

MONTHLY REVIEW

Agricultural and Business Conditions

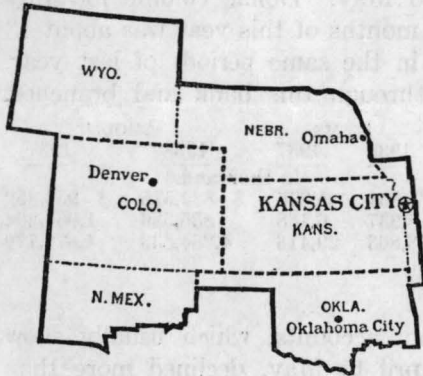
TENTH FEDERAL RESERVE DISTRICT

VOL. 23, No. 6

FEDERAL RESERVE BANK OF KANSAS CITY

JUNE 30, 1938

Business in the Tenth Federal Reserve District



Little change in the general situation has occurred in recent weeks. Heavy rains have damaged wheat and delayed corn. Otherwise the farm outlook continues good with somewhat higher prices. Trade and industrial activity remains at a low level.

Farm income is 18% under a year ago. Wholesale, retail, and life insurance sales continue greatly under last year although department store sales in recent weeks are better. Department store and wholesale inventories are 12% under last year.

Lead and zinc ore shipments reflect the low state of business activity and crude petroleum production is down markedly from the high level of last year. Construction activity has recently increased moderately, but for the year to date is disappointing.

Bank loans and investments are lower. In particular, banks are selling Government securities. Demand deposits in the last few weeks have been increasing.

BUSINESS INDICATORS	MAY 1938 COMPARED WITH MAY 1937								5 MOS. 1938 COMPARED WITH 5 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.....																
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.....																

+179

+70

+102

+61

*For previous month

Member Bank Operations

Volume of loans at reporting member banks in the Tenth District continued to decline from the middle of May to the middle of June, reflecting principally a small further decrease in commercial loans and a decrease in holdings of open market paper. Loans to security brokers and dealers increased and there was a slight further increase in real estate loans. Investments declined sharply during the four weeks, a large decrease in holdings of Government obligations being offset in part by a small increase in holdings of other securities. Total loans are 7 and investments 16 per cent smaller than a year ago.

Adjusted demand deposits rose somewhat from the middle of May to the middle of June and this increase, together with the sale of securities held, was reflected in an increase in reserve balances carried at this bank and a large further gain in correspondent balances carried with other banks. Correspondent balances are now 40 per cent larger than a year ago, while adjusted demand deposits are 3 per cent lower and interbank deposits slightly lower than at this time last year.

Principal items of condition of 51 member banks:

	Change from		
	June 15 1938	May 18 1938	June 16 1937
	(In thousands of dollars)		
Loans and investments-total.....	605,718	-20,467	-88,371
Loans-total.....	237,221	-3,188	-16,428
Coml., indust., and agric.....	143,384	-2,392	-10,157
Open market paper.....	17,012	-1,166	-3,004
To security brokers and dealers.....	4,202	+811	+41
Other to purchase or carry secur.....	12,155	-35	-2,357
Real estate loans.....	21,754	+174	+2,453
Loans to banks.....	561	+26	-693
All other loans.....	38,153	-606	-2,711
Investments-total.....	368,497	-17,279	-71,943
U. S. Govt. direct obligations.....	213,943	-16,686	-45,638
Oblig. guar. by U. S. Govt.....	39,697	-2,947	-7,566
Other securities.....	114,857	+2,354	-18,739
Reserve with F. R. Bank.....	160,907	+9,931	-1,825
Balances with domestic banks.....	290,698	+22,051	+82,814
Demand deposits-adjusted.....	484,072	+12,779	-15,111
Time deposits.....	144,194	-53	-1,299
U. S. Govt. deposits.....	17,890	-144	+9,466
Interbank deposits.....	346,564	-2,967	-4,772

Reserve Bank Operations

Federal Reserve note circulation of this bank declined somewhat from the middle of May to the middle of June. Circulation is now at the lowest level of this year and is very little larger than at this time last year when circulation was rising steadily.

This bank's holdings of Treasury bonds in the System's open market account were reduced about 4¼ million dollars in the second week of June, offset by an increase of nearly 3 million in notes and slightly more than 1¼ million in bills. Volume of industrial loans again turned downward between the middle of May and the middle of June, while commitments to make industrial advances showed little change.

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

	Change from		
	June 15 1938	May 18 1938	June 16 1937
	(In thousands of dollars)		
Total reserves.....	297,066	-11,630	+455
Bills discounted.....	243	+28	+18
Bills purchased.....	15	-1	-99
Industrial advances.....	437	-32	-193
Commit. to make indust. adv.....	366	-2	+238
U. S. Government securities.....	124,627	Zero	+499
Total resources.....	462,338	-10,660	-4,523
F. R. notes in circulation.....	163,110	-1,932	+1,061
Member bank reserve deposits.....	228,780	+10,436	-9,567

Dollar volume of check collections declined slightly further from April to May. Dollar volume for May and for the first five months of this year was about 13 per cent lower than in the same periods of last year.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1938	1937	1938	1937
	(In thousands)			
May.....	5,864	5,886	\$ 833,575	\$ 953,852
April.....	5,937	6,188	855,536	1,069,304
Five months.....	28,803	29,416	4,264,833	4,870,770

Bank Debits

Debits to individual accounts, which usually show little change from April to May, declined more than 5 per cent, the volume of payments by check for May falling 16 per cent under the same month last year. In the first five months of this year, debits in this District were 13 and in the country as a whole about 20 per cent smaller than a year ago.

Payments by check in thirty District cities:

	Change from		
	May 1938	Apr. 1938	May 1937
	(In thousands of dollars)		
Albuquerque, N. Mex.....	13,419	-164	-1,329
Atchison, Kans.....	2,667	-210	-690
Bartlesville, Okla.....	26,479	-1,942	-3,450
Casper, Wyo.....	5,155	+16	-380
Cheyenne, Wyo.....	7,801	+70	-707
Colorado Springs, Colo.....	11,716	-1,600	-1,998
Denver, Colo.....	135,903	-8,943	-33,754
Emporia, Kans.....	3,050	+130	-413
Enid, Okla.....	10,088	-584	+66
Fremont, Nebr.....	2,397	+52	-224
Grand Junction, Colo.....	3,195	-138	-680
Guthrie, Okla.....	1,556	-41	-113
Hutchinson, Kans.....	9,604	-620	-3,162
Independence, Kans.....	2,511	-16	-147
Joplin, Mo.....	8,576	+182	-1,350
Kansas City, Kans.....	14,491	-283	-525
Kansas City, Mo.....	274,051	+2,733	-51,564
Lawrence, Kans.....	3,112	-193	-371
Lincoln, Nebr.....	25,136	-1,515	-3,499
Muskogee, Okla.....	7,202	-125	-432
Oklahoma City, Okla.....	91,126	-11,536	-16,886
Okmulgee, Okla.....	2,699	-26	-91
Omaha, Nebr.....	125,883	-7,461	-16,514
Pittsburg, Kans.....	3,271	-463	-433
Pueblo, Colo.....	12,313	-4,670	-4,133
Salina, Kans.....	9,016	+1,255	+354
St. Joseph, Mo.....	21,909	-1,998	-2,501
Topeka, Kans.....	14,792	-1,597	-1,051
Tulsa, Okla.....	122,941	-16,820	-36,253
Wichita, Kans.....	41,620	-1,399	-4,647
District, 30 cities.....	1,013,679	-57,916	-186,877
United States, 141 cities.....	28,840,888	-2,328,204	-5,575,401

Trade

DEPARTMENT STORE SALES

Dollar volume of sales at reporting department stores in the District declined considerably during May and was 13 per cent lower than in the same month a year ago, while sales for the first five months of the year were about 7 per cent lower. However, sales in the first three weeks of June show a decrease of only 4 per cent from the corresponding period last year. Part of the decline in dollar volume represents the effect of lower retail prices which, according to the Fairchild Index, have declined about 7 per cent since early last fall and are about 6 per cent lower than at this time last year.

Stocks of merchandise declined more than seasonally during May and the value of inventories is now about 12 per cent smaller than a year ago. Collections on open accounts averaged 44.1 per cent in May as compared with 46.1 per cent last year, while installment collections averaged 15.1 and 14.5 per cent, respectively.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	May'38 comp.to May'37	5 Mos.'38 comp.to 5 Mos.'37	May 31, '38 compared to Apr.30,'38	May 31, '37
	(Per cent increase or decrease)			
Denver.....	4 -11.8	-6.7	-13.1	-19.2
Kansas City.....	4 -18.1	-11.3	-3.7	-13.2
Oklahoma City....	3 +0.4	+0.9	-1.7	-3.8
Omaha.....	3 -9.8	-4.4	-5.7	-5.9
Tulsa.....	4 -6.8	-0.7	-6.7	-6.0
Wichita.....	3 -25.8	-11.9	—	—
Other cities.....	20 -17.1	-8.4	-3.9	-10.7
District.....	41 -13.3	-6.8	-6.7	-11.9

RETAIL SALES

Sales of independent retail stores in the District in May were 18 per cent lower and in the first five months of the year 12 per cent lower than in the same periods last year.

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

	May 1938 per cent change from May 1937				
	Colo.	Kans.	Mo.	Nebr.	Okla.
Apparel.....	-19.5	-24.4	-18.3	-18.9	-14.1
Country general.....	-13.6	-20.4	-16.4	-16.1	-24.1
Department.....	-11.9	-17.9	-13.7	-11.8	-2.7
Drug.....	-5.5	-11.2	-5.0	-6.7	-0.8
Furn. and appliances.....	-22.7	-32.9	-26.5	-17.5	-15.6
Grocery.....	-10.9	-14.4	-13.7	-12.7	-10.1
Hardware.....	-26.4	-30.8	-19.6	-18.1	-14.1
Lbr. and bldg. mtl.....	-20.1	-30.9	-29.7	-15.9	+30.8
Motor vehicle.....	-37.0	-49.4	-36.0	-30.3	-21.5
Total.....	-19.1	-27.3	-18.4	-16.2	-10.7

WHOLESALE SALES

The value of wholesale sales in this District continues about 13 per cent under a year ago. Sales of drugs and groceries in May were slightly larger than last year and have been well maintained for the year to date, but sales of other lines, particularly hardware, are much lower. Total sales in May showed little change from the April level. Wholesale prices of nearly

all commodities except farm products and foods showed further weakness in May and the forepart of June, with prices of industrial commodities averaging about 6 per cent lower than a year ago.

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

No. of Firms	SALES		STOCKS	
	May'38 comp.to May'37	5 Mos.'38 comp.to 5 Mos.'37	May 31, '38 compared to Apr.30,'38	May 31, '37
	(Per cent increase or decrease)			
Auto. supplies.....	5 -14.6	—	—	—
Drugs.....	9 +2.3	-2.4	+0.5	-7.1
Dry goods.....	4 -9.5	-16.3	-7.0	-31.1
Electrical goods....	14 -18.1	-20.7	-5.2	-7.3
Furniture.....	4 -18.7	—	—	—
Groceries.....	24 +0.5	+1.3	-7.2	-7.8
Hardware-total.....	(19) -42.2	-33.6	-2.1	-7.9
General.....	7 -18.3	-17.4	-2.9	-7.3
Industrial.....	7 -57.3	-50.6	-0.8	-8.5
Plbg. & htg.....	5 -30.1	-25.0	-2.1	-9.7
Jwelry. & opt. gds. 3	-11.4	—	-4.3	-1.1
Surgical equip.....	3 -14.8	—	—	—
Paper.....	3 -16.3	-9.1	—	—
All other lines.....	11 -16.3	-13.3	-4.2	-13.2
Total.....	99 -12.7	-12.2	-4.1	-12.0

Crops

The last official estimate before harvest indicated a winter wheat crop in this District of about 388 million bushels which would be about 20 per cent larger than a year ago and 50 per cent greater than the average production from 1927 to 1936. Damage during May from excessive precipitation, hail, wind, and orange leaf rust in some sections of the District was more than offset by improvement in other sections that were short of moisture. Since the first of June, however, prospects have been more uncertain. Injury to wheat from April frosts is becoming more apparent as harvest progresses. Further heavy rains, accompanied by strong wind, have resulted in deterioration, and black stem rust, which up to June 1 had caused little damage, has developed extensively in Kansas since then and is present in Nebraska. Even so, production seems likely to be large because of the record acreage seeded to wheat last fall.

Wheat estimates of the Department of Agriculture:

	Indicated		Final	Final	Aver.
	June 1	May 1	1937	1936	'27-'36
	(In thousands of bushels)				
Colo.....	13,082	11,628	11,151	5,915	9,672
Kans.....	192,777	192,777	158,040	120,198	133,463
Mo.....	33,462	38,610	41,097	31,290	21,576
Nebr.....	71,660	65,145	45,654	45,539	46,400
N. Mex.....	1,785	1,904	2,829	750	2,277
Okla.....	72,400	69,719	65,462	27,520	44,015
Wyo.....	2,380	1,870	1,392	639	1,273
7 States.....	387,546	381,653	325,625	231,851	258,676
U. S.....	760,623	754,153	635,102	519,874	546,396

Cotton planting in Oklahoma and delayed corn plantings throughout the District were practically completed by early June. Considerable cotton and corn has had

to be replanted because of the rains. Production of rye in the District is estimated at twice the average and the condition of spring wheat, oats, barley, and hay crops is average or above, but fruit crops will generally be light except in Colorado because of frost damage last spring.

Rainfall for May and for the three months March through May was substantially above normal in nearly all sections of the District except New Mexico where drought that developed in April has continued into June. Crops and pastures are thriving and restoration of subsoil moisture reserves has made excellent progress.

Rainfall

	May 1938		5 Mos. 1938	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	4.88	2.21	10.86	6.24
Leadville.....	2.46	1.30	9.49	7.38
Pueblo.....	1.77	1.60	6.04	4.28
Lamar.....	4.37	2.28	7.11	5.71
Garnett.....	.91	.57	3.61	1.87
Steamboat Springs.....	3.11	2.20	12.21	11.07
KANSAS				
Topeka.....	11.16	4.48	17.43	11.81
Iola.....	11.62	4.74	21.81	14.03
Concordia.....	7.76	4.18	12.18	9.26
Salina.....	7.90	3.72	13.72	9.28
Wichita.....	8.14	4.46	15.50	11.15
Hays.....	8.21	3.46	13.37	7.83
Goodland.....	4.44	2.60	8.76	6.34
Dodge City.....	4.30	2.89	9.75	6.90
Elkhart.....	3.64	2.08	6.65	5.52
MISSOURI				
St. Joseph.....	4.70	4.70	11.25	13.32
Kansas City.....	7.64	4.65	15.36	13.26
Joplin.....	6.96	5.36	23.96	17.10
NEBRASKA				
Omaha.....	2.68	3.77	9.97	9.24
Lincoln.....	5.64	4.08	13.05	9.47
Norfolk.....	4.40	4.27	9.68	9.63
Grand Island.....	4.52	3.95	10.50	9.07
McCook.....	5.54	2.86	9.76	6.60
North Platte.....	3.70	2.80	8.41	6.64
Bridgeport.....	3.23	2.82	6.78	6.63
Valentine.....	4.54	2.73	11.04	7.24
NEW MEXICO				
Clayton.....	.81	2.44	2.76	5.24
Santa Fe.....	.80	1.26	3.16	4.48
Farmington.....	.14	.41	3.30	2.79
OKLAHOMA				
Tulsa.....	5.03	5.23	21.56	15.95
McAlester.....	10.39	5.97	29.88	18.71
Oklahoma City.....	5.92	4.88	19.07	12.45
Pauls Valley.....	8.38	5.20	28.51	14.27
Hobart.....	8.99	4.64	16.58	11.04
Enid.....	7.28	4.34	15.20	11.44
Woodward.....	9.17	3.51	17.75	9.11
WYOMING				
Cheyenne.....	2.31	2.43	6.40	6.50
Casper.....	1.92	2.47	5.03	7.18
Lander.....	1.79	2.26	7.10	6.70
Sheridan.....	6.82	2.65	10.50	7.28

Grain Marketing

Country holders continued to market wheat liberally in May, receipts being 18 per cent above the May average for the past ten years, while marketings of corn again were little more than a third and oats only 80 per cent of average. New crop wheat was arriving at Oklahoma markets in good volume by the middle

of June, but comparatively little new wheat has reached Kansas City, the rainy and cool weather having set back to normal or later what looked two months ago to be an exceptionally early season.

Receipts of grain at five markets in the District:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	(In thousands of bushels)					
Hutchinson.....	1,205	—	—	3	—	10
Kansas City.....	4,450	660	144	27	13	48
Omaha.....	629	219	204	39	6	—
St. Joseph.....	144	244	342	—	—	—
Wichita.....	1,308	1	—	—	—	—
May 1938.....	7,736	1,124	690	69	19	58
Apr. 1938.....	5,653	1,202	374	22	38	35
May 1937.....	2,775	1,105	964	38	185	61
5 Mos. 1938.....	32,134	12,238	3,587	442	107	461
5 Mos. 1937.....	18,946	8,818	5,971	167	616	343

The cash price of wheat declined further in May to the lowest level in five years, but a sharp rise in the first two weeks of June fully erased that part of the decline that had taken place in the preceding two months. Early threshings revealed greater frost damage in April than was believed earlier and recent heavy rains have resulted in a widespread threat of rust damage. In the third week of June, wheat prices declined somewhat.

Cash grain prices at the Kansas City market:

	June 22 1938	May 31 1938	Apr. 30 1938	May 29 1937
No. 1 hd., dk. wheat, bu.....	\$.77	\$.69	\$.80½	\$ 1.24½
No. 2 mixed corn, bu.....	.56	.51	.54½	1.34¼
No. 2 white oats, bu.....	.26¾	.26½	.27½	.51
No. 2 rye, bu.....	.50	.46	.55	.95
No. 2 barley, bu.....	.46	.50	.51	.79
No. 2 white kafir, cwt.....	1.01	.86	.83	2.49

Livestock

MARKETINGS

Marketings of livestock increased seasonally during May. Receipts of sheep were heavy, being 9 per cent larger than a year ago and 6 per cent above the average during the past ten years. Large numbers of southwestern lambs were a factor in the heavy sheep marketings. Cattle and calf receipts continue more than 10 per cent under the level of a year ago, with May receipts of cattle 12 per cent below but calves 14 per cent above average. Hog marketings were considerably larger than in May of last year but even so were less than 40 per cent of the average volume.

Livestock receipts at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	34,786	4,189	20,819	212,924
Kansas City.....	89,316	24,734	87,981	198,744
Oklahoma City.....	34,437	12,338	29,821	36,673
Omaha.....	90,433	6,123	85,904	139,420
St. Joseph.....	21,944	6,475	51,347	82,776
Wichita.....	20,991	3,732	16,706	33,830
May 1938.....	291,907	57,591	292,578	704,367
Apr. 1938.....	243,895	48,868	270,194	667,203
May 1937.....	338,811	64,579	217,943	647,439
5 Mos. 1938.....	1,451,231	280,049	1,737,653	2,907,864
5 Mos. 1937.....	1,575,915	319,500	1,767,368	3,000,246

PRICES

After declining almost steadily for nearly two months, livestock prices rallied strongly about the middle of May. In the upturn, which carried into the second week of June, beef cattle reached \$10.35 a hundred-weight and lambs \$10.15 to establish new tops for the year, while hogs recovered to \$9.10, within 25 cents of the year's high in March. Cattle had previously sold up to \$10.00 in January and lambs at that level in March when lamb prices are normally the highest of the year. Early June cattle prices showed a net recovery of more than \$2.00 from their low point early in February, and lamb prices were up almost \$2.00 and hogs \$1.50 from the year's low early in May. In the third week of June, cattle prices held close to the year's high but hog and lamb prices were lower.

Top livestock prices at the Kansas City market:

	June 22 1938	May 1938	Apr. 1938	May 1937	May 1936	May 1935
	(In dollars per hundredweight)					
Beef steers.....	10.15	10.00	9.85	13.25	8.80	13.00
Stocker cattle.....	8.75	8.75	8.90	9.25	8.00	9.10
Feeder cattle.....	9.00	9.00	8.35	11.00	8.25	10.25
Calves.....	8.50	9.50	10.00	9.50	9.50	9.50
Hogs.....	8.90	8.65	8.60	11.75	10.10	9.80
Sheep.....	5.50	5.75	6.00	8.00	8.00	6.15
Lambs.....	8.75	9.50	9.90	13.25	12.25	9.65

STOCKERS AND FEEDERS

The movement of stocker and feeder livestock to the country increased considerably during May, with shipments of cattle and calves about equal to the May average of the past ten years but shipments of hogs 60 and sheep 25 per cent below average. With abundant supplies of feed, generally good range and pasture conditions, and only a small number of hogs to be fed, there has been a fairly strong demand for cattle. Feeders suffered severe losses on cattle and lambs placed in feedlots last year at too high prices, but feeding operations are now on a profitable basis.

Stocker and feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	9,702	821	87	1,168
Kansas City.....	37,456	4,448	2,407	24,802
Omaha.....	10,333	2,200	852	15,166
St. Joseph.....	3,881	714	597	9,103
May 1938.....	61,372	8,183	3,943	50,239
Apr. 1938.....	50,549	6,888	3,343	30,046
May 1937.....	72,577	8,342	3,655	58,209
5 Mos. 1938.....	291,394	40,218	19,023	197,394
5 Mos. 1937.....	302,188	40,595	16,238	228,970

RANGES AND PASTURES

With continued favorable moisture conditions generally, ranges and pastures in the District improved markedly during May except in New Mexico where dry weather has damaged grass severely. The supply of early summer feed is the best in recent years although grass is thin and weedy in some sections. Oklahoma has the best ranges and pastures since 1929. Live-

stock is generally in good condition with good calf and late lamb crops reported. Some restocking of ranges is taking place but the demand for stock sheep is very light and demand for stocker cattle is limited by relatively high prices. There has been practically no contracting of feeder cattle and lambs for fall delivery. Wool sales continue slow at prices more than a third lower than last year.

Range and pasture conditions reported by the Department of Agriculture:

	RANGES			PASTURES		
	June 1 1938	June 1 1937	'28-'37 Aver.	June 1 1938	June 1 1937	'27-'36 Aver.
	(In percentages of 100 as normal)					
Colo.....	87	77	84	86	65	78
Kans.....	72	47	75	72	51	76
Mo.....	—	—	—	87	85	76
Nebr.....	88	65	84	75	57	79
N. Mex.....	72	85	84	55	66	71
Okla.....	87	69	81	79	50	75
Wyo.....	94	83	84	93	76	82

The spring movement of cattle from the southwest to the Blue Stem pastures of Kansas and the Osage pastures of Oklahoma was about 18 per cent smaller than a year ago and 32 per cent under the average from 1928 to 1937. The Osage pastures, which are well-filled, received about 69,000 head of cattle or 6 per cent more than last year, but the Blue Stem section, where many pastures are thin and weedy and are not fully stocked, received only 145,000 head, 24 per cent less than a year ago and the smallest number in fifteen years of record.

Farm Income

April cash farm income in the District was about 18 per cent lower than a year ago, decreases of 39 per cent in receipts from the sale of crops and 22 per cent from the sale of livestock being offset in part by a substantially larger volume of Government payments. In Oklahoma, Government payments more than offset the loss in income from crops and livestock, and total income was somewhat higher than last year but in other states of the District it was much lower. In addition to lower receipts from livestock in all states, income in Colorado has been further reduced by lower receipts from potatoes and in Nebraska and Kansas by considerably smaller receipts from wheat.

Income estimates of the Department of Agriculture:

	Change from		
	Apr. 1938	Mar. 1938	Apr. 1937
	(In thousands of dollars)		
Colorado.....	8,612	-979	-4,300
Kansas.....	16,545	-1,309	-5,258
Missouri.....	16,763	+1,689	-2,404
Nebraska.....	16,676	-507	-5,610
New Mexico.....	2,432	+420	-171
Oklahoma.....	11,579	-956	+1,840
Wyoming.....	2,717	+523	-234
Seven states.....	75,324	-1,119	-16,137
United States.....	549,000	-23,000	-97,000

Meat Packing

Operations at meat-packing plants in the District during May lifted somewhat from the unusually low level of the preceding month although cattle and hog slaughter were about 12 and 58 per cent, respectively, below the May average of the past ten years. Calf slaughter was 4 per cent above and sheep slaughter only 5 per cent below average. The slaughter of cattle was only slightly lower than in May of last year while that of hogs was 32 and of sheep 6 per cent larger.

Packers' purchases at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	15,970	3,177	19,408	32,522
Kansas City.....	41,000	12,922	82,281	130,667
Oklahoma City.....	18,136	10,291	24,083	16,540
Omaha.....	62,603	3,807	69,802	91,922
St. Joseph.....	15,889	5,668	49,907	71,937
Wichita.....	10,595	3,574	15,354	30,126
May 1938.....	164,193	39,439	260,835	373,714
Apr. 1938.....	140,877	35,581	243,618	344,890
May 1937.....	169,640	48,713	197,189	351,512
5 Mos. 1938.....	837,342	195,125	1,535,546	1,659,992
5 Mos. 1937.....	882,610	251,320	1,565,738	1,757,359

Cold Storage Holdings

A larger than seasonal decrease in United States cold storage stocks of pork and less than the usual increase in stocks of lard, eggs, and butter occurred during May. Holdings of cheese increased more than seasonally and holdings of beef and poultry showed less than the usual decline. Stocks of beef, pork, lard, and shell eggs on June 1 were much below the average of the past five years but holdings of frozen eggs, butter, and cheese were very large.

United States cold storage holdings:

	June 1 1938	May 1 1938	June 1 1937	June 1 5-Yr.Av.
	(In thousands of units)			
Beef, lbs.....	33,506	40,145	86,168	54,782
Pork, lbs.....	450,693	500,564	663,657	583,961
Lamb and mutton, lbs.....	2,132	2,121	2,950	2,051
Poultry, lbs.....	52,023	60,053	82,340	50,091
Miscellaneous meats, lbs.....	61,544	63,895	82,649	60,182
Lard, lbs.....	123,736	121,890	194,477	135,450
Eggs, shell, cases.....	5,091	3,204	7,300	7,051
Eggs, frozen (case equiv.).....	3,738	3,311	3,804	2,806
Butter, creamery, lbs.....	54,408	19,574	22,904	27,895
Cheese, all varieties, lbs.....	91,131	76,289	85,008	66,502

Flour Milling

Operations at southwestern flour mills continued in May at about the same rate as in the preceding four months. However, output in May was only 4 per cent lower than a year ago, while production for the first five months of the year shows a decrease of 9 per cent. With a further steady decline in flour prices throughout the month, flour sales continued in small volume and almost wholly on a hand-to-mouth basis up to early June when a sharp rally in the wheat market brought mills several large bookings. In contrast with a year ago, very little new crop flour has been contracted so far this year, pending more definite information on

how the size of the wheat crop will affect flour prices.

Flour production reported by the Northwestern Miller:

	May 1938	Change from	
		Apr. 1938	May 1937
		(In barrels)	
Kansas City.....	593,000	-37,000	+16,000
Salina.....	181,000	+17,000	+8,000
Wichita.....	153,000	-10,000	-25,000
Other cities.....	970,000	-20,000	-73,000
Southwest.....	1,897,000	-50,000	-74,000
United States*.....	4,979,000	-100,000	-87,000

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

Petroleum

Daily average crude oil production in the District showed a further decrease of about 6 per cent during May. Output fell slightly under the ten-year average for the month and is now about 25 per cent lower than it was during the spring and summer of last year and appreciably lower than at this time in 1936. Production for the year to date is 15 per cent less than last year.

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

	May 1938		April 1938		May 1937	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colo.....	117	3.8	132	4.4	114	3.7
Kans.....	4,869	157.1	5,104	170.1	6,388	206.1
N. Mex.....	3,055	98.5	2,925	97.5	3,463	111.7
Okla.....	14,499	467.7	15,137	504.6	20,618	665.1
Wyo.....	1,569	50.6	1,468	48.9	1,603	51.7
5 States.....	24,109	777.7	24,766	825.5	32,186	1,038.3
U. S.....	100,457	3,240.6	102,702	3,423.4	110,911	3,577.8

The further reduction in crude oil output, in liquidating excessive inventories and correlating crude production and refinery operations, has brought about a better feeling in both crude and refinery markets. The Mid-Continent tank-car price of gasoline advanced in the first week of June, the first increase in nine weeks. Stocks of crude petroleum produced in states of this District are now slightly under a year ago and stocks of gasoline in Oklahoma and Kansas are 12 per cent lower, but stocks of fuel oil are considerably higher.

Coal

Bituminous coal production in the District showed a further seasonal decrease in May. Output in May was 14 per cent lower than a year ago, while production for the year to date shows a decrease of 29 per cent.

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

	May 1938	Change from	
		Apr. 1938	May 1937
		(In tons)	
Colorado.....	238,000	-108,000	-125,000
Kansas and Missouri.....	279,000	-96,000	-28,000
New Mexico.....	84,000	-1,000	-37,000
Oklahoma.....	31,000	-4,000	+3,000
Wyoming.....	303,000	-9,000	+36,000
Six states.....	935,000	-218,000	-151,000
United States.....	21,995,000	-385,000	-8,082,000

Zinc and Lead

Production and shipments of zinc and lead in the Tri-State district show a further substantial decline. Shipments in May were little more than two-thirds as large as a year ago and by the second week of June had dropped to the lowest weekly rate for zinc in three years and lead in a year and a half. Several major producing properties have been closed indefinitely and others are down temporarily or are operating only part-time because of low ore prices.

Shipments estimated from Joplin News Herald reports:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	8,973	\$ 228,272	2,083	\$ 99,255
Missouri.....	1,199	30,491	380	17,967
Oklahoma.....	13,999	356,094	1,839	86,996
May 1938.....	24,171	\$ 614,857	4,302	\$ 204,218
Apr. 1938.....	29,953	778,545	5,191	249,275
May 1937.....	36,520	1,503,287	5,401	368,783
5 Mos. 1938.....	153,544	4,188,267	24,583	1,210,396
5 Mos. 1937.....	199,589	8,204,706	27,134	2,041,073

Zinc prices are steady at \$27.50 a ton but lead dropped to \$42.14 in the last week of May. A year ago zinc sold at \$44.50 and lead at \$70.31 a ton.

Employment and Pay Rolls

Employment in the District, which had increased slightly in the preceding two months, declined somewhat from the middle of April to the middle of May and pay rolls showed a further small decrease. Employment is now 11 and pay rolls are 13 per cent lower than a year ago.

Preliminary figures of the Department of Labor:

	May 1938 per cent change from April 1938	
	Employment	Pay Rolls
Colorado.....	-4.7	-3.4
Kansas.....	-0.8	+2.6
Missouri.....	-2.8	-2.6
Nebraska.....	+1.0	+3.5
New Mexico.....	-4.6	-0.4
Oklahoma.....	-1.6	+0.6
Wyoming.....	-1.7	+2.5

Building

The value of construction contracts awarded in this District rose 24 per cent in May and was 44 per cent larger than in the same month a year ago, reflecting chiefly a gain in awards for non-residential building which for the year to date is now as large as last year. Residential building has declined about 30 per cent this year.

Construction figures of the F. W. Dodge Corporation:

	TENTH DISTRICT		37 EASTERN STATES	
	Residential	Total	Residential	Total
	(In thousands of dollars)			
May 1938.....	3,502	12,686	83,153	283,156
Apr. 1938.....	2,782	10,205	74,577	222,016
May 1937.....	3,298	8,815	83,937	244,113
5 Mos. 1938.....	12,278	46,873	313,356	1,046,600
5 Mos. 1937.....	17,474	53,062	423,528	1,176,653

The value of building permits issued in reporting District cities in May was 15 per cent larger than in the preceding month but 24 per cent smaller than in the same month a year ago. So far this year the value of permits is 31 per cent under last year.

Building permits issued by eighteen District cities:

	PERMITS		ESTIMATED COST	
	1938	1937	1938	1937
Albuquerque, N. Mex.....	75	105	\$ 123,000	\$ 179,000
Cheyenne, Wyo.....	65	61	97,000	74,000
Colorado Springs, Colo.....	64	86	37,000	104,000
Denver, Colo.....	636	565	1,284,000	1,015,000
Hutchinson, Kans.....	77	137	31,000	148,000
Joplin, Mo.....	25	23	29,000	40,000
Kansas City, Kans.....	37	60	21,000	67,000
Kansas City, Mo.....	217	299	263,000	423,000
Lincoln, Nebr.....	206	165	122,000	423,000
Oklahoma City, Okla.....	158	230	283,000	690,000
Omaha, Nebr.....	176	191	239,000	269,000
Pueblo, Colo.....	104	83	66,000	31,000
Salina, Kans.....	11	15	19,000	36,000
Shawnee, Okla.....	12	14	7,000	14,000
St. Joseph, Mo.....	22	24	7,000	21,000
Topeka, Kans.....	83	120	100,000	186,000
Tulsa, Okla.....	131	127	348,000	438,000
Wichita, Kans.....	350	253	336,000	301,000
May.....	2,449	2,563	\$ 3,412,000	\$ 4,459,000
April.....	2,242	2,827	2,956,000	5,939,000
Five months.....	9,174	9,665	13,977,000	20,127,000

Lumber

Board feet sales of lumber at reporting retail yards in the District showed a further seasonal expansion during May but continue much below the level of a year ago. As compared with last year, the decrease for May measures 13 per cent and that for the first five months of the year 11 per cent.

Collections on amounts outstanding averaged 33.6 per cent in May as compared with 32.6 per cent in April and 37.4 per cent in May of last year.

Lumber trade at 155 retail yards in the District:

	May 1938 per cent change from April 1938	
	April 1938	May 1937
Sales of lumber, board feet.....	+12.0	-13.4
Sales of all materials, dollars.....	+8.9	-7.8
Stocks of lumber, board feet.....	-1.8	-6.8
Outstandings, dollars.....	+8.6	+7.8

Life Insurance

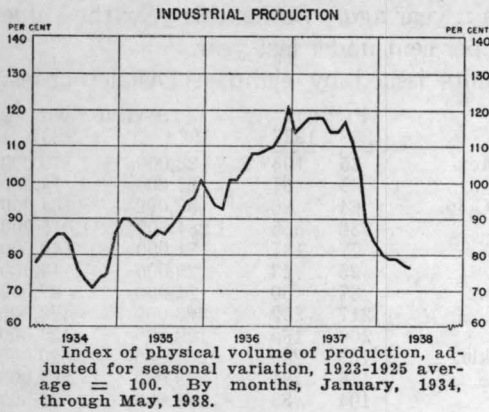
Life insurance sales in the District in May were 17 per cent lower and in the first five months of the year 13 per cent lower than in the same periods last year.

The Life Insurance Sales Research Bureau report:

	Change from		
	May 1938	Apr. 1938	May 1937
	(In thousands of dollars)		
Colorado.....	4,579	-596	-1,560
Kansas.....	6,376	-240	-1,348
Missouri.....	15,486	-215	-4,012
Nebraska.....	5,024	-16	-1,416
New Mexico.....	1,019	-34	-49
Oklahoma.....	9,013	+959	-195
Wyoming.....	951	+26	-113
Seven states.....	42,448	-116	-8,693
United States.....	490,658	-8,998	-140,032

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System



In May and the first three weeks of June industrial activity showed little change from the April level. Wholesale commodity prices generally declined further, but in June wheat and cotton prices advanced and at the end of the period some other staple commodities showed increases.

PRODUCTION

In May the Board's seasonally adjusted index of industrial production was at 76 per cent of the 1923-1925 average as compared with 77 in April and an average of 79 in the first quarter of the year. Steel ingot production, which in March and April had been at a rate of 33 per cent of capacity, averaged about 31 per cent in May, and automobile output also showed a decrease. Textile production increased in May. Activity at woolen mills rose sharply and there was some increase at cotton mills, while silk mills showed a decline. Changes in output in most other manufacturing industries were largely seasonal in character. Output of crude petroleum was curtailed sharply in May, and bituminous coal production declined somewhat, while anthracite production increased considerably. Lake shipments of iron ore were in very small volume, reflecting both the low rate of activity in the iron and steel industry and the large supply of ore remaining from the previous season.

In the first three weeks of June output of steel and petroleum increased somewhat, but the rate of activity in these industries remained below the average for May. Automobile production showed a further decline and continued below sales, so that stocks of new cars were further reduced.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a substantial increase in May, reflecting chiefly a marked rise in awards for publicly-financed projects. Contracts for residential building increased moderately and were in about the same amount as in May a year ago. Other privately-financed work remained in small volume.

EMPLOYMENT

Factory employment and pay rolls continued to decline from the middle of April to the middle of May. There were further decreases in employment in the machinery, steel, and automobile industries and a sharp decrease in the number employed in the men's clothing industry. In most other manufacturing lines changes in employment were small in amount. The number employed at mines and on the railroads continued to decline.

DISTRIBUTION

Department store sales declined considerably in May and the Board's seasonally adjusted index was at 79 per cent of the 1923-1925 average as compared with 83 in April. Sales at variety stores and by mail-order houses also decreased from April to May. Reports for the first half of June indicate about the usual seasonal decline in department store sales.

The volume of railroad freight traffic showed little change in May following sharp declines in previous months.

COMMODITY PRICES

Prices of both agricultural and industrial commodities decreased in the latter part of May. In the first three weeks of June wheat and cotton prices advanced, while prices of industrial products generally continued to decline.

BANK CREDIT

Reserves of member banks continued to increase in May and June, largely as the result of Treasury disbursements from its deposits with the Reserve banks. Excess reserves increased chiefly at city banks, reflecting retirement of Treasury bills and further expansion of bankers' balances.

Demand deposits at reporting member banks in 101 leading cities increased further during the first half of June, and total loans and investments, which had declined in May, also increased, reflecting substantial purchases of United States Government obligations by New York City banks.

MONEY RATES

Yields on Treasury bonds declined further in the four weeks ending June 18, and those on Treasury notes reached new low levels. Rates on open-market commercial paper declined somewhat about the middle of June.

