

MONTHLY REVIEW

Agricultural and Business Conditions

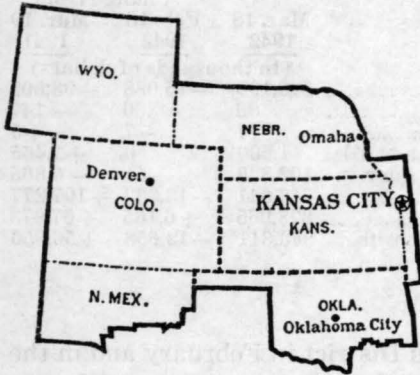
TENTH FEDERAL RESERVE DISTRICT

VOL. 27, No. 3

FEDERAL RESERVE BANK OF KANSAS CITY

MARCH 30, 1942

Business in the Tenth Federal Reserve District



Another growing season is at hand and indications point to increased plantings of most crops. This is particularly true of sugar beets and oil-bearing crops but it is also true of cotton and feed crops. Winter wheat is in excellent condition. Moisture conditions are highly favorable. Farm income is approaching the all-time high level of 1919 and the prospects for increased production and good prices point to continued very favorable conditions on the farm.

Trade is active, bank loans are almost a third higher than a year ago, a large volume of life insurance is being written, and employment is 10% above last year.

Grain marketings are large and the same is true of cattle and sheep. Cattle slaughter, flour and petroleum production, and coal mining are in large volume. War restrictions are curtailing certain kinds of building but this is more than compensated by other essential construction.

BUSINESS INDICATORS	FEBRUARY 1942 COMPARED WITH FEBRUARY 1941					2 MOS. 1942 COMPARED WITH 2 MOS. 1941						
	% 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.....												+67
..... Failures (Liab.).....												
Trade												
..... Wholesale Sales.....												
..... Retail Sales.....												
..... Dept. Store Sales.....												
..... Lumber Sales.....												
Marketings												
..... Wheat.....												+53
..... Corn.....												+335
..... Oats.....												+192
..... 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.....												+149
..... 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 declined somewhat from the middle of February to the middle of March, reflecting chiefly a reduction in commercial loans and in so-called "all other" loans, which include instalment credit and small personal loans. Deposits also have declined somewhat in recent weeks, but investments have increased further, owing to large purchases of Government bonds. Loans are 28, deposits about 13, and investments 9 per cent larger than a year ago.

Principal items of condition of 50 member banks:

	Change from		
	Mar. 18 1942	Feb. 18 1942	Mar. 19 1941
	(In thousands of dollars)		
Loans and investments—total.....	869,478	+6,176	+135,559
Loans—total.....	457,470	-6,539	+101,029
Coml., indust., agric.....	297,358	-4,978	+80,674
Open market paper.....	30,182	+249	+8,092
To security brokers and dealers..	3,074	+92	-653
Other to purchase or carry secur..	9,638	-343	-467
Real estate loans.....	33,240	+217	+1,797
Loans to banks.....	15	-78	-38
All other loans.....	83,963	-1,698	+11,624
Investments—total.....	412,008	+12,715	+34,530
U. S. Treasury bills.....	18,945	-74	-1,875
U. S. Treasury notes.....	40,743	-1,422	-8,558
U. S. Govt. bonds.....	149,025	+11,501	+52,722
Oblig. guar. by U. S. Govt.....	80,200	+825	-2,383
Other securities.....	123,095	+1,885	-5,376
Reserve with F. R. Bank.....	241,554	-15,541	+34,044
Balances with domestic banks.....	319,111	-18,237	-9,663
Demand deposits—adjusted.....	670,354	-8,633	+73,543
Time deposits.....	133,707	-1,072	-11,887
U. S. Govt. deposits.....	35,713	+6,735	+26,998
Interbank deposits.....	509,989	-24,347	+62,822

This bank has recently begun the collection of monthly data on consumer instalment credit at commercial banks in the District. According to reports received from 60 banks, the total amount of consumer instalment credit outstanding has decreased about 9 per cent since the first of the year, owing mainly to a reduction in holdings of retail automobile instalment paper and in direct retail instalment loans on automobiles. Reports from a smaller number of banks for which January data also were available indicate that the volume of instalment loans made during February was somewhat larger than in the preceding month.

The following table shows consumer instalment credit outstanding at 60 banks in the District:

	Feb. 28		Dec. 31		Change from Dec. 31 1941
	1942	1941	1942	1941	
	(000 dollars)		(Per cent)		
Retail instalment paper purchased.....	5,158	6,039	-15		
Automotive.....	1,966	3,113	-37		
Other.....	3,192	2,926	+9		
Direct retail instalment loans.....	5,627	6,027	-7		
Automotive.....	4,747	5,547	-14		
Other.....	880	480	+83		
Repair and modernization loans....	3,402	3,784	-10		
FHA, Title I, Class I.....	3,259	3,493	-7		
Other.....	143	291	-51		
Personal instalment cash loans.....	4,310	4,411	-2		
Total.....	18,497	20,261	-9		

Reserve Bank Operations

Note circulation of this bank is now increasing at a rate of about 7 million dollars a month, following a rise of about 6 million a month during the last half of 1941. Circulation touched a new high of nearly 280 million dollars near the middle of March and during the first half of the month had averaged about 279 million as compared with 273 in February, 266 in January, and 257 million last December. Circulation has increased nearly a third in the last year and more than one-half in the last two years.

Principal items of condition of this Reserve Bank:

	Change from		
	Mar. 18 1942	Feb. 18 1942	Mar. 19 1941
	(In thousands of dollars)		
Total reserves.....	546,195	-15,088	+93,505
Bills discounted.....	36	-366	-147
Industrial advances.....	77	-7	+5
Commit. to make indust. adv.....	1,500	0	+1,465
U. S. Govt. sec., direct & guar.....	102,830	-51	-6,865
Total assets.....	713,641	-13,333	+107,277
F. R. notes in circulation.....	278,965	+6,165	+67,073
Member bank reserve deposits.....	343,311	-12,658	+56,856

Bank Debits

Bank debits in this District in February and in the first two months of 1942 were about one-fourth larger than last year, while for the whole country they have increased only 17 per cent. In the forepart of March, debits continued a fourth above a year ago, influenced in part by higher income tax payments.

Payments by check in thirty District cities:

	Feb.		2 Mos.		Change from 1941	
	1942	1942	1942	1942	Feb.	2 Mos.
	(Thousand dollars)		(Per cent)			
Albuquerque, N. M.....	19,563	43,181	+7	+14		
Atchison, Kans.....	3,753	8,050	+37	+37		
Bartlesville, Okla.....	29,638	63,311	+15	+21		
Casper, Wyo.....	6,031	13,919	-2	+3		
Cheyenne, Wyo.....	9,617	21,197	+6	+12		
Colo. Springs, Colo.....	14,349	29,863	+4	+11		
Denver, Colo.....	185,766	395,415	+17	+20		
Emporia, Kans.....	3,757	8,248	+25	+21		
Enid, Okla.....	11,809	27,447	+37	+45		
Fremont, Nebr.....	3,520	7,273	+30	+24		
Gr. Junction, Colo.....	3,228	7,237	+7	+7		
Guthrie, Okla.....	1,835	3,915	+32	+25		
Hutchinson, Kans.....	12,954	30,554	+31	+49		
Indep., Kans.....	3,163	6,883	+19	+20		
Joplin, Mo.....	14,239	32,236	+66	+65		
Kansas City, Kans.....	20,248	47,428	+32	+24		
Kansas City, Mo.....	355,465	778,714	+22	+24		
Lawrence, Kans.....	3,893	8,427	+21	+24		
Lincoln, Nebr.....	27,913	60,003	+10	+9		
Muskogee, Okla.....	10,004	22,235	+33	+32		
Okla. City, Okla.....	122,258	254,968	+16	+18		
Oklmulgee, Okla.....	2,638	5,953	+11	+17		
Omaha, Nebr.....	183,148	392,710	+31	+30		
Pittsburg, Kans.....	5,560	11,675	+43	+42		
Pueblo, Colo.....	14,459	32,885	+1	+12		
Salina, Kans.....	11,570	24,782	+51	+53		
St. Joseph, Mo.....	33,109	77,405	+29	+30		
Topeka, Kans.....	21,321	46,342	+15	+13		
Tulsa, Okla.....	161,700	342,211	+34	+34		
Wichita, Kans.....	74,113	159,470	+42	+46		
District, 30 cities.....	1,370,621	2,963,937	+24	+25		
U. S., 274 cities.....	41,550,000	90,160,000	+16	+17		

Trade

RETAIL SALES

The buying rush centering on clothing and food-stuffs that developed late in December subsided toward the end of January, and dollar volume of department store sales in the District in February was only 15 per cent above last year as compared with a January increase of 37 per cent over last year. Sales in the first two weeks of March, influenced undoubtedly by the earlier Easter date this year, were about 22 per cent larger than a year ago. The physical volume of sales, however, probably is little larger than last year as retail prices, according to the Fairchild Index, are about 18 per cent higher than a year ago. Inventories in terms of dollars since last fall have been running about 30 per cent heavier than a year earlier, and orders outstanding again are increasing, being 89 per cent greater than at this time last year.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		Feb. '42 comp. to Feb. '41	2 Mos. '42 comp. to 2 Mos. '41	Feb. 28, '42 comp. to Feb. 28, '41
		(Per cent increase or decrease)		
Denver.....	7	+11	+22	+35
Hutchinson.....	3	+11	+25	....
Topeka.....	3	-1	+13	....
Wichita.....	4	+39	+45	....
Joplin.....	3	+20	+40	....
Kansas City.....	8	+19	+32	+34
St. Joseph.....	3	+8	+25	....
Omaha.....	4	+23	+32	....
Oklahoma City.....	6	+3	+11	+28
Tulsa.....	5	+25	+33	+3
Other cities.....	30	+7	+19	+26
District.....	76	+15	+26	+29

Total retail sales in the District in February were only 6 per cent above last year, sharply lower automobile sales offsetting to a large extent increases in other types of retail buying.

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

	Feb. 1942 per cent change from Feb. 1941						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+14	+40	+26	+37	0	+26	+21
Automobile.....	-60	-57	-69	-70	-60	-74	-73
Department.....	+18	+28	+23	+21	....	+3	....
Drug.....	+12	+14	+10	+13	+12	+10	+8
Dry goods.....	+19	+21	+27	+26	+13	+27	....
Food.....	+15	+18	+16	+22	+7	+20	-3
Furniture.....	-7	+33	+4	+25	-3	+1	....
General.....	+18	+37	+20	+33	+8	+36	+15
Hardware.....	+23	+51	+12	+51	+51	+29	....
Jewelry.....	+18	+47	+34	+32	+18	+15	....
Lbr. & mtls.....	-13	+30	+5	+25	-25	+12	-8
Miscellaneous..	+19	+17	+10	+4	+15	+41	+25
Total.....	0	+12	+11	+16	-6	-6	-13

WHOLESALE SALES

The value of wholesale sales in the District in February was 35 per cent above last year. Wholesale trade has maintained its previous gains despite growing shortages in some lines, notably dry goods and hardware. Wholesalers are unable to satisfy the current

heavy forward buying of retailers, and wholesale stocks are beginning to decline. Stocks are now only 18 per cent above a year ago, while in other recent months stocks had been more than 25 per cent heavier than at the corresponding time a year earlier.

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

	No. of Firms	SALES		STOCKS
		Feb. '42 comp. to Feb. '41	2 Mos. '42 comp. to 2 Mos. '41	Feb. 28, '42 comp. to Feb. 28, '41
		(Per cent increase or decrease)		
Auto. supplies.....	17	+27	+37	+11
Dry goods.....	3	+55	....	....
Electrical goods....	8	+47	+32	+28
Farm products.....	14	+53	+35	+54
Groceries.....	23	+32	+34	+20
Hardware—total..	(10)	+36	+39	+4
General.....	4	+41	+44	+3
Plbg. & hgtg.....	6	+21	+22	+6
Lumber & mtls.....	4	+44	....	+4
Machinery.....	6	+4	....	+22
Paper and prod.....	9	+64	+61	+22
Tobacco and prod..	6	+12	+12	....
All other lines.....	29	+24	+30	+22
Total.....	129	+35	+34	+18

Crops

Encouraged by Government price and loan supports, farmers in the District this spring will increase their acreages of flaxseed, soybeans, corn, tame hay, oats, barley, sugar beets, dry beans, peas, truck crops, and garden vegetables in order to meet the heavy food production goals for 1942 and to offset a reduction in wheat acreage. The increase for oil-bearing crops such as flaxseed, soybeans, and peanuts is expected to be very large, reports indicating a planting of 300,000 acres of peanuts in Oklahoma, five times the acreage grown last year and 250,000 acres of which will be for oil alone. The acreage of cotton in Oklahoma and particularly the long staple variety in New Mexico also will be larger. The sugar beet acreage in Colorado and Nebraska, according to early reports, will be increased by as much as 20 to 25 per cent because of the sugar shortage.

Spring farm work, frequently stopped by bad weather, is from two to three weeks behind schedule. Oats were seeded at the normal time in southwestern Oklahoma, where the acreage is unusually large, but in northeastern Oklahoma and in eastern Kansas and western Missouri there has been serious delay and part of the acreage intended for oats may have to be seeded to other crops because of the late date, much the same situation as prevailed with wheat last fall.

Winter wheat has emerged from the dormant stage and is showing growth as far north as Nebraska. The crop is in excellent condition with little evidence of winter killing in Oklahoma, in western Kansas, and in Colorado, but the situation is not quite so favorable in eastern Kansas, where excessive moisture and heav-

ing have caused some damage and where Hessian fly infestation has resulted in some abandonment. Following rather dry weather in January, snows and rains in February and early March have replenished surface moisture, thereby reducing the threat of soil blowing, and surface moisture is sufficient generally to carry the crop well into the growing season. Subsoil moisture supplies are unusually favorable.

There is a very substantial acreage of "volunteer" wheat this year that is in exceptionally good condition. In previous years, volunteer wheat has had to be plowed up by early spring in order to comply with AAA regulations, but on March 18 the Department of Agriculture announced that producers could harvest such wheat this year and still receive conservation and parity payments, provided that their acreage of seeded wheat is within the 1942 acreage allotment, that volunteer wheat be stored on the farm as long as it is subject to a marketing penalty, and that they seed within their 1943 wheat acreage allotment.

Rainfall

	Feb. 1942		2 Mos. 1942	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	1.44	.53	2.09	.93
Leadville.....	1.93	1.42	3.00	2.64
Pueblo.....	.45	.47	.56	.78
Lamar.....	.79	.60	.94	.86
Center.....	.13	.19	.26	.32
Steamboat Springs....	2.34	2.41	5.29	4.63
KANSAS				
Topeka.....	1.85	1.51	1.96	2.45
Iola.....	1.44	1.47	2.49	2.80
Concordia.....	1.36	.88	1.62	1.49
Salina.....	.87	1.08	1.33	1.70
Wichita.....	1.93	1.25	2.16	2.03
Hays.....	1.02	.82	1.14	1.15
Goodland.....	.71	.58	1.21	.78
Dodge City.....	1.24	.77	1.34	1.18
Hugoton.....	.85	.64	.95	.92
MISSOURI				
St. Joseph.....	2.87	1.67	3.15	2.95
Kansas City.....	3.16	1.75	3.30	2.94
Joplin.....	2.26	1.68	4.18	3.84
NEBRASKA				
Omaha.....	1.93	.89	2.02	1.59
Lincoln.....	.99	.95	1.26	1.59
Norfolk.....	1.59	.88	1.93	1.47
Grand Island.....	.53	.80	.55	1.35
McCook.....	1.35	.66	1.70	1.00
North Platte.....	1.32	.53	1.57	.92
Bridgeport.....	.49	.48	.66	.87
Valentine.....	.97	.55	1.10	1.03
NEW MEXICO				
Clayton.....	.58	.50	.65	.72
Santa Fe.....	.14	.75	.14	1.42
Farmington.....	.55	.76	.65	1.30
OKLAHOMA				
Tulsa.....	1.03	1.66	1.24	3.57
McAlester.....	2.66	2.20	3.23	5.07
Oklahoma City.....	1.40	1.11	1.77	2.30
Pauls Valley.....	1.60	1.50	1.82	3.09
Hobart.....	.99	.96	1.19	1.72
Enid.....	1.61	1.18	2.81	2.24
Woodward.....	.96	1.08	1.57	1.68
WYOMING				
Cheyenne.....	.58	.64	1.35	1.06
Casper.....	.43	.85	.57	1.51
Lander.....	1.22	.63	1.77	1.19
Sheridan.....	.43	.70	.73	1.55

Grain Marketing

Grain receipts in February were quite liberal, reflecting liquidation of unusually large reserves and some shifting of stocks ahead of an expected increase in rail freight rates. Wheat marketings, although one-fifth larger than a year ago, were little different from the February average of the past ten years, but receipts of corn, oats, and other feed grains were extremely heavy. Corn receipts, the bulk of which represented CCC grain sold to processors and other consumers, were nearly five times the average.

February grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	863,000	1,000	3,000
Kansas City.....	3,138,000	5,076,000	224,000
Omaha.....	746,000	3,155,000	480,000
St. Joseph.....	365,000	702,000	824,000
Wichita.....	1,094,000	---	---
Feb. 1942.....	6,206,000	8,934,000	1,531,000
Jan. 1942.....	8,350,000	6,735,000	1,024,000
Feb. 1941.....	5,140,000	1,529,000	468,000
2 Mos. 1942.....	14,556,000	15,669,000	2,555,000
2 Mos. 1941.....	9,522,000	3,604,000	874,000

Cash grain prices declined during February and the first three weeks of March. Wheat prices are appreciably lower than last January, when prices had been sufficiently high to encourage redemption of wheat under loan, but corn prices are relatively strong, reflecting continued heavy utilization in the production of livestock and dairy products. The cash price of wheat and corn is approximately 20 per cent below parity and more than 25 per cent below 110 per cent of parity, the minimum ceiling established by the Emergency Price Control Act.

The lower range of cash prices at Kansas City:

	Mar. 23	Feb. 28	Jan. 31	Feb. 28
	1942	1942	1942	1941
No. 1 hd., dk. wheat, bu...	\$1.17 $\frac{3}{4}$	\$1.21 $\frac{1}{2}$	\$1.23	\$.80
No. 2 mixed corn, bu.....	.77 $\frac{3}{4}$	.77 $\frac{3}{4}$	.79 $\frac{1}{4}$	.58
No. 2 white oats, bu.....	.52	.55	.57 $\frac{1}{2}$	.35 $\frac{1}{4}$
No. 2 rye, bu.....	.70	.77 $\frac{1}{2}$	.78	.46
No. 2 barley, bu.....	.57 $\frac{1}{2}$	.59 $\frac{1}{2}$	.62 $\frac{1}{2}$	.48
No. 2 white kafir, cwt.....	1.13	1.17	1.23	.83

Livestock

MARKETINGS

Cattle marketings continued heavy in February and contained an unusually large proportion of medium to good grade slaughter steers, suggesting some liquidation because of advancing feed costs and uncertainty over a possible price ceiling. Receipts of cattle were 31 and sheep 15 per cent larger than a year ago, while receipts of calves were considerably below and of hogs about the same as last year. Sheep and lamb shipments to market from the important northern Colorado, Arkansas Valley, and Scottsbluff feeding sections have been about 26 per cent heavier this year than last, with about 22 per cent more lambs still on feed at the middle of March than a year earlier. Cattle

marketings were 21 per cent above the February average of the past ten years, but marketings of calves were 37, hogs 12, and sheep 7 per cent below average.

February livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	26,797	3,322	46,011	116,145
Kansas City.....	107,678	8,887	143,964	120,835
Oklahoma City.....	30,318	6,286	41,527	10,517
Omaha.....	96,772	3,528	154,765	134,282
St. Joseph.....	35,245	2,719	56,248	84,326
Wichita.....	22,790	2,453	30,142	14,486
Feb. 1942.....	319,600	27,195	472,657	480,591
Jan. 1942.....	378,187	46,384	824,001	514,134
Feb. 1941.....	243,541	33,435	477,243	418,843
2 Mos. 1942.....	697,787	73,579	1,296,658	994,725
2 Mos. 1941.....	565,861	84,534	1,037,606	918,288

PRICES

Beef steer prices, which had been declining since early January, recovered strongly in the first half of March, and stocker and feeder cattle prices strengthened with the approach of the grazing season. Prices of stocker cattle are the highest in thirteen years. Lamb prices also recovered, and hog prices continued to advance and early in the second week of March had reached \$13.50 a hundredweight, their highest point in sixteen years and slightly above the minimum ceiling established in the Emergency Price Control Act. The OPA on March 10 announced a temporary ceiling, effective March 23, on wholesale prices of fresh and cured pork products at the highest quotation during the period March 3 to 7, and the rise in hog prices leveled off. Price schedules for fats, oils, and hides had previously been issued by the OPA. Beef cattle prices also are slightly above the minimum ceiling established by law, but lamb prices are still below that level. All livestock prices are much above parity.

Top carlot livestock prices at Kansas City:

	Mar. 23 1942	Feb. 1942	Jan. 1942	Feb. 1941	Feb. 1940	Feb. 1939
(In dollars per hundredweight)						
Beef steers.....	13.50	13.75	14.35	12.50	10.50	11.50
Stocker cattle.....	13.60	13.25	12.25	12.00	10.50	9.75
Feeder cattle.....	12.00	11.90	12.00	11.50	9.00	10.00
Calves.....	14.00	14.50	14.50	13.00	11.00	10.50
Hogs.....	13.50	13.00	11.90	7.90	5.35	8.15
Sheep.....	10.15	10.25	10.65	9.75	7.75	7.75
Fed lambs.....	12.25	12.25	12.70	10.85	9.75	9.15

STOCKERS AND FEEDERS

Countryward shipments of stocker and feeder cattle and sheep remained heavy in February. The movement of cattle was 21 and of sheep 53 per cent above the February average of the past ten years.

Stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	4,381	811	....	23,704
Kansas City.....	34,474	3,412	1,886	13,892
Omaha.....	13,783	910	823	15,694
St. Joseph.....	5,026	245	545	14,090
Feb. 1942.....	57,664	5,378	3,254	67,380
Jan. 1942.....	89,501	15,346	4,004	117,671
Feb. 1941.....	54,976	7,082	4,216	63,872
2 Mos. 1942.....	147,165	20,724	7,258	185,051
2 Mos. 1941.....	134,446	25,926	8,680	145,613

Ranges and pastures are in good condition in nearly all sections of the District, although cold weather and storms in February were unfavorable for livestock and necessitated much supplemental feeding where the range was covered with snow, particularly in Wyoming, western Nebraska, and Colorado. Stock water and soil moisture are plentiful and the outlook for spring grass is the best in many years, resulting in a strong demand for stocker and feeder cattle. Wheat pastures are furnishing much feed for livestock, especially in Oklahoma and western Kansas.

WOOL

Wool production in the District in 1941 increased 3 per cent, prices were sharply higher, and cash income from wool rose 28 per cent. Mill consumption is at a record rate, imports have been greatly curtailed by war conditions, and prices generally are close to the ceiling temporarily established by the OPA as the highest price received or contracted for during the period October 1 to December 15, 1941.

Department of Agriculture shorn wool estimates:

	Production		Price		Income	
	1941	1940	1941	1940	1941	1940
	(000 pounds)		(cents per lb.)		(000 dollars)	
Colorado.....	13,561	14,170	33	28	4,475	3,968
Kansas.....	5,665	4,507	34	25	1,926	1,127
Missouri.....	10,621	10,122	39	30	4,142	3,037
Nebraska.....	3,496	3,489	32	24	1,119	837
New Mexico.....	15,854	16,439	32	26	5,073	4,274
Oklahoma.....	2,890	2,720	31	22	896	598
Wyoming.....	33,379	31,718	34	28	11,349	8,881
Seven states...	85,466	83,165	34	27	28,980	22,722
United States	389,128	374,564	36	28	138,195	106,174

Farm Income

Cash farm income in the District in January was 47 per cent larger than a year ago, and in Nebraska and Wyoming the gain exceeded 60 per cent. Income from farm marketings was 48 per cent above last year and Government payments, which previously had been running below a year earlier, showed a similar increase. The sharply higher level of farm income is due principally to higher prices, which average about 40 per cent above last year, but marketings also are larger, reflecting heavy production under the food-for-defense program and rising domestic consumer demand for farm products.

Department of Agriculture farm income estimates:

	Jan.	Jan.	Change
	1942	1941	from 1941
	(Dollars)		(Per cent)
Colorado.....	14,520,000	10,240,000	+42
Kansas.....	37,962,000	26,746,000	+42
Missouri.....	39,454,000	27,002,000	+46
Nebraska.....	44,812,000	26,977,000	+66
New Mexico.....	4,411,000	3,672,000	+20
Oklahoma.....	20,673,000	15,552,000	+33
Wyoming.....	3,921,000	2,427,000	+62
Seven states.....	165,753,000	112,616,000	+47
United States.....	1,097,513,000	754,264,000	+46

Meat Packing

Cattle slaughter continued unusually heavy in February but hog slaughter declined rather sharply from the relatively high level of the preceding month. The slaughter of cattle was more than 40 per cent larger than last year, while that of other livestock was about the same as a year ago. Packers' purchases of cattle were 31 per cent above but of calves 39, hogs 4, and sheep 11 per cent below the February average of the past ten years. Country demand for stockers and feeders currently is limiting sheep slaughter.

February packers' purchases at District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	14,998	1,934	39,290	27,369
Kansas City.....	63,391	7,236	136,538	76,920
Oklahoma City.....	18,087	4,583	34,468	8,397
Omaha.....	72,187	2,618	135,048	88,654
St. Joseph.....	27,148	2,385	51,709	67,784
Wichita.....	9,048	1,195	26,638	13,930
Feb. 1942.....	204,859	19,951	423,691	283,054
Jan. 1942.....	220,176	25,751	752,278	317,297
Feb. 1941.....	142,370	22,486	421,439	279,768
2 Mos. 1942.....	425,035	45,702	1,175,969	600,351
2 Mos. 1941.....	321,680	48,722	908,470	612,600

Cold Storage Holdings

After allowing for usual seasonal changes, United States cold storage stocks of produce and meats, except pork and lard, generally tended to increase during February and on March 1 were substantially above the average of the past five years. Stocks of poultry, cheese, and shell eggs are the largest, of butter the second, and of frozen eggs the third highest for this time of year on record. Beef stocks are the second highest for the season since 1921.

United States cold storage holdings:

	Mar. 1 1942	Feb. 1 1942	Mar. 1 1941	Aver. '37-'41
(In thousands of units)				
Beef, lbs.....	146,326	142,599	98,444	88,803
Pork, lbs.....	623,044	613,659	791,910	668,608
Lamb and mutton, lbs.....	8,149	8,228	4,448	5,008
Poultry, lbs.....	178,829	206,120	163,321	136,531
Miscellaneous meats, lbs....	116,228	123,229	88,883	93,462
Lard, lbs.....	203,333	204,405	317,431	205,604
Eggs, shell, cases.....	521	331	307	231
Eggs, frozen (case equiv.)	1,965	2,034	1,206	1,338
Butter, creamery, lbs.....	63,721	83,106	16,462	33,891
Cheese, all varieties, lbs....	159,973	165,018	119,381	94,537

Flour Milling

Southwestern flour production in February was 4 per cent above the preceding year and 14 per cent above the February average of the past ten years, although milling operations tended to decline during the month. Both bakers and jobbers have large stocks of flour on hand and, in addition, mills have an exceptionally heavy backlog of orders on their books. Bakers bought heavily last December and early January, covering most of their needs up to the end of the crop year on June 30. Family flour sales have been good all winter, partly the result of consumer buying in

excess of current needs. Flour prices have tended somewhat lower since January.

Flour output reported by the Northwestern Miller:

	Feb. 1942	2 Mos. 1942	Change from 1941	
	(In barrels)		Feb.	2 Mos.
			(Per cent)	
Kansas City.....	460,000	1,048,000	-12	-1
Salina.....	167,000	344,000	-6	-10
Wichita.....	188,000	384,000	+13	+14
Other cities.....	1,264,000	2,672,000	+13	+12
Southwest.....	2,079,000	4,448,000	+4	+7
United States*.....	5,557,000	11,731,000	+4	+6

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

Petroleum

Crude oil production in the District in February was 6 per cent above a year ago and 12 per cent above the February average of the past ten years. There is a continued heavy demand for crude oil in Kansas and Oklahoma for shipment by rail to the east coast, war attacks on coastal shipping having interfered with the tanker movement of Gulf Coast crude to that area.

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

	Feb. 1942	2 Mos. 1942	Change from 1941	
	(In barrels)		Feb.	2 Mos.
			(Per cent)	
Colorado.....	171,000	355,000	+71	+68
Kansas.....	6,816,000	14,451,000	+22	+24
Nebraska.....	129,000	290,000	+28	+59
New Mexico.....	3,373,000	7,060,000	+18	+18
Oklahoma.....	11,141,000	23,785,000	-6	-4
Wyoming.....	2,448,000	5,124,000	+13	+10
Six states.....	24,078,000	51,065,000	+6	+7
United States.....	115,559,000	242,875,000	+15	+15

Stocks of crude petroleum produced in this District have shown little change in recent months at a level 15 per cent under a year ago and the lowest in many years. Drilling operations have been reduced approximately 40 per cent, reflecting in large part price ceilings on crude oil and refined products. Gasoline consumption is declining as a result of rubber restrictions, and gasoline prices tend lower.

Coal

Bituminous coal production in the District in February was 8 per cent above a year ago. Output in the preceding month, however, had been 19 per cent above last year, and so far in 1942 it shows a gain of 14 per cent over the corresponding period of 1941.

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

	Feb. 1942	2 Mos. 1942	Change from 1941	
	(In tons)		Feb.	2 Mos.
			(Per cent)	
Colorado.....	676,000	1,551,000	+11	+14
Kans. and Mo.....	712,000	1,623,000	+1	+10
New Mexico.....	111,000	249,000	+11	+20
Oklahoma.....	142,000	351,000	-13	-9
Wyoming.....	590,000	1,326,000	+23	+26
Six states.....	2,231,000	5,100,000	+8	+14
United States.....	43,840,000	92,380,000	+5	+8

Zinc and Lead

February shipments of zinc ore from the Tri-State district were 10 per cent larger but of lead 7 per cent smaller than the heavy movement of a year ago. February production was little changed from last year, and output at present tends to decline. Reflecting price ceilings on refined metal, zinc concentrate prices have been unchanged at about \$55 a ton since last October and lead at \$77 since January. A premium of about \$28 a ton for zinc and \$40 a ton for lead has been authorized for above-quota production.

February ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	9,382	\$ 518,600	1,063	\$ 81,638
Missouri.....	4,603	254,509	76	5,856
Oklahoma.....	23,029	1,273,006	2,667	204,641
Feb. 1942.....	37,014	\$2,046,115	3,806	\$292,135
Jan. 1942.....	32,181	1,778,986	3,624	270,026
Feb. 1941.....	33,624	1,621,283	4,114	268,998
2 Mos. 1942.....	69,195	3,825,101	7,430	562,161
2 Mos. 1941.....	69,446	3,348,527	7,925	514,486

Employment

Nonagricultural employment in the District in January continued at a level about 10 per cent above a year earlier, according to preliminary estimates.

Department of Labor employment estimates:

	Jan.	Dec.	Change from preceding year	
	1942	1941	Jan.	Dec.
	(Number)		(Per cent)	
Colorado.....	238,000	250,000	+11	+13
Kansas.....	321,000	331,000	+7	+6
Missouri.....	874,000	907,000	+12	+13
Nebraska.....	214,000	215,000	+12	+8
New Mexico.....	72,000	76,000	+7	+7
Oklahoma.....	308,000	316,000	+7	+7
Wyoming.....	53,000	56,000	+2	+6
Seven states.....	2,080,000	2,151,000	+10	+10

Building

Construction awards in the Kansas City area in January were 39 per cent above a year ago. Residential building, which includes defense housing, continues in large volume, reflecting chiefly higher awards for single family dwellings for sale or rent, part of which represents building in advance of dead lines on certain materials. There has been a substantial decrease so far this year in nearly all types of nonresidential building, except public buildings, and in public works and utility construction.

Construction figures of F. W. Dodge Corporation:

	Feb.	2 Mos.	Change from 1941	
	1942	1942	Feb.	2 Mos.
	(Thousand dollars)		(Per cent)	
Residential building.....	11,495	15,301	+270	+149
Nonresidential bldg.....	1,838	4,488	-34	-28
Public wks. construc.....	629	1,373	-85	-85
Utility construction.....	923	1,273	+30	-52
Kansas City area.....	14,885	22,435	+39	-9
37 Eastern states.....	433,557	750,403	+60	+30

Building operations in reporting District cities continue below a year ago, the February decrease measuring 8 and that for the year to date 13 per cent. However, there has been a marked increase in building at some centers, notably Colorado Springs, Pueblo, Joplin, Wichita, and at Kansas City, Kansas.

Value of building permits issued in District cities:

	Feb.	2 Mos.	Change from 1941	
	1942	1942	Feb.	2 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M.....	95,000	245,000	-56	-45
Cheyenne, Wyo.....	45,000	67,000	-53	-65
Colo. Springs, Colo.....	79,000	121,000	+49	+55
Denver, Colo.....	662,000	1,183,000	-27	-36
Hutchinson, Kans.....	24,000	40,000	+20	-11
Joplin, Mo.....	109,000	158,000	+808	+276
Kansas City, Kans.....	264,000	269,000	+595	+107
Kansas City, Mo.....	195,000	403,000	-35	-26
Lincoln, Nebr.....	55,000	223,000	-17	+64
Okla. City, Okla.....	269,000	503,000	-27	-36
Omaha, Nebr.....	225,000	506,000	-25	+17
Pueblo, Colo.....	165,000	199,000	+162	+50
Salina, Kans.....	10,000	42,000	-58	+8
Shawnee, Okla.....	3,000	16,000	-94	-74
St. Joseph, Mo.....	6,000	16,000	-82	-67
Topeka, Kans.....	23,000	60,000	-60	-52
Tulsa, Okla.....	250,000	484,000	-35	-32
Wichita, Kans.....	593,000	948,000	+62	+79
District, 18 cities.....	3,072,000	5,483,000	-8	-13

Lumber

Following a slump in the last quarter of 1941, retail lumber sales and stocks in the District again are rising. Sales in January had been 13 and in February they were 22 per cent above a year earlier. Stocks of lumber are about 8 per cent heavier than a year ago. February collections averaged 34 against 29 per cent for the same month last year.

Lumber trade at 146 chain retail yards:

	Feb. 1942	
	per cent change from Jan. 1942	Feb. 1941
Sales of lumber, board feet.....	-8	+22
Sales of all materials, dollars.....	-13	+18
Stocks of lumber, board feet.....	+1	+8
Outstandings, dollars.....	-5	+19

Life Insurance

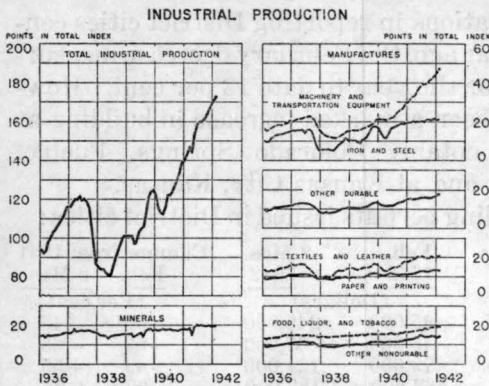
Life insurance sales in the District in January had been more than double a year ago, and in February they were 30 per cent larger than last year, the gain for the year to date measuring 67 per cent.

The Life Insurance Sales Research Bureau report:

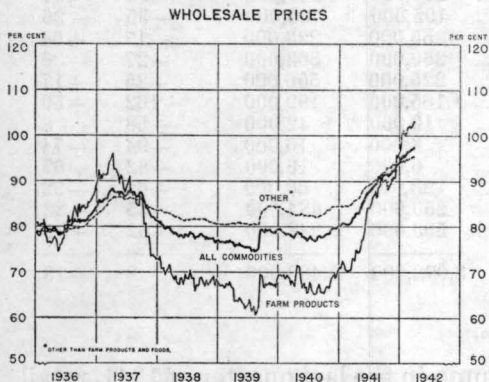
	Feb.	2 Mos.	Change from 1941	
	1942	1942	Feb.	2 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	4,939	12,939	+14	+54
Kansas.....	8,226	19,896	+56	+82
Missouri.....	20,767	51,750	+38	+75
Nebraska.....	5,918	15,204	+18	+59
New Mexico.....	1,192	2,895	+27	+59
Oklahoma.....	7,881	20,349	+16	+54
Wyoming.....	935	2,193	+14	+29
Seven states.....	49,858	125,226	+30	+67
United States.....	634,538	1,636,191	+18	+54

NATIONAL SUMMARY OF BUSINESS CONDITIONS

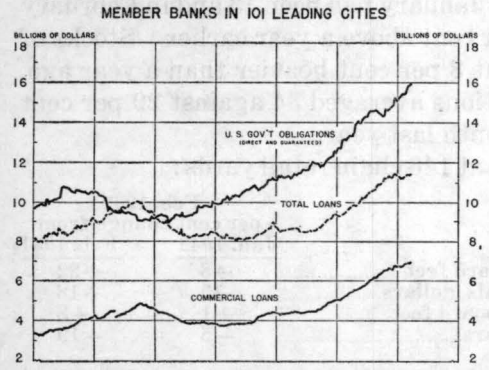
By the Board of Governors of the Federal Reserve System



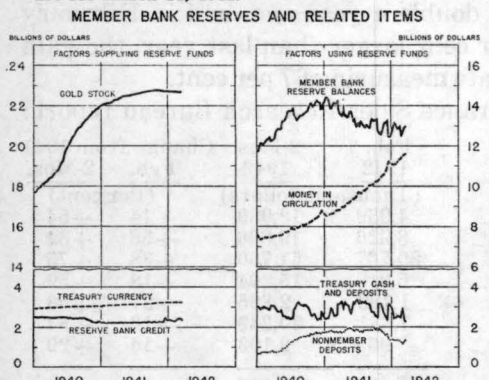
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Latest figures shown are for February, 1942.



Bureau of Labor Statistics' weekly indexes, 1926 average=100. Latest figures shown are for week ending March 21, 1942.



Wednesday figures. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported. Latest figures shown are for March 11, 1942.



Wednesday figures. Latest figures shown are for March 11, 1942.

Industrial activity increased further in February and the first half of March. Retail trade was sustained at high levels and commodity prices continued to advance.

PRODUCTION

In February the Board's seasonally adjusted index of industrial production rose from 171 to 173 per cent of the 1935-39 average. As in other recent months, activity in the durable goods manufacturing industries, where the majority of military products are made, continued to advance, while in industries making nondurable goods and at mines activity was maintained at about the levels reached last autumn.

Steel production rose to 96 per cent of capacity in February and increased further to 98 per cent in the third week of March—which corresponded to an annual rate of nearly 87 million net tons. Lumber production also increased, following less than the usual seasonal decline during the previous two months. In the machinery and transportation equipment industries, now engaged mainly in armament production, activity continued to advance rapidly as plant utilization increased and capacity expanded. Conversion to armament production in the automobile industry, where output of civilian products was discontinued in early February, is apparently being effected much more rapidly than had been anticipated earlier.

There were further increases in output at cotton textile mills and at chemical factories, reflecting an increasing amount of work on military orders. At meat-packing establishments activity was maintained near the high rate reached in January. Shoe production increased by less than the usual seasonal amount. Anthracite production rose sharply in February and bituminous coal production was maintained near the high rate of other recent months. Output of crude petroleum, which had been at record levels in December and January, declined somewhat in the latter part of February and in the first half of March, reflecting transportation difficulties.

CONSTRUCTION

Value of construction contract awards increased considerably in February, according to figures of the F. W. Dodge Corporation, owing mainly to a sharp rise in awards for public projects. Total awards in February were half again as large as last year, and public awards were about three times as large. In nonresidential building, awards for public projects increased materially, while those for private projects continued to decline. There was a slight rise in awards for public utility construction. In residential building, contracts for private work changed little from January, while those for publicly-financed projects increased sharply and amounted to about half of the total for the first time on record. For the past six months there has been a noticeable shift in privately-financed housing activity from building for owner-occupancy to building for sale or rent; in February, awards for the former constituted only about one-fifth of the small-homes total. This shift is attributable mainly to the activity in defense areas and to legislation enacted last spring making possible the insurance of mortgages taken out by builders.

DISTRIBUTION

Value of retail trade continued large in February. Sales at general merchandise stores and variety stores increased more than seasonally, while sales at department stores declined. In the first half of March department store sales increased by about the usual seasonal amount.

Freight carloadings, which in January had been unusually large for this time of year, declined somewhat in February owing to smaller shipments of coal, grain, and miscellaneous freight.

COMMODITY PRICES

Wholesale prices continued to advance from the middle of February to the middle of March, particularly those for finished consumer goods such as meats, fruits and vegetables, shoes, clothing, and household items. Temporary maximum price orders were issued covering wholesale prices of some of these products, including pork, canned fruits and vegetables, finished cotton and rayon fabrics, cotton rugs, and bedding equipment.

TREASURY FINANCING AND BANK CREDIT

In March income tax receipts by the Treasury for the first time reflected the higher schedule of rates. The effect of these receipts on the money market was largely offset by redemption of Treasury bills previously issued to mature during the tax collection period, by tax-anticipation notes turned in on payment of taxes, and by continued heavy Treasury expenditures. As a consequence a record volume of Treasury operations was effected with little influence on conditions in the market. Excess reserves of member banks showed no large change and on March 18 amounted to about \$3.2 billion.

United States Government obligations held by member banks in leading cities showed little change during the first three weeks of March following a sharp rise in February. Commercial loans increased further.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government bonds advanced steadily from the middle of February to the middle of March. Long-term taxable bonds yielded 2.35 per cent compared with an average of 2.39 per cent in February. Prices of short-term securities have held steady since the first of the year, with Treasury bills selling at around .20 per cent.