

# MONTHLY REVIEW

## *Agricultural and Business Conditions*

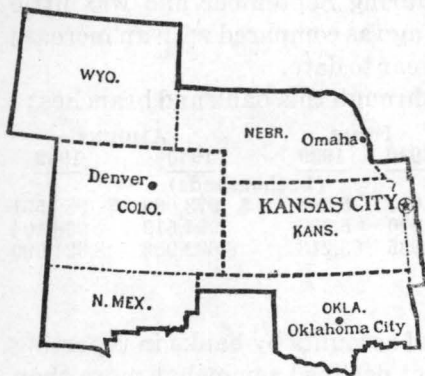
### TENTH FEDERAL RESERVE DISTRICT

VOL. 25, No. 10

FEDERAL RESERVE BANK OF KANSAS CITY

OCTOBER 30, 1940

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



The new winter wheat crop is getting an unusually good start. It is furnishing a large amount of fall pasturage in sharp contrast to the situation last year.

Wheat prices have been strong and are now about equal to the Government loan rate. But the amount of "free" wheat is small and relatively little wheat is coming onto the market. Cattle and lamb prices are also strong. Hog prices are low in relation to corn and farmers are selling hogs.

Warm weather retarded department store sales late in September but more recently they have been above last year. Zinc and lead shipments are active and zinc prices are higher. Construction is running much above a year ago and lumber sales are larger.

August cash farm income from marketings was 8% and Government payments 64% larger than last year. For the year through August, income from marketings was 7% and Government payments 24% higher.

SEPTEMBER 1940 COMPARED WITH SEPTEMBER 1939					9 MONTHS 1940 COMPARED WITH 9 MONTHS 1939						
% DECREASE			% INCREASE		% DECREASE			% INCREASE			
40	30	20	10	10	20	30	40	40	30	20	10
<b>BUSINESS INDICATORS</b>											
<i>Financial</i>											
Bank Debits.....											
F. R. Bk. Clearings.....											
Mem. Bk. Loans.....											
Mem. Bk. Invest.....											
Demand Deposits.....											
Life Ins. Sales.....											
<i>Trade</i>											
Wholesale Sales.....											
Retail Sales.....											
Dept. Store Sales.....											
Lumber Sales.....											
<i>Marketings</i>											
Wheat.....											
Corn.....											
Oats.....											
Cattle.....											
Calves.....											
Hogs.....											
Sheep.....											
<i>Production</i>											
Flour.....											
Cattle Slaughter.....											
Calf Slaughter.....											
Hog Slaughter.....											
Sheep Slaughter.....											
Crude Petroleum.....											
Bituminous Coal.....											
Zinc Ore Shipments.....											
Lead Ore Shipments.....											
<i>Construction</i>											
Total Awards.....											
Res. Awards.....											
Value of Permits.....											
<i>Miscellaneous</i>											
Rainfall.....											
Cash Farm Income *.....											
Employment.....											
Pay Rolls.....											
*For previous month											

-5%

+26

+267

+81

**Member Bank Operations**

Loans at reporting member banks in the Tenth District continued to rise from the middle of September to the middle of October. Most of the increase was in commercial loans but there was a rather substantial rise in real estate loans as well. Investments also increased during this period, reflecting chiefly larger holdings of Treasury bills and Government bonds as holdings of Treasury notes declined sharply and holdings of obligations guaranteed by the Government and of other securities were little changed. Loans are at the highest level in recent years and are about 12 per cent larger than a year ago, but investments have shown relatively little change since early this year and are only 3 per cent larger than last year.

Deposits at reporting member banks and reserve balances carried at this bank rose to new high levels at the middle of October. Adjusted demand deposits are 6 per cent larger than a year ago, deposits of other banks at these reporting banks are about 2, and reserve balances are 7 per cent larger. Correspondent balances carried at other banks declined somewhat from the middle of September to the middle of October and are about 6 per cent below their record level at this time in 1939.

Principal items of condition of 51 member banks:

	Change from		
	Oct. 16 1940	Sept. 18 1940	Oct. 18 1939
	(In thousands of dollars)		
Loans and investments—total.....	700,989	+12,379	+45,443
Loans—total.....	318,033	+5,680	+34,743
Coml., indust., agric.....	186,577	+4,043	+12,895
Open market paper.....	22,448	+66	+5,786
To security brokers and dealers..	2,800	-196	-376
Other to purchase or carry secur.	9,502	+75	-30
Real estate loans.....	30,418	+1,380	+4,850
Loans to banks.....	600	+210	+65
All other loans.....	65,688	+102	+11,553
Investments—total.....	382,956	+6,699	+10,700
U. S. Treasury bills.....	23,527	+8,999	+13,619
U. S. Treasury notes.....	55,839	-11,545	-28,309
U. S. Govt. bonds.....	94,775	+8,909	+286
Oblig. guar. by U. S. Govt.....	75,456	+8	+23,246
Other securities.....	133,359	+328	+1,858
Reserve with F. R. Bank.....	211,896	+14,272	+13,039
Balances with domestic banks.....	336,771	-8,568	-19,834
Demand deposits—adjusted.....	569,473	+9,216	+30,486
Time deposits.....	145,996	+149	+1,439
U. S. Govt. deposits.....	19,779	+465	-3,271
Interbank deposits.....	445,020	+7,852	+7,256

**Reserve Bank Operations**

Note circulation of this bank has resumed the rapid rise of last summer, averaging about 197 $\frac{1}{3}$  million dollars in the first half of October as compared with 194 $\frac{1}{3}$  million in September and 193 $\frac{1}{4}$  million in August. During the forepart of October, circulation reached a new high level of 197 $\frac{3}{4}$  million, which represents an increase of about 19 million over a year ago and about 31 million over what it was at this time in both 1938 and 1937.

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

	Change from		
	Oct. 16 1940	Sept. 18 1940	Oct. 18 1939
	(In thousands of dollars)		
Total reserves.....	427,859	+9,104	+62,921
Bills discounted.....	506	+281	-201
Bills purchased.....	Zero	Zero	-16
Industrial advances.....	214	-1	+13
Commit. to make indust. adv.....	136	-8	-440
U. S. Govt. sec., direct & guar....	113,455	-1,744	-7,081
Total assets.....	592,304	+15,196	+63,856
F. R. notes in circulation.....	197,533	+3,497	+19,314
Member bank reserve deposits...	285,564	+12,565	+9,451

Dollar volume of check collections, which usually increases, declined during September and was little changed from a year ago as compared with an increase of 4 per cent for the year to date.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1940	1939	1940	1939
	(In thousands)			
September.....	5,675	5,698	\$ 973,088	\$ 980,561
August.....	5,870	5,907	994,519	938,104
Nine months.....	52,835	53,213	8,632,953	8,321,090

**Bank Debits**

Debits to individual accounts by banks in reporting centers of the District declined somewhat more than is usual during September, falling 9 per cent under debits in the same month a year ago. Volume of payments by check so far this year is about 3 per cent larger than in the corresponding period last year.

Payments by check in thirty District cities:

	Sept.	9 Mos.	Change from 1939	
	1940	1940	Sept.	9 Mos.
	(Thousand dollars)		(Per cent)	
Albuquerque, N. M.....	16,713	150,523	+3.0	+10.7
Atchison, Kans.....	3,068	26,956	-4.4	+2.5
Bartlesville, Okla....	24,919	241,227	-19.1	-5.8
Casper, Wyo.....	6,570	55,175	+5.6	+6.9
Cheyenne, Wyo.....	8,010	75,137	-6.6	+2.3
Colo. Springs, Colo....	12,328	118,084	-28.6	-3.7
Denver, Colo.....	155,239	1,386,636	-9.9	+0.7
Emporia, Kans.....	3,528	27,821	+9.9	+3.4
Enid, Okla.....	10,114	102,874	-10.4	+2.3
Fremont, Nebr.....	2,639	25,039	-2.4	+5.8
Gr. Junction, Colo....	4,087	33,037	-5.0	+0.9
Guthrie, Okla.....	1,277	12,531	-12.0	-6.1
Hutchinson, Kans....	10,991	113,609	-9.6	+11.3
Indep., Kans.....	2,400	23,883	-0.8	-5.5
Joplin, Mo.....	9,148	83,306	-13.4	-2.2
Kansas City, Kans....	15,362	153,420	-0.6	+3.7
Kansas City, Mo.....	295,224	2,856,968	-15.5	+5.8
Lawrence, Kans.....	3,207	31,829	-7.3	+2.0
Lincoln, Nebr.....	27,006	254,581	-9.8	+2.0
Muskogee, Okla.....	7,489	65,098	-15.4	-6.2
Okla. City, Okla.....	94,605	879,700	-3.0	-3.4
Okmulgee, Okla.....	2,270	23,233	-12.0	+3.6
Omaha, Nebr.....	145,968	1,289,424	-8.8	+0.8
Pittsburg, Kans.....	3,677	33,698	+4.2	+6.4
Pueblo, Colo.....	15,171	125,669	-25.1	-4.4
Salina, Kans.....	8,960	80,504	-0.2	+8.1
St. Joseph, Mo.....	27,440	244,240	-6.8	+2.8
Topeka, Kans.....	14,086	173,645	-13.7	+1.2
Tulsa, Okla.....	124,858	1,189,274	+8.4	+4.9
Wichita, Kans.....	44,192	408,700	-0.7	+3.6
District, 30 cities.....	1,100,546	10,285,821	-8.9	+2.5
U. S., 274 cities.....	33,811,000	320,408,000	-7.6	+3.4



**Trade**

**RETAIL SALES**

Department store sales in the District showed considerably less than the usual rise in September, and sales for the month were 2 per cent smaller than a year ago. Sales for August and the first half of September had been much above last year but toward the end of September they declined sharply. In the first three weeks of October, sales were up 2 per cent from last year. Retail prices, according to the Fairchild Index, are about 3 per cent above a year ago.

Stocks of merchandise, which are about 2 per cent larger than a year ago, increased somewhat more than is usual during September. Collections on open accounts averaged 42.3 per cent in September as compared with 45.3 per cent last year, while installment collections averaged 15.4 against 16.3 per cent.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS		
	Sept. '40 comp. to Sept. '39	9 Mos. '40 comp. to 9 Mos. '39	Sept. 30, '40 comp. to Sept. 30, '39	Aug. 31, '40 comp. to Sept. 30, '39	
	(Per cent increase or decrease)				
Denver.....	4	-5.0	+2.4	+7.6	+6.2
Kansas City.....	5	-1.5	+2.4	+9.6	+2.0
Oklahoma City...	3	+3.5	+1.7	+10.8	-2.7
Tulsa.....	4	+7.5	+8.4	+10.5	+0.5
Wichita.....	3	+2.3	+3.5	.....	.....
Other cities.....	21	-6.1	Zero	+4.1	+1.9
District.....	40	-2.1	+2.3	+7.5	+2.4

Total retail sales in the District in September were about 3 per cent less than last year but for the year to date are 3 per cent above a year ago.

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

	Sept. 1940 per cent change from Sept. 1939						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	-6.5	-2.6	+3.2	-4.7	-1.4	+1.9	-9.9
Automobile.....	-8.0	-2.7	+7.3	-7.3	-0.8	-3.6	-17.8
Department.....	-5.2	+2.8	+1.0	-9.8	.....	+2.5	.....
Drug.....	+0.8	-1.5	-1.7	+0.5	-0.5	-1.6	+0.8
Dry goods.....	-14.3	-0.1	.....	-5.6	.....	-13.6	.....
Food.....	-14.0	-12.6	-9.8	-12.8	-5.9	-7.3	-17.9
Furniture.....	-7.0	-6.0	-4.7	-8.3	.....	-0.4	.....
General.....	-8.1	-9.5	-7.5	-9.3	-15.3	-20.3	-8.9
Hardware.....	-9.6	+12.9	-2.1	-4.0	.....	-4.2	.....
Jewelry.....	-13.1	+4.1	-2.4	-2.4	.....	-5.9	.....
Lbr. and mtl.s.	+0.1	+5.3	+3.6	+5.7	+11.4	+5.8	+16.2
Miscellaneous	+3.6	+0.9	+3.4	-2.0	+2.8	-2.6	-3.7
Total.....	-7.0	-3.1	+0.6	-7.9	-2.7	-1.6	-6.2

**WHOLESALE SALES**

The value of September wholesale sales in the District dropped 15 per cent under a year ago, when heavy buying, particularly of groceries, had been stimulated by the outbreak of war in Europe. Total sales so far in 1940 are little changed from 1939. Inventories, which previously had been 7 per cent above last year, at the end of September were only slightly larger than last year. September collections averaged 74.7 per cent against 81.7 per cent a year ago.

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

Firms	SALES		STOCKS		
	Sept. '40 comp. to Sept. '39	9 Mos. '40 comp. to 9 Mos. '39	Sept. 30, '40 comp. to Sept. 30, '39	Aug. 31, '40 comp. to Sept. 30, '39	
	(Per cent increase or decrease)				
Auto. supplies.....	18	-6.0	+7.7	-2.5	+8.9
Drugs.....	9	-0.8	+4.1	+5.2	+2.1
Dry goods.....	4	-18.0	+2.2	+3.5	-4.8
Electrical goods...	8	-4.9	+12.0	-13.0	-7.4
Farm products.....	13	+2.2	+13.9	+5.4	+61.2
Furniture.....	5	-11.1	.....	-1.9	-6.3
Groceries.....	32	-24.6	-4.2	+1.9	-3.3
Hardware—total.(11)		+8.1	+2.7	-1.3	+1.7
Industrial.....	6	+17.8	+3.6	-1.5	+0.9
Plbg. & htg.....	5	-9.1	+0.9	-0.9	+5.6
Jewelry.....	3	-7.2	.....	+4.8	+6.2
Machinery.....	4	-0.7	+18.6	-5.4	+21.7
Paper and prod....	4	-20.7	+4.2	.....	.....
Tobacco & prod....	5	-1.5	+1.4	.....	.....
All other lines.....	22	-1.5	+1.2	-1.3	+11.7
Total.....	138	-14.6	+0.9	+1.3	+1.4

**Crops**

Crop production in the District the past season generally was considerably larger than last year and, with the major exceptions of wheat and corn, was above the average from 1929 to 1938. Favorable growing weather in many areas during September materially improved prospects for late crops such as corn, sugar beets, potatoes, and sorghums.

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

	Oct. 1 1940	Final 1939	Final 1938	Aver. '29-'38
	(In thousands of units)			
Winter wheat, bu.....	230,303	251,076	314,092	263,770
Spring wheat, bu.....	6,793	4,625	10,338	8,267
Corn, bu.....	313,955	281,475	311,320	377,998
Oats, bu.....	165,864	110,914	172,587	150,325
Rye, bu.....	4,499	5,794	6,701	4,354
Barley, bu.....	60,248	40,888	47,434	30,825
Grain sorghums, bu.....	61,891	36,671	45,290	33,595
Tame hay, tons.....	9,821	8,695	9,010	9,595
Flaxseed, bu.....	1,220	767	395	331
Broomcorn, tons.....	30	21	24	30
Cotton, bales.....	1,226	1,065	995	1,181
Dry beans, 100 lb. bags	2,966	2,383	2,689	2,196
Sugar beets, short tons	3,087	2,872	3,796	3,697
White potatoes, bu.....	35,951	35,236	31,137	34,666
Sweet potatoes, bu.....	2,906	2,290	2,865	2,543
Apples, bu.....	5,651	5,157	3,296	4,560
Peaches, bu.....	3,323	3,627	2,345	2,704
Pears, bu.....	1,149	942	534	973
Grapes, tons.....	25	24	17	20

In sharp contrast to the unfavorable dry situation of a year ago, the winter wheat crop this fall is getting an exceptionally good start. Virtually all of the intended acreage in Oklahoma, Kansas, and Colorado had been sown before the middle of October and a substantial part of it was up to good stands and was furnishing excellent grazing for livestock. Moisture was needed quite generally over the District, however, to germinate late sown wheat and to promote the growth of that already up, and subsoil moisture is still deficient in some sections.

September rainfall in Wyoming was 195, Colorado 209, New Mexico 100, Oklahoma 91, and in Kansas 89 per cent of normal, but in Nebraska it was only 57 and in Missouri 17 per cent of normal.

### Rainfall

	Sept. 1940		9 Mos. 1940	
	Total	Normal	Total	Normal
(In inches)				
<b>COLORADO</b>				
Denver.....	2.47	.99	10.50	11.72
Leadville.....	2.75	1.39	16.40	15.36
Pueblo.....	1.96	.75	9.22	10.15
Lamar.....	2.05	1.23	14.14	13.88
Garnett.....	.56	.75	4.86	5.86
Steamboat Springs	2.41	1.86	19.98	17.70
<b>KANSAS</b>				
Topeka.....	1.20	3.82	21.73	28.63
Iola.....	1.49	4.85	28.75	31.40
Concordia.....	.83	2.60	12.75	22.96
Salina.....	4.57	2.72	20.06	23.07
Wichita.....	6.14	3.09	30.34	25.13
Hays.....	3.14	2.27	18.89	20.51
Goodland.....	4.69	1.56	22.26	16.05
Dodge City.....	2.05	1.90	18.71	17.91
Elkhart.....	.45	1.74	13.84	14.47
<b>MISSOURI</b>				
St. Joseph.....	.78	3.92	26.58	29.86
Kansas City.....	1.30	4.56	25.24	31.10
Joplin.....	2.80	3.92	33.43	35.61
<b>NEBRASKA</b>				
Omaha.....	.56	3.21	18.34	23.60
Lincoln.....	1.74	2.90	17.12	24.15
Norfolk.....	.26	3.09	23.72	24.58
Grand Island.....	.53	2.96	9.19	23.15
McCook.....	1.46	1.70	15.84	17.15
North Platte.....	.88	1.40	8.29	16.39
Bridgeport.....	3.70	1.36	12.09	14.19
Valentine.....	1.22	1.30	12.70	16.10
<b>NEW MEXICO</b>				
Clayton.....	1.80	1.65	8.57	14.17
Santa Fe.....	2.55	1.45	12.23	11.77
Farmington.....	1.37	1.22	6.23	7.24
<b>OKLAHOMA</b>				
Tulsa.....	8.41	3.32	42.93	30.67
McAlester.....	1.75	3.46	30.61	33.55
Oklahoma City.....	2.71	3.05	26.53	24.92
Pauls Valley.....	1.48	3.18	30.46	27.31
Hobart.....	2.69	2.91	15.52	22.27
Enid.....	2.60	3.06	21.49	24.96
Woodward.....	1.98	2.80	17.24	21.11
<b>WYOMING</b>				
Cheyenne.....	3.75	1.20	13.77	12.99
Casper.....	1.41	1.24	7.50	12.05
Lander.....	1.73	.92	10.05	10.03
Sheridan.....	2.05	1.27	11.80	12.74

### Grain Marketing

Wheat marketings declined further during September despite the rise in prices that has taken place since late August. Receipts of wheat at five District markets were only half what they were a year ago, little more than a fourth of the September average of the past ten years, and the smallest for any September of record. Owing to the increasingly large amount of wheat going under Government loan, wheat recently has been moving from terminal storage back to the interior to satisfy local milling requirements. Corn receipts were heavy, being more than double a year ago and about two and a half times the September average, but the bulk represents Federally owned corn moving into terminal storage.

September grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	559,000	---	---
Kansas City.....	1,294,000	2,304,000	160,000
Omaha.....	562,000	3,226,000	108,000
St. Joseph.....	99,000	791,000	286,000
Wichita.....	645,000	---	---
Sept. 1940.....	3,159,000	6,321,000	554,000
Aug. 1940.....	5,973,000	3,854,000	666,000
Sept. 1939.....	6,241,000	2,793,000	1,157,000
9 Mos. 1940.....	122,867,000	26,959,000	4,303,000
9 Mos. 1939.....	147,293,000	14,867,000	8,394,000

Cash wheat prices since late August have been rising almost steadily, the scarcity of "free" wheat due to the loan program more than offsetting exceedingly heavy North American supplies and an unusually favorable start for the new winter wheat crop. The advance in wheat prices has carried values above the loan level but not enough, after figuring storage charges, to permit profitable liquidation of loan grain. Cash corn prices have declined, reflecting principally a seasonal adjustment to a new crop basis.

The lower range of cash grain prices at Kansas City:

	Oct. 22 1940	Sept. 30 1940	Aug. 31 1940	Sept. 30 1939
No. 1 hd., dk. wheat, bu..	\$ .83	\$ .79 $\frac{1}{4}$	\$ .71 $\frac{3}{4}$	\$ .83 $\frac{1}{4}$
No. 2 mixed corn, bu.....	.61 $\frac{1}{2}$	.61 $\frac{1}{2}$	.64	.48 $\frac{3}{4}$
No. 2 white oats, bu.....	.32 $\frac{1}{4}$	.30 $\frac{1}{2}$	.28 $\frac{1}{2}$	.32 $\frac{1}{2}$
No. 2 rye, bu.....	.53	.48	.43	.53
No. 2 barley, bu.....	.46	.45	.39	.49
No. 2 white kafir, cwt.....	.85	.95	1.14	.95

### Livestock

#### MARKETINGS

Livestock marketings increased substantially during September under the stimulus of rising prices as well as the usual seasonal influences. Hog receipts increased contrary to the usual trend, the unfavorable relationship between hog and corn prices encouraging relatively early marketings. Receipts of cattle were 6 and of hogs 24 per cent larger than a year ago and sheep receipts were little changed from last year, while calf receipts were 5 per cent smaller. Marketings of cattle, calves, and sheep were fully equal to the September average of the past ten years, but hog marketings were 25 per cent short of average.

September receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	62,496	6,852	34,796	552,250
Kansas City.....	194,069	40,220	196,939	138,498
Oklahoma City.....	44,678	20,721	48,614	23,916
Omaha.....	147,861	16,868	111,763	193,865
St. Joseph.....	36,206	5,645	87,413	80,870
Wichita.....	29,967	7,601	34,582	22,257
Sept. 1940.....	515,277	97,907	514,112	1,011,656
Aug. 1940.....	395,073	73,767	444,293	624,307
Sept. 1939.....	488,599	103,151	414,136	1,020,387
9 Mos. 1940.....	2,762,716	507,223	4,741,168	5,128,828
9 Mos. 1939.....	2,838,909	549,242	3,701,334	5,559,756

#### PRICES

Reflecting principally improving consumer demand for meats, livestock prices advanced sharply after the



middle of August, prices of fed cattle and hogs reaching new highs for the year early in September. During the remainder of September, livestock prices declined unevenly under the influence of weakness in dressed meat prices and of pressure from the exceptionally heavy marketings attracted by the higher level of prices. A marked deterioration in the quality of grass cattle as the season's movement was nearing completion, buyer resistance to relatively high prices of stocker and feeder cattle, and distressed lard prices also were factors in the decline. Early in October, prices of prime fed steers and of lambs recovered, with the result that fed steers are holding close to the season's best levels, further widening the spread between fed cattle and feeder cattle prices, and lambs retain much of their previous advance, being supported by wool values and a strong demand for feeder lambs from wheat-pasture areas. Hog prices, however, have lost all of their advance since the middle of August although they are still much above the six-year low of \$4.85 a hundredweight last April.

Top livestock prices at the Kansas City market:

	Oct. 22 1940	Sept. 1940	Aug. 1940	Sept. 1939	Sept. 1938	Sept. 1937
	(In dollars per hundredweight)					
Beef steers.....	13.25	13.25	12.25	11.85	11.50	17.25
Stocker cattle.....	10.75	10.75	10.40	10.50	8.75	9.25
Feeder cattle.....	10.00	10.75	10.50	10.35	10.00	12.00
Calves.....	11.00	10.50	10.00	11.00	10.00	10.50
Hogs.....	6.25	7.35	7.20	8.75	9.00	12.25
Sheep.....	7.75	7.75	7.75	7.50	6.60	9.25
Lambs.....	9.35	9.30	9.75	10.50	8.50	11.75

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder livestock from District markets expanded further during September, with market supplies the largest for the season to date. Shipments of cattle were 37, calves 59, and sheep 14 per cent above the September average of the past ten years. The movement of cattle was 8 and of sheep 3 per cent larger than a year ago, while that of calves was 7 per cent less.

September stocker-feeder shipments:

	Cattle	Calves	Hogs	Sheep
Denver.....	24,394	3,114	122	213,016
Kansas City.....	104,798	24,911	3,031	42,352
Omaha.....	68,804	6,103	952	77,245
St. Joseph.....	11,469	1,959	564	29,343
Sept. 1940.....	209,465	36,087	4,669	361,956
Aug. 1940.....	128,872	21,404	6,490	180,265
Sept. 1939.....	194,869	38,695	4,950	350,245
9 Mos. 1940.....	754,806	154,264	46,404	929,564
9 Mos. 1939.....	759,267	158,177	38,893	977,204

Developments to October 1, according to the Department of Agriculture, indicated that the number of cattle fed for market during the winter and spring of 1940-41 may be larger than last year in western Corn Belt states, depending largely on the movement of feeder cattle during October and November. Cattle feeding is also expected to show some increase in Oklahoma, but a reduction appears probable in Colorado.

Early in October, lamb feeding operations during the 1940-41 feeding season were expected to be somewhat smaller in Missouri and Nebraska and to show a rather sharp decrease in Colorado, with not much change in Wyoming and New Mexico. A considerable increase in lamb feeding is in prospect in Kansas and Oklahoma. Wheat pastures in western Kansas, Oklahoma, and eastern Colorado have made excellent growth this fall and shipments of lambs to these pastures, including lambs that might otherwise have gone to feed lots in Colorado and the Scottsbluff area of Nebraska and Wyoming, may reach record volume. Wheat pastures furnished virtually no feed for livestock a year ago.

RANGES AND PASTURES

September rains generally supplied much needed soil moisture and stock water to ranges and pastures and started new feed. As a result, fall and winter ranges in the District are much better than a year ago, except that forage is quite short in parts of Wyoming and Nebraska that suffered from summer drought and in eastern New Mexico, where September rainfall was light. In Oklahoma, range conditions are unusually good, being the best since 1927. Cattle and sheep continue in good condition. There is a strong demand for feeder and stocker cattle, particularly calves and light steers, in the range areas but demand for breeding cattle has been rather light. The bulk of feeder cattle and lambs in western states had been contracted by early October and delivery to Corn Belt feed lots and to wheat-pasture sections was going forward rapidly. Wool trading was active at Boston late in September and early in October at rising prices, due in part to Government cloth orders.

Farm Income

Cash farm income in the District in August was 11 per cent higher than a year ago. Income from farm marketings and from commodities placed under Government loans was about 8 per cent larger than last year, and Government conservation and benefit payments showed an increase of 64 per cent. For the year to date, income from farm marketings is 7 and from Government payments 24 per cent above last year, with total income showing a gain of 9 per cent.

Department of Agriculture farm income estimates:

	Aug. 1940	8 Mos. 1940	Change from 1939	
	(Thousand dollars)		Aug. (Per cent)	8 Mos. (Per cent)
Colorado.....	12,271	75,833	+5.3	+7.0
Kansas.....	29,634	190,766	+21.1	+7.9
Missouri.....	25,943	177,011	+5.7	+11.0
Nebraska.....	22,665	172,848	+19.3	+13.0
New Mexico.....	2,937	23,967	-8.4	+14.9
Oklahoma.....	15,662	115,045	+3.3	-0.4
Wyoming.....	5,030	25,739	+4.3	+12.8
Seven states.....	114,142	781,109	+11.0	+8.6
United States.....	749,096	5,281,047	+4.5	+8.0

**Meat Packing**

The substantial diversion of recent months of market supplies of cattle, calves, and sheep from slaughter to ranges and feed lots continued in September. Although market receipts were about equal to the September average of the past ten years, packers' purchases of cattle were 24, calves 33, and sheep 20 per cent below average. The slaughter of cattle was about 5 and of sheep 9 per cent less than a year ago, while calf slaughter was 4 and hog slaughter 31 per cent larger than last year.

September packers' purchases at District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	16,349	2,813	25,654	36,095
Kansas City.....	52,398	9,794	187,320	81,229
Oklahoma City.....	15,650	12,736	38,322	8,426
Omaha.....	70,435	10,765	100,133	100,600
St. Joseph.....	20,120	3,525	84,202	50,234
Wichita.....	7,965	3,029	32,098	8,143
Sept. 1940.....	182,917	42,662	467,729	284,727
Aug. 1940.....	166,076	39,028	381,735	241,602
Sept. 1939.....	192,293	40,984	355,828	313,091
9 Mos. 1940.....	1,421,967	282,636	4,149,957	2,588,275
9 Mos. 1939.....	1,496,783	301,682	3,218,890	2,764,912

**Cold Storage Holdings**

Reflecting to some extent increasing consumer demand, United States cold storage stocks of meats and lard tended to decline further during September, after allowance is made for usual seasonal changes. October 1 holdings of beef were 25 and butter 14 per cent below the average for that date during the past five years, while stocks of pork were 10, lamb 43, poultry 48, and cheese 23 per cent above average. Stocks of lard, which were three times the average, and of poultry continue at record levels for the season.

United States cold storage holdings:

	Oct. 1 1940	Sept. 1 1940	Oct. 1 1939	Aver. '35-'39
	(In thousands of units)			
Beef, lbs.....	36,359	35,663	36,917	48,727
Pork, lbs.....	328,739	417,564	300,226	299,841
Lamb and mutton, lbs.....	3,412	3,192	2,965	2,384
Poultry, lbs.....	90,446	82,178	63,164	61,328
Miscellaneous meats, lbs.....	58,258	66,971	59,392	56,065
Lard, lbs.....	234,594	272,290	78,794	77,700
Eggs, shell, cases.....	6,039	7,241	5,430	5,885
Eggs, frozen (case equiv.)..	3,732	4,162	3,471	3,287
Butter, creamery, lbs.....	127,971	134,266	154,594	148,330
Cheese, all varieties, lbs.....	148,616	148,173	116,561	120,975

**Flour Milling**

Operations at southwestern flour mills during September were substantially lower than a year ago when heavy buying following the outbreak of war had caused operations to rise to an extremely high level. Output in September, although about equal to the average of the past ten years, was 20 per cent below the record reached last year, and production for the year to date is 4 per cent less. Backlogs on mills' books are very low, but steady shipping directions on old contracts and current hand-to-mouth buying are

serving to keep mills operating at a satisfactory rate. Flour prices are gradually rising with wheat. Export trade continues dull although the subsidy on exports to the Americas was advanced 15 cents a barrel to a level of 85 cents in the latter part of September.

Flour output reported by the Northwestern Miller:

	Sept. 1940	9 Mos. 1940	Change from 1939 Sept.	9 Mos.
	(In barrels)		(Per cent)	
Kansas City.....	529,000	4,699,000	-31.9	-13.7
Salina.....	190,000	1,695,000	-18.1	-13.6
Wichita.....	169,000	1,299,000	-18.0	-16.6
Other cities.....	1,234,000	10,228,000	-14.7	+5.1
Southwest.....	2,122,000	17,921,000	-20.3	-4.1
United States*.....	6,004,000	49,604,000	-18.8	-5.5

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

**Petroleum**

September crude oil production in this District, according to preliminary estimates, was about 3 per cent larger than a year ago and about 5 per cent above the September average of the past ten years. Production for the year to date shows an increase of better than 4 per cent over last year.

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

	Sept. 1940	9 Mos. 1940	Change from 1939 Sept.	9 Mos.
	(In barrels)		(Per cent)	
Colorado.....	104,000	999,000	-18.1	-3.3
Kansas.....	5,672,000	48,593,000	+12.2	+10.0
Nebraska.....	9,000	30,000	....	....
New Mexico.....	2,944,000	29,555,000	-3.0	+9.9
Oklahoma.....	12,313,000	117,593,000	-2.2	-1.2
Wyoming.....	2,257,000	18,994,000	+17.5	+21.5
Six states.....	23,299,000	215,764,000	+2.5	+4.4
United States.....	109,823,000	1,021,491,000	+1.5	+10.6

Stocks of crude petroleum produced in this District have shown little change in recent months at a level about 9 per cent above the extreme low to which stocks had fallen in October a year ago following the shutdown of wells in August. Crude oil prices generally are steady and prices of some refined products, particularly fuel oils, are strong, due in part to the defense program.

**Coal**

September output of bituminous coal in the District was slightly under a year ago as compared with an increase of 11 per cent for the year to date.

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

	Sept. 1940	9 Mos. 1940	Change from 1939 Sept.	9 Mos.
	(In tons)		(Per cent)	
Colorado.....	516,000	4,297,000	+0.2	+11.1
Kans. & Mo.....	543,000	4,723,000	+0.9	+13.8
New Mexico.....	82,000	825,000	-4.7	-5.4
Oklahoma.....	160,000	1,088,000	+29.0	+52.2
Wyoming.....	494,000	3,865,000	-10.8	+3.8
Six states.....	1,795,000	14,798,000	-1.2	+11.0
United States.....	38,413,000	333,758,000	-0.1	+25.8



**Zinc and Lead**

Zinc ore shipments from the Tri-State district in September were 11 and those of lead 6 per cent larger than a year ago. Demand for zinc concentrates is exceptionally strong, with producers tending to hold back supplies and the demand exceeding reserves and the current rate of production by a wide margin. Ore prices have advanced sharply since the middle of August, zinc prices by mid-October rising almost to the level of early 1937, when prices had been the highest since 1926. Lead is the highest since late 1937.

September shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	8,779	\$ 393,257	1,428	\$ 80,398
Missouri.....	2,432	109,517	246	13,955
Oklahoma.....	24,972	1,123,341	2,213	125,220
Sept. 1940.....	36,183	\$ 1,626,115	3,887	\$ 219,573
Aug. 1940.....	39,961	1,676,795	3,493	195,175
Sept. 1939.....	32,725	1,274,188	3,667	229,366
9 Mos. 1940.....	314,790	12,489,878	33,588	1,969,130
9 Mos. 1939.....	290,072	8,949,282	43,855	2,414,835

**Employment and Pay Rolls**

Employment in the District both in September and in the first nine months of the year was about 3 per cent above a year ago, while pay rolls show increases of 6 and 5 per cent, respectively.

Preliminary figures of the Department of Labor:

	EMPLOYMENT		PAY ROLLS	
	Sept. 1940	9 Mos. 1940	Sept. 1940	9 Mos. 1940
	(Per cent change from a year ago)			
Colorado.....	-1.3	+1.7	+3.0	+3.7
Kansas.....	+4.9	+4.3	+5.4	+4.2
Missouri.....	+5.2	+4.3	+8.8	+6.3
Nebraska.....	-1.3	+1.8	+2.1	+4.4
New Mexico.....	+13.5	+6.2	+25.0	+6.7
Oklahoma.....	-0.3	-0.1	+1.6	+1.7
Wyoming.....	-2.1	-2.8	+4.4	+7.5
Seven states....	+3.0	+3.1	+6.2	+5.0

**Building**

Construction awards in the Kansas City area in September were about 17 and in the first nine months of the year nearly 20 per cent larger than last year. Residential building, particularly single-family dwellings for owner occupancy, and manufacturing building continue to gain but public works construction in recent months has dropped considerably under a year ago. Utility construction, which previously had been lagging far behind 1939, in September was in substantially larger volume than last year.

Construction figures of F. W. Dodge Corporation:

	Sept.	9 Mos.	Change from 1939	
	1940	1940	Sept.	9 Mos.
	(Thousand dollars)		(Per cent)	
Residential building..	4,443	33,961	+47.2	+11.8
Nonresidential bldg..	5,159	31,234	+31.2	+9.5
Public wks. construc.	2,308	39,460	-37.6	+92.8
Utility construction..	2,953	9,342	+40.5	-42.4
Kansas City area.....	14,863	113,997	+16.6	+19.5
37 Eastern states.....	347,651	2,784,352	+7.6	+6.1

The value of building permits issued in reporting District cities in September, as in other recent months, was considerably above last year, the September increase measuring 11 per cent against a cumulative gain for the year to date of only 3 per cent.

Value of building permits issued in District cities:

	Sept.	9 Mos.	Change from 1939	
	1940	1940	Sept.	9 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M..	326,000	1,796,000	-10.2	-13.4
Cheyenne, Wyo.....	117,000	975,000	+8.3	+23.4
Colo. Springs, Colo..	39,000	741,000	-64.9	-25.5
Denver, Colo.....	1,201,000	10,268,000	+42.3	+21.2
Hutchinson, Kans....	57,000	370,000	-73.1	-38.8
Joplin, Mo.....	79,000	494,000	+107.9	+26.7
Kansas City, Kans..	34,000	746,000	-24.4	-71.9
Kansas City, Mo.....	598,000	2,636,000	+168.2	+25.2
Lincoln, Nebr.....	154,000	1,757,000	-16.3	-9.2
Okla. City, Okla....	467,000	4,540,000	+26.2	+22.5
Omaha, Nebr.....	402,000	4,397,000	-47.4	-1.1
Pueblo, Colo.....	75,000	824,000	+87.5	+22.6
Salina, Kans.....	39,000	452,000	Zero	+25.9
Shawnee, Okla.....	10,000	175,000	+150.0	+32.6
St. Joseph, Mo.....	72,000	295,000	+200.0	-76.4
Topeka, Kans.....	93,000	1,248,000	-54.9	+31.8
Tulsa, Okla.....	495,000	4,084,000	+31.3	+19.3
Wichita, Kans.....	296,000	2,129,000	+81.6	+11.1
District, 18 cities....	4,554,000	37,927,000	+10.7	+2.9

**Lumber**

Retail lumber sales in the District increased sharply during September, rising 28 per cent above a year ago. Sales for the first half of 1940 had been 8 per cent less than in 1939, but increases the past three months have erased the previous decline.

Lumber stocks also rose sharply so that stocks, which at the end of August had been 5 per cent under a year ago, at the end of September were 5 per cent above last year. September collections averaged 31.5 per cent against 33.7 per cent a year ago.

Lumber trade at 150 retail yards in the District:

	Sept. 1940	
	per cent change from Aug. 1940	Sept. 1939
Sales of lumber, board feet.....	+21.6	+28.2
Sales of all materials, dollars.....	+5.1	+4.8
Stocks of lumber, board feet.....	+8.6	+5.2
Outstandings, dollars.....	+5.3	+7.1

**Life Insurance**

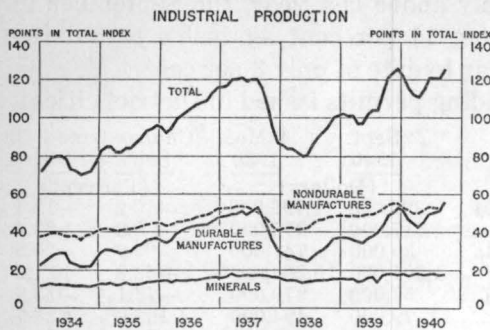
September life insurance sales in the District were 5 per cent larger than last year but sales for the year to date are about 3 per cent smaller.

The Life Insurance Sales Research Bureau report:

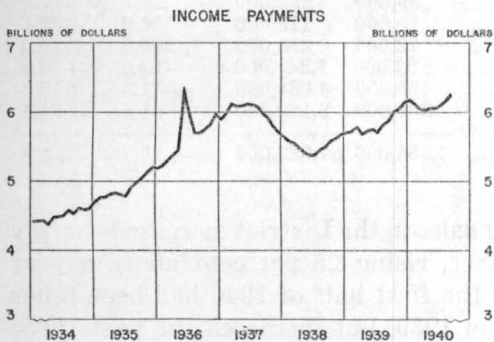
	Sept.	9 Mos.	Change from 1939	
	1940	1940	Sept.	9 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	4,428	43,332	-4.1	-1.7
Kansas.....	6,266	57,187	+12.2	-0.3
Missouri.....	14,951	148,987	+3.3	-4.6
Nebraska.....	5,176	49,139	+7.5	+0.1
New Mexico.....	962	10,726	+20.4	+13.3
Oklahoma.....	7,337	71,457	+8.5	-2.0
Wyoming.....	701	7,923	-21.0	-18.3
Seven states.....	39,821	388,751	+5.0	-2.5
United States.....	503,427	4,888,688	+13.7	+2.3

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

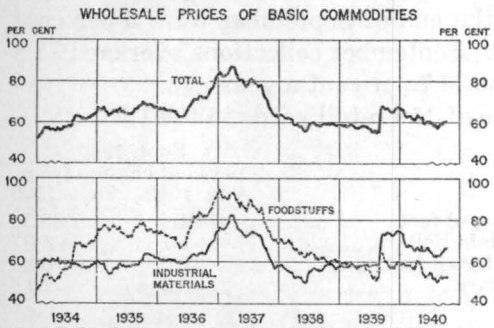
By the Board of Governors of the Federal Reserve System



Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. Durable manufactures, nondurable manufactures, and minerals expressed in terms of points in the total index. By months, January, 1934, through September, 1940.



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



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934, through October 10, 1940.



Wednesday figures, September 5, 1934, through October 9, 1940. Commercial loans based on new classification beginning May 19, 1937.

Volume of industrial production increased sharply in September, owing mainly to a continued rise in output of durable manufactured products, and this month a further increase is indicated. Prices of basic industrial materials advanced in September and the first half of October.

## PRODUCTION

The Board's seasonally adjusted index of industrial production, which for three months had been at a level of 121 per cent of the 1935-39 average, advanced to about 125 per cent in September. In the durable goods industries increases in output were general. Steel production rose to 93 per cent of capacity, and in the first half of October the rate was slightly higher as new orders continued in large volume both from domestic and foreign sources. Steel exports amounted to about 20 per cent of ingot-producing capacity in August, the latest month for which data are available, with nearly three quarters of these shipments going to the United Kingdom and Canada. Activity in the machinery, aircraft, and shipbuilding industries advanced further in September following considerable increases in August, and automobile output increased sharply as volume production of new model cars was rapidly attained. Plants producing railroad cars and locomotives also showed an expansion in activity. Lumber production continued to rise under the impetus of a growing volume of demand for defense program purposes.

Changes in output of nondurable manufactured goods and minerals in September were mixed. At wool textile mills activity advanced sharply further to near the peak reached last autumn, reflecting in part expanding production on Government orders. At cotton mills, however, activity showed less than the usual seasonal rise, following a sharp increase in August, and rayon deliveries declined somewhat owing partly to a strike at plants of one large producer. Shoe production also declined in September. Paper production remained in reduced volume following a high rate of output during the early summer accompanying some inventory accumulation at that time. Output of most metals continued large during September. Crude petroleum production, which had been curtailed sharply during the summer, rose considerably, but coal production, which for several months had been maintained at high levels, showed a smaller increase than is usual at this season.

Value of new construction work started in September was lower than in July and August, according to reports of the F. W. Dodge Corporation and the San Francisco Federal Reserve Bank. The decline occurred chiefly in contracts for defense projects which had been large in the previous two months. Awards for private residential building showed little change from recent high levels. Awards for other private work declined somewhat but continued considerably above the level of a year ago.

## DISTRIBUTION

In September and the early part of October department store sales showed somewhat less than the usual seasonal increase from the exceptionally high level reached in August.

Freight carloadings rose somewhat more than seasonally in September, reflecting to a large extent increased shipments of miscellaneous freight. Loadings of coal, which have been large in recent months, showed less than the usual seasonal rise.

## COMMODITY PRICES

Prices of most industrial materials, particularly lumber, steel scrap, nonferrous metals, hides, and wool, continued to advance from the middle of September to the middle of October, and there were also increases in some manufactured products, notably cotton and woolen goods. Wheat prices were higher while prices of most other foodstuffs showed little change.

## BANK CREDIT

Commercial loans at reporting member banks in New York and 100 other leading cities continued to increase during the four weeks ending October 9, reflecting in part seasonal demands. Holdings of United States Government obligations decreased further with the result that total loans and investments of these banks showed little change.

## UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities advanced in the second half of September and the first week in October, rising close to the high level of the year reached early last April.