

MONTHLY REVIEW

Agricultural and Business Conditions

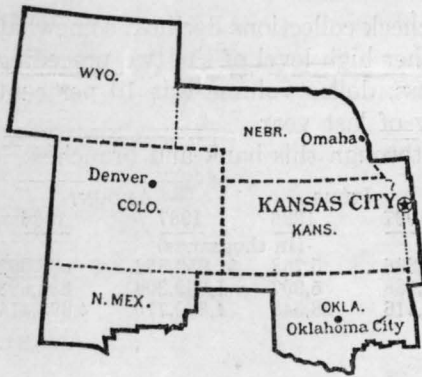
TENTH FEDERAL RESERVE DISTRICT

VOL. 22, No. 7

FEDERAL RESERVE BANK OF KANSAS CITY

JUNE 30, 1937

Business in the Tenth Federal Reserve District



The outstanding recent development has been the breaking of the drought. A considerably better than normal wheat crop seems assured and the feed and range situation is improved. Rains have delayed corn, yet even here conditions are favorable.

Wheat and corn prices are appreciably below those of early May. Live stock prices also are generally lower with the exception of hogs which are about \$1.50 per hundred-weight higher. The amount of corn and hogs marketed continues abnormally small, but the number of cattle coming to the market is much above a year ago.

Petroleum output continues very high. Flour production is 10 per cent, department store sales better than 7, and cash farm income 12 per cent above a year ago.

Bank loans tend to increase and investments to decrease but at a slower rate than in recent months. Bank debits have decreased but demand deposits are a little higher.

BUSINESS INDICATORS	MAY 1937 COMPARED WITH MAY 1936						5 MOS. 1937 COMPARED WITH 5 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.....																	
Retail Sales.....																	
Dept. Store Sales.....																	
Lumber Sales.....																	
Marketings																	
Wheat.....																	
Corn.....	-66												-52				
Oats.....																	
Cattle.....																	
Calves.....																	
Hogs.....																	
Sheep.....																	
Production																	
Flour.....																	
Cattle Slaughter.....																	
Calf Slaughter.....																	
Hog Slaughter.....																	
Sheep Slaughter.....																	
Crude Petroleum.....																	
Bituminous Coal.....																	
Zinc Ore Shipments.....																	
Lead Ore Shipments.....																	
Construction																	
Total Awards.....																	
Res. Awards.....																	+65
Value of Permits.....																	
Miscellaneous																	
Rainfall.....																	
*Cash Farm Income.....																	
Employment.....																	
Pay Rolls.....																	
*For previous month																	

Member Bank Operations

Loans and investments of reporting member banks in the Tenth District declined further from May 5 to June 9, continued growth in loans to the largest volume of the year being more than offset by further decreases in investment holdings, principally of Government securities.

The accompanying table shows for the first time a more complete breakdown of the loan item than was available formerly. Of the total, 60.4 per cent are commercial, industrial, and agricultural loans, 8.0 per cent purchases of open market paper, 1.7 per cent loans to brokers and dealers in securities, 5.7 per cent other loans for purchasing or carrying securities, 7.6 per cent real estate loans, 0.5 per cent loans to "banks," and 16.1 per cent a residual of all other loans.

Demand deposits increased by nearly 4 per cent during the five-week interval from May 5 to June 9 while interbank deposits declined further to the lowest level in more than a year. At the same time, balances of these reporting banks at other banks rose somewhat from the low point following the May 1 increase in reserve requirements. Reserve balances at this bank, after reaching a new high level around the middle of May, have tended to decline.

Principal items of condition of 51 reporting member banks:

	Change from		
	June 9 1937	May 5 1937	June 10 1936
	(In thousands of dollars)		
Loans and investments—total.....	686,993	-4,013	+28,991
Loans—total.....	254,844	+1,867	+28,272
Coml., indust., agric.....	153,874	*	*
Open market paper.....	20,414	*	*
To security brokers and dealers	4,243	-795	-537
Other to purchase or carry secur.	14,612	*	*
Real estate loans.....	19,408	+355	+2,733
Loans to banks.....	1,265	+167	-2,697
All other loans.....	41,028	*	*
Investments—total.....	432,149	-5,880	+719
U. S. Govt. direct obligations..	250,703	-6,101	-3,745
Oblig. guar. by U. S. Govt.....	46,635	+1,245	+1,694
Other securities.....	134,811	-1,024	+2,770
Reserve with F. R. Bank.....	164,193	-760	+50,715
Balances with domestic banks.....	186,661	+4,084	-66,953
Demand deposits—adjusted.....	488,195	+17,032	+32,593
Time deposits.....	145,284	-287	+772
U. S. Govt. deposits.....	1,955	-1,692	-16,018
Interbank deposits.....	344,206	-15,674	-8,108

*Comparable figures not available.

Reserve Bank Operations

Federal Reserve note circulation of this bank, which had fluctuated about a \$160,000,000 level since the first of the year, rose during the first week in June to the highest level of this year. Circulation is about 13 per cent above that in June a year ago and almost equal to the record high level of the holiday season last December. Following an increase in April, total holdings of Government securities have remained unchanged,

a fractional decrease in Treasury notes being offset by an increase in bonds.

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

	Change from		
	June 9 1937	May 5 1937	June 10 1936
	(In thousands of dollars)		
Total reserves.....	293,247	+2,939	+59,112
Bills discounted.....	235	-155	-19
Bills purchased.....	114	+28	+27
Industrial advances.....	655	-28	-337
Commit. to make indust. adv.....	128	-6	-349
U. S. Government securities.....	124,128	.....	+7,284
Total resources.....	456,563	+2,308	+69,498
F. R. notes in circulation.....	162,030	+1,100	+18,671
Member bank reserve deposits.....	240,822	-783	+67,804

Dollar volume of check collections declined somewhat in May from the rather high level of the two preceding months. Nevertheless, dollar volume was 10 per cent greater than in May of last year.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1937	1936	1937	1936
	(In thousands)			
May.....	5,886	5,768	\$ 953,852	\$ 868,002
April.....	6,188	5,907	1,069,304	883,693
Five months.....	29,416	28,548	4,870,770	4,395,414

Bank Debits

Debits to individual accounts by banks in reporting centers declined slightly in May but showed an increase of 15 per cent over May of last year, or approximately the average rate of increase so far this year over 1936.

Payments by check in thirty cities:

	Change from		
	May 1937	Apr. 1937	May 1936
	(In thousands of dollars)		
Albuquerque, N. Mex.....	14,748	+330	+3,641
Atchison, Kans.....	3,357	-172	+370
Bartlesville, Okla.....	29,929	+2,405	+5,894
Casper, Wyo.....	5,535	+88	+507
Cheyenne, Wyo.....	8,508	-5	+1,297
Colorado Springs, Colo.....	13,714	+202	-191
Denver, Colo.....	169,657	-16,592	+23,174
Emporia, Kans.....	3,463	-19	+201
Enid, Okla.....	10,022	-629	+1,942
Fremont, Nebr.....	2,621	-45	+38
Grand Junction, Colo.....	3,875	-74	+1,028
Guthrie, Okla.....	1,669	-104	+328
Hutchinson, Kans.....	12,766	-988	+3,153
Independence, Kans.....	2,658	-334	+493
Joplin, Mo.....	9,926	-598	+1,035
Kansas City, Kans.....	15,016	+79	+2,540
Kansas City, Mo.....	325,615	-9,629	+50,465
Lawrence, Kans.....	3,483	-17	+526
Lincoln, Nebr.....	28,635	+452	+2,134
Muskogee, Okla.....	7,634	-347	+234
Oklahoma City, Okla.....	108,012	+296	+16,737
Okmulgee, Okla.....	2,790	+107	+71
Omaha, Nebr.....	142,397	-17,319	-3,105
Pittsburg, Kans.....	3,704	-265	+234
Pueblo, Colo.....	16,446	-5,502	+3,597
Salina, Kans.....	8,662	-855	+1,549
St. Joseph, Mo.....	24,410	-3,228	-930
Topeka, Kans.....	15,843	-3,123	+358
Tulsa, Okla.....	159,194	-2,474	+34,616
Wichita, Kans.....	46,267	-3,958	+6,145
District, 30 cities.....	1,200,556	-62,318	+158,081
United States, 141 cities.....	34,406,339	-2,726,995	+1,181,585

Trade

DEPARTMENT STORE SALES

Dollar volume of sales at reporting department stores in the District showed an increase of 7½ per cent over May a year ago. This is the average rate of increase for the first five months of the year. Gains were reported for nearly all cities, rather large increases occurring in Wichita and Tulsa. Sales increased about 6 per cent from April to May.

Retail prices, according to the Fairchild Retail Price Index, continued to advance during May for the eleventh consecutive month. Prices are now nearly 9 per cent above a year ago and are at the highest level since early in the spring of 1931. The increase has been most noticeable in prices of home furnishings.

Stocks of merchandise declined about 4 per cent during May but were still nearly 12 per cent heavier than a year ago. Collections on open accounts averaged 45.5 per cent of receivables in May, 46.7 per cent in April, and 45.1 per cent in May of last year. Installment collections averaged 14.2 per cent in May, 15.9 per cent in April, and 15.6 per cent a year ago.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS		
	May '37 comp. to May '36	5 Mos. '37 comp. to 5 Mos. '36	May 31, '37 comp. to Apr.30,'37	May 31,'37	
	(Per cent increase or decrease)				
Denver.....	4	+8.7	+10.7	-3.8	+13.5
Kansas City....	4	+5.6	+6.4	-2.6	+9.1
Oklahoma City	3	+3.1	+3.4	+1.2	+9.9
Omaha.....	3	-3.6	-0.9	-4.0	+7.6
Tulsa.....	4	+11.7	+11.1	-5.5	+11.3
Wichita.....	3	+33.6	+17.0	-6.0	+11.5
Other cities.....	23	+8.6	+5.5	-6.5	+16.0
District.....	44	+7.5	+7.5	-3.8	+11.5

RETAIL SALES

May sales of independent retail stores were above a year ago in all states of the District except Nebraska. Increases were general for nearly all kinds of business and were especially noticeable in sales of dealers handling furniture and household appliances, hardware, and lumber and building materials. Total sales showed a gain of about 8 per cent.

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

	May 1937 per cent change from May 1936				
	Colo.-Wyo.	Kans.	Mo.	Nebr.	Okla.
Apparel.....	+12.5	+4.9	+6.2	-9.1	+8.9
Country general.....	+2.5	+8.9	+7.2	+1.3	+18.2
Department.....	+11.2	+28.6	+9.0	-5.7	+4.6
Drug.....	+6.5	+2.9	+5.3	-6.7	+3.0
Furniture and appliances	+18.8	+40.5	+6.9	+2.9	*+4.0
Grocery.....	+11.3	+6.4	+5.9	+4.2	+6.8
Hardware.....	+23.1	+18.3	+4.2	+0.7	+14.8
Lbr. and bldg. mtl.s.....	+22.7	+7.3	+13.1	-2.2	+14.5
Motor vehicle.....	+1.4	+34.2	+9.2	-1.5	+1.6

*Furniture sales only.

WHOLESALE SALES

The value of May wholesale sales was about 8 per cent greater than a year ago while total sales for the

first five months of the year were nearly 11 per cent greater. Sales of all lines except drugs increased, furniture showing relatively the largest gain as in other recent months. There was a decline of about 4 per cent in total sales from April to May, reflecting a decrease of 3 per cent in drug sales, 6 per cent in dry goods and grocery sales, and 14 per cent in paper sales. Sales of furniture were little changed from April to May and hardware sales increased about 5 per cent.

The general level of wholesale prices, according to the Bureau of Labor Statistics index, was slightly lower in May than in April but still was about 11 per cent higher than in May of last year. Wholesale prices of chemicals and drugs are nearly 9, textile products 13, housefurnishing goods 10, foods 8, and metals and metal products 11 per cent higher than a year ago.

Wholesale sales and collections reported by the Department of Commerce:

	No. of Firms	SALES		COLLECTIONS*		
		May '37 comp. to May '36	5 Mos. '37 comp. to 5 Mos. '36	May 1937	Apr. 1937	May 1936
		(Per cent change)		(Median percentages)		
Drugs.....	8	-0.6	+5.8	83.8	79.4	91.5
Dry goods.....	4	+6.4	+16.8	47.0	45.8	47.0
Furniture.....	4	+19.6	+21.4	57.0	49.7	47.5
Groceries.....	12	+4.7	+7.4	100.0	100.0	98.0
Hardware.....	4	+1.4	+1.7	49.8	47.9	53.1
Paper.....	5	+0.4	+8.4	73.3	68.7	63.6
All other lines..	19	+20.2	+18.9	76.0	75.5	70.2
District.....	56	+7.9	+10.8	74.7	78.1	71.4

*Collections during month on receivables at beginning of month.

Crops

The last official estimate before harvest indicates a winter wheat crop in the District of about 291 million bushels, which is one-fourth larger than a year ago. While the recent rains have undoubtedly brought about some improvement since this estimate was made, large acreages in western Kansas and adjacent areas of other states were already beyond recovery. Hail and insect infestation have caused some damage to the crop in Oklahoma and Kansas, but any material damage from black stem rust, which has been observed in Kansas and Nebraska, will likely be confined to late wheat, most of the crop being sufficiently matured. Wheat harvest had begun in the southern part of the District late in May but was soon delayed by the rains.

Wheat estimates of the Department of Agriculture:

	Indicated		Final 1936	Final 1935	Aver. '28-'32
	June 1	May 1			
	(In thousands of bushels)				
Colo.....	9,664	9,664	5,915	2,380	13,051
Kans.....	142,264	162,588	120,198	63,947	177,054
Mo.....	43,624	42,066	31,290	25,562	20,343
Nebr.....	42,620	42,620	45,539	35,620	54,169
N. Mex.....	2,460	2,460	750	1,155	3,766
Okla.....	48,939	51,164	27,520	33,080	55,145
Wyo.....	1,080	1,080	513	1,250	1,608
7 States.....	290,651	311,642	231,725	162,994	325,136
U. S.....	648,597	654,295	519,013	465,319	623,220

Heavy and extensive rains in the last week of May and the first two weeks of June have materially improved prospects for pastures and for crops still growing and will promote the planting of late crops. Up to the latter part of May there had been considerable loss of winter wheat in the District, particularly in western Kansas, and early crops and pastures had a poor start. Growing conditions are excellent but field work was interrupted. The outlook for irrigation water is now quite favorable.

Rainfall as reported by the Weather Bureau:

	May 1937		5 Mos. 1937	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	1.46	2.21	4.45	6.24
Leadville.....	1.79	1.30	7.66	7.38
Pueblo.....	.70	1.60	3.09	4.28
Lamar.....	.77	2.28	2.42	5.71
Garnett.....	1.12	.57	1.87	1.87
Sunbeam.....	.73	1.15	3.26	3.57
KANSAS				
Topeka.....	3.12	4.48	9.36	11.81
Iola.....	5.27	4.74	16.10	14.03
Concordia.....	1.85	4.18	6.57	9.26
Salina.....	4.01	3.72	7.95	9.28
Wichita.....	4.13	4.46	9.77	11.15
Hays.....	1.49	3.46	3.63	7.83
Dodge City.....	1.64	2.89	4.59	6.90
Elkhart.....	.90	2.08	2.03	5.52
Goodland.....	.58	2.60	3.86	6.34
MISSOURI				
St. Joseph.....	3.93	4.70	10.65	13.32
Kansas City.....	3.63	4.65	12.10	13.26
Joplin.....	4.37	5.36	16.47	17.10
NEBRASKA				
Omaha.....	2.45	3.77	7.09	9.24
Lincoln.....	1.89	3.93	7.07	9.32
Norfolk.....	2.48	4.27	8.59	9.63
Grand Island.....	5.27	3.95	9.13	9.07
McCook.....	2.27	2.86	6.27	6.60
North Platte.....	.64	2.80	3.74	6.70
Bridgeport.....	3.11	2.82	4.56	6.63
Valentine.....	1.72	2.73	4.03	6.88
NEW MEXICO				
Clayton.....	4.68	2.44	5.70	5.64
Santa Fe.....	3.97	1.26	6.52	4.48
Farmington.....	.35	.41	3.15	3.05
OKLAHOMA				
Tulsa.....	2.30	5.23	12.66	15.95
McAlester.....	7.32	5.97	20.18	18.71
Oklahoma City.....	1.82	4.88	6.96	12.45
Pauls Valley.....	2.84	5.20	11.52	14.27
Hobart.....	3.30	4.64	7.33	11.04
Enid.....	3.60	4.34	7.19	11.44
Woodward.....	2.58	3.51	6.48	9.11
WYOMING				
Cheyenne.....	1.19	2.43	5.61	6.50
Casper.....	2.29	2.47	7.44	7.18
Lander.....	2.23	2.26	6.82	6.70
Sheridan.....	2.39	2.65	7.78	7.28

Oats, which were planted late and under rather poor soil moisture conditions, and other small grains have improved since the rains. Early planted corn is up to a good stand and is being cultivated. Progress and condition of cotton in Oklahoma is fair to good although plants are late and considerable replanting has been necessary in the western portion of the state. The first cutting of alfalfa gave only a moderate yield, reflecting drought and the late spring, but the rains will help the second cutting. Prospects for fruit appear to

be better than usual, very little frost damage having occurred this spring.

Grain Marketing

Marketings of grains were generally in small volume in May. Receipts of wheat represented but 39 and corn 32 per cent of the ten-year average for that month, but oats exceeded the average by 14 per cent. First arrivals of new crop wheat from Oklahoma in the forepart of June are generally of good quality except for excessive moisture.

Receipts of grain at 5 markets in the District:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	(In thousands of bushels)					
Hutchinson.....	421	.....	.....	.....	.....	4
Kansas City.....	1,307	577	180	.....	66	50
Omaha.....	476	458	686	35	91	.....
St. Joseph.....	72	66	98	3	28	.....
Wichita.....	499	4	.....	.....	.....	7
May 1937.....	2,775	1,105	964	38	185	61
April 1937.....	3,637	1,396	1,002	43	238	64
May 1936.....	3,019	3,245	778	61	291	109
5 Mos. 1937.....	18,946	8,818	5,971	167	616	343
5 Mos. 1936.....	18,013	18,215	5,157	293	1,202	564

Cash prices of nearly all grains declined at the Kansas City market during May and the first two weeks of June, reflecting a downward adjustment to a new crop basis in the case of wheat and abundant supplies of green feeds in the case of corn.

Cash grain prices at the Kansas City market:

	June 15	May 29	Apr. 30	May 29
	1937	1937	1937	1936
No. 1 hard, dark wheat, bu.	\$1.14	\$1.24½	\$1.33½	\$.88
No. 2 mixed corn, bu.....	1.18	1.34¼	1.38	.60½
No. 2 white oats, bu.....	.49	.51	.56	.25½
No. 2 rye, bu.....	.85	.95	1.10	.52
No. 2 barley, bu.....	.68	.79	.87	.45
No. 2 white kafir, cwt.....	2.60	2.49	2.36	1.10

Live Stock

MARKETINGS

Marketings of cattle, calves, and sheep increased during May and were substantially heavier than a year ago but hog receipts declined sharply, reaching a new low level. Large numbers of southwestern lambs again were a factor in heavy sheep receipts. Marketings of cattle and sheep approximated the average volume for May during the past ten years while calf receipts continued much above the average. Marketings of hogs were only one-fourth of the average volume.

Live stock receipts at 6 markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	46,075	4,642	19,858	150,072
Kansas City.....	109,375	23,959	66,495	217,942
Oklahoma City.....	48,598	10,880	22,540	31,418
Omaha.....	82,117	10,290	59,833	131,937
St. Joseph.....	24,435	8,563	30,477	76,990
Wichita.....	28,211	6,245	18,740	39,130
May 1937.....	338,811	64,579	217,943	647,489
April 1937.....	301,149	58,435	315,465	642,580
May 1936.....	275,356	46,952	360,911	574,470
5 Mos. 1937.....	1,575,915	319,500	1,767,368	3,000,246
5 Mos. 1936.....	1,604,596	265,792	2,190,395	2,905,088

PRICES

Hog prices advanced sharply at the Kansas City market in May, terminating a five-month period of unusually stable prices due largely to the accumulation of storage stocks of pork and lard. Hogs reached \$11.75 per hundredweight, the highest May level in eleven years and 20 cents above the 1936 peak in last August. The average price of stocker and feeder steers also rose to the year's high, showing a wide margin over May prices in other years since 1930. Fat cattle prices, which were slightly lower for the month, are still below two years ago, reflecting principally the difference in quality of offerings. Sheep and lamb prices declined seasonally but lambs were higher than in any other May since 1929. During the forepart of June, cattle prices tended upward and hog and lamb prices downward.

Top prices for May at the Kansas City market:

	1937	1936	1935	1934
	(In dollars per hundredweight)			
Beef steers.....	12.65	8.80	13.00	8.75
Stocker cattle.....	9.25	8.00	9.10	6.10
Feeder cattle.....	11.00	8.25	10.25	7.40
Calves.....	9.50	9.50	9.50	6.50
Hogs.....	11.75	10.10	9.80	3.45
Sheep.....	7.75	8.00	6.15	8.00
Lambs.....	13.25	12.25	9.65	11.75

STOCKERS AND FEEDERS

Shipments of stocker and feeder cattle and calves from four markets in the District were substantially heavier in May than a year ago, cattle exceeding the May ten-year average by 15 per cent and calves approximating the average volume. Shipments of hogs and sheep were much lighter than in May of last year, hogs falling 66 and sheep 15 per cent below the average.

Stocker and feeder shipments from 4 markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	14,655	898	142	4,259
Kansas City.....	43,166	4,286	1,970	18,620
Omaha.....	10,619	2,693	695	26,730
St. Joseph.....	4,137	465	848	8,600
May 1937.....	72,577	8,342	3,655	58,209
April 1937.....	60,874	7,205	3,642	40,138
May 1936.....	42,618	7,249	4,787	100,558
5 Mos. 1937.....	302,188	40,595	16,238	228,970
5 Mos. 1936.....	275,793	33,000	19,654	248,721

RANGES AND PASTURES

Ranges and pastures, which had made slow growth during May, are greatly improved by late May and early June rains. Except in Wyoming and New Mexico, range conditions on June 1 were considerably below either a year ago or the average condition for that date. Recent rains have broken the drought in western Nebraska and eastern Wyoming and have given much needed moisture to drought areas of western Kansas, eastern Colorado, western Oklahoma, and eastern New Mexico. Moisture was especially beneficial in that it will permit the planting of intended acreages of feed

crops. Summer feed prospects are good in Oklahoma and on higher and mountain ranges generally.

Cattle and sheep on ranges are in good condition and showed fair to good gains during May in areas of better feed. In drought sections, the condition was only fair and gains were limited in May by the slow growth of grass. New Mexico and Wyoming have good calf and lamb crops.

Shearing of wool is well under way in New Mexico, with most of the 1937 clip already contracted for at prices above those of recent years. Prices in Colorado range from 28 to 36 cents per pound.

The spring movement of cattle to the Blue Stem pastures of Kansas and Osage pastures of Oklahoma was about 6 per cent larger than a year ago but smaller than in past years. Pastures are fully stocked, due largely to the highest acreage guarantees of record. Although the movement started somewhat later than usual, marketings are expected to be a little early because cattle are in good flesh and weedy pasture feeds are likely to mature early.

Farm Income

April receipts from the sale of principal farm products were larger than a year ago in all states of the District except Oklahoma, the decrease for that state being accounted for largely by a smaller volume of cotton marketings. These increases reflected principally higher prices received for potatoes and wheat in Nebraska, Kansas, and Missouri and larger receipts from meat animals and dairy and poultry products in Wyoming, Colorado, and New Mexico. Including Government payments, total income this year is about 17 per cent greater than in either of the past two years.

Income estimates of the Department of Agriculture:

	Crops	Live stock and products	Govt. payments	Total
	(In thousands of dollars)			
Colorado.....	2,554	9,529	1,002	13,085
Kansas.....	5,449	13,500	3,314	22,263
Missouri.....	2,140	15,226	2,555	19,921
Nebraska.....	4,794	15,246	3,197	23,237
New Mexico.....	187	1,690	813	2,690
Oklahoma.....	1,243	7,306	1,190	9,739
Wyoming.....	316	2,417	286	3,019
April 1937.....	16,683	64,914	12,357	93,954
March 1937.....	19,185	59,184	20,650	99,019
April 1936.....	8,806	64,226	10,907	83,939
4 Mos. 1937.....	72,945	230,499	53,312	356,756
4 Mos. 1936.....	46,973	243,304	14,296	304,573

Since last January, farm prices have averaged slightly lower than prices paid by farmers, the ratio being 96 per cent at the middle of May. A year ago this ratio was 85 per cent.

Meat Packing

Packers' purchases of live stock during May indicated much heavier calf and sheep slaughter and substantially lighter hog slaughter than a year ago. Supplies of hogs being exceedingly light, slaughter was 72 per cent below

the ten-year average for May and was even lower than two years ago following the 1934 drought. Cattle slaughter was 13 and sheep 11 per cent below the average, but calf slaughter exceeded the average by 31 per cent.

Packers' purchases at 6 markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	16,335	3,560	18,241	19,083
Kansas City.....	40,188	18,820	61,510	132,184
Oklahoma City.....	27,357	4,981	18,374	19,800
Omaha.....	57,603	6,701	52,583	84,459
St. Joseph.....	16,716	7,968	28,741	65,138
Wichita.....	11,441	6,683	17,740	30,848
May 1937.....	169,640	48,713	197,189	351,512
April 1937.....	164,969	47,242	285,432	357,808
May 1936.....	168,669	34,245	312,247	253,305
5 Mos. 1937.....	882,610	251,320	1,565,738	1,757,359
5 Mos. 1936.....	952,074	212,019	1,831,574	1,565,711

Cold Storage Holdings

United States cold storage stocks of meats and poultry declined at a much faster rate than usual in May, but stocks of most commodities are still relatively large. As in April, stocks of lard declined contraseasonally. Eggs moved into storage at about the usual rate but accumulations of butter and cheese were smaller than usual.

United States cold storage holdings:

	June 1 1937	May 1 1937	June 1 1936	June 1 5-Yr. Av.
	(In thousands of units)			
Beef, lbs.....	86,113	111,653	51,134	44,679
Pork, lbs.....	663,953	756,354	440,618	610,404
Lamb and mutton, lbs...	2,948	4,574	1,282	1,665
Poultry, lbs.....	82,448	94,888	41,926	42,391
Miscellaneous meats, lbs.	83,473	99,431	57,435	55,577
Lard, lbs.....	195,077	209,444	99,656	122,175
Eggs, shell, cases.....	7,292	4,405	5,707	6,667
Eggs, frozen (case equiv.)	3,792	2,520	2,636	2,538
Butter, creamery, lbs.....	22,797	6,406	21,157	29,147
Cheese, all varieties, lbs.	84,930	83,096	70,783	59,923

Flour Milling

Southwestern flour production during May declined sharply from the rather high level of April, operations being reduced from 73 to 66 per cent of capacity because of decreased shipping directions and a somewhat more than seasonally dull period of flour sales. However, output still was about 10 per cent greater than in May of last year and showed an increase of better than 15 per cent for the first five months of the year.

Flour production reported by the Northwestern Miller:

	May 1937	Change from April 1937	May 1936
	(In barrels)		
Atchison.....	109,000	-24,000	-7,000
Kansas City.....	577,000	-65,000	+100,000
Salina.....	173,000	-13,000	+20,000
Wichita.....	178,000	-50,000	+26,000
Other cities.....	934,000	-133,000	+39,000
Southwest.....	1,971,000	-285,000	+178,000
United States*	5,021,000	-293,000	-58,000

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

Although lagging behind a year ago, sales contracts for new crop flour became more general toward the close of the month and picked up considerably early in June as flour prices declined. Mills are reluctant to quote new crop prices at a discount in view of the comparatively high price of millfeeds. Millfeed prices were bolstered by Government purchases around the middle of May for use in grasshopper control, but prices later declined, reflecting growth of pastures and new feed crops.

Petroleum

Daily average production of crude petroleum in the District receded in May from the near-record level of April and latest reports indicate some further decline in June. Only in July, 1927, when output reached 1,048,000 barrels daily, has the April figure been exceeded. Current production is about 20 per cent above a year ago and 29 per cent over the average for the past ten years, reflecting general field activity. The high level of production is resulting in efforts to curtail output in order to avoid a market situation dominated by excess inventories.

Oil production reported by the American Petroleum Institute and the Bureau of Mines:

	MAY 1937		APRIL 1937		MAY 1936	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colo.....	122	4.0	136	4.5	142	4.6
Kans.....	6,093	196.5	6,026	200.9	4,823	155.6
N. Mex.....	3,481	112.3	3,147	104.9	2,331	75.2
Okla.....	20,264	653.7	20,416	680.6	17,842	575.6
Wyo.....	1,637	52.8	1,537	51.3	1,101	35.5
5 States	31,597	1,019.3	31,262	1,042.2	26,239	846.5
U. S.....	105,323	3,397.5	104,979	3,499.3	93,739	3,023.8

Stocks of crude petroleum in Oklahoma and Kansas rose further from 122,454,000 barrels on May 1 to 126,054,000 barrels on June 5, while stocks in the Rocky Mountain area declined from 25,632,000 barrels to 25,158,000 barrels in the same period. Mid-continent refinery operations are expected to reach a record high in June.

Coal

Following a substantial decline in production in April occasioned by an accumulation of stocks, output of bituminous coal in the District increased in May. Production in May was 4 per cent greater and during the first five months of the year 9 per cent greater than in the same periods of last year.

Coal output estimated from Bureau of Mines reports:

	May 1937	Change from Apr. 1937	May 1936
	(In tons)		
Colorado.....	382,000	+81,000	+98,000
Kansas and Missouri.....	319,000	+104,000	-15,000
New Mexico.....	120,000	-7,000	+21,000
Oklahoma.....	26,000	+7,000	-9,000
Wyoming.....	267,000	-20,000	-50,000
Six states.....	1,114,000	+165,000	+45,000
United States.....	29,980,000	+3,970,000	+1,296,000

Zinc and Lead

Zinc and lead shipments from the Tri-State district declined further in May. Output also tended to decline, the number of active mills being reduced from 73 in the third week of the month to 67 in the first week of June. Demand continued slack for zinc concentrates but held fairly steady for lead, shipments of which were substantially above a year ago.

Shipments estimated from Joplin News Herald reports:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	11,897	\$ 489,738	1,724	\$ 117,693
Missouri.....	3,581	147,437	529	36,120
Oklahoma.....	21,042	866,112	3,148	214,970
May 1937.....	36,520	\$1,503,287	5,401	\$ 368,783
April 1937.....	41,839	1,830,042	5,798	418,168
May 1936.....	34,519	1,104,641	3,800	190,000
5 Mos. 1937.....	199,589	8,204,706	27,134	2,041,073
5 Mos. 1936.....	188,184	6,020,288	21,191	1,038,625

Following rather sharp declines in April, ore prices were unchanged in May and the first two weeks of June at \$45 per ton for zinc and \$70 per ton for lead. Comparable quotations a year ago were \$32 and \$50, respectively.

Employment and Pay Rolls

Employment and pay rolls in the District as a whole tended to increase from the middle of April to the middle of May. So far this year employment is about 7 per cent larger and pay rolls nearly 10 per cent larger than a year ago.

Preliminary figures of the Department of Labor:

	May 1937 per cent change from April 1937	
	Employment	Pay Rolls
Colorado.....	+1.4	+8.6
Kansas.....	+2.4	+1.8
Missouri.....	-1.1	-2.4
Nebraska.....	+0.7	+2.2
New Mexico.....	-0.1	-1.4
Oklahoma.....	+2.0	+3.1
Wyoming.....	-0.2	-0.6

Building

Following a substantial increase in April, awards for non-residential construction in the District declined sharply in May, falling a third short of a year ago. Nevertheless, total awards are still about 12 per cent greater so far this year because of the consistent improvement in residential building.

Construction figures of the F. W. Dodge Corporation:

	TENTH DISTRICT		37 EASTERN STATES	
	Total	Residential	Total	Residential
	(In thousands of dollars)			
May 1937.....	8,815	3,298	244,113	83,937
April 1937.....	17,237	4,237	269,934	108,013
May 1936.....	10,889	2,734	216,071	70,253
5 Mos. 1937..	53,062	17,474	1,176,653	423,528
5 Mos. 1936..	47,358	10,578	996,748	261,290

Permits for new construction, alterations, and repairs in eighteen cities of the District were less in May than

in April but continued to show a substantial increase over last year. For the first five months of the year, permits were 21 per cent greater in number and 32 per cent greater in value than a year ago.

Building permits reported by eighteen cities:

	PERMITS		ESTIMATED COST	
	1937	1936	1937	1936
Albuquerque, N. Mex...	105	61	\$ 179,000	\$ 368,000
Cheyenne, Wyo.....	61	86	74,000	144,000
Colorado Springs, Colo...	86	42	104,000	42,000
Denver, Colo.....	565	414	1,015,000	485,000
Hutchinson, Kans.....	137	89	148,000	83,000
Joplin, Mo.....	23	18	40,000	23,000
Kansas City, Kans.....	60	44	67,000	80,000
Kansas City, Mo.....	299	231	423,000	229,000
Lincoln, Nebr.....	165	179	423,000	83,000
Oklahoma City, Okla.....	230	192	690,000	277,000
Omaha, Nebr.....	191	147	269,000	232,000
Pueblo, Colo.....	83	54	31,000	24,000
Salina, Kans.....	15	20	36,000	48,000
Shawnee, Okla.....	14	20	14,000	21,000
St. Joseph, Mo.....	24	55	21,000	31,000
Topeka, Kans.....	120	87	186,000	185,000
Tulsa, Okla.....	127	83	438,000	214,000
Wichita, Kans.....	258	193	301,000	203,000
May.....	2,563	2,015	\$ 4,459,000	\$ 2,772,000
April.....	2,827	2,300	5,939,000	3,418,000
Five months.....	9,665	7,995	20,127,000	15,281,000

Lumber

Board feet sales of lumber at reporting retail yards increased further in May, rising 19 per cent above sales in May of last year. As a result of this large increase, total sales so far this year are now up to the level of a year ago.

May collections averaged 37.4 per cent of outstandings at the beginning of the month as compared with 43.1 per cent in the preceding month and in May of last year.

Lumber trade at 156 retail yards in the District:

	May 1937 per cent change from April 1937	
	April 1937	May 1936
Sales of lumber, board feet.....	+5.6	+19.1
Sales of all materials, dollars.....	+4.4	+24.3
Stocks of lumber, board feet.....	+0.7	+12.0
Outstandings, dollars.....	+13.1	+28.4

Life Insurance

May sales of new paid-for ordinary life insurance in the seven states, all or parts of which comprise this District, showed a gain of only 2 per cent over a year ago while total sales this year have increased about 5 per cent.

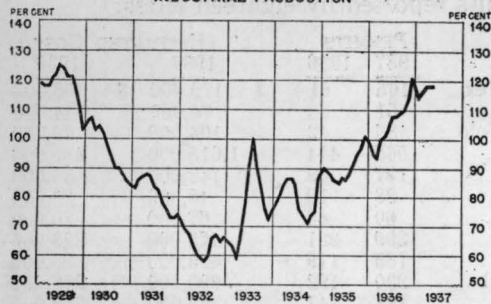
The Life Insurance Sales Research Bureau report:

	Change from		
	May 1937	April 1937	May 1936
	(In thousands of dollars)		
Colorado.....	6,139	-814	+993
Kansas.....	7,724	-1,040	+256
Missouri.....	19,498	-2,156	+588
Nebraska.....	6,440	+70	-1,551
New Mexico.....	1,068	-237	-105
Oklahoma.....	9,208	-234	+739
Wyoming.....	1,064	-225	+43
Seven states.....	51,141	-4,636	+963
United States.....	630,690	-61,372	+36,893

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



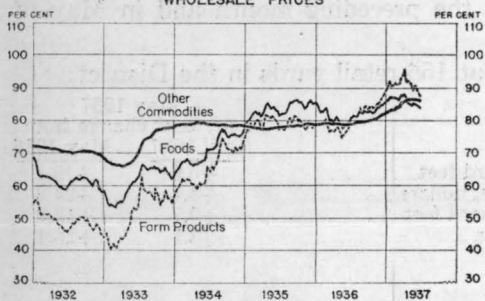
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, through May, 1937.

FACTORY EMPLOYMENT AND PAYROLLS



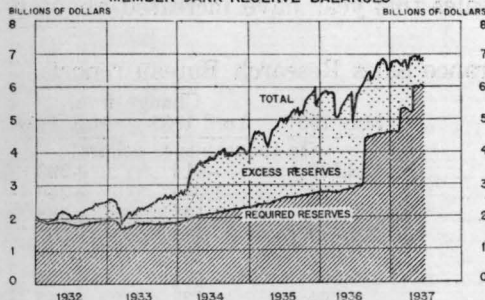
Indexes of number employed and pay rolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1929, through May, 1937. Indexes compiled by the United States Bureau of Labor Statistics.

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 June 19, 1937.

MEMBER BANK RESERVE BALANCES



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required reserves, January 6, 1932, through June 23, 1937.

Volume of industrial production in May continued at the level of the two preceding months. Commodity prices declined slightly in May and the first three weeks of June.

PRODUCTION, EMPLOYMENT, AND TRADE

In May the Board's seasonally adjusted index of industrial production remained unchanged at 118 per cent of the 1923-1925 average. Output of iron, steel, automobiles, and lumber increased further. At cotton and woolen mills and at shoe factories activity continued at a high level, while at silk mills, meat-packing establishments, and sugar refineries there were considerable decreases. Crude petroleum production continued to rise and output of bituminous coal increased somewhat, following a sharp decline in April. Shipments of iron ore in May were larger than in the corresponding month of any previous year. In the first three weeks of June automobile production declined seasonally and, largely owing to labor disturbances, steel output was reduced to 77 per cent of capacity as compared with 90 per cent in May.

Value of construction contracts awarded in May was smaller than in April, according to figures of the F. W. Dodge Corporation. There were declines in awards for residential and other private projects, while contracts for public projects increased. In the first half of June awards for both private and public work were at a somewhat higher rate than in May.

Factory employment, which usually declines at this season, showed little change from April to May and the Board's adjusted index advanced somewhat further. Employment in the durable goods industries continued to increase while employment in other lines declined seasonally. Factory pay rolls remained at the April level, following sharp increases in earlier months.

Distribution of commodities to consumers continued in May at the level of other recent months. Sales at department stores and at variety stores showed a seasonal rise and mail-order sales were maintained.

COMMODITY PRICES

Between the middle of May and the third week of June, prices of grains, except spring wheat, declined considerably and there were smaller declines in cotton, cotton goods, wool, rubber, and steel scrap, while prices of most other commodities showed little change.

BANK CREDIT

Excess reserves of member banks, which had been about \$900,000,000 after the May 1 increase in reserve requirements, declined by about \$180,000,000 during the week ending June 16, in connection with Treasury operations, but increased in subsequent days and on June 23 were at a level of \$810,000,000.

At reporting member banks in leading cities holdings of United States Government obligations, after several weeks of little change, increased sharply during the week ending June 16, reflecting purchases of the new issues of Treasury notes.

Commercial loans at member banks continued to increase in the four weeks ending June 16. This increase was largely at banks in New York City, which also showed a growth in loans to other New York banks and to brokers and dealers in securities.

MONEY RATES

The open-market rate on 90-day bankers' acceptances, which had been reduced from 9/16 to 1/2 of 1 per cent on May 7, was further reduced to 7/16 of 1 per cent on June 22. Other money rates have shown little change in recent weeks.