

MONTHLY REVIEW

Agricultural and Business Conditions

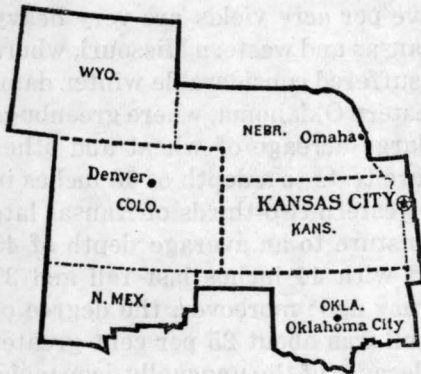
TENTH FEDERAL RESERVE DISTRICT

VOL. 27, No. 5

FEDERAL RESERVE BANK OF KANSAS CITY

MAY 30, 1942

Business in the Tenth Federal Reserve District



The wheat outlook has improved in recent weeks and it appears now that even with an abnormally small acreage the crop in this District will be nearly a fourth larger than normal. Nearly all parts of the District are wet, and warm and drier weather would be welcome on the farm. It is a little early to worry about a wet harvest but such a thing would be especially serious this year for much grain must be stored on the farm.

Wheat prices have lost the gains made following the announcement of the new loan rate but corn is at its recent high. Cattle prices are down rather sharply and hog prices moderately. Lamb prices, being free from restrictions, are strong.

Retail trade in recent weeks has been quieter. Higher prices more than account for the gains over a year ago. Bank deposits and investments continue to gain but loans are down sharply since the first of the year.

BUSINESS INDICATORS	APRIL 1942 COMPARED WITH APRIL 1941								4 MOS. 1942 COMPARED WITH 4 MOS. 1941							
	% DECREASE				% INCREASE				% DECREASE				% INCREASE			
	40	30	20	10	10	20	30	40	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.....																
Dept. Store Sales.....																
Marketings																
Wheat.....																
Corn.....																+292
Oats.....																+154
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.....																+91
Value of Permits.....																
Lumber Sales.....																
Miscellaneous																
Rainfall.....																
Cash Farm Income*..																
Employment*.....																

*For previous month.

Cost of Living

Cost of living indexes, compiled by the Bureau of Labor Statistics, are shown in the accompanying table. These indexes, based on the cost of goods purchased by wage earners and lower salaried workers, include such items as food, clothing, rent, fuel and utilities, housefurnishings, and a large group of miscellaneous items. From the table it is apparent that the cost of living declined somewhat after 1937 and did not regain the 1937 level until the second quarter of 1941. In the last year, however, the cost of living in large cities of the United States has increased about 13 per cent, and since the outbreak of war in Europe in the fall of 1939 there has been a rise of about 16 per cent. In this area, the corresponding increases for Kansas City are 14 and 15 and for Denver 13 and 15 per cent, respectively. The cost of living in some of the larger eastern cities has increased less than for the country as a whole, while the increase has been especially large at such centers as Norfolk, Savannah, Mobile, Portland, and Seattle. Of the various items in the index, food, clothing, and housefurnishings have shown the greatest advance. Rent has also been an important factor in some cities.

Department of Labor cost of living indexes:

	Kansas City	Denver	34 U.S. Cities (Average 1935-1939=100)
1937—March 15.....	101.7	102.8	101.8
1938—March 15.....	100.9	101.0	100.9
1939—March 15.....	99.1	99.2	99.1
1940—March 15.....	98.3	98.7	99.8
1941—March 15.....	99.2	99.9	101.2
April 15.....	100.1	101.1	102.2
May 15.....	100.2	101.5	102.9
June 15.....	101.8	102.9	104.6
July 15.....	102.2	103.9	105.3
August 15.....	103.2	104.9	106.2
September 15.....	105.4	106.0	108.1
October 15.....	107.1	108.3	109.3
November 15.....	108.3	109.7	110.2
December 15.....	108.7	109.4	110.5
1942—January 15.....	109.8	111.3	112.0
February 15.....	111.1	111.8	112.9
March 15.....	112.9	113.2	114.3
April 15.....	113.8	114.7	115.1

The sharp rise in prices during the past year and particularly the steady advance in the cost of living have caused great concern. As a consequence, the Government on April 28 frozen virtually all manufacturer and wholesale prices effective May 11, retail prices effective May 18, and commodity service charges effective July 1 at the highest level prevailing during March in an effort to stabilize the cost of living and to prevent a further inflationary price rise. Rents in defense areas also were frozen effective July 1 at specified levels going back, in some cases, as far as January of last year. Important exceptions to the OPA price ceiling order, in addition to commodities exempted because of seasonal and other factors and transactions of an individual or special nature, were

raw farm products, minimum ceilings for which had already been established by law, and certain food items comprising an estimated 25 to 40 per cent of the family food budget. Wages also were excluded.

Agriculture**CROPS**

The May 15 estimates of winter wheat production, including prospective production of "volunteer" wheat, indicated a crop for this District about 5 per cent larger than last year and 22 per cent above the average from 1930 to 1939 despite the small acreage. Abandonment of the seeded acreage has been very light and prospective per acre yields are very heavy except in eastern Kansas and western Missouri, where late planted wheat suffered considerable winter damage, and in southwestern Oklahoma, where greenbugs have destroyed a large acreage of wheat and other grains. Soil moisture tests to a depth of 48 inches in wheat fields in the western two-thirds of Kansas late in April showed moisture to an average depth of 45 inches as compared with 44 inches last fall and 37 inches in April a year ago; moreover, the degree of saturation of the soil was about 25 per cent greater than last spring. Because of the unusually deep moisture penetration, wheat has made quite rank growth generally, increasing the danger of loss from lodging. Rainfall was excessive during April and early May.

Department of Agriculture winter wheat estimates:

	Acreage		Yield		Production	
	Abandoned	Per Acre	Indic. Aver.	Per Acre	Indic. Aver.	Production
	Indic. Aver.	1942 '30-'39	1942 '30-'39	Indic. Aver.	1942 '30-'39	(1,000 Bushels)
	(Per cent)	(Bushels)	(Per cent)	(Bushels)	(1,000 Bushels)	
Colo.....	6.5	47.2	18.0	11.6	19,548	8,745
Kans.....	4.0	24.6	16.8	11.8	174,828	131,460
Mo.....	11.0	5.7	12.0	14.4	10,704	26,989
Nebr.....	2.5	19.1	18.5	13.6	52,854	41,151
N. Mex.....	8.0	42.1	15.0	9.3	4,170	2,478
Okla.....	8.5	17.5	13.5	11.6	52,826	47,682
Wyo.....	8.0	40.3	16.5	10.2	2,426	1,307
7 States.....	5.3	22.8	16.3	12.2	317,356	259,812
U. S.....	6.3	18.6	17.8	14.4	647,846	569,417

Because of the acute shortage of storage space at terminal elevators, much of the new wheat crop, with the aid of WPB priorities on lumber and nails, must be stored temporarily on farms. Partial relief will be afforded by the movement of CCC wheat from Kansas to Iowa for hog feeding and the transfer of empty steel corn bins from Iowa to Kansas. The railroads on May 20 placed an embargo on shipments of old wheat to terminals for storage unless space had previously been contracted, and special committees at the various markets have been set up to control the movement of wheat after June 1.

The decline in wheat prices below the point of profitable redemption of grain under loan caused a reduction in marketings of wheat during April, but

receipts of other grains at District markets continued heavy. Cash wheat prices strengthened somewhat early in May, influenced by the announcement of the higher 1942 loan rate and of increased parity and conservation payments, but prices subsequently dropped back to the low point reached late in April. Cash corn prices are strong, reflecting heavy utilization in livestock, dairy, and poultry production.

The lower range of cash prices at Kansas City:

	May 26 1942	Apr. 30 1942	Mar. 31 1942	Apr. 30 1941
No. 1 hd., dk. wheat, bu...	\$1.12	\$1.12 1/4	\$1.17 1/2	\$.86 1/2
No. 2 mixed corn, bu.....	.80 1/4	.77	.79 1/2	.65
No. 2 white oats, bu.....	.51	.53 1/2	.52 1/4	.36 1/2
No. 2 rye, bu.....	.65	.68 1/2	.73	.52
No. 2 barley, bu.....	.57	.56 1/2	.57 1/2	.48
No. 2 white kafir, cwt....	1.18	1.16	1.14	.92

RAINFALL

April precipitation was the heaviest for that month on record in the western third of Nebraska and Kansas and in Oklahoma, while New Mexico, Colorado, and Wyoming received near-record amounts of moisture.

Rainfall reported by the Weather Bureau:

	Apr. 1942		4 Mos. 1942	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver.....	4.01	2.06	7.01	4.03
Leadville.....	3.51	1.78	7.94	6.08
Pueblo.....	6.17	1.31	7.62	2.68
Lamar.....	3.87	1.77	5.22	3.43
Center.....	2.48	.59	3.19	1.30
Steamboat Springs.....	4.39	1.90	11.60	8.87
KANSAS				
Topeka.....	4.16	2.78	7.13	7.33
Iola.....	4.89	3.90	8.88	9.29
Concordia.....	1.65	2.36	5.38	4.91
Salina.....	4.15	2.47	7.35	5.56
Wichita.....	7.08	2.91	10.12	6.67
Hays.....	4.74	2.29	7.71	4.37
Goodland.....	4.88	2.06	6.57	3.74
Dodge City.....	5.27	1.94	7.80	4.08
Elkhart.....	7.05	1.75	8.99	3.60
MISSOURI				
St. Joseph.....	1.60	3.19	6.54	8.62
Kansas City.....	4.58	3.14	10.50	8.61
Joplin.....	6.11	4.70	10.95	11.74
NEBRASKA				
Omaha.....	.52	2.51	4.04	5.47
Lincoln.....	.97	2.53	5.32	5.39
Norfolk.....	.55	2.69	4.94	5.36
Grand Island.....	1.19	2.45	3.46	5.12
McCook.....	3.52	1.86	7.15	3.74
North Platte.....	6.83	2.06	9.81	3.84
Bridgeport.....	3.28	2.12	4.53	3.81
Valentine.....	3.50	1.85	6.56	3.90
NEW MEXICO				
Clayton.....	6.55	1.70	8.56	3.23
Santa Fe.....	2.54	1.00	2.89	3.22
Farmington.....	.98	.64	2.08	2.60
OKLAHOMA				
Tulsa.....	7.51	4.13	9.23	10.72
McAlester.....	12.25	4.58	16.89	12.74
Oklahoma City.....	8.58	3.29	10.88	7.57
Pauls Valley.....	9.29	3.88	12.09	9.07
Hobart.....	7.51	3.10	10.12	6.40
Enid.....	7.95	3.26	11.46	7.10
Woodward.....	3.84	2.49	6.60	5.60
WYOMING				
Cheyenne.....	5.04	1.99	7.41	4.07
Casper.....	2.08	1.96	2.81	4.71
Lander.....	2.14	2.06	4.71	4.44
Sheridan.....	1.83	1.92	3.28	4.63

LIVESTOCK

Hog prices have declined moderately from their sixteen-year peak of \$14.55 a hundredweight at the middle of April, following action taken by the OPA lowering the ceiling on wholesale pork prices. Slaughter steer prices in April had reached \$15 a hundredweight, a new high since 1937 and the highest April level since 1928, owing in part to the scarcity of heavy fat steers, but in the forepart of May prices declined sharply, responding to the recent over-all price ceiling order which included wholesale and retail dressed beef prices. The OPA ceiling order specifically exempted dressed lamb and mutton, and market prices of lambs continued to advance sharply, rising above \$15 a hundredweight to their highest point since 1929. Although a strong consumer demand is supporting all livestock prices, lend-lease purchases of pork and lard are a very important factor in hog prices, which are at the highest level for this season of the year since 1920, and cattle prices may derive additional support from a shift in consumer demand from pork to beef because of the withdrawal of much pork from the domestic market by Government purchases.

Top carlot livestock prices at Kansas City:

	May 26 1942	Apr. 1942	Mar. 1942	Apr. 1941	Apr. 1940	Apr. 1939
(In dollars per hundredweight)						
Beef steers.....	13.75	15.00	14.25	12.75	11.50	12.25
Stocker cattle.....	13.50	14.00	13.75	12.65	11.00	10.25
Feeder cattle.....	13.00	13.75	12.40	11.25	10.85	10.50
Calves.....	14.50	15.00	14.50	12.00	10.50	10.00
Hogs.....	14.25	14.55	13.70	9.05	6.45	7.05
Sheep.....	12.00	11.00	9.50	9.50	8.00	8.85
Fed lambs.....	13.75	12.40	12.25	10.90	10.60	10.00
Spring lambs.....	15.00	14.00	13.50	12.50	11.10	11.10

Livestock marketings continued heavy during April, reflecting large numbers on farms, favorable market prices, and increased feeding operations. The exceptionally heavy receipts of cattle indicate fairly close liquidation of slaughter supplies, but producers continue to hold back calves. Hog marketings are expanding seasonally, although the unusually favorable corn-hog price ratio has caused farmers to feed fall pigs to heavier weights and thus to delay marketings somewhat in many cases.

April livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Apr. 1942.....	407,415	37,905	545,923	689,326
Apr. 1941.....	321,804	40,190	472,395	577,509
4 Mos. 1942.....	1,493,617	150,534	2,352,734	2,397,207
4 Mos. 1941.....	1,180,443	166,921	1,982,806	2,020,302

Adundant feed supplies and excellent prospects for grass contributed to a further heavy countryward movement of stocker and feeder livestock from public markets in April. According to trade reports, however, the recent sharp decline in fat cattle values has largely erased the margin of profit in feeding cattle purchased at present relatively high prices.

Stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Apr. 1942.....	127,671	13,333	3,653	76,150
Apr. 1941.....	94,945	13,879	3,889	52,681
4 Mos. 1942.....	359,972	44,410	13,740	344,748
4 Mos. 1941.....	295,542	51,151	15,574	272,497

Although ranges and pastures have been late in developing, moisture conditions this spring are very favorable and, with warm and drier weather, the outlook for spring and early summer grass is the best in many years. There is a large carry-over of hay and feed in nearly all sections of the District and stock water generally is plentiful. April storms in some sections were hard on livestock, especially young lambs and calves, but on the whole death losses have been light and livestock continues in good condition, with large calf and lamb crops in prospect.

Contracting of the 1942 wool clip in western areas slowed considerably during April as growers held firmly for ceiling prices. Top prices this spring in Wyoming, Colorado, and New Mexico are around 43 cents a pound, grease basis, as compared with 38 last year, 31 two years ago, and 21 cents three years ago.

FARM INCOME

Cash income from farm marketings in the District in March and in the first quarter of 1942 was about one-half larger than in the corresponding periods of 1941, reflecting both heavier marketings and higher prices, especially of meat animals, poultry, eggs, and oil-bearing crops. According to the Department of Agriculture, the demand for farm products is expected to show further improvement and may also be supported by the relative scarcity of other consumer goods, which will tend to divert purchasing power to items in more adequate supply, such as farm products.

Department of Agriculture farm income estimates, exclusive of Government benefit payments:

	Mar. 1942	3 Mos. 1942	Change from 1941 Mar. 3 Mos.	
	(Thousand dollars)		(Per cent)	
Colorado.....	12,927	36,150	+41	+49
Kansas.....	27,740	84,313	+50	+49
Missouri.....	31,620	94,597	+70	+57
Nebraska.....	28,974	90,490	+42	+42
New Mexico.....	2,931	10,268	+39	+34
Oklahoma.....	16,604	50,619	+41	+42
Wyoming.....	4,924	11,836	+79	+73
Seven states.....	125,720	378,273	+51	+49
United States.....	900,865	2,738,919	+48	+50

Although prices paid by the farmer for articles he buys have advanced, prices received by farmers for farm products had risen very sharply during 1941, and from August, 1941, through April, 1942, the ratio of prices received to prices paid was 99 per cent of that prevailing from 1910 to 1914. This is the first time since 1920, except for a short period in 1937, that the purchasing power of the farmer's dollar has achieved so-called parity with those earlier years.

Trade

RETAIL SALES

Department store sales in the District in April were only 10 per cent above a year ago, the smallest gain for any month this year, and in the first two weeks of May dollar volume was very little larger than last year. Since retail prices according to the Fairchild Index are, on the average, about 19 per cent higher than at this time last year, the physical volume of sales probably is considerably below a year earlier. The rush to buy goods because of fear of shortages and higher prices has subsided. The fact that many open charge accounts must now be gotten into better shape and a tightening of restrictions on instalment buying, together with intensified efforts to sell war bonds, also may be influencing sales. Dollar inventories at department stores have increased further and are 40 per cent larger than a year ago. Present stocks, in relation to the current rate of sales, represent 3½ months' supply as compared with slightly less than 3 months' supply last year. Forward buying by retailers continued to expand during April.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		Apr.'42 comp. to Apr.'41	4 Mos.'42 comp. to 4 Mos.'41	Apr. 30,'42 comp. to Apr. 30,'41
(Per cent increase or decrease)				
Denver.....	7	+14	+18	+45
Hutchinson.....	3	-9	+7	....
Topeka.....	3	-2	+6	....
Wichita.....	4	+24	+36	....
Joplin.....	3	+12	+31	....
Kansas City.....	8	+8	+22	+53
St. Joseph.....	3	-5	+12	....
Omaha.....	4	+11	+20	....
Oklahoma City.....	6	+7	+9	+36
Tulsa.....	6	+27	+31	+36
Other cities.....	31	-7	+6	+29
District.....	78	+10	+19	+40

Retail sales in Nebraska continued in April moderately above a year earlier, but gains in Kansas and Missouri narrowed considerably from previous months and in Oklahoma sales dropped below last year. Sales in New Mexico, Colorado, and Wyoming showed about the same change from a year ago as in recent months.

Retail sales reported by the Bureau of the Census:

	Apr. 1942 per cent change from Apr. 1941						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+19	+11	+11	+20	+18	+13	+15
Automobile.....	-71	-70	-73	-70	-59	-78	-72
Department.....	+16	+17	+7	+16	....	+19	....
Drug.....	+17	+14	+12	+19	+10	+15	+15
Dry goods.....	+17	+23	+29	+27	+22	+35	....
Food.....	+17	+15	+15	+29	+10	+14	+5
Furniture.....	+5	+21	+11	+29	+8	-5	....
General.....	+10	+27	+23	+30	+7	+32	+13
Hardware.....	+40	+14	+15	+44	....	+3	....
Jewelry.....	+17	+18	+7	+9	+8	+23	....
Lbr. and mtl.	-7	+25	+27	+47	+24	-18	-4
Miscellaneous..	+8	+19	-7	+6	+5	+22	-2
Total (weighted)+3	+3	+5	+3	+12	+1	-5	-6

WHOLESALE SALES

The value of wholesale sales in the District was maintained in April at a level about 21 per cent above a year ago, but trade reports indicate a noticeable slackening early in May when retailers were inclined to withhold future commitments pending the effective date of price ceilings. However, reorders for immediate selling continued heavy, suggesting that the availability of goods rather than price was of most concern. The value of wholesale stocks is about 20 per cent larger than a year ago. Wholesale prices, on the average, are about 19 per cent higher than at this time last year, the BLS index in April reaching 98.8 per cent of the 1926 average.

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

	No. of Firms	SALES		STOCKS
		Apr. '42 comp. to Apr. '41	4 Mos. '42 comp. to 4 Mos. '41	Apr. 30, '42 comp. to Apr. 30, '41
		(Per cent increase or decrease)		
Auto. supplies.....	19	+14	+25	+5
Drugs.....	4	+11	+10	+14
Dry goods.....	3	+30	+44	....
Electrical goods....	9	+2	+11	-13
Farm products.....	13	+35	+45	+50
Furniture.....	3	+12	+24	....
Groceries.....	26	+18	+23	+28
Hardware—total..	(11)	+16	+32	....
General.....	6	+16	+32	+5
Plbg. & htg.....	5	+13	+31	....
Jewelry.....	3	+21	+16	-7
Lumber and mtls..	5	+58	+47	+43
Machinery.....	5	+17	+15	+9
Paper and prod.....	8	+26	+46	+16
Tobacco and prod..	6	0	+5	....
All other lines.....	18	+50	+33	+19
Total.....	133	+21	+26	+20

Production

MEAT PACKING

Hog slaughter is increasing rapidly as market supplies of last year's large fall pig crop expand seasonally. Lend-lease purchases of pork and lard are being stepped up sharply and in the next three to six months will probably absorb about two-fifths of all the pork and two-thirds of all the lard processed under Federal meat inspection in this country. Cattle slaughter continues at a very high level and sheep slaughter also is heavy, with packers' purchases of cattle in April about 25, hogs 16, and sheep 6 per cent above the April average of the past ten years.

April packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	19,879	2,168	42,984	33,143
Kansas City.....	60,614	8,281	189,221	114,167
Oklahoma City.....	14,261	3,875	48,388	11,802
Omaha.....	78,954	2,221	112,656	122,892
St. Joseph.....	22,707	2,961	78,776	86,170
Wichita.....	9,230	1,674	36,872	21,531
Apr. 1942.....	205,645	21,180	508,897	389,705
Apr. 1941.....	165,677	22,426	424,227	363,492
4 Mos. 1942.....	848,093	89,726	2,149,964	1,411,005
4 Mos. 1941.....	642,291	96,644	1,747,036	1,281,820

COLD STORAGE HOLDINGS

Reflecting increased domestic consumer demand, large army requirements, and heavy lend-lease buying, United States cold storage stocks of pork, lard, poultry, eggs, and butter tended to decline during April, after allowance is made for usual seasonal influences. Lard stocks declined sharply, falling to their lowest level since late 1939, and pork stocks also are small, while holdings of beef and lamb are relatively large. Stimulated by Government purchases, production of butter, cheese, poultry, and eggs is very heavy, and stocks of these commodities are at or near record levels for this time of year.

United States cold storage holdings:

	May 1 1942	Apr. 1 1942	May 1 1941	Aver. '37-'41
	(In thousands of units)			
Beef, lbs.....	126,347	147,514	85,563	67,249
Pork, lbs.....	570,817	590,416	795,876	638,393
Lamb and mutton, lbs.....	7,048	8,180	4,718	3,390
Poultry, lbs.....	96,441	139,677	101,129	82,573
Miscellaneous meats, lbs....	107,150	117,965	79,924	78,634
Lard, lbs.....	120,392	176,883	321,074	210,923
Eggs, shell, cases.....	4,650	1,798	3,031	3,468
Eggs, frozen (case equiv.)	4,245	2,864	2,654	2,517
Butter, creamery, lbs.....	37,183	45,045	17,795	24,952
Cheese, all varieties, lbs....	204,307	188,333	108,335	84,396

FLOUR MILLING

Southwestern flour milling operations averaged about 66 per cent of capacity during April and early May, much below previous months this year and somewhat below the level of operations at this time last year. Buyers have a large amount of flour contracted but have been slow to order out supplies. Both bakers and jobbers appear to have ample stocks on hand as flour consumption, according to trade reports, currently is below normal. New flour sales continue very light. The OPA price ceiling order specifically exempted flour and mixed animal feeds but included wheat millfeeds and commodities processed from flour, such as macaroni and packaged mixes.

Flour output reported by the Northwestern Miller:

	Apr. 1942	4 Mos. 1942	Change from 1941 Apr. 1941	4 Mos. 1941
	(In barrels)		(Per cent)	
Kansas City.....	516,000	2,069,000	-10	-6
Salina.....	183,000	716,000	+19	-1
Wichita.....	177,000	754,000	+5	+13
Other cities.....	1,143,000	5,045,000	-8	+4
Southwest.....	2,019,000	8,584,000	-6	+1
United States*.....	5,210,000	22,428,000	-11	-1

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

PETROLEUM

The movement of crude oil and refined products by rail from the middle west and southwest to the Atlantic seaboard reached 640,500 barrels daily by early May. This is nearly eleven times the volume of such shipments early last January before the coastwise tanker movement of petroleum was drastically curtailed by the war but is still far short of minimum east

coast requirements, particularly of fuel oils needed for war industries. Gasoline rationing in that area went into effect near the middle of May, and refiners in the middle west and southwest are adjusting their operations so as to increase fuel oil output and reduce gasoline yields 20 to 30 per cent as compared with the last half of 1941. Total demand for all oils in the first quarter of 1942 was 10 per cent above 1941 but in the second quarter it is expected to be about the same as last year and later to drop sharply below a year earlier because of the effect of tire rationing on civilian demand for gasoline and the reduction in deliveries of gasoline and fuel oils to distributors in coastal areas which had depended on tanker transport. Crude oil production in this District is little changed from last year and stocks have been virtually stationary the last six months at a level about 15 per cent lower than at the same time a year earlier.

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

	Apr.	4 Mos.	Change from 1941	
	1942	1942	Apr.	4 Mos.
	(In barrels)		(Per cent)	
Colorado.....	152,000	670,000	0	+41
Kansas.....	7,460,000	29,083,000	+20	+20
Nebraska.....	122,000	481,000	+20	+28
New Mexico.....	2,362,000	11,881,000	-27	-5
Oklahoma.....	11,918,000	47,684,000	-5	-5
Wyoming.....	2,769,000	10,356,000	+14	+10
Six states.....	24,783,000	100,155,000	0	+3
United States.....	105,036,000	462,242,000	-5	+6

ZINC AND LEAD

Production of zinc and lead in the Tri-State mining area of Oklahoma, Kansas, and Missouri had increased sharply during 1941. Output in recent months has held fairly close to the relatively high level reached last year but the depletion of ore bodies in this field, particularly of the higher grade ores, appears to be limiting a further increase in production. Demand is absorbing zinc and lead about as fast as it can be produced, and reserve stocks in mine bins are negligible.

April ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	10,061	\$ 556,172	987	\$ 75,570
Missouri.....	4,901	270,947	152	11,634
Oklahoma.....	22,908	1,266,354	1,730	132,416
Apr. 1942.....	37,870	\$2,093,473	2,869	\$ 219,620
Apr. 1941.....	39,758	1,915,855	4,400	303,868
4 Mos. 1942.....	147,842	8,172,708	14,844	1,130,185
4 Mos. 1941.....	151,359	7,296,066	16,440	1,096,184

EMPLOYMENT

Preliminary estimates indicate that nonagricultural employment in the District in March was 11 per cent above a year earlier, the largest gain reported since last fall. After some lull during the winter, when plants were being converted to war production, employment again is rising.

Department of Labor employment estimates:

	Mar.	Feb.	Change from 1941	
	1942	1942	Mar.	Feb.
	(Number)		(Per cent)	
Colorado.....	246,000	240,000	+13	+12
Kansas.....	328,000	323,000	+7	+7
Missouri.....	892,000	880,000	+12	+12
Nebraska.....	231,000	213,000	+18	+12
New Mexico.....	73,000	72,000	+6	+7
Oklahoma.....	319,000	315,000	+10	+8
Wyoming.....	53,000	53,000	0	+8
Seven states.....	2,142,000	2,096,000	+11	+10

Construction

Residential building in defense areas continued active in April but awards for other types of construction in the District were sharply under a year earlier, reflecting a temporary slackening in awards for defense projects and the halting by the War Production Board on April 9 of all nonessential civilian construction. Subsequent construction undertaken will be related to the war effort, either directly as in the case of air fields, war plants, and cantonments, or indirectly as in the case of housing, highways, and utilities to meet defense-center needs and farm storage in connection with increased food production.

Construction figures of F. W. Dodge Corporation:

	Apr.	4 Mos.	Change from 1941	
	1942	1942	Apr.	4 Mos.
	(Thousand dollars)		(Per cent)	
Residential building.....	7,893	33,437	+49	+91
Nonresidential bldg.....	1,510	15,809	-41	+14
Public wks. construc.....	756	9,893	-58	-29
Utility construction.....	787	7,520	-42	+8
Kansas City area.....	10,946	66,659	-1	+28
37 Eastern states.....	498,742	1,859,944	+23	+27

The value of building permits issued in reporting District cities in April dropped 40 per cent under the preceding year, continuing the downswing that started last fall. The urgent need for housing and other building related to defense needs, however, has stimulated operations at some centers.

Value of building permits issued in District cities:

	Apr.	4 Mos.	Change from 1941	
	1942	1942	Apr.	4 Mos.
	(Dollars)		(Per cent)	
Albuquerque, N. M..	79,000	509,000	-76	-52
Cheyenne, Wyo.....	75,000	241,000	-56	-51
Colo. Springs, Colo..	16,000	168,000	-65	-17
Denver, Colo.....	882,000	2,848,000	-35	-42
Hutchinson, Kans....	24,000	91,000	-25	-41
Joplin, Mo.....	30,000	334,000	+25	+169
Kansas City, Kans....	154,000	455,000	+95	+78
Kansas City, Mo.....	145,000	818,000	-58	-38
Lincoln, Nebr.....	141,000	477,000	+45	-12
Okla. City, Okla.....	249,000	1,301,000	-55	-30
Omaha, Nebr.....	197,000	1,137,000	-60	-12
Pueblo, Colo.....	92,000	588,000	-46	+55
Salina, Kans.....	7,000	56,000	-87	-50
Shawnee, Okla.....	7,000	25,000	-30	-68
St. Joseph, Mo.....	1,000	37,000	-100	-91
Topeka, Kans.....	53,000	208,000	-73	-48
Tulsa, Okla.....	302,000	1,201,000	-45	-40
Wichita, Kans.....	757,000	4,392,000	+114	+156
District, 18 cities.....	3,211,000	14,886,000	-40	-14

Finance

WAR SAVINGS BONDS

Sales of War Savings Bonds by this bank and qualified issuing agents in the District averaged about \$762,000 daily, issue price, during the first twenty-five days of May as compared with a daily average of around \$675,000 in April and March and \$1,363,000 at the peak last January. An intensive drive, urging the investment of at least 10 per cent of income in these bonds, is now under way in an effort to stimulate sales. The number of individual bonds sold continues to increase and in April was larger than in any other month except January. At the same time, however, redemptions also tend to increase.

MEMBER BANK OPERATIONS

Loans at 50 weekly reporting member banks in the Tenth District, which had been tending downward since the first of the year, declined sharply at the end of April, when wheat paper matured and the CCC acquired title to much wheat in this area and liquidated the wheat loans held by commercial banks. Investments have increased sharply in recent weeks as banks purchased Government securities, the volume of investments again exceeding that of loans. Loans are now only 10 per cent larger than a year ago, while investments are 15 per cent larger. Deposits at these reporting banks—both adjusted demand and interbank deposits—have risen to new record levels, and these reporting banks are also carrying record balances at other banks and at the Federal Reserve Bank. Adjusted demand deposits are 15 and interbank deposits 23 per cent higher than at this time last year. Reserve balances carried at this bank are 28 and balances carried at other banks 14 per cent above last year. Time deposits show a marked decrease.

Principal items of condition of 50 member banks:

	Change from		
	May 13 1942	Apr. 15 1942	May 14 1941
	(In thousands of dollars)		
Loans and investments—total.....	850,576	-32,611	+95,732
Loans—total.....	388,391	-63,230	+35,742
Coml., indust., agric.....	232,153	-60,614	+22,232
Open market paper.....	31,376	+1,013	+8,803
To security brokers and dealers..	3,516	+381	-235
Other to purchase or carry secur.	9,085	-45	-906
Real estate loans.....	33,191	-88	+1,224
Loans to banks.....	1	-16	-151
All other loans.....	79,069	-3,861	+4,775
Investments—total.....	462,185	+30,619	+59,990
U. S. Treasury bills.....	35,571	+7,881	+12,015
U. S. Treas. certif. of indebt.....	16,874	+3,727	+16,874
U. S. Treasury notes.....	52,161	+11,785	+4,839
U. S. Govt. bonds.....	148,755	-756	+48,761
Oblig. guar. by U. S. Govt.....	86,385	+7,266	-13,376
Other securities.....	122,439	+716	-9,123
Reserve with F. R. Bank.....	271,573	+23,345	+59,625
Balances with domestic banks.....	376,081	+50,180	+46,622
Demand deposits—adjusted.....	693,670	+9,391	+89,624
Time deposits.....	133,830	-325	-11,372
U. S. Govt. deposits.....	20,115	-17,081	+9,748
Interbank deposits.....	570,192	+49,764	+106,442

The volume of consumer instalment loans made during April at 59 banks in the District was 16 per cent less than in the preceding month because of a smaller amount of personal instalment cash loans made and smaller purchases of retail instalment paper. The total amount of consumer instalment credit outstanding has declined about 14 per cent since last December, reflecting chiefly a sharp drop in automobile financing.

BANK DEBITS

Bank debits in this District in April showed an increase of 17 per cent over last year, somewhat less than the gain for the year to date. War activity, however, has resulted in very sharp increases at many reporting centers in this area.

Payments by check in thirty District cities:

	Apr. 1942		4 Mos. 1942		Change from 1941	
	(Thousand dollars)		(Per cent)		Apr.	4 Mos.
Albuquerque, N. M.....	21,498	37,548	+8	+13		
Atchison, Kans.....	3,979	16,105	+18	+31		
Bartlesville, Okla.....	28,881	124,822	+5	+16		
Casper, Wyo.....	6,613	28,151	+3	+7		
Cheyenne, Wyo.....	11,330	43,763	+16	+13		
Colo. Springs, Colo.....	21,123	67,859	+56	+18		
Denver, Colo.....	197,223	800,633	+11	+16		
Emporia, Kans.....	4,242	16,664	+16	+20		
Enid, Okla.....	11,925	51,587	-4	+24		
Fremont, Nebr.....	4,257	15,614	+29	+26		
Gr. Junction, Colo.....	3,876	14,989	+6	+8		
Guthrie, Okla.....	1,711	7,452	+17	+19		
Hutchinson, Kans.....	12,594	55,184	+11	+30		
Indep., Kans.....	3,199	13,369	+7	+16		
Joplin, Mo.....	18,564	68,585	+84	+74		
Kansas City, Kans.....	26,017	95,511	+27	+24		
Kansas City, Mo.....	400,372	1,603,523	+13	+21		
Lawrence, Kans.....	3,504	16,405	-7	+14		
Lincoln, Nebr.....	30,769	122,241	+5	+7		
Muskogee, Okla.....	16,220	51,002	+91	+49		
Okla. City, Okla.....	114,676	495,344	+8	+14		
Okmulgee, Okla.....	2,718	11,909	-1	+8		
Omaha, Nebr.....	213,309	821,707	+26	+29		
Pittsburg, Kans.....	5,924	23,646	+44	+42		
Pueblo, Colo.....	16,036	64,469	-11	+3		
Salina, Kans.....	10,493	45,726	+1	+31		
St. Joseph, Mo.....	37,873	152,178	+26	+27		
Topeka, Kans.....	22,110	90,525	+4	+11		
Tulsa, Okla.....	160,692	682,179	+18	+30		
Wichita, Kans.....	86,587	334,137	+43	+45		
District, 30 cities.....	1,498,315	6,022,827	+17	+23		
U. S., 274 cities.....	46,620,000	185,955,000	+10	+14		

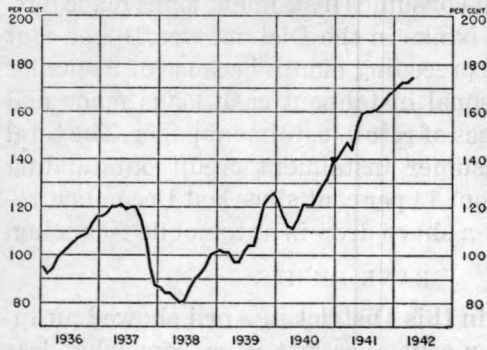
LIFE INSURANCE

Life insurance sales have declined further from the very high level of last December and January, and in April they were much below the preceding year.

The Life Insurance Sales Research Bureau report:

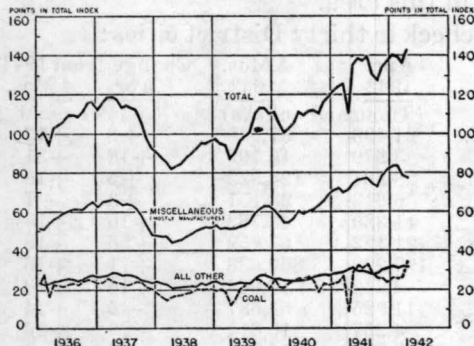
	Apr. 1942		4 Mos. 1942		Change from 1941	
	(Thousand dollars)		(Per cent)		Apr.	4 Mos.
Colorado.....	3,550	21,000	-32	+13		
Kansas.....	6,074	33,305	-18	+30		
Missouri.....	13,689	82,892	-21	+29		
Nebraska.....	4,918	25,417	-20	+19		
New Mexico.....	927	4,846	-21	+22		
Oklahoma.....	5,730	34,576	-25	+21		
Wyoming.....	728	3,817	-39	-3		
Seven states.....	35,616	205,853	-23	+24		
United States.....	462,761	2,650,996	-23	+18		

INDUSTRIAL PRODUCTION



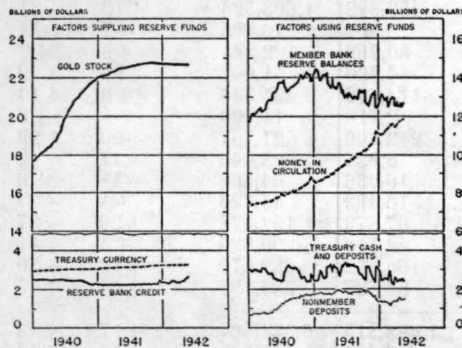
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Latest figure shown is for April, 1942.

FREIGHT CARLOADINGS



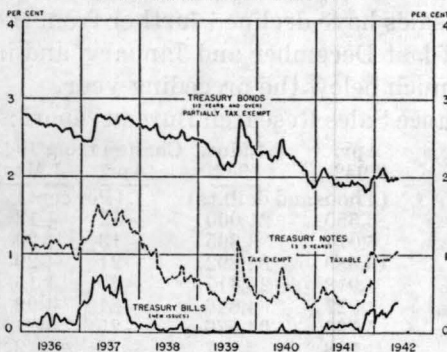
Federal Reserve monthly index of total loadings of revenue freight, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for April, 1942.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures. Latest figures shown are for May 13, 1942.

MONEY RATES IN NEW YORK CITY



Weekly averages of daily yields on Treasury notes and bonds and average discount on new issues of Treasury bills offered within week. Latest figures shown are for week ending May 16, 1942.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity increased in April and the first half of May reflecting continued advances in armament production. Following an increase in buying during the first quarter, retail trade declined somewhat. Wholesale commodity prices advanced further.

PRODUCTION

Expansion of industrial production in April was reflected in an advance in the Board's seasonally adjusted index from 172 to 174 per cent of the 1935-39 average. This increase followed upon a period of relative stability during the first quarter of the year, when growing war production was offset by decreased civilian output.

Since the beginning of the year total volume of industrial output has shown little change but there have been marked differences among individual industries. In general output of machinery, chemicals, and armament of all kinds has continued to expand at a rapid rate. There have also been substantial increases in output of electric steel, nonferrous metals, glass containers, wood pulp, and coal. On the other hand, output of many products for civilian use such as automobiles, tires and tubes, wool textiles, electrical appliances, alcoholic beverages, petroleum, and petroleum products has been sharply reduced either by direct order or by shortages of material or transportation facilities. In the month of April crude petroleum and petroleum products were the principal commodities showing a decline in output. Output of furniture, cotton and rayon textiles, manufactured foods, paper products, and tobacco products has been maintained in large volume.

Value of construction contracts awarded in April, as reported by the F. W. Dodge Corporation, was almost one-fifth below the high March total, reflecting a decline in publicly financed construction. Residential contracts decreased by one-fourth and for the month were at about the same level as last year. Awards for nonresidential building increased slightly, mainly because of a 40 per cent increase in awards for factories, practically all publicly financed.

In the first four months of 1942, total awards were about one-fourth greater than in the corresponding period last year; public awards more than doubled, while those for private projects were down by about two-fifths. Public awards in this period made up over 70 per cent of the total, compared with about 40 per cent last year.

DISTRIBUTION

Retail sales declined somewhat in April, following a considerable amount of anticipatory buying during the first quarter of this year. At department stores, dollar sales in April were about 10 per cent below the first quarter average, making allowance for usual seasonal variations, but were 5 per cent above the level prevailing during the latter part of 1941. During the first half of May sales showed a further decrease and were around 6 per cent larger than a year ago in contrast with price increases amounting on the average to about 20 per cent over the year period.

Total freight carloadings increased sharply in April owing chiefly to larger shipments of coal and forest products, and to a sharp rise in iron ore loadings as the Great Lakes shipping season got under way. Shipments of merchandise in less than carload lots, which had begun to decline in March, were reduced sharply further in April, reflecting Government action to increase the average load per car in order to effect fuller utilization of railroad equipment.

COMMODITY PRICES

Beginning on May 11, wholesale prices of most commodities were limited to the highest levels reached during March, according to the general maximum price regulation issued April 28. Effective May 18, retail prices of most commodities were likewise limited. Retail prices of related services will be limited beginning July 1.

About 30 new maximum price schedules for industrial products were issued from the middle of April to the middle of May. Most of these covered wholesale prices of items previously subject to informal or temporary controls. Upward adjustments in maximum prices were allowed for coal, ferromanganese, tires, petroleum products, and a few other items.

Wholesale prices of most farm products and basic foods, which are exempt from direct control, showed little change in this period, following sharp increases earlier in the year.

BANK CREDIT

During the five weeks ending May 20 Federal Reserve Bank holdings of Government securities increased by about 200 million dollars, while currency in circulation rose by 260 million. Member bank deposits increased during the period and required reserves showed a corresponding growth. The net result was a decline of 300 million in excess reserves. Holdings of United States securities at banks in leading cities increased further, while commercial loans declined. Liquidation of loans was concentrated at banks in New York City and in the Kansas City district.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of U. S. Government bonds declined in the last half of April, but steadied in the first half of May. Rates on current Treasury bill issues rose from about 0.20 per cent in March to 0.36 per cent in May. The Federal Open Market Committee announced on April 30 that Federal Reserve Banks stood ready to purchase all Treasury bills offered at 0.375 per cent.