

(If copy of this bulletin is received in advance, it should be understood that it is intended as a special courtesy to those who have kindly assisted in its preparation, and that its contents are confidential.)

This Copy Shall Not Be Released for Publication Before

January 1st, 1919

FEDERAL RESERVE BANK OF KANSAS CITY

ASA E. RAMSAY,

CHAIRMAN, BOARD OF DIRECTORS
AND FEDERAL RESERVE AGENT.

C. K. BOARDMAN,

ASSISTANT
FEDERAL RESERVE AGENT.

REPORT OF CONDITIONS IN DISTRICT NO. 10

For the January Issue of the FEDERAL RESERVE BULLETIN

Kansas City, Mo., December 19, 1918.

Indications pointing to a settling down of business in this district on a firm and satisfactory basis, with a higher level of prices and a higher average of wages than prevailed for some time preceding the war, are seen in the efforts put forth to meet the changing conditions resulting from the signing of the armistice. The people of this Federal Reserve District are producers of essentials for peace as well as for war, and with their knowledge of the market needs they are not easily swayed by speculative influences. Thus, while there has been a slight slowing down in some lines in the closing weeks of the year, an analysis of the situation suggests that it is a temporary check due to the epidemic of influenza, labor shortage, street car strikes, and a desire on the part of the people to catch a breath for a fresh start, rather than being due to fear of a general slump and a marked falling off of prices and wages.

Bank clearings of fifteen cities of this district show a total volume of business for November of \$1,376,886,919, which is a little less than 5% below the total for November, 1917. For the eleven months of 1918, for which there is a complete record, the clearings of these fifteen cities amounted to \$15,642,806,344 as compared with \$11,614,860,722 for the corresponding eleven months of 1917. This is an increase of \$4,027,945,622, or about 34%, the high record of business for this part of the United States.

FINANCIAL Resumption of the sale of short-time Treasury Certificates of Indebtedness in anticipation of the Fifth Liberty Loan has resulted in strengthening the demand which, up to that time, had shown some indication of slight softening. Interest rates remain firm.

AGRICULTURE Mild weather with seasonal rains and snows made conditions at the end of 1918 favorable for agriculture. Pastures were good through November and on up to the holidays save in localities where snows covered the earth, making heavy feeding of stock unnecessary. A rank growth of wheat over a large area necessitated much pasturing to prevent jointing, while in the mountain regions wheat was benefited by the deep snow coating. Wheat conditions generally are the best for years at this season. Farm work is well in hand except in a few localities where affected by the ravages of influenza. An easier feeling prevails because of the prospective return of the men from service, which it is believed will solve the question of farm help.

Movement of grain to the market suffered a reduction in November due to the permit system, but generally the supply has been ample for market needs. Receipts of wheat in November were 25% less, corn 45% less and oats 60% less than in November, 1917. Grains not affected by the system generally showed increases. A large quantity of grain is tied up in farmers' hands awaiting release for shipment. Stocks in elevators have not been perceptibly reduced.

Domestic flour trade is dull and little improvement is anticipated until after the holidays when the large bakers have depleted their stocks of flour and substitutes. Millers feel that operations then will be close to maximum capacity. Present milling operations are about 70% of capacity against 76% capacity at this time last year. Mills of the district have shared but little in the heavy Government orders.

LIVE STOCK The movement of live stock to the six leading markets of this district continues heavy this month, following record November receipts. Indications are that when the year's business is computed all previous high records will have been set aside. For the eleven months of 1918 a total of 21,122,887 meat animals came to the six markets. The eleven months' increase is 837,523 cattle or 14%, and 1,546,964 hogs or 22% over the receipts for the corresponding months in 1917, while sheep receipts were 4% less than in 1917 for the same period.

Active and firmer tone has prevailed in the beef trade since hostilities ceased. Beef steers, especially choice to prime, have predominated with prices firm and on about the same level as at this time last year. With the price of hogs fixed at \$17.50 minimum for packers' droves the market has been well supplied with the quality a little better than in October but averaging 6 lbs. less in weight than hogs marketed in November of last year. Sheep marketed this season are generally light and of fair quality. Choice lambs and fat sheep, however, are scarce.

Packers made record purchases of animals for slaughter in November and are keeping it up through December, the high prices of pork products having a stimulating influence on the beef and mutton trade. In November the packers slaughtered 12% more cattle, 70% more hogs and 36% more sheep than in the same month of 1917.

PETROLEUM Notwithstanding changing conditions in the oil industry resulting from the return of peace, and the additional fact that November and December have been the slowest months of the year in production of oil, development of new wells and drilling operations, a spirit of optimism prevails among the operators. While the war has reduced the demand for aviation gasoline and there will be less demand for fuel oil for battleships, it is pointed out that there is to be a largely increased demand for these products for civilian uses as well as for fleets of merchant ships now building. Coupled with this is the fact that, whereas seven years ago there was on top of the ground a sufficient surplus of oil for two years' consumption, this great stock has been drawn upon until now there is not more than three months' supply on hand. On the whole the outlook is regarded as highly favorable.

The epidemic of influenza, which caused operations to be shut down in every district, is declared to be accountable for the decreased output of oil, the loss of new development especially in Kansas and Oklahoma, and the fact that there are fewer new wells drilling in these two states, Wyoming alone showing an increase in drilling activities. The abating of influenza is early hoped for, as it is expected to bring the starting up of wells now shut down and a speedy resumption of old-time activities.

MINING Owing to the severity of the influenza epidemic in high altitudes many of the metal mines of Colorado were closed during November. Panic among miners who escaped the disease created such a shortage of labor that many of the mines have not opened up. These conditions in connection with the hardships created by high operating costs and comparatively low metal prices leaves a gloomy outlook for the mining industry. It is predicted that unless more favorable conditions obtain shortly, the production will be reduced to less than 50% of normal after January 1.

There has been a continued curtailment in both production and shipment of zinc ores in the Missouri-Kansas-Oklahoma fields in the last six weeks, due primarily to a heavy reduction in the price of zinc ores of second grade which caused producers to hold their ores and close down their mines. Shipments for the five-week period totaled 26,915 tons all grades zinc blende, sold at an average of \$56.20 a ton for all grades. This is \$1.50 above the October average price and is due to the larger proportion of sales being of first grade ores. Calamine ore shipments were 3,337 tons with no change in prices. The month opened with 19,650 tons of zinc ores in stock and closed with 27,270 tons, the increase being the result of failure of shipments. Lead ore shipments in November were 6,001 tons, or 157 tons less than in October. Stocks of lead ores on hand December 1 were 305 tons.

The tentative agreement drawn up the previous month between producers of Joplin second grade ores and a smelters' committee, fixing a schedule of prices based on the average spelter market at East St. Louis, has not generally been adopted. A number of smelters refused to join and, going into the open market, lowered the price and disorganized the industry generally.

A group of Oklahoma bankers have been working out a 50,000-ton warehouse arrangement for zinc ores in the Picher, Oklahoma, district. Warehouse certificates are to be issued against the concentrates in storage upon which loans are to be made to producers up to 60% of the value of the ore.

While all fields show an increase of coal shipments in 1918 over those of 1917, the output in the closing months of the year is but slightly above that of the corresponding period last year.

CONSTRUCTION Due to restrictions of the Capital Issues Committee, building reached its lowest ebb in this district in November when the value of buildings for which permits were issued in the cities aggregated only \$691,230, or 76% below the total for November, 1917, which was at the time accounted a dull month. Stocks of materials are very low, due to the mills being engaged for eighteen months on Government orders, and the mills are busy now turning out materials to stock up in anticipation of a busy season when early spring comes. Architects and contractors, however, say they do not look for a resumption of old-time activities until there is a settling down of prices. They look for a good deal of repair work, but insist there will not be much new construction started under war-time prices of materials and labor.

LABOR While there has been a tendency in the direction of relieving the general shortage of labor by the releasing of soldiers from cantonments to return to civil life, and by the cancellation of government contracts, the situation has been somewhat disturbed by strikes of street car employees at Omaha and Kansas City for increased wages. In Omaha, after a tie-up of service lines eight days, the employees on December 12 agreed to place their grievances in the hands of the War Labor Board and car service was resumed. In Kansas City, where the employees struck on December 11, the situation was more complex. The War Labor Board, having previously had the matter of increased wages under consideration, had authorized an increased wage for all classes of employees contingent on the traction company's financial resources. The company has been collecting a 6-cent fare and is seeking to raise it to 8 cents, but as the matter is in the United States District Court, the company refused to consider the grievances of employees. It is now attempting to operate cars with new employees and some old employees who refused to go out, while the strikers are attempting to have Ex-President William Howard Taft of the War Labor Board interpret the meaning of the Board's findings. A strike of employees of the Colorado and Wyoming railroad, a subsidiary to the Colorado Fuel and Iron Company, early this month, was settled by the company agreeing to the demand of the employees with slight modifications. An increased wage scale to \$1 an hour is asked by the cement workers and hod carriers in Kansas City, effective January 1. The present scale is 87½ cents. The demand is regarded as a forerunner of a general building trades strike that is threatened.

MERCANTILE The usual slump in business at Thanksgiving time did not materialize this season. This was due in part to the crisp winter weather, but more largely to the fact that war-time encouragement of strict economy is relaxing as the prosperity of peace times becomes nearer and more certain. There has been a steady run of buying for the last six weeks, with some interference in cities and towns where influenza regulations have been drastic, or where street car strikes prevented shoppers reaching the stores. A stimulating influence to the clothing trade comes with the return of men from the cantonments, and is expected to increase with the return of the men from overseas. The Government restrictions as to the number of store employees has been removed and this, with the admonitions for early Christmas buying, has advanced the usual rush at this season something like two weeks. There is not that hurry to buy foodstuffs that has characterized the past month. Customers feel that advances in groceries will not occur with that frequency with which they did in war-time months, for which reason they are buying in smaller quantities and more often. Building materials and tools are beginning to come strong. Auto supplies show a strength which probably reflects the feeling that economically affairs are tending toward greater stability daily. Wholesale trade is fair in most lines. Collections are good.

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

At close of business December 20th, 1918.

RESOURCES

Gold with Federal Reserve Agent.....	\$ 52,548,690.00
Gold Coin and Certificates.....	3,739,762.20
Gold Held with Foreign Agencies.....	291,443.73
Credit Balances (Gold Settlement Fund).....	32,091,314.70
Legal Tender Notes, Silver Certificates and Subsidiary Coin..	143,339.00
	<hr/>
Total Reserve Cash.....	\$ 88,814,549.63
Total Non-reserve Cash.....	8,638,115.44
Commercial Paper Rediscounts.....	30,565,541.72
Member Banks Collateral Notes.....	28,522,449.77
Acceptances	10,221,907.35
U. S. Bonds to Secure Circulation.....	8,000,000.00
Other U. S. Bonds.....	866,450.00
U. S. Gold Notes and Cert. of Indebt. to secure circulation..	4,320,000.00
U. S. Certificates of Indebtedness.....	47,000.00
Bank Premiums	500,000.00
Due from Other Federal Reserve Banks.....	5,409,570.23
Due from Depository Banks and Trust Companies.....	26,934,046.72
Due from Branches.....	7,986,300.57
	<hr/>
Total Resources	\$220,825,931.43

LIABILITIES

Capital Paid in.....	\$ 3,658,900.00
Reserve Deposits, Net	55,329,129.00
U. S. Government, General Account.....	969,027.39
U. S. Government Deposits, Special Account.....	26,934,046.72
Federal Reserve Notes.....	119,785,930.00
Federal Reserve Bank Notes.....	12,220,000.00
All Other Liabilities.....	1,928,898.32
	<hr/>
Total Liabilities	\$220,825,931.43

CLEARINGS

Total Clearings for Week.....	\$177,566,274.06
Total Number of Items Handled.....	426,482