

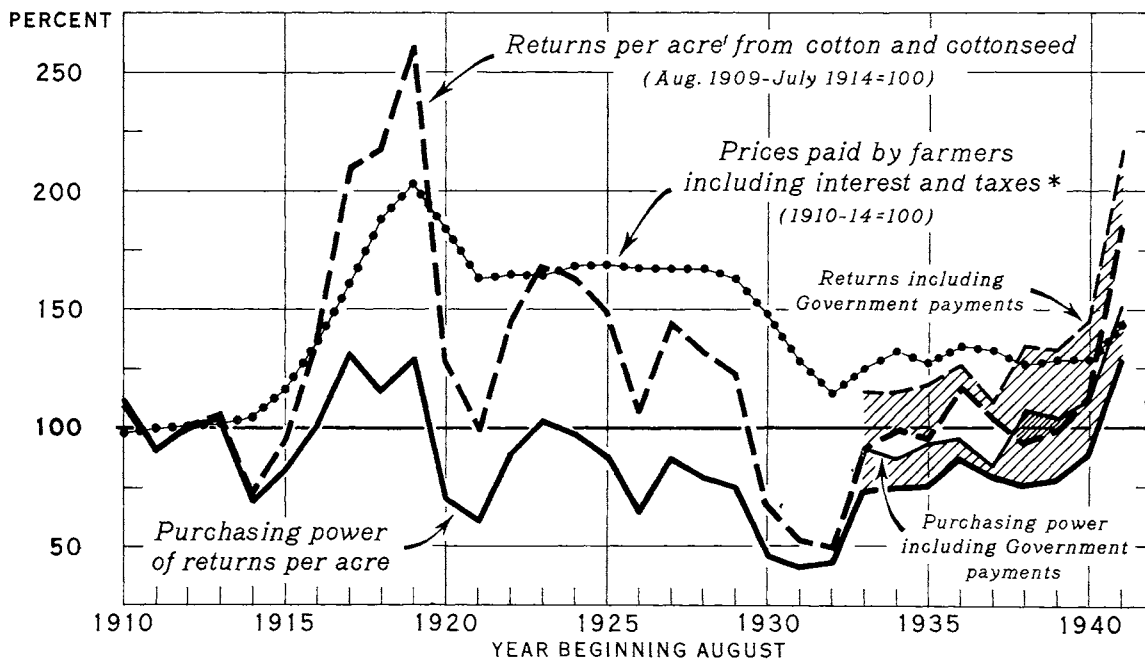
BUREAU OF AGRICULTURAL ECONOMICS
 UNITED STATES DEPARTMENT OF AGRICULTURE

CS-67



MAY 1942

RETURNS PER ACRE OF COTTON, PRICES PAID INCLUDING INTEREST AND TAXES, AND PURCHASING POWER OF RETURNS PER ACRE, INDEX NUMBERS, UNITED STATES, 1910-41



* 1910-22, AVERAGE OF SUGGESTIVE CALENDAR YEARS DATA FOR 1941 ARE PRELIMINARY

U S DEPARTMENT OF AGRICULTURE

NEG. 39287 BUREAU OF AGRICULTURAL ECONOMICS

RETURNS FROM LINT AND COTTONSEED PER ACRE OF COTTON HARVESTED INCREASED FROM \$30.13 IN 1940 TO \$49.23 IN 1941, THE HIGHEST SINCE 1919 AND 185 PERCENT OF THE 1909-13 AVERAGE. INCLUSION OF GOVERNMENT PAYMENTS RAISES 1941 RETURNS TO \$57.69, OR 217 PERCENT OF THE 1909-13 AVERAGE. THE INDEX OF PURCHASING POWER OF RETURNS PER ACRE, EXCLUDING GOVERNMENT PAYMENTS, INCREASED FROM 88 IN 1940 TO 128 IN 1941; INCLUDING GOVERNMENT PAYMENTS, FROM 112 IN 1940 TO 151 IN 1941. THIS IS FAR IN EXCESS OF THE CORRESPONDING FIGURE FOR ANY OF THE OTHER 31 YEARS FOR WHICH RECORDS ARE AVAILABLE.

FARMERS ARE INTERESTED IN THE PURCHASING POWER OF THEIR TOTAL RETURNS AS WELL AS IN RETURNS PER ACRE. THE MARKED REDUCTION IN COTTON ACREAGE SINCE 1933, OF COURSE, MAKES HIGHLY IMPORTANT THE PROFITABLE UTILIZATION OF LAND THAT IS NOT IN COTTON.

THE COTTON SITUATION

Summary

Returns from marketings of lint and cottonseed per acre of cotton harvested increased from \$30.13 in 1940 to \$49.23 in 1941, the highest since 1919 and 185 percent of the 1909-13 average. Inclusion of Government payments raises 1941 returns to \$57.69, or 217 percent of the 1909-13 average. The index (1909-13 = 100) of purchasing power of returns per acre, excluding Government payments, increased from 88 in 1940 to 128 in 1941; including Government payments, from 112 in 1940 to 151 in 1941. This is far in excess of the corresponding figure for any of the other 31 years for which records are available. Total returns per farmer, of course, have not increased as much in recent years as have returns per acre, since there has been a reduction of cotton acreage.

Cotton prices fluctuated within a range of two thirds of a cent during the past month and on May 26 Middling 15/16-inch cotton averaged 19.74 cents per pound in the ten markets, one third of a cent lower than a month earlier and three fourths of a cent below the 13-year high in April. The dominant force accounting for day-to-day fluctuations was the speculative response to rumors about proposed changes in regulations governing Government purchases and sales of commodities.

Domestic consumption totaled 998,754 bales in April, exceeding the March record by 32,000 bales. Up to the end of April, 1941-42 consumption totaled 8,245,000 bales, 18 percent above a year earlier and a quarter million bales higher than total consumption during any entire season prior to 1940-41. The daily rate of consumption in April was 46,089 bales, 652 bales above the February record and 8,261 bales above the 1940-41 average.

Canadian cotton mills continued to operate at a record level during March but the plan to replace able-bodied men of military age in the textile industry may temporarily reduce textile production. During the first half of the current season Canadian mills consumed 256,513 bales compared with 251,048 bales during the previous 6 months and 220,736 bales during the corresponding 6 months of last season. The consumption of American cotton in Canada continues to decline relative to the consumption of Brazilian,

-- May 27, 1942

PRICES

Prices Move Within Narrow Range; Decline 1/3 Cent

Cotton prices ranged between 20.28 and 19.64 cents and showed a slight decline during the month ended May 26. At the close of the period the 10-market average of Middling 15/16-inch cotton was 19.74 cents, or 34 points lower than a month earlier and 73 points below the 13-year high established in April. Throughout the month the price of cotton ranged from 9 to 73 points below the March high of 20.37 cents, which was the price of raw cotton on which the various cotton yarn and textile ceilings were based when the fixed maximum prices were established in late April. The present ceilings replaced flexible or "sliding-scale" ceilings which were automatically adjusted upward or downward as the 10-market price of raw cotton changed.

Weekly weather reports and the report of the record April consumption had no appreciable effect on prices, since both were substantially in line with expectations. More important was the speculation based on numerous and often conflicting rumors about proposed changes in regulations governing Government purchases and sales of commodities. Such developments are always carefully watched and the market will no doubt continue to reflect day-to-day developments.

Price of American-Egyptian Advances Slightly

American-Egyptian SxP No. 2 of 1-1/2 inches staple length advanced about 2/3 of a cent during the past month. On May 15 the price averaged 44.5 cents per pound net weight at New England mill points and 10 points lower at North Carolina mill points. These prices compare with 35 cents a year earlier at both points. The farm price of American-Egyptian has also advanced. In Arizona, where approximately three fourths of the 1941 American-Egyptian crop was produced, the April farm price was 39.7 cents compared with 39.3 cents in March and 30.3 cents in April 1941.

MAY 1942

- 4 -

RETURNS TO FARMERS

1941-42 Returns Exceed 1 Billion Dollars For First Time Since 1929

Calculated at the season average price of lint cotton sold through March 31, the value of total lint production of the 1941 crop is placed at \$903,257,000. Included in this figure is the value of about 1.6 million bales of 1941 loan cotton. The value of cottonseed production is estimated at \$228,158,000, of which sales were estimated at \$191,513,000. To this total of \$1,094,770,000 should be added \$138,048,000 in AAA payments, raising total returns from the cotton enterprise to \$1,282,818,000.

This is the largest return from lint for 12 years and exceeds 1940-41 by 45 percent. Even more striking are the returns from seed which are the highest since 1919 and 96 percent above last season. These increases over 1941 result from a combination of a 70-percent increase in the price of lint and a 119-percent increase in the price of seed which much more than offset the 15-percent decline in cotton production.

On a per acre basis the returns from marketings of lint and seed total \$49.23, or 185 percent of the 1909-13 average. This index compares with 113 percent last season and is the highest return per acre since 1919. Inclusion of Government payments raises the return per acre to \$57.69. This is 50 percent larger than last season and equivalent to 217 percent of the 1909-13 average.

If the returns are expressed in terms of purchasing power by correcting for variations in the indexes of prices paid by farmers, including interest and taxes, the index (1909-13 = 100) of the purchasing power of returns per acre of cotton harvested in 1941, excluding Government payments, is 128, the first time since 1923 that the index has exceeded 100. This is 40 points above the 1940 level and is exceeded only by the record of 130 in 1917 and the index of 129 in 1919. Inclusion of Government payments raises the purchasing power index to 151 in 1941. This compares with 112 last season and is by far the highest in the 32 years covered by the index.

DEMAND AND CONSUMPTION

Consumption up Sharply; Totals 999,000 Bales in April

A further advance was recorded in cotton consumption during April when 998,754 bales were opened. This compares with the previous record of 967,000 bales a month earlier and an average of 908,000 for the preceding 12 months. For the first three quarters of the current marketing year consumption totaled 8,245,000 bales, 18 percent above the corresponding period last season and 57 percent above the 1935-39 average for the 9 months. In fact, the rate of consumption has been so high that up to the end of April 250,000 more bales of cotton had been consumed than in any entire season prior to 1940-41. The high level of consumption this season is attributable both to a sharp increase in mill activity and to a shift to

heavier weight fabrics. The outlook is for an even higher level of consumption in the coming months.

Daily consumption during April was 46,089 bales which exceeded the February record by 652 bales per day and the 1940-41 average by 8,261 bales. The daily rate in April was equivalent to an annual consumption of 11,840,000 bales and if consumption continues at this rate for the remaining quarter the total consumption this season would be about 11,300,000 bales.

During April 23,100,202 spindles were in operation. This is 96 percent of the total spindles in place and the largest number of active spindles on record. Those in operation during the month accounted for a total of 11,462,971,594 hours of operation, or an average of 496 hours per spindle in operation. This represents 16.5 hours per day for each of the 30 days in the month.

Through April 147,000 bales of foreign cotton had been consumed and if consumption of these growths continues at the rate prevailing since the first of the calendar year, the total for the season would be about 200,000 bales. On May 1 there were 153,000 bales of foreign cotton, including 48,000 bales of Egyptian cotton, in consuming establishments and in public storage and at compresses in this country.

Canadian Mill Activity At High Level;
Temporary Decline Possible

Canadian cotton mills reported a record consumption of 52,755 bales during March. The gain over the February total of 46,196 bales is attributable in part to the production of coarser yarns and to 2 additional working days during the month.

While employment in the entire Canadian textile industry is high and production continues at a very high level, serious interference with mill operations is reportedly expected in the coming months as a result of the recently announced manpower selective service program which places restrictions on the employment in certain "restricted occupations" of male operatives between the ages of 17 and 45. The general plan is to replace able-bodied men of military age in the textile and other "restricted" occupations and to shift them into the armed forces, war industries, and other essential occupations. This, it is reported, probably will temporarily reduce textile production.

Early in April approximately 40 percent of Canadian cotton mill operations were reported to be for war materials, compared with 30 percent in January. As 1942 progresses the displacement of civilian goods production by output of war goods is expected to continue. However, definite shortages of civilian goods are not expected to be felt until the end of 1942 or early 1943.

The semiannual statistical report of the Canadian cotton industry covering the 6 months August 1941-January 1942 reveals that 256,513 bales of cotton were consumed during the period. This compares with 251,048

bales during the previous 6 months and 220,736 during the corresponding period a year ago. Active hours per running spindle showed gains of 10 percent and 12 percent, respectively, over the two preceding 6 month periods. American cotton constituted 22 percent of the total cotton consumed during the first half of the current season compared with 32 percent and 57 percent, respectively, during the two preceding periods. This decline was offset by the sharp increase in the consumption of Brazilian cotton which averaged 72 percent of the total during the past 6 months compared with 64 percent and 39 percent during the two previous periods. Stocks of raw cotton on January 31 totaled 182,997 bales, a 65 percent increase over the level 6 months earlier. American and Brazilian accounted for 42 percent and 41 percent, respectively, of the total stocks on January 31, 1942.

Table 1.-- Cotton, all kinds: Consumption in the United States and percentage change, 1935-41

Period	Year beginning August						
	1939		1940		1941 1/		
	Average 1935-39	1939	1940	Actual	Average 1935-39	1939	1940
	1,000 run- ning bales	1,000 run- ning bales	1,000 run- ning bales	1,000 run- ning bales	Percent	Percent	Percent
Aug.	555.4	630.7	650.9	874.1	157.4	138.6	134.3
Sept.	567.9	624.2	638.2	875.7	154.2	140.3	137.2
Oct.	591.7	686.5	770.8	953.6	161.2	138.9	123.7
Nov.	587.2	718.7	741.2	849.7	144.7	118.2	114.6
Dec.	568.5	650.1	777.5	887.3	156.1	136.5	114.1
Jan.	606.5	731.8	844.8	945.9	156.0	129.3	112.0
Feb.	566.6	661.8	793.4	893.7	157.8	135.0	112.6
Mar.	623.5	627.2	854.8	966.6	155.0	154.1	113.1
Apr.	575.0	623.1	921.0	998.8	173.7	160.3	108.4
Aug.-Apr.	5,242.3	5,954.0	6,992.6	8,245.5	157.3	138.5	117.9
May	574.9	641.6	923.5				
June	564.5	565.4	875.8				
July	556.5	622.7	929.8				
Total for year:	6,938.3	7,783.8	9,721.7				

Compiled from reports of the Bureau of the Census.

1/ Preliminary.

Table 2.- Cotton and cottonseed: Returns from marketings and Government payments, 1909-41

Crop year	Returns from marketings			Government payments	Returns including Government payments
	Cotton lint	Cottonseed	Total		
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1909	676,558	79,597	756,155		
1910	810,507	107,189	917,696		
1911	756,989	84,522	841,511		
1912	787,645	84,076	871,721		
1913	882,502	106,417	988,919		
1914	592,192	89,504	681,696		
1915	626,897	126,416	753,313		
1916	993,514	205,220	1,198,734		
1917	1,528,535	273,638	1,802,173		
1918	1,735,227	290,709	2,025,936		
1919	2,016,075	262,703	2,278,778		
1920	1,066,759	105,161	1,171,920		
1921	675,500	84,343	759,843		
1922	1,116,133	97,870	1,214,003		
1923	1,454,714	135,145	1,589,859		
1924	1,561,021	152,529	1,713,550		
1925	1,578,674	174,203	1,752,877		
1926	1,121,185	140,238	1,261,423		
1927	1,308,088	159,720	1,467,808		
1928	1,302,049	173,532	1,475,581		
1929	1,244,852	155,418	1,400,270		
1930	659,044	103,504	762,548		
1931	483,639	50,370	534,009		
1932	424,013	46,902	470,915		
1933	663,516	53,613	717,129	181,025	898,154
1934	595,615	113,102	708,717	115,226	823,943
1935	590,137	114,518	704,655	160,222	864,877
1936	764,433	150,991	915,424	86,834	1,002,308
1937	796,179	129,197	925,376	68,742	994,118
1938	513,638	92,836	606,474	265,595	872,069
1939	536,923	86,235	623,158	215,012	838,170
1940	621,380	97,536	718,916	198,316	917,232
1941 ^{1/}	903,257	191,513	1,094,770	188,048	1,282,818

Compiled from reports of the Bureau of Agricultural Economics and the Agricultural Adjustment Administration.

^{1/} Preliminary.

Table 3.- Returns per acre of cotton, prices paid including interest and taxes, and purchasing power of return per acre of cotton, United States, 1910-41 (Data for neg. 39287)

Year beginning Aug. 1	Returns from marketing of cotton lint and cottonseed per acre of cotton harvested:		Returns including Government payments:		Index of prices paid by farmers including interest and taxes 1/ 1910-14=100	Index of purchasing power of returns per acre of cotton harvested	
	Dollars	Index numbers	Dollars	Index numbers		Excluding Government payments	Including Government payments
1910	29.13	110			98		112
1911	24.10	91			100		91
1912	26.78	101			101		100
1913	28.09	106			102		104
1914	19.14	72			104		69
1915	25.15	95			116		82
1916	36.25	136			136		100
1917	55.89	210			161		130
1918	57.82	218			188		116
1919	69.25	261			203		129
1920	34.06	128			184		70
1921	26.50	100			163		61
1922	38.71	146			164		89
1923	44.72	168			164		102
1924	43.38	163			168		97
1925	39.49	149			169		88
1926	28.28	106			167		63
1927	38.28	144			167		86
1928	34.77	131			167		78
1929	32.39	122			163		75
1930	17.97	68			148		46
1931	13.80	52			128		41
1932	13.12	49			115		43
1933	24.41	92	30.57	115	125	74	92
1934	26.38	99	30.67	115	132	75	87
1935	25.62	96	31.44	118	127	76	93
1936	30.77	116	33.69	127	134	87	95
1937	27.52	104	29.57	111	132	79	84
1938	25.01	94	35.96	135	126	75	107
1939	26.18	99	35.21	133	128	77	104
1940	30.13	113	38.44	145	129	88	112
1941 2/	49.23	185	57.69	217	3/ 144	128	151

Compiled from official sources.

1/ Prior to 1923, average of successive calendar years, 1923 to date on August 1 year. 2/ Preliminary. 3/ Average for 9 months, Aug.-April.

Table 4.- Cotton prices, mill margins and specified index numbers, United States, annual 1929-40, monthly April 1941 to date

Season beginning and month	Price of cotton per pound:				Index numbers			
	Received by farmers 15th of month	Parity 1/	Middling cotton average for 10 markets 2/	15/16" cotton margin 3/	Cotton consumption (1935-39 = 100) 4/	Industrial production (1935-39 = 100) 4/	Wholesale sale prices (1910-14 = 100) 5/	Prices paid, interest and taxes (1910-14 = 100)
	Cents	Cents	Cents	Cents				
1929	16.79	20.30	16.23	13.19	91	101	134	163
1930	9.46	18.35	9.99	12.17	78	81	114	148
1931	5.66	15.84	6.09	9.43	73	63	99	128
1932	6.52	14.29	7.29	10.07	92	62	92	115
1933	10.17	15.52	11.00	13.95	85	76	106	125
1934	12.36	16.28	12.68	11.83	80	79	114	131
1935	11.09	15.76	11.88	12.63	94	96	117	127
1936	12.53	16.63	13.25	16.59	120	116	124	134
1937	8.41	16.25	9.09	12.15	86	92	119	131
1938	8.60	15.66	9.00	10.44	103	99	112	126
1939	9.09	15.81	10.09	12.68	116	117	114	128
1940	9.89	16.00	11.00	16.35	146	142	119	129
1940-41								
Apr.	10.45	16.00	11.09	19.81	160	144	121	129
May	11.68	16.12	12.44	20.85	164	154	124	130
June	12.81	16.37	13.79	21.84	160	159	127	132
July	14.32	16.49	15.58	19.06	162	159	130	133
1941-42 6/								
Aug.	15.33	16.86	16.14	20.53	160	160	132	136
Sept.	17.53	17.11	17.10	20.01	156	161	134	138
Oct.	16.55	17.48	16.49	20.45	161	163	135	141
Nov.	15.78	17.73	16.38	20.34	167	166	135	143
Dec.	16.23	17.86	17.26	20.30	155	167	137	143
Jan.	16.93	18.10	18.99	20.32	169	171	140	146
Feb.	17.80	18.25	19.23	20.32	174	172	141	147
Mar.	18.06	18.60	19.55	20.25	169	172	142	150
Apr.	19.03	18.72	20.23	20.29	177	174	144	151

1/ Average United States farm price for the 5 years August 1909-July 1914 of 12.4 cents times the index of prices paid by farmers, interest, and taxes (1910-14=100).

2/ Prices for 1929 are the premiums of 15/16" cotton at six markets (Dallas, Galveston, Houston, Little Rock, Memphis, and New Orleans) added to the price of 7/8" cotton in the 10 designated markets. Prices for 1930-38 are computed by adding the monthly average premium for Middling 15/16" to the average price of Middling 7/8" in the 10 markets. Prior to July 1937 premiums for 15/16" cotton in Norfolk, Augusta, Savannah, and Montgomery were estimated. Since 1939 prices are as quoted on Middling 15/16" cotton in the 10 designated markets. On August 6, 1941 Charleston was substituted for Norfolk. 3/ Mill margins on unfinished cloth (17 constructions). 4/ Federal Reserve Board, adjusted for seasonal variation.

5/ Bureau of Labor Statistics 1926 = 100, converted to 1910-14 = 100.

6/ Preliminary.

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Table 5.- Cotton, all kinds: Consumption in United States, total,
 and daily rate, specified periods, 1937-38-to date

Season : beginning: Aug. and month :	Consumption			: Number : : working : : days : : per : : year or : : month :	Daily rate		
	: Total : : Government : : mattress : : programs :	: Total : : Government : : mattress : : programs :	: less : : Government : : mattress : : programs :		: Total : : Government : : mattress : : programs :	: less : : Government : : mattress : : programs :	: less : : Government : : mattress : : programs :
	: Running : : bales	Running : : bales	Running : : bales	Number	Running : : bales	Running : : bales	Running : : bales
1937	: 5,747,978	1/	1/	256.58	22,402	1/	1/
1938	: 6,858,426	1/	1/	256.08	26,782	1/	1/
1939	: 7,783,774	1/	1/	256.08	30,396	1/	1/
1940	: 9,721,703	420,000	9,301,703	257.00	37,828	1,634	36,193
1940-41							
Apr.	: 920,950	45,000	875,950	22.00	41,861	2,045	39,816
May	: 923,518	48,000	875,518	21.50	42,954	2,233	40,722
June	: 875,812	48,000	827,812	21.00	41,705	2,286	39,420
July	: 929,782	49,000	880,782	22.00	42,263	2,227	40,036
1941-42 2/							
Aug.	: 874,113	28,000	846,113	21.00	41,624	1,333	40,291
Sept.	: 875,682	12,000	863,682	21.50	40,729	558	40,171
Oct.	: 953,600	6,000	947,600	22.75	41,916	264	41,653
Nov.	: 849,733	4,000	845,733	19.50	43,576	205	43,371
Dec.	: 887,326	1,200	886,126	22.00	40,333	55	40,278
Jan.	: 945,909	700	945,209	21.50	43,996	33	43,963
Feb.	: 893,745	4,500	889,245	19.67	45,437	229	45,208
Mar.	: 966,631	5,400	961,231	22.00	43,938	245	43,693
Apr.	: 998,754	4,900	993,854	21.67	46,089	226	45,863

Compiled from records and reports of the Bureau of the Census except number of working days per month which are from reports of the Federal Reserve Board.

1/ Not available.
 2/ Preliminary.