

FEDERAL RESERVE BANK OF KANSAS CITY

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

C. K. BOARDMAN,
ASSISTANT
FEDERAL RESERVE AGENT

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

Kansas City, November 20, 1919.

THE full force and effect of the coal shortage resulting from the strike of the miners in the bituminous fields of this district will not be realized for several days, on account of the extraordinary efforts to distribute the small stocks of coal on hand at the time the strike became effective, November 1. The reports indicate, however, that a great many communities are out of coal and in some instances yards are stripped of supplies, with not a ton of coal to be bought and little prospect of obtaining more for some time, even should operations be fully resumed pending an adjustment of the grievances of the miners. Many schools have been closed because of the scant fuel supply and in a number of cases factories and steam plants have been forced to suspend operations.

As far as the Missouri-Kansas-Oklahoma mines are concerned, the tie-up was 100% effective, all of the miners having obeyed the strike order and remaining out after the United States Court had, in the injunction proceedings, decreed that the strike should be rescinded. In these three states the loss of production of about 75,000 tons of coal daily, when added to the already apparent shortage, presents a very serious situation. In the fields of Colorado and Wyoming the miners voted to return to work and the district president of the United Mine Workers officially called off the strike on November 13. It is now reported that practically all of the mines in the two states are in operation.

While there appears to be some uncertainty as to the final outcome of the negotiations the impression prevails in business circles that there will be an adjustment, particularly as to the wage scale, such as to insure production of coal in quantities sufficient to relieve the present deplorable situation. But under most favorable operating conditions, it will be some time before the production of coal is brought up to a point where it will meet requirements, since it is a well known fact that there was a vast shortage of coal in this part of the country at the time the strike was called.

The Governors of the States of this district are determined that the mines must be kept open, recognizing that the rights and interests of the public are paramount to those of the miners and operators, and they are lending hearty co-operation with the Government in the furtherance of plans for operation in the event of failure to speedily adjust matters.

Aside from the coal miners' strike, the labor situation is regarded as being easier at this time than at any other time since the beginning of the year. The supply of both skilled and unskilled labor is not up to the demand in city, town or country. Although industrial conditions are far from being settled, there are fewer strikes now pending than in any month since May.

The Situation in General.

Business in this district is running at high record figures for each fall month of the year. Judging from reports coming to the Bulletin, there is scarcely a weak feature to be observed in any direction. But beneath an exterior of cheerfulness and of high business activity, there is a fear that strikes and rumors of strikes throughout the country will, if continued, sooner or later put a check on the present era of great prosperity. By throwing people out of employment, by crippling industrial enterprises and by discouraging investment of needed capital, such conditions are

certain to reduce the purchasing power of the people and cause what cannot better be described than to call it a case of "cold feet." How injurious that might be must depend ultimately on the underlying soundness of business.

The reports state that November conditions of trade are almost exactly like those of October—and October conditions might easily have been a carbon copy of conditions prevailing in September. The only difference to be observed, if any, is that as the season advances the percent of increase in the volume of business over the corresponding month in 1918 becomes larger.

In spite of the industrial unrest business is taking a cheerful and certainly a hopeful view of the situation. As affecting business most favorably, it points to full employment of labor at satisfactory wages in most cases, huge crops selling at good prices, a general tendency to buy for deferred as well as future needs, and a tendency to speculate because of plenty of money in circulation, easy credits and great expectations.

This cheerfulness is reflected in all lines of trade and manufacture. It is seen in the increased volume of clearing house transactions, in the reports of building activity, in oil production and metal mining. And it also is seen in an improved tone of industrialism, a determination on the part of the vast majority of wage earners to stay on the job despite the unreasonable attitude of intensely radical leaders.

The Mercantile Trade.

Reports from wholesale and retail houses and manufacturers, bearing date of November 1, reflect a wonderful activity in practically all sections of this district. Fifteen houses report business "improving," seventeen "steady," two "unsettled," two "declining." The last two reports were from cities affected locally by the coal strike. Somewhat startling also are the reports of the volume of sales, which are stated by twenty-nine houses as being larger than at this time last year. Only two houses reported sales in smaller volume than in October, 1918. A few houses took the trouble to figure out the percent of increase of their business. Three Omaha houses showed an average increase of 38% of sales over those of October of last year. Three Lincoln houses averaged 44%, three Denver houses 80%, one St. Joseph house 65%, one Joplin house 76% and one Pueblo house 50% increase over the sales of October, 1918. A Kansas City wholesale millinery house figured an increase of 100% in amount and 60% increase in number of sales, while a Kansas City manufacturer reported 50% to 70% increase of sales over the sales of last year's fall season. In so far as sales are concerned there is no doubt, from the reports, that all houses are doing an exceedingly prosperous business, if merchandise can be obtained to fill orders. But, to quote a mail order house sales manager, "it must not be forgotten that the cost of operation has also increased at an unheard of rate.

High Prices to Stay a While.

A general tendency toward continued high and rising prices for many lines of merchandise is mentioned by some of the correspondents as being the result of the shortage of stocks and the difficulty of obtaining goods to sell. The idea is that high prices are here to stay for some time—at least until there is some sign of production catching up with the world demand. In some lines prices are now almost pro-

hibitive, and in such lines sales are slower. To illustrate this, the manager of the garment department for one house has prepared a statement of the sales of suits and coats in a specific period each year from 1916 to 1919, inclusive. The report shows that in almost every instance the number of sales fell off with each advance in price. The figures for this specific period each of the four years mentioned follow:

	Suits		Coats	
	Av. Price	No. Sold	Av. Price	No. Sold
1916	\$34.12	584	\$34.17	499
1917	41.22	563	36.55	488
1918	55.92	325	58.55	342
1919	62.73	487	65.44	251

In spite of the high cost of living and high prices generally, however, several houses report a quick demand for the higher priced merchandise, asserting that their shortage of stocks is most acute in this class of merchandise. It is also noted that many persons are buying against possible future depletion of stocks and further advances in prices, which accounts for the extra heavy sales in quarters where stocks are running low and people are taking everything they can get.

High prices and shortage of goods also are stimulating interest in conservation and wise buying of necessities. An increasingly large number of housewives are now giving personal attention to the buying of groceries and meats, as well as household supplies, watching the markets closely and saving every dime and dollar possible. This is particularly noticeable in reports from the mining sections, which leads to the conclusion that while education in thrift is having its effect, the industrial situation has a good deal to do with it.

Holiday Buying Begins.

The holiday buying is well under way and sales are reported heavy. Gift goods are bringing higher prices than ever before. October was a banner month for the talking machine trade, wholesale houses reporting retailers buying heavily and in many instances swamped with orders for instruments. The sale of toys, drug sundries and confections is showing heavy at this time.

With the exception to be noted that the sugar shortage seems to have been met, to a certain extent, by speed-up production of beet sugar at the factories of this district which are now working up the 1919 crop of beets, there is little change in the food lines. Vegetables and fruits, and also canned goods, remain firm with no apparent easing up of prices. Meats, following the trend of the live stock market, are somewhat lower in price at the retail shops.

The shortage of textiles and many other articles of merchandise, and the apparent need on the part of consumers, has resulted in a demand such as to overcome the high prices and sales of merchandise of all descriptions go on at an increased rate. Since trade in detail, that is with relation to the commodities sold, shows an increase which runs parallel with those of last month, there is no particular need of going further into this phase of the report.

The Financial Situation.

The clearing houses of this district report the largest month's total of the year for October, \$1,974,695,869, which is 7.2% larger than the total for September of this year and 21.7% larger than the clearings in October, 1918. The clearings for the ten months of 1919 now passed also show a substantial increase of 13% over the corresponding ten months in last year. Following are the clearing house figures for each of the twenty clearing houses from which October reports have been received:

	October, 1919	Pct. Increase
Kansas City, Mo.	\$ 1,115,396,494	16.2
Omaha, Nebr.	306,226,956	16.3
Denver, Colo.	164,410,003	31.5
Oklahoma City, Okla.	77,332,286	55.0
St. Joseph, Mo.	75,551,412	1.9
Wichita, Kas.	67,951,335	64.5
Tulsa, Okla.	53,107,164	38.8
Lincoln, Nebr.	27,990,063	47.7
Muskogee, Okla.	22,294,406	68.8
Topeka, Kas.	17,926,937	39.5
Joplin, Mo.	8,179,000	15.5
Cheyenne, Wyo.	7,040,729	---
Okmulgee, Okla.	5,233,859	---
Bartlesville, Okla.	5,012,079	---
Colorado Springs, Colo.	4,728,913	38.2
Hastings, Nebr.	3,710,916	43.0
Fremont, Nebr.	3,606,753	35.5
Kansas City, Kas.	3,532,165	34.0
Pueblo, Colo.	3,345,034	*7.4
Lawrence, Kas.	2,119,365	20.2
Total, October, 1919	\$ 1,974,695,869	21.7
Total, October, 1918.	1,622,153,540	
Total, Ten Months 1919	16,177,332,474	13.0
Total, Ten Months 1918.	14,313,096,226	

The demand for loans continues strong, with a tendency toward slight increase in rates. There has recently been a slight improvement in the car situation and wheat is beginning to move slowly. Indications are that should the car situation continue to improve, there will be a decided improvement in the market within thirty days. Apparently, however, many bankers have not realized the necessity for curtailing loans and gradually reducing the extension of credit and consequent currency expansion.

Reports from all sections of the district say that collections are good, some of the large mercantile houses mentioning October as the banner month of the year and for some time in making payments.

Business failures in the Tenth Federal Reserve District have been lowest this year of any year of record. September failures in this district reported to this Bulletin by R. G. Dun & Co., numbered 20 with \$152,458 liabilities, as compared with a record for September, 1918, of 27 failures with liabilities amounting to \$182,859.

Agricultural.

Agricultural conditions are generally good over the district except in parts of Colorado and Wyoming where cold weather has interfered, and in the southern sections of Oklahoma where the soil is still soggy. A great deal of this year's crop is yet to be cared for on account of shortage of labor and lack of shipping facilities. Large mounds of wheat are still on the ground in sections where the car shortage has not been relieved.

Early sown wheat on prepared soils is making good progress and conditions are very favorable, although seeding is still in progress in some places, notably in Colorado and New Mexico. In a large area of the winter wheat belt the wheat is up and making a good stand, with well scattered rains to give the soil plenty of moisture. A heavy growth of volunteer wheat is reported in parts of Missouri, Kansas, Nebraska and Oklahoma, providing fine pasture for cattle. No official estimates of the area sown to wheat this fall will be made until December. The report when made, however, is expected to show the acreage has been reduced to a considerable extent from the large acreage sown a year ago.

Cribbing corn has progressed satisfactorily in most sections, yields varying from failure to excellent in different sections. Oklahoma reports indicate the yield for that state is better than the ten-year average of 15.8 bushels per acre. Missouri's nineteen counties in this district average 28.1 bushels per acre, while the average for the entire state is 27 bushels per acre. Last year the state average was 20 bushels per acre. Corn production in Kansas and Nebraska also is far ahead of last year, and is very close to the ten-year average. Both Colorado and Wyoming produced less corn this year than in 1918, due to the dry weather during the summer months. Final figures for the entire district will show good returns from the crop at prevailing prices.

In Oklahoma the schools have suspended in the cotton districts to help pick the cotton, now that the rains have ceased for a while. Gins are running day and night. All sections report the quality as damaged more or less. The light frosts have hastened the opening of the bolls and removed much of the interference from leaves.

The sugar beet harvest is nearly completed, except in Wyoming, where snow and cold weather in early November prevented harvesting and caused some loss. Shipments to the factories are being pushed as expeditiously as possible and the crop is being rapidly converted into sugar. The yields are disappointing in some sections.

Other crops are turning out fairly well, generally better than last year, and with satisfactory prices.

Grain Movement and Milling.

The movement of wheat to the markets in the past four weeks was practically the same in volume as last year, which is the result of efforts put forth to obtain cars for marketing. Effective October 25 was an order of the regional director requiring individual permits from the Grain Corporation committee at the destination market for the shipment of grain to Kansas City, Omaha, St. Joseph, St. Louis, Council Bluffs, Peoria and Chicago. The use of the permit system tends to slow up grain shipments to the terminal markets and no great increase of shipments is looked for, even with the country full of unmarketed grain. Receipts of corn are about 60% under receipts of last year, even with a much larger yield, due in part to the disposition of many farmers to hold corn rather than sell at present prices. The same falling off in the receipts of oats is also noted.

Wheat prices have shown continued strength with good demand for the choice milling grades. No. 1 hard wheat has been selling at Kansas City at \$2.33 @ 2.55 per bushel and No. 1 red wheat at \$2.27 @ 2.30 per bushel. Anticipating re-selling by the Grain Corporation in the last week had a tendency to weaken the market.

October saw a break of 10 cents a bushel in corn. No. 2 mixed quoted on October 1 at \$1.48 @ 1.50, sold at \$1.40 on November 1. But on November 14 No. 2 mixed was sold at Kansas City at \$1.54.

The price of No. 2 white oats has shown only slight changes, 67c and 72½c being the lowest and highest prices in October, 72½c on November 1 and on November 16 up to 75c.

Milling operations at Kansas City in the past four weeks have been at 87% to 90%, at Omaha 89% to 100%, and at interior mills 88% to 91½%. Demand for the better grades of flour has been somewhat improved as compared with the dull market of the last three weeks of October. Prices also have shown considerable strength, with a little higher levels than in October. Patents in the first week of November sold from \$11.90 @ 12.50 per barrel, straights \$11.00 @ 11.50, clears at \$7.30 @ 9.25.

Live Stock Movements.

Receipts of cattle at the six markets of this district in October were on the whole 5% larger than in the same month last year, increases in Omaha, St. Joseph and Denver offsetting slight losses at Kansas City, Wichita and Oklahoma City. In the ten months of 1919 now passed, however, the number of cattle marketed in the district was about 8.5% below the record for the corresponding ten months of 1918.

The movement of hogs to these markets was 31% less in October than in the previous October, bringing the receipts for the first ten months of 1919 to 1.2% below the receipts for the first ten months of 1918. While this is taken as a sign that there are fewer hogs now in this country than last year, it is also contended that many hogs are being held back for fattening, as there is more corn in the country than at this time last year. The average weight of hogs marketed in October was heavier by 17 pounds at Omaha and Wichita, 8 pounds at St. Joseph and 2 pounds at Kansas City, than the average weight in October, 1918.

Sheep receipts fell off in October 55% from the month record of a year ago, but the ten months' period of 1919 shows a gain of 16.5% over the same period of 1918.

Following is a summary of the live stock receipts at the six markets for October and for ten months of both 1919 and 1918:

	October		Ten Months	
	1919	1918	1919	1918
Cattle	950,255	905,111	5,422,649	5,921,721
Calves	103,794	86,324	592,322	445,670
Hogs	503,477	730,674	8,262,615	8,373,326
Sheep	1,199,350	1,269,465	7,396,671	6,347,527
Horses & M.	26,049	22,107	153,074	160,917

Packing operations, reflected by purchases of meat animals, were considerably reduced in October, the figures indicating that 25,772 fewer cattle, 143,769 fewer hogs and 12,894 fewer sheep were slaughtered than in the same month of last year. There was a gain of 19,470 in the slaughter of calves. In the first ten months of 1919 the packers purchased 50% of the cattle, 73% of the the calves, 84% of the hogs and 40% of the sheep received at the markets of the district. Their purchases for October and for the ten month period of 1919 and 1918 were as follows:

	October		Ten Months	
	1919	1918	1919	1918
Cattle	370,658	396,380	2,761,255	3,180,514
Calves	69,367	51,327	438,040	367,028
Hogs	416,940	560,709	6,942,349	5,871,628
Sheep	349,382	362,276	2,998,620	2,725,794

The cattle market showed improvement during the month, with slight advances in prices. Top prices of native steers in October was \$18.35 as compared with \$18.25 a year previous. Native feeders sold up to \$14.40 and stock cattle up to \$11.60. Calves were up to as high as \$18.00, the same as in August and September and \$4.75 above the top price in October, 1918. The hog market broke heavily in October, prices falling below the 1917 level. The top price for the month was \$16.70, Kansas City, as against \$20.10 as the top for September and \$18.45 in October, 1918. Western lambs sold at \$16.00 as the top price for the month, which is about the same as in September and 75c below the top in October, 1918. The market was irregular during the month, but good killing classes were in demand at firm prices.

Petroleum.

The run of oil from the wells of Kansas and Oklahoma in the Midcontinent field during the last thirty days has been making a high record for the year. A daily production around 89,000 barrels is now realized in Kansas. Oklahoma outside wells have increased their flow to 159,000 barrels daily, Healdton keeping up its record with 37,500 barrels daily and Cushing and Shamrock 38,000 barrels daily. Wyoming, hit by a cold spell, has maintained a good output of oil and is making above 40,000 barrels daily. Wyoming has passed Pennsylvania and is now rated as the seventh oil producing state in the union.

New developments kept very close to the September record, with bad weather interfering with the work. The record of new developments for October in the three states follows:

	Wells Completed	Barrels Daily	Rigs and New Product'n Wells Drilling
Kansas	297	22,259	528
Oklahoma	711	47,000	1,618
Wyoming	31	3,975	478
October total	1,039	73,234	2,624
Sept. total	1,117	75,296	2,605

The October report is considered a remarkable showing of operators in their efforts to maintain production of crude oil to keep up with the demand, when the enormous cost of drilling is taken into consideration. With a total production of something over 10,000,000 barrels a month from the Oklahoma and Kansas wells, and upwards of 1,500,000 barrels from Wyoming wells, the operators are keeping well ahead of consumption.

Metal Mining.

The past month brought little change in the metal mines. There is a considerable shortage of labor in the Southeastern part of Colorado, particularly around Cripple Creek.

There has been a threatened strike of employees at the Pueblo smelter of the American Smelting and Refining Company, which seems unlikely to be settled.

without an increase of wages. This would mean an increased treatment charge for smelting ores. Such an increased charge, it is contended by operators, will work a hardship on the mine operators of Clear Creek, Gilpin and Boulder counties, who have already been forced to stand an increased freight rate due to the closing down of the Globe smelter at Denver, to which they formerly shipped.

Practically all of these operators are working on a very narrow margin of profit, or at no profit at all, but simply keeping their mines open and hoping for better conditions.

A prolonged coal strike would cause some mines which use steam to close down. Most of the important mines, however, use electricity generated by water power, so they will not be affected.

In the Missouri-Kansas-Oklahoma zinc and lead district labor conditions have been growing better and it is now reported there is an ample supply of men at the mines. However, producing conditions are anything but favorable on account of the coal strike which threatens to cut off all available supply of fuel for steam plants, and will in a very short time cut off the electrical power as the major portion of it is generated in this region by steam plants.

October closed with shipments of 35,346 tons of zinc blende with a valuation of \$1,568,473. Calamine shipments approximated 1,374 tons, valued at \$39,507. The average weekly shipments approximated 8,836 tons of zinc blende and 342 tons of calamine. This is a remarkable showing, since the month opened with a very severe shortage of cars and small hopes of any relief. By utilizing broken down cars, the shippers themselves making local repairs, empty coal cars going through the district to the East, and using trucks and teams for hauling lead in order to release cars for shipping zinc, the operators were able to bridge over a very bad situation.

There has been very little advance in the price of zinc ores, the price ranging from \$42.50 to \$47.50 per ton for zinc blende and \$25.00 to \$30.00 for calamine. The average price for zinc blende for October was \$44.37 and for calamine \$28.75.

Shipments of lead ore were good throughout the month, aggregating 5,685 tons and averaging 1,421 tons weekly. Prices were good, ranging from \$75.00

per ton to \$80.00 per ton, the last week recording an advance to the latter figure. The average price paid for the month was \$79.65.

Fall Building Operations.

The tendency in this district is to push building operations to the end of the season as rapidly as men and materials can be obtained, in order to ease up as far as possible the insistent demand everywhere in the district for homes, business houses, factories, extensions and enlargements. Still, it is evident that when cold weather sets in for good this winter, there will be many building projects on the waiting list for the opening of the coming spring.

October reports of building operations in the leading cities of the district give something of an idea of the building activity that is going on in the smaller cities and towns and in the rural districts. It was the greatest month of the year for building and while the comparison with October, 1918, when building was at a standstill, shows a wonderful increase, there is a good deal of satisfaction to be had from this year's reports for the reason that they show that building has practically gotten back to normal and good progress is making toward relieving the very great demand. Reports from these cities for October with the per cent of gain over October, 1918, follows:

	No. Permits	Est. Cost	Pct. Inc.
Kansas City, Mo.....	451	\$ 2,437,280	712.7
Omaha, Nebr.....	197	1,608,125	168.0
Oklahoma City, Okla..	166	1,219,154	6575.0
Denver, Colo.....	309	754,450	797.0
Tulsa, Okla.....	196	543,495	100.0
Wichita, Kas.....	143	424,970	1057.5
Okmulgee, Okla.....	72	424,750	4491.8
St. Joseph, Mo.....	51	229,945	4028.2
Lincoln, Nebr.....	70	222,425	3654.0
Kansas City, Kas.....	52	81,780	30.5
Muskogee, Okla.....	21	77,820	8312.8
Colo. Springs, Colo....	55	61,785	1064.4
Topeka, Kas.....	56	59,155	481.0
Pueblo, Colo.....	31	37,802	181.0
Total October, 1918...	1,870	\$ 8,182,934	453.2
Total October, 1918...	660	1,779,051	
Ten Months, 1919.....	16,113	50,418,555	131.5
Ten Months, 1918.....	8,640	21,998,597	

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

At Close of Business November 14, 1919

RESOURCES		LIABILITIES	
Gold Redemption Fund		F. R. Notes in actual circulation	\$ 98,959,005.00
F. R. Notes.....	\$ 3,869,437.20	F. R. Bk. Notes in actual circulation	18,918,470.00
Gold with F. R. Agent.....	40,524,195.00	Total Circulation	\$117,877,475.00
Gold Settlement Fund.....	33,855,110.22	U. S. Treas. General Account	4,195,456.54
Gold with Foreign Agents...	7,016,462.38	Members, Reserve Account...	88,701,231.39
Gold Certificates and Coin...	213,480.00	Other Deposits	4,011,257.87
Legal Tender Notes, Silver Certificates, etc.	293,800.00	All other Transit Items.....	65,405,619.81
Total Cash Reserves.....	\$ 85,772,484.80	Total Gross Deposits.....	162,313,615.61
Nickels and Cents.....	39,537.58	Capital paid in.....	3,970,150.00
National Bank Notes.....	378,000.00	Surplus Fund	3,957,137.55
Bank Notes of other F. R. Bks.	14,800.00	Profit and Loss.....	170,634.53
F. R. Notes of other F. R. Bks.	528,500.00	Gross Earnings.\$1,844,164.83	
Unassorted Currency	1,554,794.00	Less current exp. 373,966.85	1,470,197.93
Misc. Cash	2,515,631.58	All other Liabilities.....	597,100.50
5% Redemption Fund F. R.		Total Liabilities	\$290,356,311.17
Bank Notes	957,460.00		
Transit Items	73,364,090.73		
Checks and other Cash Items.	653,042.25		
Exchanges for Clearing House Domestic Transfers Purchased Secured by Government War Obligations:	1,821,735.23		
Member Banks' Col. Notes.	45,335,331.23		
All Others	4,407,563.37		
Otherwise Secured and Unsecured:			
Member Banks' Col. Notes.	11,033,377.21		
All others	41,486,400.89		
Bills purchased in open market	450,000.00		
U. S. Bonds owned.....	8,867,750.00		
U. S. Certif. of Indebtedness.	12,828,500.00		
Total Earning Assets.....	401,686.76		
Bank Premises	461,257.09		
All other Resources.....			
Total Resources	\$290,356,311.17		

RESERVES

Ratio of Total Reserve to Net Deposit and note Liability	
Combined	46.8%
Gold Res. Against F. R. Notes after setting aside 35% against Net Dep. Liability.	56.9%