

MONTHLY REVIEW

Agricultural and Business Conditions

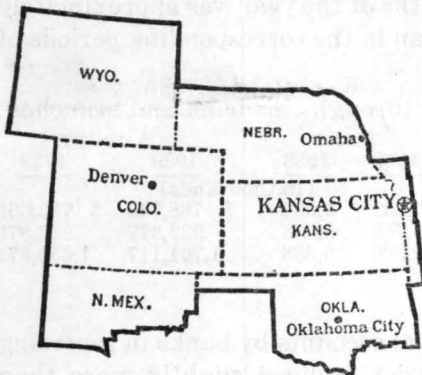
TENTH FEDERAL RESERVE DISTRICT

VOL. 24, No. 3

FEDERAL RESERVE BANK OF KANSAS CITY

MARCH 31, 1939

Business in the Tenth Federal Reserve District



Construction activity continues the most favorable aspect of the situation. Contracts awarded are more than double last year and lumber sales are higher.

Department store sales are about 4% under last year and sales of other retail stores are less. Wholesale sales are also slightly lower.

The amount of moisture received in the District in the last two months has been appreciably above normal and the condition of winter wheat in many sections is improved. Generally speaking, the outlook for spring planting of crops is favorable.

Livestock receipts continue light and slaughter operations are lower. The marketing of wheat and the production of flour are about the same as last year but the amount of corn being sold is substantially smaller.

Deposits and investments of banks are somewhat higher than a year ago, but bank loans are not greatly changed.

BUSINESS INDICATORS	FEBRUARY 1939 COMPARED WITH FEBRUARY 1938								2 MOS. 1939 COMPARED WITH 2 MOS. 1938							
	% DECREASE				% INCREASE				% DECREASE				% INCREASE			
	40	30	20	10	10	20	30	40	40	30	20	10	10	20	30	40
Financial																
Bank Debits.....																
F. R. Bk. Clearings.....																
Mem. Bk. Loans.....																
Mem. Bk. Invest.....																
Demand Deposits.....																
Life Ins. Sales.....																
Trade																
Wholesale Sales.....																
Retail Sales.....																
Dept. Store Sales.....																
Lumber Sales.....																
Marketings																
Wheat.....																
Corn.....	-53								-55							
Oats.....																
Cattle.....																
Calves.....																
Hogs.....																
Sheep.....																
Production																
Flour.....																
Cattle Slaughter.....																
Calf Slaughter.....																
Hog Slaughter.....																
Sheep Slaughter.....																
Crude Petroleum.....																
Bituminous Coal.....																
Zinc Ore Shipments.....																
Lead Ore Shipments.....																
Construction																
Total Awards.....																
Res. Awards.....																
Value of Permits.....																
Miscellaneous																
Rainfall.....																
Cash Farm Income *.....																
Employment.....																
Pay Rolls.....																
*For previous month																

Member Bank Operations

Loans at reporting member banks in the Tenth District declined slightly further from the middle of February to the middle of March. Commercial loans continue to decline and there was a rather sharp decrease in loans to brokers and dealers in securities and in other loans for purchasing or carrying securities that was offset in part by a further increase in so-called "all other" loans. Investments also declined during the four weeks as the result of a sharp decrease in holdings of Treasury notes. Holdings of other maturities of Government obligations, of obligations guaranteed by the Government, and of "other" securities increased during this period. Volume of loans is virtually unchanged from a year ago, while investments are about 2 per cent larger.

Adjusted and other demand deposits increased appreciably between the middle of February and the middle of March and there were large increases in reserve balances carried at this bank and in correspondent balances carried at other banks. Adjusted demand deposits and deposits due to banks are about 6 per cent larger and balances due from banks 22 per cent larger than a year ago.

Principal items of conditions of 51 member banks:

	Change from		
	Mar. 15 1939	Feb. 15 1939	Mar. 16 1938
(In thousands of dollars)			
Loans and investments—total.....	654,557	-6,634	+6,702
Loans—total.....	256,825	-1,231	+524
Coml., indust., agric.....	153,871	-950	-5,344
Open market paper.....	18,554	+22	-17
To security brokers and dealers..	4,718	-173	+211
Other to purchase or carry secur.	9,887	-2,012	-2,481
Real estate loans.....	23,037	+232	+2,097
Loans to banks.....	504	-3	+36
All other loans.....	46,254	+1,653	+6,022
Investments—total.....	397,732	-5,403	+6,178
U. S. Treasury bills.....	5,103	+3,905	*
U. S. Treasury notes.....	84,867	-15,968	*
U. S. Govt. bonds.....	117,206	+3,378	*
Oblig. guar. by U. S. Govt.....	56,036	+2,234	+9,954
Other securities.....	134,520	+1,048	+22,064
Reserve with F. R. Bank.....	167,552	+12,063	+4,831
Balances with domestic banks.....	276,569	+8,091	+49,884
Demand deposits—adjusted.....	503,090	+4,741	+29,881
Time deposits.....	143,616	-889	-1,309
U. S. Govt. deposits.....	23,256	+856	+5,067
Interbank deposits.....	360,829	+8,366	+22,711

*Comparable figures not available.

Reserve Bank Operations

Note circulation of this bank tends to rise again, averaging nearly 169 million dollars in the first half of March as compared with an average of 168 million in February and 168¾ million in January. Circulation of 168¾ million at the middle of March, while lower than the record of 172¼ million in the third week of December last year, compares with slightly less than 166 million a year ago and 158¾ million at this time in 1937.

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

	Change from		
	Mar. 15 1939	Feb. 15 1939	Mar. 16 1938
(In thousands of dollars)			
Total reserves.....	325,292	+11,782	+37,001
Bills discounted.....	353	-179	-218
Bills purchased.....	16	Zero	Zero
Industrial advances.....	216	-15	-251
Commit. to make indust. adv....	689	-20	+592
U. S. Government securities.....	132,098	Zero	-6
Total assets.....	497,811	+15,510	+33,328
F. R. notes in circulation.....	168,719	+998	+2,781
Member bank reserve deposits	237,165	+12,383	-1,605

Dollar volume of check collections in February and in the first two months of the year was approximately 3 per cent larger than in the corresponding periods of 1938.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1939	1938	1939	1938
(In thousands)				
February.....	5,132	5,030	\$ 768,740	\$ 753,695
January.....	5,768	5,628	932,377	902,975
Two months.....	10,900	10,658	1,701,117	1,656,670

Bank Debits

Debits to individual accounts by banks in reporting centers of the District declined slightly more than seasonally during February. Volume of payments by check was fractionally smaller than in the same month a year ago in contrast with an increase of nearly 8 per cent for the country as a whole.

Payments by check in thirty District cities:

	Change from		
	Feb. 1939	Jan. 1939	Feb. 1938
(In thousands of dollars)			
Albuquerque, N. Mex.....	12,710	-2,554	+485
Atchison, Kans.....	2,464	-351	-124
Bartlesville, Okla.....	23,501	-6,926	+10
Casper, Wyo.....	4,950	-1,315	+374
Cheyenne, Wyo.....	6,498	-1,812	+301
Colorado Springs, Colo.....	10,742	-4,417	+501
Denver, Colo.....	134,885	-16,263	+8,657
Emporia, Kans.....	2,478	-1,069	-358
Enid, Okla.....	7,587	-2,071	-1,825
Fremont, Nebr.....	2,136	-458	+56
Grand Junction, Colo.....	2,872	-583	-89
Guthrie, Okla.....	1,426	-411	-160
Hutchinson, Kans.....	9,590	-399	-200
Independence, Kans.....	2,509	-683	-1
Joplin, Mo.....	8,236	-1,840	+121
Kansas City, Kans.....	13,945	-5,286	+1,199
Kansas City, Mo.....	233,887	-54,728	-5,915
Lawrence, Kans.....	3,099	-352	+191
Lincoln, Nebr.....	23,934	-1,638	+1,724
Muskogee, Okla.....	6,818	-1,936	+321
Oklahoma City, Okla.....	89,156	-15,501	-1,293
Okmulgee, Okla.....	2,082	-785	-264
Omaha, Nebr.....	120,919	-24,848	+5,980
Pittsburg, Kans.....	3,238	-929	-384
Pueblo, Colo.....	12,275	-3,651	-2,306
Salina, Kans.....	6,525	-716	-1,176
St. Joseph, Mo.....	22,107	-7,207	+1,295
Topeka, Kans.....	17,541	-4,484	+1,063
Tulsa, Okla.....	111,603	-29,089	-10,127
Wichita, Kans.....	38,613	-6,652	-675
District, 30 cities.....	938,326	-198,954	-2,619
United States, 141 cities..	27,490,293	-4,849,284	+1,943,084

Trade

RETAIL SALES

Dollar volume of sales at reporting department stores in the District declined about 6 per cent during February, although an increase is usual at this season. Sales in January had been little changed from a year ago, but in February they were more than 3 per cent lower and in the first three weeks of March continue about 3 per cent under the level of last year. Retail prices, according to the Fairchild Index, continued firm through February at a level about 2 per cent below a year ago.

Stocks of merchandise, which are 4 per cent smaller than last year, increased seasonally during February in anticipation of Easter trade which was just getting under way by the middle of March. Collections on open accounts averaged 42.7 per cent in February as compared with 43.5 per cent a year ago, while installment collections averaged 15.9 and 14.5 per cent.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS		
	Feb. '39	2 Mos.'39	Feb. 28, '39	compared to Jan. 31, '39	
	Feb. '38	2 Mos.'38	Feb. 28, '38	Feb. 28, '38	
	(Per cent increase or decrease)				
Denver.....	4	-4.3	-2.7	+4.0	-6.6
Kansas City.....	4	-6.1	-3.0	+10.1	-10.3
Oklahoma City.....	3	+1.4	+6.1	+20.3	+7.1
Omaha.....	3	-2.7	+1.1	+19.8	+0.1
Tulsa.....	4	-2.8	-4.9	+21.4	+6.5
Wichita.....	3	-4.9	-4.0		
Other cities.....	19	-2.7	-2.4	+14.3	-7.8
District.....	40	-3.5	-1.5	+12.5	-4.4

Total retail sales in February and in the first two months of 1939 were slightly under a year ago. Decreases were general for nearly all retail lines except automobile dealers.

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

	Feb. 1939 per cent change from Feb. 1938					
	Colo.	Kans.	Mo.	Nebr.	Okla.	Wyo.
Apparel.....		-9.4	-6.0	+2.0	-4.3	
General.....	-5.6	-2.1	-1.6	-5.0	-4.5	-2.3
Department...	-19.8	-1.7	-3.3	-3.3	-3.0	
Drug.....	-1.9	-8.2	+2.4	+2.1	Zero	-11.4
Furniture.....	+1.7	-4.5	+8.1	-5.8	-8.7	-13.2
Grocery.....	-1.1	-2.9	-3.4	-2.2	-3.9	-5.1
Hardware.....	-23.8	-12.6	-2.2	-0.5	-1.4	-17.5
Lbr. & mtls....	-10.1	+0.4	-6.0	-5.2	+39.6	-20.5
Automobile....	+22.1	+12.3	+20.9	+12.4	+9.9	+10.2
Total.....	-2.1	-2.7	-0.9	-0.1	+0.1	-2.1

WHOLESALE SALES

The value of wholesale sales in the District in February and in the first two months of the year was little changed from a year ago. Of the principal lines, February sales of drugs and hardware were larger and of dry goods, groceries, and furniture smaller than last year. Total sales declined about 6 per cent from January to February. Dollar inventories are more

than 12 per cent lower than a year ago. Collections averaged 68.2 per cent in February against 70.1 per cent last year.

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

	No. of Firms	SALES		STOCKS	
		Feb. '39	2 Mos.'39	Feb. 28, '39	compared to Jan. 31, '39
		Feb. '38	2 Mos.'38	Feb. 28, '38	Feb. 28, '38
		(Per cent increase or decrease)			
Auto supplies...	8	+3.5	-1.0	+1.1	+3.8
Clothing.....	3	-22.7	-11.1	-4.1	-14.5
Drugs.....	8	+3.8	+2.6	+0.3	-3.0
Dry goods.....	4	-1.7	+0.7	+4.1	-29.5
Electl. goods...	8	-15.6	+21.3	+2.3	+17.1
Farm products...	11	+2.4		-4.1	+14.8
Furniture.....	3	-10.2	+5.7		
Groceries.....	31	-4.5	-3.3	-3.7	-15.5
Hdwre.—total..(17)		+27.7	+15.3	+0.7	-3.4
General.....	5	+8.4	+2.6	+1.0	-4.8
Industrial...	6	+88.0	+48.4	Zero	+1.7
Plbg. & htg....	6	+8.3	+8.6		
Machinery.....	4	-17.7		+2.4	-15.4
Tobacco & prod.	6	-2.4	-3.2		
All other lines..	15	+9.4	-3.3	+5.0	-2.5
Total.....	118	-0.9	+0.3	-0.5	-12.5

Crops

Farmers' planting intentions as of March 1 indicate that, with the principal exception of spring wheat, the acreages to be sown to crops in the District this spring will be somewhat larger than in 1938. Because of the sharp decrease in the acreage sown to winter wheat last fall, however, the total acreage of crops indicated for 1939 is about 5 per cent smaller than last year. While a part of the acreage that was taken out of wheat will be sown to corn, a large part of it will be put in barley and, particularly, in grain sorghums that have withstood recent droughts better than corn. The intended corn acreage in Kansas is still more than 40 and in the District more than 25 per cent below the average from 1929 to 1938.

Department of Agriculture estimates of spring planting intentions for states of this District:

	Indicated	Planted	Average
	1939	1938	1929-38
	(In thousands of acres)		
Corn.....	18,723	18,002	25,277
Spring wheat.....	653	942	965
Oats.....	6,976	7,167	7,291
Barley.....	3,201	2,371	2,203
Tame hay*	7,001	6,725	7,878
Grain sorghums.....	5,550	4,559	4,343
Dry beans.....	664	623	703
White potatoes.....	324	345	392
Sweet potatoes.....	37	36	35
Tobacco.....	8	7	6
Soybeans.....	387	379	465
Peanuts.....	48	38	56
Cowpeas.....	206	183	173
Flaxseed.....	78	60	70

*Acreage for harvest or harvested.

Snows and rains toward the end of February and early in March materially improved the outlook for winter wheat. A considerable acreage of wheat had already been injured beyond recovery from lack of

moisture that prevented proper root development before winter set in and in many sections stands are very thin and spotted. The recent moisture has conditioned the top soil and will reduce the hazard of loss from soil drifting and promote rapid root growth. By the middle of March, winter wheat was greening as far north as Kansas and will soon provide pasture for livestock. February precipitation was normal or above in nearly all sections of the District except central Nebraska and the panhandle and western sections of Oklahoma.

Rainfall

	Feb. 1939		2 Mos. 1939	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	1.28	.53	2.02	.93
Leadville.....	1.04	1.42	2.38	2.64
Pueblo.....	1.42	.47	2.62	.78
Lamar.....	1.13	.60	2.33	.86
Garnett.....	.09	.19	.96	.32
Steamboat Springs.....	3.07	2.41	6.36	4.63
KANSAS				
Topeka.....	1.52	1.51	2.22	2.45
Iola.....	1.41	1.47	2.78	2.80
Concordia.....	1.17	.88	1.57	1.49
Salina.....	1.97	1.08	2.33	1.70
Wichita.....	1.93	1.25	3.02	2.03
Hays.....	1.05	.82	1.53	1.15
Goodland.....	2.07	.58	2.70	.78
Dodge City.....	.96	.77	1.64	1.18
Elkhart.....	.70	.56	1.76	.84
MISSOURI				
St. Joseph.....	1.26	1.67	2.19	2.95
Kansas City.....	.98	1.75	2.26	2.94
Joplin.....	3.00	1.68	5.30	3.84
NEBRASKA				
Omaha.....	1.55	.89	2.05	1.59
Lincoln.....	1.54	.95	2.13	1.59
Norfolk.....	1.32	.88	2.15	1.47
Grand Island.....	1.11	.80	1.43	1.35
McCook.....	.53	.66	1.16	1.00
North Platte.....	.15	.53	.85	.92
Bridgeport.....	.83	.48	2.09	.87
Valentine.....	.66	.55	2.02	1.03
NEW MEXICO				
Clayton.....	.45	.50	1.17	.72
Santa Fe.....	1.08	.75	3.01	1.42
Farmington.....	.53	.76	1.17	1.30
OKLAHOMA				
Tulsa.....	1.10	1.66	4.44	3.57
McAlester.....	4.31	2.20	6.95	5.07
Oklahoma City.....	.43	1.11	4.19	2.30
Pauls Valley.....	.84	1.50	3.82	3.09
Hobart.....	.20	.96	4.85	1.72
Enid.....	.51	1.16	3.85	2.22
Woodward.....	1.03	1.08	3.93	1.68
WYOMING				
Cheyenne.....	.75	.64	1.46	1.06
Casper.....	.31	.85	.58	1.51
Lander.....	1.20	.63	1.48	1.19
Sheridan.....	.68	.70	1.08	1.55

Grain Marketing

Wheat marketings in February continued about unchanged and corn marketings substantially below a year ago, with receipts of wheat less than two-thirds and corn little more than a fourth of their normal volume for that month. Growers tend either to hold grain for better prices or to seal it under Government loans at rates well above the market price. Loans have

been made on about 7 million bushels of wheat in Kansas, 4½ million in Oklahoma, 3½ million in Nebraska and on about 16½ million bushels of corn in Nebraska, 6 million in Missouri, and 3½ million in Kansas.

February grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,138,000		
Kansas City.....	2,483,000	591,000	150,000
Omaha.....	798,000	435,000	306,000
St. Joseph.....	227,000	171,000	272,000
Wichita.....	914,000	4,000	
Feb. 1939.....	5,560,000	1,201,000	728,000
Jan. 1939.....	6,450,000	2,309,000	1,310,000
Feb. 1938.....	5,544,000	2,545,000	846,000
2 Mos. 1939.....	12,010,000	3,510,000	2,038,000
2 Mos. 1938.....	12,022,000	7,791,000	1,826,000

Cash wheat and corn prices tend to ease slightly further. Export demand is dull, recent moisture has improved the outlook for the domestic winter wheat crop, and unwieldy surpluses of wheat in exporting countries, together with the prospect of a record world carry-over on July 1, forced foreign markets by early March to new low levels for the season.

The lower range of cash prices at Kansas City:

	Mar. 23 1939	Feb. 28 1939	Jan. 31 1939	Feb. 28 1938
No. 1 hd., dk. wheat, bu.....	\$.67½	\$.68½	\$.69¾	\$.98
No. 2 mixed corn, bu.....	.45½	.45½	.47	.53
No. 2 white oats, bu.....	.29¾	.29¾	.29	.31½
No. 2 rye, bu.....	.45	.44½	.44½	.71
No. 2 barley, bu.....	.40	.40	.41	.55
No. 2 white kafir, cwt.....	.78	.76	.74	.87

Livestock

MARKETINGS

Livestock marketings generally continued very light in February, receipts of cattle and sheep falling about 20 and hogs 55 per cent short of the ten-year average. Calf marketings were about normal for the month. Except for cattle, marketings of which were 8 per cent smaller than a year ago, receipts were little changed from last year, calf receipts showing an increase of 1 and hog and sheep marketings decreases of 4 and 3 per cent, respectively.

February livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	21,150	5,428	22,741	114,410
Kansas City.....	70,490	13,528	97,027	117,588
Oklahoma City.....	22,687	11,161	38,366	9,502
Omaha.....	74,846	6,707	100,103	124,557
St. Joseph.....	19,252	3,349	42,902	86,892
Wichita.....	19,846	4,217	21,947	15,151
Feb. 1939.....	228,271	44,390	323,086	468,100
Jan. 1939.....	325,111	59,469	540,030	470,649
Feb. 1938.....	247,315	43,969	335,358	480,815
2 Mos. 1939.....	553,382	103,859	863,116	938,749
2 Mos. 1938.....	604,237	111,979	891,434	951,396

PRICES

Aided in part by the small volume of receipts, livestock prices are fairly strong for this season of the year. Demand for stocker and feeder cattle continues broad, the average price for both steers and calves

rising by the middle of March to the highest level since 1930. While fat cattle values show some seasonal weakness, the virtual absence of prime quality marketings such as brought the \$14.00 top price last January is holding current top prices much below that as short-fed steers and yearlings continue to dominate beef cattle marketings. Hog and lamb prices advanced seasonally in February, hogs reaching their highest level since early last October and lambs since late December, then declined in the latter part of the month and early in March. Spring lambs in March sold up to \$10.60 a hundredweight as compared with \$10.00 a year ago and fed lamb prices recovered sharply about the middle of the month.

Top livestock prices at the Kansas City market:

	Mar. 23 1939	Feb. 1939	Jan. 1939	Feb. 1938	Feb. 1937	Feb. 1936
	(In dollars per hundredweight)					
Beef steers.....	11.50	11.50	14.00	9.25	13.00	11.25
Stocker cattle.....	10.25	9.75	9.75	8.25	8.35	8.25
Feeder cattle.....	9.75	10.00	10.35	8.25	9.00	9.25
Calves.....	10.50	10.50	10.50	10.00	10.50	11.00
Hogs.....	7.35	8.15	7.70	8.85	10.25	10.75
Sheep.....	8.25	7.75	8.10	7.00	9.25	9.25
Fed lambs.....	9.50	9.15	9.10	8.35	10.65	10.75

STOCKERS AND FEEDERS

Countryward shipments of cattle and calves were exceptionally heavy in February, with cattle shipments 47 per cent larger than a year ago and a fourth larger than normal while calf shipments were more than three times what they were a year ago and almost three times the average volume. Shipments of hogs were 25 and sheep 10 per cent lower than last year, hogs falling about half and sheep about a third short of the average.

February stocker-feeder shipments:

	Cattle	Calves	Hogs	Sheep
Denver.....	17,975	9,101	43	10,206
Kansas City.....	27,024	4,910	1,810	4,440
Omaha.....	14,553	2,189	415	14,399
St. Joseph.....	3,815	743	1,391	4,973
Feb. 1939.....	63,367	16,943	3,659	34,018
Jan. 1939.....	79,938	13,653	4,234	55,845
Feb. 1938.....	43,148	4,866	4,878	37,639
2 Mos. 1939.....	143,305	30,596	7,893	89,863
2 Mos. 1938.....	108,713	15,486	8,242	80,780

In February, snow storms and unusually low temperatures closed much of the range area in Wyoming and Colorado and necessitated heavy supplemental feeding of hay and concentrates. The cold weather also retarded growth of wheat pastures and green feed in Kansas, Oklahoma, and New Mexico but the snows greatly improved the moisture situation in Nebraska and Kansas. Although there was some shrink during February, livestock has generally wintered in good condition and death losses have been light. Reports from western sections of the District indicate that the tendency to restock cattle herds is

being limited to some extent by high prices, lack of finances, and difficulty in obtaining desirable stock. A limited amount of contracting of the 1939 wool clip has taken place in Colorado at prices ranging from 20 to 21 cents a pound.

WOOL

Wool production in the District in 1938 was 3 per cent larger than in 1937, an increase of nearly 4 per cent in the number of sheep shorn being offset in part by a slightly smaller average weight per fleece. However, production was unchanged in the important wool-producing state of New Mexico, where a decrease in the number of sheep shorn was offset by heavier fleece weights, and in Colorado production declined as a result of a decrease in both of these factors. Local market prices for wool averaged substantially lower in 1938 than in 1937 and the value of shorn wool produced in the District declined more than 40 per cent.

Department of Agriculture shorn wool estimates:

	PRODUCTION		PRICE		VALUE	
	1938	1937	1938	1937	1938	1937
	(000 pounds)		(cents per lb.)		(000 dollars)	
Colorado.....	12,862	13,243	18.0	32.0	2,315	4,238
Kansas.....	3,566	3,148	15.0	30.0	535	944
Missouri.....	8,973	8,673	19.0	35.0	1,705	3,036
Nebraska.....	2,956	2,493	15.0	29.0	443	723
New Mexico.....	15,400	15,394	18.0	28.0	2,772	4,310
Oklahoma.....	1,938	1,556	16.0	28.0	310	436
Wyoming.....	31,389	30,361	18.0	31.0	5,650	9,412
Seven states.....	77,084	74,868	17.8	30.9	13,730	23,099
United States....	372,810	366,609	19.1	32.0	71,378	117,270

Farm Income

January cash farm income in the District was 10 per cent larger than a year ago as the result of an increase of 33 per cent in receipts from the sale of crops and Government payments that were more than twice what they were in January last year. Receipts from the sale of livestock and livestock products were 4 per cent lower. Income was 46 per cent larger in Nebraska because of the large volume of commodity credit loans on corn and there was an increase of 14 per cent in Oklahoma and 9 per cent in Missouri. Income was 27 per cent lower in New Mexico, owing largely to a sharp decrease in income from cotton, and there were declines ranging from 6 to 10 per cent in Colorado, Kansas, and Wyoming.

Department of Agriculture income estimates:

	Jan. 1939	Change from	
		Dec. 1938	Jan. 1938
	(In thousands of dollars)		
Colorado.....	7,633	-1,781	-473
Kansas.....	19,363	+1,809	-1,351
Missouri.....	18,792	-2,466	+1,572
Nebraska.....	24,392	+5,636	+7,664
New Mexico.....	2,490	-2,053	-936
Oklahoma.....	10,059	-794	+1,219
Wyoming.....	1,907	-1,346	-205
Seven states.....	84,636	-995	+7,490
United States.....	627,000	-25,000	+7,000

Meat Packing

The exceptionally heavy demand for stocker and feeder cattle and calves as a result of the favorable feed situation has greatly reduced supplies available for current slaughter. February packers' purchases of cattle were 14 and calves 11 per cent below a year ago and 18 and 11 per cent, respectively, under the February ten-year average. Hog slaughter was 5 per cent lighter than a year ago and only half of normal, while sheep slaughter continues above last year but 9 per cent under average.

February packers' purchases at District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	11,719	2,932	20,021	30,300
Kansas City.....	35,412	8,546	87,089	101,040
Oklahoma City.....	12,073	8,115	23,123	6,319
Omaha.....	50,918	4,518	86,740	87,082
St. Joseph.....	14,591	2,619	33,306	79,107
Wichita.....	8,760	3,577	17,478	13,737
Feb. 1939.....	133,473	30,307	267,757	317,585
Jan. 1939.....	173,939	31,951	467,751	322,667
Feb. 1938.....	155,732	34,054	281,785	310,136
2 Mos. 1939.....	307,412	62,258	735,508	640,252
2 Mos. 1938.....	363,881	78,697	777,759	608,372

Cold Storage Holdings

United States cold storage stocks of meat continue much under normal, with March 1 holdings of beef 52, pork 16, and lamb 38 per cent below average. Lard stocks, which declined contraseasonally during February, and total stocks of eggs, despite a contra-seasonal increase in shell egg holdings, are about 8 per cent below average. Holdings of poultry are 5 and cheese 16 per cent larger than normal while butter stocks remain at a very high level.

United States cold storage holdings:

	Mar. 1 1939	Feb. 1 1939	Mar. 1 1938	Mar. 1 5-Yr.Av.
(In thousands of units)				
Beef, lbs.....	46,727	53,126	57,023	97,383
Pork, lbs.....	542,803	526,411	582,654	642,062
Lamb and mutton, lbs.....	2,764	2,925	3,523	4,490
Poultry, lbs.....	116,300	133,531	100,493	110,539
Miscellaneous meats, lbs.....	67,456	76,238	77,779	85,781
Lard, lbs.....	125,372	132,078	116,979	136,884
Eggs, shell, cases.....	164	136	281	148
Eggs, frozen (case equiv.).....	1,271	1,438	2,536	1,418
Butter, creamery, lbs.....	92,800	111,354	21,033	18,978
Cheese, all varieties, lbs.....	91,625	106,411	85,656	79,261

Flour Milling

February production at southwestern flour mills was fractionally smaller than a year ago and about 4 per cent under average but output for the first two months of the year shows a small increase over last year. Despite the extremely small volume of unfilled orders on mills' books and the continued absence of large flour sales, the volume of hand-to-mouth buying is sufficient to keep mills operating at a fairly good rate. Exports show some improvement following an increase in the Federal subsidy in the latter part of

February. Flour prices are about steady to weaker but millfeed prices have advanced.

Flour output reported by the Northwestern Miller:

	Feb. 1939	Jan. 1939	Change from Feb. 1938
(In barrels)			
Kansas City.....	514,000	-46,000	-53,000
Salina.....	192,000	-27,000	+50,000
Wichita.....	129,000	-36,000	-19,000
Other cities.....	945,000	-79,000	+15,000
Southwest.....	1,780,000	-188,000	-7,000
United States*.....	5,140,000	-243,000	+277,000

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

Petroleum

Daily average production of crude petroleum in the District declined somewhat further in February. Output was about 14 per cent smaller than a year ago although only 3 per cent under the ten-year average and was the smallest for any February since 1935.

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

	Feb. 1939		Jan. 1939		Feb. 1938	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
(In thousands of barrels)						
Colo.....	108	3.9	103	3.3	104	3.7
Kans.....	4,129	147.5	4,931	159.1	4,786	170.9
N. Mex.....	2,853	101.9	3,062	98.8	2,905	103.8
Okla.....	12,304	439.4	13,951	450.0	14,986	535.2
Wyo.....	1,400	50.0	1,463	47.2	1,261	45.0
5 States.....	20,794	742.7	23,510	758.4	24,042	858.6
U. S.....	93,273	3,331.2	102,490	3,306.1	94,662	3,380.8

Stocks of crude petroleum produced in this District, following little change in the two preceding months, resumed their decline in February and are now more than 20 per cent smaller than a year ago. Stocks of gasoline in Oklahoma and Kansas are about as large as a year ago while stocks of fuel oils are 23 per cent larger. Gasoline prices have recently tended to be firmer but prices of other refinery products are weak. Crude oil prices in March also gave some indication of firming although prices in some areas are still below posted schedules of major buyers.

Coal

Production of bituminous coal in the District in February was 14 per cent larger than a year ago. With this increase, output for the first two months of the year shows an increase of 5 per cent over last year.

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

	Feb. 1939	Jan. 1939	Change from Feb. 1938
(In tons)			
Colorado.....	629,000	+30,000	+93,000
Kansas and Missouri.....	637,000	+9,000	+13,000
New Mexico.....	121,000	-22,000	+13,000
Oklahoma.....	153,000	-9,000	+21,000
Wyoming.....	471,000	-3,000	+106,000
Six states.....	2,011,000	+5,000	+246,000
United States.....	33,910,000	-1,620,000	+6,470,000

Zinc and Lead

Shipments of zinc from the Tri-State district increased during February but lead shipments dropped sharply. Production of both zinc and lead declined moderately. The zinc shipment was little changed from a year ago while that of lead was up 5 per cent.

February ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	10,615	\$ 307,855	1,471	\$ 78,877
Missouri.....	1,942	56,328	235	12,552
Oklahoma.....	20,546	595,824	4,066	217,145
Feb. 1939.....	33,103	\$ 960,007	5,772	\$308,574
Jan. 1939.....	29,983	869,497	10,628	576,590
Feb. 1938.....	33,345	936,865	5,483	276,713
2 Mos. 1939.....	63,086	1,829,504	16,400	885,164
2 Mos. 1938.....	65,465	1,872,758	9,063	466,999

Since the first of the year, zinc concentrate stocks have declined nearly a third. Zinc prices, however, have remained unchanged since late last November. Lead prices have fluctuated somewhat the past two months but show little net change.

Employment and Pay Rolls

Employment and pay rolls in the District declined slightly from the middle of January to the middle of February. Employment is also slightly lower than a year ago but pay rolls are about 2 per cent higher.

Preliminary figures of the Department of Labor:

	February 1939 per cent change from January 1939	
	Employment	Pay Rolls
Colorado.....	-1.0	+3.3
Kansas.....	-3.2	-1.7
Missouri.....	+0.7	-0.4
Nebraska.....	-2.6	-4.9
New Mexico.....	-2.9	+1.1
Oklahoma.....	+0.5	+0.3
Wyoming.....	-3.1	-1.4
Seven states.....	-0.5	-0.6

Building

Value of construction contracts awarded in the District in February was more than double a year ago. The greater part of this increase represented public works and utilities, but there was a large increase also in residential and in commercial building. Aside from residential construction, about 85 per cent of current building represents public activity. Awards in the first half of March were 24 per cent under last year, reflecting reduced nonresidential building.

Construction figures of F. W. Dodge Corporation:

	TENTH DISTRICT		37 EASTERN STATES	
	Residential	Total	Residential	Total
	(In thousands of dollars)			
Feb. 1939.....	3,134	12,034	79,020	220,197
Jan. 1939.....	3,131	9,114	80,163	251,673
Feb. 1938.....	1,694	5,342	40,023	118,945
2 Mos. 1939.....	6,265	21,148	159,183	471,870
2 Mos. 1938.....	3,168	12,416	76,230	311,176

The value of February building permits in reporting District cities was little changed from the preceding month and slightly larger than a year ago. Value of permits for the first two months of 1939, however, is 24 per cent larger than last year.

February building permits issued in District cities:

	PERMITS		ESTIMATED COST	
	1939	1938	1939	1938
Albuquerque, N. Mex..	60	58	\$ 154,000	\$ 124,000
Cheyenne, Wyo.....	26	17	52,000	16,000
Colorado Springs, Colo.	30	33	15,000	15,000
Denver, Colo.....	320	347	1,005,000	424,000
Hutchinson, Kans.....	29	30	46,000	17,000
Joplin, Mo.....	8	17	9,000	23,000
Kansas City, Kans.....	19	18	210,000	690,000
Kansas City, Mo.....	100	81	102,000	88,000
Lincoln, Nebr.....	71	70	128,000	70,000
Oklahoma City, Okla..	121	103	325,000	764,000
Omaha, Nebr.....	62	42	121,000	46,000
Pueblo, Colo.....	56	37	34,000	16,000
Salina, Kans.....	12	10	20,000	15,000
Shawnee, Okla.....	13	10	12,000	7,000
St. Joseph, Mo.....	5	16	3,000	4,000
Topeka, Kans.....	25	40	56,000	48,000
Tulsa, Okla.....	127	68	374,000	148,000
Wichita, Kans.....	118	135	108,000	170,000
February.....	1,202	1,132	\$2,774,000	\$2,685,000
January.....	1,366	1,114	2,788,000	1,817,000
Two months.....	2,568	2,246	5,562,000	4,502,000

Lumber

Retail lumber sales declined sharply during February and were only 3 per cent larger than in the same month a year ago. In the last half of 1938, lumber sales had risen appreciably above the level of a year earlier, coincident with the substantial rise that has taken place in building operations.

Collections on amounts outstanding averaged 27.4 per cent in February as compared with 33.5 per cent in January and 29.3 per cent in February last year.

Lumber trade at 151 retail yards in the District:

	Feb. 1939 per cent change from Jan. 1939		Feb. 1938
	Jan. 1939	Feb. 1938	
Sales of lumber, board feet.....	-26.1	+3.4	
Sales of all materials, dollars.....	-20.5	+3.6	
Stocks of lumber, board feet.....	+2.3	-7.7	
Outstandings, dollars.....	-2.6	+13.2	

Life Insurance

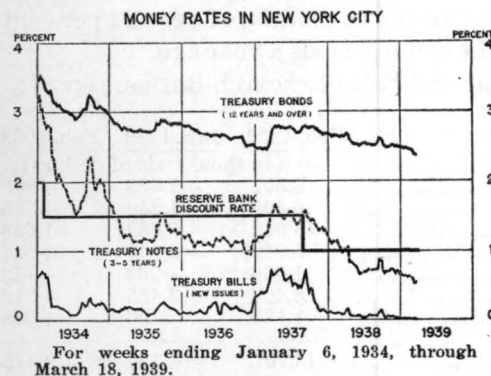
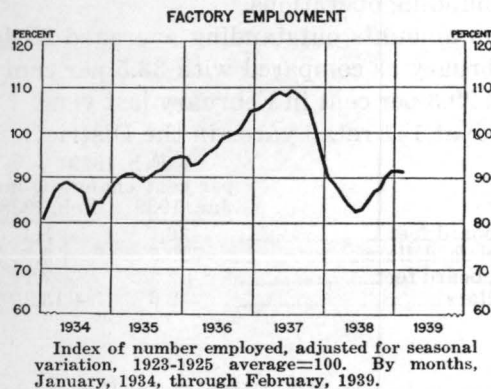
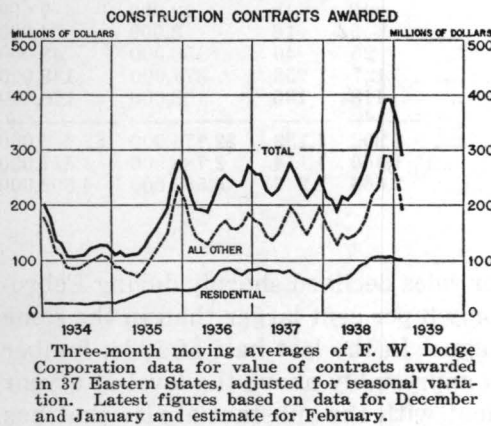
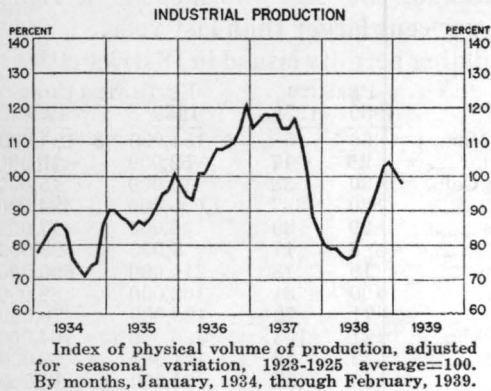
Life insurance sales in the District in February were 6 and in the first two months of year 24 per cent larger than in the same periods a year ago.

The Life Insurance Sales Research Bureau report:

	Change from		
	Feb. 1939	Jan. 1939	Feb. 1938
	(In thousands of dollars)		
Colorado.....	4,501	-1,638	-289
Kansas.....	6,496	-1,840	+395
Missouri.....	18,042	-6,659	+1,658
Nebraska.....	5,049	-2,945	+657
New Mexico.....	1,096	-263	-72
Oklahoma.....	8,403	-3,425	-312
Wyoming.....	1,120	-26	+338
Seven states.....	44,707	-16,796	+2,375
United States.....	532,032	-197,734	+43,329

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System



In February industrial activity continued at the January rate, without showing the usual rise, and retail trade increased less than seasonally. In the first three weeks of March, however, industrial activity and trade showed seasonal increases. Commodity prices continued to show little change.

PRODUCTION

Volume of industrial production was at about the same rate in February as in the two previous months, although usually there is an increase, and the Board's seasonally adjusted index declined further to 98 per cent of the 1923-1925 average. In the steel industry activity did not show the usual seasonal advance. Pig iron production increased, but new orders for steel were in limited volume and ingot production remained at about 54 per cent of capacity throughout the month. There was some decline in automobile assemblies, following a period of considerable increase. Output of lumber and plate glass continued to decrease in February, while cement production, which had been curtailed in January, increased considerably. In the first three weeks of March steel production increased to about 56 per cent of capacity and automobile output was also in somewhat larger volume.

Textile production in February was at about the same rate as in January. At cotton and woolen mills activity increased somewhat but at silk mills there was a marked decline. Output of shoes and tobacco products continued at high levels. In the meat-packing industry activity declined further and there was also a decrease in activity at sugar refineries.

Bituminous coal production was maintained in February, and crude petroleum output likewise continued in substantial volume. Anthracite output declined in February, and in March was reduced further as mine owners and workers agreed on a curtailment program.

Value of construction contracts awarded declined in February, according to F. W. Dodge Corporation figures, owing principally to a further decrease in awards for publicly-financed work. Contracts for privately-financed residential building increased further, while awards for private nonresidential building remained at the low level of other recent months.

EMPLOYMENT

Factory employment and pay rolls increased somewhat less than is usual between the middle of January and the middle of February. Changes in nonmanufacturing lines were largely of a seasonal nature.

DISTRIBUTION

Department store sales were in about the same volume in February as in January, although some increase is usual, and sales at variety stores increased less than seasonally, while mail-order sales rose by slightly more than the seasonal amount. In the early part of March department store sales increased.

Freight carloadings declined somewhat from January to February, reflecting for the most part reduced shipments of grains, forest products, and miscellaneous freight.

COMMODITY PRICES

Wholesale commodity prices were generally maintained with little change during February and the first three weeks of March. As is usual at this season prices of livestock and meats increased while dairy products declined. Silk prices advanced considerably in this period. In the early part of March current prices of pig iron and of semi-finished and finished steel were reaffirmed for the second quarter of this year.

BANK CREDIT

Investments in United States Government obligations by New York City banks increased considerably in February and the first half of March. In this period member banks reduced their holdings of Treasury notes and increased their bonds, reflecting in part exchanges of notes for new bond issues on March 15. Excess reserves of member banks continued somewhat below the high level of \$3,600,000,000 reached at the end of January, fluctuating largely in accordance with changes in Treasury balances at the Federal Reserve banks.

MONEY RATES

Average yields on United States Government securities declined to new record low levels from February 27 to March 10, following the announcement by the Treasury that no cash would be raised in the March financing. Yields rose slightly after the middle of March accompanying renewed tension in Europe. New issues of 91-day Treasury bills continued to sell on practically a no-yield basis during March. Other open-market rates continued unchanged.