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

FEDERAL RESERVE BANK OF KANSAS CITY

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No. 9

A CONTINUATION of drought conditions which had prevailed generally in the District since the middle of June materially reduced crop prospects during July and the forepart of August. The extremely hot, dry weather arrived too late to affect seriously the production of winter wheat, but the corn crop is practically a failure so far as grain production is concerned and other crops have suffered extensively. Irrigated crops, however, had ample water supplies this year and were in good condition. The indicated production of feed grains was substantially below normal, but the live stock feed situation was somewhat less serious than in 1934 owing to an increase in grain and hay supplies and a reduction in live stock numbers compared to two years ago. Ranges and pastures were short and stock water was very low in many areas. Plowing for fall seedings has been delayed because of the hard, dry soil.

Marketings of grains and live stock generally increased during July but receipts of corn declined as producers withheld supplies because of the uncertainty regarding the new crop. The July movement of wheat was the largest since 1931. Drought was a factor in increased receipts of hogs although supplies were substantially below normal. Grain and feed prices advanced sharply in July and August because of crop deterioration. Hog prices were at the highest level for July since 1929 and lambs since 1930 but cattle values were somewhat below a year ago.

Retail trade at thirty-one department stores showed the usual seasonal decline in July, while wholesale trade showed a slight improvement. Department store sales were 5.5 and wholesalers' sales 9.6 per cent greater than in July, 1935. Lumber sales and building activity increased. The volume of payments by check was 11.6 per cent greater than in June and 27.4 per cent greater than a year ago.

The production of flour, crude petroleum, and bituminous coal increased during July and was above that in July, 1935. The production of flour and petroleum was at a high level. Shipments of lead ore increased but shipments of zinc ore declined. Packers' purchases of live stock indicated a general increase in meat packing operations in July, with the slaughter of cattle, calves, and hogs greater than a year ago, although hog slaughter was considerably below normal.

Member Bank Operations

Loans and discounts of fifty-two reporting member banks in the Tenth District, after showing little change in June, increased 6.9 per cent between July 8 and August 5 to a level 18.8 per cent above that of August 7, 1935, reflecting principally an increase in commercial loans both during the four-week period and during the year. Investments increased further during the four weeks and on August 5 were 15 per cent greater than a year ago, the major part of these increases occurring in holdings of

BUSINESS IN THE TENTH FEDERAL RESERVE DISTRICT

In Percentages of Increase or Decrease

	July 1936 compared to		7 Months 1936 compared to
	June 1936	July 1935	7 Months 1935
Banking			
Payments by check, 29 cities.....	+11.6	+27.4	+13.9
Federal Reserve Bank check collections.....	-13.7	+16.1	+13.5
Business failures, number.....	-10.7	-28.6	- 6.6
Business failures, liabilities.....	+90.7	-65.0	+19.2
Loans, 52 member banks.....	+ 6.9	+18.8	.....
Investments, 52 member banks.....	+ 3.5	+15.0	.....
Adjusted dem. depts., 52 member banks.....	+ 3.3	+10.5	.....
Time deposits, 52 member banks.....	- 0.2	- 0.4	.....
Savings deposits, 45 selected banks.....	+ 0.5	+ 2.6	.....
Savings accounts, 45 selected banks.....	+ 1.4	+ 2.3	.....
Distribution			
Wholesalers' sales, 5 lines combined.....	+ 2.2	+ 9.6	+10.4
Retailers' sales, 31 department stores.....	-22.5	+ 5.5	+ 9.2
Lumber sales, 158 retail yards.....	+11.7	+ 2.7	+36.6
Life insurance, written.....	- 1.9	+10.1	- 2.1
Construction			
Building contracts awarded, value.....	+ 8.6	+199.2	+76.9
Residential contracts awarded, value.....	-19.3	+ 6.1	+66.0
Building permits in 18 cities, value.....	+26.3	- 5.1	+63.2
Production			
Flour.....	+22.0	+22.4	+ 0.2
Crude petroleum.....	+11.7	+ 3.0	+ 7.5
Soft coal.....	+14.8	+25.3	+17.0
Zinc ore (shipped) Tri-State district.....	-18.7	-11.2	+28.4
Lead ore (shipped) Tri-State district.....	+40.9	+19.1	+46.2
Grain receipts, 5 markets			
Wheat.....	+331.7	+139.4	+112.3
Corn.....	-33.7	+143.3	+57.2
Oats.....	+142.7	+444.5	+149.6
Live stock receipts, 6 markets			
Cattle.....	+20.8	+27.6	+ 6.0
Calves.....	+28.3	+24.8	- 7.9
Hogs.....	+14.4	+75.2	+25.5
Sheep.....	+19.7	- 8.3	- 5.4
Horses and mules.....	+43.1	- 3.9	-23.5
Meat packing, 6 markets			
Cattle.....	+14.0	+21.7	+17.6
Calves.....	+28.7	+23.6	- 3.0
Hogs.....	+ 9.2	+88.4	+28.6
Sheep.....	+ 2.9	-13.6	- 8.7
Stocker and feeder shipments, 4 markets			
Cattle.....	+67.6	+75.9	-10.5
Calves.....	+27.2	+48.0	-38.0
Hogs.....	+33.7	+25.6	-23.5
Sheep.....	+30.5	+49.8	+26.5

United States Government direct and guaranteed obligations. Reserve balances of these reporting member banks showed a further increase from July 8 to August 5 when reserves were 22.5 per cent larger than one year earlier.

Adjusted demand deposits reached a high level for the year on July 15 but subsequently declined slightly, recording an increase of 3.3 per cent for the four weeks ended August 5 and of 10.5 per cent for the year. Balances held for domestic banks, which had shown a substantial increase in the latter part of

June and the first week of July, increased further between July 8 and August 5 to a level 32 per cent above that on August 7, 1935. Time deposits showed little change during the four weeks and during the year.

The principal resource and liability items of the consolidated weekly condition statements of the fifty-two reporting banks, for the three dates of comparison:

	Aug. 5, 1936	July 8, 1936	Aug. 7, 1935
Loans and investments—total..	\$703,372,000	\$672,229,000	\$604,874,000
Loans and discounts—total.....	242,215,000	226,654,000	203,941,000
Secured by stocks and bonds	51,388,000	49,612,000	47,053,000
All other loans and discounts	190,827,000	177,042,000	156,888,000
Investments—total.....	461,157,000	445,575,000	400,933,000
U. S. securities direct.....	270,564,000	264,413,000	232,955,000
Obligations fully guaranteed by the U. S. Government..	56,088,000	47,756,000	45,123,000
Other securities.....	134,505,000	133,406,000	122,855,000
Reserve with F. R. Bank.....	128,443,000	124,069,000	104,880,000
Demand deposits—adjusted.....	473,503,000	458,480,000	428,703,000
Time deposits.....	146,083,000	146,313,000	146,707,000
U. S. Government deposits.....	22,772,000	23,056,000	11,608,000
Inter-bank deposits:			
Domestic banks.....	429,425,000	414,941,000	325,398,000
Foreign banks.....	159,000	168,000	114,000

Reserve Bank Operations

Holdings of bills discounted for member banks, which had reached a new low level by July 8, and holdings of bills purchased continued in small volume. Industrial advances and commitments to make industrial advances declined between July 8 and August 5 and on that reporting date the total of loans and commitments was below that of a year ago, although there was a slight increase in commitments. Holdings of United States Government securities were unchanged during the four weeks at a level 15.1 per cent above that of August 7, 1935.

Federal Reserve note circulation increased to a new high level on August 5 which was 1.1 per cent above the previous high on July 8 and 22.4 per cent above a year ago. Member banks' reserve deposits reached a new high level of \$196,984,233 on July 29, exceeding the previous high of May 15, 1935, by a slight margin, but subsequently declined in the week ended August 5 to a point 5.2 per cent greater than four weeks earlier and 10.4 per cent greater than on August 7, 1935.

The principal resource and liability items of the weekly condition statements of the Federal Reserve Bank of Kansas City and branches, for the three dates of comparison:

	Aug. 5, 1936	July 8, 1936	Aug. 7, 1935
Total reserves.....	\$259,566,943	\$242,239,348	\$202,998,328
Bills discounted.....	87,785	55,591	112,463
Bills purchased.....	87,062	86,592	126,566
Industrial advances.....	897,898	1,006,311	1,157,131
U. S. securities.....	122,927,000	122,927,000	106,844,200
Total bills and securities.....	124,180,745	124,256,494	108,240,360
Total resources.....	422,699,879	408,754,700	344,675,965
F. R. notes in circulation.....	153,704,125	152,086,825	125,546,625
Member banks' reserve deposits	195,477,917	185,890,129	177,076,509

The discount rate of the Federal Reserve Bank of Kansas City, on all classes of paper and all maturities, remained unchanged at 2 per cent.

Savings

Savings deposits at forty-five selected banks in leading cities of the District increased slightly from July 1 to August 1 and the number of savings accounts showed a gain of 1.4 per cent. Savings deposits on August 1 were 2.6 per cent and the number of accounts 2.3 per cent greater than on August 1, 1935.

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

	Savings Accounts	Savings Deposits
August 1, 1936.....	414,380	\$127,862,084
July 1, 1936.....	408,579	127,179,187
August 1, 1935.....	405,000	124,586,739

Reserve Bank Check Collections

The dollar volume of check collections through this bank and branches, which usually increases during July, declined somewhat from the unusually large June total, which had been increased by operations in connection with the payment of checks and adjusted service bonds to veterans, but exceeded the total of a year ago by 16.1 per cent. Check collections for the year to August 1 increased 13.5 per cent in dollar volume compared to the same period in 1935.

Check collections through the Federal Reserve Bank of Kansas City and branches at Omaha, Denver, and Oklahoma City:

	ITEMS		AMOUNT	
	1936	1935	1936	1935
July.....	6,387,366	5,467,895	\$1,047,059,000	\$ 902,039,000
June.....	6,646,134	5,054,843	1,212,872,000	833,638,000
Seven months..	41,963,138	36,553,236	6,508,693,000	5,732,701,000

Bank Debits

Debits by banks to individual accounts in twenty-nine reporting cities in the District increased seasonally during the four weeks ended July 29 and were 27.4 per cent greater than during the corresponding four weeks of last year. This increase was the largest reported this year and raised the cumulative gain for the first thirty weeks of 1936 to 13.9 per cent over the total for the first thirty weeks of 1935.

PAYMENTS BY CHECK

	FOUR WEEKS ENDED		Per cent Change
	July 29, 1936	July 31, 1935	
Albuquerque, N. M.....	\$ 11,455,000	\$ 9,427,000	+21.5
Atchison, Kans.....	5,306,000	3,313,000	+60.2
Bartlesville, Okla.....	21,680,000	21,081,000	+ 2.8
Casper, Wyo.....	5,384,000	4,104,000	+31.2
Cheyenne, Wyo.....	6,780,000	6,773,000	+ 0.1
Colorado Springs, Colo.....	14,329,000	10,996,000	+30.3
Denver, Colo.....	139,867,000	122,174,000	+14.5
*Emporia, Kans.....	3,869,000	.....	.....
Enid, Okla.....	15,387,000	14,035,000	+ 9.6
Fremont, Nebr.....	2,640,000	2,013,000	+31.1
Grand Junction, Colo.....	3,060,000	2,088,000	+46.6
Guthrie, Okla.....	1,605,000	1,560,000	+ 2.9
Hutchinson, Kans.....	23,606,000	16,606,000	+42.2
Independence, Kans.....	2,694,000	2,162,000	+24.6
Joplin, Mo.....	8,574,000	7,130,000	+20.3
Kansas City, Kans.....	14,085,000	10,543,000	+33.6
Kansas City, Mo.....	337,738,000	252,564,000	+33.7
Lawrence, Kans.....	3,836,000	2,783,000	+37.8
Lincoln, Nebr.....	27,356,000	22,828,000	+19.8
Muskogee, Okla.....	8,031,000	6,453,000	+24.5
Oklahoma City, Okla.....	88,271,000	75,218,000	+17.4
Okmulgee, Okla.....	2,491,000	2,290,000	+ 8.8
Omaha, Nebr.....	161,826,000	118,478,000	+36.6
Pittsburg, Kans.....	3,728,000	2,336,000	+31.5
Pueblo, Colo.....	15,978,000	11,370,000	+40.5
Salina, Kans.....	18,724,000	9,229,000	+102.9
St. Joseph, Mo.....	31,625,000	22,816,000	+38.6
Topeka, Kans.....	19,623,000	15,796,000	+24.2
Tulsa, Okla.....	118,776,000	95,011,000	+25.0
Wichita, Kans.....	55,654,000	46,781,000	+19.0

Total 29 cities, 4 weeks.....	\$ 1,170,109,000	\$ 918,458,000	+27.4
Total 29 cities, 30 weeks.....	7,588,639,000	6,664,353,000	+13.9
U. S. 273 cities, 4 weeks.....	33,017,539,000	30,363,451,000	+ 8.7
U. S. 273 cities, 30 weeks.....	260,151,305,000	227,824,678,000	+14.2

*Not included in totals.

Business Failures

Commercial failures in the Tenth District during July were at low levels for the month. There were ten fewer failures than in July, 1935, and the amount of liabilities involved was about one-third of that a year ago. Liabilities, however, showed an increase during the first seven months of 1936 as compared to the first seven months of 1935 because of increases in January and March of this year.

RETAIL TRADE AT 31 DEPARTMENT STORES IN THE TENTH FEDERAL RESERVE DISTRICT
In Percentages of Increase or Decrease except Rate of Turnover

Stores Reporting	SALES		STOCKS (RETAIL)		STOCK TURNOVER				ACCOUNTS RECEIVABLE		AMOUNTS COLLECTED		
	July 1936 compared to July 1935	Year 1936 compared to Year 1935	July 31, 1936 compared to July 31, 1935		July Year		July 1936 compared to July 1935		July 1936 compared to July 1935				
	July 1935	Year 1935	June 30, 1936	July 31, 1935	1936	1935	1936	1935	June 30, 1936	July 31, 1935	June 1936	July 1935	
Kansas City.....	4	- 1.0	+ 8.1	- 8.2	+11.7	.24	.26	2.15	1.92	-19.8	+ 6.1	-16.9	+12.8
Denver.....	4	+12.5	+12.0	+ 1.9	+14.9	.29	.28	2.12	2.02	-10.2	+ 6.3	+ 2.5	+10.4
Oklahoma City....	3	- 0.5	+ 9.2	- 9.0	+ 3.7	.29	.30	2.47	2.37	- 9.3	+10.6	- 6.9	+ 9.6
Tulsa.....	3	+12.5	+10.7	-11.3	+ 6.1	.33	.32	2.51	2.42	-10.4	+ 6.0	- 8.7	+15.2
Wichita.....	3	+ 2.6	+ 5.6	-12.0	- 9.1	.24	.20	1.97	1.88	-14.3	- 0.3	Even	+ 7.8
Other cities.....	14	+ 3.9	+ 7.9	- 9.1	+ 3.9	.22	.21	1.80	1.67	-11.4	+ 2.1	-10.1	+12.3
Total.....	31	+ 5.5	+ 9.2	- 5.9	+ 8.4	.26	.26	2.09	1.96	-12.1	+ 5.2	- 6.4	+11.3

NOTE: Ratio of collections during month to regular accounts outstanding end of preceding month: July 45.1; June 46.7; July 1935, 43.9.

Business failures reported by Dun and Bradstreet, Incorporated:

	TENTH DISTRICT		UNITED STATES	
	Number	Liabilities	Number	Liabilities
July 1936.....	25	\$ 185,000	639	\$ 9,904,000
June 1936.....	28	97,000	773	9,177,000
July 1935.....	35	528,000	902	16,523,000
Seven months 1936.....	254	3,068,000	5,953	97,077,000
Seven months 1935.....	272	2,574,000	6,975	105,490,000

Life Insurance

Sales of new paid-for ordinary life insurance in the seven states in the District in July were slightly smaller than in June but exceeded sales in July, 1935, by 10.1 per cent. Sales for the first seven months of the year were 2.1 per cent below the total for the first seven months of last year.

Life insurance sales reported to the Life Insurance Sales Research Bureau by companies representing 90 per cent of the total legal reserve ordinary life insurance outstanding in the United States:

	July 1936	June 1936	July 1935
Colorado.....	\$ 4,374,000	\$ 4,919,000	\$ 4,274,000
Kansas.....	5,439,000	4,692,000	5,550,000
Missouri.....	15,326,000	16,153,000	13,929,000
Nebraska.....	4,533,000	5,008,000	4,029,000
New Mexico.....	1,054,000	858,000	691,000
Oklahoma.....	5,858,000	5,998,000	4,841,000
Wyoming.....	1,097,000	790,000	912,000
Seven states.....	\$ 37,681,000	\$ 38,418,000	\$ 34,226,000
United States.....	512,738,000	532,994,000	483,491,000

Trade

RETAIL: The dollar volume of sales at thirty-one reporting department stores in leading cities of the District declined by about the usual seasonal amount during July but was 5.5 per cent greater than in July, 1935. This was the second smallest increase in department store sales this year over the corresponding month of last year and reflected in part the intensely hot weather which has restricted retail distribution. Sales for the first seven months of 1936 increased 9.2 per cent compared to sales for the first seven months of 1935.

Stocks of merchandise continued to decline between June 30 and July 31 but at the close of July were 8.4 per cent greater than a year ago. Collections on regular thirty-day accounts during July averaged 45.1 per cent of amounts receivable at the close of the preceding month compared to a ratio of 46.7 per

cent in June and 43.9 per cent in July of last year. Collections on installment accounts averaged 14.2 per cent in July, 16.1 per cent in June, and 14.1 per cent in July, 1935.

WHOLESALE: The combined dollar volume of five representative lines reporting to this bank increased 2.2 per cent from June to July. This increase was somewhat smaller than that from June to July last year but was in contrast to declines for the month in the preceding five years. The combined sales volume during July was 9.6 per cent greater than a year ago and during the first seven months of 1936 showed an increase of 10.4 per cent over sales in the first seven months of 1935. By individual lines, sales of dry goods increased 5.6, groceries 7.4, hardware 15.6, furniture 17.7, and drugs 10.4 per cent for the seven-month period.

Stocks of merchandise increased 3.2 per cent between June 30 and July 31 but were 1.1 per cent smaller than on July 31, 1935. Stocks of dry goods, furniture, and drugs were larger than one month earlier, while stocks of groceries and hardware were smaller. All lines except groceries reported an increase in stocks for the year.

Lumber

Sales of lumber in board feet at 158 reporting retail yards in the District, following two months of declines, increased during July and were slightly larger than a year ago. The dollar volume of sales of all materials, however, continued to decline although showing a considerable increase compared to July, 1935. Sales in board feet for the seven months increased 36.6 per cent compared to sales for the same period in 1935.

Stocks and outstandings on July 31 were smaller than one month earlier but continued well above a year ago. Collections improved during July, averaging 46.4 per cent of amounts outstanding at the end of the preceding month compared to a ratio of 43.5 per cent in June and of 43.9 per cent in July of last year.

July business at the 158 reporting yards, in percentages of increase or decrease:

	July 1936 compared to	
	June 1936	July 1935
Sales of lumber, board feet.....	+11.7	+ 2.7
Sales of all materials, dollars.....	- 3.2	+14.6
Stocks of lumber, board feet.....	- 1.7	+16.1
Outstandings, dollars.....	- 4.2	+18.4

WHOLESALE TRADE IN THE TENTH FEDERAL RESERVE DISTRICT
In Percentages of Increase or Decrease

Stores Reporting	SALES		OUTSTANDINGS		AMOUNTS COLLECTED		STOCKS		
	July 1936 compared to		July 31, 1936 compared to		July 1936 compared to		July 31, 1936 compared to		
	June 1936	July 1935	June 30, 1936	July 31, 1935	June 1936	July 1935	June 30, 1936	July 31, 1935	
Dry goods.....	5	+ 5.7	+ 4.7	+ 1.2	- 0.4	+ 2.4	+11.7	+11.0	+ 1.6
Groceries.....	5	+26.3	+21.9	+11.0	- 3.2	+ 3.1	+18.7	- 5.6	-13.5
Hardware.....	8	-17.6	+ 1.7	- 6.4	+ 8.3	+ 3.0	+26.5	- 0.5	+ 2.3
Furniture.....	3	-38.2	+17.0	- 9.6	+21.4	-20.1	+23.8	+14.1	+ 4.1
Drugs.....	7	- 2.4	+ 1.5	- 4.6	- 1.5	+ 2.5	+ 6.4	+ 4.5	+10.8

Building

The total value of construction contracts awarded in the Tenth District during July, according to statistics of the F. W. Dodge Corporation, was 8.6 per cent larger than in June and about three times the value of awards a year ago, representing 94 per cent of the July average during the past ten years. Residential awards were smaller than in June and slightly larger than a year ago. Total awards for the first seven months of this year increased 76.9 and residential awards 66 per cent compared to the same period in 1935.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation:

	RESIDENTIAL		TOTAL	
	Tenth District	United States	Tenth District	United States
July 1936.....	\$ 2,269,500	\$ 72,093,700	\$13,082,000	\$ 294,834,500
June 1936.....	2,813,603	73,604,600	12,048,736	233,054,600
July 1935.....	2,138,111	48,371,800	4,372,238	159,249,900
7 Mos. 1936..	15,660,671	406,988,300	72,488,404	1,524,637,400
7 Mos. 1935..	9,431,540	256,621,100	40,977,652	856,159,200

Building permits in eighteen cities in the District declined in number but increased 26.3 per cent in value from June to July. The number of permits issued during July was the largest for that month since 1930 and estimated expenditures were the largest for any month in a year but 5.1 per cent below the total for July, 1935. During the first seven months of 1936, permits increased 14.4 per cent in number and 63.2 per cent in value compared to the first seven months of 1935.

BUILDING PERMITS IN TENTH DISTRICT CITIES

	PERMITS		ESTIMATED COST	
	1936	1935	1936	1935
Albuquerque, N. M.....	69	66	\$ 113,305	\$ 91,976
Cheyenne, Wyo.....	55	25	129,130	42,370
Colorado Springs, Colo.....	32	52	46,844	31,470
Denver, Colo.....	420	347	706,878	420,214
Hutchinson, Kans.....	55	135	55,771	34,693
Joplin, Mo.....	32	18	50,300	18,250
Kansas City, Kans.....	43	36	69,985	1,704,238
Kansas City, Mo.....	218	231	407,100	609,400
Lincoln, Nebr.....	128	143	124,687	259,262
Oklahoma City, Okla.....	209	154	1,300,422	263,010
Omaha, Nebr.....	123	118	323,100	137,352
Pueblo, Colo.....	47	37	23,583	10,294
Salina, Kans.....	21	14	27,610	7,510
Shawnee, Okla.....	12	10	3,800	9,325
St. Joseph, Mo.....	41	27	23,847	22,360
Topeka, Kans.....	69	55	83,655	116,700
Tulsa, Okla.....	117	107	206,505	171,986
Wichita, Kans.....	159	190	167,370	119,576
Total 18 cities, July.....	1,850	1,765	\$ 3,863,892	\$ 4,069,986
Seven months.....	11,957	10,456	22,306,949	13,671,187

Flour Milling

Flour milling operations in the District were increased from 59.1 per cent of full-time capacity in June to 69.5 per cent in July, and production increased 22 per cent, somewhat more than the usual seasonal amount. July production exceeded the average for the month during the past ten years by 8.7 per cent and was 22.4 per cent larger than a year ago when milling time averaged 56.5 per cent of capacity. Production for the first seven months of 1936, however, was only slightly above that for the first seven months of 1935, owing to decreases recorded earlier in the year.

Advancing prices in the wheat market resulted in a substantial volume of flour sales in the southwest during July. The new business during the initial month of the new crop season consisted chiefly in numerous small and medium-sized orders for nearby shipment, but several large round lot sales were made in the closing week of the month, increasing the sales volume for that week to 199 per cent of capacity. Shipping directions improved in July and were ample to keep mills

running at a good rate. Flour prices at the Kansas City market showed little change during the first three weeks of July, while millfeed prices, after advancing in the forepart of the month, declined as offerings met consumer resistance to higher prices and as offerings became heavier with increased running time at mills. In the final week of the month, both flour and millfeed prices advanced sharply to close the month above opening quotations.

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

	July 1936	June 1936	July 1935
	Barrels	Barrels	Barrels
Atchison.....	149,778	120,473	104,855
Kansas City.....	505,734	502,564	487,748
Salina.....	211,379	172,453	138,271
Wichita.....	215,866	153,743	171,511
Outside.....	1,155,666	885,999	927,006
Total.....	2,238,423	1,835,232	1,829,391
*United States.....	6,156,775	5,069,608	4,852,600

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

Grain Marketing

The movement of wheat to the five principal markets in the District during the initial month of the new crop year was the largest since 1931 and exceeded the average for July during the past ten years by 11.1 per cent. The movement of the new crop to market has been rapid, owing to favorable weather for harvesting and threshing and to favorable prices, and reports indicated that the peak of the seasonal movement had been reached in the latter part of July, in contrast to last year when the peak occurred in August. The 1936 crop was reported to be of high average quality. Receipts of corn, although substantially larger than a year ago, were one-third smaller than in June, reflecting the tendency of growers to withhold supplies because of uncertainty regarding the new crop, and were 23.7 per cent below the July ten-year average. Marketings of oats and barley were sharply above and of rye and kafir only slightly below the average volume.

Receipts of grain at the five markets:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	Bushels	Bushels	Bushels	Bushels	Bushels	Bushels
Hutchinson.....	6,917,400	1,250	.....	.....	.....	22,100
Kansas City.....	30,257,600	1,633,500	620,000	13,500	120,000	116,200
Omaha.....	12,573,627	1,178,800	1,680,000	43,400	152,000	.....
St. Joseph.....	5,180,800	216,000	484,000	6,000	14,000	.....
Wichita.....	5,740,500	3,900	42,000	1,300	.....	7,800
July 1936.....	60,669,927	3,033,450	2,826,000	64,200	286,000	146,100
June 1936.....	14,052,533	4,576,750	1,164,500	58,200	198,000	165,300
July 1935.....	25,345,483	1,246,950	519,000	28,100	12,800	88,900
7 Mos. 1936.....	92,735,137	25,825,618	9,147,500	415,400	1,685,750	875,200
7 Mos. 1935.....	43,684,189	16,432,010	3,665,500	120,900	93,450	446,500

With continued hot, dry weather and further deterioration in growing crops, particularly corn, cash grain prices at the Kansas City market advanced sharply during July, continuing the upward trend begun early in June, and further advances were recorded early in August. Cash grain quotations on July 31 were well above the levels prevailing on that date in recent years, with wheat futures at the highest level since July, 1933, and corn futures at the highest level since September, 1929.

Cash grain prices at Kansas City:

	Aug. 15	July 31	June 30	Aug. 15	July 31	July 31
	1936	1936	1936	1935	1935	1934
No. 1 hard, dk. wheat, bu.	\$1.20½	\$1.16½	\$.94½	\$.97½	\$1.03	\$1.02
No. 2 mixed corn, bu.....	1.12½	1.09½	.65½	.81½	.86½	.70¾
No. 2 white oats, bu.....	.47½	.45	.32	.29½	.34½	.47½
No. 2 rye, bu.....	.94	.87	.59	.49	.51	.84½
No. 2 barley, bu.....	.90	.84	.52	.47	.49	.68
No. 2 white kafir, cwt.....	1.89	1.64	1.23	1.08	1.30	1.39

Crops

Crop prospects in the District declined materially during July and the forepart of August with a continuation of drought conditions which had prevailed generally since the middle of June. Local rains in limited areas in the latter part of July and early in August were of some benefit but were generally too light to alter materially the prospects of growing crops, although the moisture and accompanying moderation in the excessively high summer temperatures temporarily halted the rapid decline in condition in these areas. Damage from grasshoppers and other insect pests has been heavy. Plowing for fall seeding of wheat has proceeded slowly because of the dry soil.

Official estimates of the Department of Agriculture indicated that the production of winter wheat in the seven states, all or parts of which are included in the Tenth District, declined about 3 per cent between July 1 and August 1, spring wheat 21 per cent, corn 73 per cent, oats 12 per cent, barley 22 per cent, tame hay 9 per cent, wild hay 16 per cent, white potatoes 11 per cent, and sweet potatoes 9 per cent. Grain sorghums, broomcorn, pastures, and cotton also suffered extensively. On the basis of the August 1 estimates, the production of winter wheat and sugar beets will be above that in 1935 but other crops will be smaller than last year and practically every crop will be much below the average for the five years 1928 to 1932. The indicated yield per acre of thirty-two important crops combined, expressed as a percentage of the ten-year, 1921 to 1930, average yield was as follows: Nebraska, 42; Kansas, 62; Oklahoma, 63; Missouri, 59; Wyoming, 72; Colorado, 78; New Mexico, 108; and the United States, 84.5 per cent.

Crop production in the Tenth District proper except as otherwise indicated and in the United States, as estimated by the Department of Agriculture on August 1, in thousands of units:

	TENTH DISTRICT		UNITED STATES	
	Forecast	Production	Forecast	Production
	Aug. 1, 1936	1935	Aug. 1, 1936	1935
Winter wheat, bu.....	205,945	141,955	519,097	464,203
Spring wheat, bu.....	6,696	8,915	113,648	159,241
All wheat, bu.....	212,641	150,870	632,745	623,444
Corn, bu.....	70,861	200,468	1,439,135	2,291,629
Oats, bu.....	77,688	161,035	771,703	1,196,668
Tame hay, tons.....	6,545	8,578	61,853	76,146
White potatoes, bu.....	23,510	36,742	294,537	387,678
Cotton, bales.....	386	471	12,481	10,638
Tobacco, lbs.....	2,658	2,865	1,106,801	1,296,810
*Grain sorghums, bu.....	26,882	31,674	81,588	97,823
*Broomcorn, tons.....	23	34	41	63
*Sugar beets, short tons.....	3,466	2,976	8,808	7,908
*Dry beans, 100 lb. bags.....	1,736	2,093	10,200	13,799
*Apples, bu.....	3,244	8,910	102,487	167,283
*Peaches, bu.....	1,350	3,639	43,131	52,808
*Pears, bu.....	414	1,365	23,519	22,035
*Grapes, tons.....	10	20	1,831	2,455

*Totals for the seven states whose areas or parts thereof comprise the Tenth District.

The winter wheat crop was harvested under favorable conditions but the extreme temperatures of late June and early

July injured some late wheat, effecting a slight downward revision in production during July. The corn crop is practically a failure so far as grain production is concerned and reports indicated that most of the acreage not abandoned would be utilized for forage, grazing, and silage. The first cutting of alfalfa ranged from fair to good but later cuttings are expected to be very light because of the dry weather. Early planted grain sorghums withstood the drought fairly well but both early and late grain sorghums have declined rapidly since August 1.

The total production of the four feed grains, corn, oats, barley, and grain sorghums, in the United States was estimated by the Department of Agriculture as 42 per cent below the 1923-1932 average, indicating the necessity for an extensive readjustment in the numbers of grain-consuming live stock, particularly hogs, and a reduction in the grain ration of live stock wintered. The feed situation, however, was somewhat less serious than in 1934, since the available supply of feed grains was expected to be about 5 per cent and hay supplies about 20 per cent greater than two years ago, while the number of grain-consuming units of live stock and poultry on farms on August 1 was about 3 per cent and the number of hay-consuming animals 9 per cent less than in 1934. Pastures in this District were short and farmers were using feed normally reserved for late fall and winter feeding.

The production of sugar beets, dry beans, and commercial truck crops in irrigated areas in the District was reported good but dry land crops were poor. The late potato crop in Nebraska and Wyoming was in a critical condition on August 1 while prospects were for about an average crop in Colorado and New Mexico. The prospective yield of standard broomcorn in Oklahoma was much better than that of dwarf but was greatly reduced below the average. The broomcorn acreage was somewhat smaller than that of last year. The outlook for fruit was extremely unfavorable except in Colorado and New Mexico principally because of freezing temperatures in April. Drought had seriously curtailed the prospective yield of cotton in Oklahoma, while prospects were good in the irrigated sections of New Mexico and a record yield per acre was forecast for Missouri. The acreage in cotton was increased 6 per cent in Oklahoma, 18 per cent in New Mexico, and 14 per cent in Missouri this year. Cotton production on August 1 this year and last was estimated as follows: Oklahoma, 465,000 and 567,000 bales; New Mexico, 101,000 and 75,000 bales; and Missouri, 287,000 and 177,000 bales.

Live Stock

MARKETINGS: The movement of live stock to the six principal markets in the District, including direct shipments of hogs to packers, increased during July and was heavier than a year ago with the exception of sheep. July receipts of cattle and calves were 2.7 per cent and 4.9 per cent, respectively, above the average for the month during the past ten years, but

JULY 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.....	110,800	24,667	*162,226	69,824	25,578	3,860	3,862	9,690	64,077	21,244	*148,492	55,448
Omaha.....	149,393	14,819	172,646	129,542	28,697	2,474	2,352	23,349	83,687	12,282	136,539	96,365
St. Joseph.....	33,795	7,147	62,639	60,608	3,394	574	1,057	4,600	25,826	6,423	53,301	55,529
Denver.....	26,094	3,476	35,377	240,611	6,479	657	192	32,709	14,527	2,572	24,081	27,271
Oklahoma City.....	40,551	12,118	24,806	15,331	-----	-----	-----	-----	26,557	9,951	20,403	12,662
Wichita.....	20,764	5,321	20,515	8,415	-----	-----	-----	-----	10,005	4,734	17,890	7,891
July 1936.....	381,397	67,548	478,209	524,331	64,148	7,565	7,463	70,348	224,679	57,206	400,706	255,166
June 1936.....	315,619	52,632	418,045	437,930	38,281	5,945	5,581	53,904	197,054	44,461	366,860	247,931
July 1935.....	298,797	54,146	273,028	571,801	36,468	5,110	5,942	46,959	184,554	46,273	212,708	295,256
Seven months 1936..	2,301,612	385,972	3,086,649	3,867,349	378,222	46,510	32,698	372,913	1,373,807	313,686	2,599,140	2,068,808
†Seven months 1935	2,170,786	418,951	2,458,570	4,089,640	422,543	74,971	42,745	294,758	1,168,057	323,261	2,020,405	2,265,286

*Includes 108,907 hogs shipped direct to packers' yards. †Receipts include Government purchases of cattle and calves.

receipts of sheep were 2.2 per cent and hogs 35.6 per cent below the average volume. Marketings for the first seven months of 1936 showed an increase in the number of cattle and hogs and a decrease in the number of calves and sheep compared to marketings during the first seven months of last year. The six markets received 5,255 head of horses and mules in July, as compared to 3,672 head in June, and 8,593 head in July, 1935.

PRICES: Live stock values at the Kansas City market during July showed the effects of the drought which increased the premium on finished offerings and lowered the values of medium and plainer grades of animals which constituted the bulk of market supplies. Prices of best quality butcher hogs advanced 10 to 35 cents per hundredweight, but medium grades were down as much as \$1 and prices of stock pigs declined \$1.50 to \$2.00. Hogs reached a top of \$10.85 on July 29, the highest level since last September and the highest price for any July since 1929, and advanced further to \$11.55 on August 18. Prices of choice fed native beef cattle advanced about 25 cents during July but stockers and feeders and most other classes declined about 50 to 75 cents. The cattle top of \$9.15 was the highest since April but was well below the top of \$12.00 a year ago. Cattle values reached \$9.50 on August 24. Prices of new crop lambs advanced 25 to 35 cents in July and at the month's top sold at \$10.60, the highest level for the month since 1930. Lamb prices declined seasonally the forepart of August.

STOCKERS AND FEEDERS: The countryward movement of stocker and feeder live stock from four markets in the District was considerably heavier in July than in June or in July of last year. Shipments of cattle and calves were 8.4 per cent and 26.9 per cent above the average volume during the past ten years, but shipments of hogs were 10.7 per cent and sheep 12.5 per cent below the average volume. During the first seven months of the year, however, sheep was the only species to show an increase, shipments of cattle declining 10.5, calves 38, and hogs 23.5 per cent compared to shipments for the first seven months of 1935.

The Department of Agriculture estimated that the number of cattle on feed for market in the eleven Corn Belt states on August 1 was 2.8 per cent larger than a year ago, owing to increases in the number on feed east of the Mississippi River. The number on feed in Missouri was 5 per cent, in Nebraska 15 per cent, and in Kansas 30 per cent below the number on feed August 1 of last year. According to the survey of anticipated purchases the last five months of the year, feeders in the Corn Belt expected to purchase a much smaller number of cattle than last year. In states west of the Missouri River, where the drought has most seriously affected grain production, the decrease exceeded 30 per cent.

Estimates of the Department of Agriculture indicated that the 1936 lamb crop in the United States was about 9 per cent larger than the 1935 crop, 2.5 per cent larger than the 1934 crop, and less than 1 per cent smaller than the record crop of 1931. The increase over last year's crop occurred in the western sheep states as the native lamb crop was slightly smaller than last year. In the western sheep states, Wyoming recorded an increase of 12 per cent and Colorado and New Mexico increases of 15 per cent. In the native sheep states of Missouri and Kansas there were decreases of 3 per cent, but in Nebraska the lamb crop increased 9 per cent.

RANGES AND PASTURES: Range and pasture feed on August 1 was very poor and short in northeastern Wyoming, in Oklahoma, and in much of eastern Nebraska and Kansas but continued good in mountain areas in the District and in the Sand Hills area of Nebraska. Ranges in western Nebraska declined 18, western Kansas 15, Oklahoma 19, Colorado 9,

and New Mexico 7 condition points during July. In Wyoming, however, there was a recovery of 6 points following rains in the latter part of the month, and range feed was fair to good in the western part of the state. Recent rains improved feed prospects in eastern Colorado and in western Nebraska. Cattle and sheep were generally in good condition on August 1 except in drought areas and were reported in better condition in drought areas than at that time in 1934. Shipments of cattle have been heavy from northeastern Wyoming and some cattle have been moved from Nebraska, Kansas, and Oklahoma because of short feed. The Flint Hills pastures of Kansas were reported dry and short of water.

WOOL: Preliminary estimates of the Department of Agriculture indicated that the amount of wool shorn or to be shorn in 1936 in the seven states in this District would be slightly smaller than in 1935. There was a general decline in the number of sheep shorn and in all states except Colorado and New Mexico fleece weights averaged the same or less than a year ago.

Wool production and the number of sheep shorn, estimated by the Department of Agriculture:

	WOOL PRODUCTION Thousand Pounds			SHEEP SHORN Thousand Head		
	1936	1935	1934	1936	1935	1934
Colorado.....	12,541	12,216	13,122	1,493	1,527	1,661
Kansas.....	3,586	3,962	3,419	505	531	464
Missouri.....	8,170	8,869	8,196	1,285	1,242	1,200
Nebraska.....	3,040	3,029	2,730	400	400	362
New Mexico.....	15,450	16,030	17,136	2,176	2,290	2,520
Oklahoma.....	1,424	1,870	1,296	185	220	160
Wyoming.....	29,640	30,153	33,212	3,120	3,174	3,496
Seven states.....	73,851	76,129	79,111	9,164	9,384	9,863
United States....	361,265	364,663	370,329	45,480	45,497	46,665

Meat Packing

Meat packing operations in the District, as reflected by packers' purchases at the six principal live stock markets in the District, direct shipments of hogs included, were somewhat heavier in July than in June, with the slaughter of cattle, calves, and hogs considerably larger than a year ago, although hog slaughter was 30.5 per cent below the ten-year average for July. Cattle and calf slaughter exceeded the average by 4.7 and 14.6 per cent, respectively, while sheep slaughter fell 22 per cent below the average and 13.6 per cent below the total in July, 1935. During the first seven months of this year, purchases of cattle and hogs increased and purchases of calves and sheep decreased compared to purchases in the same period of last year.

The Department of Agriculture report on Federally inspected slaughter in the United States showed a slight decline in hog slaughter during July but increases for other species. The slaughter of cattle and calves was at a high level, exceeding the average for the month during the past ten years by 26.9 and 32.4 per cent, respectively. Sheep slaughter, although smaller than a year ago, was 4.7 per cent above the average, while hog slaughter was 12.7 per cent below the average despite a substantial increase compared to the low level of slaughter of 1935.

Live stock slaughtered under Federal meat inspection in the United States, reported by the Bureau of Agricultural Economics from compilations of the Bureau of Animal Industry:

	Cattle	Calves	Hogs	Sheep
July 1936.....	927,536	523,363	2,691,815	1,352,468
June 1936.....	853,188	516,637	2,739,116	1,308,721
July 1935.....	744,900	464,091	1,712,312	1,545,804
Seven months 1936....	5,789,219	3,420,301	18,933,256	9,368,746
Seven months 1935....	4,974,077	3,257,262	15,505,091	9,889,700

NOTE: Slaughter for Government relief purposes excluded.

Petroleum

The daily average flow of crude oil in the five oil producing states in the District declined slightly from June to July, but gross production, with one more producing day, increased 11.7 per cent. Production was 3 per cent greater than in July, 1935, and was 3.6 per cent above the ten-year average. During the first seven months of 1936, production increased 7.5 per cent compared to production for the first seven months of 1935.

Gross production, estimated from the weekly reports of the American Petroleum Institute for July, 1936, and officially reported by the Bureau of Mines for June, 1936, and July, 1935:

	July 1936 Barrels	June 1936 Barrels	July 1935 Barrels
Oklahoma.....	16,858,000	16,895,000	16,435,000
Kansas.....	4,759,000	4,559,000	4,865,000
Wyoming.....	1,173,000	1,143,000	1,274,000
Colorado.....	142,000	147,000	124,000
New Mexico.....	2,294,000	2,189,000	1,804,000
Total five states.....	25,226,000	24,933,000	24,502,000
Total United States.....	91,466,000	90,185,000	85,485,000

Mid-continent crude oil prices were unchanged during July at posted schedules ranging from 86 cents to \$1.18 per barrel according to gravity. Field operations continued active, with a substantial increase in the number of completions and in new production.

Field operations in the District, reported by the Oil and Gas Journal:

	Wells Completed	Barrels Daily New Production	Dry Wells	Gas Wells	Rigs-Wells Drilling
Oklahoma.....	300	195,445	56	13	596
Kansas.....	177	99,913	44	6	339
Wyoming.....	10	5,097	2	1	66
Colorado.....	0	0	0	0	37
New Mexico.....	63	59,086	0	0	124
July 1936.....	550	359,541	102	20	1,162
June 1936.....	426	259,070	106	10	1,286
July 1935.....	302	158,350	95	18	1,076

Zinc and Lead

Shipments of zinc ore from Tri-State mines and tailing mills continued to decline during the five weeks ended August 1 and for the first time since February were below shipments for the corresponding period of 1935. Deliveries of lead ore, for which there was a brisk demand, increased further during the five weeks and were above a year ago. Shipments of both lead and zinc exceeded production for the five-week period, and at the close of July there were 42 zinc mills in operation as compared to 64 at the middle of June, reflecting the effort of producers to curtail output and reduce surplus stocks. Cumulative shipments for the first thirty-one weeks of 1936 increased 28.4 per cent for zinc and 46.2 per cent for lead compared to shipments during the first thirty-one weeks of 1935.

National Summary of Business Conditions

By the Board of Governors of the Federal Reserve System

Production, employment, and trade increased further in July, when allowance is made for the usual seasonal changes, and commodity prices continued to advance. Money rates remained at extremely low levels.

PRODUCTION AND EMPLOYMENT: Industrial production, which usually declines considerably in July, was maintained at the level of the preceding three months, and the Board's seasonally adjusted index advanced to 108 per cent of the 1923-1925 average as compared with 103 per cent in June. Output of steel continued at about the June rate, although a sharp decrease is usual, and automobile production declined by less than the usual amount. In the first three weeks of August

The tonnage and value of zinc ore and lead ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Oklahoma.....	15,756	\$ 485,158	4,352	\$ 217,600
Kansas.....	10,978	338,613	1,748	87,400
Missouri.....	3,456	106,864	270	13,500
5 Weeks ended Aug. 1, 1936.....	30,190	\$ 930,635	6,370	\$ 318,500
5 Weeks ended June 27, 1936.....	37,130	1,188,160	4,520	226,000
5 Weeks ended Aug. 3, 1935.....	34,005	952,140	5,347	222,021
31 Weeks ended Aug. 1, 1936.....	251,230	8,002,315	31,559	1,555,550
31 Weeks ended Aug. 3, 1935.....	195,596	5,180,105	21,591	789,253

Prices of zinc ore at the Joplin market, after remaining unchanged at \$32 per ton since last October, declined \$1.50 early in July with a decline in slab zinc quotations but later advanced 50 cents to close the month at \$31 per ton as compared to \$28 a year ago. Lead prices were unchanged during July at \$50 per ton compared to \$43 at the close of July last year.

Coal

The production of bituminous coal in the District increased somewhat more than seasonally during July and was 25.3 per cent greater than in July, 1935. Production for the first seven months of the year increased 17 per cent compared to production for the first seven months of last year.

Bituminous coal production reported by the Bureau of Mines:

	*July 1936 Tons	June 1936 Tons	July 1935 Tons
Colorado.....	322,000	305,000	266,000
Kansas and Missouri.....	409,000	341,000	292,000
New Mexico.....	118,000	109,000	92,000
Oklahoma.....	88,000	56,000	61,000
Wyoming.....	355,000	314,000	320,000
Six states.....	1,292,000	1,125,000	1,031,000
United States.....	32,113,000	29,300,000	22,339,000

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

Cold Storage Holdings

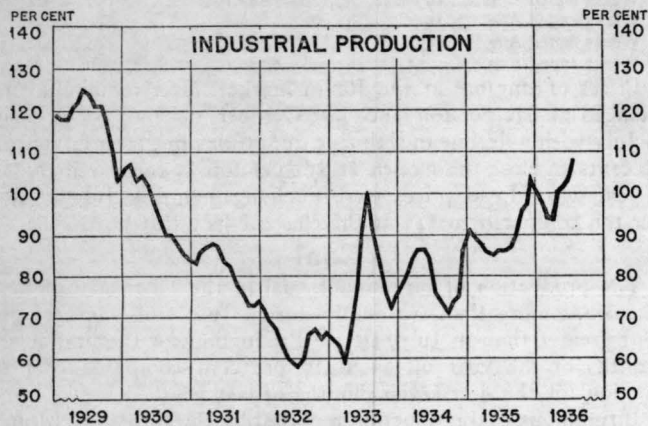
United States cold storage stocks of beef, miscellaneous meats, lard, eggs, butter, and cheese increased seasonally during July, with stocks of pork, lamb, and poultry increasing contrary to seasonal trends. Holdings of miscellaneous meats, lard, and cased eggs, which were below normal on July 1, were increased by somewhat more than the usual seasonal rate during July, while holdings of cheese, which were above normal, were increased by less than the usual seasonal amount. Holdings of pork, poultry, miscellaneous meats, lard, and cheese on August 1 were larger than a year ago but holdings of beef, lamb, eggs, and butter had declined during the year. Storage stocks of poultry were 25.9 and cheese 3.5 per cent above the August 1 five-year average, while stocks of beef were 2.9, pork 30.4, lamb 9.6, miscellaneous meats 5, lard 21.1, cased eggs 13.4, and butter 18.5 per cent below the average.

there was little change in activity at steel mills, while at automobile factories output was curtailed as preparations were made for the production of 1937 models. Output of nondurable products was larger in July than in June, reflecting chiefly a sharp rise in activity at cotton mills and greater than seasonal increases in production at shoe factories, silk mills, and flour mills. At coal mines output increased and crude petroleum continued to be produced in large volume.

Factory employment increased further in July, contrary to seasonal tendency. The number of workers was larger than in June at steel mills, foundry and machine shops, and furniture factories, while at railroad repair shops there was a decline.

Among the nondurable goods industries employment increased at textile mills and meat packing plants, and declined less than seasonally at establishments producing wearing apparel. Factory payrolls decreased by a smaller amount than is usual in July.

The value of construction contracts awarded increased considerably from June to July, according to the F. W. Dodge Corporation, with large increases reported for both publicly-financed and privately-financed work.



Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 through July 1936.

AGRICULTURE: Crop prospects declined during July as a result of continued drought. On the basis of August 1 conditions, the corn crop was estimated by the Department of Agriculture at 1,439,000,000 bushels, a reduction of 37 per cent from last season, and estimates for spring wheat, oats, hay, and potatoes were also considerably under the harvests of a year ago. The cotton crop was forecast at 12,481,000 bales as compared with 10,638,000 bales last year and an average of 14,667,000 bales during the five years 1928-1932.

DISTRIBUTION: Retail trade was sustained in July at a higher level than is usual in that month. The Board's adjusted index of department store sales, which allows for a considerable



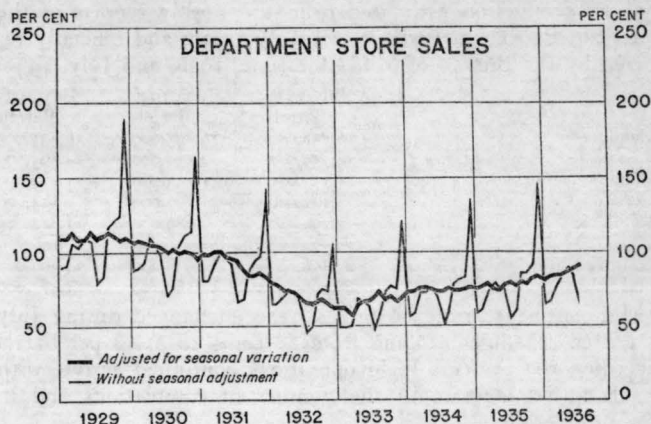
Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 through July 1936.

seasonal decline, increased from 88 per cent of the 1923-25 average in June to 91 per cent in July and mail order and variety store sales also showed smaller decreases than are usual for the season. Freight-car loadings increased in July.

COMMODITY PRICES: Wholesale commodity prices continued to advance between the middle of July and the middle of August. Prices of wheat, flour, feed grains, and dairy products rose considerably, owing primarily to the drought, and live stock

prices also advanced while cotton declined. There was a considerable increase in the price of steel scrap.

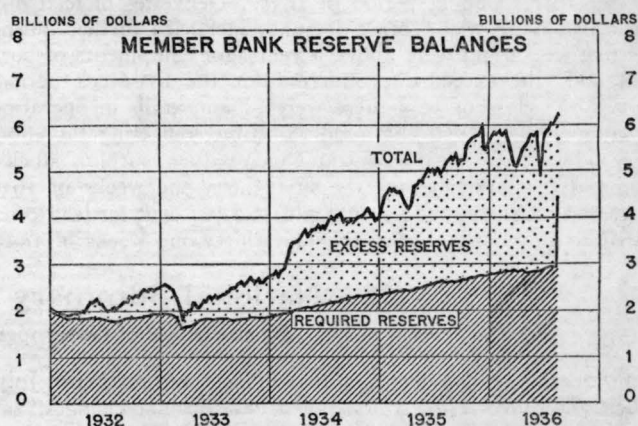
BANK CREDIT: Excess reserves of member banks decreased from \$2,920,000,000 on July 15 to \$1,810,000,000 on August 19. About \$1,470,000,000 of excess reserves were absorbed by the increase of 50 per cent in reserve requirements of member banks, which went into effect August 15. This decrease was offset in part by a growth of \$360,000,000 in total reserve



Indexes of value of sales, 1923-1925 average=100. By months, January 1929 through July 1936.

balances, reflecting principally large disbursements by the Treasury from its funds held on deposit with Federal Reserve banks.

After the increase in reserve requirements there remained a large amount of excess reserves widely distributed among member banks. The money market was not affected by the action, and interest rates remained at extremely low levels. In the week ending August 19 a few scattered banks borrowed at the reserve banks, but the total amount borrowed was negligible and some banks drew upon their balances with other banks in order to meet the increase in requirements. Deposits of domestic banks with reporting member banks in leading cities declined by \$210,000,000 in the week.



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 6, 1932, through August 19, 1936.

Between July 15 and August 19 loans and investments of reporting member banks in leading cities declined by \$260,000,000 reflecting reductions of \$130,000,000 in loans on securities and of \$160,000,000 in holdings of United States Government direct obligations, partly offset by an increase of \$60,000,000 in other loans to customers. Adjusted demand deposits, which increased to a new high level on July 22, were slightly smaller on August 19.