

MONTHLY REVIEW

Agricultural and Business Conditions

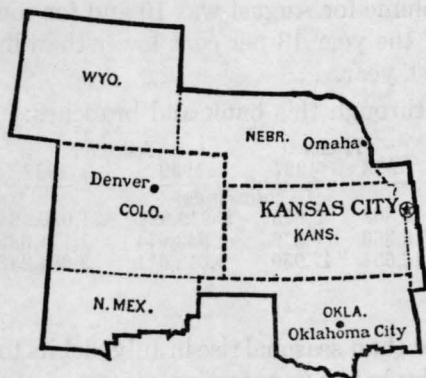
TENTH FEDERAL RESERVE DISTRICT

Vol. 23, No. 9

FEDERAL RESERVE BANK OF KANSAS CITY

SEPTEMBER 30, 1938

Business in the Tenth Federal Reserve District



August rainfall while 20% above last year was subnormal and badly timed for corn. There is somewhat more corn than in recent years but the crop generally is quite disappointing. The feed situation is good.

Department store sales have improved in recent weeks and are only 4% under a year ago. Lumber sales are currently 8% above last year and building permits and construction contracts are up. Life insurance sales have improved somewhat. Cash farm income is 25% below last year.

Payments by check are down 14%, bank loans 16%, bank investments 13%, and demand deposits 2%.

Production of crude petroleum is 25% below last year but zinc and lead shipments are improving. In recent weeks flour production is better. The amount of wheat being marketed is much under last year. Marketings and slaughter of cattle are lower but for hogs and sheep they are increasing. Employment and pay rolls are 12% lower.

BUSINESS INDICATORS	AUGUST 1938 COMPARED WITH AUGUST 1937					8 MOS. 1938 COMPARED WITH 8 MOS. 1937						
	% DECREASE		% INCREASE			% DECREASE		% INCREASE				
	40	30	20	10	10	20	30	40	40	30	20	10
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												
*For previous month												

Member Bank Operations

Following a moderate rise in the preceding six weeks, loans at reporting member banks in the Tenth District declined slightly from the middle of August to the middle of September, reflecting a decrease in the volume of commercial loans that was partially offset by increases in other types of loans. The expansion of bank loans due to the wheat harvest has been unusually small. Investments increased further from their low point about the middle of the year. Holdings of Government direct obligations in recent weeks have again declined but holdings of obligations guaranteed by the Government and holdings of other securities continue to increase. Loans are about 15 and investments 12 per cent lower than a year ago.

Adjusted demand deposits and deposits of other banks at these reporting banks increased somewhat further from the middle of August to the middle of September, and there was a considerable rise in reserve balances carried at this bank and a small increase in correspondent balances carried with other banks. Adjusted demand and interbank deposits are about as large as at this time last year while correspondent balances are 53 per cent larger and reserves with this bank about 5 per cent smaller.

Principal items of condition of 51 member banks:

	Change from		
	Sept. 14 1938	Aug. 17 1938	Sept. 15 1937
(In thousands of dollars)			
Loans and investments—total.....	625,823	+2,233	-94,012
Loans—total.....	243,112	-1,772	-43,726
Coml., indust., and agric.....	147,574	-3,414	-30,425
Open market paper.....	17,001	+603	-9,252
To security brokers and dealers.....	3,953	+72	-505
Other to purchase or carry secur....	12,194	+8	-2,094
Real estate loans.....	22,121	+215	+2,168
Loans to banks.....	619	+36	-187
All other loans.....	39,650	+708	-3,431
Investments—total.....	382,711	+4,005	-50,286
U. S. Govt. direct obligations.....	208,106	-1,149	-58,005
Oblig. guar. by U. S. Govt.....	48,951	+2,338	+4,514
Other securities.....	125,654	+2,316	+3,205
Reserve with F. R. Bank.....	168,070	+9,010	-8,609
Balances with domestic banks.....	305,476	+2,952	+106,100
Demand deposits—adjusted.....	505,211	+10,138	+186
Time deposits.....	143,918	-411	-2,540
U. S. Govt. deposits.....	17,208	-786	+4,422
Interbank deposits.....	369,800	+5,862	-2,074

Reserve Bank Operations

Note circulation of this bank, which in recent months had tended to decline, averaged somewhat higher in August. In the first week of September, before the return flow of currency after the Labor Day holiday, circulation increased to about 167 $\frac{1}{3}$ million, or almost as high as at any time since early in the year. Since late June, circulation has been slightly lower than a year ago but the decline measures less than 1 per cent.

Member bank reserves, after falling by early August to the lowest level of the year, have increased considerably in recent weeks.

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

	Change from		
	Sept. 14 1938	Aug. 17 1938	Sept. 15 1937
(In thousands of dollars)			
Total reserves.....	319,088	+9,424	+5,457
Bills discounted.....	214	+6	-310
Bills purchased.....	16	Zero	-71
Industrial advances.....	421	-6	-159
Commit. to make indust. adv.....	360	-73	+240
U. S. Government securities.....	118,631	Zero	-5,497
Total resources.....	483,332	+17,734	-4,874
F. R. notes in circulation.....	165,501	-240	-1,261
Member bank reserve deposits.....	236,347	+10,022	-18,731

Dollar volume of check collections declined seasonally in August. Dollar volume for August was 10 and for the first eight months of the year 13 per cent lower than in the same periods last year.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1938	1937	1938	1937
(In thousands)				
August.....	5,862	5,865	\$ 919,924	\$1,020,468
July.....	5,866	6,376	942,074	1,171,585
Eight months.....	46,604	47,950	7,018,611	8,084,232

Bank Debits

Following a greater than seasonal rise in July, debits to individual accounts by banks in reporting centers of the District declined more than seasonally in August. Volume of payments by check in August and in the first eight months of the year was about 14 per cent less than a year ago.

Payments by check in thirty District cities:

	Change from		
	Aug. 1938	July 1938	Aug. 1937
(In thousands of dollars)			
Albuquerque, N. Mex.....	13,967	-371	-378
Atchison, Kans.....	3,036	-1,054	-603
Bartlesville, Okla.....	26,882	-1,246	-10,547
Casper, Wyo.....	5,662	-408	-393
Cheyenne, Wyo.....	8,392	-235	-707
Colorado Springs, Colo.....	13,988	-1,345	+414
Denver, Colo.....	157,497	-945	-11,486
Emporia, Kans.....	2,877	-256	-1,103
Enid, Okla.....	11,415	-5,195	-2,538
Fremont, Nebr.....	2,537	-2	-232
Grand Junction, Colo.....	3,123	-225	-469
Guthrie, Okla.....	1,635	-76	-329
Hutchinson, Kans.....	11,211	-7,867	-2,114
Independence, Kans.....	2,423	-556	-440
Joplin, Mo.....	8,692	-74	-1,416
Kansas City, Kans.....	15,280	+107	+216
Kansas City, Mo.....	295,911	-64,858	-79,482
Lawrence, Kans.....	3,053	-856	-834
Lincoln, Nebr.....	25,881	-2,662	-2,174
Muskogee, Okla.....	6,508	-481	-1,184
Oklahoma City, Okla.....	104,634	+8,230	+2,102
Okmulgee, Okla.....	2,074	-275	-401
Omaha, Nebr.....	140,724	-5,929	-20,422
Pittsburg, Kans.....	3,449	-266	-92
Pueblo, Colo.....	12,921	-3,050	-4,036
Salina, Kans.....	10,495	-5,048	-1,495
St. Joseph, Mo.....	24,469	-4,233	-3,936
Topeka, Kans.....	17,692	-4,781	-1,179
Tulsa, Okla.....	128,148	+2,594	-28,898
Wichita, Kans.....	41,723	-12,784	-6,175
District, 30 cities.....	1,106,299	-114,147	-180,331
United States, 141 cities....	28,270,173	-2,234,887	-3,625,752

Trade

RETAIL SALES

Dollar volume of August sales at reporting department stores in the District was only 4 per cent under a year ago as compared with a decrease of about 7 per cent in sales for the first eight months of the year. In the first three weeks of September, however, sales show a decrease of 6 per cent from last year. Retail prices, according to the Fairchild Index, are now nearly 8 per cent under a year ago, so the physical volume of merchandise currently going into consumption is undoubtedly greater than dollar sales indicate.

Stocks of merchandise increased somewhat more than seasonally in August but continue more than 11 per cent lower than a year ago. Collections on open accounts averaged 42.2 per cent in August as compared with 41.6 per cent last year, while installment collections averaged 15.3 and 13.0 per cent, respectively.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Aug. '38 comp. to Aug. '37	8 Mos. '38 comp. to 8 Mos. '37	Aug. 31, '38 compared to July 31, '37	Aug. 31, '38 compared to Aug. 31, '37
	(Per cent increase or decrease)			
Denver.....	4 -8.8	-7.5	+5.2	-11.9
Kansas City.....	4 -6.2	-10.4	+4.1	-16.1
Oklahoma City....	3 +5.8	-0.3	+20.1	+0.4
Omaha.....	3 +4.5	-2.1	+22.7	-9.9
Tulsa.....	4 +1.7	-1.4	+18.7	-3.1
Wichita.....	3 -8.3	-10.7	—	—
Other cities.....	20 -7.1	-8.9	+20.3	-13.5
District.....	41 -4.2	-6.7	+12.7	-11.5

August sales of all principal types of retailing in the District averaged about 9 per cent lower and total sales for the first eight months of the year about 12 per cent lower than in the corresponding periods in 1937.

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

	August 1938 per cent change from August 1937				
	Colo.	Kans.	Mo.	Nebr.	Okla.
Apparel.....	-2.3	-16.4	-1.7	-2.1	-4.6
Country general.....	-6.2	-16.2	-12.6	-8.9	-14.7
Department.....	-1.2	-5.1	-1.0	-2.8	+1.8
Drug.....	-5.3	-6.5	-1.7	-5.6	-2.3
Furn. and appliances..	-14.1	-13.1	-10.9	+9.7	-8.2
Grocery.....	-4.0	-8.1	-8.6	-6.1	-6.8
Hardware.....	-20.6	-31.9	-11.1	-13.3	-10.9
Lbr. and bldg. mtl's....	-5.0	+0.1	-11.7	-14.3	-7.6
Motor vehicle.....	-26.0	-33.4	-30.9	-22.4	-25.1
Total.....	-9.5	-16.5	-7.4	-8.9	-7.5

WHOLESALE SALES

The value of August wholesale sales in this District was nearly 10 per cent lower than a year ago, approximately the same decrease as that for the first eight months of the year. Sales of drugs were considerably larger than in August of last year and show a small increase for the year to date, but sales for most other lines show sizable decreases. Sales rose about 5 per cent from July to August.

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

No. of Firms	SALES		STOCKS	
	Aug. '38 comp. to Aug. '37	8 Mos. '38 comp. to 8 Mos. '37	Aug. 31, '38 compared to July 31, '37	Aug. 31, '38 compared to Aug. 31, '37
	(Per cent increase or decrease)			
Auto. supplies.....	3 -17.9	—	—	—
Drugs.....	4 +19.1	+1.5	+2.7	-4.7
Electrical goods..	9 -18.4	-23.3	-2.0	-12.1
Furniture.....	4 -16.7	—	—	—
Groceries.....	25 -9.3	-1.6	-2.1	-8.7
Hardware-total.....	(17) -6.9	-26.2	-1.8	-8.4
General.....	6 -10.7	-16.2	-3.2	-7.5
Industrial.....	6 +4.2	-37.7	+1.9	-10.5
Plbg. & htg.....	5 -15.9	-22.5	—	—
Paper.....	3 +2.9	—	—	—
Surgical equip.....	3 Zero	—	—	—
Tobacco & prod....	6 -2.9	—	—	—
All other lines.....	13 -24.1	-20.7	+1.0	-27.0
Total.....	87 -9.7	-10.4	-0.5	-15.6

Crops

Drought, hot winds, and grasshoppers did great damage to corn in the District in August, cutting the estimate for Nebraska almost in half and reducing prospects materially in Missouri, Kansas, and Colorado. In contrast with another large crop this year in the country as a whole, corn production in this District will be short for the fifth consecutive year. Output, however, is better than production figures indicate, for the planted acreage has declined sharply in recent years as farmers have increased wheat acreage. Except in Nebraska, the per-acre yield of corn is about equal to or considerably above the average from 1927 to 1936.

Corn estimates of the Department of Agriculture:

	Indic. Sept. 1	Indic. Aug. 1	Final 1937	Final 1936	Aver. '27-'36
	(In thousands of bushels)				
Colo.....	11,737	14,938	8,536	11,169	17,039
Kans.....	47,139	52,101	28,244	11,036	94,639
Mo.....	105,000	113,400	115,020	40,032	117,242
Nebr.....	97,812	187,800	82,992	26,859	180,280
N. Mex.....	2,412	2,509	2,740	2,185	2,909
Okla.....	33,208	31,506	30,960	11,772	40,123
Wyo.....	3,132	3,654	2,480	1,066	2,112
7 States....	300,440	405,908	270,972	104,119	454,344
U. S.....	2,454,526	2,566,221	2,644,995	1,507,089	2,306,157

Good rains in recent weeks have enabled farmers to complete seedbed preparation for winter wheat and seeding was becoming general in Kansas about the middle of September. Present prospects indicate a substantial reduction in the acreage that will be seeded to wheat this fall. Under the Government's curtailment program, the acreage allotment for Kansas is 37 per cent smaller than the large acreage seeded last fall, and benefit payments to cooperating farmers have been increased to 26 to 30 cents. Soil moisture conditions are much more favorable than a year ago.

August rainfall in the District was somewhat below normal, being markedly deficient in the northern part of Nebraska, in New Mexico, in much of Oklahoma, and

in southwestern Missouri. Most of these sections received good rains early in September and some late crops may still show partial recovery.

Rainfall

	Aug. 1938		8 Mos. 1938	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver.....	.96	1.43	14.03	10.73
Leadville.....	5.87	2.44	18.82	13.97
Pueblo.....	2.03	1.82	10.47	9.40
Lamar.....	2.56	2.02	14.78	12.65
Garnett.....	1.09	1.27	5.84	5.11
Steamboat Springs.....	1.15	1.77	16.06	15.84
KANSAS				
Topeka.....	2.15	4.08	26.13	24.81
Iola.....	9.53	3.64	38.81	26.55
Concordia.....	3.70	2.91	23.91	20.36
Salina.....	3.66	3.40	24.37	20.35
Wichita.....	5.60	3.13	27.83	22.04
Hays.....	2.47	3.14	19.65	18.24
Goodland.....	3.80	2.52	15.85	14.49
Dodge City.....	2.96	2.67	15.92	16.01
Elkhart.....	.03	2.15	11.61	12.73
MISSOURI				
St. Joseph.....	6.85	3.83	23.05	25.88
Kansas City.....	6.78	4.09	31.18	26.47
Joplin.....	1.00	3.97	32.97	31.69
NEBRASKA				
Omaha.....	3.99	3.22	22.83	20.56
Lincoln.....	4.63	3.57	22.77	20.91
Norfolk.....	.83	3.43	17.87	21.49
Grand Island.....	1.16	3.52	17.69	20.19
McCook.....	3.43	2.57	17.39	15.45
North Platte.....	1.80	2.38	15.98	14.77
Bridgeport.....	1.27	1.71	14.37	12.83
Valentine.....	1.37	2.37	16.58	15.37
NEW MEXICO				
Clayton.....	.46	2.24	8.81	12.11
Santa Fe.....	1.81	2.28	10.96	10.22
Farmington.....	.52	1.22	4.52	5.90
OKLAHOMA				
Tulsa.....	7.39	3.21	37.31	27.35
McAlester.....	2.33	3.54	40.15	30.09
Oklahoma City.....	.84	2.89	28.11	21.87
Pauls Valley.....	1.03	2.72	37.70	24.13
Hobart.....	.06	2.17	20.48	19.36
Enid.....	2.99	3.43	26.09	21.90
Woodward.....	1.60	2.68	27.28	18.31
WYOMING				
Cheyenne.....	2.26	1.55	12.00	11.76
Casper.....	.46	.96	7.73	10.81
Lander.....	.56	.53	8.58	9.07
Sheridan.....	.30	.91	14.45	11.45

Grain Marketing

Cash prices of wheat and corn eased further in August and the forepart of September. Late in August the Government increased the loan rate on corn produced in 1937 from 50 to 57 cents and initiated a subsidy program for wheat exports, later extending the export subsidy on wheat to include flour. Federal loans on wheat, announced July 14, are just getting under way. Since the middle of September grain prices have fluctuated nervously.

The lower range of cash grain prices at Kansas City:

	Sept. 23 1938	Aug. 31 1938	July 30 1938	Aug. 31 1937
No. 1 hd., dk. wheat, bu.....	\$.64¾	\$.63¾	\$.68	\$1.06
No. 2 mixed corn, bu.....	.48¾	.49½	.52	1.00
No. 2 white oats, bu.....	.26	.24	.23	.30
No. 2 rye, bu.....	.41	.40	.45½	.75
No. 2 barley, bu.....	.39	.39	.38	.58
No. 2 white kafir, cwt.....	.86	.80	.89	1.54

Marketings of wheat declined sharply in August, reflecting not only the usual after-harvest slackening but also further weakness in prices, and receipts were 15 per cent less than a year ago and 20 per cent below the August average for the past ten years. Although wheat production in the District this year is little different from that last year, marketings for the three months, June through August, were 17 per cent lower. Corn marketings continue substantially larger than a year ago but in only a third of the normal volume.

August grain receipts at six markets in the District:

	Wheat	Corn	Oats	Rye	Barley	Kafir
(In thousands of bushels)						
Hutchinson.....	1,812	—	—	3	—	8
Kansas City.....	11,531	422	592	15	24	26
Omaha.....	4,591	560	1,300	300	357	—
St. Joseph.....	1,299	218	502	3	12	—
Wichita.....	1,297	6	—	1	—	—
Aug. 1938.....	20,530	1,206	2,394	322	393	34
July 1938.....	75,528	1,414	1,560	259	245	69
Aug. 1937.....	24,220	449	2,851	496	382	32
8 Mos. 1938.....	141,766	16,568	7,853	1,054	769	655
8 Mos. 1937.....	151,107	11,300	10,763	898	1,430	481

Livestock

MARKETINGS

Livestock marketings increased substantially in August. The seasonal peak in the movement of grass-fat steers, together with a large number of unfinished grain-fed cattle, contributed to the increase in cattle receipts but, even so, cattle marketings were 19 per cent less than a year ago and 17 per cent below the August ten-year average. Receipts of calves also were smaller than last year and were 25 per cent below average. Seasonal marketings of range lambs were unusually heavy and sheep receipts exceeded a year ago by 11 per cent and the average by 15 per cent. Market supplies of hogs, although still less than half of normal are on the increase but the light weight at which hogs are coming to market indicates a rather early marketing of spring pigs, the increase in hog receipts in August being contrary to the usual seasonal trend.

August livestock receipts at six markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	40,497	5,072	18,031	392,349
Kansas City.....	151,900	29,886	107,968	114,849
Oklahoma City.....	45,215	18,292	27,799	22,249
Omaha.....	116,037	9,662	77,242	217,023
St. Joseph.....	29,691	5,932	47,430	73,317
Wichita.....	27,668	6,139	22,667	8,773
Aug. 1938.....	411,008	75,033	301,137	828,560
July 1938.....	316,336	53,328	258,232	527,078
Aug. 1937.....	507,828	102,256	231,338	746,306
8 Mos. 1938.....	2,441,919	459,373	2,571,039	4,762,721
8 Mos. 1937.....	2,757,290	559,958	2,363,043	4,702,215

Marketings of cattle during the remainder of the year are expected to continue below a year ago, reflecting not only the sharp reduction in numbers in this District as a result of the 1934 and 1936 droughts but also the more nearly normal feed situation this year. Because of the

good feed situation, fall marketings will be influenced considerably by price trends. Marketings of sheep and lambs are expected to continue about as large or larger than last year.

PRICES

Influenced by increased marketings and a curtailed consumer demand for dressed meats, prices of slaughter livestock dropped sharply in August while stocker and feeder prices continued strong. The decline in beef cattle and hog prices was from the highest levels so far this year but that of lambs was a continuation of the downward trend since early June. Beef cattle and hog prices have strengthened somewhat in September but lamb prices show a further decline.

Top livestock prices at the Kansas City market:

	Sept. 23 1938	Aug. 1938	July 1938	Aug. 1937	Aug. 1936	Aug. 1935
	(In dollars per hundredweight)					
Beef steers.....	12.00	12.35	12.35	17.00	9.50	11.85
Stocker cattle.....	9.00	9.00	9.10	10.00	7.25	8.40
Feeder cattle.....	8.75	10.75	10.50	12.40	8.25	10.40
Calves.....	10.00	9.50	9.00	10.00	7.50	8.75
Hogs.....	8.90	9.90	10.05	13.20	11.55	12.00
Sheep.....	4.50	5.50	5.15	6.50	6.00	5.00
Lambs.....	7.75	8.75	9.35	11.00	10.25	9.10

STOCKERS AND FEEDERS

Reflecting increased market supplies, shipments of stocker and feeder livestock to the country increased seasonally in August. However, shipments fell somewhat short of the unusually heavy movement of a year ago, with cattle shipments 8, calves 17, hogs 62, and sheep 14 per cent below the August ten-year average.

August stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	11,224	1,029	17	34,054
Kansas City.....	65,895	7,733	2,075	47,209
Omaha.....	30,314	1,789	706	70,432
St. Joseph.....	5,589	1,012	912	16,007
Aug. 1938.....	113,022	11,563	3,710	167,702
July 1938.....	66,299	5,940	2,920	61,580
Aug. 1937.....	132,638	17,231	5,712	199,210
8 Mos. 1938.....	526,855	65,348	30,859	478,051
8 Mos. 1937.....	564,301	72,072	29,441	536,950

Both cattle and hog prices are in a highly favorable relationship to corn prices. The sharp break in livestock prices last fall, however, resulted in severe losses to many feeders and these losses may be restricting present feeding operations. The contracting of range cattle and lambs for fall delivery has been very limited so far. While there are some indications of a tendency to build up depleted cattle herds, very little restocking has taken place through purchase. Present indications are that an unusually large number of cattle will be held over during the winter because of favorable feed conditions.

RANGES AND PASTURES

The condition of ranges and pastures in the District showed a considerable decline in August but, except for local areas, there is ample, well-cured feed and in most

sections the condition is unusually good for this season of the year. Indications point to an abundance of early wheat pasture in western Kansas and the movement of cattle and lambs into that area for wintering on wheat is expected to be heavy. Cattle and lambs are in very good condition and carry good weight and finish. Wool prices have recently strengthened, reflecting in part the stabilizing influence of Government loans, which so far have averaged about 17.4 cents per pound grease basis at warehouses.

Range and pasture conditions reported by the Department of Agriculture:

	RANGES			PASTURES		
	Sept. 1 1938	Sept. 1 1937	'28-'37 Aver.	Sept. 1 1938	Sept. 1 1937	'27-'36 Aver.
	(In percentages of 100 as normal)					
Colo.....	85	72	80	71	50	69
Kans.....	69	50	68	70	43	57
Mo.....	—	—	—	67	70	58
Nebr.....	84	63	79	57	33	60
N. Mex.....	82	83	81	61	66	71
Okla.....	80	69	65	66	46	53
Wyo.....	82	89	78	75	81	72

Farm Income

July receipts from the sale of principal farm products in the District were 25 per cent less than a year ago, a decrease of 41 per cent in income from crops, largely wheat, being partially offset by an increase of 6 per cent in income from livestock and livestock products, principally cattle and hogs.

In the first seven months of the year, income from crops was down 31 per cent and livestock 9 per cent, and the total was 16 per cent less than in the same period last year. The table below shows that farm income, exclusive of Government payments, has declined the most severely in Colorado, Kansas, Wyoming, and Nebraska but scarcely at all in Oklahoma. Except in Wyoming, Government payments so far this year have been somewhat smaller.

Income estimates of the Department of Agriculture:

	CROPS		LIVESTOCK		TOTAL	
	7 Mos. 1938	7 Mos. 1937	7 Mos. 1938	7 Mos. 1937	7 Mos. 1938	7 Mos. 1937
	(In millions of dollars)					
Colorado.....	10.1	19.1	36.6	48.2	46.7	67.3
Kansas.....	57.9	89.3	79.0	92.2	136.9	181.5
Missouri.....	19.9	30.9	103.1	100.9	123.0	131.8
Nebraska.....	17.5	32.7	83.9	87.7	101.4	120.4
New Mexico.....	3.3	3.3	9.2	11.2	12.5	14.5
Oklahoma.....	36.7	35.3	45.2	47.7	81.9	83.0
Wyoming.....	2.1	2.5	11.0	14.4	13.1	16.9
7 States.....	147.5	213.1	368.0	402.3	515.5	615.4
U. S.....	1,368.0	1,766.0	2,325.0	2,472.0	3,693.0	4,238.0

NOTE: Government payments not included.

The purchasing power of farm products declined slightly from the middle of July to the middle of August when the ratio of prices received by farmers to prices paid was 75 per cent. A year ago this ratio was 93 per cent.

Meat Packing

Operations at meat-packing plants in the District increased seasonally during August. Cattle and calf slaughter, however, were about 6 and 25 per cent, respectively, below a year ago and 13 and 20 per cent below the August ten-year average. Hog and sheep slaughter continue somewhat above last year, with sheep slaughter only 6 per cent below average. Hog slaughter still is less than 60 per cent of normal.

August packers' purchases at markets in the District:

	Cattle	Calves	Hogs	Sheep
Denver.....	17,455	3,930	17,526	54,698
Kansas City.....	61,662	16,308	103,741	60,231
Oklahoma City.....	23,765	13,346	22,092	13,940
Omaha.....	71,465	7,772	68,031	120,996
St. Joseph.....	20,694	5,009	43,560	56,284
Wichita.....	13,358	5,549	20,961	7,128
Aug. 1938.....	208,399	51,914	275,911	313,277
July 1938.....	172,632	39,971	220,284	264,114
Aug. 1937.....	222,085	69,055	203,990	272,012
8 Mos. 1938.....	1,377,822	324,385	2,275,117	2,525,093
8 Mos. 1937.....	1,449,314	425,887	2,088,877	2,556,040

Cold Storage Holdings

United States cold storage stocks of beef, which usually increase about 15 per cent during August, showed little change but holdings of butter and cheese continued to increase at a rapid rate. Holdings of pork and lard showed less than the usual decrease. September 1 stocks of beef were 36, pork 31, lard 13, and shell eggs 25 per cent below the average for that date during the past five years, while stocks of poultry were 7, butter 44, and cheese 33 per cent above the average. Except in 1935, pork stocks were the lowest of record for September 1.

United States cold storage holdings:

	Sept. 1 1938	Aug. 1 1938	Sept. 1 1937	Sept. 1 5-Yr. Av.
	(In thousands of units)			
Beef, lbs.....	36,211	35,925	44,582	56,930
Pork, lbs.....	334,459	378,981	367,595	482,481
Lamb and mutton, lbs.....	1,836	1,972	1,928	1,877
Poultry, lbs.....	54,992	52,640	63,733	51,595
Miscellaneous meats, lbs....	60,272	60,808	49,330	67,198
Lard, lbs.....	116,682	123,677	118,094	134,765
Eggs, shell, cases.....	5,950	6,411	8,390	7,930
Eggs, frozen (case equiv.)..	3,573	3,867	4,579	3,405
Butter, creamery, lbs.....	201,543	172,622	134,885	139,958
Cheese, all varieties, lbs....	150,343	134,351	122,647	113,314

Flour Milling

Activity at southwestern flour mills declined contra-seasonally in August, reflecting the continued small volume of flour sales, mostly on a hand-to-mouth basis, largely as a result of further declines in flour prices which are now close to the lowest level in ten years. Only a relatively small amount of flour has been contracted so far this crop year, in sharp contrast with a year ago when bakers had contracted about 75 per cent of their year's requirements by October 1. Despite the Federal subsidy, exports have shown little improvement. August flour production, however, was slightly above the average of

the past ten years and was only 3 per cent lower than a year ago as compared with a decrease of 8 per cent for the first eight months of the year.

Flour production reported by the Northwestern Miller:

	Aug. 1938	July 1938	Change from Aug. 1937
		(In barrels)	
Kansas City.....	657,000	-23,000	+80,000
Salina.....	226,000	+8,000	+38,000
Wichita.....	138,000	-24,000	-52,000
Other cities.....	1,121,000	+3,000	-125,000
Southwest.....	2,142,000	-36,000	-59,000
United States*.....	6,057,000	+341,000	+465,000

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

Petroleum

Daily average crude oil production in the District, after reaching the lowest level in more than two years in June, rose slightly in July and was about unchanged in August at the July level. August output was equal to the average during the past ten years but was 25 per cent under a year ago. Total production for the year to date shows a decrease of 19 per cent from last year.

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

	August 1938		July 1938		August 1937	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colo.....	115	3.7	109	3.5	130	4.2
Kans.....	5,046	162.8	4,869	157.1	6,229	201.0
N. Mex.....	3,313	106.8	2,927	94.4	3,445	111.2
Okla.....	13,507	435.7	13,941	449.7	20,165	650.5
Wyo.....	1,831	59.1	1,730	55.8	1,721	55.5
5 States.....	23,812	768.1	23,576	760.5	31,690	1,022.4
U. S.....	104,291	3,364.2	102,898	3,319.3	115,090	3,712.6

Stocks of crude petroleum produced in this District continued to decline in August and September, the total decrease since the first of May now measuring almost 14 per cent. Posted prices of crude oil are unchanged but gasoline prices are weak. Field operations have dropped off sharply this year with about 35 per cent fewer wells completed and a decline of more than 60 per cent in new production.

Coal

Bituminous coal production in the District increased seasonally during August. Output in August was only 7 per cent smaller than a year ago while that for the first eight months of the year was 23 per cent less.

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

	Aug. 1938	July 1938	Change from Aug. 1937
		(In tons)	
Colorado.....	323,000	+57,000	-80,000
Kansas and Missouri.....	494,000	+144,000	+23,000
New Mexico.....	100,000	+8,000	-30,000
Oklahoma.....	137,000	+69,000	-41,000
Wyoming.....	413,000	+111,000	+10,000
Six states.....	1,467,000	+389,000	-113,000
United States.....	28,280,000	+4,923,000	-5,703,000

Zinc and Lead

Production and shipments of zinc and lead ore in the Tri-State mining district increased substantially further in August from the low level of June. The zinc shipment was 7 per cent larger than a year ago, with buyers continuing to take all supplies available, but the lead shipment was 16 per cent smaller than last year. About 50 mine and tailing mills are now in operation, the largest number since early last December.

August shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	13,531	\$ 375,495	2,355	\$ 126,509
Missouri.....	1,833	50,835	156	8,403
Oklahoma.....	27,637	766,980	1,699	91,302
Aug. 1938.....	43,001	\$ 1,193,310	4,210	\$ 226,214
July 1938.....	25,790	715,710	3,079	163,341
Aug. 1937.....	40,262	1,723,361	4,989	365,445
8 Mos. 1938.....	241,441	6,588,544	33,931	1,687,011
8 Mos. 1937.....	321,419	13,296,243	42,152	3,090,838

Notwithstanding increases in production, stocks of zinc declined steadily throughout July and August, dropping more than 50 per cent from their high point at the middle of the year, then rose slightly in the first week of September. Ore prices advanced in the second week of September.

Employment and Pay Rolls

Employment and pay rolls in the District as a whole rose somewhat further from the middle of July to the middle of August, reflecting in part seasonal factors. Both employment and pay rolls are about 12 per cent lower than a year ago.

Preliminary figures of the Department of Labor:

	August 1938 per cent change from July 1938	
	Employment	Pay Rolls
Colorado.....	+1.0	+3.6
Kansas.....	-0.8	+0.7
Missouri.....	+2.0	+2.7
Nebraska.....	+0.4	+1.0
New Mexico.....	-0.4	+3.4
Oklahoma.....	-0.2	+1.1
Wyoming.....	+2.5	+10.1

Building

The value of construction contracts awarded in August in this District was somewhat larger than in either the preceding month or the same month a year ago, reflecting largely an increase in awards for residential building. For the year to date, non-residential awards are about 7 per cent less than last year while residential awards show a decrease of 15 per cent.

Construction figures of the F. W. Dodge Corporation:

	TENTH DISTRICT		37 EASTERN STATES	
	Residential	Total	Residential	Total
	(In thousands of dollars)			
Aug. 1938.....	3,511	10,667	99,732	313,141
July 1938.....	2,571	9,434	87,978	239,799
Aug. 1937.....	2,333	9,313	73,448	285,104
8 Mos. 1938.....	21,490	79,900	586,748	1,850,546
8 Mos. 1937.....	25,261	87,984	671,101	2,101,452

The value of August building permits issued in eighteen District cities was about 18 per cent larger than a year ago in contrast with a decrease of nearly 26 per cent in the value of permits for the first eight months of the year. The number of permits is little changed from last year.

August building permits issued in District cities:

	PERMITS		ESTIMATED COST	
	1938	1937	1938	1937
Albuquerque, N. Mex.	67	101	\$ 127,000	\$ 147,000
Cheyenne, Wyo.....	58	59	79,000	70,000
Colorado Springs, Colo.	40	50	18,000	38,000
Denver, Colo.....	567	503	647,000	581,000
Hutchinson, Kans.....	83	115	36,000	48,000
Joplin, Mo.....	20	20	28,000	30,000
Kansas City, Kans....	49	44	63,000	37,000
Kansas City, Mo.....	143	133	176,000	159,000
Lincoln, Nebr.....	203	158	263,000	113,000
Oklahoma City, Okla.	208	191	506,000	408,000
Omaha, Nebr.....	169	128	196,000	177,000
Pueblo, Colo.....	63	58	37,000	70,000
Salina, Kans.....	20	16	39,000	12,000
Shawnee, Okla.....	17	13	9,000	10,000
St. Joseph, Mo.....	13	25	13,000	14,000
Topeka, Kans.....	90	85	132,000	137,000
Tulsa, Okla.....	181	93	349,000	212,000
Wichita, Kans.....	279	219	199,000	207,000
August.....	2,270	2,011	\$ 2,917,000	\$ 2,470,000
July.....	1,941	2,067	2,817,000	3,988,000
Eight months.....	15,640	16,054	22,353,000	30,009,000

Lumber

Board feet sales of lumber at reporting retail yards in the District in August were nearly 8 per cent larger than in the same month last year. For all other months this year except June, however, sales have been below a year ago and total sales for the year to date are 7 per cent less than last year.

Collections on amounts outstanding averaged 32.0 per cent in August as compared with 33.5 per cent in July and 32.2 per cent in August a year ago.

Lumber trade at 156 retail yards in the District:

	August 1938 per cent change from July 1938		August 1937
	July 1938	August 1937	
Sales of lumber, board feet.....	+8.3	+7.6	
Sales of all materials, dollars.....	+5.9	-4.8	
Stocks of lumber, board feet.....	-2.0	-9.1	
Outstandings, dollars.....	+3.6	+5.6	

Life Insurance

Life insurance sales in the District in August were 6 per cent lower and in the first eight months of the year 14 per cent lower than in the same periods last year.

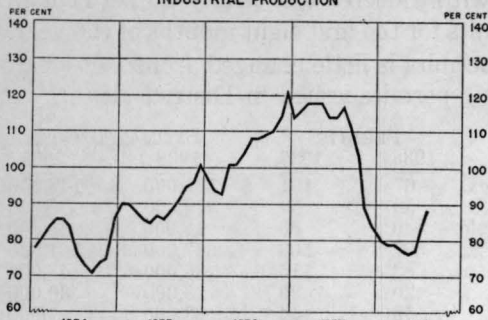
The Life Insurance Sales Research Bureau report:

	Aug. 1938	Change from July 1938	
		Aug. 1937	Aug. 1937
	(In thousands of dollars)		
Colorado.....	4,780	-8	-579
Kansas.....	6,979	+608	-1,321
Missouri.....	15,651	+168	-777
Nebraska.....	5,173	-146	-167
New Mexico.....	1,093	+49	-236
Oklahoma.....	7,751	-375	+340
Wyoming.....	1,182	-210	-154
Seven states.....	42,609	+86	-2,894
United States.....	470,917	+13,693	-75,150

NATIONAL SUMMARY OF BUSINESS CONDITIONS

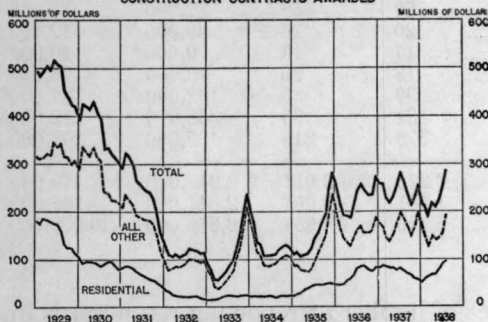
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



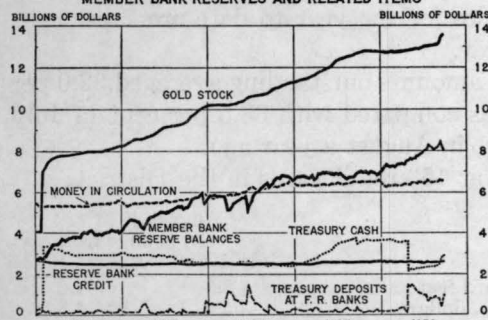
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through August, 1938.

CONSTRUCTION CONTRACTS AWARDED



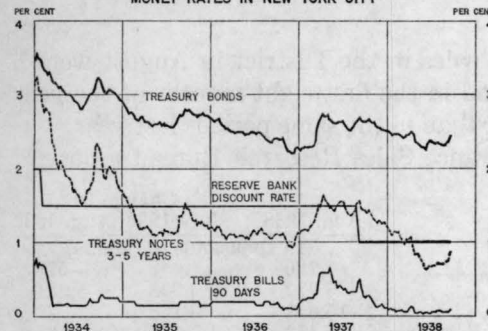
Three-month moving averages of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for June and July and estimate for August.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, January 3, 1934, through September 21, 1938.

MONEY RATES IN NEW YORK CITY



Discount rate of Federal Reserve Bank; weekly averages of daily yields on 3- to 5-year Treasury notes and on Treasury bonds callable after 8 years, and weekly average of daily dealers' quotations on 90-day Treasury bills or rate on new bills offered in week. For weeks ending January 6, 1934, through September 17, 1938.

Industrial activity increased considerably in August and advanced further in September. Factory employment and pay rolls also showed a substantial rise in August, and distribution of commodities to consumers increased seasonally.

PRODUCTION

Volume of industrial production showed a further considerable increase in August, and the Board's seasonally adjusted index rose from 83 to 88 per cent of the 1923-1925 average. In manufacturing, increases in output were general except in the automobile industry where there was a sharp seasonal decline as plants were closed for inventory taking and for preparations for the shift to new model production. At steel mills, where activity had risen considerably in July, there was a further advance in August and production was at an average rate of 42 per cent of capacity as compared with 35 per cent in the previous month. Output of lumber and plate glass also increased. In the textile industry the sharp advance that had been under way since early summer continued. Mill consumption of wool and cotton increased further, and deliveries of rayon were maintained at the high level reached in July. Shoe production showed a further increase and activity at meat-packing establishments showed less than the usual seasonal decline. Production of bituminous coal and crude petroleum increased somewhat further.

In the first three weeks of September steel ingot production continued to increase, while automobile production remained at the low level reached in August. Output of crude petroleum was reduced, as wells in Texas were closed on both Saturdays and Sundays, whereas in August only Sunday closings had been required.

Value of construction contracts awarded in 37 Eastern States increased considerably in August, according to figures of the F. W. Dodge Corporation. The increase was in publicly-financed projects and reflected partly the expansion of the Public Works Administration program and the award of the first contract for the slum clearance projects of the United States Housing Authority. Awards for private residential building continued at about the same rate as in July and were close to the level reached in the spring of 1937. Commercial building, which had increased in July owing to the award of a contract for a large office building, declined in August to about the level of other recent months.

EMPLOYMENT

Factory employment and pay rolls showed a marked rise from the middle of July to the middle of August, while in nonmanufacturing industries employment showed little change. The number employed at factories producing durable goods increased for the first time since the summer of 1937 and in the nondurable goods industries, where employment had increased in July, there was a further rise. Most leading industries reported increases in the number of workers.

DISTRIBUTION

Distribution of commodities to consumers increased seasonally from July to August. Department store sales showed about the usual rise and mail-order sales increased, while variety store sales declined. In the first half of September sales at department stores increased more than seasonally.

Freight carloadings increased somewhat further in August, reflecting chiefly larger shipments of miscellaneous freight.

COMMODITY PRICES

Prices of silk and rubber showed some advance from the middle of August to the third week of September and there were also increases at the end of the period in nonferrous metals. Wheat prices fluctuated considerably but showed little net change in this period. Prices of cotton and wool declined somewhat, and there were further decreases in prices of some finished industrial products.

BANK CREDIT

A heavy inflow of gold from abroad during the five weeks ending September 21 resulted in an increase of over \$500,000,000 in the monetary gold stock. Member bank reserves were increased by Treasury payments for gold acquired but were sharply reduced in the last week of the period by payments to the Treasury for cash purchases of new securities and quarterly income tax collections. As a consequence of these transactions, excess reserves, which had increased to \$3,130,000,000, were reduced to \$2,740,000,000 on September 21.

Total loans and investments of reporting member banks in leading cities increased sharply during August and the first three weeks of September, reflecting chiefly an increase in holdings of United States Government obligations. Balances held in New York City for foreign banks showed a substantial increase.

MONEY RATES AND BOND YIELDS

The average yield on long-term Treasury bonds increased in September from the low point reached at the end of August. The average rate on new issues of Treasury bills increased to 0.11 per cent, compared with 0.05 per cent. Yields on high-grade corporate bonds increased slightly.