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NOVEMBER 2nd, 1918

FEDERAL RESERVE BANK OF KANSAS CITY

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AND FEDERAL RESERVE AGENT.

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ASSISTANT
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REPORT OF CONDITIONS IN DISTRICT NO. 10

For the November Issue of the
FEDERAL RESERVE BULLETIN

Kansas City, Mo., October 18, 1918.

Conditions are in sympathy with the progress of events now transpiring along the battle lines in Europe. Apparently the Tenth District is endeavoring to keep step with the boys who have gone from their homes and are "over there" fighting with their Allies to make the world safer and better. To the call of the Government for a maximum production of food, munitions and supplies, the people are bending themselves to the task. Never before has there been so large a volume of live stock and grain pouring into the markets as the daily bookings of receipts have shown. Never before such an output of mines and factories. Never before such traffic moving by rail. The war has put the Tenth District to the test—and it is not "slacking." With the wealth that is coming in the people are investing in Liberty Bonds and supporting all war activities. And, with that "over the top" spirit, it is natural that the same buoyancy is seen in the financial, industrial and commercial life.

FINANCIAL Bank clearing for the seventeen clearing house cities of the District totaled in September \$1,464,771,000, an increase of 44% over the clearings for the corresponding month in 1917. A survey shows purchases well above the eighteen months average, indebtedness below the average and collections better than the average, with a low per cent of business failures.

The sale in this district of an aggregate amount of \$176,866,000 of Treasury Certificates anticipatory of the Fourth Liberty Loan, and the opening of the campaign September 28 for the sale of \$260,000,000 of Fourth Liberty Loan Bonds in this District, have served to keep the demand for loans strong and rates firm. Also the seasonal demands from the cattle industry have opened up heavily and indications point to a continued active demand.

Progress of the Liberty Loan Campaign has been seriously impeded by the influenza epidemic throughout the District. Many chairmen of Liberty Loan Committees and other workers have been afflicted, in addition to which there has been a serious loss of publicity on account of the discontinuance of public gatherings. Nevertheless assurances from committees throughout the district lead to the belief that the quota will be subscribed.

AGRICULTURE Weather conditions have been favorable for farming operations and maturing of late crops. Early sown wheat is up nicely, although in some districts moisture is needed. In the mountain states thrashing was delayed by rains and some damage by sprouting resulted. Sugar beets were two weeks late maturing but with no injury to the crop. Cribbing corn has started. The potato crop is good in the western section and poor in sections hit by drought. The same is reported of the apple crop.

Embargoes effective in mid-September checked the heavy movement of grain and have since operated to prevent congestion at market centers, as well as holding back a reserve of wheat at home to provide against a possible shortage next year. Shipments of wheat are now on permits and since the embargoes were established have fallen to about 50% of the amount of receipts in corresponding weeks last year. It is estimated about 45% of the wheat is still in farmers' hands. Very little of the Colorado and Wyoming crop has been moved to this date. Elevators at Missouri river terminals held on October 5th a total of 20,525,000 bu. wheat, 1,421,000 bu. corn and 4,835,000 bu. oats. Interior elevators and mills also held large stocks.

Domestic flour trade continues quiet, but with Government orders the mills are being operated this autumn at about 80% capacity, with 30% increase of output over the same period last year.

LIVE STOCK New world records were established in the marketing of live stock at the six markets of this District in September. Receipts of cattle were 41% larger than in September of last year, receipts of hogs 64% larger and receipts of sheep 24% larger. Kansas City won world honors for the largest number of cattle ever received at a market in one month, 415,887 cattle and 50,862 calves in September. That city also took high honors for the largest receipts of cattle for one week and for one day. Receipts this fall indicate the effort toward larger production of meat animals is to some extent successful. Proportionately fewer fat cattle and prime hogs were on the markets. Except at Omaha, where the average was 8 lbs. heavier, the hogs on all markets average lighter than a year ago. Cattle prices generally were high, fancy steers making the top record of \$18.40. Top hogs were around \$18 and \$19, and best lambs sold at \$15 to \$16. A feature of the trading was the large purchases of cattle for feeding.

Packers made the best of the opportunity to lay in beef. Their purchases of cattle were 43% larger than in the same month last year. They also purchased 63% more hogs and 123% more sheep for slaughter.

PETROLEUM Production of crude oil is making slow progress overtaking consumption, September showing a trifle larger output than August and 6% less than September, 1917. By confining drilling operations to proven fields, without waste of materials and labor on misguided effort, operators are hoping to comply with the demand for larger production. This plan is encouraged by the Capital Issues Committee withholding approval of speculative enterprises.

The fields of this District are aiding the production of gasoline for airplanes. As all crude oil is not suitable for the manufacture of aviation gasoline the Western refiners are producing a high grade gasoline and shipping it to Eastern refiners to be transferred into product suited to aviation.

Development work in September showed 1,136 completions and a new product of 46,153 barrels daily capacity. While these figures show a decrease rather than an increase in completions from August, satisfaction is found in the fact that there is a substantial increase of new work under way which promises well for the future.

MINING The Government's effort to increase production of coal is finding hearty co-operation on the part of both operators and operatives. While greatly handicapped by shortage of labor, substantial increase in the output is reported, and it is now believed the coal situation this winter will be less acute than last winter.

Excellent weather materially assisted in both the production and marketing of lead and zinc. Lead ore prices were absolutely steady at \$100 per ton through September. Shipments of lead for the four week period was 5,895 tons, and the surplus at the end of the month was 250 tons, compared with 4,868 tons at the same time in 1917. The range of prices of blend ores for the month was \$50 to \$55 a ton for the major portion sold, while first grade ores sold at the allocated price of \$75 a ton. A smaller tonnage brought \$65. The average price of all grades of blende ores for the month was \$63.35, while the average price of all calamite ores was \$38.35. Shipments of blende ores reached 41,433 tons for the four weeks and calamite 1,600 tons. The surplus in the bins at the end of the month was 19,000 tons as compared with 26,309 tons at the close of September, 1917.

Production of the common and precious metals has reached the lowest point in twenty years, with a further reduction imminent. The labor shortage developed very acutely in the mining sections of Colorado. An advance of 50 cents per day in wages in the metal mines was granted, effective September 1st.

CONSTRUCTION Although there is a demand for building largely in excess of construction, no relief is expected until the end of the war, as the Government's needs must first be considered. Permits in the cities of the District were issued to the number of 751 in September for buildings estimated to cost \$1,483,690, a decline of 43% from September, 1917. These reports show only private work of an essential character and do not include the enormous amount of Government work at cantonments in the District. Many applications for permission to erect buildings are awaiting decision of the War Priority Board. Government demand for lumber and building materials continues heavy, and the civilian trade is dull.

LABOR Industry is less affected this season by labor troubles than earlier in the year. Wage advances have been general. The few disputes arising have been arbitrated. War requirements, however, are making it increasingly difficult to obtain skilled labor, while common labor is about as scarce and the wage is about equal to the former wage of the skilled laborer. Government bureaus have helped wonderfully in the distribution of labor to essential industries, but there are many more jobs to fill than men to fill them. There is a shortage of shovelers at the mines and no solution is offered except by the introduction of mechanical shoveling machines, which are neither satisfactory nor economical. Oil operators report a scarcity of experienced well drillers and tool dressers. Organized effort by oil men and ore producers to secure exemption for their employees on industrial grounds is meeting with little success, owing to the desire of the men to waive exemption on this ground, the men preferring actual military service to industrial service.

MERCANTILE While the mercantile trade was good up to late August there has since been greater activity in most lines. Wholesale dealers report retailers stocking up for the holidays, filling in broken lines and placing orders for spring. Department stores and retailers are having good sales. Mail order houses are receiving and filling more orders than ever. Lines showing greatest activity are dry goods, shoes and women's ready-to-wear. Drugs, groceries and provisions are in strong demand. Despite lack of heavy flour and sugar sales—usually their mainstay—grocers are doing a large business. There appears to have been a misconception of the Food Conservation plan; instead of packing and preserving at home the people are buying more canned goods than ever. An increase in demand for repairs is in harmony with the Government's economy plea, the tendency being to repair rather than buy new machinery or implements. Manufacturing is decidedly active, but both materials and labor are becoming scarcer and production is curtailed.

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

At close of business October 18th, 1918.

RESOURCES

Gold with Federal Reserve Agent.....	\$ 47,322,090.00
Gold Coin and Certificates.....	1,448,222.50
Gold Held with Foreign Agencies.....	291,443.73
Credit balance Gold Settlement Fund.....	31,768,114.27
Legal Tender Notes, Silver Certificates and Subsidiary Coin..	153,688.00
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Total Reserve Cash.....	\$ 80,983,558.50
Total Non-reserve Cash.....	6,918,923.39
Commercial Paper Rediscounts.....	33,538,491.03
Member Banks Collateral Notes.....	44,610,381.52
Acceptances.....	5,027,569.96
Rediscounts for other Federal Reserve Banks.....	985,000.00
U. S. Bonds with Circulation Privilege.....	8,000,000.00
Other U. S. Bonds.....	867,450.00
U. S. Gold Notes.....	821,000.00
U. S. Certificates of Indebtedness.....	280,000.00
Bank Premises.....	500,000.00
Due from other Federal Reserve Banks.....	7,259,392.90
Due from Depository Banks and Trust Companies.....	12,977,510.96
Due from Branches.....	4,830,529.03
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Total Resources.....	\$207,599,807.29

LIABILITIES

Capital Paid in.....	\$ 3,610,650.00
Reserve Deposits, Net.....	58,330,133.76
U. S. Government Deposits, General Account.....	8,740,593.29
U. S. Government Deposits, Special Account.....	12,977,510.96
Federal Reserve Notes.....	114,021,240.00
Federal Reserve Bank Notes.....	8,459,200.00
All Other Liabilities.....	1,460,479.28
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Total Liabilities.....	\$207,599,807.29

CLEARINGS

Total Clearings for Week.....	\$191,747,402.20
Total Number of Items Handled.....	363,324