

THE MONTHLY REVIEW

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

FEDERAL RESERVE BANK OF KANSAS CITY

Vol. 20

KANSAS CITY, MO., JUNE 1, 1935

No. 6

GENERAL rains throughout the District and heavy snows in the mountain regions the past month have greatly improved crop prospects, encouraging agriculture and general business. Seeding operations, delayed in some areas by dry soil, are being resumed, with the top soil in good condition for the planting of all spring crops. The moisture was exceedingly beneficial to fall sown grains, oats, potatoes, sugar beets, cotton, and meadows and pastures. Winter wheat prospects, which are fair to good in the eastern third of the District but poor in the western third of the wheat belt, improved, some fields believed dead showing signs of recovery. The irrigated sections are now assured of an adequate supply of water and stock water supplies have been replenished.

General business in the Tenth District was little changed from March to April, bank debits, department store sales, residential construction, and retail sales of lumber increasing slightly and wholesale trade, life insurance sales, and mineral and flour production declining. Meat packing operations, stimulated by more liberal marketings of live stock, were substantially larger for the month. Savings deposits at reporting banks and net demand deposits at member banks continued to increase.

Trade at thirty-one department stores, located in cities throughout the District, was 5.6 per cent larger in April this year than in April last year but wholesale distribution, as reflected by the dollar volume of sales of five representative lines combined, was 1.1 per cent smaller. Inventories of merchandise on hand at wholesale and retail establishments April 30 were about the same as one month and one year earlier. Collections were, on the whole, better than a year ago. Retail sales of lumber were up 15.7 per cent and life insurance sales were down 15.7 per cent as compared to a year ago. Bank debits increased 8.6 per cent. Business failures, although somewhat more numerous and liabilities larger in April than in March this year or April last year, were, 1934 excepted, the lightest for the month since 1920.

A fair volume of small orders and good shipping instructions enabled flour mills to maintain operating schedules during April and the output of flour was 10.8 per cent above that of April, 1934. Petroleum production, exceeding Federal allowables, increased 1 per cent for the year and new field developments were increasingly active. Mines produced about the same amount of coal as a year ago but shipments of zinc ore and lead ore were substantially larger. In the building industry, residential construction is more active than in several years but other types of building operations remain dormant.

BUSINESS IN THE TENTH FEDERAL RESERVE DISTRICT

Percentages of Increase, or Decrease (—), for April 1935 over March 1935 and April 1934 and for the first four months of 1935 over the like period in 1934.

	April 1935 compared to		4 Mos. 1935 compared to 4 Mos. 1934
	Mar. 1935	Apr. 1934	
Banking			
Payments by check, 29 cities.....	0.7	8.6	11.1
Federal Reserve Bank clearings.....	— 0.3	15.4	8.5
Business failures, number.....	17.6	21.2	—16.6
Business failures, liabilities.....	133.5	169.6	—20.2
Loans, 51 member banks.....	— 1.2	— 4.6	.....
Investments, 51 member banks.....	— 1.8	12.5	.....
Net demand deposits, 51 member banks	5.4	25.1	.....
Time deposits, 51 member banks.....	2.7	— 0.4	.....
Savings deposits, 45 selected banks.....	1.1	10.2	.....
Savings accounts, 45 selected banks.....	0.1	4.3	.....
Distribution			
Wholesalers' sales, 5 lines combined.....	— 1.1	— 1.1	— 5.5
Retailers' sales, 31 department stores.....	1.4	5.6	5.4
Lumber sales, 156 retail yards.....	8.7	15.7	— 0.5
Life insurance, written.....	— 3.9	—15.7	— 3.4
Construction			
Building contracts awarded, value.....	—42.4	—29.0	— 7.8
Residential contracts awarded, value.....	0.1	120.2	7.6
Building permits in 17 cities, value.....	33.2	65.3	40.3
Production			
Flour.....	— 2.4	10.8	6.0
Crude petroleum.....	— 4.0	1.0	5.4
Soft coal.....	—42.0	— 0.2	11.6
Zinc ore (shipped) Tri-State district.....	1.7	17.5	31.1
Lead ore (shipped) Tri-State district.....	— 2.6	22.9	50.5
Cement.....	32.5	—29.2	—20.4
Grain receipts, 5 markets			
Wheat.....	45.0	— 1.9	—39.4
Corn.....	5.8	136.9	—14.6
Oats.....	—14.2	76.5	26.3
Rye.....	81.8	62.2	—70.8
Barley.....	—61.8	—45.1	—69.4
Kafir.....	—19.3	—53.4	—59.5
Live stock receipts, 6 markets			
Cattle.....	15.5	— 9.7	— 5.9
Calves.....	13.4	27.8	25.8
Hogs.....	16.8	—44.5	—47.7
Sheep.....	20.1	9.2	— 4.8
Horses and mules.....	—12.0	41.0	19.1
Meat packing, 6 markets			
Cattle.....	18.1	—18.7	—20.1
Calves.....	8.8	8.6	20.2
Hogs.....	14.7	—45.5	—48.9
Sheep.....	45.7	25.0	—10.3

Marketings of all classes of grain were again comparatively light in April. Receipts of hogs at six market centers were the lightest and calves the heaviest for the season in many years but cattle and sheep and lambs were in normal supply. Hogs and lambs sold lower and most classes of cattle higher in April than in March, with sheep and lambs the only species of live stock selling below a year ago. Prices of hogs and lambs advanced the forepart of May.

Financial

MEMBER BANK OPERATIONS: Liquidation of indebtedness and the accumulation of deposits continue at Tenth District member banks. Loans and discounts of fifty-one weekly reporting member banks, located in leading cities of the District, dropped to \$189,449,000 on April 24, the lowest point in many years, then rose slightly to show a net decrease for the five weeks' period ended May 15 of \$2,357,000. The loss was in loans secured by stocks and bonds which declined 13.5 per cent as "all other" loans increased 3.4 per cent. Compared to May 16, 1934, total loans and discounts were down 4.6 per cent.

Investment holdings of the fifty-one banks were reduced 1.8 per cent in five weeks, a decrease of 5.4 per cent in holdings of United States Government securities more than offsetting increases of 18 per cent in holdings of obligations fully guaranteed, both as to principal and interest, by the United States Government and 1.8 per cent in other securities. Total investments as of May 15 were 12.5 per cent larger than on May 16, 1934, all classifications sharing in the gain.

Net demand deposits jumped 5.4 per cent in five weeks to a total of \$519,471,000 as of May 15, on which date they were 25.1 per cent higher than one year earlier and, but for the first two reporting dates in August, 1929, the highest of record. On March 8, 1933, they were down to \$297,000,000, the low of recent years. Time deposits showed a slight gain in five weeks but fell fractionally short of the total of May 16, 1934.

Principal resource and liability items of the fifty-one reporting member banks as shown by the weekly condition statements:

	May 15, 1935	April 10, 1935	May 16, 1934
Loans and investments—total.....	\$579,745,000	\$589,380,000	\$546,171,000
Loans and discounts—total.....	192,984,000	195,341,000	202,271,000
Secured by stocks and bonds.....	46,295,000	53,500,000	62,877,000
All other loans and discounts.....	146,689,000	141,841,000	139,394,000
Investments—total.....	386,761,000	394,039,000	343,900,000
U. S. securities direct.....	239,330,000	252,872,000	233,782,000
Obligations fully guaranteed by U. S. Government.....	26,989,000	22,881,000	-----
Other securities.....	120,442,000	118,286,000	110,118,000
Reserve with F. R. bank.....	121,888,000	101,467,000	80,027,000
Net demand deposits.....	519,471,000	492,915,000	415,320,000
Time deposits.....	167,362,000	163,026,000	168,038,000
Government deposits.....	17,386,000	21,289,000	18,981,000

FEDERAL RESERVE BANK OPERATIONS: Reserve deposits of Tenth District member banks, which are about double requirements, made further gains during the five weeks' period ended May 15, totaling \$196,828,648 on that date, a high record. The increase since April 10, as disclosed by the weekly condition statements of this bank and branches, amounted to \$23,611,760, or 13.6 per cent, and since May 16, 1934, to \$61,253,474, or 45.2 per cent. Federal reserve note circulation expanded slightly between April 10 and May 15 to the highest level since April, 1933, up 12.4 per cent as compared to May 16, 1934.

Holdings of bills rediscounted for member banks and of bills purchased in the open market remain comparatively insignificant. Industrial loans, under the new provisions of the Federal Reserve Act, increased \$47,448 in five weeks and now aggregate \$1,006,655. Holdings of United States Government securities, unchanged in ten weeks, amounted to \$106,844,250 on May 15, or \$15,000,050 more than one year earlier. Total reserves rising 9.2 per cent in five weeks and 39.5 per cent in fifty-two weeks, to \$218,600,110 on May 15, are the highest in the history of this bank.

Principal items of the weekly condition statements of the Federal Reserve Bank of Kansas City and branches:

	May 15, 1935	April 10, 1935	May 16, 1934
Total reserves.....	\$218,600,110	\$200,249,646	\$156,690,374
Bills discounted.....	97,385	79,584	218,661
Bills purchased.....	126,779	143,248	141,946
Industrial advances.....	1,006,655	959,207	-----
U. S. securities.....	106,844,250	106,844,250	91,844,200
Total bills and securities.....	108,075,069	108,026,289	92,204,807
Total resources.....	364,604,315	338,974,080	286,991,663
F. R. notes in circulation.....	120,252,775	119,512,825	106,977,460
Member banks' reserve deposits.....	196,828,648	173,216,888	135,575,174

The discount rate of the Federal Reserve Bank of Kansas City, on all classes of paper and maturities, was reduced from 2½ per cent to 2 per cent, effective May 10.

FEDERAL RESERVE BANK CLEARINGS: Check collections through the Federal Reserve Bank of Kansas City and branches at Omaha, Denver, and Oklahoma City during April were about unchanged, both as to the number of items handled and the dollar volume, as compared to March. They were, however, somewhat larger than in April, 1934, the number of items handled increasing 8.7 per cent and the dollar volume increasing 15.4 per cent. Cumulative figures for the first four months of 1935 show that, although the number of transactions declined 3.1 per cent, the dollar volume was 8.5 per cent greater than during the first four months of the previous year.

The clearings totals for the periods of comparison follow:

	ITEMS		AMOUNT	
	1935	1934	1935	1934
April.....	5,341,879	4,915,071	\$ 809,243,000	\$ 701,455,000
March.....	5,305,795	5,555,074	811,967,000	782,439,000
Four months.....	20,836,424	21,506,270	3,143,542,000	2,897,600,000

BANK DEBITS: Debits by banks to individual accounts, in twenty-nine leading cities of this District during the four weeks' period ended May 1, totaled \$894,131,000, or 0.7 per cent, more than in the preceding four weeks ended April 3 and were 8.6 per cent above the total reported for the four weeks' period ended May 2, 1934.

PAYMENTS BY CHECK

	FOUR WEEKS ENDED		Per cent Change
	May 1, 1935	May 2, 1934	
Albuquerque, N. M.....	\$ 9,460,000	\$ 7,294,000	29.7
Atchison, Kans.....	3,038,000	2,553,000	19.0
Bartlesville, Okla.....	19,556,000	19,626,000	— 0.4
Casper, Wyo.....	4,070,000	3,544,000	14.8
Cheyenne, Wyo.....	6,254,000	5,207,000	20.1
Colorado Springs, Colo.....	10,470,000	9,867,000	6.1
Denver, Colo.....	123,758,000	112,376,000	10.1
Enid, Okla.....	7,993,000	6,793,000	17.7
Fremont, Nebr.....	2,337,000	1,881,000	24.2
Grand Junction, Colo.....	2,099,000	1,560,000	34.6
Guthrie, Okla.....	1,314,000	1,233,000	6.6
Hutchinson, Kans.....	10,088,000	7,656,000	31.8
Independence, Kans.....	1,849,000	3,955,000	—53.2
Joplin, Mo.....	7,508,000	6,636,000	13.1
Kansas City, Kans.....	10,191,000	9,273,000	9.9
Kansas City, Mo.....	254,508,000	236,158,000	7.8
Lawrence, Kans.....	2,960,000	2,596,000	14.0
Lincoln, Nebr.....	21,960,000	22,824,000	— 3.8
Muskogee, Okla.....	5,950,000	5,758,000	3.3
Oklahoma City, Okla.....	72,744,000	72,652,000	0.1
Oklmulgee, Okla.....	2,713,000	2,435,000	11.4
Omaha, Nebr.....	117,089,000	109,813,000	6.6
Pittsburg, Kans.....	3,474,000	2,696,000	28.9
Pueblo, Colo.....	12,858,000	12,225,000	5.2
Salina, Kans.....	7,205,000	6,226,000	15.7
St. Joseph, Mo.....	24,244,000	25,050,000	— 3.2
Topeka, Kans.....	14,798,000	13,912,000	6.4
Tulsa, Okla.....	98,549,000	82,133,000	20.0
Wichita, Kans.....	35,094,000	29,290,000	19.8
Total 29 cities, 4 weeks.....	\$ 894,131,000	\$ 823,222,000	8.6
Total 29 cities, 17 weeks.....	3,690,581,000	3,321,560,000	11.1
U. S. 270 cities, 4 weeks.....	31,191,045,000	32,229,564,000	— 3.2
U. S. 270 cities, 17 weeks.....	127,792,805,000	120,866,954,000	5.7

RETAIL TRADE AT 31 DEPARTMENT STORES IN THE TENTH FEDERAL RESERVE DISTRICT

Stores Reporting	SALES		STOCKS (RETAIL)		STOCK TURNOVER				ACCOUNTS RECEIVABLE		AMOUNTS COLLECTED		
	April 1935 compared to April 1934	Year 1935 compared to Year 1934	April 30, 1935 compared to		April		Year		April 30, 1935 compared to		April 1935 compared to		
			Mar. 31, 1935	Apr. 30, 1934	1935	1934	1935	1934	Mar. 31, 1935	Apr. 30, 1934	Mar. 1935	Apr. 1934	
Kansas City.....	4	11.4	9.7	-0.9	-15.7	.32	.25	1.10	.85	4.8	6.0	3.4	11.0
Denver.....	4	2.1	8.4	2.7	6.3	.27	.28	1.12	1.04	-0.4	5.5	-0.9	13.3
Oklahoma City.....	3	2.0	-0.3	-1.5	-1.4	.35	.35	1.37	1.40	-3.4	-4.1	10.9	18.0
Tulsa.....	3	0.6	-0.2	0.8	3.0	.34	.35	1.37	1.38	2.4	3.4	1.2	6.5
Wichita.....	3	22.8	15.3	4.5	12.1	.31	.27	1.13	1.05	1.8	6.6	5.8	15.4
Other cities.....	14	2.7	0.5	2.2	2.0	.24	.25	.94	.96	2.1	-0.1	0.8	7.3
Total.....	31	5.6	5.4	1.3	-1.5	.29	.27	1.11	1.03	1.0	2.7	2.4	11.8

NOTE: Percentage of collections in April on open accounts March 31, all stores reporting 44.3. Collections same month last year 41.8.

SAVINGS: For the fourth consecutive month, both savings deposits and the number of depositors, as reported by forty-five selected banks in leading cities of the District, increased in April. Savings deposits were 1.1 per cent larger on May 1 than one month earlier and 10.2 per cent larger than on May 1, 1934. The increase in the number of savings accounts of the reporting banks amounted to 0.1 per cent for the month and 4.3 per cent for the year.

Savings accounts and savings deposits as reported by the forty-five banks:

	Savings Accounts	Savings Deposits
May 1, 1935.....	404,500	\$122,148,979
April 1, 1935.....	404,045	120,875,949
May 1, 1934.....	387,893	110,875,921

Business Failures

A total of 40 business defaults during April, with liabilities aggregating \$704,147, was reported for the Tenth District by Dun and Bradstreet, Incorporated. These totals, although disclosing increases over April, 1934, were otherwise the smallest for the month since 1920. Insolvencies in the United States also increased in number for the month but the amount of liabilities involved established a new fifteen-year low for April.

Business insolvencies in the United States and the Tenth District as reported by Dun and Bradstreet, Incorporated:

	TENTH DISTRICT		UNITED STATES	
	Number	Liabilities	Number	Liabilities
April 1935.....	40	\$ 704,147	1,115	\$ 18,063,923
March 1935.....	34	301,548	976	18,522,840
April 1934.....	33	261,170	1,052	25,786,975
Four months 1935.....	151	1,445,588	4,280	74,148,117
Four months 1934.....	181	1,811,765	4,567	105,364,632

Trade

Retail trade at thirty-one department stores in Tenth District cities expanded 1.4 per cent, or somewhat less than the usual seasonal amount, during April. This increase compares with a decrease of 6.2 per cent last year when Easter fell in March. The combined sales of the stores for the month in dollars were 5.6 per cent higher than in April, 1934, and accumulative sales for the four months this year increased 5.4 per cent over the like period last year. Sales for April and the four months were larger than in any like month or period since 1931.

Stocks of department stores on April 30 averaged slightly higher than one month earlier and slightly lower than one year earlier. Collections on open accounts improved over March this year and April last year, averaging 44.3 per cent during April on amounts receivable at the end of the preced-

ing month as against 43.8 per cent in March and 41.8 per cent in April, 1934. Collections on installment accounts averaged 16.3 per cent of receivables in April and 16.7 per cent in March this year, and 15.8 per cent in April last year.

WHOLESALE: Distribution of merchandise at wholesale during April, taking the combined dollar sales figures reported by firms in five leading lines, was smaller than in March by 1.1 per cent and under April, 1934, by 1.1 per cent. Sales of groceries and furniture were in larger volume in April than in March, while sales of dry goods, hardware, and drugs recorded small decreases. In comparison with the corresponding month last year, this year's April sales of dry goods declined 15.3 per cent and of hardware 9.5 per cent, whereas sales of groceries, furniture, and drugs increased 12.7, 8.1, and 4.2 per cent, respectively. Implement and farm machinery distributors also reported sales and collections as somewhat better than a year ago.

Inventories of wholesalers of hardware and furniture, at the end of April, were larger than one month earlier but smaller than on April 30, 1934. Stocks of dry goods, groceries, and drugs were larger on April 30 than on March 31 this year or April 30 last year.

Life Insurance

Companies representing about 90 per cent of the total legal reserve ordinary life insurance outstanding in the United States reported their sales of new paid-for ordinary life insurance in each of the seven states of the District as somewhat smaller in April this year than in April last year, the combined decrease amounting to 15.7 per cent. Sales in Nebraska and Oklahoma increased as compared to March but losses in the other five states resulted in a net decline of 3.9 per cent for the District.

The sales figures as reported to the Life Insurance Research Bureau:

	April 1935	March 1935	April 1934
Colorado.....	\$ 4,392,000	\$ 4,068,000	\$ 5,083,000
Kansas.....	5,001,000	5,299,000	5,925,000
Missouri.....	14,949,000	16,718,000	18,560,000
Nebraska.....	4,587,000	4,451,000	5,428,000
New Mexico.....	788,000	803,000	833,000
Oklahoma.....	6,125,000	5,859,000	6,569,000
Wyoming.....	696,000	832,000	942,000
Seven states.....	\$ 36,538,000	\$ 38,030,000	\$ 43,340,000
United States.....	540,280,000	545,450,000	581,433,000

WHOLESALE TRADE IN THE TENTH FEDERAL RESERVE DISTRICT

Stores Reporting	SALES		OUTSTANDINGS		AMOUNTS COLLECTED		STOCKS		
	Apr. 1935 compared to		Apr. 30, 1935 compared to		Apr. 1935 compared to		Apr. 30, 1935 compared to		
	Mar. 1935	Apr. 1934	Mar. 31, 1935	Apr. 30, 1934	Mar. 1935	Apr. 1934	Mar. 31, 1935	Apr. 30, 1934	
Dry goods.....	6	-5.3	-15.3	-3.0	-12.0	12.0	-8.4	0.5	5.0
Groceries.....	5	2.7	12.7	2.4	1.4	6.0	18.1	2.1	18.0
Hardware.....	9	-3.4	-9.5	2.5	-7.3	11.7	-5.1	2.5	-10.8
Furniture.....	5	4.5	8.1	3.9	-13.2	2.2	-2.7	2.4	-2.9
Drugs.....	7	-0.7	4.2	2.3	-2.2	-2.9	0.7	2.1	3.1

Lumber

RETAIL: Sales of lumber during April at 156 reporting retail yards, located in cities and towns in the Tenth District, were 8.7 per cent larger than in March this year and 15.7 per cent larger than in April, 1934. Dollar sales of all materials, which increased 16.5 per cent for the month, were 27.4 per cent above a year ago. Stocks of lumber as of April 30 were 2.1 per cent heavier than one month earlier and 5.1 per cent lighter than one year earlier.

Collections made a slight improvement for the month advancing from 37.2 per cent, of amounts outstanding at the close of the preceding month, in March to 40 per cent in April. The collection percentage for April, 1934, was 31 per cent.

April business at the 156 reporting yards is herewith compared to that of March this year and April last year in percentages of increase or decrease:

	April 1935 compared to	
	March 1935	April 1934
Sales of lumber, board feet.....	8.7	15.7
Sales of all materials, dollars.....	16.5	27.4
Stocks of lumber, board feet.....	2.1	— 5.1
Outstandings, end of month.....	11.0	1.7

Building

Residential construction was the bright spot in Tenth District building operations during April. Expenditures for that type of construction were larger in April than in any previous month since October, 1931. Total construction activity slumped, however, contract awards declining 42.4 per cent as compared to March and 29 per cent as compared to April, 1934.

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

	RESIDENTIAL		TOTAL	
	Tenth District	United States	Tenth District	United States
April 1935....	\$1,404,526	\$ 42,280,800	\$ 4,236,413	\$124,284,600
March 1935..	1,403,135	32,207,400	7,349,615	123,043,500
April 1934....	637,979	22,770,000	5,967,104	131,413,800
4 Mos. 1935..	4,145,139	113,515,200	23,624,277	422,185,500
4 Mos. 1934..	3,854,094	80,476,800	25,624,325	594,033,600

Official reports from the building departments of seventeen cities in the District show a total of 1,685 building permits, calling for an expenditure of \$1,771,031, issued in April. Not since June, 1931, have these cities issued so many permits, and estimated construction costs exceed the totals reported for any previous month since October, 1931.

BUILDING PERMITS IN TENTH DISTRICT CITIES

	PERMITS		ESTIMATED COST	
	1935	1934	1935	1934
Albuquerque, N. M.....	68	62	\$ 47,619	\$ 33,285
Cheyenne, Wyo.....	34	37	19,121	8,940
Colorado Springs, Colo.....	40	28	61,685	8,056
Denver, Colo.....	330	325	434,609	185,054
Joplin, Mo.....	10	4	9,950	1,725
Kansas City, Kans.....	45	35	31,620	22,005
Kansas City, Mo.....	292	177	438,800	76,700
Lincoln, Nebr.....	169	134	76,950	17,692
Oklahoma City, Okla.....	121	96	163,245	46,900
Omaha, Nebr.....	138	107	83,464	315,206
Pueblo, Colo.....	61	74	15,946	12,342
Salina, Kans.....	19	11	14,772	10,750
Shawnee, Okla.....	19	12	23,375	3,712
St. Joseph, Mo.....	26	23	21,680	123,070
Topeka, Kans.....	72	46	126,940	67,245
Tulsa, Okla.....	81	86	100,935	70,955
Wichita, Kans.....	160	83	100,320	67,575
Total 17 cities, April.....	1,685	1,340	\$1,771,031	\$1,071,212
Four months.....	4,855	3,633	5,063,824	3,610,401

Flour Milling

A steady volume of widely scattered small lot sales, calling for shipment within thirty days, and good shipping directions on profitable bookings enabled flour mills in the District to maintain operations at relatively good schedules during April. Operating at 61.9 per cent of full-time capacity during the month as compared to 63.6 per cent in March and 58.2 per cent in April, 1934, these mills produced 1,912,959 barrels of flour in April, 47,688 barrels less than in the previous month, but 186,320 barrels more than in the corresponding month a year ago.

Flour production in the principal milling centers as estimated from the weekly reports of the southwestern mills to the Northwestern Miller:

	April 1935	March 1935	April 1934
	Barrels	Barrels	Barrels
Atchison.....	114,161	118,221	118,808
Kansas City.....	550,092	554,867	451,015
Omaha.....	1,074,434	1,143,336	1,064,437
Salina.....	147,565	148,376	130,410
Wichita.....	154,171	198,069	135,684
Outside.....	839,536	826,778	784,285
Total.....	1,912,959	1,960,647	1,726,639
*United States.....	4,981,407	5,155,654	5,043,220

*Represents about 60 per cent of the total output in the United States.

A sharp advance in wheat prices the forepart of April carried flour prices up 40 cents per barrel but failed to attract many buyers into the market as was also true of the lower prices prevailing the opening week of May. Although many bakers and jobbers are apparently in need of flour and bookings are very low, even for this season of the year, buyers are apparently sold on a hand-to-mouth purchasing policy awaiting new crop offerings.

Millfeed prices, which were strong to higher throughout April, broke abruptly the first week of May as greening pastures reduced feed requirements. Shorts were in stronger demand than bran but the limited offerings of both were readily absorbed and mills have no surplus.

Grain Marketing

Marketings of wheat and corn, at the five principal grain markets of the District, were heavier during April than in any month since last October and, as in recent months, consignments on contracts accounted for a large portion of the arrivals. Receipts of wheat, although only 1.9 per cent less than in April, 1934, fell 29 per cent short of the ten-year average and were the lightest for the month in sixteen years of record. Offerings of corn, which were more than double last year's volume, were 10 per cent below normal for the season. Receipts of oats, rye, barley, and kafir declined 48, 27, 82, and 87 per cent, respectively, as compared to the ten-year average, with receipts of oats and rye substantially larger and those of barley and kafir smaller than a year ago.

April receipts of the six classes of grain at the five markets with comparisons:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels
Hutchinson.....	553,500	1,250	.....	.....	1,250	2,600
Kansas City.....	2,032,000	2,595,000	108,000	30,000	12,800	33,600
Omaha.....	547,478	416,280	276,000	.....	.....	.....
St. Joseph.....	155,200	229,500	120,000	.....	.....	6,000
Wichita.....	522,000	14,300	.....	.....	.....	3,900
April 1935.....	3,810,178	3,166,330	504,000	30,000	14,050	46,100
March 1935.....	2,628,137	2,993,921	587,500	16,500	36,800	57,100
April 1934.....	3,884,800	1,336,750	285,500	18,500	25,600	99,000

Quotations on wheat, corn, rye, and kafir strengthened during April, whereas those for oats and barley declined. Improved pastures and crop prospects, importations, and a slowing

up in demand were weakening influences on the market the forepart of May, and prices worked to slightly lower levels the third week of that month.

Cash grain prices at Kansas City as of the dates indicated:

	May 15 1935	Apr. 30 1935	Mar. 30 1935	May 15 1934	Apr. 30 1934	May 15 1933
No. 1 dark wheat, bu.....	\$1.00¼	\$1.05	\$.98¼	\$.81¼	\$.73¼	\$.70
No. 2 mixed corn, bu.....	.88½	.92¼	.85	.45	.42	.43
No. 2 white oats, bu.....	.48½	.51	.53	.36	.31	.26½
No. 2 rye, bu.....	.64	.72	.68	.59	.55½	.50
No. 2 barley, bu.....	.68	.71	.74	.44	.41½	.34½
No. 2 kafir, cwt.....	1.98	1.95	1.92	.88	.84	.80

Stocks of wheat held in country elevators, on farms, and by merchant mills and terminal elevators in the United States on April 1, 1935, totaled 312,446,000 bushels compared to 397,242,000 bushels on April 1, 1934, 513,646,000 and 534,347,000 bushels on April 1 of the years 1933 and 1932.

April 1 holdings in the various positions are shown in the following, in thousands of bushels:

	April 1 1935	April 1 1934	April 1 1933	April 1 1932
On farms.....	93,699	116,298	183,185	169,990
In country mills and elevators.....	68,920	87,293	95,911	69,366
At 39 terminal markets.....	51,836	97,132	135,552	207,215
Owned by merchant mills.....	97,991	96,519	98,998	87,776
Total four positions.....	312,446	397,242	513,646	534,347

Agriculture

CROPS: Tenth District crop prospects have taken a decided turn for the better since May 1. All sections of the District, including the "dust bowl", received generous rains the past three weeks and the drouth is apparently broken. Heavy snows fell in Colorado and Wyoming late in April. The sub-soil over much of the District is becoming well soaked, the threatened shortage of irrigation water has been eliminated, and streams and ponds are well filled. Some cotton and corn will need to be replanted and a few localities reported crops injured by hail.

The precipitation has been particularly beneficial to wheat, oats, rye, alfalfa, cotton, sugar beets, and pasture lands, and made soil conditions ideal for the planting of corn, grain sorghums, and other field crops. The first cutting of alfalfa, which has commenced in the southern part of the District, will yield more hay than was harvested all last year. Many wheat fields, believed dead, show signs of recovery, promising short yields, and private estimates of final production are being raised. Most of the winter wheat in the extreme western third of the state was past redemption and the abandoned acreage is being plowed and sown to feed crops or allowed to lie fallow until time to seed wheat next fall.

According to the May 1 crop report of the United States Department of Agriculture, about 13,839,000 acres of winter wheat, or 31.2 per cent of the fall seeded area, have been abandoned, leaving 30,497,000 acres, with a prospective yield of 431,637,000 bushels for harvest. Of the total acreage abandonment for the United States, 10,181,000 acres, or 42 per cent, of the seeded area fell in the seven states of the Tenth District, Missouri being the only state to report a low percentage abandonment. In 1934, national abandonment of winter wheat amounted to 21.3 per cent of the sown acreage and the ten-year average, 1923 to 1932, is 12.6 per cent.

Fruit has weathered through the most critical period in fine shape, with frost damage to date negligible. Prospects in the important fruit sections are good, Colorado reporting conditions on the western slope promising a record crop. Fruit in the Ozarks is showing an unusually heavy set. In the Arkansas Valley the outlook is only fair, a large number of

Fall sown acreage, per cent abandonment, and estimated production of winter wheat in the United States and the seven states, all or parts of which comprise this District, as reported by the United States Department of Agriculture (acreage and production in thousands, 000 omitted):

	Fall Sown Acreage		Per cent Abandoned	Acreage remaining for harvest		Production Indicated		
	1934	1933		1934	1933	May 1, 1935	1934	
Colo.....	964	1,205	86.0	60.0	135	482	1,080	3,760
Kans.....	13,049	12,082	51.0	28.3	6,394	8,659	67,137	79,663
Mo.....	1,938	1,550	3.5	2.0	1,870	1,519	24,310	21,266
Nebr.....	3,247	3,063	25.0	30.0	2,435	2,144	32,872	15,008
N. M.....	361	344	75.0	68.0	90	110	405	561
Okla.....	4,685	4,338	31.0	18.0	3,233	3,557	29,097	37,348
Wyo.....	171	180	55.0	59.0	77	74	346	481
7 States....	24,415	22,762	41.7	27.3	14,234	16,545	155,247	158,087
U. S.....	44,336	41,850	31.2	21.3	30,497	32,945	431,637	495,034

trees having been killed by the drouth and the balance injured. Harvest of the Ozark strawberry crop is in full swing and while the acreage is small, because of the drouth, yields in patches that survived are heavy and prices are higher than for several years.

BENEFIT PAYMENTS: Farmers in the seven states, all or parts of which constitute the Tenth District, received \$9,216,322 during March in rental and benefit payments under the Agricultural Adjustment program. Cumulative payments from the inception of the program to March 31, as announced by the Agricultural Adjustment Administration, totaled \$160,524,147 for the seven states and \$678,416,926 for the United States. Old contracts are now being cleared up and preparations carried forward for the initial payments under new contracts.

PRICES: The Department of Agriculture's index of farm prices advanced 3 points between March 15 and April 15 to 111 per cent of the 1909-1914 average, and the ratio of prices received to prices paid by farmers was up 2 points to 87 per cent of the average. Both ratios duplicated those of February 15, when farm prices were higher than at any time since October, 1930, and farm purchasing power the highest since June of the same year. On February 15, 1933, agricultural prices were down to 55 per cent and purchasing power was down to 54 per cent of the pre-war average. Corn, oats, beef, chickens, eggs, and butterfat are bringing parity or better prices, with wheat, hay, cotton, potatoes, pork, mutton, butter, wool, and horses selling below parity.

Live Stock

Record high receipts of calves, normal receipts of cattle and sheep, and the lightest run of hogs in many years were recorded for April at the six leading markets of the District. Marketings of cattle and calves were the heaviest since January and of sheep since last October but swine numbers, falling 44.5 per cent below a year ago and 52 per cent below normal, were, with one exception, March this year, less than in any month in seventeen years of record. Receipts of horses and mules at the six markets totaled 15,628 head in April, or more than twice the usual number and a record for the month as against 17,754 head in March and 11,086 head in April, 1934.

PRICES: Serious feed conditions in the dry areas accounted for some market arrivals of cattle but prices moved irregularly higher on most grades, a late weakness being insufficient to overcome earlier gains. Fed steers reached \$14.25 per hundred-weight on April 24 at the Kansas City market, the highest

price paid since November, 1929, as compared to last year's April top of \$8.25. Other classes were 25 to 50 cents per hundred-weight higher, calves being the only class to decline. Seasonal recessions in hog prices were not as extreme as usual and offerings carried more weight and better finish than in recent months. Limited demand for pork offset curtailed receipts of hogs and all classes but stock pigs, which were strong to 50 cents higher, closed 10 to 15 cents lower. Butcher weights sold up to \$9 per hundredweight on April 12, 70 cents below the March high, which was the best price since 1930, and \$4.95 per hundred-weight higher than a year ago. Sheep and lambs were the only class of live stock to sell below a year ago, with prices weakening under liberal offerings during the month. Spring lambs from the southwest, showing a marked increase in number, were mostly \$1 lower, ewes were off 25 to 50 cents, and fed woolled lambs, predominating arrivals, closed 10 cents per hundredweight lower. The April top on native spring lambs was \$10 this year and \$11.25 last year; on fed woollies \$8.35 and \$10. The market strengthened generally the first two weeks of May.

GRAZING AND FEEDING: Additional generous rains have fallen in the Flint Hills of Kansas and the Osage country of Oklahoma since May 1 and grass in these summer pasture areas has made good growth. The seasonal movement of cattle from the southwest to these pastures, which started early in April, was 85 to 90 per cent completed by mid-May, compared with 87 per cent last year, 55 per cent in 1933, and 79 per cent as the average for the years 1924 to 1933, inclusive. Leasing prices are the highest since 1931 but the acreage allowance per unit is larger than a year ago. The condition of the pastures is reported as 83 per cent of normal. Final shipments, exceeding earlier expectations, will be about the same as last year, despite reduced live stock numbers. Cattle from the southwest are reported as fatter and of better quality than for several years, Government purchases last fall having eliminated the undesirables. Owing to the drouth and dust conditions in southwestern Kansas, southeastern Colorado, and the Oklahoma and Texas panhandle, many cattle, mostly in thin flesh, have been received from that area and also some sheep, an unusual movement.

Rains and snows in the mountain regions have improved range and feed prospects and replenished water supplies. Range feed is late but most areas have ample moisture to start new feed although subsoil moisture is still lacking. Live stock are in fair condition except in the extreme drouth areas of southeastern Colorado, eastern New Mexico, southwestern Kansas, and the panhandle of Texas and Oklahoma. In this area hay and feed supplies are exhausted and stock has either been shipped out or maintained on shipped-in feed with emergency feed supplies now being provided through the Agricultural Adjustment Administration. Calf crop prospects are only fair, losses being rather heavy in the severe drouth areas and growth slow, owing to the scant milk flow of range cows.

The lambing season has started generally, with breeding ewes in only fair condition, resulting in some lamb losses.

The April movement of stocker and feeder cattle from four Tenth District markets was the largest since 1924 and the outgo of replacement cattle the first four months this year was the heaviest for any corresponding period since 1931. The countryward movement of hogs was 46 per cent below the ten-year average and that of sheep was the smallest for the month since 1922.

WOOL: Shearing of the 1935 wool clip is now under way in the western states after having been delayed in the northern shearing areas by storms. Prospects indicate the smallest clip in four years. Prevailing prices for wool in the range areas are unsatisfactory, ranging around 15 cents per pound, and sales and contracts are limited.

Meat Packing

Operations at Tenth District meat packing establishments, as gauged by packers' purchases of live stock at the six principal market centers, including direct purchases of swine, were stepped up in all departments during April as compared to March, the slaughter of cattle increasing 18.1 per cent, calves 8.8 per cent, hogs 14.7 per cent, and sheep and lambs 45.7 per cent.

Limited supplies of finished cattle and hogs were responsible for reduced operations in the beef and swine divisions as compared to April, 1934, and the ten-year average for the month. Cattle slaughter was 18.7 per cent below a year ago and 12 per cent below normal. March excepted, fewer hogs were killed in April than in any previous month in seventeen years of record. Calf slaughter established a new high record for the month, exceeding the average by 40 per cent. More sheep and lambs were killed in April than in any month since October, butchering showing increases of 25 per cent over April, 1934, and 11.5 per cent over the ten-year average.

According to the reports of Federally inspected slaughter of live stock throughout the United States, issued by the Bureau of Agricultural Economics, the April slaughter of cattle was, with the exception of February, the lightest for any month since April, 1933, but practically normal for the season. Swine numbers exceeded the March total but were otherwise smaller than in any previous month since September, 1920, 37 per cent below normal, and the smallest for any April in twenty-five years of available records. The April slaughter of calves, exceeded in 1934, was the second largest for the month of record and that of sheep and lambs was the third largest, having been surpassed in April, 1931, and 1932.

The Federally inspected slaughter totals follow:

	Cattle	Calves	Hogs	Sheep
April 1935.....	683,265	511,493	2,177,436	1,482,775
March 1935.....	690,796	472,802	2,158,326	1,374,103
April 1934.....	749,180	525,560	3,411,393	1,163,899
Four months 1935.....	3,010,066	1,885,339	9,791,621	5,338,387
Four months 1934.....	3,084,418	1,968,060	15,274,776	4,972,112

APRIL MOVEMENT OF LIVE STOCK IN THE TENTH DISTRICT

	RECEIPTS				STOCKERS AND FEEDERS				PURCHASED FOR SLAUGHTER			
	Cattle	Calves	Hogs	Sheep	Cattle	Calves	Hogs	Sheep	Cattle	Calves	Hogs	Sheep
Kansas City.....	134,153	27,625	*132,784	219,765	55,328	12,010	3,825	16,856	51,301	20,163	*124,301	158,746
Omaha.....	84,486	12,154	110,340	157,258	13,877	4,130	772	8,509	55,507	8,024	73,268	123,408
St. Joseph.....	27,761	8,543	55,853	148,797	3,606	505	1,199	7,320	21,215	7,735	51,902	106,154
Denver.....	25,622	5,179	38,424	207,967	5,636	1,376	951	3,132	13,641	3,658	23,376	31,039
Oklahoma City.....	34,266	7,056	28,662	16,880	.....	.....	.....	.....	20,065	4,522	24,993	15,331
Wichita.....	33,125	6,920	19,348	20,916	.....	.....	.....	.....	8,531	4,777	17,737	21,185
April 1935.....	339,413	67,477	385,411	771,583	78,447	18,021	6,747	35,817	170,260	48,879	315,577	455,863
March 1935.....	293,791	59,529	329,969	642,588	58,703	9,278	5,607	65,157	144,180	44,907	275,229	312,818
April 1934.....	375,975	52,783	694,216	706,713	57,041	6,448	7,221	49,243	209,372	44,997	579,216	364,736

*Includes 82,153 hogs shipped direct to packers' yards.

Cold Storage Holdings

United States cold storage holdings of all commodities but eggs and butter declined between April 1 and May 1. The net out-of-storage movement of beef and miscellaneous meats was somewhat larger and that of lamb and mutton smaller than last year or the five-year average for April. Contrary to normally small irregular changes, holdings of pork declined 9.8 per cent. Stocks of lard experienced a non-seasonal reduction amounting to 3.8 per cent. Seasonal accumulations of eggs, although on a considerably smaller scale than a year ago or normally, exceeded trade expectations. The in-put of butter was contradictory to the normal seasonal movement, whereas withdrawals of cheese were heavier than usual.

On May 1 inventories of all meats but pork were substantially larger than one year earlier or the five-year average for that date, whereas holdings of pork, lard, eggs (both cased and frozen), butter, and cheese were smaller.

May 1 United States cold storage holdings, with comparisons, as reported by the Bureau of Agricultural Economics:

	*May 1 1935	Apr. 1 1935	May 1 1934	May 1 5-Yr. Av
Beef, lbs.....	77,848	98,550	46,590	50,449
Pork, lbs.....	565,699	627,346	656,087	732,947
Lamb and mutton, lbs.....	3,030	3,218	1,281	2,367
Poultry, lbs.....	61,721	83,713	49,212	54,845
**Turkeys, lbs.....	16,142	19,846	11,154	9,029
Miscellaneous meats, lbs.....	66,454	78,482	51,827	64,348
Lard, lbs.....	100,920	104,934	179,098	112,520
Eggs, cases.....	3,902	1,508	4,640	4,681
Eggs, frozen (case equivalent).....	1,695	1,129	1,789	2,147
Butter, creamery, lbs.....	5,587	5,341	11,838	14,356
Cheese, all varieties, lbs.....	54,446	62,851	65,450	54,840

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

NOTE: Meats held for the account of the Federal Emergency Relief Administration are not included in the above.

Petroleum

The production of crude oil in the five oil producing states of the District, as estimated from the weekly reports of the American Petroleum Institute, averaged 746,000 barrels per day and totaled 22,379,000 barrels in April. Compared to the Bureau of Mines' estimates for March this year and April last year, daily average production declined 0.8 per cent for the month and increased 0.9 per cent for the year. Gross production was down 4 per cent for the month. Output exceeded Federal allowables of 722,000 barrels per day, which became effective April 1. On May 1, Federal allowables were increased in all states of the District and for the United States, the District quota being placed at 740,100 barrels and the national quota at 2,561,200 barrels per day.

Gross production of crude oil in the United States and the Tenth District:

	*April 1935 Barrels	March 1935 Barrels	April 1934 Barrels
Oklahoma.....	15,344,000	15,648,000	15,697,000
Kansas.....	4,360,000	4,821,000	4,031,000
Wyoming.....	1,055,000	1,023,000	947,000
Colorado.....	151,000	152,000	86,000
New Mexico.....	1,469,000	1,661,000	1,401,000
Total five states.....	22,379,000	23,305,000	22,162,000
Total United States.....	76,834,000	81,488,000	75,796,000

*Estimated, American Petroleum Institute.

Mid-continent crude oil prices remain unchanged at schedules ranging from 76 cents to \$1.08 per barrel per gravity basis. The market for practically all refined products was strong to higher throughout April. Tractor fuels were in greater demand and gasoline consumption continued to show gains over last year's peaks. As indicated by runs of crude oil to refinery stills, mid-continent refinery operations as of May 1 were about the same as on April 1 and slightly larger than on May 1, 1934.

Field operations are becoming increasingly active, with Kansas the center of new developments and, although several new discoveries were made in Oklahoma, Wyoming, New Mexico, and Kansas the past month, no fields of major importance have been opened up. There are more rigs up and wells drilling in the District at present, many of them wildcat locations, than at any time since 1930, and April completions were, August, 1934, excluded, more numerous than for any month since December, 1930.

Bituminous Coal

Coal production dropped sharply both in the District and the United States during April, output being the lightest since last July. National production of bituminous coal was down 44 per cent for the month and Tenth District production slumped 42 per cent. Compared to April, 1934, output at mines in this District was about unchanged, whereas national tonnage was 11 per cent less.

Output of bituminous coal, in the United States and the six coal producing states of the Tenth District, according to the reports of the Bureau of Mines:

	*April 1935 Tons	*March 1935 Tons	April 1934 Tons
Colorado.....	279,000	456,000	289,000
Kansas and Missouri.....	281,000	677,000	344,000
New Mexico.....	95,000	119,000	97,000
Oklahoma.....	40,000	78,000	22,000
Wyoming.....	345,000	464,000	290,000
Total six states.....	1,040,000	1,794,000	1,042,000
Total United States.....	21,920,000	38,848,000	24,599,000

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

Zinc and Lead

Shipments of zinc ore and lead ore from mines and tailing mills in Missouri, Kansas, and Oklahoma, during the five weeks' period ended May 4, approximated the tonnage of the preceding five weeks, zinc ore shipments recording a slight gain and lead ore shipments a loss of 2.6 per cent. Producers of zinc ore, who were hesitant sellers a greater portion of the period because prices failed to follow advances in slab zinc quotations, sold heavily the final week at unchanged prices, and shipments for the period were 17.5 per cent heavier than in the like period a year ago and values were 3 per cent larger. The lead ore tonnage exceeded that of last year by 22.9 per cent but as prices were much lower the value declined 5.4 per cent.

Virtually all mines of the District closed down the second week of May as the result of a general strike of mine employees, ore loadings ceasing May 9.

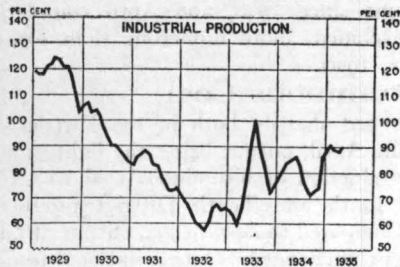
The tonnage and value of zinc ore and lead ore shipments from the Tri-State district during the three five-week periods of comparison:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Oklahoma.....	28,563	\$ 735,980	3,778	\$133,181
Kansas.....	6,878	177,881	272	9,777
Missouri.....	1,206	30,978	67	2,368
5 Weeks ended May 4, 1935.....	36,647	\$ 944,839	4,117	\$145,326
5 Weeks ended Mar. 30, 1935.....	36,026	936,676	4,229	140,483
5 Weeks ended May 5, 1934.....	31,187	917,720	3,349	153,664
18 Weeks ended May 4, 1935.....	131,194	3,403,061	14,863	515,328
18 Weeks ended May 5, 1934.....	100,076	2,864,599	9,875	432,470

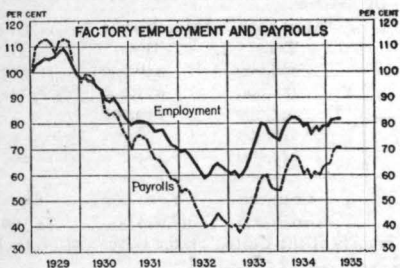
Zinc ore prices have remained stationary for the year to date at \$26 per ton and are now selling \$3 per ton below a year ago. Lead concentrates advanced \$1 per ton in mid-April to equal the year's opening price of \$36 per ton, with some ore selling from \$1 to \$2.50 per ton higher at the close of the month. These prices compare with the prevailing price of a year ago of \$47.50 per ton.

Business Conditions in the United States

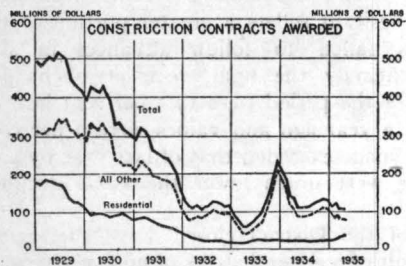
By the Federal Reserve Board



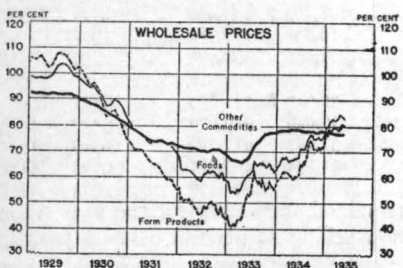
Index of industrial production, adjusted for seasonal variation. (1923-1925 average=100.) Latest figure: April, 86.



Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average=100.) Latest figures, April: employment, 82.4; payrolls, 70.7. Indexes compiled by the Bureau of Labor Statistics.



Three month moving averages of F. W. Dodge data for 37 eastern states, adjusted for seasonal variation. Latest figure based on data for February and March and estimate for April: total, 107.8; residential, 32.6; all other, 75.2.



Indexes of the United States Bureau of Labor Statistics. (1926=100.) By months, 1929 to 1931; by weeks, 1932 to date. Latest figure, May 18: farm products, 80.9; foods, 83.8; other commodities, 77.6.

Factory production and employment showed little change in April, while output at mines declined. Residential construction showed a further increase.

PRODUCTION AND EMPLOYMENT: Combined output of factories and mines, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, declined from 88 per cent of the 1923-25 average in March to 86 per cent in April.

This downward movement reflected chiefly decreases in the output of steel, cotton and silk textiles, and bituminous coal, offset in part by increased mill consumption of wool, and larger output of anthracite. At steel mills output declined from 49 per cent of capacity in March to 45 per cent in April and, according to trade reports, showed a further slight decline in the first three weeks of May. In the automobile industry there was a further increase in production during April, followed by a decline in the early part of May, partly as a consequence of labor disputes. In the tobacco industry activity was maintained at recent high levels. Output of bituminous coal declined sharply at the beginning of April, following a period of relatively high production earlier in the year. The total number employed in factories was about the same in the middle of April as a month earlier and factory payrolls also showed little change. Declines in employment were reported for railroad repair shops and textile mills, while in the machinery industries employment continued to increase and in the men's clothing industry it showed none of the usual seasonal decline.

In agriculture and in the building industry employment increased seasonally. Total value of construction contracts of all kinds, as reported by the F. W. Dodge Corporation, showed little change from March to April. A further increase in residential projects was offset in the total by a decline in contracts for other types of construction.

DISTRIBUTION: Total freight carloadings declined in April, contrary to seasonal tendency, chiefly as a consequence of a large decrease in shipments of bituminous coal. Department store sales, which had shown a sharp increase in March, increased by considerably less than the estimated seasonal amount in April.

COMMODITY PRICES: The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, has shown little change since the middle of April, following an increase in the early part of the month, and in the week ending May 18 was at 80.0 per cent of the 1926 average as compared with 79.9 per cent in the week ending April 13. For this period the prices of cotton, hogs, hides, and non-ferrous metals increased somewhat, while grains and butter declined. In the following week there were further increases in the prices of hogs and of lead, while prices of wheat decreased further.

BANK CREDIT: During the five weeks ended May 22 member bank balances with the Federal reserve banks increased to \$4,820,000,000, the highest figure on record, and excess reserves rose to a new high level of over \$2,350,000,000. The principal factors in the increase of member bank reserve balances were the disbursement by the Treasury of \$240,000,000 of funds previously held in the form of cash or on deposit with the Federal reserve banks and further gold imports of \$90,000,000.

Deposits of reporting banks in leading cities increased further during the four-week period ended May 15, reflecting chiefly disbursements by the United States Treasury.

Yields on short-term Government securities declined slightly further during this period, while other short-term open-market money rates remained at low levels. The discount rate was reduced from 2 per cent to 1½ per cent at the Federal Reserve Bank of Cleveland and from 2½ per cent to 2 per cent at the Richmond, Minneapolis, Kansas City, and Dallas banks. Rates are now 1½ per cent at New York and Cleveland, and 2 per cent at all the other reserve banks.