MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

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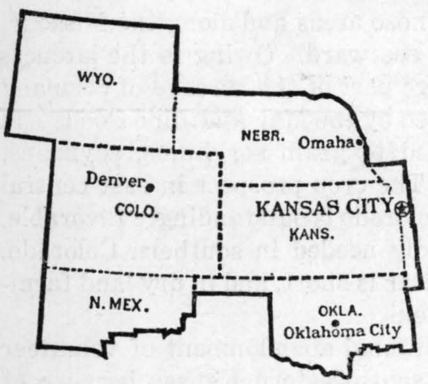
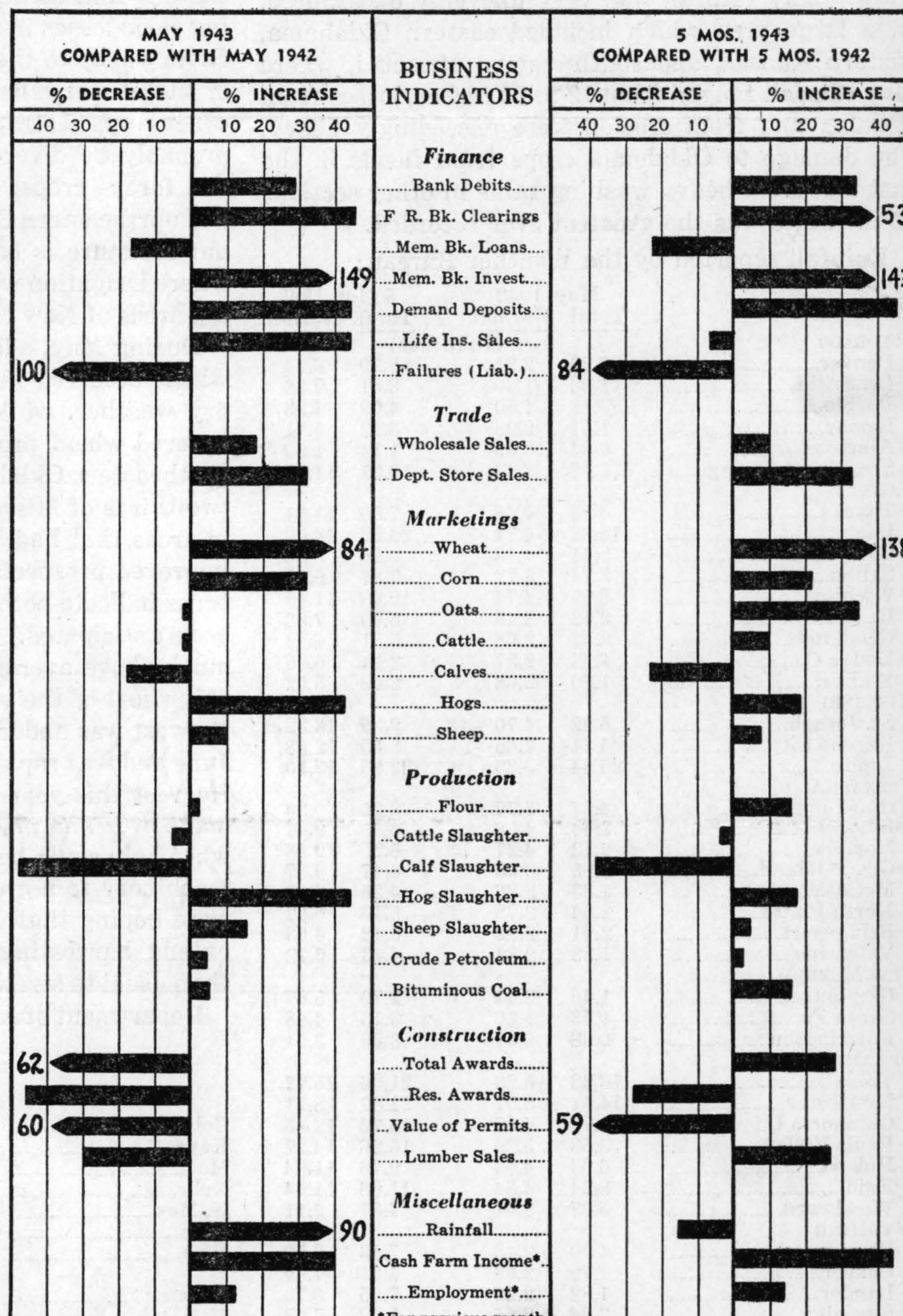
Business in the Tenth Federal Reserve District





The farm outlook, although less favorable than a year ago, has improved somewhat in recent weeks. Early harvest returns are above expectations and better growing weather is making up for the late spring. But flood damage in some areas has been very great and replantings now can produce little more than feed.

Feed for both livestock and poultry is increasingly more difficult to secure. There is a large amount of corn on farms but farmers are reluctant to sell at ceiling prices. The Department of Agriculture estimates the spring pig crop at 74 million head and expects a fall crop of 53 million. This would mean a combined crop of 127 million as compared with the record of 105 last year and an average of about 73 million. The corn crop is yet uncertain and, with record numbers of cattle, sheep, and poultry, these hog figures make it clear why farmers with supplies of corn are unwilling to sell.

AGRICULTURE

Crops

The crop outlook in many sections of the District has improved since the first of June as a result of the most favorable growing weather for the season to date, with general warmth, abundant sunshine, and generally adequate soil moisture. For the most part, the spring season had been cool and dry and was considerably late. During much of May, the weather continued abnormally cool and was retarding development of early planted crops, while excessively wet weather in some areas was delaying planting and field work. May rainfall was very unevenly distributed. In a large area which included eastern Oklahoma, eastern Kansas, and southwestern Missouri, where May rainfall ranged from 12 to 20 inches, losses from flooding and from erosion were exceedingly heavy. The damage to Oklahoma crops from floods in the east and from heavy washing rains in other sections of the state was the greatest ever recorded.

Rainfall reported by the Weather Bureau:

	May 1943 Total	May 1943 Normal	5 Mos. 1943 Total	5 Mos. 1943 Normal
	(In inches)			
COLORADO				
Denver	3.22	2.21	5.29	6.24
Leadville	1.93	1.30	8.41	7.38
Pueblo	3.18	1.60	4.69	4.28
Lamar	1.51	2.28	3.12	5.71
Alamosa	0.64	0.89	1.14	1.99
Steamboat Springs	2.87	2.20	10.01	11.07
KANSAS				
Topeka	4.93	4.48	7.80	11.81
Iola	15.32	4.74	20.22	14.03
Concordia	5.41	4.18	9.28	9.26
Salina	2.74	3.72	7.31	9.28
Wichita	6.59	4.74	10.68	11.43
Hays	2.52	3.46	5.60	7.83
Goodland	2.62	2.68	5.51	6.24
Dodge City	1.13	2.87	3.14	6.88
Elkhart	1.16	2.08	2.62	5.52
MISSOURI				
St. Joseph	6.32	4.70	9.35	13.32
Kansas City	4.71	4.65	8.55	12.98
Joplin	25.54	5.36	33.80	17.10
NEBRASKA				
Omaha	4.27	3.77	8.25	9.24
Lincoln	3.43	4.08	6.50	9.47
Norfolk	2.12	4.27	5.25	9.63
Grand Island	1.85	3.95	4.47	9.07
McCook	1.33	2.86	4.25	6.60
North Platte	2.04	2.78	5.16	6.62
Bridgeport	2.61	2.82	5.42	6.63
Valentine	1.38	2.82	4.43	6.72
NEW MEXICO				
Clayton	1.46	2.44	2.70	5.67
Santa Fe	1.53	1.26	3.13	4.48
Farmington	0.98	0.41	3.29	3.01
OKLAHOMA				
Tulsa	16.38	5.23	21.06	15.72
McAlester	14.61	5.97	21.89	18.71
Oklahoma City	9.76	4.88	14.92	12.45
Pauls Valley	8.58	5.20	15.26	14.27
Hobart	6.93	4.64	9.76	11.04
Enid	8.24	4.34	11.08	11.44
Woodward	5.67	3.51	7.57	9.11
WYOMING				
Cheyenne	4.20	2.43	7.58	6.50
Casper	1.79	2.68	5.01	7.39
Lander	1.82	2.26	7.05	6.70
Sheridan	3.98	2.65	7.68	7.28

With a favorable break in the weather toward the end of May and early in June in parts of the affected areas, farmers were rushing replanting as fast as possible but were handicapped by labor shortages and by the fact that, with farm work already behind schedule, there were too many jobs—planting, replanting, cultivation, haying, and harvesting of small grains—to be done at the same time. Heavy rains since the first of June relieved a dry situation in much of Nebraska and in western Kansas but additional moisture in eastern Kansas was seriously delaying replanting. June rains were especially heavy in northeastern Kansas and in northwestern Missouri, causing flood losses in those areas and along the Missouri River valley to the eastward. Owing to the lateness of the season, a large part of the acreage of corn and other crops destroyed by the May and June floods will probably be diverted to grain sorghums, soybeans, and forage crops. The crop prospect in east central and northeastern Colorado is outstandingly favorable, but moisture is badly needed in southern Colorado, where irrigation water is short, and in dry land farming areas of New Mexico.

During May, additional abandonment of volunteer wheat occurred in southwestern Kansas because of dry weather, while the loss of acreage from floods lowered wheat prospects in southeastern Kansas, in northeastern Oklahoma, and throughout the southern two-thirds of Missouri. Rains since the first of June in areas that had been dry, however, appear to have improved prospects somewhat, and early harvest returns indicate both better yields and quality than had been anticipated. Although production generally is much above average, the 1943 crop will be considerably short of the very large crop harvested last year. Harvest was under way in Oklahoma by the middle of June and was rapidly moving northward into Kansas. Harvest this year is hampered by shortages of both manpower and machines, but growers were utilizing what help could be recruited, were pooling labor and machinery to a greater extent than ever before, and were hoping that dry weather would enable them to extend harvesting operations over a longer period than usual to stretch available labor supplies.

Department of Agriculture winter wheat estimates:

	Indicated 1943 June 1	Indicated 1943 May 1	Final 1942	Aver. '32-'41
	(In thousands of bushels)			
Colo.	21,318	20,196	24,996	8,356
Kans.	143,942	158,832	206,661	117,969
Mo.	14,495	15,610	9,035	27,555
Nebr.	48,020	46,648	68,760	35,078
N. Mex.	1,938	2,052	4,498	1,741
Okla.	37,145	38,760	57,370	47,441
Wyo.	1,682	1,624	3,168	1,123
7 States	268,540	283,722	374,488	239,263
U. S.	501,702	515,159	703,253	550,181

There is more storage space for the 1943 wheat crop on farms and in country and terminal elevators than there was for last year's crop, but transportation facilities for handling the heavy annual harvest movement to market will likely be greatly restricted as railroad equipment already is being utilized fully for war purposes and the large numbers of boxcars formerly temporarily pressed into service in the southwest at this season are now being used elsewhere. Consequently, a shortage of boxcars is expected to retard the wheat movement this year just as a shortage of terminal storage space had retarded it last year. The reported intention of many farmers to sell only distress wheat for which they have no storage space also may tend to restrict marketings. Farmers, on the whole, are in a strong financial position and apparently do not desire to dispose of their wheat except at a substantial premium over the loan price.

Cash wheat prices in recent months have shown relatively little change. Late in June, cash wheat prices were about even with the 1943 loan rate. In the two preceding years, wheat prices at this season had been substantially below the new loan rate. Since market prices currently are about as high as the loan price and would have to advance appreciably to insure adequate margin to cover charges that would accrue against loans, trade opinion seems to indicate that a much smaller volume of wheat will go under loan this year. Cash corn prices continued at the ceiling established last April, receipts on the open market were negligible, and trading was virtually at a standstill. The acute scarcity of corn in commercial channels was forcing corn processing plants to close for lack of supplies and has concentrated feeding demand on other feed grains such as oats, barley, and kafir, prices of which have risen steadily to new high levels for many years. In order to supply processors with corn needed in the production of starch and other products for war purposes, the War Food Administration has called all CCC loans outstanding on corn and on June 25 requisitioned terminal elevator stocks.

The lower range of Kansas City cash grain prices:

	June 28 1943	May 29 1943	Apr. 30 1943	May 29 1942
No. 1 hd., dk. wheat, bu.	$1.37¾	$1.37½	$1.37½	$1.10¼
No. 2 mixed corn, bu.	1.04	1.04	1.04	.80½
No. 2 white oats, bu.	.70½	.71¾	.68¼	.49¾
No. 2 rye, bu.	1.00½	.95	.88½	.66
No. 2 barley, bu.	1.04½	.94½	.90	.56½
No. 2 white kafir, cwt.	2.52	2.35	2.15	1.16

Livestock

Livestock prices in the last two to three months have declined appreciably, prices of beef steers dropping about $1 a hundredweight, hogs over $2, and lambs about $1.75 a hundredweight. Part of the decline in hog prices has been in response to a seasonal expansion in marketings and lamb prices normally reach their peak in the spring and then decline but the downtrend this year was accentuated by a number of other influences, including consumer rationing of meats, talk of possible price ceilings on live animals, other control measures to combat black markets, and most recently the "rollback" in wholesale and retail meat prices. Since previous increases in livestock prices earlier this year had been partly at the expense of slaughterers' processing margins, the current downturn in livestock prices toward a more equitable relationship with dressed meat ceilings has tended to improve somewhat the difficult situation of packers.

The rollback of meat prices was not intended to affect livestock values but trade reports indicate a belief that it was a factor in weakness in cattle prices. Because of uncertainties regarding the continuation of subsidy payments to processors to absorb the rollback, packers already in a difficult position hesitated to buy cattle except at some price concession and cattle feeders, on the other hand, were unwilling to market their cattle at prices bid by packers. Cattle receipts in May were moderately large but near the middle of June they decreased sharply when the meat price rollback went into effect as cattle can be withheld temporarily from the market much more easily than hogs. Marketings of fall crop pigs usually reach their peak during June and receipts recently have been exceptionally heavy, reflecting the very high level of production last fall. In the last week of June the top price of hogs dropped as low as $13.55 a hundredweight at Kansas City. The Government support price is $13.75, Chicago basis. Prices of hogs and lambs currently are somewhat below a year earlier, but beef steer prices are still much above last year and the average cost of stocker and feeder steers at Kansas City has held for four consecutive months at a record level above $14 a hundredweight.

Top carlot livestock prices at Kansas City:

	June 29 1943	May 1943	April 1943	May 1942	May 1941	May 1940
	(In dollars per hundredweight)					
Beef steers	16.15	16.60	17.10	13.90	11.75	11.75
Stocker cattle	16.00	16.50	17.00	14.50	12.15	11.00
Feeder cattle	15.25	15.75	15.75	13.15	11.15	10.40
Calves	14.00	16.00	15.00	15.00	12.00	10.50
Hogs	13.55	14.50	16.65	14.25	9.40	6.00
Spring lambs	14.75	15.90	16.00	15.50	12.00	11.35
Slaughter ewes	7.75*	9.00	9.10	8.00	6.50	5.50

*Shorn basis.

The abundance nearly everywhere of green feeds and pasturage has afforded some relief in taking care of immediate needs of dairy and livestock feeders, but the shortage of commercial protein feedstuffs has become increasingly acute. With corn and other ingredients used in the manufacture of protein concentrate feeds unobtainable except in very limited quantities, shutdowns at feed plants for lack of supplies were becoming common in the latter part of June. The CCC on May 31 had discontinued sales of wheat for feed, having disposed of the 225 million bushels of wheat authorized to be sold during the current fiscal year. On June 16, sales of an additional 50 million bushels of wheat for feed were authorized, and the urgency of the feed situation is indicated by the fact that this amount was sold within one week.

Abnormally high prices of feeder cattle and ceilings on dressed beef for some time have been discouraging cattle feeders, while the corn-hog ratio has declined sharply with the decline in hog prices and is much less favorable to hog feeding and hog production than in earlier months this year. As a result, the average weights of cattle and hogs marketed have been reduced and this development, together with difficulties in the feed situation, is seriously affecting the production of beef and pork. Producers having corn on hand continue to feed livestock but are unwilling to market their corn at present ceiling prices, at least until the size of this year's corn crop can be more definitely determined, and the artificial market shortage thus created has led to official discussions regarding action that should be taken to prevent enforced liquidation of livestock at light weights. Aside from present difficulties, the outlook for the feeding situation for the 1943-44 season indicates the necessity for an orderly reduction of current huge livestock populations unless feed grain production this year should turn out larger than expected.

The spring movement of southwestern cattle to the Blue Stem (Flint Hills) pastures of Kansas was about 13 per cent heavier than last year and 36 per cent greater than two years ago, while shipments to the Osage pastures of Oklahoma were somewhat smaller than last year and about the same as two years earlier. The number of cattle carried over through the winter, however, was very large in both areas and these pastures are fully stocked. Following heavy rainfall in May and June in these areas, pasture feed is making excellent growth after being held back by rather cool and dry weather earlier in the spring, and cattle have made good gains on grass. Stock water supplies are abundant. Pastures in other sections of Kansas and Oklahoma also are fully stocked with cattle.

Ranges in Wyoming, in eastern Colorado, and in much of western Oklahoma greatly benefited from rains in May, and moisture during June relieved a dry situation in the western parts of Nebraska and Kansas and in the Oklahoma panhandle. Ranges are dry, however, in parts of western Colorado, in the San Luis Valley, and in most of New Mexico. The situation is especially serious in New Mexico, where green feed is badly needed to develop lambs and calves and where continued dryness has forced some selling of cattle. Elsewhere in the District range feed generally is good although somewhat late. Most sections report good calf and lamb crops this spring and death losses generally have been no larger than normal.

Manpower and Sheep Raising

This bank recently made a special study of the effect of the manpower shortage on the range sheep industry in Colorado, Wyoming, and New Mexico. According to reports received at this bank, the most serious feature of the situation is an acute shortage of competent herders, the supply of which had gradually been declining even before inductions into the armed forces and better paying jobs at war plants began to draw men away from this type of work. In these western states, where large operators have many thousands of head of sheep on the range, reliable and experienced herders are indispensable since an operator cannot afford to commit an investment represented by thousands of sheep to inexperienced and untrustworthy herders who may neglect and lose the sheep or, as has been reported in some cases, abandon them entirely. Sheepmen report a large increase in the number of coyotes and other predatory animals throughout the west in recent years and that, because of the growing shortage of competent herders, losses of sheep from this source have been heavy in many areas. Operators faced with such conditions must reduce sheep numbers to a point where they can be cared for with available labor, and this development in turn will naturally be reflected in reduced food and wool production.

There is little farm and ranch labor available for haying this year and supplies of commercial protein concentrate feeds for fattening livestock also are extremely limited. As a consequence, there is widespread belief among stockmen and bankers that present acute labor difficulties, taken in conjunction with the protein feed shortage, may force a serious liquidation of both cattle and sheep numbers in range areas by next fall. Although costs have risen substantially in the last year and a half and profits in sheep raising have declined, the prevailing opinion appears to be that sheepmen can stay in business with present cost and price relationships but there is no inducement to expand operations. However, it is the manpower, not the profit, aspect of the problem that is primarily responsible for an anticipated reduction in sheep numbers.

Labor for the lambing season this spring was very short, but unusually favorable weather during much of this period largely saved the situation and lamb losses, on the whole, appear not to have been excessive. The exceptionally favorable weather was particularly important in the case of the large operator who needs two or three additional experienced men besides the herder with each band of sheep at lambing time and who could get only about half the help required and this generally of poor quality. The small operator in many cases could meet the emergency by utilizing the help of members of the family. In addition, sheepmen had tended to anticipate difficulties this year by reducing ewe numbers and by breeding ewes to lamb over a longer period. Labor for shearing also has been short but the fear last fall that many sheep would go unsheared this year has turned out to be unfounded. The lack of sufficient labor for shearing, however, is greatly changing usual shearing practices and the shearing season will be much prolonged as many sections started earlier and will finish later than they normally would.

Farm Income

Cash income from farm marketings in this District in the first four months of 1943 was 44 per cent higher than in the corresponding period last year, reflecting a rise of 74 per cent in income from crops and of 38 per cent in returns from livestock and livestock products. All regions of the District, however, have not shared equally in the rise in farm income as the gains shown for Nebraska, Kansas, and New Mexico are considerably greater than those shown for Colorado, Oklahoma, and Missouri, while income in Wyoming has declined somewhat from last year. The decrease for Wyoming is due to much smaller sales of sheep and lambs this year, while the markedly higher level of farm income in other states reflects in large part sharp increases in income from wheat, feed grains, cotton, oil-bearing crops, potatoes, truck crops, poultry, eggs, and dairy products. The total volume of agricultural production in 1943 now seems likely to be somewhat less than that in 1942, but farm income normally is influenced more by prices than by the quantity of farm products sold. The maintenance of the present level of farm income throughout the remainder of the year consequently depends in large part on the course of farm prices.

Department of Agriculture estimates of cash income from farm marketings:

	Apr. 1943	4 Mos. 1943	Change from '42 Apr.	Change from '42 4 Mos.
	(Thousand dollars)		(Per cent)	
Colorado	19,052	72,271	+30	+42
Kansas	50,238	181,898	+51	+55
Missouri	44,710	170,485	+32	+33
Nebraska	47,489	187,798	+57	+55
New Mexico	6,950	24,146	+26	+53
Oklahoma	22,880	94,989	+29	+39
Wyoming	4,755	15,723	−4	−6
Seven states	196,074	747,310	+40	+44
United States	1,321,749	5,019,228	+35	+35

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District had declined more than seasonally during May as abnormally cool weather tended to curtail the movement of summer goods, but toward the end of the month and early in June sales increased sharply with the advent of warmer weather. Heavy buying of shoes and of other apparel items as well, just prior to the expiration of the shoe ration coupon, also was a factor in the increase in sales. Sales in May and in the first five months of the year were slightly more than 30 per cent above last year, while in the middle of June they rose more than 50 per cent above a year earlier. Retail prices on the average, according to the Fairchild Index, are about the same as a year ago when the general maximum price regulation went into effect.

Inventories at department stores are about 18 per cent below the peak level reached at this time a year ago and represent only 2.6 months' supply at the current rate of sales as compared with 4.2 months' supply last year. The volume of merchandise on order, however, is more than double what it was at this time last year and merchants as early as May were placing orders for fall merchandise, six to eight weeks ahead of normal. Stock turnover has increased markedly and the current inventory position of stores in relation to the high rate of sales is responsible for the expression now sometimes heard that "stores are selling themselves out of business."

Department store sales and stocks in leading cities:

	No. of Stores	Sales: May '43 comp. to May '42	Sales: 5 Mos.'43 comp. to 5 Mos.'42	Stocks: May 31,'43 comp. to May 31,'42
		(Per cent increase or decrease)		
Denver	7	+28	+32	−26
Hutchinson	3	+35	+37	*
Topeka	3	+39	+37	*
Wichita	4	+36	+38	*
Joplin	3	+8	+5	*
Kansas City	8	+23	+27	−29
St. Joseph	3	+34	+27	....
Omaha	3	+26	+29	*
Oklahoma City	6	+53	+55	−6
Tulsa	5	+28	+24	−16
Other cities	31	+36	+31	−1
District	76	+31	+32	−18

*Not shown separately but included in District total.

PRODUCTION

Meat Packing

Effective in the latter part of June, the OPA ordered a "rollback" in meat prices at wholesale and retail levels as part of its program to check the rise in the cost of living, and on June 15 the RFC announced that subsidy payments would be made to processors in order to prevent the rollback in meat prices from adversely affecting livestock prices.

There was, however, some delay and uncertainty regarding the subsidy payments, and this development, together with a marked decline in livestock prices near the middle of June, caused producers to withhold marketings and slaughter consequently to be curtailed sharply. While the situation was especially acute in the case of cattle, it extended also to other classes of livestock. The subsidy, although paid to packers, would automatically be passed on to the consumer and, according to trade reports, the announced subsidy rates would be somewhat less than the rollback in prices and thus would not relieve the already difficult position of many packers resulting from high livestock prices relative to meat ceilings.

The slaughter of cattle and calves in May, based on packers' purchases at leading District markets, continued below a year ago but the slaughter of hogs was 44 and of sheep 15 per cent heavier. Hog slaughter was exceptionally heavy, exceeding the May average of the past ten years by 67 per cent. Emphasizing the huge meat requirements of the armed forces and of the lend-lease program, United States cold storage stocks of pork declined further during May despite the very high level of slaughter and the rationing of meat for civilian use. Stocks of beef, lamb, and lard are relatively large for this time of year but, as in the case of pork, they contain an unspecified amount held for Government account and thus not available for civilian consumption.

Flour Milling

Southwestern flour milling operations during May and the forepart of June dropped to about 73 per cent of capacity from an average of 85 per cent in the four preceding months, and flour production currently is very little larger than a year ago as compared with a gain of 16 per cent for the year to date. The volume of orders on mills' books continues exceptionally large for this time of year but shipping directions are slow, especially so in the case of jobbers because of a substantial decline in the movement of flour from grocers' shelves since consumer rationing of shortening for home baking went into effect. Flour sales for several months have been rather light and in May and early June this situation was accentuated by usual seasonal dullness preceding harvest of the new wheat crop. The loan rates on 1943 wheat, announced June 9, are slightly above the level used as the basis for present flour ceilings. Although southwestern mills currently are utilizing only 73 per cent of their total capacity for the production of flour, an additional and increasing proportion of their capacity, amounting in some instances to as much as 50 per cent, is being used for the grinding of wheat for feed and for the manufacture by distillers into alcohol for war purposes.

Petroleum

Refinery operations in this District are at a very high rate of 85 to 90 per cent of capacity and crude oil production continues generally insufficient to meet the demand for refined products. In order to halt a progressive decline in crude stocks and to assure refineries of the minimum amounts of crude they need to produce the maximum quantity of war products, including 100-octane aviation gasoline, the Petroleum Administration for War on May 14 placed all refinery operations in the middle west, including Nebraska, Kansas, Oklahoma, and Missouri in this District, on a quota basis. At the same time, refiners were authorized to increase gasoline percentage yields from 70 to a level of 85 per cent of the corresponding rate for the last half of 1941 to relieve shortages of motor fuel for essential farm operations. Since the quantity of gasoline available for agricultural purposes has dropped to a critically low level, crude oil quotas for refiners were increased near the first of June and allowable gasoline percentage yields were raised further to 90 per cent, provided such an increase did not reduce output of war products, result in a large accumulation of gasoline inventories, or require the use of additional tank cars. Much of the increase in crude quotas, however, would necessitate withdrawals from storage, and many refiners are reported to be unwilling to draw on their reserves because of fear of an even more critical situation later on. Reflecting the urgent need for increased supplies of crude oil, spacing regulations on drilling have been relaxed for shallow wells in eastern Kansas and most of Oklahoma, which areas offer the maximum opportunity for increasing shallow production with a minimum use of critical materials.

Employment

Nonagricultural employment in this District continues to rise to new high levels each month. Since early this year, however, the rate of rise has slowed appreciably and percentage gains over the preceding year are becoming progressively smaller. This situation reflects principally the increasing difficulty in bringing women into the labor force in sufficient numbers to balance inductions of men into the armed forces. The level of nonagricultural employment in recent months has also been affected by sharp curtailment in civilian services not closely related to war production and by the transfer of workers from nonagricultural to farm employment as a result of the policy of military deferment for farm workers. Unemployment has declined to a point so low as to indicate that most employable workers already have been absorbed into jobs and that persons currently reported as unemployed are merely "between jobs" or are not suitable for the employed labor force.

Department of Labor estimates of total nonagricultural employment:

	Mar. 1943	Feb. 1943	Change from '42 Mar.	Change from '42 Feb.
	(Number)		(Per cent)	
Colorado	281,000	278,000	+10	+11
Kansas	430,000	431,000	+30	+32
Missouri	973,000	961,000	+6	+7
Nebraska	266,000	261,000	+23	+22
New Mexico	78,600	79,500	3	+6
Oklahoma	365,000	368,000	+8	+10
Wyoming	58,600	57,800	+8	+8
Seven states	2,452,200	2,436,300	+12	+13
United States	38,184,000	37,958,000	+8	+8

CONSTRUCTION

Private building has been virtually suspended for the duration and the value of building permits issued in eighteen reporting District cities so far this year is 60 per cent smaller than last year, such permits now being largely confined to necessary alterations and repairs to existing structures. Publicly-financed construction, which accounts for practically all of the construction work currently being initiated, also is beginning to fall below a year earlier. The value of construction contracts awarded in the Kansas City area (Nebraska, Kansas, Oklahoma, and western half of Missouri) in the first four months of 1943 had been more than double that for the same period last year. In May, however, awards fell 62 per cent below a year ago, and in subsequent months this year they are expected to continue substantially below last year, reflecting the fact that the construction phase of the war program, which in this District had reached its peak last summer and fall, is now largely completed.

Construction figures of F. W. Dodge Corporation:

	May 1943	5 Mos. 1943	Change from '42 May	Change from '42 5 Mos.
	(Thousand dollars)		(Per cent)	
Residential building	2,955	27,708	−46	−29
Nonresidential bldg.	8,968	68,765	−59	+82
Public wks. construc.	4,777	35,277	−82	−2
Utility construction	8,854	40,190	−35	+91
Kansas City area	25,554	171,940	−62	+28
37 Eastern states	234,426	1,621,673	−65	−36

FINANCE

Member Bank Operations

Demand deposits at weekly reporting member banks in the Tenth District, which had been drawn down considerably in the latter part of April as bank customers made payment for securities purchased during the Second War Loan drive, subsequently regained this decline and by the middle of June had risen to a new record level. Investments of weekly reporting member banks continued to rise sharply up to the middle of May but currently are somewhat below the peak reached at that time because of a reduction in recent weeks in holdings of Treasury bills. Loans increased slightly in the middle of June.

Principal items of condition of 50 member banks:

	June 16 1943	Change from May 19 1943	Change from June 17 1942
	(In thousands of dollars)		
Loans and investments—total	1,509,222	−17,741	+614,840
Loans—total	319,186	−604	−59,247
Coml., indust., agric.*	213,242	−430	−41,704
To security brokers and dealers	3,507	+181	+782
Other to purchase or carry secur.	8,304	−14	−627
Real estate loans	33,732	+407	−1,154
Loans to banks	99	−11	+78
All other loans	60,302	−737	−16,622
Investments—total	1,190,036	−17,137	+674,087
U. S. Treasury bills	182,508	−36,457	+135,565
U. S. Treas. certif. of indebt.	219,419	+4,712	+198,556
U. S. Treasury notes	176,319	+6,682	+85,573
U. S. Govt. bonds	422,629	+7,521	+255,801
Oblig. guar. by U. S. Govt.	57,833	+117	−7,790
Other securities	131,328	+288	+6,382
Reserve with F. R. Bank	366,021	+24,683	+106,884
Balances "due from" banks—net	304,178	−1,947	**
Demand deposits—adjusted	1,057,992	+51,855	+338,146
Time deposits	152,841	+1,452	+18,332
U. S. Govt. deposits	137,292	−48,661	+126,934
Deposits "due to" banks—net	747,318	−812	**

*Includes open market paper previously shown separately.
**Comparable data not available.

Bank Debits

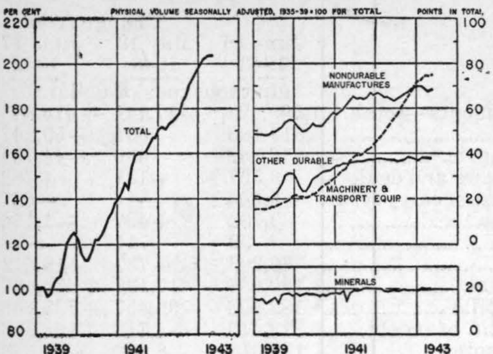
Bank debits in this District in May were 29 per cent greater than in the corresponding month a year earlier. The rate of deposit turnover, however, was lower, amounting to 1.09 times in May as compared with 1.32 times a year ago and reflecting the fact that deposits have increased more than have debits.

Bank debits to deposit accounts in District cities:

	May 1943	5 Mos. 1943	Change from '42 May	Change from '42 5 Mos.
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo.	19,209	107,604	−35	+10
Denver, Colo.	239,958	1,235,141	+17	+23
Gr. Junction, Colo.	5,500	25,743	+45	+37
Greeley, Colo.*	7,388	39,220	+32	....
Pueblo, Colo.	16,448	97,808	+3	+22
Atchison, Kans.	5,109	25,643	+38	+29
Emporia, Kans.	5,920	29,464	+32	+39
Hutchinson, Kans.	19,195	106,900	+56	+58
Independence, Kans.	3,898	21,115	+28	+29
Kansas City, Kans.	33,319	171,699	+38	+44
Lawrence, Kans.	5,477	32,133	+51	+60
Parsons, Kans.*	4,772	26,673	....	....
Pittsburg, Kans.	5,960	35,826	0	+21
Salina, Kans.	16,581	95,956	+61	+71
Topeka, Kans.	31,322	177,544	+42	+58
Wichita, Kans.	134,867	694,523	+61	+66
Joplin, Mo.	13,817	66,096	−15	−22
Kansas City, Mo.	601,985	2,906,257	+32	+38
St. Joseph, Mo.	46,729	245,334	+24	+29
Fremont, Nebr.	5,693	32,473	+39	+65
Grand Island, Nebr.*	13,112	71,065	+69	....
Lincoln, Nebr.	46,533	220,750	+41	+42
Omaha, Nebr.	314,091	1,549,292	+47	+50
Albuquerque, N. M.	26,450	142,409	+21	+30
Bartlesville, Okla.	29,003	161,710	0	+5
Enid, Okla.	14,176	79,381	+20	+25
Guthrie, Okla.	1,807	10,092	+16	+12
Muskogee, Okla.	12,617	73,903	−33	+6
Okla. City, Okla.	143,746	780,864	+16	+26
Okmulgee, Okla.	3,387	16,452	+37	+14
Tulsa, Okla.	199,016	985,003	+26	+17
Casper, Wyo.	7,358	38,410	+35	+14
Cheyenne, Wyo.	13,297	81,294	+32	+51
District, 30 cities	2,022,468	10,246,819	+29	+34
U. S., 274 cities	60,708,000	299,753,000	+26	+28

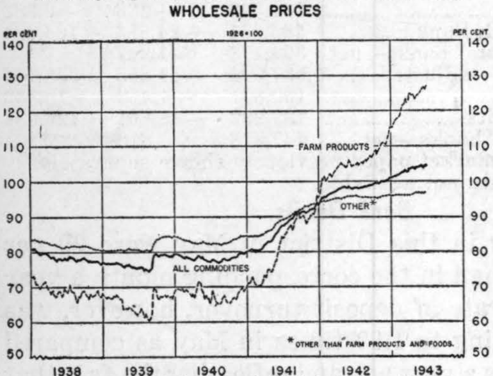
*Not included in total; complete 1942 data not available.

INDUSTRIAL PRODUCTION



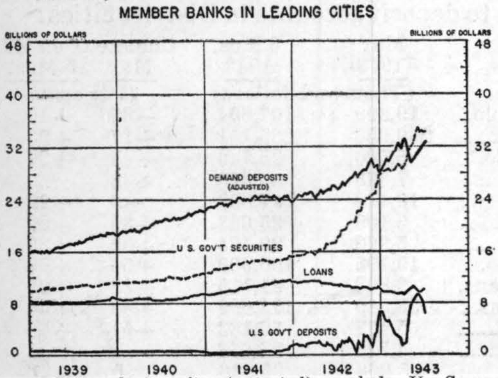
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for May, 1943.

WHOLESALE PRICES



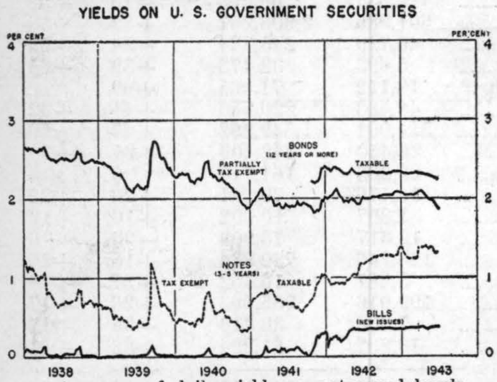
Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending June 12, 1943.

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 June 16, 1943.

YIELDS ON U. S. GOVERNMENT SECURITIES



Averages of daily yields on notes and bonds and average discount on bills offered. Bills are tax-exempt prior to March, 1941; taxable thereafter. Weekly figures, latest shown are for week ending June 19, 1943.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity and retail trade were maintained in large volume during May and the early part of June. Retail prices, particularly foods, increased further in May.

PRODUCTION

Total volume of industrial production, as measured by the Board's seasonally adjusted index, remained in May at the level reached in April. Activity in munitions industries continued to rise, while production of some industrial materials and foods declined slightly. Aircraft factories established a new record in producing 7,000 planes in May.

In most nondurable goods industries there were small increases or little change in activity. Meat production, however, reached a record high level for May reflecting a sharp advance in hog slaughtering. Seasonally adjusted output of other manufactured foods continued to decline. Newsprint consumption showed little change, and publishers' stocks declined further to a 50-day supply on May 31. Consumption for the first five months of 1943 was only 5 per cent below the same period in 1941, whereas a reduction of 10 per cent had been planned.

The temporary stoppage of work in the coal mines at the beginning of May brought production of bituminous coal and anthracite down somewhat for the month. Iron ore shipments on the Great Lakes continued to lag in May behind the corresponding month of 1942.

The value of contracts awarded for construction continued to decline in May, according to reports of the F. W. Dodge Corporation. Total awards were about 65 per cent smaller than in May a year ago.

DISTRIBUTION

During May the value of sales at department stores decreased more than seasonally, and the Board's adjusted index declined 5 per cent. Sales, however, were about 15 per cent above a year ago, and during the first five months of this year showed an increase of 13 per cent over last year. In general, the greatest percentage increases in sales have occurred in the Western and Southern sections of the country where increases in income payments have been sharper than elsewhere.

Freight carloadings advanced seasonally in May but declined sharply in the first week in June, as coal shipments dropped 75 per cent from their previous level, and then recovered in the second week of June as coal production was resumed.

COMMODITY PRICES

Prices of farm products, particularly fruits and vegetables, advanced during May and the early part of June, while wholesale prices of most other commodities showed little change.

Retail food prices showed further advances from the middle of April to the middle of May. On June 10 maximum prices for butter were reduced by 10 per cent and on the 21st of the month retail prices of meats were similarly reduced, with Federal subsidy payments being made to processors.

AGRICULTURE

Prospects for major crops, according to the Department of Agriculture, declined during May while output of livestock products continued in large volume, as compared with earlier years. Indications are that acreage of crops may not be much below last year but that yields per acre will be reduced from the unusually high level of last season.

BANK CREDIT

Excess reserves at all member banks declined from 2 billion dollars in early May to 1.5 billion in the latter part of the month and remained at that general level through the first half of June. As the Treasury expended funds out of war loan accounts which require no reserves, the volume of deposits subject to reserve requirements increased and the level of required reserves rose by 600 million dollars in the four weeks ending June 16, while continued growth of money in circulation resulted in a drain on bank reserves of 400 million dollars. These reserve needs were met in part by Treasury expenditures from balances at the Reserve Banks and in part by Federal Reserve purchases of Treasury bills. Reserve Banks continued to reduce their holdings of Treasury bonds and notes in response to a market demand for these issues.

During the four weeks ending June 16, Treasury bill holdings at member banks in 101 leading cities fluctuated widely, reflecting primarily sales and repurchases on option account by New York City banks in adjusting their reserve positions. Holdings of bonds and notes declined somewhat while certificate holdings increased. Loans to brokers and dealers in securities declined sharply during the period, as repayments were made on funds advanced for purchasing or carrying Government securities during the April War Loan Drive. Commercial loans continued to decline.

Government security prices advanced during May following the close of the Second War Loan Drive, but in the early part of June there were small declines.