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OCTOBER 2nd, 1918

FEDERAL RESERVE BANK OF KANSAS CITY

ASA E. RAMSAY,
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**REPORT OF CONDITIONS IN DISTRICT NO. 10, for the
October Issue of the
FEDERAL RESERVE BULLETIN**

September 16, 1918.

Generally improved conditions following a cessation of hot and dry weather and news of successes overseas, have heartened the people of this district to more heroic effort to aid their Government in carrying forward the war program. The outlook for agriculture is encouraging and preparations are making for larger food production next year. An unprecedented movement of grain and live stock to the markets continues. War prices for products of farms, mines, wells and factories, and war wages to labor, are putting more money into people's hands, enlarging their purchasing power and their ability to pay their obligations. Fall trade has assumed active proportions, restricted only by difficulties of merchants replenishing stocks. Manufacturing is more and more confined to essentials, but, like mining and oil industries, it is handicapped by shortage of labor—now the biggest problem—and uncertainty as to how future activity is to be affected by the new draft.

The larger volume of business at this season is reflected in the bank clearings of fifteen cities in the district which show a total for August of \$1,516,180,000 as compared with \$1,051,472,000 for **Financial** August of last year, the increase being 44%.

The seasonal demands for crop moving, combined with the sale of United States Treasury certificates of indebtedness anticipatory of the fourth Liberty Loan, maintained the money market steady and interest rates firm. Treasury certificates anticipatory the fourth loan have been placed in this district aggregating \$132,760,000 and subscriptions are now being received to an issue dated September 17th.

The district organization for the conduct of the Fourth Liberty Loan campaign is more complete than in any of the previous loans, which, together with the experience of the past loans, gives assurance of raising the quota for the Fourth Liberty Loan, although it is certain the quota will be considerably higher than any the district has yet been called upon to raise.

Improved transportation conditions and a somewhat better labor situation at the mines have slightly increased the coal output, but the improvement offers no assurance the supply will be ample when winter's pinch comes.

Renewed activity is seen in practically every field in this district. Operators are attempting, under difficulties, to bring production up to the demand. More than 300 wells were shut down in mid-August because of inability to obtain water for their operation, but these conditions have been practically eliminated.

Oil The Kansas output in August was slightly below that of July, but 9% better than August of last year. Oklahoma was 10% short in production compared with the same month last year. Wyoming maintained a steady pace with a tendency toward a good increase in the year's output.

Completed wells in August were 147 more for the three states than in the same month of 1917, but new production fell of 22,740 barrels daily capacity. No wells of the gusher class were brought in and there was a larger percent of dry holes and gassers. At the beginning of September wells drilling were 1,849 in Oklahoma, 491 in Kansas and 221 in Wyoming.

Inspectors in the principal cities of this district report little work in progress or in early prospect except that which is clearly indispensable. Permits in number were 12% less than in August, 1917, but 50% less money was required for their construction. The tendency is toward smaller buildings and repairs until the war is ended. Municipal improvements and general construction are in like manner and proportion subordinated to the war. Aside from supplying Government needs there is little activity in the lumber trade. Building hardware and other materials are restricted in supply by demands for Government use.

September finds few strikes and wage controversies in this section, and these of a local character. But the man-power shortage is keenly acute. Government agencies are classifying labor for distribution among essential industries. State labor bureaus, commercial bodies and manufacturing associations are co-operating, hoping to relieve the situation. Nebraska reports calls for 6,692 men and 3,617 places filled; Wyoming calls for 1,945 men and 120 places filled, New Mexico about the same with the added report that many men have left the state to work in shipyards and other industries on account of high wages offered. Colorado is working hard to adjust the labor supply problem with a show of success, but still needs 2,000 more miners. The Missouri-Kansas-Oklahoma lead, zinc and coal fields are short of men. Oil operators have appealed to the Oil Division for a ruling on the policy to be pursued in drafting men for these essential industries, as they are unable to figure on future production until they know what the draft is going to do to them.

Wholesale and retail merchants report an active business this month. The difficulty of obtaining supplies is increasing, owing to the diverting of essentials to war channels, but patrons are taking what they can get without complaining. With such conditions retailers are able to clean up stocks on hand at good prices. Department stores report trade surprisingly large, while in dry goods and shoes it is especially good on medium lines. The millinery trade is active with liberal country orders. Demand for men's clothing and furnishings is less this fall than the trade has known, being further influenced by the new draft, but good prices are maintained. Demand for groceries is active and at high prices.

Mercantile Collections are good and cash purchases are proportionately larger than for some time, enabling merchants to pay their bills. Business failures are at a low ebb. The August record for the Tenth Federal Reserve District was 20 failures with \$184,171 liabilities as compared with 58 failures with \$450,646 liabilities in August, 1917.

The War Finance Corporation Cattle Loan Agency established in Kansas City to serve Federal Reserve Districts Nos. 8, 9, 10 and 12 is a subject of absorbing interest to the cattle industry at this time. While the formation of the Agency is just being completed, there is already apparent among the banks and cattle loan companies an easier feeling with respect to the fall demands which will be made upon them by breeders and raisers throughout the section.

Moderate to heavy rains and lower temperature have put the ground in good condition for fall planting, and with the Government's guarantee of a minimum price on 1919 wheat, an increased acreage is to be sown. The moisture came too late to materially help the **Agriculture** corn and the yield will be about 25% of a normal crop. Late crops are turning well, pastures revived and much rough food for animals is assured. Sugar beets will show a larger tonnage per acre than last year but with 20% smaller acreage.

Receipts of wheat since July 1 are three times those for the corresponding period of last year and in excess of current needs. The Food Administration is attempting to relieve congestion by finding storage at terminal points rather than attempt to find an outlet for wheat as fast as it comes from the farms. Interior millers, fearing exhaustion of home supply, attempted to check the outflow, but without success. With elevators full and yards congested, the railroads were forced, on September 16th, to declare a temporary embargo at Kansas City, St. Joseph and Omaha, to permit a cleaning out of the surplus. Practically all of the wheat has been sold at guaranteed prices. The receipts of corn are larger than at this time last year but the new corn movement is hampered by wheat congestion at the markets, with a tendency to lower corn prices. Receipts of oats are about the same as last year.

Milling operations in August were maintained at 98% capacity at mills in the district and 33% above last year's output, but slowing down slightly the first half of September with a slackening of the demand for flour.

Receipts of cattle at the six markets in this district in August were 21% larger than for the same month in 1917, a new record for the eighth month. Hog and sheep receipts were 40% larger for the month as compared with receipts for August of last year. A large proportion **Live Stock** of the cattle and hogs was light and unfinished. While dry weather is conceded to have influenced larger marketing, live stock men point to the figures as indicating an increased supply of meat animals and an expansion of the live stock industry.

Cattle prices are higher than last year, finished steers reaching \$18.50 as top price, and other grades \$1.50 to \$4.50 higher than a year ago. Hogs went to \$20.55 early in September, the record price. The average weight for August was 4 lbs. below last year's figure. Sheep generally are in better condition with prices ruling higher for good lambs.

Purchases by packers were 2% above the August, 1917, record on cattle, 19% above on hogs, and 64% above on sheep. With heavy war orders the packers are increasing the meat output in about the same proportion.

Further reduction in tonnage of ore produced in Colorado is reported. Gold operators say 2,000 more miners are needed to make production normal, and they are looking for additional reduction of their forces in the new draft. A number of mines may be forced to close. A **Mining** wage increase, effective September 1, is also having a depressing influence on small mines, the operators contending the margin of profit is too narrow.

The demand for lead increases, with the premium price reaching \$104.50 this month, and \$100 as the basis. There is less of a demand for zinc ore, sales of zinc blende ranging from \$50 to \$60. In the Missouri-Kansas-Oklahoma field turnins made the first half of September one of the best two-weeks period of the year.

Statement of Condition of
FEDERAL RESERVE BANK OF KANSAS CITY
INCLUDING BRANCHES

At close of Business September 13th, 1918.

RESOURCES

Gold with Federal Reserve Agent.....	\$ 57,561,640.00
Gold Coin and Certificates.....	1,354,127.50
Gold held with Foreign Agencies.....	291,443.73
Credit Balances Gold Settlement Fund.....	20,661,898.21
Legal Tender Notes, Silver Certificates and Subsidiary Coin.....	246,076.00
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Total Reserve Cash.....	\$ 80,115,185.44
Total Non-Reserve Cash.....	5,676,456.91
Commercial Paper Rediscounts.....	39,922,199.39
Member Banks Collateral Notes.....	25,140,854.29
Acceptances.....	135,926.20
U. S. Bonds with Circulation Privilege.....	8,000,000.00
Other U. S. Bonds.....	866,550.00
U. S. Gold Notes with Circulation Privilege.....	1,168,000.00
U. S. Certificates of Indebtedness.....	156,000.00
Due from other Federal Reserve Banks.....	11,982,035.36
Due from Depository Banks and Trust Companies.....	24,461,306.65
Due from Branches and Offices.....	6,943,697.97
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Total Resources.....	\$204,568,212.21

LIABILITIES

Capital Paid in.....	\$ 3,594,450.00
Reserve Deposits, Net.....	61,810,059.30
U. S. Government Deposits, General Account.....	7,564,029.61
U. S. Government Deposits, Special Account.....	24,461,306.65
Due to Clearing Members Deposit Account.....	364.16
Federal Reserve Notes.....	98,359,490.00
Federal Reserve Bank Notes.....	8,036,000.00
All Other Liabilities.....	742,512.49
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Total Liabilities.....	\$204,568,212.21

CLEARINGS

Total Clearings for Week.....	\$169,319,652.00
Total Number of Items Handled.....	337,865