MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

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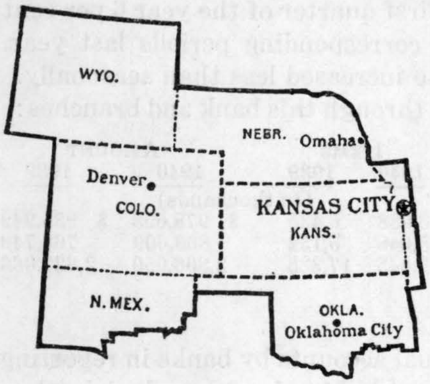
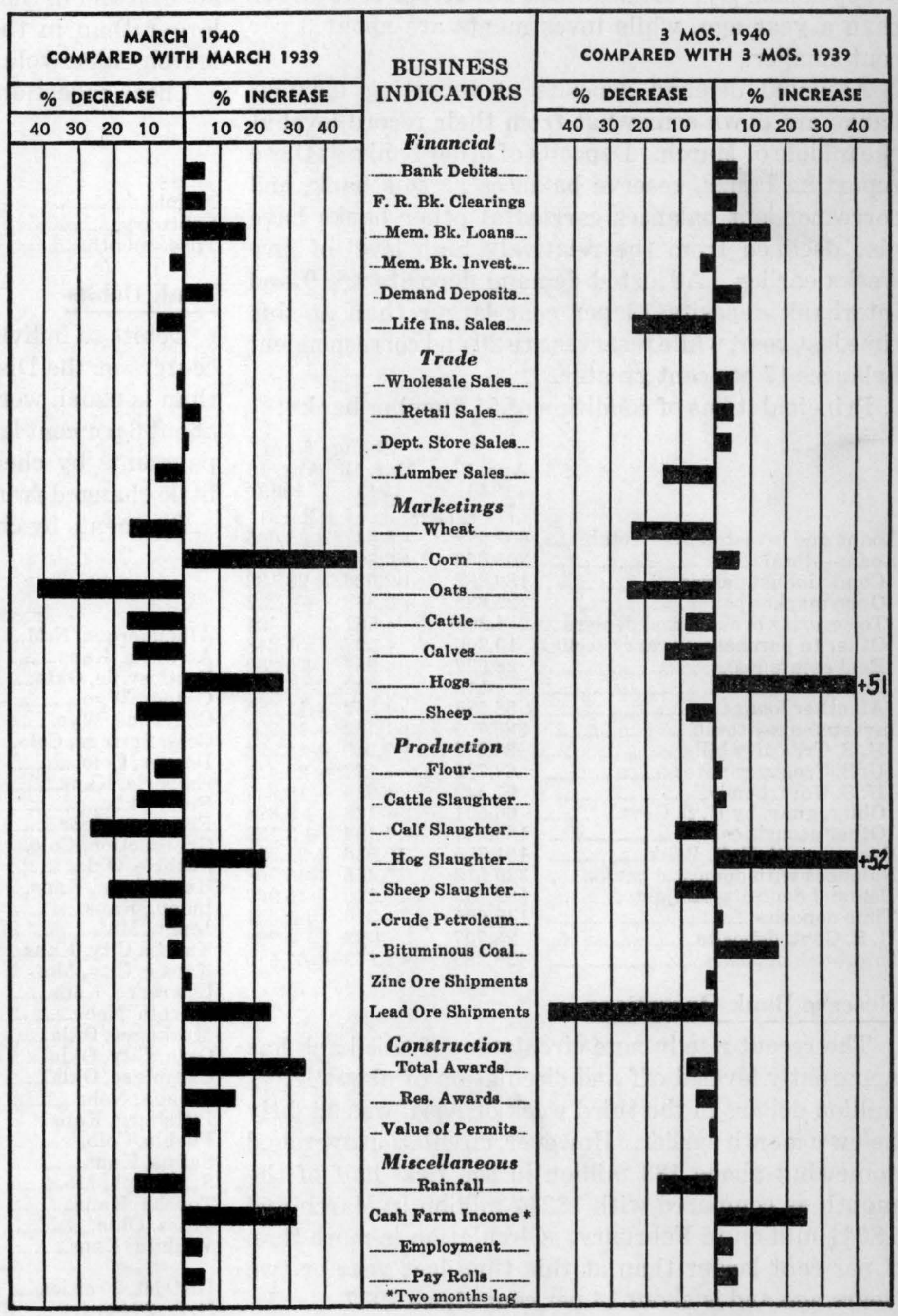
Business in the Tenth Federal Reserve District





Favorable factors in recent weeks have been good general rains and rising grain and livestock prices. Ranges and pastures and conditions for spring planting were greatly improved by the moisture. Wheat and corn prices are higher than at any time since October, 1937. Cattle and lamb prices are holding recent gains fairly well and hog prices are more than a cent above those of early April. Farm income and construction also are favorable.

In most other respects recent weeks have shown no improvement. Grain and livestock marketings, with the exception of corn and hogs, are less than a year ago. Hog slaughter is above last year but that of other livestock is lower. Flour and petroleum production are lower while shipments of lead and zinc are higher.

Bank deposits are larger than a year ago and bank loans nearly 20% higher but investments are smaller. Check transactions are 5% above last year.

Member Bank Operations

Loans at reporting member banks in the Tenth District continued to rise from the middle of March to the third week of April. Most of this increase was in commercial loans and in holdings of open market paper, but there were sizable increases in security, real estate, and "all other" loans as well. Investments increased slightly during the five-week period. Banks acquired substantial amounts of Treasury bills and there was a small increase in holdings of Government bonds and obligations guaranteed by the Government, but holdings of Treasury notes and other securities dropped sharply. Loans are about 19 per cent larger than a year ago, while investments are about 3 per cent smaller.

Adjusted demand deposits at reporting member banks are down somewhat from their record level at the middle of March. Deposits of other banks at these reporting banks, reserve balances at this bank, and correspondent balances carried at other banks have also declined from the relatively high level of five weeks earlier. Adjusted demand deposits are 9 and interbank deposits 19 per cent larger than at this time last year, while reserves are 20 and correspondent balances 17 per cent greater.

Principal items of condition of 51 member banks:

	Apr. 17 1940	Change from Mar. 13 1940	Change from Apr. 19 1939
	(In thousands of dollars)		
Loans and investments—total	692,372	+8,647	+38,005
Loans—total	305,663	+6,885	+49,308
Coml., indust., agric.	180,882	+2,026	+28,133
Open market paper	22,685	+2,358	+4,232
To security brokers and dealers	4,205	+562	−24
Other to purchase or carry secur.	10,266	+228	+248
Real estate loans	28,927	+887	+5,280
Loans to banks	115	−28	−216
All other loans	58,583	+852	+11,655
Investments—total	386,709	+1,762	−11,303
U. S. Treasury bills	20,518	+7,940	+14,994
U. S. Treasury notes	63,735	−3,127	−20,413
U. S. Govt. bonds	97,442	+925	−18,837
Oblig. guar. by U. S. Govt.	66,501	+128	+9,824
Other securities	138,513	−4,104	+3,129
Reserve with F. R. Bank	191,775	−12,036	+31,836
Balances with domestic banks	320,518	−5,455	+46,708
Demand deposits—adjusted	538,153	−9,200	+45,967
Time deposits	145,605	+310	+1,651
U. S. Govt. deposits	23,707	+93	+224
Interbank deposits	428,289	−1,852	+67,510

Reserve Bank Operations

The recent rise in note circulation of this bank has apparently leveled off and circulation of about 182¾ million dollars in the third week of April was slightly below a month earlier. However, circulation averaged somewhat above 183 million in the first half of the month as compared with 182¾ million in March and 180¾ million in February. Circulation is more than 8 per cent larger than at this time last year or two years ago and is about 14 per cent above 1937.

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

	Apr. 17 1940	Change from Mar. 13 1940	Change from Apr. 19 1939
	(In thousands of dollars)		
Total reserves	377,682	−6,357	+57,897
Bills discounted	211	+12	−213
Bills purchased	Zero	Zero	−16
Industrial advances	112	−6	−102
Commit. to make indust. adv.	468	−24	−196
U. S. Govt. sec., direct & guar.	113,861	−2,067	−18,279
Total assets	531,686	−8,156	+38,480
F. R. notes in circulation	182,672	−203	+14,162
Member bank reserve deposits	265,006	−12,464	+38,446

Dollar volume of check collections in March was about 5 and in the first quarter of the year 6 per cent larger than in the corresponding periods last year. March dollar volume increased less than seasonally.

Check collections through this bank and branches:

	Items 1940	Items 1939	Amount 1940	Amount 1939
	(In thousands)			
March	6,088	6,435	$ 978,093	$ 935,949
February	5,648	5,132	860,609	768,740
Three months	17,445	17,335	2,806,050	2,637,066

Bank Debits

Debits to individual accounts by banks in reporting centers of the District in March, although rising less than is usual, were 5 and in the first quarter of 1940 about 6 per cent larger than in 1939. Volume of March payments by check for the country as a whole was little changed from a year ago.

Payments by check in thirty District cities:

	Mar. 1940	3 Mos. 1940	Change from 1939 Mar.	Change from 1939 3 Mos.
	(Thousand dollars)		(Per cent)	
Albuquerque, N.M.	16,305	47,952	+5.7	+10.5
Atchison, Kans.	2,862	8,091	+3.7	+0.7
Bartlesville, Okla.	26,110	86,499	−1.2	+7.6
Casper, Wyo.	5,816	17,835	+9.0	+7.8
Cheyenne, Wyo.	8,047	23,081	−3.4	−0.3
Colo. Springs, Colo.	13,983	38,661	+3.1	−2.0
Denver, Colo.	153,657	445,845	+1.1	+1.8
Emporia, Kans.	3,122	8,679	+7.7	−2.7
Enid, Okla.	11,059	29,863	+13.8	+10.8
Fremont, Nebr.	2,778	7,964	−0.2	+6.0
Gr. Junction, Colo.	3,764	10,799	+4.5	+8.8
Guthrie, Okla.	1,513	4,301	+1.8	−9.4
Hutchinson, Kans.	12,255	34,451	+20.9	+15.9
Indep., Kans.	2,642	7,827	−5.3	−7.8
Joplin, Mo.	8,701	28,096	−8.4	+1.0
Kansas City, Kans.	15,249	50,025	+2.2	+4.0
Kansas City, Mo.	308,067	895,756	+7.6	+10.8
Lawrence, Kans.	3,778	10,341	+3.0	+1.2
Lincoln, Nebr.	27,308	81,423	−1.1	+5.6
Muskogee, Okla.	7,441	21,700	−6.4	−7.7
Okla. City, Okla.	106,449	313,701	+6.7	+6.9
Okmulgee, Okla.	2,542	7,701	−0.6	+2.6
Omaha, Nebr.	141,562	414,524	−0.7	+1.3
Pittsburg, Kans.	3,850	11,551	+5.7	+4.5
Pueblo, Colo.	13,444	38,186	+12.4	−4.9
Salina, Kans.	8,725	24,311	+15.8	+14.1
St. Joseph, Mo.	24,905	80,995	−2.1	+5.4
Topeka, Kans.	20,420	65,234	+21.2	+15.6
Tulsa, Okla.	139,139	395,977	+11.7	+5.1
Wichita, Kans.	45,694	132,241	+9.9	+5.4
District, 30 cities	1,141,187	3,343,610	+5.3	+5.8
U. S., 274 cities	37,769,000	107,752,000	+1.2	+5.1

Trade

RETAIL SALES

Department store sales showed somewhat less than the usual seasonal increase from February to March, when allowance is made for the early date of Easter, which this year fell on March 24 and last year was on April 9. Dollar volume in March was very little larger than a year ago and in the first two weeks of April was 4 per cent below last year. Sales for the first quarter of the year, however, showed an increase of 3 per cent over 1939. Retail prices, according to the Fairchild Index, are about 4 per cent higher than a year ago.

Stocks of merchandise increased during March but by much less than the usual seasonal amount and are now very little larger than a year ago. Collections on open accounts averaged 45.4 per cent in March as compared with 48.3 per cent last year, while installment collections averaged 17.6 per cent in March both this year and last.

Department store sales and stocks in leading cities:

		SALES		STOCKS	
	No. of Stores	Mar.'40 comp. to Mar.'39	3 Mos.'40 comp. to 3 Mos.'39	Mar. 31, '40 comp. to Feb.29,'40	Mar. 31, '40 comp. to Mar.31,'39
		(Per cent increase or decrease)			
Denver	4	−2.6	+3.1	+3.2	+4.9
Kansas City	5	+1.9	+3.2	+2.4	−2.7
Oklahoma City	3	+2.9	+0.6	+0.8	+3.9
Omaha	3	−5.5	+2.2	+5.5	+3.2
Tulsa	4	+10.0	+7.2	−2.4	−4.8
Wichita	3	+4.9	+5.2	....	....
Other cities	18	+3.5	+2.1	+1.1	+2.1
District	40	+0.9	+3.1	+2.4	+1.5

Total retail sales in the District in March and in the first quarter of the year were about 4 per cent larger than in the corresponding periods last year.

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

	Mar. 1940 per cent change from Mar. 1939						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel	+12.4	+12.4	+6.1	+11.3	+31.1	+7.4	+3.3
Automobile	−0.2	+18.7	+33.8	+3.1	+9.2	−3.1	−2.0
Country genl.	−7.2	+4.6	+0.5	+0.7	+4.0	−1.8	+10.7
Department	−9.0	+0.5	+3.0	−3.2	....	+6.2	....
Drug	+4.8	−0.4	+4.7	+2.7	+3.0	−0.2	+1.7
Furniture	+1.1	+9.7	+5.2	−2.6	+0.7	+5.9	....
Grocery	+0.6	−1.8	+1.6	−1.0	+0.9	−0.5	−4.9
Hardware	+3.4	+3.0	−5.5	−6.6	....	+0.8	....
Lbr. & mtls.	−2.3	−10.4	−9.0	+0.5	−3.5	−16.1	+10.9
Total	Zero	+5.0	+6.3	−0.1	+6.1	+3.2	+2.1

WHOLESALE SALES

The value of wholesale sales in this District, which in February had been 9 per cent larger than last year, in March was unchanged from a year ago, while total sales for the first quarter of 1940 were 4 per cent larger than in the same period in 1939. Dollar inventories rose slightly during March and continue about 7 per cent above a year earlier. Collections averaged 71.4 per cent in March as compared with 73.6 per cent in March of last year.

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

		SALES		STOCKS	
	No. of Firms	Mar.'40 comp. to Mar.'39	3 Mos.'40 comp. to 3 Mos.'39	Mar. 31, '40 comp. to Feb.29,'40	Mar. 31, '40 comp. to Mar.31,'39
		(Per cent increase or decrease)			
Auto. supplies	6	+3.4	+23.3	....	....
Drugs	9	−1.1	+3.4	+0.7	+2.5
Dry goods	5	−0.8	+6.3	−1.7	+10.7
Electrical goods	9	+22.7	+23.6	+20.1	+1.6
Farm products	12	+13.7	+16.1	−5.0	+39.1
Furniture	5	−8.7	....	Zero	+3.6
Groceries	35	−0.1	+0.7	−2.0	+10.8
Hardware—total	(18)	−0.8	+0.9	+1.6	+5.4
General	7	−0.8	+3.1	+2.0	+5.7
Industrial	5	−5.4	−6.0	+0.3	+4.2
Plbg. & htg.	6	+6.7	+4.1	−1.8	+3.7
Jwlry. & opt. gds.	3	+12.1	....	+5.9	+7.1
Machinery	3	+22.8	+9.6	+1.8	+21.4
Paper & prod.	5	−5.5	+6.3	−3.3	−2.5
Tobacco & prod.	6	+4.4	+1.6	....	....
All other lines	16	−1.8	+2.7	+2.4	+10.7
Total	132	Zero	+4.3	+0.7	+7.5

Crops

The first official estimates of winter wheat production, based on the April 1 condition, indicate a crop for the District little more than half the size of last year's crop and one of the smallest since wheat acreage was expanded at the time of the war. A large acreage of wheat either did not germinate or germinated and died last fall because of drought and, although conditions have improved somewhat since December, there is still much uncertainty over the outcome of a considerable acreage of late and poorly rooted wheat that is more than usually dependent on spring rainfall. The stage of growth and condition of wheat this year is extremely variable. Yields seem almost certain to be very light and abandonment to be exceptionally heavy.

Department of Agriculture winter wheat estimates:

	PRODUCTION			YIELD PER ACRE		
	Indic. 1940	Final 1939	Aver. '29-'38	Indic. 1940	Final 1939	Aver. '29-'38
	(000 Bushels)			(Bushels)		
Colo.	5,607	9,922	9,003	4.5	7.2	6.4
Kans.	59,400	111,619	135,801	4.6	8.0	9.6
Mo.	22,763	29,205	25,457	13.0	15.5	13.0
Nebr.	20,631	35,432	42,867	6.5	9.3	11.6
N. Mex.	4,136	2,740	2,565	11.0	8.0	6.2
Okla.	25,470	60,438	46,763	5.0	12.5	9.6
Wyo.	1,434	1,720	1,313	6.0	7.1	6.7
7 States	139,441	251,076	263,769	....	....	....
U. S.	426,215	563,431	571,067	9.5	12.2	12.0

For the states as a whole, March precipitation in Nebraska was 142 per cent of normal, Wyoming 93, Colorado 97, and Kansas 90 per cent, but in Missouri 76, New Mexico 73, and in Oklahoma only 18 per cent of normal. The pronounced deficiency in Oklahoma is accentuated by the fact that precipitation for that state since last October has been only 65 per cent of normal. Most sections of the District have received generous moisture since the first of April and topsoil moisture is generally sufficient for present needs but subsoil moisture continues very short. The amount of water in storage reservoirs and in the form of snow at high elevations in Colorado and Wyoming is only half what it was at this time last year.

Rainfall

	Mar. 1940 Total	Mar. 1940 Normal	3 Mos. 1940 Total	3 Mos. 1940 Normal
	(In inches)			
COLORADO				
Denver	2.29	1.04	3.73	1.97
Leadville	.67	1.66	3.68	4.30
Pueblo	.36	.59	1.74	1.37
Lamar	1.75	.80	2.76	1.66
Garnett	Trace	.39	1.13	.71
Steamboat Springs	2.55	2.34	8.62	6.97
KANSAS				
Topeka	1.38	2.10	3.70	4.55
Iola	2.81	2.59	5.09	5.39
Concordia	1.55	1.23	2.97	2.72
Salina	.55	1.39	2.70	3.09
Wichita	.74	1.75	3.57	3.78
Hays	.83	.93	1.90	2.08
Goodland	2.49	.90	3.70	1.68
Dodge City	1.31	.89	2.40	2.07
Elkhart	.51	.85	1.41	1.69
MISSOURI				
St. Joseph	2.24	2.48	5.39	5.49
Kansas City	1.95	2.53	4.28	5.54
Joplin	1.29	3.20	3.52	7.04
NEBRASKA				
Omaha	1.71	1.37	3.44	2.96
Lincoln	1.55	1.27	3.87	2.90
Norfolk	2.00	1.20	3.63	2.67
Grand Island	1.29	1.32	2.75	2.67
McCook	3.99	.88	6.35	1.88
North Platte	1.12	.86	1.66	1.80
Bridgeport	1.10	.82	1.92	1.69
Valentine	1.72	1.02	2.65	2.08
NEW MEXICO				
Clayton	.44	.81	1.26	1.45
Santa Fe	1.49	.80	4.12	2.32
Farmington	.13	.66	2.16	1.86
OKLAHOMA				
Tulsa	.36	3.02	4.03	6.59
McAlester	.13	3.09	2.93	8.16
Oklahoma City	.02	1.98	4.07	4.28
Pauls Valley	.01	2.10	3.07	5.19
Hobart	Zero	1.58	2.67	3.30
Enid	.38	1.60	3.43	3.84
Woodward	.31	1.43	3.69	3.11
WYOMING				
Cheyenne	1.21	1.02	3.31	2.11
Casper	.35	1.24	1.46	2.75
Lander	1.02	1.19	2.58	2.42
Sheridan	.93	1.16	2.40	2.73

Grain Marketing

Wheat marketings continued to increase during March as producers redeemed loan wheat and disposed of it at the favorable market price obtainable. Receipts of wheat were about 5 per cent above the March average of the past ten years although 15 per cent smaller than in March a year ago. Corn marketings also increased during March, reflecting in part moderately liberal marketings from farmers who had sold their hogs because of unprofitable feeding operations. At the same time, sealing of corn under Government loans remained active as the dead line of March 30 approached. Receipts of corn were half again as large as last year but only half of average.

March grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson	838,000	....	....
Kansas City	3,504,000	766,000	102,000
Omaha	821,000	610,000	276,000
St. Joseph	264,000	362,000	164,000
Wichita	1,071,000	....	5,000
Mar. 1940	6,498,000	1,738,000	547,000
Feb. 1940	5,310,000	1,497,000	847,000
Mar. 1939	7,634,000	1,160,000	932,000
3 Mos. 1940	14,929,000	5,004,000	2,216,000
3 Mos. 1939	19,643,000	4,671,000	2,970,000

Cash wheat prices have advanced sharply since the middle of March, regaining their level of early January and rising to a new two-year high. This recent strength reflects unfavorable prospects for the domestic winter wheat crop and intensified war conditions in Europe during the forepart of April. Cash corn prices, which had shown little change since the first of the year owing largely to the loan program and decreasing supplies of "free" corn, also advanced.

The lower range of cash grain prices at Kansas City:

	Apr. 23 1940	Mar. 30 1940	Feb. 29 1940	Mar. 31 1939
No. 1 hd., dk. wheat, bu.	$1.08½	$1.02	$1.01½	$ .68¾
No. 2 mixed corn, bu.	.67	.60¼	.58¾	.46
No. 2 white oats, bu.	.42	.40¾	.42½	.29¾
No. 2 rye, bu.	.70	.66	.67	.43½
No. 2 barley, bu.	.56½	.53	.53	.40
No. 2 white kafir, cwt.	1.36	1.32	1.19	.77

Livestock

MARKETINGS

Marketings of cattle, calves, and sheep increased during March but the increase generally was less than is usual for that month. Hog marketings declined seasonally. Receipts of hogs continue much above and of cattle, calves, and sheep considerably below last year. Marketings of cattle were 27, calves 16, hogs 9, and sheep 28 per cent below the March average of the past ten years.

March livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver	23,397	6,113	46,816	153,661
Kansas City	74,375	15,334	137,848	102,432
Oklahoma City	22,672	8,593	35,998	10,104
Omaha	75,321	5,446	157,539	127,392
St. Joseph	20,359	4,162	69,325	96,044
Wichita	17,878	3,760	34,559	15,220
Mar. 1940	234,002	43,408	482,085	504,853
Feb. 1940	228,213	33,643	569,151	428,537
Mar. 1939	279,004	50,510	376,945	581,739
3 Mos. 1940	769,146	132,310	1,866,201	1,392,141
3 Mos. 1939	832,386	154,369	1,240,061	1,520,488

PRICES

Livestock prices had strengthened materially early in March. In this upturn, finished cattle and lamb prices, owing in part to the scarcity of strictly long fed cattle and relatively small marketings of fed lambs, recovered their war-boom peaks of last September. During the latter part of the month and early in April, livestock prices generally declined, the better grades of fat steers and spring lambs showing the greatest loss and the top price of hogs sinking to a new six-year low of $4.85 a hundredweight, while prices of medium grades of steers, of wooled lambs, and of stocker and feeder cattle remained strong. About the middle of April, prices again turned upward, reflecting in part the influence of the spread of war in Europe to the Scandinavian countries.

Top livestock prices at the Kansas City market:

	Apr. 23 1940	Mar. 1940	Feb. 1940	Mar. 1939	Mar. 1938	Mar. 1937
	(In dollars per hundredweight)					
Beef steers	12.00	12.25	10.50	12.75	9.85	14.50
Stocker cattle	10.75	10.75	10.50	10.50	8.50	9.25
Feeder cattle	10.25	9.75	9.00	10.35	8.40	10.00
Calves	11.00	11.00	11.00	11.00	10.00	10.00
Hogs	6.25	5.50	5.35	8.10	9.35	10.35
Sheep	7.50	8.00	7.75	7.90	8.00	11.50
Fed lambs	9.95	10.25	9.75	9.65	9.25	12.75
Spring lambs	10.40	12.00	....	11.00	10.00	15.00

STOCKERS AND FEEDERS

March shipments of stocker and feeder livestock from public markets to the country continued much below the unusually heavy movement of a year ago. Shipments of cattle, however, were only 5 per cent under the March ten-year average and the movement of calves was 40 and sheep 5 per cent above average.

March stocker-feeder shipments:

	Cattle	Calves	Hogs	Sheep
Denver	6,154	3,325	193	13,081
Kansas City	31,157	5,805	2,355	11,039
Omaha	14,852	1,987	1,513	18,233
St. Joseph	4,697	865	1,473	7,386
Mar. 1940	56,860	11,982	5,534	49,739
Feb. 1940	47,303	7,710	6,074	39,377
Mar. 1939	70,654	14,884	4,448	53,378
3 Mos. 1940	167,987	38,932	15,879	147,863
3 Mos. 1939	213,959	45,480	12,341	143,241

Cattle feeding operations in Missouri on April 1 were 5 per cent larger but in Nebraska 5 and in Kansas 15 per cent smaller than a year ago. This situation contrasts with that of January 1 when cattle feeding in Missouri had been 25 and in Nebraska 4 per cent heavier and in Kansas only 3 per cent smaller than a year earlier. Because of much less favorable returns from cattle feeding this season, apparently fewer cattle were put on feed during the three-month period this year. Cattle feeding in Missouri is only about a third, in Nebraska a half, and in Kansas a sixth what it was at this time in 1929. The number of cattle on feed in Colorado is from 15 to 20 per cent smaller than last year. At the middle of April the number of lambs left in feed lots in the important northern Colorado, Arkansas Valley, and Scottsbluff feeding areas was 31 per cent smaller than a year ago.

RANGES AND PASTURES

Ranges and pastures in the District had shown some improvement during March and were greatly improved by general April rains and snows. Supplies of old range feed are very short in the eastern parts of Wyoming and Colorado, in western Nebraska and Kansas, and in Oklahoma, and subsoil moisture is lacking. Wheat pastures are furnishing very little feed for livestock this year. Cattle came through the winter in fair condition but show the effect of severe weather and short feed supplies. A rather strong demand for cattle to restock herds is limited somewhat by relatively high prices and uncertainty regarding feed crop prospects.

Present indications are that the spring movement of cattle from the southwest to Oklahoma and Kansas pastures will be smaller than last year when drought in Texas had forced a heavy movement. The percentage of available pastures leased by April 1 was a little larger this year than last in the Blue Stem section of Kansas, where lease prices are little changed, and was about the same as last year in the Osage section of Oklahoma, where lease prices are slightly lower. Acreage guarantees per head are slightly less in both sections. The condition of pastures has improved markedly since the rains about the middle of April. Cold weather had previously delayed the growth of new feed and stock water supplies had been low for some time.

Farm Income

The latest available figures show that cash farm income in the District in January was 31 per cent larger than a year ago. Income from crops was 17 per cent lower, principally because of reduced income from cotton in Oklahoma and smaller income from sales and commodity credit loans on corn in Nebraska, but receipts from livestock and its products were 13 per cent larger than last year and Government payments were more than four times as large. The relative importance of these larger Government payments is reflected in the fact that they represented about 28 per cent of total cash farm income in January this year and only 8 per cent last year. According to the Department of Agriculture, cash income from farm marketings is expected to continue relatively high through May but Government payments by that time will likely fall below a year earlier. In June and July, wheat income will be an important factor.

Department of Agriculture farm income estimates:

	Jan. 1940	Jan. 1939	Jan. 1938	Change from 1939	Change from 1938
	(Thousand dollars)			(Per cent)	
Colorado	11,947	8,938	8,828	+33.7	+35.3
Kansas	29,888	19,749	21,073	+51.3	+41.8
Missouri	28,523	19,101	18,925	+49.3	+50.7
Nebraska	27,500	26,028	20,315	+5.7	+35.4
New Mexico	3,606	2,845	3,628	+26.7	−0.6
Oklahoma	14,749	11,900	10,909	+23.9	+35.2
Wyoming	2,881	2,101	2,734	+37.1	+5.4
Seven states	119,094	90,662	86,412	+31.4	+37.8
United States	742,576	633,970	660,153	+17.1	+12.5

Meat Packing

Operations at meat-packing plants in the District declined during March, although an increase is usual in that month, an enlarged demand for market supplies of cattle, calves, and sheep for stocker and feeder purposes being a factor in the reduced slaughter. Packers' purchases of cattle were 13, calves 27, and sheep 21 per cent smaller than a year ago and 24, 37, and 28 per cent, respectively, below the March average of the past ten years. Hog slaughter was 22 per cent above a year ago and about equal to the average.

March packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver	12,698	2,326	27,932	24,972
Kansas City	33,669	8,005	124,258	74,495
Oklahoma City	10,499	4,013	23,476	6,350
Omaha	53,120	3,343	138,733	84,275
St. Joseph	14,421	3,385	65,003	73,907
Wichita	6,727	2,884	28,776	15,099
Mar. 1940	131,134	23,956	408,178	279,098
Feb. 1940	144,403	24,160	482,451	280,128
Mar. 1939	150,728	32,608	335,671	351,370
3 Mos. 1940	463,938	84,285	1,621,042	881,884
3 Mos. 1939	456,205	94,773	1,068,827	991,622

Cold Storage Holdings

After allowing for usual seasonal changes, United States cold storage stocks of meats and lard continued to increase during March, while holdings of eggs showed less than the usual increase and of butter an exceptionally sharp decline. April 1 stocks of pork were 13, lamb 18, and poultry 30 per cent above the average for that date during the past five years and lard stocks, which set a new record, were more than double the average. Holdings of beef were 12, eggs about 30, and butter 60 per cent under average.

United States cold storage holdings:

	Apr. 1 1940	Mar. 1 1940	Apr. 1 1939	Aver. '35-'39
	(In thousands of units)			
Beef, lbs.	72,578	74,708	40,970	82,445
Pork, lbs.	653,552	650,653	523,204	580,085
Lamb and mutton, lbs.	4,257	4,488	2,412	3,608
Poultry, lbs.	115,447	144,759	90,987	88,669
Miscellaneous meats, lbs.	101,050	106,654	62,510	78,875
Lard, lbs.	269,284	256,640	129,252	129,909
Eggs, shell, cases	851	81	1,105	1,227
Eggs, frozen (case equiv.)	1,259	1,088	1,728	1,688
Butter, creamery, lbs.	8,856	18,366	78,909	22,249
Cheese, all varieties, lbs.	75,270	82,664	81,653	76,143

Flour Milling

Activity at southwestern flour mills tends to decline, reflecting an increasingly narrow backlog of orders on mills' books that is not supported by a sufficient volume of new sales for prompt shipment. Despite the fact that jobbers' and bakers' stocks generally are low and flour prices have strengthened with wheat, buying continues largely on a hand-to-mouth basis. Production in March was 8 per cent smaller than a year ago and about 3 per cent under the March average of the past ten years, while output for the first quarter of the year was little changed from last year because of heavier production at interior mills.

Flour output reported by the Northwestern Miller:

	Mar. 1940	3 Mos. 1940	Change from 1939 Mar.	3 Mos.
	(In barrels)		(Per cent)	
Kansas City	505,000	1,587,000	−18.8	−6.4
Salina	192,000	587,000	−17.6	−9.0
Wichita	133,000	396,000	−19.4	−13.7
Other cities	1,095,000	3,289,000	+1.9	+8.1
Southwest	1,925,000	5,859,000	−8.1	+0.3
United States*	5,481,000	16,242,000	−7.4	−1.8

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

Petroleum

Crude oil production in the District in March, although equal to the ten-year average, was about 5 per cent less than a year ago, while output for the first quarter of 1940 was slightly larger than last year. District output, owing to a sizable decrease in Oklahoma, contrasts sharply with national output, which is running about 12 per cent ahead of last year.

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

	Mar. 1940	3 Mos. 1940	Change from 1939 Mar.	3 Mos.
	(In barrels)		(Per cent)	
Colorado	123,000	301,000	+36.7	+9.5
Kansas	5,435,000	15,838,000	−1.0	+8.0
New Mexico	3,501,000	10,324,000	+6.8	+13.7
Oklahoma	12,759,000	38,555,000	−13.7	−8.2
Wyoming	2,151,000	6,002,000	+28.4	+32.6
Five states	23,969,000	71,020,000	−5.3	+0.7
United States	119,361,000	341,169,000	+11.8	+12.7

Reflecting a steady restriction of crude oil outlets due to expanding production in Illinois, stocks of crude petroleum produced in this District continue to rise and since last October have recovered more than half of the sharp decline that took place during the shutdown of wells last August. Crude stocks, however, are still 8 per cent smaller than a year ago, and Mid-continent crude oil prices generally are firm. Gasoline prices recently have been somewhat unsettled.

Coal

March output of bituminous coal in the District was 5 per cent smaller than a year ago, while production for the first quarter of the year shows an increase of 18 per cent over last year.

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

	Mar. 1940	3 Mos. 1940	Change from 1939 Mar.	3 Mos.
	(In tons)		(Per cent)	
Colorado	431,000	1,995,000	−13.1	+15.7
Kans. and Mo.	533,000	2,219,000	+1.5	+24.0
New Mexico	83,000	329,000	−21.0	−10.8
Oklahoma	95,000	637,000	+11.8	+59.3
Wyoming	414,000	1,507,000	−3.5	+9.7
Six states	1,556,000	6,687,000	−5.1	+18.2
United States	35,400,000	119,445,000	−0.1	+13.4

Zinc and Lead

Zinc and lead shipments from the Tri-State district increased sharply during March. The zinc shipment was slightly larger than a year ago, while that of lead was 24 per cent heavier. Production also increased during March but, with buyers continuing to take all zinc supplies available, zinc stocks remain very low.

March ore shipments from the Tri-State district:

	Zinc Ore		Lead Ore	
	Tons	Value	Tons	Value
Kansas	8,739	$ 325,469	1,414	$ 85,006
Missouri	1,378	51,608	162	9,772
Oklahoma	21,998	821,792	2,666	161,106
Mar. 1940	32,115	$1,198,869	4,242	$ 255,884
Feb. 1940	27,870	989,404	3,137	184,521
Mar. 1939	31,569	921,202	3,425	184,281
3 Mos. 1940	93,030	3,439,997	10,712	655,518
3 Mos. 1939	94,655	2,750,706	19,825	1,069,445

Zinc prices have shown little change in recent weeks, but lead prices declined during the latter part of March and early in April, falling back to their recent low at the middle of February, and then recovered slightly about the middle of April.

Employment and Pay Rolls

Employment in the District both in March and in the first quarter of the year was nearly 4 per cent higher than a year ago, while pay rolls showed an increase of more than 5 per cent.

Preliminary figures of the Department of Labor:

	Employment		Pay Rolls	
	Mar. 1940	3 Mos. 1940	Mar. 1940	3 Mos. 1940
	(Per cent change from a year ago)			
Colorado	+2.3	+2.5	+3.7	+5.0
Kansas	+6.5	+6.3	+3.6	+5.5
Missouri	+5.2	+4.3	+8.1	+6.7
Nebraska	+1.5	+2.7	+4.4	+5.1
New Mexico	−0.6	+0.3	−9.1	−8.6
Oklahoma	+0.3	+0.6	+0.7	+1.6
Wyoming	−3.5	−3.8	+1.7	+6.1
Seven states	+3.8	+3.5	+5.2	+5.3

Building

The value of March construction awards in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) was a third larger than a year ago in contrast with a decrease of about 8 per cent for the first quarter of the year. The March gain reflected principally larger awards for public works and utility construction. In the first half of April, awards remained a third above a year ago.

Construction figures of F. W. Dodge Corporation:

	Mar. 1940	3 Mos 1940	Change from 1939 Mar.	3 Mos.
	(Thousand dollars)		(Per cent)	
Residential building	3,936	8,430	+14.0	−5.6
Nonresidential bldg	2,654	8,153	−28.3	−25.6
Public works constr	3,941	7,311	+126.9	+66.1
Utility construction	2,400	3,264	+204.2	−35.5
Kansas City area	12,931	27,158	+33.6	−7.5
37 Eastern states	272,178	668,943	−9.5	−13.4

The value of building permits in reporting District cities increased seasonally during March and continues to hold close to the level of a year ago, showing an increase of 3 per cent over last year for March and a fractional decline for the first quarter of the year.

Value of building permits issued in District cities:

	Mar. 1940	3 Mos. 1940	Change from 1939 Mar.	3 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N.M.	216,000	527,000	−30.1	−25.6
Cheyene, Wyo.	195,000	340,000	+68.1	+69.2
Colo. Springs, Colo.	66,000	120,000	−88.9	−81.4
Denver, Colo.	894,000	2,785,000	+3.1	+24.5
Hutchinson, Kans.	79,000	113,000	+182.1	+7.6
Joplin, Mo.	62,000	123,000	+77.1	+55.7
Kansas City, Kans.	63,000	349,000	+173.9	+3.6
Kansas City, Mo.	333,000	580,000	+36.5	+10.1
Lincoln, Nebr.	338,000	680,000	+45.7	−4.1
Okla. City, Okla.	531,000	1,128,000	−5.2	−11.9
Omaha, Nebr.	345,000	520,000	+91.7	+25.9
Pueblo, Colo.	52,000	174,000	+30.0	+59.6
Salina, Kans.	52,000	119,000	−32.5	−1.7
Shawnee, Okla.	18,000	37,000	+157.1	+60.9
St. Joseph, Mo.	41,000	74,000	−35.9	−78.9
Topeka, Kans.	168,000	429,000	+31.3	+98.6
Tulsa, Okla.	463,000	1,012,000	+15.8	−7.9
Wichita, Kans.	350,000	588,000	+48.3	+8.1
District, 18 cities	4,266,000	9,698,000	+3.0	−0.1

Lumber

Board feet lumber sales at reporting retail yards in the District in March were 8 and in the first quarter of the year about 15 per cent smaller than a year ago. The seasonal increase in lumber sales from February to March as building operations expanded was considerably less than that in 1939.

Lumber stocks remain about 4 per cent under a year ago. Collections in March averaged 32.9 per cent of amounts outstanding as compared with 31.1 per cent in March of last year.

Lumber trade at 150 retail yards in the District:

	Mar. 1940 per cent change from Feb. 1940	Mar. 1939
Sales of lumber, board feet	+44.0	−8.0
Sales of all materials, dollars	+36.8	+0.9
Stocks of lumber, board feet	−0.3	−3.9
Outstandings, dollars	+6.1	−2.3

Life Insurance

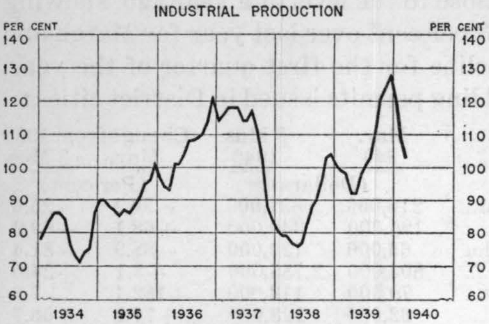
Life insurance sales in the District in March were 8 and in the first quarter of the year about 23 per cent under the rather high level of a year ago.

The Life Insurance Sales Research Bureau report:

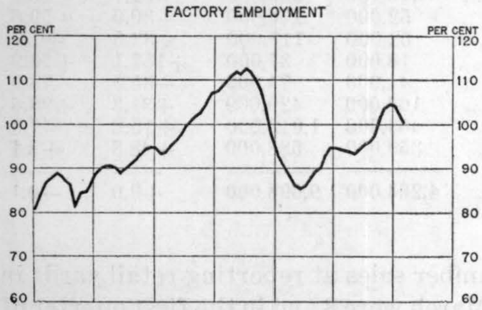
	Mar. 1940	3 Mos. 1940	Change from 1939 Mar.	3 Mos.
	(Thousand dollars)		(Per cent)	
Colorado	4,804	13,181	−12.2	−18.2
Kansas	6,289	16,618	−3.6	−22.2
Missouri	17,117	46,554	−6.6	−23.8
Nebraska	5,323	14,571	−11.6	−23.6
New Mexico	1,351	3,351	+21.3	−6.1
Oklahoma	8,068	21,131	−8.9	−27.3
Wyoming	974	2,547	−31.2	−30.8
Seven states	43,926	117,953	−8.0	−23.4
United States	567,872	1,591,706	−1.6	−13.4

NATIONAL SUMMARY OF BUSINESS CONDITIONS

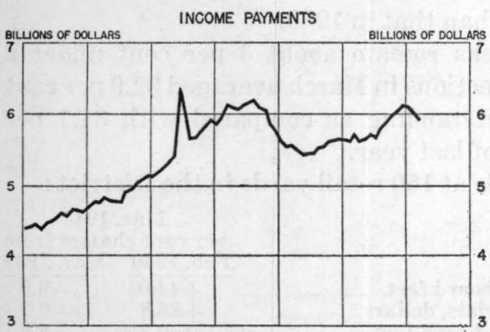
By the Board of Governors of the Federal Reserve System



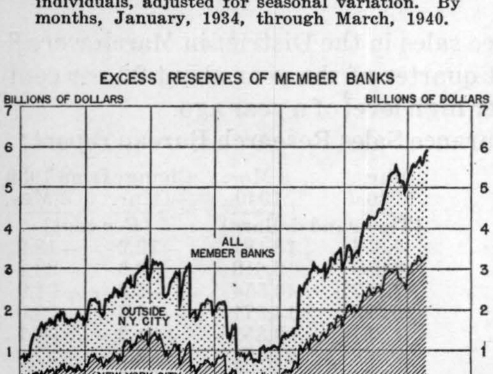
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average =100. By months, January, 1934, through March, 1940.



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



United States Department of Commerce estimates of the amount of income payments to individuals, adjusted for seasonal variation. By months, January, 1934, through March, 1940.



Wednesday figures partly estimated, January 3, 1934, through April 10, 1940.

Industrial activity continued to decline during March but at a somewhat slower rate than in the preceding two months, and in the first half of April there was little further decrease. Wholesale prices of basic commodities decreased somewhat in the latter half of March but recovered by the middle of April. Distribution of commodities to domestic consumers continued in large volume, and exports were at the high levels reached last December.

Production

The Board's index of industrial production, which is adjusted for usual seasonal variations and for the number of working days, was 103 in March compared with 109 in February. The decline reflected chiefly a further reduction in output of steel and considerable decreases in activity at cotton and woolen textile mills.

Steel ingot production declined from an average of 69 per cent of capacity in February to an average of 64 per cent in March. In the first half of April output was at around 61 per cent of capacity. Automobile production in March and the first half of April was maintained at the high rate prevailing during January and February but did not show the increase customary at this season. Retail sales of automobiles continued in large volume, and dealers' stocks of new cars declined somewhat from the high level reached earlier. In the machinery industries activity showed some decline from the high rate of other recent months, while at aircraft factories and shipyards activity continued at peak levels. Output of lumber and plate glass advanced seasonally in March.

In the woolen textile industry, where activity had been declining from the high level reached last November, there was a further sharp reduction in March. Activity at cotton textile mills also declined considerably but remained at a somewhat higher level than prevailed a year ago. Shoe production likewise declined considerably in March. At silk mills activity remained at an exceptionally low level, while rayon production was large.

Mineral production was maintained in large volume in March. There was some further reduction in output of bituminous coal, but output of anthracite increased, following a sharp decline in February. Crude petroleum production continued at record levels.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased considerably in March, as is usual at this season. The increase was principally in awards for private work, which in March approximately equalled those in the corresponding period last year. Public awards increased somewhat, following declines in January and February, but were in smaller volume than a year ago. Private residential building rose by about the usual seasonal amount.

Distribution

Sales of general merchandise at department and variety stores and by mail-order houses increased by about the usual seasonal amount from February to March, with allowance for the earlier date of Easter this year. In the first week of April sales at department stores were at a higher level than in March.

Freight carloadings showed little change from February to March, although a rise is usual between these months. Shipments of miscellaneous freight showed considerably less than the usual seasonal increase, and there was some further decline in loadings of coal.

Foreign Trade

Exports of United States merchandise in March continued near the high level reached last December. Agricultural exports, principally cotton, decreased from February to March, while there were substantial increases in shipments of commercial vehicles and in metal working, agricultural, and other types of machinery.

During March, the country's monetary gold stock increased by $256,-000,000. In the first two weeks of April the rate of gold inflow was accelerated, acquisitions in this period amounting to $145,000,000.

Commodity Prices

Prices of a number of basic agricultural and industrial commodities, which had declined in the latter part of March, advanced during the second week in April. Prices of certain finished steel products, on the other hand, were reduced, and prices of most other commodities showed little change.

Government Security Market

Prices of Treasury bonds moved sharply upward during March and the first few days of April to a new high level since last summer. On April 9, however, on receipt of news of the expansion of war activities in Europe, a decline of about one point occurred in long-term bonds. Subsequently the market recovered part of the loss. The yield on the 1960-65 Treasury bonds was 2.31 per cent on April 15, compared with a low of 2.26 per cent on April 2.

Bank Credit

Reflecting continued heavy gold imports, excess reserves of member banks increased during the four weeks ending April 10 to a record high level of $5,950,000,000. Total loans and investments at banks in 101 leading cities, which had shown little net change during March, increased in the first two weeks of April, reflecting purchases of United States Government obligations.