	6.08	51,031	31,494	82,525
1933	9,122	5,207	5.86	5.90	53,460	30,740	84,200
1934	6,825	2,936	5.82	5.81	39,698	17,068	56,766
1935	5,467	3,857	6.01	6.03	32,884	23,260	56,144
1936	6,954	3,957	5.96	6.14	41,422	24,303	65,725
1937	6,177	3,845	6.23	6.24	38,525	23,994	62,519
1938	6,795	4,517	6.36	6.32	43,289	28,566	71,855
1939	8,692	5,352	6.12	6.30	53,238	33,714	86,952
1940	8,243	4,760	6.01	6.36	49,567	30,273	79,840
1941	7,736	5,518	6.36	6.43	49,234	35,493	84,727
1942	9,650	6,814	6.31	6.41	60,902	43,657	104,559
1943	12,136	7,576	6.10	6.29	74,034	47,672	121,706
1944	9,187	4,928	6.03	6.34	55,428	31,240	86,668
1945	8,187	5,503	6.30	6.38	51,570	35,144	86,714
1946	8,087	1/4,633	6.47	2/6.29	52,324	2/29,100	1/2/81,424

1/ Fall farrowings indicated from breeding intentions reports.

2/ Ten-year (1935-44) average pigs per litter used to compute number of pigs saved fall 1946.

Table 4.- Sows farrowed, by months, United States, spring season

Year	Dec. 1/	Jan.	Feb.	Mar.	Apr.	May	Total
			<u>Thousand head</u>				
1944	403	453	879	2,463	3,268	1,721	9,187
1945	291	354	679	2,005	2,989	1,869	8,187
1946	283	338	693	2,143	2,975	1,655	8,087
			<u>Percent of total spring sows farrowed</u>				
1935-44 Av...	3.9	5.3	10.1	25.8	34.6	20.3	100.0
1944	4.4	4.9	9.6	26.8	35.6	18.7	100.0
1945	3.6	4.3	8.3	24.5	36.5	22.8	100.0
1946	3.5	4.2	8.6	26.5	36.8	20.4	100.0

1/ December of preceding year.

slaughter in non-inspected plants in April was larger than slaughter in inspected plants. This appears to have been the first time that such an unusual phenomenon has occurred. Normally federally inspected slaughter of cattle, excluding calves, has been estimated to account for 65 to 70 percent of total slaughter including slaughter on farms.

Marketings of grass cattle, which normally occur in volume in the second half year, reaching a peak in October, are likely to be quite large this year. Range and pasture conditions are reported to be generally favorable, except in the Southwest, where extreme drought conditions prevail. There has been a considerable movement of range cattle out of the Southwest, but most of these cattle have gone to pastures in Kansas, Oklahoma, and Nebraska, where they probably will remain until ready for market in the late summer. With large cattle marketings in 1946, there probably will be a further reduction in the number of cattle and calves on farms January 1, 1947, and cattle slaughter probably will show a further moderate reduction in 1947.

Receipts of cattle at 12 principal markets for the month of June showed a reduction of around 30 percent from marketings in the corresponding period of 1945. This lag in movement of cattle to market resulted from the uncertainty of producers in regard to possible removal of price ceilings on cattle. The bulk of cattle withheld from market undoubtedly will come to market during the summer or early fall. Receipts at principal markets were unusually large in early July, following the lapse of price control.

#### Lamb Slaughter Trending Downward

The number of sheep and lambs on farms had declined sharply in the past 4 years. This decline apparently has resulted chiefly from wartime difficulty in recruiting and maintaining skilled sheep labor on farms and ranches. Sheep and lamb slaughter reached its peak in 1945 and has been declining since.

Slaughter of sheep and lambs under Federal inspection in February-April greatly exceeded that of a year earlier, reflecting seasonally high rates of subsidy payments to farmers at that time and a continuation of the trend toward large ewe slaughter. Inspected slaughter of sheep and lambs in May was 25 percent below 1945 and continued at a low level in June. However, June sheep and lamb slaughter was not reduced as much as that for other livestock, reflecting the prospective loss of subsidies to producers after the end of the month. (The termination date for the subsidies had not been announced prior to June 30, and no legislation has yet been passed to authorize payments after June 30, 1946).

Lamb slaughter is likely to continue less than last year during the remaining months of 1946 because of the smaller lamb crop this year. The early spring lamb crop was estimated to be 13 percent less than a year earlier. The late lamb crop also will show a decline. The decline in slaughter is expected to continue into 1947 and will be particularly acute next year if rising prices favor retention of ewe lambs and ewes for restoring breeding herds to higher levels. Sheep and lamb slaughter normally accounts for about 5 percent of total meat production.

Table 5.- Supply and disposition of meats, wholesale dressed-meat basis, 1937-46

Item	Average					1946 forecast
	1937-41	1942	1943	1944	1945	
	Mil. lb	Mil. lb.				
<b>SUPPLY</b>						
<b>Production</b>						
Beef .....	7,198	8,831	8,523	9,135	10,157	9,600
Veal .....	1,020	1,139	1,160	1,596	1,635	1,500
Lamb and mutton .....	885	1,045	1,104	1,023	1,053	900
Pork .....	8,539	10,723	13,349	12,916	10,046	10,600
Total production	17,642	21,738	24,136	24,670	22,891	22,600
<b>Imports</b>						
Beef and veal .....	223	227	238	6	---	
Lamb and mutton .....	---	1	1	---	---	
Pork .....	40	1	7	---	2	
Total imports	263	229	246	6	2	2
<b>Stocks, January 1</b>						
Beef and veal .....	99	137	148	253	113	324
Lamb and mutton .....	6	8	22	44	25	21
Pork .....	524	543	555	948	517	352
Total beginning stocks	629	688	725	1,245	655	697
<b>Total supply</b>						
Beef and veal .....	8,540	10,334	10,069	10,990	11,905	
Lamb and mutton .....	891	1,054	1,127	1,067	1,078	
Pork .....	9,103	11,267	13,911	13,864	10,565	
Total supply	18,534	22,655	25,107	25,921	23,548	23,299
<b>DISPOSITION</b>						
<b>Stocks, December 31</b>						
Beef and veal .....	88	148	253	113	324	
Lamb and mutton .....	5	22	44	25	21	
Pork .....	499	555	948	517	352	
Total ending stocks	592	725	1,245	655	697	
<b>Noncivilian disappearance 2/</b>						
Beef and veal .....	114	1,028	2,354	2,506	2,463	
Lamb and mutton .....	6	84	259	177	129	
Pork .....	273	2,573	3,583	3,398	2,402	
Total noncivilian disappearance	393	3,685	6,196	6,081	4,994	2,100
<b>Civilian disappearance</b>						
Beef and veal .....	8,338	9,158	7,462	8,371	9,118	
Lamb and mutton .....	830	948	824	865	928	
Pork .....	8,331	8,139	9,380	9,949	7,811	
Total civilian disappearance	17,549	18,245	17,666	19,185	17,857	
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
<b>Civilian disappearance, per person</b>						
Beef and veal .....	63.4	69.2	57.5	64.7	70.3	
Lamb and mutton .....	6.7	7.2	6.4	6.7	7.2	
Pork .....	63.3	61.5	72.4	77.0	60.2	
Total meat, per person	133.4	137.9	136.3	148.4	137.7	

1/ Preliminary. 2/ Exports, shipments, and net military procurement. Military included with civilian prior to 1941. Data for imports and exports from official records of the Department of Commerce, converted to a dressed meat basis, and records of the Department of Agriculture. Data on stocks from PMA. Reported stocks in commercial warehouses and meat packing plants plus CCC stocks held in non-reported positions. Military data based upon purchase reports from the armed forces, Veterans Administration, War Shipping Administration, Military Post Exchanges, Navy Contract Schools, and Public Health Service Marine Hospitals converted to a dressed meat basis by PMA. Data for 1944-45 includes an estimate for meat purchased by small military establishments presumably not included in the reported totals. Excludes purchases of meat in other countries.

GOVERNMENT ACTIONSMeat-Animal Subsidy Payments End

The Department of Agriculture announced June 30 that all payments to producers of sheep and lambs marketed for slaughter would terminate on that date, unless subsequent congressional action restored the subsidy. The subsidy was inaugurated in August 1945, primarily to equalize returns from sheep with other crop and livestock enterprises. Payments under the direct subsidy through May 1946 totaled 36.6 million dollars.

Subsidies to slaughterers of cattle, calves, and hogs were suspended July 1. The 50-cent subsidy on sales of better-grade cattle for slaughter was terminated, in line with previous announcements.

Slaughter Quota Order and Certification Plan Terminated

The control program for federally inspected slaughter (WFO 75-7) was terminated July 1. Most federally inspected plants in recent months were killing far under their quotas. Certified slaughterers were not included under the program. OPA Control Order 2, setting quotas for nonfederally inspected slaughterers, continues in operation under authority of the second War Powers Act, but quotas were suspended for July.

War Food Order 139, permitting nonfederally inspected slaughterers to move meat over State lines, was terminated June 30, 1946. Around 225 slaughterers had been certified under the order, which became effective July 16, 1945. Certified slaughterers were exempted from slaughter quotas providing (1) they set aside meat for government purchase, (2) their plants met sanitary standards and (3) they complied with meat price and other government regulations.

Set-asides Reduced to Zero

Effective July 1 set-aside percentages for meat and lard were reduced to zero, but the set-aside orders, authorized under the Second War Powers Act, do not go out of operation. However, with the lifting of price control it was necessary to work out a suitable meat pricing formula and procurement plan under which meat could be purchased under a free market. Prior to July 1, the Government purchased set-aside meat at the old ceilings. The orders in effect are: WFO 75-2 (beef), WFO 75-3 (pork and lard), WFO 75-4 (veal), and WFO 75-9 (canned meat). Meat packers were subject to all unfulfilled set-aside and delivery provisions under the orders prior to June 30, 1946. Set-aside requirements on mutton were terminated June 2. The canned-meat set aside became effective June 6 to aid in the purchase of meat for overseas shipment, principally for UNRRA distribution.

CCC Meat Purchases Large in March-May; Meat Exports 1 Billion Pounds in First Half Year

Commodity Credit Corporation purchases of meats were materially increased in March-May over those of the preceding 3 months. Contracts let for meat by the CCC in March-May totaled around 375 million pounds, dressed meat basis, equivalent to around 15 percent of federally inspected meat production during these months and to the largest percentage of federally inspected production since early 1945. However, so long as set-asides are suspended, little meat will be purchased unless purchases are made from the open market by competitive bids.

Table 6.- Contracts for purchases of meat by Commodity Credit Corporation, 1941-

Year	Pork frozen and cured	Beef and veal, frozen and cured	Lamb and mutton frozen	Total frozen and cured	Canned meats	Equivalent dressed meat basis	Percentage of Federal inspected production
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Percent
1941							
Mar.-Dec.	244.7	0.8	2/	245.5	233.5	595.8	5.3
Cal. year							
1942	578.1	14.7	39.2	632.0	1,046.0	2,201.0	14.2
1943	919.5	46.4	120.4	1,086.3	920.1	2,466.4	14.7
1944	905.9	42.6	54.4	1,002.9	516.4	1,777.5	9.9
1945							
Jan.	90.7	0.5	1.5	92.7	48.8	165.9	10.8
Feb.	52.0	.2	.8	53.0	20.3	83.4	7.0
Mar.	41.4	.1	.4	41.9	18.1	69.0	5.4
Apr.	20.6	-	2/	20.7	24.2	57.0	5.2
May	8.3	-	-	8.3	28.0	50.3	4.2
June	8.5	-	-	8.5	.4	9.1	.7
July	2/	-	-	2/	.2	.3	-
Aug.	2/	-	-	2/	2/	2/	-
Sept.	-	.4	-	.4	46.6	70.3	6.1
Oct.	2.4	21.6	1.9	25.9	57.2	111.7	8.3
Nov.	4.5	74.3	5.6	84.4	.6	85.3	5.7
Dec.	6.9	73.8	3.5	84.2	-	84.2	5.7
Total 3/	235.5	171.0	13.8	420.2	244.4	786.8	5.1
1946							
Jan.	4.2	27.5	2.1	33.8	41.5	96.0	7.0
Feb.	28.1	34.1	1.2	63.4	8.3	76.6	5.6
Mar.	40.2	29.7	2.2	72.1	61.6	164.5	14.3
Apr.	40.9	18.6	.9	60.4	31.6	107.8	10.0
May	76.1	16.0	1.6	93.7	70.3	199.2	18.6
June 4/	27.2	9.9	.9	38.0	52.5	116.8	17.2
Jan.-June							
Total 4/	216.7	135.8	8.9	361.4	266.3	760.9	11.3

1/ Includes fresh pork beginning March 17, 1945

2/ Less than 100,000 pounds.

3/ Months do not equal total for year due to rounding of figures.

4/ Preliminary.

Exports of meat from the United States, including shipments to territories, apparently totaled around 1 billion pounds, dressed meat basis, in the first six months of the year, including Army stocks of meat transferred to UNRRA reported at around 225 million pounds. Exports of meat in the calendar year 1945 were reported to have been 1.2 billion pounds. Commodity Credit Corporation stocks of meat are now relatively small.

#### Meat Stocks at Record Low

Cold storage holdings of meats and edible offals in May declined about 46 million pounds. Total holdings in meat packing plants and commercial cold-storage warehouses were reported to be 573 million pounds on June 1, the smallest of record for that date. Holdings on July 1 amounted to 470 million pounds, also a record low.

#### Quarantine Imposed on Cattle Imported From Mexico

As a precaution against the introduction of hoof and mouth disease in the United States, persons importing cattle to the United States from Mexico have been required beginning June 5 to have a special permit from the Bureau of Animal Industry at Washington. Any cattle imported must be held not less than 15 days in quarantine. No recent outbreaks of hoof and mouth disease have been reported in Mexico but some cattle have been imported by Mexico from South American countries where the disease is found.

### EUROPEAN MEAT SUPPLY PROSPECTS 1/

#### European Meat Production 55 to 60 Percent of Prewar

Meat production in Europe, including the United Kingdom but excluding USSR, estimated at 26.6 billion pounds in 1934-38, dropped to around 19 billion pounds in 1944. Production continued to decline in 1945 and in 1946. Production of meat in 1946 apparently is 55 to 60 percent of prewar. Prospects for only relatively small imports of feed concentrates into Europe this year will prevent a marked increase in meat animal production in 1947. The decline in meat production in Europe from 1930-40 to 1945 reflected a 35-percent decrease in hog numbers, about a 20 percent decrease in sheep numbers and a 13-percent decrease in cattle numbers, also lighter weights of all animals slaughtered.

Meat production in the United Kingdom in 1945 was about 75 percent of prewar. Production of beef and veal was 90 percent of prewar; pork production was down 50 percent; and lamb and mutton production was about 75 percent of prewar. In 1946 output may not be greatly different from 1945. Some increase in cattle and sheep numbers in the UK is expected this year. However, the serious shortage of grain and feed concentrates will prevent any material increase in hog production in the next year or two. Production of meat in the UK through at least 1947 will be well below prewar. With an increasing population, that country would have to continue to import more meat than in the prewar period if meat supplies per person are to be maintained somewhere near the prewar level.

Prepared on the basis of records and reports of the Office of Foreign Agricultural Relations, USDA.

Despite large meat imports in 1944 and 1945, civilian supplies were held down by strict rationing, and the armed forces took large quantities of meat. Per capita civilian consumption in 1945 was estimated at 99 pounds (excluding offal) compared with 124 pounds in prewar.

Meat consumption on the Continent in 1944 and 1945 was materially below prewar. Meat-animal production declined sharply in 1945. Nearly a billion pounds of meat was imported into continental Europe in 1945 but production was about 4 billion pounds less than in the previous year when Allied armies moved rapidly through Western Europe and when Russian armies were advancing through Poland and the Balkans. Net imports of meat into continental Europe in 1946 may be 1,600 to 1,800 million pounds but total consumption in that area apparently is only about 60 to 65 percent of prewar.

The United Kingdom, the principal meat importing country of the world, had prewar imports of around 3.4 billion pounds of meat a year. But continental Europe, excluding USSR, had a prewar net export balance of 300 to 400 million pounds a year. Most of this meat was exported to UK. Other major sources of meat for the UK in prewar were Australia, New Zealand, Argentina, Canada, and other South American countries. Only a relatively small part of the United Kingdom's imports were from the United States which usually is not a meat exporter. In fact, imports of beef into the United States in 1935-39 exceeded exports of pork by approximately 73 million pounds a year.

Substantial increases in European hog production will depend on increased grain production in Europe and in the principal feed-grain-exporting countries--Canada, Argentina, and South Africa. Cattle numbers as a whole in Europe are only moderately below prewar, and beef production can be maintained near prewar levels. Sheep production is less dependent on feed grain and concentrate supplies, but with low numbers at present it may be several years before sheep numbers reach the prewar level.

#### Export Supplies in Surplus Areas Above Prewar

Prospects for declining meat production in the United States and Canada indicate that meat exports from those countries probably will decline in the next year, but will remain above prewar. Total exports of meat from the major supplying countries of South America, New Zealand and Australia probably can be maintained at the 1945 level, also above prewar, for the next year or two, or possibly be increased. But improvement in European meat supplies will depend chiefly on the recovery of livestock production in Europe. This recovery will be slow, particularly because of the present serious world shortage of grains and high-protein feeds.

Meat is an expensive food item and meat prices in the United States are relatively high. It is likely that continental European countries after 1946 will try to keep meat purchases from the United States as small as possible. Around 40 percent of U. S. meat exports in 1946 will be distributed by UNRRA. Under present legislation UNRRA purchases for European distribution will be terminated at the end of 1946.

Table 7.-- Meat production, consumption, and trade U.K. and Continental Europe, prewar, 1944-46 <sup>1/</sup>

Period	Production	Net imports or net exports(-)	Apparent consumption or net disappearance	Disappearance per civilian
	Mil. lb.	Mil. lb.	Mil. lb. United Kingdom	Pounds
Prewar	2,577	3,400	<sup>2/</sup> 5,900	124
1944 <sup>3/</sup>	2,100	<sup>4/</sup> 5,350	<sup>2/</sup> <sup>4/</sup> 5,900	108
1945 <sup>3/</sup> <sup>5/</sup>	2,050	<sup>4/</sup> 4,550	<sup>2/</sup> <sup>4/</sup> 6,250	99
1946 <sup>3/</sup> <sup>6/</sup>	2,100	<sup>4/</sup> 3,800	<sup>4/</sup> 5,900	n.a.
<u>Continental Europe, excluding U. S. S. R.</u>				
Prewar	24,050	-350	23,700	
1944	16,850	-	16,850	
1945 <sup>5/</sup>	13,150	800	13,950	
1946 <sup>6/</sup>	13,000	1,700	14,700	

<sup>1/</sup> Carcass meat, excluding edible offal, rabbit and poultry meat.

<sup>2/</sup> Adjustment made for storage stocks.

<sup>3/</sup> Unofficial.

<sup>4/</sup> Includes quantities received from other countries for use of British armed forces.

<sup>5/</sup> Preliminary.

<sup>6/</sup> Estimated from data furnished by Office of Foreign Agricultural Relations and the International Emergency Food Council.

Compiled from records of the Office of Foreign Agricultural Relations.

Table 8.- Meat production and net exports, principal surplus producing countries prewar and 1944-46 1/

Country	Average 1934-38 Mil.lb.	1944 Mil.lb.	1945 2/ Mil.lb.	Indicated 1946 Mil.lb.
<b>Production</b>				
United States .....	3/ 16,182	24,670	22,891	22,600
Canada .....	3/ 1,417	2,620	2,442	2,200
Total .....	17,599	27,290	25,333	24,800
Argentina 4/ .....	4,459	5,251	4,650	
Brazil 5/ .....	2,331	1,736	1,621	
Uruguay 5/ .....	571	510	500	
Paraguay 5/6/ .....	87	137	146	
Chile .....	349	436		
Total So. America 7/ .....	8,200	8,500	7,800	7,800
Australia .....	8/ 2,094	2,303	2,027	2,170
New Zealand 9/ .....	1,127	1,104	1,173	1,140
Denmark .....	1,006	789	680	700
Total .....	4,227	4,196	3,880	4,010
Grand total .....	30,026	39,986	37,013	36,610
<b>Net exports</b>				
United States .....	3/ -65	1,893	1,190	1,300
Canada .....	3/ 157	915	768	650
Total .....	92	2,808	1,958	1,950
Argentina .....	1,460	2,428	1,450	1,610
Brazil .....	213	171	123	194
Uruguay .....	324	289	284	213
Paraguay 6/ .....	16	80	70	73
Chile 10/ .....	21	20	18	25
Total So. America .....	2,034	2,988	1,945	2,115
Australia .....	8/ 496)	1,411	1,396	1,397
New Zealand 9/ .....	595)			
Denmark .....	534	361	167	210
Total .....	1,625	1,772	1,563	1,607
Grand total .....	3,751	7,568	5,466	5,672

1/ Carcass meat, excluding edible offal, rabbit and poultry meat, but includes horse and goat meat. 2/ Preliminary. 3/ 1935-39 average. 4/ Excludes farm production of pork for farm consumption. 5/ Excludes farm production. 6/ Beef and veal only. 7/ Includes estimates for countries other than the 5 listed. 8/ Year beginning July 1. 9/ Year beginning April 1 for average; year beginning October 1 of preceding year for 1944-46. 10/ Mutton and lamb.

Source: Foreign Crops and Markets, February 18, 1946, pp. 89-90; Foreign Food Production, Current Prospects for 1946-47; and records of the Office of Foreign Agricultural Relations, USDA.

Meat production in South America in 1945 was 5 percent below prewar. Meat production had been maintained at the high prewar level in the early years of the war but declined in 1945. Beef production in Argentina in 1945, estimated at 3.4 billion pounds, was around 270 million pounds under 1944 output and was nearly 1 billion pounds under the peak production in 1941. Reduced output in Argentina occurred primarily because of the large slaughter of cattle for export in the early war years, severe drought in 1942-43 and in 1944-45, and poor pastures in early 1946. Argentine cattle, hog and sheep numbers were at a high level in mid-1945. However, hog production has declined materially since that time. Commercial beef production in Brazil, in 1945 was around 30 percent less than the average for 1934-48. Part of this decline, however, was reported to be offset by a large slaughter outside regular commercial channels.

A strong demand for meat in South America is limiting the quantity of meat available for export. A law of April 1946 prohibits the exportation of beef, cattle, meats and byproducts from Brazil to foreign markets until the national markets have been supplied, with the exception of Rio Grande De Sul where permission has been granted to slaughter 350,000 cattle for export in 1946. The amount of Brazilian meat, principally canned, that will be available for export during the year may reach 194 million pounds, carcass weight equivalent. Prewar exports of meat from Brazil averaged 213 million pounds.

Exports of beef, mutton, and lamb from Argentina were smaller during the first quarter of 1946 than in the corresponding period of 1945. For the year as a whole exports of beef may be no larger than in 1945. Exports of pork will be less than in 1945. Total meat exports in 1946 have been estimated at 1,610 million pounds.

Argentina cattle numbers apparently have been increasing but the movement of cattle to fattening areas has been slow. Because of a sharp rise in grain prices, the acreage of grains to be used for 1946 winter pasture has been reduced and some light-weight cattle are moving direct to slaughter. A large slaughter of cattle in Argentina in the next year or two and some improvement in meat output in Brazil could maintain exports of meat from South America at the level of 1946. It is not likely that exports of meat could be greatly increased over that level so long as the domestic demand continues high. Under Combined Food Board allocation, most of the exportable surplus of meat from South America will go to the UK in 1946. The United Kingdom for itself and on behalf of the other United Nations has agreed to purchase most of Argentina's exportable meat supply until October 1948.

Heavy losses of sheep in Australia because of the serious 1944 drought resulted in a decline in total meat production from 2,303 million pounds in 1944 to 2,027 million pounds in 1945, slightly below prewar. It is reported that sheep numbers declined 18 million head in the year beginning April 1944. On March 31, 1945 the total number of sheep on hand was estimated at 105 million head, the smallest since 1929. Production of beef and veal in Australia in 1945, estimated at 1,026 million pounds, was 3 percent below 1944 and was 14 percent below prewar.

Meat production in New Zealand in 1945 was 4 percent greater than the average for 1934-38. Meat output in 1946 probably will be slightly above prewar. Livestock slaughter in freezing works in New Zealand for the 7-months period beginning October 1, 1945 were 9 percent greater than in the corresponding period a year earlier. The increased slaughter resulted from some liquidation of livestock. Slaughter weights, however, probably will be lighter than a year earlier and meat production for the year beginning October 1, 1946 probably will be about equal to a year earlier.

Exports of meat from Australia and New Zealand in 1945 were over 25 percent above prewar. With average weather in the next few years, exports could easily be continued at this rate.

Meat production in Canada in 1945, totaling 2.4 billion pounds, was 1 billion pounds greater than average production in 1935-39, but was about 10 percent less than the record meat production in 1944. Canadian meat production is now moving downward and 1946 production may be 5 to 10 percent below 1945. A marked increase in Canadian meat production during the war was brought about by increased pork output, as grain shipments to foreign countries were limited. Cattle numbers also increased during the war and beef output in 1945 was the greatest of record.

Exports of meat from Canada in 1945 was estimated to be 768 million pounds. Exports of bacon in the first quarter of 1946 were 30 percent below a year earlier. For the year as a whole, total meat exports from Canada are not likely to exceed 700 million pounds. With the declines that have occurred in Canadian hog production since 1944 and some reduction in beef output as cattle numbers decline, meat supplies for export in the next year or two probably will fall below 1946 levels.

Meat production in Denmark in 1945 was estimated at 680 million pounds compared with 789 million a year earlier and prewar production of slightly over 1 billion pounds. Most of the reduction from prewar was in pork.

Cattle numbers in Denmark are only slightly less than in prewar; however, hog production is down sharply. The number of hogs on farms at the beginning of 1946 was estimated to be 1.8 million head compared with an average number for 1936-40 of almost 3 million head. The number of bred sows on hand May 4 was reported to be about the same as a year earlier. In view of the general grain and feed shortage, the number of sows bred is not likely to increase materially, if at all, by next year. After the end of the war, the number of bred sows increased rapidly in anticipation of early imports of grain from overseas. This is making it possible for Denmark to export some meat this year but the quantity to be exported probably will be only around 40 percent of the 534 million pounds exported annually in prewar.

## THE WOOL SITUATION

Wool Prices Little Changed Following  
Lapse of Price Ceilings

There was very limited activity in the raw wool and apparel fabric markets during the first week following the lapse of price ceilings. Spot wool prices at **Boston** showed practically no change. Many of the firms were closed for vacations and buyers were cautious due to the uncertainty as to OPA's future. Industry leaders have indicated that prices of fabrics will hold firm until the end of September and that little price rise will occur before the end of the year.

The Civilian Production Administration has announced that it intends to continue its low-cost clothing program through the third quarter of 1946. By channeling materials to less expensive clothing, an important part of the impact of textile shortages is shifted to high-cost apparel.

Fabric and Clothing Situation

The production of civilian clothing for the first five months of 1946 was at a higher rate than in 1939 but still was far below current demands. Demand will continue exceptionally strong for many wool apparel items for another year. The present demand for men's suits at June 30 ceiling prices is estimated to be about twice the 1939 production; women's wear fabric production is already twice the 1939 production, with further expansion indicated for this fall.

The Civilian Production Administration has set a production goal of 28 million men's suits, about one-sixth above the 1939 production. This is the estimated maximum the industry could produce this year under favorable conditions. Cuttings of men's suits reached their peak in March (a rate of 26 million suits a year) but declined six percent in April and further in May.

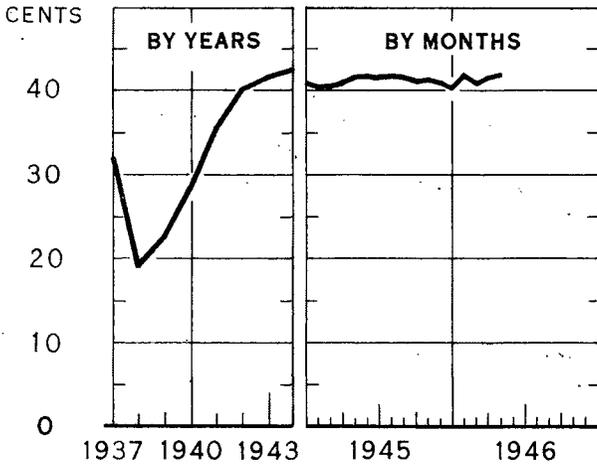
Following V-J Day, the scarcity of fabrics suitable for men's suits was the principal hindrance to their production, but this shortage now appears to have been met through both expanded production and by voluntary allocation within the industry. The present bottlenecks appear to be a shortage of the supply of the cotton components of suits and a shortage of skilled labor. Employment in the men's clothing industry is not expanding, due in part to a \$10-a-week wage differential in favor of the women's cloak and suit industry. CPA has taken the following steps (1) It has reserved to men's and boys' suits the entire domestic supply of pocketing twills, (2) It has requested special recruiting assistance from the United States Employment Service for the men's suit industry, (3) It will extend assistance to the men's industry in procuring repair parts and replacements for equipment.

Army Allocates Contracts  
to Mills

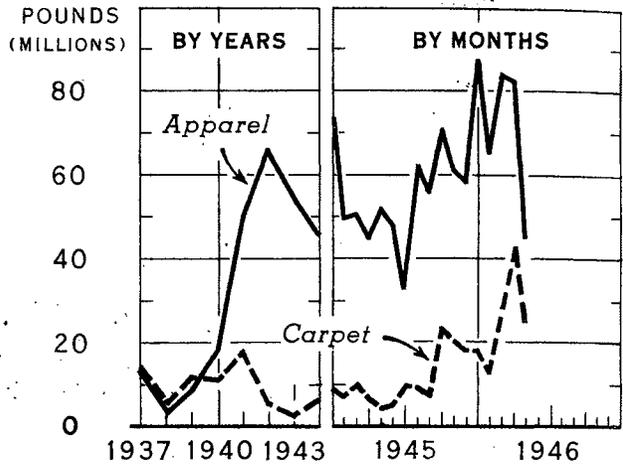
The Army Quartermaster Corps has announced that it has again requested bids from woolen and worsted manufacturers on the fabrics needed under its two-year procurement plan. The Quartermaster had previously asked for bids

# WOOL SITUATION IN THE UNITED STATES AT A GLANCE

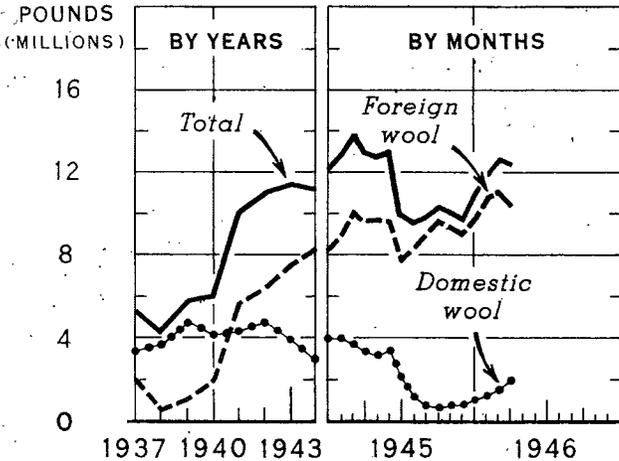
PRICES RECEIVED BY FARMERS, GREASE BASIS



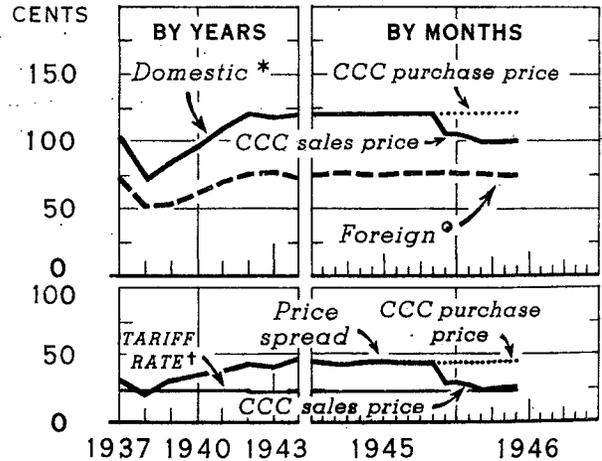
IMPORTS (ACTUAL WEIGHT), MAINLY GREASE BASIS



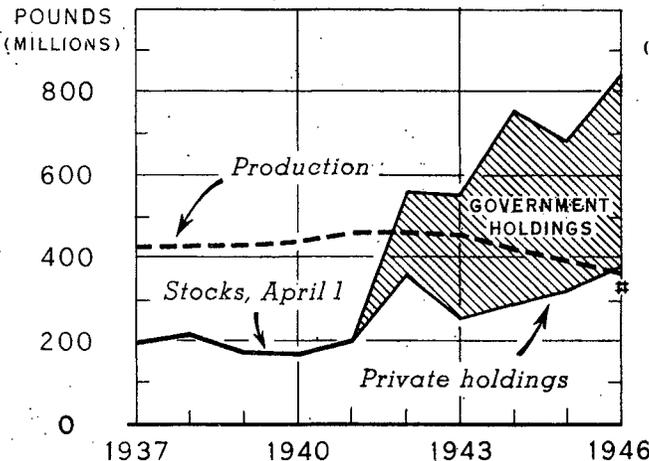
MILL CONSUMPTION OF APPAREL WOOL, WEEKLY AVERAGE, SCOURED BASIS



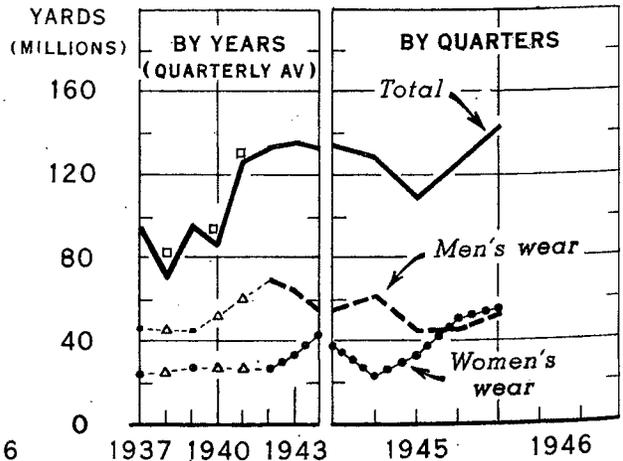
PRICES OF DOMESTIC AND FOREIGN FINE WOOLS, SCOURED BASIS, AT BOSTON



PRODUCTION AND CARRYOVER OF APPAREL WOOL, GREASE BASIS



WOVEN FABRIC PRODUCTION



\* TERRITORY FINE COMBING

○ AUSTRALIAN 64'S, 70'S GOOD TOP MAKING, EXCLUDING DUTY

† LESS AN ALLOWANCE FOR DIFFERENCE IN PREPARATION OF WOOLS

\* TENTATIVE

□ ESTIMATED ON BASIS OF APPAREL FABRIC PRODUCTION

△ DATA FOR INTERVENING YEARS NOT AVAILABLE

on 9 million yards of flannel cloth and 10.7 million yards of serge, which combined, are estimated to require between 55 and 65 million pounds of domestic raw wool. Monthly deliveries are to be made during 1947 with the full yardage to be delivered by the end of 1947.

#### 1946 Mill Consumption to be Close to Record Levels

Consumption of apparel wool continued high during both April and May. Expressed as an annual rate, it was 1,101 million pounds, grease basis, in April compared with 1,023 million pounds for the first quarter of 1946. During the summer months, the usual seasonal decline in production is expected largely because of the shift to production of fall fabrics, shutdowns for inventories, and workers' vacations. However, unless the rate of consumption for the last seven months drops considerably below present levels, yearly consumption will be close to a billion pounds for the first peacetime year in history.

Carpet wool mill consumption showed a moderate decline in April. During the war, carpet wool consumption was restricted to very low levels. But consumption controls were eliminated following V-J Day, and consumption increased rapidly reaching a weekly average of 3.62 million pounds, grease basis, in March 1946. In April this dropped to 3.25 million pounds. While some further decline during the summer months is expected, mill consumption for the year as a whole will be larger than for most previous years since the first World War.

#### CCC Sales Continue to Increase

The outlook is for larger sales of domestic wools for the remainder of this year and possibly next spring. However, it is doubtful if stocks of domestic wool held by Commodity Credit Corporation will decline greatly. There has been a continued increase in the proportion of domestic wool consumed by mills for apparel use. In the January-March quarter domestic wool was only 13 percent of apparel wool consumption on a grease basis. In April the proportion increased to 20 percent, and a further increase is indicated for May. CCC sales are expected to continue to increase somewhat during the summer months. Market reports have reflected increased interest in these wools by the trade, particularly for the 1946 crop now being marketed. Large sales of Texas 12-month wools were reported during June. The marketing of the new crop is not proceeding as rapidly as it did last year. CCC appraisals for purchase through June 28 were 107.1 million pounds, 12 percent less for the same date than a year earlier. Production this year is expected to be about 7 percent smaller than a year ago.

#### Imports Decline

The importation of all wools into the United States has continued to be heavy since V-J Day and during the first four months of 1946 was at a much higher rate than for the war period when the emergency stockpiles of foreign wool were built up. There has been a marked decline in imports recently. Arrivals at three ports during May and June were 26 percent below the rate for the previous three months. All types of wool shared about equally in the decline except medium wools (44's to 56's) which exceeded the rate of imports for the earlier months.

There is some possibility of further seasonal declines in imports. Large private stocks of both apparel and carpet wools were in the hands of dealers and mills on April 1 and buyers report a lack of the more desirable "American type" wools in South American markets at prices comparable to domestic wools. Sales in the British Southern Dominions have been virtually suspended until September.

British Announce Auctions  
to Begin in September

According to cabled reports from the American Embassy in London, sales of the Joint Organization's wartime accumulation of wool stocks have been suspended from June 30 until auctions begin in September in the United Kingdom and in the Southern Dominions. At the London Conference last year, announcement of the renewal of sale by auction was made. Before the auctions were suspended in 1939 because of the war, "world" wool prices were determined at these auction sales. The provisional program for the Australian Auction calls for offering a total of 1200 thousand bales (about 360 million pounds) of wool before Christmas.

The formal signing of the wool disposal agreement between the United Kingdom, Australia, New Zealand, and South Africa was announced on May 21, 1946. A new private limited company to be registered as the "United Kingdom Wool Disposals, Limited" was created. Sir Harry Shackleton, United Kingdom wool controller since 1939, has been appointed chairman to advise on the disposal of the British wool stockpile. The organization will attempt to stabilize prices by purchasing new clip wools as well as stockpile wools which fail to find buyers at the prescribed minimum reserved prices and by auctioning from their own stocks in sufficient quantities to hold down prices. The British Government is expected to make an announcement later which may include a reference to these minimum prices.

International Wool Trade  
Continues to Expand

International trade in raw wool has expanded considerably during the past year, and it now appears that season-end stocks in the five Southern Hemisphere countries probably will be no larger and possibly may be smaller than last season. Complete data for the 1945-46 wool season just closed in the British Southern Dominions and which continues to next October in South America are not available as yet, but there are some indications of the extent of international wool trading this season.

1. In Argentina, exports through March 31 (6 months) were over twice as large as for the same period during the war years and 60 percent higher than the 1934-38 average. The carry-over at the end of this season in that country may be reduced.
2. In Uruguay, where all surplus stocks accumulated during the war had already been disposed of before this season, exports through March 31 (6 months) were higher than for the same period in most prewar years.

3. In Australia, exports through February (8 months) amounted to 503 million pounds. Orders have been outrunning allocations and shipments. The Australian Wool Realization Commission has indicated that it will allocate to the United States only 84 percent of the orders received through May 31 totaling approximately 450 million pounds. Imports into the United States for consumption through February (8 months) were 220 million pounds compared to 118 million pounds for the same period last year. For the first time since the war began this year's end-of-season carry-over may not show an increase.
4. Not much current information is available on New Zealand. Indicated production for the season just ended was large and exports based on data through December 1945 (6 months) would indicate that end of season stocks would be increased somewhat over the large stocks of 370 million pounds held last year.
5. In South Africa export data are not available, but stocks April 30, 1946 were over 100 million pounds smaller than at the beginning of the season, reflecting large overseas shipments as well as a somewhat smaller production.

There has been a noticeable increase in exports of wool to Continental European countries since V-E Day, but the bulk of wool exports are still moving to the United States and the United Kingdom. In South America, exports to France, Belgium, Switzerland, and Norway, had increased manyfold but do not approach prewar volumes. Four-fifths of South American wool exports for the first six months of the season were to the United States. In Australia 80 percent of exports for the 8 months through February were to the United States and the United Kingdom, and what data are available seem to indicate a somewhat similar situation for South Africa.

While the outlook for an expanding international wool trade during the 1946-47 season as a whole is still very promising, something of a lull can be expected for the next few months. All wool sales in the British Empire have been suspended until September. Exports from the Dominions will continue in fair volume during the summer, however, because deliveries have been lagging behind sales. In South America there has been less activity by United States importers because of the higher prices induced by the activity of Russian and other Continental buyers in those countries. Though Continental European takings may increase, the reduction in United States buying and seasonal factors may result in some decline in South American exports during this summer.

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

Item	Annual average			1946			
	1943	1944	1945	1945 June	Apr.	May	June
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Prices received by farmers,							
grease basis, 15th of month ..	41.6	42.4	41.9	42.5	41.4	41.8	41.9
Boston, market: 1/							
Territory, scoured basis -							
64s, 70s, 80s, staple combing.	117.8	119.0	117.7	119.0	99.5	99.5	99.5
56s combing .....	104.2	104.5	103.5	104.5	88.5	88.5	88.5
Bright fleece, greasy -							
64s, 70s, 80s delaine .....	46.9	47.0	47.0	47.5	40.0	40.0	40.0
56s combing .....	54.2	54.5	54.0	54.5	46.5	46.5	46.5
Foreign wool, in bond:							
Scoured basis -							
Australian 64s, 70s, good							
top-making 2/ .....	75.9	72.1	75.2	74.5	74.7	74.5	74.5
Cape, short combing .....	72.5	72.5	72.5	72.5	3/67.5	3/67.5	3/67.5
Grease basis -							
Montevideo 60-64s .....	41.4	39.4	39.6	39.5	41.5	41.5	41.5
Montevideo 1s (56s) .....	41.4	40.7	42.2	42.5	42.5	42.5	42.5
Other textile fibers:							
Cotton, 15/16-inch							
Middling 4/ .....	20.6	21.2	22.6	22.7	27.7	27.4	29.2
Rayon staple fiber 5/							
Viscose 1-1/2 denier .....	24.4	24.8	25.0	25.0	25.0	25.0	25.0
Acetate 5 denier .....	43.0	41.9	38.0	38.0	38.0	38.0	38.0

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/ Quotations 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, 1944-46

Item	Total		Weekly averages				
	1944	1945	Jan.-Apr. 1945	Apr. 1946	Mar. 1946	Apr. 1946	
	pounds	pounds	pounds	pounds	pounds	pounds	
Grease basis:							
Apparel wool -							
Domestic .....	318,595	251,735	7,817	3,028	7,047	4,225	
Foreign .....	690,364	761,046	14,736	17,061	15,254	18,950	
Total .....	1,008,959	1,012,781	22,553	20,089	22,301	21,175	
Carpet wool .....	61,166	76,087	1,085	3,260	929	3,254	
Scoured basis							
Apparel wool -							
Domestic .....	150,861	120,357	3,722	1,452	3,293	1,979	
Foreign .....	426,152	468,891	9,107	10,426	9,545	11,095	
Total .....	577,013	589,248	12,829	11,878	12,838	12,306	
Carpet wool .....	45,757	55,885	794	2,324	680	2,292	

Compiled from reports of the Bureau of the Census.

1/ 5-week period. 2/ 4-week period

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

## PRICES

Item	Annual		January-June		1945		1946	
	Av. 1937-41	1945	1945	1946	June	May	June	
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
<b>Cattle and calves</b>								
Beef steers sold out of first hands, Chicago:								
Choice and prime .....	12.01	17.30	16.89	17.48	17.15	17.33	17.67	
Good .....	10.52	16.00	15.84	16.54	16.16	16.55	16.98	
Medium .....	8.94	14.12	14.31	15.26	14.60	15.31	15.86	
Common .....	7.59	11.73	12.16	12.88	12.36	13.34	13.73	
All grades .....	10.47	16.18	15.76	16.59	16.58	16.77	17.30	
Good, grade cows, Chicago .....	7.38	14.01	14.45	14.27	13.98	14.23	14.94	
Vealers: Gd. and ch., Chicago:	10.34	15.12	15.60	15.40	15.40	15.45	15.99	
Stocker and feeder steers, .....								
Kansas City .....	8.36	13.07	13.47	15.13	13.73	15.82	15.72	
Av. price rec'd by farmers: .....								
Beef cattle .....	7.41	12.10	12.50	13.18	13.40	13.80	14.10	
Veal calves .....	8.72	13.20	13.57	14.18	13.80	14.40	14.80	
<b>Hogs</b>								
Av. market price, Chicago:								
Barrows and gilts .....	-	14.75	14.74	14.34	14.75	14.85	14.85	
Sows .....	-	13.99	14.00	14.09	14.00	14.10	14.10	
All purchases .....	7.97	14.66	14.70	14.78	14.69	14.81	14.77	
Av. price rec'd by farmers for:								
hogs .....	7.59	14.00	14.02	14.22	14.10	14.30	14.30	
Av. price rec'd by farmers for:								
corn 1/ .....	62.9	109.7	107.7	121.33	111.0	135.0	142.0	
Hog-corn price ratio, U. S. 2/:	12.8	12.8	13.0	11.8	12.7	10.6	10.1	
<b>Sheep and lambs</b>								
Lambs, gd. and ch., Chicago .....	9.82	15.48	16.13	15.95	16.02	16.89	16.42	
Feeding lambs, gd. and ch., Omaha	8.70	12.70	-	-	-	-	-	
Ewes, gd. and ch., Chicago .....	4.43	7.69	8.64	8.05	7.90	7.97	8.54	
Av. price rec'd by farmers:								
Sheep .....	4.20	6.35	6.76	6.87	6.82	7.06	7.24	
Lambs .....	8.28	13.00	13.52	13.72	13.40	14.10	14.30	
Index retail meat prices 4/.....	100.9	131.1	131.0	-	131.6	133.4	-	
Index income of industrial workers 5/ .....	120.4	285.7	324.5	-	310.9	245.2	-	
Number slaughtered under Federal inspection and market statistics								
	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	
Cattle.....	9,999	14,538	6,729	4,772	1,060	676	451	
Calves .....	5,571	7,020	3,062	2,493	486	402	294	
Sheep and lambs .....	17,609	21,220	10,656	10,402	1,906	1,374	1,678	
Hogs.....	41,223	40,960	21,863	23,568	3,382	4,149	2,316	
Av. live weight of hogs, .....	-lb.-	-lb.-	-lb.-	-lb.-	-lb.-	-lb.-	-lb.-	
7 markets .....	-	269	261	258	279	248	271	
Percent packing sows are of .....	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	
all purchases, 7 markets .....	-	9	5	4	8	3	7	
:								
1/ Cents per bushel.	2/ Number of bushels of corn equivalent in value of 100							
pounds of live hogs.	3/ Spring lambs							
5/ 1935-39 = 100.	4/ Bureau of Labor Statistics, 1935-39 = 100.							

BAE "SITUATION" REPORTS

The Cotton Situation	(Monthly)
The Dairy Situation	(Monthly)
The Demand and Price Situation	(Monthly)
The Farm Income Situation	(Monthly)
The Fats and Oils Situation	(Monthly)
The Food Situation	(Monthly)
The Fruit Situation	(Quarterly)
The Livestock and Wool Situation	(Monthly)
The Marketing and Transportation Situation	(Monthly)
The National Food Situation	(Monthly)
The Poultry and Egg Situation	(Monthly)
The Tobacco Situation	(Quarterly)
The Vegetable Situation	(Quarterly)
The Wheat Situation	(Bi-monthly except monthly for July and August)
The World Sugar Situation	(Annually)

The above reports are available free upon request. Address requests to

Bureau of Agricultural Economics  
U. S. Department of Agriculture  
Washington 25, D. C.