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JULY 2nd, 1918

FEDERAL RESERVE BANK OF KANSAS CITY

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

June 21, 1918.

Crops have continued to improve steadily during the past month. The winter wheat prospect, as a whole, owing to abundant rainfall in nearly all sections, has shown marked improvement during **Agriculture** May. The crop is generally reported in excellent condition throughout all the states, except in limited districts where it was damaged by drouth. Harvesting has begun under very favorable conditions and the District will have, by all indications, the largest crop ever produced excepting the phenomenal harvest of 1915. The condition of the grain, as reported by Government estimates on June 1st, in the five principal wheat-growing states of this District, averaged 80 per cent of normal or 2 per cent in excess of the ten-year average. For this District the crop is placed at 232 million bushels.

Old wheat supplies have been practically exhausted and supplies of flour are only about one-third of those on hand a year ago. Before the present harvest comes in stocks of wheat in all bins and elevators will be smaller than ever before. Receipts on the local market during May were about one-ninth and shipments less than one-hundredth of those for the same month last year. Local mills were grinding at only 5 per cent of capacity during the past week. With 69 mills reporting in this District, averaging but 38 per cent of capacity, the flour output for the past month decreased nearly two-fifths under the same period a year ago, when the mills were running at 61 per cent of capacity.

The plan for marketing the new wheat crop has just been announced by the Food Administration. A maximum price will be fixed for flour, based on a reasonable milling profit above the guaranteed price for wheat, and millers and grain dealers will then be permitted to compete for the merchandising of the wheat crop.

The corn and oats movement has continued fairly large and prices showed a lowering tendency until shortly after June 1st when they rallied strongly. This section has good supplies of both grains, but they are not being marketed any faster than needed. Stocks of corn on the four principal markets decreased two-fifths during May, while oat stocks remained practically stationary. Receipts and shipments of corn on the local market were one-half and two and one-fourth larger, respectively, than those of the same month last year. The new crop prospects for both of these cereals are promising. The oats crop is well advanced with the expectation of a yield equal to last year's large one, and corn has made a favorable start on a large acreage. The oats crop forecast by Government estimates on June 1st was for 225 million bushels in the states of Kansas, Missouri, Oklahoma and Nebraska, based on an acreage of nearly 8 million, the average condition in these four states being 87 as compared with the ten-year average of 81 per cent.

Liberal supplies of cattle continue to arrive at all western markets, the movement to the principal markets for May, however, being one-tenth smaller than a year ago. Prices are maintained around the highest levels ever reached, and are \$2 to \$4 higher than at this time last year.

Live Stock The live stock industry at present is in a very good condition. Shipments of cattle back to the country are larger than a year ago, which indicates that grazing conditions are good and reflects the confidence of feeders and pasture men in the future stability of the market. Intensive feeding methods and high prices for fat cattle have resulted in feeders seeking new supplies earlier than last season. Initial shipments of grass-fed cattle have just been received on the local market.

Sheep receipts on the six important markets of this District for the past month were about 42 per cent in excess of those for May, 1917. The bulk of the local offerings came from Colorado-Kansas feedlots. Packers showed more interest in the market than during the previous month. Lambs continue to sell around \$20 per cwt., which means good profits for sheep raisers.

The movement of hogs is substantially larger than last year, and District market receipts for May were 5 per cent more than those of the same month last year. The average weight of hogs at four centers was 225 pounds as compared with 210 pounds for May, 1917. Prices were well maintained above \$16 per cwt., and an active packing demand was prevalent. Local stocks of hog products decreased moderately during last month, but are still 72 per cent in excess of those on hand June 1st a year ago.

The cattle and sheep men in northwestern New Mexico are facing an unusual and critical situation. Resultant of severe drouth, pastures and ranges are burned and barren. Cattle, to escape starvation, will probably be shipped to Colorado and Wyoming for grazing. Ranges in those states are generally reported in good condition, except in scattered areas where there is need of rainfall. Sheep shearing is well under way.

By present conditions and indications, it is predicted that the coming summer in the mining camps of Colorado will be the dullest of any in recent years. There is no evidence at this time of the usual spring revival in mining, which is attributed to the many uncertainties surrounding all operations and the general feeling that costs must be materially advanced without any chance of a like advance in metal prices. Operators are said to fear the complete shut-down of many properties on account of the recent increase in freight rates. Labor is again showing signs of unrest; demands for larger wages have been made in some camps, and there is apparently no prospect of meeting these in view of the foregoing conditions.

Mining

The market for zinc ores in the Missouri-Kansas-Oklahoma district during May showed some improvement. The fixed minimum price of \$75 per ton for high grade ores now in effect makes an approximate advance of \$20 per ton over former prices. A decided improvement was also shown in the prices paid for intermediate grade ores, while the average price for all grades throughout the month was about \$48 per ton as compared with \$42 in April. For the first five months of 1918, a radical decrease was recorded in shipments and value of all zinc ores, this decrease being 11 and 30 per cent respectively. Strenuous efforts have been extended by the operators to obtain a fixed minimum price on second grade ores, as well as for the first grades.

During the past month the average price for lead increased from \$80 to \$87.50 per ton, but the output of the mines was about one-tenth less than in April. Comparing the five months' period of this year with the corresponding period in 1917, a decrease of nearly \$25 per ton in the average price or 22 per cent and a gain of 5 per cent in shipments have been registered.

Kansas oil fields showed more general activity during May than in April. Completions for the month numbered 502, an increase of 28, while the new production was over 35,000 barrels, a slight increase over April. A gain of about 63 per cent is shown in comparing the total estimated production of the past month with the corresponding period last year.

Oil

Oklahoma maintained its good record of large production from its many fields. The wells completed were only 5 in excess of the number of completions during the month previous, but the new production obtained was 48,000 barrels, a substantial gain of about one-third over April. Owing to a shortage of new oil field material and delay in its transportation, some trouble is being experienced by the smaller companies in the purchasing of necessary second-hand drilling supplies, which often cannot stand the strain of hard drilling operations. The total estimated production of the state during the past month as compared with May, 1917, decreased about 7 per cent. Latest figures available show that stocks in storage in the Oklahoma-Kansas fields decreased from over 93 million barrels to slightly under 92 million barrels during the month of April.

The number of drilling wells in Wyoming is still increasing and the predicted drive for oil in that state is now in full swing. Operations for May were more general than in April, and with 21 comple-

tions as compared with 12 last month, the new production was nearly three times as large. Drills are busy in Colorado and operators hope that the long sought large oil field in that state will be found this year. It is reported that the quantity of oil that can be extracted from the shale deposits of Colorado is estimated by the United States Geological Survey at 20 million barrels, approximately three times the total estimated oil reserve of the United States lying beneath the ground.

Lumber manufacturing conditions have changed very little. The handicap of labor shortage and the uncertainty of transportation facilities are still prevalent. General reports show that there is no surplus of lumber anywhere, and as Government requisitions continue to take large quantities of material, indications are that the supply will not increase at present. **Lumber and Construction** Although there is only a fair demand for lumber at retail yards, however, because of good crops, dealers anticipate a heavy trade during the summer and fall throughout the country districts. General price tendency is upward at the present time. Nevertheless, predictions are that the future problem of dealers will not be that of price, but of securing material, so that it may be available for the consumer. The advisement of fixing lumber prices for its own consumption and for domestic purposes is now under consideration by the Government.

The general trend of building operations in the cities has shown some improvement and the present outlook is more optimistic. Volume of construction work, as reported in the ten principal cities of this District for May, decreased but 13 per cent under the corresponding month last year, as compared with a decrease twice as large recorded in April. The estimated value of such construction was one-fifth in excess of that of the previous month, and but one-fourth less than the valuation for May, 1917, as against a loss of 34 per cent for the cities of the entire United States. Wichita and Denver recorded substantial gains of 161 and 86 per cent respectively over May a year ago.

As the result of the cooperation of Government labor offices throughout the wheat districts, the movement of farm labor is being controlled as never before. Supply and demand are being equalized. **Labor** Government reports show that good wages are being paid the harvest hands, the general wage averaging about \$1 per day higher than in 1917. With both a supply of imported labor greater than anticipated and a good supply of local labor, practically all demands from the wheat states have been successfully met. Indications are that future needs will be equally well supplied.

Over a dozen strikes were reported during the past month. Most of these, however, were of little consequence and satisfactorily adjusted. Considerable trouble has been experienced in wage controversies throughout Wyoming between sheep-growers and sheep-shearers, but mediation was finally affected in all cases.

The number of commercial business failures in the Tenth District during the month of April was 49 as compared with 41 for the same month a year ago. Liabilities of such insolvencies were one-half in excess of those for April, 1917. Purchasing, indebtedness and payment activity (for **Mercantile** the seven states wholly or partially within this District) remain practically stationary as shown by comparisons between May this year and last year.

Business in all lines is good and manufacturers continue active. Wholesale trade in general is unusually large. Retail merchants report a good house trade, with an active demand for merchandise, particularly dry goods and shoes. Indications point to a large volume of business throughout the summer, although there is a scarcity of merchandise in certain lines. The call for drugs is up to normal and sales of groceries and provisions are heavy. Collections are generally prompt, though slow in some cities.

The call on the farmers for increased food production, together with a labor and horse shortage, is bringing the tractor into unprecedented prominence on the farms. Retail dealers report good sales of tractors for immediate delivery and increased needs for harvesting machinery and corn tools. Jobbers of automobiles state the demand for cars is large and farmers continue to place orders in good volume. Automobiles are now scarce because of curtailment in production and reduced transportation facilities, and orders for several of the popular makes are taken subject to indefinite delay.

Bank clearings for seventeen principal cities of this District during the month of May were about 1,400 million dollars, a substantial gain of 37 per cent over the same month last year, as against the **Financial** small increase of 7 per cent for all of the cities of the United States. Tulsa and Denver showed increases of 83 and 78 per cent over May a year ago, these being the second and fifth largest gains reported throughout the entire country.

The demand for loans continues strong and rates are firm.

Reports of conditions of the state banks by the last call of May 10th show a large increase in deposits over the same date last year, but a slight decrease as compared with the previous call, attributed chiefly to the purchase of Liberty Bonds.

Statement of Condition of

FEDERAL RESERVE BANK OF KANSAS CITY INCLUDING BRANCHES

At Close of Business June 21st, 1918

RESOURCES

Gold with Federal Reserve Agent.....	\$ 33,712,150.00
Gold Coin and Certificates.....	1,122,612.50
Gold held with Foreign Agencies.....	1,260,680.00
Credit Balances Gold Settlement Fund.....	40,716,135.50
Legal Tender Notes, Silver Certificates and Subsidiary Coin..	388,185.00
Total Reserve Cash.....	\$ 77,199,763.00
Total Non-Reserve Cash.....	4,735,984.41
Commercial Paper Rediscounts.....	36,775,588.98
Member Banks Collateral Notes.....	19,836,661.62
Acceptances.....	250,000.00
U. S. Bonds with Circulation Privilege.....	8,003,090.00
Other U. S. Bonds.....	873,850.00
U. S. Gold Notes.....	1,374,000.00
U. S. Certificates of Indebtedness.....	2,214,000.00
Due from other Federal Reserve Banks.....	5,300,237.21
Due from Depository Banks and Trust Companies.....	32,205,741.67
Due from Branches and Offices.....	4,666,119.40
Total Resources.....	\$193,435,036.29

LIABILITIES

Capital Paid in.....	\$ 3,528,750.00
Reserve Deposits, Net.....	60,900,342.92
U. S. Government Deposits, General Account.....	9,004,081.10
U. S. Government Deposits, Special Account.....	32,205,741.67
Federal Reserve Notes.....	79,141,600.00
Federal Reserve Bank Notes.....	8,000,000.00
All Other Liabilities.....	654,520.60
Total Liabilities.....	\$193,435,036.29

CLEARINGS

Total Clearings for Week.....	\$ 92,543,305.33
Total Number of Items Handled.....	225,249.00