

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK OF KANSAS CITY

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United States Savings Bonds

In the Tenth District 2,157 financial institutions had qualified as certified issuing agents for the sale of Series E Defense Bonds at the end of February 18. Of this number 1,765 were banks, 182 were building and savings and loan associations, and 162 were credit unions. In three states in this District—Colorado, Oklahoma, and Wyoming—every bank has qualified.

Vast war expenditures make necessary a great popular subscription to Government securities. This requires machinery that will distribute war savings bonds in every hamlet and at every crossroads. This is the function of the great network of issuing agents, and the public has little realization of the large amount of work entailed in issuing these bonds or the expense in providing security for stocks of bonds.

And banks are selling bonds too, for the issue price of sales by banks in December in the seven states that are wholly or partly in this District amounted to \$16,050,845, while the post offices in the same states sold \$10,633,732. Defense Bonds went on sale in May and by the end of January total sales, issue price, of Series E, F, and G Bonds by this bank and the issuing agents in this District amounted to \$112,452,428. Of this amount, \$44,322,355 represented the sale of Series E Bonds by issuing agents alone.

In May, the issue value of sales in this District of all three series by this bank and its agents amounted to \$14,276,356. In June sales dropped to below 7½ million, in July they were 9¼ million, but in the next four months—August, September, October, and November—they averaged little more than 7 million. In December, however, sales jumped to \$17,368,348 and in January to \$35,441,388. It is of interest to note that in the summer months sales of Series G Bonds were half of the total but in December and January sales of Series E Bonds by issuing agents—excluding this bank—were 52 per cent of the total. Stating it another way, sales of Series E Bonds by issuing agents in December were about four times the rate of the summer months and in January nearly eight times.

Between the first of May and the first of February a total of \$3,597,756,000 of all three series was sold in the United States by all selling agencies—including post offices. Of this amount \$528,599,000 was sold in December and \$1,060,547,000 in January. Total receipts from sales in this District by this bank and its agents in December were \$17,368,348 and in January \$35,441,388. Since the inauguration of this program in May, sales through this bank and its agents have been something less than 3.1 per cent of total sales for the whole country but in December and January sales had risen to about 3.3 per cent.

Gratifying as these figures are, they represent little more than a good beginning of what must be done in financing the war. It is expected now that the expenditures of the national Government in the fiscal year beginning next July 1 will approximate 60 billion dollars. If 26 billion dollars is collected in taxes, there would still remain roughly 34 billion to be secured through the sale of Government securities. It is hoped that as much as 14 billion of this amount may be secured from the public through the sale of Defense Savings Bonds but this would mean that monthly sales must equal 1¼ billion dollars, or a quarter more than the high figure of January. It is well known that January sales were swollen by heavy drafts on savings accounts and by the reinvestment of interest payments that are always abnormally large in January. The indications are now that February sales will be about 40 per cent under those of January. These figures give some indication of the great task that still remains to be done.

Assuming that 26 billion can be obtained from taxes and 14 billion from the sale of Defense Bonds, there would still remain 20 billion dollars to be secured elsewhere. The remaining sources are commercial banks, insurance companies, savings banks, and surplus funds of business corporations. These figures make it clear that only the surface has yet been scratched in getting this borrowing program out to the grass roots and absorbing the vast amount of private income that will be necessary to finance the war.

Summary

A buying movement in January lifted wholesale and retail trade a third above a year ago. In the first half of February, however, buying was less urgent. Increased activity has been general in the District. Grain and livestock marketings and cattle and hog slaughter have been large. Life insurance written in January was double that of a year ago. Check transactions and bank loans are nearly a third higher. Demand deposits are up 14 and bank investments 8 per cent. Lead and zinc shipments in January were lower because of cold weather early in the month, and construction other than defense housing is less active.

Member Bank Operations

Loans at 50 weekly reporting member banks in the Tenth District since early January have been little changed, after rising rapidly in the last half of 1941. Investments have increased moderately in recent weeks, owing mainly to purchases of Government bonds. Deposits at these reporting member banks have continued to rise and in the third week of February were at a new record level. Reserve balances carried at this bank also are very large, and in recent weeks there has been some increase in balances carried at other banks. Loans are 32 and investments 8 per cent above a year ago, while reserve balances are 23, adjusted demand deposits 14, and interbank deposits 20 per cent higher. Balances carried at other banks are very little larger than at this time last year.

Principal items of condition of 50 member banks:

	Change from		
	Feb. 18 1942	Jan. 14 1942	Feb. 19 1941
(In thousands of dollars)			
Loans and investments—total.....	863,302	+9,263	+143,589
Loans—total.....	464,009	+1,311	+112,723
Coml., indust., agric.....	302,336	+4,645	+89,623
Open market paper.....	29,933	+2,954	+8,195
To security brokers and dealers..	2,982	-404	-72
Other to purchase or carry secur..	9,981	-173	-157
Real estate loans.....	33,023	-2	+1,603
Loans to banks.....	93	-91	+47
All other loans.....	85,661	-5,618	+13,484
Investments—total.....	399,293	+7,952	+30,866
U. S. Treasury bills.....	19,019	+1,421	+6,369
U. S. Treasury notes.....	42,165	-8,737	-16,079
U. S. Govt. bonds.....	137,524	+20,224	+42,559
Oblig. guar. by U.S. Govt.....	79,375	-3,818	+4,006
Other securities.....	121,210	-1,138	-5,989
Reserve with F. R. Bank.....	257,095	-3,638	+47,635
Balances with domestic banks.....	337,348	+28,794	+3,480
Demand deposits—adjusted.....	678,987	+11,066	+85,259
Time deposits.....	134,779	-611	-9,102
U. S. Govt. deposits.....	28,978	-3,525	+20,309
Interbank deposits.....	534,336	+25,613	+89,836

Reserve Bank Operations

Note circulation of this bank continues to rise, although the increase in recent weeks has not been quite so rapid as in December and January. Circulation by the third week of February had reached a new high level of nearly 273 million dollars, which is more than

one-fourth larger than a year ago and more than one-half larger than two years ago.

Principal items of condition of this Reserve Bank:

	Change from		
	Feb. 18 1942	Jan. 14 1942	Feb. 19 1941
(In thousands of dollars)			
Total reserves.....	561,283	-5,086	+109,933
Bills discounted.....	402	-388	+28
Industrial advances.....	84	-8	+12
Commit. to make indust. adv.....	1,500	0	+1,465
U. S. Govt. sec., direct & guar.....	102,881	-215	-6,814
Total assets.....	726,974	+6,050	+126,662
F. R. notes in circulation.....	272,800	+8,654	+58,808
Member bank reserve deposits.....	355,969	-3,848	+69,261

Dollar volume of check collections in January was about a third larger than last year, while the number of items handled increased 8 per cent. Collections, both in number and amount, are extremely heavy.

Check collections through this bank and branches:

	Items Amount	
	(In thousands)	
January 1942.....	6,616	\$1,462,232
December 1941.....	7,178	1,588,917
January 1941.....	6,112	1,109,540

Bank Debits

Debits to individual accounts by banks in reporting centers of the District in January were 27 per cent larger than a year ago. Although the volume of check payments declined more than is usual from the preceding month, it still was relatively higher than for the country as a whole, which showed a gain of 18 per cent over the corresponding month last year.

Payments by check in thirty District cities:

	Jan.		Change from 1941
	1942	1941	
(Thousand dollars)		(Per cent)	
Albuquerque, N. M.....	23,618	19,459	+21
Atchison, Kans.....	4,297	3,165	+36
Bartlesville, Okla.....	33,673	26,754	+26
Casper, Wyo.....	7,888	7,376	+7
Cheyenne, Wyo.....	11,580	9,754	+19
Colo. Springs, Colo.....	15,514	12,971	+20
Denver, Colo.....	209,649	171,799	+22
Emporia, Kans.....	4,491	3,815	+18
Enid, Okla.....	15,638	10,302	+52
Fremont, Nebr.....	3,753	3,155	+19
Gr. Junction, Colo.....	4,009	3,722	+8
Guthrie, Okla.....	2,080	1,751	+19
Hutchinson, Kans.....	17,600	10,583	+66
Indep., Kans.....	3,720	3,064	+21
Joplin, Mo.....	17,997	10,991	+64
Kansas City, Kans.....	27,180	22,839	+19
Kansas City, Mo.....	423,249	339,697	+25
Lawrence, Kans.....	4,534	3,566	+27
Lincoln, Nebr.....	32,090	29,629	+8
Muskogee, Okla.....	12,231	9,356	+31
Okla. City, Okla.....	132,710	111,218	+19
Okmulgee, Okla.....	3,315	2,721	+22
Omaha, Nebr.....	209,562	161,802	+30
Pittsburg, Kans.....	6,115	4,335	+41
Pueblo, Colo.....	18,426	14,970	+23
Salina, Kans.....	13,212	8,599	+54
St. Joseph, Mo.....	44,296	33,776	+31
Topeka, Kans.....	25,021	22,438	+12
Tulsa, Okla.....	180,511	134,646	+34
Wichita, Kans.....	85,357	56,971	+50
District, 30 cities.....	1,593,316	1,255,224	+27
U. S., 274 cities.....	48,610,000	41,133,000	+18

Life Insurance

Life insurance sales in January were about double a year ago. Sales normally decline in January, but this year they increased further from the high level already reached in the preceding month.

The Life Insurance Sales Research Bureau report:

	Jan. 1942	Jan. 1941	Change from 1941
	(Thousand dollars)		(Per cent)
Colorado.....	8,000	4,072	+96
Kansas.....	11,670	5,654	+106
Missouri.....	30,983	14,483	+114
Nebraska.....	9,286	4,539	+105
New Mexico.....	1,703	882	+93
Oklahoma.....	12,468	6,430	+94
Wyoming.....	1,258	876	+44
Seven states.....	75,368	36,936	+104
United States.....	1,001,653	522,762	+92

Trade

RETAIL SALES

Dollar volume of department store sales in January was 37 per cent above last year, due in part to higher retail prices, which according to the Fairchild Index are about 17 per cent above last year, and in part to a buying rush that started late in December and extended through the third week of January. Sales in the first two weeks of February were only 15 per cent above last year. Inventories in terms of dollars are about a fourth and orders outstanding three-fourths larger than at this time last year.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS	
		Jan. '42 comp. to Jan. '41	Jan. '42 comp. to Jan. '41	Jan. 31, '42 comp. to Jan. 31, '41	Jan. 31, '42 comp. to Jan. 31, '41
(Per cent increase or decrease)					
Denver.....	7	+33	+25	....	....
Hutchinson.....	3	+40	....	....	....
Topeka.....	3	+30	....	....	....
Wichita.....	4	+50	....	....	....
Joplin.....	3	+63	....	....	....
Kansas City.....	8	+45	+33	....	....
St. Joseph.....	3	+43	....	....	....
Omaha.....	3	+39	....	....	....
Oklahoma City.....	6	+19	+32	....	....
Tulsa.....	6	+43	+15	....	....
Other cities.....	30	+31	+25	....	....
District.....	76	+37	+27	....	....

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

	Jan. 1942 per cent change from Jan. 1941						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+31	+44	+46	+53	+14	+42	+24
Automobile.....	-50	-36	-56	-41	-23	-57	-34
Department.....	+36	+40	+42	+37	....	+24	....
Drug.....	+8	+12	+14	+7	+8	+7	+5
Dry goods.....	+23	+51	+51	+45	+25	+39	....
Food.....	+20	+31	+24	+29	+17	+24	+12
Furniture.....	+22	+34	+28	+37	+2	+22	....
General.....	+17	+34	+35	+44	+25	+38	+24
Hardware.....	+28	+67	+52	+48	....	+18	....
Jewelry.....	+27	+50	+17	+31	....	+29	....
Lbr. and mtl.s...-	-10	+44	+24	+19	-18	+17	-1
Miscellaneous..	+3	+38	+28	+7	+32	+39	+13
Total.....	+3	+20	+32	+26	0	+11	+4

The following table shows changes in retail trade for the year 1941 by states, cities, and city-size groups, as compiled by the Bureau of the Census from reports of a large number of independent retail stores in nearly every line of business.

The Bureau of the Census report of retail sales:

	No. of Firms	Year '41 comp. to Year '40 (Per cent)
COLORADO.....	744	+11
Denver.....	240	+13
Pueblo.....	38	+10
Colorado Springs.....	38	+13
Boulder.....	27	+8
Fort Collins.....	22	+3
Greeley.....	26	+10
Cities— 10,000 to 24,999.....	110	+7
— 5,000 to 9,999.....	79	+11
— 2,500 to 4,999.....	79	+4
Places of less than 2,500.....	160	+9
KANSAS.....	627	+18
Kansas City.....	31	+14
Wichita.....	35	+25
Topeka.....	36	+10
Coffeyville.....	23	+8
Cities—100,000 and over.....	66	+24
— 10,000 to 49,999.....	154	+13
— 5,000 to 9,999.....	73	+25
— 2,500 to 4,999.....	72	+19
Places of less than 2,500.....	226	+20
MISSOURI.....	867	+17
Kansas City.....	88	+16
St. Joseph.....	34	+11
Joplin.....	20	+15
Cities—100,000 and over.....	322	+17
— 50,000 to 99,999.....	64	+18
— 25,000 to 49,999.....	23	+14
— 10,000 to 24,999.....	96	+9
— 5,000 to 9,999.....	71	+17
— 2,500 to 4,999.....	64	+12
Places of less than 2,500.....	227	+13
NEBRASKA.....	474	+10
Omaha.....	72	+9
Lincoln.....	34	+6
Cities— 10,000 to 24,999.....	58	+10
— 5,000 to 9,999.....	40	+11
— 2,500 to 4,999.....	32	+11
Places of less than 2,500.....	238	+15
NEW MEXICO.....	181	+10
Albuquerque.....	29	+17
Santa Fe.....	23	+8
Cities— 10,000 to 24,999.....	66	+6
— 2,500 to 9,999.....	55	+10
Places of less than 2,500.....	31	+10
OKLAHOMA.....	531	+13
Oklahoma City.....	76	+11
Tulsa.....	57	+17
Cities—100,000 and over.....	133	+14
— 25,000 to 49,999.....	23	+13
— 10,000 to 24,999.....	141	+14
— 5,000 to 9,999.....	77	+11
— 2,500 to 4,999.....	46	+11
Places of less than 2,500.....	111	+14
WYOMING.....	164	+10
Casper.....	38	+8
Cheyenne.....	27	+30
Sheridan.....	23	+3
Cities— 10,000 to 24,999.....	104	+11
— 2,500 to 9,999.....	22	+12
Places of less than 2,500.....	38	+4

WHOLESALE SALES

The value of wholesale sales in January was a third larger than in the preceding year, although shortages already have developed in a number of lines, notably

those containing metal and rubber. Grocery sales are especially heavy. Wholesale inventories, as in the case of retail, are about a fourth larger than a year ago.

Wholesale sales and stocks in this District, as reported by the Bureau of the Census:

	No. of Firms	SALES	STOCKS
		Jan. '42 comp. to Jan. '41	Jan. 31, '42 comp. to Jan. 31, '41
(Per cent increase or decrease)			
Auto. supplies.....	17	+44	+25
Drugs.....	3	+4	+20
Electrical goods.....	15	+28	+64
Farm products.....	10	+8	+33
Furniture.....	5	+55	+45
Groceries.....	21	+37	+24
Hardware—total.....	(10)	+42	+5
General.....	4	+49	+5
Plbg. & htg.....	6	+24	+9
Jewelry.....	3	+8	+2
Paper and prod.....	4	+56	+61
Tobacco and prod.....	3	+13	+25
All other lines.....	22	+34	+25
Total.....	113	+33	+27

Building

Construction awards in the Kansas City area in January were only about half what they were a year ago, reflecting chiefly the anticipated curtailment in nondefense building. Awards for residential building, which includes defense housing, were a fourth larger than last year, and retail lumber sales were 13 per cent larger than in January a year ago.

Construction figures of F. W. Dodge Corporation:

	Jan. 1942	Jan. 1941	Change from 1941
(Thousand dollars) (Per cent)			
Residential building.....	3,806	3,035	+25
Nonresidential bldg.....	2,650	3,457	-23
Public wks. construc.....	744	5,377	-86
Utility construction.....	350	1,953	-82
Kansas City area.....	7,550	13,822	-45
37 Eastern states.....	316,846	305,205	+4

Since last fall, building operations in reporting District cities have tended to decline, in January dropping 19 per cent below a year earlier.

Value of building permits issued in District cities:

	Jan. 1942	Jan. 1941	Change from 1941
(Dollars) (Per cent)			
Albuquerque, N. Mex.....	151,000	231,000	-35
Cheyenne, Wyo.....	21,000	95,000	-78
Colo. Springs, Colo.....	42,000	24,000	+75
Denver, Colo.....	521,000	936,000	-44
Hutchinson, Kans.....	17,000	25,000	-32
Joplin, Mo.....	49,000	30,000	+63
Kansas City, Kans.....	5,000	92,000	-95
Kansas City, Mo.....	208,000	243,000	-14
Lincoln, Nebr.....	168,000	70,000	+140
Okla. City, Okla.....	234,000	414,000	-43
Omaha, Nebr.....	281,000	132,000	+113
Pueblo, Colo.....	34,000	69,000	-51
Salina, Kans.....	32,000	15,000	+113
Shawnee, Okla.....	13,000	11,000	+18
St. Joseph, Mo.....	10,000	16,000	-38
Topeka, Kans.....	36,000	67,000	-46
Tulsa, Okla.....	234,000	327,000	-28
Wichita, Kans.....	355,000	166,000	+114
District, 18 cities.....	2,411,000	2,963,000	-19

Meat Packing

Cattle slaughter continued in large volume in January and hog slaughter, reflecting the rising trend of hog production, was more than half again larger than a year ago. Packers' purchases of cattle were 11 and hogs 25 per cent above the January average of the past ten years, while purchases of calves were 37 and sheep 6 per cent below average.

January packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	13,642	3,991	56,271	27,962
Kansas City.....	66,842	8,715	239,051	89,115
Oklahoma City.....	24,448	5,952	55,261	10,397
Omaha.....	74,418	2,481	250,015	98,551
St. Joseph.....	30,020	2,709	121,466	78,565
Wichita.....	10,806	1,903	30,214	12,707
Jan. 1942.....	220,176	25,751	752,278	317,297
Dec. 1941.....	224,573	32,008	716,255	307,941
Jan. 1941.....	179,310	26,236	487,031	332,832

Cold Storage Holdings

United States cold storage stocks of poultry, eggs, butter, and cheese are at an abnormally high level. Stocks of beef and lamb also are large, and holdings of pork and lard are again increasing.

United States cold storage holdings:

	Feb. 1 1942	Jan. 1 1942	Feb. 1 1941	Aver. '37-'41
(In thousands of units)				
Beef, lbs.....	138,992	135,478	108,622	96,122
Pork, lbs.....	603,676	468,538	739,927	629,498
Lamb and mutton, lbs.....	8,383	7,936	4,699	5,164
Poultry, lbs.....	204,601	218,392	191,410	157,062
Miscellaneous meats, lbs.....	120,846	104,645	98,283	98,331
Lard, lbs.....	201,011	181,237	299,644	184,634
Eggs, shell, cases.....	331	549	297	255
Eggs, frozen (case equiv.).....	1,982	2,548	1,435	1,574
Butter, creamery, lbs.....	83,205	114,436	29,715	48,841
Cheese, all varieties, lbs.....	161,685	201,613	125,308	104,424

Flour Milling

Southwestern flour production in January was 9 per cent above a year ago and 19 per cent above the January average of the past ten years. As a result of the heavy forward buying of last December and early January when wheat prices had been advancing sharply, the volume of unfilled orders on mills' books, according to trade reports, is almost twice what it usually is at this time of year.

Flour output reported by the Northwestern Miller:

	Jan. 1942	Jan. 1941	Change from 1941
(In barrels) (Per cent)			
Kansas City.....	588,000	533,000	+10
Salina.....	177,000	203,000	-13
Wichita.....	196,000	170,000	+15
Other cities.....	1,408,000	1,264,000	+11
Southwest.....	2,369,000	2,170,000	+9
United States*.....	6,174,000	5,694,000	+8

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

Petroleum

Crude oil production in the District in January was 9 per cent larger than a year ago and 16 per cent above the January ten-year average. As a result of war

attacks on coastal shipping, the movement of crude by rail to the east coast again is increasing, expanding the demand for supplies in Oklahoma and Kansas. Drilling activity has slumped sharply since the establishment of price ceilings on crude oil.

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

	Jan. 1942	Jan. 1941	Change from 1941
	(In barrels)		(Per cent)
Colorado.....	184,000	111,000	+66
Kansas.....	7,635,000	6,109,000	+25
Nebraska.....	161,000	81,000	+99
New Mexico.....	3,687,000	3,134,000	+18
Oklahoma.....	12,644,000	12,924,000	-2
Wyoming.....	2,676,000	2,487,000	+8
Six states.....	26,987,000	24,846,000	+9
United States.....	127,316,000	110,647,000	+15

Coal

Bituminous coal output in the District in January was 19 per cent above a year earlier, with substantial gains reported for nearly all producing areas.

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

	Jan. 1942	Jan. 1941	Change from 1941
	(In tons)		(Per cent)
Colorado.....	875,000	745,000	+17
Kans. and Mo.....	911,000	773,000	+18
New Mexico.....	138,000	107,000	+29
Oklahoma.....	209,000	223,000	-6
Wyoming.....	736,000	572,000	+29
Six states.....	2,869,000	2,420,000	+19
United States.....	48,540,000	44,070,000	+10

Zinc and Lead

Shipments of zinc from the Tri-State district in January were 10 and lead 5 per cent smaller than a year ago, owing to very cold weather which severely restricted production early in the month. Reserve stocks of both zinc and lead are virtually negligible, and as the weather moderated output increased rapidly to satisfy the heavy demand for ore. Effective in February, producers are to receive premium prices for zinc and lead produced in excess of quotas established by the War Production Board and the OPA.

January ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	9,583	\$ 529,767	1,116	\$ 83,559
Missouri.....	3,877	214,303	93	6,710
Oklahoma.....	18,721	1,034,916	2,415	179,757
Jan. 1942.....	32,181	\$1,778,986	3,624	\$270,026
Dec. 1941.....	44,227	2,444,870	4,596	315,035
Jan. 1941.....	35,822	1,727,244	3,811	245,488

Employment

Preliminary estimates of nonagricultural employment in the District in December showed a gain of 10 per cent over a year earlier as compared with an increase of 9 per cent for the entire year 1941.

Department of Labor employment estimates:

	Dec. 1941	Nov. 1941	Change from 1940	
	(Number)		Dec.	Nov.
			(Per cent)	
Colorado.....	246,000	251,000	+11	+12
Kansas.....	329,000	324,000	+5	+4
Missouri.....	905,000	919,000	+13	+18
Nebraska.....	220,000	218,000	+11	+10
New Mexico.....	77,000	77,000	+8	+8
Oklahoma.....	317,000	315,000	+7	+7
Wyoming.....	55,000	57,000	+4	+10
Seven states.....	2,149,000	2,161,000	+10	+12

Rainfall

In January, for the second time in the last three months, rainfall was appreciably below normal, in marked contrast to the very wet weather prevailing early last fall. January precipitation in Nebraska was only 52, Kansas 54, Missouri 67, Oklahoma 47, New Mexico 42, Colorado 87, and in Wyoming 62 per cent of normal. It was the third consecutive month of deficient moisture in Oklahoma. However, subsoil moisture reserves quite generally are abundant. Cold weather in the forepart of January and again in February apparently caused no serious damage to winter wheat although some damage may have been caused by continued freezing and thawing.

Grain Marketing

Grain receipts in January were exceptionally heavy. Stocks of grain on farms are the largest of record and, as prices continued to advance, the redemption and sale of wheat and corn under loan, as well as marketings of "free" grain, became increasingly active. The sale of CCC wheat and corn and its movement to market also was an important factor in the heavy receipts. Receipts of wheat were 52 and oats 18 per cent above and of corn more than double the January average of the past ten years.

Grain receipts at five District markets in January:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,551,000	.....	.....
Kansas City.....	4,042,000	3,667,000	164,000
Omaha.....	1,029,000	2,512,000	332,000
St. Joseph.....	515,000	556,000	528,000
Wichita.....	1,213,000	.....	.....
Jan. 1942.....	8,350,000	6,735,000	1,024,000
Dec. 1941.....	7,616,000	5,551,000	1,227,000
Jan. 1941.....	4,382,000	2,075,000	406,000

The rapid rise in wheat prices leveled off in the latter part of January, and prices tended to ease somewhat in the forepart of February, in sympathy with a lower trend for feed grain prices resulting partly from Government offerings of wheat to farmers for feed. The cash price of both wheat and corn currently is influenced chiefly by the selling price of CCC grain, which is appreciably below ceilings established in the Emergency Price Control Act of 1942.

The lower range of grain prices at Kansas City:

	Feb. 24 1942	Jan. 31 1942	Dec. 31 1941	Jan. 31 1941
No. 1 hd., dk. wheat, bu.....	\$1.22½	\$1.23	\$1.20½	\$.79¼
No. 2 mixed corn, bu.....	.77	.79¼	.75	.58¾
No. 2 white oats, bu.....	.56	.57½	.51½	.35¾
No. 2 rye, bu.....	.79	.78	.67	.45
No. 2 barley, bu.....	.59	.62½	.56½	.48½
No. 2 white kafir, cwt.....	1.14	1.23	1.08	.90

Farm Income

Cash farm income in the District in November was 29 and in December 42 per cent above a year earlier. For the entire year 1941, farm income increased 30 per cent. The gains in Kansas, Missouri, and Oklahoma were unusually large, but in other states of the District increases were more moderate. Sharply higher prices for farm products account for much of the gain. Income from crops was 53 and from livestock 30 per cent larger than in the preceding year, while Government payments were about a third less.

Department of Agriculture farm income estimates:

	Dec. 1941	Year 1941	Change from 1940	
	(Thousand dollars)	(Thousand dollars)	Dec. (Per cent)	Year (Per cent)
Colorado.....	12,165	171,172	-6	+20
Kansas.....	38,322	427,714	+48	+46
Missouri.....	40,353	404,102	+37	+37
Nebraska.....	31,618	307,481	+23	+12
New Mexico.....	9,133	71,867	+63	+17
Oklahoma.....	32,077	277,611	+122	+33
Wyoming.....	4,856	67,228	+12	+17
Seven states.....	168,524	1,727,175	+42	+30
United States.....	1,234,780	11,771,102	+47	+29

Livestock

MARKETINGS

Cattle and hog marketings continued in large volume in January. Receipts of cattle were 9 and hogs 15 per cent above the January average of the past ten years and receipts of sheep were about equal to average. Larger numbers of livestock on farms, satisfactory market prices, advancing feed costs, and snow-covered wheat pastures during a part of the month were factors contributing to relatively heavy marketings during January and continuing into February.

January livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	41,567	14,066	73,044	94,911
Kansas City.....	124,400	12,060	252,084	139,868
Oklahoma City.....	40,337	9,652	63,431	14,830
Omaha.....	103,732	3,991	275,917	139,187
St. Joseph.....	40,144	3,468	125,150	112,028
Wichita.....	28,007	3,147	34,375	13,310
Jan. 1942.....	378,187	46,384	824,001	514,134
Dec. 1941.....	436,429	71,050	786,399	458,631
Jan. 1941.....	322,320	51,099	560,363	499,445

PRICES

Prices of fat cattle and lambs have declined considerably since early January, reacting to liberal marketings and lower prices of dressed meats, but hog prices continued to advance and by mid-February had

reached \$13 a hundredweight. This price was little below the hog top of \$13.20 in August, 1937, and with that exception was the highest at any time since September, 1928. Part of the recent strength in hog prices is due to the raising of the ceiling on lard prices, but primarily it represents increased consumer buying power and Government purchases for export.

Top carlot livestock prices at Kansas City:

	Feb. 24 1942	Jan. 1942	Dec. 1941	Jan. 1941	Jan. 1940	Jan. 1939
	(In dollars per hundredweight)					
Beef steers.....	13.25	14.35	14.60	13.75	11.25	14.00
Stocker cattle.....	12.50	12.25	12.25	12.00	10.25	9.75
Feeder cattle.....	11.50	12.00	11.80	12.25	9.15	10.35
Calves.....	14.00	14.50	13.50	13.00	11.50	10.50
Hogs.....	12.85	11.90	11.40	8.70	5.75	7.70
Sheep.....	10.00	10.65	10.50	9.50	7.85	8.10
Lambs.....	11.60	12.70	12.50	10.65	9.25	9.10

LIVESTOCK ON FARMS

On the following page will be found Department of Agriculture estimates of livestock on farms. Figures are shown for the last three years, for 1938 when numbers were at or near their recent low, and for 1934 when numbers were relatively large. Cattle numbers in the District increased 8 per cent during the last year, with unusually large increases in Kansas, Colorado, and Oklahoma. Hog numbers increased 19 per cent and in Nebraska and Kansas the gain exceeded 30 per cent. Sheep numbers increased 5 per cent, the increases in Colorado, Kansas, and Nebraska being especially large. Reflecting higher prices as well as larger numbers, the value of District cattle and sheep increased about 35 per cent during 1941 and that of hogs considerably more than doubled.

The increase in cattle numbers is a continuation of the upswing in the cattle cycle brought about by several years of profitable cattle prices. In 1941, the rate of increase in cattle numbers was accelerated by relatively high prices of milk and milk products and by favorable feed conditions. The sharp rise in hog prices in 1941 to a profitable feeding level and the rapid expansion in hog production last fall account for the large increase in hog numbers, the hog cycle being much shorter than that of cattle. High prices for lambs and wool, a favorable lambing season in 1941, and very good feed and range conditions contributed to a further increase in sheep numbers.

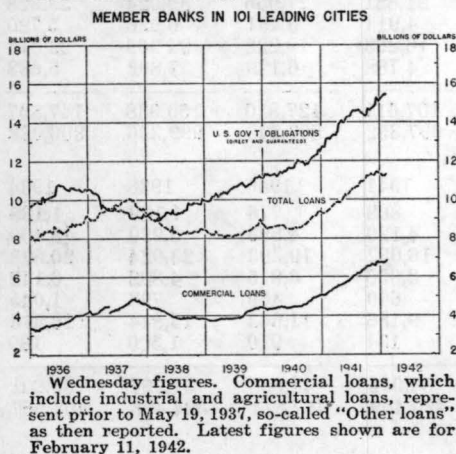
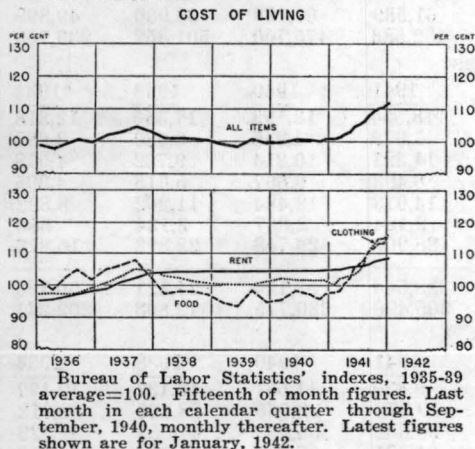
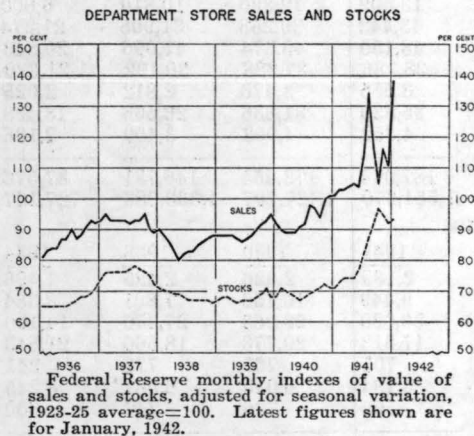
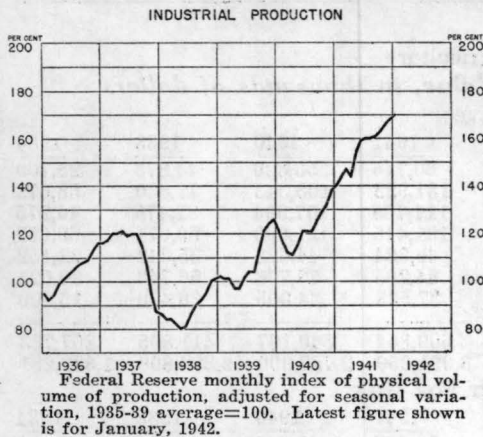
The cattle population in most states of the District, however, is still below the high level reached in 1934 just before the drought years, and hog numbers are far below 1934, especially in Nebraska. Sheep numbers, except in Colorado and New Mexico, are larger than in 1934. For the whole country, cattle and sheep numbers are the largest of record and hog numbers have been exceeded only three times in the last eighteen years—in 1940, 1933, and 1928.

LIVESTOCK ON FARMS JANUARY 1
 Estimated by the United States Department of Agriculture

Number, in thousands of head Value, in thousands of dollars

ALL CATTLE AND CALVES										
	1942	1941	1940	1938	1934	1942	1941	1940	1938	1934
Colorado.....	1,586	1,442	1,400	1,430	1,773	85,622	60,716	53,326	44,873	25,709
Kansas.....	3,568	3,186	2,770	2,505	3,860	180,054	131,923	105,343	77,830	58,672
Missouri.....	2,960	2,846	2,710	2,350	2,875	155,278	117,758	107,994	81,475	44,275
Nebraska.....	3,229	3,046	2,940	2,780	3,980	173,781	131,415	121,099	89,071	69,650
New Mexico.....	1,275	1,238	1,263	1,288	1,560	63,368	46,324	44,622	35,343	22,152
Oklahoma.....	2,738	2,512	2,370	2,160	2,750	115,075	84,205	73,778	56,743	30,525
Wyoming.....	877	827	811	820	1,050	49,394	37,523	34,005	26,470	16,800
Seven states.....	16,233	15,097	14,264	13,333	17,848	822,572	609,864	540,167	411,805	267,783
United States.....	74,607	71,461	68,197	65,249	74,369	4,113,148	3,091,259	2,767,300	2,386,808	1,322,281
MILK COWS AND HEIFERS KEPT FOR MILK										
	1942	1941	1940	1938	1934	1942	1941	1940	1938	1934
Colorado.....	244	237	235	235	300	17,568	13,509	12,220	10,810	6,600
Kansas.....	786	749	727	709	967	57,378	43,442	39,258	31,905	21,274
Missouri.....	1,011	963	926	934	1,097	64,704	48,150	45,374	41,096	20,843
Nebraska.....	653	626	632	629	820	48,975	38,186	37,288	30,192	21,320
New Mexico.....	81	79	79	74	81	5,103	3,555	3,476	2,812	2,025
Oklahoma.....	852	796	758	718	838	47,712	35,820	31,836	26,566	13,408
Wyoming.....	68	68	69	68	78	5,304	4,352	4,002	3,400	2,106
Seven states.....	3,695	3,518	3,426	3,367	4,181	246,744	187,014	173,454	146,781	87,576
United States.....	26,303	25,478	24,926	24,466	26,931	2,049,536	1,551,679	1,427,707	1,333,886	727,137
HOGS, INCLUDING PIGS										
	1942	1941	1940	1938	1934	1942	1941	1940	1938	1934
Colorado.....	379	308	385	253	440	5,795	2,139	2,426	2,485	1,496
Kansas.....	1,672	1,276	1,519	804	2,430	24,884	9,449	10,152	7,861	8,384
Missouri.....	3,931	3,606	3,920	2,622	4,113	56,660	26,020	28,263	27,470	14,190
Nebraska.....	2,448	1,813	2,385	1,507	5,010	47,361	17,513	20,773	18,566	21,543
New Mexico.....	101	99	110	80	67	1,456	705	765	770	241
Oklahoma.....	1,099	956	1,225	730	1,180	12,068	5,194	6,015	6,081	3,245
Wyoming.....	80	76	87	60	87	1,206	569	726	747	300
Seven states.....	9,710	8,134	9,631	6,056	13,327	149,430	61,589	69,120	63,980	49,399
United States.....	60,526	54,256	61,115	44,525	58,621	946,608	452,586	475,700	501,352	239,760
ALL SHEEP AND LAMBS										
	1942	1941	1940	1938	1934	1942	1941	1940	1938	*1934
Colorado.....	2,884	2,582	2,677	2,853	3,028	26,380	18,554	18,199	17,356	12,818
Kansas.....	1,296	1,136	737	614	689	10,276	7,079	4,245	3,580	2,687
Missouri.....	1,741	1,695	1,695	1,441	1,310	15,415	11,321	10,814	9,782	4,978
Nebraska.....	1,153	942	1,045	859	1,055	10,282	6,493	6,667	5,015	4,395
New Mexico.....	2,216	2,310	2,341	2,170	2,757	17,849	14,013	13,484	11,262	8,822
Oklahoma.....	413	398	385	375	183	2,996	2,184	2,037	2,134	586
Wyoming.....	3,889	3,838	3,778	3,543	3,873	37,559	28,900	26,748	22,392	15,879
Seven states.....	13,592	12,901	12,658	11,855	12,895	120,757	88,544	82,194	71,521	50,165
United States.....	55,979	54,283	52,399	51,210	53,503	482,280	365,496	330,775	312,893	202,241
HORSES AND COLTS										
	1942	1941	1940	1938	1934	1942	1941	1940	1938	1934
Colorado.....	207	213	222	239	297	9,756	9,830	11,551	16,137	12,177
Kansas.....	364	375	383	450	604	19,686	19,573	22,065	28,225	32,012
Missouri.....	519	524	524	534	531	27,641	30,362	36,296	41,855	31,329
Nebraska.....	448	467	481	523	666	21,562	21,881	27,056	35,024	38,628
New Mexico.....	120	125	128	135	143	4,928	4,914	5,491	6,926	5,720
Oklahoma.....	344	355	362	400	421	14,822	16,263	19,222	24,969	22,313
Wyoming.....	122	125	128	133	158	4,451	4,788	6,129	7,802	5,688
Seven states.....	2,124	2,184	2,228	2,414	2,820	102,846	107,611	127,810	160,938	147,867
United States.....	9,856	10,214	10,442	10,995	12,052	638,757	697,352	807,540	999,336	806,038
MULES AND MULE COLTS										
	1942	1941	1940	1938	1934	1942	1941	1940	1938	1934
Colorado.....	12	13	11	13	22	798	868	776	1,109	1,188
Kansas.....	60	63	63	70	120	3,936	4,120	4,885	5,920	8,400
Missouri.....	194	209	209	214	264	14,131	16,032	19,393	23,024	20,328
Nebraska.....	47	48	51	55	83	2,944	3,056	3,915	4,802	6,142
New Mexico.....	11	11	7	10	19	638	689	466	798	1,045
Oklahoma.....	138	139	148	165	258	8,600	9,136	11,543	14,814	18,318
Wyoming.....	2	2	13	15	3	126	134	910	1,500	180
Seven states.....	464	485	502	542	769	31,173	34,035	41,888	51,967	55,601
United States.....	3,811	3,922	4,039	4,250	4,945	409,742	420,469	467,821	524,408	407,567

*State figures computed by this bank.



NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity rose further in January and the first half of February, reflecting continued sharp advances in output of military products. Retail trade was unusually active and prices, particularly of unregulated commodities, advanced.

PRODUCTION

Volume of industrial production increased in January, although usually there is some decline at this season, and the Board's adjusted index rose further to 170 per cent of the 1935-39 average. Continued rapid increases in activity were reported in the machinery and armament industries and production of chemicals likewise rose sharply. Activity at cotton textile mills reached a new high level, following some decline in December. In the meat-packing industry, where activity had risen to record levels in December, there was a further advance in January and output of most other manufactured food products was maintained in large volume for this time of year.

Production of steel and nonferrous metals continued near capacity in January and lumber production, which usually declines at this season, was sustained. In the automobile industry output of passenger cars and light trucks continued at about the December rate; in February, however, production of cars and trucks for civilian use was halted and the plants were shut down for conversion to armament production. Coal production increased in January, following a decline in December when demand was curtailed somewhat by unusually warm weather, and output of crude petroleum was maintained at record levels.

Value of construction contracts awarded in January was some two-fifths below the level of the last quarter of 1941, according to figures of the F. W. Dodge Corporation. Declines were reported in all classes of construction, the decrease in residential building being usual at this season. Total awards in January were slightly larger than last year, but public projects accounted for a much larger proportion of the total than a year ago.

DISTRIBUTION

In January retail trade was stimulated considerably by widespread anticipatory buying of many products resulting from announcements that distribution of new tires and tubes, new automobiles, and sugar would henceforth be rationed and that the amount of materials available for use in various other goods would be restricted. Sales at department stores, variety stores, and general merchandise stores declined much less than is usual after the Christmas season, while sales of tires and tubes were restricted to essential uses and sales of automobiles ceased pending the establishment of a rationing system. In the first half of February department store sales decreased somewhat from the high level reached in mid-January.

Total carloadings of revenue freight, which usually decline in January, showed little change this year and the Board's seasonally adjusted index advanced from 137 to 140 per cent of the 1935-39 average. Loadings of grain and forest products rose to unusually high levels for this time of year and coal shipments also increased, following a decline in December. Shipments of miscellaneous freight, which include most manufactured products, declined less than seasonally.

COMMODITY PRICES

Prices of commodities and services continued to advance sharply in January and the first half of February. The Emergency Price Control Act of 1942 became a law on January 30 and former Federal maximum price schedules—approximately 100 in number—remained in effect under its terms. About one-half of these schedules were issued following the United States' entry into the war. In this period, price controls were extended to a number of finished consumers' goods and covered mainly items for which output for civilian use had been sharply curtailed or prohibited by Federal order. Retail prices of foods and textile products, which are not subject to direct control, showed exceptionally large increases from December 15 to January 15 and, according to preliminary indications, have continued to advance since that time.

BANK CREDIT

Since the beginning of the year loans and investments at banks in leading cities have increased, reflecting purchases of Government securities by city banks outside New York and increases in commercial loans by banks in New York. Demand deposits and currency in circulation have risen sharply. Member bank reserves have shown little change in recent weeks, and excess reserves have continued close to 3½ billion dollars.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government bonds declined somewhat in the first half of February, following little change during the previous month, while prices of short-term securities, which had risen in January, were steady.