

MONTHLY REVIEW

Agricultural and Business Conditions

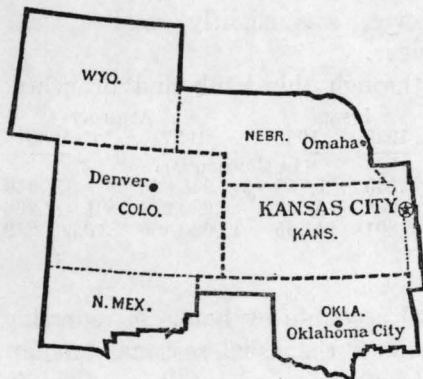
TENTH FEDERAL RESERVE DISTRICT

VOL. 22, No. 13

FEDERAL RESERVE BANK OF KANSAS CITY

DECEMBER 31, 1937

Business in the Tenth Federal Reserve District



During recent weeks business receded further. Last month a relatively few lines of activity were under a year ago, but in November and early December declines are more marked. Even in such series as payments by check and crude oil production that are still above a year ago the margin is greatly narrowed. Factors little related to business activity account for gains in marketings of grain.

Declining lumber sales and building permits reflect the unsatisfactory state of the construction industry, and lower shipments and prices of lead and zinc ores are the result of business decline.

More favorable items include life insurance sales which are better in this District than in the country as a whole. While retail sales in general are lower, department store sales are nearly equal to a year ago. Bank loans are much above last year and bank investments are lower.

BUSINESS INDICATORS	NOVEMBER 1937 COMPARED WITH NOVEMBER 1936								11 MOS. 1937 COMPARED WITH 11 MOS. 1936							
	% DECREASE				% INCREASE				% DECREASE				% INCREASE			
	40	30	20	10	10	20	30	40	40	30	20	10	10	20	30	40
Financial																
Bank Debts																
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																
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																
Value of Permits																
Miscellaneous																
Rainfall																
Cash Farm Income *																
Employment																
Pay Rolls																

*For previous month

Member Bank Operations

Commercial and most other types of loans at reporting member banks in the Tenth District declined seasonally from the middle of November to the third week of December and investments continued to decline, total loans and investments falling below a year ago. Holdings of United States Government direct obligations had increased somewhat in the second week of December from the low point of the year in the preceding week but subsequently declined. Loans are still 15 per cent higher than a year ago but investments are now 14 per cent lower.

Reserve balances carried with this bank show a further decrease but the decline in adjusted demand deposits has recently tended to level off. Demand deposits are only fractionally lower than a year ago. Correspondent balances carried with other banks continue to increase while correspondent balances of other banks with these fifty-one reporting banks continue to decline.

Principal items of condition of 51 member banks:

	Change from		
	Dec. 22 1937	Nov. 17 1937	Dec. 23 1936
	(In thousands of dollars)		
Loans and investments-total.....	676,380	-19,230	-28,011
Loans-total.....	280,057	-7,135	-37,140
Coml., indust., agric.....	176,478	-4,682	*
Open market paper.....	22,290	-1,607	*
To security brokers and dealers.....	4,271	+76	-43
Other to purchase or carry secur.....	12,997	-672	*
Real estate loans.....	20,596	+251	+2,278
Loans to banks.....	912	-136	-1,308
All other loans.....	42,513	-365	*
Investments-total.....	396,323	-12,095	-65,151
U. S. Govt. direct obligations.....	238,031	-5,468	-35,011
Oblig. guar. by U. S. Govt.....	44,753	-4,403	-3,306
Other securities.....	113,539	-2,224	-26,834
Reserve with F. R. Bank.....	159,761	-8,430	+9,357
Balances with domestic banks.....	215,602	+9,050	-60,211
Demand deposits-adjusted.....	485,345	-1,258	-6,311
Time deposits.....	145,059	-1,933	-139
U. S. Govt. deposits.....	14,043	+3,560	-4,536
Interbank deposits.....	347,775	-18,061	-70,967

*Comparable figures not available.

Reserve Bank Operations

Federal Reserve note circulation of this bank has risen further, reaching a new high level above 170 million in the third week of December and reflecting principally the seasonal demand for currency for Christmas shopping which normally carries circulation to its highest point of the year in this month.

Holdings of bills discounted for member banks are seasonally lower than in the first part of November, due largely to the return flow of funds from sugar beet areas, and the total has again fallen to about a million dollars. In the reallocation of Government securities in the System's open market account, this bank's participation was increased slightly further, representing increases in holdings of Treasury bonds and bills and a decrease in holdings of notes.

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

	Change from		
	Dec. 22 1937	Nov. 17 1937	Dec. 23 1936
	(In thousands of dollars)		
Total reserves.....	290,817	-12,621	+23,761
Bills discounted.....	1,094	-14	+1,019
Bills purchased.....	80	Zero	-7
Industrial advances.....	464	-20	-331
Commit. to make indust. adv.....	112	-3	-221
U. S. Government securities.....	125,263	+279	-592
Total resources.....	459,161	-17,669	+20,296
F. R. notes in circulation.....	170,194	+2,685	+7,087
Member bank reserve deposits.....	234,679	-11,046	+12,093

Dollar volume of check collections showed somewhat less than the usual seasonal decrease during November. Dollar volume, however, was slightly smaller than in November of last year.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1937	1936	1937	1936
	(In thousands)			
November.....	5,845	5,755	\$ 948,665	\$ 957,040
October.....	6,068	6,292	1,020,277	1,012,966
Eleven months.....	65,801	64,735	11,060,450	10,608,219

Bank Debits

Debits to individual accounts by banks in reporting centers declined by about the usual seasonal amount in November. Debits were 5 per cent larger than in November a year ago but this increase was the smallest for any month this year and compares with an increase of 13 per cent for the first eleven months of 1937 over the corresponding period in 1936.

Payments by check in thirty cities:

	Change from		
	Nov. 1937	Oct. 1937	Nov. 1936
	(In thousands of dollars)		
Albuquerque, N. Mex.....	16,767	-177	+3,262
Atchison, Kans.....	3,246	-449	-12
Bartlesville, Okla.....	29,907	-1,776	+6,520
Casper, Wyo.....	7,445	-952	+961
Cheyenne, Wyo.....	9,087	-1,047	+735
Colorado Springs, Colo.....	17,222	+1,162	-1,100
Denver, Colo.....	162,459	-24,431	-9,083
Emporia, Kans.....	2,847	-823	-433
Enid, Okla.....	10,533	-1,172	+1,864
Fremont, Nebr.....	2,360	-132	-75
Grand Junction, Colo.....	3,844	-605	+200
Guthrie, Okla.....	1,924	+209	+498
Hutchinson, Kans.....	13,573	+216	+1,697
Independence, Kans.....	2,623	-192	+87
Joplin, Mo.....	9,721	-1,199	+351
Kansas City, Kans.....	12,982	-2,121	+708
Kansas City, Mo.....	311,250	-46,764	+9,823
Lawrence, Kans.....	3,410	-529	-103
Lincoln, Nebr.....	28,179	-2,966	+1,278
Muskogee, Okla.....	8,496	-1,188	+907
Oklahoma City, Okla.....	110,073	-3,495	+22,469
Okmulgee, Okla.....	2,744	-150	-31
Omaha, Nebr.....	144,565	-22,247	-4,616
Pittsburg, Kans.....	3,966	-323	+220
Pueblo, Colo.....	27,495	+9,737	+2,877
Salina, Kans.....	7,472	-2,503	-848
St. Joseph, Mo.....	25,056	-2,825	-2,565
Topeka, Kans.....	13,785	-1,863	-694
Tulsa, Okla.....	152,446	-11,320	+21,848
Wichita, Kans.....	43,836	-5,823	+1,927
District, 30 cities.....	1,189,363	-125,748	+58,672
United States, 141 cities....	31,592,562	-4,480,829	-4,276,606

Trade

DEPARTMENT STORE SALES

Following less than the usual increase in the preceding month, dollar volume of sales at reporting department stores in the District declined by about the usual seasonal amount in November. Sales were 1 per cent larger than in November of last year but the month had one more business day this year than last, so that on a daily average basis the comparison with a year ago actually shows a decline. Total sales so far this year are about 4 per cent larger than in the same period of 1936. Retail prices, which have been declining since September, were still better than 4 per cent higher on December 1 than a year ago, according to the Fairchild Index.

Stocks of merchandise increased seasonally in November. However, the retail value of these stocks was only 3 per cent larger than that at the close of November a year ago. Collections on open accounts averaged 46.7 per cent of receivables in November this year and 47.5 per cent last year, while installment collections averaged 15.2 and 15.7 per cent, respectively.

Department store sales and stocks in leading cities:

	SALES			STOCKS	
	No. of	Nov.'37	11 Mos.'37	Nov. 30,'37	
	Stores	comp.to	comp. to	compared to	
	Nov.'36	11 Mos.'36	Oct.31,'37	Nov.30,'36	
	(Per cent increase or decrease)				
Denver.....	4	+1.0	+5.8	+5.5	+1.4
Kansas City.....	4	-10.3	+1.4	+2.3	+1.4
Oklahoma City.....	3	+7.6	+4.2	+2.8	+7.1
Omaha.....	3	+0.6	-2.0	+0.8	+4.1
Tulsa.....	4	+18.2	+10.5	+10.0	+8.2
Wichita.....	3	+5.0	+11.6	-0.9	+6.2
Other cities.....	20	+3.2	+3.3	-1.7	+1.5
District.....	41	+1.0	+4.2	+2.7	+3.0

RETAIL SALES

November sales of independent retail stores in the District were nearly 12 per cent lower than in October and about 4 per cent lower than in November of last year. Some types of retailing, however, reported sizeable gains over a year ago in Colorado and Oklahoma.

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

	Nov. 1937 per cent change from Nov. 1936				
	Colo.	Kans.	Mo.	Nebr.	Okla.
Apparel.....	+2.8	-3.5	-6.0	+0.5	+7.3
Country general.....	+0.4	-1.6	-3.9	-6.0	+25.3
Department.....	+2.4	+4.3	-0.4	-0.8	+9.6
Drug.....	+0.2	-2.1	+3.5	-0.8	+4.3
Furn. and appliances.....	-8.8	-7.6	-6.8	-1.5	-1.2
Grocery.....	+3.2	-2.0	-2.2	-2.3	-0.2
Hardware.....	-1.3	-5.7	-4.6	-0.3	-7.3
Lbr. and bldg. mtl's.....	+9.8	-17.7	-13.3	-6.2	-9.6
Motor vehicle.....	-26.9	-24.2	-26.6	-6.6	-29.0
Total.....	-6.7	-6.9	-4.8	-1.7	-0.5

WHOLESALE SALES

The value of November wholesale sales in this District was about 11 per cent under that in October, sales of drugs declining about 13, dry goods 20, groceries 8,

hardware 22, and paper 16 per cent. Dollar volume was sustained above the level of a year ago, total sales being better than 3 per cent larger than in November of last year, but the gain for the year to date has been narrowed to less than 6 per cent. November sales of hardware were sharply lower than a year ago.

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

	No. of Firms	SALES		COLLECTIONS*		
		Nov.'37	11 Mos.'37	Nov. 1937	Oct. 1937	Nov. 1936
		comp.to	comp.to	(Median percentages)		
	Nov.'36	11 Mos.'36	1937	1937	1936	
	(Per cent change)					
Drugs.....	8	+1.5	+4.1	75.9	83.7	81.0
Dry goods.....	4	-1.4	—	42.2	34.0	44.3
Furniture.....	4	+11.6	—	36.3	—	35.0
Groceries.....	10	+3.7	+7.0	95.0	94.0	95.5
Hardware.....	5	-17.8	-0.6	43.7	48.2	43.1
Paper.....	3	+8.3	—	55.3	64.3	53.0
All other lines... 14		+17.9	+16.7	53.8	67.0	58.0
District.....	48	+3.3	+5.8	62.4	71.0	70.0

*Collections during month on receivables at beginning of month.

Crops

The fall seeded acreage of winter wheat in this District is slightly larger than that in 1936 although the acreage sown to winter wheat in the country as a whole shows a small decrease. The Kansas acreage is the largest of record and, as in most other states in the District, it reflects the favorable wheat prices that prevailed at seeding time and a further shift from corn to wheat, largely the result of five successive years with either complete failure or very low corn yields.

According to crop reports, however, the December 1 condition of winter wheat indicates that the 1938 crop will be smaller than that produced in 1937. There was a serious deficiency of soil moisture at seeding time generally and precipitation since seeding time has been below normal. As a result of this lack of adequate moisture, extensive grasshopper damage to early sown wheat that had made fairly good growth, and the slow development of late plantings, which have come up to uneven stands or have not germinated, winter wheat is somewhat below average in condition. Present indications are that abandonment of seeded acreage will be heavier than in 1937 and above the average.

Department of Agriculture estimates of winter wheat acreage and condition:

	FALL SEEDED ACREAGE				CONDITION		
	1937	1936	1935	Aver. '27-'31	1937	1936	1935
	(000 omitted)				December 1		
					(% of normal)		
Colo.....	1,446	1,377	1,197	1,562	64	82	77
Kans.....	17,446	17,104	14,244	13,255	73	80	81
Mo.....	2,710	3,387	2,258	1,677	66	80	78
Nebr.....	4,721	4,412	3,474	3,667	71	58	74
N. Mex..	410	410	360	412	64	67	69
Okla.....	5,959	5,622	4,845	4,685	75	68	71
Wyo.....	227	239	285	166	68	68	70
7 States..	32,919	32,551	26,663	25,424	72	75	78
U. S.....	57,492	57,612	49,765	45,290	76	76	78

Rainfall as reported by the Weather Bureau:

	Nov. 1937		11 Mos. 1937	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	.51	.55	10.04	13.32
Leadville.....	2.09	.93	26.31	17.55
Pueblo.....	.19	.36	6.32	11.17
Lamar.....	.33	.53	6.63	15.44
Garnett.....	.08	.32	5.59	6.72
Steamboat Springs.....	3.38	1.49	27.31	21.16
KANSAS				
Topeka.....	1.34	1.52	18.67	32.57
Iola.....	1.20	2.22	33.10	36.78
Concordia.....	.20	.99	18.31	25.92
Salina.....	1.60	1.43	18.65	26.50
Wichita.....	.75	1.39	25.06	29.11
Hays.....	.40	1.01	17.68	23.07
Dodge City.....	.34	.73	12.38	19.94
Elkhart.....	.17	.84	7.02	16.97
Goodland.....	.20	.72	12.35	18.14
MISSOURI				
St. Joseph.....	1.22	1.58	26.72	34.27
Kansas City.....	1.33	1.83	23.89	35.78
Joplin.....	.95	2.77	33.74	41.83
NEBRASKA				
Omaha.....	.26	1.07	20.36	26.84
Lincoln.....	.14	1.07	19.19	26.99
Norfolk.....	.32	1.12	20.69	27.43
Grand Island.....	.05	1.04	22.78	26.31
McCook.....	.13	.78	15.79	19.13
North Platte.....	.06	.47	12.08	17.99
Bridgeport.....	.24	.43	8.94	15.71
Valentine.....	.17	.56	10.83	18.25
NEW MEXICO				
Clayton.....	.09	.72	11.67	15.90
Santa Fe.....	.12	.68	15.33	12.42
Farmington.....	Zero	.86	7.48	8.85
OKLAHOMA				
Tulsa.....	2.84	2.48	37.08	36.83
McAlester.....	4.26	2.84	38.70	40.66
Oklahoma City.....	2.47	1.87	22.38	29.65
Pauls Valley.....	1.75	2.32	34.78	33.10
Hobart.....	.40	1.66	25.06	26.97
Enid.....	.72	1.60	29.14	29.48
Woodward.....	.10	1.67	19.23	25.00
WYOMING				
Cheyenne.....	.90	.52	12.82	14.44
Casper.....	.80	.75	14.93	14.49
Lander.....	.57	.60	15.08	11.95
Sheridan.....	.70	.63	14.17	14.42

Grain Marketing

Marketings of corn showed a substantial seasonal increase in November, but receipts of most other grains declined, partly as a result of declining prices. Corn marketings were in unusually heavy volume, being more than double the November average for the past ten years. Wheat marketings were 22, barley 71, and kafir 58 per cent below the ten-year average while receipts of oats and rye were 9 and 77 per cent, respectively, above the average.

Receipts of grain at five markets in the District:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	(In thousands of bushels)					
Hutchinson.....	688	9	2	3	—	10
Kansas City.....	3,307	2,677	392	57	8	139
Omaha.....	604	4,040	292	69	61	—
St. Joseph.....	258	695	202	3	—	3
Wichita.....	843	60	—	1	—	10
Nov. 1937.....	5,700	7,481	888	133	69	162
Oct. 1937.....	8,145	3,216	1,139	167	178	131
Nov. 1936.....	5,670	3,422	713	62	164	218
11 Mos. 1937.....	173,314	22,552	14,084	1,351	1,834	844
11 Mos. 1936.....	123,789	35,560	13,958	913	2,714	1,408

Cash grain prices declined in November but have strengthened in the forepart of December. Further unfavorable reports concerning the Argentine wheat crop and the condition of domestic winter wheat, together with liberal export sales of corn and an increase in feeder demand for corn because of severe weather, were the principal strengthening influences.

Cash grain prices at Kansas City:

	Dec. 23 1937	Nov. 30 1937	Oct. 30 1937	Nov. 30 1936
No. 1 hd., dk., wheat, bu.....	\$.96¼	\$.92¾	\$1.01	\$1.25
No. 2 mixed corn, bu.....	.56¼	.52¼	.55½	1.10¾
No. 2 white oats, bu.....	.31	.31½	.32	.51
No. 2 rye, bu.....	.66¼	.67	.72	1.00
No. 2 barley, bu.....	.49	.48	.53	.90
No. 2 white kafir, cwt.....	.94	.87	.90	1.91

Live Stock**MARKETINGS**

Marketings of cattle, calves, and sheep declined seasonally in November and hog receipts showed a small seasonal increase. The decline in cattle receipts, however, was somewhat less than usual, and cattle marketings were not only about 9 per cent above the November average for the past ten years but also about 3 per cent above marketings in November of last year. Receipts of calves continue heavy, although slightly below a year ago, while marketings of hogs were about 50 and sheep 25 per cent below both the average and a year ago.

Live stock receipts at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	99,605	14,324	25,070	187,412
Kansas City.....	151,745	43,958	107,849	71,836
Oklahoma City.....	39,768	15,541	18,797	10,768
Omaha.....	143,665	27,228	112,779	80,580
St. Joseph.....	33,824	6,624	69,984	48,016
Wichita.....	26,034	8,854	14,967	9,921
Nov. 1937.....	494,641	116,529	349,446	408,533
Oct. 1937.....	547,811	133,818	311,440	1,030,158
Nov. 1936.....	479,643	119,463	679,914	519,346
11 Mos. 1937.....	4,281,604	918,843	3,299,265	7,093,789
11 Mos. 1936.....	4,267,952	849,264	5,066,566	6,830,666

PRICES

Live stock prices generally continued to decline in November, beef cattle and lambs reaching new lows for the year and hogs selling at the lowest November level in three years. However, prices of slaughter ewes and some classes of cattle advanced, and only hogs sold below a year ago. In the first three weeks of December, prices have been fairly steady as compared with those at the close of November, although much below November top prices established early in that month. The recent decline in live stock prices has been partly seasonal in nature, but it has been accentuated by an abnormally slow consumer demand for meats and unsettled business conditions in general. Trade reports indicate that the break in cattle prices occurred much sooner than was expected, and best

cattle have declined about \$5 or \$6 a hundredweight since the first of October. Hogs have declined as much as \$5.70 from their August high, but lamb prices, while currently far below their high of last spring, have declined only about \$3 since September.

Top live stock prices at the Kansas City market:

	Dec. 23 1937	Nov. 1937	Oct. 1937	Nov. 1936	Nov. 1935	Nov. 1934
	(In dollars per hundredweight)					
Beef steers.....	12.00	13.50	16.00	12.00	12.25	8.50
Stocker cattle.....	7.75	8.50	10.00	8.00	8.50	5.35
Feeder cattle.....	7.75	10.00	10.75	8.25	8.00	6.15
Calves.....	9.50	9.50	10.00	9.00	9.50	6.50
Hogs.....	8.15	9.40	11.45	9.55	9.65	6.60
Sheep.....	6.50	7.75	6.75	6.75	7.75	4.50
Lambs.....	8.50	10.15	10.75	9.25	11.10	7.00

STOCKERS AND FEEDERS

Shipments of stocker and feeder live stock declined seasonally in November. The countryward movement of cattle, calves, and sheep continued in heavier volume than a year ago, but, as in other recent months, shipments were below normal. Cattle shipments were 7 and sheep 22 per cent below the November average for the past ten years and hog shipments continue at an abnormally low level. Except in July and August, demand for stockers and feeders this season has been rather slow.

Stocker and feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	36,922	8,403	83	158,827
Kansas City.....	68,990	13,320	1,853	11,542
Omaha.....	49,074	10,043	763	17,416
St. Joseph.....	6,542	1,048	870	5,572
Nov. 1937.....	161,528	32,814	3,569	193,357
Oct. 1937.....	226,707	37,143	4,546	503,088
Nov. 1936.....	146,571	28,716	5,757	178,867
11 Mos. 1937.....	1,088,910	163,032	43,274	1,462,349
11 Mos. 1936.....	873,294	141,085	88,199	1,276,115

According to the Department of Agriculture, developments to December 1 gave further indication of a considerable increase in cattle and lamb feeding operations during the 1937-38 feeding season as compared with a year earlier, although numbers on feed will generally be somewhat below average. Lamb feeding operations are expected to be unusually heavy in the Scottsbluff area of Nebraska and in northern Colorado.

PIG CROP

The fall pig crop in this District was slightly larger than a year ago but the combined spring and fall crop was 19 per cent smaller because of the abnormally light spring crop. The larger fall crop, together with a prospective increase of 4 per cent in the number of sows to farrow next spring, reflects a resumption in the upward trend of hog production which had started in the fall of 1935 and had been checked by subsequent small corn crops.

The December survey of the Department of Agriculture:

	PIGS SAVED		SOWS FARROWED		*1938	1937
	Fall	1936	Spring	Spring		
	1937	1936	1937	1936	(In thousands)	
7 States.....	3,437	3,372	4,996	7,025	813	780
U. S.....	23,573	23,830	38,654	41,509	6,512	6,202
U. S.....					*Number indicated to farrow from breeding intentions reports.	

Farm Income

Cash farm income in the District was fractionally lower in October than in the preceding month although normally an increase occurs. Income also was about 4 per cent lower than in October of last year. The decrease from a year ago is accounted for mainly by substantially smaller Government payments since receipts from the sale of farm products were about 6 per cent higher than a year ago. In Missouri and Nebraska, however, income from the sale of farm products, as well as from Government payments, was smaller.

Farm income in this District for the first ten months of the year shows an increase of nearly 14 per cent over that in the corresponding period of 1936. All states in the District except Nebraska, where income from live stock has been greatly reduced, have shared in this increase. Receipts from the sale of crops have increased about 54 per cent and income from Government payments about 6 per cent, while income from the sale of live stock and its products is little changed from a year ago.

With prices received by farmers continuing to decline from the middle of October to the middle of November and prices paid by farmers for what they buy remaining the same, the purchasing power of farm products declined 4 points to 84 per cent. This ratio is 10 points lower than a year ago and the lowest recorded since July, 1935.

Income estimates of the Department of Agriculture:

	Crops	Live Stock and Products	Govt. Payments	Total
	(In thousands of dollars)			
Colorado.....	8,578	10,543	104	19,225
Kansas.....	9,216	15,200	332	24,748
Missouri.....	7,763	19,228	175	27,166
Nebraska.....	5,184	19,306	71	24,561
New Mexico.....	2,435	5,982	59	8,476
Oklahoma.....	10,046	7,874	159	18,079
Wyoming.....	2,195	8,249	31	10,475
Oct. 1937.....	45,417	86,382	931	132,730
Sept. 1937.....	47,105	84,712	1,118	132,935
Oct. 1936.....	44,401	79,302	13,588	137,791
10 Mos. 1937.....	359,461	644,775	71,333	1,075,569
10 Mos. 1936.....	233,116	645,397	67,359	945,872

Meat Packing

Cattle and hog slaughter increased and calf and sheep slaughter declined during November. The increase in cattle slaughter was contrary to the usual seasonal trend, with the result that cattle slaughter was 7 per cent above the November average during the past ten years. Calf slaughter was also above the average but the slaughter of all meat animals was much below a year ago, with that of hogs and sheep at an abnormally low level. The sharp reduction in slaughter from a year ago is reflected in the declining trend of cold storage stocks of meats and lard.

Packers' purchases at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	22,270	4,409	19,791	24,356
Kansas City.....	59,641	19,834	99,857	55,002
Oklahoma City.....	23,345	9,988	14,338	5,669
Omaha.....	69,403	16,143	90,014	57,839
St. Joseph.....	23,297	5,567	65,472	42,427
Wichita.....	13,934	4,127	13,746	4,185
Nov. 1937.....	211,890	60,068	303,218	189,478
Oct. 1937.....	201,611	71,204	280,753	242,918
Nov. 1936.....	239,432	77,636	589,609	244,530
11 Mos. 1937.....	2,080,132	628,298	2,916,708	3,305,855
11 Mos. 1936.....	2,441,271	646,770	4,241,325	3,154,830

Cold Storage Holdings

After allowing for the usual seasonal changes, United States cold storage holdings generally continued to decline during November, so that stocks of meats, lard, and butter are at abnormally low levels for this time of the year. Stocks of beef were 45, pork 31, lamb and mutton 47, miscellaneous meats 31, lard 57, and butter 21 per cent below the December 1 five-year average, while holdings of poultry are still 4, eggs about 46, and cheese 8 per cent above average.

United States cold storage holdings:

	Dec. 1 1937	Nov. 1 1937	Dec. 1 1936	Dec. 1 5-Yr. Av.
	(In thousands of units)			
Beef, lbs.....	53,402	43,897	152,769	96,385
Pork, lbs.....	305,940	266,414	463,400	444,375
Lamb and mutton, lbs.....	2,294	2,376	8,450	4,318
Poultry, lbs.....	108,787	76,208	149,391	104,677
Miscellaneous meats, lbs.....	49,917	42,210	94,611	71,976
Lard, lbs.....	33,974	39,477	103,765	79,268
Eggs, shell, cases.....	2,677	5,158	1,755	2,143
Eggs, frozen (case equiv.).....	3,451	3,823	1,895	2,045
Butter, creamery, lbs.....	66,208	98,624	88,866	83,444
Cheese, all varieties, lbs.....	108,519	112,687	114,706	100,454

Flour Milling

Operations at southwestern flour mills have declined seasonally, dropping from 74 per cent of capacity in October to 68 per cent in November and 65 per cent in the first three weeks of December. Output continues to be above the average of the past ten years although in recent months it has been slightly below that of a year ago. The amount of flour on mills' books is reported to be as heavy, if not heavier, than at this time last year, but shipping directions tend to come in less freely and operating time is now lower.

Flour production reported by the Northwestern Miller:

	Nov. 1937	Change from Oct. 1937 (In barrels)	Nov. 1936
Atchison.....	119,000	-11,000	-10,000
Kansas City.....	637,000	-16,000	+80,000
Salina.....	171,000	-28,000	-24,000
Wichita.....	187,000	-24,000	-18,000
Other cities.....	984,000	-94,000	-73,000
Southwest.....	2,098,000	-173,000	-45,000
United States*.....	5,611,000	-356,000	+406,000

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

Flour sales in the southwest have been dull since the middle of November, the year-end slump in sales as the inventory period approaches setting in somewhat earlier than usual, reflecting in part the large volume of sales made earlier in the fall. Flour and millfeed prices declined in November but have strengthened in December. Supplies of millfeeds are lighter and demand has increased because of the cold weather.

Petroleum

Daily average production of crude petroleum in the District showed a further decrease in November, bringing output down to within 4 per cent of the level of a year ago. Even so, output was still large, being 19 per cent above the November average during the past ten years, and state allowables have been further reduced for December because of a larger than anticipated curtailment in refinery operations occasioned by weakness in gasoline prices.

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

	November 1937		October 1937		November 1936	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colo.....	127	4.2	120	3.9	123	4.1
Kans.....	5,413	180.5	6,002	193.6	4,992	166.4
N. Mex.....	3,141	104.7	3,297	106.4	2,493	83.1
Okl.....	17,163	572.1	18,554	598.5	17,415	580.5
Wyo.....	1,650	55.0	1,578	50.9	1,414	47.2
5 States.....	27,494	916.5	29,551	953.3	26,437	881.3
U. S.....	105,148	3,504.9	110,911	3,577.8	91,018	3,033.9

Another decrease, the second in recent months, in the burdensome stocks of crude oil in Kansas and Oklahoma occurred in November, stocks in that area declining from 129,060,000 barrels on October 30 to 126,238,000 barrels on December 4. In the Rocky Mountain area, where stocks have been declining, there was a small increase.

Coal

Output of bituminous coal declined in November. As in the preceding month, production fell below a year ago, thus narrowing the gain for the year to date to 4 per cent over last year.

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

	Nov. 1937	Change from	
		Oct. 1937	Nov. 1936
		(In tons)	
Colorado.....	694,000	-11,000	-42,000
Kansas and Missouri.....	651,000	+14,000	+18,000
New Mexico.....	133,000	-17,000	-23,000
Oklahoma.....	202,000	-63,000	+1,000
Wyoming.....	574,000	-56,000	-39,000
Six states.....	2,254,000	-133,000	-85,000
United States.....	35,300,000	-5,375,000	-6,579,000

Zinc and Lead

Zinc and lead shipments from the Tri-State district declined further in November and the first two weeks of December, falling more than 20 per cent below shipments a year ago. Output continues to decline rapidly, with less than 40 mines and mills operating on normal schedules at the middle of December as compared with with more than 70 as recently as the middle of October.

Shipments estimated from Joplin News-Herald reports:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	10,666	\$ 357,717	1,040	\$ 58,449
Missouri.....	3,626	121,787	754	42,420
Oklahoma.....	18,703	626,341	3,418	194,977
Nov. 1937.....	32,995	\$ 1,105,845	5,212	\$ 295,846
Oct. 1937.....	38,421	1,456,664	5,510	368,169
Nov. 1936.....	42,404	1,352,214	6,572	378,757
11 Mos. 1937.....	436,979	17,777,888	59,441	4,248,203
11 Mos. 1936.....	400,158	12,690,952	48,173	2,437,882

Zinc prices declined \$5.00 a ton and lead \$7.50 in November and early in December, making a total decline of \$15.50 a ton for zinc and \$21.50 for lead since late in September. Prices are now the lowest they have been in more than a year, zinc bringing only \$32 and lead \$56 a ton.

Employment and Pay Rolls

Declines of nearly 4 per cent in employment and of better than 4 per cent in pay rolls from the middle of October to the middle of November have reduced employment and pay rolls to a level slightly below that at the middle of November last year.

Preliminary figures of the Department of Labor:

	November 1937	
	per cent change from October 1937	
	Employment	Pay Rolls
Colorado.....	-6.3	-3.7
Kansas.....	-1.6	-3.3
Missouri.....	-4.5	-6.2
Nebraska.....	-0.9	Zero
New Mexico.....	-1.6	-4.3
Oklahoma.....	-3.0	-5.4
Wyoming.....	-0.5	-1.0

Building

Following sizeable increases in the two preceding months, the value of building permits issued in eighteen District cities declined somewhat more than seasonally

in November. The value of permits fell 16 per cent below a year ago, narrowing the 1937 gain over 1936 for the year to date to 10 per cent.

Building permits issued by eighteen District cities:

	PERMITS		ESTIMATED COST	
	1937	1936	1937	1936
Albuquerque, N. Mex.....	52	87	\$ 89,000	\$ 416,000
Cheyenne, Wyo.....	27	41	32,000	66,000
Colorado Springs, Colo.....	61	44	28,000	44,000
Denver, Colo.....	484	414	398,000	504,000
Hutchinson, Kans.....	74	65	41,000	50,000
Joplin, Mo.....	14	18	21,000	38,000
Kansas City, Kans.....	24	34	39,000	29,000
Kansas City, Mo.....	110	147	163,000	158,000
Lincoln, Nebr.....	94	90	132,000	70,000
Oklahoma City, Okla.....	141	161	395,000	345,000
Omaha, Nebr.....	89	103	261,000	252,000
Pueblo, Colo.....	45	42	16,000	15,000
Salina, Kans.....	9	15	18,000	25,000
Shawnee, Okla.....	15	15	7,000	12,000
St. Joseph, Mo.....	16	38	5,000	36,000
Topeka, Kans.....	49	49	38,000	40,000
Tulsa, Okla.....	62	86	300,000	236,000
Wichita, Kans.....	141	168	112,000	154,000
November.....	1,507	1,617	\$ 2,095,000	\$ 2,490,000
October.....	2,212	2,232	3,938,000	3,868,000
Eleven months.....	22,032	19,833	39,321,000	35,692,000

Lumber

Retail lumber sales, measured in board feet, showed about the usual seasonal decline in November. As in the preceding month, sales were sharply lower than a year ago, the November decrease measuring nearly 23 per cent. Total sales for the first eleven months of the year now show a loss of more than 5 per cent as compared with sales in the same period of 1936.

November collections averaged 32.3 per cent of amounts receivable as compared with a ratio of 36.2 per cent in October and 40.3 per cent in November of last year.

Lumber trade at 155 retail yards in the District:

	November 1937	
	per cent change from October 1937	
	October 1937	November 1936
Sales of lumber, board feet.....	-14.1	-22.5
Sales of all materials, dollars.....	-18.6	-7.2
Stocks of lumber, board feet.....	-2.5	+12.4
Outstandings, dollars.....	-3.3	+19.8

Life Insurance

November life insurance sales were more than 10 per cent larger than a year ago, with the result that total sales so far this year are now nearly 4 per cent larger.

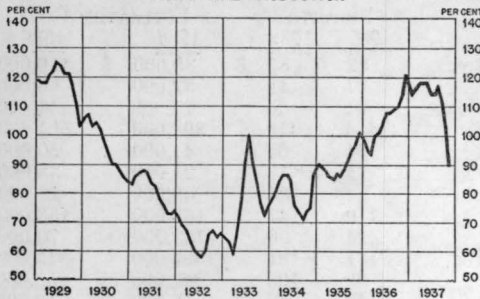
The Life Insurance Sales Research Bureau report:

	Change from		
	Nov. 1937	Oct. 1937	Nov. 1936
	(In thousands of dollars)		
Colorado.....	5,987	+73	+890
Kansas.....	8,098	+771	+1,740
Missouri.....	17,918	+932	+697
Nebraska.....	5,194	-46	-333
New Mexico.....	1,221	+176	+207
Oklahoma.....	8,691	+602	+1,219
Wyoming.....	1,141	+107	+50
Seven states.....	48,250	+2,615	+4,470
United States.....	573,345	-6,359	+10,880

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



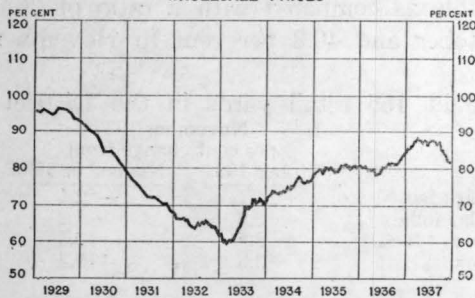
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1929 through November 1937.

FACTORY EMPLOYMENT AND PAYROLLS



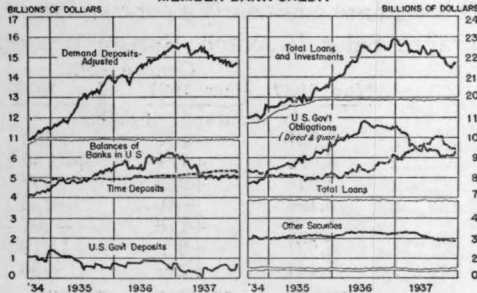
Indexes of number employed and pay rolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January 1929 through November 1937. Indexes compiled by the United States Bureau of Labor Statistics.

WHOLESALE PRICES



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By months, 1929 to 1931; by weeks, 1932 to date. Latest figure is for week ending December 18, 1937.

MEMBER BANK CREDIT



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, through December 15, 1937.

In November, volume of industrial production continued to decline sharply, and employment and pay rolls also decreased. During the first half of November commodity prices declined further but for the past month they have been steady.

PRODUCTION AND EMPLOYMENT

Volume of industrial output, as measured by the Board's seasonally adjusted index, declined from 103 per cent of the 1923-1925 average in October to 90 per cent in November, reflecting chiefly a sharp reduction in the manufacture of durable goods. There was a further curtailment of activity at steel mills and output for the month was at a rate of 38 per cent of capacity, a decline of one-third from October. In the first weeks of December steel production was at about 28 per cent of capacity. Output of lumber and plate glass also declined substantially in November, and automobile production showed considerably less than the usual seasonal increase. Production of nondurable goods, which had decreased by a substantial amount earlier this year, declined further in November, reflecting a continued reduction in output of textiles and shoes, partly offset in the total by an increase in activity at sugar refineries. Output of minerals, as well as manufactures, declined in November. There were marked decreases in output of bituminous coal and in iron ore shipments, while crude petroleum production continued in large volume.

Total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed little change in November and the first half of December. Awards for privately-financed projects declined, reflecting chiefly a further reduction in residential building, while contracts for publicly-financed work increased.

Employment and pay rolls at factories showed an unusually sharp decline between the middle of October and the middle of November, and there were decreases also in the number employed in trade and other nonmanufacturing lines. The Board's seasonally adjusted index of factory employment was at 94 per cent of the 1923-1925 average in November as compared with a level of 102 last summer and 96 in November last year. In the steel, machinery, lumber, and textile industries the number employed decreased by substantially more than the usual seasonal amount, and there was some decline at automobile factories, although an increase is usual at this season. There were declines also in the seasonally adjusted indexes for most other lines, except foods and tobacco which showed little change.

AGRICULTURE

Department of Agriculture estimates recently issued indicate that most crops will be about the same size as forecast earlier but that cash farm income will be lower than had been anticipated, largely because of price declines both for crops and live stock. Cash income in 1937 is expected to be \$8,500,000,000, as compared with \$7,918,000,000 in 1936. The increase over a year ago is due primarily to increased income from marketings of wheat, tobacco, and fruits and to larger Government payments.

DISTRIBUTION

Distribution of commodities to consumers, which earlier had been maintained, declined slightly in November. There was a slight decline in sales at department stores, and mail-order sales decreased considerably, while sales at variety stores showed little change. Preliminary information for the first half of December indicates that department store sales increased by approximately the usual seasonal amount.

Freight carloadings declined by considerably more than the seasonal amount in November and the Board's adjusted index for that month was 71 per cent of the 1923-1925 average as compared with 76 per cent in October and an average of 81 per cent in the first half of the year. The decline from October to November reflected principally marked decreases in loadings of coal and miscellaneous freight.

COMMODITY PRICES

The general level of wholesale commodity prices, which had declined sharply from the latter part of September to the third week of November, has shown little change since that time. Prices of nonferrous metals, leather, wool, textile yarns, and finished cotton goods have declined somewhat further in this period, while steel scrap, hides, rubber, cotton, print cloths, and bituminous coal have recently shown some advance.

BANK CREDIT

Excess reserves of member banks showed a small decline but for the first three weeks of December remained somewhat over \$1,000,000,000. The increase in demand for currency during December has been smaller than usual, reflecting largely the effects of the recent sharp decline in business activity and pay rolls.

Total loans and investments of reporting member banks in 101 leading cities increased somewhat during the four weeks ending December 15, reflecting a growth of \$190,000,000 in holdings of United States Government obligations, mostly in New York City. A factor in this increase was the purchase by banks of the December 15 issues of Government securities. Commercial loans, which had begun to decline in October, showed a further reduction.