

MONTHLY REVIEW

Agricultural and Business Conditions

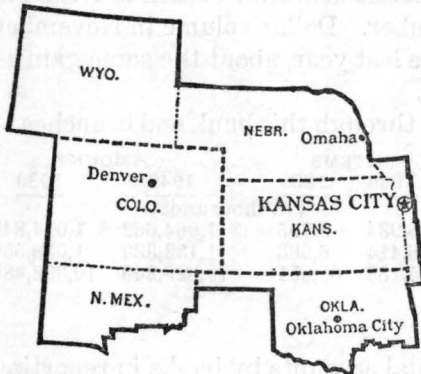
TENTH FEDERAL RESERVE DISTRICT

VOL. 25, No. 12

FEDERAL RESERVE BANK OF KANSAS CITY

DECEMBER 31, 1940

Business in the Tenth Federal Reserve District



November rainfall in Kansas, Oklahoma, and New Mexico was more than twice normal, and it was above normal elsewhere in the District. Fall and winter rains and snows are penetrating into the subsoil for the first time in many years. The outlook for crops next year is unusually good.

Construction continues very active and the demand for lumber is strong. Industrial activity elsewhere is increasing the demand for meat, dairy, and other farm products. Cattle prices remain high and hog prices are firm. But hogs are unprofitable at present corn prices and hog production is declining.

In November wholesale trade was 5% and department store sales were 12% above last year but retail sales in the first three weeks of December have been somewhat disappointing.

Bank loans continue to expand and are now 14% above last year. Deposits and check transactions are also higher.

BUSINESS INDICATORS	NOVEMBER 1940 COMPARED WITH NOVEMBER 1939								11 MOS. 1940 COMPARED WITH 11 MOS. 1939							
	% DECREASE				% INCREASE				% DECREASE				% INCREASE			
	40	30	20	10	10	20	30	40	40	30	20	10	10	20	30	40
Finance																
Bank Debits.....																
F. R. Bk. Clearings..																
Mem. Bk. Loans.....																
Mem. Bk. Invest.....																
Demand Deposits.....																
Life Ins. Sales.....																
Failures (Liab.).....																
Trade																
Wholesale Sales.....																
Retail Sales.....																
Dept. Store Sales.....																
Lumber Sales.....																
Marketings																
Wheat.....																
Corn.....																
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 continued to rise rapidly from the middle of November to the third week of December, chiefly the result of further increases in commercial and so-called "all other" loans. The upward trend in loans, which has been rather pronounced since late August, is due in part to seasonal factors but it also represents an increased demand for funds from cattle feeders and from industries that have defense orders. Investments, which in November had been 3 per cent above a year ago, declined sharply in the forepart of December, reflecting principally decreased holdings of Treasury bills and notes and of "other" securities. Loans are 14 per cent above but investments are now 3 per cent below a year ago.

Adjusted demand deposits at reporting member banks are considerably below their record level at the middle of November, but deposits of other banks at these reporting banks have increased in recent weeks. Reserves carried at this bank have also risen, while correspondent balances carried at other banks continue to decline. Adjusted demand and interbank deposits are 4 and reserve balances 9 per cent larger than a year ago, while correspondent balances are 5 per cent less than at this time last year.

Principal items of condition of 51 member banks:

	Change from		
	Dec. 18 1940	Nov. 13 1940	Dec. 20 1939
	(In thousands of dollars)		
Loans and investments—total.....	723,087	-7,013	+28,842
Loans—total.....	340,860	+9,496	+41,771
Coml., indust., agric.....	203,039	+4,871	+18,590
Open market paper.....	21,025	+161	+3,436
To security brokers and dealers..	3,893	+322	-70
Other to purchase or carry secur.	9,506	+14	-564
Real estate loans.....	31,119	+574	+4,483
Loans to banks.....	423	-298	-77
All other loans.....	71,855	+3,852	+15,973
Investments—total.....	382,227	-16,509	-12,929
U. S. Treasury bills.....	28,146	-2,953	+1,051
U. S. Treasury notes.....	53,373	-6,940	-27,028
U. S. Govt. bonds.....	96,467	+3,665	-273
Oblig. guar. by U. S. Govt.....	78,685	-2,353	+20,539
Other securities.....	125,556	-7,928	-7,218
Reserve with F. R. Bank.....	206,334	+4,201	+16,509
Balances with domestic banks.....	294,886	-14,900	-16,782
Demand deposits—adjusted.....	553,863	-20,769	+18,640
Time deposits.....	144,702	-1,791	+1,121
U. S. Govt. deposits.....	12,913	-6,539	-10,884
Interbank deposits.....	440,614	+7,391	+15,095

Reserve Bank Operations

Note circulation of this bank increased sharply toward the end of November, reflecting in part a seasonal demand for currency for Christmas shopping. By the third week of December, circulation had risen to a new high level of 209½ million dollars which is about 25 million, or 14 per cent, above a year ago and 37 million, or 21 per cent, above two years ago, when circulation had begun to increase rapidly.

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

	Change from		
	Dec. 18 1940	Nov. 13 1940	Dec. 20 1939
	(In thousands of dollars)		
Total reserves.....	440,485	+21,272	+76,471
Bills discounted.....	1,134	-396	+61
Industrial advances.....	86	-126	-97
Commit. to make indust. adv.....	35	-93	-508
U. S. Govt. sec., direct & guar....	107,043	-2,251	-5,545
Total assets.....	596,831	+19,910	+73,903
F. R. notes in circulation.....	209,327	+6,865	+25,010
Member bank reserve deposits....	284,375	+10,339	+23,357

After rising sharply in the preceding month, dollar volume of check collections declined much less than is usual during November. Dollar volume in November was 5 per cent above last year, about the same gain as for the year to date.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1940	1939	1940	1939
	(In thousands)			
November.....	5,934	5,755	\$ 1,064,662	\$ 1,014,840
October.....	6,414	6,083	1,132,330	1,056,556
Eleven months.....	65,183	65,051	10,829,945	10,392,486

Bank Debits

Debits to individual accounts by banks in reporting centers of the District declined less than is usual during November, continuing at a level slightly above a year ago. The November increase over last year measured about 4 and that for the first eleven months of the year about 3 per cent.

Payments by check in thirty District cities:

	Nov. 1940		11 Mos. 1940		Change from 1939	
	Nov. 1940	11 Mos. 1940	Nov. 1940	11 Mos. 1940	Nov. 1939	11 Mos. 1939
	(Thousand dollars) (Per cent)					
Albuquerque, N. M.....	20,043	191,053	+10.3	+11.7		
Atchison, Kans.....	2,847	33,096	+3.3	+3.2		
Bartlesville, Okla.....	23,740	291,273	-28.2	-8.9		
Casper, Wyo.....	7,617	71,581	+8.3	+7.8		
Cheyenne, Wyo.....	9,781	94,054	+19.5	+3.3		
Colo. Springs, Colo.....	17,594	150,303	+7.7	-2.8		
Denver, Colo.....	170,691	1,732,326	+4.4	+1.1		
Emporia, Kans.....	3,939	35,672	+18.1	+4.8		
Enid, Okla.....	9,383	122,576	-1.7	+2.2		
Fremont, Nebr.....	2,895	30,899	+19.6	+7.9		
Gr. Junction, Colo.....	3,590	40,696	-6.7	-0.5		
Guthrie, Okla.....	1,540	15,841	+18.5	-2.4		
Hutchinson, Kans.....	9,670	135,098	-0.1	+10.4		
Indep., Kans.....	2,562	29,099	+3.0	-3.9		
Joplin, Mo.....	9,903	103,401	-4.6	-3.4		
Kansas City, Kans.....	19,119	189,939	+20.5	+5.3		
Kansas City, Mo.....	316,830	3,513,663	+6.7	+5.8		
Lawrence, Kans.....	3,489	38,994	+3.8	+1.2		
Lincoln, Nebr.....	27,902	312,644	-6.9	+0.8		
Muskogee, Okla.....	8,898	83,995	+18.1	-3.2		
Okla. City, Okla.....	98,685	1,077,237	-0.6	-3.1		
Okmulgee, Okla.....	2,606	28,463	+1.7	+3.3		
Omaha, Nebr.....	153,490	1,604,257	+9.6	+2.2		
Pittsburg, Kans.....	3,720	41,633	+3.2	+6.4		
Pueblo, Colo.....	19,100	160,859	-18.7	-6.7		
Salina, Kans.....	7,836	96,513	-3.1	+5.3		
St. Joseph, Mo.....	27,915	303,364	-0.5	+2.9		
Topeka, Kans.....	16,302	206,217	+4.7	+1.7		
Tulsa, Okla.....	131,455	1,454,813	-0.3	+4.3		
Wichita, Kans.....	46,988	507,926	+19.3	+6.1		
District, 30 cities.....	1,180,130	12,697,485	+3.7	+2.7		
U. S., 274 cities.....	39,088,000	399,191,000	+12.8	+4.9		

Trade

RETAIL SALES

Department store sales in the District rose sharply during November and were 12 per cent above a year ago, increasing the gain for the year to date to 3 per cent. Sales during the last half of the month, however, were very little larger than last year, and in the first three weeks of December they were lower than in the corresponding weeks last year. This period last year, however, included all holiday buying. Retail prices, according to the Fairchild Index, are about 2 per cent higher than a year ago.

Stocks of merchandise increased less than is usual during November and are now more than 5 per cent under a year ago. Collections on open accounts averaged 49.5 per cent in November as compared with 48.2 per cent last year, while installment collections averaged 18.0 and 17.3 per cent, respectively.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS	
		Nov.'40 comp. to Nov.'39	11 Mos.'40 comp. to 11 Mos.'39	Nov. 30,'40 comp. to Oct. 31,'40	Nov. 30,'40 comp. to Nov. 30,'39
(Per cent increase or decrease)					
Denver.....	5	+10.3	+3.1	+3.5	-3.0
Kansas City.....	5	+12.7	+3.0	+1.7	-5.1
Oklahoma City...	4	+16.6	+3.5	+3.5	-10.7
Omaha.....	3	+10.2	+1.1	....	....
Tulsa.....	5	+16.1	+8.6	+5.0	-4.3
Wichita.....	3	+7.5	+3.4	....	....
Other cities.....	17	+11.5	+1.8	-0.2	-3.3
District.....	42	+12.0	+3.3	+2.3	-5.3

Total retail sales in the District in November were 8 and in the first eleven 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:

	Nov. 1940 per cent change from Nov. 1939						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+12	+14	+10	+17	+17	+12	+26
Automobile.....	-1	+23	+17	+31	+11	+20	+32
Department....	+13	+12	+9	+17	....	+16	....
Drug.....	+3	-3	+5	-4	-0	+6	-7
Dry goods.....	....	+10	+12	+8	....	+21	....
Food.....	+1	+8	+2	+1	+7	+4	+6
Furniture.....	-14	+18	+9	-1	....	+7	....
General.....	+2	+8	+9	+9	+4	+9	+4
Hardware.....	+4	+11	+8	-2	....	+6	....
Jewelry.....	+9	+20	+16	+16	....	....	....
Lbr. and mtls....	-5	-2	-5	-9	-13	+5	-25
Miscellaneous..	+3	+28	+21	-5	+12	-3	+1
Total.....	+1	+12	+8	+9	+6	+12	+4

WHOLESALE SALES

Wholesale sales in the District in November continued at a level about 5 per cent above last year, with all principal lines except furniture sharing in this increase. Total sales for the year to date are little changed from last year. Wholesale inventories declined as is usual during November and remain about 3 per cent under a year ago. November collections averaged 71.7 per cent, about the same as last year.

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

	No. of Firms	SALES		STOCKS	
		Nov.'40 comp. to Nov.'39	11 Mos.'40 comp. to 11 Mos.'39	Nov. 30,'40 comp. to Oct. 31,'40	Nov. 30,'40 comp. to Nov. 30,'39
(Per cent increase or decrease)					
Auto. supplies.....	14	+20.8	+8.3	-3.0	-1.7
Clothing.....	4	+45.5	....	-22.7	-15.0
Drugs.....	4	+1.6	+4.2	-2.9	-1.6
Dry goods.....	5	+9.1	+0.1	-22.2	-11.5
Electrical goods...	13	-0.5	+8.7	+2.1	+20.4
Farm products.....	7	-2.2	+13.0	-2.1	+9.5
Furniture.....	5	-1.4	....	....	....
Groceries.....	31	+3.2	-2.1	-1.1	-7.8
Hardware—total(18)		+13.8	+6.4	+0.6	+0.3
General.....	5	+18.3	....	+1.3	-1.3
Industrial.....	8	+11.2	+6.9	-1.0	+7.7
Plbg. & htg.....	5	-3.2	-0.2	-1.7	-0.9
Jewelry.....	3	+6.8	....	+1.6	+15.5
Machinery.....	5	+11.9	+14.8	+1.6	+8.1
Paper and prod....	5	+2.6	+2.8	Zero	+3.1
Tobacco & prod....	5	+12.9	+3.6	....	....
All other lines.....	15	-0.4	+1.5	+1.8	+2.4
Total.....	134	+5.2	+1.2	-2.1	-2.6

Crops

The acreage of winter wheat seeded in 1940 was about 4 per cent larger than a year ago in Oklahoma and Kansas, 8 per cent larger in Colorado, and 10 per cent larger in Nebraska. Except in Oklahoma, however, acreage is considerably below that planted two years ago and is below average plantings from 1928 to 1937. Reflecting the most favorable fall moisture situation in many years, the condition of wheat generally is above average and the crop has received a vastly improved start as compared with last year when unprecedented fall drought had resulted in the lowest December 1 condition of record.

Department of Agriculture estimates of winter wheat acreage and condition:

	FALL SEEDED ACREAGE				CONDITION DEC. 1			
	1940	1939	1938	Aver. '28-'37	'40	'39	'38	Aver. '28-'37
(000 omitted)								
Colo.....	1,274	1,180	1,347	1,309	90	38	82	70
Kans.....	12,996	12,496	13,885	14,116	88	35	61	76
Mo.....	1,838	1,802	1,959	1,973	72	68	72	84
Nebr.....	3,353	3,021	3,824	3,614	81	37	71	78
N. Mex....	335	342	342	394	50	57	80	77
Okla.....	4,843	4,657	4,851	4,870	77	34	62	74
Wyo.....	263	239	241	202	92	60	84	73
7 States...	24,902	23,737	26,449	26,478	....	....	....	....
U. S.....	46,271	43,820	46,464	47,807	84	55	72	79

November weather, in marked contrast to a year ago, was unusually cold and wet. The low temperatures caused little damage to winter wheat, which generally is well rooted, and the moisture fell slowly with little runoff. In Kansas, moisture has penetrated to a depth of 12 to 24 inches or more, while in Oklahoma penetration is as deep as 30 to 40 inches. Subsoil reserves in central Nebraska and western Oklahoma, however, are still seriously deficient, and wheat in those sections is mostly poor.

November precipitation this year and last, expressed as a percentage of normal, was as follows: Colorado, 126 and 34; Kansas, 203 and 63; Missouri, 134 and 100; Nebraska, 137 and 4; New Mexico, 252 and 91; Oklahoma, 231 and 65; and Wyoming, 131 and 1. For the three months, September through November, the comparisons are equally striking: Colorado, 141 and 60; Kansas, 102 and 29; Missouri, 62 and 55; Nebraska, 83 and 25; New Mexico, 113 and 98; Oklahoma, 114 and 41; and Wyoming, 143 and 59.

Rainfall

	Nov. 1940		11 Mos. 1940	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	.74	.55	11.72	13.32
Leadville.....	1.25	.93	18.06	17.55
Pueblo.....	.90	.36	10.48	11.17
Lamar.....	.58	.53	14.74	15.44
Garnett.....	.98	.32	6.00	6.72
Steamboat Springs	1.23	1.49	23.24	21.16
KANSAS				
Topeka.....	3.34	1.52	27.16	32.57
Iola.....	3.76	2.22	33.87	36.78
Concordia.....	2.65	.99	16.96	25.92
Salina.....	3.27	1.43	24.56	26.50
Wichita.....	3.82	1.39	35.21	29.11
Hays.....	2.58	1.01	22.09	23.07
Goodland.....	.41	.72	23.12	18.14
Dodge City.....	2.39	.73	21.17	19.94
Elkhart.....	2.61	.84	16.90	16.97
MISSOURI				
St. Joseph.....	2.53	1.58	30.17	34.33
Kansas City.....	3.95	1.83	30.87	35.85
Joplin.....	4.05	2.77	39.55	41.83
NEBRASKA				
Omaha.....	2.24	1.07	23.11	26.84
Lincoln.....	2.12	1.07	21.87	27.10
Norfolk.....	1.48	1.12	27.18	27.43
Grand Island.....	.59	1.04	11.01	26.31
McCook.....	.88	.78	17.05	19.13
North Platte.....	.45	.47	10.30	17.93
Bridgeport.....	.24	.43	13.70	15.71
Valentine.....	1.09	.56	14.41	17.76
NEW MEXICO				
Clayton.....	1.86	.72	10.46	16.15
Santa Fe.....	1.45	.68	14.18	13.63
Farmington.....	.63	.86	7.15	8.91
OKLAHOMA				
Tulsa.....	6.77	2.48	51.17	36.83
McAlester.....	4.51	2.67	37.53	40.49
Oklahoma City.....	4.66	1.87	32.91	29.65
Pauls Valley.....	5.47	2.32	37.91	33.10
Hobart.....	3.43	1.66	20.31	26.97
Enid.....	4.23	1.60	26.47	29.48
Woodward.....	4.03	1.67	21.86	25.00
WYOMING				
Cheyenne.....	.73	.52	14.74	14.47
Casper.....	.84	.75	8.58	14.21
Lander.....	1.69	.60	12.06	11.99
Sheridan.....	.80	.63	13.43	14.44

Grain Marketing

Wheat marketings in November were exceptionally small, falling nearly 40 per cent below a year ago. Additional amounts went under Government loans during the month and, although cash prices at times were as much as 8 cents above basic loan rates, the margin remaining after deducting handling and storage charges on wheat already under loan was not sufficient to cause any appreciable liquidation.

November grain receipts at five District markets:

	Wheat	Corn (In bushels)	Oats
Hutchinson.....	567,000	---	---
Kansas City.....	1,389,000	1,290,000	130,000
Omaha.....	182,000	804,000	56,000
St. Joseph.....	77,000	587,000	280,000
Wichita.....	732,000	14,000	---
Nov. 1940.....	2,947,000	2,695,000	466,000
Oct. 1940.....	4,670,000	8,135,000	790,000
Nov. 1939.....	4,736,000	4,006,000	456,000
11 Mos. 1940.....	130,484,000	37,788,000	5,560,000
11 Mos. 1939.....	157,231,000	22,962,000	9,746,000

Cash wheat prices since late October have shown little change, unusually favorable crop conditions in the domestic winter wheat belt as a depressing factor being checked by the Federal loan program which has enabled growers to withhold a large volume of wheat from commercial channels. Cash corn prices tend to decline and are slightly under basic loan rates of 61 cents a bushel for yellow and white and 59 cents for mixed corn announced on November 20. Indications are for increased amounts of commercial corn available from the 1940 crop because of the abundance of other feeds and an unfavorable corn-hog ratio.

The lower range of cash grain prices at Kansas City:

	Dec. 24 1940	Nov. 30 1940	Oct. 31 1940	Nov. 30 1939
No. 1 hd., dk. wheat, bu..	\$.83 $\frac{1}{4}$	\$.84 $\frac{1}{4}$	\$.80	\$.87 $\frac{1}{4}$
No. 2 mixed corn, bu.....	.57 $\frac{3}{4}$	.59 $\frac{3}{4}$	.58 $\frac{1}{2}$	.53 $\frac{3}{4}$
No. 2 white oats, bu.....	.36 $\frac{1}{2}$	.38 $\frac{1}{2}$	.32 $\frac{3}{4}$	.39

Livestock

MARKETINGS

November receipts of cattle, calves, and sheep were rather light, owing in part to widespread storms and unseasonal low temperatures, but hog receipts continued large. Following two months of heavy marketings, receipts of cattle were 13 and calves and sheep 22 per cent smaller than last year, with receipts of cattle 19, calves 11, and sheep 18 per cent below the November average of the past ten years. Hog marketings, which were 20 per cent larger than a year ago and 25 per cent above average, represent further liquidation because of an unfavorable feeding ratio.

November livestock receipts at six markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	65,213	21,191	51,619	154,093
Kansas City.....	110,912	29,230	250,122	93,473
Oklahoma City.....	33,202	13,465	47,242	11,188
Omaha.....	92,862	13,133	238,983	93,396
St. Joseph.....	28,110	4,989	140,174	54,945
Wichita.....	24,043	9,621	25,211	10,556
Nov. 1940.....	354,342	91,629	753,351	417,651
Oct. 1940.....	553,473	145,247	599,939	1,002,823
Nov. 1939.....	404,805	117,415	626,974	537,801
11 Mos. 1940.....	3,670,531	744,099	6,094,458	6,549,302
11 Mos. 1939.....	3,831,744	827,225	4,815,516	7,048,683

PRICES

Curtailed marketings gave added strength to cattle and sheep prices during November but some weak-

ness, particularly on lower grades of slaughter steers and lambs, developed in the forepart of December. Early in November, best steers reached an extreme top of \$14.50 a hundredweight, the highest point in three years and the highest November level in ten years, and the November lamb top has been exceeded only twice in that month since 1929. Hog prices, weakened by heavy marketings, were the lowest for any November since 1933. The decline in hog prices from their seasonal high last September, however, leveled off during November and early December, and in the third week of December, all livestock prices advanced strongly. In addition to a well sustained demand for beef in consuming centers, cattle prices are supported by a 60 per cent advance in hide values since August, while sheep prices reflect in part a 27 per cent increase in wool prices since June. Lard prices have declined 27 per cent since April and are 17 per cent lower than a year ago.

Top carlot livestock prices at Kansas City:

	Dec. 24 1940	Nov. 1940	Oct. 1940	Nov. 1939	Nov. 1938	Nov. 1937
	(In dollars per hundredweight)					
Beef steers.....	13.60	13.75	13.25	11.25	11.85	13.50
Stocker cattle.....	10.35	10.50	10.75	10.00	9.25	8.50
Feeder cattle.....	10.40	10.50	10.50	9.35	9.00	10.00
Calves.....	11.00	11.00	10.50	10.00	10.00	9.50
Hogs.....	6.65	6.15	6.40	6.65	8.00	9.40
Sheep.....	8.25	7.90	8.00	7.90	8.00	8.75
Lambs.....	9.40	9.75	9.50	9.75	9.50	10.15

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder livestock from public markets in November fell off rather sharply. The movement of cattle was 21, calves 26, and sheep 32 per cent less than last year, with shipments of cattle 15 and of sheep 25 per cent below the November ten-year average. Shipments of calves, however, were 21 per cent above average, reflecting the current relatively heavy demand for young stock.

November stocker-feeder shipments:

	Cattle	Calves	Hogs	Sheep
Denver.....	42,346	18,941	122	122,911
Kansas City.....	54,778	17,311	3,092	17,724
Omaha.....	29,377	6,363	1,390	15,453
St. Joseph.....	7,529	1,478	936	8,384
Nov. 1940.....	134,030	44,093	5,540	164,472
Oct. 1940.....	273,807	67,998	6,333	508,490
Nov. 1939.....	170,361	59,188	3,901	242,167
11 Mos. 1940.....	1,162,643	266,355	58,277	1,602,526
11 Mos. 1939.....	1,187,429	289,867	47,704	1,665,911

Because of the sharp drop in the movement of stocker and feeder cattle during November, the Department of Agriculture indicates that the number of cattle fed this season in Corn Belt states west of the Mississippi River may be somewhat smaller than anticipated earlier although still larger than the number fed last year. Cattle feeding operations in Oklahoma are also reported to be larger this year, but a decrease of 10 to 15 per cent appears probable in Colorado.

Shipments of lambs to wheat pastures in Kansas have been of record size, probably reaching half a million head, according to the Department of Agriculture. Shipments into the Scottsbluff area of Nebraska, however, indicate a decrease of 20 to 25 per cent in the number of lambs to be fed this winter in that section. There is also some decrease in the Central Platte Valley but an increase in other parts of the state. Lamb feeding in Colorado will be 15 to 20 per cent below last year and the smallest or second smallest in twenty-five years. Reductions have been especially heavy in the Fort Collins section of northern Colorado and in the San Luis Valley, and there has been some decrease in the Arkansas Valley. Operations are little changed in the Western Slope area and are larger than last year in eastern Colorado where wheat pastures have furnished good feed.

RANGES AND PASTURES

November and December storms and snows brought much needed moisture and stock water to ranges and pastures in the District. Ranges carry a good supply of winter grass and forage except in limited areas and are much improved over a year ago and somewhat above average. Livestock is in good condition and shows very little shrinkage, although the severe weather and snow covering necessitated unusually early supplemental feeding and forced cattle and lambs off muddy wheat fields. The abundance of forage and other feed crops has created a strong local demand for livestock in Oklahoma and Kansas, but in other sections of the District livestock generally was sold close this fall, although breeding herds, on the whole, were kept intact.

Farm Income

Cash farm income in the District in October was 11 per cent above a year ago, reflecting an increase of 13 per cent in income from farm marketings and from commodities placed under Government loans as Government benefit payments were 7 per cent less than last year. For the year to date, income from farm marketings is 7 per cent above last year, Government payments are 15 per cent larger, and total income has increased about 8 per cent.

Department of Agriculture farm income estimates:

	Oct. 1940	10 Mos. 1940	Change from 1939 Oct.	10 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	18,918	111,315	-10.8	+3.2
Kansas.....	24,846	246,372	+5.8	+7.5
Missouri.....	37,397	242,319	+16.0	+8.9
Nebraska.....	28,242	225,707	+3.7	+11.4
New Mexico.....	13,887	41,932	+36.8	+11.8
Oklahoma.....	29,455	160,520	+25.6	+0.6
Wyoming.....	10,200	46,619	+14.8	+17.3
Seven states.....	162,945	1,074,784	+11.1	+7.6
United States.....	1,126,355	7,315,124	+8.1	+7.1

Meat Packing

A heavy country demand for stockers and feeders continued to absorb more than the usual proportion of market supplies of calves in November, but the proportion of receipts of cattle and sheep going to immediate slaughter tended to increase. Packers' purchases of cattle were 4, calves 23, and sheep 14 per cent smaller than a year ago, with the slaughter of cattle 17, calves 31, and sheep 10 per cent below the November average of the past ten years. Hog slaughter in November was unusually heavy, exceeding last year by 21 and the average by 40 per cent.

November packers' purchases at six markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	13,739	2,321	38,650	21,066
Kansas City.....	47,628	9,255	239,808	67,078
Oklahoma City.....	14,079	9,127	35,647	6,823
Omaha.....	56,483	6,664	223,715	69,119
St. Joseph.....	18,945	3,509	137,650	46,467
Wichita.....	8,215	3,348	22,853	9,138
Nov. 1940.....	159,089	34,224	698,323	219,691
Oct. 1940.....	183,395	50,737	554,551	290,122
Nov. 1939.....	165,847	44,571	576,589	255,975
11 Mos. 1940.....	1,764,451	367,597	5,402,831	3,098,088
11 Mos. 1939.....	1,871,017	403,196	4,227,435	3,320,787

Cold Storage Holdings

United States cold storage stocks of meats, poultry, and lard increased more than is usual during November while holdings of eggs, butter, and cheese showed more than the usual decrease. December 1 stocks of beef were 14 and butter 29 per cent below the average for that date during the past five years, but stocks of pork were 23, lamb 10, poultry 35, and cheese 20 per cent above average. Stocks of lard, which were more than three times the average, and of poultry remain at very high levels for the season.

United States cold storage holdings:

	Dec. 1 1940	Nov. 1 1940	Dec. 1 1939	Aver. '35-'39
	(In thousands of units)			
Beef, lbs.....	71,703	48,245	67,672	83,596
Pork, lbs.....	405,826	303,712	332,272	330,931
Lamb and mutton, lbs.....	4,559	3,817	4,187	4,151
Poultry, lbs.....	159,056	114,257	127,649	117,995
Miscellaneous meats, lbs.....	64,990	53,062	68,970	66,332
Lard, lbs.....	231,823	223,166	88,955	68,818
Eggs, shell, cases.....	1,968	4,144	1,580	2,037
Eggs, frozen (case equiv.)..	2,602	3,195	2,509	2,470
Butter, creamery, lbs.....	67,703	105,106	89,783	95,484
Cheese, all varieties, lbs.....	136,565	143,633	112,217	113,504

Flour Milling

Southwestern flour mills operated in November at a level slightly above a year ago and production was 5 per cent larger than last year, owing chiefly to heavier output at interior mills. November production was also 5 per cent above the ten-year average, but output so far this year has been 3 per cent below last year. Flour business currently is very largely on a hand-to-mouth basis and the backlog of unfilled orders on mills' books is declining steadily. The lack of a definite

trend in wheat prices in recent months has tended to restrict forward buying, and the usual dullness in flour sales during the holiday and pre-inventory season has been felt somewhat early this year. Export trade shows little activity.

Flour output reported by the Northwestern Miller:

	Nov. 1940	11 Mos. 1940	Change from 1939 Nov.	11 Mos.
	(In barrels)		(Per cent)	
Kansas City.....	483,000	5,719,000	-16.7	-14.6
Salina.....	201,000	2,100,000	-8.2	-13.2
Wichita.....	154,000	1,615,000	+0.7	-15.2
Other cities.....	1,276,000	12,890,000	+20.2	+7.2
Southwest.....	2,114,000	22,324,000	+5.0	-3.1
United States*.....	5,831,000	61,871,000	+8.8	-3.6

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

Petroleum

Crude oil production in the District continues under a year ago, November output falling 7 per cent short of last year although still above the average of the past ten years. Production for the year to date, however, shows a small gain over last year because of the shut-down of wells in August, 1939.

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

	Nov. 1940	11 Mos. 1940	Change from 1939 Nov.	11 Mos.
	(In barrels)		(Per cent)	
Colorado.....	102,000	1,207,000	-4.7	-5.8
Kansas.....	5,606,000	60,322,000	-0.8	+9.1
Nebraska.....	73,000	168,000	....	....
New Mexico.....	3,033,000	35,889,000	-11.5	+6.0
Oklahoma.....	11,974,000	142,515,000	-11.3	-2.5
Wyoming.....	2,209,000	23,500,000	+14.0	+20.4
Six states.....	22,997,000	263,601,000	-6.6	+2.9
United States.....	106,792,000	1,241,215,000	-4.6	+8.0

Decreased output of crude petroleum has been accompanied in recent months by an important reduction in District crude oil stocks, indicating a better balance between supply and demand than at any time this year. Stocks have declined about 3 per cent since early August and are now only 6 per cent above the extremely low level of a year ago. Prices of refined products, particularly fuel oils, are stronger.

Coal

Bituminous coal output in the District in November was about 10 and in the first eleven months of the year 8 per cent larger than last year.

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

	Nov. 1940	11 Mos. 1940	Change from 1939 Nov.	11 Mos.
	(In tons)		(Per cent)	
Colorado.....	767,000	5,719,000	+13.1	+9.2
Kans. and Mo.....	654,000	5,948,000	-1.4	+7.9
New Mexico.....	103,000	976,000	-8.0	-11.2
Oklahoma.....	207,000	1,430,000	+34.4	+36.7
Wyoming.....	659,000	5,115,000	+14.6	+4.1
Six states.....	2,390,000	19,188,000	+9.5	+7.7
United States.....	40,300,000	412,133,000	-6.9	+16.1

Zinc and Lead

November shipments of zinc ore from the Tri-State district were 7 and lead 28 per cent less than last year, the smaller zinc shipment reflecting in part some holding by producers that since appears to have been relaxed. Stocks of unsold zinc in the Tri-State field in the forepart of December were estimated at the exceptionally low figure of 1,000 tons, or less than one day's production at the current rate of output. Zinc prices are steady, but lead prices weakened somewhat toward the close of November and early in December.

November shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	8,464	\$ 407,683	1,241	\$ 82,604
Missouri.....	2,119	102,369	236	15,641
Oklahoma.....	21,885	1,056,217	2,191	146,681
Nov. 1940.....	32,468	\$ 1,566,269	3,668	\$ 244,926
Oct. 1940.....	38,406	1,852,907	4,064	243,856
Nov. 1939.....	35,040	1,541,745	5,097	328,939
11 Mos. 1940.....	385,664	15,909,054	41,320	2,457,912
11 Mos. 1939.....	365,046	12,248,182	53,864	3,060,816

Employment and Pay Rolls

Employment in the District in November was more than 2 and pay rolls nearly 4 per cent above a year ago. For the year to date they show increases of about 3 and 5 per cent, respectively.

Preliminary figures of the Department of Labor:

	EMPLOYMENT		PAY ROLLS	
	Nov. 1940	11 Mos. 1940	Nov. 1940	11 Mos. 1940
	(Per cent change from a year ago)			
Colorado.....	-1.0	+1.0	-1.6	+2.3
Kansas.....	+4.9	+4.4	+5.2	+4.3
Missouri.....	+3.3	+4.2	+5.5	+6.3
Nebraska.....	+1.2	+1.5	+1.9	+3.8
New Mexico.....	+12.0	+7.1	+7.7	+7.1
Oklahoma.....	+0.5	-0.1	+2.4	+1.8
Wyoming.....	-6.7	-3.6	+0.5	+5.4
Seven states....	+2.3	+2.9	+3.7	+4.7

Building

Construction awards in the Kansas City area in November were more than double a year ago, reflecting the stimulus of the defense program. Nonresidential building, chiefly commercial and manufacturing, and residential building expanded sharply, while awards for public works and utility construction were lower than in November last year. District building so far in 1940 is 30 per cent ahead of 1939 as compared with an increase of 11 per cent for the whole country east of the Rocky Mountains.

Construction figures of F. W. Dodge Corporation:

	Nov.	11 Mos.	Change from 1939	
	1940	1940	Nov.	11 Mos.
	(Thousand dollars)		(Per cent)	
Residential building..	5,251	44,187	+68.6	+20.0
Nonresidential bldg..	13,442	49,706	+624.6	+49.5
Public wks. construc..	1,528	44,971	-51.5	+56.8
Utility construction..	1,571	11,456	-24.0	-45.0
Kansas City area.....	21,792	150,320	+113.9	+29.6
37 Eastern states.....	380,347	3,547,768	+26.8	+11.0

The value of November building permits issued in reporting District cities was only 8 per cent above a year ago, while in the preceding month it had been 27 per cent above last year. Value for the year to date has gained 5 per cent over the same period in 1939.

Value of building permits issued in District cities:

	Nov.	11 Mos.	Change from 1939	
	1940	1940	Nov.	11 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M..	203,000	2,143,000	+70.6	-8.9
Cheyenne, Wyo.....	173,000	1,279,000	+53.1	+27.6
Colo. Springs, Colo..	58,000	863,000	+23.4	-22.1
Denver, Colo.....	886,000	12,096,000	+30.3	+20.7
Hutchinson, Kans...	23,000	438,000	-48.9	-37.6
Joplin, Mo.....	20,000	609,000	-47.4	+32.4
Kansas City, Kans...	5,000	935,000	-84.4	-65.5
Kansas City, Mo.....	358,000	3,415,000	+85.5	+33.9
Lincoln, Nebr.....	88,000	2,476,000	-55.6	-10.9
Okla. City, Okla....	457,000	5,609,000	+69.9	+29.2
Omaha, Nebr.....	286,000	5,096,000	-18.3	-1.6
Pueblo, Colo.....	96,000	1,022,000	+152.6	-28.7
Salina, Kans.....	9,000	530,000	-62.5	+26.5
Shawnee, Okla.....	33,000	213,000	+175.0	+38.3
St. Joseph, Mo.....	12,000	335,000	-29.4	-73.6
Topeka, Kans.....	73,000	1,430,000	-23.2	+26.0
Tulsa, Okla.....	382,000	4,845,000	+29.9	+17.6
Wichita, Kans.....	219,000	2,853,000	-61.5	+4.1
District, 18 cities....	3,381,000	46,192,000	+7.9	+5.4

Lumber

Retail lumber sales in the District in November, as in the preceding month, were substantially larger than a year ago because of Government buying. Sales for November were 55 per cent above last year and total sales for the year to date now show an increase of 12 per cent over the corresponding period of 1939.

Inventories continue to rise and at the end of November were about 11 per cent larger than a year ago. November collections averaged 35.0 per cent as compared with 34.1 per cent last year.

Lumber trade at 151 chain retail yards:

	Nov. 1940	
	per cent change from Oct. 1940	Nov. 1939
Sales of lumber, board feet.....	-7.3	+54.9
Sales of all materials, dollars.....	-10.3	+11.3
Stocks of lumber, board feet.....	+2.1	+10.9
Outstandings, dollars.....	-0.1	+12.8

Life Insurance

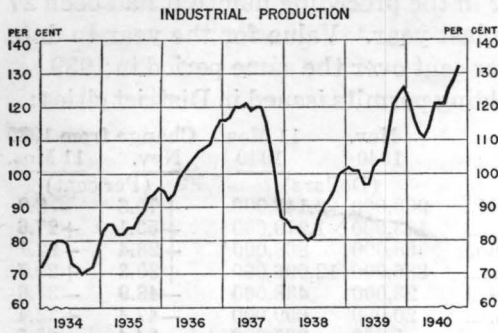
Life insurance sales in the District in November were 15 and in the first eleven months of 1940 about 4 per cent lower than last year.

The Life Insurance Sales Research Bureau report:

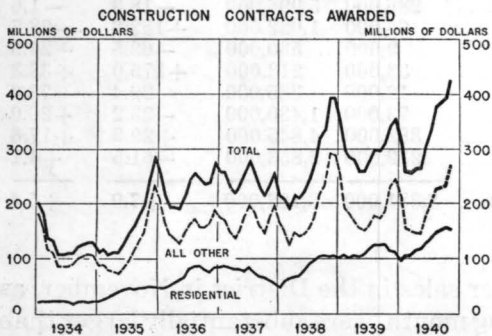
	Nov.	11 Mos.	Change from 1939	
	1940	1940	Nov.	11 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	3,995	52,216	-16.0	-3.0
Kansas.....	5,860	69,416	-9.1	-1.4
Missouri.....	14,021	178,976	-18.8	-5.8
Nebraska.....	4,853	59,712	-12.3	Zero
New Mexico.....	811	12,697	-24.3	+8.8
Oklahoma.....	6,903	85,763	-11.1	-2.9
Wyoming.....	803	9,644	-13.7	-17.9
Seven states.....	37,246	468,424	-14.9	-3.5
United States.....	505,474	5,967,666	-6.0	+1.9

NATIONAL SUMMARY OF BUSINESS CONDITIONS

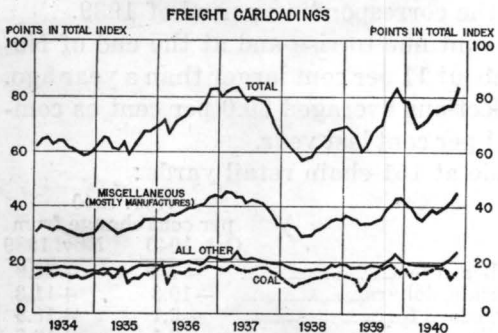
By the Board of Governors of the Federal Reserve System



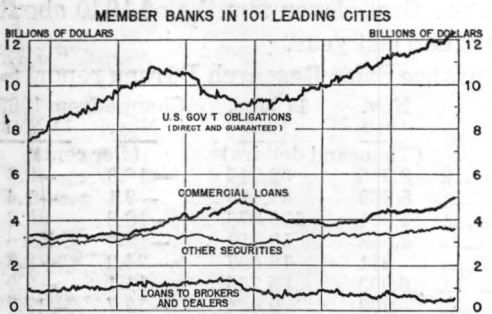
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average =100. By months, January, 1934, through November, 1940.



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 September and October and estimate for November.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1928-1925 average =100. Miscellaneous, coal, and "all other" expressed in terms of points in the total index. By months, January, 1934, through November, 1940.



Wednesday figures, September 5, 1934, through December 11, 1940. Commercial loans based on new classification beginning May 19, 1937.

Industrial activity continued at a high rate in November and the first half of December and distribution of commodities increased considerably. Commodity prices generally showed little change following earlier advances.

PRODUCTION

Volume of industrial production, which usually declines at this season, showed little change from October to November, and the Board's seasonally adjusted index rose 3 points further to 132 per cent of the 1935-1939 average.

Reflecting work on a large volume of orders for national defense purposes and for civilian needs, activity in the machinery and textile industries continued to increase sharply. At machinery plants and at cotton textile mills activity reached new high levels and at woolen mills output was close to the previous peak reached early in 1937.

Steel ingot production, which had been at about 94 per cent of capacity in October, increased somewhat further in November and the first half of December. Automobile production continued in unusually large volume, amounting in November to around 500,000 cars and trucks. Retail sales of new cars have been large this autumn and production has been maintained at high levels in order to supply this demand and to build up dealers' stocks. Lumber production declined less than seasonally from October to November. New orders for lumber continued somewhat above the current rate of production although below the high level of the three preceding months when large orders were placed for cantonment construction. Lumber stocks at mills continued to decline and were smaller than at any time in recent years. Bituminous coal production increased considerably in November, following a sharp decline in the previous month, while output of crude petroleum was maintained at about the October rate. Production of most metals continued in large volume.

Value of total construction contract awards declined less than seasonally in November. In the 37 eastern states for which F. W. Dodge Corporation data are available total contracts showed little change; awards for public construction increased further and those for private work declined by somewhat less than the usual seasonal amount. In the far western states contract awards showed a decline from the unusually high level reached in October.

DISTRIBUTION

Distribution of commodities to consumers increased considerably in November. Sales at department stores and mail-order houses rose sharply, while variety store sales increased by about the usual seasonal amount. In the first half of December there was the customary large expansion in retail sales.

Total freight carloadings showed considerably less than the usual seasonal decline in November and the early part of December. Loadings of coal, which had been curtailed in October, increased sharply and shipments of ore and of miscellaneous merchandise declined much less than is usual at this time of the year.

WHOLESALE COMMODITY PRICES

Prices of basic commodities, which had risen substantially since August, generally showed little change from the middle of November to the middle of December. Prices of a few imported commodities, particularly cocoa, burlap, and shellac, increased considerably and there were small advances in steel scrap and some other domestic commodities, while moderate declines were reported for such varied commodities as lead, grains, and lard.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities have increased sharply since the beginning of October. Commercial loans continued to increase in November and the first half of December, and holdings of United States Government obligations at New York City banks rose sharply. Principally as a result of the expansion of bank loans and investments, Government expenditures, and foreign disbursements financed by additional gold imports, bank deposits increased to new high levels. At the same time there has been a considerable increase in currency in circulation partly in response to seasonal trade demands.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities continued to rise during the latter half of November and the early part of December, and the 1960-65 bonds advanced to successive new high levels, with a peak of about 111½% on December 10. The yield on this issue declined to a low point of 2.03 per cent on the latter date, but increased slightly toward the middle of the month, reflecting some easing in prices.