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The "new war" in Korea has forced a sharp step-up in defense plans, promising to bring extensive direct control over prices and distribution of commodities, probably by early spring.

Farm product prices advanced to 276 per cent of the 1910-14 average at mid-November, an eight point increase from mid-October. Prices paid by farmers advanced two points to 263 per cent of the 1910-14 average, resulting in a parity ratio of 105, up two points from a month earlier. Cattle, calves, lambs, wool, cotton, cottonseed, rice, and some types of tobacco were the only commodities above parity and subject to the imposition of ceiling prices.

Meat production is indicated to decrease seasonally in the first quarter of 1951, although continuing above the year-ago volume, and some price advance probably will occur. An Iowa State College economist reports that "a 225-pound hog that will bring $17.50 today can be fed to 275 pounds on $1.50 corn and break even if sold at $17.45." Further feeding of light hogs now on farms probably will be profitable.

Heavy feeding of corn is indicated to cut down this year's record carry-over more than 300 million bushels by next October. This would bring corn prices by spring or early summer to a level where CCC-owned stocks would sell readily. The December offering price of CCC corn at Chicago is $1.77 per bushel; at Omaha, $1.69. The Chicago market for #3 yellow corn yesterday was around $1.66.

The CCC investment in price support loans and inventories as of October 31 totaled 2.9 billion dollars. About two billion dollars represented inventories, the remainder loans. Losses realized since June 30, 1950, amounted to 249 million dollars. Corn, wheat, and tobacco account for most of the loan volume.

The CCC is trying to acquire 100 million pounds of wool (clean basis) and woolen materials to meet current and prospective military requirements. Foreign suppliers have refused to make direct sales at negotiated prices, preferring to follow the usual peacetime practice of selling through auctions. With lambs setting new record high prices at Chicago and techniques being developed which may permit two lamb crops a year, more farm flocks of sheep may appear in the Corn Belt.

World sugar production in 1950-51 is expected to total 41.1 million tons, seven per cent more than in 1949-50, according to the Office of Foreign Agricultural Relations. Beet sugar production will set a new high record, about 16 per cent above the year-ago output. There is some talk of weakening sugar prices and of the conversion of some sugar to alcohol which is in short supply.

A summary of the 1950 grass cattle trade at Kansas City, a leading market for this class of stock, reveals that more than the usual proportion of salable receipts at that market was purchased by stocker and feeder buyers, reducing slaughter supplies. Receipts of cows were about 25 per cent less than a year ago, and nearly a fourth of these went back to the country as replacements, indicating a strong demand for breeding stock. Prices, of course, were generally higher than in 1949 and not infrequently above the 1948 record highs.

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