

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

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PRICE recessions, more sweeping than any others occurring since the high war peaks were attained, contributed to the unsettlement of conditions in the month of September and in October to this date. A survey of the markets shows that nearly every staple produced in the Tenth Federal Reserve District was affected, more or less, by frequent declines in prices. Wheat, corn and oats suffered such radical reductions as to leave a wide margin between prices prevailing in the first full week in October and the high prices of last mid-summer. Other products of the farm and orchard declined in price. Flour broke heavily in sympathy with wheat. Grass cattle, constituting the bulk of the marketings, slumped perceptibly. Sheep also went down in price. Even hogs, after showing strong resistance, shared to some extent in the price adjustment movement.

The effect of such deflations of commodity values as above stated—together with September declines in cotton, wool, textiles, hides, leather, manufactured products, and some of the building materials—would naturally cause general hesitancy in business. In this district, however, the process of adjustment thus far has been accompanied by no violent upheavals. In fact, there is noted in the reports which form the basis for this review a tone of cheerfulness, born of confidence that underlying conditions are sound and that things will in due course of time right themselves.

Although there is some uncertainty in the primary markets, retail trade and the consuming trade is proceeding quietly, September sales averaging around 6% better than in September, 1919. Buying by wholesalers is light, and manufacturing operations are restricted, but as foreign demand for goods has been somewhat reduced there is no fear regarding scarcity of goods in the future.

Of the many reports on conditions in this district it is noted that there has been a general improvement in the labor situation. The supply is keeping even with requirements and in some instances labor is reported more plentiful. Aside from a strike of coal miners in the McAlester, Oklahoma field, inaugurated October 15, there are no strikes of importance now pending. Demands are more conservative and there is pointed out an increased efficiency in the individual worker which, it is asserted, should exert a steadying

influence on industry and the situation in general.

The coal supply situation is improved and fears of winter shortage are disappearing with increased efficiency of the railroads in distribution. Production of oil is at a high mark, though consumption in the United States this year is reported to be larger than the entire world consumption in 1918. Lead and zinc mining showed great activity in September, while no particular improvement in metal mining was reported. The building reports showed further declines in September, but with a nation-wide movement looking to improvement of the housing situation, and with lumber and material prices somewhat lower than the high levels of the earlier months of this year, greater activity is anticipated in the coming year.

Commercial failures in this district in the nine months of the year now passed numbered 313 with \$3,084,067 of liabilities, which compares with 189 failures and \$3,202,953 of liabilities in the first nine months of 1919. According to the reports there were only three insolvencies of banks in the entire Tenth Federal Reserve District, out of a total of approximately 4,500 banks, in the nine months of this year. Dun's reports for September and for the first nine months of 1920, on commercial failures in the Tenth Federal Reserve District, with 1919 figures for comparison, follow:

	Number Insolvencies		Liabilities	
	1920	1919	1920	1919
September	26	20	\$ 466,451	\$ 152,458
Nine mos.	313	189	3,084,067	3,202,953

FINANCIAL.

The demand for loans continues strong, with rates advancing. At this time there is no evidence of early liquidation. The continued heavy demand appears to have been caused largely by delayed marketing of crops, due not only to shortage of cars but the tendency on the part of many farmers to hold for higher prices. Another factor in the situation is the fall planting, which has caused a decrease in country bank deposits. During the planting season the farmers have had no time or inclination to market their products. Conservative bankers are urging their customers to at least market sufficient grain to liquidate their bank indebtedness, speculating if they so desire on any remaining portion. This appears to be wise council, and unless some similar action is taken all over

the district the outlook for sufficient liquidation at this season to enable banks to prepare for the spring demand is unfavorable.

Member Banks Showing.—Eighty-three selected member banks in cities widely scattered over the district reduced their loans \$4,120,000—which is less than three-fourths of 1%—between September 3 and October 1, as reflected by their reports to the Federal Reserve Bank of Kansas City. In the same four weeks, largely on account of the demand for funds, deposits in these eighty-three member banks decreased \$23,268,000, or a little less than 4½%. The totals on the principal items are shown in the following:

	Oct. 1, 1920	Sept. 3, 1920
Total U. S. Securities owned.....	\$ 51,879,000	\$ 53,355,000
Loans (exclusive of discounts) secured by U. S. war obligations...	20,678,000	20,123,000
Loans secured by stocks and bonds other than U. S. Securities.....	79,144,000	80,288,000
All other loans and investments...	446,603,000	450,124,000
Reserve Balance with F. R. Bank...	45,626,000	47,598,000
Net demand deposits on which reserve is computed.....	404,849,000	426,849,000
Time deposits	97,393,000	98,661,000

Clearings.—Bank clearings in twenty-eight cities of the district in September were \$1,867,451,914, which is \$55,180,469 more than the total reported from twenty-nine cities in August. The clearing house transactions for the cities reporting for both years disclose a decrease of less than one-half of one percent for September as compared with the transaction in the same month last year. Taking into consideration the decisive yielding of prices in many of the products of this section and a slowing down of the wheat movement, the September showing made by the clearing houses is regarded as indicative of an increasingly larger volume of business. Figures for the month are compared below with September, 1919, with percent of increase or decrease:

	Sept., 1920	Sept., 1919	Pct. Change
Kansas City, Mo.....	\$ 963,187,726	\$1,080,241,146	—12.1
Omaha, Neb.	245,510,191	283,134,884	—13.3
Denver, Colo.	177,549,072	150,001,059	18.3
Oklahoma City, Okla...	136,336,542	61,721,779	120.9
Wichita, Kans.	64,870,081	44,767,330	44.9
St. Joseph, Mo.....	63,108,105	71,526,334	—13.3
Tulsa, Okla.	54,581,100	45,004,859	21.2
Kansas City, Kans.	23,138,000	3,155,568	633.3
Lincoln, Neb.	22,166,816	24,996,291	—12.7
Muskogee, Okla.	19,943,360	16,762,917	18.9
Hutchinson, Kans.	16,399,200		
Topeka, Kans.	13,107,896	16,871,086	—28.7
Joplin, Mo.	7,752,363	6,390,565	21.3
Cheyenne, Wyo.	6,879,078	6,049,274	13.7
Grand Island, Neb....	6,604,281		
Okmulgee, Okla.	5,816,909	4,305,469	35.1
Colo. Springs, Colo.	5,466,617	4,623,017	18.2
Bartlesville, Okla.	4,989,836	4,944,305	0.09
Pueblo, Colo.	4,866,612	3,352,202	45.2
Atchison, Kans.	4,004,110	3,563,306	12.4
Hastings, Neb.	3,665,844	3,448,783	6.3
Fremont, Neb.	3,261,745	4,220,735	—29.4
McAlester, Okla.	3,165,000		
Guthrie, Okla.	2,714,236	2,488,809	9.1
Parsons, Kans.	2,274,005	2,092,735	7.9
Miami, Okla.	2,261,182		
Lawrence, Kans.	1,980,947	2,050,702	—3.5
Lawton, Okla.	1,851,060	1,280,153	41.5
September totals	\$1,867,451,914	\$1,846,993,308	*—0.43
Nine months	13,619,069,561	12,111,768,726	12.4

*Percentage computed on cities reporting for September of both years.

Collections.—Some improvement is noted in the reports for September, and collections generally are good, in some instances fair, though not up to the activity of one year ago. Indebtedness, after declining in August from the high point reached at the end of July, took an upturn in September and on October 1 was several points higher than on the same date last year.

MERCANTILE.

Wholesale dealers report purchases of dry goods and kindred lines slow and below last year's volume. Early orders for fall shipments have been completed and there are practically no unfilled orders and no advance orders yet taken for spring delivery. Wholesalers are not buying on account of unsettled condition of manufacturing prices. They report that retailers are buying from hand to mouth but do not hesitate to buy their wants, which in the aggregate exceed sales for the same period last year. Reductions of about 20% have been made on prices of well known brands of staple cotton goods. As foreign demand for manufactured goods is somewhat reduced during recent months there is no fear among buyers regarding scarcity of goods in the future.

In millinery wholesalers say cautious buying prevails and while trade in September was below that of August by about 30% it was slightly heavier than one year ago. Unfilled orders at the end of September were very light.

The wholesale drug trade is reported as nearly normal, sales in September being 5% larger than in August and 10% larger than in September, 1919.

Sales of groceries are reported by wholesalers about 7% larger than in August but only 3.5% larger than in September a year ago. Both wholesalers and retailers are proceeding cautiously because of price uncertainties. Concerning future supplies it is pointed out that the 1920 pack was restricted and shortage may develop as demand increases.

Furniture sales in September, as reported by extensive wholesalers and manufacturers, averaged 13.7% less than in August, although exceeding sales in the same month last year by 3.9%. Very few unfilled orders are reported. Dealers are not inclined to place future orders unless prices are guaranteed.

Sales of hardware in September were 3.6% below August, but 17.4% better than in September, 1919, according to reports received from wholesale dealers. Unfilled orders are large because of inability of wholesalers to make deliveries. It is said, however, that manufacturers are gradually increasing their output.

Retail Trade.—September buying activity by the consuming public is reflected in the department store reports. These show an increase in the volume of net sales over September, 1919, and also a larger volume of sales for the season beginning with July over the same period last year. The combined department store reports follow:

Percentage of net sales during September, 1920, compared with net sales during same month last year	Inc. 5.65%
Percentage of net sales this season from July 1 to September 30, 1920, compared with net sales during the same period last year.	Inc. 11.07%
Percentage of stocks at close of September, 1920, compared with stocks at close of same month last year	Inc. 27.01%
Percentage of stocks at close of September, 1920, compared with stocks at close of August, 1920	Inc. 4.21%
Percentage average stocks at close of each month this season (commencing with Jan., 1920), to average monthly net sales during same period.	347.66%
Percentage outstanding orders (cost) at close of September, 1920, to total purchases (cost) during calendar year	6.3%

Unseasonable weather through most of September and slow buying by the public brought price reductions at the end of the month of as much as 20% in the leading men's clothing and furnishing stores in nearly all cities of the district. This stimulated buying to a considerable extent. Reduction sales in many lines of dry goods, millinery and shoes brought improvement to the situation, although it was apparent from reports that customers were buying for their immediate needs.

AGRICULTURE.

Corn.—In the states of the Tenth Federal Reserve District most of the corn was mature enough to escape any great damage from the early frosts that came in the last week of September. Late fields on low lands where the corn had not matured sufficiently suffered some damage, but by feeding such corn at once losses are expected to be small. Corn for silage has been practically all cut and much of the backward fields was used for that purpose. Cutting and shocking of corn for grain is progressing rapidly.

Reports on the condition of corn from the states of this district to October 2 follow:

Colorado—Corn generally quite well matured. No great damage from recent frost. Silage corn practically all cut.

Kansas—Killing frosts occurred in portions of northern half of the state. Elsewhere conditions were ideal for ma-

turing and the bulk of the crop was past damages from frost.

Missouri—Weather very favorable for maturing crop. A few bottom fields were damaged by light frost. Cutting for silage and fodder quite general.

Nebraska—A small percent of late corn damaged by frost. The great bulk of the crop was matured and benefited by the frost.

New Mexico—Harvesting in progress. Yields large.

Oklahoma—Practically all late corn safe from frost damage and being shocked as rapidly as possible. Crop is one of the best ever grown.

Wyoming—Condition good. Cutting progressing nicely. Crop out of frost danger.

Winter Wheat.—Seeding progressed rapidly under favorable weather and soil conditions through September so that by October only a small percent of the acreage remained unplanted. Much of the early planted wheat was up and doing well at the beginning of October, according to the reports, although in some sections it would be greatly benefited by light rains. Some complaint of worm damage was reported from western sections of Oklahoma, but generally the growing wheat was reported in good condition.

Threshing of this year's winter wheat from the stack was reported as progressing slowly. Harvesting of spring wheat was generally completed in Colorado and Wyoming and threshing was in progress. The yield per acre is about as usual. The harvesting of oats and barley in Colorado and Wyoming was about completed and threshing was in progress. Seeding for next year's crop of rye was also in progress.

Cotton.—The Oklahoma report of October 2 says: "Cotton is opening fast on the uplands but a trifle more slowly in the bottoms, due to rank growth. Little danger of damage if killing frosts hold off until average date. Pickers are paid \$2 per hundred. Some farmers are holding their cotton for better prices and for the price of seed to rise."

Potatoes.—The Colorado report of October 2 says: "The crop is holding up toward earlier estimates. Recent frosts killed the vines and will have a tendency to mature the crop. Digging of the late crop is well under way." In Nebraska the harvest of the commercial crop progressed slowly and marketings were light to October 1. Yields are heavy.

	CORN		WHEAT		OATS	
	Oct. 1 Forecast for 1920	Estimate for 1919	Oct. 1 Forecast for 1920	Estimate for 1919	Oct. 1 Forecast for 1920	Estimate for 1919
Boston	8,166	10,276	440	480	13,599	12,123
New York	39,171	41,089	11,834	12,493	48,283	31,856
Philadelphia	62,563	66,444	23,808	25,922	28,291	23,214
Cleveland	211,282	212,297	34,487	63,748	85,291	70,279
Richmond	199,349	188,994	37,613	37,094	28,005	26,397
Atlanta	259,043	240,315	6,614	10,326	27,177	29,008
Chicago	939,972	927,852	63,037	112,202	559,327	461,082
St. Louis	468,004	380,722	54,684	108,022	70,585	63,595
Minneapolis	260,030	242,363	147,994	135,094	287,150	208,857
Kansas City	561,543	372,870	259,108	300,994	204,218	182,677
Dallas	197,680	225,743	15,113	33,605	48,155	99,004
San Francisco	9,389	8,485	95,916	101,008	44,281	40,219
Total	3,216,192	2,917,450	750,648	940,988	1,444,362	1,248,311

Hay.—Harvesting the fourth crop of alfalfa was reported in progress in Kansas, Nebraska and Oklahoma at the beginning of October, while in Colorado and Wyoming the third cutting was under way. This year's crop of alfalfa, as well as of other grasses, has been heavy, due to plenty of moisture and an exceptionally good growing season.

Fruit.—Apple picking was in full progress October 1. Jonathans, Grimes Golden and late fall apples had been mostly harvested at that date, and the winter varieties such as Winesaps, Ben Davis, Gano, York Imperials and Huntsmen were being picked, the quality being excellent. In the mountain states the apple crop was well made and the harvest commenced. Peaches were about all harvested.

GRAIN MOVEMENTS AND PRICES.

While the grain markets in the month of September were erratic and unsettled because of wide sweeps in prices, in which wheat, corn and oats declined to lowest levels since the war, the receipts of wheat at the markets of this district slumped to at least 10% below receipts for August and about 25% below the receipts for September of last year. A slight improvement in the supply of corn and other grains is noted in the September reports.

Wheat.—While the falling off of wheat marketings in September may have been influenced in part by inadequate facilities for transportation and slow market demands, most of the reports from the country would indicate that the chief cause of the slump was due to a disposition on the part of farmers to store and hold wheat, believing that prevailing prices are too low.

An illustration of the downward trend of wheat prices from the high levels of last July may be had from the following reports of average cash sales of wheat at Kansas City in each week named:

	Dark Hard Winter	Hard Winter	Red Winter
July 16	\$2.87@2.96	\$2.72@2.90	\$2.73@2.87
August 13	2.63@2.71	2.54@2.57	2.49@2.54
September 3	2.60@2.64	2.59@2.60	2.54@2.60
September 10	2.62@2.65	2.46@2.55	2.55@2.65
September 17	2.51@2.52	2.40½@2.45	2.51@2.57
September 24	2.45@2.53	2.34@2.40	2.48½@2.50
October 1	2.26@2.29	2.18@2.22	2.26@2.32
October 8	1.93@2.10	1.90@2.03	2.05@2.14

Corn.—Declines in corn prices were no less remarkable than the declines in wheat prices. Between September 3 and October 2, No. 2 white corn at Kansas City dropped from \$1.45 to 98c. The following are the reported averages of cash sales of corn at the dates mentioned:

	No. 2 White	No. 2 Yellow	No. 1 Mixed
September 3	\$1.44	\$1.45	\$1.43
September 10	1.40½	1.35	1.32
September 17	1.20	1.23	1.20
September 24	1.15	1.20	1.12
October 2 . . . . .	.98	.94½	.90
October 9 . . . . .	.85	.89	.85

Oats.—No. 3 white oats, which on July 9 sold at \$1.05 in Kansas City, sold at 67½c September 3, at 65c September 10, at 61½c September 17, at 59c September 24, at 56¼c October 2 and 54c October 9.

FLOUR MILLING AND PRICES.

Production of flour at the mills of this district in September was 25.9% below the record for the same month last year and on basis of about 60% of capacity. The Northwestern Miller's reports covering operations at Kansas City, Omaha and 92 mills in Missouri, Kansas, Nebraska and Oklahoma outside of these cities are indicative of the milling activity of the district. They show the output in barrels for the four weeks above mentioned as follows:

	1920	1919
Kansas City	255,200	335,200
Omaha	34,689	82,455
92 Interior Mills	1,086,141	1,440,276
Total four weeks	1,376,030	1,857,931

The slowing down of milling operations, as indicated by the decreased output, is reported to be due largely to the general decline of the wheat market late in September and at the beginning of October. Buyers who had previously indicated their intention of buying flour when a certain figure was reached, were still cautious even after drops in prices which placed flour quotations below the figure spoken of by the buyers. Some idea of the change in prices of hard winter wheat flour is indicated by the Northwestern Miller's reports of quotations per barrel at Kansas City on October 5 and on September 7, which follow:

RECEIPTS OF GRAIN IN SEPTEMBER

	Kansas City		Wichita	
	1920	1919	1920	1919
Wheat, bu.	7,597,800	10,180,350	1,580,000	2,052,000
Corn, bu.	493,750	357,500	17,500	25,000
Kaffir, bu.	159,500	86,900	10,800	
Oats, bu.	895,900	622,200	30,000	5,000
Rye, bu.	82,500	49,500	5,000	
Barley, bu.	144,000	154,500		

SHIPMENTS OF GRAIN IN SEPTEMBER

	1920	1919	1920	1919
Wheat, bu.	4,730,400	6,690,600	790,000	1,200,000
Corn, bu.	236,250	166,250	12,000	12,000
Kaffir, bu.	126,000	31,000	10,800	
Oats, bu.	453,500	430,500	30,000	2,000
Rye, bu.	20,900	15,400	5,000	
Barley, bu.	76,700	83,200		

Kansas City flour movements in September were: Receipts—61,750 bbls. Shipments, 227,175 bbls.
In September, 1919, receipts were: 106,600 bbls. Shipments, 390,000 bbls.

	October 5	September 7
Short patent	\$10.90@11.10	\$12.60@12.75
Straight	10.00@10.40	11.50@11.70
First clear	8.50@ 9.25	10.40@11.00

Mill feed also suffered price reductions and dullness of trade.

LIVE STOCK.

Features of the live stock supply situation at the six markets of this district in September were: A seasonal increase in the movement of grass cattle and continued relative scarcity of corn feds, a lighter marketing of hogs and a slight increase in receipts of sheep. The supply of cattle for September was the largest of the year and season, being 28.9% larger than in August, though it was 20.7% below the supply in September of last year. The number of calves on the markets was about the same as in the previous month and in the corresponding month of 1919. Hogs received in September were 16.4% less in number than in August and 11.7% below the record for September, 1919. The sheep supply showed 24.7% increase over August and a loss of 38% when compared with the figures for September of last year.

Following are the figures representing receipts of live stock at each of the six markets for September, with combined totals for these markets for August, 1920, September, 1919, and for the first nine months of this and last year:

	Live Stock Receipts				
	Cattle	Calves	Hogs	Sheep	Horses & Mules
Kansas City ...	274,446	61,291	116,770	221,388	5,855
Omaha	183,720	10,639	108,668	517,883	2,159
St. Joseph	56,085	13,940	88,963	95,194	3,106
Denver	37,027	3,720	13,583	205,817	1,624
Oklahoma City..	34,463	6,485	34,890	1,997	385
Wichita	26,867	.....	18,870	1,824	1,309
Sept., 1920	612,608	96,075	381,744	1,044,103	14,438
Aug., 1920	476,810	96,724	456,800	837,061	20,587
Sept., 1919	773,290	95,318	432,201	1,684,623	27,989
9 Mos., 1920.....	3,857,787	474,179	6,546,175	5,284,222	155,279
9 Mos., 1919....	4,476,940	486,528	7,759,137	6,197,321	127,023

Cars of live stock received numbered 33,515 in September as compared with 41,863 in September, 1919, a decrease of 8,348 cars or 19.9%.

Cattle.—Tippy corn fatted steers sold all month around \$17@17.50. But with straight grassers as the bulk of the offerings it is noted that never before was there such a wide spread in prices of cattle as was shown in the quotations at end of September. Values on the grassers were anywhere from \$1.50@3.00 lower than at the close of August, some pretty good steers selling as low as \$8.00 per cwt. At the close of the month values on the better grades of butcher cows were down to the lowest levels reported in months. Early in the month scattered sales of fed cows were made at \$12.50, but at the close very few cows were good enough to bring \$9.00.

The movement of stockers and feeders to the country was the heaviest of the year and materially heavier than in September a year ago. Stockers and feeders were about 50c lower at the end of the month, but steady, and in good demand.

Hogs.—The light receipts of hogs in September is attributed by stockmen to the huge corn crop in this district, a large portion of which will be fed and converted into pork. The prices paid on bulk sales of hogs in the week of September 21, were \$16.85@17.40 at Kansas City and \$16.25@16.75 at Omaha. Closing prices for the month at Kansas City were \$16.25@16.90 and at Omaha \$15.00@16.50. During the week ending October 9 hogs declined in price, the bulk of the sales at the end of the week being at \$14.65, with \$15.50 as the top price paid.

Sheep.—The trade in sheep and lambs during September was uneven and closing prices were sharply lower. The price range at Kansas City September 28 was \$9.00@13.25 on lambs and \$7.00@9.00 on yearlings; at Omaha \$11.00@13.25 on lambs and \$8.00@9.25 on yearlings. There was a decline of around 50c in the week ending October 9.

Packers' Operations.—September slaughter of meat animals was heavier than in August but somewhat below the slaughtering operations in September a year ago. Figures representing the purchases by packers follow:

	Cattle	Calves	Hogs	Sheep
September, 1920	362,737	73,346	423,790	529,046
August, 1920	225,838	56,784	346,439	322,177
September, 1919	436,110	81,860	629,236	583,442

All live stock is reported as in favorable condition, and pastures and ranges are generally excellent for this season of the year.

PETROLEUM.

Production of crude oil in Kansas and Oklahoma in September is estimated from unofficial reports at an average of 400,775 barrels daily for the thirty-day month, indicating a total output of 12,023,250 barrels, which is probably 2% to 5% below the total to be reported when the official returns are forthcoming. This compares with a total of 9,210,000 barrels production in September of last year or an increase of 30.5%. Production in the Rocky Mountain fields, which has been averaging around 1,600,000 barrels monthly since May, was maintained at a little better than that figure in September, though official reports have not been received.

The extent of the activity in the Mid-Continent field to bring production of oil up to market requirements is to be seen in the following table which shows the volume of crude oil produced each month this year in comparison with the volume for the corresponding months in 1919:

	Kansas	Oklahoma	Total
January	2,622,538	7,747,861	10,370,399
February	2,523,725	7,427,306	9,951,031
March	2,856,867	8,194,230	11,051,097
April	2,890,080	8,626,050	11,516,130
May	3,046,215	9,338,471	12,384,686
June	2,859,060	9,014,340	11,873,400
July	3,057,189	9,842,810	12,899,999
August	3,198,425	9,712,300	12,910,725
September (est.)	3,037,500	8,985,750	12,023,250
Nine months in 1920	26,091,599	78,889,118	104,980,717
Nine months in 1919	21,528,686	60,581,560	82,110,246
Increase	4,562,913	18,307,558	22,870,471

According to these figures production in Kansas and Oklahoma in the first nine months of this year increased 27.8% over the same period in 1919. The average daily production for the nine months, or 273 days this year was 384,547 barrels, which is compared with 301,876 barrels, as the daily average production for the 272 days of the first nine months of last year.

A summary of development operations in Kansas, Oklahoma and Wyoming shows fewer wells completed in September than in the previous month or in the corresponding month last year, but on the whole the fewer wells this September brought 2,562 barrels more of daily new production than the August report shows and 8,641 barrels more of daily production than was recorded for September, 1919. The following shows the development operations:

	Wells Completed	Bbls. Daily New Production	Rigs and Drillings
Kansas	262	18,411	500
Oklahoma	742	61,876	2,031
Wyoming	44	3,630	568
Sept., 1920	1,048	83,917	3,099
Aug., 1920	1,135	81,355	3,323
Sept., 1919	1,117	75,296	2,606

Crude oil prices were practically unchanged in September. The situation, however, was complicated by efforts to adjust prices to the recent advance in freight rates, refiners in the Mid-Continent field being handicapped by competition of pipe lines which are not affected by the freight situation. Efforts to adjust this situation are as yet unsuccessful. Gasoline continues in active demand with refiners meeting requirements, though a slump in the automobile demand is believed to be near at hand.

MINING.

Coal.—The reports from the various fields tell of great activity in production of bituminous coal to meet winter requirements, as well as railroad co-operation for distribution. The estimated production of bituminous coal in the United States for the first 228 working days of the calendar year (to September 25) place the total mined at 392,747,000 tons, as compared with 341,276,000 tons in the same time last year and 436,936,000 tons mined in the first 228 working days of 1918. The daily average for the last week for which a complete report is available (September 25) was 1,969,000 tons, or 11,817,000 tons for the week. Efforts are making to increase the daily output to over

2,000,000 tons and thus bring the weekly production to above 12,000,000 tons.

While the figures indicate that production in 1920 is 51,471,000 tons ahead of 1919, it is also remembered that last year consumption exceeded production and there was a net draft on stocks of something like 40,000,000 tons for that year.

Production of bituminous coal in the states which, wholly or in part, are in the Tenth Federal Reserve District, based on railroad shipments, are given in net tons for the months of July and August and for the first three-quarters of 1920, as follows:

	July	August	Eight Months
Colorado	851,000	885,000	6,129,000
Kansas	460,000	367,000	4,344,000
Missouri	457,000	438,000	3,832,000
New Mexico	282,000	297,000	2,274,000
Oklahoma	324,000	337,000	2,676,000
Wyoming	818,000	909,000	6,436,000
Total tons	3,192,000	3,234,000	25,691,000

Weekly reports show that the mines of Missouri and Oklahoma were operated in September at about 75% of full capacity, while the Kansas mines were operated at 55.5% of full capacity. The following represents the percentage of time lost in the three weeks of September for which full reports are at hand:

	Missouri	Kansas	Oklahoma
Transportation disability	7.3%	18.9%	11.8%
Labor shortage	4.1	7.8	2.8
Strikes	0.2	0.5	0.1
Mine disability	13.3	16.9	4.4

A coal strike was inaugurated in the McAlester field of Oklahoma October 15, over pending controversies, the extent of which cannot at this time be forecast.

The retail price of coal has advanced generally throughout the district to meet the increased transportation charges, and, with the recent increases due to the latest wage awards, bituminous coal has reached a higher price than was reached at any time during the war. Retail prices of bituminous coal at Kansas City the first week in October were \$10.00@11.50 for the best grades of lump. Semi-anthracite was selling at \$16.50, Arkansas anthracite at \$20.00, briquettes, \$16.50. Denver prices on bituminous lump were \$11.50, nut \$11.00, Routt County lump \$12.50 and Southern bituminous 50c less.

Lead and Zinc.—Very encouraging shipping conditions marked the month of September, according to a review of the Joplin district covering operations for that month. From a shipment of 10,150 tons per week in the month of August, there was an increase to 12,732 tons per week in September. Calamine ores increased from 170 tons per week to 205 tons per week in September. Lead ores increased from 1,610 tons to 2,122 tons in September. These increases in shipments had a very helpful effect upon the growing surplus stock. There was a reduction of surplus stocks of 3,000 tons during September, bringing the surplus stock down to 30,000 tons at the end of the month. There is approximately 27,000 tons of sold stocks in

the district. Lead ore stocks opened the month at 500 tons and closed at 550, which compares with 200 tons at the beginning and 250 tons at the end of the corresponding month in 1919.

There were some wide ranges of zinc ore prices during the month, the variation running from \$50 as a maximum base to \$40 as a minimum base. The majority of the tonnage sold ranged around \$45 for the last two weeks of the month. Calamine ores showed little change, the base price being \$30 to \$35. The average price of all blende ores for the month was \$46.20; the average for calamine ores was \$35. This compares with \$43.11 for blende and \$28.93 for calamine in 1919.

There was also a severe drop in the price of lead ores, the price tumbling from \$110 at the beginning of the month to \$80 at the close, a decline of \$30 per ton within the four week period. This decline of approximately 30% within thirty days proved a severe handicap to mining operators, as they had been depending upon the lead sales to keep operations going. The drop in prices was attributed to importations of lead ore from Australia and Mexico, the imports aggregating 30,000 tons during the last two months. The average price for all lead ores sold during the month was \$94.46 as compared with \$72 in 1919.

The drop in prices of both zinc and lead ores is taken to mean a further curtailment of ore production during the month of October. Every possible element for curtailment is being brought into play and it would not be surprising to see 2,000 tons cut off the production list during the month. There is some anticipation of reductions in mine supplies, the likely reductions coming in cotton and rubber belts, powder (which was put up another \$1 per ton last month), steel and mine supplies of a general nature. Whether or not this will be sufficient to meet the reduced cost of zinc ores is not yet manifest.

Colorado Metal Mines.—There was comparatively little change in the metal mining industry during September. The local railroads are inclined to make concessions in the way of keeping the rates on ore and concentrates to the smelters where they were before the recent increase, and it is hoped by the mining interests, that the Interstate Commerce Commission will do the same with regard to manganese and other ores which are shipped out of the state. There is a feeling of uncertainty, however, in regard to what will be done in this matter and production is falling off slightly.

LUMBER AND MATERIALS.

The situation in the lumber industry at this time is unusual and almost unheard of. Home building has materially diminished and the movement of lumber through the retail yards has been much curtailed. A considerable volume is moving for repairs and sundry purposes in a small way but the demands for housing are not being supplied. The country yards are experiencing a larger trade proportionately than the city dealers, the consumption largely going to other than home building.

Reports from over the district say that the wholesale market is seriously demoralized, and in fact there seems to be no market. Lumber prices have been in process of adjustment to lower levels for some time, and in many instances reductions have been as much as 25% to 30% from the peak prices in April and May of this year. But dealers are not buying even at the reduced prices. And there is a strange psychological phenomena which, lumbermen say, always appears on a down market in the lumber industry. When prices start down both dealers and consumers stop buying and do not resume until prices start up.

Manufacturers and wholesalers, however, are taking a hopeful view of the future. They say that bountiful crops in this territory indicate that the year 1920 will demand much lumber for building purposes, and while affirming that lumber is not going back to pre-war prices, they believe the public will proceed with the necessary building on a scale not heretofore undertaken, thus indicating that there should be a buying movement in the latter days of this year for next year's supply.

The car situation in the lumber regions has been improved, particularly in the South.

Conditions with respect to brick have apparently not changed, due to high priced coal, high labor costs and shipping troubles. Still many of the material producing firms in this district, realizing that high cost of all building materials has held back construction work, are attempting to adjust prices in the hope of stimulating building.

BUILDING.

The September reports on permits issued in cities of this district show proportionately larger decreases in building activity than were shown by the August reports. The reports which are summarized in the following table indicate the extent of the slump in construction in September:

	Permits	Estimated Cost	Pct. Gain or Loss
Kansas City, Mo.....	328	\$ 582,300	—72.5
Omaha, Neb.	109	487,600	—53.4
Tulsa, Okla.	152	477,385	03.8
Denver, Colo.	318	384,650	—42.4
Oklahoma City, Okla.	110	352,309	—66.6
Wichita, Kans.	172	254,160	—25.9
Topeka, Kans.	50	170,095	42.2
St. Joseph, Mo.	64	118,437	13.5
Okmulgee, Okla.	42	103,575	—73.9
Kansas City, Kans.....	47	73,655	—71.3
Cheyenne, Wyo.	34	54,824	—32.3
Colorado Springs, Colo....	59	54,792	12.4
Muskogee, Okla.	18	51,335	220.8
Lincoln, Neb.	39	48,395	—55.9
Pueblo, Colo.	51	24,960	—83.1
Joplin, Mo.	8	3,820	—80.1
September, 1920	1,601	\$ 3,242,292	—53.4
September, 1919	1,875	6,960,880	
Nine Mos., 1920.....	15,247	57,172,517	34.3

While August and September building permits showed losses as compared with the same months in 1919, building operations for the first nine months of 1920 were still ahead of the corresponding nine months of last year.

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

At Close of Business
Oct. 8, 1920 Oct. 15, 1920

At Close of Business
Oct. 8, 1920 Oct. 15, 1920

RESOURCES

LIABILITIES

Gold Coin and Certificates...\$	685,775.00	\$	664,575.00
Gold Settlement Fund F. R. Board	20,692,598.52		25,686,122.63
Gold with F. R. Agent.....	40,979,440.00		41,060,840.00
Gold Redemption Fund.....	4,703,192.20		4,187,792.20
Gold with Foreign Agents....	4,297,066.08		4,156,738.08
Legal Tender Notes, silver, etc.	1,859,664.70		1,929,749.45
Bills Discounted:			
Secured by Govt. War Obligations	38,180,031.42		35,735,929.17
All Other	71,613,887.80		70,990,710.63
Bills Bought in open market..	3,159,630.03		2,478,430.05
U. S. Govt. Bonds.....	8,867,900.00		8,867,900.00
U. S. Cert. of Indebtedness...	12,825,500.00		12,825,500.00
Bank Premises	885,071.22		885,071.22
Uncollected Items and other Deductions from gross deposits	73,627,946.33		72,947,653.30
5% Redemption Fund Against F. R. Bank Notes.....	915,590.00		915,590.00
All Other Resources.....	295,075.30		309,925.75
Total Resources.....	\$283,588,368.60		\$283,642,527.48

Capital Paid In.....\$	4,505,450.00	\$	4,504,700.00
Surplus	8,395,257.87		8,395,257.87
Government Deposits	1,987,356.50		2,607,261.60
Due to Members, Reserve Account	76,358,220.15		73,118,743.21
Other Deposits	760,297.67		855,824.34
Deferred Availability Items..	62,296,282.77		64,016,458.58
F. R. Notes in Actual Circulation	110,566,225.00		111,393,525.00
F. R. Bank Notes in Actual Circulation	15,649,100.00		15,519,600.00
All Other Liabilities	3,070,178.64		3,231,156.85
Total Liabilities.....	\$283,588,368.60		\$283,642,527.48

OTHER TOTALS

Total Gold Reserves.....\$	71,358,071.80	\$	75,756,067.91
Total Earning Assets.....	134,646,949.25		130,898,469.85
Total Gross Deposits.....	141,402,157.09		140,598,287.76
Contingent Liability as Endorser on Bills Rediscounted with other F. R. Banks..	40,165,977.64		43,063,438.57
Ratio of Total Reserves to Net Deposit and F. R. Notes Liabilities Combined		41.0%	43.3%
Ratio of Gold Reserve to F. R. Notes in Actual Circulation After Setting Aside 35% Against Net Deposit Liabilities		44.7%	48.4%

CLEARINGS

Total Clearings for week...\$	266,424,219.64	\$	267,231,514.81
Total Number of items handled	1,147,575		1,152,594