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JUNE 3rd, 1918

FEDERAL RESERVE BANK OF KANSAS CITY

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

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

May 21, 1918.

The present agriculture outlook is very promising. General weather conditions in this district continue favorable for the development of crops. There has been ample rain for the immediate needs of the wheat sections, and states report that winter wheat has made an excellent growth during the past month, and the condition has improved steadily. The old wheat supplies will be more thoroughly cleaned up than ever before, and a determined effort is being made by the food administration to use every available bushel, so that the new crop season will begin with empty bins. The season has started favorably for spring sown crops, though cool weather has made corn development a little backward.

Practically all the mills in this region continue to operate on Government orders either for the army or for export, and have therefore produced little flour available for domestic use. The people, however, have willingly used substitutes, and this unusual shortage in the domestic supply has caused remarkably little comment or complaint. Mills are grinding wheat as fast as they can secure it, but reports from 67 in this District showed they were running at only 40 percent of capacity during April as against 80 percent a year ago, with a resultant decrease of nearly one-half in the flour output. Wheat stocks on the four principal grain markets decreased 72 percent during the past month. Local market receipts were less than one-eighth and shipments less than one-fourteenth of those last year.

The marketing of corn and oats continue larger than usual for this season of the year. Receipts of corn on the local market for the past month increased two-thirds over the corresponding period last year and shipments were nearly three times as great. The demand for corn as a wheat substitute has been sufficiently heavy to maintain extraordinary high prices considering the volume of supplies. The prices on oats, however, have declined moderately owing to liberal receipts and the promising start of the new crop. The visible supplies of corn on the four chief markets decreased about one-tenth during April.

The Government is now contracting for the balance of the pinto bean crop, and when this movement is over, fully 50 million pounds of pintos will have been shipped to eastern markets. It is estimated that 400,000 acres of these beans will be planted in Colorado alone this spring, and indications are that the pinto will prove a valued asset to the whole Southwest.

The remarkable and record breaking advance in prices for beef steers, which began with the opening of the month and continued until almost the close, is mainly responsible for the large movement of cattle to market. When the prices for all classes of fat cattle reached these new high **Live Stock** levels, shippers sent in all stock they could secure to meet the strong demand, and a large part of the corn-fed cattle were marketed. Accordingly, stocks of meat have so materially increased, that with incoming supplies, they will amply cover the demand until the incoming of grass-fed cattle in July. Since the cattle movement from Texas north is about completed, the demand for loans to finance cattle for grazing and fattening purposes is not so strong.

The hog market continues at a high record level for this time of year. Receipts at the seven District markets increased 30 percent over April 1917. The general quality of offerings was good and the weight of hogs on five markets averaged 218 pounds, as compared with 203 pounds last year. Slaughtering were 7 percent in excess of those a year ago.

Prices on sheep and lambs during the past month on the local market reached record heights. Feeding and breeding stocks were in strong favor, with but a very limited supply. Spring lambs were exceedingly scarce, while the receipts of sheep have been below the demand. Conditions were generally favorable and up to the close of the month the prevailing tone of the market was strong. Sheep receipts for the seven chief centers were reported 11 percent greater than those a year ago.

Conditions in the metal mining industry of Colorado have changed very little during the past month. The increased price of silver, brought about by the passage of the Silver Bill providing for the melting of 350 million silver dollars now in the Treasury, has resulted in renewed inquiry for **Mining** silver properties, and some stimulation of this industry is expected. It is reported that shipments of manganese ores, used in the manufacture of paint, glass and chemical products, have increased and will continue to gain steadily throughout the summer, if prices remain high. Inquiries are being made in this state regarding deposits and production of chrome and pyrite, both iron products, for use in connection with the war.

The month of April showed a distinct slowing down in the mining industry of the Missouri-Kansas-Oklahoma district. The average price on all grades of zinc blende dropped from \$45 per ton as quoted in March to \$42. This decrease in zinc ore prices contributed largely to a curtailment of producing operations, and also to an increase in surplus stocks. Government co-operation has encouraged the operators to some extent. A price of \$75 per ton has been set for the high grade ores, thus assuring producers a fair profit. Government and Allied contracts will probably be placed in the near future. The production of the District for the first four months of this year as compared with the corresponding period last year, decreased nearly 14 percent and the value of this output decreased over 40 percent.

The lead ore market has also shown some decline, opening at \$85 per ton and closing by the end of the month at \$80. Surplus stocks decreased slightly during April. The total output of lead gained 9 percent for the first four months this year over the same period in 1917, but the value decreased about 18 percent.

There were 122 more wells completed in Kansas during April than in the previous month. Because of the fact that no so-called "freak" wells—that is, wells with 10,000 or 15,000 barrels initial production—were brought in, a falling off in new production was shown, the decrease being 44 percent **Oil** from March. However, the month proved good from the standpoint that the wells completed should be longer and better producing ones than those of freak character. High prices of crude have caused renewed activity and interest in the old fields. The estimated total production of the state was 84 percent greater than that of April, 1917.

Oklahoma completions during the month of April numbered 784, an increase of 75 over March. The new production, however, made a slight decrease of less than 1,000 barrels, or 3 percent. Gushers were not plentiful and there were but few wells that started better than 1,000 barrels a day. The total estimated production of the state was larger than that of the previous month, but still continues slightly under last year. Stocks of crude petroleum in the Oklahoma-Kansas field at the end of March were about one-half million barrels less than in February and have decreased nearly 7 million barrels, or 6 percent since March 1917.

A severe storm curtailed nearly all field operations in Wyoming. But 12 wells were completed during the month with a new daily production of 795 barrels, as against 17 completions in March with production of 1,000 barrels per day. It is reported that large companies have become interested in the Wyoming fields and are investing great sums of money to develop the deposits. An increased future production is looked for in that state.

Conditions are very uncertain in the lumber market at present, but there is a steady and strong demand for all kinds of lumber, which is not noticeably retarded by the high prices. It is reported that from the standpoint of wholesale dealers, conditions were never more favorable. They **Lumber and Construction** advise that the bulk of orders are from the country yards, and as crop conditions have greatly improved, the demand from the rural districts is expected to be heavy. Shipments from the mills continue quite slow and uncertain, although the car situation is greatly improved. This is attributed to the fact that the mills are still running on reduced operations and that long standing orders from Eastern points are being filled. Reports indicate that most of the retail dealers are carrying normal stocks.

Building permits issued in the ten largest cities of this District for April were nearly one-fourth less in volume than those issued during the same month last year. The estimated cost of such proposed constructions was about two and one-half million dollars, an increase over the preceding month but a decrease of 35 percent from April 1917. Only three cities showed a gain in this month's building valuations as compared with those of the corresponding month a year ago.

Labor conditions have been very quiet and settled. But a few small strikes were reported during the past month. Government co-operation has been extended to the state free employment bureaus. **Labor** Although the demand for farm labor is steady and insistent, it is predicted that all needed hands will be secured. However, Kansas alone is reported in need of 85,000 men for farm work in the harvest season. All cities in that state are to be requested to furnish a census of their man power, and its availability for a farm draft. In Nebraska, under a new law, all men over 16 years of age, must register the first week in June and become liable to farm labor.

General merchandise activities for the year ending April 1st, 1918, compared very favorably with the annual period ending April 1st, 1917. The seven states (wholly or partially within this District) show an average increase of over 2 per cent in purchases, a small decrease in indebtedness, and a gain in payment activity averaging 3.2 percent. **Mercantile**

The Government now plans to take over the implement control, and all dealers will go under license June 20. General reports indicate that except for harvesting machinery, the present demand for farm implements is exceptionally light.

Manufacturing is active. Jobbers in all lines advise that trade is very good with a steady call for seasonable goods, greatly stimulated by warm weather. Merchants are purchasing goods for future delivery from the wholesalers. Sales of shoes are large with higher prices predicted for next fall. Trade in groceries and drugs is normal and orders continue in good volume. Failures are few and collections fair to good.

Receipts at the post offices in eleven of the largest cities in the District for the month of April as compared with the corresponding month last year showed a substantial increase of 28 per cent.

Financial Bank clearings as reported in the seventeen principal cities for the past month gained 47 per cent over April, 1917. The clearings at Omaha were 81.2 per cent in excess of those a year ago, the second largest increase in the entire United States.

The Third Liberty Loan was a great success, with a subscription of over 4 billion dollars from 17 million persons. The Kansas City District with a quota of 130 million subscribed over 200 million dollars, or 156 per cent of its quota, and was credited second among the twelve Federal Reserve Districts.

Demands for money continue strong. Rates of discount have advanced and a new schedule with increased rates went into effect May 20th.

**Statement of Condition of
FEDERAL RESERVE BANK OF KANSAS CITY, INCLUDING BRANCHES
At Close of Business May 17th, 1918
RESOURCES**

Gold with Federal Reserve Agent.....	\$ 36,979,365.00
Gold Coin and Certificates.....	1,331,160.00
Gold held with Foreign Agencies.....	2,625,000.00
Credit Balances (Gold Settlement Fund).....	21,370,912.50
Legal Tender Notes, Silver Certificates and Subsidiary Coin..	294,047.00
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Total Reserve Cash.....	\$ 62,600,484.50
Total Non-Reserve Cash.....	5,759,064.29
Commercial Paper Rediscounts.....	38,772,697.77
Member Banks Collateral Notes.....	30,295,096.44
Acceptances.	2,040,547.54
U. S. Bonds with Circulation Privilege.....	8,003,090.00
Other U. S. Bonds.....	861,550.00
U. S. Gold Notes.....	1,374,000.00
U. S. Certificates of Indebtedness.....	3,059,000.00
Due from Other Federal Reserve Banks.....	6,289,572.57
Due from Depository Banks and Trust Companies.....	42,962,408.07
Due from Branches and Offices.....	1,761,290.70
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Total Resources.	<u>\$203,778,801.88</u>

LIABILITIES

Capital Paid in.....	\$ 3,489,600.00
Reserve Deposits—Net.	67,489,884.79
U. S. Gov. Deposits—General Account.....	3,674,326.31
U. S. Gov. Deposits—Special Account.....	42,962,408.07
Due to Clearing Members Deposit Account.....	364.16
Federal Reserve Notes.....	77,921,115.00
Federal Reserve Bank Notes.....	8,000,000.00
All Other Liabilities.....	241,103.55
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Total Liabilities.	<u>\$203,778,801.88</u>

CLEARINGS

Total Clearings for Week.....	\$140,270,703.99
Total Number of Items Handled.....	126,780