

MONTHLY REVIEW

Agricultural and Business Conditions

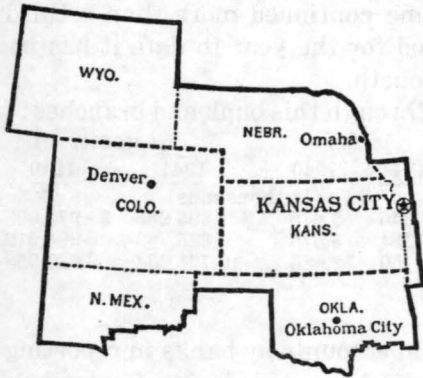
TENTH FEDERAL RESERVE DISTRICT

VOL. 26, No. 10

FEDERAL RESERVE BANK OF KANSAS CITY

OCTOBER 31, 1941

Business in the Tenth Federal Reserve District



Bank loans in September were 33% and at the middle of October 38% above last year. Check transactions are more than a third and demand deposits are 15% higher. Retail trade in September was nearly a fourth larger than last year although department store sales did not maintain this gain in the first half of October due probably to tax anticipation buying in September.

The rate of increase in most lines of production continues to accelerate. This is especially true in the case of flour, petroleum, and coal production, livestock slaughter — except hogs — and zinc and lead shipments. Construction continues very active.

In New Mexico there was one inch more rain in September than in any other month of record. In Kansas only three other Septembers in the last 55 years were wetter. Rainfall in the first three weeks of October was very heavy nearly everywhere and flood damage has been extensive.

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*For previous month.

Member Bank Operations

Loans at 50 weekly reporting member banks in the Tenth District, which have been rising without interruption since last May, continued to increase rapidly from the middle of September to the middle of October. The bulk of the increase, as in other recent months, was in commercial, industrial, and agricultural loans. Investments increased moderately during this period, substantial purchases of Treasury bills and Government bonds being partially offset by decreases in holdings of Treasury notes, of obligations guaranteed by the Government, and of other securities. Volume of loans is 38 per cent above a year ago, more than double the low in 1935, and not far under the 1929 high, while that of investments is only 7 per cent larger than a year ago and has declined 13 per cent from the high point in 1937.

Adjusted demand deposits at these 50 reporting banks were at a new record level at the middle of October, and interbank deposits were little below their high point four weeks earlier. Reserve balances carried at this bank also were little below their high of early September, but balances carried at other banks have declined considerably in recent weeks. Adjusted demand deposits are 15, interbank deposits 12, and reserve balances 5 per cent above last year, while balances at other banks are 6 per cent less.

Principal items of condition of 50 member banks:

	Change from		
	Oct. 15 1941	Sept. 17 1941	Oct. 16 1940
	(In thousands of dollars)		
Loans and investments—total.....	846,111	+28,121	+145,122
Loans—total.....	437,832	+18,975	+119,799
Coml., indust., agric.....	270,434	+15,903	+83,857
Open market paper.....	29,626	+1,453	+7,178
To security brokers and dealers..	2,772	-388	-28
Other to purchase or carry secur.	10,769	-32	+1,267
Real estate loans.....	32,902	-433	+2,484
Loans to banks.....	241	+11	-359
All other loans.....	91,088	+2,461	+25,400
Investments—total.....	408,279	+9,146	+25,323
U. S. Treasury bills.....	23,262	+16,161	-265
U. S. Treasury notes.....	40,751	-3,130	-15,088
U. S. Govt. bonds.....	112,112	+2,330	+17,337
Oblig. guar. by U. S. Govt.....	100,560	-3,211	+25,104
Other securities.....	131,594	-3,004	-1,765
Reserve with F. R. Bank.....	222,339	+5,201	+10,443
Balances with domestic banks.....	316,776	-37,692	-19,995
Demand deposits—adjusted.....	656,174	+7,565	+86,701
Time deposits.....	142,038	+564	-3,958
U. S. Govt. deposits.....	11,235	-7,439	-8,544
Interbank deposits.....	500,379	-4,962	+55,359

Reserve Bank Operations

Note circulation of this bank continues to increase steadily, reaching a new record level of 243½ million dollars early in October and averaging 242½ million dollars during the first half of the month as compared with 237⅔ million in September, 232⅓ million in August, and 225⅔ million in July. Circulation at the middle of October was 23 per cent above a year ago.

Principal items of condition of this Reserve Bank:

	Change from		
	Oct. 15 1941	Sept. 17 1941	Oct. 16 1940
	(In thousands of dollars)		
Total reserves.....	518,221	+25,251	+90,362
Bills discounted.....	296	+124	-210
Industrial advances.....	96	+15	-118
Commit. to make indust. adv.....	1,501	+1,463	+1,365
U. S. Govt. sec., direct & guar.....	93,932	-12,212	-19,523
Total assets.....	676,461	+18,206	+84,157
F. R. notes in circulation.....	242,332	+4,922	+44,799
Member bank reserve deposits.....	308,906	+8,273	+23,342

Dollar volume of check collections increased further during September, reaching a new record level which was 43 per cent above last year. In the first half of October, dollar volume continued more than a third above a year ago, and for the year to date it has increased nearly one-fourth.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1941	1940	1941	1940
	(In thousands)			
September.....	6,346	5,675	\$ 1,390,235	\$ 973,088
August.....	6,181	5,870	1,325,789	994,519
Nine months.....	55,759	52,835	10,731,204	8,632,953

Bank Debits

Debits to individual accounts by banks in reporting centers of the District increased during September, though some decline is usual. Volume of payments by check in September was fully a third and in the first half of October a fourth larger than a year ago, and so far this year it has increased 18 per cent.

Payments by check in thirty District cities:

	Sept.		Change from 1940	
	1941	9 Mos. 1941	Sept. 1940	9 Mos. 1940
	(Thousand dollars)		(Per cent)	
Albuquerque, N. M.....	23,152	187,483	+39	+25
Atchison, Kans.....	3,593	30,622	+17	+14
Bartlesville, Okla.....	34,889	265,243	+40	+10
Casper, Wyo.....	7,325	62,596	+11	+13
Cheyenne, Wyo.....	11,417	94,827	+43	+26
Colo. Springs, Colo.....	15,702	127,179	+27	+8
Denver, Colo.....	211,550	1,674,942	+36	+21
Emporia, Kans.....	4,182	32,582	+29	+17
Enid, Okla.....	14,118	116,531	+40	+13
Fremont, Nebr.....	3,466	30,135	+31	+20
Gr. Junction, Colo.....	4,320	32,937	+6	0
Guthrie, Okla.....	1,808	14,563	+42	+16
Hutchinson, Kans.....	15,786	122,852	+44	+8
Indep., Kans.....	3,053	27,899	+27	+17
Joplin, Mo.....	12,084	95,321	+32	+14
Kansas City, Kans.....	20,476	183,734	+33	+20
Kansas City, Mo.....	403,740	3,374,628	+37	+18
Lawrence, Kans.....	3,885	35,691	+21	+12
Lincoln, Nebr.....	30,328	262,449	+12	+3
Muskogee, Okla.....	11,028	83,870	+47	+29
Okla. City, Okla.....	111,456	997,957	+18	+13
Okmulgee, Okla.....	3,011	24,920	+33	+7
Omaha, Nebr.....	192,444	1,554,642	+32	+21
Pittsburg, Kans.....	4,754	39,372	+29	+17
Pueblo, Colo.....	18,080	148,677	+19	+18
Salina, Kans.....	12,996	99,296	+62	+21
St. Joseph, Mo.....	35,129	283,886	+28	+16
Topeka, Kans.....	18,988	188,320	+35	+8
Tulsa, Okla.....	164,881	1,316,348	+32	+11
Wichita, Kans.....	71,826	586,349	+63	+43
District, 30 cities.....	1,469,467	12,095,851	+34	+18
U. S., 274 cities.....	43,870,000	384,843,000	+30	+20

Trade

RETAIL SALES

Dollar volume of department store sales in the District continued in September for the third successive month at a very high level fully a quarter above a year ago. A substantial amount of tax anticipation buying in the last few days of the month was an important factor in September sales. In the first two weeks of October, sales showed a much smaller gain over last year. Retail prices, according to the Fairchild Index, have risen further and are now about 13 per cent higher than a year ago, so that a large part of the increase in sales is due to higher prices. The value of retail stocks at the end of September was 17 per cent above a year ago, about the same increase reported a month earlier, and orders outstanding continue about double a year ago.

Department store sales and stocks in leading cities :

No. of Stores	SALES		STOCKS	
	Sept. '41 comp.to Sept. '40	9 Mos.'41 comp. to 9 Mos.'40	Sept.30,'41 comp. to Sept.30,'40	
(Per cent increase or decrease)				
Denver.....	7	+30	+18	0
Hutchinson.....	3	+33	+19	....
Topeka.....	3	+16	+13	....
Wichita.....	4	+37	+23	....
Joplin.....	3	+29	+22	....
Kansas City.....	8	+28	+17	+33
St. Joseph.....	3	+14	+11	....
Omaha.....	4	+30	+14	....
Oklahoma City.....	6	+23	+18	+40
Tulsa.....	6	+21	+15	+23
Other cities.....	32	+17	+14	+14
District.....	79	+26	+17	+17

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

	Sept. 1941 per cent change from Sept. 1940						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+23	+29	+31	+30	+31	+20	+48
Automobile.....	+7	+4	-10	0	-5	-13	+8
Department.....	+32	+29	+24	+21	....	+17	....
Drug.....	+13	+14	+16	+9	+8	+12	+11
Dry goods.....	+23	+27	+21	+22	+2	+33	....
Food.....	+12	+18	+15	+18	+7	+25	+10
Furniture.....	+4	+35	+23	+7	....	+12	....
General.....	+14	+40	+26	+24	+19	+29	+18
Hardware.....	+21	+37	+15	+22	....	+14	....
Jewelry.....	+61	+87	+85	+82	+73	+57	....
Lbr. and mtl..	+16	+25	+20	+26	+23	+35	+6
Miscellaneous..	+29	+38	+7	+52	+17	+30	+35
Total.....	+19	+24	+22	+19	+18	+16	+15

WHOLESALE SALES

Wholesale sales show a greater increase than retail sales, probably due in part to the more rapid rise in wholesale prices. The value of September wholesale sales in this District was 33 per cent above a year ago, and total sales so far this year have increased 23 per cent. The value of wholesale stocks at the end of September was 14 per cent larger than a year ago. The rise in inventories has apparently leveled off as this gain was the smallest in three months.

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

No. of Firms	SALES		STOCKS	
	Sept. '41 comp.to Sept. '40	9 Mos.'41 comp. to 9 Mos.'40	Sept.30,'41 comp. to Sept.30,'40	
(Per cent increase or decrease)				
Auto. supplies.....	18	+32	+13	+20
Drugs.....	8	+29	+12	+9
Dry goods.....	4	+39	+23	-11
Electrical goods...	14	+103	+48	+41
Farm products.....	14	+52	+35	+26
Furniture.....	3	+24	+31	....
Groceries.....	29	+22	+13	+21
Hardware—total..	(12)	+56	+44	+2
General.....	4	+52	+46	-1
Industrial.....	3	+87	+49	+20
Plbg. & htg.....	5	+41	+30	....
Jewelry.....	3	+67	+51	-5
Machinery.....	6	+66	+49	+36
Paper and prod....	4	+72	+15	....
Tobacco and prod..	7	+15	+9	+5
All other lines.....	20	+45	+26	+13
Total.....	142	+38	+23	+14

Crops

Grain and hay crops this year were considerably larger than last year, and virtually all crops in the District were much above the average from 1930 to 1939, due to abundant rainfall and good yields as the acreage of most important crops was appreciably below average. Growing conditions, on the whole, continued favorable through September, though frosts early in the month in the northern and western parts of the District caused some damage to late crops and heavy rains nearly everywhere delayed harvest.

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

	Oct. 1 1941	Final 1940	Final 1939	Aver. '30-'39
	(In thousands of units)			
Winter wheat, bu.....	296,655	258,754	251,076	259,814
Spring wheat, bu.....	7,551	6,644	4,625	7,596
Corn, bu.....	373,400	322,539	281,475	349,808
Oats, bu.....	172,618	168,322	110,914	145,794
Rye, bu.....	7,401	4,601	5,794	4,530
Barley, bu.....	105,428	62,064	40,888	30,987
Grain sorghums, bu.....	69,339	64,996	36,671	33,706
Tame hay, tons.....	11,967	10,367	8,695	9,253
Flaxseed, bu.....	1,294	1,471	767	380
Broomcorn, tons.....	29	29	21	28
Cotton, bales.....	1,260	1,318	1,065	1,142
Dry beans, 100 lb. bags..	3,124	3,253	2,383	2,180
Sugar beets, short tons..	3,333	3,692	2,872	3,570
White potatoes, bu.....	35,965	40,144	35,236	34,487
Sweet potatoes, bu.....	3,175	3,190	2,290	2,499
Apples, bu.....	4,296	5,502	5,157	4,660
Peaches, bu.....	4,148	3,323	3,627	2,724
Pears, bu.....	1,065	1,177	942	889

At the middle of October, wet weather was delaying winter wheat seeding in the eastern third of Kansas, but from half to three-fourths of the acreage had been sown in Oklahoma and seeding had been practically completed in the western two-thirds of Kansas and in Nebraska. Volunteer fields of wheat and early seeded fields were furnishing excellent pasturage for livestock. September rainfall in Wyoming was 146, Colo-

rado 224, New Mexico 370, Nebraska 193, Kansas 169, Oklahoma 146, and Missouri 145 per cent of normal. Since the first of the year, Wyoming has had 130, Colorado 133, New Mexico 201, Nebraska 103, Kansas 125, and Oklahoma 126 per cent of normal moisture.

Rainfall

	Sept. 1941		9 Mos. 1941	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	2.04	.99	13.91	11.72
Leadville.....	1.47	1.39	13.86	15.36
Pueblo.....	1.72	.75	13.48	10.15
Lamar.....	4.42	1.23	18.65	13.88
Steamboat Springs....	1.33	1.86	17.76	17.70
KANSAS				
Topeka.....	3.81	3.82	31.08	28.63
Iola.....	13.37	4.85	41.36	31.40
Concordia.....	4.45	2.60	21.77	22.96
Salina.....	7.46	2.72	28.42	23.07
Wichita.....	4.29	3.09	26.74	25.13
Hays.....	3.02	2.27	24.17	20.51
Goodland.....	3.88	1.56	25.71	16.05
Dodge City.....	1.58	1.90	25.00	17.91
Elkhart.....	2.46	1.74	20.70	14.47
MISSOURI				
St. Joseph.....	5.40	3.92	28.21	29.80
Kansas City.....	4.62	4.56	31.98	31.03
Joplin.....	9.68	3.92	35.64	35.61
NEBRASKA				
Omaha.....	5.27	3.21	21.49	23.60
Lincoln.....	5.12	2.98	18.58	24.19
Norfolk.....	4.65	3.09	25.40	24.58
Grand Island.....	6.32	2.96	21.88	23.15
McCook.....	5.76	1.70	24.14	17.15
North Platte.....	3.31	1.35	18.27	16.43
Bridgeport.....	1.93	1.36	16.36	14.19
Valentine.....	3.02	1.30	18.61	16.10
NEW MEXICO				
Clayton.....	8.69	1.65	34.49	14.25
Santa Fe.....	2.88	1.45	14.14	11.67
Farmington.....	2.93	1.22	13.61	7.34
OKLAHOMA				
Tulsa.....	9.12	3.32	41.57	30.67
McAlester.....	2.34	3.46	31.29	33.55
Oklahoma City.....	4.57	3.05	29.37	24.92
Pauls Valley.....	4.96	3.18	32.84	27.31
Hobart.....	3.65	2.91	34.70	22.27
Enid.....	3.10	3.06	29.24	25.00
Woodward.....	3.38	2.80	34.05	21.11
WYOMING				
Cheyenne.....	1.10	1.20	16.15	12.96
Casper.....	.42	1.24	13.66	12.05
Lander.....	1.74	.92	16.50	9.99
Sheridan.....	2.04	1.27	12.57	12.72

Grain Marketing

Receipts of wheat in September, though larger than the abnormally small receipts of a year ago, were 9 per cent below the September average of the past ten years, currently being restricted somewhat by the amount of storage space available at terminal markets and by the strong holding tendency of producers. Receipts of corn were substantially less than a year ago, when large amounts of Government owned corn were moving into terminal storage, but even so corn receipts were 47 per cent above the ten-year average. Receipts of oats, rye, barley, and kafir also were heavy. Wheat continued to go under Government loan at a rapid rate, while producers have been actively redeeming corn under loan.

September grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,218,000	----	----
Kansas City.....	4,162,000	1,163,000	352,000
Omaha.....	1,133,000	2,309,000	369,000
St. Joseph.....	601,000	526,000	648,000
Wichita.....	1,416,000	----	----
Sept. 1941.....	8,530,000	3,998,000	1,369,000
Aug. 1941.....	14,522,000	1,622,000	1,681,000
Sept. 1940.....	3,159,000	6,628,000	554,000
9 Mos. 1941.....	148,260,000	15,906,000	7,253,000
9 Mos. 1940.....	122,417,000	27,266,000	4,305,000

Cash wheat prices early in September had been at their highest point since the midsummer of 1937 and were somewhat above the Government loan level. Wheat prices subsequently tended lower, reflecting chiefly trade uncertainty over pending price control legislation, and near the middle of October prices broke sharply under the influence of unfavorable war developments abroad, dropping 15 to 17 cents a bushel under the early September high and nearly 10 cents under the loan rate. Cash corn prices, which had been tending lower as is usual when the new crop begins to move to market, also shared in the mid-October decline along with prices of other grains. The sharp break in grain prices, however, was quickly recovered and wheat prices again are above the loan rate.

The lower range of cash grain prices at Kansas City:

	Oct. 25 1941	Sept. 30 1941	Aug. 30 1941	Sept. 30 1940
No. 1 hd., dk. wheat, bu....	\$1.12½	\$1.15	\$1.08¼	\$.79¼
No. 2 mixed corn, bu.....	.66½	.70½	.69	.61½
No. 2 white oats, bu.....	.40½	.46½	.43	.30½
No. 2 rye, bu.....	.55	.66½	.62½	.48
No. 2 barley, bu.....	.49	.51	.48½	.45
No. 2 white kafir, cwt....	1.05	1.34	1.20	.95

Livestock

MARKETINGS

Marketings of livestock increased substantially during September as is usual, reflecting a seasonal increase in marketings of grass cattle and range lambs, liberal supplies of fed steers, and expanded marketings of spring crop hogs. Receipts, however, continue somewhat smaller than last year. Marketings of cattle were 6, calves 15, hogs 24, and sheep 7 per cent below a year ago, with receipts of cattle 5, calves 19, hogs 39, and sheep 6 per cent below the September average of the past ten years.

September receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	51,750	6,371	27,713	517,728
Kansas City.....	159,965	25,951	131,235	102,368
Oklahoma City.....	58,934	28,892	36,876	12,630
Omaha.....	138,610	8,056	111,699	193,244
St. Joseph.....	45,804	4,763	60,236	93,692
Wichita.....	29,336	9,496	22,994	18,877
Sept. 1941.....	484,399	83,529	390,753	938,539
Aug. 1941.....	364,708	59,614	370,895	502,404
Sept. 1940.....	515,277	97,907	514,112	1,011,656
9 Mos. 1941.....	2,976,150	445,291	4,148,355	4,820,132
9 Mos. 1940.....	2,762,716	507,223	4,741,168	5,128,828

PRICES

In the forepart of September, prices of fed steers were as high as at any time since early in the year, and hog and lamb prices were at their highest point in four years. This was the highest September level for hogs since 1928 and for lambs since 1929, while steers were lower than in 1940 and 1937 but were otherwise the highest for September since 1930. Live-stock prices subsequently have generally tended downward, reacting to increased marketings and to depressed wholesale meat prices as a result of abnormally hot weather at eastern consuming centers. Hog prices also were affected severely by the upset in commodity markets at the middle of October resulting from unfavorable war developments abroad. Hog prices dropped from \$12.25 a hundredweight early in September to \$9.85 on October 20 before recovering somewhat, while cattle prices have declined only moderately and lamb prices, which ordinarily decline steadily during the summer and early fall, this year have been exceptionally strong.

Top carlot livestock prices at Kansas City:

	Oct. 25 1941	Sept. 1941	Aug. 1941	Sept. 1940	Sept. 1939	Sept. 1938
	(In dollars per hundredweight)					
Beef steers.....	12.50	12.60	12.75	13.25	11.85	11.50
Stocker cattle.....	11.70	12.50	12.50	10.75	10.50	8.75
Feeder cattle.....	11.25	11.25	11.50	10.75	10.35	10.00
Calves.....	12.50	13.00	12.50	10.50	11.00	10.00
Hogs.....	10.45	12.25	12.05	7.35	8.75	9.00
Sheep.....	9.75	10.00	10.00	7.75	7.50	7.10
Lambs.....	11.75	12.50	12.10	9.30	10.50	8.35

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder livestock from public markets expanded further during September, with market supplies the largest for the season to date. The movement of cattle and calves continues much below a year ago, with shipments of cattle 4 and calves 15 per cent below the September average of the past ten years, while shipments of sheep were only moderately smaller than last year and were 10 per cent larger than average.

Stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	20,262	2,415	5	195,903
Kansas City.....	72,831	12,631	2,236	29,302
Omaha.....	43,500	3,295	338	73,838
St. Joseph.....	11,782	1,453	657	34,104
Sept. 1941.....	148,375	19,794	3,236	333,147
Aug. 1941.....	81,990	12,183	4,035	145,507
Sept. 1940.....	209,465	36,087	4,669	361,956
9 Mos. 1941.....	696,133	112,974	36,611	954,573
9 Mos. 1940.....	754,806	154,264	46,404	929,564

The outlook for cattle feeders who buy cattle for feeding in the coming year is not as promising as in some recent years, according to the Department of Agriculture, but for cattle producers who raise their own cattle and who have ample supplies of feed and roughage the outlook for 1942 is favorable. Develop-

ments to October 1 indicated a considerable decrease from last year in cattle feeding during the 1941-42 fall and winter feeding season throughout the Corn Belt states except Kansas, where cattle feeding is expected to be on a larger scale than last year because of the good condition of wheat pastures. Although feed supplies in the Corn Belt generally are plentiful, feed costs are considerably higher than a year ago and prices of stocker and feeder cattle are averaging 15 to 20 per cent above last year while finished cattle are selling at or below last year's prices. The number of cattle fed outside the Corn Belt may be about the same as the number that was fed last year.

Lamb feeding operations in Missouri and Nebraska during the 1941-42 season are expected to be about as large as or larger than last year, according to the Department of Agriculture. Because of the best wheat pasture prospects in years, a considerable increase in lamb feeding appears probable in Kansas and Oklahoma. The extent of the increase, however, depends on whether exceptionally favorable feed conditions in Texas and high prices for wool should result in the holding over of a larger number of wether lambs than usual to be marketed as shorn, grass-fat yearlings next spring, thus limiting the usual fall movement of Texas lambs to Oklahoma and Kansas wheat pastures. Lamb feeding in Colorado will probably equal or exceed the relatively small operations of last season.

RANGES AND PASTURES

Ranges and pastures in the District continue to supply excellent feed, and the already favorable prospects for fall and winter range forage have been further improved by September and early October rains, which started new feed in many areas, and by the absence generally of early killing frosts. Livestock is in exceptionally good condition because of generally abundant feed supplies, and a larger percentage of livestock than usual is in slaughter flesh, though weights and finish this fall have not quite come up to earlier expectations. The very large amount of feed available continues to delay marketings and to encourage the holding back of breeding stock, especially milk cows and ewe lambs, and has resulted in a strong demand in range sections for lightweight stocker and feeder cattle and calves.

Farm Income

Cash farm income in the District in August was almost double a year ago, raising the cumulative gain for the year to date to 25 per cent. The very large increase for August reflected in part a further rise in prices of farm products but was mostly due to a sharp increase in income from wheat being placed under loan and to some increase from cotton through the

redemption and sale of 1938 and 1940 cotton formerly held under loan. This partly accounts for the exceptionally large gains reported for Kansas and Oklahoma. Income from livestock also was considerably above last year, while Government payments in August were less than half what they were last year and so far this year have been about a third smaller.

Department of Agriculture farm income estimates:

	Aug.	8 Mos.	Change from 1940	
	1941	1941	Aug.	8 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	19,457	90,232	+59	+19
Kansas.....	82,102	273,164	+177	+43
Missouri.....	38,062	220,525	+47	+25
Nebraska.....	35,907	188,996	+58	+9
New Mexico.....	4,503	27,986	+53	+17
Oklahoma.....	31,415	146,188	+101	+27
Wyoming.....	5,473	28,719	+9	+11
Seven states.....	216,919	975,810	+90	+25
United States.....	1,120,794	6,364,633	+50	+21

Meat Packing

Packers' purchases of cattle in September were 29 per cent heavier than a year ago and purchases of calves and sheep were about the same as last year despite the smaller volume of livestock marketings. Purchases of hogs, in line with receipts, were fully a fourth smaller than a year ago, the largest decrease since early in 1941. The slaughter of cattle was about equal to the September average of the past ten years, but that of calves was 30, of hogs 39, and of sheep 12 per cent below average.

September packers' purchases at District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	19,087	3,150	23,625	48,076
Kansas City.....	62,087	9,459	123,474	64,286
Oklahoma City.....	29,790	19,448	25,748	6,601
Omaha.....	85,351	4,761	96,777	104,137
St. Joseph.....	29,691	3,232	54,652	58,669
Wichita.....	9,899	3,771	20,978	8,448
Sept. 1941.....	235,905	43,821	345,254	290,217
Aug. 1941.....	202,232	35,408	323,308	254,557
Sept. 1940.....	182,917	42,662	467,729	284,727
9 Mos. 1941.....	1,659,475	265,373	3,677,158	2,681,289
9 Mos. 1940.....	1,421,967	282,636	4,149,957	2,588,275

Cold Storage Holdings

United States cold storage stocks of beef, lamb, and poultry increased more than is usual during September, and there was a contraseasonal increase in stocks of butter and cheese. Holdings of pork and lard showed a further sharp decrease, while holdings of eggs declined less than usual. Stocks of all commodities except lard are much above a year ago, with beef 58, pork 18, lamb 47, poultry 35, lard 86, butter 41, and cheese 47 per cent above the October 1 average of the past five years. Holdings of shell eggs are below last year and under the average, but this decrease is considerably more than offset by the increase in frozen egg holdings.

United States cold storage holdings:

	Oct. 1	Sept. 1	Oct. 1	Aver.
	1941	1941	1940	'36-'40
	(In thousands of units)			
Beef, lbs.....	73,410	67,489	36,303	46,343
Pork, lbs.....	366,096	485,108	329,214	310,163
Lamb and mutton, lbs.....	4,109	3,306	3,411	2,791
Poultry, lbs.....	96,413	85,363	90,842	71,553
Miscellaneous meats, lbs.....	63,516	71,854	57,557	57,764
Lard, lbs.....	215,570	282,694	235,690	115,768
Eggs, shell, cases.....	5,432	6,131	6,040	5,822
Eggs, frozen (case equiv.).....	5,084	5,543	3,737	3,471
Butter, creamery, lbs.....	202,670	200,228	128,087	144,183
Cheese, all varieties, lbs.....	188,400	184,940	150,211	128,203

Flour Milling

Operations at southwestern flour mills by early October had risen to 83 per cent of capacity as compared with an average rate of 77 per cent during September, 73 in August, and around 70 per cent in earlier months this year. September output was 12 per cent above a year ago and 11 per cent above the September ten-year average, while production for the year to date is 9 per cent larger than last year. Flour sales to bakers, following the heavy forward buying of July and August, have declined considerably since early in September, although sales of family flour continue large, due possibly to some hoarding and to some increase in consumption resulting from rising consumer income.

Flour output reported by the Northwestern Miller:

	Sept.	9 Mos.	Change from 1940	
	1941	1941	Sept.	9 Mos.
	(In barrels)		(Per cent)	
Kansas City.....	634,000	5,076,000	+20	+8
Salina.....	197,000	1,719,000	+4	+1
Wichita.....	176,000	1,513,000	+4	+16
Other cities.....	1,363,000	11,307,000	+10	+11
Southwest.....	2,370,000	19,615,000	+12	+9
United States*.....	6,179,000	51,519,000	+2	+3

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

Petroleum

Crude oil production in this District in September was 12 per cent larger than a year ago, double the rate of increase for the year to date. September output also was 20 per cent above the ten-year average. Most of the increase this year has been in Kansas, where daily average production is rising steadily to successive new peaks and where drilling operations, stimulated by the advance in crude prices last spring, have been especially active.

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

	Sept.	9 Mos.	Change from 1940	
	1941	1941	Sept.	9 Mos.
	(In barrels)		(Per cent)	
Colorado.....	148,000	1,211,000	+51	+22
Kansas.....	7,426,000	60,116,000	+26	+23
Nebraska.....	208,000	1,218,000	....	....
New Mexico.....	3,423,000	29,322,000	+12	-1
Oklahoma.....	12,822,000	115,236,000	+3	-2
Wyoming.....	2,552,000	22,311,000	+9	+17
Six states.....	26,579,000	229,414,000	+12	+6
United States.....	119,647,000	1,027,359,000	+9	+1

Crude oil stocks in this District, already at the lowest point in many years, continued to decline through September and by early October they were 13 per cent lower than a year ago, owing chiefly to a decrease of 17 per cent in Oklahoma.

Coal

Bituminous coal production in the District in September continued about one-fifth higher than last year, reflecting the high rate of industrial activity.

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

	Sept.	9 Mos.	Change from 1940	
	1941	1941	Sept.	9 Mos.
	(In tons)		(Per cent)	
Colorado.....	688,000	4,722,000	+23	+7
Kans. and Mo.....	640,000	5,346,000	+16	+12
New Mexico.....	97,000	840,000	+23	+7
Oklahoma.....	192,000	1,125,000	+22	+4
Wyoming.....	655,000	4,421,000	+29	+14
Six states.....	2,272,000	16,454,000	+22	+10
United States.....	45,464,000	360,578,000	+18	+8

Zinc and Lead

Zinc ore prices, after being held at \$48 a ton for almost a year, advanced to \$55 in the first week of October following the announcement of a new maximum price for slab zinc. This is the highest price for zinc ore since early in 1926. Zinc shipments subsequently increased sharply as producers released supplies previously withheld, virtually depleting small reserve stocks on hand. September shipments of zinc were 11 and of lead 24 per cent above a year ago.

September shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	11,866	\$ 574,339	1,324	\$ 90,757
Missouri.....	3,349	162,137	186	12,780
Oklahoma.....	24,989	1,210,843	3,305	226,376
Sept. 1941.....	40,204	\$ 1,947,319	4,815	\$ 329,913
Aug. 1941.....	40,606	1,958,148	5,025	344,886
Sept. 1940.....	36,183	1,626,115	3,887	219,573
9 Mos. 1941.....	350,888	16,925,009	39,408	2,676,909
9 Mos. 1940.....	319,390	12,660,906	33,588	1,969,130

Building

Construction awards in the Kansas City area in September were more than three times what they were last year, and so far in 1941 they have almost doubled. With this extraordinary increase, due almost wholly to the defense program, construction is only about 10 per cent under its previous high in 1930.

Construction figures of F. W. Dodge Corporation:

	Sept.	9 Mos.	Change from 1940	
	1941	1941	Sept.	9 Mos.
	(Thousand dollars)		(Per cent)	
Residential building..	10,121	57,076	+128	+68
Nonresidential bldg...	12,426	75,571	+141	+142
Public wks. construc..	6,198	38,392	+169	-3
Utility construction...	19,046	42,393	+545	+354
Kansas City area.....	47,791	213,432	+222	+87
37 Eastern states.....	623,292	4,510,879	+79	+62

The value of building permits issued in reporting District cities in September was 15 and in the first nine months of 1941 was 18 per cent larger than in the same periods of 1940. The building situation, however, is spotty as nearly half of the cities report decreases either for the month or for the year to date.

Value of building permits issued in District cities:

	Sept.	9 Mos.	Change from 1940	
	1941	1941	Sept.	9 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M....	171,000	1,926,000	-48	+7
Cheyenne, Wyo.....	166,000	1,268,000	+42	+30
Colo. Springs, Colo..	251,000	647,000	+544	-13
Denver, Colo.....	1,276,000	12,302,000	+6	+20
Hutchinson, Kans....	47,000	319,000	-18	-14
Joplin, Mo.....	111,000	420,000	+41	-15
Kansas City, Kans....	124,000	652,000	+265	-13
Kansas City, Mo.....	446,000	3,779,000	-25	+43
Lincoln, Nebr.....	201,000	2,059,000	+31	+17
Okla. City, Okla.....	367,000	4,545,000	-21	0
Omaha, Nebr.....	526,000	4,047,000	+31	-8
Pueblo, Colo.....	71,000	1,060,000	-5	+29
Salina, Kans.....	32,000	286,000	-18	-37
Shawnee, Okla.....	20,000	152,000	+100	-13
St. Joseph, Mo.....	19,000	555,000	-74	+88
Topeka, Kans.....	122,000	983,000	+31	-21
Tulsa, Okla.....	512,000	4,575,000	+3	+12
Wichita, Kans.....	761,000	4,993,000	+157	+135
District, 18 cities....	5,223,000	44,568,000	+15	+18

Lumber

Retail lumber sales in the District in September were 25 and for the year to date 51 per cent above a year ago. The relatively small gain for September is due in part to the fact that sales at this time last year were rising rapidly. The same is true of lumber stocks, which on September 30 were 18 per cent higher than a year ago while on August 31 they had been 23 per cent higher. September collections averaged 37 per cent against 32 per cent last year.

Lumber trade at 149 chain retail yards:

	Sept. 1941	
	per cent change from Aug. 1941	Sept. 1940
Sales of lumber, board feet.....	-14	+25
Sales of all materials, dollars.....	+6	+65
Stocks of lumber, board feet.....	+4	+18
Outstandings, dollars.....	+6	+46

Life Insurance

September life insurance sales in the District were 11 per cent larger than last year, in contrast with a gain of only 1 per cent for the year to date.

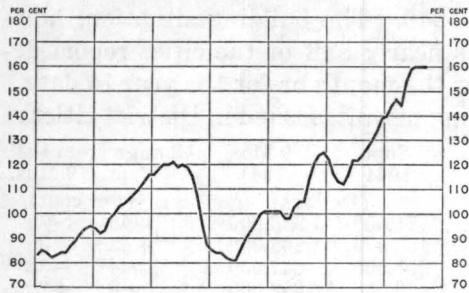
The Life Insurance Sales Research Bureau report:

	Sept.	9 Mos.	Change from 1940	
	1941	1941	Sept.	9 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	4,991	43,125	+13	0
Kansas.....	8,229	64,500	+31	+13
Missouri.....	15,805	146,868	+6	-1
Nebraska.....	5,517	50,258	+7	+2
New Mexico.....	1,031	9,556	+7	-11
Oklahoma.....	7,680	67,842	+5	-5
Wyoming.....	930	9,318	+33	+18
Seven states.....	44,183	391,467	+11	+1
United States.....	581,998	5,199,526	+16	+6

NATIONAL SUMMARY OF BUSINESS CONDITIONS

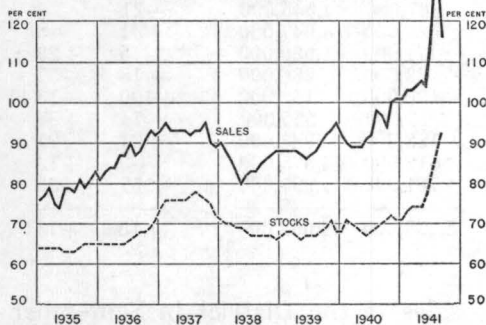
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



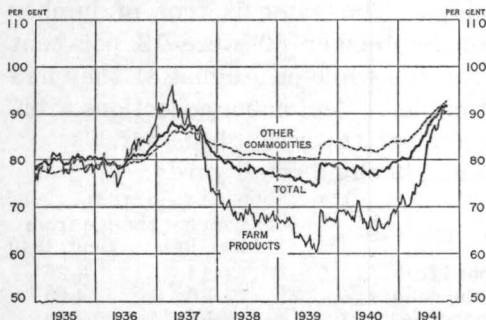
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. By months, January, 1935, through September, 1941.

DEPARTMENT STORE SALES AND STOCKS



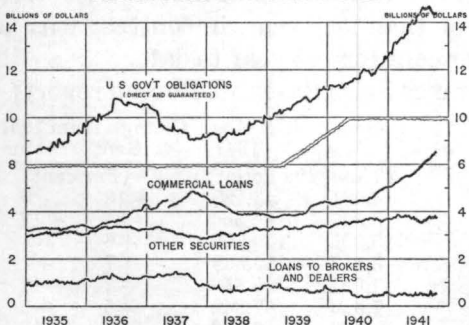
Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. By months, January, 1935, through September, 1941.

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 October 11, 1941.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, January 2, 1935, through October 8, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Industrial activity continued at a high rate in September and the first half of October. Further advances in the output of defense products were accompanied by curtailment in some lines of civilian goods, particularly automobiles, rubber, and silk. Prices of industrial products increased further but agricultural prices declined after the middle of September, and on October 16 dropped sharply in response to international developments.

PRODUCTION

Industrial output increased by about the usual seasonal amount in September and the Board's adjusted index remained at 160 per cent of the 1935-1939 average, the same as in July and August. Continued increases in activity were reported in the machinery, aircraft, and shipbuilding industries. At steel mills activity in September and the first half of October was maintained at about 97 per cent of capacity. Output and deliveries of nonferrous metals likewise remained at about capacity levels, while lumber production declined somewhat from the high August rate. Automobile production increased less than seasonally in September, following the change-over to new models, and, according to preliminary estimates, output in September was considerably below the maximum authorized quota.

In the textile industry activity declined somewhat in September, reflecting mainly a further sharp reduction at silk mills. Activity at wool mills rose to a new high level, while at cotton mills there was little change from a rate slightly below the peak reached last May. Shoe production continued in large volume, and output of manufactured food products was maintained near the peak August level. Output of chemicals likewise continued at earlier high rates, but at rubber plants activity was considerably below the level of last summer owing to Federal curtailment programs.

Coal production, which during the summer months had been unusually large, increased less than seasonally in September, owing in part to temporary work stoppages at some bituminous and anthracite mines. Crude petroleum production advanced to record levels in September and the first half of October, and output of metals and shipments of iron ore down the Lakes continued at about capacity.

Value of construction contract awards declined in September, according to figures of the F. W. Dodge Corporation, reflecting chiefly decreases in awards for public projects which had been exceptionally large in August. Awards for private residential building also declined, while contracts for other private work increased somewhat further. Total awards in September, as in August, were 80 per cent larger than in the corresponding period last year. This higher level reflected mainly a greater amount of public construction, which was nearly three times as large as a year ago, compared with an increase of about 10 per cent for private construction.

On October 9, the Supply Priorities and Allocations Board announced that, effective immediately, no public or private construction projects which use critical materials could be started during the emergency unless these projects were either necessary for direct national defense or essential to the health and safety of the nation.

DISTRIBUTION

Distribution of general merchandise showed less than the customary seasonal rise in September, following an unusually large volume of sales in August. During the past three months sales have been larger than in the corresponding period of any previous year. In the first half of October sales at department stores declined from the peak reached in late September when there were considerable consumer purchases, particularly of articles subject to higher taxes on October 1.

COMMODITY PRICES

Prices of industrial products continued to advance in September and the first half of October and Federal price ceilings were announced for additional commodities, including leading types of lumber, coke, wastepaper, paperboard, acetic acid, alcohols, and carded cotton yarns. In some cases these ceilings were below previously existing market quotations. Price advances were permitted, however, for some other commodities under Federal control. Prices of cotton and of foodstuffs increased further in the first half of September, but subsequently declined, owing partly to seasonal influences. On Thursday, October 16, prices of these commodities dropped sharply.

BANK CREDIT

Commercial loans at member banks continued to rise during September and the first half of October, reflecting in part defense demands. Increases were substantial both in New York and in other leading cities. Holdings of United States Government obligations decreased, mainly at banks in leading cities outside of New York. Excess reserves of member banks showed little change in this period.

UNITED STATES GOVERNMENT SECURITY MARKET

Following a slight decline in the first half of September, prices of long-term Treasury partially tax-exempt bonds increased during the latter half of September and in the first part of October. The yield on the 2½ per cent bonds of 1960-65 reached a new record low of 2.01 per cent in October. Prices of taxable bonds moved within a relatively narrow range during the period with yields slightly above previous low levels.