

# Market Outlook

By GILBERT GUSLER

**GOVERNMENT AND BUSINESS** economists expect industrial activity and employment to hold for the next six months on levels only 5 to 10 percent below the all-time peaks reached in the last quarter of 1948. The outlook is particularly good in the steel, auto and construction industries. With consumer income sustained, domestic demand for farm products probably will hold only slightly below the average level of

## Markets at a Glance

**Demand**—Both domestic and export demand in next six months probably will be slightly below year ago.  
**Cattle**—Downtrend on good and choice grades is probable in next few months.  
**Hogs**—Moderate price rise is probable from December to March.  
**Lambs**—Prices probably will advance after December. Discounts for overweight will be heavy.  
**Wool**—Worsteds wools are selling near pre-devaluation levels.  
**Wheat**—Export demand has improved slightly.  
**Rye**—Price decline probably has discounted heavy imports from Canada.  
**Corn**—Small producer offerings due to discount below loan value probably will force higher prices.  
**Oats**—Imports from Canada have weakened eastern demand.  
**Soybeans**—Falling receipts and increasing demand for products probably will stiffen prices.  
**Flaxseed**—Prices are unlikely to rise much over loan value and storage payment.  
**Seeds**—Light supplies, increased spring needs give strong outlook.  
**Foodstuffs**—More active buying to replenish stocks is probable for a while.  
**Hay**—Prices will be extremely high where shipments are necessary.  
**Dairy Products**—Increase of 10 to 15 percent in production in next two or three months will weaken prices.  
**Eggs**—Prices probably will sag to support level by March.  
**Chickens**—Chicken-feed price ratio may continue rather unsatisfactory.  
**Turkeys**—Supplies remaining for Christmas trade are relatively large.  
**Potatoes**—Support for 1950 crop will be at about \$1.60 a cwt. against \$1.80 this year.  
**Apples**—December storage holdings may be larger than ever before.  
**Onions**—Light supply will mean high winter market.

the first half of 1949. Export demand will be weaker and government support levels for some farm products will be lower. The general average of farm prices may stabilize for several months near the late fall level which is about 10 percent below a year ago.

Another dip in economic activity may occur in the last half of 1950 as various industries catch up more fully with demand and exports decline because of tapering off of ECA aid. Farmers should base their plans on expectation of somewhat lower prices a year hence and a narrower margin between prices and costs, as well as reaction in sales volume because of production controls.

**CATTLE**—Price curves for good and choice grades probably will continue for several months the downward trends which started in late October. Feeder movements thus far and feed supplies indicate during the number of cattle finished during the winter will be as large or larger than last year, when Chicago prices for choice steers dropped \$11 a cwt. and good steers more than \$6 from November to February. Current prices are not quite as high as a year ago so that the drop may be less extreme.

Supplies of shortfed cattle have been increasing and probably will expand further by midwinter. Low grade slaughter cattle will gradually become scarce during the next four or five months.

Stocker and feeder cattle prices may weaken slightly in the near future if prices for finished cattle decline, then follow a steady to higher course during the rest of the winter. Demand for cattle to salvage down corn and to go on southwestern wheat pastures, as well as for dry lot feeding, continues quite active. Prices are 15 to 20 percent lower than last year. Finishing margins are

likely to be rather narrow although much better than last winter.

**HOGS**—A moderate price rise is probable from mid-December to March, although any improvement in late December is likely to be followed by another weak spell in January. Owing to early selling of spring pigs at light to medium weight, receipts probably will drop at least the usual 30 percent from December to March. Storage demand probably will be active for the next month or two. Government support guide prices rise nearly \$2 per 100 pounds from December to March. Up to late November, prices had only one brief dip below the support level and government buying has been unnecessary. Army purchases of lard along with sales of hogs at light weight have held down the lard surplus thus far.

**LAMBS**—Prices probably will advance moderately in the next two or three months. Lambs over 100 pounds, already rather heavily discounted, are likely to lag in the price improvement. Fewer lambs will be fed this winter than last year, as reduction in the crop and holding

	Chicago	St. Paul	Billings
<b>CATTLE</b>			
Choice light steers (1,100 lbs. down)	\$31.50-39.50	\$31.50-36.00	
Choice heavy steers (1,100 lbs. up)	33.00-39.50	31.50-36.00	
Good light steers	26.00-32.50	25.50-32.00	
Good heavy steers	26.50-33.00	25.00-32.00	
Medium steers (all weights)	20.00-27.00	18.00-25.50	19.00-22.00
Common light steers	17.50-20.00	16.00-18.00	
Common to choice butcher heifers	17.00-24.00	15.50-32.50	\$15.00-20.00
Medium and good butcher cows	15.25-19.00	14.50-17.00	14.50-16.00
Canner, cutter and common cows	11.25-15.25	11.50-14.50	10.00-12.00
Cutter to good bulls	14.00-19.25	14.00-18.50	14.00-16.00
Cull to choice veal calves	15.00-27.50	11.00-27.00	
Cull to choice calves (500 lbs. down)	13.00-25.00	11.00-21.00	**19.00-20.00
Common to choice feeders (500-800 lbs.)	18.00-26.00	16.00-24.50	18.00-23.00
Common to choice feeders (800-1,050 lbs.)	18.00-25.00	16.00-24.00	18.00-23.00
Medium to choice stock cows and heifers	13.75-23.00	13.00-21.00	12.00-18.50
Medium to choice stocker and feeder calves	18.00-29.00	17.00-26.00	**18.50-23.50
<b>HOGS</b>			
Heavy (240 lbs. up), good and choice	14.00-15.25	14.25-15.00	
Medium (200-240 lbs.) good and choice	15.00-16.50	15.00	15.00
Light (160-200 lbs.), good and choice	15.00-15.75	15.00	15.00
Light lights (120-160 lbs.), good and choice	12.50-15.50	14.75-15.00	
Light weights, medium grade	14.00-15.00		
Good and choice packing sows (270-400 lbs.)	13.75-14.25	14.00-14.25	
Good packing sows (400-550 lbs.)	12.50-13.75	13.25-14.00	11.00-12.50
Slaughter pigs (120 lbs. down)	11.00-13.00		
Stocker and feeder pigs		15.00-15.50	
<b>SHEEP AND LAMBS</b>			
Good and choice lambs	22.50-24.00	23.00-23.50	21.00-21.50
Common to good lambs	15.50-23.25	15.50-22.75	
Common to choice ewes	8.50-12.50	8.00-11.75	6.00-11.00
Good and choice feeder lambs		22.50-23.50	20.00-22.50
*Common to medium. **Good to choice.			

ewe lambs on the range for breeding flocks have cut down the supply of feeder lambs. July-October shipments of feeder lambs into the cornbelt were 19 percent over last year, however. Many of these will be sold before the end of the year, so that price movement may come mainly after that date.

**WOOL**—Prices probably will be

steady to strong during the winter. Some worsted wools are selling up near predevaluation levels. Foreign markets continue to advance and Australian prices appear to be relatively higher than domestic wool prices. Stocks in the United States are small, but purchases of Australian wools made soon after devaluation, and now arriving or on the way, will prevent any extreme shortage. The support price under the new farm law will average about 45 cents per grease pound at the farm compared with 42.3 cents in the last four years.

**WHEAT**—Prices have responded to a scattered increase in export sales, but prospects of exports continue somewhat unfavorable. Wheat agreement countries are trying to buy at less than the maximum prices. Subsidy rates may be gradually increased to make larger sales possible. CCC purchases are small and are being made mostly in the Pacific northwest. Milling demand also is slow. Prices are near the support level in the southwest and northwest, but farmer offerings remain small. Selling at least part of one's holdings appears advisable whenever prices equal to the loan value plus the storage payment can be obtained.

**SEEDS**—The price outlook is relatively strong. Legume forage seed supplies are near the average of the last five years and grass seed stocks are less than half the average. Restrictions on wheat, corn and cotton acreage in 1950 will increase spring planting needs for all these seeds.

**DAIRY PRODUCTS**—Steady to slightly lower prices are probable in the next two or three months. Milk production probably will increase 10 to 15 percent in this period and storage holdings of manufactured products will be pushed for sale. Stocks were reduced less than usual during October. Butter and cheese are still being offered to the government at the support prices, but the government has begun to offer its holdings of 102,000,000 pounds of butter and minor sales have been made from its low cost purchases. Offerings of fluid milk and cream in leading city milksheds are well ahead of last year. Surpluses for manufacturing will increase moderately in the next few months. Milk-fed and butterfat-feed ratios probably will gradually become less favorable but will still be rather profitable.

**CHICKENS**—Prices probably will be steady to slightly higher during the winter but the chicken-feed price ratio may remain rather unsatisfactory. Offerings of farm chickens will gradually decline, but commer-

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## 15-Day Weather Outlook

### Montana-Wyoming Forecast: Dec. 1 to 15

By OSCAR L. MOLDENHAUER

Fairly moderate cold waves and less than the normal of precipitation and storm activity are indicated for Montana and northern Wyoming during the first half of December. The few cold waves that do invade this region will not remain long as such, and so Montana Farmer-Stockman territory can expect a few brief mild spells as well as considerable dry weather.

The weather of the next two to three weeks is expected to have two distinct characteristics as follows: (1) Due to the advancing season the paths of the cold air masses that have been centered over the Great Lakes region will be extending westward into eastern Montana at times, resulting in some disturbances and possibly snow from the high divide eastward. (2) High-pressure cold air masses are expected to center over the regions from the Rockies westward some of the time.† When that occurs western Wyoming and the part of Montana west of the continental divide will receive frequent but light precipitation and rather cold weather, giving way to mild southerly winds. Aside from the frontal disturbance set up by these alternating trends stormy weather may be at a minimum in this region.

#### Weather Changes

The month is indicated to begin with a few days of mild, dry weather, followed by a cold wave and frontal disturbance to reach northern Montana about the 5th and 6th and promptly overrun the area east of the continental divide. This is a favorable time for a few days of cold, cloudy, disagreeable weather and light snow. Another disturbance is expected to cross this region from the 8th to 10th, but it will probably leave this area before it develops into a real snowstorm. As a result only light snowfall is expected in Montana Farmer-Stockman territory along with a cold wave over the weekend. Some unsettled weather and a minor disturbance are indicated for the 12th to 14th without very much precipitation except west of the continental divide. Clear weather, rising temperatures and probably southerly winds are indicated to be moving across this forecast region by Dec. 15. Precipitation: Below normal. Temperatures: Average about normal.

#### December weather data from U. S. Weather Bureau records:

	Nor. Precip.	Wettest December	Driest December	Nor. Temp.	Highest for December	Lowest for December
<b>MONTANA</b>						
Eastern Div.	0.50	1.46 (1917)	0.07 (1913)	20.9°	**80° (1918)	**—56° (1924)
Central Div.	0.68	1.83 (1917)	0.17 (1896)	23.8°		
West of Divide	1.68	5.80 (1917)	0.37 (1914)	25.2°		
<b>WYOMING</b>						
North Central	0.60	**1.27 (1901)	**0.10 (1896)	21.8°	**78° (1939)	**—59° (1924)
Northeast	0.52			24.3°		

†During October and November there was a considerable concentration of high-pressure air masses straddling the Colorado Rockies and from there westward to the coast. With these cool, dry air masses stagnating over the mountain states the weather usually changes from cloudy to clear, from cool to warm and soon you have warm winds radiating out from the center of the "high." It is practically impossible to get any amount of precipitation in Montana or Wyoming east of the continental divide with a high-pressure mass to the southwest and warm, dry southwesterly winds. When such conditions prevail longer than expected they completely upset all carefully calculated time tables.

It was previously calculated that the paths of the stagnant "highs" would shift after October so that the dry air masses would break up and move on in November, permitting the normal movement of low-pressure storms favorable for precipitation. Instead the stagnant high-pressure air masses returned again in November to cover the mountain states for a week at a time in series. This caused an eastward shift of the storm centers to central Canada and the Great Lakes area and mild, dry weather to Montana and Wyoming. This situation in general is believed now to be on the way out so that the "highs" will not dominate the weather pattern for more than a few days at a time during December.