

MONTHLY REVIEW

Agricultural and Business Conditions

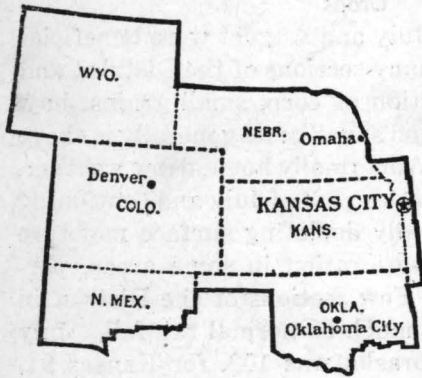
TENTH FEDERAL RESERVE DISTRICT

VOL. 28, No. 8

FEDERAL RESERVE BANK OF KANSAS CITY

AUGUST 31, 1943

Business in the Tenth Federal Reserve District



Recent favorable weather conditions insure a larger corn crop in Nebraska, Kansas, and Missouri than was indicated earlier in the summer. Conditions are the least favorable in Oklahoma where damaging spring floods have been followed by an unusually dry summer.

Buying power is very large, cash farm income being a third higher than a year ago and employment and pay rolls at an all-time high. Notwithstanding difficulty in securing merchandise, department store sales are about 25% higher than last year. Sales of life insurance have recently been gaining rapidly.

Grass-fattened cattle are coming to market in increasing numbers but cattle slaughter in July was 20% under July last year. The opposite is true of hogs as hog slaughter was 62% higher.

Banks continue to gain deposits, and loans are seasonally higher. Investments are more than double a year ago.

JULY 1943 COMPARED WITH JULY 1942						7 MOS. 1943 COMPARED WITH 7 MOS. 1942					
% DECREASE			% INCREASE			% DECREASE			% INCREASE		
40	30	20	10	10	20	30	40	40	30	20	10
BUSINESS INDICATORS											
<i>Finance</i>											
Bank Debits.....											
F. R. Bk. Clearings.....											
Mem. Bk. Loans.....											
Mem. Bk. Invest..... 113											
Demand Deposits.....											
Life Ins. Sales.....											
Failures (Liab.)..... 54											
<i>Trade</i>											
Wholesale Sales.....											
Dept. Store Sales.....											
<i>Marketings</i>											
Wheat..... 88											
Corn.....											
Oats.....											
Cattle.....											
Calves.....											
Hogs..... 62											
Sheep.....											
<i>Production</i>											
Flour.....											
Cattle Slaughter.....											
Calf Slaughter.....											
Hog Slaughter..... 62											
Sheep Slaughter.....											
Crude Petroleum.....											
Bituminous Coal.....											
<i>Construction</i>											
Total Awards.....											
Res. Awards.....											
Value of Permits..... 92											
Lumber Sales.....											
<i>Miscellaneous</i>											
Rainfall.....											
Cash Farm Income*.....											
Employment*.....											
*Latest available											

90

90

52

AGRICULTURE

Farm Land Values

Farm land values for the country as a whole, according to the Department of Agriculture, advanced 3 per cent between March and July of this year, following an increase of 9 per cent during the preceding twelve months. The continued rise in farm land values, of course, reflects principally further gains in farm income resulting from generally favorable prices for farm products and expanding war demands for food. The very large amount of distressed farm real estate overhanging the market up until two years ago has largely been disposed of, and in recent months there has been some tendency for speculative activity to increase in some sections of the country. Purchasing power in the hands of potential buyers is larger than ever before as evidenced by a sharp reduction in farm mortgage indebtedness, the substantial growth of demand deposits at country banks, larger down payments on recent land purchases, and

the increased number of cash transactions. Some improvement in the farm labor situation and in the outlook for adequate supplies of farm machinery appears to have lessened the influence of these two factors for the present in holding down the rise in land values. The desire to avert another land boom and collapse such as occurred following the last war has led to official discussions of means by which to discourage speculative buying, measures under consideration including a capital gains tax that would absorb profits made from the resale of land and restrictions on the use of credit for land purchases.

Crops

Scattered rains in July and August were beneficial to growing crops in many sections of the District, and the indicated production of corn, small grains, hay, dry beans, dry peas, and sugar beets generally is above earlier expectations. Abnormally hot and dry weather, however, during the latter part of July and continuing into August was rapidly depleting surface moisture and causing crop deterioration in some areas, particularly Oklahoma. Few sections of the District in July had received as much as normal rainfall. July precipitation for Nebraska was 102, for Kansas 91, for Missouri 72, and for New Mexico 82 per cent of normal, but in Wyoming it was only 49, in Colorado 64, and in Oklahoma 34 per cent of normal. Weather has been rather dry all season in New Mexico and parts of south-central Colorado, and a serious drought situation has developed in Oklahoma, where cotton was opening prematurely and the lack of moisture has materially reduced the outlook for corn, sorghums, peanuts, and other late crops. The drought in that state, following disastrous spring floods, has resulted in the migration of many workers from eastern Oklahoma to nearby agricultural areas and to the west coast. Water for irrigation in western states of the District generally is abundant but crops in dry-land farming areas have suffered.

Corn production will be below last year in all states of the District, mainly because of lower yields per acre than were obtained under the exceptionally favorable growing conditions which prevailed last year. The corn crop in Nebraska, however, is indicated to be nearly double the average from 1932 to 1941 and that in Kansas more than one-half larger than average, owing in part to the rapidly expanding use of hybrid seed corn which is estimated to yield on the average about 20 per cent heavier than open-pollinated varieties. About 71 per cent of the total 1943 corn acreage in Missouri, 63 per cent in Nebraska, and 30 per cent in Kansas was planted with hybrid seed. In the nation's leading corn state, Iowa, 99 per cent of the entire corn acreage was planted with hybrid seed.

RAINFALL

	July 1943		7 Mos. 1943	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	0.78	1.68	6.99	9.30
Leadville.....	2.65	2.99	13.65	11.53
Pueblo.....	0.98	1.94	6.17	7.58
Lamar.....	2.34	2.64	6.90	10.63
Alamosa.....	1.44	1.17	2.84	3.84
Steamboat Springs.....	0.48	1.72	13.58	14.07
KANSAS				
Topeka.....	4.29	4.27	23.55	20.73
Iola.....	2.26	3.60	30.74	22.91
Concordia.....	1.98	3.78	18.64	17.50
Salina.....	3.30	3.02	18.32	16.95
Wichita.....	6.51	3.38	20.62	19.19
Hays.....	2.83	3.17	9.44	15.10
Goodland.....	2.63	2.63	12.86	11.91
Dodge City.....	0.25	3.14	7.73	13.32
Elkhart.....	3.96	3.02	11.57	10.58
MISSOURI				
St. Joseph.....	2.39	3.78	27.45	22.05
Kansas City.....	3.39	3.82	19.60	21.48
Joplin.....	0.07	4.62	38.22	27.72
NEBRASKA				
Omaha.....	3.90	3.54	18.45	17.34
Lincoln.....	4.39	3.85	15.85	17.64
Norfolk.....	3.67	3.58	14.72	18.06
Grand Island.....	3.04	3.55	10.05	16.67
McCook.....	1.93	3.10	9.15	12.88
North Platte.....	2.10	2.74	10.71	12.58
Bridgeport.....	6.29	1.98	14.12	11.12
Valentine.....	1.25	3.01	10.02	12.60
NEW MEXICO				
Clayton.....	0.62	2.77	4.12	10.36
Santa Fe.....	1.49	2.38	5.57	7.94
Farmington.....	0.58	1.39	4.40	4.90
OKLAHOMA				
Tulsa.....	0.09	3.31	26.65	23.91
McAlester.....	1.31	3.06	27.97	26.55
Oklahoma City.....	0.31	2.86	17.30	18.98
Pauls Valley.....	0.16	2.83	16.68	21.41
Hobart.....	0.83	2.54	12.23	17.19
Enid.....	4.08	2.74	18.59	18.42
Woodward.....	2.07	2.93	11.80	15.63
WYOMING				
Cheyenne.....	1.25	2.10	11.17	10.21
Casper.....	0.29	1.10	5.86	10.06
Lander.....	0.08	0.69	8.13	8.54
Sheridan.....	1.83	1.22	13.23	10.54

The corn crop this year is extremely uneven. Much of the acreage was planted late and a considerable part of it in some areas had to be replanted because of heavy rains and floods. Early planted corn has done exceptionally well but late planted corn has been damaged by recent hot, dry weather and the final outcome will depend on adequate moisture and late frosts.

Department of Agriculture corn estimates:

	Aug. 1 1943	July 1 1943	Final 1942	Aver. '32-'41
	(In thousands of bushels)			
Colorado.....	13,890	12,964	19,138	11,199
Kansas.....	78,120	58,590	90,060	49,683
Missouri.....	117,260	105,985	146,899	105,681
Nebraska.....	233,330	196,488	242,708	119,177
New Mexico.....	2,524	2,524	3,792	2,543
Oklahoma.....	23,112	32,742	35,631	29,501
Wyoming.....	1,484	1,378	2,013	1,834
Seven states.....	469,720	410,671	540,241	319,618
United States.....	2,874,711	2,706,552	3,175,154	2,349,267

Wheat disappearance in the crop year ending July 1, 1943, reached a record level of 1 billion bushels, chiefly the result of an unusually large quantity being fed to livestock which, together with increased use of wheat for industrial alcohol, raised total nonfood uses of wheat to 85 per cent of the amount used for food. Since present wheat supplies are somewhat below a year earlier and consumption is expected to expand further, the Department of Agriculture anticipates that the carry-over of 609 million bushels on July 1 this year may be reduced to about 250 to 300 million bushels by July 1, 1944. A carry-over of this size would be about normal but would also mean that this country no longer would have large reserves to fall back on in the event wheat consumption is maintained at its present high level. Because of this situation, marketing quotas and acreage allotments have been removed and the War Food Administration has asked farmers to increase wheat plantings for the 1944 crop to 68 million acres as compared with about 54 million acres planted for the 1943 wheat crop. The largest increases are sought for Great Plains states where wheat can be grown more efficiently in relation to labor and machinery requirements than other crops. It is emphasized, however, that the expansion in acreage should not be achieved by breaking native sod or plowing up land recently restored to grass cover. The 1944 wheat goal for Kansas is 14,000,000 acres as compared with 10,458,000 acres planted for the 1943 crop, for Oklahoma 5,800,000 against 3,800,000, and for Nebraska 4,100,000 against 3,058,000. These 1944 goals, although high, are below the actual acreages that were planted for the 1937 and 1938 crops. While it is apparent that the United States will not have a large excess of wheat to supply other countries, there are still record exportable surpluses in Canada, Ar-

gentina, and Australia that will be available as the shipping situation eases.

Market prices above the loan rate and more storage space available at terminals than in the preceding two years have tended to restrict the amount of wheat held under loan and to increase the amount of wheat coming to market. Cash wheat prices have been moderately above the loan rate since early in July, the fact that the CCC stands ready to buy wheat whenever the price drops to the loan rate apparently having placed a "floor" under prices. To encourage corn producers to release surplus stocks, the War Food Administration had offered to pay producers the difference between the present and any subsequent ceiling that might be established before October 31. Corn marketings increased sharply just prior to the expiration of this offer on August 10, and processors making corn products for use in direct war production now have adequate stocks of corn on hand. Previous restrictions on corn sales that had been designed to assure such processors adequate supplies have now been removed, but corn receipts again have dropped to negligible proportions and supplies available to feeders, feed manufacturers and mixers, and other commercial users continue extremely limited.

The lower range of Kansas City cash grain prices:

	Aug. 30 1943	July 31 1943	June 30 1943	July 31 1942
No. 1 hd., dk. wheat, bu..	\$1.44½	\$1.39	\$1.38½	\$1.08½
No. 2 mixed corn, bu.....	1.03¾	1.03¾	1.03¾	.82¾
No. 2 white oats, bu.....	.73¾	.70½	.71	.48
No. 2 rye, bu.....	1.06	1.03	1.01	.61½
No. 2 barley, bu.....	1.08	1.08	1.04½	.66
No. 2 white kafir, cwt....	2.54	2.83	2.53	1.51

Livestock

The number of cattle on feed for market in Missouri at the first of August was 5 per cent smaller than a year earlier, in Nebraska 10, and in Kansas 20 per cent less. Last April, Nebraska had 5 and Kansas 16 per cent more cattle on feed for market than a year earlier. The movement of cattle into Corn Belt feed lots in July and early August, however, was far below last year and was relatively small, this situation being especially significant because cattle going to feed lots at this time of year to be finished on grain and roughage normally provide the principal source of fresh beef during the winter and spring months. The greatly curtailed purchases of feeder cattle are reported by trade opinion to be due to losses on current feeding operations, shortages of labor and feed supplies, constantly increasing production costs, uncertainties regarding ceilings on live cattle prices, and dissatisfaction with meat price ceilings which penalize full grain finishing of cattle. Because of the narrow margin between prices of grass-fed and grain-fed cattle and the good gains that could be realized from excellent grass

pastures this summer, operators have been reluctant to place stock on grain feed, giving point to the assertion that the beef cattle industry is being reduced to a grass basis. The chief use for grain for cattle at the present time appears to be for putting cattle into minimum slaughter condition rather than for the production of choice beef as is evidenced by the lighter weight at which fed cattle are being marketed—a factor which in itself already has tended to reduce the supply of beef. Although cattle numbers on farms and ranges are very large and seasonal increases in marketings are adding temporarily to the meat supply, the tendency for cattle to go to immediate slaughter and the restricted movement to feed lots for further finishing have given rise to widespread concern over the possibility of a serious shortage of beef next winter and spring. A similar situation obtains to some degree in the case of lamb feeding operations.

The feed situation recently has become even more critical with demand for any and all kinds of feed intensified in many areas by the drying up of pasture grasses and other green feeds which previously had afforded relief in taking care of immediate needs of dairy and livestock feeders. Available supplies of corn and protein supplemental feeds continue extremely scarce, and the use of wheat for feed currently is at such a high rate that it is feared feed wheat supplies may be exhausted by next spring. A smaller carry-over of feed grains and prospective lower feed grain production this year, together with an increase of 8 to 10 per cent in livestock numbers to be fed during the 1943-44 season unless there is substantial liquidation, point toward a reduction of 16 to 18 per cent in the supply of feed grains per animal. The corn supply per hog is lower than that following the 1936 drought. Ordinarily, under such circumstances the corn-hog ratio would become unfavorable to hog feeding and production, but this normal adjustment cannot be completely accomplished at the present time because of the ceiling on corn prices and the floor on hog prices. The corn-hog ratio has declined sharply from earlier high levels but it still is more profitable to feed corn to hogs than to sell it or feed it to other livestock. To correct this situation, it has been indicated that the corn ceiling may be raised this fall and a three-price system inaugurated whereby dairy-men would pay the lowest price for corn, poultrymen a slightly higher price, and hog feeders the highest price in order to encourage milk and egg production now more urgently needed than lard.

Changes in livestock prices in recent weeks for the most part have reflected usual seasonal influences. Increased marketings, together with a narrow demand for replacement and feeder animals, have been

largely responsible for a further decline in cattle and sheep prices. The full decline on beef steer prices since last spring measures about \$1.45 and on lamb prices \$2.25 a hundredweight. Although there has been some forced selling because of dry weather and dwindling feed supplies, receipts of cattle and sheep at District markets nevertheless continue relatively light, with marketings of cattle considerably below last year. Hog prices had dropped from \$15.65 a hundredweight last spring to \$13.35 early in July under the pressure of peak marketings from the 1942 fall pig crop, but prices subsequently recovered to \$14.75 a hundredweight by the last week of August as receipts lightened. At this level, hog prices appeared to be about equal to the proposed live-hog ceiling.

— Top carlot livestock prices at Kansas City:

	Aug. 30 1943	July 1943	June 1943	July 1942	July 1941	July 1940
	(In dollars per hundredweight)					
Beef steers.....	15.65	16.35	16.50	14.75	12.75	11.50
Stocker cattle.....	14.25	15.25	16.35	13.75	11.65	9.75
Feeder cattle.....	13.50	14.50	15.65	13.25	11.50	10.00
Calves.....	14.00	14.00	15.50	14.50	12.00	9.50
Hogs.....	14.60	14.15	14.25	14.60	11.60	6.80
Spring lambs.....	14.25	15.25	15.85	15.00	11.60	10.75
Slaughter ewes.....	6.75	7.75	8.00	5.75	5.00	3.35

Ranges and pastures in the District dried rapidly in July and August, and reports of stock water shortages have been received from scattered localities in Wyoming, Colorado, and New Mexico and from many sections of Oklahoma. Continuous hot, dry weather caused a drastic decline in the condition of range and pasture feeds in Oklahoma, especially in the eastern third of the state where the acute feed situation is forcing early sales of cattle. Livestock, however, generally is in good condition, and grass cattle this fall are expected to show good weights and finish. Reports indicate that fall marketings of range cattle and sheep will be larger than last year and will be very heavy if the moisture situation should not improve. The contracting of range cattle and lambs for fall delivery to Corn Belt feeders continues very limited. Feed lot operators are reluctant to pay asking prices, and contracting of lambs to go on fall wheat pasture in Kansas has been delayed until wheat prospects are more certain. The 1943 lamb crop in this District was 12 per cent above the average from 1932 to 1941. The lamb crop in Kansas was the largest on record and in Oklahoma the crop also was very large but in other states of the District it was below a year earlier, particularly in New Mexico where there was a marked decrease in both the number of breeding ewes and the number of lambs saved per ewe.

Farm Income

Cash income from farm marketings in the District in June was about one-third higher than a year earlier. Although larger marketings are an important factor

in current gains in farm income, the principal factor is higher prices, the general level of prices received by farmers for farm products being about one-fourth above a year earlier. The 33 per cent increase in farm income for June represented an increase of 26 per cent in returns from livestock and livestock products, which form the bulk of the total in this District, and an increase of 81 per cent in returns from the sale of crops. Income from nearly all crop and livestock items is much above last year, with outstandingly large increases shown in returns from feed grains, wheat, oil-bearing crops, and poultry and eggs. According to the Department of Agriculture, the substantial increase in income recorded for the first half of 1943 may be difficult to maintain throughout the last half of the year. Percentage gains in prices as compared with last year are narrowing appreciably, and marketings of crops in the last half of 1943 are expected to be considerably smaller than in the same period of 1942 and will tend to offset in part an anticipated increase in marketings of livestock. Cash income from farm marketings for the whole country is now estimated at about 19 billion dollars for the entire year 1943. This figure is more than 20 per cent above the previous record of 15½ billion dollars received by farmers for their products last year, is 30 per cent above the 1919 high point at the time of the last war, and is about four times the 1932 depression low.

Department of Agriculture farm income estimates:

	June	6 Mos.	Change from '42	
	1943	1943	June	6 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	15,824	106,418	+24	+41
Kansas.....	52,483	280,879	+50	+53
Missouri.....	52,539	275,371	+29	+34
Nebraska.....	50,509	287,372	+32	+52
New Mexico.....	4,186	34,281	+37	+46
Oklahoma.....	26,049	142,952	+22	+33
Wyoming.....	4,173	24,442	+11	-1
Seven states.....	205,763	1,151,715	+33	+42
United States.....	1,384,510	7,803,460	+29	+35

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in July was 31 per cent larger than a year earlier and sales in the first three weeks of August were about 23 per cent above the preceding year. Stocks of merchandise increased sharply during July and for the second consecutive month have been rising contrary to the usual trend. This contraseasonal expansion in inventories is due to several factors. In an effort to maintain stocks, merchants have placed orders for an abnormally large amount of merchandise. The volume of orders outstanding is nearly three times what it was a year ago and one-fourth larger than actual stocks on hand, and deliveries on such orders recently have been accelerated

somewhat. In addition, manufacturers this year have advanced their production season by several months, with the result that fall goods and even items for Christmas trade were being added to stocks as early as last June and increases in inventories are currently taking place that normally would not appear until later in the year. Inventories now are little below a year earlier although they are equal to only 3.3 months' supply at the current rate of sales as compared with 4.7 months' supply last year. Collections on open charge accounts averaged 70 per cent in July to equal their previous record and instalment collections were at a new high of 36 per cent. Two years ago, open charge account collections had averaged 49 and instalment collections 17 per cent.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	July '43	7 Mos.'43	July 31,'43	July 31,'42
	comp.to July '42	comp.to 7 Mos.'42	comp.to July 31,'42	comp.to July 31,'42
	(Per cent increase or decrease)			
Denver.....	7	+20	+31	-9
Hutchinson.....	3	+42	+39	*
Topeka.....	3	+41	+39	*
Wichita.....	4	+50	+41	*
Joplin.....	3	+30	+11	*
Kansas City.....	8	+30	+28	-4
St. Joseph.....	3	+39	+33
Omaha.....	4	+23	+29	*
Oklahoma City.....	5	+60	+58	+13
Tulsa.....	5	+46	+30	0
Other cities.....	31	+19	+30	+2
District.....	76	+31	+33	-2

*Not shown separately but included in District total.

PRODUCTION

Meat Packing

The slaughter of cattle and calves, as indicated by packers' purchases at leading District markets, increased sharply during July and early August, materially relieving the acute shortage of beef for civilian consumption in many areas. Moreover, with livestock numbers and production at their present record level and beginning to outrun total feed resources and with conditions generally less favorable than during the last few years for holding back cattle for herd building purposes, further expansion in cattle marketings and slaughter appears fairly certain, according to the Department of Agriculture. The slaughter of cattle and calves is still much below last year but that of sheep and lambs is moderately higher and hog slaughter continues exceptionally heavy, July packers' purchases of hogs being 62 per cent greater than a year ago and more than double the July average of the past ten years. Reflecting the recent expansion in cattle marketings and the already high rate of hog and sheep slaughter, United States cold storage stocks of meats and lard increased during July contrary to the usual trend and on August 1 were considerably above average holdings for that date during the past

five years. If the volume of livestock marketings now indicated for the last quarter of the year should materialize, it appears probable that transportation, slaughtering, and processing facilities would be taxed severely. To avoid a market glut, various Government agencies have urged producers to market their livestock, especially hogs and range beef cattle, as soon as the animals attain an adequate finish for slaughter, without waiting for additional weight.

Flour Milling

Southwestern flour milling operations averaged 79 per cent of capacity during July and continued at this rate in the first half of August. Although relatively less heavy than in early months this year, production currently is about 13 per cent higher than a year earlier and about one-fifth above the average of the past ten years. The usual rush to contract flour as the new wheat crop comes onto the market was largely absent this year, but the total volume of flour sold since the first of July nevertheless has been substantial and the backlog of orders on mills' books is indicated to be about one-fourth greater than normal. Bakers, some of whom have already covered their requirements through the first quarter of 1944, have been buying steadily in recent weeks and are reported to be keeping both their commitments and their stocks on hand at high levels to protect themselves in the event wheat prices should rise above the equivalent level of the flour ceilings and mills should be forced, temporarily at least, to withdraw flour quotations. Sales of family flour continue light, due in part to consumer rationing of shortening for home baking. Because of the shortage of corn, flour mills for some time have been pulverizing wheat for livestock feed and grinding wheat into flour grits for manufacture by distillers into alcohol for war purposes. Recently, mills have been processing a number of other new products, one being barley grits for brewers.

Petroleum

Proved crude oil reserves in states of this District continued to decline during the first half of 1943 except in Wyoming where new discoveries and especially extensions of older fields resulted in a substantial increase in reserves. With the exception of Wyoming, the amount of oil added to reserves by discoveries and extensions was only one-fourth of the amount withdrawn in production. The present record rate of consumption thus presents the problem of finding new oil supplies to maintain reserves and at the same time provide the huge amounts of petroleum needed for war purposes and essential civilian activities. The declining trend of crude reserves is due not only to the current low level of drilling activity, resulting from relatively low prices for crude oil, dwindling sup-

plies of manpower, and shortages of equipment, but also and more importantly it reflects a sharp drop in the average initial production of new wells in many areas. In Kansas, for example, 11 per cent more new wells completed this year than last have yielded 56 per cent less new production, while in Oklahoma 15 per cent fewer wells yielded 74 per cent less new oil. Drilling operations, however, have recently tended to expand somewhat, with the number of wells being drilled in Oklahoma about one-third and in Wyoming one-fourth larger than a year ago while in Kansas the number now drilling is about the same as at this time last year. The ratio of reserves to production, expressed in terms of years' supply at the present rate of withdrawal, has increased markedly in Wyoming because of the substantial gain in the physical volume of reserves. There has also been some increase in the ratios for Nebraska and Oklahoma because production in those states is declining more rapidly than reserves at the present time.

Crude reserves reported by the Oil and Gas Journal:

	July 1	Jan. 1	Change	July 1	Jan. 1
	1943	1943	from Jan. 1	1943	1943
	(Thousand barrels)		(%)	(Years' supply)	
Colo., Utah.....	30,728	31,286	-2	13.3	13.5
Kans.....	874,090	896,819	-3	8.0	9.3
Nebr., Mo.....	2,289	2,755	-17	2.5	2.0
N. Mex.....	632,004	649,637	-3	17.3	19.7
Okla.....	1,061,261	1,121,226	-5	8.7	8.2
Wyo.....	475,045	333,393	+42	14.3	10.2
U. S.....	20,404,092	20,675,899	+1
Total.....	3,075,417	3,035,116	-1	14.4	14.9

To satisfy the heavy demand for petroleum, oil fields in the District for the most part are producing at their maximum efficient capacity and in some cases possibly are being drained too rapidly. Production consequently cannot be stepped up without endangering the full recovery of proved reserves. At the same time, a shortage of crude for processing continues as the dominant factor in refinery operations, with crude supplies being allocated on the basis of essential war production and available transportation facilities. Storage stocks of crude above ground have been drawn down further and numerous refineries now are dependent upon current crude production for their operations, having already depleted their working stocks on hand. In addition to war demands for refined products, the summer agricultural demand for gasoline and the industrial and railroad demand for fuel oils have been far greater than anticipated and greatly in excess of supplies. Because of the diversion of equipment to war production, the gasoline inventory position is reported to be unprecedented in tightness, particularly so just prior to the extension of civilian gasoline rationing to middle western and southwestern states in the latter part of August.

Employment

The latest estimates available place total nonagricultural employment in this District about 7 per cent above a year earlier. This is the smallest year-to-year gain for any month since early in 1941. Employment had been increasing very rapidly throughout much of 1941 and 1942, but in the last quarter of 1942 the rapid rise in employment tended to level off and since early in 1943 percentage increases over the preceding year have become progressively smaller. Employment in manufacturing industries alone is 24 per cent greater than a year earlier and the number of workers engaged in transportation and in Government service also is higher, but employment in mining, crude oil production, construction, and in many trade and service lines generally is considerably below last year. The addition of students to the civilian labor force during summer vacation, together with a further increase in the number of women employed, recently has served to offset in part current inductions of men into the armed forces but, even so, the tendency for employment to level off continues to demonstrate the difficulty of increasing employment, both agricultural and nonagricultural, and at the same time meeting the enlarging needs of the armed forces.

Department of Labor estimates of total nonagricultural employment:

	May	April	Change from '42	
	1943	1943	May	April
	(Number)		(Per cent)	
Colorado.....	280,000	282,000	+4	+8
Kansas.....	425,000	428,000	+19	+25
Missouri.....	982,000	975,000	+2	+4
Nebraska.....	275,000	268,000	+23	+21
New Mexico.....	78,300	78,900	-7	-9
Oklahoma.....	372,000	371,000	+5	+5
Wyoming.....	60,500	59,000	+4	+7
Seven states.....	2,472,800	2,461,900	+7	+9
United States.....	38,262,000	38,336,000	+5	+7

FINANCE

Member Bank Operations

Loans at weekly reporting member banks in the Tenth District increased somewhat further between the middle of July and the middle of August and have risen about 9 per cent from their low point of last June. The volume of loans, however, is still about 10 per cent under a year ago and is far below the high point reached near the end of 1941. Investments and deposits continue to rise to new record levels, with demand deposits more than 40 per cent greater than a year earlier and investments nearly double what they were at this time last year. The goal for the Third War Loan drive starting September 9 has been set at 15 billion dollars, all of which amount is to be secured from subscribers other than commercial banks. Shortly after the drive closes, a 2 per cent bond and a 7/8 per cent certificate of indebtedness are to be of-

ferred for subscription by commercial banks. In keeping with the objective of confining sales during the drive to nonbanking investors only, commercial banks have been requested not to buy in the market the issues offered in the drive until the books for the later bank subscriptions have been closed.

Principal items of condition of 50 member banks:

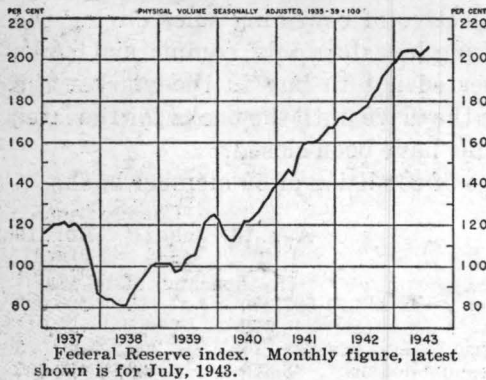
	Aug. 18 1943	Change from	
		July 21 1943	Aug. 19 1942
(In thousands of dollars)			
Loans and investments—total.....	1,597,370	+27,845	+584,245
Loans—total.....	340,379	+2,355	-38,611
Coml., indust., agric.....	228,771	+3,208	-27,003
To security brokers and dealers.....	3,359	+6	-497
Other to purchase or carry secur.....	7,996	-46	-649
Real estate loans.....	42,026	+268	+7,025
Loans to banks.....	0	-76	-12
All other loans.....	58,227	-1,005	-17,475
Investments—total.....	1,256,991	+25,490	+622,856
U. S. Treasury bills.....	164,540	-14,997	+88,103
U. S. Treas. certif. of indebt.....	251,100	+32,563	+188,555
U. S. Treasury notes.....	234,974	+7,108	+136,123
U. S. Govt. bonds.....	430,905	+2,547	+220,907
Oblig. guar. by U. S. Govt.....	51,636	-10	-12,604
Other securities.....	123,836	-1,721	+1,772
Reserve with F. R. Bank.....	371,443	+11,411	+75,765
Balances "due from" banks—net.....	294,327	-5,597	-46,908
Demand deposits—adjusted.....	1,101,962	+22,801	+326,291
Time deposits.....	163,377	+6,263	+25,320
U. S. Govt. deposits.....	128,624	-9,150	+83,569
Deposits "due to" banks—net.....	784,534	+15,390	+174,198

Bank Debits

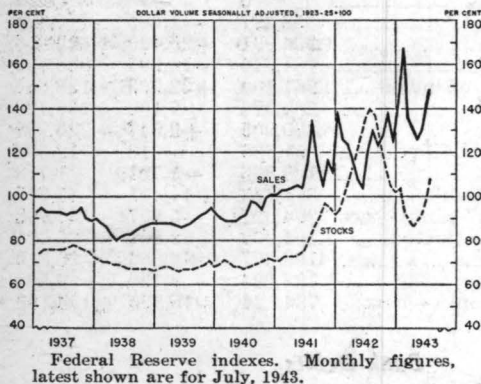
	July	7 Mos.	Change from '42	
	1943	1943	July	7 Mos.
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo.....	23,072	151,638	-16	-3
Denver, Colo.....	260,774	1,760,277	+7	+20
Gr. Junction, Colo.....	5,302	36,129	+35	+35
Greeley, Colo.*.....	6,855	53,095	+34
Pueblo, Colo.....	21,603	138,183	-3	+14
Atchison, Kans.....	6,400	37,736	+22	+30
Emporia, Kans.....	5,534	39,950	+25	+36
Hutchinson, Kans.....	29,796	158,829	+20	+46
Independence, Kans.....	5,531	31,319	+63	+35
Kansas City, Kans.....	35,696	245,170	+22	+38
Lawrence, Kans.....	6,321	44,820	+28	+54
Parsons, Kans.*.....	5,525	37,714
Pittsburg, Kans.....	6,978	49,938	+5	+18
Salina, Kans.....	32,494	150,977	+21	+60
Topeka, Kans.*†.....	66,660	376,517	+40
Wichita, Kans.....	173,501	1,040,694	+60	+66
Joplin, Mo.....	13,721	93,725	-4	-20
Kansas City, Mo.....	643,851	4,153,322	+26	+35
St. Joseph, Mo.....	51,632	344,350	+24	+27
Fremont, Nebr.....	6,083	44,982	+30	+56
Grand Island, Nebr.*.....	11,916	95,511	+15
Lincoln, Nebr.....	47,283	311,738	+22	+35
Omaha, Nebr.....	345,312	2,218,996	+41	+45
Albuquerque, N. M.....	28,751	201,297	+7	+25
Bartlesville, Okla.....	33,071	230,666	+5	+7
Enid, Okla.....	23,100	118,881	+23	+24
Guthrie, Okla.....	1,889	13,952	+2	+12
Muskogee, Okla.....	14,617	104,347	-30	-7
Okla. City, Okla.....	157,616	1,095,347	+6	+23
Okmulgee, Okla.....	4,417	24,719	+61	+23
Tulsa, Okla.....	221,462	1,425,206	+36	+22
Casper, Wyo.....	8,502	56,445	-4	+11
Cheyenne, Wyo.....	15,163	114,059	+17	+45

District, 29 cities..... 2,229,472 14,437,692 +24 +31
 U. S., 334 cities.....65,348,000 428,334,000 +23 +27
 *Not included in total; data prior to May, 1942, not available.
 †Figures include additional banks reporting since May, 1942.

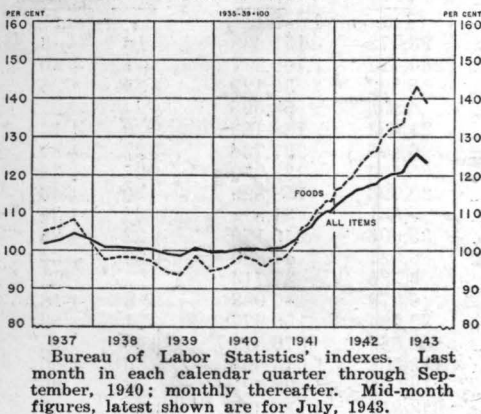
INDUSTRIAL PRODUCTION



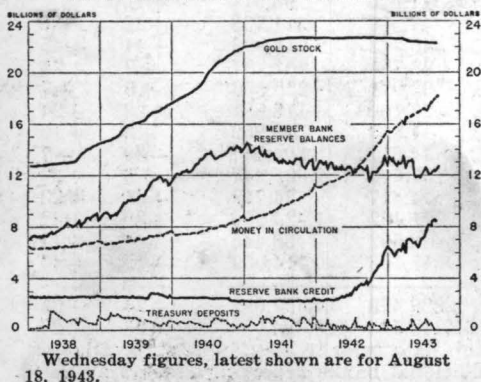
DEPARTMENT STORE SALES AND STOCKS



COST OF LIVING



MEMBER BANK RESERVES AND RELATED ITEMS



NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial production advanced to a new high level in July following a slight decline in June, both of the changes reflecting chiefly fluctuations in coal production. Maximum food prices were reduced recently with a consequent slight decline in cost of living in July. Retail sales continued in large volume.

INDUSTRIAL PRODUCTION

Industrial activity increased in July, reflecting a large rise in mineral production. Output at coal mines advanced sharply from the reduced level in June, production of crude petroleum increased, and iron ore shipments reached the highest monthly rate on record.

In manufacturing industries, output of most durable products and chemicals continued to increase in July, reflecting chiefly a further rise in production of munitions. At meat-packing plants and cigarette factories production was also larger in July. Output of leather and textile products had shown small decreases in June and further declines occurred in July. Activity in most other nondurable goods industries showed little change from June to July.

The decline in the value of construction contracts awarded continued during July, according to reports of the F. W. Dodge Corporation. Most of the decline is accounted for by a drop in awards for publicly-financed industrial facilities and for public works and utilities.

DISTRIBUTION

Value of retail sales declined less than seasonally in July and continued substantially larger than a year ago. During the first six months of this year sales had averaged about 12 per cent larger than in the corresponding period of 1942 and in July the increase was somewhat greater. The higher level of sales this year as compared with last year reflects for the most part price increases. In the first half of August sales at department stores increased by about the usual seasonal amount.

Freight carloadings rose sharply in July and were maintained at a high level during the first half of August. Total loadings were 10 per cent higher than the previous month owing to the largest volume of coal transported in many years and shipments of grain and livestock showed a considerable increase over June.

COMMODITY PRICES

The general level of wholesale commodity prices showed little change in July and the early part of August.

The cost of living declined somewhat from June 15 to July 15, according to Bureau of Labor Statistics' data. Food prices declined by 2 per cent as a result of reductions in maximum prices for meats and seasonal declines in prices of fresh vegetables from earlier high levels.

AGRICULTURE

General crop prospects improved somewhat during July, according to Department of Agriculture reports. Forecasts for the corn and wheat crops were raised 6 per cent. Production expected for corn and other feed grains, however, is 10 per cent less than last year and for wheat is 15 per cent less than the large crop of 1942. Milk production in July was as large as the same period a year ago, while output of most other livestock products was greater.

BANK CREDIT

The average level of excess reserves at all member banks, which had been about 1.5 billion dollars in mid-July, declined to 1.2 billion in the latter part of the month and continued at that level during the first two weeks of August. There was some further decrease of excess reserves at reserve city banks, but most of the decline occurred at country banks, where there had previously been little change. Two factors were principally responsible for the decline in excess reserves: an increase in deposits subject to reserve requirements, as funds expended by the Treasury from war loan accounts returned to the banks in other accounts; and a growth of over 500 million dollars in money in circulation. During the four weeks ending August 18 additional reserve funds were supplied to member banks by an increase of 580 million dollars in Reserve Bank holdings of Government securities, principally Treasury bills bought with option to repurchase.

During the four weeks ending August 11, member banks in 101 leading cities increased their holdings of Government securities other than Treasury bills by almost 800 million dollars. Of this amount, 570 million represented allotments to banks of new certificates of indebtedness issued in early August. Bill holdings declined as member banks made sales to adjust their reserve positions. Commercial loans increased somewhat over the four-week period, but other loans declined.