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MARCH 2nd, 1918

FEDERAL RESERVE BANK OF KANSAS CITY

ASA E. RAMSAY,
CHAIRMAN, BOARD OF DIRECTORS
AND FEDERAL RESERVE AGENT.

C. K. BOARDMAN,
ASSISTANT
FEDERAL RESERVE AGENT.

REPORT OF CONDITIONS IN DISTRICT NO. 10, for the
March Issue of the
FEDERAL RESERVE BULLETIN

February 20, 1918.

The fact that January receipts on the local market were only one-fourth of normal indicates a scarcity of wheat in this section. With mills operating at about three-fourths capacity (as compared with 67 per cent capacity a year ago), there was a material increase in the flour output of about one-sixth over the same month last year. Reserves of wheat are being steadily decreased. All mills are operating on the basis of supplying 30 per cent of their output to the government. The food administration, in order to keep all on an equitable basis, is closing down the mills in this zone that have ground three-fourths their normal amount of flour.

Mild weather the first part of this month has melted the January snowfall, which was unusually heavy throughout most of the district, and in view of the dry fall and early winter the present wheat outlook is better than expected.

Local corn receipts and shipments, as compared with the same month last year, gained 56 and 87 per cent, respectively. Supplies of corn at the four principal grain markets have more than doubled during January. The milling demand for corn, oats and barley to furnish substitutes for wheat, has resulted in maintaining unusually high prices at all terminal markets, notwithstanding the fact that there were large crops last year. The seed corn situation presents a serious problem due to the fact that so much of the crop is immature. Farmers have been urged to exercise great care in the selection of corn which will germinate.

Hay prices have maintained an extraordinary high level although the movement to market is somewhat above normal. The oats movement has been the largest for ten years.

Cattle receipts for January at the six principal markets of the district increased about 14 per cent over the same month a year ago. Indications continue to show supplies of cattle are abundant in the

Live Stock West and receipts are expected to continue above last year's. The average weight of hogs on the local market was 218 pounds, 29 pounds heavier than a year ago, and the heaviest January average in 10 years. The district markets receipts decreased about one-tenth under the same month last year. Feeders are following the food administration and government suggestion by keeping hogs until fattened. Prices are well maintained above the tentative minimum price suggested by the food administration, and though farmers complain that there is no profit in feeding corn at the present high prices and selling the hogs at \$16, there are no indications that feeding operations have been curtailed. For the first time in many months hog slaughtering by the district packers for January showed an increase over the same month a year ago.

The sheep movement is smaller than last year. Receipts declined 10 per cent under January, 1917. The flockmasters have shown a disposition to hold their ewes for breeding purposes and to keep their flocks until shearing season because of the high prices received for wool.

The aggregate live stock value on the farms of the states in whole or part within this district, on January 1, 1918, by government estimates, was 1,837 million dollars, a one-fourth increase over the live stock valuation on the same date last year.

The metal mining industry of Colorado is reported about as dull as it has been during recent years. The primary cause of this is the increased cost of production, which at a conservative estimate is 60 per cent, due to advanced wages of labor and high prices for supplies. This has not
Mining been accomplished by a corresponding increase in metal prices, and unless more favorable conditions develop, it is feared the metal production of the state will rapidly decline. It is said, however, that the production of molybdenum, from present indications, will reach by midsummer, a million dollars' worth of metal a month. These operations are based on government contracts, which will take practically the entire output for war purposes.

The production and shipments of zinc and lead from the Missouri-Kansas-Oklahoma district have been considerably curtailed by the shortage of coal and a railroad embargo. During the month zinc ore prices declined slightly with the market fairly quiet. Lead ore, however, is bringing top prices at \$85 a ton, and the market is very strong with an unusual demand.

The heartiest spirit of co-operation and compliance with the government fuel administration orders has been shown in all parts of this district.

The unusually cold weather of the past month, with heavy snows and a water shortage, has caused the curtailment of all field operations, and "the shut down" of many wells and drilling rigs in this
Oil district. Oklahoma completed less than three-fourths as many wells in January as in the preceding month, and that state's new production decreased one-fifth under December. Kansas also showed a decline of over 30 per cent in the number of wells completed for the month, but made an increase of over one-third in new production, almost sufficient in quantity to offset Oklahoma's loss.

The total monthly production of Kansas for January exceeds that of the same month last year by nearly 80 per cent. The steady decline in Oklahoma's production continues, and the output during the past month dropped 14 per cent as compared with a year ago.

Although the demand of the country yards for lumber is slightly under normal, and the city yards demand is far below normal, the general demand is reported heavy, stimulated by large government war orders for cantonments and other buildings. The extremely cold weather has made all building impractical, but the general impression is that there will be a large volume of buying as soon as the weather opens up. Home building has been greatly reduced because of the war.

Lumber and Construction

Building permits in the ten principal cities of this district for January decreased in volume nearly 42 per cent under the same month a year ago. The estimated value of these buildings declined 38 per cent under January, 1917, as compared with a 46 per cent decrease in the largest cities of the entire United States. A loss of about one-tenth in volume and value was shown under December.

Statistics for the month of January for the states in whole or part within this district, as compared with the same month last year, show a slight increase in purchases, a decrease of nearly 3 per cent in indebtedness, and an increase of over 3 per cent in payment activity.

Mercantile

Manufacturers, especially of shoes, iron and steel products, are active, but experience some difficulty in securing materials, adequate transportation facilities and coal. Trade in nearly all wholesale lines is reported as good. Buyers are placing orders early and evidently anticipate a shortage in supplies. The present outlook for improved retail trade, which has been greatly curtailed by weather conditions and the fuel situation, is much brighter. Hardware, drugs and groceries are in good demand at advanced prices. Dry goods, notions and millinery sales are heavy for the season.

The usual number of small labor disturbances were experienced during the past month, with nearly all of them quickly and satisfactorily settled. The number of strikers in the Southern Kansas coal fields has increased to about 1,000, due to continued disturbances, which conditions have caused the loss of a daily production much greater than reported last month, and estimated at 5,000 tons.

Labor

Supplying the farms with labor for next summer by government plans depends on two factors, greatly improved methods of distribution of the available labor and intensive co-operation between the towns and the farms. Even a greater problem than securing this temporary labor is that of obtaining all-year-around farm hands, to replace those who have gone into war service, and it is planned to divert as many of the unskilled laborers as possible to the farms.

The condition of all business activities is reflected by the increased bank clearings of this district. Clearings in 17 principal cities of the district for January increased 41 per cent over the same month last year, and gained 125 per cent over January two years ago. In comparison, the cities of the entire United States showed a gain of 3.6 and 31 per cent over January, 1917, and 1916, respectively. Bankers report a strong demand for money and rates are firm.

Financial

Statement of Condition of
FEDERAL RESERVE BANK OF KANSAS CITY, INCLUDING BRANCHES
AND OFFICES

At Close of Business February 21st, 1918

RESOURCES

Gold with Federal Reserve Agent.....	\$ 55,663,600.00
Gold Coin and Certificates.....	685,572.50
Gold Held With Foreign Agencies.....	2,625,000.00
Credit balances in Gold Settlement Fund.....	35,700,872.50
Legal Tender Notes, Silver Certificates and Subsidiary Coin...	77,921.00
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Total Cash	\$ 94,752,966.00
Commercial Paper (rediscounts).....	\$ 16,233,994.76
Member Banks' Collateral Notes.....	2,576,900.00
Acceptances.....	1,489,428.91
U. S. Bonds with Circulation Privilege.....	8,003,090.00
Other U. S. Bonds.....	859,100.00
U. S. Gold Notes.....	1,784,000.00
U. S. Certificates of Indebtedness.....	2,669,000.00
Due from Other Federal Reserve Banks.....	3,408,830.84
Due from Depository Banks and Trust Companies.....	16,756,493.25
Due from Branches and Offices.....	5,664,174.24
All Other Resources.....	259,320.48
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Total Resources	<u>\$154,457,298.48</u>

LIABILITIES

Capital Paid in.....	\$ 3,413,200.00
Reserve Deposits—Net	62,745,213.87
U. S. Government Deposits, General Account.....	4,815,167.74
U. S. Government Deposits, Special Account.....	16,756,493.25
Due to Clearing Members—Deposit Account.....	8,801.62
Federal Reserve Notes—Net.....	58,718,922.00
Federal Reserve Bank Notes—Net.....	7,999,500.00
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Total Liabilities	<u>\$154,457,298.48</u>

CLEARINGS

Total Clearings for Week.....	\$90,239,939.64
Total number of items handled.....	97,750