

MONTHLY REVIEW

Agricultural and Business Conditions

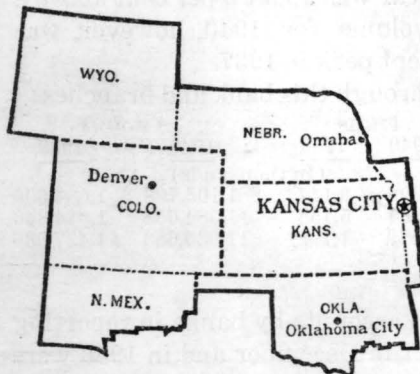
TENTH FEDERAL RESERVE DISTRICT

VOL. 26, No. 1

FEDERAL RESERVE BANK OF KANSAS CITY

JANUARY 30, 1941

Business in the Tenth Federal Reserve District



As the accompanying chart shows, 1940 was generally a good year in this District. Rainfall was a fourth larger than in 1939 and crops were better. Farm income was 8% higher. Grain prices were supported by Government loans but cattle prices were independently strong. Hogs were unprofitable all year but prices strengthened after the first quarter and near the end of the year and in January they rose almost sensationally.

The year saw gains in construction, zinc and coal mining, and trade. The war adversely affected the petroleum industry and lead production. Hogs were marketed in large quantities but the slaughter of other livestock was well below that of 1939.

Toward the end of the year sentiment was improved by the awarding of some large contracts for defense plants in this area. Employment and pay rolls were higher as also were bank loans and deposits.

BUSINESS INDICATORS	DECEMBER 1940 COMPARED WITH DECEMBER 1939						YEAR 1940 COMPARED WITH YEAR 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.....																	+60
Oats.....																	
Cattle.....																	
Calves.....																	
Hogs.....																	
Sheep.....																	
Production																	
Flour.....																	
Cattle Slaughter.....																	
Calf Slaughter.....																	
Hog Slaughter.....																	
Sheep Slaughter.....																	
Crude Petroleum.....																	
Bituminous Coal.....																	
Zinc Ore Shipments.....																	+55
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 from the middle of December to the middle of January. Loans increased rather rapidly in the last half of 1940, following a gradual rise since the middle of 1938. During 1940 they averaged 22 per cent higher than in 1939 and are now at the highest point since late in 1931. Investment holdings, after declining gradually in the first three quarters of the year, increased in October and November but dropped sharply in December and the forepart of January. During 1940 they averaged slightly lower than in 1939 and are now about as low as at any time since late in 1934.

Adjusted demand deposits at reporting member banks averaged 12 per cent higher in 1940 than in 1939 and rose further to a new high level at the middle of January, 1941. Interbank deposits near the end of December also had reached a new high but have since declined somewhat, while reserve balances carried at this bank and correspondent balances carried at other banks have increased in recent weeks. Reserve balances are very little below their record level last October.

Principal items of condition of 51 member banks:

	Change from		
	Jan. 15 1941	Dec. 18 1940	Jan. 17 1940
	(In thousands of dollars)		
Loans and investments—total.....	714,210	-8,877	+33,086
Loans—total.....	349,068	+8,208	+53,405
Coml., indust., agric.....	210,885	+7,846	+30,450
Open market paper.....	21,212	+187	+3,227
To security brokers and dealers...	3,705	-188	+244
Other to purchase or carry secur.	10,254	+748	+421
Real estate loans.....	31,637	+518	+4,332
Loans to banks.....	280	-143	-149
All other loans.....	71,095	-760	+14,880
Investments—total.....	365,142	-17,085	-20,319
U. S. Treasury bills.....	14,737	-13,409	+1,183
U. S. Treasury notes.....	50,883	-2,490	-16,616
U. S. Govt. bonds.....	95,330	-1,137	-10,359
Oblig. guar. by U. S. Govt.....	75,306	-3,379	+14,494
Other securities.....	128,886	+3,330	-9,021
Reserve with F. R. Bank.....	211,252	+4,918	+18,198
Balances with domestic banks.....	324,443	+29,557	+4,078
Demand deposits—adjusted.....	586,527	+32,664	+51,318
Time deposits.....	143,837	-865	-1,736
U. S. Govt. deposits.....	10,188	-2,725	-13,658
Interbank deposits.....	437,230	-3,384	+15,077

Reserve Bank Operations

Note circulation of this bank reached a new high level of 211 $\frac{3}{4}$ million in the first week of January which was slightly above the previous high in the third week of December when circulation normally is at the peak for the season because of the demand for currency for Christmas shopping. Circulation usually is declining by the end of the year but instead it averaged somewhat higher in the first half of January than in the last half of December. The 1940 high of 211 $\frac{3}{4}$ million compared with 185 million in 1939, 172 $\frac{1}{4}$ million in 1938, and 170 million in 1937.

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

	Change from		
	Jan. 15 1941	Dec. 18 1940	Jan. 17 1940
	(In thousands of dollars)		
Total reserves.....	438,506	-1,979	+74,394
Bills discounted.....	555	-579	-362
Industrial advances.....	79	-7	-89
Commit. to make indust. adv.....	35	Zero	-490
U. S. Govt. sec., direct & guar....	109,695	+2,652	-6,233
Total assets.....	589,657	-7,174	+70,289
F. R. notes in circulation.....	209,314	-13	+28,639
Member bank reserve deposits....	290,287	+5,912	+21,594

Dollar volume of check collections in December was 7 and for the entire year was about 5 per cent above a year ago. Dollar volume for 1940, however, was slightly below the recent peak in 1937.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1940	1939	1940	1939
	(In thousands)			
December.....	6,396	6,147	\$ 1,105,708	\$ 1,034,600
November.....	5,934	5,755	1,064,662	1,014,840
Year.....	71,579	71,198	11,935,653	11,427,086

Bank Debits

Debits to individual accounts by banks in reporting centers of the District in December and in 1940 were only slightly larger than last year, while for the whole country they showed sizable gains. Payments by check in this District in 1940 were the largest since 1937 but were 8 per cent short of the total for that year and nearly a third under the 1929 peak.

Payments by check in thirty District cities:

	Dec.		Change from 1939	
	1940	1940	Dec.	Year
	(Thousand dollars)		(Per cent)	
Albuquerque, N. M.....	20,168	211,221	+4.1	+10.9
Atchison, Kans.....	3,346	36,442	+0.6	+2.9
Bartlesville, Okla....	30,398	321,671	-8.7	-8.8
Casper, Wyo.....	7,432	79,013	+5.6	+7.6
Cheyenne, Wyo.....	9,137	103,191	+7.3	+3.6
Colo. Springs, Colo....	16,374	166,677	-6.3	-3.2
Denver, Colo.....	173,878	1,906,204	-1.8	+0.8
Emporia, Kans.....	3,771	39,438	+10.7	+5.4
Enid, Okla.....	11,009	133,585	-6.9	+1.4
Fremont, Nebr.....	3,068	33,967	-1.2	+7.0
Gr. Junction, Colo....	3,716	44,412	-12.8	-1.6
Guthrie, Okla.....	1,760	17,601	+3.0	-1.9
Hutchinson, Kans....	10,087	145,185	-20.9	+7.4
Indep., Kans.....	3,252	32,351	+7.6	-2.9
Joplin, Mo.....	10,624	114,025	-12.5	-4.3
Kansas City, Kans....	20,897	210,836	+2.4	+5.0
Kansas City, Mo.....	377,641	3,891,304	+4.0	+5.6
Lawrence, Kans.....	4,037	43,031	-6.7	+0.4
Lincoln, Nebr.....	31,728	344,372	-1.7	+0.5
Muskogee, Okla.....	10,206	94,201	+9.0	-2.0
Okla. City, Okla....	115,409	1,192,646	-3.9	-3.2
Okmulgee, Okla.....	3,756	32,219	+25.0	+5.4
Omaha, Nebr.....	168,739	1,772,996	+6.0	+2.6
Pittsburg, Kans.....	4,755	46,388	+12.7	+7.0
Pueblo, Colo.....	17,178	178,037	+6.2	-5.6
Salina, Kans.....	9,010	105,523	-6.7	+4.1
St. Joseph, Mo.....	31,886	335,250	+0.4	+2.7
Topeka, Kans.....	18,599	224,816	+3.7	+1.9
Tulsa, Okla.....	166,183	1,620,996	-1.4	+3.7
Wichita, Kans.....	56,353	564,279	+10.0	+6.5
District, 30 cities....	1,344,397	14,041,877	+1.1	+2.5
U. S., 274 cities.....	46,673,000	445,853,000	+7.4	+5.2

Trade

RETAIL SALES

Department store sales in the District in 1940 were about 4 per cent larger than in 1939 but December sales were only 2 per cent above the preceding year. Toward the end of December, however, sales showed a marked improvement and in the first three weeks of January they rose 17 per cent above a year earlier. Retail prices, according to the Fairchild Index, are about 2 per cent higher than last year. Stocks of merchandise, which had tended to increase during 1939, declined 3 per cent during 1940. December collections on open accounts averaged 46.8 per cent as compared with 47.7 per cent in the previous year.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS	
		Dec.'40 comp.to Dec.'39	Year'40 comp.to Year'39	Dec. 31, '40 comp. to Nov.30,'40	Dec.31,'39
		(Per cent increase or decrease)			
Denver.....	7	+0.7	+3.2	-18.2	-3.6
Kansas City.....	8	+1.8	+4.8	-18.4	+1.2
Oklahoma City...	6	+5.7	+3.6	-18.4	-5.1
Omaha.....	4	-0.6	+1.5	....	....
St. Joseph.....	4	+5.4	+2.0	....	....
Topeka.....	3	+2.4	+0.4	....	....
Tulsa.....	6	+4.8	+8.2	-22.2	+0.3
Wichita.....	4	+2.3	+2.8	....	....
Other cities.....	15	+6.2	+1.5	-16.9	+0.1
District.....	57	+1.9	+3.7	-18.5	-3.0

Total retail sales in the District in December and for the entire year 1940 were about 4 per cent larger than in 1939. Sales in Wyoming, Nebraska, Colorado, and New Mexico increased 2 per cent for the year, while in Oklahoma they increased 3, in Missouri 5, and in Kansas 6 per cent.

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

	Dec. 1940 per cent change from Dec. 1939						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+0	+1	+3	+0	+9	-2	+12
Automobile.....	+8	+19	+1	-5	+8	+14	+10
Department.....	-2	+5	+5	-5	....	+8	....
Drug.....	+2	+5	+3	+2	-1	+8	+2
Dry goods.....	-3	-2	+1	-2	....	+11	....
Food.....	-5	+2	-4	+1	+0	+6	+5
Furniture.....	+0	+7	+6	-3	....	-2	....
General.....	-2	-0	-1	-2	-2	+3	+4
Hardware.....	+1	-1	+2	+6	....	+2	....
Jewelry.....	+9	+16	+4	-1	....	+7	....
Lbr. and mtls.....	+0	+10	+18	+9	+0	+15	+3
Miscellaneous.....	+6	+4	-3	-3	+6	+21	+12
Total.....	+0	+6	+4	-1	+5	+7	+5

WHOLESALE SALES

The value of wholesale sales in this District in 1940 was very little larger than in 1939 and reports for December indicate that sales in that month dropped slightly under a year earlier, owing principally to smaller sales of groceries. Wholesale inventories, which had risen about 7 per cent during 1939, continued to increase throughout most of 1940 but toward the end of the year the rise tended to level off.

Collections, on the whole, were somewhat less favorable in 1940 than in the preceding year.

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

	No. of Firms	SALES		STOCKS	
		Dec.'40 comp.to Dec.'39	Year'40 comp.to Year'39	Dec. 31, '40 comp. to Nov.30,'40	Dec.31,'39
		(Per cent increase or decrease)			
Auto. supplies.....	14	-10.1	+6.3	-1.0	+4.9
Clothing.....	4	+33.3	....	Zero	-10.5
Drugs.....	....	....	+4.2*	....	....
Dry goods.....	....	....	+0.1*	....	....
Electrical goods...	5	+2.0	+8.6	....	....
Farm products.....	8	-3.9	+12.3	-4.3	+12.8
Groceries.....	23	-9.7	-2.6	-4.6	-0.4
Hardware—total.....	....	....	+6.4*	....	....
Industrial.....	....	....	+6.9*	....	....
Plbg. & htg.....	5	+11.2	+0.7	+1.7	+3.4
Machinery.....	3	-22.7	+14.6	....	....
Paper and prod.....	3	+5.8	+2.9	....	....
Tobacco and prod.....	6	+8.8	+4.1	Zero	+3.6
All other lines.....	29	+9.3	+2.8	+4.9	+3.5
Total.....	100	-2.2	+1.2	-1.4	+1.2

*11 Months.

Rainfall

	Dec. 1940		Year 1940	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	.31	.73	12.03	14.05
Leadville.....	1.16	1.08	19.22	18.63
Pueblo.....	.42	.50	10.90	11.67
Lamar.....	.30	.61	15.04	16.05
Garnett.....	.34	.21	6.34	6.93
Steamboat Springs.	1.38	1.96	24.62	23.12
KANSAS				
Topeka.....	1.31	.98	28.47	33.55
Iola.....	1.31	1.30	35.18	38.08
Concordia.....	1.25	.63	18.21	26.55
Salina.....	1.23	.77	25.79	27.27
Wichita.....	1.56	1.00	36.77	30.11
Hays.....	.82	.62	22.91	23.69
Goodland.....	.92	.56	20.48	18.70
Dodge City.....	.79	.57	25.84	20.51
Elkhart.....	.44	.54	18.32	17.51
MISSOURI				
St. Joseph.....	1.55	1.29	31.72	35.62
Kansas City.....	1.68	1.33	32.55	37.18
Joplin.....	2.09	1.89	41.64	43.72
NEBRASKA				
Omaha.....	1.39	.93	24.50	27.77
Lincoln.....	1.30	.80	23.17	27.90
Norfolk.....	1.43	.81	28.61	28.24
Grand Island.....	.90	.75	11.91	27.06
McCook.....	1.20	.51	18.25	19.64
North Platte.....	.68	.53	10.98	18.46
Bridgeport.....	.51	.59	14.21	16.30
Valentine.....	1.00	.61	15.41	18.37
NEW MEXICO				
Clayton.....	.46	.42	10.92	16.57
Santa Fe.....	2.07	.74	16.25	14.37
Farmington.....	2.52	.44	9.67	9.35
OKLAHOMA				
Tulsa.....	1.28	1.98	52.45	38.81
McAlester.....	3.07	2.67	40.60	43.16
Oklahoma City.....	1.89	1.50	34.80	31.15
Pauls Valley.....	2.01	1.66	39.92	34.76
Hobart.....	1.02	1.34	21.33	28.31
Enid.....	1.85	1.18	28.32	30.66
Woodward.....	.97	.88	22.83	25.88
WYOMING				
Cheyenne.....	.28	.55	15.02	15.02
Casper.....	.36	.99	8.94	15.20
Lander.....	.43	.68	12.49	12.67
Sheridan.....	.26	.64	13.69	15.08

Rainfall in 1940 generally showed a marked improvement over the preceding year. Although the midsummer and early autumn months were rather dry, favorable moisture during the spring and early summer greatly increased the yield of winter wheat, the condition of which at the beginning of the winter had been the lowest of record, and heavy rains late in the autumn gave fall planted wheat an excellent start. Precipitation in 1940 and 1939, expressed as a percentage of normal, was as follows: Colorado, 102 and 65; Kansas, 96 and 75; Missouri, 81 and 95; Nebraska, 74 and 69; New Mexico, 104 and 91; Oklahoma, 103 and 82; and Wyoming, 102 and 67.

December precipitation was much above normal in nearly all states of the District. In Colorado and Kansas it was 120, Missouri 126, Nebraska 134, New Mexico 162, and in Oklahoma 104 per cent of normal, while in Wyoming it was only 70 per cent of normal. Additional rains and snows fell during the forepart of January. This moisture has saturated the topsoil nearly everywhere and is sinking deep into the subsoil for the first time in many years. The heavy freeze last November caused some injury to winter wheat.

Grain Marketing

Marketings of wheat in 1940 were 17 per cent smaller than in 1939, 16 per cent below the average of the past ten years, and the smallest since the drought years of 1933 to 1936, owing principally to the large amount of wheat stored under Government loans. Corn receipts increased 60 per cent during 1940 and exceeded the average by 5 per cent, due almost wholly to the transfer of Federally owned corn from farm to terminal storage. Because of the loan programs, "free" supplies of both wheat and corn are relatively small. Marketings of oats declined 38 per cent during the year and were only half of normal, partly the result of increased farm usage. December marketings of corn and oats were about average but wheat receipts were only half of average.

Grain receipts at five District markets in 1940:

	Wheat	Corn (In bushels)	Oats
Hutchinson.....	17,611,000	---	3,000
Kansas City.....	69,918,000	16,463,000	1,216,000
Omaha.....	14,983,000	19,207,000	1,885,000
St. Joseph.....	9,278,000	5,776,000	3,218,000
Wichita.....	22,490,000	39,000	24,000
Year 1940.....	134,280,000	41,485,000	6,346,000
Year 1939.....	161,729,000	25,882,000	10,273,000
Dec. 1940.....	3,797,000	3,697,000	786,000
Nov. 1940.....	2,947,000	2,695,000	466,000
Dec. 1939.....	4,499,000	2,920,000	528,000

Farm reserves of grain in the District on January 1, 1941, including wheat and corn under Government seal, were considerably larger than a year earlier. Stocks of wheat were 24 and oats 14 per cent above

the average for that date from 1930 to 1939 but stocks of corn are still somewhat below normal.

Cash wheat prices, which late in April had been at the highest level in two and a half years, dropped sharply following the invasion of the Low Countries, falling to the year's low near the middle of August. Since that time prices have regained about half of this loss and in the last three months have shown relatively little change, the effect of the loan program about offsetting bearish supplies, a lack of export outlets, and an unusually favorable outlook for next year's crop. Cash corn prices rose gradually during the forepart of the year and eased during the latter half. The recent rise in hog prices has tended to strengthen corn prices somewhat. Cash wheat prices are slightly above and corn prices are very close to the loan rate.

The lower range of cash grain prices at Kansas City:

	Jan. 24 1941	Dec. 31 1940	Nov. 30 1940	Dec. 30 1939
No. 1 hd., dk. wheat, bu..	\$.83¼	\$.85¼	\$.84¼	\$1.01½
No. 2 mixed corn, bu.....	.59½	.59¼	.59¼	.58¼
No. 2 white oats, bu.....	.36½	.37½	.38½	.40¾
No. 2 rye, bu.....	.48	.49	.51	.69
No. 2 barley, bu.....	.49	.49	.51	.55
No. 2 white kafir, cwt....	.91	.91	.90	1.06

Livestock

MARKETINGS

Marketings of cattle in 1940 decreased 3, calves 10, and sheep 6 per cent, while hog receipts showed a further increase measuring 26 per cent. The year's receipts of cattle were 13, calves 10, hogs 6, and sheep 15 per cent below the average of the past ten years. December marketings, however, were generally above a year earlier and were relatively heavy, with receipts of cattle and sheep very little below and of hogs 23 per cent above average. The large hog marketings in 1940 represented liquidation because of a very unfavorable corn-hog feeding ratio.

Livestock receipts at six District markets in 1940:

	Cattle	Calves	Hogs	Sheep
Denver.....	466,287	116,744	568,231	2,662,582
Kansas City.....	1,323,711	276,354	2,299,017	1,294,046
Oklahoma City.....	395,240	161,419	496,621	196,297
Omaha.....	1,206,087	120,076	2,061,508	1,575,662
St. Joseph.....	339,696	58,138	1,131,479	978,174
Wichita.....	257,964	61,724	385,596	244,711
Year 1940.....	3,988,985	794,455	6,942,452	6,951,472
Year 1939.....	4,101,179	883,107	5,529,599	7,398,422
Dec. 1940.....	318,454	50,356	847,994	402,170
Nov. 1940.....	354,342	91,629	753,351	417,651
Dec. 1939.....	269,435	55,882	714,083	349,739

PRICES

Cattle prices in 1940 averaged slightly higher than in 1939, sheep prices were little changed, and hog prices were somewhat lower. Livestock prices strengthened materially during the last half of 1940, reflecting principally improved business conditions, and toward the end of the year and early in January,

1941, prices advanced sharply. Supplies of beef steers during the year were relatively small, and prices of prime steers by December had reached the highest point in three years and the highest December level since 1930. A strong demand for stocker and feeder cattle and higher hide prices also were factors in the rise. Lamb prices, after a substantial advance in the forepart of 1940, have since shown less than the usual decline, being supported by higher wool prices and a sustained demand for feeder lambs. Hog prices recovered from a six-year low of \$4.85 a hundredweight early last April to \$8.70 at the middle of January, 1941, the highest level since the short-lived war-boom peak in September, 1939.

Top carlot livestock prices at Kansas City:

	Jan. 24 1941	Dec. 1940	Nov. 1940	Dec. 1939	Year 1940	Year 1939
(In dollars per hundredweight)						
Beef steers.....	14.50	14.10	13.75	11.00	14.10	14.00
Stocker cattle.....	11.75	10.85	10.50	10.00	11.00	10.50
Feeder cattle.....	12.00	10.65	10.50	9.00	10.85	10.75
Calves.....	12.50	11.00	11.00	10.00	11.50	11.00
Hogs.....	8.05	6.90	6.15	5.80	7.35	8.75
Sheep.....	9.00	8.00	7.90	7.75	8.25	8.85
Lambs.....	10.00	9.50	9.75	9.10	12.00	11.35

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder livestock from public markets continued heavy in 1940, reflecting profitable price levels for producing and feeding cattle and sheep, the abundance of pasturage, and large supplies of other feeds. The movement of cattle was 8 and calves 47 per cent above the ten-year average and of sheep slightly above average. In December, shipments were about average, with those of cattle 16 and of sheep 22 per cent larger but of calves 11 per cent smaller than a year earlier.

Stocker-feeder shipments from 4 markets in 1940:

	Cattle	Calves	Hogs	Sheep
Denver.....	196,741	75,671	1,456	960,918
Kansas City.....	626,214	145,295	32,520	203,810
Omaha.....	338,516	46,505	13,357	356,427
St. Joseph.....	80,073	14,848	14,551	156,493
Year 1940.....	1,241,544	282,319	61,884	1,677,648
Year 1939.....	1,255,422	307,856	51,700	1,727,420
Dec. 1940.....	78,901	15,964	3,607	75,122
Nov. 1940.....	134,030	44,093	5,540	164,472
Dec. 1939.....	67,993	17,989	3,996	61,509

The number of cattle on feed on January 1, 1941, in Missouri was 7, Nebraska 8, and Kansas 30 per cent larger than a year ago. It was also larger in Oklahoma, New Mexico, and Wyoming but is down sharply in Colorado. Although the number of cattle on feed in the Corn Belt and in the country as a whole is as large as in any other year, in this District it is still much below that in most years before the drought period. Lamb feeding operations are considerably below last year in Nebraska, Wyoming, Colorado, and Missouri, with the number on feed in Colorado the smallest since 1927. The number of lambs on feed in Kansas is

almost double a year ago because of the record movement to wheat pastures, and there has been some increase in feeding in Oklahoma and New Mexico.

Ranges and pastures in the District generally are the best in many years although storms and wet weather have forced livestock off wheat fields and have necessitated considerable supplemental feeding. Feed supplies, however, are generally ample and cattle and sheep are wintering in good condition.

PIG CROP

The downswing in hog production that began in the spring of 1940 continued through the fall and may extend into the spring of 1941. The 1940 spring pig crop in this District was 16 per cent smaller than in the preceding year, the fall crop was 19 per cent less, and the prospective number of sows to farrow in the spring of 1941, reported before the recent rise in hog prices, shows a decrease of 22 per cent from a year earlier. Hog production in this District in 1940 was a fifth less than the average from 1929 to 1938 in contrast with a national crop 8 per cent above average.

Department of Agriculture pig crop estimates:

	PIGS SAVED				SOWS FARROWED	
	Fall		Spring		Spring	
	1940	1939	1940	1939	1941*	1940
Colo.....	164	222	216	283	26	36
Kans.....	827	1,062	1,096	1,376	135	178
Mo.....	2,126	2,383	2,511	2,735	324	415
Nebr.....	681	888	2,285	2,832	303	379
N. Mex.....	55	64	63	67	9	11
Okla.....	605	863	661	887	87	114
Wyo.....	13	16	57	63	7	10
7 States.....	4,471	5,498	6,889	8,243	891	1,143
U. S.....	28,587	32,687	48,389	53,207	6,938	8,057

*Number indicated to farrow from breeding intentions reports.

Farm Income

Cash farm income in the District in the first eleven months of 1940 was 8 per cent larger than in 1939. About three-fourths of this gain was due to an increase of 7 per cent in income from farm marketings, including the proceeds from Government loans, while one-fourth was due to an increase of 19 per cent in Government conservation and parity payments. In November, income from farm marketings was 8, Government payments 59, and total income 12 per cent larger than in the preceding year.

Department of Agriculture farm income estimates:

	Nov. 1940	11 Mos. 1940	Change from 1939	
	(Thousand dollars)		Nov.	11 Mos.
			(Per cent)	
Colorado.....	16,714	128,029	+9.6	+4.0
Kansas.....	21,752	268,124	+9.9	+7.7
Missouri.....	32,177	274,496	+12.3	+9.3
Nebraska.....	26,456	252,163	+20.8	+12.3
New Mexico.....	12,243	54,175	-15.4	+4.2
Oklahoma.....	25,185	185,705	+24.3	+3.3
Wyoming.....	6,206	52,825	+15.4	+17.0
Seven states.....	140,733	1,215,517	+12.0	+8.1
United States.....	941,745	8,256,869	+6.5	+7.0

Meat Packing

The slaughter of cattle declined 4, calves 9, and sheep 6 per cent during 1940, while hog slaughter increased 27 per cent. Packers' purchases of cattle and sheep were 17 and calves 30 per cent below the average of the past ten years, but purchases of hogs were slightly above average. In December, slaughter was relatively heavier than during the year as a whole, with purchases of cattle and sheep about equal to the average and hogs 39 per cent above average. Calf slaughter continues about a third under normal.

Packers' purchases at six District markets in 1940:

	Cattle	Calves	Hogs	Sheep
Denver.....	175,217	32,985	405,500	336,627
Kansas City.....	535,604	108,052	2,151,997	928,363
Oklahoma City.....	159,711	102,435	374,946	118,147
Omaha.....	749,302	72,770	1,832,677	1,034,365
St. Joseph.....	231,533	43,204	1,069,307	758,218
Wichita.....	98,054	38,149	348,143	180,417
Year 1940.....	1,949,421	397,595	6,182,570	3,356,137
Year 1939.....	2,025,287	435,312	4,868,595	3,557,006
Dec. 1940.....	184,970	29,998	779,739	258,049
Nov. 1940.....	159,089	34,224	698,323	219,691
Dec. 1939.....	154,270	32,116	641,160	236,219

Cold Storage Holdings

United States cold storage stocks of meats, poultry, and lard continued to increase rapidly during December, while stocks of cheese decreased more than is usual. January 1 holdings of butter were 37 per cent below the average for that date during the past five years, but holdings of beef were 7, pork 43, poultry 44, miscellaneous meats 15, and cheese 18 per cent above average, with lard stocks nearly triple the average.

United States cold storage holdings:

	Jan. 1 1941	Dec. 1 1940	Jan. 1 1940	Aver. '36-'40
(In thousands of units)				
Beef, lbs.....	106,315	71,508	76,974	99,220
Pork, lbs.....	655,517	408,900	469,459	458,359
Lamb and mutton, lbs.....	5,112	4,427	4,803	4,898
Poultry, lbs.....	208,234	159,110	167,643	145,105
Miscellaneous meats, lbs.....	101,492	65,572	94,733	88,095
Lard, lbs.....	286,773	232,472	162,105	104,349
Eggs, shell, cases.....	618	1,969	532	656
Eggs, frozen (case equiv.)..	2,079	2,608	2,065	2,090
Butter, creamery, lbs.....	41,590	67,598	55,462	65,707
Cheese, all varieties, lbs.....	128,413	136,574	108,241	108,463

Flour Milling

Southwestern flour production in 1940, although slightly above the average of the past ten years, was 3 per cent less than in 1939 when the upsurge of consumer buying at the outbreak of war in Europe had resulted in a record volume of output. Production at interior mills during 1940 was larger than in the preceding year but this increase was more than offset by declines at principal centers. In December, production was 2 per cent above a year earlier and was 4 per cent above average. Flour sales currently are very largely on a hand-to-mouth basis, the exceptional stability of wheat prices the past three months offering little

incentive for forward buying. Stocks in the hands of bakers and jobbers are reported to be small, and the unfilled order balance on mills' books is unusually low.

Flour output reported by the Northwestern Miller:

	Dec. 1940	Year 1940	Change from 1939 Dec.	Year
(In barrels)				
Kansas City.....	494,000	6,213,000	-10.7	-14.3
Salina.....	202,000	2,302,000	-7.3	-12.6
Wichita.....	160,000	1,775,000	+13.5	-13.2
Other cities.....	1,144,000	14,034,000	+9.7	+7.4
Southwest.....	2,000,000	24,324,000	+2.3	-2.7
United States*..	5,381,000	66,335,000	+2.8	-1.3

*Represents about 64 per cent of the total output in U. S.

Petroleum

Crude oil production in the District in 1940 was about 3 per cent larger than in the preceding year because of the shutdown of wells in the last half of August, 1939. Output exceeded the average of the past ten years by 4 per cent although it was fully a fifth less than in the peak year of 1937. December output also was 4 per cent above average but fell 4 per cent below a year earlier.

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

	Dec. 1940	Year 1940	Change from 1939 Dec.	Year
(In barrels)				
Colorado.....	108,000	1,338,000	-1.8	-3.8
Kansas.....	5,922,000	66,260,000	+8.7	+9.1
Nebraska.....	81,000	249,000	....	....
New Mexico.....	3,141,000	39,031,000	-9.4	+4.6
Oklahoma.....	12,449,000	155,435,000	-10.7	-2.9
Wyoming.....	2,232,000	25,595,000	+17.9	+19.5
Six states.....	23,933,000	287,908,000	-3.7	+2.5
United States....	109,489,000	1,350,816,000	-4.6	+6.8

District stocks of crude petroleum rose gradually until early August but have since tended downward and are now only 7 per cent above the extreme low of late 1939. Crude oil prices are unchanged. Gasoline prices, despite record consumption, sank to a new low level in 1940. Prices of other refined products, particularly fuel oils, are strong.

Coal

Bituminous coal output in the District in December was 22 and for the entire year 1940 was 9 per cent larger than in 1939, reflecting increased industrial demand as in the case of fuel oils.

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

	Dec. 1940	Year 1940	Change from 1939 Dec.	Year
(In tons)				
Colorado.....	768,000	6,487,000	+17.4	+10.1
Kans. & Mo.....	755,000	6,707,000	+11.0	+8.3
New Mexico.....	116,000	1,084,000	+8.4	-10.1
Oklahoma.....	201,000	1,626,000	+52.3	+38.0
Wyoming.....	651,000	5,749,000	+38.5	+6.8
Six states.....	2,491,000	21,653,000	+21.9	+9.1
United States....	40,600,000	452,445,000	+6.7	+15.1

Zinc and Lead

Zinc production in the Tri-State district increased 6 and shipments rose 11 per cent during 1940, but lead output decreased 10 and shipments declined 21 per cent. Zinc stocks dropped virtually to the point of depletion and lead stocks were reduced nearly two-thirds, stocks falling to the lowest level in twenty-five years. Zinc prices averaged about a fourth higher in 1940 than in 1939, while lead prices were little changed. The December shipment of zinc was 55 and lead 3 per cent above a year earlier, owing partly to the customary year-end reduction of bin stocks.

Ore shipments from the Tri-State district in 1940:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	115,356	\$ 4,809,784	15,526	\$ 931,602
Missouri.....	23,904	1,018,011	2,908	173,415
Oklahoma.....	299,866	12,606,890	28,006	1,685,318
Year 1940.....	439,126	\$18,434,685	46,440	\$2,790,335
Year 1939.....	396,631	13,543,198	58,823	3,380,935
Dec. 1940.....	48,862	2,354,603	5,120	332,423
Nov. 1940.....	32,468	1,566,269	3,668	244,926
Dec. 1939.....	31,585	1,295,016	4,959	320,119

Employment and Pay Rolls

Employment in the District during 1940 averaged 3 and pay rolls 5 per cent higher than in 1939. In December, employment was nearly 5 and pay rolls 10 per cent above a year earlier.

Preliminary figures of the Department of Labor:

	EMPLOYMENT		PAY ROLLS	
	Dec. 1940	Year 1940	Dec. 1940	Year 1940
	(Per cent change from a year ago)			
Colorado.....	+7.9	+1.6	+18.2	+3.7
Kansas.....	+6.6	+4.6	+10.0	+4.8
Missouri.....	+2.6	+4.1	+6.6	+6.3
Nebraska.....	+8.0	+2.1	+15.1	+4.8
New Mexico.....	+15.1	+7.8	+20.8	+8.2
Oklahoma.....	+3.4	+0.2	+5.5	+2.1
Wyoming.....	+0.1	-3.2	+13.4	+6.1
Seven states.....	+4.6	+3.1	+9.5	+5.2

Building

Construction awards in the Kansas City area increased 29 per cent during 1940, reflecting principally a sharp increase in awards for construction of highways and dams. Awards for utility construction alone fell below the preceding year. Total awards were at the highest level in ten years although fully a third less than the volume in 1930. In December, awards were 26 per cent above a year earlier owing to the sharp expansion in public works construction.

Construction figures of F. W. Dodge Corporation:

	Dec.	Year	Change from 1939	
	1940	1940	Dec.	Year
	(Thousand dollars)			
	(Per cent)			
Residential building..	2,600	46,787	-2.0	+18.5
Nonresidential bldg...	2,434	52,140	+6.1	+46.7
Public wks. construc..	8,659	53,630	+243.1	+94.4
Utility construction..	1,394	12,850	-68.9	-49.3
Kansas City area.....	15,087	165,407	+26.2	+29.3
37 Eastern states.....	456,189	4,003,957	+28.8	+12.8

The value of building permits issued in reporting District cities increased 6 per cent during 1940 and was the largest since 1930 although still nearly 40 per cent less than in that year. Value of December permits was 20 per cent above a year earlier.

Value of building permits issued in District cities:

	Dec.	Year	Change from 1939	
	1940	1940	Dec.	Year
	(Dollars)			
	(Per cent)			
Albuquerque, N. M..	186,000	2,329,000	-44.6	-13.4
Cheyenne, Wyo.....	35,000	1,314,000	-7.9	+26.3
Colo. Springs, Colo..	35,000	903,000	+9.4	-21.2
Denver, Colo.....	914,000	13,010,000	+42.1	+22.0
Hutchinson, Kans....	30,000	468,000	-21.1	-36.8
Joplin, Mo.....	42,000	651,000	+180.0	+37.1
Kansas City, Kans..	34,000	968,000	-17.1	-64.9
Kansas City, Mo.....	279,000	3,693,000	+67.1	+36.0
Lincoln, Nebr.....	115,000	2,591,000	-8.0	-10.8
Okla. City, Okla....	399,000	6,008,000	+47.8	+30.3
Omaha, Nebr.....	373,000	5,470,000	+88.4	+1.8
Pueblo, Colo.....	22,000	1,044,000	-18.5	+27.2
Salina, Kans.....	17,000	546,000	+88.9	+27.6
Shawnee, Okla.....	11,000	224,000	+266.7	+42.7
St. Joseph, Mo.....	4,000	339,000	-66.7	-73.5
Topeka, Kans.....	111,000	1,542,000	+152.3	+30.8
Tulsa, Okla.....	245,000	5,090,000	-44.3	+11.7
Wichita, Kans.....	226,000	3,079,000	+71.2	+7.2
District, 18 cities....	3,078,000	49,269,000	+19.8	+6.2

Lumber

Retail lumber sales in the District began to rise last summer and in the fourth quarter of the year they were fully 50 per cent higher than in 1939, principally because of Government buying. As a result, total sales for the year 1940 were 15 per cent larger than in the preceding year.

Inventories, which had been declining for more than two years, also rose sharply during the last quarter of 1940 and at the end of the year were 12 per cent above a year earlier. Collections have improved markedly.

Lumber trade at 151 chain retail yards:

	Dec. 1940	
	Nov. 1940	Dec. 1939
	per cent change from	
Sales of lumber, board feet.....	-32.3	+49.6
Sales of all materials, dollars.....	-18.7	+21.4
Stocks of lumber, board feet.....	+2.1	+12.2
Outstandings, dollars.....	-13.4	+8.8

Life Insurance

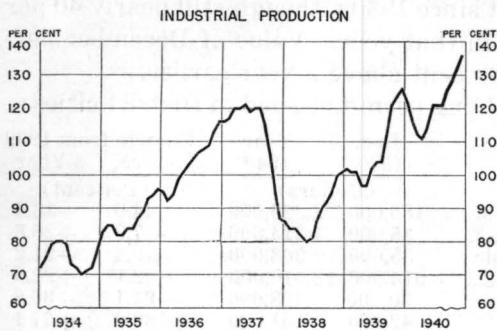
Life insurance sales in the District in 1940 were about 3 per cent smaller than in 1939. However, December sales were larger than a year earlier.

The Life Insurance Sales Research Bureau report:

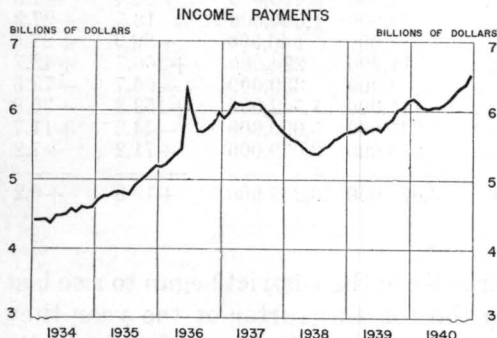
	Dec.	Year	Change from 1939	
	1940	1940	Dec.	Year
	(Thousand dollars)			
	(Per cent)			
Colorado.....	5,430	57,646	-6.2	-3.3
Kansas.....	7,317	76,733	+7.5	-0.6
Missouri.....	17,767	196,743	+1.4	-5.2
Nebraska.....	6,367	66,079	+12.0	+1.1
New Mexico.....	1,203	13,900	-22.3	+5.1
Oklahoma.....	9,076	94,839	+7.8	-1.9
Wyoming.....	1,200	10,844	+5.8	-15.9
Seven states.....	48,360	516,784	+3.1	-2.9
United States.....	596,534	6,564,200	+5.2	+2.2

NATIONAL SUMMARY OF BUSINESS CONDITIONS

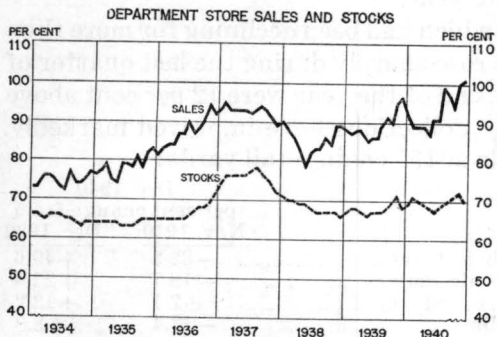
By the Board of Governors of the Federal Reserve System



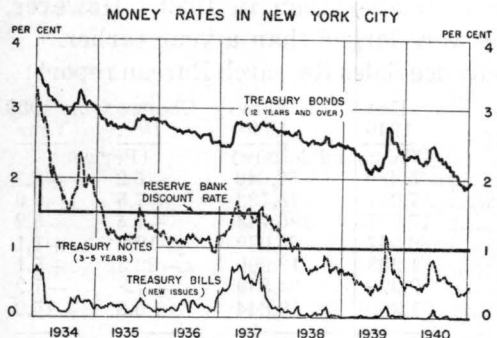
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January, 1934, through December, 1940.



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



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



For weeks ending January 6, 1934, through January 11, 1941.

Industrial activity continued at a high rate in December and the first half of January. Distribution of commodities to consumers was maintained in large volume. There was some increase in wholesale commodity prices.

PRODUCTION

Volume of industrial production showed little change from November to December, although usually there is a decline at this season, and consequently the Board's adjusted index rose further by four points to 136 per cent of the 1935-39 average. Steel ingot production was sustained at about 96 per cent of capacity. New orders for steel continued large, according to trade reports, and were equal to or slightly greater than production; consequently the volume of unfilled orders remained at about the peak level reached in November. In the first half of January steel output increased to around 98 per cent of capacity. Activity in the machinery, aircraft, and shipbuilding industries continued to increase sharply and working forces were expanded further. In these lines and in some others, such as wool textiles, unfilled orders are exceptionally large, owing in the main to the defense program.

Automobile production declined somewhat more than seasonally in December following an unusually large volume of output in November and October. Retail sales of new cars during the last quarter of 1940 were about one-fourth greater than in the corresponding period last year and used car sales also were large. In the nonferrous metals industries activity increased further in December and output of lumber and cement showed less than the usual seasonal decline.

Textile production, which in November had exceeded the previous record levels reached a year ago, continued at this high rate in December, not showing the usual seasonal decrease. At cotton and rayon mills, activity increased somewhat further and at wool textile mills output was sustained at peak rates. In the shoe industry, where output had been in reduced volume during the first ten months of the year, there was less than the usual seasonal decline in November and December and, on a seasonally adjusted basis, production was close to earlier peak levels.

At mines bituminous coal production declined less than seasonally and anthracite production increased. Output of crude petroleum showed a reduction in December owing mainly to the fact that wells in Texas were closed for ten days as compared with nine days in November. Output of metals continued in large volume.

Value of construction contract awards, as reported by the F. W. Dodge Corporation, increased contraseasonally in December, reflecting further sharp increases in awards for defense construction and private nonresidential building. Contracts for private residential building declined by somewhat less than the usual seasonal amount.

DISTRIBUTION

Distribution of commodities to consumers increased more than seasonally in December. Department and variety store sales showed the customary sharp expansion during the Christmas season and sales at mail-order houses rose more than is usual at this time of year.

Freight carloadings showed a seasonal decline from November to December. Shipments of forest products and miscellaneous freight decreased less than seasonally, while ore loadings, which had been unusually large in November, declined sharply.

WHOLESALE COMMODITY PRICES

Basic commodity prices generally increased from the middle of December to the middle of January, following little change during the preceding four weeks. Currently these prices are substantially above the level prevailing last summer. Increases in the past month were most marked for foodstuffs, especially hogs, pork, lard, and cottonseed oil, but there were advances also in a number of industrial materials, particularly pig iron, cotton, cotton goods, paint materials, and hides. Steel scrap prices, after increasing during most of the period, subsequently declined and lumber prices also decreased somewhat from the sharply advanced peak reached in November.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities continued to increase substantially during the six weeks ending January 8, reflecting principally increases in holdings of United States Government obligations at New York City banks. Commercial loans rose somewhat further while loans to New York security brokers and dealers, which had increased in December, subsequently declined somewhat.

Excess reserves, after declining during the first half of December, have since increased to about \$6,900,000,000. The increase reflected reductions in Treasury deposits with the Reserve Banks, a continued inflow of gold, and since Christmas a seasonal return flow of currency from circulation.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities reacted somewhat after reaching record high levels early in December. Bonds of 1960-65 showed on January 8 a net decline of about 2½ points from the all-time peak of December 10 but subsequently fluctuated somewhat above this level. The yield on this issue, which was 2.03 per cent at the peak in prices, was 2.16 per cent on January 14.