Commodities

After initially holding its own, the farm commodities futures market gave way near the close yesterday to active selling by speculators and resumed its six-week decline. Prices ended at the day's low.

Chicago wheat and corn futures markets finished the day with losses of 634 cents a bushel. Soybean futures dropped 1514 cents and soybean oil contracts declined 51 cent a pound. Chicago soybean meal futures closed with a loss of $2 a ton.

Reports that current prices for cash supplies of soybean oil and meal were attractive to buyers and that inventories of products made from vegetable oils are getting low prompted some early buying of soybean oil.

Exporters last week shipped 8.8 million bushels of soybeans, up sharply from the previous week's 3.7 million bushels. The latest clearances brought the total for season started Sept. 1 to 227.5 million bushels, compared with 275.1 million a year earlier.

Corn clearances for export last week of 28.5 million bushels were up from 27.4 million the previous week and 24.1 million a year ago. This brought volume for season started Oct. 1 to 468.3 million bushels, compared with 497.7 million a year ago.

Cotton Use Increases

A sharp drop in prices and indications that U.S. farmers will reduce new cotton production has resulted in increased use of the staple. But the latest rate is still sharply below a year ago.

During January, U.S. mills processed 462,408 bales of cotton, each 600 pounds, up from 383,276 bales in December. A year earlier the amount was 712,417 bales.

A drop of almost 50% in raw cotton prices since last year and the prospect of smaller crop this year because of a planned reduction in cotton plantings has spurred activity in the cotton industry, representatives say. The current price for a key grade of raw cotton in Memphis is 30 cents a pound, down from 73 cents last year.

Resistance to high cotton prices, which rose to more than 99 cents a pound in late December 1973, and a sharp drop in consumer buying of textile products because of the economic situation restricted mill demand for raw cotton, market analysts say.

Raw cotton supplies are still ample. According to the Census Bureau, cotton stocks in public storage at the end of January amounted to 8.5 million bales, compared with 8.4 million bales a month earlier and 8.1 million bales a year ago.

Farmers, many of whom claim it costs more to produce the cotton than they get for it at the marketplace, have indicated they intend to plant only 9.5 million acres to the crop this year, a 52% drop from 1974 plantings. Some farmers are switching to soybeans and sugar beets, which are more profitable.

Commodity Indexes

| Dow Jones Futures | 295.62, off 9.06; last year, 359.13 |
| Dow Jones Spot | 323.38, off 7.35; last year, 375.42 |
| Reuters United Kingdom | 1082.4, off 7.6; last year, 1476.7 |

Precious Metals Prices Drop

Futures prices for precious metals declined yesterday. Silver coin futures in New York dropped $150 per $1,000 face-value bag; silver coin futures at Chicago fell 20 cents an ounce, and some gold futures contracts retreated more than $3 an ounce. Brokers thought some selling of precious metal contracts was generated by the decline in the securities market.

Business in wholesale meat markets was quiet yesterday, but price firmness prevailed for most pork cuts. Japanese brokers continued to buy pork butts, part of the hog shoulder. Market observers estimated purchases of the cut at about 80,000 pounds. The butts were sold on the Pacific Coast at 74$ cents a pound, or 15 cents more than was paid the previous day. The Japanese also bought a large quantity of pork stomachs on the Pacific Coast at 19 cents a pound.

Wholesale beef business was at a near-standstill. Packers asked 89½ cents a pound for choice beef, the same price as on Monday, but bids were as much as two cents below that level.

Silver and Gold Prices

Bullion dealers at London yesterday set the spot silver price at 190.1 pence a troy ounce and three-month silver was 195.8 pence, both up 0.2 pence from Monday. Six-month silver was 201.5 pence, up 0.5 pence, and one-year silver was 213 pence, up one pence. The U.S. equivalent price for spot was $4.615, based on a $2.4178 rate for sterling in London yesterday.

The London dealer market's early quote for gold was $186.25 a troy ounce. The afternoon quote was $185, down from $185.73.

U.S. prices: Engelhard Minerals & Chemicals Corp.'s base price for refining settlements on gold and for unfabricated good was $183.50 a troy ounce. Its selling price for gold in fabricated form was $190.14. Engelhard's base price for silver was $4.47 and for fabricated products $4.582 a troy ounce.

Handy & Harman's base for pricing gold content of shipments and for making refining settlements was $185.25 a troy ounce. The company's silver price was $4.47 a troy ounce.