

MONTHLY REVIEW

Agricultural and Business Conditions

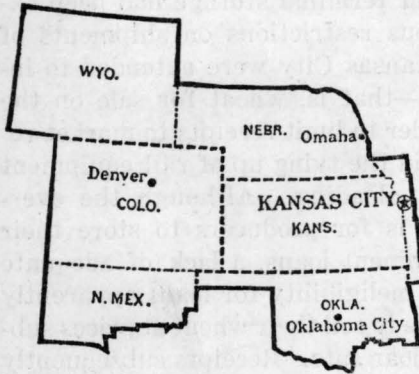
TENTH FEDERAL RESERVE DISTRICT

VOL. 27, No. 7

FEDERAL RESERVE BANK OF KANSAS CITY

JULY 31, 1942

Business in the Tenth Federal Reserve District



A very wet June nearly everywhere in the District was followed by drier weather in July. As a consequence, less damage was done to the wheat crop than at one time expected and other crops are making good progress. Per acre yields give promise of being very large.

The marketing and slaughter of hogs is more than half again larger than a year ago and that of cattle a third. Congestion in terminal markets is greatly interfering with the normal handling of wheat this year.

Life insurance sales in June were 19% under last year but department store sales in recent weeks have recovered somewhat from the May slump. Production of coal is very large and construction, with the exception of residential building, is active.

Demand deposits are nearly a fifth, bank investments more than 40%, and bank loans 3% above a year ago. Check transactions continue very large.

JUNE 1942 COMPARED WITH JUNE 1941					BUSINESS INDICATORS	6 MOS. 1942 COMPARED WITH 6 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.....					
					Dept. Store Sales.....					
					Marketings					
					Wheat.....					
					Corn.....					+291
					Oats.....					+166
					Cattle.....					
					Calves.....					
					Hogs.....					
					Sheep.....					
					Production					
					Flour.....					
					Cattle Slaughter.....					
					Calf Slaughter.....					
					Hog Slaughter.....					+58
					Sheep Slaughter.....					
					Crude Petroleum.....					
					Bituminous Coal.....					+53
					Zinc Ore Shipments..					
					Lead Ore Shipments..					
					Construction					
					Total Awards.....					+77
					Res. Awards.....					+62
					Value of Permits.....					
					Lumber Sales.....					
					Miscellaneous					
					Rainfall.....					
					Cash Farm Income*..					
					Employment*.....					
					*For previous month					

-58

-69

+341

+190

+51

+58

+53

+248

+99

AGRICULTURE

Crops

The crop outlook in this District, on the whole, is quite favorable despite the excessively wet weather of June, which had seriously interfered with planting and cultivation and also with haying and harvesting, particularly in eastern Kansas and Oklahoma where some flood damage occurred. Dry weather, however, prevailed in much of Wyoming, in western Colorado, and in New Mexico. Probably the most important factor in the crop outlook this year is the exceptionally high per acre yields in prospect as a result of above normal rainfall in nearly all sections of the District during the spring and early summer, providing ample soil moisture in dry land farming areas and assuring adequate supplies of water in irrigated sections. Because of the heavy yield, the wheat crop was 26 per cent above the average from 1930 to 1939 although the acreage was 6 per cent below average, and corn production is indicated to be 7 per cent above average although the acreage is 24 per cent less. Both the acreage and prospective production of oats, barley, rye, grain sorghums, and hay are much above average, and the outlook is for outstandingly large crops of flaxseed, soybeans, and peanuts, the acreage of which had been increased sharply this year because of the need for oils. The acreage of dry beans and sugar beets also was increased in response to war needs and these crops, too, seem likely to be very large.

Department of Agriculture crop estimates for the seven states wholly or partly in this District:

	ACREAGE		PRODUCTION	
	July 1 1942	Harv. 1941	July 1 1942	Harv. 1941
	(1,000 acres)		(1,000 units)	
Corn, bu.....	17,229	16,181	376,381	379,901
Winter wheat, bu.....	19,530	21,337	329,762	301,390
Spring wheat, bu.....	369	474	5,373	7,201
Oats, bu.....	7,448	7,271	195,919	180,448
Barley, bu.....	5,157	4,642	98,535	106,643
Rye, bu.....	850	727	9,903	8,008
Flaxseed, bu.....	262	172	2,081	1,360
Tame hay, tons.....	7,817	7,633	11,234	10,971
Wild hay, tons.....	4,671	4,803	4,467	4,439
White potatoes, bu.....	257	249	33,630	33,730
Sugar beets, short tons.....	308	231	4,120	3,406
Dry beans, 100 lb. bags.....	693	588	4,632	3,989

The farm summer work season was nearing its peak early in July, with the supply of farm labor the lowest and farm wage rates the highest on record. Since expanding industrial activity and the needs of the armed forces have drawn heavily upon the supply of workers from which agricultural labor normally is drawn, farm help has had to be recruited from women, older men, and boys and girls not ordinarily a part of the farm labor force. Farm work is being planned more carefully and machinery used more efficiently. There is more exchange of work between farmers, and operators and regular hands are carrying a much

heavier work load than in previous years. Although some farm operations of necessity have had to be neglected, no serious loss of crops is anticipated.

Wheat receipts in June were only about one-third of normal, owing to restrictions on shipments of wheat to terminals for storage, wet weather delays in harvesting and marketing the new wheat crop, and the defaulting to the CCC of large quantities of wheat under loan that otherwise would have been redeemed and marketed ahead of the new crop if prices had been at a profitable level for redemption. Wheat receipts began to expand early in July as harvest progressed and on July 16, after terminal storage had been exhausted, the previous restrictions on shipments of storage wheat to Kansas City were extended to include "free" wheat—that is, wheat for sale on the open market—in order to limit receipts to market requirements and avoid the tying up of rail equipment through delays in unloading. Although the overwhelming tendency is for producers to store their wheat under Government loans, a lack of adequate storage facilities or ineligibility for loans apparently caused many growers to sell their wheat at prices substantially below the loan rate. Receipts subsequently declined, and the embargo on "free" wheat was lifted on July 21. Marketings of corn, oats, and other feed grains continue in heavy volume.

June grain receipts at five District markets:

	Wheat	Corn (In bushels)	Oats
June 1942.....	12,164,000	4,410,000	878,000
June 1941.....	29,235,000	999,000	303,000
6 Mos. 1942.....	44,683,000	37,478,000	7,336,000
6 Mos. 1941.....	70,554,000	9,602,000	2,760,000

Wheat prices continued to decline, except for brief rallies near the middle of June and early in July mainly in response to pressure from Congress for 100 per cent parity crop loans, and by the third week of July wheat prices were the lowest in nearly a year and fully 20 cents a bushel under the Government loan rate. Wheat prices normally are declining at this season, but heavy domestic production added to the record carry-over, legislation permitting the sale of Government owned wheat for feed at 85 per cent of corn parity, and the various restrictions on marketings were additional weakening factors. Late in July, however, wheat prices strengthened somewhat when marketings fell below trade requirements. Corn prices are strong and are the highest in nearly five years, reflecting heavy feeding and industrial use.

The lower range of Kansas City cash grain prices:

	July 27 1942	June 30 1942	May 29 1942	June 30 1941
No. 1 hd., dk. wheat, bu..	\$1.09¾	\$1.06½	\$1.10¼	\$.98¼
No. 2 mixed corn, bu.....	.81½	.80	.80½	.66½
No. 2 white oats, bu.....	.47¼	.45¼	.49¾	.36½

Rainfall

	June 1942		6 Mos. 1942	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver.....	1.85	1.38	9.86	7.62
Leadville.....	1.29	1.16	10.19	8.54
Pueblo.....	2.88	1.36	11.42	5.64
Lamar.....	4.34	1.63	9.64	7.34
Alamosa.....	.35	.68	4.40	2.67
Steamboat Springs.....	1.31	1.28	14.81	12.35
KANSAS				
Topeka.....	4.83	4.65	17.25	16.46
Iola.....	8.36	5.28	19.28	19.31
Concordia.....	5.21	4.41	14.12	13.50
Salina.....	9.85	4.65	19.71	13.93
Wichita.....	8.69	4.38	20.48	15.51
Hays.....	7.04	4.10	19.67	11.93
Goodland.....	5.43	3.05	12.78	9.39
Dodge City.....	6.06	3.30	15.08	10.27
Elkhart.....	6.93	2.04	16.26	7.72
MISSOURI				
St. Joseph.....	5.61	4.95	19.15	18.27
Kansas City.....	7.35	4.99	21.53	18.25
Joplin.....	6.86	6.00	22.21	23.10
NEBRASKA				
Omaha.....	5.40	4.56	13.37	13.80
Lincoln.....	5.40	4.32	15.31	13.79
Norfolk.....	6.71	4.85	14.18	14.48
Grand Island.....	7.70	3.18	14.10	12.25
McCook.....	5.38	3.18	14.68	9.78
North Platte.....	5.06	3.22	18.57	9.84
Bridgeport.....	2.89	2.51	14.45	9.14
Valentine.....	2.98	2.87	15.13	9.59
NEW MEXICO				
Clayton.....	3.19	1.92	12.09	7.59
Santa Fe.....	.76	1.08	3.76	5.56
Farmingington.....	0	.50	2.16	3.51
OKLAHOMA				
Tulsa.....	11.09	4.88	23.34	20.83
McAlester.....	5.23	4.78	23.61	23.49
Oklahoma City.....	6.97	3.67	18.28	16.12
Pauls Valley.....	9.63	4.31	25.50	18.58
Hobart.....	4.03	3.61	16.06	14.65
Enid.....	6.06	4.24	18.96	15.68
Woodward.....	3.62	3.59	12.15	12.70
WYOMING				
Cheyenne.....	2.48	1.61	13.16	8.11
Casper.....	.09	1.57	5.64	8.75
Lander.....	.04	1.15	8.99	7.85
Sheridan.....	1.23	2.04	8.79	9.32

Livestock

Beef steer prices have strengthened somewhat during the last two months, following a rather sharp decline early last May in response to the establishment of wholesale and retail ceilings on dressed beef prices at the highest price the seller received for each cut of each grade during March. Effective July 13, the wholesale ceiling was reduced to the lowest price received by the seller in the upper 30 per cent of sales for each cut in each grade during the period March 16 to 28. Because of the marked decline in fed cattle prices, many feeders have found that the beef ceiling does not afford sufficient margin to pay for finishing cattle that are in feed lots. This, in turn, is affecting both the quality and weight of beef steers by causing producers and feeders to market cattle before they are finished. Prices of the lower grades of slaughter cattle and of grass-fat steers, however, continue strong, reflecting chiefly increasing military requirements. Hog prices, supported by huge lend-lease

purchases of pork and lard in addition to military needs and a strong domestic demand, during most of July appeared to be somewhat higher than normally would be expected in comparison with prevailing ceilings on hog-product prices, but late in the month hog prices declined when the Government announced lower purchase prices for lease-lend pork. Sheep and lamb prices, in the absence of ceilings on fresh lamb and mutton, have been exceptionally strong and by late June had exceeded the level at which a price ceiling could be imposed by the OPA. Sheep and lamb prices, however, have since declined seasonally.

Top carlot livestock prices at Kansas City:

	June 27 1942	June 1942	May 1942	June 1941	June 1940	June 1939
(In dollars per hundredweight)						
Beef steers.....	14.50	13.90	13.90	12.00	10.50	13.00
Stocker cattle.....	14.00	13.75	14.50	11.50	10.50	10.00
Feeder cattle.....	12.30	13.35	13.15	11.50	10.00	9.85
Calves.....	14.00	14.50	15.00	11.50	9.50	9.50
Hogs.....	13.85	14.55	14.25	10.85	5.50	7.10
Sheep.....	11.25	13.25	12.75	8.00	7.50	7.50
Lambs.....	13.50	15.50	15.50	12.50	10.75	10.40

Marketings of cattle and hogs in June were substantially heavier than a year earlier and much above the average of the past ten years. The large cattle receipts, according to trade reports, included many cattle originally intended to be fed into the late summer and fall but which were being liquidated because of the price decline on beef steers, and toward the end of June and early in July receipts were swelled by a seasonal increase in marketings of grass-fat cattle. The heavy hog receipts reflected peak marketings from last year's large fall pig crop.

June livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
June 1942.....	418,626	48,491	717,145	456,501
June 1941.....	301,497	43,525	475,783	435,923
6 Mos. 1942.....	2,278,424	234,310	3,652,251	3,499,747
6 Mos. 1941.....	1,790,261	248,897	2,980,541	2,931,917

The countryward movement of stocker and feeder cattle, calves, and sheep from public markets was exceptionally heavy in June, reflecting the demand for livestock to go on grass. Toward the end of the month and early in July, however, stocker and feeder trade was dull, with cattle feeders awaiting some decision on proposed beef price ceiling adjustments. Contracting of lambs in western range areas for fall delivery to commercial feed lots also was light. Because of favorable range conditions, growers tend to hold lambs for higher prices, and feeders, on the other hand, are not inclined to make future commitments, pending definite information on possible sheep and lamb price ceilings. Ranges and pastures continue excellent in most sections of the District except in New Mexico, where range and pasture feeds dried rapidly as the result of two consecutive months of dry weather. Cattle and sheep are in very good condition and are

making exceptional gains. Sheep and lambs in northern areas have overcome the effects of unfavorable spring weather, and western range cattle, if present feed prospects materialize, will be heavier than usual at shipping time in late summer and fall. Reports indicate that the lamb crop this year may be about as large as the record crop of 1941, and the calf crop generally is quite large. Fed cattle have moved out rapidly from Colorado and western Nebraska feeding sections, with only limited replacements.

In response to the exceptionally profitable corn-hog feeding ratio and the Government's appeal for increased hog production, the spring pig crop in this District was 45 per cent larger than that of the previous year and was fully one-fifth larger than the average from 1931 to 1940. Although the spring pig crop for the country as a whole was much the largest on record, in this District it still was nearly 20 per cent short of the peak in 1932 and 1933, when there were many more hogs on farms than there are now, especially in Nebraska and Kansas. Hog production in this area, however, is increasing rapidly, and the number of sows to farrow next fall, based on the continuation of present conditions, is 60 per cent above average.

Department of Agriculture pig crop estimates:

	PIGS SAVED		SOWS FARROWED		
	1942	1941	Aver. '31-'40	*1942	Aver. '31-'40
	Spring		Fall		
			(In thousands)		
Colorado.....	362	226	262	57	38
Kansas.....	1,679	1,016	1,397	270	186
Missouri.....	3,452	2,670	2,529	534	427
Nebraska.....	3,106	2,022	3,106	272	170
New Mexico.....	74	50	54	12	10
Oklahoma.....	978	676	668	170	130
Wyoming.....	88	59	61	12	8
Seven states.....	9,739	6,719	8,077	1,327	969
United States....	61,976	49,455	45,707	6,892	5,531

*Number indicated to farrow from breeding intentions reports.

Farm Income

Cash income from farm marketings in the District in May was more than one-third and in the first five months of the year nearly one-half larger than in the corresponding periods last year. Marketings of most crops, except wheat, and of livestock are larger and prices are substantially higher than a year ago.

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

	May	5 Mos.	Change from 1941	
	1942	1942	May	5 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	12,018	62,862	+34	+42
Kansas.....	30,609	148,221	+27	+47
Missouri.....	35,870	164,354	+30	+50
Nebraska.....	30,501	151,289	+54	+49
New Mexico.....	4,644	20,418	+40	+37
Oklahoma.....	18,216	86,547	+46	+48
Wyoming.....	4,249	21,022	+38	+52
Seven states.....	136,107	654,713	+37	+47
United States.....	992,963	4,713,971	+33	+46

TRADE

Retail Sales

Dollar sales at reporting department stores in the District in June and the first three weeks of July were 9 per cent above a year earlier. Higher prices, which on the average are up about 16 per cent, more than account for the gain. Dollar inventories in June were more than one-half larger than last year, and stocks on hand at the end of the month equaled 4½ months' supply at the current rate of sales as compared with 3¼ months' supply last year. The rapid rise in inventories, however, has apparently leveled off, with the volume of merchandise on order declining sharply. The proportion of cash sales to total sales at department stores continues to increase at the expense of charge and instalment sales, and collections show marked improvement, charge account collections averaging 59 per cent in June as compared with 47 per cent a year ago and instalment collections averaging 23 against 17 per cent last year. Available data indicate that about 16 per cent of the charge accounts at District department stores were "frozen" on July 10 in accordance with new regulations, which provide that all charge purchases made during any calendar month must be paid for by the tenth day of the second calendar month following, failing which any extension of credit on "listed" articles is prohibited until the amount in default has either been paid for or converted to an instalment basis.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		June '42 comp. to June '41	6 Mos. '42 comp. to 6 Mos. '41	June 30, '42 comp. to June 30, '41
(Per cent increase or decrease)				
Denver.....	7	+7	+12	+74
Hutchinson.....	3	-4	-1	....
Topeka.....	3	-1	+2	....
Wichita.....	4	+24	+29	....
Joplin.....	3	+4	+20	....
Kansas City.....	8	+12	+15	+64
St. Joseph.....	3	-7	+1	....
Omaha.....	4	+11	+14	....
Oklahoma City.....	6	+8	+5	+53
Tulsa.....	6	+20	+24	+55
Other cities.....	31	-2	-1	+37
District.....	78	+9	+12	+56

Retail sales reported by the Bureau of the Census:

	June 1942 per cent change from June 1941						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+21	+25	+16	+26	+23	+13	+44
Automobile.....	-70	-61	-78	-64	-63	-77	-65
Department.....	+14	+22	+10	+15	....	+20	....
Drug.....	+16	+21	+12	+24	+24	+21	+8
Dry goods.....	+20	+25	+31	+39	+7	+57	....
Food.....	+17	+18	+21	+24	+14	+15	+13
Furniture.....	-13	-5	-20	+8	-21	-11	....
General.....	+23	+23	+24	+31	+16	+23	+9
Hardware.....	+33	-1	+1	+30	....	-1	....
Jewelry.....	+11	+12	+3	+21	+16	+14	....
Lbr. and mtl.....	+8	-2	-9	+16	-8	-24	-19
Miscellaneous.....	+10	+17	+9	-1	+73	+33	+26
Total (weighted).....	+1	+2	0	+8	-2	-6	-6

Wholesale Sales

The value of June wholesale sales in the District was only 6 per cent above a year earlier. Heavy forward buying by retailers has largely subsided, and retailers, many of whom have record inventories on hand, are confining purchases for the most part to minimum requirements. The possibility of Governmental control over inventories also has tended to curb buying by retailers. Another factor affecting wholesale sales is the increasing difficulty in securing merchandise from primary sources and the inability to fill all orders on hand. This is especially true of hardware and other lines using metals and is becoming more pronounced in the case of groceries and drugs.

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

No. of Firms	SALES		STOCKS	
	June '42 comp. to June '41	6 Mos. '42 comp. to 6 Mos. '41	June 30, '42 comp. to June 30, '41	
	(Per cent increase or decrease)			
Auto. supplies.....	17	+1	+17	-5
Clothing.....	3	+38	....	+30
Drugs.....	5	+14	+11	+11
Dry goods.....	3	+51	+43	....
Electrical goods....	18	-26	-11	-36
Farm products.....	11	+31	+40	-7
Furniture.....	3	+35	+21	....
Groceries.....	22	+7	+15	+19
Hardware—total..	(8)	-7	+19	....
General.....	3	-1	+18	-1
Plbg. & hgt.....	5	-26	+8	....
Jewelry.....	3	-16	+1	-8
Lumber and mtl..	5	+70	+75	+9
Machinery.....	5	+38	+7	+19
Paper and prod....	6	+8	+34	+51
Tobacco and prod..	7	+4	+5	....
All other lines.....	18	+11	+27	+33
Total.....	134	+6	+18	+9

PRODUCTION

Meat Packing

Cattle and hog slaughter at meat-packing plants in the District was very large during June, and the slaughter of sheep was moderately above the average of the past ten years. Total meat production for the country as a whole in 1942 is expected to be much the largest on record, and the per capita supply of meat for civilian consumption, despite the large quantities of meat needed for lend-lease and military requirements, is expected to be at least as great as the 1931-40 average, although less than in 1941. In this area, however, the disastrous droughts of 1934 and 1936 had drastically reduced cattle and hog numbers and, since the cattle and hog population in many sections of the District has not yet fully recovered, slaughter currently is considerably below peak levels.

June packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
June 1942.....	255,959	30,455	669,057	309,702
June 1941.....	191,143	26,994	422,408	272,963
6 Mos. 1942.....	1,292,551	141,943	3,358,512	2,079,093
6 Mos. 1941.....	1,015,131	148,154	2,651,300	1,863,092

Cold Storage Holdings

United States cold storage stocks of lard declined contraseasonally during June and are only one-fourth as large as the record stocks of a year ago. Since a broad consumer demand, large army needs, and heavy lend-lease purchases will exceed supplies until the spring pig crop begins coming to market late this year, a campaign already is under way to encourage housewives to save cooking fats. Pork stocks also are light but holdings of other meats and poultry are relatively large. The production of poultry, eggs, and dairy products continues at record levels under the stimulus of heavy Government buying, and stocks of these commodities are very large.

United States cold storage holdings:

	July 1 1942	June 1 1942	July 1 1941	Aver. '37-'41
	(In thousands of units)			
Beef, lbs.....	82,233	99,075	68,442	49,052
Pork, lbs.....	524,490	559,849	703,893	559,067
Lamb and mutton, lbs.....	5,481	5,711	3,638	2,610
Poultry, lbs.....	79,266	80,242	85,573	73,197
Miscellaneous meats, lbs...	110,211	109,906	74,645	70,722
Lard, lbs.....	94,207	110,405	374,747	229,769
Eggs, shell, cases.....	7,948	6,945	6,427	7,144
Eggs, frozen (case equiv.)	7,382	5,969	4,763	4,127
Butter, creamery, lbs.....	117,652	64,720	120,246	107,489
Cheese, all varieties, lbs....	261,563	222,637	142,369	115,402

Flour Milling

Operations at southwestern flour mills have improved somewhat in the last three months, following a considerable decline during the first quarter of the year. Production continues little changed from a year ago, although it currently is 10 per cent above the average of the past ten years. Flour sales had increased early in June, when wheat prices strengthened temporarily and bakers added to their already substantial future commitments, but sales subsequently returned to a hand-to-mouth basis as wheat prices resumed their decline. Early in July, sales again increased and in the week ending July 11 rose sharply to 323 per cent of milling capacity. Part of this increase represented the usual buying as the new wheat crop comes onto the market, but in addition sales were influenced by another brief but strong rally in wheat prices resulting chiefly from pending Congressional legislation providing for full parity crop loans. Buying during this period was rather general, including a large Government order.

Flour output reported by the Northwestern Miller:

	June 1942	6 Mos. 1942	Change from 1941 June 6 Mos.
	(In barrels)		
	(Per cent)		
Kansas City.....	496,000	3,067,000	-8 -7
Salina.....	188,000	1,081,000	-9 -3
Wichita.....	167,000	1,084,000	+17 +11
Other cities.....	1,268,000	7,580,000	+2 +3
Southwest.....	2,119,000	12,812,000	-1 0
United States*.....	5,417,000	33,174,000	-3 -3

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

Petroleum

Crude oil production in the District in June continued to drop below a year earlier, and there has been a further decline in stocks of crude above ground to a level about 15 per cent lower than at this time a year ago. Oil production in Kansas is at a record level, but in New Mexico and Oklahoma output is considerably lower this year than last, owing to the cutting off of tanker shipments from the Gulf to the Atlantic seaboard, which has been only partially offset by the movement of crude oil and refined products overland by rail to the east coast. Demand for gasoline is below last year because of the reduced use of motor cars growing out of the tire situation, but the demand for other refined products shows substantial gains and is exceeding the capacity of available transportation facilities. Refiners are adjusting plant yields so as to reduce the output of gasoline and increase that of residual fuels to meet the increasing needs of industry and the large naval demand of allies. The agricultural demand for fuels this summer also has been heavy.

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

	June	6 Mos.	Change from 1941	
	1942	1942	June	6 Mos.
	(In barrels)		(Per cent)	
Colorado.....	202,000	1,088,000	+32	+39
Kansas.....	7,912,000	45,141,000	+15	+20
Nebraska.....	113,000	707,000	-16	+10
New Mexico.....	1,815,000	15,020,000	-45	-21
Oklahoma.....	11,267,000	71,057,000	-11	-6
Wyoming.....	2,752,000	15,735,000	+11	+8
Six states.....	24,061,000	148,748,000	-6	0
United States.....	109,485,000	683,037,000	-5	+2

Zinc and Lead

Zinc shipments from the Tri-State mining area of Oklahoma, Kansas, and Missouri are about as large as a year ago, while lead shipments are moderately lower. The value of shipments, however, has increased as zinc prices in the first half of 1942 averaged about 15 and lead prices 12 per cent higher than in the same period of 1941, not including premium payments for above-quota production.

June ore shipments from the Tri-State district:

	ZINC ORE		LEAD ORE	
	Tons	Value	Tons	Value
Kansas.....	10,027	\$ 554,293	1,035	\$ 79,239
Missouri.....	5,310	293,508	296	22,625
Oklahoma.....	24,912	1,377,135	2,757	211,036
June 1942.....	40,249	\$ 2,224,936	4,088	\$ 312,900
June 1941.....	40,016	1,929,228	4,292	296,167
6 Mos. 1942.....	224,588	12,415,210	22,826	1,741,101
6 Mos. 1941.....	230,240	11,098,429	24,796	1,673,096

Employment

Preliminary estimates for May indicate that total nonagricultural employment in the District was 12 per cent above a year earlier, nearly double the rate of gain for the country as a whole.

Department of Labor employment estimates:

	May	Apr.	Change from 1941	
	1942	1942	May	Apr.
	(Number)		(Per cent)	
Colorado.....	256,000	251,000	+11	+14
Kansas.....	356,000	343,000	+11	+9
Missouri.....	934,000	918,000	+12	+12
Nebraska.....	225,000	222,000	+9	+11
New Mexico.....	87,000	83,000	+18	+19
Oklahoma.....	342,000	335,000	+14	+14
Wyoming.....	57,000	55,000	+6	+4
Seven states.....	2,257,000	2,207,000	+12	+12

CONSTRUCTION

Construction awards in the Kansas City area in June, practically all of which relate to the war effort, were three and a half times the volume of awards a year ago, and construction so far this year is at a record level notwithstanding the cessation of virtually all private building. Large and rapidly increasing war needs are also reflected in a substantial increase in lumber sales. On May 13, the WPB "froze" lumber stocks in order to assure adequate supplies for war purposes and essential civilian construction.

Construction figures of F. W. Dodge Corporation:

	June	6 Mos.	Change from 1941	
	1942	1942	June	6 Mos.
	(Thousand dollars)		(Per cent)	
Residential building.....	11,121	49,990	+99	+62
Nonresidential bldg.....	28,612	66,461	+697	+73
Public wks. construc.....	9,252	45,316	+71	+86
Utility construction.....	8,701	29,761	+336	+103
Kansas City area.....	57,686	191,528	+248	+77
37 Eastern states.....	1,190,264	3,723,725	+121	+46

The value of building permits issued in reporting District cities in June was less than one-third of what it was a year ago. This sharp decline, which was general over the District, is a continuation of the downswing that started last fall and reflects the full impact of the WPB stop-building order of last April, prohibiting virtually all nonessential civilian construction for the duration of the war.

Value of building permits issued in District cities:

	June	6 Mos.	Change from 1941	
	1942	1942	June	6 Mos.
	(Dollars)		(Per cent)	
Colo. Springs, Colo..	8,000	184,000	-88	-42
Denver, Colo.....	404,000	5,600,000	-78	-33
Pueblo, Colo.....	72,000	693,000	-44	-11
Hutchinson, Kans....	44,000	232,000	+76	+10
Kansas City, Kans..	73,000	569,000	+110	+49
Salina, Kans.....	2,000	58,000	-96	-69
Topeka, Kans.....	4,000	218,000	-97	-67
Wichita, Kans.....	267,000	5,718,000	-58	+93
Joplin, Mo.....	32,000	377,000	-33	+96
Kansas City, Mo.....	112,000	2,791,000	-82	+9
St. Joseph, Mo.....	7,000	46,000	-87	-91
Lincoln, Nebr.....	22,000	527,000	-89	-66
Omaha, Nebr.....	98,000	1,576,000	-85	-33
Albuquerque, N. M..	27,000	597,000	-84	-58
Okl. City, Okla.....	161,000	1,745,000	-64	-39
Shawnee, Okla.....	1,000	30,000	-94	-74
Tulsa, Okla.....	426,000	2,091,000	-9	-31
Cheyenne, Wyo.....	12,000	266,000	-88	-68
District, 18 cities.....	1,772,000	23,318,000	-69	-20

FINANCE

War Savings Bonds

Sales of War Savings Bonds by this bank and qualified issuing agents in the District, other than post offices, averaged \$1,107,000 daily, issue price, during the first twenty-two business days of July as compared with an average of \$743,000 for each business day in June and \$1,363,000 at the peak in sales last January. Part of the marked increase in sales in July was due to a doubling of the limit on purchases of F and G series permitted any one investor per year. The number of individual bonds sold in June was more than one-fourth larger than the number sold last January.

Member Bank Operations

Loans at 50 weekly reporting member banks in the Tenth District, following a sharp decline last May when wheat paper matured, were little changed during June and increased slightly in the first half of July. Investments continued to increase rapidly as banks purchased Government direct obligations. Since their high point late last December, loans have declined nearly 20 per cent and are now very little larger than a year earlier, while holdings of Government direct obligations in the last six months have more than doubled so that total investments are more than 40 per cent above a year ago. Demand deposits at weekly reporting banks have risen further to new record levels nearly one-fifth higher than at this time last year. Effective July 8, these banks began reporting balances "due from" other banks and deposits "due to" other banks on a net basis—that is, excluding reciprocal balances amounting to about 10 per cent of total balances "due from" and about 6 per cent of total deposits "due to" as previously reported on July 1.

Principal items of condition of 50 member banks:

	July 15 1942	Change from June 17 1942	July 15 1941
(In thousands of dollars)			
Loans and investments—total.....	958,738	+64,356	+182,332
Loans—total.....	380,279	+1,846	+10,212
Coml., indust., agric.....	226,333	+3,100	+9,426
Open market paper.....	30,663	-1,050	+3,595
To security brokers and dealers..	2,687	-38	-769
Other to purchase or carry secur..	8,714	-217	-1,283
Real estate loans.....	35,005	+119	+2,135
Loans to banks.....	26	+5	-402
All other loans.....	76,851	-73	-2,400
Investments—total.....	578,459	+62,510	+172,120
U. S. Treasury bills.....	60,029	+13,086	+53,590
U. S. Treas. certif. of indebt.....	36,192	+15,329	+36,192
U. S. Treasury notes.....	99,556	+8,810	+59,043
U. S. Govt. bonds.....	195,557	+28,729	+83,123
Oblig. guar. by U. S. Govt.....	64,307	-1,316	-49,557
Other securities.....	122,818	-2,128	-10,271
Reserve with F. R. Bank.....	272,101	+12,964	+61,715
Balances "due from" banks—net..	341,580	*	*
Demand deposits—adjusted.....	744,520	+24,674	+115,958
Time deposits.....	135,668	+1,159	-5,874
U. S. Govt. deposits.....	36,422	+26,064	+23,195
Deposits "due to" banks—net.....	574,717	*	*

*Comparable data not available.

Bank Debits

Debits to deposit accounts, except interbank deposits, by banks in reporting centers of the District in June and in the first half of 1942 were slightly more than one-fifth larger than in the corresponding periods of 1941. In the aggregate, deposits other than interbank deposits turned over 1.3 times during June, approximately the same velocity or rate of turnover reported for the preceding month. Among the various centers, the June turnover ranged from a high of 2.2 to a low of 0.6, slightly higher than in May.

Debits to deposit accounts in District cities:

	June 1942	6 Mos. 1942	Change from 1941 June	6 Mos.
(Thousand dollars)				
Colo. Springs, Colo..	31,241	128,624	+140	+55
Denver, Colo.....	218,864	1,224,736	+21	+17
Gr. Junction, Colo....	3,985	22,759	+13	+8
Greeley, Colo.....	5,376*	.....	.....	.....
Pueblo, Colo.....	18,719	99,112	+26	+7
Atchison, Kans.....	4,019	23,822	+10	+23
Emporia, Kans.....	3,779	24,932	+17	+20
Hutchinson, Kans....	16,309	83,836	+26	+23
Indep., Kans.....	3,426	19,852	+4	+10
Kansas City, Kans...	29,278	148,865	+29	+24
Lawrence, Kans.....	4,167	24,195	0	+3
Pittsburg, Kans.....	6,276	35,859	+40	+42
Salina, Kans.....	11,492	67,525	+2	+16
Topeka, Kans.....	26,541	139,181	+24	+13
Wichita, Kans.....	102,624	520,433	+52	+43
Joplin, Mo.....	17,518	102,405	+68	+69
Kansas City, Mo.....	463,495	2,576,895	+12	+17
St. Joseph, Mo.....	38,823	228,720	+22	+25
Fremont, Nebr.....	4,371	24,067	+23	+23
Lincoln, Nebr.....	36,592	191,914	+25	+11
Omaha, Nebr.....	248,279	1,283,472	+43	+31
Albuquerque, N. M..	25,038	134,498	+19	+13
Bartlesville, Okla....	31,189	184,916	0	+11
Enid, Okla.....	13,495	76,847	0	+13
Guthrie, Okla.....	1,557	10,565	-2	+12
Muskogee, Okla.....	21,150	90,964	+133	+69
Okla. City, Okla.....	123,535	742,959	+9	+13
Okmulgee, Okla.....	3,053	17,429	+7	+4
Tulsa, Okla.....	166,219	1,006,335	+7	+22
Casper, Wyo.....	8,404	41,988	+9	+3
Cheyenne, Wyo.....	11,753	65,591	-3	+7
District, 30 cities.....	1,695,191	9,343,296	+21	+21
U. S., 274 cities.....	50,110,000	284,389,000	+9	+12

*New reporting center; not included in total.

Life Insurance

Life insurance sales in the District in June continued about one-fifth lower than a year earlier. The substantial gain recorded early in the year has now been largely erased, total sales so far in 1942 being only 8 per cent above 1941.

The Life Insurance Sales Research Bureau report:

	June 1942	6 Mos. 1942	Change from 1941 June	6 Mos.
(Thousand dollars)				
Colorado.....	3,790	28,254	-25	-2
Kansas.....	6,314	46,174	-11	+15
Missouri.....	13,746	110,904	-16	+13
Nebraska.....	5,474	36,183	-5	+7
New Mexico.....	744	6,530	-27	+9
Oklahoma.....	5,767	44,926	-30	+1
Wyoming.....	703	5,261	-40	-14
Seven states.....	36,538	278,232	-19	+8
United States.....	463,325	3,572,247	-22	+3

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity continued to advance during June and the first half of July. Volume of goods distributed to consumers continued substantially below a year ago and commodity prices generally showed little change.

PRODUCTION

Industrial output increased further in June and the Board's seasonally adjusted index rose from 174 to 177 per cent of the 1935-39 average. Production in the machinery, transportation equipment, and other armament industries continued to advance, reflecting further progress toward meeting the requirements of the war production program. Steel production declined somewhat in June but increased to earlier high levels in the first three weeks of July. Lumber production increased seasonally in June, while in the furniture industry, where activity usually rises at this time of year, there was a decline, reflecting in part the fact that a number of plants in the industry are being converted to the manufacture of war products.

In industries manufacturing nondurable goods, output as a whole showed little change from May to June. Textile production declined somewhat, reflecting a reduction in activity at cotton mills from earlier peak levels. Paper-board production decreased sharply further and there was also a decline in activity in the printing industry. On the other hand, output of manufactured food products increased and shoe production showed less than the customary seasonal decline.

Mineral production continued large in June. Coal production was maintained at peak levels; output of crude petroleum showed little change, following the sharp decline that occurred during March and April. Lake shipments of iron ore in June amounted to 12,600,000 gross tons and at the month end stocks at lower Lake ports totaled 31,000,000 tons as compared with 26,600,000 tons a year ago.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued to increase in June and was 57 per cent above the previous record high month of August, 1941. The sharp rise in June reflected a continued increase in awards for public projects, which accounted for about 93 per cent of all contracts let during the month.

DISTRIBUTION

Distribution of commodities to consumers declined somewhat further in June. Smaller sales were reported by both department stores and mail-order houses, while sales at variety stores were maintained at about the May rate. In the first half of July department store sales showed less than the customary sharp seasonal decline.

Volume of railroad freight traffic was maintained in large volume during June and the first half of July. The number of cars loaded was below the level that prevailed a year ago, however, reflecting a sharp reduction in carloadings in less-than-carload lots as a result of orders by the Coordinator of Transportation which raised the minimum permissible weights for such loadings and thereby effected a fuller utilization of existing equipment.

COMMODITY PRICES

Prices of most commodities both at wholesale and retail continued to show little change from the middle of June to the middle of July. Prices of cotton, wool, and some other agricultural commodities, which had declined in the early part of June, advanced in this period.

About twenty additional maximum price schedules were announced covering a wide variety of products and in some cases requiring price reductions. On the other hand, Federal approval was given for higher prices on various processed fruits and vegetables, textile products, petroleum products sold on the East Coast, and services supplied to consumers.

Retail prices of uncontrolled foods advanced sharply from May to June and the Bureau of Labor Statistics' price index for all foods rose $1\frac{1}{2}$ points to 123 per cent of the 1935-39 average—an increase of one-fourth since the beginning of the current advance in March, 1941.

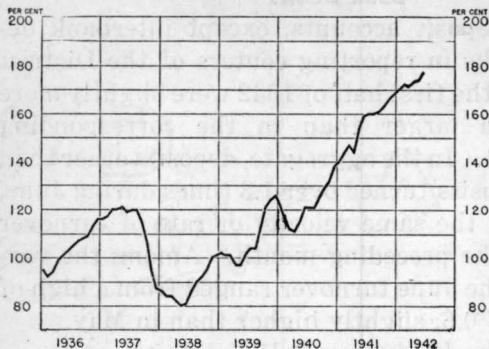
BANK CREDIT

Member banks in leading cities increased their holdings of Government securities sharply during the first half of July. Purchases included portions of increased Treasury bill issues and of the new 2 per cent 7- to 9-year bond. This followed a substantial growth in the second quarter of the year when member banks absorbed about 3.3 billion dollars, or more than half of the increase in Treasury open-market issues. All classes of banks showed large increases, the largest percentage increases being in Chicago and at reserve city banks.

Excess reserves of member banks have been at a lower level in July than in June, because of increased need for reserves arising out of deposit growth, the continued currency drain, and a large temporary increase in Treasury deposits at Reserve Banks. Substantial System open-market operations partially offset the loss of reserves from these sources. The decrease in excess reserves was concentrated in New York and Chicago, reducing excess funds in those cities to low levels. Adjusted demand deposits continued to rise at reporting banks in leading cities except in New York.

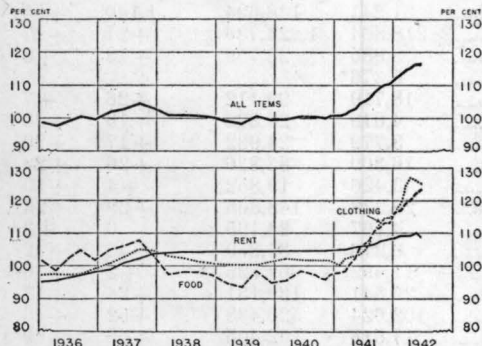
Yields on United States Government securities and other money rates have shown little change in recent weeks.

INDUSTRIAL PRODUCTION



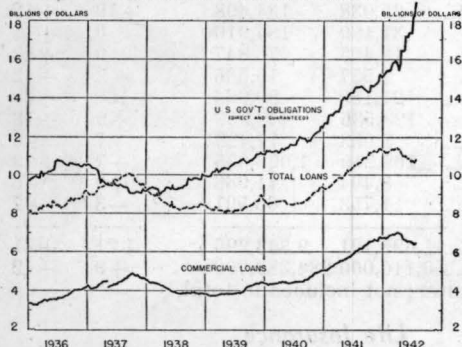
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Latest figure shown is for June, 1942.

COST OF LIVING



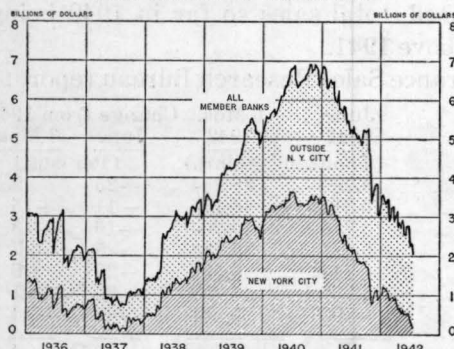
Bureau of Labor Statistics' indexes, 1935-39 average=100. Fifteenth of month figures. Latest month in each calendar quarter through September, 1940; monthly thereafter. Latest figures shown are for June, 1942.

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 July 15, 1942.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures, partly estimated. Latest figures shown are for July 15, 1942.