

THE MONTHLY BULLETIN

Covering Conditions in the Tenth Federal Reserve District

FEDERAL RESERVE BANK OF KANSAS CITY

For the Information of Member Banks and Business Interests of this District

ASA E. RAMSAY, *Chairman Board Directors
and Federal Reserve Agent*

C. K. BOARDMAN, *Assistant Federal Reserve Agent
and Secretary*

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No. 1

SUBSTANTIAL progress in the direction of readjustment of commercial, industrial and financial conditions to a peace basis was made in the Tenth Federal Reserve District in the year recently ended. And this in spite of abnormally high prices, inflated credits, strikes, general unrest and many other retarding influences that may be said to be due to relaxation from the stressful period of the Nation's participation in the great world war. All in all, 1919 was a year of remarkable activity and achievement, a record breaking year in many respects. Yet it was only a good beginning. There are big problems to be solved in this year 1920—and in the next year if necessity requires extension of time—before the American people can feel that the readjustment is complete and the business of the country is firmly re-established on a basis of stability such as to insure permanent prosperity, tranquility and happiness.

A summary of 1919 discloses that in no other twelve-month period was there so large an output of agricultural products, in both quantity and value, as was recorded for the year following the end of the war.

The live stock and meat packing industry, with values somewhat relaxed and markets unsettled and erratic after a cessation of heavy Government buying of meat for the fighting forces was moderately reduced in volume.

The petroleum industry found peace-time demands equal to the demands of war and though beset with difficulties such as to retard to some extent the development of new fields, the run of crude oil last year was but slightly below the 1918 record.

Lead and zinc mining, the output of which was used almost exclusively for war materials in 1918, made a great struggle in the last twelve months toward getting back to normal production for civilian needs and on a basis of fair returns from operation.

The recent advance to \$1.35 per ounce, the highest price since silver was demonitized in 1879, ended the war-time period of demoralization and stagnation for the mining industry in the latter part of 1919 and started a revival that promises big things this year.

The output of bituminous coal in this district for the year was reduced 21% as a result of the strike of

the miners in November. But even with the losses sustained coal production in 1919 made a fair showing, all conditions considered.

Manufacturing, which in 1918 was restricted to war essentials, made progress in 1919 toward production to meet the extraordinary demands of peace, although contending against shortage of materials and labor, high prices and high wages.

Building in this district in 1919 recorded an increase of 134% over the operations of 1918, the estimated cost of new buildings in fifteen cities amounting to \$64,176,985, which was a fair start toward making up for war deferred construction.

The volume of mercantile trade in 1919 was the largest in history in the money value of merchandise and slightly ahead of 1918 in the number of transactions, sales for the year being restricted only by the ability of merchants to supply the goods.

Bank clearings for the district exceeded those of any previous year of record. Banking resources and deposits were greatly increased. The highest degree of banking efficiency and financial management was brought to bear on this most remarkable twelve months period this country has ever known with a degree of success such as scarcely could have been hoped for at the beginning of 1919.

GREAT TASKS FOR 1920.

However great the progress made in this district in 1919 in the direction of readjustment, it is the consensus of opinion of men of affairs that even greater progress is yet to be made. Larger tasks than any that have yet been imposed and their performance undertaken are to be laid upon the people.

The war which was fought and won in 1917 and 1918 was paid for in 1919 but in its wake is an inflated currency, a vast volume of inflated credits and an enormous amount of loans in the banks representing subscriptions to Government war securities. There are also evidences of a relaxation of industrial energy following the strenuous efforts toward productivity during the war. And there is an apparent relaxation of war-time thrift and economy which is manifested in an orgy of extravagant buying of non-essentials and a riot of wild speculation. The tendency of all these is to defer payment of war obligations, to further inflate credits, to divert money from its rightful use for

stimulating productivity and thus prolong for an indefinite period the abnormally high prices that are the chief disturbing factor in the present economic situation.

The task of 1920, therefore, is to remedy these conditions as speedily as possible. Its performance calls for the kind of American patriotism and pluck and push that was the big factor in the winning of the war—a co-operation of farmers, stock growers, manufacturers, merchants, wage earners, and of all the people, to the end that a safe and sane program may be put into operation and successfully "put over" during the next twelve months. Briefly stated, the program necessary to progress in 1920 should read something like this:

First: To work efficiently and regularly in order to produce and distribute the largest possible volume of commodities to help supply the world needs and at the same time make production the basis for larger individual earnings.

Second: To save regularly some portion of all income received at the time it is received as the one successful rule for getting something ahead.

Third: To practice economy, avoiding all extravagance and waste, buying wisely in order to secure the fullest possible value for all money expended.

Fourth: To devote every dollar possible to the payment of war obligations and other indebtedness in order that the inflated volume of "war paper" may be reduced and that each dollar so paid may release a banking dollar for the legitimate expansion of business so necessary at this time.

Fifth: To hold Government securities now owned as a matter of personal financial advantage and to invest conservatively and with great care so as to promote essential business.

FINANCIAL.

The demand for loans continues strong, with rates advancing. This condition is somewhat disturbing when consideration is given to the seasonal demand with which this district will undoubtedly be confronted early in the spring. An advance in the discount rates of the Federal Reserve Bank of Kansas City, effective January 3, 1920, was in line with the policy of the Federal Reserve Board to check the speculative use of money and to curb expansion of credit. The rates on paper secured by Treasury certificates of indebtedness were increased to $4\frac{3}{4}\%$, the rate borne by the current issue of certificates into which practically all of the outstanding issues are convertible. The rate on agricultural, industrial or commercial paper up to ninety days was increased from 5% to $5\frac{1}{2}\%$, while the rate on six months' agricultural or live stock paper was increased from $5\frac{1}{2}\%$ to 6% .

Contraction of Credit Necessary.—In announcing the new discount rates attention is directed to the fact that the primary function of the Federal Reserve System is to provide funds for the relief of emergency or seasonal demands, and it was not intended that the

resources of the Federal Reserve Banks should be used to promote permanent credit expansion, to stimulate the investment market, or to encourage speculative movements. In the interest of security and stability of commerce and industry, the expansion of credit which is largely due to the wave of extravagance and speculation that has enveloped the nation must be checked. Bankers should realize that they are individually responsible for the unwise use of credit at this time and that applications for loans should be carefully scrutinized, eliminating loans for non-essentials, to the end that legitimate and necessary business requirements may be served.

The discount policy of the Federal Reserve Bank has been, until recently, necessarily subordinated to the rates borne by Government issues, in order that Government financing might be successfully completed. At this time, however, since the Government is practically out of the money market, credit contraction becomes not only possible, but necessary, and the Federal Reserve Bank will hereafter carefully scrutinize paper offered for rediscount, making close inquiry as to the purpose for which the money is borrowed, with the object of eliminating loans for any purpose not contemplated under a strict interpretation of the Federal Reserve Act. Loans secured by Government obligations should now be assimilated by the investing public and banks relieved of the burden of carrying Government paper in their portfolios. The credit thus released should be devoted as far as practicable toward reduction of indebtedness to the Federal Reserve Bank, in order that it may be prepared to exercise the functions for which it was created.

Bank Clearings.—The December reports of the clearing houses of this district show that the expanded volume of transactions incident to a phenomenal business activity was maintained to the end of the year. The total clearings of the nineteen cities reporting was \$1,840,064,928, a sum \$436,241,335, or 31% larger than the total for December, 1918. Added to the total for the previous eleven months it brought the volume of clearings for the year to the enormous total of \$19,662,787,465, the high one-year record and \$2,526,386,560, or 14.7% above the great war year record of 1918. The reports for the month of December and for the year appearing elsewhere in this issue of the Bulletin show that the gains were well distributed over the district and were not restricted to specially favored localities.

Commercial Failures.—Fewer business reverses are reported for the year 1919 than in any year as far back at 1881. While the reports of failures for the entire year by Federal Reserve Districts have not been received the failures by states are complete for 1919. These are here given:

	Number Failures		Liabilities	
	1919	1918	1919	1918
Colorado	47	80	\$ 460,128	\$ 565,364
Kansas	74	103	721,056	1,210,061
Nebraska	57	63	597,507	793,228
Oklahoma	154	151	1,427,593	2,012,724
Wyoming	6	10	34,500	184,054
*Missouri (entire state)	164	8	2,300,856	5,970,076
New Mexico (entire state)	9	254	197,931	90,334

*Number of failures and liabilities for part of those two states included in this district not separated from state totals.

MERCANTILE.

The tremendous buying power of the people which sent the volume of mercantile trade skyward in the months of the summer and autumn was even more assertive in the month of December. Notwithstanding the short shopping day necessary to fuel conservation in many cities, it was about the best month of the twelve, certainly a record breaking December and rounded out the most remarkable year known to the mercantile trade in this district. Thirty-two well established and representative retail houses of the district, including ten of the largest department stores west of the Mississippi river, reported December business steady with a decided improvement over December, 1918. The average increase for sixteen houses which reported their sales in percentages was 45.8% in the amount of sales in dollars while the average increase in the number of transactions was 17.7%, compared with the business in the corresponding month of 1918.

While the situation is generally regarded as somewhat abnormal, merchants express the opinion that business should continue good because of the large purchasing ability of the people. Yet with the present high cost and shortage of production of merchandise, prices tending upward from their present high levels, there is a less optimistic tone in the predictions as to trade in this year. The treasurer of one of the oldest and largest department stores suggests that "The keynote of merchandising for the year 1920 should be CONSERVATION."

Merchants' stocks are greatly reduced by the heavy buying of the last six months and their inability to obtain fresh stocks in sufficient quantities. Complaint is made that orders placed with eastern manufacturers are reduced and a great many orders placed last season remain unfilled. The shortage of merchandise has curtailed the usual after-holiday cleanup sales by reason of the fact that many houses have little to clean up.

Wholesale Merchandising.—From the wholesaler's standpoint the year went out leaving the dry goods business in very good condition. Prices for merchandise, however, are very high and advancing, which is generally regarded as unfavorable. Sales for the year

were around 30% in excess of 1918. The extent to which retailers' stocks have been depleted is indicated by the advance buying for shipment in January, February and March. The boot and shoe sales were slightly less than in 1918. Drugs also declined in the volume of sales but groceries showed an increase of 25% to 42% in the various wholesale centers. Hardware, electrical supplies, cigars and tobacco showed slightly increased sales. Furniture increase was about 18% in amount on account of the increased prices, but the number of sales was about the same as in the previous year. Musical instruments were only limited in sales by the ability of dealers to supply local retailers.

Agricultural implements and tractors showed large increases at distributing points, Kansas City reporting 62.6% increase. Plumbing and heating appliances there decreased 50%.

The Mail Order Houses' usual slump of business after Christmas did not come this season, according to reports. In arranging prices for sales in their "60-Day Flyers" to counteract the usual slacking of business in January and February the mail order houses took cognizance of the Government's suggestions that economy sales would aid considerably in lowering the cost of living.

MANUFACTURING.

The factories of this district, after several months of operation in the production of war munitions and essential commodities, made a good start in 1919 toward recovering their normal activities, though handicapped by one thing and another—shortage of materials and skilled operatives through almost the entire year, and in the last two months fuel shortage. A 5% increase of manufactured output at Kansas City is reported by the Industrial Bureau and Omaha's bureau reports an increase of 8.4%, other industrial centers reporting increases around these percentages. Detailed reports of the industrial activities in all of the cities, while not available at this time, are expected to show a wide expansion of operations, with many new plants started since the war, or in early prospect.

BANK CLEARINGS.

DECEMBER

TWELVE MONTHS

Clearings At:	1919			1918		
	1919	1918	%	1919	1918	%
Kansas City, Mo.....	\$1,070,862,537	\$ 794,070,924	34.9	\$11,222,743,324	\$ 9,940,881,940	12.8
Omaha, Nebr.	241,669,216	231,346,890	4.3	3,058,419,886	2,819,665,975	8.8
Denver, Colo.	161,480,325	119,782,920	34.8	1,630,064,749	1,203,205,822	35.5
St. Joseph, Mo.	82,040,599	77,838,591	5.4	894,581,739	892,371,587	.2
Wichita, Kans.	65,465,244	36,226,963	80.7	647,286,039	464,350,171	39.4
Oklahoma City, Okla.	62,889,837	35,834,845	75.5	640,673,438	471,040,612	36.1
Tulsa, Okla.	47,760,436	39,432,927	21.1	517,925,738	489,983,156	.5
Lincoln, Nebr.	22,886,475	16,913,926	35.3	274,509,348	227,780,463	20.5
Muskogee, Okla.	19,482,415	12,950,187	50.4	176,112,187	130,349,711	43.1
Topeka, Kans.	18,495,073	12,973,182	42.6	179,348,328	166,969,695	11.0
Joplin, Mo.	8,213,099	6,888,305	19.2	32,595,699	94,424,759	-12.5
Cheyenne, Wyo. *	7,998,000	.....	.....	27,793,000	.....	.....
Bartlesville, Okla.	5,638,788	3,188,150	76.9	50,211,245	40,946,217	22.8
Okmulgee, Okla.	5,056,109	.....	**	35,375,109	.....	.....
Colorado Springs, Colo.	4,692,268	3,366,369	39.4	50,740,767	40,045,461	28.7
Kansas City, Kans.	3,589,396	2,907,340	23.5	37,876,798	28,790,561	31.6
Pueblo, Colo.	3,581,118	3,142,682	13.9	38,962,011	35,831,024	8.8
Fremont, Nebr.	3,206,152	3,014,924	6.3	41,234,074	39,507,187	4.1
Hastings, Nebr.	2,967,215	2,314,198	28.2	34,205,327	29,265,492	16.7
Lawrence, Kans.	2,090,626	1,630,270	28.2	22,128,609	20,991,072	5.4
	\$1,840,064,928	\$1,403,823,593	31.0	\$19,662,787,465	\$17,136,400,905	+14.7

*September to December inclusive. **May to December inclusive.

AGRICULTURE.

Winter farm operations slowed down in December on account of severe storms and low temperatures. Because of weather conditions, coupled with the high prices of labor, more corn than usual was left unhusked in the fields. In some of the counties in Southern and Central Oklahoma it was estimated that 15% to 25% of the cotton was unpicked at the middle of December, due to cold and damp weather and labor shortage, but better progress was made late in the month. Winter wheat over the larger wheat growing area of the district has had enough snow to nurse its vitality and keep it warm, though in the lower sections where mild weather reduced the snow covering some damage is reported.

Crop Conditions.—The reports indicate an average of 88% normal as the December condition of winter wheat for the district, as against 98% for December, 1918, and 90% as the average December condition for ten years. The condition of wheat for each state is here shown:

	Dec. 1919	Dec. 1918	10-Yr. Av.
Colorado	91%	96%	92%
Kansas	82	98	87
Missouri (19 counties).....	84	103	90
Nebraska	91	96	91
New Mexico (10 counties)...	98	95	90
Oklahoma	75	100	85
Wyoming	96	97	95

Winter Wheat Area Reduced.—Reports from the Agricultural Department of the states of this district and of the Bureau of Crop Estimates show that approximately 16,611,500 acres were sown to winter wheat in the autumn of 1919. This compares with 20,939,000 acres sown in the autumn of 1918 from which the high record crop of last year was grown. The reduction of winter wheat acreage is 4,327,500 acres, or 20.6% for the district. The reduction is largest in Kansas where 9,196,000 acres were sown in the autumn of 1919, as against 11,641,000 acres in 1918, the state's loss amounting to 21%. Nebraska's winter wheat acreage has been cut down 17%, Oklahoma's 26%, Colorado's 9%, Wyoming's 20%, and in the nineteen counties of Missouri that are in this district the decrease is estimated at 28.5%. New Mexico reports an increased acreage of 16% over the 1918 planting. It is urged by farmers that the tremendous area sown to winter wheat in 1918 was abnormal and due to the urgency of production for the

war, whereas the reduced area indicated by the foregoing figures reveals a tendency on the part of the farmers to get back to normal crop growing.

The 1919 Crop Summary.—Final crop reports for 1919 disclose to what extent the agricultural interests of this district bowed themselves to increase production to meet the world needs. The exhibit shows that 1919 was a better year than 1918 and better than the average year for the production of most of the field crops. All items in the list except spring wheat and Irish potatoes show a larger production in 1919 than in 1918, though the acreage harvested was smaller except in winter wheat, rye, tame hay and sugar beets. The hypothetical value of all farm crops for the district is estimated at \$2,089,498,000 for 1919, as compared with \$1,439,167,000 for 1918, the increase in value for the last year amounting to 45.2%.

Grain Prices.—A study of prices for the year shows an almost unbroken rise of wheat through the twelve months. Corn, however, was subjected to violent changes, while oats were steady in price, the range between the high and low prices for the year being 88c to 59c. The following shows the high and low prices on hard wheat and No. 2 mixed corn at Kansas City for the twelve months of 1919:

	*Hard Wheat		No. 2 Mixed Corn	
	High	Low	High	Low
January	\$2.42	\$2.28	\$1.60	\$1.23
February	2.37	2.26	1.43	1.26
March	2.65	2.27	1.64	1.33
April	2.95	2.46	1.77	1.60
May	2.89	2.41	1.80	1.69
June	2.66	2.40	1.84	1.73
July	2.68	2.17	2.03	1.80
August	2.44	2.16½	1.76	1.36
September	2.57	2.18	1.77	1.36
October	2.57	2.20	1.50	1.39
November	2.80	2.35	1.61	1.40
December	2.95	2.45	1.58	1.41

*No. 2 to June 30, and No. 1 thereafter.

Grain Movement.—Wheat receipts at the principal terminal markets were about 40% larger than in the year 1918, amounting to 73,137,250 bushels at Kansas City, 23,000,000 bushels at Omaha, 16,250,000 bushels at Wichita, with correspondingly heavy receipts at St. Joseph, Denver, and Oklahoma City. Corn receipts at all of the markets in the last twelve months were 41% less than in the year 1918, although the 1919 yield was larger by over 61%. The slow movement of corn is said to be due to several

SUMMARY OF CROPS IN THE TENTH FEDERAL RESERVE DISTRICT FOR 1919, WITH COMPARISONS.

	Area Harvested		Yield Per Acre		Total Yield		Inc. or Decrease Per Cent
	1919 Acres	1918 Acres	1919 Bushels	1918 Bushels	1919 Bushels	1918 Bushels	
Winter Wheat	21,035,000	14,426,000	13.4	13.1	282,697,000	188,477,000	49.9
Spring Wheat	1,330,000	1,214,000	11.6	16.6	15,565,000	19,015,000	*28.5
All Wheat	22,365,000	15,640,000	13.3	13.3	298,262,000	208,492,000	43.
Corn	16,785,440	18,500,220	23.3	12.7	379,621,000	235,121,000	61.5
Oats	6,087,403	7,028,326	30.2	26.2	184,623,000	167,463,000	10.2
Rye	816,000	763,000	13.7	12.2	11,184,000	9,323,000	19.9
Barley	1,110,000	1,209,000	25.2	14.1	27,995,000	17,029,000	64.4
Potatoes	377,700	406,300	81	94	30,508,000	38,410,000	*25.9
Grain Sorghum	2,708,000	4,086,000	22.3	10.4	60,308,000	42,843,000	40.7
			Gal.	Gal.	Gal.	Gal.	
Sorghum Sirup	20,700	24,920	79	50	1,643,000	1,234,000	33.1
			Tons	Tons	Tons	Tons	
Tame Hay	6,611,000	6,492,000	2.2	1.6	14,569,000	10,639,000	36.9
Sugar Beets	256,526	176,628	9.6	10.6	2,476,470	1,878,543	31.7
			Lbs.	Lbs.	Bales	Bales	
Cotton	2,341,000	2,998,000	190.	92.	930,000	577,000	61.2

*Decrease.

causes, such as farmers holding surplus stocks for higher prices, poor transportation facilities and delay in gathering the crop by cold weather and high priced labor. Receipts of oats were 32.6% less, of rye 33.8% less, while there was an increase of 1.3% in receipts of barley.

Flour Milling.—The closing month of 1919 was attended by heavy milling operations throughout the district. At Kansas City the December flour output equalled 84% of the milling capacity, at Omaha it was slightly above 94% capacity, and at interior points it was 80% capacity. This compares with the 1918 December output of 75% capacity at Kansas City, 80% capacity at Omaha, and 72% capacity at interior mills from which reports were received.

The flour output for the year was about 30% larger than the output of 1918. The mills at Kansas City, as reported week by week by the Northwestern Miller, ground 3,297,875 barrels of flour in 1919, as compared with 2,504,570 barrels in 1918. At Omaha the 1919 output was 881,752 barrels as against an estimated output of 617,226 barrels in 1918. Outside mills in Missouri, Kansas, Oklahoma and Nebraska to the number of eighty-eight at the close of the year—though not including all of the interior mills—reported a total output of 14,188,297 barrels for 1919, as compared with 10,930,057 barrels reported in 1918.

When the 1919 crop of wheat began to move to the markets the millers stocked up heavily on wheat at prices slightly above the guaranteed minimum. The steady advance of wheat prices enabled them to operate with a fair profit. With a good demand for flour and sales made that insure steady operation five or six weeks ahead, together with large reserves of hard wheat in farmers' hands throughout this district, the prospects are considered good for flour milling up to the 1920 harvest.

Flour prices based on wheat values maintained a steady advance in the same proportion as wheat with the domestic demand good and improved export prospects. The range of flour quotations at the beginning of 1920 was: Short patents, \$13.60@14.25; standard patents, \$12.75@13.50; straights, \$12.05@12.65; first clears, \$10.00@11.00; second clears, \$8.00@9.00; low grades, \$6.60@7.75.

LIVE STOCK.

Moderately reduced supplies of meat animals on the markets of this country were to be expected in 1919 following the closing of the world war and the period of our greatest meat production. At the six markets of this district the losses for the year as compared with the 1918 record were 8.2% of cattle and

8.5% of hogs, though an increase of 17.1% of sheep and also an increase of calves for 1919 is shown by the reports.

The total of all animals received at the six markets in the last twelve months was 26,422,921, which compares with 26,463,924 received in 1918. The estimated value of all live stock arriving at these markets was \$1,380,142,000 for 1919, compared with \$1,460,100,000 as the estimated value of live stock marketed in the previous year, 1918. The total of all live stock received at the markets of the district is shown in the accompanying table with 1918 totals for comparison.

Market Conditions Unsettled.—The live stock markets of the country were in an unsettled condition throughout practically the entire year and the industry somewhat demoralized, due to several causes other than after-war changes. The Government's policy of fixing a minimum price on hogs was abandoned early in the year and later the plan of combination buying of meat by the allied nations was dropped, leaving the markets in a chaotic condition with a slump in prices without material relief from the high cost of feed and care for live stock. The unprecedented dry season in the Northwest which extended into Wyoming, Northern Colorado and Northwestern Nebraska, along with shortage of cars to move the live stock to the markets and to regions more favored with good pasturage and hay production, added further to the troubles of the live stock interests.

Restocking a Problem.—Thus with farms and ranches over a very wide area more or less depleted by the drain incident to the war, by dry weather forcing on the markets many thousands of animals, growers and feeders haunted by fear of high feed bills while market prices were tumbling, production of live stock could not well be maintained. The problem of restocking and rebuilding this great and very necessary industry is indeed puzzling. The extent to which the industry suffered by the drain of the war cannot be stated with accuracy until official estimates of the number and value of live stock on the farms and ranches are completed and announced at the end of January. While it is apparent, however, that there has been something of a shrinkage of animals on farms and ranches, and under prevailing market prices growers and feeders can see little if any profit, the outlook for the future with restoration of foreign credits and more stabilized domestic meat trade in prospect is regarded as bright as it was a year ago.

Prices in 1919:—The record prices for all classes

RECEIPTS OF LIVE STOCK AT THE MARKETS OF THE TENTH FEDERAL RESERVE DISTRICT IN 1919
—WITH COMPARISONS.

	Cattle	Calves	Hogs	Sheep	Horses & Mules	Cars
Kansas City	2,701,865	383,142	3,140,530	1,945,353	82,852	150,714
Omaha	1,874,996	100,240	3,179,116	3,789,188	25,201	132,798
St. Joseph	656,470	93,681	2,126,322	1,006,960	43,380	59,696
Denver	766,098	57,629	367,634	2,087,152	22,936	38,918
Oklahoma City	511,057	82,225	470,066	19,055	9,951	22,550
Wichita	310,965	.....*	494,003	53,853	15,901	15,340
Total 1919	6,821,451	716,917	9,777,671	8,906,561	200,221	420,016
Total 1918	7,432,227	562,779	10,680,622	7,603,760	184,536	445,165
Loss or Gain.....	L 610,776	G 154,138	L 902,951	G 1,302,801	G 15,685	L 25,149

*Calves included with cattle.

of live stock, influenced by demand for large meat production, reached their highest peak in the closing months of 1918 and continued high through the early months of 1919. Then came demobilization, the termination of the Government war meat contracts and incidentally erratic live stock markets with wide fluctuations of prices.

A distressing feature of the situation in this district was that grazers and feeders early in the year had bought large numbers of stockers and feeders at from \$15 to \$16 per hundred pounds in anticipation of continued export demand for beef and were caught with large herds on their hands, pasture lands contracted for at unheard-of prices, corn selling at highest prices in the summer months and feeding at a loss.

Following is the run of top prices on meat animals at Missouri River markets for each month of the year 1919, for the classes mentioned:

	Nat. Steers	Feeders	Hogs	Sheep	Lambs
January	\$18.40	\$16.00	\$17.70	\$14.25	\$16.95
February	18.50	16.65	18.00	16.50	18.60
March	18.50	16.35	19.80	18.50	20.65
April	19.50	16.60	21.00	18.25	21.00
May	17.50	15.50	21.10	17.00	19.85
June	16.00	13.90	21.35	13.00	18.60
July	18.50	15.00	23.40	17.00	17.25
August	19.00	16.25	23.20	16.30	17.75
September	18.75	15.75	20.10	17.00	16.00
October	18.35	14.40	16.70	15.50	16.00
November	17.50	14.90	15.60	15.00	15.15
December	22.00	14.00	15.00	14.75	17.50

The year brought increased values to horses and mules marketed in this district. Prices were the highest of record, even higher than at any time while the heavy buying of animals for Government use and for the army was at its height of activity. The 1919 prices at Kansas City, which is a fair index to prices at all other markets of this district was: Draft horses, \$200@350; drivers, \$100 up; southerners, \$75@250; mules, \$100@450.

Packers' Operations.—Purchases of meat animals for slaughter in 1919 and in the previous year by packers of this district indicate the volume of operations. The figures are:

	1919	1918	Inc. or Dec.
Cattle	3,438,170	3,989,642	-11.3%
*Calves	536,521	466,792	+14.8%
Hogs	8,238,601	8,720,512	-5.5%
Sheep	3,652,238	3,165,608	+15.3%

*Wichita calves purchased for slaughter in both years and Omaha calves for slaughter in 1918 included with cattle.

PETROLEUM.

The situation with respect to this industry has resolved itself into the one big problem of how can production be increased sufficiently to meet the rapidly increasing demands for crude oil and its refined products. During the war production was maintained at the highest degree that was possible, yet the output fell short of the consumptive requirements and large requisitions were made on the stocks in store to make up the deficiency. Shifting from the demands of war to peace-time requirements in the year 1919 disclosed the fact that civilian consumption was greater than ever before. Consumption of oil in the United States in 1919 is estimated at more than 417,000,000 barrels, whereas operators in this country were able to produce some 375,000,000 barrels, leaving approximately 52,000,000 barrels to be imported.

An illustration of the situation is found in the re-

turns for 1919 from the oil fields of this district. These show that in the twelve months operators, handicapped by shortage of labor and materials, high wages and high prices of machinery and everything that enters into the development and production, were able to produce an output of approximately 130,000,000 barrels of crude oil as against approximately 145,000,000 barrels in 1918, the loss in production amounting to 10.1%. The figures on the runs of oil follow:

	1919	1918
Kansas-Oklahoma	115,891,976	131,867,585
Wyoming	13,773,000	12,409,503

Total Tenth District.....129,664,976 144,277,088

The Year's Developments.—During the past year it was a fight to develop new production to offset the natural decline of production from old wells. While a number of large producing wells were brought in and a very large number of small producing wells were completed, the beginning of 1919 found the average daily production but slightly ahead of that at the beginning of last year. The field operations in December, with severe winter weather interfering, brought fewer completed wells and a smaller new daily production than was recorded for November but with more rigs up and wells drilling. The record follows:

	Wells Completed	Bbls. Daily New Production	Rigs and Drilling Wells
Kansas	155	12,534	545
Oklahoma	487	29,331	1,707
Wyoming	23	8,560	510
Total December	665	50,425	2,762
Total November	963	69,131	2,756

Oil Prices and Outlook.—While crude oil has been slow to advance in price and the advances that have been made in the past year were by no means in proportion to the increased cost of production, the price is now around \$3 a barrel in the Mid-Continent field and is said to be on the ascendancy with no sign that it will go lower. The demand for oil is so great that the supply is not nearly keeping pace with it and it is said the steadily advancing price offers an incentive to oil developments in 1920 on a larger scale than ever before undertaken. In addition to the extensive operations of the larger producing companies it is predicted that a vast amount of development work will be done this year in the shallow fields of Kansas and Oklahoma. Wyoming promises greater development activities this year, while in that state and all through Colorado and Northern New Mexico new pools are being prospected.

MINING.

The increased price for all metals except gold has given the operators in most of the Colorado districts a distinct feeling of encouragement. Those who depend on gold alone, however, are operating at a disadvantage and unless some relief is given through congressional action the gold production for this year will show a very decided falling off. There was little change in the metal mining camps of Colorado during December, though greater activity is promised for the early spring. Labor conditions improved materially and are better than they have been for a long time.

Colorado's Output.—The production in Colorado in 1919 was considerably lower than that of 1918, owing to the stagnation during the early part of the

year. A summary of the mining activities shows the following output:

	1919	1918
Gold, ounces	495,000	616,865
Silver, ounces	5,630,000	7,062,554
Lead, pounds	35,650,000	65,960,760
Zinc, pounds	52,300,000	89,133,901
Copper, pounds	3,400,000	6,277,332

The value of these metals for 1919 at the average prices is placed at: Gold, \$10,221,650; silver, \$6,249,300; lead, \$2,049,857; zinc, \$3,817,900; copper, \$646,000. Other chemicals, products and ores, including radium, aggregate in value, according to estimates, \$8,823,080, bringing the Colorado mining products to \$31,807,807. This compares with a total value of \$32,157,800 for 1918, the increased prices on some of the metals almost making up for the reduced output.

Missouri-Kansas-Oklahoma District.—All records for ore production were again broken in this district during 1919. This is all the more astonishing in the face of the fact that the year's average of prices receded to the lowest levels prevailing for five years. But the year closed with the promise of better things ahead for ore prices, and with a more nearly normal condition of business during 1920 the operators hope for a more prosperous year, even if not so great in point of production. The year's total of ores produced with the values and average price and also stocks at the end of the year follow:

	Tons	Av. Price	Value	Tons	Stocks
Zinc Blends	435,392	\$43.63	\$18,997,521	32,000	
Calamine	12,445	28.30	352,200	.....
Lead	73,070	67.37	4,922,961	300	
Total 1919.....	520,907		\$24,272,682	32,300	

Compared with the output of 1918 there was an increase of 60,415 tons of zinc blende, a decrease of about 2,200 tons of calamine, an increase of 5,700 tons of lead. With the concentration of the mining industry more and more in the Oklahoma field there has been a neglect of the calamine producing camps, which has been showing steadily for the past five years. There was a time when calamine ore had a ratio of one to ten with blende, but it is rapidly becoming almost negligible.

Ore Prices.—The last month of the year showed a price of \$50.00@52.50 for zinc blende ores, while calamine sold generally upon a \$35.00 base. The average for the month was \$49.21 for blende ores and \$34.43 for calamine ores. Shipments for the month aggregate 31,322 tons of blende ores and 382 tons of calamine. These were the lowest shipments since September and were brought about by the remarkably early winter conditions that swept over the field curtailing both production and shipments. The coal strike also interfered in the same manner. Lead ores were strong in price throughout the month and indicated a very strong position for the new year. The last week of the month lead ore sold at \$91.00 and the average for the month was \$88.04. Production of lead ores also surpassed all records.

Throughout the year there was a heavy stock of ores held in the bins of the ore producers as surplus stocks. This has acted as a brake upon any advance in ore prices. In addition from twenty to fifty per cent of the producing plants were idle most of the year, being unable to operate at a profit on account

of the high cost of production and the low price received from the product.

Coal Production.—Reports from the producing fields in this district indicate that the total tonnage of coal mined in 1919 was approximately 26,500,000 tons as compared with 33,100,000 tons mined in 1918. The decrease is about 21% for the states of this district, which is a slightly higher percent than for the entire United States. Figures reported by the Southwestern Interstate Coal Operators Association for Missouri, Kansas and Oklahoma, and by the State Coal Mining Inspector for Colorado, with estimates on the Wyoming production, follow:

	1919 Production Tons	Per Cent Decrease	Per Cent Capacity
Colorado	10,307,214	18.6	81.2
Kansas	5,794,216	15.5	76.6
Missouri	2,167,158	40.3	60.0
Oklahoma	671,158	30.2	69.9
Wyoming	7,500,000	18.0	82.0
Total 1919	26,439,746	21.0	79.2

The mild winter and slackened after-war demand for coal, together with a shortage of experienced miners and high cost of production, affected operations to some extent. The strike of the miners which came early in November was the chief cause of the reduction of output. The miners in the Missouri-Kansas-Oklahoma district remained out more than six weeks, effectually tying up all mines in those states, although operations in the Colorado and Wyoming mines were suspended for a shorter period by the miners returning to work in November. Coal is being mined in all of the states at the present time

LABOR.

Following a year of general labor unrest, numerous wage demands and wages increases, and an unprecedented number of strikes affecting practically every industry, the beginning of the year 1920 found the situation vastly improved. There was an easier feeling all around and conditions are more nearly normal than at any time since the early period of the war. Reports to this Bulletin from all of the important cities of the district express this view.

Kansas City reports on January 1 a plentiful supply of labor and no disturbing factors. At Omaha the year began with no strikes and a general improvement. Joplin, Topeka and St. Joseph reported no strikes. At Santa Fe the situation was regarded as good though the increased cost of living was said to be calling for increased wages. At Pueblo, the center of the recent steel and coal strike in Colorado, the report was no strikes pending and labor well employed. Denver reported conditions good with no disturbing factors but with the labor supply short and some feeling of uncertainty. The same conditions prevailed at Wichita where wage advances were the rule during the past season, particularly in all unionized trades. At Oklahoma City the situation was described as "normal," while at Muskogee conditions were more settled. At Lincoln the shortage of labor felt last summer and fall does not now obtain.

The strike of the miners of bituminous coal that was recently ended was the most far-reaching as affecting all industry, as well as entailing unestimated losses to miners and operators. The steel strike was less hurtful to this district, aside from the losses sus-

tained locally by the closing down of the steel works and mines of the Colorado Fuel and Iron Company in which more than 6,000 men were employed. Strikes of street railway employees in several cities, of members of the building trades here and there, of teamsters, shopmen and various other crafts, were of a local character, but all having some effect on hampering business activity and curtailing production.

Increase of wages to meet the high living costs were granted everywhere in the district and in a vast majority of cases the increases were granted voluntarily, or the demands met without protest, so that the high wages of 1919 were carried over into 1920.

It is apparent that a vast majority of workers in this district recognize that relief from the conditions complained of can come only through the largest possible production of things needful and are less swayed by radical influences. With such an understanding of the situation, with full employment in sight for every man who desires to work, the outlook for a great year of industrial activity is regarded as exceptionally bright.

BUILDING.

Adding December's total to the total for the eleven months of 1919 the estimated cost of buildings erected or started in the year was \$64,176,965, as against \$27,313,073 in 1918, an increase of 134.9% for the year. Permits taken out in the fifteen cities for the erection of buildings numbered 17,298 as compared with 8,894 permits issued in the previous year. The average estimated value for 1919 was \$3,709 per building, which compares with \$3,070 as the average per building in 1918. Every city in the district reporting showed an increase for 1919 over the previous year both in the number of permits issued and in the estimated cost of the buildings.

The record for the year shows that building operations have got back to something like normal notwithstanding the fact that the cost of construction is about double the pre-war cost, by reason of the high prices of material and labor. It is evident from reports coming from all cities and towns throughout the district that only a start has been made toward catching up with the insistent demands for buildings. Building projects involving millions of dollars in cost apparently are awaiting more favorable price conditions. But regardless of prices it is predicted that the year 1920 will see greater activity than 1919, as the needs are so urgent the projects cannot longer be held back.

**Statement of Condition of
FEDERAL RESERVE BANK OF KANSAS CITY
Including Branches.**

RESOURCES		At Close of Business	
	Jan. 9, 1920	Jan. 16, 1920	
Gold Coin and Certificates.....	\$ 247,385.00	\$ 339,720.00	
Gold Settlement Fund F. R.			
Board	24,293,763.99	26,607,256.14	
Gold with Federal Reserve Agent	39,465,345.00	38,100,280.00	
Gold Redemption Fund.....	4,255,187.20	5,451,652.20	
Gold with Foreign Agents.....	5,919,383.49	5,775,463.60	
Legal Tender Notes, Silver, etc.	319,715.70	286,597.50	
Bills Discounted:			
Secured by Govt. War Obligations	37,354,374.08	33,261,766.11	
All Other	51,810,321.55	58,488,379.04	
Bills Bought in Open Market..	15,210,552.20	14,013,553.12	
U. S. Govt. Bonds.....	8,867,750.00	8,867,750.00	
U. S. Cert. of Indebtedness....	16,832,000.00	20,780,000.00	
Bank Premises	461,686.76	461,686.76	
Uncollected Items and Other			
Deductions from Gross Deposits	89,970,906.71	88,543,947.34	
5% Redemption Fund Against			
F. R. Bank Notes.....	957,460.00	957,460.00	
All Other Resources.....	468,220.59	474,704.51	
Total Resources	\$296,434,052.27	\$302,410,216.32	
LIABILITIES			
Capital Paid In.....	\$ 4,021,750.00	\$ 4,021,300.00	
Surplus	6,116,033.36	6,116,033.36	
Government Deposits	1,192,438.15	2,559,881.02	
Due to Members, Reserve Acct.	89,238,267.11	91,900,910.56	
Other Deposits	3,734,979.57	4,142,402.65	
Deferred Availability Items...	69,639,385.80	71,841,755.91	
F. R. Notes in Actual Circulation	102,213,765.00	101,485,360.00	
F. R. Bank Notes in Actual Circulation	19,482,300.00	19,482,800.00	
All Other Liabilities.....	795,133.28	859,772.82	
Total Liabilities.....	\$296,434,052.27	\$302,410,216.32	
OTHER TOTALS			
Total Gold Reserves.....	\$ 74,181,064.68	\$ 76,274,371.94	
Total Earning Assets.....	130,074,997.83	135,411,448.27	
Total Gross Deposits.....	163,805,070.63	170,444,950.14	
Contingent Liability as Endorser on Bills Rediscounted with Other Federal Reserve Banks	11,850,000.00	5,000,000.00	
Ratio of Total Reserves to Net Deposit and Federal Reserve Notes Liabilities Combined.	42.3%	41.7%	
Ratio of Gold Reserve to Federal Reserve Notes in Actual Circulation After Setting 35% Against Net Deposit Liabilities	47.2%	46.9%	
CLEARINGS			
Total Clearings for Week.....	\$239,105,312.59	\$243,442,077.74	
Total No. of Items Handled....	843,051	832,899	

BUILDING OPERATIONS IN FIFTEEN CITIES FOR 1919

	DECEMBER				Inc. %	TWELVE MONTHS				Inc. %
	No. Permits		Estimated Cost			No. Permits		Estimated Cost		
	1919	1918	1919	1918		1919	1918	1919	1918	
Kansas City, Mo.....	172	68	\$1,084,250	\$137,500	685.5	4,178	1,900	\$13,224,050	\$ 5,649,445	134.
Oklahoma City, Okla.....	110	52	1,264,378	159,645	690.	1,637	860	8,983,179	2,504,451	258.6
Tulsa, Okla.	164	67	921,165	156,277	432.7	864	100	9,479,103	4,846,780	95.5
Omaha, Nebr.	33	32	749,575	131,365	472.5	1,832	913	8,602,907	3,678,554	133.9
Wichita, Kans.	59	21	543,450	22,175	2350.6	1,241	842	4,849,921	3,065,631	58.2
Denver, Colo.	157	53	480,550	30,200	1491.2	3,036	1,960	6,779,880	2,595,890	161.1
Okmulgee, Okla.	59	18	194,050	53,000	266.	812	243	3,331,925	868,935	283.4
Kansas City, Kans.....	13	4	75,800	15,600	321.8	494	261	1,637,237	1,033,941	58.3
Lincoln, Nebr.	16	10	60,600	3,370	1698.2	674	341	2,052,452	758,577	170.5
Muskogee, Okla.	12	3	37,960	5,775	556.1	209	51	794,051	220,625	259.5
St. Joseph, Mo.....	19	22	32,500	31,575	3.2	557	311	1,091,720	560,917	94.6
Joplin, Mo.	15	6	29,550	14,810	99.5	314	270	922,795	785,345	17.6
Pueblo, Colo.	11	17	20,940	6,022	247.7	562	442	676,300	373,309	81.2
Topeka, Kans.	11	7	7,895	5,685	38.9	488	213	1,432,295	206,491	591.7
Colorado Springs, Colo....	20	5	5,347	11,105	-51.8	401	187	319,145	164,182	94.5
Total for Year.....	871	385	\$5,508,010	\$785,704	600.5	17,299	8,894	\$64,176,965	\$27,313,073	134.9