

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

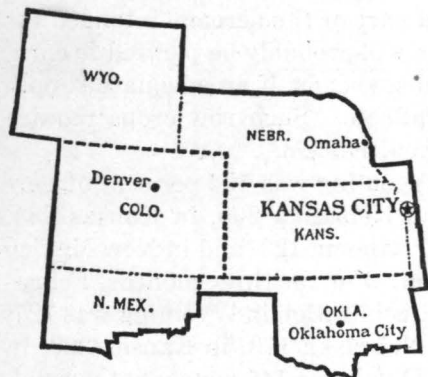
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JUN 14 1944
FEDERAL RESERVE BANK
OF PHILADELPHIA

VOL. 29, No. 5

FEDERAL RESERVE BANK OF KANSAS CITY

MAY 31, 1944

Business in the Tenth Federal Reserve District



Weather conditions in May were favorable for rapid progress in spring planting, which had been seriously delayed by excessive rains in March and April. Soil moisture supplies in the District generally are excellent, and prospects for winter wheat have improved markedly.

Ranges and pastures, after a late start, are now furnishing critically needed feed for livestock. The feed shortage has forced livestock, especially hogs, onto the market and, together with the cold, wet weather of April, has caused heavy losses of spring pigs, calves, and lambs.

Livestock slaughter, particularly of hogs, is very large. Coal production shows an increase over last year, but output of petroleum and flour continues below a year ago.

Department store sales in April, despite the earlier Easter date, were above last year, and in May they were considerably higher than in 1943.

APRIL 1944 COMPARED WITH APRIL 1943					BUSINESS INDICATORS	4 MOS. 1944 COMPARED WITH 4 MOS. 1943				
% DECREASE		% INCREASE				% DECREASE		% INCREASE		
40	30	20	10	10		20	30	40		
					Finance					
					... Bank Debits.....					
					... F. R. Bk. Clearings..					
					... Mem. Bk. Loans.....					
					... Mem. Bk. Invest.....					
					... Demand Deposits.....					
					... Life Ins. Sales.....					
				953	... Failures (Liab.).....					372
					Trade					
					... Wholesale Sales.....					
					... Dept. Store Sales.....					
					Marketings					
					... Wheat.....					
72					... Corn.....					
74					... Oats.....					
					... Cattle.....					
					... Calves.....					
				62	... Hogs.....					90
					... Sheep.....					
					Production					
					... Flour.....					
					... Cattle Slaughter.....					
				199	... Calf Slaughter.....					114
				67	... Hog Slaughter.....					96
					... Sheep Slaughter.....					
					... Crude Petroleum.....					
					... Bituminous Coal.....					
					Construction					
66					... Total Awards.....	62				
60					... Res. Awards.....	66				
					... Value of Permits.....					
					... Lumber Sales.....					
					Miscellaneous					
				184	... Rainfall.....					167
					Cash Farm Income*					
					... Employment*.....					

*Latest available

POPULATION CHANGES

The Bureau of the Census has recently released estimates of the civilian population by counties, as of November 1, 1943. For the country as a whole, these data, which are based chiefly on registrations for War Ration Book 4, show a decrease since April 1, 1940, of about four million, or 3.1 per cent. The decrease is of course due to the expansion of the armed forces.

More significant than the over-all decrease of civilian population is the distribution of the change by states and counties, which reflects a very large migration of population between states and also from rural to urban counties. Twelve states and the District of Columbia have gained in civilian population. Six of the states which show an increase are in the Pacific Coast and Rocky Mountain area and three, with the District of Columbia, are in the area contiguous to Chesapeake Bay. The largest absolute gain is in California, amounting to over a million, while the largest percentage gains are in Nevada, 20.1 per cent, and the District of Columbia, 24.2 per cent.

Data by counties show a very strong tendency for metropolitan areas to gain population, presumably because of the concentration of war work in those areas, and for rural areas to lose. Even in Nevada, with its high ratio of net gain, 12 out of 17 counties show decreases.

The pattern of migration of the Tenth Federal Reserve District is similar to that of the rest of the country. All states in the District and most of the counties have lost population, but of the ten areas classified as metropolitan districts, six show increases. These are Kansas City, Wichita, Oklahoma City, Tulsa, Denver, and Pueblo. Outside these six metropolitan districts, only 30 out of 376 counties in the District show an increase of population.

Population changes in the states and metropolitan districts which lie wholly or partly within the Tenth District are reported as follows:

	CIVILIAN POPULATION		CHANGE FROM	
	Apr. 1 1940	Nov. 1 1943	1940 to 1943 Number	Per cent
STATES				
Colorado.....	1,119,274	1,067,095	-52,179	-4.7
Kansas.....	1,794,950	1,678,722	-116,228	-6.5
Missouri.....	3,783,666	3,524,790	-258,876	-6.9
Nebraska.....	1,313,438	1,176,023	-137,415	-10.5
New Mexico.....	530,662	490,119	-40,543	-7.7
Oklahoma.....	2,329,522	1,987,941	-341,581	-14.7
Wyoming.....	244,745	235,739	-9,006	-3.7
METROPOLITAN DISTRICTS				
Denver.....	381,267	405,274	+24,007	+6.3
Pueblo.....	68,870	73,268	+4,398	+6.4
Topeka.....	91,247	84,765	-6,482	-7.1
Wichita.....	143,311	194,945	+51,634	+36.0
Kansas City.....	656,225	670,575	+14,350	+2.2
St. Joseph.....	94,067	79,960	-14,107	-15.0
Lincoln.....	100,585	92,795	-7,790	-7.8
Omaha.....	313,442	302,527	-10,915	-3.5
Oklahoma City.....	244,159	256,559	+12,400	+5.1
Tulsa.....	193,363	213,200	+19,837	+10.3

AGRICULTURE

Crops Handicaps to crop production, always present, have been unusually heavy this spring. Excessive rains over much of the District in April, and floods in some sections of Kansas and Oklahoma, washed out a large acreage of spring crops already planted and prevented farmers from completing plowing and planting at the normal time. Continued delays in planting operations up to the middle of May necessitated an extensive shift in crop plans, and it appears that a full acreage of crops in all areas can no longer be expected. Because of the lateness of the season, a substantial part of the acreage intended for oats, barley, and flax will probably be planted to corn, grain sorghums, and soybeans, if an adequate supply of farm labor is available. Such row crops require extra manpower for cultivation.

April rainfall in Wyoming was 134 per cent of normal, in Colorado and Nebraska 200, in Kansas 284, in Missouri 172, in Oklahoma 123, and in New Mexico 116 per cent of normal. For the three months, February through April, precipitation in Wyoming was 127, in Colorado 150, in Nebraska 173, in Kansas 229, in Missouri 148, and in Oklahoma 145 per cent of normal, while New Mexico had only 81 per cent of normal moisture for this period. In most District states it was the wettest spring in many years, and some parts of Nebraska now report ample subsoil moisture for the first time since the drought of the middle 30's. Many sections of the District received additional generous showers in May, although some areas, especially southwestern Oklahoma, were in need of moisture late in the month.

In the latter part of May, favorable weather enabled farmers to make rapid progress with field work. However, with the work already from three to five weeks behind schedule, there is an enormous amount of plowing and planting to be accomplished within a short period of time, while supplies of machinery are limited and the usual reserves of labor that could be called upon to help out in an emergency are not to be found. Recruitment programs are now under way to secure the help of urban boys and older men and of girls and women for farm work they can handle, freeing the farmer for the heavier work of haying, cultivation, and grain harvest.

The heavy April rains, although seriously interfering with farm work, generally were favorable for the hay and winter wheat crops, except for damage from floods and from water standing in fields. A good hay crop is important this year because the record number of cattle on farms and the delayed growth of range and pasture grass this spring have practically exhausted reserves of hay on many farms. The official

estimate of winter wheat production for Kansas was raised 12 million bushels during April and that for Oklahoma 8 million bushels, with trade reports indicating further improvement during May, when warm weather was promoting rapid development of the crop.

The May winter wheat estimates indicate a crop for this District about 7 per cent larger than that in 1943, material increases in winter wheat production in Kansas, Missouri, and Oklahoma this year being offset in large part by sharp decreases in Colorado and Nebraska. Farmers last fall had generally increased their wheat acreage substantially. Because of fall and winter drought, abandonment of seeded acreage has been rather heavy in south central Nebraska, in north central and western Kansas, in northwestern Oklahoma, in the nonirrigated areas of northeastern Colorado, and in parts of Wyoming and New Mexico. Except in Nebraska and Colorado, however, prospective yields on the acreage remaining for harvest gen-

erally are higher than last year and are above the average from 1933 to 1942. In contrast with a year ago, there is only a negligible acreage of volunteer wheat for harvest.

Department of Agriculture winter wheat estimates:

	PRODUCTION		YIELD		ACREAGE	
	Indic.	Final	Indic.	Final	Indic.	Final
	1944	1943	1944	1943	1944	1943
	(Thousand bushels)		(Bushels)		(Per cent)	
Colo.....	13,262	29,381	12.5	22.9	28.0	4.3
Kans.....	158,268	144,201	14.5	14.2	18.0	5.4
Mo.....	22,620	12,649	14.5	13.0	9.0	23.4
Nebr.....	39,338	60,165	13.0	21.0	20.0	5.3
N. Mex.....	2,040	2,079	10.0	9.0	50.0	29.1
Okla.....	64,638	31,711	14.0	9.5	10.0	12.2
Wyo.....	2,072	2,224	14.0	16.0	20.0	11.5
Total.....	302,238	282,410	---	---	---	---
U. S.....	662,275	529,606	16.2	15.6	13.1	10.3

Marketings of wheat continue far below trade requirements, the shortage of cash offerings being attributable in large part to muddy roads in April, the unwillingness of farmers to dispose of wheat at ceiling prices, and the pressure of planting and other farm work in May. Very little corn has appeared on the open market for several months, and supplies of corn for livestock feeding and for feed mixers and manufacturers are critically short. Deliveries of corn to the Government, however, for use of wet processors producing war materials, increased during May. Under the War Food Administration emergency order of late April, the Commodity Credit Corporation was designated the sole purchaser for a 60-day period of all corn sold in surplus producing areas, including eastern Nebraska in this District. Up to late May, farmers in the affected area had pledged to deliver more than 50 million bushels of corn toward the goal of 65 to 80 million bushels needed by wet processors before corn from the new crop becomes available.

Livestock Marketings of livestock, delayed somewhat by bad road conditions in April, expanded markedly during May. A broad demand for beef, and a seasonal increase in demand for stocker and feeder cattle to go on grass, absorbed cattle marketings at rising prices, but increased receipts forced some decline in sheep and lamb prices. Prices of best beef steers reached \$16.85 a hundredweight at the Kansas City market late in May, their highest point in more than a year, while the top price of lambs at \$15.85 was down somewhat from the \$16.40 level of April and the 15-year high of \$16.50 last February.

Marketings of hogs from the 1943 fall pig crop were unusually heavy late in April and continuing into May. Receipts at many markets exceeded slaughter requirements, the congestion being as serious as, and in some cases even more acute than, it was at the winter peak of hog marketings last January. The

RAINFALL
Apr. 1944
Total Normal
4 Mos. 1944
Total Normal
(In inches)

COLORADO				
Denver.....	3.15	2.06	7.35	4.06
Leadville.....	2.24	1.69	6.13	6.17
Pueblo.....	2.47	1.53	4.24	2.92
Lamar.....	5.71	1.56	8.25	3.16
Alamosa.....	0.79	0.72	1.59	1.41
Steamboat Springs.....	2.53	2.18	7.52	9.49
KANSAS				
Topeka.....	8.65	2.90	15.06	7.09
Iola.....	7.88	3.90	15.36	9.35
Concordia.....	5.26	2.16	11.97	4.65
Salina.....	7.09	2.34	12.47	5.37
Wichita.....	12.37	2.96	19.45	6.54
Hays.....	4.71	2.21	9.56	4.20
Goodland.....	5.69	1.83	7.85	3.64
Dodge City.....	4.13	2.00	7.27	4.42
Elkhart.....	5.70	1.50	8.92	3.43
MISSOURI				
St. Joseph.....	10.88	3.19	16.93	8.68
Kansas City.....	10.57	3.52	18.12	8.62
Joplin.....	5.57	4.70	14.27	11.74
NEBRASKA				
Omaha.....	6.38	2.51	9.74	5.51
Lincoln.....	9.10	2.53	13.57	5.43
Norfolk.....	5.43	2.62	10.12	5.40
Grand Island.....	6.25	2.59	9.94	5.25
McCook.....	8.22	2.12	14.44	4.15
North Platte.....	3.61	2.06	7.13	3.86
Bridgeport.....	1.48	2.01	4.48	3.56
Valentine.....	0.98	1.85	5.94	3.93
NEW MEXICO				
Clayton.....	0.67	1.59	1.59	2.87
Santa Fe.....	0.58	0.90	1.10	3.06
Farmington.....	0.62	0.61	2.70	2.54
OKLAHOMA				
Tulsa.....	2.62	4.13	11.14	10.72
McAlester.....	2.55	4.58	12.66	12.74
Oklahoma City.....	4.87	3.29	13.02	7.57
Pauls Valley.....	1.75	3.88	10.01	9.07
Hobart.....	2.48	3.10	8.38	6.40
Enid.....	3.79	3.26	8.46	7.10
Woodward.....	8.51	2.49	13.16	5.60
WYOMING				
Cheyenne.....	2.85	1.98	5.88	4.09
Casper.....	0.58	2.08	3.87	4.62
Lander.....	5.25	2.06	9.80	4.48
Sheridan.....	2.81	1.92	6.48	4.65

heavy rush of hogs to market was due in large part to growing shortages of corn and other feeds—accentuated by restrictions in surplus producing areas on the sale of corn except to the Government—and considerable liquidation of hogs was indicated by the sizable proportion of unfinished hogs being marketed. Prices of good to choice hogs within the Government support range of 200 to 270 pounds dropped to the support price of \$13.50 a hundredweight, and other grades and weights of hogs sold at sharp discounts. Prices of lightweight hogs, however, strengthened near the middle of May when the support range was extended temporarily to include good to choice hogs weighing 180 to 200 pounds.

Top carlot livestock prices at Kansas City:

	May 29 1944	Apr. 1944	Mar. 1944	Apr. 1943	Apr. 1942	Apr. 1941
	(In dollars per hundredweight)					
Beef steers.....	16.85	16.50	16.25	17.10	15.00	12.75
Stocker cattle.....	14.75	14.50	15.00	17.00	14.00	12.65
Feeder cattle.....	14.75	14.35	14.35	15.75	13.75	11.25
Calves.....	14.00	14.00	14.00	16.00	15.00	12.00
Hogs.....	13.50	13.85	14.35	15.65	14.55	9.05
Lambs.....	15.85	16.40	16.25	16.00	14.00	12.50
Slaughter ewes.....	7.00*	9.10	9.00	9.10	7.50	7.00

* Shorn basis

Rapid growth of grass pastures with the advent of warm weather in May, and the increasing availability and abundance of green feed, materially relieved the acute shortage of livestock feed. Contraction in the spring pig crop, fewer cattle on feed for market, and a reduction in hatchery sales of chicks also are tending to ease the pressure on supplies of commercial feedstuffs. Continued cold and wet weather through April had been very unfavorable for livestock. Although prospects for summer range and pasture feed generally are excellent because of the soil moisture situation, development of ranges and pastures up to May 1 was exceedingly slow, with the condition of ranges in many western areas the lowest for that date in many years. The adverse weather and depletion of feed supplies caused a shrinkage in weights of cattle and sheep, and death losses of pigs, calves, and lambs were appreciably above average. Sheep shearing was retarded by weather conditions and lack of labor.

Farm Income Cash income from farm marketings continues at a considerably higher level than a year ago. All states of the District except New Mexico show increases both for March and for the first three months of the year over corresponding figures for 1943, and in all except Oklahoma the increase is substantial. The source of the gain varies considerably in different parts of the District. In the western states, Colorado, New Mexico, and Wyoming, changes are attributable in roughly equal proportions to marketings of crops and of livestock. However, in the cases of New Mexico and Wyoming, the

proportion of farm marketings that occurs in the spring of the year is so small that no great significance attaches to year-to-year comparisons for these months. In Missouri and Nebraska the improvement over 1943 has been chiefly in the income from livestock, whereas in Kansas two-thirds of the gain is attributable to crops. In Oklahoma, an increase in income from livestock marketings has been nearly offset by a decrease in the income derived from crops, so that the net change is comparatively small.

In spite of the relatively unfavorable showing of the southwestern part of the District, especially the shrinkage of crop income in Oklahoma, the District shows a percentage gain both for March and for the three-month period substantially greater than the gains that have been registered in the United States as a whole. For livestock, this is true both for March and for the quarter; for crops, only for March.

Department of Agriculture estimates of cash income from farm marketings:

	Mar. 1944	3 Mos. 1944	Change from '43	
	(Thousand dollars)		Mar.	3 Mos.
			(Per cent)	
Colorado.....	25,415	68,348	+23	+28
Kansas.....	51,401	146,969	+12	+12
Missouri.....	48,712	154,035	+16	+22
Nebraska.....	68,464	192,224	+27	+37
New Mexico.....	4,180	13,411	-30	-22
Oklahoma.....	27,510	76,049	+1	+5
Wyoming.....	4,701	13,880	+29	+27
7 States.....	230,383	664,916	+16	+21
U. S.....	1,433,385	4,312,283	+9	+17

TRADE

Retail Sales Dollar volume of sales at reporting department stores in the District in April was slightly larger than last year. This was in spite of an earlier Easter date which in 1944 shifted a considerable part of Easter buying to March, whereas in 1943 it was concentrated almost wholly in April. There was, however, considerable variation in changes in sales among District cities. At Tulsa, St. Joseph, Omaha, Topeka, and Oklahoma City, April sales showed increases ranging from 6 to 11 per cent over last year, while at Denver and Joplin sales were down 4 per cent. In the first three weeks of May, sales were 23 per cent above a year earlier, reflecting in part an unusually heavy demand for summer merchandise following an abrupt change from unseasonably cold to abnormally warm weather.

The inventory position of department stores, on the whole, appears to be little different from what it was at this time a year ago. Stocks on hand at the end of April were 5 per cent higher, but the ratio of stocks to sales (2.3 months' supply) and the volume of outstanding orders were the same as the year before. This was the first month in more than a year and a

half that orders failed to show an increase over the preceding year. Although the amount of merchandise on order is still very large, being in fact almost equal to stocks on hand, trade reports indicate that merchants are becoming cautious both in regard to the size of their inventories and the proportion of substitute merchandise carried. In consequence, merchants anticipate that inventories may decline somewhat in coming months but not enough to restrict retail volume appreciably.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Apr. '44	4 Mos. '44	Apr.30,'44	
	comp.to Apr. '43	comp.to 4 Mos. '43	comp.to Apr.30,'43	
	(Per cent increase or decrease)			
Denver.....	7	-4	0	+10
Hutchinson.....	3	+4	+12	*
Topeka.....	3	+10	+13	*
Wichita.....	4	+1	+12	*
Joplin.....	3	-4	+4	*
Kansas City.....	8	-2	+3	+4
St. Joseph.....	3	+6	+15
Omaha.....	4	+7	+7	*
Oklahoma City.....	6	+11	+15	-1
Tulsa.....	6	+6	+6	+14
Other cities.....	30	-7	-2	+2
District.....	77	+1	+5	+5

* Not shown separately but included in District total.

Wholesale Sales According to preliminary figures of the Department of Commerce, sales of 128 wholesalers in this District in April were 3 per cent larger, and in the first four months of the year 7 per cent larger, than in the corresponding periods last year. Distributors of confectionery and electrical goods showed a sharp increase in sales for April and there were sizable gains in sales of groceries, drugs, dry goods, and auto supplies. Sales of farm products, lumber, machinery, hardware, and paper were appreciably smaller this April than last. Wholesale inventories at the end of April were 11 per cent higher than a year earlier.

PRODUCTION

Meat Packing Livestock slaughter generally is very large. Packers' purchases of cattle at leading District markets in April were 9 per cent above a year ago, despite considerably smaller marketings, and purchases of cattle and hogs continued to show substantial increases, while sheep slaughter in April dropped markedly below the previous year. Near the end of April and early in May, abnormally heavy marketings of hogs seriously congested meat-packing facilities at many markets. Since last winter, labor forces at packing plants have been reduced not only by additional losses of men to the armed forces but also by the return of seasonal workers to the farm. As a result of the shortage both of labor and of stor-

age space for meat, embargoes for a time were necessary on hog shipments to St. Joseph and Kansas City, and producers were asked to curtail voluntarily shipments to other markets until packers could absorb the large number of hogs held over from day to day.

United States cold storage stocks of meat on May 1 (including Government holdings) were 70 per cent larger than a year ago, while stocks of lard were more than three times what they were in 1943. Total meat stocks were the largest for this date since 1920 and lard stocks were at their highest level on record. The present huge storage stocks of meat and lard are the result of a number of factors, including continued heavy slaughter of livestock, rationing restrictions on civilian consumption, and temporary curtailment in Government buying for lend lease and for the armed forces. Partly to relieve the acute shortage of storage space by increasing civilian consumption, the ration point values of all cuts of pork, veal, lamb, and mutton, and of some cuts of beef—representing 85 per cent of all meat—were reduced to zero early in May for an indefinite period of time. Lard had previously been made point-free early in March.

Flour Milling Southwestern flour production in April was about 9 per cent smaller than in the corresponding month last year. Milling operations have declined sharply since last January, dropping from an unusually high rate of 99 per cent of full-time capacity during that month to 76 per cent during April but improving slightly in the first three weeks of May, when operations were at a rate of about 80 per cent of capacity. The backlog of orders on mills' books has diminished rapidly, and new flour sales generally continue in small volume. Buying, both by the Government and by bakers, has been rather light in recent months. Bakers, for the most part, already have forward contracts sufficient to cover their flour needs until new crop wheat becomes available and, in view of current weakness in wheat futures prices, are not adding to their commitments. Flour prices had eased somewhat from ceiling levels but recently have been firmer because of increasing tightness in the cash wheat market.

Despite increased marketings of wheat in May, some mills in the Southwest found it necessary to close temporarily late in the month because of an insufficient supply of wheat, and a number of other mills had very little wheat to carry them over until the new crop comes onto the market around the first of July. Although the shortage of wheat between now and harvest apparently will not be so acute as had been expected earlier, nevertheless there is still considerable apprehension concerning the ability of mills to maintain operations through June unless

wheat marketings expand appreciably further. The CCC as an emergency measure has sold small quantities of wheat to mills that were unable to obtain wheat for Government flour and alcohol grits orders for immediate delivery.

Petroleum The April output of crude oil of the United States was 132,850,000 barrels, of which 24,462,000 barrels were produced in the Tenth Federal Reserve District. The April daily rate of petroleum production, both in the United States and in the Tenth Federal Reserve District, was unchanged from the March rate. As compared with a year ago, however, the District output for April was 4 per cent lower, and for the first four months of the year was 3 per cent lower, whereas for the United States as a whole the April figure was 12 per cent higher, and the four-month figure 15 per cent higher, than in 1943. A slight further decline in the District's proportion of national output is forecast by the production quotas established for June, which call for an increase over April of about 154,000 barrels per day in the national output and a decrease of 4,000 barrels per day in production in this District.

Through a regrettable oversight, changes in stocks of petroleum products were erroneously reported in the Review of April 30 (Page 7), the changes in various items from April 1 to April 8 being stated as changes from the date corresponding to April 8 in the preceding year. The correct figures for the change from 1943 are as follows: crude oil stocks down 2.4 per cent, gasoline stocks down 5.7 per cent, residual fuel oil stocks down 24.0 per cent, and gas-oil and distillate stocks down 1.6 per cent. As of May 13, the changes from the corresponding date in 1943 are: crude oil stocks down 2.8 per cent, gasoline up 0.9 per cent, residual fuel oil down 26.2 per cent, and gas-oil and distillate stocks down 0.2 per cent.

Employment Total nonagricultural employment in this District in February, the latest month for which state figures are available, was 2 per cent below the preceding year, and manufacturing employment, which had been declining since last November, was but 3 per cent above a year earlier. Although cut-backs in some war industries since late 1943 have been offset in part by new orders in others, over-all production for the country as a whole appears to have reached requirements and is leveling off. With some reduction in the number of workers possible because of increased efficiency and with only very limited conversion to civilian goods manufacture, the general level of employment is tending to decline. In some District areas in May, however—notably at Kansas City, where substantial new war production facilities

are just coming into full operation—an extensive recruitment program is under way to obtain sufficient workers to meet peak production schedules.

Department of Labor estimates of total nonagricultural employment:

	Feb.	Jan.	Change from '43	
	1944	1944	Feb.	Jan.
	(Number)		(Per cent)	
Colorado.....	265,000	265,000	-5	-8
Kansas.....	411,000	411,000	-5	-3
Missouri.....	952,000	954,000	-1	-1
Nebraska.....	258,000	260,000	-1	0
New Mexico.....	76,800	76,400	-3	-5
Oklahoma.....	377,000	378,000	+1	+13
Wyoming.....	60,800	60,600	+5	+6
Seven states.....	2,400,600	2,405,000	-2	0
United States.....	38,707,000	38,837,000	-2	-2

FINANCE

War Loan Drive The goal for the Fifth War Loan Drive (June 12 through July 8) is 16 billion dollars. Of this amount, the goal for sales to individuals (including partnerships and personal trust accounts) is 6 billion dollars, and that for sales to other nonbank investors (corporations, associations, state and local Governments, etc.) is 10 billion dollars. Both the total goal and that for sales to individuals are higher than in any previous drive. Sales to individuals were approximately $5\frac{1}{3}$ billion dollars in both the third and fourth drives as compared with the goal of 6 billion for the fifth drive. However, sales to all nonbank investors in the third drive were nearly 19 billion dollars and in the fourth about $16\frac{3}{4}$ billion as compared with the goal of only 16 billion for the fifth drive.

To an even greater extent than in preceding drives, emphasis will be placed on sales—especially of Series E bonds—to individual investors. The Treasury's purpose in seeking the widest possible public participation in the purchase of war bonds—particularly with current income—is to absorb the excess funds in the hands of the public that might otherwise be spent on consumer goods and thus to minimize the upward pressure on prices.

Because of the inflationary effect of bank purchases of Government securities, commercial banks since last October have been virtually excluded from subscriptions to Treasury issues, except to securities being exchanged for maturing issues. The absorption of Government securities by the banking system, however, has continued to increase through purchases in the market from nonbank investors, and there has been a further expansion in bank deposits. As in the fourth drive, commercial banks will be ineligible to subscribe to the securities offered except to the following extent: during the drive, but not as part of it, commercial banks holding time deposits will again be

permitted to invest a limited portion of their time deposits in new issues of 2 per cent and 2½ per cent bonds and in Series F and G Savings bonds.

As is shown in the accompanying table, sales of Government securities in the seven states, all or parts of which are included in the Tenth District, aggregated 846 million dollars in the Fourth War Loan Drive (January 18 through February 15). The proportion of District sales to the national total was 5.1 per cent in the fourth drive as compared with 4.6 per cent in the third drive. Except in Missouri, sales to individuals in the Fourth War Loan Drive exceeded the quotas set for the drive. In all District states, sales to other nonbank investors and total sales to nonbank investors greatly exceeded the quotas.

Sales during the Fourth War Loan Drive:

	Sales to Individuals				Other Nonbank Sales	Total Nonbank Sales
	E Bonds	F & G Bonds	Other Sec.	Total Ind.		
	(In millions of dollars)					
Colo.....	25.2	5.6	13.9	44.7	42.8	87.5
Kans.....	50.6	9.4	20.8	80.7	56.4	137.1
Mo.....	78.7	16.4	35.4	130.4	229.3	359.7
Nebr.....	39.7	5.2	9.6	54.5	55.8	110.2
N. Mex....	8.6	.6	1.8	11.1	9.6	20.6
Okla.....	41.6	4.5	14.3	60.4	54.0	114.4
Wyo.....	7.6	.9	.9	9.4	7.4	16.8
7 states...	252.0	42.6	96.7	391.2	455.3	846.3
U. S.....	3,187.0	573.3	1,549.0	5,309.3	11,421.4	16,730.0

Note: Figures are rounded and do not necessarily add to totals.

BANK DEBITS

	Apr. 1944		4 Mos. 1944		Change from '43	
	(Thousand dollars)	(Per cent)	Apr.	4 Mos.	Apr.	4 Mos.
Colo. Springs, Colo...	21,393	88,031	-5	-1		
Denver, Colo.....	263,818	1,118,974	+16	+12		
Gr. Junction, Colo....	5,725	25,840	-4	+28		
Greeley, Colo.....	8,169	34,815	-9	+9		
Pueblo, Colo.....	19,408	78,028	-13	-4		
Atchison, Kans.....	5,543	24,409	-1	+19		
Emporia, Kans.....	6,385	26,400	-5	+12		
Hutchinson, Kans....	19,347	102,917	-7	+17		
Independence, Kans..	3,818	17,545	-16	+2		
Kansas City, Kans...	36,999	158,911	-5	+15		
Lawrence, Kans.....	5,826	25,532	-22	-4		
Parsons, Kans.....	5,602	23,046	-1	+5		
Pittsburg, Kans.....	6,246	26,704	-19	-11		
Salina, Kans.....	16,351	86,877	-24	+9		
Topeka, Kans.....	51,760	223,270	-18	+3		
Wichita, Kans.....	185,992	749,897	+21	+34		
Joplin, Mo.....	14,815	63,133	+5	+21		
Kansas City, Mo.....	555,262	2,472,810	-13	+7		
St. Joseph, Mo.....	51,732	247,150	+5	+24		
Fremont, Nebr.....	5,607	26,714	-29	0		
Grand Island, Nebr..	13,560	54,995	-3	+15		
Lincoln, Nebr.....	45,849	191,195	-15	+10		
Omaha, Nebr.....	310,076	1,369,739	-8	+11		
Albuquerque, N. M..	29,194	119,642	-4	+3		
Bartlesville, Okla....	38,515	158,242	+17	+19		
Enid, Okla.....	16,655	73,068	-1	+12		
Guthrie, Okla.....	2,285	9,960	+10	+20		
Muskogee, Okla.....	15,020	63,191	+1	+3		
Okla. City, Okla....	156,986	541,930	-10	-15		
Okmulgee, Okla.....	3,235	13,753	-9	+5		
Tulsa, Okla.....	228,107	921,045	+2	+17		
Casper, Wyo.....	9,216	38,184	+8	+23		
Cheyenne, Wyo.....	19,725	75,618	+18	+11		
District, 33 cities...	2,178,221	9,251,565	-4	+10		
U. S., 334 cities.....	66,700,000	285,392,000	-10	+13		

Member Bank Credit Loans at weekly reporting member banks in the Tenth District continued to decline between the middle of April and the middle of May. There was some further decrease in investment holdings also, chiefly in Treasury bills and certificates. However, total investments are only slightly below their record level of last March. Demand deposits of individuals, partnerships, and corporations, which had declined as is usual at the turn of the year and showed a further decrease during the Fourth War Loan Drive early in 1944, have been increasing in recent months. By the middle of May, these deposits had completely recovered from their earlier decline and were at a new high level slightly above their previous peak last December. Volume of loans currently is about 3 per cent smaller than a year ago, while investments and adjusted demand deposits are 17 per cent larger.

Principal items of condition of 50 member banks:

	Change from		
	May 17 1944	Apr. 19 1944	May 19 1943
	(In thousands of dollars)		
Loans and investments—total.....	1,718,570	-15,078	+191,607
Loans—total.....	310,056	-4,667	-9,734
Coml., indust., agric.....	199,746	-4,060	-13,926
To security brokers and dealers.....	3,939	+222	+613
Other to purchase or carry secur.....	14,856	+594	+6,538
Real estate loans.....	38,723	-471	+5,398
Loans to banks.....	0	0	-110
All other loans.....	52,792	-952	-8,247
Investments—total.....	1,408,514	-10,411	+201,341
U. S. Treasury bills.....	102,425	-4,984	-116,540
U. S. Treas. certif. of indebt.....	314,178	-13,605	+99,471
U. S. Treasury notes.....	282,949	-897	+113,312
U. S. Govt. bonds.....	548,512	+6,274	+133,404
Oblig. guar. by U. S. Govt.....	33,784	-68	-23,932
Other securities.....	126,666	+2,869	-4,374
Reserve with F.R. Bank.....	375,503	+14,131	+34,165
Balances "due from" banks—net.....	254,239	-2,421	-51,886
Demand deposits—adjusted.....	1,179,766	+50,257	+173,629
Time deposits.....	190,597	+4,757	+39,208
U. S. Govt. deposits.....	154,016	-50,067	-31,937
Deposits "due to" banks—net.....	732,359	-8,557	-15,771

Bank Debits Dollar volume of debits to deposit accounts at banks in reporting centers of this District in April was 4 per cent less than a year ago. This was the first decrease from the preceding year for any month since September, 1940. The decline was fairly general over the District, a decrease occurring in more than two-thirds of all reporting cities. For about a year, and in the last few months especially, increases in debits over the preceding year have narrowed markedly. Business activity was still expanding sharply early last year, but the upward trend apparently has leveled off, accounting in considerable part, at least, for the failure of debits currently to show any increase over last year. The fact that the Second War Loan Drive was under way in April, 1943, while there was no drive in April, 1944, probably contributed to the decrease in debits.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial production and employment at factories and mines declined somewhat further in April, reflecting principally reduction in output of metal industries. The number of industrial wage earners was about 6 per cent or 800,000 less than in November, 1943.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of output in manufacturing and mining industries was at 240 per cent of the 1935-39 average in April, as compared with 242 in March and 245 in February.

Small declines in output of metals and metal products continued to account for most of the decrease in industrial production. Electric steel production decreased further in April to a level 5 per cent below the same month last year. Production of most nonferrous metals declined, reflecting partly planned curtailments and partly the effects of labor shortages in mines and smelters. A further curtailment of aluminum production was announced in May. Activity at plants producing munitions in the machinery and transportation equipment industries declined somewhat in April. Production under the farm machinery program continued to increase and was reported at a rate above the highest volume recorded in any peacetime year.

Output of nondurable manufactured goods showed little change in April. Activity at cotton mills was maintained at the level of recent months, approximately 15 per cent below the peak level of April, 1942. As a measure to increase production, a 48-hour work week was ordered in the cotton textile industry, effective May 14.

The number of animals slaughtered continued at an exceptionally high level in April, and effective May 3 most meat products were removed from rationing. Output of dairy products continued to rise seasonally and supplies available for civilians increased.

Mineral production was maintained in large volume in April. Production of both bituminous and anthracite coal for the year through May 6 was approximately 5 per cent more than in the same period in 1943.

Crude petroleum production in April continued at a level about 12 per cent above a year ago. Mine production of iron ore showed a large seasonal rise, reflecting the opening on April 10 of the season for lake shipments.

DISTRIBUTION

Department store sales declined in April and, after allowance for usual seasonal changes, were about 10 per cent below the high level which prevailed in the first quarter of this year. In the first half of May sales were maintained and were considerably larger than in the corresponding period of 1943.

Carloadings of railroad freight in April and the first half of May were maintained in large volume. Grain shipments continued to decline from the exceptionally high levels of January and February. Ore loadings increased sharply in April and were 60 per cent greater than a year ago.

COMMODITY PRICES

Wholesale prices of most commodities showed little change from the middle of April to the third week of May. Prices of farm products and foods were slightly lower, while maximum prices of some industrial commodities were raised.

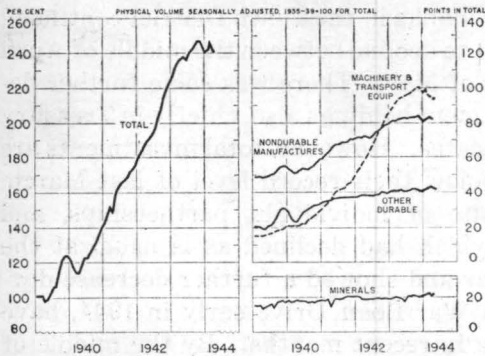
The cost of living index advanced one-half per cent from mid-March to mid-April, reflecting higher retail prices for foods and furniture and increased excise taxes effective April 1.

BANK CREDIT

From the end of the Fourth War Loan Drive in the second week of February through the middle of May, demand deposits of individuals and businesses at weekly reporting banks increased by about 3 billion dollars. Time deposits also increased appreciably. During the same period war loan accounts at reporting banks declined by more than 6½ billion dollars. Holdings of U. S. Government securities by these banks declined by about 2 billion dollars and loans contracted by more than 1½ billion dollars. A large part of the loan decline was the liquidation of credits extended during the war loan drive. Loans to brokers and dealers are now less than they were before the Fourth War Loan Drive and loans to others for purchasing and carrying U. S. Government securities are down to about pre-drive levels. During the same period commercial loans also declined rapidly.

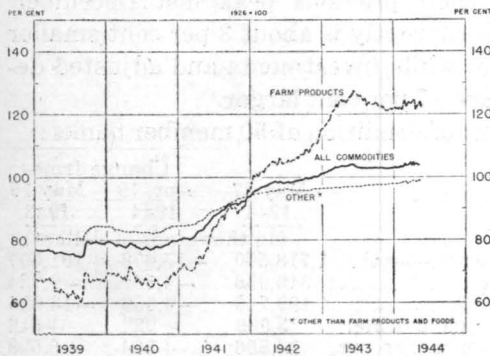
Sales of U. S. Government securities by commercial banks were paralleled by equivalent purchases by the Federal Reserve System. System holdings are now about 2½ billion dollars larger than they were at the end of the Fourth War Loan Drive. These purchases were made to supply member banks with reserve funds needed to meet a continued increase in currency and the growth in required reserves which resulted from shifts of deposits from Treasury war-loan accounts to other accounts. Some of these needs have been met by a decline in excess reserves. Sharp declines in excess reserves at the end of March and April were associated with unexpectedly large tax receipts and the building up of Treasury balances at Reserve Banks. Currency in circulation, which increased somewhat less rapidly during the first quarter of 1944 than in the same period last year, renewed its rapid outflow late in April and during early May. In the four weeks ending May 17 the currency outflow was over 500 million dollars.

INDUSTRIAL PRODUCTION



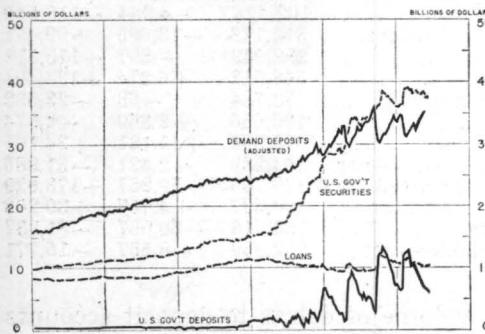
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for April, 1944.

WHOLESALE PRICES



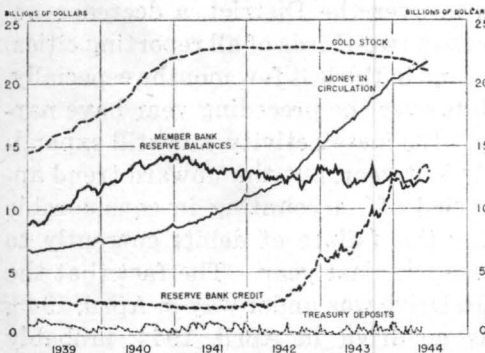
Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending May 13, 1944.

MEMBER BANKS IN LEADING CITIES



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 May 17, 1944.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for May 17, 1944.