

MONTHLY REVIEW

Agricultural and Business Conditions

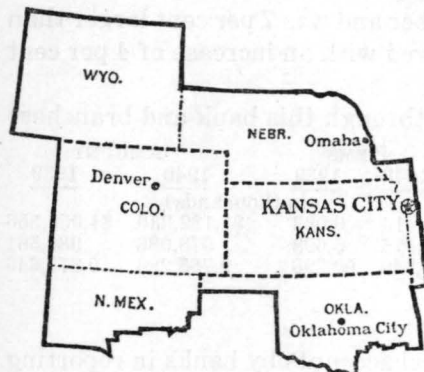
TENTH FEDERAL RESERVE DISTRICT

VOL. 25, No. 11

FEDERAL RESERVE BANK OF KANSAS CITY

NOVEMBER 30, 1940

Business in the Tenth Federal Reserve District



Building activity in this District is the strongest feature in the business situation. Contracts awarded and building permits are very much larger than a year ago. Reflecting this activity, lumber sales are 58% higher.

Retail sales in October were slightly higher than a year ago, but department store sales in the first two weeks of November were up 20%. Wholesale sales are about 5% higher. Inventories are not large.

The number of hogs coming to market and being slaughtered continues heavy. Hog prices have lost more than half the gains that were made between June and September. Cattle receipts and slaughter are down and prices are strong. Wheat prices are 17 cents above the low of August and have recovered nearly half the losses of last spring.

Bank loans are 14%, investments 3%, and deposits are 8% above a year ago. Business failures are down sharply.

| OCTOBER 1940 COMPARED WITH OCTOBER 1939 | | | | | | BUSINESS INDICATORS | 10 MOS. 1940 COMPARED WITH 10 MOS. 1939 | | | | | |
|--|----|----|------------|----|----|--------------------------|--|----|----|------------|----|-----|
| % DECREASE | | | % INCREASE | | | | % DECREASE | | | % INCREASE | | |
| 40 | 30 | 20 | 10 | 10 | 20 | | 30 | 40 | 40 | 30 | 20 | 10 |
| | | | | | | Financial | | | | | | |
| | | | | | | Bank Debits..... | | | | | | |
| | | | | | | F. R. Bk. Clearings..... | | | | | | |
| | | | | | | Mem. Bk. Loans..... | | | | | | |
| | | | | | | Mem. Bk. Invest..... | | | | | | |
| | | | | | | Demand Deposits..... | | | | | | |
| | | | | | | Life Ins. Sales..... | | | | | | |
| | | | | | | Trade | | | | | | |
| | | | | | | Wholesale Sales..... | | | | | | |
| | | | | | | Retail Sales..... | | | | | | |
| | | | | | | Dept. Store Sales..... | | | | | | |
| | | | | | | Lumber Sales..... | | | | | | +58 |
| | | | | | | Marketings | | | | | | |
| | | | | | | Wheat..... | | | | | | |
| | | | | | | Corn..... | | | | | | +85 |
| | | | | | | Oats..... | | | | | | |
| | | | | | | Cattle..... | | | | | | |
| | | | | | | Calves..... | | | | | | |
| | | | | | | Hogs..... | | | | | | |
| | | | | | | Sheep..... | | | | | | |
| | | | | | | Production | | | | | | |
| | | | | | | Flour..... | | | | | | |
| | | | | | | Cattle Slaughter..... | | | | | | |
| | | | | | | Calf Slaughter..... | | | | | | |
| | | | | | | Hog Slaughter..... | | | | | | |
| | | | | | | Sheep Slaughter..... | | | | | | |
| | | | | | | Crude Petroleum..... | | | | | | |
| | | | | | | Bituminous Coal..... | | | | | | |
| | | | | | | Zinc Ore Shipments..... | | | | | | |
| | | | | | | Lead Ore Shipments..... | | | | | | |
| | | | | | | Construction | | | | | | |
| | | | | | | Total Awards..... | | | | | | |
| | | | | | | Res. Awards..... | | | | | | |
| | | | | | | Value of Permits..... | | | | | | |
| | | | | | | Miscellaneous | | | | | | |
| | | | | | | Rainfall..... | | | | | | |
| | | | | | | Cash Farm Income *..... | | | | | | |
| | | | | | | Employment..... | | | | | | |
| | | | | | | Pay Rolls..... | | | | | | |

*For previous month

Member Bank Operations

Loans at reporting member banks in the Tenth District increased sharply from the middle of October to the middle of November, owing chiefly to a substantial rise in the volume of commercial loans. This demand for loans represents to a considerable extent a seasonal increase in sugar beet financing, but increased cattle financing and advances to industries which have defense orders also were factors. There was also a sharp increase in investments during this period as a result of purchases of Treasury bills and notes and of obligations guaranteed by the Government, the present holdings of Treasury bills and guaranteed obligations being exceptionally large. Holdings of Government bonds declined, while holdings of other securities were little changed. Loans are 14 and investments 3 per cent larger than a year ago.

Adjusted demand deposits at reporting member banks increased further to a new high level at the middle of November, but interbank deposits and reserve balances carried at this bank are somewhat below their record levels of four weeks earlier. Correspondent balances carried at other banks continue to decline. Adjusted demand deposits are about 8 and reserve balances 7 per cent larger than a year ago, while interbank deposits are now about 2 and correspondent balances 9 per cent smaller than at this time last year.

Principal items of condition of 51 member banks:

| | Change from | | |
|-----------------------------------|---------------------------|-----------------|-----------------|
| | Nov. 13 1940 | Oct. 16 1940 | Nov. 15 1939 |
| | (In thousands of dollars) | | |
| Loans and investments—total..... | 730,100 | +29,111 | +51,314 |
| Loans—total..... | 331,364 | +13,331 | +40,930 |
| Coml., indust., agric..... | 198,168 | +11,591 | +19,818 |
| Open market paper..... | 20,864 | -1,584 | +4,024 |
| To security brokers and dealers.. | 3,571 | +771 | +463 |
| Other to purchase or carry secur. | 9,492 | -10 | -262 |
| Real estate loans..... | 30,545 | +127 | +4,537 |
| Loans to banks..... | 721 | +121 | -245 |
| All other loans..... | 68,003 | +2,315 | +12,595 |
| Investments—total..... | 398,736 | +15,780 | +10,384 |
| U. S. Treasury bills..... | 31,099 | +7,572 | +16,092 |
| U. S. Treasury notes..... | 60,313 | +4,474 | -23,000 |
| U. S. Govt. bonds..... | 92,802 | -1,973 | -7,772 |
| Oblig. guar. by U. S. Govt..... | 81,038 | +5,582 | +23,716 |
| Other securities..... | 133,484 | +125 | +1,348 |
| Reserve with F. R. Bank..... | 202,133 | -9,763 | +13,449 |
| Balances with domestic banks..... | 309,786 | -26,985 | -30,221 |
| Demand deposits—adjusted..... | 574,632 | +5,159 | +44,125 |
| Time deposits..... | 146,493 | +497 | +1,261 |
| U. S. Govt. deposits..... | 19,452 | -327 | -3,495 |
| Interbank deposits..... | 433,223 | -11,797 | -7,848 |

Reserve Bank Operations

Note circulation of this bank continues to increase rapidly, reaching a new high level of 203 1/3 million dollars in the second week of November and averaging about 202 1/2 million in the first half of the month as compared with 197 3/4 million in October, 194 1/3 million in September, and 193 1/4 million in August. Circulation is about 22 million, or 12 per cent, above 1939.

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

| | Change from | | |
|-------------------------------------|---------------------------|-----------------|-----------------|
| | Nov. 13 1940 | Oct. 16 1940 | Nov. 15 1939 |
| | (In thousands of dollars) | | |
| Total reserves..... | 419,213 | -8,646 | +59,092 |
| Bills discounted..... | 1,530 | +1,024 | -7 |
| Industrial advances..... | 212 | -2 | +27 |
| Commit. to make indust. adv..... | 128 | -8 | -439 |
| U. S. Govt. sec., direct & guar.... | 109,294 | -4,161 | -8,119 |
| Total assets..... | 576,921 | -15,383 | +50,105 |
| F. R. notes in circulation..... | 202,462 | +4,929 | +22,066 |
| Member bank reserve deposits... | 274,036 | -11,528 | +10,702 |

Dollar volume of check collections, which had declined contraseasonally in the preceding month, rose sharply during October and was 7 per cent larger than 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) | | | |
| October..... | 6,414 | 6,083 | \$1,132,330 | \$1,056,556 |
| September..... | 5,675 | 5,698 | 973,088 | 980,561 |
| Ten months..... | 59,249 | 59,296 | 9,765,283 | 9,377,646 |

Bank Debits

Debits to individual accounts by banks in reporting centers of the District increased more than is usual during October. In the preceding month they had been 9 per cent under a year ago but in October they were 3 per cent larger than last year, about the same increase as for the first ten months of the year.

Payments by check in thirty District cities:

| | 10 Mos. | | Change from 1939 | |
|-------------------------|--------------------|-------------|------------------|---------|
| | 1940 | 1940 | Oct. | 10 Mos. |
| | (Thousand dollars) | | (Per cent) | |
| Albuquerque, N. M..... | 20,487 | 171,010 | +20.9 | +11.9 |
| Atchison, Kans..... | 3,293 | 30,249 | +9.0 | +3.1 |
| Bartlesville, Okla.... | 26,306 | 267,533 | -13.8 | -6.6 |
| Casper, Wyo..... | 8,789 | 63,964 | +13.0 | +7.7 |
| Cheyenne, Wyo..... | 9,136 | 84,273 | -3.1 | +1.7 |
| Colo. Springs, Colo.. | 14,625 | 132,709 | -7.4 | -4.1 |
| Denver, Colo..... | 174,999 | 1,561,635 | +1.3 | +0.8 |
| Emporia, Kans..... | 3,912 | 31,733 | +3.3 | +3.4 |
| Enid, Okla..... | 10,319 | 113,193 | +5.2 | +2.5 |
| Fremont, Nebr..... | 2,965 | 28,004 | +16.0 | +6.8 |
| Gr. Junction, Colo... | 4,069 | 37,106 | -5.0 | +0.2 |
| Guthrie, Okla..... | 1,770 | 14,301 | +11.2 | -4.2 |
| Hutchinson, Kans... | 11,819 | 125,428 | +11.3 | +11.3 |
| Indep., Kans..... | 2,654 | 26,537 | +5.2 | -4.5 |
| Joplin, Mo..... | 10,192 | 93,498 | -11.4 | -3.3 |
| Kansas City, Kans... | 17,400 | 170,820 | +5.1 | +3.8 |
| Kansas City, Mo..... | 339,865 | 3,196,833 | +4.8 | +5.7 |
| Lawrence, Kans..... | 3,676 | 35,505 | -7.4 | +0.9 |
| Lincoln, Nebr..... | 30,161 | 284,742 | -2.0 | +1.6 |
| Muskogee, Okla..... | 9,999 | 75,097 | +2.0 | -5.2 |
| Okla. City, Okla..... | 98,852 | 978,552 | -2.7 | -3.4 |
| Okmulgee, Okla..... | 2,624 | 25,857 | +1.7 | +3.4 |
| Omaha, Nebr..... | 161,343 | 1,450,767 | +7.9 | +1.5 |
| Pittsburg, Kans..... | 4,215 | 37,913 | +9.6 | +6.7 |
| Pueblo, Colo..... | 16,090 | 141,759 | -9.2 | -4.9 |
| Salina, Kans..... | 8,173 | 88,677 | -10.7 | +0.1 |
| St. Joseph, Mo..... | 31,209 | 275,449 | +6.8 | +3.3 |
| Topeka, Kans..... | 16,270 | 189,915 | +4.2 | +1.5 |
| Tulsa, Okla..... | 134,084 | 1,323,358 | +4.1 | +4.8 |
| Wichita, Kans..... | 52,238 | 460,938 | +16.3 | +4.9 |
| District, 30 cities.... | 1,231,534 | 11,517,355 | +3.4 | +2.6 |
| U. S., 274 cities..... | 39,695,000 | 360,103,000 | +10.8 | +4.1 |

Trade

RETAIL SALES

Department store sales in the District increased less than is usual during October, owing in part to unseasonably warm weather. October sales were little changed from a year ago and total sales so far in 1940 show an increase of only 2 per cent over 1939. However, sales in the first half of November, stimulated by colder weather, rose 20 per cent above last year. Retail prices, according to the Fairchild Index, are about 3 per cent above a year ago.

Stocks of merchandise increased less than is usual during October and at the end of the month were 2 per cent below a year ago. Collections on open accounts averaged 48.3 per cent in October as compared with 46.6 last year, while installment collections averaged 16.8 against 17.7 per cent.

Department store sales and stocks in leading cities:

| | SALES | | | STOCKS | |
|-------------------|---------------------------------|-------------------|---------------------|---------------|-----------------------|
| | Oct. '40 | | 10 Mos.'40 | Oct. 31, '40 | |
| | No. of Stores | comp. to Oct. '39 | comp. to 10 Mos.'39 | Sept. 30, '40 | comp. to Oct. 31, '39 |
| | (Per cent increase or decrease) | | | | |
| Denver..... | 4 | -0.2 | +2.1 | -0.1 | +2.3 |
| Kansas City..... | 5 | -2.1 | +1.9 | +8.5 | -1.5 |
| Oklahoma City.... | 3 | +2.6 | +1.8 | +7.7 | -6.1 |
| Tulsa..... | 4 | +6.3 | +8.1 | +6.3 | -1.7 |
| Wichita..... | 3 | -1.0 | +2.9 | .... | .... |
| Other cities..... | 20 | +3.9 | +0.5 | +2.6 | -3.6 |
| District..... | 39 | +1.1 | +2.2 | +4.0 | -1.8 |

Total retail sales in the District in October were more than 4 and in the first ten months of the year more than 3 per cent above a year ago. October sales of automobile and lumber dealers and at drug and jewelry stores showed the largest gains.

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

| | Oct. 1940 per cent change from Oct. 1939 | | | | | | |
|-----------------|--|-------|-----|-------|--------|-------|------|
| | Colo. | Kans. | Mo. | Nebr. | N.Mex. | Okla. | Wyo. |
| | (Per cent increase or decrease) | | | | | | |
| Apparel..... | +0 | -1 | -6 | -9 | +11 | -3 | +3 |
| Automobile.... | +8 | +29 | +15 | +42 | +23 | +27 | .... |
| Department.... | .... | -2 | +7 | -3 | .... | +5 | .... |
| Drug..... | +4 | +9 | +3 | +12 | +0 | +9 | +3 |
| Dry goods..... | -4 | -4 | +1 | +6 | .... | +17 | .... |
| Food..... | -0 | +6 | +1 | -2 | +7 | -4 | -5 |
| Furniture..... | -8 | +10 | -9 | +5 | .... | +4 | .... |
| General..... | -7 | +2 | -1 | -3 | -4 | +3 | -4 |
| Hardware..... | -4 | +5 | +0 | +11 | .... | -3 | .... |
| Jewelry..... | +1 | +19 | +14 | +4 | .... | .... | .... |
| Lbs. & mtls.... | +7 | +18 | +9 | +0 | -4 | +27 | +11 |
| Miscellaneous. | -5 | +14 | +1 | -2 | +3 | +1 | -4 |
| Total..... | +1 | +7 | +4 | +4 | +6 | +7 | -1 |

WHOLESALE SALES

The value of October wholesale sales in the District was 5 per cent larger than last year, with all principal lines except dry goods sharing in this increase. Total sales for the year to date are little changed from last year. Wholesale inventories, as in the case of retail, increased less than is usual during October and are more than 3 per cent under a year ago. October collections averaged 74.0 per cent against 72.3 last year.

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

| | SALES | | | STOCKS | |
|------------------------|---------------------------------|-------------------|---------------------|---------------|-----------------------|
| | Oct. '40 | | 10 Mos.'40 | Oct. 31, '40 | |
| | No. of Firms | comp. to Oct. '39 | comp. to 10 Mos.'39 | Sept. 30, '40 | comp. to Oct. 31, '39 |
| | (Per cent increase or decrease) | | | | |
| Auto. supplies..... | 13 | +3.1 | +7.0 | +1.7 | +6.8 |
| Drugs..... | 9 | +6.3 | +4.3 | +0.8 | +1.7 |
| Dry goods..... | 6 | -12.7 | -0.8 | -3.6 | -3.4 |
| Electrical goods... 12 | | -11.0 | +9.7 | +8.9 | -7.6 |
| Farm products..... | 7 | +2.0 | +13.5 | +20.5 | +14.6 |
| Furniture..... | 6 | +1.4 | .... | -4.7 | -11.7 |
| Groceries..... | 32 | +9.8 | -2.7 | +6.0 | -10.1 |
| Hardware—total(14) | | +11.5 | +4.3 | -0.2 | +2.3 |
| General..... | 3 | +7.3 | .... | -2.2 | -0.1 |
| Industrial..... | 6 | +22.9 | +6.4 | +3.1 | +6.4 |
| Plbg. & htg..... | 5 | -5.8 | +0.1 | +0.9 | +3.6 |
| Jewelry..... | 3 | +6.3 | .... | +4.6 | +8.2 |
| Machinery..... | 5 | -7.3 | +15.1 | -2.0 | +23.4 |
| Paper and prod.... | 4 | -8.4 | +2.8 | .... | .... |
| Petroleum..... | 3 | Zero | .... | +11.5 | Zero |
| Tobacco & prod.... | 6 | +13.9 | +2.8 | .... | .... |
| All other lines..... | 19 | +4.4 | +1.6 | -2.0 | +13.5 |
| Total..... | 139 | +4.6 | +1.3 | +2.2 | -3.3 |

Crops

Weather conditions during October were very favorable for maturing and harvesting late crops and the indicated yield of sugar beets and potatoes is somewhat larger than expected earlier. The weather, however, was generally too dry for fall seeded grains, with temperatures appreciably above normal and rainfall far below normal, this combination slowing and in some areas stopping the growth of winter wheat. Because most of the winter wheat acreage in Kansas, Oklahoma, Colorado, and Nebraska had been seeded earlier than usual in soil containing sufficient moisture for good germination of the seed, plants are fairly well rooted and have made fair to rank top growth. Wheat has received a vastly improved start this fall compared with last and the crop generally is entering the winter in good condition. Private estimates indicate that the acreage will equal or exceed last year's.

Soil moisture tests in the western two-thirds of Kansas late in October showed moisture to an average depth of 27.9 inches this fall compared with 26.1 inches last fall, and surface soil was dry to an average depth of only 2.4 inches compared with 4.6 inches a year earlier. The most marked change occurred in southwestern Kansas where the average depth of soil moisture increased from 14.7 inches last year to 31.0 inches this year. Moderately heavy rains fell in many sections toward the end of October and early in November, followed by additional moisture in the form of snow in the second week of November, greatly improving surface moisture conditions. This moisture was especially beneficial in the dry area centering in south-central Nebraska and north-central Kansas.

October rainfall in Kansas was only 53, Oklahoma 55, New Mexico 57, and in Missouri 60 per cent of nor-

mal, while in Colorado it was 74, Wyoming 88, and in Nebraska 93 per cent of normal. Since the first of August, rainfall has been relatively more favorable in Colorado, Kansas, and Oklahoma than in Nebraska.

Rainfall

| | Oct. 1940 | | 10 Mos. 1940 | |
|------------------------|-------------|--------|--------------|--------|
| | Total | Normal | Total | Normal |
| | (In inches) | | | |
| COLORADO | | | | |
| Denver..... | .48 | 1.05 | 10.98 | 12.77 |
| Leadville..... | .41 | 1.26 | 16.81 | 16.62 |
| Pueblo..... | .36 | .66 | 9.58 | 10.81 |
| Lamar..... | .02 | 1.03 | 14.16 | 14.91 |
| Garnett..... | .16 | .54 | 5.02 | 6.40 |
| Steamboat Springs..... | 2.03 | 1.97 | 22.01 | 19.67 |
| KANSAS | | | | |
| Topeka..... | 2.09 | 2.42 | 23.82 | 31.05 |
| Iola..... | 1.36 | 3.16 | 30.11 | 34.56 |
| Concordia..... | 1.56 | 1.97 | 14.31 | 24.93 |
| Salina..... | 1.23 | 2.00 | 21.29 | 25.07 |
| Wichita..... | 1.05 | 2.59 | 31.39 | 27.72 |
| Hays..... | .62 | 1.55 | 19.51 | 22.06 |
| Goodland..... | .45 | 1.37 | 22.71 | 17.42 |
| Dodge City..... | .07 | 1.30 | 18.78 | 19.21 |
| Elkhart..... | .45 | 1.66 | 14.29 | 16.13 |
| MISSOURI | | | | |
| St. Joseph..... | 1.06 | 2.89 | 27.64 | 32.75 |
| Kansas City..... | 1.68 | 2.92 | 26.92 | 34.02 |
| Joplin..... | 2.07 | 3.45 | 35.50 | 39.06 |
| NEBRASKA | | | | |
| Omaha..... | 2.53 | 2.17 | 20.87 | 25.77 |
| Lincoln..... | 2.63 | 1.88 | 19.75 | 26.03 |
| Norfolk..... | 1.98 | 1.73 | 25.70 | 26.31 |
| Grand Island..... | 1.23 | 2.12 | 10.42 | 25.27 |
| McCook..... | .33 | 1.20 | 16.17 | 18.35 |
| North Platte..... | 1.56 | 1.07 | 9.85 | 17.46 |
| Bridgeport..... | 1.37 | 1.09 | 13.46 | 15.28 |
| Valentine..... | .62 | 1.10 | 13.32 | 17.20 |
| NEW MEXICO | | | | |
| Clayton..... | .03 | 1.26 | 8.60 | 15.43 |
| Santa Fe..... | .50 | 1.18 | 12.73 | 12.95 |
| Farmington..... | .29 | .81 | 6.52 | 8.05 |
| OKLAHOMA | | | | |
| Tulsa..... | 1.47 | 3.68 | 44.40 | 34.35 |
| McAlester..... | 2.41 | 4.27 | 33.02 | 37.82 |
| Oklahoma City..... | 1.72 | 2.86 | 28.25 | 27.78 |
| Pauls Valley..... | 1.98 | 3.47 | 32.44 | 30.78 |
| Hobart..... | 1.36 | 3.04 | 16.88 | 25.31 |
| Enid..... | .75 | 2.92 | 22.24 | 27.88 |
| Woodward..... | .59 | 2.22 | 17.83 | 23.33 |
| WYOMING | | | | |
| Cheyenne..... | .24 | .96 | 14.01 | 13.95 |
| Casper..... | .24 | 1.41 | 7.74 | 13.46 |
| Lander..... | .32 | 1.36 | 10.37 | 11.39 |
| Sheridan..... | .83 | 1.07 | 12.63 | 13.81 |

Grain Marketing

Wheat marketings increased appreciably during October as the continued rise in prices began to draw out "free" supplies from the country. Prices, however, have not yet advanced enough to cause any large-scale redemption of the heavy stocks held under Government loans, and wheat receipts were 10 per cent less than the small receipts of a year ago and were little more than half of the October average of the past ten years. Corn receipts continue heavy, additional shipments of Government corn to terminal storage being swelled in October by a seasonal increase in marketings from the new crop. Corn receipts were about double what they were last year and considerably more than twice the ten-year average.

October grain receipts at five District markets:

| | Wheat | Corn | Oats |
|-------------------|--------------|------------|-----------|
| | (In bushels) | | |
| Hutchinson..... | 892,000 | .... | .... |
| Kansas City..... | 2,128,000 | 4,604,000 | 178,000 |
| Omaha..... | 457,000 | 2,204,000 | 129,000 |
| St. Joseph..... | 218,000 | 1,327,000 | 482,000 |
| Wichita..... | 975,000 | .... | 1,000 |
| Oct. 1940..... | 4,670,000 | 8,135,000 | 790,000 |
| Sept. 1940..... | 3,159,000 | 6,321,000 | 554,000 |
| Oct. 1939..... | 5,202,000 | 4,089,000 | 897,000 |
| 10 Mos. 1940..... | 127,537,000 | 35,094,000 | 5,094,000 |
| 10 Mos. 1939..... | 152,495,000 | 18,956,000 | 9,290,000 |

After rising steadily since late August, cash wheat prices by late October had reached a point well above the loan level, reflecting principally the scarcity of "free" wheat due to the loan program. Toward the end of October, prices weakened somewhat because of increased marketings and beneficial rains that further enhanced the bright outlook for the new winter wheat crop. In the forepart of November, however, with renewed holding by producers and exceptional strength in security markets, wheat prices recovered sharply to a new high for the season. Cash corn prices had been declining but strengthened materially in the middle of November. On November 20, the Government announced a 1940 loan rate on corn of 61 cents a bushel, or 4 cents above the 1939 rate.

The lower range of cash grain prices at Kansas City:

| | Nov. 25 | Oct. 31 | Sept. 30 | Oct. 31 |
|-----------------------------|---------|---------|----------|---------|
| | 1940 | 1940 | 1940 | 1939 |
| No. 1 hd., dk. wheat, bu.. | \$.84¼ | \$.80 | \$.79¼ | \$.84¼ |
| No. 2 mixed corn, bu..... | .59½ | .58½ | .61½ | .50¼ |
| No. 2 white oats, bu..... | .36½ | .32¾ | .30¾ | .37¼ |
| No. 2 rye, bu..... | .51 | .49 | .48 | .56 |
| No. 2 barley, bu..... | .51 | .46 | .45 | .49 |
| No. 2 white kafir, cwt..... | .86 | .78 | .95 | 1.05 |

Livestock

MARKETINGS

Marketings of livestock continued rather heavy through October, with receipts of cattle only 2 and sheep 9 per cent below the October average of the past ten years and receipts of calves 5 and hogs 10 per cent above average. Marketings of hogs were 23 and sheep 5 per cent larger than last year, an unfavorable feeding ratio encouraging early marketings of hogs, but receipts of cattle fell 6 and calves 10 per cent below last year when receipts had been swelled by some forced liquidation because of fall drought.

October livestock receipts at six District markets:

| | Cattle | Calves | Hogs | Sheep |
|--------------------|-------------|---------|-----------|-----------|
| | Denver..... | 86,154 | 21,761 | 36,061 | 578,246 |
| Kansas City..... | 205,844 | 56,500 | 224,853 | 147,470 |
| Oklahoma City..... | 46,581 | 23,279 | 56,988 | 16,769 |
| Omaha..... | 137,132 | 27,491 | 149,052 | 130,431 |
| St. Joseph..... | 40,904 | 5,915 | 100,295 | 83,630 |
| Wichita..... | 36,858 | 10,301 | 32,690 | 46,277 |
| Oct. 1940..... | 553,473 | 145,247 | 599,939 | 1,002,823 |
| Sept. 1940..... | 515,277 | 97,907 | 514,112 | 1,011,656 |
| Oct. 1939..... | 588,030 | 160,568 | 487,208 | 951,126 |
| 10 Mos. 1940..... | 3,316,189 | 652,470 | 5,341,107 | 6,131,651 |
| 10 Mos. 1939..... | 3,426,939 | 709,810 | 4,188,542 | 6,510,882 |

PRICES

Prices of prime finished beef steers and of fat lambs advanced further in October and the forepart of November, but prices of the lower grades of steers, of stocker and feeder cattle, and of hogs declined. Highly finished long-fed steers were in small supply and prices rose to the highest point since late 1937 and the highest November level since 1929. Liberal marketings were largely responsible for the decline in prices of grass cattle, short-fed steers, and hogs, hog prices falling back to the lowest point since last July and the lowest November level since 1933. A continued broad outlet, however, was a price sustaining influence for stocker and feeder cattle, the average price of steers being the highest for the season since 1929. Relatively small supplies of fat lambs, a well sustained demand for feeders, and higher wool prices have given exceptional strength to sheep and lamb prices.

Top livestock prices at the Kansas City market:

| | Nov. 25 1940 | Oct. 1940 | Sept. 1940 | Oct. 1939 | Oct. 1938 | Oct. 1937 |
|---------------------|--------------------------------|--------------|---------------|--------------|--------------|--------------|
| | (In dollars per hundredweight) | | | | | |
| Beef steers..... | 14.50 | 13.25 | 13.25 | 11.25 | 12.50 | 16.00 |
| Stocker cattle..... | 10.50 | 10.75 | 10.75 | 10.35 | 9.25 | 9.25 |
| Feeder cattle..... | 10.25 | 10.50 | 10.75 | 9.25 | 9.25 | 10.75 |
| Calves..... | 10.50 | 10.50 | 10.50 | 10.00 | 10.00 | 10.00 |
| Hogs..... | 5.95 | 6.40 | 7.35 | 7.20 | 8.60 | 11.45 |
| Sheep..... | 8.00 | 8.00 | 7.75 | 8.00 | 7.00 | 8.25 |
| Lambs..... | 9.35 | 9.50 | 9.30 | 9.65 | 8.65 | 10.75 |

STOCKERS AND FEEDERS

Advancing prices of fat livestock, favorable feeding margins, and the abundance of feeds and winter grain pasturage continue to stimulate country demand for stocker and feeder cattle, calves, and sheep. In October, shipments of cattle from public markets were 25, calves 58, and sheep 4 per cent above the average for that month during the past ten years. The movement of cattle was 6 and sheep 14 per cent larger than last year but of calves 6 per cent smaller.

October stocker-feeder shipments:

| | Cattle | Calves | Hogs | Sheep |
|-------------------|-----------|---------|--------|-----------|
| Denver..... | 51,713 | 13,392 | 46 | 412,438 |
| Kansas City..... | 135,986 | 39,816 | 3,312 | 31,237 |
| Omaha..... | 73,830 | 12,705 | 986 | 45,855 |
| St. Joseph..... | 12,278 | 2,085 | 1,989 | 18,960 |
| Oct. 1940..... | 273,807 | 67,998 | 6,333 | 508,490 |
| Sept. 1940..... | 209,465 | 36,087 | 4,669 | 361,956 |
| Oct. 1939..... | 257,801 | 72,502 | 4,910 | 446,540 |
| 10 Mos. 1940..... | 1,028,613 | 222,262 | 52,737 | 1,438,054 |
| 10 Mos. 1939..... | 1,017,068 | 230,679 | 43,803 | 1,423,744 |

Developments to early November, according to the Department of Agriculture, indicate that the number of cattle to be fed during the 1940-41 season will show a considerable increase in Corn Belt states west of the Mississippi River. Some increase in cattle feeding is expected in Oklahoma but there will be a rather sharp decrease in operations in Colorado.

There has been a record movement of lambs to wheat pastures in western Kansas and some increase over last year to other sections of that state. A de-

crease in lamb feeding during the 1940-41 feeding season, however, appears probable in Missouri, Nebraska, and Wyoming, and a sharp reduction is in prospect in Colorado. In Nebraska, a material decrease in feeding in the Scottsbluff area and some decrease in the Central Platte Valley will more than offset increases in other parts of the state. Although more lambs than last year will be finished on wheat pastures in eastern Colorado, the total number fed in that state is expected to be the smallest since the 1926-27 season. Operations in Oklahoma may be no larger than last year because of the slow growth of wheat pastures during October. Little change is expected in New Mexico also.

RANGES AND PASTURES

Ranges and pastures in the District, although showing some decline in Colorado and in western Kansas and Oklahoma because of dry weather during October, generally carry a good supply of feed. Following September rains, the late growth of range feed was greatly helped by mild temperatures up to early November so that late fall and winter feed prospects, on the whole, are the best in several years. Cattle and sheep continue in good condition, with the number of thin livestock unusually small. Range cattle marketings this fall have not been particularly heavy except from local dry areas in Nebraska and New Mexico where feed is short. The tendency to restock cattle in sections where numbers were depleted in recent drought years is largely confined to holding herd increases rather than buying cattle at present relatively high prices. Western grown wool offered at the Boston auctions near the middle of October brought prices from 6 to 8 cents above the highest bids offered on the same lots at western auctions late last July.

Farm Income

Cash farm income in the District in September fell slightly under a year ago. Income from farm marketings and from commodities placed under Government loans was little changed from last year but Government conservation and benefit payments were fully a third less. For the first three quarters of the year, income from farm marketings was about 6 per cent larger than a year ago, while Government payments increased 18 and total income 7 per cent.

Department of Agriculture farm income estimates:

| | Sept. 1940 | 9 Mos. 1940 | Change from 1939 Sept. | 9 Mos. |
|--------------------|--------------------|----------------|---------------------------|--------|
| | (Thousand dollars) | | (Per cent) | |
| Colorado..... | 16,714 | 92,397 | +5.2 | +6.7 |
| Kansas..... | 30,760 | 221,526 | +6.6 | +7.7 |
| Missouri..... | 27,911 | 204,922 | -9.6 | +7.6 |
| Nebraska..... | 24,617 | 197,465 | +9.2 | +12.6 |
| New Mexico..... | 4,078 | 28,045 | -37.4 | +2.5 |
| Oklahoma..... | 16,020 | 131,065 | -22.4 | -3.7 |
| Wyoming..... | 10,630 | 36,419 | +32.6 | +17.9 |
| Seven states..... | 130,730 | 911,839 | -2.0 | +7.0 |
| United States..... | 907,722 | 6,188,769 | +0.7 | +6.9 |

Meat Packing

Packers' purchases of cattle and sheep continued to be restricted in October by a heavy demand for stocker and feeder livestock which absorbed more than the usual proportion of market supplies. Packers' purchases of cattle were 12, of calves 11, and of sheep 3 per cent smaller than a year ago, with the slaughter of cattle 19, calves 26, and sheep 18 per cent below the October average of the past ten years. Hog slaughter in October was unusually heavy, exceeding last year by 28 and the average by 29 per cent.

October packers' purchases at six District markets:

| | Cattle | Calves | Hogs | Sheep |
|--------------------|-----------|---------|-----------|-----------|
| Denver..... | 15,684 | 2,631 | 28,488 | 36,018 |
| Kansas City..... | 60,929 | 12,009 | 214,698 | 93,697 |
| Oklahoma City..... | 16,591 | 13,641 | 44,011 | 11,248 |
| Omaha..... | 53,779 | 14,624 | 139,830 | 75,538 |
| St. Joseph..... | 25,764 | 3,975 | 97,769 | 63,513 |
| Wichita..... | 10,648 | 3,857 | 29,755 | 10,108 |
| Oct. 1940..... | 183,395 | 50,737 | 554,551 | 290,122 |
| Sept. 1940..... | 182,917 | 42,662 | 467,729 | 284,727 |
| Oct. 1939..... | 208,387 | 56,943 | 431,956 | 299,900 |
| 10 Mos. 1940..... | 1,605,362 | 333,373 | 4,704,508 | 2,878,397 |
| 10 Mos. 1939..... | 1,705,170 | 358,625 | 3,650,846 | 3,064,812 |

Cold Storage Holdings

United States cold storage stocks of beef and lamb increased less and poultry more than is usual during October, while holdings of pork, butter, and cheese declined more and lard less than is usual. November 1 stocks of beef were 21 and butter 19 per cent below the five-year average, but holdings of pork were 8, lamb 17, poultry 47, eggs 6, and cheese 22 per cent above average. Stocks of lard, which were more than three times the average, and of poultry continue at record levels for the season.

United States cold storage holdings:

| | Nov. 1 1940 | Oct. 1 1940 | Nov. 1 1939 | Aver. '35-'39 |
|---------------------------------|-------------------------|----------------|----------------|------------------|
| | (In thousands of units) | | | |
| Beef, lbs..... | 48,055 | 36,303 | 49,242 | 60,957 |
| Pork, lbs..... | 298,284 | 329,214 | 272,655 | 277,265 |
| Lamb and mutton, lbs..... | 3,823 | 3,411 | 3,499 | 3,276 |
| Poultry, lbs..... | 114,625 | 90,842 | 79,228 | 78,255 |
| Miscellaneous meats, lbs..... | 53,080 | 57,557 | 57,519 | 56,181 |
| Lard, lbs..... | 222,259 | 235,690 | 68,738 | 62,266 |
| Eggs, shell, cases..... | 4,150 | 6,040 | 3,519 | 4,071 |
| Eggs, frozen (case equiv.).. | 3,193 | 3,737 | 2,979 | 2,871 |
| Butter, creamery, lbs..... | 104,673 | 128,087 | 128,111 | 129,515 |
| Cheese, all varieties, lbs..... | 143,640 | 149,309 | 114,736 | 118,077 |

Flour Milling

Southwestern flour mills operated during October at 72 per cent of capacity, approximately the same rate as in the preceding month but somewhat lower than in October a year ago after the outbreak of war in Europe. October output, although 3 per cent above the average of the past ten years, was slightly smaller than last year, and production for the first ten months of 1940 shows a decline of 4 per cent from 1939. A steady flow of shipping directions on old contracts has enabled mills to operate at a fairly satisfactory rate,

however, and the volume of unfilled orders on mills' books is diminishing rapidly. Bakers, apparently concerned over "free" wheat supplies and advancing prices, bought moderately at the middle of October, and there was some improvement in family flour sales early in November. Otherwise sales continue light.

Flour output reported by the Northwestern Miller:

| | Oct. 1940 | 10 Mos. 1940 | Change from 1939 Oct. | 10 Mos. (Per cent) |
|---------------------|--------------|-----------------|--------------------------|-----------------------|
| | (In barrels) | | (Per cent) | |
| Kansas City..... | 538,000 | 5,236,000 | -19.9 | -14.4 |
| Salina..... | 203,000 | 1,893,000 | -14.0 | -13.6 |
| Wichita..... | 162,000 | 1,462,000 | -16.1 | -16.5 |
| Other cities..... | 1,385,000 | 11,614,000 | +12.2 | +5.9 |
| Southwest..... | 2,288,000 | 20,210,000 | -2.0 | -3.9 |
| United States*..... | 6,432,000 | 56,039,000 | +1.5 | -4.8 |

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

Petroleum

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

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

| | Oct. 1940 | 10 Mos. 1940 | Change from 1939 Oct. | 10 Mos. |
|--------------------|--------------|-----------------|--------------------------|---------|
| | (In barrels) | | (Per cent) | |
| Colorado..... | 107,000 | 1,100,000 | -24.1 | -6.3 |
| Kansas..... | 5,944,000 | 54,746,000 | +8.9 | +10.3 |
| Nebraska..... | 65,000 | 95,000 | .... | .... |
| New Mexico..... | 3,121,000 | 32,778,000 | -11.8 | +7.7 |
| Oklahoma..... | 12,342,000 | 130,019,000 | -9.5 | -2.0 |
| Wyoming..... | 2,362,000 | 21,448,000 | +21.1 | +22.0 |
| Six states..... | 23,941,000 | 240,186,000 | -3.1 | +3.8 |
| United States..... | 111,490,000 | 1,132,495,000 | -2.4 | +9.1 |

Stocks of crude petroleum produced in this District, after rising gradually for almost a year, declined somewhat during October and are now only 8 per cent above the extreme low to which they had fallen in November a year ago. Crude oil prices generally are steady, fuel oil prices are seasonally strong, and gasoline prices recently have shown some improvement.

Coal

Output of bituminous coal in the District in October was 13 per cent smaller than a year ago, in contrast with an increase of 8 per cent for the year to date.

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

| | Oct. 1940 | 10 Mos. 1940 | Change from 1939 Oct. | 10 Mos. |
|--------------------|--------------|-----------------|--------------------------|---------|
| | (In tons) | | (Per cent) | |
| Colorado..... | 570,000 | 4,967,000 | -17.4 | +9.0 |
| Kans. and Mo..... | 526,000 | 5,285,000 | -25.1 | +8.9 |
| New Mexico..... | 86,000 | 871,000 | -25.2 | -11.8 |
| Oklahoma..... | 143,000 | 1,222,000 | -19.2 | +37.0 |
| Wyoming..... | 567,000 | 4,459,000 | -7.7 | +2.8 |
| Six states..... | 1,892,000 | 16,804,000 | -13.3 | +7.5 |
| United States..... | 38,300,000 | 371,433,000 | -17.4 | +19.2 |

Zinc and Lead

Zinc ore shipments from the Tri-State district in October fell 4 and those of lead 17 per cent under the rather heavy shipments of October a year ago. Demand for zinc continues exceptionally strong, but producers tend to hold for higher prices, thus limiting the amount available for shipment. Zinc ore prices have been unchanged in recent weeks, while lead ore prices rose sharply in October and early November, following advances in the slab zinc market. Prices of both zinc and lead are the highest since late in 1937.

October shipments from the Tri-State district:

| | ZINC ORE | | LEAD ORE | |
|-------------------|----------|--------------|----------|------------|
| | Tons | Value | Tons | Value |
| Kansas..... | 9,212 | \$ 443,664 | 1,427 | \$ 85,650 |
| Missouri..... | 2,997 | 144,817 | 375 | 22,388 |
| Oklahoma..... | 26,197 | 1,264,426 | 2,262 | 135,818 |
| Oct. 1940..... | 38,406 | \$ 1,852,907 | 4,064 | \$ 243,856 |
| Sept. 1940..... | 36,183 | 1,626,115 | 3,887 | 219,573 |
| Oct. 1939..... | 39,934 | 1,757,155 | 4,912 | 317,042 |
| 10 Mos. 1940..... | 353,196 | 14,342,785 | 37,652 | 2,212,986 |
| 10 Mos. 1939..... | 330,006 | 10,706,437 | 48,767 | 2,731,877 |

Employment and Pay Rolls

Employment in the District in October was more than 2 and pay rolls more than 3 per cent above a year ago. For the year to date they show increases of 3 and 5 per cent, respectively.

Preliminary figures of the Department of Labor:

| | EMPLOYMENT | | PAY ROLLS | |
|-------------------|-----------------------------------|--------------|-----------|--------------|
| | Oct. 1940 | 10 Mos. 1940 | Oct. 1940 | 10 Mos. 1940 |
| | (Per cent change from a year ago) | | | |
| Colorado..... | -2.2 | +1.2 | -4.3 | +2.7 |
| Kansas..... | +5.2 | +4.4 | +4.6 | +4.3 |
| Missouri..... | +4.5 | +4.3 | +6.4 | +6.3 |
| Nebraska..... | -0.8 | +1.5 | +0.9 | +4.0 |
| New Mexico..... | +10.9 | +6.7 | +9.5 | +7.0 |
| Oklahoma..... | -0.1 | -0.1 | +2.2 | +1.7 |
| Wyoming..... | -6.5 | -3.2 | -4.6 | +6.0 |
| Seven states..... | +2.4 | +3.0 | +3.5 | +4.9 |

Building

Construction awards in the Kansas City area in October were 40 per cent larger than a year ago, almost double the rate of increase for the year to date. Residential building, commercial and manufacturing building, and public works construction continue at a high level, while utility construction remains in substantially smaller volume than last year. So far in 1940, District building is about 22 per cent above a year ago as compared with an increase of 9 per cent for the country as a whole.

Construction figures of F. W. Dodge Corporation:

| | Oct. | 10 Mos. | Change from 1939 | |
|-------------------------|--------------------|-----------|------------------|---------|
| | 1940 | 1940 | Oct. | 10 Mos. |
| | (Thousand dollars) | | (Per cent) | |
| Residential building.. | 4,975 | 38,936 | +49.3 | +15.5 |
| Nonresidential bldg... | 5,030 | 36,264 | +65.9 | +15.5 |
| Public wks. construc.. | 3,983 | 43,443 | +175.8 | +98.3 |
| Utility construction... | 543 | 9,885 | -78.8 | -47.4 |
| Kansas City area..... | 14,531 | 128,528 | +40.2 | +21.5 |
| 37 Eastern states..... | 383,069 | 3,167,421 | +46.3 | +9.3 |

The value of building permits issued in reporting District cities in October was 27 per cent larger than in the corresponding month a year ago, raising the cumulative gain for the first ten months of the year to about 5 per cent over last year.

Value of building permits issued in District cities:

| | Oct. | 10 Mos. | Change from 1939 | |
|-------------------------|-----------|------------|------------------|---------|
| | 1940 | 1940 | Oct. | 10 Mos. |
| | (Dollars) | | (Per cent) | |
| Albuquerque, N. M.. | 144,000 | 1,940,000 | -9.4 | -13.2 |
| Cheyenne, Wyo..... | 130,000 | 1,106,000 | +31.3 | +24.4 |
| Colo. Springs, Colo.. | 69,000 | 810,000 | -4.2 | -24.1 |
| Denver, Colo..... | 942,000 | 11,210,000 | +8.4 | +20.0 |
| Hutchinson, Kans.... | 45,000 | 415,000 | -13.5 | -36.8 |
| Joplin, Mo..... | 96,000 | 590,000 | +200.0 | +39.5 |
| Kansas City, Kans... | 183,000 | 929,000 | +553.6 | -65.3 |
| Kansas City, Mo..... | 421,000 | 3,057,000 | +67.1 | +29.7 |
| Lincoln, Nebr..... | 631,000 | 2,387,000 | -2.5 | -7.6 |
| Okla. City, Okla.... | 613,000 | 5,153,000 | +67.0 | +26.5 |
| Omaha, Nebr..... | 414,000 | 4,810,000 | +8.7 | -0.4 |
| Pueblo, Colo..... | 102,000 | 925,000 | +22.9 | +22.4 |
| Salina, Kans..... | 68,000 | 521,000 | +88.9 | +31.9 |
| Shawnee, Okla..... | 5,000 | 180,000 | -54.5 | +26.8 |
| St. Joseph, Mo..... | 27,000 | 323,000 | +800.0 | -74.2 |
| Topeka, Kans..... | 109,000 | 1,358,000 | +17.2 | +30.6 |
| Tulsa, Okla..... | 379,000 | 4,463,000 | -5.7 | +16.7 |
| Wichita, Kans..... | 505,000 | 2,634,000 | +97.3 | +21.3 |
| District, 18 cities.... | 4,883,000 | 42,811,000 | +27.1 | +5.2 |

Lumber

Retail lumber sales in the District showed a further sharp expansion during October. Sales for the month were 58 per cent larger than a year ago and total sales for the year to date now show an increase of 7 per cent over last year.

Inventories continue to rise with the result that stocks, which at the end of September had been 5 per cent larger than last year, at the end of October were 9 per cent larger. October collections averaged 35.1 per cent against 34.6 per cent a year ago.

Lumber trade at 150 retail yards in the District:

| | Oct. 1940 | |
|--------------------------------------|---------------------------------|-----------|
| | per cent change from Sept. 1940 | Oct. 1939 |
| Sales of lumber, board feet..... | +37.9 | +57.6 |
| Sales of all materials, dollars..... | +25.5 | +18.4 |
| Stocks of lumber, board feet..... | +3.4 | +8.9 |
| Outstandings, dollars..... | +8.1 | +12.9 |

Life Insurance

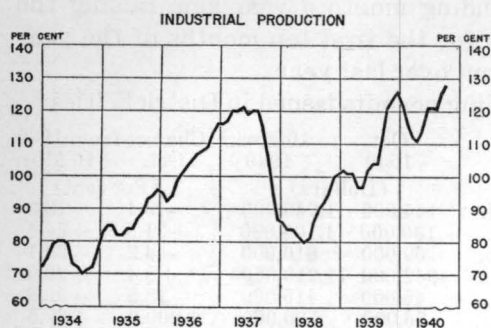
Life insurance sales in the District both in October and in the first ten months of 1940 were slightly lower than in the corresponding periods in 1939.

The Life Insurance Sales Research Bureau report:

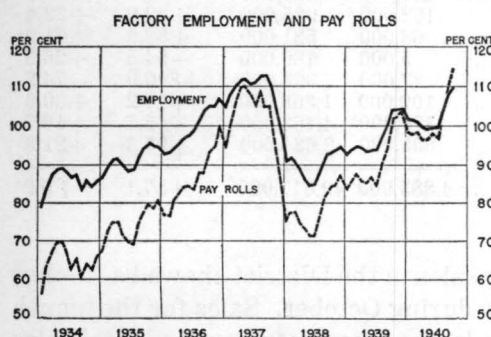
| | Oct. | 10 Mos. | Change from 1939 | |
|--------------------|--------------------|-----------|------------------|---------|
| | 1940 | 1940 | Oct. | 10 Mos. |
| | (Thousand dollars) | | (Per cent) | |
| Colorado..... | 4,889 | 48,221 | -1.8 | -1.7 |
| Kansas..... | 6,369 | 63,556 | -3.6 | -0.7 |
| Missouri..... | 15,968 | 164,955 | -3.1 | -4.4 |
| Nebraska..... | 5,720 | 54,859 | +12.3 | +1.3 |
| New Mexico..... | 1,160 | 11,886 | +1.8 | +12.1 |
| Oklahoma..... | 7,403 | 78,860 | -2.8 | -2.1 |
| Wyoming..... | 918 | 8,841 | -18.6 | -18.3 |
| Seven states..... | 42,427 | 431,178 | -1.4 | -2.4 |
| United States..... | 573,504 | 5,462,192 | +5.4 | +2.7 |

NATIONAL SUMMARY OF BUSINESS CONDITIONS

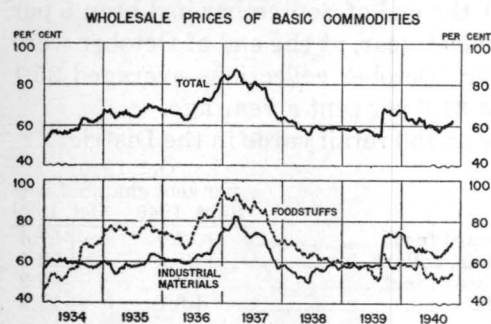
By the Board of Governors of the Federal Reserve System



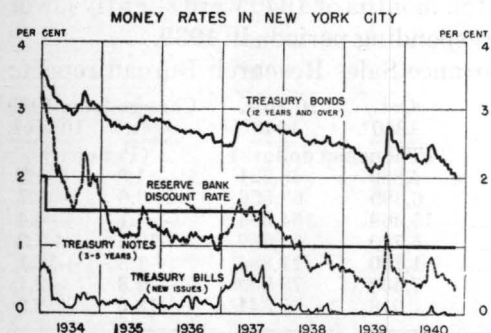
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average =100. By months, January, 1934, through October, 1940.



Indexes of number employed and pay rolls, without adjustment for seasonal variation, 1923-1925 average=100. By months, January, 1934, through October, 1940. Indexes compiled by the United States Bureau of Labor Statistics.



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934, through November 7, 1940.



For weeks ending January 6, 1934, through November 9, 1940.

Industrial output rose sharply in October and the first half of November and prices of basic commodities advanced further. New orders both for defense purposes and for civilian needs continued in large volume.

PRODUCTION

Volume of industrial production, as measured by the Board's seasonally adjusted index, rose further in October to about 128 per cent of the 1935-1939 average as compared with 125 in September and 126 at the peak reached last December.

Increases in output were marked in the automobile and textile industries. In the rayon industry, where production in September had been curtailed by a strike, activity increased considerably and cotton textile mills were also more active. Mill sales of cotton goods have been large since the middle of August, reflecting increased civilian and military demand, and have been in excess of production during most of this period. At wool textile mills, where activity had risen sharply in September, there was a further increase in October. Backlogs of orders in this industry are now of considerable size owing to a large volume of orders received during the past two months, particularly from the Government. Automobile production rose to about 500,000 cars and trucks, the largest monthly total since the spring of 1937, and retail sales of both new and used automobiles were reported to be large for this time of year.

In the steel and machinery industries activity continued at a high rate in October. In the first half of November steel ingot production advanced slightly further and was at about 96 per cent of capacity. This high rate of output is expected to be maintained for some time to come, according to trade reports, as new orders for steel have continued large. Lumber production, which had risen sharply since midsummer, declined less than seasonally in October. New orders for lumber were somewhat below the high rate of August and September but remained above production, reflecting in part continued Government demands.

Bituminous coal production declined sharply in October but in the first half of November showed some increase. In this industry output had been maintained in large volume during the summer owing in part to considerable stocking of coal in anticipation of higher prices. Anthracite production also declined in the first half of October but rose sharply in the latter part of the month owing in part to seasonal influences. Crude petroleum production, which had been curtailed during most of the summer, increased further in October.

Value of construction contract awards increased in October, following a decline in the previous month, according to figures of the F. W. Dodge Corporation and the Federal Reserve Bank of San Francisco. Changes in the amount of contract awards in recent months have reflected principally fluctuations in contracts for public projects. Awards for private construction have shown about the usual seasonal changes, following a sharp rise in July and August.

DISTRIBUTION

In October department store sales declined considerably from the advanced level of the two preceding months, while sales at variety stores, which also had been large in August and September, increased seasonally. In the early part of November department store sales increased somewhat.

Total loadings of revenue freight in October were maintained at about the level reached in September. Shipments of miscellaneous merchandise increased further, while loadings of coal showed a sharp decrease. In the first week of November freight carloadings declined by less than the usual seasonal amount.

WHOLESALE COMMODITY PRICES

Prices of basic commodities continued to advance from the middle of October to the middle of November, with the chief increases in industrial materials, particularly lead, hides, wool, and textile yarns. The general index of wholesale commodity prices rose further by about 1 per cent in this period, reflecting increases in prices of some finished goods as well as of materials.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities have increased substantially since the end of September. Commercial loans showed sizable increases both in New York City and in other leading cities. Following reductions during August and September, holdings of United States Government obligations at these banks also increased. Federal Reserve System holdings of Government obligations were reduced by \$180,000,000 between September 25 and November 13.

UNITED STATES GOVERNMENT SECURITY PRICES

After rising moderately during the latter part of October prices of United States Government securities advanced sharply in the early part of November. The quotation on the 1960-65 bonds reached a new high level at about 110¼, and the yield on this issue declined to 2.12 per cent compared with 2.25 per cent in October and 2.26 per cent in June, 1939, and again in April, 1940. The average yield on 3 to 5-year Treasury notes declined to less than ¾ of 1 per cent.