

COTTON

Cotton prices continued to advance during August, due to increased boll weevil infestation and unfavorable weather for maturing the crop. The average price at 10 designated markets in August was 19.16 cents as compared with 17.34 cents for July this year and 17.65 cents for August, 1926. The prices received by producers on August 15 was 17.1 cents, an increase of 1.6 cents over the price a month ago. During the first week in September cotton prices remained fairly steady, but the estimate of production given by the Department of Agriculture on September 8 was somewhat less than the trade expected, and caused prices to advance materially, but later reacted due to unfavorable trade reports from Liverpool and more favorable weather in the Cotton Belt since the first of the month.

The wide fluctuations and the higher prices of raw material at the present time are causing both spinners and buyers of cotton manufactured goods to be rather cautious in their buying. The movement to mills has continued at a good rate, world spinners' takings from August 1 to August 26 being about 36 per cent greater than for the corresponding period a year ago. Reports received from mills by the Association of Cotton Textile Merchants of New York show the ratio of sales to production in July to be 94 per cent as compared with 149 per cent during July, 1926. Stocks on hand on July 31, however, were less than a year ago being 178,000,000 yards against 288,000,000 on July 31, 1926.

Total mill consumption of cotton of all growths for the past season reached a high record of 25,880,000 bales compared with 24,681,000 bales for the 1925-26 season. The world mill consumption of American cotton for the year ending July 31, 1927, was 15,777,000 bales as compared with 13,730,000 bales for the year ending July 31, 1926. In spite of a record world consumption and the large out-of-sight movement, stocks are still heavy. World mill stocks of cotton of all growths on July 31, 1927, were 5,341,000 bales compared with 4,498,000 on July 31, 1926, and 4,267,000 bales on July 31, 1925. The visible supply on July 29 was 4,989,000 bales as compared with 3,686,000 the same time a year ago and 2,343,000 two years ago. The world carry-over of American cotton on August 1, 1927, was about 7,800,000 bales of lint cotton compared with 5,600,000 bales on August 1, 1926.

The consumption and movement of cotton on the European Continent were heavy during the second half of July and the first half of August. There was a continuation, however, of the tendency to slow up in central Europe. In Germany and central Europe high-mill activity has been maintained, but new orders are coming in slower, unfilled orders have further decreased and stocks have been increasing. The outlook for continued activity, however, in the near future is favorable. Depression continues in the American section at Lancashire. There has been little improvement in France and Italy.

Crop conditions in the United States on September 1 indicate a production of only 12,692,000 bales, a decline of 800,000 bales during August. Declines occurred in all States except New Mexico, Arizona, and California, the principle decline being registered in Oklahoma. In all important Cotton States the weevil is the dominating factor in the situation. Propagation of this pest has been accelerated by wet weather over much of the belt. Infestation increased materially in all infested areas, and the area where weevils were prevalent extended northward materially during the month of August. The extent of infestation has quite generally checked fruiting and the probability of any important top crop is small over large areas.

As the size of the crop is becoming more definitely established, the market should become more stable and the tone in the yarn and finished-goods market should be more settled. Due to the fact that the prospects of a top crop are very small, cotton will be ginned unusually early this year. As was indicated in last month's report, should the present estimate of production be realized, and past relationships between supply and price prevail, it is likely that prices will decline in the next few months.

Senator HEFLIN. They made that statement after making a bullish report.

Senator SMITH. It is that extraordinary pronouncement that did the work. If there are 325 teeth in a handsaw, what is the price of chickens? That is just about the connection between the preamble and the resolution.