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THE CATTLE SITUATION

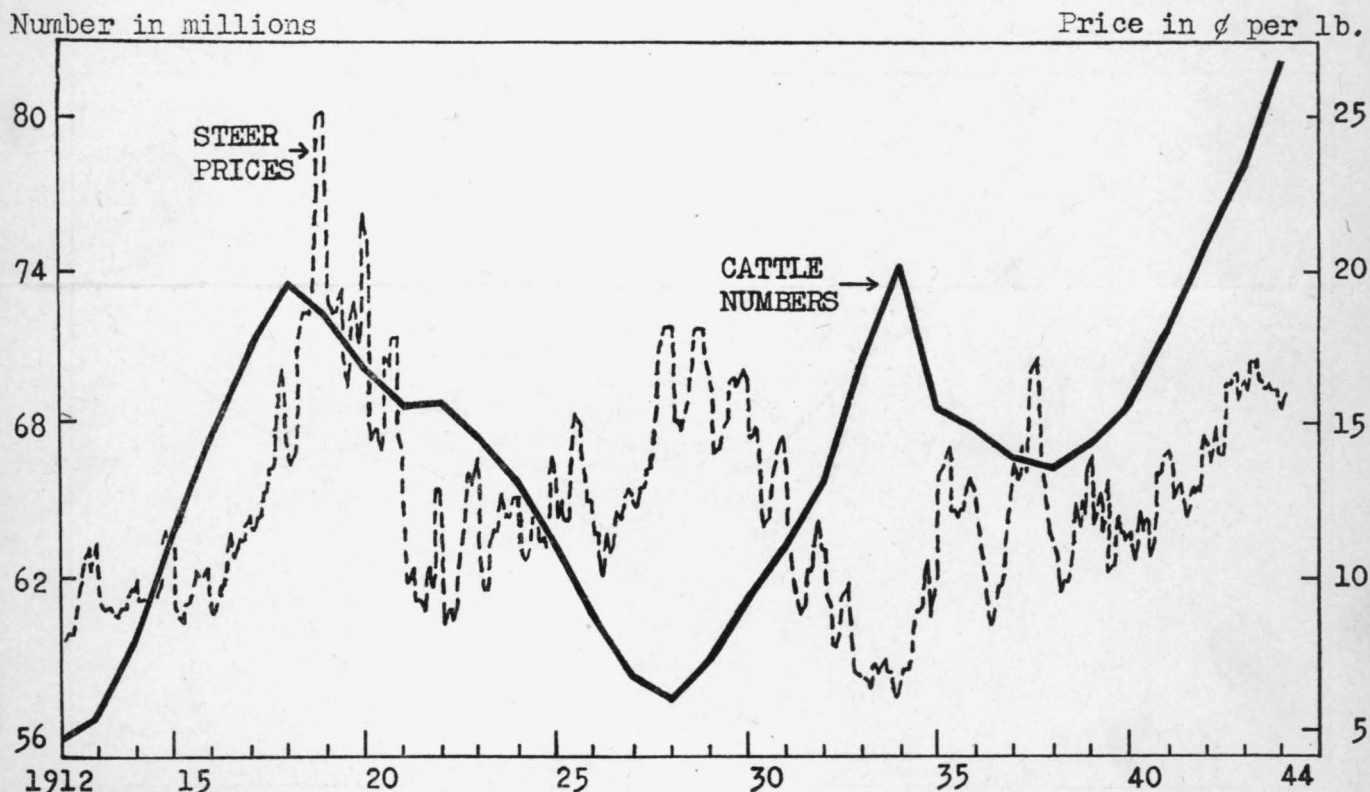
The Department of Agriculture estimates that on January 1, 1944, there were 82,192,000 head of cattle on American farms. The detailed figures will be found on page 7. This record-breaking number was more than 3 million larger than a year earlier and over 7¾ million more than at the top of the last cattle cycle in 1934. In the last three years cattle numbers have increased nearly 10¾ million head.

The foregoing facts help to explain why many people who lived through the cattle debacle following the last war are again growing uneasy. The chart below shows what happened during and immediately following the first World War and the current situation. The prices shown are the top prices of beef steers

at Kansas City. The chart deserves the closest study.

Between 1913 and 1918 there was an increase of 16½ million head of cattle in this country, or 29 per cent. While this was going on, prices were rising rapidly—beef steers advancing from 10 to 20 cents a pound. For a short time just after the Armistice in 1918 beef steers reached 25 cents at Kansas City. The combination of rapidly increasing numbers and sharply rising prices is not only exceedingly profitable but also very unusual as normally numbers and prices tend to move in opposite directions. Greatly enlarged domestic consumer demand for meat growing out of the war boom and the concentration of the very large European war demand in this market due to a shortage of shipping facilities account for the long rise in cattle prices and numbers preceding the Armistice.

CATTLE NUMBERS AND PRICES - UNITED STATES



The two years following the Armistice were among the most tragic in the history of the cattle industry from the standpoint both of cattlemen and banks with large cattle loans. The following quotation from **Commerce Monthly**, published at one time by the old National Bank of Commerce in New York, explains what happened.

In response to the stimulus of abnormal European demand for beef created by the war, coupled with difficulties of transporting sufficient quantities of beef from Southern Hemisphere producers under the war-time conditions, the beef herds of the United States were again built up, increasing by a third in five years. The export market was lost almost immediately after the close of the war. Producers were faced with the necessity of getting rid of this increment of beef cattle, produced under high-cost conditions, in a domestic market which had undergone only normal growth and which during part of the time was flooded with cheap pork.

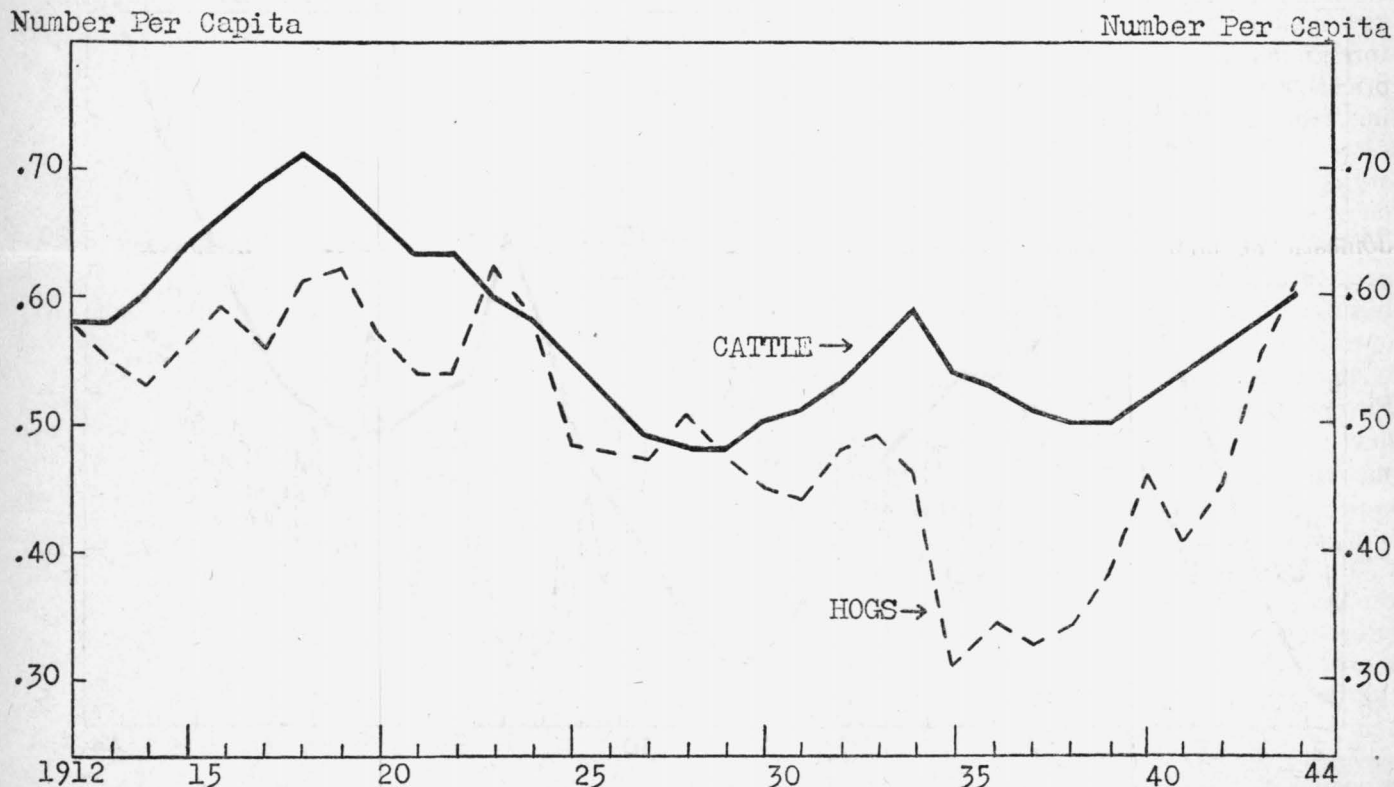
A glance at the chart on the first page shows how strikingly similar the current situation is to that of the last war. For eight years cattle prices, while not extremely high, have been very profitable and consequently stimulating numbers. The formation of the curves on the chart in the last five years is very similar to that between 1913 and 1918. But a number of things must be taken into consideration before one jumps too hastily to the conclusion that another debacle in the cattle industry, similar to that of 1919 and 1920, is in the making.

The first thing that must be remembered is that so far cattlemen have been more conservative in regard

to operating on borrowed money. In the last war cattlemen were borrowing heavily and banks became deeply involved. When prices began to weaken, liquidation became necessary and this liquidation, in turn, forced prices still lower. There can be little doubt that distress cattle forced onto the market contributed very greatly to the collapse of cattle prices in 1919 and 1920. Today the situation is very different—cattle loans are moderate and banks are well provided with short-term Government securities that will supply funds for any calls that may be made on them. Forced liquidation on the scale that took place twenty-five years ago seems impossible.

And there is another thing that must not be forgotten. The domestic market is much larger than it was twenty-five years ago. It is true that there are now nine million more cattle in this country than there were in 1918 but there are also thirty-two million more mouths to feed. On the basis of population alone, the home market is nearly a third larger than in 1918. This is a rapidly growing country and it is misleading to compare the absolute number of cattle over long periods of time. A more trustworthy picture will be secured by expressing cattle numbers on a per capita basis. In the following chart both cattle and hog numbers are shown on a per capita basis. Hogs, of course, cannot be left out of the picture, for they also compete for the domestic meat market.

CATTLE AND HOG NUMBERS ON A PER CAPITA BASIS - UNITED STATES



The chart shows that on a per capita basis present cattle numbers are only slightly higher than at the top of the cattle cycle in 1934 and they are much below 1918. In 1918 there was seven-tenths of an animal for each person in the United States while at present there is only six-tenths. Special attention is called to the great per capita increase in the number of hogs. The increase in hog numbers has been little short of sensational. The Department of Agriculture estimates that on January 1, 1944, there were 83,756,000 hogs on American farms while at the low point in 1935 there were only 39,066,000. There are 29½ million more hogs than three years ago; 23 million more than two years ago; and 10 million more than a year ago. On a per capita basis hog numbers are as high as they were in the last war.

In considering the cattle situation, this great increase in hog numbers cannot be ignored for it will be remembered that one thing that bedeviled the cattle situation in 1919 and 1920 was the fact that for a time the domestic market was flooded with cheap pork. Poultry also should be brought into the picture. On January 1, there were 572,460,000 chickens on American farms—an increase of nearly 150,000,000 in three years. The number of turkeys has also increased in recent years, the increase being more than a million head in the last ten years. On the other hand, sheep numbers have declined. A year ago there were 55,775,000 sheep but the number now is estimated to be only 51,718,000.

The cattle situation in the postwar period will be governed by conditions in both the domestic and the foreign market. The two factors supporting present prices—very large domestic demand for meat resulting from greatly swollen industrial pay rolls and record Government purchases of meat for our military organizations and for export under lend-lease arrangements—are both of a highly temporary nature. The domestic demand for meat after the war will be greatly affected by the volume of employment and income. At the close of the last war there was great optimism among American cattlemen over the outlook in the foreign market, for the livestock population of Europe had been greatly diminished and it was believed this insured a large export market for our surplus meat. But it did not turn out that way for the export market was lost almost immediately.

When the war is over, a vast amount of reconstruction in Europe will be in order, and the rebuilding of the cattle herds will be a part of it. Much will depend on credits that are made available. At the outbreak of war in 1939, Brazil had about 42 million cattle; Argentina, 34 million; Mexico, 18 million; Canada, 9 million; and Australia, 13 million. It is not known how the war has affected cattle numbers in some of these coun-

tries but competition for the foreign market may be expected to be keen.

It is sometimes said that the increase in cattle numbers in this country is not as serious as some people contend because, it is maintained, the increase has been quite largely in dairy cattle. The facts hardly bear out this statement. If we subtract the number of "milk cows and heifers" from "all cattle and calves" and call the remainder "beef cattle," the following table shows the percentage changes since 1938. The year 1938 represents the recent low point in cattle numbers and the figures for the last three years are percentages showing the relative changes since 1938.

CHANGES IN THE NUMBER OF BEEF AND DAIRY CATTLE SINCE 1938

State	1942		1943		1944	
	Beef	Dairy	Beef	Dairy	Beef	Dairy
(Percentage of number in 1938)						
Colorado.....	112	104	125	106	140	107
Kansas.....	155	111	174	117	178	119
Missouri.....	141	109	155	114	167	119
Nebraska.....	122	107	137	112	148	114
New Mexico.....	99	111	105	112	110	112
Oklahoma.....	134	119	153	127	155	128
Wyoming.....	109	101	119	104	131	103
7 States.....	128	111	142	116	150	119
United States.	120	108	128	111	134	113

The matters so far discussed are of special interest to this area for the Tenth District is a livestock country. In this District cash farm income at the present time from livestock and its products is nearly three times that from crops. Excluding Government payments, the table below gives the percentage that income from crops and from livestock was of the total in 1943.

DISTRIBUTION OF INCOME FROM CROPS AND LIVESTOCK, 1943

State	CROPS	LIVESTOCK
	% of Total	% of Total
Colorado.....	41	59
Kansas.....	32	68
Missouri.....	17	83
Nebraska.....	25	75
New Mexico...	35	65
Oklahoma.....	32	68
Wyoming.....	19	81
7 States.....	28	72
United States	41	59

The table shows that livestock in this area is relatively much more important than for the country as a whole. There is also considerable variation among the different states as income from crops makes the best showing in Colorado, New Mexico, Oklahoma, and Kansas while income from livestock and its products is especially important in Missouri, Nebraska, and Wyoming.

Probably few people realize what a large part cattle represent in the total value of livestock. The table below is based upon the value of livestock on farms January 1, 1944, as estimated by the United States Department of Agriculture.

DISTRIBUTION OF THE TOTAL VALUE OF CATTLE, HOGS, AND SHEEP

State	CATTLE % of Total	HOGS % of Total	SHEEP % of Total
Colorado.....	77	7	16
Kansas.....	84	13	3
Missouri.....	70	25	5
Nebraska.....	71	26	3
New Mexico.....	80	2	18
Oklahoma.....	90	8	2
Wyoming.....	66	2	32
7 States.....	76	16	8
United States..	75	19	6

It is probably safe to say that for the Tenth District, cattle at the present time represent about three-fourths of the value of all livestock—cattle, hogs, and sheep—hogs about a sixth and sheep about a twelfth. But there is great variation among the several states. Hogs are important in Missouri and Nebraska; sheep are a large part of the total in Wyoming, New Mexico, and Colorado; while cattle in Oklahoma and Kansas represent the overwhelming proportion of livestock values.

It is appropriate to pause here and point out the bearing of all this on certain significant phases of financing the cattle industry. It must be clear that, from the standpoint of invested capital, the cattle industry is a towering giant compared with other livestock. The cattle cycle is also a very long one—it takes time to reproduce cattle, and periods of expansion and contraction are relatively long. In periods of expansion, consequently, when borrowed capital is being increasingly employed, the turnover of capital is slow as time must elapse for a program to produce anticipated results. This is in marked contrast to hogs where the smaller outlay of capital and the rapidity of reproduction enable the producer to adjust his position quickly to unforeseen developments. The cattle industry has its own speculative aspects and cattle loans their own peculiar hazards.

To those interested in the cattle industry recent regional changes in cattle numbers are highly illuminating. If we eliminate Missouri, cattle numbers in the other six states of this District—Kansas, Nebraska, Wyoming, Colorado, New Mexico, and Oklahoma—are only 502,000 more than they were in 1934, the previous peak of cattle numbers. The cattle population of Texas is still about three-quarters of a million less than in 1934 and the Dakotas have gained only 140,000. On the other hand, the total number in the seven states—Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, and Iowa—is 3,657,000 larger

than ten years ago. In California, Oregon, and Washington there are 1,103,000 more cattle than in 1934 and the Old South has 1,306,000 more. While some sections are getting full of cattle and there is a good deal of pressure from various sources to increase marketings, it is clear that the central part of the country is not yet seriously overstocked.

The geographical changes in the cattle industry shown in the preceding paragraph are highly significant to this area. The Tenth District is a cattle country, for the seven states still have 23 per cent of all the cattle in the United States. The protracted drought of the middle Thirties in the central region of this country from Canada to the Gulf greatly reduced cattle numbers in that area and only in recent years are they getting back to normal. While the drought was denuding this area of its cattle, other and more fortunate sections of the country filled the gap. When the war demand for beef has passed, it is not yet clear what numbers domestic demand alone can support at prices that will make cattle raising profitable. Under such changed conditions, it remains to be seen which sections of the country will supply the cattle.

WINTER WHEAT

Outstanding improvement in the moisture situation in recent months has materially changed the outlook for winter wheat. Rainfall in most sections of the District last year had been far below normal from July through November and the condition of winter wheat at the first of December had generally been quite poor. In December, Oklahoma and New Mexico received twice the normal amount of precipitation, while in Kansas and Missouri it was one of the wettest Decembers on record. In January, large areas of Nebraska and western Kansas that had been critically dry received a record-breaking fall of moisture for the winter season in the form of snow and rain, which was of especial benefit because the ground was not frozen and the moisture could penetrate into the subsoil. January precipitation in Colorado, New Mexico, and Oklahoma also was appreciably above normal and many sections of the District have received additional generous moisture in February.

In Oklahoma, wheat had previously made little growth but is now beginning to provide some pasturage in all parts of the state, relieving the extremely tight feed situation, while in western Kansas and in Nebraska, wheat that had not germinated is sprouting as a result not only of the recent moisture but also of unusually mild temperatures. The fall drought in Wyoming has not yet been broken. The prospective supply of water for irrigation now in snow pack and reservoirs in Wyoming is only about half as much as

was in sight at this time last year, and a similar situation prevails in northern Colorado. Late snows and spring rains could still restore normal prospects but, unless conditions change materially, shortages of water seem likely to develop in many irrigated areas.

As a result of the recent rains and snows, there is generally sufficient moisture to carry the wheat crop well into the spring growing season, and conditions are now favorable for seeding spring crops and for starting early grass. There are scattered reports of some further seedings of wheat but, for the most part, farmers are planning an early start on the planting of feed grains to enable these crops to mature before hot weather. From the standpoint of winter wheat, however, it should be pointed out that winter precipitation in this District usually amounts to only about 14 per cent of the annual total as compared with about 22 per cent for autumn rainfall and 35 per cent for the summer, that germination of wheat as late as January and February is usually associated with low yields and heavy abandonment, that subsoil moisture reserves are still deficient, and that the recent moisture does not entirely offset the lack of rain last summer and fall.

In the western part of the winter wheat belt—the so-called hard wheat states centering in Kansas—late summer and fall precipitation is especially important in enabling farmers to prepare good seed beds and in insuring germination of wheat and the development of a good root system before the winter period of dormancy sets in. In this area, the December 1 condition of wheat, which in 1943 was quite poor, usually has a significant relationship to the yield the following year. A normal rainfall during the crop growing season is not sufficient to insure good yields because subsoil moisture reserves also must be drawn upon, and with less than normal rainfall during 1943 there is no large reserve of subsoil moisture for 1944. Winter wheat, accordingly, will need at least normal or better rainfall this spring to assure even a fair crop. While recent rains and snows have unquestionably been helpful, particularly in Oklahoma and Kansas, considerable losses of seeded acreage are now very definitely certain in parts of the Great Plains, especially in Nebraska where the drought had been most severe and where summer crops will be far behind schedule unless the moisture deficiency is made up before July. Trade estimates indicate that production is highly uncertain from more than half of the $3\frac{3}{4}$ million acres seeded to winter wheat in Nebraska.

The size of this year's crop is of particular importance in view of the record wartime rate at which wheat is being used and the rapid disappearance of once burdensome surpluses of wheat in this country.

Largely because of sharply expanded use of wheat for livestock feeding and in the production of industrial alcohol, total domestic wheat supplies declined from their record level of 1,613 million bushels in the 1942-43 crop year (July 1, 1942, carry-over plus 1942 crop) to 1,453 million bushels for the 1943-44 crop year and may drop to about 1,000 million bushels for 1944-45, depending, of course, upon the final outcome of the 1944 crop and present efforts to curtail the extraordinary use of wheat for alcohol and livestock feed. On the supply side, a marked increase in winter wheat acreage for the 1944 crop to meet the heavy demand for wheat so far has largely been offset by lower prospective yields per acre, while on the consumption side efforts are being made to import molasses from Cuba for manufacture into alcohol in place of wheat and to import wheat from Canada and Argentina, where large surpluses exist, to be substituted as much as possible in place of domestic grain in livestock feeding and thus assure ample supplies of wheat for food uses.

Estimates of consumption of domestic wheat for the 1943-44 crop year range from 1,155 to 1,280 million bushels, distributed as follows: food, 535 to 540 million bushels; livestock feed, 380 to 500; seed, 80; industrial alcohol, 110; and exports, 50 million bushels. This rate of consumption would reduce the carry-over next July 1 to only 175 to 300 million bushels as compared with 618 million a year earlier and 632 million two years earlier. A carry-over of this size would mean that this country will not have any appreciable excess of wheat beyond lend-lease requirements, regular exports, and storage commitments under the International Wheat Agreement and, together with the likelihood of continued high consumption and possibly of lower production in 1944, explains the growing concern over the adequacy of domestic wheat supplies. Thus far, however, the abundance of wheat in this war has contrasted sharply with the scarcity experienced in the last war.

Aside from the adequacy of available domestic wheat supplies, it is becoming apparent that the milling industry under wartime conditions will have great difficulty in grinding the huge quantity of wheat necessary to meet the combined requirements of the armed forces, lend-lease, foreign relief, and the civilian population. During 1943, flour production for the country as a whole totaled about 23 billion pounds, and official consumption estimates for 1944 call for a minimum of $28\frac{1}{2}$ billion pounds. At the same time, mills are faced with an increasingly serious shortage of labor, a shortage of bags, the need for replacement parts for machinery strained by extension of the work week from 6 to 7 days, and transportation problems

complicated by the fact that flour must move promptly. Southwestern flour milling operations in January averaged 99 per cent of full-time capacity based upon a 6-day work week, with many mills operating 7 days to meet the unprecedented demand for flour. Flour production in the southwest is the highest on record for this time of year and is more than one-third larger than the average of the last ten years. Increasing war requirements for flour have raised the question of possible priorities on Government orders to assure prompt delivery and of allocation of remaining supplies between bakers and distributors.

DEPARTMENT STORE SALES

Dollar volume of sales at reporting department stores in this District in January was only 6 per cent above a year ago, and in the first three weeks of February sales were 6 per cent under the abnormally high level of a year earlier, when the extension of rationing to shoes had touched off a heavy buying movement centering on women's and children's apparel and including many other items of clothing in addition to shoes. Changes in department store sales, however, show considerable variation among the leading cities of the District, reflecting in large part much stronger stimulation from the war effort at the present time in some areas than in others. In January, gains over the preceding year ranged up to 14 per cent at St. Joseph, 15 per cent at Oklahoma City, and 17 per cent at Wichita, and these same centers for the first three weeks of February reported little or no decrease in sales from last year.

DEPARTMENT STORE SALES AND STOCKS

	No. of Stores	SALES	STOCKS
		Jan. '44 comp.to Jan. '43	Jan. 31, '44 comp. to Jan. 31, '43
(Per cent increase or decrease)			
Denver.....	7	+6	+15
Hutchinson.....	3	+10	*
Topeka.....	3	+10	*
Wichita.....	4	+17	*
Joplin.....	3	+4	*
Kansas City.....	8	+2	+4
St. Joseph.....	3	+14
Omaha.....	4	+6	*
Oklahoma City...	6	+15	+15
Tulsa.....	5	-3	+12
Other cities.....	30	-1	+3
District.....	76	+6	+9

*Not shown separately but included in District total.

During 1943, gains in department store sales had been especially marked in the Dallas, Atlanta, and Kansas City Federal Reserve Districts, where the combination of rapidly rising employment and pay rolls and sharply expanding farm income had generated a huge amount of consumer buying power. Sales in this District are still relatively higher than in the

country as a whole and are still very large, but in recent months there has been a rather pronounced leveling off. A flattening out in the rising trend of employment and pay rolls and farm income helps to explain the reduced rate of increase of consumer purchases at department stores. Since September, 1943, total nonagricultural employment in this District has been little changed from a year earlier, or slightly smaller, reflecting a decrease in all states except Oklahoma and Missouri. In the last four months of 1943, cash farm income in this District was only 8 per cent above the preceding year as compared with an increase of 35 per cent for the first eight months, and farm income in Oklahoma and Wyoming for the entire year 1943 was very little larger than that in 1942.

Another factor tending to limit sales is a shortage of many types of merchandise, although total inventories at department stores increased contraseasonally during January and are as large in relation to the current level of sales as they were a year ago. Increased purchases of war bonds and provision for the payment of higher income taxes also have been suggested as restrictive influences on sales. The fact that the February comparison of sales is with an abnormally high figure last year, of course, accounts in large part for the difference in the level of sales.

The tremendous wartime expansion in the dollar value of department store sales, measuring about 66 per cent in this District since 1940, has been due not only to an increase in the physical volume of merchandise sold but also to a general price rise prior to the establishment of OPA ceiling regulations in 1942 and, to some extent, to selective increases in ceiling prices allowed since that time. More recently, there has been some increase in prices to the consumer by virtue of deterioration in quality and, in addition, many consumers have shifted to higher priced merchandise.

As a result of the greatly enlarged amount of purchasing power in the hands of the public, together with certain restrictions on the use of credit and the absence for the duration of many commodities ordinarily bought on the instalment plan, marked changes have occurred in both the method and promptness of payment for merchandise purchased at department stores. In September, 1941, cash sales represented 42 per cent of total sales, but by January, 1944, the proportion of cash sales to the total had risen to 66 per cent. In the same time, the proportion of charge sales declined from 49 to 30 per cent and instalment sales from 9 to 4 per cent. Collections on open charge accounts in September, 1941, had averaged 47 per cent of receivables, but by January of this year the collection ratio on open charge accounts had risen to 71 per cent, while the collection ratio on instalment accounts had increased from 18 to 36 per cent.

LIVESTOCK ON FARMS JANUARY 1
 Estimated by the United States Department of Agriculture
 Number, in thousands of head Value, in thousands of dollars

	ALL CATTLE AND CALVES									
	1944	1943	1942	1938	1934	1944	1943	1942	1938	1934
Colorado.....	1,920	1,745	1,586	1,430	1,773	121,798	124,407	85,622	44,873	25,709
Kansas.....	4,039	3,960	3,568	2,505	3,860	246,086	259,349	180,054	77,830	58,672
Missouri.....	3,486	3,258	3,017	2,350	2,875	229,176	219,044	157,935	81,475	44,275
Nebraska.....	3,890	3,642	3,306	2,780	3,980	254,417	256,139	177,943	89,071	69,650
New Mexico.....	1,420	1,352	1,288	1,288	1,560	74,297	80,602	64,050	35,343	22,152
Oklahoma.....	3,154	3,123	2,788	2,160	2,750	142,936	169,043	117,346	56,743	30,525
Wyoming.....	1,052	965	885	820	1,050	70,693	65,990	49,890	26,470	16,800
Seven states.....	18,961	18,045	16,438	13,333	17,848	1,139,403	1,174,574	832,840	411,805	267,783
United States.....	82,192	79,114	75,162	65,249	74,369	5,647,875	5,502,802	4,140,256	2,386,808	1,322,281
MILK COWS AND HEIFERS KEPT FOR MILK										
	1944	1943	1942	1938	1934	1944	1943	1942	1938	1934
Colorado.....	251	249	244	235	300	23,845	25,647	17,568	10,810	6,600
Kansas.....	841	833	786	709	967	78,213	79,135	57,378	31,905	21,274
Missouri.....	1,115	1,062	1,021	934	1,097	94,775	90,270	65,344	41,096	20,843
Nebraska.....	716	702	672	629	820	69,452	73,008	50,400	30,192	21,320
New Mexico.....	83	83	82	74	81	6,723	6,889	5,166	2,812	2,025
Oklahoma.....	921	912	852	718	838	56,181	66,576	47,712	26,566	13,408
Wyoming.....	70	71	69	68	78	7,000	7,029	5,382	3,400	2,106
Seven states.....	3,997	3,912	3,726	3,367	4,181	336,189	348,554	248,950	146,781	87,576
United States.....	27,607	27,106	26,398	24,466	26,931	2,816,357	2,697,652	2,056,148	1,333,886	727,137
HOGS, INCLUDING PIGS										
	1944	1943	1942	1938	1934	1944	1943	1942	1938	1934
Colorado.....	774	656	400	253	440	10,187	13,979	6,257	2,485	1,496
Kansas.....	2,601	2,408	1,672	804	2,430	37,360	49,741	24,884	7,861	8,384
Missouri.....	5,405	4,914	3,931	2,622	4,113	80,394	101,576	56,660	27,470	14,190
Nebraska.....	4,294	3,491	2,375	1,507	5,010	94,034	97,073	45,745	18,566	21,543
New Mexico.....	146	143	110	80	67	1,888	2,627	1,614	770	241
Oklahoma.....	1,465	1,495	1,099	730	1,189	13,428	22,996	12,068	6,081	3,245
Wyoming.....	164	130	84	60	87	2,519	2,715	1,328	747	300
Seven states.....	14,849	13,237	9,671	6,056	13,327	239,810	290,707	148,556	63,980	49,399
United States.....	83,756	73,736	60,377	44,525	58,621	1,471,753	1,661,215	942,931	501,352	239,760
ALL SHEEP AND LAMBS										
	1944	1943	1942	1938	1934	1944	1943	1942	1938	*1934
Colorado.....	2,602	2,711	3,004	2,853	3,028	25,712	29,455	27,535	17,356	12,818
Kansas.....	974	1,658	1,327	614	689	8,403	16,409	10,496	3,580	2,687
Missouri.....	1,673	1,780	1,770	1,441	1,310	15,807	17,856	15,641	9,782	4,978
Nebraska.....	1,248	1,285	1,208	859	1,055	11,381	12,730	10,774	5,015	4,395
New Mexico.....	2,108	2,228	2,248	2,170	2,757	16,758	20,955	18,092	11,262	8,822
Oklahoma.....	330	424	438	375	183	2,448	3,576	3,179	2,134	586
Wyoming.....	3,521	3,744	3,934	3,543	3,873	33,799	37,873	37,991	22,392	15,879
Seven states.....	12,456	13,830	13,929	11,855	12,895	114,308	138,854	123,708	71,521	50,165
United States.....	51,718	55,775	56,735	51,210	53,503	451,267	539,650	488,468	312,893	202,241
HORSES AND COLTS										
	1944	1943	1942	1938	1934	1944	1943	1942	1938	1934
Colorado.....	205	211	213	239	297	11,967	13,477	10,093	16,137	12,177
Kansas.....	375	375	371	450	604	25,015	26,759	20,073	28,225	32,012
Missouri.....	519	519	519	534	531	36,904	36,318	27,641	41,855	31,329
Nebraska.....	449	458	458	523	666	26,415	29,126	22,024	35,024	38,628
New Mexico.....	113	115	120	135	143	5,669	5,860	4,928	6,926	5,720
Oklahoma.....	351	351	344	400	421	16,152	21,139	14,822	24,969	22,313
Wyoming.....	123	128	125	133	158	5,040	6,113	4,571	7,802	5,688
Seven states.....	2,135	2,157	2,150	2,414	2,820	127,162	138,792	104,152	160,938	147,867
United States.....	9,330	9,675	9,907	10,995	12,052	733,911	773,609	641,520	999,336	806,038
MULES AND MULE COLTS										
	1944	1943	1942	1938	1934	1944	1943	1942	1938	1934
Colorado.....	10	11	12	13	22	814	990	798	1,109	1,188
Kansas.....	48	54	60	70	120	4,128	4,552	3,936	5,920	8,400
Missouri.....	172	192	194	214	264	18,138	18,543	14,131	23,024	20,328
Nebraska.....	36	41	47	55	83	2,919	3,337	2,944	4,802	6,142
New Mexico.....	10	11	11	10	19	743	875	638	798	1,045
Oklahoma.....	117	130	138	165	258	8,065	10,289	8,600	14,814	18,318
Wyoming.....	2	2	2	15	3	150	140	126	1,500	180
Seven states.....	395	441	464	542	769	34,957	38,726	31,173	51,967	55,601
United States.....	3,559	3,704	3,813	4,250	4,945	510,122	472,481	409,929	524,408	407,567

*State figures computed by this bank.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity was maintained in January following a decline from November to December. Commodity prices were steady and retail sales continued in large volume in January and the first three weeks of February.

INDUSTRIAL PRODUCTION

In January the Board's seasonally adjusted index of industrial production stood at 242 per cent of the 1935-39 average as compared with the peak level of 247 in October and November, 1943.

Steel production increased 4 per cent in January and continued to rise in the first three weeks of February, reflecting large military requirements for landing craft and other invasion equipment as well as increasing use of steel for farm machinery and railroad equipment. Aluminum production was curtailed in January from the peak rate in the last quarter of 1943.

Activity in the transportation equipment group was 5 per cent lower in January than at the peak in November. The largest decline occurred in commercial shipyards, many of which were changing from the production of Liberty ships to Victory and other types of ships. In the automobile industry production of 3,000 trucks was reported during the month under the greatly enlarged civilian truck program for 1944 which calls for the production of 92,000 mediumweight and 31,500 heavy trucks during the year.

Output of textiles, shoes, and manufactured foods rose slightly in January, following small declines in December. Chemicals production continued to decline, reflecting a further curtailment of small arms ammunition output. Output of petroleum and rubber products showed little change.

Production of coal increased and crude petroleum output continued at a high level in January and the early part of February. Sunday work was instituted in anthracite mines during February as a measure to increase production, and output for the week ending February 12 was 13 per cent higher than the preceding week.

The value of construction contracts awarded in January, according to reports of the F. W. Dodge Corporation, declined to the lowest level for the month since 1935.

DISTRIBUTION

Value of department store sales in January and the first three weeks of February was maintained at a high level for this season of the year. Sales in January exceeded the large volume of a year ago by about 6 per cent but in February sales were somewhat smaller than last year when a buying wave developed following the announcement of shoe rationing.

Freight carloadings declined less than usual in January and the first half of February, owing chiefly to the heavy volume of coal shipments. Movement of grain continued at the high level of last fall and livestock and lumber shipments were in large volume.

COMMODITY PRICES

Wholesale prices of most commodities continued to show little change in January and the early part of February. Maximum prices for coke, wood pulp, furniture, and certain other products were increased moderately.

The cost of living index of the Bureau of Labor Statistics declined from 124.4 per cent of the 1935-39 average in December to 124.1 in January.

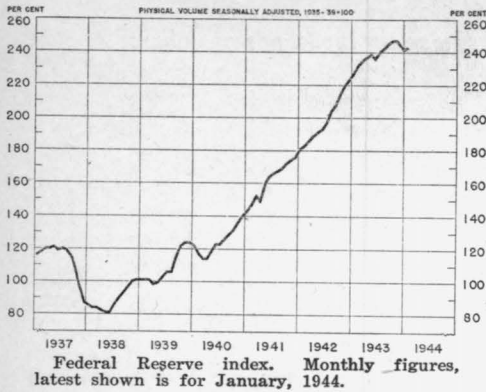
BANK CREDIT

Purchases of securities in the Fourth War Loan Drive by corporations and individuals resulted in a release of required reserves of member banks because funds were drawn from private deposit accounts, which require reserves, to the Government war loan accounts, which are exempt from reserve requirements. As a consequence, member banks repurchased bills from the Reserve Banks, and the latter's holdings of Government securities declined by 520 million dollars.

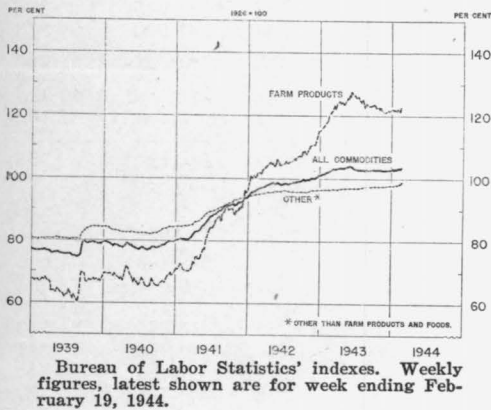
At reporting member banks in 101 leading cities, adjusted demand deposits decreased by 3.4 billion dollars in the four weeks ending February 16, while U. S. Government deposits increased by 6.9 billion, reflecting purchases of Government securities by bank customers during the war loan drive. Government security holdings at reporting member banks increased 2.8 billion dollars over the four weeks.

Loans to brokers and dealers increased by 320 million during the drive which was substantially less than in either of the two previous campaigns. Loans to others for purchasing or carrying Government securities rose by about 610 million, two-thirds of which was at New York City banks. Commercial loans, which had increased substantially during the Third War Loan Drive, showed little increase during the current period.

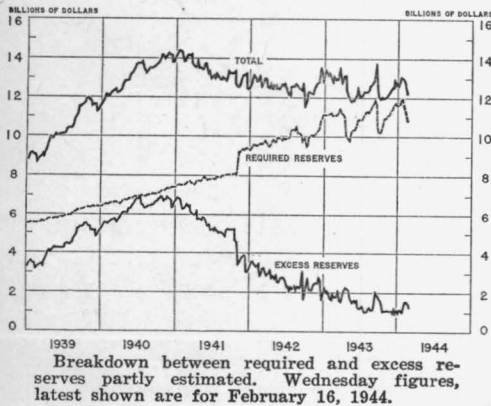
INDUSTRIAL PRODUCTION



WHOLESALE PRICES



MEMBER BANK RESERVES



MEMBER BANKS IN LEADING CITIES

