

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

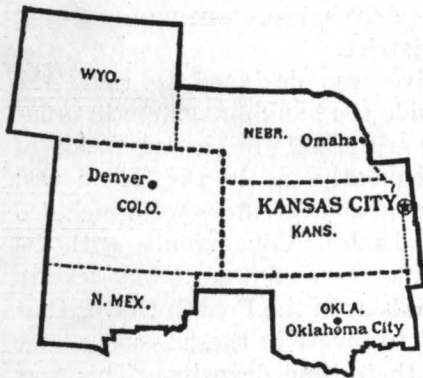
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FEDERAL RESERVE BANK OF KANSAS CITY

SEPTEMBER 30, 1944

Business in the Tenth Federal Reserve District



Corn prospects improved markedly in the main producing sections of the District in August and early September. Winter wheat planting has made rapid progress. Unusually favorable moisture conditions this fall, the higher 1945 wheat acreage goals, and Government support of wheat prices are influencing farmers to seed a larger acreage of winter wheat than last year.

Livestock feed supplies for the 1944-45 season appear to be almost as large as those last season, while livestock numbers are expected to be materially smaller. Easing of the feed shortage and the generally excellent outlook for fall grass and wheat pasture have tended to restrict undue liquidation of cattle.

Department store sales continue in large volume. Nonagricultural employment, however, is below a year ago, and cash receipts from farm marketings recently have dropped under last year's high level.

	AUGUST 1944 COMPARED WITH AUGUST 1943								8 MOS. 1944 COMPARED WITH 8 MOS. 1943							
	% DECREASE				% INCREASE				% DECREASE				% INCREASE			
	40	30	20	10	10	20	30	40	40	30	20	10	10	20	30	40
BUSINESS INDICATORS																
<i>Finance</i>																
Bank Debits																
F. R. Bk. Clearings																
Mem. Bk. Loans																
Mem. Bk. Invest.																
Demand Deposits																
Life Ins. Sales																
<i>Trade</i>																
Wholesale Sales																
Dept. Store Sales																
<i>Marketings</i>																
Wheat																
Corn																
Oats																
Cattle																
Calves																
Hogs																
Sheep																
<i>Production</i>																
Flour																
Cattle Slaughter																
Calf Slaughter																
Hog Slaughter																
Sheep Slaughter																
Crude Petroleum																
Bituminous Coal																
<i>Construction</i>																
Total Awards																
Res. Awards																
Value of Permits																
Lumber Sales																
<i>Miscellaneous</i>																
Rainfall																
Cash Farm Income*																
Employment*																

*Latest available

FIFTH WAR LOAN DRIVE

War Bond Subscriptions Subscriptions during the Fifth War Loan Drive totaled 20.6 billion dollars, an amount 29 per cent over the national goal of 16 billion dollars and larger than the total for any of the previous war loan drives. Tenth District sales were 722 million dollars compared with a quota of 543 million dollars, while the total for the seven states wholly or partly within this District was 1,037 million dollars, 34 per cent over their combined quotas. These figures represent gross sales and they do not make allowance for redemptions and maturities. On the other hand, they do not include the current sales outside the drive, namely, Treasury bonds purchased for Treasury investment accounts and by commercial banks, and the weekly sales of Treasury bills. The total sales figure includes sales of nonmarketable securities (Series E, F, and G savings bonds and Series C savings notes) for the entire months of June and July, whereas the marketable securities offered were sold only from June 12 to July 8. For the United States as a whole the nonmarketable securities constitute 31 per cent of the sales total, but they are 45 per cent of the total figure for the Tenth District.

Major emphasis was given during the drive to the sale of Government securities to individuals. The accompanying table, showing sales by type of investor, indicates that 31 per cent of the national subscriptions were made by individuals, partnerships, and personal trust funds, while such subscriptions were 44 per cent of the total sales in the seven states of the Tenth District. These subscriptions were 6 and 14 per cent, respectively, beyond the quotas that had been established. The purchases of Series E savings bonds were only slightly over the quotas, but a considerable number of large investors probably had already purchased as many savings bonds as

they are allowed to buy in any one calendar year. Corporations continued to invest a large portion of their growing assets in Government securities. In the states of this District, 47 per cent of the securities sold were purchased by corporations and associations, and the comparable figure for the United States as a whole was 40 per cent. Purchases by insurance companies were relatively less important in these states than for the nation, and sales to mutual savings banks were not a factor here. Purchases by state and local governments increased greatly over previous drives, representing 5 per cent of the sales in this District.

The war loan drive was designed to raise the necessary funds outside the banking system in order to avoid the inflationary effects of the expansion of bank credit. Consequently, as in the Third and Fourth Drives, only nonbank investors were included in the drive quotas and sales. Concurrently with the drive, commercial banks were allowed to buy certain issues on the same basis as in the Fourth Drive; that is, they were allowed to invest in these issues under a formula based on their time deposits. This was done so that they might obtain some of the higher rate securities that mutual savings banks and other savings institutions were permitted to purchase as a part of the drive. Under this provision, commercial banks in the Tenth District purchased 32 million dollars of Government securities, and all commercial banks in the United States subscribed 765 million.

Banking Developments Despite the restrictions on commercial bank participation, and in line with the experience of previous drives, bank credit expanded sharply during the Fifth War Loan. Banks purchased a large amount of Government securities in the open market as other

FIFTH WAR LOAN SALES AND QUOTAS
(Amounts in millions of dollars)

	Total			Individuals, Partnerships and Personal Trust Funds			Corporations and Other Investors			Series E Savings Bonds*		
	Sales	Quota	Per cent of Quota	Sales	Quota	Per cent of Quota	Sales	Quota	Per cent of Quota	Sales	Quota	Per cent of Quota
Colorado.....	103	84	123	48	45	108	55	39	141	24	23	103
Kansas.....	156	124	126	88	74	119	68	50	136	44	49	90
Missouri.....	448	315	142	158	145	109	290	170	170	74	75	98
Nebraska.....	137	106	129	65	56	117	72	50	144	37	34	110
New Mexico.....	24	21	116	12	11	112	12	10	121	8	6	133
Oklahoma.....	145	108	135	75	60	124	71	48	147	38	35	108
Wyoming.....	19	17	109	8	9	99	10	8	120	6	4	158
Seven states.....	1,037**	775	134	454	400	114	578	375	154	231	226	102
United States.....	20,639	16,000	129	6,351	6,000	106	14,288	10,000	143	3,036	3,000	101
<i>Fourth War Loan</i>												
Seven states.....	847	676	125	390	372	105	455	304	150	254	223	114
United States.....	16,730	14,000	120	5,309	5,500	97	11,421	8,500	134	3,187	3,000	106

*Savings bonds are shown at purchase price.

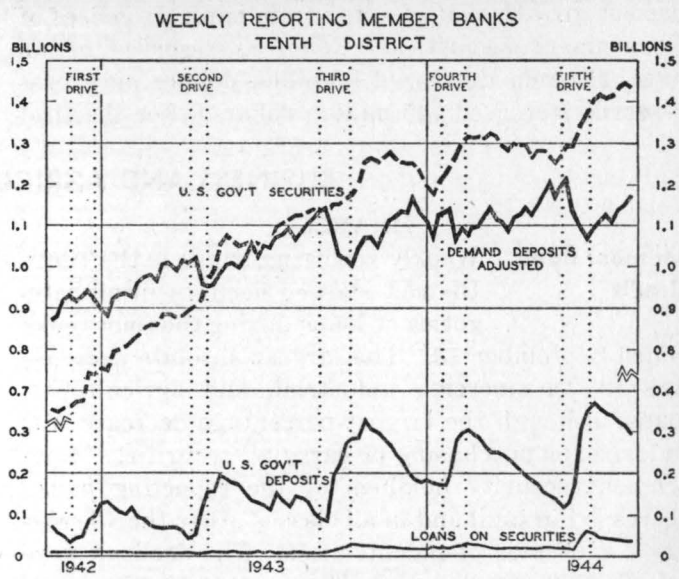
**Includes 4 million dollars unallocated.

investors rearranged their portfolios in order to subscribe to new issues. These bank purchases expanded bank deposits and thus were just as inflationary as if they had been made directly from the Treasury. In spite of the efforts made to place Government securities in the hands of nonbank investors, approximately one-third of the total interest-bearing debt of the United States Government was held by commercial banks on June 30, 1944. Between December 31, 1941, and June 30, 1944, commercial banks increased their holdings of Government securities by 47 billion dollars, and during the same period total deposits of commercial banks increased 45 billion dollars.

In the Tenth District, holdings of Government securities by the fifty weekly reporting banks increased 135 million dollars from June 7 to July 12, 1944. This increase in bank holdings was equaled in the Third Drive, but it exceeded the increase of the Fourth Drive. While these banks have continued to increase their holdings, they have been doing a decreasing proportion of the Government's war financing. This is in line with the record for the country as a whole. Loans made by banks financing purchases of Government securities by nonbank investors also expanded bank credit. For the weekly reporting banks in this District, and in the whole country, loans for carrying securities increased much more than in any of the previous drives.

Deposits Between the Fourth and Fifth Drives, as the Government spent the proceeds of the Fourth Drive, war loan accounts decreased and customers' deposit accounts increased. The increase in customers' deposits would have been larger if banks had not reduced the amount of Government securities in their portfolios. For all reporting banks in the nation, adjusted demand deposits increased 5.4 billion dollars, Government deposits decreased 8.9 billion dollars, and Government security holdings decreased 2.1 billion dollars. The adjusted demand deposits of weekly reporting banks in the Tenth District increased 114 million dollars, and Government deposits decreased 190 million dollars, while the banks' holdings of Government securities decreased 46 million.

The deposits reversed their movements during the Fifth Drive, and funds were shifted to war loan accounts as subscribers paid for their Government security purchases. The increase in war loan accounts exceeded the decrease in the customers' deposit accounts, chiefly because of the deposits created by bank purchases of Government securities in the open market. All reporting banks in the United States showed a decrease of 4.4 billion dollars in adjusted



demand deposits, an increase of 10.6 billion dollars in Government deposits, and an increase of 4.9 billion dollars in Government security holdings. Adjusted demand deposits of the Tenth District reporting banks decreased 103 million dollars, while Government deposits increased 252 million dollars, and, as stated earlier, the banks made net purchases of 135 million dollars of Government securities. A glance at the graph on this page will show that this relationship in the movement of deposits also existed during the other war loan drives. These deposit shifts have been modified by other factors, however, such as the payment of income and social security taxes.

Bank Reserves As reserve-free war loan accounts declined and customers' deposits expanded between the Fourth and Fifth Drives, required reserves increased. The increase for all member banks was 1.6 billion dollars. For member banks of the Tenth District, the daily average of required reserves for the first half of June was 43 million dollars larger than the average for the first half of February, when the Fourth Drive ended. Moreover, total reserves were affected adversely by an increase of 1.6 billion dollars in money in circulation, and by a decrease of .6 billion dollars in the country's monetary gold stock. The Federal Reserve System purchased 3.2 billion dollars of Government securities in the open market in order to supply the necessary reserves. Excess reserves declined 451 million dollars in the nation, and 28 million dollars in the Tenth District.

The shifting of funds into reserve-free war loan accounts during the Fifth Drive decreased required reserves and increased excess reserves. These reserve developments were offset in part, however, by the

deposit growth that resulted from bank purchases of Government securities. Required reserves of all member banks decreased 1.3 billion dollars and excess reserves increased 745 million dollars. For the first

half of July, the daily average of excess reserves of the member banks in this District was 29 million dollars above the level for the first half of June. Required reserves declined 27 million dollars.

BUSINESS AND AGRICULTURAL CONDITIONS

FINANCE

Member Bank Credit Weekly reporting banks in the Tenth District showed declines in all categories of loans during the four weeks ended September 13. The largest absolute decrease was in "commercial, industrial, and agricultural" loans, although the largest percentage decrease was in loans for purchasing or carrying securities. Government security holdings of the reporting banks decreased in total and in all classes other than Treasury certificates of indebtedness. The declines were relatively small except in Treasury bills, which decreased 33 million dollars to an amount 44 per cent below a year ago. Treasury certificate holdings increased 11 million dollars.

United States Government deposits of the weekly reporting banks in this District decreased 74 million dollars in the four weeks under review. This was reflected in an expansion of adjusted demand deposits, although the coincident decline in loans and

investments, along with smaller changes in other items, limited the expansion to 55 million dollars. Time deposits continued to increase.

Principal items of condition of 50 member banks:

	Sept. 13 1944	Change from Aug. 16 1944	Sept. 15 1943
(In thousands of dollars)			
Loans and investments—total.....	1,878,185	-32,381	+255,904
Loans—total.....	329,415	-8,923	-14,949
Com., indust., agric.....	208,681	-4,850	-19,110
To security brokers and dealers...	3,881	-416	-709
Other to purchase or carry secur..	23,991	-2,923	+13,834
Real estate loans.....	37,369	-120	-3,172
All other loans.....	55,493	-614	-5,792
Investments—total.....	1,548,770	-23,458	+270,853
U. S. Treasury bills.....	98,142	-33,132	-75,641
U. S. Treas. certif. of indebt.....	398,137	+11,475	+142,057
U. S. Treasury notes.....	301,541	-1,251	+69,701
U. S. Govt. bonds.....	588,079	-540	+149,504
Oblig. guar. by U. S. Govt.....	37,470	-13	-15,774
Other securities.....	125,401	+3	+1,006
Reserve with F. R. Bank.....	394,570	+8,010	+4,222
Balances "due from" banks—net..	276,104	-8,609	-48,975
Demand deposits—adjusted.....	1,209,653	+54,972	+119,732
Time deposits.....	208,907	+5,169	+44,181
U. S. Govt. deposits.....	238,744	-74,421	+40,916
Deposits "due to" banks—net.....	796,478	-19,578	-7,528

Member Bank Reserves Both total and required reserves of the member banks of this District reached new high levels during the month of August. As the increase in required reserves exceeded that in total reserves, excess reserves declined slightly.

Daily average member bank reserves:

	Held	Required	Excess	Ratio Excess to Required
	(In millions of dollars)			(Per cent)
Reserve city banks				
Aug. 16-31, 1944.....	407	371	36	10
Aug. 1-15, 1944.....	408	364	44	12
July 16-31, 1944.....	394	357	37	10
Aug. 16-31, 1943.....	390	349	41	12
Country banks				
Aug. 16-31, 1944.....	203	148	55	37
Aug. 1-15, 1944.....	203	144	60	42
July 16-31, 1944.....	200	141	60	42
Aug. 16-31, 1943.....	177	118	59	50
All member banks				
Aug. 16-31, 1944.....	610	520	91	17
Aug. 1-15, 1944.....	611	507	104	20
July 16-31, 1944.....	594	498	97	19
Aug. 16-31, 1943.....	567	467	100	22

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in the District in August was 22 per cent above a year ago, the largest gain for any month this year. Sales were especially heavy near the end of August and early in September, reflecting increased demand for children's and students' apparel before the open-

BANK DEBITS

	Aug. 1944	8 Mos. 1944	Change from '43 Aug. 8 Mos.	(Per cent)
	(Thousand dollars)			
Colo. Springs, Colo....	22,620	181,881	+11	+6
Denver, Colo.....	268,974	2,208,771	+3	+9
Gr. Junction, Colo....	6,069	51,140	+5	+24
Greeley, Colo.....	8,457	67,186	+7	+10
Pueblo, Colo.....	22,077	162,747	+23	+4
Atchison, Kans.....	5,816	50,369	0	+16
Emporia, Kans.....	6,431	52,781	+15	+16
Hutchinson, Kans.....	29,141	211,970	+39	+18
Independence, Kans..	4,216	35,409	+1	0
Kansas City, Kans....	37,246	323,077	+11	+16
Lawrence, Kans.....	7,409	54,507	+37	+8
Parsons, Kans.....	5,786	46,290	+11	+8
Pittsburg, Kans.....	6,218	52,992	+1	-6
Salina, Kans.....	26,541	191,504	+16	+10
Topeka, Kans.....	52,647	460,697	+5	+8
Wichita, Kans.....	210,123	1,549,898	+46	+31
Joplin, Mo.....	15,594	131,034	+21	+23
Kansas City, Mo.....	670,664	5,203,217	+10	+9
St. Joseph, Mo.....	53,605	465,439	+2	+17
Fremont, Nebr.....	6,238	51,459	+4	+1
Grand Island, Nebr..	12,388	103,869	+3	+7
Lincoln, Nebr.....	46,605	397,193	+5	+12
Omaha, Nebr.....	333,684	2,648,645	+2	+4
Albuquerque, N. M...	29,018	241,517	+10	+6
Bartlesville, Okla....	42,243	328,941	+18	+23
Enid, Okla.....	26,294	182,377	+62	+35
Guthrie, Okla.....	2,235	19,665	+19	+24
Muskogee, Okla.....	13,465	122,323	-4	+3
Okla. City, Okla.....	168,288	1,278,618	+39	+5
Okmulgee, Okla.....	3,066	27,868	-23	-3
Tulsa, Okla.....	246,880	1,950,492	+17	+19
Casper, Wyo.....	10,603	80,257	+16	+22
Cheyenne, Wyo.....	17,614	146,626	+25	+14
District, 33 cities.....	2,418,255	19,080,759	+13	+11
U. S., 334 cities.....	69,213,000	578,672,000	+14	+14

ing of school and a large volume of gift buying for shipment to members of the armed forces. In the first three weeks of September, sales were 18 per cent above last year. Following earlier contraseasonal gains, stocks of merchandise increased much less than is usual during August, and at the end of the month stocks were 5 per cent under a year earlier.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		Aug. '44 comp. to Aug. '43	8 Mos. '44 comp. to 8 Mos. '43	Aug. 31, '44 comp. to Aug. 31, '43
(Per cent increase or decrease)				
Denver.....	7	+14	+4	-12
Hutchinson.....	3	+51	+19	*
Topeka.....	3	+32	+16	*
Wichita.....	4	+34	+17	*
Joplin.....	3	+31	+10	*
Kansas City.....	8	+22	+8	+3
St. Joseph.....	3	+25	+17
Omaha.....	4	+25	+12	*
Oklahoma City.....	6	+22	+17	-10
Tulsa.....	4	+21	+8	*
Other cities.....	32	+24	+7	+3
District.....	77	+22	+10	-5

*Not shown separately but included in District total.

PRODUCTION

Meat Packing Cattle slaughter in August, as indicated by packers' purchases at leading District markets, was 16 per cent above last year, and that of calves was more than double a year ago. The slaughter of hogs and sheep was down 13 per cent from the corresponding month of 1943. Cattle marketings, although large, have not been nearly so heavy as anticipated earlier. Nevertheless, cattle slaughter continues at a high rate, in part because of the general curtailment in feeding operations. Large numbers of cattle now being marketed, which normally would move into feed lots for finishing on grain to produce the better grades of beef before being slaughtered, are going direct to slaughter instead.

Flour Milling Southwestern flour milling operations averaged about 83 per cent of full-time capacity during August. In the third week of September, operations rose to 89 per cent of capacity, chiefly the result of an improvement in shipping directions, especially on Government contracts that had been on mills' books since last December and January. The August output of flour at southwestern mills was 4 per cent larger than a year ago, the same rate of gain as for the first eight months of the year. Flour production at Kansas City in August was markedly higher than a year earlier, but at Salina, Wichita, and other centers there was little change.

Except for Government orders, southwestern flour sales in August and the fore part of September were unusually light, new purchases by bakers and distributors being limited by previous substantial forward

commitments and, to some extent, by the anticipation of an early end to hostilities in Europe. In addition, mills were reluctant to press for sales because of some uncertainty regarding continuation of the Government flour subsidy. Late in August, southwestern mills were reported to have about 10 days' more flour on their books than on November 30, 1943, when the subsidy program was inaugurated. As provided by regulations of the Defense Supplies Corporation, mills will not be eligible to receive payments on unfilled orders on hand at the termination of the subsidy program in excess of the unfilled order balance at the beginning of the subsidy program.

Flour prices strengthened materially during August and September and again are close to the flour price ceiling. Near the middle of September cash wheat prices advanced rather sharply because of increasing tightness in cash wheat supplies, and a further rise in wheat prices in the third week of the month placed most mills in a position where they were unable to quote bakery flour on the basis of the subsidy established at the beginning of the month.

Petroleum The Petroleum Administration for War stepped up the oil quota for August to 4,945,400 barrels daily because of the continuing military demand for petroleum products. The attained rate of crude oil production in the United States for the entire month was 4,664,800 barrels per day, slightly higher than the record output of July although below the authorized rate for August. During the week ending August 19, crude oil production reached a new high of 4,678,450 barrels daily, an increase of 11 per cent over a year ago.

For September the Petroleum Administration for War certified the production rate for all petroleum liquids at 5,051,300 barrels daily, the highest certification to date. Reflecting the higher quotas in many fields, crude oil production as of September 16 climbed to a new peak of 4,742,100 barrels daily, an increase of 9 per cent over the corresponding figure for 1943.

Metals Improvement in the supply situation of some essential war materials was reflected in two recent Government announcements affecting the zinc industry and the gold mining industry.

In a modification of Order M-11-b, the War Production Board liberalized the restrictions that have applied to the use of zinc. The list of products, for which the use of zinc is prohibited, has been reduced to forty items, referred to in the announcement as "gadgets." The uses to which zinc may be put without restriction number forty-four and include both galvanizing and electro-plating. For items not included in the lists of either prohibited or unre-

stricted uses, the permitted use of zinc has been increased from 60 per cent to 80 per cent of the amount used in 1941.

Although direct restrictions on the use of zinc have been considerably reduced, expansion in its uses will continue to be restricted by limitation orders on related items. For example, the use of zinc for galvanizing is now unrestricted, but it will continue to be limited in large measure by continued controls over the distribution and use of steel.

The War Production Board also announced a procedure by which gold mines may obtain materials and equipment for rehabilitating their properties. It was emphasized that this action does not authorize the reopening of gold mines for the production or milling of ore, but it permits reconditioning so that the mines will be ready for operation when Order L-208, under which the gold mines were closed, is revoked. For unrated equipment, applications will be handled by the War Production Board's field offices, while the Washington office will act on applications for equipment requiring preference ratings.

Employment Nonagricultural employment in the District increased 1 per cent from May to June, 1944, the latest month for which figures are available, reaching the highest level since February, 1944. However, June employment in all District states except Wyoming was lower than for the corresponding month in 1943. Manufacturing employment in the District also increased slightly from May to June but showed a somewhat larger decrease from a year ago than did nonagricultural employment as a whole. The small May to June gains were primarily seasonal, while the downward tendency through the year was due to curtailment of war production.

Department of Labor estimates of total nonagricultural employment:

	June 1944	Aver. 6 Mos. 1944	Change from '43	
	(Number)	(Number)	June	6 Mos.
			(Per cent)	(Per cent)
Colorado.....	264,000	262,300	-7	-7
Kansas.....	410,000	409,500	-2	-4
Missouri.....	950,000	949,500	-5	-3
Nebraska.....	256,000	256,500	-5	-4
New Mexico.....	79,100	77,400	0	-2
Oklahoma.....	376,000	375,200	-4	-1
Wyoming.....	63,300	61,000	+3	+3
Seven states.....	2,398,400	2,391,400	-4	-3
United States.....	38,824,000	38,786,000	-3	-2

AGRICULTURE

Crops Heavy rains over the eastern part of the District late in August and early in September greatly improved prospects for corn and grain sorghums, these crops giving promise of bumper production this year if frosts hold off. However, the

August rains came too late to be of material benefit to corn and cotton in Oklahoma, and in the western part of the District dryness continued generally.

According to September 1 prospects, corn production in this District in 1944 seems likely to be about one-third larger than a year ago and more than double the average from 1933 to 1942, which includes the drought years of the middle 30's. This large prospective output of corn is the result of several factors, including very favorable moisture in the main producing sections, a return to a more nearly normal acreage for this area, and increased use of hybrid seed corn. In Nebraska, the leading corn producing state of the District, the corn crop as of September 1 was estimated at about 311 million bushels, which exceeds by a considerable margin the previous record of 294 million bushels harvested in 1927. Although the crop is from a week to ten days late and September weather was not favorable for rapid maturity, reports late in the month indicated

RAINFALL

	Aug. 1944		8 Mos. 1944	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	0.96	1.43	12.39	10.76
Leadville.....	0.59	2.41	9.66	14.18
Pueblo.....	1.13	1.82	10.52	9.75
Lamar.....	0.69	1.92	19.60	11.88
Alamosa.....	0.11	0.97	4.11	5.01
Steamboat Springs....	0.17	1.53	15.91	15.92
KANSAS				
Topeka.....	6.93	4.21	31.64	23.13
Iola.....	5.53	3.58	36.59	25.84
Concordia.....	8.00	3.21	33.05	18.95
Salina.....	6.14	3.38	29.05	19.86
Wichita.....	4.77	3.13	33.35	21.80
Hays.....	5.43	3.08	25.62	17.75
Goodland.....	0.57	2.53	20.50	14.13
Dodge City.....	5.11	2.40	29.26	15.53
Elkhart.....	1.41	2.10	22.99	12.72
MISSOURI				
St. Joseph.....	11.54	3.83	39.68	25.94
Kansas City.....	7.97	3.54	37.55	24.60
Joplin.....	6.23	3.97	32.08	31.69
NEBRASKA				
Omaha.....	4.93	3.05	27.18	20.43
Lincoln.....	5.74	3.57	30.16	21.25
Norfolk.....	5.22	3.35	32.43	20.58
Grand Island.....	3.74	3.20	28.74	19.59
McCook.....	1.14	2.48	27.71	15.60
North Platte.....	0.78	2.39	16.74	14.99
Bridgeport.....	1.19	1.63	18.56	12.50
Valentine.....	1.66	2.17	21.43	14.80
NEW MEXICO				
Clayton.....	5.45	2.04	15.47	11.16
Santa Fe.....	2.35	2.41	9.13	10.26
Farmington.....	0.92	1.04	5.60	5.55
OKLAHOMA				
Tulsa.....	4.94	3.21	29.76	27.35
McAlester.....	4.56	3.54	27.89	30.09
Oklahoma City.....	1.97	2.89	25.61	21.87
Pauls Valley.....	3.27	2.72	26.87	24.13
Hobart.....	2.39	2.17	24.94	19.36
Enid.....	2.62	3.48	19.41	21.90
Woodward.....	2.27	2.68	22.87	18.31
WYOMING				
Cheyenne.....	0.03	1.55	18.88	11.78
Casper.....	Trace	0.94	9.06	10.54
Lander.....	Trace	0.53	14.77	9.41
Sheridan.....	0.42	0.91	21.45	11.47

that the bulk of Nebraska corn would be safe from frost by the first of October.

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

	Sept. 1 1944	Aug. 1 1944	Final 1943	Aver. '33-'42
	(In thousands of bushels)			
Colorado.....	14,586	16,796	14,430	11,721
Kansas.....	110,848	105,570	84,318	44,701
Missouri.....	172,060	149,938	139,810	102,573
Nebraska.....	310,590	253,721	216,632	116,838
New Mexico.....	2,970	2,970	2,930	2,614
Oklahoma.....	34,428	33,522	23,350	26,488
Wyoming.....	1,196	1,104	1,243	1,830
Seven states.....	646,678	563,621	482,713	306,765
United States.....	3,101,319	2,929,117	3,076,159	2,369,384

Seedbed preparation and the planting of winter wheat made rapid progress during August and September. Seeding began in south-central Kansas in the first week of August at an unusually early date. In Nebraska, about 40 per cent of the intended acreage had been seeded by the third week of September, but in Oklahoma many growers were waiting for rain before planting. Early planted wheat is up to a good stand except along the western edge of the wheat belt where topsoil moisture has been short.

Cash wheat prices, which since early in July had been supported by Commodity Credit Corporation loans at 90 per cent of parity and by purchases of wheat in storage at terminal markets at approximately the loan rate, rose appreciably above the support level near the middle of September. This strengthening of cash wheat prices was due principally to increasing scarcity of wheat on the open market, as growers withheld supplies or stored their grain under loan. The rise also reflected an increase of 25 per cent in feed wheat allocations for October and discussions of broadening the Government support program to include purchases of wheat at country elevators, purchases of the lower grades of wheat, and purchases of cash wheat for deferred delivery. Following the announcement on September 23 that Commodity Credit Corporation would purchase from producers at full parity prices less carrying charges all unredeemed wheat from the 1944 crop under loan on May 1, 1945, and would increase its current buying price from time to time during the season, cash wheat prices showed a further rise to regain the ceiling level that had obtained earlier this year prior to the movement of the new crop.

Livestock The top price of beef steers at Kansas City near the end of August and during the fore part of September was \$17.50 a hundredweight, the highest since 1928. In the latter part of September, beef cattle prices declined somewhat but the price spread between common and choice beef

steers remained unusually wide. Hog prices continued at the dual ceilings of \$14.50 a hundredweight for hogs weighing 240 pounds or less and \$13.75 a hundredweight for hogs weighing over 240 pounds.

Top carlot livestock prices at Kansas City:

	Sept. 29 1944	Aug. 1944	July 1944	Aug. 1943	Aug. 1942	Aug. 1941
	(In dollars per hundredweight)					
Beef steers.....	17.25	17.50	17.00	16.10	16.25	12.75
Stocker cattle.....	12.75	13.75	13.75	13.90	14.25	12.50
Feeder cattle.....	13.50	15.15	14.85	14.25	14.30	11.50
Calves.....	14.00	14.00	14.00	14.00	14.00	12.50
Hogs.....	14.50	14.50	14.50	14.75	14.80	12.05
Lambs.....	13.75	15.00	14.75	14.85	15.00	12.10
Slaughter ewes.....	5.35	5.25	6.50	7.50	6.50	5.25

Further improvement in the livestock feed situation is indicated by prospective supplies of feed grains, hay, and high protein feedstuffs for the 1944-45 season almost as large as those last season while the number of grain-consuming animals on farms next January 1 is expected to be 13 to 15 per cent below a year earlier. This easing of the feed shortage, together with excellent prospects for abundant fall wheat pasture and the generally good condition of range and pasture grass, has so far prevented any substantial liquidation in cattle numbers such as had been anticipated earlier.

Wool The quantity of wool shorn and to be shorn in this District in 1944 is estimated by the Department of Agriculture to be about 13 per cent less than that in 1943. The smaller 1944 wool clip is chiefly the result of a reduction of about 10 per cent in the number of sheep shorn. Liquidation of sheep numbers was unusually large in the latter part of 1943 and continuing into 1944, because of a shortage of competent and dependable herders and greatly increased wages for those available. The decrease in wool production is also due, in part, to lower average weights per fleece in nearly all states. For the country as a whole, wool production in 1944 shows a decrease of 8 per cent from last year and is the smallest since 1936.

Shorn wool production in the western range sheep states, which include the important producing states of Wyoming, Colorado, and New Mexico in this District, declined less percentagewise than that in the "native" or "fleece" wool states, which include Nebraska, Kansas, and Oklahoma in this District. The estimates of wool production in the "native" or "fleece" wool states include wool shorn at commercial feeding stations. The number of sheep shorn or to be shorn in 1944 at such stations is less than half the 1943 number, which was quite large as a result of the Government program to increase the production of shearing skins for use in aviators' equipment.

Department of Agriculture shorn wool estimates:

	WOOL PRODUCTION			SHEEP SHORN		
	1944	1943	Aver. '33-'42	1944	1943	Aver. '33-'42
	(Thousand pounds)			(Thousand head)		
Colorado.....	13,259	15,458	13,363	1,617	1,805	1,622
Kansas.....	5,563	7,155	4,128	685	839	527
Missouri.....	10,062	10,711	9,128	1,498	1,609	1,346
Nebraska.....	3,309	4,744	3,182	390	569	392
New Mexico.....	14,742	15,718	16,226	1,928	2,015	2,155
Oklahoma.....	2,495	3,194	2,133	308	363	254
Wyoming.....	29,118	32,997	31,146	3,065	3,367	3,258
Seven states.....	78,548	89,977	79,306	9,491	10,567	9,554
United States..	355,129	384,378	369,727	45,254	48,573	46,152

Farm income from shorn wool in 1944 will be considerably below last year's record income, because growers have less wool to sell this year than last. According to the Department of Agriculture, the average price received by United States growers in 1944 will be little different from the 1943 average of 41.6 cents a pound, grease basis, which was the highest for any year since 1920 and 74 per cent above the 1935-39 average price. The percentage increase in wool prices in 1944 over the prewar average, however, is less than the rise of 81 per cent shown in the general level of farm product prices. In 1939, farm prices of wool were somewhat higher in relation to the 1935-39 average price than were farm product prices as a whole, and during the early war years wool prices increased much more rapidly than the general average of farm prices. Since the establishment in February, 1942, of dollars and cents price ceilings for wool, however, prices of this commodity have increased relatively little, while prices received for farm products as a whole continued to rise rapidly. The Commodity Credit Corporation is buying practically all of the 1944 domestic clip at ceiling prices, less transportation, appraisal, and handling charges.

Commercial stocks of apparel wool in the United States on April 1, 1944, at the beginning of the new domestic clip year, totaled about 737 million pounds, grease basis, as compared with 257 million pounds in 1943, 350 million in 1942, and an average of 189 million pounds from 1937 to 1941. The 1944 carry-over comprised 261 million pounds of domestic wool and 476 million pounds of foreign wool. Privately owned stocks held by dealers and manufacturers amounted to 287 million pounds, of which 77 million was domestic and 210 million foreign wool. The Commodity Credit Corporation held about 184 million pounds of domestic and the Defense Supplies Corporation about 266 million pounds of foreign wool.

In relation to annual wool consumption, privately owned stocks of apparel wool last April were about equal to the average for the war years (1940-43) but were appreciably below the prewar (1935-39) average, while Government owned stocks were very large.

The stocks of Government owned foreign wool, however, currently are being reduced. In the first six months of 1944, consumption of foreign apparel wool by mills was at a rate about one-fifth higher than in 1943, reflecting increased output of civilian fabrics and expanded use of the lower priced foreign wools for this purpose. Between February 17, 1944, when stockpile wools were first offered at auction, and the end of August, the Defense Supplies Corporation disposed of about 116 million pounds of its holdings of foreign wool. On the other hand, mill consumption of domestic wool has been sharply lower this year with a decrease in the production of military fabrics which require use of domestic wool, and stocks of domestic wool in the hands of Commodity Credit Corporation are accumulating.

Mill consumption of apparel wool in the first half of 1944 totaled 298 million pounds on a scoured basis, little below the record consumption of 311 million pounds for the first half of 1943 and far above average consumption of 133 million pounds for the corresponding period of the years 1935 to 1939. Consumption had tended sharply downward during the last three quarters of 1943, when declines in the production of military fabrics were only partially offset by increases in the production of civilian fabrics. However, the growing volume of unfilled orders for civilian goods, together with new Government orders for military and war-aid fabrics, resulted in an increase in consumption for the first half of 1944 over the last half of 1943. If labor requirements can be met, and unless Government orders are cancelled, consumption for the entire year 1944 is expected to equal or exceed the 1943 record consumption of 592 million pounds.

Farm Income Cash receipts from farm marketings in this District in July were 6 per cent smaller than a year ago to record the first decrease from the preceding year for any month since January, 1941. A very large decline in Nebraska reflected chiefly smaller receipts from wheat and corn, while a substantial increase in Oklahoma was due principally to the bumper wheat crop in that state this year.

Department of Agriculture estimates of cash receipts from farm marketings:

	July	7 Mos.	Change from '43	
	1944	1944	July	7 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	16,653	144,528	-15	+15
Kansas.....	86,323	396,358	-6	+6
Missouri.....	64,599	374,053	+8	+12
Nebraska.....	43,051	397,089	-35	+12
New Mexico.....	6,051	35,022	+1	-13
Oklahoma.....	51,846	221,344	+25	+20
Wyoming.....	4,153	32,115	-12	+10
Seven states.....	272,676	1,600,509	-6	+11
United States.....	1,601,790	10,271,168	+4	+10

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial output and employment showed little change in August. Retail trade was at a new high level for the month. There was a small further rise in retail commodity prices.

INDUSTRIAL PRODUCTION

Output at factories and mines was 232 per cent of the 1935-39 average in August as compared with 231 for July, according to the Board's seasonally adjusted index of industrial production. Steel production was maintained, while output of nonferrous metals continued to decline. Over-all activity in the metal fabricating industries continued at the level of the preceding month. There were large increases in output of heavy trucks, tanks, and some other critical ordnance items in August; aircraft production showed little change; while ship-building declined.

Output increased in the shoe, woolen and worsted, and paper industries in August following a drop in July which reflected chiefly the curtailment of operations around the Fourth. Output of manufactured foods, after allowance for seasonal changes, declined in August, largely reflecting decreases in output of meats, dairy products, and sugar products. Distilleries were shifted for the month of August from production of industrial alcohol for war purposes and output of about 50,000,000 proof gallons of beverage spirits was reported. Production of other nondurable goods was maintained at the level of the preceding month.

Minerals output in August rose 2 per cent from July, reflecting increases in coal and crude petroleum. Crude petroleum production was at a rate 11 per cent above the same month last year.

DISTRIBUTION

Value of department store sales, according to the Board's seasonally adjusted index, was larger in August and the first half of September than in the first half of 1944 and averaged 12 per cent above the corresponding period of last year. In the third quarter the index at 90 per cent above the 1935-39 average has been at the highest level on record.

Carloadings of railroad freight were maintained in large volume in August. During the first three weeks in September loadings were slightly less than during the same period a year ago, owing to decreases in all classes of freight except merchandise in less than carload lots and miscellaneous shipments.

COMMODITY PRICES

Wholesale prices of farm products and foods showed small seasonal decreases from the middle of August to the middle of September. Maximum prices of such industrial goods as cotton fabrics, cement, and bricks were increased.

Retail prices of food and other cost of living items increased slightly in August and the average of all items was 2 per cent higher than a year ago, according to the Bureau of Labor Statistics index.

AGRICULTURE

Crop prospects improved during August and the early part of September and harvests of most major crops are expected to be larger than last season. Marketings of livestock products, which were at a record level earlier this year and 15 per cent higher than during the first six months of 1943, have declined in July and August to about the same level as that prevailing last year.

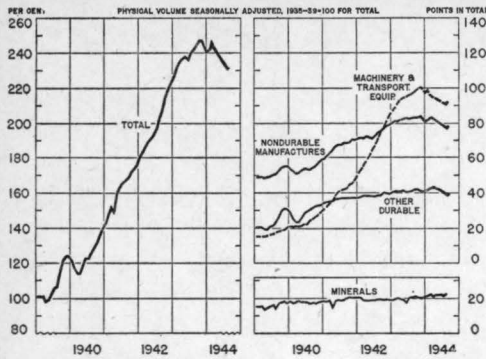
BANK CREDIT

Bank deposits of businesses and individuals, as well as currency in circulation, have increased since the end of the Fifth War Loan Drive. This increase in the money holdings of businesses and individuals is largely a reflection of the expenditures made by the Treasury from its war loan accounts built up during the drive. Adjusted demand and time deposits at member banks in leading cities increased by nearly 4 billion dollars between the close of the drive and mid-September, or by over three-quarters of the amount of reduction in such funds during the drive. Deposits at nonreporting banks probably increased by nearly 2 billion dollars. Treasury war loan accounts at banks declined by nearly 8 billion dollars.

In the same period loans and investments at weekly reporting member banks in 101 leading cities declined by 2.2 billion dollars. Loans to brokers and dealers for purchasing and carrying Government securities declined to a level approximately equal to that of the pre-drive period. There was, however, a temporary increase in such borrowings in late August and early September presumably associated with market transactions stemming from the Treasury offer to exchange certificates maturing on September 1 and notes maturing on September 15 for new issues. Loans to others for purchasing and carrying securities declined steadily, but on September 13 were still well above the pre-drive level. Government security holdings showed a net decline of 800 million dollars over the period, reflecting mainly substantial bill sales by reporting banks partially offset by some increase in bond holdings.

As the result of the increase in deposits of businesses and individuals, the average level of required reserves at all member banks rose by about a billion dollars between the close of the Fifth Drive and mid-September. In addition, a billion dollar increase in money in circulation and some further decrease in gold stock served to absorb reserve funds. Member bank needs for reserves due to these factors were met largely through an increase of 1.7 billion dollars in the Government security portfolio of the Federal Reserve Banks and there was also a slight increase in Reserve Bank discounts. Excess reserves declined from an average level of 1.4 billion at the close of the drive to somewhat less than a billion by early September.

INDUSTRIAL PRODUCTION



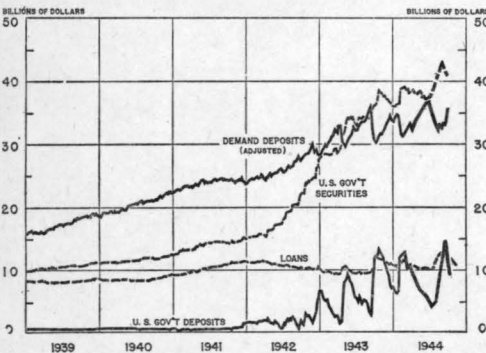
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures; latest shown are for August, 1944.

DEPARTMENT STORE SALES AND STOCKS



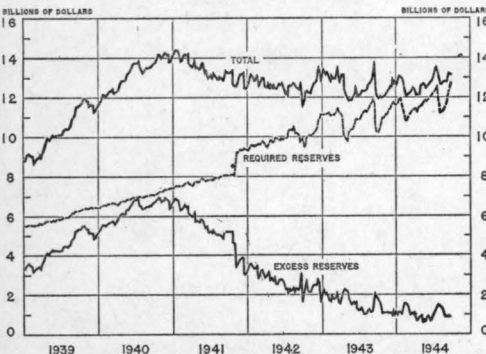
Federal Reserve indexes. Monthly figures; latest shown are for August, 1944.

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 September 13, 1944.

MEMBER BANK RESERVES



Breakdown between required and excess reserves partly estimated. Wednesday figures; latest shown are for September 20, 1944.