

MONTHLY REVIEW

Agricultural and Business Conditions

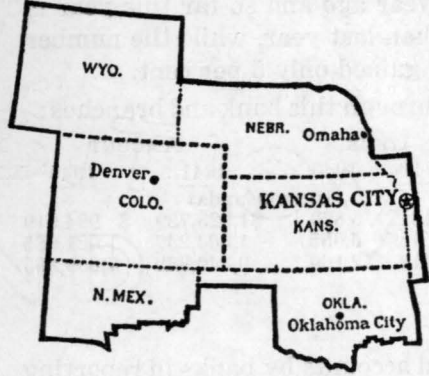
TENTH FEDERAL RESERVE DISTRICT

Vol. 26, No. 9

FEDERAL RESERVE BANK OF KANSAS CITY

SEPTEMBER 29, 1941

Business in the Tenth Federal Reserve District



Wholesale trade in August was a third larger than a year ago and even more active than retail trade. In the first three weeks of September department storesales were only 12% above the same period last year as compared with 26% in August.

Bank loans are increasing rapidly. In August they were 28% over last year while at the middle of September they were 34% higher. For the first time in nine years loans of reporting banks are larger than their investments. Bank deposits have increased as loans expanded and check transactions are nearly a third larger than last year.

Coal production is stimulated by industrial expansion and lead ore shipments are nearly a half larger. Construction continues at a very high level.

Good rains and the absence of killing frosts have produced an abundance of fall feed and livestock will go into the winter in exceptionally good condition.

AUGUST 1941 COMPARED WITH AUGUST 1940					BUSINESS INDICATORS	8 MOS. 1941 COMPARED WITH 8 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.....						+56
					Wheat.....						
					Corn.....						
					Oats.....						+57
					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.....						+67
					Res. Awards.....						+59
					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 continued to rise rapidly from the middle of August to the middle of September. As in other recent months, seasonal increases in wheat and livestock loans and a further expansion in commercial and industrial borrowing as a result of defense activity largely account for the rise. Investments declined somewhat during this period, reflecting chiefly a decrease in holdings of Government bonds and of obligations guaranteed by the Government. Volume of loans, which for the first time since 1932 exceeds that of investments, is 34 per cent larger than a year ago, while investments are only 6 per cent larger.

Deposits at these 50 reporting banks continue to advance to successive new high levels, and at the middle of September both adjusted demand and interbank deposits were 16 per cent larger than a year earlier. Reserve balances carried at this bank also have risen to a new high point and balances carried at other banks are little below their peak about this time two years ago. Reserve balances are 10 and balances carried at other banks 3 per cent above a year ago.

Principal items of condition of 50 member banks:

	Change from		
	Sept. 17 1941	Aug. 13 1941	Sept. 18 1940
	(In thousands of dollars)		
Loans and investments—total.....	817,990	+18,218	+129,380
Loans—total.....	418,857	+28,418	+106,504
Coml., indust., agric.....	254,531	+21,740	+71,997
Open market paper.....	28,173	-579	+5,791
To security brokers and dealers..	3,160	-224	+164
Other to purchase or carry secur..	10,801	+445	+1,374
Real estate loans.....	33,335	+740	+4,297
Loans to banks.....	230	-41	-160
All other loans.....	88,627	+6,337	+23,041
Investments—total.....	399,133	-10,200	+22,876
U. S. Treasury bills.....	7,101	+742	-7,427
U. S. Treasury notes.....	43,381	-1,117	-23,503
U. S. Govt. bonds.....	109,782	-2,804	+23,916
Oblig. guar. by U. S. Govt.....	103,771	-6,753	+28,323
Other securities.....	134,598	-268	+1,567
Reserve with F. R. Bank.....	217,138	+4,286	+19,514
Balances with domestic banks.....	354,468	+17,889	+9,129
Demand deposits—adjusted.....	648,609	+7,540	+88,352
Time deposits.....	141,474	-62	-4,373
U. S. Govt. deposits.....	18,674	+4,072	-640
Interbank deposits.....	505,341	+26,782	+68,173

Reserve Bank Operations

Certain controls over installment credit were established September 1, and reserve requirements of member banks have been raised, effective November 1, to the maximum provided under law and previously in effect from May 1, 1937, to April 15, 1938.

In the last three months, note circulation of this bank has been rising at a relatively high rate of about 5½ million dollars a month, reaching a new high level of 237½ million dollars in the first half of September. Circulation is more than a fifth larger than a year ago and more than a third above two years ago.

Principal items of condition of this Reserve Bank:

	Change from		
	Sept. 17 1941	Aug. 13 1941	Sept. 18 1940
	(In thousands of dollars)		
Total reserves.....	492,970	-1,122	+74,215
Bills discounted.....	172	+87	-53
Industrial advances.....	81	-463	-134
Commit. to make indust. adv.....	38	-815	-106
U. S. Govt. sec., direct & guar.....	106,144	0	-9,055
Total assets.....	658,255	+6,184	+81,147
F. R. notes in circulation.....	237,410	+6,320	+43,374
Member bank reserve deposits.....	300,633	+4,740	+27,634

Dollar volume of check collections reached a new high level during August. Dollar volume in August was a third above a year ago and so far this year is 22 per cent greater than last year, while the number of items handled has gained only 5 per cent.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1941	1940	1941	1940
	(In thousands)			
August.....	6,181	5,870	\$1,325,789	\$ 994,519
July.....	6,513	6,055	1,304,247	1,021,985
Eight months.....	49,413	47,160	9,340,969	7,659,865

Bank Debits

Debits to individual accounts by banks in reporting centers of the District declined as is usual during August but continue much above a year ago. Volume of payments by check in August was 27 and in the first eight months of the year 16 per cent larger than in the corresponding periods last year.

Payments by check in thirty District cities:

	Aug. 1941	8 Mos. 1941	Change from 1940	
	(Thousand dollars)		Aug.	8 Mos.
			(Per cent)	
Albuquerque, N. M.....	22,627	164,331	+35	+23
Atchison, Kans.....	3,634	27,029	+25	+13
Bartlesville, Okla.....	31,972	230,354	+27	+6
Casper, Wyo.....	7,064	55,271	+4	+14
Cheyenne, Wyo.....	10,615	83,410	+25	+24
Colo. Springs, Colo.....	14,083	111,477	+3	+5
Denver, Colo.....	210,073	1,463,392	+29	+19
Emporia, Kans.....	3,902	28,400	+20	+16
Enid, Okla.....	15,560	102,413	+25	+10
Fremont, Nebr.....	3,720	26,669	+35	+19
Gr. Junction, Colo.....	3,770	28,617	+4	-1
Guthrie, Okla.....	1,560	12,755	+20	+13
Hutchinson, Kans.....	19,426	107,066	+50	+4
Indep., Kans.....	3,417	24,846	+27	+16
Joplin, Mo.....	11,021	83,237	+19	+12
Kansas City, Kans.....	21,433	163,258	+34	+18
Kansas City, Mo.....	408,483	2,970,888	+27	+16
Lawrence, Kans.....	3,843	31,806	+18	+11
Lincoln, Nebr.....	29,211	232,121	+1	+2
Muskogee, Okla.....	9,588	72,842	+40	+26
Okla. City, Okla.....	109,694	886,501	+26	+13
Okmulgee, Okla.....	2,325	21,909	+3	+5
Omaha, Nebr.....	191,305	1,362,198	+29	+19
Pittsburg, Kans.....	4,901	34,618	+38	+15
Pueblo, Colo.....	20,636	130,597	+22	+18
Salina, Kans.....	13,452	86,300	+42	+16
St. Joseph, Mo.....	32,732	248,757	+18	+15
Topeka, Kans.....	22,306	169,332	+30	+6
Tulsa, Okla.....	157,991	1,151,467	+22	+8
Wichita, Kans.....	73,530	514,523	+60	+41
District, 30 cities.....	1,463,874	10,626,384	+27	+16
U. S., 274 cities.....	42,847,000	340,973,000	+30	+19

Trade

RETAIL SALES

The value of department store sales in August continued at a very high level fully a quarter above a year ago, but in the first three weeks of September sales were only 12 per cent larger than last year. Part of the heavy summer buying was in anticipation of future needs, and sales of housefurnishings and appliances were particularly large in the last week of August in advance of installment credit restrictions that went into effect September 1. This situation is partly responsible for the current narrowing of trade gains over last year. Retail prices, according to the Fairchild Index, are rising rapidly and are now about 10 per cent above a year ago. Retail stocks rose further during August and, in terms of dollars, are 18 per cent larger than last year, while orders outstanding are about double a year ago. Collection ratios for both regular and installment accounts continue higher than at this time last year.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		Aug. '41 comp. to Aug. '40	8 Mos.'41 comp. to 8 Mos.'40	Aug.31,'41 comp. to Aug.31,'40
(Per cent increase or decrease)				
Denver.....	7	+32	+16	+12
Hutchinson.....	3	+29	+17	....
Topeka.....	3	+20	+13	....
Wichita.....	4	+42	+20	....
Joplin.....	3	+36	+21	....
Kansas City.....	8	+21	+15	+27
St. Joseph.....	3	+14	+10	....
Omaha.....	4	+27	+11	....
Oklahoma City.....	6	+22	+17	+33
Tulsa.....	6	+24	+14	+28
Other cities.....	31	+24	+13	+12
District.....	78	+26	+15	+18

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

	August 1941 per cent change from August 1940						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+26	+19	+27	+18	+27	+19	+45
Automobile.....	+28	+29	+24	+13	+3	+9	+15
Department.....	+28	+33	+28	+22	....	+17	....
Drug.....	+11	+14	+12	+11	+2	+12	+2
Dry goods.....	+14	+13	+21	+17	+4	+17	....
Food.....	+7	+9	+10	+11	+3	+15	+8
Furniture.....	+28	+36	+36	+16	....	+33	....
General.....	+13	+18	+14	+14	+12	+15	+8
Hardware.....	+20	+33	+11	+13	....	+12	....
Jewelry.....	+32	+41	+44	+19	+17	+29	....
Lbr. and mtls... ..	+10	+10	+34	+34	+13	+29	+26
Miscellaneous..	+3	+13	-6	+30	+29	+20	+23
Total.....	+20	+23	+26	+18	+10	+17	+17

WHOLESALE SALES

Wholesale sales in this District have shown an even greater gain than retail sales. The value of August wholesale sales, as in the preceding month, was about a third above a year ago, and total sales for the first eight months of the year were more than 20 per cent larger than last year. Wholesale stocks have risen

slightly further and are now 17 per cent above a year ago. August collections averaged 80 per cent against 77 per cent in the same month last year.

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

	No. of Firms	SALES		STOCKS
		Aug. '41 comp. to Aug. '40	8 Mos.'41 comp. to 8 Mos.'40	Aug.31,'41 comp. to Aug.31,'40
(Per cent increase or decrease)				
Auto. supplies.....	14	+25	+10	+7
Drugs.....	5	+15	+8	+14
Dry goods.....	3	+58	+26	....
Electrical goods....	8	+108	+42	+38
Farm products.....	9	+45	+32	+23
Groceries.....	27	+16	+11	+20
Hardware—total..	(14)	+46	+42	+12
General.....	4	+41	+45	+11
Industrial.....	4	+66	+45	+11
Plbg. & htg.....	6	+33	+29	+26
Jewelry.....	3	+38	+48	+4
Machinery.....	4	+77	+47	+33
Tobacco and prod..	4	+3	+8	....
All other lines.....	21	+35	+23	-11
Total.....	112	+33	+21	+17

Crops

The unusually favorable crop outlook in the District showed further improvement during August, though frosts early in September in northern sections of the District caused some damage to late crops. The corn crop in Nebraska and Missouri, which had been deteriorating rapidly late in July and early in August, recovered markedly during the last half of August with rains and cooler temperatures, and the corn prospect in these states as in other sections of the District is about equal to the average from 1930 to 1939 because of good yields per acre obtained this year.

Department of Agriculture corn estimates:

	Sept. 1 1941	Aug. 1 1941	Final 1940	Aver. '30-'39
(In thousands of bushels)				
Colorado.....	15,555	13,725	10,656	13,419
Kansas.....	55,366	47,120	41,028	59,550
Missouri.....	106,272	114,144	119,280	107,141
Nebraska.....	126,360	126,360	106,913	133,822
New Mexico.....	3,325	3,040	2,376	2,677
Oklahoma.....	31,202	28,528	40,356	31,131
Wyoming.....	3,111	2,745	1,930	2,068
Seven states.....	341,191	335,662	322,539	349,808
United States.....	2,523,964	2,587,574	2,449,200	2,307,452

Except in Nebraska and Missouri, rainfall this year has been outstandingly favorable, and irrigation water in western states has been adequate. August rainfall in Wyoming was 209, Colorado 109, New Mexico 101, and in Kansas and Oklahoma 122 per cent of normal, but in Nebraska it was only 51 and in Missouri 81 per cent of normal. For the three summer months, June through August, Wyoming had 168, Colorado 119, New Mexico 116, Kansas 127, and Oklahoma 124 per cent of normal rainfall, while Nebraska had only 88 and Missouri 81 per cent of normal precipitation.

Seedbed preparation for fall sown crops progressed rapidly during August, and seeding was becoming general early in September, with early planted fields of winter wheat and alfalfa in western Kansas and adjacent parts of other states up to good stands by the middle of the month.

Rainfall

	August 1941		8 Mos. 1941	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver.....	1.60	1.43	11.87	10.73
Leadville.....	1.28	2.44	12.39	13.97
Pueblo.....	3.28	1.82	11.76	9.40
Lamar.....	1.98	2.02	14.23	12.65
Garnett.....	.34	1.27	6.18	5.11
Steamboat Springs.....	1.91	1.77	16.43	15.84
KANSAS				
Topeka.....	7.79	4.08	27.27	24.81
Iola.....	8.15	3.64	27.99	26.55
Concordia.....	2.88	2.91	17.32	20.36
Salina.....	6.23	3.40	20.96	20.35
Wichita.....	3.54	3.13	22.45	22.04
Hays.....	4.14	3.14	21.15	18.24
Goodland.....	3.04	2.52	21.83	14.49
Dodge City.....	2.19	2.67	23.42	16.01
Elkhart.....	1.82	2.15	18.24	12.73
MISSOURI				
St. Joseph.....	2.13	3.83	22.81	25.88
Kansas City.....	4.66	4.09	27.36	26.47
Joplin.....	3.48	3.97	25.96	31.69
NEBRASKA				
Omaha.....	.73	3.05	16.22	20.39
Lincoln.....	.80	3.57	13.46	21.21
Norfolk.....	.37	3.43	20.75	21.49
Grand Island.....	1.21	3.52	15.56	20.19
McCook.....	1.40	2.57	18.38	15.45
North Platte.....	.81	2.39	14.96	15.08
Bridgeport.....	1.83	1.71	14.43	12.83
Valentine.....	3.52	2.17	15.59	14.80
NEW MEXICO				
Clayton.....	3.29	2.24	25.80	12.60
Santa Fe.....	1.04	2.28	11.26	10.22
Farmington.....	1.03	1.22	10.68	6.12
OKLAHOMA				
Tulsa.....	4.06	3.21	32.45	27.35
McAlester.....	5.52	3.54	28.95	30.09
Oklahoma City.....	3.08	2.89	24.80	21.87
Pauls Valley.....	3.90	2.72	27.88	24.13
Hobart.....	3.91	2.17	31.05	19.36
Enid.....	5.13	3.48	26.14	21.94
Woodward.....	1.30	2.68	30.67	18.31
WYOMING				
Cheyenne.....	1.86	1.55	15.05	11.76
Casper.....	2.79	.96	13.24	10.81
Lander.....	1.99	.53	14.76	9.07
Sheridan.....	1.15	.91	10.53	11.45

Grain Marketing

Receipts of wheat and oats in August, though larger than the abnormally small receipts in August a year ago, were 15 and 10 per cent, respectively, below the August average of the past ten years, while corn receipts were less than half what they were last year and only half of normal. Wheat from the 1941 crop continued to go under Government loan at a rapid rate, and by mid-September loans had been completed on about 101 million bushels in this District as compared with 68 million bushels of 1940 crop wheat under loan at the same time last year. Loans in Kansas alone amounted to about 58 million bushels

against 32 million last year and already have exceeded the total loans made on the 1940 crop. The storage situation remains acute, about 96 per cent of terminal storage being filled at west central and southwestern markets early in September.

August grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,754,000	----	----
Kansas City.....	6,247,000	497,000	444,000
Omaha.....	3,512,000	893,000	618,000
St. Joseph.....	1,150,000	229,000	616,000
Wichita.....	1,859,000	3,000	3,000
Aug. 1941.....	14,522,000	1,622,000	1,681,000
July 1941.....	54,654,000	684,000	1,443,000
Aug. 1940.....	5,973,000	3,854,000	666,000
8 Mos. 1941.....	139,730,000	11,907,000	5,884,000
8 Mos. 1940.....	119,257,000	20,638,000	3,751,000

Cash wheat prices by the first week of September had risen somewhat above the loan level and are at the highest point in four years. Notwithstanding the huge wheat carry-over and Presidential veto of legislation to "freeze" Government loan stocks during the emergency, wheat prices derived strength from the continued rise in commodity prices in general, from the withholding by growers of large amounts of grain from commercial channels, and from the announcement of a second lease-lend program involving substantial additional purchases of foodstuffs. Cash corn prices, already much above the 1940 loan rate, have advanced moderately and prices of other feed grains have risen sharply, partly the result of Government efforts to increase production of meats and of dairy and poultry products to supply increased demand.

The lower range of cash grain prices at Kansas City:

	Sept. 24 1941	Aug. 30 1941	July 31 1941	Aug. 31 1940
No. 1 hd., dk. wheat, bu.....	\$1.13¼	\$1.08¼	\$1.00¼	\$.71¼
No. 2 mixed corn, bu.....	.69½	.69	.66½	.64
No. 2 white oats, bu.....	.46	.43	.34¾	.28½
No. 2 rye, bu.....	.65½	.62½	.56	.43
No. 2 barley, bu.....	.52½	.48½	.45	.39
No. 2 white kafir, cwt.....	1.34	1.20	1.16	1.14

Livestock

MARKETINGS

Marketings of livestock in August were considerably below a year ago and substantially less than the August average of the past ten years. Receipts of cattle were 8, calves 19, hogs 17, and sheep 20 per cent smaller than in August last year, with receipts of cattle 27, calves 40, hogs 30, and sheep 31 per cent below average. The very large amount of feed available has tended to delay marketings and is encouraging the holding back of breeding stock. Cattle on pasture in the Flint Hills area of Kansas have moved out slowly this year, about a fourth of the number pastured in that section during the summer still remaining to be marketed at the middle of September. The 1941 spring pig crop also is being marketed later

than usual, due not only to the holding of light hogs for more weight because of the present highly profitable feeding ratio but also to the fact that the upswing in production did not get under way until late in the spring breeding season. A material increase in cattle receipts over last fall and early winter is in prospect when present large numbers on feed come onto the market, but supplies of hogs are expected to continue relatively light for some time.

August livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	26,605	3,344	26,250	170,534
Kansas City.....	130,686	21,673	123,962	103,797
Oklahoma City.....	46,313	19,019	29,151	17,538
Omaha.....	99,021	5,944	112,540	134,895
St. Joseph.....	36,062	4,186	56,483	64,068
Wichita.....	26,021	5,448	22,509	11,572
Aug. 1941.....	364,708	59,614	370,895	502,404
July 1941.....	336,782	53,251	406,166	447,272
Aug. 1940.....	395,073	73,767	444,293	624,307
8 Mos. 1941.....	2,491,751	361,762	3,757,602	3,881,593
8 Mos. 1940.....	2,247,439	409,316	4,227,056	4,117,172

PRICES

Aided by the relatively light receipts and a broad consumer demand for dressed meats, livestock prices strengthened during August and early September, with best cattle, hogs, and lambs all selling unusually close together at a level above \$12 a hundredweight. Hog prices reached a new four-year peak and prices of beef steers and feeder cattle continue at the highest level for this time of year since 1937, while prices of stocker cattle, calves, sheep, and lambs are the highest since 1929. The demand for by-products is also an important factor in the livestock market. Prices of hides and wool are nearly a third above a year ago and the price of lard is about double what it was last year. Though livestock prices weakened somewhat toward the middle of September, consumer demand for meat is expected to increase even further during the rest of 1941 and to sustain livestock prices at a high level, with hog prices the most above 1940.

Top carlot livestock prices at Kansas City:

	Sept. 24 1941	Aug. 1941	July 1941	Aug. 1940	Aug. 1939	Aug. 1938
(In dollars per hundredweight)						
Beef steers.....	12.25	12.75	12.75	12.25	10.35	12.35
Stocker cattle.....	12.00	12.50	11.65	10.40	9.50	9.00
Feeder cattle.....	10.25	11.50	11.50	10.50	8.65	10.75
Calves.....	12.50	12.50	12.00	10.00	9.50	9.50
Hogs.....	11.75	12.05	11.60	7.20	6.55	9.90
Sheep.....	9.75	10.00	9.00	7.75	7.00	7.00
Lambs.....	11.75	12.10	11.60	9.75	9.15	8.75

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder livestock from public markets expanded sharply as is usual during August but fell far short of the movement in August a year ago, with shipments of cattle 37, calves 26, and sheep 17 per cent below the August ten-year average. Since feeder cattle prices are relatively high this fall and feed prices are much

higher than a year earlier, the outlook for cattle feeding according to the Department of Agriculture is not so favorable as in other years.

Stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	6,843	799	2	59,279
Kansas City.....	48,061	8,267	1,754	33,305
Omaha.....	18,827	2,163	966	39,497
St. Joseph.....	8,259	954	1,313	13,426
Aug. 1941.....	81,990	12,183	4,035	145,507
July 1941.....	50,039	8,290	4,714	100,818
Aug. 1940.....	128,872	21,404	6,490	180,265
8 Mos. 1941.....	547,758	93,180	33,375	621,426
8 Mos. 1940.....	545,341	118,177	41,735	567,608

RANGES AND PASTURES

Range and pasture conditions and prospects for fall and winter range forage are excellent nearly everywhere in the District, and cattle and sheep are in the best condition in many years. Ample rainfall this past season has largely restored native grasses in most areas that were badly damaged during the dry years, and supplies of stock water and of hay and supplemental feeds quite generally are plentiful. Following August and early September rains, prospects for winter wheat pasture in Kansas and Oklahoma are very favorable and have resulted in a strong early movement of livestock into western Kansas to feed on these pastures. Cattle and sheep have maintained the good gains made earlier so that shipping weights this fall will be the heaviest in several years. There is a continued strong demand for livestock to restock and to utilize abundant feed supplies, though there is also some tendency to cull herds to take advantage of present prices. Contracting of feeder cattle and lambs for fall delivery was active during August at strong to higher prices, and the proportion of uncontracted feeder lambs in western states early in September was relatively small.

Range and pasture conditions reported by the Department of Agriculture:

	RANGES			PASTURES		
	Sept. 1 1941	Sept. 1 1940	Aver. '31-'40	Sept. 1 1941	Sept. 1 1940	Aver. '30-'39
(In percentages of 100 as normal)						
Colorado.....	97	78	74	94	56	59
Kansas.....	91	63	60	84	64	49
Missouri.....	.....	.....	.....	60	81	54
Nebraska.....	92	70	74	65	44	51
New Mexico.....	97	84	79	97	71	65
Oklahoma.....	88	82	68	84	71	48
Wyoming.....	94	73	74	95	67	66

Farm Income

Cash farm income in the District in June had been 41 per cent above a year ago, while in July it was 14 per cent larger than last year, the same rate of gain as in the first seven months of the year. Income from livestock, dairy products, and poultry throughout most of 1941 has been substantially higher than a year earlier, owing chiefly to higher prices, but income

from crops has generally been below a year ago, though the June bulge in farm income also reflected a marked increase in returns from wheat being placed under loan in Kansas and Oklahoma and the active redemption in Oklahoma of cotton formerly placed under loan. Government payments so far in 1941 have been about a third under last year.

Department of Agriculture farm income estimates:

	July	June	7 Mos.	Change from 1940		
	1941	1941	1941	July	June	7 Mos.
	(Thousand dollars)			(Per cent)		
Colo.....	10,949	8,129	70,775	+28	+31	+12
Kans.....	46,570	27,766	191,062	+14	+74	+19
Mo.....	35,279	27,857	182,463	+20	+33	+21
Nebr.....	26,199	20,142	153,089	+15	+20	+2
N. Mex....	3,849	2,811	23,483	+9	+34	+12
Okla.....	26,084	16,386	114,773	0	+49	+15
Wyo.....	3,622	2,968	23,246	+13	+33	+12
7 States..	152,552	106,059	758,891	+14	+41	+14
U. S.....	903,732	797,554	5,243,839	+28	+36	+16

Meat Packing

Notwithstanding considerably smaller livestock marketings, packers' purchases of cattle in August were 22 and sheep 5 per cent larger than last year. Purchases of calves and hogs in recent months had shown little change from a year ago but in August they were 9 and 15 per cent, respectively, below last year. Cattle and sheep slaughter, although heavier than a year earlier, was about 15 per cent below the August ten-year average, while the slaughter of calves fell 45 and hogs 25 per cent below average.

August packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	16,869	2,345	22,785	34,570
Kansas City.....	60,330	9,785	116,357	61,176
Oklahoma City.....	20,578	13,139	17,858	8,568
Omaha.....	69,820	3,781	96,823	91,396
St. Joseph.....	25,365	3,278	49,306	50,603
Wichita.....	9,270	3,080	20,179	8,244
Aug. 1941.....	202,232	35,408	323,308	254,557
July 1941.....	206,207	37,990	357,296	273,423
Aug. 1940.....	166,076	39,028	381,735	241,602
8 Mos. 1941.....	1,423,570	221,552	3,331,904	2,391,072
8 Mos. 1940.....	1,239,050	239,974	3,682,228	2,303,548

Cold Storage Holdings

United States cold storage stocks of pork, lard, and shell eggs declined and of poultry, butter, and cheese increased more than is usual during August. Both exports and domestic consumption of pork are increasing and together far exceed current production, but lard stocks remain at a record level for the season. Due largely to the stimulus to production of Government price support and purchases under lease-lend programs, stocks of cheese, frozen eggs, poultry, and butter also are at or near record levels for the season. Holdings of shell eggs alone are considerably below normal, partly because of increased activity in processing frozen and dried eggs.

United States cold storage holdings:

	Sept. 1	Aug. 1	Sept. 1	Aver.
	1941	1941	1940	'36-'40
	(In thousands of units)			
Beef, lbs.....	67,477	65,708	35,663	42,399
Pork, lbs.....	482,992	618,866	417,564	380,343
Lamb and mutton, lbs.....	3,309	3,211	3,192	2,415
Poultry, lbs.....	85,276	81,206	82,178	65,842
Miscellaneous meats, lbs....	72,103	73,499	66,971	63,121
Lard, lbs.....	282,875	332,863	272,290	145,589
Eggs, shell, cases.....	6,134	6,641	7,241	7,035
Eggs, frozen (case equiv.)..	5,542	5,574	4,162	3,860
Butter, creamery, lbs.....	200,539	178,493	134,266	151,067
Cheese, all varieties, lbs.....	184,624	168,420	149,188	131,115

Flour Milling

Southwestern flour mills operated at 73 per cent of capacity in August as compared with a rate of around 70 per cent in earlier months this year. August output was 7 per cent above a year ago and 11 per cent above the August ten-year average, and production so far in 1941 is 9 per cent larger than last year. Flour sales in August, as in the preceding month, were in heavy volume, owing mainly to consistent strength in wheat prices, which by early September had risen somewhat above the Government loan level. Although the amount of forward buying for delivery beyond January 1 is not large, it is increasing steadily and many large buyers have covered their requirements well beyond the end of the year. Prices of both flour and by-product millfeeds are exceptionally strong.

Flour output reported by the Northwestern Miller:

	Aug.	8 Mos.	Change from 1940	
	1941	1941	Aug.	8 Mos.
	(In barrels)		(Per cent)	
Kansas City.....	575,000	4,441,000	+8	+7
Salina.....	192,000	1,522,000	+4	+1
Wichita.....	189,000	1,337,000	+15	+18
Other cities.....	1,288,000	9,944,000	+6	+11
Southwest.....	2,244,000	17,244,000	+7	+9
United States*.....	5,606,000	45,353,000	-5	+3

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

Petroleum

Crude oil production in the District in August was 9 per cent larger than a year ago and 20 per cent above the August average of the past ten years. The heavy demand for crude oil exceeds the available supply in Oklahoma, and production in Kansas is rising steadily to successive new peaks, though it is increasingly being hampered by a lack of pipe line outlets.

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

	Aug.	8 Mos.	Change from 1940	
	1941	1941	Aug.	8 Mos.
	(In barrels)		(Per cent)	
Colorado.....	122,000	1,023,000	-1	+14
Kansas.....	7,594,000	52,593,000	+32	+23
Nebraska.....	208,000	1,007,000	....	....
New Mexico.....	3,462,000	25,969,000	+7	-2
Oklahoma.....	13,082,000	101,967,000	-1	-3
Wyoming.....	2,584,000	19,770,000	+4	+18
Six states.....	27,052,000	202,329,000	+9	+5
United States.....	122,123,000	906,146,000	+10	-1

Crude oil stocks in the District continue to decline and early in September were more than 10 per cent less than a year ago and at the lowest point in many years, being fully a third under their 1937 level. Virtually all of the decrease has taken place in Oklahoma.

Coal

Reflecting the very high rate of industrial activity, bituminous coal production in the District in August was 23 per cent above a year ago.

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

	Aug.	8 Mos.	Change from 1940	
	1941	1941	Aug.	8 Mos.
	(In tons)		(Per cent)	
Colorado.....	547,000	4,141,000	+21	+8
Kans. and Mo.....	619,000	4,724,000	+26	+12
New Mexico.....	84,000	745,000	+17	+6
Oklahoma.....	171,000	923,000	+17	0
Wyoming.....	538,000	3,770,000	+24	+11
Six states.....	1,959,000	14,303,000	+23	+10
United States.....	45,650,000	315,114,000	+17	+7

Zinc and Lead

August shipments of zinc ore from the Tri-State district were 2 and of lead 44 per cent above last year. For the year to date, shipments of both zinc and lead have increased more than a tenth. Zinc production by early September had risen to a new high weekly rate since the peak levels of 1937, and lead output was the largest this year. Zinc prices, unchanged for nearly a year, advanced slightly in the second week of September and are almost as high as in early 1937.

August ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	11,493	\$ 552,924	1,481	\$ 101,752
Missouri.....	3,447	165,696	95	6,506
Oklahoma.....	25,666	1,239,528	3,449	236,628
Aug. 1941.....	40,606	\$ 1,958,148	5,025	\$ 344,886
July 1941.....	39,838	1,921,113	4,772	329,014
Aug. 1940.....	39,961	1,676,795	3,493	195,175
8 Mos. 1941.....	310,684	14,977,690	34,593	2,346,996
8 Mos. 1940.....	283,207	11,034,791	29,701	1,749,557

Building

Construction awards in the Kansas City area in August again were more than double a year ago, and total awards for the first eight months of 1941 have already exceeded awards for the full year 1940. This extraordinary increase, of course, is due almost wholly to defense construction.

Construction figures of F. W. Dodge Corporation:

	Aug.	8 Mos.	Change from 1940	
	1941	1941	Aug.	8 Mos.
	(Thousand dollars)		(Per cent)	
Residential building..	5,960	46,955	+39	+59
Nonresidential bldg...	14,602	63,145	+198	+142
Public wks. construc..	2,647	32,194	-7	-13
Utility construction...	3,838	23,347	+566	+265
Kansas City area.....	27,047	165,641	+114	+67
37 Eastern states.....	760,233	3,887,587	+83	+60

The value of building permits issued in reporting District cities in August and in the first eight months of 1941 was about 18 per cent above 1940. This situation, however, is not uniform over the District as about half of the reporting centers show decreases either for the month or for the year to date.

Value of building permits issued in District cities:

	Aug.	8 Mos.	Change from 1940	
	1941	1941	Aug.	8 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M..	177,000	1,755,000	-20	+19
Cheyenne, Wyo.....	120,000	1,102,000	+14	+28
Colo. Springs, Colo...	32,000	396,000	-75	-44
Denver, Colo.....	1,554,000	11,026,000	+49	+22
Hutchinson, Kans....	30,000	272,000	-29	-13
Joplin, Mo.....	74,000	309,000	+16	-25
Kansas City, Kans...	117,000	528,000	+333	-26
Kansas City, Mo.....	304,000	3,333,000	+9	+64
Lincoln, Nebr.....	115,000	1,857,000	-32	+16
Okl. City, Okla.....	776,000	4,178,000	+4	+3
Omaha, Nebr.....	614,000	3,521,000	+45	-12
Pueblo, Colo.....	106,000	988,000	-2	+32
Salina, Kans.....	17,000	255,000	-45	-38
Shawnee, Okla.....	6,000	132,000	-84	-20
St. Joseph, Mo.....	24,000	536,000	0	+140
Topeka, Kans.....	94,000	862,000	-25	-25
Tulsa, Okla.....	426,000	4,063,000	-6	+13
Wichita, Kans.....	610,000	4,232,000	+85	+131
District, 18 cities....	5,196,000	39,345,000	+19	+18

Lumber

Board feet lumber sales at reporting retail yards in the District in August, though less than in the preceding month, continued much above a year ago. Sales for August were 76 per cent and for the first eight months of 1941 were 56 per cent larger than in the same periods of 1940. Lumber stocks increased slightly further during August and are 23 per cent larger than a year ago. Collection ratios continue to show marked improvement over last year.

Lumber trade at 150 chain retail yards:

	Aug. 1941	
	per cent change from July 1941	Aug. 1940
Sales of lumber, board feet.....	-19	+76
Sales of all materials, dollars.....	+5	+64
Stocks of lumber, board feet.....	+1	+23
Outstandings, dollars.....	+9	+45

Life Insurance

Life insurance sales in the District are about the same as last year, gains in Kansas, Nebraska, and Wyoming offsetting declines in most other states.

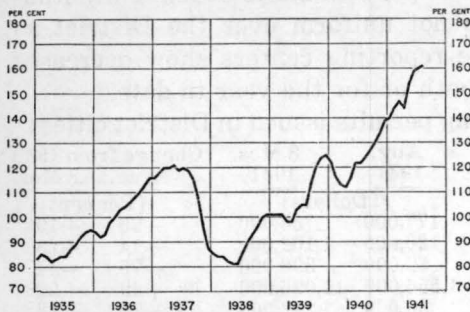
The Life Insurance Sales Research Bureau report:

	Aug.	8 Mos.	Change from 1940	
	1941	1941	Aug.	8 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	4,592	38,134	-17	-2
Kansas.....	8,196	56,271	+18	+11
Missouri.....	15,918	131,063	-3	-2
Nebraska.....	5,674	44,741	+3	+2
New Mexico.....	1,465	8,525	+30	-13
Oklahoma.....	7,492	60,162	-8	-6
Wyoming.....	1,145	8,388	+17	+16
Seven states.....	44,482	347,284	0	0
United States.....	581,171	4,617,528	+10	+5

NATIONAL SUMMARY OF BUSINESS CONDITIONS

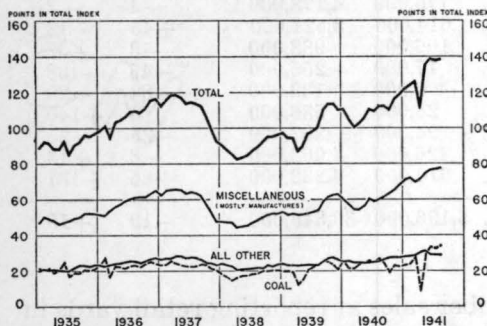
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



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

FREIGHT CARLOADINGS



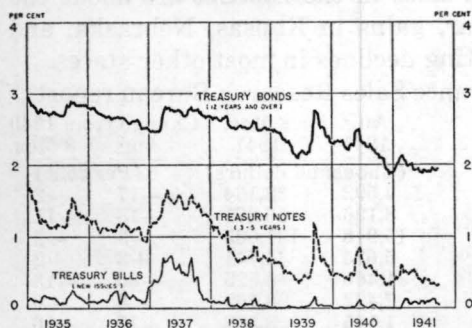
Federal Reserve index of total loadings of revenue freight, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. By months, January, 1935, through August, 1941.

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 September 13, 1941.

MONEY RATES IN NEW YORK CITY



Weekly averages of daily yields of 3- to 5-year tax-exempt Treasury notes, Treasury bonds callable after 12 years, and average discount on new issues of Treasury bills offered within week. For weeks ending January 5, 1935, through September 13, 1941.

Industrial activity increased further in August and the first half of September, and commodity prices continued to advance. Distribution of commodities to consumers expanded considerably.

PRODUCTION

In August industrial output increased somewhat more than seasonally and the Board's adjusted index advanced from 160 to 161 per cent of the 1935-39 average. There were sharp further advances in activity in the machinery, aircraft, shipbuilding, and railroad equipment industries. Lumber production also increased, while furniture production, which had been unusually large in July, showed less than the customary seasonal rise in August. Output of steel and nonferrous metals continued at near-capacity rates.

In the automobile industry output of finished cars declined sharply as plants were closed during the change-over to new model production and output in factories producing bodies and parts also was reduced considerably. In the first half of September automobile assemblies increased as production of new models was begun but from now on, owing to Government restriction on passenger car production, output will be considerably below that during the previous model year.

In most nondurable goods industries production in August continued around the high levels reached earlier this year. At cotton mills activity declined slightly from the record level reached in July, while at woolen mills there was some increase. Rayon output continued at peak levels. In the silk industry operations were curtailed sharply, as the Government requisitioned all supplies of raw silk, and deliveries of silk to mills declined from 28,000 bales in July to 2,000 in August. Rubber consumption also decreased, owing to a Government curtailment program. Shoe production, which had been unusually large, increased less than seasonally in August, and output of manufactured food products and chemicals showed seasonal increases from the high levels prevailing in June and July.

At mines coal production in August, as in other recent months, was unusually large for the season, and output of crude petroleum rose to a record level of 4,000,000 barrels daily in the latter part of the month. Iron ore shipments down the Lakes amounted to 11,500,000 tons, the largest monthly total on record.

Value of construction contract awards showed a further sharp increase in August and was about four-fifths larger than a year ago, according to F. W. Dodge Corporation reports. The rise from July was substantial for all general types of construction but was most pronounced for publicly-financed projects. Awards for residential building continued to increase.

DISTRIBUTION

Sales of general merchandise rose sharply in August and were at an extremely high level for this time of year. The Board's seasonally adjusted index of department store sales advanced to 133 per cent of the 1923-25 average as compared with 115 in July and an average of 103 in the first half of this year. In the early part of September department store sales declined from the peak reached in the latter part of August.

Railroad freight carloadings in August were maintained in the large volume reached in June and July. Coal shipments increased, following some reduction in July, while loadings of grain, which had been large since last spring, declined.

COMMODITY PRICES

Wholesale prices of most groups of commodities continued to advance from the middle of August to the middle of September. Prices of grains, other foodstuffs, and cotton showed large increases and there were advances also in prices of a number of industrial commodities not covered by Federal price ceilings. Fragmentary data available indicate that retail prices of foods and other commodities rose further during this period.

AGRICULTURE

The outlook for agricultural production in 1941 showed little change during August. Crop prospects were reduced slightly by drought but aggregate crop production is expected to be two per cent larger than last year and the largest for any year except 1937. Total marketings of livestock and livestock products will probably be the largest on record. Preliminary estimates of the Department of Agriculture indicate that cash farm income, including Government payments, will be about \$10,700,000,000 compared with \$9,120,000,000 in 1940.

BANK CREDIT

Commercial loans at reporting member banks in 101 cities continued to rise substantially during the four weeks ending September 10. Bank holdings of United States Government securities showed little net change, while holdings of other securities increased somewhat at New York City banks. As a result of the expansion in loans and investments bank deposits continued to increase.

UNITED STATES GOVERNMENT SECURITY MARKET

Prices of Treasury bonds increased in the latter part of August but subsequently declined somewhat in the first part of September. On September 15, the partially tax-exempt 2½ per cent 1960-65 bonds were yielding 2.06 per cent compared with the record low yield of 2.02 per cent. Yields on Treasury notes showed little change in the period.