

MONTHLY REVIEW

Agricultural and Business Conditions

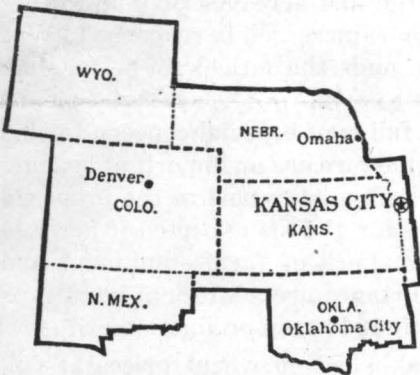
TENTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK OF KANSAS CITY

JANUARY 31, 1944

Business in the Tenth Federal Reserve District



Good moisture in December and January, following a very dry fall, has improved somewhat the rather poor outlook for winter wheat in many sections of the District. The moisture also benefited ranges and pastures, but snow on the ranges and very low temperatures necessitated extensive supplemental feeding of livestock, thus aggravating an already serious feed situation.

The rapid rise in grain prices has leveled off, following the establishment of price ceilings. Hog prices are steady at the support level, while lamb prices are exceptionally strong. Hog production shows a sharp decrease.

The record level of farm income and further increases in factory pay rolls have maintained department store sales at a very high rate, although gains over the preceding year are now less pronounced.

Output at meat-packing plants, flour mills, and oil refineries continues very large.

DECEMBER 1943 COMPARED WITH DECEMBER 1942					BUSINESS INDICATORS	YEAR 1943 COMPARED WITH YEAR 1942				
% DECREASE		% INCREASE				% DECREASE		% INCREASE		
40	30	20	10	10		20	30	40		
					Finance					
					Bank Debits.....					
					F. R. Bk. Clearings.....					
					Mem. Bk. Loans.....					
				62	Mem. Bk. Invest.....					105
					Demand Deposits.....					
					Life Ins. Sales.....					
75					Failures (Liab.).....	60				
					Trade					
					Wholesale Sales.....					
					Dept. Store Sales.....					
					Marketings					
					Wheat.....					57
					Corn.....					
					Oats.....					
					Cattle.....					
					Calves.....					
					Hogs.....					
					Sheep.....					
					Production					
					Flour.....					
					Cattle Slaughter.....					
				90	Calf Slaughter.....					
					Hog Slaughter.....					
					Sheep Slaughter.....					
					Crude Petroleum.....					
					Bituminous Coal.....					
					Construction					
65					Total Awards.....	55				
70					Res. Awards.....					
				94	Value of Permits.....					
					Lumber Sales.....					
					Miscellaneous					
					Rainfall.....					
					Cash Farm Income*.....					
					Employment*.....					

*Latest available

Complete

AGRICULTURE

Winter Wheat

December and early January rains and snows improved somewhat the rather poor outlook for winter wheat in New Mexico, Oklahoma, Kansas, and Missouri, while moisture in Nebraska near the end of January brought some relief from prolonged drought in that state. In many southwestern areas, the recent moisture was sufficient to carry wheat through the winter and, together with unusually high temperatures late in January, was permitting wheat that had been sown in dry soil to germinate. Reports indicate little apparent damage to wheat from very low temperatures that had prevailed in December and early in January. It was one of the wettest Decembers on record in Kansas and Missouri, following a very dry fall, and precipitation in Oklahoma and New Mexico in December was about twice the normal amount. Nebraska had suffered more severely from fall drought than any other state, with wheat fields re-

ported dead in increasing numbers and farmers planning to replace part of their wheat acreage with oats, barley, corn, and grain sorghums.

In marked contrast with 1941 and 1942, rainfall in this District during 1943 was appreciably below normal and prospects for crop production in 1944 are not as favorable as those of the last two years. Precipitation in 1943 and 1942, expressed as a percentage of normal, was as follows: Wyoming, 89 and 111; Colorado, 87 and 114; New Mexico, 80 and 109; Oklahoma, 90 and 125; Kansas, 93 and 125; Nebraska, 78 and 114; and Missouri, 97 and 115. Although winter wheat acreage is large and acreages of many other crops are expected to be increased in response to War Food Administration goals, the outlook for better than average yields is not so bright. The acute deficiency in precipitation last fall is of especial concern in this District, where fall moisture has an important bearing on crop yields and where a large part of the proposed expansion in acreage for 1944 is expected if acreage goals are to be met. Lack of farm equipment and anticipated labor shortages are additional handicaps that may tend to limit 1944 crop production.

Ceilings were established on wheat prices at full parity on January 5, and cash wheat prices which were at their highest level in 15 years and somewhat above parity declined slightly, adjusting to the ceiling. Liquidation of wheat under loan has increased since the price ceiling went into effect, but the unfavorable outlook for the 1944 crop and the record wartime rate at which wheat is being used have maintained wheat prices at the ceiling. Feed grain prices also are at the ceiling except for oats. Prices of oats had been considerably above parity when temporary maximums were established early in December and have since tended downward to a point more nearly in line with probable permanent maximums to be set later. Receipts of grains at leading District markets were in near-record volume in 1943 but were below trade requirements, particularly for livestock feeds, as evidenced by the continued rise in grain prices during the year. Stocks of wheat on farms in this District declined 39 and of corn 23 per cent during 1943, but grain stocks remaining on farms on January 1, 1944, still were very large. Marketings of wheat and corn currently are restricted by a shortage of cars.

The lower range of Kansas City cash grain prices:

	Jan. 31 1944	Dec. 31 1943	Nov. 30 1943	Dec. 31 1942
No. 1 hd., dk. wheat, bu.	\$1.63*	\$1.64½	\$1.58¼	\$1.34¼
No. 2 mixed corn, bu.	1.13¾*	1.13¾*	1.03¾*	.87¾
No. 2 white oats, bu.	.83½	.83½	.80½	.57½
No. 2 rye, bu.	1.27	1.27	1.15	.74
No. 2 barley, bu.	1.16½**	1.16½**	1.16½	.75
No. 2 white kafir, cwt.	2.36**	2.36**	2.29	1.47

*Ceiling price. **Temporary maximum price.

RAINFALL

	Dec. 1943		Year 1943	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	0.40	0.73	9.03	14.05
Leadville.....	0.84	1.08	21.29	18.63
Pueblo.....	0.62	0.50	9.12	11.67
Lamar.....	0.77	0.61	10.09	16.05
Alamosa.....	1.27	0.28	6.86	6.83
Steamboat Springs....	1.12	1.96	18.52	23.12
KANSAS				
Topeka.....	1.78	0.98	34.30	33.55
Iola.....	2.60	1.30	41.86	38.05
Concordia.....	0.59	0.63	24.13	26.60
Salina.....	1.77	0.77	26.69	27.27
Wichita.....	2.33	1.00	29.94	30.39
Hays.....	0.70	0.62	16.19	23.69
Goodland.....	0.62	0.63	17.95	18.76
Dodge City.....	0.85	0.57	14.58	20.49
Elkhart.....	2.37	0.54	18.33	17.51
MISSOURI				
St. Joseph.....	2.32	1.29	36.25	35.56
Kansas City.....	1.47	1.20	27.38	34.95
Joplin.....	2.64	1.89	50.61	43.72
NEBRASKA				
Omaha.....	Trace	0.93	22.03	27.77
Lincoln.....	0.14	0.80	21.78	27.94
Norfolk.....	0.03	0.81	19.91	28.24
Grand Island.....	0.02	0.75	14.88	27.06
McCook.....	0.23	0.51	11.34	19.64
North Platte.....	0.04	0.53	14.34	18.39
Bridgeport.....	0.15	0.59	16.47	16.30
Valentine.....	Trace	0.67	14.73	18.40
NEW MEXICO				
Clayton.....	0.70	0.34	7.46	16.58
Santa Fe.....	0.87	0.74	9.95	14.27
Farmington.....	1.16	0.44	7.37	9.45
OKLAHOMA				
Tulsa.....	3.92	1.98	43.34	38.58
McAlester.....	3.79	2.67	40.85	43.33
Oklahoma City.....	2.92	1.50	24.42	31.15
Pauls Valley.....	4.70	1.66	24.19	34.76
Hobart.....	2.19	1.34	16.76	28.31
Enid.....	3.09	1.18	26.93	30.66
Woodward.....	4.54	0.88	20.96	25.88
WYOMING				
Cheyenne.....	0.18	0.55	13.94	14.99
Casper.....	0.51	0.99	8.89	15.41
Lander.....	0.89	0.68	11.24	12.63
Sheridan.....	0.78	0.64	17.85	15.06

Livestock

The 1944 spring pig crop in this District, based upon farmers' breeding intentions last December, will be about 28 per cent below the high level of a year earlier, with decreases ranging up to 38 per cent for Kansas, 41 percent for Colorado, and 50 per cent for Oklahoma, where feed production was greatly curtailed by 1943 drought. The number of sows to farrow next spring in most states, however, still would be appreciably larger than the average from 1932 to 1941. Hog production already had begun to decline in the last half of 1943 when fall farrowings fell sharply below farmers' intentions early in the summer. The largest decline from intentions came as a result of greatly decreased farrowings in the September-November period after farmers during the summer had become discouraged over the feed outlook and had liquidated large numbers of breeding sows. In contrast with an indicated increase of 25 per cent, the 1943 fall pig crop in this District was slightly smaller than a year earlier, owing to a decrease of 10 per cent in the number of pigs saved in Nebraska and of 6 per cent in Oklahoma. The pronounced downswing in hog production in prospect for 1944 reflects in part higher feed prices and difficulties in securing adequate supplies of feed grains and protein feeds, together with reduced support prices announced for hogs from the 1944 spring crop. As in the whole country, the combined 1943 spring and fall pig crops in Wyoming, Colorado, New Mexico, Oklahoma, and Missouri set a new record much above the previous high in 1942, this high level of hog production reflecting an unprecedentedly long period of profitable feeding ratios extending from early 1941 through late 1943. Hog production in Nebraska and Kansas in 1943 also was much higher than in 1942 but was still below the peak level of the early 1930's.

Department of Agriculture pig crop estimates:

	PIGS SAVED				SOWS FARROWED	
	Fall		Spring		Spring	
	1943	1942	1943	1942	*1944	1943
	(In thousands)					
Colo.....	401	384	560	362	56	95
Kans.....	1,641	1,622	2,229	1,635	229	369
Mo.....	3,602	3,551	4,137	3,452	511	664
Nebr.....	1,447	1,608	4,581	3,008	613	766
N. Mex.....	87	90	99	74	11	17
Okla.....	1,077	1,148	1,364	978	110	220
Wyo.....	92	81	118	88	14	20
7 States.....	8,347	8,484	13,088	9,597	1,544	2,151
U. S.....	47,831	43,657	74,016	60,902	10,155	12,134

*Number indicated to farrow from breeding intentions reports.

The number of cattle on feed for market on January 1 was estimated by the Department of Agriculture to be about 16 per cent smaller than a year earlier in Corn Belt states and about 11 per cent smaller in western states. In this District, cattle feeding operations

are down 12 per cent in Kansas, 15 per cent in Nebraska, and 21 per cent in Missouri. A sharp reduction in cattle feeding also is reported for Oklahoma. Although there is a very large number of steers and beef heifers on farms, a relatively large proportion of these—especially in Corn Belt states west of the Missouri River—were not being fed for market at the first of January. These cattle, however, may be put on feed later or carried through the winter and fattened on pasture next summer, depending on developments in the fat cattle market during the next few months. Reports continue to point toward large supplies of short fed cattle for the first quarter of 1944, as nearly half of the cattle on feed in the Corn Belt on January 1 were expected to be marketed before April 1. If feeders follow these marketing intentions, the supply of fed cattle during the first quarter of 1944 may be as large or larger than last year, while in the second quarter it will drop off sharply.

The number of sheep and lambs on feed for market on January 1 was about 16 per cent less than a year earlier in Corn Belt states and about 5 per cent less in western states, according to the Department of Agriculture. In this District, lamb feeding operations are slightly higher than a year ago in Nebraska, but are down 20 per cent in Missouri, and are only about one-third as large as last year in Kansas and Oklahoma, where very little winter wheat pasture is available for feeding lambs. Reductions in lamb feeding in Wyoming, Colorado, and New Mexico range from 4 to 7 per cent but are considerably less than seemed probable a few months ago. Most of the reduction in Colorado is in the Arkansas Valley as the number of lambs on feed in the northern Colorado feeding section and in other areas of that state is about as large as last year. Lamb feeding in Colorado, however, is at the lowest level in many years. Colorado normally has more lambs on feed January 1 than any other state, but last year it ranked third, yielding first place to Kansas, which had a record number of lambs grazing on abundant wheat pasturage, and second place to Nebraska, while this year Colorado ranks second, yielding first place to Nebraska. Because of high prices of hay and feed grains and limited supplies in many areas, it is probable that lambs will be fed to lighter weights than usual and that marketings in the early months of 1944 may be relatively large. At the same time, however, the number of lambs on feed in areas which usually market lambs late—principally Colorado and the Scottsbluff area of Nebraska and Wyoming—is about as large this year as last.

Prices of best beef steers declined rather markedly in January in response to enlarged supplies of short fed animals resulting in part from higher corn prices

and feed shortages, and late in January beef steer prices appeared to be somewhat below the established maximum which packers could pay for live cattle and qualify for full subsidy payments. The top price of hogs since mid-November has been maintained around the Government support level despite the large volume of marketings. The large marketings of hogs bear evidence of considerable further liquidation of breeding stock, as sows have comprised a much larger than average proportion of total receipts. Producers have been asked to hold back lightweight hogs for further finishing before marketing, and the support price for hogs, established November 29 and originally applicable only to hogs weighing 200 to 270 pounds, was extended on December 23 to include for an indefinite period hogs weighing 270 to 300 pounds. On January 27, the support level was further extended to include hogs weighing up to 330 pounds to encourage orderly marketings and to relieve congestion at terminal markets. Prices of weights above and below the support range have sold at heavy discounts. Receipts of lambs have declined seasonally and lamb prices, which are not controlled except indirectly through dressed meat ceilings, are exceptionally strong, rising by late January to a point about \$3 a hundredweight above last November and but little below their 15-year peak established in March, 1943.

Top carlot livestock prices at Kansas City:

	Jan. 31 1944	Dec. 1943	Nov. 1943	Dec. 1942	Dec. 1941	Dec. 1940
	(In dollars per hundredweight)					
Beef steers.....	15.50	16.10	16.00	15.75	14.60	14.10
Stocker cattle.....	13.60	13.00	13.25	13.85	12.25	10.85
Feeder cattle.....	13.70	13.75	12.90	13.75	11.80	10.65
Calves.....	14.00	14.00	14.00	15.00	13.50	11.00
Hogs.....	13.50	13.55	14.15	14.80	11.40	6.90
Lambs.....	16.25	14.50	15.00	15.50	12.50	9.50
Slaughter ewes....	8.00	7.40	6.35	8.00	5.85	4.50

Generally mild, open weather in December in Wyoming, western Nebraska, and parts of eastern Colorado permitted full use of range feeds and tended to conserve the short supplies of hay and other feeds, but in much of western Kansas and Oklahoma, in northern New Mexico, and in parts of southern Colorado, snows in December covered ranges and pastures, definitely halting all pasturing of livestock and aggravating an already serious feed situation by confining livestock feeding to feed lots and causing a rapid drain on meager feed supplies available. This is especially true of protein concentrate feeds, the lack of which was causing considerable shrinkage in livestock and was threatening rather serious death losses of cattle and sheep in some areas, especially so early in January when near zero temperatures, high winds, and snow storms extended from Oklahoma and New Mexico northward through Colorado and western Kansas into Wyoming and necessitated emergency shipments of

CCC soybean meal to relieve the acute shortage of protein supplemental feeds for cattle. Although the moisture was badly needed to toughen range grass and to furnish stock water, feed supplies in practically all sections of the District are short in relation to present large livestock numbers, and any intensification of demand for feeds brought on by cold weather or snow-covered ranges makes the feed situation even more critical. Shortages and high prices of feed have already forced some liquidation of unfinished livestock, and reports indicate that any further increases in feed prices are likely to cause many producers to reduce foundation herds. Cattle numbers on farms and in the range areas, however, are yet very large despite the heavy fall and winter marketings. A more liberal movement of corn from producing areas since the first of the year, together with rapidly moderating weather and unusually high temperatures late in January, which enabled farmers to return livestock to grain pastures and stubble fields, recently have tended to ease somewhat the tension on the general feedstuffs situation. On the other hand, the CCC has announced that its holdings of wheat beginning about February 1 would be allocated to feeders and feed manufacturers on the basis of 25 per cent of the 1943 tonnage in an effort to curtail drastically the present abnormally heavy use of wheat for feeding purposes.

Farm Income

Cash income from farm marketings early last fall had been very little larger than a year earlier, but in November, the latest month for which estimates are available, receipts from the sale of farm products in this District were 17 per cent above the preceding year. Practically all of this increase was in income from livestock and livestock products, which was up 40 per cent, owing in large part to unusually heavy marketings of meat animals, particularly hogs, and to the higher prices received for dairy and poultry products, as livestock prices generally were somewhat below the preceding year. There was a substantial gain in income from livestock in all states of the District. Income from crops in this District, however, in November was down 17 per cent from the preceding year despite the sharply higher prices received by farmers for most crops in 1943. There was an increase in income from crops in Colorado and Missouri and little change in Nebraska and New Mexico, but there were especially marked declines reported for Kansas, Oklahoma, and Wyoming. This reduced income from crops caused total income in Oklahoma in November to fall below a year earlier and largely offset the higher returns from livestock in Kansas and Wyoming. Prices received by farmers for farm products in 1943 showed a much greater increase

than did prices paid by farmers for articles they buy, indicating an appreciable expansion in farm purchasing power during the year.

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

	Nov.	11 Mos.	Change from '42	
	1943	1943	Nov.	11 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	44,272	282,314	+22	+29
Kansas.....	50,371	622,621	+1	+23
Missouri.....	74,563	594,434	+37	+23
Nebraska.....	53,294	574,112	+28	+41
New Mexico.....	27,321	104,267	+24	+25
Oklahoma.....	46,653	354,139	-5	+6
Wyoming.....	14,412	84,823	+7	+2
Seven states.....	310,886	2,616,710	+17	+24
United States.....	2,004,780	17,311,949	+14	+25

DEPARTMENT STORE TRADE

Department store sales in this District have been maintained in large volume, although sales for December were only 8 and for the first three weeks of January only 10 per cent above a year earlier as compared with previous gains ranging up to 25 per cent. The relatively small year-to-year gain for December reflects in large part the fact that Christmas buying in 1943, having started far in advance of the normal date, had been spread over a much longer period than usual, while the January comparison is with a period of abnormally heavy buying at this time a year ago. Also to be considered is the fact that many lines which were still available to some extent last year have disappeared and, according to trade reports, consumers are not readily accepting substitutes. Total inventories at department stores at the end of December were somewhat larger than in the preceding year, but the composition of stocks has changed greatly, with a substantial increase in stocks of women's ready-to-wear and accessories and a marked decrease in stocks of housefurnishings, men's and boys' wear, and piece goods. The volume of outstanding orders continues very large and is almost double the amount of stocks on hand as retailers seek replacements to meet the current high level of sales.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Dec. '43	12 Mos.'43	Dec. 31,'43	
	comp.to Dec. '42	comp.to 12 Mos.'42	comp.to Dec. 31,'42	
	(Per cent increase or decrease)			
Denver.....	7	+2	+20	+8
Topeka.....	3	+6	+25	*
Wichita.....	4	+14	+29	*
Joplin.....	3	+5	+10	*
Kansas City.....	8	+5	+19	+9
St. Joseph.....	3	+12	+27
Omaha.....	3	+7	+22	*
Oklahoma City.....	6	+25	+45	+8
Tulsa.....	5	+11	+25	+18
Other cities.....	33	+6	+18	-5
District.....	75	+8	+23	+5

*Not shown separately but included in District total.

PRODUCTION

Meat Packing

Livestock slaughter, as indicated by packers' purchases of meat animals at leading District markets, continues very high with a further seasonal expansion in hog slaughter in December and January offsetting some slackening in cattle and sheep slaughter. In contrast with many mid-west markets, where embargoes on hog shipments have been necessary, meat-packing facilities in this District generally have been sufficient to handle the heavy marketings of hogs, as hog supplies in part of this area are relatively less heavy than in other sections of the country. Trade reports indicate that more hogs could have been absorbed than were offered at Kansas City, while the situation at Omaha at times has been rather tight. Where tightness has developed, it has been due not only to shortages of packing-house labor, but also to congestion of storage facilities. Previous supplies of skilled labor have largely been depleted by withdrawals to the armed forces and by a shift to higher paying jobs at war plants, the inexperienced labor available tending to lower somewhat the efficiency of packing-house operations. Even so, meat production has been maintained at a rate sufficient to tax available storage facilities, as the storage situation has been complicated by the necessity for stockpiling meats and other foods to meet future war requirements, thus tending to delay movement into consumption, and by the diversion of freezer space to products other than meats.

Flour Milling

Southwestern flour milling operations reached 101 per cent of capacity in the second week of January as many mills extended their work week from 6 days, on which full-time capacity is based, to 7 days. This rate of activity is the highest ever recorded and reflects the effort of mills to meet the unprecedented demand for flour. Southwestern flour sales rose sharply after the turn of the year and in the first week of January aggregated 328 per cent of milling capacity following an increase, effective January 1, in the subsidy paid to mills to absorb the excess of market prices of wheat over the wheat price used by the OPA as the basis for flour price ceilings. The January subsidy rate of 21 cents a bushel on all hard wheat milled into flour during the calendar month was 5 cents higher than the December rate to allow for the increase in market prices of wheat since December 1, and the establishment of ceiling prices on hard wheat, effective January 5, is expected to eliminate the recurrence of a stalemate in flour sales resulting from further advances in wheat prices and the consequent renewal of a price squeeze on flour. According to trade reports, however, mills' operating margins are small despite

the increased subsidy and, owing to some uncertainty regarding the continuation of subsidy payments and the fact that mills had already contracted the bulk of their monthly capacity in the first week of the month, sales subsequently declined. This is the same pattern of sales that had prevailed in December when the flour subsidy had been inaugurated. The very large volume of sales early in January represented heavy buying by bakers for domestic consumption as well as exceptionally heavy Government orders for the army, for the Food Distribution Administration, and for lend-lease purposes. In December, Government orders had accounted for about one-third of all southwestern flour sales, and increasing war requirements for flour have raised the question of possible allocation of Government orders among mills and even of priorities on flour production to assure prompt delivery.

Petroleum

Crude oil production in the United States during 1943 was about 8 per cent larger than in 1942 and was at the highest level on record, with a further substantial gain indicated for 1944. Oil production in this District, however, which accounted for about one-fifth of the national total for 1943, was slightly under the preceding year and was far below earlier peak levels when the District had been producing more than one-fourth of the national total. In the absence of an expansion in exploratory operations sufficient to augment present reserves and to replace the crude oil being withdrawn in production, some further decline in crude output is indicated for this area as productive capacity declines. Crude output in Wyoming, Colorado, and New Mexico continues to increase but certified production rates for the first two months of 1944, reflecting maximum efficient rates of withdrawal, point to a decrease for Kansas from peak production achieved in 1943 and a further decrease in Oklahoma and Nebraska, where the decline in productive capacity has been especially marked. Storage stocks of crude oil in this District continued to decline during 1943, dropping to their lowest point in many years.

Employment

Manufacturing employment in this District continued to rise through October, the latest month for which state estimates are available. Manufacturing employment was at a new high about 17 per cent above a year earlier but total nonagricultural employment in the District was little changed from the previous year and since the middle of 1943 has been maintained at a level slightly under the record high reached late in 1942. Although many women and younger and older persons not usually employed have been added to the labor force, continued withdrawals of men into the armed services apparently have prevented the

general level of employment from showing any further increase such as had occurred during 1942. Except for small arms ammunition, war production in this area is rising rapidly. Under existing contracts, war production is expected to reach its peak about the middle of 1944 and will require the extensive recruitment of additional women workers as well as a shift of many workers from civilian trade and service industries to war plants. Because the production of civilian goods has been maintained at an unexpectedly high level, the earlier anticipation that output of civilian goods would drop to such an extent that sufficient labor would become available for war production has not been realized. Manufacturing employment is sharply higher than a year earlier in all states of this District except Wyoming, Colorado, and New Mexico. The rise in manufacturing employment has been especially marked in Oklahoma and Kansas where industrial expansion incident to the war has greatly increased the manufacturing importance of these two states in comparison with prewar output. Total unemployment, on the other hand, has dropped under the preceding year in all states except Oklahoma and Missouri.

Department of Labor estimates of total nonagricultural employment:

	Oct.	Sept.	Change from '42	
	1943	1943	Oct.	Sept.
	(Number)		(Per cent)	
Colorado.....	288,000	290,000	-7	-9
Kansas.....	419,000	414,000	-2	-3
Missouri.....	991,000	989,000	+2	+3
Nebraska.....	265,000	263,000	-1	-1
New Mexico.....	79,800	80,700	-3	-5
Oklahoma.....	399,000	399,000	+7	+7
Wyoming.....	62,100	62,100	-6	-7
Seven states.....	2,503,900	2,497,800	0	0
United States.....	38,273,000	38,227,000	-1	0

Recent changes in the War Manpower Commission classification of important labor market areas according to the adequacy of labor supply indicate some easing in the situation at Oklahoma City and a further tightening in the labor supply at Lincoln. Oklahoma City on January 1 was shifted from Group I (acute shortage) to Group II (stringency) while Lincoln was shifted from Group III (slight surplus) to Group II. Rock Springs, Wyoming, which had been in Group I, and Parsons, Kansas, which had been in Group II, have been dropped from the list as special labor supply problems no longer exist in those two areas. Wichita, Cheyenne, and Hastings, Nebraska, continue to be listed in Group I as areas of acute labor shortage. Omaha and Grand Island, Nebraska, together with Oklahoma City and Lincoln, comprise the areas in this District that are listed in Group II as areas of labor stringency and those anticipating a labor shortage within six months. The remaining 13 important labor

market areas in this District are expected to have slight to substantial labor surpluses left at the end of six months. The easing, insofar as the immediate outlook is concerned, in the critical labor situation that had existed at Oklahoma City since last August has resulted in large part from the voluntary adoption of a labor stabilization program to reduce labor piracy among employers and job shopping by workers; from recruitment and pre-employment training of local workers, especially women, to fill war plant jobs; and from increased skills on the job and the lengthening of the work week to 48 hours, both of which permit increased production from the same number of workers and at the same time tend to reduce the need for additional workers to achieve war production goals. Moreover, surveys currently are being undertaken throughout the District, looking toward the most efficient use of all available manpower to avoid production cutbacks because of labor shortages and to place all production facilities in this region in a position to receive future war contracts.

CONSTRUCTION

The value of building permits issued in reporting District cities in 1943 was about one-fifth less than that in 1942, marking a new low since the early 1930's because of wartime restrictions on nonessential building. The value of permits issued during the last half of 1943, however, was appreciably above a year earlier, sizable increases being reported for Colorado Springs, Denver, Pueblo, Salina, Wichita, Kansas City, Omaha, Lincoln, and Oklahoma City. This increased activity during the latter half of the year was chiefly to provide housing for war workers and represents in large part additions and alterations to existing structures rather than any general revival in building operations. Construction awards in 1943, according to figures of the F. W. Dodge Corporation, were less than half the record volume of 1942 when work on war plants and war projects was being initiated in this area.

FINANCE

Member Bank Operations

Volume of loans at weekly reporting member banks in the Tenth District continued to decline from the third week of December to the third week of January, owing principally to contraction in commercial loans and in "all other" loans, which include consumer instalment advances. Investments, which had risen to a new record level at the middle of last November, also have been declining, reflecting chiefly a substantial decrease in holdings of Treasury bills and notes, partly the result of sales to the Reserve Bank under option to repurchase. Demand deposits of individuals and corporations declined as is usual near the end of the

year but again are increasing and by the third week of January, just prior to the opening of the Fourth War Loan Drive, they were little below their mid-December peak. During 1943, loans had averaged about 15 per cent below 1942, while demand deposits were more than one-third higher and investments more than double the preceding year.

Principal items of condition of 50 member banks:

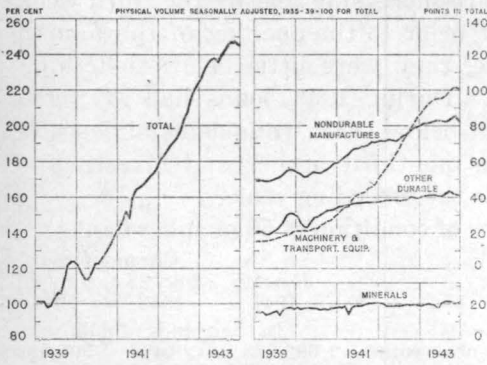
	Jan. 19 1944	Change from	
		Dec. 22 1943	Jan. 20 1943
(In thousands of dollars)			
Loans and investments—total.....	1,692,558	-28,476	+397,489
Loans—total.....	347,149	-9,367	-21,645
Coml., indust., agric.....	234,969	-7,517	-22,000
To security brokers and dealers.....	3,790	-876	+704
Other to purchase or carry secur..	14,023	+2,430	+5,657
Real estate loans.....	40,009	-333	+6,322
Loans to banks.....	20	+20	-10
All other loans.....	54,338	-3,091	-12,318
Investments—total.....	1,345,409	-19,109	+419,134
U. S. Treasury bills.....	116,912	-18,853	-34,234
U. S. Treas. certif. of indebt.....	322,014	-1,273	+172,271
U. S. Treasury notes.....	221,669	-7,048	+76,511
U. S. Govt. bonds.....	507,757	+10,521	+212,464
Oblig. guar. by U. S. Govt.....	53,922	+907	-4,834
Other securities.....	123,135	-3,363	-3,044
Reserve with F. R. Bank.....	373,434	+6,729	+38,167
Balances "due from" banks—net.....	293,663	+15,313	-45,727
Demand deposits—adjusted.....	1,133,652	+1,752	+199,238
Time deposits.....	176,959	+5,094	+31,958
U. S. Govt. deposits.....	163,709	-15,729	+59,694
Deposits "due to" banks—net.....	798,867	+12,298	+95,727

Bank Debits

	Dec. 1943	Year 1943	Change from '42	
			Dec. 1942	Year 1942
(Thousand dollars)				
(Per cent)				
Colo. Springs, Colo.....	25,501	271,742	-15	-7
Denver, Colo.....	307,427	3,296,112	+4	+15
Gr. Junction, Colo.....	7,840	74,343	+51	+45
Greeley, Colo.*.....	10,874	104,855	+33
Pueblo, Colo.....	23,152	244,766	-6	-7
Atchison, Kans.....	6,885	68,150	+46	+31
Emporia, Kans.....	7,472	73,932	+37	+29
Hutchinson, Kans.....	27,658	275,764	+10	+33
Independence, Kans.....	4,477	53,163	-6	+17
Kansas City, Kans.....	41,751	433,951	+10	+28
Lawrence, Kans.....	7,126	76,526	+13	+34
Parsons, Kans.*.....	5,981	66,180
Pittsburgh, Kans.....	7,225	83,984	-27	+2
Salina, Kans.....	22,661	260,204	+22	+35
Topeka, Kans.*†.....	51,302	640,221	+1
Wichita, Kans.....	184,486	1,869,671	+34	+53
Joplin, Mo.....	17,888	173,295	+23	-6
Kansas City, Mo.....	739,123	7,419,893	+21	+29
St. Joseph, Mo.....	67,025	637,948	+36	+31
Fremont, Nebr.....	7,181	78,541	0	+32
Grand Island, Nebr.*.....	12,408	159,177	+3
Lincoln, Nebr.....	47,754	548,504	+16	+29
Omaha, Nebr.....	347,426	3,883,815	+10	+34
Albuquerque, N. M.....	33,687	352,537	+16	+18
Bartlesville, Okla.....	46,549	425,557	+17	+11
Enid, Okla.....	20,922	211,192	+36	+28
Guthrie, Okla.....	2,818	25,914	+16	+14
Muskogee, Okla.....	20,055	188,041	-7	-7
Okla. City, Okla.....	138,811	1,741,012	-28	+5
Oklmulgee, Okla.....	4,777	44,704	+34	+27
Tulsa, Okla.....	303,025	2,624,561	+4	+19
Casper, Wyo.....	11,918	106,781	+38	+11
Cheyenne, Wyo.....	24,544	204,173	+44	+35
District, 29 cities.....	2,507,164	25,748,776	+10	+24
U. S., 334 cities.....	76,499,000	772,501,000	+11	+23

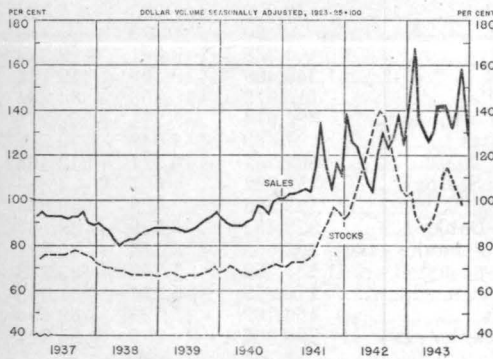
*Not included in total; data prior to May, 1942, not available.
†Figures include additional banks reporting since May, 1942.

INDUSTRIAL PRODUCTION



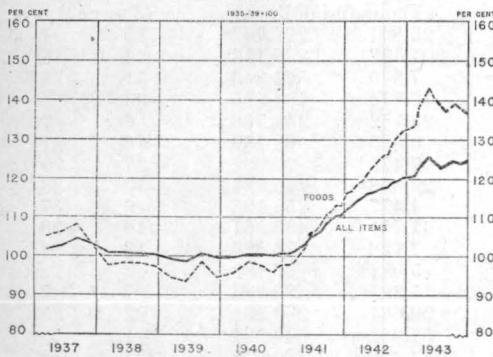
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for December, 1943.

DEPARTMENT STORE SALES AND STOCKS



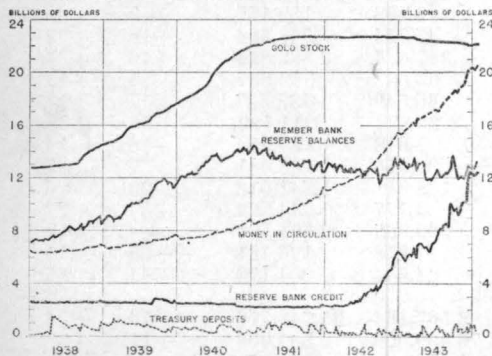
Federal Reserve indexes. Monthly figures, latest figure shown for sales is for December, 1943, and for stocks November, 1943.

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 December, 1943.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for January 19, 1944.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity declined slightly in December from the record levels reached in preceding months. Prices of commodities at retail showed little change and distribution was maintained in large volume.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production, which had been at 247 per cent of the 1935-39 average in October and November, declined to 245 in December, reflecting largely decreases in output of steel and chemicals.

Steel production dropped 6 per cent in December to the same rate as in December, 1942. Output for the year, however, totaled 88.9 million tons, which was 2.8 million tons larger than the year before. Activity in the transportation equipment and machinery industries was maintained in December at a high level. The number of aircraft accepted during the month was slightly larger than in November and was at approximately the average monthly rate scheduled for 1944. The average weight of planes to be produced, however, will continue to increase. Deliveries of merchant vessels in December were the largest on record, bringing the total for the year to 19,238,626 deadweight tons, as compared with 8,089,732 tons in 1942. Lumber production in the last two months of 1943 was above the level of a year ago in contrast to the first 10 months of 1943 when output averaged 10 per cent below the same period in 1942.

Activity in the chemical industry declined 5 per cent in December, reflecting a large reduction in output of small arms ammunition in accordance with plans of the armed forces. Cotton consumption declined further in December to a level 13 per cent below December, 1942. Newsprint consumption declined seasonally. Further restrictions on its use, as well as on the use of printing paper in books and magazines, were made effective January 1, 1944, owing to inadequate supplies of pulpwood. Output in the petroleum refining and rubber products industries increased further.

Crude petroleum production showed little change in December and output of coal was restored to a high level. Bituminous coal production for the year exceeded 1942 output by 1.6 per cent. Iron ore production continued to decline seasonally in December and output for the year was approximately 4 per cent below 1942.

The value of construction contracts awarded in December, according to reports of the F. W. Dodge Corporation, was greater than in recent months, reflecting mainly increased Federal awards for manufacturing and other non-residential buildings.

DISTRIBUTION

December department store sales were slightly larger than a year ago and combined with November sales were 11 per cent larger than in the corresponding months last year. For the year 1943 total value of sales reached a new peak—about 12 per cent larger than 1942 and 55 per cent larger than 1939. Sales during the first two weeks of January were about the same as last year.

Railway freight traffic in December and the first part of January was unusually heavy for this season. For 1943 total freight carloadings were about the same as in 1942. Shipments of grain and livestock averaged about 20 per cent above 1942, while loadings of ore, forest products, and less-than-carload-lot freight averaged 8 per cent lower.

COMMODITY PRICES

Wholesale prices of agricultural and industrial commodities showed little change from the middle of December to the middle of January and the general index of the Bureau of Labor Statistics remained at 103 per cent of the 1926 average.

Retail food prices declined slightly from mid-November to mid-December, while other groups of cost-of-living items increased and the total index advanced .2 to 124.4 per cent of the 1935-39 average.

BANK CREDIT

During the latter part of December and the first two weeks of January excess reserves at all member banks were maintained at an average level close to 1.1 billion dollars. Purchases of Government securities by the Federal Reserve Banks offset the effect on reserves of increases in nonmember deposits at the Reserve Banks and the increase in currency in circulation. The System portfolio of Government securities increased by 900 million dollars in the five weeks ending January 19. After allowance for expected seasonal movements, currency in circulation increased less in December than in November but there was little post-Christmas return flow.

Loans and investments of reporting member banks in 101 leading cities, which had been decreasing steadily since late October, declined by an additional 620 million dollars during the five weeks ended January 19. A large part of the decline reflected sales of Government securities, principally Treasury bills, to the Federal Reserve Banks. Holdings of United States Government securities were reduced by 370 million dollars. Total loans declined by 230 million dollars, representing reductions in loans to banks, in commercial and industrial loans, and in "other" loans, mainly instalment credit. Adjusted demand deposits, which had increased sharply from the middle of October to the middle of December, declined somewhat over the year-end, but increased again in the first half of January. United States Government deposits at banks continued to decline.