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MONTHLY REVIEW

Agricultural and Business Conditions

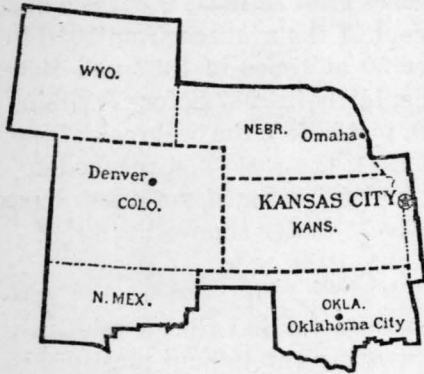
TENTH FEDERAL RESERVE DISTRICT

VOL. 27, No. 11

FEDERAL RESERVE BANK OF KANSAS CITY

NOVEMBER 30, 1942

Business in the Tenth Federal Reserve District



Department store sales in recent weeks in this District have been nearly 40% above a year ago. This is more than double the rate of gain for the country as a whole. The percentage gain in employment in this District is also much larger than that for the nation, and expanding pay rolls and farm income nearly half again as large as in 1941 are the more important factors in the heavy volume of retail buying.

Mechanical corn pickers are relatively fewer in this District than in some of the Corn Belt states and due to labor difficulties an unusually large amount of corn still remains in the fields. In certain areas—notably Nebraska—local groups are urging a substantial increase in hog production next year.

Construction contracts in October in this District were the largest for any single month. War construction mainly accounts for this as residential building is off sharply.

OCTOBER 1942 COMPARED WITH OCTOBER 1941					BUSINESS INDICATORS	10 MOS. 1942 COMPARED WITH 10 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.....					
					.....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					

75

55

87

97

68

445

183

83

124

AGRICULTURE

Farm Income

Cash income from farm marketings in Nebraska during the first three quarters of 1942 was 54 per cent larger, in Oklahoma 45, Missouri 39, Colorado 38, Kansas 34, and in Wyoming and New Mexico 30 per cent larger than a year earlier. If the gains so far this year should be maintained in the last quarter, farm income in most states of this District in 1942 will exceed that of 1929 by a wide margin and will be at the highest level since before 1924, the first year for which state figures are available. In Kansas, however, income may be somewhat below 1929 and in Nebraska possibly about 10 per cent less than in that year. For the whole country, cash income from farm marketings this year is expected to reach 15 billion dollars, about one-third more than in either 1941 or 1929 and somewhat above the previous peak of 14½ billion in 1919.

Department of Agriculture estimates of cash income received from farm marketings:

	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
	(In millions of dollars)						
1924.....	167	437	353	421	48	322	43
1925.....	185	465	386	445	50	348	50
1926.....	182	474	385	434	50	272	47
1927.....	192	450	365	418	61	312	52
1928.....	191	511	384	485	69	316	63
1929.....	201	524	392	489	69	323	61
1930.....	173	390	310	408	50	183	46
1931.....	118	260	216	279	33	127	34
1932.....	75	179	168	167	24	106	24
1933.....	79	182	182	193	26	128	28
1934.....	93	218	195	227	40	131	37
1935.....	103	241	229	209	37	159	39
1936.....	132	272	259	281	46	148	45
1937.....	147	307	260	251	53	191	50
1938.....	114	230	242	201	48	165	43
1939.....	125	247	253	221	50	172	47
1940.....	130	245	275	223	57	189	51
1941.....	158	386	396	286	68	261	63

From the high level of 1929, farm income declined by approximately two-thirds to the depression low in 1932. Since that time income has generally tended upward and, with the sharp rise that has taken place in 1941 and 1942, farm income in Colorado, Kansas, and Nebraska is more than two and a half times what it was in 1932 and in Missouri, Oklahoma, New Mexico, and Wyoming about three and a half times as large. Ordinarily, changes in farm income are due largely to changes in prices, but this year agricultural production and marketings are so heavy that they have tended to influence income more than is usual, the anticipated national increase of 33 per cent in income for 1942 over 1941 reflecting a rise of about 25 per cent in prices and an increase of about 12 per cent in the physical volume of farm products sold. Producers of all agricultural products are sharing in the increase in income from farm marketings this year—but not equally—as returns from soybeans, peanuts, po-

tatoes, hogs, eggs, and flax show much greater increases and returns from cotton, cottonseed, wheat, sheep and lambs, dairy products, and truck crops smaller increases than the average for all commodities. These variations among commodities largely account for the wide differences in the rate of increase in farm income in the various states.

Not only has farm income risen greatly but there has also been a marked increase in the buying power of farm products, or the relationship between prices received by farmers for farm products and prices paid by them for things they buy, including interest and taxes. For twenty years prior to 1941, this ratio had been below 100 per cent of the average from 1910 to 1914, dropping under 50 at times in 1932 and 1933 but rising to 98 momentarily in 1937 before declining to 71 in August, 1939, just before the outbreak of war in Europe. By late 1941, the ratio had reached 100 and currently is 110, indicating that farm prices have been increasing relatively faster than other prices.

Crops

Although crop losses so far have been relatively light, continued wet weather throughout most of the District has caused further delay in the harvest of late crops and, together with the critical farm labor situation, may result in some of the acreage of sugar beets not being harvested if the ground should freeze before the beets can be removed. The harvest of potatoes, corn, cotton, beans, and sorghums also was delayed but to a lesser extent. The moisture, however, has been very favorable for winter wheat, and the acreage of both seeded and volunteer wheat generally is in excellent condition. October rainfall in western Kansas and Oklahoma, in eastern New Mexico and Colorado, and in much of Wyoming was twice the normal amount, overlapping in places on areas of heavy rainfall in the preceding month, but in Nebraska October moisture was little more than half of the normal for that month.

Congestion in the grain storage situation at terminals has lessened considerably, with the result that a large volume of wheat is now being received at markets for storage. Farmers, on the whole, continue to hold their wheat either for loans or for higher prices, and open market supplies are relatively small. Receipts of corn and other feed grains also are heavy, but the bulk of receipts merely represents grain in transit to importing areas for use in livestock feeding.

Receipts of principal grains at 5 District markets:

	Wheat	Corn	Oats
	(In bushels)		
Oct. 1942.....	10,280,000	4,680,000	1,857,000
Oct. 1941.....	5,228,000	3,180,000	1,106,000
10 Mos. 1942.....	129,074,000	54,158,000	15,285,000
10 Mos. 1941.....	153,488,000	19,132,000	8,358,000

Cash wheat prices late in November were close to the loan rate and about as high as in the base period for the ceiling on flour prices. In October, wheat prices had weakened appreciably, following the establishment of the flour price ceiling and subsequent Government assurances that mills would be provided with wheat at prices that would permit them to sell flour at ceiling prices. In the forepart of November, however, wheat prices strengthened somewhat, reflecting in part growing tightness in supplies of "free" wheat. Cash corn prices have advanced sharply in November to recover most of their October decline. Feeding demand is very active, corn disappearance is at a very high rate, and market supplies are light despite the heavy volume of corn production this year.

The lower range of Kansas City cash grain prices:

	Nov. 25 1942	Oct. 31 1942	Sept. 30 1942	Oct. 31 1941
No. 1 hd., dk. wheat, bu..	\$1.23½	\$1.19½	\$1.21¾	\$1.11¾
No. 2 mixed corn, bu.....	.79¾	.74¾	.80¼	.70
No. 2 white oats, bu.....	.52¾	.46½	.49½	.43

Rainfall

	Oct. 1942		10 Mos. 1942	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	3.72	1.05	15.87	12.77
Leadville.....	1.97	1.26	15.71	16.62
Pueblo.....	1.94	0.66	17.80	10.81
Lamar.....	4.44	1.03	19.14	14.26
Alamosa.....	0.16	0.45	7.04	6.35
Steamboat Springs.....	1.38	1.97	19.10	19.67
KANSAS				
Topeka.....	2.75	2.42	36.52	31.05
Iola.....	1.82	3.16	38.59	34.56
Concordia.....	1.36	1.97	25.92	24.76
Salina.....	4.13	2.00	40.53	25.07
Wichita.....	3.77	2.57	37.37	27.68
Hays.....	1.91	1.55	28.30	22.06
Goodland.....	3.35	1.37	24.27	17.42
Dodge City.....	3.60	1.30	23.60	19.28
Elkhart.....	3.06	1.66	27.39	16.28
MISSOURI				
St. Joseph.....	1.74	2.89	34.36	32.69
Kansas City.....	2.68	2.92	35.85	33.95
Joplin.....	4.23	3.45	47.34	39.06
NEBRASKA				
Omaha.....	1.01	2.17	25.96	25.77
Lincoln.....	0.76	1.88	26.91	26.07
Norfolk.....	0.66	1.73	23.62	26.31
Grand Island.....	0.15	2.12	24.29	24.40
McCook.....	0.45	1.20	22.29	18.35
North Platte.....	0.01	1.07	29.34	17.39
Bridgeport.....	1.92	1.09	22.27	15.28
Valentine.....	0.59	1.10	20.90	17.17
NEW MEXICO				
Clayton.....	3.38	1.26	21.95	14.47
Santa Fe.....	1.30	1.18	9.45	12.02
Farmington.....	0.93	0.81	4.59	8.15
OKLAHOMA				
Tulsa.....	2.51	3.68	43.35	34.15
McAlester.....	3.72	4.27	38.55	37.82
Oklahoma City.....	2.50	2.86	32.98	27.78
Pauls Valley.....	5.48	3.47	41.34	30.78
Hobart.....	4.28	3.04	34.22	25.31
Enid.....	2.67	2.92	32.05	27.88
Woodward.....	4.69	2.22	24.88	23.33
WYOMING				
Cheyenne.....	3.57	0.96	21.56	13.92
Casper.....	1.95	1.41	8.82	13.46
Lander.....	3.40	1.46	14.44	11.45
Sheridan.....	2.02	1.07	13.73	13.79

Livestock

The cattle feeding situation this winter, according to the Department of Agriculture, is still very uncertain. There was a record movement of stocker and feeder cattle into the Corn Belt during October, but purchases of cattle for feeding previously had been curtailed sharply because of the ceiling on beef prices and as late as last August there were 19 per cent fewer cattle on feed in the Corn Belt than a year earlier. The recent heavy movement, which reflects the large supplies of both feeds and feeder cattle available and the steady advance in fat cattle prices to new peak levels for the year, probably indicates that feeders now are willing to take a chance on profitable feeding operations despite price ceilings on dressed beef and increasing shortages of trained help. The movement of cattle into many of the principal feeding areas of western states was retarded by delay in the beet harvest, and a decrease from last year in cattle feeding is in prospect for those areas. Shipments of cattle to wheat pastures in Kansas have been heavy this fall.

Developments in the lamb feeding situation continue to point to about the same number of lambs on feed in the Corn Belt this winter as last and a substantial decrease in the number on feed in western states. In Nebraska, the delay in the beet harvest was tending to cause many operators to postpone decisions as to feeding, and operations in the Scottsbluff area may be 15 to 20 per cent below a year earlier. Lamb feeding in Colorado is expected to be reduced 20 to 30 per cent from last year. Most of this reduction will be in the northern Colorado and Arkansas Valley areas, and there will be a sharp decrease as well in the number of lambs run on northern and eastern Colorado wheat pastures. A smaller number of lambs is also indicated for Oklahoma wheat pastures, but the number in western Kansas will probably exceed the record number fed on wheat pastures in that area last year.

Marketings of cattle and sheep, attracted by satisfactory prices, have been especially heavy in recent months and so far out of proportion to total numbers on farms in this area as to suggest that some liquidation in numbers may now be under way. At some markets, receipts of cows have reached their largest volume since the record drought runs of 1934 as labor shortages force the dispersal of dairy herds, while the serious shortage of ranch labor is causing producers in range areas to sell old ewes closely and to retain fewer ewe lambs than usual for replacement purposes. The trend to lighter weights of cattle than a year ago, which has been in evidence since shortly after the establishment of beef ceilings, recently has become more pronounced and is affecting beef tonnage. Ordinarily, the present abundance and low cost of feeds

would encourage holding cattle for extra weight and finish, but farmers have been restrained by such factors as wartime controls, the scarcity of farm help, and reduced premiums for long-fed cattle. The volume of hog marketings, although large, has been below expectations, but the average weight of hogs is appreciably higher than a year ago, the unusually favorable corn-hog ratio apparently prompting farmers to utilize abundant feed supplies to feed hogs to heavier weights, thus tending to delay marketings.

Livestock receipts at six District markets:

	Cattle	Calves	Hogs	Sheep
Oct. 1942.....	669,121	150,979	541,949	1,407,351
Oct. 1941.....	529,064	126,891	491,341	1,129,965
10 Mos. 1942.....	4,469,693	622,579	5,748,037	7,322,771
10 Mos. 1941.....	3,505,214	572,182	4,639,696	5,950,097

The very large consumer demand for meats at ceiling prices, particularly in the east, in addition to Government purchases for the armed forces and for lend-lease shipments abroad, has enabled markets to absorb the heavy receipts of livestock generally at strong to higher prices. Prices of beef steers near the middle of November had risen to \$16.60 a hundredweight, a new high since the \$17.25 top in 1937 and with this exception the highest since 1929, while the average price of all slaughter cattle was the highest in fourteen years. Lamb prices also are very strong, being at the highest level for this time of year since 1925. Hog prices, however, have recently declined sharply, falling from a twenty-two year high of \$15.15 a hundredweight early in October to \$13.50 by late November, their lowest point since last March. This downturn was partly seasonal in nature but was also influenced, in part at least, by new ceiling prices on pork and pork products on a flat dollar and cents basis by zones, effective November 2, which forced many packers to lower former individual ceilings.

Top carlot livestock prices at Kansas City:

	Nov. 25 1942	Oct. 1942	Sept. 1942	Oct. 1941	Oct. 1940	Oct. 1939
(In dollars per hundredweight)						
Beef steers.....	16.50	16.50	16.35	12.85	13.25	11.25
Stocker cattle.....	14.00	14.00	13.50	11.90	10.75	10.35
Feeder cattle.....	14.75	14.25	14.00	11.25	10.50	9.25
Calves.....	14.50	14.00	14.00	13.00	10.50	10.00
Hogs.....	13.50	15.15	14.95	11.25	6.40	7.20
Sheep.....	12.50	12.60	12.00	10.00	8.00	8.00
Lambs.....	15.10	14.65	14.50	11.90	9.50	9.65

Winter feed supplies on western ranges are good to very good east of the Rocky Mountains, but continued dry weather during the fall has reduced the supply and lowered the condition of range feed west of the main range. Hay and other feeds, however, generally are plentiful in all sections. The condition of ranges, cattle, and sheep in the eastern parts of Wyoming, Colorado, and New Mexico, in western Nebraska and Kansas, and in Oklahoma is not quite so high as at this time last year but, even so, it is far above average.

TRADE

Retail Sales

Department store sales in this District in the first two weeks of November were 40 per cent larger than a year ago, following an increase of 37 per cent in October. This rate of gain is about double that for the country as a whole. Part of the increase in dollar volume is due to higher prices, but the physical volume of sales is very heavy, with forward buying greatly stimulated by dwindling supplies of consumer goods, discussions of sales taxes, and the tendency for rationing to spread. In addition, Christmas buying started much earlier than usual this year, prompted by the necessity for an early mailing of gifts to the armed forces overseas and by the approaching date of gasoline rationing. The very high level of retail sales suggests that taxes and sales of war bonds are yet far from absorbing the increased purchasing power in the hands of the public.

Stocks of merchandise at department stores, although still large and generally ample, are declining and are now very little above a year earlier. Inventories at the end of October represented only 2³/₄ months' supply at the current rate of sales as compared with about 3¹/₂ months' supply last year, and the volume of merchandise on order has recently increased sharply in an effort to obtain replacements. Charge account collections averaged 70 per cent during October as compared with 50 per cent a year ago, and instalment collections 30 against 19 per cent.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS	
		Oct. '42	10 Mos. '42	Oct. 31, '42	Oct. 31, '41
		comp. to Oct. '41	comp. to 10 Mos. '41	comp. to Oct. 31, '41	comp. to Oct. 31, '41
(Per cent increase or decrease)					
Denver.....	7	+35	+13	+13	.....
Hutchinson.....	3	+53	+5	.....	.....
Topeka.....	3	+39	+7	.....	.....
Wichita.....	4	+50	+31	.....	.....
Kansas City.....	8	+37	+16	+1	.....
St. Joseph.....	3	+27	+4	.....	.....
Omaha.....	4	+21	+13	.....	.....
Oklahoma City.....	6	+47	+12	-2	.....
Tulsa.....	5	+33	+22	+10	.....
Other cities.....	32	+35	+5	+9	.....
District.....	75	+37	+14	+7	.....

Retail sales reported by the Bureau of the Census:

	Oct. 1942 per cent change from Oct. 1941						
	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
Apparel.....	+58	+49	+30	+53	+17	+28	+51
Automobile.....	-45	-49	-63	-26	-42	-58	-43
Department.....	+65	+48	+15	+29	.....	+49	.....
Drug.....	+35	+42	+27	+41	+45	+33	+45
Dry goods.....	+33	+59	+45	+62	+46	+61	.....
Food.....	+30	+32	+27	+43	+22	+28	+24
Furniture.....	+40	+37	+13	.....	.....	+25	.....
General.....	+35	+40	+35	+44	+39	+21	+21
Hardware.....	+26	+12	+2	+30	.....	+25	.....
Jewelry.....	+107	+131	+93	+154	+89	+175	.....
Lbr. and mtl's..	-33	+8	-7	+38	-10	-3	-24
Miscellaneous..	+30	+26	-4	+57	+63	+35	+27
Total (weighted)	+21	+24	+12	+34	+12	+16	+6

Wholesale Sales

The value of wholesale sales in this District in October was 16 per cent above a year earlier, but this gain was largely at the expense of a heavy drain on inventories which have now dropped one-fifth under a year ago. Shortages in wholesale stocks are becoming increasingly acute, and distributors in many instances have been unable to fill urgent replacement orders of retailers for holiday goods. Although the increase in wholesale sales does not seem to show it, sales of drugs, hardware, dry goods, and groceries have been seriously affected by dwindling stocks. According to trade reports, as much as one-third of the orders in some lines have gone unfilled because of the shortage in merchandise, and wholesalers increasingly are limiting the quantity sold to any one retailer.

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

No. of Firms	SALES		STOCKS	
	Oct. '42	10 Mos. '42	Oct. 31, '42	Oct. 31, '41
	comp. to Oct. '41	comp. to 10 Mos. '41	comp. to Oct. 31, '41	comp. to Oct. 31, '41
	(Per cent increase or decrease)			
Auto. supplies.....	19	-1	+9	-31
Drugs.....	3	+23	+13	-5
Dry goods.....	3	+62	+46	....
Electrical goods....	12	-21	-21	-64
Farm products.....	10	+32	+34	-28
Groceries.....	19	+24	+14	-17
Hardware.....	8	+12	+9	-29
Jewelry.....	3	-18	-4	-19
Lumber and mtl.s...	4	+2	+34	-23
Machinery.....	8	+24	+11	-8
Paper and prod.....	6	+41	+25	+18
Tobacco and prod...	6	+23	+7	....
All other lines.....	25	+13	+20	-10
Total.....	126	+16	+13	-21

PRODUCTION

Meat Packing

Livestock slaughter continues in large volume, with October packers' purchases of cattle 9, hogs 16, and sheep 25 per cent above the average of the past ten years. Slaughter supplies of hogs are increasing as the large 1942 spring pig crop comes onto the market, but supplies of other livestock recently have been limited somewhat by a renewal in country demand for stocker and feeder cattle and calves and sheep and lambs for feeding purposes. Slaughter in this District, although heavy, still shows the effect of the drastic liquidation in livestock numbers on farms following the 1934 drought, but for the country as a whole commercial slaughter is at a record level. The prospect of meat rationing, in the face of such heavy slaughter, emphasizes the huge meat requirements of a wartime economy.

Packers' purchases at six District markets:

	Cattle	Calves	Hogs	Sheep
Oct. 1942.....	249,268	59,756	492,738	404,291
Oct. 1941.....	215,794	47,301	442,754	286,257
10 Mos. 1942.....	2,322,079	340,747	5,266,426	3,547,588
10 Mos. 1941.....	1,875,269	312,674	4,119,912	2,967,546

Cold Storage Holdings

United States cold storage stocks of pork and lard, already at a relatively low level, declined less than is usual during October, while holdings of beef, lamb, and poultry increased much more than is usual to very high levels for this time of year. Holdings of miscellaneous meats, frozen eggs, butter, and cheese decreased sharply during the month. Stocks of frozen eggs and cheese still are very large for this season, but holdings of shell eggs on November 1 were the smallest on record for that date and butter stocks, because of the unprecedented demand, are rapidly becoming exhausted at the current rate of consumption.

United States cold storage holdings:

	Nov. 1 1942	Oct. 1 1942	Nov. 1 1941	Aver. '37-'41
	(In thousands of units)			
Beef, lbs.....	116,141	95,146	89,793	54,478
Pork, lbs.....	254,964	270,287	313,268	281,538
Lamb and mutton, lbs.....	17,722	11,260	4,783	3,416
Poultry, lbs.....	161,208	115,505	127,981	95,073
Miscellaneous meats, lbs...	72,481	79,885	63,553	53,322
Lard, lbs.....	50,769	54,169	173,156	115,295
Eggs, shell, cases.....	3,697	5,421	3,857	3,984
Eggs, frozen (case equiv.)..	4,822	6,263	4,102	3,190
Butter, creamery, lbs.....	87,037	123,599	186,635	142,748
Cheese, all varieties, lbs....	194,997	259,078	188,727	138,730

Flour Milling

Southwestern flour milling operations early in November were maintained at the very high rate of 85 per cent of capacity that had prevailed during October, when production had been fully one-fifth larger than the average of the preceding ten years. This high rate of activity reflects principally deliveries on old contracts to satisfy a heavy consumer demand for flour and bakery products and to build up inventories of jobbers and bakers as is usual at this time of year. The price ceiling on flour, which became effective October 3, has greatly curtailed forward buying, and new flour sales have since been limited, for the most part, to immediate requirements. In order to assure mills an adequate supply of wheat at prices that will permit them to sell flour at ceiling prices, the CCC will release loan wheat to farmers for sale to mills if wheat prices in the open market should become relatively high. The "release" price of such wheat will be sufficiently low that the farmer can then sell it without loss and in effect represents the payment of a subsidy to maintain the flour ceiling.

Flour output reported by the Northwestern Miller:

	Oct. 1942	10 Mos. 1942	Change from 1941	
			Oct.	10 Mos.
	(In barrels)		(Per cent)	
Kansas City.....	619,000	5,290,000	+1	-7
Salina.....	216,000	1,898,000	+11	-1
Wichita.....	213,000	1,806,000	+15	+6
Other cities.....	1,644,000	13,419,000	+14	+5
Southwest.....	2,692,000	22,413,000	+11	+2
United States*.....	6,945,000	58,388,000	+7	0

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

Petroleum

Crude oil production in the District continues about 10 per cent above the average of the past ten years although somewhat below last year, and there has been a further decrease in stocks of refinable crude above ground, particularly in Oklahoma. Production in Kansas has risen to a new record level, but this increase is more than offset by a substantial decrease in output in Oklahoma. Refineries in Oklahoma, Kansas, and western Missouri in recent months have been unable, because of transportation limitations, to secure sufficient crude oil to supply the heavy demand for refined products, including tank-car shipments to the east coast. Despite the restrictions on civilian use of gasoline and fuel oil, the demand for domestic crude petroleum has been sustained by rapidly expanding wartime needs, a decline in imports, an increase in exports, and additions to stocks of refined products.

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

	Oct.	10 Mos.	Change from 1941	
	1942	1942	Oct.	10 Mos.
	(In barrels)		(Per cent)	
Colorado.....	214,000	1,878,000	+14	+26
Kansas.....	9,114,000	79,795,000	+17	+18
Nebraska.....	106,000	1,110,000	-38	-17
New Mexico.....	3,064,000	26,229,000	-11	-19
Oklahoma.....	11,339,000	117,934,000	-13	-8
Wyoming.....	2,816,000	26,302,000	+11	+6
Six states.....	26,653,000	253,248,000	-2	-1
United States.....	120,096,000	1,148,226,000	-5	0

Coal

Output of bituminous coal in this District is fully one-fourth larger than the average of the past ten years and is not far below the high level of 1929.

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

	Oct.	10 Mos.	Change from 1941	
	1942	1942	Oct.	10 Mos.
	(In tons)		(Per cent)	
Colorado.....	764,000	6,397,000	+10	+18
Kansas & Missouri.....	792,000	7,098,000	+21	+18
New Mexico.....	170,000	1,409,000	+52	+41
Oklahoma.....	216,000	1,827,000	-6	+33
Wyoming.....	836,000	6,348,000	+12	+20
Six states.....	2,778,000	23,079,000	+14	+21
United States.....	51,065,000	480,125,000	-1	+16

Employment

Nonagricultural employment in the District continues to increase. Total employment in recent months has been better than 10 per cent above a year earlier, and employment in manufacturing industries alone is more than one-fourth larger than a year ago. According to the War Manpower Commission, labor shortages already exist at Wichita, Kansas, and Chouteau, Oklahoma, and may be expected to develop this winter in the Greater Kansas City area and at Oklahoma City, Tulsa, and Denver.

Department of Labor employment estimates:

	Sept.*	Aug.	Change from 1941	
	1942	1942	Sept.*	Aug.
	(Number)		(Per cent)	
Colorado.....	314,000	308,000	+18	+17
Kansas.....	411,000	408,000	+25	+25
Missouri.....	955,000	951,000	+6	+7
Nebraska.....	262,000	253,000	+16	+14
New Mexico.....	86,600	87,800	0	+4
Oklahoma.....	367,000	361,000	+9	+10
Wyoming.....	67,100	63,700	+3	-1
Seven states.....	2,462,700	2,432,500	+11	+12
United States.....	38,303,000	37,802,000	+6	+7

*Preliminary.

CONSTRUCTION

Construction awards in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) in October totaled nearly 125 million dollars, or about one-sixth of all construction work let during the month in the entire country east of the Rocky Mountains. This amount, which was almost five and one-half times the volume of awards a year earlier, was the largest ever recorded for this area in any single month. It reflected principally a huge volume of awards in the nonresidential classification, which includes manufacturing buildings, although awards for public works and utility construction for war purposes also were extraordinarily large.

Construction figures of F. W. Dodge Corporation:

	Oct.	10 Mos.	Change from 1941	
	1942	1942	Oct.	10 Mos.
	(Thousand dollars)		(Per cent)	
Residential building.....	4,632	84,838	-31	+33
Nonresidential bldg.....	103,452	280,436	+731	+219
Public wks. construction.....	5,942	88,358	+106	+114
Utility construction.....	10,839	74,752	+1,195	+73
Kansas City area.....	124,865	528,384	+445	+124
37 Eastern states.....	780,396	6,892,161	+29	+35

The enforced curtailment of nonessential civilian construction is evident in a decline of 75 per cent in urban building for October as compared with last year and a decrease of 39 per cent for the year to date.

Value of building permits issued in District cities:

	Oct.	10 Mos.	Change from 1941	
	1942	1942	Oct.	10 Mos.
	(Dollars)		(Per cent)	
Colo. Springs, Colo....	45,000	260,000	+22	-62
Denver, Colo.....	119,000	6,157,000	-89	-54
Pueblo, Colo.....	13,000	795,000	-90	-34
Hutchinson, Kans....	14,000	266,000	-44	-23
Kansas City, Kans....	70,000	733,000	+59	+5
Salina, Kans.....	1,000	68,000	-92	-77
Topeka, Kans.....	1,000	366,000	-99	-66
Wichita, Kans.....	240,000	7,053,000	-39	+31
Joplin, Mo.....	9,000	445,000	-74	-2
Kansas City, Mo.....	117,000	3,514,000	-35	-11
St. Joseph, Mo.....	8,000	61,000	0	-89
Lincoln, Nebr.....	26,000	749,000	-87	-67
Omaha, Nebr.....	51,000	1,981,000	-91	-57
Oklahoma City, Okla.	65,000	2,329,000	-76	-52
Shawnee, Okla.....	1,000	34,000	-86	-79
Tulsa, Okla.....	161,000	3,153,000	-70	-38
Cheyenne, Wyo.....	12,000	451,000	-94	-70
District, 17 cities.....	953,000	28,415,000	-75	-39

FINANCE

War Savings Bonds

Sales of War Savings Bonds by this bank and qualified issuing agents in the District, other than post offices, averaged about \$1,047,000 daily, issue price, during the first seventeen business days of November (counting Armistice Day as a holiday). Sales had averaged \$1,145,000 for each business day during October and \$1,363,000 daily at the peak in sales last January, following Pearl Harbor.

Member Bank Operations

Adjusted demand deposits at weekly reporting member banks in the Tenth District have continued to rise at a very rapid rate. This marked expansion in deposits is due principally to Treasury operations. The funds received by the Treasury from substantial sales of Government securities to banks in this District have been disbursed locally to individuals and firms and for the most part have been deposited with banks. In addition, Treasury disbursements in this District have been in excess of receipts and the net inflow of funds on this account has also in large part gone to swell bank deposits. Loans in recent weeks have tended to increase, reflecting a further moderate rise in commercial loans from their low point near the middle of the year. The sharp rise in investments leveled off temporarily toward the end of October and early in November, and holdings of Government obligations in the third week of November were little changed from their peak level of late October. Volume of loans is 16 per cent below a year earlier, but investments are 94 and adjusted demand deposits 40 per cent greater, with both investments and deposits at the highest levels on record.

Principal items of condition of 50 member banks:

	Change from		
	Nov. 18 1942	Oct. 14 1942	Nov. 19 1941
(In thousands of dollars)			
Loans and investments—total.....	1,164,610	+72,256	+304,297
Loans—total.....	382,152	+4,191	-75,318
Coml., indust., agric.....	240,356	+8,876	-45,824
Open market paper.....	22,084	-2,590	-6,867
To security brokers and dealers.....	2,323	-43	-868
Other to purchase or carry secur.....	8,571	+252	-3,119
Real estate loans.....	33,963	-362	+922
Loans to banks.....	16	+14	-473
All other loans.....	74,839	-1,956	-19,089
Investments—total.....	782,458	+68,065	+379,615
U. S. Treasury bills.....	123,624	+8,085	+99,715
U. S. Treas. certif. of indebt.....	101,100	+13,697	+101,100
U. S. Treasury notes.....	149,179	+35,963	+103,435
U. S. Govt. bonds.....	224,507	+19,697	+111,745
Oblig. guar. by U. S. Govt.....	59,493	-8,488	-32,590
Other securities.....	124,555	-889	-3,790
Reserve with F. R. Bank.....	345,054	+3,928	+104,693
Balances "due from" banks—net.....	346,084	+35,711	*
Demand deposits—adjusted.....	918,923	+59,295	+264,370
Time deposits.....	143,298	+1,838	+529
U. S. Govt. deposits.....	44,719	+19,751	+26,562
Deposits "due to" banks—net.....	667,062	+28,851	*

*Comparable data not available.

Bank Debits

Bank debits, in a general way, reflect the high rate of business activity in many sections of the District. In October, debits to deposit accounts at banks were 26 per cent larger than in the corresponding month of the preceding year, and nearly one-third of the reporting centers showed increases of 50 per cent or more. The volume of debits has kept pace with the growth of deposits in recent months, so that the rate of turnover of deposits has remained fairly constant at about 1.3 times each month.

Debits to deposit accounts in District cities:

	Oct. 1942	10 Mos. 1942	Change from 1941	
	(Thousand dollars)		Oct.	10 Mos.
			(Per cent)	
Colo. Springs, Colo.....	26,523	234,728	+56	+63
Denver, Colo.....	297,481	2,290,211	+29	+20
Gr. Junction, Colo.....	6,138	41,359	+37	+10
Greeley, Colo.....	7,731*	....	....	....
Pueblo, Colo.....	32,892	209,566	+72	+25
Atchison, Kans.....	4,978	42,972	+26	+24
Emporia, Kans.....	6,278	45,600	+28	+22
Hutchinson, Kans.....	18,247	162,054	+28	+18
Independence, Kans.....	5,037	35,773	+61	+15
Kansas City, Kans.....	33,088	268,914	+42	+30
Lawrence, Kans.....	6,229	45,323	+46	+13
Pittsburg, Kans.....	7,952	65,384	+59	+47
Salina, Kans.....	20,783	156,348	+93	+42
Topeka, Kans.....	29,771	249,291	+58	+20
Wichita, Kans.....	128,352	973,769	+72	+47
Joplin, Mo.....	13,970	156,874	-1	+43
Kansas City, Mo.....	522,146	4,635,165	+21	+18
St. Joseph, Mo.....	45,782	395,860	+25	+23
Fremont, Nebr.....	6,113	45,700	+68	+35
Grand Island, Nebr.....	12,511*	....	....	....
Lincoln, Nebr.....	38,530	347,647	+19	+18
Omaha, Nebr.....	282,368	2,315,360	+35	+31
Albuquerque, N. M.....	29,340	240,607	+7	+12
Bartlesville, Okla.....	31,616	312,462	-6	+4
Enid, Okla.....	12,880	136,435	-10	+4
Guthrie, Okla.....	2,246	18,144	+16	+10
Muskogee, Okla.....	18,243	164,986	+54	+72
Okla. City, Okla.....	159,074	1,315,732	+20	+16
Okmulgee, Okla.....	3,166	28,319	+2	+1
Tulsa, Okla.....	191,616	1,733,786	+7	+16
Casper, Wyo.....	10,311	79,138	+6	+9
Cheyenne, Wyo.....	14,820	120,781	+14	+12
District, 30 cities.....	2,005,970	16,868,288	+26	+22
U. S., 274 cities.....	55,057,000	491,461,000	+8	+13

*New reporting center; not included in total.

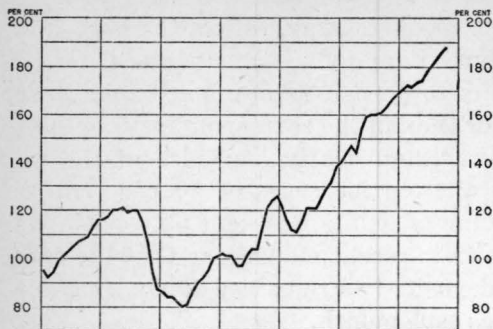
Life Insurance

Life insurance sales in this District since last April have been running about one-fifth below the corresponding period of 1941, following a very high level of sales in the first two months of the year.

The Life Insurance Sales Research Bureau report:

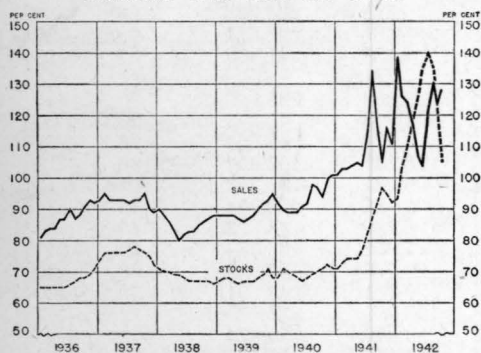
	Oct. 1942	10 Mos. 1942	Change from 1941	
	(Thousand dollars)		Oct.	10 Mos.
			(Per cent)	
Colorado.....	3,972	43,709	-31	-11
Kansas.....	6,899	73,799	-12	+2
Missouri.....	14,189	165,330	-16	+1
Nebraska.....	5,406	56,684	-10	+1
New Mexico.....	789	9,976	-37	-8
Oklahoma.....	5,649	66,431	-23	-12
Wyoming.....	723	8,257	-34	-21
Seven states.....	37,627	424,186	-18	-3
United States.....	467,814	5,362,536	-29	-8

INDUSTRIAL PRODUCTION



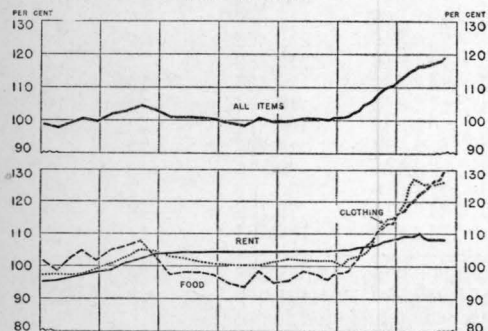
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figure shown is for October, 1942.

DEPARTMENT STORE SALES AND STOCKS



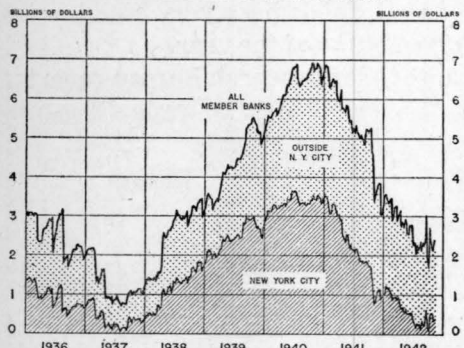
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for October, 1942.

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 October, 1942.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures, partly estimated. Latest figures shown are for November 11, 1942.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial output expanded further in October and the first half of November. Retail food prices continued to advance while prices of other commodities generally showed little change. Distribution of commodities to consumers was maintained in large volume.

PRODUCTION

Industrial production continued to advance in October and the Board's seasonally adjusted index rose 3 points to 188 per cent of the 1935-1939 average. Gains in armament production accounted for most of the increase, and it is estimated that currently well over 50 per cent of total industrial output is for war purposes. In lines producing durable manufactures, approximately 80 per cent of output now consists of products essential to the war effort.

Steel output reached a new high level in October as production expanded to 100 per cent of rated capacity. In the first half of November output declined slightly to around 99 per cent, reflecting some shutdowns for furnace repairs, according to trade reports. Activity in industries producing nondurable goods declined less than seasonally in October. Production of foods, especially canning, was unusually large for this time of year and output of textiles continued at a high level. Mineral production, which usually increases in October, declined slightly this year owing chiefly to a decrease in coal production which had been maintained in large volume throughout the summer.

Value of construction contracts awarded in October increased somewhat over that of September, according to reports of the F. W. Dodge Corporation. Publicly-financed projects continued to account for over 90 per cent of total awards.

The Department of Commerce estimates that, in the third quarter of 1942, expenditures for new construction amounted to 4.2 billion dollars, of which 3.5 billion came from public funds. For the first nine months of this year the corresponding figures were 10.2 and 7.7 billion dollars. Construction of military and naval facilities and of industrial buildings accounted for the bulk of the expenditures.

DISTRIBUTION

Department store sales increased in October and the Board's seasonally adjusted index rose to 129 per cent of the 1923-1925 average as compared with 123 in September and 130 in August. In the first half of November sales increased further and were 17 per cent larger than in the corresponding period last year, reflecting in part price advances of about 10 per cent.

Railroad shipments of freight were maintained in large volume during October and declined seasonally in the first half of November.

COMMODITY PRICES

Retail food prices continued to advance sharply from the middle of September to the middle of October and further increases are indicated in November. Prices of most other goods and services increased slightly in this period. In the early part of October maximum price controls were established for a number of additional foods. Maximum price levels for many other food products have been raised, however, and the Office of Price Administration reports on the basis of a recent survey that in numerous instances sellers are not complying fully with the regulations now in effect.

BANK CREDIT

Excess reserves of member banks were 2.5 billion dollars in the middle of November, a somewhat higher level than generally prevailed in the preceding four months. At New York City banks excess reserves amounted to about 500 million dollars.

Additions to member bank reserve balances during the four weeks ending November 18 were the net result of an increase of 500 million dollars in Reserve Bank holdings of Government obligations, which approximately covered the continued heavy currency drain, and a decrease of 200 million in Treasury balances at the Reserve Banks.

Holdings of Government securities by reporting banks in 101 cities increased by 1.9 billion dollars to 24 billion during the four weeks ending November 11. Almost half of the increase occurred at New York City banks. There were substantial increases in holdings of Treasury notes, bonds, and certificates, and a smaller increase in Treasury bills, while holdings of guaranteed obligations declined. These changes reflected new offerings and retirements by the Treasury during the period.

Commercial and industrial loans at reporting member banks in leading cities increased somewhat during the first two weeks of November. Brokers' loans in New York City increased around Government financing dates, but subsequently declined.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities were steady in the four weeks ending November 18. Long-term taxable bonds yielded 2.32 per cent, and 3-month Treasury bills sold at a yield of 0.37 per cent.