

MONTHLY REVIEW

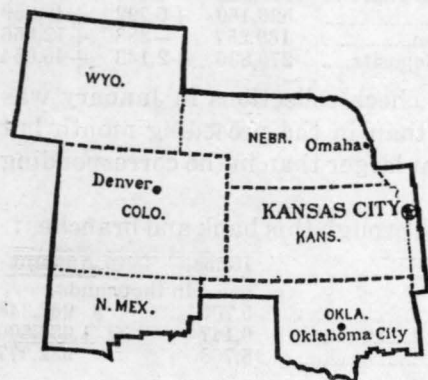
Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

VOL. 25, No. 2

FEDERAL RESERVE BANK OF KANSAS CITY

FEBRUARY 29, 1940



The estimates of the Department of Agriculture of the number of livestock on farms January 1 are given on page 7. It should be understood that these are not census figures but are the annual estimates made between census years. The numbers for 1933 are also given as that was the last year before the drought.

The number of cattle in the 7 states of this District increased nearly three-quarters of a million, or 6% in the last year—a rate nearly double that for the whole country. In the United States there are about 2 million more cattle than a year ago. Kansas, Missouri, and Nebraska made the largest relative gains while in Colorado and Wyoming there are fewer cattle. The increase in Kansas was more than a third of a million. For these states present numbers are 11% under those of 1933 while for the whole country they are only 2% lower. Although numbers are less, cattle in the District are worth about

twice what they were in 1933 and 13% more than last year.

The hog situation is probably the most interesting. There are nearly 2 million more hogs in these 7 states than a year ago—an increase of 26%. All states show increases, but the largest gains were in Kansas, Nebraska, and Oklahoma. For the whole country there are 9 million more hogs, or an increase of 18%. But hog numbers in the 7 states are still down 35% from 1933, while for the whole country they are down only 6%. The large relative increase in this District is due to the small numbers last year. The value of hogs in the District is 22% and for the whole country 74% higher than in 1933 but 22% under last year.

A very favorable corn-hog ratio greatly stimulated hog numbers last year. On an average about 11.6 bushels of corn are equal in value to 100 pounds of live hog. In the fall of 1938 it required nearly 19 bushels of corn to equal in value 100 pounds of hog and this relative cheapness of corn was very favorable to hog production. Maximum hog numbers usually occur about 18 months after this ratio becomes most favorable to hogs. The corn-hog ratio is now quite unfavorable as, at present prices, less than 9 bushels of corn are equal in value to 100 pounds of live hog. If this continues, hog production will undoubtedly be curtailed.

The number of sheep in the 7 states changed little. There are more sheep than a year ago in Missouri, Nebraska, and New Mexico but fewer in Colorado, Wyoming, Kansas, and Oklahoma. The value of sheep is more than double what it was in 1933 and 11% higher than a year ago. The number of horses and mules continues to decline.

The other thing of major interest as this District goes into another year is the condition of winter wheat. Before the snows in January it was estimated that only half of the wheat in Kansas had germinated, while in Nebraska the situation was even worse. The prospect was regarded as the worst on record with an indicated winter wheat crop of less than 400 million bushels as compared with a record low of 377 million in 1933.

It is reported that wheat is sprouting since the snow has melted. But the best opinion is that such wheat has little chance of making a crop. Winter wheat should come up in the fall in time to develop a root structure before it goes into the dormant stage with freezing weather. The dormant stage and the freezing are essential if wheat is to develop satisfactory straw. The opinion seems to be that the most favorable conditions for wheat just sprouting would be warm weather and rapid growth at once, followed by late freezes.

Summary

Precipitation in January was 10 per cent above normal but the moisture situation remains critical. Construction activity is very much below the relatively high rate of a year ago. Life insurance sales are 40% under last year, but these sales were also very large at that time. Marketings of hogs in January were half again larger than last year but all other marketings were off sharply. Trade is little changed. Livestock slaughter is in considerably larger volume than last year as is true also of flour and coal production and zinc shipments. Bank deposits, loans, and check transactions are higher.

Member Bank Operations

Loans at reporting member banks in the Tenth District, which had declined slightly in the first half of January, showed little change from the middle of January to the middle of February, while investments continued to decline. There was a further decrease in commercial loans and in holdings of Government obligations during this period. Loans are 15 per cent larger than a year ago while investments are 5 per cent smaller.

Deposits at reporting member banks, reserves carried at this bank, and correspondent balances carried at other banks have increased in recent weeks. Adjusted demand deposits, which are 8 per cent above a year ago, have regained the record level of last fall.

Principal items of condition of 51 member banks:

	Change from		
	Feb. 14 1940	Jan. 17 1940	Feb. 15 1939
	(In thousands of dollars)		
Loans and investments—total.....	678,810	-2,314	+17,619
Loans—total.....	296,398	+735	+38,342
Coml., indust., agric.....	178,816	-1,619	+23,995
Open market paper.....	19,523	+1,538	+991
To security brokers and dealers.....	3,609	+148	-1,282
Other to purchase or carry secur.....	9,793	-40	-2,106
Real estate loans.....	27,882	+577	+5,077
Loans to banks.....	336	-93	-171
All other loans.....	56,439	+224	+11,838
Investments—total.....	382,412	-3,049	-20,723
U. S. Treasury bills.....	9,353	-4,201	*
U. S. Treasury notes.....	67,516	+17	*
U. S. Govt. bonds.....	104,565	-1,124	*
Oblig. guar. by U. S. Govt.....	59,701	-1,111	+5,899
Other securities.....	141,277	+3,370	+7,805
Reserve with F. R. Bank.....	195,974	+2,920	+40,485
Balances with domestic banks.....	329,234	+8,869	+60,756
Demand deposits—adjusted.....	539,705	+4,496	+41,356
Time deposits.....	145,339	-234	+834
U. S. Govt. deposits.....	23,736	-110	+1,336
Interbank deposits.....	427,232	+5,079	+74,769

*Comparable figures not available.

Reserve Bank Operations

Note circulation of this bank has declined as is usual from its seasonal high of late December, averaging about 180½ million dollars in the first half of February as compared with nearly 181 million in January and about 183½ million in December. Cir-

ulation of 180¼ million at the middle of February was about 4¾ million below the record level reached last December but was 12½ million above a year ago.

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

	Change from		
	Feb. 14 1940	Jan. 17 1940	Feb. 15 1939
	(In thousands of dollars)		
Total reserves.....	370,600	+6,488	+57,090
Bills discounted.....	579	-338	+47
Bills purchased.....	Zero	Zero	-16
Industrial advances.....	120	-48	-111
Commit. to make indust. adv.....	512	-13	-197
U. S. Govt. sec., direct & guar.....	115,928	Zero	-16,170
Total assets.....	526,160	+6,792	+43,859
F. R. notes in circulation.....	180,287	-388	+12,566
Member bank reserve deposits.....	270,836	+2,143	+46,054

Dollar volume of check collections in January was seasonally smaller than in the preceding month but was nearly 4 per cent larger than in the corresponding month a year ago.

Check collections through this bank and branches:

	Amount	
	Items	(In thousands)
January 1940.....	5,709	\$ 967,348
December 1939.....	6,147	1,034,600
January 1939.....	5,768	932,377

Bank Debits

Debits to individual accounts by banks in reporting District cities dropped sharply from December to January. Debits in this District were about 3 per cent larger than in January last year.

Payments by check in thirty District cities:

	Change from		
	Jan. 1940	Dec. 1939	Jan. 1939
	(In thousands of dollars)		
Albuquerque, N. Mex.....	16,921	-2,449	+1,657
Atchison, Kans.....	2,573	-752	-242
Bartlesville, Okla.....	32,974	-334	+2,547
Casper, Wyo.....	6,321	-715	+56
Cheyenne, Wyo.....	8,302	-216	-8
Colorado Springs, Colo..	13,112	-4,364	-2,047
Denver, Colo.....	151,708	-25,384	+560
Emporia, Kans.....	2,888	-520	-659
Enid, Okla.....	9,689	-2,134	+31
Fremont, Nebr.....	2,681	-425	+87
Grand Junction, Colo.....	3,633	-627	+178
Guthrie, Okla.....	1,462	-247	-375
Hutchinson, Kans.....	10,460	-2,298	+471
Independence, Kans.....	2,731	-290	-461
Joplin, Mo.....	11,040	-1,102	+964
Kansas City, Kans.....	20,141	-260	+910
Kansas City, Mo.....	318,585	-44,509	+29,970
Lawrence, Kans.....	3,533	-795	+82
Lincoln, Nebr.....	28,410	-3,853	+2,838
Muskogee, Okla.....	7,598	-1,766	-1,156
Oklahoma City, Okla.....	111,359	-8,713	+6,702
Oklmulgee, Okla.....	2,692	-312	-175
Omaha, Nebr.....	142,816	-16,428	-2,951
Pittsburg, Kans.....	3,965	-255	-202
Pueblo, Colo.....	13,336	-2,834	+2,590
Salina, Kans.....	8,520	-1,138	+1,279
St. Joseph, Mo.....	32,133	+380	+2,819
Topeka, Kans.....	22,306	+4,377	+281
Tulsa, Okla.....	131,956	-36,617	-8,736
Wichita, Kans.....	43,399	-7,854	-1,866
District, 30 cities.....	1,167,244	-162,434	+29,964
U. S., 141 cities.....	34,717,213	-5,301,931	+2,324,475

Trade

RETAIL SALES

Dollar volume of sales at reporting department stores in the District in January declined by more than the usual seasonal amount from the relatively high level of December. Sales during the first half of January were much under a year ago but later improved and total sales for the month were little changed from a year earlier. In the first two weeks of February sales were about 3 per cent above last year. Retail prices, according to the Fairchild Index, are gradually rising and are nearly 4 per cent above a year ago.

Stocks of merchandise showed somewhat less than the usual decline during January and at the close of the month were more than 4 per cent larger than a year earlier. Collections on open accounts averaged 47.1 per cent as compared with 47.2 per cent in January last year, while installment collections averaged 17.5 and 16.6 per cent, respectively.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS	
		Jan. '40 comp. to Jan. '39	Jan. '40 comp. to Dec. 31, '39	Jan. 31, '40 comp. to Jan. 31, '39	Jan. 31, '40 comp. to Jan. 31, '39
(Per cent increase or decrease)					
Denver.....	4	+3.6	+3.0	+2.1	
Kansas City.....	5	-2.1	-4.5	+2.5	
Oklahoma City.....	3	-8.2	-4.0	+21.5	
Omaha.....	3	+5.3	-13.5	+0.1	
Tulsa.....	4	+0.5	-4.8	+0.8	
Wichita.....	3	+0.4	....	....
Other cities.....	19	-1.8	-3.7	+6.9	
District.....	41	Zero	-3.5	+4.4	

Total retail sales in the District in January were slightly above a year ago. Sales in Wyoming, Colorado, New Mexico, and Missouri were larger, while sales in Nebraska, Kansas, and Oklahoma were smaller.

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

	Jan. 1940 per cent change from Jan. 1939						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+4.0	+2.2	+3.9	+7.1	-6.1	-2.2	-17.2
Automobile.....	+14.6	-1.2	-6.6	-3.5	+12.3	-5.2	+2.3
Country genl.....	+2.1	+2.3	+5.0	Zero	+4.8	-1.7	+20.0
Department.....	+5.5	-2.1	+1.9	+3.6	+1.6	-2.8	....
Drug.....	-0.1	-1.5	+6.2	-2.1	+0.9	+3.4	-1.0
Furniture.....	+6.4	-10.4	-12.6	-8.1	-8.4	-9.4	....
Grocery.....	+2.7	-2.1	+2.6	-2.1	-2.7	-4.3	+0.3
Hardware.....	+1.8	-5.6	+4.2	-3.8	....	-9.2	....
Lbr. & mtl.....	-6.9	-27.4	-29.4	+12.4	+5.0	....	-9.5
Total.....	+5.6	-2.8	+0.6	-0.4	+6.7	-5.0	+4.3

The following table shows percentage changes in retail sales by cities for the year 1939 as compared with 1938. The percentage changes are based on reports from independent retail stores in most kinds of business. For the states as a whole, sales in Wyoming and New Mexico increased 4, in Colorado 2, in

Nebraska 1, and in Missouri 6 per cent, while total sales in Kansas and Oklahoma were little changed.

The Department of Commerce retail sales report:

	Year '39 comp. to Year '38		Year '39 comp. to Year '38
COLORADO			
	(%)		(%)
Denver.....	+4.3	Lawrence.....	-5.6
Pueblo.....	+7.6	McPherson.....	-9.0
Colorado Springs.....	-4.2	MISSOURI	
Greeley.....	-0.9	Kansas City.....	+2.3
Trinidad.....	+9.2	St. Joseph.....	+8.9
Fort Collins.....	+13.7	Joplin.....	+13.8
Boulder.....	-0.7	NEBRASKA	
Grand Junction.....	+7.5	Omaha.....	+2.3
Sterling.....	-6.9	Lincoln.....	+3.5
Longmont.....	-2.5	Grand Island.....	+0.2
Loveland.....	+0.3	North Platte.....	+1.0
Durango.....	+8.6	NEW MEXICO	
Salida.....	-2.1	Albuquerque.....	+5.7
KANSAS			
Kansas City.....	+10.8	Santa Fe.....	+0.5
Wichita.....	+2.6	OKLAHOMA	
Topeka.....	+3.8	Oklahoma City.....	-4.1
Hutchinson.....	-8.2	Tulsa.....	+3.1
Salina.....	-5.9	Muskogee.....	-1.7
Pittsburg.....	-4.5	Bartlesville.....	+4.2
Coffeyville.....	+0.6	WYOMING	
Parsons.....	+3.6	Casper.....	-4.2
		Cheyenne.....	+14.0

WHOLESALE SALES

The value of January wholesale sales in this District was 4 per cent above a year ago. Dollar inventories increased seasonally during January and at the close of the month were 5 per cent larger than a year earlier. Collections in January averaged 74.2 per cent as compared with 75.3 per cent last year.

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

	No. of Firms	SALES		STOCKS	
		Jan. '40 comp. to Jan. '39	Jan. '40 comp. to Dec. 31, '39	Jan. 31, '40 comp. to Jan. 31, '39	Jan. 31, '40 comp. to Jan. 31, '39
(Per cent increase or decrease)					
Auto supplies.....	7	+53.4	—	—	
Clothing.....	3	-8.3	+72.2	-11.4	
Drugs.....	5	+2.9	+5.9	-0.2	
Dry goods.....	4	+5.9	+15.2	+5.3	
Electrical goods.....	6	+9.5	+11.7	+4.8	
Farm products.....	11	+12.6	+6.1	-16.1	
Groceries.....	34	+0.9	+2.8	+6.3	
Hardware—total.....	(14)	+7.5	+1.1	-1.1	
General.....	4	+12.4	+1.2	-1.6	
Industrial.....	5	+7.0	+0.2	-2.3	
Plbg. & htg.....	5	-7.7	+3.6	+9.4	
Machinery.....	4	+17.3	-1.4	+27.6	
Paper & prod.....	3	+14.5	—	—	
Tobacco & prod.....	8	-2.5	—	—	
All other lines.....	18	+2.6	+3.4	+14.5	
Total.....	117	+3.9	+4.3	+4.8	

Lumber

Following a bad slump during the last half of 1939, board feet sales of lumber at reporting retail yards in the District in January were more than a third under a year earlier. Stocks of lumber are about 4 per cent smaller. Collections in January averaged 27.9 per cent as compared with 33.5 per cent in January of last year.

Lumber trade at 149 retail yards in the District:

	Jan. 1940 per cent change from	
	Dec. 1939	Jan. 1939
Sales of lumber, board feet.....	-29.1	-34.2
Sales of all materials, dollars.....	-20.0	-23.9
Stocks of lumber, board feet.....	+0.6	-4.1
Outstandings, dollars.....	-5.4	-3.3

Building

Construction awards in this area in January were about a third less than a year ago. In the first half of February, awards were 4 per cent above last year.

Construction figures of F. W. Dodge Corporation:

	Jan. 1940	Jan. 1939
	(In thousands of dollars)	
Residential building.....	1,792	3,264
Nonresidential building.....	1,650	3,126
Public works construction.....	1,838	1,116
Utility construction.....	659	1,438
Kansas City area.....	5,939	8,944
37 Eastern states.....	196,191	251,673

The value of January building permits issued in reporting District cities was 9 per cent smaller than in the same month a year ago.

January building permits issued in District cities:

	PERMITS		ESTIMATED COST	
	1940	1939	1940	1939
Albuquerque, N. Mex.....	59	51	\$ 147,000	\$ 245,000
Cheyenne, Wyo.....	8	27	25,000	33,000
Colorado Springs, Colo.....	21	30	11,000	36,000
Denver, Colo.....	404	366	1,372,000	366,000
Hutchinson, Kans.....	21	38	14,000	32,000
Joplin, Mo.....	7	19	9,000	35,000
Kansas City, Kans.....	5	24	49,000	103,000
Kansas City, Mo.....	60	110	46,000	180,000
Lincoln, Nebr.....	34	84	183,000	349,000
Oklahoma City, Okla.....	80	154	186,000	395,000
Omaha, Nebr.....	35	59	46,000	112,000
Pueblo, Colo.....	38	43	59,000	35,000
Salina, Kans.....	5	13	11,000	24,000
Shawnee, Okla.....	3	8	2,000	4,000
St. Joseph, Mo.....	3	23	4,000	283,000
Topeka, Kans.....	6	21	187,000	32,000
Tulsa, Okla.....	59	128	167,000	324,000
Wichita, Kans.....	36	168	25,000	200,000
January.....	884	1,366	\$2,543,000	\$2,788,000

Life Insurance

Life insurance sales in this District in January were 40 and in the whole country 30 per cent smaller than in January of last year.

The Life Insurance Sales Research Bureau report:

	Change from		
	Jan. 1940	Dec. 1939	Jan. 1939
	(In thousands of dollars)		
Colorado.....	4,255	-1,533	-1,884
Kansas.....	5,019	-1,785	-3,317
Missouri.....	14,870	-2,655	-9,831
Nebraska.....	4,845	-842	-3,149
New Mexico.....	903	-645	-456
Oklahoma.....	6,412	-2,009	-5,416
Wyoming.....	780	-354	-366
Seven states.....	37,084	-9,823	-24,419
United States.....	517,622	-49,590	-212,144

Meat Packing

Meat-packing operations in the District expanded markedly during January when the proportion of market receipts of livestock returning to the country as stockers and feeders was much smaller and that going to immediate slaughter much larger than in recent months. Packers' purchases of all livestock except sheep were considerably heavier than a year ago. The slaughter of cattle was 5, calves 12, hogs 26, and sheep 10 per cent under the ten-year average.

January packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	14,689	4,768	45,978	24,626
Kansas City.....	49,735	10,072	244,604	92,040
Oklahoma City.....	17,797	7,865	33,401	8,190
Omaha.....	72,235	4,534	243,281	93,185
St. Joseph.....	24,611	3,615	122,370	84,199
Wichita.....	9,334	5,315	40,779	20,418
Jan. 1940.....	188,401	36,169	730,413	322,658
Dec. 1939.....	154,989	32,122	642,222	236,219
Jan. 1939.....	173,939	31,951	467,751	322,667

Petroleum

Crude oil production in the District in January was about 3 per cent under the average of the past ten years but was slightly above output for that month last year.

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

	Jan. 1940		Dec. 1939		Jan. 1939	
	Gross	D. Av.	Gross	D. Av.	Gross	D. Av.
	(In thousands of barrels)					
Colo.....	127	4.1	110	3.5	103	3.3
Kans.....	5,308	171.2	5,447	175.7	4,931	159.1
N. Mex.....	3,230	104.2	3,468	111.9	3,062	98.8
Okla.....	13,025	420.2	13,933	449.5	13,951	450.0
Wyo.....	1,999	64.5	1,893	61.0	1,463	47.2
5 States.....	23,689	764.2	24,851	801.6	23,510	758.4
U. S.....	111,391	3,593.2	114,810	3,703.5	102,490	3,306.1

Stocks of crude petroleum produced in this District rose somewhat further during January from the low point of last October. Crude stocks are about 12 per cent smaller than a year ago because of the shutdown of wells last August. Mid-Continent gasoline prices are very unsteady, reflecting exceptionally heavy stocks, while prices of other refined products and of crude oil are firm. Gasoline exports remain inactive, owing largely to the recent unfavorable relationship of the pound sterling to the dollar.

Flour Milling

January output at southwestern flour mills, although about 4 per cent under the January average of the past ten years, was 5 per cent above production for the same month a year ago. Early in the month more than a third of buyers' requirements for the current crop year ending June 30 remained to be booked in contrast with the usual sixth. However, flour

sales increased sharply toward the end of January and early in February as wheat and flour prices showed further weakness, and a substantial part of this business covered buyers' needs for the next two or three months. Export buying has disappeared since the discontinuance of the Federal subsidy on January 3.

Flour output reported by the Northwestern Miller:

	Jan. 1940	Change from	
		Dec. 1939	Jan. 1939
(In barrels)			
Kansas City.....	574,000	+21,000	+14,000
Salina.....	209,000	-9,000	-10,000
Wichita.....	145,000	+4,000	-20,000
Other cities.....	1,130,000	+87,000	+106,000
Southwest.....	2,058,000	+103,000	+90,000
United States*.....	5,535,000	-693,000	+89,000

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

Zinc and Lead

January shipments of zinc from the Tri-State district were 10 per cent larger than a year ago, while shipments of lead were less than a third of the unusually heavy movement last year. Production was greatly restricted by severe weather in January and the very small stocks of ore were further reduced.

January ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	10,520	\$ 397,294	1,155	\$ 74,544
Missouri.....	1,010	38,796	133	8,616
Oklahoma.....	21,515	815,634	2,045	131,953
Jan. 1940.....	33,045	\$1,251,724	3,333	\$215,113
Dec. 1939.....	31,585	1,295,016	4,959	320,119
Jan. 1939.....	29,983	869,497	10,628	576,590

Ore prices declined sharply during January and early February. Zinc has lost two-thirds and lead all of the advance that took place last September.

Employment and Pay Rolls

District employment and pay rolls declined 4 per cent from mid-December to mid-January. Employment is 3 and pay rolls 5 per cent above a year ago.

Preliminary figures of the Department of Labor:

	January 1940 per cent change from December 1939	
	Employment	Pay Rolls
Colorado.....	-7.6	-4.1
Kansas.....	-6.7	-5.8
Missouri.....	-2.7	-3.3
Nebraska.....	-6.3	-3.8
New Mexico.....	+1.1	+1.1
Oklahoma.....	-4.0	-4.5
Wyoming.....	-7.0	-3.6
Total.....	-4.4	-3.9

Rainfall

Large sections of the District received above normal precipitation during January and virtually the entire District was covered with snow, the snow cover vary-

ing in depth from 1 to 20 inches over the principal winter wheat area. Precipitation, however, was below normal in northeastern Wyoming, in eastern Nebraska, and in most of Oklahoma and Missouri, and everywhere in the District the moisture only wet the topsoil. For the states as a whole, January precipitation was 146 per cent of normal in Wyoming, 182 in Colorado, 120 in New Mexico, 131 in Nebraska, and 124 in Kansas, but only 53 in Oklahoma and 61 in Missouri. The snow had disappeared from Oklahoma and largely so from southern Kansas by early February but these sections have since received an appreciable amount of additional moisture.

Grain Marketing

January marketings of wheat were about one-half and of corn one-fourth less than a year ago and were nearly 60 per cent under the January average of the past ten years. Extremely cold, icy weather, the large amounts of grain sealed under Federal loans, and a firm holding tendency of growers were factors in the abnormally small receipts. Toward the end of January, however, as wheat prices continued to weaken, growers for the first time since prices had risen substantially above the loan level began to repay wheat loans and redeem the grain.

January grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	626,000	.....	.....
Kansas City.....	1,392,000	1,063,000	84,000
Omaha.....	251,000	500,000	298,000
St. Joseph.....	146,000	200,000	436,000
Wichita.....	707,000	5,000	5,000
Jan. 1940.....	3,122,000	1,768,000	823,000
Dec. 1939.....	4,499,000	2,920,000	528,000
Jan. 1939.....	6,450,000	2,309,000	1,310,000

Cash wheat prices by early February had receded appreciably from the two-year high of early January, influenced by moisture over much of the winter wheat belt, some liquidation of wheat loans, and the prospect for large world supplies irrespective of the outcome of the domestic winter wheat crop. In the first three weeks of February, wheat prices strengthened and regained virtually all of this loss. The steady advance in cash corn prices in the closing months of 1939 leveled off in January and the first three weeks of February. Wheat prices are materially above while corn prices are very close to the Government loan level.

The lower range of cash prices at Kansas City:

	Feb. 23 1940	Jan. 31 1940	Dec. 30 1939	Jan. 31 1939
No. 1 hd., dk. wheat, bu.....	\$1.03 1/4	\$.95 3/4	\$1.01 1/2	\$.69 3/4
No. 2 mixed corn, bu.....	.59 3/4	.57 3/4	.58 1/4	.47
No. 2 white oats, bu.....	.43 1/2	.42 1/2	.40 3/4	.29
No. 2 rye, bu.....	.69	.66	.69	.44 1/2
No. 2 barley, bu.....	.54	.55	.55	.41
No. 2 white kafir, cwt.....	1.18	1.09	1.06	.74

Farm Income

The following table gives annual estimates of cash farm income in states of this District for the past four years. The estimates include cash income from marketings, commodities placed under loan, and Government payments. Farm income in Wyoming and Colorado rose 9 per cent during 1939, in New Mexico 12, in Nebraska 13, in Kansas and Oklahoma 8, and in Missouri 11 per cent. District income in 1939 was 10 per cent larger than in 1938, reflecting mainly larger income from livestock, livestock products, and Government payments, and was about 70 per cent above the depression low of 1932 but fell 7 per cent short of the recovery high in 1937.

Department of Agriculture farm income estimates:

	1939	1938	1937	1936
	(In thousands of dollars)			
Colorado.....	134,265	122,912	151,318	135,736
Kansas.....	270,681	250,556	328,091	309,020
Missouri.....	276,536	248,876	272,814	267,744
Nebraska.....	247,152	218,939	266,943	295,399
New Mexico.....	57,452	51,139	55,591	48,841
Oklahoma.....	194,340	180,162	199,498	158,023
Wyoming.....	48,692	44,488	50,530	46,019
Seven states.....	1,229,118	1,117,072	1,324,785	1,260,782
United States.....	8,518,046	8,081,663	9,111,024	8,499,293

Livestock**MARKETINGS**

January marketings of all livestock except hogs were somewhat smaller than a year ago, with receipts of cattle 15, calves 6, and sheep 17 per cent below the January ten-year average. Weather was a factor in these light receipts. Hog marketings in January were about equal to the average of the past ten years and continue substantially above a year earlier. Further weakness in hog prices and the present unfavorable corn-hog feeding ratio have tended to discourage the holding of hogs for added weight and finish.

January livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	40,307	18,102	64,249	99,926
Kansas City.....	89,782	13,184	259,377	109,828
Oklahoma City.....	30,782	9,856	43,302	13,083
Omaha.....	96,747	6,277	274,642	120,380
St. Joseph.....	31,075	4,287	129,126	94,700
Wichita.....	18,238	3,553	44,269	20,834
Jan. 1940.....	306,931	55,259	814,965	458,751
Dec. 1939.....	269,435	55,882	714,083	349,739
Jan. 1939.....	325,111	59,469	540,030	470,649

PRICES

Prices of prime beef steers and lambs advanced during January to the highest level in three months. Prices weakened considerably early in February, owing in part to increased supplies of short-fed cattle, but have since recovered and generally are strong. Hog prices, under pressure from relatively heavy marketings as well as a marked deterioration in the quality of receipts, continue to decline, the top price

sinking to a six-year low of \$5.15 a hundredweight in the second week of February.

Top livestock prices at the Kansas City market:

	Feb. 23 1940	Jan. 1940	Dec. 1939	Jan. 1939	Jan. 1938	Jan. 1937
	(In dollars per hundredweight)					
Beef steers.....	11.50	11.25	11.00	14.00	10.00	14.00
Stocker cattle.....	10.50	10.25	10.00	9.75	8.25	8.35
Feeder cattle.....	9.00	9.15	9.00	10.35	7.75	9.50
Calves.....	11.00	11.50	10.00	10.50	9.50	12.00
Hogs.....	5.25	5.75	5.80	7.70	8.85	10.50
Sheep.....	7.90	7.85	7.75	8.10	7.25	9.00
Lambs.....	9.40	9.25	9.10	9.10	8.35	10.65

STOCKERS AND FEEDERS

The cold and stormy weather of January helped to curtail the demand for stocker and feeder cattle, shipments of which were 20 per cent smaller than a year ago and 17 per cent below the average of the past ten years. Calf shipments, however, were exceptionally heavy for that month and there was about the usual movement of stocker and feeder sheep from public markets to ranges and feed lots.

January stocker-feeder shipments:

	Cattle	Calves	Hogs	Sheep
Denver.....	20,586	12,685	377	20,439
Kansas City.....	26,143	4,071	2,339	13,884
Omaha.....	13,075	1,739	859	16,972
St. Joseph.....	4,020	745	696	7,452
Jan. 1940.....	63,824	19,240	4,271	58,747
Dec. 1939.....	67,993	17,989	3,996	61,509
Jan. 1939.....	79,938	13,653	4,234	55,845

Reflecting decreased lamb feeding operations this year in the principal western feeding areas of the District, lamb marketings from the northern Colorado, Arkansas Valley, and Scottsbluff sections so far this year have totaled only 1,161 cars as compared with 1,429 cars last year and 1,978 cars two years ago. At the middle of February, approximately 975,000 lambs were reported left in feed lots in these three sections as compared with 1,080,000 a year ago and 1,115,000 at that time in 1938.

January weather generally was quite unfavorable for livestock, causing some loss of flesh in cattle and sheep and necessitating heavy supplemental feeding from the rather limited feed supplies on hand. Although greatly restricting grazing, heavy snows provided much needed moisture and stock water in Wyoming and parts of Colorado and New Mexico and have improved somewhat the outlook for spring grass. Other sections of the District, however, remain dry and moisture is needed badly in nearly all of the western plains area. Death losses of livestock have been light.

LIVESTOCK ON FARMS

Department of Agriculture estimates of livestock on farms on January 1 will be found on the following page. A discussion of these figures appears on page 1 of this issue of the Monthly Review.

LIVESTOCK ON FARMS JANUARY 1

Estimated by the United States Department of Agriculture

Number, in thousands of head

Value, in thousands of dollars

ALL CATTLE AND CALVES

	1940	1939	1938	1937	1933	1940	1939	1938	1937	1933
Colorado.....	1,404	1,447	1,492	1,570	1,614	53,650	50,463	46,826	50,579	25,985
Kansas.....	3,063	2,711	2,607	2,834	3,580	116,045	99,046	80,988	82,731	61,576
Missouri.....	2,802	2,547	2,497	2,472	2,850	111,647	95,821	86,570	74,575	52,440
Nebraska.....	3,084	2,909	2,824	3,037	3,610	126,285	112,412	90,485	93,788	67,868
New Mexico.....	1,276	1,263	1,302	1,354	1,395	45,085	38,166	35,731	38,104	21,065
Oklahoma.....	2,247	2,182	2,139	2,252	2,470	69,959	65,421	56,197	48,622	34,827
Wyoming.....	787	828	820	781	956	32,986	30,714	26,466	23,423	19,024
Seven states.....	14,663	13,887	13,681	14,300	16,475	555,657	492,043	423,263	411,822	282,785
United States.....	68,769	66,789	66,083	66,803	70,214	2,790,213	2,568,251	2,417,235	2,275,182	1,386,107

MILK COWS AND HEIFERS KEPT FOR MILK

	1940	1939	1938	1937	1933	1940	1939	1938	1937	1933
Colorado.....	243	243	245	253	280	12,636	11,664	11,270	11,638	7,000
Kansas.....	788	765	765	805	890	42,552	39,780	34,425	33,005	22,250
Missouri.....	954	945	955	946	1,080	46,746	44,415	42,020	35,948	24,840
Nebraska.....	667	648	629	684	768	39,353	36,288	30,192	30,780	20,736
New Mexico.....	79	76	70	76	76	3,476	3,192	2,660	3,268	1,900
Oklahoma.....	727	720	713	728	778	30,534	30,240	26,381	21,840	15,560
Wyoming.....	66	68	68	70	75	3,828	3,740	3,400	3,220	2,325
Seven states.....	3,524	3,465	3,445	3,562	3,947	179,125	169,319	150,348	139,699	94,611
United States.....	25,334	25,088	24,834	24,993	25,936	1,449,596	1,397,001	1,352,014	1,259,321	756,846

SWINE, INCLUDING PIGS

	1940	1939	1938	1937	1933	1940	1939	1938	1937	1933
Colorado.....	403	278	253	298	536	2,538	2,888	2,485	3,369	1,662
Kansas.....	1,519	1,085	804	874	3,165	10,152	12,090	7,861	9,615	12,027
Missouri.....	3,682	3,120	2,622	2,622	4,674	26,528	32,270	27,470	24,978	17,761
Nebraska.....	2,498	1,998	1,598	1,567	4,534	21,797	26,980	19,684	21,768	19,496
New Mexico.....	110	92	80	72	78	765	965	770	808	304
Oklahoma.....	1,269	954	763	700	1,506	6,235	8,075	6,358	5,756	4,518
Wyoming.....	63	53	44	44	98	526	666	548	589	333
Seven states.....	9,544	7,580	6,164	6,177	14,591	68,541	83,934	65,176	66,883	56,101
United States.....	58,312	49,293	44,218	42,770	62,127	454,280	552,626	498,070	508,643	261,730

ALL SHEEP AND LAMBS

	1940	1939	1938	1937	1933	1940	1939	1938	1937	1933
Colorado.....	2,677	2,823	2,853	2,767	3,093	18,199	16,849	17,356	17,216	8,970
Kansas.....	690	730	614	559	671	3,986	4,131	3,580	3,254	1,812
Missouri.....	1,670	1,537	1,441	1,373	1,269	10,660	9,403	9,782	8,490	3,426
Nebraska.....	967	890	859	721	1,115	6,186	5,425	5,015	4,154	3,122
New Mexico.....	2,433	2,334	2,385	2,477	2,820	14,025	11,906	12,369	13,224	6,486
Oklahoma.....	323	351	313	245	188	1,709	1,696	1,780	1,259	508
Wyoming.....	3,806	3,859	3,647	3,592	3,893	26,861	23,813	23,043	20,952	12,458
Seven states.....	12,566	12,524	12,112	11,734	13,049	81,626	73,223	72,925	68,549	36,782
United States.....	54,473	53,783	52,682	52,489	53,075	342,893	309,280	322,525	315,780	154,226

HORSES AND COLTS

	1940	1939	1938	1937	1933	1940	1939	1938	1937	1933
Colorado.....	240	242	249	259	318	12,486	14,372	16,813	19,623	9,858
Kansas.....	390	410	450	506	628	22,467	24,656	28,225	38,080	25,748
Missouri.....	524	524	529	529	537	36,296	38,264	41,465	44,944	24,165
Nebraska.....	476	491	523	569	681	26,914	30,302	35,024	47,335	31,326
New Mexico.....	125	127	130	135	145	5,362	6,170	6,669	8,318	3,625
Oklahoma.....	355	372	400	417	416	18,851	21,417	24,969	29,145	13,728
Wyoming.....	137	137	137	136	164	6,559	7,081	8,037	8,982	4,264
Seven states.....	2,247	2,303	2,418	2,551	2,889	128,935	142,262	161,202	196,427	112,714
United States.....	10,616	10,815	11,128	11,445	12,291	822,019	912,148	1,012,217	1,135,128	665,178

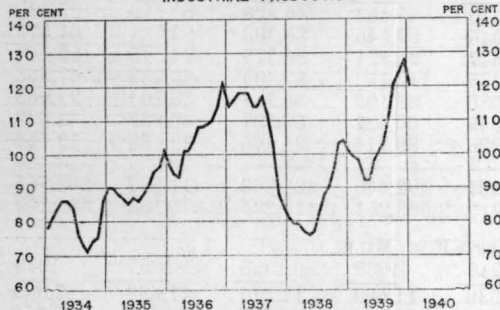
MULES AND MULE COLTS

	1940	1939	1938	1937	1933	1940	1939	1938	1937	1933
Colorado.....	15	15	16	17	24	1,069	1,162	1,365	1,625	936
Kansas.....	71	75	79	85	134	5,505	6,029	6,681	8,479	6,968
Missouri.....	219	219	223	227	279	20,322	21,587	23,993	25,696	16,740
Nebraska.....	56	58	61	66	88	4,299	4,702	5,326	7,050	4,928
New Mexico.....	14	15	15	16	21	933	1,130	1,197	1,360	777
Oklahoma.....	165	175	185	203	275	12,869	14,321	16,610	19,565	12,375
Wyoming.....	2	2	2	2	3	140	144	200	210	123
Seven states.....	542	559	581	616	824	45,137	49,075	55,372	63,985	42,847
United States.....	4,321	4,384	4,428	4,568	5,046	494,902	515,755	543,092	593,526	304,895

NATIONAL SUMMARY OF BUSINESS CONDITIONS

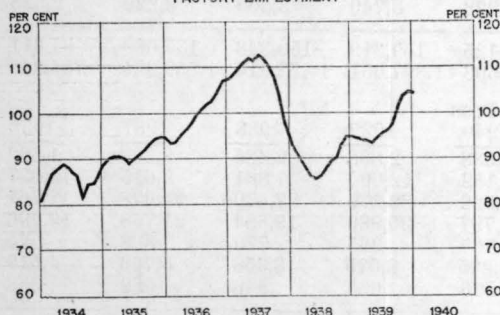
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



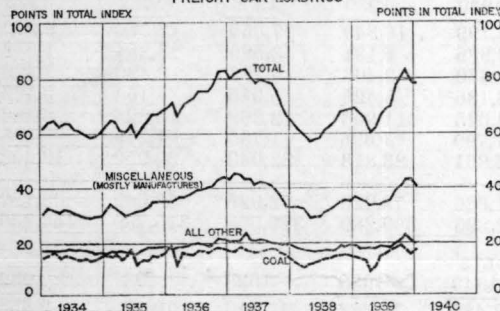
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through January, 1940.

FACTORY EMPLOYMENT



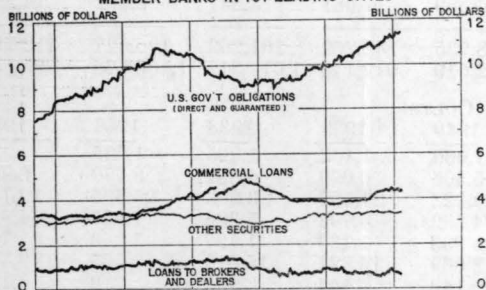
Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through January, 1940.

FREIGHT CAR LOADINGS



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average=100. Miscellaneous, coal, and all other expressed in terms of points in the total index. By months, January, 1934, through January, 1940.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, September 5, 1934, through February 7, 1940. Commercial loans based on new classification beginning May 19, 1937.

In January and the first half of February industrial activity declined from the high level reached in the latter part of 1939. Retail trade, which had been in large volume, decreased more than seasonally, while merchandise exports were maintained.

PRODUCTION

Volume of industrial production declined somewhat from December to January, and consequently the Board's index, which allows for a considerable seasonal increase, dropped sharply from the high level of 128 reached in December to 120 in January. Data available for the first half of February indicate a further sharp reduction in the index.

Steel ingot production, which had been above 90 per cent of capacity during most of the fourth quarter of 1939, has declined steadily since the turn of the year and by the middle of February was at about 69 per cent of capacity. Plate glass production, which also had reached high levels in the latter part of 1939, was reduced in January and lumber production showed a considerable decrease owing in part to unusually cold weather in the Southern regions. Automobile production in January was larger than is usual at this season. In the latter part of the month, however, and in the first half of February, as retail sales of new cars declined seasonally and dealers' stocks, which had been lower than usual at the beginning of the year, rose rapidly, the output of cars declined. In the machinery industries activity was generally sustained at the advanced levels reached in December.

Output of cotton textiles in January continued at about the high rate of other recent months but production of woolen textiles declined further from the peak levels of October and November, and output of silk products remained in small volume. Activity at meat-packing establishments was maintained in January at the high level prevailing for several months. Coal production rose sharply, following a marked reduction in December, and was at about the high level reached last October. Output of crude petroleum continued in large volume.

Value of contracts awarded for both public and private construction declined considerably in January, according to reports of the F. W. Dodge Corporation. Awards for private residential building showed a greater than seasonal reduction and were lower than the level prevailing a year ago. Contracts for other private work declined somewhat but remained in larger volume than in the corresponding period last year.

EMPLOYMENT

Factory employment and pay rolls, which had risen sharply during the latter half of 1939, declined by somewhat more than the usual seasonal amount from the middle of December to the middle of January, according to reports from leading industrial States.

DISTRIBUTION

Sales at department stores, variety stores, and mail-order houses in January declined more than seasonally from the high level of December. Total freight carloadings showed a seasonal decline; shipments of miscellaneous freight and grain decreased, while coal loadings increased considerably.

FOREIGN TRADE

Exports of United States merchandise, which usually decline in January, were maintained this year at the high level reached in December. Shipments of cotton, which have been large in recent months, rose further, while exports of many industrial products declined. Exports to the United Kingdom increased sharply, owing mainly to larger cotton shipments.

Reflecting principally acquisitions of foreign gold, the country's monetary gold stock increased by \$287,000,000 during January and by \$132,000,000 in the first two weeks of February.

COMMODITY PRICES

Prices of copper, lead, and silk showed marked declines from the middle of January to the middle of February and there were smaller decreases in prices of some other basic industrial materials, such as steel scrap, wool, and textile yarns. Prices of foodstuffs, on the other hand, showed little change in this period.

GOVERNMENT SECURITY MARKET

Prices of United States Government securities declined slightly during the latter half of January from the recovery peak reached early in the month but regained part of these losses during the first half of February.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities rose during the five weeks ending February 7, as a result of increases in holdings of Government securities at New York City banks. Loans to security brokers and dealers and commercial loans declined. Demand deposits continued to increase during the period.