

# MONTHLY REVIEW

## Agricultural and Business Conditions

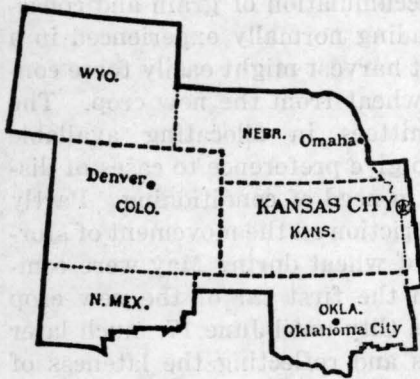
### TENTH FEDERAL RESERVE DISTRICT

VOL. 27, No. 6

FEDERAL RESERVE BANK OF KANSAS CITY

JUNE 30, 1942

#### Business in the Tenth Federal Reserve District



Excessive rains accompanied by high winds in many parts of the District have done considerable injury to an otherwise favorable farm condition. Row crops in many places have been badly damaged and the wheat harvest delayed. In addition to the difficulty of getting the crop harvested, a wet season this year greatly complicates the problem of storing combined grain.

During May a pronounced lull in retail trade occurred. Although prices were 18% above last year, dollar sales of department stores were 6% lower. In the first half of June, however, buying was again more active.

Livestock is going to market in large volume and meat packing is active. Coal production continues large. Construction, other than residential building, is at its recent high rate. Life insurance sales are off sharply. Bank loans are lagging but deposits, and bank investments especially, are increasing rapidly.

BUSINESS INDICATORS	MAY 1942 COMPARED WITH MAY 1941				5 MOS. 1942 COMPARED WITH 5 MOS. 1941			
	% DECREASE		% INCREASE		% DECREASE		% INCREASE	
	40	30	20	10	10	20	30	40
<b>Finance</b>								
Bank Debits.....								
F. R. Bk. Clearings.....								
Mem. Bk. Loans.....								
Mem. Bk. Invest.....								
Demand Deposits.....								
Life Ins. Sales.....								
Failures (Liab.).....								
<b>Trade</b>								
Wholesale Sales.....								
Dept. Store Sales.....								
<b>Marketings</b>								
Wheat.....								
Corn.....								
Oats.....								
Cattle.....								
Calves.....								
Hogs.....								
Sheep.....								
<b>Production</b>								
Flour.....								
Cattle Slaughter.....								
Calf Slaughter.....								
Hog Slaughter.....								
Sheep Slaughter.....								
Crude Petroleum.....								
Bituminous Coal.....								
Zinc Ore Shipments.....								
Lead Ore Shipments.....								
<b>Construction</b>								
Total Awards.....								
Res. Awards.....								
Value of Permits.....								
Lumber Sales.....								
<b>Miscellaneous</b>								
Rainfall.....								
Cash Farm Income*.....								
Employment*.....								

\*For previous month

## AGRICULTURE

## Crops

Drier weather in the latter part of May enabled farmers to progress with the planting of corn and other crops, but toward the end of the month and early in June topsoil moisture was becoming deficient, and above normal temperatures and high winds damaged winter wheat in southwestern Kansas. Even on this year's greatly reduced acreage, however, the District will produce a wheat crop about as large as last year and nearly one-fifth larger than the average crop harvested from 1930 to 1939. Harvesting of the early varieties of wheat began in extreme southern Oklahoma on May 27 and in southern Kansas on June 12. These first cuttings indicated good yields per acre and heavy test weights for the 1942 crop. In the second week of June, a period of rainy weather set in, delaying the maturity and harvest of wheat in many sections, increasing the danger of loss from lodging, and reviving apprehensions of a wet harvest. A wet harvest would be especially serious this year because much wheat must be stored on the farm where proper facilities for handling damp grain generally are lacking. Greenbugs have caused substantial damage to oats and barley in Oklahoma.

Department of Agriculture winter wheat estimates:

	Indicated 1942		Final 1941	Aver. '30-'39
	June 1	May 1		
(In thousands of bushels)				
Colorado.....	19,005	19,548	21,650	8,745
Kansas.....	166,601	172,771	173,092	131,460
Missouri.....	10,704	10,704	18,036	26,989
Nebraska.....	54,283	52,854	34,426	41,151
New Mexico.....	4,170	4,170	2,416	2,478
Oklahoma.....	52,826	54,782	48,610	47,682
Wyoming.....	2,646	2,426	3,160	1,307
Seven states.....	310,235	317,255	301,390	259,812
United States.....	646,931	646,875	671,293	569,417

Farmers are experiencing great difficulty in securing sufficient farm labor, although the situation has been relieved to some extent since the closing of schools early in June. The shortage is very serious in sugar beet areas, where part of the acreage has had to be plowed up, and was becoming acute with the approach of the wheat harvest. Since commercial storage already is well filled and farm storage is inadequate, the farmer is also faced with the problem of what to do with his wheat after it is cut. In recent weeks, farmers have been busy erecting new bins and repairing old ones, aided by Government loans and WPB priorities on lumber and nails, and the leasing of garages and other structures with concrete floors has been active. Steel bins have been transferred from the corn belt to the main producing sections of the wheat belt, and early in June the Government awarded contracts for a large number of wooden bins to provide additional storage. Even so,

it appears likely that much wheat must be piled on the ground, and such wheat is not eligible for CCC loans.

Because of the acute shortage of terminal storage space, the railroads on May 20 placed an embargo on shipments of wheat to terminals for storage unless space had previously been contracted. Effective June 5, this function was assumed by special storage committees at the various markets, which issue permits for loading at country points as terminal storage becomes available. Shipments of "free" wheat—that is, for sale on the open market—also are to be controlled by a permit system when and if necessary in order to avoid the accumulation of grain and consequent delay in unloading normally experienced in a harvest rush. A wet harvest might easily force considerable selling of wheat from the new crop. The grain storage committees in allocating available space are required to give preference to cases of distress, such as grain in need of conditioning. Partly as a result of the restriction on the movement of storage wheat, receipts of wheat during May were comparatively light, and the first car of the new crop did not reach Kansas City until June 17, much later than in recent years and reflecting the lateness of harvest. Receipts of corn, oats, and other feed grains continue very heavy because of the exceptionally large feeding and industrial demand.

May grain receipts at five District markets:

	Wheat	Corn	Oats
	(In bushels)		
Hutchinson.....	1,130,000	.....	6,000
Kansas City.....	3,051,000	2,387,000	472,000
Omaha.....	492,000	1,337,000	428,000
St. Joseph.....	272,000	463,000	446,000
Wichita.....	1,269,000	5,000	1,000
May 1942.....	6,214,000	4,192,000	1,353,000
Apr. 1942.....	5,340,000	7,125,000	1,574,000
May 1941.....	17,389,000	1,242,000	449,000
5 Mos. 1942.....	32,518,000	33,068,000	6,458,000
5 Mos. 1941.....	41,319,000	8,602,000	2,457,000

Cash wheat prices had strengthened somewhat early in May, when the higher 1942 loan rate and increased parity and conservation payments were announced. Prices subsequently resumed their decline, falling to their lowest point since August of last year, influenced by the heavy carry-over, the prospective large new crop, uncertainty over the disposition of CCC wheat stocks, the critical storage situation, and the proximity to harvest. Early in June, wheat prices again strengthened on reports of crop damage in Kansas from hot weather and dry, hot winds, together with substantial buying by mills, but prices have since weakened again and are about 14 cents a bushel below their five-year high of last January and about 17 cents below the new loan rate of \$1.27 a bushel, basis No. 2 hard winter wheat at Kansas City. The 1942 loan rate is about 17 cents higher



than last year and means a return to cooperating producers of around \$1.14 a bushel, not including soil conservation and parity payments. Cash corn prices continue strong, owing to heavy utilization in livestock, dairy, and poultry production and to increasing industrial usage for war purposes.

The lower range of cash prices at Kansas City:

	June 24 1942	May 29 1942	Apr. 30 1942	May 31 1941
No. 1 hd., dk. wheat, bu.	\$1.10 3/4	\$1.10 1/4	\$1.12 3/4	\$.85
No. 2 mixed corn, bu.	.80 1/4	.80 1/2	.77	.66 3/4
No. 2 white oats, bu.	.48 1/4	.49 3/4	.53 1/2	.34
No. 2 rye, bu.	.61 1/2	.66	.68 1/2	.50 1/2
No. 2 barley, bu.	.56	.56 1/2	.56 1/2	.46 1/2
No. 2 white kafir, cwt.	1.24	1.16	1.16	.94

**Rainfall**

Following excessive rains in April, the weather was rather dry during May throughout much of the District. Rainfall in Colorado was only 49, New Mexico 22, Oklahoma 47, and Kansas 66 per cent of normal, but in Wyoming it was 145, Nebraska 129, and Missouri 113 per cent of normal.

Rainfall reported by the Weather Bureau:

	May 1942		5 Mos. 1942	
	Total	Normal	Total	Normal
(In inches)				
<b>COLORADO</b>				
Denver	1.00	2.21	8.01	6.24
Leadville	.96	1.30	8.90	7.38
Pueblo	.92	1.60	8.54	4.28
Lamar	.08	2.28	5.30	5.71
Alamosa	.00	.89	4.05	1.99
Steamboat Springs	1.90	2.20	13.50	11.07
<b>KANSAS</b>				
Topeka	5.29	4.48	12.42	11.81
Iola	2.04	4.74	10.92	14.03
Concordia	3.53	4.18	8.91	9.09
Salina	2.51	3.72	9.86	9.28
Wichita	1.67	4.46	11.79	11.13
Hays	4.92	3.46	12.63	7.83
Goodland	.78	2.60	7.35	6.34
Dodge City	1.22	2.89	9.02	6.97
Elkhart	.34	2.08	9.33	5.68
<b>MISSOURI</b>				
St. Joseph	7.00	4.70	13.54	13.32
Kansas City	3.68	4.65	14.18	13.26
Joplin	4.40	5.36	15.35	17.10
<b>NEBRASKA</b>				
Omaha	3.93	3.77	7.97	9.24
Lincoln	4.59	4.08	9.91	9.47
Norfolk	2.53	4.27	7.47	9.63
Grand Island	2.94	3.95	6.40	9.07
McCook	2.15	2.86	9.30	6.60
North Platte	3.70	2.78	13.51	6.62
Bridgeport	7.03	2.82	11.56	6.63
Valentine	5.59	2.82	12.15	6.72
<b>NEW MEXICO</b>				
Clayton	.34	2.44	8.90	5.67
Santa Fe	.11	1.26	3.00	4.48
Farmington	.08	.41	2.16	3.01
<b>OKLAHOMA</b>				
Tulsa	3.02	5.23	12.25	15.95
McAlester	1.49	5.97	18.38	18.71
Oklahoma City	.43	4.88	11.31	12.45
Pauls Valley	3.78	5.20	15.87	14.27
Hobart	1.91	4.64	12.03	11.04
Enid	1.44	4.34	12.90	11.44
Woodward	1.93	3.51	8.53	9.11
<b>WYOMING</b>				
Cheyenne	3.27	2.43	10.68	6.50
Casper	2.74	2.47	5.55	7.18
Lander	4.24	2.26	8.95	6.70
Sheridan	4.28	2.65	7.56	7.28

**Livestock**

The upward trend in fat cattle prices since last fall was halted by the establishment in May of ceilings on wholesale and retail beef prices, and prime fat steers have declined rather sharply in price from their five-year high in April. Prices of the lower grades of slaughter cattle, however, are independently strong despite liberal marketings and have been less affected by the price ceiling on beef, so that the price spread between fat steers and stocker and feeder cattle has narrowed considerably. Stocker and feeder cattle prices have been high in relation to fat cattle prices since early last year because of the competition of a broad country demand and a strong slaughter demand for the lower grades of cattle. Hog prices are slightly below their high point in April but are fairly stable around the maximum level permitted by ceilings on pork and lard prices. Hog prices are still about as high as at any time in the last sixteen years, influenced by a strong domestic consumer demand, military needs, and heavy lend-lease purchases of pork and lard, which are readily absorbing all available supplies of hogs. Fresh lamb and mutton prices were specifically excluded from the OPA wholesale and retail ceiling order because sheep and lamb prices were below the minimum level at which a ceiling could be imposed on agricultural products under the Emergency Price Control Act of last February. Sheep and lamb prices consequently continued to rise, affected also by the heavy demand and high price of pelts and wool, and late in May had been at their highest level in thirteen years before declining somewhat in June. Sheep and lamb prices are unusually strong for this time of year.

Top carlot livestock prices at Kansas City:

	June 24 1942	May 1942	Apr. 1942	May 1941	May 1940	May 1939
(In dollars per hundredweight)						
Beef steers	13.75	13.90	15.00	11.75	11.75	11.00
Stocker cattle	14.25	14.50	14.00	12.15	11.00	10.25
Feeder cattle	12.60	13.15	13.75	11.15	10.40	10.60
Calves	14.50	15.00	15.00	12.00	10.50	10.00
Hogs	14.35	14.25	14.55	9.40	6.00	6.80
Sheep	12.00	12.75	11.00	8.25	8.00	8.00
Lambs	15.25	15.50	14.00	12.00	11.35	11.35

Livestock marketings in May continued much above a year earlier. Receipts of cattle were especially heavy, being 18 per cent above the May average of the past ten years. Marketings of strictly choice heavy beef steers, however, for some time have been relatively scarce, and the recent price decline, according to trade reports, may further reduce supplies of long-fed, well-finished steers. Receipts of hogs and sheep were little more than average, and marketings of calves were extremely light as producers continued to hold back young stock to build up herds. Nearly all sections of the District report

large calf and lamb crops this spring except in Wyoming, where local losses resulted from storms late in April and early in May.

May livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	42,905	3,844	50,641	142,354
Kansas City.....	124,777	13,748	215,138	177,094
Oklahoma City.....	36,018	8,665	55,171	26,086
Omaha.....	111,488	2,900	143,769	166,219
St. Joseph.....	30,409	4,048	80,629	103,013
Wichita.....	20,584	2,080	37,024	31,273
May 1942.....	366,181	35,285	582,372	646,039
Apr. 1942.....	407,415	37,905	545,923	689,326
May 1941.....	308,321	38,451	521,952	475,692
5 Mos. 1942.....	1,859,798	185,819	2,935,106	3,043,246
5 Mos. 1941.....	1,488,764	205,372	2,504,758	2,495,994

The countryward movement of stocker and feeder cattle and sheep from public markets remained in heavy volume through May. The establishment of maximum prices for beef may cause hardships for some cattle producers, who had recently purchased feeder cattle at high prices on the basis of an expected further advance in finished cattle prices. For cattle feeders who bought last fall, before the sharp advance in cattle prices, feeding margins are still profitable, even with advancing feed and farm labor costs. The corn-hog ratio is exceptionally favorable, owing to the sharp upturn in hog prices in the last year and a half and only moderate gains in corn prices.

Stocker-feeder shipments from four markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	17,122	2,222	52	61,570
Kansas City.....	54,726	5,252	2,285	17,255
Omaha.....	15,300	1,024	528	18,015
St. Joseph.....	7,354	1,022	1,019	13,884
May 1942.....	94,502	9,520	3,884	110,724
Apr. 1942.....	127,671	13,333	3,653	76,150
May 1941.....	70,087	10,426	5,043	52,739
5 Mos. 1942.....	454,474	53,930	17,624	455,472
5 Mos. 1941.....	365,629	61,577	20,617	325,236

The spring movement of southwestern cattle into the Osage pastures of Oklahoma and the Blue Stem (Flint Hill) pastures of Kansas was about 15 per cent larger this year than last and somewhat above the average movement from 1932 to 1941. Together with the largest number of cattle carried over through the winter in recent years, these pastures are fully stocked. Although held back by a cold, wet spring, pasture feeds in these areas are very good. Pastures in other sections of Kansas and Oklahoma also are carrying more cattle than in recent years.

After a slow start, range feed in western Nebraska and Wyoming showed marked improvement during May, and rains in June have largely relieved shortages of topsoil moisture that had developed in western Kansas and Oklahoma, in southeastern Colorado, and in New Mexico. Ranges and livestock, on the whole, are in excellent condition, although not showing quite the very high condition of a year ago.

## TRADE

### Retail Sales

Dollar sales at reporting department stores in the District in May were 6 per cent less than a year earlier. This was the first decline from the preceding year for any month since September, 1940. Since retail prices according to the Fairchild Index are, on the average, about 18 per cent higher than at this time last year, the physical volume of sales probably was substantially lower than a year earlier, when buying had been expanding rapidly. The slowing down during May, when retail price ceilings went into effect, was partly a natural reaction to the abnormally heavy buying of earlier in the year prompted by fear of shortages and rising prices. To conform with regulations regarding charge accounts, the stores in May closed their books at the end of the month instead of about the twenty-fifth as heretofore, and this change in the billing date may have delayed some buying until June. In the first three weeks of June, sales were about 14 per cent above a year earlier, stimulated by seasonally warm weather and renewed fear of shortages. Dollar inventories at department stores increased further during May, contrary to the usual trend, while the volume of orders outstanding declined rather sharply. Stocks on hand at the end of May represented better than 4 months' supply at the current rate of sales as compared with 2 $\frac{3}{4}$  months' supply last year.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		May '42 comp. to May '41	5 Mos. '42 comp. to 5 Mos. '41	May 31, '42 comp. to May 31, '41
		(Per cent increase or decrease)		
Denver.....	7	-4	+13	+59
Hutchinson.....	3	-20	0	....
Topeka.....	3	-10	+3	....
Wichita.....	4	+13	+30	....
Joplin.....	3	0	+23	....
Kansas City.....	8	-4	+16	+73
St. Joseph.....	3	-20	+3	....
Omaha.....	3	-5	+14	....
Oklahoma City.....	6	-9	+5	+47
Tulsa.....	6	+4	+25	+56
Other cities.....	30	-21	-2	+29
District.....	76	-6	+13	+51

Retail sales reported by the Bureau of the Census:

	May 1942 per cent change from May 1941						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+10	-3	-4	+9	+17	-9	-2
Automobile.....	-71	-72	-79	-64	-61	-84	-73
Department.....	-4	+13	-3	0	....	+1	....
Drug.....	+15	+13	+8	+10	+22	+14	+7
Dry goods.....	+16	+15	+16	+22	+17	+33	....
Food.....	+13	+9	+11	+19	+5	+8	0
Furniture.....	-14	+5	-12	+2	....	-16	....
General.....	+17	+17	+18	+24	+8	+22	-3
Hardware.....	+8	-9	+7	+9	....	-7	....
Jewelry.....	+4	+6	+9	+16	+17	+18	....
Lbr. and mtl's...+	+15	+35	+18	+23	+17	-9	-23
Miscellaneous..	+8	+63	+15	-4	+15	+11	+11
Total (weighted)-3	-3	-2	-6	+1	+1	-13	-17



**Wholesale Sales**

The value of May wholesale sales in the District was only 7 per cent larger than a year earlier. This was the smallest gain for any month since late in 1940 and reflected the inclination of retailers early in May to withhold future commitments pending the effective date of price ceilings and later to postpone some buying until more information is available concerning WPB proposals to limit retail inventories. Although wholesalers have a large backlog of orders, sales in some lines are being increasingly affected by shortages of merchandise. Stocks declined sharply in May to a level only 11 per cent above a year earlier.

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

No. of Firms	SALES		STOCKS	
	May'42	5 Mos.'42	May 31,'42	
	comp.to May'41	comp.to 5 Mos.'41	comp.to May 31,'41	
(Per cent increase or decrease)				
Auto. supplies.....	18	+7	+21	+2
Drugs.....	4	+9	+10	+12
Dry goods.....	3	+31	+41	....
Electrical goods....	14	-27	-21	-22
Farm products.....	14	+32	+41	-9
Furniture.....	4	+11	+19	....
Groceries.....	26	-1	+17	+18
Hardware—total..	(13)	+5	+24	....
General.....	4	-8	+22	-6
Industrial.....	3	+62	....	....
Plbg. & htg.....	6	-27	+16	....
Jewelry.....	3	-4	+7	-8
Lumber and mtls....	4	+158	+77	+4
Machinery.....	5	-4	+6	+6
Paper and prod.....	7	+21	+40	+25
Tobacco and prod..	3	+1	+5	....
All other lines.....	15	+14	+31	+25
<b>Total.....</b>	<b>133</b>	<b>+7</b>	<b>+21</b>	<b>+11</b>

**PRODUCTION**

**Meat Packing**

Cattle and sheep slaughter in May was not nearly so heavy as in earlier months this year, owing in part to an abnormally large country demand for stocker and feeder cattle and sheep which competed with packers at public markets for available supplies. Hog slaughter also was less heavy. Although the large 1941 fall pig crop is moving to market in volume, the unusually favorable corn-hog ratio has tended to cause farmers to feed hogs to heavier weights and thus to delay marketings somewhat. All livestock slaughter in May was little above the May average of the past ten years.

May packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Denver.....	19,285	2,013	44,445	32,205
Kansas City.....	54,561	8,130	208,824	95,256
Oklahoma City.....	12,779	5,467	46,114	19,346
Omaha.....	73,338	1,876	127,363	102,096
St. Joseph.....	19,981	3,024	78,477	79,329
Wichita.....	8,555	1,252	34,268	30,154
<b>May 1942.....</b>	<b>188,499</b>	<b>21,762</b>	<b>539,491</b>	<b>358,386</b>
<b>May 1941.....</b>	<b>181,697</b>	<b>24,516</b>	<b>481,856</b>	<b>308,309</b>
<b>5 Mos. 1942.....</b>	<b>1,036,592</b>	<b>111,488</b>	<b>2,689,455</b>	<b>1,769,391</b>
<b>5 Mos. 1941.....</b>	<b>823,988</b>	<b>121,160</b>	<b>2,228,892</b>	<b>1,590,129</b>

**Cold Storage Holdings**

United States cold storage stocks of meats, poultry, and lard declined further during May, in response to broad domestic consumer demand, large army requirements, and heavy lend-lease buying for export. Pork holdings are moderately below the average of the past five years and lard stocks are sharply lower, but stocks of other meats and poultry are relatively large. Continuous heavy buying by the Government has greatly stimulated the production of eggs, poultry, milk, and dairy products, the output of which reached record highs in May. As a consequence, stocks of cheese and frozen eggs on June 1 were at new all-time highs, while holdings of butter and poultry were the second largest of record for that date.

United States cold storage holdings:

	June 1	May 1	June 1	Aver.
	1942	1942	1941	'37-'41
(In thousands of units)				
Beef, lbs.....	100,242	126,884	76,231	56,768
Pork, lbs.....	558,392	572,799	798,455	605,090
Lamb and mutton, lbs.....	5,748	7,108	4,130	2,892
Poultry, lbs.....	80,142	96,716	87,433	73,106
Miscellaneous meats, lbs....	109,811	107,861	76,737	72,646
Lard, lbs.....	111,302	120,153	366,086	223,036
Eggs, shell, cases.....	6,904	4,638	5,375	5,927
Eggs, frozen (case equiv.)	5,955	4,256	3,788	3,455
Butter, creamery, lbs.....	64,797	37,228	56,792	48,972
Cheese, all varieties, lbs.....	223,223	203,901	119,718	92,652

**Flour Milling**

Southwestern flour milling operations showed some improvement during May and early June, although activity continues somewhat below a year earlier. The volume of unfilled orders on mills' books is about 40 per cent larger than a year ago and well above normal, but buyers have been slow to order out supplies and new flour sales continue very light except for a short period early in June, when bakers added to their already substantial future commitments as wheat prices strengthened after declining almost steadily since January. In the second week of May, flour sales had totaled only 8 per cent of capacity, probably an all-time low according to trade reports. Sales of family flour have been affected to some extent by sugar rationing, while sales of bakery flour have been affected, at least temporarily, by the dislocation in demand incident to increased inductions into the army and the movement of workers to defense areas. May output was 8 per cent above the ten-year average.

Flour output reported by the Northwestern Miller:

	May	5 Mos.	Change from 1941	
	1942	1942	May	5 Mos.
(In barrels)				
(Per cent)				
Kansas City.....	501,000	2,570,000	-11	-7
Salina.....	178,000	894,000	-8	-2
Wichita.....	163,000	917,000	-1	+10
Other cities.....	1,267,000	6,312,000	+2	+3
<b>Southwest.....</b>	<b>2,109,000</b>	<b>10,693,000</b>	<b>-2</b>	<b>+1</b>
<b>United States*.....</b>	<b>5,328,000</b>	<b>27,755,000</b>	<b>-8</b>	<b>-3</b>

\*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 a new high of 706,800 barrels daily by late May. Early in June, it appeared that supply was about in balance with minimum east coast demands, without allowing for the accumulation of storage over the next four months to provide for increased needs next fall and winter. To meet these needs, major pipe-line construction is to be undertaken immediately, designed to increase the eastward movement further by at least 100,000 barrels daily by December. Crude production in this District is dropping slightly below last year. In May, however, the lower level of production was accompanied by a pronounced decline in stocks of crude above ground, which previously had been virtually stationary for about six months. The demand for motor fuel is sharply lower than a year ago as a result of various measures to conserve rubber and ration gasoline, but the demand for other refined products is higher.

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

	May	5 Mos.	Change from 1941	
	1942	1942	May	5 Mos.
	(In barrels)		(Per cent)	
Colorado.....	209,000	886,000	+36	+41
Kansas.....	7,851,000	37,229,000	+20	+21
Nebraska.....	122,000	594,000	-7	+17
New Mexico.....	1,955,000	13,205,000	-42	-17
Oklahoma.....	12,042,000	59,790,000	-7	-5
Wyoming.....	2,891,000	12,983,000	+8	+7
Six states.....	25,070,000	124,687,000	-3	+1
United States.....	111,803,000	573,552,000	-4	+4

**Zinc and Lead**

Production of zinc and lead in the Tri-State mining area of northwestern Oklahoma and adjacent parts of Kansas and Missouri is dropping below the rather high level of a year earlier. In 1941, this area accounted for approximately one-third of all the zinc and one-tenth of all the lead produced in this country. The Tri-State district, worked for nearly a hundred years, is now almost entirely a marginal producer.

May ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	9,839	\$ 543,901	860	\$ 65,778
Missouri.....	5,031	278,124	104	7,991
Oklahoma.....	21,627	1,195,541	2,930	224,247
May 1942.....	36,497	\$ 2,017,566	3,894	\$ 298,016
May 1941.....	38,865	1,873,135	4,064	280,745
5 Mos. 1942.....	184,339	10,190,274	18,738	1,428,201
5 Mos. 1941.....	190,224	9,169,201	20,504	1,376,929

**Employment**

Preliminary estimates indicate that nonagricultural employment in the District in April was 10 per cent above a year earlier, about the same rate of gain as for the first four months of the year.

## Department of Labor employment estimates:

	Apr.	Mar.	Change from 1941	
	1942	1942	Apr.	Mar.
	(Number)		(Per cent)	
Colorado.....	249,000	247,000	+13	+13
Kansas.....	341,000	329,000	+8	+7
Missouri.....	914,000	896,000	+11	+12
Nebraska.....	219,000	215,000	+10	+10
New Mexico.....	80,000	78,000	+14	+13
Oklahoma.....	323,000	318,000	+9	+10
Wyoming.....	55,000	54,000	+4	+2
Seven states.....	2,181,000	2,137,000	+10	+11

**CONSTRUCTION**

Construction awards in the Kansas City area in May were sharply higher than in the preceding year, owing to a large volume of awards for public works and utility construction related to the war effort or essential to defense-center needs. Awards for residential building in May dropped considerably under a year earlier, the first important such decline in over two years. The decrease in residential building was principally in single family dwellings, both for owner occupancy and for sale or rent, reflecting the stoppage of virtually all non-essential civilian construction by the War Production Board last April.

Construction figures of F. W. Dodge Corporation:

	May	5 Mos.	Change from 1941	
	1942	1942	May	5 Mos.
	(Thousand dollars)		(Per cent)	
Residential building.....	5,432	38,869	-29	+54
Nonresidential bldg.....	22,040	37,849	+5	+9
Public wks. construc.....	26,171	36,064	+419	+90
Utility construction.....	13,540	21,060	+138	+67
Kansas City area.....	67,183	133,842	+70	+46
37 Eastern states.....	673,517	2,533,461	+23	+26

The value of building permits issued in May at Denver, Hutchinson, Wichita, and Kansas City, Missouri, was much greater than last year, but at other reporting centers there were sharp decreases, continuing the downswing that started last fall.

Value of building permits issued in District cities:

	May	5 Mos.	Change from 1941	
	1942	1942	May	5 Mos.
	(Dollars)		(Per cent)	
Colo. Springs, Colo..	8,000	177,000	-84	-30
Denver, Colo.....	2,349,000	5,197,000	+45	-20
Pueblo, Colo.....	34,000	621,000	-88	-5
Hutchinson, Kans....	96,000	187,000	+210	+1
Kansas City, Kans..	41,000	496,000	-55	+43
Salina, Kans.....	0*	56,000	-100	-63
Topeka, Kans.....	6,000	214,000	-95	-60
Wichita, Kans.....	1,060,000	5,451,000	+73	+134
Joplin, Mo.....	11,000	345,000	-48	+138
Kansas City, Mo.....	1,860,000	2,678,000	+201	+38
St. Joseph, Mo.....	2,000	39,000	-82	-91
Lincoln, Nebr.....	28,000	506,000	-97	-63
Omaha, Nebr.....	341,000	1,478,000	-12	-12
Albuquerque, N. M..	61,000	570,000	-64	-54
Okla. City, Okla.....	283,000	1,584,000	-50	-35
Shawnee, Okla.....	5,000	30,000	-82	-71
Tulsa, Okla.....	463,000	1,664,000	-16	-35
Cheyenne, Wyo.....	12,000	253,000	-95	-66
District, 18 cities.....	6,660,000	21,546,000	+6	-9

\*Less than \$500.



FINANCE

War Savings Bonds

Sales of War Savings Bonds by this bank and qualified issuing agents in this District, other than post offices, averaged about \$730,000 daily, issue price, during the first twenty-one business days of June as compared with an average of \$805,000 for each business day during May. At their peak last January, sales had averaged \$1,363,000 daily but subsequently dropped to a low of \$666,000 daily during April. The improvement that occurred in May probably reflected, to a considerable extent, results of the house-to-house campaign conducted by volunteer workers for the Treasury and the increasing number of pay roll deduction plans that are coming into operation.

Member Bank Operations

Loans at 50 weekly reporting member banks in the Tenth District declined somewhat further from the middle of May to the middle of June, while investments continued to rise sharply as banks purchased Government direct obligations. Loans now are only 6 per cent larger than a year ago but investments are 29 per cent greater and the largest on record. Demand deposits at these reporting banks have risen to new record levels nearly one-fourth above a year ago.

Principal items of condition of 50 member banks:

	Change from		
	June 17 1942	May 13 1942	June 18 1941
(In thousands of dollars)			
Loans and investments—total.....	894,382	+43,806	+134,773
Loans—total.....	378,433	-9,958	+19,817
Coml., indust., agric.....	223,233	-8,920	+11,025
Open market paper.....	31,713	+337	+6,528
To security brokers and dealers..	2,725	-791	-1,034
Other to purchase or carry secur.	8,931	-154	-1,026
Real estate loans.....	34,886	+1,695	+2,844
Loans to banks.....	21	+20	-303
All other loans.....	76,924	-2,145	+1,783
Investments—total.....	515,949	+53,764	+114,956
U. S. Treasury bills.....	46,943	+11,372	+39,714
U. S. Treas. certif. of indebt.....	20,863	+3,989	+20,863
U. S. Treasury notes.....	90,746	+38,585	+48,727
U. S. Govt. bonds.....	166,828	+18,073	+60,458
Oblig. guar. by U. S. Govt.....	65,623	-20,762	-41,196
Other securities.....	124,946	+2,507	-13,610
Reserve with F. R. Bank.....	259,137	-12,436	+53,361
Balances with domestic banks.....	393,938	+17,857	+63,554
Demand deposits—adjusted.....	719,846	+26,176	+124,271
Time deposits.....	134,509	+679	-9,027
U. S. Govt. deposits.....	10,358	-9,757	-2,468
Interbank deposits.....	600,369	+30,177	+131,148

Bank Debits

Beginning in May, comparable month-end deposit figures were reported by the same banks that report their debits to deposit accounts, thus affording a measure for the turnover or velocity of bank deposits. The debits figures represent all withdrawals from demand and time deposits of individuals, partnerships, corporations, and governmental units but do not include debits to interbank deposits. In the aggregate,

deposits other than interbank deposits at reporting centers turned over 1.3 times during May. Among the various centers, the turnover ranged from a high of 2.0 to a low of 0.4. Velocity depends upon a number of factors, including the type of business a bank is financing and the proportion of time deposits. For example, the deposits of banks servicing the livestock and meat-packing industries have a relatively high rate of turnover, while at banks with a large proportion of time deposits the turnover naturally is low.

Debits to deposit accounts in thirty District cities:

	May 1942	5 Mos. 1942	Change from 1941	
	(Thousand dollars)		May	5 Mos.
(Per cent)				
Colo. Springs, Colo.....	29,524	97,383	+138	+39
Denver, Colo.....	205,239	1,005,872	+15	+16
Gr. Junction, Colo....	3,785	18,774	+1	+7
Greeley, Colo.....	5,578*	.....	.....	.....
Pueblo, Colo.....	15,924	80,393	+7	+4
Atchison, Kans.....	3,698	19,803	+8	+26
Emporia, Kans.....	4,489	21,153	+19	+20
Hutchinson, Kans....	12,343	67,527	-3	+22
Indep., Kans.....	3,057	16,426	-3	+12
Kansas City, Kans....	24,076	119,587	+20	+23
Lawrence, Kans.....	3,623	20,028	-27	+3
Pittsburg, Kans.....	5,937	29,583	+42	+42
Salina, Kans.....	10,307	56,033	-13	+20
Topeka, Kans.....	22,115	112,640	+11	+11
Wichita, Kans.....	83,672	417,809	+29	+41
Joplin, Mo.....	16,302	84,887	+50	+69
Kansas City, Mo.....	457,720	2,113,400	+12	+19
St. Joseph, Mo.....	37,719	189,897	+21	+26
Fremont, Nebr.....	4,082	19,696	+13	+23
Lincoln, Nebr.....	33,081	155,322	+13	+8
Omaha, Nebr.....	213,486	1,035,193	+24	+28
Albuquerque, N. M....	21,912	109,460	+7	+11
Bartlesville, Okla....	28,905	153,727	+2	+13
Enid, Okla.....	11,765	63,352	-11	+16
Guthrie, Okla.....	1,556	9,008	-2	+15
Muskogee, Okla.....	18,812	69,814	+80	+56
Okla. City, Okla.....	124,080	619,424	+15	+14
Okmulgee, Okla.....	2,467	14,376	-13	+4
Tulsa, Okla.....	157,937	840,116	+7	+25
Casper, Wyo.....	5,433	33,584	-21	+1
Cheyenne, Wyo.....	10,075	53,838	-4	+9
District, 30 cities.....	1,573,121	7,648,105	+15	+21
U. S., 274 cities.....	48,324,000	234,279,000	+11	+13

\*New reporting center; not included in total.

Life Insurance

Life insurance sales in May continued more than one-fifth below a year earlier. Sales last December and January had been abnormally large. In addition to life insurance, there was a lull in nearly all types of buying in May. Income taxes and purchases of war bonds are absorbing a large amount of funds.

The Life Insurance Sales Research Bureau report:

	May 1942	5 Mos. 1942	Change from 1941	
	(Thousand dollars)		May	5 Mos.
(Per cent)				
Colorado.....	3,464	24,464	-31	+3
Kansas.....	6,555	39,860	-13	+21
Missouri.....	14,266	97,158	-18	+19
Nebraska.....	5,292	30,709	-21	+9
New Mexico.....	940	5,786	-7	+16
Oklahoma.....	4,583	39,159	-39	+9
Wyoming.....	741	4,558	-28	-8
Seven states.....	35,841	241,694	-22	+14
United States.....	457,926	3,108,922	-24	+9

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity continued to advance in May and the first half of June. Commodity prices showed little change after the middle of May when the general maximum price regulation went into effect. Retail trade declined further in May but increased somewhat in the first half of June.

## PRODUCTION

Volume of industrial production increased in May and the Board's seasonally adjusted index advanced to 176 per cent of the 1935-39 average, as compared with 173 in April and 171 during the first quarter of this year. Output of manufactured products continued to increase, reflecting chiefly further growth in production of war materials, while mineral production showed a seasonal rise.

The largest increases in May, as in other recent months were in the machinery and transportation equipment industries which are now making products chiefly for military purposes. The amount of copper smelted rose sharply and output of chemicals continued to advance. Activity in the automobile industry, which since January had been retarded during the conversion of plants for armament production, showed an increase in May.

Steel production was maintained at about 98 per cent of capacity in May and the first half of June. Lumber production increased seasonally and activity at furniture factories, which usually declines at this time of year, was sustained at a high rate. In industries manufacturing textiles and food products, output continued large in May. Gasoline production declined further, however, reflecting the effects of transportation difficulties. There was a further marked decrease in paperboard production which, according to trade reports, reflected a slackening in demand.

Coal production was sustained at a high rate in May and output of crude petroleum increased somewhat, following considerable declines in March and April. Copper production and iron ore shipments rose sharply to new record levels.

Value of construction contract awards increased sharply in May, following a decline in the previous month, and was close to the record high level reached last August, according to figures of the F. W. Dodge Corporation. Awards for publicly financed work increased in May and, as in other recent months, constituted around three quarters of the total. Awards for residential building continued to decline.

## DISTRIBUTION

Retail trade declined further in May. Department store sales were about 7 per cent smaller than in April and sales by mail-order houses showed a similar decrease. In the first half of June department store sales increased somewhat.

Carloadings of revenue freight increased in May by about the usual seasonal amount. There was a further substantial decline in the number of cars loaded with merchandise in less than carload lots, reflecting the effect of Federal orders raising the minimum weights for such loadings. Increases were reported in shipments of most other classes of freight, particularly coal, ore, and miscellaneous freight.

## COMMODITY PRICES

Prices of most commodities both at wholesale and retail showed little change after the general maximum price regulation went into effect around the middle of May. Declines occurred in prices of cotton and some other agricultural commodities, and prices of some industrial commodities were reduced to conform with the general order that prices should not exceed the highest levels reached in March. Action was taken to exempt most military products from the general regulation and to allow for special treatment of women's coats and dresses and a few other non-military items.

## BANK CREDIT

During May and the first half of June, the Federal Reserve Banks purchased about 200 million dollars of United States Government securities. Additions to member banks' reserves from this source, however, were offset by continued withdrawals of currency by the public. Excess reserves fluctuated around 2,700 million dollars during the six-week period.

Reporting member bank holdings of United States Government securities increased by nearly a billion dollars during the period. Two-thirds of the increase came in the week ending May 20 with delivery of new Treasury 2 per cent 1949-51 bonds, and the balance represented mainly increased bill holdings. Loans declined somewhat in the period. Adjusted demand deposits continued to increase, while United States Government deposits were reduced.

## UNITED STATES GOVERNMENT SECURITY PRICES

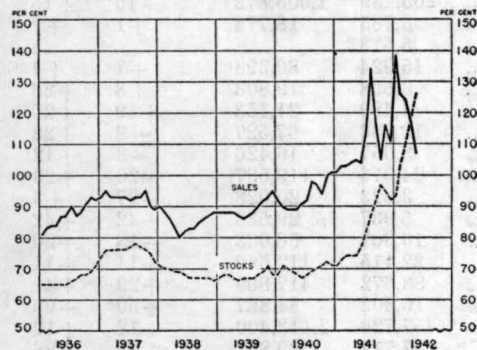
Prices of taxable United States Government bonds, which declined by about  $\frac{1}{2}$  point at the time of the early May financing, subsequently regained that loss and during the first half of June remained steady.

## INDUSTRIAL PRODUCTION



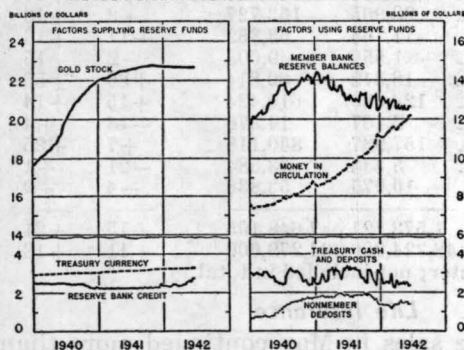
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Latest figure shown is for May, 1942.

## DEPARTMENT STORE SALES AND STOCKS



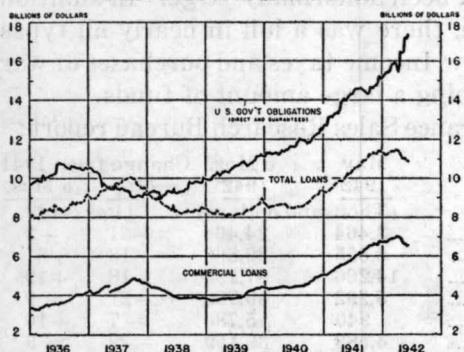
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. Latest figures shown are for May, 1942.

## MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures. Latest figures shown are for June 10, 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 June 10, 1942.