

MONTHLY REVIEW

Agricultural and Business Conditions

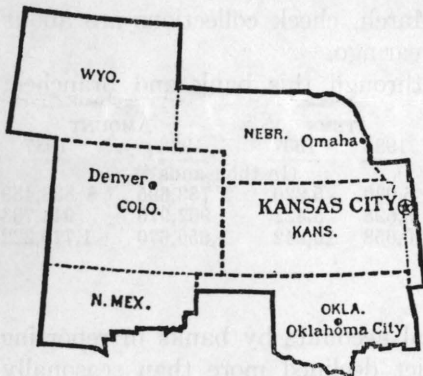
TENTH FEDERAL RESERVE DISTRICT

VOL. 23, No. 3

FEDERAL RESERVE BANK OF KANSAS CITY

MARCH 31, 1938

Business in the Tenth Federal Reserve District



The most favorable aspect of the situation in this District is the improved moisture condition. Most sections in recent weeks have had good snows and rains and, while the subsoil is still dry, surface moisture has greatly improved the farm outlook. Other conditions are much less favorable.

Retail sales are distinctly lower due somewhat to weather conditions. Lumber sales reflect the low state of the construction industry. Farm income and life insurance sales are lower.

Grain marketings, while above last year, are much below normal. Livestock marketings are running much under a year ago. In the decline since last summer most livestock prices touched bottom in the forepart of February and since then have risen markedly.

Bank deposits and investments are little changed, while loans tend downward. Payments by check are 11% under a year ago and probably accurately reflect the extent of the business decline.

BUSINESS INDICATORS	FEBRUARY 1938 COMPARED WITH FEBRUARY 1937					2 MOS. 1938 COMPARED WITH 2 MOS. 1937										
	% DECREASE			% INCREASE		% DECREASE			% INCREASE							
	40	30	20	10	10	20	30	40	40	30	20	10	10	20	30	40
Financial																
Bank Debits																
F. R. Bk. Clearings																
Mem. Bk. Loans																
Mem. Bk. Invest.																
Demand Deposits																
Life Ins. Sales																
Trade																
Wholesale Sales																
Retail Sales																
Dept. Store Sales																
Lumber Sales																
Marketings																
Wheat																+56
Corn																+84
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

Loans at reporting member banks in the Tenth District continued to decline from the middle of February to the middle of March but at a much slower rate than in recent months. Investments also continued to decline up to early March but have since increased, with the result that total loans and investments at the middle of March are little changed from a month ago although still about 8 per cent below a year ago. Loans are now only 3 per cent larger than at this time last year and investments are 13 per cent smaller.

Adjusted demand deposits have turned downward again and deposits of other banks with these reporting banks continued to decline from the middle of February to the middle of March, accompanied by a decrease in reserve balances carried with this bank. At the same time these reporting banks were drawing down their correspondent balances with other banks, reversing the trend of recent months. Adjusted demand deposits are 5 and interbank deposits 11 per cent lower than a year ago.

Principal items of condition of 51 member banks:

	Change from		
	Mar. 16 1938	Feb. 16 1938	Mar. 17 1937
	(In thousands of dollars)		
Loans and investments-total.....	647,855	+113	-52,462
Loans-total.....	256,301	-3,701	+6,997
Coml., indust., agric.....	159,215	-3,952	*
Open market paper.....	18,571	-129	*
To security brokers and dealers....	4,507	+735	-1,110
Other to purchase or carry secur.	12,368	+13	*
Real estate loans.....	20,940	-61	+2,108
Loans to banks.....	468	-46	-978
All other loans.....	40,232	-261	*
Investments-total.....	391,554	+3,814	-59,459
U. S. Govt. direct obligations.....	233,016	+5,833	-30,137
Oblig. guar. by U. S. Govt.....	46,082	+686	-3,530
Other securities.....	112,456	-2,705	-25,742
Reserve with F. R. Bank.....	162,721	-6,593	+6,997
Balances with domestic banks.....	226,685	-8,676	-6,546
Demand deposits-adjusted.....	473,209	-12,781	-24,946
Time deposits.....	144,925	+245	-1,397
U. S. Govt. deposits.....	13,189	+4,603	+11,046
Interbank deposits.....	338,118	-8,643	-41,925

*Comparable figures not available.

Reserve Bank Operations

Holdings of bills discounted for member banks declined slightly further from the middle of February to the middle of March and are now very little larger than the small volume of discounts at this time last year. Industrial loans, which had shown a small increase during the preceding four weeks, again tend downward.

Federal Reserve note circulation of this bank is gradually rising from the post-holiday seasonal low in January. So far this year circulation has averaged about 4 per cent higher than a year ago. In the corresponding period of 1937, circulation had shown an increase of 14 per cent over 1936. The average for the entire year 1937 was about 9 per cent higher than in 1936.

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

	Change from		
	Mar. 16 1938	Feb. 16 1938	Mar. 17 1937
	(In thousands of dollars)		
Total reserves.....	288,291	-7,471	+15,277
Bills discounted.....	571	-299	+179
Bills purchased.....	16	Zero	-71
Industrial advances.....	467	-21	-261
Commit. to make indust. adv.....	97	-2	-53
U. S. Government securities.....	132,104	Zero	+5,503
Total resources.....	464,483	-5,419	+16,884
F. R. notes in circulation.....	165,938	+546	+7,139
Member bank reserve deposits.....	238,770	-3,554	+5,862

Dollar volume of check collections in February was nearly 10 per cent smaller than a year earlier. In the first two weeks of March, check collections are about 16 per cent below a year ago.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1938	1937	1938	1937
	(In thousands)			
February.....	5,030	5,220	\$ 753,695	\$ 833,489
January.....	5,628	5,422	902,975	944,733
Two months.....	10,658	10,642	1,656,670	1,778,222

Bank Debits

Debits to individual accounts by banks in reporting centers of the District declined more than seasonally during February and were about 11 per cent smaller than in February of last year. For the country as a whole the decline from a year ago measured about 26 per cent.

Payments by check in thirty District cities:

	Change from		
	Feb. 1938	Jan. 1938	Feb. 1937
	(In thousands of dollars)		
Albuquerque, N. Mex.....	12,225	-1,302	-360
Atchison, Kans.....	2,588	-401	-688
Bartlesville, Okla.....	23,491	-3,841	+482
Casper, Wyo.....	4,576	-1,562	-41
Cheyenne, Wyo.....	6,197	-1,323	-550
Colorado Springs, Colo.....	10,241	-4,350	-6,319
Denver, Colo.....	126,228	-21,999	-34,964
Emporia, Kans.....	2,836	-348	+32
Enid, Okla.....	9,412	-1,919	+1,632
Fremont, Nebr.....	2,080	-319	+4
Grand Junction, Colo.....	2,961	-548	-160
Guthrie, Okla.....	1,586	-284	-248
Hutchinson, Kans.....	9,790	-1,095	-2,087
Independence, Kans.....	2,510	-610	-35
Joplin, Mo.....	8,115	-1,607	-994
Kansas City, Kans.....	12,746	-5,303	-132
Kansas City, Mo.....	239,802	-72,191	-35,925
Lawrence, Kans.....	2,908	-812	-491
Lincoln, Nebr.....	22,210	-4,677	-1,118
Muskogee, Okla.....	6,497	-1,781	-576
Oklahoma City, Okla.....	90,449	-19,630	+29
Okmulgee, Okla.....	2,346	-266	-118
Omaha, Nebr.....	114,939	-26,985	-22,562
Pittsburg, Kans.....	3,622	-651	-16
Pueblo, Colo.....	14,581	-479	-1,544
Salina, Kans.....	7,701	-631	-835
St. Joseph, Mo.....	20,812	-8,172	-3,676
Topeka, Kans.....	16,478	-729	+278
Tulsa, Okla.....	121,730	-32,909	+435
Wichita, Kans.....	39,288	-7,474	-3,407
District, 30 cities.....	940,945	-224,698	-113,954
United States, 141 cities.....	25,538,081	-6,535,418	-8,988,214

Trade

DEPARTMENT STORE SALES

Dollar volume of sales at reporting department stores in the District declined contraseasonally from January to February, falling about 8 per cent below sales in February of last year. In the first three weeks of March, sales show a decrease of about 9 per cent from the corresponding period of 1937. However, the fact that Easter fell on March 28 last year and is three weeks later this year is undoubtedly a factor in this decrease. Retail prices continued to decline through February and, according to the Fairchild Index, are now nearly 3 per cent lower than a year ago.

Stocks of merchandise increased seasonally during February but are about 8 per cent lower than a year ago. Collections on open accounts averaged 42.5 per cent of receivables in February as compared with a ratio of 43.0 per cent a year earlier, while installment collections averaged 14.3 and 14.0 per cent, respectively.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS	
		Feb.'38 comp.to Feb.'37	2 Mos.'38 comp.to 2 Mos.'37	Jan.31,'38 compared to Feb.28,'37	Feb.28,'38 compared to Feb.28,'37
		(Per cent increase or decrease)			
Denver.....	4	-10.1	-6.6	+7.9	-2.3
Kansas City.....	4	-12.9	-8.5	+5.5	-18.4
Oklahoma City....	3	-0.8	+2.1	+16.9	-0.9
Omaha.....	3	-6.8	-4.3	+19.0	-8.2
Tulsa.....	4	-2.5	+3.9	+20.6	-3.3
Wichita.....	3	-9.7	-5.9	+16.1	-10.3
Other cities.....	19	-5.3	-2.6	+11.8	-6.5
District.....	40	-7.9	-4.3	+11.7	-7.6

RETAIL SALES

February sales of independent retail stores in the District were about 10 per cent lower than a year ago. Decreases were general for all lines. With the decline of 5 per cent in January, total sales so far this year are about 8 per cent lower than a year ago.

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

	Feb. 1938		per cent change from Feb. 1937	
	Colo.	Kans.	Mo.	Nebr. Okla.
Apparel.....	-1.8	-8.2	-9.7	-9.6 +18.9
Country general.....	-6.4	-9.2	-13.8	-14.8 -26.1
Department.....	-11.1	-4.4	-6.9	-11.1 +2.4
Drug.....	-0.9	-1.7	+1.2	-1.4 -0.7
Furn. and appliances.....	-15.7	-18.1	-14.4	-21.1 -13.0
Grocery.....	-8.4	-9.3	-11.9	-9.2 -8.2
Hardware.....	-14.9	+5.6	-5.0	-20.1 -7.9
Lbr. and bldg. mtl's.....	-4.1	+5.1	-13.2	-7.5 -5.0
Motor vehicle.....	-17.4	-19.1	-27.2	-15.3 -9.2
Total.....	-10.0	-8.7	-11.0	-12.1 -4.5

WHOLESALE SALES

The value of February wholesale sales in this District was about 2 per cent lower than in the preceding month and 10 per cent lower than in February of last year. Wholesalers of electrical goods, furniture, industrial hardware, and paper had larger sales than in the pre-

ceding month but only sales of groceries showed an increase over last year.

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

	No. of Firms	SALES		STOCKS	
		Feb.'38 comp.to Feb.'37	2 Mos.'38 comp.to 2 Mos.'37	Jan.31,'38 compared to Feb.28,'37	Feb.28,'38 compared to Feb.28,'37
		(Per cent increase or decrease)			
Auto. supplies.....	4	-7.5	-21.0	—	—
Drugs.....	8	-1.2	-4.8	-0.2	-6.3
Dry goods.....	4	-26.2	-24.5	-2.1	-5.2
Electrical goods....	7	-23.9	-10.0	+2.3	-4.6
Furniture.....	4	-10.5	—	—	—
Groceries.....	10	+4.8	+4.7	+1.1	+12.5
Hardware					
General.....	8	-26.4	-22.2	+4.1	+0.5
Industrial.....	8	-42.5	-47.3	-0.1	+4.6
Plbg. & htg.....	5	-14.1	-8.2	+0.8	+1.3
Paper.....	3	+9.1	+4.3	—	—
All other lines.....	9	Zero	-0.2	+2.2	+2.4
Total.....	70	-10.4	-10.7	+0.7	+1.0

Crops

Farmers' planting intentions as of March 1 indicate a further decrease in the acreage to be sown to crops in the District this spring. The principal decreases are in prospective acreages for corn and spring wheat, partially offset by an increase in the intended acreage for grain sorghums and by some increase in the acreage expected to be cut for hay. The acreage sown to winter wheat last fall was slightly larger than the record acreage of the preceding year. A rather heavy loss of winter wheat has occurred again this season in sections of Kansas and Colorado because of drought. The decrease in spring plantings also reflects the present acute shortage of subsoil moisture generally and prospects for a repetition of severe grasshopper damage.

Indicated crop acreages in the seven states of the District, reported by the Department of Agriculture:

	Indicated 1938	Planted 1937	Planted 1936	Planted 1935
	(In thousands of acres)			
Corn.....	18,878	19,712	23,860	22,262
Spring wheat.....	927	1,274	1,307	1,070
Oats.....	6,714	6,792	7,939	7,361
Barley.....	2,121	2,130	2,093	1,766
Tame hay*.....	7,061	7,012	7,628	7,711
Grain sorghums.....	5,056	4,670	5,119	5,939
Dry beans.....	601	685	703	817
White potatoes.....	347	343	377	405
Sweet potatoes.....	32	32	32	38
Tobacco.....	7	7	4	4
Soybeans.....	245	260	406	475
Peanuts.....	30	23	52	65
Cowpeas.....	205	201	160	148
Flaxseed.....	81	71	68	72

*Acreage for harvest and harvested.

Since the middle of February, virtually the entire District has received good snows and rains. February precipitation was much above normal except in Wyoming and Nebraska and additional moisture has been received in March. There was little runoff except in southeastern and east-central Oklahoma and the mois-

ture has soaked into the ground. While the moisture came too late to help some of the wheat in parts of western Kansas, eastern Colorado, and adjacent parts of Oklahoma and New Mexico, the condition of winter wheat has improved materially and is fair to good elsewhere in the District. However, wheat is being sustained on only a few inches of topsoil moisture, subsoil moisture being extremely deficient, and the improvement will be but temporary unless more good rains, properly spaced, are received in April and May.

Rainfall as reported by the Weather Bureau:

	Feb. 1938		2 Mos. 1938	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	.43	.53	1.20	.93
Leadville.....	.32	1.42	2.48	2.64
Pueblo.....	.70	.47	1.32	.78
Lamar.....	.37	.60	1.00	.86
Garnett.....	.36	.19	.90	.32
Steamboat Springs.....	1.53	2.41	3.53	4.63
KANSAS				
Topeka.....	.92	1.51	2.06	2.45
Iola.....	2.22	1.47	3.66	2.80
Concordia.....	1.48	.88	1.64	1.49
Salina.....	1.12	1.08	1.12	1.70
Wichita.....	2.48	1.25	2.60	2.03
Hays.....	.65	.32	.71	1.15
Dodge City.....	.61	.77	.62	1.18
Elkhart.....	.62	.56	.62	.84
Goodland.....	.15	.58	.31	.78
MISSOURI				
St. Joseph.....	.46	1.67	1.68	2.95
Kansas City.....	.90	1.75	2.79	2.94
Joplin.....	3.48	1.68	6.85	3.84
NEBRASKA				
Omaha.....	.91	.89	1.59	1.59
Lincoln.....	1.21	.95	2.08	1.59
Norfolk.....	1.06	.88	1.55	1.47
Grand Island.....	.77	.80	1.20	1.35
McCook.....	.15	.66	.40	1.00
North Platte.....	.25	.53	.32	.92
Bridgeport.....	.18	.48	.26	.87
Valentine.....	.40	.54	.83	1.08
NEW MEXICO				
Clayton.....	.63	.22	.65	.44
Santa Fe.....	1.02	.75	1.05	1.42
Farmington.....	.44	.54	1.06	1.08
OKLAHOMA				
Tulsa.....	4.93	1.66	6.75	3.57
McAlester.....	10.21	2.20	11.92	5.07
Oklahoma City.....	3.66	1.11	4.58	2.30
Pauls Valley.....	8.60	1.50	11.14	3.09
Hobart.....	2.53	.96	2.98	1.72
Enid.....	2.37	1.18	2.60	2.24
Woodward.....	1.92	1.08	1.97	1.68
WYOMING				
Cheyenne.....	.28	.64	.65	1.06
Casper.....	.34	.85	.95	1.51
Lander.....	.14	.63	.77	1.19
Sheridan.....	.31	.70	1.84	1.55

Grain Marketing

Marketings of grain during February were in unusually small volume, reflecting in part the declining trend of prices. Receipts of wheat and corn, while substantially larger than a year ago, were 37 and 52 per cent, respectively, below the February average of the past ten years. Marketings of oats, which were substantially smaller than a year ago, were 14 per cent below average.

Receipts of grain at five markets in the District:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	(In thousands of bushels)					
Hutchinson.....	755	1	—	—	—	4
Kansas City.....	2,766	1,217	176	30	14	59
Omaha.....	880	966	368	80	2	—
St. Joseph.....	243	354	300	—	—	6
Wichita.....	900	7	2	1	1	—
Feb. 1938.....	5,544	2,545	846	111	17	69
Jan. 1938.....	6,479	5,246	980	176	16	237
Feb. 1937.....	3,795	1,923	1,312	13	43	64
2 Mos. 1938.....	12,022	7,791	1,826	287	33	306
2 Mos. 1937.....	7,702	4,231	2,614	27	101	161

Wheat prices tend downward, due principally to the improved moisture situation in North American wheat areas and more favorable winter wheat prospects. Federal corn loans up to 50 cents a bushel, together with smaller market receipts, have had a sustaining influence on corn prices, which are fairly steady. Export demand for both wheat and corn is dull.

Cash grain prices at Kansas City:

	Mar. 22	Feb. 28	Jan. 31	Feb. 27
	1938	1938	1938	1937
No. 1 hd., dk. wheat, bu.....	\$.89 ³ / ₄	\$.98	\$.99 ³ / ₄	\$1.34
No. 2 mixed corn, bu.....	.54 ¹ / ₂	.53	.55	1.21
No. 2 white oats, bu.....	.30 ¹ / ₂	.31 ¹ / ₂	.32	.51 ¹ / ₂
No. 2 rye, bu.....	.64 ¹ / ₂	.71	.70	1.04
No. 2 barley, bu.....	.54	.55	.55	.90
No. 2 white kafir, cwt.....	.83	.87	.92	2.09

Livestock

MARKETINGS

Marketings of cattle in February were 16 per cent below the February average of the past ten years and little changed from marketings in the same month last year, while calf receipts approximated the average volume but fell somewhat below last year's high level of receipts. Hog marketings had shown a sizable increase over last year in January but dropped sharply in February, falling back to a level 60 per cent below average. Receipts of sheep were 22 per cent below average. Continued weakness in livestock prices up to the middle of February partly accounts for the small volume of marketings.

Livestock receipts at six markets in the District:

	Cattle	Calves	Hogs	Sheep
	Denver.....	27,068	3,511	28,874
Kansas City.....	70,609	13,365	101,620	106,483
Oklahoma City.....	26,711	11,166	29,983	6,980
Omaha.....	81,833	7,997	105,746	105,511
St. Joseph.....	22,652	4,974	51,634	91,211
Wichita.....	18,392	2,956	17,501	14,299
Feb. 1938.....	247,315	43,969	335,358	480,815
Jan. 1938.....	356,922	68,010	556,076	470,581
Feb. 1937.....	250,173	53,023	384,605	529,554
2 Mos. 1938.....	604,237	111,979	891,434	951,396
2 Mos. 1937.....	599,591	127,578	859,027	1,095,137

PRICES

Livestock prices, aided by smaller receipts, have rallied materially since about the middle of February. Beef steer prices showed the first consistent gain since the decline which started early last fall, recovering that part of the decline which had occurred since early

January. Fed lamb prices advanced from a three-year low in the middle of February to the highest level in three months early in March and hogs, which had tended upward earlier this year, are the highest in four months. Prices for stocker livestock are high in relation to fat livestock prices and are as high as or higher than at this time last year, while prices for feeder cattle and slaughter livestock are much lower. New crop spring lambs coming to market sold up to a top of \$10.00 a hundredweight as compared with \$13.75 in March of last year. In the third week of March, livestock prices weakened somewhat, lamb prices showing relatively the largest decline.

Top prices of livestock at the Kansas City market:

	Mar. 22 1938	Feb. 1938	Jan. 1938	Feb. 1937	Feb. 1936	Feb. 1935
	(In dollars per hundredweight)					
Beef steers.....	9.50	9.25	10.00	13.00	11.25	13.25
Stocker cattle.....	8.50	8.25	8.25	8.35	8.25	9.00
Feeder cattle.....	8.35	8.25	7.75	9.00	9.25	9.50
Calves.....	10.00	10.00	9.50	10.50	11.00	9.50
Hogs.....	9.10	8.85	8.85	10.25	10.75	9.10
Sheep.....	5.75	6.00	5.75	8.25	8.00	6.75
Fed lambs.....	8.25	8.35	8.35	10.65	10.75	8.90

STOCKERS AND FEEDERS

Shipments of stocker and feeder livestock to the country continued light in February although both cattle and hog shipments were substantially larger than a year ago. Shipments of cattle were 20, calves 25, hogs 45, and sheep 30 per cent below the February average of the past ten years. The recent upward trend for livestock prices is encouraging to feeders who have been facing financial losses on this season's feeding operations.

Stocker and feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	6,471	701	66	12,364
Kansas City.....	22,417	2,041	2,318	8,612
Omaha.....	11,240	1,392	1,035	11,400
St. Joseph.....	3,020	732	1,459	5,263
Feb. 1938.....	43,148	4,866	4,878	37,639
Jan. 1938.....	65,565	10,620	3,364	43,141
Feb. 1937.....	36,350	4,969	1,983	40,382
2 Mos. 1938.....	108,713	15,486	8,242	80,780
2 Mos. 1937.....	106,489	15,733	5,142	98,195

RANGES AND PASTURES

Although subsoil moisture continues deficient generally and range and pasture feeds are only poor to fair over eastern Colorado and the western parts of Nebraska, Kansas, and Oklahoma, prospects for spring grass are better than a year ago as a result of recent moisture. Winter wheat is greening rapidly and will furnish needed pasturage in areas where grass and other feeds are short.

Pasture leasing preparatory to the spring movement of southwestern grass cattle into the Osage pastures of Oklahoma and Blue Stem pastures of Kansas has been very limited. Moisture conditions in these grazing areas are favorable and reports indicate that suffi-

cient water for stock is assured during the early part of the season which usually starts in April.

WOOL

Wool production in 1937 showed a small increase in Colorado and Wyoming and a sizable increase in Missouri and Oklahoma. The increase in Colorado was due to a larger number of sheep shorn, that in Missouri and Oklahoma to a heavier average weight per fleece, and that in Wyoming to an increase in both of these factors. In Kansas, Nebraska, and New Mexico, both the number of sheep shorn and the average weight per fleece declined so that production was lower.

Reports indicate that considerable wool of the 1937 clip is still on hand in western states and that contracting for the 1938 clip is very slow. Wool prices the past season were relatively good for wool sold early last summer but have shown a steady decline since then. The low price of wool is a depressing factor on the sheep industry at the present time.

Department of Agriculture estimates of shorn wool production:

	WOOL PRODUCTION			SHEEP SHORN		
	1937	1936	1935	1937	1936	1935
	(In thousands of pounds)			(In thousands of head)		
Colorado.....	13,243	13,062	12,216	1,615	1,555	1,527
Kansas.....	3,004	3,045	3,962	409	412	531
Missouri.....	8,673	7,989	8,869	1,245	1,252	1,242
Nebraska.....	2,382	2,776	3,029	320	363	400
New Mexico.....	15,394	15,904	16,030	2,231	2,240	2,290
Oklahoma.....	1,556	1,424	1,870	183	185	220
Wyoming.....	30,361	29,952	30,153	3,130	3,120	3,174
Seven states.....	74,613	74,152	76,129	9,133	9,127	9,384
United States.....	366,344	360,327	364,663	45,997	45,663	45,497

Farm Income

January receipts from the sale of crops in the seven states of this District were about 17 per cent lower and receipts from the sale of livestock and livestock products about 5 per cent lower than a year ago. Total income, including Government payments which were only little more than a third what they were in January of last year, showed a decline of 13 per cent. However, farm income in Wyoming was slightly higher as a result of larger receipts from meat animals, and in Oklahoma the decline was small because of larger marketings of cotton. Smaller receipts from wheat and cattle account for a rather marked decline in Nebraska and Kansas.

Income estimates of the Department of Agriculture:

	Change from		
	Jan. 1938	Dec. 1937	Jan. 1937
	(In thousands of dollars)		
Colorado.....	8,106	-3,816	-1,181
Kansas.....	20,714	-5,207	-4,486
Missouri.....	17,220	-2,910	-1,297
Nebraska.....	16,728	-1,782	-4,305
New Mexico.....	3,426	-2,629	-533
Oklahoma.....	8,840	-2,091	-185
Wyoming.....	2,112	-2,222	+226
Seven states.....	77,146	-20,657	-11,811
United States.....	620,000	-63,000	-61,000

Meat Packing

The slaughter of cattle, calves, and hogs declined seasonally in February, while sheep slaughter increased slightly. Cattle and sheep slaughter were little changed from that a year ago but calf and hog slaughter were sharply lower. However, calf slaughter last year was at an unusually high level, and current slaughter is about equal to the average of the past ten years. Cattle slaughter was 7, hogs 57, and sheep 14 per cent below the February ten-year average.

Packers' purchases at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	15,153	2,806	22,668	38,203
Kansas City.....	42,882	10,612	91,386	89,196
Oklahoma City.....	16,414	7,184	25,015	5,989
Omaha.....	53,741	6,105	88,317	80,699
St. Joseph.....	17,390	4,087	39,074	83,219
Wichita.....	10,152	3,260	15,325	12,830
Feb. 1938.....	155,732	34,054	281,785	310,136
Jan. 1938.....	203,149	44,643	495,974	298,236
Feb. 1937.....	160,628	44,551	337,256	312,201
2 Mos. 1938.....	363,881	78,697	777,759	608,372
2 Mos. 1937.....	359,307	103,320	752,959	665,383

Cold Storage Holdings

After allowing for usual seasonal changes, United States cold storage holdings generally tended to increase in February. However, March 1 stocks of beef were still 39, pork 10, lamb 15, poultry 7, miscellaneous meats 3, and lard 7 per cent below the average of the past five years. Stocks of eggs and cheese continue much above average and holdings of butter are now high as a result of the smallest February decline since 1933.

United States cold storage holdings:

	Mar. 1 1938	Feb. 1 1938	Mar. 1 1937	Mar. 1 5-Yr. Av.
	(In thousands of units)			
Beef, lbs.....	56,874	59,369	167,438	93,181
Pork, lbs.....	582,370	554,028	775,688	647,396
Lamb and mutton, lbs.....	3,496	3,294	9,807	4,122
Poultry, lbs.....	100,518	115,105	157,858	108,175
Miscellaneous meats, lbs.....	77,172	81,179	126,233	79,409
Lard, lbs.....	116,856	99,318	202,476	125,125
Eggs, shell, cases.....	281	314	322	124
Eggs, frozen (case equiv.).....	2,527	2,731	983	1,142
Butter, creamery, lbs.....	20,930	31,211	20,678	17,088
Cheese, all varieties, lbs.....	85,655	93,497	93,114	73,275

Flour Milling

Operations at southwestern flour mills were maintained in February at about the January level but continue below a year ago. February output was 6 per cent smaller than last year and production for the first two months of 1938 shows a decline of 9 per cent from that in the corresponding period of 1937. Flour sales continued in small volume up to the second week of March when sales increased somewhat and business was the best in several months. Flour stocks in bakers' and jobbers' hands are low and prices, which had advanced in the forepart of February, have since declined to the lowest level so far this year.

Flour production reported by the Northwestern Miller:

	Feb. 1938	Change from Jan. 1938 (In barrels)	Feb. 1937
Kansas City.....	567,000	+1,000	+49,000
Salina.....	143,000	-9,000	-22,000
Wichita.....	143,000	-14,000	-19,000
Other cities.....	929,000	-66,000	-118,000
Southwest.....	1,787,000	-88,000	-110,000
United States*.....	4,865,000	-190,000	-9,000

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

Petroleum

A further decline of 6 per cent in daily average crude oil production in this District during February brought output to a level about 12 per cent under that a year ago although still 11 per cent above the February average of the past ten years. The declining trend in crude oil production conforms to that in refinery operations which in Oklahoma and Kansas have been reduced more than 21 per cent since last September and in March are at the lowest level in two years.

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

	February 1938		January 1938		February 1937	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colo.....	116	4.1	114	3.7	120	4.3
Kans.....	4,938	176.4	5,680	183.3	5,282	188.7
N. Mex.....	2,954	105.5	3,256	105.0	2,767	98.8
Okla.....	14,455	516.2	17,409	561.6	17,406	621.7
Wyo.....	1,298	46.4	1,465	47.3	1,392	49.7
5 States.....	23,761	848.6	27,924	900.9	26,967	963.2
U. S.....	93,378	3,334.9	106,007	3,419.6	93,173	3,327.6

As a result of restricted refinery operations, mid-continent gasoline stocks are smaller than a year ago in marked contrast with an increase of more than 25 per cent in the remainder of the country, national stocks being the largest of record. Stocks of crude petroleum continued downward and in March are only 6 per cent larger than a year ago.

Coal

Production of bituminous coal showed a further seasonal decline in February. As in January, output was a third less than a year ago, the decline for the first two months of the year measuring 33 per cent.

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

	Feb. 1938	Change from Jan. 1938 (In tons)	Feb. 1937
Colorado.....	510,000	-37,000	-311,000
Kansas and Missouri.....	613,000	-77,000	-174,000
New Mexico.....	109,000	-5,000	-81,000
Oklahoma.....	134,000	-53,000	-57,000
Wyoming.....	368,000	-83,000	-276,000
Six states.....	1,734,000	-255,000	-899,000
United States.....	27,000,000	-3,880,000	-15,110,000

Zinc and Lead

February shipments of zinc from the Tri-State district were sharply lower than a year ago while lead shipments showed little change from last year. Output of both zinc and lead ore continues to increase from recent low levels.

Shipments estimated from Joplin News-Herald reports:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	13,753	\$ 385,394	2,784	\$138,794
Missouri.....	2,855	80,229	697	35,233
Oklahoma.....	16,737	471,242	2,002	102,686
Feb. 1938.....	33,345	\$ 936,865	5,483	\$276,713
Jan. 1938.....	32,120	935,893	3,580	190,286
Feb. 1937.....	43,837	1,734,619	5,398	407,433
2 Mos. 1938.....	65,465	1,872,758	9,063	466,999
2 Mos. 1937.....	75,746	2,842,250	8,223	603,142

Following a further decline of about \$2 a ton in the price of zinc and \$6 a ton in the price of lead in the second week of February, prices have been unchanged. The price of zinc concentrates is the lowest since September, 1935, and that of lead the lowest since October, 1936.

Employment and Pay Rolls

Employment and pay rolls in the District showed a further small decline from the middle of January to the middle of February. Employment was about 7 and pay rolls 6 per cent lower than a year ago.

Preliminary figures of the Department of Labor:

	February 1938 per cent change from January 1938	
	Employment	Pay Rolls
Colorado.....	-3.9	-2.6
Kansas.....	-2.4	-3.6
Missouri.....	+0.6	+1.7
Nebraska.....	-2.1	-2.1
New Mexico.....	-1.0	+0.6
Oklahoma.....	-2.5	-2.2
Wyoming.....	-2.3	+0.5

Building

Awards for residential construction increased further during February and awards for other types of building continued to decline. Construction activity in the District remains much below a year ago, the decline for February measuring 40 and for the first two months of the year 31 per cent.

Construction figures of the F. W. Dodge Corporation:

	TENTH DISTRICT		37 EASTERN STATES	
	Residential	Total	Residential	Total
	(In thousands of dollars)			
Feb. 1938.....	1,694	5,342	40,023	119,038
Jan. 1938.....	1,474	7,631	36,207	195,472
Feb. 1937.....	2,564	8,966	63,004	188,533
2 Mos. 1938.....	3,168	12,973	76,230	314,510
2 Mos. 1937.....	6,050	18,660	141,410	431,360

The value of building permits issued in reporting District cities showed a substantial further increase

in February although falling about 5 per cent short of a year ago. Value of January permits had shown an increase of 8 per cent over last year so that the total so far this year is little changed from a year ago.

Building permits issued by eighteen District cities:

	PERMITS		ESTIMATED COST	
	1938	1937	1938	1937
Albuquerque, N. Mex.....	58	67	\$ 124,000	\$ 120,000
Cheyenne, Wyo.....	18	34	66,000	43,000
Colorado Springs, Colo.....	33	38	15,000	26,000
Denver, Colo.....	347	354	424,000	709,000
Hutchinson, Kans.....	30	37	17,000	39,000
Joplin, Mo.....	17	8	23,000	10,000
Kansas City, Kans.....	18	10	690,000	22,000
Kansas City, Mo.....	81	133	88,000	422,000
Lincoln, Nebr.....	70	58	70,000	55,000
Oklahoma City, Okla.....	103	167	764,000	376,000
Omaha, Nebr.....	42	38	146,000	99,000
Pueblo, Colo.....	37	46	16,000	155,000
Salina, Kans.....	10	8	15,000	17,000
Shawnee, Okla.....	10	11	7,000	7,000
St. Joseph, Mo.....	16	3	4,000	3,000
Topeka, Kans.....	40	23	148,000	39,000
Tulsa, Okla.....	68	99	148,000	524,000
Wichita, Kans.....	135	104	170,000	220,000
February.....	1,133	1,238	\$2,735,000	\$2,886,000
January.....	1,114	843	1,817,000	1,680,000
Two months.....	2,247	2,081	4,552,000	4,566,000

Lumber

Following a sizable increase during January, retail lumber sales declined in February. Board feet sales for February were about 15 and for the first two months of the year about 9 per cent smaller than in the corresponding periods of last year.

Collections on amounts outstanding averaged 29.3 per cent in February, 33.0 per cent in January, and 35.4 per cent a year ago.

Lumber trade at 155 retail yards in the District:

	February 1938 per cent change from January 1938		February 1937
	January 1938	February 1937	
Sales of lumber, board feet.....	-15.5	-15.3	
Sales of all materials, dollars.....	-15.5	-7.4	
Stocks of lumber, board feet.....	+2.8	-4.6	
Outstandings, dollars.....	-2.8	+17.4	

Life Insurance

February life insurance sales in the District were about 5 per cent smaller than last year and sales for the first two months of the year show a decrease of 3 per cent from a year ago.

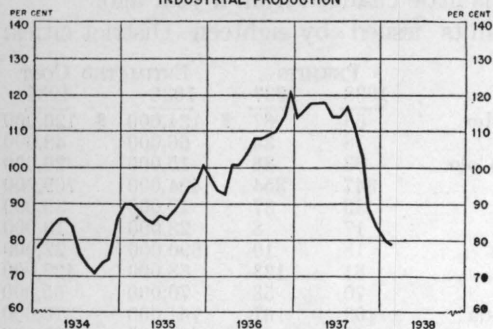
The Life Insurance Sales Research Bureau report:

	Change from		
	Feb. 1938	Jan. 1938	Feb. 1937
	(In thousands of dollars)		
Colorado.....	4,790	-469	-329
Kansas.....	6,101	-390	-64
Missouri.....	16,384	-30	-741
Nebraska.....	4,392	-426	-1,256
New Mexico.....	1,168	+344	+60
Oklahoma.....	8,715	+176	+193
Wyoming.....	782	+108	-202
Seven states.....	42,332	-687	-2,334
United States.....	488,703	-5,112	-88,387

NATIONAL SUMMARY OF BUSINESS CONDITIONS

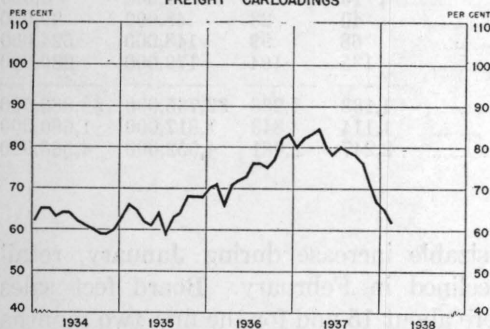
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



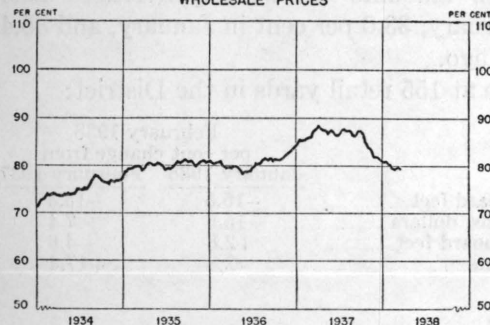
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through February, 1938.

FREIGHT CARLOADINGS



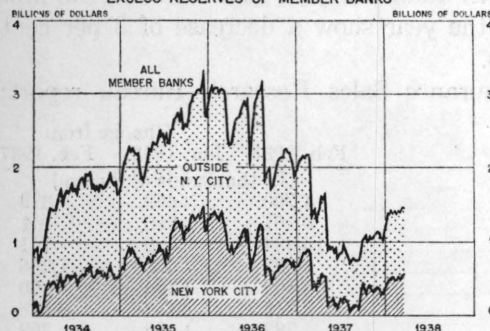
Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through February, 1938.

WHOLESALE PRICES



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934, through March 19, 1938.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, through March 16, 1938.

Volume of manufacturing production showed little change from January to February, while output of minerals declined further. Awards for residential building increased somewhat in February and rose considerably in the first half of March.

PRODUCTION

The Board's seasonally adjusted index of industrial production, which includes both manufacturing and mining, was 79 per cent of the 1923-1925 average in February as compared with 80 per cent in January. The decline in the total index was accounted for chiefly by a reduction in output of minerals, particularly of crude petroleum. Steel ingot production showed about the usual seasonal increase and averaged 32 per cent of capacity in February. Automobile production decreased slightly further, and output of plate glass continued to decline. Lumber production rose seasonally. In the first three weeks of March activity at steel mills and automobile factories was at about the same average rate as in February. In the nondurable goods industries there were moderate increases in output in February at textile mills and shoe factories, where production has recently been at low levels, while at meat-packing establishments activity declined.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a sharp decline from January to February, reflecting chiefly a marked reduction in awards for publicly-financed projects. Contracts for residential building increased moderately. In the first half of March there was a considerable further increase reported for residential building and awards for other construction also increased.

EMPLOYMENT

Factory employment and pay rolls increased by somewhat less than the usual seasonal amount between the middle of January and the middle of February. The Board's seasonally adjusted index of factory employment was at 83 per cent of the 1923-1925 average in February as compared with 84 in January. In the durable goods industries decreases were general in February, though not so large as in preceding months. Employment in nondurable goods industries increased somewhat following a period of rapid decline. Employment in trade, at mines, on the railroads, and in the construction and public-utility industries decreased somewhat from the January level.

DISTRIBUTION

Value of department store sales, as measured by the Board's seasonally adjusted index, declined from 90 per cent of the 1923-1925 average in January to 88 per cent in February, and in the first three weeks of March there was a further decrease. Sales at variety stores and mail-order houses in February showed somewhat less than the usual seasonal increase.

Freight carloadings decreased further in February, reflecting chiefly reduced shipments of coal and grain, and showed a seasonal increase in the first two weeks of March. The current level of carloadings is about 25 per cent less than a year ago.

COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the Bureau of Labor Statistics index, showed little change from the middle of February to the third week of March. There were seasonal increases in prices of livestock and meats, while prices of such basic commodities as wheat, cotton, rubber, zinc, and bituminous coal declined.

BANK CREDIT

Excess reserves of member banks increased during the first three weeks of March to over \$1,500,000,000, the highest level since last April. The bulk of the increase occurred at New York City banks, which in the third week of the month held over \$700,000,000 of excess reserves.

During February and the first half of March, there was little net change in deposits and in total loans and investments at reporting member banks in 101 leading cities. Holdings of United States Government obligations declined at banks in New York but increased in Chicago. Commercial loans, which had decreased sharply in the four preceding months, showed a further moderate decline.

MONEY RATES AND BOND YIELDS

Conditions in the short-term money market continued easy in March. Rates on Treasury bills were slightly lower and prime commercial paper was quoted at a range of from $\frac{3}{4}$ to 1 per cent as against the flat 1 per cent rate which had prevailed since a year ago. Yields on Treasury bonds and notes, after declining for the past six months, advanced slightly around the middle of March. Yields on corporate bonds also advanced in March, reflecting principally declines in prices of railroad bonds.