

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

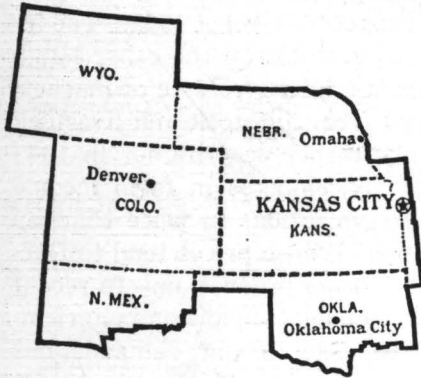
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FEDERAL RESERVE BANK
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APRIL 30, 1944

Business in the Tenth Federal Reserve District



Continued heavy rains in March and April caused much flood damage to crops in the eastern part of the District and seriously delayed the planting of spring crops generally.

The feed situation has become even more critical. Cold weather has held back ranges and pastures and necessitated heavy supplemental feeding of livestock. The acute scarcity of corn and other grains is especially curtailing the manufacture of commercial feeds for dairy cattle, hogs, and poultry.

Hog slaughter continues much above a year ago, but cattle slaughter and flour production are down. Output of petroleum and coal remain below last year's high level. Employment continues to show little change from the previous year.

Department store sales have been maintained at an exceptionally high level. Farm income in 1944 shows a further increase from the record level of 1943.

MARCH, 1944 COMPARED WITH MARCH, 1943					BUSINESS INDICATORS	3 MOS. 1944 COMPARED WITH 3 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.....						
				59	Failures (Liab.).....						319
Trade											
					Wholesale Sales.....						
					Dept. Store Sales....						
Marketings											
					Wheat.....						
72					Corn.....						
					Oats.....						
					Cattle.....						
					Calves.....						
				90	Hogs.....						99
					Sheep.....						
Production											
					Flour.....						
					Cattle Slaughter....						
				94	Calf Slaughter.....						96
				94	Hog Slaughter.....						105
					Sheep Slaughter....						
					Crude Petroleum....						
					Bituminous Coal....						
Construction											
63					Total Awards.....	61					
57					Res. Awards.....	70					
					Value of Permits....						
					Lumber Sales.....						
Miscellaneous											
				116	Rainfall.....						151
					Cash Farm Income*..						
					Employment*.....						

*Latest available

AGRICULTURE

Farm Income Cash income from farm marketings in this District for the entire year 1943 was 23 per cent higher than in 1942, about the same rate of increase as is shown for the country as a whole. In Nebraska farm income increased 39 per cent, in Colorado 31, in Missouri 22, in New Mexico 21, in Kansas and in Wyoming 18, and in Oklahoma 8 per cent. Farm income for 1943 probably was the largest ever received; at least, in all states of the District it was by far the highest on record—1924 being the first year for which state figures are available. In general, it was from one-third to two-thirds larger than in 1929 and was nearly four times that at the depth of the depression in 1932. For the whole country, cash income from farm marketings in 1943 exceeded 19 billion dollars as compared with 15 $\frac{1}{3}$ billion in 1942, 4 $\frac{3}{4}$ billion in 1932, 11 $\frac{1}{4}$ billion in 1929, and 14 $\frac{1}{2}$ billion in 1919, the peak during the last war.

Department of Agriculture estimates of cash income received from farm marketings:

	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
	(In millions of dollars)						
1943.....	308	691	652	651	114	383	92
1942.....	236	588	533	470	94	355	78
1941.....	159	387	401	290	65	253	62
1940.....	129	245	274	224	58	189	51
1939.....	125	247	253	221	50	172	47
1938.....	114	230	242	201	48	165	43
1937.....	147	307	260	251	53	191	50
1936.....	132	272	259	281	46	148	45
1935.....	103	241	229	209	37	159	39
1934.....	93	218	195	227	40	131	37
1933.....	79	182	182	193	26	128	28
1932.....	75	179	168	167	24	106	24
1931.....	118	260	216	279	33	127	34
1930.....	173	390	310	408	50	183	46
1929.....	201	524	392	489	69	323	61
1928.....	191	511	384	485	69	316	63
1927.....	192	450	365	418	61	312	52
1926.....	182	474	385	434	50	272	47
1925.....	185	465	386	445	50	348	50
1924.....	167	437	353	421	48	322	43

The District increase of 23 per cent in income from farm marketings during 1943 reflected an increase of 8 per cent in receipts from the sale of crops and an increase of 30 per cent in receipts from the sale of livestock and livestock products. For the whole country, returns from crops and from livestock each showed an increase of 24 per cent. In most states of the District income from feed grains and hay, oil-bearing crops, and vegetables was considerably higher in 1943 but income from wheat and cotton was lower. This was especially the case in Oklahoma, where crops were injured during the spring by floods and later in the year by drought. In Kansas income from crops was slightly under the previous year, and in Oklahoma it dropped by 21 per cent. These two states were the only ones in the United States which showed a reduction in income from crops for 1943 as compared with

1942. This situation explains the relatively small gain in crop income in this District and the small increase in total farm income in Oklahoma. Income from livestock and its products was substantially higher in nearly all states, reflecting increased returns from meat animals—especially hogs and cattle—and from poultry and eggs and dairy products.

Generally speaking, the increase in income from crops in 1943 resulted mainly from a 29 per cent increase in the general level of prices received by farmers for crops, as the volume of crop production—and, hence, the amount available for marketing—in 1943 was somewhat below the record level of 1942. The increase in income from livestock, on the other hand, resulted principally from a larger volume of marketings, as prices received from livestock and livestock products averaged only 16 per cent higher in 1943 than in 1942. Ordinarily, changes in farm income are influenced more by variations in price than by variations in marketings because prices tend to fluctuate much more widely than production. In recent years, however, the tremendous expansion in agricultural production in response to war demands has greatly increased the relative importance of marketings as an income factor. Thus the present record level of farm income is due not only to the highest level of farm prices in about twenty years but also to the record volume of agricultural products sold.

Agricultural production in the United States has been much larger throughout this war than it was during the last war, the output of crops in 1943 being 23 per cent, and that of livestock and livestock products 53 per cent, above output in 1919. Prices received by farmers for crops averaged 19 per cent lower in 1943 than in 1919 and for livestock 3 per cent lower but, even so, income from crops was 3 per cent and that from livestock 62 per cent higher than at its peak during the last war. The production and income figures also indicate a shift in American agriculture since the last war away from the staple crops and toward emphasis on livestock.

The rapid rise in farm income has been accompanied by a marked increase in the buying power of farm products, as prices received by farmers for farm products have increased relatively faster than prices paid by farmers for things they buy. The ratio of prices received to prices paid, interest, and taxes (August, 1909, to July, 1914=100) averaged 79 per cent during 1940. It rose to an average of 93 per cent in 1941, 105 per cent in 1942, and 117 per cent in 1943. Recently, the ratio is tending to decline somewhat, dropping from 122 in April, 1943, to 115 by March, 1944.

Data available so far for 1944 indicate that cash farm income in the District in the first two months of

this year was about 23 per cent, and in the United States 21 per cent, above the already high level of 1943. As in 1943, the largest gains in income are shown for Nebraska and Colorado. The increase in farm income in Kansas and Oklahoma is relatively small, while income in New Mexico is down nearly one-fifth from the corresponding period last year, reflecting decreased returns from both crops and livestock.

Farm Land Values Values of farm real estate (all farm lands with improvements) continued to rise sharply during the year ending March 1, 1944. In the last year, the estimated value per acre of farm real estate in Nebraska increased 20 per cent, in Colorado 19, in Wyoming and in New Mexico 16, in Kansas 14, in Missouri 11, and in Oklahoma 8 per cent. The rate of gain was above that of the preceding twelve months in Nebraska, Wyoming, Colorado, and New Mexico, was unchanged in Kansas, and was slightly lower in Missouri and Oklahoma. For the country as a whole, farm land values on March 1 were 15 per cent higher than a year earlier and had risen 9 per cent during the last four months alone. The monthly rate of increase for the last four months has been the highest of record, exceeding by one-fifth the average monthly rate for the 1919-20 boom year.

Department of Agriculture indexes of estimated farm real estate values on March 1:

	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.	U.S.
	(1912-14 average=100)							
1944.....	93	96	82	77	117	120	102	114
1943.....	78	84	74	64	101	111	88	99
1942.....	69	74	66	59	95	101	78	91
1941.....	63	71	60	55	87	96	71	85
1940.....	61	71	59	58	84	93	68	84
1939.....	61	76	58	65	83	93	66	84
1938.....	60	78	60	69	83	94	66	85
1937.....	60	78	60	72	82	91	66	85
1936.....	57	75	60	73	80	91	65	82
1935.....	53	73	58	72	76	86	62	79
1934.....	54	72	57	72	76	83	62	76
1933.....	54	70	55	69	75	76	62	73
1932.....	65	89	67	90	89	94	77	89
1931.....	81	103	79	106	109	116	95	106
1930.....	83	113	92	113	110	127	98	115
1929.....	82	113	95	116	109	127	96	116
1928.....	82	113	96	117	108	127	95	117
1927.....	82	113	99	119	108	128	94	119
1926.....	89	113	104	123	106	130	95	124
1925.....	92	115	112	123	108	131	100	127
1920.....	141	151	167	179	144	166	176	170
1915.....	93	103	102	101	100	95	103	103

As compared with the prewar (1935-39) average, farm real estate values in Wyoming have risen 57 and in Colorado 60 per cent. There has been an increase of 44 per cent in New Mexico, 39 in Missouri, and 32 in Oklahoma, while values have increased only 10 per cent in Nebraska and 26 per cent in Kansas. Reports indicate that the advance in prices in Wyoming is mostly in dry land farming areas; values of irrigated and of range lands in that state have generally increased but little. In most District states, land values

had reached their low point in 1933, following the 1932 low in farm income, and since that time values have generally tended upward. In Kansas and Nebraska, however, there was a serious decline in farm land values from 1937 to 1941, the downturn in those two states being due chiefly to severe drought. In consequence, the postwar low point in Nebraska was not reached until 1941, while in Kansas land values by that year had dropped back almost to their 1933 low.

Despite the rapid rise that has taken place in the last three years, farm land values are still far below their 1920 peak, the advance during the present war period having started from a much lower level than that which prevailed just prior to the last war. Nevertheless, the rate of increase, together with other developments strikingly similar to those which occurred between 1914 and 1918, are causing much concern. For the country as a whole, land values are now 38 per cent above the 1935-39 average as compared with a level of values in 1919 that was 40 per cent above the pre-World War I base. In addition, both the number and the average size of farm mortgages currently recorded have increased significantly. The total farm mortgage debt, however, has declined steadily during the present war in contrast to the increase in debt during the preceding war.

Basically, of course, the causes of the substantial rise in farm real estate values are high farm commodity prices, the record level of farm income, and continued accumulations of funds available for land purchase. Factors which previously had tended to restrain increases in land values appear to have weakened appreciably. The former large amount of institutionally held real estate is now practically depleted. Shortages of farm labor and farm machinery, although serious, are less than anticipated.

The volume of farm sales for the country as a whole was at a record level during 1943, surpassing the previous high reached in 1919, and the number of farms resold after only a short period of ownership increased in many farming areas. Reflecting the huge amount of liquid purchasing power held by individuals in demand deposits, the proportion of farms sold for cash and average down payments both were somewhat higher than in 1942, notwithstanding easy credit conditions and extremely keen competition among mortgage lenders to place loans. Thus, farmers are using their enlarged incomes for purchasing additional land as well as for paying off debts. Favorable returns from farming as compared with normal outlets for investment funds have attracted city investors also to farm land as an investment.

According to the Department of Agriculture, many farm buyers are tending again to overemphasize cur-

rent high farm commodity prices and high farm income, and farm land values in most areas are already above levels likely to be sustained if a fairly substantial recession in farm commodity prices should develop sometime following the close of the war. In view of the capitalization of temporarily high returns that characterized the 1919-20 land boom, and in view of the subsequent collapse, much effort is now being made to avoid a recurrence of farm land inflation. Colleges of agriculture, Federal agencies, farm organizations, and others, through educational programs, are cautioning against buying farms at values that cannot be sustained by earnings over a period of years. Designed to discourage speculation in farms, proposed legislation now before Congress provides for a special wartime tax on the net gain from the sale of agricultural real property, the rate of the proposed tax to be progressively lower the longer the farm has been held before resale.

Crops Winter wheat prospects have improved markedly as a result of good rains during recent months. The condition of wheat in eastern Kansas and Oklahoma continues good, while in the western part of the wheat belt the crop has made partial recovery from the very poor condition of last December and abandonment may be less than was anticipated earlier. Official estimates of winter wheat production, based on April 1 conditions, indicate a crop for this District about as large as last year and appreciably above the average from 1933 to 1942. Production in Kansas is now expected to equal that of last year, and in Oklahoma and Missouri the 1944 wheat crop is estimated to be nearly double the abnormally small crops harvested in those two states in 1943. However, in Nebraska, Colorado, Wyoming, and New Mexico production seems likely to be only one-half to two-thirds as large as it was last year.

Department of Agriculture winter wheat estimates:

	PRODUCTION			YIELD PER ACRE SEEDED		
	Indic. 1944	Final 1943	Aver. '33-'42	Indic. 1944	Final 1943	Aver. '33-'42
	(Thousand bushels)			(Bushels)		
Colo.....	12,529	29,381	10,427	8.5	21.9	8.8
Kans.....	146,421	144,201	125,965	11.0	13.4	9.3
Mo.....	24,853	12,649	26,851	14.5	10.0	13.1
Nebr.....	39,711	60,165	39,360	10.5	19.9	11.3
N. Mex....	1,428	2,079	2,040	3.5	6.4	5.9
Okla.....	56,430	31,711	48,419	11.0	8.3	10.0
Wyo.....	1,665	2,224	1,298	9.0	14.2	9.0
7 States..	283,037	282,410	254,360	10.9	13.7	9.8
U. S.....	601,759	529,606	570,675	12.8	14.0	12.2

Last fall the acreage seeded to winter wheat in this District was increased substantially, but in most states the increase in acreage has been offset by sharply lower prospective yields per acre. In many areas, soil moisture was deficient at seeding time and continued so until late in the winter. Completion of

seeding was prolonged, and the wheat germinated over a wide range of dates, extending into January and February. As a result, the stage of growth varies widely and there is considerable uncertainty about the outcome of the portion of the crop that came up late. This is especially true in Nebraska.

Precipitation for February and March was much above normal in all states of the District except New Mexico. Kansas received 171 per cent of normal moisture for this period, Oklahoma 166, Missouri 130, Nebraska 137, Wyoming 122, Colorado 105, and New Mexico 59 per cent. Many sections of the District received additional large amounts of moisture in April, with considerable erosion and flood damage to crops reported from Oklahoma and eastern Kansas. The continued wet weather, although favorable to winter wheat and easing fears of local shortages of irrigation water in western areas, is seriously delaying planting of spring crops. Because of the lateness of the season, a substantial part of the acreage intended

	RAINFALL		3 Mos. 1944	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	2.75	1.04	4.20	2.00
Leadville.....	2.19	1.77	3.89	4.48
Pueblo.....	1.36	0.59	1.77	1.39
Lamar.....	0.79	0.82	2.54	1.60
Alamosa.....	0.38	0.24	0.80	0.69
Steamboat Springs....	2.15	2.64	4.99	7.31
KANSAS				
Topeka.....	4.90	1.98	6.41	4.19
Iola.....	4.47	2.45	7.48	5.45
Concordia.....	3.55	1.11	6.71	2.49
Salina.....	3.81	1.33	5.38	3.03
Wichita.....	4.73	1.63	7.08	3.58
Hays.....	2.06	0.88	4.85	1.99
Goodland.....	0.62	0.99	2.16	1.81
Dodge City.....	1.41	1.27	3.14	2.42
Elkhart.....	0.74	0.88	3.22	1.93
MISSOURI				
St. Joseph.....	3.78	2.48	6.05	5.49
Kansas City.....	5.09	2.31	7.55	5.10
Joplin.....	4.37	3.20	8.70	7.04
NEBRASKA				
Omaha.....	1.67	1.37	3.36	3.00
Lincoln.....	2.24	1.27	4.47	2.90
Norfolk.....	1.92	1.26	4.69	2.78
Grand Island.....	1.81	1.25	3.69	2.66
McCook.....	2.08	0.95	6.22	2.03
North Platte.....	0.98	0.86	3.52	1.80
Bridgeport.....	0.92	0.81	3.00	1.55
Valentine.....	1.38	1.02	4.96	2.08
NEW MEXICO				
Clayton.....	Trace	0.62	0.92	1.28
Santa Fe.....	0.31	0.74	0.52	2.16
Farmington.....	0.37	0.68	2.08	1.93
OKLAHOMA				
Tulsa.....	3.77	3.02	8.52	6.59
McAlester.....	2.70	3.09	10.11	8.16
Oklahoma City.....	3.82	1.98	8.15	4.28
Pauls Valley.....	2.27	2.10	8.26	5.19
Hobart.....	2.48	1.58	5.90	3.30
Enid.....	2.73	1.60	4.67	3.84
Woodward.....	2.25	1.43	4.65	3.11
WYOMING				
Cheyenne.....	1.98	1.02	3.03	2.11
Casper.....	1.48	1.18	3.29	2.54
Lander.....	2.54	1.19	4.55	2.42
Sheridan.....	1.90	1.16	3.67	2.73

for oats, barley, and flax will probably be shifted to corn, sorghums, and soybeans.

The unusually favorable soil moisture situation is encouraging farmers to plant to the capacity of available labor and machinery. The labor shortage, however, is tending to restrict the expansion of corn and grain sorghums acreage because such row crops require cultivation. The supply of farm labor is generally below the already low point reached last year, owing to a further reduction in the number of hired workers. The number of unpaid family workers is about as large as a year earlier, but their average efficiency is lower because of an increased proportion of over-age and under-age workers in this group.

Stocks of oats remaining on District farms on April 1 were larger than a year earlier but stocks of wheat had decreased nearly one-half and corn one-third. Moreover, supplies available for purchase in deficit areas are smaller than total stocks would indicate because of restricted movements and the tendency of farmers to hold grain for feeding on their own farms, partly because grain brings a higher price when fed to livestock than when sold for cash. Although present stocks are still much above the average from 1933 to 1942, the rate of disappearance is very rapid, owing to the record numbers of livestock and poultry on farms.

Influenced in part by wet weather and muddy roads, marketings of grains in the last two months have declined to almost negligible proportions. The acute shortage of corn near the end of March forced some corn processors to close and threatened the closing of others. In order to assure continued production of critical war materials depending on processed corn products, the War Food Administration late in March required grain elevators in surplus corn areas (including eastern Nebraska in this District) to set aside 35 per cent of corn receipts for sale to designated processors or to the Commodity Credit Corporation. Since the needs of war industries still were not being met, the set-aside order was later expanded to 60 per cent, and on April 25 the Government or approved processors were made the sole purchasers of all corn sold in the surplus producing areas.

Livestock The number of cattle on feed for market on April 1 in Nebraska was 32 per cent smaller than a year ago, in Kansas 28 per cent, and in Missouri 22 per cent smaller. These decreases compare with declines of 15, 12, and 21 per cent, respectively, reported on January 1. The further contraction of cattle feeding operations during the first quarter of 1944 as compared with the previous year is the result both of larger marketings of fed cattle and of smaller numbers being placed on feed. The number

of cattle in feed lots in western states also is materially smaller than a year earlier. The principal factors discouraging cattle feeding are the narrow spread between prices of feeder cattle and fat cattle, the high price and scarcity of nearly all kinds of feeds, and the virtual absence of winter wheat pasture. Feed lots in many sections are exceptionally muddy because of heavy and continued rains in April.

Prices of best beef steers reached \$16.50 a hundredweight at the Kansas City market late in April, their highest point in nearly a year, and lambs sold up to \$16.40 a hundredweight, or within 10 cents of their 15-year high point, which was recorded in February of this year and in March of last year. Small supplies of fed steers and lambs in relation to the huge demand for meat, and frequent interruptions in marketings because of bad weather, have been important factors in the strength in beef cattle and lamb prices. Prices of lower grades of slaughter cattle and of stockers and feeders recently have declined somewhat.

Hog prices had risen sharply to \$14.35 a hundredweight at Kansas City in March, or within 15 cents of the ceiling price at this market, but lost all of this advance in April. Contributing to the April decline in hog prices were an increase in receipts and a reduction in Government purchases of pork for lend-lease shipments. Hog marketings were especially heavy just prior to the termination on April 15 of the emergency price support program on hogs weighing 270 to 330 pounds. The price of good to choice hogs within the present support range of 200 to 270 pounds has dropped back to the support price of \$13.50 a hundredweight and prices of other weights have fallen much below this level. The support price had previously been extended to cover hogs weighing over 270 pounds as an emergency measure to protect growers who were forced to feed hogs to heavier weights when marketing and processing facilities were congested last winter. The recent order restricting the sale of corn in surplus producing areas exclusively to Government designated buyers was followed by the announcement that, effective May 15, the ceiling price of hogs weighing more than 240 pounds would be reduced 75 cents a hundredweight. The purpose of this action is to discourage the feeding of corn to hogs and to divert such corn to industries processing war products.

Top carlot livestock prices at Kansas City:

	Apr. 27 1944	Mar. 1944	Feb. 1944	Mar. 1943	Mar. 1942	Mar. 1941
	(In dollars per hundredweight)					
Beef steers.....	16.50	16.25	16.25	17.00	14.25	12.75
Stocker cattle.....	14.50	15.00	14.50	16.50	13.75	12.50
Feeder cattle.....	14.25	14.35	14.65	15.50	12.40	11.40
Calves.....	14.00	14.00	14.00	16.00	14.50	11.50
Hogs.....	13.50	14.35	13.60	15.60	13.70	8.05
Lambs.....	16.40	16.25	16.50	16.50	13.50	11.75
Slaughter ewes.....	9.10	9.00	8.60	9.50	7.15	6.75

Cold and wet weather in March and April has accentuated the critical feed situation and has been rather severe on livestock. Ranges and pastures generally carry a good supply of old feed, except in New Mexico and western Oklahoma, but new grass has been slow in starting and very little winter wheat pasture has been available. As a result, deep inroads have been made on the extremely short supplies of protein concentrates, hay, roughage, and other feeds on hand. However, the abundance of moisture insures a rapid growth of grass with warmer weather, and prospects for summer grazing are excellent.

The feed situation is especially acute with respect to commercial feeds for dairy cattle, hogs, and poultry. Sharp curtailment in marketings of grains has made it impossible for feed mixers and manufacturers to secure adequate supplies of corn, oats, barley, and grain sorghums to meet the heavy demand for processed feeds. The high prices and shortage of these feeds, together with sharp declines in prices of hogs and eggs, have caused further liquidation of unfinished hogs and a sharp contraction in sales of chicks by hatcheries in many areas.

Present indications are that the Blue Stem (Flint Hills) pastures of Kansas and the Osage pastures of Oklahoma will be filled to capacity with cattle this summer. The number of cattle carried over through the winter in these sections is not as large as a year ago, and up to the first of April the percentage of pastures leased was slightly under the record percentage of the previous year. In April, however, dry weather in some Texas areas caused a revival of leasing activities to the northward, and shipments of cattle from Mexico, Texas, and other southwestern areas to Oklahoma and Kansas pastures are now expected to equal the large movement of last year.

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in March was 16 per cent above last year. This increase reflected in part the earlier date of Easter this year—April 9 as compared with April 25 in 1943—and heavy buying of cosmetics, jewelry, furs, luggage, and other items in advance of higher excise taxes that became effective on April 1. In the middle of April, sales dropped under the corresponding period last year, which included the concentration of pre-Easter buying in 1943, but total sales for the first three weeks of April nevertheless were still slightly larger than last year. Inventories declined contraseasonally during the month of March. At the end of the month, although 10 per cent higher than in 1943, they represented little more than a two-months' supply at the current rate of sales.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Mar. '44 comp. to Mar. '43	3 Mos. '44 comp. to 3 Mos. '43	Mar. 31, '44 comp. to Mar. 31, '43	
	(Per cent increase or decrease)			
Denver.....	7	+4	+2	+15
Hutchinson.....	3	+27	+15	*
Topeka.....	3	+26	+14	*
Wichita.....	4	+26	+17	*
Joplin.....	3	+22	+7	*
Kansas City.....	8	+21	+5	+4
St. Joseph.....	3	+27	+19
Omaha.....	4	+13	+7	*
Oklahoma City.....	6	+29	+16	+8
Tulsa.....	4	+20	+5	*
Other cities.....	30	+6	0	+5
District.....	75	+16	+7	+10

*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 in large volume. Cattle slaughter in March dropped somewhat under last year, but that of sheep was slightly larger than a year ago and there were substantial increases in calf and hog slaughter. Reflecting the high rate of slaughter, United States cold storage stocks of meats (including Government holdings) decreased much less than is usual during March and are about 60 per cent larger than a year ago, while lard stocks have risen to a new record high level.

Flour Milling Southwestern flour milling operations have continued to decline, dropping to 77 per cent of full time capacity by the middle of April from an average of 99 per cent last January. This curtailment of operations is due not only to a general slowing in shipping directions on previous purchases but also to a relatively small volume of new flour sales. Government purchases of flour since late in February have been very light because of congestion in warehouses and a lack of shipping space, while sales of flour to domestic consumers have declined sharply, despite some easing in flour prices from ceiling levels and the present concern over the availability of ample wheat supplies. Flour production is still very large, March output exceeding the average of the past ten years by 23 per cent, but production currently is below a year ago at Kansas City and at Salina.

Petroleum Trends in the petroleum industry continue in general along the lines noted in recent months. Crude oil production in the United States for March is reported as 136 million barrels, an increase of 12 per cent above the high level of March, 1943. For the first three months of the year the increase has been 15 per cent. In the Tenth District, however, production for March is down 5 per

cent and for the first quarter is down 3 per cent from the corresponding periods of last year. Substantial increase in New Mexico and small increases in Colorado and Wyoming have been more than offset by declines in other District states.

Consumption of petroleum products continues to outrun production by a narrow margin. As of April 8 crude oil stocks in the United States were down 2.1 per cent from the corresponding date in 1943, and gasoline stocks were down 1.3 per cent, residual fuel oil stocks 0.5 per cent, and gas-oil and distillate stocks a negligible fraction of 1 per cent.

Increases in crude oil price ceilings have been granted by the Office of Price Administration in five small fields—two in Wyoming and one each in California, Louisiana, and Nevada. Of these, the most important was a ten-cent increase in the field in Louisiana, whose current production was 7,800 barrels a day. The other four fields are very small.

Employment Total nonagricultural employment in this District in January, as in the four preceding months, was little changed from a year earlier. Owing in part to further cutbacks in the production of certain war products, however, manufacturing employment is declining; by January it was only 4 per cent above the preceding year, as compared

with a year-to-year gain of 15 per cent last November. Manufacturing employment in Oklahoma still was 23 per cent higher and in Kansas 9 per cent higher, but these gains were much less than previous ones.

Department of Labor estimates of total nonagricultural employment:

	Jan. 1944	Dec. 1943	Change from preceding year	
	(Number)		Jan.	Dec.
			(Per cent)	
Colorado.....	265,000	279,000	-8	-9
Kansas.....	411,000	422,000	-3	-2
Missouri.....	954,000	990,000	-1	0
Nebraska.....	260,000	268,000	0	0
New Mexico.....	76,400	79,000	-5	-6
Oklahoma.....	378,000	391,000	+13	+5
Wyoming.....	60,600	61,600	+6	+2
Seven states.....	2,405,000	2,490,600	0	-1
United States.....	37,257,000	38,485,000	-2	-1

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 Omaha and at Wichita. On March 1, Omaha was shifted from Group II (labor stringency) to Group III (slight labor surplus) and on April 1 Wichita was transferred from Group I (acute shortage) to Group II.

FINANCE

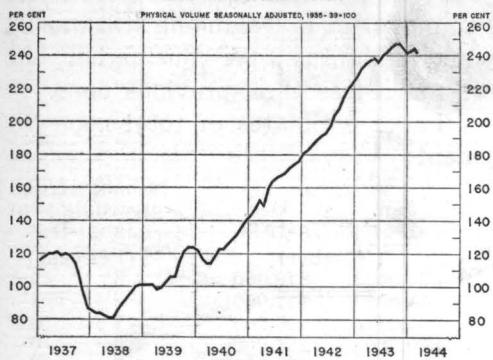
Member Bank Credit Loans at weekly reporting member banks in the Tenth District showed a further decrease during the four-week period ending April 19. Investment holdings, which had reached a new high level at the middle of March, have also declined in recent weeks. Demand deposits of individuals, partnerships, and corporations in the third week of April, although higher than in the latter part of March, were lower than they were on March 15 and continue appreciably below their record level of last December.

Principal items of condition of 50 member banks:

	BANK DEBITS		Change from '43	
	Mar. 1944	3 Mos. 1944	Mar.	3 Mos.
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo.....	23,543	66,638	+5	+1
Denver, Colo.....	297,895	855,156	+9	+11
Gr. Junction, Colo.....	7,024	20,115	+27	+41
Greeley, Colo.....	8,995	26,646	+2	+16
Pueblo, Colo.....	19,029	58,620	-10	-1
Atchison, Kans.....	6,157	18,866	+4	+26
Emporia, Kans.....	6,638	20,015	+1	+19
Hutchinson, Kans.....	25,085	83,570	-1	+25
Independence, Kans.....	4,640	13,727	+3	+8
Kansas City, Kans.....	37,958	121,912	+8	+22
Lawrence, Kans.....	6,380	19,706	-5	+3
Parsons, Kans.....	5,746	17,444	+5	+7
Pittsburg, Kans.....	6,595	20,458	-18	-8
Salina, Kans.....	19,433	70,526	-15	+22
Topeka, Kans.....	55,994	171,510	+4	+12
Wichita, Kans.....	189,358	563,905	+25	+39
Joplin, Mo.....	16,800	48,318	+22	+27
Kansas City, Mo.....	641,727	1,917,548	+4	+15
St. Joseph, Mo.....	58,943	195,418	+14	+31
Fremont, Nebr.....	7,141	21,107	+3	+12
Grand Island, Nebr.....	13,872	41,435	+3	+22
Lincoln, Nebr.....	45,414	145,346	-1	+21
Omaha, Nebr.....	373,074	1,059,663	+11	+18
Albuquerque, N. M.....	32,841	90,448	+6	+6
Bartlesville, Okla.....	43,154	119,727	+16	+20
Enid, Okla.....	17,421	56,413	-1	+17
Guthrie, Okla.....	2,647	7,675	+25	+24
Muskogee, Okla.....	16,880	48,171	+3	+4
Okla. City, Okla.....	129,739	384,944	-24	-17
Okmulgee, Okla.....	3,463	10,518	-3	+10
Tulsa, Okla.....	235,059	692,938	+14	+23
Casper, Wyo.....	8,876	23,968	+12	+29
Cheyenne, Wyo.....	19,180	55,893	0	+9
District, 33 cities.....	2,386,701	7,073,344	+6	+15
U. S., 334 cities.....	76,089,000	218,692,000	+16	+22

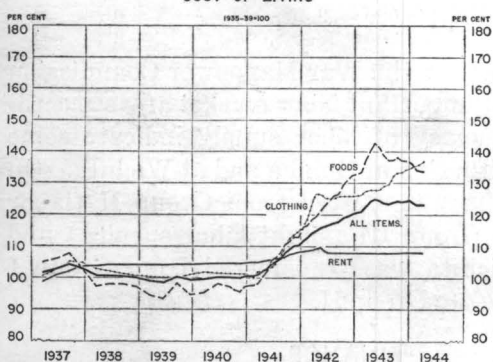
	Apr. 19 1944	Change from Mar. 22 1944	
		Apr. 22 1944	Apr. 19 1943
	(In thousands of dollars)		
Loans and investments—total.....	1,733,648	-38,216	+349,122
Loans—total.....	314,723	-15,806	-24,957
Coml., indust., agric.....	203,806	-14,586	-29,108
To security brokers and dealers.....	3,717	+319	+605
Other to purchase or carry secur.....	14,262	-1,733	+6,035
Real estate loans.....	39,194	-300	+6,264
Loans to banks.....	0	0	-96
All other loans.....	53,744	+494	-8,650
Investments—total.....	1,418,925	-22,410	+374,072
U. S. Treasury bills.....	107,409	-9,021	-68,386
U. S. Treas. certif. of indebt.....	327,783	-12,068	+155,826
U. S. Treasury notes.....	283,846	+179	+120,600
U. S. Govt. bonds.....	542,238	+1,062	+193,494
Oblig. guar. by U. S. Govt.....	33,852	-1,170	-23,228
Other securities.....	123,797	-1,392	-4,234
Reserve with F. R. Bank.....	361,372	+6,176	+25,431
Balances "due from" banks—net.....	256,660	-8,864	-63,938
Demand deposits—adjusted.....	1,129,509	+15,123	+173,911
Time deposits.....	185,840	+4,359	+36,176
U. S. Govt. deposits.....	204,083	-45,985	+92,697
Deposits "due to" banks—net.....	740,916	-11,791	-491

INDUSTRIAL PRODUCTION



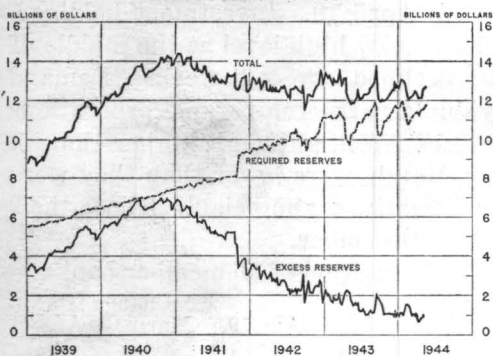
Federal Reserve index. Monthly figures, latest shown is for March, 1944.

COST OF LIVING



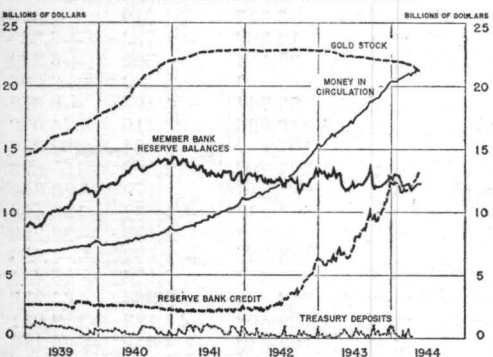
Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September, 1940; monthly thereafter. Mid-month figures, latest shown are for March, 1944.

MEMBER BANK RESERVES



Breakdown between required and excess reserves partly estimated. Wednesday figures, latest shown are for April 19, 1944.

MEMBER BANK RESERVES AND RELATED ITEMS



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

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity declined slightly in March. Retail sales were maintained at an exceptionally high level and commodity prices were relatively stable.

INDUSTRIAL PRODUCTION

Output of manufactures and minerals was slightly smaller in March than in the previous two months and the Board's index of total industrial production declined 2 points to 242 per cent of the 1935-39 average.

Steel production advanced somewhat further in March and the first three weeks of April. Output of lumber was maintained at the level of the first two months of the year and production in the first quarter is indicated to be 3 per cent larger than in the first quarter of 1943.

The number of aircraft delivered increased about 4 per cent above the level of the preceding 4 months to a new high of 9,118 planes. Deliveries of merchant ships continued to rise from the low January rate and in March were at approximately the level of a year ago. Output of other products in the machinery and transportation equipment industries declined somewhat in March.

Output of nondurable manufactures, as measured by the Board's index, declined about 1 per cent in March. This decline was due largely to the continued drop in small arms ammunition production. Manufactured food production was 11 per cent greater than in March of last year.

Coal production declined 6 per cent in March from the exceptionally high rate in February due partly to the return to a six-day work week in anthracite mines and partly to a continuation of manpower shortages in both hard and soft coal mines. Output of crude petroleum and metals was maintained in large volume.

The value of construction contracts awarded in March, according to reports of the F. W. Dodge Corporation, was slightly greater than in January and February, but was still lower than in any corresponding month since 1935.

DISTRIBUTION

Department store sales increased more than seasonally in March and continued at a high level in the first half of April. Sales in March were about 18 per cent larger than in the corresponding month last year, reflecting in part the earlier date of Easter this year and the heavy buying of jewelry, cosmetics, furs, and other items before higher tax rates became effective on April 1.

Freight carloadings declined slightly in March from the high level of earlier months, owing chiefly to a drop in the movement of coal and grain products. Total loadings were maintained in the first half of April.

COMMODITY PRICES

The general level of wholesale commodity prices advanced slightly from the middle of March to the middle of April. Federal maximum prices for cement, lumber, and various other industrial commodities were increased.

Retail food prices showed little change from February to March, while retail prices of most other commodities continued to advance slightly.

BANK CREDIT

Continued growth in currency and the transfers from Treasury war-loan deposits to deposits subject to reserve requirements resulted in a decline in excess reserves of member banks and in substantial purchases of Government securities by the Reserve Banks during March and the first three weeks of April. Owing to special factors, excess reserves declined to a low point of 600 million dollars at the end of March but increased in April and on April 19 were about 900 million dollars, somewhat less than had generally been held in recent months.

Federal Reserve Bank holdings of U. S. Government securities were at a new high level of 12.7 billion dollars on April 19, after increasing by half a billion in the preceding four weeks. Most of the growth was in holdings of Treasury bills.

Reporting member banks in 101 leading cities reduced their holdings of Treasury bills by 325 million dollars in the four weeks ending April 12, while holdings of other Government securities showed little change. The greater part of the decline in bill holdings in the four-week period occurred at banks outside New York and Chicago, but there were wide fluctuations within the period reflecting transactions at Chicago banks associated with the April 1 personal property tax assessment date in Illinois. Loans for purchasing or carrying Government securities continued to decline, as repayments were made on funds advanced during the Fourth War Loan Drive; these loans to brokers and dealers have fallen by 450 million dollars since the end of the drive and are now less than at any time in recent months; loans to others, which rose by 600 million during the drive have subsequently declined by 400 million. Commercial loans declined by 210 million over the month.

Adjusted demand deposits, which declined somewhat in the latter half of March, increased during the first half of April, bringing the total outstanding to about a billion less than the level prior to the opening of the drive. Government deposits at these same banks fell by 1.5 billion dollars during the four weeks ended April 12.