CONSUMERS' MARKET SERVICE

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Agricultural Adjustment Administration, Washington, D. C.

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The cold wave in mid-November which reduced turkey supplies also appears to have severely damaged tender vegetable crops. As a result supplies of tender vegetables in December are expected to be much smaller than last year. Hardy vegetables were not materially affected by the cold weather. Supplies of hardy vegetables with the exception of sweet-potatoes and onions still are expected to be more plentiful than last winter.

Tomatoes, green peppers, cucumbers, and eggplant suffered the most severe damage from the cold wave which reduced production in Texas and Florida, major source of many tender vegetables in December. Marketings of these four vegetables this month are expected to be sharply curtailed. Prospective supplies of snap beans also were reduced by the unfavorable weather, but the damage was not as severe as in the other crops. Production of eggplant, cucumbers, and peppers in Cuba, an important source of tender vegetables during the winter months, is larger than a year ago and tomato production is about the same. These increases to some extent will offset the reduction in domestic production. Nevertheless, total supplies of tender vegetables during December probably won't be as plentiful as they were last year.

Marketings of citrus fruits from the 1940-41 crop have increased sharply in recent weeks after an unusually late start. Further seasonal increases are expected during the remainder of the year. Because of expansion of citrus production during recent years, month-to-month fluctuations in citrus supplies have become less pronounced. However, tangerine marketings generally are largest in December and grapefruit supplies are heaviest from January to March. Orange marketings ordinarily reach their seasonal high in December when Florida shipments are at their peak. Supplies of oranges from January to March, however, are only slightly below their December level.

Citrus supplies this winter and spring are expected to be larger than a year ago. Most of this increase over a year ago is expected to occur after January. Last January a freeze severely damaged grapefruit and orange crops in Florida and Texas, and curtailed marketings during the late winter and spring months. Quality and size of Florida citrus marketed this season are being regulated under a Department of Agriculture marketing agreement. During the first half of December, marketings of Florida oranges and grapefruit will be limited to those grading U. S. No. 2 or better and tangerines to fruit grading U. S. Combination or better. Shipments of small size fruit also will be prohibited.

Apple marketings appear to have reached their peak in October and seasonal reductions in marketings are in prospect during the remainder of the season which ends next spring. Supplies are expected to continue smaller than a year ago. The current crop is about 20 percent smaller than a year ago, with the largest reduction in the early crop, which already has been marketed. Apple prices ordinarily increase seasonally after October.

Meat outlook has changed slightly again in the past few weeks. These changes, however, refer to the quantities that will be marketed after the first of the year. During December supplies of pork, beef, and lamb combined and individually may not differ much from a year ago. The outlook for meat supplies after the first of the year is as follows:

Pork--Supplies during the first quarter of 1941 and during the remainder of the hog marketing year (which ends September 30, 1941) are expected to be considerably smaller than in the previous season. Pork prices during this period probably will be much higher than the unusually low prices in the past season. Farmers have been marketing their hogs earlier than usual and it appears that prices may go up more than they usually do during the late winter and early spring months.

Beef and veal--Total supplies in 1941 may be larger than in 1940. Commercial and Utility beef (which represent more than 50 percent of the beef sold in retail markets) probably will be more plentiful during the entire year. Good and Choice beef supplies may be smaller than in 1940 during the first half of the year, but they most likely will be moderately larger during the last half. Prices of Commercial and Utility beef are expected to be about the same as the 1940 average. However, Good and Choice beef is expected to cost more than in 1939-40 this winter and spring, and about the same as in 1940 in the summer and fall. Under these circumstances the difference between prices of better and lower grade beef is expected to average larger than in 1940. Furthermore, prices of Good and Choice beef may not decline much this winter and spring, and may not advance as sharply as they did this year, during the late summer of 1941.

Lamb--Supplies from December to April, when marketings consist mainly of grain-fed lambs, probably will be larger than a year ago. However, a slightly higher price level than last year is in prospect.

Turkey supplies at Christmas and New Years probably won't differ much from a year ago, but they will be larger than in any year prior to 1939. Hen turkeys are expected to continue to sell at a higher than usual premium over heavyweight tom turkeys during this holiday period.

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Wholesale butter prices probably have about reached their seasonal peak for the year. Low point in milk and butter production for the year appears to have been reached in November and a seasonal increase in production is now under way. Milk and butter production are expected to be relatively large during the remainder of the winter. However, in view of reduced storage holdings, the total supply of butter during this period probably will be about the same as that of last year. Butter prices are expected to decline during the first half of 1941 as production increases. Prices probably will be above 1940 levels because of increased consumer buying power. During recent months prices have gone up more than they usually do and in December prices were the highest they have been since 1937.

Pork supplies during the remainder of the marketing year (which ends September 30, 1941) are expected to be smaller than appeared probable earlier this year. There has been no change in the estimate that total supplies for the entire marketing year would be about 10 percent smaller than a year earlier. However, marketings have been unusually heavy during the first two months of the season, totaling 25 percent more than a year ago. Thus during the remainder of the marketing season the reduction in supplies will be larger than appeared probable earlier. Despite the heavy slaughter during the past two months, hog prices have been relatively stable. This indicates that increased consumer demand has been an important factor in the price situation. As indicated in the last issue of the MARKET SERVICE, prices of pork are expected to go up more than usual during the late winter and probably will be higher than the relatively low prices of early 1940.

Spread between the wholesale price of top grades of beef, Choice and Prime, and low grades, Commercial and Utility, has increased during recent weeks. In the early part of December this spread was the widest in 10 years. The spread is expected to continue unusually wide during the first half of 1941.

Effects of the smaller hatch in 1940 on poultry and egg supplies are becoming increasingly apparent. The outlook at the present is for supplies during the winter and spring to be slightly (3 to 5 percent) smaller than a year ago. Prices of both poultry and eggs are expected to be higher than a year ago with the differential over 1940 levels increasing as the year progresses. Ordinarily egg prices decline from December to April as supplies increase. However, egg prices often advance temporarily in January or early February if there is a period of extremely cold weather.

Rice supplies are expected to be slightly (2 percent) larger than a year ago. The supply of California rice is close to record levels and the supply of southern rice is the largest on record.

There has been no change in the potato situation and supplies of white potatoes during the winter months still are expected to be larger than a year ago and supplies of sweetpotatoes smaller. Potato prices appear to have passed their seasonal low point for the year. When potato production is as large as this year, potato prices generally rise only moderately during the winter months. In years when the sweetpotato crop is as small as the present one, sweetpotato prices generally advance sharply during the first half of the year.

Total supplies of pears available for fresh consumption during the remainder of the season (which ends June 1, 1941) probably will be smaller than the amounts available a year ago. Canners have taken larger quantities of pears for canning and purchases for relief distribution have been large. The increased use for these two purposes has offset the effect of increased production and decreased exports.

Dried beans probably will be more plentiful than during the first half of 1940. Supplies are expected to be the largest on record. Information on supplies by varieties is not available as yet. However, supplies of pinto, great northern and some California varieties of beans are expected to be unusually large. Because supplies are at record high levels no material change in wholesale prices is in prospect during the remainder of the season even though consumer purchasing power will be considerably higher than a year ago.

"SURPLUS AGRICULTURAL COMMODITIES"

There has been no change since last month in the list of commodities designated nationally as surplus under the Food Stamp Plan. The commodities included on December 15 were as follows:

IRISH POTATOES, ONIONS, CABBAGE;
APPLES, PEARS, ORANGES, GRAPEFRUIT;
DRIED PRUNES, RAISINS, DRIED BEANS;
BUTTER, EGGS, PORK, LARD;
CORN MEAL, HOMINY GRITS, RICE, WHEAT FLOUR, WHOLE WHEAT (Graham) FLOUR.

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