

THE MONTHLY REVIEW

*Of Agricultural, Industrial, Trade and Financial
Conditions in the Tenth Federal Reserve District*

FEDERAL RESERVE BANK OF KANSAS CITY

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MARKED improvement in the condition and estimated yields of unharvested farm crops and slower and more orderly seasonal marketings of grain and livestock were among the important developments in the Tenth District during July. Production of flour and meat decreased and the output of minerals increased. Trade was smaller in volume than a year ago. Demand for loans at banks was about at the year's high level and there was an excess of money at low lending rates. On a whole, the volume of general business in July, measured by payments by check, was 4.8 per cent smaller than in July of last year.

The Government's August crop report, issued on the tenth of the month, showed improvement in crop conditions during July in every one of the seven states whose areas or parts are included in the Tenth District.

Corn gained 60 million bushels during the month and the August 1 estimate was for a crop of 447 $\frac{3}{4}$ million bushels or 139 million bushels more corn than farmers of this district raised in 1926. Other growing crops—notably hay, cotton and sugar beets—made good growth.

Threshing returns indicated smaller per acre yields of winter wheat than those previously forecast, thus reducing this year's crop to 240 $\frac{1}{2}$ million bushels in the preliminary estimate as compared with a harvested crop of 283 $\frac{1}{2}$ million bushels in 1926.

It was apparent from the August report that 1927 crops in this regional district would be better balanced than were those of 1926 and in spite of unfavorable weather and a late season this year production of farm crops would compare favorably with that of previous good years. Of the leading crops grown in this district those of corn, spring wheat, barley, rye, white potatoes and hay were expected to show larger yields than last year; and those of winter wheat, oats, cotton and sugar beets would be smaller.

With the best pasturage in years for this late season, many cattlemen and sheepmen took advantage of the opportunity to add as much weight as possible to their livestock at small expense. The July run of cattle to primary markets was the smallest for that month since 1921, while the market movement of sheep during the month was the smallest of the year. The livestock industry was further improved by advances in prices of all classes of meat animals.

The output of crude oil in this district was more than 1 million barrels per day and the gross production during the thirty-one days of July exceeded 31 million barrels, which was 40.8 per cent of the crude oil produced in the United States. Relief from excessive production of crude oil was promised by a movement

BUSINESS IN THE TENTH FEDERAL RESERVE DISTRICT

	July 1927 compared to June 1927	July 1927 compared to July 1926
General Business		
Bank debits, 29 Cities.....	8.3	-4.8
Reserve Bank Clearings, Amount.....	-0.5	-10.1
Items Handled.....	-4.4	-5.7
Business Failures, Number.....	-29.2	-22.3
Amount of Liabilities.....	-46.9	-15.1
Trade		
Retail, Department Stores.....	-22.1	-3.6
Wholesale, Six Lines.....	-0.7	-4.5
Lumber Sales at Retail Yards.....	-5.6	-30.1
Market Receipts		
Wheat.....	351.5	-36.0
Corn.....	-67.8	-28.7
Oats.....	-22.4	-50.0
Cattle.....	-11.0	-17.5
Calves.....	-4.5	-23.3
Hogs.....	-25.9	-4.0
Sheep.....	-14.6	-8.5
Horses and Mules.....	11.4	-1.3
Production		
Flour.....	-1.3	-18.8
Crude Oil.....	9.6	51.9
Soft Coal.....	4.8	-16.5
Cement.....	-4.7	-12.8
Face Brick.....	-14.3	-9.6
Zinc Ore Shipments.....	43.8	-15.5
Lead Ore Shipments.....	18.1	-41.2
Meat Packing		
Cattle.....	-14.0	-12.8
Calves.....	-8.9	-28.0
Hogs.....	-29.4	-4.5
Sheep.....	-12.6	-3.6
Construction		
Building Permits, 19 Cities.....	-19.4	7.2
Value of Permits.....	-19.2	-5.4
Contracts awarded, Value, District.....	-2.2	-20.2

among producers to curtail development operations in the near future, particularly in Oklahoma's Seminole field.

The production of soft coal in July was larger than in any month since April, but still below the output of last year. The production and shipment of zinc and lead ore, after touching the lowest point in three years, turned upward in July as a result of improved demand and advances in prices, and in the early weeks of August both production and shipments were almost up to the best records of the year.

In leading cities there was a decline in building activity during July compared with June, evidenced by the number and value of permits granted. July permits exceeded those in July 1926 in number, but their value was slightly less. Building and engineering contracts awarded in the district were smaller in value than a year ago.

Financial

Developments in the financial situation during the summer season tended to further ease money conditions. The volume of bank credit in the form of loans, discounts and investments fluctuated narrowly around the high level for this year and was a little below the level of a year ago. Yet the demand for credit was not sufficient to absorb the large supply of money available at low lending rates. Deposits of all classes increased. Demand deposits early in August were the largest since March, time deposits were at their peak record, while savings deposits and the number of savings accounts were larger than at this time last year.

REDISCOUNT RATE REDUCED: Effective July 29, the rediscount rate of the Federal Reserve Bank of Kansas City was reduced from 4 to 3½ per cent. The lowering of the rediscount rate was intended to benefit agriculture and livestock by offering the full facilities of this bank to the Tenth District as a means of making easier the supply of credit for the orderly movement of crops and livestock, and for general business. This action was followed by successive reduction by the Federal Reserve Banks of St. Louis, Dallas, Boston, New York, Cleveland, Richmond and Atlanta, from 4 per cent to 3½ per cent.

MEMBER BANK OPERATIONS: Condition statements of 65 member banks in leading cities of this district which report weekly to the Federal Reserve system showed the aggregate of their loans at the close of business on August 10 was the largest since October 13, 1926, but was 5.1 per cent smaller than on August 11, 1926. Loans secured by stocks, bonds and securities other than those of the United States Government were 13 per cent larger and other loans, principally commercial, were 11.9 per cent smaller than a year ago.

Investments of the reporting member banks declined slightly in the four weeks between July 13 and August 10, but were 4.8 per cent larger than on August 11, 1926. This increase was in other stocks, bonds and securities as investments in United States Government securities decreased.

Demand deposits increased during the four-week period and on August 10 were the largest since the year's peak in March, but 2.4 per cent below the total on August 11 last year. Time deposits continued the steady increase recorded for the season and on the second reporting date in August were at a new high record and 5.1 per cent larger than a year ago. Principal resource and liability items of the reporting member banks as of the three dates mentioned, here presented, show the changes during four weeks and the fifty-two weeks:

	Aug. 10, 1927	July 13, 1927	Aug. 11, 1926
Total Loans and Discounts.....	\$428,381,000	\$427,254,000	\$451,251,000
Secured by U. S. Obligations.....	3,935,000	4,308,000	4,255,000
Secured by other bonds and stocks	130,198,000	135,842,000	113,188,000
All Other.....	294,248,000	287,104,000	333,808,000
Total Investments.....	204,134,000	205,189,000	194,747,000
United States Securities.....	96,310,000	97,168,000	106,548,000
Other Bonds, Stocks and Securities.....	107,824,000	108,021,000	88,199,000
Total Loans, Discounts and Investments.....	632,515,000	632,443,000	645,998,000
Total Deposits.....	660,947,000	656,327,000	676,604,000
Demand Deposits.....	504,736,000	501,044,000	518,436,000
Time Deposits.....	155,474,000	153,779,000	147,913,000
Government Deposits.....	737,000	1,504,000	4,255,000
Reserve Balances with F. R. Bank.....	55,920,000	55,726,000	51,728,000

RESERVE BANK OPERATIONS: Discount operations of the Federal Reserve Bank of Kansas City and branches declined between July 13 and August 10, and on the latter date bills rediscounted for member banks were the smallest in amount since the week ending March 9 of this year, while bills purchased in

the open market were the smallest in amount since the week ending October 15, 1924. The total of bills and securities held on August 10 was the lowest of record dating from October 31, 1919. Principal items contained in the condition statement of the Federal Reserve Bank of Kansas City, including branches, are shown for three dates in the following:

	Aug. 10, 1927	July 13, 1927	Aug. 11, 1926
Gold Reserves.....	\$103,594,937	\$ 91,053,859	\$ 91,088,066
Reserves other than Gold.....	5,247,780	5,783,376	4,386,545
Total Reserves.....	108,842,717	96,837,235	95,474,611
Bills Discounted.....	7,691,705	13,696,921	10,741,953
Bills Purchased.....	5,926,537	9,934,907	13,120,647
United States Securities.....	31,164,000	31,581,000	34,585,900
Total Bills and Securities.....	44,782,242	55,212,828	58,448,500
Total Resources.....	199,670,106	206,544,652	204,606,906
F. R. Notes in Circulation.....	63,892,275	63,953,525	64,728,350
Total Deposits.....	89,983,342	89,970,977	87,065,044

SAVINGS: Deposits to savings accounts in fifty-six reporting banks in cities declined four-tenths of 1 per cent during July, partly as a result of withdrawals by vacationists, but the aggregate for these banks on August 1 was an amount 2.8 per cent greater than that for August 1 last year. The number of savings accounts reported by fifty-three banks was 343,027, an increase of 935 for the month and 19,720, or 6.1 per cent, for the year. Savings deposits follow:

	Banks	Aug. 1, 1927	July 1, 1927	Aug. 1, 1926
Denver, Colo.....	6	\$ 46,515,745	\$ 45,860,667	\$ 46,749,090
Kansas City, Kans.....	3	2,039,355	2,028,745	2,164,615
Kansas City, Mo.....	10	17,175,027	17,084,448	15,923,761
Lincoln, Nebr.....	3	3,024,191	3,042,729	3,017,563
Oklahoma City, Okla.....	6	7,776,638	7,987,084	8,343,113
Omaha, Nebr.....	5	7,868,562	8,082,451	7,510,066
St. Joseph, Mo.....	5	7,307,144	7,335,727	7,136,688
Tulsa, Okla.....	5	14,431,114	15,033,007	13,000,474
Wichita, Kans.....	10	5,786,740	5,858,456	5,016,413
Other Cities.....	3	821,820	852,897	816,471
Total.....	56	\$112,746,336	\$113,166,211	\$109,678,254

RESERVE BANK CLEARINGS: Check collections through the Federal Reserve Bank of Kansas City and branches at Omaha, Denver and Oklahoma City in July were smaller in both amount and number of items handled than in either June 1927 or July 1926. The figures:

	Items	Amount
July 1927.....	5,629,207	\$ 949,449,000
June 1927.....	5,888,266	954,648,000
July 1926.....	5,971,298	1,055,757,000
Seven Months 1927.....	39,916,691	6,637,545,000
Seven Months 1926.....	40,718,977	6,568,181,000

During July 3,423 banks shared in this service performed by the Federal Reserve Bank. Of this number, 975 were member banks and 2,448 were non-member banks on the par list.

BANK DEBITS: Payments by check in twenty-nine cities in the Tenth District, indicated by amounts debited by banks to individual accounts during five weeks ending August 3, exhibited an increase of \$128,101,000 or 8.3 per cent over amounts debited during the five weeks ending June 29. This gain over the preceding five weeks was seasonal in character. However, the total of debits reported by banks in the twenty-nine cities during the five weeks ending August 3 was \$84,578,000 or 4.8 per cent less than the total for the corresponding five weeks in 1926 although it exceeded the total for the corresponding five weeks in 1925 by \$109,521,000 or 7 per cent. Eleven cities reported increases in the amount of their debits over the five weeks last year, while eighteen cities showed decreases. For the first thirty-one weeks of 1927 the aggregate of debits in these cities was \$171,566,000 or 1.8 per cent larger than for the first thirty-one weeks of 1926.

BANK DEBITS IN TWENTY-NINE CITIES

	Five Weeks Ending		Per Cent Change
	Aug. 3, 1927	Aug. 4, 1926	
Albuquerque, N. M.....	\$ 12,343,000	\$ 12,529,000	-1.5
Atchison, Kans.....	7,264,000	7,838,000	-7.3
Bartlesville, Okla.....	28,877,000	26,154,000	10.4
Casper, Wyo.....	10,163,000	11,619,000	-12.5
Cheyenne, Wyo.....	7,550,000	7,157,000	5.5
Colorado Springs, Colo.....	18,032,000	17,996,000	0.2
Denver, Colo.....	192,388,000	220,569,000	-12.8
Enid, Okla.....	25,510,000	33,026,000	-22.8
Fremont, Nebr.....	4,681,000	4,494,000	4.2
Grand Junction, Colo.....	3,500,000	3,747,000	-6.6
Guthrie, Okla.....	4,514,000	4,056,000	11.3
Hutchinson, Kans.....	31,921,000	46,808,000	-31.8
Independence, Kans.....	13,209,000	13,690,000	-3.5
Joplin, Mo.....	22,312,000	19,376,000	15.2
Kansas City, Kans.....	24,764,000	24,888,000	-0.5
Kansas City Mo.....	479,575,000	522,734,000	-8.3
Lawrence, Kans.....	6,771,000	6,908,000	-2.0
Lincoln, Nebr.....	41,153,000	38,532,000	6.8
Muskogee, Okla.....	13,010,000	13,250,000	-1.8
Oklahoma City, Okla.....	122,088,000	108,107,000	12.9
Okmulgee, Okla.....	9,484,000	12,497,000	-24.1
Omaha, Nebr.....	239,131,000	239,014,000	0.1
Parsons, Kans.....	3,782,000	4,486,000	-15.7
Pittsburg, Kans.....	6,913,000	7,413,000	-6.7
Pueblo, Colo.....	24,713,000	20,962,000	18.0
St. Joseph, Mo.....	65,867,000	72,919,000	-9.7
Topeka, Kans.....	24,400,000	21,605,000	13.0
Tulsa, Okla.....	143,592,000	149,404,000	-3.2
Wichita, Kans.....	80,094,000	80,401,000	-0.4
29 Cities, 5 weeks.....	\$1,667,601,000	\$1,752,179,000	-4.8
29 Cities, 31 Weeks.....	9,794,051,000	9,622,485,000	1.8

Failures

A seasonal decline during July in the number of commercial failures in the United States, and in the Tenth District in particular, was reported by R. G. Dun & Company. The returns for this district showed fewer failures and a smaller total of liabilities than had been reported for a preceding month of the current year. July failures were also smaller than those reported for July of last year by 22.3 per cent and 15.1 per cent in amount of liabilities. Failures in the United States by Federal Reserve Districts are here shown for the month of July 1927 and 1926:

Districts	Number		Liabilities	
	1927	1926	1927	1926
First, Boston.....	209	152	\$ 4,150,388	\$ 2,742,235
Second, New York.....	355	227	6,360,670	3,707,615
Third, Philadelphia.....	54	76	1,710,627	3,318,600
Fourth, Cleveland.....	140	137	7,269,891	3,202,436
Fifth, Richmond.....	114	105	4,065,583	1,692,277
Sixth, Atlanta.....	114	75	4,162,344	2,504,453
Seventh, Chicago.....	259	232	5,153,253	5,555,849
Eighth, St. Louis.....	51	59	1,041,215	1,124,720
Ninth, Minneapolis.....	69	93	729,296	1,020,053
TENTH, KANSAS CITY.....	87	112	939,692	1,107,829
Eleventh, Dallas.....	27	72	273,924	969,986
Twelfth, San Francisco.....	277	265	7,293,091	2,733,956
Total, United States.....	1,756	1,605	\$43,149,974	\$29,680,009

Wholesale Trade

Reports of wholesale firms handling six lines of merchandise showed their aggregate sales during July were 0.7 per cent smaller than in June and 4.5 per cent smaller than in July of last year. Considered by separate lines, sales of dry goods, groceries, drugs and millinery were larger and sales of hardware and furniture were smaller than in June. Wholesalers in all lines, except drugs, reported their July sales were smaller than in July of last year.

Wholesalers of dry goods were making shipments on advance orders for July and August delivery, and their sales were considerably in excess of those for June of this year, although some dealers reported that current trade on fall goods had not responded as it should to the generally prosperous conditions resulting from the improvement in agriculture. However, wholesalers were not receiving as many cancellations of fall orders as were received at this time last year. This was attributed in part to the stronger market for cotton goods, and in part to the better general conditions than have prevailed in the past five years.

The heavy trade in groceries reported by wholesalers during the season continued through July and into August, with the volume for July larger than in June of this year but smaller than in July of last year.

The better agricultural situation was also reflected in a decided improvement in the wholesale hardware trade. While in July sales showed about the usual decline for the midsummer season, the volume of business for the month was generally satisfactory.

July was an "off" month for the wholesale furniture trade, reports showing declines in sales both as compared with the preceding month and the corresponding month last year, although there were evidences of some improvement at the end of the month.

Sales of drugs and chemicals showed no appreciable improvement during July as compared with June but on the whole were larger than a year ago. Some activity in drug sundries and soda fountain supplies was indicated.

Conditions during July were more favorable for the wholesale millinery trade and sales were greatly in excess of those for June but were much smaller than in July of last year.

Distributors of implements and farm machinery reported their sales during July were about 10 per cent above those of a year ago. Sales in some lines, however, were disappointing as in many sections there were so much moisture that it kept threshers from work and farmers were not able to get their plowing started. One of the largest distributing firms reported their sales for 1927 would be the largest of record—larger than in 1920—which was the firm's banner year.

Wholesale trade in automobile tires and accessories, which in recent years has greatly expanded with the increased number of cars in use, was heavy in July, but buying activity by consumers was slightly below that of last year at this season. Dealers' stocks were about even or slightly below last year's average. Due to a general demand on the part of automobile users for low priced merchandise some less expensive lines of goods were added by several companies.

WHOLESALE TRADE IN THE TENTH FEDERAL RESERVE DISTRICT

	Reporting Stores	SALES		OUTSTANDINGS (Mo. End.)		COLLECTIONS		STOCKS (Mo. End.)	
		July 1927	compared with July 1926	July 31, 1927	compared with July 31, 1926	July 1927	compared with July 1926	July 31, 1927	compared with July 31, 1926
Dry Goods.....	7	17.7	-7.8	4.3	-5.8	3.7	-6.7	19.7	9.0
Groceries.....	7	1.1	-3.8	-0.4	-8.2	-8.6	-1.1	-6.8	-10.6
Hardware.....	8	-7.7	-0.8	0.4	8.0	-7.9	1.0	-4.9	-6.9
Furniture.....	5	-30.8	-14.5	-10.3	-4.2	-13.4	-6.2	2.1	-4.8
Drugs.....	6	4.6	7.9	-0.3	-1.0	-2.7	-1.2	2.1	0.2
Millinery.....	4	38.7	-59.7	-10.7	-50.6	-23.2	-34.6		

RETAIL TRADE AT 34 DEPARTMENT STORES IN THE TENTH FEDERAL RESERVE DISTRICT

Stores Reporting	Sales		(Retail) Stocks		Outstanding Orders		Accounts Receivable		Collections	
	July 1927	Seven Months Compared to	July 31, 1927	July 31, 1926	July 31 1927	July 31, 1926	July 31, 1927	July 31, 1926	July 1927	July 1926
	Compared to	Seven Months 1926	compared to	June 30, 1927	June 30, 1927	June 30, 1927	June 30, 1927	June 30, 1927	compared to	compared to
Kansas City..... 3	-5.3	-4.4	4.7	-3.4	11.2	-10.5	-13.1	-3.2	-3.2	-5.3
Denver..... 4	-4.0	0.2	-4.5	-6.1	72.9	12.8	-11.2	-0.2	-2.8	-8.2
Wichita..... 3	2.6	9.0	-9.4	10.0	.....	.....	-12.7	21.5	1.6	13.2
Oklahoma City..... 3	8.7	11.4	-10.3	2.4	.....	.....	-8.1	2.9	-15.0	6.2
Omaha..... 2	-7.6	-7.8	.....	.....	.....	.....	.....	.....	.....	.....
Lincoln..... 3	-10.0	-5.4	-13.0	-11.0	.....	.....	-7.7	-12.4	-14.3	-21.8
Tulsa..... 3	4.4	11.9	-7.5	10.7	13.1	7.6	-12.0	1.0	-14.4	16.8
Other Cities..... 13	-9.9	-2.4	-4.6	-7.6	.....	.....	-5.7	-6.8	-6.9	-3.8
Total..... 34	-3.6	0.8	-4.1	-2.9	64.7	12.4	-10.4	2.2	-6.6	-3.2

Note: Percentage of collections in July on outstanding accounts June 30, all stores reporting, 40.1%. Collections same month last year 42.1%.

Retail Trade

Trade at reporting department stores in this district was 3.6 per cent smaller in July of this year than in July of last year, due in part to the fact that five Sundays in July of this year resulted in one less business day than in July last year. On the basis of daily averages, the value of sales during the month was about the same as a year ago. The reports showed July sales were 22.1 per cent smaller than in June, indicating a little more than the customary mid-summer decline. During the first seven months of 1927 the value of sales of reporting department stores was 0.8 per cent larger than for the like period in 1926. Sales of special line stores handling men's and women's apparel, in their dollar value, were 31.6 per cent smaller than in June and 0.7 per cent smaller than in July a year ago. A number of general merchandise stores and retail furniture stores reported similar declines from the preceding month, and the volume smaller than that of a year ago.

COLLECTIONS: Most of the wholesale reports reflected slight improvement in collections during July, while the composite figure on collections for reporting department stores was 40.1 per cent for July, as compared with 40.4 per cent for June and 42.1 for July 1926. Collections reported by implement firms were generally good though in some sections where threshing and marketing of wheat were retarded by rain, collections were slow and disappointing. Dealers in automobile tires and accessories reported collections improved from month to month.

The Crops

A marked improvement in crop conditions and prospects in the Tenth Federal Reserve District, and in the country as a whole, occurred during July chiefly as a result of an evenly distributed rainfall and moderate temperatures, according to the August reports of the United States Department of Agriculture and cooperating State Boards of Agriculture. This improvement continued through August and fall crops and pasturage were showing the best growth in years for this late season, although at the middle of the month rains were excessive in some localities and considerable damage to wheat in the shock and to corn and other fall crops was reported.

COMPOSITE CONDITIONS: Better conditions were reflected by the composite condition of cultivated crops in this district, which on August 1 stood at 98.1 per cent of their 10-year average on that date, indicating a gain of 4.6 percent during July, whereas the composite condition for the United States on August 1 was 99 per cent of the 10-year average, and 2.5 per cent better than on July 1. The reports showed important gains during the month for all states whose areas or parts form the Tenth District, Oklahoma leading with Nebraska and Wyoming

second and third in percentage of gain. The composite figures for these states and the increase for the month follow:

	August 1	July 1	Change
Colorado.....	95.2	93.8	1.4
Kansas.....	98.7	96.6	2.1
Missouri.....	88.6	85.8	2.8
Nebraska.....	110.2	103.3	6.9
New Mexico.....	86.1	84.2	1.9
Oklahoma.....	97.6	89.4	8.2
Wyoming.....	105.9	99.8	6.1
Seven States.....	98.1	93.5	4.6
United States.....	99.0	96.5	2.5

ESTIMATED YIELDS: Official forecasts, or estimates on yields, indicated all growing crops in this district made substantial gains between July 1 and August 1. It was apparent that this year's crops of corn, spring wheat, barley, rye, potatoes and hay would, under favorable conditions up to the time of their harvest, exceed the yields of 1926. On the other hand, this year's crops of winter wheat, oats, sugar beets, broom corn and cotton were expected to be smaller than those for the preceding year. Estimated production of the leading farm crops in the Tenth District, compiled from the official reports as of August 1 are here presented with the estimates of July 1, 1927, and August 1, 1926, for comparison:

	August 1 1927	July 1 1927	Final 1926
Corn, bushels.....	447,785,000	387,941,000	308,674,000
Winter wheat, bushels.....	240,616,000	256,030,000	283,469,000
Spring Wheat, bushels.....	11,652,000	11,236,000	10,050,000
All wheat, bushels.....	252,268,000	267,266,000	293,519,000
Oats, bushels.....	139,135,000	149,577,000	143,132,000
Barley, bushels.....	30,453,000	30,379,000	20,687,000
Rye, bushels.....	7,082,000	7,295,000	5,430,000
Potatoes, bushels.....	32,377,000	31,423,000	26,452,000
Tame Hay, tons.....	13,669,000	13,566,000	11,894,000

CORN: The foregoing summary shows a gain during the month of 59,844,000 bushels in the estimated crop of corn in this district with the August 1 forecast of 447,785,000 bushels showing an increase of 139,111,000 bushels over the crop of 1926. All Tenth District states shared in this increase with the larger gains in Missouri, Kansas, Nebraska and Oklahoma. While improvement in the condition of corn was general, much of the crop had so late a start that only unusually late and warm fall would prevent serious frost damage.

WHEAT: The preliminary estimate of winter wheat production in the district, totaling 240,616,000 bushels, showed a decline in July of 15,414,000 bushels, threshing returns showing smaller per acre yields than were forecast early in the harvest season. Much of the wheat was still in the shock in late August and reports showed it was damaged in some sections by heavy rains and floods. The spring wheat estimate on August 1 was

for 11,652,000 bushels, a slight gain for the month and an increase of 1,602,000 bushels over the crop of 1926.

COTTON: A condition of 69.5 per cent of normal, and an indicated production of 13,492,000 bales in the United States, was shown by the report of the Department of Agriculture, as of August 1. The condition of cotton on August 1 last year was 69.8 per cent, and the ten-year average for that date was 67.3 per cent. While growing conditions of the crop in the producing sections of this district on August 1 was but slightly below the condition on the corresponding date last year, this year's reduced acreages would indicate a much smaller crop than the bumper crop of 1926. The outstanding feature in the situation this year is the boll weevil menace, which is reported as the greatest since 1923 in the older cotton producing states and which is August was becoming serious in parts of Oklahoma. Thus prospects for the cotton crop may be expected to improve or decline accordingly as the weather is less or more favorable for the weevil propagation during the remainder of the season. Last year's production of cotton in Oklahoma was 1,950,000 bales, in Missouri 255,000 bales and in New Mexico 72,000 bales.

Grain Movements

Returns from five important primary markets in the Tenth District show movements of wheat from farms during July were 36 per cent below those in the corresponding month last year, although the official preliminary estimates indicate that the 1927 crop of wheat in this district is only about 9.0 per cent smaller than the harvested crop of 1926. However, the month's receipts of wheat at these markets were—with the exception of those for the same month last year—the largest for any July on record, and adequate for domestic and export requirements. Receipts of corn, oats and rye during July were smaller than a year ago, while receipts of barley and kafir exceeded those of a year ago. Receipts of six classes of grain during July at the five markets follows:

	Wheat Bushels	Corn Bushels	Oats Bushels	Rye Bushels	Barley Bushels	Kafir Bushels
Hutchinson.....	5,169,150	6,250	1,500	.....	.....	36,400
Kansas City.....	19,538,400	762,000	192,000	16,500	41,600	248,600
Omaha.....	8,774,400	931,000	276,000	64,400	16,000	.....
St. Joseph.....	1,737,400	567,000	40,000	1,500	1,750	1,500
Wichita.....	5,677,200	15,000	18,000	.....	.....	2,400
July 1927.....	40,986,550	2,281,250	527,500	82,400	59,350	288,900
June 1927.....	9,077,950	7,080,500	679,500	64,700	37,900	331,600
July 1926.....	64,028,500	3,198,250	1,055,500	122,700	36,450	169,500

Flour Production

During July, the first month of the 1927-28 wheat year, mills in the Tenth District which report their output to the Northwestern Miller were operated at an average of 65.7 per cent of their full-time capacity and the month's output of flour was 2,014,024 barrels. During the corresponding first month of the

1926-27 wheat year the mills were operated at 80.5 percent of capacity and production of flour for that month was 2,481,363 barrels. The July output at the leading milling centers is here compared to that for the preceding month and the corresponding month last year:

	July 1927 Barrels	June 1927 Barrels	July 1926 Barrels
Atchison.....	119,853	107,261	128,957
Kansas City.....	522,984	593,233	532,901
Omaha.....	82,797	102,489	94,852
Salina.....	140,167	117,015	132,864
St. Joseph.....	170,852	175,513	221,868
Wichita.....	117,684	178,532	186,850
Outside.....	859,687	765,754	1,183,071
Total.....	2,014,024	2,039,797	2,481,363

The decrease of 18.8 per cent in this year's July output, from that recorded for the same month last year, was due to an abnormally slow demand for the season. According to the reports the sluggish demand for flour was attributed to lack of incentive to buy for deferred shipment and in part to buyers apparently having determined to await a lower price level. Domestic sales of flour were well distributed, but reports indicated bakers and dealers were not anticipating their current or near future needs to any extent, and few export sales were made.

Livestock

Recent developments favorably affecting the livestock industry of the Tenth District included: Gains in the condition of all classes of livestock; improvement or ranges and pastures; a remarkable decrease in the receipts of meat animals at primary markets, and generally higher levels of prices of livestock.

With grass still growing and the best in years for this season there is an incentive to cattlemen to leave their cattle on the range later than usual in order to have them as fat as possible for marketing at the least expense. July receipts of cattle at the six leading markets of the District were the smallest for any month since December 1921 and the smallest July receipts since 1921. Advance in the price of cattle to the year's high level, in June, was maintained through July and August, and prices of all classes were steady and above those in August a year ago.

Sheep throughout the Rocky Mountain and Great Plains areas made slow recovery from the setback caused by the severe storms in the spring. The August reports showed lambs were fat and a little larger than usual, though this year's crop is a little smaller than that of last year. There was also a tendency to hold lambs on the ranges, and the July movement was the smallest for any month since December.

The outlook for hogs at the middle of August was brighter than at any time during the spring and summer, the market reports showing a considerable advance in average prices from the year's low point in June. According to the United States Department

THE JULY MOVEMENT OF LIVESTOCK IN THE TENTH DISTRICT

	RECEIPTS				STOCKERS-FEEDERS				FOR SLAUGHTER			
	Cattle	Calves	Hogs	Sheep	Cattle	Calves	Hogs	Sheep	Cattle	Calves	Hogs	Sheep
Kansas City.....	136,767	26,779	150,540	101,207	28,629	2,760	4,041	15,326	72,639	21,804	111,319	82,254
Omaha.....	82,770	3,735	249,605	183,905	5,306	.....	519	49,824	63,723	3,735	187,875	127,310
St. Joseph.....	39,232	6,476	105,830	84,337	3,829	330	1,322	13,460	30,696	6026,	83,608	69,023
Denver.....	15,194	2,850	28,101	47,746	5,200	777	1,207	18,134	8,230	2,051	22,819	9,570
Oklahoma City.....	20,429	6,699	16,593	1,363	.....	.....	.....	.....	14,806	5,921	14,481	663
Wichita.....	16,829	3,805	33,263	5,637	.....	.....	.....	.....	7,175	2,533	31,571	4,369
July 1927.....	311,221	50,344	583,932	424,195	42,964	3,867	7,089	96,744	197,269	42,070	451,673	293,189
June 1927.....	349,817	52,715	787,793	496,936	56,777	4,690	11,747	85,189	229,349	48,186	640,006	335,412
July 1926.....	377,353	65,637	608,167	463,760	61,912	3,265	8,570	106,648	237,838	58,444	473,030	304,236
7 Months 1927.....	2,619,046	357,465	5,146,043	3,581,173	484,499	33,381	106,156	603,291	1,569,357	300,211	4,011,390	2,289,002
7 Months 1926.....	2,644,047	386,174	4,951,910	3,828,376	478,849	24,814	96,710	472,204	1,629,327	333,887	3,707,778	2,428,846

of Agriculture survey the supply of hogs for fall and winter would show but little change from that reported a year ago.

MOVEMENTS: Receipts of meat animals at the six leading markets in the Tenth District during July were 1,369,692 head, a decrease of 145,255 head from the receipts in July 1926. The statistical summary shows receipts of cattle, calves, hogs and sheep during July were smaller than in the preceding month and also smaller than in July a year ago.

Receipts of horses and mules at the six markets during July totaled 4,696 head, 482 more than in June and 62 less than a year ago.

The countryward movement of stock and feeding livestock from the four reporting markets in this district was smaller in July than in the preceding month for all classes except sheep which showed a small increase. Compared with the same month last year the outgo of all classes was smaller except for a slight increase in calves. However, the returns show the countryward movement of cattle, calves, hogs and sheep was larger during the first seven months of the current year than in the corresponding period last year.

MEAT PACKING: Operations at the meat packing plants slowed down during July and the slaughter of cattle, calves, hogs and sheep was smaller than in June of this year and July of last year. The slaughter of cattle for the month, as indicated by purchases by packers, was the smallest for any month since February 1924.

Petroleum

Production of crude oil in the fields of the Tenth District during July was at a daily rate of 1,026,300 barrels and gross production for the 31-day month was 31,812,000 barrels. This was another high daily and monthly record. It was the first month in the history of the industry in which the daily average equaled or exceeded one million barrels and a monthly total reached or passed 30 million barrels. The major part of this enormous increase was in the Seminole fields of Oklahoma, which early in August was authorized to reduce the output to 450,000 barrels per day as rapidly as it is physically possible to do so. The production record for July:

	*July 1927 Barrels	June 1927 Barrels	July 1926 Barrels
Oklahoma.....	26,258,000	23,519,000	14,749,000
Kansas.....	3,341,000	3,432,000	3,735,000
Wyoming.....	1,883,000	1,769,000	2,028,000
Colorado.....	240,000	217,000	296,000
New Mexico.....	90,000	90,000	133,000
Total.....	31,812,000	29,027,000	20,941,000

*Estimated American Petroleum Institute.

The summary of field operations during July shows increases over June in the number of completions and in daily average new production. A comparison of the July record with that of July 1926 shows that while there was a decrease of 349 wells completed during the month the daily new production was 180,306 barrels or 149 per cent in excess of that reported a year ago from the greater number of new wells. The July fields summary:

	Wells Completed	Bbls. Daily New Prod'n	Dry Wells	Gas Wells	Rigs-Wells Drilling
Oklahoma.....	423	289,333	136	50	1,242
Kansas.....	163	3,612	91	6	245
Wyoming.....	37	7,974	3	1	262
Colorado.....	4	390	0	0	85
New Mexico.....	6	5	5	0	122
July 1927.....	633	301,314	235	57	1,956
June 1927.....	522	214,316	177	43	2,025
July 1926.....	982	121,008	333	63	2,551
7 Months 1927.....	4,055	1,448,886	1,371	351	.....
7 Months 1926.....	5,101	673,759	1,608	397	.....

Indications of a reduction in new development work are reflected by the reports which show that at the end of July the number of wells drilling was 595 less than the number reported at the corresponding date last year.

Reports showed daily runs of crude oil to the stills of Oklahoma and Kansas refineries in operation on August 1 were 285,775 barrels. This was 19,625 barrels per day above the daily run to 67 refineries on August 1, 1926.

Zinc and Lead

The position of the zinc and lead industry in the Missouri, Kansas and Oklahoma Tristate district improved substantially at the close of July as a result of a better demand for ores and a strengthening of ore prices. Shipments of both classes of ores, after touching the lowest point in three years at the end of June, increased during July but were considerably smaller than tonnages shipped last year. Production increased with the improved market demand for ores and several of the mines that had been shut down for several weeks were resuming operations at the beginning of August. The record of shipments of zinc and lead ores follows:

	Zinc Ore		Lead Ore	
	Tons	Value	Tons	Value
Oklahoma.....	29,114	\$ 1,239,516	3,850	\$ 293,986
Kansas.....	17,389	739,591	1,155	88,905
Missouri.....	2,392	101,530	153	11,700
4 Weeks ending July 30, 1927.....	48,895	\$2,080,637	5,158	\$ 394,591
4 Weeks ending July 2, 1927.....	34,009	1,373,684	4,369	340,782
4 Weeks ending July 31, 1926.....	57,898	2,873,150	8,772	899,622
31 Weeks ending July 30, 1927.....	391,156	\$16,705,977	59,970	\$5,417,517
31 Weeks ending July 31, 1926.....	488,167	24,080,886	72,391	7,634,192

The average price paid producers for zinc ores during the week ending July 31 was \$43 per ton, up \$3 per ton in five weeks, \$5 above the year's lowest price in the latter part of June, but \$7 per ton below the price paid in the week ending July 31, 1926. Lead ore prices advanced to \$82.50 per ton in the week ending August 6, which compared with \$112.50 per ton paid during the corresponding week last year. There was a further advance in the price of lead ore in the first week in August.

Bituminous Coal

The output of soft coal at mines in six states during July was 4.8 per cent larger than in June but was 16.5 percent smaller than a year ago, as reported by the Bureau of Mines, United States Department of Commerce. Tonnages produced during the month are compared with those for the preceding month and July of last year:

	July 1927 Tons	June 1927 Tons	July 1926 Tons
Colorado.....	651,000	592,000	666,000
Kansas.....	122,000	105,000	316,000
Missouri.....	111,000	96,000	180,000
New Mexico.....	182,000	215,000	214,000
Oklahoma.....	210,000	184,000	169,000
Wyoming.....	371,000	379,000	428,000
Total.....	1,647,000	1,571,000	1,973,000

During the calendar year to August 6 production of soft coal in the United States was 318,778,000 tons as compared with 319,309,000 tons for the like period in 1926.

Building

The number and value of building permits issued in reporting cities in this district was smaller in July than in June, and something more than the usual recession in building operations at mid-summer. Most of this decrease was attributed to the fact that many building projects delayed by rains and wet weather in April and May were started in June, thus making June the best building month of the year. The July building record for the re-

porting cities compared favorably with that for the same month last year, showing an increase of 7.2 per cent in the number and a decrease of 5.4 per cent in the value of permits issued. Eight cities reported increases and eleven reported decreases. The reports in detail:

	Permits		Estimated Cost		Per cent Change
	1927	1926	1927	1926	
Albuquerque, N. M.	69	53	\$ 87,600	\$ 239,300	-63.4
Casper, Wyo.	12	18	9,043	6,775	33.5
Cheyenne, Wyo.	21	20	12,410	34,510	-64.0
Colorado Springs, Colo.	50	52	85,190	50,412	69.0
Denver, Colo.	668	506	1,511,000	1,029,850	46.7
Hutchinson, Kans.	30	34	236,450	27,582	774.1
Joplin Mo.	33	82	93,325	286,779	-67.4
Kansas City, Kans.	96	151	118,510	180,353	-34.3
Kansas City, Mo.	491	393	863,450	1,690,020	-48.9
Lincoln, Nebr.	91	110	228,790	922,678	-75.3
Muskogee, Okla.	19	15	19,940	18,875	5.6
Oklahoma City, Okla.	167	133	1,459,345	509,216	146.4
Oklmulgee, Okla.	6	4	7,000	35,500	-80.3
Omaha, Nebr.	84	134	517,000	848,330	-39.1
Pueblo, Colo.	114	91	106,150	104,305	1.8
St. Joseph, Mo.	49	67	50,850	103,135	-50.7
Topeka, Kans.	108	144	277,088	333,015	-16.8
Tulsa, Okla.	264	206	1,527,763	660,991	130.5
Wichita, Kans.	191	177	335,842	903,124	-62.7
Total, July	2,563	2,390	\$7,546,746	\$7,984,750	-5.4

Contracts awarded for building and engineering construction work in the Tenth District in July called for an expenditure of \$17,203,236, as compared with \$17,598,000 in the month of June, \$21,559,000 in July 1926 and \$10,688,000 in July 1925. These figures, reported by the F. W. Dodge Corporation, showed the United States total of contracts awarded in July was \$534,389,900 as against \$632,478,000 in June, \$518,932,000 in July 1926 and \$547,107,000 in July 1925.

Lumber and Materials

Reports of the National Lumber Manufacturer's Association, covering the four weeks ending July 30, showed some expansion in the lumber movement over the preceding four weeks ending July 2, although the movement for this period was smaller than in the corresponding four weeks of last year ending July 31.

During the four week period there was an important increase in production, shipments and orders in the Southern Pine Association territory, indicating partial recovery in flooded areas.

The lumber movement in the United States during the first thirty weeks of 1927 compared with that for the corresponding thirty, weeks in 1926, as reported by the National Lumber Manufacturer's Association for all associations, follows:

	Thirty Weeks 1927 Feet	Thirty Weeks 1926 Feet
Softwoods:		
Cut.....	6,500,254,680	7,938,496,486
Shipments.....	6,724,140,387	8,140,327,388
Orders.....	6,762,989,097	8,085,089,283
Hardwoods:		
Cut.....	835,315,000	875,372,272
Shipments.....	913,653,000	828,288,125
Orders.....	909,784,000	849,998,943

Sales of lumber at 187 retail yards scattered over the Tenth District were seasonally smaller in August than in the preceding month and considerably smaller than in the corresponding month last year. A comparison of the July business at these yards with that for June 1927 and July 1926 follows:

	July 1927 June 1927	Compared to July 1926
Sales of Lumber, board feet.....	-5.6	-30.1
Sales of Lumber, all materials, dollars.....	1.4	-24.1
Stocks of Lumber, end of month.....	-2.2	-6.0
Outstandings, end of month.....	-3.6	-19.6
Collections during month.....	5.1	-26.8

PORTLAND CEMENT: The output of Portland cement at mills in the Tenth District in July was 1,203,000 barrels as against 1,262,000 barrels in June and 1,379,000 barrels in July 1926. Shipments in July were 1,289,000 barrels against 1,209,000 barrels in June and 1,429,000 barrels in July 1926. Stocks of cement at mills at the close of July were 2,197,000 barrels, compared to 2,284,000 barrels one month earlier and 1,775,000 barrels one year earlier.

FACE BRICK: Production of face brick at sixty-seven plants in fifteen states, including those of the Tenth District, averaged 776 thousand brick per plant during July, while shipments averaged 785 thousand and unfilled orders were for 1,026 thousand. These figures indicate decreases of 4.6 per cent in shipments and 10.5 per cent in unfilled orders as compared with a year ago.

Business Conditions in the United States

Industrial production declined in July to a level below that of a year ago, while the department of labor's index of wholesale prices advanced for the first time since last autumn. Demand for bank credit showed a seasonal increase, but easy conditions prevailed in the money market.

PRODUCTION: Output of manufactures declined in July and was in practically the same volume as a year ago, and the production of minerals which was further reduced during the month was at the lowest level since early in 1926, when the anthracite strike was in progress. Iron and steel production in July was in the smallest volume since 1925, and continued at practically the same level during the first three weeks of August. Automobile output for July and the early weeks of August was considerably below that of the corresponding month of last year. Production of rubber tires, nonferrous metals and food products and activity of woolen mills was smaller than in June, but continued unusually large for this season of the year. Production of leather, shoes and lumber increased in July as compared with June. Factory employment and pay rolls showed seasonal decreases in July and were smaller than in any month since 1924. Employment in coal mining has been reduced in recent months and reports indicate some unemployment in certain of the building trades owing to the decline in construction of houses. Building contract awards in July and in the first three weeks of August continued larger than a year ago, the increase reflecting chiefly a growth in awards for engineering projects.

The August 1 cotton report of the department of agriculture indicated a production of 13,429,000 bales, or 25 percent less than the record yield of last year. The indicated production of corn, though considerably larger than the expectation in July, was 262,000,000 bushels lower than the harvested crop of 1926. The August estimate of 851,000,000 bushels of wheat indicated an increase of 18,000,000 bushels over the 1926 crop yield.

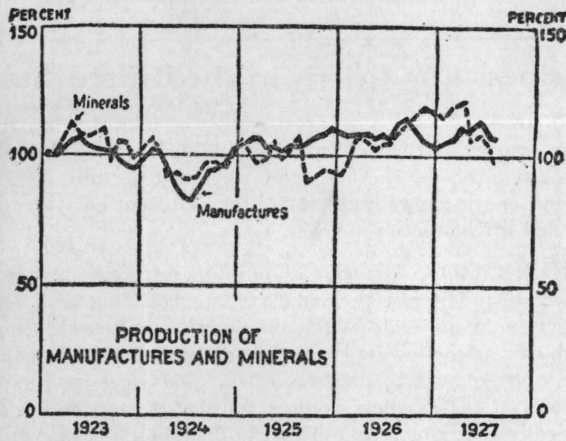
TRADE: Distribution of merchandise at wholesale and retail showed about the usual seasonal decline in July. Compared with a year ago sales of wholesale firms and department stores were slightly smaller, owing largely to the fact that there was one less business day in July of this year than in July, 1926. Sales of mail order houses and chain stores were somewhat larger than a year ago. Inventories of department stores continued to decline in July and at the end of the month were slightly smaller than a year ago; and wholesale stocks also continued smaller than last year. Shipments of commodities by freight decreased contrary to the usual seasonal trend, and were smaller in July and in the first two weeks of August than in the same period of last year.

PRICES: The bureau of labor statistics index of wholesale prices advanced slightly in July, reflecting chiefly increases in the prices of corn, livestock, cotton, and leather, while prices of wheat, silk, metals, and building materials declined. Since the latter part of July prices of corn, cotton, and cattle have continued upward and those of wheat, nonferrous metals and rubber have also advanced while hogs, lumber and hides have declined.

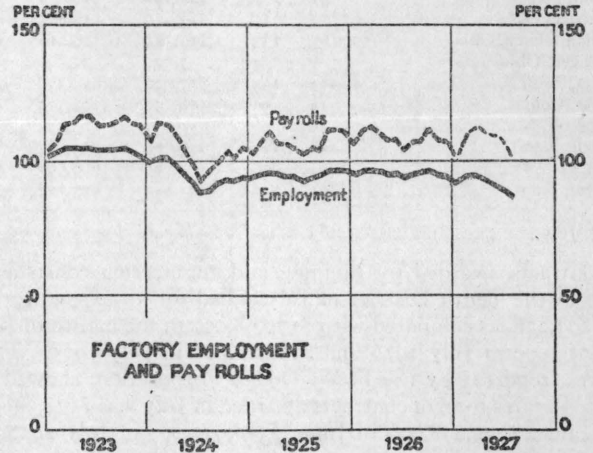
BANK CREDIT: There has been an increase in the volume of commercial loans at member banks in leading cities between July 20 and August 17, as is usual at the beginning of the crop moving season. Loans on securities, as well as commercial loans increased, while investment holdings declined, and total loans

and investments were about \$60,000,000 larger than a month earlier. Total borrowings of member banks at the reserve banks increased slightly between July 20 and August 24. There was a growth of discounts at the Federal Reserve Bank of New York, partly offset by declines in other districts. There was little change in the system's holdings of acceptances and a growth in the portfolio of United States securities.

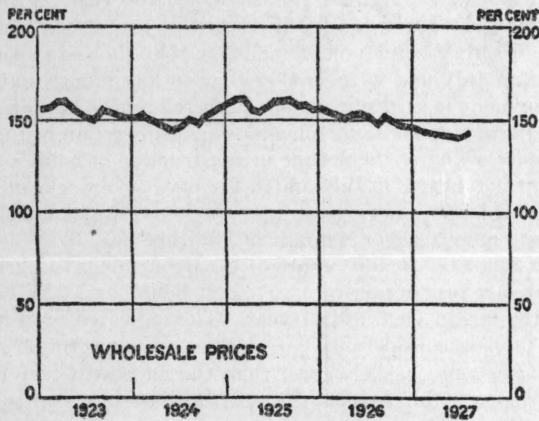
Money rates on all classes of paper in the open market declined sharply in August, and were at a lower level than a year ago. Discount rates at eight Federal Reserve banks were reduced from 4 to 3½ percent.



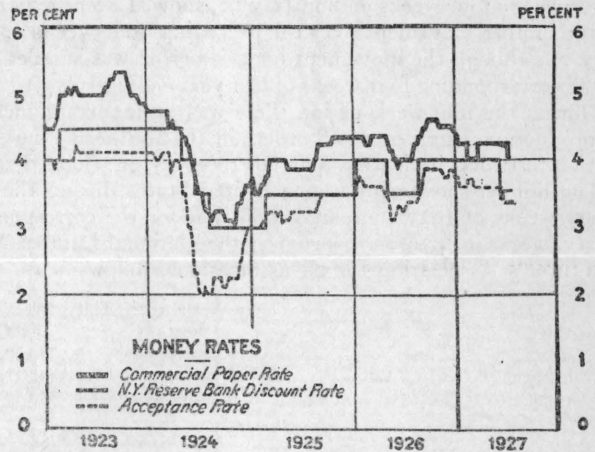
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average equal 100). Latest figures, July; manufactures 107, minerals 97.



Federal Reserve Board's indexes of factory employment and payrolls (1919 equals 100). Latest figures, July; Employment 90.7, payrolls 101.1.



Index of United States Bureau of Labor Statistics (1913 equals 100, base adopted by Bureau.) Latest figures, July; All commodities, 144.6.



Weekly Rates in New York money market; Commercial paper rate on 4 to 6 months paper and acceptance rate on 90 day paper