

# MONTHLY REVIEW

## *Agricultural and Business Conditions*

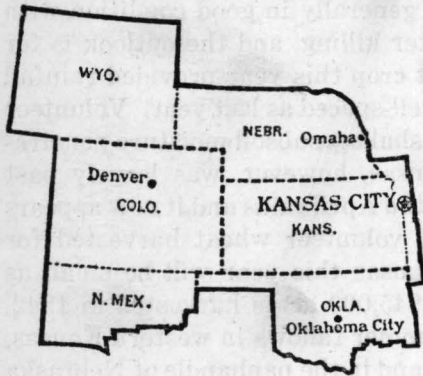
### TENTH FEDERAL RESERVE DISTRICT

VOL. 28, No. 4

FEDERAL RESERVE BANK OF KANSAS CITY

APRIL 30, 1943

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



Good rains over a large part of the District have brought relief from the dry weather that threatened soon to become serious. The spring has been somewhat late but farm prospects are quite promising. Another good wheat crop seems probable; conditions are favorable for the planting of spring crops; and the ranges and pastures will carry an unusually large number of livestock.

The April Treasury financing has overshadowed many other activities in recent weeks. The response everywhere was gratifying and reflects high public morale and the large amount of buying power.

Maladjustments continue between certain farm prices. Prices of livestock are too high in relation to ceiling prices of meat and the position of meat packers continues difficult. Farmers are reluctant to sell wheat and corn at present prices and market supplies of grain for livestock feeding are short.

MARCH 1943 COMPARED WITH MARCH 1942					BUSINESS INDICATORS	3 MOS. 1943 COMPARED WITH 3 MOS. 1942					
% DECREASE		% INCREASE				% DECREASE		% INCREASE			
40	30	20	10	10		20	30	40	40	30	20
					<b>Finance</b>						
					Bank Debits.....						
					F. R. Bk. Clearings.....						
					Mem. Bk. Loans.....						
					Mem. Bk. Invest.....						
					Demand Deposits.....						
					Life Ins. Sales.....						
95					Failures (Liab.).....	77					
					<b>Trade</b>						
					Wholesale Sales.....						
					Dept. Store Sales.....						
					<b>Marketings</b>						
					Wheat.....						
					Corn.....						
					Oats.....						
					Cattle.....						
					Calves.....						
					Hogs.....						
					Sheep.....						
					<b>Production</b>						
					Flour.....						
					Cattle Slaughter.....						
					Calf Slaughter.....						
					Hog Slaughter.....						
					Sheep Slaughter.....						
					Crude Petroleum.....						
					Bituminous Coal.....						
					<b>Construction</b>						
					Total Awards.....						
					Res. Awards.....						
62					Value of Permits.....	66					
					Lumber Sales.....						
					<b>Miscellaneous</b>						
					Rainfall.....						
					Cash Farm Income*.....						
					Employment*.....						
					*For previous month						

## AGRICULTURE

## Crops

Good to heavy rains in many parts of the District near the end of March and early in April greatly improved the crop outlook. This moisture effectively relieved, at least temporarily, persistent droughty conditions which had prevailed since the first of the year, and crops subsequently have made excellent progress. Weather during the past winter and early spring on the whole was rather unfavorable and the spring season is somewhat backward in both plant development and in farm work in many sections. Precipitation for the first three months of 1943 was little more than half of normal over much of the District and by March the topsoil had dried out badly and was subject to considerable blowing by high winds before the recent rains supplied much needed surface moisture, while low temperatures resulted in severe losses to fall planted oats and barley and caused serious damage to the Oklahoma peach crop. Except in western Kansas and extending northward into Nebraska, subsoil moisture reserves quite generally are favorable because of very heavy rainfall late last summer and early in the fall. Subsoil moisture reserves this spring are reported to be greater than a year ago in Colorado and in most of Nebraska but they are not quite so favorable as at this time last year in Kansas and Oklahoma where plants for three or four months had been drawing on this reserve in the absence of adequate current rainfall. Of particular importance to western states of the District are prospects for abundant supplies of irrigation water in Wyoming and Colorado and for adequate supplies in New Mexico.

Reports continue to emphasize the fact that it will be extremely difficult to meet the 1943 agricultural food goals—8 per cent above 1942 production—unless weather is better than average. Although weather during the next few months will largely determine crop output and while there is nothing now to suggest that the entire 1943 crop season will be unfavorable, it would be rather too much to expect two years in succession as outstandingly favorable as 1942. Normally weather is the farmer's greatest concern but this year an additional and very important factor in crop production is the availability of farm labor. Not only has there been a substantial numerical reduction in farm labor but there has also been a sharp reduction in efficiency per worker as a result of losses of skilled, able-bodied farmers to the armed forces and to war industries and their replacement by less experienced farm hands, women, and youths below draft age. Because of the shortage of farm labor the handicap of a late spring this year may be more difficult to overcome than usual.

Official estimates of winter wheat production, based on April 1 conditions which, of course, do not allow for any improvement following the April rains, indicate a crop for this District about one-fifth smaller than a year ago on approximately the same acreage, the decrease being due almost entirely to a prospective reduction in per acre yields from last year's high level. The indicated per acre yields, however, still are substantially above the average from 1932 to 1941 and production is estimated to be more than one-fourth larger than average although the acreage is nearly one-fourth below average. Fall planted wheat came through the winter generally in good condition with little loss from winter killing, and the outlook is for another large wheat crop this year provided rainfall is as generous and well-spaced as last year. Volunteer wheat growing on a shallow subsoil moisture penetration in western Kansas, however, was largely past relief at the time of the April rains and it now appears that the acreage of volunteer wheat harvested for grain in western Kansas this year will be small as compared with the 945,000 acres harvested in 1942. Winter wheat on summer fallows in western Kansas, in eastern Colorado, and in the panhandle of Nebraska shows excellent prospects.

Department of Agriculture winter wheat estimates:

	PRODUCTION			YIELD PER ACRE		
	Indic. 1943	Final 1942	Aver. '32-'41	Indic. 1943	Final 1942	'32-'41
	(000 bushels)			(Bushels)		
Colo.....	20,502	24,996	8,356	17.0	20.5	7.1
Kans.....	167,184	206,661	117,969	16.0	18.6	8.4
Mo.....	15,312	9,035	27,555	12.5	10.7	13.1
Nebr.....	45,988	68,760	35,078	15.5	23.4	9.8
N. Mex...	3,260	4,498	1,741	10.0	14.9	4.7
Okla. ....	49,400	57,370	47,441	13.0	15.1	9.5
Wyo.....	2,100	3,168	1,123	15.0	22.2	7.7
7 States..	303,746	374,488	239,263	15.1	18.4	9.1
U. S.....	558,551	703,253	550,181	14.9	18.3	11.4

Stocks of wheat, corn, and oats remaining on District farms at the first of April were very large—almost double the 1932-41 average—but the rate of disappearance is very high. Wheat is serving a three-fold purpose in this war: it is going into flour in an increasing amount for domestic consumption and for lend-lease shipment abroad; it is feeding animals that produce meat and milk; and it is going into industrial alcohol to make rubber and explosives. Stocks of corn and oats are being used up rapidly. In addition to an abnormally heavy industrial demand for corn, there is an exceptionally heavy feeding demand for corn and other feed grains, reflecting not only an increase during the past year of 11 per cent in the number of grain consuming units of livestock and poultry on farms but an increase of 9 per cent in the quantity fed per unit as well. The magnitude of the feeding problem is indicated by the fact that, if this liberal



feeding continues, farm stocks of corn and oats by next July will be down to about the 1938-41 average while units of livestock and poultry on farms are likely to be 20 to 25 per cent above this average.

Cash wheat prices have receded somewhat from the high point of early March. Active redemption and sale of loan wheat and liberal marketings of "free" wheat as well accounted for most of the decline that took place during March. As prices continued to decline, however, there was a corresponding sharp curtailment in marketings, and further weakness in wheat prices in April was due principally to other factors, including the Presidential veto of the Bankhead bill which had sought to prohibit the deduction of Government payments from parity in arriving at ceilings on agricultural products, the temporary shelving of the Pace bill which sought to revise parity formulas upward to include labor costs, the receipt of good rains throughout much of the winter wheat belt, consider-

ation of price ceilings for wheat, and the recent Executive Order to combat inflation by curbing wage and commodity price ceiling increases. Cash corn prices during March and the first half of April were at ceiling levels, with available supplies at those prices extremely short and producers holding large quantities of corn off the market in anticipation of higher ceilings. On April 14, the ceiling on yellow and mixed corn was lifted 5 cents a bushel in the surplus producing areas of the middle west to encourage holders to dispose of supplies to relieve the acute market shortage of corn both for livestock feeding and for industrial processing. Corn prices immediately rose to the new ceiling but marketings failed to show any appreciable expansion despite the fact that OPA has stated that there would be no further raising of corn price ceilings during the 1943 marketing season.

The lower range of Kansas City cash grain prices:

	Apr. 26 1943	Mar. 31 1943	Feb. 27 1943	Mar. 31 1942
No. 1 hd., dk. wheat, bu.....	\$1.37½	\$1.39½	\$1.41	\$1.17½
No. 2 mixed corn, bu.....	1.04	.99	.95¼	.79½
No. 2 white oats, bu.....	.68¾	.67	.62¾	.52¼
No. 2 rye, bu.....	.87½	.88	.87	.73
No. 2 barley, bu.....	.88½	.92	.85	.57½
No. 2 white kafir, cwt.....	2.14	1.94	1.71	1.14

**Livestock**

The number of cattle on feed for market on April 1 in Kansas was 16 and in Nebraska 5 per cent larger than a year earlier, while in Missouri it was 5 per cent lower. These figures compare with increases of 26, 20, and 7 per cent, respectively, in the number of cattle on feed on January 1 this year. Part of this contraction in cattle feeding operations during the first quarter of 1943 as compared with last year may be due to considerably larger marketings of fed cattle as the current strong price trend on lower grades and the renewal of talk of price ceilings on live animals have encouraged the prompt marketing of short-fed beef steers. At the same time, there is some tendency to place fewer cattle on feed because of narrow feeding margins, uncertainties over price ceilings, and difficulties in securing feed supplies. Late in March the price spread between best grades of slaughter cattle and stocker and feeder steers was less than 6 per cent compared with an average spread of about 21 per cent during the last twenty-one years. At Kansas City, the average cost of steers shipped to the country had risen by early April to a new record level of \$14.86 a hundredweight. Higher feed and labor costs than last year also are factors tending to limit cattle feeding.

According to the Department of Agriculture, all feedstuffs are alarmingly scarce. Producers are still holding corn in this area despite an increase in the ceiling price, and the shortage of corn is concentrating

	RAINFALL		3 Mos. 1943	
	Mar. 1943 Total	Normal	Total	Normal
	(In inches)			
<b>COLORADO</b>				
Denver.....	0.77	1.04	1.14	1.97
Leadville.....	2.73	1.66	5.53	4.30
Pueblo.....	0.23	0.59	0.95	1.37
Lamar.....	0.24	0.80	0.44	1.66
Alamosa.....	0.16	0.13	0.48	0.57
Steamboat Springs....	2.54	2.34	5.89	6.97
<b>KANSAS</b>				
Topeka.....	0.68	2.10	1.47	4.55
Iola.....	1.40	2.59	2.73	5.39
Concordia.....	0.72	1.23	1.58	2.72
Salina.....	0.81	1.39	1.89	3.09
Wichita.....	1.21	1.75	2.15	3.78
Hays.....	0.75	0.93	1.63	2.08
Goodland.....	0.59	0.86	1.16	1.70
Dodge City.....	0.34	0.89	0.71	2.07
Elkhart.....	0.28	0.85	0.46	1.69
<b>MISSOURI</b>				
St. Joseph.....	0.62	2.48	1.62	5.43
Kansas City.....	1.17	2.53	2.09	5.19
Joplin.....	3.09	3.20	4.15	7.04
<b>NEBRASKA</b>				
Omaha.....	0.98	1.37	1.53	2.96
Lincoln.....	0.87	1.27	1.63	2.86
Norfolk.....	1.07	1.20	2.24	2.67
Grand Island.....	0.22	1.32	0.98	2.67
McCook.....	0.69	0.88	0.97	1.88
North Platte.....	0.50	0.86	0.79	1.78
Bridgeport.....	0.64	0.82	1.06	1.69
Valentine.....	0.74	1.02	1.16	2.05
<b>NEW MEXICO</b>				
Clayton.....	Trace	0.81	0.05	1.53
Santa Fe.....	0.82	0.80	1.47	2.22
Farmington.....	1.19	0.66	2.22	1.96
<b>OKLAHOMA</b>				
Tulsa.....	2.94	3.02	3.64	6.36
McAlester.....	2.85	3.09	3.78	8.16
Oklahoma City.....	1.45	1.98	2.37	4.28
Pauls Valley.....	2.06	2.10	2.56	5.19
Hobart.....	1.47	1.58	1.77	3.30
Enid.....	1.04	1.60	1.73	3.84
Woodward.....	0.25	1.43	0.52	3.11
<b>WYOMING</b>				
Cheyenne.....	0.95	1.02	2.04	2.08
Casper.....	1.14	1.24	2.22	2.75
Lander.....	0.94	1.19	2.32	2.38
Sheridan.....	0.81	1.16	2.09	2.71

demand on other feed grains. Processors of raw materials are operating at very high levels and have their output of commercial feeds sold for months ahead. The recent action of Congress authorizing the sale of an additional 125 million bushels of wheat for feed has been helpful but the movement has been slow because of limited transportation facilities and the necessity for grinding this wheat before it can be used profitably in livestock feeding. Because of the lateness of spring, pastures have not been available as early as in many years. On April 10, the War Food Administrator announced plans for the importation of feed from Canada and Australia to supplement supplies in deficit feed producing areas and requested hog producers to restrict fall farrowings to an increase of only 15 per cent over last year. The 1943 spring pig crop is estimated to be about 24 per cent larger than that in 1942, and prospective feed grain supplies are not felt to warrant so great an increase in the fall pig crop.

Pasture leasing in the Blue Stem (Flint Hills) section of Kansas and the Osage section of Oklahoma has been exceptionally active and unusually early this year. By April 1, practically all available pastures had been leased, with the demand exceeding the supply. According to present indications, these pastures will carry a record number of cattle this season, including record numbers of cattle carried over through the winter in addition to the large number expected to be shipped in from Texas and New Mexico to be fattened on grass before moving to market. Lease prices are 20 to 25 per cent above the previous record established last year, while acreage guarantees are about the same as a year ago. These pastures are well supplied with moisture and stock water, and prospects for spring and summer feed are excellent although pasture grasses have been slow in developing because of cool weather in March. Shipments of cattle to these pastures consequently will be somewhat later than last year. Improved range feed in Texas following late March rains also will tend to delay the movement somewhat. Demand for pastures in other parts of Kansas and Oklahoma also has been active.

Ranges in most of Wyoming, in eastern Colorado, and in the western parts of Nebraska and Kansas have a good growth of old grass, but in Oklahoma and New Mexico the supply of old feed on ranges is short. Moisture in Wyoming and eastern Colorado is favorable for the development of new grass, and late March and early April rains greatly improved the prospect for spring feed in western Colorado, in Kansas, and in Oklahoma. Although winter feeding requirements were heavy, due in part to increased numbers of livestock, and the available supply of concentrated feeds continues to be very limited, supplies of hay, grains,

and roughages generally are adequate except in Oklahoma, where an acute shortage had developed by late March. Stormy weather in March was hard on livestock, particularly in Wyoming and Colorado, and caused some losses of early lambs and calves but livestock on the whole came through the winter in good condition. The outlook is for good calf and lamb crops this year if the weather is favorable and experienced help is obtainable for the lambing season. Unusually dry weather in New Mexico was seriously delaying the development of green feed and stockmen were greatly concerned about an ample supply of early grass for lambs and calves. A considerable demand for cattle for restocking is reported in western Kansas and there has been a strong demand for range cattle to go directly to grass pastures in Kansas and Oklahoma and to Corn Belt feed lots. Sheep shearing had started in some western areas by early April. On April 17, the Government announced that the Commodity Credit Corporation would buy the entire domestic wool clip this year at OPA ceiling prices.

Livestock prices declined rather sharply near the middle of April, reacting in part to consumer rationing of meats, talk of possible price ceilings on live animals, and other control measures for meeting the black market. Under the pressure of an abnormally large wartime demand for meat, livestock prices for nearly four months had been advancing strongly despite liberal marketings and the ceilings on wholesale and retail dressed meat prices, with only an occasional interruption in the upward trend of livestock prices when the placing of a ceiling on the live animal appeared to be imminent. Late in March, the unusual urgency of demand in advance of meat rationing also was a factor in price strength, with packers bidding actively for feeder cattle which normally would go into feed lots for finishing. Lamb prices near the middle of March had reached a new high since 1929, and hog prices early in April were at a new high since 1920 while beef steers were the highest since 1937 and the general range of steer values was the highest since 1928. At these levels, livestock prices also were high in comparison with ceilings on wholesale and retail dressed meat prices, and operating margins of packers had been greatly narrowed or eliminated. On April 21, the War Food Administrator stated that ceiling prices would be placed on live hogs early in May if meat rationing and slaughter permit programs already in effect did not allow hog prices to decline to about \$14.50 a hundredweight, Chicago basis, before that time. Late in April, cattle prices recovered nearly all of their previous decline and beef steer prices rose to a new high since 1937 but prices of other livestock generally were at the low point for the month.



Premium prices paid for new crop spring lambs in former years are largely absent this year, owing to the current importance of pelt values as a price factor. Pelts on spring lambs are much less valuable than those on old crop lambs and, with ceilings on dressed lamb prices, the meat cannot be sold at the usual premium to compensate for the lower pelt value.

Top carlot livestock prices at Kansas City:

	Apr. 26 1943	Mar. 1943	Feb. 1943	Mar. 1942	Mar. 1941	Mar. 1940
	(In dollars per hundredweight)					
Beef steers.....	17.10	17.00	16.00	14.25	12.75	12.25
Stocker cattle.....	15.90	16.50	15.90	13.75	12.50	10.75
Feeder cattle.....	15.25	15.50	15.00	12.40	11.40	9.75
Calves.....	15.00	16.00	15.50	14.50	11.50	11.00
Hogs.....	14.65	15.60	15.45	13.70	8.05	5.50
Sheep.....	12.65	13.25	13.50	9.50	9.40	7.75
Lambs.....	15.75	16.50	16.15	13.50	11.75	12.00

TRADE

Department Store Sales

Department store sales in this District in the first quarter of 1943 were about one-third larger than a year ago, reflecting the very high level of consumer income. In March, department store sales were only 22 per cent above last year, but this relatively small gain was due in part to a reaction from the buying wave of February, to unseasonably cold weather, and to the later Easter date in 1943 than in 1942. Easter buying this year was largely concentrated in April while last year it was in March, and sales in the first two weeks of April rose 42 per cent above last year.

Inventories at department stores at the end of March were about 10 per cent less than a year ago, when stocks had been increasing rapidly, and stocks on hand represented only 2.3 months' supply at the current rate of sales as compared with 3.3 months' supply last year. The volume of merchandise on order, however, was 58 per cent greater than a year ago. March collections on open accounts averaged 70 per cent, a new high, as compared with 48 per cent last year, while instalment collections averaged 34 and 23 per cent, respectively.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Mar. '43 comp. to Mar. '42	3 Mos. '43 comp. to 3 Mos. '42	Mar. 31, '43 comp. to Mar. 31, '42	Mar. 31, '42
(Per cent increase or decrease)				
Denver.....	7	+30	+36	-16
Hutchinson.....	3	+31	+38	*
Topeka.....	3	+29	+37	*
Wichita.....	4	+28	+43	*
Joplin.....	3	-8	+5	*
Kansas City.....	8	+11	+28	-11
St. Joseph.....	3	+16	+22	....
Omaha.....	4	+26	+27	*
Oklahoma City.....	6	+38	+54	-5
Tulsa.....	6	+8	+22	0
Other cities.....	29	+23	+30	-4
District.....	76	+22	+33	-10

\*Not shown separately but included in District total.

Wholesale Sales

The value of March wholesale sales in this District, as reported by the Bureau of the Census, was 13 per cent larger than a year earlier and wholesale inventories by the end of March had dropped 23 per cent under a year ago. According to trade reports, wholesalers generally are receiving more orders than they can fill, reflecting an increasing shortage of both goods and manpower.

PRODUCTION

Meat Packing

Packers' purchases of cattle and hogs at leading District markets in March were very heavy, cattle slaughter exceeding the March ten-year average by 41 and that of hogs by 49 per cent. Marketings of livestock for slaughter, however, have been below expectations and this situation is believed to be due in part to increased slaughter at country points and black market operations. In order to improve this situation and to make available adequate supplies of meats for war needs as well as to insure the equitable distribution of supplies to civilians under meat rationing, all livestock dealers holding livestock less than thirty days and all slaughterers who deliver meat to others were required, effective April 1, to obtain permits to operate. Civilian quotas for the second quarter of 1943 have been fixed at 65 per cent of the beef and veal, 75 per cent of the pork, and 70 per cent of the lamb and mutton delivered by packers in the corresponding quarter of 1941. Moreover, packers' inventories of beef and pork applicable to civilian quotas were to be limited, effective April 17, to the amount on hand on specified prior dates (March 21 for most packers) in order that meat production in excess of civilian quotas would be readily available to the Government.

Cold Storage Holdings

The April 1 report of United States cold storage holdings indicates that stocks of meats and cheese were drawn upon heavily during March as was perhaps to be expected just prior to consumer rationing. The large decline in cheese stocks and a substantial decrease in stocks of poultry represented, as in other recent months, the substitution of these foods for meats which for some time had been available only in limited quantities in many areas. Total stocks of meats, including an unspecified amount held for Government account, are not far below the average of recent years but pork stocks have been smaller at this season in only five years of record since 1916 and stocks of poultry are the smallest in twenty-five and cheese in eight years. There was a heavy movement of eggs into storage during March and stocks of lard and butter increased contrary to the usual trend. The

increase in egg holdings to their highest April 1 level on record reflected chiefly the accumulation of supplies to meet expanding needs for dried eggs for the armed forces and for lend-lease purposes, while the gains in lard and butter stocks were due to the setting aside of a very substantial part of current production for Government use. Even so, stocks of lard and butter are little more than half of the average from 1938 to 1942. All shell eggs in storage on May 31 will be earmarked for Government account.

#### United States cold storage holdings:

	Apr. 1 1943	Mar. 1 1943	Apr. 1 1942	Aver. '38-'42
	(In thousands of units)			
Beef, lbs.....	97,127	102,246	147,514	80,384
Pork, lbs.....	590,858	627,399	590,416	619,137
Lamb and mutton, lbs.....	12,522	19,748	8,180	4,426
Poultry, lbs.....	58,173	101,741	139,677	110,365
Miscellaneous meats, lbs....	78,492	83,910	117,965	86,899
Lard, lbs.....	120,240	114,806	176,883	204,007
Eggs, shell, cases.....	3,200	974	1,798	1,230
Eggs, frozen (case equiv.)	2,634	1,507	2,864	1,984
Butter, creamery, lbs.....	16,402	12,327	45,045	31,352
Cheese, all varieties, lbs.....	77,783	93,379	190,158	106,830

#### Flour Milling

The rationing of many other foods has concentrated attention upon wheat flour as a major nutrition source, and the War Food Administration in April called on flour mills to produce 25 per cent more flour in 1943 than in 1942. Flour production at southwestern mills in January and February had been only 14 per cent above last year, but in March it already was 26 and early in April about 28 per cent above last year. March output was close to the largest for any month on record and was nearly one-third larger than the March average of the preceding ten years. Southwestern mills currently are utilizing about 85 per cent of their capacity for the production of flour and an additional part of their capacity is being used for the grinding of wheat into grits for manufacture by distillers into alcohol for use in making synthetic rubber and for other war purposes. The volume of orders on mills' books, including record buying by the Government, continues at an exceptionally high level, further substantial sales to the regular trade occurring early in April when declines in wheat prices allowed flour prices to drop slightly below ceiling levels where they had been since late in February.

#### Petroleum

Drilling and exploratory operations in this District so far in 1943 have lagged considerably behind last year but in recent weeks field work has become much more active, with indications that western Kansas will see a very large number of wildcat wells drilled this summer. In order to maintain proved reserves and to assure sufficient petroleum for war needs, the Petroleum Administrator for War has recommended an

increase in the price of crude oil to keep stripper wells in production, to spur secondary recovery and possible drilling on marginal locations, and to encourage the drilling of wildcat wells. Crude oil production in Wyoming, Colorado, New Mexico, and Kansas is above a year ago but increased output in these states is about offset by declines in Nebraska and Oklahoma, and the very high level of production in Kansas is generally conceded to be too high for the best interests of conservation. Meanwhile, refineries in this area are experiencing difficulty in securing sufficient crude oil for processing and are concerned as to how they will meet essential civilian and military needs for motor fuels this summer, provide for current industrial needs for fuel oil, and build up fuel oil stocks for fall and winter requirements.

#### CONSTRUCTION

Construction for war purposes, which accounts for practically all building being undertaken, has declined substantially from the peaks reached last summer and fall but, even so, awards in this District are still relatively large in comparison with other sections of the country. The value of construction contracts awarded in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) in the first quarter of 1943 was more than double that for the corresponding period last year, according to figures of the F. W. Dodge Corporation, while total awards for the 37 states east of the Rocky Mountains were one-fifth less. The current relatively high level of construction in this District is perhaps attributable in part to the District's interior location and to the fact that construction in this area had reached its peak and had begun to decline somewhat later than in the country as a whole. Contracts for practically all major projects under the war program have already been let. Work on many of these projects has been completed and the plants are now in production, while on other projects construction is progressing rapidly. As these projects are completed, construction workers that had been attracted by high wage rates are being released and are returning to their homes to lower paying jobs or are idle. It is anticipated that this situation may become intensified later on this year.

#### FINANCE

##### Member Bank Credit

Investments and adjusted demand deposits at weekly reporting member banks in the Tenth District continued to rise from the middle of March to the middle of April, but the rise was somewhat less rapid than in earlier weeks this year. There was a further steady decline in loans during the period.



Principal items of condition of 50 member banks :

	Change from		
	Apr. 14 1943	Mar. 17 1943	Apr. 15 1942
(In thousands of dollars)			
Loans and investments—total.....	1,370,912	+4,631	+487,725
Loans—total.....	339,281	-13,001	-112,340
Coml., indust., agric.....	220,279	-9,907	-72,488
Open market paper.....	14,155	-1,004	-16,208
To security brokers and dealers.....	1,526	-47	-1,609
Other to purchase or carry secur.....	7,717	+34	-1,413
Real estate loans.....	32,905	-306	-374
Loans to banks.....	79	+33	+62
All other loans.....	62,620	-1,804	-20,310
Investments—total.....	1,031,631	+17,632	+600,065
U. S. Treasury bills.....	184,013	-1,279	+156,323
U. S. Treas. certif. of indebt.....	153,002	+3,046	+139,855
U. S. Treasury notes.....	166,228	+4,844	+125,852
U. S. Govt. bonds.....	345,494	+10,058	+195,983
Oblig. guar. by U. S. Govt.....	56,420	+1,447	-22,699
Other securities.....	126,474	-484	+4,751
Reserve with F. R. Bank.....	376,456	+10,713	+128,228
Balances "due from" banks—net.....	312,539	-13,322	*
Demand deposits—adjusted.....	1,022,395	+10,322	+338,116
Time deposits.....	150,009	+2,213	+15,854
U. S. Govt. deposits.....	47,796	-17,113	+10,600
Deposits "due to" banks—net.....	758,435	+7,561	*

\*Comparable data not available.

Life Insurance

March was the first month in twelve that life insurance sales showed any increase over the corresponding month of the preceding year. Late in 1941 and early in 1942, sales had been very heavy just prior to rate increases and the insertion of war risk clauses in new contracts, and the subsequent slump in sales had been variously attributed to this previous heavy buying, to increased income tax payments and increased purchases of war bonds, to a substantial loss of agents to the armed forces and to war plants, and to a heavy diversion of funds in the hands of the public into consumer goods which were likely to become scarce as the war progressed. Notwithstanding substantially higher income taxes and heavier buying of war bonds this year than last, the present moderate upturn in life insurance sales may reflect in part the fact that consumer income has risen to a new high level while many articles of consumer goods have disappeared or are being rationed.

The Life Insurance Sales Research Bureau report :

	Mar.		Change from '42	
	1943	3 Mos. 1943	Mar.	3 Mos.
(Thousand dollars)		(Per cent)		
Colorado.....	6,028	15,338	+34	-12
Kansas.....	8,565	21,661	+17	-20
Missouri.....	18,107	47,235	+4	-32
Nebraska.....	7,074	18,022	+34	-12
New Mexico.....	1,529	3,353	+49	-14
Oklahoma.....	7,705	19,324	-9	-33
Wyoming.....	916	2,157	+2	-30
Seven states.....	49,924	127,090	+11	-25
United States.....	631,863	1,626,553	+14	-26

Business Failures

Business failures have been declining sharply since the middle of 1942, according to figures of Dun and Bradstreet, and in March and in the first quarter of

1943 Tenth District business failures were at an unprecedentedly low level. Only 7 failures involving liabilities totaling \$29,000 were reported for March, while in the first quarter there were only 30 failures involving liabilities totaling \$330,000. Under present wartime conditions, growing shortages of manpower and civilian goods have resulted in a rapidly declining business birth rate, thus greatly curtailing the number of concerns which otherwise would open up for business and quickly close, while increased business activity and record consumer purchasing power have kept in business many concerns which ordinarily might go out. Shortages of manpower and critical materials, together with rising costs, have of course seriously affected many established businesses, some of which have closed but not necessarily "failed."

Bank Debits

Bank debits in this District in March showed an exceptionally large increase of 40 per cent over the preceding year. The very large gain for March, as in other recent months, reflected principally a higher general price level and a markedly higher level of business activity in this District resulting from favorable agricultural conditions and wartime industrial expansion, but undoubtedly it also reflected in part larger income tax payments this year.

Bank debits to deposit accounts in District cities :

	Mar.		Change from 1942	
	1943	3 Mos. 1943	Mar.	3 Mos.
(Thousand dollars)		(Per cent)		
Colo. Springs, Colo....	22,490	65,940	+33	+41
Denver, Colo.....	272,348	766,994	+31	+27
Gr. Junction, Colo....	5,551	14,271	+43	+28
Greeley, Colo.*.....	8,840	22,912	....	....
Pueblo, Colo.....	21,056	59,031	+35	+22
Atchison, Kans.....	5,928	14,915	+45	+23
Emporia, Kans.....	6,583	16,864	+58	+36
Hutchinson, Kans....	25,347	66,985	+111	+57
Independence, Kans..	4,495	12,661	+37	+24
Kansas City, Kans....	35,116	99,590	+59	+43
Lawrence, Kans.....	6,676	19,194	+49	+49
Parsons, Kans.*.....	5,453	16,270	....	....
Pittsburg, Kans.....	8,030	22,135	+33	+25
Salina, Kans.....	22,915	58,015	+119	+65
Topeka, Kans.....	35,708	102,708	+62	+50
Wichita, Kans.....	152,045	406,269	+73	+64
Joplin, Mo.....	13,816	38,134	-22	-24
Kansas City, Mo.....	616,054	1,667,974	+41	+34
St. Joseph, Mo.....	51,786	149,375	+40	+31
Fremont, Nebr.....	6,951	18,886	+70	+66
Grand Island, Nebr.*	13,408	34,013	....	....
Lincoln, Nebr.....	45,867	120,047	+46	+31
Omaha, Nebr.....	337,014	900,273	+56	+48
Albuquerque, N. M....	31,086	85,435	+36	+29
Bartlesville, Okla....	37,258	99,709	+14	+4
Enid, Okla.....	17,531	48,419	+44	+22
Guthrie, Okla.....	2,110	6,204	+16	+8
Muskogee, Okla.....	16,316	46,414	+30	+33
Okla. City, Okla.....	170,410	461,953	+36	+21
Oklmulgee, Okla.....	3,552	9,529	+10	+4
Tulsa, Okla.....	206,493	562,652	+15	+8
Casper, Wyo.....	7,947	22,527	+4	+5
Cheyenne, Wyo.....	19,193	51,347	+71	+58

District, 30 cities.....	2,207,672	6,014,450	+40	+32
U. S., 274 cities.....	62,253,000	168,908,000	+27	+21

\*Not included in total; comparable data not available.

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity increased slightly in March and prices of commodities advanced further. Retail trade in March and the first half of April was in large volume, although reduced from the February peak.

## INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production advanced from 202 per cent of the 1935-39 average in February to 203 in March. The rise in total output continued to reflect chiefly increased production in the machinery and transportation equipment industries producing armaments. At merchant shipyards 146 ships were delivered in March. Completions totaled 1,516,000 deadweight tons, an annual rate of more than 18,000,000 tons.

Steel mills operated at peak levels. Production of lumber, however, increased less than usual in March, continuing the gradual downward trend of production which began a year ago.

Output of fuels reached a new peak in March. Bituminous coal production rose further. Crude petroleum output likewise exceeded the February level as new pipeline facilities for transport of petroleum products to the East Coast were completed.

Output of important nondurable manufactures was maintained in March. In most branches of the wool textile industry production increased to new high levels in February and March following a Federal order allowing an increase in wool consumption for the manufacture of civilian fabrics.

The value of construction contracts awarded in March, according to figures of the F. W. Dodge Corporation, continued at a level considerably lower than that for the year 1942, reflecting chiefly the fact that the construction phase of the war program has been largely completed. Awards for residential building declined for the third consecutive month, while contracts for public works were higher than in February.

## DISTRIBUTION

Retail sales, which generally increase from February to March, showed little change this year, following the buying wave that swept the country in February. At department stores, where increases in February had been particularly marked, sales declined in March and the Board's seasonally adjusted index dropped from 167 to 135 per cent of the 1923-25 average. Despite this decline, the index continued above the high level that prevailed in the latter part of last year. In the first half of April department store sales increased by about the usual seasonal amount, making allowance for the late date of Easter this year.

Total carloadings of revenue freight in March remained at the February level and other transportation activity was also maintained in large volume.

## COMMODITY PRICES

Wholesale commodity prices averaged higher in March and the early part of April reflecting advances in prices of farm products, foods, and a number of industrial commodities. Prices in retail markets also increased further from February to March, with relatively sharp advances in food prices.

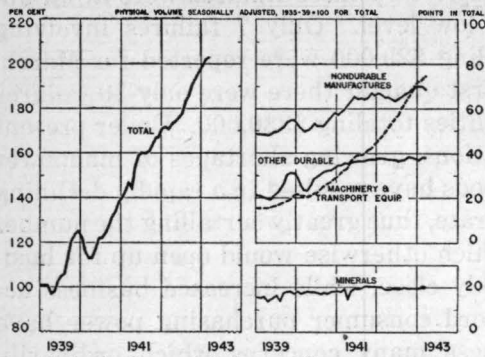
On April 8 an Executive Order was issued directing that ceiling prices be placed on all commodities affecting the cost of living, that further increases in ceilings be prevented except to the minimum extent required by law, and that excessively high prices be reduced. Following this and announcements of particular Federal actions to safeguard the stabilization of prices, including an order reducing railroad freight rates, wholesale prices of some commodities declined and on April 16 were lower than at the beginning of the month.

## BANK CREDIT

Excess reserves at all member banks, which decreased during the latter half of March from 2.2 billion dollars to 1.5 billion, subsequently rose to 2.6 billion on April 19. In the first week of April, the increase resulted largely from substantial Reserve Bank purchases of Government securities; subsequently excess reserves were made available by a decline of a billion dollars in required reserves, which resulted primarily from large payments to war loan accounts for Government securities sold to bank customers. This caused a shift from customers' deposits, subject to required reserves, to Government deposits which have recently been exempted from such requirements.

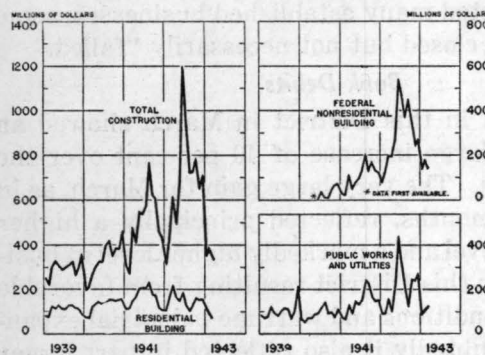
Government security holdings at reporting banks in 101 leading cities increased substantially during the first two weeks of April following declines in the latter part of March, which had resulted mainly from bill sales by banks in New York and Chicago. Holdings of certificates, notes, and bonds increased over the 4-week period ended April 14. Commercial loans at all reporting banks declined by about 210 million over the 4-week period. At New York City banks loans to brokers and dealers increased steadily over the period, especially in the week of the 14th at the beginning of the War Loan Drive. Deposits, other than those of the United States Government, increased further in March and the early part of April, but were drawn down sharply around the middle of April to make payments for purchases of new Government securities.

## INDUSTRIAL PRODUCTION



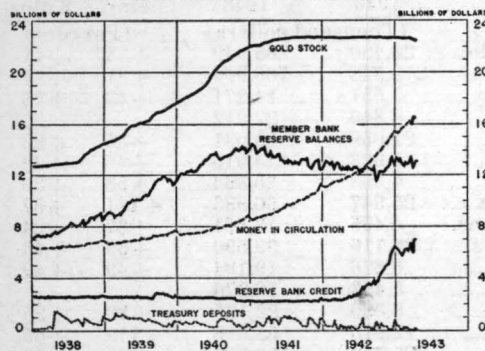
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for March, 1943.

## CONSTRUCTION CONTRACTS AWARDED



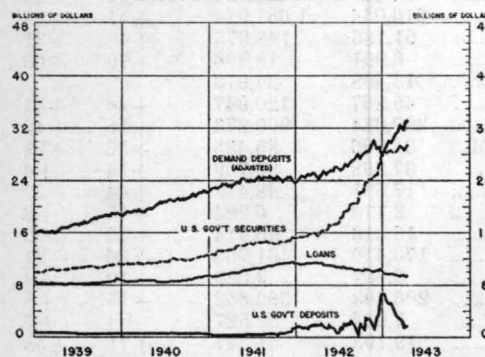
F. W. Dodge data for 37 Eastern states, total includes state and local government and private nonresidential building not shown separately. Monthly figures, latest shown are for March, 1943.

## MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for April 14, 1943.

## MEMBER BANKS IN LEADING CITIES



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for April 14, 1943.