

(If copy of this bulletin is received in advance, it should be understood that it is intended as a special courtesy to those who have kindly assisted in its preparation, and that its contents are confidential.)

This copy shall not be released for publication before March 2nd, 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 March Issue of The Federal Reserve Bulletin

February 19, 1917.

AGRICULTURE

Reports would indicate that the new winter wheat crop will be cut short owing to the dry season, though a wet spring may improve the outlook. The need of moisture is general in the Southwest. Nebraska, Kansas, Missouri and Oklahoma have shown a marked deficiency in precipitation for the past seven months, January being particularly dry.

More than usual interest attached to the report of the Kansas State Agricultural College concerning the development of a pure bred hard winter wheat designated as P-762, a single head having originally been selected from a plot planted to Crimean seed imported from the Don territory of Russia. Fifty-nine tests on twenty-nine different farms have resulted in the statement that had this wheat been generally sown in Kansas the past three seasons, the value of the production of that state would have been increased by almost \$63,000,000.00.

LIVE-STOCK

Top prices for fourteen classifications of stock on the local market for the week ending February 10th made an average gain over the same top prices a year ago of \$2.62 per hundred pounds, hogs being \$4.10 higher that week than the same week a year ago. There has been a vigorous mid-winter demand for desirable stock cattle and feeding steers at the highest prices ever prevailing. The conviction is growing that the heavy cattle receipts at the markets must result in at least a comparative shortage and that the potential supply of beef makers is being sacrificed upon the altar of high prices. The January cattle receipts at the four largest markets in the District showed an increase of almost 70,000 over January, 1916, a considerable increase in the receipt of sheep, but a falling off in hogs. Profits now being realized on short-fed cattle and hogs, despite high priced corn, are gratifying. There has been a slight decline both in the killing and packing of hogs.

MINING

Record prices for minerals have caused many large companies to engage seriously in reviving old mines, many of which have been dormant since 1893. Colorado fields report January as a record breaking month in the volume of production. Cold weather has hampered operations to some extent. Many of the larger mines have planned extensive operations at greater depth. Early in February, in the Missouri-Kansas-Oklahoma district, 75 per cent of the mines were either badly crippled or completely frozen up because of below zero weather, but subsequent moderations have improved this situation. Much activity is reported from the new potash fields in Nebraska, and the deposit appears to be unlimited.

OIL

Prices of crude oil remain unchanged since last month's report. Throughout the fields of the Mid-Continent regions there is a general slump in operations owing to the fact that water for steam making purposes has been difficult to obtain. In addition, the shortage of pipe and casing and the general high cost of materials have had effects. Cold weather, combined with the foregoing, has caused a sharp decline in production. The program for pipe-line laying during the present year is the greatest in the history of the industry. Much interest is manifested in what is known as "casinghead" gasoline, produced from gas by forcing it through pipes under heavy pressure, heating and cooling and finally condensing into a liquid which, when mixed with naphtha, results in a high grade gasoline, the gas itself being sent back to the wells where it serves a variety of purposes.

WHOLESALE AND RETAIL

The volume of spring business in implements is said to have reached such a point that wholesalers will need no second-order business to exceed the total volume of spring business last season, the only concern has to do with obtaining cars for delivery.

General retail stores report a steady increase of sales since January 1st over the corresponding period last year.

The new year has started briskly in wholesale drugs, one of the largest houses in the district reporting sales during January 33 1-3 per cent above those of last year.

In dry goods and clothing the markets are taking on a decidedly market-buying aspect, and high prices are evidently not retarding a freedom in buying. There has been marked activity in staple merchandise including cotton dress goods, sheetings, and various domestic lines. Wholesalers have taken the precaution to carry the fullest possible stocks.

Flour mills are running at about two-thirds capacity, and are largely engaged in filling earlier sales. Current business is reported light by reason of the erratic wheat markets and violent changes in prices which appear to deter buyers from replenishing stocks, which are low. An early return of activity is anticipated.

The automobile industry is easily surpassing this season last year, assembling plants and dealers being pushed to capacity. Oklahoma reports a gain of 116 per cent in automobile registration for 1916 over the previous year, surpassed by but one state in the Union.

The prices of necessities continue upward and the situation in this respect is anything but reassuring. As an instance of this, one point in the district reports that wholesalers are offering \$2.75 per bushel for Irish potatoes and find the response scant.

Freight congestion in the East has resulted in embargoes by several railway lines radiating this territory, and, as a consequence, there are many reports of congestion in the yards, and freight officials do not anticipate an immediate betterment. It is estimated that there are 30,000 cars on western roads destined east which cannot be moved. Fortunately these embargoes do not include perishable goods, food, fuel, live-stock and oil shipments, but this situation, coupled with the car shortage, is a serious deterrent to business in many lines.

LUMBER

The car shortage also continues to hamper this industry, and has curtailed shipments anywhere from 25 to 50 per cent, depending upon the line on which mills are located, and this has had a tendency toward higher prices. The steady increase in building permits has been lessened in some quarters by reason of unfavorable weather, which has naturally affected the wholesale and retail lumber trade. Contract work out for bids has been favorable in totals, but few large jobs are reported, the greater number being medium sized projects. Much work of importance is under contemplation and the future would seem unusually favorable.

LABOR

Very few labor disturbances are reported, and those affect but small numbers and are strictly local.

FINANCIAL

If there had been any disturbance of the money situation due to existing international complications, it is not sufficient to cause uneasiness. Banks in this district are in a strong position and well fortified to meet any unusual development. Discount rates remain practically the same.

There is doubtless no better indication of general business activities than reports of bank clearings and that the year has opened with a flying start is evidenced by the fact that the total clearings for January in the fifteen most important cities in Federal Reserve District No. 10 showed an average increase of 55.5 per cent over the month of January, 1916, the lowest percentage in the list being 24.4 per cent and the highest 145.6 per cent. Reports at hand show further noticeable increases in postal receipts, as compared with last year.

Statement of Condition of
FEDERAL RESERVE BANK OF KANSAS CITY,
 At Close of Business, February 16, 1917.

RESOURCES.

Gold Coin and Certificates.....	\$ 7,518,665.00
Credit balances in Gold Settlement Fund.....	25,686,500.00
Legal Tender Notes, Silver Certificates and Subsidiary Coin.....	90,395.00
Total Cash	\$33,295,560.00
Commercial Paper (re-discounts).....	\$ 489,358.44
Member Banks' Collateral Notes.....
Acceptances.	4,357,444.02
U. S. Bonds.	8,517,850.00
U. S. Gold Notes	963,000.00
Municipal Warrants	339,880.24
Due from other Federal Reserve Banks—net.....	568,554.66
All other Resources.....	509,407.30
Due from Treasurer U. S. (Government Deposits).....	670,419.21
Total Resources	<u>\$49,711,473.87</u>

LIABILITIES.

Capital paid in	\$ 3,074,000.00
Reserve Deposits—net	43,947,133.87
Federal Reserve Notes—net.	2,690,325.00
Federal Reserve Bank Notes—net
Due to other Federal Reserve Banks—net.....
Total Liabilities	<u>\$49,711,473.87</u>

MEMORANDUM.

F. R. Notes issued to the bank.....	\$21,954,135.00
F. R. Notes in hands of Bank.....	514,665.00
F. R. Notes Outstanding.	21,439,470.00
Gold and Lawful Money with Agent.....	18,749,135.00
Net Liability Account of F. R. Notes.....	2,690,335.00

CLEARINGS.

Total Clearings for week.....	\$37,485,146.64
Total Number of items handled.....	72,635