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October 2nd, 1917.

FEDERAL RESERVE BANK OF KANSAS CITY

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CHAIRMAN, BOARD OF DIRECTORS
AND FEDERAL RESERVE AGENT

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REPORT FOR CONDITIONS IN DISTRICT NO. 10, for the
October Issue of the
FEDERAL RESERVE BULLETIN

September 21, 1917.

AGRICULTURE

Corn has recovered from the effects of the previous drouth to a surprising extent. The estimate has been materially increased in the district, depending only upon the delay of hurtful frosts. The present estimate for Nebraska, Missouri, Kansas and Oklahoma indicates an increase of approximately 46 per cent over last year's crop of 447,000,000 bushels, while the entire country shows an estimated increase of but 25 per cent. For the District the increased wheat acreage, officially requested for fall planting, amounts to 11 per cent over last year, and with favorable conditions it is believed that even a greater increase will be made. It is thought that through the co-operation of various interests, the threatened shortage of seed wheat has been largely obviated.

LIVE STOCK

There were heavy shipments of cattle to the local market in early August, but the movement was materially checked by rains and improved pasturage, particularly in Kansas and Oklahoma. The important markets of the district reflect receipts of approximately 5 per cent more than for that month a year ago. Hog receipts, however, at the same markets show a decline of 27 per cent and sheep 30 per cent. The average weight of hogs received locally was only 180 pounds, the lightest since last November, and the lightest on record for August. State councils of defense are urging farmers to hold stock for full maturity, owing to the predicted general shortage of meat animals and the necessities of the future. A rare period in the history of the markets has existed, with cattle, hogs and sheep soaring at the highest levels at one and the same time.

MINING

Colorado silver mines were very active, largely owing to the revival of interest in response to the high price. In the Kansas-Missouri-Oklahoma district, the production of zinc has been somewhat less than for last month, although Oklahoma reports increased production. Lead production has been below average in amount, with stocks increasing owing to the belief of the operators in a greater worth of the metal than the present price, and the hope that better prices are in prospect.

OIL

Producers are still complaining that the scarcity of oil-well supplies, partially, at least, offsets the advantages of high prices for crude petroleum, and yet there are indications that this situation is gradually being relieved. In Kansas and Oklahoma the results of operations have been good, and there are bright prospects for an increase of production. It is quite evident that more wells will be drilled in these two states during the next twelve months than ever before in a similar period. There has been considerable development in Colorado's shale oil industry. Stills for the distillation of oil from the heavily impregnated shales have been erected and machinery is being manufactured for assembly at the workings.

LUMBER AND CONSTRUCTION

The lumber market has been quiet and fall activity is opening later than usual. Prices show no inclination to break, notwithstanding the fact that immense Government contracts are nearing completion. Lumber stocks in retail yards are probably no more than normal and with the increased purchasing power of the farmers a better business is in prospect throughout the industry, many predicting more activity than for years, notwithstanding high prices and labor shortage. An improved car situation is noted and is expected to continue during the greater part of the fall.

Valuations of August building permits in eleven important cities show a total of 14 per cent less than for the same month a year ago. Denver and Wichita, however, report increases of 98 per cent and 120 per cent respectively, the latter being the fourth largest gain reported for the entire country.

LABOR

The labor situation has been acute, owing to strikes in many industries, especially freight transportation and meat packing. Probably the most serious difficulty has arisen out of the packing house strikes,

owing to the impediment they formed to pressing needs of the Government. A hopeful indication in all cases is the continued disposition of the parties most interested, to arrive at speedy settlements, and the work of the Government mediators has been most effective. There is an increasing shortage of help in all lines by reason of the call to the colors and this has apparently affected farming and mining particularly.

MERCANTILE

The marked improvement in crop prospects has stimulated the business of wholesalers, and retail distribution is increasing. Wholesale dealers in dry goods, clothing, millinery and shoes report country merchants buying freely for fall requirements. Manufacturers of all kinds of wearing apparel are working full forces to complete the fall orders. Compared with a year ago, statistics for August for the states which are entirely or partly within this district indicate a slight increase in purchases, an increase in indebtedness of 7 per cent and in collections of 12 per cent.

The implement business continues very good and there has been a strong demand for wheat drills and corn harvesting machinery, owing to the excellent prospects, and jobbers are shipping as fast as received from the factories. The existing scarcity of labor is evidenced by an urgent demand for all classes of power machinery.

Army and export purchases of flour have kept local mills operating at capacity. All wheat offered has been readily taken, but receipts have thus far been of comparatively small volume. Visible supplies are much lower than last year and are diminishing. Farmers are well occupied and seem to be in no hurry to market the remainder of the crop and some millers claim that with receipts running as at present, they cannot keep grinding. The demand for flour is large and stocks are much smaller than usual.

FINANCIAL

Increased bank clearings indicate well maintained activities. Thirteen cities in the district reported for August a total increase of 37 per cent over August, 1916, as against an increase of 26.7 per cent for the entire country and a gain of 118 per cent over August, 1915, as against a 75 per cent gain for the United States.

Reports thus far received indicate an increase in deposits of national banks as between the last two calls of the Comptroller of the Currency. Rates of discount have visibly hardened, following an increased demand for funds.

**Statement of Condition of
FEDERAL RESERVE BANK OF KANSAS CITY AND BRANCH
Close of Business, September 21, 1917.**

RESOURCES

Gold with Federal Reserve Agent.....	\$ 20,796,475.00
Gold Coin and Certificates.....	8,568,790.00
Gold held with Foreign Agencies.....	2,625,000.00
Credit balances in Gold Settlement Fund.....	32,975,550.00
Legal Tender Notes, Silver Certificates and Subsidiary Coin...	36,696.50
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Total Cash.....	\$ 65,002,511.50
Commercial Paper (re-discounts).....	\$ 3,861,424.96
Member Banks' Collateral Notes.....	13,032,583.49
Acceptances	5,851,766.88
U. S. Bonds with Circulation Privilege.....	8,003,090.00
Other U. S. Bonds.....	846,000.00
U. S. Gold Notes.....	1,784,000.00
United States Certificates of Indebtedness.....	426,000.00
Due from other Federal Reserve Banks.....	854,725.32
Due from U. S. Government.....	20,243.09
All other Resources.....	418,000.01
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Total Resources.....	<u>\$100,100,345.25</u>

LIABILITIES

Capital paid in.....	\$ 3,367,300.00
Reserve Deposits—Net.....	62,328,420.25
Federal Reserve Notes—Net.....	26,404,625.00
Federal Reserve Bank Notes—Net.....	8,000,000.00
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Total Liabilities.....	<u>\$100,100,345.25</u>

CLEARINGS

Total Clearings for week.....	\$ 62,160,653.02
Total Number of items handled.....	78,124