

THE MONTHLY REVIEW

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

FEDERAL RESERVE BANK OF KANSAS CITY

Vol. 18

KANSAS CITY, MO., OCTOBER 1, 1933

No. 10

GENERAL and generous rains in recent weeks have relieved the drouth conditions prevailing throughout this District. Moisture supplies arrived too late to enhance crop yields materially but improved pastures and ranges and late feed crops, replenished water supplies, and alleviated a deficiency of soil moisture generally. Wheat seeding, which was delayed by dry soil, is now progressing rapidly under favorable planting conditions. Crop prospects, notably spring grains, corn, potatoes, and fruit, are, with few exceptions, the poorest in years for all states in the District.

Trade at both wholesale and retail improved in August, both as compared to July this year and August last year. The seasonal gain in wholesale trade over July was somewhat smaller than usual, but the increase of 38.5 per cent in department store sales was the largest ever reported. For the fourth consecutive month, wholesale and retail sales were larger than a year ago, increasing 13.2 and 21.6 per cent, respectively.

Agricultural commodity prices showed little change during the month. Most livestock values were off slightly, with sheep the only class to sell above 1932. Butterfat was lower, eggs higher, and poultry unchanged for the month, selling at or below last year's levels. All classes of grain, except wheat, which showed a fractional loss for the month, were somewhat higher on August 31 than July 31 and closed considerably above a year ago. Cotton prices showed a loss for the month but a gain for the year. Prices of commodities farmers sell dropped 4 points and prices of things they buy advanced 5 points between July 15 and August 15, resulting in a reduction of 10 per cent, or 7 points in the exchange value of farm products. The Department of Agriculture's index of farm prices as of August 15 stood at 72 per cent of the 1909-1914 average, and the purchasing power of the farm dollar at 64 per cent compared to 71 per cent on July 15 this year and 55 per cent as of August 15, 1932.

Arrivals of all classes of grain at primary markets declined abruptly in August, reflecting short crops and a tendency on the part of farmers to hold their grain rather than sell at current prices. Marketings of livestock were somewhat heavier for the month but, with the exception of horses and mules, and the rush of hogs, mostly pigs, to market under the Government program, were lighter than a year ago or for several years. The cattle and hog divisions of meat packing establishments were more active in August than is usual at this season.

Flour production declined sharply during the month to unusually low levels as was also true of cement. Output of bituminous coal increased by more than the usual seasonal rate and exceeded the total for August, 1932, by 24.4 per cent. Crude oil production made a slight gain as compared to July and was

BUSINESS IN THE TENTH FEDERAL RESERVE DISTRICT

Percentages of Increase, or Decrease (—), for August 1933 over July 1933 and August 1932 and for the first eight months of 1933 over the like period in 1932

	August 1933 Compared to		8 Months 1933 Compared to
	July 1933	Aug. 1932	8 Months 1932
Banking			
Payments by check.....	-21.6	5.5	-7.5
Federal Reserve Bank clearings.....	-10.2	12.3	-1.9
Business failures, number.....	12.0	-51.7	-31.8
Business failures, liabilities.....	398.8	-33.0	-57.2
Loans, 52 member banks.....	-3.6	-11.3	.....
Investments, 52 member banks.....	-0.3	19.4	.....
Net demand deposits, 52 member banks	-2.2	7.9	.....
Time deposits, 52 member banks.....	Even	-7.3	.....
Savings deposits, 44 selected banks.....	0.3	-7.0	.....
Savings accounts, 44 selected banks.....	0.3	-2.1	.....
Distribution			
Wholesalers' sales, 5 lines combined.....	2.9	13.2	0.1
Retailers' sales, 32 department stores.....	38.5	21.6	-6.9
Lumber sales, 157 retail yards.....	-8.7	-8.5	10.8
Life insurance, written.....	6.4	6.8	-10.7
Construction			
Building contracts awarded, value.....	9.3	2.6	-32.9
Residential contracts awarded, value....	6.3	39.7	-1.7
Building permits in 16 cities, value.....	16.0	-49.3	-41.2
Production			
Flour.....	-23.0	-25.6	0.8
Crude petroleum.....	1.2	41.1	11.5
Soft coal.....	44.2	24.4	-5.5
Zinc ore (shipped) Tristate District.....	13.9	194.5	75.7
Lead ore (shipped) Tristate District.....	122.6	544.6	56.6
Cement.....	-9.3	-21.7	-7.6
Grain receipts, 5 markets			
Wheat.....	-68.4	-65.8	-42.5
Corn.....	-79.3	20.7	215.3
Oats.....	-73.4	-52.2	61.3
Rye.....	-35.4	159.4	409.6
Barley.....	-53.6	27.8	7.1
Kafir.....	-69.4	-61.6	-50.4
Livestock receipts, 6 markets			
Cattle.....	22.6	-9.8	-2.5
Calves.....	17.4	-14.9	7.6
Hogs.....	48.1	57.1	2.5
Sheep.....	17.5	-1.1	-9.1
Horses and mules.....	20.5	140.7	25.3
Meat packing, 6 markets			
Cattle.....	25.5	36.3	6.7
Calves.....	10.7	5.1	4.4
Hogs.....	40.9	59.2	9.8
Sheep.....	1.3	-12.8	-12.2
Stocker and feeder shipments, 4 markets			
Cattle.....	146.7	-46.6	-3.6
Calves.....	104.2	-15.8	33.9
Hogs.....	-69.2	45.0	95.7
Sheep.....	232.4	15.9	9.0

substantially larger than a year ago. Shipments of zinc ore and lead ore were considerably heavier in August than in July this year or August last year. Building activity remains quiet.

Financial

MEMBER BANK OPERATIONS: Loans and discounts of fifty-two member banks in selected cities of the Tenth District declined 3.6 per cent between August 9 and September 13, and the total as of the latter date was 11.3 per cent below that of September 14, 1932. The decline for the five weeks' period followed four successive gains since April, on a mid-month comparative basis, and was confined to "all other" loans as loans secured by stocks and bonds showed no change.

Total investments, after showing a steady increase since the forepart of May, also declined during the five weeks' period and on September 13 were 19.4 per cent larger than one year earlier. Investments in United States security holdings were reduced 0.5 per cent in five weeks and enlarged 35.3 per cent in fifty-two weeks, whereas, investments in other bonds, stocks, and securities were unchanged for the five weeks' period and reduced less than 1 per cent since September 14 last year.

Net demand deposits, which increased almost 15 per cent from April 12 to August 9, declined 2.2 per cent between then and September 13 when they were 7.9 per cent in excess of the total as of September 14, 1932. Time deposits were the same on September 13 as five weeks earlier but 7.3 per cent smaller than one year earlier.

Principal resource and liability items of fifty-two reporting member banks, as shown by the combined weekly condition statement of September 13, with comparisons:

	Sept. 13, 1933	Aug. 9, 1933	Sept. 14, 1932
Loans and investments—total.....	\$509,000,000	\$518,000,000	\$488,000,000
Loans and discounts—total.....	213,000,000	221,000,000	240,000,000
Secured by stocks and bonds.....	57,000,000	57,000,000	69,000,000
All other loans and discounts.....	156,000,000	164,000,000	171,000,000
Investments—total.....	296,000,000	297,000,000	248,000,000
U. S. securities.....	188,000,000	189,000,000	139,000,000
Other securities.....	108,000,000	108,000,000	109,000,000
Reserve with F. R. bank.....	63,000,000	63,000,000	43,000,000
Net demand deposits.....	354,000,000	362,000,000	328,000,000
Time deposits.....	164,000,000	164,000,000	177,000,000
Government deposits.....	15,000,000	10,000,000	3,000,000

RESERVE BANK OPERATIONS: Bills rediscounted for member banks by the Federal Reserve Bank of Kansas City and branches declined 14.4 per cent during the five weeks ended September 13, and on that date the indebtedness of member banks to this bank was the lowest since March 11, 1925. Holdings of bills purchased in the open market, which were reduced somewhat during the five weeks' period, totaled but \$177,445 on September 13, or less than at any time since January 30, 1924.

The bank extended its purchases of United States Government securities, and mid-September holdings were 10.5 per cent larger than five weeks earlier and 27.5 per cent larger than one year earlier. This increase in Government securities accounted for increases in total holdings of bills and securities of 8.9 per cent in five weeks and 0.5 per cent in fifty-two weeks.

Federal reserve note and Federal reserve bank note circulation declined 2 and 1.7 per cent, respectively, in five weeks, and on September 13 outstanding issues of the former were 15.6 per cent greater than on September 14, 1932. Federal reserve bank notes were placed in circulation in May this year. Reserve deposits of member banks showed a slight decline for the five weeks' period, but on September 13 they were 56.7 per cent larger than a year ago.

Principal items contained in the weekly condition statement of this bank and branches, as of the three dates mentioned, are here shown:

	Sept. 13, 1933	Aug. 9, 1933	Sept. 14, 1932
Gold reserves.....	\$140,325,392	\$149,962,161	\$ 85,897,422
Other cash.....	9,487,878	10,182,603	7,320,809
Bills discounted.....	4,198,202	4,788,673	18,814,188
Bills purchased.....	177,445	197,822	894,186
U. S. securities.....	73,007,700	66,096,100	57,267,100
Total bills and securities.....	77,383,347	71,082,595	76,975,474
Total resources.....	255,653,858	257,303,431	196,768,630
F. R. notes in circulation.....	108,907,135	111,162,235	94,288,015
F. R. bank notes in circulation..	966,900	983,722	.....
Member banks' reserve deposits	106,028,035	106,563,729	67,647,190

The discount rate of the Federal Reserve Bank of Kansas City, on all classes of paper and all maturities, remained unchanged at 3½ per cent.

Savings in Banks

Forty-four banks in selected cities of the District reported increases of 0.3 per cent, both as to the number of savings depositors and the amount of their deposits, between August 1 and September 1. Total savings deposits as of the latter date were 7 per cent smaller than on September 1, 1932, and the loss in the number of savings accounts amounted to 2.1 per cent.

Total savings deposits and the number of savings accounts as reported by forty-four banks for three dates of comparison:

	Savings Accounts	Savings Deposits
September 1, 1933.....	366,883	\$ 98,029,594
August 1, 1933.....	365,784	97,779,400
September 1, 1932.....	374,616	105,436,483

Bank Debits

Banks in twenty-nine leading cities of the District reported debits to individual accounts for the five weeks ended September 6 as 21.6 per cent less than for the preceding five weeks' period ended August 2, but 5.5 per cent larger than for the corresponding five weeks last year. The improvement over a year ago compares with an increase of 18.6 per cent reported for the preceding five weeks and is the third consecutive increase recorded. Payments by check during the first thirty-six weeks of 1933 were 7.5 per cent smaller than for the like period in 1932. The check payment totals:

	FIVE WEEKS ENDED		Per cent Change
	Sept. 6, 1933	Sept. 7, 1932	
Albuquerque, N. M.....	\$ 6,183,000	\$ 7,746,000	-20.2
Atchison, Kans.....	3,332,000	2,755,000	17.3
Bartlesville, Okla.....	20,255,000	19,021,000	6.5
Casper, Wyo.....	4,717,000	5,652,000	-16.5
Cheyenne, Wyo.....	3,597,000	4,093,000	-12.1
Colorado Springs, Colo.....	11,483,000	10,662,000	7.7
Denver, Colo.....	120,943,000	113,293,000	6.8
Enid, Okla.....	9,045,000	8,445,000	7.1
Fremont, Nebr.....	1,974,000	2,204,000	-10.4
Grand Junction, Colo.....	1,454,000	1,832,000	-20.6
Guthrie, Okla.....	1,275,000	1,258,000	1.4
Hutchinson, Kans.....	11,680,000	12,517,000	-6.7
Independence, Kans.....	4,020,000	2,510,000	60.2
Joplin, Mo.....	7,705,000	5,200,000	48.2
Kansas City, Kans.....	9,005,000	10,061,000	-10.5
Kansas City, Mo.....	281,438,000	250,108,000	12.5
Lawrence, Kans.....	2,869,000	2,741,000	4.7
Lincoln, Nebr.....	22,208,000	20,023,000	10.9
Muskogee, Okla.....	5,643,000	5,391,000	4.7
Oklahoma City, Okla.....	61,778,000	62,403,000	-1.0
Okmulgee, Okla.....	2,282,000	2,287,000	-0.2
Omaha, Nebr.....	120,725,000	120,047,000	0.6
Pittsburg, Kans.....	2,935,000	2,797,000	4.9
Pueblo, Colo.....	11,533,000	12,037,000	-4.2
Salina, Kans.....	7,224,000	7,199,000	0.3
St. Joseph, Mo.....	27,517,000	23,284,000	18.2
Topeka, Kans.....	11,901,000	12,182,000	-2.3
Tulsa, Okla.....	69,745,000	71,775,000	-2.8
Wichita, Kans.....	32,120,000	31,233,000	2.8
Total 29 cities, 5 weeks.....	\$ 876,486,000	\$ 830,756,000	5.5
Total 29 cities, 36 weeks.....	6,258,365,000	6,764,269,000	-7.5

RETAIL TRADE AT 32 DEPARTMENT STORES IN THE TENTH FEDERAL RESERVE DISTRICT

Stores Reporting	SALES		STOCKS (RETAIL)		STOCK TURNOVER				ACCOUNTS RECEIVABLE		AMOUNTS COLLECTED		
	August 1933 compared to August 1932	8 Months 1933 compared to 8 Months 1932	August 31, 1933 compared to July 31, 1933	August 31, 1932	August 1933	August 1932	1933	1932	July 31, 1933	Aug. 31, 1932	July 1933	Aug. 1932	
	August 1932	8 Months 1932	July 31, 1933	Aug. 31, 1932	1933	1932	1933	1932	July 31, 1933	Aug. 31, 1932	July 1933	Aug. 1932	
Kansas City.....	4	18.8	-9.6	7.8	-6.7	.19	.15	1.36	1.25	7.5	5.9	-16.4	-3.6
Denver.....	4	31.3	-0.8	8.0	2.7	.31	.23	2.05	1.71	8.2	9.3	-9.1	10.1
Oklahoma City.....	3	11.8	-9.8	16.9	1.9	.28	.24	2.19	1.76	4.3	-0.7	-23.0	-4.6
Tulsa.....	3	24.5	2.3	28.0	36.3	.27	.26	2.97	2.75	6.4	19.9	-14.5	11.3
Wichita.....	3	18.8	-11.6	10.3	-30.2	.32	.19	1.97	1.51	13.5	-20.2	-21.7	-15.3
Other cities.....	15	17.9	-10.1	25.2	7.1	.23	.19	1.81	1.74	1.0	-5.4	-10.8	1.0
Total.....	32	21.6	-6.9	13.9	0.8	.25	.20	1.82	1.60	5.5	1.4	-13.6	2.0

NOTE: Percentage of collections in August on accounts July 31, all stores reporting 32.5. Collections same month last year 29.7.

Reserve Bank Clearings

The Federal Reserve Bank of Kansas City and branches handled 4,226,096 checks, representing \$570,082,000, for collection in August. These totals represent decreases of 2.2 per cent in the number of items handled and 10.2 per cent in the amount as compared to July, and increases of 11.4 per cent and 12.3 per cent, respectively, as compared to August, 1932. For the eight months of the current year the number of items handled shows a reduction of 10.7 per cent, and the amount a reduction of but 1.9 per cent.

Check collections through this bank and branches at Omaha, Denver, and Oklahoma City:

	ITEMS		AMOUNT	
	1933	1932	1933	1932
August.....	4,226,096	3,794,063	\$ 570,082,000	\$ 507,698,000
July.....	4,323,092	3,742,110	634,691,000	517,659,000
Eight months...	31,599,766	35,387,915	4,177,412,000	4,257,427,000

Commercial Failures

There were fewer than half as many commercial failures in this District in August this year as in August, 1932, and the amount of liabilities involved was a third less. Nine more insolvencies were recorded in August than in July and the amount of liabilities increased almost 400 per cent over the unusually low July total.

Business failures, in this District and the United States, as reported by Dun and Bradstreet, Inc.:

	TENTH DISTRICT		UNITED STATES	
	Number	Liabilities	Number	Liabilities
August 1933.....	84	\$ 3,019,247	1,472	\$ 42,776,049
July 1933.....	75	605,334	1,421	27,481,103
August 1932.....	174	4,508,317	2,796	77,031,212
Eight months 1933.....	775	12,476,488	15,616	397,847,900
Eight months 1932.....	1,136	29,135,335	22,825	701,505,139

Trade

Retail trade in leading cities throughout the Tenth District, as indicated by dollar sales of thirty-two department stores, showed an increase of 38.5 per cent over July and of 21.6 per cent over August, 1932. The seasonal increase over July was the largest ever reported by these stores and compares with a normal increase of about 20 per cent. The comparison with August of the preceding year is also unusually good and marks the fourth consecutive and largest increase for the month under review over the like month of the previous year. May, with

an increase of 0.8 per cent, was the first month in four years to show a gain over the previous year and was followed by increases of 1.8 per cent for June, and 6.2 per cent for July, compared to June and July, 1932.

Department store inventories also showed an increase for the month somewhat larger than usual. Merchandise stocks on hand August 31 were 13.9 per cent larger than on July 31 and with a gain of 0.8 per cent were, for the first time in five years, larger than on the same date one year earlier.

Composite figures for the reporting stores showed a collection percentage for August on amounts outstanding July 31 of 32.5 per cent, which compares with a July figure of 34.2 per cent and an August, 1932, figure of 29.7 per cent.

Wholesale trade also improved in August, both as compared to the preceding month this year and the corresponding month last year. Dollar sales of five representative lines combined increased 2.9 per cent for the month and 13.2 per cent for the year. Sales of dry goods were 6.7 and of hardware 2.2 per cent under the July totals, but sales of groceries, furniture, and drugs increased 11.4, 25.4, and 9 per cent, respectively. The five lines showed the following percentage increases over August, 1932: dry goods, 4.8, groceries 12.4, hardware 26.8, furniture 60, and drugs 3.5 per cent.

Inventories of dry goods and furniture as of August 31 were larger, and of drugs smaller, than one month or one year earlier. Stocks of groceries and hardware were reported slightly larger than on July 31, 1933, and slightly smaller than on August 31, 1932.

Crops

Rains the latter half of August and the forepart of September have greatly relieved the drouth situation that has prevailed over the greater part of this District the past three years. The surface soil is generally well supplied with moisture but the sub-soil needs additional supplies. Only a few scattered areas remain dry.

The first two weeks of August were dry, with temperatures above normal which caused additional injury to growing crops, but the rains and cooler temperatures thereafter were beneficial to corn, not previously damaged beyond recovery, grain sorghums, hay, pastures, cotton, beans, sugar beets, broom corn, tobacco, fruits, particularly grapes, and late gardens. Rainfall in the winter wheat areas aided in seed bed preparation and greatly improved seeding conditions.

WHOLESALE TRADE IN THE TENTH FEDERAL RESERVE DISTRICT

Reporting Stores	SALES		OUTSTANDINGS		AMOUNTS COLLECTED		STOCKS		
	Aug. 1933 compared to July 1933	Aug. 1932	Aug. 31, 1933 compared to July 31, 1933	Aug. 31, 1932	Aug. 1933 compared to Aug. 1932	Aug. 1932	Aug. 31, 1933 compared to July 31, 1933	Aug. 31, 1932	
	July 1933	Aug. 1932	July 31, 1933	Aug. 31, 1932	July 1933	Aug. 1932	July 31, 1933	Aug. 31, 1932	
Dry goods.....	6	-6.7	4.8	5.7	5.2	0.4	3.5	10.7	12.5
Groceries.....	4	11.4	12.4	5.0	11.2	5.0	13.0	3.5	-3.7
Hardware.....	9	-2.2	26.8	1.9	3.8	-12.1	16.7	0.3	-1.1
Furniture.....	5	25.4	60.0	7.3	5.9	-3.4	49.0	7.2	19.6
Drugs.....	6	9.0	3.5	3.5	3.4	1.2	-4.8	-2.7	-13.6

The rains came too late to increase crop yields, other than grain sorghums, materially, but September 1 prospects were slightly better for all crops, except corn and sugar beets, than one month earlier. On the whole, 1933 yields will be the smallest in years with only three minor crops, tobacco, grapes, and peanuts, exceeding the five-year average. Production of grain sorghums, sugar beets, dry beans, tobacco, apples, and peanuts will be larger than in 1932.

¶ Crop yields in the United States and the seven states whose areas or parts thereof comprise the Tenth District, as indicated by September 1 conditions, compared with the final estimates of the Department of Agriculture for 1932 and the five-year average production:

	(In thousands of units—000 omitted)					
	SEVEN STATES			UNITED STATES		
	Sept. 1 1933	Final 1932	5-Yr. Av. 1926-30	Sept. 1 1933	Final 1932	5-Yr. Av. 1926-30
Winter wheat, bu.	130,027	196,278	302,796	340,355	461,679	589,733
Spring wheat, bu.	7,892	6,340	11,522	166,202	264,604	271,435
All wheat, bu.	137,919	202,618	314,318	506,557	726,283	861,168
Corn, bu.	512,401	676,625	585,723	2,284,799	2,875,570	2,511,991
Oats, bu.	105,547	174,410	162,994	687,647	1,233,231	1,189,693
Rye, bu.	1,948	3,505	4,500	23,116	40,409	41,564
Barley, bu.	21,745	39,702	33,353	159,339	299,950	263,629
Grain sorghums, bu.	39,906	39,231	40,344	97,845	105,871	93,182
Tame hay, tons.	10,568	10,878	12,091	65,290	69,794	72,678
Wild hay, tons.	3,209	4,248	4,349	9,122	12,187	11,489
Broom corn, tons	22	28	41	27	37	49
Sugar beets, tons.	4,182	3,160	4,318	10,266	9,070	7,718
Cotton, bales.	1,410	1,463	1,457	12,414	13,002	14,834
White potatoes, bu.	27,159	35,391	40,166	293,585	357,679	355,438
Sweet potatoes, bu.	2,686	3,204	2,941	69,089	78,484	62,483
Dry beans, bags.	2,076	1,085	2,376	9,818	10,164	11,107
Tobacco, lbs.	8,418	7,175	4,625	1,361,745	1,015,512	1,411,697
Apples, bu.	6,890	5,406	8,337	149,408	140,775	168,773
Peaches, bu.	927	1,735	2,391	45,633	42,443	56,575
Pears, bu.	579	591	1,094	21,751	22,050	22,921
Grapes, tons.	20	22	19	1,722	2,204	2,447
Peanuts, lbs.	22,100	21,830	21,250	912,040	1,002,080	811,001
Pecans, lbs.	11,300	20,250	13,720	55,763	53,160	59,464

CORN: Corn in western Kansas and Oklahoma is a near failure. Nebraska is the only state in this District which will produce an average crop, although the year's returns will be about 35,000,000 bushels short of last year's harvest. In Colorado and Wyoming production will exceed the extremely short crop of 1932.

Late planted fields were benefited by rains and, although maturing nicely, are in need of extended warm weather to escape frost injury. Most corn is ripening rapidly with much being cut for fodder and ensilage or snapped for feed. In general present moisture supplies are ample to mature the crop.

Corn production in the states of this District, as estimated by the United States Department of Agriculture, in thousands of bushels:

	Indicated		Final 1932	5-Yr. Av. 1926-30
	Sept. 1, 1933	Aug. 1, 1933		
Colorado.....	20,999	19,090	13,363	22,936
Kansas.....	90,108	97,617	136,197	127,412
Missouri.....	132,365	126,610	186,721	150,072
Nebraska.....	235,014	245,232	269,293	224,658
New Mexico.....	3,024	3,024	3,267	3,556
Oklahoma.....	28,701	22,323	65,760	54,305
Wyoming.....	2,190	2,409	2,024	2,784
Seven states.....	512,401	516,305	676,625	585,723
United States....	2,284,799	2,273,019	2,875,570	2,511,991

COTTON: Present indications are that 10,396,000 acres, or 25.5 per cent of the acreage of cotton in cultivation in the United States on July 1, has been or will be taken out of production under the Agricultural Adjustment Administration program. Of this total, 1,300,000 acres are in the states of Oklahoma, Missouri, and New Mexico. The acreage remaining for harvest in the United States is estimated by the Crop Reporting

Board of the United States Department of Agriculture as 30,036,000 acres and in the three states as 3,353,000 acres. With a September 1 condition estimated as 67.5 per cent of normal, United States production, on the area left for harvest, is forecast at 12,414,000 bales. In 1932, 37,589,000 acres produced 13,002,000 bales.

A summary of acreage and production follows:

	Acreage Removed From Cultivation 1933		Acreage Remaining For Harvest		Production (Bales)	
	Acres	% of total	Sept. 1 1933	Dec. 1 1932	Sept. 1 1933	Final 1932
Oklahoma.....	1,160,000	28.1	2,932,000	3,123,000	1,133,000	1,084,000
Missouri.....	110,000	24.4	337,000	390,000	212,000	307,000
New Mexico..	30,000	25.9	84,000	112,000	65,000	72,000
Three states..	1,300,000	27.7	3,353,000	3,625,000	1,410,000	1,463,000
U. S.....	10,396,000	25.5	30,036,000	37,589,000	12,414,000	13,002,000

Cotton in this District has done well. Acreage abandonment, which is not included in Government removal contracts, is small. A September 1 condition of 72 per cent for Oklahoma indicates above average yields per acre. Cloudy weather and excessive rains in August caused rank growth in central and eastern parts of that state, but warm weather the forepart of September was helpful. Bolls are opening satisfactorily and picking is progressing in all states. Some injury from boll weevil and the cotton leaf worm is reported.

MISCELLANEOUS CROPS: Grain sorghums show the greatest improvement as the result of recent rains which came just in time to save the bulk of the crop. Tame and wild hay were also benefited, but production will be below average in all states. Harvesting of one of the best sugar beet crops in years will begin about the first of October and sugar making will last about four months. Colorado reports a light set of dry beans, due to the drouth, and the crop considerably improved since the rains.

White potato yields in Nebraska, Oklahoma, Kansas, and Missouri are the lowest in years. The Colorado crop was planted late and has been one to two weeks late all season. In Wyoming and New Mexico the crop is considerably larger than a year ago or the five-year average. Sweet potatoes were materially helped by rains.

Missouri tobacco has experienced a favorable season and a good crop is now being cut and housed. Oklahoma, which produces about one-half of the nation's broom corn, will harvest 115,000 acres of that crop this year compared to 142,000 acres last year. A September 1 condition of 61 per cent compared to 43 per cent August 1, 59 per cent September 1, 1932, and the ten-year average of 70 per cent is reported. Abandonment has been unusually large due to the drouth.

Fruit prospects are the poorest in years and are below average in all states. Missouri will have a good crop of apples and grapes, both of which have improved recently. Apples are being marketed at somewhat better prices than a year ago.

WINTER WHEAT SEEDING: For the first time in three years conditions are good for wheat planting. Seed beds are mostly prepared and much seeding has been done but much more will be held up until Hessian "fly free" dates. The 1934 wheat area is to be reduced 15 per cent under the Government program.

North American supplies of wheat, United States and Canada, total 1,398,000,000 bushels, or 291,000,000 bushels less than last year, but Europe has a record crop and unusually large stocks with a probable carryover of 175,000,000 bushels greater than a year ago.

Grain Marketing

Reversing the trend of the preceding month, August receipts of corn, oats, rye, and barley, at the five leading markets of the District, were extremely light. Offerings of oats were the smallest for any August in fifteen years of record which, excluding 1932, was also true of corn, rye, and barley. Marketings of wheat, which are usually the second heaviest of the year, were the lightest since April, the smallest for any August of record, and equal to but about one-fifth the normal offerings. Arrivals of kafir were also light, equalling 32.6 per cent of the ten-year average for August.

The light receipts of wheat, oats, rye, and barley reflect in part the extremely short crop, but producers are reluctant sellers at prevailing prices which are substantially below recent quotations.

Arrivals of grain at the five markets:

	Wheat Bushels	Corn Bushels	Oats Bushels	Rye Bushels	Barley Bushels	Kafir Bushels
Hutchinson...	548,100	10,000	3,000	.....	.....	5,200
Kansas City..	3,094,400	853,500	116,000	22,500	49,600	33,600
Omaha.....	1,900,800	707,000	222,000	71,400	51,200	.....
St. Joseph.....	593,600	474,000	142,000	.....	1,750	1,500
Wichita.....	691,500	52,000	45,000	.....	.....	1,300
August 1933..	6,828,400	2,096,500	528,000	93,900	102,550	41,600
July 1933.....	21,608,000	10,128,750	1,983,000	145,300	221,000	135,900
August 1932..	19,976,100	1,737,500	1,103,500	36,200	80,250	108,200
8 Mos. 1933..	76,741,400	34,161,550	8,248,000	676,200	627,850	952,600
8 Mos. 1932..	133,448,650	10,835,050	5,112,000	132,700	586,250	1,920,600

With trading subject to restrictions and in the absence of speculative demand, fluctuations in grain prices during August were comparatively narrow. All grains except wheat, which declined approximately 1 cent per bushel, registered increases for the month. Restrictions on minimum prices of grain futures, effective as of the close of July 31, were removed August 16, but the limitations of maximum daily net advances, or declines of 5 cents per bushel for wheat, rye, and barley, 4 cents for corn, and 3 cents for oats, are still in effect.

Cash grain prices at Kansas City, in cents per bushel:

	Sept. 20 1933	Aug. 31 1933	July 31 1933	Aug. 31 1932	July 30 1932
No. 1 hard and dark wheat..	\$.92	\$.85½	\$.86¾	\$.47¼	\$.46¼
No. 2 mixed corn.....	.47¾	.47½	.43½	.29¾	.32
No. 2 white oats.....	.39	.37	.32	.18	.18
No. 2 rye.....	.72	.74	.67	.39	.39
No. 2 barley.....	.47	.47	.44	.24¾	.24
No. 2 kafir.....	1.08	1.18	1.08	.63	.60

Flour Milling

Following the rush of orders stimulated by rapidly advancing grain prices and the desire to secure delivery before the processing tax became effective July 9, the demand for flour has subsided in recent weeks. The August output of Tenth District mills was 23 per cent under that for July, 25.6 per cent less than a year ago, the lightest for any August in over fifteen years, and equal to but 66.2 per cent of the ten-year average volume. Mills operated at 46.3 per cent of capacity in August, 62.4 per cent in July, and 61.3 per cent in August, 1932.

August sales were mostly of carlots for immediate needs although, as wheat prices declined, some round lots and several large orders were booked. With wheat prices hovering around the "pegged" minimum the first two weeks of August, prices were unchanged but thereafter declined in sympathy with wheat.

Low dairy and poultry prices, rains that stimulated pasture growth, and the pig slaughter campaign were contributing factors in a lagging demand for millfeeds. With the outlet restricted and grain prices lower, millfeed quotations were marked down substantially.

Flour production in this District as estimated from the weekly reports of southwestern mills to the Northwestern Miller:

	Aug. 1933 Barrels	July 1933 Barrels	Aug. 1932 Barrels
Atchison.....	106,138	111,012	124,078
Kansas City.....	391,237	493,557	641,901
Omaha.....	78,148	109,157	96,450
Salina.....	125,698	113,007	183,312
Wichita.....	146,759	168,285	181,548
Outside.....	634,124	929,436	766,100
Total.....	1,482,104	1,924,454	1,993,389
*United States.....	4,533,433	5,523,103	5,765,044

*Represents about two-thirds of the total output in the United States.

Livestock

August marketings of cattle and calves at the six principal markets of the Tenth District, although showing a seasonal increase over July, were, due to low prices and improved ranges and pastures, restricted somewhat. In only two years of the past fifteen, 1929 and 1930, have August receipts of cattle been lighter, and the run of calves was the smallest in recent years. Offerings of sheep and lambs were, as usual, more liberal than at any time since April and the August total, although somewhat less than in the three preceding years, was slightly in excess of the ten-year average.

The Federal hog reduction program, inaugurated August 23, resulted in a rush of pigs to market and makes statistical comparisons confusing and of little value. Receipts at the six markets, including hogs and pigs shipped direct to packers' yards, were the largest for any month since February, 1928, and for any August of record. Under the program the Government is paying premiums ranging from \$5.60 to \$9.10 per hundredweight at Kansas City on pigs weighing 25 to 100 pounds, the lighter pigs bringing the higher price, and of \$4 per head for piggy sows marketed. Originally the plan called for the marketing of 4,000,000 pigs and 1,000,000 sows, but, as the marketing of sows lagged, the pig quota was recently increased to 6,000,000 head. Allowing for the average litter per sow, the Government hopes to remove a total of 10,000,000 hogs, or about 16 per cent of the total pork supply, from market channels.

Horses and mules were in more normal supply than for several years, with receipts totaling 6,856 head as against 2,848 head in August, 1932.

PRICES: In general all livestock prices were depressed in August with sheep and lambs making the only favorable comparison with a year ago. Veal calves were somewhat higher for the month but other classes of cattle declined 25 to 50 cents per hundredweight. Butcher hogs showed a net loss of about 20 cents for the month, heavy hogs and packing sows were 50 to 60 cents lower, and pigs were 10 to 25 cents higher. Fat lamb prices broke sharply to close off about 75 cents per hundred pounds, ewes were steady, and mature fat sheep were slightly higher. Lambs brought better returns than a year ago but otherwise all livestock values were lower than in any recent August. With feed costs relatively high, the market for stocker and feeder livestock was limited. The eastern demand for dressed meats was narrow.

RANGES AND PASTURES: The September 1 condition of western ranges was described by the Division of Crop and Livestock Estimates as the worst in eleven years for which reports are available. Rains late in August came too late to materially increase feed supplies in the northern areas but benefited southern sections, improved wheat pastures, replenished stock water needs, and deferred the shipment of some livestock.

Cattle and sheep suffered some shrink in August and although holding up well are in the lowest September 1 condition in the eleven years of record.

Feed supplies are low and the prospects for fall and winter range feed are poor, and shipments of cattle and sheep from some areas are expected to be heavy. Contracting of feeder lambs has been limited as quite a spread exists between bid and asked prices. Bids range from \$5 to 5.60 per hundredweight, whereas, flockmasters are holding for \$6 and better. A few sales are reported at \$5 and \$5.25, f. o. b. loading point, for September and early October delivery. With breeding flocks reduced and containing a large proportion of old ewes, there is a desire to withhold or purchase ewe lambs.

Marketings of cattle and calves from seventeen western states from August to December, inclusive, are, according to the Division of Crop and Livestock Estimates, expected to exceed the very small marketings of last year by 13 per cent, but otherwise the smallest in at least twelve years and 9 per cent short of the 1927-1931 average. Sales of sheep and lambs from thirteen western states for the same period will probably show a decrease of about 5 per cent as compared to 1932 and 24 per cent as compared to 1931.

Meat Packing

Packers again purchased a larger proportion of the cattle arriving at the six market centers than usual. Whereas, receipts at these markets were equal to but 81 per cent of the ten-year average for August, the number of animals purchased by packers was equivalent to 106.5 per cent of the average and the August slaughter was the largest for any month since September, 1930, and for any August since 1927. The slaughter of calves, although larger than one month or one year ago, was but about two-thirds normal.

Government purchases of pigs and sows swelled the numbers of swine butchered to record totals for August. Lamb slaughter was about the same in August as in July but 12.8 per cent less than a year ago, and 10 per cent below the ten-year average.

Based on the numbers of livestock slaughtered under Federal meat inspection, the August slaughter of cattle in the United States was the largest for any month since November, 1927, and for that month since 1919. Calf slaughter was the largest for the month since 1925, hog slaughter since 1923, and sheep and lamb slaughter the third largest of record, exceeded only by the years 1931 and 1932.

The August figures of Federally inspected slaughter for the years 1933, 1932, and 1931:

	1933	1932	1931
Cattle.....	840,262	632,515	727,260
Calves.....	415,816	362,233	356,961
Swine.....	3,476,715	2,969,905	2,499,920
Sheep.....	1,532,240	1,579,327	1,597,604

Cold Storage Holdings

According to the summary of United States cold storage holdings, issued by the Bureau of Agricultural Economics, United States Department of Agriculture, September 1 holdings of all commodities were larger than a year ago and, excluding a decrease of 38.5 per cent for lamb and mutton, in excess of the five-year average holdings as of that date. Increases over September 1, 1932, were as follows: beef 99, pork 30, lamb and mutton 14, poultry 58, miscellaneous meats 61, lard 123, eggs 31, creamery butter 63, and cheese 35 per cent. Compared to the five-year average September 1 holdings the following increases are noted: beef and pork 20, poultry 16, miscellaneous meats 11, lard 74, eggs 3, creamery butter 33, and cheese 8 per cent. September 1 storage stocks of all meats were the heaviest of record for that date and holdings of lard and butter established new high marks.

Cold storage holdings in the United States:

	*Sept. 1 1933	*Aug. 1 1932	Sept. 1 1932	Sept. 1 5-Yr. Av.
Beef, lbs.....	48,482	41,845	24,376	40,452
Pork, lbs.....	753,134	807,855	578,876	625,263
Lamb and mutton, lbs.....	1,490	1,596	1,305	2,421
Poultry, lbs.....	47,753	44,041	30,305	41,141
**Turkeys, lbs.....	4,075	5,709	4,286	4,812
Miscellaneous meats, lbs.....	73,190	74,589	45,419	65,901
Lard, lbs.....	224,207	218,267	100,577	128,693
Eggs, cases.....	11,869	9,503	8,616	11,581
Eggs, frozen (case equivalent).....	2,928	3,075	2,656	2,813
Butter, creamery, lbs.....	175,187	150,907	107,259	132,031
Cheese, all varieties, lbs.....	108,007	94,300	79,847	99,546

*Subject to revision. **Included in Poultry. (000 omitted).

Lumber

Reports from 157 retail lumber yards in the District disclose that, although sales of lumber in board feet were 8.7 and 8.5 per cent, respectively, smaller than in July this year or August last year, dollar sales of all materials showed a gain of 14.3 per cent for the month and were 19.7 per cent larger than a year ago. Lumber stocks were fractionally larger on August 31 than July 31 but 3.4 per cent less than on August 31, 1932.

Collections in August, amounting to 24.2 per cent on amounts outstanding at the close of the previous month, were the same as for July this year but somewhat better than a year ago when they equalled but 19.3 per cent of outstandings.

Percentage changes in retail lumber trade are shown herewith:

	August 1933	Compared to July 1933	August 1932	Compared to August 1932
Sales of lumber, board feet.....	8.7	—	8.5	—
Sales of all materials, dollars.....	14.3	—	19.7	—
Stocks of lumber, board feet.....	0.6	—	3.4	—
Outstandings, end of month.....	3.8	—	13.6	—

AUGUST MOVEMENT OF LIVESTOCK IN THE TENTH DISTRICT

	RECEIPTS			STOCKERS AND FEEDERS			PURCHASED FOR SLAUGHTER					
	Cattle	Calves	Hogs	Cattle	Calves	Hogs	Cattle	Calves	Hogs			
Kansas City.....	140,549	26,879	*421,954	97,806	45,060	8,422	2,829	21,190	79,612	18,188	*357,321	69,625
Omaha.....	140,001	7,361	311,185	206,238	17,267	1,277	2,302	73,896	95,577	6,084	252,265	128,463
St. Joseph.....	41,427	7,076	183,306	118,169	4,705	1,559	754	28,868	34,073	6,039	167,858	85,226
Denver.....	19,250	2,996	55,923	285,616	3,930	604	710	20,663	12,514	2,089	39,645	15,779
Oklahoma City.....	23,419	5,202	81,496	7,432	—	—	—	—	13,585	4,243	76,088	6,070
Wichita.....	16,550	5,432	70,381	7,597	—	—	—	—	9,261	3,170	57,568	6,979
August 1933.....	381,196	54,946	1,124,245	722,858	70,962	11,862	6,595	144,617	244,622	39,813	950,745	312,142
July 1933.....	310,956	46,792	758,927	615,437	28,759	5,808	21,439	43,503	194,885	35,981	674,764	308,242
August 1932.....	422,623	64,592	715,735	730,661	132,827	14,086	4,547	124,820	179,411	37,873	597,073	357,992
8 Months 1933.....	2,447,762	353,715	6,823,851	5,199,410	422,623	72,780	75,164	509,422	1,452,439	246,010	6,036,192	2,788,031
8 Months 1932.....	2,509,883	328,764	6,654,632	5,720,297	438,586	54,340	38,406	467,531	1,360,774	235,541	5,498,579	3,175,068

*Includes 117,355 hogs shipped direct to packers' yards.

Building

August building operations in seventeen Tenth District cities, although showing a slight improvement over July, both as to the number of permits issued and the estimated cost of construction, were the lightest for any August in over twenty years. Only about 40 per cent of the usual number of permits were issued during the month and their value was equal to but 12 per cent of the 1923-1932 average.

BUILDING PERMITS IN TENTH DISTRICT CITIES

	PERMITS		ESTIMATED COST	
	1933	1932	1933	1932
Albuquerque, N. M.....	55	46	\$ 84,467	\$ 125,499
Cheyenne, Wyo.....	28	15	3,867	12,682
Colorado Springs, Colo.....	30	24	13,800	3,845
Denver, Colo.....	314	327	184,855	267,535
Joplin, Mo.....	16	12	36,250	4,700
Kansas City, Kans.....	25	22	7,000	15,215
Kansas City, Mo.....	126	108	129,900	103,500
Lincoln, Nebr.....	55	44	48,366	28,757
Oklahoma City, Okla.....	61	68	100,180	128,965
Omaha, Nebr.....	69	71	93,545	142,945
Pueblo, Colo.....	27	35	3,870	6,867
Salina, Kans.....	4	12	1,210	2,675
Shawnee, Okla.....	9	4	3,880	570
St. Joseph, Mo.....	21	23	13,660	4,338
Topeka, Kans.....	54	35	48,930	23,015
Tulsa, Okla.....	52	73	59,100	34,727
Wichita, Kans.....	55	73	14,680	771,739
Total 17 cities, August.....	1,001	992	\$ 847,560	\$ 1,677,574
Total 16 cities, 8 months.....	7,386	8,326	5,536,866	9,412,510

Reports of the F. W. Dodge Corporation reflect increases in residential and total building contracts awarded in this District in August, both as compared to July this year and August, 1932.

Total building contracts awarded in this District and the United States as reported by the F. W. Dodge Corporation:

	TENTH DISTRICT		UNITED STATES	
	1933	1932	1933	1932
August.....	\$ 4,819,177	\$ 4,696,910	\$ 106,131,100	\$ 133,988,100
July.....	4,407,818	8,195,303	82,693,100	128,768,700
Eight months...	28,906,217	43,103,295	621,575,800	929,836,500

Cement

Cement mills in this District produced about one-half their normal output of finished Portland cement during August, or less than in any like month in recent years. Compared to July, production declined 9.3 per cent and compared to August last year 21.7 per cent. Shipments declined 38.6 per cent for the month and 49 per cent as compared to a year ago. Stocks were enlarged 13.8 per cent in August and at the close were, August 31, 1930, excepted, the largest of record for that date, or 4.9 per cent larger than at that time last year.

Estimates of production, shipments, and stocks of finished Portland cement, in this District and the United States, as reported by the United States Bureau of Mines:

	TENTH DISTRICT			UNITED STATES		
	Production	Shipments	Stocks	Production	Shipments	Stocks
August 1933.....	666	409	2,112	8,223	5,994	22,077
July 1933.....	734	666	1,856	8,609	8,697	19,848
August 1932.....	851	802	2,013	7,835	10,968	19,398
8 Months 1933.....	3,981	4,270	.....	44,500	42,618	.....
8 Months 1932.....	4,310	4,411	.....	49,650	54,490	.....

Petroleum

Gross output of crude oil in the Tenth District during August, according to estimates based on the weekly figures of the American Petroleum Institute, totaled 25,187,000 barrels. This total, as compared to the Bureau of Mines estimates for July this year and August, 1932, reflects increases of 1.2 per cent for the month and 41.1 per cent for the year. Compared to a year ago, large increases are shown for Oklahoma, Kansas, and New Mexico.

The gross production figures for August are here shown in comparison with those for July this year and August last year:

	*August 1933 Barrels	July 1933 Barrels	August 1932 Barrels
Oklahoma.....	18,876,000	18,519,000	12,594,000
Kansas.....	4,087,000	4,073,000	2,983,000
Wyoming.....	910,000	933,000	1,199,000
Colorado.....	73,000	83,000	86,000
New Mexico.....	1,241,000	1,271,000	987,000
Total five states.....	25,187,000	24,879,000	17,849,000
Total United States.....	85,191,000	84,387,000	66,220,000

*Estimated, American Petroleum Institute.

On August 25 purchasing companies in the mid-continent area advanced the price of crude oil 10 cents per barrel and on September 8 increased quotations an additional 25 cents. Posted prices now range from 65 cents per barrel for oil testing 25 degrees gravity, with a 2 cent advance for each additional degree, and a maximum of 97 cents for oil testing 40 degrees and above. A year ago prices ranged from 76 cents to \$1 per barrel. Prices of all refined products advanced with crude oil.

Bituminous Coal

The August output of soft coal at mines in this District, as estimated from the weekly reports of the Bureau of Mines, although 24.4 per cent greater than a year ago, was otherwise smaller than for any like month in recent years. Output for the month exceeded that for July by 44.2 per cent, or somewhat more than the usual seasonal gain.

Tonnage of coal mined in the six coal producing states of the District during August, with comparisons:

	*August 1933 Tons	*July 1933 Tons	August 1932 Tons
Colorado.....	386,000	205,000	270,000
Kansas.....	137,000	97,000	101,000
Missouri.....	278,000	195,000	269,000
New Mexico.....	93,000	80,000	85,000
Oklahoma.....	165,000	95,000	62,000
Wyoming.....	268,000	248,000	280,000
Total six states.....	1,327,000	920,000	1,067,000
Total United States.....	33,852,000	29,482,000	22,489,000

*Estimated from the weekly reports of the United States Bureau of Mines.

Zinc and Lead

Deliveries of zinc concentrates by mines in Oklahoma, Kansas, and Missouri for the four weeks ended September 2 were almost three times as large as in the corresponding period of 1932, and lead ore shipments were over six and one-half times as large. As all ore prices were considerably higher than a year ago, values made an even more favorable showing than tonnage. Compared to the four weeks ended August 5, zinc ore shipments increased 13.9 per cent and lead ore shipments increased 122.6 per cent.

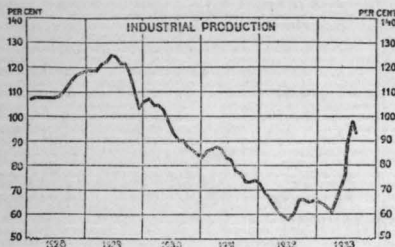
Tonnage and value of zinc ore and lead ore shipments from the Tri-state district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Oklahoma.....	16,327	\$ 567,757	3,151	\$ 165,427
Kansas.....	8,694	302,348	2,203	115,659
Missouri.....	413	143,113	119	6,247
4 Weeks ended Sept. 2, 1933.....	25,434	\$ 884,418	5,473	\$ 287,333
4 Weeks ended Aug. 5, 1933.....	22,329	774,387	2,459	129,097
4 Weeks ended Sept. 3, 1932.....	8,637	162,312	849	28,385
35 Weeks ended Sept. 2, 1933.....	172,756	4,321,432	24,236	1,064,632
35 Weeks ended Sept. 3, 1932.....	98,323	1,711,113	15,474	546,557

Zinc ore declined \$3 per ton during August, closing at \$32 as against \$16 in February this year and \$19 in August, 1932. Lead ore was unchanged at \$52.50 per ton, or \$20 above a year ago and the 1933 low.

Business Conditions in the United States

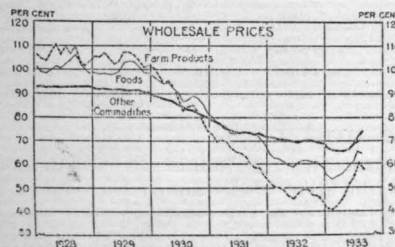
By the Federal Reserve Board



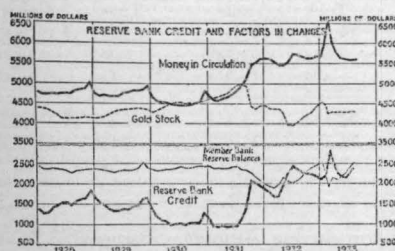
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100.) Latest figure, August, 93.



Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average=100.) Latest figures, August, employment, 73.4; payrolls, 55.7.



Indexes of the United States Bureau of Labor Statistics (1926=100). Latest figures, August, farm products, 57.6; foods, 64.8; other commodities, 74.1.



Wednesday figures for 12 Federal reserve banks. Latest figures are for September 20.

The general level of industrial production declined in August and the early part of September, reflecting reductions in activity of industries in which there has been a rapid rise in previous months. Employment and wage payments were larger in August than in July.

PRODUCTION AND EMPLOYMENT: The Federal Reserve Board's seasonally adjusted index of industrial production, which had been rising rapidly for several months, declined from 100 per cent of the 1923-1925 average in July to 92 per cent in August. The principal decreases were in the primary textile industries, in flour milling, and in output of steel ingots, which declined from 59 per cent of capacity in July to 49 per cent in August. Average daily output of automobiles declined somewhat from the level of July. There were increases during the month in production of petroleum, non-ferrous metals, and cigarettes and output of lumber and coal increased seasonally.

During September, reports indicate further reductions in output of steel and flour; petroleum production slackened under new restrictions; and output of lumber decreased.

Increases in employment between the middle of July and the middle of August, the latest date for which figures are available, were general in most lines of industry, and there were numerous increases in wage rates and reductions in working hours. Compared with the low point of last spring there has been an estimated increase of 2,200,000 in number of industrial wage workers.

Value of construction contracts awarded, as reported to the F. W. Dodge Corporation, increased in August owing to awards for public works, particularly highways and bridges. Contracts for other types of construction were in smaller volume than in July.

An increase of \$1,000,000,000 in gross income of farmers for the year 1933 is indicated by estimates of the United States Department of Agriculture, primarily as a result of higher prices for certain farm products, notwithstanding small crops of grains, hay, and potatoes.

DISTRIBUTION: Sales by department stores increased in August, and the Board's index, which is adjusted for seasonal variations, advanced from 71 to 75 per cent of the 1923-1925 average, the highest level since the spring of 1932. The recent increase in dollar sales reflects to a large extent advancing prices.

The volume of freight shipped by rail declined slightly during August, on an average daily basis, although an increase is usual at this time of year.

COMMODITY PRICES: The general average of wholesale commodity prices fluctuated within a narrow range during August and early September at a level about 17 per cent above the low point of last spring. Prices of individual commodities showed divergent movements, decreases being reported for prices of domestic agricultural products, while prices of many manufactured goods, of coal, petroleum, and other industrial raw materials, increased. During the second and third weeks of September prices of commodities in organized markets advanced considerably. Retail prices of food continued to advance.

FOREIGN EXCHANGE: In the foreign exchange markets the value of the dollar in terms of the French franc declined from 75 per cent of its gold parity on August 15 to 65 per cent on September 22.

BANK CREDIT: At member banks in 90 leading cities, there was a growth of \$200,000,000 in net demand deposits in the four weeks ending September 13, following a decline of \$800,000,000 between the middle of June and the middle of August. More than half of the recent increase reflected a return of bankers' balances to New York City banks. The banks gradually reduced their holdings of United States Government securities following an increase in the week ending August 16, when a new issue of Treasury bonds was sold, and on September 13 their holdings were in about the same volume as in early August. There was some increase in commercial loans both at member banks in New York City and in other leading cities.

Member bank balances at the reserve banks continued to increase during August and the first three weeks of September, and excess reserves of member banks reached \$700,000,000. This increase reflected primarily additional purchases of Government securities by the Federal reserve banks, which have averaged \$35,000,000 a week since August 16. Money in circulation, which usually increases at this season, has shown little change in the past month, indicating a continued return from hoards.

Money rates in the open market showed a renewed decline during August and the first half of September.