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MONTHLY REVIEW

Agricultural and Business Conditions

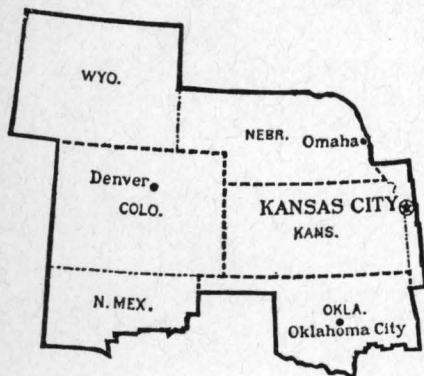
TENTH FEDERAL RESERVE DISTRICT

VOL. 28, No. 9

FEDERAL RESERVE BANK OF KANSAS CITY

SEPTEMBER 30, 1943

Business in the Tenth Federal Reserve District



Drought and abnormally high temperatures in August materially reduced the corn crop in many sections of this District, while continued dry weather in September was unfavorable for fall planting of winter wheat.

Marketings of livestock recently have been very large because of the critical feed situation, especially in Oklahoma, and livestock slaughter has been correspondingly heavy. Livestock prices have declined, while prices of wheat and most feed grains have advanced sharply.

The rising trend of employment and pay rolls, farm income, and department store sales recently has tended to level off, and previous substantial gains over the preceding year are narrowing somewhat.

Bank deposits of individuals and corporations declined near the middle of September during the Third War Loan drive but the decline was more than offset by gains in Government deposits.

AUGUST 1943 COMPARED WITH AUGUST 1942					BUSINESS INDICATORS	8 MOS. 1943 COMPARED WITH 8 MOS. 1942					
% DECREASE		% INCREASE				% DECREASE		% INCREASE			
40	30	20	10	10		20	30	40	40	30	20	10
					Finance						
					..... Bank Debits.....					
					..... F. R. Bk. Clearings.....					
					..... Mem. Bk. Loans.....					
					..... Mem. Bk. Invest.....	130				
					..... Demand Deposits.....					
					..... Life Ins. Sales.....					
100					..... Failures (Liab.).....	57				
					Trade						
					..... Wholesale Sales.....					
					..... Dept. Store Sales.....					
					Marketings						
					..... Wheat.....	82				
					..... Corn.....					
					..... Oats.....	59				
					..... Cattle.....					
					..... Calves.....					
					..... Hogs.....	54				
					..... Sheep.....					
					Production						
					..... Flour.....					
					..... Cattle Slaughter.....					
					..... Calf Slaughter.....					
					..... Hog Slaughter.....	51				
					..... Sheep Slaughter.....					
					..... Crude Petroleum.....					
					..... Bituminous Coal.....					
					Construction						
					..... Total Awards.....	68				
					..... Res. Awards.....					
					..... Value of Permits.....					
					..... Lumber Sales.....					
					Miscellaneous						
					..... Rainfall.....					
					..... Cash Farm Income*.....					
					..... Employment*.....					

*Latest available

POPULATION CHANGES

Preliminary estimates of the civilian population on March 1, 1943, based on the number of persons registering for War Ration Book Two, February 23 to 26, have recently been released by the Bureau of the Census. The estimates for states in this District and for metropolitan counties or groups of counties, listed under the names of the central cities, are shown in the table below. The estimates are comparable to those for May 1, 1942, that had been based on registrations for War Ration Book One. It is recognized by the Bureau of the Census that these population estimates are not necessarily accurate for every area and, of course, they do not reflect any changes that have taken place since last March.

Bureau of the Census civilian population estimates:

	CIVILIAN POPULATION			1943	
	Mar. 1	May 1	Apr. 1	Change from	
	1943	1942	1940	1942	1940
	(In thousands)			(%)	
STATES					
Colorado.....	1,058	1,089	1,119	-3	-5
Kansas.....	1,707	1,718	1,789	-1	-5
Missouri.....	3,582	3,735	3,784	-4	-5
Nebraska.....	1,198	1,243	1,313	-4	-9
New Mexico.....	490	521	531	-6	-8
Oklahoma.....	2,103	2,171	2,330	-3	-10
Wyoming.....	229	232	245	-1	-7
METROPOLITAN COUNTIES					
Denver.....	405	396	381	+2	+6
Pueblo.....	74	74	69	0	+7
Topeka.....	86	80	91	+8	-5
Wichita.....	190	178	143	+7	+33
Kansas City.....	687	661	656	+4	+5
St. Joseph.....	81	83	94	-2	-14
Lincoln.....	96	98	101	-2	-5
Omaha.....	306	316	313	-3	-2
Oklahoma City.....	265	216	244	+23	+9
Tulsa.....	208	210	193	-1	+8

According to these estimates, the civilian population in states of this District continued to decline between May 1, 1942, and March 1, 1943, and except for Kansas and Wyoming the rate of decline exceeded that for the country as a whole. During this ten-month period, the net loss in civilian population in this District measured about 3 per cent while the decrease for the United States amounted to about 2 per cent. The faster rate of decline in this area, however, was not nearly so pronounced as it had been previously. Between April 1, 1940, and May 1, 1942, the civilian population had dropped about 4 per cent in this region but had been virtually unchanged for the country as a whole, and the total decrease since the decennial census date in 1940 measures 7 per cent for this area as against a national decrease of only 2 per cent. The prime reason, of course, for the decrease in civilian population is the fact that withdrawals to the armed forces have greatly exceeded the natural increase in population, but the marked decline in this District has also been due in part to the movement of workers to industrial centers in other

sections of the country, particularly between 1940 and 1942 before war plant construction and expansion got well under way in this region which is predominantly agricultural in character.

At the same time that states in this District have lost population, temporarily at least, to other sections of the country and to the armed forces, a number of metropolitan areas within the District have gained rather heavily in civilian population because of the shifting of workers from the smaller towns and rural areas to centers of more than average wartime activity in connection with aircraft factories, munitions plants, and other heavy industry. Between May 1, 1942, and March 1, 1943, the civilian population of the metropolitan county or groups of counties containing Denver, Wichita, and Kansas City continued to increase, and there were marked increases for the Oklahoma City and Topeka areas which previously had shown declines. Since 1940, by far the greatest gain has occurred in the Wichita area, where the civilian population has increased one-third, according to these estimates. The previous rise in population in the Pueblo area leveled off during the ten months ending March 1, 1943, and there was some decline in the Omaha and Tulsa areas in contrast with earlier gains, while St. Joseph and Lincoln continued to lose civilian population.

COST OF LIVING

The cost of living for city workers, according to indexes compiled by the Bureau of Labor Statistics, has now declined for three successive months, following a rapid rise in the preceding two and a half years. The indexes, which are based on the cost of goods purchased by wage earners and lower-salaried workers in large cities and which include such items as food, clothing, rent, fuel and utilities, housefurnishings, and a large group of miscellaneous goods and services, are shown in the accompanying table. Kansas City and Denver are the only cities in this District surveyed on all items of the index.

Since last May, the cost of living in urban areas has shown a rather pronounced decline, dropping back to approximately the level of last March. This sustained decrease, the first important decline since the cost of living began to rise rapidly early in 1941, has been due to reductions in recent months in food costs, principally fresh vegetables and meats. Retail food prices as a group declined about 4 per cent during the three months ending August 15, this decline more than counterbalancing some further increase in the costs of other goods and services. The cost of living in large cities, however, on the average is still about 5 per cent above a year earlier and 22 per cent above

the level of January, 1941. Percentage changes for Kansas City and Denver are quite similar to the average of all large cities. Since early in 1941, food costs have risen about 40 per cent, clothing 28, and housefurnishings 25 per cent, while miscellaneous goods and service costs show a relatively small gain of 14, fuel and utilities 7, and rent of only 3 per cent. The Bureau of Labor Statistics also surveys food costs in Omaha and Wichita. Food costs in Omaha have risen 34 and in Wichita 50 per cent since January, 1941.

Department of Labor cost of living indexes:

	Kansas City	Denver	Large U. S. Cities (1935-1939 Average=100)
1941—January 15.....	98.2	99.6	100.8
March 15.....	99.2	99.9	101.2
June 15.....	101.8	102.9	104.6
September 15.....	105.4	106.0	108.1
December 15.....	108.7	109.4	110.5
1942—March 15.....	112.9	113.2	114.3
June 15.....	114.1	115.7	116.4
July 15.....	113.8	116.0	117.0
August 15.....	114.9	116.3	117.5
September 15.....	114.7	117.2	117.8
October 15.....	116.4	117.8	119.0
November 15.....	117.0	118.5	119.8
December 15.....	117.7	119.5	120.4
1943—January 15.....	117.8	119.6	120.7
February 15.....	118.7	120.3	121.0
March 15.....	120.7	121.8	122.8
April 15.....	122.2	122.5	124.1
May 15.....	122.5	124.4	125.1
June 15.....	121.9	123.5	124.8
July 15.....	120.7	122.6	123.8
August 15.....	120.7	121.0	123.2

AGRICULTURE

Crops

Some sections of the District received good rains in the first week of September and the weather subsequently turned cool, but many late crops already were too far gone to be benefited materially and nearly all sections of the District late in September were still dry. Unusually hot and dry weather that had developed over much of the District during the latter part of July continued through August, materially lowering prospective yields of corn, grain sorghums and a number of other late crops. August weather consequently was decidedly less favorable for growing crops than it was last year when rainfall generally had been ample to abundant. Crop damage was most pronounced in Nebraska and Kansas but there was considerable further deterioration in Oklahoma and New Mexico, where the general crop outlook is markedly less favorable than in other sections of the District because of adverse weather conditions that have prevailed throughout much of the growing season, with most late crops in Oklahoma now severely damaged or destroyed. In many areas, small grains were being cut for hay and corn for fodder and silage in order to salvage as much feed as possible from the damaged crops. Crop conditions on the whole are

most promising in Colorado. August rainfall in Colorado was 129 per cent of normal, while in Wyoming it was 86, New Mexico 92, Nebraska 63, Kansas 72, Missouri 65, and in Oklahoma only 25 per cent of normal. The critical situation in Oklahoma is indicated by the fact that rainfall for that state for the three summer months, June through August, was only 47 per cent of normal.

Corn prospects declined sharply in Nebraska and Kansas during August and there was some further decline in Oklahoma. As a result, corn production in states of this District at the first of September was indicated to be about one-fifth less than last year although still nearly one-third above the average from 1932 to 1941. In Nebraska, moisture reserves were virtually exhausted by mid-August, and the corn crop deteriorated very rapidly from abnormally high temperatures during the last week of the month. Early corn in Kansas and Oklahoma was largely made before the hot, dry weather set in, but late planted corn

	RAINFALL			
	Aug. 1943		8 Mos. 1943	
	Total	Normal	Total	Normal
(In inches)				
COLORADO				
Denver.....	0.82	1.43	7.81	10.73
Leadville.....	4.41	2.44	18.06	13.97
Pueblo.....	1.20	1.82	7.37	9.40
Lamar.....	1.75	2.02	8.65	12.65
Alamosa.....	1.79	1.00	4.63	4.84
Steamboat Springs.....	1.42	1.77	15.00	15.84
KANSAS				
Topeka.....	2.10	4.08	25.65	24.81
Iola.....	1.47	3.64	32.21	26.55
Concordia.....	0.71	2.91	19.35	20.41
Salina.....	1.68	3.40	20.00	20.35
Wichita.....	1.95	3.13	22.57	22.32
Hays.....	2.69	3.14	12.13	18.24
Goodland.....	3.22	2.56	16.08	14.47
Dodge City.....	2.62	2.67	10.35	15.99
Elkhart.....	4.10	2.15	15.67	12.73
MISSOURI				
St. Joseph.....	1.52	3.83	28.97	25.88
Kansas City.....	1.90	3.54	21.50	25.02
Joplin.....	1.10	3.97	39.32	31.69
NEBRASKA				
Omaha.....	1.68	3.05	20.13	20.39
Lincoln.....	2.31	3.57	18.16	21.21
Norfolk.....	1.61	3.43	16.33	21.49
Grand Island.....	2.29	3.52	12.34	20.19
McCook.....	1.32	2.57	10.47	15.45
North Platte.....	1.79	2.39	12.50	14.97
Bridgeport.....	0.37	1.71	14.49	12.83
Valentine.....	2.02	2.17	12.04	14.77
NEW MEXICO				
Clayton.....	1.85	2.25	5.97	12.61
Santa Fe.....	2.18	2.28	7.75	10.22
Farmington.....	0.69	1.22	5.09	6.12
OKLAHOMA				
Tulsa.....	1.23	3.21	27.88	27.12
McAlester.....	Trace	3.54	27.97	30.09
Oklahoma City.....	0.77	2.89	18.07	21.87
Pauls Valley.....	0.11	2.72	16.79	24.13
Cloud Chief.....	0.59	3.14	12.82	20.33
Enid.....	0.84	3.48	19.43	21.90
Woodward.....	1.21	2.68	13.01	18.31
WYOMING				
Cheyenne.....	1.11	1.55	12.28	11.76
Casper.....	0.09	0.96	5.95	11.02
Lander.....	0.14	0.53	8.27	9.07
Sheridan.....	1.88	0.91	15.11	11.45

was seriously damaged. Drought also damaged corn in the dry land areas of Colorado and other western states of the District, but irrigated corn in those states is exceptionally promising. In contrast with the situation in much of this District, above normal temperatures were highly beneficial to corn in northern Missouri and other parts of the Corn Belt where moisture supplies were generally adequate or rainfall timely enough to promote rapid development of a crop that had made an unusually late start, and corn prospects for the country as a whole are above earlier expectations and only 6 per cent under last year.

Department of Agriculture corn estimates:

	Sept. 1 1943	Aug. 1 1943	Final 1942	Aver. '32-'41
	(In thousands of bushels)			
Colorado.....	13,427	13,890	19,138	11,199
Kansas.....	68,355	78,120	90,060	49,683
Missouri.....	133,045	117,260	146,899	105,681
Nebraska.....	180,114	233,330	242,708	119,177
New Mexico.....	2,524	2,524	3,792	2,543
Oklahoma.....	21,186	23,112	35,631	29,501
Wyoming.....	1,431	1,484	2,013	1,834
Seven states.....	420,082	469,720	540,241	319,618
United States.....	2,985,267	2,874,711	3,175,154	2,349,267

Seedbed preparation and the planting of winter wheat for the 1944 crop was progressing slowly in September except in local areas that received sufficient rain to condition the soil and insure germination. Prospects for winter wheat pasture in western Kansas for fall and winter grazing generally are poor. Dry soil conditions have been unfavorable for seeded wheat and there has been only a limited growth of volunteer wheat. Because wartime demands for wheat have cut deeply into the nation's surplus, with wheat being used in unprecedented amounts for livestock feed and for industrial alcohol, farmers in the main producing sections of the wheat belt have been asked to expand their acreage sharply. The 1944 wheat goal for Kansas has been set at 14 million acres as compared with an actual seeded acreage of about 10.5 million acres for the 1943 crop. The goal for Oklahoma is 5.8 million acres as against 3.8 million seeded for this year's crop and for Nebraska 4.1 against about 3.1 million acres.

Cash wheat prices advanced sharply late in August and continued to rise in September. Wheat marketings had been very large during the early part of August but a strong holding policy by producers developed toward the end of the month, since which time receipts have been inadequate to meet current trade needs and terminal elevator stocks have had to be drawn upon heavily despite the fact that the rise in wheat prices and the apparent squeeze between wheat prices and flour ceilings currently is holding mill buying of wheat to a low level. Wheat prices recently have been strengthened in part by large Government

purchases in the open market of wheat to be fed livestock and cash wheat prices now are considerably above the loan rate, but the market premium over the loan has failed to attract wheat to market in increased volume. Receipts of corn on the open market continue negligible, and the lack of corn has steadily intensified demand for other feed grains as a substitute. Although marketings of feed grains other than corn have been very heavy, prices of these grains nevertheless have advanced strongly.

The lower range of Kansas City cash grain prices:

	Sept. 28 1943	Aug. 31 1943	July 31 1943	Aug. 31 1942
No. 1 hd., dk. wheat, bu..	\$1.48	\$1.44¼	\$1.39	\$1.14½
No. 2 mixed corn, bu.....	1.03¾	1.03¾	1.03¾	.81
No. 2 white oats, bu.....	.79½	.74	.70½	.48½
No. 2 rye, bu.....	1.13	1.06½	1.03	.64
No. 2 barley, bu.....	1.15	1.08½	1.08	.63
No. 2 white kafir, cwt....	2.52	2.56	2.83	1.48

Livestock

The downtrend since last spring in cattle and sheep prices recently has tended to level off somewhat. Prices of beef steers and lambs strengthened appreciably from August lows, and near the middle of September prices were higher than at any time since early in July. Prices subsequently declined, however, as marketings continued to expand seasonally, and beef steer and lamb prices dropped back to the low point that had been reached in August. Marketings of sheep and lambs have been unusually heavy. Cattle receipts had not been especially large in August but by late September there were reports of very heavy runs at a number of District markets, particularly in Oklahoma where the feed situation is most critical. Hog prices, responding to seasonal decreases in marketings, continued to advance from their July low of \$13.35 a hundredweight at Kansas City, reaching \$14.95 in the third week of September as compared with \$15.65 last spring. At their low point last July, hog prices were down to the Government support level, while prices recently had been above the ceiling which will become effective October 4. The ceiling price on live hogs at Kansas City will be \$14.50 a hundredweight. Hog marketings for several weeks have contained an unusually large proportion of brood sows and unfinished lightweight hogs, indicating some liquidation in advance of the live hog price ceiling as well as increasing difficulty in securing feed.

Top carlot livestock prices at Kansas City:

	Sept. 28 1943	Aug. 1943	July 1943	Aug. 1942	Aug. 1941	Aug. 1940
	(In dollars per hundredweight)					
Beef steers.....	15.85	16.10	16.35	16.25	12.75	12.25
Stocker cattle.....	13.00	13.90	15.25	14.25	12.50	10.40
Feeder cattle.....	13.25	14.25	14.50	14.30	11.50	10.50
Calves.....	14.00	14.00	14.00	14.00	12.50	10.00
Hogs.....	14.50	14.75	14.15	14.80	12.05	7.20
Spring lambs.....	13.50	14.85	15.25	15.00	12.10	9.75
Slaughter ewes.....	6.00	7.50	7.75	6.50	5.25	3.75

The critical feed situation had been greatly intensified in many sections of the District during August by the drying up of pastures and other green feeds. Early September rains helped to relieve drought conditions in local areas of the southwest but otherwise the feed situation is about unchanged, with supplies of all feedstuffs exceedingly scarce and demand more urgent than ever as all classes of users were attempting to accumulate stocks for winter needs. The outlook for winter wheat pasture generally is unfavorable, dry weather so far having prevented the seeding and growth of fall sown grains. Supplies of hay and feed grains, although large, are small in relation to livestock numbers to be fed. The surpluses of recent years have disappeared and efficient utilization of available supplies seemingly requires the discontinuance of liberal feeding of livestock. Feeding margins on cattle have widened somewhat in recent months because of sharper price declines on stocker and feeder grades than on slaughter cattle, but the relatively narrow feeding margin that still obtains, together with prospective higher feed costs and the scarcity of feed, largely eliminates profitable returns from the usual full feeding practices. Under present corn and hog prices, farmers who have corn can make more money feeding it to hogs than they can by selling the grain or feeding it to dairy cattle and poultry to maintain milk, egg, and poultry production. Because prospective feed supplies are estimated by the War Food Administration to justify a spring pig crop next year of only about 61 million head as compared with 74 million this year, the support price for hogs will be reduced and will be restricted to lighter weight hogs, effective October 1, 1944, when next year's spring pig crop will be moving to market. Feed supplies for the current season are not well distributed, according to the Department of Agriculture, and since transportation is difficult and price ceilings tend to increase the proportion of feed fed on farms where produced, there will probably be more than the usual tendency for each area to adjust livestock to the feed supply available locally. Late in September, all of Oklahoma except the panhandle was designated a drought area to give feed users emergency priorities on feed supplies.

Ranges in the eastern parts of Wyoming and Colorado and in western Nebraska and Kansas are dry but carry a good growth of cured grass, while in other sections of Wyoming, in Oklahoma, and in much of New Mexico the growth of range feed is very short, with stock water shortages reported from many localities. August rains improved ranges in the central and western sections of Colorado and in local areas of New Mexico, but elsewhere in the District there has

been a marked decline in range conditions, particularly in Oklahoma where the lack of feed and stock water caused considerable loss of weight in cattle and forced heavy early marketings. For the most part, however, cattle and sheep are in good condition and are expected to show good weight and finish when marketed this fall. Reports continue to point toward larger marketings this fall than last because of dry ranges, high feed prices, the scarcity of concentrate feeds, and labor shortages. Contracting of range cattle and lambs for fall delivery to feeders was virtually at a standstill at the middle of September. Growers expect to cull their cattle herds and sheep flocks closely this fall and have lowered asking prices somewhat but Kansas wheat pasture operators are delaying purchases until the wheat pasture situation becomes better known and feed lot buyers are reluctant to make commitments because of the uncertainty in the feed outlook and because they anticipate that asking prices may be lowered further.

Wool

The 1943 wool clips in Wyoming and Colorado were little different from the huge clips secured in 1942 but in New Mexico a marked decrease in both the number of sheep shorn and the average weight per fleece caused production to drop somewhat. Wool production increased considerably in Kansas and Nebraska, where there were large increases in the number of sheep shorn. The average price received by farmers during the first five months of the 1943 season, April through August, was slightly higher than a year earlier. Prices received by farmers for the 1943 wool clip are the highest since 1920 and are nearly double the average price received for the 1939 clip, before prices were affected by the strong wartime demand for wool. Reflecting large military requirements for wool fabrics, mill consumption of apparel wool reached the unprecedented level of 1.1 billion pounds, grease basis, during the twelve months ending last June and is expected to continue at peak or near peak levels through 1943, with some shift of consumption from military to civilian use, depending upon machinery and manpower capacity available.

Department of Agriculture shorn wool estimates:

	WOOL PRODUCTION			SHEEP SHORN		
	1943	1942	'32-'41	1943	1942	'32-'41
	(Thousand pounds)			(Thousand head)		
Colorado.....	14,834	14,896	13,105	1,752	1,797	1,602
Kansas.....	6,990	5,921	3,851	820	697	503
Missouri.....	10,190	11,052	8,745	1,554	1,594	1,294
Nebraska.....	4,744	4,086	3,005	569	490	374
New Mexico.....	15,267	16,726	16,242	1,972	2,103	2,197
Oklahoma.....	3,194	3,071	1,936	363	370	232
Wyoming.....	33,340	33,320	30,966	3,402	3,435	3,260
Seven states.....	88,559	89,072	77,850	10,432	10,486	9,462
United States...	376,822	392,373	365,589	47,674	49,784	45,691

Farm Income

Cash income from farm marketings in the District in July was 26 per cent above a year earlier. This increase, although large, was the smallest year-to-year gain for any month so far in 1943. The substantially greater increases in farm income shown for earlier months this year were due to very large crops in 1942, partly marketed in the early months of 1943, and to larger percentage gains in prices over the preceding year than currently prevail. The general level of prices received by farmers, for example, at the middle of June had been 26 per cent above a year earlier but by the middle of August it was only 18 per cent above last year. Farm income in Oklahoma during July dropped considerably under a year ago as income from the sale of crops in that state was little more than half that of last year, owing in part to very unfavorable growing conditions this season.

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

	July	7 Mos.	Change from '42	
	1943	1943	July	7 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	19,503	125,921	+40	+41
Kansas.....	91,675	372,554	+32	+47
Missouri.....	59,849	335,220	+28	+33
Nebraska.....	66,241	353,613	+57	+53
New Mexico.....	5,976	40,257	+21	+42
Oklahoma.....	41,627	184,579	-15	+18
Wyoming.....	4,717	29,159	+20	+2
Seven states.....	289,588	1,441,303	+26	+39
United States.....	1,543,954	9,347,414	+27	+33

DEPARTMENT STORE TRADE

Department store sales in this District increased less than is usual during August, some slowing in the abnormally high rate of consumer buying being attributed by trade reports to improvement in the outlook for available supplies of civilian goods, the relative absence of usual summer clearance sales, and the recent tendency toward greater stability in prices and living costs. Dollar volume of August sales, however, was 15 per cent above last year, and sales in the first three weeks of September, aided in part by cool weather, were 21 per cent above a year earlier. Part of this increase in dollar sales is due to an appreciable shift in buying to higher-priced goods because many consumers with excess funds desire better quality merchandise and because many lower-priced lines have been discontinued. Following earlier contra-seasonal gains, stocks of merchandise increased less than is usual during August. Total inventories on hand, however, are now slightly larger than a year ago and are equal to about 3.1 months' supply at the current rate of sales as compared with 3.8 months' supply last year. The volume of outstanding orders continues very large, with the amount of merchandise on order

more than three times what it was a year ago and somewhat greater than actual stocks on hand.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Aug.'43 comp. to Aug.'42	8 Mos.'43 comp. to 8 Mos.'42	Aug.31,'43 comp. to Aug.31,'42	
(Per cent increase or decrease)				
Denver.....	6	+12	+29	-10
Hutchinson.....	3	+4	+34	*
Topeka.....	3	+20	+36	*
Wichita.....	4	+14	+37	*
Joplin.....	3	0	+10	*
Kansas City.....	8	+11	+26	+5
St. Joseph.....	3	+27	+32	---
Omaha.....	4	+23	+29	*
Oklahoma City.....	6	+36	+55	+20
Tulsa.....	3	+9	+28	*
Other cities.....	31	+6	+27	+6
District.....	74	+15	+31	+3

*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, continued to expand sharply in August and September and there was a marked increase in sheep slaughter also. Cattle slaughter, which previously had been much below 1942, currently is about as large as last year while calf slaughter is considerably higher. Hog and sheep slaughter continue very heavy. August packers' purchases of hogs and sheep were nearly half again larger than a year earlier and exceeded the August ten-year average by more than 60 per cent. Reflecting the high rate of slaughter, United States cold storage stocks of beef and lard increased during August contrary to the seasonal trend and there was a large increase in lamb and mutton stocks while pork stocks declined much less than is usual.

Flour Milling

Southwestern flour milling operations have recovered substantially from their early summer low, and in the third week of September operations were at a rate of 89 per cent of full-time capacity as compared with the year's high to date of 93 per cent in the last week of January. The backlog of orders on mills' books continues exceptionally heavy, many buyers now having more flour contracted for than they ever had before. Bakers and distributors generally are well covered for their future needs—some as far ahead as through the first quarter of 1944—and flour sales currently are relatively light, representing for the most part small additional purchases from time to time to maintain working stocks at high levels, partly as a protection against any temporary absence of flour offerings by mills that might develop by reason of a rise in wheat prices above the equivalent level of the flour price ceilings. In such an event, the Government has indicated that it would buy wheat in the

open market for resale to mills at prices in line with the flour ceiling. Wheat prices have strengthened considerably since mid-August and are beginning to press against the flour ceiling. Mills recently have been unable to offer flour in some areas because of this situation and, in addition, there has been some tendency not to press flour sales because of growing stringency in the labor supply.

Petroleum

Crude oil production in this District is little changed from a year ago, increased output in Kansas, Wyoming, Colorado, and New Mexico offsetting declines in Oklahoma and Nebraska. Oil wells in this District and in the country as a whole for the most part already are producing at their maximum efficient capacity and, with storage stocks of crude above ground down to minimum working levels and refineries still short of crude for processing to meet the huge and rapidly increasing wartime demand for refined products, attention recently has been focused on crude supplies available in countries of the Carribbean region. The demand for gasoline and fuel oil has far exceeded expectations and in recent months has resulted in an abnormal seasonal decline in gasoline stocks, a continued decrease in stocks of residual fuel oils, and only a relatively small seasonal gain in distillate fuel oil stocks. The demand for gasoline, for example, preceding Labor Day was almost as large as at the same season in previous years, the only difference being that it came from agricultural areas instead of being concentrated in areas of large population and at resort centers where consumption normally would be heavy.

FINANCE

Member Bank Operations

Changes in condition of weekly reporting member banks in the Tenth District in recent weeks have been chiefly identified with the Third War Loan drive which opened September 9. Deposits of individuals and corporations, which had reached a new high level early in September, were drawn down considerably near the middle of the month and Government deposits increased substantially as funds were transferred to war loan accounts in payment for Government securities sold to bank customers. Loans increased somewhat near the middle of September, reflecting some expansion in commercial loans and an increase in loans to security brokers and dealers and to others for the purpose of purchasing or carrying securities. Bank holdings of investments continued to rise between the middle of August and the third week of September. The increase in investments was principally in Treasury bills, some of which had previously been sold to the Federal Reserve Bank under

option to repurchase, and in Treasury certificates and bonds which nonbanking holders sold to the banks in anticipation of purchases during the drive. Commercial banks were not eligible to purchase the securities offered in the Third War Loan drive but shortly after the close of the drive special issues will be offered for subscription by commercial banks.

Principal items of condition of 50 member banks:

	Sept. 22 1943	Change from	
		Aug. 18 1943	Sept. 23 1942
	(In thousands of dollars)		
Loans and investments—total.....	1,625,221	+27,851	+558,322
Loans—total.....	347,074	+6,695	-27,770
Coml., indust., agric.....	230,646	+1,875	-22,409
To security brokers and dealers.....	4,595	+1,236	+2,026
Other to purchase or carry secur.....	10,835	+2,839	+2,377
Real estate loans.....	40,460	-1,566	+5,896
Loans to banks.....	0	0	-2
All other loans.....	60,538	+2,311	-15,658
Investments—total.....	1,278,147	+21,156	+586,092
U. S. Treasury bills.....	171,415	+6,875	+72,022
U. S. Treas. certif. of indebt.....	258,580	+7,480	+170,042
U. S. Treasury notes.....	231,370	-3,604	+139,281
U. S. Govt. bonds.....	439,449	+8,544	+225,092
Oblig. guar. by U. S. Govt.....	53,246	+1,610	-17,470
Other securities.....	124,087	+251	-2,875
Reserve with F. R. Bank.....	363,245	-8,198	+46,498
Balances "due from" banks—net.....	296,992	+2,665	+2,739
Demand deposits—adjusted.....	1,040,394	-61,568	+215,841
Time deposits.....	164,413	+1,036	+24,326
U. S. Govt. deposits.....	214,182	+85,558	+196,976
Deposits "due to" banks—net.....	780,358	-4,176	+165,861

Bank Debits

	Aug.	8 Mos.	Change from '42	
	1943	1943	Aug.	8 Mos.
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo.....	20,329	171,967	-22	-6
Denver, Colo.....	262,260	2,022,537	+4	+18
Gr. Junction, Colo.....	5,802	41,931	+57	+38
Greeley, Colo.*.....	7,925	61,020	+33	....
Pueblo, Colo.....	18,010	156,193	-23	+8
Atchison, Kans.....	5,819	43,555	+31	+30
Emporia, Kans.....	5,616	45,566	+20	+34
Hutchinson, Kans.....	20,919	179,748	+18	+42
Independence, Kans.....	4,180	35,499	+20	+33
Kansas City, Kans.....	33,634	278,804	+23	+36
Lawrence, Kans.....	5,426	50,246	+16	+49
Parsons, Kans.*.....	5,197	42,911	....	....
Pittsburg, Kans.....	6,181	56,119	-14	+13
Salina, Kans.....	22,799	173,776	+5	+50
Topeka, Kans.*†.....	50,181	426,698	+14	....
Wichita, Kans.....	143,790	1,184,484	+38	+62
Joplin, Mo.....	12,900	106,625	0	-18
Kansas City, Mo.....	610,861	4,764,183	+25	+33
St. Joseph, Mo.....	52,371	396,721	+33	+28
Fremont, Nebr.....	5,998	50,980	+18	+51
Grand Island, Nebr.*.....	11,992	107,503	+11	....
Lincoln, Nebr.....	44,279	356,017	+16	+32
Omaha, Nebr.....	328,332	2,547,328	+32	+43
Albuquerque, N. M.....	26,464	227,761	+9	+23
Bartlesville, Okla.....	35,929	266,595	+15	+8
Enid, Okla.....	16,231	135,112	+17	+23
Guthrie, Okla.....	1,879	15,831	+17	+13
Muskogee, Okla.....	13,945	118,292	-25	-9
Okla. City, Okla.....	121,169	1,216,516	-7	+19
Oklmulgee, Okla.....	3,978	28,697	+76	+28
Tulsa, Okla.....	211,526	1,636,732	+20	+22
Casper, Wyo.....	9,176	65,621	+8	+11
Cheyenne, Wyo.....	14,085	128,144	+14	+41
District, 29 cities.....	2,063,888	16,501,580	+18	+29
U. S., 334 cities.....	60,614,000	488,948,000	+17	+26

*Not included in total; data prior to May, 1942, not available.
†Figures include additional banks reporting since May, 1942.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity and war expenditures were maintained in August at a high level. Commodity prices showed little change. Retail trade continued in large volume.

INDUSTRIAL PRODUCTION

Output of manufactures and minerals showed little change in August and the Board's seasonally adjusted total index of industrial production remained at the July level. Production of durable manufactures increased. Output of iron and steel continued to advance and reached the peak levels achieved earlier this year. There were further slight increases in activity at war plants in the transportation equipment industries. Output of other durable products showed little change.

Production of nondurable goods declined in August, reflecting further decreases in output of textile, leather, and food products. Cotton consumption in August was about 15 per cent lower than the same period a year ago and was at the lowest level since the beginning of 1941. Leather output has also declined in recent months and is currently close to prewar levels. Activity at meat-packing plants showed the usual seasonal decline in August but preliminary figures indicate that output was about one-fifth larger than a year ago. Output of most other manufactured foods declined somewhat further. Production of petroleum, coke, and rubber products continued to advance in August while chemical production showed little change. Production of crude petroleum continued to rise and in August was in the largest volume on record. Lake shipments of iron ore likewise reached a record level. Production of coal and metals was maintained in large volume.

DISTRIBUTION

Department store sales continued large in August and the first half of September. Increases during this period were less than seasonal, however, following maintenance of sales at a comparatively high level during July. For the year to date value of sales at department stores has been about 13 per cent greater than in the corresponding period last year, reflecting in part price increases. Inventories at department stores have increased in recent months and are now somewhat higher than at the beginning of this year, indicating that receipts of new merchandise have been in excess of the value of goods sold.

COMMODITY PRICES

The general level of wholesale commodity prices continued to show little change in August and the early part of September. Prices of lumber and newsprint were increased, while prices of fruits and vegetables showed further seasonal declines.

In retail food markets prices of apples and fresh vegetables decreased further from mid-July to mid-August. The Bureau of Labor Statistics cost of living index declined one-half of one per cent as decreases in foods were partly offset by small increases in retail prices of other goods and services.

AGRICULTURE

General crop prospects declined slightly in August according to official reports. The forecast for corn production was raised by 3 per cent to almost 3 billion bushels, while prospects for other feed crops declined. Production of cotton indicated on September 1 was 11.7 million bales as compared with a crop of 12.8 million last season. Milk production in August was estimated to be 2 per cent smaller than output a year ago, while marketings of most other livestock products continued in larger volume than last year.

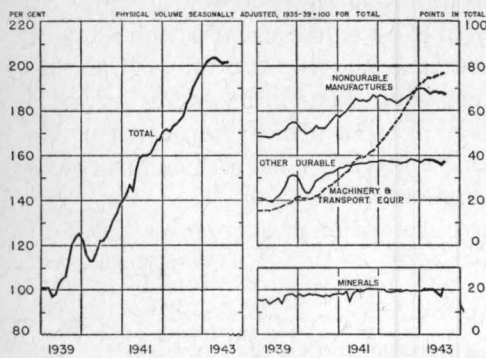
BANK CREDIT

In mid-September excess reserves of member banks rose sharply to about 2 billion dollars from the average level of about 1.1 billion which had prevailed in the latter part of August and early in September. This increase was due in part to the fact that the Treasury was making disbursements out of temporary borrowing from Reserve Banks on special certificates in anticipation of tax collections and receipts from the Third War Loan Drive. It also reflected in part a substantial decrease in required reserves at the middle of the month when funds from individual and corporate deposits were transferred to Government loan accounts which are not subject to reserve requirements. During the four weeks ended September 15 the Reserve System holdings of Government securities increased by about 1 billion dollars in addition to the special certificates taken directly from the Treasury. Most of the increase was in the form of Treasury bills sold to the Reserve Banks with sellers retaining the option to repurchase. Over this four-week period currency in circulation increased by about 560 million dollars to a total of 18.8 billion outstanding.

In the last two weeks of August and the first week of September, reporting members banks in 101 leading cities showed a net decline in security holdings as a result of the sale of bills to the Reserve System. In the week ending September 15, however, some non-banking holders sold securities to the banks in anticipation of purchases during the Drive, and bank holdings also increased through repurchase of bills from the Reserve System.

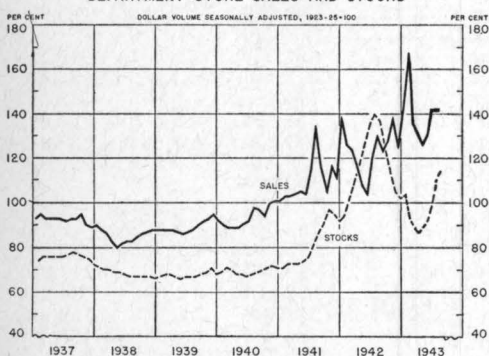
Commercial loans, which had expanded by 100 million dollars in July and August, increased by 250 millions during the week ending September 15. This increase in commercial loans was shared by both New York and other reporting member banks. In the week ending the 15th, loans to brokers and dealers in New York City increased 370 million dollars, most of which was for purchasing and carrying Government securities, and there was also an increase in loans on securities to others.

INDUSTRIAL PRODUCTION



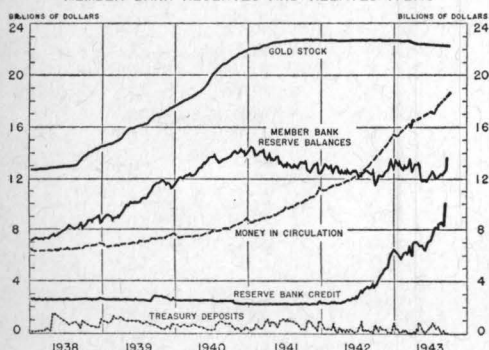
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for August, 1943.

DEPARTMENT STORE SALES AND STOCKS



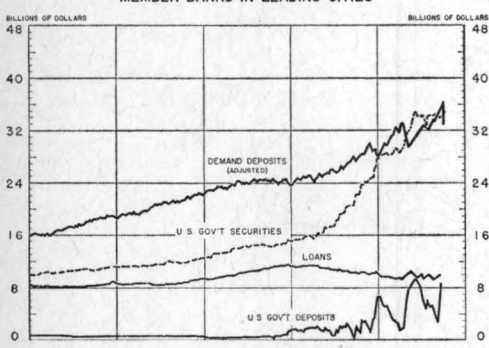
Federal Reserve indexes. Monthly figures, latest shown are for August, 1943.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for September 15, 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 September 15, 1943.