



**Member Bank Operations**

Loans at reporting member banks in the Tenth District continued to rise slowly from the middle of December to the third week of January, reflecting principally a further increase in commercial loans which have been gradually rising since early last October. Holdings of open market paper and loans to security brokers and dealers also increased during the five weeks. Holdings of Government obligations had increased somewhat at the end of the year but have since declined and in the third week of January are slightly lower than at the middle of December. Investments in other securities, however, continued to increase. Loans are 4 per cent smaller but investments are slightly larger than a year ago. During 1938, loans had averaged about 6 and investments 11 per cent below 1937.

Adjusted demand deposits increased further from the middle of December to the third week of January and there was a large increase in reserve balances carried at this bank. Deposits due to other banks and correspondent balances due from other banks continued to decline. Adjusted demand deposits, which in 1938 had averaged about 2 per cent lower than in 1937, are now about 5 per cent larger than a year ago, deposits due to banks are slightly larger, and balances due from banks are 23 per cent greater.

**Principal items of condition of 51 member banks:**

	Change from		
	Jan. 18 1939	Dec. 14 1938	Jan. 19 1938
	(In thousands of dollars)		
Loans and investments—total....	654,868	+5,494	-6,213
Loans—total.....	258,091	+3,802	-10,992
Coml., indust., and agric.....	157,162	+2,869	-14,264
Open market paper.....	17,742	+976	-690
To security brokers and dlers....	4,901	+690	+1,025
Other to purch. or carry secur..	11,463	-357	-965
Real estate loans.....	22,502	-146	+1,653
Loans to banks.....	702	+59	+4
All other loans.....	43,619	-289	+2,245
Investments—total.....	396,777	+1,692	+4,779
U. S. Govt. direct obligations....	209,024	-5,129	-24,467
Oblig. guar. by U. S. Govt.....	50,666	-942	+6,325
Other securities.....	137,087	+7,763	+22,921
Reserve with F. R. Bank.....	164,067	+6,062	-4,047
Balances with domestic banks....	275,176	-9,664	+51,267
Demand deposits—adjusted.....	502,612	+4,736	+21,828
Time deposits.....	144,231	+2,398	-725
U. S. Govt. deposits.....	22,105	+1,449	+8,499
Interbank deposits.....	358,080	-8,862	+4,735

**Reserve Bank Operations**

Note circulation of this bank rose to a new high level of 172¼ million dollars in the third week of December, when the seasonal demand for currency for Christmas shopping normally carries circulation to its highest point of the year. This amount compares with about 170 million at the same time in 1937 and about 163 million in 1936. Circulation in January is seasonally lower with the return flow of currency after the holiday period.

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

	Change from		
	Jan. 18 1939	Dec. 14 1938	Jan. 19 1938
	(In thousands of dollars)		
Total reserves.....	310,017	-6,395	+18,503
Bills discounted.....	986	+304	-6
Bills purchased.....	16	Zero	Zero
Industrial advances.....	245	-24	-216
Commit. to make indust. adv.....	650	+98	+549
U. S. Government securities.....	132,098	+18,849	-6
Total assets.....	481,659	+5,837	+18,546
F. R. notes in circulation.....	168,209	-2,055	+2,901
Member bank reserve deposits.....	234,880	+6,142	-8,098

Dollar volume of check collections increased more than seasonally during December. Dollar volume in December was slightly larger than a year earlier but for the entire year was down 10 per cent.

**Check collections through this bank and branches:**

	ITEMS		AMOUNT	
	1938	1937	1938	1937
	(In thousands)			
December.....	6,476	6,316	\$ 1,008,396	\$ 1,002,096
November.....	5,895	5,845	921,143	948,665
Year.....	70,824	72,117	10,822,414	12,062,546

**Bank Debits**

Debits to individual accounts by banks in reporting centers of the District rose more than seasonally during December. Bank debits in December were only 3 per cent lower than a year earlier as compared with a decline of 12 per cent for the year.

**Payments by check for the years 1938 and 1937:**

	Change		
	1938	1937	(%)
	(In thousands of dollars)		
Albuquerque, N. Mex.....	171,742	180,997	-5.1
Atchison, Kans.....	36,303	45,118	-19.5
Bartlesville, Okla.....	330,224	369,615	-10.7
Casper, Wyo.....	72,384	74,989	-3.5
Cheyenne, Wyo.....	100,959	106,229	-5.0
Colorado Springs, Colo..	169,939	189,988	-10.6
Denver, Colo.....	1,820,432	2,098,408	-13.2
Emporia, Kans.....	37,411	42,283	-11.5
Enid, Okla.....	132,549	150,199	-11.8
Fremont, Nebr.....	29,176	31,350	-6.9
Grand Junction, Colo.....	41,718	46,747	-10.8
Guthrie, Okla.....	20,361	22,785	-10.6
Hutchinson, Kans.....	137,287	170,943	-19.7
Independence, Kans.....	32,493	34,521	-5.9
Joplin, Mo.....	108,664	123,286	-11.9
Kansas City, Kans.....	181,872	182,665	-0.4
Kansas City, Mo.....	3,536,094	4,184,085	-15.5
Lawrence, Kans.....	41,011	46,321	-11.5
Lincoln, Nebr.....	323,129	344,564	-6.2
Muskogee, Okla.....	90,806	99,594	-8.8
Oklahoma City, Okla.....	1,199,636	1,341,131	-10.6
Okmulgee, Okla.....	31,155	34,275	-9.1
Omaha, Nebr.....	1,659,758	1,861,005	-10.8
Pittsburg, Kans.....	44,604	48,763	-8.5
Pueblo, Colo.....	201,855	230,106	-12.3
Salina, Kans.....	109,072	135,440	-19.5
St. Joseph, Mo.....	300,609	330,551	-9.1
Topeka, Kans.....	212,246	211,247	+0.5
Tulsa, Okla.....	1,641,412	1,899,317	-13.6
Wichita, Kans.....	530,511	605,526	-12.4
District, 30 cities, year....	13,345,412	15,242,048	-12.4
U. S., 141 cities, year.....	373,399,040	432,992,900	-13.8
District, 30 cities, Dec....	1,283,204	1,323,456	-3.0
U. S., 141 cities, Dec.....	39,929,600	39,113,807	+2.1

**Trade**

RETAIL SALES

Dollar volume of sales at reporting department stores in the District in December and in the first two weeks of January was virtually unchanged from a year earlier. Total sales in 1938, however, were about 5 per cent lower than in 1937. A considerable part of this decrease was due to lower retail prices, which declined during the year and currently are about 5 per cent below a year ago. Dollar inventories declined seasonally during December and at the end of the year were 5½ per cent smaller than a year earlier. Collections on open accounts averaged 48.2 per cent in December as compared with 47.6 per cent last year, while installment collections averaged 16.2 and 15.2 per cent, respectively.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Dec.'38 comp.to Dec.'37	Year '38 comp. to Year '37	Dec. 31, '38 compared to Nov.30,'38	Dec.31,'37
	(Per cent increase or decrease)			
Denver.....	3	+0.3	-5.5	-19.7
Kansas City.....	4	+3.0	-6.5	-21.5
Oklahoma City...	3	+4.7	-0.2	-24.0
Omaha.....	3	-0.8	-2.4	-15.4
Tulsa.....	4	-2.3	-2.8	—
Wichita.....	3	-4.6	-9.5	—
Other cities.....	19	-4.9	-8.8	-19.7
District.....	39	-0.2	-5.3	-20.2

Total retail sales in December were 2 per cent above a year ago but sales for the year were 10 per cent lower than in 1937, sales in Colorado declining 11, Kansas 13, Missouri 9, Nebraska 11, Oklahoma 7, and in Wyoming 14 per cent.

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

	Dec. 1938 per cent change from Dec. 1937				
	Colo.	Kans.	Mo.	Nebr.	Okla.
Apparel.....	-3.6	-8.9	+3.7	+3.4	-7.1
Country general....	+0.3	-4.6	+6.0	-4.5	+4.4
Department.....	+3.2	-5.1	+1.7	-6.9	+3.8
Drug.....	-2.3	-0.2	+0.2	+3.1	-1.0
Furn. & appliances.	-0.6	+6.1	+14.0	-2.4	+0.1
Grocery.....	-5.6	+0.9	-2.0	+1.3	+0.3
Hardware.....	-8.7	-10.0	+11.1	+0.5	+8.5
Lbr. & bldg. mtl.s....	-10.3	+8.6	+36.5	+8.5	-1.3
Motor vehicle.....	+19.4	+5.1	+37.4	+8.7	+2.7
Total.....	+0.9	-2.3	+4.4	-1.0	+1.4

WHOLESALE SALES

The value of wholesale sales in this District, which in November for the first month of the year had exceeded that in the corresponding month of 1937, in December continued above a year ago and increases were more general among reporting lines than in the preceding month. Due in part to the lower level of wholesale prices, however, total sales for the year were about 8 per cent lower than in 1937, following an increase of 7 per cent in 1937 over 1936. Wholesale stocks declined about 13 per cent during 1938. Col-

lections in December averaged 84.3 per cent against 85.5 per cent a year earlier.

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

	No. of Firms	SALES		STOCKS	
		Dec.'38 comp.to Dec.'37	Year '38 comp. to Year '37	Dec. 31, '38 compared to Nov.30,'38	Dec.31,'37
		(Per cent increase or decrease)			
Auto. supplies....	4	-30.3	-12.2	—	—
Clothing.....	3	Zero	-6.3	Zero	-10.3
Drugs.....	4	+2.1	-3.9	-0.9	-7.6
Electrical goods..	5	-38.6	-35.9	—	—
Furniture.....	4	+5.4	-14.1	—	—
Groceries.....	24	+1.6	-5.2	-7.0	-16.7
Hardware-total.. (6)	3	+23.8	-5.4	—	—
Industrial.....	3	+14.6	-1.4	—	—
Plbg. & htg.....	3	+42.5	-13.1	—	—
Jwly. & opt.gds.	3	Zero	-10.6	-23.8	-18.1
Paper.....	3	+3.7	-5.9	—	—
Tobacco & prod..	5	-7.5	-5.1	—	—
All other lines....	15	-1.6	-15.5	-4.2	-5.0
Total.....	76	+0.3	-8.1	-6.0	-12.8

**Rainfall**

	Dec. 1938		Year 1938	
	Total	Normal	Total	Normal
	(In inches)			
<b>COLORADO</b>				
Denver.....	.62	.73	19.46	14.05
Leadville.....	2.02	1.08	27.75	18.63
Pueblo.....	.47	.50	13.32	11.67
Lamar.....	.21	.61	17.69	16.05
Garnett.....	.12	.21	10.03	6.93
Steamboat Springs.....	3.04	1.96	25.28	23.12
<b>KANSAS</b>				
Topeka.....	.24	.98	29.01	33.55
Iola.....	.24	1.30	43.02	38.08
Concordia.....	.02	.63	27.27	26.55
Salina.....	.10	.77	27.03	27.27
Wichita.....	.15	1.00	32.81	30.11
Hays.....	Trace	.62	22.11	23.69
Goodland.....	.15	.56	17.06	18.70
Dodge City.....	.06	.57	18.96	20.51
Elkhart.....	.63	.54	17.85	17.51
<b>MISSOURI</b>				
St. Joseph.....	.65	1.29	26.98	35.56
Kansas City.....	.55	1.33	36.97	37.11
Joplin.....	1.03	2.16	39.43	43.99
<b>NEBRASKA</b>				
Omaha.....	.15	.78	30.87	27.79
Lincoln.....	.26	.54	28.35	27.38
Norfolk.....	.24	.57	22.94	28.50
Grand Island.....	.03	.72	20.57	27.03
McCook.....	.15	.36	19.10	19.49
North Platte.....	.16	.37	21.81	18.04
Bridgeport.....	.33	.26	20.19	15.97
Valentine.....	.06	.55	18.10	18.88
<b>NEW MEXICO</b>				
Clayton.....	.44	.42	14.80	16.16
Santa Fe.....	.45	.74	15.58	14.27
Farmington.....	.71	.44	7.29	9.23
<b>OKLAHOMA</b>				
Tulsa.....	.50	1.98	41.20	38.81
McAlester.....	1.64	2.67	45.15	43.33
Oklahoma City.....	.38	1.50	31.87	31.15
Pauls Valley.....	.83	1.66	42.82	34.76
Hobart.....	.15	1.34	27.26	28.31
Enid.....	.34	1.18	34.58	30.66
Woodward.....	.22	.88	29.93	25.88
<b>WYOMING</b>				
Cheyenne.....	.97	.55	17.47	14.99
Casper.....	.53	.99	10.63	15.20
Lander.....	.44	.68	12.70	12.63
Sheridan.....	.85	.64	16.98	15.06

While rainfall for the year 1938 was about normal or above throughout the District, the distribution was bad, particularly in Nebraska, Kansas, and Oklahoma. For the three months, September through November, rainfall was only 83 per cent of normal in Nebraska, 64 per cent in Kansas, and 56 per cent in Oklahoma. In December, Nebraska and Kansas received only a fourth and Oklahoma little more than a third of normal precipitation.

As a result of fall and winter drought, coupled with unusually mild temperatures, the condition of winter wheat in much of that area is decidedly poor. Early seeded wheat had made a good start but has deteriorated markedly while much late seeded wheat has not germinated or is just showing above the ground. Even in southwestern Kansas and in the northwestern and panhandle sections of Oklahoma, where wheat is in fairly good condition, wheat pastures are becoming very short and cattle and lambs are being moved rapidly to feed lots or to market. In Oklahoma, subsoil moisture is low over practically the entire state. General rains and snows in the first three weeks of January have brought about some improvement in winter wheat but the moisture in most areas has been sufficient to provide only temporary relief.

### Grain Marketing

The District produced another large wheat crop in 1938 and marketings of wheat again were in heavy volume. Quality of the crop, however, was poor and prices were substantially lower than in 1937. Marketings of corn increased somewhat in 1938 but nevertheless were very light, falling about 30 per cent short of the average of the past ten years. Corn production in this District is still much below normal, the price is low, and a considerable part of the 1938 crop was stored on farms under Government loans. Receipts of oats were about 20 per cent smaller than in 1937.

Grain receipts for 1938 at five District markets:

	Wheat	Corn	Oats	Rye	Barley	Kafir
	(In thousands of bushels)					
Hutchinson....	22,757	12	1	14	—	127
Kansas City....	99,531	12,320	3,068	371	339	1,002
Omaha.....	23,698	15,352	4,367	1,132	830	—
St. Joseph....	10,545	5,214	4,520	9	44	18
Wichita.....	22,659	103	3	10	3	33
Year 1938.....	179,190	33,001	11,959	1,536	1,216	1,180
Year 1937.....	179,725	29,924	14,858	1,567	1,934	936
Dec. 1938.....	8,933	3,578	1,342	141	79	166
Nov. 1938.....	7,986	4,965	650	92	47	179
Dec. 1937.....	6,411	7,372	774	216	100	92

Farm reserves of corn in the District on January 1, 1939, were almost 40 per cent larger than a year ago although about 15 per cent below the average from 1928 to 1937. Farm stocks of wheat and oats are large, being about 20 per cent greater than either a year ago or the average.

Cash prices of wheat and corn, which by late October had fallen to the lowest level in about five years, lifted somewhat in the last two months of the year and were little changed during the forepart of January. The very poor condition of winter wheat, the small market supplies of corn, and improvement in the outlook for exports of both wheat and corn were favorable to stronger prices.

The lower range of cash grain prices at Kansas City:

	Jan. 24 1939	Dec. 31 1938	Nov. 30 1938	Dec. 31 1937
No. 1 hd., dk. wheat, bu..	\$ .70 $\frac{1}{4}$	\$ .70 $\frac{3}{4}$	\$ .63 $\frac{3}{4}$	\$ .94 $\frac{3}{4}$
No. 2 mixed corn, bu.....	.47 $\frac{3}{4}$	.48 $\frac{1}{2}$	.45	.58
No. 2 white oats, bu.....	.29 $\frac{1}{2}$	.29 $\frac{3}{4}$	.26	.31 $\frac{1}{2}$
No. 2 rye, bu.....	.45	.46 $\frac{1}{2}$	.41	.68
No. 2 barley, bu.....	.42	.40	.37	.49
No. 2 white kafir, cwt.....	.74	.75	.71	.97

### Livestock

#### MARKETINGS

Marketings of cattle declined 11 and calves 16 per cent in 1938, cattle receipts falling 14 but calves only 4 per cent below the average of the past ten years. Cattle numbers in this District have been greatly reduced in recent years and a definite tendency during 1938 to hold back cattle to build up drought depleted herds as a result of the favorable feed situation further restricted market receipts. Hog marketings, although 54 per cent below the ten-year average, increased 10 per cent from the record low level of 1937. Hog production in the District in 1938 was nearly 30 per cent larger than a year earlier and is expected to increase sharply further in the spring of 1939. Receipts of sheep and lambs, while 8 per cent under the average, were the largest since 1934 and 4 per cent larger than in 1937, reflecting in part an increase of 5 per cent in the District's 1938 lamb crop.

Livestock receipts at District markets in 1938:

	Cattle	Calves	Hogs	Sheep
Denver.....	540,943	78,633	289,661	3,134,564
Kansas City.....	1,334,385	334,972	1,348,389	1,506,466
Oklahoma City....	439,204	172,264	357,899	232,638
Omaha.....	1,176,990	121,415	1,214,371	1,648,137
St. Joseph.....	310,110	65,918	675,144	1,010,821
Wichita.....	284,076	69,154	229,285	188,495
Year 1938.....	4,085,708	842,356	4,114,749	7,721,121
Year 1937.....	4,588,097	1,007,168	3,733,967	7,427,592
Dec 1938.....	276,673	64,650	490,100	400,166
Nov. 1938.....	408,203	93,514	388,703	463,678
Dec. 1937.....	330,770	64,048	441,442	328,803

#### PRICES

Following the drastic decline in livestock prices late in 1937 and early in 1938, prices throughout most of 1938 were appreciably lower than in 1937 when they had been at the highest level in many years. With feed costs relatively lower than livestock prices, however, feeding operations in 1938 were generally profitable, particularly for hogs. While top livestock prices for

1938 were much below those in 1937, cattle and sheep and lamb prices recovered strongly from their early 1938 lows, cattle prices closing with substantial net gains and sheep and lamb prices with moderate gains over a year earlier. Hog prices were slightly lower at the close of the year.

Top livestock prices at the Kansas City market:

	Jan. 24 1939	Dec. 1938	Nov. 1938	Dec. 1937	Year 1938	Year 1937
(In dollars per hundredweight)						
Beef steers.....	12.50	13.50	11.85	11.25	13.50	17.25
Stocker cattle.....	9.75	9.50	9.25	7.65	9.50	10.00
Feeder cattle.....	9.85	8.75	9.00	8.20	10.75	13.25
Calves.....	10.50	10.00	10.00	9.50	10.00	12.00
Hogs.....	7.55	7.55	8.00	8.40	10.05	13.20
Sheep (Yearlings)	7.75	7.70	8.00	7.60	8.00	11.50
Lambs.....	8.90	9.15	9.50	9.25	10.15	13.75

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder cattle, calves, and sheep, which had increased markedly in 1937, were little changed in 1938 and hog shipments from public markets remained at a low level. The movement of cattle and calves was about equal to the average of the past ten years but shipments of hogs were 58 and sheep 18 per cent below average. December shipments of stockers and feeders were substantially heavier than in the preceding year.

Shipments of stockers and feeders in 1938:

	Cattle	Calves	Hogs	Sheep
Denver.....	217,874	35,571	999	755,029
Kansas City.....	606,692	93,717	24,184	279,553
Omaha.....	292,844	41,090	9,958	358,557
St. Joseph.....	59,858	12,263	10,413	140,172
Year 1938.....	1,177,268	182,641	45,554	1,533,311
Year 1937.....	1,158,455	172,526	46,870	1,500,873
Dec. 1938.....	88,619	21,504	4,222	61,059
Nov. 1938.....	161,618	35,382	3,995	187,700
Dec. 1937.....	69,545	9,479	3,109	38,324

Ranges in the District were generally open through December and were furnishing good feed except in western Kansas and Oklahoma where range feed is short, grain pastures poor, and supplemental feeding necessary. However, supplies of supplemental feeds are quite ample. Livestock is in good condition and stockmen are retaining cows and heifers to build up herds. Wool prices show recent improvement.

At the start of 1939, cattle feeding operations in Kansas are 20, in Missouri 12, and in Nebraska 8 per cent larger than at the beginning of 1938. Since feeding operations in these states had been greatly reduced during drought years, however, the number on feed is still below the numbers fed in most years before 1934, the number on feed in Kansas being only a seventh, in Missouri a third, and in Nebraska about half what it was at this time in 1929. Cattle feeding shows a decrease of 13 per cent in Colorado, 19 per cent in Wyoming, and 7 per cent in Oklahoma, but in New Mexico it is nearly double a year ago.

Lamb feeding in the District as a whole, including lambs on wheat pastures, is slightly smaller than a year ago. Kansas operations show an increase of 10 per cent, Missouri 20, Oklahoma 15, and Wyoming 3 per cent, but New Mexico shows a decrease of 7 and the important feeding states of Colorado and Nebraska decreases of 8 and 5 per cent, respectively.

Department of Agriculture estimates of sheep and lambs on feed January 1:

	1939	1938	1937	1936	1935
(In thousands of head)					
Colorado.....	1,090	1,185	1,030	1,250	1,085
Kansas.....	286	260	215	220	460
Missouri.....	144	120	115	140	110
Nebraska.....	555	585	450	780	530
New Mexico.....	65	70	66	39	38
Oklahoma.....	98	85	55	45	175
Wyoming.....	245	238	250	180	155
Seven states.....	2,483	2,543	2,181	2,654	2,553
United States.....	5,700	5,997	5,537	5,631	5,611

Farm Income

November cash farm income in the District was only 4 per cent below a year ago as compared with a decrease of 17 per cent for the first eleven months of the year. Income from livestock in November was 15 per cent lower than a year ago but there was an increase of 8 per cent in income from crops, including receipts from Commodity Credit Corporation loans on wheat, corn, and cotton, and Government payments were nearly nine times as large as in the corresponding month in 1937. For the first eleven months of the year, income from crops was 30 and from livestock 13 per cent under 1937 while Government payments showed a small increase.

Department of Agriculture income estimates:

	Nov. 1938	Change from	
		Oct. 1938	Nov. 1937
(In thousands of dollars)			
Colorado.....	13,104	-4,164	-1,773
Kansas.....	16,171	-1,685	-2,025
Missouri.....	26,480	+1,217	+2,802
Nebraska.....	19,448	+590	-1,333
New Mexico.....	8,314	+114	-2,687
Oklahoma.....	17,951	+69	+3,844
Wyoming.....	3,952	-3,874	-2,872
Seven states.....	105,420	-7,733	-4,044
United States.....	708,000	-131,000	-8,000

By states, farm income in the first eleven months of 1938 in Oklahoma was only 4 per cent less than in 1937, but in Missouri it was 10, in New Mexico 13, in Colorado, Wyoming, and Nebraska 21, and in Kansas 26 per cent lower. Although prices paid by farmers for articles they buy declined in 1938, the drop in prices received by farmers for farm products was so much greater that buying power was seriously affected. For the year, the ratio of prices received to prices paid was 77 per cent of the pre-war level as compared with 93 per cent in 1937.

**Meat Packing**

Packers' purchases of cattle, calves, and sheep in 1938 were about 15 per cent below the average of the past ten years and hog slaughter was little more than half of normal. The downward trend of cattle and calf slaughter in 1937 continued in 1938, cattle slaughter declining 7 and calves 29 per cent further. Hog slaughter, while lower than in 1936, was 10 per cent larger than in 1937 and sheep slaughter showed a further small increase.

Packers' purchases in 1938 at District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	189,523	36,655	249,026	438,902
Kansas City.....	583,211	158,014	1,275,118	1,031,890
Oklahoma City.....	234,302	119,173	259,517	124,007
Omaha.....	710,800	78,220	1,038,805	1,051,076
St. Joseph.....	223,411	53,189	609,069	839,809
Wichita.....	136,944	50,510	205,621	149,918
Year 1938.....	2,078,191	495,761	3,637,156	3,635,602
Year 1937.....	2,244,632	698,366	3,293,168	3,525,484
Dec. 1938.....	137,824	33,711	433,439	259,030
Nov. 1938.....	180,133	39,667	343,288	239,654
Dec. 1937.....	188,977	44,791	383,200	219,629

**Cold Storage Holdings**

After allowing for usual seasonal influences, United States cold storage holdings of nearly all commodities except pork and lard declined during December. January 1 total stocks of meat, although 6 per cent larger than a year ago, were 27 per cent below and shell eggs less than half the average of the past five years. Stocks of poultry were 5, lard 9, and cheese 27 per cent above and butter more than double the average.

United States cold storage holdings:

	Jan. 1 1939	Dec. 1 1938	Jan. 1 1938	Jan. 1 5-Yr. Av.
	(In thousands of units)			
Beef, lbs.....	58,350	52,637	60,970	112,602
Pork, lbs.....	426,058	299,142	398,565	560,355
Lamb and mutton, lbs.....	3,519	3,171	2,895	4,918
Poultry, lbs.....	139,188	118,088	123,500	132,485
Miscellaneous meats, lbs.....	72,137	54,251	67,225	88,154
Lard, lbs.....	107,109	74,499	53,693	98,046
Eggs, shell, cases.....	300	1,439	831	631
Eggs, frozen (case equiv.)	1,792	2,231	3,120	1,732
Butter, creamery, lbs.....	127,805	159,254	42,953	56,364
Cheese, all varieties, lbs.....	119,690	127,440	103,935	94,571

**Flour Milling**

Southwestern flour production in 1938 was 5 per cent less than in 1937 but was otherwise the largest since 1930 and was fractionally above the average of the past ten years. Output in December, however, was 3 per cent larger than a year earlier and 7 per cent above average. A conspicuous feature of the year's flour trade was the small volume of forward buying of new crop flour, due largely to the declining trend of wheat and flour prices. As a result, most mills at the close of the year had unfilled orders equal to only 30 to 60 days' production, with current output being maintained by hand-to-mouth buying. Despite the Federal

subsidy, flour exports were about 7 per cent smaller than in the preceding year.

Flour output reported by the Northwestern Miller:

	Dec. 1938	Nov. 1938	Dec. 1937	Year 1938	Year 1937
	(In thousands of barrels)				
Kansas City.....	586	586	607	7,480	7,333
Salina.....	235	214	188	2,349	2,257
Wichita.....	175	155	185	1,927	2,396
Other cities.....	1,087	1,074	1,040	12,757	13,870
Southwest.....	2,083	2,029	2,020	24,513	25,856
United States*.....	5,479	5,588	5,231	66,260	63,369

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

**Petroleum**

Crude oil production in 1938 declined about 19 per cent from the record level of 1937 and was 6 per cent smaller than in 1936 but even so it exceeded slightly the average of the past ten years. December output also was 19 per cent less than a year earlier but was slightly under average. Notwithstanding the decline in production, the year was important in discoveries, large additions to proved reserves occurring in Kansas, Wyoming, Colorado, and New Mexico.

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

	Dec. 1938	Nov. 1938	Dec. 1937	Year 1938	Year 1937
	(In thousands of barrels)				
Colo.....	118	104	133	1,420	1,605
Kans.....	4,697	4,724	5,529	59,458	70,761
N. Mex.....	3,076	3,103	3,370	35,796	38,854
Okla.....	13,251	13,228	17,653	174,317	228,839
Wyo.....	1,613	1,582	1,538	19,056	19,166
5 States.....	22,755	22,741	28,223	290,047	359,225
U. S.....	101,879	98,567	106,829	1,212,846	1,279,160

Stocks of crude petroleum produced in this District, which had been at a high level early in 1938, declined nearly 20 per cent during the year. Weakness in prices of refined products, however, finally resulted in a cut in crude prices early in October, carrying crude prices back to the average level of 1934 and 1935.

**Coal**

Bituminous coal production declined about 19 per cent during 1938. Output was the smallest for any year since 1934 and was 13 per cent less than the average of the past ten years. December production was 15 per cent smaller than in the preceding year.

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

	Dec. 1938	Nov. 1938	Dec. 1937	Year 1938	Year 1937
	(In thousands of tons)				
Colo.....	718	738	847	5,529	7,153
Kans. and Mo.....	701	580	872	5,985	7,044
N. Mex.....	135	153	144	1,317	1,795
Okla.....	206	205	276	1,481	1,920
Wyo.....	602	628	626	5,104	5,930
6 States.....	2,362	2,304	2,765	19,416	23,842
U. S.....	36,230	36,110	37,122	342,518	442,455

**Zinc and Lead**

Production and shipments of zinc and lead from the Tri-State mining district declined about 20 per cent in 1938. Reflecting the lowest ore prices since 1935, the value of shipments was more than 40 per cent lower than in the previous year.

Shipments from the Tri-State district in 1938:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	136,234	\$ 3,792,610	20,170	\$1,036,225
Missouri.....	21,066	586,369	4,556	231,394
Oklahoma.....	227,126	6,321,083	27,391	1,422,441
Year 1938.....	384,426	\$10,700,062	52,117	\$2,690,060
Year 1937.....	473,895	18,860,558	67,204	4,658,512
Dec. 1938.....	38,333	1,035,491	5,298	282,030
Nov. 1938.....	37,419	1,136,798	4,495	254,136
Dec. 1937.....	36,916	1,082,670	7,763	410,309

Zinc concentrate stocks declined about 20 per cent but lead stocks increased more than 30 per cent during the year. Stocks of both concentrates, however, are low. Zinc prices averaged about \$30 a ton in 1938 as against \$42 in 1937, while lead prices averaged about \$53 against \$70.

**Employment and Pay Rolls**

Employment in the District at the middle of December was only 2 and pay rolls 1 per cent lower than a year ago as compared with an average decline of about 9 per cent for the entire year 1938. In 1937, employment had averaged 4 and pay rolls 7 per cent higher than in 1936.

Preliminary figures of the Department of Labor:

	December 1938		Year 1938	
	Employment	Pay Rolls	Employment	Pay Rolls
	(Per cent change from a year ago)			
Colo.....	-9.5	-20.5	-14.4	-16.9
Kans.....	-4.0	+3.7	-8.3	-2.5
Mo.....	-0.1	+6.8	-9.4	-10.2
Nebr.....	+9.1	+2.8	+0.1	-3.7
N. Mex.....	-12.4	-6.9	-10.1	-14.0
Okla.....	-7.1	-10.0	-8.9	-9.4
Wyo.....	-9.3	-9.4	-6.5	-8.1
7 States.....	-2.3	-1.0	-8.9	-9.3

**Building**

Construction activity in the District increased about 11 per cent during 1938, rising to the highest level since 1931 as a result of the substantial improvement that occurred in the closing months of the year, the value of December awards being the largest of record for that month. Residential awards were 3 and awards for other building 14 per cent larger than in 1937.

Construction figures, F. W. Dodge Corporation:

	TENTH DISTRICT		37 EASTERN STATES	
	Residential	Total	Residential	Total
	(In thousands of dollars)			
Year 1938.....	34,651	137,006	985,787	3,200,262
Year 1937.....	33,546	123,271	905,555	2,918,455
Dec. 1938.....	3,529	21,746	91,539	389,439
Nov. 1938.....	2,990	13,392	95,253	301,679
Dec. 1937.....	1,226	8,554	43,480	209,451

The value of building permits issued in reporting District cities in 1938 declined 11 per cent, following an increase of 7 per cent in 1937 over 1936. The value of December permits, however, was more than double that for the corresponding month in 1937.

Building permits for the years 1938 and 1937:

	PERMITS		ESTIMATED COST	
	1938	1937	1938	1937
Albuquerque, N. Mex....	814	1,038	\$ 1,924,000	\$ 1,937,000
Cheyenne, Wyo.....	673	597	1,190,000	1,263,000
Colorado Springs, Colo.	615	731	507,000	627,000
Denver, Colo.....	6,412	5,949	7,603,000	8,817,000
Hutchinson, Kans.....	760	1,095	740,000	709,000
Joplin, Mo.....	201	219	479,000	401,000
Kansas City, Kans.....	374	416	1,988,000	642,000
Kansas City, Mo.....	1,728	2,189	3,446,000	3,476,000
Lincoln, Nebr.....	1,990	1,570	1,419,000	1,599,000
Oklahoma City, Okla....	2,010	2,201	5,577,000	5,773,000
Omaha, Nebr.....	1,601	1,459	1,939,000	3,860,000
Pueblo, Colo.....	793	776	528,000	647,000
Salina, Kans.....	188	175	390,000	360,000
Shawnee, Okla.....	156	161	93,000	149,000
St. Joseph, Mo.....	226	275	282,000	195,000
Topeka, Kans.....	756	830	1,854,000	2,125,000
Tulsa, Okla.....	1,503	1,159	3,262,000	6,016,000
Wichita, Kans.....	2,980	2,283	3,176,000	2,306,000
Year.....	23,780	23,123	\$36,397,000	\$40,902,000
December.....	1,392	1,057	3,262,000	1,591,000
November.....	1,763	1,507	3,753,000	2,095,000

**Lumber**

Board feet sales of lumber at reporting retail yards in the District were sharply lower than a year ago during the first half of 1938 but the substantial improvement of the last half resulted in a net increase for the year of about 3 per cent over 1937, December sales showing a gain of 43 per cent over a year earlier. In 1937, sales had declined 7 per cent from 1936.

Lumber stocks declined 9 per cent during the year. Collections in December averaged 36.9 per cent as compared with 34.5 per cent a year ago.

Lumber trade at 154 retail yards in the District:

	Dec. 1938	
	per cent change from Nov. 1938	Dec. 1937
Sales of lumber, board feet.....	-19.0	+43.0
Sales of all materials, dollars.....	-16.8	+22.1
Stocks of lumber, board feet.....	-2.3	-9.1
Outstandings, dollars.....	-13.6	+10.9

**Life Insurance**

Life insurance sales in the District in 1938 were 8 per cent lower than in 1937. December sales, however, were 34 per cent larger than a year ago.

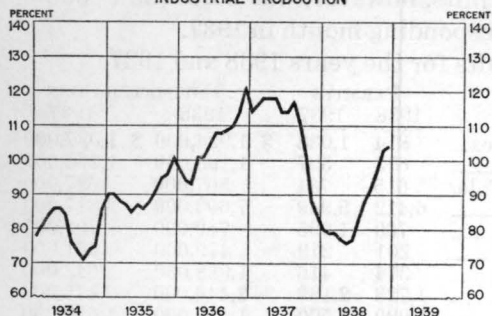
The Life Insurance Sales Research Bureau report:

	Dec. 1938	Nov. 1938	Dec. 1937	Year 1938	Year 1937
		(In thousands of dollars)			
Colo.....	7,811	4,825	7,173	61,275	71,389
Kans.....	12,041	6,631	8,821	82,463	93,435
Mo.....	28,638	17,548	19,565	204,234	225,814
Nebr.....	9,570	5,290	7,464	65,136	71,881
N. Mex.....	1,856	974	1,264	13,668	14,123
Okla.....	13,728	8,072	10,403	104,783	103,629
Wyo.....	1,474	1,296	1,418	13,229	13,672
7 States.....	75,118	44,636	56,108	544,788	593,943
U. S.....	897,886	570,648	634,470	6,358,006	7,238,894

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

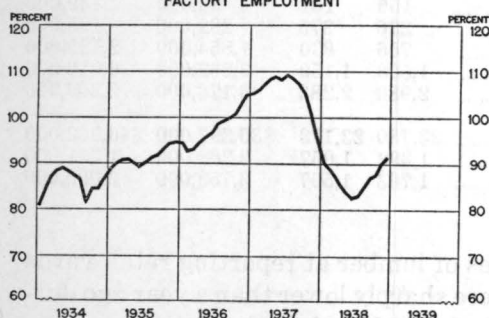
By the Board of Governors of the Federal Reserve System

## INDUSTRIAL PRODUCTION



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

## FACTORY EMPLOYMENT



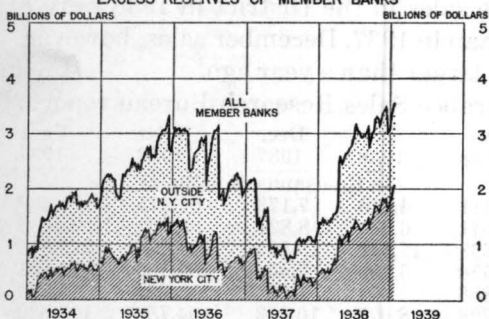
Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through December, 1938.

## WHOLESALE PRICES



Index compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 through week ending January 14, 1939.

## EXCESS RESERVES OF MEMBER BANKS



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, through January 18, 1939.

Volume of industrial production declined seasonally in December and showed little change in the first three weeks of January, when an increase is usual. Wholesale commodity prices were steady. Employment and pay rolls increased further in December, and retail sales showed more than the usual seasonal rise.

## PRODUCTION

In December volume of industrial production declined by about the usual seasonal amount and the Board's adjusted index was at 104 per cent of the 1923-1925 average, about the level reached in November following an exceptionally rapid advance after the middle of the year. Changes in output in most lines in December were largely seasonal. In the steel industry, however, production showed a greater than seasonal decline, and averaged 54 per cent of capacity in December as compared with 61 per cent in November. Lumber production showed little change from November to December, although usually there is a decline, and at textile mills and shoe factories activity declined less than seasonally. At meat-packing establishments there was a reduction in output.

Automobile production increased somewhat further in December. In the fourth quarter of 1938 production and sales of the new model cars were in about the same volume as in 1937; dealers' stocks of new cars increased seasonally in this period but at the year end were much below the high level of a year earlier.

Value of construction contracts awarded increased considerably from November to December, according to F. W. Dodge Corporation figures for 37 Eastern States. The increase reflected principally a further rise in contracts awarded for Public Works Administration projects, which accounted for most of the sharp increase in awards that occurred in the last half of 1938. Contracts for private residential building decreased less than seasonally in December, while other private construction showed little change and remained at a low level.

## EMPLOYMENT

Employment and pay rolls rose further between the middle of November and the middle of December. In most manufacturing lines the number employed continued to increase, when allowance is made for the usual seasonal changes, and in the automobile and machinery industries the rise was considerable. Employment and pay rolls in trade increased more than is usual in the holiday season and in the construction industry employment showed much less than the usual seasonal decline.

## DISTRIBUTION

Distribution of commodities increased more than seasonally in December. Sales at department stores showed the usual sharp expansion prior to Christmas and sales at variety stores and mail-order sales showed a more than seasonal rise.

Freight carloadings declined seasonally from November to December, reflecting largely the customary decrease at this time of year in shipments of miscellaneous freight.

## BANK CREDIT

As the result of the post-holiday return of money from circulation, together with Treasury disbursements from its balances with the Reserve banks, and gold imports, excess reserves of member banks increased nearly \$600,000,000 in the four weeks ending January 18 to a new high level of \$3,560,000,000. A large part of the increase occurred at New York City banks.

Total loans and investments of reporting member banks in 101 leading cities, which increased substantially in the first three weeks of December, declined in the following four weeks. There was some decline in loans and a reduction in holdings of United States Government obligations, reflecting in part distribution to the public of new securities purchased by banks in December. Deposits declined somewhat in the latter part of December but increased in January.

## MONEY RATES AND BOND YIELDS

Average yields on United States Government securities declined slightly in December and the first three weeks of January. For three consecutive weeks the entire new issue of 91-day Treasury bills sold on or slightly above a no-yield basis. Commercial paper rates declined slightly in January while other open-market money rates continued unchanged.