

MONTHLY REVIEW

Agricultural and Business Conditions

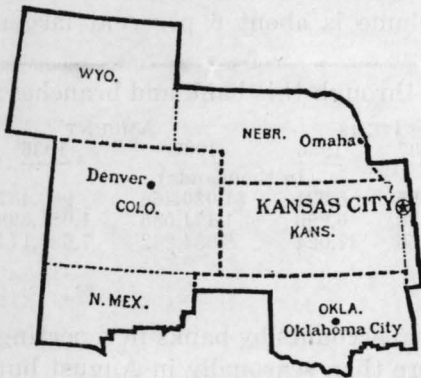
TENTH FEDERAL RESERVE DISTRICT

VOL. 22, No. 10

FEDERAL RESERVE BANK OF KANSAS CITY

SEPTEMBER 29, 1937

Business in the Tenth Federal Reserve District



Unfavorable weather has done great damage to corn and there will be much less than half a crop. Grain and live stock prices tend lower.

Bank loans are slightly lower than last month but are 20% above a year ago. Bank investments tend moderately lower. Payments by check while 12% above last year are down substantially from the preceding month. Demand deposits are slightly higher.

Department store sales are 7% higher and lumber sales 10% lower than at the same time last year. Construction is lower than last month and building permits are 44% below a year ago. Flour production is not so active but petroleum output continues high.

Marketings and slaughter of live stock are much larger than last month, but generally lower than last year. Lead and zinc ore shipments continue large and prices are higher.

AUGUST 1937 COMPARED WITH AUGUST 1936						8 MOS. 1937 COMPARED WITH 8 MOS. 1936									
% DECREASE			% INCREASE			% DECREASE			% INCREASE						
40	30	20	10	10	20	30	40	40	30	20	10	10	20	30	40
BUSINESS INDICATORS															
<i>Financial</i>															
Bank Debits.....															
F. R. Bk. Clearings.....															
Mem. Bk. Loans.....															
Mem. Bk. Invest.....															
Demand Deposits.....															
Life Ins. Sales.....															
<i>Trade</i>															
Wholesale Sales.....															
Retail Sales.....															
Dept. Store Sales.....															
Lumber Sales.....															
<i>Marketings</i>															
Wheat.....															
Corn.....															
Oats.....															
Cattle.....															
Calves.....															
Hogs.....															
Sheep.....															
<i>Production</i>															
Flour.....															
Cattle Slaughter.....															
Calf Slaughter.....															
Hog Slaughter.....															
Sheep Slaughter.....															
Crude Petroleum.....															
Bituminous Coal.....															
Zinc Ore Shipments.....															
Lead Ore Shipments.....															
<i>Construction</i>															
Total Awards.....															
Res. Awards.....															
Value of Permits.....															
<i>Miscellaneous</i>															
Rainfall.....															
Cash Farm Income.*.....															
Employment.....															
Pay Rolls.....															
*For previous month															

Member Bank Operations

Following a substantial rise in the preceding six weeks, total loans and investments of reporting member banks in the Tenth District declined somewhat from the middle of August to the middle of September. The volume of commercial, industrial, and agricultural loans is now slightly below the year's high of five weeks earlier and investments, which had recently increased, again tend downward. In the past month, the decrease in investments was mainly in holdings of "other" securities, which have declined almost steadily since early this year, but holdings of Government obligations also declined. Loans continue about 18 per cent above and investments about 2 per cent below the level of a year ago.

Reserve balances at this bank, correspondent balances with domestic banks, and demand deposits showed little change from the middle of August to the middle of September but interbank deposits are somewhat lower. Time and Government deposits increased.

Principal items of condition of 51 member banks:

	Change from		
	Sept. 15 1937	Aug. 18 1937	Sept. 16 1936
	(In thousands of dollars)		
Loans and investments—total	719,835	-9,160	+34,089
Loans—total	286,838	-3,242	+43,328
Coml., indust., agric.	177,999	-4,207	*
Open market paper	26,253	-308	*
To security brokers and dealers	4,458	+95	-51
Other to purchase or carry secur.	14,288	+89	*
Real estate loans	19,953	+348	+2,496
Loans to banks	806	-93	-2,071
All other loans	43,081	+834	*
Investments—total	432,997	-5,918	-9,239
U. S. Govt. direct obligations	266,111	-618	+7,947
Oblig. guar. by U. S. Govt.	44,437	-1,412	-4,917
Other securities	122,449	-3,888	-12,269
Reserve with F. R. Bank	176,679	-610	+34,422
Balances with domestic banks	199,376	-1,807	-97,701
Demand deposits—adjusted	505,025	-933	+17,896
Time deposits	146,458	+2,482	+558
U. S. Govt. deposits	12,786	+3,282	-10,897
Interbank deposits	371,874	-17,746	-40,137

*Comparable figures not available.

Reserve Bank Operations

Federal Reserve note circulation of this bank rose slightly further in the latter part of August and the first week of September, reaching 168½ million dollars before the return flow of currency after the Labor Day holiday. While now about the same as one month earlier, circulation is better than 8 per cent higher than a year ago.

Effective September 3, the discount rate of this bank was reduced from 2 per cent to 1½ per cent. The previous rate had been in effect since May 10, 1935. Holdings of bills discounted for member banks are now somewhat above the record low volume in January of this year but otherwise continue at a low level.

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

	Sept. 15 1937	Change from	
		Aug. 18 1937	Sept. 16 1936
	(In thousands of dollars)		
Total reserves	313,631	-473	+47,115
Bills discounted	524	+348	+440
Bills purchased	87	Zero	Zero
Industrial advances	580	-22	-322
Commit. to make indust. adv.	120	-2	-263
U. S. Government securities	124,128	Zero	+1,201
Total resources	488,206	+4,895	+53,478
F. R. notes in circulation	166,762	-511	+12,528
Member bank reserve deposits	255,078	-946	+41,190

Following two months of greater than seasonal increases, dollar volume of check collections showed a greater than seasonal decline in August. So far this year dollar volume is about 6 per cent larger than a year ago.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1937	1936	1937	1936
	(In thousands)			
August	5,865	5,621	\$1,020,468	\$ 963,467
July	6,376	6,296	1,171,585	1,081,898
Eight months	47,950	47,024	8,084,232	7,689,114

Bank Debits

Debits to individual accounts by banks in reporting centers declined more than seasonally in August but held at a level about 13 per cent above a year ago. It should be pointed out that this increase reflects in part higher price levels.

Payments by check in thirty cities:

	Change from		
	Aug. 1937	July 1937	Aug. 1936
	(In thousands of dollars)		
Albuquerque, N. Mex.	14,345	-1,811	+1,830
Atchison, Kans.	3,639	-2,134	-139
Bartlesville, Okla.	37,429	+6,410	+12,646
Casper, Wyo.	6,055	-625	+543
Cheyenne, Wyo.	9,099	-573	+1,364
Colorado Springs, Colo.	13,574	-2,756	-663
Denver, Colo.	168,983	-13,791	+11,141
Emporia, Kans.	3,980	-943	+921
Enid, Okla.	13,953	-13,711	+1,624
Fremont, Nebr.	2,769	-469	+33
Grand Junction, Colo.	3,592	-385	+290
Guthrie, Okla.	1,964	-213	+452
Hutchinson, Kans.	13,325	-13,864	-1,090
Independence, Kans.	2,863	-937	+378
Joplin, Mo.	10,108	-84	+1,336
Kansas City, Kans.	15,064	-2,003	+2,475
Kansas City, Mo.	375,393	-101,819	+57,243
Lawrence, Kans.	3,887	-1,394	+442
Lincoln, Nebr.	28,055	-2,388	+496
Muskogee, Okla.	7,692	-892	+460
Oklahoma City, Okla.	102,532	-27,205	+14,395
Okmulgee, Okla.	2,475	-281	+134
Omaha, Nebr.	161,146	-5,572	+4,093
Pittsburg, Kans.	3,541	-549	-29
Pueblo, Colo.	16,957	-3,327	+2,995
Salina, Kans.	11,990	-13,657	+324
St. Joseph, Mo.	28,405	-5,343	-387
Topeka, Kans.	18,871	-7,158	+238
Tulsa, Okla.	157,046	-9,951	+29,079
Wichita, Kans.	47,898	-24,492	+443
District, 30 cities	1,286,630	-251,917	+143,067
United States, 141 cities	31,885,769	-5,017,568	+416,902

Trade

DEPARTMENT STORE SALES

Dollar volume of sales at reporting department stores in this District showed less than the usual seasonal increase from July to August, rising 17 per cent. August sales were 7 per cent higher than a year ago but retail prices, which are about 9 per cent higher, more than account for the larger sales. Moreover, retail trade at this time last year was adversely affected by the prolonged hot weather. Sales so far this year show a gain of about 6 per cent over last year. The Fairchild Retail Price Index, which has been rising steadily since July of last year, has shown only a small advance the past two months.

Stocks of merchandise increased somewhat more than seasonally during August but are only about 8 per cent greater in value than a year ago. Since prices are about 9 per cent higher, the actual amount of goods on hand is probably little changed from that at this time last year. Collections on open accounts averaged 41.3 per cent of receivables in August this year and 41.1 per cent last year, while installment collections averaged 13.1 and 13.7 per cent, respectively.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Aug.'37 comp. to Aug.'36	8 Mos.'37 comp. to 8 Mos.'36	July 31,'37 comp. to Aug. 31,'36	Aug. 31,'37 comp. to Aug. 31,'36
	(Per cent increase or decrease)			
Denver	+4.8	+7.6	+4.9	+13.5
Kansas City	+6.3	+6.2	+7.4	+0.3
Oklahoma City	+8.8	+3.6	+20.2	+2.9
Omaha	+3.2	-1.5	+22.9	+12.4
Tulsa	+11.7	+9.6	+17.8	+2.4
Wichita	+24.7	+15.6	+31.3	+14.0
Other cities	+4.6	+5.1	+11.1	+6.9
District	+7.0	+6.3	+12.3	+7.8

WHOLESALE SALES

The value of wholesale sales in this District rose about 5 per cent from July to August, sales of drugs increasing 4, dry goods 29, and furniture 40 per cent. Sales of groceries and paper showed little change while hardware sales declined 13 per cent. In contrast with the preceding month when sales were below a year ago, August sales were 7 per cent greater than last year. This increase, however, may be largely accounted for by higher wholesale commodity prices, the general level of which is also about 7 per cent higher than a year ago. Total sales for the first eight months of this year show an increase of about 9 per cent over the same period in 1936.

Wholesale prices declined in August and the first week of September, the all-commodity index of the Bureau of Labor Statistics reaching the lowest point

since the first week in March. In the week ended September 11, prices rose slightly.

Wholesale sales and collections reported by the Department of Commerce for this District:

No. of Firms	SALES		COLLECTIONS*		
	Aug.'37 comp. to Aug.'36	8 Mos.'37 comp. to 8 Mos.'36	Aug. 1937	July 1937	Aug. 1936
	(Per cent change)		(Median percentages)		
Drugs	+8.2	+3.7	90.4	87.2	91.9
Dry goods	+14.9	+15.3	46.3	49.0	47.9
Furniture	+15.6	+18.4	50.0	45.0	55.0
Groceries	-3.0	+4.4	100.0	100.0	101.0
Hardware	+10.8	+0.3	48.8	55.3	54.7
Paper	-3.0	+9.9	62.5	69.0	67.6
All other lines	+17.3	+24.6	69.0	70.0	68.0
District	+7.3	+8.9	73.0	76.7	79.2

*Collections on amounts receivable at beginning of month.

Crops

Nebraska corn prospects declined 105 million bushels in August and Kansas prospects 19 million, accompanied by losses of 9 million in Missouri and 5 million in Colorado. As a result, Nebraska will have about a third of a crop, Kansas between a fourth and a third, and Colorado about half a crop. Production in Missouri is not far below normal and Oklahoma already had a little better than half a crop. The size of this year's corn crop is affected not only by drought but also by the fact that planted acreages are far below normal, some corn land having been shifted to wheat. Seedbed preparation for fall wheat is largely completed and drilling of what probably will again be an extremely large acreage is in progress.

Corn estimates of the Department of Agriculture:

	Indicated		Final	Final	Aver.
	Sept. 1	Aug. 1	1936	1935	'28-'32
	(In thousands of bushels)				
Colo.	10,328	15,492	11,169	10,761	20,847
Kans.	35,508	54,876	11,036	39,420	126,756
Mo.	124,308	133,516	40,032	72,890	146,489
Nebr.	74,358	179,334	26,859	106,630	223,843
N. Mex.	3,105	3,220	2,185	2,700	3,528
Okla.	29,785	29,785	11,772	25,872	51,842
Wyo.	2,981	3,794	984	2,260	2,341
7 States	280,373	420,017	104,037	260,533	575,646
U. S.	2,549,281	2,658,748	1,529,327	2,296,669	2,554,772

Except in Oklahoma, August rainfall in the District was generally much below normal. Colorado had only 72 per cent of normal rainfall, Nebraska 66, Kansas 65, New Mexico 64, Missouri 54, and Wyoming 50 per cent, while Oklahoma had 104 per cent. This lack of adequate moisture, together with high temperatures, is reflected principally in a sharp decline in corn crop prospects in this District and to a lesser extent in prospects for other late crops as well. Rains toward the latter part of August and cooler weather in September were too late to benefit corn materially but are benefiting other late crops.

Rainfall as reported by the Weather Bureau:

	Aug. 1937		8 Mos. 1937	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver .....	.63	1.43	8.42	10.73
Leadville	2.10	2.44	21.28	13.97
Pueblo	1.02	1.82	5.30	9.40
Lamar	1.09	2.02	5.19	12.65
Garnett	1.11	1.27	4.32	5.11
Steamboat Springs	1.92	1.77	20.64	15.84
KANSAS				
Topeka	3.35	4.08	15.50	24.81
Iola	1.94	3.64	28.68	26.55
Concordia	1.98	2.91	14.89	20.36
Salina	1.71	3.40	14.04	20.35
Wichita	2.86	3.13	21.39	22.04
Hays	2.82	3.14	14.07	18.24
Dodge City .....	.60	2.67	10.33	16.01
Elkhart .....	.52	2.15	4.22	12.73
Goodland	1.01	2.52	10.66	14.49
MISSOURI				
St. Joseph	3.24	3.83	23.42	25.88
Kansas City	2.26	4.09	21.20	26.47
Joplin	1.73	3.97	28.63	31.69
NEBRASKA				
Omaha .....	.97	3.05	17.87	20.39
Lincoln	1.69	3.57	15.65	21.06
Norfolk	2.00	3.43	15.39	21.49
Grand Island	3.07	3.52	19.70	20.19
McCook	1.37	2.57	13.24	15.45
North Platte .....	.76	2.38	9.86	15.04
Bridgeport .....	.27	1.71	7.41	12.83
Valentine	2.46	2.37	8.97	15.13
NEW MEXICO				
Clayton .....	.30	1.94	8.44	12.27
Santa Fe	1.11	1.17	11.85	9.11
Farmington .....	.20	1.02	5.41	5.96
OKLAHOMA				
Tulsa	5.76	3.21	24.80	27.35
McAlester	3.96	3.54	29.87	30.09
Oklahoma City	2.41	2.89	14.76	21.87
Pauls Valley	8.41	2.72	27.80	24.13
Hobart	8.23	2.17	18.62	19.36
Enid	6.73	3.48	19.76	21.90
Woodward	2.54	2.68	11.48	18.31
WYOMING				
Cheyenne	1.34	1.55	10.20	11.76
Casper .....	.72	1.24	12.73	11.09
Lander .....	.12	.53	13.41	9.07
Sheridan .....	.03	.91	12.02	11.45

Grain Marketing

Marketings of wheat declined sharply in August and September partly as a result of declining prices but reflecting also a seasonal after-harvest slackening. Following the most rapid rise in history, elevator stocks of wheat at Kansas City reached a peak of almost 35 million bushels in the week ended September 3. This figure compares with a record of 41 million bushels so held in 1931.

Receipts of grain at five markets in the District:

	Wheat	Corn	Oats	Rye	Barley	Kafir
(In thousands of bushels)						
Hutchinson ..	845	---	---	1	---	---
Kansas City ..	15,242	215	772	128	32	32
Omaha	4,029	151	1,566	281	336	---
St. Joseph	2,667	78	498	86	12	---
Wichita	1,437	5	15	---	2	---
Aug. 1937	24,220	449	2,851	496	382	32
July 1937	86,059	571	1,345	224	180	50
Aug. 1936	12,230	2,704	2,485	282	583	175
8 Mos. 1937	151,107	11,300	10,763	898	1,430	481
8 Mos. 1936	104,965	28,830	11,632	698	2,269	1,050

Abnormally low world wheat stocks, together with a higher level of world prices for this season's crop, has facilitated the adjustment of domestic prices to an export basis. Domestic prices now being affected by the world situation, wheat is somewhat lower because of a slow demand from importing countries, increased offerings of Russian grain, and more favorable wheat prospects in Australia and Argentina. Corn prices were steadied in August by deterioration in the crop in the western part of the Corn Belt but are lower in September as new crop corn becomes available from Texas and Oklahoma.

Cash grain prices at the Kansas City market:

	Sept. 20 1937	Aug. 31 1937	July 31 1937	Aug. 31 1936
No. 1 hd., dk., wheat, bu.....	\$1.07	\$1.06	\$1.17	\$1.17½
No. 2 mixed corn, bu.....	.95	1.00	.92½	1.10½
No. 2 white oats, bu.....	.32	.30	.30	.46
No. 2 rye, bu.....	.76	.75	.81	.92
No. 2 barley, bu.....	.57	.58	.55	.90
No. 2 white kafir, cwt.....	1.48	1.54	1.30	1.77

Live Stock

MARKETINGS

Marketings of live stock increased substantially during August but have slackened in September. Receipts of cattle, calves, and sheep were in good volume, being somewhat larger than in August of last year and exceeding the August ten-year average by a small margin. Hog receipts, which do not usually increase during August, were half again as large as in the preceding month but still were 41 per cent less than a year ago and only about a third of normal.

Live stock receipts at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver	44,678	7,709	13,856	352,765
Kansas City	206,261	38,674	76,590	112,264
Oklahoma City	52,337	23,857	29,331	15,181
Omaha	137,919	18,522	63,066	187,710
St. Joseph	35,639	7,558	25,787	71,576
Wichita	30,994	5,936	22,708	6,810
Aug. 1937	507,828	102,256	231,338	746,306
July 1937	309,098	68,284	156,272	454,565
Aug. 1936	491,596	102,057	389,144	608,688
8 Mos. 1937	2,757,290	559,958	2,363,043	4,702,215
8 Mos. 1936	2,793,208	488,029	3,475,793	4,476,037

PRICES

Influenced by increased marketings, the trend of live stock prices at the Kansas City market was lower in August, followed by strength in the first three weeks of September. Grain-fed beef steers, which are becoming increasingly scarce and which represent only a small fraction of total cattle receipts, reached their highest August price in seventeen years but the bulk of fat cattle values was lower. Hog prices, after reaching an eleven-year high early in the month, suffered the sharpest August break on record, declining \$1.85 a hundred. Declines in sheep and lamb prices were largely seasonal in nature. Prices in September are somewhat higher than

at the close of August. Cattle and hogs are at the highest September level since 1928 and lambs since 1929.

Top live stock prices at the Kansas City market:

	Sept. 20 1937	Aug. 1937	July 1937	Aug. 1936	Aug. 1935	Aug. 1934
(In dollars per hundredweight)						
Beef steers	17.00	17.00	16.65	9.50	11.85	10.00
Stocker cattle	10.00	10.00	10.00	7.25	8.40	5.00
Feeder cattle	11.50	12.40	13.25	8.25	10.40	8.10
Calves	11.00	10.00	10.00	7.50	8.75	5.50
Hogs	11.90	13.20	12.75	11.55	12.00	7.80
Sheep	7.50	6.50	6.50	6.25	5.00	5.00
Lambs	11.00	11.00	11.10	10.25	9.10	7.35

STOCKERS AND FEEDERS

Shipments of stocker and feeder live stock to the country increased seasonally during August, rising further in September. Except for hogs, August shipments were much heavier than a year ago and represented the heaviest outbound movement for that month in recent years. Shipments of cattle and calves were 10 and 33 per cent, respectively, above the August ten-year average. Shipments of sheep were about average but hog shipments are still about 42 per cent below the average volume.

Increased production of feed grains this year, together with lower live stock prices in August and the present shortage of numbers on feed, tends to increase feeding operations. The corn-hog feeding ratio has only recently attained a profitable basis for the first time in more than a year. A large number of cattle marketed are being bought for finishing purposes, decreasing the number going to immediate slaughter.

Stocker and feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver	14,059	1,733	7	68,304
Kansas City	74,664	9,461	2,130	40,876
Omaha	37,165	5,632	1,821	73,479
St. Joseph	6,750	405	1,754	16,551
Aug. 1937	132,638	17,231	5,712	199,210
July 1937	64,754	5,398	4,098	63,181
Aug. 1936	85,892	15,177	13,856	154,835
8 Mos. 1937	564,301	72,072	29,441	536,950
8 Mos. 1936	464,114	61,687	46,554	527,808

RANGES AND PASTURES

The usual August decline in the condition of western ranges and pastures was accentuated somewhat by lack of moisture and continued warm weather. Cooler weather in September has been helpful. Ranges continue in excellent condition in Wyoming and the western parts of Colorado and New Mexico but are dry and short in Nebraska, eastern Colorado and New Mexico, and western Kansas and Oklahoma. In this drought section, prospects for fall wheat pasture are not favorable. Late August rains appreciably improved ranges and pastures and feed crop prospects in the eastern parts of Oklahoma and

Kansas. In the Sand Hills area of Nebraska, pastures are about as poor as in either of the drought years 1934 and 1936 and hay and feed supplies are smaller. Some cattle have been forced to move from eastern Colorado and indications are that fairly heavy shipments may result from other dry areas.

Range and pasture conditions reported by the Department of Agriculture:

	RANGES			PASTURES		
	Sept. 1 1937	Sept. 1 1936	'27-'36 Aver.	Sept. 1 1937	Sept. 1 1936	'23-'32 Aver.
(In percentages of 100 as normal)						
Colorado	72	82	83	50	62	80
Kansas	50	43	73	43	14	73
Missouri	---	---	---	70	7	75
Nebraska	63	61	82	33	25	73
New Mexico	83	71	82	66	44	82
Oklahoma	69	37	68	46	14	65
Wyoming	89	69	79	81	48	85

Cattle and sheep are generally in good condition and are moving to market at good weights. This is particularly true of sheep. Contracting of feeder lambs for fall delivery has been on a relatively large scale this year and at steady to higher prices. In Wyoming it is estimated that from 50 to 75 per cent of all lambs had been sold or contracted for by September 1.

Farm Income

Cash farm income in this District was almost twice as large in July as in the preceding month, mainly as a result of the large volume of wheat marketings at good prices. Moreover, total income was 21 per cent larger than in July of last year although decreases were shown for Nebraska, Wyoming, and New Mexico because of smaller receipts from live stock.

Farm income during the first seven months of 1937 has been larger than a year ago in all states of the District except Nebraska, a decline in that state resulting from severely restricted live stock feeding operations. Prices received by farmers are slightly lower than a year ago but prices paid by farmers for what they buy are higher, the ratio being 93 at the middle of August as compared with 98 a year ago.

Income estimates of the Department of Agriculture:

	Crops	Live Stock	Govt.	Total
		and Products	Payments	
(In thousands of dollars)				
Colorado	3,551	4,300	183	8,034
Kansas	51,224	14,125	212	65,561
Missouri	17,311	14,648	1,125	33,084
Nebraska	10,393	10,103	962	21,458
New Mexico	616	1,507	28	2,151
Oklahoma	22,395	6,378	54	28,827
Wyoming	487	3,128	36	3,651
July 1937	105,977	54,189	2,600	162,766
June 1937	18,821	59,112	6,603	84,536
July 1936	66,914	61,672	5,622	134,208
7 Mos. 1937	213,021	402,309	67,931	683,261
7 Mos. 1936	138,419	418,835	49,172	606,426

Meat Packing

Operations at meat-packing plants in the District during August showed a sharp seasonal increase from the rather low level of the preceding month. Even so, the slaughter of cattle, calves, and hogs was somewhat short of that a year ago. The slaughter of cattle and hogs was also below the August ten-year average, cattle falling 9 and hogs 59 per cent below Sheep slaughter, while 13 per cent larger than in August of last year, was 20 per cent below the ten-year average.

Packers' purchases at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver	16,426	5,018	13,839	50,717
Kansas City	70,011	26,409	71,345	55,645
Oklahoma City	21,439	14,845	24,377	5,912
Omaha	75,801	9,828	53,601	100,909
St. Joseph	24,134	7,067	19,262	53,229
Wichita	14,274	5,888	21,566	5,600
Aug. 1937	222,085	69,055	203,990	272,012
July 1937	155,669	52,393	131,675	231,954
Aug. 1936	287,956	78,373	317,091	240,439
8 Mos. 1937	1,449,314	425,887	2,088,877	2,556,040
8 Mos. 1936	1,661,763	392,059	2,916,231	2,309,247

Cold Storage Holdings

A further contraseasonal decrease in United States cold storage stocks of beef and poultry and sharply greater than seasonal declines in holdings of pork and lard occurred in August, resulting in stocks of beef which were 15, pork 29, and lard 10 per cent below the September 1 five-year average. Poultry holdings, however, continue high. Stocks of eggs and cheese showed less than the usual seasonal changes but both continue above average.

United States cold storage holdings:

	Sept. 1 1937	Aug. 1 1937	Sept. 1 1936	Sept. 1 5-Yr. Av.
	(In thousands of units)			
Beef, lbs.	45,066	51,466	64,255	52,888
Pork, lbs.	370,519	467,273	420,848	524,736
Lamb and mutton, lbs.	1,917	1,840	2,634	1,753
Poultry, lbs.	63,759	70,040	65,488	44,910
Miscellaneous meats, lbs.	49,391	58,070	73,154	66,416
Lard, lbs.	118,756	156,959	110,561	131,261
Eggs, shell, cases	8,388	8,718	7,006	7,444
Eggs, frozen (case equiv.)	4,579	4,768	3,103	3,021
Butter, creamery, lbs.	132,976	123,863	112,106	134,433
Cheese, all varieties, lbs.	123,264	118,235	107,542	104,755

Flour Milling

Activity at southwestern flour mills declined contraseasonally during August and is lower in September as shipping directions on contracts become increasingly difficult to obtain. Notwithstanding this drop in activity, August output was equal to that of a year ago and was about 5 per cent above the August average for the past ten years.

Flour sales, hindered by declining prices, were sharply lower in August than in July with the decline continuing into September. Bakers are reported

to be booked well ahead, some as far as January and March, while family trade interest, lacking so far this year, has just begun to appear.

Flour production reported by the Northwestern Miller:

	Aug. 1937	July 1937	Change from Aug. 1936 (In barrels)
Atchison	130,000	-3,000	-5,000
Kansas City	578,000	-72,000	+49,000
Salina	188,000	-47,000	-23,000
Wichita	190,000	-46,000	-33,000
Other cities	1,115,000	-53,000	+13,000
Southwest	2,201,000	-221,000	+1,000
United States*	5,500,000	+17,000	-688,000

*Represents about 60 per cent of total output in U. S.

Petroleum

Output of crude petroleum in this District continued in August at the high level of the two preceding months but state allowables have been reduced materially for September in an effort to adjust supply to demand when refinery operations decline seasonally. The current high rate of output is illustrated by an August production 17 per cent above a year ago and 32 per cent above the average of the past ten years.

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

	August 1937		July 1937		August 1936	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colo.	160	5.1	128	4.1	155	5.0
Kans.	6,153	198.5	6,427	207.3	5,231	168.8
N. Mex. ...	3,536	114.1	3,425	110.5	2,331	75.2
Okla.	20,105	648.6	20,089	648.1	18,178	586.4
Wyo.	1,806	58.2	1,619	52.2	1,248	40.3
5 States..	31,760	1,024.5	31,688	1,022.2	27,143	875.7
U. S.	114,990	3,709.4	110,721	3,571.6	95,090	3,067.4

In contrast with last year when production reached a high point in December, accompanied by steady withdrawals from storage, production this year, having caught up with demand, has generally been in excess of needs and has been accompanied by accumulating storage stocks.

Coal

Output of bituminous coal increased seasonally in August. Production in August was only slightly larger than a year ago but for the first eight months of the year is better than 6 per cent larger.

Coal output estimated from reports of the National Bituminous Coal Commission:

	Aug. 1937	July 1937	Change from Aug. 1936 (In tons)
Colorado	397,000	+62,000	-3,000
Kansas and Missouri	432,000	+76,000	-22,000
New Mexico	126,000	-14,000	+15,000
Oklahoma	169,000	+81,000	+28,000
Wyoming	401,000	+83,000	+9,000
Six states	1,525,000	+288,000	+27,000
United States	33,665,000	+1,753,000	+579,000

Zinc and Lead

Zinc ore shipments from the Tri-State district slackened in August but lead shipments increased and deliveries of both concentrates were substantially larger than in August last year. Output continues at a good rate.

Shipments estimated from Joplin News Herald reports:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas	15,134	\$ 647,843	1,432	\$ 106,608
Missouri	3,035	130,114	390	28,857
Oklahoma	22,093	945,404	3,167	229,980
Aug. 1937	40,262	\$ 1,723,361	4,989	\$ 365,445
July 1937	42,510	1,760,476	3,938	268,800
Aug. 1936	30,210	936,510	2,909	145,416
8 Mos. 1937	321,419	13,296,243	42,152	3,090,838
8 Mos. 1936	276,649	8,786,868	33,888	1,673,458

In the second week of August zinc advanced \$2.00 and lead \$7.50 per ton. Zinc at \$47.50 and lead at \$77.50 are now \$16.00 and \$27.50, respectively, higher than a year ago. Larger shipments, together with higher prices, give a combined shipment value for the first eight months of this year about 57 per cent above that in the same period last year.

Employment and Pay Rolls

Employment showed virtually no change in the District from the middle of July to the middle of August while pay rolls increased slightly further. Employment was about 5 and pay rolls 10 per cent larger than in August of last year.

Preliminary figures of the Department of Labor:

	August 1937 per cent change from July 1937	
	Employment	Pay Rolls
Colorado	+1.1	+4.7
Kansas	+1.4	+1.5
Missouri	-0.2	+0.4
Nebraska	-1.7	-0.1
New Mexico	-0.2	-0.6
Oklahoma	+0.2	+1.6
Wyoming	+2.2	+13.3

Building

The value of building work contracted for declined in August. Awards, however, were substantially larger than in August of last year because of a greater volume of non-residential contracts. It is residential building that accounts for most of an increase of 12 per cent in building activity so far this year over the like period in 1936.

Construction figures of the F. W. Dodge Corporation:

	TENTH DISTRICT		37 EASTERN STATES	
	Total	Residential	Total	Residential
(In thousands of dollars)				
Aug. 1937	9,313	2,333	285,104	73,448
July 1937	10,331	2,528	321,603	81,046
Aug. 1936	6,198	2,213	275,281	100,523
8 Mos. 1937	87,984	25,261	2,101,452	671,101
8 Mos. 1936	78,687	17,874	1,799,919	507,511

The value of building permits issued in eighteen cities of the District was sharply lower in August than in either the preceding month or the same month last year. As a result, building activity so far this year is now only about 13 per cent above 1936.

Building permits issued by eighteen cities:

	PERMITS		ESTIMATED COST	
	1937	1936	1937	1936
Albuquerque, N. Mex.	101	85	\$ 147,000	\$ 198,000
Cheyenne, Wyo.	59	63	70,000	60,000
Colorado Springs, Colo.	50	49	38,000	61,000
Denver, Colo.	503	575	584,000	1,893,000
Hutchinson, Kans.	115	85	48,000	62,000
Joplin, Mo.	20	19	30,000	17,000
Kansas City, Kans.	44	36	37,000	26,000
Kansas City, Mo.	133	188	159,000	233,000
Lincoln, Nebr.	158	141	113,000	69,000
Oklahoma City, Okla.	191	173	408,000	1,043,000
Omaha, Nebr.	128	147	177,000	227,000
Pueblo, Colo.	58	39	70,000	17,000
Salina, Kans.	16	18	12,000	27,000
Shawnee, Okla.	13	9	10,000	15,000
St. Joseph, Mo.	25	41	14,000	29,000
Topeka, Kans.	85	88	137,000	135,000
Tulsa, Okla.	93	94	212,000	118,000
Wichita, Kans.	219	188	207,000	181,000
August	2,011	2,038	\$ 2,473,000	\$ 4,411,000
July	2,067	1,850	3,987,000	3,867,000
Eight months	16,054	13,995	30,011,000	26,619,000

Lumber

Retail lumber sales, which in recent months had begun to show some improvement over last year, fell nearly 10 per cent below the level of a year ago during August. However, total sales for the first eight months of this year are approximately the same as in the corresponding period last year.

Credit conditions continue somewhat less favorable. The August collection ratio was 32.2 per cent as compared with 41.5 per cent last year.

Lumber trade at 155 retail yards in the District:

	August 1937 per cent change from July 1937		Aug. 1936
	July 1937	Aug. 1936	
Sales of lumber, board feet	-12.1	-9.8	
Sales of all materials, dollars	-3.2	+14.6	
Stocks of lumber, board feet	-1.5	+13.7	
Outstandings, dollars	+4.8	+37.4	

Life Insurance

Sales of life insurance in the seven states of this District show little change in August or the first eight months of this year from sales in the corresponding periods of last year.

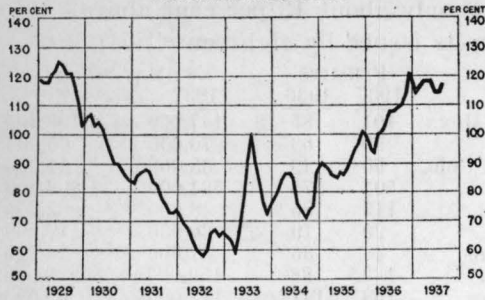
The Life Insurance Sales Research Bureau report:

	Change from		
	Aug. 1937	July 1937	Aug. 1936
(In thousands of dollars)			
Colorado	5,359	-466	-166
Kansas	8,300	+352	+395
Missouri	16,428	-3,414	+163
Nebraska	5,340	-439	-464
New Mexico	1,329	+307	+322
Oklahoma	7,411	-1,740	+73
Wyoming	1,336	-3	+259
Seven states	45,503	-5,403	+582
United States	546,067	-42,456	+10,707

NATIONAL SUMMARY OF BUSINESS CONDITIONS

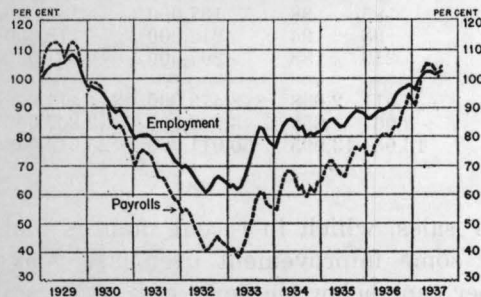
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



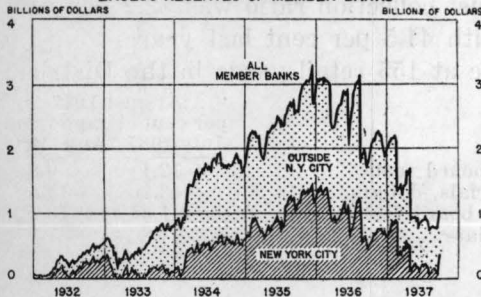
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1929 through August 1937.

FACTORY EMPLOYMENT AND PAYROLLS



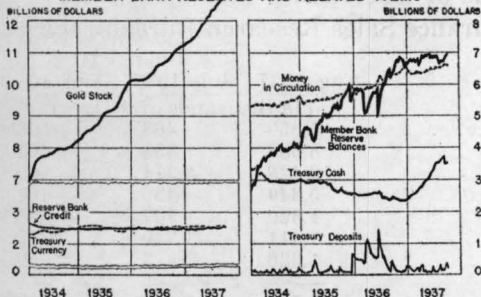
Indexes of number employed and pay rolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January 1929 through August 1937. Indexes compiled by the United States Bureau of Labor Statistics.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures of estimated excess reserves for all member banks and New York City, January 6, 1932, through September 22, 1937.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, January 3, 1934, through September 22, 1937.

In August industrial activity advanced from the level of the two preceding months and on a seasonally adjusted basis was close to the volume of last spring. Early reports for September indicate a decline in steel output and a seasonal decrease in the production of automobiles.

PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, was 117 per cent of the 1923-1925 average in August as compared with a level of 114 per cent in June and July and 118 per cent during the spring. Steel production rose slightly further and was close to the high level prevailing before strikes curtailed output in June. Automobile production was maintained in considerably larger volume than is usual in the month preceding the shift to new model production. Lumber output declined, following a period of increase. In the nondurable goods industries output increased in August, reflecting chiefly increases at cotton and woolen textile mills, following considerable declines in the preceding month. Activity at meat-packing establishments increased somewhat from an extremely low level. Shoe production showed less than the usual seasonal rise. At mines, output of coal increased less than seasonally, while crude petroleum production continued to expand.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined somewhat in August and the first half of September. Awards for private residential building showed little change and were in about the same volume as in the corresponding period of 1936, while publicly-financed residential building declined and was in considerably smaller volume than last year.

Factory employment, which had increased in July, showed less than a seasonal rise in August. Factory pay rolls increased by about the usual seasonal amount. The number employed at steel mills increased somewhat further, while at automobile factories, railroad repair shops, and sawmills employment declined. In the textile industries employment in the production of fabrics decreased somewhat, while employment in the production of wearing apparel increased. Changes in employment in most other manufacturing industries were small.

AGRICULTURE

Department of Agriculture crop estimates based on September 1 conditions were about the same as the estimates a month earlier, except for an increase in cotton and a decrease in corn. Output of leading crops is substantially larger than last season. Supplies of live stock and meats are expected by the Department of Agriculture to continue smaller than last year.

DISTRIBUTION

Mail order sales and sales at department stores showed somewhat less than the usual seasonal increase from July to August. Freight carloadings continued at the level of the previous month.

COMMODITY PRICES

Cotton prices declined considerably further from the middle of August to the third week of September and there were smaller decreases in cotton goods, silk, hides, steel scrap, copper scrap, and lumber. Prices of live stock and live stock products, after some decline in the latter part of August and the first week of September, advanced sharply in the middle of September.

BANK CREDIT

Excess reserves of member banks increased in the five-week period ending September 22 from \$800,000,000 to \$1,000,000,000 as the result of a release of gold by the Treasury from its inactive account. The bulk of the increase in excess reserves went to New York City banks and on September 22 these banks had excess reserves of \$350,000,000, Chicago banks had \$50,000,000, and banks elsewhere \$600,000,000.

Commercial loans at reporting member banks in 101 leading cities, reflecting in part seasonal demands, continued to increase substantially during the four weeks ending September 15, both in New York City and outside. Holdings of United States Government obligations and of other securities showed a further decrease, with the result that total loans and investments declined somewhat.

MONEY RATES

Rates on 9-month Treasury bills declined from 0.71 per cent early in September to 0.44 per cent later in the month, and average yields on long-term Treasury notes declined from about 1% per cent to below 1½ per cent.