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MONTHLY REVIEW

Agricultural and Business Conditions

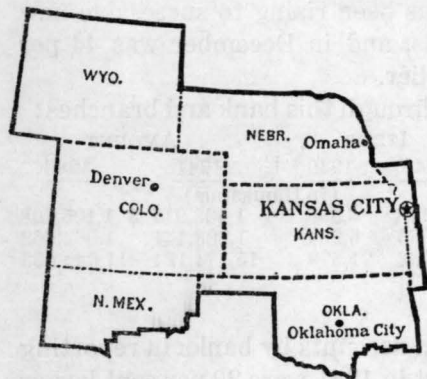
TENTH FEDERAL RESERVE DISTRICT

VOL. 27, No. 1

FEDERAL RESERVE BANK OF KANSAS CITY

JANUARY 30, 1942

Business in the Tenth Federal Reserve District



Wholesale and retail trade was unusually active in the early weeks of January. The less than usual postholiday decline is attributed by many to a new consumer buying movement touched off by the sugar situation and spectacular shortages of tires and other rubber goods.

Near the end of 1941 many production figures were running at a higher rate than they had averaged for the year. This was particularly true of flour and crude petroleum production and the slaughter of livestock. It was also true of the marketing of grain and livestock.

Check transactions are very large and bank loans in December were 37% above a year earlier. The gain in bank investments is relatively much less than that of loans. Demand deposits are rising. Life insurance sales were very large in December.

Prices of grain and livestock rose sharply following the outbreak of war in the Pacific.

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

Member Bank Operations

Loans at 50 weekly reporting member banks in the Tenth District rose rapidly during the latter part of 1941. Although the rise leveled off toward the end of the year and loans declined somewhat in the forepart of January, currently they are about a third higher than a year earlier and are little below the all-time high in 1929. Investments increased appreciably during the first quarter of 1941 and rose gradually thereafter, but in recent weeks they have declined. Investments are 7 per cent larger than a year ago, owing chiefly to larger holdings of Government bonds. Investments have changed relatively little in the last four years, holdings of Government and other securities being about the same as at the end of 1937.

Deposits at these 50 reporting member banks and reserve balances carried at this bank rose to record levels during 1941, while balances carried at other banks tended to decline. Adjusted demand deposits dropped sharply at the end of the year but have risen again and are little below their high point last November, while interbank deposits and reserve balances have increased further and at the middle of January were at a new high. Deposits are about 15 and reserve balances 23 per cent above a year ago, while balances carried at domestic banks are 5 per cent less.

Principal items of condition of 50 member banks:

	Change from		
	Jan. 14 1942	Dec. 17 1941	Jan. 15 1941
	(In thousands of dollars)		
Loans and investments—total.....	854,039	-28,532	+139,829
Loans—total.....	462,698	-6,278	+113,630
Coml., indust., agric.....	297,691	-2,084	+86,806
Open market paper.....	26,979	-1,098	+5,767
To security brokers and dealers..	3,386	-479	-319
Other to purchase or carry secur.	10,154	-668	-100
Real estate loans.....	33,025	+125	+1,388
Loans to banks.....	184	-117	-96
All other loans.....	91,279	-1,957	+20,184
Investments—total.....	391,341	-22,254	+26,199
U. S. Treasury bills.....	17,598	-12,409	+2,861
U. S. Treasury notes.....	50,902	+3,263	+19
U. S. Govt. bonds.....	117,300	-3,894	+21,970
Oblig. guar. by U. S. Govt.....	83,193	-5,708	+7,887
Other securities.....	122,348	-3,506	-6,538
Reserve with F. R. Bank.....	260,733	+22,179	+49,481
Balances with domestic banks.....	308,554	+26,921	-15,889
Demand deposits—adjusted.....	667,921	+11,786	+81,394
Time deposits.....	135,390	-2,816	-8,447
U. S. Govt. deposits.....	32,503	+2,140	+22,315
Interbank deposits.....	508,723	+11,459	+71,493

Reserve Bank Operations

Note circulation normally reaches a seasonal peak in the third week of December, owing to the holiday demand for currency, and then declines in January. Both this year and last, however, note circulation of this bank continued to rise steadily. Circulation has reached a new high level of 265 million dollars, which is a fourth larger than a year ago and nearly half again larger than two years ago.

Principal items of condition of this Reserve Bank:

	Jan. 14 1942	Change from	
		Dec. 17 1941	Jan. 15 1941
	(In thousands of dollars)		
Total reserves.....	566,369	+11,088	+127,863
Bills discounted.....	790	-1,340	+235
Industrial advances.....	92	+5	+13
Commit. to make indust. adv.....	1,500	0	+1,465
U. S. Govt. sec., direct & guar.....	103,096	+7,367	-6,599
Total assets.....	720,924	+1,729	+131,267
F. R. notes in circulation.....	264,146	+7,041	+54,832
Member bank reserve deposits.....	359,817	+26,525	+69,530

Dollar volume of check collections in 1941 was fully a fourth larger than in 1940, 1937, or 1929, the most recent previous years of large clearings. Dollar volume since last summer has been rising to successive new record monthly levels, and in December was 44 per cent above a year earlier.

Check collections through this bank and branches:

	ITEMS		AMOUNT	
	1941	1940	1941	1940
	(In thousands)			
December.....	7,178	6,396	\$ 1,588,917	\$ 1,105,708
November.....	6,096	5,934	1,328,441	1,064,662
Year.....	75,722	71,579	15,174,124	11,935,653

Bank Debits

Debits to individual accounts by banks in reporting centers of the District in 1941 were 20 per cent larger than in 1940 and 12 per cent above 1937 but fell 14 per cent short of the 1929 peak. Reflecting the rising trend of recent months, December debits were more than a third larger than in the preceding year.

Payments by check in thirty District cities:

	Dec.		Change from 1940	
	1941	1941	Dec.	Year
	(Thousand dollars)		(Per cent)	
Albuquerque, N. M.....	26,344	266,118	+31	+26
Atchison, Kans.....	4,532	42,391	+35	+16
Bartlesville, Okla.....	39,035	369,386	+28	+15
Casper, Wyo.....	8,217	88,711	+11	+12
Cheyenne, Wyo.....	12,633	131,907	+38	+28
Colo. Springs, Colo..	18,115	179,570	+11	+8
Denver, Colo.....	236,554	2,358,172	+36	+24
Emporia, Kans.....	4,996	46,686	+29	+18
Enid, Okla.....	15,206	158,504	+38	+19
Fremont, Nebr.....	3,958	40,862	+29	+20
Gr. Junction, Colo....	4,267	45,679	+15	+3
Guthrie, Okla.....	2,649	21,027	+51	+19
Hutchinson, Kans....	16,813	166,036	+67	+14
Indep., Kans.....	4,052	37,871	+25	+17
Joplin, Mo.....	19,192	143,010	+81	+25
Kansas City, Kans... Kansas City, Mo.....	26,289 473,266	254,112 4,631,455	+26 +25	+21 +19
Lawrence, Kans.....	4,790	48,261	+19	+12
Lincoln, Nebr.....	33,002	356,624	+4	+4
Muskogee, Okla.....	13,768	119,514	+35	+27
Okla. City, Okla.....	157,713	1,407,643	+37	+18
Okmulgee, Okla.....	3,664	34,707	-2	+8
Omaha, Nebr.....	226,090	2,170,479	+34	+22
Pittsburg, Kans.....	6,401	55,254	+35	+19
Pueblo, Colo.....	20,114	208,957	+17	+17
Salina, Kans.....	14,056	134,107	+54	+25
St. Joseph, Mo.....	41,435	394,664	+30	+18
Topeka, Kans.....	23,430	248,104	+26	+10
Tulsa, Okla.....	251,508	1,919,227	+51	+18
Wichita, Kans.....	84,372	811,095	+50	+44
District, 30 cities.....	1,796,461	16,890,133	+34	+20
U. S., 274 cities.....	56,589,000	537,387,000	+21	+21

Trade

RETAIL SALES

Dollar volume of sales at reporting department stores in the District rose 15 per cent during 1941, though toward the end of the year much of the increase represented higher prices which, according to the Fairchild Index, currently are 15 per cent above a year earlier. Sales had been especially heavy in the third quarter, partly because of fear of shortages and rising prices and partly to avoid instalment credit restrictions and new excise taxes. Another buying movement currently is under way, the rationing of tires apparently stimulating other types of retail buying, and sales in recent weeks have been fully a third above a year earlier. Inventories in terms of dollars increased 28 per cent during 1941, and orders at the close of the year were 49 per cent heavier.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Dec. '41	Year '41	Dec.31,'41	
	comp.to Dec.'40	comp.to Year '40	comp.to Dec.31,'40	
	(Per cent increase or decrease)			
Denver.....	7	+14	+16	+29
Hutchinson.....	3	+16	+16	....
Topeka.....	3	+8	+10	....
Wichita.....	4	+30	+23	....
Joplin.....	3	+40	+25	....
Kansas City.....	8	+14	+15	+38
St. Joseph.....	3	+7	+8	....
Omaha.....	4	+22	+14	....
Oklahoma City.....	6	+15	+15	+35
Tulsa.....	5	+26	+17	+24
Other cities.....	31	+12	+11	+20
District.....	77	+17	+15	+28

Total retail sales in the District in December and for the entire year 1941 were 14 per cent larger than in 1940. Sales of automobile dealers in the last quarter of the year, however, were sharply lower than in the corresponding period of the preceding year.

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

	Dec. 1941 per cent change from Dec. 1940						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+12	+24	+17	+22	+15	+25	+18
Automobile.....	-10	-19	-10	-14	-1	-29	-21
Department.....	+13	+20	+19	+17	....	+14	....
Drug.....	+8	+15	+15	+12	+11	+7	+6
Dry goods.....	+12	+17	+18	+23	+9	+21	....
Food.....	+15	+21	+17	+16	+10	+23	+1
Furniture.....	+3	+13	+9	+20	....	+10	....
General.....	+10	+20	+23	+28	+15	+19	+11
Hardware.....	+33	+39	+17	+21	....	+12	....
Jewelry.....	+9	+39	+17	+19	....	+6	....
Lbr. and mtl's.....	+13	+37	+19	+16	+1	+47	+7
Miscellaneous.....	+15	+39	+16	+4	+20	+29	+17
Total.....	+9	+16	+17	+15	+11	+11	+5

WHOLESALE SALES

The value of wholesale sales in this District rose about 23 per cent during 1941. Gains in wholesale trade throughout the year generally were larger than

those in retail sales, owing partly to a more rapid rise in wholesale prices. Wholesale inventories increased about 22 per cent during 1941.

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

No. of Firms	SALES		STOCKS	
	Dec. '41	Year '41	Dec.31,'41	
	comp.to Dec.'40	comp.to Year '40	comp.to Dec.31,'40	
	(Per cent increase or decrease)			
Auto. supplies.....	15	+44	+14	+26
Drugs.....	7	+11	+12	+23
Dry goods.....	....	....	+24*	....
Electrical goods.....	8	+56	+52	+50
Farm products.....	10	+31	+33	+25
Furniture.....	3	+121	+42	....
Groceries.....	18	+41	+13	+32
Hardware—total.....	....	....	+44*	....
General.....	....	....	+38*	....
Industrial.....	....	....	+62*	....
Plbg. & htg.....	5	+27	+31	....
Jewelry.....	3	-10	+37	-2
Paper and prod.....	....	....	+20*	....
Tobacco and prod.....	4	+4	+6	....
All other lines.....	24	+28	+25	+7
Total.....	97	+31	+23	+22

*11 Months.

Rainfall

	Dec. 1941		Year 1941	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	1.03	.73	17.68	14.05
Leadville.....	.99	1.08	17.72	18.63
Pueblo.....	.47	.50	16.74	11.67
Lamar.....	.53	.61	22.07	16.05
Steamboat Springs.....	2.05	1.96	24.75	23.12
KANSAS				
Topeka.....	2.07	.98	44.45	33.55
Iola.....	1.11	1.30	51.53	38.08
Concordia.....	1.97	.63	30.44	26.55
Salina.....	1.40	.77	38.06	27.27
Wichita.....	.92	1.00	33.25	30.11
Hays.....	1.07	.62	28.13	23.69
Goodland.....	1.71	.56	28.74	18.70
Dodge City.....	.37	.57	30.13	20.51
Elkhart.....	.14	.54	26.18	17.51
MISSOURI				
St. Joseph.....	2.04	1.29	37.80	35.56
Kansas City.....	1.76	1.33	46.62	37.11
Joplin.....	2.35	1.89	56.36	43.72
NEBRASKA				
Omaha.....	3.30	.93	29.37	27.77
Lincoln.....	3.51	.80	26.06	27.94
Norfolk.....	.89	.81	27.46	23.24
Grand Island.....	.91	.75	24.23	27.06
McCook.....	2.24	.51	27.35	19.64
North Platte.....	.42	.53	19.99	18.50
Bridgeport.....	.34	.59	17.68	16.30
Valentine.....	.48	.61	22.33	18.37
NEW MEXICO				
Clayton.....	.04	.34	37.64	16.57
Santa Fe.....	.29	.74	17.66	14.27
Farmingington.....	.68	.92	18.44	9.93
OKLAHOMA				
Tulsa.....	2.52	1.98	65.20	38.81
McAlester.....	2.02	2.67	48.38	43.33
Oklahoma City.....	1.07	1.50	42.28	31.15
Pauls Valley.....	1.78	1.66	53.10	34.76
Hobart.....	1.28	1.34	46.14	28.31
Enid.....	.83	1.18	36.24	30.70
Woodward.....	.53	.88	46.45	26.88
WYOMING				
Cheyenne.....	.72	.55	19.01	14.99
Casper.....	.73	.99	16.24	15.20
Lander.....	.75	.68	20.66	12.63
Sheridan.....	.80	.64	15.15	15.06

The rainfall situation showed a further marked improvement during 1941, though excessive moisture during the summer hampered the wheat harvest in many places and heavy rains in the fall delayed winter wheat planting and the harvest of corn and other late crops in the eastern part of the District. Flood losses were rather severe. Precipitation in 1941 and 1940, expressed as a percentage of normal, was as follows: Nebraska, 104 and 74; Kansas, 138 and 96; Missouri, 105 and 81; Oklahoma, 143 and 103; Wyoming, 128 and 102; Colorado, 136 and 102; and New Mexico, 196 and 104. Following protracted drought during the 1930's, New Mexico experienced its wettest, and Oklahoma and Kansas their second wettest year of record.

Rather dry weather in November had greatly aided farm work, and December precipitation in Oklahoma was only 77 per cent of normal but in Kansas it was 128, Nebraska 156, Missouri 105, Wyoming 130, Colorado 100, and New Mexico 113 per cent of normal. Soil moisture reserves are excellent and the outlook for the 1942 wheat crop is very bright if the weather should not be too wet next spring.

Grain Marketing

Receipts of corn declined about a third during 1941 and were a fourth less than the average of the past ten years, while receipts of wheat, oats, and other feed grains increased substantially and were about average or better, owing to the large crops produced and the very extensive use of terminal storage facilities for storing wheat under Government loans. As in the preceding year, a very large amount of wheat and corn was pledged against loans, and supplies reaching the open market were relatively light. December receipts were heavy, wheat being 26, corn 54, and oats 46 per cent above the December ten-year average, due to the movement of old crop corn to market to make room for the new crop, increasing availability of terminal storage space, and some redemption of wheat and corn under loan.

Grain receipts at five District markets in 1941:

	Wheat	Corn (In bushels)	Oats
Hutchinson.....	25,173,000	16,000	13,000
Kansas City.....	84,781,000	10,687,000	2,792,000
Omaha.....	22,336,000	12,890,000	2,683,000
St. Joseph.....	7,909,000	3,807,000	4,964,000
Wichita.....	26,509,000	14,000	9,000
Year 1941.....	166,708,000	27,414,000	10,461,000
Year 1940.....	133,830,000	41,883,000	6,347,000
Dec. 1941.....	7,616,000	5,551,000	1,227,000
Nov. 1941.....	5,604,000	2,741,000	876,000
Dec. 1940.....	3,797,000	3,787,000	786,000

Stocks of grain remaining on District farms on January 1 were at record levels for that date. Farm reserves of wheat and corn, including grain under Government seal, are 28 and oats 8 per cent heavier

than a year ago, with wheat stocks 59, corn 37, and oats 29 per cent above the average from 1931 to 1940.

Cash wheat prices advanced about 35 and corn 15 cents a bushel during 1941 and are at new high levels since 1937. The sharp rise in wheat prices early in December following the outbreak of war in the Pacific leveled off in the latter part of the month after Government-owned wheat was offered for sale, but in the forepart of January wheat prices again increased, reflecting principally trade interpretations of developments in price control legislation pending. Corn prices are unusually strong, due not only to favorable feeding ratios but also to increasing commercial consumption, including the manufacture of industrial alcohol under the defense program. Prices currently are about equal to Government offering prices, which place a virtual "ceiling" on wheat prices about 16 cents above the loan rate at terminal locations and on corn prices slightly above the loan rate.

The lower range of cash grain prices at Kansas City:

	Jan. 24 1942	Dec. 31 1941	Nov. 29 1941	Dec. 31 1940
No. 1 hd., dk. wheat, bu....	\$1.25¼	\$1.20½	\$1.14	\$.85¾
No. 2 mixed corn, bu.....	.80	.75	.69¾	.59¼
No. 2 white oats, bu.....	.56¾	.51½	.46	.37½
No. 2 rye, bu.....	.82	.67	.63	.49
No. 2 barley, bu.....	.65	.56½	.52	.49
No. 2 white kafir, cwt....	1.23	1.08	.99	.91

Livestock

MARKETINGS

Cattle marketings increased 9 per cent during 1941 and were only 4 per cent below the average of the past ten years, while receipts of other livestock declined, especially hogs, and were about 15 per cent below average. December marketings as prices strengthened were rather heavy, cattle being 37, calves 19, hogs 21, and sheep 13 per cent above the ten-year average.

Livestock receipts at six District markets in 1941:

	Cattle	Calves	Hogs	Sheep
Denver.....	495,060	107,123	488,288	2,470,926
Kansas City.....	1,381,991	232,887	2,033,307	1,337,023
Oklahoma City.....	465,539	191,796	546,874	183,555
Omaha.....	1,304,803	100,649	1,700,033	1,487,211
St. Joseph.....	409,818	50,226	886,287	1,110,742
Wichita.....	292,485	64,149	310,066	226,870
Year 1941.....	4,349,696	746,830	5,964,855	6,816,327
Year 1940.....	3,988,985	794,455	6,942,452	6,951,472
Dec. 1941.....	436,429	71,050	786,399	458,631
Nov. 1941.....	408,053	103,598	538,760	407,599
Dec. 1940.....	318,454	50,356	847,994	402,170

PRICES

Livestock prices were higher in 1941 than in the preceding year, prices reaching their highest level since 1937 and reflecting the large consumer demand for meats. Hog prices, under the influence of small supplies, a favorable feeding ratio, and Government support of the hog market, showed by far the greatest advance, and sheep and lamb prices were unusually strong, due in part to the heavy demand for wool.

Stocker cattle prices were relatively stronger throughout most of 1941 than prices of either feeder cattle or beef steers. Price ceilings on lard, wool, and hides indirectly tended to modify the advance in livestock prices. After the outbreak of war in the Pacific early in December, livestock prices rose sharply and cattle and sheep were at the highest December level in about twelve and hogs in fifteen years. Prices were maintained in the forepart of January but have since weakened under the weight of liberal marketings.

Top carlot livestock prices at Kansas City:

	Jan. 24 1942	Dec. 1941	Nov. 1941	Dec. 1940	Year 1941	Year 1940
	(In dollars per hundredweight)					
Beef steers.....	14.00	14.60	12.75	14.10	14.60	14.10
Stocker cattle.....	12.50	12.25	11.25	10.85	12.65	11.00
Feeder cattle.....	11.50	11.80	10.90	10.65	12.25	10.85
Calves.....	14.50	13.50	12.50	11.00	13.50	11.50
Hogs.....	11.50	11.40	10.50	6.90	12.25	7.35
Sheep.....	10.25	10.50	10.25	8.00	10.50	8.25
Lambs.....	12.25	12.50	11.50	9.50	12.50	12.00

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder cattle and calves from public markets declined somewhat during 1941, but there was a material increase in shipments of sheep and lambs. Reflecting the abundance of pasturage and large supplies of other feeds, the movement of cattle was 7, calves 20, and sheep 21 per cent above the average of the past ten years. The December movement, after the sharp advance in livestock prices, was even heavier, shipments of cattle being 85, calves 64, and sheep 53 per cent above the December ten-year average.

Stocker-feeder shipments from 4 markets in 1941:

	Cattle	Calves	Hogs	Sheep
Denver.....	210,769	71,036	285	1,174,122
Kansas City.....	593,562	110,645	28,205	225,764
Omaha.....	321,996	42,442	10,070	330,789
St. Joseph.....	90,472	15,629	11,924	214,668
Year 1941.....	1,216,799	239,752	50,484	1,945,343
Year 1940.....	1,241,544	282,319	61,884	1,677,648
Dec. 1941.....	137,940	24,773	5,032	99,813
Nov. 1941.....	157,012	47,559	4,432	195,182
Dec. 1940.....	78,901	15,964	3,607	75,122

Shipments of feeder cattle into Corn Belt states expanded markedly late in 1941, and the number of cattle on feed on January 1 in Nebraska was 10 and in Kansas 22 per cent larger than a year earlier, though it was 4 per cent less in Missouri. There is also a considerable increase in cattle feeding over a year ago in Colorado, with small increases in Wyoming, New Mexico, and Oklahoma. The number of lambs on feed in Nebraska is 33, Kansas 25, and Colorado 29 per cent larger than last year, while lamb feeding is about the same as a year ago in Missouri and is somewhat smaller in Oklahoma, New Mexico, and Wyoming. The record number on feed in Kansas consisted chiefly of lambs being fattened on wheat pastures, mostly in western Kansas.

Ranges and pastures were furnishing more than the usual amount of feed when they were covered by snow late in December and early in January. The storms and low temperatures at that time caused some shrink in livestock, necessitated heavy supplemental feeding, and forced lambs off wheat fields in eastern Colorado and northwestern Kansas.

PIG CROP

The hog-corn feeding ratio was very favorable throughout 1941, and hog production is increasing rapidly, though it is still below normal in Nebraska and Kansas, where hog numbers had declined abruptly during the drought years. The 1941 spring pig crop in this District had been 4 per cent less than a year earlier, but the fall crop was 29 per cent larger and the number of sows to farrow in the spring of 1942 is indicated to be 47 per cent above the preceding year. Spring farrowings thus would be about 9 per cent above the average from 1930 to 1939, while for the whole country they are expected to be 31 per cent above average and the largest of record.

Department of Agriculture pig crop estimates:

	PIGS SAVED		SOWS FARROWED			
	Fall 1941	1940	Spring 1941	1940	Spring 1942*	1941
	(In thousands)					
Colo.....	239	164	226	234	62	37
Kans.....	1,189	827	1,016	1,072	269	158
Mo.....	2,857	2,484	2,670	2,771	515	412
Nebr.....	1,071	681	2,022	2,129	520	325
N. Mex.....	58	55	50	57	12	9
Okla.....	806	605	676	667	163	109
Wyo.....	48	45	59	71	15	10
7 States.....	6,268	4,861	6,719	7,001	1,556	1,060
U. S.....	35,580	30,273	49,455	49,567	9,974	7,770

*Number indicated to farrow from breeding intentions reports.

Farm Income

Cash farm income in the District in the first ten months of 1941 was 28 per cent larger than a year earlier. Income from crops increased 55 and from livestock 29 per cent, while Government payments were 37 per cent smaller. The gain in farm income is due chiefly to higher prices received for farm products. According to the Department of Agriculture, farm prices in 1942 are expected to rise further and to average 25 per cent higher than in 1941.

Department of Agriculture farm income estimates:

	10 Mos. 1941	10 Mos. 1940	10 Mos. 1939	Change from	
	(Thousand dollars)			1940	1939
	(Per cent)				
Colorado.....	134,896	111,315	107,828	+21	+25
Kansas.....	360,038	246,372	229,195	+46	+57
Missouri.....	319,193	242,319	222,607	+32	+43
Nebraska.....	245,067	225,707	202,686	+9	+21
New Mexico.....	47,141	41,932	37,522	+12	+26
Oklahoma.....	214,731	160,520	159,561	+34	+35
Wyoming.....	54,266	46,619	39,760	+16	+36
Seven states.....	1,375,332	1,074,784	999,159	+28	+38
United States.....	9,174,943	7,315,124	6,832,527	+25	+34

Meat Packing

The slaughter of cattle increased 17 per cent during 1941 and hog slaughter declined 14 per cent, while that of calves and sheep was about the same as a year earlier. Packers' purchases of cattle were about equal to the average of the past ten years, but purchases of calves were about 30 and of hogs and sheep 10 per cent below average. December slaughter, however, was comparatively heavy, with purchases of cattle 22, hogs 32, and sheep 16 per cent above and calves 22 per cent below average.

Packers' purchases at six District markets in 1941:

	Cattle	Calves	Hogs	Sheep
Denver.....	204,167	31,259	385,238	386,516
Kansas City.....	626,530	106,057	1,914,367	930,431
Oklahoma City.....	221,688	126,277	408,008	111,224
Omaha.....	842,059	57,678	1,507,101	1,012,089
St. Joseph.....	286,509	34,468	826,285	847,221
Wichita.....	104,243	30,433	274,159	189,099
Year 1941.....	2,285,196	386,172	5,315,158	3,476,580
Year 1940.....	1,949,421	397,595	6,182,570	3,356,137
Dec. 1941.....	224,573	32,008	716,255	307,941
Nov. 1941.....	185,354	41,490	478,991	201,093
Dec. 1940.....	184,970	29,998	779,739	258,049

Cold Storage Holdings

United States cold storage stocks of most commodities increased considerably during the past year and on January 1 were substantially above the average for that date during the past five years. The only declines were in holdings of pork, lard, and shell eggs. Lard stocks, however, are the second largest on record for this time of year, and the smaller shell egg holdings are more than offset by larger frozen egg stocks. Reflecting heavy production under the food-for-defense program, stocks of poultry and cheese are at new all-time highs and stocks of butter and frozen eggs also are very heavy.

United States cold storage holdings:

	Jan. 1 1942	Dec. 1 1941	Jan. 1 1941	Aver. '37-'41
	(In thousands of units)			
Beef, lbs.....	135,813	114,330	106,990	99,377
Pork, lbs.....	469,056	350,270	656,169	524,238
Lamb and mutton, lbs.....	7,951	6,432	5,119	5,317
Poultry, lbs.....	218,374	172,913	208,365	165,300
Miscellaneous meats, lbs.....	104,805	72,982	101,764	93,573
Lard, lbs.....	180,463	171,020	287,009	152,619
Eggs, shell, cases.....	551	1,670	614	586
Eggs, frozen (case equiv.).....	2,548	3,454	2,095	2,112
Butter, creamery, lbs.....	114,611	152,484	41,497	65,983
Cheese, all varieties, lbs.....	201,685	189,002	129,536	114,617

Flour Milling

Southwestern flour mills operated at a relatively high rate around 71 per cent of capacity during 1941. Production was 9 per cent larger than in the preceding year and very little below the high point in 1929. December output showed an even greater increase, being 16 per cent above a year earlier and the largest for that month on record. Flour sales were very heavy

in December, following the outbreak of war in the Pacific, and again early in January as wheat prices rose further, so that currently mills generally have a record backlog of unfilled orders. Sales of both family and bakery flour have expanded markedly as consumer incomes have increased.

Flour output reported by the Northwestern Miller:

	Dec. 1941	Year 1941	Change from 1940 Dec.	Year
	(In barrels)		(Per cent)	
Kansas City.....	617,000	6,842,000	+25	+10
Salina.....	206,000	2,285,000	+2	-1
Wichita.....	152,000	1,986,000	-5	+12
Other cities.....	1,351,000	15,323,000	+18	+9
Southwest.....	2,326,000	26,436,000	+16	+9
United States*.....	5,925,000	69,528,000	+10	+3

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

Petroleum

Crude oil production in the District in 1941 was 8 per cent larger than in 1940 and 12 per cent above the average of the past ten years but about 14 per cent short of output in the peak year 1937. December output was relatively higher than that for the year.

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

	Dec. 1941	Year 1941	Change from 1940 Dec.	Year
	(In barrels)		(Per cent)	
Colorado.....	165,000	1,824,000	+38	+35
Kansas.....	7,762,000	83,075,000	+31	+25
Nebraska.....	167,000	1,678,000	....	....
New Mexico.....	3,668,000	39,685,000	+18	+2
Oklahoma.....	12,876,000	154,383,000	-1	-1
Wyoming.....	2,636,000	29,842,000	+14	+16
Six states.....	27,274,000	310,487,000	+11	+8
United States.....	128,332,000	1,405,290,000	+16	+4

The heavy demand for crude oil caused stocks in this District to decline 14 per cent during 1941 to the lowest point in many years despite increased production. The decline, however, leveled off late in the year. Crude prices advanced 15 cents a barrel last spring to their highest point in about three years but are still too low, according to trade reports, to stimulate exploration on a very extensive scale.

Coal

December coal output in the District was below a year earlier, but output for the entire year was up 9 per cent and was the largest since 1930.

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

	Dec. 1941	Year 1941	Change from 1940 Dec.	Year
	(In tons)		(Per cent)	
Colorado.....	759,000	6,804,000	-5	+4
Kans. and Mo.....	774,000	7,449,000	-1	+11
New Mexico.....	121,000	1,174,000	+7	+9
Oklahoma.....	178,000	1,752,000	-12	+8
Wyoming.....	678,000	6,478,000	+4	+13
Six states.....	2,510,000	23,657,000	-1	+9
United States.....	46,667,000	502,860,000	+13	+11

Zinc and Lead

Production and shipments of zinc and lead increased about 10 per cent in the Tri-State area during 1941, while reserve stocks in mine bins dropped to a new low for the last twenty-five years. Zinc prices averaged 20 and lead prices 14 per cent higher in 1941 than in the preceding year, with the zinc average the highest since 1925 and lead since 1929. Zinc prices had risen moderately last fall, and in the second week of January the OPA authorized an increase in lead prices and the payment of premium prices for zinc and lead produced in excess of quotas, in order to increase output through the working of lower grade ores.

Ore shipments from the Tri-State district in 1941:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	142,907	\$ 7,111,797	17,683	\$1,203,478
Missouri.....	34,671	1,756,034	2,110	143,722
Oklahoma.....	300,578	15,017,756	33,105	2,254,230
Year 1941.....	478,156	\$23,885,587	52,898	\$3,601,430
Year 1940.....	439,126	18,434,685	46,440	2,790,335
Dec. 1941.....	44,227	2,444,870	4,596	315,035
Nov. 1941.....	39,163	2,164,939	4,475	306,638
Dec. 1940.....	48,862	2,354,603	5,120	332,423

Employment

Nonagricultural employment in the District in November was 12 per cent higher than a year earlier as compared with a gain of 9 per cent for the first eleven months of 1941. November figures are preliminary; October figures have been revised.

Department of Labor employment estimates:

	Nov.	Oct.	Change from 1940	
	1941	1941	Nov.	Oct.
	(Number)		(Per cent)	
Colorado.....	252,000	254,000	+13	+10
Kansas.....	325,000	327,000	+4	+7
Missouri.....	917,000	908,000	+18	+16
Nebraska.....	216,000	219,000	+9	+8
New Mexico.....	76,000	78,000	+7	+8
Oklahoma.....	315,000	315,000	+7	+7
Wyoming.....	58,000	60,000	+12	+11
Seven states.....	2,159,000	2,161,000	+12	+11

Building

Construction awards in 1941, owing to the huge volume of defense work, were substantially larger than in 1940 and were 10 per cent above the previous high year 1930. The bulk of the increase during 1941 was in nonresidential building and utility construction. Residential building was the highest since the peak year 1928 but 16 per cent under that year.

Construction figures of F. W. Dodge Corporation:

	Dec.	Year	Change from 1940	
	1941	1941	Dec.	Year
	(Thousand dollars)		(Per cent)	
Residential building.....	3,743	73,873	+44	+58
Nonresidential bldg.....	8,601	105,269	+253	+102
Public wks. construction...	4,286	55,487	-51	+3
Utility construction.....	3,204	64,685	+130	+403
Kansas City area.....	19,834	299,314	+31	+81
37 Eastern states.....	431,626	6,007,474	-5	+50

Building operations in reporting District cities increased moderately during 1941 and were the largest since 1930, though fully 40 per cent below the average from 1920 to 1930. In the final quarter of 1941, operations dropped under a year earlier because of the curtailment in nondefense building.

Value of building permits issued in District cities:

	Dec.	Year	Change from 1940	
	1941	1941	Dec.	Year
	(Dollars)		(Per cent)	
Albuquerque, N. M.....	121,000	2,357,000	-35	+1
Cheyenne, Wyo.....	72,000	1,720,000	+106	+31
Colo. Springs, Colo..	41,000	795,000	+17	-12
Denver, Colo.....	647,000	14,984,000	-29	+15
Hutchinson, Kans.....	14,000	381,000	-48	-18
Joplin, Mo.....	23,000	547,000	-45	-16
Kansas City, Kans...	18,000	738,000	-47	-24
Kansas City, Mo.....	131,000	4,374,000	-53	+18
Lincoln, Nebr.....	279,000	2,633,000	+143	+2
Okla. City, Okla.....	211,000	5,389,000	-47	-10
Omaha, Nebr.....	164,000	5,225,000	-56	-5
Pueblo, Colo.....	28,000	1,274,000	+21	+22
Salina, Kans.....	33,000	363,000	+94	-34
Shawnee, Okla.....	4,000	168,000	-64	-25
St. Joseph, Mo.....	10,000	584,000	+150	+72
Topeka, Kans.....	50,000	1,179,000	-55	-24
Tulsa, Okla.....	340,000	5,729,000	+39	+13
Wichita, Kans.....	476,000	6,239,000	+111	+103
District, 18 cities.....	2,662,000	54,679,000	-13	+11

Lumber

Retail lumber sales in the District increased 29 and stocks 5 per cent during 1941. The rising trend of sales and stocks, which had begun in the summer of 1940, continued through the summer of 1941. The rise subsequently leveled off, and lumber sales in the last quarter of 1941 were below a year earlier, when Government buying had been an important factor, and gains in stocks narrowed considerably.

Lumber trade at 148 chain retail yards:

	Dec. 1941	
	Nov. 1941	Dec. 1940
	per cent change from	
Sales of lumber, board feet.....	-20	-3
Sales of all materials, dollars.....	-10	+28
Stocks of lumber, board feet.....	-2	+5
Outstandings, dollars.....	-19	+22

Life Insurance

December life insurance sales in the District were almost a third larger than in the preceding year, reflecting heavy buying to avoid rate increases and war risk clauses effective January 1, 1942.

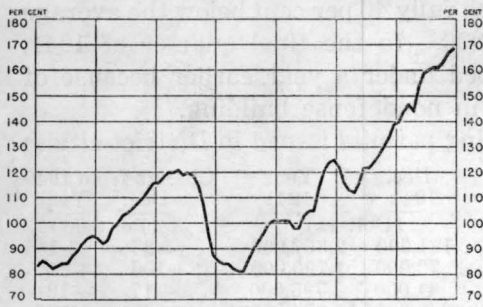
The Life Insurance Sales Research Bureau report:

	Dec.	Year	Change from 1940	
	1941	1941	Dec.	Year
	(Thousand dollars)		(Per cent)	
Colorado.....	7,030	60,029	+29	+4
Kansas.....	11,153	90,922	+52	+18
Missouri.....	22,563	201,085	+27	+2
Nebraska.....	8,873	70,357	+39	+6
New Mexico.....	1,729	13,837	+44	0
Oklahoma.....	10,552	92,593	+16	-2
Wyoming.....	1,285	12,566	+7	+16
Seven states.....	63,185	541,389	+31	+5
United States.....	879,492	7,319,049	+47	+11

NATIONAL SUMMARY OF BUSINESS CONDITIONS

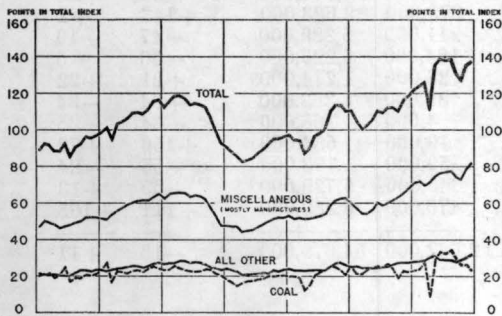
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



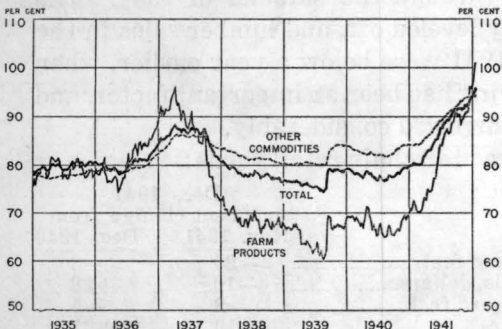
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. By months, January, 1935, through December, 1941.

FREIGHT CARLOADINGS



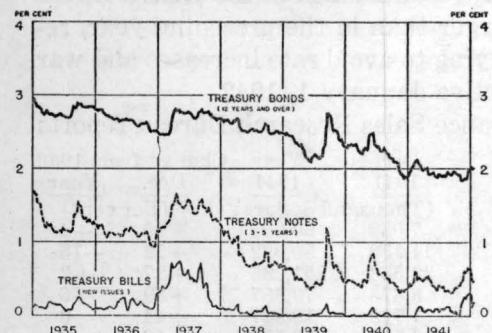
Federal Reserve index of total loadings of revenue freight, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. By months, January, 1935, through December, 1941.

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 January 17, 1942.

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 January 17, 1942.

Industrial activity declined less than seasonally in December and the first half of January, retail trade continued in large volume, and prices of many commodities rose further.

PRODUCTION

In December total volume of industrial output declined less than is usual at this season and the Board's adjusted index rose further to 168 per cent of the 1935-1939 average. In the armament industries output continued to advance and at machinery plants activity rose sharply, following little change in November. Output of materials, such as iron and steel and nonferrous metals, continued at peak levels and lumber production showed less than the usual seasonal decrease. Automobile production declined sharply in the latter half of December, following announcement of sharp reductions in passenger car quotas, but early in January quotas for that month were increased and output rose considerably. Sales of new automobiles to civilians were halted at the beginning of January pending the establishment of a rationing system.

Textile production declined somewhat in December owing to a reduction in activity at cotton mills from the record level reached in November. Output of wool and rayon textiles was sustained at about capacity. Output of manufactured food products and shoe production showed about the customary seasonal declines. Coal output decreased somewhat in December, while petroleum production and mining of nonferrous metals were maintained at the high November rate.

Value of construction contracts awarded in December declined less than is usual at this time of year, according to figures of the F. W. Dodge Corporation. Awards for public projects showed little change, while those for residential construction declined less than seasonally following a considerable reduction in November.

DISTRIBUTION

Volume of retail trade, which had been large during most of the autumn, increased less than seasonally in December. This reflected to some extent a temporary slackening in sales around the middle of the month following this country's entry into the war. In the first half of January sales at department stores showed less than the customary sharp reduction from the Christmas buying peak and were at a level substantially higher in comparison with a year ago than that prevailing in other recent months.

Freight carloadings of most products decreased by less than the customary seasonal amount in December. Coal shipments declined considerably in the latter part of the month but then increased sharply in the first half of January. Shipments of miscellaneous freight, which includes most manufactured products, were maintained in large volume for this season of the year.

COMMODITY PRICES

Wholesale commodity prices increased sharply when this country entered the war early in December and then showed little change during the latter half of the month. In the first half of January prices again advanced, the principal increases being in agricultural commodities and chemicals.

Federal action to impose maximum prices was accelerated with the outbreak of war and applied on a wider scale to industrial products. Ceilings were extended to products in later stages of production and distribution and in most instances covered consumers' goods. Certain of the actions, like those relating to rubber and wool products, were associated with new Federal production restrictions. In this period also there were advances in a number of price ceilings established earlier.

BANK CREDIT

Total loans and investments of banks in leading cities, which had advanced sharply during the first half of December, have subsequently shown little further change.

Treasury financing in the middle of December and heavy currency withdrawals during the holiday season absorbed close to 700 million dollars of excess reserves during the month. About 500 million of this was recovered in the first half of January, as the result of a decline in Treasury deposits at the Reserve Banks and a return of currency from circulation. Recent changes in excess reserves have been almost entirely at banks outside of New York City.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of Government securities were steady in the first half of January, following a decline in December after the entry of the United States into the war.