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This copy shall not be released for publication before Feb. 2, 1917.

FEDERAL RESERVE BANK OF KANSAS CITY

CHAS. M. SAWYER
CHAIRMAN BOARD OF DIRECTORS AND FEDERAL RESERVE AGENT

Report of Conditions in District No. 10, for the February Issue of The Federal Reserve Bulletin

FEDERAL RESERVE BOARD,
WASHINGTON, D. C.

January 20, 1917.

Gentlemen:—

AGRICULTURE

Every state in whole or in part within this district shows a noticeable increase in the total estimated value of the thirteen principal crops for the year 1916 over 1915, as reported by the Department of Agriculture, and as shown by the following statement:

(Values are stated in millions, i. e., three ciphers omitted.)

State	1916	Value	1915
Nebraska.	\$390,517		\$246,459
Kansas.	314,453		260,517
Missouri.	260,049		239,399
Oklahoma.	223,723		171,774
Colorado.	106,453		71,973
Wyoming.	36,323		25,108
New Mexico	22,670		15,376

Varying reports are being received with regard to the condition of the winter wheat, but on the whole the promise is not far from normal. In some sections of the district heavy snows have fallen and will be of inestimable value, but in other localities precipitation has been deficient and some complaints of damage have been received.

LIVE STOCK

General conditions, in spite of the scarcity and high prices of feed, are said to be favorable for the feeder. Record high prices for cattle, and scarcity of feed, with attendant increased cost, has stimulated the movement of short-fed stock. There was a decided increase in the receipts of cattle and sheep at the markets during December over the same month of the previous year, with a slight increase in the number of hogs. Receipts for the year 1916 over 1915 in both cattle and hogs, however, were marked, while sheep in the same period, showed a decided falling off, with prices of the latter exceeding any previous record. Prosperity in western sheep circles has received an additional impetus in the earlier contracting of wool at unprecedented prices. There are some indications of an increased demand for loans on live stock, and stockmen of this section are securing a greater portion of their accommodations from local banks than for many years, which condition may be attributed, in part at least, to the provisions of the Federal Reserve Act permitting the discount of six months paper secured by live-stock.

MINING

Colorado's metal output for 1916 sets a new record for the industry in that State. The value of five metals only, i. e., gold, silver, copper, lead and spelter, exceeded the value of 1915, more than 25 per cent, although the past season was not favorable to the production of gold, the cost of mining per ounce—placers accepted—being rated as the highest in the annals of the industry. Reliable figures show that the value of zinc, lead and calamine ores produced in the Missouri-Kansas-Oklahoma district for 1916 exceeds the total of 1915 by 34 per cent. This district produced approximately one-half of the entire production of jack (zinc blende) mined in the United States during the past year. The 1916 season has not only been a banner year in production and value, but the field of industry has been expanded wonderfully. The new year opens auspiciously for continued prosperity in the mining industry with active work in the developing of prospects.

OIL

As indicated in our last report, there have been rapid advances in the price of crude oil in the Kansas and Oklahoma fields, the quotation now standing at \$1.70 per barrel with expectation of further increases. The present price is the highest ever posted in these fields. Owing to this increase much new work is being planned, but is seriously delayed by lack of water for drilling purposes. Leasing is exceedingly active, while the smaller producing wells, which could not be operated profitably under previously prevailing prices, have come into prominence. Thirty-five per cent of the total oil produced in the United States in 1916 is said to have come from the Oklahoma fields.

MANUFACTURING

Although the manufacturing industry in this district is in its infancy, and does not compare in volume with that of the eastern districts, the past year has shown a substantial growth not only in the volume of business turned out, but in the construction of new factories and increased facilities to meet the growing demands of trade.

WHOLESALE AND RETAIL

The completion of inventories has accentuated the unprecedented volume of mercantile business transacted during 1916. The usual post-holiday quiet has been less marked than in previous years. Collections continue uncommonly good.

Business in dry goods and garment lines has been of good volume, slow business by reason of previous mild weather having since been offset by the demand produced through generally lower temperatures. There has been an unusual number of retailers at the markets, indicating a disposition to make arrangements for spring buying earlier than has been their custom.

Clothiers have enjoyed a most successful year. Customers are demanding better merchandise, allowing good profits in spite of increased costs.

In implements, jobbers declare that their suggestions for early shipments have met with a ready response from the trade. The main complaint is in getting factory shipments. Few cancellations or reductions of original specifications are reported. The new year started with general advances of 10 per cent, causing earlier orders to avoid future price increases.

The gradual shifting of the automobile business from a summer business to an all-year-round line is more and more apparent, the month of December having been almost as profitable as the month of June. Local authorities declare that \$50,000,000.00 worth of motor cars have been distributed in this territory during 1916.

Cement dealers report a very gratifying increase of 15 per cent in 1916 over 1915, with the outlook bright. Stocks at mills are the lowest they have been for many years, with a growing demand. Owing to uncertainties existing, however, large contracts and railroad buying is not what it should be.

The wholesale furniture business showed an increase of 20 per cent in 1916 over 1915, an average of 15 per cent of which was probably due to advance in prices, and approximately 5 per cent in the actual volume of furniture sold. Losses are about one-half what they were in 1915.

The mail order business reports one of the smoothest operating years in its history, having at no time been hindered through the general labor shortage. Salaries have been increased not less than 10 per cent, in addition to a general distribution of extra compensation because of increased cost of living. Factory holdings show an increase of from 35 per cent to 38 per cent in all lines, despite unstable and difficult merchandising conditions.

Flour mills report a restriction of trade in both domestic and export channels. Grindings have generally been on old bookings. Local mills are not selling anywhere near the volume of flour they are turning out.

The latter part of December showed considerable building in progress and the amount of work upon which bids were asked was large, but since that date the activity has not been so pronounced. Plans for contemplated work is in rather unusual volume, and the prospects point to a busy year. The average percentage of increase in values of building permits issued in eight important cities in this district for the year 1916 over the year 1915 was 24.4 per cent.

LABOR

The complaint of labor shortage is now uncommon, in fact, in the larger cities, employment bureaus are unable to supply jobs for all applicants, but this is probably the natural result of the season and of the usual influx to the cities during the winter months. There has been some threatened disturbance among the laborers in the coal fields in Colorado, but this is purely local in character. Labor conditions may be said to be better than normal for this season of the year.

FINANCIAL

Conservatism is apparent from the healthy reserves being maintained by the majority of banking institutions. While this may, in part, be due to lack of demand, there is unquestionably a feeling that the uncertainty of the future demands a close scrutiny of investments. Interest rates remain practically unchanged, but competition is close for short-time loans of certain liquidity. All reports continue to show increases in bank clearings, deposits and post office receipts. Thirteen important cities in the district show an average increase in clearings of 44.5 per cent for the year 1916 over the year 1915. Abstracts of reports now being received from the banking departments of states within this district show deposit increases in state banks running into huge figures, and there is every indication that these increases in all banks will continue to expand.

Statement of Condition of
FEDERAL RESERVE BANK OF KANSAS CITY,
 At Close of Business, January 19th, 1917.

RESOURCES.

Gold Coin and Certificates.....	\$ 6,901,805.00
Credit balances in Gold Settlement Fund.....	26,653,500.00
Legal Tender Notes, Silver Certificates and Subsidiary Coin.....	209,102.00
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Total Cash	\$33,764,207.00
Commercial Paper (re-discounts).....	\$ 439,763.56
Acceptances.	3,212,365.37
U. S. Bonds.....	8,492,850.00
Municipal Warrants	174,334.62
Due from other Federal Reserve Banks—net.....	
All other resources	751,334.06
U. S. Gold Notes	963,000.00
Member Banks Collateral Notes.....	40,000.00
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Total resources	<u>\$47,837,854.61</u>

LIABILITIES.

Capital paid in	\$ 3,074,000.00
Reserve Deposits—net	42,268,177.03
Federal Reserve Notes—net	1,736,540.00
Federal Reserve Bank Notes—net.....	
Government Deposits	502,182.00
Due to other Federal Reserve Banks—net.....	256,955.58
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Total Liabilities	<u>\$47,837,854.61</u>

MEMORANDUM.

F. R. Notes issued to the Bank.....	\$21,130,160.00
F. R. Notes in hands of Bank.....	148,460.00
F. R. Notes Outstanding	20,981,700.00
Gold and Lawful Money with Agent.....	19,245,160.00
Net Liability account of F. R. Notes.....	1,736,540.00

CLEARINGS.

Total Clearings for week.....	\$41,310,545.86
Total number of items handled.....	67,942