

FEDERAL RESERVE BANK OF KANSAS CITY

ASA E. RAMSAY,
CHAIRMAN BOARD OF DIRECTORS
AND FEDERAL RESERVE AGENT

C. K. BOARDMAN,
ASSISTANT
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REPORT OF CONDITIONS IN DISTRICT No. 10, FOR THE MONTH OF APRIL, 1919.

Kansas City, Mo., April 25, 1919.

IN spite of the many obstacles that stand in the way of a general stabilization of business in the Tenth Federal Reserve District, present conditions indicate that material progress is being made day by day as the season advances and the consummation of peace terms among the nations involved in the war is near at hand. A more hopeful spirit seems to prevail, and in most lines of industrial activity things have assumed a cheerful aspect.

Unparalleled prospects for bumper crops, together with the reopening of avenues of foreign trade, assuring a good market for all products at good prices, is lending encouragement to other lines and aiding in the process of readjustment. Under this influence mercantile trade and manufacture are strengthened to the extent that the people are buying more freely for their needs. The petroleum industry is making rapid strides, under weather difficulties, toward a peace-time basis of production and distribution. Coal mining is progressing, with an output about equal to the demand. But metal mining is meeting with a somewhat perplexing situation, due to inability to maintain high cost of production with low prices for products. Still, operators are optimistic, believing that an eventual stabilization of the American metal market will come and it will bring satisfactory results.

Building and public improvements are making good gains over the war-time period and housing demands are, to a considerable extent, to be relieved this season. The labor situation on the whole is easier and there is a feeling of confidence that there will be no lack of employment for all workers for months to come.

Prices show no apparent sign of a general decline, and the people have about made up their minds that prices of commodities, as well as of labor and materials, are to continue for some time on a war basis.

Financial.

Bank clearing of seventeen clearing house cities in the Tenth Federal Reserve District were 4.4% below the clearings for March of last year. For the first three months of 1919 the clearings were less than 1% larger than for the same three months in 1918. The reports for March follow:

	Mch., 1919	Mch., 1918
Kansas City, Mo.....	\$ 826,567,335	\$ 918,667,804
Omaha, Nebr.	286,314,420	293,547,000
Denver, Colo.	122,556,601	94,388,879
St. Joseph, Mo.....	82,487,218	100,369,310
Tulsa, Okla.	46,140,366	35,522,348
Wichita, Kans.	45,609,833	40,352,488
Oklahoma City	42,911,000	38,602,386
Lincoln, Nebr.	27,939,282	24,259,369
Topeka, Kans.	13,596,177	15,592,288
Muskogee, Okla.	11,144,484	11,704,955
Joplin, Mo.	6,295,000	8,763,881
Fremont, Nebr.	4,419,724	5,289,289
Colorado Springs, Colo..	3,632,245	3,575,505
Pueblo, Colo.	3,170,866	2,980,727
Hastings, Nebr.	2,775,569	3,298,539
Kansas City, Kans.....	2,629,228	2,240,158
Lawrence, Kans.	1,932,320	1,839,245
Total, March	\$1,530,121,669	\$1,600,994,171
Three months	4,248,487,598	4,225,090,019

Postoffice receipts in March increased 17.5% over those of March, 1918, as the reports from the following cities indicate:

	March, 1919	March, 1918
Kansas City, Mo.....	\$ 441,055.45	\$ 390,862.45
Omaha, Nebr.	207,382.36	186,899.15
Denver, Colo.	184,401.59	182,882.92
Tulsa, Okla.	46,065.20	42,047.87
Oklahoma City, Okla.	84,925.57	81,806.46
St. Joseph, Mo.	42,945.66	44,972.57
Topeka, Kans.	52,877.31	49,901.96
Kansas City, Kans.....	25,777.24	26,264.18
Muskogee, Okla.	19,238.58	16,983.84
Colorado Springs, Colo...	17,642.00	17,561.64
Total receipts, March....	\$1,122,310.96	\$1,040,183.04

The demand for loans not only continues strong, but has every indication of becoming heavier. Rates are firm, with a tendency to slight increases.

The feeling of uneasiness which prevailed in some sections before the official announcement of the Victory Liberty Loan has been dispelled by its favorable terms and from all over the district reports indicate general confidence that the loan will be fully subscribed.

Agriculture.

Weather conditions were favorable to early spring vegetation and farm work through the greater part of March and up to April 10, when heavy rains fell over the eastern and southern sections of the district and heavy snows on the plains and mountain areas. Cool and cloudy weather followed up to the 19th. There was some freezing and frosts were reported over the greater part of the district. Reports, however, indicate that there was little damage done as little of the planting was up and it was not cold enough to injure the fruit. The unfavorable weather has delayed the season at least ten days.

Winter wheat continues to make excellent progress and no damage is yet reported from the weather conditions. In many sections the growth of wheat is very rank and farmers are still pasturing it.

While some corn has been planted in the southern half of the district the weather and soil conditions have retarded the work. Oats and barley are about all sown and early seeding of these cereals is doing well.

Movement of grain to the markets is in smaller volume, due to the heavy marketing in the fall and early winter, and grain stocks are diminishing. Wheat receipts at the Missouri river markets, while about 50% larger than at this time last year, are small in comparison with receipts at this time in 1917 and 1916. Improved domestic flour demand and opening of foreign markets to American wheat sent the price up to \$2.65 at the end of March, the highest price yet reached at that date for wheat of 1918. This is an

advance of 48c@52c per bushel over the price of wheat one year ago.

Receipts of corn in March at the market cities on the Missouri river were only about one-fourth the volume of March of last year. A good part of the receipts came from Iowa and South Dakota and was distributed to sections which suffered from last year's drought. Corn prices in March reached their highest point since last October, being \$1.57@1.59, or about the same as the March, 1918 prices.

Oats receipts were about 10% below the receipts of March, 1918, and prices were higher than at any time since January, highest prices in March being 66½@67c as against 90½@91c in March of last year.

Flour milling operations since the beginning of March have continued to show improvement, the output of mills of the district reporting being close to 50% above the total for the corresponding period in 1918.

Live Stock.

The movement of live stock to the markets at Kansas City, Omaha, St. Joseph, Denver, Wichita and Oklahoma City in the month of March reflects a diminution of the supplies of all meat animals from the marketings of March, 1918, while the movement of horses and mules to these markets was nearly 50% less in March than in the corresponding month last year. Combined receipts of all animals at these markets are here given for March and for the first three months of 1919, with figures for the same period in 1918:

	March		Three Months	
	1919	1918	1919	1918
Cattle	384,650	462,482	1,413,254	1,410,988
Calves	28,714	19,396	98,670	65,192
Hogs	909,533	1,030,527	3,505,688	3,058,738
Sheep	481,067	534,287	977,381	1,484,922
Horses&Mules	12,031	23,152	42,599	76,910

A steady rise of hog prices is noted since the guaranteed minimum of \$17.50, Chicago basis, was removed. Average prices, which in January and February at Missouri River markets were \$17.15 to \$17.35, rose to \$19.04 at the close of March and by April 12 were \$20.09. Ruling prices of heavy steers at the end of March were \$15.00@18.25, a shade lower than at the end of February, but \$2.25 to \$4.10 higher than at the end of March, 1918. Lambs, which in January and February were selling at \$16.60 up to \$18.00, rose to \$19.50 early in March and from the middle of March to April 15 were selling at \$20.00 up to \$20.50.

Purchases by packers in March were 189,491 cattle, 26,183 calves, 684,850 hogs and 305,621 sheep. The reports indicate the packers' operations were reduced 9% on cattle, 1% on hogs, 5.7% on sheep and increased 9% on calves as compared with the purchases for slaughter in March, 1918.

Petroleum.

March operations in the oil fields were about the same as operations in February and it is not expected the improvement promised for early spring will have

materialized during April, owing to the severe wind and snow storms in mid-April which did great damage to rigs and retarded operations. Daily production has been running slightly under 300,000 barrels in the Kansas-Oklahoma fields since the first of March, the total output of these fields for March being a little over 9,000,000 barrels.

More wells were completed in Kansas and Oklahoma in March than in February, but there was a falling off in new daily production from the February record. The March field summaries are:

	Completions	Production	Dry	Gas
Kansas	203	6,055	45	15
Oklahoma	657	30,050	176	60
Wyoming	14	1,725	2	3
March, 1919	874	37,830	223	78
February, 1919	871	50,373	240	78

The number of rigs and wells drilling at the close of March in the oil fields of the three states was 23 in excess of the number at the close of February. The number at the close of March in each of the three states was: Kansas 496, Oklahoma 1,419, Wyoming 303.

Mining.

Abundance of labor and excellent weather conditions have resulted in unusual production in spite of efforts to curtail the output of zinc and lead ores in the Missouri-Kansas-Oklahoma district. Along with better working conditions there has come an increased efficiency of labor with the return of the soldiers. There has also been a slight reduction in the cost of mining, particularly on hard iron and powder, with a prospect of further reduction.

Lead ores at the beginning of March averaged \$62.00@65.00 but was reduced to \$60.00@61.00 by the end of the month. The high price in the early part of the month was the result of local competition and after this passed the market became more normal. The demand for lead ores remains firm and there is no accumulation of surplus.

Zinc ores showed a downward tendency in March, the average price dropping from \$40.00@45.00 at the beginning of the month to \$37.50@42.50 at the close. Calamine ores containing 40% zinc were steady at \$25.00@27.50 per ton. Shipments of zinc ores were comparatively heavy throughout the month.

In the Colorado mining districts conditions are somewhat unsettled. Low price of base metals, with steadily increasing costs of living, has put operators in a serious dilemma, for they can no longer produce with profit at present cost of labor. An announced reduction of \$1 a day in wages at Leadville has been met with threats of a strike by miners. The large molybdenum interests at Climax have suspended operations as have also tungsten operations in Boulder county. On the other hand there is slightly more activity in Gilpin and Clear Creek counties. The general outlook is not encouraging unless there is some radical change in the metal markets.

Coal operations have shown no apparent increased activity and production is close to 50% normal with no apparent increase in demand.

Building.

A marked improvement in building activity was made in March over the reports for January and February and also over the corresponding month in 1918. Reports from the building departments of the principal cities of this district indicate there will be a general revival of building to meet long deferred demands. The reports of these cities for March are here shown with percent of gain or loss as compared with the reports for March, 1918:

	Permits	Est. Cost	Pct. Gain or Loss
Kansas City, Mo.....	342	\$ 505,330	+120
Denver, Colo.	251	434,500	+151
Tulsa, Okla.	214	479,110	- 9
Omaha, Neb.	145	385,642	+ 46
Oklahoma City, Okla..	108	448,410	+ 14
Wichita, Kas.	100	369,410	- 81.2
Lincoln, Neb.	76	93,552	+ 46
Pueblo, Colo.	72	57,955	+219
St. Joseph, Mo.....	50	28,383	- 87
Kansas City, Kas....	38	37,695	- 68
Colorado Springs, Colo.	29	20,154	+ 80
Topeka, Kas.	27	25,700	- 8
Joplin, Mo.	23	108,135	+375.5
Muskogee, Okla.	19	53,660	+ 81.3
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Total, 14 Cities.....	1,494	\$3,047,636	+ 35
Three months, 1919...	3,034	6,254,532	+ 4.4
Three months, 1918...	1,833	5,985,246	

While reports from the larger cities show building activity is making good progress toward getting back to normal, the reports from the smaller cities and towns indicate a general resumption of building.

Public Improvements.

There are indications of a general revival, but most of the improvement in the cities is work that has been held back on account of Government restrictions on the use of materials.

New highway construction plans call for more good roads building than has ever been recorded for any previous year, due to the demands for better highways that have followed a nation-wide educational propaganda, and also to the need of assuring the returning soldiers of full employment when they are back in civilian life. Nearly all of the state legislatures of this district have enacted laws providing for appropriations of large sums of money to meet the Government's liberal appropriations in aid of good roads.

The lumber and material market shows a firmer tone, but no marked reductions in prices have yet been reported. In some lines of the lumber trade advances of 50c to \$3.00 over March 1 prices have been made. Manufacturers report sales of yellow pine are up to the output and others say they will sell their entire output. Although dealers agree that lumber and building materials are high, they insist that the advances over pre-war prices have not been as large proportionately as the advances in most other lines of trade.

Labor.

The situation in this district respecting labor and the re-employment of soldiers and sailors returning to civilian life is causing little uneasiness. With manu-

facturing and building activity rapidly approaching normal, public improvements in process of early resumption, and farm work opening up for the season, it is believed all surplus labor will readily be absorbed. Already at this date there has been a marked improvement in the situation. Besides there are many agencies co-ordinating throughout the district in an effort to obtain employment for every returned soldier and sailor. Along with this work are movements for creating work for the men who have been in service, in public improvements in cities and in highway construction. With the wheat harvest only five or six weeks off, there is also speculation as to whether by that time there will be men enough to perform the work.

It is predicted that one of the results of the war will be the turning of a great many of the soldiers from their former avocations to farming. It is said the rugged life of the soldier in camp and in the trenches has awakened a desire on the part of many of them to get out in the open and these will obtain farms wherever possible.

A number of small strikes are pending in various parts of this district, some of which are in process of adjustment. A strike on April 14 of several hundred coal miners in some of the mines in Kansas, Oklahoma and Arkansas, resulted from demands for a change in working conditions. There are prospects of an adjustment of the controversy, which is not one of wage dispute.

Mercantile.

Wholesale merchants and jobbers report a slight improvement in trade, although the volume of their sales does not meet expectations. It is plainly apparent that retailers, as well as their customers, are still buying for immediate needs against possible reduction in prices, and the tendency seems to be to hold off as long as they can to await developments. Business results, as viewed by mail order houses, indicate that the people are not buying as freely as their needs would justify, that small articles are being bought in profusion, but that people are hesitating to purchase articles of greater prices. Department stores and retailers in most lines report business very brisk and getting heavier, but sales in the aggregate have not reached the anticipated volume. There is a feeling that when the wheat crop is fully assured money will be spent more freely and purchases will be larger. While there have been small price concessions in some lines of manufactured and raw products these have been more than offset by recent advances in food prices.

While groceries, provisions and drugs continue in strong demand, it is observed that there is larger buying of both men's and woman's wear of all kinds—lines in which there were slow sales during the war. Shoes and staple dry goods show an improvement. Hardware and paints are in better demand because of increased building activity. Automobiles and automobile accessories and also musical merchandise—under the ban of war, are beginning to resume their normal activity.

Collections in all parts of the district are reported fair to excellent and the general business tone is one of increased confidence that the near future will bring a complete stabilization.

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

At close of business April 18th, 1919.

RESOURCES

Gold with Federal Reserve Agent.....	\$ 35,371,950.00
Gold Coin, Certificates & Redemption Fund.....	7,161,342.20
Credit Balances (Gold Settlement Fund).....	29,993,668.58
Legal Tender Notes, Silver Certificates and Subsidiary Coin..	80,156.00
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Total Reserve Cash.....	\$ 72,607,116.78
Total Non-reserve Cash.....	7,429,775.31
Commercial Paper Rediscounts.....	38,010,846.29
Member Banks Collateral Notes.....	50,829,864.90
Acceptances.....	5,479,351.29
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.....	867,300.00
Other U. S. Certificates of Indebtedness.....	193,000.00
Bank Premises.....	400,000.00
Due from Other Federal Reserve Banks.....	9,408,555.69
Due from Depository Banks & Trust Companies.....	16,689,016.73
Due from Branches.....	3,222,220.43
All Other Resources.....	1,490,479.83
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Total Resources.....	\$220,447,527.25

LIABILITIES

Capital Paid In.....	\$ 3,747,750.00
Surplus.....	2,421,426.71
Reserve Deposits, Net.....	72,431,068.24
U. S. Government Deposits, General Account.....	6,283,688.13
U. S. Government Deposits, Special Account.....	16,689,016.73
Federal Reserve Notes Outstanding.....	103,168,735.00
Federal Reserve Bank Notes Outstanding.....	13,708,000.00
All Other Liabilities.....	1,997,842.44
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Total Liabilities.....	\$220,447,527.25

CLEARINGS

Total Clearings for Week.....	\$168,330,837.75
Total Number of Items handled.....	495,466

MEMO:

Contingent liability as endorser on bills rediscounted.....\$ 10,000,000.00