

MONTHLY REVIEW

Agricultural and Business Conditions

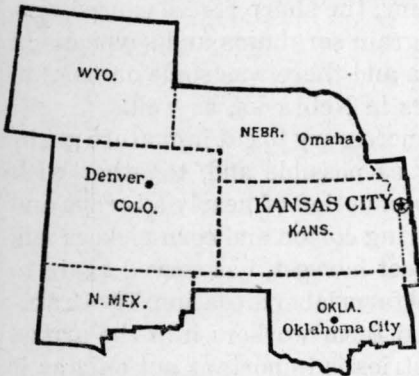
TENTH FEDERAL RESERVE DISTRICT

VOL. 27, No. 10

FEDERAL RESERVE BANK OF KANSAS CITY

OCTOBER 30, 1942

Business in the Tenth Federal Reserve District



Early frosts caused only limited damage in this District. Soybeans for the most part were well matured although the crop in other parts of the country was badly damaged. Sorghum suffered considerable injury. The acute shortage of farm labor will greatly delay corn picking.

Marketings of grain and livestock are in large volume. The three billion bushel corn crop is a depressing factor in corn prices. Livestock slaughter is very large and the same is true of nearly all production figures. Crude petroleum is an exception.

Trade continues active and most stores have adequate supplies of merchandise for the immediate future. Sales of life insurance are nearly a fifth lower than a year ago.

Bank deposits and bank investments are increasing rapidly but bank loans are lower than last year. The very large volume of check transactions reflects active business and higher prices.

BUSINESS INDICATORS	SEPTEMBER 1942 COMPARED WITH SEPTEMBER 1941					9 MOS. 1942 COMPARED WITH 9 MOS. 1941						
	% DECREASE			% INCREASE		% DECREASE			% INCREASE			
	40	30	20	10	10	20	30	40	40	30	20	10
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.....												
Oats.....												
Cattle.....												
Calves.....												
Hogs.....												
Sheep.....												
Production												
Flour.....												
Cattle Slaughter.....												
Calf Slaughter.....												
Hog Slaughter.....												
Sheep Slaughter.....												
Crude Petroleum.....												
Bituminous Coal.....												
Construction												
Total Awards.....												
Res. Awards.....												
Value of Permits.....												
Lumber Sales.....												
Miscellaneous												
Rainfall.....												
Cash Farm Income*.....												
Employment*.....												

*For previous month

COST OF LIVING

Cost of living indexes, compiled by the Bureau of Labor Statistics, are shown in the table below. These indexes, based on the cost of goods purchased by wage earners and lower salaried workers, include such items as food, clothing, rent, fuel and utilities, housefurnishings, and a large group of miscellaneous items. The cost of living in urban areas increased moderately between 1935 and 1937 but subsequently declined. In the last quarter of 1940, the cost of living again began to rise, and in the past two years it has increased about 17 per cent. Of the various items in the index, by far the greatest increase has occurred in food costs, which have risen about 35 per cent. Clothing and housefurnishings costs in general have increased about 20 per cent, miscellaneous items about 10 per cent, and rent and fuel and utilities a lesser amount. In recent months, the rise in the cost of living has tended to level off, following Government action last May freezing prices of most commodities at their highest level prevailing during March and instituting rent control in defense areas effective July 1 at specified levels going back, in some cases, as far as January of last year. With the principal exception of foods, most items in the index have been little changed now for four months or have declined slightly.

Department of Labor cost of living indexes:

	Kansas City	Denver	Large U.S. Cities
	(Average 1935-1939=100)		
1935—October 15.....	98.0	97.2	98.0
1936—September 15.....	100.7	100.5	100.4
1937—September 15.....	103.8	105.1	104.3
1938—September 15.....	100.3	100.2	100.7
1939—September 15.....	100.6	99.7	100.6
1940—September 15.....	97.8	98.9	100.4
1941—September 15.....	105.4	106.0	108.1
October 15.....	107.1	108.3	109.3
November 15.....	108.3	109.7	110.2
December 15.....	108.7	109.4	110.5
1942—January 15.....	109.8	111.3	112.0
February 15.....	111.1	111.8	112.9
March 15.....	112.9	113.2	114.3
April 15.....	113.7	114.6	115.1
May 15.....	114.1	115.6	116.0
June 15.....	114.1	115.7	116.4
July 15.....	113.7	116.0	116.9
August 15.....	114.8	116.3	117.4
September 15.....	.....	.....	117.8

The rise in the cost of living that has taken place since last May has been due in large part to the continued advance in prices of certain uncontrolled foods comprising approximately a third of the average urban family food budget. The OPA on October 3 placed a temporary emergency price ceiling at the highest level of the preceding five days over virtually all food items not previously controlled and later extended rent control to cover the whole country. On October 9, however, price increases were allowed for eleven major groups of foods to permit dealers to restock items that had increased in cost to such an

extent that neither wholesalers nor retailers could stock and sell such goods under the price ceiling.

AGRICULTURE

Crops

Unusually favorable early fall growing weather in most sections of the District resulted in further improvement in the already outstandingly favorable crop outlook, and late crops were maturing rapidly when early killing frosts late in September as far south as northern Oklahoma brought the growing season to a close. Although the bulk of the acreage of most late crops generally was far enough advanced to escape serious injury, the sharp freeze caused considerable damage to grain sorghums and soybeans in Kansas and Nebraska and there was some damage to late corn and potatoes in Nebraska, as well.

The freeze made it necessary to cut immature grain sorghums as rapidly as possible and, together with the large volume of production of nearly all crops and the difficulty in securing cotton and corn pickers and labor for the sugar beet harvest, has served again to emphasize the critical farm labor situation. The draining off of experienced farm workers into the armed forces and war industries is important not only as it relates to this year's harvest but also, and more seriously, as it relates to the immediate problem of livestock feeding and dairy and poultry production and later to crop output next year.

Marketings of grains continue rather heavy, with receipts of wheat and oats more than one-half and corn more than one-third larger than the September average of the past ten years. Advancing wheat prices, some improvement in the congested storage situation at terminals, and the desire of producers to dispose of grain for which there was either insufficient or only poor temporary farm storage available were contributing factors in the heavy wheat marketings. The large receipts of corn, oats, and other feed grains reflect the very high rate of consumption for livestock feeding and industrial purposes.

Receipts of principal grains at 5 District markets:

	Wheat	Corn	Oats
	(In bushels)		
Sept. 1942.....	12,452,000	3,986,000	1,732,000
Sept. 1941.....	8,530,000	4,034,000	1,369,000
9 Mos. 1942.....	118,794,000	49,478,000	13,428,000
9 Mos. 1941.....	148,260,000	15,952,000	7,253,000

Cash wheat prices continued to rise rapidly in September, responding to an expansion in milling demand and to legislative proposals, which as passed on October 2 were interpreted by the trade as prohibiting a ceiling on grain prices below parity levels. Grain prices, in contrast with those of livestock, are below parity, with wheat only about 77 and corn 85 per cent of parity. Wheat prices weakened appreciably in the

forepart of October, however, influenced by the uncertainty of flour business and a consequent curtailment in milling demand for wheat as a result of ceilings on flour prices. The Department of Agriculture on October 7 announced that loan rates on wheat and corn would be kept at 85 per cent of parity to encourage the production of livestock and livestock products, inasmuch as the additional benefit payments for these grains give about parity returns to growers. Cash corn prices also have declined, reflecting chiefly the huge crop produced this year.

The lower range of Kansas City cash grain prices:

	Oct. 26 1942	Sept. 30 1942	Aug. 31 1942	Sept. 30 1941
No. 1 hd., dk. wheat, bu.....	\$1.19½	\$1.21¾	\$1.14½	\$1.15
No. 2 mixed corn, bu.....	.75½	.80¼	.81	.70½
No. 2 white oats, bu.....	.46¾	.49½	.48½	.46½

Rainfall

	Sept. 1942		9 Mos. 1942	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	0.69	0.99	12.15	11.72
Leadville.....	0.66	1.39	13.74	15.36
Pueblo.....	1.76	0.75	15.86	10.15
Lamar.....	0.56	1.23	14.70	13.23
Alamosa.....	1.51	1.06	6.88	5.90
Steamboat Springs.....	1.08	1.86	17.72	17.70
KANSAS				
Topeka.....	6.86	3.82	33.77	28.63
Iola.....	8.78	4.85	36.77	31.40
Concordia.....	4.30	2.60	24.56	22.79
Salina.....	9.43	2.72	36.40	23.07
Wichita.....	7.21	3.09	33.60	25.11
Hays.....	0.94	2.27	26.39	20.51
Goodland.....	2.04	1.56	20.92	16.05
Dodge City.....	1.33	1.90	20.00	17.98
Elkhart.....	2.07	1.73	24.33	14.62
MISSOURI				
St. Joseph.....	6.50	3.92	32.62	29.80
Kansas City.....	3.15	4.56	33.17	31.03
Joplin.....	13.72	3.92	43.11	35.61
NEBRASKA				
Omaha.....	3.84	3.21	24.95	23.60
Lincoln.....	5.00	2.98	26.15	24.19
Norfolk.....	4.39	3.09	22.96	24.58
Grand Island.....	4.06	2.96	24.14	22.28
McCook.....	4.69	1.70	21.84	17.15
North Platte.....	7.54	1.35	29.33	16.32
Bridgeport.....	1.47	1.36	20.35	14.19
Valentine.....	0.86	1.30	20.31	16.07
NEW MEXICO				
Clayton.....	3.14	1.45	18.57	13.21
Santa Fe.....	1.67	1.45	8.15	10.84
Farmington.....	0.57	1.22	3.66	7.34
OKLAHOMA				
Tulsa.....	7.50	3.05	40.84	30.47
McAlester.....	5.18	3.46	34.83	33.55
Oklahoma City.....	6.73	3.05	30.48	24.92
Pauls Valley.....	4.45	3.18	35.86	27.31
Hobart.....	4.82	2.91	29.94	22.27
Enid.....	5.89	3.06	29.38	24.96
Woodward.....	3.64	2.80	20.19	21.11
WYOMING				
Cheyenne.....	1.70	1.20	17.99	12.96
Casper.....	0.54	1.24	6.87	12.05
Lander.....	1.69	0.92	11.04	9.99
Sheridan.....	1.71	1.27	11.71	12.72

Livestock

Livestock prices had been declining in late August and early September but recovered strongly during

the latter part of September, beef steers reaching \$16.35 a hundredweight near the end of the month, a new high since 1937, and hogs \$15.15 early in October, their highest point in twenty-two years. This rise was influenced in part by proposed legislation, which as passed on October 3 provided that no ceiling could be placed on farm prices at less than parity or below the highest price received for any commodity between January 1 and September 15 this year. Livestock prices are well above parity, the price of beef steers on September 15 being 136, hogs 123, and lambs 133 per cent of parity. Following some decline in livestock prices during the first half of October, prices of beef steers and lambs again recovered strongly, so that the price of beef steers also is higher than at any time between January 1 and September 15, but prices of hogs are slightly and of lambs markedly below the high point for this period. Because of increasing consumer demand for meats, in addition to the needs of the armed forces and of allied nations, prices of cattle and hogs are considerably higher than last March, the base period for OPA ceilings on wholesale and retail prices of dressed beef and pork, and lamb prices are somewhat higher than in late July, which is the base for dressed lamb ceilings.

Top carlot livestock prices at Kansas City:

	Oct. 26 1942	Sept. 1942	Aug. 1942	Sept. 1941	Sept. 1940	Sept. 1939
	(In dollars per hundredweight)					
Beef steers.....	16.50	16.35	16.25	12.60	13.25	11.85
Stocker cattle.....	13.75	13.50	14.25	12.50	10.75	10.50
Feeder cattle.....	13.75	14.00	14.30	11.25	10.75	10.35
Calves.....	14.00	14.00	14.00	13.00	10.50	11.00
Hogs.....	14.55	14.95	14.80	12.25	7.35	8.75
Sheep.....	12.00	12.00	12.35	10.00	7.75	7.50
Lambs.....	14.50	14.50	15.00	12.50	9.30	10.50

Cattle marketings continued in large volume in September and there was a sharp expansion in marketings of sheep. Receipts of cattle were 13 and of sheep 35 per cent above the average of the past ten years. The fall movement of cattle to market had got under way in the preceding month, somewhat earlier than usual, owing in part to uncertainties regarding price ceilings and growing farm labor shortages. The recent very heavy receipts of sheep at a time when range feed conditions are generally good indicate, according to the Department of Agriculture, that sheep numbers have probably reached a peak and that some liquidation in the number of sheep on farms and ranches may now be under way. Hog marketings in September, although nearly one-third above last year, were 10 per cent below average.

Livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Sept. 1942.....	580,621	101,357	511,976	1,303,099
Sept. 1941.....	484,399	83,529	390,753	938,539
9 Mos. 1942.....	3,800,572	471,600	5,206,088	5,915,420
9 Mos. 1941.....	2,976,150	445,291	4,148,355	4,820,132

The difficult labor situation, particularly in the case of commercial feeders, and uncertainties regarding the possible effect of price ceilings upon feeding margins have tended to discourage cattle and lamb feeding operations. On the other hand, supplies of both feeder livestock and of feeds that can find outlet only through livestock are quite large, and feed prices generally are low relative to present fat livestock prices. Contracting of range cattle and lambs for fall delivery to feeders was not so active during September as it had been in the preceding month but there was a very sharp increase in the countryward movement of stocker and feeder livestock from public markets in the District. Developments to October 1, according to the Department of Agriculture, pointed to a fairly large volume of feeding in Corn Belt states again this year but operations in most western states may be reduced materially. The number of lambs fed is expected to be smaller in Missouri and in Nebraska, principally in the Scottsbluff area, while the number of lambs grazed on Kansas wheat pastures this year will probably exceed the record number last year.

September weather was favorable for curing range feed in the northern Great Plains area, and moisture improved range and pasture feeds in Oklahoma and New Mexico. Late fall and winter range feed supplies are very good in the western parts of Nebraska, Kansas, and Oklahoma and in the eastern sections of Wyoming, Colorado, and New Mexico. This large area has also had very good crops of hay, grains, and roughage feeds this year.

Farm Income

Cash income from farm marketings in this District so far in 1942 is about 40 per cent higher than in 1941, owing to a marked rise in prices received by farmers for agricultural products and an increase in the volume of marketings. According to the Department of Agriculture, total income for 1942 in Colorado and Nebraska is expected to be from 60 to 80 per cent above the average for the five years 1935 to 1939, in Kansas, Wyoming, and New Mexico from 80 to 100 per cent higher, and in Oklahoma and Missouri from 100 to 120 per cent greater.

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

	Aug. 1942		8 Mos. 1942		Change from 1941	
	(Thousand dollars)		(Per cent)		Aug. 8 Mos.	
Colorado.....	21,909	111,444	+14	+35		
Kansas.....	67,790	320,805	-16	+29		
Missouri.....	45,421	297,166	+21	+42		
Nebraska.....	48,144	279,927	+35	+52		
New Mexico.....	4,495	32,914	+9	+30		
Oklahoma.....	38,283	195,179	+27	+50		
Wyoming.....	5,780	34,475	+7	+34		
Seven states.....	231,822	1,271,910	+9	+41		
United States.....	1,411,572	8,414,451	+28	+40		

TRADE

Retail Sales

Dollar volume of sales at reporting department stores in the District in September was 17 and in the first half of October about 22 per cent larger than last year. Higher prices, which on the average are up about 9 per cent, account for part of this increase, and the physical volume of sales, in contrast with other recent months, also is above last year's high level, when there had been considerable anticipatory buying, particularly of articles subject to higher excise taxes on October 1, 1941. Demand is exceptionally heavy for women's and children's wear and accessories and for piece goods, and trade reports indicate that Christmas buying is under way much earlier than usual this year.

Stocks of merchandise declined contraseasonally during September. Although the value of stocks at the close of the month was still about one-fifth larger than a year earlier, inventories showed a much smaller gain over last year than in other recent months and represented only 3.0 months' supply at the current rate of sales as compared with 2.9 months' supply last year. Volume of orders outstanding increased slightly during September but continued well under a year ago. Charge account collections averaged 63 per cent in September as compared with 47 last year, while installment collections averaged 25 against 18 per cent.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		Sept.'42 comp. to Sept.'41	9 Mos.'42 comp. to 9 Mos.'41	Sept.30,'42 comp. to Sept.30,'41
		(Per cent increase or decrease)		
Denver.....	7	+16	+11	+34
Hutchinson.....	3	+4	-1	....
Topeka.....	3	+15	+3	....
Wichita.....	4	+30	+28	....
Joplin.....	3	+9	+13	....
Kansas City.....	8	+19	+14	+21
St. Joseph.....	3	+9	+1	....
Omaha.....	4	+13	+12	....
Oklahoma City.....	6	+16	+7	+11
Tulsa.....	6	+16	+21	+20
Other cities.....	31	+15	+1	+18
District.....	78	+17	+11	+22

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

	Sept. 1942 per cent change from Sept. 1941						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+37	+36	+7	+47	+23	+8	+28
Automobile.....	-43	-42	-59	-12	-40	-57	-46
Department.....	+19	+26	-4	+15	....	+19	....
Drug.....	+21	+28	+24	+26	+34	+18	+16
Dry goods.....	+32	+35	+36	+58	+30	+28	....
Food.....	+27	+20	+21	+29	+14	+23	+12
Furniture.....	+22	+11	+6	....	-8	+13	....
General.....	+21	+21	+22	+39	+26	+10	+7
Hardware.....	+18	+12	+8	+33	-32	+13	....
Jewelry.....	+11	+27	-13	....	+1	+39	....
Lbr. and mtl's..	-14	-4	-10	+21	-9	-3	-40
Miscellaneous..	-1	+14	+2	+24	+25	+17	-8
Total (weighted)	+10	+11	0	+22	-2	+2	-5

Wholesale Sales

The value of wholesale sales in this District in September was 6 per cent above last year. Most, if not all, of this increase probably represents higher prices, but even so the comparison is with a period of exceptionally heavy sales last year. Wholesale stocks have dropped 10 per cent under a year earlier, and the difficulty of maintaining sufficient stocks to fill all orders has caused wholesalers in some lines, particularly groceries, dry goods, and hardware, to limit the quantity sold to any one retailer. A large part of current buying is reported to be from smaller retailers in farm communities and smaller towns where business has been stimulated by war activity and good returns from livestock and crops this year.

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

	No. of Firms	SALES		STOCKS
		Sept.'42	9 Mos.'42	Sept.30,'42
		comp. to Sept.'41	comp. to 9 Mos.'41	comp. to Sept.30,'41
		(Per cent increase or decrease)		
Auto. supplies.....	17	+3	+11	-18
Drugs.....	5	+11	+12	-2
Dry goods.....	3	+36	+44	....
Electrical goods....	13	-40	-21	-55
Farm products.....	10	+31	+34	+9
Furniture.....	3	+18	+10	....
Groceries.....	21	+4	+13	-14
Hardware.....	13	+34	+8	....
Jewelry.....	3	-15	0	-18
Lumber and mtls..	5	+6	+41	+8
Machinery.....	9	+10	+8	+2
Paper and prod....	6	-4	+24	+23
Tobacco and prod..	9	+5	+5	....
All other lines.....	16	-8	+21	+10
Total.....	133	+6	+13	-10

PRODUCTION

Meat Packing

Slaughter supplies of cattle continued in large volume in September and there was a sharp expansion in slaughter supplies of sheep, with cattle slaughter 10 and sheep slaughter 39 per cent above the September average of the past ten years. Slaughter supplies of hogs increased as the spring pig crop began moving to market and hog slaughter is fully one-third larger than last year although it is still moderately below average. Because of the huge spring pig crop produced this year, some concern has been expressed over the possible effect on transportation and processing facilities next December and January when marketings of hogs from the spring crop normally reach their peak. A permit system has been authorized for use if necessary to avoid possible marketing gluts in some areas at that time.

Packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Sept. 1942.....	263,846	55,654	462,671	439,230
Sept. 1941.....	235,905	43,821	345,254	290,217
9 Mos. 1942.....	2,072,811	280,991	4,773,688	3,143,297
9 Mos. 1941.....	1,659,475	265,373	3,677,158	2,681,289

Cold Storage Holdings

United States cold storage stocks of pork on October 1 were the smallest and lard the second smallest of record for that date. Owing to rapidly rising domestic consumer demand and Government purchases for lease-lend exports, stocks of pork are only one-third and lard one-seventh as large as they were at their high point near the middle of 1941. Holdings of beef and other meats on October 1, however, were relatively large and stocks of poultry, frozen eggs, and cheese were at new high levels for the season, but holdings of butter and shell eggs were rather light.

United States cold storage holdings:

	Oct. 1 1942	Sept. 1 1942	Oct. 1 1941	Aver. '37-'41
	(In thousands of units)			
Beef, lbs.....	95,182	83,288	73,366	44,455
Pork, lbs.....	268,781	336,634	371,362	312,114
Lamb and mutton, lbs.....	11,267	7,602	4,093	2,935
Poultry, lbs.....	116,535	86,645	96,701	74,475
Miscellaneous meats, lbs....	79,898	93,748	63,581	55,432
Lard, lbs.....	54,547	75,840	214,299	139,001
Eggs, shell, cases.....	5,377	6,751	5,441	5,747
Eggs, frozen (case equiv.)..	6,263	7,254	4,758	3,675
Butter, creamery, lbs.....	125,994	152,198	202,957	163,008
Cheese, all varieties, lbs....	254,554	279,905	188,337	142,872

Flour Milling

Southwestern flour production was maintained in September at a level slightly above that of a year earlier and more than 10 per cent above the average of the past ten years. Milling operations continued to increase and by early October had reached the relatively high rate of 85 per cent of capacity as jobbers and bakers ordered out flour on previous contracts to build up inventories as is usual at the approach of cold weather. New flour sales increased considerably during September and were especially large near the middle of the month. On October 3, the OPA placed a ceiling on flour prices, which had not previously been controlled, at the highest price at which mills made deliveries during the period September 28 through October 2. The ceiling order for a time almost completely stalemated new flour business, since actual deliveries have no relationship to current wheat prices, being made for the most part on contracts consummated one to six months prior to delivery. The regulation consequently was amended on October 8 so as to apply to the highest price at which mills contracted to sell during the base period.

Flour output reported by the Northwestern Miller:

	Sept. 1942	9 Mos. 1942	Change from 1941	
			Sept.	9 Mos.
	(In barrels)		(Per cent)	
Kansas City.....	580,000	4,670,000	-9	-8
Salina.....	193,000	1,682,000	-2	-2
Wichita.....	172,000	1,594,000	-2	+5
Other cities.....	1,476,000	11,775,000	+8	+4
Southwest.....	2,421,000	19,721,000	+2	+1
United States*.....	6,335,000	51,441,000	+2	-1

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

Petroleum

Crude oil production in the District currently is about 10 per cent above the average of the past ten years but continues somewhat below last year. At the same time, crude oil stocks in this District have been drawn down further to a level about 15 per cent below a year earlier and the lowest in many years. Civilian gasoline rationing on a nation-wide scale is to become effective about November 22, and winter rationing of heating oils already is in effect in a large area. Despite this curtailment in civilian demand for petroleum products, the OPC does not anticipate a decrease in the demand for crude oil, as rapidly expanding war needs have been met in recent months by liquidations in stocks. When this liquidation ceases, crude oil demand must be met from new production.

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

	Sept. 1942	9 Mos. 1942	Change from 1941	
	(In barrels)		Sept.	9 Mos.
			(Per cent)	
Colorado.....	208,000	1,664,000	+14	+27
Kansas.....	8,454,000	70,681,000	+14	+18
Nebraska.....	100,000	1,004,000	-40	-14
New Mexico.....	2,915,000	23,165,000	-11	-20
Oklahoma.....	11,162,000	106,595,000	-15	-8
Wyoming.....	2,755,000	23,486,000	+10	+6
Six states.....	25,594,000	226,595,000	-4	-1
United States.....	115,383,000	1,028,130,000	-3	0

Coal

Output of bituminous coal in this District in September was 8 per cent larger than a year ago and was the largest for the month since 1929. The rate of gain for September, however, was only about one-third as large as that for the year to date.

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

	Sept. 1942	9 Mos. 1942	Change from 1941	
	(In tons)		Sept.	9 Mos.
			(Per cent)	
Colorado.....	696,000	5,633,000	+4	+19
Kansas & Missouri..	731,000	6,306,000	+15	+18
New Mexico.....	149,000	1,239,000	+45	+39
Oklahoma.....	181,000	1,611,000	-13	+41
Wyoming.....	718,000	5,512,000	+6	+21
Six states.....	2,475,000	20,301,000	+8	+22
United States.....	48,760,000	429,060,000	+3	+18

Employment

Nonagricultural employment in the District in August was 11 per cent higher than a year earlier. Employment in manufacturing industries alone, however, which currently represents about one-fourth of the total in this District, has increased 27 per cent during the past year and accounts in large measure for the gain in total employment. Reflecting increased war production, manufacturing employment in Colorado is up 45 per cent, Kansas 65, Missouri 18, Nebraska 26, and in Oklahoma 13 per cent.

Department of Labor estimates of total nonagricultural employment:

	Aug.* 1942	July 1942	Change from 1941	
	(Number)		Aug.*	July
			(Per cent)	
Colorado.....	303,000	300,000	+15	+17
Kansas.....	398,000	379,000	+22	+17
Missouri.....	964,000	945,000	+9	+8
Nebraska.....	252,000	248,000	+14	+14
New Mexico.....	83,900	81,900	-1	-3
Oklahoma.....	358,000	361,000	+9	+11
Wyoming.....	65,000	61,200	+1	-5
Seven states.....	2,423,900	2,376,100	+11	+11
United States.....	37,789,000	37,234,000	+7	+7

*Preliminary.

CONSTRUCTION

Construction awards in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) declined further during September from the unprecedented level of last July and were only one-half as large as in the corresponding month last year. Construction activity, virtually all of which currently is publicly financed and is related directly or indirectly to the war effort, appears to have passed its peak, reflecting a shift in emphasis from expansion of facilities to more intensive use of existing capacity.

Construction figures of F. W. Dodge Corporation:

	Sept. 1942	9 Mos. 1942	Change from 1941	
	(Thousand dollars)		Sept.	9 Mos.
			(Per cent)	
Residential building.....	7,376	80,206	-27	+41
Nonresidential bldg.....	9,683	176,984	-22	+134
Public wks. construc.....	4,380	82,416	-29	+115
Utility construction.....	2,885	63,913	-85	+51
Kansas City area.....	24,324	403,519	-49	+89
37 Eastern states.....	723,216	6,111,765	+16	+35

The value of September building permits issued in reporting District cities was only one-third of what it was last year, owing to the enforced curtailment of nonessential civilian construction and restrictions on the use of steel and other critical materials.

Value of building permits issued in District cities:

	Sept. 1942	9 Mos. 1942	Change from 1941	
	(Dollars)		Sept.	9 Mos.
			(Per cent)	
Colo. Springs, Colo..	18,000	215,000	-93	-67
Denver, Colo.....	152,000	6,038,000	-88	-51
Pueblo, Colo.....	38,000	782,000	-46	-26
Hutchinson, Kans....	7,000	252,000	-85	-21
Kansas City, Kans....	49,000	663,000	-60	+2
Salina, Kans.....	1,000	68,000	-97	-76
Topeka, Kans.....	140,000	365,000	+15	-63
Wichita, Kans.....	240,000	6,812,000	-68	+36
Joplin, Mo.....	7,000	435,000	-94	+4
Kansas City, Mo.....	429,000	3,396,000	-4	-10
St. Joseph, Mo.....	3,000	54,000	-84	-90
Lincoln, Nebr.....	48,000	723,000	-76	-65
Omaha, Nebr.....	183,000	1,930,000	-65	-52
Albuquerque, N. M..	68,000	730,000	-60	-62
Okla. City, Okla....	92,000	2,264,000	-75	-50
Shawnee, Okla.....	1,000	33,000	-95	-78
Tulsa, Okla.....	154,000	2,992,000	-70	-35
Cheyenne, Wyo.....	153,000	440,000	-8	-65
District, 18 cities.....	1,783,000	28,192,000	-66	-37

FINANCE

War Savings Bonds

Sales of War Savings Bonds by this bank and qualified issuing agents in the District, other than post offices, averaged \$1,045,000 daily, issue price, during the first twenty-two business days of October as compared with an average of \$1,305,000 for each business day in September and \$1,363,000 at the peak in sales last January. The number of individual bonds sold in September, however, was more than double the number sold last January, reflecting the marked expansion in recent months in sales of Series E bonds.

Member Bank Operations

Loans at 50 weekly reporting member banks in the Tenth District had declined abruptly last April when wheat paper matured. There was some further decline in loans up to the middle of the year, since which time loans have shown relatively little change. Commercial, industrial, and agricultural loans, however, which represent more than 60 per cent of the total, have risen moderately above their low point of late June. In the second quarter of this year, investments began to expand sharply and the growth of deposits was at a greatly accelerated rate. In the last six months, investments have increased about three-fourths and adjusted demand deposits nearly one-third to the highest levels on record. Virtually all of the increase in investments has been in holdings of Government direct obligations which increased one and one-half times, reflecting heavy purchases of Treasury bills, notes, and bonds and the acquisition of the new Treasury certificates of indebtedness. Volume of loans is 14 per cent less than a year ago but investments are 75 and deposits 31 per cent greater.

Principal items of condition of 50 member banks:

	Change from		
	Oct. 14 1942	Sept. 16 1942	Oct. 15 1941
(In thousands of dollars)			
Loans and investments—total.....	1,092,354	+63,210	+246,243
Loans—total.....	377,961	+2,633	-59,871
Coml., indust., agric.....	231,480	+6,271	-38,954
Open market paper.....	24,674	-3,244	-4,952
To security brokers and dealers.....	2,366	-318	-406
Other to purchase or carry secur.....	8,319	-157	-2,450
Real estate loans.....	34,325	-147	+1,423
Loans to banks.....	2	0	-239
All other loans.....	76,795	+228	-14,293
Investments—total.....	714,393	+60,577	+306,114
U. S. Treasury bills.....	115,539	+26,491	+92,277
U. S. Treas. certif. of indebt.....	87,403	+24,452	+87,403
U. S. Treasury notes.....	113,216	+21,822	+72,465
U. S. Govt. bonds.....	204,810	-9,785	+92,698
Oblig. guar. by U. S. Govt.....	67,981	-1,921	-32,579
Other securities.....	125,444	-482	-6,150
Reserve with F. R. Bank.....	341,126	+10,135	+118,787
Balances "due from" banks—net.....	310,373	-31,346	*
Demand deposits—adjusted.....	859,628	+18,403	+203,454
Time deposits.....	141,460	+1,582	+2,478
U. S. Govt. deposits.....	24,968	+11,769	+13,733
Deposits "due to" banks—net.....	638,211	+11,889	*

*Comparable data not available.

Bank Debits

Debits to deposit accounts at banks in reporting centers of the District increased appreciably from August to September, although some decline is usual. The volume of bank debits in September was 29 per cent larger than in the corresponding month last year, with gains ranging upward from 50 to 77 per cent reported for Salina, Wichita, Pittsburg, Colorado Springs, Fremont, and Pueblo. Of the thirty cities represented, only three reported a decrease.

Debits to deposit accounts in District cities:

	Sept. 1942	9 Mos. 1942	Change from 1941	
	(Thousand dollars)		Sept.	9 Mos.
(Per cent)				
Colo. Springs, Colo.....	25,832	208,205	+65	+64
Denver, Colo.....	273,038	1,992,730	+29	+19
Gr. Junction, Colo....	4,834	35,221	+12	+7
Greeley, Colo.....	7,004*	—	—	—
Pueblo, Colo.....	32,027	176,674	+77	+19
Atchison, Kans.....	4,506	37,994	+25	+24
Emporia, Kans.....	5,302	39,322	+27	+21
Hutchinson, Kans....	17,499	143,807	+11	+17
Independence, Kans..	4,030	30,736	+32	+10
Kansas City, Kans....	30,350	235,826	+48	+28
Lawrence, Kans.....	5,287	39,094	+36	+10
Pittsburg, Kans.....	7,724	57,432	+62	+46
Salina, Kans.....	19,539	135,565	+50	+37
Topeka, Kans.....	23,702	219,520	+25	+17
Wichita, Kans.....	112,464	845,417	+57	+44
Joplin, Mo.....	13,332	142,904	+10	+50
Kansas City, Mo.....	537,644	4,103,019	+29	+18
St. Joseph, Mo.....	40,312	350,078	+15	+23
Fremont, Nebr.....	5,775	39,587	+67	+31
Grand Island, Nebr..	11,313*	—	—	—
Lincoln, Nebr.....	40,195	309,117	+33	+18
Omaha, Nebr.....	256,475	2,032,992	+33	+31
Albuquerque, N. M..	25,431	211,267	+10	+13
Bartlesville, Okla....	33,329	280,846	-4	+6
Enid, Okla.....	13,977	123,555	-1	+6
Guthrie, Okla.....	1,874	15,898	+4	+9
Muskogee, Okla.....	16,153	146,743	+46	+75
Okla. City, Okla.....	134,136	1,156,658	+20	+16
Okmulgee, Okla.....	2,720	25,153	-10	+1
Tulsa, Okla.....	197,070	1,542,170	+20	+17
Casper, Wyo.....	9,549	68,827	+30	+10
Cheyenne, Wyo.....	14,992	105,961	+31	+12
District, 30 cities.....	1,909,098	14,852,318	+29	+22
U. S., 274 cities.....	52,704,000	436,404,000	+20	+13

*New reporting center; not included in total.

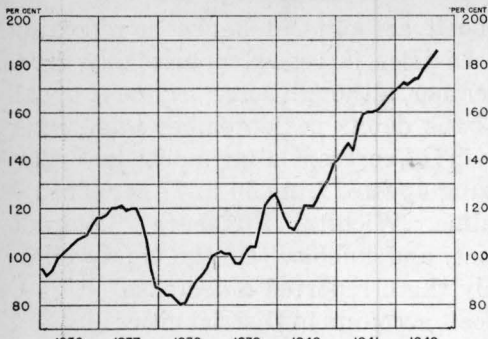
Life Insurance

Life insurance sales in the District in September, as in other recent months, were about one-fifth lower than a year earlier. Because of the very high level of sales early in the year, however, total sales so far in 1942 are about as large as in the same period of 1941.

The Life Insurance Sales Research Bureau report:

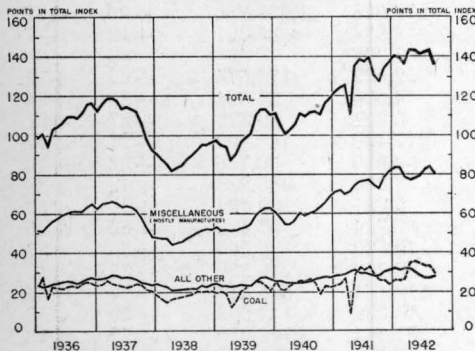
	Sept. 1942	9 Mos. 1942	Change from 1941	
	(Thousand dollars)		Sept.	9 Mos.
(Per cent)				
Colorado.....	3,798	39,737	-24	-8
Kansas.....	6,984	66,900	-15	+4
Missouri.....	12,971	151,141	-18	+3
Nebraska.....	4,962	51,278	-10	+2
New Mexico.....	727	9,187	-29	-4
Oklahoma.....	5,567	60,782	-28	-10
Wyoming.....	687	7,534	-26	-19
Seven states.....	35,696	386,559	-19	-1
United States.....	432,679	4,894,722	-26	-6

INDUSTRIAL PRODUCTION



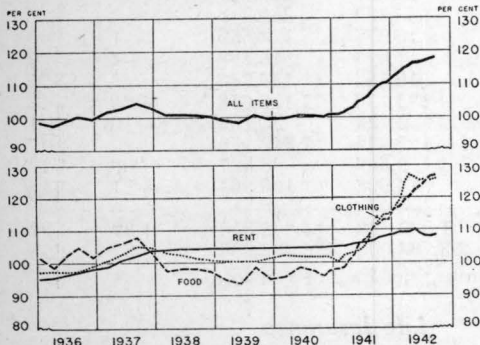
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Latest figure shown is for September, 1942.

FREIGHT CARLOADINGS



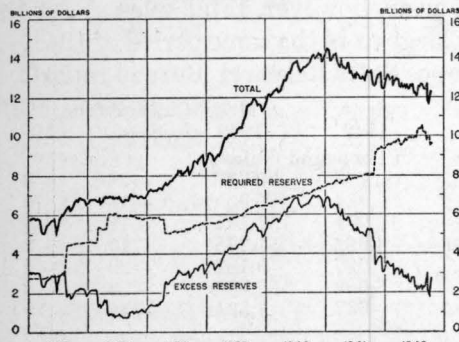
Federal Reserve monthly index of total loadings of revenue freight, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for September, 1942.

COST OF LIVING



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

MEMBER BANK RESERVES



Wednesday figures. Required and excess reserves, but not the total, are partly estimated. Latest figures shown are for October 14, 1942.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity expanded further in September and the first half of October. Prices of uncontrolled commodities continued to advance in September. Early in October an Office of Economic Stabilization was established with a view to more effective control of prices and wages affecting the cost of living.

PRODUCTION

Industrial production increased more than seasonally in September and the Board's adjusted index rose 2 points to 185 per cent of the 1935-1939 average. Armament production continued to advance. Steel production was maintained at a high level during September and then increased during October, reaching 101 per cent of rated capacity in the third week of the month. Cotton consumption continued at a high rate and output of manufactured food products rose more than seasonally owing chiefly to increased activity in the meat-packing and canning industries. Coal production, which had been maintained in large volume during the summer months, did not show the usual sharp seasonal rise in September and the first half of October. Output of crude petroleum showed little change following a considerable increase in August.

Value of construction contracts awarded in September was about the same as in August, according to reports of the F. W. Dodge Corporation. As in other recent months, awards were mainly for publicly-financed work which, in September, amounted to over 90 per cent of the total.

Contracts for manufacturing buildings reached the highest total yet reported, and increased awards for defense housing raised the total for residential building by about one-fourth despite a decline in privately-financed work. Awards for public works and utilities and for commercial buildings dropped substantially.

DISTRIBUTION

Department store sales, which had been unusually large in August, showed somewhat less than the usual sharp seasonal rise during September. In the first half of October sales were sustained near the high level prevailing at the beginning of the month. Variety store sales increased seasonally from August to September, while sales in small towns and rural areas rose by more than the usual seasonal amount.

Railroad freight carloadings increased further in September and the first half of October. The rise was small for this time of year, however, owing mainly to the fact that shipments of many commodities, particularly coal, had been maintained at unusually high levels during the summer months.

COMMODITY PRICES

Prices of uncontrolled commodities advanced further in September. During the first half of October, after passage of an amendment to the Price Control Act of 1942, more widespread controls were announced. Maximum prices at the highest levels reached around the end of September were established for butter, cheese, eggs, and various other foods. These items constitute nearly one-third of the food budget and now the proportion of the total under control is about 90 per cent. Another action directed residential rents throughout the country to be limited to the levels of March 1, 1942, wherever rent control procedures were not already in effect.

AGRICULTURE

The October 1 official crop report confirmed earlier prospects that unusually heavy crop yields were in sight. The Department of Agriculture pointed out, however, that, as the harvest progresses under difficulties, particularly as to labor supply, farmers are showing less assurance that it can be completed in season. Record crops of grain, hay, oilseeds, sugar, vegetables, and probably fruits are still likely.

BANK CREDIT

Following a temporary peak of 3 billion dollars in mid-September, excess reserves of member banks declined to 1.7 billion dollars in the latter half of September but increased considerably in the first three weeks of October. This increase resulted in part from the action of the Board of Governors of the Federal Reserve System in reducing reserve requirements on demand deposits at central reserve city banks from 22 to 20 per cent, which added about 400 million dollars to excess reserves. In addition member bank reserves were increased through purchases of Government securities by the Federal Reserve Banks. As a result of these developments excess reserves of all member banks on October 21 amounted to 2.4 billion dollars, of which about 500 million dollars were in New York City.

At reporting banks in leading cities heavy purchases of new Treasury certificates of indebtedness and Treasury notes were reflected in an increase of 1.6 billion dollars in Government security holdings during the four weeks ending October 14. Further large increases occurred in the following week as banks received their allotments of the new 1½ per cent notes and 2 per cent bonds. Commercial loans, after declining in August and September, increased in the first two weeks of October, mainly in New York City, while other loans declined further.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities continued steady last month. Long-term taxable bonds are yielding 2.33 per cent on the average and long-term partially tax-exempt bonds are yielding 2.05 per cent.