

MONTHLY REVIEW

Agricultural and Business Conditions

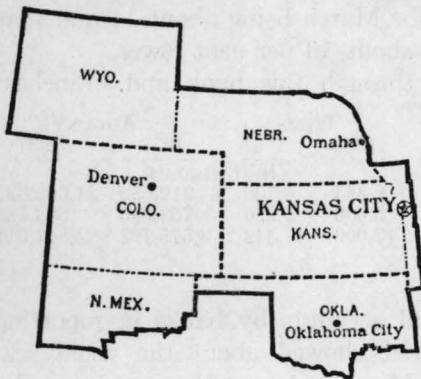
TENTH FEDERAL RESERVE DISTRICT

Vol. 23, No. 4

FEDERAL RESERVE BANK OF KANSAS CITY

APRIL 30, 1938

Business in the Tenth Federal Reserve District



Spring has brought some seasonal improvement over the winter months but the comparison with the same period a year ago continues to grow worse. Wholesale and retail sales are less favorable and life insurance sales are down sharply. Lumber sales are stronger than last month.

Wheat and corn are coming to market in larger quantities than a year ago but marketings of other grains and livestock are much lower. Livestock slaughter, flour and petroleum production, and zinc and lead shipments are far below last year.

Payments by check are 15% and bank investments are 14% below last year. Bank loans tend downward. Demand deposits show little change.

The bright spot continues to be the moisture situation. March was a wet month and rainfall for the first quarter of the year was more than 35% above normal. A very large wheat crop is in prospect.

BUSINESS INDICATORS	MARCH 1938 COMPARED WITH MARCH 1937								3 MOS. 1938 COMPARED WITH 3 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																
Corn																+57
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 and investments of reporting member banks in the Tenth District declined somewhat from the middle of March through the third week of April. Commercial loans continued to decline and there was also a decrease in loans to security brokers and dealers. Holdings of Government obligations at the middle of April were little changed from a month earlier but in the following week they declined rather sharply. Volume of loans is now 2 per cent lower than a year ago and investments are about 13 per cent lower.

Effective at the opening of business April 16, reserve requirements were reduced by approximately the amount of the increase which had been in effect since May 1, 1937. This reduction in reserve requirements was reflected during the following week in a decrease in reserve balances carried with this bank and a marked increase in correspondent balances carried with other banks as well as in deposits of other banks at these reporting banks. Adjusted demand deposits show a further small decline and are about 4 per cent lower than a year ago.

Principal items of condition of 51 member banks:

	Change from		
	Apr. 20 1938	Mar. 16 1938	Apr. 21 1937
	(In thousands of dollars)		
Loans and investments-total.....	630,320	-17,535	-61,328
Loans-total.....	246,020	-10,281	-4,950
Coml., indust., and agric.....	151,252	-7,963	*
Open market paper.....	18,125	-446	*
To security brokers and dealers....	3,419	-1,088	-1,510
Other to purchase or carry secur.	12,402	+34	*
Real estate loans.....	21,087	+147	+2,082
Loans to banks.....	494	+26	-653
All other loans.....	39,241	-991	*
Investments-total.....	384,300	-7,254	-56,378
U. S. Govt. direct obligations.....	227,149	-5,867	-32,891
Oblig. guar. by U. S. Govt.....	45,628	-454	+1,704
Other securities.....	111,523	-933	-25,191
Reserve with F. R. Bank.....	158,454	-4,267	+3,312
Balances with domestic banks.....	247,636	+20,951	+20,437
Demand deposits-adjusted.....	471,245	-1,964	-16,931
Time deposits.....	144,359	-566	-1,283
U. S. Govt. deposits.....	18,263	+74	+14,070
Interbank deposits.....	340,595	+2,477	-37,756

*Comparable figures not available.

Reserve Bank Operations

Volume of industrial loans, which had increased slightly in February, has since declined, resuming the downward trend since early in 1936. Commitments to make industrial advances have recently shown an increase.

Federal Reserve note circulation of this bank in the third week of April is slightly lower than five weeks earlier. In the quarterly reallocation of Government securities in the System's open market account, this bank's participation was reduced about 7½ million dollars or nearly 6 per cent. Present holdings of \$124,626,500 represent \$32,946,500 in Treasury bonds, \$57,315,000 in notes, and \$34,365,000 in bills.

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

	Change from		
	Apr. 20 1938	Mar. 16 1938	Apr. 21 1937
	(In thousands of dollars)		
Total reserves.....	320,473	+32,182	+36,627
Bills discounted.....	417	-154	+288
Bills purchased.....	16	Zero	-71
Industrial advances.....	456	-11	-248
Commit. to make indust. adv.....	295	+198	+159
U. S. Government securities.....	124,627	-7,477	+1,687
Total resources.....	480,392	+15,909	+29,333
F. R. notes in circulation.....	165,364	-574	+5,394
Member bank reserve deposits.....	224,841	-13,929	-3,967

Dollar volume of check collections increased seasonally from February to March but continues below a year ago, volume for March being about 14 and that for the first quarter about 10 per cent lower.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1938	1937	1938	1937
	(In thousands)			
March.....	6,344	6,700	\$ 919,052	\$1,069,392
February.....	5,030	5,220	753,695	833,439
Three months.....	17,002	17,342	2,575,722	2,847,614

Bank Debits

Debits to individual accounts by banks in reporting centers of the District showed about the usual seasonal increase during March but were 15 per cent smaller than in March of last year. For the first quarter of the year, debits were about 11 per cent lower than a year ago as compared with a decrease of 23 per cent for the country as a whole.

Payments by check in thirty District cities:

	Change from		
	Mar. 1938	Feb. 1938	Mar. 1937
	(In thousands of dollars)		
Albuquerque, N. Mex.....	13,281	+1,056	-662
Atchison, Kans.....	2,903	+315	-813
Bartlesville, Okla.....	27,106	+3,615	-4,099
Casper, Wyo.....	5,174	+598	-6
Cheyenne, Wyo.....	7,990	+1,793	-948
Colorado Springs, Colo.....	13,182	+2,941	-7,119
Denver, Colo.....	145,450	+19,222	-45,641
Emporia, Kans.....	3,002	+166	-268
Enid, Okla.....	10,535	+1,123	+155
Fremont, Nebr.....	2,447	+367	-357
Grand Junction, Colo.....	3,519	+558	-588
Guthrie, Okla.....	1,800	+214	-37
Hutchinson, Kans.....	11,550	+1,760	-1,203
Independence, Kans.....	2,674	+164	-224
Joplin, Mo.....	9,373	+1,258	-1,973
Kansas City, Kans.....	13,519	+773	-1,369
Kansas City, Mo.....	289,873	+50,071	-37,562
Lawrence, Kans.....	3,512	+604	-371
Lincoln, Nebr.....	25,070	+2,860	-5,650
Muskogee, Okla.....	8,063	+1,566	-192
Oklahoma City, Okla.....	105,364	+14,915	-12,573
Okmulgee, Okla.....	2,902	+556	-676
Omaha, Nebr.....	137,069	+22,130	-25,952
Pittsburg, Kans.....	3,640	+18	-843
Pueblo, Colo.....	13,011	-1,570	-6,178
Salina, Kans.....	8,243	+542	-1,191
St. Joseph, Mo.....	23,892	+3,080	-3,747
Topeka, Kans.....	17,854	+1,376	+495
Tulsa, Okla.....	138,664	+16,934	-20,251
Wichita, Kans.....	43,687	+4,399	-8,288
District, 30 cities.....	1,094,349	+153,404	-188,131
United States, 141 cities.....	32,109,230	+6,571,149	-9,893,800

Trade

DEPARTMENT STORE SALES

Dollar volume of March sales at reporting department stores in the District was about 8 per cent lower than a year ago and sales for the first quarter of the year were about 6 per cent lower. Part of the March decline is accounted for by the fact that Easter came in March last year and was three weeks later this year. However, a comparison of sales for the six-week period ending April 16, which includes Easter shopping both this year and last, shows a decrease of 7 per cent from last year. Weather conditions in the first week of April were unfavorable for the movement of spring merchandise. Retail prices continued to decline through March and, according to the Fairchild Index, are now 4 per cent lower than a year ago.

Stocks of merchandise increased seasonally during March but are nearly 9 per cent smaller than a year ago. Collections on open accounts averaged 44.7 per cent of receivables in March as compared with 45.8 per cent a year earlier, while installment collections averaged 16.0 and 15.7 per cent, respectively.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS		
	Mar. '38	3 Mos.'38	Mar.31,'38	compared to	
	comp.to Mar.'37	comp.to 3 Mos.'37	Feb.28,'38	Mar.31,'37	
	(Per cent increase or decrease)				
Denver.....	4	-3.7	-5.5	+4.9	-8.5
Kansas City.....	4	-13.6	-10.6	+5.9	-15.1
Oklahoma City	3	-4.3	-0.4	+6.3	+2.0
Omaha.....	3	+1.6	-2.1	+4.0	-8.8
Tulsa.....	4	-6.6	-0.3	+6.5	+0.3
Wichita.....	3	-13.1	-8.9	+3.0	-11.7
Other cities.....	21	-11.2	-6.6	+4.5	-9.4
District.....	42	-7.5	-5.6	+5.0	-8.7

RETAIL SALES

March sales of independent retail stores in the District were 13 per cent lower than a year ago and sales for the first quarter of the year about 10 per cent lower.

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

	Mar. 1938 per cent change from Mar. 1937				
	Colo.	Kans.	Mo.	Nebr.	Okla.
Apparel.....	-20.8	-14.3	-18.8	-17.0	-14.6
Country general.....	-13.3	-13.3	-14.9	-18.2	-21.3
Department.....	+4.0	-9.9	-8.3	-3.7	-4.3
Drug.....	+0.5	-1.5	-0.6	-0.4	+1.1
Furn. and appliances.....	+7.0	-15.4	-15.0	-15.5	-9.9
Grocery.....	-9.0	-10.8	-13.0	-8.4	-13.5
Hardware.....	-29.3	-11.4	+14.1	-26.0	-10.9
Lbr. and bldg. mtl's.....	-5.2	-13.6	-19.6	-6.4	-13.7
Motor vehicle.....	-39.1	-21.3	-32.9	-24.2	-21.5
Total.....	-12.4	-13.0	-14.0	-11.7	-10.9

WHOLESALE SALES

The value of March wholesale sales in this District was 14 per cent lower than a year ago, only drug and grocery sales keeping pace with last year. Wholesale sales showed a seasonal expansion of nearly 25 per

cent over the preceding month. Total sales for the the first quarter of the year were about 12 per cent lower than last year, wholesalers of hardware reporting relatively the largest decline.

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

No. of Firms	SALES		STOCKS		
	Mar.'38	3 Mos.'38	Mar.31,'38	comp. to	
	comp.to Mar.'37	comp.to 3 Mos.'37	Feb.28,'38	Mar.31,'37	
	(Per cent increase or decrease)				
Drugs.....	7	+0.3	-3.2	-0.2	-8.1
Dry goods.....	4	-7.1	-18.4	-5.4	-14.8
Electrical goods.....	8	-14.6	-11.7	-3.9	-1.7
Furniture.....	4	-16.5	—	—	—
Groceries.....	9	+3.7	+4.3	-4.8	+5.0
Hardware-total.....	23	-36.2	-35.4	+4.3	-7.7
General.....	9	-14.0	-18.4	+6.2	-9.5
Industrial.....	9	-55.8	-51.3	-0.2	+0.1
Plbg. & htg.....	5	-29.3	-18.8	Zero	-8.4
Jwlry. & opt.gds... 3	3	-5.0	—	+0.5	+5.5
Paper.....	3	-12.8	-1.8	—	—
All other lines.....	10	-12.1	-6.8	-0.7	-2.8
Total.....	71	-14.0	-11.9	-0.3	-5.9

Crops

The first official estimates of winter wheat production indicate average yields or better on the heavy acreage seeded last fall despite rather heavy abandonment again this year in parts of the plains area. The estimates do not take into account any damage that may have occurred from freezing in April. If present prospects are realized, production in the District this year will again be much above the average and the largest since 1931. However, good yields are still more than usually dependent on well distributed rain during the remainder of the growing season because of the lack of moisture in the subsoil.

Wheat estimates of the Department of Agriculture:

	PRODUCTION			YIELD PER SEEDED ACRE		
	Indic. 1938	Final 1937	Aver. '27-'36	Indic. 1938	Final 1937	Aver. '27-'36
	(000 Bushels)			(Bushels)		
Colo.....	9,399	11,151	9,672	6.5	8.1	6.3
Kans.....	174,460	158,040	133,463	10.0	9.2	10.0
Mo.....	37,940	41,097	21,576	14.0	12.1	12.4
Nebr.....	61,373	45,654	46,400	13.0	10.3	13.0
N. Mex.....	4,100	2,829	2,277	10.0	6.9	5.6
Okla.....	71,508	65,462	44,015	12.0	11.6	9.4
Wyo.....	1,589	1,392	1,273	7.0	5.8	8.2
7 States.....	360,369	325,625	258,676	—	—	—
U. S.....	725,707	685,102	546,396	12.6	11.9	12.0

March weather was unusually warm and wet. Precipitation in the District ranged from 9 per cent above normal in Wyoming up to 92 per cent above normal in Oklahoma. As a result of the warm weather and the greatly improved moisture situation, winter wheat was farther advanced than usual and was making rank growth in southcentral and southeastern Kansas and in central and southwestern Oklahoma when freezing temperatures and snow storms occurred toward the end of March and early in April. Early fruit was dam-

aged severely but reports indicate that the benefit from the snow and cold weather in supplying moisture and retarding plant growth would probably more than offset injury to wheat that had already jointed. Heavy early growth and rapid development of wheat, which is about three to four weeks ahead of normal, have drained heavily on the supply of soil moisture and increased the hazard from dry weather as well as excessive straw production. Harvest apparently will be early this year.

Rainfall

	Mar. 1938		3 Mos. 1938	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	2.12	1.04	3.32	1.97
Leadville.....	2.56	1.66	5.04	4.30
Pueblo.....	1.32	.59	2.64	1.37
Lamar.....	1.19	.80	2.19	1.66
Garnett.....	.95	.39	1.85	.71
Steamboat Springs.....	3.73	2.34	7.26	6.97
KANSAS				
Topeka.....	2.20	2.10	4.26	4.55
Iola.....	4.22	2.59	7.88	5.39
Concordia.....	1.17	1.23	2.81	2.72
Salina.....	2.12	1.39	3.24	3.09
Wichita.....	1.91	1.75	4.51	3.78
Hays.....	1.87	.93	2.58	2.08
Goodland.....	2.54	.90	2.85	1.68
Dodge City.....	1.63	.89	2.25	2.07
Elkhart.....	.35	.85	.97	1.69
MISSOURI				
St. Joseph.....	1.69	2.48	3.37	5.43
Kansas City.....	3.06	2.53	5.85	5.47
Joplin.....	6.91	3.20	13.76	7.04
NEBRASKA				
Omaha.....	.51	1.37	2.10	2.96
Lincoln.....	1.70	1.27	3.78	2.86
Norfolk.....	1.21	1.20	2.76	2.67
Grand Island.....	.78	1.32	1.98	2.67
McCook.....	1.51	.88	1.91	1.88
North Platte.....	.79	.86	1.11	1.78
Bridgeport.....	.93	.82	1.19	1.69
Valentine.....	1.27	1.25	2.10	2.33
NEW MEXICO				
Clayton.....	.52	.58	1.17	1.02
Santa Fe.....	.81	.80	1.86	2.22
Farmington.....	1.78	.66	2.34	1.74
OKLAHOMA				
Tulsa.....	5.90	3.02	12.65	6.59
McAlester.....	4.85	3.09	16.77	8.16
Oklahoma City.....	5.51	1.98	10.09	4.28
Pauls Valley.....	5.31	2.10	16.45	5.19
Hobart.....	2.64	1.58	5.62	3.30
Enid.....	2.51	1.60	5.11	3.84
Woodward.....	1.85	1.43	3.82	3.11
WYOMING				
Cheyenne.....	1.33	1.02	1.98	2.08
Casper.....	.53	1.24	1.48	2.75
Lander.....	1.66	1.19	2.43	2.38
Sheridan.....	1.00	1.16	2.34	2.71

Grain Marketing

Except for wheat, marketings of principal grains continued in small volume in March. Receipts of wheat were substantially larger than in March of last year and equal to the March average during the past ten years, while corn marketings were little changed from a year ago and less than half the average volume. Receipts of oats were sharply lower than a year ago and 33 per cent below the average.

Receipts of grain at five markets in the District:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	(In thousands of bushels)					
Hutchinson.....	1,427	—	—	1	—	18
Kansas City.....	3,451	691	132	20	13	45
Omaha.....	733	1,065	282	41	3	—
St. Joseph.....	250	360	282	3	—	—
Wichita.....	862	4	2	—	—	—
Mar. 1938.....	6,723	2,120	698	65	16	63
Feb. 1938.....	5,544	2,545	846	111	17	69
Mar. 1937.....	4,832	2,087	1,391	59	92	57
3 Mos. 1938.....	18,745	9,911	2,523	352	49	369
3 Mos. 1937.....	12,534	6,318	4,005	86	193	218

With prospects for a large wheat crop again this year, growers are reducing their large holdings and cash wheat prices continue to work irregularly lower. Federal corn loans have been a steadying influence on marketings of corn, and cash corn prices, supported by a recent broadening in export demand, have strengthened. In Nebraska, the principal corn producing state of the District, loans had been made on 3,124,404 bushels of corn up to early April.

Cash grain prices at the Kansas City market:

	Apr. 23 1938	Mar. 31 1938	Feb. 28 1938	Mar. 31 1937
No. 1 hd., dk. wheat, bu.....	\$.86	\$.87 $\frac{3}{4}$	\$.98	\$ 1.41 $\frac{1}{4}$
No. 2 mixed corn, bu.....	.55 $\frac{3}{4}$.55 $\frac{1}{2}$.53	1.30 $\frac{1}{2}$
No. 2 white oats, bu.....	.29 $\frac{3}{4}$.30 $\frac{3}{4}$.31 $\frac{1}{2}$.53 $\frac{1}{2}$
No. 2 rye, bu.....	.60	.62 $\frac{1}{2}$.71	1.10
No. 2 barley, bu.....	.52	.54	.55	.90
No. 2 white kafir, cwt.....	.84	.85	.87	2.29

Livestock

MARKETINGS

Marketings of cattle, calves, and sheep increased seasonally during March but hog marketings showed a contraseasonal decrease. Receipts of calves were 23 per cent above and cattle 4 per cent below the March average of the past ten years, while hog receipts continued about 60 and sheep 20 per cent below average. Marketings are running somewhat under a year ago, the March total showing a decrease of about 11 per cent and the total for the first quarter of the year a decrease of about 7 per cent. Hog receipts were at a new low both for March and the three months.

Livestock receipts at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	31,283	4,246	23,427	193,935
Kansas City.....	95,235	19,988	82,378	108,813
Oklahoma City.....	38,845	16,027	38,826	20,803
Omaha.....	94,776	9,504	71,827	132,488
St. Joseph.....	22,939	5,621	46,675	115,465
Wichita.....	28,114	6,225	20,314	13,394
Mar. 1938.....	311,192	61,611	283,447	584,898
Feb. 1938.....	247,315	43,969	335,358	480,815
Mar. 1937.....	336,364	68,908	374,933	615,040
3 Mos. 1938.....	915,429	173,590	1,174,881	1,536,294
3 Mos. 1937.....	935,955	196,486	1,233,960	1,710,177

PRICES

The strong upward trend in livestock prices after the middle of February was reversed in the latter part of March. Prices of nearly all classes of livestock at

the middle of March had reached their highest level this year, with the top price for beef steers within 15 cents of the January top, fed lambs the highest since last December, and hogs and stocker and feeder cattle the highest since November. In the subsequent decline, hog prices lost virtually all of their advance from the early February low and beef steers and fed lambs lost about half of their advance, lamb prices suffering the most severe setback since the break which occurred early last December. General business conditions provided little support for the higher price levels, and a rather sharp increase in fed cattle and lamb receipts as prices advanced was also a factor in the decline. First arrivals of new crop spring lambs brought \$10.00 a hundredweight before the decline as compared with \$13.75 a year ago, and beef steers were about \$4.65, hogs \$1.00, and fed lambs \$3.50 a hundredweight under a year ago. In the first three weeks of April, cattle prices strengthened, but hog and lamb prices show further weakness.

Top livestock prices at the Kansas City market:

	Apr. 22 1938	Mar. 1938	Feb. 1938	Mar. 1937	Mar. 1936	Mar. 1935
	(In dollars per hundredweight)					
Beef steers.....	9.75	9.85	9.25	14.50	10.40	13.75
Stocker cattle.....	8.50	8.50	8.25	9.25	8.60	8.75
Feeder cattle.....	8.25	8.40	8.25	10.00	8.50	10.00
Calves.....	9.00	10.00	10.00	10.00	9.50	9.00
Hogs.....	8.20	9.35	8.85	10.35	10.60	9.70
Sheep.....	6.00	7.00	6.00	10.00	7.85	6.25
Fed lambs.....	8.00	9.25	8.35	12.75	10.40	8.75
New crop spring lambs....	8.75	10.00	—	13.75	11.00	10.00

STOCKERS AND FEEDERS

March shipments of stocker and feeder cattle and calves to the country were unusually heavy, reflecting in part the greatly improved moisture situation. The movement of cattle was 24 and calves 27 per cent above the March ten-year average. Although the corn-hog ratio is very favorable at the present time, hog shipments were little more than a third of normal. Shipments of sheep, while somewhat heavier than a year ago, were only two-thirds of normal.

Stocker and feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	7,883	1,328	99	3,521
Kansas City.....	43,031	4,623	1,637	12,194
Omaha.....	15,561	2,881	902	13,546
St. Joseph.....	4,285	829	807	7,068
Mar. 1938.....	70,760	9,661	3,495	36,329
Feb. 1938.....	43,148	4,866	4,878	37,639
Mar. 1937.....	62,248	9,315	3,799	32,428
3 Mos. 1938.....	179,473	25,147	11,737	117,109
3 Mos. 1937.....	168,737	25,048	8,941	130,623

The number of cattle on feed for market on April 1 was reported to be 35 per cent larger than a year ago in Nebraska and 15 per cent larger in Missouri. However, the number on feed in Missouri is only one-third what it was at this time in 1929. In Kansas, where cattle feeding has made no recovery after having been

greatly reduced during the drought years, the number on feed is 10 per cent smaller than a year ago and only one-sixth as large as in 1929. Feeders' intentions indicate that marketings will be much later than usual owing to the sharp drop in prices of fed cattle since last fall and the increased supplies and relatively low prices of feed grains.

RANGES AND PASTURES

Although subsoil moisture continues deficient, almost all of the 1937 drought area in western Nebraska, Kansas, and Oklahoma, in eastern Colorado, and in northeastern New Mexico now has sufficient topsoil moisture to start spring grass, and range feed prospects are the best in several years. Wheat pastures have provided much grazing in Kansas and Oklahoma and native pastures are ahead of normal. Livestock came through the winter in very good condition and calf and lamb crop prospects are good to excellent.

Pasture leasing has been active in the Osage section of Oklahoma where pastures are in excellent condition and one to two weeks early but leasing has been slow in the Blue Stem area of Kansas where the condition is only fair and many pastures are weedy. Lease prices, the highest since 1931, are about the same as a year ago and acreage guarantees continue large. The spring movement of cattle from the southwest, about a third of which goes to these grazing areas, is expected to be considerably smaller than the very heavy movement of a year ago.

Farm Income

Cash farm income in this District is running about 14 per cent lower than a year ago, reflecting principally a substantially smaller volume of Government payments and a decline of about 18 per cent in receipts from the sale of crops, largely the result of lower prices. Receipts from the sale of livestock and its products are only about 3 per cent lower than a year ago. During the first two months of this year, income in Wyoming was 5 per cent larger than last year, but in Colorado it was 23, in New Mexico 31, in Nebraska 18, in Kansas 15, in Oklahoma 8, and in Missouri 2 per cent smaller. The decline in Oklahoma and Missouri is accounted for wholly by smaller Government payments.

Income estimates of the Department of Agriculture:

	Feb. 1938	Jan. 1938	Feb. 1937
	Change from (In thousands of dollars)		
Colorado.....	6,624	-1,482	-3,251
Kansas.....	18,002	-2,712	-2,247
Missouri.....	14,473	-2,747	+610
Nebraska.....	14,077	-2,651	-2,498
New Mexico.....	1,370	-2,056	-1,526
Oklahoma.....	8,567	-273	-1,286
Wyoming.....	1,532	-580	-53
Seven states.....	64,645	-12,501	-10,251
United States.....	487,000	-133,000	-70,000

Meat Packing

The slaughter of cattle, calves, and sheep increased seasonally during March while hog slaughter declined, falling to the lowest March level of record. Packers' purchases of cattle were 5, hogs 51, and sheep 16 per cent below the March average of the past ten years, with calf purchases about 10 per cent above average. Slaughter is beginning to show a rather marked decline from a year ago, March operations being about 17 per cent smaller as compared with a decrease of only 7 per cent for the first quarter of the year.

Packers' purchases at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	16,350	2,504	19,213	32,574
Kansas City.....	47,013	12,298	77,257	83,375
Oklahoma City.....	17,326	9,645	33,168	13,689
Omaha.....	59,167	6,190	62,886	88,973
St. Joseph.....	16,105	4,790	42,016	102,183
Wichita.....	12,430	5,981	18,794	12,222
Mar. 1938.....	168,391	41,408	253,334	333,016
Feb. 1938.....	155,732	34,054	281,785	310,136
Mar. 1937.....	188,694	52,045	330,158	382,656
3 Mos. 1938.....	532,272	120,105	1,031,093	941,388
3 Mos. 1937.....	548,001	155,365	1,083,117	1,048,039

Cold Storage Holdings

After allowing for usual seasonal changes, United States cold storage holdings generally showed little change in March except that stocks of shell eggs showed considerably less than the usual increase and butter substantially less than the usual decline. April 1 holdings of beef were 39, pork 12, lamb 11, poultry 5, lard 4, and shell eggs 4 per cent below the average of the past five years. Stocks of frozen eggs, butter, and cheese continue high.

United States cold storage holdings:

	Apr. 1 1938	Mar. 1 1938	Apr. 1 1937	Apr. 1 5-Yr. Av.
	(In thousands of units)			
Beef, lbs.....	50,468	57,023	142,691	82,076
Pork, lbs.....	543,407	582,654	755,777	620,147
Lamb and mutton, lbs.....	2,940	3,523	7,174	3,314
Poultry, lbs.....	78,725	100,493	120,328	83,002
Miscellaneous meats, lbs.....	69,701	77,779	116,897	71,894
Lard, lbs.....	121,413	116,979	217,227	126,885
Eggs, shell, cases.....	1,294	281	1,413	1,354
Eggs, frozen (case equiv.).....	2,735	2,536	1,516	1,270
Butter, creamery, lbs.....	14,310	21,033	6,700	8,399
Cheese, all varieties, lbs.....	77,141	85,656	85,216	66,596

Flour Milling

Operations at southwestern flour mills continued in March at about the same rate as in the two preceding months, production for March and the first quarter of the year falling about 8 per cent below output in the corresponding periods of 1937. However, production is still slightly above the average of the past ten years. With a sizable backlog of unfilled orders and a small but fairly steady volume of new small-lot business for nearby shipment, milling operations are being maintained although flour buying interest has been checked by further declines in the wheat market.

Flour production reported by the Northwestern Miller:

	Mar. 1938	Feb. 1938	Change from Mar. 1937
	(In barrels)		
Kansas City.....	644,000	+77,000	+1,000
Salina.....	146,000	+3,000	-46,000
Wichita.....	178,000	+30,000	-33,000
Other cities.....	1,069,000	+140,000	-87,000
Southwest.....	2,037,000	+250,000	-165,000
United States*.....	5,460,000	+596,000	-68,000

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

Petroleum

Daily average crude oil production in the District continued to decline in March, with prospects for a further small reduction in April. Daily average output, which had reached a near-record level last spring and summer, has been declining almost steadily since last August because of burdensome storage stocks of crude oil and the sharp curtailment in refinery operations that started in the fall. March output was 16 per cent below a year ago and production for the first quarter of the year was about 10 per cent lower. However, production is still about 9 per cent above the average of the past ten years.

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

	March 1938		February 1938		March 1937	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colo.....	122	3.9	104	3.7	142	4.6
Kans.....	5,334	172.1	4,786	170.9	6,030	194.5
N. Mex.....	3,253	104.9	2,905	103.8	3,162	102.0
Okla.....	15,921	513.6	14,986	535.2	20,173	650.8
Wyo.....	1,544	49.8	1,261	45.0	1,564	50.5
5 States.....	26,174	844.3	24,042	858.6	31,071	1,002.4
U. S.....	105,084	3,389.8	94,662	3,380.8	106,724	3,442.7

Stocks of crude petroleum in the District have shown little change since early last December. In the forepart of April they totaled about 151 million barrels as compared with 146 million barrels at this time last year when stocks were rising rapidly.

Coal

Production of bituminous coal in the District showed a further seasonal decline in March. Output was only half as large as in March of last year and production for the first quarter of 1938 is 37 per cent less than a year ago.

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

	Mar. 1938	Feb. 1938	Change from Mar. 1937
	(In tons)		
Colorado.....	373,000	-163,000	-394,000
Kansas and Missouri.....	433,000	-191,000	-497,000
New Mexico.....	91,000	-17,000	-108,000
Oklahoma.....	51,000	-81,000	-86,000
Wyoming.....	386,000	+21,000	-208,000
Six states.....	1,334,000	-431,000	-1,293,000
United States.....	26,800,000	-200,000	-24,515,000

Zinc and Lead

March shipments of zinc and lead ore from the Tri-State district were markedly lower than a year ago, with zinc shipments showing a decline of 18 and lead 5 per cent for the first quarter of the year. Output of zinc and lead, which had been increasing up to the last week of March, has since declined sharply.

Shipments estimated from Joplin News-Herald reports:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	10,800	\$ 292,892	2,511	\$ 120,794
Missouri.....	2,697	73,162	674	32,417
Oklahoma.....	20,458	556,053	2,842	136,693
Mar. 1938.....	33,955	\$ 922,107	6,027	\$ 289,904
Feb. 1938.....	33,345	936,865	5,483	276,713
Mar. 1937.....	45,484	2,029,127	7,712	650,980
3 Mos. 1938.....	99,420	2,794,865	15,090	756,903
3 Mos. 1937.....	121,230	4,871,377	15,935	1,254,122

Zinc concentrate prices declined further in the latter part of March to about \$28 a ton but lead prices remain unchanged at about \$49 a ton. Comparable quotations a year ago, when prices were at an unusually high level, were \$49 and \$84, respectively.

Employment and Pay Rolls

Employment in the District showed a small increase from the middle of February to the middle of March while pay rolls declined slightly further. Employment in March was about 9 and pay rolls 10 per cent under a year ago as compared with declines of 7 and 6 per cent, respectively, for the first quarter of the year.

Preliminary figures of the Department of Labor:

	March 1938 per cent change from February 1938	
	Employment	Pay Rolls
Colorado.....	+1.0	-0.1
Kansas.....	-0.5	-0.2
Missouri.....	+0.9	+0.5
Nebraska.....	-1.0	-1.4
New Mexico.....	+0.2	-6.0
Oklahoma.....	-1.6	+0.1
Wyoming.....	-1.3	-2.8

Building

A notable expansion during March in awards for non-residential construction raised total awards in this District to a level about 32 per cent above that in March of last year. With this increase, non-residential awards for the first quarter of the year were slightly larger than a year ago, sharply less residential building accounting for a decline of 11 per cent in total awards for the quarter.

Construction figures of the F. W. Dodge Corporation:

	TENTH DISTRICT		37 EASTERN STATES	
	Residential	Total	Residential	Total
	(In thousands of dollars)			
Mar. 1938.....	2,826	11,014	79,396	226,918
Feb. 1938.....	1,694	5,342	40,023	119,038
Mar. 1937.....	3,889	8,350	90,168	231,246
3 Mos. 1938.....	5,994	23,987	155,626	541,428
3 Mos. 1937.....	9,939	27,010	231,578	662,606

The value of March building permits issued in reporting District cities was 41 per cent lower than a year ago. Although permits for the first two months of 1938 were little changed from 1937, the total value for the first quarter is 22 per cent lower.

Building permits issued by eighteen District cities:

	PERMITS		ESTIMATED COST	
	1938	1937	1938	1937
Albuquerque, N. Mex.....	74	87	\$ 130,000	\$ 254,000
Cheyenne, Wyo.....	95	67	185,000	319,000
Colorado Springs, Colo.....	79	67	59,000	66,000
Denver, Colo.....	555	540	552,000	1,145,000
Hutchinson, Kans.....	71	112	79,000	145,000
Joplin, Mo.....	22	23	20,000	81,000
Kansas City, Kans.....	40	39	108,000	57,000
Kansas City, Mo.....	142	206	232,000	502,000
Lincoln, Nebr.....	199	169	117,000	198,000
Oklahoma City, Okla.....	221	229	647,000	814,000
Omaha, Nebr.....	128	144	117,000	281,000
Pueblo, Colo.....	81	76	27,000	49,000
Salina, Kans.....	17	11	21,000	39,000
Shawnee, Okla.....	18	13	13,000	21,000
St. Joseph, Mo.....	26	28	11,000	38,000
Topeka, Kans.....	92	80	147,000	109,000
Tulsa, Okla.....	97	110	253,000	806,000
Wichita, Kans.....	279	193	338,000	239,000
March.....	2,236	2,194	\$3,056,000	\$5,163,000
February.....	1,133	1,238	2,735,000	2,886,000
Three months.....	4,483	4,275	7,609,000	9,728,000

Lumber

In contrast with a February decline of 15 per cent from a year ago, board feet sales of lumber at reporting retail yards in the District in March were only 5 per cent lower than a year ago, thus narrowing the loss for the first quarter of the year to 7 per cent.

Collections on amounts outstanding averaged 33.6 per cent in March as compared with 29.3 per cent in February and 41.9 per cent in March of last year.

Lumber trade at 155 retail yards in the District:

	March 1938 per cent change from	
	February 1938	March 1937
Sales of lumber, board feet.....	+45.0	-4.6
Sales of all materials, dollars.....	+45.2	-2.4
Stocks of lumber, board feet.....	-0.3	-6.3
Outstandings, dollars.....	+5.9	+17.9

Life Insurance

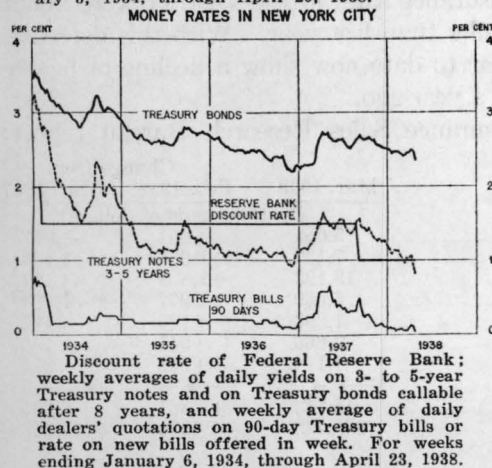
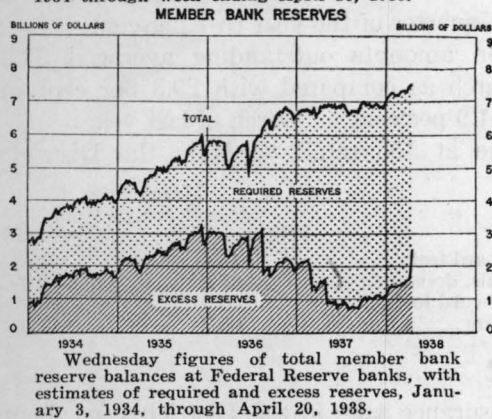
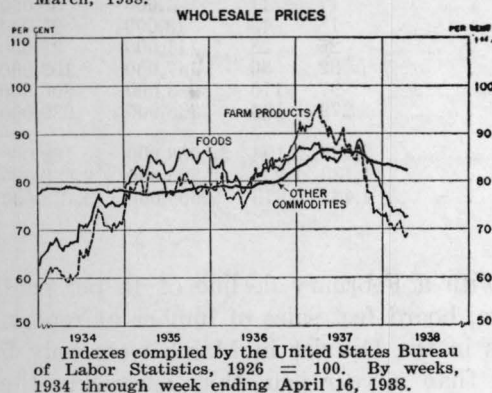
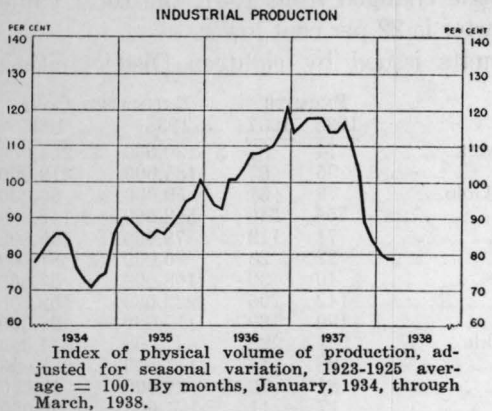
March life insurance sales in the District were about 15 per cent smaller than last year. With this decrease, sales for the year to date now show a decline of nearly 8 per cent from a year ago.

The Life Insurance Sales Research Bureau report:

	Change from		
	Mar. 1938	Feb. 1938	Mar. 1937
	(In thousands of dollars)		
Colorado.....	5,651	+861	-1,077
Kansas.....	7,137	+1,036	-1,401
Missouri.....	18,193	+1,809	-4,197
Nebraska.....	5,669	+1,277	-1,294
New Mexico.....	1,293	+125	-177
Oklahoma.....	9,656	+941	-186
Wyoming.....	1,114	+332	-223
Seven states.....	48,713	+6,381	-8,555
United States.....	568,473	+79,770	-154,158

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System



In March and the first three weeks of April industrial activity continued at about the same rate as in January and February. Distribution of commodities to consumers showed less than the usual seasonal increase and wholesale commodity prices declined further.

PRODUCTION

Volume of industrial production showed little change from February to March and the Board's index, which is adjusted for the number of working days and for usual seasonal variations, remained at 79 per cent of the 1923-1925 average. In the steel industry, output of ingots averaged 33 per cent of capacity in March and continued at about this level in the first three weeks of April. Shipments of finished steel in March, as in other recent months, were at a somewhat higher rate than output. Automobile production, which usually expands sharply at this time of the year, showed little change from the low level of January and February, and output of tires and plate glass likewise remained at a low rate. In the lumber and cement industries there were considerable increases in output in March. At cotton and silk textile mills and shoe factories activity rose somewhat, while production at woolen mills declined following a rise in February. Declines were reported also for meat packing and sugar refining. At mines, where production decreased generally in February, output of bituminous coal and nonferrous metals continued to decline in March, while production of anthracite and crude petroleum increased somewhat.

Value of construction contracts awarded showed a considerable increase in March, according to figures of the F. W. Dodge Corporation. Awards for residential work, which had advanced moderately in February, increased sharply in March but were still 12 per cent less than in March, 1937. Contracts for other private work also increased in March, but remained considerably smaller than a year ago. The value of public projects showed an increase and was higher than last year.

EMPLOYMENT

Factory employment declined somewhat and pay rolls showed little change from the middle of February to the middle of March, although increases are usual at this season. The number employed in the machinery industries decreased considerably further and at woolen mills there was also a substantial decline, while most other manufacturing industries showed moderate declines or little change. Employment on the railroads and in the public utilities declined somewhat further in March, while in other nonmanufacturing lines there was little change in the number employed.

DISTRIBUTION

Sales at variety stores and by mail-order houses increased seasonally in March, while sales at department stores showed less than the usual rise. The Board's seasonally adjusted index of department store sales declined from 88 in February to 86 in March and figures for the first three weeks of April indicate some further decline. Freight carloadings showed little change from February to March, although a rise is usual at this time of the year. Shipments of coal declined substantially and miscellaneous loadings increased by less than the usual seasonal amount.

COMMODITY PRICES

Wholesale commodity prices generally declined from the middle of March to the third week of April. There were further decreases in prices of a number of raw and semifinished industrial commodities, and prices of some leading agricultural products also declined, reflecting in part seasonal influences. In the middle of April prices of some industrial materials advanced slightly from the lows reached earlier in the month.

BANK CREDIT

During March and the first three weeks of April, total loans at reporting member banks in 101 leading cities declined further, reflecting a substantial reduction in loans to brokers and dealers in securities and also declines in commercial loans. Holdings of investments showed little net change, declining in March and increasing in April.

As a part of the Government's program for encouragement of business recovery, the Board of Governors reduced reserve requirements of member banks by about \$750,000,000, effective April 16, and excess reserves correspondingly increased. As a part of the same program the Treasury discontinued the inactive gold account and deposited about \$1,400,000,000 of gold certificates with the Federal Reserve banks. Additions to excess reserves from this source will occur as the Treasury draws upon these deposits to meet current expenditures and the retirement of Treasury bills.

MONEY RATES AND BOND YIELDS

Yields on Treasury bonds declined from a level of 2.50 per cent in the first half of April to 2.32 per cent on April 22. The average yield on 3-5 year Treasury notes declined to a new low of 0.81 per cent, which compares with the previous low of 0.91 per cent in December, 1936. The rate on three-month Treasury bills declined to virtually a no-yield basis. Other short-term open-market money rates remained unchanged in the first three weeks of April.