

MONTHLY REVIEW

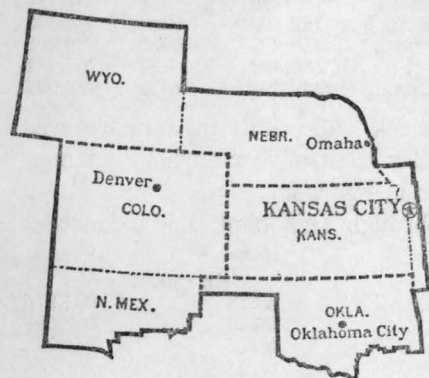
Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

Vol. 23, No. 2

FEDERAL RESERVE BANK OF KANSAS CITY

FEBRUARY 28, 1938



With the approach of spring the chief interest in the Tenth District is in another growing season. This District has been in the heart of the drought-stricken area and this protracted drought has made profound changes in certain crop and live stock conditions.

The accompanying charts show the changes in wheat and corn and hogs and cattle in the seven states. The solid line shows production or numbers and the broken line shows value. The value, of course, is the product of the solid line and the average price.

Short corn crops and increased wheat acreage account for the changes in production of corn and wheat. Farmers are experiencing better results with wheat as it matures before the extreme heat and dry weather of late summer. The value of wheat has risen with production which indicates steady prices resulting from low world supplies.

On page 7 will be found a table showing the number of live stock

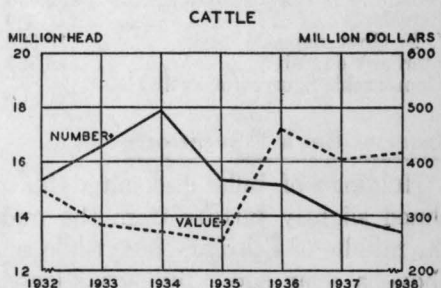
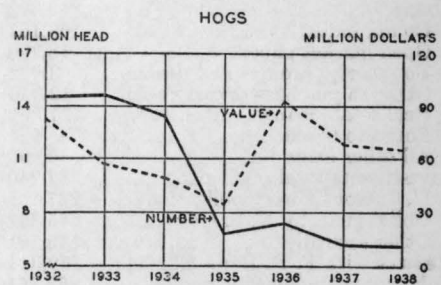
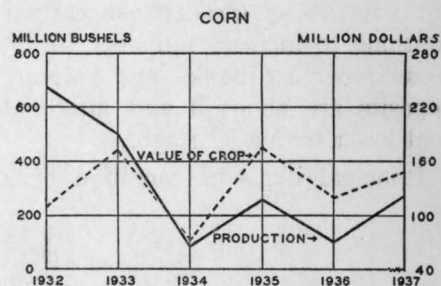
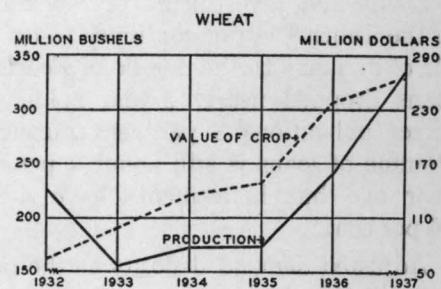
on farms in these states. The largest reductions in hogs have occurred in Nebraska and Kansas. These two states also account for the bulk of the decline in cattle, although New Mexico and Wyoming also show large declines.

The charts also emphasize the great importance of prices. Corn production in recent years is only a third of the large crop of 1932, but the value is greater. Hog numbers are only 40% of what they were and cattle numbers are down greatly since 1934, yet higher prices have more than compensated for reduced numbers. Recent changes in the charts also show how the present sharp business recession with its serious decline in raw-material prices has affected the value of farm products.

The broken lines showing value also make it clear why farm income in these states has risen in recent years. Farm income in 1932 was only half that of the years preceding 1930. It has risen about 75% since 1932, a further rise depending on future production and prices.

The approaching growing season will naturally bring important changes in this picture. The number of hogs is closely related to corn production and this question at the moment is of greatest interest to Nebraska. The shift from corn to wheat has been most marked in Kansas and while this state has one of its largest wheat acreages the condition of the crop is only fair.

Grain and Live Stock Seven States in the Tenth District



Summary

Generous moisture in the third week of February has greatly improved the outlook for winter wheat and ranges and pastures in the District. Retail sales are somewhat lower than a year ago and wholesale sales are sharply lower. Construction activity is also much below a year ago. Output of flour is smaller but live stock slaughter and petroleum production are little changed from last year. Grain and live stock marketings are in moderate volume at recently higher prices. Demand deposits are down slightly and both loans and investments continue to decline. Employment is about 6 and pay rolls 3 per cent below a year ago.

Member Bank Operations

Loans and investments of reporting member banks in the Tenth District continued to decline from the middle of January to the middle of February. Commercial loans dropped nearly 5 and holdings of Government direct obligations 3 per cent during the four weeks. Volume of loans is still about 7 per cent larger than a year ago but investments have declined more than 16 per cent.

Adjusted demand deposits at the middle of February were slightly higher than a month earlier. Correspondent balances of these banks carried with other banks continue to increase but deposits of other banks with these reporting banks are lower. Adjusted demand deposits are about 3 and interbank deposits 13 per cent lower than a year ago.

Principal items of condition of 51 member banks:

	Change from		
	Feb. 16 1938	Jan. 19 1938	Feb. 17 1937
	(In thousands of dollars)		
Loans and investments-total.....	647,742	-13,339	-59,529
Loans-total.....	260,002	-9,081	+16,188
Coml., indust., agric.....	163,167	-8,259	*
Open market paper.....	18,700	+268	*
To security brokers and dealers.....	3,772	-104	-1,702
Other to purchase or carry secur.....	12,355	-73	*
Real estate loans.....	21,001	+152	+2,575
Loans to banks.....	514	-184	-954
All other loans.....	40,493	-881	*
Investments-total.....	387,740	-4,258	-75,717
U. S. Govt. direct obligations.....	227,183	-6,308	-48,117
Oblig. guar. by U. S. Govt.....	45,396	+1,055	-3,347
Other securities.....	115,161	+995	-24,253
Reserve with F. R. Bank.....	169,314	+1,200	+21,301
Balances with domestic banks.....	235,361	+11,452	-18,845
Demand deposits-adjusted.....	485,990	+5,206	-13,761
Time deposits.....	144,680	-276	-1,493
U. S. Govt. deposits.....	13,586	-20	+4,651
Interbank deposits.....	346,761	-6,584	-51,534

*Comparable figures not available.

Reserve Bank Operations

Holdings of bills discounted for member banks declined slightly further from the middle of January to the middle of February but, while small, continue much above a year ago. Industrial loans, which had been

declining almost steadily since early in 1936, rose slightly during the four weeks. Federal Reserve note circulation of this bank is higher than a month ago although about 4¼ million dollars below the peak of last December.

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

	Change from		
	Feb. 16 1938	Jan. 19 1938	Feb. 17 1937
	(In thousands of dollars)		
Total reserves.....	295,762	+4,248	+33,436
Bills discounted.....	870	-122	+811
Bills purchased.....	16	Zero	-71
Industrial advances.....	488	+27	-269
Commit. to make indust. adv.....	99	-2	-114
U. S. Government securities.....	132,104	Zero	+5,503
Total resources.....	469,902	+6,789	+38,203
F. R. notes in circulation.....	165,392	+84	+5,431
Member bank reserve deposits.....	242,324	-654	+22,092

Dollar volume of check collections in January was about 4 per cent smaller than a year earlier and continues below a year ago in February.

Check collections through this bank and branches:

	Amount	
	Items	(In thousands)
January 1938.....	5,628	\$ 902,975
December 1937.....	6,316	1,002,096
January 1937.....	5,422	944,733

Bank Debits

Debits to individual accounts by banks in reporting centers of the District were about 7 per cent smaller in January than a year ago as compared with a decrease of nearly 19 per cent for the country as a whole.

Payments by check in thirty District cities:

	Change from		
	Jan. 1938	Dec. 1937	Jan. 1937
	(In thousands of dollars)		
Albuquerque, N. Mex.....	14,027	-2,476	-887
Atchison, Kans.....	2,989	-881	-716
Bartlesville, Okla.....	27,332	-7,088	+1,482
Casper, Wyo.....	6,138	-905	+369
Cheyenne, Wyo.....	7,520	-1,717	-716
Colorado Springs, Colo.....	14,591	-1,428	-1,935
Denver, Colo.....	148,227	-22,696	-26,806
Emporia, Kans.....	3,184	-82	-385
Enid, Okla.....	11,331	+141	+1,489
Fremont, Nebr.....	2,399	-356	+89
Grand Junction, Colo.....	3,509	-450	-50
Guthrie, Okla.....	1,870	-175	-51
Hutchinson, Kans.....	10,885	-1,238	-1,523
Independence, Kans.....	3,120	+338	+194
Joplin, Mo.....	9,722	-967	-205
Kansas City, Kans.....	18,049	+944	+818
Kansas City, Mo.....	311,993	-41,439	-37,811
Lawrence, Kans.....	3,720	-554	+102
Lincoln, Nebr.....	26,887	-4,063	-1,067
Muskogee, Okla.....	8,278	-654	-720
Oklahoma City, Okla.....	110,079	-11,955	-2,560
Oklmulgee, Okla.....	2,612	-584	-332
Omaha, Nebr.....	141,924	-15,893	-8,614
Pittsburg, Kans.....	4,273	-657	-44
Pueblo, Colo.....	15,060	-3,374	-5,898
Salina, Kans.....	8,332	-2,738	-61
St. Joseph, Mo.....	28,984	+1,605	-1,582
Topeka, Kans.....	17,207	+965	-3,077
Tulsa, Okla.....	154,639	-37,587	+8,739
Wichita, Kans.....	46,762	-1,849	-647
District, 30 cities.....	1,165,643	-157,813	-82,405
U. S., 141 cities.....	32,073,499	-7,029,090	-7,405,278

Trade

DEPARTMENT STORE SALES

Dollar volume of sales at reporting department stores in the District declined by about the usual seasonal amount from December to January and was little changed from that in January of last year. Preliminary reports for the first three weeks of February indicate a decrease of 8 per cent from sales in the corresponding period of 1937. Sales are fair in Oklahoma but are generally sharply lower elsewhere in the District. Retail prices continued to decline through January, falling below a year earlier for the first time since October, 1935.

Stocks of merchandise declined by somewhat more than the usual seasonal amount during January and are about 4 per cent lower than a year ago. Collections on open accounts averaged 46.0 per cent of receivables in January as compared with a ratio of 46.7 per cent a year earlier, while installment collections averaged 14.2 and 14.5 per cent, respectively.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS	
		Jan.'38 comp.to Jan.'37	Dec.31,'37	Jan.31,'38 comp. to Jan.31,'37	Jan.31,'37
		(Per cent increase or decrease)			
Denver.....	4	-3.1	-1.8	-1.3	
Kansas City.....	4	-3.7	-4.5	-14.8	
Oklahoma City.....	3	+5.5	-11.5	+1.3	
Omaha.....	3	-1.9	-12.0	+1.6	
Tulsa.....	4	+11.0	-7.7	-1.3	
Wichita.....	3	-1.7	-12.6	+0.7	
Other cities.....	18	+0.2	-7.2	-5.8	
District.....	39	-0.6	-6.5	-4.3	

RETAIL SALES

January sales of independent retail stores in the District were about 5 per cent lower than a year ago. However, Oklahoma sales were somewhat better than last year and sales at apparel, department, furniture, and hardware stores in Kansas and Missouri showed increases.

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

	Jan. 1938 per cent change from Jan. 1937				
	Colo.	Kans.	Mo.	Nebr.	Okla.
Apparel.....	+0.4	+4.6	-1.9	-4.8	+4.0
Country general.....	-9.3	-9.1	-6.1	-14.0	-4.5
Department.....	-0.5	+7.2	+0.8	-4.4	+6.1
Drug.....	-7.2	-3.4	-1.1	-6.6	+6.6
Furn. and appliances ..	-4.4	+16.7	+1.8	-17.9	+9.9
Grocery.....	-5.5	-11.3	-10.4	-8.6	-9.4
Hardware.....	-2.4	+2.9	+5.0	-3.5	+18.1
Lbr. and bldg. mtls.....	-2.2	-4.7	-3.5	-22.0	+54.8
Motor vehicle.....	-28.7	-6.7	-30.6	-10.3	+15.2
Total.....	-9.1	-3.6	-4.9	-8.1	+6.8

Department of Commerce figures of retail sales in 1937 in larger centers of the District are now available. These figures, shown in the table below, cover the larger independent stores in approximately twenty kinds of business.

Retail sales reported by the Department of Commerce:

	No. of Firms	Sales		
		1937	1936	Change (%)
(In thousands of dollars)				
COLORADO				
Denver.....	53	8,384.9	8,793.6	-4.6
Pueblo.....	29	4,081.6	3,849.3	+6.0
Colorado Springs.....	34	3,241.7	2,933.5	+10.5
Boulder.....	21	1,405.6	1,394.1	+0.8
Fort Collins.....	12	1,149.4	1,137.5	+1.0
Greeley.....	14	2,116.8	2,155.2	-1.8
KANSAS				
Kansas City.....	25	1,240.4	1,335.8	-7.1
Wichita.....	28	4,151.5	4,131.6	+0.5
Topeka.....	23	4,307.4	4,153.3	+3.6
Hutchinson.....	13	1,872.4	1,889.2	-0.9
Lawrence.....	13	940.5	929.0	+1.2
Pittsburg.....	12	963.0	953.0	+1.0
MISSOURI				
Kansas City.....	90	23,799.3	22,885.0	+4.0
St. Joseph.....	31	3,294.2	3,464.1	-4.9
Joplin.....	18	3,980.7	3,834.6	+3.8
NEBRASKA				
Omaha.....	49	11,767.7	12,373.7	-4.9
Lincoln.....	32	6,372.4	6,256.2	+1.9
NEW MEXICO				
Albuquerque.....	12	2,980.4	2,746.4	+8.5
OKLAHOMA				
Oklahoma City.....	28	12,221.2	11,803.7	+3.5
Tulsa.....	13	5,473.3	5,319.0	+2.9
Muskogee.....	13	1,320.9	1,253.4	+5.4
WYOMING				
Casper.....	17	2,857.7	2,843.3	+0.5
Sheridan.....	16	1,207.4	1,199.4	+0.7

WHOLESALE SALES

The value of January wholesale sales in this District was about 19 per cent lower than in the preceding month and 11 per cent lower than in January of last year. Sales of nearly all groups declined during the month and only groceries and paper showed an increase over a year ago. Wholesale prices continued to decline in January and the first week of February.

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

	No. of Firms	SALES		STOCKS	
		Jan.'38 comp.to Jan.'37	Dec.31,'37	Jan.31,'38 comp. to Jan.31,'37	Jan.31,'37
		(Per cent increase or decrease)			
Automotive supplies.....	3	-34.1	-	-	-
Drugs.....	8	-8.3	+3.6	-3.7	-
Dry goods.....	3	-22.4	-	-	-
Electrical goods.....	11	-4.3	+2.6	+4.7	-
Groceries.....	8	+4.6	-	-	-
Hardware					
General.....	5	-15.8	+3.8	-0.5	-
Industrial supplies.....	6	-52.0	-0.9	+4.4	-
Plbg. & htg. supplies..	4	Zero	-	-	-
Paper.....	3	+0.8	-	-	-
All other lines.....	9	-0.3	+1.5	+16.2	-
Total.....	60	-11.2	+2.0	+7.0	-

Lumber

Board feet sales of lumber at reporting retail yards in the District increased 12 per cent from December to January but fell slightly below sales in January of last year.

Collections on amounts outstanding averaged 33.0 per cent in January, 34.5 per cent in December, and 40.1 per cent a year ago.

Lumber trade at 155 retail yards in the District:

	January 1938 per cent change from	
	December 1937	January 1937
Sales of lumber, board feet....	+12.3	-2.4
Sales of all materials, dollars	+12.5	-2.5
Stocks of lumber, board feet..	+0.7	-5.1
Outstandings, dollars.....	-3.3	+18.0

Building

In January construction awards dropped 21 per cent under a year ago, largely as a result of sharply lower residential awards. Awards for other types of building showed little change.

Construction figures of the F. W. Dodge Corporation:

	TENTH DISTRICT		37 EASTERN STATES	
	Total	Residential	Total	Residential
(In thousands of dollars)				
January 1938.....	7,631	1,474	195,472	36,207
December 1937.....	8,554	1,226	209,451	43,480
January 1937.....	9,694	3,486	242,827	78,407

The value of building permits issued in reporting District cities during January was 14 per cent greater than in the preceding month and 8 per cent greater than in January of last year.

Building permits issued by eighteen District cities:

	PERMITS		ESTIMATED COST	
	1938	1937	1938	1937
Albuquerque, N. Mex.....	42	40	\$ 52,000	\$ 85,000
Cheyenne, Wyo.....	31	15	50,000	16,000
Colorado Springs, Colo.....	38	29	41,000	32,000
Denver, Colo.....	262	197	265,000	228,000
Hutchinson, Kans.....	45	27	239,000	8,000
Joplin, Mo.....	7	12	7,000	33,000
Kansas City, Kans.....	17	8	7,000	4,000
Kansas City, Mo.....	104	140	278,000	241,000
Lincoln, Nebr.....	63	28	43,000	27,000
Oklahoma City, Okla.....	170	146	462,000	303,000
Omaha, Nebr.....	38	19	26,000	71,000
Pueblo, Colo.....	36	26	25,000	58,000
Salina, Kans.....	11	3	26,000	9,000
Shawnee, Okla.....	15	5	8,000	2,000
St. Joseph, Mo.....	10	13	6,000	13,000
Topeka, Kans.....	30	18	33,000	19,000
Tulsa, Okla.....	68	60	94,000	419,000
Wichita, Kans.....	127	57	155,000	112,000
January.....	1,114	843	\$1,817,000	\$1,680,000

Employment and Pay Rolls

Employment and pay rolls in the District declined about 7 per cent from December to January. Employment was about 6 per cent lower than a year ago but pay rolls show a decrease of only 3 per cent.

Preliminary figures of the Department of Labor:

	January 1938 per cent change from	
	Employment	Pay Rolls
Colorado.....	-14.7	-15.8
Kansas.....	-4.1	-3.4
Missouri.....	-5.2	-4.3
Nebraska.....	-9.7	-7.4
New Mexico.....	-6.0	-8.9
Oklahoma.....	-2.5	-3.2
Wyoming.....	-8.8	-21.7

Meat Packing

Cattle slaughter in January was about 5 and hog slaughter about 19 per cent heavier than a year ago, while calf and sheep slaughter showed decreases of 24 and 16 per cent, respectively. Hog slaughter, notwithstanding the increase, still was 37 per cent below the January ten-year average and sheep slaughter was 20 per cent below average. Cattle slaughter exceeded the average by about 2 and calf slaughter by 7 per cent.

Packers' purchases at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	15,744	3,265	32,486	28,916
Kansas City.....	60,216	15,295	163,920	74,353
Oklahoma City.....	27,516	10,147	29,178	8,341
Omaha.....	68,329	7,428	175,192	90,066
St. Joseph.....	23,536	3,998	73,494	83,377
Wichita.....	12,808	4,510	21,704	13,183
Jan. 1938.....	208,149	44,643	495,974	298,236
Dec. 1937.....	188,977	44,791	383,200	219,629
Jan. 1937.....	198,679	58,769	415,703	353,182

Petroleum

Daily average production of crude petroleum continues to decline, reflecting the adjustment of crude output to refinery operations that have been greatly curtailed because of mounting gasoline stocks and weakness in prices of refined products. With a further reduction in output, stocks of crude petroleum are tending downward. January production, while about 4 per cent lower than a year ago, was still high, being 18 per cent above the January ten-year average.

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

	January 1938		December 1937		January 1937	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
(In thousands of barrels)						
Colo.....	136	4.4	133	4.3	112	3.6
Kans.....	5,567	179.5	5,529	178.4	5,300	171.0
N. Mex.....	3,320	107.1	3,370	108.7	2,774	89.5
Okla.....	16,860	543.9	17,653	569.5	18,767	605.4
Wyo.....	1,524	49.2	1,509	48.7	1,439	46.4
5 States.....	27,407	884.1	28,194	909.6	28,392	915.9
U. S.....	106,514	3,436.0	106,579	3,438.0	98,567	3,179.6

Leasing activity is widespread in western Kansas at the present time. A large number of leases in Kansas already in effect bear 1938 expiration dates and indicate that many wells will be drilled this year.

Flour Milling

January output at southwestern flour mills was 7 per cent smaller than in the preceding month and nearly 13 per cent less than a year ago, production falling 8 per cent under the January ten-year average. With a small volume of new business and only fair shipping directions on flour already contracted for, much of it at higher prices than those now prevailing, milling operations are averaging little better than 63 per cent of full-time capacity. Recent advances in flour prices, however,

have improved shipping directions somewhat. Prices for by-product millfeeds also are higher.

Flour production reported by the Northwestern Miller:

	Jan. 1938	Change from	
		Dec. 1937	Jan. 1937
		(In barrels)	
Kansas City.....	566,000	-41,000	+11,000
Salina.....	152,000	-36,000	-24,000
Wichita.....	162,000	-24,000	-36,000
Other cities*.....	996,000	-44,000	-220,000
Southwest.....	1,876,000	-145,000	-269,000
United States**.....	5,055,000	-241,000	-370,000

*Includes Atchison heretofore carried separately.

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

Zinc and Lead

January shipments of zinc from the Tri-State district were little changed from a year ago but lead shipments increased about 27 per cent. Lead ore production is at a good rate and output of zinc, while considerably below normal, is increasing.

Shipments estimated from Joplin News-Herald reports:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	11,948	\$ 348,150	1,175	\$ 62,534
Missouri.....	3,077	89,633	744	39,343
Oklahoma.....	17,095	498,110	1,661	88,409
Jan. 1938.....	32,120	\$ 935,893	3,580	\$190,286
Dec. 1937.....	36,916	1,082,670	7,763	410,309
Jan. 1937.....	31,909	1,107,631	2,825	195,704

Lead prices had risen about \$2 a ton in the first two weeks of January but declined almost \$6 in the second week of February when zinc prices also dropped \$2 a ton. Prices of both ores are substantially lower than a year ago.

Farm Income

Final figures for 1937, shown in the accompanying table, indicate that receipts from the sale of crops furnished about 32, live stock and its products about 62, and Government rental and benefit payments about 6 per cent of total cash farm income in the District. Comparable percentages for the United States are 46, 50, and 4, respectively. However, in Missouri, Nebraska Wyoming, and New Mexico, the proportion of total income received from live stock was about 70 per cent or better, and in Kansas and Oklahoma the proportion received from crops exceeded 40 per cent.

Income estimates of the Department of Agriculture:

	Crops	Live Stock and Products (In thousands of dollars)	Govt. Payments	Total
				1937
Colorado.....	49,669	90,907	4,974	145,550
Kansas.....	142,728	176,352	18,512	337,592
Missouri.....	64,331	193,594	13,298	271,223
Nebraska.....	60,801	173,641	17,468	251,910
New Mexico.....	12,504	35,811	3,067	51,382
Oklahoma.....	76,570	85,348	14,665	176,583
Wyoming.....	11,725	40,064	1,307	53,096
Seven states.....	418,328	795,717	73,291	1,287,336
United States.....	3,882,000	4,272,000	367,000	8,521,000

Crops

The moisture situation has improved materially with the rains, sleet, and snow which fell over many sections of the District in the third week of February. Unusually high temperatures were starting winter wheat and precipitation was urgently needed to prevent a rapid decline in condition, subsoil moisture being short generally and surface moisture being acutely deficient in western Kansas and adjoining parts of other states where the crop has been damaged by high winds and soil blowing. Since last fall, precipitation in Nebraska and Kansas has been more than 30 per cent below normal. While a large part of the wheat acreage in southwestern Kansas has already been completely destroyed or is in very poor condition, the crop is fair to good in the eastern parts of Nebraska and Kansas and in central Oklahoma where wheat got a better start last fall and has had the benefit of fairly satisfactory moisture.

Grain Marketing

Marketings of wheat and corn during January, while about 19 and 12 per cent, respectively, below the January average of the past ten years, were substantially heavier than a year ago. Receipts of oats were sharply lower than a year ago but, even so, were 11 per cent above average. In view of the relatively small farm reserves of grains in this District on January 1 when compared with average holdings from 1928 to 1932, marketings were generally in good volume.

Receipts of grains at five markets in the District:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	(In thousands of bushels)					
Hutchinson.....	763	1	—	4	—	9
Kansas City.....	3,515	2,136	190	60	8	207
Omaha.....	655	2,349	318	106	8	—
St. Joseph.....	370	730	472	1	—	9
Wichita.....	1,176	30	—	5	—	12
Jan. 1938.....	6,479	5,246	980	176	16	237
Dec. 1937.....	6,411	7,372	774	216	100	92
Jan. 1937.....	3,907	2,307	1,302	15	57	97

Cash grain prices had strengthened in December and wheat prices continued to increase in January, influenced principally by unfavorable domestic crop prospects and firmer markets abroad, but corn prices lost much of their December advance with a slackening in export demand. Federal corn loans up to the first week of January averaged slightly less than 49 cents per bushel. In the first three weeks of February, wheat and corn prices showed little net change.

Cash grain prices at Kansas City:

	Feb. 23	Jan. 31	Dec. 31	Jan. 30
	1938	1938	1937	1937
No. 1 hard, dark wheat, bu.....	\$.99½	\$.99¼	\$.94¾	\$1.31½
No. 2 mixed corn, bu.....	.55¾	.55	.58	1.18½
No. 2 white oats, bu.....	.32½	.32	.31½	.55
No. 2 rye, bu.....	.71½	.70	.68	1.10
No. 2 barley, bu.....	.56	.55	.49	.92
No. 2 white kafir, cwt.....	.88	.92	.97	2.04

Live Stock

MARKETINGS

Marketings of cattle in January were about 2 and hogs 17 per cent heavier than in January of last year, but receipts of calves and sheep fell 9 and 17 per cent, respectively, below a year ago. Cattle marketings were 6, hogs 44, and sheep 19 per cent below the January ten-year average, while calf receipts exceeded the average by 19 per cent. Plentiful feed supplies have prevented any forced liquidation of live stock such as in recent drought periods but a rather large volume of fed cattle and lambs is moving to market from Colorado and western Nebraska.

Live stock receipts at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	45,492	7,221	46,457	126,129
Kansas City.....	118,239	25,159	173,405	108,616
Oklahoma City.....	40,921	16,493	33,435	10,968
Omaha.....	97,806	9,158	197,902	119,922
St. Joseph.....	30,553	4,815	81,175	91,030
Wichita.....	23,911	5,164	23,702	13,916
Jan. 1938.....	356,922	68,010	556,076	470,581
Dec. 1937.....	330,770	64,048	441,442	328,803
Jan. 1937.....	349,418	74,555	474,422	565,583

PRICES

Prices of beef steers, feeder cattle, and lambs continued to decline throughout the greater part of January, while prices of hogs and stocker cattle advanced. The top price for cattle was the lowest for any January since 1934, for hogs since 1935, and for lambs since 1933. The present margin between stocker and feeder cattle and fat cattle is unusually narrow and beef steers and heavy hogs are selling at a discount. Reflecting the improved feed situation, prices of stocker cattle are only slightly lower and stock pigs are even higher than a year ago in contrast with the sharp decline in prices of slaughter live stock. Contributing to the lower prices of slaughter live stock are declines of 30 per cent from a year ago in prices of hides and lard and a decrease of 40 per cent in wool prices. In the first three weeks of February, cattle and lamb prices recovered most of their January loss and hog prices were little changed.

Top prices of live stock at the Kansas City market:

	Feb. 23 1938	Jan. 1938	Dec. 1937	Jan. 1937	Jan. 1936	Jan. 1935
	(In dollars per hundredweight)					
Beef steers.....	9.25	10.00	11.25	14.00	12.50	13.00
Stocker cattle.....	8.35	8.25	7.65	8.35	9.00	7.60
Feeder cattle.....	8.00	7.75	8.20	9.50	9.00	8.50
Calves.....	10.00	9.50	9.50	12.00	11.00	10.00
Hogs.....	8.75	8.85	8.40	10.50	10.40	8.30
Sheep.....	5.25	5.75	6.60	8.00	8.00	7.35
Lambs.....	8.10	8.35	9.25	10.65	10.85	9.35

STOCKERS AND FEEDERS

Shipments of stocker and feeder live stock to the country during January were unusually light, shipments of cattle falling 20, calves 4, hogs 58, and sheep 38 per cent below the January ten-year average. Only

hogs moved to the country in larger numbers than in January of last year. The hog-corn ratio remains favorable but cattle and lambs are being marketed from some of the principal western feeding areas at losses of as much as \$35 to \$40 a head for cattle and \$2 to \$3 for lambs, feeders having purchased thin stock last year at a higher price than that which the finished animal now brings on the market.

Stocker and feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	17,313	3,805	113	6,663
Kansas City.....	33,361	4,492	1,515	16,845
Omaha.....	11,408	1,568	991	13,212
St. Joseph.....	3,483	755	745	6,421
Jan. 1938.....	65,565	10,620	3,364	43,141
Dec. 1937.....	69,545	9,479	3,109	38,324
Jan. 1937.....	70,139	10,764	3,159	57,813

Approximately 1,265,000 lambs were reported left in feed lots of the Northern Colorado, Arkansas Valley, and Scottsbluff feeding areas on February 5 as compared with 1,100,000 a year ago and 1,295,000 two years ago. Of this total, Northern Colorado had 735,000 head, the Arkansas Valley 165,000 head, and the Scottsbluff section 365,000 head.

The generally mild, open winter has permitted good use of ranges and pastures, and supplemental feeding of live stock has not been heavy except in limited areas of extremely short feed. Range feed continues rather poor over much of the western parts of Nebraska, Kansas, and Oklahoma and in eastern Colorado because of the prolonged shortage of soil moisture. Wheat pastures have provided but little pasturage in Oklahoma, western Kansas, and eastern New Mexico.

The mild weather has been unusually favorable for live stock and cattle and sheep on the range are wintering well. Except in the driest portions of the Great Plains, live stock is in good condition, with less than the usual shrinkage reported in marked contrast to the heavy shrinkage during the severe weather of January, 1937. Death losses have been light.

LIVE STOCK ON FARMS

The number of all cattle and calves on District farms showed a further decline of about 4 per cent from January 1, 1937, to January 1, 1938, milk cows and heifers 3, hogs 0.5, horses and colts 4, and mules and mule colts 5 per cent. The decline in hog numbers was in contrast with an increase of better than 3 per cent for the United States and decreases in numbers of other live stock were relatively larger in this District than in the country as a whole. The number of sheep, including sheep and lambs in feed lots, increased 4 per cent as compared with an increase of 0.6 per cent for the United States. The value of all cattle was 4, milk cows 8, and sheep 7 per cent larger than a year ago. The value of hogs was 4, horses 17, and mules 13 per cent lower.

FEDERAL RESERVE BANK OF KANSAS CITY

LIVE STOCK ON FARMS JANUARY 1
Estimated by the United States Department of Agriculture

Number, in thousands of head

Value, in thousands of dollars

	ALL CATTLE AND CALVES									
	*1938	1937	1936	1935	1934	*1938	1937	1936	1935	1934
Colorado.....	1,554	1,570	1,510	1,590	1,773	48,987	50,579	45,720	25,914	25,709
Kansas.....	2,607	2,834	3,149	3,386	3,860	80,988	82,731	94,971	56,776	58,672
Missouri.....	2,497	2,472	2,658	2,531	2,875	86,570	74,575	88,032	45,852	44,275
Nebraska.....	2,824	3,037	3,491	3,232	3,980	90,535	93,838	119,715	58,193	69,650
New Mexico.....	997	1,039	1,039	1,101	1,560	27,270	28,460	29,139	17,148	22,152
Oklahoma.....	2,139	2,252	2,422	2,633	2,750	56,197	48,622	55,514	33,526	30,525
Wyoming.....	820	781	849	858	1,050	26,466	23,423	26,833	14,645	16,800
Seven states.....	13,438	13,985	15,118	15,331	17,848	417,013	402,228	459,924	252,054	267,783
United States.....	65,930	66,448	67,929	68,529	74,262	2,415,690	2,264,168	2,315,847	1,385,948	1,320,340

	MILK COWS AND HEIFERS KEPT FOR MILK									
	*1938	1937	1936	1935	1934	*1938	1937	1936	1935	1934
Colorado.....	245	253	248	270	300	11,270	11,638	10,416	6,750	6,600
Kansas.....	765	805	866	921	967	34,425	33,005	36,372	22,104	21,274
Missouri.....	955	946	1,017	1,017	1,097	42,020	35,948	41,697	22,374	20,843
Nebraska.....	629	684	720	750	820	30,192	30,780	35,280	20,250	21,320
New Mexico.....	76	76	76	75	81	2,888	3,268	3,420	2,025	2,025
Oklahoma.....	713	728	766	798	838	26,381	21,840	23,746	14,364	13,408
Wyoming.....	68	70	70	69	78	3,400	3,220	3,290	1,932	2,106
Seven states.....	3,451	3,562	3,763	3,900	4,181	150,576	139,699	154,221	89,799	87,576
United States.....	24,902	24,991	25,439	26,069	26,931	1,355,926	1,259,207	1,253,427	786,612	727,039

	SWINE, INCLUDING PIGS									
	*1938	1937	1936	1935	1934	*1938	1937	1936	1935	1934
Colorado.....	253	298	259	268	440	2,485	3,369	3,452	1,386	1,496
Kansas.....	788	874	1,248	1,200	2,430	7,652	9,615	13,862	5,762	8,384
Missouri.....	2,622	2,622	2,760	2,400	4,113	27,239	24,744	31,263	10,788	14,190
Nebraska.....	1,598	1,567	2,238	2,034	5,010	19,564	22,088	32,999	12,391	21,543
New Mexico.....	80	72	64	58	67	775	808	681	258	241
Oklahoma.....	763	700	824	800	1,180	6,246	5,756	9,336	3,139	3,245
Wyoming.....	44	44	42	49	87	497	517	588	229	300
Seven states.....	6,148	6,177	7,435	6,809	13,327	64,458	66,897	92,181	33,953	49,399
United States.....	44,418	42,948	42,837	39,004	58,621	498,025	510,504	544,911	246,196	239,541

	ALL SHEEP AND LAMBS									
	*1938	1937	1936	1935	1934	*1938	1937	1936	1935	**1934
Colorado.....	2,915	2,767	2,904	2,756	3,028	17,741	17,216	19,821	12,329	12,818
Kansas.....	617	559	590	845	689	3,599	3,254	3,713	3,579	2,687
Missouri.....	1,459	1,373	1,386	1,332	1,310	9,888	8,490	9,352	5,812	4,978
Nebraska.....	884	721	1,068	804	1,055	5,160	4,154	7,511	3,433	4,395
New Mexico.....	2,385	2,477	2,450	2,498	2,757	12,369	13,224	13,378	9,459	8,822
Oklahoma.....	313	245	235	365	183	1,780	1,259	1,293	1,257	586
Wyoming.....	3,633	3,592	3,590	3,599	3,873	22,963	20,952	24,328	16,638	15,879
Seven states.....	12,206	11,734	12,223	12,199	12,895	73,500	68,549	79,396	52,507	50,165
United States.....	52,918	52,588	52,022	52,245	53,713	323,746	316,329	331,922	225,258	203,321

	HORSES AND COLTS									
	*1938	1937	1936	1935	1934	*1938	1937	1936	1935	1934
Colorado.....	254	259	264	278	297	17,178	19,623	18,286	14,174	12,177
Kansas.....	490	521	554	589	604	30,758	39,214	42,269	36,301	32,012
Missouri.....	509	514	519	524	531	39,845	43,594	45,483	36,614	31,329
Nebraska.....	523	569	618	651	666	35,024	47,335	52,956	41,941	38,628
New Mexico.....	132	135	141	144	143	6,779	8,318	7,496	5,872	5,720
Oklahoma.....	400	417	426	426	421	24,916	29,145	30,175	24,288	22,313
Wyoming.....	135	136	140	146	158	7,947	8,982	8,423	6,629	5,688
Seven states.....	2,443	2,551	2,662	2,758	2,820	162,447	196,211	205,088	165,819	147,867
United States.....	11,163	11,445	11,635	11,861	12,052	1,013,960	1,134,912	1,126,457	913,870	805,994

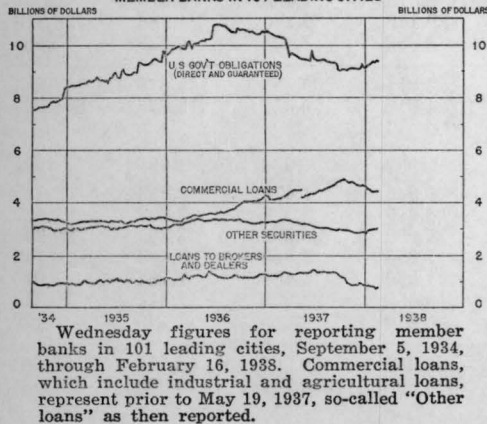
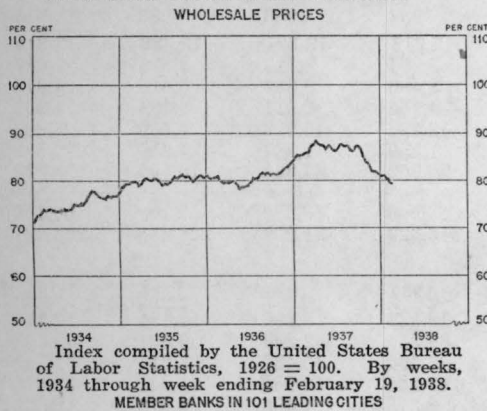
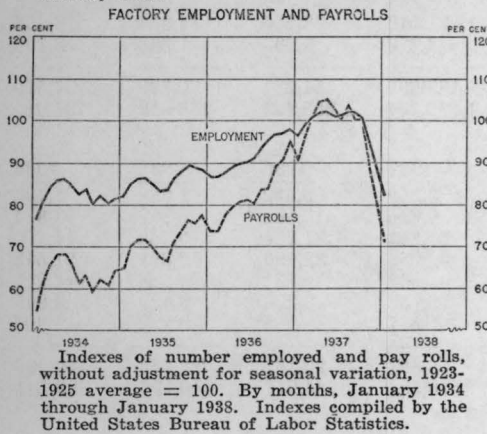
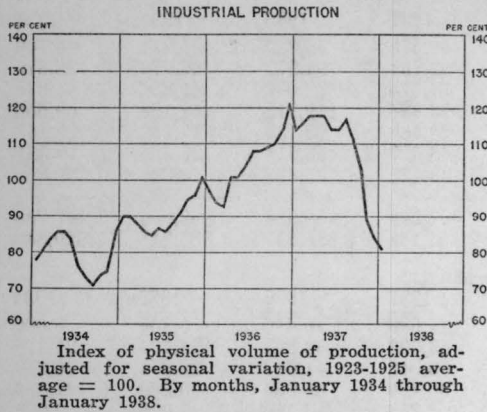
	MULES AND MULE COLTS									
	*1938	1937	1936	1935	1934	*1938	1937	1936	1935	1934
Colorado.....	16	17	17	19	22	1,365	1,625	1,479	1,263	1,188
Kansas.....	79	85	96	104	120	6,681	8,479	9,326	8,203	8,400
Missouri.....	225	227	236	246	264	24,219	25,696	26,592	22,334	20,328
Nebraska.....	61	66	70	75	83	5,326	7,050	7,358	6,063	6,142
New Mexico.....	15	16	17	18	19	1,197	1,360	1,448	1,164	1,045
Oklahoma.....	185	203	235	247	258	16,610	19,565	22,603	19,544	18,318
Wyoming.....	2	2	2	2	3	200	210	198	140	180
Seven states.....	533	616	673	711	769	55,598	63,985	69,004	58,711	55,601
United States.....	4,477	4,571	4,684	4,822	4,945	548,121	593,898	563,781	478,998	407,566

*Subject to revision.

**State figures computed by this bank.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System



The decline in business activity, which had been rapid during the last quarter of 1937, continued in January but at a slower rate.

PRODUCTION

Volume of industrial production, as measured by the Board's seasonally adjusted index, was at 81 per cent of the 1923-1925 average in January as compared with 84 per cent in December. Output of durable goods continued to decline, reflecting chiefly considerable decreases in production of automobiles and plate glass and a further decline in output of lumber. Steel ingot production increased somewhat, the output for January averaging 30 per cent of capacity. In the first three weeks of February, activity at steel mills showed little change at about 31 per cent of capacity, while production of automobiles was at a lower rate than in January.

In the textile industries, activity at silk and rayon mills in January showed a sharp rise from the low levels reached in December. At cotton mills, however, there was less than the usual seasonal increase and output of woolen products continued in small volume. Shoe production, which also had been at a low rate in December, increased considerably in January, and activity at meat-packing establishments rose somewhat further. Output of tobacco products remained at a high level, while sugar meltings declined. At mines, bituminous coal production was considerably smaller than in December, and there was also a reduction in output of nonferrous metals. Petroleum production continued at the high level of other recent months.

Value of construction contracts awarded in January was smaller than in December and somewhat below the level maintained during the last four months of 1937, according to figures of the F. W. Dodge Corporation. Contracts awarded for public projects increased somewhat further, while awards for private work continued to decline, reflecting a further decrease in residential building and a sharp reduction in awards for factory construction. In the first half of February awards for private projects were at about the same rate as in January, while those for public work showed a sharp decline.

EMPLOYMENT

Factory employment and pay rolls declined substantially further between the middle of December and the middle of January. In the durable goods industries, decreases in employment were general and were particularly large at factories producing automobiles, steel, and machinery. Employment in nondurable goods industries showed a somewhat smaller decline than in previous months. There was some increase in the number employed at shoe factories and little change in the food industries as a group, but in other nondurable goods industries employment continued to decrease. Employment on the railroads, in mining, and in the construction industry also declined.

DISTRIBUTION

Department store sales showed a seasonal decrease from December to January, while sales at variety stores and mail-order sales declined by more than the usual seasonal amount.

Freight carloadings continued to decline in January, reflecting principally a reduction in shipments of coal.

COMMODITY PRICES

Prices of steel scrap and nonferrous metals declined from the middle of January to the third week of February, following some advance in December and the early part of January. There were further decreases in some other basic commodities, while prices of cotton and silk advanced. Live stock products continued downward and a number of finished industrial products declined further. Prices of pig iron and most finished steel products have been reaffirmed for second quarter delivery.

BANK CREDIT

During the first three weeks of February excess reserves of member banks were little changed from the level of \$1,400,000,000 reached at the end of January following the post-holiday return of currency from circulation.

During January there were substantial reductions in commercial loans and brokers' loans and moderate increases in investments at reporting member banks in 101 leading cities. In the first three weeks of February loans and investments of these banks showed little change.