

MONTHLY REVIEW

Agricultural and Business Conditions

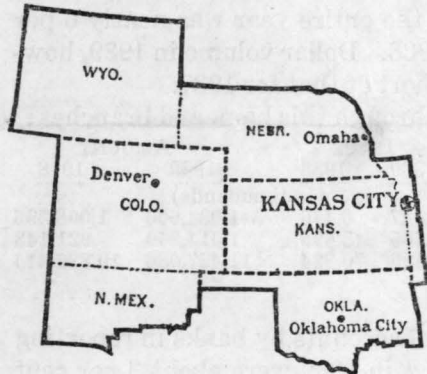
TENTH FEDERAL RESERVE DISTRICT

VOL. 25, No. 1

FEDERAL RESERVE BANK OF KANSAS CITY

JANUARY 31, 1940

Business in the Tenth Federal Reserve District



A glance at the chart shows that December was somewhat poorer than a year ago. Bank deposits and loans, however, were higher as was true of other financial figures. Trade held nearly even and the movement of hogs to market and the slaughter of hogs and cattle were better than a year ago. Cash farm income continues favorable.

But construction activity was much lower as were lumber sales. Life insurance sales slumped badly from the high level of late 1938. Production of flour, coal, zinc, and lead was under a year ago. Marketings of grain and cattle and sheep were less.

Rain and snow in December and January have improved the moisture situation. However, only about half of the fall planted wheat in the District had germinated and wheat that comes up after the snow melts has little chance. But the moisture has helped sentiment and improved the outlook for next season.

BUSINESS INDICATORS	DECEMBER 1939 COMPARED WITH DECEMBER 1938								YEAR 1939 COMPARED WITH YEAR 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																

-61

+58

Member Bank Operations

The rapid rise in loans at reporting member banks in the Tenth District in the last half of 1939 leveled off at the end of the year and loans declined somewhat in the first half of January, reflecting principally a decrease in commercial loans. Investments, which had increased substantially in the last quarter of 1939 after declining during the first three quarters, again declined early in January. Holdings of Treasury bills and notes dropped substantially and the decrease was offset only in part by sizable increases in holdings of Government bonds, guaranteed obligations, and other securities. Loans are 15 per cent larger than a year earlier but investments are 3 per cent smaller.

Adjusted demand deposits at reporting member banks declined slightly from the middle of December to the middle of January but there was an increase in deposits of other banks at these reporting banks, in reserves carried at this bank, and in correspondent balances carried at other banks. Adjusted demand deposits are 7, interbank deposits and reserves 18, and correspondent balances 16 per cent greater than a year earlier although well under the record levels of last October.

Principal items of condition of 51 member banks:

	Change from		
	Jan. 17 1940	Dec. 13 1939	Jan. 18 1939
	(In thousands of dollars)		
Loans and investments—total.....	681,124	-12,706	+26,256
Loans—total.....	295,663	-3,552	+37,572
Coml., indust., agric.....	180,435	-4,035	+23,273
Open market paper.....	17,985	+357	+243
To security brokers and dealers....	3,461	-591	-1,440
Other to purchase or carry secur..	9,833	-171	-1,630
Real estate loans.....	27,305	+860	+4,803
Loans to banks.....	429	-99	-273
All other loans.....	56,215	+127	+12,596
Investments—total.....	385,461	-9,154	-11,316
U. S. Treasury bills.....	13,554	-13,404	*
U. S. Treasury notes.....	67,499	-14,158	*
U. S. Govt. bonds.....	105,689	+9,007	*
Oblig. guar. by U. S. Govt.....	60,812	+3,264	+10,146
Other securities.....	137,907	+6,137	+820
Reserve with F. R. Bank.....	193,054	+3,399	+28,987
Balances with domestic banks.....	320,365	+13,876	+45,189
Demand deposits—adjusted.....	535,209	-4,288	+32,597
Time deposits.....	145,573	+2,445	+1,342
U. S. Govt. deposits.....	23,846	+59	+1,741
Interbank deposits.....	422,153	+5,016	+64,073

*Comparable figures not available.

Reserve Bank Operations

Note circulation of this bank reached a new high level slightly above 185 million dollars in the third week of December when circulation normally is at the highest point of the year because of the seasonal demand for currency for Christmas shopping. This amount compares with about 172¼ million at the same time in 1938, 170 million in 1937, and 163 million in 1936. Circulation is seasonally lower in January with the return flow of currency after the holiday period.

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

	Change from		
	Jan. 17 1940	Dec. 13 1939	Jan. 18 1939
	(In thousands of dollars)		
Total reserves.....	364,112	-11,734	+54,095
Bills discounted.....	917	-131	-69
Bills purchased.....	Zero	Zero	-16
Industrial advances.....	168	-15	-77
Commit. to make indust. adv.....	525	-25	-125
U. S. Govt. sec., direct & guar....	115,928	+2,843	-16,170
Total assets.....	519,368	-13,865	+37,709
F. R. notes in circulation.....	180,675	-1,550	+12,466
Member bank reserve deposits..	268,693	+7,301	+33,813

Dollar volume of check collections in December was about 3 and for the entire year was nearly 6 per cent larger than in 1938. Dollar volume in 1939, however, fell 5 per cent short of that for 1937.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1939	1938	1939	1938
	(In thousands)			
December.....	6,147	6,476	\$ 1,034,600	\$ 1,008,396
November.....	5,755	5,895	1,014,840	921,143
Year.....	71,198	70,824	11,427,086	10,822,414

Bank Debits

Debits to individual accounts by banks in reporting centers of the District in 1939 were about 3 per cent larger than in 1938 but 10 per cent smaller than in 1937. Debits increased considerably more than is usual during December when volume of payments by check was about 4 per cent above a year earlier.

Payments by check for the years 1939 and 1938:

	1939		1938		Change (%)
	(In thousands of dollars)				
Albuquerque, N. Mex.....	190,427	171,742			+10.9
Atchison, Kans.....	35,407	36,303			-2.5
Bartlesville, Okla.....	352,884	330,224			+6.9
Casper, Wyo.....	73,420	72,384			+1.4
Cheyenne, Wyo.....	99,603	100,959			-1.3
Colorado Springs, Colo.....	172,171	169,939			+1.3
Denver, Colo.....	1,890,399	1,820,432			+3.8
Emporia, Kans.....	37,432	37,411			+0.1
Enid, Okla.....	131,751	132,549			-0.6
Fremont, Nebr.....	31,739	29,176			+8.8
Grand Junction, Colo.....	45,142	41,718			+8.2
Guthrie, Okla.....	17,942	20,361			-11.9
Hutchinson, Kans.....	135,125	137,287			-1.6
Independence, Kans.....	33,302	32,493			+2.5
Joplin, Mo.....	119,176	108,664			+9.7
Kansas City, Kans.....	200,789	181,872			+10.4
Kansas City, Mo.....	3,685,068	3,536,094			+4.2
Lawrence, Kans.....	42,864	41,011			+4.5
Lincoln, Nebr.....	342,525	323,129			+6.0
Muskogee, Okla.....	96,106	90,806			+5.8
Oklahoma City, Okla.....	1,231,871	1,199,636			+2.7
Okmulgee, Okla.....	30,564	31,155			-1.9
Omaha, Nebr.....	1,728,551	1,659,758			+4.1
Pittsburg, Kans.....	43,345	44,604			-2.8
Pueblo, Colo.....	188,662	201,855			-6.5
Salina, Kans.....	101,344	109,072			-7.1
St. Joseph, Mo.....	326,517	300,609			+8.6
Topeka, Kans.....	220,617	212,246			+3.9
Tulsa, Okla.....	1,563,332	1,641,412			-4.8
Wichita, Kans.....	530,065	530,511			-0.1
District, 30 cities, year.....	13,698,140	13,345,412			+2.6
U. S., 141 cities, year.....	389,536,084	373,397,040			+4.3
District, 30 cities, December..	1,329,678	1,283,204			+3.6
U. S., 141 cities, December..	40,019,144	39,929,600			+0.2

Trade

RETAIL SALES

Department store sales in the District last summer had shown improvement over the preceding year but lagged badly during the fall, because of exceptionally mild weather, and for the entire year 1939 were only 1 per cent above 1938. December sales were 2 per cent larger than in the same month of 1938 but in the first two weeks of January dollar volume has dropped about 6 per cent under a year earlier although retail prices are about 4 per cent higher. Retail inventories are about 3 per cent heavier than a year ago. Collections on open accounts averaged 47.0 per cent in December as compared with 48.4 per cent last year, while installment collections averaged 16.7 per cent, the same as a year earlier.

Department store sales and stocks in leading cities:

	SALES		STOCKS		
	No. of Stores	Dec. '39 comp. to Dec. '38	Year '39 comp. to Year '38	Dec. 31, '39 comp. to Dec. 31, '38	
		(Per cent increase or decrease)			
Denver.....	4	+0.9	+2.1	-17.6	-0.2
Kansas City.....	5	+4.9	+3.0	-24.0	+0.8
Oklahoma City.....	3	-2.2	+1.3	-23.2	+12.0
Omaha.....	3	+3.4	-0.5	-16.7	+1.8
Tulsa.....	4	+2.4	Zero	-25.7	+3.4
Wichita.....	3	+2.2	+0.3	....	....
Other cities.....	18	+1.9	+0.1	-18.3	+4.4
District.....	40	+2.2	+1.3	-10.2	+2.5

Total retail sales in the District in December were 2 and for the entire year 1939 about 4 per cent larger than in 1938. New Mexico and Wyoming sales for the year increased about 4, Colorado 2, Nebraska 1, and Missouri 6 per cent, while sales in Kansas and Oklahoma showed virtually no change.

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

	Dec. 1939 per cent change from Dec. 1938						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+0.1	-1.9	+2.5	+7.9	+3.0	-5.0	-3.2
Automobile.....	+9.4	-0.4	+4.8	+11.3	-7.5	+1.3	....
Country genl.....	-3.6	-2.1	+0.8	-5.6	-4.5	-8.5	+12.4
Department.....	+0.4	+3.7	+4.6	+3.4	+5.0	-1.9	....
Drug.....	+4.6	Zero	+3.7	+2.9	+4.8	-0.3	+2.6
Furniture.....	+2.7	-4.6	+7.8	+8.5	-6.8	-5.2	-8.9
Grocery.....	-7.0	-9.7	-4.3	-5.5	-1.0	-8.4	-7.2
Hardware.....	+15.7	+10.4	+7.7	+3.8	....	-4.2	....
Lbr. & mtl.....	-0.4	+0.9	+8.1	-4.1	+3.5	-14.8	+22.1
Total.....	+1.5	-0.6	+4.0	+1.5	+4.4	-1.5	+3.3

WHOLESALE SALES

The value of wholesale sales in this District for the year 1939 was little changed from 1938. Sales had expanded sharply early in the fall but subsequently declined, December sales falling 5 per cent under a year earlier. Of the principal lines, sales of drugs and groceries for the year were slightly smaller, while sales of furniture and hardware were considerably better. Wholesale inventories, which had declined about 13 per cent during 1938, rose nearly 7 per cent during

1939. Collections in December averaged 84.2 per cent as compared with 88.5 per cent last year.

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

	No. of Firms	SALES		STOCKS	
		Dec. '39 comp. to Dec. '38	Year '39 comp. to Year '38	Dec. 31, '39 comp. to Nov. 30, '39	Dec. 31, '38
		(Per cent increase or decrease)			
Auto. supplies.....	4	+9.3	+0.3	....	....
Clothing.....	3	-10.0	....	-5.3	-37.9
Drugs.....	3	-10.2	-0.7	-6.9	+4.2
Electrical goods.....	6	+32.3	+18.4	Zero	Zero
Farm products.....	10	-0.7	....	-5.9	-18.6
Furniture.....	3	+4.9	+10.9	....	....
Groceries.....	26	-10.8	-2.3	-8.8	+13.2
Hdwe.—total..... (12)		-2.2	+5.5	+2.5	+0.8
General.....	3	+7.5	+3.5	+4.8	-0.5
Industrial.....	4	-10.1	+8.7	-2.1	+3.9
Plbg. & htg.....	5	-8.5	+9.2	....	....
Machinery.....	3	+120.0	....	....	....
Tobacco & prod.....	7	+0.4	-2.5	....	....
All other lines.....	21	+4.8	+4.9	-2.4	+2.3
Total.....	98	-5.2	+0.3	-5.2	+6.6

Rainfall

	Dec. 1939		Year 1939	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	.26	.73	7.58	14.05
Leadville.....	.61	1.08	12.83	18.63
Pueblo.....	.41	.50	8.86	11.67
Lamar.....	1.12	.61	9.71	15.80
Garnett.....	.19	.21	4.59	6.93
Steamboat Springs.....	1.50	1.96	19.07	23.12
KANSAS				
Topeka.....	.74	.98	22.33	33.55
Iola.....	.86	1.30	26.26	38.08
Concordia.....	.54	.63	19.89	26.55
Salina.....	.60	.77	18.13	27.27
Wichita.....	.95	1.00	28.91	30.11
Hays.....	.70	.62	15.85	23.69
Goodland.....	1.10	.56	16.81	18.70
Dodge City.....	.89	.57	12.64	20.51
Elkhart.....	1.62	.54	9.51	17.51
MISSOURI				
St. Joseph.....	.72	1.29	26.67	35.56
Kansas City.....	.68	1.33	34.72	37.11
Joplin.....	1.43	2.16	39.00	43.99
NEBRASKA				
Omaha.....	.62	.93	19.20	27.77
Lincoln.....	.94	.80	19.73	27.78
Norfolk.....	.78	.81	16.74	28.24
Grand Island.....	.40	.75	16.56	27.02
McCook.....	.88	.51	14.63	19.64
North Platte.....	.64	.54	11.93	18.36
Bridgeport.....	.57	.59	13.18	16.30
Valentine.....	.77	.57	18.58	18.86
NEW MEXICO				
Clayton.....	1.44	.42	12.26	16.65
Santa Fe.....	.57	.74	13.45	14.27
Farmington.....	.56	.44	7.91	9.45
OKLAHOMA				
Tulsa.....	1.37	1.98	27.94	38.81
McAlester.....	1.28	2.67	33.19	43.33
Oklahoma City.....	.93	1.50	27.50	31.15
Pauls Valley.....	.94	1.66	26.42	34.76
Hobart.....	.89	1.34	20.91	28.31
Enid.....	1.13	1.18	24.43	30.64
Woodward.....	1.21	.88	20.35	25.88
WYOMING				
Cheyenne.....	.26	.55	9.83	15.02
Casper.....	.40	.99	8.93	15.44
Lander.....	.07	.68	7.95	12.71
Sheridan.....	.24	.64	16.40	15.07

Rainfall in 1939 throughout the greater part of the District was only 65 to 80 per cent of normal. Precipitation was much above normal early in the year but spring and summer moisture was short and the fall was unprecedentedly dry. The moisture situation has improved somewhat since the rains and heavy snows of late December and early January. December precipitation was about normal in Nebraska, Kansas, and New Mexico, but was little more than half the usual amount in Oklahoma, Wyoming, and Colorado.

Prospects for the winter wheat crop, although improved by the recent moisture, are still quite poor. Because of fall drought, the condition of winter wheat on December 1 was the lowest of record and continued to deteriorate rapidly until late December, since which time there has been little change. Much of the acreage sown has not come up or has sprouted and died, while wheat that has made some growth is generally thin and spotted. Supplies of both topsoil and subsoil moisture are markedly deficient, the deficiency in subsoil moisture having limited greatly the root development of wheat plants.

Grain Marketing

Marketings of wheat in 1939 declined about 10, corn 22, and oats 14 per cent. These decreases reflected much smaller crops in 1939 than in 1938, continued low prices during the first eight months of the year with a consequent storing of larger quantities of wheat and corn under Government loans, and some holding of grain by producers in anticipation of higher prices due to the war. Receipts of wheat in 1939 were only 4 but of corn 40 and oats 17 per cent below the average of the past ten years. In December, marketings of all grains were about 40 per cent below average.

Grain receipts at five District markets in 1939:

	Wheat	Corn (In bushels)	Oats
Hutchinson.....	20,497,000	---	---
Kansas City.....	80,549,000	11,230,000	2,118,000
Omaha.....	21,566,000	11,074,000	4,156,000
St. Joseph.....	11,280,000	3,501,000	3,942,000
Wichita.....	27,837,000	77,000	57,000
Year 1939.....	161,729,000	25,882,000	10,273,000
Year 1938.....	179,280,000	32,991,000	11,959,000
Dec. 1939.....	4,499,000	2,920,000	528,000
Nov. 1939.....	4,736,000	4,006,000	456,000
Dec. 1938.....	8,933,000	3,578,000	1,342,000

Farm reserves of grain in the District on January 1, 1940, including wheat and corn under Government seal, were considerably lower than a year earlier. Stocks of wheat were 3, corn 12, and oats 21 per cent under the average for that date from 1929 to 1938.

Cash wheat and corn prices, which late in the summer had been at the lowest point in about five years, advanced sharply in the first week of September at the outbreak of war. Wheat retained virtually all of

its early September upturn and showed a further sharp advance in the first three weeks of December, rising to the highest level in two years and reflecting principally the very poor outlook for next season's winter wheat crop. Prices have since receded somewhat, influenced by rains and snows late in December and in January. Corn prices lost nearly all of their early September advance almost immediately but have since risen gradually to regain most of the decline. Wheat prices are substantially above and corn prices are now very close to the Government loan level.

The lower range of cash prices at Kansas City:

	Jan. 23 1940	Dec. 30 1939	Nov. 30 1939	Dec. 31 1938
No. 1 hd., dk. wheat, bu..	\$.98¾	\$1.01½	\$.87¼	\$.70¾
No. 2 mixed corn, bu.....	.59½	.58¼	.53¾	.48½
No. 2 white oats, bu.....	.42½	.40¾	.39	.29¾
No. 2 rye, bu.....	.66	.69	.55	.46½
No. 2 barley, bu.....	.55	.55	.52	.40
No. 2 white kafir, cwt.....	1.10	1.06	1.10	.75

Livestock

MARKETINGS

Marketings of cattle in 1939, despite some forced liquidation because of fall drought, were little changed from 1938, while receipts of calves were somewhat larger and of sheep slightly smaller than in the preceding year. Hog receipts, reflecting the sharp upswing in hog production, increased 34 per cent. Marketings of calves were equal to the average of the past ten years but receipts of cattle were 12, hogs 32, and sheep 11 per cent below average. In December, marketings of hogs were only 2 but of cattle 21, calves 12, and sheep 20 per cent under average.

Livestock receipts at six District markets in 1939:

	Cattle	Calves	Hogs	Sheep
Denver.....	509,425	112,412	341,799	2,836,820
Kansas City.....	1,387,000	325,075	1,829,971	1,366,593
Oklahoma City.....	418,391	185,187	516,806	216,023
Omaha.....	1,183,802	128,153	1,629,276	1,716,920
St. Joseph.....	313,480	58,404	822,377	1,025,079
Wichita.....	289,081	73,876	389,370	236,987
Year 1939.....	4,101,179	883,107	5,529,599	7,398,422
Year 1938.....	4,085,708	842,356	4,114,749	7,721,121
Dec. 1939.....	269,435	55,882	714,083	349,739
Nov. 1939.....	404,805	117,415	626,974	537,801
Dec. 1938.....	276,673	64,650	490,100	400,166

PRICES

Cattle prices in the first half of 1939 were much above those in 1938 and sheep prices were appreciably higher throughout most of the year while hog prices were substantially lower. Livestock prices generally tended downward during the first eight months of the year and then rose spectacularly at the outbreak of war in the first week of September. Although under pressure from heavier marketings after the price rise, beef steer and lamb prices held about half of the early September upturn and at the close of the year were about the same as a year earlier. These prices were

strengthened in part by a broad demand for stocker and feeder animals from Corn Belt states and by higher prices for by-products such as hides and wool. Hog prices, however, lost all of their upturn, falling to a new five-year low of \$5.25 a hundredweight in December and again in January.

Top livestock prices at the Kansas City market:

	Jan. 23 1940	Dec. 1939	Nov. 1939	Dec. 1938	Year 1939	Year 1938
	(In dollars per hundredweight)					
Beef steers.....	11.25	11.00	11.25	13.50	14.00	13.50
Stocker cattle.....	9.75	10.00	10.00	9.50	10.50	9.50
Feeder cattle.....	9.00	9.00	9.35	8.75	10.75	10.75
Calves.....	11.50	10.00	10.00	10.00	11.00	10.00
Hogs.....	5.40	5.80	6.65	7.55	8.75	10.05
Sheep.....	7.50	7.75	7.90	7.70	8.85	8.00
Lambs.....	9.35	9.10	9.75	9.15	11.35	10.15

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder livestock from public markets increased markedly in 1939, reflecting a generally profitable price level for producing and feeding livestock. Shipments of cattle were 8 and calves 72 per cent above and of sheep about equal to the ten-year average. December shipments of calves were 13 per cent above average, but those of cattle and sheep dropped 20 per cent under average.

Stocker-feeder shipments from 4 markets in 1939:

	Cattle	Calves	Hogs	Sheep
Denver.....	221,156	64,467	1,012	941,241
Kansas City.....	654,986	168,821	28,562	200,192
Omaha.....	312,139	57,468	9,228	405,206
St. Joseph.....	67,141	17,100	12,898	180,781
Year 1939.....	1,255,422	307,856	51,700	1,727,420
Year 1938.....	1,177,268	182,641	45,554	1,533,311
Dec. 1939.....	67,993	17,989	3,996	61,509
Nov. 1939.....	170,361	59,188	3,901	242,167
Dec. 1938.....	88,619	21,504	4,222	61,059

On January 1, 1940, the number of cattle and lambs on feed in Wyoming, Nebraska, and Missouri was above a year earlier but in Colorado, Kansas, and Oklahoma the number was lower, a sharp decrease in lamb feeding in Kansas and Oklahoma being accounted for largely by a lack of wheat pasture. New Mexico is feeding fewer cattle and more lambs. In contrast with heavy feeding operations in other sections of the country, cattle feeding in this District is generally much below the level in most years before 1934, owing to the succession of drought years and greatly reduced feed grain production since that time.

Rain and snow late in December and in January necessitated heavy supplemental feeding of livestock but greatly improved the outlook for ranges and pastures, which had suffered severely from fall drought, and relieved somewhat the acute shortage of stock water that had developed. Cattle and sheep generally are in good condition and feed supplies are ample for the reduced numbers of livestock on hand if the winter should not be severe.

PIG CROP

The 1939 fall pig crop in the District was 23 and the combined spring and fall crop was 33 per cent larger than a year earlier. Declining hog prices and rising corn prices in recent months, however, have checked this upward trend in production, and the prospective number of sows to farrow next spring shows a decrease of 5 per cent from the number farrowed last spring. Production in 1939 was the largest in six years but about a fourth less than in the years 1931 to 1933.

Department of Agriculture pig crop estimates:

	PIGS SAVED		SOWS FARROWED	
	Fall 1939	1938	Spring 1939	Spring *1940
	(In thousands)			
7 States.....	5,460	4,435	8,367	5,966
U. S.....	31,985	27,651	52,317	43,450

*Number indicated to farrow from breeding intentions reports.

Farm Income

Cash farm income in the District in the first eleven months of 1939 was 8 per cent larger than in 1938. About half of this increase was due to larger Government payments, which were 57 per cent greater than a year earlier, and half to larger income from livestock and its products, which increased about 7 per cent. Receipts from the sale of crops were little changed. The sharp advance in farm commodity prices after the first of September was an important factor in sustaining income as a severe slump during the summer had largely erased the gains made earlier in the year. November income was up 14 per cent.

Department of Agriculture farm income estimates:

	Nov. 1939	Nov. 1938	11 Mos. 1939	11 Mos. 1938
	(In thousands of dollars)			
Colorado.....	13,878	13,104	114,113	105,603
Kansas.....	17,710	16,171	239,833	229,191
Missouri.....	30,929	26,480	235,793	227,135
Nebraska.....	21,271	19,448	217,829	185,134
New Mexico.....	14,114	8,314	48,754	37,417
Oklahoma.....	17,519	17,951	161,501	158,585
Wyoming.....	4,880	3,952	43,794	37,001
Seven states.....	120,301	105,420	1,061,617	980,066
United States.....	740,000	707,000	7,075,000	6,900,000

By states, farm income for 1939 in Wyoming and Nebraska is up 18, New Mexico 30, Colorado 8, Kansas 5, Missouri 4, and Oklahoma 2 per cent. The large increase in Nebraska reflects a greater volume of corn loans as well as higher income from livestock, while sharply lower income from wheat partly accounts for the relatively small increase in Kansas and Oklahoma.

Meat Packing

Packers' purchases of cattle and sheep in 1939 remained about 15 per cent below the average of the past ten years but purchases of calves dropped nearly 25 per cent below average, reflecting a heavy country demand that greatly reduced the proportion of market receipts going to immediate slaughter. Hog slaughter in 1939 rose substantially to a level about three-fourths of normal. The December slaughter of cattle was 18, calves 24, and sheep 17 per cent below but of hogs 9 per cent above average.

Packers' purchases at District markets in 1939:

	Cattle	Calves	Hogs	Sheep
Denver.....	183,138	37,270	281,537	382,598
Kansas City.....	579,370	124,491	1,738,473	1,021,381
Oklahoma City.....	196,354	115,944	351,908	122,823
Omaha.....	723,589	69,664	1,414,121	1,069,572
St. Joseph.....	224,669	40,787	742,026	787,327
Wichita.....	126,190	47,853	350,992	174,267
Year 1939.....	2,033,310	436,009	4,879,057	3,557,968
Year 1938.....	2,078,191	495,761	3,637,156	3,635,602
Dec. 1939.....	154,989	32,122	642,222	236,219
Nov. 1939.....	166,426	44,579	577,541	255,975
Dec. 1938.....	137,824	33,711	433,439	259,030

Cold Storage Holdings

United States cold storage stocks, except for a less than seasonal increase in holdings of beef and a larger than seasonal decrease in butter stocks, generally tended to increase during December. January 1 holdings of beef were 30, pork 7, shell eggs 22, and butter 13 per cent below the average for that date during the past five years, which include the drought period, while stocks of poultry were 21 and lard 69 per cent above the average.

United States cold storage holdings:

	Jan. 1 1940	Dec. 1 1939	Jan. 1 1939	Aver. '35-'39
(In thousands of units)				
Beef, lbs.....	78,988	67,672	58,187	112,014
Pork, lbs.....	467,416	332,272	430,104	501,981
Lamb and mutton, lbs.....	4,890	4,187	3,541	4,850
Poultry, lbs.....	167,458	127,649	139,108	137,977
Miscellaneous meats, lbs.....	93,823	68,970	72,040	94,355
Lard, lbs.....	161,319	88,955	107,421	95,550
Eggs, shell, cases.....	533	1,580	302	679
Eggs, frozen (case equiv.)..	2,065	2,509	1,797	2,048
Butter, creamery, lbs.....	55,468	89,783	128,770	64,050
Cheese, all varieties, lbs.....	108,183	112,217	120,174	107,256

Flour Milling

Southwestern flour production in 1939 was slightly larger than in the preceding year and somewhat above the average of the past ten years, reflecting chiefly the record volume of output in September. At the outbreak of the war, flour prices rose sharply with wheat, consumer buying was greatly stimulated by war hysteria, and September milling operations averaged nearly 90 per cent of capacity. Operations subsequently declined by December to 66 per cent and output, although above average, fell 6 per cent under a

year earlier. Export sales increased markedly late in December prior to the abandonment of the Government subsidy early in January.

Flour output reported by the Northwestern Miller:

	Dec. 1939	Nov. 1939	Dec. 1938	Year 1939	Year 1938
(In thousands of barrels)					
Kansas City.....	553	580	586	7,246	7,480
Salina.....	218	219	235	2,635	2,349
Wichita.....	141	153	175	2,046	1,927
Other cities.....	1,043	1,062	1,087	13,068	12,757
Southwest.....	1,955	2,014	2,083	24,995	24,513
United States*.....	6,228	5,301	6,473	72,961	66,697

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

Petroleum

Crude oil production in the District declined about 4 per cent during 1939, owing to smaller output in the first quarter of the year and to a shutdown of wells in the latter half of August to protect the price of crude. Following the shutdown, output rose rapidly to its former level and in December was 4 per cent above a year earlier and 5 per cent above the average of the past ten years.

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

	Dec. 1939	Nov. 1939	Dec. 1938	Year 1939	Year 1938
(In thousands of barrels)					
Colo.....	123	107	110	1,404	1,412
Kans.....	5,465	5,652	4,826	60,741	60,064
N. Mex.....	3,383	3,427	3,039	37,238	35,759
Okla.....	13,292	13,502	13,816	159,431	174,994
Wyo.....	2,013	1,938	1,561	21,537	19,022
5 States.....	24,276	24,626	23,352	280,351	291,251
U. S.....	115,907	111,887	102,447	1,265,353	1,214,355

Stocks of crude petroleum dropped sharply at the time of the shutdown, showing a decline of about 15 per cent for the year. Prices of crude oil and gasoline generally were weak throughout the year but prices of other refined products are strong, due in part to the war. Field operations were more active in the last half of 1939.

Coal

Bituminous coal production in the District in 1939 was little changed from that in 1938 and about 10 per cent less than the average of the past ten years. December output was 14 per cent under a year earlier.

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

	Dec. 1939	Nov. 1939	Dec. 1938	Year 1939	Year 1938
(In thousands of tons)					
Colo.....	579	653	718	5,676	5,676
Kans. and Mo..	681	627	701	5,918	5,972
N. Mex.....	121	122	135	1,271	1,252
Okla.....	158	166	206	1,400	1,477
Wyo.....	482	557	602	5,293	5,200
6 States.....	2,021	2,125	2,362	19,558	19,577
U. S.....	37,283	42,835	36,541	387,930	342,407

Zinc and Lead

Production, shipments, and stocks of zinc in the Tri-State district increased slightly during 1939. Shipments of lead also increased, rising 13 per cent, but output dropped 8 per cent and stocks declined substantially. Stocks of both zinc and lead are very low. The December shipment of zinc was 18 and that of lead 6 per cent smaller than a year earlier.

Ore shipments from the Tri-State district in 1939:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	121,965	\$ 4,106,482	17,569	\$1,014,303
Missouri.....	28,657	992,034	3,707	216,030
Oklahoma.....	246,009	8,444,682	37,547	2,150,602
Year 1939.....	396,631	\$13,543,198	58,823	\$3,380,935
Year 1938.....	384,426	10,700,062	52,117	2,690,060
Dec. 1939.....	31,585	1,295,016	4,959	320,119
Nov. 1939.....	35,040	1,541,745	5,097	328,939
Dec. 1938.....	38,333	1,035,491	5,298	282,030

Ore prices had risen sharply at the outbreak of war last September, but zinc has since lost half its advance. Zinc is selling at about \$38 and lead \$65 a ton as compared with \$29 and \$54, respectively, a year ago.

Employment and Pay Rolls

Employment in the District both in December and for the year 1939 was about 2 per cent above that in 1938, while pay rolls were about 5 per cent larger than in the preceding year.

Preliminary figures of the Department of Labor:

	December 1939		Year 1939	
	Employment	Pay Rolls	Employment	Pay Rolls
	(Per cent change from a year ago)			
Colo.....	-5.9	-4.9	-3.4	-11.0
Kans.....	+4.4	+8.0	-0.8	+6.4
Mo.....	+5.1	+9.7	+4.7	+10.8
Nebr.....	-0.7	+0.8	+5.2	+3.1
N. Mex.....	-3.3	-7.2	-7.3	-2.8
Okla.....	+0.3	+3.1	-2.3	-2.3
Wyo.....	-4.7	-3.2	-4.2	+1.1
7 States.....	+2.1	+5.3	+1.7	+4.4

Building

Value of construction awards in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) declined 8 per cent during 1939, owing to sharply lower awards for public works construction and nonresidential building toward the end of the year. Awards in December were only half and in the forepart of January two-thirds of a year earlier.

Construction figures of F. W. Dodge Corporation:

	Dec.	Dec.	Year	Year
	1939	1938	1939	1938
	(In thousands of dollars)			
Residential building.....	2,653	3,652	39,467	33,721
Nonresidential building.....	2,294	4,850	35,551	44,492
Public works construction.....	2,524	13,780	27,581	45,863
Utility construction.....	4,487	1,396	25,331	15,007
Kansas City area.....	11,958	23,678	127,930	139,083
37 Eastern states.....	354,098	389,439	3,550,543	3,196,928

The value of building permits issued in reporting District cities increased about 28 per cent during 1939, following a decline of 11 per cent in the preceding year. The value of December permits, however, was 21 per cent smaller than in the same month of 1938.

Building permits for the years 1939 and 1938:

	PERMITS		ESTIMATED COST	
	1939	1938	1939	1938
Albuquerque, N. Mex....	963	814	\$ 2,689,000	\$ 1,924,000
Cheyenne, Wyo.....	549	672	1,043,000	1,140,000
Colorado Springs, Colo.....	700	615	1,146,000	507,000
Denver, Colo.....	8,046	6,422	10,667,000	7,603,000
Hutchinson, Kans.....	732	760	740,000	740,000
Joplin, Mo.....	276	201	475,000	479,000
Kansas City, Kans.....	410	374	2,759,000	1,988,000
Kansas City, Mo.....	2,018	1,728	2,716,000	3,446,000
Lincoln, Nebr.....	2,402	1,990	2,905,000	1,419,000
Oklahoma City, Okla....	2,033	2,000	4,612,000	5,577,000
Omaha, Nebr.....	1,843	1,601	5,375,000	1,939,000
Pueblo, Colo.....	897	793	821,000	528,000
Salina, Kans.....	227	178	428,000	390,000
Shawnee, Okla.....	180	156	157,000	93,000
St. Joseph, Mo.....	247	226	1,280,000	282,000
Topeka, Kans.....	768	756	1,179,000	1,854,000
Tulsa, Okla.....	1,810	1,503	4,558,000	3,262,000
Wichita, Kans.....	2,729	2,980	2,872,000	3,176,000
Year.....	26,830	23,769	\$46,422,000	\$36,347,000
December.....	1,587	1,392	2,570,000	3,262,000
November.....	2,196	1,763	3,133,000	3,753,000

Lumber

Board feet sales of lumber at reporting retail yards in the District were little changed in 1939 from the preceding year. Sales during the first five months of the year had been much above 1938 but subsequent declines erased this gain, December sales being 14 per cent smaller than a year earlier.

Lumber stocks, which had decreased about 9 per cent in 1938, declined slightly further in 1939. Collections in December averaged 35.5 per cent as compared with 36.9 per cent a year ago.

Lumber trade at 150 retail yards in the District:

	Dec. 1939	
	per cent change from Nov. 1939	Dec. 1938
Sales of lumber, board feet.....	-29.8	-13.7
Sales of all materials, dollars.....	-25.5	-3.6
Stocks of lumber, board feet.....	+0.8	-2.2
Outstandings, dollars.....	-10.3	+0.2

Life Insurance

Life insurance sales in the District in 1939 were only 2 per cent smaller than in 1938 but December sales fell 38 per cent under a year earlier.

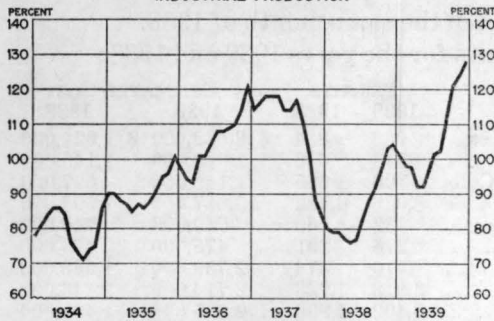
The Life Insurance Sales Research Bureau report:

	Dec.	Nov.	Dec.	Year	Year
	1939	1939	1938	1939	1938
	(In thousands of dollars)				
Colo.....	5,788	4,754	7,811	59,602	61,275
Kans.....	6,804	6,447	12,041	77,224	82,463
Mo.....	17,525	17,277	28,638	207,452	204,234
Nebr.....	5,687	5,533	9,570	65,389	65,136
N. Mex.....	1,548	1,071	1,856	13,223	13,668
Okla.....	8,421	7,769	13,728	96,703	104,783
Wyo.....	1,134	930	1,474	12,887	13,229
7 States.....	46,907	43,781	75,118	532,480	544,788
U. S.....	567,212	537,951	897,886	6,425,633	6,358,006

NATIONAL SUMMARY OF BUSINESS CONDITIONS

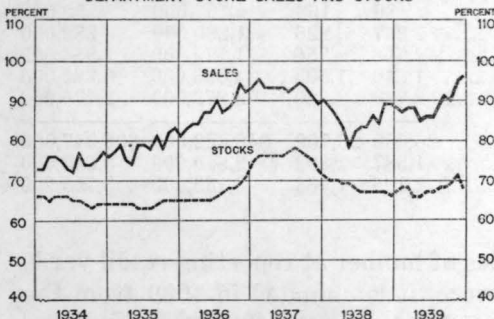
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



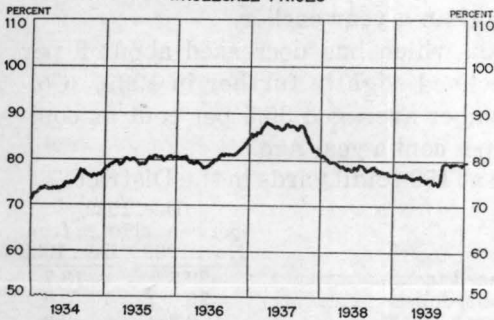
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average =100. By months, January, 1934, through December, 1939.

DEPARTMENT STORE SALES AND STOCKS



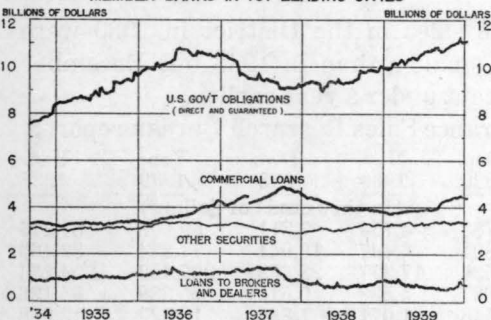
Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average =100. By months, January, 1934, through December, 1939.

WHOLESALE PRICES



Index compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 through week ending January 13, 1940.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, through January 10, 1940. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Industrial activity, after a rapid rise in recent months, declined less than seasonally in December. In the first half of January activity did not show the usual seasonal increase. Distribution of commodities to consumers was maintained in large volume.

PRODUCTION

Industrial output decreased in December, but by a smaller amount than is usual at this season, with the consequence that the Board's index, which allows for usual seasonal variations, advanced further from 124 to 128 per cent of the 1923-1925 average. As in other recent months, the rise in the index continued to reflect mainly increased activity in industries producing durable goods. Automobile production rose sharply in December owing to the reopening of plants of one large producer which had been closed for almost two months. Plate glass production also increased. At steel mills activity was maintained near the high level that prevailed in October and November; fourth quarter production of steel ingots was greater than in any other three-month period on record. Output of zinc and deliveries of tin continued to increase in December, and lumber production declined less than seasonally.

In the nondurable goods industries, where production had been at high levels throughout the autumn, changes in output in December were largely seasonal in character. At woolen textile mills, however, there was a considerable reduction in activity, and activity at silk mills declined to a low level, reflecting in part continued high prices of raw silk. Output of crude petroleum continued at a high rate in December, while coal production was reduced, following a large volume of output in the two preceding months.

In the first half of January steel ingot production was at a somewhat lower level than in December, while automobile assemblies were maintained at about the same high rate as in the previous month.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased further in December, owing to the inclusion in the December figures of a large amount for a dam under construction by the Tennessee Valley Authority. Contracts for private building, both residential and nonresidential, declined seasonally.

EMPLOYMENT

According to reports from leading industrial states, factory employment decreased less than seasonally in December and pay rolls showed a further advance.

DISTRIBUTION

Distribution of commodities to consumers increased further in December. Sales at variety stores showed about the usual sharp rise and sales at department stores and mail-order houses increased more than seasonally.

Freight carloadings declined by more than the usual seasonal amount from November to December, reflecting chiefly a further reduction in coal shipments and a decrease in loadings of ore, which had been at a high level in the previous month.

COMMODITY PRICES

Prices of wheat, which had advanced sharply early in December and continued at the higher level during the rest of the month, declined considerably in the first half of January. Smaller decreases occurred in some other commodities, including hides, tin, and zinc. Prices of most other basic commodities, such as cotton, wool, lead, and steel scrap, showed little change.

GOVERNMENT SECURITY MARKET

Prices of United States Government securities continued to advance during December and were steady during the first two weeks of January.

BANK CREDIT

Total loans and investments of reporting member banks in 101 leading cities declined in the four weeks ending January 10, following an increase during the first half of December. These changes reflected largely a temporary rise and a subsequent decline in loans to security brokers and dealers in connection with the Government's flotation of a new issue of bonds. Total holdings of United States Government obligations at city banks showed little net change during the period.

As a result chiefly of further increases in gold stock as well as the post-holiday return of currency from circulation, excess reserves of member banks increased sharply in the four weeks ending January 10.