

MONTHLY REVIEW

Agricultural and Business Conditions

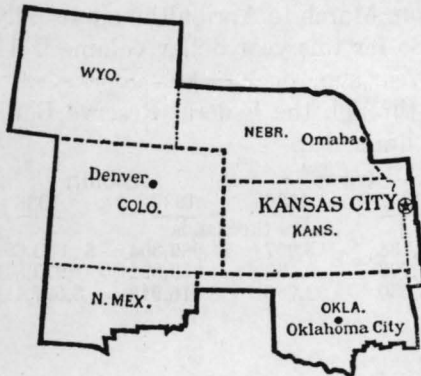
TENTH FEDERAL RESERVE DISTRICT

Vol. 22, No. 6

FEDERAL RESERVE BANK OF KANSAS CITY

JUNE 1, 1937

Business in the Tenth Federal Reserve District



Deposits and bank investments were smaller in April than in March. Commercial loans and member bank reserves were appreciably larger.

April was dry and declines occurred in wheat prospects in important sections. Parts of the District received rains in May, but the "dust bowl" regions are still dry.

Wheat prices tended lower, but corn and oats were higher. Cattle prices were steady, while sheep were lower. Prices of other live stock were little changed. Farm income is about a third higher than last year, due to higher prices of farm products.

April department store sales were 5 per cent above a year ago despite the fact Easter was in March this year. Production of flour and petroleum was abnormally large while cattle and hog slaughter and coal production were low.

BUSINESS INDICATORS	APRIL 1937 COMPARED WITH APRIL 1936								4 MOS. 1937 COMPARED WITH 4 MOS. 1936							
	% DECREASE				% INCREASE				% DECREASE				% INCREASE			
	40	30	20	10	10	20	30	40	40	30	20	10	10	20	30	40
Financial																
Bank Debits.....																
F. R. Bk. Clearings.....																
Mem. Bk. Loans.....																
Mem. Bk. Invest.....																
Demand Deposits.....																
Life Ins. Sales.....																
Trade																
Wholesale Sales.....																
Dept. Store Sales.....																
Lumber Sales.....																
Marketings																
Wheat.....																
Corn.....																
Oats.....																
Cattle.....																
Calves.....																
Hogs.....																
Sheep.....																
Construction																
Total Awards.....																
Res. Awards.....																
Value of Permits.....																
Production																
Flour.....																
Cattle Slaughter.....																
Calf Slaughter.....																
Hog Slaughter.....																
Sheep Slaughter.....																
Crude Petroleum.....																
Bituminous Coal.....																
Zinc Ore Shipments.....																
Lead Ore Shipments.....																
Miscellaneous																
Rainfall.....																
*Cash Farm Income.....																
*Employment.....																
*Pay Rolls.....																
*For previous month.....																

-72

+58

+72

+74

+77

+81

+62

Member Bank Operations

In the four-week period from April 7 to May 5, loans and investments of fifty-one reporting banks in the Tenth District continued to decline although at a much more moderate rate than in February or March. An increase in the volume of commercial loans was largely offset by a decrease in loans on securities. However, in the case of investments, a further decrease in holdings of direct Government obligations and "other" securities was offset only in small part by an increase in holdings of obligations guaranteed by the Government.

On May 1 the remaining half of the recent increase in reserve requirements became effective. Reserve balances at this bank, which had declined somewhat since early March, were built up rapidly during the two weeks ended May 5, reaching a level slightly above the previous high of March 10. The increase in reserve balances was attended by a substantial decline in interbank deposits while demand deposits also decreased. In view of the fact that reserve deposits of all member banks showed a greater gain than weekly reporting banks, it is apparent that smaller banks drew rather heavily on correspondent balances. The volume of member bank borrowings at this bank, while larger than early this year, has shown no appreciable change in connection with the March 1 and May 1 increases in reserve requirements, member banks evidently having met any deficiencies by the sale of securities and by drawing on bank balances.

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

	Change from		
	May 5 1937	April 7 1937	May 6 1936
	(In thousands of dollars)		
Loans and investments—total.....	691,006	-2,547	+62,867
Loans and discounts			
Secured by stocks and bonds.....	54,572	-670	+5,269
All other loans and discounts.....	198,405	+757	+25,333
Investments			
U. S. Govt. direct obligations.....	256,804	-1,178	+19,561
Oblig. guar. by U. S. Govt.....	45,390	+629	+2,043
Other securities.....	135,835	-2,085	+10,661
Reserve with F. R. Bank.....	164,953	+8,774	+50,529
Demand deposits—adjusted.....	471,163	-5,980	+37,820
Time deposits.....	145,571	-275	+1,480
U. S. Government deposits.....	3,647	-1,742	-15,005
Interbank deposits.....	359,880	-12,400	+5,049

Reserve Bank Operations

Incident to recent changes in the Government securities holdings of the Federal Reserve System, important changes occurred in the portfolio of this bank. This bank's participation in the System account was increased about 2 million dollars during the four-week interval from April 7 to May 5. This increase reflected an increase of 3 million in Government bonds, an increase of 1½ million in Treasury bills, and a decrease of 2½ million in Treasury notes.

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

	Change from		
	May 5 1937	April 7 1937	May 6 1936
	(In thousands of dollars)		
Total reserves.....	290,308	+9,685	+48,743
Bills discounted.....	390	+200	+249
Bills purchased.....	86	-1	-47
Industrial advances.....	683	-31	-260
Commit. to make indust. adv.....	134	-5	-456
U. S. Government securities.....	124,128	+2,014	+7,284
Total resources.....	454,255	+12,610	+59,788
F. R. notes in circulation.....	160,930	+576	+14,569
Member bank reserve deposits.....	241,605	+9,317	+68,100

Dollar volume of check collections through this bank showed no change from March to April although usually there is a decline. So far this year dollar volume is 11 per cent ahead of a year ago.

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

	ITEMS		AMOUNT	
	1937	1936	1937	1936
	(In thousands)			
April.....	6,188	5,907	\$1,069,304	\$ 883,693
March.....	6,700	6,109	1,069,392	919,545
Four months.....	23,530	22,780	3,916,918	3,527,412

Bank Debits

Following a somewhat greater than seasonal increase in March, debits to individual accounts by banks in reporting centers showed less than the usual seasonal decrease in April.

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

	Change from		
	Apr. 1937	Mar. 1937	Apr. 1936
	(In thousands of dollars)		
Albuquerque, N. M.....	14,418	+475	+3,310
Atchison, Kans.....	3,529	-187	+543
Bartlesville, Okla.....	27,524	-3,681	+2,548
Casper, Wyo.....	5,447	+267	+521
Cheyenne, Wyo.....	8,513	-425	+782
Colorado Springs, Colo.....	13,512	-6,789	-503
Denver, Colo.....	186,249	-4,842	+39,815
Emporia, Kans.....	3,482	+212	+308
Enid, Okla.....	10,651	+271	+2,366
Fremont, Nebr.....	2,666	-138	-70
Grand Junction, Colo.....	3,949	-158	+1,006
Guthrie, Okla.....	1,773	-64	+182
Hutchinson, Kans.....	13,754	+1,001	+3,933
Independence, Kans.....	2,992	+94	+581
Joplin, Mo.....	10,524	-822	+1,336
Kansas City, Kans.....	14,937	+49	+2,295
Kansas City, Mo.....	335,244	+7,809	+52,634
Lawrence, Kans.....	3,500	-383	+450
Lincoln, Nebr.....	28,183	-2,537	+1,623
Muskogee, Okla.....	7,981	-274	+82
Oklahoma City, Okla.....	107,716	-10,221	+12,286
Okmulgee, Okla.....	2,683	-895	-291
Omaha, Nebr.....	159,716	-3,305	+7,510
Pittsburg, Kans.....	3,969	-514	+265
Pueblo, Colo.....	21,948	+2,759	+2,474
Salina, Kans.....	9,517	+83	+2,684
St. Joseph, Mo.....	27,638	-1	+344
Topeka, Kans.....	18,966	+1,607	+2,955
Tulsa, Okla.....	161,668	+2,753	+34,257
Wichita, Kans.....	50,225	-1,750	+10,038
District, 30 cities.....	1,262,874	-19,606	+186,264
United States, 141 cities....	37,133,334	-4,869,696	+2,350,672

Trade

DEPARTMENT STORE SALES

Two important factors condition any comparison of department store sales with a year ago: first, Easter occurred in March this year and in April last year; and, second, retail prices have risen about 8 per cent during the past year. There was a decline of about 5 per cent in sales from March to April as was to be expected but, notwithstanding the early date of Easter this year, the value of April sales was about 5 per cent greater than in April a year ago. However, in view of the rather marked rise in prices, it is possible that the actual volume of goods moving into consumers' hands was less than in April of last year. Cool weather this spring has had a retarding effect on sales, particularly style merchandise.

Stocks of merchandise increased about 2 per cent during April and at the close of the month were about 13 per cent heavier than a year ago. Collections on open accounts averaged 46.7 per cent of receivables in April, 46.3 per cent in March, and 45.7 per cent in April of last year. Installment collections averaged 15.9 per cent in April, 15.8 per cent in March, and 16.3 per cent a year ago.

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

No. of Stores	SALES		STOCKS		
	Apr. '37 comp. to Apr. '36	4 Mos. '37 comp. to 4 Mos. '36	Apr. 30, '37 comp. to Mar. 31, '37	Apr. 30, '36	
	(Per cent increase or decrease)				
Denver.....	4	+13.9	+11.3	+3.8	+19.4
Kansas City....	4	-2.9	+6.7	-1.8	+10.2
Oklahoma City	3	+0.9	+3.5	+2.7	+6.3
Omaha.....	3	+1.1	+0.6	+1.0	+4.6
Tulsa.....	3	+4.4	+10.8	+1.8	+12.4
Wichita.....	3	+22.0	+12.6	Zero	+14.2
Other cities.....	21	+3.7	+5.7	+4.2	+17.3
District.....	41	+5.4	+7.6	+1.9	+13.0

WHOLESALE SALES

The value of April sales of wholesalers exceeded that of a year ago by about 11 per cent, or approximately the average rate of increase so far this year. Sales of dry goods, furniture and house furnishings, and paper and paper products continued to show relatively the greatest increases over last year. Total sales in April remained at the March level. Sales of drugs were 5 per cent and paper 7 per cent smaller in April than in March; sales of dry goods and furniture were 9 per cent larger; and sales of groceries and hardware were virtually unchanged.

Collections on the whole were made at about the same rate in April as in March. The highest collection percentage was shown by the groceries and foods group, the median collection figure being 100.5 per cent. This indicates that customers of these firms took less than thirty days on the average to pay for their purchases.

Wholesale sales and collections, reported by the Department of Commerce:

No. of Firms	SALES		COLLECTIONS*			
	Apr. '37 comp. to Apr. '36	4 Mos. '37 comp. to 4 Mos. '36	Apr. 1937	Mar. 1937	Apr. 1936	
	(Per cent change)		(Median percentages)			
Drugs.....	6	+3.7	+7.6	80.8	82.5	78.1
Dry goods.....	3	+26.8	+24.3	52.4	54.7	50.6
Furniture.....	4	+27.6	+21.9	49.7	47.8	43.5
Groceries.....	9	+9.5	+7.3	100.5	99.0	97.0
Hardware.....	6	+1.2	+4.8	49.0	46.0	51.0
Paper.....	3	+21.8	+9.6	72.6	62.4	66.8
All other lines..	12	+15.0	+15.6	80.0	73.1	76.0
District.....	43	+11.4	+10.7	73.3	73.3	69.2

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

Crops

Winter wheat prospects in the District declined by about 8½ million bushels during April, principally as a result of declines of 11 million bushels in Kansas and 2 million in Nebraska, offset in part by a gain of 5 million bushels in Oklahoma. The May 1 condition of winter wheat indicated a crop about 80 million bushels larger than a year ago but 13½ million bushels under the average from 1928 to 1932. An acute moisture shortage in the western third of Kansas, resulting in considerable crop deterioration, continued in the first three weeks of May.

Acres and production of winter wheat, as estimated by the Department of Agriculture on May 1:

	ACREAGE				PRODUCTION	
	Abandoned 1937	For harvest 1936	Harvested 1937	Harvested 1936	Indic. 1937	Final 1936
	(Per cent)		(1,000 acres)		(1,000 bushels)	
7 States	20.0	26.7	25,451	19,553	311,642	231,725
U. S.....	17.1	24.3	47,410	37,608	654,295	519,013
Colo.....	40.0	62.0	826	455	9,664	5,915
Kans.....	18.0	26.6	13,549	10,452	162,588	120,198
Mo.....	8.0	7.6	3,116	2,086	42,066	31,290
Nebr.....	29.0	15.4	3,157	2,938	42,620	45,539
N. M.....	40.0	65.3	246	125	2,460	750
Okla.....	18.0	29.0	4,449	3,440	51,164	27,520
Wyo.....	55.0	80.0	108	57	1,080	513

Following the rather favorable moisture situation through March, rainfall in April was much below normal. This development, together with a continuation of unseasonably cool spring temperatures, was reflected in the backward condition of crops and pastures on May 1. The unusually poor condition of pastures was due in part to lateness but especially to droughts, close grazing, and winter killing in many areas. The moisture situation, however, still was much improved over that of a year ago because of above normal precipitation earlier this year. Good rains were received in parts of Wyoming, Nebraska, Kansas, and Oklahoma in the first three weeks of May. Prospects for irrigation water continued favorable in Wyoming, Colorado, and New Mexico, the cool spring having retarded the run-off from high mountain areas.

Rainfall as reported by the United States Weather Bureau:

	April 1937		4 Months 1937	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	1.43	2.06	2.99	4.03
Leadville.....	1.19	1.78	5.87	6.08
Pueblo.....	.84	1.31	2.39	2.68
Lamar.....	.66	1.77	1.65	3.43
Garnett.....	.21	.59	.75	1.30
Sunbeam.....	.54	.95	2.53	2.42
KANSAS				
Topeka.....	1.76	2.78	6.24	7.33
Iola.....	3.39	3.90	10.83	9.29
Concordia.....	.46	2.36	4.72	5.08
Salina.....	.21	2.47	3.94	5.56
Wichita.....	.57	2.91	5.64	6.69
Hays.....	.38	2.29	2.14	4.37
Dodge City.....	.52	1.94	2.95	4.01
Elkhart.....	.28	1.75	1.13	3.44
Goodland.....	.69	2.06	3.28	3.74
MISSOURI				
St. Joseph.....	2.01	3.19	6.72	8.62
Kansas City.....	2.51	3.14	8.47	8.61
Joplin.....	2.79	4.70	12.10	11.74
NEBRASKA				
Omaha.....	1.67	2.51	4.64	5.47
Lincoln.....	1.22	2.53	5.18	5.39
Norfolk.....	2.10	2.69	6.11	5.36
Grand Island.....	1.09	2.45	3.86	5.12
McCook.....	.61	1.86	4.00	3.74
North Platte.....	1.09	2.15	3.10	3.90
Bridgeport.....	.59	2.12	1.45	3.81
Valentine.....	1.22	1.85	2.31	4.15
NEW MEXICO				
Clayton.....	.22	1.70	1.02	3.20
Santa Fe.....	.49	1.00	2.55	3.22
Farmington.....	.06	.64	2.80	2.64
OKLAHOMA				
Tulsa.....	2.50	4.13	10.36	10.72
McAlester.....	3.70	4.58	12.86	12.74
Oklahoma City.....	2.66	3.29	5.14	7.57
Pauls Valley.....	2.11	3.88	8.68	9.07
Hobart.....	1.76	3.10	4.03	6.40
Enid.....	1.37	3.26	3.59	7.10
Woodward.....	.65	2.49	3.90	5.60
WYOMING				
Cheyenne.....	1.59	1.99	4.42	4.07
Casper.....	1.86	1.96	5.15	4.71
Lander.....	2.58	2.06	4.59	4.44
Sheridan.....	1.24	1.92	5.39	4.63

Spring farm work was backward in some sections because of the cool weather. Seeding of oats was about completed as far north as Nebraska by the middle of April and planting of corn and grain sorghums was going forward as rapidly as conditions permitted. Potatoes, although planted late, were growing well. Cotton planting had commenced in Oklahoma and by the middle of May cutting of the first crop of alfalfa was about to start in the southern part of the District. Fruit crop prospects this year are good. Grasshoppers were reported hatching in large numbers but as yet have done little damage to crops.

Grain Marketing

Market supplies of grains generally declined in April, reflecting increased activity in spring farm work and further decreases in farm reserves of grains. Receipts of wheat represented but two-thirds and corn about one-third of the April ten-year average volume.

Receipts of grain at five markets in the District:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	(In thousands of bushels)					
Hutchinson.....	456	4				3
Kansas City.....	2,101	800	206	8	125	59
Omaha.....	408	457	704	35	98	
St. Joseph.....	96	128	92		16	3
Wichita.....	576	8				
April 1937.....	3,637	1,397	1,002	43	239	65
March 1937.....	4,832	2,087	1,391	59	92	57
April 1936.....	2,896	5,054	848	66	277	93
4 Months 1937..	16,171	7,713	5,007	129	431	282
4 Months 1936..	14,994	14,971	4,379	232	911	455

Cash prices of wheat at the Kansas City market declined during April and the forepart of May, losing the gains recorded in February and March. Corn prices advanced further in April but lost all of this gain early in May as pastures became available.

Cash grain prices at the Kansas City market:

	May 15 1937	Apr. 30 1937	Mar. 31 1937	Apr. 30 1936	Apr. 30 1935
No. 1 hd., dk. wheat, bu.	\$1.30½	\$1.33½	\$1.41½	\$.99	\$1.05
No. 2 mixed corn, bu...	1.32	1.38	1.30½	.62	.91½
No. 2 white oats, bu....	.55½	.56	.53½	.26	.51
No. 2 rye, bu.....	1.05	1.10	1.10	.51	.71
No. 2 barley, bu.....	.82	.87	.90	.44	.71
No. 2 white kafir, cwt.	2.46	2.36	2.29	1.13	1.95

Live Stock

MARKETINGS

Receipts of cattle, calves, and hogs at six markets in the District declined somewhat in April while marketings of sheep increased. The increase in sheep receipts reflected principally heavy marketings of shorn yearlings and wethers from southwestern areas since the movement of fed lambs from the northern Colorado, Arkansas Valley, and Scottsbluff feeding sections had begun to slacken and was practically completed by early May. Although larger than a year ago, marketings of sheep were 18 per cent below the April average for the past ten years. Cattle marketings were 11 per cent below the average and hogs continued to arrive in less than half the normal volume. Calf receipts were 20 per cent above the average.

Live stock receipts at the six markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	35,071	4,820	28,380	197,253
Kansas City.....	96,417	19,904	101,259	157,871
Oklahoma City.....	37,855	9,642	28,066	7,970
Omaha.....	76,703	10,057	84,802	145,141
St. Joseph.....	23,365	7,516	48,235	119,865
Wichita.....	31,738	6,496	24,723	14,480
April 1937.....	301,149	58,435	315,465	642,580
March 1937.....	336,364	68,908	374,933	615,040
April 1936.....	321,878	54,977	387,192	633,369
Four months 1937.....	1,237,104	254,921	1,549,425	2,352,757
Four months 1936.....	1,329,240	218,840	1,829,484	2,330,618

PRICES

Cattle values strengthened at the Kansas City market during April while hog prices showed little change and sheep and lamb prices closed somewhat lower. As in March, no strictly prime finished heavyweight steers

were available, and the highest April cattle price was far below a nominal quotation of from \$15 to \$16 for animals of that description. The hog top, while lower than a year ago, was higher than in any other April since 1930, equaling the top price at that time. Increased receipts were a factor in the sheep and lamb price decline, but prices still were at the highest April level since 1929. During the forepart of May, hog prices moved up sharply to the highest level of this year and there was also an advance in lamb prices, but cattle prices were barely steady to slightly lower.

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

	Apr. 1937	Mar. 1937	Apr. 1936
	(In dollars per hundredweight)		
Beef steers.....	13.50	14.50	9.75
Calves.....	10.00	10.00	9.00
Stocker cattle.....	8.75	9.25	8.50
Feeder cattle.....	11.15	10.00	8.85
Hogs.....	10.20	10.35	10.55
Fed lambs.....	12.75	12.75	12.35
New crop spring lambs.....	13.00	13.75	12.35
Sheep.....	10.50	11.50	10.00

STOCKERS AND FEEDERS

Although stimulated to some extent by growth of pastures and other spring feeds, shipments of stocker and feeder cattle, calves, and hogs from four markets in the District were slightly less in April than in March. The countryward movement of sheep increased but fell 41 per cent below the April ten-year average while shipments of hogs were less than one-third of the average volume. Shipments of cattle were 4 per cent and calves 9 per cent below the average. Feed costs are high in relation to prices of live stock and live stock products, a situation which has been reflected in heavier live stock slaughter. High feed costs have also resulted in decreased milk production, which in Nebraska, Kansas, and Missouri on April 1 was below the record low of two years earlier.

Stocker and feeder live stock shipments:

	Cattle	Calves	Hogs	Sheep
Denver.....	6,394	1,673	249	4,956
Kansas City.....	40,350	3,597	1,730	11,740
Omaha.....	9,914	1,456	1,179	13,329
St. Joseph.....	4,216	479	484	10,113
April 1937.....	60,874	7,205	3,642	40,133
March 1937.....	62,248	9,315	3,799	32,428
April 1936.....	61,977	7,766	3,458	43,912
Four months 1937.....	229,611	32,253	12,583	170,761
Four months 1936.....	233,175	25,751	14,867	148,163

RANGES AND PASTURES

Ranges were late on May 1, growth of new feed having been retarded by cold weather and deficient moisture during April. Moisture continued short in north-eastern Wyoming and over much of the Plains area from western Nebraska southward. In that area, dust storms have caused some damage to ranges and have been hard on live stock. Cattle were generally thin and have made slow gains and calf crop prospects were

below normal. However, moisture supplies were good in the remainder of Wyoming, in the western and mountain sections of Colorado, and in the high sections of New Mexico and were generally ample in the eastern parts of Nebraska, Kansas, and Oklahoma. While ranges and pastures were late, cattle in these two areas were generally in good condition and calf crop prospects were favorable, with good late lamb crop prospects in New Mexico and Colorado.

The spring movement of southwestern cattle to the Osage pastures of Oklahoma and the Blue Stem pastures of Kansas, while starting somewhat later than usual because of the slow development of grass, apparently had reached peak volume at about the usual time near the close of April. Reports indicated the movement was virtually completed by the middle of May.

Farm Income

March receipts from the sale of principal farm products were larger than a year ago in all states in the District except Nebraska, where a considerable amount of liquidation of live stock has taken place since last summer. Larger receipts from wheat in Kansas, from potatoes in western states, and from cotton in Oklahoma were contributory factors in these increases. Including Government payments, total income in the seven states in March was 38 per cent greater and in the first quarter of the year 19 per cent greater than a year ago.

Cash farm income, estimated by the Department of Agriculture:

	Crops	Live stock and products	Govt. payments	Total
	(In thousands of dollars)			
Colorado.....	3,375	10,159	1,229	14,763
Kansas.....	5,545	11,641	4,746	21,932
Missouri.....	2,406	13,353	2,069	17,828
Nebraska.....	4,648	13,107	3,776	21,531
New Mexico.....	276	1,107	330	1,713
Oklahoma.....	2,425	7,560	8,183	18,168
Wyoming.....	510	2,257	317	3,084
Mar. 1937.....	19,185	59,184	20,650	99,019
Feb. 1937.....	16,941	46,336	11,665	74,942
Mar. 1936.....	10,675	57,897	3,089	71,661
3 Mos. 1937.....	56,262	165,585	40,955	262,802
3 Mos. 1936.....	38,167	179,078	3,389	220,634

The national index of prices received by farmers rose 2 points between the middle of March and the middle of April to 130 per cent of the pre-war average. However, the ratio of prices received to prices paid by farmers for all commodities remained unchanged at 97 per cent. A year ago this ratio was 87 per cent.

Employment and Pay Rolls

Employment and pay rolls in the District as a whole showed little change from the middle of March to the middle of April. However, there was a gain of about 7 per cent in employment and of 12 per cent in aggregate weekly pay rolls as compared with a year ago.

Employment and pay rolls, by states, reported by the Department of Labor:

	April 1937 per cent change from March 1937	
	Employment	Pay Rolls
Colorado.....	-0.4	-0.1
Kansas.....	-0.7	+2.8
Missouri.....	-0.7	-0.1
Nebraska.....	+1.2	+3.6
New Mexico.....	+1.9	-3.4
Oklahoma.....	+3.0	+3.6
Wyoming.....	-3.0	-15.2

Flour Milling

Volume of southwestern flour production was maintained in April at an unusually high level, milling operations being increased to 73 per cent of capacity from 69 per cent in March. Flour business was more active in the third week of April, when the wheat market declined, than in any other week this year, but flour sales showed only moderate improvement for the month. As a result of the rather high rate of mill activity, the backlog of orders on mills' books has been reduced to about normal proportions. Shipping directions tended to slacken toward the end of the month. Output of flour in April was 31 per cent greater than a year ago when operations were 55 per cent of capacity.

Southwestern flour production, estimated from the weekly reports of the Northwestern Miller:

	Change from		
	April 1937	March 1937	April 1936
		(In barrels)	
Atchison.....	133,000	+15,000	+26,000
Kansas City.....	642,000		+172,000
Salina.....	178,000	-14,000	+26,000
Wichita.....	228,000	+17,000	+106,000
Other cities.....	1,067,000	+28,000	+204,000
Total.....	2,248,000	+46,000	+534,000
*United States.....	5,363,000	-47,000	+266,000

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

Flour prices at the Kansas City market declined during the forepart of April but later regained most of the loss, while millfeeds closed sharply lower.

Zinc and Lead

Zinc and lead shipments from the Tri-State district of Oklahoma, Kansas, and Missouri declined in April, zinc falling below a year ago. Demand for concentrates was much less active than in March and output also showed a tendency to level off.

Zinc and lead shipments, estimated from the weekly reports of the Joplin News Herald:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	13,030	\$ 570,967	1,508	\$ 108,066
Missouri.....	3,772	164,926	487	35,290
Oklahoma.....	25,037	1,094,149	3,803	274,812
April 1937.....	41,839	\$1,830,042	5,798	\$ 418,168
March 1937.....	45,484	2,029,127	7,712	650,980
April 1936.....	42,924	1,372,479	3,270	163,500
4 Mos. 1937.....	163,069	6,701,419	21,733	1,672,290
4 Mos. 1936.....	153,665	4,915,647	17,391	848,625

Declines of \$4.50 a ton for zinc and \$14.00 a ton for lead during April reflected the unsettled condition of domestic and foreign markets. At the close of the month, zinc at \$45.00 and lead at \$70.00 per ton were \$4.50 and \$25.00, respectively, below this year's high point reached in March. However, zinc still was \$13.00 and lead \$20.00 higher than a year ago.

Petroleum

Daily average output of crude petroleum in the District continued to increase in April, gross production reaching a record high level for that month which was 19 per cent above a year ago and 29 per cent above the April average during the past ten years. Field operations have been active, particularly in Kansas, and current reports indicate a heavy drilling program in prospect for spring and summer months.

Crude oil production, estimated from American Petroleum Institute data and reports of the Bureau of Mines:

	APRIL 1937		MARCH 1937		APRIL 1936	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colo.....	130	4.4	142	4.6	159	5.3
Kans.....	5,743	191.4	6,030	194.5	4,908	163.6
N. M.....	3,165	105.5	3,162	102.0	2,088	69.6
Okla.....	19,728	657.6	20,173	650.8	17,226	574.2
Wyo.....	1,599	53.3	1,564	50.5	1,104	36.8
5 States.....	30,365	1,012.2	31,071	1,002.4	25,485	849.5
U. S.....	103,956	3,465.2	106,724	3,442.7	90,479	3,016.0

The high level of production resulted in further heavy runs to storage in Oklahoma and Kansas, where stocks of crude petroleum rose from 119,616,000 barrels on April 3 to 122,454,000 barrels on May 1. Stocks in the Rocky Mountain area showed virtually no change. With the approach of the season of heavy consumption, there was less concern over gasoline stocks. Crude oil prices were unchanged but prices of tractor fuels and kerosene tended to weaken by early May because of the delay in plowing operations.

Coal

Output of bituminous coal in the District during April declined substantially from the unusually high level reached in March. This decline in production was a natural result of the previous accumulation of stocks in anticipation of a possible strike at bituminous coal mines on April 1.

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

	Change from		
	April 1937	March 1937	April 1936
	(In tons)		
Colorado.....	312,000	-455,000	-114,000
Kansas and Missouri.....	250,000	-658,000	-141,000
New Mexico.....	133,000	-64,000	+18,000
Oklahoma.....	25,000	-110,000	-16,000
Wyoming.....	309,000	-282,000	-96,000
Six states.....	1,029,000	-1,569,000	-349,000
United States.....	25,735,000	-25,580,000	-4,717,000

Meat Packing

Packers' purchases at the six principal markets in the District indicated a decline in the slaughter of all classes of live stock in April. Cattle and hog slaughter was much lighter than a year ago, cattle falling 11 per cent and hogs 52 per cent below the April ten-year average. The slaughter of calves and sheep, however, was heavier than a year ago, calves exceeding the average by 32 per cent but sheep falling 14 per cent below the average volume.

Packers' purchases at the six markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	16,077	3,194	26,851	31,624
Kansas City.....	42,686	17,191	93,835	105,557
Oklahoma City.....	21,985	4,862	21,565	7,221
Omaha.....	53,516	7,664	73,092	104,678
St. Joseph.....	17,089	7,329	46,333	94,569
Wichita.....	13,616	7,002	23,756	14,159
April 1937.....	164,969	47,242	285,432	357,808
March 1937.....	188,694	52,045	330,158	382,656
April 1936.....	186,397	39,119	333,720	316,545
Four months 1937.....	712,970	202,607	1,368,549	1,405,847
Four months 1936.....	783,405	177,774	1,519,327	1,312,406

Building

Spring building operations, as reflected by the number and value of permits issued for new construction, alterations, and repairs in eighteen cities of the District, expanded further in April. The number of permits was the largest for April since 1929 and their estimated value the highest since 1930. Because of the substantial March and April gains, building activity was about 25 per cent ahead of a year ago.

Building permits reported by the eighteen cities:

	PERMITS		ESTIMATED COST	
	1937	1936	1937	1936
Albuquerque, N. M.....	106	85	\$ 265,000	\$ 176,000
Cheyenne, Wyo.....	65	52	302,000	47,000
Colorado Springs, Colo.....	85	47	125,000	45,000
Denver, Colo.....	729	525	1,004,000	652,000
Hutchinson, Kans.....	139	80	47,000	35,000
Joplin, Mo.....	23	22	28,000	51,000
Kansas City, Kans.....	55	49	79,000	93,000
Kansas City, Mo.....	290	256	499,000	313,000
Lincoln, Nebr.....	194	204	138,000	147,000
Oklahoma City, Okla.....	205	265	472,000	680,000
Omaha, Nebr.....	206	141	774,000	444,000
Pueblo, Colo.....	111	75	56,000	46,000
Salina, Kans.....	20	25	34,000	47,000
Shawnee, Okla.....	16	13	9,000	7,000
St. Joseph, Mo.....	51	29	23,000	17,000
Topeka, Kans.....	129	98	1,036,000	117,000
Tulsa, Okla.....	140	108	767,000	289,000
Wichita, Kans.....	263	226	281,000	212,000
April.....	2,827	2,300	\$ 5,939,000	\$ 3,418,000
March.....	2,194	2,023	5,163,000	3,042,000
Four months.....	7,102	5,980	15,667,000	12,509,000

The value of construction contracts awarded in this District in April was substantially larger than that in the preceding month or in April of last year, reflecting principally increases in awards for non-residential building. However, it was the increase in awards for residential building that accounted for most of an increase

of 21 per cent in total awards for the first four months of 1937 as compared with the same period in 1936.

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)			
April 1937.....	17,237	4,237	269,934	108,013
March 1937.....	8,350	3,889	231,246	90,168
April 1936.....	10,940	2,460	234,806	67,151
4 Mos. 1937.....	44,247	14,176	932,540	339,591
4 Mos. 1936.....	36,469	7,843	780,678	191,037

Lumber

Board feet sales of lumber at reporting retail yards in the District showed a further seasonal expansion in April but continued below the level of a year ago, total sales thus far this year showing a decline of 5 per cent.

Collections showed further improvement in April averaging 43.1 per cent of outstandings at the beginning of the month as compared with 41.9 per cent in March and 45.5 per cent in April of last year.

Lumber trade at 157 retail yards in the District:

	April 1937	
	March 1937	April 1936
	per cent change from	
Sales of lumber, board feet.....	+23.5	-3.2
Sales of all materials, dollars.....	+21.5	+15.0
Stocks of lumber, board feet.....	-1.6	+11.0
Outstandings, dollars.....	+13.6	+21.0

Life Insurance

April sales of ordinary life insurance in the seven states, all or parts of which comprise this District, showed a gain of 14 per cent over a year ago. As a result of this large increase, total sales for the first four months of 1937 were raised to a level about 5 per cent above a year ago.

Life insurance sales reported by the Life Insurance Sales Research Bureau:

	April 1937		Change from	
	4 Mos. 1937	April 1936	4 Mos. 1936	
	(In thousands of dollars)		(Per cent)	
Colo.....	6,953	23,714	+19	+10
Kans.....	8,764	30,111	+14	+3
Mo.....	21,654	77,971	+19	+8
Nebr.....	6,370	24,894	Zero	+4
N. M.....	1,305	4,801	+3	+9
Okla.....	9,442	35,179	+15	-1
Wyo.....	1,289	4,307	+7	-4
7 States.....	55,777	200,977	+14	+5
U. S.....	692,062	2,539,666	+16	+9

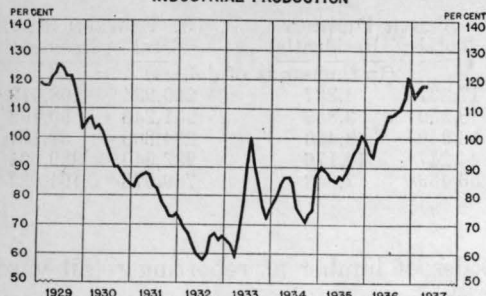
Cold Storage Holdings

Although United States cold storage stocks of beef, lamb and mutton, and poultry declined more than seasonally and lard stocks declined contraseasonally during April, the general level of cold storage stocks continued to be substantially above that of recent years. Withdrawals of butter and cheese were smaller and the in-movement of eggs larger than usual. Stocks of pork increased contraseasonally.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

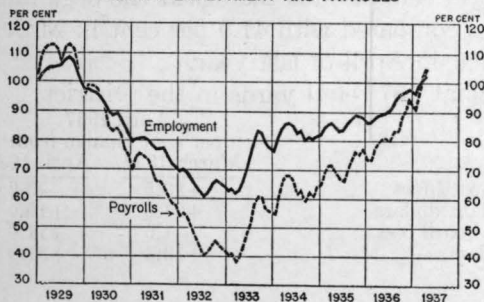
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



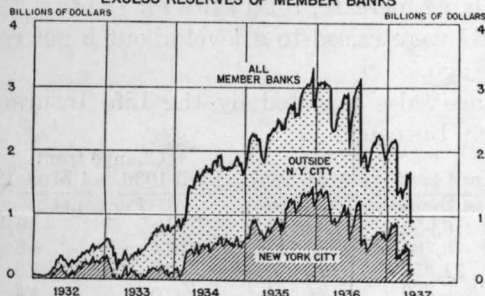
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, through April, 1937.

FACTORY EMPLOYMENT AND PAYROLLS



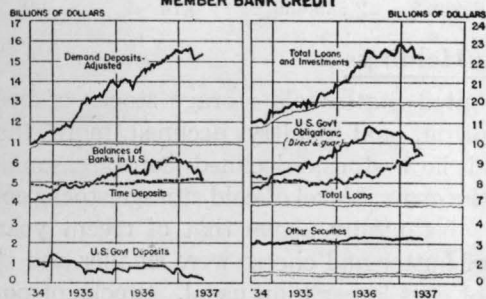
Indexes of number employed and pay rolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1929, through April, 1937. Indexes compiled by the United States Bureau of Labor Statistics.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures of estimated excess reserves for all member banks and for New York City, January 6, 1932, through May 19, 1937.

MEMBER BANK CREDIT



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, through May 19, 1937.

Industrial activity in April and the first half of May was maintained at the relatively high level of recent months. The general level of wholesale commodity prices declined somewhat, reflecting considerable reductions in prices of many raw materials and semi-finished products.

PRODUCTION, EMPLOYMENT, AND TRADE

The Board's seasonally adjusted index of industrial production in April continued at 118 per cent of the 1923-1925 average. Manufacturing production rose further, reflecting increased output of durable goods. Activity at steel mills was at a rate slightly higher than in March and about equal to that in the peak month of 1929. Automobile production continued to expand. In the first three weeks of May output in these industries was maintained at the levels reached at the close of April. Increases in output in April were also reported for lumber and plate glass. At textile mills where output has been at a high level in recent months there was a slight reduction in activity.

At bituminous coal mines output declined sharply following an increase in March, when consumers accumulated stocks of coal in anticipation of a strike. Crude petroleum output, which had risen sharply from November to March, showed further growth in April. Production of most metals also increased.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased more than seasonally from March to April and continued higher than a year ago, reflecting, as in earlier months of the year, a larger volume of residential building and of other privately-financed work. Contracts awarded for publicly-financed construction have been considerably smaller in the first four months of this year than in the corresponding period of 1936.

Employment rose further between the middle of March and the middle of April. There was a considerable growth in the number of persons employed in manufacturing and on the railroads, little change in those employed in the public utility industries and in trade, and a decline at bituminous coal mines. At factories the principal increases in employment were reported by the steel, machinery, and automobile industries, while the number employed in the clothing industry declined. Working forces at textile mills were maintained, although a decrease is usual at this season. Factory pay rolls increased more than employment, reflecting chiefly further increases in wage rates.

In April sales at department stores showed little change and mail order sales were also maintained at the March level, while sales at variety stores declined.

COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined from 88.3 per cent of the 1926 average at the beginning of April to 86.9 in the middle of May. Prices of nonferrous metals, steel scrap, cotton, and rubber declined considerably and there were also decreases in the prices of grains, cotton goods, silk, hides, and chemicals, while prices of shoes and clothing showed further small advances. Since the middle of May prices of hogs and pork have advanced sharply and grain prices have also risen.

BANK CREDIT

Following upon the final increase in reserve requirements, which became effective on May 1, excess reserves of member banks declined from \$1,600,000,000 to about \$900,000,000, and in the first three weeks of May fluctuated around the new level.

Adjustments by banks to the new requirements were reflected in a decrease in interbank balances and in a small increase in borrowings. The Federal Reserve System in April purchased \$96,000,000 of United States Government securities, for the purpose of easing the adjustment to the new requirements and preserving orderly conditions in the money market.

Total loans and investments of reporting member banks showed a small decline from the middle of April through May 19. Holdings of United States Government obligations and other securities showed some decline, which was offset in part by increases in loans.

While domestic interbank and United States Government deposits declined further, balances of foreign banks and other demand and time deposits at reporting member banks increased.

MONEY RATES

The open-market rate on 90-day bankers' acceptances, which between January and the latter part of March had advanced from 3/16 to 9/16 per cent, was reduced to 1/2 per cent on May 7, and the rate on nine-months Treasury bills declined to .62 per cent on May 24 compared with a high point of .74 per cent on May 3. Other short-term rates have shown little change in recent weeks. Yields on long-term Treasury and other high-grade bonds have declined somewhat.