

*Mrs. Johnson
Mr. Chapin*

MONTHLY REVIEW

Agricultural and Business Conditions

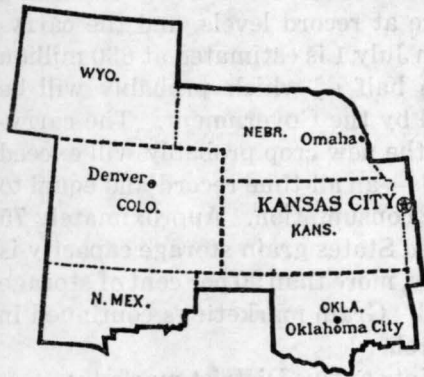
TENTH FEDERAL RESERVE DISTRICT

VOL. 27, No. 4

FEDERAL RESERVE BANK OF KANSAS CITY

APRIL 30, 1942

Business in the Tenth Federal Reserve District



MARCH 1942 COMPARED WITH MARCH 1941					BUSINESS INDICATORS	3 MOS. 1942 COMPARED WITH 3 MOS. 1941				
% DECREASE		% INCREASE				% DECREASE		% INCREASE		
40	30	20	10	10		20	30	40		
					Finance					
					...Bank Debits.....					
					...F. R. Bk. Clearings.....					
					...Mem. Bk. Loans.....					
					...Mem. Bk. Invest.....					
					...Demand Deposits.....					
					...Life Ins. Sales.....					
					...Failures (Liab.).....					
					Trade					
					... Wholesale Sales.....					
					... Retail Sales.....					
					...Dept. Store Sales.....					
					... Lumber Sales.....					
					Marketings					
					...Wheat.....					
					...Corn.....					+273
					...Oats.....					+156
					...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.....					+109
					...Value of Permits.....					
					Miscellaneous					
					...Rainfall.....					
					Cash Farm Income*					
					...Employment*.....					

Although rainfall in the first quarter of the year was somewhat below normal, wet weather in many areas has delayed farm work. Wheat acreage is 18% below last year but the April 1 estimates were for a crop larger than last year and 18% above average. In Colorado and in the western sections of the other grain states wheat prospects are unusually good but this is not true of the eastern part of the District, especially in Missouri.

With the exception of calves, large quantities of livestock are going to market and meat packing is active. The spread between the price of corn and hogs continues to make hog production very profitable.

Trade is running nearly 20% above last year but higher prices account for much of this gain. War activity continues to stimulate construction. Check transactions are a fourth and bank loans nearly 30% higher. Demand deposits are at a new peak.

*For previous month.

Agriculture

FARM LAND VALUES

Farm real estate values have increased rather markedly in the past year. Distressed land, for the most part, has been removed from the market, and land values are beginning to respond to sharply higher cash farm income. The increase in land values, however, has been relatively small compared to the rise in income as land values respond slowly, especially so at first. Then, too, a recognition of the possible temporary character of current farm commodity prices and the recollection of the disastrous consequences of high land values following the last war also may be prompting a cautious response to wartime prices. Farm land values generally are much above the 1933 depression low except in Nebraska and Kansas. Because of a serious decline in farm land values in those two states after 1937, the low point in Nebraska was not reached until 1941 while in Kansas land values by 1941 had dropped back almost to 1933.

Department of Agriculture indexes of farm real estate values on March 1:

	1942	1941	1940	1937	1933	1930	1920
	(1912-14 average=100)						
Colorado.....	69	63	61	60	54	83	141
Kansas.....	74	71	71	78	70	113	151
Missouri.....	66	60	59	60	55	92	167
Nebraska.....	59	55	58	72	69	113	179
New Mexico.....	95	87	84	82	75	110	144
Oklahoma.....	101	96	93	91	76	127	166
Wyoming.....	78	71	68	66	62	98	176
United States..	91	85	84	85	73	115	170

FARM LABOR SITUATION

The farm labor surplus has disappeared because of the heavy demand for manpower from war industries and the armed forces, and farm wage rates have advanced sharply. In some sections, the supply of farm labor is equal to little more than half of the demand, and the shortage may become critical as the crop season progresses. The War Production Board on April 18 granted top military priority rating to manufacturers of specified types of farm machinery and equipment to speed the output of foodstuffs.

CROPS

The first official estimates of winter wheat production, based on April 1 conditions, indicate a crop for this District somewhat larger than last year and 18 per cent above the average from 1930 to 1939. All of this increase results from prospective heavy yields as the seeded acreage was 18 per cent smaller than the previous year and 23 per cent below average. The estimates do not allow for any production of "volunteer" wheat, part of the acreage of which was plowed up before the recent AAA ruling permitting its harvest. The condition of the wheat crop generally is very much better in the western part of the District than in the eastern part, where late planted wheat suffered considerable winter damage.

Department of Agriculture winter wheat estimates:

	PRODUCTION			YIELD PER ACRE		
	Indic. 1942	Final 1941	Aver. '30-'39	Indic. 1942	Final 1941	Aver. '30-'39
	(000 bushels)			(Bushels)		
Colo.....	18,592	21,650	8,745	16.0	16.4	6.4
Kans.....	166,036	173,092	131,460	15.5	13.2	9.2
Mo.....	11,022	18,036	26,989	11.0	9.7	13.6
Nebr.....	49,810	34,426	41,151	17.0	10.2	11.2
N. Mex.....	4,228	2,416	2,478	14.0	7.2	6.1
Okla.....	55,588	48,610	47,682	13.0	9.7	9.8
Wyo.....	2,400	3,160	1,307	15.0	19.8	6.2
7 States.....	307,676	301,390	259,812	15.0	12.0	9.8
U. S.....	624,983	671,293	569,417	16.1	14.7	11.8

Storage presents one of the main new crop problems. Stocks of grain on farms, including wheat and corn under loan, are at record levels, and the carry-over of old wheat on July 1 is estimated at 630 million bushels, more than half of which probably will be owned or controlled by the Government. The carry-over of wheat plus the new crop probably will exceed 1,400 million bushels—an all-time record and equal to two years' domestic consumption. Approximately 75 per cent of all United States grain storage capacity is full. At Kansas City, more than 90 per cent of storage capacity is occupied. Grain marketings continued in large volume in March.

March grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,052,000	.....	.....
Kansas City.....	3,437,000	3,238,000	262,000
Omaha.....	754,000	2,151,000	372,000
St. Joseph.....	419,000	693,000	342,000
Wichita.....	747,000	.....	.....
Mar. 1942.....	6,409,000	6,082,000	976,000
Feb. 1942.....	6,206,000	8,934,000	1,531,000
Mar. 1941.....	6,091,000	2,220,000	504,000
3 Mos. 1942.....	20,965,000	21,752,000	3,531,000
3 Mos. 1941.....	15,613,000	5,824,000	1,378,000

Cash wheat prices have declined almost steadily since last January, influenced in recent weeks chiefly by the unusually favorable new crop outlook and the heavy carry-over. Prices are now the lowest since before the war and have dropped back to the loan level, cutting off further redemptions of wheat stored under Government loans. Cash corn prices are steady, reflecting heavy demand from feeders and industries.

The lower range of cash prices at Kansas City:

	Apr. 23 1942	Mar. 31 1942	Feb. 28 1942	Mar. 31 1941
No. 1 hd., dk. wheat, bu....	\$1.12	\$1.17½	\$1.21½	\$.88
No. 2 mixed corn, bu.....	.78	.79½	.77¾	.63
No. 2 white oats, bu.....	.53½	.52¼	.55	.37¾
No. 2 rye, bu.....	.70	.73	.77½	.53½
No. 2 barley, bu.....	.57½	.57½	.59½	.50
No. 2 white kafir, cwt.....	1.18	1.14	1.17	.87

RAINFALL

The moisture situation is predominantly favorable. In the Great Plains area, where it is a decisive factor, subsoil moisture is the best in more than a decade. Although March rainfall was decidedly short of normal

in western states of the district and in Oklahoma and Missouri, surface moisture in most sections has been replenished by early April rains. The outlook for irrigation water in western states generally is excellent.

Rainfall reported by the Weather Bureau:

	Mar. 1942		3 Mos. 1942	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver.....	.91	1.04	3.00	1.97
Leadville.....	1.43	1.66	4.43	4.30
Pueblo.....	.89	.59	1.45	1.37
Lamar.....	.41	.80	1.35	1.66
Center.....	.45	.39	.71	.71
Steamboat Springs....	1.92	2.34	7.21	6.97
KANSAS				
Topeka.....	1.01	2.10	2.97	4.55
Iola.....	1.50	2.59	3.99	5.39
Concordia.....	2.11	1.06	3.73	2.55
Salina.....	1.87	1.39	3.20	3.09
Wichita.....	.88	1.73	3.04	3.76
Hays.....	1.83	.93	2.97	2.08
Goodland.....	.48	.90	1.69	1.68
Dodge City.....	1.19	.96	2.53	2.14
Elkhart.....	1.37	.85	2.32	1.77
MISSOURI				
St. Joseph.....	1.79	2.48	4.94	5.43
Kansas City.....	2.62	2.53	5.92	5.47
Joplin.....	.66	3.20	4.84	7.04
NEBRASKA				
Omaha.....	1.50	1.37	3.52	2.96
Lincoln.....	3.09	1.27	4.35	2.86
Norfolk.....	2.46	1.20	4.39	2.67
Grand Island.....	1.72	1.32	2.27	2.67
McCook.....	1.93	.88	3.63	1.88
North Platte.....	1.41	.86	2.98	1.78
Bridgeport.....	.59	.82	1.25	1.69
Valentine.....	1.96	1.02	3.06	2.05
NEW MEXICO				
Clayton.....	1.36	.81	2.01	1.53
Santa Fe.....	.21	.80	.35	2.22
Farmington.....	.45	.66	1.10	1.96
OKLAHOMA				
Tulsa.....	.48	3.02	1.72	6.59
McAlester.....	1.41	3.09	4.64	8.16
Oklahoma City.....	.53	1.98	2.30	4.28
Pauls Valley.....	.98	2.10	2.80	5.19
Hobart.....	1.42	1.58	2.61	3.30
Enid.....	.70	1.60	3.51	3.84
Woodward.....	1.19	1.43	2.76	3.11
WYOMING				
Cheyenne.....	1.02	1.02	2.37	2.08
Casper.....	.16	1.24	.73	2.75
Lander.....	.80	1.19	2.57	2.38
Sheridan.....	.72	1.16	1.45	2.71

LIVESTOCK

The rapid rise in hog prices to a sixteen-year peak of \$14.55 a hundredweight at the middle of April was halted by a lowering of the ceiling on wholesale pork prices. Although all livestock prices have advanced markedly since last November, the increase for hogs has been by far the greatest, amounting to more than 40 per cent. The OPA on March 23 had established a ceiling on wholesale pork prices at the highest quotation during the period March 3 to 7. The rise in hog prices subsequently leveled off but only temporarily as the advance was quickly resumed, reflecting chiefly a combination of seasonally light hog marketings and heavy Government purchases of pork and lard. On April 16 the OPA lowered the ceiling on wholesale pork prices to the highest quotation prevailing from Feb-

ruary 16 to 20, and hog prices dropped nearly a cent a pound, the first important decline in five months. While hog prices have been rising rapidly, corn prices have shown relatively little change, so that the corn-hog ratio now is even more favorable to hog producers than it was before. Beef steer prices early in April reached \$15 a hundredweight, a new high since 1937. Sheep and lamb prices also are the highest since 1937. Stocker and feeder cattle prices have advanced with the approach of the grazing season.

Top carlot livestock prices at Kansas City:

	Apr. 23 1942	Mar. 1942	Feb. 1942	Mar. 1941	Mar. 1940	Mar. 1939
(In dollars per hundredweight)						
Beef steers.....	14.25	14.25	13.75	12.75	12.25	12.75
Stocker cattle.....	13.50	13.75	13.25	12.50	10.75	10.50
Feeder cattle.....	13.35	12.40	11.90	11.40	9.75	10.75
Calves.....	14.50	14.50	14.50	11.50	11.00	11.00
Hogs.....	14.15	13.70	13.00	8.05	5.50	8.10
Sheep.....	10.50	9.50	10.25	9.40	7.75	7.90
Fed lambs.....	13.00	12.25	12.25	11.00	10.25	9.65
Spring lambs.....	13.75	13.50	13.50	11.75	12.00	11.00

Larger numbers of livestock on farms and advancing prices contributed to further heavy marketings of cattle during March, and sheep receipts also were very large. Hog marketings were rather moderate as fall pigs had not yet begun to move to market in any appreciable volume. Calf receipts remain light, chiefly the result of the holding back of stock calves.

March livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	37,885	6,863	50,427	175,584
Kansas City.....	127,777	11,477	172,012	165,082
Oklahoma City.....	38,375	8,326	47,598	24,228
Omaha.....	117,895	5,017	142,013	195,403
St. Joseph.....	35,762	3,852	61,877	126,311
Wichita.....	30,721	3,515	36,226	26,548
Mar. 1942.....	388,415	39,050	510,153	713,156
Feb. 1942.....	319,600	27,195	472,657	480,591
Mar. 1941.....	292,778	42,197	472,805	524,505
3 Mos. 1942.....	1,086,202	112,629	1,806,811	1,707,881
3 Mos. 1941.....	858,639	126,731	1,510,411	1,442,793

Countryward shipments of stocker and feeder cattle and sheep from public markets in March were exceptionally large and there was also a heavy movement of calves. On April 1, the number of cattle on feed in Missouri was 3, Nebraska 10, and Kansas 12 per cent above a year ago as compared with a decrease of 4 per cent in Missouri and increases of 10 in Nebraska and 22 per cent in Kansas reported for January 1. For the Corn Belt as a whole, however, cattle feeding operations are below last year, the first decrease reported since 1937. Near the middle of April, the important northern and Arkansas Valley areas of Colorado and the Scottsbluff feeding section of Nebraska had about 40 per cent more lambs still on feed than at the same time last year, despite the fact that marketings from those areas since January 1 have been 13 per cent heavier than a year earlier.

Stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Mar. 1942.....	85,136	10,353	2,829	83,547
Mar. 1941.....	66,151	11,346	3,005	74,203
3 Mos. 1942.....	232,301	31,077	10,087	268,598
3 Mos. 1941.....	200,597	37,272	11,685	219,816

Ranges and pastures in the District carry a good supply of old feed which has been supplemented by extensive use of winter wheat pastures in western Kansas and Oklahoma. Although the spring has been somewhat backward and new grass has been slow in starting growth, prospects for spring and summer grazing are the best in many years because of the favorable moisture situation. Livestock continues in excellent condition, and death losses have been light despite the cold and stormy weather of early months this year. The outlook is for large calf and lamb crops this spring. Wool contracting in western states expanded considerably during March.

Pasture leasing has been quite active in the Osage section of Oklahoma and the Blue Stem (Flint Hills) section of Kansas this spring at prices ranging from 15 to 20 per cent higher than last year and with acreage guarantees per head somewhat reduced. By early April, 93 per cent of available pastures had been leased in the Osage country and 82 per cent in the Blue Stem area. Present indications are that these pastures will be well filled, as the number of cattle carried through the winter was the largest in recent years, reflecting the gradual rebuilding of local herds which had been depleted by prolonged drought. Stock water supplies are plentiful and these pastures are now in very good condition to receive the large numbers of cattle shipped in each year from Texas and New Mexico to be fattened on grass before moving to market.

FARM INCOME

Cash farm income in the District is running more than a third above last year. Income from crops is moderately higher, while returns from livestock and livestock products have increased markedly. The bulk of the increase, of course, represents higher prices received for farm products, although production is also increasing, especially of hogs and eggs. Demand for farm products is expected to improve further as war production and lend-lease buying expand.

Department of Agriculture farm income estimates:

	Feb.	2 Mos.	Change from 1941	
	1942	1942	Feb.	2 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	12,445	26,965	+18	+29
Kansas.....	29,847	67,809	+37	+40
Missouri.....	30,969	70,423	+41	+44
Nebraska.....	31,934	76,746	+56	+62
New Mexico.....	3,588	7,999	+14	+17
Oklahoma.....	17,564	38,237	+9	+21
Wyoming.....	4,564	8,485	+61	+61
Seven states.....	130,911	296,664	+35	+42
United States.....	889,412	1,986,925	+41	+43

Trade

RETAIL SALES

Department store sales in the District in March were 18 per cent above last year, aided in part by the fact that the month included more pre-Easter buying this year than last. In many lines the larger dollar volume represents higher prices which according to the Fairchild Index are, on the average, about 19 per cent above a year ago. March sales apparently were little affected by heavier income tax payments. The buying rush in evidence early in the year has largely subsided, although the heavy demand for some types of merchandise, notably apparel and accessories, is still suggestive of hoarding. The proportion of cash sales to total sales at department stores tends to increase at the expense of charge account sales, while instalment sales comprise about the same proportion of total sales as they did last year. Retail inventories have increased somewhat further and, in terms of dollars, are about a third higher than a year ago. In relation to the current rate of sales, present stocks are equal to about 3¼ months' supply as compared with slightly less than 3 months' supply last year. Retailers continue to order far in advance.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		Mar.'42	3 Mos.'42	Mar.31,'42
		comp.to Mar.'41	comp.to 3 Mos.'41	comp.to Mar.31,'41
(Per cent increase or decrease)				
Denver.....	7	+16	+19	+39
Hutchinson.....	3	+3	+16	....
Topeka.....	3	+7	+10	....
Wichita.....	4	+39	+42	....
Joplin.....	3	+42	+41	....
Kansas City.....	8	+25	+29	+37
St. Joseph.....	3	+13	+20	....
Omaha.....	4	+14	+24	....
Oklahoma City.....	6	+8	+10	+35
Tulsa.....	6	+27	+32	+25
Other cities.....	29	+4	+12	+27
District.....	76	+18	+23	+33

Automobile sales are only one-fourth to one-half as large as a year ago, but other types of retail buying have increased markedly. The gain in sales at apparel, dry goods, jewelry, hardware, and general stores is especially large.

Retail sales reported by the Bureau of the Census:

	Mar. 1942 per cent change from Mar. 1941						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+35	+53	+47	+44	+41	+62	+47
Automobile.....	-67	-74	-74	-54	-63	-77	-73
Department.....	+10	+22	+29	+15	....	+15	....
Drug.....	+2	+16	+10	+13	+15	+12	+10
Dry goods.....	+25	+16	+34	+19	+18	+26	....
Food.....	+11	+11	+13	+17	0	+14	+2
Furniture.....	+10	+23	+30	+28	+8	+9	....
General.....	+21	+37	+27	+29	+18	+25	+12
Hardware.....	+24	+50	+18	+44	....	+18	....
Jewelry.....	+32	+41	+23	+26	....	+31	....
Lbr. & mtl.....	+12	+39	+27	+12	+10	+1	-2
Miscellaneous..	+6	+15	+8	+8	+23	+38	+4
Total (weighted).....	+3	+12	+18	+11	0	+5	-7

WHOLESALE SALES

The value of March wholesale sales in the District was 20 per cent larger than a year ago. This increase was much less than that reported for other recent months and reflects to a considerable extent growing shortages in a number of lines, especially dry goods, drugs, and hardware. The heavy forward buying of retailers has cut further into wholesale stocks. Although inventories are still 17 per cent above a year earlier, wholesalers are having increasing difficulty in securing replacements from manufacturers and other primary sources because of the diversion of supplies to the war program. Wholesale prices continued to advance and average about 20 per cent higher than a year ago.

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

	No. of Firms	SALES		STOCKS
		Mar. '42	3 Mos.'42	Mar.31,'42
		comp.to Mar.'41	comp.to 3 Mos.'41	comp.to Mar.31,'41
		(Per cent increase or decrease)		
Auto. supplies.....	15	+16	+30	+7
Clothing.....	3	0	....	+35
Drugs.....	4	+13	+9	+19
Dry goods.....	3	+49	+52	....
Electrical goods....	13	-4	+12	+19
Farm products.....	12	+85	+49	+13
Furniture.....	3	+4	+34	....
Groceries.....	26	+13	+26	+20
Hardware—total..	(11)	+46	+42	+4
General.....	5	+41	+43	+4
Plbg. & htg.....	6	+66	+38	+1
Lumber & mtls.....	6	+35	+37	+8
Machinery.....	4	+5	+4	+63
Paper and prod.....	6	+43	+57	+46
Tobacco and prod..	7	+3	+8	....
All other lines.....	17	+27	+29	+22
Total.....	130	+20	+29	+17

Production

MEAT PACKING

Cattle slaughter continued heavy in March and there was a sharp increase in sheep slaughter despite the strong competition of country demand for stocker and feeder livestock. Hog slaughter is increasing and is expected to be exceptionally heavy when volume marketings of last year's large fall pig crop get under way. Government buying for the armed forces and for export under the lend-lease program currently is absorbing a very substantial part of all the pork and lard that is being processed.

March packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	19,162	2,435	39,967	35,019
Kansas City.....	59,992	8,018	165,806	107,729
Oklahoma City.....	18,656	4,771	41,367	15,556
Omaha.....	84,650	2,787	126,183	138,418
St. Joseph.....	25,555	3,257	58,611	98,471
Wichita.....	9,398	1,576	33,164	25,756
Mar. 1942.....	217,413	22,844	465,098	420,949
Feb. 1942.....	204,859	19,951	423,691	283,054
Mar. 1941.....	154,934	25,496	414,339	305,728
3 Mos. 1942.....	642,448	68,546	1,641,067	1,021,300
3 Mos. 1941.....	476,614	74,218	1,322,809	918,328

COLD STORAGE HOLDINGS

Heavy slaughter is maintaining cold storage stocks of beef and lamb at high levels, but Government purchases for lend-lease aid, together with rising domestic consumption, currently are cutting heavily into storage stocks of pork and lard. Total meat stocks are 10 per cent smaller than a year ago, and official estimates indicate that supplies of meat available for domestic consumers through September will be fully 5 to 10 per cent smaller this year than last. Stocks of poultry, eggs, butter, and cheese continue at or near record levels for this time of year.

United States cold storage holdings:

	Apr. 1 1942	Mar. 1 1942	Apr. 1 1941	Aver. '37-'41
	(In thousands of units)			
Beef, lbs.....	146,271	150,410	90,373	79,419
Pork, lbs.....	590,659	616,604	785,387	652,210
Lamb and mutton, lbs.....	8,104	8,122	4,378	4,224
Poultry, lbs.....	139,522	179,083	126,904	106,496
Miscellaneous meats, lbs....	117,992	116,025	82,955	86,685
Lard, lbs.....	177,784	201,900	310,406	211,051
Eggs, shell, cases.....	1,839	529	1,090	1,153
Eggs, frozen (case equiv.)	2,858	1,967	1,691	1,694
Butter, creamery, lbs.....	44,927	63,701	8,983	23,683
Cheese, all varieties, lbs....	188,280	160,073	109,893	85,842

FLOUR MILLING

Operations at southwestern flour mills tend to decline, dropping from 80 per cent of capacity early in February to 64 per cent by early April. Mills have a large backlog of orders on their books, much of it being flour that was contracted last December and January when wheat prices were rising rapidly, but buyers are slow to order out supplies, both bakers and jobbers apparently having overbought. Trade reports indicate that flour consumption currently is below normal, due probably to previous hoarding, and the lower drift of wheat prices is limiting interest in new flour sales except for small fill-in orders. Some mills, however, are maintaining operations to build up warehouse stocks and to take advantage of present high prices for by-product millfeeds.

Flour output reported by the Northwestern Miller:

	Mar. 1942	3 Mos. 1942	Change from 1941	
			Mar.	3 Mos.
	(In barrels)		(Per cent)	
Kansas City.....	505,000	1,552,000	-11	-4
Salina.....	189,000	533,000	+2	-6
Wichita.....	193,000	578,000	+17	+15
Other cities.....	1,230,000	3,902,000	-1	+8
Southwest.....	2,117,000	6,565,000	-2	+4
United States*.....	5,543,000	17,186,000	-4	+2

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

PETROLEUM

The movement of crude petroleum by rail from the middle west and southwest to the Atlantic seaboard is increasing rapidly and by early April had reached 525,700 barrels daily. Estimates of the maximum tank car movement attainable range from 600,000 to 800,000 barrels daily, leaving from 600,000 to 800,000

barrels daily to be moved by pipe lines, barges, and tankers in order to supply the east coast with the 1,400,000 barrels of oil a day which it had been receiving by coastwise tanker movement before the war. Meanwhile, refiners are adjusting plant yields to meet the heavy demand for fuel oils on the east coast, where the OPC has cut deliveries of both gasoline and fuel oil and where the OPA has authorized higher price ceilings to offset in part the higher transportation costs. Early in April, the War Production Board announced that contracts had been negotiated with 14 oil refining companies, representing 54 per cent of total United States capacity, 7 chemical concerns, and 4 large rubber manufacturers to assure production of synthetic rubber at an annual rate of 700,000 tons by the end of 1943, enough to care for military and some of the more essential of civilian needs.

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

	Mar.	3 Mos.	Change from 1941	
	1942	1942	Mar.	3 Mos.
	(In barrels)		(Per cent)	
Colorado.....	177,000	544,000	+59	+69
Kansas.....	7,286,000	21,752,000	+16	+21
Nebraska.....	127,000	371,000	+37	+35
New Mexico.....	2,841,000	9,815,000	-13	+6
Oklahoma.....	12,131,000	35,925,000	-7	-5
Wyoming.....	2,783,000	7,754,000	+19	+11
Six states.....	25,345,000	76,161,000	+1	+5
United States.....	114,983,000	358,804,000	+2	+11

ZINC AND LEAD

Production and shipments of zinc and lead in the Tri-State mining area of Oklahoma, Kansas, and Missouri are running somewhat lower this year than last. Because this field is an old one, there appears to be some question whether production for the field as a whole can be increased to meet the present heavy demand for zinc and lead, even with the Federal premium now being paid for above-quota production. Stocks of zinc in mine bins are the lowest of record.

March ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	10,907	\$ 602,957	1,148	\$ 87,961
Missouri.....	5,380	297,352	180	13,771
Oklahoma.....	24,490	1,353,825	3,217	246,672
Mar. 1942.....	40,777	\$2,254,134	4,545	\$348,404
Feb. 1942.....	37,014	2,046,115	3,806	292,135
Mar. 1941.....	42,155	2,031,684	4,115	277,830
3 Mos. 1942.....	109,972	6,079,235	11,975	910,565
3 Mos. 1941.....	111,601	5,380,211	12,040	792,316

EMPLOYMENT

Preliminary estimates indicate that nonagricultural employment in the District in February was 8 per cent higher than a year earlier. Since early last fall, gains over the preceding year have become progressively smaller, due probably in large part to growing "priorities unemployment" and some lag during the conversion of plants to war production.

Department of Labor employment estimates:

	Feb.	Jan.	Change from 1941	
	1942	1942	Feb.	Jan.
	(Number)		(Per cent)	
Colorado.....	234,000	233,000	+9	+9
Kansas.....	323,000	320,000	+7	+7
Missouri.....	863,000	870,000	+10	+12
Nebraska.....	209,000	212,000	+9	+11
New Mexico.....	71,000	71,000	+6	+6
Oklahoma.....	305,000	309,000	+5	+7
Wyoming.....	53,000	53,000	+8	+2
Seven states.....	2,058,000	2,068,000	+8	+9

Construction

Construction awards in the Kansas City area in March were nearly double a year ago, reflecting a renewed expansion of defense building. In 1941, defense work accounted for 45 per cent of total construction and this year the percentage will be substantially higher. On April 9, the War Production Board prohibited new construction of nonessential residences, roads, and commercial buildings as well as the withdrawal from inventory and the purchase, sale, or delivery of any material for use in such construction unless authorized by WPB. Moreover, projects already under way may be stopped if the scarce materials to be used in them can be put to more effective use in the war program. This action, which virtually suspends civilian construction, does not apply to ordinary maintenance and repairs, nor does it affect residential construction costing up to \$6,000 in designated defense housing critical areas.

Construction figures of F. W. Dodge Corporation:

	Mar.	3 Mos.	Change from 1941	
	1942	1942	Mar.	3 Mos.
	(Thousand dollars)		(Per cent)	
Residential building.....	10,243	25,544	+69	+109
Nonresidential bldg.....	9,811	14,299	+96	+27
Public wks. construc.....	7,764	9,137	+188	-25
Utility construction.....	5,460	6,733	+87	+21
Kansas City area.....	33,278	55,713	+99	+35
37 Eastern states.....	610,799	1,361,202	+27	+29

Value of building permits issued in District cities:

	Mar.	3 Mos.	Change from 1941	
	1942	1942	Mar.	3 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M.....	185,000	430,000	-34	-41
Cheyenne, Wyo.....	99,000	166,000	-26	-49
Colo. Springs, Colo..	32,000	152,000	-59	-3
Denver, Colo.....	783,000	1,966,000	-54	-45
Hutchinson, Kans....	27,000	67,000	-65	-45
Joplin, Mo.....	146,000	304,000	+152	+204
Kansas City, Kans..	32,000	301,000	-33	+70
Kansas City, Mo.....	270,000	673,000	-38	-31
Lincoln, Nebr.....	113,000	336,000	-26	+16
Okla. City, Okla.....	548,000	1,051,000	+3	-20
Omaha, Nebr.....	434,000	940,000	+19	+18
Pueblo, Colo.....	297,000	496,000	+291	+137
Salina, Kans.....	7,000	49,000	-61	-14
Shawnee, Okla.....	2,000	18,000	-67	-73
St. Joseph, Mo.....	20,000	36,000	-46	-58
Topeka, Kans.....	96,000	156,000	+16	-25
Tulsa, Okla.....	414,000	899,000	-45	-38
Wichita, Kans.....	2,687,000	3,635,000	+224	+167
District, 18 cities.....	6,192,000	11,675,000	+9	-3

Finance

WAR SAVINGS BONDS

Sales of War Savings Bonds by this bank and qualified issuing agents in the District averaged about \$638,000 daily, issue price, during the first twenty-five days of April as compared with a daily average of \$685,000 for March, \$859,000 for February, and \$1,363,000 at the peak last January. The high level of sales last January was influenced by the nearness to the attack on Pearl Harbor and also by the usual January reinvestment demand which resulted in limit purchases for the year by many large investors. Sales declined substantially in February and it was widely anticipated that March sales would be affected by unusually heavy income tax payments. It is interesting to note that while dollar sales have been declining, the number of individual bonds sold has been increasing the past two months.

MEMBER BANK OPERATIONS

Loans at 50 weekly reporting member banks in the Tenth District have declined somewhat further in recent weeks, but investments increased sharply at the middle of April when banks added to their holdings of Treasury bills and purchased the new issue of Treasury certificates of indebtedness. Deposits continue at record levels. Loans are about 27, investments 11, and deposits 15 per cent above a year ago.

Principal items of condition of 50 member banks:

	Change from		
	Apr. 15 1942	Mar. 18 1942	Apr. 16 1941
	(In thousands of dollars)		
Loans and investments—total.....	883,187	+13,709	+139,230
Loans—total.....	451,621	-5,849	+98,069
Coml., indust., agric.....	292,767	-4,591	+79,604
Open market paper.....	30,363	+181	+8,039
To security brokers and dealers..	3,135	+61	-1,156
Other to purchase or carry secur..	9,130	-508	-755
Real estate loans.....	33,279	+39	+1,776
Loans to banks.....	17	+2	-64
All other loans.....	82,930	-1,033	+10,625
Investments—total.....	431,566	+19,558	+41,161
U. S. Treasury bills.....	27,690	+8,745	+509
U. S. Treas. certif. of indebt.....	13,147	+13,147	+13,147
U. S. Treasury notes.....	40,376	-367	-6,812
U. S. Govt. bonds.....	149,511	+486	+45,580
Oblig. guar. by U. S. Govt.....	79,119	-1,081	-1,685
Other securities.....	121,723	-1,372	-9,578
Reserve with F. R. Bank.....	248,228	+6,674	+33,885
Balances with domestic banks.....	325,901	+6,790	-7,897
Demand deposits—adjusted.....	684,279	+13,925	+87,100
Time deposits.....	134,155	+448	-11,774
U. S. Govt. deposits.....	37,196	+1,483	+26,643
Interbank deposits.....	520,423	+10,439	+55,436

The volume of consumer instalment loans made during March at 59 banks in the District was about 10 per cent larger than in the preceding month, reflecting principally an expansion in personal cash loans and in FHA, Title I, Class I, repair and modernization loans. The total amount of consumer instalment credit outstanding, however, has declined about 10 per cent since last December, chiefly because of the sharp drop in automobile financing.

FEDERAL RESERVE NOTE CIRCULATION

Note circulation of this bank continues to rise but at a less rapid rate than in earlier months this year. During the first half of April, circulation averaged about 283 million dollars as compared with 279 million in March, 273 in February, and 266 million in January. Circulation has increased more than 30 per cent during the past year.

BANK DEBITS

Bank debits in this District continue about one-fourth larger than last year. At many reporting centers, war activity has resulted in even greater increases, ranging from one-third to one-half or more.

Payments by check in thirty District cities:

	Mar. 1942	3 Mos. 1942	Change from 1941	
	(Thousand dollars)		Mar.	3 Mos.
			(Per cent)	
Albuquerque, N. M.....	22,869	66,050	+13	+14
Atchison, Kans.....	4,076	12,126	+36	+36
Bartlesville, Okla.....	32,630	95,941	+20	+20
Casper, Wyo.....	7,619	21,538	+20	+9
Cheyenne, Wyo.....	11,236	32,433	+11	+12
Colo. Springs, Colo..	16,873	46,736	-1	+6
Denver, Colo.....	207,995	603,410	+15	+18
Emporia, Kans.....	4,174	12,422	+24	+22
Enid, Okla.....	12,215	39,662	+20	+37
Fremont, Nebr.....	4,084	11,357	+26	+25
Gr. Junction, Colo...	3,876	11,113	+12	+9
Guthrie, Okla.....	1,826	5,741	+11	+20
Hutchinson, Kans....	12,036	42,590	+12	+36
Indep., Kans.....	3,287	10,170	+15	+19
Joplin, Mo.....	17,785	50,021	+82	+71
Kansas City, Kans...	22,066	69,494	+21	+23
Kansas City, Mo.....	424,437	1,203,151	+24	+24
Lawrence, Kans.....	4,474	12,901	+16	+21
Lincoln, Nebr.....	31,469	91,472	+6	+8
Muskogee, Okla.....	12,547	34,782	+41	+35
Okla. City, Okla.....	125,700	380,668	+11	+16
Okmulgee, Okla.....	3,238	9,191	+2	+11
Omaha, Nebr.....	215,688	608,398	+32	+31
Pittsburg, Kans.....	6,047	17,722	+41	+42
Pueblo, Colo.....	15,548	48,433	+2	+9
Salina, Kans.....	10,451	35,233	+27	+44
St. Joseph, Mo.....	36,900	114,305	+23	+28
Topeka, Kans.....	22,073	68,415	+14	+13
Tulsa, Okla.....	179,276	521,487	+34	+34
Wichita, Kans.....	88,080	247,550	+45	+46
District, 30 cities.....	1,560,575	4,524,512	+23	+25
U. S., 274 cities.....	49,175,000	139,335,000	+10	+15

LIFE INSURANCE

Life insurance sales have declined sharply from the very high level of last December and January, when sales had been exceptionally heavy prior to rate increases and the insertion of war risk clauses.

The Life Insurance Sales Research Bureau report:

	Mar. 1942	3 Mos. 1942	Change from 1941	
	(Thousand dollars)		Mar.	3 Mos.
			(Per cent)	
Colorado.....	4,511	17,450	-11	+30
Kansas.....	7,335	27,231	+2	+50
Missouri.....	17,453	69,203	0	+47
Nebraska.....	5,295	20,499	-6	+35
New Mexico.....	1,024	3,919	+4	+40
Oklahoma.....	8,497	28,846	+11	+38
Wyoming.....	896	3,089	-15	+13
Seven states.....	45,011	170,237	0	+42
United States.....	552,044	2,188,235	-8	+32

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity continued at a high rate in March and the first half of April. Distribution of commodities to consumers was maintained in large volume and commodity prices advanced further.

PRODUCTION

Volume of industrial production increased seasonally in March and the Board's adjusted index remained at 172 per cent of the 1935-39 average. Output of durable manufactured products, now mostly war materials, continued to advance, reflecting mainly increased activity in the iron and steel, machinery, aviation, and shipbuilding industries. Production of lumber and cement, which had been maintained at unusually high levels during the winter months, increased less than seasonally in March.

In most industries manufacturing nondurable goods activity was sustained at earlier high levels. In some, however, notably wool textiles and petroleum refining, there were declines owing to restrictions on production for civilian use and, in the case of petroleum products, to transportation difficulties. Mineral production declined in March and the first half of April, reflecting sharp curtailment in output of crude petroleum. Coal production, which usually declines at this season, was maintained in large volume. The Great Lakes shipping season opened in the latter part of March and the first boatload of iron ore reached lower Lake ports 12 days earlier than the record set last year. Shipments during the coming season are expected to exceed considerably the total of 80 million gross tons brought down the Lakes last year.

Value of construction contract awards continued to increase in March, according to figures of the F. W. Dodge Corporation, and the level of the first quarter of 1942 was the highest in recent years, being some 30 per cent above that of the corresponding period last year. Awards for public work amounted to close to 80 per cent of the total and in the residential field accounted for 52 per cent of the value of all projects. Publicly-financed contracts for factory construction showed a sharp increase, partly offset in the total by a decline in private factory construction.

On April 9 the War Production Board issued an order which required explicit permission of the Government for initiation of all new private construction involving expenditures in excess of specified small amounts and not covered by specific priority ratings.

DISTRIBUTION

Value of retail trade in March continued at the high level of other recent months, making allowance for customary seasonal changes. Sales at department and variety stores increased by somewhat less than the usual seasonal amount while sales by mail-order houses rose more than seasonally.

On the railroads total loadings of revenue freight were maintained in large volume in March and the first half of April. Shipments of coal and coke declined less than seasonally and ore loadings increased sharply, while grain shipments declined further from the peak reached in January. Loadings of miscellaneous merchandise, which had been unusually large in the preceding three months, increased less than seasonally.

COMMODITY PRICES

The general level of wholesale commodity prices advanced $1\frac{1}{2}$ per cent further from the middle of March to the middle of April. Among manufactured products, finished consumers' goods, such as foods, clothing, and shoes, continued to show the largest price increases. Prices of most raw materials were unchanged or showed increases, which in a number of cases reflected the raising of Federal maximum price levels. There were declines in prices of wheat and of a few other commodities, including gasoline at Gulf ports and turpentine.

In retail markets maximum prices were fixed in this period for a number of electrical products, most of which will no longer be produced for civilian use after May 31. Prices of many other commodities and services advanced further.

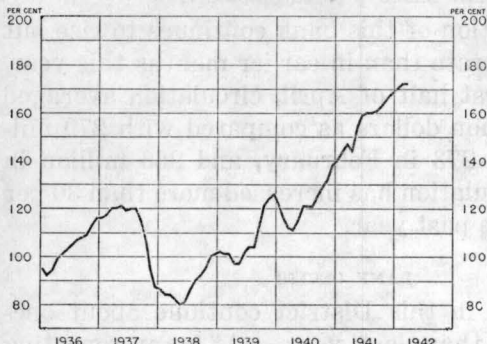
BANK CREDIT

During the four weeks ending April 15 holdings of Government securities at banks in leading cities increased by nearly 700 million dollars, while commercial loans declined somewhat, following a rise in previous weeks. Changes in member bank reserves and deposits reflected principally the temporary effects of Treasury operations in connection with income tax collection and the sale of certificates of indebtedness. Money in circulation continued to increase.

UNITED STATES GOVERNMENT SECURITY PRICES

Following an advance from the mid-February low, prices of U. S. Government bonds remained relatively steady in the first half of April.

INDUSTRIAL PRODUCTION



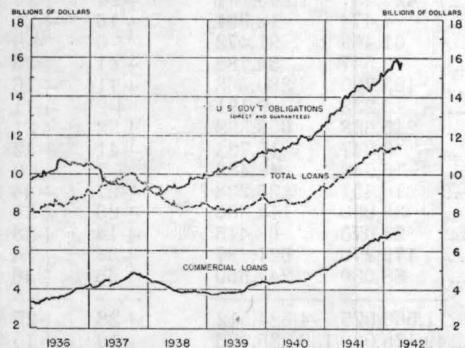
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Latest figure shown is for March, 1942.

DEPARTMENT STORE SALES AND STOCKS



Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. Latest figures shown are for March, 1942.

MEMBER BANKS IN 101 LEADING CITIES



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 April 8, 1942.

MEMBER BANK RESERVES



Wednesday figures. Required and excess reserves, but not the total, are partly estimated. Latest figures shown are for April 8, 1942.