

# MONTHLY REVIEW

## *Agricultural and Business Conditions*

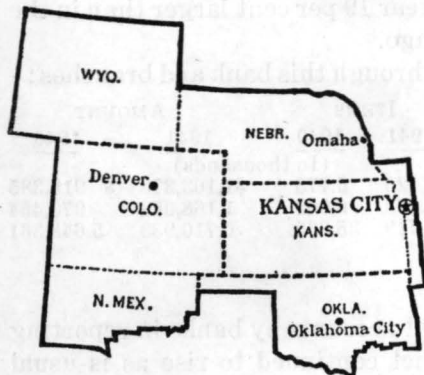
### TENTH FEDERAL RESERVE DISTRICT

VOL. 26, No. 7

FEDERAL RESERVE BANK OF KANSAS CITY

JULY 31, 1941

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



The accompanying chart shows at a glance the tendency of activity in most lines to accelerate. Production in such basic industries as metals, petroleum, coal, flour, and meat packing is making large gains over a year ago. Wholesale and retail sales indicate that distribution is equally active. Employment is rising.

Bank loans are 20% above last year and the large volume of check transactions is indicative of business activity. The growth of bank investments naturally slows down as loans increase.

A few sections of the District — notably central Nebraska — need rain for corn but generally the moisture situation continues excellent. A large amount of feed seems assured and if rains continue there will be a very large corn crop. Farm income is running much above a year ago.

Nearly all kinds of construction are very active and lumber sales in June were almost double those of a year ago.

JUNE 1941 COMPARED WITH JUNE 1940						BUSINESS INDICATORS	6 MOS. 1941 COMPARED WITH 6 MOS. 1940					
% DECREASE			% INCREASE				% DECREASE			% INCREASE		
40	30	20	10	10	20		30	40	40	30	20	10
						<b>Finance</b>						
						Bank Debits.....						
						F. R. Bk. Clearings.....						
						Mem. Bk. Loans.....						
						Mem. Bk. Invest.....						
						Demand Deposits.....						
						Life Ins. Sales.....						
						Failures (Liab.).....						
						<b>Trade</b>						
						Wholesale Sales.....						
						Retail Sales.....						
						Dept. Store Sales.....						
						Lumber Sales.....						
						<b>Marketings</b>						
						Wheat.....						
						Corn.....						
						Oats.....						
						Cattle.....						
						Calves.....						
						Hogs.....						
						Sheep.....						
						<b>Production</b>						
						Flour.....						
						Cattle Slaughter.....						
						Calf Slaughter.....						
						Hog Slaughter.....						
						Sheep Slaughter.....						
						Crude Petroleum.....						
						Bituminous Coal.....						
						Zinc Ore Shipments.....						
						Lead Ore Shipments.....						
						<b>Construction</b>						
						Total Awards.....						
						Res. Awards.....						
						Value of Permits.....						
						<b>Miscellaneous</b>						
						Rainfall.....						
						Cash Farm Income*.....						
						Employment.....						
						Pay Rolls.....						
						*For previous month.						

-59

+87

+72

+99

+80

+60

+78

+53

**Member Bank Operations**

Loans at 50 weekly reporting member banks in the Tenth District continued to rise from the middle of June to the middle of July. Commercial loans increased further, although not so much as is usual at wheat harvest time, and there was a considerable further increase in holdings of open market paper and in so-called "other" loans. Investments also increased somewhat during this period, reflecting principally additional sizable purchases of Government bonds and of obligations guaranteed by the Government that were offset in part by a decrease in holdings of other securities. The holdings of "guaranteed" obligations are very large, being about 40 per cent of total Government security holdings. Loans are 21 and investments 8 per cent above a year ago.

Deposits at these 50 reporting banks rose sharply from the middle of June to the middle of July and both adjusted demand and interbank deposits are at new record levels far above their previous peaks established earlier this year. Reserve balances carried at this bank and correspondent balances carried at other banks also increased during this period but, although very large, are considerably below peak levels. Adjusted demand deposits are 13 and interbank deposits 10 per cent above a year ago, while reserves are only 2 and correspondent balances 5 per cent larger.

Principal items of condition of 50 member banks:

	Change from		
	July 16 1941	June 18 1941	July 17 1940
(In thousands of dollars)			
Loans and investments—total.....	776,406	+16,797	+94,491
Loans—total.....	370,067	+11,451	+63,689
Coml., indust., agric.....	216,907	+4,699	+35,758
Open market paper.....	27,158	+1,973	+6,135
To security brokers and dealers.....	3,456	-303	+84
Other to purchase or carry secur.....	9,997	+40	+445
Real estate loans.....	32,870	+828	+3,427
Loans to banks.....	428	+104	-51
All other loans.....	79,251	+4,110	+17,891
Investments—total.....	406,339	+5,346	+30,802
U. S. Treasury bills.....	6,439	-790	-10,803
U. S. Treasury notes.....	40,513	-1,506	-27,174
U. S. Govt. bonds.....	112,434	+6,064	+23,505
Oblig. guar. by U. S. Govt.....	113,864	+7,045	+46,602
Other securities.....	133,089	-5,467	-1,328
Reserve with F. R. Bank.....	210,386	+4,610	+3,632
Balances with domestic banks.....	345,691	+15,307	+16,405
Demand deposits—adjusted.....	628,562	+32,987	+72,396
Time deposits.....	141,542	-1,994	-4,267
U. S. Govt. deposits.....	13,227	+401	-4,257
Interbank deposits.....	474,602	+5,381	+44,260

**Reserve Bank Operations**

Note circulation of this bank has risen further, reaching a new high level of 226 million dollars following the Independence Day holiday week end and averaging nearly 225 million in the first half of July as compared with 220½ million in June and 218½ million in May. Circulation is about 33 million, or 17 per cent, above a year ago.

**Principal items of condition of this Reserve Bank:**

	Change from		
	July 16 1941	June 18 1941	July 17 1940
(In thousands of dollars)			
Total reserves.....	476,373	-1,954	+80,042
Bills discounted.....	114	-102	-205
Industrial advances.....	1,129	+550	+935
Commit. to make indust. adv.....	269	-550	+110
U. S. Govt. sec., direct & guar.....	106,144	+4	-9,578
Total assets.....	634,488	-271	+80,027
F. R. notes in circulation.....	224,678	+4,525	+33,431
Member bank reserve deposits.....	292,365	+6,819	+9,745

Dollar volume of check collections in June remained at the relatively high level which has prevailed since early this year. Dollar volume in June was 27 and in the first half of the year 19 per cent larger than in the same periods a year ago.

**Check collections through this bank and branches:**

	ITEMS		AMOUNT	
	1941	1940	1941	1940
(In thousands)				
June.....	6,126	5,773	\$1,163,373	\$ 913,385
May.....	6,263	6,002	1,168,058	970,454
Six months.....	36,719	35,235	6,710,933	5,643,361

**Bank Debits**

Debits to individual accounts by banks in reporting centers of the District continued to rise as is usual during June. Volume of payments by check in June was 22 and in the first six months of 1941 was 12 per cent above that in the corresponding periods in 1940 and was at the highest level since 1930.

**Payments by check in thirty District cities:**

	June		Change from 1940	
	1941	6 Mos. 1941	June	6 Mos.
(Thousand dollars)		(Per cent)		
Albuquerque, N. M.	21,074	119,273	+29	+20
Atchison, Kans.....	3,652	19,346	+20	+12
Bartlesville, Okla.....	31,102	166,744	+15	+2
Casper, Wyo.....	7,709	40,887	+24	+15
Cheyenne, Wyo.....	12,149	61,472	+36	+24
Colo. Springs, Colo.....	12,993	82,856	+2	+7
Denver, Colo.....	181,473	1,048,690	+19	+15
Emporia, Kans.....	3,222	20,838	+18	+17
Enid, Okla.....	13,523	68,201	+21	+6
Fremont, Nebr.....	3,558	19,566	+23	+16
Gr. Junction, Colo.....	3,516	21,127	+1	-3
Guthrie, Okla.....	1,585	9,414	+11	+11
Hutchinson, Kans.....	12,929	68,168	+9	-7
Indep., Kans.....	3,301	18,009	+16	+13
Joplin, Mo.....	10,412	60,738	+12	+9
Kansas City, Kans.....	22,686	119,575	+17	+16
Kansas City, Mo.....	401,187	2,123,910	+28	+13
Lawrence, Kans.....	4,174	23,527	+8	+12
Lincoln, Nebr.....	29,205	172,525	-2	+2
Muskogee, Okla.....	9,063	53,766	+29	+24
Okla. City, Okla.....	113,094	656,572	+26	+10
Okmulgee, Okla.....	2,848	16,719	-1	+3
Omaha, Nebr.....	174,216	982,485	+21	+16
Pittsburg, Kans.....	4,476	25,259	+23	+12
Pueblo, Colo.....	14,875	92,251	+7	+16
Salina, Kans.....	11,280	58,041	+37	+9
St. Joseph, Mo.....	31,828	182,537	+25	+13
Topeka, Kans.....	21,354	122,982	+8	+2
Tulsa, Okla.....	155,866	827,467	+12	+3
Wichita, Kans.....	67,682	363,118	+51	+36
District, 30 cities.....	1,386,032	7,646,063	+22	+12
U. S., 274 cities.....	45,942,000	253,318,000	+31	+16

**Trade**

**RETAIL SALES**

Retail buying is expanding sharply, reflecting the stimulus of rising farm income and of increased employment and pay rolls resulting from the defense program. Dollar volume of sales at reporting department stores in the District in June and in the first half of the year was 12 per cent larger than last year, and sales in the first three weeks of July were 24 per cent above a year ago. Retail prices, according to the Fairchild Index, also are rising and are now about 5 per cent higher than a year ago.

Stocks on hand, which at the end of May had been 4 per cent above last year, at the end of June were 8 per cent larger than last year, and orders outstanding were considerably more than double what they were a year earlier. Part of this increase, of course, is due to higher prices.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		June '41	6 Mos.'41	June30,'41
		comp.to June '40	comp. to 6 Mos.'40	comp. to June30,'40
		(Per cent increase or decrease)		
Denver.....	7	+15	+11	+5
Hutchinson.....	3	+14	+15	....
Topeka.....	3	+10	+11	....
Wichita.....	4	+22	+15	....
Joplin.....	3	+14	....	....
Kansas City.....	8	+10	+13	+19
St. Joseph.....	3	+12	....	....
Omaha.....	4	+9	+8	....
Oklahoma City.....	5	+14	+16	+18
Tulsa.....	5	+8	+12	+11
Other cities.....	30	+7	+12	+1
District.....	75	+12	+12	+8

Sales of independent retail stores, by states, as reported by the Bureau of the Census:

	June 1941 per cent change from June 1940						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+2	+5	+2	+5	+13	0	+6
Automobile.....	+37	+57	+46	+31	+30	+30	+16
Department.....	+11	+12	+10	+5	....	+11	....
Drug.....	+6	+11	+11	+2	+5	+10	+4
Dry goods.....	+3	+8	+1	+9	+4	+5	....
Food.....	+3	+8	+2	+4	0	+10	-5
Furniture.....	+15	+28	+10	+15	....	+12	....
General.....	+3	+14	+9	+7	+6	+9	+4
Hardware.....	+11	+31	+17	+10	....	+13	....
Jewelry.....	+25	+50	+38	+17	....	+41	....
Lbr. and mtls..	+23	+57	+16	+73	+9	+23	+12
Miscellaneous..	+11	+19	-9	+6	+16	+10	+23
Total.....	+14	+27	+12	+13	+16	+14	+9

**WHOLESALE SALES**

Wholesale sales are rising even faster than retail sales, owing probably to the increasing tendency to build up retail stocks. The value of June wholesale sales in this District was 27 per cent above a year ago, by far the sharpest increase for any month this year, and total sales for the first half of the year were 16 per cent larger than last year. Wholesale stocks have risen further and are 15 per cent above a year ago.

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

	No. of Firms	SALES		STOCKS
		June '41	6 Mos.'41	June30,'41
		comp.to June '40	comp. to 6 Mos.'40	comp. to June30,'40
		(Per cent increase or decrease)		
Auto. supplies.....	16	+21	+7	+16
Drugs.....	4	+9	+6	-1
Dry goods.....	4	+42	+19	-9
Electrical goods...	14	+46	+29	+39
Farm products.....	8	+52	+23	+59
Furniture.....	3	+45	....	....
Groceries.....	23	+12	+9	+15
Hardware—total..	(14)	+75	+39	+14
General.....	4	+69	+41	+15
Industrial.....	3	+117	+43	....
Plbg. & htg.....	7	+51	+24	+11
Jewelry.....	3	+104	....	....
Machinery.....	4	+35	+40	+45
Paper and prod....	4	+14	....	....
Tobacco and prod..	4	+4	+6	....
All other lines.....	16	+13	+19	+16
Total.....	117	+27	+16	+15

**Crops**

The winter wheat crop in this District turned out somewhat smaller than was thought probable earlier, owing to excessive rains just preceding and during harvest, particularly in Oklahoma and southern Kansas, but production still is nearly 20 per cent larger than last year and about the same amount above the average from 1930 to 1939. Although the heavy rains of May and June materially interfered with the planting of spring crops, soil moisture is abundant, irrigation water is mostly adequate, and the crop outlook on the whole is unusually favorable. Due in part to increased acreages in recent years, prospects are for very large crops of oats, barley, rye, hay, flaxseed, and dry beans, while the potato crop will be about average and that of sugar beets somewhat below average. Corn production in the District is indicated to be only 4 per cent below the 1930-1939 average despite a reduction of nearly 30 per cent in acreage. Except in Nebraska and Kansas, fruit production will again be heavy this year. The cotton acreage in Oklahoma is 40 per cent less than average.

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

	ACREAGE		PRODUCTION	
	July 1	Harv.	July 1	Harv.
	1941	1940	1941	1940
	(1,000 acres)		(1,000 units)	
Corn, bu.....	15,843	16,046	336,106	322,539
Winter wheat, bu.....	21,156	18,128	308,983	258,754
Spring wheat, bu.....	490	581	7,073	6,644
Oats, bu.....	7,214	6,540	174,711	168,322
Barley, bu.....	4,570	3,607	100,058	62,064
Rye, bu.....	694	544	7,396	4,600
Flaxseed, bu.....	165	168	1,378	1,471
Tame hay, tons.....	8,405	7,904	11,613	10,367
Wild hay, tons.....	4,184	3,954	3,805	2,790
White potatoes, bu.....	214	299	35,008	40,144
Sweet potatoes, bu.....	37	36	3,175	3,190
Sugar beets, short tons..	232	257	3,197	3,692
Dry beans, 100 lb. bags..	557	601	3,009	3,253
Cotton, bales.....	2,238	2,424	....	....

June rainfall in Wyoming was 173, Colorado 155, New Mexico 164, Nebraska 131, Kansas 158, Oklahoma 164, and in Missouri 88 per cent of normal.

### Rainfall

	June 1941		6 Mos. 1941	
	Total	Normal	Total	Normal
	(In inches)			
<b>COLORADO</b>				
Denver.....	1.61	1.38	8.41	7.62
Leadville.....	.84	1.16	9.22	8.54
Pueblo.....	2.83	1.36	6.42	5.64
Lamar.....	1.82	2.28	8.23	7.99
Garnett.....	1.61	.73	5.41	2.60
Steamboat Springs....	2.69	1.28	12.89	12.35
<b>KANSAS</b>				
Topeka.....	5.45	4.65	18.10	16.46
Iola.....	7.03	5.28	19.15	19.31
Concordia.....	6.50	4.41	12.66	13.67
Salina.....	4.27	4.65	12.31	13.93
Wichita.....	7.05	4.38	16.50	15.53
Hays.....	6.40	4.10	16.38	11.93
Goodland.....	3.58	3.05	11.45	9.39
Dodge City.....	7.34	3.30	16.58	10.20
Elkhart.....	2.04	2.04	11.70	7.56
<b>MISSOURI</b>				
St. Joseph.....	6.23	4.95	19.36	18.27
Kansas City.....	6.79	4.99	20.36	18.25
Joplin.....	6.94	6.00	21.52	23.10
<b>NEBRASKA</b>				
Omaha.....	6.69	4.56	12.79	13.80
Lincoln.....	3.41	4.32	12.07	13.79
Norfolk.....	6.16	4.85	17.51	14.48
Grand Island.....	4.87	4.05	12.46	13.12
McCook.....	6.35	3.18	15.12	9.78
North Platte.....	2.30	3.22	8.80	9.95
Bridgeport.....	4.53	2.51	10.07	9.14
Valentine.....	3.59	2.87	8.31	9.62
<b>NEW MEXICO</b>				
Clayton.....	3.33	1.92	18.28	7.59
Santa Fe.....	1.50	1.08	9.01	5.56
Farmington.....	1.20	.50	9.25	3.51
<b>OKLAHOMA</b>				
Tulsa.....	8.87	4.88	25.69	20.83
McAlester.....	5.00	4.78	19.18	23.49
Oklahoma City.....	5.99	3.67	20.64	16.12
Pauls Valley.....	4.74	4.31	19.88	18.58
Hobart.....	9.76	3.61	26.75	14.65
Enid.....	5.88	4.28	20.01	15.72
Woodward.....	7.62	3.59	26.40	12.70
<b>WYOMING</b>				
Cheyenne.....	4.66	1.61	11.11	8.11
Casper.....	.54	1.57	9.46	8.75
Lander.....	1.84	1.15	11.63	7.85
Sheridan.....	1.37	2.04	7.47	9.32

### Grain Marketing

Wheat receipts continued exceptionally heavy during June, due to further shifting of Government owned wheat to make storage room for the new crop, which began moving to market toward the end of the month. The new crop movement this year was rather slow and moderate because of greatly expanded farm storage facilities and frequent delays in harvesting due to rain. However, terminal storage space at Kansas City filled rapidly since a large amount of 1940 loan wheat still remained in public warehouses and from 80 to 85 per cent of receipts of 1941 wheat was going into storage either for commercial account or to be held for Government loans, and it became necessary on July 9, even before harvest was under way in northern Kansas and Nebraska, to prohibit further shipments to this

market for which storage had not previously been contracted. Receipts of corn and oats remain light.

June grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	3,623,000	1,000	6,000
Kansas City.....	16,925,000	425,000	80,000
Omaha.....	3,147,000	413,000	30,000
St. Joseph.....	962,000	160,000	184,000
Wichita.....	4,578,000	....	3,000
June 1941.....	29,235,000	999,000	303,000
May 1941.....	17,389,000	1,242,000	449,000
June 1940.....	8,963,000	2,459,000	152,000
6 Mos. 1941.....	70,554,000	9,602,000	2,760,000
6 Mos. 1940.....	39,158,000	10,719,000	2,883,000

Cash wheat prices advanced sharply during June and early July, reaching a point within 10 cents of the 1941 loan rate before easing somewhat near the middle of July, and it became increasingly evident that, unless market values advance to or exceed loan levels, very little 1941 crop wheat will be available for open market trading. Although liberal new crop supplies normally are depressing prices at this season, the large amount of wheat going under loan, the consequent narrowing of "free" supplies for sale on the open market, and recent international developments, including the Russo-German hostilities and the United States occupation of Iceland, have greatly strengthened wheat prices. Cash corn prices are little changed at a level about 10 cents above the loan rate.

The lower range of cash grain prices at Kansas City:

	July 25 1941	June 30 1941	May 31 1941	June 29 1940
No. 1 hd., dk. wheat, bu..	\$1.00	\$.98½	\$.85	\$.70½
No. 2 mixed corn, bu.....	.66½	.66½	.66¾	.62½
No. 2 white oats, bu.....	.34½	.36½	.34	.31½
No. 2 rye, bu.....	.53	.54	.50½	.38
No. 2 barley, bu.....	.44½	.47½	.46½	.40
No. 2 white kafir, cwt....	1.11	1.09	.94	1.29

### Livestock

#### MARKETINGS

Cattle marketings continued during June about a fourth larger than a year ago and about equal to the average of the past ten years, while marketings of other livestock remained somewhat below last year and were about 15 per cent below average. The rather sharp increase in cattle receipts reflects not only increased numbers on feed in the Corn Belt but also increased pasture feeding this year.

June livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	32,923	3,947	40,246	106,937
Kansas City.....	87,656	17,642	174,528	122,827
Oklahoma City.....	29,643	11,491	42,346	28,382
Omaha.....	107,670	3,947	124,193	86,449
St. Joseph.....	28,591	4,214	69,489	60,522
Wichita.....	15,014	2,284	24,981	30,806
June 1941.....	301,497	43,525	475,783	435,923
May 1941.....	308,321	38,451	521,952	475,692
June 1940.....	239,116	48,655	509,212	454,327
6 Mos. 1941.....	1,790,261	248,897	2,980,541	2,931,917
6 Mos. 1940.....	1,509,480	271,292	3,357,226	3,000,506

PRICES

Prices of beef steers strengthened somewhat during June from their low near the end of May, and late in July prices again advanced although still largely at unprofitable feeding levels. Since fat cattle numbers are materially larger than last year, prices of heavy beef steers have not responded fully to increased business activity, although Government purchases of meats are supporting the price of lower grades of cattle and excellent feed and pasture conditions have resulted in strong prices for stocker and feeder cattle. Hog prices, reflecting smaller hog numbers, increased consumer demand for pork, and Government buying of pork and lard for export to England, continued to advance and by July 17 had reached \$11.60 a hundred-weight, about double what they were a year ago when prices had been the lowest in six years. Hog prices now afford the widest margin of profit on feeding operations since 1938. Lamb prices, bolstered by the sharply increased demand for wool, have shown less than the usual decline from their high of early June. Prices of hogs, except for 1937, of lambs, and of stocker and feeder cattle are at the highest level for the season since 1929.

Top carlot livestock prices at Kansas City:

	July 25 1941	June 1941	May 1941	June 1940	June 1939	June 1938
	(In dollars per hundredweight)					
Beef steers.....	12.25	12.00	11.75	10.50	13.00	10.75
Stocker cattle.....	11.50	11.50	12.15	10.50	10.00	8.85
Feeder cattle.....	10.60	11.50	11.15	10.00	9.85	9.15
Calves.....	12.00	11.50	12.00	9.50	9.50	9.00
Hogs.....	11.30	10.85	9.40	5.50	7.10	9.10
Sheep.....	9.00	8.00	8.25	7.50	7.50	7.00
Lambs.....	11.25	12.50	12.00	10.75	10.40	10.15

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder livestock from public markets continue in heavy volume. The June movement of cattle was 19, of calves 54, and of sheep 9 per cent above the ten-year average.

June stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	6,332	1,434	2	8,671
Kansas City.....	31,318	7,460	1,842	19,223
Omaha.....	8,161	1,216	997	14,244
St. Joseph.....	4,289	1,020	1,168	7,727
June 1941.....	50,100	11,130	4,009	49,865
May 1941.....	70,087	10,426	5,043	52,739
June 1940.....	44,227	13,710	4,362	43,484
6 Mos. 1941.....	415,729	72,707	24,626	375,101
6 Mos. 1940.....	335,284	80,873	30,857	305,765

RANGES AND PASTURES

Following heavy spring and early summer rains, ranges and pastures in the District are nearly everywhere in excellent condition. Stock water supplies are abundant and prospects for late summer and fall range and pasture feed are the best in many years. Livestock generally is in very good condition and has made good gains on grass pastures. Calf and lamb crops this

year were large and calves and lambs have developed unusually well, indicating above normal weights at shipping time this fall. Contracting of calves and lambs for fall delivery to Corn Belt feeders so far has been limited, due to holding for higher prices.

PIG CROP

The downswing in hog production that started in the spring of 1940 was quickly checked by the sharp rise in hog prices since early in 1941. Last December farmers' farrowing intentions indicated a pig crop in this District for the spring of 1941 about 22 per cent smaller than a year earlier but the spring pig crop turned out only 3 per cent smaller than a year ago. At the first of June, farmers' intentions indicated a fall pig crop this year about 21 per cent larger than last year and the increase may be even greater because of continuing improvement in hog prices.

Department of Agriculture pig crop estimates:

	PIGS SAVED Spring			SOWS FARROWED Fall		
	1941	1940	Aver. '30-'39	*1941	1940	Aver. '30-'39
	(In thousands)					
Colorado.....	207	216	273	33	26	36
Kansas.....	1,138	1,201	1,491	178	137	182
Missouri.....	2,728	2,771	2,531	385	350	330
Nebraska.....	2,171	2,285	3,474	160	112	187
New Mexico.....	56	63	53	12	10	7
Oklahoma.....	670	661	650	114	96	101
Wyoming.....	48	57	62	3	2	4
Seven states.....	7,018	7,254	8,534	885	733	847
United States.....	50,083	50,066	45,631	5,223	4,627	4,313

\*Number indicated to farrow from breeding intentions reports.

Farm Income

Cash farm income in the District in May was 28 per cent above a year ago as compared with an increase of only 9 per cent for the year to date. The May gain reflected some increase in income from crops through the redemption of wheat and cotton under Government loan but most of the increase resulted from larger marketings and higher prices of livestock and livestock products, especially cattle, hogs, wool, and butterfat. Government payments continue much below last year. The marked increase in consumer income, the higher level of loans on basic crops, and Government support of prices of hogs and dairy and poultry products are factors in a prospective sharp increase in cash farm income during the rest of 1941.

Department of Agriculture farm income estimates:

	May 1941	5 Mos. 1941	Change from 1940	
	(Thousand dollars)		May	5 Mos.
			(Per cent)	
Colorado.....	9,061	51,697	+31	+6
Kansas.....	25,272	116,726	+49	+12
Missouri.....	28,277	119,327	+34	+18
Nebraska.....	19,972	106,748	+7	-4
New Mexico.....	3,518	16,823	+26	+9
Oklahoma.....	13,339	72,303	+19	+16
Wyoming.....	3,112	16,656	+28	+9
Seven states.....	102,551	500,280	+28	+9
United States.....	771,126	3,542,553	+24	+9

**Meat Packing**

Cattle slaughter increased further during June despite a decrease in cattle marketings and a continued rather broad country demand for market supplies of stocker and feeder animals. Cattle slaughter in June was more than 40 per cent larger than a year ago and was 8 per cent above the June average during the past ten years. The slaughter of other livestock remains in about the same volume as last year, with packers' purchases of calves about 30 and of hogs and sheep about 10 per cent below the ten-year average.

June packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	17,638	2,601	29,086	29,001
Kansas City.....	50,253	9,235	166,217	81,523
Oklahoma City.....	16,354	7,832	29,268	14,491
Omaha.....	78,450	2,727	107,538	68,885
St. Joseph.....	20,905	3,095	67,459	52,923
Wichita.....	7,543	1,504	22,840	26,140
June 1941.....	191,143	26,994	422,408	272,963
May 1941.....	181,697	24,516	481,856	308,309
June 1940.....	135,404	26,520	441,613	267,715
6 Mos. 1941.....	1,015,131	148,154	2,651,300	1,863,092
6 Mos. 1940.....	893,281	162,145	2,940,035	1,806,171

**Cold Storage Holdings**

After allowing for usual seasonal influences, United States cold storage holdings generally showed little change during June except for more than the usual decline in stocks of pork, less than the usual increase in stocks of lard, and a further heavy into-storage movement of butter due to excellent pasture conditions this summer and Government support of butter prices. Holdings of all commodities except shell eggs are very large, with lard stocks at a new all-time high and stocks of butter, cheese, frozen eggs, and poultry at or near record levels for the season.

United States cold storage holdings:

	July 1 1941	June 1 1941	July 1 1940	Aver. '36-'40
	(In thousands of units)			
Beef, lbs.....	68,328	76,231	45,972	43,608
Pork, lbs.....	705,141	798,455	598,522	505,316
Lamb and mutton, lbs.....	3,633	4,130	3,254	2,106
Poultry, lbs.....	85,874	87,433	82,336	64,693
Miscellaneous meats, lbs....	74,538	76,737	79,368	67,179
Lard, lbs.....	367,911	366,086	306,774	174,623
Eggs, shell, cases.....	6,451	5,375	7,513	7,270
Eggs, frozen (case equiv.).....	5,096	4,059	4,296	4,039
Butter, creamery, lbs.....	120,278	56,792	81,005	98,203
Cheese, all varieties, lbs....	142,686	119,718	115,139	104,087

**Flour Milling**

Southwestern flour production in June was 16 per cent above a year ago and 14 per cent above the June ten-year average, and output for the year to date shows an increase of 10 per cent over last year. Flour sales had been in large volume in the first week of June but subsequently were comparatively light until sales began to increase seasonally in the second week of July with the movement of new crop wheat to market. Stimulated by the continued upward trend

in wheat prices, the bulk of recent flour sales was for shipment as far ahead as 60 to 120 days, following a long period of hand-to-mouth buying. Export sales were in good volume toward the end of June prior to the expiration of the subsidy, later renewed.

Flour output reported by the Northwestern Miller:

	June 1941	6 Mos. 1941	Change from 1940	
	(In barrels)		June	6 Mos.
Kansas City.....	540,000	3,295,000	+10	+6
Salina.....	206,000	1,120,000	+21	0
Wichita.....	143,000	978,000	+6	+21
Other cities.....	1,248,000	7,359,000	+20	+12
Southwest.....	2,137,000	12,752,000	+16	+10
United States*.....	5,546,000	33,980,000	+9	+5

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

**Petroleum**

Crude oil production in the District in June was 9 per cent larger than a year ago and about the same amount above the average of the past ten years, and output for the year to date now shows an increase of 4 per cent over last year. Most of the gain reflects increased drilling activity and discoveries in Kansas.

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

	June 1941	6 Mos. 1941	Change from 1940	
	(In barrels)		June	6 Mos.
Colorado.....	120,000	712,000	-1	+12
Kansas.....	6,705,000	37,404,000	+25	+19
Nebraska.....	138,000	649,000	....	....
New Mexico.....	3,362,000	19,308,000	+9	-4
Oklahoma.....	12,607,000	75,806,000	-1	-4
Wyoming.....	2,500,000	14,481,000	+18	+21
Six states.....	25,432,000	148,360,000	+9	+4
United States.....	114,727,000	666,280,000	+3	-3

The heavy demand for crude oil is outstripping production, and crude stocks in this District continued to decline through June and early July, almost touching the extreme low to which stocks had fallen late in 1939, following the shutdown of wells in August of that year. Prices of both crude oil and refined products are strong, with many refiners sold ahead as far as 60 to 90 days.

**Coal**

Output of bituminous coal in the District in June was nearly a third above a year ago in contrast with a gain of only 5 per cent for the year to date.

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

	June 1941	6 Mos. 1941	Change from 1940	
	(In tons)		June	6 Mos.
Colorado.....	396,000	3,116,000	+59	+1
Kans. and Mo.....	444,000	3,581,000	+35	+7
New Mexico.....	88,000	564,000	+10	+2
Oklahoma.....	45,000	666,000	-24	-4
Wyoming.....	368,000	2,776,000	+24	+9
Six states.....	1,341,000	10,703,000	+32	+5
United States.....	43,090,000	226,480,000	+33	+3

**Zinc and Lead**

June shipments of zinc ore from the Tri-State district were 13 and of lead 16 per cent larger than a year ago. Shipments are about equal to production and stocks remain at a very low level, reflecting the heavy industrial demand for zinc for defense needs and the increasing substitution of lead for scarcer metals. Output of zinc ore has increased to the highest point since the peak levels of 1937 but zinc prices have been unchanged since last October and the present Federal ceiling on metal prices is now acting as a ceiling on ore production also.

June ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	12,461	\$ 599,449	1,490	\$ 103,097
Missouri.....	2,573	123,965	127	8,816
Oklahoma.....	24,982	1,205,814	2,675	184,254
June 1941.....	40,016	\$ 1,929,228	4,292	\$ 296,167
May 1941.....	38,865	1,873,135	4,064	280,745
June 1940.....	35,533	1,451,008	3,694	213,279
6 Mos. 1941.....	230,240	11,098,429	24,796	1,673,096
6 Mos. 1940.....	203,767	7,724,715	22,429	1,336,287

**Employment and Pay Rolls**

Employment in the District in June was 12 and pay rolls 23 per cent above a year ago, nearly double the rate of gain for the year to date.

Preliminary figures of the Department of Labor:

	EMPLOYMENT		PAY ROLLS	
	June 1941	6 Mos. 1941	June 1941	6 Mos. 1941
	(Per cent change from a year ago)			
Colorado.....	+10	+5	+18	+9
Kansas.....	+16	+12	+26	+16
Missouri.....	+15	+8	+30	+17
Nebraska.....	+7	+3	+13	+6
New Mexico....	+18	+19	+42	+36
Oklahoma.....	+2	+3	+10	+6
Wyoming.....	-1	-1	+3	+1
Seven states....	+12	+7	+23	+14

**Building**

Construction awards in the Kansas City area in June were 30 and in the first half of the year more than 50 per cent larger than a year ago and were at the highest level since 1930. The gain for 1941 over last year reflects substantial increases in both residential and nonresidential building, including defense projects, and in utility construction. Public works construction is running about 8 per cent below a year ago. In the first half of July, construction awards continued at a level about 30 per cent above last year.

Construction figures of F. W. Dodge Corporation:

	June	6 Mos.	Change from 1940	
	1941	1941	June	6 Mos.
	(Thousand dollars)		(Per cent)	
Residential building..	5,593	30,794	+60	+44
Nonresidential bldg...	3,592	38,431	+22	+114
Public wks. construc..	5,416	24,408	-8	-8
Utility construction..	1,995	14,636	+382	+209
Kansas City area.....	16,596	108,269	+30	+53
37 Eastern states.....	539,106	2,549,962	+66	+57

The value of building permits issued in reporting District cities in June was 29 and in the first six months of the year 21 per cent larger than in the corresponding periods a year ago. The gain for June was rather general over the District, only four Kansas centers showing a decrease from last year.

Value of building permits issued in District cities:

	June	6 Mos.	Change from 1940	
	1941	1941	June	6 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M..	174,000	1,409,000	+25	+32
Cheyenne, Wyo.....	103,000	839,000	+27	+23
Colo. Springs, Colo...	65,000	317,000	+76	-39
Denver, Colo.....	1,845,000	8,364,000	+3	+20
Hutchinson, Kans...	25,000	210,000	-11	-12
Kansas City, Kans..	35,000	382,000	-84	-42
Kansas City, Mo.....	620,000	2,562,000	+225	+84
Lincoln, Nebr.....	202,000	1,561,000	+54	+24
Okla. City, Okla....	443,000	2,875,000	+29	+9
Omaha, Nebr.....	667,000	2,347,000	+95	-10
Pueblo, Colo.....	128,000	782,000	+35	+40
Salina, Kans.....	35,000	188,000	-44	-46
Shawnee, Okla.....	10,000	115,000	0	0
St. Joseph, Mo.....	56,000	490,000	+180	+178
Topeka, Kans.....	130,000	666,000	-19	-26
Tulsa, Okla.....	471,000	3,030,000	+18	+12
Wichita, Kans.....	638,000	2,966,000	+164	+127
District, 17 cities....	5,647,000	29,103,000	+29	+21

**Lumber**

Board feet lumber sales at reporting retail yards in the District expanded further during June. Sales for June were 87 per cent greater than last year and for the year to date they are 41 per cent greater.

Reflecting in part the rather high level of sales and increasing difficulty in replenishing stocks, board feet lumber stocks declined during June but are still 12 per cent above a year ago. The collection ratio continues to show marked improvement.

Lumber trade at 151 chain retail yards:

	June 1941	
	per cent change from May 1941	June 1940
Sales of lumber, board feet.....	+25	+87
Sales of all materials, dollars.....	-1	+47
Stocks of lumber, board feet.....	-3	+12
Outstandings, dollars.....	+8	+22

**Life Insurance**

Life insurance sales in the District in June and in the first half of the year were little changed from those in the corresponding periods last year.

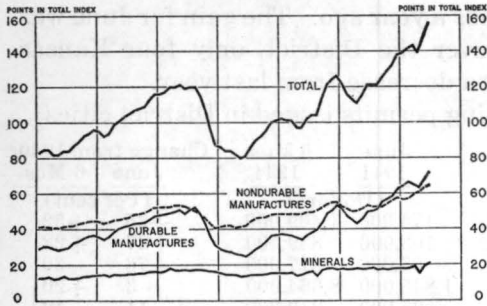
The Life Insurance Sales Research Bureau report:

	June	6 Mos.	Change from 1940	
	1941	1941	June	6 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	5,052	28,713	-5	+2
Kansas.....	7,123	40,179	-4	+7
Missouri.....	16,454	98,101	-2	-2
Nebraska.....	5,788	33,835	+9	+5
New Mexico.....	1,013	6,000	-8	-21
Oklahoma.....	8,233	44,267	-2	-6
Wyoming.....	1,177	6,146	+35	+13
Seven states.....	44,840	257,241	-1	0
United States.....	594,164	3,454,065	+7	+5

NATIONAL SUMMARY OF BUSINESS CONDITIONS

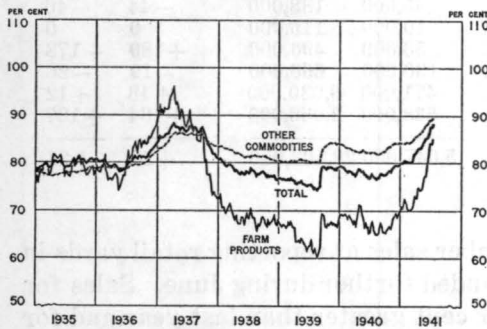
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



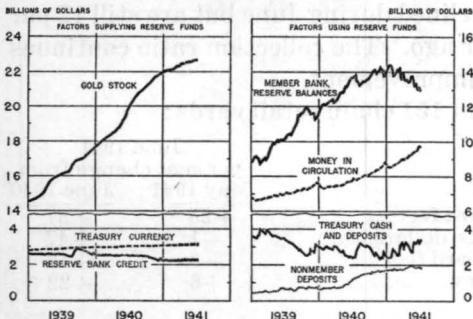
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. By months, January, 1935, through June, 1941.

WHOLESALE PRICES



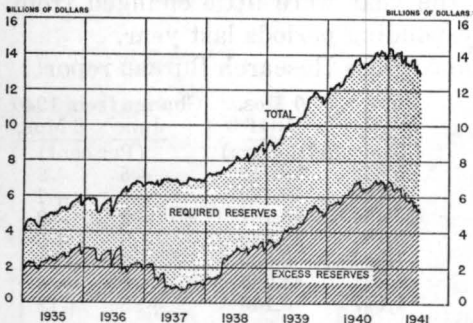
Bureau of Labor Statistics' indexes, 1926=100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935, through July 12, 1941.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, January 4, 1939, through July 9, 1941.

MEMBER BANK RESERVES



Wednesday figures, January 2, 1935, through July 9, 1941. Required and excess reserves, but not the total, are partly estimated.

Industrial production increased further in June, continuing the rapid advance that began about a year ago. Commodity prices, both in retail and in wholesale markets, rose considerably between the early part of June and the third week of July.

PRODUCTION

Reflecting the continued advance in industrial activity at a time when output ordinarily declines, the Board's adjusted index advanced from 150 per cent of the 1935-1939 average in May to 156 in June and preliminary estimates indicate a further rise in July. The current level compares with 104 before the start of the European war and 111 in the spring of 1940, when the current advance in industrial activity began.

Further increases in output were reported in June for a considerable number of industries, particularly those associated closely with the defense program, and there were no important declines. As in other recent months, activity in the aircraft, shipbuilding, machinery, and railroad equipment industries rose sharply. Automobile production was maintained at the high level of May, owing mostly to unusually large retail sales. Output of iron and steel and nonferrous metals, already close to capacity, did not show an increase to correspond with the rise in output of finished metal products and official statements indicated growing concern over shortages of numerous materials. Steel ingot production remained close to 99 per cent of capacity during June, but the rate in the middle of July was slightly lower. For the year to date output of steel has averaged 98 per cent of the rated capacity as of December, 1940.

Output of textiles and most other nondurable manufactures in June continued at recent advanced levels, which in some instances represent capacity production. Output of chemicals continued to increase rapidly. Also, there was a sharp rise in rubber consumption, reflecting continued heavy demand for rubber products and the fact that June was the last month before curtailment of rubber consumption by industry was to go into effect and was the month to be used in apportioning July consumption among various manufacturers.

Mineral production increased in June, with a marked rise in output of anthracite, some further increase in output of bituminous coal, and a continued advance in crude petroleum production to a new high level.

Value of construction contract awards in June continued at the high level reached in May and was nearly two-thirds above a year ago, according to figures of the F. W. Dodge Corporation. Awards for public construction again increased sharply, reflecting continued expansion in the volume of defense construction projects. Private residential building contracts declined somewhat more than seasonally, following an increase in May.

DISTRIBUTION

Sales of general merchandise showed little change from May to June. Department store sales decreased more than seasonally, while rural retail and variety store sales remained at the May level, although a decline is usual at this time of the year. In the early part of July sales at department stores rose somewhat and were 24 per cent higher than a year ago.

Loadings of revenue freight increased further in June, reflecting continued expansion in shipments of coal and miscellaneous merchandise, and by the end of the month were in larger volume than at any time during the seasonal peak last autumn.

COMMODITY PRICES

Wholesale prices of most groups of commodities continued to advance from the early part of June to the middle of July. Prices of foodstuffs showed large increases and there were substantial advances in prices of a number of industrial raw materials and finished products. Following earlier marked advances, prices of hides and cotton gray goods were reduced by Governmental action. Retail prices for foods and many other commodities have been rising and in June the cost of living was about 4 per cent higher than four months earlier. Preliminary July figures indicate further advances.

BANK CREDIT

Holdings of United States Government securities by member banks in 101 leading cities increased further during June and early July, reflecting in part new offerings by the Treasury. Commercial loans continued to rise.

Notwithstanding the greater volume of bank loans and investments, deposits of city banks declined somewhat over the period, reflecting mainly a growing demand for currency and a building up of Treasury deposits at the Reserve Banks. These developments also resulted in a decrease in the volume of excess reserves, which amounted to about \$5,300,000,000 on July 16, compared with \$6,900,000,000 a year earlier.

UNITED STATES GOVERNMENT SECURITY PRICES

United States Government securities advanced further during the latter part of June. Partially tax-exempt 1960-65 bonds on June 26 were at an all-time peak, on a 2.02 yield basis. Since that time they have declined slightly. Taxable bonds generally continued to advance to successive new high levels. Yields on Treasury notes showed little change during the latter part of June and the first half of July.