

MONTHLY REVIEW

Agricultural and Business Conditions

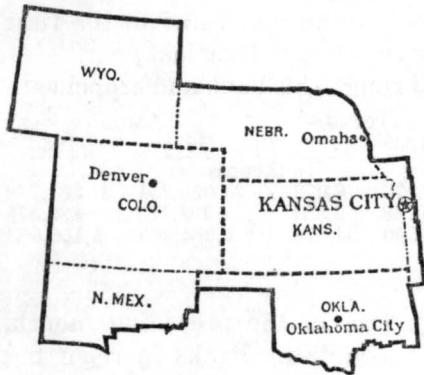
TENTH FEDERAL RESERVE DISTRICT

VOL. 24, No. 7

FEDERAL RESERVE BANK OF KANSAS CITY

JULY 31, 1939

Business in the Tenth Federal Reserve District



The wheat crop was better than earlier anticipated but an unusually good corn prospect has been hurt by dry and very hot weather. Near the end of July the corn crop remained highly uncertain. The price of both wheat and corn has tended downward since the first of June.

Hog prices have strengthened somewhat since early in June but are about three and a half cents under a year ago. The price of beef steers is lower than earlier in the year and more than two cents a pound under last year.

Wholesale and retail trade in June were above a year ago but the comparison with last year was less favorable than it was in May. Production figures are mixed. Building is less active, contracts awarded being 30% and lumber sales 13% lower.

Bank deposits are holding at a high level and bank loans are increasing while investments have tended downward in recent weeks.

BUSINESS INDICATORS	JUNE 1939 COMPARED WITH JUNE 1938					6 MOS. 1939 COMPARED WITH 6 MOS. 1938						
	% DECREASE		% INCREASE			% DECREASE		% INCREASE				
	40	30	20	10	10	20	30	40	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												+57
Corn												
Oats												
Cattle												
Calves												
Hogs												
Sheep												
Production												
Flour												
Cattle Slaughter												
Calf Slaughter												
Hog Slaughter												
Sheep Slaughter												
Crude Petroleum												
Bituminous Coal												
Zinc Ore Shipments												+81
Lead Ore Shipments												+120
Construction												
Total Awards												
Res. Awards												
Value of Permits												+55
Miscellaneous												
Rainfall												
Cash Farm Income *												
Employment												
Pay Rolls												

*For previous month

Member Bank Operations

Loans at reporting member banks in the Tenth District increased nearly 6 per cent from the middle of June to the third week of July, reflecting principally an increase in commercial loans incident to wheat financing and sizable increases also in holdings of open market paper and so-called "all other" loans. Investments continued to decline. Holdings of Treasury bills and Government bonds increased during the period but these increases were more than offset by a decrease in holdings of obligations guaranteed by the Government and a further decline in holdings of "other" securities. Volume of loans is the largest and investments the smallest this year, with loans now 13 but investments only 4 per cent above last year.

Adjusted demand deposits of reporting member banks remained at a high level while their correspondent balances at other banks, their reserve balances at this bank, and deposits of other banks at these reporting banks rose sharply from the middle of June to the third week of July to new high levels for the year. Adjusted demand deposits are 4, correspondent balances 2, reserves 12, and interbank deposits 11 per cent larger than a year ago.

Principal items of condition of 51 member banks:

	Change from		
	July 19 1939	June 14 1939	July 20 1938
	(In thousands of dollars)		
Loans and investments—total.....	660,069	+11,367	+43,715
Loans—total.....	274,840	+15,270	+30,837
Coml., indust., agric.....	165,750	+11,463	+15,271
Open market paper.....	19,781	+2,397	+3,324
To security brokers and dealers.....	3,705	-432	-1
Other to purchase or carry secur..	10,088	+297	-2,145
Real estate loans.....	24,764	+74	+3,047
Loans to banks.....	494	-24	-131
All other loans.....	50,258	+1,495	+11,472
Investments—total.....	385,229	-3,903	+12,878
U. S. Treasury bills.....	5,816	+1,331	*
U. S. Treasury notes.....	76,844	-85	*
U. S. Govt. bonds.....	114,395	+5,083	*
Oblig. guar. by U. S. Govt.....	55,698	-3,201	+10,136
Other securities.....	132,476	-7,031	+14,489
Reserve with F. R. Bank.....	170,882	+1,952	+17,761
Balances with domestic banks.....	310,069	+19,410	+6,847
Demand deposits—adjusted.....	503,412	+368	+21,405
Time deposits.....	144,231	-22	+35
U. S. Govt. deposits.....	23,170	-254	+4,995
Interbank deposits.....	403,633	+31,722	+38,721

*Comparable figures not available.

Reserve Bank Operations

Note circulation of this bank reached a new high level of 172 $\frac{1}{3}$ million dollars in the first week of July, reflecting in part the usual demand for currency at the first of the month and seasonal increases in circulation incident to the holiday and to the wheat harvest. The previous high of 172 $\frac{1}{4}$ million dollars occurred in the third week of last December when circulation is normally at the high point of the year. Circulation of 171 $\frac{3}{4}$ million in the third week of July compares with 164 $\frac{1}{3}$ million a year ago.

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

	Change from		
	July 19 1939	June 14 1939	July 20 1938
	(In thousands of dollars)		
Total reserves.....	356,412	+15,306	+56,493
Bills discounted.....	320	-118	+133
Bills purchased.....	16	Zero	Zero
Industrial advances.....	207	-14	-211
Commit. to make indust. adv.....	627	-8	+253
U. S. Government securities.....	123,620	-8,520	+4,989
Total assets.....	522,583	+5,443	+59,750
F. R. notes in circulation.....	171,704	+1,650	+7,336
Member bank reserve deposits.....	241,296	+1,743	+20,715

Dollar volume of check collections, which had increased sharply in May, rose somewhat further in June. Dollar volume in June was 7 and in the first half of the year 4 per cent larger than last year.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1939	1938	1939	1938
	(In thousands)			
June.....	6,170	6,073	\$ 950,251	\$ 891,780
May.....	6,248	5,864	938,716	833,575
Six months.....	35,540	34,876	5,384,900	5,156,613

Bank Debits

Following a sharp rise in the preceding month, debits to individual accounts by banks in reporting centers of the District increased further during June. Debits in June were 6 and in the first half of the year 2 per cent larger than last year. For the whole country, debits both for June and the year to date were 4 per cent above a year ago.

Payments by check in thirty District cities:

	Change from		
	June 1939	May 1939	June 1938
	(In thousands of dollars)		
Albuquerque, N. Mex.....	15,832	+57	+1,759
Atchison, Kans.....	2,975	-23	-67
Bartlesville, Okla.....	27,347	-2,368	+890
Casper, Wyo.....	6,338	+521	+611
Cheyenne, Wyo.....	8,184	-104	-936
Colorado Springs, Colo.....	14,050	+1,948	-138
Denver, Colo.....	151,304	-97	+1,970
Emporia, Kans.....	2,813	-412	+74
Enid, Okla.....	13,749	+2,774	+2,037
Fremont, Nebr.....	2,854	+27	+310
Grand Junction, Colo.....	3,611	-145	+369
Guthrie, Okla.....	1,476	+71	-164
Hutchinson, Kans.....	13,545	+2,809	+1,974
Independence, Kans.....	3,213	+301	+351
Joplin, Mo.....	9,453	+53	+812
Kansas City, Kans.....	18,445	+2,768	+2,610
Kansas City, Mo.....	306,174	-5,872	+14,419
Lawrence, Kans.....	3,720	+352	+190
Lincoln, Nebr.....	30,239	+1,972	+3,263
Muskogee, Okla.....	7,605	-233	+1,103
Oklahoma City, Okla.....	109,653	-2,822	+12,742
Okmulgee, Okla.....	2,447	-5	+7
Omaha, Nebr.....	146,438	+8,712	+12,476
Pittsburg, Kans.....	3,550	+153	-60
Pueblo, Colo.....	13,374	+473	+1,416
Salina, Kans.....	11,123	+3,409	+2,347
St. Joseph, Mo.....	25,845	+224	+2,618
Topeka, Kans.....	20,219	+282	-249
Tulsa, Okla.....	136,527	+8,966	-2,752
Wichita, Kans.....	46,866	+6,265	+10
District, 30 cities.....	1,158,969	+30,056	+59,992
United States, 141 cities.....	33,987,920	+2,059,457	+1,190,897

Trade

RETAIL SALES

Dollar volume of sales at reporting department stores in the District, following a considerable rise in the preceding month, declined somewhat more than is usual during June and sales, which in May had been 8 per cent above a year ago, in June were little changed from last year. Total sales for the first half of 1939 also show little change from the corresponding period of 1938. Sales in the first three weeks of July were about 2 per cent above last year.

Retail stocks, which showed about the usual decline during the month, at the close of June were only 2 per cent under a year ago, the smallest decrease for any month this year. Collections on open accounts averaged 45.3 per cent in June as compared with 45.6 per cent last year, while installment collections averaged 15.7 and 14.6 per cent, respectively.

Department store sales and stocks in leading cities:

	SALES			STOCKS	
	June '39	6 Mos.'39	June 30, '39	June 30, '38	
	No. of comp.to June'38	comp. to 6 Mos.'38	comp. to May 31, '39	comp. to June 30, '38	
	(Per cent increase or decrease)				
Denver.....	4	+2.0	+0.6	-6.6	-7.2
Kansas City.....	5	+2.7	+1.9	-6.4	-6.5
Oklahoma City..	3	+2.3	+3.8	-6.8	+8.1
Tulsa.....	4	-1.7	-1.2	-6.6	+15.1
Wichita.....	3	+0.6	-1.2	....	....
Other cities.....	20	-4.2	-0.8	-4.1	+0.4
District.....	39	+0.2	+0.6	-5.9	-2.1

Total retail sales in the District both in June and in the first six months of the year were better than 3 per cent above a year ago.

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

	June 1939 per cent change from June 1938						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Automobile.....	+23.3	+0.5	+34.5	+29.6	+8.0	-6.7	+19.3
Country genl....	+6.3	-11.9	+2.6	-5.7	+1.9	-0.6	+4.3
Department.....	+3.4	-0.7	+5.8	-6.6	-6.6	+2.6	-3.6
Drug.....	+1.2	-3.0	+3.7	+4.3	+8.1	-0.8	-5.1
Furniture.....	-4.2	-5.2	+9.6	-0.9	+11.8	-3.8	+12.1
Grocery.....	-1.4	-2.4	-0.3	-2.1	-2.3	+0.6	-2.3
Hardware.....	-3.2	-25.3	-1.9	-11.8	+10.9	+2.4	....
Lbr. & mtls.....	-2.0	-14.3	+13.2	-5.0	-0.1	+21.3	+9.6
Men's wear.....	-0.6	-0.9	+8.7	-8.8	....	+3.2	+5.0
Women's wear...	-5.0	+1.3	-0.6	....	....	-16.1	-8.4
Total.....	+3.7	-5.5	+7.6	+0.7	+5.6	-0.1	+5.6

WHOLESALE SALES

The value of wholesale sales in the District rose further from May to June but, in contrast with a May increase of 6 per cent over last year, June sales were only 2 per cent larger and total sales for the year to date remain at about the 1938 level. Wholesale stocks, which at the beginning of 1939 had been 13 per cent smaller than a year earlier, at the end of June were only 7 per cent under a year ago. Collections in June averaged 79.8 per cent as compared with 76.7 per cent last year.

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

	SALES			STOCKS	
	June '39	6 Mos.'39	June 30, '39	June 30, '38	
	No. of comp.to Firms June'38	comp. to 6 Mos.'38	comp. to May 31, '39	comp. to June 30, '38	
	(Per cent increase or decrease)				
Auto. supplies...	8	-1.3	+1.3	-1.7	+2.9
Clothing.....	4	-14.3	....	+3.2	-22.0
Drugs.....	8	-9.3	Zero	-0.1	-1.2
Dry goods.....	7	-3.5	-2.5	-3.4	-20.4
Electl. goods....	11	+21.9	+9.6	-0.7	+6.5
Farm products...	9	+21.1	....	-10.2	+15.8
Furniture.....	3	Zero	+4.2	....	....
Groceries.....	35	+2.3	-1.1	-6.2	-8.3
Hdwre.—total....	(14)	-4.4	+4.6	-1.6	+2.0
General.....	5	-2.0	+1.6	-2.7	Zero
Industrial....	5	-12.9	+11.2	-0.7	+7.8
Plbg. & htg....	4	+9.9	+4.4	....	....
Jewelry.....	3	+40.9	....	+5.5	+6.1
Machinery.....	3	+20.7	....	....	....
Paper & prod....	3	-9.9	....	....	....
Tobacco & prod..	7	-2.6	-2.9	....	....
All other lines...	14	+12.1	+5.1	-4.5	-5.0
Total.....	129	+1.7	+0.3	-4.1	-7.0

Crops

Abundant rainfall in June over the eastern part of the District was very beneficial to corn, and prospects near the first of July were the best of recent years. But extremely hot, dry weather during the first two weeks of July began to do serious damage. Although scattered light rains and cooler weather about the middle of the month relieved this situation somewhat, corn in most sections of the District is not yet past the critical stage and the outcome is still quite uncertain. Indicated per acre yields of corn on July 1 were heavy, due in part to the increasing use of hybrid seed, and production seems likely to be considerably above last year. Output of most other spring planted crops appears to be lower than last year because of much lighter per acre yields and in some cases a smaller acreage as well. Fruit crops this year are especially heavy.

Department of Agriculture crop estimates for the seven states wholly or partly in this District:

	ACREAGE		PRODUCTION	
	July 1 1939	Harv. 1938	July 1 1939	Harv. 1938
	(1,000 acres)		(1,000 units)	
Corn, bu.....	17,656	17,215	394,536	311,320
Winter wheat, bu.....	20,819	28,040	240,045	314,092
Spring wheat, bu.....	476	838	4,848	10,338
Oats, bu.....	6,079	6,899	104,945	172,587
Barley, bu.....	2,952	2,175	40,826	47,434
Rye, bu.....	722	627	5,701	6,701
Flaxseed, bu.....	129	56	887	395
Tame hay, tons.....	7,207	6,725	8,848	9,010
Wild hay, tons.....	4,452	4,352	3,300	3,900
White potatoes, bu.....	318	312	27,312	31,137
Sugar beets, short tons...	289	267	3,128	3,796
Dry beans, 100 lb. bags....	503	545	1,692	2,689
Cotton, bales.....	2,329	2,192	....	995
Apples, bu.....	....	....	....	4,888
Peaches, bu.....	....	....	3,606	2,345
Pears, bu.....	....	....	1,018	534
Grapes, tons.....	....	....	27	17

As a result of the rains and favorable growing weather of late May and the first two weeks of June, the wheat crop in Oklahoma, Kansas, and Missouri turned out somewhat better than was thought probable earlier. However, continued heavy rains into late June delayed harvesting and caused some loss of wheat from lodging, flood, and shattering.

June rainfall for Nebraska averaged 101, Kansas 115, Missouri 116, Oklahoma 137, and Wyoming 104 per cent of normal but in Colorado it was only 35 and in New Mexico 53 per cent of normal.

Rainfall

	June 1939		6 Mos. 1939	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver.....	.57	1.38	5.43	7.62
Leadville.....	.38	1.16	7.71	8.54
Pueblo.....	.05	1.36	6.79	5.64
Lamar.....	1.67	2.28	6.20	7.99
Steamboat Springs.....	1.09	1.28	11.98	12.35
KANSAS				
Topeka.....	5.63	4.65	14.17	16.46
Iola.....	2.45	5.28	16.14	19.31
Concordia.....	3.33	4.41	12.96	13.67
Salina.....	3.02	4.65	9.80	13.93
Wichita.....	8.90	4.38	18.88	15.53
Hays.....	4.71	4.10	9.87	11.93
Goodland.....	2.64	3.05	11.06	9.39
Dodge City.....	2.48	3.30	7.93	10.20
Elkhart.....	1.25	2.04	6.46	7.56
MISSOURI				
St. Joseph.....	7.52	4.95	18.49	18.27
Kansas City.....	10.99	4.99	24.28	18.25
Joplin.....	5.94	6.00	25.59	23.10
NEBRASKA				
Omaha.....	5.42	4.56	10.65	13.80
Lincoln.....	4.16	4.32	11.66	13.63
Norfolk.....	2.22	4.85	9.35	14.48
Grand Island.....	4.78	4.05	12.29	13.12
McCook.....	3.59	3.18	10.43	9.78
North Platte.....	3.51	3.22	9.01	9.80
Bridgeport.....	4.88	2.51	9.05	9.14
Valentine.....	4.09	2.87	10.85	10.15
NEW MEXICO				
Clayton.....	2.00	1.92	6.69	7.59
Santa Fe.....	.01	1.08	5.28	5.56
Farmington.....	Zero	.50	2.56	3.51
OKLAHOMA				
Tulsa.....	4.90	4.88	18.55	20.83
McAlester.....	3.36	4.78	18.78	23.49
Oklahoma City.....	7.83	3.67	17.14	16.12
Pauls Valley.....	6.03	4.31	16.82	18.58
Hobart.....	5.04	3.61	15.66	14.65
Enid.....	6.04	4.24	17.96	15.66
Woodward.....	4.47	3.59	16.12	12.70
WYOMING				
Cheyenne.....	.83	1.61	7.52	8.11
Casper.....	.80	1.57	5.05	8.75
Lander.....	.80	1.15	6.38	7.85
Sheridan.....	2.28	2.04	10.29	9.32

Grain Marketing

Reflecting liberal marketings from the large supplies of old crop wheat and an unusually early movement of the new crop, June wheat receipts were the largest of record for that month and were more than double a year ago and the June ten-year average. Marketings in the forepart of July, although heavy, were somewhat short of a year earlier. A substantial

part of wheat receipts is earmarked for storage under Federal loans. Marketings of corn and oats in June were only about half their normal volume.

June grain receipts at five District markets:

	Wheat	Corn	Oats
		(In bushels)	
Hutchinson.....	5,925,000	....	....
Kansas City.....	15,253,000	705,000	66,000
Omaha.....	1,847,000	862,000	154,000
St. Joseph.....	1,707,000	137,000	154,000
Wichita.....	9,851,000	1,000	....
June 1939.....	34,583,000	1,705,000	374,000
May 1939.....	10,038,000	2,046,000	1,076,000
June 1938.....	13,574,000	1,711,000	312,000
6 Mos. 1939.....	71,741,000	9,963,000	5,135,000
6 Mos. 1938.....	45,708,000	13,949,000	3,899,000

Cash wheat prices, influenced by improved crop prospects, the heavy early movement of new crop wheat to market, and price weakness abroad, have declined rather sharply since early in June. The decline erased all of the advance that had occurred in May and has carried wheat prices substantially below the 1939 loan level to the lowest point in about seven years. Cash corn prices have fallen to a six-year low.

The lower range of cash prices at Kansas City:

	July 24	June 30	May 31	June 30
	1939	1939	1939	1938
No. 1 hd., dk. wheat, bu.....	\$.58½	\$.68¼	\$.78¼	\$.69½
No. 2 mixed corn, bu.....	.40¼	.47½	.51	.53½
No. 2 white oats, bu.....	.25¾	.31¼	.34½	.26½
No. 2 rye, bu.....	.38½	.45	.54	.47
No. 2 barley, bu.....	.38	.40	.43½	.46
No. 2 white kafir, cwt.....	1.03	.96	1.07	1.01

Livestock

MARKETINGS

Marketings of livestock declined considerably during June. Hog marketings, as in other recent months, were substantially above last year, the June increase measuring 45 per cent, but receipts of calves were 5 and of cattle and sheep 8 per cent lower than last year. Marketings of cattle were 21, calves 4, hogs 40, and sheep 12 per cent below the June ten-year average. Although the number of southwestern cattle put on pasture last spring was much larger than a year ago, delayed marketings of grass cattle because of good feed conditions partly accounted for small receipts.

June livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
	Denver.....	25,687	4,041	27,453	149,040
Kansas City.....	67,436	18,120	126,695	91,472
Oklahoma City.....	30,663	14,383	32,369	20,881
Omaha.....	87,481	4,869	122,863	110,565
St. Joseph.....	19,063	4,674	63,055	67,267
Wichita.....	12,562	2,486	23,830	20,343
June 1939.....	242,892	48,573	396,265	459,568
May 1939.....	311,407	54,057	463,891	582,427
June 1938.....	263,294	50,963	274,017	499,219
6 Mos. 1939.....	1,643,398	302,486	2,469,190	3,198,458
6 Mos. 1938.....	1,714,525	331,012	2,011,670	3,407,083

PRICES

Prices of beef steers and lambs showed further seasonal weakness during June and the forepart of

July. Although prime beef steers brought \$13 a hundredweight early in June as compared with the year's top price of \$14 last January, most fed cattle in July are selling below \$10 a hundredweight, or more than \$2 lower than a year ago when beef steer prices had advanced sharply. Stocker and feeder cattle prices remain relatively strong, stock steer calves in June selling at the highest level since 1930. Lamb prices have declined more than \$2 a hundredweight from their spring peak of \$11.35 and are about the same as a year ago. Hog prices recovered seasonally from a five-year low of \$6.25 a hundredweight early in June to \$7.10 late in the month but later declined. Hog prices are about \$1.50 below last spring and \$3.50 below a year ago and the corn-hog ratio is much less favorable. Of principal significance, however, is the fact that livestock prices so far this year have generally been more profitable to producers and feeders than in the early part of 1938.

Top livestock prices at the Kansas City market:

	July 24 1939	June 1939	May 1939	June 1938	June 1937	June 1936
	(In dollars per hundredweight)					
Beef steers.....	10.25	13.00	11.00	10.75	15.00	8.75
Stocker cattle.....	10.00	11.00	10.25	8.85	9.50	8.00
Feeder cattle.....	9.00	10.50	10.60	9.15	10.25	8.15
Calves.....	9.50	9.50	10.00	9.00	9.75	8.50
Hogs.....	6.60	7.10	6.80	9.05	11.80	10.60
Sheep.....	7.50	7.00	8.00	7.00	9.35	9.00
Lambs.....	9.00	10.40	11.35	10.15	12.50	11.50

STOCKERS AND FEEDERS

Shipments of stocker and feeder cattle from markets back to the country fell off considerably during June and were 35 per cent less than a year ago and 17 per cent below the June ten-year average. Country demand continued strong for calves, shipments of which were 45 per cent larger than last year and 76 per cent above average, and was heavy for sheep, the movement of which was little changed from last year and was 6 per cent above average.

June stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	4,046	903	15	19,515
Kansas City.....	22,554	7,105	2,400	8,138
Omaha.....	6,842	2,078	913	14,093
St. Joseph.....	2,901	958	1,308	8,349
June 1939.....	36,343	11,044	4,636	50,095
May 1939.....	62,250	12,469	4,101	55,881
June 1938.....	56,140	7,627	5,206	51,375
6 Mos. 1939.....	377,359	81,358	25,306	322,765
6 Mos. 1938.....	347,534	47,845	24,229	248,769

RANGES AND PASTURES

Abundant rainfall during June improved ranges and pastures in Wyoming, Nebraska, Kansas, and Oklahoma but rainfall was markedly deficient in Colorado and New Mexico and there was a severe decline in the condition of ranges and some loss of flesh in cattle and sheep in these two states. Grasshoppers continue as a threat to ranges in many sec-

tions. Contracting of feeder lambs for fall delivery so far has been very limited. Good calf and lamb crops this year are reported generally.

PIG CROP

The spring pig crop in this District was 40 per cent larger than a year ago and the number of sows to farrow in the fall is indicated to be 27 per cent larger than last year. Although hog production in this District is increasing faster than in the country as a whole, it had declined much more sharply during the drought years and the 1939 spring pig crop was still 11 per cent short of the 1928-37 average in contrast with a national crop 13 per cent above average.

Department of Agriculture pig crop estimates:

	PIGS SAVED			SOWS FARROWED	
	1939	1938	Aver. '28-'37	*1939	1938
	(In thousands)				
Colo.....	283	165	307	36	25
Kans.....	1,376	855	1,659	171	122
Mo.....	2,614	2,092	2,709	354	295
Nebr.....	3,077	2,128	4,011	158	132
N. Mex.....	67	54	50	11	9
Okla.....	887	632	634	147	109
Wyo.....	63	40	71	3	2
7 States.....	8,367	5,966	9,441	880	694
U. S.....	52,314	43,450	46,257	5,092	4,372

*Number indicated to farrow from breeding intentions reports.

Farm Income

Cash farm income in the District in May was 21 per cent above a year ago as compared with an increase of 9 per cent for the first five months of the year. May receipts from the sale of crops were 11 and from the sale of livestock and livestock products 15 per cent larger than last year and Government payments were substantially greater. So far this year, income from crops is up 6 and from livestock 3 per cent and Government payments are 53 per cent larger. The largest percentage increase for the year has been in Nebraska where commodity credit loans and sales of corn have been an important factor in income. In Oklahoma and New Mexico, income has been seriously affected by greatly reduced receipts from cotton. For the whole country, cash farm income in May was only 7 and in the first five months of the year only 2 per cent above last year.

Department of Agriculture farm income estimates:

	May 1939	May 1938	5 Mos. 1939	5 Mos. 1938
	(In thousands of dollars)			
Colorado.....	7,650	6,059	41,084	38,992
Kansas.....	23,571	16,021	96,580	89,136
Missouri.....	19,942	19,933	87,889	83,463
Nebraska.....	18,179	15,384	97,243	80,048
New Mexico.....	2,413	2,039	10,540	11,279
Oklahoma.....	14,863	12,271	54,366	53,792
Wyoming.....	2,686	1,984	12,571	10,539
Seven states.....	89,304	73,691	400,273	367,249
United States.....	589,000	553,000	2,829,000	2,782,000

Meat Packing

Decreased marketings of livestock were reflected in a reduction of about 17 per cent in meat-packing operations in the District during June. Packers' purchases of hogs, as in other recent months, were substantially larger than last year, but purchases of cattle were about 3, calves 19, and sheep 5 per cent smaller than a year ago. The slaughter of cattle was 16, calves 24, hogs 37, and sheep 15 per cent below the June average of the past ten years.

June packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	16,220	3,164	24,103	25,252
Kansas City.....	40,362	9,329	121,373	77,894
Oklahoma City.....	13,437	9,048	21,320	11,630
Omaha.....	61,755	2,733	101,951	80,914
St. Joseph.....	14,849	3,704	56,883	59,279
Wichita.....	8,422	2,246	20,537	17,502
June 1939.....	155,045	30,224	346,167	272,471
May 1939.....	185,541	34,612	417,167	332,796
June 1938.....	159,449	37,375	243,376	287,710
6 Mos. 1939.....	940,631	186,112	2,164,010	1,911,397
6 Mos. 1938.....	996,791	232,500	1,778,922	1,947,702

Cold Storage Holdings

After allowing for usual seasonal influences, United States cold storage holdings generally increased during June. There was less than the usual decrease in stocks of beef and pork, a contraseasonal increase in holdings of lamb, poultry, and miscellaneous meats, and more than the usual increase in stocks of lard. Holdings of eggs increased at about the normal rate, while butter stocks increased less than is usual. Except for beef, stocks of which were 30 per cent below the July 1 five-year average, holdings of most commodities are about average or considerably above. Stocks of poultry and butter are especially large.

United States cold storage holdings:

	July 1 1939	June 1 1939	July 1 1938	July 1 5-Yr. Av.
	(In thousands of units)			
Beef, lbs.....	33,556	34,650	33,730	47,920
Pork, lbs.....	496,273	520,251	417,704	500,997
Lamb and mutton, lbs.....	1,822	1,791	2,148	1,853
Poultry, lbs.....	67,421	66,796	53,432	52,263
Miscellaneous meats, lbs.....	68,326	65,136	61,945	60,400
Lard, lbs.....	148,169	139,336	126,066	139,556
Eggs, shell, cases.....	6,971	5,880	6,255	7,684
Eggs, frozen (case equiv.)..	4,011	3,369	3,957	3,652
Butter, creamery, lbs.....	132,370	84,967	121,467	88,988
Cheese, all varieties, lbs.....	98,439	79,272	114,788	95,631

Flour Milling

Operations at southwestern flour mills rose somewhat in June and output was 7 per cent above the average of the past ten years although 3 per cent less than in June a year ago. Production in the first half of 1939 was slightly larger than last year. Sales of new crop flour increased sharply after the middle of June, when flour prices declined, and reached seasonal proportions in the first week of July when wheat

prices had dropped substantially below the Federal loan level and flour sales aggregated 281 per cent of capacity. Most sales were for shipment within 90 to 120 days. Export business generally was dull throughout June but improved slightly after the announcement of new subsidy rates on July 10.

Flour output reported by the Northwestern Miller:

	June 1939	Change from May 1939	June 1938
	(In barrels)		
Kansas City.....	586,000	+24,000	-69,000
Salina.....	228,000	+21,000	+7,000
Wichita.....	172,000	-4,000	+22,000
Other cities.....	1,045,000	+58,000	-19,000
Southwest.....	2,031,000	+99,000	-59,000
United States*.....	5,589,000	-48,000	+207,000

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

Petroleum

Preliminary estimates indicate that daily average crude oil production in the District declined 4 per cent during June after rising gradually in preceding months this year. Output for June, which was about equal to the average of the past ten years, was 7 per cent larger than a year ago but production for the year to date, because of large decreases in the early months of the year, is 3 per cent lower than last year.

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

	June 1939		May 1939		June 1938	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colo.....	118	3.9	132	4.3	135	4.5
Kans.....	4,902	163.4	5,359	172.9	4,702	156.8
N. Mex.....	3,234	107.8	3,318	107.0	2,606	86.9
Okla.....	13,508	450.3	14,811	477.8	12,919	430.7
Wyo.....	1,879	62.6	1,908	61.6	1,717	57.2
5 States.....	23,641	788.0	25,528	823.6	22,079	736.1
U. S.....	103,392	3,446.4	110,541	3,565.8	94,277	3,142.5

Stocks of crude petroleum produced in this District, which are at the lowest level of recent years, showed a small decline in June. Prices of crude oil and of refined products generally are weak. Demand for gasoline is strong but supplies are burdensome.

Coal

June production of bituminous coal in the District was 24 per cent less than a year ago. However, output for the year to date is 3 per cent larger than last year because of heavy production last spring.

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

	June 1939	Change from May 1939	June 1938
	(In tons)		
Colorado.....	208,000	+12,000	-61,000
Kansas and Missouri.....	204,000	-30,000	-145,000
New Mexico.....	65,000	-10,000	-35,000
Oklahoma.....	19,000	-3,000	-30,000
Wyoming.....	312,000	+93,000	+17,000
Six states.....	808,000	+62,000	-254,000
United States.....	28,506,000	+10,626,000	+5,999,000

Zinc and Lead

June shipments of zinc and lead from the Tri-State district were almost double a year ago. In the first half of 1939, zinc shipments were 14 and production 12 per cent larger than in 1938, while lead shipments were 21 per cent larger and production 24 per cent smaller. Mid-year stocks of zinc were only a fourth and lead less than a tenth of what they were a year earlier, with zinc stocks the lowest in twenty-three years.

June ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	10,207	\$ 306,209	1,336	\$ 72,256
Missouri.....	2,501	75,026	232	12,506
Oklahoma.....	21,778	653,341	2,970	160,987
June 1939.....	34,486	\$1,034,576	4,538	\$ 245,749
May 1939.....	35,169	1,055,064	4,084	217,455
June 1938.....	19,106	491,257	2,059	87,060
6 Mos. 1939.....	196,502	5,806,111	32,291	1,739,681
6 Mos. 1938.....	172,650	4,679,524	26,642	1,297,456

Employment and Pay Rolls

Industrial employment and pay rolls in the District increased somewhat from the middle of May to the middle of June when employment was 3 and pay rolls 7 per cent higher than a year earlier.

Preliminary figures of the Department of Labor:

	June 1939	
	per cent change from	
	Employment	Pay Rolls
Colorado.....	-0.4	+2.2
Kansas.....	+0.7	+1.3
Missouri.....	+1.7	+3.3
Nebraska.....	-1.0	-0.3
New Mexico.....	-1.2	-14.3
Oklahoma.....	+0.5	+0.2
Wyoming.....	+2.2	+43.7
Seven states.....	+0.8	+2.7

Building

Value of construction contracts awarded during June in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) was 30 per cent less than a year ago, narrowing the gain for the first half of the year to 6 per cent. Public works construction, which in June was only a fourth and in the first six months of the year only half as large as last year, is the principal retarding factor. In the first half of July, awards were about equal to 1938.

Construction figures of F. W. Dodge Corporation:

	June 1939	June 1938	6 Mos. 1939	6 Mos. 1938
	(In thousands of dollars)			
Residential building.....	2,827	3,040	21,404	14,729
Nonresidential building.....	2,856	3,226	20,006	17,803
Public Works construction.....	1,357	5,884	9,989	18,474
Utility construction.....	2,022	757	11,097	7,762
Kansas City area.....	9,062	12,907	62,496	58,768
37 Eastern states.....	288,316	251,006	1,699,364	1,294,272

The value of building permits issued in reporting District cities rose substantially from May to June and was almost three times what it was in June a year ago so that the value of permits for the year to date shows an increase of 55 per cent over last year.

June building permits issued in District cities:

	PERMITS		ESTIMATED COST	
	1939	1938	1939	1938
Albuquerque, N. Mex.....	96	76	\$ 337,000	\$ 113,000
Cheyenne, Wyo.....	69	70	101,000	94,000
Colorado Springs, Colo.....	80	58	54,000	33,000
Denver, Colo.....	705	553	1,163,000	502,000
Hutchinson, Kans.....	52	58	38,000	25,000
Joplin, Mo.....	19	20	52,000	132,000
Kansas City, Kans.....	35	37	1,971,000	43,000
Kansas City, Mo.....	138	180	367,000	258,000
Lincoln, Nebr.....	239	211	170,000	133,000
Oklahoma City, Okla.....	161	177	344,000	405,000
Omaha, Nebr.....	177	169	2,165,000	289,000
Pueblo, Colo.....	116	92	133,000	40,000
Salina, Kans.....	14	12	37,000	22,000
Shawnee, Okla.....	17	16	33,000	5,000
St. Joseph, Mo.....	22	17	20,000	10,000
Topeka, Kans.....	92	71	110,000	101,000
Tulsa, Okla.....	145	121	316,000	259,000
Wichita, Kans.....	250	317	217,000	178,000
June.....	2,427	2,255	\$ 7,628,000	\$ 2,642,000
May.....	2,708	2,449	4,229,000	3,412,000
Six months.....	12,449	11,418	25,635,000	16,570,000

Lumber

Following five months of sizable gains over last year, June board feet sales of lumber at reporting retail yards in the District dropped 13 per cent under a year ago. Total sales so far in 1939 now show an increase of only 7 per cent over the corresponding period of 1938.

Stocks of lumber remain at a level about 8 per cent under a year ago. Collections in June averaged 34.1 per cent as compared with 34.0 per cent in May and 33.3 per cent in June last year.

Lumber trade at 150 retail yards in the District:

	June 1939	
	per cent change from May 1939	June 1938
Sales of lumber, board feet.....	-20.1	-13.1
Sales of all materials, dollars.....	-20.4	-8.5
Stocks of lumber, board feet.....	-2.2	-8.0
Outstandings, dollars.....	-4.0	+1.6

Life Insurance

June life insurance sales in the District were about 2 per cent above a year ago while sales for the first half of the year were up more than 7 per cent.

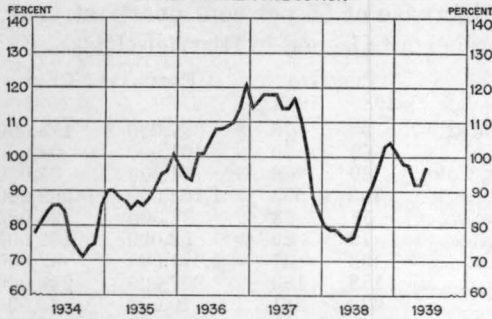
The Life Insurance Sales Research Bureau report:

	Change from		
	June 1939	May 1939	June 1938
	(In thousands of dollars)		
Colorado.....	5,015	+236	+51
Kansas.....	6,687	+540	+505
Missouri.....	16,405	-860	+45
Nebraska.....	5,740	+325	+371
New Mexico.....	941	-245	-145
Oklahoma.....	7,910	-23	-105
Wyoming.....	1,062	+162	+17
Seven states.....	43,760	+135	+739
United States.....	524,925	-7,164	+22,337

NATIONAL SUMMARY OF BUSINESS CONDITIONS

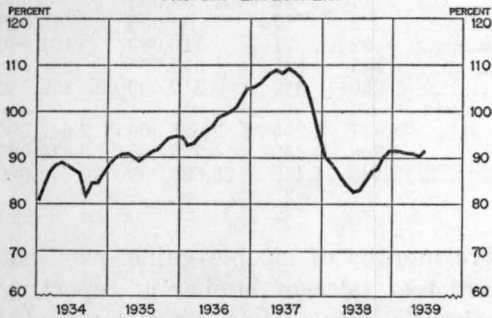
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



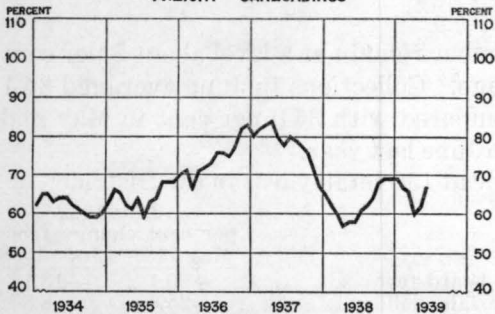
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through June, 1939.

FACTORY EMPLOYMENT



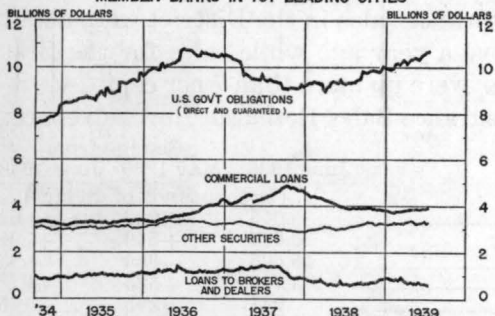
Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through June, 1939.

FREIGHT CARLOADINGS



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through June, 1939.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, through July 12, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "other loans" as then reported.

Output of factories and mines increased in June reflecting chiefly sharp expansion at steel mills and bituminous coal mines. In the first half of July industrial activity was generally maintained.

PRODUCTION

The Board's seasonally adjusted index of industrial production advanced to 97 in June as compared with 92 in April and May.

At steel mills output increased from a rate of 45 per cent of capacity in the third week of May to 54 at the end of June and to 56 in the third week of July. Automobile production, which had declined in May, showed some increase in June when a decline is customary. In the first three weeks of July automobile output was at a lower rate, reflecting in part curtailment preparatory to the changeover to new models. Plate glass production rose considerably in June. Output of lumber, which usually shows some increase over May, was unchanged. Among nondurable goods industries woolen mills showed increased activity in June, and activity at cotton and silk mills was maintained though declines are usual at this season. Meat packing was lower than in May.

Mineral production increased considerably in June reflecting a sharp rise in output at bituminous coal mines which had been closed during April and the first half of May. Production of anthracite declined from May to June and there was some reduction in output of petroleum.

Value of construction contracts awarded declined in June, according to F. W. Dodge Corporation figures, reflecting chiefly a greater than seasonal decrease in private residential building. Contracts awarded for public residential construction, principally for United States Housing Authority projects, were maintained at the advanced level reached in May, while public construction other than residential showed a small decline.

EMPLOYMENT

Factory employment and pay rolls increased somewhat from the middle of May to the middle of June according to reports from a number of important industrial states. There was a sharp expansion in employment at bituminous coal mines following the reopening of the mines in the middle of May, and the number employed on the railroads increased more than seasonally from May to June.

DISTRIBUTION

Department store sales showed a less than seasonal decline from May to June and the Board's adjusted index advanced from 85 to 86, which compares with a level of 88 during the first four months of the year. Sales at variety stores and by mail-order houses showed little change.

Freight carloadings increased more than seasonally in June reflecting a sharp rise in shipments of coal and smaller increases in shipments of grain and miscellaneous freight.

COMMODITY PRICES

Prices of hides, silk, steel scrap, copper, and some other industrial materials advanced from the middle of June to the third week of July, while some farm products, particularly grains, declined. Prices of most other commodities showed little change.

AGRICULTURE

A total wheat crop of 716,655,000 bushels was indicated on the basis of July 1 conditions, according to the Department of Agriculture. This would be much smaller than last year's large crop and somewhat below the 1928-1937 average. Cotton acreage in cultivation was estimated to be about the same as last year but one-third less than the 10-year average. A record tobacco crop is indicated. Most other major crops are expected to approximate last year's harvests and are generally larger than average.

BANK CREDIT

Total loans and investments of member banks in 101 leading cities continued to increase during the four weeks ending July 12, reflecting largely purchases of United States Government securities. Commercial loans, which had shown little change in recent months, increased slightly. Deposits and reserves at these banks rose to new high levels in July, reflecting continued gold imports and Treasury disbursements from its balances at the Reserve banks.

MONEY RATES

Prices of United States Government securities, which had declined somewhat during June, recovered part of the loss in July. The longest-term Treasury bond outstanding showed a yield of 2.31 per cent on July 20, as compared with a record low of 2.26 on June 5. Open-market money rates showed little change.