

MONTHLY REVIEW

Agricultural and Business Conditions

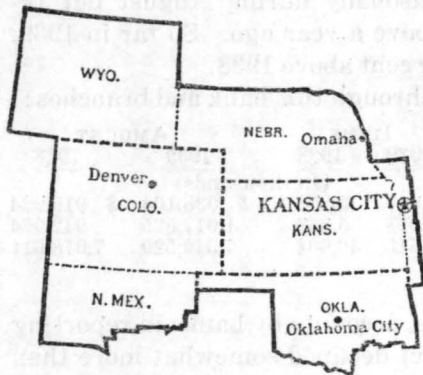
TENTH FEDERAL RESERVE DISTRICT

VOL. 24, No. 9

FEDERAL RESERVE BANK OF KANSAS CITY

SEPTEMBER 30, 1939

Business in the Tenth Federal Reserve District



The impact of the war on agriculture and business is the outstanding development of recent weeks. Grain, livestock, and many other prices rose sharply but after the initial uprush they have tended to level off. In many cases stocks were low and forward buying is now reported.

Grain and livestock marketings and livestock slaughter are much below a year ago. Hogs are the only exception. The expectation of higher prices had undoubtedly tended to restrict marketings.

Both wholesale and retail trade in August were above last year but in the first half of September department store sales were down rather sharply. Probably the extreme heat helped to account for this. Dry weather also did great damage to late crops.

Bank loans and deposits are higher but in recent weeks banks have reduced their holdings of Government securities. Check transactions are unchanged from a year ago.

BUSINESS INDICATORS	AUGUST 1939 COMPARED WITH AUGUST 1938					8 MOS. 1939 COMPARED WITH 8 MOS. 1938						
	% DECREASE		% INCREASE			% DECREASE		% INCREASE				
	40	30	20	10	10	20	30	40	40	30	20	10
Financial												
Bank Debits												
F. R. Bk. Clearings												
Mem. Bk. Loans												
Mem. Bk. Invest.												
Demand Deposits												
Life Ins. Sales												
Trade												
Wholesale Sales												
Retail Sales												
Dept. Store Sales												
Lumber Sales												
Marketings												
Wheat												
Corn												
Oats												
Cattle												
Calves												
Hogs												
Sheep												
Production												
Flour												
Cattle Slaughter												
Calf Slaughter												
Hog Slaughter												
Sheep Slaughter												
Crude Petroleum												
Bituminous Coal												
Zinc Ore Shipments												
Lead Ore Shipments												
Construction												
Total Awards												
Res. Awards												
Value of Permits												
Miscellaneous												
Rainfall												
Cash Farm Income *												
Employment												
Pay Rolls												
*For previous month												

Member Bank Operations

Commercial loans at reporting member banks in the Tenth District, which had declined somewhat at the end of July, resumed their rise in August and showed a substantial further increase in the first half of September. Investments declined sharply between the middle of August and the middle of September as banks sold Government bonds and, to a lesser extent, obligations guaranteed by the Government, the decrease being offset in part by purchases of Treasury bills and notes and other securities. Loans, which are at the highest level of the year, are about 16 per cent above a year ago, while investments are at the lowest level this year and are about 3 per cent smaller than at this time in 1938.

Deposits at reporting member banks rose to new record levels in the first half of September and this increase, together with funds acquired from the sale of securities, was reflected in further increases in reserve balances carried at this bank and in correspondent balances carried at other banks. Adjusted demand deposits are 4 and interbank deposits 14 per cent greater than a year ago.

Principal items of condition of 51 member banks:

	Change from		
	Sept. 13 1939	Aug. 16 1939	Sept. 14 1938
	(In thousands of dollars)		
Loans and investments—total.....	653,397	-10,926	+27,574
Loans—total.....	280,814	+8,304	+37,702
Coml., indust., agric.....	169,139	+7,587	+21,565
Open market paper.....	18,742	-613	+1,741
To security brokers and dealers.....	3,369	-988	-584
Other to purchase or carry secur.....	9,995	-96	-2,199
Real estate loans.....	25,506	+457	+3,385
Loans to banks.....	404	-4	-215
All other loans.....	53,659	+1,961	+14,009
Investments—total.....	372,583	-19,230	-10,128
U. S. Treasury bills.....	5,934	+1,222	*
U. S. Treasury notes.....	82,894	+1,478	*
U. S. Govt. bonds.....	95,059	-15,664	*
Oblig. guar. by U. S. Govt.....	54,267	-6,803	+5,316
Other securities.....	134,429	+537	+8,775
Reserve with F. R. Bank.....	192,599	+11,065	+24,529
Balances with domestic banks.....	335,223	+17,478	+29,747
Demand deposits—adjusted.....	526,311	+7,236	+21,100
Time deposits.....	143,584	+386	-334
U. S. Govt. deposits.....	23,038	-110	+5,830
Interbank deposits.....	423,152	+12,571	+53,352

*Comparable figures not available.

Reserve Bank Operations

Note circulation of this bank continues to rise, reaching a new high level of 176¼ million dollars in the first week of September before the return flow of currency after the Labor Day holiday. Circulation of 175¾ million at the middle of September compares with 165½ million at this time last year.

Coincident with an increase in the System's holdings of Government securities during the first half of September to maintain an orderly market, this bank's holdings of Government securities increased by about 12½ million dollars.

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

	Change from		
	Sept. 13 1939	Aug. 16 1939	Sept. 14 1938
	(In thousands of dollars)		
Total reserves.....	372,269	-23,194	+53,181
Bills discounted.....	289	-10	+75
Bills purchased.....	16	Zero	Zero
Industrial advances.....	204	-1	-217
Commit. to make indust. adv.....	596	-22	+236
U. S. Govt. sec., direct & guar.....	133,336	+12,626	+14,705
Total assets.....	548,091	-8,743	+64,759
F. R. notes in circulation.....	175,773	+2,249	+10,272
Member bank reserve deposits.....	267,726	+7,711	+31,379

Dollar volume of check collections declined somewhat more than seasonally during August but remained 2 per cent above a year ago. So far in 1939, dollar volume is 5 per cent above 1938.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1939	1938	1939	1938
	(In thousands)			
August.....	5,907	5,862	\$ 938,104	\$ 919,924
July.....	6,068	5,866	1,017,525	942,074
Eight months.....	47,515	46,604	7,340,529	7,018,611

Bank Debits

Debits to individual accounts by banks in reporting centers of the District declined somewhat more than is usual during August. Debits in this District both in August and in the first eight months of 1939 were only slightly above last year while for the whole country debits were 8 per cent larger in August and show an increase of 4 per cent for the year to date.

Payments by check in thirty District cities:

	Change from		
	Aug. 1939	July 1939	Aug. 1938
	(In thousands of dollars)		
Albuquerque, N. Mex.....	14,932	-323	+965
Atchison, Kans.....	2,796	-796	-240
Bartlesville, Okla.....	30,227	-580	+3,345
Casper, Wyo.....	5,325	-512	-337
Cheyenne, Wyo.....	8,701	+382	+309
Colorado Springs, Colo.....	14,327	-370	+339
Denver, Colo.....	161,520	+5,800	+4,023
Emporia, Kans.....	2,651	-654	-226
Enid, Okla.....	12,646	-3,252	+1,231
Fremont, Nebr.....	2,557	-84	+20
Grand Junction, Colo.....	3,906	+296	+783
Guthrie, Okla.....	1,308	-290	-327
Hutchinson, Kans.....	10,944	-4,174	-267
Independence, Kans.....	2,545	-448	+122
Joplin, Mo.....	9,555	+31	+863
Kansas City, Kans.....	16,409	-2,840	+1,129
Kansas City, Mo.....	299,437	-55,269	+3,526
Lawrence, Kans.....	3,411	-486	+358
Lincoln, Nebr.....	27,778	-1,482	+1,897
Muskogee, Okla.....	6,992	-529	+484
Oklahoma City, Okla.....	90,920	-13,989	-13,714
Okmulgee, Okla.....	2,287	-259	+213
Omaha, Nebr.....	146,584	-947	+5,860
Pittsburg, Kans.....	3,267	-255	-182
Pueblo, Colo.....	14,738	-524	+1,817
Salina, Kans.....	7,263	-3,832	-3,232
St. Joseph, Mo.....	25,796	-3,908	+1,327
Topeka, Kans.....	19,180	-3,901	+1,488
Tulsa, Okla.....	128,929	+2,606	+781
Wichita, Kans.....	44,936	-6,892	+3,213
District, 30 cities.....	1,121,867	-97,481	+15,568
United States, 141 cities.....	30,613,184	+136,447	+2,343,011

Trade

RETAIL SALES

Dollar volume of sales at reporting department stores in the District increased by more than the usual seasonal amount from July to August. Sales for August were 7 per cent above a year ago but toward the end of the month and in the first half of September sales dropped considerably under last year, owing in part to unseasonably warm temperatures. Total sales so far this year show little change from the corresponding period of 1938.

Stocks of merchandise increased by about the usual amount during August and continue slightly under a year ago. Collections on open accounts averaged 42.8 per cent in August as compared with 42.9 per cent last year, while installment collections averaged 15.3 and 15.1 per cent, respectively.

Department store sales and stocks in leading cities:

	SALES		STOCKS		
	Aug.'39 No. of comp. to Stores Aug.'38	8 Mos.'39 comp. to 8 Mos.'38	July 31,'39 comp. to July 31,'38	Aug. 31,'39 comp. to Aug. 31,'38	
	(Per cent increase or decrease)				
Denver.....	4	+9.4	+1.8	+7.2	-5.7
Kansas City.....	5	+8.6	+2.6	+6.7	-4.5
Oklahoma City..	3	+4.6	+4.8	+16.1	+1.5
Omaha.....	3	+5.1	-0.2	+17.7	+0.1
Tulsa.....	4	+6.5	-0.1	+13.1	+8.6
Wichita.....	3	+4.5	+0.1	.....	.....
Other cities.....	19	+5.3	-0.4	+14.9	-0.9
District.....	41	+7.1	+1.5	+11.4	-2.3

Total retail sales in the District in August were 5 and in the first eight months of the year 4 per cent larger than in the corresponding periods last year.

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

	Aug. 1939 per cent change from Aug. 1938						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+2.8	+7.1	+9.3	+4.3	+0.1	-0.4	-3.3
Automobile....	+14.3	-3.5	+23.8	+8.0	-3.4	-7.7	+27.7
Country genl..	-13.2	-4.8	Zero	-8.5	-0.1	-10.4	+3.8
Department....	+8.6	+7.6	+10.7	+4.0	-8.7	+2.2	+2.6
Drug.....	-3.8	-5.9	+1.8	-2.8	+0.5	-1.4	-11.8
Food.....	-2.8	-3.5	-4.8	-5.5	-4.9	-5.9	-3.9
Furniture.....	+5.1	-7.8	+8.3	-5.9	-5.8	-10.6	+29.3
Hardware.....	-13.2	-6.6	+3.6	-4.7	.....	+4.8	.....
Lbr. & mtl..	+4.2	-0.5	+26.0	+2.4	+4.8	+2.4	-2.4
Total.....	+2.1	-1.3	+10.6	+0.1	+1.1	-1.7	+2.9

WHOLESALE SALES

The value of August wholesale sales in the District was 2 per cent above a year ago and total sales for the year to date remain at about the same level as last year. Of the principal lines, August sales of dry goods and hardware were little changed from last year while sales of drugs were 5 and groceries 16 per cent lower and furniture 33 per cent larger. Wholesale inventories are about 5 per cent smaller than a year ago. Collections in August averaged 65.4 per cent of receivables against 70.5 per cent in August last year.

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

	No. of Firms	SALES		STOCKS	
		Aug.'39 comp. to Aug.'38	8 Mos.'39 comp. to 8 Mos.'38	July 31,'39 comp. to July 31,'38	Aug. 31,'39 comp. to Aug. 31,'38
		(Per cent increase or decrease)			
Auto. supplies...	8	+2.4	+2.0	.....	.....
Drugs.....	10	-4.8	-1.1	+3.1	+0.4
Dry goods.....	6	-0.6	-2.8	+4.1	-14.8
Electrical goods	11	+17.9	+12.9	+4.1	-7.0
Farm products..	12	+1.4	.....	-2.0	-7.7
Furniture.....	4	+32.9	+7.4	.....	.....
Groceries.....	37	-15.5	-4.2	+4.2	-5.8
Hdwre.—total... (16)		-1.8	+4.3	-0.4	+1.8
General.....	6	+1.2	+2.6	-0.5	+0.1
Industrial.....	5	-13.1	+8.0	-0.2	+9.0
Plbg. & htg.....	5	+9.9	+4.6	.....	.....
Machinery.....	4	+16.4	.....	.....	.....
Paper & prod....	4	-6.4	.....	.....	.....
Tobacco & prod.	6	-3.6	-3.5	.....	.....
All other lines..	21	-6.6	+4.3	+1.2	-3.6
Total.....	139	+2.0	Zero	+2.8	-4.6

Crops

Rains and more moderate temperatures during the forepart of August had resulted in an appreciable improvement in prospects for many late crops in the District, particularly in sections of southeastern Nebraska, eastern Kansas, and central and western Oklahoma. But very hot and dry weather late in August and in the first half of September has burned late corn, grain sorghums, and cotton badly and has caused extensive damage in addition to that which had already occurred in July. Corn production in this District is very short for the sixth consecutive year, in contrast with another large crop in the central and eastern Corn Belt.

Department of Agriculture corn estimates:

	Sept. 1	Aug. 1	Final	Aver.
	1939	1939	1938	'28-'37
	(In thousands of bushels)			
Colorado.....	5,656	5,656	11,319	15,771
Kansas.....	32,487	24,752	45,200	80,736
Missouri.....	114,520	108,385	106,500	113,655
Nebraska.....	76,388	72,750	107,735	159,176
New Mexico.....	2,916	2,160	2,606	2,928
Oklahoma.....	30,178	29,205	35,080	35,912
Wyoming.....	1,808	1,808	2,880	2,071
Seven states.....	263,953	244,716	311,320	410,249
United States.....	2,523,092	2,459,888	2,542,238	2,309,674

The dry weather by the first of September had practically halted seed bed preparations for winter wheat which had been resumed following early August rains. Nearly all the ground has been prepared for seeding in Kansas and Nebraska and some wheat has been sown in southwestern Kansas for fall pasture but in general the soil is much too dry for seeding. Soil moisture at the middle of September was badly depleted from Oklahoma northward through Nebraska.

August rainfall was very unevenly distributed, with rather wide variations in relatively small areas. For the states as a whole, Kansas had 111 and Missouri 123

per cent of normal rainfall for the month, while in Oklahoma it was 88, in Nebraska and New Mexico 74, in Wyoming 70, and in Colorado only 54 per cent of normal.

Rainfall

	Aug. 1939		8 Mos. 1939	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver.....	.43	1.43	5.94	10.73
Leadville.....	1.15	2.44	10.66	13.97
Pueblo.....	.68	1.82	7.60	9.40
Garnett.....	.95	1.27	4.07	5.11
Steamboat Springs.....	.31	1.77	13.05	15.84
KANSAS				
Topeka.....	3.51	4.08	18.94	24.81
Iola.....	3.10	3.64	22.09	26.55
Concordia.....	4.37	2.91	17.67	20.36
Salina.....	4.48	3.40	15.54	20.35
Wichita.....	5.84	3.13	25.44	22.04
Hays.....	3.53	3.14	14.44	18.24
Goodland.....	1.52	2.52	15.13	14.49
Dodge City.....	2.09	2.67	10.95	16.01
Elkhart.....	Trace	2.15	7.74	12.73
MISSOURI				
St. Joseph.....	2.40	3.83	21.85	25.88
Kansas City.....	4.64	4.09	30.10	26.47
Joplin.....	4.99	3.97	32.11	31.69
NEBRASKA				
Omaha.....	2.03	3.05	16.73	20.39
Lincoln.....	2.61	3.57	17.08	21.05
Norfolk.....	3.77	3.43	15.01	21.49
Grand Island.....	1.38	3.52	15.94	20.19
McCook.....	1.25	2.57	13.48	15.45
North Platte.....	1.17	2.39	10.53	14.93
Bridgeport.....	1.07	1.71	11.65	12.83
Valentine.....	2.19	2.17	15.26	15.33
NEW MEXICO				
Clayton.....	1.37	2.24	8.97	12.60
Santa Fe.....	.94	2.28	8.41	10.22
Farmington.....	1.47	1.22	4.18	6.12
OKLAHOMA				
Tulsa.....	1.18	3.21	22.76	27.35
McAlester.....	2.47	3.54	25.97	30.09
Oklahoma City.....	5.52	2.89	23.28	21.87
Pauls Valley.....	2.70	2.72	19.83	24.13
Hobart.....	1.80	2.17	17.63	19.36
Enid.....	1.87	3.48	22.35	21.88
Woodward.....	.82	2.68	18.69	18.31
WYOMING				
Cheyenne.....	.43	1.55	8.65	11.76
Casper.....	.33	.96	5.85	10.81
Lander.....	.20	.53	6.93	9.07
Sheridan.....	2.22	.91	14.94	11.45

Grain Marketing

Following the outbreak of war in Europe, cash wheat prices in the first week of September advanced the limit of 5 cents on four successive trading days before the legal limit on daily fluctuations was doubled in order to break the deadlock in the market resulting from a lack of offerings. In this period wheat prices rose from virtually a seven-year low to the highest point in more than a year while corn prices advanced from a six-year low to the highest level in nearly two years. Wheat prices are now considerably above the Government loan rate and remain close to the level established in the first week of September but corn prices have since declined and are again below the loan rate.

The lower range of cash prices at Kansas City:

	Sept. 23 1939	Aug. 31 1939	July 31 1939	Aug. 31 1938
No. 1 hd., dk. wheat, bu.....	\$.86	\$.67	\$.66½	\$.63¾
No. 2 mixed corn, bu.....	.54½	.45½	.44	.49½
No. 2 white oats, bu.....	.35	.30¾	.28½	.24
No. 2 rye, bu.....	.55	.44	.43½	.40
No. 2 barley, bu.....	.51	.42	.39½	.39
No. 2 white kafir, cwt.....	1.15	1.04	1.06	.80

Wheat marketings declined much more than is usual during August as growers and country elevators tended to hold wheat either for higher prices or for storage under Government loans at rates then well above the market. Wheat receipts were little more than a third of what they were in August a year ago and were less than a third of normal. Corn marketings in August were little more than a fourth of normal. Sharply higher prices in September, however, have loosened country holdings of these grains somewhat and farmers tend to redeem corn loans.

August grain receipts at five District markets:

	Wheat	Corn	Oats
(In bushels)			
Hutchinson.....	825,000	....	....
Kansas City.....	3,093,000	384,000	184,000
Omaha.....	2,037,000	269,000	396,000
St. Joseph.....	378,000	238,000	352,000
Wichita.....	1,150,000	....	5,000
Aug. 1939.....	7,483,000	891,000	937,000
July 1939.....	61,828,000	1,220,000	1,165,000
Aug. 1938.....	20,530,000	1,206,000	2,394,000
8 Mos. 1939.....	141,052,000	12,074,000	7,237,000
8 Mos. 1938.....	141,766,000	16,558,000	7,853,000

Livestock

MARKETINGS

Marketings of cattle, calves, and sheep increased and hog marketings declined seasonally in August. Receipts of calves were little changed from August a year ago, but receipts of cattle and sheep were about 6 per cent less while hog receipts continued substantially above last year. Marketings of cattle were 22, calves 26, and hogs 32 per cent below the ten year average while sheep exceeded the average by 6 per cent. A holding tendency was evident at times in marketings of cattle, calves, and hogs.

August livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	39,542	5,619	24,632	379,853
Kansas City.....	137,184	26,975	123,800	79,022
Oklahoma City.....	40,560	19,631	42,511	14,077
Omaha.....	112,509	10,118	115,042	212,617
St. Joseph.....	31,809	4,686	57,917	68,997
Wichita.....	23,685	7,343	30,993	16,780
Aug. 1939.....	385,289	74,372	394,895	771,346
July 1939.....	321,623	69,233	423,113	569,565
Aug. 1938.....	411,008	75,033	301,137	828,560
8 Mos. 1939.....	2,350,310	446,091	3,287,198	4,539,369
8 Mos. 1938.....	2,441,919	459,373	2,571,039	4,762,721

PRICES

Livestock prices generally continued to decline up to late August, then recovered strongly toward the

end of the month, owing in part to seasonal influences, and rose sharply in the first week of September when war hysteria and meager receipts caused a spectacular advance that carried cattle and lamb prices to their highest level since last spring and hog prices to the highest point in almost a year. Coinciding with the upturn in livestock values was a substantial rise in wholesale dressed meat prices and in prices of livestock by-products, notably hides and wool. Beef steer prices advanced fully \$1.90 a hundredweight, slaughter lambs \$2.25, and hogs \$3.25 from August lows and the buying rush extended to stocker and feeder animals as well, although here the gains were less pronounced. At the peak of the rise, beef steers and hogs were back to the level of a year ago and lamb prices were substantially above last year. After the first week of September, prices lost part of their upturn as buying pressure eased and marketings increased to more nearly normal proportions for the season.

Top livestock prices at the Kansas City market:

	Sept. 23 1939	Aug. 1939	July 1939	Aug. 1938	Aug. 1937	Aug. 1936
	(In dollars per hundredweight)					
Beef steers.....	11.00	10.35	10.25	12.35	17.00	9.50
Stocker cattle.....	10.25	9.50	10.00	9.00	10.00	7.25
Feeder cattle.....	9.75	8.65	9.00	10.75	12.40	8.25
Calves.....	10.00	9.50	10.00	9.50	10.00	7.50
Hogs.....	7.75	6.55	7.05	9.90	13.20	11.55
Sheep.....	7.00	7.00	7.75	7.00	8.50	7.75
Lambs.....	9.25	9.15	10.10	8.75	11.00	10.25

STOCKERS AND FEEDERS

Shipments of stocker and feeder livestock from markets back to the country increased seasonally during August as market supplies increased and rose further in the first week of September when Corn Belt farmers rushed into the market for replacement stock, influenced by abundant feed supplies on hand and the sharply higher prices obtainable for fat livestock after the outbreak of war in Europe. August shipments were markedly above a year ago and generally were quite heavy, the movement of cattle being 7, calves 56, and sheep 23 per cent above the August ten-year average while that of hogs remained at a level about half of normal.

August stocker-feeder shipments:

	Cattle	Calves	Hogs	Sheep
Denver.....	16,958	1,282	101	88,511
Kansas City.....	68,137	14,555	1,996	19,062
Omaha.....	37,399	4,840	1,253	95,270
St. Joseph.....	6,432	1,147	1,027	21,502
Aug. 1939.....	128,926	21,824	4,377	224,345
July 1939.....	58,113	16,300	4,260	79,849
Aug. 1938.....	113,022	11,563	3,710	167,702
8 Mos. 1939.....	564,398	119,482	33,943	626,959
8 Mos. 1938.....	526,855	65,348	30,859	478,051

RANGES AND PASTURES

Following a rather marked decline in condition in July, ranges and pastures in the District held their own in August but again were deteriorating badly

early in September because of very hot and dry weather. However, cattle and sheep continue in good condition and ranges are about equal to average except in Colorado and Wyoming. In these two states, winter range prospects are poor, there is little demand for breeding and feeding stock, and indications are for heavy marketings of livestock this fall. Contracting of feeder cattle and lambs for fall delivery was slow during August but expanded early in September, when fat livestock prices advanced sharply, and shipments from the range areas have already begun from two to four weeks ahead of the usual delivery date.

Range and pasture conditions reported by the Department of Agriculture:

	RANGES			PASTURES		
	Sept. 1 1939	Sept. 1 1938	Aver. '29-'38	Sept. 1 1939	Sept. 1 1938	Aver. '28-'37
	(In percentages of 100 as normal)					
Colorado.....	64	85	79	45	71	64
Kansas.....	64	69	65	63	70	52
Missouri.....	.....	.....	.....	86	67	55
Nebraska.....	77	84	78	45	57	55
New Mexico.....	82	82	81	72	61	69
Oklahoma.....	74	80	65	59	66	48
Wyoming.....	68	82	77	57	75	70

Farm Income

Cash farm income in the District in July fell 13 per cent under a year ago, reflecting principally smaller receipts from the sale of crops although Government conservation and parity payments and receipts from the sale of livestock also were smaller than in July of last year. The decrease in income from crops, which measured 23 per cent, resulted mainly from smaller marketings of wheat and cotton, together with somewhat lower wheat prices than those in July a year ago. Income from meat animals and wool generally was above last year but these increases were more than offset by smaller returns from eggs and dairy products so that income from livestock was 3 per cent lower.

Department of Agriculture farm income estimates:

	July 1939	July 1938	7 Mos. 1939	7 Mos. 1938
	(In thousands of dollars)			
Colorado.....	7,257	9,616	54,487	53,747
Kansas.....	35,489	41,974	150,653	151,144
Missouri.....	23,016	27,296	129,076	130,946
Nebraska.....	18,137	19,167	130,615	113,076
New Mexico.....	2,727	1,747	15,850	14,655
Oklahoma.....	20,152	24,098	91,760	93,874
Wyoming.....	2,864	2,640	17,677	15,648
Seven states.....	109,642	126,538	590,118	573,090
United States.....	570,000	643,000	3,951,000	3,984,000

Cash farm income in the District so far in 1939 still shows an increase of 3 per cent over 1938 owing to substantially heavier Government payments in earlier months this year, some increase in returns from livestock, and the large volume of commodity credit loans on corn in Nebraska.

Meat Packing

A heavy country demand for stocker and feeder livestock in August greatly curtailed the proportion of market supplies available for immediate slaughter. Packers' purchases of cattle, calves, and sheep were little changed from the preceding month despite increased marketings and were considerably under purchases in August a year ago. Hog slaughter continues much above last year. The slaughter of cattle was 22, calves 43, hogs 26, and sheep 18 per cent below the August ten-year average.

August packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	16,739	3,491	21,506	43,577
Kansas City.....	57,777	9,833	116,412	58,652
Oklahoma City.....	16,174	11,883	28,709	7,345
Omaha.....	63,040	5,105	90,812	101,485
St. Joseph.....	22,907	3,440	48,463	47,545
Wichita.....	11,232	3,848	28,611	9,446
Aug. 1939.....	187,869	37,600	334,513	268,050
July 1939.....	181,815	37,607	371,389	273,162
Aug. 1938.....	208,399	51,914	275,911	313,277
8 Mos. 1939.....	1,310,315	261,319	2,869,912	2,452,609
8 Mos. 1938.....	1,377,822	324,385	2,275,117	2,525,093

Cold Storage Holdings

In comparison with usual seasonal changes, United States cold storage stocks of most commodities continued to decline rather sharply in August. September 1 holdings of lard and cheese were little different from the average for that date during the past five years, which includes the drought period, but stocks of beef were 39, pork 9, and shell eggs 10 per cent below while stocks of lamb were 22, poultry 20, frozen eggs 10, and butter 19 per cent above the average.

United States cold storage holdings:

	Sept. 1 1939	Aug. 1 1939	Sept. 1 1938	Aver. '34-'38
(In thousands of units)				
Beef, lbs.....	33,147	33,456	34,467	54,134
Pork, lbs.....	361,626	454,766	334,777	398,095
Lamb and mutton, lbs.....	2,390	1,893	1,861	1,952
Poultry, lbs.....	63,789	64,918	54,941	53,024
Miscellaneous meats, lbs.....	66,470	69,013	60,167	64,662
Lard, lbs.....	112,145	139,815	116,620	113,193
Eggs, shell, cases.....	6,596	7,024	5,942	7,330
Eggs, frozen (case equiv.)..	3,883	4,125	3,572	3,534
Butter, creamery, lbs.....	173,093	165,183	201,252	145,113
Cheese, all varieties, lbs.....	124,885	117,598	150,248	121,757

Flour Milling

Activity at southwestern flour mills rose seasonally in August and output for the month was 3 per cent larger than a year ago and the ten-year average. Production for the year to date is little changed from last year. Flour sales, following one of the lightest Augusts of record, increased to 135 per cent of capacity in the first week of September when wheat prices advanced sharply and flour prices rose as much as \$1 a barrel. Flour production also expanded sharply early in September, reaching a record level at that time.

Flour output reported by the Northwestern Miller:

	Aug. 1939	Change from	
		July 1939	Aug. 1938
(In barrels)			
Kansas City.....	652,000	+51,000	-6,000
Salina.....	209,000	-16,000	-17,000
Wichita.....	190,000	+6,000	+52,000
Other cities.....	1,155,000	+113,000	+35,000
Southwest.....	2,206,000	+154,000	+64,000
United States*.....	6,092,000	+425,000	-21,000

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

Petroleum

Daily average crude oil production in the District in August dropped about 30 per cent under the level that had prevailed during the five preceding months as a result of the shutdown of wells in Kansas, Oklahoma, and New Mexico on August 16 for the balance of the month. August output was also 30 per cent under a year ago and the ten-year average.

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

	Aug. 1939		July 1939		Aug. 1938	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
(In thousands of barrels)						
Colo.....	123	4.0	126	4.1	128	4.2
Kans.....	*3,927	*126.7	5,488	177.0	5,190	167.4
N. Mex.....	1,936	62.5	3,363	108.5	2,974	96.0
Okla.....	*9,370	*302.2	13,960	450.3	14,616	471.5
Wyo.....	1,992	64.2	1,920	61.9	1,814	58.5
5 States.....	17,348	559.6	24,857	801.8	24,722	797.6
U. S.....	85,013	2,742.4	110,937	3,578.6	106,165	3,424.7

*Includes oil run to pipe lines after the shutdown.

Stocks of crude petroleum, which already were at a low level, were drawn upon heavily during the last half of August and there were also heavy withdrawals from stocks of gasoline because of the restriction placed on refinery operations by inadequate crude supplies. Gasoline prices have improved and crude oil price schedules were restored on September 1 to the level prior to the cut of 20 cents a barrel on August 10, with trade reports indicating that less crude is now being sold below the posted price than formerly.

Coal

Bituminous coal production in the District increased seasonally during August. Output was 3 per cent less than in August a year ago but production for the year to date is 2 per cent larger than last year.

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

	Aug. 1939	Change from	
		July 1939	Aug. 1938
(In tons)			
Colorado.....	395,000	+132,000	+71,000
Kansas and Missouri.....	420,000	+109,000	-111,000
New Mexico.....	95,000	+8,000	-9,000
Oklahoma.....	151,000	+116,000	+11,000
Wyoming.....	430,000	+84,000	Zero
Six states.....	1,491,000	+449,000	-38,000
United States.....	34,470,000	+5,335,000	+5,805,000

Zinc and Lead

Production and shipments of zinc and lead ore from the Tri-State district increased during August. Output of both zinc and lead continues much above a year ago but August shipments of zinc were 25 per cent smaller and lead little changed from last year. Stocks of ore are at a rather low level and producers were reluctant to dispose of ore until prices advanced sharply in the first half of September to their highest level in about two years. Shipments subsequently have shown large gains.

August ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	9,902	\$ 310,086	1,282	\$ 73,502
Missouri.....	2,568	80,398	381	21,770
Oklahoma.....	19,786	619,737	2,385	137,117
Aug. 1939.....	32,256	\$1,010,221	4,048	\$ 232,389
July 1939.....	28,589	858,762	3,849	213,399
Aug. 1938.....	43,001	1,193,310	4,210	226,214
8 Mos. 1939.....	257,347	7,675,094	40,188	2,185,469
8 Mos. 1938.....	241,441	6,588,544	33,931	1,687,011

Employment and Pay Rolls

Industrial employment and pay rolls increased from the middle of July to the middle of August in nearly all states of the District. Employment is about 1 and pay rolls 2 per cent above a year ago.

Preliminary figures of the Department of Labor:

	August 1939 per cent change from July 1939	
	Employment	Pay Rolls
Colorado.....	+0.5	+3.9
Kansas.....	+0.1	-0.8
Missouri.....	-2.4	-1.8
Nebraska.....	+1.5	+1.6
New Mexico.....	+1.4	+5.5
Oklahoma.....	+0.4	+0.9
Wyoming.....	+1.6	+11.1
Seven states.....	-0.8	+0.1

Building

Value of construction awards declined during August in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) and was 8 per cent less than a year ago, owing largely to substantially smaller awards for commercial, public, and other types of nonresidential building. Total awards so far this year, however, still show an increase of 6 per cent over last year. In the first half of September, awards were more than half again larger than a year ago.

Construction figures of F. W. Dodge Corporation:

	Aug. 1939	Aug. 1938	8 Mos. 1939	8 Mos. 1938
	(In thousands of dollars)			
Residential building.....	2,711	3,345	27,348	20,419
Nonresidential building.....	2,035	4,182	24,439	24,360
Public works construction.....	3,188	1,619	16,767	23,145
Utility construction.....	1,501	1,122	14,117	10,136
Kansas City area.....	9,435	10,268	82,671	78,060
37 Eastern states.....	312,328	313,141	2,311,575	1,847,212

The value of building permits issued in reporting District cities decreased further during August but remained 14 per cent above that for the same month a year ago. Value of permits for the year to date shows an increase of 47 per cent over last year.

August building permits in eighteen District cities:

	PERMITS		ESTIMATED COST	
	1939	1938	1939	1938
Albuquerque, N. Mex....	88	67	\$ 219,000	\$ 127,000
Cheyenne, Wyo.....	50	58	92,000	79,000
Colorado Springs, Colo.....	56	40	41,000	18,000
Denver, Colo.....	904	567	1,027,000	647,000
Hutchinson, Kans.....	71	83	32,000	36,000
Joplin, Mo.....	25	20	47,000	28,000
Kansas City, Kans.....	48	49	37,000	63,000
Kansas City, Mo.....	175	143	168,000	176,000
Lincoln, Nebr.....	255	203	161,000	262,000
Oklahoma City, Okla....	172	208	329,000	506,000
Omaha, Nebr.....	163	169	270,000	196,000
Pueblo, Colo.....	61	63	83,000	38,000
Salina, Kans.....	15	20	20,000	39,000
Shawnee, Okla.....	25	17	35,000	9,000
St. Joseph, Mo.....	29	13	36,000	13,000
Topeka, Kans.....	83	90	96,000	132,000
Tulsa, Okla.....	170	181	382,000	349,000
Wichita, Kans.....	285	279	241,000	199,000
August.....	2,675	2,270	\$ 3,316,000	\$ 2,917,000
July.....	2,347	1,941	3,811,000	2,817,000
Eight months.....	17,471	15,640	32,762,000	22,353,000

Lumber

Board feet lumber sales at reporting retail yards in the District increased further during August but remained at a level 3 per cent under a year ago, narrowing the increase for 1939 to date to only 4 per cent over 1938. Dollar sales of all materials in August were 8 per cent above last year.

Lumber stocks declined as is usual during August and continue 6 per cent under a year ago. Collections in August averaged 32.3 per cent as compared with 33.7 per cent in July and 32.0 per cent in August, 1938.

Lumber trade at 153 retail yards in the District:

	Aug. 1939 per cent change from July 1939		Aug. 1938
	July 1939	Aug. 1938	
Sales of lumber, board feet.....	+8.5	-3.0	
Sales of all materials, dollars.....	+7.5	+7.7	
Stocks of lumber, board feet.....	-1.9	-6.4	
Outstandings, dollars.....	+2.6	-2.0	

Life Insurance

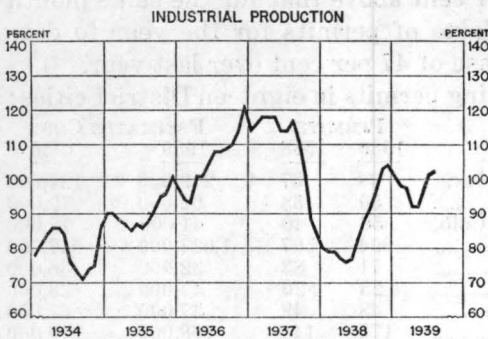
Life insurance sales in the District in August were 5 per cent smaller but in the first eight months of the year 4 per cent larger than a year ago.

The Life Insurance Sales Research Bureau report:

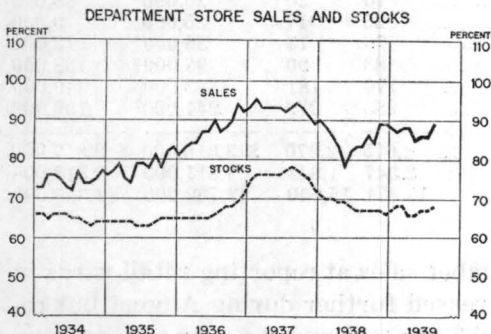
	Change from		
	Aug. 1939	July 1939	Aug. 1938
(In thousands of dollars)			
Colorado.....	4,879	+769	+99
Kansas.....	5,869	-348	-1,110
Missouri.....	15,684	+598	+33
Nebraska.....	5,361	+1,054	+188
New Mexico.....	999	-18	-94
Oklahoma.....	6,775	-289	-976
Wyoming.....	1,058	+90	-124
Seven states.....	40,625	+1,856	-1,984
United States.....	479,794	+17,371	+8,877

NATIONAL SUMMARY OF BUSINESS CONDITIONS

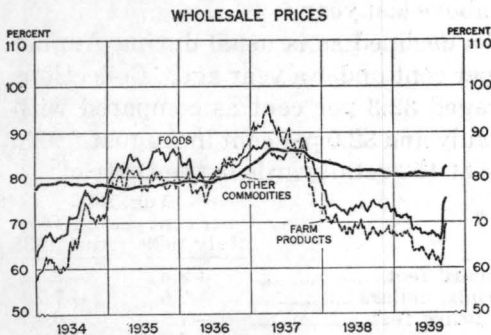
By the Board of Governors of the Federal Reserve System



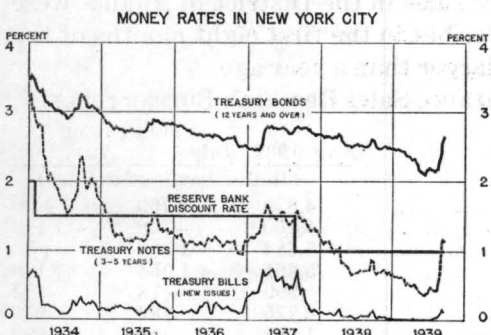
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average =100. By months, January, 1934, through August, 1939.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through August, 1939.



Indexes compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 through week ending September 16, 1939.



For weeks ending January 6, 1934, through September 16, 1939.

Industrial activity, which had increased substantially during the summer, showed a sharp advance in the first half of September after the outbreak of war in Europe. Prices of basic commodities and equity securities rose sharply while prices of high-grade bonds declined.

PRODUCTION

In August, the Board's seasonally adjusted index of industrial production was at 102 per cent of the 1923-1925 average as compared with 101 per cent reached in July. Volume of manufacturing production increased further, but mineral production declined, owing to a temporary curtailment in output of crude petroleum. In the iron and steel industry output increased somewhat further in August and rose sharply in the first half of September, steel ingot production reaching a rate of 70 per cent of capacity in the week ending September 16 as compared with about 63 per cent at the beginning of the month. Automobile production showed about the usual sharp seasonal changes in this period as the shift to new model production was being made. Output of plate glass increased sharply. Production of nondurable manufactures advanced in August, reflecting chiefly increased activity at cotton and woolen textile mills. At meat-packing establishments activity declined less than seasonally, while at flour mills, where output has been at a high rate in recent months, there was not the usual large seasonal increase. Shoe production advanced seasonally. At coal mines output increased by about the usual seasonal amount and shipments of iron ore were at the highest rate of this season. Petroleum production declined sharply during the latter half of August, reflecting shutdowns of wells in most of the principal oil producing states, but increased rapidly in the first half of September when the wells were reopened.

Value of construction contracts, as reported by the F. W. Dodge Corporation, increased somewhat in August, owing to larger awards for publicly-financed projects, including several large dams and an increased volume of United States Housing Administration projects. Private residential building showed little change, although there is usually some seasonal decline. Other private construction, which in July had been the highest for any month in two years, declined in August.

DISTRIBUTION

Department store sales increased more than seasonally from July to August. The Board's adjusted index advanced from 86 to 89 per cent of the 1923-1925 average and was at about the level reached in the latter part of last year. Sales at variety stores showed little change in August.

Freight carloadings rose somewhat further in August, reflecting chiefly continued increases in shipments of coal and miscellaneous freight.

COMMODITY PRICES

Prices of most basic foodstuffs and industrial materials advanced sharply in the first half of September. Prices of wheat, corn, sugar, cocoa, and vegetable oils as well as of hides, rubber, wool, zinc, and tin showed the largest increases. The general level of wholesale commodity prices as measured by the Bureau of Labor Statistics index rose 3.1 points and in the week ending September 9 was at 78.4 per cent of the 1926 average, about the same level as a year ago.

AGRICULTURE

Crop prospects showed some improvement on September 1 over a month earlier, according to the Department of Agriculture. Indications are that production of all leading crops except cotton will be average or above average in volume. A cotton crop of 12,380,000 bales, about 10 per cent below the 1928-1937 average, is forecast. This compares with a crop of 11,940,000 bales in 1938 and an estimated world consumption of 11,265,000 bales of American cotton during the past season.

GOVERNMENT SECURITY MARKET

Average yields on long-term Treasury bonds, which had advanced fractionally since last June, increased sharply by about $\frac{1}{2}$ of 1 per cent in the latter half of August and early September. In pursuance of the System's policy of endeavoring to maintain orderly conditions in the money market, the Federal Reserve banks during the first half of September increased their holdings of Government securities by about \$400,000,000. On September 1 the Board of Governors of the Federal Reserve System announced that the Federal Reserve banks are prepared at this time to make advances on Government obligations to member and nonmember banks at par and at the same rate of discount.

BANK CREDIT

Total investments held by reporting member banks in 101 leading cities declined during the first half of September. At New York City banks the decline represented the redemption at maturity of Federal Farm Mortgage Corporation bonds and at banks in other leading cities it represented the sale of Treasury bills and bonds. Commercial loans of city banks showed a substantial growth during August and the first half of September.