

## FEDERAL RESERVE BANK OF KANSAS CITY

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

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### REPORT OF CONDITIONS IN DISTRICT No. 10, FOR THE MONTH OF MAY, 1919

Kansas City, Mo., May 25, 1919.

**C**ORRESPONDENTS for the Bulletin service of the Federal Reserve Agent are more optimistic in their May reports on conditions than at any time this year. Reports from cities and communities widely scattered over the states embraced in the Tenth Federal Reserve District, reflect a cheerfulness on the part of bankers, merchants, manufacturers, farmers and wage-earners which is in marked contrast with the spirit that prevailed during the highly nervous and unsettled state of affairs in the earlier months of the readjustment period. All correspondents regard conditions at this time as favorable to a continuance of prosperous times for many months to come and indicative of such a recovery as to make 1919 a record year for general business and productive activity. Factors which are now making for this improvement of the morale of this district may be summarized as follows:

Joyous welcomes home of the Nation's victorious heroes, returning in vast numbers from the battlefields of Europe.

- Excellent prospects for a year of bumper crops.
- Renewed activity in practically all lines of industry.
- Substantial increases in mercantile trade.
- Revival of pre-war building operations.
- Resumption of public improvements.
- Easement of the labor supply situation.
- Subscribing the Victory Liberty Loan to finish the Government's war job.

#### Mercantile:

Merchants' reports are remarkable for their unanimity of expression concerning present conditions and future prospects. Of thirty-one dealers, wholesale and retail, in the leading cities of seven states, 21 report business improving, 8 steady, 1 fair and 1 unsettled. Current sales are the largest this year and better than at this time last year, the increase being reported all the way from 10% up to 60%. Collections are good, according to all reports, and a larger proportion of cash sales than for some years is enabling many merchants to reduce their accounts receivable. Orders for future delivery are reported heavier in most cases, although a few reports indicate that the volume of such orders is smaller. Many of the merchants are reducing their stocks and are buying conservatively for immediate trade requirements, thus pursuing a policy of rapid turn-over on an uncertain market as insuring fair profits and generally satisfactory results.

As to the outlook the reports agree that the future is bright. Favorable tendencies toward better business for the immediate future and for months to come are mentioned as: Brighter crop prospects; prosperous condition of the people; freer buying; buying better quality; removal of war restrictions; less need for war economy.

In the mercantile trade no particular line appears to have a monopoly of the improvement in business conditions. Dry goods, men's and women's apparel, shoes and millinery, are in good demand and the tendency is to buy the better quality of goods. An Oklahoma City millinery house states the situation this way:

"Owing to high price farm products, coupled with oil and mineral lease money, and return of our boys from war, mothers, daughters and sweethearts are more disposed to dress up; which we think has been a big factor in our increase of business."

Those who put off purchasing spring goods, particularly in the textile line, until a decline in price

should occur, were under the necessity of buying such goods when the spring season—although a little delayed in this section by unseasonable weather—was right at hand and purchases could no longer be deferred.

Groceries are in good demand, though retailers are buying in smaller quantities to supply their trade while facing possible price fluctuations. Drugs and particularly drug sundries are active. Jewelry and notions are in better demand. Retail furniture, carpet and curtain sales are very good.

Hardware, plumbing supplies, automobile accessories and tires, harness, building material, wall paper and paints are in better demand, due to a realization that prices are not going to come down at once.

Mail order houses report generally satisfactory volumes of sales and are keeping their customers in close touch with the market by issuing price reduction "fliers" of very large circulation.

#### Financial:

The demand for loans continues strong and rates firm. With large payments to be made on subscriptions for Victory Notes, and with the usual seasonal demands for the next 60 to 90 days, it is not anticipated that there will be an easier money situation until after the harvesting of crops is well under way.

Bank clearings are holding very close to the record of 1918, when the Nation was speeding up in every way possible to win the war. Reports from the seventeen clearing house cities for April, and also for the first four months of 1919, are here given with figures for the corresponding period of 1918:

	April, 1919	April, 1918
Kansas City, Mo. . . . .	\$ 796,290,140	\$ 815,872,902
Omaha, Nebr. . . . .	228,585,121	255,924,953
Denver, Colo. . . . .	116,785,448	100,861,001
St. Joseph Mo. . . . .	70,607,413	80,319,365
Oklahoma City, Okla. . . . .	44,379,870	37,253,516
Wichita, Kans. . . . .	40,926,881	39,617,596
Tulsa, Okla. . . . .	39,187,426	44,784,152
Lincoln, Nebr. . . . .	20,681,870	19,750,889
Topeka, Kans. . . . .	15,365,849	15,301,739
Muskogee, Okla. . . . .	11,319,425	9,799,101
Joplin, Mo. . . . .	6,344,000	8,847,000
Colorado Springs, Colo. . . . .	3,874,522	3,317,088
Pueblo, Colo. . . . .	3,517,794	3,193,350
Kansas City, Kans. . . . .	3,376,894	2,644,927
Fremont, Nebr. . . . .	2,990,245	3,914,054
Hastings, Nebr. . . . .	2,252,172	2,435,500
Lawrence, Kans. . . . .	1,720,936	1,749,123
Totals, April . . . . .	\$1,408,265,055	\$1,445,586,256
Totals, four months. . . . .	5,656,694,176	5,670,670,255

#### Agriculture:

Winter wheat is reported in excellent condition in all states of this District and growers are counting on the largest yield in history—and on the largest acreage. The cool and wet weather conditions continuing through the first half of May, while retarding general farm work and other crops, is regarded as having been beneficial in checking the too rank growth which was made by wheat in the early spring. Too much moisture in some localities was causing such a growth there has been some lodging, particularly in Kansas and Missouri and in the bottom lands of Oklahoma. Red rust is reported in Western Oklahoma and in Southeastern Kansas, but causing little damage. Slight damage by hail is reported in scattered

localities, but nothing more than usual. Wheat is heading in Oklahoma and Southern Kansas and unless delayed by unfavorable weather conditions the harvesting will begin about on schedule time in the south and move northward according to customary process of ripening.

Corn is up and growing in Oklahoma, but is making a poor stand in some sections, while in others the ravages of cut-worms necessitated much replanting. Most of the corn in Western Missouri and Kansas has been planted but germination is slow. In Eastern Nebraska and portions of Northern Kansas, wet soil has delayed corn planting. With the soil well saturated with moisture, however, farmers are counting on plenty of sunshine and growing weather to make a good crop.

Seeding of spring wheat and oats was delayed, but where the grain is up it is making satisfactory advance. Alfalfa is doing exceptionally well and the first cutting in New Mexico, Colorado, Southern Kansas and Oklahoma shows a heavy yield. Conditions are favorable for winter rye and barley, while potatoes are reported as doing fine. Fruit prospects are good in nearly all sections, no material damage having been caused by April frost and cool weather.

**Grain Movements:**

While arrivals of wheat at the markets of the District since April 1st have been slightly heavier than in February and March, shipments have been more than three times the volume of receipts, due to heavy withdrawals from elevators at railroad terminals. Stocks of wheat in store at Kansas City, St. Joseph, Omaha and Lincoln, aggregating 8,576,000 bushels on April 5th, were reduced to 2,952,000 bushels by May 3rd, with further reductions daily since that time. The heavy withdrawals are indicative of a diminishing supply of wheat, although statistics of last year's production and of disposal of wheat since the 1918 harvest would indicate that there is enough wheat in this country for all requirements until 1919 crop is harvested.

Advances of prices on both wheat and flour have resulted from the apparent shortage of wheat, No. 1 hard being quoted as high as \$2.95 a bushel, the highest price paid for wheat since June, 1918, when it went to \$3.02. Flour advanced to the point where large millers were asking \$11.60@12.10 bulk. To check the advances of wheat and flour the United States Grain Corporation announced its purpose to export only blended and clear grades of flour, releasing some of the stocks of the straight grades for domestic consumption.

As a result of stimulated prices milling operations since April 1st have been about double those in the same period last year. The increased activity, however, has only been shared by those mills which were able to obtain allotments of wheat from Government stocks in store. Many interior mills, and those failing to make requisitions for supplies have been obliged to depend on the local market purchases and much competition has had a good deal to do with advancing prices. Some of these mills are working only on about one-half time, while not a few of them have been forced into idleness.

The movement of corn in April and down to the present date has been more liberal than at this time of the year since 1915. Feeding demands in Kansas and Oklahoma occasioned by short production of corn last year has brought in corn from Iowa and South Dakota. Advances of 5@8c a bushel were recorded in April and there has been considerable speculative interest centered around corn. April closing prices were \$1.66@1.67 for mixed, \$1.68@1.69 for yellow and \$1.64@1.67 for white.

Receipts of oats for April were heaviest for that month in ten years. The market ruled strong with a good distributive demand but prices lagged as compared with corn. One factor was the late seeding of oats and decreased acreage for this year. Prices increased 7¼@8c a bushel, the close at April being 71@71¼c.

**Live Stock:**

Receipts of live stock at the six markets of the District in April fell below the record for April, 1918. There was a decrease of 34% in the supply of cattle, an increase of 34% in receipts of calves, 7.4% fewer

hogs, 29% more sheep and 58% more horses and mules. The receipts for April, with comparisons, follow:

	April		Four Months	
	1919	1918	1919	1918
Cattle . . . . .	426,055	571,220	1,839,304	1,981,964
Calves . . . . .	31,242	23,321	129,712	88,513
Hogs . . . . .	877,791	950,017	4,383,479	4,008,775
Sheep . . . . .	523,427	404,335	1,859,143	1,889,257
Horses & Mules	8,378	5,285	50,977	81,195

March advance in hogs was maintained in April, packers paying the top price of \$20.95 per hundred and speculators up to \$21.00. A freer movement of hogs in the early part of May brought but a slight weakening and prices have remained close to \$20.40@20.60.

The cattle trade has been rather dull with prices slightly weaker. Heavy native steers ranged up to \$19.50 per hundred pounds. Colorado pulp fed steers brought the season's record price of \$18.25, while stock cattle ranged up to \$14. Cattle prices still show a considerable margin over a year ago when the top on fat steers reached \$17.35.

Heavy supplies of sheep brought a lowering of prices in April. Best lambs, which at the beginning of the month reached \$20.25, dropped 75c per hundred pounds and in middle May were selling at \$18.50@19.00.

Packers' purchases of cattle and calves for slaughter in April were about 31% below their purchases in April, 1918. Their purchases of hogs was about 1% larger and of sheep 34% larger. Their purchases for the first four months of 1919, as compared with purchases for the corresponding four months in 1918, were:

	1919	1918
Cattle and calves . . . . .	952,385	967,789
Hogs . . . . .	3,553,291	3,230,554
Sheep . . . . .	967,437	1,074,725

A singular phase of the horse and mule market situation at this time is that, with prices higher than ever known before in this country, fewer horses and mules are coming to the markets than a year ago when the Government was begging frantically for these animals and paying less for them than present prices. Good horses are in demand, but the colt crop, both horse and mule, is less this year than it has been for many years. Efforts are making to have breeders increase the supply, although it will take two or three years to make anything like a satisfactory showing.

**Petroleum:**

During the month of April, for which full returns are now in, 1,020 new wells were completed with new production of 43,628 barrels daily in the oil fields of this District. Compared with the March record there was an increase of 146 new wells completed and an increased daily production amounting to 5,798 barrels. The summary follows:

	Completions	Productions	Dry	Gas
Kansas . . . . .	332	10,681	67	16
Oklahoma . . . . .	659	27,042	180	80
Wyoming . . . . .	29	5,905	8	1
April total . . . . .	1,020	43,628	255	97
March total . . . . .	874	37,830	233	78

Reports of new developments show the number of rigs up and wells drilling at the close of April as 501 in Kansas, 1,510 in Oklahoma and 332 in Wyoming, making a total of 2,343 for the three states. This is an increase of 125 over the report on new operations at the end of March.

Better weather conditions in the last half of May are giving impetus to operations and indications are that this month will show an unusual number of new wells completed with a decided increase of initial daily production. While several good wells have been brought in recently the decline of the older wells has about offset the new production in Kansas and Oklahoma, but prospects are for a substantial gain in production from increased new operations. Oklahoma is now credited with a daily output of 218,000 barrels and Kansas 78,500. Wyoming, with a daily average of close to 40,000 barrels production and increasing steadily, is attracting attention as a great producing section and is now the scene of operations on a larger scale than ever before, prospecting and new development extending into Colorado.

### Mining:

Decided reductions in the prices paid for zinc and lead ores and a curtailment of production were features of the mining situation in the Missouri-Kansas-Oklahoma district in April, as a result of the decreased demand for these ores. From an average of over \$40 per ton in March, zinc blende ores dropped to an average of \$38.87 for April. Calamine opened at \$25.00@27.50 per ton and closed at \$20.00@25.00 per ton. Lead ores averaged \$58.11 per ton in April.

Shipments for April aggregated 34,922 tons of zinc blende ores, 1,877 tons of calamine ores and 5,545 tons of lead ores. The average shipment of zinc blende ores was about 1,000 tons per week below the March shipments, and stocks were increased 2,000 tons in the month, May starting with 17,000 tons surplus. Stocks of lead ores were increased from 200 tons on April 1st to 350 tons on May 1st. It is estimated that the decrease in demand for lead ores amounts to over 1,000 tons per week, and had there not been curtailment of production the surplus stock would have grown to even larger proportions. It is believed that the reduction of output in April by shorter shifts and closing mines resulted in a curtailment of at least 2,000 tons of lead ores, with a prospect of further reduction of output in May amounting to 5,000 tons.

A summary of operations shows that in the first four months of 1919 total shipments of zinc blende ores were 156,913 tons as against 128,434 tons in the same four months of 1918. The difference in the average price of zinc blende ores for the four months period was \$9.50 per ton in favor of 1918.

The metal mining industry of Colorado declined rapidly again during April. Several larger operators in the Leadville district, after failure of negotiations with employees for a reduction of wages equal to losses being sustained, announced a shut down. The burning of the buildings of the Sunnyside mines in San Juan County threw 400 men out of employment. Other mines have announced they are constantly losing money and must close down if prices for common metals do not advance very soon.

Some of the old silver producing districts that were active prior to 1893 are attracting attention and some notable finds of high grade silver ores have been reported.

### Building:

Building operations in the principal cities of this District in April made a very substantial gain and in several cities a return to normal spring activity is indicated by reports. Of 1,992 permits in April, fourteen cities reporting to the Federal Reserve Bulletin, 972 permits were for new buildings to cost \$3,609,450, or about 84% of the estimated cost of all construction for which all permits were issued. Following are the reports from the fourteen cities of permits issued, estimated cost and percent of gain or loss as compared with reports for April, 1918:

	Permits	Est. Cost	Percent
Kansas City, Mo.....	507	\$ 726,225	+ 59
Denver, Colo.....	312	522,650	+ 46
Omaha, Nebr.....	206	512,815	+ 24
Tulsa, Okla.....	285	652,950	- 34
Oklahoma City, Okla....	129	331,425	+ 7
Wichita, Kans.....	114	201,425	- 54
Pueblo, Colo.....	83	67,183	+ 15
Lincoln, Nebr.....	79	149,665	+ 5
St. Joseph, Mo.....	74	109,225	+ 143
Kansas City, Kans.....	62	90,877	+ 96
Topeka, Kans.....	48	642,230	+11923
Colorado Springs, Colo..	33	45,449	- 36
Muskogee, Okla.....	30	78,650	+ 477
Joplin, Mo.....	30	258,755	+ 477
Total, April, 1919.....	1,992	\$ 4,389,524	+ 52
Total, April, 1918.....	1,206	2,888,333	
Four Months, 1919.....	5,032	10,644,056	+ 20
Four Months, 1918.....	3,039	8,873,597	

Not reported in the foregoing statement are extensive building operations in the smaller cities and towns and rural communities throughout the District which, according to reports, are larger at this time than at any time since preparations were begun for this Nation's entrance into the war. Among the im-

provements may be mentioned numerous new school buildings, including several high schools to cost from \$35,000 up to \$225,000; at least two modern county court houses at an estimated cost of \$150,000 and \$200,000, respectively; a postoffice building to cost \$95,000; besides churches, parish houses, and large buildings for public and private use.

Lumber and building material prices continue firm with no indications of a weakening this season. Retail yard managers report an increase of orders coming in and heavier buying generally as a result of the "Own Your Home" movement and the tendency to make up for lost time in building. Many dealers are anticipating a shortage of lumber, and in fact several yellow pine items already are entering the scarcity lists.

### New Highway Improvements:

There is a concerted movement which extends throughout the District for highway improvements on a more extensive scale than has yet been undertaken. The programs of the several states which are wholly or in part in this District show the following highway plans:

Colorado—\$10,000,000 bond issue.

Kansas—Pending Constitutional amendment to grant state aid, with numerous improved highways under way financed by county, township and Federal appropriations.

Missouri—\$60,000,000 bond issue to be voted on at the next general election.

Nebraska—\$9,000,000 Federal and State Appropriation.

New Mexico—\$9,000,000 Federal and State Appropriation.

Oklahoma—\$70,000,000 bond issue submitted to vote of the people.

Wyoming—\$6,500,000 bond issue.

### Labor:

The situation is improving as to the supply of both skilled and unskilled labor, as many of the soldiers and sailors are dropping back into civilian life. While reports from fifteen cities of the District indicate the supply is generally satisfactory, reports from at least ten communities are that skilled labor is scarce and in some instances common labor is also short in supply. The fact that in none of the cities is there any unemployment of labor leads to the conclusion that, with only a few thousand soldiers yet to return from overseas, there will be no surplus of labor—or at least there will be ample employment this year for all at good wages.

The wheat harvest, now near at hand, is the big labor problem in this District. Labor agencies are taking the matter in hand and, with co-operation of state officials and commercial bodies in cities, are endeavoring to muster men in sufficient numbers to handle the situation. In the Joplin mining district, where there is an abundance of labor due to curtailment of mining, it is planned by large forces of miners to help in the harvest fields.

Growers in 44 Kansas wheat counties have voted to pay 50c per hour or \$5.00 per day for barge men, shockers, pitchers and binder and header drivers. Stackers are to receive 60c per hour or \$6.00 per day; cooks, \$3.00 per day; a man and team \$7.00 per day.

A survey of the District shows few strikes and disturbing factors, although there is some restlessness in spots on account of demands for the 8-hour day, or 44 hours a week. In a few instances this month increases of pay have been asked and granted. Also some instances where a slight cut in wages, made necessary because of falling prices of products, were accepted by the wage-earners. A notable case is reported from Leadville. The miners in that district failed to report for duty on April 12th on account of notices which had been posted by the mine operators announcing a reduction of \$1 in the wage scale effective April 15th. After four days of discussion a reduction of 50 cents a day was agreed upon, fixing the minimum wage under the new scale at \$4 a day. A 35-cent reduction has been announced by the operators in the San Juan district.

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

At close of business May 16th, 1919

**RESOURCES**

Gold with Federal Reserve Agent.....	\$ 31,697,210.00
Gold Coin, Certificates and Redemption Fund.....	10,464,747.20
Credit Balances, Gold Settlement Fund.....	39,829,153.01
Legal Tender Notes, Silver Certificates and Subsidiary Coin.....	142,867.00
<b>Total Reserve Cash.....</b>	<b>\$ 82,133,977.21</b>
Total Non-reserve Cash.....	9,219,273.84
Commercial Paper Rediscounts.....	29,772,154.43
Member Banks Collateral Notes.....	54,387,700.00
Acceptances.....	1,762,125.45
U. S. Bonds to Secure Circulation.....	8,000,000.00
U. S. Certificates of Indebtedness to Secure Circulation.....	6,320,000.00
Other U. S. Bonds.....	867,300.00
Other U. S. Certificates of Indebtedness.....	175,500.00
Bank Premises.....	400,538.25
Due from Depository Banks and Trust Companies.....	19,601,258.08
Transit Items.....	52,029,947.09
All Other Resources.....	1,698,768.39
<b>Total Resources.....</b>	<b>\$266,268,543.74</b>

**LIABILITIES**

Capital Paid In.....	\$ 3,778,100.00
Surplus.....	2,421,426.71
Reserve Deposits, Net.....	77,593,824.92
U. S. Government Deposits, General Account.....	8,472,100.78
U. S. Government Deposits, Special Account.....	19,801,258.08
Federal Reserve Notes, Outstanding.....	101,893,995.00
Federal Reserve Bank Notes Outstanding.....	14,240,000.00
Transit Items.....	35,955,408.31
All Other Liabilities.....	2,312,429.94
<b>Total Liabilities.....</b>	<b>\$266,268,543.74</b>

**CLEARINGS**

Total Clearings for Week.....	\$165,699,401.94
Total Number of Items Handled.....	503,842