

MONTHLY REVIEW

Agricultural and Business Conditions

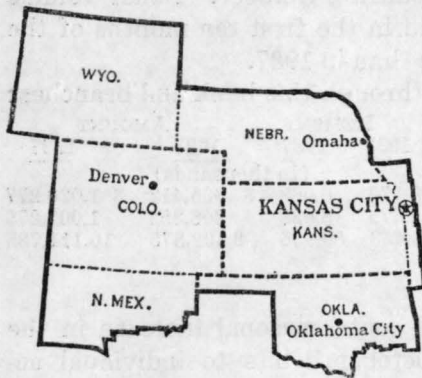
TENTH FEDERAL RESERVE DISTRICT

VOL. 23, No. 11

FEDERAL RESERVE BANK OF KANSAS CITY

NOVEMBER 30, 1938

Business in the Tenth Federal Reserve District



Building operations continue the most promising factor in the business situation. Contracts awarded are 23% and lumber sales 28% above a year ago.

Bank loans are slowly increasing although they are much below last year. The same is true of bank holdings of Government securities. Other investments of banks are the highest this year.

Retail sales have been affected by an unusually warm fall but are better in recent weeks. They are still below a year ago but the gap appears to be closing.

Widespread November rains have greatly improved the farm situation. Dry weather was rapidly developing a critical situation with respect to winter wheat. Generally speaking, wheat is going into the winter in good condition.

Life insurance sales are 12% under last year. Flour production is little changed. Hogs and sheep are being slaughtered in larger numbers.

OCTOBER 1938 COMPARED WITH OCTOBER 1937					BUSINESS INDICATORS	10 MOS. 1938 COMPARED WITH 10 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..... +14											
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											

-67

+62

Member Bank Operations

Loans at reporting member banks in the Tenth District rose somewhat further from the middle of October to the middle of November, reflecting principally an increase in commercial loans. Real estate loans, loans to banks, and "all other" loans also increased, while holdings of open market paper, loans to security brokers and dealers, and other loans for purchasing or carrying securities declined. Total loans are about 12 per cent lower than a year ago. Investments showed a further increase during the four weeks. Holdings of Government obligations are somewhat smaller than a year ago but holdings of other securities are larger so that total investments are only 2 per cent lower than at this time last year.

Adjusted demand deposits and correspondent balances declined further from the middle of October to the middle of November, while deposits of other banks at these reporting banks continued to increase. Following a rather sharp decrease in the preceding five weeks, reserve balances carried with this bank showed little change. Adjusted demand deposits are slightly larger than a year ago, correspondent balances are 40 per cent greater, and interbank deposits about 4 per cent larger.

Principal items of condition of 51 member banks:

	Change from		
	Nov. 16 1938	Oct. 19 1938	Nov. 17 1937
	(In thousands of dollars)		
Loans and investments—total.....	652,940	+8,027	-42,670
Loans—total	252,275	+4,073	-34,917
Coml., indust., and agric.....	152,627	+3,636	-28,533
Open market paper.....	17,798	-554	-6,099
To security brokers and dlers.	4,157	-102	-38
Other to purch. or carry secur.	11,847	-211	-1,822
Real estate loans.....	22,616	+405	+2,271
Loans to banks.....	773	+152	-275
All other loans.....	42,457	+747	-421
Investments—total	400,665	+3,954	-7,753
U. S. Govt. direct obligations..	222,115	-401	-21,384
Oblig. guar. by U. S. Govt.....	50,492	+1,429	+1,336
Other securities.....	128,058	+2,926	+12,295
Reserve with F. R. Bank.....	158,885	+445	-9,306
Balances with domestic banks....	289,077	-6,293	+82,525
Demand deposits—adjusted.....	492,221	-3,453	+5,618
Time deposits.....	143,505	-67	-3,537
U. S. Govt. deposits.....	20,495	-32	+10,012
Interbank deposits.....	378,663	+4,584	+12,827

Reserve Bank Operations

Note circulation of this bank continues to increase, averaging nearly 168 $\frac{3}{4}$ million in the first half of November as compared with slightly less than 166 $\frac{1}{2}$ million in October. Circulation during the late spring and early summer had tended to decline.

Volume of discounts has risen in recent weeks to the highest level since early in the year. Seasonal borrowing by banks in connection with crop payments in sugar beet areas accounts for some of this increase.

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

	Change from		
	Nov. 16 1938	Oct. 19 1938	Nov. 17 1937
	(In thousands of dollars)		
Total reserves.....	324,846	-2,429	+21,408
Bills discounted.....	1,051	+563	-57
Bills purchased.....	16	Zero	-64
Industrial advances.....	393	-20	-91
Commit. to make indust. adv....	576	+47	+461
U. S. Government securities....	113,249	Zero	-11,735
Total resources.....	485,929	+2,196	+9,099
F. R. notes in circulation.....	168,768	+2,693	+1,259
Member bank reserve deposits..	230,072	+217	-15,653

Dollar volume of check collections rose somewhat less than seasonally during October. Dollar volume in October was 5 and in the first ten months of the year 12 per cent less than in 1937.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1938	1937	1938	1937
	(In thousands)			
October	6,170	6,068	\$ 965,412	\$ 1,020,277
September	5,679	5,938	908,852	1,007,276
Ten months	58,453	59,956	8,892,875	10,111,785

Bank Debits

Following a small contraseasonal increase in the preceding month, October debits to individual accounts in banks showed considerably less than the usual seasonal rise. Volume of payments by check in October was 13 and in the first ten months of the year 15 per cent smaller than a year ago.

Payments by check in thirty District cities:

	Change from		
	Oct. 1938	Sept. 1938	Oct. 1937
	(In thousands of dollars)		
Albuquerque, N. Mex....	15,409	+1,700	-1,535
Atchison, Kans.....	3,013	+199	-682
Bartlesville, Okla.....	30,343	+1,182	-1,340
Casper, Wyo.....	8,119	+2,258	-278
Cheyenne, Wyo.....	9,493	+286	-641
Colorado Springs, Colo.	14,503	-918	-1,557
Denver, Colo.....	171,800	+16,978	-15,090
Emporia, Kans.....	3,516	+415	-154
Enid, Okla.....	10,443	+73	-1,312
Fremont, Nebr.....	2,382	-40	-110
Grand Junction, Colo....	3,936	+254	-513
Guthrie, Okla.....	1,814	+40	+99
Hutchinson, Kans.....	10,288	+521	-3,069
Independence, Kans.....	2,514	+10	-301
Joplin, Mo.....	9,592	+340	-1,328
Kansas City, Kans.....	14,718	-327	-385
Kansas City, Mo.....	293,918	-1,846	-64,096
Lawrence, Kans.....	3,725	+575	-214
Lincoln, Nebr.....	28,981	+1,757	-2,164
Muskogee, Okla.....	9,307	+1,300	-377
Oklahoma City, Okla....	99,058	+5,304	-14,510
Okmulgee, Okla.....	2,765	+109	-129
Omaha, Nebr.....	145,065	+9,015	-21,747
Pittsburg, Kans.....	3,722	+63	-567
Pueblo, Colo.....	20,477	-6,284	+2,719
Salina, Kans.....	8,022	Zero	-1,953
St. Joseph, Mo.....	27,099	+1,171	-782
Topeka, Kans.....	18,215	+2,934	+2,567
Tulsa, Okla.....	128,899	-13,332	-34,867
Wichita, Kans.....	44,922	+3,226	-4,737
District, 30 cities.....	1,146,058	+26,963	-169,053
United States, 141 cities	33,235,314	+3,710,038	-2,849,188

Trade

RETAIL SALES

Department store sales showed less than the usual seasonal rise in October, partly because of the exceptionally warm weather. Dollar volume in October, as in the first ten months of the year, was about 7 per cent less than in the corresponding period of 1937. However, sales for the first two weeks of November were little changed from a year ago. Since retail prices, according to the Fairchild Index, are about 7 per cent lower than a year ago, the physical volume of merchandise currently going into consumption is probably larger than last year.

Stocks of merchandise increased seasonally during October and are now only 9 per cent lower than a year ago. Collections on open accounts averaged 48.1 per cent in October as compared with 48.2 per cent last year, while installment collections averaged 15.4 and 15.9 per cent, respectively.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS		
	Oct.'38	10 Mos.'38	Oct. 31,'38		
	comp.to Oct.'37	comp.to 10 Mos.'37	compared to Sept.30,'38	Oct.31,'37	
	(Per cent increase or decrease)				
Denver	4	-0.4	-6.7	+4.6	-7.4
Kansas City....	4	-3.8	-9.2	+3.5	-16.9
Oklahoma City	3	-4.1	-1.3	+1.9	-2.1
Omaha	3	-14.8	-2.2	+8.0	-0.9
Tulsa	4	-10.2	-2.4	+4.4	-3.5
Wichita.....	3	-11.2	-11.0		
Other cities....	20	-14.5	-9.9	+2.0	-12.0
District.....	41	-7.2	-6.6	+4.1	-9.0

October sales of independent retail stores averaged 11 per cent below a year ago and total sales for the first ten months of the year 12 per cent less.

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

	Oct. 1938 per cent change from Oct. 1937				
	Colo.	Kans.	Mo.	Nebr.	Okla.
Apparel	-12.4	-22.6	-15.8	-17.2	-20.1
Country general.....	-8.3	-12.2	10.1	-12.8	-8.1
Department	-9.6	-14.2	-9.3	-15.6	-8.6
Drug	-6.1	-2.8	+0.1	-3.7	+2.3
Furn. and appliances	-13.0	-18.6	-18.1	-11.9	-13.6
Grocery	-10.7	-5.9	-9.1	-7.4	-6.6
Hardware	-20.6	-15.2	-5.4	-9.9	+1.9
Lbr. and bldg mtls....	-8.7	-2.1	+2.6	-12.0	-2.6
Motor vehicle.....	-32.7	-34.5	-24.3	-21.2	-18.7
Total.....	-12.8	-14.6	-10.8	-13.0	-8.3

WHOLESALE SALES

The value of October wholesale sales was only 7 per cent lower than a year ago as compared with a decrease of 10 per cent for the first ten months of the year. In addition to drugs, sales of automotive supplies and industrial hardware show recent improvement over last year. Wholesale dollar inventories are 15 per cent under a year ago. Collections in October averaged 70.5 per cent against 71.1 per cent last year.

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

No. of Firms	SALES		STOCKS		
	Oct.'38	10 Mos.'38	Oct. 31,'38		
	comp.to Oct.'37	comp.to 10 Mos.'37	compared to Sept.30,'38	Oct.31,'37	
	(Per cent increase or decrease)				
Auto. supplies.....	5	+21.3	-6.1		
Clothing	3	-21.3		-12.5	-12.5
Drugs	10	+0.7	+1.8	+4.9	-0.5
Dry goods	5	-15.2	-20.1	-7.8	-30.2
Electrical goods..	11	-16.6	-12.2	+2.3	-31.3
Furniture.....	4	-16.2	-16.8		
Groceries	37	-4.0	-9.2	+4.4	-12.8
Hardware-total..(14)		-9.8	-16.4	-0.6	-16.1
General	5	-11.7	-17.0	-0.6	-16.4
Industrial	5	+1.8	-9.5	-1.0	-14.2
Plbg.& htg.....	4	-18.7	-23.1		
Jwlry.& opt.gds.	3	-16.4	-14.7	+1.5	-11.8
Machinery	4	-22.3			
Paper	4	-20.7	-8.4		
Tobacco & prod....	5	-15.0			
All other lines.....	15	-10.0	-22.3	-0.1	-10.7
Total	120	-7.1	-10.2	+1.5	-14.9

Crops

The breaking of the fall drought in many sections of the District early in November greatly improved the outlook for winter wheat. Following two months of drought in Oklahoma and generally dry conditions in September in much of Kansas, the month of October over virtually the entire District was one of the driest of record, further delaying fall wheat seedings in Oklahoma and bringing operations to a halt elsewhere. Soil moisture tests in Kansas during the latter part of October revealed a dry topsoil down to an average depth of more than three inches over the state, varying from about two inches in the southwest to five inches in north central areas. Subsoil moisture in Kansas, however, is much more favorable than a year ago, averaging nearly 26 inches at seeding time this year as compared with about 12 inches last year and 17 inches in 1936.

Winter wheat on November 1 was in fair to good condition in the eastern parts of Colorado and Nebraska and in southwestern Kansas, where summer and fall precipitation has been good, but rather poor in other sections of Kansas and in Oklahoma. Early planted wheat, which had become rooted before the topsoil dried out, had made a good start but was deteriorating while late planted fields had either failed to germinate or were thin and spotted. The rain and snow of the first week of November revived wheat plants, coming in time to save a large acreage in central and eastern Kansas and adjoining parts of other states. Some sections of Nebraska failed to receive sufficient moisture but a large area obtained enough to carry fields into the winter. As a result of the moisture, some additional wheat will be seeded.

Rainfall

	Oct. 1938		10 Mos. 1938	
	Total	Normal	Total	Normal
	(In inches)			
Colorado				
Denver .....	.12	1.05	17.57	12.77
Leadville	1.47	1.26	24.30	16.62
Pueblo .....	.17	.66	12.44	10.81
Lamar .....	.11	1.03	16.68	14.91
Garnett	1.53	.54	9.67	6.40
Steamboat Springs.....	1.47	1.97	20.58	19.67
Kansas				
Topeka .....	.35	2.42	26.85	31.05
Iola .....	.38	3.16	40.69	34.56
Concordia .....	.10	1.97	25.53	24.93
Salina .....	.19	2.00	25.55	25.07
Wichita .....	.16	2.59	30.61	27.72
Hays .....	.03	1.55	21.81	22.06
Goodland .....	.11	1.37	16.72	17.42
Dodge City .....	.18	1.30	18.83	19.21
Elkhart	1.01	1.66	17.17	16.13
Missouri				
St. Joseph .....	.14	2.89	24.43	32.69
Kansas City .....	.70	2.92	33.72	33.95
Joplin .....	.26	3.45	34.83	39.06
Nebraska				
Omaha	1.52	2.17	29.19	25.94
Lincoln .....	.40	1.88	26.11	25.77
Norfolk .....	.22	1.73	21.33	26.31
Grand Island .....	.18	2.12	20.52	25.27
McCook	Trace	1.20	18.93	18.35
North Platte .....	.03	1.07	21.42	17.19
Bridgeport .....	.05	1.09	18.79	15.28
Valentine .....	.15	1.10	17.96	17.77
New Mexico				
Clayton	1.72	1.26	14.36	15.02
Santa Fe	1.60	1.18	14.04	12.85
Farmington .....	.49	.81	6.53	7.93
Oklahoma				
Tulsa .....	.70	3.68	39.23	34.35
McAlester .....	.22	4.27	40.98	37.82
Oklahoma City .....	.21	2.86	29.55	27.78
Pauls Valley .....	.27	3.47	39.19	30.78
Hobart .....	.83	3.04	24.14	25.31
Enid .....	.36	2.92	31.93	27.88
Woodward .....	.22	2.22	29.17	23.33
Wyoming				
Cheyenne .....	.54	.96	15.87	13.92
Casper .....	.16	1.41	9.32	13.46
Lander	1.23	1.36	10.46	11.35
Sheridan .....	.41	1.07	14.90	13.79

Grain Marketing

Cash wheat prices continue about unchanged at the level that has prevailed since early last August when prices had dropped to the lowest point in about five years. Prices had strengthened slightly in October because of continued drought in the domestic winter wheat belt but lost this small gain with the breaking of the drought early in November. Domestic wheat prices are somewhat above the world price, Government purchases and loans providing the principal support to the market. Cash corn prices, the lowest since 1934, had declined rather sharply early in October but have since strengthened. On November 10, the Government announced that the loan rate on corn produced this year by cooperating farmers in the commercial area would be 57 cents a bushel or approximately 20 cents above current market prices. Loans on the 1937 crop were made at the rate of 50 cents and are renewable at 57 cents.

The lower range of cash grain prices at Kansas City:

	Nov. 22 1938	Oct. 31 1938	Sept. 30 1938	Oct. 30 1937
No. 1 hd., dk. wheat, bu. \$	.63	\$.64¾	\$.64¾	\$1.01
No. 2 mixed corn, bu.....	.44¾	.40½	.47¾	.55½
No. 2 white oats, bu.....	.25¾	.24	.26	.32
No. 2 rye, bu.....	.40½	.41½	.41	.72
No. 2 barley, bu.....	.36	.37	.39	.53
No. 2 white kafir, cwt.....	.66	.63	.90	.90

Marketings of wheat and corn increased sharply during October and were in unusually heavy volume, receipts of wheat being 14 per cent above the October average for the past ten years and receipts of corn more than twice the average. Part of the wheat, however, represented a movement from country elevators to terminal storage in order to make room for new crop corn, and a considerable portion of the corn receipts reflected deliveries to the Commodity Credit Corporation in default of Government loans on the 1937 crop that became due November 1.

October grain receipts at five District markets:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	(In thousands of bushels)					
Hutchinson	1,609	5	2	1	—	12
Kansas City	5,979	1,464	254	37	45	117
Omaha	1,532	4,910	338	93	73	—
St. Joseph	576	493	476	—	14	—
Wichita	1,736	12	—	—	—	—
Oct. 1938.....	11,432	6,884	1,070	131	132	129
Sept. 1938.....	9,072	1,007	1,044	119	189	50
Oct. 1937.....	8,145	3,216	1,139	167	178	131
10 Mos. 1938.....	162,271	24,459	9,967	1,303	1,090	835
10 Mos. 1937.....	167,613	15,071	13,197	1,218	1,765	682

Livestock**MARKETINGS**

Marketings of cattle and calves increased further in October when marketings are usually the heaviest of the year and there was a seasonal increase also in hog receipts. Marketings of sheep declined, the seasonal peak apparently having been reached in the preceding month. Except for hog receipts, which showed an increase of 19 per cent over last year, marketings were little changed from a year ago, receipts of cattle and sheep being about 5 per cent smaller and calves about 5 per cent larger than in October of last year. Calf receipts were also 5 per cent above the October ten-year average.

October livestock receipts at District markets:

	Cattle	Calves	Hogs	Sheep
Denver	102,245	13,196	23,640	631,891
Kansas City	175,629	66,397	133,888	127,435
Oklahoma City	39,336	18,603	29,841	10,657
Omaha	136,400	23,688	94,551	136,604
St. Joseph	34,146	5,896	66,669	71,744
Wichita	32,019	12,156	20,431	14,685
Oct. 1938	519,775	139,936	369,020	993,016
Sept. 1938	439,138	84,883	295,843	1,101,540
Oct. 1937	547,811	133,818	311,440	1,030,158
10 Mos. 1938	3,400,832	684,192	3,235,902	6,857,277
10 Mos. 1937.....	3,786,963	802,314	2,949,819	6,690,256

PRICES

Prices of beef steers, owing largely to the limited supply of prime quality fed animals, established a new top for the year of \$12.50 a hundredweight in October, then weakened in the forepart of November. Stocker cattle prices continue strong but feeder cattle prices are lower in sympathy with prices of finished steers. Hog prices, after falling to a four-year low of \$7.40 a hundredweight about the middle of October, recovered somewhat in the latter part of the month but, with a further increase in market receipts, again turned downward in November. Lamb prices strengthened because of the seasonal decrease in marketings and recent strength in wool prices.

Top livestock prices at the Kansas City market:

	Nov. 22 1938	Oct. 1938	Sept. 1938	Oct. 1937	Oct. 1936	Oct. 1935
(In dollars per hundredweight)						
Beef steers	12.25	12.50	11.50	16.00	10.40	12.00
Stocker cattle	9.25	9.25	8.75	9.25	7.60	9.00
Feeder cattle	8.75	9.25	10.00	10.75	8.25	8.75
Calves	10.00	10.00	10.00	10.00	9.00	9.50
Hogs	7.45	8.60	9.00	11.45	10.20	10.65
Sheep	6.75	6.00	5.00	6.75	6.50	6.25
Lambs	9.25	8.65	8.35	10.75	9.20	10.00

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder livestock increased substantially further in October, with market supplies of cattle and calves at the season's highest level and shipments of sheep increasing despite a decrease in marketings. The movement of calves was 7 per cent above the October ten-year average and cattle only 5 per cent below but shipments of hogs were 58 and sheep 14 per cent below the average.

October stocker-feeder shipments:

	Cattle	Calves	Hogs	Sheep
Denver	46,566	6,387	171	386,509
Kansas City	112,624	23,774	2,509	36,010
Omaha	58,685	10,871	475	54,841
St. Joseph	9,770	1,499	875	18,851
Oct. 1938	227,645	42,531	4,030	496,211
Sept. 1938	172,531	17,876	2,448	310,290
Oct. 1937	226,707	37,143	4,546	503,088
10 Mos. 1938	927,031	125,755	37,337	1,284,552
10 Mos. 1937	927,382	130,218	39,705	1,268,992

Developments to November 1 continued to point to some increase over a year ago in cattle feeding operations in Corn Belt states during the coming winter and spring. However, feeding operations are still small in comparison with most years before 1934, with feeding less than half of normal in Nebraska, and the net increase this year is expected to be moderate, the effect of increased feed supplies at relatively low prices being reflected more in the finish of the cattle fed than in the number.

Lamb feeding operations during the 1938-39 season are expected to be larger in Missouri and Kansas but smaller in Nebraska, where a sharp decrease in the Scottsbluff area may be largely offset by increases elsewhere in the state. A rather heavy movement of feeder lambs to wheat pastures in Kansas and Nebraska occurred late in September and early in October but, owing to the dry weather, the number of lambs finished on wheat pastures will be considerably smaller than seemed probable earlier. A reduction of from 10 to 15 per cent in lamb feeding is expected in Colorado, largely in the northern part of the state as the number of lambs on wheat pasture in the eastern dry land sections is unusually large.

RANGES AND PASTURES

Ranges and pastures in the District generally continued to furnish good feed through October except in Oklahoma and western Kansas where the condition was declining rapidly before beneficial rains were received early in November. Cattle and sheep are in good condition and are going into the winter in above average flesh. With generally ample supplies of feeds and improved prospects for winter grain pastures, both cattle and lambs are being held closely and there is a tendency toward restocking where finances permit. Low prices for crops, however, and fairly strong livestock prices are a hindrance in many sections.

Farm Income

September cash farm income in the District was about 26 per cent less than a year ago. Government payments were larger than in September of last year but receipts from the sale of crops were 33 and from livestock 24 per cent lower. The largest percentage decreases were in Kansas and Nebraska where farm income was about 40 per cent less than last year. Income was higher in New Mexico because of increased receipts from both crops and livestock and showed only a relatively small decline in Oklahoma because of substantially larger Government payments and a small increase in receipts from crops.

Department of Agriculture income estimates:

	Sept. 1938	Aug. 1938	Sept. 1937
(In thousands of dollars)			
Colorado	11,882	+2,280	-3,687
Kansas	21,836	-348	-13,164
Missouri	22,542	+638	-5,164
Nebraska	14,983	-3,786	-9,826
New Mexico	4,074	+1,900	+449
Oklahoma	16,398	+3,918	-1,549
Wyoming	6,282	+2,988	-1,997
Seven states	97,997	+7,590	-34,938
United States	764,000	+135,000	-57,000

For the year to date cash farm income in the District is down 19 per cent from last year. By states, Colorado shows a loss of 24 per cent, Kansas 27, Missouri 12, Nebraska 22, New Mexico 10, Oklahoma 8, and Wyoming 14 per cent.

Meat Packing

As in the preceding month, the bulk of October marketings of cattle, calves, and sheep returned to the country for stocking or feeding purposes, with less than the usual proportion going to immediate slaughter. Packers' purchases of cattle were 17, calves 24, hogs 35, and sheep 27 per cent below the October ten-year average. Cattle and calf slaughter continue somewhat below a year ago and hog and sheep slaughter moderately above last year.

October packers' purchases at District markets:

	Cattle	Calves	Hogs	Sheep
Denver	17,285	3,499	21,277	52,271
Kansas City	52,974	15,486	126,275	80,112
Oklahoma City	20,570	11,882	16,345	7,295
Omaha	68,342	12,500	78,883	74,346
St. Joseph	21,348	4,173	62,056	53,696
Wichita	12,692	4,095	18,639	7,149
Oct. 1938	193,211	51,635	323,475	274,869
Sept. 1938	189,201	46,363	261,793	336,956
Oct. 1937	201,611	71,204	280,753	242,918
10 Mos. 1938	1,760,234	422,383	2,860,385	3,136,918
10 Mos. 1937	1,868,242	569,230	2,613,490	3,116,377

Cold Storage Holdings

United States cold storage stocks of beef and lamb increased less than seasonally and stocks of cheese declined more than seasonally in October. November 1 holdings of poultry were 6, butter 63, and cheese 16 per cent above the average of the past five years but holdings of beef were 46, pork 33, lamb 16, lard 18, and shell eggs 31 per cent below the average. Except for beef, pork, and eggs, however, cold storage stocks are larger than a year ago.

United States cold storage holdings:

	Nov. 1 1938	Oct. 1 1938	Nov. 1 1937	Nov. 1 5-Yr.Av.
(In thousands of units)				
Beef, lbs.	41,327	36,943	43,897	76,390
Pork, lbs.	250,785	277,231	266,414	372,014
Lamb and mutton, lbs. ..	2,653	2,318	2,376	3,172
Poultry, lbs.	77,607	59,942	76,208	73,456
Miscellaneous meats, lbs.	50,137	52,774	42,210	66,021
Lard, lbs.	67,849	89,946	39,477	82,828
Eggs, shell, cases	3,244	4,765	5,158	4,680
Eggs, frozen (case equiv.)	2,693	3,150	3,823	2,714
Butter, creamery, lbs.	193,751	210,703	98,624	119,148
Cheese, all varieties, lbs.	132,296	140,755	112,687	114,197

Flour Milling

A small but fairly steady volume of flour sales for immediate shipment and good shipping directions on old contracts kept southwestern flour mills operating at a good rate in October. Although sales improved somewhat early in November before rains

relieved the drought in the winter wheat belt, milling operations tend to decline, reflecting in part the extremely short backlog. October flour production was little changed from a year ago or the October average of the past ten years, while output for the first ten months of the year is 6 per cent less than last year. Exports continue light despite a further increase in the Federal subsidy on November 1. Flour prices are about steady.

Flour production reported by the Northwestern Miller:

	Oct. 1938	Change from	
		Sept. 1938	Oct. 1937
(In barrels)			
Kansas City	658,000	-1,000	+5,000
Salina	220,000	-7,000	+21,000
Wichita	174,000	+3,000	-38,000
Other cities	1,198,000	+54,000	-9,000
Southwest	2,250,000	+49,000	-21,000
United States*	6,379,000	+143,000	+251,000

*Represents about 60 per cent of total output in U. S.

Petroleum

Daily average crude oil production in the District, which had turned downward again in September, declined further in October, falling back to the level of last July. Output, although very little below the October average of the past ten years, was 20 per cent less than in October a year ago, approximately the same decrease as that for the year to date.

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

	Oct. 1938		Sept. 1938		Oct. 1937	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
(In thousands of barrels)						
Colo.	111	3.6	93	3.1	120	3.9
Kans.	4,795	154.6	4,821	160.7	6,002	193.6
N. Mex.	3,211	103.6	2,883	96.1	3,297	106.4
Okla.	13,859	447.1	14,079	469.3	18,554	598.5
Wyo.	1,565	50.5	1,748	58.3	1,578	50.9
5 States	23,541	759.4	23,624	787.5	29,551	953.3
U. S.	101,530	3,275.2	98,661	3,288.7	110,911	3,577.8

Stocks of crude petroleum produced in this District continued to decline throughout October. Crude stocks are now 16 per cent below the rather high level of a year ago and are nearly 8 per cent lower than two years ago when production was increasing to meet heavy withdrawals from storage. Recent declines in drilling operations, refinery shutdowns, the October cut in crude oil prices, and weakness in gasoline prices reflect the unsettled condition of the oil industry.

Coal

Output of bituminous coal showed a further seasonal increase in October. Production in October was 19 per cent smaller than a year ago and that for the first ten months of the year was 21 per cent less.

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

	Oct. 1938	Change from	
		Sept. 1938	Oct. 1937
(In tons)			
Colorado	534,000	+22,000	-171,000
Kansas and Missouri....	528,000	-7,000	-124,000
New Mexico.....	133,000	+27,000	-19,000
Oklahoma	182,000	-11,000	-87,000
Wyoming	574,000	+116,000	-58,000
Six states.....	1,951,000	+147,000	-459,000
United States	34,900,000	+2,624,000	-5,933,000

Zinc and Lead

Zinc production in the Tri-State mining district held fairly steady throughout October but shipments of zinc continued to decline. Supplies of zinc available for purchase are relatively small, virtually all reserve stocks being held firmly by producers who are reluctant to sell at present prices. Production and shipments of lead ore increased slightly in October. The zinc shipment was 16 and that of lead 23 per cent lower than in October of last year.

October shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas	13,210	\$ 390,959	1,481	\$ 83,676
Missouri	1,472	43,528	196	11,103
Oklahoma	17,516	517,982	2,552	144,351
Oct. 1938	32,198	\$ 952,469	4,229	\$ 239,130
Sept. 1938	35,035	986,760	4,164	227,753
Oct. 1937	38,421	1,456,664	5,510	368,169
10 Mos. 1938.....	308,674	8,527,773	42,324	2,153,894
10 Mos. 1937.....	403,984	16,672,043	54,229	3,952,357

Zinc concentrate prices advanced further about the middle of October and again about the middle of November. Prices of \$33.50 a ton for zinc and about \$58.00 for lead compare with \$36.50 and \$56.20, respectively, at this time a year ago when prices were declining.

Building

The value of October construction contracts awarded in this District was 23 per cent larger than a year ago, with awards for residential building up 30 and for nonresidential building 21 per cent. So far this year residential awards are 8 per cent lower but nonresidential awards are little changed and total awards are only 2 per cent lower than in 1937, when building operations were the highest since 1931.

Construction figures of the F. W. Dodge Corporation:

	TENTH DISTRICT		37 EASTERN STATES	
	Residential	Total	Residential	Total
(In thousands of dollars)				
Oct. 1938	3,211	11,154	112,673	357,698
Sept. 1938	3,431	10,814	99,574	300,900
Oct. 1937	2,478	9,047	65,485	202,081
10 Mos. 1938	28,132	101,868	798,995	2,509,144
10 Mos. 1937	30,415	104,383	802,175	2,510,604

Following two months of moderate improvement over last year, the value of building permits issued in District cities in October again fell below a year ago, the decrease measuring 14 per cent. For the year to date, value of permits is down 21 per cent.

October building permits issued in District cities:

	PERMITS		ESTIMATED COST	
	1938	1937	1938	1937
Albuquerque, N. Mex.	46	97	\$ 166,000	\$ 198,000
Cheyenne, Wyo.	71	55	115,000	72,000
Colorado Springs, Colo.	56	71	54,000	36,000
Denver, Colo.	756	616	697,000	597,000
Hutchinson, Kans.	88	124	53,000	56,000
Joplin, Mo.	19	16	101,000	52,000
Kansas City, Kans.	38	34	103,000	196,000
Kansas City, Mo.	142	191	266,000	158,000
Lincoln, Nebr.	203	161	164,000	82,000
Oklahoma City, Okla....	182	173	368,000	376,000
Omaha, Nebr.	169	121	158,000	217,000
Pueblo, Colo.	78	82	76,000	50,000
Salina, Kans.	11	29	19,000	82,000
Shawnee, Okla.	13	19	7,000	8,000
St. Joseph, Mo.	22	21	16,000	18,000
Topeka, Kans.	69	84	147,000	133,000
Tulsa, Okla.	211	129	441,000	1,443,000
Wichita, Kans.	330	223	428,000	164,000
October	2,504	2,246	\$ 3,379,000	\$ 3,938,000
September	2,481	2,259	3,650,000	3,269,000
Ten months	20,625	20,559	29,383,000	37,216,000

Lumber

Board feet sales of lumber at reporting retail yards in the District show further improvement over a year ago, October sales rising 28 per cent above sales in the same month last year. With this increase, total sales for the year to date are only slightly smaller than in the same period last year.

Collections on amounts outstanding averaged 34.0 per cent in October as compared with 32.1 per cent in September and 36.2 per cent in October a year ago.

Lumber trade at 155 retail yards in the District:

	October 1938	
	per cent change from Sept. 1938	Oct. 1937
Sales of lumber, board feet.....	+14.0	+27.5
Sales of all materials, dollars.....	+13.7	-2.1
Stocks of lumber, board feet.....	-3.0	-11.0
Outstandings, dollars	+1.0	+5.9

Life Insurance

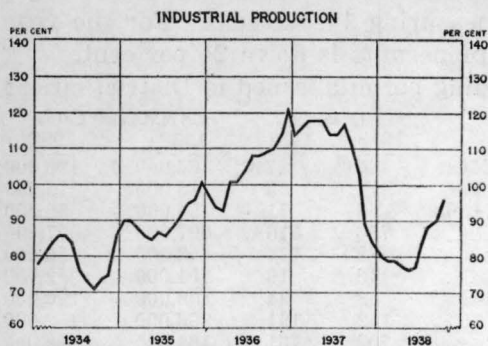
Life insurance sales in the District in October and in the first ten months of the year were about 12 per cent lower than in the same periods last year.

The Life Insurance Sales Research Bureau report:

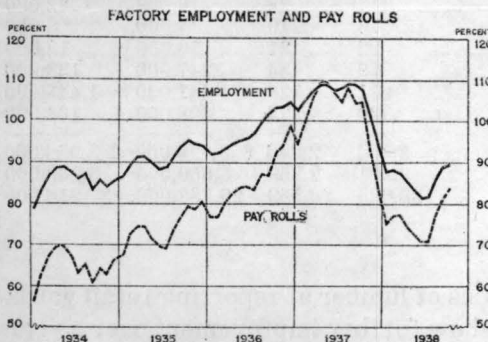
	Change from		
	Oct. 1938	Sept. 1938	Oct. 1937
(In thousands of dollars)			
Colorado	4,248	-157	-1,666
Kansas	5,926	+314	-1,401
Missouri	14,891	+1,406	-2,095
Nebraska	4,645	-182	-595
New Mexico	1,251	+244	+206
Oklahoma	8,303	+1,492	+214
Wyoming	1,069	-256	+35
Seven states	40,333	+2,861	-5,302
United States	488,956	+60,474	-90,748

NATIONAL SUMMARY OF BUSINESS CONDITIONS

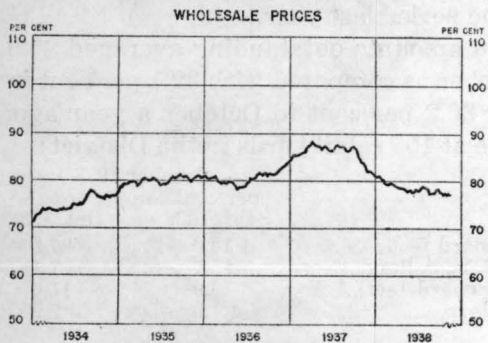
By the Board of Governors of the Federal Reserve System



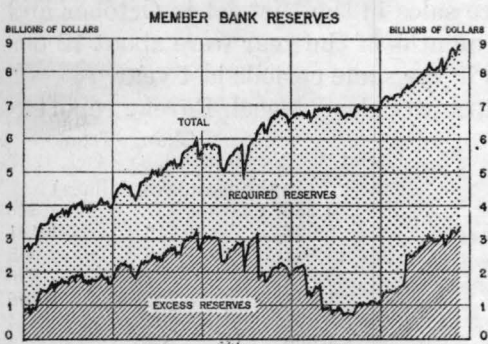
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through October, 1938.



Indexes of number employed and pay rolls, without adjustment for seasonal variation, 1923-1925 average=100. By months, January, 1934, through October, 1938. Indexes compiled by the United States Bureau of Labor Statistics.



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



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 3, 1934, through November 23, 1938.

Industrial production continued to increase sharply in October and the first three weeks of November, reflecting principally larger output of steel and automobiles. Wholesale commodity prices showed little change in this period. Volume of employment and national income increased in October.

PRODUCTION

In October the Board's seasonally adjusted index of industrial production was at 96 per cent of the 1923-1925 average, as compared with 90 per cent in September. Steel ingot production increased considerably, averaging 53 per cent of capacity in October, and in the first three weeks of November there was a further substantial advance. In the automobile industry output was increased rapidly during October and the first three weeks of November both to stock dealers with new model cars and to meet the increased volume of retail demand accompanying the introduction of new models. Production, which in the first nine months of 1938 had been at a considerably lower level, was at nearly the same rate as in the corresponding period in other recent years. Output of plate glass also increased sharply further in October. Cement production showed a considerable increase, while lumber production declined slightly.

Activity at textile mills, which had risen sharply during the summer, continued at about the August and September rate, although usually there is an increase at this time of the year. Shoe production declined somewhat further in October, and there was a decrease in output of tobacco products, while in most other industries manufacturing nondurable goods, changes in output were largely seasonal in character. Mineral production showed a further moderate rise, reflecting in large part increased output of crude petroleum and nonferrous metals. Lake shipments of iron ore also were in larger volume, although a decrease is usual in October. Coal production increased seasonally.

Value of construction contracts awarded in 37 Eastern States increased considerably in October, according to figures of the F. W. Dodge Corporation, reflecting chiefly a sharp rise in awards for public projects. Contracts for hospital, educational, and other public buildings included in the Public Works Administration program were in large volume, and there was a further increase in contracts awarded for slum clearance projects of the United States Housing Authority.

EMPLOYMENT

Employment and pay rolls increased somewhat further between the middle of September and the middle of October. At automobile factories employment continued to rise sharply and there were further moderate increases in most other durable goods industries. The number employed at canning establishments declined and in other nondurable goods industries showed little change. Employment increased somewhat at mines, on the railroads, and in the construction industry, while in trade the rise was less than seasonal.

DISTRIBUTION

Sales at department and variety stores and by mail-order houses showed less than the usual seasonal increase in October, partly because consumer buying of winter merchandise was retarded by unseasonably warm weather during most of the month. In the first two weeks of November department store sales increased moderately.

Freight carloadings rose considerably further in October, owing largely to increased shipments of grains, coal, and miscellaneous freight. In the first half of November loadings showed a seasonal decline.

COMMODITY PRICES

Wholesale commodity prices generally showed little change from the middle of October to the third week of November. Prices of steel scrap and leather advanced. Tin plate prices, on the other hand, were reduced, and there were also decreases in zinc, hides, and rubber. Prices of farm products and foods showed small fluctuations in this period.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities declined by about \$150,000,000 during the first half of November following a substantial increase during October. The decline in November was almost entirely at New York City banks and reflected the retirement of State and local Government obligations held by these banks. Adjusted demand deposits, which reached an all-time peak of \$16,000,000,000 at reporting banks in the last week in October, also decreased somewhat in the first half of November. Member bank reserves in the middle of November were at about the high level reached a month earlier.

MONEY RATES AND BOND YIELDS

The prevailing rate on open-market commercial paper declined slightly in November to $\frac{1}{2}$ of 1 per cent, a new low level. Other short-term open-market rates were unchanged. Yields on U. S. Government securities and on high-grade corporate bonds showed only small changes during November, continuing close to the low levels reached in October.