

# MONTHLY REVIEW

## *Agricultural and Business Conditions*

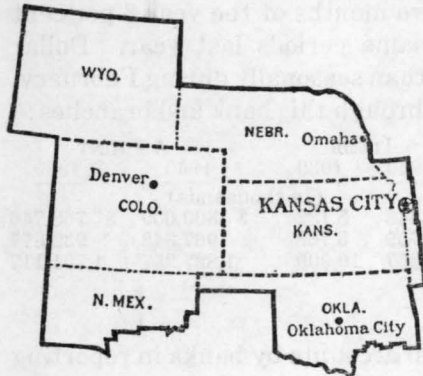
### TENTH FEDERAL RESERVE DISTRICT

VOL. 25, No. 3

FEDERAL RESERVE BANK OF KANSAS CITY

MARCH 30, 1940

### *Business in the Tenth Federal Reserve District*



Sales of merchandise have been appreciably higher recently, due in part to the early Easter and better weather. In the first half of March department store sales were 8% higher than a year ago. Other retail sales and wholesale sales also were higher.

Hogs are being marketed in much larger numbers than a year ago and the slaughter of both hogs and cattle is higher. The opposite is true of calves and sheep. Hog prices are holding near the low of the last six years and cattle prices, while recently stronger, have tended somewhat lower for more than a year. Grain prices are holding near their recent highs.

Construction activity is much below a year ago and is relatively less active in this District than in the country as a whole. Residential building is making the best showing.

Bank deposits, check transactions, and loans are higher but bank investments are lower.

BUSINESS INDICATORS	FEBRUARY 1940 COMPARED WITH FEBRUARY 1939						2 MOS. 1940 COMPARED WITH 2 MOS. 1939									
	% DECREASE			% INCREASE			% DECREASE			% INCREASE						
	40	30	20	10	10	20	30	40	40	30	20	10	10	20	30	40
<b>Financial</b>																
Bank Debits																
F. R. Bk. Clearings																
Mem. Bk. Loans																
Mem. Bk. Invest.																
Demand Deposits																
Life Ins. Sales																
<b>Trade</b>																
Wholesale Sales																
Retail Sales																
Dept. Store Sales																
Lumber Sales																
<b>Marketings</b>																
Wheat																
Corn																
Oats																
Cattle																
Calves																
Hogs						+7										+60
Sheep																
<b>Production</b>																
Flour																
Cattle Slaughter																
Calf Slaughter																
Hog Slaughter						+81										+65
Sheep Slaughter																
Crude Petroleum																
Bituminous Coal																
Zinc Ore Shipments																
Lead Ore Shipments							-61									
<b>Construction</b>																
Total Awards																
Res. Awards																
Value of Permits																
<b>Miscellaneous</b>																
Rainfall																
Cash Farm Income*																
Employment																
Pay Rolls																

\*Two months lag

**Member Bank Operations**

Loans at reporting member banks in the Tenth District increased slightly from the middle of February to the middle of March, regaining their recent high at the turn of the year. Investments, which at the middle of February had been at the lowest point in recent months, also showed a small increase during this period. Loans are about 16 per cent larger than a year ago, while investments are about 3 per cent smaller. Most of the increase in loans during the past year has been in commercial, real estate, and so-called "all other" loans. Reduced holdings of Treasury notes and Government bonds as compared with a year ago have been about offset by larger holdings of Treasury bills, obligations guaranteed by the Government, and other securities.

Deposits at reporting banks and reserve balances carried at this bank increased further from the middle of February to the middle of March, adjusted demand deposits reaching a new high record level. Reserve balances and interbank deposits, however, are somewhat below their record high last fall. Adjusted demand deposits are 9 and interbank deposits 19 per cent larger than at this time last year, while reserves are 22 and correspondent balances 18 per cent greater.

Principal items of condition of 51 member banks:

	Change from		
	Mar. 13 1940	Feb. 14 1940	Mar. 15 1939
	(In thousands of dollars)		
Loans and investments—total.....	683,725	+4,915	+29,168
Loans—total.....	298,778	+2,380	+41,953
Coml., indust., agric.....	178,856	+40	+24,985
Open market paper.....	20,327	+804	+1,773
To security brokers and dealers....	3,643	+34	-1,075
Other to purchase or carry secur..	10,038	+245	+151
Real estate loans.....	28,040	+158	+5,003
Loans to banks.....	143	-193	-361
All other loans.....	57,731	+1,292	+11,477
Investments—total.....	384,947	+2,535	-12,785
U. S. Treasury bills.....	12,578	+3,225	+7,475
U. S. Treasury notes.....	66,862	-654	-18,005
U. S. Govt. bonds.....	96,517	-8,048	-20,689
Oblig. guar. by U. S. Govt.....	66,373	+6,672	+10,337
Other securities.....	142,617	+1,340	+8,097
Reserve with F. R. Bank.....	203,811	+7,837	+36,259
Balances with domestic banks.....	325,973	-3,261	+49,404
Demand deposits—adjusted.....	547,353	+7,648	+44,263
Time deposits.....	145,295	-44	+1,679
U. S. Govt. deposits.....	23,614	-122	+358
Interbank deposits.....	430,141	+2,909	+69,312

**Reserve Bank Operations**

Note circulation of this bank, after declining seasonally in January and February, is again rising, averaging about 183 $\frac{1}{4}$  million dollars in the first half of March as compared with an average of 180 $\frac{3}{4}$  million in February and slightly less than 181 million in January. Circulation of 182 $\frac{3}{4}$  million near the middle of March, while below the record of 185 million last December, was more than 14 million larger than a year ago and nearly 17 million larger than in 1938.

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

	Change from		
	Mar. 13 1940	Feb. 14 1940	Mar. 15 1939
	(In thousands of dollars)		
Total reserves.....	384,039	+13,439	+58,747
Bills discounted.....	199	-380	-154
Bills purchased.....	Zero	Zero	-16
Industrial advances.....	118	-2	-98
Commit. to make indust. adv.....	492	-20	-197
U. S. Govt. sec., direct & guar.....	115,928	Zero	-16,170
Total assets.....	539,842	+13,682	+42,031
F. R. notes in circulation.....	182,875	+2,588	+14,156
Member bank reserve deposits.....	277,470	+6,634	+40,305

Dollar volume of check collections in February was 12 and in the first two months of the year 8 per cent larger than in the same periods last year. Dollar volume declined less than seasonally during February.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1940	1939	1940	1939
	(In thousands)			
February.....	5,648	5,132	\$ 860,609	\$ 763,740
January.....	5,709	5,768	967,348	932,377
Two months.....	11,357	10,900	1,827,957	1,701,117

**Bank Debits**

Debits to individual accounts by banks in reporting centers of the District in February showed somewhat less than the usual decrease. Volume of payments by check for February was 10 per cent larger than a year ago as compared with an increase of 6 per cent for the first two months of the year.

Payments by check in thirty District cities:

	Feb.		Change from 1939	
	1940	2 Mos. 1940	Feb.	2 Mos.
	(Thousand dollars)		(Per cent)	
Albuquerque, N.M.....	14,726	31,647	+15.9	+13.1
Atchison, Kans.....	2,656	5,229	+7.8	-0.9
Bartlesville, Okla.....	27,414	60,388	+16.7	+12.0
Casper, Wyo.....	5,698	12,019	+15.1	+7.2
Cheyenne, Wyo.....	6,732	15,034	+3.6	+1.5
Colo. Springs, Colo.....	11,566	24,678	+7.7	-4.7
Denver, Colo.....	140,480	292,188	+4.1	+2.2
Emporia, Kans.....	2,669	5,557	+7.7	-7.8
Enid, Okla.....	9,115	18,804	+20.1	+9.0
Fremont, Nebr.....	2,505	5,186	+17.3	+9.6
Gr. Junction, Colo.....	3,402	7,035	+18.5	+11.2
Guthrie, Okla.....	1,326	2,788	-7.0	-14.6
Hutchinson, Kans.....	11,736	22,196	+22.4	+13.4
Indep., Kans.....	2,454	5,185	-2.2	-9.1
Joplin, Mo.....	8,355	19,395	+1.4	+5.9
Kansas City, Kans.....	14,635	34,776	+4.9	+4.8
Kansas City, Mo.....	269,104	587,689	+15.1	+12.5
Lawrence, Kans.....	3,030	6,563	-2.2	+0.2
Lincoln, Nebr.....	25,705	54,115	+7.4	+9.3
Muskogee, Okla.....	6,661	14,259	-2.3	-8.4
Okla. City, Okla.....	95,893	207,252	+7.6	+6.9
Okmulgee, Okla.....	2,467	5,159	+18.5	+4.2
Omaha, Nebr.....	130,146	272,962	+7.6	+2.4
Pittsburg, Kans.....	3,736	7,701	+15.4	+4.0
Pueblo, Colo.....	11,406	24,742	-7.1	-12.3
Salina, Kans.....	7,066	15,586	+8.3	+13.2
St. Joseph, Mo.....	23,957	56,090	+8.4	+9.1
Topeka, Kans.....	22,508	44,814	+28.3	+13.3
Tulsa, Okla.....	124,882	256,838	+11.9	+1.8
Wichita, Kans.....	43,148	86,547	+11.7	+3.2
District, 30 cities.....	1,035,178	2,202,422	+10.3	+6.1
U. S., 141 cities.....	29,482,006	64,199,219	+6.9	+7.0



**Trade**

**RETAIL SALES**

Dollar sales at reporting department stores in the District, which in January had been unchanged from a year ago, in February were 9 and in the first half of March about 8 per cent larger than last year. The February increase reflected in part one more shopping day than last year and a moderation in weather conditions, and sales in recent weeks have been influenced by the earlier Easter date this year. Retail prices, which according to the Fairchild Index have been rising gradually the past eight months, are about 4 per cent above a year ago.

Stocks of merchandise increased seasonally during February. At the end of January stocks had been more than 4 per cent heavier than a year ago, but by the end of February this figure had dropped to 2 per cent. Collections on open accounts averaged 44.0 per cent in February as compared with 43.2 per cent last year, while installment collections averaged 16.8 and 16.0 per cent, respectively.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Feb. '40 comp. to Feb. '39	2 Mos.'40 2 Mos.'39	Jan.31,'40 comp. to Feb.28,'39	Feb.28,'39
	(Per cent increase or decrease)			
Denver.....	4	+11.0	+7.2	+6.0
Kansas City.....	5	+10.6	+4.1	+7.7
Oklahoma City..	3	+6.6	-0.8	+9.9
Omaha.....	3	+9.8	+7.4	+26.6
Tulsa.....	4	+10.2	+5.4	+21.2
Wichita.....	3	+10.6	+5.4	....
Other cities.....	18	+3.9	+1.2	+11.1
District.....	40	+9.2	+4.5	+11.3

Total retail sales in the District in February were about 10 and in the first two months of the year about 5 per cent larger than last year.

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

	Feb. 1940 per cent change from Feb. 1939						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+13.5	+8.8	+12.6	+12.8	+19.3	-3.7	-7.7
Automobile....	+8.4	+9.7	+39.1	+5.0	+21.9	+15.8	+9.8
Country genl..	-13.6	+1.4	+7.2	+3.5	+1.3	-0.6	+18.0
Department....	+21.8	+2.8	+12.6	+4.9	+22.1	+8.3	....
Drug.....	+3.6	+6.2	+8.7	+4.7	+4.3	+4.6	+8.5
Furniture.....	+2.3	+11.2	+3.6	+6.6	-2.7	-1.7	....
Grocery.....	+0.7	Zero	+2.9	+0.9	+4.9	+0.5	+0.7
Hardware.....	+13.9	+3.4	-0.3	+14.9	....	-3.7	....
Lbr. & mtl..	+3.5	-5.4	-1.1	+4.8	+21.8	+14.5	+42.7
Total.....	+6.1	+5.2	+13.6	+4.1	+12.7	+6.9	+10.3

**WHOLESALE SALES**

The value of wholesale sales in this District in February was 9 and in the first two months of the year about 7 per cent larger than last year. All principal lines, except hardware, shared in these increases. Dollar inventories rose about 3 per cent during February and at the close of the month were 7 per cent above a year ago as compared with an increase of

only 5 per cent over last year at the end of January. Collections averaged 66.9 per cent in February, the same percentage as in February a year ago.

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

No. of Firms	SALES		STOCKS	
	Feb. '40 comp. to Feb. '39	2 Mos.'40 comp. to 2 Mos.'39	Jan.31,'40 comp. to Feb.28,'39	Feb.28,'39
	(Per cent increase or decrease)			
Auto. supplies.....	8	+13.5	+32.8	+5.9
Clothing.....	3	-6.7	-7.4	Zero
Drugs.....	11	+8.4	+7.1	+3.2
Dry goods.....	5	+14.8	+10.1	+3.9
Electrical goods..	8	+27.5	+24.7	-5.7
Farm products....	12	+19.4	+17.7	+10.8
Furniture.....	4	+19.3	....	+1.2
Groceries.....	36	+6.8	+3.8	+1.8
Hardware—total(19)		-0.8	+2.2	+3.0
General.....	7	+3.8	+6.5	+2.5
Industrial.....	6	-15.2	-6.3	+1.8
Pibg. & htg.....	6	+12.3	+2.3	-2.6
Jwlry. & opt. gds.	3	Zero	....	+12.8
Machinery.....	5	+27.8	+22.7	+1.6
Paper & prod....	4	+18.8	+17.3	....
Tobacco & prod..	7	+4.0	+0.4	....
All other lines....	18	+7.6	+4.9	+4.2
Total.....	143	+9.3	+6.8	+2.5

**Crops**

Farmers' planting intentions as of March 1 indicate that the acreage to be sown to crops in the District this spring will be somewhat larger than in 1939. The most marked increases are shown for spring wheat, mainly in Colorado and Nebraska, and for grain sorghums, soybeans, and flaxseed, while the acreage intended for corn is 7 per cent smaller. The increases reflect principally the very poor condition and prospective heavy abandonment of winter wheat.

Department of Agriculture estimates of spring planting intentions in states of this District:

	Indicated	Planted	Planted	Average
	1940	1939	1938	1929-38
	(In thousands of acres)			
Corn.....	17,155	18,433	18,002	25,291
Spring wheat.....	767	606	942	968
Oats.....	6,968	6,920	7,167	7,295
Barley.....	4,281	3,942	2,371	2,203
Tame hay*	7,471	7,133	6,725	7,896
Grain sorghums....	5,252	4,497	4,559	4,134
Dry beans.....	710	654	623	700
White potatoes.....	342	334	345	392
Sweet potatoes.....	39	37	36	35
Tobacco.....	7	7	7	6
Soybeans.....	539	470	379	465
Cowpeas.....	192	193	183	173
Flaxseed.....	137	106	60	62
Peanuts.....	52	52	38	57

\*Acreage for harvest or harvested.

The condition of winter wheat, although fair to good in parts of central and northeastern Oklahoma, eastern Kansas, and southeastern Nebraska, is still generally very poor elsewhere in the District and the value of winter snows and rains appears to have been overestimated. Approximately half of the winter wheat acreage seeded last autumn failed to germinate because of unprecedented fall drought. On much of the

acreage that did germinate last fall, the wheat plant is small and weak, with a very shallow root structure. Winter killing, particularly in Oklahoma and Kansas, as a result of prolonged low temperatures in January and February is becoming increasingly evident, so that abandonment of winter wheat this year seems likely to be heavy. February precipitation was about normal and gave much needed moisture to the topsoil. A considerable acreage of fall sown wheat is just sprouting but the best opinion is that yields from such wheat are almost certain to be very low.

### Rainfall

	Feb. 1940		2 Mos. 1940	
	Total	Normal	Total	Normal
	(In inches)			
<b>COLORADO</b>				
Denver.....	.66	.53	1.44	.93
Leadville.....	1.13	1.42	3.01	2.64
Pueblo.....	.66	.47	1.38	.78
Lamar.....	.34	.60	1.01	.86
Garnett.....	.55	.19	1.13	.32
Steamboat Springs.....	2.45	2.41	6.07	4.63
<b>KANSAS</b>				
Topeka.....	1.00	1.51	2.32	2.45
Iola.....	1.11	1.47	2.28	2.80
Concordia.....	.89	.88	1.42	1.49
Salina.....	1.52	1.08	2.15	1.70
Wichita.....	1.43	1.25	2.83	2.03
Hays.....	.35	.82	1.07	1.15
Goodland.....	.35	.58	1.21	.78
Dodge City.....	.59	.77	1.09	1.18
Elkhart.....	.42	.56	.90	.84
<b>MISSOURI</b>				
St. Joseph.....	1.52	1.73	3.15	3.01
Kansas City.....	1.07	1.82	2.33	3.01
Joplin.....	1.12	1.68	2.23	3.84
<b>NEBRASKA</b>				
Omaha.....	1.17	.89	1.73	1.59
Lincoln.....	1.18	.99	2.32	1.63
Norfolk.....	1.09	.88	1.63	1.47
Grand Island.....	.67	.80	1.46	1.35
McCook.....	.43	.66	2.36	1.00
North Platte.....	.23	.55	.54	.94
Bridgeport.....	.26	.48	.82	.87
Valentine.....	.46	.58	.93	1.06
<b>NEW MEXICO</b>				
Clayton.....	.56	.22	.82	.64
Santa Fe.....	1.92	.78	2.63	1.52
Farmington.....	.88	.76	2.03	1.20
<b>OKLAHOMA</b>				
Tulsa.....	2.78	1.66	3.67	3.57
McAlester.....	2.39	2.20	2.80	5.07
Oklahoma City.....	3.35	1.11	4.05	2.30
Pauls Valley.....	2.82	1.50	3.06	3.09
Hobart.....	1.96	.96	2.67	1.72
Enid.....	2.40	1.18	3.05	2.24
Woodward.....	1.77	1.08	3.38	1.68
<b>WYOMING</b>				
Cheyenne.....	.56	.67	2.10	1.09
Casper.....	.61	.85	1.11	1.51
Lander.....	1.05	.67	1.56	1.23
Sheridan.....	.61	.72	1.47	1.57

### Grain Marketing

Wheat marketings increased substantially during February, reflecting a moderation in weather conditions and the active redemption and sale of loan wheat as prices recovered from a sharp decline in the preceding month. Receipts of wheat, however, were about 5 per cent below a year ago and a third short of

the February ten-year average. Corn marketings, although a fourth larger than a year ago, were considerably less than half the average.

February grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,130,000	....	3,000
Kansas City.....	2,168,000	556,000	110,000
Omaha.....	705,000	740,000	384,000
St. Joseph.....	138,000	200,000	338,000
Wichita.....	1,169,000	1,000	12,000
Feb. 1940.....	5,310,000	1,497,000	847,000
Jan. 1940.....	3,122,000	1,768,000	823,000
Feb. 1939.....	5,560,000	1,201,000	728,000
2 Mos. 1940.....	8,431,000	3,266,000	1,669,000
2 Mos. 1939.....	12,010,000	3,510,000	2,038,000

Cash wheat prices advanced sharply during the first three weeks of February, almost regaining their two-year high of early January. In the last week of the month, however, prices again turned downward, influenced by beneficial moisture over much of the winter wheat belt and under pressure from relatively large marketings of loan wheat. During the first two weeks of March, wheat prices showed some further weakness, but after the middle of the month they strengthened materially.

The lower range of cash grain prices at Kansas City:

	Mar. 21 1940	Feb. 29 1940	Jan. 31 1940	Feb. 28 1939
No. 1 hd., dk. wheat, bu.....	\$1.03 3/4	\$1.01 1/2	\$ .95 3/4	\$ .68 1/2
No. 2 mixed corn, bu.....	.59 1/2	.58 3/4	.57 3/4	.45 1/2
No. 2 white oats, bu.....	.42	.42 1/2	.42 1/2	.29 1/4
No. 2 rye, bu.....	.69	.67	.66	.44 1/2
No. 2 barley, bu.....	.53	.53	.55	.40
No. 2 white kafir, cwt.....	1.26	1.19	1.09	.76

### Livestock

#### MARKETINGS

Hog marketings in February continued in substantially larger volume than a year ago, while cattle receipts were little changed from last year. Receipts of calves were 24 and sheep 9 per cent smaller, the decrease in sheep receipts reflecting reduced lamb feeding operations in the principal western feeding areas. Marketings of cattle were 18, calves and sheep 25, and hogs 10 per cent below the February ten-year average. Receipts showed more than the usual decrease from the preceding month and larger numbers of livestock on farms are not reflected in current marketings except in the case of hogs.

February livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	21,791	4,353	49,703	121,908
Kansas City.....	68,573	9,899	164,085	88,098
Oklahoma City.....	20,528	6,529	34,767	6,983
Omaha.....	79,533	6,423	200,760	112,711
St. Joseph.....	22,723	3,818	86,847	78,016
Wichita.....	15,065	2,621	32,989	20,821
Feb. 1940.....	228,213	33,643	569,151	428,537
Jan. 1940.....	306,931	55,259	814,965	458,751
Feb. 1939.....	228,271	44,390	323,086	468,100
2 Mos. 1940.....	535,144	88,902	1,384,116	887,288
2 Mos. 1939.....	553,382	103,859	863,116	938,749



PRICES

Aided in part by light receipts, prices of lambs and stocker cattle advanced during February and early March, fat lamb prices rising to the highest level of the winter feeding season and almost to the high point of the war boom last September. The top price for slaughter cattle and hogs, however, declined considerably, owing to the virtual absence of prime beef steers and the increasing tendency to market both fed cattle and hogs that are lacking in weight and finish. Relatively heavy hog receipts that were suggestive of liquidation because of the present unfavorable feeding ratio also were a factor in the further decline in hog prices, the top dropping to a new six-year low of \$5.10 a hundredweight late in February. Cattle and hog prices strengthened slightly in the forepart of March. New crop spring lambs in March sold up to \$12.00 a hundredweight as compared with \$10.60 last year.

Top livestock prices at the Kansas City market:

	Mar. 21 1940	Feb. 1940	Jan. 1940	Feb. 1939	Feb. 1938	Feb. 1937
	(In dollars per hundredweight)					
Beef steers.....	10.25	10.50	11.25	11.50	9.25	13.00
Stocker cattle.....	10.25	10.50	10.25	9.75	8.25	8.35
Feeder cattle.....	9.75	9.00	9.15	10.00	8.25	9.00
Calves.....	10.50	11.00	11.50	10.50	10.00	10.50
Hogs.....	5.20	5.35	5.75	8.15	8.85	10.25
Sheep.....	7.80	7.75	7.85	7.75	7.00	9.25
Fed lambs.....	10.10	9.75	9.25	9.25	8.35	10.75

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder cattle and calves from public markets in February continued much below the unusually heavy movement of a year ago, while shipments of sheep remained in much larger volume than last year.

February stocker-feeder shipments:

	Cattle	Calves	Hogs	Sheep
Denver.....	4,369	2,064	115	14,477
Kansas City.....	26,053	3,132	3,643	10,199
Omaha.....	13,125	1,979	1,336	9,862
St. Joseph.....	3,756	535	980	4,839
Feb. 1940.....	47,303	7,710	6,074	39,377
Jan. 1940.....	63,824	19,240	4,271	58,747
Feb. 1939.....	63,367	16,943	3,659	34,018
2 Mos. 1940.....	111,127	26,950	10,345	98,124
2 Mos. 1939.....	143,305	30,596	7,893	89,863

Supplies of old range and pasture feeds generally are very short. February snows and rains partially relieved acute stock water shortages and improved somewhat the outlook for spring grass but more moisture is needed to replenish subsoil moisture reserves. Unusually severe winter weather up to the middle of February made heavy supplemental feeding of livestock necessary in Wyoming, in the western parts of Nebraska and Kansas, and in Oklahoma. Death losses of livestock the past winter, however, were generally light. Present indications are that the spring movement of cattle from the southwest to Oklahoma and Kansas pastures will be smaller than last year.

WOOL

Wool production in the District in 1939 was about 5 per cent larger than in 1938, reflecting not only a further increase in the number of sheep shorn but an increase in average fleece weights as well. Local market prices for wool averaged considerably higher in 1939 than in 1938 and this increase in prices, together with larger production, resulted in an increase of about 23 per cent in cash income from wool. Wool prices, which had advanced sharply last September, currently are about 26 cents a pound, grease basis, as compared with 18 cents a year ago. Little contracting of the 1940 clip has yet taken place.

Department of Agriculture shorn wool estimates:

	PRODUCTION		PRICE		INCOME	
	1939	1938	1939	1938	1939	1938
	(000 pounds)		(cents per lb.)		(000 dollars)	
Colorado.....	13,244	12,862	22	18	2,914	2,315
Kansas.....	3,753	3,566	18	15	676	535
Missouri.....	9,387	8,635	23	19	2,159	1,641
Nebraska.....	3,157	2,456	18	15	568	368
New Mexico.....	15,168	15,400	21	18	3,185	2,772
Oklahoma.....	2,106	1,938	16	16	337	310
Wyoming.....	32,932	31,389	21	18	6,916	5,650
Seven states...	79,747	76,246	21	18	16,755	13,591
United States.	377,397	371,972	22	19	84,324	71,239

Farm Income

The Department of Agriculture recently revised the basis for its monthly estimates of cash farm income to include a larger number of commodities. The latest figures, which appear in the table below, are for December and show that District farm income for that month was 18 per cent above a year earlier in contrast with an increase of only 10 per cent for the entire year 1939. December income from crops was 12 and from livestock 5 per cent larger while Government payments were more than two and a half times what they were in the same month in 1938. Preliminary indications are that income during January and February was maintained at a level somewhat above a year earlier. A considerable amount of corn is being placed under Government loans and the February advance in wheat prices has resulted in increased redemption and sales of loan wheat, netting farmers from 10 to 15 cents a bushel. In addition, Government payments continue large as agricultural conservation payments on the 1939 program are made.

Department of Agriculture farm income estimates:

	Dec.	Year	Change from 1938	
	1939	1939	Dec.	Year
	(Thousand dollars)		(Per cent)	
Colorado.....	11,182	134,265	+13.1	+9.2
Kansas.....	21,697	270,681	+17.8	+8.0
Missouri.....	25,284	276,536	+28.7	+11.1
Nebraska.....	22,559	247,152	+13.4	+12.9
New Mexico.....	5,458	57,452	+10.7	+12.3
Oklahoma.....	14,524	194,340	+20.7	+7.9
Wyoming.....	3,554	48,692	+1.2	+9.4
Seven states.....	104,258	1,229,118	+18.1	+10.0
United States.....	801,493	8,518,046	+18.2	+5.4

**Meat Packing**

During February the proportion of market receipts of cattle going to immediate slaughter remained relatively large while slaughter supplies of sheep were reduced by a rather heavy stocker and feeder demand. Compared with February last year, the slaughter of cattle increased 9 per cent and that of hogs was almost double, while the slaughter of calves declined 20 and sheep 12 per cent. Packers' purchases of cattle were 10, calves 30, hogs 3, and sheep 19 per cent under the February average of the past ten years.

February packers' purchases at District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	11,840	2,473	35,187	26,217
Kansas City.....	36,864	7,236	147,109	69,664
Oklahoma City.....	12,348	4,563	21,707	4,986
Omaha.....	58,563	4,389	172,953	89,175
St. Joseph.....	17,716	3,164	77,230	70,612
Wichita.....	7,072	2,335	28,265	19,474
Feb. 1940.....	144,403	24,160	482,451	280,128
Jan. 1940.....	188,401	36,169	730,413	322,658
Feb. 1939.....	132,697	30,253	266,566	317,585
2 Mos. 1940.....	332,804	60,329	1,212,864	602,786
2 Mos. 1939.....	305,477	62,165	733,156	640,252

**Cold Storage Holdings**

After allowing for usual seasonal changes, United States cold storage stocks of meats, lard, shell eggs, and butter increased considerably during February. March 1 stocks of pork were 7 and poultry 28 per cent above the average for that date during the past five years and lard stocks were more than double the average, being the largest of record for the season. Holdings of beef were 20 and butter 40 per cent under the average and stocks of eggs are far below normal.

United States cold storage holdings:

	Mar. 1 1940	Feb. 1 1940	Mar. 1 1939	Aver. '35-'39
(In thousands of units)				
Beef, lbs.....	74,678	78,573	46,404	93,714
Pork, lbs.....	648,225	588,601	542,138	603,700
Lamb and mutton, lbs.....	4,465	4,412	2,773	4,434
Poultry, lbs.....	144,743	166,962	116,229	113,431
Miscellaneous meats, lbs.....	106,254	103,682	67,760	86,223
Lard, lbs.....	258,029	202,175	125,281	126,732
Eggs, shell, cases.....	81	57	165	163
Eggs, frozen (case equiv.)..	1,071	1,607	1,271	1,448
Butter, creamery, lbs.....	18,278	29,189	92,780	30,190
Cheese, all varieties, lbs.....	82,684	94,295	91,485	83,993

**Flour Milling**

Southwestern flour production in February and in the first two months of the year was about 5 per cent larger than last year, with virtually all of this increase taking place at interior mills. February output also was 3 per cent above the ten-year average. Flour sales, although they had expanded sharply as wheat prices weakened toward the end of January and early in February, have again declined to their former level and buying is largely on a hand-to-mouth basis. The volume of orders on mills' books is below average for

this season of the year and trade reports indicate that jobbers' inventories generally are light.

Flour output reported by the Northwestern Miller:

	Feb. 1940	2 Mos. 1940	Change from 1939	
	(In barrels)		Feb.	2 Mos.
			(Per cent)	
Kansas City.....	507,000	1,081,000	-1.4	+0.7
Salina.....	186,000	395,000	-3.1	-4.1
Wichita.....	118,000	263,000	-8.5	-10.2
Other cities.....	1,065,000	2,195,000	+12.7	+11.5
Southwest.....	1,876,000	3,934,000	+5.4	+5.0
United States*.....	5,226,000	10,761,000	+0.9	+1.3

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

**Petroleum**

Production of crude petroleum in the District in February and in the first two months of the year was moderately above a year ago and February output exceeded the average of the past ten years by about 7 per cent. Production in Oklahoma, however, which is being held down to the level recommended by the Bureau of Mines, shows a sizable decrease.

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

	Feb. 1940	2 Mos. 1940	Change from 1939	
	(In barrels)		Feb.	2 Mos.
			(Per cent)	
Colorado.....	133,000	226,000	+62.2	+22.2
Kansas.....	5,101,000	10,396,000	+20.0	+13.2
New Mexico.....	3,215,000	6,673,000	+17.2	+14.9
Oklahoma.....	12,160,000	25,302,000	-8.3	-7.0
Wyoming.....	1,928,000	3,966,000	+39.0	+39.2
Five states.....	22,537,000	46,563,000	+3.7	+2.9
United States.....	107,455,000	220,595,000	+15.0	+12.6

Stocks of crude petroleum produced in this District are gradually rising and, while they still are 9 per cent smaller than a year ago, they have increased about 6 per cent from their low point last October. Notwithstanding this increase in crude stocks the past four months, Mid-continent crude oil prices generally are firm. Stocks of gasoline in this area are not so burdensome as in other sections of the country and gasoline prices have recently improved.

**Coal**

Production of bituminous coal in the District in February was 10 per cent larger than a year ago, while output for the first two months of the year shows an increase of 28 per cent over last year.

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

	Feb. 1940	2 Mos. 1940	Change from 1939	
	(In tons)		Feb.	2 Mos.
			(Per cent)	
Colorado.....	654,000	1,564,000	+4.0	+27.4
Kans. and Mo.....	752,000	1,686,000	+18.1	+33.3
New Mexico.....	108,000	246,000	-10.7	-6.8
Oklahoma.....	217,000	542,000	+41.8	+2.2
Wyoming.....	477,000	1,093,000	+1.3	+15.7
Six states.....	2,208,000	5,131,000	+9.8	+27.7
United States.....	39,270,000	84,210,000	+15.0	+20.5



**Zinc and Lead**

Zinc and lead shipments from the Tri-State district declined during February, zinc falling 16 and lead 46 per cent under the rather heavy movement in February last year. Production also is below last year but tended to rise during February as the weather moderated and mines and mills reopened. Ore stocks remain at a very low level.

February ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	8,162	\$ 289,774	1,058	\$ 62,408
Missouri.....	847	30,057	143	8,517
Oklahoma.....	18,861	669,573	1,936	113,596
Feb. 1940.....	27,870	\$ 989,404	3,137	\$184,521
Jan. 1940.....	33,045	1,251,724	3,333	215,113
Feb. 1939.....	33,103	960,007	5,772	308,574
2 Mos. 1940.....	60,915	2,241,128	6,470	399,634
2 Mos. 1939.....	63,086	1,829,504	16,400	885,164

Zinc and lead prices which had declined sharply in January and early February, advanced late in February to regain about half of the loss. Ore prices are much above a year ago.

**Employment and Pay Rolls**

Employment in the District both in February and in the first two months of the year was about 3 per cent higher than a year ago, while pay rolls showed an increase of about 5 per cent.

Preliminary figures of the Department of Labor:

	EMPLOYMENT		PAY ROLLS	
	Feb. 1940	2 Mos. 1940	Feb. 1940	2 Mos. 1940
	(Per cent change from a year ago)			
Colorado.....	+3.0	+2.6	+3.4	+5.6
Kansas.....	+7.1	+6.2	+6.4	+6.5
Missouri.....	+3.8	+3.8	+6.3	+6.1
Nebraska.....	+2.8	+3.2	+5.6	+5.4
New Mexico.....	+0.6	+0.8	-10.2	-8.4
Oklahoma.....	+0.2	+0.8	+2.2	+2.0
Wyoming.....	-2.6	-3.9	+10.5	+8.2
Seven states.....	+3.4	+3.3	+5.3	+5.3

**Building**

The value of construction contracts awarded in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) during February was almost a fourth under a year ago, reflecting principally smaller awards for utility construction. Awards for residential building were considerably above last year. In the first half of March, total awards rose 42 per cent above a year ago.

Construction figures of F. W. Dodge Corporation:

	Feb.	2 Mos.	Change from 1939	
	1940	1940	Feb.	2 Mos.
	(Thousand dollars)		(Per cent)	
Residential building.....	2,702	4,494	+22.3	-17.9
Nonresidential building.....	3,849	5,499	-6.8	-24.2
Public works construction.....	1,532	3,370	-1.1	+26.5
Utility construction.....	205	864	-92.8	-79.8
Kansas City area.....	8,288	14,227	-22.7	-27.7
37 Eastern states.....	200,574	396,765	-8.9	-15.9

The value of February building permits issued in reporting District cities was 14 per cent larger than in the preceding month and 4 per cent above a year ago. Value of permits for the first two months of 1940, however, is slightly below last year.

Value of building permits issued in District cities:

	Feb.	2 Mos.	Change from 1939	
	1940	1940	Feb.	2 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N.M.....	165,000	312,000	+7.1	-21.8
Cheyene, Wyo.....	120,000	145,000	+130.8	+70.6
Colo. Springs, Colo.....	44,000	55,000	+193.3	+10.0
Denver, Colo.....	519,000	1,891,000	-48.4	+37.9
Hutchinson, Kans.....	20,000	34,000	-56.5	-56.4
Joplin, Mo.....	52,000	61,000	+477.8	+38.6
Kansas City, Kans.....	236,000	285,000	+12.4	-8.9
Kansas City, Mo.....	201,000	247,000	+97.1	-12.7
Lincoln, Nebr.....	159,000	343,000	+24.2	-28.1
Okla. City, Okla.....	411,000	597,000	+23.4	-17.1
Omaha, Nebr.....	129,000	174,000	+6.6	-25.3
Pueblo, Colo.....	63,000	122,000	+85.3	+76.8
Salina, Kans.....	56,000	66,000	+180.0	+50.0
Shawnee, Okla.....	17,000	19,000	+41.7	+18.8
St. Joseph, Mo.....	29,000	33,000	+866.7	-88.5
Topeka, Kans.....	73,000	261,000	+30.4	+196.6
Tulsa, Okla.....	381,000	549,000	+1.9	-22.8
Wichita, Kans.....	213,000	238,000	+97.2	-22.7
District, 18 cities.....	2,888,000	5,432,000	+4.1	-2.3

**Lumber**

Board feet lumber sales at reporting retail yards in the District in February were little changed from a year ago but total sales for the first two months of the year were 20 per cent less because of a large decrease in January. February sales of all materials were 6 per cent larger than last year.

Lumber stocks continue about 4 per cent under a year ago. Collections in February averaged 28.8 per cent as compared with 27.4 per cent in February, 1939.

Lumber trade at 149 retail yards in the District:

	Feb. 1940	
	Jan. 1940	Feb. 1939
Sales of lumber, board feet.....	+11.5	-0.7
Sales of all materials, dollars.....	+10.6	+5.6
Stocks of lumber, board feet.....	+2.1	-3.8
Outstandings, dollars.....	-1.9	-2.7

**Life Insurance**

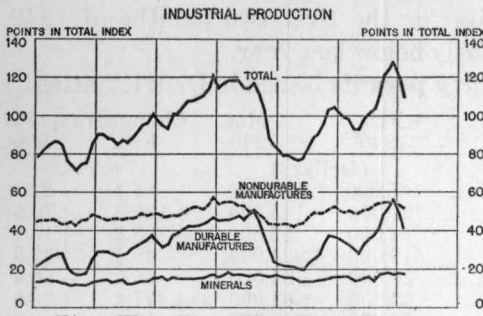
Life insurance sales in the District in February were 17 and in the first two months of year 30 per cent under the rather high level of a year ago.

The Life Insurance Sales Research Bureau report:

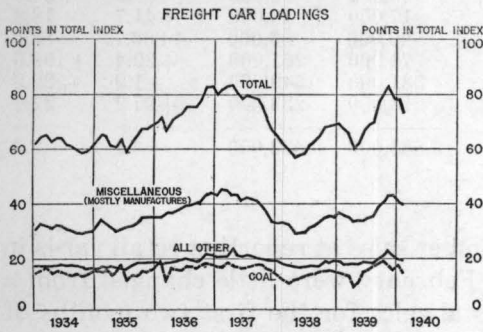
	Feb.	2 Mos.	Change from 1939	
	1940	1940	Feb.	2 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	4,122	8,377	-8.4	-21.3
Kansas.....	5,310	10,329	-18.3	-30.4
Missouri.....	14,567	29,437	-19.3	-31.1
Nebraska.....	4,403	9,248	-12.8	-29.1
New Mexico.....	1,097	2,000	+0.1	-18.5
Oklahoma.....	6,651	13,063	-20.8	-35.4
Wyoming.....	793	1,573	-29.2	-30.6
Seven states.....	36,943	74,027	-17.4	-30.3
United States.....	506,212	1,023,834	-4.9	-18.9

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

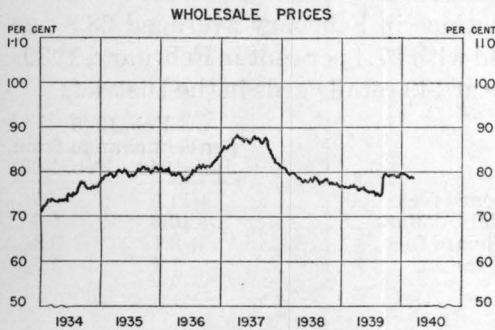
By the Board of Governors of the Federal Reserve System



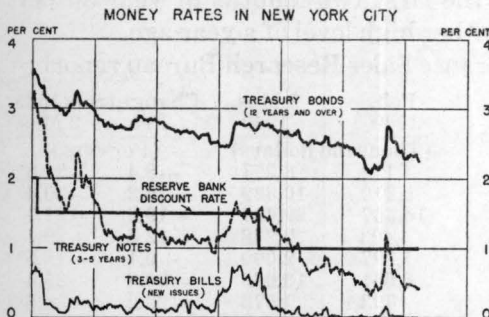
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. Durable manufactures, nondurable manufactures, and minerals expressed in terms of points in the total index. By months, January, 1934, through February, 1940.



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 February, 1940.



Index compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 through week ending March 9, 1940.



For weeks ending January 6, 1934, through March 16, 1940.

Industrial activity showed a further sharp decline in February and a less marked reduction in the first half of March. Wholesale commodity prices generally were steady, following some decline in January and early February.

## PRODUCTION

In February the Board's seasonally adjusted index of industrial production was 109 per cent of the 1923-1925 average as compared with 119 in January and 128 in December. A further decline at a slower rate is indicated for March on the basis of data now available. In August, 1939, the month prior to the outbreak of war, the index was 103.

Steel production, which had risen sharply in the latter part of 1939 and then decreased considerably in January, showed a further marked reduction in February to 69 per cent of capacity. In the first half of March output was steady at a rate of about 65 per cent. Plate glass production declined further in February and output of lumber, which had dropped sharply in January, showed less than the usual seasonal rise. Automobile production in February was maintained at the high level prevailing in January. Dealers' stocks of new cars rose to high levels in this period, notwithstanding the fact that retail sales of cars were in large volume for this time of the year. In the first half of March output of automobiles showed less than the customary sharp increase. In some industries not included directly in the Board's production index, particularly the machinery, aircraft, and rayon industries, activity continued at high levels.

Changes in output of nondurable goods were largely seasonal in February except at textile mills and sugar refineries. At cotton textile mills activity declined somewhat from the high levels prevailing since early last autumn. Activity at woolen mills, which had decreased considerably in December and January, declined further in February and output of silk products was reduced to an exceptionally low level. Sugar refining showed less than the sharp rise usual at this season.

Mineral production declined in February, owing chiefly to a considerable reduction in output of anthracite. Bituminous coal production declined somewhat, following a rise in January, while output of crude petroleum increased to new high levels.

Value of construction contract awards in February showed little change from the January total, reflecting a further decrease in contracts for public construction and a contraseasonal increase in private contracts, according to figures of the F. W. Dodge Corporation. The increase in private residential awards nearly equalled the decline that occurred in the previous month when severe storms curtailed building operations in many areas.

## DISTRIBUTION

Retail distribution of general merchandise showed little change from January to February and remained somewhat below the high level of the latter part of last year, with due allowance for seasonal changes. Sales at variety stores and mail-order houses showed about the usual seasonal rise in February, while at department stores, where some increase is also usual at this time of year, sales remained at about the January level.

Freight carloadings declined considerably from January to February, reflecting for the most part a sharp reduction in coal shipments and some further decrease in loadings of miscellaneous freight.

## FOREIGN TRADE

Exports of United States merchandise in February declined less than seasonally from the high levels reached in December and January. The principal decreases were in shipments of cotton, copper, and aircraft, which had been exceptionally large in previous months. Exports to Japan fell sharply and there were declines also in shipments to the United Kingdom, the Netherlands, and Russia, while exports to Belgium and the Scandinavian countries increased.

There has been little change in the rate of gold inflow. The monetary gold stock increased by \$246,000,000 in February and by \$109,000,000 in the first two weeks of March.

## COMMODITY PRICES

Prices of nonferrous metals advanced from the middle of February to the middle of March, while steel scrap and textile materials declined somewhat further. Most other commodities showed little change and in the week ending March 9 the general index of the Bureau of Labor Statistics was at 78.3 per cent of the 1926 average as compared with 78.5 a month earlier.

## GOVERNMENT SECURITY MARKET

Following a relatively steady market during February, prices of long-term Treasury bonds increased sharply after the announcement by the Treasury early in March that its operations during that month would be limited to the issuance of a five-year note to refund a note maturing next June.