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APRIL 2nd, 1918

FEDERAL RESERVE BANK OF KANSAS CITY

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

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

March 21, 1918.

There is a continued and increasing demand for corn as a substitute for wheat flour, and both the export and milling demand effect the maintenance of unusually high prices. The average quality is better in this district than in the central states, and many flour mills have now turned to corn-grinding. February was a record month in both receipts and shipments on the local market, which were nearly four times as great as for the same month last year. Visible supplies at the principal district markets increased over 90 per cent during the month. By Government estimates, corn stocks on the farms in the states of this district, on March 1, were 123 per cent greater than on the same date last year.

The wheat movement continues very small, with local receipts for the month only one-fifth and shipments one-twentieth of those a year ago. All mills are running on reduced operations owing to the scarcity of grain, and 65 mills in this district for the past month were grinding at only a little over half capacity, with a resultant decrease under last year's output. The food administration, however, is hopeful regarding wheat supplies for the remainder of the crop year, although present indications show wheat will be very scarce between now and the harvest. District market wheat stocks decreased two-fifths during the month, and supplies on the farms March 1 were only one-half of those last year.

Enough rain and snow fell over the entire district to supply a fair amount of moisture to the ground. The wheat crop prospects are better than in the early winter, with the present crop condition in all states reported as fair to good.

The live stock markets are in a somewhat unsettled condition, because of the conflict in the effort to keep prices high enough to encourage producers, and at the same time, low enough to make

Live Stock meats reasonable to consumers. Protests, that the minimum price set on hogs is too low, have been made by the feeders of this district. Because of the high cost of feeding operations, these producers claim they do not profit by the fattening of hogs, cattle or sheep, with the prevalent market prices. However, the weight of hogs received at four markets of the district, for the past month, average 227 pounds, or 18 pounds heavier than for the same month last year, indicating that farmers are still feeding hogs freely, notwithstanding high prices of corn.

Cattle receipts at the six principal markets for February increased about one-fourth over the corresponding period last year. Hog receipts showed a slight gain of 3 per cent. The movement of sheep to market decreased 30 per cent. Hog packing at district centers was heavy, with slaughterings one-tenth greater than for February 1917.

The zinc and lead ore markets in the Missouri-Kansas-Oklahoma district for February were in sharp contrast. Prices for zinc ores continue to decline, while lead prices hold firm, with a strong

Mining demand from buyers for all the lead ore they can secure. Surplus stocks of both metals increased during the month, attributed chiefly to inability of securing cars for shipments. The zinc output for the month decreased 18 per cent under the same month last year and the valuation declined 46 per cent. The lead output gained 7 per cent over February 1917, but the valuation of it decreased one-fourth. A general dissatisfaction is reported among the operators, in view of the low prices paid for their output, as compared with the fairly satisfactory prices paid to the smelters for their product. That a complete shut-down of all high grade ore mines will eventually be brought about, is said to be the general opinion prevailing among producers.

Metal mining in Colorado continues very dull with the exception of the new mines now producing molybdenum ores. The predicted silver revival has resulted in a considerable slump, and the state's zinc production has shown a steady decline.

Indications show that operations in the Mid-Continent oil field are active. Although during February there were but two more wells completed in Oklahoma and twenty fewer wells completed in

Oil Kansas than in January, the new production increased 38 per cent in Oklahoma and 42 per cent in Kansas. In both states, the total oil production for the past month showed an increase over the preceding month. As compared with February a year ago, Kansas nearly doubled its production while Oklahoma's production decreased 12 per cent. Though no producing wells were completed in Wyoming during February, it is reported that operators are hopeful over the prospect of an increased production for this year. The scarcity of all drilling materials and casing is evident, and inability to secure these supplies continues to curtail field operations in some parts of the district.

It is predicted that retail lumber dealers will have trouble in securing supplies, because of the scarcity of labor at the camps, bad transportation facilities, and the large government demands on the production. Prices on all kinds of lumber are high, with present tendency toward even higher levels. Therefore, dealers are not stocking up on the present market. A good demand is expected from country districts, especially in the event of good crops, but the cities look forward to quiet conditions in all lines of construction.

Building permits issued during February in ten of the largest cities of this district continue to decline in volume, showing a 31 per cent decrease under the same month last year. The estimated cost of such constructions, however, increased nearly 8 per cent over February 1917, compared with a 44 per cent loss from reports of 110 principal cities of the entire United States.

Labor conditions have been very unsettled in this district and over a dozen small strikes have been reported during the past month. The strike of the Southern Kansas coal miners has been satisfactorily settled. Interurban car men in Kansas and Missouri, who have been out for over a month, have again returned to work. A local strike of laundry drivers has been in effect since the middle of last month, and this may lead to a sympathetic strike threatened by all union labor in this city.

Government and state agents are exerting all energies to successfully meet the threatened shortage of farm labor. Labor and seed surveys are being carried on in several states, and every effort is being extended to secure the requisite number of farm hands.

Although the number of business failures in this district during January decreased one-fifth under the same month last year, the liabilities of such failures were twelve times greater. Purchase and payment activity for February, in the states wholly or partially within this district, gained 2 and 4 per cent respectively over the corresponding period a year ago, while indebtedness decreased over 3 per cent.

Trade in all wholesale and manufacturing lines continues active. The demand for farm tractors and attachments is heavy, and the interest in automobiles and accessory supplies is pronounced. Spring goods are beginning to show more actively and the general retail trade gradually improves. Collections are reported prompt in almost all lines.

All except one of the 17 cities of this district, for which bank clearings during February were reported, showed a marked increase over February of last year. The largest gain recorded was 61.4 per cent, while the average gain for all the cities was 52 per cent.

While rates have increased slightly during the month, the demand has not lessened. Borrowers seem to realize that with the extensive financing for Government purposes, which the banks are called upon to undertake, normal time rates could hardly prevail.

The organization of the campaign for the flotation of the Third Liberty Loan in this Tenth District has been perfected. All efforts are being extended to push the sale of this forthcoming issue, the exact amount of which has not yet been announced.

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

At Close of Business March 15th, 1918

RESOURCES

Gold with Federal Reserve Agent.....	\$ 55,498,480.00
Gold Coin and Certificates.....	1,085,905.00
Gold held with Foreign Agencies.....	2,625,000.00
Credit Balance Gold Settlement Fund.....	36,113,232.50
Legal Tender Notes, Silver Certificates and Subsidiary Coin....	75,638.00
Total Reserve Cash.....	\$ 95,398,255.50
Total Non-Reserve Cash.....	4,254,667.79
Commercial Paper (rediscounts).....	19,956,102.68
Member Banks Collateral Notes.....	2,622,141.07
Acceptances	6,165,037.89
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.....	2,407,000.00
Due from other Federal Reserve Banks.....	5,041,410.70
Due from Depository Banks and Trust Companies.....	18,055,601.03
Due from Branches and Offices.....	6,528,497.37
Total Resources.....	\$171,074,904.03

LIABILITIES

Capital Paid in.....	\$ 3,446,800.00
Reserve Deposits—Net.....	65,868,746.19
U. S. Government Deposits, General Account.....	5,108,439.68
U. S. Government Deposits, Special Account.....	18,055,601.03
Due to Clearing Members—Deposit Account.....	18,418.57
Federal Reserve Notes Outstanding.....	70,555,230.00
Federal Reserve Bank Notes Outstanding.....	8,000,000.00
All Other Liabilities.....	21,668.56
Total Liabilities.....	\$171,074,904.03

CLEARINGS

Total Clearings for Week.....	\$115,850,752.87
Total Number of Items Handled.....	117,787