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**This Copy Shall Not Be Released for Publication Before  
May 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 MAY Issue of: The Federal Reserve Bulletin.**

April 20th, 1917.

The Tenth District is essentially a food producing section, and, with the satisfactory production and unprecedented prices that have prevailed, enters the world-wide struggle with the knowledge that it is prepared, as never before, to do whatever may be required of it, and with the assurance that the country at large is well equipped to meet and conquer all eventualities. As a consequence, the general business and financial situation has continued as placidly as though a declaration of war had been only a part of the regular routine of the government. Undoubtedly the conservatism, plainly noticeable in the past few months, was an indication that business interests were preparing for the inevitable, eliminating the shock that otherwise might have been experienced. Practically all business continues to run ahead of the volume of last year, the only untoward features being the increasing prices of necessities; reports of a shortage in the visible supply of food stuffs, aggravated by serious damage to the wheat crop; and the increasing complaint of the shortage of labor and materials for the prosecution of all industries in the face of attractive prices. The financial interests of the District, well aware of the task before them, exhibit a marked degree of optimism. Banks are not curtailing loans, but on the other hand are in the market for short-time liquid paper and are everywhere assisting the agriculturalists in the preparation and care of crops, and are confident that their proportion of the Nation's financial requirements can be met without a disturbing advance in discount rates.

#### **AGRICULTURE**

Rising above all items of interest is the united and determined effort being put forth for the organization and mobilization of the agricultural resources of the district, the utilization of all lands not now under cultivation and the growing of maximum crops on all lands now under cultivation, to meet food requirements in the present crisis. Committees have been or are being organized in every state to handle every phase of the situation, and the result will unquestionably be of the utmost importance. The various Bankers' Associations are co-operating, and the necessary financial assistance

will undoubtedly be furnished to enlarge and intensify farming operations. The importance of this movement is readily apparent, for although the general drouth seems to have been thoroughly broken, the fact remains that in Kansas and Nebraska, the two leading winter wheat growing states, the crop has suffered enormous damage. Nebraska reports a condition of 35 per cent. of normal, with a decline of fifty points from the condition of December 1st, last. In Kansas the condition on April 1st was 45 per cent. of normal, a decline of thirty-eight points since December 1st. Undoubtedly much of the acreage in these states, which must now be abandoned, will be planted to other grains and to forage crops. The supply of all forage seeds is the shortest known in many years, with extremely high prices. The physical condition of the soil is reported as better than usual for corn planting and, as this is a more important crop than wheat, this district may yet produce its full quota of the Nation's supply.

### **LIVE STOCK**

There was a net increase in the movement of cattle to the markets in March over the same month last year, this activity being really greater than anticipated in the face of curtailed supplies, but many continued to be prematurely marketed by reason of increasing high prices and shortage of feed. The feature of the trade was the strong demand for breeding cows and heifers at the highest prices ever known. Trading in hogs was active, prices exceeding all predictions. Sheep likewise broke all previous price records with the final value of from \$3.50 to \$3.75 per cwt. higher than those of last year. The annual movement of cattle from Texas and New Mexico to the long grass districts in Kansas and Oklahoma, to be fattened for the fall market, is in full swing, the number probably equalling last year. Shortage of stock water is reported in some of the grazing districts, but there has been sufficient moisture to make a good start of grass for grazing purposes.

### **MINING**

Owing to the condition of the roads incident to the usual spring break-up, the tonnage of ore marketed in Colorado showed a slight falling off in March over previous months, and the acute shortage of mine labor caused a further curtailment in production. Though dull in other respects, March was a most eventful month in the sale of Colorado mining properties. Two very large deals were consummated, involving many millions of dollars, and should result in the operation of the property involved upon a much more extensive scale than ever before. The Miami field of the Missouri-Kansas-Oklahoma District is expanding rapidly, this camp having become one of the richest zinc fields in the world.

### **OIL**

The price of crude oil, contrary to the experience of other products, has not changed, but oil men are united in the belief that higher prices must soon arrive as there is the greatest demand in the history of the industry and daily production is showing a decrease. The call to arms and response of the field workers, the shortage of casing and the scarcity of rigs are matters of deep concern. The refining situation has remained quite regular and it is reported that there is probably less gasoline in storage than in the history of the Mid-Continent field at this time of the year.

## **LUMBER AND CONSTRUCTION**

Order files are reported heavy and stocks on hand are very low, with the market going higher every day. Car shortage and the broken condition of mill stocks continue to be deterrent features. Manufacturers are much more concerned in the filling of orders already booked than in the addition of new business. Building and engineering operations continue active with much work in prospect. Eleven important cities in the district show an average increase in value of building permits issued for March over the same month last year of 74.5 per cent., the highest gain being 324 per cent. and the highest loss 10 per cent.

## **LABOR**

Labor is unusually well employed at increasing wages, and, there are no disturbances of importance. A scarcity is becoming more and more apparent, particularly on the farms and in the mines. Twenty-two of the leading coal mining companies of Colorado, affecting about 90 per cent. of the coal mines in the State, recently announced a general wage increase of approximately 10 per cent., effective May 1st, an action that was purely voluntary.

## **WHOLESALE AND RETAIL**

The commercial situation shows no radical change and general business continues good with collections entirely satisfactory. There is no reckless advance buying, indicating that dealers are operating along conservative lines. Wholesale dealers in dry goods, notions, and shoes, report a satisfactory volume of business, with orders for fall delivery in excess of a year ago and re-orders fair. Retail trade in seasonable merchandise has increased under the influence of warmer weather. Grocery and provision markets are unsettled as to prices, but trade is active. Flour milling has been fairly active, considering the unsettled wheat market and the very high current prices. Buyers are slow to make new commitments, but mills are running about three-fourths capacity. In implements, tractor orders have fairly swamped the jobbers, and it seems apparent that the demand will exceed the available supply. Preparation is being made for an immense demand for corn tools.

## **FINANCIAL**

Bank deposits and post office receipts are reported in substantial increases over last year. Reserves in banks are in a decidedly healthy condition, and it is gratifying to note from the statement of the Comptroller of the Currency that of the four states in the Union whose country banks showed the largest percentage of reserves, three of them, viz., Colorado, Nebraska and Kansas, lie wholly within this district, holding first, second and fourth places, respectively. Kansas State banks show deposits of double what they were five years ago at this time. Reports from bankers throughout the district are decidedly optimistic and this feeling is admittedly based upon confidence in the Federal Reserve system and its ability to meet any emergencies. The average gain in clearings for fifteen cities in the district for the first three months of the current year over the same period last year is 43.1 per cent. There has been no change in discount rates, but a feeling exists that they will gradually strengthen.

**Statement of Condition of**  
**FEDERAL RESERVE BANK OF KANSAS CITY**

**At Close of Business, April 20, 1917.**

**RESOURCES**

Gold Coin and Certificates.....	\$ 8,007,140.00
Credit balances in Gold Settlement Fund.....	25,259,000.00
Legal Tender Notes, Silver Certificates and Subsidiary Coin....	33,565.00
Total Cash.....	<u>\$33,299,705.00</u>
Commercial Paper (re-discounts) .....	\$ 529,377.17
Member Banks' Collateral Notes.....	5,000.00
Acceptances. . . . .	1,377,007.38
U. S. Bonds with Circulation Privilege.....	7,953,090.00
Other U. S. Bonds.....	838,500.00
U. S. Gold Notes.....	1,784,000.00
U. S. Certificates of Indebtedness.....	2,500,000.00
Municipal Warrants .....	456,138.89
Due from other Federal Reserve Banks—net.....	1,386,109.80
All other Resources.....	1,178,624.39
Total Resources .....	<u><u>\$51,307,552.63</u></u>

**LIABILITIES**

Capital paid in.....	\$ 3,086,900.00
Reserve Deposits—net .....	44,994,546.30
Federal Reserve Notes—net .....	658,840.00
Federal Reserve Bank Notes—net.....	
Government Deposits .....	<u>2,567,266.33</u>
Total Liabilities.....	<u><u>\$51,307,552.63</u></u>

**MEMORANDUM**

F. R. Notes issued to the Bank.....	\$24,748,175.00
F. R. Notes in hands of Bank.....	367,400.00
F. R. Notes Outstanding.....	24,380,775.00
Gold and Lawful Money with Agent.....	23,721,935.00
Net Liability account of F. R. Notes.....	658,840.00

**CLEARINGS**

Total Clearings for week.....	\$49,113,535.55
Total number of items handled.....	77,356