

MONTHLY REVIEW

Agricultural and Business Conditions

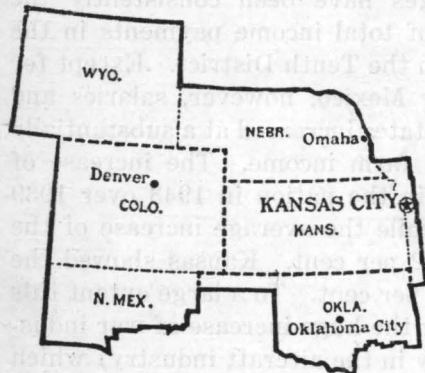
TENTH FEDERAL RESERVE DISTRICT

VOL. 29, No. 10

FEDERAL RESERVE BANK OF KANSAS CITY

OCTOBER 31, 1944

Business in the Tenth Federal Reserve District



Moisture conditions in the District in October generally were much improved over those prevailing during September. October rains were especially beneficial for winter wheat.

Abundant wheat pasture in many areas is a prime factor in increased lamb and cattle feeding operations this fall. Materially larger supplies of feed grains and roughage per animal unit because of the reduction in numbers of hogs and chickens also is a factor. Fall cattle marketings so far have not been unduly heavy.

Output at meat-packing plants, except for cattle and calf slaughter, and at flour mills, oil wells, and coal mines currently is below last year. Employment, particularly manufacturing employment, has dropped under a year ago, and cash receipts from farm marketings have leveled off. Despite this apparent leveling off in buying power, retail trade holds at a very high level.

BUSINESS INDICATORS	SEPTEMBER 1944 COMPARED WITH SEPTEMBER 1943					9 MOS. 1944 COMPARED WITH 9 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												62
Hogs												
Sheep												
Production												
Flour												
Cattle Slaughter												
Calf Slaughter												136
Hog Slaughter												
Sheep Slaughter												
Crude Petroleum												
Bituminous Coal												
Construction												
Total Awards												
Res. Awards	62											
Value of Permits												
Lumber Sales												
Miscellaneous												
Rainfall												
Cash Farm Income*												
Employment*												

*Latest available

INCOME PAYMENTS IN THE TENTH DISTRICT

Income payments to individuals in the seven states which lie wholly or partially within the Tenth Federal Reserve District, according to data recently published by the Department of Commerce, increased from 1939 to 1943 a little more rapidly than they did in the nation as a whole. Total income payments in the United States rose from 70.6 billion dollars in 1939 to 138.1 billion dollars in 1943, an increase of 96 per cent, while in the seven states of this District payments increased from 4,727 million dollars in 1939 to 9,572 million dollars in 1943, a rise of 103 per cent. Of the major items which make up total income payments, farm and property income in the Tenth District increased at a greater rate than in the nation at large, but salaries and wages and nonfarm business income increased at a less-than-average rate.

Among the seven states of the District the largest increase, 157 per cent, occurred in Kansas, while the smallest gain, 69.5 per cent, was in Wyoming. The per capita income in each of the seven states was below the national average both in 1939 and in 1943. In 1943 among the seven states Kansas had the highest per capita income, 1,003 dollars, which was only slightly below the national figure of 1,031 dollars. Colorado ranked second with an average of 950 dollars; Wyoming and Nebraska received 938 dollars and 937 dollars, respectively; Missouri, 896 dollars; and Oklahoma, 729 dollars. New Mexico received the smallest per capita income in the District, 656 dollars.

The explanation of these significant increases in total and per capita income payments may be found in the expansional effects of war upon our economy. The food demands of a nation at war have made net returns to farm operators one of the chief factors of the current rise in total income in the United States. This component of income payments to individuals is particularly important in the Tenth District, where farm income increased 233 per cent from 1939 to 1943 as compared with a rise of 181 per cent for the nation. The major portion of the increase of farm income in

the seven states took place in Kansas, Nebraska, and Colorado, where the rate of expansion has been consistently higher than that of total income since 1939. Recovering from the drought and depression of the 30's, in 1943 Kansas and Nebraska showed increases in farm income of 369 per cent and 358 per cent, respectively, and Colorado, 277 per cent. In Missouri also, especially in 1941 and 1942, net farm income showed an impressive gain which may be attributed chiefly to increased income from meat animals.

Salaries and wages have been consistently the largest component of total income payments in the United States and in the Tenth District. Except for Oklahoma and New Mexico, however, salaries and wages in the seven states increased at a substantially lower rate than did farm income. The increase of salaries and wages in the nation in 1943 over 1939 was 119 per cent, while the average increase of the seven states was 112 per cent. Kansas showed the highest change, 163 per cent. To a large extent this may be explained by the huge increase of war industry pay rolls (chiefly in the aircraft industry) which jumped from 12 million dollars in 1939 to 241 million dollars in 1943. Oklahoma and New Mexico showed increases of 129 per cent and 128 per cent, respectively, over 1939. This gain was caused in large part by Government war spending, especially in 1942 and 1943. Government payments in this area were due chiefly to pay of the armed forces and to allowances and allotments to dependents of military personnel. A record expansion of wage and salary payments in the contract construction industry played an important part in swelling the total of income payments in Oklahoma, where war industry pay rolls rose from 12 million dollars in 1939 to 140 million dollars in 1943. Contract construction pay rolls also expanded the volume of income payments in Kansas, Colorado, and Nebraska from 1941 to 1942. At the completion of military and industrial projects, however, construction pay rolls dropped sharply in these states in 1943.

INCOME PAYMENTS IN 1939 AND 1943

(In millions of dollars)

	Total		Salaries and Wages		Proprietors' Income				Property Income		Other	
					Farm Operators		Nonfarm Operators					
	1939	1943	1939	1943	1939	1943	1939	1943	1939	1943	1939	1943
Colorado.....	564	1,104	328	678	39	147	63	100	78	116	56	63
Kansas.....	693	1,786	392	1,030	83	389	82	156	85	145	51	66
Missouri.....	1,831	3,361	1,102	2,133	156	457	188	305	261	311	124	155
Nebraska.....	524	1,152	289	572	73	334	61	102	60	97	41	47
New Mexico.....	178	350	99	226	25	53	19	30	19	21	16	20
Oklahoma.....	796	1,580	426	975	105	249	90	153	101	109	74	94
Wyoming.....	141	239	83	144	23	51	13	18	13	17	9	9
Seven states.....	4,727	9,572	2,719	5,758	504	1,680	516	864	617	816	371	454
United States.....	70,601	138,101	43,850	96,092	4,114	11,575	6,859	11,576	11,023	13,448	4,755	5,410

This explains in large measure why the rise of total income payments in Colorado was relatively sharp in 1942 but below the national average in 1943.

Property income, consisting of dividends, interest, net rents and royalties, showed a larger percentage gain in the seven states than in the nation. The increase of 1943 over 1939 was 32 per cent for this District and 22 per cent for the entire country. The

largest increase occurred in the state of Kansas, where property income rose 70.6 per cent between 1939 and 1943. In Colorado, Nebraska, and Wyoming also property income rose at a rate higher than the average for the District. This may be partly accounted for by the fact that rents from farm land have tended to move in an upward direction with prices for agricultural products.

BUSINESS AND AGRICULTURAL CONDITIONS

FINANCE

Member Bank Credit The Government bond holdings of the 50 weekly reporting member banks in the Tenth District expanded by 18 million dollars in the five weeks ended October 18. The holdings of shorter term Government securities declined, however, and the net result was a decrease of 11 million dollars in Government securities. A considerable proportion of the decrease in Treasury bills was made for the purpose of maintaining or increasing reserves with the Federal Reserve Bank. Most of the bonds were purchased by a few reporting banks that reduced their holdings of shorter term Government securities during this period. For a majority of them, this reduction exceeded the increase in Government bonds.

Principal items of condition of 50 member banks:

	Oct. 18 1944	Change from Sept. 13 1944	Oct. 20 1943
	(In thousands of dollars)		
Loans and investments—total.....	1,866,566	-11,619	+115,730
Loans—total.....	328,908	-507	-40,343
Coml., indust., agric.....	208,549	-132	-38,648
To security brokers and dealers.....	3,685	-196	-3,713
Other to purchase or carry secur.....	22,384	-1,607	+8,438
Real estate loans.....	36,948	-421	-3,323
Loans to banks.....	0	0	-1,001
All other loans.....	57,342	+1,849	-2,096
Investments—total.....	1,537,658	-11,112	+156,073
U. S. Treasury bills.....	86,596	-11,546	-101,585
U. S. Treas. certif. of indebt.....	391,070	-7,067	+86,975
U. S. Treasury notes.....	291,099	-10,442	+59,383
U. S. Govt. bonds.....	605,614	+17,535	+124,960
Oblig. guar. by U. S. Govt.....	37,430	-40	-15,659
Other securities.....	125,849	+448	+1,999
Reserve with F. R. Bank.....	406,761	+12,191	+49,592
Balances "due from" banks—net.....	279,098	+2,994	-49,981
Demand deposits—adjusted.....	1,244,288	+34,635	+172,793
Time deposits.....	216,078	+7,171	+49,785
U. S. Govt. deposits.....	178,347	-60,397	-146,390
Deposits "due to" banks—net.....	817,633	+21,155	+29,657

Bank Debits Dollar volume of debits to deposit accounts at banks in reporting cities in this District was 4 per cent less in September than in the corresponding month a year earlier. The only other month since September of 1940 showing a decrease in bank debits from the preceding year was April of this year. The decrease last month was fairly general throughout the District, as decreases

TENTH DISTRICT DAILY AVERAGE MEMBER BANK RESERVES

	Held	Required	Excess	Ratio Excess to Required
	(In millions of dollars)			(Per cent)
Reserve city banks				
Sept. 16-30, 1944.....	410	377	33	9
Sept. 1-15, 1944.....	412	377	35	9
Aug. 16-31, 1944.....	407	371	36	10
Sept. 16-30, 1943.....	381	317	64	20
Country banks				
Sept. 16-30, 1944.....	207	155	52	34
Sept. 1-15, 1944.....	207	153	55	36
Aug. 16-31, 1944.....	203	148	55	37
Sept. 16-30, 1943.....	185	116	69	60

occurred in 26 of the 33 reporting cities. Moreover, bank debits showed a decline for the nation as a whole. As was the case in April, the explanation of the contraction of bank debits is that a war loan drive was under way in the corresponding month last year; whereas there was no drive in September, 1944.

Bank debits to deposit accounts in District cities:

	Sept. 1944	9 Mos. 1944	Change from Sept. 1944	9 Mos. 1944
	(Thousand dollars)			
	(Per cent)			
Colo. Springs, Colo.....	21,988	203,869	-14	+3
Denver, Colo.....	283,472	2,492,243	-12	+6
Gr. Junction, Colo.....	7,082	58,222	-15	+17
Greeley, Colo.....	10,543	77,729	-5	+8
Pueblo, Colo.....	20,845	183,592	-6	+3
Atchison, Kans.....	5,987	56,356	-4	+13
Emporia, Kans.....	6,434	59,215	-4	+13
Hutchinson, Kans.....	22,369	234,339	0	+16
Independence, Kans.....	3,413	38,822	-31	-4
Kansas City, Kans.....	37,633	360,710	-5	+13
Lawrence, Kans.....	6,588	61,095	-12	+6
Parsons, Kans.....	5,536	51,826	-8	+6
Pittsburg, Kans.....	6,532	59,524	-9	-6
Salina, Kans.....	20,074	211,578	-18	+7
Topeka, Kans.....	47,451	508,148	-20	+5
Wichita, Kans.....	200,353	1,750,251	+17	+29
Joplin, Mo.....	16,834	147,868	-7	+19
Kansas City, Mo.....	650,208	5,853,425	-6	+7
St. Joseph, Mo.....	53,771	519,210	-7	+14
Fremont, Nebr.....	6,958	58,417	-6	0
Grand Island, Nebr.....	13,027	116,896	-11	+4
Lincoln, Nebr.....	43,048	440,241	-23	+7
Omaha, Nebr.....	321,859	2,970,504	-9	+2
Albuquerque, N. M.....	30,224	271,741	-6	+5
Bartlesville, Okla.....	43,402	372,343	+11	+22
Enid, Okla.....	20,104	202,481	+9	+32
Guthrie, Okla.....	2,595	22,260	+5	+22
Muskogee, Okla.....	14,842	137,165	-20	0
Okla. City, Okla.....	175,136	1,453,754	+27	+7
Okmulgee, Okla.....	3,136	31,004	-25	-6
Tulsa, Okla.....	259,566	2,210,058	+5	+17
Casper, Wyo.....	10,249	90,506	+5	+20
Cheyenne, Wyo.....	17,150	163,776	-20	+9
District, 33 cities.....	2,388,409	21,469,168	-4	+9
U. S., 334 cities.....	70,389,000	649,061,000	-7	+11

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in September was 13 per cent larger than a year ago, and in the first three weeks of October sales were about 15 per cent larger, reflecting heavy buying of fall merchandise as well as gift buying prior to the October 16 deadline for mailing Christmas packages to members of the armed forces overseas. Department store stocks in September, as in the preceding month, increased less than is usual, and inventories on September 30 were 6 per cent under a year earlier. Volume of orders outstanding was about the same as that last year, but reports indicate that merchants increasingly are restricting forward commitments for substitute merchandise.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Sept. '44	9 Mos. '44	Sept. 30, '44	Sept. 30, '43
	comp. to Sept. '43	comp. to 9 Mos. '43	comp. to Sept. 30, '43	comp. to Sept. 30, '43
	(Per cent increase or decrease)			
Denver.....	7	+11	+5	-14
Hutchinson.....	3	+21	+19	*
Topeka.....	3	+20	+16	*
Wichita.....	4	+13	+17	*
Joplin.....	3	+10	+10	*
Kansas City.....	8	+13	+9	+3
St. Joseph.....	3	+20	+17
Omaha.....	4	+11	+12	*
Oklahoma City.....	6	+15	+17	-15
Tulsa.....	5	+15	+9	+8
Other cities.....	31	+16	+8	0
District.....	77	+13	+10	-6

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing The slaughter of cattle in September, as indicated by packers' purchases at leading District markets, was moderately above a year ago and that of calves continued substantially higher, while hog and sheep slaughter showed a further decline from last year. Cattle and calf slaughter has attained the largest volume since the 1934 drought. The unusually heavy slaughter of calves is due partly to high prices of milk and butterfat in relation to prices of dairy cows, partly to an increased consumer demand for unrationed veal, and partly to a restricted feeder demand for calves. United States cold storage stocks of meats and lard, including Government holdings, continued to decline during September, and on October 1 total meat stocks were 4 per cent and lard stocks 14 per cent below a year earlier, although beef holdings were still about one-fourth larger.

Flour Milling Southwestern flour milling operations rose from an average of 83 per cent of full-time capacity in August to 86 per cent in September. In the last week of September, operations were at a rate of 90 per cent of capacity but in the

fore part of October they dropped temporarily because of a strike at Kansas City mills extending from October 3 to October 10. Flour production in September continued at about the level of a year ago, decreases in output at Salina and Wichita being offset by increases at Kansas City and other centers. A shortage of boxcars for flour shipments was reported to be a factor retarding milling operations at Salina.

A sharp advance in wheat prices near the middle of September placed many mills in a position where they were unable to sell flour under ceiling prices on the basis of the September subsidy of 11 cents a bushel on hard wheat milled into flour. To offset the rise in wheat prices, the Defense Supplies Corporation raised the subsidy rate on the milling of hard wheat to 18 cents a bushel for the period October 1 through 10 and announced that the rate for the period October 11 through 31 would be 17 cents, for the month of November 18 cents, and for December 19 cents. Coincident with the increase in the subsidy, southwestern flour sales increased substantially in the first week of October, following two months of exceptional dullness, during which the backlog of orders on mills' books had been worked down considerably and stocks in the hands of many buyers had declined to an average of little more than 30 days.

Petroleum The Petroleum Administration for War certified the production rate of all petroleum liquids for September at 5,051,300 barrels daily. The attained rate of crude production for the month was 4,730,000 barrels daily, an increase over the record output for August. A new high in crude oil production of 4,758,200 barrels was reached during the week of September 30, topping the previous record of September 16 by 16,100 barrels.

For October the production rate was set at 5,010,800 barrels daily, a net decrease of 40,500 barrels from the certification for September. As of October 7, national daily output of crude oil was 4,697,350 barrels, a decline from the production peak of September 30, but an increase of 7 per cent over the corresponding period of 1943. Crude oil stocks as of October 7 showed a decline of 5 per cent from last year and residual fuel-oil stocks a decrease of 3 per cent. Gasoline stocks and gas oil and distillate stocks increased 14 per cent over the corresponding period of 1943. Refinery runs were up 10 per cent.

According to the Bureau of Mines, water-flooding operations constitute one of the most promising measures to prevent the premature abandonment of producing properties as well as to ease the present acute shortage of crude oil. Since 1936 the injection of 41,000,000 barrels of water into partly depleted

oil-bearing sands in Kansas has yielded more than 4,000,000 barrels of oil. Most of the water-repressuring operations, all of which have been confined to fifty-two projects in thirteen counties in the southeastern part of the state, were begun when the properties had almost reached their economic limit of primary production.

Other reports indicate that gas repressuring as a secondary recovery method is being used successfully in the Lance Creek and Rock Creek fields of Wyoming and in other Rocky Mountain fields. The principle involved in this operation is to introduce gas from outside sources by pumping into the high part of the producing sand to restore the pressure lost after large amounts of crude oil have been taken from the well. In Salt Creek, Wyoming, recycling, a slightly different method of operation, is also being used with success.

Metals The Surplus Property Act recently enacted contains a section dealing with the stockpiling of strategic minerals and metals. This feature of the law is a compromise of a provisional nature which was passed over considerable opposition. Although it provides for stockpiling, it is significant chiefly as a reassertion of the principle of stockpiling pending further consideration by the next Congress. One of the most controversial issues, which no doubt will be revived, is whether stockpiling should be used solely for defense purposes, or whether it should be used in an attempt to facilitate the postwar readjustment of the minerals and metals industries.

The sources of the stockpile are the stocks of such commodities in the hands of Government agencies and Government corporations to the extent that these are declared to be surplus under the Act. Strategic minerals and metals are defined to include lead, zinc, cadmium, twenty other specified minerals and metals, and such others as the Army and Navy Munitions Board may determine to be necessary for the stockpile authorized by the Act of June 7, 1939. The War Production Board is required to determine the extent to which the quantities of the respective minerals and metals available to industry are insufficient for its requirements for a period of six months. The owning agencies are obligated to withhold equivalent amounts from transfer to the stockpile, and they may dispose of these amounts at their respective market prices. The additional holdings constitute surplus and are to be transferred to the Treasury Procurement Division.

The materials placed in the stockpile will be subject to the stockpile legislation passed in 1939. Accordingly, they may be used only upon the order of the

President in time of war or when a national emergency exists because of the threat of war. Any change in this policy requires action of the Congress.

Three months after the passage of the Surplus Property Act, the Army and Navy Munitions Board is required to submit to the Congress its recommendations respecting the maximum and minimum amounts of each mineral or metal which should be held in the stockpile. One year later, unless Congress provides otherwise by law, the Surplus Property Board may authorize the disposal of any Government-owned accumulations of these minerals and metals determined to be surplus. Apparently any surpluses previously transferred to the stockpile would remain there subject to the provisions of the Act of 1939.

It remains to be seen whether there will be surpluses above the requirements of industry for most of these minerals and metals during the life of this Act. Lead, for example, is becoming increasingly scarce, as manpower shortage causes reduction in domestic output, and the Government's holdings of lead of foreign origin have been greatly reduced. Consequently, some members of the trade are wondering whether further restrictions may be placed on the uses of lead.

The supply of zinc is less tight, but the uses of zinc are still restricted. The War Production Board has estimated that the end of the European phase of the war will cause approximately a 25 per cent cutback in war requirements of zinc, but civilian requirements probably will absorb more than that amount when restrictions on its uses are removed. Cadmium remains one of the tightest metals, and currently its consumption exceeds production. The end of the European war is expected to bring little change in its war requirements, and thus restrictions on civilian uses will not even be reduced.

Employment Nonagricultural employment in the Tenth District showed a decrease of 98,700 (4 per cent) from July, 1943, to July, 1944, the latest month for which figures are available, which was due largely to curtailment in war industries. In only one state, Wyoming, was there a gain. Manufacturing employment declined to a greater extent, 7 per cent, although there were small gains in four of the seven states. The upward trend in non-agricultural employment in the District since April was halted with a slight loss from June to July. The number of factory workers was practically unchanged from June to July.

Similar tendencies and influences were reflected in the nation as a whole, although the decreases in July

from the same period a year ago were somewhat smaller than in the District. The decline in nonagricultural employment was 3 per cent and in manufacturing 6 per cent. The loss in nonagricultural employment from June to July was negligible but manufacturing was lower by 1 per cent.

Department of Labor estimates of total nonagricultural employment:

	July 1944	Aver. 7 Mos. 1944	Change from '43 July	7 Mos. (Per cent)
	(Number)		(Per cent)	
Colorado.....	265,000	262,700	-7	-7
Kansas.....	407,000	409,100	-2	-4
Missouri.....	947,000	949,100	-5	-3
Nebraska.....	257,000	256,600	-2	-4
New Mexico.....	79,500	77,700	-3	-2
Oklahoma.....	376,000	375,300	-5	-1
Wyoming.....	62,600	61,200	+3	+3
Seven states.....	2,394,100	2,391,700	-4	-3
United States.....	38,730,000	38,781,000	-3	-2

Since the first of August, changes in the classification of labor market areas in the District by the War Manpower Commission have transferred Hastings, Nebraska, from Group I (acute shortage) to Group II (labor stringency); Omaha from Group III (slight surplus) to Group II; and the Kansas City area from Group III to Group IV (substantial surplus). At present in the labor shortage regions, Nebraska areas have a greater scarcity of men than of women; Kansas needs both men and women; while two Colorado areas lack unskilled male laborers for heavy work.

AGRICULTURE

Crops Moisture conditions in most sections of the

District at the middle of October were much improved over those prevailing in September. Rains near the end of September broke a drought of over two months' duration in central and western Wyoming and brought abundant moisture to much of Kansas and Oklahoma. During the forepart of October, additional heavy rains occurred in Kansas and Oklahoma and light to moderate rainfall was received in many other District areas. Dryness in September had been especially pronounced in Colorado, Wyoming, Nebraska, and in western Kansas. Colorado received only 32 per cent and Nebraska 43 per cent of normal rainfall for the month, while Wyoming had 75, Kansas 69, Missouri 71, Oklahoma 91, and New Mexico 106 per cent of normal rainfall.

The dry weather of September was favorable for harvesting operations and for maturity of corn, sorghums, dry beans, and other late crops. Subsequent wet weather in October, although interfering with harvest, generally provided moisture needed to permit farmers to complete winter wheat seeding. Feed grain production, as a whole, is of bumper pro-

portions. A new high record in corn production is forecast for Nebraska, based upon October 1 conditions. Although acreage in that state is only normal, yields per acre are exceptionally heavy, and at least 90 per cent of the crop matured fully before frost.

Department of Agriculture corn estimates:

	Oct. 1 1944	Sept. 1 1944	Final 1943	Aver. '33-'42
	(In thousands of bushels)			
Colorado.....	15,028	14,586	14,430	11,721
Kansas.....	112,608	110,848	84,318	44,701
Missouri.....	174,518	172,060	139,810	102,573
Nebraska.....	328,088	310,590	216,632	116,838
New Mexico.....	3,060	2,970	2,930	2,614
Oklahoma.....	35,334	34,428	23,350	26,488
Wyoming.....	1,196	1,196	1,243	1,830
Seven states.....	669,832	646,678	482,713	306,765
United States.....	3,196,977	3,101,319	3,076,159	2,369,384

Early planted winter wheat generally is up to a good stand, and prospects for wheat pasture in many areas of Kansas, Oklahoma and Nebraska are the best in many years. A considerable acreage of wheat,

	RAINFALL			
	Sept. 1944		9 Mos. 1944	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	Trace	0.99	12.39	11.75
Leadville.....	0.32	1.37	9.98	15.55
Pueblo.....	0.20	0.75	10.72	10.50
Lamar.....	0.16	1.24	19.76	13.12
Alamosa.....	0.44	1.11	4.55	6.12
Steamboat Springs.....	0.44	1.71	16.35	17.63
KANSAS				
Topeka.....	3.03	4.10	34.67	27.23
Iola.....	4.12	4.65	40.71	30.49
Concordia.....	1.39	2.66	34.44	21.61
Salina.....	1.47	2.95	30.52	22.81
Wichita.....	2.20	3.33	35.55	25.13
Hays.....	0.44	2.27	26.06	20.02
Goodland.....	0.76	1.60	21.26	15.73
Dodge City.....	1.36	2.08	30.62	17.61
Elkhart.....	1.11	1.64	24.10	14.36
MISSOURI				
St. Joseph.....	0.85	3.92	40.53	29.86
Kansas City.....	4.38	3.82	41.93	28.42
Joplin.....	3.25	3.92	35.33	35.61
NEBRASKA				
Omaha.....	0.92	3.21	28.10	23.64
Lincoln.....	0.85	2.98	31.01	24.23
Norfolk.....	1.60	2.85	34.03	23.43
Grand Island.....	1.22	2.60	29.96	22.19
McCook.....	0.07	1.76	27.78	17.36
North Platte.....	0.13	1.35	16.87	16.34
Bridgeport.....	0.43	1.33	18.99	13.83
Valentine.....	0.11	1.30	21.54	16.10
NEW MEXICO				
Clayton.....	0.85	1.86	16.32	13.02
Santa Fe.....	1.29	1.63	10.42	11.89
Farmington.....	0.91	1.14	6.51	6.69
OKLAHOMA				
Tulsa.....	3.96	3.32	33.72	30.67
McAlester.....	0.62	3.46	28.51	33.55
Oklahoma City.....	2.20	3.05	27.81	24.92
Pauls Valley.....	3.81	3.18	30.68	27.31
Hobart.....	2.85	2.91	27.79	22.27
Enid.....	4.52	3.06	23.93	24.96
Woodward.....	1.95	2.80	24.82	21.11
WYOMING				
Cheyenne.....	0.18	1.20	14.06	12.98
Casper.....	1.08	1.20	10.14	11.74
Lander.....	2.32	0.92	17.09	10.33
Sheridan.....	0.66	1.27	22.11	12.74

however, remained to be planted in October in Oklahoma and along the western edge of the wheat belt in eastern Colorado and western Kansas, where top soil moisture in September had been short. Reports indicate that wheat plantings will possibly equal the increased 1945 goals of 13,500,000 acres in Kansas and 5,800,000 acres in Oklahoma. A year ago, 13,317,000 acres were planted to wheat in Kansas and 5,130,000 acres in Oklahoma.

By the terms of a Memorandum of Agreement signed by the four major wheat producing nations—the United States, Canada, Australia, and Argentina—and the United Kingdom as the principal importing country, the United States has been allocated 16 per cent, or 72 million bushels, as its share of an estimated postwar wheat export trade of 450 million bushels annually. The Memorandum of Agreement will be in effect until the proposed world wheat conference takes action or until superseded by another agreement or until two years after the war. These prospective exports of 72 million bushels a year amount to about 10 per cent of average peacetime production; in years of billion bushel production as at present, a surplus of from 200 to 300 million bushels of United States wheat is available for export. Agreement on export prices is to be effected early next year; currently, domestic wheat prices are about 40 cents a bushel above world prices.

Livestock According to the Department of Agriculture, developments in the cattle feeding situation to the first of October indicated that the number of cattle to be fed in western Corn Belt states, especially Nebraska and Kansas, during the coming winter will be higher than it was a year earlier. An increase in cattle feeding also is in prospect in the wheat pasture sections of Oklahoma and Texas, but in the eastern Corn Belt cattle feeding is expected to be considerably reduced, and in states outside the Corn Belt little changed, from last season. Factors favoring increased cattle feeding include higher fat cattle prices and generally lower feeder cattle prices than a year ago, the promising outlook for winter wheat pasture, and materially larger supplies of feed grains and roughage per animal unit.

If present excellent prospects for wheat pasture are realized, there will be a substantial increase in the number of lambs finished on wheat pastures in Kansas and Texas this winter, a considerable decrease in the number finished in feed lots in the Corn Belt, and not much change in the number fed in western states. The 1944 lamb crop in western sheep states, which furnish nearly all of the lambs for feeding, was about a million head smaller than the 1943

crop, and the slaughter of new crop lambs prior to October 1 was heavier this year than last. Because of the smaller supply of lambs available for feeding and the anticipated large shipments into Kansas, the movement of lambs into other states will probably be relatively small. In Colorado, the principal western feeding state, lamb feeding operations will be about the same as last year, an increase in feeding in northern Colorado offsetting a considerable reduction in the Arkansas Valley.

Fall marketings of cattle and sheep have been somewhat early and large from parts of Colorado, Wyoming, and western Nebraska, where ranges were dry in September, but otherwise marketings so far have not been especially heavy. Prices of best fat steers and lambs were well maintained through the first three weeks of October, while improved demand for stockers and feeders has tended to limit seasonal price declines for the lower grades of slaughter livestock. Light receipts and heavy demand continued to hold hog prices at ceiling levels in October for the third successive month.

Top carlot livestock prices at Kansas City:

	Oct. 25 1944	Sept. 1944	Aug. 1944	Sept. 1943	Sept. 1942	Sept. 1941
	(In dollars per hundredweight)					
Beef steers.....	17.00	17.50	17.50	16.35	16.35	12.60
Stocker cattle.....	13.50	12.75	13.75	13.50	13.50	12.50
Feeder cattle.....	13.75	14.65	15.15	14.15	14.00	11.25
Calves.....	14.00	14.00	14.00	14.00	14.00	13.00
Hogs.....	14.50	14.50	14.50	14.95	14.95	12.25
Lambs.....	14.00	14.25	15.00	15.00	14.50	12.50
Slaughter ewes.....	5.50	5.35	5.25	6.75	6.10	5.50

Farm Income Cash receipts from farm marketings in this District in August were little changed from a year ago, decreases in Nebraska and New Mexico being offset by increases in other states. In Nebraska, receipts in August were down one-third from last year, owing principally to the smaller wheat crop this year, the depletion of supplies of old crop corn for sale, and greatly reduced hog marketings. A moderate decrease in receipts in New Mexico both for August and for the year to date was attributable chiefly to smaller marketings of cattle and sheep. Farm income is substantially higher this year in Oklahoma, where bumper output of crops occurred.

Department of Agriculture estimates of cash receipts from farm marketings:

	Aug. 1944	8 Mos. 1944	Change from '43 Aug.	8 Mos. 1943
	(Thousand dollars)		(Per cent)	
Colorado.....	31,096	175,624	+1	+12
Kansas.....	82,775	479,133	+8	+7
Missouri.....	55,266	429,319	+2	+10
Nebraska.....	43,413	440,502	-34	+5
New Mexico.....	6,269	41,291	-7	-12
Oklahoma.....	58,842	280,186	+47	+25
Wyoming.....	7,270	39,385	+4	+9
Seven states.....	284,931	1,885,440	+1	+9
United States.....	1,690,124	11,961,292	-5	+8

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Output at factories and mines in September and the early part of October was maintained close to the August level. Value of department store sales continued to show increases above last year. There were mixed movements in commodity prices with a sharp decline in the price of steel scrap.

INDUSTRIAL PRODUCTION

Industrial production in September was 231 per cent of the 1935-39 average, according to the Board's seasonally adjusted index, as compared with 232 in August and 230 in July.

Activity in most industries manufacturing durable goods showed slight decreases in September and there were further large declines in production of aluminum and magnesium. Steel output averaged 93.4 per cent of capacity, somewhat below the August rate, but showed an increase during the first 3 weeks of October. Easing of military demand for steel led to some increase in allocations for civilian production during the fourth quarter. Aircraft production and output in the automobile industry were maintained during September at the level of the preceding month.

Output of textile and leather products continued to increase in September from the reduced July level. Shoe production advanced to the highest rate reached since the spring of 1942. Output of manufactured food products, as a group, was maintained at the level of the preceding month after allowance for seasonal change. Butter production continued about 15 per cent below last year. Hog slaughter declined further in September, while cattle slaughter continued to increase more than is usual at this season and reached a record rate for the wartime period—about 50 per cent above the 1935-39 average. Beverage distilleries resumed production of alcohol for industrial purposes in September after turning out an exceptionally large amount of whiskey and other distilled spirits during August.

Crude petroleum production continued to rise in September, while output of coal and other minerals showed little change.

DISTRIBUTION

Department store sales in September showed about the usual large seasonal increase and were 14 per cent larger than a year ago. In the first half of October sales rose sharply and were 16 per cent above the high level that prevailed in the corresponding period last year, reflecting in part the greater volume of Christmas shopping prior to the overseas mailing deadline.

Carloadings of railway freight during September and the first half of October were slightly lower than a year ago owing to decreases in shipments of raw materials, offset in part by increased loadings of war products and other finished goods.

COMMODITY PRICES

Prices of grains and some other farm products were higher in the third week of October than in the early part of September and there were scattered increases during this period in wholesale prices of industrial products. Prices of steel scrap and nonferrous metal scrap, however, declined; steel scrap was reduced from ceiling levels by 3.40 dollars per ton, or 18 per cent, to the lowest prices offered since August, 1939.

AGRICULTURE

Crop production in 1944 will rank with 1942 when the largest production in history was harvested. Corn production is estimated at 3.2 billion bushels; this, together with other feed grains, wheat, and good pastures, will go far to prevent too rapid marketings of livestock. Commercial truck crops for the fresh market will not only exceed 1943 production but appear likely to exceed the 1942 record by about 11 per cent; deciduous fruit production is about 20 per cent above 1943, and citrus fruit production may equal or possibly exceed that of last year in spite of recent storm damage.

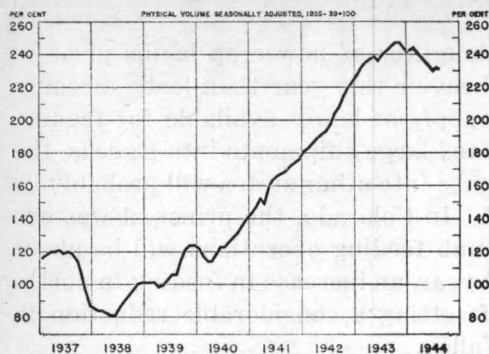
BANK CREDIT

Expenditure by the Treasury of funds received during the Fifth War Loan Drive continued in large volume during the latter half of September and the first half of October, and United States Government deposits at banks declined. Time deposits at weekly reporting banks in 101 leading cities rose by about 300 million dollars in the five weeks ended October 18, and demand deposits of business and individuals, which decreased somewhat in the latter part of September partly as a result of tax payments, increased again in October. Currency in circulation increased by 660 million dollars in the five weeks ended October 18. This unusually large outflow of currency may have been associated with purchases of overseas Christmas gifts during the period.

Reporting banks in 101 cities reduced their Government security holdings during the five weeks ended October 18 by about 900 million dollars. Treasury bill holdings declined by 370 million dollars and certificate holdings by 530 million. These sales were largely made to meet the currency drain and increased reserve requirements. During the same period the Reserve Banks purchased 680 million dollars in Government securities. Excess reserves continued to fluctuate during this period at a level of close to a billion dollars.

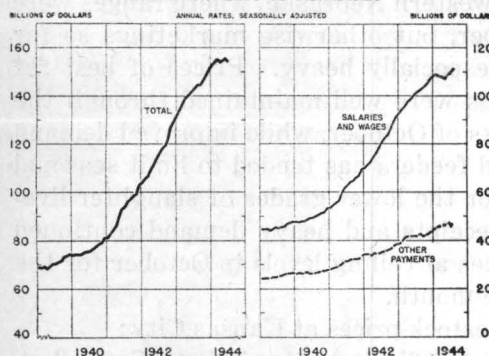
Commercial loans at weekly reporting banks increased steadily during September and early October. Loans to brokers and dealers in securities increased somewhat, reflecting in part large flotations of new corporate issues during the period. Loans to others for purchasing and carrying Government securities, although declining steadily, were in mid-October still about 280 million dollars above their pre-drive level in June.

INDUSTRIAL PRODUCTION



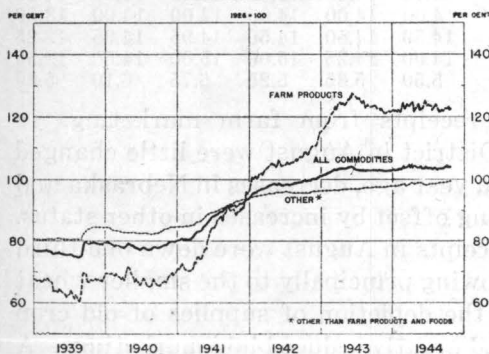
Federal Reserve index. Monthly figures; latest shown is for September, 1944.

INCOME PAYMENTS TO INDIVIDUALS



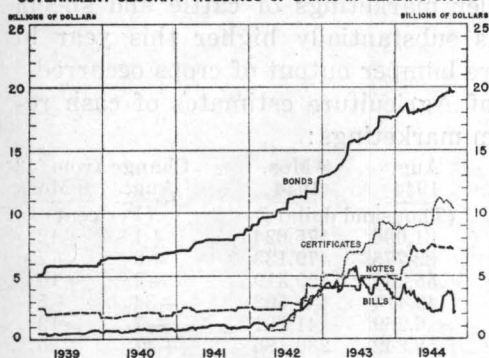
Based on Department of Commerce estimates. Wages and salaries include military pay. Monthly figures raised to annual rates, latest shown are for August, 1944.

WHOLESALE PRICES



Bureau of Labor Statistics' indexes. Weekly figures; latest shown are for week ending October 21, 1944.

GOVERNMENT SECURITY HOLDINGS OF BANKS IN LEADING CITIES



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures; latest shown are for October 18, 1944.