FEDERAL RESERVE BANK OF KANSAS CITY

Report of Conditions in District No. 10, For the January Issue of
The Federal Reserve Bulletin

FEDERAL RESERVE BOARD,
WASHINGTON, D. C.

Gentlemen:

Latest reports but confirm the increasing commercial records of the year, with no seriously
deterrent features.

AGRICULTURE

The period was generally favorable to agriculture and particularly to husking and marketing corn
and shipment of live stock. Freezing temperatures caused immaterial crop damage. Necessary pre­
cipitation was lacking in some sections. From the highest temperature ever recorded in Oklahoma early
in the month of December, the middle of that month showed a severe drop with the lowest temperature
in fifteen years, for this season of the year, reported from Kansas, followed by a heavy snow, in lim­
ited areas, of much benefit to the wheat. Considerable interest attaches at this time to the condition
and acreage of the winter wheat. From state reports available, Kansas is shown to have an acreage
of approximately 9,000,000, or 3 per cent more than seeded a year ago, with an average growing con­
dition of 75.9 per cent, which is 12.5 per cent lower than at this time last year and lower than the
December condition for each of the past five years. Nebraska shows an acreage in excess of 3,000,000,
5 per cent greater than last year, and a growing condition of 85 per cent. Oklahoma reports an acre­
age of almost 3,000,000, an average decrease for the state of 5 per cent, with growing condition 84
per cent. In spite of transportation difficulties, it is believed that the amount of wheat horded in
farmers' bins has been materially reduced.

LIVE STOCK

All live stock markets of the district were considerably hampered late in November by the ap­
pearance of a suspected case of foot and mouth disease in the Kansas City stock yards. Last year's
epidemic took from Federal and state treasuries $9,000,000.00, in addition to further losses of owners.
As a consequence, every precaution was taken. Immediate orders were issued prohibiting the ship­
ment of any stock from the Kansas City and St. Joseph stock yards, except for immediate slaughter.
Expert observation failing to reveal well defined symptoms of the disease, the quarantine was lifted
at the end of November. Beef steer prices in that month reached the highest level ever known. All
classes of killer kinds sold high, grass fat cows from the western ranges selling at prices never ob­
tained before, and old cows for canning purposes selling especially high for that class. The demand for
cattle to go back to the country continues good, with steady prices. The five weeks ending December
2nd showed a considerable increase of hogs slaughtered at all packing centers in the district.

RETAIL

The high cost of necessities is the chief subject of newspaper and public discussions. Boycotts,
in some cases designated by the less harsh term, "refrain," on the part of civic organizations, house­
wives' leagues, etc., are frequent, while many investigations are either in operation or under consid­
eration. Apparently temporary declines in prices are claimed by some to be the result of this prop­
With flour soaring, bread following upon its trail, milk, butter, eggs and other commodities increasing rapidly, the problem of living has become increasingly serious. There is every indication of a coal shortage if cold weather continues, and the price has become almost prohibitive. The situation in Oklahoma is especially threatening, the settlement of the coal strike there and the arrival of an early blizzard having brought a flood of orders which the mines, reopening after a two weeks' shutdown, are unable to fill. The continuance of the car shortage is also having its effect.

Retail business continues to show a marked improvement over the corresponding period of last year. Merchandise is high and scarce in manufacturers' hands, but those retailers who are able to finance themselves are carrying large stocks, many having anticipated their needs in order to save the advances. Clothiers report an increase in volume of business of approximately 25 per cent over last year, and the favorable weather for heavy merchandise will doubtless bring further increases. Retail jewelers report an excellent holiday trade, but with increased costs and expenses claim about the same percentage of profits. General mercantile stores are doing the largest volume of business in their history, although merchandising has been very difficult, the securing of goods at anything like former prices being out of the question, with deliveries uncertain. Many lines heretofore carried through importation have been discontinued, as they could not be duplicated on short notice.

The retail lumber trade continues to enjoy a volume of business much larger than last year and beyond expectations. Cement consumption has amounted to about 20 per cent more than in 1915, and more of this product is selling than is usual at this time of year, while there is much more business in prospect for 1917 than for 1916 at this time last year. The use of cement in road building is increasing rapidly. Engineering and building operations continue strong. The increase in building permits issued is merely a repetition of the increases shown by months with corresponding months last year.

WHOLESALE

Wholesalers advise that an abnormal volume of business continues, with the outlook for the next six months very good indeed, but are slow in prophesying after that period, as it is quite obvious that merchandise next fall will be scarce, with a certainty of increased cost. One of the largest wholesalers in furniture, carpets and house decorations, however, reports that orders are being booked from their regular customers with less success than the corresponding period of last year, claiming that the country merchant is hesitating to pay the advanced prices.

The implement business continues highly satisfactory, notwithstanding the general advance, orders being placed quite freely, dealers' stocks having been well cleaned up last year. The announcement of further advances in this line has had the direct result of stimulating contracting.

FLOUR MILLING

The flour milling industry has every reason to view the trend of Eastern trade with a marked degree of satisfaction, even though ground for entire complacency may still be lacking. A steady stream of flour has been flowing eastward from the mills of Kansas, Oklahoma, Nebraska, and other states have been contributing their proportion. It is conceded that more winter wheat flour has been sent to Eastern markets than ever before in the history of the industry. For a long time the Southwestern miller has been trying to gain a foothold in Eastern ground, but found his products excluded by a wall of prejudice. This business has gone forward to surprising capacity. The following table shows, so far as figures are available, the census statistics on milling in this district for 1900 and 1909 as compared with a reliable estimate of the output for the crop year ending June 30, 1916, figures being in total flour production:

<table>
<thead>
<tr>
<th></th>
<th>1900 Census (Bbls.)</th>
<th>1909 Census (Bbls.)</th>
<th>1916 (Bbls.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kansas</td>
<td>5,000,000</td>
<td>10,879,000</td>
<td>*12,213,447</td>
</tr>
<tr>
<td>Nebraska</td>
<td>1,821,000</td>
<td>2,264,000</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>975,000</td>
<td>2,199,000</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Colorado</td>
<td>975,000</td>
<td>1,500,000</td>
<td></td>
</tr>
<tr>
<td>Western Missouri</td>
<td></td>
<td>3,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>22,713,447</strong></td>
</tr>
</tbody>
</table>

*Exact. Other amounts in this column estimated.
The production for 1916 would have been increased materially but for the very poor quality of wheat which mills had to grind. Current milling conditions in this territory are exceptionally healthy. The general financial position of milling enterprises is strong and millers have never before enjoyed such security in their credits. The fundamental soundness of the industry has resulted in such paper becoming standard in eastern markets and local bankers have come to look upon it with more favor because of their direct knowledge of the business.

Collections in all lines are reported on a parity with sales, and even exceeding them in many instances.

MINING

Advancement in mining in Colorado has been steady and along well-worn grooves. Production is being resumed in many long idle districts. The zinc centers are establishing a new high water mark of production. The big drainage projects are reaping the reward of diligent industry and ore from freshly drained ground is now a material factor in the daily production. There have been few new strikes on the surface this season, but there have been several ore discoveries in old-time producers that are important. The first under-ground concentrating mill in the world will soon be ready for operation in Ouray County (Colorado), which will end delays caused by snow slides or deep snows which have heretofore hindered operations at this point. The total value of ore production in the Joplin (Kansas-Oklahoma-Missouri) district has now gone over the $31,000,000.00 mark. The increase in price has again encouraged development work and new mines are being frequently opened. The value of this year’s production should go at least $8,000,000.00 above last year’s. In this district interest centers in the Miami, Okla., fields where 500 drill rigs are now pounding day and night in search of new ore. Joplin, the metropolis of this mining district, is experiencing marked prosperity.

OIL

The predicted gradual increase in the price of crude oil in Kansas and Oklahoma was partly realized when an advance of 10 cents per barrel was announced on December 12, and a similar increase on December 18, crude oil now bringing $1.20 per barrel with further increases being freely predicted. No new pools have been opened up in the Mid-Continent field for some time. Cold weather has somewhat retarded production. The greatest interest in the Tenth District now doubtless centers in the State of Wyoming where several important wells are reported. Production double that of 1915, when it amounted to 4,212,000 barrels, is freely predicted for the current year. The past six months has witnessed much real progress and development in these fields.

LABOR

Considering the strained relations between employers and labor, as evidenced in reports from various parts of the country, conditions in this territory may be said to be unusually satisfactory. Voluntary wage increases and bonuses are the order of the day and there are no disturbances worthy of note. Welfare organizations are having less calls for assistance and less difficulty in administering to the wants of those in need than usual at this time of the year.

GENERAL

Taking all things into consideration, railroad earnings can be said to continue satisfactory. Lack of cars, high cost of materials and supplies, and the general increase in operating expenses, have been deterrent features. There has been some diminution in tonnage, occasioned by smaller crops.

The trend of bank clearings at leading cities in the district for the month of November, and for the first eleven months of 1916, as compared with the same periods of 1915, continues upward, as indicated by the following percentages of increase:

<table>
<thead>
<tr>
<th>City</th>
<th>November</th>
<th>Eleven Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denver</td>
<td>27.9</td>
<td>33.7</td>
</tr>
<tr>
<td>Kansas City</td>
<td>33.6</td>
<td>28.3</td>
</tr>
<tr>
<td>Lincoln</td>
<td>20.1</td>
<td>32.0</td>
</tr>
<tr>
<td>Muskogee</td>
<td>41.1</td>
<td>62.7</td>
</tr>
<tr>
<td>Oklahoma City</td>
<td>82.6</td>
<td>69.5</td>
</tr>
<tr>
<td>Omaha</td>
<td>36.8</td>
<td>29.5</td>
</tr>
<tr>
<td>Pueblo</td>
<td>26.6</td>
<td>12.0</td>
</tr>
<tr>
<td>St. Joseph</td>
<td>30.6</td>
<td>31.5</td>
</tr>
<tr>
<td>Topeka</td>
<td>28.6</td>
<td>21.0</td>
</tr>
<tr>
<td>Wichita</td>
<td>20.1</td>
<td>31.2</td>
</tr>
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</table>

Reports of bank deposits and post office receipts continue to show remarkable gains and the closing of the year evidences through these statistics the gratifying prosperity that has existed throughout this territory.
While there is slight evidence of increased demand for loanable funds, no material change has been made in rates of discount. The year 1916 has witnessed a general plethora of loanable funds, everyone has had plenty of work at good wages, business has thriven, new industries are making rapid strides, and crops, while below normal in production, have had greater value than for years, and these conditions are reflected in all the commercial activities of the district.

Statement of Condition of
FEDERAL RESERVE BANK OF KANSAS CITY,

RESOURCES.

Gold Coin and Certificates. $5,509,535.00
Credit Balances in Gold Settlement Fund 18,113,500.00
Legal Tender Notes, Silver Certificates and Subsidiary Coin 54,046.00

Total Cash $23,677,081.00

Commercial Paper (re-discounts) $554,944.47
Acceptances 3,301,331.80
U. S. Bonds 9,165,850.00
Municipal Warrants 315,724.61
Due from Other Federal Reserve Banks-net 1,454,913.82
All Other Resources 652,252.15
U. S. Gold Notes 963,000.00
Member Banks’ Collateral Notes 50,000.00

TOTAL RESOURCES $40,135,097.85

LIABILITIES.

Capital Paid in $3,067,500.00
Reserve Deposits-net 35,600,548.52
Federal Reserve Notes-net 1,104,555.00
Government Deposits 362,494.33

TOTAL LIABILITIES $40,135,097.85

MEMORANDUM.

F. R. Notes Issued to the Bank $21,417,260.00
F. R. Notes in Hands of Bank 535,445.00
F. R. Notes Outstanding 20,881,815.00
Gold and Lawful Money with Agent 19,777,260.00
Net Liability Account of F. R. Notes 1,104,555.00

Total Clearings for Week $42,722,708.86
Total Number of Items Handled 84,260.00