

Member Bank Operations

Loans at reporting member banks in the Tenth District, which had been declining since late in April, increased rather sharply during the first three weeks of July, reflecting principally an increase in commercial loans incident to wheat financing and a continued rise in so-called "all other" loans. Investments declined during the four weeks ending July 17. Holdings of Government securities were little changed during this period, a small increase in holdings of bills being offset by decreases in holdings of notes, bonds, and obligations guaranteed by the Government. Holdings of "other" securities, which had been at the highest level of recent years, declined sharply. Loans are about 12 per cent larger and investments 3 per cent smaller than a year ago.

Deposits at reporting member banks increased substantially between the third week of June and the third week of July, adjusted demand deposits rising to a new high level considerably above their previous record last spring. Reserve balances carried at this bank also reached a new high level and there was a sharp increase in correspondent balances carried at other banks. Adjusted demand deposits are 11 and interbank deposits 7 per cent greater than a year ago, while reserve balances are 21 and correspondent balances 6 per cent larger.

Principal items of condition of 51 member banks:

	Change from		
	July 17 1940	June 19 1940	July 19 1939
(In thousands of dollars)			
Loans and investments—total.....	681,915	-2,529	+21,846
Loans—total.....	306,378	+8,417	+31,538
Coml., indust., agric.....	181,149	+6,035	+15,399
Open market paper.....	21,023	+225	+1,242
To security brokers and dealers.....	3,372	+25	-333
Other to purchase or carry secur.....	9,552	-106	-536
Real estate loans.....	29,443	+59	+4,679
Loans to banks.....	479	+73	-15
All other loans.....	61,360	+2,106	+11,102
Investments—total.....	375,537	-10,946	-9,692
U. S. Treasury bills.....	17,242	+3,521	+11,426
U. S. Treasury notes.....	67,687	-1,594	-9,157
U. S. Govt. bonds.....	88,929	-2,318	-25,466
Oblig. guar. by U. S. Govt.....	67,262	-177	+11,564
Other securities.....	134,417	-10,378	+1,941
Reserve with F. R. Bank.....	206,754	+15,491	+35,872
Balances with domestic banks.....	329,286	+18,437	+19,217
Demand deposits—adjusted.....	556,166	+25,402	+52,754
Time deposits.....	145,809	+181	+1,578
U. S. Govt. deposits.....	17,484	-6,172	-5,686
Interbank deposits.....	430,342	+13,481	+26,709

Reserve Bank Operations

Note circulation of this bank, which had increased rather sharply at the end of May, continued to rise in June and the forepart of July, reaching a new high level of 191½ million in the second week of the month. Circulation averaged about 190½ million in the first half of July as compared with 186½ in June and 182¾ in the three preceding months.

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

	Change from		
	July 17 1940	June 19 1940	July 19 1939
(In thousands of dollars)			
Total reserves.....	396,331	+17,966	+39,919
Bills discounted.....	319	-63	-1
Bills purchased.....	Zero	Zero	-16
Industrial advances.....	194	+99	-13
Commit. to make indust. adv.....	159	-8	-468
U. S. Govt. sec., direct & guar.....	115,722	+1,650	-7,898
Total assets.....	554,461	+20,557	+31,878
F. R. notes in circulation.....	191,247	+4,046	+19,543
Member bank reserve deposits.....	282,620	+17,057	+41,324

Dollar volume of check collections declined contra-seasonally during June and was 4 per cent less than a year ago. Dollar volume for the first half of 1940, however, was 5 per cent larger than in 1939.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1940	1939	1940	1939
(In thousands)				
June.....	5,773	6,170	\$ 913,385	\$ 950,251
May.....	6,002	6,248	970,454	938,716
Six months.....	35,235	35,540	5,643,361	5,384,900

Bank Debits

Debits to individual accounts by banks in reporting centers of the District declined during June although an increase usually takes place during that month. Volume of payments by check in June was slightly smaller than a year ago in contrast with an increase of 5 per cent for the first six months of year.

Payments by check in thirty District cities:

	June		Change from 1939	
	1940	6 Mos. 1940	June	6 Mos.
(Thousand dollars) (Per cent)				
Albuquerque, N. M.....	16,309	99,783	+3.0	+11.5
Atchison, Kans.....	3,035	17,244	+2.0	+3.2
Bartlesville, Okla.....	27,101	163,684	-0.9	-0.3
Casper, Wyo.....	6,204	35,626	-2.1	+4.1
Cheyenne, Wyo.....	8,929	49,744	+9.1	+3.9
Colo. Springs, Colo.....	12,716	77,334	-9.5	+1.1
Denver, Colo.....	151,877	914,651	+0.4	+3.1
Emporia, Kans.....	2,739	17,701	-2.6	-0.2
Enid, Okla.....	11,221	64,497	-18.4	+6.2
Fremont, Nebr.....	2,899	16,862	+1.6	+7.0
Gr. Junction, Colo.....	3,498	21,719	-3.1	+3.8
Guthrie, Okla.....	1,425	8,501	-3.5	-5.4
Hutchinson, Kans.....	11,886	73,647	-12.2	+15.3
Indep., Kans.....	2,857	15,966	-11.1	-7.8
Joplin, Mo.....	9,314	55,676	-1.5	+0.3
Kansas City, Kans.....	19,390	103,260	+5.1	+6.6
Kansas City, Mo.....	313,248	1,877,740	+2.3	+10.6
Lawrence, Kans.....	3,853	21,043	+3.6	+3.0
Lincoln, Nebr.....	29,777	169,648	-1.5	+4.4
Muskogee, Okla.....	7,037	43,518	-7.5	-5.5
Okla. City, Okla.....	89,808	598,714	-18.1	-3.1
Okmulgee, Okla.....	2,879	16,220	+17.7	+8.1
Omaha, Nebr.....	143,719	843,359	-1.9	+2.2
Pittsburg, Kans.....	3,630	22,621	+2.3	+5.9
Pueblo, Colo.....	13,928	79,805	+4.1	-1.5
Salina, Kans.....	8,245	51,135	-25.9	+8.5
St. Joseph, Mo.....	25,397	160,943	-1.7	+5.5
Topeka, Kans.....	19,816	120,068	-2.0	+6.3
Tulsa, Okla.....	138,845	802,541	+1.7	+5.1
Wichita, Kans.....	44,866	266,609	-4.3	+5.3
District, 30 cities.....	1,136,448	6,809,859	-1.9	+4.9
U. S., 274 cities.....	35,005,000	217,794,000	-5.1	+5.3

Trade

RETAIL SALES

Following a cool and damp spring, warmer weather early in June greatly stimulated the movement of seasonal merchandise and department store sales declined somewhat less than is usual in that month. Dollar volume both in June and the first half of 1940 was about 2 per cent larger than in 1939. In the first two weeks of July sales were maintained at a level about 3 per cent above last year. Retail prices, according to the Fairchild Index, remain about 4 per cent above a year ago.

Stocks of merchandise, which had been considerably heavier than last year, declined somewhat more than is usual during June and at the end of the month were little changed from a year earlier. Collections on open accounts averaged 45.9 per cent in June against 44.7 a year ago, while installment collections averaged 15.3 and 15.5 per cent, respectively.

Department store sales and stocks in leading cities:

	SALES			STOCKS		
	No. of Stores	June '40 comp. to June '39	6 Mos.'40 comp. to 6 Mos.'39	June 30,'40 comp. to May 31,'40	June 30,'39	
		(Per cent increase or decrease)				
Denver.....	4	+2.8	+3.3	-9.1	+2.4	
Kansas City.....	5	-0.3	+1.7	-7.7	+0.2	
Oklahoma City...	3	+4.0	-1.7	-6.6	-1.1	
Tulsa.....	4	+5.9	+6.7	-8.3	-2.9	
Wichita.....	3	+2.1	+3.5	....	....
Other cities.....	21	+2.1	-0.2	-7.3	-0.6	
District.....	40	+2.2	+1.8	-8.0	Zero	

Total retail sales in the District in June were 4 and in the first six months of the year 3 per cent larger than in the corresponding periods a year ago.

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

	June 1940 per cent change from June 1939						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+4.8	+4.6	+7.6	+10.0	-0.1	-1.0	-0.2
Automobile....	+5.9	+18.4	+15.9	+27.4	+1.8	+10.9	-2.6
Country genl.	-5.4	+0.5	+0.6	+4.8	-11.5	-0.2	+5.5
Department...	+5.5	-0.5	+5.6	+2.0	....	+5.9	....
Drug.....	+1.9	+1.0	+3.3	+3.3	-1.9	-0.5	-0.1
Furniture.....	-3.7	+7.1	+6.1	+21.8	....	+1.0	....
Grocery.....	-2.3	-4.5	+0.4	-1.3	+0.2	-4.9	-2.6
Hardware.....	-7.2	+0.5	+5.2	+11.0	....	-10.4	....
Lbs. & mtl's...	-6.7	+25.1	+5.2	-12.1	+5.5	+8.0	+10.0
Total.....	+1.3	+4.3	+6.3	+5.3	-1.4	+2.9	+2.0

WHOLESALE SALES

The value of June wholesale sales in this District was about 3 per cent under a year ago, with sales of virtually all leading lines falling considerably below last year. Total sales for the first six months of 1940 were about 4 per cent larger than in 1939, June being the first month to show a decrease from last year. Inventories are nearly 8 per cent larger than a year ago. Collections in June averaged 77.7 per cent as compared with 82.7 per cent last year.

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

	No. of Firms	SALES		STOCKS	
		June '40 comp. to June '39	6 Mos.'40 comp. to 6 Mos.'39	June 30,'40 comp. to May 31,'40	June 30,'39
		(Per cent increase or decrease)			
Auto. supplies....	14	+9.0	+14.2	+2.8	+7.4
Clothing.....	4	Zero	....	-18.2	-28.0
Drugs.....	5	-12.0	+4.9	-0.7	-2.0
Dry goods.....	4	-4.7	+2.9	-13.0	+1.0
Electrical goods..	9	+15.4	+21.9	-2.3	+11.8
Farm products....	12	+5.0	+16.4	+1.6	+101.6
Furniture.....	4	-20.8	....	....	....
Groceries.....	36	-9.3	-1.5	-3.5	+11.5
Hardware—total (9)		-4.0	+3.4	....	....
Industrial.....	3	-12.8	-1.4	....	....
Plbg. & htg.....	6	+1.6	+3.2	-1.9	-9.6
Jwlry. & opt.gds.	3	-19.4	....	+7.3	+7.9
Machinery.....	5	+22.3	+24.7	+2.1	+23.6
Paper and prod...	6	+11.6	+8.5	+11.8	+7.7
Tobacco & prod..	5	+3.4	+1.6	....	....
All other lines....	18	+4.0	+3.2	+0.3	+1.7
Total.....	134	-2.9	+3.6	-1.9	+7.7

Crops

The winter wheat crop in this District turned out substantially better than was thought probable earlier and the condition of growing crops at the start of July generally was quite favorable. Rather limited rainfall and the return of high temperatures since that time, however, have caused some deterioration, and corn, grain sorghums, potatoes, dry beans, sugar beets, and other late maturing crops at the middle of July were showing the need of moisture. Water supplies in irrigated areas are very short, and in nonirrigated areas subsoil moisture reserves are deficient, so that good yields are dependent on adequate and timely rains during the remaining growing season.

Department of Agriculture crop estimates for the seven states wholly or partly in this District:

	ACREAGE		PRODUCTION	
	July 1 1940	Harv. 1939	July 1 1940	Harv. 1939
	(1,000 acres)		(1,000 units)	
Corn, bu.....	15,778	16,815	310,707	281,475
Winter wheat, bu.....	17,098	20,231	210,775	251,076
Spring wheat, bu.....	574	413	6,110	4,625
Oats, bu.....	6,568	6,149	149,616	110,914
Barley, bu.....	3,493	2,809	55,998	40,888
Rye, bu.....	542	706	4,539	5,794
Flaxseed, bu.....	137	98	1,084	767
Tame hay, tons.....	7,550	7,133	9,591	8,695
Wild hay, tons.....	4,115	4,078	3,033	3,036
White potatoes, bu.....	304	311	30,220	35,236
Sugar beets, short tons....	248	263	2,610	2,872
Dry beans, 100 lb. bags....	545	478	2,489	2,383
Cotton, bales.....	2,433	2,331	....	....
Peaches, bu.....	....	....	3,278	3,627
Pears, bu.....	....	....	1,053	942
Grapes, tons.....	....	....	24	24

Due in part to substantial declines in acreage in recent years, production of wheat on the basis of the July 1 estimate is 20, corn 18, potatoes 13, and sugar beets 29 per cent below the 1929-1938 average. Acreage and production of oats, hay, and dry beans are about equal to average, while those of barley, rye, flaxseed, and soybeans show material increases.

June rainfall in Nebraska averaged about 75 per cent of normal, in Kansas 67, Oklahoma 88, Wyoming 87, Colorado 53, New Mexico 86, and in Missouri 90 per cent of normal.

Rainfall

	June 1940		6 Mos. 1940	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	.22	1.38	7.03	7.62
Leadville.....	1.21	1.16	8.41	8.54
Pueblo.....	.39	1.36	5.43	5.64
Lamar.....	1.74	2.28	8.62	7.99
Garnett.....	.30	.73	2.80	2.60
Steamboat Springs.....	.55	1.28	14.75	12.35
KANSAS				
Topeka.....	2.76	4.65	14.05	16.46
Iola.....	3.44	5.28	20.19	19.31
Concordia.....	1.08	4.41	7.15	13.67
Salina.....	2.48	4.65	12.33	13.93
Wichita.....	4.85	4.38	20.39	15.53
Hays.....	2.36	4.10	8.24	11.93
Goodland.....	1.32	3.05	7.93	9.39
Dodge City.....	2.46	3.30	12.81	10.20
Elkhart.....	1.05	2.04	10.84	7.56
MISSOURI				
St. Joseph.....	4.72	4.95	16.00	18.33
Kansas City.....	3.84	4.99	16.66	18.32
Joplin.....	7.21	6.00	19.10	23.10
NEBRASKA				
Omaha.....	3.06	4.56	11.22	13.80
Lincoln.....	2.11	4.32	9.77	13.83
Norfolk.....	11.24	4.85	18.75	14.48
Grand Island.....	.71	4.05	6.50	13.12
McCook.....	2.14	3.18	10.56	9.78
North Platte.....	2.84	3.22	6.04	9.86
Bridgeport.....	1.41	2.51	5.42	9.14
Valentine.....	1.88	2.87	8.03	9.62
NEW MEXICO				
Clayton.....	.55	1.92	3.56	7.51
Santa Fe.....	1.15	1.08	7.30	5.66
Farmington.....	.12	.50	3.60	3.41
OKLAHOMA				
Tulsa.....	10.08	4.88	25.60	20.83
McAlester.....	5.87	4.78	20.11	23.49
Oklahoma City.....	3.05	3.67	15.47	16.12
Pauls Valley.....	8.09	4.31	20.16	18.58
Hobart.....	.58	3.61	8.98	14.65
Enid.....	.97	4.24	10.72	15.68
Woodward.....	1.47	3.59	10.38	12.70
WYOMING				
Cheyenne.....	.37	1.61	6.33	8.14
Casper.....	.17	1.57	4.64	8.75
Lander.....	.36	1.15	7.51	7.89
Sheridan.....	1.85	2.04	8.79	9.34

Grain Marketing

Wheat marketings increased during June but were only about a fourth of the June record established a year ago and were little more than half of the June average of the past ten years. The small June receipts reflected a somewhat delayed harvest, below average production, and further declines in wheat prices. The movement of new crop wheat, however, gained momentum early in July and receipts during the forepart of the month were substantially larger than a year earlier. Trade reports indicate that the bulk of receipts is going into storage for Federal loans as market prices are now below the Government loan rate. Corn marketings in June were much above a year ago and were only 20 per cent below average.

June grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,683,000	....	....
Kansas City.....	3,515,000	726,000	44,000
Omaha.....	257,000	1,292,000	14,000
St. Joseph.....	128,000	440,000	94,000
Wichita.....	3,380,000	1,000	....
June 1940.....	8,963,000	2,459,000	152,000
May 1940.....	5,825,000	1,401,000	221,000
June 1939.....	34,583,000	1,705,000	374,000
6 Mos. 1940.....	39,608,000	10,719,000	2,881,000
6 Mos. 1939.....	71,741,000	9,963,000	5,135,000

Cash wheat prices declined further during June, influenced by unfavorable war developments abroad and continued improvement in domestic winter wheat prospects, and so far in July prices have displayed the usual seasonal weakness resulting from the pressure of the new crop marketings. Corn prices were independently firm because of a rather tight supply situation owing to the heavy stocks under Government loans. Wheat prices are back to the level of a year ago when prices had been the lowest in seven years but corn prices are the highest since late 1937.

The lower range of cash grain prices at Kansas City:

	July 24	June 29	May 31	June 30
	1940			
No. 1 hd., dk. wheat, bu..	\$.68	\$.70 1/4	\$.81	\$.68 1/4
No. 2 mixed corn, bu.....	.66 1/2	.62 1/2	.65	.47 1/2
No. 2 white oats, bu.....	.27 3/4	.31 1/2	.38 1/4	.31 1/4
No. 2 rye, bu.....	.40	.38	.45	.45
No. 2 barley, bu.....	.43	.40	.51	.40
No. 2 white kafir, cwt....	1.27	1.29	1.37	.96

Livestock

MARKETINGS

Marketings of livestock declined somewhat during June and were little different from marketings in June a year ago except for hogs, receipts of which were 29 per cent larger than last year. Receipts of cattle were 21, calves 5, hogs 14, and sheep 13 per cent below the June average of the past ten years.

June livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
	Denver.....	21,827	4,022	44,164	143,346
Kansas City.....	68,220	19,938	167,146	105,717
Oklahoma City.....	27,662	12,228	22,794	21,983
Omaha.....	87,337	4,904	163,220	93,977
St. Joseph.....	20,251	4,515	86,766	64,745
Wichita.....	13,819	3,048	25,122	24,559
June 1940.....	239,116	48,655	509,212	454,327
May 1940.....	248,262	48,537	548,355	532,726
June 1939.....	242,892	48,573	396,265	459,568
6 Mos. 1940.....	1,509,480	271,292	3,357,226	3,000,506
6 Mos. 1939.....	1,643,398	302,486	2,469,190	3,198,458

PRICES

Livestock prices had been declining since about the middle of May under the influence of European war developments and a seasonal deterioration in the quality of receipts, which included a liberal proportion of unfinished, lightweight hogs suggestive of liquidation. In the last week of June, livestock prices rallied sharply and cattle and hog prices advanced further

during the forepart of July, hog prices reaching a top of \$6.80 a hundredweight, the highest level since last October and about \$2.00 above their six-year low early last April. The advance reflected chiefly domestic developments as the export situation shows little improvement. Supporting the advance were better business conditions as a result of the defense program, an improved demand for dressed meats because of the relatively cool weather at the end of June and early in July, higher prices for hides, lard, and wool, and Government relief purchases of meats and lard. Prices late in July again were declining, and demand for stocker and feeder cattle, which had been strong, was sharply curtailed by dry weather.

Top livestock prices at the Kansas City market:

	July 24 1940	June 1940	May 1940	June 1939	June 1938	June 1937
	(In dollars per hundredweight)					
Beef steers.....	11.00	11.00	11.75	13.00	10.75	15.00
Stocker cattle.....	10.25	10.50	11.00	10.00	8.85	9.50
Feeder cattle.....	8.85	10.00	10.40	9.85	9.15	10.25
Calves.....	9.50	9.50	10.50	9.50	9.00	9.75
Hogs.....	6.25	5.50	6.00	7.10	9.05	11.80
Sheep.....	7.00	7.00	8.00	7.50	7.00	9.35
Lambs.....	8.65	10.75	11.35	10.40	10.15	12.50

STOCKERS AND FEEDERS

Shipments of stocker and feeder livestock from markets back to the country continued rather heavy through June. The movement of cattle was 22 per cent larger than a year ago and 6 per cent above the June average of the past ten years, while calf shipments were 24 per cent larger than last year and more than twice the average. Shipments of sheep, although 13 per cent less than in June a year ago, were only 7 per cent under average.

June stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	3,985	1,551	3	5,949
Kansas City.....	25,554	9,584	1,696	14,765
Omaha.....	10,271	1,323	1,342	14,534
St. Joseph.....	4,417	1,252	1,321	8,236
June 1940.....	44,227	13,710	4,362	43,484
May 1940.....	57,549	15,221	5,850	55,435
June 1939.....	36,343	11,044	4,636	50,095
6 Mos. 1940.....	335,284	80,873	30,857	305,765
6 Mos. 1939.....	377,359	81,358	25,306	322,765

RANGES AND PASTURES

Rather dry, hot weather over much of the District until near the end of the month caused some decline during June in the condition of ranges and pastures. The decline was most marked in western Kansas, where the range dried and cured rapidly and where feed prospects are only fair, but elsewhere in the District range and pasture feeds generally are good, although moisture is needed to revive growth and produce sufficient later grass. Late June and early July rains were beneficial in some sections. The Blue Stem pastures of Kansas and the Osage pastures of Oklahoma are excellent and have ample stock water. Wool sales expanded sharply at advanced price levels

during June, reflecting principally buying to fill Government orders for cloth and blankets, but trading during the forepart of July was very slack.

PIG CROP

The spring pig crop in this District was 16 per cent smaller than a year ago, initiating the downward swing in hog production brought about by extremely low hog prices in relation to corn prices and an unprofitable feeding ratio since late last year. The number of sows to farrow next fall is indicated to be 19 per cent smaller than last year.

Department of Agriculture pig crop estimates:

	PIGS SAVED			SOWS FARROWED		
	Spring	Aver.		Fall	Aver.	
	1940	1939	'29-'38	*1940	1939	'29-'38
	(In thousands)					
Colorado.....	216	283	282	26	37	36
Kansas.....	1,096	1,376	1,542	120	171	191
Missouri.....	2,450	2,614	2,568	316	351	330
Nebraska.....	2,454	3,077	3,696	123	158	197
New Mexico.....	63	67	51	9	11	7
Oklahoma.....	661	887	627	110	137	97
Wyoming.....	57	63	64	2	3	5
Seven states.....	6,997	8,367	8,830	706	868	863
United States.....	48,007	52,343	45,355	4,496	5,082	4,221

*Number indicated to farrow from breeding intentions reports.

Farm Income

Cash farm income in the District in April was 12 per cent above a year ago but in May it fell 8 per cent under last year. The large April gain was principally in income from crops, which was more than double what it was last year because of increased corn loans and sales, the heavy redemption and sale of wheat under loan, and larger than usual sales of cotton. Income from livestock and livestock products was up 4 per cent in April, mainly from larger receipts from cattle, lambs, eggs, dairy products, and wool, while Government payments were 17 per cent smaller. During May, income from farm marketings continued above a year ago but Government payments were little more than a third as large as last year and this decrease accounted for the May decrease in total income. For the first five months of the year, District income from farm marketings was 6 per cent larger, Government payments were 31, and total income was 10 per cent greater.

Department of Agriculture farm income estimates:

	Apr.	May	5 Mos.	Change from 1939		
	1940	1940	1940	Apr.	May	5 Mos.
	(Thousand dollars)			(Per cent)		
Colo.....	9,948	6,912	48,601	+12.0	-9.9	+8.8
Kans.....	20,877	16,961	104,483	Zero	-21.1	+7.8
Mo.....	19,639	21,089	100,714	+10.7	+1.0	+10.3
Nebr.....	21,816	18,697	110,760	+34.0	+11.8	+11.5
N. Mex.....	3,384	2,792	15,393	+57.9	+9.4	+34.6
Okla.....	10,860	11,228	62,408	-10.2	-25.0	+4.2
Wyo.....	3,514	2,439	15,306	+36.3	-8.9	+19.8
7 States.....	90,038	80,118	457,665	+11.7	-7.9	+9.9
U. S.....	626,946	620,208	3,236,575	+10.3	+2.0	+9.7

Meat Packing

Meat-packing operations in the District declined during June as marketings decreased. The slaughter of cattle and calves was 12 per cent less than a year ago and was especially light because of the competition of growers and feeders for market supplies. Sheep slaughter was little changed from a year ago, while hog slaughter continues much above the level of last year. Packers' purchases of cattle were 26, calves 33, hogs 11, and sheep 15 per cent below the June average of the past ten years.

June packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	13,754	2,412	29,958	24,257
Kansas City.....	32,436	8,023	156,725	81,428
Oklahoma City.....	6,824	6,762	14,471	12,758
Omaha.....	61,252	3,581	137,669	71,953
St. Joseph.....	14,288	3,403	80,513	55,644
Wichita.....	6,850	2,339	22,277	21,675
June 1940.....	135,404	26,520	441,613	267,715
May 1940.....	142,234	26,843	499,375	305,428
June 1939.....	154,334	30,168	345,359	272,143
6 Mos. 1940.....	893,281	162,145	2,940,035	1,806,171
6 Mos. 1939.....	935,881	185,657	2,158,348	1,910,917

Cold Storage Holdings

United States cold storage stocks of lard, eggs, and cheese increased more than is usual during June and there was a contraseasonal increase in stocks of pork, poultry, and miscellaneous meats. July 1 holdings of beef and eggs were close to the average for that date during the past five years, but holdings of pork were 26, lamb 69, poultry 43, miscellaneous meats 29, and cheese 19 per cent above and butter 20 per cent below average. Lard stocks rose to a new high level more than double the average and holdings of poultry were the largest of record for the date.

United States cold storage holdings:

	July 1 1940	June 1 1940	July 1 1939	Aver. '35-'39
(In thousands of units)				
Beef, lbs.....	46,028	53,193	33,591	45,543
Pork, lbs.....	597,074	592,575	496,796	474,672
Lamb and mutton, lbs.....	3,261	3,463	1,837	1,931
Poultry, lbs.....	82,389	76,904	67,470	57,635
Miscellaneous meats, lbs.....	79,513	77,184	68,452	61,845
Lard, lbs.....	305,714	283,937	148,377	130,204
Eggs, shell, cases.....	7,509	5,980	6,977	7,287
Eggs, frozen (case equiv.)..	4,292	3,537	4,042	3,797
Butter, creamery, lbs.....	80,842	25,463	131,609	101,281
Cheese, all varieties, lbs.....	114,475	87,555	98,850	96,008

Flour Milling

Southwestern flour production in June dropped 10 per cent under a year ago and 3 per cent below the average for that month during the past ten years. Output at interior mills, which previously had shown a large increase over last year, has begun to fall below a year ago and total output so far in 1940 now shows a small decrease from 1939. Following a heavy buying movement near the middle of May, flour sales declined sharply and were in exceptionally small volume until

about the end of June when sales began to increase, owing in part to Government purchases. Although the extensive forward buying of last May has tended to restrict somewhat the usual July rise in sales at the start of the new crop year, trade reports indicate that the backlog of orders on mills' books is about normal for the season. Export trade remains very light.

Flour output reported by the Northwestern Miller:

	June 1940	6 Mos. 1940	Change from 1939 June	6 Mos.
(In barrels)				
Kansas City.....	492,000	3,119,000	-16.0	-8.6
Salina.....	170,000	1,124,000	-25.4	-13.3
Wichita.....	135,000	808,000	-21.5	-17.3
Other cities.....	1,038,000	6,551,000	-0.7	+7.7
Southwest.....	1,835,000	11,602,000	-9.7	-1.4
United States*.....	5,037,000	32,130,000	-10.2	-3.4

*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 June to the lowest level for any month this year. Output in June was 6 per cent less than last year and somewhat below the ten-year average.

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

	June 1940	6 Mos. 1940	Change from 1939 June	6 Mos.
(In barrels)				
Colorado.....	108,000	623,000	-11.5	-4.6
Kansas.....	5,123,000	31,103,000	-1.8	+2.1
Nebraska.....	5,000	10,000	....	....
New Mexico.....	3,180,000	20,207,000	-0.7	+7.8
Oklahoma.....	12,596,000	78,644,000	-11.6	-7.6
Wyoming.....	2,220,000	12,094,000	+21.8	+21.9
Five states.....	23,232,000	142,681,000	-5.6	-1.5
United States.....	113,088,000	689,299,000	+8.1	+11.6

Stocks of crude petroleum produced in this District, which are about 5 per cent smaller than a year ago and had been rising, have shown little change the past three months. Domestic demand for heavy fuels is strong from industries already benefiting from the defense program, but prices of other refined products are weak, owing in part to the loss of export markets.

Coal

Output of bituminous coal in the District in June was 31 and in the first half of the year 18 per cent larger than in the corresponding periods last year.

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

	June 1940	6 Mos. 1940	Change from 1939 June	6 Mos.
(In tons)				
Colorado.....	271,000	3,012,000	+30.3	+17.8
Kans. & Mo.....	345,000	3,310,000	+69.1	+22.3
New Mexico.....	88,000	590,000	+35.4	-6.5
Oklahoma.....	49,000	773,000	+157.9	+60.4
Wyoming.....	302,000	2,552,000	-3.2	+9.3
Six states.....	1,055,000	10,237,000	+30.6	+17.5
United States.....	32,640,000	220,325,000	+16.7	+37.0

Zinc and Lead

Zinc shipments from the Tri-State district in June continued slightly above a year ago, but lead shipments are much below last year. Demand for zinc is good and output in the latter part of June rose to the highest weekly rate since September, 1937. Mid-year stocks of zinc, although about a third above a year ago, were very low, being very little larger than the current weekly rate of production. Zinc concentrate prices advanced early in June and generally are strong, but lead prices are weak.

June ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	9,403	\$ 383,042	1,191	\$ 68,625
Missouri.....	1,946	79,633	296	17,065
Oklahoma.....	23,784	971,828	2,207	127,589
June 1940.....	35,133	\$1,434,503	3,694	\$ 213,279
May 1940.....	36,883	1,399,662	3,966	231,085
June 1939.....	34,486	1,034,576	4,538	245,749
6 Mos. 1940.....	199,167	7,553,687	22,429	1,336,287
6 Mos. 1939.....	196,502	5,806,111	32,291	1,739,681

Employment and Pay Rolls

Employment in the District both in June and in the first six months of the year continued about 3 per cent above a year ago, while pay rolls in June were 4 and in the first half of the year 5 per cent higher.

Preliminary figures of the Department of Labor:

	EMPLOYMENT		PAY ROLLS	
	June 1940	6 Mos. 1940	June 1940	6 Mos. 1940
	(Per cent change from a year ago)			
Colorado.....	+0.9	+1.4	+0.7	+3.9
Kansas.....	+2.5	+4.8	+2.4	+4.4
Missouri.....	+5.1	+4.6	+5.0	+6.4
Nebraska.....	+3.3	+2.5	+5.8	+5.4
New Mexico.....	+6.9	+2.1	+17.5	-1.4
Oklahoma.....	-0.1	Zero	+1.5	+1.4
Wyoming.....	-3.7	-3.5	-5.9	+9.4
Seven states.....	+3.3	+3.3	+3.6	+5.1

Building

Construction awards in the Kansas City area during June were maintained at a level substantially above a year ago and total awards for the year to date are now 13 per cent larger than last year. Public works construction and residential building continue to feature building activity, with utility construction lagging far behind last year. Nonresidential building, which in May had shown a large increase over last year, in June was very little larger and so far this year is 10 per cent less.

Construction figures of F. W. Dodge Corporation:

	June	6 Mos.	Change from 1939	
	1940	1940	June	6 Mos.
	(Thousand dollars)		(Per cent)	
Residential building..	3,502	21,418	+23.9	+0.1
Nonresidential bldg...	2,935	17,967	+2.8	-10.2
Public wks. construc...	5,912	26,542	+335.7	+165.7
Utility construction...	414	4,735	-79.5	-57.3
Kansas City area.....	12,763	70,662	+40.8	+13.1
37 Eastern states.....	324,726	1,623,087	+12.6	-4.5

The value of building permits issued in reporting District cities during June was 43 per cent smaller than a year ago. With this sharp decrease, the value of permits for the first six months of 1940 was about 5 per cent less than in the same period of 1939.

Value of building permits issued in District cities:

	June	6 Mos.	Change from 1939	
	1940	1940	June	6 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M..	139,000	1,071,000	-58.8	-20.3
Cheyenne, Wyo.....	81,000	683,000	-19.8	+29.6
Colo. Springs, Colo..	37,000	517,000	-31.5	-35.0
Denver, Colo.....	1,791,000	6,979,000	+54.0	+21.1
Hutchinson, Kans....	28,000	238,000	-26.3	-30.0
Joplin, Mo.....	90,000	302,000	+73.1	+31.9
Kansas City, Kans...	218,000	658,000	-88.9	-73.9
Kansas City, Mo.....	191,000	1,389,000	-48.0	-1.9
Lincoln, Nebr.....	131,000	1,256,000	-22.9	-12.0
Okla. City, Okla....	343,000	2,629,000	-0.3	+5.0
Omaha, Nebr.....	342,000	2,592,000	-84.2	-17.2
Pueblo, Colo.....	95,000	557,000	-28.6	+9.9
Salina, Kans.....	62,000	348,000	+67.6	+35.4
Shawnee, Okla.....	10,000	115,000	-69.7	+42.0
St. Joseph, Mo.....	21,000	177,000	+5.0	-74.0
Topeka, Kans.....	160,000	899,000	+45.5	+65.0
Tulsa, Okla.....	398,000	2,712,000	+25.9	+21.2
Wichita, Kans.....	242,000	1,306,000	+11.5	-2.2
District, 18 cities.....	4,379,000	24,428,000	-42.6	-4.7

Lumber

Board feet sales of lumber at reporting retail yards in the District declined rather sharply during June and remain under the level of a year ago. The June decrease from last year, however, was the smallest for any month this year, narrowing the decline for the six months to about 8 per cent.

Lumber stocks at the end of June were about 4 per cent lower than a year ago. June collections on amounts outstanding averaged 31.5 per cent against 34.1 per cent in June last year.

Lumber trade at 150 retail yards in the District:

	June 1940	
	May 1940	June 1939
Sales of lumber, board feet.....	-15.2	-0.6
Sales of all materials, dollars.....	-18.3	+0.8
Stocks of lumber, board feet.....	-0.6	-3.8
Outstandings, dollars.....	+0.9	+0.7

Life Insurance

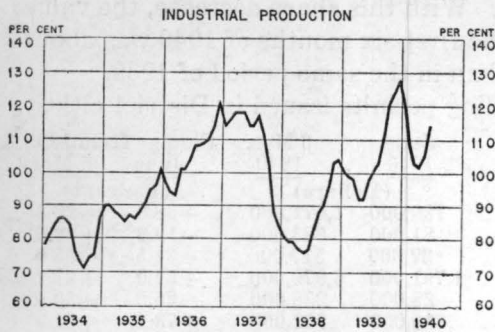
Life insurance sales in the District in June were 3 per cent larger but in the first six months of the year 8 per cent smaller than a year ago.

The Life Insurance Sales Research Bureau report:

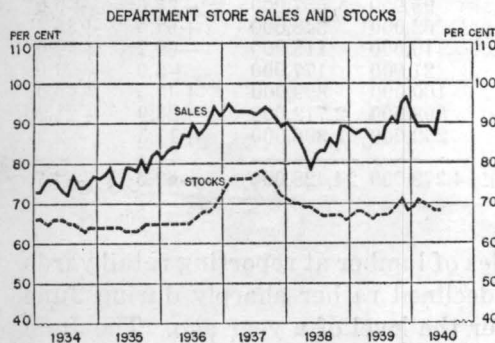
	June	6 Mos.	Change from 1939	
	1940	1940	June	6 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	5,294	28,260	+5.6	-7.3
Kansas.....	7,429	37,400	+11.1	-5.8
Missouri.....	16,774	99,861	+2.2	-10.0
Nebraska.....	5,330	32,231	-7.1	-6.8
New Mexico.....	1,097	7,620	+16.6	+14.6
Oklahoma.....	8,376	47,031	+5.9	-10.1
Wyoming.....	873	5,461	-17.8	-19.5
Seven states.....	45,173	257,864	+3.2	-8.4
United States.....	553,086	3,290,870	+5.4	-3.0

NATIONAL SUMMARY OF BUSINESS CONDITIONS

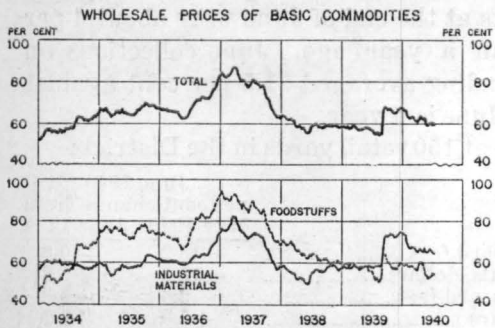
By the Board of Governors of the Federal Reserve System



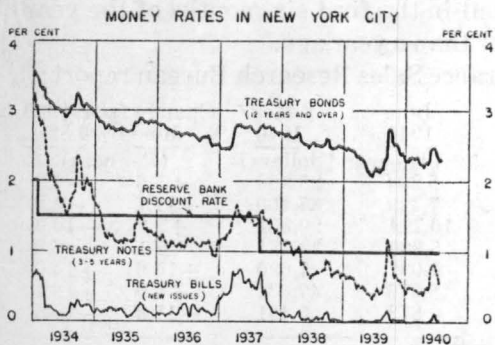
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through June, 1940.



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



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934, through July 11, 1940.



For weeks ending January 6, 1934, through July 13, 1940.

Volume of industrial production increased rapidly during June and rose somewhat further in the first half of July. Distribution of commodities through retail and wholesale markets and by rail continued active.

PRODUCTION

The Board's seasonally adjusted index of industrial production advanced from 106 in May to 114 in June. In that month, as in May, increases in activity were most marked in the iron and steel and textile industries where declines earlier in the year had been greatest.

Steel ingot production rose from 60 per cent of capacity at the beginning of May to 87 per cent in the latter part of June and was maintained at about that level in the first three weeks of July. Production of coke and pig iron showed similar sharp increases and iron ore shipments down the Lakes were at near-capacity levels. Demand for steel was general as most domestic steel-consuming industries were operating at high rates. Exports of steel, which had declined in April, rose to earlier high levels in May and June, amounting to about 10 per cent of steel-producing capacity.

Automobile production, which had begun to decline in May, continued to decrease in June and the first half of July reflecting in large part seasonal influences. Retail sales of automobiles were in large volume and dealers' stocks of new and used cars declined from the high levels prevailing earlier.

In the textile industry there was a further sharp advance in activity at woolen mills, and at cotton mills output was reduced less than seasonally. Rayon production was maintained at earlier high levels while at silk mills activity remained near the unusually low rate reached in May.

Coal production continued in large volume during June, but output of crude petroleum declined in the latter part of the month, owing to reduced production in Texas fields.

Value of construction contract awards showed little change from May to June, according to F. W. Dodge Corporation figures for 37 eastern States. Awards for private residential building decreased more than seasonally, following a sharp rise in May, and contracts for private nonresidential building also declined. Contracts for public construction increased further in June, owing in part to expansion in the construction of Army and Navy air bases.

DISTRIBUTION

Department store sales in June were maintained at the May level, although usually there is a considerable decline, and the Board's seasonally adjusted index advanced to 93 as compared with 87 in May and a level of about 89 earlier in the year. Sales at variety stores showed little change from May to June, continuing at the advanced level that has prevailed since the beginning of the year. In the early part of July department store sales declined seasonally from the June level.

Freight carloadings increased further in June. Shipments of coal and miscellaneous merchandise continued to expand and loadings of coke, which usually decline at this season, showed a substantial rise.

COMMODITY PRICES

Prices of a number of industrial materials, particularly steel scrap, copper, rubber, and silk, declined from the middle of June to the middle of July. Wheat prices also showed decreases in this period, while prices of livestock and products advanced owing partly to seasonal influences.

AGRICULTURE

Production of major crops this season, according to the July 1 report of the Department of Agriculture, may be slightly lower than last season. Tobacco production will be sharply reduced from last year, when the crop was unusually large. Domestic supplies of wheat and other field crops as well as of vegetables and fruit are expected to show little change from last season. Indicated hog production this year will be about 10 per cent smaller than last year.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities increased during the five weeks ending July 10, chiefly as a result of increases in holdings of short-term United States Government obligations and in commercial loans. Holdings of United States Government bonds and loans to security brokers and dealers declined.

The monetary gold stock increased by \$885,000,000 in this five-week period, the largest gold acquisition for any corresponding period on record. This inflow of gold was reflected in a growth of \$310,000,000 in foreign bank balances with the Federal Reserve Banks and in increased deposits and reserves of member banks. On July 10, excess reserves of member banks amounted to \$6,833,000,000.

GOVERNMENT SECURITY MARKET

Prices of Government securities, which had advanced sharply in June, showed further increases after July 8 when the Treasury announced a new bond issue for cash subscription. Between June 10 and July 15 the price of the 1960-65 bonds rose about 3 points, and the yield on this issue declined from 2.52 per cent to 2.34 per cent as compared with 2.26 per cent at the year's peak in prices on April 2.