

AGRICULTURE

1944 Production Goals

The United States Department of Agriculture has released tentative farm production goals for 1944 calling for the largest crop acreage on record and a new high level of production of meat, dairy products, and eggs. The tentative goals, which appear in the table below, have been apportioned among the states and are subject to revision after conferences with state war boards have indicated the maximum possible amounts that can be produced by farmers.

The preliminary national goals for 1944 compared with estimated production in 1943:

	Prelim. Goal 1944	Est. Production 1943	1944 comp. to 1943 (Per cent)
	(In thousands of units)		
Beef, lbs.....	10,593,000	9,058,000	+17
Veal, lbs.....	1,231,000	1,045,000	+18
Pork, lbs.....	13,520,000	13,082,000	+3
Lamb and mutton, lbs...	880,000	987,000	-11
Chicken, lbs.....	4,000,000	4,000,000	0
Turkey, lbs.....	467,000	500,000	-7
Lard, lbs.....	3,120,000	2,874,000	+9
Milk, lbs.....	122,000,000	118,302,000	+3
Eggs, doz.....	5,000,000	4,970,000	+1
Wheat, bu.....	843,200	835,816	+1
Corn, bu.....	2,903,128	3,055,605	-5
Oats, bu.....	1,075,752	1,148,692	-6
Rye, bu.....	34,720	33,314	+4
Barley, bu.....	332,469	330,212	+1
Grain sorghums, acres..	16,400	17,220	-5
Tame hay, tons.....	81,368	85,872	-5
Flaxseed, bu.....	47,961	51,486	-7
Soybeans, bu.....	243,015	206,868	+17
Peanuts, lbs.....	3,701,000	2,769,090	+34
Dry beans, cwt.....	25,979	22,770	+14
Dry peas, cwt.....	9,874	9,458	+4
Rice, bu.....	73,516	69,019	+7
Sugar beets, acres.....	900	636	+42
Potatoes, bu.....	446,000	469,545	-5
Sweet potatoes, bu.....	87,650	74,704	+17
Cotton, bales.....	10,600	11,478	-8

Among crops, the largest percentage increases in production have been recommended for soybeans, peanuts, dry beans, sugar beets, and sweet potatoes, with moderate increases for wheat, rye, barley, dry peas, and rice. The 1944 production goals for corn, oats, grain sorghums, hay, flaxseed, potatoes, and cotton are below the amounts produced in 1943. For this District, the goals will mean a shift from corn and other feed grains to more wheat, especially in the main producing sections of the winter wheat belt, a new emphasis on sugar beets and further increases for dry beans and dry peas in western states, and a continuation of the trend from cotton to more peanuts in Oklahoma. Farmers previously had been asked to increase national wheat seedings by 14 million acres, half of which increase is to come from this District. Although the increase sought for wheat production is relatively small, the expansion sought for acreage amounts to 25 per cent, and a similar situation prevails for a number of other crops, probably in order to in-

sure the achievement of the 1944 production goals in the event crop yields per acre should not be as high as in the last few years of unusually favorable growing conditions. Crop production as a whole in 1943 is about 7 per cent below last year's phenomenal level but higher than in any other previous season.

The 1944 goals call for an increase of about 17 per cent in the output of dressed beef and veal, of 9 per cent in lard production, and of 3 per cent in the output of dressed pork. To reach these goals, it is recommended that the number of cattle and calves slaughtered be increased about 20 and hogs 12 per cent because of the probable lighter weights at which livestock may be marketed next year when feed supplies per unit will be considerably smaller. The suggested increases in cattle and hog slaughter, together with recommendations that the 1944 spring pig crop be reduced 16 per cent below the record crop of 1943 and the turkey crop be reduced 4 per cent, also represent an attempt to balance livestock numbers with available feed supplies. Thus, it is hoped to effect some reduction during 1944 in the total number of livestock and poultry on farms while increasing the number of dairy cows and hens and pullets to meet the increased need for milk and eggs. The total liveweight production of cattle, hogs, sheep, and poultry in 1943 is estimated to be 12 per cent above that in 1942 and at least 27 per cent greater than in any preceding year. Milk production is expected to be only 1 per cent below last year's peak, while egg production seems likely to be 12 per cent higher than in any past year. This high level of production of livestock and livestock products in 1943 is requiring a volume of feed grains in 1943 as large as the entire amount produced in 1942. Livestock numbers and rates of feeding consequently must be adjusted to the smaller volume of grain currently available as previous surpluses disappear.

According to the Department of Agriculture, total food production this year is 5 per cent above last year and one-third greater than the average from 1935 to 1939, and production next year probably will equal or exceed this year's record level. Civilian per capita consumption, however, will be only slightly larger in 1943 than the average from 1935 to 1939 and may be somewhat smaller next year, particularly with respect to meats and dairy products, because further increases in military, lend-lease, and other noncivilian requirements probably will more than offset any increase in production. Output of most meats, of lard, and of milk in 1943 is falling somewhat short of the goals set for this year. Moreover, the Department of Agriculture anticipates that milk production in 1944 may fall as much as 8 billion pounds below the proposed goal of 122 billion pounds because of tight feed

supplies and producer dissatisfaction with prices. About 25 per cent of all agricultural food production in 1943 is being allocated to military, lend-lease, and other special needs as compared with 14 per cent in 1942 and 6 per cent in 1941.

Crops

Dry weather in September and October was favorable for maturing corn and other late crops and enabled farmers to push harvesting operations as rapidly as available labor would permit, but the continued dryness generally was unsatisfactory for development of late-planted fields, for pastures, and for winter wheat. September rainfall in Wyoming was only 39, in Nebraska 41, in Colorado 31, and in New Mexico 58 per cent of normal, while in Kansas and Oklahoma it was 87 and in Missouri 90 per cent of normal. Generous rains late in September and additional moisture in October in the eastern parts of Oklahoma and Kansas and in adjoining sections of Missouri have broken the drought in that area but elsewhere in the District conditions generally are very dry. In many sections of the District October was the fourth consecutive month of markedly deficient rainfall, in sharp contrast with the abundant rainfall received at this season a year earlier. Because of this situation, crop yields in this District are somewhat less favorable than in other sections of the country except in Colorado and in irrigated areas generally, where yields are exceptionally good. In New Mexico, adverse weather conditions have prevailed throughout much of the growing season, while Oklahoma had suffered from floods in May and from severe drought since June and Wyoming has experienced one of the worst late summer and early fall droughts in the history of the state.

Corn prospects at the first of October were somewhat above a month earlier after being reduced sharply by the very hot and dry weather of August. There is a good corn crop in extreme eastern Nebraska but this is about the only area in the main producing section of the District that will have any surplus corn to be shipped out. In Nebraska and Wyoming, the dry weather of September and severe frosts materially reduced prospects for dry beans, late potatoes, and other crops being grown in dry land areas, while drought caused a further reduction in prospects for feed crops, peanuts, and cotton in Oklahoma, with cotton making only about a half crop in that state. Killing frosts held off in Kansas until the third week of October. Some difficulty is reported in securing cotton and corn pickers and labor for the beet harvest but the situation appears to be less serious than it was a year ago, partly because of the greatly reduced acreage of sugar beets and cotton this year.

The outlook for winter wheat is promising in extreme southeastern Nebraska and in the eastern parts of Kansas and Oklahoma, where subsoil moisture is deep, but to the westward soil moisture is lacking or entirely inadequate and the wheat prospect generally is poor. Winter wheat seedings were well advanced at the middle of October but a substantial part of the acreage in Nebraska and in western Kansas and Oklahoma was sown in dry soil and has not germinated while much wheat that has come up shows spotted and uneven stands and many fields in southern Nebraska and western Kansas were reported to be dying because of insufficient moisture. A general rain was badly needed late in October not only to germinate wheat and promote plant development to avoid excessive winter killing but also to enable farmers to complete seeding operations. Reports indicate that the acreage of winter wheat already planted is larger than that planted last year but that farmers' previous intentions to expand acreage from 15 to 20 per cent

	RAINFALL			
	Sept. 1943		9 Mos. 1943	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	0.21	0.99	8.02	11.72
Leadville.....	1.15	1.39	19.21	15.36
Pueblo.....	0.61	0.75	7.98	10.15
Lamar.....	0.08	1.23	8.73	13.88
Alamosa.....	0.19	1.06	4.82	5.90
Steamboat Springs....	0.24	1.86	15.24	17.70
KANSAS				
Topeka.....	4.00	3.82	29.65	28.63
Iola.....	4.64	4.82	36.85	31.37
Concordia.....	2.36	2.60	21.71	23.01
Salina.....	2.08	2.72	22.08	23.07
Wichita.....	3.14	3.09	25.71	25.41
Hays.....	2.32	2.27	14.45	20.51
Goodland.....	0.35	1.55	16.43	16.02
Dodge City.....	0.83	1.90	11.18	17.89
Elkhart.....	Trace	1.74	15.67	14.47
MISSOURI				
St. Joseph.....	2.78	3.92	31.75	29.80
Kansas City.....	2.28	3.82	23.78	28.84
Joplin.....	4.65	3.92	43.97	35.61
NEBRASKA				
Omaha.....	0.74	3.21	20.87	23.60
Lincoln.....	1.14	2.98	19.30	24.19
Norfolk.....	0.73	3.09	17.06	24.58
Grand Island.....	1.42	2.96	13.76	23.15
McCook.....	0.35	1.70	10.82	17.15
North Platte.....	0.21	1.35	12.71	16.32
Bridgeport.....	0.56	1.36	15.05	14.19
Valentine.....	0.96	1.30	13.00	16.07
NEW MEXICO				
Clayton.....	0.57	1.65	6.54	14.26
Santa Fe.....	0.60	1.45	8.35	11.67
Farmington.....	0.50	1.22	5.59	7.34
OKLAHOMA				
Tulsa.....	6.80	3.32	34.68	30.44
McAlester.....	5.19	3.46	33.16	33.55
Oklahoma City.....	1.51	3.05	19.58	24.92
Pauls Valley.....	1.67	3.18	18.46	27.31
Hobart.....	0.18	2.91	12.92	22.27
Enid.....	1.59	3.06	21.02	24.96
Woodward.....	1.41	2.80	14.42	21.11
WYOMING				
Cheyenne.....	0.53	1.20	12.81	12.96
Casper.....	0.88	1.24	6.33	12.26
Lander.....	0.49	0.92	8.76	9.99
Sheridan.....	0.34	1.27	15.45	12.72

may not be realized because of continued dry weather. Winter wheat is a valuable source of pasture feed for livestock, and farmers had planned a large acreage for this purpose to supplement relatively small supplies of other feeds. Winter wheat, however, has furnished little grazing for livestock and the prospect is declining as the season advances.

Cash wheat prices have risen sharply in the last two months, influenced chiefly by light marketings in the face of sustained heavy domestic consumption of wheat for food, livestock feed, and industrial alcohol. Prices recently have also been influenced in part by the possibility of increased demands on foodstuffs for liberated nations, by the suspension of futures trading at Winnipeg, and by legislative proposals for higher support levels for basic farm commodities. Late in October, wheat prices were at their highest level in about fifteen years and were substantially above the loan rate. The market premium over the loan, however, has failed to draw out adequate quantities of wheat to meet current trade needs, the continued small volume of receipts being attributed by trade reports to withholding for higher prices, desire to maintain farm reserves as insurance against a small crop next year in view of unfavorable seeding conditions this fall, less need for cash than usual, and advantages to be gained by deferring income until the calendar year 1944. Increasing scarcity of corn even for preferred processors supplying products for war activities led the Government to renew its guarantee, effective September 28 through October 31, to compensate sellers for any increase in the ceiling price that may be made between the date of sale and November 30. The latest offer, however, applies only to eastern Nebraska in this District and since 80 per cent of the corn so released by farmers under this program is earmarked for designated industries it seems unlikely that any great volume may become available for feeders. The lack of corn has greatly increased demand for other feed grains as a substitute. Prices of these grains, which are not under price control, are strong and have attracted record marketings.

The lower range of Kansas City cash grain prices:

	Oct. 29 1943	Sept. 30 1943	Aug. 31 1943	Sept. 30 1942
No. 1 hd., dk. wheat, bu..	\$1.53 $\frac{3}{4}$	\$1.48 $\frac{3}{4}$	\$1.44 $\frac{1}{4}$	\$1.21 $\frac{3}{4}$
No. 2 mixed corn, bu.....	1.03 $\frac{3}{4}$	1.03 $\frac{3}{4}$	1.03 $\frac{3}{4}$.80 $\frac{1}{4}$
No. 2 white oats, bu.....	.77 $\frac{1}{4}$.78 $\frac{1}{2}$.74	.49 $\frac{1}{2}$
No. 2 rye, bu.....	1.13 $\frac{1}{2}$	1.12 $\frac{1}{2}$	1.06 $\frac{1}{2}$.68 $\frac{1}{2}$
No. 2 barley, bu.....	1.13	1.15	1.08 $\frac{1}{2}$.63
No. 2 white kafir, cwt....	2.35	2.57	2.56	1.22

Livestock

Cattle and sheep receipts expanded sharply in September and October as fall runs reached District markets. Bearing out earlier expectations, receipts have been abnormally heavy and peak marketings in

the latter part of October at some centers even exceeded the previous record established in 1934. Contributing to this heavy movement were several factors, including the large number of livestock on farms and ranges, continued dry weather and killing frosts which have greatly reduced pasturage in range areas, the expiration of pasture leases, limited availability of wheat pasture this year, inability to secure protein and other feeds in sufficient quantities to fatten or carry livestock through the winter, and an unusually large number of livestock moving direct to public markets instead of to feed lots. Despite the large marketings of cattle, the Department of Agriculture anticipates that cattle numbers on United States farms next January 1 will show a further increase of from 2 to 3 million head as compared with a year earlier. The number of sheep may be 2 million head smaller, continuing the downward trend begun last year, and the 1944 lamb crop seems likely to be smaller because of heavy slaughter of ewes in recent months. Rather heavy slaughter of sows suggests that some liquidation in hog numbers also may be in progress and that the fall pig crop may not be as large as indicated by farmers' intentions last summer.

Top prices of beef steers have held fairly steady for three months around a level of \$16 a hundredweight at Kansas City but prices of lower grades of slaughter cattle and of stockers and feeders weakened somewhat in September and October in response to the exceptionally heavy volume of marketings. Sheep and lamb prices also were influenced by large marketings and generally tended lower. Late in October, a subsidy program for processors was announced, effective December 1, to limit slaughter cattle prices approximately to current market levels. Hog prices declined late in September, adjusting to the live hog ceiling that went into effect on October 4. The ceiling price is \$14.50 a hundredweight at Kansas City, and prices since early in October have been at or close to the ceiling level. A feature of the hog market, especially so immediately after the ceiling went into effect, was that a wide variety of grades and weights sold at the ceiling price, resulting in actual price gains on many classes because of relatively light in-between season supplies of hogs in the face of a broad wartime demand for meats.

Top carlot livestock prices at Kansas City:

	Oct. 29 1943	Sept. 1943	Aug. 1943	Sept. 1942	Sept. 1941	Sept. 1940
	(In dollars per hundredweight)					
Beef steers.....	16.00	16.35	16.10	16.35	12.60	13.25
Stocker cattle.....	13.50	13.50	13.90	13.50	12.50	10.75
Feeder cattle.....	13.75	14.15	14.25	14.00	11.25	10.75
Calves.....	14.00	14.00	14.00	14.00	13.00	10.50
Hogs.....	14.30	14.95	14.75	14.95	12.25	7.35
Spring lambs.....	14.65	15.00	14.85	14.50	12.50	9.30
Slaughter ewes.....	5.75	6.75	7.50	6.10	5.50	3.75

According to the Department of Agriculture, the number of cattle fed during the coming winter and spring may be sharply lower than a year earlier. Price declines on stocker and feeder cattle in recent months have widened somewhat the price spread between fat cattle and feeder grades and have encouraged the movement of cattle to Corn Belt feed lots, but shipments last July and August had been very small and the total movement so far this season is still below last year. Although the price margin between fat cattle and feeder cattle is little different from that a year ago, prices of feed grains, high protein feeds, and hay are much higher and supplies per animal unit are much smaller. Many feeders in recent months have found it difficult to obtain needed feed supplies and are fearful that the situation during the coming feeding season may be even more difficult. In addition, there is much uncertainty in the minds of feeders as to what fat cattle prices may be next winter and spring under established ceiling prices for beef, especially in view of indirect ceilings placed on live cattle. In western feeding areas, the reduced supplies of sugar beet by-products are curtailing cattle feeding and the hay situation in some states is especially difficult as mixed feed manufacturers have been buying up unusually large quantities of alfalfa hay at prices much above what cattle feeders think it is worth for cattle feeding. Because of the rapid liquidation of CCC stocks of feed wheat and increasingly critical shortages of milk and eggs during a period of seasonally declining production, the War Food Administration on October 4 prohibited further sales of CCC wheat to feed mixers unless such wheat is used in feed for dairy cows and laying hens. This action also was part of the program to discourage feeding of hogs above 200 pounds and beef cattle above fair to good finish. Reports indicate that fleshier weights of feeder cattle that can be finished in a relatively short period are more in demand than lighter weights which would involve a long feeding period.

A considerable reduction in lamb feeding operations also is in prospect, according to the Department of Agriculture. The number of lambs fed in feed lots in the Corn Belt may be little different from a year earlier but there will be a large reduction in the number fed on wheat pastures, mostly in Kansas, and feeding will be below last year in nearly all western states. Lamb feeding in western Kansas is in sharp contrast to a year ago when record numbers of lambs were grazing on wheat pastures. This year, because of limited rainfall, there is practically no volunteer wheat pasture and only in a few areas will the seeded wheat pastures on summer fallow make sufficient growth to furnish much grazing. The reduced movement of

lambs into the Scottsbluff area of Nebraska probably will more than offset the increased movement into other areas of the state and the number of lambs fed in the state as a whole this winter is expected to be below last year. In western feeding sections, high and advancing prices of feed grains and especially of alfalfa hay, declines in slaughter lamb prices, the scarcity of corn, and the short supply of sugar beet by-product feeds have caused most feeders to hesitate to undertake normal feeding operations this year.

Dry weather in September and October caused a further decline in the condition of ranges and pastures in many sections of the District. Range feed is very short in much of Wyoming, New Mexico, and Oklahoma. Ranges in eastern Wyoming, in the western parts of Nebraska and Kansas, and in much of Colorado carry a large supply of dry, cured feed, but the very dry condition of ranges has necessitated early feeding of protein concentrates and field feeds. Since supplies of protein concentrates are short and difficult to obtain in sufficient quantities to offset the reduced supply of range feed and other feeds, stockmen in many range areas have been forced to sell livestock closely this fall and marketings have been heavy. Cattle and sheep show the effect of dry range feed, especially cattle in Oklahoma, but the condition of livestock on the whole is still quite satisfactory. Contracting of cattle and lambs for fall delivery to feed lots has been in unusually small volume this year and much livestock that normally would go direct to feed lots has gone to market instead. Very few dealer or feeder buyers have visited the range areas, owing in part to restrictions on the use of gasoline and to relatively high asking prices in producing areas as compared with prices at stockyard markets.

Farm Income

Cash income from farm marketings in the District in the first eight months of 1943 was more than one-third larger than a year earlier. Percentage gains in recent months, however, have narrowed appreciably, farm income for August being only one-fifth above the preceding year. The gains in farm income show wide variation among District states. For the year to date, total receipts from the sale of crops and livestock are up about 30 per cent in Missouri, about 40 per cent in Kansas, Colorado, and New Mexico, and 50 per cent in Nebraska. A relatively small gain of 15 per cent is shown for Oklahoma, where income from crops, particularly wheat, in July and August was substantially under a year ago, drought having cut heavily into production in that state. Income in Wyoming is only 5 per cent higher this year than last because of greatly reduced receipts from sheep and lambs in the early months of 1943.

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

	Aug.	8 Mos.	Change from '42	
	1943	1943	Aug.	8 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	30,940	156,861	+41	+41
Kansas.....	76,417	448,971	+13	+40
Missouri.....	54,175	389,395	+19	+31
Nebraska.....	65,651	419,264	+36	+50
New Mexico.....	6,698	46,955	+49	+43
Oklahoma.....	39,963	224,542	+4	+15
Wyoming.....	6,997	36,156	+21	+5
Seven states.....	280,841	1,722,144	+21	+35
United States.....	1,771,571	11,118,985	+26	+32

TRADE

Department Store Sales

Dollar volume of sales at reporting department stores in the District in September was 13 per cent larger than a year earlier. This increase, however, was the smallest year-to-year gain for any month so far in 1943, total sales for the first nine months of the year showing an increase of 28 per cent over the corresponding period of 1942. Sales in the first three weeks of October rose 20 per cent above last year, but trade reports recently have emphasized increasing shortages of merchandise, particularly of many items consumers want, as a factor tending to restrict gains in sales. Dollar inventories increased less than is usual during September and stocks on hand, although somewhat larger than a year ago, are equivalent to only 2.7 months' supply at the current rate of sales as compared with 3.1 months' supply a year earlier. The present ratio of stocks to sales, in terms of months' supply, is above the low of 2.1 last February but considerably under the high of 4.7 in July, 1942. The volume of outstanding orders continues very large, with the amount of merchandise on order more than double 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	
	Sept.'43	9 Mos.'43	Sept.30,'43	
	comp. to Sept.'42	comp. to 9 Mos.'42	comp. to Sept.30,'42	
(Per cent increase or decrease)				
Denver.....	7	+4	+25	-5
Hutchinson.....	3	+11	+30	*
Topeka.....	3	+26	+35	*
Wichita.....	4	+23	+35	*
Joplin.....	3	+9	+10	*
Kansas City.....	8	+11	+24	+11
St. Joseph.....	3	+19	+30
Omaha.....	4	+6	+25	*
Oklahoma City.....	6	+39	+52	+23
Tulsa.....	5	+20	+27	+16
Other cities.....	31	+4	+24	+7
District.....	77	+13	+28	+4

*Not shown separately but included in District total.

Wholesale Sales

The value of September wholesale sales in this District was slightly below a year ago in contrast with a

gain of 8 per cent for the first nine months of the year, according to figures reported to the Bureau of the Census. This was the first month since December, 1940, that sales had failed to exceed those of the corresponding month a year earlier, dollar volume during much of this period having been maintained in part by price increases and in the last year by extensive liquidation of stocks. Of the principal lines, sales of drugs, dry goods, and groceries are above last year, while sales of electrical goods, furniture, hardware, jewelry, and lumber and building materials are much lower. Wholesale inventories, reflecting inability to secure replacements, currently are about 12 per cent below 1942 and 21 per cent below 1941.

PRODUCTION

Meat Packing

The slaughter of cattle and sheep, as indicated by packers' purchases at leading District markets, continued to expand in September and October, when slaughter supplies were very large. Sheep slaughter was especially heavy, packers' purchases in September being about one-third greater than a year ago, while purchases of cattle were 7 and of calves 26 per cent larger. Sheep slaughter throughout most of 1943 has been above 1942 but the recent heavier slaughtering of cattle and calves are in marked contrast to most previous months this year, the general feed situation and reductions in feeding operations apparently causing much of the current increase in the number of livestock and especially calves going to immediate slaughter. The high level of cattle and sheep slaughter was accompanied by further marked increases in United States cold storage stocks of beef and lamb and mutton. Hog slaughter in September was one-fifth greater than a year earlier but was relatively light in comparison with most other recent months, and very heavy reductions occurred in storage stocks of pork and lard.

Flour Milling

Southwestern flour milling operations have risen somewhat further and in the third week of October were at a rate of 94 per cent of milling capacity as compared with a low of 66 per cent early in June and the year's previous high of 93 per cent in the last week of January. Including the grinding of wheat for livestock feed and other specialized business, however, total operations are virtually at full-time capacity, and at many mills production and shipments are as much as two weeks behind schedule, owing chiefly to a shortage of labor to load cars, take care of warehouses, and pack flour and feed. The labor requirements of the milling industry are relatively small, but even so the growing scarcity of unskilled labor, to-

gether with a rapid turnover, now is tending to limit mill output. The labor situation is reported to be especially acute at Wichita. Aside from Government buying for the armed forces, new flour sales are very light. The continued rise in wheat prices has greatly narrowed and in many instances has completely eliminated operating margins under the flour price ceilings, and the price squeeze on flour increasingly has forced mills to withdraw quotations. So far, however, the general situation has not reached the critical point it did last December as the needs of bakers, for the most part, currently are well covered for a considerable period ahead and flour stocks in the hands of distributors are yet very large.

Petroleum

Exploratory drilling has increased in recent months but the proportion of dry holes to producing wells is abnormally high and new petroleum discoveries are still far short of the amount needed to offset the present shortage of crude oil. Operators continue to maintain that, in view of increased labor and material costs, an increase in the price of crude oil is necessary to secure the desired new production. Allocations of drilling materials and supplies have been increased, and in October uniform minimum wage brackets for all oil-well drilling occupations were established throughout the Mid-Continent area to eliminate inequities that had attracted workers to higher wage rate areas and created critical manpower shortages in others. Efforts to establish machinery to recruit additional workers for drilling crews and plans for advance scheduling of all drilling operations to insure full-time employment to workers through cooperative exchange and transfer of drilling personnel among contractors also are under way. Drilling and lease-buying have been especially active in Wyoming, where important discoveries have been made this year and where petroleum output has nearly doubled since 1938. In oil production, Wyoming has risen from ninth to eighth place nationally and is little below New Mexico, which ranks seventh.

FINANCE

Member Bank Operations

Loans at weekly reporting member banks in the Tenth District continued to rise rather rapidly between late September and late October, reflecting principally further increases in commercial loans and in loans to brokers and dealers and to others for the purpose of purchasing or carrying securities. Loans have increased 18 per cent from their low point last June but are still somewhat below a year earlier. Investments rose sharply in October to new high levels, reflecting chiefly deliveries on subscriptions to the

special issues of Treasury certificates and bonds offered to banks after the close of the Third War Loan drive. Deposits of individuals and corporations, which had been drawn down substantially in September during the drive as funds were transferred to war loan accounts to pay for Government securities sold to bank customers, again were increasing in October.

Principal items of condition of 50 member banks:

	Oct. 20 1943	Change from Sept. 22 1943	Oct. 21 1942
(In thousands of dollars)			
Loans and investments—total.....	1,750,836	+125,615	+584,206
Loans—total.....	369,251	+22,177	-7,519
Coml., indust., agric.....	247,197	+16,551	-8,912
To security brokers and dealers...	7,398	+2,803	+5,004
Other to purchase or carry secur..	13,946	+3,111	+5,643
Real estate loans.....	40,271	-189	+5,986
Loans to banks.....	1,001	+1,001	+985
All other loans.....	59,438	-1,100	-16,225
Investments—total.....	1,381,585	+103,438	+591,725
U. S. Treasury bills.....	188,181	+16,766	+68,987
U. S. Treas. certif. of indebt.....	304,095	+45,515	+217,031
U. S. Treasury notes.....	231,716	+346	+74,693
U. S. Govt. bonds.....	480,654	+41,205	+239,386
Oblig. guar. by U. S. Govt.....	53,089	-157	-7,277
Other securities.....	123,850	-237	-1,095
Reserve with F. R. Bank.....	357,169	-6,076	+37,030
Balances "due from" banks—net..	329,079	+32,087	+22,236
Demand deposits—adjusted.....	1,071,495	+42,779	+214,097
Time deposits.....	166,293	+1,880	+24,802
U. S. Govt. deposits.....	324,737	+98,877	+241,604
Deposits "due to" banks—net.....	787,976	+7,618	+156,459

Bank Debits

	Sept. 1943	9 Mos. 1943	Change from '42 Sept. 9 Mos.
	(Thousand dollars)		(Per cent)
Colo. Springs, Colo.....	25,640	197,607	-1 -5
Denver, Colo.....	322,125	2,344,662	+18 +18
Gr. Junction, Colo.....	8,335	50,266	+72 +43
Greeley, Colo.*.....	11,075	72,095	+58
Pueblo, Colo.....	22,165	178,358	-31 +1
Atchison, Kans.....	6,235	49,790	+38 +31
Emporia, Kans.....	6,703	52,269	+26 +33
Hutchinson, Kans.....	22,447	202,195	+28 +41
Independence, Kans.....	4,959	40,458	+23 +32
Kansas City, Kans...	39,720	318,524	+31 +35
Lawrence, Kans.....	7,462	57,708	+41 +48
Parsons, Kans.*.....	5,988	48,899
Pittsburg, Kans.....	7,152	63,271	-7 +10
Salina, Kans.....	24,429	198,205	+25 +46
Topeka, Kans.*†.....	59,154	485,852	+54
Wichita, Kans.....	171,057	1,355,541	+52 +60
Joplin, Mo.....	18,009	124,634	+35 -13
Kansas City, Mo.....	694,606	5,458,789	+27 +32
St. Joseph, Mo.....	57,540	454,261	+43 +30
Fremont, Nebr.....	7,426	58,406	+29 +48
Grand Island, Nebr.*	14,683	122,186	+30
Lincoln, Nebr.....	55,527	411,544	+38 +33
Omaha, Nebr.....	354,524	2,901,852	+38 +43
Albuquerque, N. M...	32,018	259,779	+26 +23
Bartlesville, Okla.....	39,056	305,651	+17 +9
Enid, Okla.....	18,425	153,537	+32 +24
Guthrie, Okla.....	2,471	18,302	+31 +15
Muskogee, Okla.....	18,492	136,784	+14 -7
Okla. City, Okla.....	138,386	1,354,902	+3 +17
Okmulgee, Okla.....	4,202	32,899	+54 +31
Tulsa, Okla.....	247,967	1,884,699	+26 +22
Casper, Wyo.....	9,724	75,345	+2 +9
Cheyenne, Wyo.....	21,442	149,586	+43 +41

District, 29 cities..... 2,388,244 18,889,824 +26 +29
 U. S., 334 cities..... 75,759,000 564,707,000 +36 +27
 *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 showed little change in September and in the first half of October. Distribution of commodities continued in large volume and prices remained steady.

INDUSTRIAL PRODUCTION

Physical volume of industrial production as measured by the Board's seasonally adjusted index, as recently revised, was 243 per cent of the 1935-39 average in September, compared with 242 in August and 239 in July.

There were increases in output in the iron and steel and transportation equipment industries while activity in other durable goods industries showed little change or declined slightly. Open hearth and Bessemer steel production exceeded its previous peak level, reached in March of this year, and output of pig iron likewise established a new record. In the machinery industry as a whole activity was maintained at the level of recent months although there was some further curtailment of output of machine tools and machine tool accessories.

Total output of nondurable manufactures continued at the August level. Cotton consumption, which had been declining since May, rose 6 per cent from August to September, but was 9 per cent below the high level of a year ago. Shoe production was maintained at the level of recent months and was slightly larger than a year ago. The output of manufactured food products rose seasonally.

Petroleum refining continued to rise in September and was at a rate about double the 1935-39 average. The Board's index of this industry is substantially higher than the old index because greater weight is given to aviation gasoline and other special war products. Output in the chemical industry as a whole declined in August, as some further expansion in industrial chemicals was more than offset in the total by reductions elsewhere, reflecting readjustment of the war program. Newsprint consumption rose less than is usual at this season, in the face of increasing supply difficulties, and a further 5 per cent cut in permitted consumption of newsprint was ordered, beginning October 1.

Crude petroleum production continued to rise in September, reflecting further improvement of transportation facilities for petroleum products. Output of crude petroleum in August and September exceeded the earlier peak levels reached in December, 1941, and January, 1942. Coal production continued at a high level.

In September the value of construction contracts awarded in 37 Eastern states was at about the same low level as in July, according to reports of the F. W. Dodge Corporation, and was considerably smaller than in August when there was a temporary increase because one exceptionally large contract was placed in that month.

DISTRIBUTION

Department store sales increased less than seasonally in September, following an unusually large volume of sales in July and August, and the Board's seasonally adjusted index declined from 142 to 131. During the first half of October sales showed a gain over September although usually there is some decline at this season.

Railroad freight traffic in September and the first part of October was maintained at the high level of previous months. Coal shipments exceeded the record movement of last July and loadings of grain and livestock were 10 per cent higher than a year ago.

COMMODITY PRICES

Prices of grains advanced from the middle of September to the middle of October. Livestock prices were slightly lower, reflecting partly the establishment of Federal maximum prices for live hogs and sharply increased marketings of cattle. Wholesale prices of most other commodities continued to show little change.

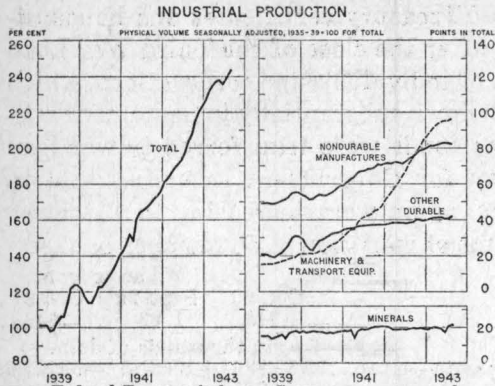
AGRICULTURE

Crop prospects showed little change during September, according to official reports. There was a further small improvement in prospects for the corn and potato crops, while the previous forecast for cotton production was lowered slightly. Aggregate crop production is expected to be 7 per cent below the peak volume of last season but higher than in any other previous year.

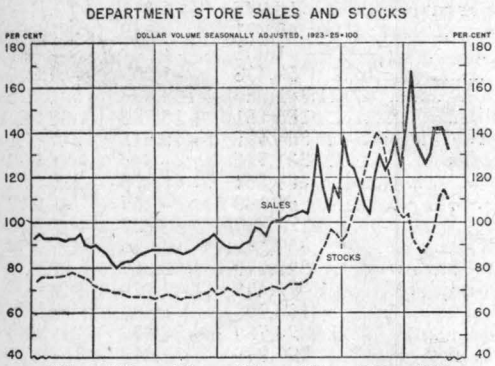
BANK CREDIT

During the five weeks ending October 13, Government security holdings at reporting banks in 101 leading cities increased by about 2.5 billion dollars, reflecting substantial open-market purchases during the Drive and also some purchases of bills on subscription from the Treasury. Loans showed a net increase of 2.2 billion dollars over the same period. Over two-thirds of the total amount represented loans to brokers, dealers, and customers for purchasing or carrying securities; in the last week of the period there were some declines, however, as repayments were made on the liquidation of the securities. Commercial loans, which have been increasing steadily since June, rose further by 540 million over the five weeks.

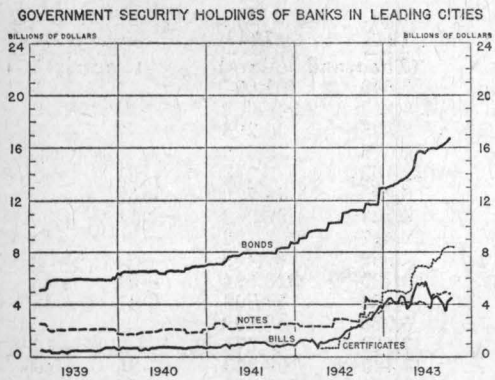
Holdings of Government securities by the Federal Reserve System showed little change from the end of September to the third statement date of October, but there were some shifts among the kinds of securities held. Treasury bills held under option declined by 200 million dollars between September 30 and October 20, while holdings of certificates of indebtedness and of Treasury bills outside of the option accounts increased by about 200 million. Total holdings of United States Government securities by the Reserve System on October 20 were 8.9 billion dollars.



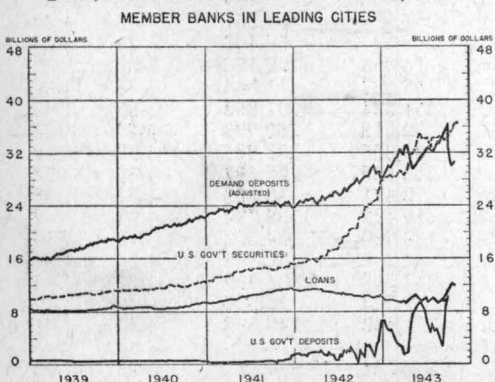
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for September, 1943.



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



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures, latest shown are for October 13, 1943.



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 October 13, 1943.