

MONTHLY REVIEW

Agricultural and Business Conditions

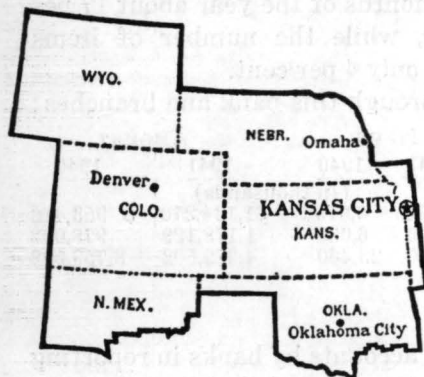
TENTH FEDERAL RESERVE DISTRICT

VOL. 26, No. 5

FEDERAL RESERVE BANK OF KANSAS CITY

MAY 30, 1941

Business in the Tenth Federal Reserve District



APRIL 1941 COMPARED WITH APRIL 1940					BUSINESS INDICATORS	4 MOS. 1941 COMPARED WITH 4 MOS. 1940						
% DECREASE			% INCREASE			% DECREASE			% INCREASE			
40	30	20	10	10		20	30	40	40	30	20	10
					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.							

Heavy rains in April and early May and rising prices of hogs, corn, wheat, cotton, and other farm products have further improved the very favorable farm outlook in most sections of the District. Farm income in March was 22% above a year ago.

Rising farm income and enlarged employment and pay rolls are being increasingly reflected in trade. Retail sales this year are 10% and wholesale sales 13% larger than last year, and inventories and forward buying continue to increase.

Livestock slaughter and the output of flour, zinc, and petroleum are above last year, and there was a further advance in crude oil prices on May 19. Public works construction is in much smaller volume but other building remains active.

Bank deposits are at near record levels. Loans are 16% and investments 4% above a year ago, and check transactions have increased 11%.

Member Bank Operations

Loans at 50 weekly reporting member banks in the Tenth District, which had declined somewhat since the third week of March, showed little change from the middle of April to the middle of May. There was some further decrease in commercial loans, due in part to the maturing of wheat loans, while other classes of loans generally increased. Investments continued to rise sharply, reflecting chiefly an increase in holdings of obligations guaranteed by the Government which now are the largest of record. Holdings of Treasury bills and Government bonds, which previously had been increasing, declined during this period. Loans are about 16 and investments 4 per cent larger than at this time last year.

Adjusted demand deposits at these 50 reporting banks increased somewhat from the middle of April to the middle of May, nearly reaching their record high of early March, and interbank deposits are very little below their more recent high near the middle of April. Reserve balances carried at this bank and correspondent balances carried at other banks also remain near high levels. Adjusted demand deposits are 11 and interbank deposits 9 per cent higher than a year ago, while reserve balances are 7 and correspondent balances 4 per cent above last year.

Principal items of condition of 50 member banks:

	Change from		
	May 14 1941	Apr. 16 1941	May 15 1940
	(In thousands of dollars)		
Loans and investments—total.....	754,844	+10,887	+63,186
Loans—total.....	352,649	-903	+48,727
Coml., indust., agric.....	209,921	-3,242	+30,570
Open market paper.....	22,573	+249	+269
To security brokers and dealers.....	3,751	-540	-366
Other to purchase or carry secur.....	9,991	+106	-68
Real estate loans.....	31,967	+464	+2,886
Loans to banks.....	152	+71	-28
All other loans.....	74,294	+1,989	+15,464
Investments—total.....	402,195	+11,790	+14,459
U. S. Treasury bills.....	23,556	-3,625	+7,064
U. S. Treasury notes.....	47,322	+134	-21,436
U. S. Govt. bonds.....	99,994	-3,937	+11,002
Oblig. guar. by U. S. Govt.....	99,761	+18,957	+30,521
Other securities.....	131,562	+261	-12,692
Reserve with F. R. Bank.....	211,948	-2,395	+13,912
Balances with domestic banks.....	329,459	-4,339	+11,968
Demand deposits—adjusted.....	604,046	+6,867	+60,128
Time deposits.....	145,202	-727	-482
U. S. Govt. deposits.....	10,367	-186	-13,337
Interbank deposits.....	463,750	-1,242	+39,246

Reserve Bank Operations

Note circulation of this bank, after declining temporarily in March, has since increased rapidly, rising from an average of about 212 million dollars in March to 215 million in April and 218 $\frac{3}{4}$ million in the first half of May, circulation in May at one time reaching a new high level of nearly 219 $\frac{1}{2}$ million dollars. Circulation is about 20 per cent above a year ago and 28 per cent above two years ago.

Principal items of conditions of this Reserve Bank:

	Change from		
	May 14 1941	Apr. 16 1941	May 15 1940
	(In thousands of dollars)		
Total reserves.....	485,173	+18,294	+106,854
Bills discounted.....	184	+10	-113
Industrial advances.....	71	Zero	-39
Commit. to make indust. adv.....	26	-9	-149
U. S. Govt. sec., direct and guar.....	106,140	Zero	-7,957
Total assets.....	636,326	+17,976	+100,675
F. R. notes in circulation.....	218,186	+3,161	+35,731
Member bank reserve deposits.....	294,702	-220	+22,649

Dollar volume of check collections declined less than is usual during April. Dollar volume in April was 19 and in the first four months of the year about 17 per cent above last year, while the number of items handled has increased only 4 per cent.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1941	1940	1941	1940
	(In thousands)			
April.....	6,275	6,015	\$1,134,270	\$ 953,472
March.....	6,325	6,088	1,178,129	978,093
Four months.....	24,330	23,460	4,379,502	3,759,522

Bank Debits

Debits to individual accounts by banks in reporting centers of the District increased slightly during April contrary to the usual seasonal trend. Volume of payments by check for April was 11 and for the first four months of the year was 9 per cent larger than in the corresponding periods a year ago.

Payments by check in thirty District cities:

	Payments by check		Change from 1940	
	Apr. 1941	4 Mos. 1941	Apr. 1940	4 Mos. 1940
	(Thousand dollars)		(Per cent)	
Albuquerque, N. M.....	19,819	77,746	+9.1	+17.6
Atchison, Kans.....	3,370	12,259	+13.5	+10.9
Bartlesville, Okla.....	27,626	107,333	+8.9	-4.1
Casper, Wyo.....	6,423	26,260	+10.8	+11.1
Cheyenne, Wyo.....	9,777	38,795	+5.3	+19.9
Colo. Springs, Colo.....	13,569	57,479	+10.0	+12.7
Denver, Colo.....	177,027	689,168	+12.1	+14.1
Emporia, Kans.....	3,661	13,851	+14.5	+15.2
Enid, Okla.....	12,394	41,445	-3.3	-2.9
Fremont, Nebr.....	3,288	12,387	+11.8	+13.6
Gr. Junction, Colo.....	3,656	13,857	-1.8	-4.6
Guthrie, Okla.....	1,460	6,244	+8.6	+10.6
Hutchinson, Kans.....	11,344	42,552	-21.3	-12.9
Indep., Kans.....	2,989	11,564	+11.8	+10.1
Joplin, Mo.....	10,105	39,429	+15.3	+7.0
Kansas City, Kans.....	20,462	76,839	+17.9	+14.0
Kansas City, Mo.....	353,648	1,326,599	+11.2	+9.3
Lawrence, Kans.....	3,770	14,401	+3.9	+3.1
Lincoln, Nebr.....	29,236	113,959	+1.1	+3.3
Muskogee, Okla.....	8,475	34,246	+17.7	+18.5
Okla. City, Okla.....	105,841	435,342	+4.4	+4.9
Okmulgee, Okla.....	2,758	11,041	-4.3	+4.3
Omaha, Nebr.....	169,861	635,878	+20.4	+14.5
Pittsburg, Kans.....	4,103	16,611	+9.8	+8.7
Pueblo, Colo.....	18,028	62,509	+28.5	+19.7
Salina, Kans.....	10,434	34,934	-11.6	-3.3
St. Joseph, Mo.....	30,077	119,503	+10.4	+10.4
Topeka, Kans.....	21,345	81,748	+16.4	-2.2
Tulsa, Okla.....	135,751	524,646	+1.4	-1.0
Wichita, Kans.....	60,409	230,391	+32.8	+29.6
District, 30 cities.....	1,280,706	4,909,016	+10.7	+9.1
U. S., 274 cities.....	42,237,000	163,711,000	+11.8	+12.5

Trade

RETAIL SALES

Department store sales in the District in April were 14 per cent above a year ago, aided in part by the fact that Easter was on April 13 this year and was three weeks earlier on March 24 last year. However, total sales for the first four months of 1941 showed a gain of 10 per cent over 1940, and sales in the first half of May were up 13 per cent from last year. Retail prices, according to the Fairchild Index, have been gradually rising for eight months and are now about 3 per cent above a year ago.

Inventories and forward buying continue to increase. Stocks on hand at the end of April were 3 per cent above a year ago and orders outstanding were 48 per cent larger than last year. April collection ratios on both regular and installment accounts were somewhat less favorable than last year.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS	
		Apr. '41	4 Mos. '41	Apr. 30, '41	comp. to
		comp. to Apr. '40	comp. to 4 Mos. '40	Apr. 30, '40	comp. to Apr. 30, '40
		(Per cent increase or decrease)			
Denver.....	7	+10	+9	+4	
Hutchinson.....	3	+28	+13	....
Topeka.....	3	+23	+12	....
Wichita.....	4	+22	+11	....
Kansas City.....	8	+16	+11	+7	
St. Joseph.....	3	+13	....	....
Omaha.....	3	+9	+7	....
Oklahoma City.....	6	+10	+13	+8	
Tulsa.....	5	+12	+14	+4	
Other cities.....	32	+19	+10	-2	
District.....	74	+14	+10	+3	

Total retail sales in the District in April were 16 and in the first four months of the year 10 per cent larger than in the corresponding periods last year.

Retail sales reported by the Bureau of the Census:

	Apr. 1941 per cent change from Apr. 1940					
	Colo.	Kans.	Mo.	Nebr.	N. Mex.	Okla. Wyo.
Apparel.....	+24	+35	+32	+26	+13	+19 +46
Automobile.....	+23	+39	+37	+37	....	+31
Department.....	+3	+19	+20	+5	....	+14
Drug.....	+2	+9	+10	-3	+10	+7 +4
Dry goods.....	-2	+18	+22	+6	+9	+13
Food.....	+0	+4	+4	+5	-2	+1 +5
Furniture.....	+1	+7	+20	-8	....	+6
General.....	+5	+11	+12	+4	+3	-2 +3
Hardware.....	+2	+14	+18	+11	....	+19
Jewelry.....	+14	+27	+36	+6	+22	+38
Lbr. and mtl.....	+10	+3	+2	+2	-3	+26 +32
Miscellaneous..	+5	+13	+1	+23	+26	+12 +14
Total.....	+8	+18	+20	+9	+8	+16 +15

WHOLESALE SALES

Wholesale sales in the District, reflecting in part the forward buying of retailers, in April were about 15 and in the first four months of the year 13 per cent above last year. Wholesale stocks continue to rise rapidly and at the end of April were 11 per cent larger than at the same time last year. The April collection ratio was considerably more favorable than a year ago.

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

	No. of Firms	SALES		STOCKS
		Apr. '41	4 Mos. '41	Apr. 30, '41
		comp. to Apr. '40	comp. to 4 Mos. '40	comp. to Apr. 30, '40
		(Per cent increase or decrease)		
Auto. supplies.....	14	+7.9	+3.2	+13.6
Drugs.....	9	+4.2	+5.5	+4.4
Dry goods.....	3	+14.1	+11.5	....
Electrical goods.....	16	+20.6	+22.8	+23.0
Farm products.....	9	+26.3	+10.7	+50.5
Furniture.....	3	+40.0	+30.6	....
Groceries.....	22	+10.3	+7.6	+13.7
Hardware—total..	(19)	+32.3	+24.0	+12.5
General.....	4	+38.2	+23.1	+8.8
Industrial.....	8	+40.3	+30.5	+17.8
Plbg. & htg.....	7	+3.6	+10.6	+23.9
Jewelry.....	3	+40.5	....	+0.5
Machinery.....	4	+26.8	+39.5	+46.6
Paper and prod.....	4	-8.3	....	....
Tobacco and prod..	6	+6.8	+5.6	....
All other lines.....	22	+14.6	+19.9	+0.8
Total.....	134	+14.8	+13.2	+11.1

Crops

Winter wheat estimates for the District were raised about 19 million bushels, mostly in Kansas, during April and present prospects are that production will be about 14 per cent above last year and about the same amount above the average from 1930 to 1939. Indicated yields are generally much above average and acreage abandonment has been light except in northern Missouri, southcentral Nebraska, and parts of New Mexico. In these sections, fall growth was retarded by a shortage of rainfall at seeding time, and wheat in Nebraska and Missouri was severely damaged by the Armistice Day freeze and by subsequent heaving during the winter and in New Mexico by high winds this spring.

Department of Agriculture winter wheat estimates:

	ACREAGE		YIELD		PRODUCTION	
	ABANDONED	PER ACRE	PER ACRE	PER ACRE	INDIC.	AVER.
	Indic. 1941	Aver. '30-'39	Indic. 1941	Aver. '30-'39	Indic. 1941	Aver. '30-'39
	(Per cent)		(Bushels)		(1,000 Bushels)	
Colo.....	10.0	47.2	13.5	11.6	15,484	8,745
Kans.....	12.0	24.6	14.5	11.8	165,822	131,460
Mo.....	30.0	5.7	13.0	14.4	16,731	26,989
Nebr.....	32.0	19.1	13.5	13.6	30,780	41,151
N. Mex.....	70.0	42.1	12.5	9.3	1,262	2,478
Okla.....	8.0	17.5	14.0	11.6	62,384	47,682
Wyo.....	15.0	40.3	14.0	10.2	3,136	1,307
7 States.....	16.0	22.8	14.1	12.2	295,599	259,812
U. S.....	12.9	18.6	16.2	14.4	653,105	569,417

April precipitation in Nebraska was 144, Kansas 124, Missouri 117, Oklahoma 172, Wyoming 200, Colorado 147, and in New Mexico 219 per cent of normal, and the wet weather, which extended into May, further tended to delay spring farm work. In areas of heavy wheat abandonment, farmers have increased their plantings of oats. Because of the deep moisture penetration and the higher price of hogs, farmers also are increasing their plantings of corn, the acreage of which for many years has been far below normal.

Rainfall

	Apr. 1941		4 Mos. 1941	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	2.75	2.06	4.62	4.03
Leadville.....	2.36	1.78	7.10	6.08
Pueblo.....	.91	1.31	1.85	2.68
Lamar.....	2.19	1.77	3.88	3.43
Garnett.....	.89	.59	2.95	1.30
Steamboat Springs....	2.74	1.90	8.30	8.87
KANSAS				
Topeka.....	3.32	2.78	8.87	7.33
Iola.....	3.76	3.90	9.52	9.29
Concordia.....	1.27	2.36	4.35	5.08
Salina.....	1.44	2.47	4.92	5.56
Wichita.....	2.83	2.91	6.56	6.69
Hays.....	4.61	2.29	7.12	4.37
Goodland.....	3.06	2.06	5.13	3.74
Dodge City.....	2.32	1.94	5.48	4.01
Elkhart.....	1.79	1.75	4.50	3.44
MISSOURI				
St. Joseph.....	5.04	3.19	9.56	8.62
Kansas City.....	4.03	3.14	10.39	8.61
Joplin.....	7.68	4.70	11.71	11.74
NEBRASKA				
Omaha.....	3.07	2.51	5.05	5.47
Lincoln.....	3.12	2.53	6.19	5.39
Norfolk.....	6.01	2.69	8.90	5.36
Grand Island.....	3.00	2.45	4.57	5.12
McCook.....	3.94	1.86	6.45	3.74
North Platte.....	3.64	2.15	4.95	3.95
Bridgeport.....	2.09	2.12	4.20	3.81
Valentine.....	2.53	1.85	4.12	3.93
NEW MEXICO				
Clayton.....	3.85	1.70	7.46	3.23
Santa Fe.....	1.52	1.00	5.31	3.22
Farmington.....	2.81	.64	5.80	2.60
OKLAHOMA				
Tulsa.....	6.90	4.13	11.53	10.72
McAlester.....	6.07	4.58	12.48	12.74
Oklahoma City.....	5.90	3.29	9.43	7.57
Pauls Valley.....	5.66	3.88	11.71	9.07
Hobart.....	5.02	3.10	9.51	6.40
Enid.....	5.96	3.26	10.50	7.10
Woodward.....	4.00	2.49	10.12	5.60
WYOMING				
Cheyenne.....	3.75	1.99	5.77	4.07
Casper.....	5.75	1.96	7.57	4.71
Lander.....	5.32	2.06	8.81	4.44
Sheridan.....	3.87	1.92	4.58	4.63

Grain Marketing

After some hesitancy late in April, cash wheat prices again turned upward early in May and by the middle of the month had reached a new high level for the current crop year, due chiefly to prospects for Government loan rates on the 1941 crop possibly as high as 85 per cent of parity. Such a rate would be about 33 cents higher than that on the 1940 crop and would be equivalent to about 97 cents a bushel on the farm and \$1.10 at Kansas City. Together with parity payments and soil conservation benefits, it would mean a return to cooperating producers of about \$1.15 a bushel. This recent strength in wheat prices is in sharp contrast to the steep decline in progress in May a year ago following the invasion of the Netherlands and Belgium. Cash corn prices have advanced almost steadily since early March to their highest point since late 1937, reflecting in part the rise in wheat and, more recently, the possibility that Government loan rates would be advanced from 61 to 71 cents a bushel,

which would mean a return to cooperators of about 87 cents a bushel, including Government payments.

The lower range of cash grain prices at Kansas City:

	May 23 1941	Apr. 30 1941	Mar. 31 1941	Apr. 30 1940
No. 1 hd., dk. wheat, bu..	\$.89½	\$.86½	\$.88	\$1.05½
No. 2 mixed corn, bu.....	.68	.65	.63	.68
No. 2 white oats, bu.....	.32¾	.36½	.37¾	.40¾
No. 2 rye, bu.....	.55	.52	.53½	.67
No. 2 barley, bu.....	.49½	.48	.50	.56
No. 2 white kafir, cwt.....	.90	.92	.87	1.35

Wheat marketings increased considerably during April under the influence of higher prices and some further liquidation, at a moderate profit, of wheat under Government loans, and receipts for the month were 39 per cent above the April average of the past ten years. Wheat marketings in April a year ago had been even larger, owing to the fact that market prices at that time were substantially above the loan rate and redemption of loan wheat was very active. Since redemption this year has been relatively small, the Government early in May announced plans to move about 50 million bushels of its wheat from western states to the Gulf and to eastern points in order to make room for the new wheat crop.

April grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,408,000	1,000	....
Kansas City.....	4,062,000	748,000	210,000
Omaha.....	861,000	590,000	55,000
St. Joseph.....	181,000	197,000	366,000
Wichita.....	1,804,000	1,000	....
Apr. 1941.....	8,316,000	1,537,000	631,000
Mar. 1941.....	6,091,000	2,220,000	504,000
Apr. 1940.....	9,441,000	1,856,000	293,000
4 Mos. 1941.....	23,929,000	7,361,000	2,008,000
4 Mos. 1940.....	24,370,000	6,860,000	2,510,000

Livestock**MARKETINGS**

Marketings of cattle increased contrary to the usual trend during April and hog marketings, which usually decline, were little changed from the preceding month. Receipts of cattle were 27 and of hogs 9 per cent larger than in April a year ago, but receipts of calves were 4 and of sheep 7 per cent less. Cattle marketings exceeded the April ten-year average by about 7 per cent, while those of calves were 17, hogs 12, and sheep 22 per cent below average.

April livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	34,936	5,044	40,716	136,996
Kansas City.....	110,805	14,166	174,709	143,595
Oklahoma City.....	30,198	7,732	57,006	11,550
Omaha.....	89,940	5,323	107,798	135,313
St. Joseph.....	29,810	4,090	60,930	124,984
Wichita.....	26,115	3,835	31,236	25,071
Apr. 1941.....	321,804	40,190	472,395	577,509
Mar. 1941.....	292,778	42,197	472,805	524,505
Apr. 1940.....	252,956	41,790	433,458	621,312
4 Mos. 1941.....	1,180,443	166,921	1,982,806	2,020,302
4 Mos. 1940.....	1,022,102	174,100	2,299,659	2,013,453

PRICES

Slaughter cattle prices declined somewhat during April and the forepart of May, owing largely to heavy marketings, and the decline in slaughter steer prices had some effect on stocker and feeder prices which also tended lower. Hog prices, which last January had risen sharply to \$8.70 a hundredweight and then declined about \$1, again advanced in April, reaching \$9.05 following the Government's announcement that in order to stimulate production it would support long-term hog prices at an approximate level of \$9. Subsequent Government purchases of pork and lard have tended to counteract sluggish wholesale pork markets, and the top price of hogs is fluctuating around the \$9 level. A year ago in April, the top price of hogs had fallen to \$4.85, the lowest point in the last seven years. The advance in hog prices since last December is too late to modify farmers' plans to reduce hog production this spring, but the maintenance of the present profitable relationship between corn and hog prices should materially increase the fall pig crop.

Top carlot livestock prices at Kansas City:

	May 23 1941	Apr. 1941	Mar. 1941	Apr. 1940	Apr. 1939	Apr. 1938
	(In dollars per hundredweight)					
Beef steers.....	11.50	12.75	12.75	11.50	12.25	9.85
Stocker cattle.....	12.50	12.65	12.50	11.00	10.25	8.90
Feeder cattle.....	10.75	11.25	11.40	10.85	10.50	8.35
Calves.....	12.50	12.00	11.50	10.50	10.00	10.00
Hogs.....	9.35	9.05	8.05	6.45	7.05	8.60
Sheep.....	9.00	9.50	9.40	8.00	8.85	7.50
Fed lambs.....	10.00	10.90	11.00	10.60	10.00	8.85
Spring lambs.....	11.00	12.50	11.75	11.10	11.10	9.90

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder cattle and calves from public markets continue very heavy, due chiefly to the excellent prospects for grass pastures this season as the rising price of corn has tended to narrow feeding margins somewhat. April shipments of cattle were 45 and calves 7 per cent above a year ago and were more than 50 per cent above the April ten-year average. Shipments of sheep, although 11 per cent less than a year ago, were about average.

April stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	9,518	2,313	....	18,306
Kansas City.....	59,659	8,004	1,877	9,928
Omaha.....	17,675	1,963	899	14,040
St. Joseph.....	8,093	1,599	1,113	10,407
Apr. 1941.....	94,945	13,879	3,889	52,681
Mar. 1941.....	66,151	11,346	3,005	74,203
Apr. 1940.....	65,521	13,010	4,766	58,983
4 Mos. 1941.....	295,542	51,151	15,574	272,497
4 Mos. 1940.....	233,508	51,942	20,645	206,846

RANGES AND PASTURES

Ranges and pastures in the District, although late, are in the best condition in many years. Some sections in the northern Great Plains need more subsoil moisture, but elsewhere in the District soil moisture quite generally is abundant and stock water supplies are

ample. The backward spring has prolonged supplemental feeding of livestock but feed supplies generally are plentiful. Although April storms were rather unfavorable for livestock and especially for lambing and calving, cattle and sheep have wintered well and prospects are very good for large calf and lamb crops.

Despite present rather high cattle prices, there is little tendency to sell and a strong demand for milk cows and stocker cattle to rebuild herds in areas that are not fully stocked. The contracting of calves and lambs for fall delivery so far has been exceptionally light. The spring movement of southwestern cattle to Kansas and Oklahoma pastures, which had been late in getting under way not only because of unusually favorable feed conditions in Texas but also because of the slow development of grass farther north, was nearing its seasonal peak at the usual time around the first of May. Earlier in the season, fewer cattle had been expected to be shipped into these areas but reports now indicate that the movement may be fully as large or a little larger than last spring.

Wool shearing had been delayed by April storms but was about completed in many sections by the middle of May. Contracting of the 1941 wool clip, which is reported to be clean and light, continued fairly active during April. Top prices this year in Colorado and New Mexico early in May were around 38 cents a pound, grease basis, as compared with 31 cents a year ago and 21 cents two years ago.

Farm Income

Cash farm income in the District in March was 22 and in the first quarter of the year 5 per cent larger than last year. Most of this increase represents increased returns from livestock and livestock products, especially meat animals, although income in recent months has also been enlarged by the redemption and sale of wheat and cotton that had been under Government loan. Government payments continue much below a year ago. Partly as a result of Government support of prices of hogs, dairy products, and poultry and eggs, the Department of Agriculture expects cash farm income during the second quarter of 1941 to be substantially above the relatively low level prevailing in the second quarter of 1940.

Department of Agriculture farm income estimates:

	Mar. 1941	3 Mos. 1941	Change from 1940 Mar. 3 Mos.
	(Thousand dollars)		(Per cent)
Colorado.....	10,436	31,260	+10.6 -1.5
Kansas.....	20,915	69,439	+27.5 +4.2
Missouri.....	19,683	68,573	+33.7 +14.3
Nebraska.....	20,760	68,147	+11.1 -3.0
New Mexico.....	2,491	9,322	-1.8 +1.1
Oklahoma.....	15,286	46,947	+25.3 +16.4
Wyoming.....	3,980	9,240	+55.5 -1.2
Seven states.....	93,551	302,928	+22.2 +5.4
United States.....	681,263	2,067,635	+12.8 +3.9

Meat Packing

Meat-packing operations in the District increased further during April despite the continued heavy diversion of market supplies of stocker and feeder animals, especially cattle, to pastures and feed lots. Packers' purchases of cattle in April were 9, of hogs 12, and of sheep 4 per cent above a year ago but purchases of calves were 9 per cent smaller than last year. The slaughter of cattle and sheep was little different from the April ten-year average while that of calves was 36 and of hogs 8 per cent below average.

April packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	18,568	2,667	33,545	35,903
Kansas City.....	44,161	7,213	165,970	106,791
Oklahoma City.....	11,115	4,579	44,238	8,657
Omaha.....	63,353	3,348	95,175	92,252
St. Joseph.....	19,750	2,584	57,746	95,030
Wichita.....	8,730	2,035	27,553	24,859
Apr. 1941.....	165,677	22,426	424,227	363,492
Mar. 1941.....	154,934	25,496	414,339	305,728
Apr. 1940.....	151,705	24,497	378,005	351,144
4 Mos. 1941.....	642,291	96,644	1,747,036	1,281,820
4 Mos. 1940.....	615,643	108,782	1,999,047	1,233,028

Cold Storage Holdings

United States cold storage stocks of beef declined less than is usual during April, and stocks of pork, lard, lamb, and butter increased contrary to the usual trend. May 1 holdings of beef, pork, poultry, and cheese all were close to 40 per cent above and of lamb and lard nearly double the average for that date during the past five years. Total egg holdings were about equal to average, while butter holdings were 21 per cent below normal. Stocks of poultry continue at a record level for the season, and stocks of lard have reached a new all-time high.

United States cold storage holdings:

	May 1 1941	Apr. 1 1941	May 1 1940	Aver. '36-'40
	(In thousands of units)			
Beef, lbs.....	85,076	90,373	62,020	63,138
Pork, lbs.....	795,717	785,387	611,956	570,697
Lamb and mutton, lbs.....	5,036	4,378	3,580	2,803
Poultry, lbs.....	101,000	126,904	86,226	72,212
Miscellaneous meats, lbs....	79,552	82,955	87,213	74,789
Lard, lbs.....	320,191	310,406	266,052	162,107
Eggs, shell, cases.....	3,030	1,090	3,341	3,469
Eggs, frozen (case equiv.)	2,846	1,812	2,270	2,523
Butter, creamery, lbs.....	17,727	8,983	9,504	22,392
Cheese, all varieties, lbs....	108,047	109,893	78,917	76,285

Flour Milling

Operations at southwestern flour mills continued in April close to 70 per cent of capacity, and output was 9 per cent above last year and about the same amount above the April average of the past ten years. Small, fill-in orders constituted the bulk of flour sales, but the total volume of such business was sufficient to keep mills operating at a fairly high rate. In the first half of May, flour sales expanded sharply as wheat prices advanced. Only a few buyers, how-

ever, have contracted for their requirements beyond the end of the crop year on July 1. Export trade has recently shown some improvement.

Flour output reported by the Northwestern Miller:

	Apr. 1941	4 Mos. 1941	Change from 1940	
	(In barrels)		Apr.	4 Mos.
			(Per cent)	
Kansas City.....	571,000	2,195,000	+8.8	+3.9
Salina.....	154,000	721,000	-16.8	-6.6
Wichita.....	169,000	670,000	+30.0	+27.4
Other cities.....	1,245,000	4,873,000	+11.6	+10.6
Southwest.....	2,139,000	8,459,000	+9.4	+8.2
United States*.....	5,869,000	22,649,000	+9.1	+3.8

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

Petroleum

Crude oil production in the District in April was about 6 per cent larger than a year ago and 5 per cent above the April ten-year average.

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

	Apr. 1941	4 Mos. 1941	Change from 1940	
	(In barrels)		Apr.	4 Mos.
			(Per cent)	
Colorado.....	115,000	437,000	-5.7	+12.6
Kansas.....	6,358,000	24,308,000	+32.1	+17.0
Nebraska.....	128,000	403,000	....	....
New Mexico.....	3,265,000	12,532,000	-0.5	-8.2
Oklahoma.....	12,379,000	50,193,000	-6.0	-4.6
Wyoming.....	2,342,000	9,345,000	+25.6	+20.7
Six states.....	24,587,000	97,218,000	+5.7	+2.1
United States.....	109,182,000	433,437,000	-5.9	-5.3

Stocks of crude petroleum produced in this District have declined somewhat since the end of March, dropping by early May to a level very little above the extreme low of late 1939. Prices of crude petroleum and of some refined products, especially gasoline and fuel oil, are strong. Mid-Continent crude oil prices again advanced in the third week of May, making a total gain of 15 cents a barrel since the end of March. Domestic consumption of gasoline is setting a new record about 10 per cent above last year and there is a heavy demand for fuel oil from defense industries, together with increased railroad, marine, and public utility consumption.

Coal

April output of bituminous coal in the District was considerably less than last year as most mines in Colorado were closed during the month.

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

	Apr. 1941	4 Mos. 1941	Change from 1940	
	(In tons)		Apr.	4 Mos.
			(Per cent)	
Colorado.....	50,000*	2,100,000*	-87.9	-15.5
Kans. and Mo.....	434,000	2,734,000	+12.7	+3.0
New Mexico.....	79,000	403,000	-11.2	+3.3
Oklahoma.....	44,000	596,000	-6.4	+2.4
Wyoming.....	432,000	2,039,000	+9.9	+7.2
Six states.....	1,039,000	7,872,000	-21.8	-1.8
United States.....	6,266,000	140,281,000	-80.9	-7.9

*Data incomplete because of closing of mines.

Zinc and Lead

Zinc shipments from the Tri-State district in April were 16 and lead shipments 9 per cent larger than a year ago. Demand for zinc continues to absorb all of current production and there has been a further decline in reserve stocks of zinc, which are at the lowest level in more than twenty-five years. Zinc prices have been stationary since last October and lead prices have shown relatively little change since November, reflecting in part the large supplies of foreign ores overhanging the market.

April ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	13,313	\$ 640,492	1,761	\$ 121,727
Missouri.....	2,407	116,142	167	11,589
Oklahoma.....	24,038	1,159,221	2,472	170,552
Apr. 1941.....	39,758	\$1,915,855	4,400	\$ 303,868
Mar. 1941.....	42,155	2,031,684	4,115	277,830
Apr. 1940.....	34,146	1,280,463	4,057	236,405
4 Mos. 1941.....	151,359	7,296,066	16,440	1,096,184
4 Mos. 1940.....	131,186	4,867,728	14,769	891,923

Employment and Pay Rolls

Employment in the District in April was about 7 and pay rolls nearly 14 per cent above a year ago as compared with gains of 5 and 10 per cent, respectively, for the year to date.

Preliminary figures of the Department of Labor:

	EMPLOYMENT		PAY ROLLS	
	Apr. 1941	4 Mos. 1941	Apr. 1941	4 Mos. 1941
	(Per cent change from a year ago)			
Colorado.....	+2.1	+3.0	+6.0	+5.5
Kansas.....	+13.7	+10.5	+17.6	+12.8
Missouri.....	+8.5	+5.7	+17.6	+12.4
Nebraska.....	+2.9	+1.1	+5.4	+3.4
New Mexico.....	+18.8	+19.5	+33.3	+32.8
Oklahoma.....	+3.2	+2.8	+5.7	+5.4
Wyoming.....	-6.1	-0.7	-1.7	+2.2
Seven states....	+7.2	+5.3	+13.5	+10.0

Building

Construction awards in the Kansas City area in April fell nearly a third under a year ago, reflecting principally smaller awards for public works construction. Awards for commercial and public nonresidential building also were smaller, while residential building and utility construction continued in substantially larger volume than last year. For the first four months of 1941, total awards gained 21 per cent over 1940, and in the first half of May they were nearly four times what they were a year ago.

Construction figures of F. W. Dodge Corporation:

	Apr. 1941	4 Mos. 1941	Change from 1940	
	(Thousand dollars)	(Thousand dollars)	Apr. (Per cent)	4 Mos. (Per cent)
Residential building..	5,298	17,504	+24.5	+38.0
Nonresidential bldg..	2,552	13,816	-11.4	+25.2
Public wks. construct..	1,795	13,954	-78.6	-11.1
Utility construction..	1,364	6,941	+310.8	+93.0
Kansas City area.....	11,009	52,215	-30.5	+21.4
37 Eastern states.....	406,675	1,462,156	+35.3	+50.8

The value of building permits issued in reporting District cities in April was only 6 but in the first four months of the year was about 18 per cent larger than a year ago. Kansas and Nebraska cities generally show declines for the year to date.

Value of building permits issued in District cities:

	Apr. 1941	4 Mos. 1941	Change from 1940	
	(Dollars)	(Dollars)	Apr. (Per cent)	4 Mos. (Per cent)
Albuquerque, N. M..	335,000	1,064,000	+76.3	+48.8
Cheyenne, Wyo.....	170,000	494,000	+39.3	+6.9
Colo. Springs, Colo..	46,000	202,000	-42.5	+0.5
Denver, Colo.....	1,349,000	4,898,000	+39.8	+30.6
Hutchinson, Kans....	32,000	153,000	-28.9	-3.2
Joplin, Mo.....	24,000	124,000	-38.5	-23.5
Kansas City, Kans..	79,000	256,000	+43.6	-36.5
Kansas City, Mo.....	349,000	1,324,000	+11.1	+47.9
Lincoln, Nebr.....	255,000	544,000	+19.2	-39.2
Okl. City, Okla.....	551,000	1,866,000	-3.0	+10.0
Omaha, Nebr.....	496,000	1,293,000	-62.1	-29.2
Pueblo, Colo.....	171,000	379,000	+25.7	+22.7
Salina, Kans.....	54,000	111,000	-33.3	-44.5
Shawnee, Okla.....	10,000	78,000	-47.4	+39.3
St. Joseph, Mo.....	338,000	423,000	+745.0	+267.8
Topeka, Kans.....	194,000	403,000	+28.5	-30.4
Tulsa, Okla.....	551,000	2,009,000	+25.2	+38.4
Wichita, Kans.....	354,000	1,715,000	+20.8	+94.4
District, 18 cities....	5,358,000	17,336,000	+5.9	+17.5

Lumber

Board feet lumber sales at reporting retail yards in the District showed a further seasonal expansion during April. Sales both in April and in the first four months of the year were about 31 per cent larger than in the same periods a year ago and are keeping pace with greatly enlarged building activity.

Stocks of lumber, after rising rapidly toward the end of 1940 and early in 1941, have shown little change in recent months at a level about 13 per cent above last year. The collection ratio also is higher.

Lumber trade at 151 chain retail yards:

	Apr. 1941	
	per cent change from Mar. 1941	Apr. 1940
Sales of lumber, board feet.....	+29.7	+30.7
Sales of all materials, dollars.....	+28.6	+20.6
Stocks of lumber, board feet.....	-1.3	+13.3
Outstandings, dollars.....	+9.9	+11.9

Life Insurance

Life insurance sales in the District both in April and in the first four months of the year showed little change from the rather low level of last year.

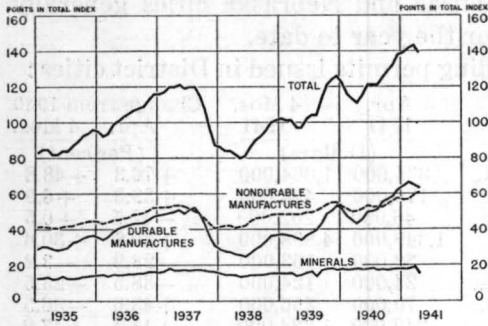
The Life Insurance Sales Research Bureau report:

	Apr. 1941	4 Mos. 1941	Change from 1940	
	(Thousand dollars)	(Thousand dollars)	Apr. (Per cent)	4 Mos. (Per cent)
Colorado.....	5,205	18,650	+4.8	+2.8
Kansas.....	7,409	25,536	+14.0	+10.5
Missouri.....	17,257	64,198	-1.1	+0.3
Nebraska.....	6,132	21,321	+13.7	+6.8
New Mexico.....	1,176	3,979	-30.4	-21.1
Oklahoma.....	7,668	28,551	-17.0	-6.0
Wyoming.....	1,197	3,941	+19.3	+11.0
Seven states.....	46,044	166,176	-0.4	+1.2
United States.....	597,203	2,255,739	+4.0	+4.1

NATIONAL SUMMARY OF BUSINESS CONDITIONS

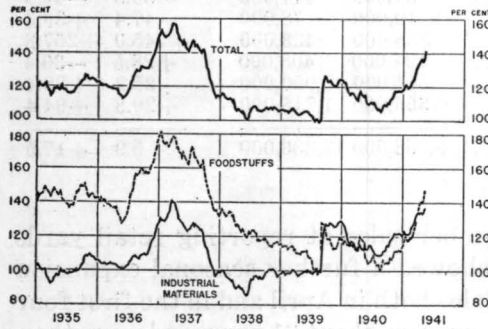
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



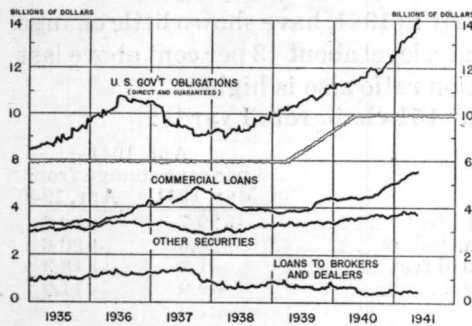
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100.

WHOLESALE PRICES OF BASIC COMMODITIES



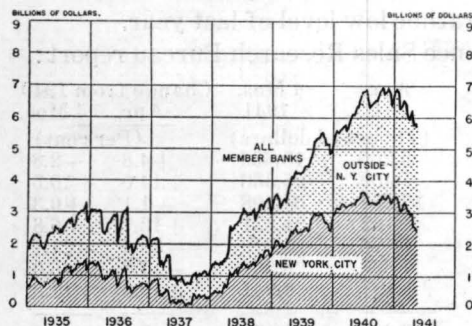
Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August, 1939=100.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, January 2, 1935, through May 7, 1941.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures partly estimated, January 2, 1935, through May 7, 1941.

Wholesale commodity prices advanced sharply in April and the first half of May, with the exception principally of metals for which maximum prices had been established. Industrial production declined in April, owing to reduced output of coal and automobiles, but increased rapidly in the first half of May as operations in these industries were resumed.

PRODUCTION

In April the Board's seasonally adjusted index of industrial production declined to 139 per cent of the 1935-1939 average, a drop of 4 points from March. The decline reflected chiefly a sharp reduction in output of bituminous coal, as most mines were closed during the entire month. The mines were reopened on April 30 and in the first half of May coal output increased rapidly.

Automobile production also declined in April, owing to stoppage of work at plants of the Ford Motor Company during an industrial dispute. This was settled about the middle of the month and domestic output has since advanced to a high monthly rate of over 500,000 cars and trucks. Announcement by the Office of Production Management that output in the twelve months ending July 31, would approximate 5,290,000 units indicates that a rate close to that now prevailing should be maintained through July, although there is usually a considerable decline in this period.

Steel production was curtailed somewhat in the latter half of April by shortages of coal and coke and output declined from a level of 100 per cent of capacity to 94 per cent at the month end. Subsequently output increased, reaching 99 per cent by the middle of May.

In most other lines activity continued to increase during April and the first half of May. Machinery production rose further and activity in the aircraft and shipbuilding industries continued to expand rapidly. Consumption of nonferrous metals also advanced, and, as in March, domestic sources of copper were supplemented by large supplies from Latin America. Textile production rose further from the high rate prevailing in March. Consumption of raw cotton in April amounted to 920,000 bales, a new record level, and rayon deliveries also rose to a new peak. At wool textile mills activity was maintained near the high March rate. Continued advances were reported in the chemical, paper, and food industries.

Anthracite production declined considerably in April, owing to a delay by dealers in placing usual spring orders, but increased in the first half of May. Output of crude petroleum showed little change from the March rate, following some increase from the reduced level of the winter months. Iron ore shipments in April amounted to about 7,000,000 tons, an exceptionally large amount for this time of year, and mine output of nonferrous metals continued at near capacity rates.

Value of construction contract awards in April declined somewhat from the high March total, owing principally to a smaller volume of defense plant contracts, according to F. W. Dodge Corporation reports. There was an increase in contracts for publicly financed defense housing, and awards for private residential building rose by about the usual seasonal amount.

DISTRIBUTION

Sales of general merchandise at department and variety stores showed about the usual seasonal rise from March to April, making allowance for the changing date of Easter. Retail sales of new automobiles, which had amounted to 526,000 cars and trucks in March, rose further in April and sales of used cars were at peak levels.

Freight loadings declined sharply in April, reflecting a reduction in shipments of coal and coke, but increased in the first half of May when coal mines were reopened. By the middle of the month total loadings had risen to a weekly rate one-fourth higher than in the corresponding period last year and about the same as the seasonal peak reached in the autumn of 1940.

COMMODITY PRICES

Prices of most basic commodities, both domestic and imported, advanced sharply further in the first half of May following a short period of little change during the latter part of April. Price increases were most pronounced for agricultural commodities reflecting in part the prospect of legislation raising Federal loan rates for basic farm crops. Prices of a number of semimanufactured industrial products, including petroleum products, coke, leather, textile yarns and fabrics, and building materials, also advanced. Metal prices, now for the most part subject to Federal control, remained at the maximum levels established earlier.

BANK CREDIT

Bank loans and investments have shown a marked rise since last summer, the increase at reporting banks in 101 leading cities amounting to \$4,000,000,000. In April and early May holdings of investments by these banks increased considerably, mostly at New York City banks, reflecting substantial purchases of newly issued Reconstruction Finance Corporation notes. Increases in commercial loans in this period were somewhat smaller than during the preceding two months.

Excess reserves of member banks were \$5,700,000,000 on May 14. Since January they have declined by about \$1,100,000,000, owing largely to increases in Treasury deposits with the Reserve Banks and in currency in circulation. The decrease has occurred entirely at New York City banks.