

# MONTHLY REVIEW

## *Agricultural and Business Conditions*

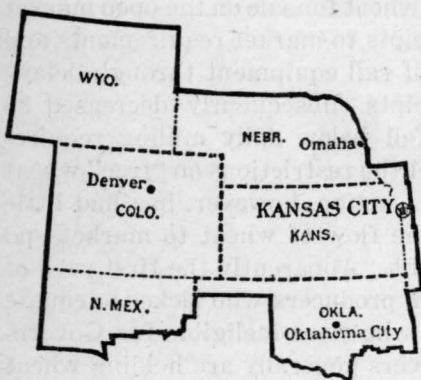
### TENTH FEDERAL RESERVE DISTRICT

VOL. 27, No. 8

FEDERAL RESERVE BANK OF KANSAS CITY

AUGUST 31, 1942

### *Business in the Tenth Federal Reserve District*



Seldom have farm conditions been more favorable. During the month official estimates of wheat production were raised sharply in several states and recent rains virtually assure a good corn crop and a very large feed supply. Grain prices are steady and livestock prices are very strong.

Cattle are being marketed in large numbers and feeding operations tend to be curtailed. Hog marketings and slaughter continue heavy. The volume of wheat going to market is much under last year but that of corn is very large. Output of crude petroleum is 6% under a year ago but production of coal still remains at a very high rate.

Trade has been somewhat more active in recent weeks.

Demand deposits of weekly reporting banks are 22% above last year. Total investments of banks are 55% and holdings of Government securities 87% higher than at this time last year. Bank loans are little changed.

BUSINESS INDICATORS	JULY 1942 COMPARED WITH JULY 1941					7 MOS. 1942 COMPARED WITH 7 MOS. 1941						
	% DECREASE		% INCREASE			% DECREASE		% INCREASE				
	40	30	20	10	10	20	30	40	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.....												+295
.....Oats.....												+110
.....Cattle.....												
.....Calves.....												
.....Hogs.....												
.....Sheep.....												
<b>Production</b>												
.....Flour.....												
.....Cattle Slaughter.....												
.....Calf Slaughter.....												
.....Hog Slaughter.....												
.....Sheep Slaughter.....												
.....Crude Petroleum.....												
.....Bituminous Coal.....												
<b>Construction</b>												
.....Total Awards.....												+123
.....Res. Awards.....												
.....Value of Permits.....												
.....Lumber Sales.....												
<b>Miscellaneous</b>												
.....Rainfall.....												
.....Cash Farm Income*.....												+54
.....Employment*.....												
*For previous month												

-67

+56

+288

+54

## AGRICULTURE

## Crops

Crop prospects in the District, on the whole, continue exceptionally favorable. Abundant soil moisture reserves accumulated during the spring and early summer carried the corn crop through a period of rather dry weather in July and, although corn in central Nebraska and Kansas was suffering toward the end of the month, the absence of high winds held deterioration to a minimum. Cooler weather and generous rains in many sections of the District in August have checked potential damage to corn and have practically made the crop. Corn production this year is estimated to be considerably larger than last year and fully one-fifth above the average from 1931 to 1940 although far short of production in pre-drought years. The increase over recent years is due chiefly to unusually high yields per acre, reflecting in part the increasing use of hybrid seed corn, as the acreage this year is only moderately larger than last year and is one-fourth less than the 1931-40 average. Heavy yields per acre also are an important factor in the outlook for other late crops, including grain sorghums, soybeans, sugar beets, dry beans, cotton, and hay.

Department of Agriculture corn estimates:

	Aug. 1 1942	July 1 1942	Final 1941	Aver. '31-'40
	(In thousands of bushels)			
Colorado.....	16,288	15,270	15,026	13,419
Kansas.....	65,688	52,003	57,224	59,550
Missouri.....	121,133	106,514	113,216	107,141
Nebraska.....	183,118	169,032	157,638	133,822
New Mexico.....	3,056	2,960	3,315	2,677
Oklahoma.....	32,742	28,890	31,202	31,131
Wyoming.....	1,918	1,712	2,280	2,068
Seven states.....	423,943	376,381	379,901	349,808
United States.....	2,753,696	2,627,823	2,672,541	2,307,452

Winter wheat estimates have been raised further, the Kansas crop on August 1 being estimated at 196 million bushels. This is the second largest Kansas crop on record and reflects the bumper crop of wheat raised in the western third of the state. The production of all wheat for the country as a whole, estimated at 955 million bushels, also is the second largest on record and, added to the record carry-over of 633 million bushels on June 30, gives a total supply for the 1942-43 season of the unprecedented amount of over 1½ billion bushels of wheat, more than double annual domestic requirements. Because of the crowded grain storage facilities at terminal markets, elevators, warehouses, and on farms, some 17 million bushels of wheat late in July had been piled on the ground in the western third of Kansas where the storage situation appears to be most critical. The quantity of 1942 wheat under Government loan on August 15 totaled 63½ million bushels, and in addition the CCC owned or controlled nearly 300 million bushels of the 1941

and earlier crops. The Secretary of Agriculture last June announced the 1943 wheat acreage allotment at 55 million acres, the minimum provided by law, and is urging farmers to seed less than their allotment this fall and to devote more land to soybeans, flax, and other crops needed in the war program.

Wheat marketings in July were considerably short of normal. Receipts increased early in the month as is usual at harvest time, but on July 16, after terminal storage space had been exhausted, the restrictions previously in effect on the movement of wheat to Kansas City for storage were extended to include the movement of "free" 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. Receipts subsequently decreased so sharply that they fell below daily milling requirements, and on July 21 the restrictions on "free" wheat were removed. This action, however, has had little effect in reviving the flow of wheat to market and receipts continue light. Apparently the first rush of marketings was from producers who lacked adequate storage facilities or who were ineligible for Government loans as producers generally are holding wheat strongly. Marketings of corn, oats, and other feed grains continue in large volume, reflecting heavy use for livestock feeding and industrial purposes.

July grain receipts at five District markets:

	Wheat	Corn (In bushels)	Oats
July 1942.....	45,886,000	3,118,000	1,471,000
July 1941.....	54,654,000	684,000	1,443,000
7 Mos. 1942.....	90,569,000	40,597,000	8,807,000
7 Mos. 1941.....	125,208,000	10,285,000	4,203,000

Cash wheat prices since the latter part of July have generally tended upward, but prices near the middle of August were still about 15 cents a bushel below the 1942 Government loan level. For a time in July, when wheat prices had been at their lowest point in nearly a year, the market had been as much as 20 to 25 cents under the loan rate. Notwithstanding the huge amount of wheat in this country and in other surplus (exporting) nations, the strong holding tendency of producers currently appears to be supporting wheat prices. Cash corn prices, which had been gradually rising, weakened somewhat early in August, responding to the enactment of legislation authorizing the sale of CCC wheat for livestock feed in competition with corn and influenced also by late rains which practically assure a large corn crop.

The lower range of Kansas City cash grain prices:

	Aug. 25 1942	July 31 1942	June 30 1942	July 31 1941
No. 1 hd., dk. wheat, bu..	\$1.11	\$1.08½	\$1.06½	\$1.00¼
No. 2 mixed corn, bu.....	.81	.82¼	.80	.66½
No. 2 white oats, bu.....	.47¼	.48	.45¼	.34¼



**Rainfall**

July rainfall in Wyoming was 77, Colorado 65, New Mexico 63, Kansas 72, Missouri 80, and in Nebraska and Oklahoma only 53 per cent of normal.

Rainfall reported by the Weather Bureau:

	July 1942		7 Mos. 1942	
	Total	Normal	Total	Normal
(In inches)				
<b>COLORADO</b>				
Denver.....	1.21	1.68	11.07	9.30
Leadville.....	1.62	2.99	11.81	11.53
Pueblo.....	1.10	1.94	12.52	7.58
Lamar.....	.72	2.64	10.36	9.98
Alamosa.....	.57	1.17	4.97	3.84
Steamboat Springs.....	1.29	1.72	16.10	14.07
<b>KANSAS</b>				
Topeka.....	1.92	4.27	19.17	20.73
Iola.....	5.55	3.60	24.83	22.91
Concordia.....	1.53	3.78	15.65	17.28
Salina.....	.68	3.02	20.39	16.95
Wichita.....	1.40	3.38	21.88	18.89
Hays.....	2.90	3.17	22.57	15.10
Goodland.....	3.52	2.58	16.30	11.97
Dodge City.....	1.70	3.14	16.78	13.41
Elkhart.....	4.09	3.02	20.35	10.74
<b>MISSOURI</b>				
St. Joseph.....	2.21	3.78	21.36	22.05
Kansas City.....	2.69	4.13	24.22	22.38
Joplin.....	3.27	4.62	25.48	27.72
<b>NEBRASKA</b>				
Omaha.....	4.49	3.54	17.86	17.34
Lincoln.....	3.29	3.85	18.60	17.64
Norfolk.....	1.69	3.58	15.87	18.06
Grand Island.....	1.40	3.55	15.50	15.80
McCook.....	.82	3.10	15.50	12.88
North Platte.....	1.82	2.74	20.39	12.58
Bridgeport.....	1.89	1.98	16.34	11.12
Valentine.....	3.05	3.01	18.18	12.60
<b>NEW MEXICO</b>				
Clayton.....	.76	2.03	12.85	9.62
Santa Fe.....	.49	2.38	4.25	7.94
Farmington.....	.20	1.39	2.36	4.90
<b>OKLAHOMA</b>				
Tulsa.....	2.53	3.31	25.87	24.14
McAlester.....	4.50	3.06	28.11	26.55
Oklahoma City.....	.60	2.86	18.88	18.98
Pauls Valley.....	2.84	2.83	28.34	21.41
Hobart.....	1.36	2.54	17.42	17.19
Enid.....	.08	2.74	19.04	18.42
Woodward.....	1.40	2.93	13.55	15.63
<b>WYOMING</b>				
Cheyenne.....	1.07	2.10	14.23	10.21
Casper.....	.37	1.10	6.01	9.85
Lander.....	.28	.69	9.27	8.54
Sheridan.....	1.09	1.22	9.88	10.54

**Livestock**

Beef steer prices, which had declined sharply early last May in response to the establishment of wholesale and retail ceilings on dressed beef prices, recovered strongly after the middle of July and by the third week of August had risen to a new five-year high of \$16.25 a hundredweight, which was \$1.25 above their highest point last April and, except for the \$17.25 top in 1937, the highest price since late 1929 and early 1930. A shortage of beef at some eastern centers, resulting from increased civilian consumption, heavy buying for the armed forces, and seasonally light supplies of high quality cattle, was largely responsible for the recovery. Inadequate shipping facilities at some points and curtailed operations of small packers, some of whom have been forced

out of business by too narrow profit margins, also contributed to the shortage of beef. Hog prices, which had been holding strongly at their highest level since 1926 and were somewhat higher than would be expected in comparison with pork and lard ceilings, declined late in July when the Government lowered purchase prices on lend-lease pork, but hog prices almost immediately recovered on a letup in marketings and by the third week of August had reached a new sixteen-year high of \$14.80 a hundredweight. Lamb prices late in June had been the highest since 1929 and were well above the level at which a price ceiling could be imposed by OPA. During July, lamb prices declined as is usual at this season. On August 1, the OPA established ceilings on wholesale and retail prices of fresh lamb, effective August 10, at the highest price received during the period July 27 to 31, but even so live lamb values have recovered strongly.

Top carlot livestock prices at Kansas City:

	Aug. 25 1942	July 1942	June 1942	July 1941	July 1940	July 1939
Beef steers.....	15.50	14.75	13.90	12.75	11.50	10.25
Stocker cattle.....	14.00	13.75	13.75	11.65	9.75	10.00
Feeder cattle.....	13.35	13.25	13.35	11.50	10.00	9.00
Calves.....	14.00	14.50	14.50	12.00	9.50	10.00
Hogs.....	14.60	14.60	14.55	11.60	6.80	7.05
Sheep.....	12.35	12.00	13.25	9.00	8.25	8.00
Lambs.....	15.00	15.00	15.50	11.60	10.75	10.15

Marketings of hogs in July were fully a third larger than a year ago, and receipts of cattle were 12 and of sheep 8 per cent larger. Hog receipts were 14 per cent above the average of the past ten years, but cattle marketings were only about average and those of sheep were 10 per cent less than average.

July livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
July 1942.....	375,983	55,032	558,204	482,251
July 1941.....	336,782	53,251	406,166	447,272
7 Mos. 1942.....	2,654,407	289,342	4,210,455	3,981,998
7 Mos. 1941.....	2,127,043	302,148	3,386,707	3,379,189

The countryward movement of stocker and feeder cattle from public markets was unusually light during most of July, owing to uncertainty over the effect of beef ceiling prices on fed cattle values and the unwillingness of feeder buyers to compete with packers on a rising slaughter steer market. In August, however, stocker and feeder trade on cattle broadened markedly, influenced by the continued advance in fed steer prices, by the favorable corn crop prospect, and by OPA authorization of higher ceilings on prime beef for the hotel and restaurant trade. On August 1, the number of cattle on feed for market in Missouri was reported to be 10, in Kansas 15, and in Nebraska 19 per cent below a year earlier as compared with increases of 3, 12, and 10 per cent, respectively, reported on April 1. Although the liquidation of long fed cattle that occurred in June was primarily responsible for

this decline in feeding, the abundance of excellent grass pastures this year and consequent reluctance on the part of feeders to place cattle on grain feed when good gains were being realized on grass, together with the narrow spread between prices of grass fed and grain fed steers up to late July, also were contributing factors. Shipments of stocker and feeder sheep from public markets continue in heavy volume.

Although ranges and pastures in the District dried and cured rapidly during July, they generally carry a heavy growth of grass which will furnish excellent grazing for livestock well into the fall months. Cattle and sheep have made good gains, except in local dry areas, and are expected to show good weights and finish this fall. Contracting of cattle and calves for fall delivery to Corn Belt feeders so far has been very light, and contracting of feeder lambs has not been heavy although activity on lambs tended to increase in Wyoming, Colorado, and New Mexico during July and the first half of August. The 1942 lamb crop in this District was 15 per cent above the average from 1931 to 1940 but was slightly below the record lamb crop of a year earlier despite a further increase in the number of breeding ewes in range and ranch flocks. A cold, wet spring this year and late storms reduced the number of lambs saved per ewe in western sheep states, particularly in Wyoming and Colorado, where death losses were rather high. The 1942 wool clip set a new record slightly above the previous high in 1941 and 14 per cent above the 1931-40 average. The number of sheep shorn has been increasing steadily in recent years and fleece weights, although generally somewhat lighter than last year, nevertheless are quite heavy. Wool prices at local markets in July averaged about 37 cents a pound as compared with 34 cents a year ago and 26 cents two years ago and are the highest since 1925.

#### Farm Income

Cash income from farm marketings in the District in June was more than one-half larger than a year ago, reflecting substantially higher prices for most farm products, a heavy movement to market of cattle and hogs, and continued large production of milk and eggs.

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

	June 1942		Change from 1941	
	(Thousand dollars)	(Per cent)	June 1942	6 Mos.
Colorado.....	12,755	75,617	+60	+45
Kansas.....	35,096	183,317	+47	+47
Missouri.....	40,646	205,000	+49	+50
Nebraska.....	38,240	189,529	+91	+56
New Mexico.....	3,053	23,471	+14	+34
Oklahoma.....	21,283	107,830	+34	+45
Wyoming.....	3,753	24,775	+30	+48
Seven states.....	154,826	809,539	+54	+49
United States.....	1,070,209	5,784,180	+39	+44

#### TRADE

##### Retail Sales

Dollar sales at reporting department stores in the District in July and in the first two weeks of August were about 8 per cent larger than a year earlier. Higher prices, which on the average are up about 14 per cent, more than account for the gain; the physical volume of goods moving into consumption probably is appreciably less than that at this time last year, when sales had been at an extremely high level because of the heavy forward buying of luxury items, silk goods, housefurnishings, and appliances. Sales this summer, however, have held up better than usual, and stocks declined by about the usual amount during July. Dollar inventories are still about one-half larger than a year ago, and stocks on hand are equal to nearly 4½ months' supply at the current rate of sales as compared with 3½ months' supply last year. The volume of merchandise on order now is considerably smaller than a year earlier when orders outstanding had been increasing rapidly. There has been a further increase in the proportion of cash sales to total sales at department stores and continued improvement in collection ratios. Collections on regular (30-day) charge accounts averaged 62 per cent in July as compared with 59 in June, 52 in May, and 49 per cent in July a year ago. The collection ratio for instalment accounts also is higher than a year ago.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		July '42 comp. to July '41	7 Mos.'42 comp. to 7 Mos.'41	July 31,'42 comp. to July 31,'41
(Per cent increase or decrease)				
Denver.....	7	+9	+11	+70
Hutchinson.....	3	-2	-1	....
Topeka.....	3	+5	+2	....
Wichita.....	4	+25	+29	....
Joplin.....	3	-3	+17	....
Kansas City.....	8	+6	+14	+59
St. Joseph.....	3	-6	0	....
Omaha.....	4	+14	+14	....
Oklahoma City.....	6	+7	+5	+10
Tulsa.....	6	+16	+23	+46
Other cities.....	30	-3	-3	+37
District.....	77	+8	+11	+49

Retail sales of independent stores, by states, as reported by the Bureau of the Census:

	July 1942 per cent change from July 1941						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+23	+23	+13	+27	+57	+14	+27
Automobile.....	-57	-60	-72	-54	-58	-76	-64
Department.....	+28	+28	+2	+21	....	+13	....
Drug.....	+14	+24	+16	+20	+16	+17	+12
Dry goods.....	+24	+35	+24	+35	....	+43	....
Food.....	+19	+17	+20	+29	+21	+14	+7
Furniture.....	-10	-2	-13	+7	....	-4	....
General.....	+10	+21	+24	+27	+16	+21	+4
Hardware.....	+4	+1	-5	+10	....	-3	....
Jewelry.....	+19	+22	+10	+29	+15	+43	....
Lbr. and mtls..	-6	+4	-10	+20	-5	-25	-28
Miscellaneous..	+3	+37	+38	+14	+24	+29	+13
Total (weighted).	+4	+6	-2	+12	0	-4	-12



**Wholesale Sales**

The value of July wholesale sales in the District was 8 per cent above a year earlier but, as in the case of retail sales, higher prices more than account for this increase. A year ago, when retailers were building up their stocks, wholesale sales had been exceptionally heavy. This year, the larger retailers generally have record inventories on hand which they are now seeking to reduce in part because of publicity given to possible inventory control. Trade reports, however, indicate a heavy demand for apparel, dry goods, and groceries from smaller retailers in defense areas. Wholesale stocks are below a year earlier.

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

	No. of Firms	SALES		STOCKS
		July '42 comp. to July '41	7 Mos.'42 comp. to 7 Mos.'41	July 31,'42 comp. to July 31,'41
(Per cent increase or decrease)				
Auto. supplies.....	18	+3	+15	-8
Clothing.....	3	+50	....	-6
Drugs.....	4	+17	+12	-1
Dry goods.....	3	+60	+45	....
Electrical goods....	14	-38	-16	-42
Farm products.....	10	+15	+36	+19
Furniture.....	3	-27	+11	....
Groceries.....	24	+10	+15	-1
Hardware—total.. (10)		-9	+13	-23
General.....	4	-10	+15	-22
Plbg. & htg.....	6	-7	+5	-24
Jewelry.....	3	+30	+6	-14
Lumber and mtls..	4	+34	+68	-10
Machinery.....	6	+35	+16	+7
Paper and prod....	8	+23	+32	+18
Tobacco and prod..	6	+4	+5	....
All other lines.....	19	+20	+25	+32
<b>Total.....</b>	<b>135</b>	<b>+8</b>	<b>+16</b>	<b>-2</b>

**PRODUCTION**

**Meat Packing**

Livestock slaughter continued in large volume through July although it was considerably below the very high level of the preceding month, when many cattle which ordinarily would have been placed in feed lots or fed longer went to slaughter instead, because of the unprofitable outlook for feeding, and when marketings from last year's fall pig crop had reached their summer peak. Transportation and slaughtering facilities are expected to be strained severely when peak marketings from this year's huge spring pig crop occur next December and January. The substantial needs of the armed forces and of our allies have cut heavily into domestic supplies of pork and lard, but much of the deficiency in the amount of pork available for civilian consumption is made up in larger civilian supplies of other meats.

July packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
July 1942.....	232,950	37,888	517,719	304,086
July 1941.....	206,207	37,990	357,296	273,423
7 Mos. 1942.....	1,525,501	179,831	3,876,231	2,383,179
7 Mos. 1941.....	1,221,338	186,144	3,008,596	2,136,515

**Cold Storage Holdings**

United States cold storage stocks of pork declined more than is usual during July and shell egg stocks decreased contrary to the usual trend, while holdings of beef and lamb increased contraseasonally and holdings of frozen eggs and cheese rose to new all-time highs. Stocks of poultry and butter, although less than a year earlier, also are large. August 1 stocks of pork were 30 and lard 73 per cent under a year ago, but holdings of beef were 25, lamb 72, miscellaneous meats 49, shell eggs 16, frozen eggs 49, and cheese 76 per cent above last year. Pork stocks are the third and lard the second smallest on record for this time of year, but beef stocks are the largest since 1921.

United States cold storage holdings:

	Aug. 1 1942	July 1 1942	Aug. 1 1941	Aver. '37-'41
(In thousands of units)				
Beef, lbs.....	81,850	81,556	65,708	45,712
Pork, lbs.....	432,566	522,173	618,866	493,714
Lamb and mutton, lbs.....	5,514	5,313	3,211	2,452
Poultry, lbs.....	79,165	79,200	81,206	70,244
Miscellaneous meats, lbs....	109,332	112,077	73,499	67,728
Lard, lbs.....	88,689	93,682	332,863	212,788
Eggs, shell, cases.....	7,734	7,935	6,641	7,316
Eggs, frozen (case equiv.)..	7,747	7,427	5,205	4,249
Butter, creamery, lbs.....	148,637	117,111	178,493	152,885
Cheese, all varieties, lbs....	295,672	261,935	168,420	135,744

**Flour Milling**

Operations at southwestern flour mills increased considerably during July, but dropped off early in August. Production remains little changed from a year ago at a level nearly 10 per cent above the average of the past ten years. Flour sales rose sharply early in July and in the week ending July 11 reached 323 per cent of milling capacity. Part of this increase represented the usual buying as the new wheat crop comes onto the market, but sales also were influenced by strength in wheat prices resulting from proposed Congressional legislation providing for full parity crop loans. Sales during this period, however, were confined for the most part to a few large bakers and distributors and included a large Government order. Buying has since declined to a hand-to-mouth basis, and total sales so far during the new crop season have not been as heavy as usual, owing in part to the fact that many bakers and distributors are still operating on flour contracted for last winter and have yet to supplement this with new crop purchases.

Flour output reported by the Northwestern Miller:

	July 1942	7 Mos. 1942	Change from 1941	
	(In barrels)		July	7 Mos.
(Per cent)				
Kansas City.....	496,000	3,563,000	-13	-8
Salina.....	209,000	1,290,000	0	-3
Wichita.....	165,000	1,249,000	-3	+9
Other cities.....	1,355,000	8,935,000	+4	+3
Southwest.....	2,225,000	15,037,000	-1	0
United States*.....	5,925,000	39,096,000	+2	-2

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

**Petroleum**

Crude oil production in the District continues below a year earlier, largely the result of transportation difficulties and the reduced demand for gasoline growing out of the tire situation. The over-all reduction in gasoline demand, however, has been far less than anticipated, owing partly to growing war needs, and this development is complicating the efforts of refiners to adjust plant operations to provide adequate fuel oil for homes, industries, and war purposes on the east coast. Since the movement of distillates and fuel oils from the middle west and southwest must be expanded to meet winter requirements on the east coast and since fuel oils will be given preference over other refined products in the use of available production and transportation facilities, the OPC already has indicated that the diversion of additional tank cars to the eastern service may necessitate the extension of gasoline rationing. Effective August 24, the OPC prohibited railroad delivery of automobile gasoline in twenty middle western and southwestern states.

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

	July	7 Mos.	Change from 1941	
	1942	1942	July	7 Mos.
	(In barrels)		(Per cent)	
Colorado.....	208,000	1,287,000	+30	+37
Kansas.....	8,607,000	53,477,000	+15	+19
Nebraska.....	110,000	811,000	-31	+1
New Mexico.....	2,091,000	17,077,000	-37	-24
Oklahoma.....	11,685,000	82,739,000	-13	-7
Wyoming.....	2,838,000	18,418,000	+10	+7
Six states.....	25,539,000	173,809,000	-6	-1
United States.....	109,917,000	791,343,000	-7	+1

**Coal**

Bituminous coal production is at an exceptionally high level, owing in large measure to heavy consumption by industries, railroads, and utilities. The accumulation of reserves and stocking up by the public early in order to avoid transportation difficulties later on also are important factors.

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

	July	7 Mos.	Change from 1941	
	1942	1942	July	7 Mos.
	(In tons)		(Per cent)	
Colorado.....	568,000	4,413,000	+28	+24
Kansas & Missouri.....	644,000	4,820,000	+26	+18
New Mexico.....	136,000	939,000	+43	+35
Oklahoma.....	192,000	1,256,000	+106	+65
Wyoming.....	551,000	4,130,000	+16	+24
Six states.....	2,091,000	15,558,000	+29	+25
United States.....	47,700,000	333,140,000	+8	+23

**Employment**

Nonagricultural employment in the District, both in June and in the first half of 1942, was about 11 per cent above a year earlier. Employment for the country as a whole has increased only 6 per cent, but even so it is rising to successive new record levels each month.

## Department of Labor employment estimates:

	June*	May	Change from 1941	
	1942	1942	June*	May
	(Number)		(Per cent)	
Colorado.....	267,000	257,000	+14	+11
Kansas.....	364,000	358,000	+12	+11
Missouri.....	938,000	935,000	+11	+12
Nebraska.....	227,000	225,000	+8	+9
New Mexico.....	82,000	80,000	+6	+8
Oklahoma.....	338,000	335,000	+12	+12
Wyoming.....	58,000	57,000	+2	+6
Seven states.....	2,274,000	2,247,000	+11	+11

\*Preliminary.

**CONSTRUCTION**

Construction awards in the Kansas City area in July were nearly four times the volume of awards a year ago, and total awards for the first seven months of 1942 already have exceeded the total for the entire peak year 1941. The huge volume of work being undertaken on defense projects, including corollary housing, roads, and utilities for defense plants and workers, represents close to 90 per cent of all construction and more than counterbalances the cessation since last April of virtually all private building.

Construction figures of F. W. Dodge Corporation:

	July	7 Mos.	Change from 1941	
	1942	1942	July	7 Mos.
	(Thousand dollars)		(Per cent)	
Residential building.....	11,547	61,537	+13	+50
Nonresidential bldg.....	65,375	131,836	+547	+172
Public wks. construc.....	16,376	61,692	+219	+109
Utility construction.....	24,261	54,022	+398	+177
Kansas City area.....	117,559	309,087	+288	+123
37 Eastern states.....	943,796	4,667,521	+63	+49

Building, other than that connected with war activity, is at a very low level. The value of July permits issued in reporting District cities was only one-third of what it was last year and was the smallest for any July since the depression low in 1933. Building operations had begun to decline as early as last fall, and this downswing was accelerated by the WPB stop-building order of last April.

Value of building permits issued in District cities:

	July	7 Mos.	Change from 1941	
	1942	1942	July	7 Mos.
	(Dollars)		(Per cent)	
Colo. Springs, Colo.....	5,000	189,000	-89	-48
Denver, Colo.....	172,000	5,772,000	-84	-39
Pueblo, Colo.....	38,000	731,000	-62	-17
Hutchinson, Kans.....	5,000	237,000	-85	-2
Kansas City, Kans.....	32,000	601,000	+14	+47
Salina, Kans.....	6,000	64,000	-88	-73
Topeka, Kans.....	2,000	220,000	-98	-71
Wichita, Kans.....	335,000	6,053,000	-49	+67
Joplin, Mo.....	39,000	407,000	-9	+73
Kansas City, Mo.....	78,000	2,869,000	-83	-5
St. Joseph, Mo.....	1,000	47,000	-95	-91
Lincoln, Nebr.....	27,000	554,000	-85	-68
Omaha, Nebr.....	75,000	1,651,000	-87	-43
Albuquerque, N. M.....	41,000	638,000	-76	-60
Okla. City, Okla.....	228,000	1,973,000	-57	-42
Shawnee, Okla.....	1,000	32,000	-91	-75
Tulsa, Okla.....	519,000	2,610,000	-14	-28
Cheyenne, Wyo.....	14,000	279,000	-90	-72
District, 18 cities.....	1,618,000	24,927,000	-67	-27



FINANCE

War Savings Bonds

Sales of War Savings Bonds by this bank and qualified issuing agents in the District, other than post offices, averaged \$926,000 daily, issue price, during the first twenty-one business days of August (including August 4 as a business day) as compared with an average of \$1,139,000 for each business day in July and \$1,363,000 at the peak in sales last January. The number of individual bonds sold, however, has been increasing steadily in recent months; more than three bonds currently are being sold for every two that were sold last January. Some decline in dollar sales in August was perhaps to be expected in view of the fact that sales of Series F and G bonds had been abnormally large in the preceding month, owing to the usual July reinvestment demand and a doubling of the limit, effective July 1, on purchases of such bonds permitted any one investor per year.

Victory Fund Committee

The Victory Fund Committee for the Tenth Federal Reserve District, composed of financial and business leaders in this area, has been organized as have similar committees in other Federal Reserve districts, together with state and regional subcommittees, for the purpose of assisting the Treasury in effecting the widest possible distribution of Government securities. The Victory Fund Committee is primarily concerned with the sale of Treasury issues that are suitable for the larger investors. In addition, the Victory Fund Committee cooperates with the War Savings Staff of the Treasury in the sale of Series F and G War Savings Bonds in this Reserve district.

In August, the Tenth District Victory Fund Committee was active in connection with the recent offering of registered 2½% Treasury bonds of 1962-67. This issue, which was not limited as to the amount that might be sold and which was available for purchase for a considerable number of days, has been referred to as a "tap" issue. It was first on tap from May 5 to May 14, and subscriptions in this District totaled \$5,187,400 at the time of the May offering. Books on this issue were reopened on August 3 and remained open through August 18, during which period subscriptions in this District aggregated \$10,843,500, demonstrating the effective work of the Victory Fund Committee.

Member Bank Operations

Volume of loans at 50 weekly reporting member banks in the Tenth District has shown little change in recent months, following a sharp decline last May, while holdings of Government securities and demand deposits have continued to rise sharply to new record

levels. Loans in the third week of August were 5 per cent below a year earlier, but investments were 55 and adjusted demand deposits 22 per cent greater.

Principal items of condition of 50 member banks:

	Aug. 19 1942	Change from	
		July 15 1942	Aug. 20 1941
(In thousands of dollars)			
Loans and investments—total.....	1,013,125	+54,387	+204,183
Loans—total.....	378,990	-1,289	-20,398
Coml., indust., agric.....	226,251	-82	-13,210
Open market paper.....	29,523	-1,140	-438
To security brokers and dealers.....	3,856	+1,169	+527
Other to purchase or carry secur.....	8,645	-69	-1,810
Real estate loans.....	35,001	-4	+3,044
Loans to banks.....	12	-14	-251
All other loans.....	75,702	-1,149	-8,260
Investments—total.....	634,135	+55,676	+224,581
U. S. Treasury bills.....	76,437	+16,408	+69,620
U. S. Treas. certif. of indebt.....	62,545	+26,353	+62,545
U. S. Treasury notes.....	98,851	-705	+53,784
U. S. Govt. bonds.....	209,998	+14,441	+97,664
Oblig. guar. by U. S. Govt.....	64,240	-67	-45,981
Other securities.....	122,064	-754	-13,051
Reserve with F. R. Bank.....	295,678	+23,577	+80,313
Balances "due from" banks—net.....	341,235	-345	*
Demand deposits—adjusted.....	775,671	+31,151	+138,231
Time deposits.....	138,057	+2,389	-3,493
U. S. Govt. deposits.....	45,055	+8,633	+29,827
Deposits "due to" banks—net.....	610,336	+35,619	*

\*Comparable data not available.

Bank Debits

Bank debits in this District in July continued about one-fifth larger than a year earlier. The rate of increase both for July and for 1942 to date is one and a half times that for the country as a whole.

Debits to deposit accounts in District cities:

	July	7 Mos.	Change from 1941	
	1942	1942	July	7 Mos.
(Thousand dollars)		(Per cent)		
Colo. Springs, Colo.....	27,615	156,239	+90	+60
Denver, Colo.....	243,975	1,468,711	+19	+17
Gr. Junction, Colo.....	3,921	26,680	+5	+7
Greeley, Colo.....	5,134*	.....	.....	.....
Pueblo, Colo.....	22,209	121,321	+25	+10
Atchison, Kans.....	5,239	29,061	+29	+24
Emporia, Kans.....	4,413	29,345	+21	+20
Hutchinson, Kans.....	24,780	108,616	+27	+24
Independence, Kans.....	3,383	23,235	-1	+8
Kansas City, Kans.....	29,291	178,156	+32	+26
Lawrence, Kans.....	4,945	29,140	+11	+4
Pittsburg, Kans.....	6,631	42,490	+49	+43
Salina, Kans.....	26,867	94,392	+81	+30
Topeka, Kans.....	29,506	168,687	+23	+15
Wichita, Kans.....	108,170	628,603	+39	+43
Joplin, Mo.....	14,311	116,716	+25	+62
Kansas City, Mo.....	510,676	3,087,571	+13	+17
St. Joseph, Mo.....	41,710	270,430	+25	+25
Fremont, Nebr.....	4,683	28,750	+38	+25
Lincoln, Nebr.....	38,809	230,723	+28	+14
Omaha, Nebr.....	244,963	1,528,435	+30	+31
Albuquerque, N. M.....	26,983	161,481	+20	+14
Bartlesville, Okla.....	31,356	216,272	-1	+9
Enid, Okla.....	18,822	95,669	+1	+10
Guthrie, Okla.....	1,859	12,424	+4	+11
Okla. City, Okla.....	148,668	891,627	+24	+15
Okmulgee, Okla.....	2,745	20,174	-4	+3
Tulsa, Okla.....	162,924	1,169,259	-2	+18
Casper, Wyo.....	8,830	50,818	+21	+5
Cheyenne, Wyo.....	13,013	78,604	+15	+8

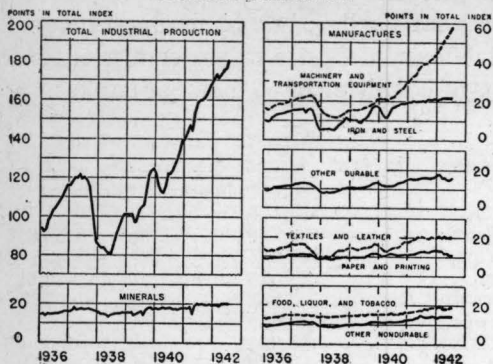
District, 29 cities..... 1,811,297 11,063,629 +19 +20  
U. S., 274 cities..... 50,131,000 334,520,000 +12 +12

\*Began reporting in May, 1942; not included in total.

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

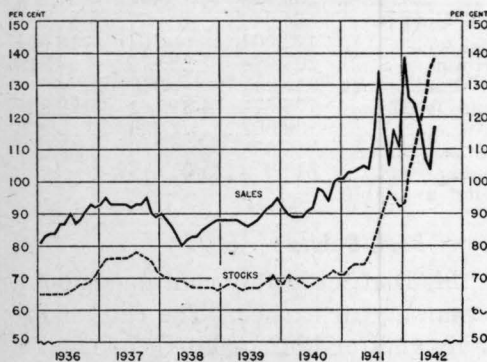
By the Board of Governors of the Federal Reserve System

## INDUSTRIAL PRODUCTION



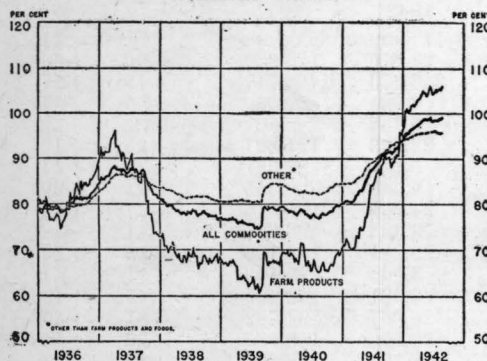
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for July, 1942.

## DEPARTMENT STORE SALES AND STOCKS



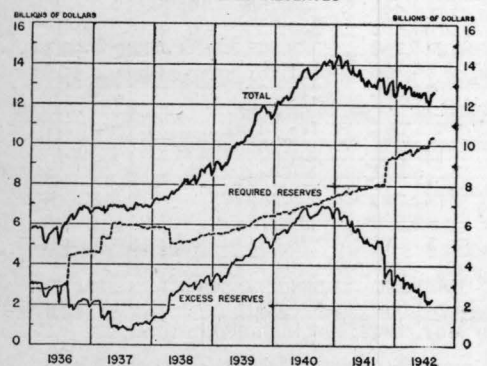
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. Latest figures shown are for July, 1942.

## WHOLESALE PRICES



Bureau of Labor Statistics' weekly indexes, 1926 average=100. Latest figures shown are for week ending August 15, 1942.

## MEMBER BANK RESERVES



Wednesday figures. Required and excess reserves, but not the total, are partly estimated. Latest figures shown are for August 12, 1942.

## PRODUCTION

Industrial output rose further in July and the Board's seasonally adjusted index advanced from 176 to 180 per cent of the 1935-39 average.

Activity continued to increase in the machinery and transportation equipment industries and in other lines producing war products. Shipbuilding expanded further and 71 merchant vessels were delivered in July. These had an aggregate deadweight tonnage of 790,300 tons—an all-time record for a single month's deliveries. In the automobile industry armament production increased in July to an annual rate of about \$5 billion as compared with a peak year's civilian output of \$4 billion. Iron ore shipments down the Great Lakes reached a new record of 13.4 million gross tons in July and plans were announced for improving rail and harbor facilities so that shipments next season could exceed considerably prospective shipments of 90 million tons or more this year. Last season 80 million tons were shipped.

In most other lines of manufacturing and mining, activity in July was maintained at about the levels prevailing in June. There were reports that some plants were forced to curtail operations owing to lack of certain materials, and further investigations were undertaken to determine present and prospective availability of material supplies.

Value of construction contracts awarded in July showed a reduction of about 20 per cent from the record level reached in June, according to figures of the F. W. Dodge Corporation. Declines were reported for most types of construction; awards for manufacturing buildings, however, increased further and constituted about one-third of total contracts let. As in June, publicly-financed work amounted to over 90 per cent of the total. In the first seven months of this year, awards were about 50 per cent larger than in the corresponding period last year.

## DISTRIBUTION

Distribution of commodities to consumers declined less than seasonally in July. The Board's adjusted index of department store sales, which had dropped from a peak of 138 per cent of the 1923-25 average in January to 104 in June, rose to 117 and sales by variety stores and mail-order houses also advanced, after allowance for usual seasonal changes. In the first half of August department store sales increased by more than the usual seasonal amount.

Railroad freight carloadings increased more than seasonally in July and rose somewhat further in the first half of August. Shipments of miscellaneous merchandise, which include most manufactured products, and of forest products continued to rise. Grain shipments also increased but the rise was less than is usual at this time of year. Loadings of coal declined somewhat from the high level of other recent months.

## COMMODITY PRICES

Wholesale and retail food prices advanced further in July and the early part of August, while prices of petroleum products on the East Coast were reduced, and those for most other consumer goods continued to show little change. In raw material markets price declines occurred for cotton, inedible fats and oils, and some scrap items, particularly nonferrous metals and paper. Demand for materials used more exclusively for war products continued strong and prices of these materials were sustained at ceiling levels.

Federal subsidies were arranged for additional commodities and Government war risk rates on shipments of imported commodities were reduced. These actions were taken to bring about price reductions, as in the case of petroleum products on the East Coast, and to prevent further price increases, particularly for imported commodities. About 30 new maximum price schedules were announced, chiefly for miscellaneous civilian products, and in some instances these schedules permitted substantial increases over ceilings set by the General Maximum Price Regulation.

## BANK CREDIT

Excess reserves of member banks declined by about 200 million dollars in the four weeks ended August 19. An increase of about 400 million dollars of currency in circulation during this period was paralleled by a corresponding amount of Reserve Bank purchases of Government securities. There was an increase of 300 million dollars in required reserves resulting from a growth in deposits at member banks. Excess reserves in New York and Chicago reached the lowest levels since the third quarter of 1937. Effective August 20 reserve requirements on demand deposits at central reserve city banks were reduced from 26 per cent to 24 per cent by action of the Board of Governors of the Federal Reserve System. This had the effect of converting over 400 million dollars from required to excess reserves.

Member banks in leading cities continued to increase their holdings of United States Government securities, particularly in the week ended August 19, in which delivery of the new 11½ months' ½ per cent certificates of indebtedness was made. Loans, which had declined during the second quarter of the year, have recently shown little change.

Adjusted demand deposits continued to increase at reporting banks, although purchases of Government securities, particularly the 2½ per cent Treasury bonds of 1962-67, by investors other than banks temporarily reduced demand deposits of individuals and added to United States Government deposits.