

MONTHLY REVIEW

Agricultural and Business Conditions

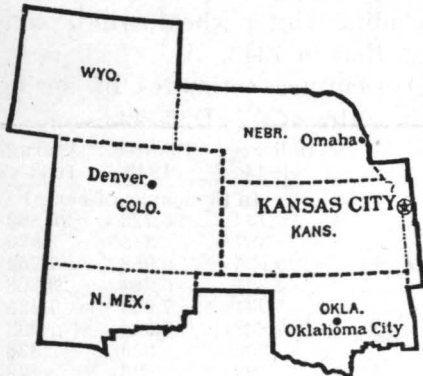
TENTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK OF KANSAS CITY

MARCH 31, 1944

Business in the Tenth Federal Reserve District



Abundant rains and snows in the District in February and March have brightened the outlook for winter wheat, although the condition of wheat in some areas is still spotted. The moisture also benefited ranges and pastures but has delayed planting of spring crops.

Grain marketings — especially corn—have decreased sharply in recent weeks. A serious situation confronts corn processors and feed manufacturers. Livestock marketings and slaughter continue large.

Department store sales hold at a high level. March sales were stimulated by the approach of Easter and by heavy buying of luxury items prior to an advance in excise taxes.

Output at flour mills has slackened appreciably since early in the year. Manufacturing employment in the District has recently tended to decline, following an uninterrupted rise of more than two years.

FEBRUARY, 1944 COMPARED WITH FEBRUARY, 1943					BUSINESS INDICATORS	2 MOS. 1944 COMPARED WITH 2 MOS. 1943					
% DECREASE		% INCREASE				% DECREASE		% INCREASE			
40	30	20	10	10		20	30	40	10	20	30
Finance											
.....Bank Debits.....											
.....F. R. Bk. Clearings..											
.....Mem. Bk. Loans.....											
.....Mem. Bk. Invest.....											
.....Demand Deposits.....											
.....Life Ins. Sales.....											
.....Failures (Liab.)..... 996											
Trade											
.....Wholesale Sales.....											
.....Dept. Store Sales.....											
Marketings											
.....Wheat.....											
.....Corn.....											
.....Oats.....											
.....Cattle.....											
.....Calves.....											
.....Hogs..... 126											
.....Sheep..... 103											
Production											
.....Flour.....											
.....Cattle Slaughter.....											
.....Calf Slaughter..... 87											
.....Hog Slaughter..... 146											
.....Sheep Slaughter.....											
.....Crude Petroleum.....											
.....Bituminous Coal.....											
Construction											
.....Total Awards..... 59											
.....Res. Awards..... 78											
.....Value of Permits..... 133											
.....Lumber Sales.....											
Miscellaneous											
.....Rainfall..... 151											
.....Cash Farm Income*..... 196											
.....Employment*.....											
*Latest available											

75
83

115

AGRICULTURE

Crops

Continued improvement in the moisture situation has greatly changed the outlook for the winter wheat crop. The condition of winter wheat now is mostly fair to good, in sharp contrast to the situation last December and January, when persistent drought in much of the winter wheat area had been a matter of widespread concern. However, the condition of wheat in western Kansas is quite spotted, with some still very poor, and the outcome of the crop in Nebraska is yet uncertain. Following a very dry fall that extended into the early part of the winter, precipitation in Kansas for the three winter months, December through January, was 151 per cent of normal; in Oklahoma, 169; in Nebraska, 129; in Wyoming, 90; in Colorado, 98; in New Mexico, 133; and in Missouri, 87 per cent of normal. In February and March, especially, there has been an abundance of rain and snow rather generally, so much so that preparation

of the soil and seeding of spring grains is behind schedule in many sections because of the wetness.

Crop acreages in prospect this year quite generally are below the 1944 goals. Farmers' planting intentions in this District at the first of March, as reported to the Department of Agriculture, indicate increased acreages in 1944 for spring wheat and oats but decreases for nearly all other spring sown crops. The prospective acreage of most of these crops, however, is still much above that in other recent years. Moreover, farmers last fall had increased substantially their acreage of winter wheat, and the total acreage of crops in 1944, including winter wheat, will be considerably larger than that in 1943.

Department of Agriculture estimates of spring planting intentions in states of this District:

	RAINFALL			
	Feb. 1944		2 Mos. 1944	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	0.45	0.56	1.45	0.96
Leadville.....	0.82	1.49	1.70	2.71
Pueblo.....	0.09	0.49	0.41	0.80
Lamar.....	0.40	0.52	1.75	0.78
Alamosa.....	0.09	0.15	0.42	0.45
Steamboat Springs....	2.02	2.45	2.84	4.67
KANSAS				
Topeka.....	0.97	1.30	1.51	2.21
Iola.....	2.29	1.55	3.01	3.00
Concordia.....	1.12	0.89	3.16	1.38
Salina.....	1.15	1.08	1.57	1.70
Wichita.....	1.34	1.24	2.35	1.95
Hays.....	1.72	0.77	2.79	1.11
Goodland.....	0.41	0.56	1.54	0.82
Dodge City.....	0.77	0.78	1.73	1.15
Elkhart.....	0.51	0.75	2.48	1.05
MISSOURI				
St. Joseph.....	1.32	1.73	2.27	3.01
Kansas City.....	1.78	1.55	2.46	2.79
Joplin.....	3.36	1.68	4.33	3.84
NEBRASKA				
Omaha.....	0.94	0.93	1.69	1.63
Lincoln.....	1.21	0.99	2.23	1.63
Norfolk.....	1.12	0.88	2.77	1.52
Grand Island.....	0.65	0.85	1.88	1.41
McCook.....	1.78	0.67	4.14	1.08
North Platte.....	0.70	0.55	2.54	0.94
Bridgeport.....	0.61	0.35	2.08	0.74
Valentine.....	1.84	0.58	3.58	1.06
NEW MEXICO				
Clayton.....	0.40	0.40	0.92	0.66
Santa Fe.....	0.11	0.80	0.21	1.42
Farmington.....	0.84	0.71	1.71	1.25
OKLAHOMA				
Tulsa.....	3.31	1.66	4.75	3.57
McAlester.....	5.15	2.20	7.41	5.07
Oklahoma City.....	2.03	1.11	4.33	2.30
Pauls Valley.....	4.08	1.50	5.99	3.09
Hobart.....	1.34	0.96	3.42	1.72
Enid.....	1.16	1.18	1.94	2.24
Woodward.....	1.45	1.08	2.40	1.68
WYOMING				
Cheyenne.....	0.63	0.67	1.05	1.09
Casper.....	0.51	0.76	1.81	1.36
Lander.....	1.07	0.67	2.01	1.23
Sheridan.....	0.83	0.72	1.77	1.57

	Indicated	Planted	Average
	1944	1943	1933-42
	(In thousands of acres)		
Corn.....	20,194	20,723	20,860
Spring wheat.....	387	358	870
Oats.....	9,635	9,058	7,752
Barley.....	4,348	5,264	3,368
Tame hay*.....	7,741	7,933	7,425
All sorghums.....	7,838	7,934	7,993
Potatoes.....	300	339	333
Sweet potatoes.....	23	26	28
Dry beans.....	953	1,125	724
Dry peas.....	53	53	47
Flaxseed.....	366	407	124
Soybeans.....	1,074	1,198	596
Cowpeas.....	144	180	244
Peanuts.....	337	612	94
Sugar beets.....	220	217	295

*Acreage harvested.

The tight labor situation seems likely not to be relieved materially by the amount of new machinery that will be available in time for this season's crops. Farmers, consequently, are shifting to crops for which they have adequate machinery and equipment and which will require a minimum dependence upon labor other than what their families can provide. Wheat, for example, is low in labor requirements, especially so in comparison with peanuts and sugar beets. Unfavorable yields last year account in part for the prospective reduction in the acreage of dry beans and soybeans, while low prices are partly responsible for the indicated decrease in the acreage of potatoes. The smaller acreage intended for corn, barley, and sorghums in this District is of special significance in view of the greatly increased number of livestock now on farms.

It should be emphasized that March 1 planting intentions may be altered to a considerable extent by subsequent weather conditions, price changes, developments in the farm labor supply, and other factors. In part of the winter wheat area, particularly in Kansas, Nebraska, and Colorado, spring plantings still depend considerably on how much of the wheat survives the dry fall. In Wyoming and northern Colorado,

where winter moisture was least favorable, both the acreage and kind of crops actually planted will depend on spring rains and on improvement in the prospective supply of water for irrigation. In some areas, where wet weather has delayed field work, an appreciable part of the acreage intended for oats and barley will probably be planted to soybeans, sorghums, and corn.

The movement of all grains to market declined abruptly in March. Principal factors contributing to the sharp decline in grain receipts were wet weather and impassable roads, which curtailed farm deliveries to country elevators, and the general unwillingness of farmers to dispose of their grain at ceiling prices, especially in view of the recent rise in livestock prices as grain is worth more when fed to meat animals than when sold on the open market. The shortage of corn and other feed grains became increasingly critical near the end of March, forcing some corn processors to close and threatening the closing of plants of feed mixers and feed manufacturers. To assure continued operations at corn processing plants engaged in the manufacture of critical war materials, the War Food Administration is requiring grain elevators in certain middle western areas (including western Nebraska in this District) to set aside 60 per cent of corn receipts for sale to designated processors.

Livestock

Livestock prices have strengthened materially in the last few months. Late in March, however, prices generally were somewhat below the high point of their recent rise and, except for lambs, remain considerably below the prices of a year earlier. Small supplies of fed steers and lambs in relation to the huge demand for meat and frequent interruptions in marketings because of bad weather were important factors in the rise in prices of cattle and lambs. The top price of beef steers at Kansas City advanced from \$15.25 a hundredweight at mid-January to \$16.25 late in February and held at that level through the early part of March. Lamb prices rose from \$13.50 last November to \$16.50 late in February to equal their 14-year high in March a year ago.

Hog prices, which since last November had been maintained at the Government support level of \$13.50 a hundredweight, rose sharply during the forepart of March after the winter period of heavy marketings had passed. Hog prices reached \$14.35 at Kansas City near the middle of the month, or within 15 cents of the ceiling price at this market. The support price for hogs, established November 29 and originally applicable only to hogs weighing 200 to 270 pounds, was later extended to include, for an indefinite period, hogs weighing up to 330 pounds to encourage orderly marketings and to relieve congestion at terminal mar-

kets. Effective April 15, the 270 to 330-pound weights will be dropped from the Government's price support program.

Top carlot livestock prices at Kansas City:

	Mar. 28 1944	Feb. 1944	Jan. 1944	Feb. 1943	Feb. 1942	Feb. 1941
	(In dollars per hundredweight)					
Beef steers.....	15.75	16.25	15.50	16.00	13.75	12.50
Stocker cattle.....	13.50	14.50	13.50	15.90	13.25	12.00
Feeder cattle.....	13.75	14.65	14.50	15.00	11.90	11.50
Calves.....	14.00	14.00	14.00	15.50	14.50	13.00
Hogs.....	14.15	13.60	13.50	15.45	13.00	7.90
Lambs.....	15.90	16.50	16.25	16.15	12.25	10.85
Slaughter ewes.....	8.75	8.60	8.25	9.00	6.75	5.85

Supplies of protein livestock feeds continue critically short. Unusually mild temperatures early in the winter had tended to reduce somewhat protein feed requirements of livestock and had permitted larger use of hay and roughage, together with what pasture was available. During February and extending into March, ranges and pastures over much of the District were covered with snow, necessitating heavy supplemental feeding of livestock and causing a serious drain on the generally small stocks of feed on hand. However, distribution of Commodity Credit Corporation supplies of protein feeds to areas of acute deficiency has made good progress. In addition, marked improvement in the moisture situation has stimulated growth of grain pastures sufficiently to carry livestock in many sections until native grass pastures are ready for grazing.

The outlook for spring range and pasture feeds is very favorable in nearly all sections of the District, although the condition of western ranges is not quite so high as it had been in the three preceding years. The condition of cattle and sheep on the range also is somewhat lower than in recent years. The effect of limited feed supplies and shorter rations per animal this winter is evident in considerable shrinkage in livestock weights, particularly cattle in Oklahoma and sheep in New Mexico. Death losses of livestock during the winter, however, have been light. Improved pasture conditions have stimulated the demand for cattle in recent weeks, but shipments of stockers and feeders from central markets continue substantially below a year earlier. Fed cattle and lambs are moving out of western feed lots earlier and at lighter weights than usual, with only limited replacements.

Pasture leasing in the Blue Stem (Flint Hills) section of Kansas and in the Osage section of Oklahoma this year, as in 1943, began especially early and has been very active. Trade reports indicate that the number of cattle that will be grazed in these areas this summer will be equal to or larger than last year, although some cancellations of leases have recently been reported because operators have been unable to purchase cattle for the grazing season at prices they

felt they could afford to pay. Lease prices are about the same as those of a year ago when lease prices had risen to their highest level since the last war. Moisture received in these areas in the last three months has assured an abundance of spring grass and has replenished stock water supplies that had been short.

Wool

The production of shorn wool in this District in 1943 again was very large, local market prices averaged the highest since 1920, and cash income from wool continued at a high level. Wool production in New Mexico was appreciably below that in either 1942 or 1941 because of a decrease both in the number of sheep shorn and in average weights per fleece. However, production has increased in the last two years in Colorado, Kansas, and Nebraska, especially so in the latter two states where the number of sheep shorn in 1943 was exceptionally large. Wyoming is the second largest wool producing state in the nation, being exceeded only by Texas, and Wyoming ranks first in average weights per fleece.

Department of Agriculture shorn wool estimates:

	Production		Price		Income	
	1943	1942	1943	1942	1943	1942
	(000 pounds)		(cents per lb.)		(000 dollars)	
Colo.....	15,458	14,896	39	39	6,029	5,809
Kans.....	7,155	5,921	39	38	2,790	2,250
Mo.....	10,711	11,052	43	42	4,606	4,642
Nebr.....	4,744	4,086	38	37	1,803	1,512
N. Mex.....	15,718	16,726	37	35	5,816	5,854
Okla.....	3,194	3,071	34	34	1,086	1,044
Wyo.....	32,997	33,320	39	39	12,869	12,995
7 states.....	89,977	89,072	39	38	34,999	34,106
U. S.....	384,378	392,373	42	40	159,953	157,235

Production of wool in the United States in 1943 (including 64 million pounds of pulled wool) totaled 448 million pounds, little below the record production of 459 million pounds in 1942. Mill consumption of apparel wool in 1943 totaled 1,061 million pounds as compared with 1,075 million pounds in 1942. Of these amounts 430 million pounds in 1943 and 541 million pounds in 1942 were domestic wool. Consumption of domestic wool was large in the early months of 1943 when mills were delivering large quantities of army fabrics which called for the use of such wool. In the latter half of 1943, however, with a shift from military to civilian fabrics, mills shifted to use of foreign wools as large quantities of foreign wool were available at considerably lower prices than comparable domestic wools.

Wool consumption is expected to continue at a relatively high level in 1944, although it will be below the record rate of the past two years. Since the spring of 1943 the trend of monthly consumption of apparel wool has been downward. This decline is chiefly the result of a decrease in the production of military fabrics. Although this decline will be offset in part by

increased orders for civilian fabrics and by production for war relief, difficulties incident to the change-over from military to civilian fabrics have prevented mills from making full use of machinery released by the decline in military requirements. Production of woolen goods for civilian use has been sharply curtailed since the beginning of 1942 but recently has increased somewhat. In 1942 production for civilian use amounted to only 41 per cent of the total, while in the latter part of 1943 it amounted to 59 per cent of the total.

As a part of the 1944 price support program, subject to Congressional authorization, the War Food Administration announced late in January that the Government would purchase the 1944 domestic wool production at the 1943 purchase price, which is the current ceiling price less specific marketing costs. During 1943 the Commodity Credit Corporation purchased 223 million pounds of wool. Sales during the year amounted to about 52 million pounds, leaving unsold stocks of 171 million pounds at the year end—an amount far above year-end stocks of only 60 million pounds in 1942 and 1941 and average stocks of only 88 million pounds from 1935 to 1939.

PRODUCTION

Meat Packing

Livestock slaughter, as indicated by packers' purchases of meat animals at leading District markets, shows a further substantial increase in 1944. Cattle slaughter in February at Oklahoma City was below a year earlier, but at all other centers the number of cattle slaughtered was much higher. Sheep slaughter was lower at Oklahoma City, Wichita, and Kansas City, but sharp increases were reported for Omaha, Denver, and St. Joseph. The slaughter of calves and hogs was substantially higher at all centers. Cattle and hog slaughter is especially heavy. Packers' purchases of cattle in this District in February were nearly half again larger than the average of the last ten years and purchases of hogs were more than three times the average. A marked increase in calf slaughter is due chiefly to the reduced demand for calves for feeding purposes.

United States storage stocks of meats—particularly beef and pork—and lard in cold storage warehouses and meat-packing plants continued to accumulate in February at a rate far above normal for this time of year. On March 1, total holdings of meats were fully 50 per cent larger than those of a year ago, while lard holdings were nearly three times those of a year earlier. Stocks of lard were the largest on record for the March 1 date, and total meat holdings were the largest for any date since early in 1920.

Not all of the present huge supply of meat in storage, of course, is available for civilian consumption since such stocks include Government holdings. The current heavy rate of hog slaughter, however, together with congested storage facilities, has resulted in the removal of lard from rationing for the month of March and a sharp reduction in point values for all pork. There has also been some reduction in the point value of many cuts of beef.

According to the War Food Administration, per capita meat supplies for civilians will probably be about the same in 1944 as in 1943. The tentative meat allocation for 1944 is as follows: civilians, 67 per cent; United States military and war services, 17; exports, 12; and contingency reserve, 4 per cent.

Flour Milling

Southwestern flour milling operations recently have declined sharply. Operations during January had averaged about 99 per cent of full-time capacity based upon a 6-day work week, but activity dropped to an average rate of 92 per cent during February, and by the third week of March operations were down to 82 per cent. Flour production, however, is still very large, February output at southwestern mills exceeding that of a year ago by 13 per cent and the average of the last ten years by 42 per cent. Production at Kansas City dropped under a year earlier, but sizable increases were reported for Wichita and Salina.

Mills generally have a very large backlog of unfilled orders on their books, in many cases sufficiently large to maintain operations at a high level through most of April. It is, primarily, the slowness of shipping directions on the heavy volume of Government lend-lease purchases made early in the year that has forced mills to curtail operating time. Warehouses at seaboard and intermediate points are filled with flour awaiting shipping space. Late in February the War Food Administration temporarily suspended further purchases of hard wheat flour because of changes in the shipping and export programs.

In addition, there has been a marked decrease in forward buying of flour for domestic consumption, which had been abnormally large early in January following an increase in the subsidy. Current flour sales, for the most part, are on a hand-to-mouth basis, and flour prices are appreciably below the ceiling. This situation is the reverse of that last January when mills, operating under the wartime handicaps of shortages of labor and bags and transportation difficulties, were unable to meet the unprecedented demand for flour. The subsidy on hard wheat milled into flour during March was 25 cents a bushel as compared with 22½ in February, 21 in January, and 16 cents last December.

Petroleum

Changes in crude oil reserves of the Tenth Federal Reserve District occurring in 1943, and also those of the United States as a whole, followed the same lines that were evident in 1942 (Compare Monthly Review, February 28, 1943, p. 3). Withdrawals of petroleum from the ground increased in volume, while new discoveries and extensions of already proven areas remained at a low level as compared with prewar experience. The result has been a decline in proven reserves, trifling in amount but significant because it reverses a trend which had been uniformly upward for many years.

Crude oil reserves are reported by the American Petroleum Institute as follows:

	January 1 1944	January 1 1943	Change during 1943
	(In thousands of barrels)		
Colorado.....	45,111	39,443	+5,668
Kansas.....	645,852	686,975	-41,123
Nebraska.....	1,000	2,177	-1,177
New Mexico.....	653,981	677,497	-23,516
Oklahoma.....	908,618	968,927	-60,309
Wyoming.....	499,394	370,572	+128,822
Six states.....	2,753,956	2,745,591	+8,365
United States.....	20,064,152	20,082,793	-18,641

The estimates of the Oil and Gas Journal for this District are slightly higher in total but the difference is not important. Total reserves for the District as of January 1 are reported by the Oil and Gas Journal as 3,246,638 thousand barrels as compared with 3,150,392 at the beginning of 1943. The national total is shown as 20,046,905 thousand barrels as compared with 20,745,644 thousand the previous year.

Stabilization of reserves after a long period of growth reflects a combination of factors which are primarily, though perhaps not entirely, due to the war. Production of petroleum for the nation as a whole exceeded a billion and a half barrels in 1943, for the first time on record. For the District the output was 304 million barrels, while the gain from extensions of old fields and revision of previous estimates was 210 million barrels (chiefly in Wyoming), and the new discoveries (chiefly in Kansas and Oklahoma) totaled 103 million. For the United States as a whole new pools discovered in 1942 showed reserves of 282 million barrels, which is 9 per cent above 1942, but much below the record of previous years. Extensions of old fields and revision of estimates added 1,202 million barrels—about 25 per cent below the accretion in 1942 and 40 per cent below the figure for 1939.

The rise in petroleum output may be attributed almost entirely to the war, as the figure had been stable for a number of years before 1940. The decline in discoveries and extensions is largely due to the decline in drilling, which in turn is explained entirely

by wartime shortages and high costs of labor and materials. Only 17,905 wells were completed in the nation in 1943 and only 3,383 in the District. This is the lowest national figure since 1934 and the lowest District figure for the same period except for 1942.

These figures would suggest that the cessation of growth of reserves is merely a temporary wartime phenomenon. However, there has also been a substantial decline in the average yield of completed wells, which may or may not indicate that more permanent factors are at work. The average yield of the new wells has declined even more than the number. The national average fell from 219 barrels per completed well (including dry holes) in 1941 to 156 in 1942 and 104 in 1943. The District average fell from 387 barrels in 1941 to 240 in 1942 and 146 in 1943. The data available at this writing do not reveal the cause of this decline. Possibly there may have been a decline in the ratio of deep wells to shallow wells, due to the same factors that led to a decline in the number of wells. If so, the entire change in the trend of reserves may be discounted as a wartime phenomenon.

In any case, the results for 1943 do not forecast a disastrous shortage of petroleum reserves, unless the war is greatly prolonged or the rate of consumption is further increased. Available reserves, without any new production, represent a 15 years' supply at the 1943 withdrawal rate, and the withdrawals have not yet risen significantly above the rate of discovery of new reserves. Present curtailment of civilian consumption is necessitated by limitations of refining capacity and transportation and by considerations of efficiency in withdrawal—not by the volume of reserves.

Employment

Manufacturing employment declined about 3 per cent in this District from November to December, 1943, the latest month for which state estimates are available. The number of workers employed in manufacturing industries had risen rapidly during 1942, and there was a further but less rapid rise during 1943. December was the first month to show a downward trend. Part of this decline reflected cutbacks in the production of small arms ammunition and explosives because of the accumulation of large stockpiles. However, manufacturing employment for the District as a whole was still 9 per cent above a year earlier. In Oklahoma, manufacturing employment was nearly one-third higher than in the previous year, in Kansas 15, and in Nebraska 14 per cent higher.

In contrast with the continued rise until recently in manufacturing employment, total nonagricultural employment in the District had virtually reached its peak early in the fall of 1942. Since that time, the

general level of employment has been remarkably stable—especially so during the latter half of 1943—and total employment in December was little different from a year earlier. As the accompanying table shows, total employment in Oklahoma and Wyoming was above the preceding year, but in other states of the District there was little change or a decrease.

Although total employment was little different from a year earlier, pronounced shifts in employment have taken place among the various industries. There was a substantial rise in the number of workers in manufacturing and an increase in the number in transportation and public utilities. The number of workers in construction dropped sharply and the number in mining and trade also decreased. For the country as a whole, less than half as many workers were employed on new construction in December as one year previous, owing to the completion of the war building program.

Department of Labor estimates of total nonagricultural employment:

	Dec.	Nov.	Change from '42	
	1943	1943	Dec.	Nov.
	(Number)		(Per cent)	
Colorado.....	279,000	282,000	-9	-9
Kansas.....	422,000	419,000	-2	-3
Missouri.....	990,000	992,000	0	+2
Nebraska.....	268,000	264,000	0	-3
New Mexico.....	79,000	79,000	-6	-7
Oklahoma.....	391,000	397,000	+5	+8
Wyoming.....	61,600	62,100	+2	-1
Seven states.....	2,490,600	2,495,100	-1	0
United States.....	38,485,000	38,298,000	-1	-1

DEPARTMENT STORE TRADE

Department store sales in this District continue at a very high level. Dollar volume of sales at reporting department stores in February was fully as large as a year earlier, when there had been a buying wave in women's and children's apparel and accessories. February sales at Kansas City, Denver, and Joplin dropped under the previous year, but the decrease in sales reported for these cities was offset by an increase in sales at other centers, with gains ranging from 2 per cent at Tulsa to 15 per cent at St. Joseph.

In the first three weeks of March, sales were 16 per cent above last year. The year-to-year gain for March reflects in part the earlier Easter date this year, April 9 as compared with April 25 last year. Larger sales in March this year than last also reflect unusually active buying of some items—especially toiletries and cosmetics—in advance of higher excise taxes to become effective on April 1.

The inventory position of department stores appears to be improving somewhat, at least from the standpoint of the total amount of goods available for sale. Supplies in many lines, and particularly of elec-

trical appliances, furniture, and other housefurnishings, of course, are short and will continue so for some time to come. Total stocks at department stores, which include an abnormally large proportion of clothing and accessories, are now about 17 per cent larger than a year ago.

In relation to the current rate of sales, stocks on hand at the end of February were equal to about 2.6 months' supply as compared with 2.3 months' supply last year but were still relatively small as compared with 3.9 months' supply two years ago when stocks had been building up to the peak reached in the summer of 1942. Volume of merchandise on order continues in excess of actual stocks on hand as merchants seek to maintain inventories.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS
	Feb. '44 comp. to Feb. '43	2 Mos. '44 comp. to 2 Mos. '43	Feb. 29, '44 comp. to Feb. 28, '43
	(Per cent increase or decrease)		
Denver.....	7	-5	0
Hutchinson.....	3	+7	+8
Topeka.....	3	+4	+7
Wichita.....	4	+7	+12
Joplin.....	3	-6	-1
Kansas City.....	8	-2	0
St. Joseph.....	3	+15	+14
Omaha.....	4	+3	+4
Oklahoma City.....	6	+5	+10
Tulsa.....	4	+2	-1
Other cities.....	31	-5	-3
District.....	76	0	+2
			+17

*Not shown separately but included in District total.

FINANCE

Member Bank Credit

Volume of loans at weekly reporting member banks in the Tenth District is again declining, following some expansion during the Fourth War Loan drive, when there had been a rather marked increase in loans to brokers, dealers, and others for purchasing or carrying Government securities. In the third week of March, loans for the District as a whole were about 6 per cent below a year earlier, owing chiefly to contraction in commercial, industrial, and agricultural loans and in "all other" loans, which include consumer instalment credit. At some centers, however, loans are higher than a year ago, loans at weekly reporting banks in Oklahoma City during February averaging 14 and in Tulsa 13 per cent above the preceding year.

Demand deposits of individuals, partnerships, and corporations at weekly reporting banks had been drawn down moderately during the Fourth War Loan drive, when funds from such accounts were transferred to Government deposit accounts at these banks to pay for securities sold to bank customers. Subsequent to the drive, as the Treasury disbursed its newly acquired funds in payment for goods and serv-

ices, and these funds in turn were redeposited at the banks to the credit of individuals, partnerships, and corporations, demand deposits other than Government deposits again increased and by the middle of March had regained all of the decline experienced during the drive. These demand deposits are about 12 per cent larger than a year ago but are still somewhat below the record level reached last December.

Principal items of condition of 50 member banks:

	Change from		
	Mar. 22 1944	Feb. 16 1944	Mar. 24 1943
	(In thousands of dollars)		
Loans and investments—total.....	1,771,864	-21,891	+412,126
Loans—total.....	330,529	-20,661	-19,911
Coml., indust., agric.....	218,392	-11,458	-25,734
To security brokers and dealers.....	3,398	-794	+1,763
Other to purchase or carry secur.....	15,995	-6,170	+8,225
Real estate loans.....	39,494	-606	+6,560
Loans to banks.....	0	0	-55
All other loans.....	53,250	-1,633	-10,670
Investments—total.....	1,441,335	-1,230	+432,037
U. S. Treasury bills.....	116,430	-29,708	-61,746
U. S. Treas. certif. of indebt.....	339,851	+8,634	+191,965
U. S. Treasury notes.....	283,667	+39,049	+120,789
U. S. Govt. bonds.....	541,176	-1,978	+203,673
Oblig. guar. by U. S. Govt.....	35,022	-17,911	-21,145
Other securities.....	125,189	+684	-1,499
Reserve with F. R. Bank.....	355,196	-11,094	+1,933
Balances "due from" banks—net.....	265,524	-46,672	-43,510
Demand deposits—adjusted.....	1,114,386	+36,997	+123,031
Time deposits.....	181,481	+3,680	+33,209
U. S. Govt. deposits.....	250,068	-53,982	+184,490
Deposits "due to" banks—net.....	752,707	-69,711	+17,504

Bank Debits

	Change from '43	
	Feb. 1944	2 Mos. 1944
	(Thousand dollars)	
	(Per cent)	
Colo. Springs, Colo.....	21,174	43,095
Denver, Colo.....	264,134	557,261
Gr. Junction, Colo.....	6,047	13,091
Greeley, Colo.....	8,333	17,651
Pueblo, Colo.....	18,319	39,591
Atchison, Kans.....	6,353	12,709
Emporia, Kans.....	6,541	13,377
Hutchinson, Kans.....	28,416	58,485
Independence, Kans.....	4,545	9,087
Kansas City, Kans.....	35,405	83,954
Lawrence, Kans.....	6,746	13,326
Parsons, Kans.....	5,672	11,698
Pittsburg, Kans.....	6,859	13,863
Salina, Kans.....	24,647	51,093
Topeka, Kans.....	57,298	115,516
Wichita, Kans.....	179,534	374,547
Joplin, Mo.....	14,426	31,518
Kansas City, Mo.....	600,581	1,275,821
St. Joseph, Mo.....	63,573	136,475
Fremont, Nebr.....	6,772	13,966
Grand Island, Nebr.....	12,719	27,563
Lincoln, Nebr.....	48,427	99,932
Omaha, Nebr.....	331,138	686,589
Albuquerque, N. M.....	27,262	57,607
Bartlesville, Okla.....	37,586	76,573
Enid, Okla.....	20,044	38,992
Guthrie, Okla.....	2,479	5,028
Muskogee, Okla.....	15,284	31,291
Okla. City, Okla.....	126,796	255,205
Okmulgee, Okla.....	3,396	7,055
Tulsa, Okla.....	220,326	457,879
Casper, Wyo.....	9,213	20,092
Cheyenne, Wyo.....	17,782	36,713
District, 29 cities.....	2,237,827	4,686,643
U. S., 334 cities.....	70,704,000	142,592,000

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity was maintained at a high level in February and the early part of March. Commodity prices and retail sales showed little change.

INDUSTRIAL PRODUCTION

Output at factories and mines was at about the same rate in February as in January and the Board's seasonally adjusted index advanced 1 point to 243 per cent of the 1935-39 average.

Steel production continued to advance in February and in the first three weeks of March. Output of nonferrous metals showed little change as curtailment of aluminum production offset increases in output of other metals. Magnesium production was ordered curtailed, beginning in March, by approximately 3,000,000 pounds per month or 7 per cent of January output. Activity in the machinery, transportation equipment, and other durable goods industries showed little change from January to February.

Output of textile products was maintained at the January level and production of most manufactured food products declined less than is usual at this season. Butter and cheese production continued to increase seasonally in February. The volume of hogs slaughtered under Federal inspection declined 6 per cent from the exceptionally high January level; a much larger decline is usual in this month. Chemical production continued to decline as output of small arms ammunition and explosives was further curtailed.

Fuel production rose slightly in February to a level 10 per cent above the same month last year. Output of bituminous coal and crude petroleum was maintained at a high level, and anthracite coal production increased 19 per cent as a result of a seven-day work week in effect for the month of February.

DISTRIBUTION

Total retail sales in February continued about as large as in January and exceeded somewhat the volume of a year ago. At department stores sales in February were about 10 per cent smaller than last year when there was a buying wave in clothing. During the first three weeks of March department store sales exceeded the volume of a year ago, reflecting in part the earlier date of Easter this year.

Freight carloadings, after allowance for seasonal changes, were maintained during February and the first two weeks in March in the unusually large volume reached in December and January.

COMMODITY PRICES

Prices of cotton and livestock increased somewhat from the middle of February to the middle of March, while most other wholesale commodity prices showed little change.

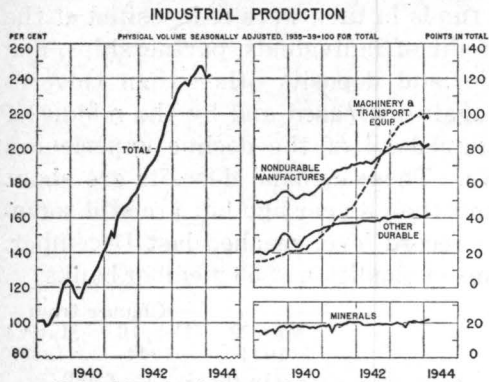
Retail food prices declined 1 per cent from mid-January to mid-February owing chiefly to seasonal decreases in prices of eggs and citrus fruit. Retail prices of most other goods and services advanced slightly.

BANK CREDIT

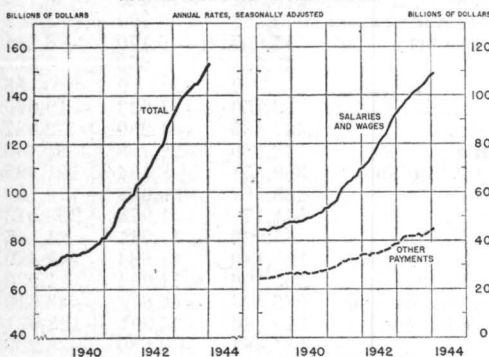
During the latter part of February and the first half of March the average level of excess reserves at all member banks fluctuated around one billion dollars. Member bank reserve requirements increased by about 400 million dollars as the result of private deposit expansion which, in turn, was the result of Treasury disbursements from war loan accounts which require no reserves. Money in circulation increased 400 millions and the gold stock declined by 130 millions. Funds to meet these demands were supplied by additions to Reserve Bank security holdings and a temporary decline in Treasury deposits at the Reserve banks. In the four weeks ended March 15, Government security holdings of the Federal Reserve Banks rose by 720 million dollars, reflecting mainly substantial increases in bill holdings under repurchase option; note and certificate holdings also increased.

At reporting member banks in 101 leading cities Government security holdings declined by 540 million dollars during the four weeks ended March 15. Holdings of notes rose by 1.5 billion dollars while bonds and guaranteed obligations declined as the result of an exchange of maturing and redeemable issues for a new 1½ per cent note issue. Holdings of bills also declined, reflecting principally sales to the Reserve Banks. Loans to brokers, dealers, and others for purchasing or carrying Government securities, which had increased moderately during the Fourth War Loan drive, fell by 340 million dollars in the following four weeks. Commercial loans also declined somewhat.

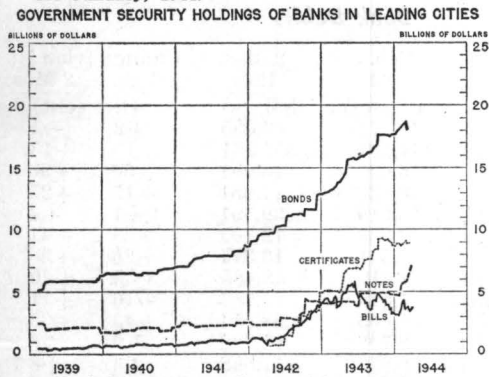
Adjusted demand deposits rose by 1.9 billion dollars during the four weeks ending March 15, representing a gain of more than half of the funds withdrawn from such accounts during the drive. Government deposits at these banks fell by 2.6 billion dollars in the month following the drive.



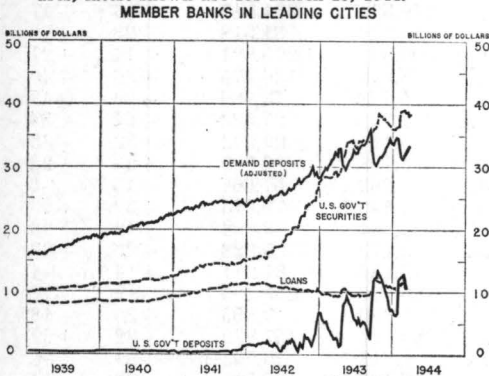
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for February, 1944.



Based on Department of Commerce estimates. Wages and salaries include military pay. Monthly figures raised to annual rates, latest shown are for January, 1944.



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures, latest shown are for March 15, 1944.



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for March 15, 1944.