

MONTHLY REVIEW

Agricultural and Business Conditions

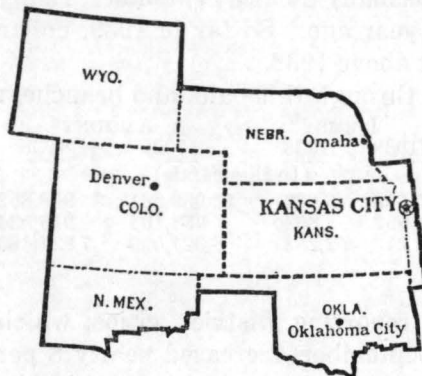
TENTH FEDERAL RESERVE DISTRICT

VOL. 24, No. 10

FEDERAL RESERVE BANK OF KANSAS CITY

OCTOBER 31, 1939

Business in the Tenth Federal Reserve District



Virtually all of the Hard Winter Wheat Belt is within the boundaries of this District and seeding conditions have been the most unfavorable in years. Serious lack of moisture nearly everywhere has either delayed planting or prevented the germination of seed where sown. The present outlook for next season's crop is very poor and there will be little fall pasturage.

Following the upsurge early in September, farm prices have generally declined. Wheat and cattle prices are down only moderately, but those of corn and hogs have lost a substantial part of the rise. With the exception of wheat, marketings are heavier.

Very warm weather in September hurt department store sales but in the first three weeks of October a marked rebound occurred and sales are now running substantially above a year ago.

Bank deposits, check transactions, and loans continue to rise but bank investments are lower.

BUSINESS INDICATORS	SEPTEMBER 1939 COMPARED WITH SEPTEMBER 1938								9 MOS. 1939 COMPARED WITH 9 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																
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																

-74

+77

Member Bank Operations

Loans at reporting member banks in the Tenth District, which had shown a marked increase early in September, rose gradually further from the middle of September to the third week of October. Commercial loans continued to increase, but at a less rapid rate, while holdings of open market paper and security loans declined rather sharply. The recent decline in investments leveled off during this period, a further decrease in holdings of Government bonds and of obligations guaranteed by the Government and a decline in holdings of "other" securities being about offset by a further increase in holdings of Treasury bills and notes. Loans are 14 per cent larger but investments are 6 per cent smaller than a year ago.

Deposits at reporting member banks rose to new record levels in the third week of October. Correspondent balances carried at other banks and reserve balances carried at this bank also rose to a new high. Adjusted demand deposits are 9 and deposits of other banks at these reporting banks 17 per cent larger than a year ago while correspondent balances are 21 and reserve balances 26 per cent greater.

Principal items of condition of 51 member banks:

	Change from		
	Oct. 18 1939	Sept. 13 1939	Oct. 19 1938
	(In thousands of dollars)		
Loans and investments—total.....	655,546	+2,149	+10,633
Loans—total.....	283,290	+2,476	+35,088
Coml., indust., agric.....	173,682	+4,543	+24,691
Open market paper.....	16,662	-2,080	-1,690
To security brokers and dealers.....	3,176	-193	-1,083
Other to purchase or carry secur..	9,532	-463	-2,526
Real estate loans.....	25,568	+62	+3,357
Loans to banks.....	535	+131	-86
All other loans.....	54,135	+476	+12,425
Investments—total.....	372,256	-327	-24,455
U. S. Treasury bills.....	9,908	+3,974	*
U. S. Treasury notes.....	84,148	+1,254	*
U. S. Govt. bonds.....	94,489	-570	*
Oblig. guar. by U. S. Govt.....	52,210	-2,057	+3,147
Other securities.....	131,501	-2,928	+6,369
Reserve with F. R. Bank.....	198,857	+6,258	+40,417
Balances with domestic banks.....	356,605	+21,382	+61,235
Demand deposits—adjusted.....	538,987	+12,676	+43,313
Time deposits.....	144,557	+973	+985
U. S. Govt. deposits.....	23,050	+12	+2,523
Interbank deposits.....	437,764	+14,612	+63,685

*Comparable figures not available.

Reserve Bank Operations

Note circulation of this bank has risen further, reaching a new high level of 178¾ million dollars in the second week of October and averaging 178½ million during the first half of the month as compared with an average of about 176 million in September and 173½ million in August. Circulation is better than 12 million above this time last year.

This bank's participation in the System's holdings of Government securities, which had been increased by about 12½ million dollars in the first half of September, subsequently was reduced.

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

	Change from		
	Oct. 18 1939	Sept. 13 1939	Oct. 19 1938
	(In thousands of dollars)		
Total reserves.....	364,938	-7,331	+37,663
Bills discounted.....	707	+418	+219
Bills purchased.....	16	Zero	Zero
Industrial advances.....	201	-3	-212
Commit. to make indust. adv.....	576	-20	+47
U. S. Govt. sec., direct & guar....	120,536	-12,800	+7,287
Total assets.....	528,448	-19,643	+44,715
F. R. notes in circulation.....	178,219	+2,446	+12,144
Member bank reserve deposits..	276,113	+8,387	+46,258

Dollar volume of check collections increased somewhat more than seasonally during September, rising 8 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)			
September.....	5,698	5,679	\$ 980,561	\$ 908,852
August.....	5,907	5,862	938,104	919,924
Nine months.....	53,213	52,283	8,321,090	7,927,463

Bank Debits

Bank debits in reporting District cities, which usually decline in September, increased nearly 8 per cent during that month. However, debits in this District in September were only 8 and so far this year are only 2 per cent above a year ago as compared with increases of 14 and 5 per cent, respectively, for the country as a whole.

Payments by check in thirty District cities:

	Change from		
	Sept. 1939	Aug. 1939	Sept. 1938
	(In thousands of dollars)		
Albuquerque, N. Mex.....	16,223	+1,291	+2,514
Atchison, Kans.....	3,208	+412	+394
Bartlesville, Okla.....	30,799	+572	+1,638
Casper, Wyo.....	6,224	+899	+363
Cheyenne, Wyo.....	8,576	-125	-631
Colorado Springs, Colo.....	17,012	+2,685	+1,591
Denver, Colo.....	172,361	+10,841	+17,539
Emporia, Kans.....	3,211	+560	+110
Enid, Okla.....	11,287	-1,359	+917
Fremont, Nebr.....	2,703	+146	+281
Grand Junction, Colo.....	4,304	+398	+622
Guthrie, Okla.....	1,451	+143	-323
Hutchinson, Kans.....	12,153	+1,209	+2,386
Independence, Kans.....	2,420	-125	-84
Joplin, Mo.....	10,563	+1,008	+1,311
Kansas City, Kans.....	15,449	-960	+404
Kansas City, Mo.....	349,358	+49,921	+53,594
Lawrence, Kans.....	3,459	+48	+309
Lincoln, Nebr.....	29,942	+2,164	+2,718
Muskogee, Okla.....	8,853	+1,861	+846
Oklahoma City, Okla.....	97,581	+6,661	+3,827
Oklmulgee, Okla.....	2,580	+293	-76
Omaha, Nebr.....	160,069	+13,485	+24,019
Pittsburg, Kans.....	3,530	+263	-129
Pueblo, Colo.....	20,260	+5,522	-6,501
Salina, Kans.....	8,977	+1,714	+955
St. Joseph, Mo.....	29,456	+3,660	+3,528
Topeka, Kans.....	16,324	-2,856	+1,043
Tulsa, Okla.....	115,187	-13,742	-27,044
Wichita, Kans.....	44,498	-438	+2,802
District, 30 cities.....	1,208,018	+86,151	+88,923
United States, 141 cities..	33,664,165	+3,050,981	+4,138,889

Trade

RETAIL SALES

Dollar volume of sales at reporting department stores in the District showed less than the usual seasonal rise during September, owing largely to unseasonably warm temperatures. September sales, however, were 3 per cent above a year ago as compared with an increase of less than 2 per cent for the first nine months of the year, and sales in the last week of September and the first half of October were more than 10 per cent above last year. Retail prices currently tend upward and are slightly above a year ago.

Stocks of merchandise increased seasonally during September but remain appreciably under the level of a year ago. Collections on open accounts averaged 43.6 per cent in September as compared with 42.8 per cent last year, while installment collections averaged 15.8 and 14.9 per cent, respectively.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Sept.'39 comp. to Sept.'38	9 Mos.'39 comp. to 9 Mos.'38	Sept. 30, '39 comp. to Sept. 30, '38	Sept. 30, '39 comp. to Sept. 30, '38
	(Per cent increase or decrease)			
Denver.....	4	+11.7	+3.0	+6.2
Kansas City.....	5	+1.2	+2.5	+7.6
Oklahoma City.....	3	-1.2	+4.0	+11.3
Omaha.....	3	-0.2	-0.2	-0.6
Tulsa.....	4	-1.7	-0.3	+5.0
Wichita.....	3	-0.3	Zero	....
Other cities.....	19	+0.7	-0.7	+7.8
District.....	41	+2.9	+1.6	+6.0

Total retail sales in the District in September were 6 and in the first nine 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:

	Sept. 1939 per cent change from Sept. 1938					
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okl. Wyo.
Apparel.....	-1.8	+5.2	+1.4	+8.0	+4.2	-1.2
Automobile.....	+18.1	+14.8	+26.0	+27.1	-10.3	+15.2
Country genl.....	+2.1	+2.8	+9.2	+6.1	+3.0	-7.5
Department.....	+5.0	+2.5	+4.2	-1.7	-2.4	-1.2
Drug.....	+2.2	-0.9	+5.6	+7.3	+2.6	+0.1
Furniture.....	+17.1	+0.7	+9.7	+16.0	-5.1	-1.4
Grocery.....	+3.1	+3.0	+5.3	+4.5	+10.6	+4.7
Hardware.....	+7.7	+4.4	+12.4	+23.6	....	+14.6
Lbr. & mtls.....	-0.4	+6.7	+23.9	+1.8	+6.8	+4.9
Total.....	+5.3	+4.5	+7.2	+7.5	+0.3	+3.0

WHOLESALE SALES

The value of September wholesale sales in the District was 15 per cent larger than that for either the preceding month or the corresponding month a year ago, it being the first substantial increase for any month this year over 1938. Virtually all wholesale lines shared in this increase. Wholesale inventories rose about 4 per cent during the month to a level about the same as that at the close of September a year ago. Collections in September averaged 61.5 per cent of receivables as compared with 67.4 per cent last year.

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

Firms	SALES		STOCKS	
	Sept.'39 comp. to Sept.'38	9 Mos.'39 comp. to 9 Mos.'38	Aug. 31, '39 comp. to Sept. 30, '38	Sept. 30, '39 comp. to Sept. 30, '38
	(Per cent increase or decrease)			
Auto. supplies.....	6	-6.8	+0.7	+1.1
Drugs.....	13	+5.0	Zero	+2.5
Dry goods.....	7	+6.5	-1.3	-5.7
Electrical goods.....	10	+32.3	+14.9	-7.1
Farm products.....	12	+5.7	....	+14.9
Furniture.....	5	+29.6	+11.1	+6.8
Groceries.....	35	+20.1	-1.4	+12.0
Hdwe.—total.....(12)		+10.5	+4.9	-2.4
General.....	3	+3.8	+2.7	-3.7
Industrial.....	4	+8.9	+8.1	+3.0
Plbg. & htg.....	5	+39.5	+8.9	....
Jwelry & opt.gds.....	3	+30.2	....	+3.7
Machinery.....	3	+20.2	....	....
Paper & prod.....	3	+24.3	....	....
Tobacco & prod.....	5	+1.6	-2.9	....
All other lines.....	15	-2.2	+3.8	-1.5
Total.....	129	+14.8	+0.5	+3.6

Crops

Crop production in the District the past season was generally much below that of a year ago. Reduced output of wheat and oats was due principally to a smaller acreage, while corn, cotton, grain sorghums, and other late crops except in irrigated sections were seriously damaged by mid-summer and late-season heat and drought.

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

	Oct. 1 1939	Final 1938	Final 1937	Aver. '28-'37
	(In thousands of units)			
Winter wheat, bu.....	245,509	314,092	326,253	266,026
Spring wheat, bu.....	5,051	10,338	8,314	8,589
Corn, bu.....	261,494	311,320	274,900	410,249
Oats, bu.....	107,048	172,587	149,497	150,360
Rye, bu.....	5,921	6,701	6,300	4,038
Barley, bu.....	41,341	47,434	28,770	30,177
Grain sorghums, bu.....	36,282	45,290	38,709	33,955
Tame hay, tons.....	8,803	9,010	8,359	9,846
Flaxseed, bu.....	984	395	351	314
Broomcorn, tons.....	19	24	28	32
Cotton, bales.....	962	995	1,340	1,226
Dry beans, 100 lb. bags.....	2,467	2,689	2,342	2,119
Sugar beets, short tons.....	3,281	3,796	3,486	3,705
White potatoes, bu.....	30,404	31,137	36,307	36,497
Sweet potatoes, bu.....	2,360	2,865	2,620	2,546
Apples, bu.....	4,135	3,296	5,477	4,491
Peaches, bu.....	3,627	2,345	4,696	2,652
Pears, bu.....	1,012	534	1,362	984
Grapes, tons.....	25	17	23	21

A critical situation has developed with respect to winter wheat seeding, conditions for which are the poorest in many years. One of the most severe and widespread droughts of record occurred in September over the principal winter wheat area and topsoil moisture in Oklahoma, Kansas, and Nebraska at the first of October was less than a sixth and subsoil moisture less than a third of normal. Moderate rains in the first week of October were sufficient to relieve temporarily the acute drought situation and permitted farmers to

resume seeding operations but up to the middle of October less than two-thirds of the intended acreage had been sown. Wheat that had been seeded in dry soil does not have sufficient moisture to sprout and wheat that has sprouted is showing very thin and spotted stands and needs additional moisture to carry it along. In general wheat is in poor condition to survive the winter.

Rainfall

	Sept. 1939		9 Mos. 1939	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	.48	.99	6.42	11.72
Leadville.....	.89	1.39	11.55	15.36
Pueblo.....	.32	.75	7.92	10.15
Lamar.....	1.04	1.23	8.34	13.63
Garnett.....	.29	.75	4.36	5.86
Steamboat Springs.....	2.96	1.86	16.01	17.70
KANSAS				
Topeka.....	.40	3.82	19.34	28.63
Iola.....	.50	4.85	22.59	31.40
Concordia.....	.60	2.60	18.27	22.96
Salina.....	.30	2.72	15.84	23.07
Wichita.....	.30	3.09	25.74	25.13
Hays.....	.42	2.27	14.86	20.51
Goodland.....	.58	1.56	15.71	16.05
Dodge City.....	.10	1.90	11.05	17.91
Elkhart.....	.12	1.74	7.86	14.47
MISSOURI				
St. Joseph.....	.42	3.92	22.27	29.80
Kansas City.....	.54	4.56	30.64	31.03
Joplin.....	.41	3.92	32.52	35.61
NEBRASKA				
Omaha.....	.41	3.21	17.14	23.60
Lincoln.....	.26	2.98	17.34	24.03
Norfolk.....	.70	3.09	15.71	24.58
Grand Island.....	.12	2.92	16.06	23.11
McCook.....	.25	1.70	13.73	17.15
North Platte.....	.20	1.35	10.73	16.28
Bridgeport.....	.42	1.36	12.07	14.19
Valentine.....	.67	1.30	15.93	16.63
NEW MEXICO				
Clayton.....	.88	1.65	9.85	14.25
Santa Fe.....	2.53	1.45	10.94	11.67
Farmington.....	2.36	1.22	6.54	7.34
OKLAHOMA				
Tulsa.....	.15	3.32	22.91	30.67
McAlester.....	.31	3.46	26.28	33.55
Oklahoma City.....	.06	3.05	23.34	24.92
Pauls Valley.....	1.07	3.18	20.90	27.31
Hobart.....	.13	2.91	17.76	22.27
Enid.....	.09	3.06	22.44	24.94
Woodward.....	Trace	2.80	18.69	21.11
WYOMING				
Cheyenne.....	.49	1.20	9.14	12.96
Casper.....	.98	1.24	6.83	12.05
Lander.....	.64	.92	7.57	9.99
Sheridan.....	.75	1.27	15.69	12.72

Grain Marketing

Wheat marketings declined further during September as growers and country elevators continued to hold wheat despite the sharp advance in prices that took place early in the month. Wheat receipts remained in substantially smaller volume than a year ago and were little more than half the September average of the past ten years. There was a sharp increase, however, in marketings of corn, receipts of which were nearly three times what they were a year ago and 12 per cent above average.

September grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,025,000	....	....
Kansas City.....	2,646,000	1,209,000	170,000
Omaha.....	1,002,000	1,426,000	428,000
St. Joseph.....	370,000	141,000	550,000
Wichita.....	1,198,000	17,000	9,000
Sept. 1939.....	6,241,000	2,793,000	1,157,000
Aug. 1939.....	7,483,000	891,000	937,000
Sept. 1938.....	9,072,000	1,007,000	1,044,000
9 Mos. 1939.....	147,293,000	14,867,000	8,394,000
9 Mos. 1938.....	150,838,000	17,565,000	8,898,000

Cash grain prices rose sharply in the first week of September following the outbreak of war in Europe and then declined. Wheat prices, however, have receded only slightly and are still somewhat above the Government loan rate but corn prices have lost the greater part of their advance and again are considerably below the loan level. The strength in wheat prices is due in part to exceptionally unfavorable seeding conditions for winter wheat and to the fact that much wheat either is going into storage under Federal loans or is being used to pay crop insurance premiums, while weakness in corn prices results mainly from burdensome supplies.

The lower range of cash prices at Kansas City:

	Oct. 24 1939	Sept. 30 1939	Aug. 31 1939	Sept. 30 1938
No. 1 hd., dk. wheat, bu..	\$.83	\$.83 1/4	\$.67	\$.64 3/4
No. 2 mixed corn, bu.....	.48 1/4	.48 3/4	.45 1/2	.47 1/4
No. 2 white oats, bu.....	.36 1/4	.32 1/2	.30 3/4	.26
No. 2 rye, bu.....	.55	.53	.44	.41
No. 2 barley, bu.....	.48 1/2	.49	.42	.39
No. 2 white kafir, cwt....	1.05	.95	1.04	.90

Livestock

MARKETINGS

Marketings of livestock, stimulated by higher prices following the outbreak of war and to some extent by drought as well as usual seasonal influences, increased substantially during September, the increase in hog receipts being contrary to the usual trend. Cattle marketings were 11, calves 22, and hogs 40 per cent larger than a year ago but sheep marketings were 7 per cent smaller. Receipts of cattle and sheep were very little below the September ten-year average and calf receipts were 9 per cent above while hog receipts remained about 40 per cent below average.

September livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	61,248	7,964	25,243	530,570
Kansas City.....	199,514	44,169	143,911	154,132
Oklahoma City.....	45,921	21,929	48,500	21,931
Omaha.....	121,175	13,513	102,158	194,695
St. Joseph.....	33,907	5,567	56,616	88,548
Wichita.....	26,834	10,009	37,708	30,511
Sept. 1939.....	488,599	103,151	414,136	1,020,387
Aug. 1939.....	385,289	74,372	394,895	771,346
Sept. 1938.....	439,138	84,883	295,843	1,101,540
9 Mos. 1939.....	2,838,909	549,242	3,701,334	5,559,756
9 Mos. 1938.....	2,881,057	544,256	2,866,882	5,864,261

PRICES

The spectacular advance in livestock prices during the first week of September was followed by a rather sharp reaction when receipts increased, dressed meat markets turned lower, and the buying wave subsided. Lambs and hogs lost about half their upturn and cattle a small part of their advance. Livestock prices, however, are still substantially above August lows, being supported in part by higher prices for such by-products as hides, lard, and wool. Beef steer prices are about equal to a year ago and lamb prices are considerably above last year but hog prices again are under last year's level.

Top livestock prices at the Kansas City market:

	Oct. 24 1939	Sept. 1939	Aug. 1938	Sept. 1938	Sept. 1937	Sept. 1936
	(In dollars per hundredweight)					
Beef steers.....	11.00	11.85	10.35	11.50	17.25	9.75
Stocker cattle.....	10.00	10.50	9.50	8.75	9.25	7.50
Feeder cattle.....	9.00	10.35	8.65	10.00	12.00	8.60
Calves.....	10.00	11.00	9.50	10.00	10.50	9.00
Hogs.....	6.65	8.75	6.55	9.00	12.25	11.25
Sheep.....	7.25	7.00	7.00	6.60	9.25	7.60
Lambs.....	9.50	10.50	9.15	8.50	11.75	10.25

STOCKERS AND FEEDERS

The rise in fat livestock values, together with increased market supplies of stocker and feeder animals and abundant, relatively low-priced feed, resulted in a much larger than usual increase during September in the movement of cattle, calves, and sheep from markets to the country. Shipments were considerably in excess of those in September a year ago, with cattle 28, calves 91, and sheep 6 per cent above the ten-year average, while hog shipments remain at a level about half of normal. There was also a heavy movement direct to feed lots in addition to stocker and feeder shipments from public markets.

September stocker-feeder shipments:

	Cattle	Calves	Hogs	Sheep
Denver.....	29,117	3,966	17	182,240
Kansas City.....	107,138	24,843	3,492	45,607
Omaha.....	49,656	7,446	698	85,838
St. Joseph.....	8,958	2,440	743	36,560
Sept. 1939.....	194,869	38,695	4,950	350,245
Aug. 1939.....	128,926	21,824	4,377	224,345
Sept. 1938.....	172,531	17,876	2,448	310,290
9 Mos. 1939.....	759,267	158,177	38,893	977,204
9 Mos. 1938.....	699,386	83,224	33,307	788,341

According to the Department of Agriculture, cattle feeding operations during the coming winter are expected to show an increase over last year in Missouri and other central and eastern Corn Belt states but any increase in feeding in Corn Belt states west of the Missouri River is likely to be small. The number of cattle fed this year in western states is indicated to be smaller than last, with the possibility that feeding in important irrigated feeding areas east of the Rocky Mountains may be materially reduced. Except in Missouri, the corn crop in this District was very short

and ranges in western areas have been seriously damaged by fall drought.

Lamb feeding operations during the 1939-40 feeding season are expected to be considerably larger than last year in Corn Belt states but smaller in western states, particularly in Colorado where indications early in October were for the smallest number on feed since 1927. A rather sharp reduction from last year appears probable also in the Scottsbluff feeding area of Nebraska and Wyoming. A year ago there was a very heavy movement of lambs after October 1 into Oklahoma and Kansas to be fattened on winter wheat pasture but this year very little wheat pasturage so far is available.

RANGES AND PASTURES

Severe drought and abnormally high temperatures during September caused a marked decline in the condition of ranges and pastures over the lower half of the Great Plains from southern Nebraska to Texas. This area received less than a fourth of normal rainfall and large sections had practically none. Although cattle and sheep have held up well in flesh, the short feed situation in this area indicates heavy marketings of livestock this fall, particularly from localities where winter grazing is practiced, the movement already having begun much earlier than usual. On the western slope of Colorado and in sections of Wyoming and New Mexico that had adequate rainfall, there was marked improvement in ranges and a stronger tendency to increase livestock numbers.

Farm Income

Cash farm income in the District both in August and in the first eight months of the year was about 3 per cent above a year ago. The increase is due largely to substantially heavier Government payments. August income from crops was 9 per cent larger than last year but income from livestock was 4 per cent lower, while for the year to date receipts from crops have been 6 per cent smaller and from livestock little changed from last year. So far this year, Government payments represent 13 per cent of total income as compared with 9 per cent in the same period in 1938, receipts from crops 23 against 26 per cent, and returns from livestock and its products 64 against 65 per cent.

Department of Agriculture farm income estimates:

	Aug. 1939	Aug. 1938	8 Mos. 1939	8 Mos. 1938
	(In thousands of dollars)			
Colorado.....	9,711	9,602	64,198	63,349
Kansas.....	23,325	22,184	173,978	173,328
Missouri.....	21,769	21,904	150,845	152,850
Nebraska.....	17,944	18,769	148,559	131,845
New Mexico.....	2,545	2,174	18,395	16,829
Oklahoma.....	13,020	12,480	104,780	106,354
Wyoming.....	4,725	3,294	22,402	18,941
Seven states.....	93,039	90,407	683,157	663,496
United States.....	643,000	628,000	4,594,000	4,612,000

Meat Packing

The heavy diversion of market supplies of cattle and calves in recent months from slaughter to ranges and feed lots continued through September. Despite increased marketings, packers' purchases of cattle were little changed from a year ago and calves were considerably smaller. Purchases of hogs remain much above and sheep somewhat below last year, both being in line with receipts. The slaughter of cattle was 22, calves 37, hogs 40, and sheep 14 per cent below the September ten-year average.

September packers' purchases at District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	15,858	2,669	20,803	44,885
Kansas City.....	65,931	11,295	130,899	95,340
Oklahoma City.....	17,485	12,583	32,010	8,169
Omaha.....	60,997	6,010	87,225	100,958
St. Joseph.....	22,440	3,161	50,906	51,271
Wichita.....	9,987	5,322	34,745	12,538
Sept. 1939.....	192,698	41,040	356,588	313,161
Aug. 1939.....	187,869	37,600	334,513	268,050
Sept. 1938.....	189,201	46,363	261,793	336,956
9 Mos. 1939.....	1,503,013	302,359	3,226,500	2,765,770
9 Mos. 1938.....	1,567,023	370,748	2,536,910	2,862,049

Cold Storage Holdings

After allowing for usual seasonal changes, United States cold storage stocks of meats, lard, poultry, butter, and cheese continued to decline rather sharply during September. October 1 holdings of beef were 38, pork 13, miscellaneous meats 9, lard 10, shell eggs 12, and cheese 5 per cent below the average for that date during the past five years, which includes the drought period, while stocks of lamb were 34, poultry 6, frozen eggs 10, and butter 9 per cent above average.

United States cold storage holdings:

	Oct. 1 1939	Sept. 1 1939	Oct. 1 1938	Aver. '34-'38
(In thousands of units)				
Beef, lbs.....	36,980	33,027	36,943	59,859
Pork, lbs.....	300,696	360,932	277,231	344,640
Lamb and mutton, lbs.....	3,031	2,459	2,318	2,271
Poultry, lbs.....	63,151	62,870	59,942	59,748
Miscellaneous meats, lbs.....	59,228	65,985	52,774	65,180
Lard, lbs.....	78,472	110,378	89,946	87,552
Eggs, shell, cases.....	5,429	6,598	4,765	6,159
Eggs, frozen (case equiv.).....	3,471	3,884	3,150	3,164
Butter, creamery, lbs.....	154,571	172,825	210,703	142,421
Cheese, all varieties, lbs.....	116,618	125,019	140,755	123,134

Flour Milling

Operations at southwestern flour mills averaged nearly 90 per cent of capacity during September when output was the largest for any month of record, exceeding production in September a year ago by 21 per cent and the September ten-year average by 26 per cent. Flour sales were in large volume in the first week of the month and shipping directions both on old and new business were quite urgent throughout the month, particularly in the case of jobbers and wholesalers as they sought to build up stocks that had been

depleted by heavy consumer purchases immediately following the outbreak of war. Toward the end of September and early in October sales declined abruptly and production was lighter.

Flour output reported by the Northwestern Miller:

	Sept. 1939	Change from Aug. 1939 Sept. 1938 (In barrels)	
Kansas City.....	777,000	+125,000	+118,000
Salina.....	232,000	+23,000	+4,000
Wichita.....	206,000	+17,000	+36,000
Other cities.....	1,447,000	+292,000	+304,000
Southwest.....	2,662,000	+457,000	+462,000
United States*.....	7,330,000	+1,238,000	+980,000

*Represents about 64 per cent of total output in United States.

Petroleum

Following the shutdown of wells in Kansas, Oklahoma, and New Mexico during the latter half of August, crude oil production in the District increased substantially during September but stopped nearly 25 per cent short of the level of output in earlier months this year. September production was 17 per cent below the ten-year average and 21 per cent smaller than last year.

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

	Sept. 1939		Aug. 1939		Sept. 1938	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
(In thousands of barrels)						
Colo.....	109	3.6	127	4.1	93	3.1
Kans.....	3,953	131.8	3,156	101.8	4,821	160.7
N. Mex.....	2,612	87.1	1,747	56.4	2,883	96.1
Okla.....	10,133	337.8	7,343	236.9	14,079	469.3
Wyo.....	1,894	63.1	1,876	60.5	1,748	58.3
5 States.....	18,701	623.4	14,249	459.7	23,624	787.5
U. S.....	102,498	3,416.6	80,865	2,608.6	98,661	3,288.7

The sharp decline in stocks of crude petroleum that attended the shutdown of wells leveled off during September when production was resumed. The current level of stocks is 12 per cent below that prior to the shutdown and 20 per cent below a year ago.

Coal

Bituminous coal production in the District showed a further seasonal increase during September. Output for September was about 4 and for the first nine months of the year 3 per cent larger than last year.

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

	Sept. 1939	Change from Aug. 1939 Sept. 1938 (In tons)	
Colorado.....	522,000	+127,000	+10,000
Kansas and Missouri.....	530,000	+110,000	-5,000
New Mexico.....	98,000	+3,000	-8,000
Oklahoma.....	182,000	+31,000	-11,000
Wyoming.....	550,000	+120,000	+92,000
Six states.....	1,882,000	+391,000	+78,000
United States.....	37,695,000	+3,007,000	+5,409,000

Zinc and Lead

Shipments of zinc ore from the Tri-State district were little changed during September while those of lead declined. Demand is firm but the low level of stocks is limiting the amount of ore available for delivery. The zinc shipment fell 7 and lead 12 per cent below a year ago.

September shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	9,854	\$ 381,162	1,138	\$ 70,881
Missouri.....	3,247	127,417	250	15,479
Oklahoma.....	19,624	765,609	2,279	143,006
Sept. 1939.....	32,725	\$1,274,188	3,667	\$ 229,366
Aug. 1939.....	32,256	1,010,221	4,048	232,389
Sept. 1938.....	35,035	986,760	4,164	227,753
9 Mos. 1939.....	290,072	8,949,282	43,855	2,414,835
9 Mos. 1938.....	276,476	7,575,304	38,095	1,914,764

Zinc prices showed a further advance of \$12.50 and lead \$6.50 a ton during September, rising to the highest level in about two years. Several mines have re-opened and production expanded early in October.

Employment and Pay Rolls

Industrial employment and pay rolls in the District rose nearly 4 per cent from the middle of August to the middle of September. Employment is about 3 and pay rolls 5 per cent higher than a year ago.

Preliminary figures of the Department of Labor:

	September 1939 per cent change from August 1939	
	Employment	Pay Rolls
Colorado.....	+9.4	+5.5
Kansas.....	+1.2	+3.1
Missouri.....	+3.8	+2.6
Nebraska.....	+2.8	+9.3
New Mexico.....	+9.4	-3.8
Oklahoma.....	+1.4	+2.7
Wyoming.....	+0.2	+0.5
Seven states.....	+3.7	+3.5

Building

Value of construction awards in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) in September was only 4 per cent above a year ago, a substantial increase in awards for public works and utility construction being nearly offset by a much smaller volume of awards for residential and commercial building. Total awards for the first nine months of the year show an increase of 6 per cent.

Construction figures of F. W. Dodge Corporation:

	Sept.	Sept.	9 Mos.	9 Mos.
	1939	1938	1939	1938
	(In thousands of dollars)			
Residential building.....	3,019	3,521	30,367	23,940
Nonresidential building.....	3,931	5,118	28,370	29,478
Public works construction.....	3,696	2,377	20,463	25,522
Utility construction.....	2,102	1,293	16,219	11,429
Kansas City area.....	12,748	12,309	95,419	90,369
37 Eastern states.....	323,227	300,900	2,634,802	2,148,112

The value of September building permits issued in reporting District cities was 24 per cent above that for the preceding month and 10 per cent above a year ago. Value of permits so far this year shows an increase of 42 per cent over last year.

September building permits in District cities:

	PERMITS		ESTIMATED COST	
	1939	1938	1939	1938
Albuquerque, N. Mex.....	90	77	\$ 363,000	\$ 153,000
Cheyenne, Wyo.....	56	65	108,000	122,000
Colorado Springs, Colo.....	81	63	111,000	105,000
Denver, Colo.....	863	777	844,000	1,012,000
Hutchinson, Kans.....	80	70	212,000	36,000
Joplin, Mo.....	33	13	38,000	29,000
Kansas City, Kans.....	37	42	45,000	22,000
Kansas City, Mo.....	166	136	223,000	439,000
Lincoln, Nebr.....	243	253	184,000	128,000
Oklahoma City, Okla.....	182	177	370,000	408,000
Omaha, Nebr.....	196	163	764,000	270,000
Pueblo, Colo.....	81	71	40,000	81,000
Salina, Kans.....	26	23	39,000	41,000
Shawnee, Okla.....	14	17	4,000	6,000
St. Joseph, Mo.....	26	30	24,000	39,000
Topeka, Kans.....	61	59	206,000	114,000
Tulsa, Okla.....	146	133	377,000	247,000
Wichita, Kans.....	253	289	163,000	498,000
September.....	2,634	2,458	\$ 4,115,000	\$ 3,750,000
August.....	2,675	2,270	3,316,000	2,917,000
Nine months.....	20,105	18,121	36,877,000	26,004,000

Lumber

Board feet lumber sales at reporting retail yards in the District declined moderately during September and fell 7 per cent under a year ago, narrowing the increase for 1939 to date to only 2 per cent over 1938. Dollar sales of all materials in September were about 6 per cent above last year.

Lumber stocks declined during September and are now about 7 per cent under a year ago. Collections in September averaged 33.7 per cent as compared with 32.1 per cent in September a year ago.

Lumber trade at 152 retail yards in the District:

	Sept. 1939 per cent change from Aug. 1939		Sept. 1938
	Sales of lumber, board feet.....	-3.7	-7.1
Sales of all materials, dollars.....	+1.4	+5.6	
Stocks of lumber, board feet.....	-2.3	-7.4	
Outstandings, dollars.....	-0.7	-3.4	

Life Insurance

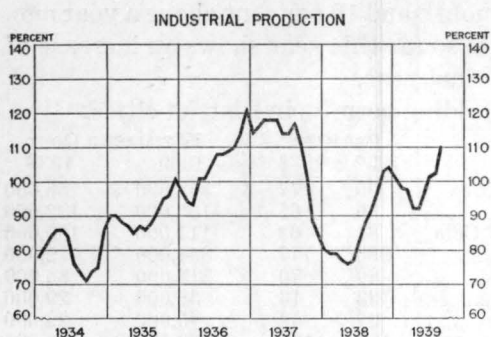
September life insurance sales in the District were little changed from a year ago while sales for the year to date show an increase of about 4 per cent.

The Life Insurance Sales Research Bureau report:

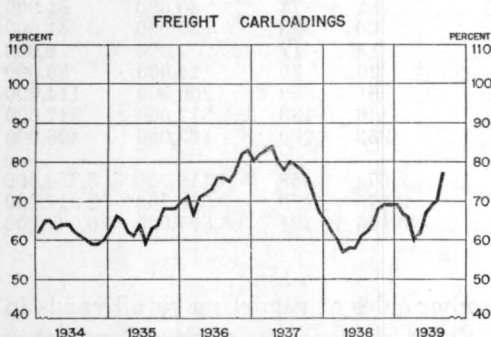
	Sept. 1939	Change from Aug. 1939	
		Sept. 1939	Sept. 1938
	(In thousands of dollars)		
Colorado.....	4,615	-264	+210
Kansas.....	5,587	-282	-25
Missouri.....	14,467	-1,217	+982
Nebraska.....	4,816	-545	-11
New Mexico.....	799	-200	-208
Oklahoma.....	6,761	-14	-50
Wyoming.....	887	-171	-438
Seven states.....	37,932	-2,693	+460
United States.....	442,597	-37,197	+14,115

NATIONAL SUMMARY OF BUSINESS CONDITIONS

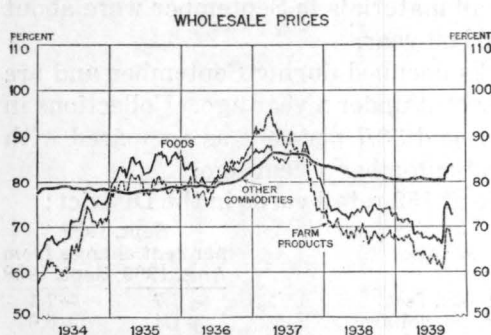
By the Board of Governors of the Federal Reserve System



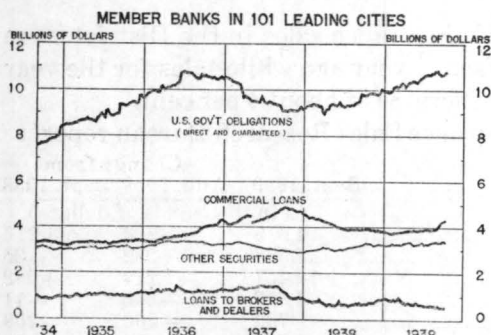
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through September, 1939.



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



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



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, through October 11, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Volume of industrial production, which had turned up sharply last summer, advanced still more rapidly in the six weeks after the outbreak of war. Employment also increased but at a less rapid rate. Consumption of goods by industry and by individuals has not expanded so rapidly as production and orders. Buying of basic commodities, after a burst of activity in early September, has slackened considerably, but orders for many semifinished goods and for finished products, particularly machinery and railroad equipment, have continued in large volume. Most orders have come from domestic sources. Prices of basic commodities advanced sharply in the early part of September, but in recent weeks prices of foodstuffs have declined while prices of industrial materials in most instances have been maintained. Prices of finished goods have shown a much smaller advance.

PRODUCTION

In September the Board's seasonally adjusted index of industrial production advanced to 110 per cent of the 1923-1925 average as compared with 103 in August and 92 last spring. Increases in output of iron and steel, flour, sugar, meat products, and petroleum were particularly marked in September. In the steel industry ingot production rose from an average rate of 61 per cent of capacity in August to 71 in September. In the first three weeks of October the rate advanced further to 90 per cent and actual volume of output was at the highest level on record. Flour production rose to near record levels and at meat-packing establishments activity was at the highest rate reached in several years. The sharp increase in output of crude petroleum followed a considerable reduction in the previous month and currently production is at about the high rate prevailing before wells were closed in the latter half of August.

In other industries increases in activity, though quite general, were not so marked. Automobile production showed a sharp seasonal rise as volume production of new model cars was begun at most plants, and in related lines, such as plate glass, activity also increased. Textile production increased somewhat further from the high level reached earlier. Shoe production, however, which had been in large volume in the first eight months of the year, decreased in September. Mineral production advanced generally and iron ore shipment schedules were expanded to build up stocks at lower lake ports before the close of the shipping season.

Value of construction contracts, as reported by the F. W. Dodge Corporation, rose further in September, reflecting a contraseasonal increase in private residential building. Other private construction showed little change and there was some reduction in the volume of new public projects, both residential and nonresidential.

DISTRIBUTION

In September and the early part of October department store sales increased considerably. Freight carloadings also advanced sharply, with the most marked increases reported in shipments of coal and of miscellaneous freight, which includes most manufactured products.

COMMODITY PRICES

Wholesale prices of foodstuffs declined after the middle of September, following sharp advances earlier in the month. Prices of industrial commodities, which rose considerably until the third week in September, subsequently were generally maintained, although prices of some materials, such as steel scrap, hides, and rubber, declined from earlier peak levels.

BANK CREDIT

Following reductions during the early part of September, Government security holdings by member banks in 101 leading cities increased somewhat during the three weeks ending October 11, reflecting largely the purchase of Treasury bills. Commercial loans continued to increase, but at a less rapid rate than in late August and early September. The volume of demand deposits at city banks also increased further.

Excess reserves, which had increased sharply at member banks during the first half of September, showed further moderate increases during the four weeks ending October 11.

MONEY RATES AND BOND YIELDS

Prices of United States Government securities increased in the latter part of September and the first half of October, following sharp declines early in September. Average yields on long-term Treasury bonds declined from 2.79 per cent on September 21 to 2.62 per cent on October 16. Yields on Treasury notes declined to 0.78 per cent from 1.30 per cent early in September.