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

## FEDERAL RESERVE BANK OF KANSAS CITY

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CHAIRMAN BOARD OF DIRECTORS AND FEDERAL RESERVE AGENT

### Report of conditions in District No. 10, for the April Issue of The Federal Reserve Bulletin.

March 21, 1917.

The period elapsing since the last report has witnessed events which unquestionably would have, in less remarkable times, proven serious obstacles to the continuance of active conditions. The extension of an unusual winter drouth, the growing seriousness of matters affecting our foreign relations, and the threatened nation-wide railroad strike, together with the burdensome cost of living and high price of labor, have had surprisingly little effect other than a slight tendency toward further conservatism generally, and an evidence of preparation for any eventuality. Nothing seems to materially impede increasing prosperity.

#### AGRICULTURE

The prediction of two-dollar wheat was realized early in March, the highest price ever paid on the local markets. Corn also broke all price records. This month also witnessed the breaking of a winter that has been unprecedentedly arid, rain and snow giving temporary relief to practically all the winter wheat states, and the fields are taking on a new lease of life. Only the most favorable conditions, however, will bring about anything like a normal wheat crop as there has undoubtedly been severe damage in some localities. Kansas has planted almost 9,000,000 acres, the third largest in its history; Nebraska 3,650,000 against 3,300,000 the year before, while the

area in Oklahoma is 3,230,000 as compared with 2,780,000 a year ago. There was also a slight expansion in acreage in Missouri. The belated moisture will now permit the completion of oat sowing and preparations for corn planting will go forward. The four weeks ending March 24th witnessed a shrinkage of large proportions in the grain movement in the markets of the district while holdings of wheat on farms on March 1st in the four principal wheat producing states, as compared with the same date last year, show a falling off in excess of 30,000,000 bushels, indicating that there will be an unusually small surplus carried over into the new crop year.

### LIVE STOCK

The highest ruling prices ever known for all classes of live stock were reached on the markets in February. The lack of finish of the major portion of arrivals, however, would indicate that shipments were made at the expense of future supplies. Beef steers brought from \$1.25 to \$2.75, hogs \$4.50 to \$4.80, and sheep from \$3.35 to \$4.00 per hundred pounds more than a year ago. During March there has been a further advance in market prices generally. Beet pulp cattle are now coming to market from Colorado. Hogs easily occupy the center of interest in this industry, the unheard-of price of \$15.00 having been reached on the local market on March 9th. There has been a noticeable decrease in hog slaughtering as compared with the same period last year. Increased activity is reported in the horse market, the daily purchases by inspectors for the British government recently being as heavy as at any other time since the beginning of the War.

### MINING

With silver, copper, lead and zinc selling at record prices, there is increased activity in the mining camps. Producers of tungsten report a better demand from eastern steel mills. Mine operators are forcing production up to the maximum in order to take full advantage of the high prices. Some new copper production has been made in northern and southern Colorado. Deep mining in the Cripple Creek (Colorado) district is producing better results than was ever anticipated and the driving of many old shafts to new ore zones is in prospect. Colorado authorities claim that China's unexpected recent action in shutting off exportation of silver will mean that many mines will be opened to help supply the world market. There has been a strong market for lead and producers in the Missouri-Kansas-Oklahoma district claim it is because of a large domestic consumption.

### OIL

No material change in prices have been posted, but the prediction is freely made that, by reason of reduced production and increased consumption, further increases must soon arrive. When pipeline facilities now planned for Wyoming become available, that State's activities will take on a more substantial character, three new oil refineries now being planned. In the older producing sections of the Mid-Continent field deeper drilling is receiving considerable attention, some important developments having occurred at depths below the original producing formation. The water situation, which was becoming more and more acute, causing a shut-down in many instances, was relieved by the snow and rainfall heretofore referred to. Many wells are on the waiting list pending an increased supply of casing and pipe, pipe mills refusing to book any orders for delivery before August. Oklahoma showed an increase both in completed work and in new work during the short month of February and now that the water situation is better, the month of March should show further activity.

### LUMBER

Open weather and mild temperatures have stimulated the consumption of lumber and caused a proportionate increase in the demand for yellow pine yard stock, especially from country yards. Prices have shown a tendency to advance. Mills are apparently experiencing difficulty in handling mixed orders as their stocks are badly

broken. Retail dealers are buying heavily and manufacturers with offices in this territory are loaded up with orders. Conditions seem favorable, but much will naturally depend on wheat and corn prospects. One company controlling a large line of country yards reports "our business thus far this year is about 40 per cent in excess of last year's volume for the same period." Sash and door factories report actual orders as numerous now as they often are a month later, with the outlook for spring trade near the record. Lumbermen interviewed lay stress upon the car situation, but are without exception optimistic over trade prospects. A local real estate company reports that by actual comparison the cost of erecting a certain residence has increased 43 per cent since October, 1915.

#### RAILROAD EARNINGS

Ninety-four railroads, including practically all those operating in this District, show an increase in gross earnings of almost eleven and one-half million dollars or 29 per cent in January, 1917, over January, 1916, as evidenced by reports just at hand. The net earnings of these same roads show an increase in the same period of almost six and one-half million dollars, or 66 per cent. This is a much better exhibit than would have been deemed possible considering the rise in operating cost.

#### LABOR

Labor conditions are quite satisfactory. In fact there may be said to be fewer evidences of unrest than for some time past. Employment at unusual wages is general. Some uneasiness is expressed in the growing possibility that help on the farms for the opening spring will be scarce.

#### WHOLESALE AND RETAIL

The flour mills of the district have been running at about two-thirds capacity. New sales are quiet, business being limited largely to central and western states by reason of railway embargoes. A number of smaller mills and some of the large ones have discontinued operations from this cause.

General retail stores, with the opening of spring lines, report an excellent business, the prospects for volume surpassing last year.

Automobile dealers are swamped with orders, but deliveries are exceedingly difficult. The winter's business is said to have been 50 per cent greater than ever before. An excellent spring business can only be interfered with by factory limitations and deliveries. Some cases are reported of delivery of cars to points of distribution under their own power. There are said to be four times as many automobiles in the State of Nebraska as there were in 1913, this state standing second in number of cars in proportion to population.

There are hundreds of cars of implements for spring use yet to be moved into this territory and the dealers are fearing they will be unable to take care of second-order business. Retailers are enjoying a fine business and farmers are reported as buying a greater number and variety of implements than usual and paying cash for their purchases.

#### FINANCIAL

Banks continue in well fortified position for any emergency. Short-time loans of certain liquidity are in demand and rates continue steady. The total clearings reported for February in fifteen important cities indicate an average increase of 32.5 per cent over the same month last year, each showing an increase, the lowest 9.9 per cent and the highest 79.6 per cent.

Failures reported are fourteen fewer in number for February than the same month last year, but the liabilities aggregate a slight increase.

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

**RESOURCES.**

Gold Coin and Certificates.....	\$ 7,962,965.00
Credit balances in Gold Settlement Fund.....	24,071,500.00
Legal Tender Notes, Silver Certificates and Subsidiary Coin.....	62,733.00
Total Cash .....	\$32,097,198.00
Commercial Paper (re-discounts).....	\$ 446,533.33
Member Banks' Collateral Notes.....	
Acceptances. . . . .	3,202,686.64
U. S. Bonds .....	8,146,850.00
U. S. Gold Notes.....	1,784,000.00
Municipal Warrants. . . . .	486,138.89
Due from other Federal Reserve Banks—net.....	3,444,929.60
All other resources .....	699,661.08
Due from Treasurer U. S. (Government Deposits).....	
Total Resources. . . . .	<u>\$50,307,997.59</u>

**LIABILITIES.**

Capital paid in .....	\$ 3,086,750.00
Reserve Deposits—net.....	45,060,851.60
Federal Reserve Notes—net .....	1,717,175.00
Federal Reserve Bank Notes—net.....	
Government Deposits. . . . .	443,220.99
Total Liabilities. . . . .	<u>\$50,307,997.59</u>

**MEMORANDUM.**

F. R. Notes issued to the Bank .....	\$22,925,835.00
F. R. Notes in hands of Bank .....	328,325.00
F. R. Notes Outstanding. . . . .	22,597,510.00
Gold and Lawful Money with Agent.....	20,880,335.00
Net Liability account of F. R. Notes.....	1,717,175.00

**CLEARINGS.**

Total Clearings for week.....	\$44,583,754.46
Total number of items handled.....	78,315