

MONTHLY REVIEW

Agricultural and Business Conditions

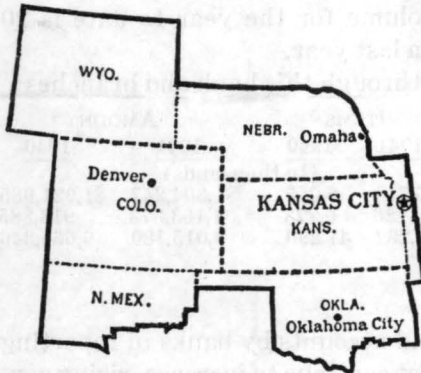
TENTH FEDERAL RESERVE DISTRICT

VOL. 26, No. 8

FEDERAL RESERVE BANK OF KANSAS CITY

AUGUST 30, 1941

Business in the Tenth Federal Reserve District



Trade activity continues to accelerate, wholesale sales in July being 33% and retail sales 22% above last year. Wholesale and retail inventories are about 15% larger than a year ago.

Check transactions are about a fourth, bank loans more than a fourth, and demand deposits 15% above last year. Bank investments, while larger, are gaining much less rapidly.

July moisture in the District was somewhat below normal but for the first 7 months of 1941 it was 12% above normal. The wheat crop was about 15% above average. Even with a restricted acreage, the District has about a normal corn crop and one as large as last year. Other crop conditions are excellent.

Coal and flour production and lead shipments are very large. Pay rolls are about a quarter higher than a year ago and have gained much faster than employment. Construction of all kinds continues very active.

BUSINESS INDICATORS	JULY 1941 COMPARED WITH JULY 1940					7 MOS. 1941 COMPARED WITH 7 MOS. 1940						
	% DECREASE		% INCREASE			% DECREASE		% INCREASE				
	40	30	20	10	10	20	30	40	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.....												+53
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.....												+60
Res. Awards.....												+63
Value of Permits.....												
Miscellaneous												
Rainfall.....												
Cash Farm Income*.....												
Employment.....												
Pay Rolls.....												

*For previous month

Member Bank Operations

Loans at 50 weekly reporting member banks in the Tenth District increased rather sharply from the middle of July to the middle of August, following a steady upward trend since early in May. A large part of the recent rise represented a seasonal increase in wheat loans, while commercial and industrial borrowing and livestock loans also were important factors. Investments increased somewhat during this period, reflecting principally sizable purchases of Treasury notes and of so-called "other" securities. Holdings of obligations guaranteed by the Government have declined slightly from their recent peak. Loans are 28 and investments 7 per cent larger than a year ago.

Deposits at these 50 reporting banks have been increasing rapidly since early in July, both adjusted demand and interbank deposits rising to new record levels at the middle of August much above their previous peaks a month earlier. Reserve balances carried at this bank also have increased in recent weeks and are very little below their high point early last April, while balances carried at other banks have recently declined and are considerably below peak levels. Adjusted demand deposits are 14 and interbank deposits 15 per cent larger than a year ago, while reserve balances are only 5 and balances at other banks 6 per cent larger than at this time last year.

Principal items of condition of 50 member banks:

	Change from		
	Aug. 13 1941	July 16 1941	Aug. 14 1940
	(In thousands of dollars)		
Loans and investments—total.....	799,772	+23,366	+110,603
Loans—total.....	390,439	+20,372	+84,585
Coml., indust., agric.....	232,791	+15,884	+54,078
Open market paper.....	28,752	+1,594	+6,972
To security brokers and dealers.....	3,384	-72	0
Other to purchase or carry secur.....	10,356	+359	+989
Real estate loans.....	32,595	-275	+2,899
Loans to banks.....	271	-157	-220
All other loans.....	82,290	+3,039	+19,867
Investments—total.....	409,333	+2,994	+26,018
U. S. Treasury bills.....	6,359	-80	-6,044
U. S. Treasury notes.....	44,998	+4,485	-22,741
U. S. Govt. bonds.....	112,586	+152	+20,408
Oblig. guar. by U. S. Govt.....	110,524	-3,340	+34,686
Other securities.....	134,866	+1,777	-291
Reserve with F. R. Bank.....	212,852	+2,466	+10,421
Balances with domestic banks.....	336,579	-9,117	+17,637
Demand deposits—adjusted.....	641,069	+12,507	+79,065
Time deposits.....	141,536	-6	-3,741
U. S. Govt. deposits.....	14,602	+1,375	-4,558
Interbank deposits.....	478,559	+3,957	+62,102

Reserve Bank Operations

Note circulation of this bank continues to rise to successive new high levels and in recent weeks the rate of rise has been increasingly rapid. In the first half of August, circulation averaged about 231 million dollars as compared with 225½ in July, 220½ in June, and 218½ in May. Circulation is about a fifth larger than a year ago and a third above two years ago.

Principal items of condition of this Reserve Bank:

	Change from		
	Aug. 13 1941	July 16 1941	Aug. 14 1940
	(In thousands of dollars)		
Total reserves.....	494,092	+17,719	+77,881
Bills discounted.....	85	-29	-217
Industrial advances.....	544	-585	+351
Commit. to make indust. adv.....	853	+584	+701
U. S. Govt. sec., direct & guar.....	106,144	0	-9,450
Total assets.....	652,071	+17,583	+79,944
F. R. notes in circulation.....	231,090	+6,412	+37,919
Member bank reserve deposits.....	295,893	+3,528	+19,542

Dollar volume of check collections in July was by far the largest for any month of record and was more than one-fourth larger than in the same month a year ago. Dollar volume for the year to date is 20 per cent greater than last year.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1941	1940	1941	1940
	(In thousands)			
July.....	6,513	6,055	\$1,304,247	\$1,021,985
June.....	6,126	5,773	1,163,373	913,385
Seven months.....	43,232	41,290	8,015,180	6,665,346

Bank Debits

Debits to individual accounts by banks in reporting centers of the District continue to increase, rising considerably more than is usual during July. Volume of payments by check in July was 24 and in the first seven months of the year was 14 per cent larger than in the corresponding periods a year ago.

Payments by check in thirty District cities:

	July		Change from 1940	
	1941	7 Mos. 1941	July	7 Mos.
	(Thousand dollars)		(Per cent)	
Albuquerque, N. M.....	22,431	141,704	+30	+21
Atchison, Kans.....	4,049	23,395	+8	+12
Bartlesville, Okla.....	31,638	198,382	+15	+4
Casper, Wyo.....	7,320	48,207	+18	+15
Cheyenne, Wyo.....	11,323	72,795	+27	+24
Colo. Springs, Colo.....	14,538	97,394	-1	+6
Denver, Colo.....	204,629	1,253,319	+33	+17
Emporia, Kans.....	3,660	24,498	+5	+15
Enid, Okla.....	18,652	86,853	+18	+8
Fremont, Nebr.....	3,383	22,949	+22	+17
Gr. Junction, Colo.....	3,720	24,847	+3	-2
Guthrie, Okla.....	1,781	11,195	+23	+12
Hutchinson, Kans.....	19,472	87,640	+22	-2
Indep., Kans.....	3,420	21,429	+21	+14
Joplin, Mo.....	11,478	72,216	+25	+11
Kansas City, Kans.....	22,250	141,825	+19	+16
Kansas City, Mo.....	438,495	2,562,405	+21	+14
Lawrence, Kans.....	4,436	27,963	+3	+10
Lincoln, Nebr.....	30,385	202,910	+5	+2
Muskogee, Okla.....	9,488	63,254	+31	+25
Okla. City, Okla.....	120,235	776,807	+21	+11
Okmulgee, Okla.....	2,865	19,584	+15	+5
Omaha, Nebr.....	188,408	1,170,893	+24	+18
Pittsburg, Kans.....	4,458	29,717	+16	+12
Pueblo, Colo.....	17,710	109,961	+29	+18
Salina, Kans.....	14,807	72,848	+29	+13
St. Joseph, Mo.....	33,488	216,025	+19	+14
Topeka, Kans.....	24,044	147,026	+8	+3
Tulsa, Okla.....	166,009	993,476	+25	+6
Wichita, Kans.....	77,875	440,993	+50	+38
District, 30 cities.....	1,516,447	9,162,510	+24	+14
U. S., 274 cities.....	44,808,000	298,126,000	+25	+17

Trade

RETAIL SALES

The usual midsummer lull in trade was largely absent this year. Department store sales in July were 23 and in the first half of August about 30 per cent above last year as compared with a gain of 14 per cent for the year to date. Sales of a number of luxury items, of silk goods, and of housefurnishings and appliances are especially large. Retail prices, according to the Fairchild Index, are now about 7 per cent higher than a year ago and continue to rise.

Stocks of merchandise increased contraseasonally during July as retailers sought to build up inventories against prospective shortages and delivery delays. Stocks at the end of July were 15 and orders outstanding 84 per cent larger than a year ago. Collections on both regular and installment accounts show marked improvement over last year.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		July '41 comp. to July '40	7 Mos.'41 comp. to 7 Mos.'40	July 31,'41 comp. to July 31,'40
(Per cent increase or decrease)				
Denver.....	7	+26	+13	+11
Hutchinson.....	3	+19	+15	....
Topeka.....	3	+11	+11	....
Wichita.....	4	+32	+17	....
Joplin.....	3	+39	+24	....
Kansas City.....	8	+25	+15	+24
St. Joseph.....	3	+13	+13	....
Omaha.....	4	+15	+9	....
Oklahoma City.....	6	+20	+17	+32
Tulsa.....	6	+20	+14	+23
Other cities.....	31	+18	+12	+6
District.....	78	+23	+14	+15

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

	July 1941 per cent change from July 1940						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+18	+12	+19	+18	+24	+8	+32
Automobile.....	+38	+30	+41	+26	+34	+18	+12
Department.....	+20	+27	+25	+13	....	+14	....
Drug.....	+9	+14	+14	+9	+11	+8	+5
Dry goods.....	+7	+22	+13	+15	+11	+15	....
Food.....	+9	+11	+10	+8	+4	+17	+3
Furniture.....	+20	+27	+29	+22	....	+27	....
General.....	0	+20	+11	+19	+10	+14	+12
Hardware.....	+20	+36	+19	+15	....	+12	....
Jewelry.....	+34	+52	+52	+37	+65	+37	....
Lbr. and mtls..	+21	+19	+25	+44	+31	+41	+18
Miscellaneous..	+6	+62	+35	+11	+9	+11	+17
Total.....	+22	+23	+24	+17	+25	+16	+13

WHOLESALE SALES

Wholesale sales continue to show a greater gain than retail sales. The value of July wholesale sales in the District was 33 per cent above a year ago, and total sales for the first seven months of the year were 19 per cent larger than last year. Wholesale stocks have risen slightly further and are now 16 per cent above a year ago. Collections in July averaged 76 per cent against 71 per cent last year.

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

	No. of Firms	SALES		STOCKS
		July '41 comp. to July '40	7 Mos.'41 comp. to 7 Mos.'40	July 31,'41 comp. to July 31,'40
(Per cent increase or decrease)				
Auto. supplies.....	14	+17	+8	+16
Drugs.....	4	+11	+7	+1
Dry goods.....	3	+38	+22	....
Electrical goods....	15	+61	+34	+50
Farm products.....	8	+74	+30	+25
Furniture.....	3	+26	....	....
Groceries.....	23	+18	+10	+14
Hardware—total..	(13)	+57	+42	+17
General.....	4	+69	+45	+15
Industrial.....	4	+43	+43	+25
Plbg. & htg.....	5	+49	+28	....
Jewelry.....	3	+79	....	+6
Machinery.....	4	+51	+42	+40
Tobacco and prod.	5	+18	+8	....
All other lines.....	17	+38	+20	+4
Total.....	112	+33	+19	+16

Crops

Prospects for most crops in the District showed further improvement during July, and per acre yields of virtually all crops are much above the average from 1930 to 1939, due chiefly to abundant rainfall extending back to last November. Early in July, the corn crop nearly everywhere in the District was in the best condition in many years. July rainfall, however, in the heavy producing areas of central and eastern Nebraska, in the eastern parts of Kansas and Oklahoma, and in much of Missouri was only about half of normal, and the hot, dry weather that set in about the middle of July and continued into August caused a deterioration in corn prospects in these sections. The estimate for Nebraska was reduced about 10 and that for Missouri 13 per cent between July 1 and August 15, while in eastern Kansas and Oklahoma timely rains in the second week of August offset previous declines. Corn production in the District is generally larger than last year except in Oklahoma, which produced a very large crop in 1940, and is only 10 per cent below the 1930-39 average while acreage is 30 per cent less.

Department of Agriculture corn estimates:

	Aug. 15 1941	July 1 1941	Final 1940	Aver. '30-'39
(In thousands of bushels)				
Colorado.....	13,725*	11,895	10,656	13,419
Kansas.....	49,476	42,408	41,028	59,550
Missouri.....	102,336	118,080	119,280	107,141
Nebraska.....	116,640	129,600	106,913	133,822
New Mexico.....	3,040*	2,850	2,376	2,677
Oklahoma.....	28,528*	28,528	40,356	31,131
Wyoming.....	2,745*	2,745	1,930	2,068
Seven states.....	316,490	336,106	322,539	349,808
United States.....	2,478,970	2,548,709	2,449,200	2,307,452

*August 1 estimate.

July rainfall in Wyoming was 128, Colorado 100, New Mexico 102, and in Kansas 94 per cent of normal, but in Nebraska, Missouri, and Oklahoma it was only

about 75 per cent of normal. For the year to date, Wyoming has had 118, Colorado 125, New Mexico 196, Nebraska 100, Kansas 119, Oklahoma 123, and Missouri 75 per cent of normal moisture.

Rainfall

	July 1941		7 Mos. 1941	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver.....	1.86	1.68	10.27	9.30
Leadville.....	1.89	2.99	11.11	11.53
Pueblo.....	2.06	1.94	8.48	7.58
Lamar.....	4.02	2.64	12.25	10.63
Garnett.....	.43	1.24	5.84	3.84
Steamboat Springs....	1.63	1.72	14.52	14.07
KANSAS				
Topeka.....	1.38	4.27	19.48	20.73
Iola.....	.69	3.60	19.84	22.91
Concordia.....	1.78	3.78	14.44	17.45
Salina.....	2.42	3.02	14.73	16.95
Wichita.....	2.41	3.38	18.91	18.91
Hays.....	.63	3.17	17.01	15.10
Goodland.....	7.34	2.58	18.79	11.97
Dodge City.....	4.65	3.14	21.23	13.34
Elkhart.....	4.72	3.02	16.42	10.58
MISSOURI				
St. Joseph.....	1.32	3.78	20.68	22.05
Kansas City.....	2.34	4.13	22.70	22.38
Joplin.....	.96	4.62	22.48	27.72
NEBRASKA				
Omaha.....	2.70	3.54	15.49	17.34
Lincoln.....	.59	3.85	12.66	17.64
Norfolk.....	2.87	3.58	20.38	18.06
Grand Island.....	1.89	3.55	14.35	16.67
McCook.....	1.86	3.10	16.98	12.88
North Platte.....	5.35	2.74	14.15	12.69
Bridgeport.....	2.53	1.98	12.60	11.12
Valentine.....	3.76	3.01	12.07	12.63
NEW MEXICO				
Clayton.....	4.23	2.77	22.51	10.36
Santa Fe.....	1.21	2.38	10.22	7.94
Farmington.....	.40	1.39	9.65	4.90
OKLAHOMA				
Tulsa.....	2.70	3.31	28.39	24.14
McAlester.....	4.25	3.06	23.43	26.55
Oklahoma City.....	1.08	2.86	21.72	18.98
Pauls Valley.....	4.10	2.83	23.98	21.41
Hobart.....	.39	2.54	27.14	17.19
Enid.....	1.00	2.74	21.01	18.46
Woodward.....	2.97	2.93	29.37	15.63
WYOMING				
Cheyenne.....	2.08	2.10	13.19	10.21
Casper.....	.99	1.10	10.45	9.85
Lander.....	1.14	.69	12.77	8.54
Sheridan.....	1.91	1.22	9.38	10.54

Grain Marketing

Despite the large harvest, July wheat receipts were one-fourth less than a year ago and the lightest for the month since 1935. The deficiency is due principally to the rail embargo placed July 14 on shipments to Kansas City for which storage space had not previously been contracted, as a large amount of 1940 loan wheat still remained in public warehouses and from 80 to 90 per cent of receipts of 1941 wheat was going into storage either for commercial account or to be held for Government loans. Although farm storage has been greatly enlarged the past year, terminal storage at Kansas City and at many Kansas points is filled to practical capacity, while on August 1 from 15 to 30 per cent of storage capacity was still open at

Hutchinson, Wichita, St. Joseph, and Omaha. Receipts of corn in July were small and of oats large.

July grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	9,129,000	----	----
Kansas City.....	26,443,000	153,000	450,000
Omaha.....	8,135,000	336,000	403,000
St. Joseph.....	3,289,000	195,000	590,000
Wichita.....	7,658,000	----	----
July 1941.....	54,654,000	684,000	1,443,000
June 1941.....	29,235,000	999,000	303,000
July 1940.....	74,125,000	6,065,000	202,000
7 Mos. 1941.....	125,208,000	10,285,000	4,203,000
7 Mos. 1940.....	113,284,000	16,784,000	3,085,000

Cash wheat prices continued to advance during July and early August, nearly reaching the Federal loan level at Kansas City and reaching or exceeding loan levels at some interior points in the southwest before prices eased somewhat toward the middle of August. The sharp rise in the first week of August was the fifth since late February, during which period wheat prices have increased about 30 cents a bushel. This recent strength reflected in part proposed legislation to prohibit the placing of a ceiling on farm prices below 110 per cent of parity and to freeze Government loan stocks of wheat for the duration of the emergency. Cash corn prices are little changed at a level about 10 cents above last February and about the same amount above the 1940 loan rate.

The lower range of cash grain prices at Kansas City:

	Aug. 25	July 31	June 30	July 31
	1941	1941	1941	1940
No. 1 hd., dk. wheat, bu..	\$1.06	\$1.00¼	\$.98¼	\$.71¼
No. 2 mixed corn, bu.....	.69½	.66½	.66½	.66
No. 2 white oats, bu.....	.40	.34¼	.36½	.30
No. 2 rye, bu.....	.60	.56	.54	.45
No. 2 barley, bu.....	.47½	.45	.47½	.47
No. 2 white kafir, cwt....	1.20	1.16	1.09	1.13

Livestock

MARKETINGS

Cattle marketings in July were about the same as a year ago, while receipts of other livestock remained considerably below last year. Receipts of cattle were 8 and of calves, hogs, and sheep about 20 per cent under the July ten-year average.

July livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	28,510	2,846	27,026	125,397
Kansas City.....	104,808	18,130	136,757	93,207
Oklahoma City.....	46,246	17,131	39,821	24,162
Omaha.....	101,050	5,672	114,786	121,949
St. Joseph.....	32,587	4,149	62,557	64,991
Wichita.....	23,581	5,323	25,219	17,566
July 1941.....	336,782	53,251	406,166	447,272
June 1941.....	301,497	43,525	475,783	435,923
July 1940.....	342,886	64,257	425,537	492,359
7 Mos. 1941.....	2,127,043	302,148	3,386,707	3,379,189
7 Mos. 1940.....	1,852,366	335,549	3,782,763	3,492,865

PRICES

Livestock prices were advancing strongly during the first three weeks of July but the continued ex-

tremely hot weather and a curtailed consumer demand for meat subsequently caused some recession in livestock values from their July peaks. With a return of cooler weather in the second week of August, prices again turned upward. Prices of beef steers and of hogs are at the highest level for the season since 1937, while prices of other grades and classes of cattle and of sheep and lambs are the highest since 1929. Prices of all principal livestock and livestock products are now above so-called parity, with prices of beef steers, veal calves, lambs, wool, and butterfat above 110 per cent of parity, the minimum ceiling provided under price control legislation now pending.

Top carlot livestock prices at Kansas City:

	Aug. 25 1941	July 1941	June 1941	July 1940	July 1939	July 1938
	(In dollars per hundredweight)					
Beef steers.....	12.50	12.75	12.00	11.50	10.25	12.35
Stocker cattle.....	12.50	11.65	11.50	9.75	10.00	9.10
Feeder cattle.....	11.50	11.50	11.50	10.00	9.00	10.50
Calves.....	12.50	12.00	11.50	9.50	10.00	9.00
Hogs.....	11.95	11.60	10.85	6.80	7.05	10.05
Sheep.....	9.85	9.00	8.00	8.25	8.00	6.50
Lambs.....	11.50	11.60	12.50	10.75	10.15	9.35

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder cattle and calves from public markets slackened in July. Shipments fell far short of those a year ago, with cattle shipments 24 per cent below the July ten-year average. The movement of sheep was 24 per cent heavier than last year and 51 per cent above average.

July stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	4,164	443	18	36,649
Kansas City.....	30,697	6,304	2,875	22,999
Omaha.....	9,291	455	857	30,022
St. Joseph.....	5,887	1,088	964	11,148
July 1941.....	50,039	8,290	4,714	100,818
June 1941.....	50,100	11,130	4,009	49,865
July 1940.....	81,185	15,900	4,388	81,578
7 Mos. 1941.....	465,768	80,997	29,340	475,919
7 Mos. 1940.....	416,469	96,773	35,245	387,343

On August 1, the number of cattle on feed for market in Kansas was 5, Missouri 15, and Nebraska 25 per cent larger than a year ago. The increase for Kansas is substantially less than that reported earlier in the year, while the increases for Missouri and Nebraska are considerably greater. Cattle feeding is the heaviest since the beginning of the drought period in 1934 but is still much below that in most prior years. There is a considerable increase in pasture feeding in Kansas this year in addition to the increased number of cattle being fattened in feed lots.

RANGES AND PASTURES

Range and pasture conditions and fall feed prospects continue excellent in Wyoming, Colorado, and New Mexico. This is also true of the western parts of Nebraska, Kansas, and Oklahoma, but some decline has occurred in the eastern parts of these states be-

cause of dry, hot weather in July. Cattle and sheep also are in excellent condition and are heavier than usual for this time of year. The exceptionally favorable feed situation has tended to delay marketings and is encouraging the restocking of herds in many areas. On the other hand, there is some inclination to increase marketings to take advantage of prevailing favorable prices. Contracting of cattle and lambs for fall delivery was active during July and early August at strong to higher prices. The 1941 lamb crop in the District was the largest of record and 17 per cent above the average from 1930 to 1939, the result of both increased numbers of breeding ewes and favorable weather and feed conditions.

WOOL

The 1941 wool clip in this District was of record size and 10 per cent larger than the average from 1930 to 1939, reflecting increased numbers of sheep shorn and very high average weights per fleece. Wool prices at local markets in July averaged about 34 cents a pound as compared with 26 cents a year ago and are higher than at any time since 1928-1929.

Department of Agriculture shorn wool estimates:

	WOOL PRODUCTION			SHEEP SHORN		
	1941	1940	'30-'39	1941	1940	'30-'39
	(Thousand pounds)			(Thousand head)		
Colorado.....	13,562	14,170	12,983	1,634	1,667	1,612
Kansas.....	4,584	4,053	3,404	554	525	468
Missouri.....	10,250	9,928	8,098	1,485	1,480	1,207
Nebraska.....	3,358	3,274	2,814	403	405	370
New Mexico.....	16,071	15,944	16,285	2,198	2,159	2,345
Oklahoma.....	2,262	2,144	1,455	260	268	180
Wyoming.....	33,947	33,271	31,502	3,464	3,430	3,312
Seven states.....	84,034	82,784	76,541	9,998	9,934	9,494
United States..	399,941	387,763	366,488	49,608	48,479	46,035

Meat Packing

Cattle and sheep slaughter was rather heavy in July, packers' purchases of cattle being 15 and sheep 7 per cent larger than a year ago and about equal to the July average of the past ten years. Cattle slaughter was the heaviest for the month since 1936, the last of the extreme drought years when forced marketings had been an important factor in slaughter. Calf and hog slaughter remain in about the same volume as last year, with July purchases of calves 25 and hogs 13 per cent below the ten-year average.

July packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	19,601	2,420	25,546	32,273
Kansas City.....	55,503	11,054	126,372	67,202
Oklahoma City.....	23,300	11,859	26,811	13,546
Omaha.....	73,696	5,189	99,103	91,410
St. Joseph.....	24,042	3,074	57,077	53,680
Wichita.....	10,065	4,394	22,387	15,312
July 1941.....	206,207	37,990	357,296	273,423
June 1941.....	191,143	26,994	422,408	272,963
July 1940.....	179,693	38,801	360,458	255,775
7 Mos. 1941.....	1,221,338	186,144	3,008,596	2,136,515
7 Mos. 1940.....	1,072,974	200,946	3,300,493	2,061,946

Cold Storage Holdings

United States cold storage stocks of pork, lard, and poultry declined and of eggs, butter, and cheese increased more than is usual during July. Stocks continue very large, with total meat stocks the highest for the season since 1934 and holdings of lard, butter, cheese, frozen eggs, and poultry at or near record levels for the season. August 1 stocks of beef were 63, pork 35, lamb 53, poultry 27, frozen eggs 36, butter 30, and cheese 38 per cent above and of lard about double the average of the past five years. Shell egg stocks were 11 per cent under average.

United States cold storage holdings:

	Aug. 1 1941	July 1 1941	Aug. 1 1940	Aver. '36-'40
	(In thousands of units)			
Beef, lbs.....	66,903	68,442	42,004	41,152
Pork, lbs.....	618,934	703,893	548,688	458,334
Lamb and mutton, lbs.....	3,225	3,638	3,342	2,105
Poultry, lbs.....	81,132	85,573	82,415	63,846
Miscellaneous meats, lbs...	72,227	74,645	77,251	65,407
Lard, lbs.....	334,499	374,747	303,208	168,137
Eggs, shell, cases.....	6,653	6,427	7,784	7,454
Eggs, frozen (case equiv.)	5,566	5,103	4,427	4,097
Butter, creamery, lbs.....	178,526	120,246	123,628	137,838
Cheese, all varieties, lbs....	167,736	142,369	138,904	121,540

Flour Milling

Since early this year southwestern flour mills have been operating at a relatively high rate around 70 per cent of capacity. Production so far this year is about 9 per cent heavier than last year, while output in July was 7 per cent above a year ago and 10 per cent above the July average of the past ten years. Influenced by the continued rise in wheat prices toward the Government loan level and proposed legislation to freeze Government loan stocks for the duration of the war, new crop flour buying by all classes of the trade was in heavy volume in the middle of July and again in August. The bulk of sales were for shipment within 60 to 90 days, with many buyers booked ahead as far as the end of the year.

Flour output reported by the Northwestern Miller:

	July 1941	7 Mos. 1941	Change from 1940	
	(In barrels)		July	7 Mos.
			(Per cent)	
Kansas City.....	571,000	3,866,000	+10	+6
Salina.....	209,000	1,330,000	+6	+1
Wichita.....	170,000	1,147,000	+7	+19
Other cities.....	1,298,000	8,657,000	+6	+11
Southwest.....	2,248,000	15,000,000	+7	+9
United States*.....	5,767,000	39,747,000	+3	+4

*Represents about 65 per cent of total output in United States.

Petroleum

Crude oil production in the District continued in July about 8 per cent above a year ago, owing chiefly to increased output in Kansas. Production was 10 per cent above the July ten-year average, and so far in 1941 output has gained 4 per cent over 1940. Demand in Kansas and Oklahoma exceeds pipe-line facilities.

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

	July 1941	7 Mos. 1941	Change from 1940	
	(In barrels)		July	7 Mos.
			(Per cent)	
Colorado.....	120,000	868,000	-12	+12
Kansas.....	7,387,000	44,796,000	+27	+21
Nebraska.....	157,000	803,000	....	....
New Mexico.....	3,380,000	22,597,000	+4	-3
Oklahoma.....	13,010,000	88,841,000	-2	-4
Wyoming.....	2,598,000	17,214,000	+14	+21
Six states.....	26,652,000	175,119,000	+8	+4
United States.....	116,685,000	783,723,000	+3	-2

Crude oil stocks in this District have declined further and by early August were 10 per cent less than a year ago and the smallest in many years. Most of the decline has been in Oklahoma, where crude reserves below ground also are declining. Only in Kansas and Nebraska did discoveries and extensions exceed production during the first half of 1941. Prices of both crude oil and refinery products are strong.

Coal

Bituminous coal output in the District in July continued nearly a third above a year ago and output so far this year now shows a gain of 8 per cent.

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

	July 1941	7 Mos. 1941	Change from 1940	
	(In tons)		July	7 Mos.
			(Per cent)	
Colorado.....	492,000	3,594,000	+59	+6
Kans. and Mo.....	516,000	4,105,000	+37	+10
New Mexico.....	92,000	661,000	+12	+4
Oklahoma.....	83,000	752,000	+5	-3
Wyoming.....	456,000	3,232,000	+15	+9
Six states.....	1,639,000	12,344,000	+32	+8
United States.....	43,300,000	269,464,000	+21	+5

Zinc and Lead

July shipments of zinc ore from the Tri-State district were little different from a year ago while lead shipments were 26 per cent larger than last year. Stocks of zinc on hand in the Tri-State area are very small and the heavy demand for zinc for defense purposes far exceeds current production, which has risen to the highest point since the peak levels of 1937. There are reports, however, that the present "ceiling" of \$48 a ton on zinc concentrate prices is restricting further increases in output because of the small margin between mining costs and prices.

July ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	12,414	\$ 597,255	1,377	\$ 95,237
Missouri.....	2,229	107,312	225	15,597
Oklahoma.....	25,195	1,216,546	3,170	218,180
July 1941.....	39,838	\$ 1,921,113	4,772	\$ 329,014
June 1941.....	40,016	1,929,228	4,292	296,167
July 1940.....	39,479	1,633,281	3,779	218,095
7 Mos. 1941.....	270,078	13,019,542	29,568	2,002,110
7 Mos. 1940.....	243,246	9,357,996	26,208	1,554,382

Building

Construction awards in the Kansas City area in July were nearly double a year ago and total awards for the year to date now show an increase of 60 per cent over last year. Construction is weighted heavily with defense awards amounting to half of the total in July and 30 per cent of that so far this year.

Construction figures of F. W. Dodge Corporation:

	July	7 Mos.	Change from 1940	
	1941	1941	July	7 Mos.
	(Thousand dollars)		(Per cent)	
Residential building..	10,201	40,995	+168	+63
Nonresidential bldg...	10,112	48,543	+215	+129
Public wks. construc..	5,139	29,547	-34	-14
Utility construction..	4,873	19,509	+352	+236
Kansas City area.....	30,325	138,594	+91	+60
37 Eastern states.....	577,392	3,127,354	+45	+55

The value of building permits issued in principal District cities in July was only 6 per cent larger than a year ago as compared with an increase of 18 per cent for the first seven months of the year. Nearly half of the eighteen reporting centers show a decrease.

Value of building permits issued in District cities:

	July	7 Mos.	Change from 1940	
	1941	1941	July	7 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M..	169,000	1,579,000	-6	+26
Cheyenne, Wyo.....	143,000	982,000	+104	+30
Colo. Springs, Colo..	47,000	364,000	-19	-37
Denver, Colo.....	1,108,000	9,472,000	+6	+18
Hutchinson, Kans....	33,000	242,000	0	-10
Joplin, Mo.....	43,000	235,000	-10	-33
Kansas City, Kans..	28,000	410,000	+4	-40
Kansas City, Mo.....	467,000	3,029,000	+26	+72
Lincoln, Nebr.....	181,000	1,742,000	+1	+21
Okla. City, Okla....	526,000	3,402,000	-25	+2
Omaha, Nebr.....	560,000	2,907,000	-43	-19
Pueblo, Colo.....	100,000	882,000	+19	+38
Salina, Kans.....	51,000	238,000	+47	-38
Shawnee, Okla.....	11,000	126,000	-21	-2
St. Joseph, Mo.....	22,000	512,000	-4	+156
Topeka, Kans.....	102,000	768,000	-23	-26
Tulsa, Okla.....	607,000	3,637,000	+44	+16
Wichita, Kans.....	656,000	3,622,000	+231	+141
District, 18 cities....	4,854,000	34,149,000	+6	+18

Lumber

Board feet lumber sales at reporting retail yards in the District expanded further during July. Sales for July were more than double a year ago, and sales for the year to date have increased 53 per cent. Dollar sales of all materials also are in large volume.

Board feet lumber stocks increased sharply during July and at the close of the month were 21 per cent heavier than a year ago. Collection ratios continue somewhat higher than last year.

Lumber trade at 151 chain retail yards:

	July 1941	
	per cent change from June 1941	July 1940
Sales of lumber, board feet.....	+41	+104
Sales of all materials, dollars.....	+16	+58
Stocks of lumber, board feet.....	+5	+21
Outstandings, dollars.....	+9	+39

Life Insurance

July life insurance sales in Kansas and Wyoming showed a marked increase over a year ago while in most other states of the District they were lower.

The Life Insurance Sales Research Bureau report:

	July	7 Mos.	Change from 1940	
	1941	1941	July	7 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	4,829	33,542	-6	0
Kansas.....	7,896	48,075	+20	+9
Missouri.....	17,044	115,145	-4	-2
Nebraska.....	5,232	39,067	-16	+2
New Mexico.....	1,060	7,060	+4	-18
Oklahoma.....	8,403	52,670	-6	-6
Wyoming.....	1,097	7,243	+41	+16
Seven states.....	45,561	302,802	-2	-1
United States.....	582,292	4,036,357	+3	+5

Cost of Living

The cost of living is assuming an increasingly important place in the public consciousness because of the marked rise that has recently taken place and its bearing on many important questions. An index of the cost of living as of the fifteenth of each month is compiled for each of twenty large cities by the United States Department of Labor. This index, based on the cost of goods purchased by wage earners and lower salaried workers, includes among other things such items as food, clothing, rent, fuel and electricity, and housefurnishings. Food and housefurnishings have risen sharply, while rent, clothing, and fuel and electricity have increased relatively little.

The base of this index is the average cost of living between 1935 and 1939. Since that time the variation in the changes in the cost of living among the twenty cities is larger than might be expected. Kansas City shows the smallest gain and Philadelphia and Denver come next. The largest increases were in Buffalo, Cleveland, Detroit, Seattle, and Savannah. Food costs in Savannah are 13 per cent higher and in Buffalo nearly 11 per cent. In the same time food has advanced little more than 1 per cent in Kansas City. In Birmingham rents are up nearly 21 per cent but in St. Louis less than 2 per cent.

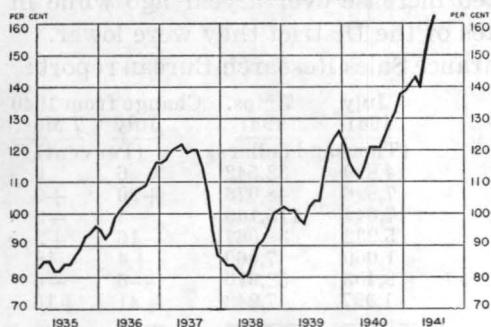
Bureau of Labor Statistics' cost of living indexes:

	20 U. S. Cities	
	Kansas City	Denver
	(Average 1935-1939=100)	
1940—March 15.....	98.3	98.7
June 15.....	98.6	99.7
September 15.....	97.8	98.9
October 15.....	98.0	99.1
November 15.....	98.3	99.1
December 15.....	98.6	100.2
1941—January 15.....	98.2	99.6
February 15.....	98.5	99.4
March 15.....	99.2	99.9
April 15.....	100.1	101.1
May 15.....	100.2	101.5
June 15.....	101.8	102.9
July 15.....	102.2	103.7

NATIONAL SUMMARY OF BUSINESS CONDITIONS

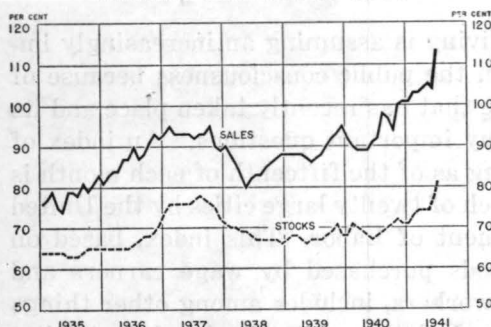
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. By months, January, 1935, through July, 1941.

DEPARTMENT STORE SALES AND STOCKS



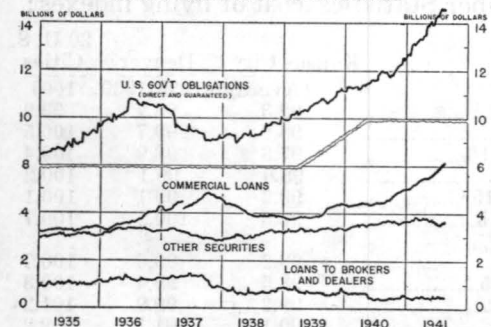
Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. By months, January, 1935, through July, 1941.

WHOLESALE PRICES



Bureau of Labor Statistics' indexes, 1926=100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935, through week ending August 16, 1941.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, January 2, 1935, through August 13, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Industrial activity in July and the first half of August was maintained at the high level reached in June. Wholesale commodity prices advanced further and distribution of commodities to consumers was in exceptionally large volume.

PRODUCTION

Volume of industrial output showed little change from June to July. Reductions in activity at automobile factories and steel mills were largely offset in the total by further increases in the machinery, aircraft, shipbuilding, and lumber industries. The Board's adjusted index, which includes allowance for a considerable decline at this season, advanced from 157 to 162 per cent of the 1935-1939 average.

Steel production, which in June had been at about 98 per cent of capacity, declined to 96 per cent in July, owing in part to holiday shutdowns at some mills. In the first half of August steel output was again at about 98 per cent of capacity. Automobile production in July declined less than usual but in the first half of August there was a sharp reduction as most plants were closed to prepare for the shift to new model production. Activity in the nonferrous metals industries continued at a high rate. Early in August copper, pig iron, and all forms of steel were placed under complete mandatory priority control as it became evident that actual demand for these metals could not be fully met.

In the wool, cotton, and rayon textile industries and at shoe factories activity in July was maintained at or near the peak levels of other recent months and production of chemicals rose further. Output of manufactured foods increased less than seasonally from the high level reached in June.

Coal production declined slightly in July but as in June was unusually large for this time of year. Crude petroleum production was maintained at about the high rate that had prevailed in the previous two months.

Value of construction contract awards in July increased further to a level more than two-fifths higher than a year ago, according to F. W. Dodge Corporation reports. The rise reflected chiefly a continued increase in contracts for public construction, mostly defense projects. Private residential building contracts increased somewhat, although there is usually some decline at this season, while awards for other private building declined further from earlier high levels.

DISTRIBUTION

Sales at department stores and in rural areas declined by much less than the usual seasonal amount in July and variety store sales increased further. In the first half of August department store sales rose sharply.

Total loadings of revenue freight in July and early August showed little change from the advanced level reached in June. Grain shipments, which had been larger than usual in May and June, increased less than seasonally and loadings of coal declined somewhat.

COMMODITY PRICES

The general index of wholesale prices advanced about 2 per cent further from the middle of July to the middle of August, reflecting sharp increases in prices of a number of agricultural and industrial commodities. Federal action to limit price increases was extended to additional basic materials, including burlap, silk, rayon fabrics, rubber, and sugar, and in the early part of August prices of these commodities in domestic markets showed little change or were reduced. On the other hand, prices for paper-board, automobile tires, and cotton yarns and gray goods were advanced with Federal approval; prices of textile products not under Federal control continued to rise; and there were considerable increases in prices of lumber, other building materials, and chemicals. On August 16 it was announced that for Southern pine maximum prices somewhat below recent high levels would become effective on September 5.

AGRICULTURE

Agricultural production in 1941 may exceed that in any previous year, according to indications on August 1, and carryovers of major crops are unusually large. Crops of wheat and other leading foodstuffs are expected to be exceptionally large, while substantial declines in production are indicated for the major export crops—cotton and tobacco. Although the cotton crop is estimated at 10,600,000 running bales, or 1,800,000 bales less than last season, total supplies of cotton will be about the same owing to a larger carryover on August 1. Marketings of livestock and livestock products, except hogs, will be substantially above last year.

BANK CREDIT

Total loans and investments at reporting banks in 101 leading cities rose further during the five weeks ending August 13. Commercial loans continued to increase substantially, while holdings of United States Government obligations showed little change. Bank deposits remained at a high level.

UNITED STATES GOVERNMENT SECURITY PRICES

After advancing to the highest levels on record, prices of both taxable and partially tax-exempt Treasury bonds declined somewhat in the first part of August. On August 15 the partially tax-exempt 2½ per cent 1960-65 bonds yielded 2.06 per cent, compared with the all-time low of 2.02 per cent on July 29. Yields on Treasury notes showed little change in the period.