

# MONTHLY REVIEW

## *Agricultural and Business Conditions*

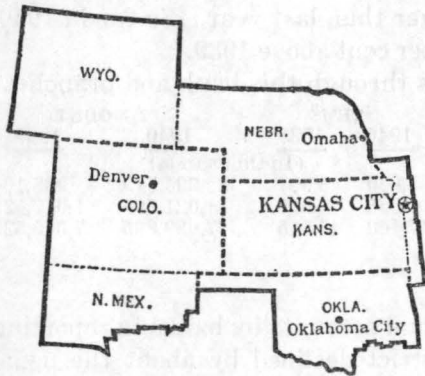
### TENTH FEDERAL RESERVE DISTRICT

VOL. 25, No. 9

FEDERAL RESERVE BANK OF KANSAS CITY

SEPTEMBER 30, 1940

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



In the first three weeks of September department store sales were 10% larger than a year ago. In August all retail sales had been 8% higher than last year.

Construction is active. Residential building for some time has been running sharply above a year ago and in recent weeks there has been an enlarged amount of commercial, industrial, and other building stimulated by war expenditures.

Zinc is in strong demand at rising prices but lead is adversely affected by accumulating foreign supplies due to the blockade. Coal production is much above a year ago.

Wheat prices have risen appreciably since late August but corn prices have been weaker. Cattle and hog prices were strong in July and August but in recent weeks some of those gains have been lost.

Bank deposits and loans are higher but bank investments are little changed.

BUSINESS INDICATORS	AUGUST 1940 COMPARED WITH AUGUST 1939								8 MOS. 1940 COMPARED WITH 8 MOS. 1939							
	% DECREASE				% INCREASE				% DECREASE				% INCREASE			
	40	30	20	10	10	20	30	40	40	30	20	10	10	20	30	40
<b>Financial</b>																
Bank Debits																
F. R. Bk. Clearings																
Mem. Bk. Loans																
Mem. Bk. Invest.																
Demand Deposits																
Life Ins. Sales																
<b>Trade</b>																
Wholesale Sales																
Retail Sales																
Dept. Store Sales																
Lumber Sales																
<b>Marketing</b>																
Wheat																
Corn																
Oats																
Cattle																
Calves																
Hogs																
Sheep																
<b>Production</b>																
Flour																
Cattle Slaughter																
Calf Slaughter																
Hog Slaughter																
Sheep Slaughter																
Crude Petroleum																
Bituminous Coal																
Zinc Ore Shipments																
Lead Ore Shipments																
<b>Construction</b>																
Total Awards																
Res. Awards																
Value of Permits																
<b>Miscellaneous</b>																
Rainfall																
Cash Farm Income*																
Employment																
Pay Rolls																
*For previous month																

**Member Bank Operations**

Loans at reporting member banks in the Tenth District, which had tended to decline early in August, resumed their rise after the middle of the month and increased further during the first three weeks of September. Most of the increase was in commercial loans and in so-called "all other" loans. Investments, which had increased during the preceding four weeks, declined during the five weeks ending September 18, reflecting principally sizable decreases in holdings of Government bonds and "other" securities. Holdings of Treasury bills increased during this period, while holdings of Treasury notes and guaranteed obligations were little changed. Loans are about 12 and investments 2 per cent larger than a year ago.

Adjusted demand deposits at reporting member banks held close to the record level reached earlier and interbank deposits rose substantially from the middle of August to the third week of September. Correspondent balances also increased sharply but reserves carried at this bank showed a further decline. Adjusted demand deposits are 6 and interbank deposits and reserves are 3 per cent above a year ago, while correspondent balances are little changed from last year.

Principal items of condition of 51 member banks:

	Change from		
	Sept. 18 1940	Aug. 14 1940	Sept. 20 1939
	(In thousands of dollars)		
Loans and investments—total.....	688,610	-559	+38,517
Loans—total.....	312,353	+6,499	+32,674
Coml., indust., agric.....	182,534	+3,821	+13,277
Open market paper.....	22,382	+602	+4,100
To security brokers and dealers..	2,996	-388	-118
Other to purchase or carry secur.	9,427	+60	-456
Real estate loans.....	29,038	-658	+3,495
Loans to banks.....	390	-101	+32
All other loans.....	65,586	+3,163	+12,344
Investments—total.....	376,257	-7,058	+5,843
U. S. Treasury bills.....	14,528	+2,125	+7,994
U. S. Treasury notes.....	67,384	-355	-11,357
U. S. Govt. bonds.....	85,866	-6,312	-6,899
Oblig. guar. by U. S. Govt.....	75,448	-390	+17,292
Other securities.....	133,031	-2,126	-1,187
Reserve with F. R. Bank.....	197,624	-4,807	+5,307
Balances with domestic banks.....	345,339	+26,397	+844
Demand deposits—adjusted.....	560,257	-1,747	+32,196
Time deposits.....	145,847	+570	+2,147
U. S. Govt. deposits.....	19,314	+154	-3,894
Interbank deposits.....	437,168	+20,711	+12,277

**Reserve Bank Operations**

Note circulation of this bank continues to rise, reaching a new high level above 195 million dollars in the second week of September. The rate of increase, however, has been less rapid in recent weeks, circulation during the first half of September averaging only 1¼ million larger than in August as compared with an average monthly gain of 3½ million during June, July, and August.

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

	Change from		
	Sept. 18 1940	Aug. 14 1940	Sept. 20 1939
	(In thousands of dollars)		
Total reserves.....	418,755	+2,544	+50,111
Bills discounted.....	225	-77	-117
Bills purchased.....	Zero	Zero	-16
Industrial advances.....	215	+22	+12
Commit. to make indust. adv.....	144	-8	-445
U. S. Govt. sec., direct & guar....	115,199	-395	-18,224
Total assets.....	577,108	+4,981	+31,381
F. R. notes in circulation.....	194,036	+865	+18,282
Member bank reserve deposits....	272,999	-3,352	+5,854

Dollar volume of check collections, which in July had been little changed from a year ago, in August was 6 per cent larger than last year. So far in 1940, dollar volume is 4 per cent above 1939.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1940	1939	1940	1939
	(In thousands)			
August.....	5,870	5,907	\$ 994,519	\$ 938,104
July.....	6,055	6,068	1,021,985	1,017,525
Eight months.....	47,160	47,515	7,659,865	7,340,529

**Bank Debits**

Debits to individual accounts by banks in reporting centers of the District declined by about the usual seasonal amount during August. Volume of payments by check in August was about 2 and in the first eight months of the year 4 per cent larger than in the corresponding periods of last year.

Payments by check in thirty District cities:

	Aug.		Change from 1939	
	1940	8 Mos. 1940	Aug. 1940	8 Mos. 1939
	(Thousand dollars)		(Per cent)	
Albuquerque, N. M.....	16,786	133,810	+12.4	+11.8
Atchison, Kans.....	2,907	23,888	+4.0	+3.4
Bartlesville, Okla....	25,116	216,308	-16.9	-3.9
Casper, Wyo.....	6,787	48,605	+27.5	+7.1
Cheyenne, Wyo.....	8,494	67,127	-2.4	+3.4
Colo. Springs, Colo..	13,670	105,756	-4.6	+0.2
Denver, Colo.....	162,750	1,231,397	+0.8	+2.2
Emporia, Kans.....	3,103	24,293	+17.1	+2.5
Enid, Okla.....	12,453	92,760	-1.5	+3.9
Fremont, Nebr.....	2,754	22,400	+7.7	+6.9
Gr. Junction, Colo..	3,621	28,950	-7.3	+1.8
Guthrie, Okla.....	1,300	11,254	-0.6	-5.3
Hutchinson, Kans..	12,968	102,618	+18.5	+14.1
Indep., Kans.....	2,696	21,483	+5.9	-6.0
Joplin, Mo.....	9,273	74,158	-3.0	-0.6
Kansas City, Kans..	16,023	138,058	-2.4	+4.2
Kansas City, Mo.....	321,900	2,561,744	+7.5	+8.9
Lawrence, Kans.....	3,256	28,622	-4.5	+3.2
Lincoln, Nebr.....	28,851	227,575	+3.9	+3.6
Muskogee, Okla.....	6,855	57,609	-2.0	-4.9
Okla. City, Okla....	87,181	785,095	-4.1	-3.5
Okmulgee, Okla.....	2,261	20,963	-1.1	+5.7
Omaha, Nebr.....	148,074	1,143,456	+1.0	+2.2
Pittsburg, Kans.....	3,556	30,021	+8.8	+6.7
Pueblo, Colo.....	16,923	110,498	+14.8	-0.5
Salina, Kans.....	8,936	71,544	+23.0	+9.3
St. Joseph, Mo.....	27,683	216,800	+7.3	+4.2
Topeka, Kans.....	17,143	159,559	-10.6	+2.8
Tulsa, Okla.....	129,505	1,064,416	+0.4	+4.5
Wichita, Kans.....	46,000	364,508	+2.4	+4.1
District, 30 cities.....	1,148,825	9,185,275	+2.4	+4.0
U. S., 274 cities.....	32,845,000	286,586,000	-1.4	+4.8



**Trade**

**RETAIL SALES**

Dollar volume of sales at reporting department stores in the District, reflecting the stimulus of cooler weather, was maintained in August at a level about 8 per cent above a year ago, and sales in the first three weeks of September rose 10 per cent above last year. These increases compare with a gain of only 3 per cent for the first eight months of the year. Retail prices, according to the Fairchild Index, continue about 4 per cent higher than in 1939.

Stocks of merchandise increased somewhat less than is usual during August but remain at a level about 3 per cent above a year ago. Collections on open accounts averaged 45.0 per cent in August as compared with 44.8 per cent last year, while installment collections averaged 14.3 and 14.7 per cent, respectively, for these periods.

Department store sales and stocks in leading cities:

	SALES			STOCKS	
	No. of Stores	Aug.'40 comp. to Aug.'39	8 Mos.'40 comp. to 8 Mos.'39	Aug. 31, '40 comp. to July 31, '40	Aug. 31, '40 comp. to Aug. 31, '39
	(Per cent increase or decrease)				
Denver.....	4	+3.6	+3.5	+6.2	+5.1
Kansas City.....	5	+8.6	+3.0	+6.2	Zero
Oklahoma City...	3	+15.3	+1.4	+8.5	-2.7
Tulsa.....	4	+12.9	+8.4	+8.7	-3.5
Wichita.....	3	+4.0	+3.6	....	....
Other cities.....	20	+7.3	+1.0	+16.3	+9.2
District.....	39	+7.6	+3.0	+9.7	+3.3

Total retail sales in the District in August were 8 and in the first eight months of the year 4 per cent larger than in the corresponding periods last year.

Sales of independent retail stores reported by the Bureau of the Census:

	Aug. 1940 per cent change from Aug. 1939						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+4.2	+20.9	+8.1	+21.5	+1.5	+10.9	-1.4
Automobile....	+2.2	+9.2	-0.9	+11.5	+2.1	+15.1	+1.0
Department....	+8.4	+6.9	+12.1	+5.1	....	+14.1	....
Drug.....	+1.8	+5.4	+6.8	+9.2	+3.2	-0.1	+3.8
Dry goods.....	+9.6	+18.9	....	+14.3	....	+7.0	....
Food.....	+9.3	+5.7	+8.5	+6.0	+5.7	+2.9	-3.1
Furniture.....	+11.4	+24.9	-0.5	+17.3	....	+12.8	....
General.....	+1.3	+4.2	+5.7	+8.3	-6.3	-2.0	+5.2
Hardware.....	+0.5	+13.8	+12.3	+20.8	....	+8.3	....
Jewelry.....	+15.0	+20.3	+22.2	+18.4	....	+3.5	....
Lbr. and mtls.	+1.2	+17.5	-4.7	+0.6	-5.4	+24.5	+18.3
Miscellaneous	+5.1	+15.3	+7.7	+1.4	+1.5	+7.7	+15.0
Total.....	+5.6	+10.3	+5.2	+9.2	+0.4	+9.5	+3.7

**WHOLESALE SALES**

The value of August wholesale sales in this District was little changed from a year ago, smaller sales of furniture and groceries about offsetting larger sales of drugs, dry goods, and hardware. Total sales so far in 1940 are 3 per cent above 1939. Inventories are 7 per cent larger than a year ago. Collections in August averaged 72.9 per cent as compared with 72.6 per cent in the same month last year.

Wholesale sales and stocks reported by the Bureau of the Census for this District:

	No. of Firms	SALES		STOCKS	
		Aug.'40 comp. to Aug.'39	8 Mos.'40 comp. to 8 Mos.'39	Aug. 31, '40 comp. to July 31, '40	Aug. 31, '40 comp. to Aug. 31, '39
	(Per cent increase or decrease)				
Auto. supplies.....	16	+6.6	+11.6	+0.2	+7.8
Drugs.....	9	+4.1	+4.7	+4.0	+6.4
Dry goods.....	3	+16.7	+6.3	....	....
Electrical goods...	13	-8.0	+12.7	+0.2	+7.0
Farm products.....	12	+8.7	+15.3	-0.8	+106.5
Furniture.....	4	-7.0	....	....	....
Groceries.....	32	-6.4	-1.0	-1.1	+5.9
Hardware—total (12)		+13.7	+1.9	+1.9	+2.2
General.....	3	+16.3	....	+0.2	+0.9
Industrial.....	5	+21.9	+1.6	+5.1	+4.8
Plbg. & htg.....	4	-5.9	+2.5	....	....
Jewelry.....	3	+28.2	....	+2.2	+5.1
Machinery.....	5	+15.1	+21.7	+1.7	+25.5
Paper and prod....	3	+9.6	+8.2	....	....
Tobacco & prod....	5	+4.8	+1.8	....	....
All other lines.....	21	-1.4	+1.7	-4.4	+6.3
Total.....	138	-0.8	+3.3	-0.4	+6.9

**Crops**

The corn crop in northern Missouri and in extreme eastern Kansas and Nebraska, which was late and escaped serious damage from hot and dry weather in July, improved markedly following August rains, and indicated production for the District on September 1 was 46 million bushels larger than on August 1 and only 8 million below the earlier fair prospect at the start of July. Production of corn and other feed grains, however, will be very short in a rather large area centering in south central Nebraska where drought has been severe.

Department of Agriculture corn estimates:

	Sept. 1 1940	Aug. 1 1940	Final 1939	Aver. '29-'38
	(In thousands of bushels)			
Colorado.....	8,517	8,517	8,043	14,838
Kansas.....	41,580	33,264	37,220	67,786
Missouri.....	112,090	98,325	122,641	107,653
Nebraska.....	99,231	75,175	82,032	149,599
New Mexico.....	2,314	2,225	2,552	2,847
Oklahoma.....	37,540	37,540	27,216	33,168
Wyoming.....	1,690	1,944	1,771	2,107
Seven states.....	302,962	256,990	281,475	377,998
United States.....	2,297,186	2,248,246	2,619,137	2,299,342

On the whole, soil moisture conditions are much more favorable for fall wheat planting than last year, and early seeded wheat is up to a good stand. Seeding operations were well under way in central and eastern Oklahoma by early September and were general in western Kansas, in the wheat sections of Colorado, and in the southern Panhandle and southwestern Nebraska by the middle of the month.

August rainfall in Kansas was 138, Missouri 148, Oklahoma 107, and New Mexico 98 per cent of normal, while in Wyoming it was only 47, Nebraska 68, and Colorado 73 per cent of normal. Rainfall in Nebraska during the summer and during the growing season,

March through August, was fully a third short of normal. Irrigation water supplies in western states the past season also were much below normal.

### Rainfall

	Aug. 1940		8 Mos. 1940	
	Total	Normal	Total	Normal
	(In inches)			
<b>COLORADO</b>				
Denver.....	.38	1.43	8.03	10.73
Leadville.....	2.45	2.44	13.65	13.97
Pueblo.....	.82	1.82	7.26	9.40
Lamar.....	1.53	2.02	12.09	12.65
Garnett.....	.36	1.27	4.30	5.11
Steamboat Springs	1.20	1.77	17.57	15.84
<b>KANSAS</b>				
Topeka.....	6.40	4.08	20.53	24.81
Iola.....	6.56	3.64	27.26	26.55
Concordia.....	3.74	2.91	11.92	20.36
Salina.....	2.95	3.40	15.49	20.35
Wichita.....	2.87	3.13	24.20	22.04
Hays.....	3.30	3.14	15.75	18.24
Goodland.....	5.09	2.52	17.57	14.49
Dodge City.....	2.33	2.67	16.66	16.01
Elkhart.....	1.53	2.15	13.39	12.73
<b>MISSOURI</b>				
St. Joseph.....	7.13	3.83	25.80	25.94
Kansas City.....	6.48	4.09	23.94	26.54
Joplin.....	9.07	3.97	30.63	31.69
<b>NEBRASKA</b>				
Omaha.....	5.00	3.05	17.78	20.39
Lincoln.....	3.59	3.57	15.38	21.25
Norfolk.....	2.91	3.43	23.46	21.49
Grand Island.....	.50	3.52	8.66	20.19
McCook.....	1.79	2.57	14.38	15.45
North Platte.....	.71	2.39	7.41	14.99
Bridgeport.....	.55	1.71	8.39	12.83
Valentine.....	.94	2.17	11.48	14.80
<b>NEW MEXICO</b>				
Clayton.....	2.09	2.24	6.77	12.52
Santa Fe.....	1.66	2.28	9.68	10.32
Farmington.....	.61	1.22	4.86	6.02
<b>OKLAHOMA</b>				
Tulsa.....	6.26	3.21	34.52	27.35
McAlester.....	4.10	3.54	28.86	30.09
Oklahoma City.....	3.14	2.89	23.82	21.87
Pauls Valley.....	1.77	2.72	28.98	24.13
Hobart.....	1.58	2.17	12.83	19.36
Enid.....	5.17	3.48	18.89	21.90
Woodward.....	1.83	2.63	15.26	18.31
<b>WYOMING</b>				
Cheyenne.....	.82	1.55	10.02	11.79
Casper.....	.85	.96	6.09	10.81
Lander.....	.52	.53	8.32	9.11
Sheridan.....	.07	.91	9.75	11.47

### Grain Marketing

Wheat marketings dropped substantially more than is usual during August as producers withheld supplies for storing under Government loans. Much of the market receipts of wheat, which were 20 per cent less than in August a year ago and little more than a fourth of the August ten-year average, also went into storage for loans. Corn receipts were heavy, being more than four times what they were in August of last year and exceeding the average by 24 per cent. Although producers since the middle of July have been actively redeeming loan corn, the bulk of market receipts represents Federally-owned corn moving to terminal storage, supplies of "free" corn, as with wheat, being very limited. Marketings of oats were only a third of normal.

### August grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	691,000	....	....
Kansas City.....	3,120,000	707,000	82,000
Omaha.....	1,102,000	2,802,000	330,000
St. Joseph.....	373,000	345,000	254,000
Wichita.....	687,000	....	....
Aug. 1940.....	5,973,000	3,854,000	666,000
July 1940.....	74,125,000	6,065,000	202,000
Aug. 1939.....	7,483,000	891,000	937,000
8 Mos. 1940.....	119,707,000	20,638,000	3,749,000
8 Mos. 1939.....	141,052,000	12,074,000	7,237,000

Cash wheat prices continued to decline up to about the middle of August but, with decreasing supplies of "free" wheat, prices have since recovered markedly from the low point at that time. The cash price of wheat is still somewhat below the Federal loan rate, reflecting principally the influence of exceedingly large North American supplies despite the large amount of domestic wheat going under loan. Cash corn prices, which are considerably above the loan rate, are declining seasonally.

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

	Sept. 25	Aug. 31	July 31	Aug. 31
	1940	1940	1940	1939
No. 1 hd., dk. wheat, bu..	\$ .77	\$ .71¾	\$ .71¼	\$ .67
No. 2 mixed corn, bu.....	.61	.64	.66	.45½
No. 2 white oats, bu.....	.29¾	.28½	.30	.30¾
No. 2 rye, bu.....	.47	.43	.45	.44
No. 2 barley, bu.....	.43	.39	.47	.42
No. 2 white kafir, cwt....	1.10	1.14	1.13	1.04

### Livestock

#### MARKETINGS

Livestock marketings increased considerably during August, hog receipts increasing contrary to the usual trend. Marketings of cattle were 3 and of hogs 13 per cent larger than a year ago, while receipts of calves were little changed and of sheep 19 per cent smaller. Marketings of cattle were 20, calves 27, hogs 17, and sheep 15 per cent below the August average of the past ten years.

### August livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
	Denver.....	32,012	5,060	37,980
Kansas City.....	150,789	28,404	145,527	75,540
Oklahoma City.....	45,162	18,707	40,536	14,659
Omaha.....	107,641	10,976	113,904	165,952
St. Joseph.....	33,280	5,791	70,680	72,498
Wichita.....	26,189	4,829	35,666	12,341
Aug. 1940.....	395,073	73,767	444,293	624,307
July 1940.....	342,886	64,257	425,537	492,359
Aug. 1939.....	385,289	74,372	394,895	771,346
8 Mos. 1940.....	2,247,439	409,316	4,227,056	4,117,172
8 Mos. 1939.....	2,350,310	446,091	3,287,198	4,539,369

#### PRICES

Livestock prices advanced sharply after the first week of August, the rise in cattle and hog prices continuing through the first week of September. In this upturn, prices of beef cattle gained more than two cents a pound and hogs and lambs more than a cent, prices of some grades of cattle rising to their highest



level since late 1937, beef steers since January of last year, and hogs since last October. The advance in lamb prices, however, stopped before the end of the month and prices resumed their seasonal decline but are still above the early August low. In contrast with a year ago, when the outbreak of war in Europe and anticipated foreign demand for meats had skyrocketed livestock values, the recent upturn in prices is attributable mainly to improved domestic consumption resulting from increased business activity. Defense orders involving important by-products such as hides and wool have also been a strengthening factor in livestock values. In the second and third weeks of September, livestock prices generally declined somewhat, reflecting weakness in dressed meat prices and the pressure of exceptionally heavy marketings stimulated by attractive price levels. Weakness was especially marked for lower grades of slaughter steers, for stocker and feeder grades of cattle which at this season comprise the bulk of cattle marketings, and for hogs because of distressed lard prices.

Top livestock prices at the Kansas City market:

	Sept. 25 1940	Aug. 1940	July 1940	Aug. 1939	Aug. 1938	Aug. 1937
	(In dollars per hundredweight)					
Beef steers.....	12.75	12.25	11.50	10.35	12.35	17.00
Stocker cattle.....	10.25	10.40	9.75	9.50	9.00	10.00
Feeder cattle.....	9.60	10.50	10.00	8.65	10.75	12.40
Calves.....	10.50	10.00	9.50	9.50	9.50	10.00
Hogs.....	6.35	7.20	6.80	6.55	9.90	13.20
Sheep.....	7.75	7.75	8.25	7.00	7.00	8.50
Lambs.....	9.25	9.75	10.75	9.15	8.75	11.00

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder livestock increased further during August, reflecting not only seasonally heavy market supplies but improving feed-livestock ratios resulting from higher livestock values as well. However, feeding operations are still generally unprofitable and, because of the unfavorable returns which feeders have just experienced from cattle and because feed grain supplies are smaller this year, the Department of Agriculture estimates that the number of cattle and lambs fed this fall and winter will be smaller than the number fed last season. Countryward shipments of cattle and calves from District markets in August were little changed from a year ago but shipments of sheep were 20 per cent smaller. The movement of cattle was 5, calves 41, and sheep 3 per cent above the ten-year average.

Stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	9,980	1,373	134	81,047
Kansas City.....	70,973	14,333	3,602	17,655
Omaha.....	39,233	4,140	957	63,345
St. Joseph.....	8,686	1,558	1,797	18,218
Aug. 1940.....	128,872	21,404	6,490	180,265
July 1940.....	81,185	15,900	4,388	81,578
Aug. 1939.....	128,926	21,824	4,377	224,345
8 Mos. 1940.....	545,341	118,177	41,735	567,608
8 Mos. 1939.....	564,398	119,482	33,943	626,959

Direct shipments of cattle and calves into Nebraska, not going through public markets, were considerably larger and of sheep and lambs somewhat smaller than last year.

RANGES AND PASTURES

Ranges and pastures in the District, except in central and southern Wyoming and in central and western Nebraska, were greatly improved by August and early September rains, and prospects generally are good for winter wheat pasture and for late fall and winter grass. Oklahoma has the best fall feed in years. Rains in September have partially relieved the critical situation that had developed in Wyoming, where range feed had become very dry and stock water seriously short, but in Nebraska range feed supplies are still generally short. Livestock was marketed somewhat earlier than usual from the dry areas but, on the whole, cattle and sheep have been maintained in good condition and show good weight and finish. Contracting of cattle and calves for fall delivery to both Corn Belt and western feeders has been very active in Wyoming, Colorado, and New Mexico. Contracting of lambs, mostly by Corn Belt operators, broadened materially toward the end of August in Wyoming.

Range and pasture conditions reported by the Department of Agriculture:

	RANGES			PASTURES		
	Sept. 1 1940	Sept. 1 1939	Aver. '30-'39	Sept. 1 1940	Sept. 1 1939	Aver. '29-'38
	(In percentages of 100 as normal)					
Colorado.....	78	64	76	56	45	63
Kansas.....	63	64	63	64	63	50
Missouri.....	---	---	---	81	86	53
Nebraska.....	70	77	77	44	45	53
New Mexico...	84	82	79	71	72	67
Oklahoma.....	82	74	66	71	59	47
Wyoming.....	73	68	75	67	57	69

Farm Income

Cash farm income in the District in July again rose above the level of a year ago. All of the July increase, which measured 15 per cent, was in income from farm marketings as Government payments were slightly smaller than in the corresponding month last year. For the first seven months of 1940, income from farm marketings was 6 and Government payments were 21 per cent larger than in 1939, with total income showing a gain of 8 per cent.

Department of Agriculture farm income estimates:

	July 1940	7 Mos. 1940	Change from 1939 July	7 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	8,585	63,412	+5.1	+7.3
Kansas.....	40,681	161,132	+11.6	+5.7
Missouri.....	29,384	151,068	+18.3	+11.9
Nebraska.....	22,706	150,183	+23.7	+12.2
New Mexico.....	3,541	21,030	+2.6	+19.2
Oklahoma.....	25,998	99,383	+13.9	-0.9
Wyoming.....	3,213	20,759	+9.2	+15.1
Seven states.....	134,108	666,967	+14.6	+8.2
United States.....	708,223	4,531,951	+10.6	+8.6

**Meat Packing**

A heavy country demand for stocker and feeder livestock continues to limit the proportion of market supplies available for immediate slaughter, August packers' purchases of cattle being 31, calves 40, and sheep 24 per cent under the August ten-year average while those of hogs were only 11 per cent below average. The slaughter of cattle was 11 and of sheep 10 per cent lighter than a year ago but calf slaughter increased slightly and hog slaughter was 14 per cent heavier, after falling below last year during July.

August packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	14,693	2,701	27,196	32,514
Kansas City.....	50,302	9,335	131,806	53,518
Oklahoma City.....	12,517	12,622	30,549	9,270
Omaha.....	58,141	6,705	95,463	82,988
St. Joseph.....	20,594	4,166	63,648	53,328
Wichita.....	9,829	3,499	33,073	9,984
Aug. 1940.....	166,076	39,028	381,735	241,602
July 1940.....	179,693	38,801	360,458	255,775
Aug. 1939.....	187,154	37,525	333,788	268,050
8 Mos. 1940.....	1,239,050	239,974	3,682,228	2,303,548
8 Mos. 1939.....	1,304,490	260,698	2,863,062	2,451,821

**Cold Storage Holdings**

United States cold storage holdings tended to decline during August, reflecting contraseasonal decreases in stocks of beef, lamb, and poultry, and more than the usual seasonal decrease in stocks of other meats, lard, and eggs. September 1 holdings of beef were 20 and butter 14 per cent below the average for that date during the past five years, but holdings of pork were 16, lamb 52, miscellaneous meats 12, eggs 6, and cheese 21 per cent above average. Lard and poultry stocks continue at record levels for the season.

United States cold storage holdings:

	Sept. 1 1940	Aug. 1 1940	Sept. 1 1939	Aver. '35-'39
(In thousands of units)				
Beef, lbs.....	35,589	42,004	33,027	44,724
Pork, lbs.....	418,015	548,688	360,932	361,881
Lamb and mutton, lbs.....	3,214	3,342	2,459	2,122
Poultry, lbs.....	82,137	82,415	62,870	56,389
Miscellaneous meats, lbs.....	66,944	77,251	65,985	59,821
Lard, lbs.....	272,887	303,208	110,378	101,838
Eggs, shell, cases.....	7,238	7,784	6,598	7,062
Eggs, frozen (case equiv.)..	4,166	4,427	3,884	3,671
Butter, creamery, lbs.....	134,476	123,628	172,825	155,585
Cheese, all varieties, lbs.....	148,097	138,049	125,019	122,262

**Flour Milling**

Operations at southwestern flour mills were maintained in August at the level of the preceding month, with production about 3 per cent above the average of the past ten years but 5 per cent below output in August a year ago. Production for the year to date is slightly under last year. Flour sales had shown some improvement near the middle of August when wheat prices broke sharply but, on the whole, they continue relatively light for this season, notwithstanding the fact that buyers' stocks are low and

consumer demand is increasing. The situation contrasts markedly with that of a year ago when a buying rush developed at the time of the outbreak of war in Europe early in September. Export sales remain in small volume.

Flour output reported by the Northwestern Miller:

	Aug. 1940	8 Mos. 1940	Change from 1939 Aug.	8 Mos.
(In barrels)				
Kansas City.....	531,000	4,169,000	-18.6	-10.6
Salina.....	185,000	1,506,000	-11.5	-12.9
Wichita.....	164,000	1,130,000	-13.7	-16.4
Other cities.....	1,217,000	8,994,000	+5.4	+8.6

	Aug. 1940	8 Mos. 1940	Change from 1939 Aug.	8 Mos.
Southwest.....	2,097,000	15,799,000	-4.9	-1.4
United States*.....	5,874,000	43,600,000	-4.1	-3.3

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

**Petroleum**

Crude oil production in this District, according to preliminary estimates, declined about 5 per cent during August but is rising in September. August output, although 5 per cent below the average of the past ten years, was more than half again larger than last year when wells had been shut down during the last half of the month to avert a cut in crude prices. With this increase, production for the first eight months of 1940 is 4 per cent larger than last year.

Oil production reported by the American Petroleum Institute and the Department of the Interior:

	Aug. 1940	8 Mos. 1940	Change from 1939 Aug.	8 Mos.
(In barrels)				
Colorado.....	109,000	881,000	-14.2	-2.8
Kansas.....	5,553,000	42,702,000	+76.0	+9.2
Nebraska.....	5,000	21,000	....	....
New Mexico.....	3,136,000	26,508,000	+79.5	+11.1
Oklahoma.....	12,404,000	104,500,000	+68.9	-1.8
Wyoming.....	2,302,000	16,558,000	+22.7	+20.7
Six states.....	23,509,000	191,170,000	+65.0	+3.9
United States.....	108,504,000	909,649,000	+34.2	+11.6

Stocks of crude petroleum produced in this District continue to rise gradually from their extreme low of last October and are now only 3 per cent smaller than they were before the drastic decline that accompanied the shutdown of wells in August of last year.

**Coal**

Production of bituminous coal in the District in August was 9 and in the first eight months of the year 13 per cent larger than last year.

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

	Aug. 1940	8 Mos. 1940	Change from 1939 Aug.	8 Mos.
(In tons)				
Colorado.....	470,000	3,781,000	+18.1	+12.8
Kans. & Mo.....	491,000	4,180,000	+13.1	+15.7
New Mexico.....	79,000	743,000	-11.2	-5.5
Oklahoma.....	145,000	928,000	+26.1	+57.0
Wyoming.....	434,000	3,371,000	-2.3	+6.3
Six states.....	1,619,000	13,003,000	+9.4	+13.0
United States.....	39,240,000	295,345,000	+12.1	+30.2



**Zinc and Lead**

Zinc shipments from the Tri-State district in August were 24 per cent larger while those of lead were 14 per cent smaller than last year. The demand for zinc is strong, producers are sold ahead, and reserve supplies are low. Zinc concentrate prices advanced \$4 a ton during August and early September to a level of \$45 as compared with their most recent previous high of \$44 at the peak of the rise following the outbreak of war in Europe last fall. Lead prices are firm at \$56 a ton against \$65 a year ago.

August ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	9,496	\$ 398,000	1,186	\$ 65,928
Missouri.....	2,508	105,650	284	15,981
Oklahoma.....	27,957	1,173,145	2,023	113,266
Aug. 1940.....	39,961	\$ 1,676,795	3,493	\$ 195,175
July 1940.....	39,479	1,633,281	3,779	218,095
Aug. 1939.....	32,256	1,010,221	4,048	232,389
8 Mos. 1940.....	278,607	10,863,763	29,701	1,749,557
8 Mos. 1939.....	257,347	7,675,094	40,188	2,185,469

**Employment and Pay Rolls**

Employment in the District both in August and in the first eight months of the year was about 3 per cent above a year ago, while payrolls show an increase of nearly 5 per cent.

Preliminary figures of the Department of Labor:

	EMPLOYMENT		PAY ROLLS	
	Aug. 1940	8 Mos. 1940	Aug. 1940	8 Mos. 1940
	(Per cent change from a year ago)			
Colorado.....	+4.7	+2.1	+4.8	+3.8
Kansas.....	+2.8	+4.2	+4.3	+4.1
Missouri.....	+3.6	+4.2	+6.0	+6.0
Nebraska.....	-0.2	+2.2	+0.5	+4.7
New Mexico.....	+15.1	+5.3	+22.3	+4.6
Oklahoma.....	-1.2	-0.1	+2.5	+1.7
Wyoming.....	-0.7	-2.9	+2.2	+7.9
Seven states.....	+2.7	+3.1	+4.8	+4.9

**Building**

Construction awards in the Kansas City area continue in substantially larger volume than last year, August showing an increase of 34 per cent and the gain for the year to date now measuring 20 per cent. The August increase was in residential and in types of nonresidential building such as commercial, manufacturing, educational and science, and public building. Public works construction in August dropped under a year ago while utility construction remains in much smaller volume.

Construction figures of F. W. Dodge Corporation:

	Aug.	8 Mos.	Change from 1939	
	1940	1940	Aug.	8 Mos.
	(Thousand dollars)			
	(Per cent)			
Residential building..	4,298	29,518	+58.5	+7.9
Nonresidential bldg...	4,894	26,075	+140.5	+6.7
Public wks. construc...	2,850	37,152	-10.6	+121.6
Utility construction...	576	6,389	-61.6	-54.7
Kansas City area.....	12,618	99,134	+33.7	+19.9
37 Eastern states.....	414,941	2,436,701	+32.9	+54.1

The value of building permits issued in reporting District cities in August was 31 per cent larger than last year, following a gain of 21 per cent in the preceding month. So far in 1940, however, the value of permits is only 2 per cent above 1939.

Value of building permits issued in District cities:

	Aug.	8 Mos.	Change from 1939	
	1940	1940	Aug.	8 Mos.
	(Dollars)			
	(Per cent)			
Albuquerque, N. M.	220,000	1,470,000	+0.5	-14.1
Cheyenne, Wyo.....	105,000	858,000	+15.4	+25.8
Colo. Springs, Colo..	128,000	702,000	+212.2	-20.6
Denver, Colo.....	1,042,000	9,067,000	+1.5	+18.8
Hutchinson, Kans...	42,000	313,000	+31.3	-20.4
Joplin, Mo.....	64,000	414,000	+36.2	+17.3
Kansas City, Kans..	27,000	712,000	-27.0	-72.7
Kansas City, Mo.....	278,000	2,038,000	+65.5	+8.2
Lincoln, Nebr.....	168,000	1,603,000	+4.3	-8.5
Okla. City, Okla.....	743,000	4,073,000	+125.8	+22.1
Omaha, Nebr.....	424,000	3,995,000	+57.0	+8.5
Pueblo, Colo.....	108,000	749,000	+30.1	+18.5
Salina, Kans.....	31,000	413,000	+55.0	+29.5
Shawnee, Okla.....	37,000	165,000	+5.7	+28.9
St. Joseph, Mo.....	24,000	223,000	-33.3	-81.8
Topeka, Kans.....	125,000	1,156,000	+28.9	+55.8
Tulsa, Okla.....	455,000	3,589,000	+19.1	+17.8
Wichita, Kans.....	329,000	1,833,000	+36.5	+4.6
District, 18 cities.....	4,350,000	33,373,000	+31.2	+1.9

**Lumber**

Board feet sales of lumber at reporting retail yards in the District, which in July had been 13 per cent above a year ago, in August were very little larger than last year. Total sales for the first eight months of 1940 are about 3 per cent under sales in the corresponding period of 1939.

Lumber stocks at the end of August were about 5 per cent smaller than a year earlier. August collections averaged 31.8 per cent of receivables as compared with 32.3 per cent last year.

Lumber trade at 150 retail yards in the District:

	Aug. 1940	
	per cent change from July 1940	Aug. 1939
Sales of lumber, board feet.....	-6.5	+1.4
Sales of all materials, dollars.....	+1.4	+1.1
Stocks of lumber, board feet.....	-1.1	-5.3
Outstandings, dollars.....	+4.2	+1.0

**Life Insurance**

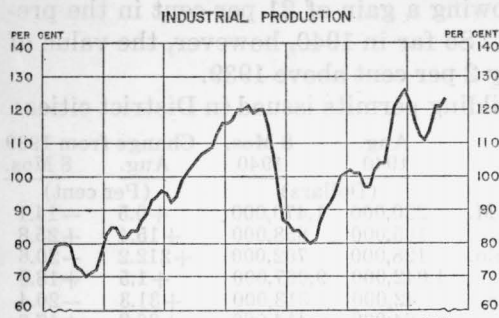
Life insurance sales in the District in August were 10 per cent larger than last year, narrowing the year-to-date decrease to 3 per cent.

The Life Insurance Sales Research Bureau report:

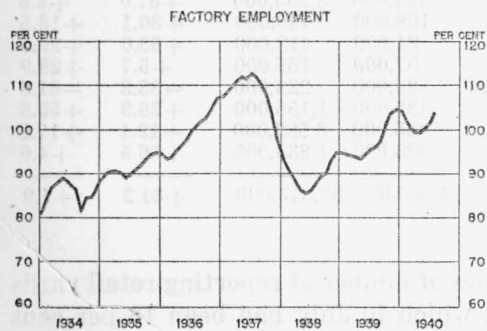
	Aug.	8 Mos.	Change from 1939	
	1940	1940	Aug.	8 Mos.
	(Thousand dollars)			
	(Per cent)			
Colorado.....	5,510	38,904	+12.9	-1.4
Kansas.....	6,920	50,921	+17.9	-1.7
Missouri.....	16,360	134,036	+4.3	-5.4
Nebraska.....	5,527	43,963	+3.1	-0.7
New Mexico.....	1,125	9,764	+12.6	+12.7
Oklahoma.....	8,175	64,120	+20.7	-3.0
Wyoming.....	981	7,222	-7.3	-18.0
Seven states.....	44,598	348,930	+9.8	-3.3
United States.....	528,330	4,385,261	+10.1	+1.2

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

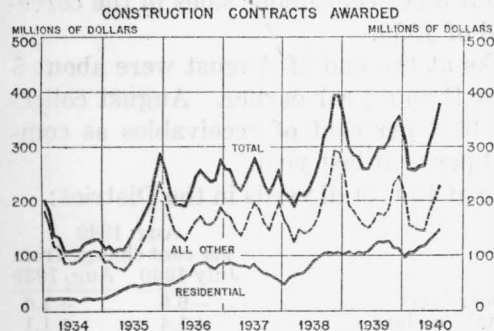
By the Board of Governors of the Federal Reserve System



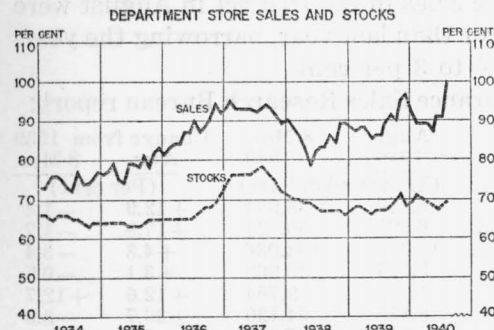
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January, 1934, through August, 1940.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through August, 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 June and July and estimate for August.



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

Production and employment in August showed a further rise from the level maintained in June and July and distribution to consumers also increased. Prices of industrial materials were somewhat higher in the middle of September than a month earlier.

## INDUSTRIAL PRODUCTION

The Federal Reserve index of industrial production is estimated at 123 in August as compared with 121 in June and July and 111, the low point for the year, in April. This rise has reflected chiefly the direct and indirect effects of the defense program on industries producing durable goods and textiles. Steel production rose further in August as new orders for steel continued in large volume, and for the month as a whole mills operated at 90 per cent of capacity. Following a temporary decline over the Labor Day week, the rate of output advanced to 93 per cent of capacity in the third week of September. In most branches of the machinery industries activity showed a continued expansion in August and there were further sharp increases in shipbuilding and the manufacture of aircraft. With the growth in production of finished durable goods, consumption of nonferrous metals advanced to the highest levels since last winter.

Output of automobiles was in small volume in August owing to the seasonal change-over to 1941 model cars. The low point in production was reached early in August; there was a gradual rise later in that month followed by a sharp advance in the first two weeks of September as most companies began volume production on new models. Lumber production, which had declined in July, rose considerably in August.

Textile mill activity continued to increase in August and was at the highest level since last January. Cotton consumption advanced considerably further and silk deliveries rose from the small volume of recent months. Activity at wool textile mills increased seasonally, following a sharp rise in July, while at rayon mills activity showed a less than seasonal increase but continued at a high level.

Mining of bituminous coal in August was maintained in large volume for the season, while production of anthracite declined. Output of crude petroleum declined somewhat further.

Value of new construction work undertaken in August was at about the same level as in July, according to reports of the F. W. Dodge Corporation and the Federal Reserve Bank of San Francisco. The volume of contracts for public projects continued unusually large and the amount of new private work started was larger than in July. Residential building was at the highest level in recent years, on a seasonally adjusted basis, reflecting further increases in both private and public contracts.

## DISTRIBUTION

Distribution of commodities to consumers increased considerably from July to August. Sales at department stores and by mail-order houses showed a sharp rise and there was a less than seasonal decline in variety store sales. In the early part of September department store sales continued to increase.

Freight carloadings advanced from July to August when little change is usual. Shipments of coal and miscellaneous freight increased while loadings of grain showed more than a seasonal decline.

## COMMODITY PRICES

Prices of several industrial materials, including copper, zinc, steel scrap, lumber, hides, and print cloth, advanced somewhat from the middle of August to the middle of September and, owing partly to seasonal developments, prices of foodstuffs were also higher. Prices of most other commodities showed little change in this period, although some paper items were reduced and several new models of automobiles were announced at advanced prices.

## AGRICULTURE

Production prospects for most major crops increased during August, according to the Department of Agriculture. On the basis of September 1 conditions the cotton crop was estimated at 12,772,000 bales, about 1,340,000 bales more than was indicated at the beginning of August. Preliminary estimates by the Department indicate that cash farm income, including Government payments, will be about \$8,900,000,000 for the calendar year 1940 as compared with \$8,540,000,000 last year.

## BANK CREDIT

Commercial loans increased somewhat at banks in New York City and in 100 other leading cities during the four weeks ending September 11, while their holdings of investments showed little change.

## UNITED STATES GOVERNMENT SECURITY PRICES

United States Government security prices increased in the last half of August and the first week in September and were steady in the second week in September.