

## FEDERAL RESERVE BANK OF KANSAS CITY

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### REPORT OF CONDITIONS IN THE TENTH FEDERAL RESERVE DISTRICT

Kansas City, March 25, 1919.

**T**HE somewhat chaotic conditions since the signing of the Armistice appear to be approaching adjustment through an awakening of the business interests of this country to the knowledge that too much precious time and energy is being wasted by waiting for things to take a turn. A slight decline in prices in January and February brought the average level of prices to about 10% below the war peak level of last July, but it is becoming apparent that whatever of change in prices is yet to come will come slowly, not spasmodically as many had been led to expect. Recognizing this as a fact, business men of this section of the country realize there is no excuse for blocking progress toward a general stabilization of trade and industry by hesitancy and inaction. The country, and the Tenth Federal Reserve District in particular, is prosperous as never before—there is more wealth in the hands of the people than ever before—and now that the hideous war nightmare is over, Western business men see that the thing to do is to return the soldiers and sailors to civilian life, put over the Victory Liberty Loan to enable the Government to foot the bills, and get down to business, leaving price adjustment to take its natural course.

Reports from all sections of the Tenth District this month point to a year of activity and of prosperity. Western farmers, with all conditions favorable, are making ready to grow the largest crops in history in 1919. Manufacturing industries are beginning to get back to something like normal activity and are turning out products for home consumption. The demand for engines, tractors, farm machinery and implements shows considerable improvement with good returns to farmers from last year and good crops in prospect. Manufacturers of these, however, are complaining of inability to obtain materials with which to make them, making it impossible to supply the demand and also impossible to reduce prices. The automobile business, practically dead during the last year of the war, is coming back. Dealers are making fairly good sales, although it cannot be expected that sales will attain their former volume until toward the end of the year, or by the spring of 1920. Buildings are beginning to go up to meet the requirements of business and the housing demands neglected while the nation was busy winning the war. The oil industry shows signs of renewed life and productive activity, with a demand for more oil than the wells in the past six months have been able to produce. Mining is slow at this time, but hopeful of civilian demands soon absorbing the output of metals that during the war went into bullets and shells. Labor is finding employment at good wages and the advent of spring promises plenty of work for all hands. The mercantile trade is improving, with the people ready to buy and willing to pay good prices if the manufacturers and merchants will only supply the things needful.

On the whole, the situation in the Tenth Federal Reserve District is one of encouragement and there is a larger degree of optimism on the part of the business men, bankers, farmers, and manufacturers than has been exhibited at any time in recent months.

#### Financial.

The demand for loans remains strong, with rates firm, and indications point to a continued heavy demand from the cattle industry, as well as for agricultural and commercial purposes.

The excellent prospects for abundant crops, the satisfactory state of industrial affairs and the generally prosperous and healthy condition over the district all serve to indicate the ease with which this district may be expected to absorb its full quota of the Victory Liberty Loan.

Bank clearings in this district made a remarkable showing in February, considering that business in some lines was retarded by the process of adjustment. Seventeen clearing house cities by their reports show the aggregate of clearings for the month were 18% below the total for January, yet there was a decrease of less than 1% from the total clearings in February, 1918. The reports are:

	Feb., 1919	Feb., 1918
Kansas City . . . . .	\$ 692,935,213	\$ 739,729,900
Omaha . . . . .	199,782,575	188,210,644
Denver . . . . .	93,826,746	77,983,748
St. Joseph . . . . .	68,443,209	71,732,542
Tulsa . . . . .	36,021,856	31,640,035
Wichita . . . . .	36,864,037	31,729,757
Oklahoma City . . . . .	35,736,259	33,807,716
Lincoln . . . . .	15,608,742	17,067,086
Topeka . . . . .	13,181,948	12,442,246
Muskogee . . . . .	11,109,637	8,615,886
Joplin . . . . .	5,977,000	7,023,605
Colorado Springs . . . . .	2,980,611	2,877,139
Pueblo . . . . .	2,670,525	2,621,515
Kansas City, Kas. . . . .	2,340,441	1,913,012
Fremont . . . . .	2,253,033	3,375,169
Hastings . . . . .	1,837,204	2,080,434
Lawrence . . . . .	1,450,014	1,480,300
February total . . . . .	\$1,223,019,050	\$1,234,330,734
Year to date . . . . .	2,718,371,050	2,624,051,880

#### Agriculture.

Crop prospects are brighter at this time than at the winter break-up in any of the last ten years, according to reports from all states included in the Tenth Federal Reserve District. Heavy snows falling at intervals during the winter months, with heavy rains this month, are giving a fine start to vegetation, assuring a plentiful growth of feed for spring and summer and leaving a good surplus of reserve moisture in the ground as a guarantee against a possible dry spring or summer. Soil conditions for spring farm operations are reported as nearly 100% perfect as farmers could hope for. Kansas, Nebraska, Oklahoma and Western Missouri—hard hit by dry weather last summer—each report an average of soil conditions for their counties but little below the 100% mark. Under such conditions, and with reasonable assurance of good market prices for products, the farmers are optimistic concerning the future.

Condition of winter wheat, reported from widely scattered sections of the district, is the best that has yet been recorded for the month of March. Wheat was generally well protected from the severe blizzards by snow covering and no material damage from other causes has thus far appeared.



The acreage of corn, oats and potatoes to be planted this spring will be slightly reduced in some sections on account of the extraordinary wheat seeding, although Oklahoma reports a 11% increase of the acreage of oats to be planted, while Colorado and Wyoming will increase their potato acreage. Sugar beet growers are increasing the size of their fields to the limit of their ability to handle them.

February movement of wheat to the markets of the district was about double that of February, 1918, but there was a marked falling off of receipts from the January record. Reports show that the 1918 crop of wheat in farmers' hands is rapidly diminishing. Kansas and Oklahoma report only 4% of the 1918 wheat in farmers' hands, Missouri and Nebraska about the same, while there is a little larger percentage of the Colorado and Wyoming wheat to be moved, due to delayed threshing and inadequate transportation. Stocks of wheat at terminal elevators were reduced some 4,000,000 bushels in February by the Government allotting wheat to millers.

Receipts of corn at the markets in February clearly reveal the extent of the damage to the crop last year by dry weather, the marketing of corn being only about one-fourth the size of the receipts in February, 1918, and considerably below the total for January of this year. Offerings of oats were about the same as in February of last year, which established a high record for the second month. Rye receipts are a little heavier than at this time last year, while barley receipts at this season are making a phenomenal spurt.

In the face of a market which is hedged in with uncertainties the output of flour since January 1, is a little more than 7% heavier than the output for the corresponding ten weeks in 1918. The output of the mills at Kansas City and Omaha and the mills in the district outside of these cities to February 8, 1919, was 2,709,986 barrels as against 2,529,674 barrels in the corresponding period of 1918. Most of the gain of 180,312 barrels was in February. At this writing there are indications of a decided improvement in the flour market. Bakers and dealers are buying more freely to fill up depleted stocks, although evidences are not wanting to show that the enactment of the wheat guaranty bill has a good deal to do with the improved tone.

#### Live Stock.

Removal this month of restrictions on exports of hog products to allied countries, taken in connection with the abandonment of the agreement between the Government and the packers to maintain minimum prices, has resulted in an advance of about 75 cents per hundred pounds on live hogs within the past week. But at the same time the hog market, stabilized for several months by the Food Administration's guarantee of prices and marketing regulations, is in an unsettled condition. In consequence of the enlarged field of trade and a limited hog supply it is freely predicted that prices of hogs and pork may for sometime remain higher than the stabilized prices that were maintained. Prices of both cattle and sheep have, to an extent, been influenced by the new conditions that have come to the hog market.

Packing hogs for the week ending March 15 were selling at \$18.85@\$19.10 per hundred pounds as compared with \$16.90@\$17.60 in February, which is a shade higher than at this time last year while the war was on. Cattle prices have been maintained at \$2.00@\$4.50 per hundred pounds above the prices of a year ago, top prices on steers reaching \$18.50 in February as compared with \$13.75 in February of last year, other classes and grades of cattle being relatively high. Top prices of lambs, which in January dropped to \$16.95 per hundred pounds or 30 cents below the top of lambs in January, 1918, rose to \$18.60 in February and on March 4, sales were made at a new record price of \$19.50 per hundred pounds,

the latter being 50 cents higher than the peak war price of March, 1918.

The movement of meat animals to the markets is running ahead of this time last year, as the following figures of receipts at the six markets of the district show:

	February		Two Months	
	1919	1918	1919	1918
Cattle . . . . .	389,438	403,445	954,579	890,849
Calves . . . . .	23,038	13,900	59,114	35,841
Hogs . . . . .	1,029,542	964,575	2,446,144	1,938,716
Sheep . . . . .	384,609	403,800	855,123	935,351

Indications of a decided slump in live stock marketing, as compared with the heavy war-time rush of food animals to the markets, are disclosed in the receipts, which are running lighter in March than in March of last year.

Packers' operations in February were materially reduced from the heavy operations maintained for the previous five or six months. Purchases of animals for slaughter at the six markets in February were 218,000 cattle, 900,000 hogs and 243,000 sheep, as compared with the record of February, 1918, of 241,000 cattle, 849,000 hogs and 240,000 sheep.

#### Petroleum.

The oil industry in the Mid-Continent fields of Kansas and Oklahoma, and also in the Rocky Mountain fields of Wyoming and Colorado, is beginning to show a general livening up. Not only is production increasing in response to market demands, which in recent months has been some 3,000,000 barrels a month in excess of the output, but more activity is seen in developments.

During February the average daily production from wells in Kansas and Oklahoma was 299,925 barrels as against 277,800 barrels in January, an increase of 22,125 barrels daily. Wyoming, with its daily average production cut down by severe winter weather to 32,000 barrels in January, made a good increase in February and with the spring warming up that state is expected to be a bigger factor in oil supply than ever.

Field operations in Kansas and Oklahoma resulted in the completion of many wells of large flush production. Initial daily production, while not quite as great as that of January, which was a record month, was very encouraging. The field summaries are:

	Completions	Production	Dry	Gas
Kansas . . . . .	245	9,837	46	14
Oklahoma . . . . .	603	38,106	189	63
Wyoming . . . . .	23	2,430	5	1
Total February....	871	50,373	240	78
January Total....	747	51,749	203	63

The number of rigs and drilling wells at the close of February: In Kansas 494, in Oklahoma 1,427, in Wyoming 274, a total of 2,195, which was 157 less than at the close of January.

#### Mining.

Light demand and lower prices have caused a slowing down of operations in the Colorado metal mines. During February there was a further reduction of the working forces. All of the tungsten mines were closed, affecting directly almost 1,000 persons. Loss by fire of the mill at Vanadium stopped production and threw several hundred out of employment. Operations in the carnotite fields also stopped. This closed all activities of the rare metal mines, except those producing molybdenum.

The zinc mines are curtailing production further and much of their product is being stored for future sale. The lead production of Colorado is coming wholly from mines producing associated precious metals. Two or three of the manganese shippers have contracts running to mid-summer and are continuing operations at about 25% normal. Some small contracts for fluorospar are still in effect and operations are about 50% of the average for 1918.



There was very little change in the Missouri, Kansas and Oklahoma lead and zinc mines in the month of February. The average prices for blende ores for the month on the Joplin market were \$41.78 as compared with \$43.44 for the previous month. The average for calamine was \$26.87 as compared with \$35.01 for January. Lead ores averaged \$51.95 as compared with \$60 in January. At the same period a year ago average prices were: \$56.07 for blende, \$32.81 for calamine and \$85.48 for lead.

In spite of the low prices paid for ores there were heavy shipments of blende ores, amounting to 9,857 tons per week, calamine shipments averaging 200 tons per week, or a total of more than 10,000 tons per week of zinc ores. Lead ores averaged 1,254 tons per week, the average production.

Production conditions were worse in February than in January, colder weather interfering at a number of plants. This, together with the lower prices, resulted in a much greater curtailment than had been anticipated. Owing to lowered production surplus stocks of zinc ores were reduced from 22,000 tons at the end of January to 12,000 tons at the close of February. Buyers absorbed the production of lead ores leaving only 200 tons as surplus in the field.

The coal industry, now free from all government restrictions, has practically returned to its own, although since February 1, production has been running but little above 50% normal on account of lack of market. Coal operators and dealers generally are well satisfied with conditions, as from their experience while under government regulation they learned a good deal about computing costs and doing business that will stand them well in peace times. It is predicted that there will be fewer failures, more stability and a generally healthy tone to the fuel business in the future.

#### Building and Construction.

Reports from the building departments of the cities of this district indicate a revival of building activity during the coming season. Fourteen cities, for which complete returns for February are in, show a total of 967 permits issued in that month for buildings of an estimated cost of \$1,872,504, as compared with the January record of 573 permits and an estimated cost of \$1,334,392. While February permits were about 80% larger in number than in the corresponding month last year, the amount of money involved in construction was considerably less. Following are the returns on permits for February, 1919, with percent of increase or decrease as compared with permits for February, 1918:

	No. Permits	Est. Cost	Loss or Gain
Kansas City, Mo. . . . .	238	\$ 360,860	-78
Omaha . . . . .	129	274,715	+57
Denver . . . . .	141	219,500	+26
Tulsa . . . . .	136	351,520	
Wichita . . . . .	65	158,250	-39
Topeka . . . . .	21	30,200	+25
St. Joseph . . . . .	20	18,755	+112
Oklahoma City . . . . .	75	175,310	-32
Kansas City, Kans. . . . .	25	63,335	+152
Muskogee . . . . .	20	105,238	+1284
Lincoln . . . . .	36	68,190	+115
Colorado Springs . . . . .	16	4,570	+625
Pueblo . . . . .	33	23,196	-60
Joplin . . . . .	12	18,865	
Total February, 1919. . . . .	967	\$1,872,504	

The lumber trade, while it has not attained its anticipated volume, is beginning to show activity with increasingly heavy buying for early spring building. City yard managers report a good many orders in prospect and the line yard managers in rural districts state business is slightly ahead of last year with the

outlook good. While there have been some indication of a decline in lumber prices, on account of hesitancy to place orders, no reduction of consequence has yet materialized. Trade in other building materials is about the same as in lumber. Cement is in good demand at 20c@25c per barrel above prices a year ago in consequence of the starting of public improvement in cities and extensive building of roads, culverts and viaducts. Common brick are bringing \$1@ \$2 more per 1,000 than a year ago.

#### Labor.

The situation respecting labor is clearing up with the opening of spring and the resumption of out-door work. Commercial organizations, working in harmony with Government and state labor bureaus and agencies, are accomplishing a great deal in adjusting conditions, and as a result there are probably fewer men out of employment than is usual at this season. The most critical labor situation is in the mining districts where the transition from war to peace has brought lower prices and a slackened demand for the products of the mines, thus causing a reduction of operations and enforced idleness of a large number of miners. The smaller camps in Colorado have reduced wages 50c@75c a day, and there is a general feeling that wages are to be reduced in all camps except Cripple Creek. There an advance of 50c per day was made during the war and no reduction is now expected. Wherever reductions have been made there has been no protest from employees.

The wage schedule of the building trades have been practically adjusted throughout the district, and the season is opening with less friction than was expected, wages generally higher and satisfactory to the men.

A few minor strikes since the beginning of the year have involved such a small number of employees as not to materially affect the general situation.

#### Mercantile.

The third month of 1919 shows improvement in the mercantile trade despite a tendency on the part of many retailers to hold back orders to wholesale houses in the hope of a lowering of prices. While retailers are still buying with a good deal of caution the sum total of their orders has swelled the volume of trade somewhat in excess of that of last year at this time.

There is no great predominance in demand of one line of merchandise over another, except that articles on which there have been reductions in price naturally find readier sale.

To meet the sliding scale of prices which is now prevalent, merchants everywhere are resorting to advertising and keeping their prices in line by careful purchases. Mail order houses in particular are meeting this condition by publishing at short intervals sales bulletins in which articles priced very close to the market are listed. In this way a steady demand for commodities is being maintained. It is suggested that if merchants everywhere will keep their lines well advertised, impressing upon prospective customers the need of the articles at the time when they are seasonable, it will do much to ease the country's commercial interests over a period which is naturally unstable.

In the department stores both February and March showed a marked improvement in trade in all departments. Sales of spring women's apparel, shoes and millinery are brisk, while in clothing and men's furnishings there has been added a stimulus due to requirements of soldiers and sailors returning to civilian life.

In the grocery line wholesale dealers report retailers buying in small quantities for their customers' needs. Cereal foods show a slight decline. Canned goods are stationary, after a slight drop in January, and waiting to see what is to be grown to put into the cans.



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

At close of business March 14th, 1919.

**RESOURCES**

Gold with Federal Reserve Agent.....	\$ 45,359,465.00
Gold Coin, Certificates & Redemption Fund.....	6,320,672.20
Gold Held with Foreign Agencies.....	291,443.73
Credit Balances (Gold Settlement Fund).....	26,201,531.98
Legal Tender Notes, Silver Certificates and Subsidiary Coin..	231,983.00
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Total Reserve Cash. . . . .	\$ 78,405,095.91
Total Non-reserve Cash . . . . .	9,422,858.09
Commercial Paper (rediscounts) . . . . .	32,060,510.95
Member Banks Collateral Notes.....	47,174,185.55
Acceptances . . . . .	14,143,208.73
U. S. Bonds to Secure Circulation.....	8,000,000.00
U. S. Certificates of Indebtedness to Secure Circulation.....	5,820,000.00
Other U. S. Bonds.....	867,700.00
Other U. S. Certificates of Indebtedness.....	300,500.00
Bank Premises . . . . .	400,000.00
Due from Other Federal Reserve Banks.....	8,194,837.87
Due from Depository Banks & Trust Companies.....	28,520,442.57
Due from Branches . . . . .	3,010,193.20
All Other Resources . . . . .	1,423,194.14
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Total Resources . . . . .	\$237,742,727.01

**LIABILITIES**

Capital Paid In . . . . .	\$ 3,737,900.00
Surplus . . . . .	2,421,426.71
Reserve Deposits, Net . . . . .	69,248,318.28
U. S. Government Deposits, General Account.....	10,645,050.46
U. S. Government Deposits, Special Account.....	28,520,442.57
Federal Reserve Notes Outstanding.....	107,916,250.00
Federal Reserve Bank Notes Outstanding.....	13,775,700.00
All Other Liabilities.....	1,477,638.99
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Total Liabilities . . . . .	\$237,742,727.01

**CLEARINGS**

Total Clearings for Week.....	\$174,052,910.09
Total Number of Items Handled.....	513,600