



**Member Bank Operations**

Loans at reporting member banks in the Tenth District declined further from the middle of May to the third week of June, reflecting principally a further decrease in commercial loans and a continued decline in holdings of open market paper and in security loans as well. Loans are now back almost to the low point of the year last February. Investments recently have shown little change, a further decline in holdings of Treasury bills and a decrease in holdings of obligations guaranteed by the Government being offset by increased holdings of Treasury notes, Government bonds, and other securities. Loans are 14 per cent above a year ago, while investments are little changed from what they were at this time last year.

Deposits at reporting member banks declined from the middle of May to the third week of June and there were decreases also in reserve balances carried at this bank and in correspondent balances carried at other banks. Deposits, reserves, and correspondent balances are all considerably below the relatively high levels of last March. Adjusted demand deposits are 6 and deposits of other banks at these reporting banks are 11 per cent larger than a year ago, while reserves are 17 and correspondent balances 4 per cent larger.

Principal items of condition of 51 member banks:

	June 19 1940	Change from	
		May 15 1940	June 21 1939
	(In thousands of dollars)		
Loans and investments—total.....	684,444	-7,214	+37,678
Loans—total.....	297,961	-5,961	+37,398
Coml., indust., agric.....	175,114	-4,237	+19,955
Open market paper.....	20,798	-1,506	+3,243
To security brokers and dealers.	3,347	-770	-499
Other to purchase or carry secur.	9,658	-401	-63
Real estate loans.....	29,384	+303	+4,610
Loans to banks.....	406	+226	-148
All other loans.....	59,254	+424	+10,300
Investments—total.....	386,483	-1,253	+280
U. S. Treasury bills.....	13,721	-2,771	+9,381
U. S. Treasury notes.....	69,281	+523	-7,156
U. S. Govt. bonds.....	91,247	+2,255	-17,991
Oblig. guar. by U. S. Govt.....	67,439	-1,801	+10,277
Other securities.....	144,795	+541	+5,769
Reserve with F. R. Bank.....	191,263	-6,773	+27,527
Balances with domestic banks.....	310,849	-6,642	+10,586
Demand deposits—adjusted.....	530,764	-13,154	+30,279
Time deposits.....	145,628	-56	+1,264
U. S. Govt. deposits.....	23,656	-48	+174
Interbank deposits.....	416,861	-7,643	+41,836

**Reserve Bank Operations**

Note circulation of this bank, which had shown relatively little change for nearly three months, increased rather sharply toward the end of May and early in June and by the third week of the month had risen to a new high level of about 187 $\frac{1}{4}$  million dollars as compared with the previous record of 185 million last December. During the first half of June, circulation averaged nearly 185 $\frac{1}{2}$  million as compared with about 182 $\frac{3}{4}$  million throughout March, April, and May.

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

	June 19 1940	Change from	
		May 15 1940	June 21 1939
	(In thousands of dollars)		
Total reserves.....	378,365	+46	+38,519
Bills discounted.....	382	+85	-107
Bills purchased.....	Zero	Zero	-16
Industrial advances.....	95	-15	-116
Commit. to make indust. adv.....	167	-8	-468
U. S. Govt. sec., direct & guar....	114,072	-25	-18,068
Total assets.....	533,904	-1,747	+24,971
F. R. notes in circulation.....	187,201	+4,746	+18,167
Member bank reserve deposits..	265,563	-6,490	+30,449

Dollar volume of check collections increased contra-seasonally during May. Dollar volume for May was 3 and for the first five months of the year about 7 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)			
May.....	6,002	6,248	\$ 970,454	\$ 938,716
April.....	6,015	5,787	953,472	858,867
Five months.....	29,462	29,370	4,729,976	4,434,649

**Bank Debits**

Debits to individual accounts by banks in reporting centers of the District continued to rise during May although little change usually takes place in that month. Volume of payments by check in May was 4 and in the first five months of the year 6 per cent larger than in the corresponding periods a year ago.

Payments by check in thirty District cities:

	May		Change from 1939	
	1940	5 Mos. 1940	May	5 Mos.
	(Thousand dollars)		(Per cent)	
Albuquerque, N. M.....	17,351	83,474	+10.0	+13.3
Atchison, Kans.....	3,150	14,209	+5.1	+3.5
Bartlesville, Okla....	24,716	136,584	-16.8	-0.1
Casper, Wyo.....	5,790	29,422	-0.5	+5.5
Cheyenne, Wyo.....	8,448	40,815	+1.9	+2.8
Colo. Springs, Colo....	13,620	64,618	+12.5	+3.4
Denver, Colo.....	158,951	762,774	+5.0	+3.6
Emporia, Kans.....	3,087	14,962	-4.3	+0.3
Enid, Okla.....	10,598	53,276	-3.4	+13.4
Fremont, Nebr.....	3,059	13,963	+8.2	+8.2
Gr. Junction, Colo..	3,698	18,221	-1.5	+5.2
Guthrie, Okla.....	1,430	7,076	+1.8	-5.8
Hutchinson, Kans..	12,904	61,761	+20.2	+22.8
Indep., Kans.....	2,609	13,109	-10.4	-7.0
Joplin, Mo.....	9,502	46,362	+1.2	+0.7
Kansas City, Kans..	16,489	83,870	+5.2	+7.0
Kansas City, Mo.....	350,647	1,564,492	+12.4	+12.5
Lawrence, Kans.....	3,221	17,190	-4.4	+2.8
Lincoln, Nebr.....	29,534	139,871	+4.5	+5.7
Muskogee, Okla.....	7,580	36,481	-3.3	-5.1
Okla. City, Okla....	93,810	508,906	-16.6	+0.2
Okmulgee, Okla.....	2,757	13,341	+12.4	+6.2
Omaha, Nebr.....	144,055	699,640	+4.6	+3.0
Pittsburg, Kans.....	3,703	18,991	+9.0	+6.7
Pueblo, Colo.....	13,666	65,877	+5.9	-2.6
Salina, Kans.....	6,775	42,890	-12.2	+19.2
St. Joseph, Mo.....	27,306	135,546	+6.6	+7.0
Topeka, Kans.....	16,687	100,252	-16.3	+8.1
Tulsa, Okla.....	133,811	663,696	+4.9	+5.8
Wichita, Kans.....	44,001	221,743	+8.4	+7.4
District, 30 cities....	1,172,955	5,673,412	+3.9	+6.4
U. S., 274 cities.....	37,257,000	182,789,000	+7.5	+7.6

**Trade**

**RETAIL SALES**

Dollar volume of sales at reporting department stores in the District declined sharply in the last half of May, owing in part to rainy and cool weather that retarded the movement of summer merchandise, and sales for the month were slightly below a year ago. Sales for the first five months of the year showed a small increase. During the first two weeks of June, sales responded quickly to warmer weather and were 7 per cent above last year. Retail prices, according to the Fairchild Index, continued about unchanged at a level 4 per cent above a year ago.

Stocks of merchandise, although about 2 per cent larger than a year ago, generally are quite low, reflecting cautious buying policies of retailers. Collections on open accounts averaged 45.8 per cent in May against 46.9 per cent last year, while installment collections averaged 16.3 and 16.9 per cent, respectively.

Department store sales and stocks in leading cities:

	SALES			STOCKS	
	No. of Stores	May '40 comp. to May '39	5 Mos.'40 comp. to 5 Mos.'39	May 31, '40 comp. to May 31, '39	
		(Per cent increase or decrease)			
Denver.....	4	+0.9	+3.4	-2.0	+5.3
Kansas City.....	5	+0.1	+2.1	-4.0	+1.6
Oklahoma City...	3	-6.5	-2.6	-6.4	-1.3
Omaha.....	3	-10.3	-0.9	-2.5	+1.4
Tulsa.....	4	+10.3	+6.9	-5.1	-2.3
Wichita.....	3	+1.0	+3.8	....	....
Other cities.....	18	+0.7	-0.7	-1.4	+5.1
District.....	40	-0.9	+1.6	-3.2	+2.4

Total retail sales in the District in May were slightly larger than a year ago while sales for the first five months of the year show an increase of 3 per cent.

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

	May 1940 per cent change from May 1939						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	-0.8	-6.8	-1.3	-7.2	+9.1	+0.3	+0.5
Automobile....	-5.4	+3.9	+11.8	+11.7	-8.0	+4.5	-5.4
Country genl..	-18.1	-4.5	+0.8	-0.3	-4.5	-4.6	+0.7
Department...	-0.1	+3.9	+0.1	-6.7	....	+0.8	....
Drug.....	-1.0	-2.9	+3.0	-2.7	+1.3	-1.9	-12.7
Furniture.....	+4.5	+5.3	+0.7	-7.2	+5.8	+4.3	....
Grocery.....	-2.7	-2.7	+1.2	-3.2	+0.3	-0.5	-2.1
Hardware.....	-7.9	+1.2	+1.5	+2.8	....	-5.9	....
Lbr. & mtls....	-4.9	+5.0	+6.3	-8.8	-0.5	+2.5	+3.1
Total.....	-2.5	+1.2	+1.7	-2.4	-1.7	+0.6	-0.8

**WHOLESALE SALES**

The value of May wholesale sales in this District was very little larger than a year ago in contrast with an increase of 5 per cent for the year to date. Sales of dry goods, groceries, and hardware in May dropped considerably under last year and, except for March, the May increase was the smallest for any month this year. Dollar inventories are 5 per cent larger than last year. Collections in May averaged 77.6 per cent as compared with 73.1 per cent a year ago.

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

	No. of Firms	SALES		STOCKS	
		May '40 comp. to May '39	5 Mos.'40 comp. to 5 Mos.'39	Apr.30,'40 comp. to Apr.30,'39	May 31,'40 comp. to May 31,'39
		(Per cent increase or decrease)			
Auto. supplies....	13	+6.4	+16.1	-4.3	-1.5
Clothing.....	4	-11.1	....	-12.0	-15.4
Drugs.....	9	+5.2	+6.0	-1.6	+4.2
Dry goods.....	4	-6.5	+4.1	-6.6	+0.8
Electrical goods..	10	+16.9	+23.7	+2.4	+15.3
Farm products....	12	+15.4	+19.2	+7.7	+75.0
Furniture.....	4	+16.4	....	....	....
Groceries.....	37	-4.2	+0.4	-2.1	+6.3
Hardware—total (20)		-5.2	+1.0	-2.4	+0.1
General.....	7	-7.1	+1.2	-2.9	+0.8
Industrial.....	7	+0.4	-0.5	Zero	-1.8
Plbg. & htg.....	6	-6.5	+3.7	-2.8	-5.4
Jwlry. & opt. gds..	3	+26.3	....	-3.0	+6.1
Machinery.....	3	+25.5	+25.4	....	....
Paper & prod....	5	+10.2	+7.7	+4.7	+1.7
Tobacco & prod...	6	+6.2	+1.3	....	....
All other lines....	15	+6.4	+3.0	-4.6	+8.3
Total.....	145	+1.3	+4.8	-2.4	+4.9

**Crops**

Winter wheat prospects at the first of June continued to make substantial improvement over earlier prospects as a result of further good rains in many sections of the District in May, wheat in Oklahoma and Kansas since early April showing one of the most remarkable recoveries of record. Estimated output, however, is still about a third short of last year's near-average crop. The stage of development of wheat is unusually varied with thin stands becoming heavily weed infested, and because of the lateness of the crop it faces the threat of rust and insect damage and of extremely hot weather before maturity. Harvest, which started in Oklahoma early in June, is from one to two weeks later than usual.

Department of Agriculture winter wheat estimates:

	Indicated 1940					Final 1938	Aver. '28-'37
	June 1	May 1	1939	1938			
	(In thousands of bushels)						
Colo.....	7,480	5,984	9,922	13,920		9,034	
Kans.....	75,926	65,079	111,619	152,114		137,853	
Mo.....	23,867	23,044	29,205	31,512		24,265	
Nebr.....	24,442	22,220	35,432	52,824		44,023	
N. Mex.....	1,736	2,480	2,740	2,380		2,538	
Okla.....	38,514	31,178	60,438	61,677		47,054	
Wyo.....	2,015	1,628	1,720	2,353		1,259	
7 States.....	173,980	151,613	251,076	316,780		266,026	
U. S.....	488,858	459,691	563,431	688,133		560,160	

May precipitation was normal or above in Kansas and New Mexico and in Colorado it was 91 and in Oklahoma 80 per cent of normal, but in Wyoming it was only 42, Nebraska 31, and Missouri 52 per cent of normal. Widespread rains occurred early in June and were especially beneficial in those sections of Wyoming and Nebraska that had been missed in May. Topsoil moisture is now quite adequate generally and the subsoil moisture situation is improving. The outlook remains unfavorable for irrigation water in

Wyoming and Colorado for the late summer. Not only are streams unusually low for this season but reserves in storage reservoirs also are low. However, this situation would quickly change if summer rainfall should be normal or above.

### Rainfall

	May 1940		5 Mos. 1940	
	Total	Normal	Total	Normal
	(In inches)			
<b>COLORADO</b>				
Denver.....	1.55	2.21	6.81	6.24
Leadville.....	1.38	1.30	7.20	7.38
Pueblo.....	1.76	1.60	5.04	4.28
Lamar.....	3.22	2.28	6.88	5.71
Garnett.....	.99	.57	2.50	1.87
Steamboat Springs....	1.51	2.20	14.20	11.07
<b>KANSAS</b>				
Topeka.....	4.01	4.48	11.29	11.81
Iola.....	4.05	4.74	16.75	14.03
Concordia.....	1.49	4.18	6.07	9.26
Salina.....	4.39	3.72	9.85	9.28
Wichita.....	5.82	4.46	15.54	11.15
Hays.....	2.41	3.46	5.88	7.83
Goodland.....	2.11	2.60	6.61	6.34
Dodge City.....	4.41	2.89	10.35	6.90
Elkhart.....	6.76	2.08	9.79	5.52
<b>MISSOURI</b>				
St. Joseph.....	3.52	4.70	11.28	13.38
Kansas City.....	4.33	4.65	12.82	13.33
Joplin.....	2.05	5.36	11.89	17.10
<b>NEBRASKA</b>				
Omaha.....	1.26	3.77	8.16	9.24
Lincoln.....	.98	4.08	7.66	9.51
Norfolk.....	.69	4.27	7.51	9.63
Grand Island.....	1.29	3.95	5.79	9.07
McCook.....	1.78	2.86	8.42	6.60
North Platte.....	.66	2.78	3.20	6.64
Bridgeport.....	.24	2.82	4.01	6.63
Valentine.....	.21	2.82	6.15	6.75
<b>NEW MEXICO</b>				
Clayton.....	1.40	2.44	3.01	5.59
Santa Fe.....	1.54	1.26	6.15	4.58
Farmington.....	1.07	.41	3.48	2.91
<b>OKLAHOMA</b>				
Tulsa.....	3.79	5.23	15.52	15.95
McAlester.....	4.28	5.97	14.24	18.71
Oklahoma City.....	3.89	4.88	12.42	12.45
Pauls Valley.....	4.12	5.20	12.07	14.27
Hobart.....	1.24	4.64	8.40	11.04
Enid.....	1.93	4.34	9.75	11.44
Woodward.....	1.82	3.51	8.91	9.11
<b>WYOMING</b>				
Cheyenne.....	1.29	2.43	5.96	6.53
Casper.....	1.11	2.47	4.47	7.18
Lander.....	1.23	2.26	7.15	6.74
Sheridan.....	.67	2.65	6.94	7.30

### Grain Marketing

Wheat marketings declined sharply in May, following the April 30 deadline for redemption of wheat under Federal loan and a severe break in grain prices about the middle of the month. Marketings of other grains also declined during May and receipts of all grains were substantially smaller than a year ago, with receipts of wheat 20 per cent below the May average of the past ten years and receipts of corn little more than half and oats a fourth of average. The movement of new crop wheat, which usually starts late in May, has been slow because of a late harvest and depressed prices that are about on a parity with Government loan rates for the 1940 crop.

### May grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	952,000	....	....
Kansas City.....	3,158,000	831,000	62,000
Omaha.....	534,000	399,000	57,000
St. Joseph.....	173,000	171,000	102,000
Wichita.....	1,008,000	....	....
May 1940.....	5,825,000	1,401,000	221,000
Apr. 1940.....	9,891,000	1,856,000	293,000
May 1939.....	10,038,000	2,046,000	1,076,000
5 Mos. 1940.....	30,645,000	8,261,000	2,729,000
5 Mos. 1939.....	37,158,000	8,258,000	4,761,000

The drastic decline in wheat prices about the middle of May, following the invasion of the Low Countries, resulted in the pegging of all grain futures prices on May 20. Cash wheat prices subsequently rose somewhat from the level reached at that time, which was about 30 cents below the two-year high of the third week of April, and cash corn prices recovered virtually all of their mid-May loss before grain prices again turned downward early in June. After the removal of the peg on grain futures trading on June 14, corn prices strengthened materially but wheat prices have since declined further.

### The lower range of cash grain prices at Kansas City:

	June 24	May 31	Apr. 30	May 31
	1940	1940	1940	1939
No. 1 hd., dk. wheat, bu..	\$ .76½	\$ .81	\$ 1.05¼	\$ .78¼
No. 2 mixed corn, bu.....	.65	.65	.68	.51
No. 2 white oats, bu.....	.33	.38¼	.40¼	.34½
No. 2 rye, bu.....	.42	.45	.67	.54
No. 2 barley, bu.....	.44	.51	.56	.43½
No. 2 white kafir, cwt....	1.30	1.37	1.35	1.07

### Livestock

#### MARKETINGS

Cattle marketings, which usually increase during May, declined slightly while receipts of calves and hogs increased and of sheep decreased as is usual. Hog marketings continue above a year earlier but cattle receipts in May fell 20 and those of calves and sheep about 10 per cent under a year ago. Marketings of cattle were 23, calves 5, hogs 12, and sheep 21 per cent below the May average of the past ten years.

### May livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
	Denver.....	29,127	9,741	45,922
Kansas City.....	71,160	14,947	187,398	128,523
Oklahoma City.....	23,822	9,890	33,350	25,870
Omaha.....	86,853	5,398	156,366	130,117
St. Joseph.....	23,662	5,156	89,609	84,451
Wichita.....	13,638	3,405	35,710	23,435
May 1940.....	248,262	48,537	548,355	532,726
Apr. 1940.....	252,956	41,790	433,458	621,312
May 1939.....	311,407	54,057	463,891	582,427
5 Mos. 1940.....	1,270,364	222,637	2,848,014	2,546,179
5 Mos. 1939.....	1,400,506	253,913	2,072,925	2,738,890

#### PRICES

Livestock prices, which had advanced sharply in April, tended downward late in May and early in June, losing nearly all of their recent rise. Part of this weakness was seasonal in nature but European war

developments were the dominant factor and were largely responsible for erratic and uneven price fluctuations. The decline in beef cattle values also reflected liberal marketings of heavyweight steers and lower prices for hides. Cattle prices, however, have been supported in part by curtailed supplies and a continued rather broad stocker and feeder demand, while recently higher wool prices have aided lamb values. Hog prices are especially weak, due not only to relatively heavy marketings but to a much less favorable outlook for expansion of export trade in pork and lard and to lower lard prices. From the year's high of \$6.45 a hundredweight late in April, the top price of hogs by the third week of June had dropped back to \$5.25, or very little above the six-year low of \$4.85 early in April.

Top livestock prices at the Kansas City market:

	June 24 1940	May 1940	Apr. 1940	May 1939	May 1938	May 1937
	(In dollars per hundredweight)					
Beef steers.....	10.75	11.75	11.50	11.00	10.00	13.25
Stocker cattle.....	10.75	11.00	11.00	10.25	8.75	9.25
Feeder cattle.....	9.75	10.40	10.85	10.60	9.00	11.00
Calves.....	9.50	10.50	10.50	10.00	9.50	9.50
Hogs.....	5.25	6.00	6.45	6.80	8.60	11.75
Sheep.....	7.50	8.00	8.00	8.00	6.75	8.75
Lambs.....	10.25	11.35	11.10	11.35	9.50	13.25

**STOCKERS AND FEEDERS**

The movement of stocker and feeder livestock from public markets to the country remained in rather heavy volume through May. Shipments of cattle, although 8 per cent smaller than last year, were slightly above the May average of the past ten years, while calf shipments were 22 per cent larger than a year ago and 71 per cent above average. The movement of sheep was little changed from last year and about 9 per cent under the average.

May stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	7,699	6,915	67	11,974
Kansas City.....	30,525	5,808	3,427	12,126
Omaha.....	14,668	1,337	1,585	18,888
St. Joseph.....	4,657	1,161	771	12,447
May 1940.....	57,549	15,221	5,850	55,435
Apr. 1940.....	65,521	13,010	4,766	58,983
May 1939.....	62,250	12,469	4,101	55,881
5 Mos. 1940.....	291,057	67,163	26,495	262,281
5 Mos. 1939.....	341,016	70,314	20,670	272,670

**RANGES AND PASTURES**

Ranges and pastures in the District showed a substantial further improvement during May and now have much better feed than they did a year ago except in western Nebraska, where grass was held back by cool weather and lack of moisture. Cattle and sheep generally are in good flesh and made rapid gains during May. Stock water supplies also showed great improvement although stock water is still considerably short of normal in parts of Wyoming and Oklahoma. Good calf and lamb crops are reported generally, with light death losses. There has been

some contracting of calves for fall delivery to Corn Belt feeders but little activity in the case of lambs. Improved ranges and feed conditions are encouraging the tendency to restock, mostly through retention of part of the natural increase in local herds rather than through purchases of stocker animals at current relatively high prices. Contracting of wool was limited in May but broadened in the first half of June. The top price reported from Wyoming so far on this year's clip is 32 $\frac{3}{8}$  cents a pound as compared with 22 $\frac{1}{2}$  cents last year.

The spring movement of southwestern cattle into the Blue Stem pastures of Kansas and the Osage section of Oklahoma was about a fourth smaller than the rather large movement last year and was generally somewhat later than usual because cool, dry weather had retarded the growth of grass. The number of cattle wintered or carried over, however, was larger than last year and the pastures are now well filled. These pastures have recovered remarkably from drought last fall and winter but continued normal rainfall is necessary to maintain them.

**Farm Income**

Cash farm income in the District in March fell 10 per cent under a year ago. Income from crops was 7 per cent larger, reflecting principally higher prices and larger income from wheat, but receipts from the sale of livestock and livestock products were 9 per cent smaller and Government payments, which previously had been at a level substantially above last year, in March dropped 28 per cent under a year ago. Farm income for the first quarter of the year, however, showed an increase of 16 per cent over last year because of a 4 per cent increase in receipts from livestock sales and Government payments that were double what they had been a year ago. Income from crops for the quarter was slightly below last year. In Nebraska, the large decline in total income for March and the relatively small gain for the quarter were due in part to smaller commodity credit loans on corn this year. According to the Department of Agriculture, Government payments are expected to continue small until the 1940 soil conservation and price parity payments get under way in the last half of the year.

Department of Agriculture farm income estimates:

	Mar. 1940	3 Mos. 1940	Change from 1939	
	(Thousand dollars)		Mar.	3 Mos.
			(Per cent)	
Colorado.....	9,432	31,741	-2.5	+12.8
Kansas.....	16,406	66,645	-12.8	+22.1
Missouri.....	14,724	59,986	-18.2	+13.8
Nebraska.....	18,680	70,247	-13.1	+5.9
New Mexico.....	2,537	9,217	+35.7	+36.8
Oklahoma.....	12,195	40,320	-0.5	+22.8
Wyoming.....	2,559	9,353	-11.9	+24.4
Seven states.....	76,533	287,509	-10.0	+15.5
United States..	604,068	1,989,421	-1.3	+12.2

**Meat Packing**

Cattle and sheep slaughter declined during May as marketings were curtailed, while the slaughter of calves and hogs increased. Hog slaughter remains considerably above last year but packers' purchases of cattle in May dropped 23, calves 22, and sheep 8 per cent under a year ago. Purchases of cattle and sheep were about 20 and of calves nearly 30 per cent below the May average of the past ten years, while hog slaughter was only 6 per cent under average.

May packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	14,905	2,706	31,170	26,576
Kansas City.....	33,203	7,641	178,658	86,462
Oklahoma City.....	9,404	5,618	25,666	15,220
Omaha.....	60,865	4,061	142,370	91,226
St. Joseph.....	17,983	4,067	87,995	63,938
Wichita.....	5,874	2,750	33,516	22,006
May 1940.....	142,234	26,843	499,375	305,428
Apr. 1940.....	151,705	24,497	378,005	351,144
May 1939.....	184,862	34,584	416,297	332,644
5 Mos. 1940.....	757,877	135,625	2,498,422	1,538,456
5 Mos. 1939.....	781,547	155,489	1,812,989	1,638,774

**Cold Storage Holdings**

United States cold storage stocks of meats generally declined less than is usual during May, while holdings of lard, eggs, and cheese increased more and butter less than is usual. Poultry stocks declined seasonally. June 1 holdings of beef and eggs were about equal to the average for that date during the past five years, while stocks of pork were 15, lamb 58, poultry 32, miscellaneous meats 19, and cheese 14 per cent above average. Lard stocks set a new record which was more than double the average, but butter holdings were little more than half of average.

United States cold storage holdings:

	June 1 1940	May 1 1940	June 1 1939	Aver. '35-'39
	(In thousands of units)			
Beef, lbs.....	53,110	62,020	34,650	53,815
Pork, lbs.....	592,533	611,956	520,251	515,691
Lamb and mutton, lbs.....	3,463	3,580	1,791	2,193
Poultry, lbs.....	76,935	86,226	66,796	58,278
Miscellaneous meats, lbs.....	77,014	87,213	65,136	64,759
Lard, lbs.....	283,844	266,052	139,336	129,407
Eggs, shell, cases.....	5,971	3,341	5,880	6,071
Eggs, frozen (case equiv.)..	3,535	2,270	3,369	3,203
Butter, creamery, lbs.....	25,359	9,504	84,437	43,372
Cheese, all varieties, lbs.....	87,393	78,706	79,272	76,598

**Flour Milling**

Southwestern flour production both in May and in the first five months of the year was little different from a year ago and about equal to the average of the past ten years, increased output at interior mills continuing to offset decreases at larger centers of the District. Flour sales increased sharply about the middle of May when the break in wheat prices occurred, following the invasion of the Low Countries, but declined abruptly as wheat prices continued to drop, and before the end of the month sales were back to the

low level of earlier this year. This forward buying, the heaviest since last September, covered buyers needs well into the new crop year beginning July 1. Export trade is extremely dull.

Flour output reported by the Northwestern Miller:

	May 1940	5 Mos. 1940	Change from 1939 May	5 Mos.
	(In barrels)		(Per cent)	
Kansas City.....	515,000	2,627,000	-8.4	-7.1
Salina.....	182,000	954,000	-11.7	-10.8
Wichita.....	146,000	673,000	-17.0	-16.4
Other cities.....	1,109,000	5,513,000	+12.4	+9.4
Southwest.....	1,952,000	9,767,000	+1.1	+0.3
United States*.....	5,489,000	27,092,000	-2.5	-2.1

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

**Petroleum**

Preliminary estimates indicate that daily average crude oil production in the District declined further during May and was at the lowest level for any month this year. Output, which was 5 per cent under the May average of the past ten years, was 9 per cent smaller than a year ago and production for the year to date is now slightly below last year.

Gross crude oil production reported by the American Petroleum Institute and the Bureau of Mines:

	May 1940	5 Mos. 1940	Change from 1939 May	5 Mos.
	(In barrels)		(Per cent)	
Colorado.....	106,000	494,000	-19.7	-7.0
Kansas.....	4,869,000	25,651,000	-9.1	+1.6
New Mexico.....	3,312,000	16,969,000	-0.2	+9.2
Oklahoma.....	12,796,000	65,399,000	-13.6	-7.7
Wyoming.....	2,167,000	9,907,000	+13.6	+22.4
Five states.....	23,250,000	118,420,000	-8.9	-1.6
United States.....	117,684,000	575,612,000	+6.5	+11.0

Stocks of crude petroleum produced in this District, which are about 8 per cent smaller than a year ago and which had been rising steadily from their low point last October, showed little change during April and declined somewhat in May. Gasoline prices remain weak, reflecting excessively heavy domestic stocks and an increasingly confused export situation with the spread of active warfare abroad.

**Coal**

May output of bituminous coal was substantially larger than a year ago when mines had been closed for a part of the month by labor disputes.

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

	May 1940	5 Mos. 1940	Change from 1939 May	5 Mos.
	(In tons)		(Per cent)	
Colorado.....	355,000	2,741,000	+44.8	+16.7
Kans. & Mo.....	348,000	2,965,000	+32.8	+18.5
New Mexico.....	83,000	502,000	+10.7	-11.3
Oklahoma.....	48,000	724,000	+54.2	+56.4
Wyoming.....	354,000	2,250,000	+61.6	+11.3
Six states.....	1,188,000	9,182,000	+59.2	+16.2
United States.....	35,468,000	187,685,000	+97.8	+41.2

**Zinc and Lead**

Zinc shipments from the Tri-State district in May remained above a year ago, while lead shipments fell slightly below last year. Demand for zinc is good, with production at the highest level this year and buyers taking all supplies available. Stocks of zinc are very small and some holding by producers for higher prices was evident late in May.

May ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	9,778	\$ 370,895	1,297	\$ 75,540
Missouri.....	2,466	93,877	273	15,855
Oklahoma.....	24,639	934,890	2,396	139,690
May 1940.....	36,883	\$1,399,662	3,966	\$ 231,085
Apr. 1940.....	34,121	1,279,525	4,057	236,405
May 1939.....	35,169	1,055,064	4,084	217,455
5 Mos. 1940.....	164,034	6,119,184	18,735	1,123,008
5 Mos. 1939.....	162,016	4,771,535	27,753	1,493,932

Zinc concentrate prices, which have retained much of their rise at the outbreak of war last September, advanced during May and early in June, but lead prices have lost all of their advance and generally are weak.

**Employment and Pay Rolls**

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

Preliminary figures of the Department of Labor:

	EMPLOYMENT		PAY ROLLS	
	May 1940	5 Mos. 1940	May 1940	5 Mos. 1940
	(Per cent change from a year ago)			
Colorado.....	-0.6	+1.5	+3.8	+4.6
Kansas.....	+2.5	+5.3	+3.3	+4.8
Missouri.....	+5.4	+4.5	+6.6	+6.7
Nebraska.....	+1.6	+2.4	+3.9	+5.3
New Mexico.....	+2.6	+1.1	-2.2	-4.6
Oklahoma.....	+0.3	+0.1	+1.2	+1.4
Wyoming.....	-3.1	-3.5	+39.2	+12.8
Seven states.....	+3.1	+3.2	+5.4	+5.4

**Building**

Construction awards in the Kansas City area in May showed a substantial increase over a year ago and total awards for the year to date are now 8 per cent larger than last year. The May gain reflected a notable expansion in speculative residential building and in commercial and manufacturing building as well as in public works construction, which has been above 1939 during nearly all of 1940.

Construction figures of F. W. Dodge Corporation:

	May	5 Mos.	Change from 1939	
	1940	1940	May	5 Mos.
	(Thousand dollars)		(Per cent)	
Residential building.....	5,231	17,916	+42.4	-3.6
Nonresidential bldg.....	4,000	15,032	+78.3	-12.3
Public works construc....	4,942	20,630	+281.3	+139.0
Utility construction.....	725	4,321	-59.3	-52.4
Kansas City area.....	14,898	57,899	+65.6	+8.4
37 Eastern states.....	328,914	1,298,361	+6.6	-8.0

The value of building permits in reporting District cities increased further during May and was 25 per cent larger than in May a year ago. With this increase, the value of permits for the year to date now shows an increase of 11 per cent over last year.

Value of building permits issued in District cities:

	May	5 Mos.	Change from 1939	
	1940	1940	May	5 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M.....	214,000	932,000	+48.6	-7.4
Cheyenne, Wyo.....	140,000	602,000	+34.6	+41.3
Colo. Springs, Colo.....	280,000	481,000	+449.0	-35.1
Denver, Colo.....	1,438,000	5,188,000	+29.2	+12.8
Hutchinson, Kans....	52,000	210,000	-22.4	-30.7
Joplin, Mo.....	50,000	212,000	-9.1	+19.8
Kansas City, Kans....	37,000	440,000	-72.0	-19.9
Kansas City, Mo.....	304,000	1,199,000	+38.2	+14.3
Lincoln, Nebr.....	231,000	1,125,000	-40.2	-10.5
Okla. City, Okla.....	590,000	2,286,000	+23.7	+5.8
Omaha, Nebr.....	422,000	2,249,000	+27.9	+133.1
Pueblo, Colo.....	153,000	462,000	-18.2	+23.5
Salina, Kans.....	86,000	286,000	+79.2	+30.0
Shawnee, Okla.....	49,000	105,000	+390.0	+123.4
St. Joseph, Mo.....	41,000	156,000	-76.3	-76.4
Topeka, Kans.....	159,000	738,000	+80.7	+69.7
Tulsa, Okla.....	862,000	2,314,000	+162.8	+20.4
Wichita, Kans.....	183,000	1,064,000	-42.1	-4.8
District, 18 cities.....	5,291,000	20,049,000	+25.1	+11.3

**Lumber**

Board feet sales of lumber at reporting retail yards in the District showed a further seasonal expansion during May but continue under a year ago. Sales for May were about 4 and for the first five months of the year 10 per cent less than last year.

Lumber stocks remain at a level about 5 per cent lower than a year ago. May collections on amounts outstanding averaged 35.2 per cent against 34.0 per cent in the same month of 1939.

Lumber trade at 151 retail yards in the District:

	May 1940	
	per cent change from Apr. 1940	May 1939
Sales of lumber, board feet.....	+10.1	-3.9
Sales of all materials, dollars.....	+6.0	-1.7
Stocks of lumber, board feet.....	-2.0	-5.3
Outstandings, dollars.....	+5.3	-4.2

**Life Insurance**

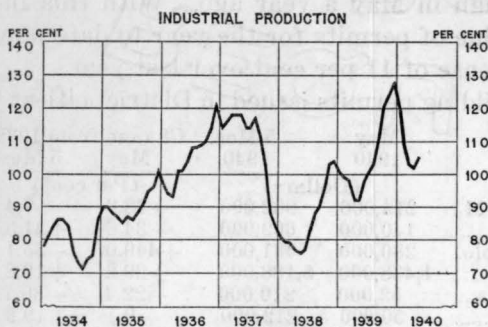
Life insurance sales in the District in May, for the second consecutive month, were above last year, the May increase measuring 11 per cent against a year-to-date decrease of the same proportion.

The Life Insurance Sales Research Bureau report:

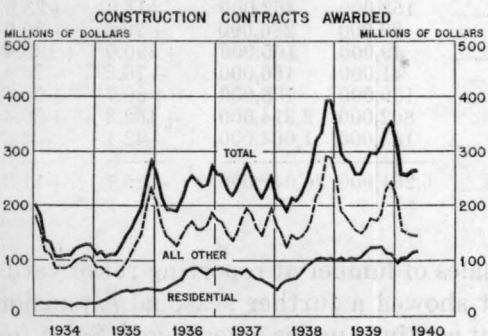
	May	5 Mos.	Change from 1939	
	1940	1940	May	5 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	4,819	22,966	+0.8	-9.8
Kansas.....	6,854	29,971	+11.5	-9.2
Missouri.....	19,089	83,087	+10.6	-12.1
Nebraska.....	6,938	26,901	+28.1	-6.8
New Mexico.....	1,483	6,523	+25.0	+14.3
Oklahoma.....	8,288	38,655	+4.5	-12.9
Wyoming.....	1,038	4,588	+15.3	-19.8
Seven states.....	48,509	212,691	+11.2	-10.5
United States.....	571,625	2,737,784	+7.4	-4.5

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

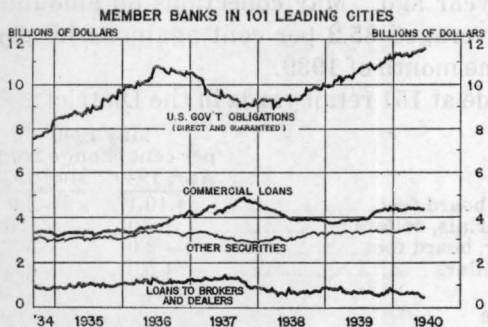
By the Board of Governors of the Federal Reserve System



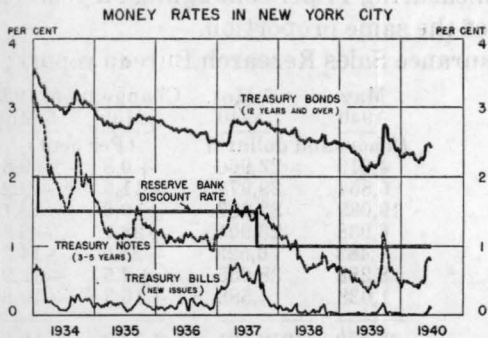
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through May, 1940.



Three-month moving averages of F. W. Dodge Corporation data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for March and April and estimate for May.



Wednesday figures, September 5, 1934, through June 12, 1940. Commercial loans based on new classification beginning May 19, 1937.



For weeks ending January 6, 1934, through June 15, 1940.

Industrial activity increased considerably in May and the first half of June, while prices of commodities and securities declined sharply in the middle of May and fluctuated near the lower levels after that time. Distribution of commodities to consumers was maintained at levels prevailing earlier this year.

## PRODUCTION

Volume of industrial production increased in May and the Board's seasonally adjusted index advanced from 102 to 105. The rise in May reflected chiefly sharp increases in activity at steel mills and woolen mills. Steel production in May was at about 71 per cent of capacity, as compared with 60 in April, and by the third week of June activity had risen further to 88 per cent. Lumber production also increased. In the automobile industry, where output had been at a high rate in the first four months of the year, dealers' stocks were in large volume and production was curtailed in May and the first half of June. Retail sales of automobiles continued at a high level during most of May, although in the middle of the month a temporary sharp reduction was reported.

In the woolen textile industry activity in May rose sharply from the low level reached in April. At cotton mills activity was maintained at about the rate prevailing in March and April and was somewhat lower than in the early months of the year. Rayon production continued large, while mill takings of raw silk declined to the lowest level in nearly twenty years. In other industries producing nondurable manufactures activity generally showed little change from April to May.

Coal production in May continued at a high level for this time of the year, reflecting in part increased exports and unusually large shipments of coal to Upper Lake ports. Iron ore shipments down the Lakes were also large for this season. Petroleum production in May declined somewhat from the high rate maintained in March and April.

Value of construction contract awards increased further in May, according to figures of the F. W. Dodge Corporation, reflecting principally continued growth of private building. Private residential contracts rose to the highest level in the past 10 years. Awards for commercial buildings advanced somewhat further while those for factory construction continued at about the level reached in April. Both were considerably larger than a year ago. Contracts for public construction increased slightly in May but were about one-sixth lower than a year earlier.

## DISTRIBUTION

Department store sales in May declined from the level prevailing in the past three months, while sales at variety stores and mail-order houses were largely maintained at earlier levels. In the first week of June department store sales increased considerably.

Volume of railroad freight traffic increased in May, reflecting larger shipments of miscellaneous merchandise, coal, and forest products. Loadings of grains declined.

## FOREIGN TRADE

Total exports of United States merchandise showed little change from April to May. Increases were reported in shipments to Canada and Australia and to Italy and Finland, while exports to other European nations showed declines. Exports of industrial machinery in May declined somewhat from the high level reached in April, while exports of steel, copper, chemicals, and commercial vehicles increased, following declines in the previous month. Coal shipments, largely to Canada, rose to the highest level in recent years. Cotton exports continued to decline from the high level of last winter.

The monetary gold stock of the United States increased by \$439,000,000 in May and by \$250,000,000 in the first two weeks of June.

## COMMODITY PRICES

Following a general decline in basic commodity prices around the middle of May, prices of industrial materials, particularly steel scrap, zinc, tin, and wool, advanced and by the middle of June were in some instances above the levels of early May. Raw cotton prices also increased, and in the second week of June prices of cotton gray goods likewise advanced as sales of these goods were in exceptionally large volume. Prices of a number of foodstuffs continued to decline.

## BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities showed little net change during the four weeks ending June 5. Holdings of United States Government obligations increased further at New York City banks, while loans to security brokers and dealers declined considerably. Deposits and reserves of member banks continued to increase sharply as a result mainly of heavy gold imports.

## GOVERNMENT SECURITY MARKET

Prices of Government securities held relatively steady during the latter part of May and the first part of June, after a reaction at the time of the invasion of Belgium and Holland. Subsequently prices increased sharply, and on June 15 the yield on the 1960-1965 bonds was 2.40 per cent, compared with 2.52 per cent on June 10 and 2.26 per cent at this year's peak in prices on April 2.