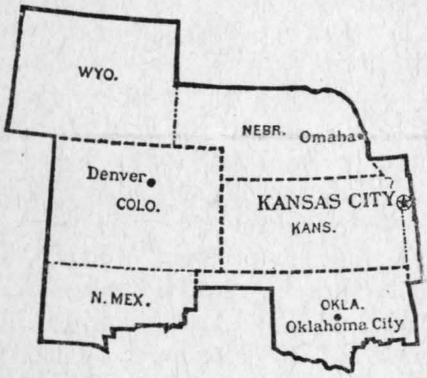
MONTHLY REVIEW

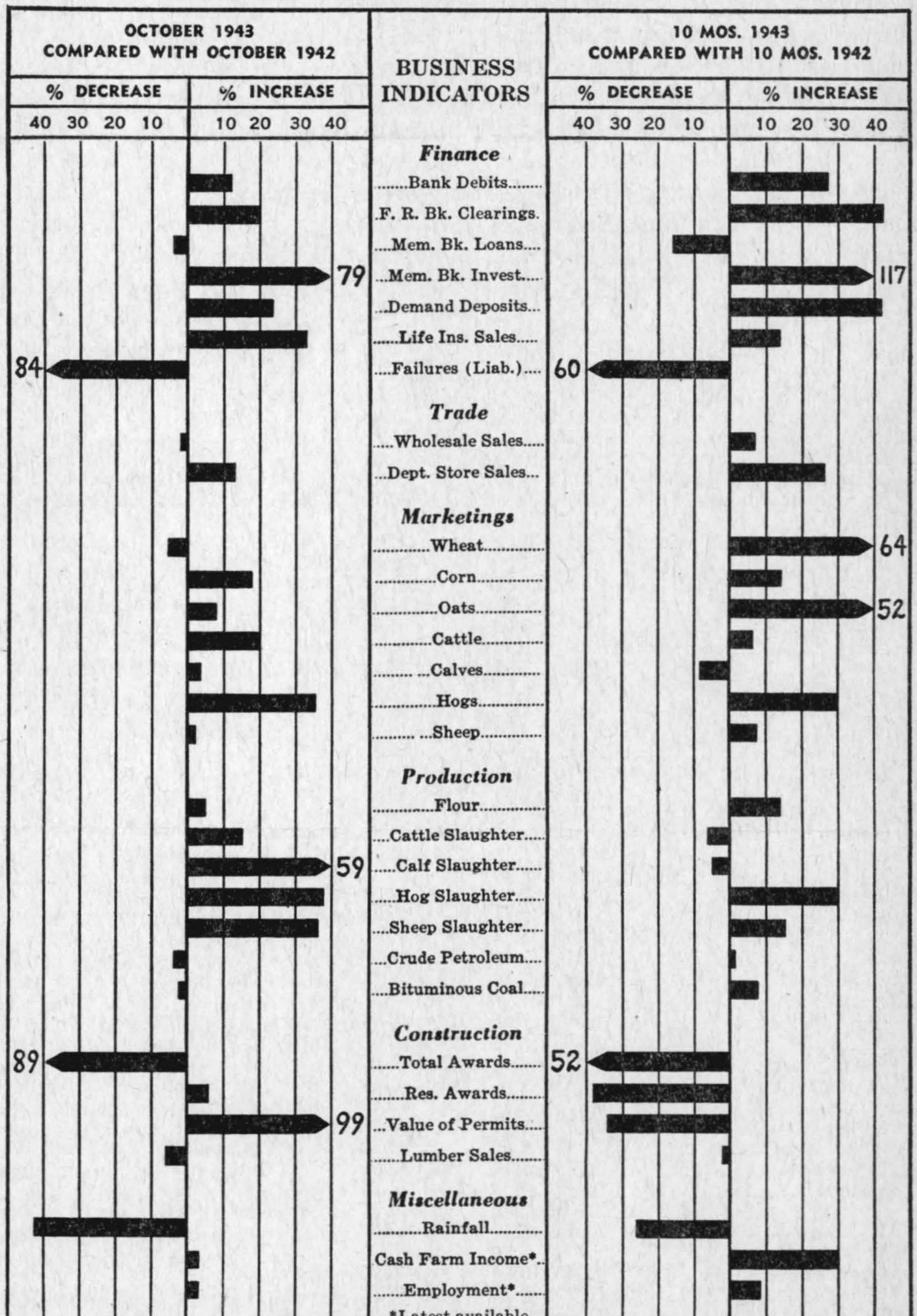
Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

VOL. 28, NO. 11 FEDERAL RESERVE BANK OF KANSAS CITY NOVEMBER 30, 1943

Business in the Tenth Federal Reserve District





Fall planted wheat in many sections of the District is going into the winter in poor condition—a situation which is not promising for next year's crop. Acreage, although above last year, now seems certain to be far below the goal. Wheat prices have risen sharply in recent months.

Livestock feeding has been curtailed, and there is increasing evidence of liquidation of livestock because of the critical feed situation. This is particularly true of hogs and sheep. Cattle numbers have been reduced sharply in some areas but the number on western ranges is reported to be still very large. Livestock prices tend lower.

Some leveling off has occurred this fall in farm income, employment, and trade. Farm income and employment are now little above a year earlier but trade is still appreciably higher. Labor shortages are acute in many lines of production and especially so in flour milling.

AGRICULTURE

Crops

Per capita food production in the United States, according to the Department of Agriculture, at the beginning of this war was about the same as that at the beginning of the first World War. Developments in food production that have been similar during both wars include large livestock increases, feed and fertilizer shortages, extremely long hours on the farm, relatively high wages, and favorable prices to farmers. Rapid expansion in food production, however, has been more easily possible this time because of improved seeds, fertilizers, machinery, and operating practices, all developed since the last war, together with unusually favorable weather the last two years which has contributed substantially to record-breaking crop yields. On the other hand, sustained production currently is very difficult because of the much more critical farm machinery and farm labor shortages in this war. In the last war, the armed forces were comparatively smaller and less mechanized, farm machinery manufacture was not greatly restricted, and farm labor shortages were eased by increased mechanization of farming.

RAINFALL

	Oct. 1943 Total	Oct. 1943 Normal	10 Mos. 1943 Total	10 Mos. 1943 Normal
	(In inches)			
COLORADO				
Denver	0.26	1.05	8.28	12.77
Leadville	0.89	1.26	20.10	16.62
Pueblo	0.17	0.66	8.15	10.81
Lamar	0.48	1.03	9.21	14.91
Alamosa	0.26	0.45	5.08	6.35
Steamboat Springs	1.51	1.97	16.75	19.67
KANSAS				
Topeka	2.43	2.42	32.08	31.05
Iola	2.20	3.16	39.05	34.53
Concordia	1.43	1.97	23.14	24.98
Salina	2.61	2.00	24.69	25.07
Wichita	1.83	2.59	27.54	28.00
Hays	0.68	1.55	15.13	22.06
Goodland	0.70	1.38	17.13	17.40
Dodge City	2.51	1.30	13.69	19.19
Elkhart	0.12	1.66	15.79	16.13
MISSOURI				
St. Joseph	1.54	2.89	33.29	32.69
Kansas City	1.93	2.69	25.71	31.53
Joplin	3.86	3.45	47.83	39.06
NEBRASKA				
Omaha	0.55	2.17	21.42	25.77
Lincoln	1.53	1.88	20.83	26.07
Norfolk	2.18	1.73	19.24	26.31
Grand Island	0.96	2.12	14.72	25.27
McCook	0.12	1.20	10.94	18.35
North Platte	1.35	1.07	14.06	17.39
Bridgeport	1.25	1.09	16.30	15.28
Valentine	1.61	1.10	14.61	17.17
NEW MEXICO				
Clayton	0.13	1.26	6.67	15.52
Santa Fe	0.27	1.18	8.62	12.85
Farmington	0.45	0.81	6.04	8.15
OKLAHOMA				
Tulsa	4.72	3.68	39.40	34.12
McAlester	3.59	4.27	36.75	37.82
Oklahoma City	1.55	2.86	21.13	27.78
Pauls Valley	0.82	3.47	19.28	30.78
Hobart	1.20	3.04	14.12	25.31
Enid	2.70	2.92	23.72	27.88
Woodward	1.57	2.22	15.99	23.33
WYOMING				
Cheyenne	0.54	0.96	13.35	13.92
Casper	1.02	1.41	7.85	13.67
Lander	1.06	1.36	9.82	11.35
Sheridan	0.87	1.07	16.32	13.79

One of the major impacts of the war on the 1944 production plans of farmers in this District is the need for more wheat to meet the unprecedented wartime demand for food, livestock feed, and industrial alcohol that has cut heavily into former surplus wheat supplies in this country and has reversed, temporarily at least, this country's position as a wheat exporter. The wheat goal for Kansas was set at 14 million acres, for Oklahoma 5.8 million, and for Nebraska 4.1 million acres. This represents an increase of 34 per cent over the preceding year in Kansas and Nebraska and of 53 per cent in Oklahoma. In contrast with the last two years, however, generally dry weather this fall delayed the planting of winter wheat and has greatly reduced the acreage farmers otherwise would have sown. Reports indicate that winter wheat seedings in Kansas possibly will not exceed 12 million acres, an increase of only 15 per cent, and that plantings in Nebraska may be only about 3 million acres, or about the same as last year. The acreage in Oklahoma and Colorado also seems likely to be far below previous expectations. There has been a large increase in acreage in some counties of eastern Kansas and in other areas where moisture has been adequate. Some seeding was still going on in November, but the lateness of the season and continued drought in many sections have largely ended further plantings and a considerable part of the acreage intended for winter wheat probably will be sown to other crops next spring.

October rainfall in Wyoming was 111 and in Missouri 114 per cent of normal, while in Colorado it was 79, New Mexico 42, Oklahoma 97, Kansas 89, and in Nebraska 81 per cent of normal. Although precipitation, on the whole, was more nearly normal in October than it had been in the preceding three months, even so it still was very unevenly distributed and entirely inadequate to overcome accumulated deficiencies. Continued dryness in November marked the fifth consecutive month of moisture shortage in many sections of the District, with from 5 to 7 inches of properly spaced precipitation needed to restore subsoil moisture reserves. Winter wheat is in fairly good condition, although not so far advanced as last year, in those areas that have been favored by moisture—principally extreme southeastern Nebraska, northwestern Missouri, eastern Kansas, northeastern Oklahoma, and northeastern Colorado—but the condition of wheat elsewhere in the District generally is poor and stands are thin and spotted. The situation is reported to be especially critical in Nebraska and in the western part of the wheat belt in western Kansas and eastern Colorado and extending southward into New Mexico and Oklahoma where weak plants will be more liable than usual to winter killing and where many plants already are reported to be dying from lack of moisture. Much wheat this fall was sown in dry soil and a considerable part of it has not yet germinated. In the western third of Kansas, rainfall the last three months has been less than half of normal and topsoil moisture in November was practically depleted, while over the western two-thirds of the state November was the ninth month this year that precipitation had been deficient, with no month in 1943 very wet.

Cash wheat prices have risen sharply in the last three months. Late in November, prices of hard wheat were at a new high for the last fifteen years, were substantially above the loan rate, and were close to parity, at which level the OPA has indicated its intention of placing a ceiling on hard wheat prices. Price ceilings previously had been established on soft wheat, effective November 6. The pronounced strength in wheat reflects the rapid disappearance of surplus wheat stocks, the generally unfavorable outlook for next year's crop, a volume of marketings inadequate to meet current trade requirements, and the recently announced flour subsidy program that will permit mills to pay higher prices for wheat and continue to sell flour at the ceiling level. Use of wheat for livestock feed alone is in excess of a million bushels a day and has necessitated the importation of Canadian wheat to supplement domestic feed supplies and the importation of molasses for use in the production of industrial alcohol in place of wheat. The movement of new crop corn to market has not attained sufficient volume to afford any appreciable relief to feeders and feed manufacturers who continue to use other feed grains extensively as a substitute for corn.

The lower range of Kansas City cash grain prices:

	Nov. 29 1943	Oct. 30 1943	Sept. 30 1943	Oct. 31 1942
No. 1 hd., dk. wheat, bu.	\$1.57	\$1.53¼	\$1.48¾	\$1.19½
No. 2 mixed corn, bu.	1.03¾	1.03¾	1.03¾	.74¾
No. 2 white oats, bu.	.80½	.77	.78½	.46½
No. 2 rye, bu.	1.14½	1.13	1.12½	.59
No. 2 barley, bu.	1.16½	1.13½	1.15	.62
No. 2 white kafir, cwt.	2.30	2.34	2.57	1.26

Livestock

High prices of feed grains, hay, and concentrates ranging from 14 to 94 per cent above a year earlier, relatively small and poorly distributed feed supplies in relation to livestock numbers, the continued acute scarcity of corn, of concentrates, and protein feeds, and the generally unfavorable outlook for winter grain and grass pasturage are the principal factors contributing to the seriousness of the feed situation. The liquidation of livestock, particularly hogs and sheep, has reached sizeable proportions. Receipts of hogs contain an increasingly large number of lightweight hogs, indicating insufficient feed supplies at home and the inability to replenish feedstuffs in sufficient volume, and marketings and slaughter of breeding ewes have been heavy in recent months. To balance supplies of feed grains and concentrates with livestock, dairy, and poultry production, the War Food Administration has formulated a feed policy for 1944 which provides for cutting 1944 spring hog farrowings 20 per cent below those of 1943, instead of only 10 per cent below as previously requested, and for cutting average weights of hog marketings 25 per cent under 1943.

There is some tendency to sell cows closely and the fall movement of cattle and calves has been very heavy from Oklahoma and Kansas and locally from other areas, but in much of the western country the movement so far has not been large enough to reduce materially the present large numbers of cattle on the range. Supplies of winter feed on western ranges vary greatly according to moisture conditions the past summer and fall. Ranges and pastures in western Nebraska, in parts of Wyoming, and in the mountain and western sections of Colorado carry a good supply of feed, but in central and south-central Wyoming, in eastern Colorado, and in western Kansas range conditions are only fair, while they are generally poor in much of Oklahoma and New Mexico. Many areas consequently will need to use more hay, grains, and concentrates this winter than during the past three winters. Because of the large numbers of livestock on farms and ranges, feeding requirements will be heavy and many sections will be short of feed, especially if the weather should be severe.

The cattle price directive issued by the Office of Economic Stabilization on October 25, designed to stabilize slaughter cattle prices approximately at market levels prevailing at that time, has tended to eliminate some of the uncertainty on the part of cattle feeders as to what kind of ceiling prices might be put on live cattle. Shipments of stocker and feeder cattle into Corn Belt states, however, continue below a year earlier owing to a large decrease in direct shipments from range areas. Cattle feeding operations outside the Corn Belt also are below last year and, according to the Department of Agriculture, will be the smallest in the last five years, at least. High prices of feed grains and the lack of protein supplement are discouraging dry-lot feeding, while the reduced production of sugar beet feeds and the smaller number of sugar factories operating this season have contributed to a substantial decline in the number of cattle that will be fed in sugar beet areas. Operators continue to prefer the heavier weights of feeder cattle that can be marketed after a relatively short feeding period, and market supplies of long fed cattle in the next eight months will be substantially smaller than in other recent years. Large numbers of calves that in recent years would have been taken for stockers or for feeding are going to slaughter instead.

Profit margins on lamb feeding operations currently are reported to be somewhat wider than the narrow margin prevailing on cattle, but the number of lambs fed this winter also will be sharply lower than a year earlier, especially in states outside the Corn Belt and in areas where wheat pastures are a determining factor in lamb feeding. The total number of lambs fed in Nebraska and in Missouri may be little different from last year, but a very large reduction is in prospect in Kansas, where the number of lambs finished on wheat pastures this year in the western part of the state will be only a small percentage of the record number fed last season. Large decreases in lamb feeding are indicated also for Wyoming, Colorado, and New Mexico, although an estimated reduction of from 15 to 20 per cent from last year in Colorado, the principal western feeding state, is less than seemed probable earlier as the movement of lambs into the northern Colorado feeding area has been above previous expectations.

Prices of beef steers have been fairly steady in recent months around a level of $16 a hundredweight at Kansas City, but heavy marketings caused price declines on the lower grades of slaughter cattle and on stockers and feeders, many of which are coming to market instead of going into feed lots. The cattle price regulation announced in October, contrary to first impressions, did not fix maximum or minimum prices which packers could pay for live cattle, although by means of deductions from proposed subsidy payments to processors it does penalize packers who pay above or below an approved range of prices established for slaughter cattle by grades at Chicago. The effective date of the cattle price regulation has been postponed until mid-December or later, pending the establishment of price differentials between Chicago and other markets. Sheep and lamb prices have fluctuated widely but have generally tended lower in response to heavy receipts as much of the range lamb crop this year was forced to find an outlet through terminal markets. Hog prices during much of October were at the OPA ceiling level of $14.50 a hundredweight at Kansas City, with nearly all grades and weights of hogs selling for a time at the ceiling price. Seasonal expansion in receipts in November, however, caused price spreads between the different grades and weights again to widen and hog prices to drop sharply to or below the War Food Administration floor or support level of $13.50, effective November 29. The support price applies only to good to choice hogs weighing 200 to 270 pounds, and weights above and below this range have sold at a considerable discount. The support price is to be maintained by Government purchases of pork products at prices that will enable packers to buy hogs at or above the floor level. Maintenance of the support price, consequently, will depend in large part on orderly marketings of hogs to avoid piling up supplies at markets faster than packing plants can handle them as there is no other outlet for excess supplies.

Top carlot livestock prices at Kansas City:

	Nov. 29 1943	Oct. 1943	Sept. 1943	Oct. 1942	Oct. 1941	Oct. 1940
	(In dollars per hundredweight)					
Beef steers	16.00	16.10	16.35	16.50	12.85	13.25
Stocker cattle	13.25	13.25	13.50	14.00	11.90	10.75
Feeder cattle	13.50	13.50	14.15	14.25	11.25	10.50
Calves	14.00	14.00	14.00	14.00	13.00	10.50
Hogs	13.50	14.50	14.95	15.15	11.25	6.40
Spring lambs	14.25	14.75	15.00	14.65	11.90	9.50
Slaughter ewes	6.35	6.15	6.75	5.75	5.35	4.15

Farm Income

Cash income from farm marketings in this District continues at a high level although farm income in September was very little above a year earlier, larger returns from livestock and livestock products being nearly offset by smaller returns from crops. Income from crops was down substantially in Nebraska, Kansas, Oklahoma, and Missouri, and the decrease in receipts from the sale of crops in Kansas and Oklahoma more than counterbalanced an increase in receipts from livestock items. Income from both crops and livestock was above a year earlier in Wyoming, Colorado, and New Mexico. The sharp reduction in crop income is due in part to smaller production of wheat, cotton, and fruit and to the recent tendency to hold back marketings of wheat rather than sell it or place it under loan; prices received by farmers for crops are substantially higher than a year ago. On the other hand, prices received for meat animals are little different from a year ago but heavier marketings of livestock, together with higher prices for dairy and poultry products, have resulted in a large gain in income from livestock and livestock products.

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

	Sept. 1943	9 Mos. 1943	Change from '42 Sept.	Change from '42 9 Mos.
	(Thousand dollars)		(Per cent)	
Colorado	41,446	198,307	+25	+37
Kansas	68,308	517,279	−16	+29
Missouri	59,835	449,230	+6	+27
Nebraska	50,351	469,615	+11	+44
New Mexico	7,208	54,163	+42	+43
Oklahoma	37,701	262,243	−1	+12
Wyoming	15,743	51,899	+12	+7
Seven states	280,592	2,002,736	+3	+30
United States	1,934,984	13,053,969	+12	+29

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in the District in October was only 12 per cent larger than a year earlier, but in the first three weeks of November sales were influenced in part by early Christmas shopping and rose 27 per cent above the preceding year. Dollar inventories declined contrary to the usual trend during October and stocks on hand, although somewhat larger than a year ago, are equal to only about 2.4 months' supply at the current rate of sales as compared with 2.7 months' supply last year. The volume of outstanding orders continues very large, with the amount of merchandise on order nearly double what it was a year ago and almost as large as actual inventories on hand. Although the chief problem of retailers currently is not one of selling but rather one of obtaining goods to sell, reports recently have indicated that orders for substitute merchandise are being curtailed and that the present large volume of outstanding orders probably is padded to a considerable extent because merchants anticipate that they will receive only a small part of the goods ordered. Collection ratios have reached a new high. October collections on regular charge accounts averaged 74 and on instalment accounts 48 per cent.

Department store sales and stocks in leading cities:

	No. of Stores	SALES Oct. '43 comp.to Oct. '42	SALES 10 Mos.'43 comp. to 10 Mos.'42	STOCKS Oct.31,'43 comp. to Oct.31,'42
		(Per cent increase or decrease)		
Denver	7	+8	+22	0
Hutchinson	3	+14	+28	*
Topeka	3	+7	+31	*
Wichita	4	+15	+32	*
Joplin	3	+9	+10	*
Kansas City	8	+6	+21	+14
St. Joseph	3	+19	+29	....
Omaha	4	+17	+24	*
Oklahoma City	6	+34	+49	+30
Tulsa	6	+23	+27	+11
Other cities	32	−1	+20	+4
District	79	+12	+26	+6

*Not shown separately but included in District total.

PRODUCTION

Meat Packing

Livestock slaughter is very large, seasonal expansion in hog marketings in October and November being aded to the already heavy runs of cattle and sheep. Packers' purchases of cattle at leading District markets in October were about one-fourth, calves a third, and of hogs and sheep two-thirds greater than the average of the past ten years. Because of the greatly increased numbers of hogs on farms available for marketing, reduced manpower at processing plants, and the crowded condition of cold storage facilities, some concern has been expressed over a possible market glut during December and January when hog marketings normally reach their winter peak. Receipts of hogs have been relatively heavier at Omaha and St. Joseph than at other District markets but, thus far, there has been little congestion in this area, owing in part to the fact that hog numbers in some sections of the District — especially Nebraska and Kansas—probably are still below the peak levels of pre-drought years. On November 18, OPA reduced for a limited period of time the number of ration points required for the purchase of pork, in order to allow increased civilian consumption while pork supplies are seasonally large. At the same time, War Food Administration restrictions on farm slaughter of hogs were suspended for 90 days, and farmers were urged to spread their hog marketings as much as possible to prevent overloading commercial slaughter facilities.

Flour Milling

Southwestern flour milling operations averaged 92 per cent of capacity during October, and in the first half of November flour production was at a rate of 94 per cent of capacity. Since a considerable part of milling equipment is being used for grinding wheat for livestock feed and for other special purposes, total running time at mills is virtually at full-time capacity and, according to trade reports, is about as high as present labor supplies will permit. Because of the labor shortage, some Wichita mills late in October were as much as two weeks behind in shipments, while at Omaha some mills have been operating seven days a week. The current high level of operations is principally to satisfy urgent shipping directions on flour contracted last summer and earlier. Aside from Government buying for the armed forces and moderate sales of family grades of flour, new flour sales in recent months have been light, rising wheat prices and the resulting squeeze between wheat prices and the ceiling price on flour having gradually cut off sales to bakers. On November 18, the Office of Economic Stabilization announced a flour subsidy program to avert an increase in the retail price of bread.

Petroleum

A definite shortage of crude oil, according to the Petroleum Administration for War, is in prospect for the coming year unless new discoveries should exceed present expectations or the estimates of military requirements should be lowered. Military requirements currently are at a rate of about 1,210,000 barrels of crude oil daily, or over 27 per cent of daily average crude production. Storage stocks of crude throughout 1943 have been close to minimum essential working levels, and the war demands for oil, together with the industrial and the curtailed civilian demand, consequently can only be met through greater imports of foreign oil made possible by the present rate of new tanker construction and the improved control of the submarine menace. The 1944 drilling program of the petroleum administration calls for 24,000 new wells, including 5,000 exploratory and 19,000 development operations and representing an increase of 25 per cent over 1943. Trade reports, however, indicate an increase of 80 per cent in drilling would be necessary to bring the number of new producing wells up to normal, because of the present abnormally high proportion of dry holes. Supplies of drilling materials are expected to increase somewhat in the coming year, with sufficient materials available for essential operations, but the manpower situation in general may become progressively worse. In addition, the drilling of wildcat wells is less profitable because of increased operating costs and because the chances for a successful well are much less favorable than formerly. Notwithstanding the rejection by the Office of Economic Stabilization of the plea for an advance in crude oil prices, which operators maintain is necessary to secure the desired new production, some wildcat drilling continues under way. New discoveries have occurred this year in Wyoming, Nebraska, and Oklahoma, with that in Wyoming reported to be of major importance.

Employment

The War Manpower Commission has now classified 351 important labor market areas in the United States according to present and prospective labor supplies. Of these, the 22 shown in the table below are in this District. Group I includes areas of current acute labor shortage. Group II represents areas of labor stringency and those anticipating a labor shortage within six months. Group III consists of areas in which it is expected that a slight labor surplus will remain after six months, while the areas in Group IV are expected to have a substantial labor surplus remaining at the end of six months. The principal changes in this list since last January are the shifting of Oklahoma City from Group III (slight surplus) to Group I (acute shortage) and the inclusion in Group I of Hastings, Nebraska, and Rock Springs, Wyoming. In addition, there has been an appreciable tightening in the labor supply at Omaha and Lincoln, while the situation appears to have eased somewhat at Pueblo, Colorado, and at McAlester, Oklahoma. Employment gains in Oklahoma during the past year have been especially large, and the acute labor shortage in the Oklahoma City area has developed despite a substantial increase in civilian population as indicated by registrations for war ration books. Population declines contributed in part to reductions in the former surplus labor supplies at Omaha and Lincoln. The condition of acute labor shortage continues at Wichita despite further increases in population, while population gains have maintained the small labor surplus previously reported for Denver and Kansas City.

The War Manpower Commission classification of labor market areas in this District as of November 1:

GROUP I	Wichita, Kans. Hastings, Nebr. Oklahoma City, Okla.	Cheyenne, Wyo. Rock Springs, Wyo.
GROUP II	Parsons, Kans. Grand Island, Nebr.	Omaha, Nebr.
GROUP III	Colorado Springs, Colo. Denver, Colo. Pueblo, Colo. Kansas City, Mo.	Lincoln, Nebr. McAlester, Okla. Tulsa, Okla.
GROUP IV	Hutchinson, Kans. Topeka, Kans. Joplin, Mo. St. Joseph, Mo.	Albuquerque, N. Mex. Enid, Okla. Muskogee, Okla.

The purpose of this classification, of course, is to guide procurement agencies in the placing of contracts to avoid, insofar as possible, tight labor areas. At the same time, however, officials in negotiating war contracts are guided by many considerations, of which manpower is only one. The ability of a concern to deliver or perform a contract on time, the ability to fill a contract with a minimum amount of new machinery and equipment, and other factors are likewise important influences. Since the war production effort at this time emphasizes more production from existing plants rather than the building of new ones in areas of adequate labor supply, many contracts must be placed in Group I and II labor market areas because alternate production facilities are not available elsewhere. The War Manpower Commission, in order to utilize manpower more efficiently, recently has undertaken an employment stabilization program to eliminate wasteful labor turnover, reduce unnecessary migration, and direct the flow of scarce labor where needed. Under this program, workers may not change from one essential job to another or from an essential to a nonessential job without a certificate of availability unless they have been unemployed for a period of 60 days. In addition, workers in critical occupations are now channeled through the United States Employment Service offices which seek to place workers where their skills will be fully utilized, and in-migrant workers can be hired only through the USES offices. WMC previously had directed that any area of acute labor shortage must lengthen its work week from 40 to 48 hours. The shifting of labor from surplus areas to areas in which there is a shortage would, of course, provide additional workers where needed but this raises serious problems of housing, transportation, and service not only for the newly arrived worker but also for the community.

Total nonagricultural employment in this District, according to latest estimates available, in August was 3 per cent above a year earlier but was slightly below the peak level reached in December last year. Employment in manufacturing industries, however, was 20 per cent larger than a year earlier and has continued to rise to new highs. In recent months there have also been seasonal increases in the number of workers engaged in trade. Currently, some workers are being released for other jobs because of the completion of military and industrial construction projects, the adoption of a 48-hour work week in critical labor areas, and lay-offs pending renewal of completed war materials contracts or a change-over to other types of products, but for more than a year now any further expansion in the general level of employment has been greatly restricted by withdrawals to the armed forces and by increasing difficulty in bringing women into the labor force in sufficient numbers to balance inductions of men for military service. Unemployment, of course, is at a very low point.

Department of Labor estimates of total nonagricultural employment:

	Aug. 1943	July 1943	Change from '42 Aug.	Change from '42 July
	(Number)		(Per cent)	
Colorado	287,000	284,000	−7	−5
Kansas	412,000	415,000	+1	+9
Missouri	989,000	993,000	+4	+5
Nebraska	264,000	262,000	+4	+6
New Mexico	83,200	81,800	−5	0
Oklahoma	403,000	396,000	+12	+9
Wyoming	61,900	61,000	−3	0
Seven states	2,500,100	2,492,800	+3	+5
United States	38,245,000	38,364,000	+1	+3

FINANCE

Member Bank Operations

Loans at weekly reporting member banks in the Tenth District declined somewhat from the third week of October to the third week of November, following a rather marked expansion since last June. About three-fifths of the recent decline was in commercial loans, while nearly two-fifths of it represented a decrease in security loans to brokers, dealers, and customers as repayments were being made on the liquidation of securities purchased during the Third War Loan drive last September. Investments at these reporting banks have increased further to a new high, although the rate of rise in recent weeks has slowed appreciably. Demand deposits of individuals and corporations again are increasing but have not quite regained the record level prevailing just prior to the September drive during which such deposits had been drawn down substantially as funds were transferred to war loan accounts to pay for Government securities sold to bank customers. The Treasury has announced a Fourth War Loan drive starting January 18 and ending February 15 with a goal of 14 billion dollars, 5½ billion of which is to be raised directly from individuals and 8½ billion from other nonbanking sources. To an even greater extent than in previous drives, emphasis will be placed on sales to individual investors. Commercial banks will be permitted to invest a portion of their time deposits in new issues of 2½ and 2¼ per cent bonds in order to enable country banks with large excess reserves to become more fully invested.

Principal items of condition of 50 member banks:

	Nov. 17 1943	Change from Oct. 20 1943	Change from Nov. 18 1942
	(In thousands of dollars)		
Loans and investments—total	1,757,838	+7,002	+593,228
Loans—total	362,658	−6,593	−19,494
Coml., indust., agric.	243,253	−3,944	−19,187
To security brokers and dealers	6,196	−1,202	+3,873
Other to purchase or carry secur.	12,749	−1,197	+4,178
Real estate loans	40,403	+132	+6,440
Loans to banks	1,000	−1	+984
All other loans	59,057	−381	−15,782
Investments—total	1,395,180	+13,595	+612,722
U. S. Treasury bills	180,797	−7,384	+57,173
U. S. Treas. certif. of indebt.	313,536	+9,441	+212,436
U. S. Treasury notes	234,133	+2,417	+84,954
U. S. Govt. bonds	492,382	+11,728	+267,875
Oblig. guar. by U. S. Govt.	53,079	−10	−6,414
Other securities	121,253	−2,597	−3,302
Reserve with F. R. Bank	368,585	+11,416	+23,531
Balances "due from" banks—net	295,749	−33,330	−50,335
Demand deposits—adjusted	1,111,680	+40,185	+192,757
Time deposits	169,796	+3,503	+26,498
U. S. Govt. deposits	260,078	−64,659	+215,359
Deposits "due to" banks—net	790,812	+2,836	+123,750

Bank Debits

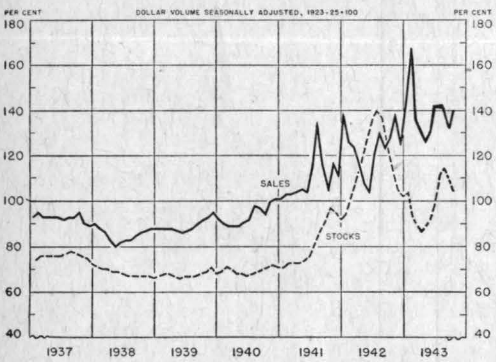
	Oct. 1943	10 Mos. 1943	Change from '42 Oct.	Change from '42 10 Mos.
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo.	23,714	221,321	−11	−6
Denver, Colo.	340,084	2,684,746	+14	+17
Gr. Junction, Colo.	8,492	58,758	+38	+42
Greeley, Colo.*	10,902	82,997	+41	....
Pueblo, Colo.	19,315	197,673	−41	−6
Atchison, Kans.	5,409	55,199	+9	+28
Emporia, Kans.	6,816	59,085	+9	+30
Hutchinson, Kans.	22,250	224,445	+22	+39
Independence, Kans.	4,235	44,693	−16	+25
Kansas City, Kans.	37,140	355,664	+12	+32
Lawrence, Kans.	5,933	63,641	−5	+40
Parsons, Kans.*	5,732	54,631	....	....
Pittsburg, Kans.	7,550	70,821	−5	+8
Salina, Kans.	19,123	217,328	−8	+39
Topeka, Kans.*†	55,098	540,950	+18	....
Wichita, Kans.	176,736	1,532,277	+38	+57
Joplin, Mo.	15,666	140,300	+12	−11
Kansas City, Mo.	604,463	6,063,252	+15	+30
St. Joseph, Mo.	57,370	511,631	+25	+29
Fremont, Nebr.	6,534	64,940	+7	+42
Grand Island, Nebr.*	12,630	134,816	+1	....
Lincoln, Nebr.	43,049	454,593	+12	+31
Omaha, Nebr.	322,724	3,224,576	+14	+39
Albuquerque, N. M.	29,108	288,887	−1	+20
Bartlesville, Okla.	35,502	341,153	+12	+9
Enid, Okla.	17,803	171,340	+38	+26
Guthrie, Okla.	2,223	20,525	−1	+13
Muskogee, Okla.	16,172	152,956	−11	−7
Okla. City, Okla.	129,006	1,483,908	−19	+13
Okmulgee, Okla.	3,203	36,102	+1	+27
Tulsa, Okla.	213,059	2,097,758	+11	+21
Casper, Wyo.	9,920	85,265	−4	+8
Cheyenne, Wyo.	15,599	165,185	+5	+37
District, 29 cities	2,198,198	21,088,022	+11	+27
U. S., 334 cities	66,270,000	630,977,000	+14	+25

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

INDUSTRIAL PRODUCTION

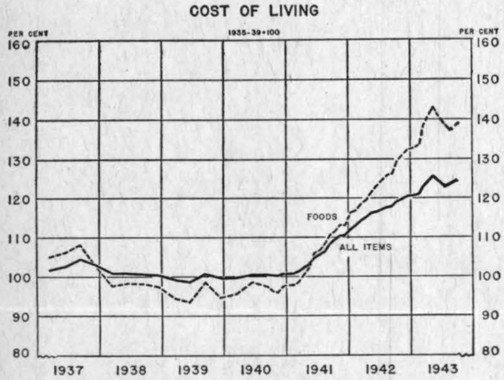
Federal Reserve index. Monthly figure, latest shown is for October, 1943.

DEPARTMENT STORE SALES AND STOCKS



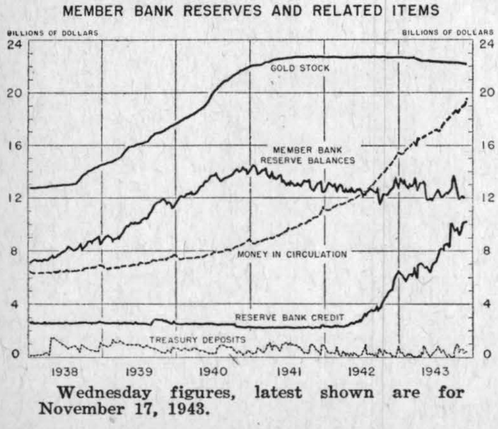
Federal Reserve indexes. Monthly figures, latest shown are for October, 1943.

COST OF LIVING



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September, 1940; monthly thereafter. Mid-month figures, latest shown are for October, 1943.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for November 17, 1943.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity was maintained in record volume in October and the early part of November. Value of department store sales continued at an exceptionally high level.

Industrial Production

The total volume of industrial production continued to increase slightly in October and the Board's seasonally adjusted index was at 245 per cent of the 1935-39 average, as compared with 240 in July and 227 in January. War production in the machinery and transportation equipment industries showed a further rise, reflecting largely a new high level of production of aircraft, aircraft engines, and parts. The total number of planes accepted during the month was 8,362, or 11 per cent more than the average in the third quarter. Deliveries of cargo vessels from merchant shipyards continued at an annual rate of 20,000,000 deadweight tons.

Steel mills operated during October at the highest monthly rate during the war period. Production of nonferrous metals also continued to rise. Announcement of permission to use aluminum in additional types of war products and some essential industrial products followed rapidly increasing output of this metal. Lumber production declined somewhat more than is usual at this season and the prospective supply situation remains critical notwithstanding reduced demand for lumber for building purposes. Output of stone, clay, and glass products as a whole showed little change and was at about the level of a year ago. Cement production in October was down 40 per cent from last year but production of other stone, clay, and glass products, like glass containers and asbestos and abrasive products, was considerably higher.

Output of most nondurable goods showed little change from September to October. Food manufacturing as a whole continued in large volume, allowing for seasonal changes, although butter and cheese production declined. Output of butter was 11 per cent below last year in October and declined further in the early part of November. Meatpacking, however, was at an exceptionally high level in October and continued to increase sharply in the first three weeks of November. There was also a rise in production of wheat flour and other manufactured foods in October. Output of textile and leather products remained at the somewhat reduced rate of recent months, while production of rubber products and industrial chemicals increased. Coal production declined 6 per cent in October and dropped sharply further during the first week of November, but increased in the middle of November.

The value of construction contracts awarded in October, according to reports of the F. W. Dodge Corporation, continued at the low level of other recent months. Total awards this year have been 60 per cent smaller than in the corresponding period of 1942, when they were at the highest level of the war period.

Distribution

Department stores sales in October and the first half of November were 10 per cent larger in dollar volume than in the same period last year, and, allowing for seasonal changes, sales were somewhat higher than in the third quarter of this year. Total consumer expenditures for commodities and services in the third quarter were at about the peak level prevailing in the first half of this year and were substantially larger than a year ago.

Carloadings of railway freight in October were slightly less than in September, reflecting chiefly declines in shipments of coal and ore. Loadings of grain increased sharply to a level 20 per cent greater than in October, 1942, and livestock shipments were the highest in recent years.

Commodity Prices

Grain prices advanced in the early part of November, while prices of livestock declined as livestock marketings expanded sharply. Prices of certain industrial raw materials, such as cotton, wool, and nonferrous metal scrap, have also declined somewhat since the middle of October reflecting larger supplies and uncertainties as to the extent of war demands for these materials.

The total cost of living which had declined 1.4 per cent during the summer, according to the Bureau of Labor Statistics, rose .8 per cent from mid-August to mid-October. There were increases in prices of food, clothing, and a number of miscellaneous items.

Bank Credit

The average level of excess reserves at all member banks was around 1.1 billion dollars in mid-November reflecting some decline from the comparable October period. During the four weeks ending November 17 reserve funds were supplied to member banks by an increase of over 900 million dollars in the Government security portfolio of the Reserve Banks; increased holdings consisted largely of bills purchased under option and in part of certificates. The effect of these security purchases on excess reserves was more than offset, however, by a currency demand of 540 million dollars and a continued increase in required reserves as Treasury disbursements transferred funds from reserve-exempt war loan accounts to private deposits.

Following substantial bank purchases of special Treasury offerings in mid-October, Government security holdings at reporting member banks in 101 leading cities declined somewhat over the following month. The principal decrease was in holdings of bills at banks outside New York. Commercial loans while decreasing during the past two weeks, showed a net gain for the four week period, while loans on securities, which rose to a high level during the Third War Loan Drive, declined substantially.