

MONTHLY REVIEW

Agricultural and Business Conditions

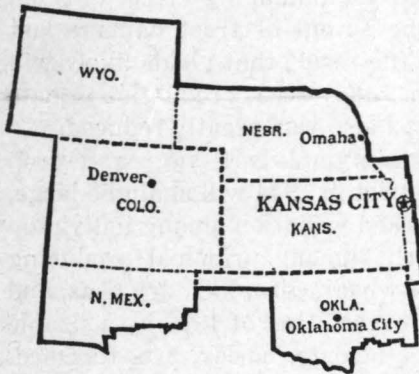
TENTH FEDERAL RESERVE DISTRICT

VOL. 29, No. 7

FEDERAL RESERVE BANK OF KANSAS CITY

JULY 31, 1944

Business in the Tenth Federal Reserve District



Heavy rains late in July were very beneficial to the corn crop. The July rains, however, caused serious damage to uncut wheat and to wheat piled on the ground for lack of storage and transportation facilities.

The feed situation shows marked improvement. Prospects for a large output of feed grains this year, together with the liquidation of hogs, poultry, and sheep numbers already effected, suggest the possibility of a livestock-feed balance without excessive reduction of cattle.

Livestock slaughter and flour output are at a very high rate. Production of coal also is exceptionally large, but output of petroleum is declining and that of zinc and lead is down.

Distribution at retail and wholesale has been maintained in large volume. Cash farm income in 1944 is at a new high level. Employment, especially in manufacturing industries, shows a further decline.

	JUNE 1944 COMPARED WITH JUNE 1943					BUSINESS INDICATORS	6 MOS. 1944 COMPARED WITH 6 MOS. 1943							
	% DECREASE		% INCREASE				% DECREASE		% INCREASE					
	40	30	20	10	10		20	30	40	40	30	20	10	
						Finance								
						Bank Debits								
						F. R. Bk. Clearings								
						Mem. Bk. Loans								
						Mem. Bk. Invest.								
						Demand Deposits								
						Life Ins. Sales								
						Trade								
						Wholesale Sales								
						Dept. Store Sales								
						Marketings								
						Wheat								
						Corn								
						Oats								
						Cattle								
						Calves								64
						Hogs								63
						Sheep								
						Production								
						Flour								
						Cattle Slaughter								
						Calf Slaughter								166
						Hog Slaughter								55
						Sheep Slaughter								
						Crude Petroleum								
						Bituminous Coal								
						Construction								
						Total Awards								55
						Res. Awards								58
						Value of Permits								
						Lumber Sales								
						Miscellaneous								
						Rainfall								
						Cash Farm Income*								
						Employment*								

*Latest available

AGRICULTURE

Crops Heavy rains late in July relieved seriously dry conditions that had developed in many District areas. The rains saved the corn crop in Kansas but caused much damage to uncut wheat in that state and to the large amount of wheat piled on the ground. June rainfall in Wyoming had been 213 per cent of normal, in Nebraska 122, and in Oklahoma 98 per cent of normal, but in New Mexico it was only 70, in Colorado 67, in Kansas 74, and in Missouri 56 per cent of normal.

Growing conditions during June generally were favorable for most crops. The official winter wheat estimate of 74 million bushels for Oklahoma on June 1 was raised to 85 million bushels on July 1, that for Kansas from 175 million to 208 million bushels, and that for Nebraska from 45 to 47 million bushels. The Oklahoma wheat crop is the largest ever produced, the previous record being 75 million bushels in 1931; the Kansas wheat crop would be second only to the

1931 crop of 252 million bushels. Subsequent developments, however, suggest that the estimates for Kansas and Nebraska may not be fully realized; in Kansas, chiefly because of the heavy rains late in July, before harvest was completed; and in Nebraska, principally because of an exceptionally severe infestation of stem rust. In Nebraska, in parts of north-central and western Kansas, and in northeastern Colorado, moisture supplies this summer have been excessive. In that area, the warm, humid atmosphere promoted the rapid growth of stem rust. Extremely high temperatures at the end of June and early in July greatly increased the damaging effect of stem rust and disclosed the extent of frost damage last April and May, with the result that yields likely will be sharply lower than anticipated. Production of oats and barley in that area also was greatly reduced.

According to prospects on July 1, aggregate crop production in the District in 1944 will again be large, although there is marked variation among individual crops and, particularly, among principal producing areas. The output of wheat, corn, hay, dry peas, and some fruit crops will exceed that of 1943 by a sizable margin. The acreage of oats, barley, rye, flaxseed, soybeans, peanuts, potatoes, and dry beans is down from 1943, and production of these crops shows a corresponding decrease. The output of nearly all crops will fall considerably short of the high level attained in 1942, when almost ideal growing conditions resulted in exceptionally heavy yields per acre; but, even so, acreages and production of most crops are very large in comparison with recent years prior to 1942. The acreages of cotton and sugar beets, however, are small. As in 1943, unfavorable early season conditions and the relatively high labor requirements of these crops have served to curtail the acreage grown.

Department of Agriculture crop estimates for the seven states wholly or partly in this District:

	RAINFALL			
	June 1944		6 Mos. 1944	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	0.81	1.38	9.51	7.65
Leadville.....	0.11	1.21	7.12	8.71
Pueblo.....	0.34	1.36	6.48	5.88
Lamar.....	0.40	2.17	16.03	7.46
Alamosa.....	0.03	0.64	2.09	2.87
Steamboat Springs....	2.20	1.34	14.73	12.87
KANSAS				
Topeka.....	3.41	4.00	21.28	15.51
Iola.....	5.39	5.05	26.33	19.20
Concordia.....	4.10	4.15	19.90	12.64
Salina.....	2.31	4.50	16.84	13.78
Wichita.....	1.60	4.58	23.09	15.78
Hays.....	1.08	4.09	13.41	11.80
Goodland.....	1.56	2.77	12.49	8.93
Dodge City.....	4.53	3.19	18.75	10.46
Elkhart.....	0.49	2.37	16.24	8.22
MISSOURI				
St. Joseph.....	4.43	4.95	25.76	18.33
Kansas City.....	3.78	4.68	26.04	17.24
Joplin.....	7.51	6.00	24.83	23.10
NEBRASKA				
Omaha.....	5.93	4.56	19.88	13.84
Lincoln.....	6.18	4.32	22.25	13.83
Norfolk.....	7.01	4.64	24.61	13.73
Grand Island.....	5.44	3.99	21.28	13.26
McCook.....	2.75	3.27	19.12	10.29
North Platte.....	2.56	3.22	12.29	9.86
Bridgeport.....	4.06	2.51	11.63	8.78
Valentine.....	5.70	2.87	13.73	9.62
NEW MEXICO				
Clayton.....	1.12	1.87	7.78	7.14
Santa Fe.....	1.78	1.16	3.26	5.41
Farmington.....	0.05	0.35	3.75	3.46
OKLAHOMA				
Tulsa.....	6.29	4.88	22.93	20.83
McAlester.....	2.64	4.78	20.93	23.49
Oklahoma City.....	6.14	3.67	21.88	16.12
Pauls Valley.....	3.71	4.31	20.61	18.58
Hobart.....	5.85	3.61	17.65	14.65
Enid.....	4.49	4.24	14.96	15.68
Woodward.....	1.46	3.59	16.13	12.70
WYOMING				
Cheyenne.....	1.97	1.61	9.85	8.13
Casper.....	1.27	1.45	7.92	8.32
Lander.....	2.02	1.15	13.71	7.89
Sheridan.....	9.54	2.04	19.48	9.34

	ACREAGE		PRODUCTION	
	July 1 1944	Harv. 1943	July 1 1944	Harv. 1943
	(1,000 acres)		(1,000 units)	
Corn, bu.....	20,152	19,609	504,717	482,713
Winter wheat, bu.....	22,578	18,984	388,321	282,410
Spring wheat, bu.....	363	316	5,171	4,860
Oats, bu.....	7,071	8,004	141,510	203,934
Barley, bu.....	3,051	4,034	53,139	71,043
Sorghums.....	7,351	7,078
Rye, bu.....	751	910	8,237	9,626
Flaxseed, bu.....	219	379	1,089	2,591
Soybeans.....	1,104	1,198
Peanuts.....	342	617
Tame hay, tons.....	8,042	7,933	11,882	10,938
Wild hay, tons.....	5,230	5,101	4,762	4,346
White potatoes, bu.....	278	318	36,843	42,748
Sweet potatoes, bu.....	25	25	2,120	1,738
Sugar beets, short tons..	210	207	2,430	2,461
Dry beans, 100 lb. bags..	741	940	4,878	6,210
Dry peas, 100 lb. bags..	32	36	338	296
Cotton.....	2,070	2,041

Movement of the huge new wheat crop to market was retarded by shortages of boxcars at shipping points and especially of labor for unloading wheat at terminals. The acute labor shortage necessitated use of a permit system at nearly all southwestern markets to control receipts and thus avoid serious congestion and prevent the tying up of cars waiting to be unloaded. The Kansas and Oklahoma wheat crops so exceeded available transportation and storage that millions of bushels were stored temporarily on the ground. According to trade reports, only about 10 to 20 per cent of wheat receipts was being offered for sale on the open market, the balance going into storage. Cash wheat prices declined sharply during June, adjusting to a new crop basis. The decline ended early in July, the market having the benefit of support from two Government agencies. On July 5, the Commodity Credit Corporation inaugurated large-scale open-market purchases of new crop wheat for feed at prices considerably above the 1944 loan rate as originally announced. On July 7, the War Food Administration raised the 1944 loan rate by 7 cents a bushel, in accordance with provisions of the price control extension bill, which assure as near parity returns as possible to producers of basic farm commodities. This revision in the loan rate increased the rate from 85 per cent of parity to 90 per cent of parity. The decline in cash wheat prices stopped at approximately the level of the new loan rate, and prices subsequently fluctuated narrowly around this point, about 12 cents below the ceiling price and only 1 cent above the price at which CCC stands ready to purchase grain.

The lower range of Kansas City cash grain prices:

	July 31 1944	June 30 1944	May 31 1944	June 30 1943
No. 1 hd., dk. wheat, bu.	\$1.51	\$1.53	\$1.63*	\$1.38½
No. 2 mixed corn, bu.....	1.13¾*	1.13¾*	1.13¾*	1.03¾
No. 2 white oats, bu.....	.75*	.83½	.85*	.71
No. 2 rye, bu.....	1.15	1.15	1.20	1.01
No. 2 barley, bu.....	1.16½*	1.16½*	1.16½*	1.04½
No. 2 white kafir, cwt....	2.36*	2.36*	2.36*	2.53

*Ceiling price.

Livestock In July, the top price of best beef steers reached \$17.00 a hundredweight at Kansas City. This was the highest price for beef steers since the spring of 1943 and reflects the relative scarcity of choice grades of fed cattle. Prices of the lower grades of slaughter cattle, however, have recently declined in response to a seasonal increase in marketings of grass-fat cattle. The movement of grass cattle started near the middle of June, from four to five weeks earlier than last year. Hog prices increased sharply during July, owing chiefly to a seasonal shrinkage in receipts. At the start of July, the price of good to choice hogs within the War Food

Administration "support" range of 180 to 240 pounds was \$13.55 a hundredweight, little above the so-called support price of \$13.50 at this market; late in the month the price of good to choice 180 to 240 pound hogs had risen to \$14.50 a hundredweight, the OPA ceiling price for hogs of this grade and weight. Prices for other grades and weights of hogs also advanced, the prices of heavy hogs (240 pounds and over) reaching their ceiling of \$13.75 a hundredweight. Sheep and lamb prices have dropped more than is usual at this time of year, very large receipts and a seasonal decline in quality depressing prices.

Top carlot livestock prices at Kansas City:

	July 31 1944	June 1944	May 1944	June 1943	June 1942	June 1941
	(In dollars per hundredweight)					
Beef steers.....	17.00	16.85	16.85	16.50	13.90	12.00
Stocker cattle.....	14.00	13.75	14.10	16.35	13.75	11.50
Feeder cattle.....	14.25	14.50	14.75	15.65	13.35	11.50
Calves.....	14.00	14.00	14.00	15.50	14.50	11.50
Hogs.....	14.50	13.55	13.50	14.25	14.55	10.85
Lambs.....	14.75	15.75	16.25	15.85	15.50	12.50
Slaughter ewes.....	5.00	8.75	9.00	8.00	6.00	4.65

The feed situation shows marked improvement. Supplies of corn and of wheat millfeeds continue extremely scarce, but this deficiency currently is more than offset by generally excellent ranges and pastures, following a late start last spring, and by the availability of new crop wheat, oats, barley, and grain sorghums. Moreover, July 1 crop prospects were for a total tonnage of grain (wheat, corn, oats, and barley) in 1944 second only to the exceptional harvest of 1942. In addition, reports indicate volunteer wheat already is coming up in some areas as a result of July rains, and generally favorable moisture conditions this summer are encouraging for early fall wheat pasture.

The situation with respect to an anticipated liquidation of cattle numbers this fall and further curtailment of cattle feeding operations appears to have changed materially in recent weeks. Present prospects for heavy feed production in 1944, together with the substantial liquidation of hog and poultry numbers and the moderate decline in sheep numbers that have already occurred, seem to suggest less stringency than was expected earlier in feed supplies for cattle next fall and winter. Thus, it may be that a livestock-feed balance will be achieved without reducing cattle numbers. The current spread between fat cattle prices and feeder cattle prices is sufficient to encourage feeding operations. Feed and other costs are considerably higher than a year ago, but fat cattle prices are well above last year, while prices of feeder cattle are much lower. Cattle and calf slaughter has been heavy but only about normal in relation to the large numbers on farms. If present

slaughter trends continue, the total number of cattle in the United States at the end of this year will not be materially changed from the record number on hand at the beginning of the year.

Cash Farm Income Cash receipts from farm marketings in the seven states of the Tenth Federal Reserve District for the first five months of 1944 are reported as 15 per cent above the corresponding figures for 1943. This increase compares with a rise of 12 per cent for the United States as a whole. In the seven states, proceeds of livestock sales made up 80 per cent of total reported receipts for the five-month period.

Department of Agriculture farm income estimates:

	May	5 Mos.	Change from '43	
	1944	1944	May	5 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	21,453	113,443	+17	+25
Kansas.....	47,238	243,598	+2	+7
Missouri.....	54,295	257,278	+4	+15
Nebraska.....	56,330	302,712	+15	+28
New Mexico.....	5,315	24,338	-11	-19
Oklahoma.....	22,378	121,595	+2	+4
Wyoming.....	4,712	23,928	+4	+18
Seven states.....	211,721	1,086,892	+7	+15
United States.....	1,451,595	7,165,825	+4	+12

TRADE

Wholesale Sales According to preliminary figures of the Department of Commerce, sales of 132 wholesalers in this District in June and in the first six months of 1944 were 8 per cent larger than in the corresponding periods of 1943. June sales of distributors of auto supplies, confectionery, farm products, hardware, and paper showed large increases over last year, while sales of jewelry, lumber and building materials, and machinery were sharply lower. Wholesale inventories at the end of June averaged 16 per cent higher than a year earlier.

Department Store Sales Daily average sales at reporting department stores in the District declined by about the usual amount from May to June, and the seasonally adjusted index of sales was unchanged at 192 per cent of the 1935-39 average. Dollar volume for June was moderately higher than a year ago, when the expiration of a shoe ration coupon resulted in exceptionally heavy sales not only of shoes but of other apparel items as well. The increase for June measured 3 per cent, and in the first three weeks of July sales were 13 per cent above last year.

Inventories at department stores increased during June contrary to the usual trend. Month-end stocks were slightly larger than on the corresponding date of 1943, while the volume of merchandise on order continues somewhat below a year ago. Although there is a shortage of many types of consumer goods,

both merchants and consumers are reported as becoming increasingly conservative with respect to purchases of substitute merchandise, especially in view of the possibility of termination of the war in Europe earlier than had been anticipated.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		June '44 comp. to June '43	6 Mos. '44 comp. to 6 Mos. '43	June 30, '44 comp. to June 30, '43
(Per cent increase or decrease)				
Denver.....	7	-2	+2	+3
Pueblo.....	3	+8	+11	*
Hutchinson.....	3	+7	+13	*
Topeka.....	3	+5	+14	*
Wichita.....	4	+7	+15	*
Joplin.....	3	+1	+7	*
Kansas City.....	8	+6	+6	+10
St. Joseph.....	3	0	+15
Omaha.....	4	-1	+8	*
Oklahoma City.....	6	+9	+17	-2
Tulsa.....	4	+2	+8	*
Other cities.....	29	0	0	+3
District.....	77	+3	+7	+3

*Not shown separately but included in District total.

PRODUCTION

Meat Packing Cattle slaughter in June, as indicated by packers' purchases at leading District markets, was 39 per cent larger than a year ago, while the slaughter of calves, hogs, and sheep continued very heavy. Cattle slaughter was smaller than in the corresponding month two years ago, but trade reports indicate a large seasonal increase in slaughter of grass-fat cattle in July and continue to point to large marketings next fall when receipts of range cattle and grass-fat cattle reach their peak. Although hog slaughter is still very high, the increase over the preceding year had narrowed by June to only 8 per cent; later this year, when the greatly reduced 1944 spring pig crop begins moving to market, it is anticipated that hog slaughter may drop below that of 1943.

According to the American Meat Institute, the meat-packing industry is becoming increasingly apprehensive regarding the large numbers of unfinished cattle that are expected to come to market next fall, and of the resulting serious strain on processing facilities. Many beef processors, refusing to enter the black market, are closing because of the present severe price squeeze between live cattle prices and the ceiling prices on dressed beef under which legitimate packers must operate. Many others are suffering serious financial losses and are reducing beef slaughter. Under these conditions, packers are unable to hold their employees, indicating a possible decrease in slaughter capacity in the face of the record volume of cattle expected to be marketed in the fall. Definite steps to alleviate the price squeeze on packers are now being considered by OPA.

Flour Milling In the last four months, southwestern flour milling operations have been fairly stable around a level of 79 per cent of full-time capacity, following a decline from 99 per cent at the beginning of the year. In the third week of July, southwestern mills operated at 86 per cent of capacity. The June output of flour was slightly larger than that of a year ago except at Wichita, where labor shortages continued to limit production.

For the crop year ending June 30, southwestern flour production was at its highest level on record. The largest increase for the crop year, 12 per cent, was shown for Wichita. Output at country mills in the hard winter wheat area increased 10 per cent and at Salina 7 per cent, while production at Kansas City was little changed from the year previous. The high level of output in the year just ended reflects heavy buying by the Government for the armed forces and for lend-lease purposes, together with an increase in the per capita domestic consumption of bread.

Petroleum Crude oil production in the United States in June was again at a record level, although it fell considerably short of the amount certified by the Petroleum Administration for War. The authorized rate was 4,886,100 barrels per day and the attained rate, 4,560,200 barrels. Nevertheless, certification was stepped up to 4,907,700 barrels per day for July, and that for August to 4,945,400 barrels per day. Reports for the first three weeks of July indicate that output for that month was probably slightly above the June performance but considerably below the certified rate.

Increasing pressure of military demands is reflected not only in the certifications for record production issued by the Petroleum Administration for War, but also in a recent decision that the Government will pay substantial subsidies for production from nearly 900 stripper-well fields throughout the country. This plan, which is effective August 1, applies to all fields which in December, 1943, averaged less than 9 barrels per well per day. The subsidies amount to 35 cents a barrel for fields averaging less than 5 barrels per well per day, 25 cents per barrel for fields averaging from 5 to 7 barrels, and 20 cents per barrel for fields averaging from 7 to 9 barrels daily per well. Provision is also made for a subsidy of 75 cents a barrel for fields producing "Pennsylvania" grade, which are reported to average less than half a barrel a day.

The purpose of the subsidies is, of course, to stimulate maintenance or increase of production from high-cost marginal wells without raising the price of oil which comes from flush producing wells, where

costs are relatively low. To encourage production it is provided that fields will not be stricken from the subsidy list, or transferred to lower subsidy brackets, on account of increases in production.

The high-pressure campaign for an increased output of petroleum, which involves some disregard for the accepted principles of conservation, probably reflects the general expectation that petroleum demands of the army and navy, although almost insatiable during the continuance of the European war, will be curtailed on account of termination of that phase of the conflict at an earlier date than seemed likely a few months ago.

Throughout the current year the rates of crude oil production and gasoline refining in the United States have been at record levels in spite of difficulties in obtaining materials and transportation service. For the week ending July 15, production of crude was up 12 per cent and refinery runs were up 16 per cent from the corresponding figures for 1943. Consumption has been running slightly higher, with the result that stocks have declined moderately. As of July 15, national crude stocks were down 5 per cent from the same date in 1943. Gasoline stocks were up 9 per cent; residual fuel oil stocks were down 19 per cent.

Oil production reported by the American Petroleum Institute and the Bureau of Mines:

	June 1944	6 Mos. 1944	Change from '43	
	(Thousand barrels)		June	6 Mos.
			(Per cent)	
Colorado.....	247	1,371	+31	+26
Kansas.....	8,300	49,555	-4	-10
Nebraska.....	29	199	-48	-47
New Mexico.....	3,242	20,400	+3	+13
Oklahoma.....	9,986	60,373	-2	-2
Wyoming.....	2,610	15,813	-4	-1
Six states.....	24,414	147,711	-2	-3
United States.....	136,806	811,527	+15	+14

Coal Bituminous coal production in this District in June was 35 per cent larger than a year ago, while output for the country as a whole showed an even larger increase of 55 per cent. Production in this District for the last twelve months was 47 per cent above the annual average output from 1935 to 1939. The sharp expansion in coal production since 1939, of course, reflects primarily a heavy wartime industrial and railroad demand for fuel. In June, District output was 114 per cent above the June average from 1935 to 1939. The very high level of current output reflects not only the over-all growth of demand but also the maintenance of production through the normally slack summer months, planned to promote early distribution of supplies to consumers to offset wartime transportation difficulties. Earlier in 1944, the Solid Fuels Administration had estimated that national bituminous coal production

for the coal year beginning April 1 would fall 30 million tons short of requirements of about 626 million tons. Despite continued manpower losses in many mining areas, output for the first quarter of the coal year was sufficiently high to reduce the prospective soft coal shortage to about 16 million tons.

Bituminous coal production estimated from reports of the Bureau of Mines:

	June 1944	6 Mos. 1944	Change from '43 June	6 Mos. June
	(Thousand tons)		(Per cent)	
Colorado.....	577	4,251	+41	+7
Kansas and Missouri.....	710	4,520	+27	+8
New Mexico.....	140	947	+32	+7
Oklahoma.....	256	1,416	+39	+10
Wyoming.....	684	4,689	+39	+4
Six states.....	2,367	15,823	+35	+7
United States.....	53,395	319,085	+55	+12

Zinc and Lead Data on zinc and lead mining activity in the Tri-State district of Oklahoma, Kansas, and Missouri recently have again become available, after a period of secrecy, due to wartime censorship, extending from July, 1942, to February, 1944. According to figures compiled by the Joplin Globe, zinc ore concentrate shipments in 1944 through the week ending July 22 have been at an average weekly rate of 7,120 tons, as compared with an average of 9,347 tons weekly during 1941, 8,293 tons in 1940, and 7,628 tons in 1939. Lead ore concentrate shipments in 1944 have averaged 706 tons weekly, as compared with rates of 1,037 tons in 1941, 873 tons in 1940, and 1,131 tons during 1939.

The Tri-State district for some sixty years has been the most important zinc producing area of the United States, the mines of this region in 1941 accounting for more than one-third of the national output. High grade ore reserves in this area have been depleted rapidly in recent years, increasing dependence being placed upon the lower grades of ore. Ore concentrate prices at the Joplin market have been unchanged for more than two and one-half years at the relatively high level of about \$55 a ton for zinc and \$76 a ton for lead. These prices are based on the ceiling prices of slab zinc and pig lead. They do not include premiums paid by the Metals Reserve Company, beginning early in 1942, for production in excess of established quotas to secure supplies needed in the war effort. That shipments currently are below prewar levels is due, in part at least, to the fact that prices, although high, are insufficiently high to offset the increased cost resulting from the mining of lower grade ores and from other wartime factors.

Employment In line with developments in the rest of the country, civilian employment in the Tenth District, outside of agricultural pursuits, has

been declining. For April, the latest month for which figures are available, all states in the District except Wyoming showed a decline in nonagricultural employment from the level of April, 1943. In manufacturing employment, the showing was more irregular than in nonagricultural employment as a whole. Declines in Colorado and Missouri were partially offset by increases in other states. In the seven states which are wholly or partially within the District, nonagricultural employment had fallen back by April of this year to the level of the middle of 1942, while manufacturing employment was at about the level of the end of 1942.

The over-all decline reflects primarily the absorption of manpower by the armed forces, while its distribution by localities appears to be determined chiefly by variations in the progress of war production. Cutbacks in some areas are partially offset by continued expansion in others. Further curtailment of war production is likely to show itself in an expansion of nonmanufacturing employment at the expense of factory employment.

Department of Labor estimates of total nonagricultural employment:

	Apr. 1944	Mar. 1944	Change from '43 Apr.	Mar.
	(Number)		(Per cent)	
Colorado.....	259,000	259,000	-8	-8
Kansas.....	407,000	409,000	-5	-5
Missouri.....	945,000	949,000	-3	-2
Nebraska.....	255,000	255,000	-5	-4
New Mexico.....	77,500	76,400	-2	-3
Oklahoma.....	373,000	375,000	-2	+1
Wyoming.....	59,900	59,400	+2	+1
Seven states.....	2,376,400	2,382,800	-4	-3
United States.....	38,692,000	38,748,000	-3	-2

FINANCE

Life Insurance Sales Sales of life insurance continue to reflect the high level of current income and particularly the high margin of saving in the present income structure. Sales for the month of June and for the first six months of the year, both in the seven states of the District and in the United States as a whole, are substantially above the corresponding levels of 1943, and those in turn were substantially above the levels of the years from 1938 to 1942.

The Life Insurance Sales Research Bureau report:

	June 1944	6 Mos. 1944	Change from '43 June	6 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	7,634	40,771	+20	+26
Kansas.....	11,540	57,227	+28	+18
Missouri.....	20,209	113,928	+21	+14
Nebraska.....	9,430	48,477	+18	+15
New Mexico.....	2,497	9,601	+65	+25
Oklahoma.....	9,589	51,740	+6	+21
Wyoming.....	1,874	7,543	+74	+50
Seven states.....	62,773	329,287	+22	+18
United States.....	771,832	4,237,094	+22	+21

War Loan Drive Preliminary figures on subscriptions to the Fifth War Loan indicate that Tenth District sales aggregated approximately 709 million dollars. A comparison of this preliminary sales figure with the Fifth War Loan quota of \$542,875,500 for this District shows that the quota has been oversubscribed approximately 31 per cent. Tenth District sales for previous war loan drives were, successively, \$313,662,000, \$589,241,000, \$601,096,000, and \$580,610,000.

Member Bank Credit The volume of loans at weekly reporting banks in the District increased 14 per cent between the middle of June and the middle of July, and was 2 per cent above the volume a year ago. The largest increase was in loans for purchasing and carrying Government securities, although there was a considerable increase in "commercial, industrial, and agricultural" loans. Investments in Government securities increased 129 million dollars, with increases in all classes of Government securities and especially in Treasury certificates. Government security holdings were 314 million dollars, or 28 per cent larger than a year ago.

The effects of the war loan drive were reflected in reduced adjusted demand deposits and greatly increased war loan accounts. The adjusted demand

deposits were reduced as purchasers of Government securities used their deposits as means of payment and the war loan accounts increased as the proceeds of sale of Government securities were credited to Government account. The decline in adjusted demand deposits was partially offset by the expansion of loans for other purposes than purchasing and carrying securities. Adjusted demand deposits for all weekly reporting banks in this District were 3 per cent above a year ago, but Oklahoma City and Wichita showed decreases of 3 and 7 per cent, respectively, and Topeka and Omaha increased 12 and 21 per cent as compared with July of last year.

Principal items of condition of 50 member banks:

	July 19 1944	Change from June 14 1944	July 21 1943
(In thousands of dollars)			
Loans and investments—total.....	1,892,159	+166,019	+322,634
Loans—total.....	344,281	+43,370	+6,257
Coml., indust., agric.....	213,875	+23,610	-11,688
To security brokers and dealers.....	5,508	+1,834	+2,155
Other to purchase or carry secur..	30,973	+16,195	+22,931
Real estate loans.....	37,994	-50	-3,764
Loans to banks.....	0	0	-76
All other loans.....	55,931	+1,781	-3,301
Investments—total.....	1,547,878	+122,649	+316,377
U. S. Treasury bills.....	132,427	+29,147	-47,110
U. S. Treas. certif. of indebt.....	364,731	+51,188	+146,194
U. S. Treasury notes.....	296,834	+11,243	+68,968
U. S. Govt. bonds.....	588,603	+33,671	+160,245
Oblig. guar. by U. S. Govt.....	37,483	+3,653	-14,163
Other securities.....	127,800	-6,253	+2,243
Reserve with F. R. Bank.....	376,209	-5,273	+16,177
Balances "due from" banks—net.....	289,059	+23,431	-10,865
Demand deposits—adjusted.....	1,110,337	-102,711	+31,176
Time deposits.....	198,402	+3,864	+41,288
U. S. Govt. deposits.....	355,948	+234,501	+218,174
Deposits "due to" banks—net.....	800,724	+46,047	+31,580

	BANK DEBITS		Change from '43	
	June 1944	6 Mos. 1944	June	6 Mos.
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo.....	24,958	134,070	+19	+4
Denver, Colo.....	300,879	1,677,945	+14	+12
Gr. Junction, Colo.....	6,734	38,622	+32	+28
Greeley, Colo.....	8,708	51,233	+24	+11
Pueblo, Colo.....	21,704	117,796	+16	+1
Atchison, Kans.....	7,085	37,306	+24	+19
Emporia, Kans.....	6,176	39,159	+25	+14
Hutchinson, Kans.....	23,797	148,299	+8	+15
Independence, Kans.....	4,914	26,550	+5	+3
Kansas City, Kans.....	48,041	244,887	+27	+17
Lawrence, Kans.....	8,193	39,663	+29	+3
Parsons, Kans.....	6,548	34,875	+19	+8
Pittsburg, Kans.....	7,757	40,252	+9	-6
Salina, Kans.....	25,275	129,156	+12	+9
Topeka, Kans.....	71,560	347,158	+51	+12
Wichita, Kans.....	220,128	1,137,571	+27	+31
Joplin, Mo.....	19,510	98,661	+40	+23
Kansas City, Mo.....	702,616	3,815,818	+16	+9
St. Joseph, Mo.....	58,175	358,660	+23	+23
Fremont, Nebr.....	6,527	39,201	+2	+1
Grand Island, Nebr.....	12,866	79,414	+3	+8
Lincoln, Nebr.....	54,394	288,601	+24	+9
Omaha, Nebr.....	345,505	2,010,967	+7	+7
Albuquerque, N. M.....	31,253	178,789	+4	+4
Bartlesville, Okla.....	47,094	245,830	+31	+24
Enid, Okla.....	28,227	117,201	+72	+22
Guthrie, Okla.....	2,833	15,054	+44	+25
Muskogee, Okla.....	16,638	93,656	+5	+4
Okla. City, Okla.....	212,558	920,808	+36	-2
Okmulgee, Okla.....	3,619	21,507	-6	+6
Tulsa, Okla.....	272,083	1,439,124	+24	+20
Casper, Wyo.....	11,414	59,038	+20	+23
Cheyenne, Wyo.....	21,100	111,954	+20	+13
District, 33 cities.....	2,638,869	14,138,825	+19	+12
U. S., 334 cities.....	83,853,000	436,514,000	+25	+14

Member Bank Reserves For all member banks of the District the first half of June showed a gain in reserves. Excess reserves changed only slightly as an increase in required reserves offset the increase in reserves held. As the war loan drive developed, and demand deposits requiring reserves were reduced, the daily average of excess reserves increased 17 million dollars to a daily average of 104 million dollars for the last half of June.

Daily average member bank reserves:

	Held	Required	Excess	Ratio Excess to Required
	(In millions of dollars)			(Per cent)
Reserve city banks				
June 16-30, 1944..	400	358	42	12
June 1-15, 1944....	400	367	33	9
May 16-31, 1944....	395	362	34	9
June 16-30, 1943..	373	335	38	11
Country banks				
June 16-30, 1944..	203	141	62	44
June 1-15, 1944....	201	146	54	37
May 16-31, 1944....	195	143	52	36
June 16-30, 1943..	164	105	59	56
All member banks				
June 16-30, 1944..	603	500	104	21
June 1-15, 1944....	601	513	87	17
May 16-31, 1944....	590	505	86	17
June 16-30, 1943..	537	439	97	22

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Employment and production at factories continued to decline slightly in June; output of minerals was maintained in record volume. Retail trade and commodity prices showed little change in June and the early part of July.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production was 235 per cent of the 1935-39 average in June as compared with 237 in May and 243 in the first quarter.

Steel production declined 4 per cent from the rate in May, reflecting partly manpower shortages. Output of nonferrous metals dropped 8 per cent, largely owing to the continued planned curtailment of aluminum and magnesium production. The lifting on July 15 of some of the restrictions on use of these metals was the initial step in a program to prepare for limited reconversion to peacetime output. Activity in the machinery and transportation equipment industries in June was maintained at the level of the preceding month. Increasing emphasis was reported on output of heavy artillery and artillery shells and of tanks. Lumber production continued to decline and was approximately 10 per cent below June, 1943.

Production of nondurable goods was maintained in June. Meat-packing activity declined further from the exceptionally high level in the first quarter, but output of most other food products continued to rise seasonally. Refinery output of gasoline advanced further and reached the earlier record level of December, 1941. Activity in cotton textile mills and in the chemical and rubber industries showed little change in June.

Mine production of metals and coal was maintained in large volume and crude petroleum production continued to rise to new record levels.

DISTRIBUTION

Department store sales declined more than seasonally in June, following a considerable increase in May, and the Board's index was 175 per cent of the 1935-39 average as compared with 183 in May and an average of 177 in the first four months of this year. Value of sales in the first half of 1944 was 7 per cent greater than in the first half of 1943. In the early part of July sales were 9 per cent larger than a year ago.

Railroad freight carloadings showed little change in June and the first three weeks of July after allowance for seasonal movements.

COMMODITY PRICES

Legislation extending Federal price controls for one year was enacted June 30; certain restrictive provisions were relaxed, especially those relating to prices of cotton products. Prices of most commodities in wholesale and retail markets have recently shown little change.

AGRICULTURE

Well over a billion bushels of wheat and almost 3 billion bushels of corn were in prospect on July 1. This is an improvement over June 1 prospects and aggregate crop production in 1944 may be about the same as in 1943 and larger than any year prior to 1942.

The number of chickens raised this year was 19 per cent smaller than last year; the spring pig crop was 24 per cent smaller and the fall crop may be a third smaller than in 1943. Marketings of cattle, however, have been normal in relationship to the numbers and unless marketings are increased during the rest of this year no material reduction of the large numbers of cattle on farms will occur.

BANK CREDIT

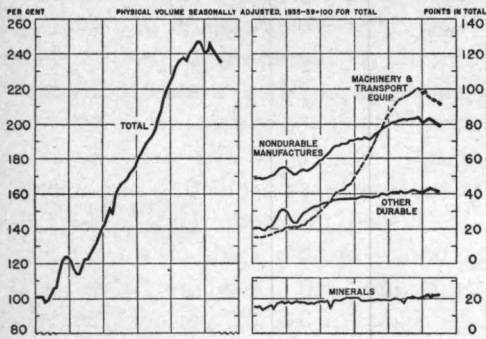
As payments for securities purchased during the Fifth Drive transferred funds from private deposits to reserve-exempt Government accounts, the average level of required reserves at all member banks declined by close to 1 1/4 billion dollars. Reserve balances were reduced by about 800 million dollars and excess reserves rose by around 400 million. Reserve funds were absorbed through declines in Reserve Bank holdings of Government securities, by a moderate increase in currency, and by temporary increases in Treasury deposits at the Reserve Banks. Over the four weeks ending July 12, money in circulation rose by 230 million dollars, which is a smaller rate of growth than prevailed in recent months, reflecting the influence of the war loan drive.

During the Fifth Drive, between June 14 and July 12, Government security holdings at reporting member banks in 101 leading cities increased by 4.7 billion dollars. Additions to bank holdings resulted from purchases of securities from investors who were adjusting their positions prior to subscriptions during the drive, from increased purchases of Treasury bills, and from subscriptions to new securities in limited amounts.

Loans for purchasing and carrying Government securities increased by 1.8 billion dollars during the Fifth War Loan, an increase larger than that of any other drive. Of the total amount advanced by banks in 101 cities, loans to brokers and dealers accounted for 500 million and loans to others for 1.3 billion.

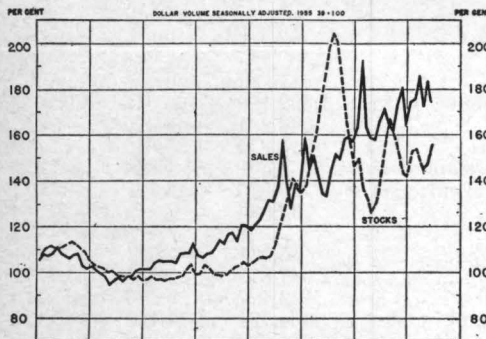
Accompanying purchases of securities during the Fifth Drive, adjusted demand deposits declined by 4.7 billion dollars at banks in 101 cities. Government deposits at these same banks increased by 10.5 billion dollars. The difference reflected the effect of the increase in bank loans and investments.

INDUSTRIAL PRODUCTION



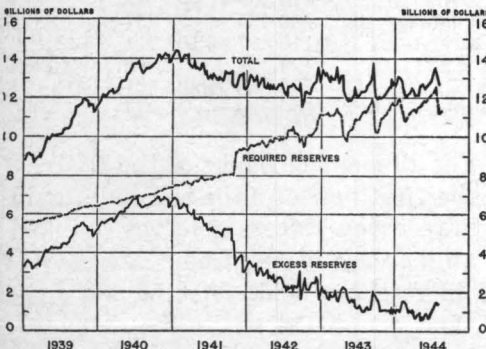
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for June, 1944.

DEPARTMENT STORE SALES AND STOCKS



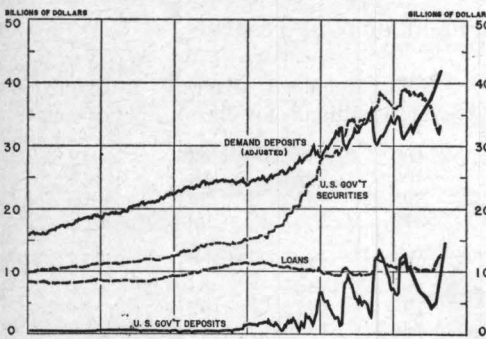
Federal Reserve indexes. Monthly figures, latest shown are for June, 1944.

MEMBER BANK RESERVES



Breakdown between required and excess reserves partly estimated. Wednesday figures, latest shown are for July 19, 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 July 12, 1944.