

MONTHLY REVIEW

Agricultural and Business Conditions

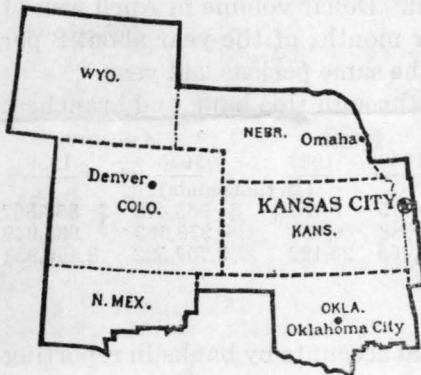
TENTH FEDERAL RESERVE DISTRICT

VOL. 25, No. 5

FEDERAL RESERVE BANK OF KANSAS CITY

MAY 29, 1940

Business in the Tenth Federal Reserve District



Good rains in April and the first three weeks of May have greatly improved physical conditions in this District. There is an abundance of stock water; wheat crop estimates have been raised; and the soil is in good condition for spring planted crops.

The recent serious turn in the war situation has convulsed many commodity markets. Wheat, at one time, had lost nearly all of its war gains and corn prices are lower. Hog prices have suffered more severely than those of other livestock, more than half of the recent gains having been lost.

Wholesale trade is appreciably above a year ago and retail trade is higher. Life insurance written in April made a sharp gain. Live-stock slaughter and zinc and lead shipments are larger but crude oil production and residential construction are lower.

Bank loans are 17, deposits 10, and check transactions 11% above a year ago. Bank investments are 3% lower.

APRIL 1940 COMPARED WITH APRIL 1939						BUSINESS INDICATORS	4 MOS. 1940 COMPARED WITH 4 MOS. 1939					
% DECREASE			% INCREASE				% DECREASE			% INCREASE		
40	30	20	10	10	20		30	40	40	30	20	10
						Financial						
						Bank Debits.....						
						F. R. Bk. Clearings.....						
						Mem. Bk. Loans.....						
						Mem. Bk. Invest.....						
						Demand Deposits.....						
						Life Ins. Sales.....						
						Trade						
						Wholesale Sales.....						
						Retail Sales.....						
						Dept. Store Sales.....						
						Lumber Sales.....						
						Marketings						
						Wheat.....						
						Corn.....						
						Oats.....						
						Cattle.....						
						Calves.....						
						Hogs.....						
						Sheep.....						
						Production						
						Flour.....						
						Cattle Slaughter.....						
						Calf Slaughter.....						
						Hog Slaughter.....						
						Sheep Slaughter.....						
						Crude Petroleum.....						
						Bituminous Coal.....						
						Zinc Ore Shipments.....						
						Lead Ore Shipments.....						
						Construction						
						Total Awards.....						
						Res. Awards.....						
						Value of Permits.....						
						Miscellaneous						
						Rainfall.....						
						Cash Farm Income*.....						
						Employment.....						
						Pay Rolls.....						
						*Two months lag						

-59

+68

Member Bank Operations

Loans at reporting member banks in the Tenth District, which had been rising steadily since late February, declined during the first half of May and at the middle of the month were somewhat under a month earlier. The decrease was principally in commercial loans but holdings of open market paper and security loans also declined. Investments increased slightly from the middle of April to the middle of May, a substantial decline in holdings of Treasury bills and Government bonds being offset by sharp increases in holdings of Treasury notes, obligations guaranteed by the Government, and other securities. Loans are 17 per cent above a year ago while investments continue about 3 per cent smaller than last year.

Adjusted demand deposits at reporting member banks increased considerably from the middle of April to the middle of May and are almost back to their record level of last March. Reserve balances carried at this bank also increased during the four weeks, but correspondent balances carried at other banks and deposits of other banks at these reporting banks continued to decline. Adjusted demand deposits are 10 per cent larger than at this time last year and reserves are 22 per cent greater, while correspondent balances are 12 and interbank deposits are 14 per cent larger.

Principal items of condition of 51 member banks:

	Change from		
	May 15 1940	Apr. 17 1940	May 17 1939
(In thousands of dollars)			
Loans and investments—total.....	691,658	-714	+34,431
Loans—total.....	303,922	-1,741	+44,599
Coml., indust., agric.....	179,351	-1,531	+25,970
Open market paper.....	22,304	-381	+4,262
To security brokers and dealers.....	4,117	-88	-346
Other to purchase or carry secur.....	10,059	-207	+85
Real estate loans.....	29,081	+154	+4,731
Loans to banks.....	180	+65	-363
All other loans.....	58,830	+247	+10,260
Investments—total.....	387,736	+1,027	-10,168
U. S. Treasury bills.....	16,492	-4,026	+10,121
U. S. Treasury notes.....	68,758	+5,023	-14,706
U. S. Govt. bonds.....	88,992	-8,450	-22,109
Oblig. guar. by U. S. Govt.....	69,240	+2,739	+12,307
Other securities.....	144,254	+5,741	+4,219
Reserve with F. R. Bank.....	198,036	+6,261	+35,148
Balances with domestic banks.....	317,491	-3,027	+33,716
Demand deposits—adjusted.....	543,918	+5,765	+47,225
Time deposits.....	145,684	+79	+1,499
U. S. Govt. deposits.....	23,704	-3	+403
Interbank deposits.....	424,504	-3,785	+52,073

Reserve Bank Operations

Note circulation of this bank, which had been rising and early in March had levelled off, remains close to the level reached at that time. During the first half of May, circulation averaged better than 182½ million dollars as compared with an average of about 182¾ million in both April and March. Circulation is about 11¾ million above a year ago, about 17½ million above two years ago, and nearly 23 million above 1937.

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

	Change from		
	May 15 1940	Apr. 17 1940	May 17 1939
(In thousands of dollars)			
Total reserves.....	378,319	+637	+41,331
Bills discounted.....	297	+86	-130
Bills purchased.....	Zero	Zero	-16
Industrial advances.....	110	-2	-101
Commit. to make indust. adv.....	175	-293	-471
U. S. Govt. sec., direct & guar....	114,097	+236	-18,043
Total assets.....	535,651	+3,965	+25,054
F. R. notes in circulation.....	182,455	-217	+11,742
Member bank reserve deposits..	272,053	+7,047	+40,404

Dollar volume of check collections declined less than is usual during April. Dollar volume in April was 11 and in the first four months of the year about 8 per cent larger than in the same periods last year.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1940	1939	1940	1939
(In thousands)				
April.....	6,015	5,787	\$ 953,472	\$ 858,867
March.....	6,088	6,435	978,093	935,949
Four months.....	23,460	23,122	3,759,522	3,495,933

Bank Debits

Debits to individual accounts by banks in reporting centers of the District increased slightly during April contrary to the usual seasonal trend. Volume of payments by check for April was 11 and for the first four months of the year was 7 per cent larger than in the corresponding periods a year ago.

Payments by check in thirty District cities:

	Apr. 1940		4 Mos. 1940		Change from 1939	
	Apr. 1940	4 Mos. 1940	Apr. 1940	4 Mos. 1940	Apr. 1939	4 Mos. 1939
(Thousand dollars)						
(Per cent)						
Albuquerque, N. M.....	18,171	66,123	+25.1	+14.2		
Atchison, Kans.....	2,968	11,059	+10.0	+3.0		
Bartlesville, Okla....	25,369	111,868	-5.1	+4.5		
Casper, Wyo.....	5,797	23,632	+5.1	+7.1		
Cheyenne, Wyo.....	9,286	32,367	+12.4	+3.1		
Colo. Springs, Colo....	12,337	50,998	+13.0	+1.2		
Denver, Colo.....	157,978	603,823	+7.7	+3.3		
Emporia, Kans.....	3,196	11,875	+15.3	+1.5		
Enid, Okla.....	12,815	42,678	+41.6	+18.5		
Fremont, Nebr.....	2,940	10,904	+14.8	+8.2		
Gr. Junction, Colo..	3,724	14,523	+2.4	+7.1		
Guthrie, Okla.....	1,345	5,646	-0.7	-7.5		
Hutchinson, Kans....	14,406	48,857	+46.2	+23.5		
Indep., Kans.....	2,673	10,500	-0.9	-6.1		
Joplin, Mo.....	8,764	36,860	-0.9	+0.6		
Kansas City, Kans....	17,356	67,381	+18.6	+7.4		
Kansas City, Mo.....	318,089	1,213,845	+17.6	+12.5		
Lawrence, Kans.....	3,628	13,969	+15.8	+4.6		
Lincoln, Nebr.....	28,914	110,337	+7.4	+6.1		
Muskogee, Okla.....	7,201	28,901	+1.9	-5.5		
Okla. City, Okla.....	101,395	415,096	-0.5	+5.0		
Okmulgee, Okla.....	2,883	10,584	+10.9	+4.7		
Omaha, Nebr.....	141,061	555,585	+6.8	+2.6		
Pittsburg, Kans.....	3,737	15,288	+11.2	+6.1		
Pueblo, Colo.....	14,025	52,211	-3.8	-4.6		
Salina, Kans.....	11,804	36,115	+69.3	+27.7		
St. Joseph, Mo.....	27,245	108,240	+12.6	+7.1		
Topeka, Kans.....	18,331	83,565	+12.2	+14.8		
Tulsa, Okla.....	133,908	529,885	+9.2	+6.1		
Wichita, Kans.....	45,501	177,742	+12.8	+7.2		
District, 30 cities....	1,156,847	4,500,457	+10.9	+7.1		
U. S., 274 cities.....	37,780,000	145,532,000	+15.1	+7.6		

Trade

RETAIL SALES

Dollar volume of April sales at reporting department stores in the District was very little below that for March, which had included Easter shopping in the period prior to March 24. April sales were slightly larger than those of a year ago, when Easter fell on April 9, and total sales for the first four months of 1940 show an increase of about 2 per cent over 1939. In the first three weeks of May, sales were nearly 3 per cent above last year. Retail prices, according to the Fairchild Index, currently show little change and are about 4 per cent higher than a year ago.

Stocks of merchandise increased seasonally during April and at the end of the month were about 3 per cent larger than a year ago. Collections on open accounts averaged 46.2 per cent in April as compared with 45.1 per cent last year, while installment collections averaged 17.9 and 16.2 per cent, respectively.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS	
		Apr. '40 comp. to Apr. '39	4 Mos. '40 comp. to 4 Mos. '39	Apr. 30, '40 comp. to Mar. 31, '40	Apr. 30, '39
		(Per cent increase or decrease)			
Denver.....	4	+6.8	+4.1	-1.3	+4.9
Kansas City.....	5	+1.0	+2.6	+6.2	-0.3
Oklahoma City...	3	-7.7	-1.6	-0.7	+2.5
Omaha.....	3	+1.8	+2.1	-0.5	+2.3
Tulsa.....	4	+2.2	+5.9	+5.0	+2.3
Wichita.....	3	+3.3	+4.6	....	....
Other cities.....	18	-7.1	-0.8	+3.7	+3.8
District.....	40	+0.8	+2.4	+1.7	+2.6

Total retail sales in the District in April were about 3 and in the first four months of the year 4 per cent larger than in the corresponding periods last year.

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

	Apr. 1940 per cent change from Apr. 1939						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	-19.7	-14.8	-9.2	-15.5	-10.5	-12.1	-24.6
Automobile....	+2.7	+10.9	+26.6	+15.8	+5.6	+14.7	+17.7
Country genl..	-17.5	+0.4	-0.6	-0.6	-7.6	-6.6	+3.6
Department...	-6.6	-7.5	+6.7	-2.0	....	-5.1	....
Drug.....	+0.2	-0.7	+2.2	-0.3	+1.1	-1.4	-9.8
Furniture.....	+13.5	+38.4	+11.3	+8.7	+25.9	+5.6	....
Grocery.....	-7.0	-2.1	-1.1	-3.1	+0.1	-1.4	-5.4
Hardware.....	-0.3	+21.1	+8.8	+10.4	....	-1.2	....
Lbr. & mtls....	-2.8	+6.0	+24.1	+5.0	-1.8	-12.3	-9.0
Total.....	-2.6	+2.4	+6.5	+1.4	+3.0	-1.5	-1.4

WHOLESALE SALES

The value of April wholesale sales in this District was 10 per cent larger than a year ago and total sales for the first four months of the year show an increase of 6 per cent over last year. Dollar inventories, which at the end of March had been about 8 per cent above a year earlier, at the end of April were only 4 per cent larger. Collections in April averaged 67.9 per cent of amounts receivable as compared with 72.8 per cent in April a year ago.

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

	No. of Firms	SALES		STOCKS	
		Apr. '40 comp. to Apr. '39	4 Mos. '40 comp. to 4 Mos. '39	Apr. 30, '40 comp. to Mar. 31, '40	Apr. 30, '39
		(Per cent increase or decrease)			
Auto. supplies....	14	+12.0	+18.9	+2.9	+7.0
Drugs.....	10	+12.0	+6.3	-0.6	+1.5
Dry goods.....	4	+13.8	+7.9	-7.9	+6.3
Electrical goods..	7	+32.1	+26.6	+1.2	+2.1
Farm products....	13	+30.5	+20.7	+6.4	+45.0
Furniture.....	5	-1.8	....	....	....
Groceries.....	37	+5.3	+2.0	-4.4	+5.4
Hardware—total (17)		+13.1	+3.7	-1.3	-3.5
General.....	5	+12.9	+4.9	-1.4	-3.6
Industrial.....	7	+11.1	-0.8	-0.9	-3.3
Plbg. & htg....	5	+20.6	+8.0	....	....
Jwelry. & opt. gds..	3	+19.4	....	+4.1	+10.3
Machinery.....	5	+16.6	+25.3	-3.1	+19.5
Paints & varn....	3	-15.4	....	-12.5	-27.6
Paper & prod....	4	+8.1	+6.9	....	....
Tobacco & prod...	6	-7.5	Zero	....	....
All other lines....	14	+0.5	+2.2	-1.1	+6.7
Total.....	142	+9.9	+6.1	-2.4	+4.0

Crops

Following good rains in April that improved the outlook for wheat in areas where there was any chance for a crop, the May 1 estimate of winter wheat production in the seven states of the District was 12 million bushels larger than a month earlier, with most of this increase occurring in Kansas and Oklahoma. However, heavy abandonment on the smaller acreage seeded last fall and low yields on the acreage remaining for harvest indicate that output will be about 40 per cent below last year's near-average crop. Crop insurance payments are now being made on fields judged to be a total loss and this land is being planted in spring crops or left for summer fallow.

Department of Agriculture winter wheat estimates:

	ACREAGE		YIELD		PRODUCTION	
	Indic.	Aver.	Indic.	Aver.	Indic.	Aver.
	1940	'29-'38	1940	'29-'38	1940	'29-'38
	(Per cent)		(Bushels)		(1,000 Bushels)	
Colo.....	40.0	46.4	8.0	11.6	5,984	9,003
Kans.....	44.0	22.0	9.0	11.9	65,079	135,801
Mo.....	6.0	5.5	14.0	13.7	23,044	25,457
Nebr.....	30.0	18.0	10.0	14.0	22,220	42,867
N. Mex.....	34.0	42.0	10.0	9.4	2,480	2,565
Okla.....	28.0	17.0	8.5	11.4	31,178	46,763
Wyo.....	35.0	39.0	10.5	10.6	1,628	1,313
7 States.....	....	....	....	....	151,613	263,769
U. S.....	24.3	17.5	13.5	14.3	459,691	571,067

For the states as a whole, April precipitation in Wyoming was 158 per cent of normal, Kansas and Missouri 115, and in Oklahoma 144 per cent, while in Nebraska it was 91, Colorado 88, and in New Mexico 74 per cent of normal. The areas of heaviest rainfall centered in south-central Kansas and northern Wyoming, with a wide belt of below normal rainfall extending from southeastern Wyoming and western Nebraska down through Texas. Subsoil moisture over

much of this section continues short, and the light snow pack in western mountains tends to limit the supply of water in some irrigated areas. Additional rains have occurred in May and conditions for spring crops generally are favorable.

Rainfall

	Apr. 1940		4 Mos. 1940	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	1.53	2.06	5.26	4.03
Leadville.....	2.14	1.78	5.82	6.08
Pueblo.....	1.54	1.31	3.28	2.68
Lamar.....	.90	1.77	3.66	3.43
Garnett.....	.38	.59	1.51	1.30
Steamboat Springs.....	4.07	1.90	12.69	8.87
KANSAS				
Topeka.....	3.58	2.78	7.28	7.33
Iola.....	7.61	3.90	12.70	9.29
Concordia.....	1.61	2.36	4.58	5.08
Salina.....	2.76	2.47	5.46	5.56
Wichita.....	6.15	2.91	9.72	6.69
Hays.....	1.57	2.29	3.47	4.37
Goodland.....	.80	2.06	4.50	3.74
Dodge City.....	3.54	1.94	5.94	4.01
Elkhart.....	1.62	1.75	3.03	3.44
MISSOURI				
St. Joseph.....	2.37	3.19	7.76	8.68
Kansas City.....	4.21	3.14	8.49	8.68
Joplin.....	6.32	4.70	9.84	11.74
NEBRASKA				
Omaha.....	3.46	2.51	6.90	5.47
Lincoln.....	2.81	2.53	6.68	5.43
Norfolk.....	3.19	2.69	6.82	5.36
Grand Island.....	1.75	2.45	4.50	5.12
McCook.....	.29	1.86	6.64	3.74
North Platte.....	.88	2.06	2.54	3.86
Bridgeport.....	1.85	2.12	3.77	3.81
Valentine.....	3.29	1.85	5.94	3.93
NEW MEXICO				
Clayton.....	.35	1.70	1.61	3.15
Santa Fe.....	.49	1.00	4.61	3.32
Farmington.....	.25	.64	2.41	2.50
OKLAHOMA				
Tulsa.....	7.70	4.13	11.73	10.72
McAlester.....	7.03	4.58	9.96	12.74
Oklahoma City.....	4.46	3.29	8.53	7.57
Pauls Valley.....	4.88	3.88	7.95	9.07
Hobart.....	4.49	3.10	7.16	6.40
Enid.....	4.39	3.26	7.82	7.10
Woodward.....	3.40	2.49	7.09	5.60
WYOMING				
Cheyenne.....	1.36	1.99	4.67	4.10
Casper.....	1.90	1.96	3.36	4.71
Lander.....	3.34	2.06	5.92	4.48
Sheridan.....	3.87	1.92	6.27	4.65

Grain Marketing

Wheat marketings continued to increase at a rapid rate during April, reflecting a further advance in wheat prices and the liquidation of Federal loan wheat prior to the final date for redemption on April 30. From a peak of 50 million bushels at the middle of January, stocks of wheat of the 1939 crop under loan in the seven states of this District had declined by the middle of April to less than 18 million bushels. April receipts of wheat were about a third larger than a year ago and almost double the April ten-year average. In May, wheat receipts have dropped off considerably. Corn marketings in April, although 20 per cent larger than a year ago, were little more than half the average.

April grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,214,000	....	....
Kansas City.....	5,384,000	1,037,000	46,000
Omaha.....	884,000	527,000	97,000
St. Joseph.....	574,000	291,000	148,000
Wichita.....	1,835,000	1,000	2,000
Apr. 1940.....	9,891,000	1,856,000	293,000
Mar. 1940.....	6,498,000	1,738,000	547,000
Apr. 1939.....	7,477,000	1,542,000	716,000
4 Mos. 1940.....	24,820,000	6,860,000	2,508,000
4 Mos. 1939.....	27,121,000	6,212,000	3,686,000

Cash wheat prices, which had risen further during April with the spread of war into the Scandinavian countries, weakened early in May as domestic crop prospects improved and broke sharply at the middle of the month under heavy selling pressure following the invasion of the Netherlands and Belgium and the threat of loss of these export markets. The decline, which measured fully 30 cents a bushel, erased three-fourths of the advance in wheat prices that had taken place since the outbreak of war early last September and resulted in the pegging of all grain prices and the announcement that Government loans would be made on the 1940 wheat crop at approximately the same rate as last year. Wheat prices subsequently increased and corn prices, which had also declined about the middle of May, recovered sharply.

The lower range of cash grain prices at Kansas City:

	May 23 1940	Apr. 30 1940	Mar. 30 1940	Apr. 29 1939
No. 1 hd., dk. wheat, bu.....	\$.81 $\frac{3}{4}$	\$ 1.05 $\frac{1}{4}$	\$ 1.02	\$.72
No. 2 mixed corn, bu.....	.66 $\frac{1}{2}$	.68	.60 $\frac{1}{4}$	.47 $\frac{1}{2}$
No. 2 white oats, bu.....	.38 $\frac{1}{4}$	.40 $\frac{1}{4}$	.40 $\frac{1}{4}$	.31 $\frac{1}{2}$
No. 2 rye, bu.....	.46	.67	.66	.47 $\frac{1}{2}$
No. 2 barley, bu.....	.53	.56	.53	.41 $\frac{1}{2}$
No. 2 white kafir, cwt.....	1.39	1.35	1.32	.86

Livestock

MARKETINGS

Marketings of cattle increased contraseasonally during April, while receipts of calves and hogs declined and of sheep increased as is usual. Except for hogs, receipts of which have now been on the upgrade for more than a year, livestock marketings continue somewhat under a year earlier. Marketings of cattle were 19, calves 16, hogs 23, and sheep 20 per cent under the April average of the past ten years.

April livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	30,095	6,669	42,623	168,933
Kansas City.....	74,462	13,552	145,675	133,283
Oklahoma City.....	19,415	7,742	34,264	11,090
Omaha.....	87,895	5,618	116,691	158,774
St. Joseph.....	24,379	4,529	60,722	129,920
Wichita.....	16,710	3,680	33,483	19,312
Apr. 1940.....	252,956	41,790	433,458	621,312
Mar. 1940.....	234,002	43,408	482,085	504,853
Apr. 1939.....	256,713	45,487	368,973	635,975
4 Mos. 1940.....	1,022,102	174,100	2,299,659	2,013,453
4 Mos. 1939.....	1,089,099	199,856	1,609,034	2,156,463

PRICES

Livestock prices, which had been declining late in March and early in April, showed a broad upturn from early April lows, although top prices of beef cattle and spring lambs did not recover their early March highs. The advance was most marked in the case of hogs, supplies of which were declining seasonally, the top price rising from a six-year low of \$4.85 a hundredweight to \$6.45, or the highest since early last November. Feeder cattle and fed lambs sold up to the highest levels since late 1937 and light stocker cattle since 1930. The spread of war in Europe, improved domestic consumption, and a broader demand for stockers and feeders were important strengthening factors. Cattle and lamb prices continued to rise during the forepart of May but hog prices lost much of their advance and at the middle of the month, when the upset in grain and stock markets occurred, all livestock prices generally were weak. Increased receipts were partly responsible for this weakness, and prices have since strengthened.

Top livestock prices at the Kansas City market:

	May 23 1940	Apr. 1940	Mar. 1940	Apr. 1939	Apr. 1938	Apr. 1937
(In dollars per hundredweight)						
Beef steers.....	11.25	11.50	12.25	12.25	9.85	13.50
Stocker cattle.....	11.00	11.00	10.75	10.25	8.90	8.75
Feeder cattle.....	10.25	10.85	9.75	10.50	8.35	11.15
Calves.....	10.50	10.50	11.00	10.00	10.00	10.00
Hogs.....	5.50	6.45	5.50	7.05	8.60	10.20
Sheep.....	8.00	8.00	8.00	8.85	7.50	10.50
Fed lambs.....	10.00	10.60	10.25	10.00	8.85	12.75
Spring lambs.....	11.25	11.10	12.00	11.10	9.90	13.00

STOCKERS AND FEEDERS

Demand for stocker and feeder livestock increased considerably during April as a result of generous and timely rains that stimulated pasture growth, relieved stock water shortages, and improved the outlook for feed crops. Shipments of cattle and calves from public markets to the country were above the rather heavy movement of a year ago, with shipments of cattle 6 and of calves 48 per cent above the April ten-year average. The movement of sheep, although 20 per cent smaller than in April last year, was about normal.

April stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	7,641	4,668	87	20,118
Kansas City.....	37,918	5,546	2,515	8,040
Omaha.....	14,603	1,767	1,005	18,343
St. Joseph.....	5,359	1,029	1,159	12,482
Apr. 1940.....	65,521	13,010	4,766	58,983
Mar. 1940.....	56,860	11,982	5,534	49,739
Apr. 1939.....	64,807	12,365	4,228	73,548
4 Mos. 1940.....	233,508	51,942	20,645	206,846
4 Mos. 1939.....	278,766	57,845	16,569	216,789

RANGES AND PASTURES

Ranges and pastures in the District have been greatly improved by April and May moisture, although growth of new feed has been retarded by

cool weather. Range feed prospects are very good west of the Rockies, in northern Wyoming, and in the Sand Hills and extreme western parts of Nebraska. From east-central Wyoming and south-western Nebraska, however, through eastern Colorado, western Kansas, northeastern New Mexico, and western Oklahoma, where conditions had been dry last fall, and in mountain range areas in Wyoming, Colorado, and New Mexico, which had below normal snowfall last winter, more rain is needed to assure summer feed. Cattle and sheep made good gains during April and calf and lamb crop prospects are reported to be average or better. There is a continued strong demand for stocker and feeder cattle in range areas and a restricted tendency to sell.

Wool sales and contracting for this year's clip were rather active during the latter part of April but slackened early in May. Shearing is progressing rapidly. Wool prices are considerably above a year ago, reported prices in Colorado early in May ranging as high as 29 to 31 cents a pound, grease basis, as compared with 19 to 21 cents last year.

Farm Income

Cash farm income in the District in February was 26 per cent above last year. Income from crops was 18 and receipts from the sale of livestock and its products 7 per cent larger, while Government payments were more than double a year ago. The larger income from crops was due in part to higher prices for grains, especially wheat, and in part to additional income received through redemption and sale of wheat under loan. However, February income from crops in Colorado and Nebraska was below a year earlier, smaller income from commodity credit loans on corn being an important factor in Nebraska. In the first two months of this year, cash farm income was up 29 per cent from last year. Income from crops for this two-month period was 4 per cent under a year ago, but receipts from livestock were 11 per cent higher and Government payments were more than three times what they were last year. According to the Department of Agriculture, Government payments before long will fall below last year, so that these gains in farm income may be reduced.

Department of Agriculture farm income estimates:

	Feb. 1940	2 Mos. 1940	Change from 1939 Feb.	2 Mos. (Per cent)
Colorado.....	10,362	22,309	+8.9	+20.9
Kansas.....	20,351	50,239	+27.1	+40.5
Missouri.....	16,739	45,262	+7.2	+30.4
Nebraska.....	24,067	51,567	+27.9	+15.0
New Mexico.....	3,074	6,680	+52.0	+37.2
Oklahoma.....	13,376	28,125	+54.4	+36.8
Wyoming.....	3,913	6,794	+55.7	+47.2
Seven states.....	91,882	210,976	+25.6	+28.8
United States...	642,777	1,385,353	+22.1	+19.4

Meat Packing

Operations at meat-packing plants in the District increased considerably during April despite a rather strong stocker and feeder demand for market supplies of livestock. Packers' purchases of cattle were 8, hogs 15, and sheep 12 per cent larger than a year ago, while purchases of calves were 6 per cent smaller. Cattle slaughter was 11, that of calves 32, hogs 20, and sheep 12 per cent below the April ten-year average.

April packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	15,902	2,500	28,385	29,624
Kansas City.....	36,814	7,470	133,215	96,598
Oklahoma City.....	10,063	4,569	26,972	9,607
Omaha.....	64,445	3,734	102,557	109,033
St. Joseph.....	17,608	3,287	57,298	88,111
Wichita.....	6,873	2,937	29,578	18,171
Apr. 1940.....	151,705	24,497	378,005	351,144
Mar. 1940.....	131,134	23,956	408,178	279,098
Apr. 1939.....	140,480	26,132	327,865	314,508
4 Mos. 1940.....	615,643	108,782	1,999,047	1,233,028
4 Mos. 1939.....	596,685	120,905	1,396,692	1,306,130

Cold Storage Holdings

United States cold storage stocks of beef and lamb showed less and of other meats, lard, and poultry more than the usual decline during April. Egg holdings increased sharply and holdings of butter and cheese increased contrary to the usual trend. May 1 stocks of beef and eggs were about 7 and butter 56 per cent below the average for that date during the past five years, while holdings of pork were 9, lamb 33, poultry 28, miscellaneous meats 24, and cheese 10 per cent above average. Lard stocks were more than double the average.

United States cold storage holdings:

	May 1 1940	Apr. 1 1940	May 1 1939	Aver. '35-'39
	(In thousands of units)			
Beef, lbs.....	61,959	72,560	36,866	66,247
Pork, lbs.....	613,970	652,733	527,213	561,283
Lamb and mutton, lbs.....	3,570	4,257	1,956	2,693
Poultry, lbs.....	86,418	115,442	70,568	67,330
Miscellaneous meats, lbs.....	87,456	101,181	62,709	70,606
Lard, lbs.....	266,352	268,777	129,533	129,141
Eggs, shell, cases.....	3,309	854	3,357	3,581
Eggs, frozen (case equiv.)..	2,267	1,263	2,539	2,408
Butter, creamery, lbs.....	9,457	8,875	70,909	21,626
Cheese, all varieties, lbs.....	78,600	74,937	75,345	71,393

Flour Milling

Southwestern flour production both in April and in the first four months of the year was about unchanged from a year ago and little different from the average of the past ten years, increased output at interior mills about offsetting decreases at larger centers. Except for a small flurry in sales near the middle of April at the time of the invasion of the Scandinavian countries, flour buying remained largely on a hand-to-mouth basis up to the middle of May when wheat prices broke sharply and substantial forward buying, the heaviest since last September, took

place. Flour stocks in the hands of bakers and distributors had previously been reported to be light.

Flour output reported by the Northwestern Miller:

	Apr. 1940	4 Mos. 1940	Change from 1939 Apr.	4 Mos.
	(In barrels)		(Per cent)	
Kansas City.....	525,000	2,112,000	-7.9	-6.8
Salina.....	185,000	772,000	-14.7	-10.4
Wichita.....	130,000	526,000	-23.5	-16.4
Other cities.....	1,116,000	4,405,000	+10.6	+8.7
Southwest.....	1,956,000	7,815,000	-0.5	+0.1
United States*.....	5,362,000	21,603,000	-2.3	-1.9

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

Petroleum

Crude oil production in the District dropped rather sharply during April. Output was 7 per cent smaller than in April a year ago and about 4 per cent under the average of the past ten years. Production for the year to date is little changed from last year in this District, in contrast with an increase of 12 per cent for the country as a whole.

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

	Apr. 1940	4 Mos. 1940	Change from 1939 Apr.	4 Mos.
	(In barrels)		(Per cent)	
Colorado.....	115,000	381,000	-7.3	-4.5
Kansas.....	4,924,000	20,892,000	-5.7	+5.0
New Mexico.....	3,358,000	13,733,000	+6.9	+12.3
Oklahoma.....	12,227,000	51,661,000	-13.1	-7.9
Wyoming.....	1,987,000	7,863,000	+19.6	+27.1
Five states.....	22,611,000	94,530,000	-6.6	-0.2
United States.....	114,410,000	456,293,000	+8.4	+11.8

Stocks of crude petroleum produced in this District, although still 8 per cent smaller than a year ago, continue to rise gradually from the low level of last October. Despite a record domestic demand, gasoline prices are weak because of excessively heavy stocks. The export situation is quite confused and the movement of petroleum products has decreased as the extension of active warfare in Europe has cut off more export markets.

Coal

April output of bituminous coal in the District was 13 per cent less than last year, in contrast with an increase of 12 per cent in production for the first four months of the year.

Bituminous coal production estimated from reports of the Department of the Interior:

	Apr. 1940	4 Mos. 1940	Change from 1939 Apr.	4 Mos.
	(In tons)		(Per cent)	
Colorado.....	391,000	2,386,000	-8.9	+10.8
Kans. & Mo.....	398,000	2,617,000	-16.9	+15.3
New Mexico.....	90,000	419,000	-26.2	-14.7
Oklahoma.....	39,000	676,000	-4.9	+53.3
Wyoming.....	389,000	1,896,000	-9.3	+5.2
Six states.....	1,307,000	7,994,000	-12.9	+11.7
United States.....	32,962,000	152,217,000	+242.4	+32.4

Zinc and Lead

Zinc and lead shipments from the Tri-State district in April were about 6 per cent larger than a year ago. A strong demand for zinc prevails, with buyers taking all supplies available and production rising by early May to the highest weekly rate this year. Zinc stocks remain at a low level.

April ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	8,908	\$ 334,049	1,132	\$ 66,025
Missouri.....	2,394	89,762	247	14,376
Oklahoma.....	22,819	855,714	2,678	156,004
Apr. 1940.....	34,121	\$1,279,525	4,057	\$ 236,405
Mar. 1940.....	32,115	1,198,869	4,242	255,884
Apr. 1939.....	32,192	965,765	3,844	207,032
4 Mos. 1940.....	127,151	4,719,522	14,769	891,923
4 Mos. 1939.....	126,847	3,716,471	23,669	1,276,477

Zinc prices have been unchanged for nearly three months but lead prices have fluctuated considerably and are generally weak. Zinc prices are higher than at the outbreak of war last September while lead prices are lower.

Employment and Pay Rolls

Employment in the District both in April and in the first four months of the year was about 3 per cent higher than a year ago, while pay rolls show an increase of more than 5 per cent.

Preliminary figures of the Department of Labor:

	EMPLOYMENT		PAY ROLLS	
	Apr. 1940	4 Mos. 1940	Apr. 1940	4 Mos. 1940
	(Per cent change from a year ago)			
Colorado.....	+0.5	+2.0	+4.1	+4.8
Kansas.....	+5.2	+6.0	+4.2	+5.2
Missouri.....	+4.0	+4.2	+6.5	+6.7
Nebraska.....	+2.1	+2.5	+7.4	+5.6
New Mexico.....	+2.1	+0.8	+6.1	-5.2
Oklahoma.....	-1.7	Zero	+0.8	+1.4
Wyoming.....	-3.2	-3.6	+14.1	+7.9
Seven states.....	+2.7	+3.3	+5.5	+5.3

Building

The value of construction contracts awarded in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) in April was 5 per cent larger and in the first four months of the year 3 per cent smaller than in the corresponding periods a year ago. In the first half of May, awards for both residential and nonresidential building and for public works construction were nearly double a year ago.

Construction figures of F. W. Dodge Corporation:

	Apr.	4 Mos.	Change from 1939	
	1940	1940	Apr.	4 Mos.
	(Thousand dollars)		(Per cent)	
Residential building.....	4,255	12,685	-28.8	-14.9
Nonresidential bldg.....	2,879	11,032	-27.1	-26.0
Public works constr.....	8,377	15,688	+185.5	+113.8
Utility construction.....	332	3,596	-85.1	-50.7
Kansas City area.....	15,843	43,001	+5.0	-3.2
37 Eastern states.....	300,504	969,447	-8.9	-12.1

The value of building permits in reporting District cities continued to increase during April and was 24 per cent larger than in April a year ago. With this increase, value of permits for the year to date shows a gain of 7 per cent over last year.

Value of building permits issued in District cities:

	Apr.	4 Mos.	Change from 1939	
	1940	1940	Apr.	4 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M....	190,000	718,000	+23.4	-16.7
Cheyenne, Wyo.....	122,000	462,000	+0.8	+43.0
Colo. Springs, Colo..	80,000	201,000	+77.8	-70.9
Denver, Colo.....	965,000	3,750,000	-22.6	+7.6
Hutchinson, Kans....	45,000	157,000	-65.4	-33.2
Joplin, Mo.....	39,000	162,000	-9.3	+32.8
Kansas City, Kans....	55,000	403,000	-30.4	-3.1
Kansas City, Mo.....	314,000	895,000	+3.6	+8.0
Lincoln, Nebr.....	214,000	894,000	+32.9	+2.8
Okla. City, Okla....	568,000	1,696,000	+40.9	+0.8
Omaha, Nebr.....	1,308,000	1,827,000	+489.2	+187.7
Pueblo, Colo.....	135,000	309,000	+73.1	+65.2
Salina, Kans.....	81,000	200,000	+58.8	+16.3
Shawnee, Okla.....	19,000	56,000	+26.7	+47.4
St. Joseph, Mo.....	41,000	115,000	-70.3	-76.4
Topeka, Kans.....	151,000	579,000	+15.3	+66.9
Tulsa, Okla.....	440,000	1,452,000	-11.1	-8.9
Wichita, Kans.....	293,000	882,000	+13.6	+10.0
District, 18 cities.....	5,060,000	14,758,000	+24.2	+7.1

Lumber

Board feet lumber sales at reporting retail yards in the District showed a further seasonal expansion during April but remain under the level of a year ago. Sales for April were 3 and so far this year are 12 per cent under last year.

Lumber stocks are 5 per cent smaller than at this time last year. Credit conditions show further improvement, April collections averaging 35.2 per cent of amounts outstanding as compared with a ratio of 29.7 per cent in April a year ago.

Lumber trade at 150 retail yards in the District:

	Apr. 1940	
	per cent change from Mar. 1940	Apr. 1939
Sales of lumber, board feet.....	+10.9	-3.1
Sales of all materials, dollars.....	+10.3	+4.4
Stocks of lumber, board feet.....	-0.7	-5.1
Outstandings, dollars.....	+4.8	-4.0

Life Insurance

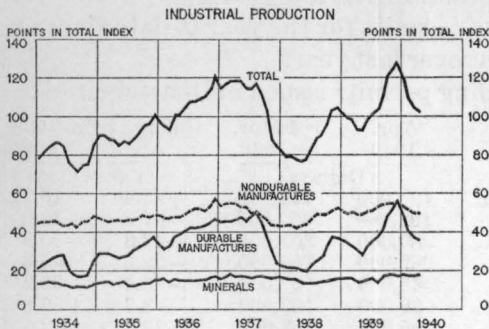
Life insurance sales in the District in April were 15 per cent above a year ago in contrast with a decrease of 15 per cent for the year to date.

The Life Insurance Sales Research Bureau report:

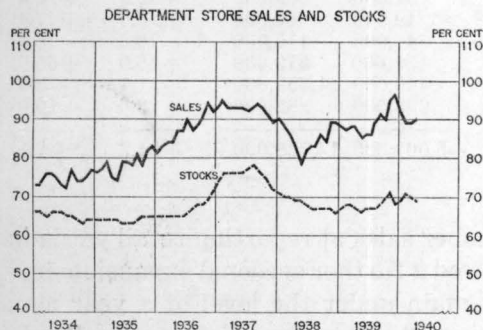
	Apr.	4 Mos.	Change from 1939	
	1940	1940	Apr.	4 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	4,966	18,147	+8.6	-12.3
Kansas.....	6,499	23,117	+18.2	-13.9
Missouri.....	17,444	63,998	+7.7	-17.2
Nebraska.....	5,392	19,963	+23.4	-14.8
New Mexico.....	1,689	5,040	+77.0	+11.4
Oklahoma.....	9,236	30,367	+25.3	-16.7
Wyoming.....	1,003	3,550	-11.9	-26.3
Seven states.....	46,229	164,182	+15.3	-15.4
United States.....	574,453	2,166,159	+15.9	-7.2

NATIONAL SUMMARY OF BUSINESS CONDITIONS

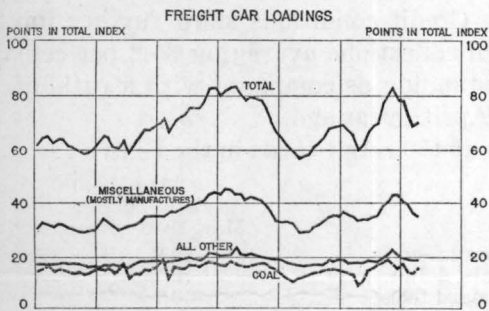
By the Board of Governors of the Federal Reserve System



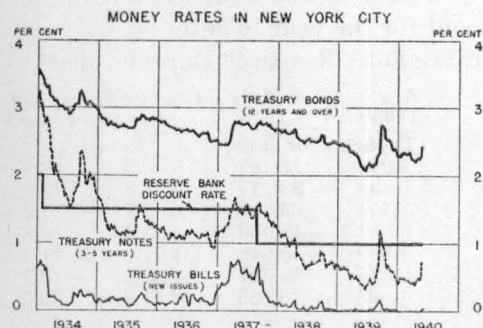
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. Durable manufactures, nondurable manufactures, and minerals expressed in terms of points in the total index. By months, January, 1934, through April, 1940.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through April, 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 April, 1940.



For weeks ending January 6, 1934, through May 18, 1940.

Industrial activity was steady during April after three months of sharp decline, and in the first half of May increases appeared in some lines, particularly steel. Prices of basic commodities showed mixed changes toward the middle of May, accompanying the extension of active warfare in Europe, while stock prices declined sharply.

PRODUCTION

The Board's seasonally adjusted index of industrial production for the month of April was 102, compared with 104 for March and 109 for February. Steel ingot production was steady during April at slightly over 60 per cent of capacity as compared with an average rate of 64 per cent in March; in the first half of May output rose sharply and currently is scheduled at about 70 per cent of capacity. Automobile production in April continued at about the March rate, although ordinarily there is an increase at this season, and in early May declined somewhat. Retail sales of new cars approximated production in April and dealers' stocks of both new and used cars remained at earlier high levels. Output of plate glass, used largely by the automobile industry, declined considerably in April, and lumber production showed somewhat less than the usual seasonal increase. In the machinery, aircraft, and shipbuilding industries activity continued at the high rate of other recent months. Output at meat-packing establishments continued in large volume. Output of crude petroleum, which had reached record high levels in March, was largely maintained in April and the first half of May, although stocks of crude oil were increasing and gasoline stocks were unusually large.

DISTRIBUTION

Distribution of commodities to consumers showed little change in April and the first half of May. The Board's seasonally adjusted index of department store sales was 90 per cent of the 1923-1925 average in April, about the level that has prevailed since the first of the year but below the peak of 96 reached last December.

Total freight carloadings in April were in about the same volume as in March. Shipments of coal declined less than seasonally, while loadings of miscellaneous freight, which include most manufactured products, showed less than the sharp rise that is customary at this season. In the early part of May increases were reported in shipments of most classes of freight.

FOREIGN TRADE

Exports of United States merchandise, which have been at a high level since last December, declined somewhat in April. A large part of the decreases in April was accounted for by the complete cessation of shipments to northern European countries after outbreak of hostilities there, but declines were also reported in shipments to most other countries. Exports to Canada, the Union of South Africa, and France, however, increased.

Shipments of commercial vehicles declined sharply, following a considerable rise in March, and exports of iron and steel products, which had been increasing steadily since last summer, also showed a decline. Exports of cotton and copper decreased further from earlier high levels, while machinery and aircraft shipments continued in large volume.

During April, the monetary gold stock of the United States increased by \$337,000,000, the largest increase since August, 1939. Acquisitions of gold in the first two weeks of May totaled \$169,000,000.

COMMODITY PRICES

Prices of a number of basic commodities, which had been declining after a rise in April, advanced from May 10 to May 14. Increases in this period were particularly marked for imported materials, such as rubber, tin, and silk. Grain prices rose at first but subsequently showed sharp declines. Price changes for other commodities were mixed; steel scrap advanced, while cotton declined considerably. Prices of certain steel products, which had been reduced early in April, were restored to earlier levels on May 1, and producers announced that steel purchased at the lower prices must be taken by the buyers on or before June 30.

GOVERNMENT SECURITY MARKET

Prices of United States Government securities declined sharply from May 10 to May 14, accompanying the further spread of war in Europe. Prices of long-term Treasury bonds on May 14 were 3½ points below the high point reached on April 2. The yield on the 1960-65 2½ per cent bonds rose from 2.26 per cent on April 2 to 2.48 per cent on May 14.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities increased during the four weeks ending May 8. Most of this increase was at New York City banks and reflected purchases of United States Government obligations. Deposits and reserves of banks in leading cities continued at record high levels.