

FEDERAL RESERVE BANK OF KANSAS CITY

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REPORT OF CONDITIONS IN DISTRICT NO. 10 FOR THE MONTH OF OCTOBER, 1919.

Kansas City, Mo., October 25, 1919.

REPORTS from all trade and industrial centers of the Tenth Federal Reserve District this month tell of continued activity in practically all lines of business in the face of such discouragements as would at other times be calculated to bring business to a standstill. A survey of the situation, however, shows it is exactly the reverse. Apparently there is a determination on the part of business to "carry on." The "Ad astra per aspera" of the Kansas motto seemingly has been appropriated by the people, in spirit at least, to fit the present situation. Bad as is the industrial outlook there is a growing confidence among leaders of affairs in the part of the United States that efforts now making will bring an amicable adjustment of the differences between labor and capital; that there will come a better understanding between employer and employee as to their relations one to the other, as well as their obligations to the public, that will enable the industries of America to apply themselves to the task of replenishing the world's supply of goods, now threatened with depletion. And so far as this district is concerned the tendency of business is to go on. There is no indication of a big slump from the present activity, unless it should come from inability of dealers to obtain merchandise to supply their customers' needs; or of manufacturers to obtain materials and labor to carry on their operations; or of shippers to obtain freight cars to move the products of field, ranch, mine and factory into market channels.

Labor.

Aside from the local effect of the closing down of the works of the Colorado Fuel and Iron Company, involving about 6,000 employees round about Pueblo and about 1,500 other employees at nearby points, the steel strike inaugurated October 8 has brought no serious impairment to business in this district. A prolongation of the strike would undoubtedly serve as a check to the operations of manufacturers using steel as well as to steel construction. The Colorado Fuel and Iron Company and its employees were working under the Rockefeller Plan at the time of the strike, by which all matters of wages and working conditions were fixed by a board composed of representatives of the company and of employees elected by their votes. The company contends the nation-wide strike called by the heads of the national organization was, so far as its own employees were concerned, in violation of the contract under the Rockefeller Industrial Plan. It is reported that a large number of the employees were opposed to the strike and desire to return to work, but the company is making no move to re-open the plant unless the strike is declared off or a majority of the employees should sign petitions asking that operations be resumed. A strike of smelter employees at the plant of the American Smelting and Refining Company at Pueblo is also threatened which, should it materialize, would probably result in the closing of the plant.

Apprehension is caused by the issuance October 15 of a call for a strike of coal miners, effective November 1, which would tend to further shorten the supply of coal for the winter and cause great suffering and inconvenience. Late reports are that every effort is to be made to avert such a disaster, and it is believed that the appeals of President Wilson for a postponement in the hope of effecting a settlement will be heeded by the miners.

The number of local strikes, while still large, is smaller than for several preceding months this year, the tendency being to settle strikes as quickly as pos-

sible and generally with concessions to the strikers, to keep business going.

Financial.

The large volume of business at this season of the year is reflected in the bank clearings. According to the reports of the clearing houses at the principal centers of the district the volume surpasses even the high record of clearings when this country was speeding up for participation in the war. Full reports show the clearing for the month of September were \$1,841,468,986, as compared with \$1,465,448,787 in September, 1918, an increase of 25.7%. Following are the clearings as reported, with percent of increase over September 1918.

	September, 1919	Pct. Inc.
Kansas City, Mo.....	\$1,030,241,146	26.2
Omaha, Neb.	294,564,527	15.1
Denver, Colo.	150,001,059	37.5
St. Joseph, Mo.....	71,526,334	10.5
Wichita, Kans.	70,522,095	82.3
Oklahoma City, Okla.....	61,721,780	38.5
Tulsa, Okla.	45,004,850	39.9
Lincoln, Neb.	24,996,291	41.6
Topeka, Kans.	16,871,086	31.4
Muskogee, Okla.	16,762,720	61.3
Joplin, Mo.	6,391,000	*25.2
**Cheyenne, Wyo.	6,049,275	---
Colorado Springs, Colo.....	4,623,018	47.2
Okmulgee, Okla.	4,305,469	---
Fremont, Neb.	4,220,736	34.4
Hastings, Neb.	3,448,000	43.6
Pueblo, Colo.	3,352,202	9.5
Kansas City, Kans.....	3,155,568	42.3
Lawrence, Kans.	2,050,702	33.

Nineteen cities, Sept., 1919..\$1,841,468,986 25.7

*Decrease; ** New clearing house, first time reporting.

After a short period during which the demand for loans was materially diminished, the demand has again become active and at present is unusually strong in this district. This extraordinary condition is largely due to the shortage of cars in which to move wheat. At many points all grain elevators and temporary bins on farms have been filled and thousands of bushels of grain have been piled on the ground. Indications are that there will be a continued demand for funds until such time as the movement of crops is greatly facilitated. Information at hand indicates that at points which have been furnished with one car in ten days, it would require at least five cars a day for thirty days to move the accumulation.

Mercantile.

Reports of mercantile houses to the Bulletin, with three exceptions, say business is steady or improving and sales are in greater volume than for several preceding months this year, and considerably in excess of the sales at this season last year. The few exceptions are due to unsettled conditions locally resulting from the industrial situation. Generally, the merchants' reports reflect increases all the way from 15% to 47% over the trade of a year ago for the month of September. This, to a certain extent, is accounted for by the fact that one year ago the influenza was raging and the weather was unseasonable, conditions which do not obtain this fall. The reports indicate there is more money in the people's hands than ever before and they are buying as never before. In the large cities as well as in the smaller cities and country towns, the fall festivities, the fairs and the after-har-

vest celebrations are attracting unheard of crowds and the buying discloses the results of prosperous conditions.

There is no mistaking the fact that merchandise in many lines is very short and in some lines cannot be obtained. Deliveries are slow and buyers, always on the alert, are constantly hunting for new sources of supply. Wholesalers and manufacturers report stocks low, and they are running low in the country stores as well as in the big city stores. One of the oldest houses in this part of the United States predicts that shelves will be bare by January 1, and that merchants and farmers will be left with a surplus of money on their hands and no way to spend it for their needs. The scarcity of merchandise is largely in manufactured goods and is generally attributed to shortage of materials at factories, and shortage of labor. The manager of a large furniture house writes the following to the Bulletin:

"There is a very great shortage of goods now and with a prospect of a greater shortage for months to come. An Eastern factory, with long established connection, seems very much inclined to break contracts for present and future deliveries, pleading unheard and unthought of high prices for materials, especially hard wood lumber, and labor."

Prices remain high, slight reductions in some lines being offset by advances in other lines, and no feeling of certainty that they will go down to any appreciable extent for some time, although many things would indicate that the top of prices on commodities at least has been passed. While a better demand for a good class of merchandise at prevailing prices is reported by some correspondents, it is pointed out by other dealers, and particularly by one of the largest of the mail order houses, that there is now a tendency on the part of customers to buy lower priced articles. This they regard as an indication of a final let-up in the unrestrained and indiscriminate buying of the past few months, showing that an increasingly large proportion of the people are taking heed of the earnest entreaties of the leaders of this nation in their efforts to promote wise spending and wise buying as a cure for our economic ills.

Trade In Detail.

The trade in men's shoes, men's clothing, hats and caps, is unusually heavy, due in a way to the fact that men who were wearing the uniforms of soldiers and sailors at this time last year are now re-outfitting for civilian attire. It has been good picking for buyers of second-hand clothes and many of the heroes returning home have found their wardrobes bare, or that they have outgrown the clothes they left behind when they went away to serve their country. Women's ready-to-wear and millinery, also women's shoes, are meeting with larger sales than last year. Prices are above last year's prices on practically all apparel for both women and men. An early visit of crisp, cool weather has resulted in heavy sales of underwear and knit goods of all descriptions. Dry goods, with stocks short, are in heavy demand.

The volume of sales of drugs, drug sundries, holiday goods and confections is reported in marked increase over that of a year ago at this time. The grocery trade is still good and strong, but the shortage of sugar is still acute. In fact the sugar shortage has become so serious that wholesalers are taking freshly made granulated beet sugar from plants in this district as soon as it reaches the factory warehouses. Decreased production of cigars has caused many dealers to withdraw salesman from the road as it is difficult to fulfill promises of delivery.

Hardware dealers, department stores and mail order houses which were fortunate enough to have stocks on hand report that the steel strike has had little effect on their output thus far, and the demand continues strong. Building materials, paints, oil, glass, plumbing and heating supplies, are likewise showing a heavy trade. The automobile industry continues active and an improvement in the market for auto accessories is noted, although cold weather is fast approaching.

Agriculture.

Fall rains, generally light and well scattered over the district, have made pastures green in nearly all sections, and with fall-sown wheat getting a good start the farmers are sure of fine pasturage until

Christmas, or until the heavy snows come. In parts of Colorado and Wyoming snow fell early this year, but grass is green in the low ranges.

Preparation of the soil and seeding of wheat progressed satisfactory over the greater part of the winter wheat area in September, although the ground was somewhat dry for best results in southwest Missouri, southeast Kansas, northwest Oklahoma and north of the Platte in Nebraska. Improved weather conditions in these sections early in October helped out the situation materially. Reports from many sections are that wheat is coming up fine and it has a good stand and a dark rich green color. It is too early for accurate estimates of the acreage of wheat sown this fall, but reports thus far would indicate a slight reduction of the acreage from last year's planting. Threshing of the 1919 crop of wheat is still under way in the western part of this district.

The September moisture helped the corn in a good many localities and improved the condition perceptibly. The corn has matured nicely and without damage from frost. The season is now over except the gathering. Taking the corn belt as a whole the yield for 1919 is better than the 5-year average. Practically all grain sorghums have matured nicely and the yield is heavy. Cotton is fairly good in Oklahoma, though heavy rains in September did some damage to the crop. The production of broom corn will be greater than that of last year but on a greatly reduced acreage.

The digging and hauling of sugar beets to the factories is now under way and great activity is reported in all of the sugar beet sections of Colorado, Wyoming, Nebraska and Kansas. The beets are of excellent quality but the yield per acre is short of last year's yield. The largely increased acreage this year, however, is said to insure a larger production of beets by several thousand tons.

That 1919 has been a good all-around year agriculturally, was disclosed in a practical way at the International Soils Products Show in Kansas City, where the products of this district came in competition with those of the irrigated sections of Arizona, the fertile lands of Manitoba and other favored sections of this country. Kansas, Oklahoma and Colorado each had wonderfully fine prize-winning state exhibits, while several of the counties and sections of other states of this district also had remarkable exhibits. One of the most notable of these was that of Scottsbluff county, Nebraska, which won second prize as a county exhibit.

Grain Movement and Milling.

The movement of wheat to the markets of this district has been in larger volume since harvest time than at the same time last year—and this in the face of embargoes, car-shortage and the permit-to-ship system. The receipts at Kansas City, Omaha and St. Joseph for the months of July, August and September were 17% larger than for the same after-harvest three months in 1918. It has been about the same at Wichita, Oklahoma City and other grain centers of the district. Corn receipts at all points have been about 50% of the volume of receipts up to this time last year, due to the fact that practically no corn was held over from last year's scanty crop. A marked increase of corn receipts is looked for when the movement of this year's crop is under way. Receipts of oats were in about the same proportion as corn, about 50% of last year's marketing at this time.

Top and bottom prices of No. 1 hard wheat at Kansas City in September were \$2.57 and \$2.18 per bushel. October brought something of a decline, as on the 14th No. 1 hard wheat was selling at \$2.27@2.50, with a preference for the dark variety. No. 1 red wheat was selling at that date at \$2.24@2.25, having suffered a decline in about the same proportion as the hard wheat. The top and bottom of corn prices in September was \$1.77 and \$1.36 for No. 2 mixed, showing a sharp break from the high prices of July and August. A further decline brought No. 2 mixed corn down to \$1.39 on October 14, and at the same time No. 3 mixed was \$1.36@1.38. Oats were slightly off in September as compared with the August prices, the top and bottom September prices being 73c and 67c for No. 2 white oats. Mid-October saw No. 2 white oats selling at 69c@70c.

Milling operations have been heaviest of the year in the past four weeks. At Kansas City operations have been 89% to 103% capacity, at Omaha 85% to 90% capacity and at interior milling points at 86% to 90% capacity. All points show a good increase over last year's operations in flour making. The flour trade has been heavy, due largely to the fact that buyers could not longer afford to hold back in the hope of obtaining lower prices. Prices are showing very slight changes only. Quotations October 14, Kansas City, were: Patents, \$10.30@11.10 per barrel; straights, \$10.00@10.50 per barrel; clears \$9.00@10.00 per barrel. Red wheat flour was quoted about 50c a barrel below these figures.

Live Stock.

Receipts of live stock at the six markets of the Tenth Federal Reserve District in the month of September and for the first nine months of this year are shown in the following table, together with percent of increase or decrease as compared with the receipts for the same time last year:

	September, 1919		Nine Mos. 1919	
	Number	Pct.	Number	Pct.
Cattle	773,290	-15.3	4,476,944	-12.7
Calves	95,318	+ .35	486,528	+35.3
Hogs	432,201	-28.7	7,759,137	+ 1.5
Sheep	1,684,613	+21.5	6,197,321	+22.2
Horses & mules	27,989	+22.2	127,025	- 7.1

Receipts of cattle, although meeting demands except as to finished fat cattle, failed to come up to the September mark of 1918 as a result of car shortage on the one hand and unsatisfactory prices on the other. The market during September was very erratic. Beef steers started off at \$18.75 for tops, dropped to a top of \$15.25 during the month, and at the close the top prices paid was \$17.00. The market was steadier in the forepart of October with top prices around \$18.00. All grades of cattle average 50c to \$1.50 lower than a year ago. Efforts toward establishing foreign credits and a promised reduction of ocean shipping rates on beef are expected to help bring a stabilization of the cattle market.

Hog prices at the end of September reached the low level of \$16.00@16.90 for bulk sales, having declined from \$17.75@19.60 at the beginning of the month. Big declines followed early in October. On the 11th the average for the week was \$15.53, and bulk sales on the 16th were at \$13.75@14.40, the lowest price level for hogs since July, 1917. The receipts were light and the demand uneven. With a good corn crop, a larger movement of heavy hogs is anticipated.

Drought conditions in the Northwest are said to be largely responsible for the unprecedented run of sheep on the markets this autumn. This is evidenced by the enormous receipts at Omaha, Kansas City, Denver and St. Joseph. Omaha made the highest one-month record for sheep receipts at any market with a total of 849,811 in September. Packers took about 30% of the sheep offered and the remainder went to various parts of the country as feeders and breeders. Prices fluctuated greatly in September. From \$14.50 at the beginning of the month best western lambs advanced to \$16.00 by the 10th then dropped to \$14.00 by the 22nd, and at the close of the month sold at \$15.00. On October 16th western lambs from Colorado and Utah sold at \$14.50 and native lambs at \$14.00.

Packing house operations in September and in the nine months of 1919 now passed, are here shown with the percent of increase or decrease of purchases as compared with the record for the same month and the same nine months in 1918. The packers' purchases:

	September, 1919		Nine Mos., 1919	
	Number	Pct.	Number	Pct.
Cattle	325,551	-18.6	2,130,412	-14.2
Calves	58,492	+16.4	323,564	+27.7
Hogs	330,488	-17.7	6,204,182	+ 8.2
Sheep	450,869	+16.7	2,641,700	+12.3

Petroleum.

Production of oil, which has been steadily increasing the past six months reached a total of \$16,500 barrels daily for Kansas and Oklahoma the first week

in October. Kansas made a big jump in daily production by the bringing in of good wells in the Elbing-Peabody fields, while Oklahoma outside wells made a very substantial gain, with Cushing and Healdton doing a little better than holding their own. Wyoming wells, which have been showing a daily run above 40,000 barrels, made some improvement.

Field operations in September showed developments slightly under the August record, both in the number of completed wells and the amount of daily new producing but there were more rigs up and wells drilling than in the previous month. The summary follows:

	No. Wells Completed	Brls. Daily New Prod'n.	Rigs & Wells Drilling
Kansas	314	19,963	539
Oklahoma	770	49,823	1,611
Wyoming	33	5,510	456
September	1,117	75,296	2,606
August	1,171	79,021	2,503

Operators are complaining of the increased cost of labor and materials for production and refining crude oil. They point out that while crude oil and the refined products are practically the same in price as two years ago, the cost of production has increased by leaps and bounds. As a result of this situation it is freely predicted that more attention will be given in the future to the development of the shallow fields than to drilling in the deep fields, where the cost of putting down a well is anywhere from \$50,000 to \$75,000 regardless of whether the result of the drilling is a producing well or a dry hole.

Mining.

There appears to have been some little improvement in the metal mining situation in Colorado, according to the reports received, in that there is an increasing interest in mining property and several deals of varying magnitude have been reported. The labor conditions are not very good. In the larger camps there is a marked shortage and the quality of the labor obtainable is not as good as it was before the war. This is due chiefly to the fact that forces of experienced miners were disorganized and that many of the old workers are now scattered in other fields. Advances in metal prices, particularly in silver and lead, are encouraging mining in this section.

September was a most critical month in the Joplin district, due to the practical paralysis of the entire shipping of ore and fuel. Even in the worst period of the war there was no such dearth of cars. Every organization and every individual with civic interests lent aid towards ameliorating this condition, but not until the latter part of the month was relief of any moment supplied by the railroads. Under pressure of these various organizations the Railroad Administration finally employed a special commissioner to look to the handling of cars and their distribution, promising a supply of at least 60% of the normal number of cars used in the field for shipments. The month closed, therefore, with the promise of relief, and already there has been one solid train load of ore shipped from the district, the first one of the kind in many years.

The relief came, however, there were in the bins 45,000 tons of ore purchased by the smelters and unshipped, while the producers had approximately 30,000 tons unsold, a condition hitherto unknown in the field. This fact also had the effect of discouraging operations, and operators attempted to curtail output so far as possible without discouraging their working forces. Shipments of ores approximated 22,832 tons of zinc, 790 of calamine and 5,105 of lead. Prices varied from \$40.00 to \$45.00 for zinc blende, \$25.00 to \$30.00 for calamine and \$67.50 to \$75.00 for lead.

The lead ore market was the one which permitted normal price conditions to prevail, due to the fact that the largest buyers had their smelters in the local field and, by using teams and trucks to haul the ore from the mills to the smelters, could operate regardless of the car shortage. The addition of a new buyer in the field also helped to put up the price of lead ores.

While production of bituminous coal in the United States during September was little in excess of 11,000,000 tons per week (the number of tons necessary to be mined each week to the end of the year to meet requirements) the mines of the district have run somewhat short of producing their proportionate

share. Although other conditions have been generally more favorable to larger operations this fall, a shortage of labor at the mines, together with a lack of cars to move the tonnage, and a slow market resulting from neglect of consumers to lay in winter supplies, have been unfavorable factors. The situation in this district at the present time is such as to cause grave fears that the shortage of coal will be more acute this winter than in the past two winters. And should the strike now threatened materialize on November 1, or at all, there will be an awful scramble for coal this winter, and much suffering.

Building.

Reports of building operations in the principal cities of this district this month are an encouraging sign that building has really gotten back to normal. The September reports, now complete, show a total of 1,857 permits for buildings estimated to cost \$6,980,175, as compared with 895 permits issued in September, 1918, for buildings estimated to cost \$1,850,123. While the figures show an increase of 277% over the corresponding month of last year, when building was at a low ebb on account of the war, the greatest cause for gratification is that some progress is now being made toward meeting the demand for buildings. The record of building permits for September with percent of gain over September, 1918, is here shown:

	Permits	Est. Cost	Pct. Inc.
Kansas City, Mo.....	390	\$2,117,625	591
Omaha, Neb.....	202	1,046,380	495
Oklahoma City, Okla....	173	1,023,684	686
Denver, Colo.....	340	667,750	71
Tulsa, Okla.....	197	460,060	61
Okmulgee, Okla.....	48	396,975	2277
Wichita, Kans.....	141	372,781	118
Kansas City, Kan.....	43	256,830	*31
Pueblo, Colo.....	42	141,575	1298
Joplin, Mo.....	18	119,675	329
Topeka, Kans.....	80	112,585	957
Lincoln, Neb.....	62	109,745	*13
St. Joseph, Mo.....	65	104,300	**82
Colorado Springs, Colo.	50	24,505	4
Muskogee, Okla.....	6	16,000	6
Tot. 15 cities, Sept., 1919	1,857	\$6,980,175	277
Tot. 15 cities Sept., 1918	895	\$1,850,123	

*Decrease; **Does not include large packing house extensions and \$200,000 infirmary.

The lumber supply shows no particular improvement and no decline of prices, stocks being low in the large cities and also in the country towns. The output of brick works is said to be sold for weeks ahead with freezing weather almost here to check their operations. Other materials are short in about the same proportion. No relief is promised before next spring.

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

RESOURCES

	At Close of Business	
	Oct. 10, 1919	Oct. 17, 1919
Gold Coin and Certificates....	\$ 138,752.50	\$ 149,430.00
Gold Settlement Fund F. R. Bd.	33,226,185.36	31,698,047.53
Gold with F. R. Agent.....	34,520,525.00	35,233,350.00
Gold Redemption Fund.....	5,398,207.20	4,588,082.20
Gold with Foreign Agents....	5,188,817.52	5,132,071.92
Legal Tender Notes, Silver, etc.	272,359.00	378,855.00
Bills Discounted:		
Secured by Govt. War Obligations	51,813,368.42	53,523,522.82
All Other	45,307,193.63	48,645,544.89
Bills Bought in Open Market..	621,115.00	521,115.00
U. S. Govt. Bonds.....	8,867,700.00	8,867,750.00
U. S. Cert. of Indebtedness...	11,904,000.00	12,366,000.00
Bank Premises	401,686.76	401,686.76
Uncollected Items and other deductions from Gross Dep..	71,734,995.32	76,154,404.82
5% Redemption Fund Against F. R. Bank Notes.....	891,540.00	891,540.00
All Other Resources.....	549,968.99	511,370.80
Total Resources	\$270,836,414.70	\$279,062,771.74

LIABILITIES

	At Close of Business	
	Oct. 10, 1919	Oct. 17, 1919
Capital Paid in.....	\$ 3,903,250.00	\$ 3,903,200.00
Surplus	3,957,137.55	3,957,137.55
Government Deposits	6,169,440.02	7,158,582.84
Due to Members, Res. Act....	77,106,713.72	85,451,891.66
Other Deposits	3,771,504.35	3,637,667.89
Deferred Availability Items...	59,744,831.32	59,111,074.76
F. R. Notes in Actual Circulation	97,085,665.00	96,490,300.00
F. R. Bank Notes in Actual Circulation	17,407,100.00	17,578,300.00
All Other Liabilities.....	1,690,722.74	1,771,617.04
Total Resources	\$270,836,414.70	\$279,062,771.74

OTHER TOTALS

Total Gold Reserves.....	\$ 78,472,487.58	\$ 76,800,981.65
Total Earning Assets.....	118,513,377.05	123,923,932.71
Total Gross Deposits.....	146,792,539.41	155,359,217.15
Ratio of Total Reserves to Net Deposit and F. R. Notes Liabilities Combined	45.7%	43.9%
Ratio of Gold Reserve to F. R. Notes in Actual Circulation after setting aside 35% against Net Deposit Liabilities	54.0%	51.2%

CLEARINGS

Total Clearings for Week....	\$220,273,678.56	\$203,431,209.38
Total Number of Items Handled	640,795	611,645