

THE MONTHLY REVIEW

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

FEDERAL RESERVE BANK OF KANSAS CITY

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THE agricultural situation in the Tenth District early this spring appears to be, on the whole, more favorable than in several years. Farmers have been encouraged by rising prices of farm products, grain and live stock prices reaching the highest general level in seven years or more. Despite relatively small marketings of grains and live stock, cash farm income from these sources, augmented by Government payments, was about 10 per cent greater in the first two months of 1937 than in the first two months of 1936. Moisture supplies, while still inadequate in those areas where drought conditions were most severe last summer and fall, have been above normal so far this year. Winter wheat was in fairly satisfactory condition in the principal producing areas of the District. Prospects for irrigation water are good.

Unfavorable factors include low temperatures in March that retarded growth of winter wheat and pastures, thus further accentuating the severity of the feed grain shortage. Sharply fewer cattle than a year ago were on feed for market on April 1 this year and rapidly advancing feed grain prices have resulted in unfavorable live stock feeding ratios. Ranges and pastures show the cumulative effect of several years of drought and overgrazing although cattle pastures in the Blue Stem section of Kansas and the Osage section of Oklahoma were commanding the highest lease prices since 1931. Farm work was backward as a result of the cold weather. The delay in seeding oats may result in some increase in corn acreage.

Business activity in the District showed considerable expansion in March as indicated by gains of 22 per cent in the volume of payments by check, of 20 per cent in wholesalers' sales, and of 30 per cent in department store sales. However, department store sales showed less than the usual seasonal increase in view of the early date of Easter this year. Value of construction contracts awarded declined but there was a substantial further increase in building permits in reporting cities, accompanied by an increase in retail sales of lumber.

Production of bituminous coal declined but output of flour and crude petroleum continued to increase. Output of coal was the largest for March since 1927 while the production of flour and crude petroleum reached a new high level for March. Shipments of zinc and lead also increased. Operations at meat packing plants increased seasonally, the slaughter of cattle and calves exceeding the March ten-year average.

Member Bank Operations

Loans and investments of weekly reporting banks in the Tenth District declined further during the five weeks ended April 7, reflecting principally a further decrease in holdings of United States Government obligations. Holdings of direct obligations on April 7, although \$13,353,000 larger than a year ago, showed a decrease of nearly that amount for the five weeks and had declined \$21,304,000 since the middle of January. The rather active liquidation which was under way around the middle of March was apparently halted, however, early

BUSINESS IN THE TENTH FEDERAL RESERVE DISTRICT

	March 1937 compared with		3 Mos. 1937 compared with
	Feb. 1937	Mar. 1936	3 Mos. 1936
Banking	(Per cent increase or decrease)		
Payments by check, 30 cities.....	+21.6	+20.4	+15.4
Federal Reserve Bank check collections..	+28.3	+16.3	+7.7
Business failures, number.....	+64.5	+8.5	-20.6
Business failures, liabilities.....	+72.1	-54.5	-38.2
Loans, 51 member banks.....	+3.2	+16.2	.....
Investments, 51 member banks.....	-3.6	+7.9	.....
Adjusted dem. depts., 51 member banks..	-0.6	+10.4	.....
Time deposits, 51 member banks.....	+0.1	+0.7	.....
Savings deposits, 45 selected banks.....	+0.1	+3.7	.....
Savings accounts, 45 selected banks.....	-0.6	+1.8	.....
Distribution			
Wholesalers' sales, 15 lines combined.....	+19.5	+10.7	+11.7
Retailers' sales, 37 department stores.....	+30.3	+11.1	+8.3
Lumber sales, 157 retail yards.....	+28.9	-13.3	-5.2
Life insurance, written.....	+27.3	+9.3	+1.0
Construction			
Building contracts awarded, value.....	-6.9	-20.6	+5.8
Residential contracts awarded, value.....	+51.7	+50.6	+84.6
Building permits in 18 cities, value.....	+78.9	+69.8	+9.2
Production			
Flour.....	+16.1	+26.1	+11.8
Crude petroleum.....	+11.9	+19.3	+20.9
Bituminous coal.....	-6.6	+51.2	+15.1
Zinc ore (shipped) Tri-State district.....	+3.8	+7.8	+10.3
Lead ore (shipped) Tri-State district.....	+42.9	+55.2	+14.4
Grain receipts, 5 markets			
Wheat.....	+27.3	+3.4	+3.6
Corn.....	+8.6	-49.1	-36.3
Oats.....	+6.0	-14.5	+13.4
Rye.....	+361.5	-42.3	-48.2
Barley.....	+116.3	-65.7	-69.5
Kafir.....	-10.9	-59.6	-39.8
Live stock receipts, 6 markets			
Cattle.....	+34.5	-1.3	-7.1
Calves.....	+30.0	+23.9	+19.9
Hogs.....	-2.5	-15.0	-14.4
Sheep.....	+16.1	-4.5	+0.8
Stocker and feeder shipments, 4 markets			
Cattle.....	+71.2	+0.9	-1.4
Calves.....	+87.5	+37.0	+39.3
Hogs.....	+91.6	+13.9	-21.6
Sheep.....	-19.7	+19.4	+25.3
Meat packing, 6 markets			
Cattle.....	+17.5	-1.4	-8.2
Calves.....	+16.8	+18.9	+12.1
Hogs.....	-2.1	-8.5	-8.6
Sheep.....	+22.6	+8.2	+5.2

in April when holdings of Government securities showed a small increase. Volume of commercial loans continued to expand and on April 7 was above last year's high level reached on December 30. Security loans, which had shown little change in recent months, increased during March.

Following the increase in reserve requirements effective March 1, reserve balances of reporting banks reached a new high level of \$164,014,000 on March 10. Since that date, reserves declined, dropping back to near the figure for March

3. Demand and United States Government deposits decreased and there was a substantial decline in bank balances. At the end of March, demand and inter-bank deposits were at the lowest level of this year.

The principal items of the consolidated weekly condition statements of fifty-one reporting member banks:

	Change from		
	Apr. 7 1937	Mar. 3 1937	Apr. 8 1936
(In thousands of dollars)			
Loans and investments—total.....	693,553	-8,540	+67,416
Loans and discounts			
Secured by stocks and bonds.....	55,242	+3,241	+6,959
All other loans and discounts.....	197,648	+4,606	+28,311
Investments			
U. S. Government direct obligations.....	257,982	-12,849	+13,353
Oblig. fully guaranteed by U. S. Govt....	44,761	-3,003	+2,341
Other securities.....	137,920	-535	+16,452
Reserve with F. R. Bank.....	156,179	+3,556	+52,925
Demand deposits—adjusted.....	477,143	-3,065	+45,106
Time deposits.....	145,846	+132	+1,031
U. S. Government deposits.....	5,389	-1,420	-13,053
Inter-bank deposits.....	372,280	-12,543	+22,872

Reserve Bank Operations

Principal changes from March 3 to April 7 in the weekly condition statements of this bank included a reduction in holdings of United States Government securities and further additions to member banks' reserve deposits. In the week ended April 7, holdings of Government securities were reduced by about 4 per cent, reflecting an adjustment in the amount of this bank's participation in the Government securities holdings of the Federal Reserve System. Holdings of Treasury notes declined \$8,818,500 and Treasury bills \$746,000, these decreases being offset in part by an increase of \$5,077,500 in holdings of Government bonds. Member bank reserve balances rose about 4 per cent during the five weeks although reserves on April 7 were slightly below the high level reached on March 10. The first half of the recent increase in reserve requirements went into effect on March 1, the remaining half to become effective May 1.

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

	Change from		
	Apr. 7 1937	Mar. 3 1937	Apr. 8 1936
(In thousands of dollars)			
Total reserves.....	280,623	+10,320	+58,917
Bills discounted.....	190	-136	-190
Bills purchased.....	87	.....	-46
Industrial advances.....	714	-19	-450
Commitments to make industrial advances	139	-14	-511
U. S. Government securities.....	122,114	-4,487	+5,270
Total resources.....	441,645	+2,829	+68,434
F. R. notes in circulation.....	160,354	-60	+15,426
Member banks' reserve deposits.....	232,288	+8,231	+72,016

The discount rate of the Federal Reserve Bank of Kansas City, on all classes of paper and all maturities under Sections 13 and 13a of the Federal Reserve Act, remained unchanged at 2 per cent, this rate having been in effect since May 10, 1935.

Check collections through this bank and branches, following a less than seasonal decrease in February, showed a greater than seasonal increase during March. Dollar volume in March was about 16 per cent and in the first quarter of the year nearly 8 per cent greater than a year ago.

Check collections through the Federal Reserve Bank of Kansas City and branches:

	ITEMS		AMOUNT	
	1937	1936	1937	1936
(In thousands)				
March.....	6,700	6,109	\$1,069,392	\$ 919,545
February.....	5,220	5,051	833,489	794,955
Three months..	17,342	16,873	2,847,614	2,643,719

Bank Debits

Debits to individual accounts by banks in reporting centers increased by somewhat more than the usual seasonal amount in March, rising 20 per cent above the total for March of last year. Payments by check for the first quarter of 1937 showed an increase of about 15 per cent over the same period in 1936.

Debits to individual accounts by banks in thirty Tenth District cities:

	Change from		
	Mar. 1937	Feb. 1937	Mar. 1936
(In thousands of dollars)			
Albuquerque, N. M.....	13,943	+1,358	+3,485
Atchison, Kans.....	3,716	+440	+773
Bartlesville, Okla.....	31,205	+8,196	+8,453
Casper, Wyo.....	5,180	+563	+444
Cheyenne, Wyo.....	8,938	+2,191	+2,009
Colorado Springs, Colo.....	20,301	+3,741	+5,489
Denver, Colo.....	191,091	+29,899	+31,281
Emporia, Kans.....	3,270	+466	+128
Enid, Okla.....	10,380	+2,600	+1,957
Fremont, Nebr.....	2,804	+728	-132
Grand Junction, Colo.....	4,107	+986	+1,371
Guthrie, Okla.....	1,837	+3	+92
Hutchinson, Kans.....	12,753	+876	+2,737
Independence, Kans.....	2,898	+353	+580
Joplin, Mo.....	11,346	+2,237	+1,987
Kansas City, Kans.....	14,888	+2,010	+3,897
Kansas City, Mo.....	327,435	+51,708	+45,481
Lawrence, Kans.....	3,883	+484	+273
Lincoln, Nebr.....	30,720	+7,392	+3,727
Muskogee, Okla.....	8,255	+1,182	+258
Oklahoma City, Okla.....	117,937	+27,517	+25,235
Okmulgee, Okla.....	3,578	+1,114	+483
Omaha, Nebr.....	163,021	+25,520	+14,978
Pittsburg, Kans.....	4,483	+845	+472
Pueblo, Colo.....	19,189	+3,064	+6,876
Salina, Kans.....	9,434	+898	+2,326
St. Joseph, Mo.....	27,639	+3,151	+559
Topeka, Kans.....	17,359	+1,159	+1,787
Tulsa, Okla.....	158,915	+37,620	+41,461
Wichita, Kans.....	51,975	+9,280	+9,074
District, 30 cities.....	1,282,480	+227,581	+217,541
United States, 141 cities.....	42,003,030	+7,476,735	+4,507,502

Trade

DEPARTMENT STORE SALES: Department store sales in the Tenth District showed less than the usual seasonal increase from February to March when allowance is made for the early date of Easter. March weather was generally unfavorable for the movement of spring merchandise, the increase in dollar volume amounting to about 30 per cent as compared with an increase of 40 per cent in 1934 when Easter was also early. However, the general level of sales has increased considerably during the past three years and retail prices have advanced. March sales were about 11 per cent greater than a year ago and in most cities the month had one more business day this year than last. As a result of the large March gain over last year, total sales for the first three months of 1937 were about 8 per cent larger than in the same period in 1936.

Retail prices, although tending to rise less than wholesale quotations, continued the uninterrupted advance which began on August 1 of last year, according to the Fairchild Retail Price Index. Prices gained almost one per cent from March 1 to April 1, at which time the index stood at a level about 7 per cent above a year ago and about 36 per cent above the low point reached on May 1, 1933. However, present prices are yet 20 per cent below the level of November, 1929.

Stocks of merchandise increased further during March and at the close of the month were about 14 per cent larger than on March 31, 1936. Inventories were the largest for the March 31 date since 1932. Collections on open accounts averaged

46.3 per cent of receivables in March, 43.8 per cent in February, and 44.0 per cent a year ago. Installment collections averaged 15.8 per cent in March as compared with 14.4 per cent in February and 16.5 per cent in March of last year.

Department store sales and stocks in leading cities of the District:

	Number of Stores	SALES		STOCKS	
		Mar. 1937 compared to Mar. 1936	3 Mos. 1937 compared to 3 Mos. 1936	Mar. 31, 1937 compared to Feb. 28, 1937	Mar. 31, 1936
		(Per cent increase or decrease)			
Denver.....	4	+9.6	+10.3	+11.9	+15.4
Kansas City.....	4	+13.7	+10.8	+1.8	+17.7
Oklahoma City.....	3	+14.0	+4.4	+4.6	+5.1
Omaha.....	3	-2.6	.....	.....	.....
Tulsa.....	3	+22.5	+13.1	+2.2	+12.7
Wichita.....	3	+11.9	+9.1	+4.6	+13.2
Other cities.....	17	+14.9	+3.9	+4.6	+14.8
District.....	37	+11.1	+8.3	+5.9	+13.5

RETAIL SALES: Dollar volume of March sales of independent retail stores in the District, without adjustment for the extra business day this year, generally showed an increase over sales for March of last year. Increases were most noticeable at apparel, country general, department, and grocery stores, while sales of lumber and building material dealers and at drug stores generally showed only a small increase. In about half of the states in the District, retail hardware sales were less than in March a year ago.

Sales of independent retail stores, by states, reported by the Department of Commerce:

	March 1937 per cent change from March 1936				
	Colo.-Wyo.	Kans.	Mo.	Nebr.	Okla.
Apparel.....	+29.0	+16.1	+20.3	-0.9	+8.1
Country general.....	+5.5	+8.9	+10.8	+9.2	+19.4
Department.....	+0.2	+22.0	+16.7	+11.5	+14.9
Drug.....	+0.4	+0.2	+0.5	-3.2	+0.7
Grocery.....	+14.8	+10.6	+11.4	+6.4	+10.3
Hardware.....	+24.3	+1.6	-1.9	-6.0	-18.6
Lumber and materials.....	+18.7	+3.2	+2.1	+0.3	-9.1
Motor vehicle.....	+14.2	+5.4	+14.4	-10.9	+4.0

WHOLESALE SALES: Wholesale distribution in the District, as reflected by the combined dollar volume of sales for fifteen trade groups, increased by about 20 per cent from February to March and exceeded the volume of sales in March of last year by nearly 11 per cent. Of the major lines, furniture and house furnishings showed relatively the greatest increase in sales over a year ago. The increase in sales of paper and paper products, dry goods, and groceries and foods was about the same as the combined increase, while sales of drugs and drug sundries and hardware showed relatively the smallest percentage gain. Total sales for the first three months of this year were nearly 12 per cent larger than in the same period of 1936.

Wholesalers' sales and collections, reported by the Department of Commerce:

	SALES		*COLLECTIONS		
	No. of Firms	Mar. 1937 compared to Mar. 1936	No. of Firms	Mar. 1937	Feb. 1937
		(Per cent change)		(Median percentages*)	
Drugs.....	9	+5.7	9	82.5	83.6
Dry goods.....	4	+9.8	5	54.7	64.2
Furniture.....	4	+20.9	4	47.8	48.6
Groceries.....	12	+8.6	11	99.0	97.9
Hardware.....	6	+2.7	6	43.2	47.2
Paper.....	5	+11.7	5	62.4	62.0
All other lines..	17	+26.0	.....	.....	.....
District.....	57	+10.7	.....	.....	.....

*Amounts collected during month on receivables at beginning of month.

Percentages of collections on accounts receivable were generally slightly lower in March than in February, but all groups showed a much higher average collection percentage than in March of last year. It should be pointed out that the wide differences existing between the percentages for various kinds of business are due principally to variations in the terms of sale.

Lumber

After four successive monthly declines, retail lumber sales increased in March as spring building operations got under way. Footage sales for March, however, fell about 13 per cent and for the first quarter of 1937 about 5 per cent below a year ago, when the seasonal expansion in lumber sales and the improvement over the preceding year were quite marked. Dollar sales of lumber and other materials also increased during March, exceeding by a slight margin the dollar volume in March of last year. Retail lumber prices have begun to reflect the rather sharp increases put into effect by wholesalers and manufacturers.

Stocks of lumber at the close of March were only slightly larger than one month earlier but were nearly 15 per cent larger than one year earlier. Collections improved during March, averaging 41.9 per cent of outstandings at the opening of the month as compared with 35.4 per cent in February and 45.0 per cent in March, 1936.

March business at 157 reporting retail yards in the District:

	March 1937 per cent change from	
	February 1937	March 1936
Sales of lumber, board feet.....	+28.9	-13.3
Sales of all materials, dollars.....	+38.1	+2.3
Stocks of lumber, board feet, end of month..	+1.5	+14.6
Outstandings, dollars, end of month.....	+5.4	+17.8

Building

The number and value of permits for new construction, alterations, and repairs in eighteen cities in the District showed a substantial further increase in March. About half of these centers reported fewer permits than a year ago but only two failed to show a rather heavy increase in estimated expenditures. Value of permits for the first quarter of 1937 was about 9 per cent larger than in the same period of last year despite the decreases recorded in January and February.

Building permits reported by the eighteen cities:

	PERMITS		ESTIMATED COST	
	1937	1936	1937	1936
Albuquerque, N. M.....	87	62	\$ 254,000	\$ 75,000
Cheyenne, Wyo.....	67	43	319,000	73,000
Colorado Springs, Colo.....	67	37	66,000	18,000
Denver, Colo.....	540	375	1,145,000	647,000
Hutchinson, Kans.....	112	61	145,000	42,000
Joplin, Mo.....	23	22	81,000	20,000
Kansas City, Kans.....	39	56	57,000	44,000
Kansas City, Mo.....	206	250	502,000	298,000
Lincoln, Nebr.....	169	214	198,000	113,000
Oklahoma City, Okla.....	229	232	814,000	529,000
Omaha, Nebr.....	144	123	281,000	227,000
Pueblo, Colo.....	76	54	49,000	20,000
Salina, Kans.....	11	21	39,000	40,000
Shawnee, Okla.....	13	16	21,000	8,000
St. Joseph, Mo.....	28	23	38,000	13,000
Topeka, Kans.....	80	101	109,000	408,000
Tulsa, Okla.....	110	118	806,000	279,000
Wichita, Kans.....	193	215	239,000	188,000
March.....	2,194	2,023	\$5,163,000	\$3,042,000
February.....	1,238	784	2,886,000	3,440,000
Three months.....	4,275	3,680	9,728,000	9,091,000

The value of construction contracts awarded in the District during March was slightly less than in February and about 21 per

cent less than a year ago. These decreases reflected a reduction in the volume of non-residential construction since awards for residential building were half again as large as in either the preceding month or the corresponding month of last year. However, first quarter awards were at the highest level since 1931, total awards being about three times and residential awards more than five times as large as in the first three months of 1933.

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

	TENTH DISTRICT		37 EASTERN STATES	
	Total	Residential	Total	Residential
	(In thousands of dollars)			
March 1937.....	8,350	3,889	231,246	90,168
February 1937.....	8,966	2,564	188,533	63,004
March 1936.....	10,520	2,582	199,028	55,271
Three months 1937.....	27,010	9,939	662,606	231,578
Three months 1936.....	25,529	5,383	545,871	123,886

Grain Marketing

Marketings of grain increased somewhat during March, encouraged by higher market prices and more favorable weather conditions. While generally smaller than in March of last year and below the March average for the past ten years, marketings nevertheless were of fairly liberal proportions in view of diminishing country holdings. Receipts of wheat were 29, corn 56, barley 16, and kafir 85 per cent below the March average while receipts of oats and rye exceeded the average by 29 per cent.

Receipts of grain at five markets in the District:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	(In thousands of bushels)					
Hutchinson.....	819	3	----	----	----	5
Kansas City.....	2,635	893	220	5	42	48
Omaha.....	629	961	948	55	42	----
St. Joseph.....	157	224	220	----	9	----
Wichita.....	591	8	3	----	----	4
March 1937.....	4,831	2,089	1,391	60	93	57
February 1937.....	3,795	1,923	1,312	13	43	64
March 1936.....	4,674	4,104	1,627	104	271	141
Three months 1937.....	12,534	6,318	4,005	86	193	218
Three months 1936.....	12,098	9,917	3,531	166	633	362

Farm stocks of grain on April 1 were markedly lower than a year ago, particularly of corn. In comparison with average holdings on April 1 for the years 1928 to 1932, the reduction in grain stocks was even more striking, as evidenced by 64 per cent less wheat, 89 per cent less corn, and 40 per cent less oats remaining on farms in the District this spring than during those years. The extremely small corn supplies helped to explain the continued rather free movement of Argentine corn into most of the Kansas City trade territory.

Grain stocks on farms on April 1, reported by the Department of Agriculture:

	WHEAT		CORN		OATS	
	1937	1936	1937	1936	1937	1936
	(In thousands of bushels)					
Colorado.....	1,176	1,176	2,607	2,919	1,575	2,061
Kansas.....	5,412	5,765	924	7,736	6,759	9,794
Missouri.....	1,413	2,180	7,466	14,375	8,799	7,080
Nebraska.....	4,734	5,801	5,572	43,729	9,915	33,444
New Mexico.....	41	15	571	862	60	82
Oklahoma.....	1,651	2,316	1,999	6,809	4,064	8,598
Wyoming.....	221	688	111	377	368	1,732
Seven states.....	14,648	17,941	19,250	76,807	31,540	62,791
United States.....	71,723	98,978	411,980	816,058	287,745	493,787

Cash prices of nearly all grains advanced at the Kansas City market in March, corn gaining about 10 cents and wheat about 7 cents per bushel. There was a slight decline in wheat prices in the forepart of April, while corn prices advanced further.

Cash grain prices at the Kansas City market:

	Apr. 15	Mar. 31	Feb. 27	Apr. 15	Mar. 31	Mar. 30
	1937	1937	1937	1936	1936	1935
No. 1 hard, dk. wheat, bu.	\$1.37	\$1.41 1/4	\$1.34	\$1.00	\$.97 1/2	\$.98 1/4
No. 2 mixed corn, bu.....	1.36	1.30 1/2	1.21	.64 1/2	.62 1/2	.85
No. 2 white oats, bu.....	.55	.53 1/2	.51 1/2	.28	.26	.53
No. 2 rye, bu.....	1.07	1.10	1.04	.53	.52 1/2	.68
No. 2 barley, bu.....	.92	.90	.90	.45	.45	.74
No. 2 white kafir, cwt.....	2.34	2.29	2.09	1.11	1.02	1.92

Farm Income

February receipts from the sale of principal farm products and Government payments in the seven states of the District, while about 16 per cent less than in January, were 14 per cent larger than a year ago. Increased income from rental and benefit payments, which were temporarily suspended in February of last year, was the important factor in this gain since an increase in income from marketings of crops was not sufficient to overcome a decrease in income from marketings of live stock and live stock products. Farm income was larger than a year ago in all states in the District except Missouri and Nebraska, the increase being most pronounced in Kansas.

Cash farm income from the sale of principal farm products and Government payments during February, estimated by the Department of Agriculture:

	Crops	Live stock and products	Govt. payments	Total
	(In thousands of dollars)			
Colorado.....	2,993	6,181	701	9,875
Kansas.....	6,186	10,248	3,816	20,250
Missouri.....	1,916	10,675	1,317	13,908
Nebraska.....	3,387	11,605	1,583	16,575
New Mexico.....	506	1,368	1,022	2,896
Oklahoma.....	1,520	5,287	3,046	9,853
Wyoming.....	433	972	180	1,585
February 1937.....	16,941	46,336	11,665	74,942
January 1937.....	20,136	60,065	8,640	88,841
February 1936.....	9,983	55,720	*-17	65,686
Two months 1937.....	37,977	106,401	20,305	163,783
Two months 1936.....	27,492	121,181	300	148,973

*Negative payments represent credits due to returned checks to the Agricultural Adjustment Administration.

Crops

The April 1 condition of winter wheat on the unusually large acreage sown last fall indicated a crop in the seven states of the District of about 320 million bushels as compared with 232 million bushels harvested last year and an average of 325 million bushels harvested during the years 1928 to 1932. If this year's crop should turn out according to present indications, it would be by far the largest since the 437 million bushel crop of 1931. Grasshoppers constitute a threat to crops again this year unless spring rainfall is unusually heavy. Top growth of winter wheat was smaller than usual because of subnormal temperatures.

The April 1 condition of winter wheat, rye, and pastures, reported by the Department of Agriculture:

	WINTER WHEAT			RYE			PASTURES		
	Apr. 1 1937	Apr. 1 1936	10-yr. Aver.	Apr. 1 1937	Apr. 1 1936	10-yr. Aver.	Apr. 1 1937	Apr. 1 1936	9-yr. Aver.
	(In percentages of 100 as normal)								
Colorado.....	61	42	77	55	50	80	67	60	84
Kansas.....	76	66	77	85	78	82	56	55	82
Missouri.....	75	70	79	80	77	84	57	71	81
Nebraska.....	63	68	82	64	70	87	51	70	85
New Mexico.....	75	64	75	-----	-----	-----	58	71	79
Oklahoma.....	73	62	80	80	60	81	52	54	74
Wyoming.....	55	61	86	61	64	87	62	81	87
United States	73.8	68.5	78.9	71.4	72.4	82.3	66.0	74.6	80.8

March weather in the District was abnormally cold and wet, precipitation ranging from 2 per cent above normal in Oklahoma to 69 per cent above in New Mexico. Total precipitation for the first three months of this year was above normal in every state in the District except Oklahoma and there the deficiency amounted to only 3 per cent. A comparison with rainfall for the first three months of last year is rather striking. Moisture supplies since January 1 were 97 per cent of normal this year as against 26 per cent last year in Oklahoma, 120 per cent as against 35 per cent in Kansas, and 127 per cent as against 52 per cent in Missouri. However, it must be remembered that in a rather large area, extending from northeastern Wyoming and western Nebraska southward, moisture reserves are still inadequate because of drought conditions last summer and fall. In much of this area and in northern Missouri, abandonment of winter grains has been heavy, not only because of extreme drought but also because of winter killing and recent high winds. Elsewhere in the District winter grain crops were in fairly satisfactory condition. The outlook for irrigation water in Colorado and Wyoming this year was, on the whole, quite favorable.

Rainfall as reported by the United States Weather Bureau:

	March 1937		3 Months 1937	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver.....	.69	1.04	1.56	1.97
Leadville.....	1.55	1.66	4.68	4.30
Pueblo.....	.77	.59	1.55	1.37
Lamar.....	.55	.80	.99	1.66
Garnett.....	.47	.39	.54	.71
Sunbeam.....	.38	.62	1.99	1.47
KANSAS				
Topeka.....	2.05	2.10	4.48	4.55
Iola.....	4.35	2.59	7.44	5.39
Concordia.....	2.18	1.23	4.26	2.72
Salina.....	1.17	1.39	3.73	3.09
Wichita.....	2.80	1.75	5.07	3.78
Hays.....	.43	.93	1.76	2.08
Dodge City.....	1.11	.89	2.43	2.07
Elkhart.....	.75	.85	.85	1.69
Goodland.....	1.98	.90	2.59	1.68
MISSOURI				
St. Joseph.....	1.23	2.48	4.71	5.43
Kansas City.....	1.73	2.53	5.96	5.47
Joplin.....	2.39	3.20	9.31	7.04
NEBRASKA				
Omaha.....	1.60	1.37	2.97	2.96
Lincoln.....	2.38	1.27	3.96	2.86
Norfolk.....	2.43	1.20	4.01	2.67
Grand Island.....	1.53	1.32	2.77	2.67
McCook.....	2.29	.88	3.39	1.88
North Platte.....	1.09	.83	2.01	1.75
Bridgeport.....	.57	.82	.86	1.69
Valentine.....	.64	1.25	1.09	2.30
NEW MEXICO				
Clayton.....	.65	.78	.80	1.50
Santa Fe.....	.69	.80	2.06	2.22
Farlington.....	.99	.70	2.74	2.00
OKLAHOMA				
Tulsa.....	3.14	3.02	7.86	6.59
McAlester.....	3.77	3.09	9.16	8.16
Oklahoma City.....	1.15	1.98	2.48	4.28
Pauls Valley.....	4.56	2.10	6.57	5.19
Hobart.....	1.47	1.58	2.27	3.30
Enid.....	.99	1.60	2.22	3.84
Woodward.....	1.91	1.43	3.25	3.11
WYOMING				
Cheyenne.....	2.09	1.02	2.83	2.08
Casper.....	1.20	1.24	3.29	2.75
Lander.....	1.29	1.19	2.01	2.38
Sheridan.....	2.51	1.16	4.15	2.71

In addition to retarding growth of winter grains, alfalfa, and pastures and damaging early peaches, the cold weather of March also delayed spring farm work. The delayed seeding of oats,

together with high corn prices, may result in an increase in corn acreage over that which farmers intended on March 1. Very little spring wheat had been seeded up to April 1 although seeding usually is general by that date as far north as the Kansas-Nebraska line. With a rise in temperatures around the middle of April, the seeding of oats and barley, the planting of potatoes, and the preparation of ground for corn and sorghums made further progress. The largest sugar beet acreage in recent years is expected in Colorado, Wyoming, and Nebraska.

Live Stock

MARKETINGS: Receipts of all classes of live stock except hogs increased in March as is usual in that month. Marketings of calves, the only class to show an increase over a year ago, continued in large volume, exceeding the March ten-year average by 42 per cent. Hog receipts were 15 per cent less than in March of last year and were less than half of normal, approaching the low level of two years ago. Light receipts resulting from successive corn crop failures have been accompanied by heavy marketing of lightweight hogs because of high feed prices. Cattle marketings were slightly above the March average but marketings of sheep were 17 per cent below the average volume.

Live stock receipts at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	37,436	4,933	39,111	209,023
Kansas City.....	103,639	24,870	124,725	129,657
Oklahoma City.....	44,554	12,705	30,710	12,110
Omaha.....	91,975	11,866	103,784	136,047
St. Joseph.....	26,751	8,818	51,768	118,161
Wichita.....	32,009	5,716	24,835	10,042
March 1937.....	336,364	68,908	374,933	615,040
February 1937.....	250,173	53,023	384,605	529,554
March 1936.....	340,895	55,603	441,133	643,734
Three months 1937.....	935,955	196,486	1,233,960	1,710,177
Three months 1936.....	1,007,362	163,863	1,442,292	1,697,249

PRICES: Cattle and lamb prices advanced at the Kansas City market in March, reflecting the scarcity of better grades of beef cattle and a recovery in wool prices. Cattle prices reached the highest level for March since 1930 and lambs the highest March level since 1929. Demand for stocker and feeder cattle increased seasonally in March but at the close of the month it was narrow for stockers and only fair for feeders. Hog prices fluctuated narrowly, showing only a fractional gain for the month. While slightly lower than a year ago, hog prices were higher than in any other March since 1930.

Comparative top prices paid for full loads of live stock at the Kansas City market:

	Mar. 1937	Feb. 1937	Mar. 1936
(In dollars per hundredweight)			
Beef steers.....	14.50	13.00	10.40
Stocker cattle.....	9.25	8.35	8.60
Feeder cattle.....	10.00	9.00	8.50
Calves.....	10.00	10.50	9.50
Hogs.....	10.35	10.25	10.60
Fed lambs.....	12.75	10.75	10.40
New crop spring lambs.....	13.75	.....	11.00
Sheep.....	11.50	9.25	8.85

STOCKERS AND FEEDERS: Shipments of stocker and feeder cattle and calves to the country increased seasonally during March, cattle exceeding the March ten-year average by 5 per cent and calves by 30 per cent. Hog shipments also increased but fell 66 per cent short of the average, while sheep were 44 per cent below the average volume. The countryward movement of all classes of live stock was somewhat larger than in March of last year.

Stocker and feeder live stock shipments from four markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	7,177	1,171	434	7,400
Kansas City.....	38,620	5,330	1,608	7,244
Omaha.....	12,748	2,087	750	10,856
St. Joseph.....	3,703	727	1,007	6,928
March 1937.....	62,248	9,315	3,799	32,428
February 1937.....	36,350	4,969	1,983	40,382
March 1936.....	61,706	6,800	3,336	27,163
Three months 1937.....	168,737	25,048	8,941	130,623
Three months 1936.....	171,198	17,985	11,409	104,251

According to the Bureau of Agricultural Economics, the number of cattle on feed in the Corn Belt on April 1 was about 33 per cent smaller than a year ago. Reductions were largest in western Corn Belt states, where the effects of the 1936 drought were most serious, the decrease amounting to 45 per cent in Missouri, 55 per cent in Nebraska, and 30 per cent in Kansas. Sharp advances in prices of feed grains and concentrate feeds have tended to speed up the marketing of cattle. In view of this and the present intention of feeders to market a larger proportion than usual of their cattle in April, May, and June, the indicated supply of fed cattle for market after July 1 is relatively much smaller than the supply during the first half of the year.

There were 380,000 lambs left in feed lots of the important Northern Colorado, Arkansas Valley, and Scottsbluff feeding areas on April 3 compared with 420,000 a year ago and 480,000 two years ago. Since January 1, shipments from these areas totaled 4,008 cars of lambs compared with 5,324 cars in the same period last year and 4,465 cars two years ago.

RANGES AND PASTURES: Range and feed supplies on April 1 were very short over northeastern Wyoming, parts of western Nebraska and Kansas, western Oklahoma, southeastern Colorado, and northeastern New Mexico. Much of this area was still short of moisture although spring range prospects were improved by precipitation in March. Cattle and sheep on ranges have wintered well in sections with ample feed but are thin in the 1936 drought areas, where calf crop prospects are only fair.

Except in Colorado, Kansas, and Oklahoma, the condition of both ranges and pastures was markedly lower than a year ago, and in all states in the District the condition was generally substantially below normal. This low condition is due principally to drought last year and the retarding effect of cold weather late in March. The delayed development of pastures will accentuate the abnormally short feed situation in those areas where pastures were expected to furnish considerable early feed. Native grass not being available, considerable grazing of winter wheat in Oklahoma, Kansas, and Missouri continued into April despite possible injury which would affect grain yields. Many farmers were reported to have set aside a definite acreage of their wheat for pasture, not attempting to harvest it for grain.

As a prelude to the spring movement of cattle from the southwest, pasture leasing has been active in the Osage section of Oklahoma and the Blue Stem section of Kansas. About 70 per cent of the Blue Stem pastures were leased by April 1 as compared with 72 per cent a year ago, while about 87 per cent of the Osage pastures had been leased as compared with only 65 per cent at that time last year. Lease prices, ranging from 50 to 60 cents per head higher than last year in the Blue Stem area and about 25 cents per head higher in the Osage country, are the highest since 1931. Acreage guarantees are the largest in fourteen years of record, reflecting thin and weedy grass as a result of droughts and heavy grazing in recent years.

The condition of pastures in these areas, while below average, is much better than in these states as a whole. Moisture supplies are favorable, but cold weather has delayed pasture feed and in-shipments of cattle were expected to be later than usual. Pastures were expected to be well stocked, mostly by in-shipments as fewer cattle have been wintered than a year ago and local pasture owners are leasing instead of putting in cattle. It was estimated by the Department of Agriculture that the spring movement from the southwest, about a third of which goes onto Oklahoma and Kansas grass, would be 10 per cent larger than last spring and about the same as in the spring of 1935, when 861,000 head of cattle were shipped from Texas, New Mexico, and Arizona between March 1 and June 30.

Meat Packing

Operations at meat packing plants, as reflected by packers' purchases at the six principal live stock markets in the District, increased seasonally during March. Cattle slaughter, while slightly smaller than a year ago, was 4 per cent above the March ten-year average and calf slaughter, which increased 19 per cent as compared with March of last year, exceeded the average by 41 per cent. Although not as low as two years ago, hog slaughter was about 9 per cent less than in March of last year and fell 45 per cent below the ten-year average volume. Sheep slaughter was 8 per cent larger than in March of last year but about 3 per cent below the average.

Packers' purchases of live stock at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	17,952	3,704	33,640	37,069
Kansas City.....	51,448	18,948	113,839	110,755
Oklahoma City.....	23,420	6,129	23,980	10,637
Omaha.....	64,090	9,494	86,950	108,714
St. Joseph.....	19,962	7,809	48,663	104,660
Wichita.....	11,822	5,961	23,086	10,821
March 1937.....	188,694	52,045	330,158	382,656
February 1937.....	160,628	44,551	337,256	312,201
March 1936.....	191,284	43,765	360,787	353,547
Three months 1937.....	548,001	155,365	1,083,117	1,048,039
Three months 1936.....	597,008	138,655	1,185,607	995,861

Cold Storage Holdings

With the exception of butter, United States cold storage holdings continued at a rather high level during March despite sharply greater than seasonal declines in stocks of beef, lamb, and poultry. Heavy withdrawals of butter reduced stocks of that commodity on April 1 to a level about 24 per cent below the average for that date during the past five years. Stocks of pork showed less than the usual seasonal decrease while stocks of lard increased at a substantially higher than seasonal rate. Cased eggs moved into storage at about the normal rate for this time of the year but frozen eggs showed a comparatively large increase for the month.

United States cold storage holdings, reported by the Bureau of Agricultural Economics:

	Apr. 1 1937	Mar. 1 1937	Apr. 1 1936	Apr. 1 5-Yr. Av.
	(In thousands of units)			
Beef, lbs.....	142,685	167,438	79,509	62,806
Pork, lbs.....	756,095	775,688	450,149	627,430
Lamb and mutton, lbs.....	7,176	9,807	2,334	2,123
Poultry, lbs.....	120,420	157,858	69,494	73,869
Miscellaneous meats, lbs.....	116,679	126,233	66,604	61,695
Lard, lbs.....	217,569	202,476	76,814	104,566
Eggs, cases.....	1,406	322	807	1,211
Eggs, frozen (case equivalent).....	1,519	983	1,310	1,361
Butter, creamery, lbs.....	6,741	20,678	5,346	8,877
Cheese, all varieties, lbs.....	85,223	93,114	73,952	60,356

Flour Milling

Operations at southwestern flour mills were stepped up from 66.5 per cent of capacity in February to 68.6 per cent in March

although usually there is a decline in activity. This increase reflected not only a steady flow of shipping directions on old contracts and an increase in flour sales in the latter part of the month but also an unusually heavy eastern demand for mill-feeds. Output of flour in March was 16 per cent greater than in the shorter month of February and was 26 per cent greater than in March of last year, when operations averaged only 56.3 per cent of capacity. Production for the first three months of 1937 was nearly 12 per cent ahead of that for the first three months of 1936.

	Mar. 1937	Change from	
		Feb. 1937 (In barrels)	Mar. 1936
Atchison.....	118,000	+11,000	+20,000
Kansas City.....	643,000	+124,000	+151,000
Salina.....	192,000	+27,000	+52,000
Wichita.....	211,000	+45,000	+82,000
Other cities.....	1,038,000	+98,000	+150,000
Total.....	2,202,000	+305,000	+455,000
*United States.....	5,410,000	+566,000	+3,000

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

Notwithstanding several large round lot orders and numerous moderate sized bookings in the latter part of March, flour sales in the southwest were generally considered slow. Reselling by jobbers and bakers at a discount affected sales to some extent. As the wheat market rose, flour prices advanced but the advance was held down by the sharp increase in mill-feed prices which reached an eight-year peak at the Kansas City market. In addition to the heavy demand from eastern areas normally served by Minnesota and Buffalo mills, delayed pastures and wintry weather toward the close of March necessitated liberal dry feeding in local areas.

Petroleum

Daily average output of crude petroleum in the District continued to increase in March and gross production gained about 12 per cent in comparison with the shorter month of February. Output in March and the first three months of this year was around 20 per cent ahead of a year ago, March production exceeding the average for that month during the past ten years by 27 per cent.

Crude oil production, estimated from American Petroleum Institute data for March and officially reported by the Bureau of Mines for comparative months:

	MARCH 1937		FEBRUARY 1937		MARCH 1936	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colorado.....	140	4.5	120	4.3	135	4.4
Kansas.....	5,789	186.7	5,282	188.7	4,815	155.3
New Mexico.....	3,169	102.2	2,767	98.8	2,148	69.3
Oklahoma.....	19,461	627.8	17,406	621.7	16,989	548.1
Wyoming.....	1,608	51.9	1,392	49.7	1,200	38.7
Five states.....	30,167	973.1	26,967	963.2	25,287	815.8
United States.....	105,248	3,395.1	93,173	3,327.6	90,568	2,921.5

Stocks of crude petroleum increased from 114 million barrels to around 120 million barrels in the "other" Mid-Continent area of Oklahoma and Kansas between February 27 and April 3 but showed little change at a level slightly below 26 million barrels in the Rocky Mountain area. This increase was largely offset by declines in fuel oil and gas oil stocks but it was thought that the high level of producing and refining operations was preventing further strengthening of the crude price structure. By early April, demand had begun to improve for gasoline, stocks of which are unusually large as a result of the increase in refinery operations to meet the heavy demand for fuel oils in recent months. Prices of kerosene and tractor fuels were stronger.

Zinc and Lead

Zinc and lead shipments increased further in March. Demand for ore was less strong in the latter half of the month, but purchasers generally took all supplies available. Output at mines and tailing mills also increased, reaching the highest level since April of last year for zinc and since May, 1930, for lead. At the close of March, there were 71 mills in operation, the largest number in about seven years and twice the number operating in recent depression years.

Zinc and lead shipments from the Tri-State district, estimated from weekly reports of the Joplin News Herald:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	14,426	\$ 641,335	2,310	\$ 193,176
Missouri.....	3,350	149,507	480	40,685
Oklahoma.....	27,708	1,238,285	4,922	417,119
March 1937.....	45,484	\$2,029,127	7,712	\$ 650,980
February 1937.....	43,837	1,734,619	5,398	407,438
March 1936.....	42,207	1,350,080	4,969	248,500
Three months 1937.....	122,789	4,921,842	16,251	1,276,009
Three months 1936.....	111,314	3,561,493	14,204	689,029

Zinc concentrates advanced \$5.00 per ton at the Joplin market during March, closing at \$49.50, the highest price since September, 1926, and \$17.50 per ton higher than a year ago. Lead ore prices, after reaching \$95.00, the highest price since April, 1929, dropped back to \$84.00 as a result of declines in pig lead prices in London. This price was \$1.00 per ton lower than at the close of February but was \$34.00 per ton higher than at the close of March last year. Early in April zinc declined \$2.00 per ton and lead an additional \$14.00 per ton.

Coal

Output of bituminous coal in the District, at the highest March level since 1927, was more than half again as large as a year ago. Production for the first three months of this year totaled better than 8 million tons as compared with slightly less than 7 million tons in the first quarter of 1936.

Bituminous coal production, estimated from reports of the Bureau of Mines:

	Mar. 1937	Change from	
		Feb. 1937 (In tons)	Mar. 1936
Colorado.....	720,000	-101,000	+230,000
Kansas and Missouri.....	852,000	+65,000	+324,000
New Mexico.....	190,000	.....	+80,000
Oklahoma.....	130,000	-61,000	+47,000
Wyoming.....	566,000	-78,000	+151,000
Six states.....	2,458,000	-175,000	+832,000
United States.....	50,720,000	+8,610,000	+19,193,000

Employment and Pay Rolls

Preliminary figures of the Department of Labor showed a gain in employment in all states of the District from the middle of February to the middle of March. In four states there was an increase in aggregate weekly pay rolls, while in three states there was a decrease.

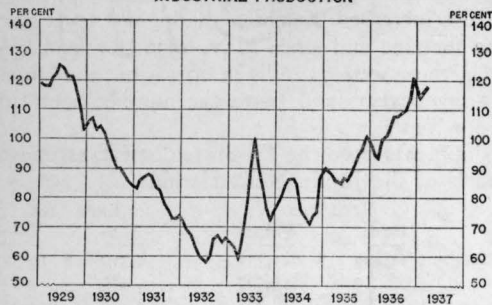
Employment and pay rolls, by states:

	March 1937 per cent change from February 1937	
	Employment	Pay Rolls
Colorado.....	+1.6	-0.7
Kansas.....	+0.9	+3.7
Missouri.....	+2.6	+5.6
Nebraska.....	+2.0	+4.0
New Mexico.....	+1.2	-0.8
Oklahoma.....	+2.5	+4.7
Wyoming.....	+0.7	-4.5

NATIONAL SUMMARY OF BUSINESS CONDITIONS

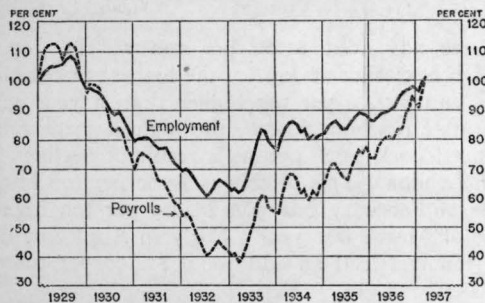
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



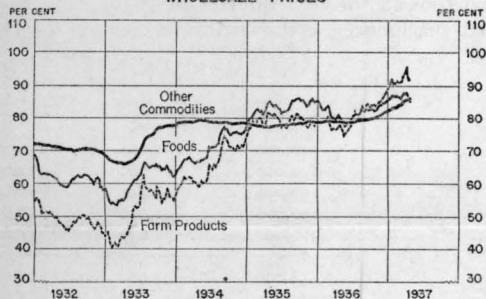
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 through March 1937.

FACTORY EMPLOYMENT AND PAYROLLS



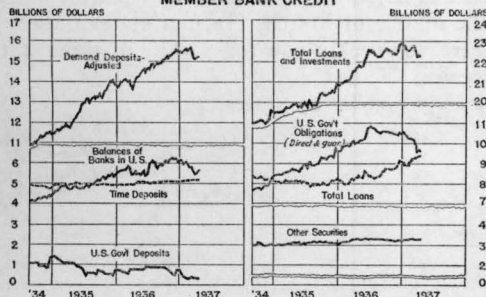
Indexes of number employed and pay rolls, without adjustment for seasonal variation, 1923-1925 average=100. By months, January 1929 through March 1937. Indexes compiled by the United States Bureau of Labor Statistics.

WHOLESALE PRICES



Indexes compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1932 to date. Latest figure is for week ending April 17, 1937.

MEMBER BANK CREDIT



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, through April 14, 1937.

In March industrial activity continued to increase and pay rolls at factories and mines showed a substantial rise. Prices of basic commodities after advancing rapidly in March declined in the first half of April.

PRODUCTION AND EMPLOYMENT

Industrial production increased from February to March and the Board's seasonally adjusted index advanced from 116 per cent of the 1923-1925 average to 118 per cent. The rise reflected a sharp increase in output of minerals, chiefly coal, and an increase of somewhat more than the usual seasonal amount in manufacturing. The larger output of coal in March was due in part to stocking by consumers in anticipation of a possible strike at bituminous coal mines on April 1 when the agreement between mine operators and the miners' union expired. A new agreement was reached on April 2 but, owing partly to the previous accumulation of stocks, production in the first ten days of April showed a sharp decline. During March activity at steel mills increased seasonally and in the first three weeks of April was over 90 per cent of capacity. In the automobile industry output showed about the usual seasonal increase in March and the first three weeks of April, considerable fluctuations during this period being largely in response to developments in the labor situation. Lumber production expanded considerably in March, and there was a sharp rise in output of nonferrous metals. Cotton consumption, which has been at an unusually high level in recent months, increased further in March and in actual amount was larger than in any previous month. Production at woolen mills and shoe factories continued in large volume.

Value of construction contracts awarded in March, as reported by the F. W. Dodge Corporation, was at about the same level as in February and substantially higher than a year ago. Privately-financed work increased, while the amount of publicly-financed work continued to decline. The increase in privately-financed projects reflected a larger volume of residential building and of factory and commercial construction.

Employment and pay rolls increased by considerably more than the usual seasonal amount between the middle of February and the middle of March. The expansion in pay rolls was larger than in employment, reflecting in part a further rise in wage rates. In manufacturing, the principal increases in employment were in industries producing durable goods, particularly steel, machinery, and lumber. The number employed in the production of nondurable manufactures showed slightly more than the usual seasonal rise.

DISTRIBUTION

Distribution of commodities to consumers showed about the usual seasonal increase from February to March. Mail-order sales expanded considerably but the rise in department store sales was less than seasonal, considering the early date of Easter this year.

COMMODITY PRICES

Prices of nonferrous metals, steel scrap, rubber, cotton, and wheat, which had advanced rapidly in March, declined considerably in the first half of April. Since the middle of March prices of coke, tin plate, and rayon have advanced and there have been smaller increases in a wide variety of other industrial products. Dairy products have declined, reflecting in part seasonal developments.

BANK CREDIT

In the four-week period from March 24 to April 21 excess reserves of member banks increased from \$1,270,000,000 to \$1,590,000,000, reflecting principally disbursements by the Treasury from balances with Federal Reserve banks and purchases of U. S. Government obligations by the Federal Reserve System. The bulk of the increase in excess reserves was at banks in New York City and Chicago.

Total loans and investments of reporting member banks, which had declined sharply in March, reflecting sales of U. S. Government obligations, showed little change in the two weeks ending April 14. Loans to brokers and dealers in securities declined from the middle of March to the middle of April, while other loans, which include loans for commercial, industrial, and agricultural purposes, showed a substantial increase. These loans have increased almost continuously over the past year.

Demand deposits, after declining in March, increased somewhat in the first half of April, and there was an increase in foreign bank balances, reflecting an inward movement of short-term funds from abroad.

MONEY RATES

The rate on prime commercial paper advanced from $\frac{3}{4}$ per cent to 1 per cent in the latter part of March. Bond yields, which had advanced sharply in March, showed no pronounced change in the first three weeks of April.