

MONTHLY REVIEW

Agricultural and Business Conditions

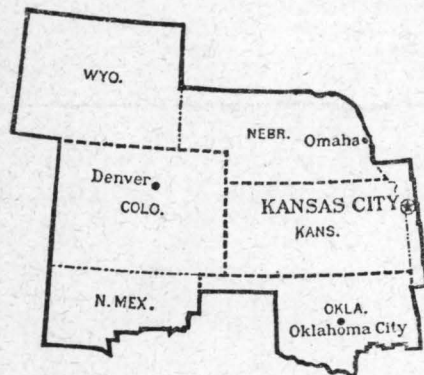
TENTH FEDERAL RESERVE DISTRICT

VOL. 29, No. 11

FEDERAL RESERVE BANK OF KANSAS CITY

NOVEMBER 30, 1944

Business in the Tenth Federal Reserve District



A very large acreage of fall planted wheat in this District is going into the winter in excellent condition. Preliminary estimates indicate that the Kansas acreage will exceed the 1945 goal by a wide margin.

The livestock feed situation shows further improvement. In the eastern part of the District, where feed supplies and winter wheat pasture are abundant, cattle and lamb feeding are on an increased scale this winter, and a larger spring pig crop in 1945 is expected. In western states of the District, feeding operations are restricted, and marketings of range cattle have been heavy.

Department store sales in October and November were at new high levels for the season, reflecting the large accumulation of consumer buying power. Cash receipts from farm marketings recently have been little changed from a year ago, while industrial employment for some time has been below last year.

BUSINESS INDICATORS	OCTOBER 1944 COMPARED WITH OCTOBER 1943					10 MOS., 1944 COMPARED WITH 10 MOS. 1943						
	% DECREASE		% INCREASE			% DECREASE		% INCREASE				
	40	30	20	10	10	20	30	40	10	20	30	40
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												54
Hogs												
Sheep												
Production												
Flour												
Cattle Slaughter												
Calf Slaughter												III
Hog Slaughter												
Sheep Slaughter												
Crude Petroleum												
Bituminous Coal												
Construction												
Total Awards												
Res. Awards	56									61		
Value of Permits												
Lumber Sales												
Miscellaneous												
Rainfall												
Cash Farm Income*												
Employment*												
*Latest available												

FINANCE

Bank Debits Dollar volume of debits to deposit accounts at banks in the thirty-three reporting cities of the Tenth District was 5 per cent higher in October of this year than in October, 1943. For the first ten months of the year debits were 9 per cent higher than for the corresponding months of last year. These increases compare with increases of 11 per cent over 1943 in the United States as a whole, both for October and for the ten-month period. Increases were general over the District, except in Colorado, where four out of five reporting cities showed decreases in the October to October comparison. In other states of the District, only four cities out of twenty-eight showed decreases. For the ten-month period, only three cities in the District showed decreases.

Bank debits to deposit accounts in District cities:

	Oct.	10 Mos.	Change from '43	
	1944	1944	Oct.	10 Mos.
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo....	20,720	224,589	-13	+1
Denver, Colo.....	290,352	2,782,595	-15	+4
Gr. Junction, Colo....	8,013	66,235	-6	+14
Greeley, Colo.....	11,458	89,187	+5	+7
Pueblo, Colo.....	18,861	202,453	-2	+2
Atchison, Kans.....	5,766	62,122	+7	+13
Emporia, Kans.....	8,589	67,804	+26	+15
Hutchinson, Kans....	25,336	259,675	+14	+16
Independence, Kans..	4,281	43,103	+1	-4
Kansas City, Kans....	37,283	397,993	0	+12
Lawrence, Kans.....	7,257	68,352	+22	+7
Parsons, Kans.....	6,092	57,918	+6	+6
Pittsburg, Kans.....	6,099	65,623	-19	-7
Salina, Kans.....	19,337	230,915	+1	+6
Topeka, Kans.....	49,873	558,021	-10	+3
Wichita, Kans.....	187,726	1,937,977	+6	+26
Joplin, Mo.....	17,467	165,335	+11	+18
Kansas City, Mo.....	645,078	6,498,503	+7	+7
St. Joseph, Mo.....	55,812	575,022	-3	+12
Fremont, Nebr.....	7,145	65,562	+9	+1
Grand Island, Nebr..	13,949	130,845	+10	+5
Lincoln, Nebr.....	44,660	484,901	+4	+7
Omaha, Nebr.....	319,415	3,289,919	-1	+2
Albuquerque, N. M....	31,632	303,373	+9	+5
Bartlesville, Okla....	42,573	414,916	+20	+22
Enid, Okla.....	23,836	226,317	+34	+32
Guthrie, Okla.....	2,935	25,195	+32	+23
Muskogee, Okla.....	17,892	155,057	+11	+1
Okla. City, Okla....	181,022	1,634,776	+40	+10
Okmulgee, Okla.....	3,452	34,456	+8	-5
Tulsa, Okla.....	251,851	2,461,909	+18	+17
Casper, Wyo.....	11,291	101,797	+14	+19
Cheyenne, Wyo.....	18,230	182,006	+17	+10
District, 33 cities....	2,395,283	23,864,451	+5	+9
U. S., 334 cities.....	73,861,000	722,922,000	+11	+11

Member Bank Credit For the four weeks ending November 15, for the first time in many months, the fifty reporting member banks in the Tenth District showed a substantial increase in the volume of their loans. All classes of loans except those made to purchase or carry securities shared in the increase, but the bulk of the rise (14.8 out of 16.8 million dollars) was in commercial, agricultural, and industrial advances. Holdings of securities declined by 2.6 million dollars as the joint result of an increase

of 5.5 million in Government bonds and decreases of 6.1 in shorter term Governments and guaranteed obligations and 2.0 million in non-Government securities.

The increase in earning assets was paralleled by a substantial increase in private deposits, both individual and interbank, and a somewhat smaller decrease in Government deposits. A shift of funds from Government to private accounts occurs regularly in the intervals between bond drives as the Government spends the funds accumulated during the drive. In this District the gain in non-Government deposits is usually greater than the loss in Government deposits, and this month was no exception. This tendency reflects the fact that the Government raises more money in eastern financial centers by bond sales and tax collections than it spends there for war purposes, while in the interior districts the Government's disbursements tend to exceed its receipts.

Principal items of condition of 50 member banks:

	Change from		
	Nov. 15 1944	Oct. 18 1944	Nov. 17 1943
	(In thousands of dollars)		
Loans and investments—total.....	1,880,727	+14,161	+122,889
Loans—total.....	345,703	+16,795	-16,955
Coml., indust., agric.....	223,295	+14,746	-19,958
To security brokers and dealers..	3,764	+79	-2,432
Other to purchase or carry secur..	21,924	-460	+9,175
Real estate loans.....	37,193	+245	-3,210
Loans to banks.....	430	+430	-570
All other loans.....	59,097	+1,755	+40
Investments—total.....	1,535,024	-2,634	+139,844
U. S. Treasury bills.....	85,918	-678	-94,879
U. S. Treas. certif. of indebt.....	387,488	-3,582	+73,952
U. S. Treasury notes.....	289,498	-1,601	+55,365
U. S. Govt. bonds.....	611,120	+5,506	+118,738
Oblig. guar. by U. S. Govt.....	37,174	-256	-15,905
Other securities.....	123,826	-2,023	+2,573
Reserve with F. R. Bank.....	428,258	+21,497	+59,673
Balances "due from" banks—net..	286,198	+7,100	-9,551
Demand deposits—adjusted.....	1,308,607	+64,319	+196,927
Time deposits.....	221,352	+5,274	+51,556
U. S. Govt. deposits.....	126,357	-51,990	-133,721
Deposits "due to" banks—net.....	838,365	+20,732	+47,553

Member Bank Reserves Reserve requirements were, of course, increased by the shift of deposits from war loan accounts to private accounts, but reserves increased still more. For both city and country banks, required reserves and also total reserves were higher in October than ever before. For the Reserve city banks at least, the rise continued through the first half of November.

Daily average member bank reserves:

	Held	Required	Excess	Ratio Excess
	(In millions of dollars)			to Required
				(Per cent)
Reserve City Banks				
Oct. 16-31, 1944.....	423	392	32	8
Oct. 1-15, 1944.....	419	382	38	10
Sept. 16-30, 1944.....	410	377	33	9
Oct. 16-31, 1943.....	373	334	39	12
Country Banks				
Oct. 16-31, 1944.....	214	163	51	32
Oct. 1-15, 1944.....	211	158	53	34
Sept. 16-30, 1944.....	207	155	52	34
Oct. 16-31, 1943.....	179	117	62	53

TRADE

Department Store Sales Dollar volume of sales at reporting department stores in this District in October and in the first ten months of 1944 was 10 per cent larger than in the corresponding periods of 1943. In the first three weeks of November, sales continued about 10 per cent higher than last year, reflecting heavy buying of gift merchandise—especially toys, costume jewelry and other accessories, cosmetics, and children's clothing. Inventories at the end of October were about as large as a year earlier, but the stock-sales ratio was appreciably lower because of the higher level of sales this year. The volume of merchandise on order was 10 per cent larger than a year ago.

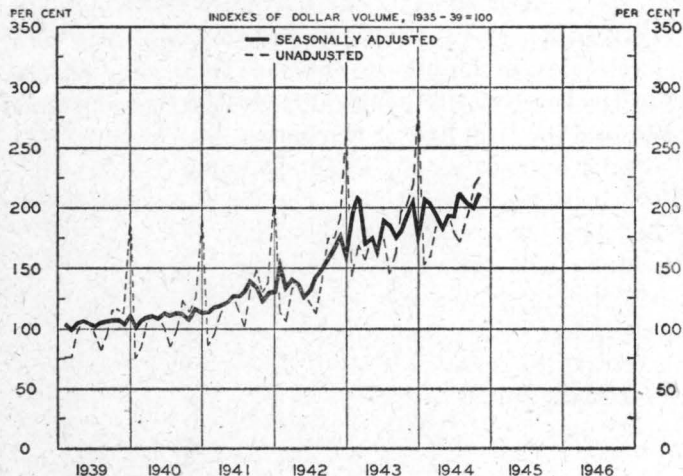
Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		Oct. '44 comp. to Oct. '43	10 Mos. '44 comp. to 10 Mos. '43	Oct. 31, '44 comp. to Oct. 31, '43
(Per cent increase or decrease)				
Denver.....	7	+8	+5	-7
Hutchinson.....	3	+21	+19	*
Topeka.....	3	+23	+17	*
Wichita.....	4	+15	+16	*
Joplin.....	3	+2	+9	*
Kansas City.....	8	+12	+9	+13
St. Joseph.....	3	+8	+16
Omaha.....	4	+9	+12	*
Oklahoma City.....	6	+6	+15	-11
Tulsa.....	4	+9	+9	+9
Other cities.....	31	+11	+8	+4
District.....	76	+10	+10	0

*Not shown separately but included in District total.

The general level of department store sales in this District in 1944, as shown by the accompanying chart, is about twice as high as that before the war. In October of this year, the seasonally adjusted sales index stood at 216 per cent of the 1935-39 average, the highest point yet recorded. The very sharp rise in sales that occurred between mid-1942 and early 1943 reflected chiefly widespread consumer fear of shortages of merchandise, which was expressed most forcibly in

DEPARTMENT STORE SALES - TENTH DISTRICT



the hysterical buying of shoes and of clothing in general in February, 1943, following the announcement of shoe rationing. From 1939 to the early part of 1942, the rise in sales in this District tended to lag behind that for the country as a whole, owing to the initial concentration of defense and war work in other regions, particularly coastal areas, but since late 1942, as war plants were constructed and brought into operation in the interior, the percentage increase in department store sales in this District has exceeded that for the whole country.

The tremendous increase in dollar sales as compared with the prewar level stems mainly from price advances up to the middle of 1942, prior to the establishment of OPA maximum prices, and from an increase in the physical volume of sales since that time, as the effect of war activity and war expenditures in this District increasingly was evident in rapidly rising employment and pay rolls and in sharply expanding farm income. In this latter period, also, a part of the increase in dollar sales was due to selective increases allowed in ceiling prices and to a marked shift in buying to higher priced goods, either because consumers with excess funds desired better quality merchandise or because they were forced to buy higher priced goods by reason of the discontinuance of many lower priced lines. Reports from a limited number of stores indicate that both the number and the average size of transactions currently are at a record high.

Wholesale Sales According to preliminary figures of the Bureau of the Census, the October sales of 116 wholesalers in the Tenth District were 7 per cent larger this year than last, while sales for the first ten months of 1944 were up 6 per cent from the corresponding period of 1943. The October sales of distributors of furniture, lumber and building materials, machinery, and tobacco and its products were less than those of a year earlier. Wholesale stocks on October 31 averaged about 6 per cent higher than a year ago.

INDUSTRIAL PRODUCTION

Meat Packing Cattle slaughter in October, as indicated by packers' purchases at leading District markets, was considerably above a year ago, and that of calves continued substantially higher than last year. The commercial slaughter of cattle and calves attained a new record level in October, although the total number of cattle and calves slaughtered was still below the peak of 1934 when large numbers of animals were slaughtered for Government account as part of the drought relief program. Since last July, hog slaughter has been below a year earlier,

the October decrease measuring 25 per cent. The slaughter of sheep and lambs also is below last year. The current lower level of hog slaughter is due chiefly to the sharp reduction in the 1944 spring pig crop, while the smaller sheep slaughter is principally the result of fewer sheep and lambs on farms and ranges in 1944, following a rather marked liquidation during 1943 because of the shortage of herders.

Further shrinkage in United States cold storage stocks of meats and lard occurred during October. This was especially true of beef stocks, which declined contrary to the seasonal trend, and of lard stocks, which decreased much more than is usual for that month. Total meat stocks on November 1, including Government holdings, were 12 per cent below a year ago and of lard 25 per cent lower. Excepting last year, however, beef holdings on November 1 were the largest on record for that date.

Petroleum The Petroleum Administration for War certified the production rate of all petroleum liquids for October at 5,010,800 barrels daily. The attained rate of crude production for the month was 4,725,000 barrels daily, a slight decline from the record output of crude oil in September.

Crude oil production in the Tenth District as reported by the American Petroleum Institute and the Bureau of Mines is shown in the following table:

	Oct. 1944	10 Mos. 1944	Change from '43 Oct. 10 Mos.	
	(Thousand barrels)		(Per cent)	
Colorado.....	288	2,429	+38	+27
Kansas.....	8,493	82,834	0	-8
Nebraska.....	30	343	-19	-40
New Mexico.....	3,239	33,236	-6	+5
Oklahoma.....	10,740	102,117	+4	-1
Wyoming.....	3,067	26,878	+6	-3
Six states.....	25,857	247,837	+2	-3
United States.....	146,487	1,388,313	+7	+12

For November the production rate was set at 5,023,900 barrels daily, a net increase of 13,100 barrels daily over the certification for October. The rates of production certified to the eastern and midwestern states and California remained practically unchanged from those of October to conform with indicated production trends. In the Rocky Mountain states the quota was increased sufficiently to meet the requirements of the new pipe line from the Elk Basin field to Casper, Wyoming, which now provides the necessary outlet for available productive capacity in the black-oil fields of northern Wyoming. As of November 11, national daily output of crude oil was 4,731,100 barrels, an increase of 8 per cent over the corresponding period of 1943.

During the week ending November 4, crude oil stocks showed a decline of 6 per cent from last year. Gasoline stocks as of November 4 increased 14 per cent

and gas oil and distillate stocks increased 8 per cent over the corresponding period of 1943. Refinery runs were up 12 per cent from last year.

Flour Milling Southwestern flour milling operations have been maintained at a high rate, despite shortages of labor and of box cars for shipping flour, which early in November forced some country mills to close for short periods of time. Operations declined slightly from an average of 86 per cent of full-time capacity in September to 85 per cent in October but recovered to 86 per cent in the first three weeks of November. Southwestern flour output for October was 7 per cent below a year ago, chiefly the result of a 27 per cent decline at Kansas City, where a strike tied up mills October 3 to 10.

A large volume of flour orders was placed in the southwest in the first week of October, coinciding with an increase in the domestic milling subsidy. Since then, flour sales have generally been light except for a few sizable sales to bakers around the middle of November and a renewal of Government buying for overseas supplies, following the clearing of the approaches to Antwerp. For the most part, bakers and distributors appeared to have covered their needs for some time ahead and were not adding to their commitments, being protected against price advances by the ceiling and knowing the subsidy rate for the remainder of 1944. As a consequence of the current hand-to-mouth buying, the backlog of unfilled orders on mills' books in many cases was reduced by late November to a rather low level.

Employment For the fifth consecutive month, April through August, nonagricultural employment in the Tenth District was at a level 4 per cent below that of the corresponding month of the preceding year. The number of both nonagricultural and manufacturing employees remained practically unchanged from July to August, 1944. As is shown in the accompanying table, average employment during the first eight months of the current year was 3 per cent lower than for a similar period in 1943. By August, the latest month for which figures are available, there was a decrease in nonagricultural employment of approximately 102,000 from August, 1943. Manufacturing employment had declined to a somewhat greater extent, 8 per cent.

During the past four years, since the middle of 1940, in the country as a whole 16 million people have been added to the number employed in civilian jobs or in the armed forces. About 7 million of this number were unemployed in 1940; the remainder, 9 million, constitutes an increase in the labor force of the nation. Estimated from prewar trends, the normal

gain in employment would have been 2.5 million. The additional wartime gain in labor supply was made up of people of school and college age, of women, and of men who normally would have been marginal workers or who would have been retired.

Department of Labor estimates of nonagricultural employment in the seven states wholly or partly in the Tenth District:

TOTAL NONAGRICULTURAL EMPLOYMENT

	Aug.	Aver.	Change from '43	
	1944	8 Mos. 1944	Aug.	8 Mos.
	(Number)		(Per cent)	
Colorado.....	264,000	262,900	-8	-7
Kansas.....	406,000	408,700	-2	-4
Missouri.....	952,000	949,500	-4	-3
Nebraska.....	257,000	256,600	-3	-4
New Mexico.....	79,700	78,000	-4	-3
Oklahoma.....	376,000	375,400	-7	-2
Wyoming.....	62,900	61,400	+2	+3
Seven states.....	2,397,600	2,392,500	-4	-3
United States.....	38,741,000	38,776,000	-3	-2

MANUFACTURING EMPLOYMENT

	Aug.	Aver.	Change from '43	
	1944	8 Mos. 1944	Aug.	8 Mos.
	(Number)		(Per cent)	
Colorado.....	47,700	49,200	-29	-25
Kansas.....	136,600	140,100	+3	+7
Missouri.....	347,000	350,400	-10	-5
Nebraska.....	64,000	63,400	+4	+2
New Mexico.....	5,100	4,900	+11	+9
Oklahoma.....	86,000	87,100	-10	+5
Wyoming.....	4,700	4,200	+21	+14
Seven states.....	691,100	699,300	-8	-3
United States.....	16,020,000	16,334,000	-7	-3

The War Manpower Commission, reporting for the nation, anticipates possible labor shortages in some regions as certain war needs increase. Production facilities for heavy artillery ammunition are nearing completion, and production is to be increased by from 12 to 135 per cent. Decreases in employment in four of nine firms producing tanks occurred in August. Manpower problems also are confronting plants producing radar tubes and communications wire. Losses in manpower as well as additional demands of expanding programs need to be met. Interregional recruitment has helped in meeting labor shortages, but management-labor committees have been urged to exhaust the resources of each area before resorting to interregional recruitment, in order to avoid the necessity for large migration of labor.

AGRICULTURE

Farm Labor According to the Department of Agriculture, the smallest farm labor force of record has been harvesting one of the largest outputs of crops ever raised in this country. To accomplish this job, there has been more than the usual exchange of available workers and machinery, a lengthening of the work day and work week, a prolongation of the har-

vest period, and employment of large numbers of farm women, children, townspeople, war prisoners, foreign workers, and others not normally a part of the farm labor force of the country.

Despite the utilization of workers from unusual sources, the estimated number of persons working on farms in this country on November 1 was down to 10,690,000 from the already low level of 10,698,000 a year earlier. All of the decrease was in hired workers; the number of unpaid family workers was considerably higher than a year ago and accounted for over three-fourths of the total number of persons working on farms, the highest proportion of record for that month except 1934, when drought drastically curtailed crop production and reduced the need for hired labor for the 1934 harvests.

The general level of farm wages has risen sharply, having increased 17 per cent in the last year in the country as a whole and almost doubled since our entry into the war. In this District, farm wage rates per month with board in Wyoming on October 1 were about 23 per cent higher than a year ago, in Colorado and New Mexico 19, in Nebraska 18, in Kansas 25, in Oklahoma 26, and in Missouri 14 per cent higher. Since early in 1944, regulations to stabilize and limit salaries and wages to agricultural labor have been in effect, which require approval of the War Food Administration for increases above a level of \$2,400 a year and for any reduction below the highest rate existing between January 1, 1942, and September 15, 1942, for the same type of work.

Crops Weather conditions during the latter part of October and continuing into November generally were ideal for harvesting operations, offsetting to some extent shortages of labor for harvest, which were especially acute with respect to cotton in Oklahoma and New Mexico, sugar beets in Colorado, and corn in Nebraska. By the end of the third week of November, appreciably less than half of the bumper corn crop in Nebraska had been picked despite increased use of mechanical pickers, and in some cases farmers were turning cattle into corn fields because of the shortage and high price of labor for husking. The unusually high moisture content of corn this year, together with desire to wait for a hard freeze to dry it out, also was a factor retarding corn picking.

The holding off of killing frosts permitted late crops in most areas to reach maturity, with reports of unprecedented yields of corn and sorghums from many sections and of a much larger tonnage and higher sugar content of beets than anticipated earlier. Although farm stocks of old corn are relatively small, storage space already is well filled with wheat, espe-

cially in Kansas, and the large output of corn, sorghums, and other crops must compete for space. In both Nebraska and Kansas, it has been necessary to pile substantial amounts of corn and sorghums on the ground until transportation to market becomes available. The shortage of box cars in relation to the exceptionally heavy volume of grain to be moved, although showing some signs of easing late in November, is still very serious.

In sharp contrast with a year ago, the condition of winter wheat this year generally is excellent. A much larger proportion of the acreage than usual is summer fallowed ground carrying a deep moisture penetration. Despite some delay in seeding because of dry weather early in the fall, planting was virtually completed by early November. For the most part, wheat germinated at the proper time and has developed rapidly, and the almost uniformly good condition of wheat plants eliminates to a large extent the danger of winter killing and the likelihood of any appreciable

amount of abandonment. A general increase in acreage for the 1945 crop is reported, with indications that the area planted to winter wheat in Kansas may exceed 15 million acres, in Oklahoma 5.8 million acres, and in Nebraska 4 million acres. The winter wheat acreage planted for the 1944 crop was 13.3 million in Kansas, 5.1 million in Oklahoma, and 3.9 million in Nebraska. The estimate of 15 million acres now in winter wheat in Kansas is considerably above the 1945 wheat goal of 13.5 million acres for that state.

The national crop goals for 1945, announced in November, call for another year of all-out production to assure adequate supplies for the armed forces, for lend-lease, for relief, and for civilian needs. The total crop acreage recommended is little different from that planted for 1944 crops, although changes are sought for a number of individual crops. Increased acreage is sought for wheat, barley, rye, flax, sugar beets, sugar cane, potatoes, truck crops, tobacco, and hay. A decrease in acreage is sought for grain sorghums, rice, dry peas, and peanuts. The 1945 crop goals for corn, oats, dry beans, soybeans, cotton, and sweet potatoes are unchanged from 1944 plantings.

The cash price of high protein wheat continues at or near the ceiling, but there was a pronounced widening in the price spread according to protein content as prices of low protein and intermediate grades of wheat eased during October and November. Cash corn prices declined sharply in November in response to an expansion in receipts as the new crop started moving to market. Until recently, practically all corn had sold at the ceiling price regardless of grade, but new crop corn with a high moisture content is selling at a heavy discount. Government loans to farmers on 1944 corn will be made at 90 per cent of parity as compared with loans at 85 per cent of parity on the 1943 crop; this is an increase of about 6 to 11 cents a bushel in the loan rate for the 1944 crop.

Wheat and Flour Export Subsidy

Since domestic wheat prices in the United States are supported by the Government at a level considerably above world prices, the War Food Administration on November 15 inaugurated an export subsidy program for wheat and flour, in accordance with provisions contained in the Surplus Property Act of 1944. The subsidy rates, which are geared to Canadian prices and will be announced daily, were set initially at 34 cents a bushel on wheat for export by water from Atlantic or Gulf ports, 29 cents on wheat for export by water from Pacific coast ports, and 6 cents for export by rail.

Upon registration of export sales of wheat or flour with the Commodity Credit Corporation, this agency will either sell wheat to the exporter at a designated

	RAINFALL			
	Oct. 1944		10 Mos. 1944	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	0.05	1.05	12.44	12.80
Leadville.....	1.18	1.15	11.16	16.70
Pueblo.....	0.32	0.66	11.04	11.16
Lamar.....	1.00	0.98	20.76	14.10
Alamosa.....	0.97	0.52	5.52	6.64
Steamboat Springs.....	0.91	1.88	17.26	19.51
KANSAS				
Topeka.....	2.33	2.56	37.00	29.79
Iola.....	2.45	3.15	43.16	33.64
Concordia.....	1.57	1.88	36.01	23.49
Salina.....	1.03	2.02	31.55	24.83
Wichita.....	2.16	2.45	37.71	27.58
Hays.....	1.33	1.44	27.39	21.46
Goodland.....	1.41	1.00	22.67	16.73
Dodge City.....	1.58	1.35	32.20	18.96
Elkhart.....	1.35	1.35	25.45	15.71
MISSOURI				
St. Joseph.....	1.58	2.89	42.11	32.75
Kansas City.....	1.03	2.69	42.96	31.11
Joplin.....	5.09	3.45	40.42	39.06
NEBRASKA				
Omaha.....	0.85	2.17	28.95	25.81
Lincoln.....	1.17	1.88	32.18	26.11
Norfolk.....	1.22	1.49	35.25	24.92
Grand Island.....	0.57	1.82	30.53	24.01
McCook.....	0.91	1.03	28.69	18.39
North Platte.....	0.30	1.07	17.17	17.41
Bridgeport.....	0.28	0.95	19.27	14.78
Valentine.....	0.16	1.10	21.70	17.20
NEW MEXICO				
Clayton.....	0.99	1.33	17.31	14.35
Santa Fe.....	2.39	1.06	12.81	12.95
Farmington.....	0.07	0.86	6.58	7.55
OKLAHOMA				
Tulsa.....	2.70	3.68	36.42	34.35
McAlester.....	2.71	4.27	31.22	37.82
Oklahoma City.....	2.86	2.86	30.67	27.78
Pauls Valley.....	4.57	3.47	35.25	30.78
Hobart.....	1.51	3.04	29.30	25.31
Enid.....	1.30	2.92	25.23	27.88
Woodward.....	4.71	2.22	29.53	23.33
WYOMING				
Cheyenne.....	0.06	0.96	14.12	13.94
Casper.....	0.35	1.29	10.49	13.03
Lander.....	0.48	1.36	17.57	11.69
Sheridan.....	0.08	1.07	22.19	13.81

price or will authorize the exporter to purchase wheat at the higher domestic price and will refund him the difference. In the case of flour exports, the domestic flour subsidy paid by the Defense Supplies Corporation and any other payments such as the special export subsidy on shipments to Cuba will be added to the price of wheat sold to mills or will be deducted from refunds resulting from purchases of wheat by exporters in the domestic market. Because of the shortage of shipping space, export sales for the present are restricted to western hemisphere destinations unless prior approval of CCC is obtained for sales to other destinations.

Livestock The 1945 livestock goals of the War Food Administration call for a further increase in cattle and calf slaughter next year but for an increase in the number of milk cows on farms to allow for increased milk production. A small increase in both the 1945 spring and fall pig crops is recommended, with the bulk of the increase to be confined to Corn Belt states west of the Mississippi River, where hog production in 1944 showed the largest relative decreases and where feed production this year has been abundant. In this District, consequently, the goals for the 1945 spring pig crop in Nebraska, Kansas, and Wyoming are about one-third higher than the pig crops produced in the spring of 1944. Some further decrease in the number of sheep and lambs on farms is sought, together with sharp reductions in egg production and in the number of hens and pullets on farms during the coming year.

Cattle feeding operations this winter in Nebraska, Kansas, and Oklahoma are expected to be considerably larger than a year earlier, principally the result of increased feeding of locally produced cattle. In these states, there are abundant supplies of feed grains and roughage from this year's harvests, while hog numbers are down sharply. Winter wheat pastures, in contrast with last year, are excellent, and preliminary estimates indicate that from 175,000 to 225,000 head of cattle will be fattened on Kansas wheat pastures alone. The price spread between well finished cattle and feeder cattle, although not so wide as last summer and early in the fall, is still sufficiently large to encourage feeding operations. In the western states of the District, the outlook is for little change or a decrease in cattle feeding from last year.

Lamb feeding operations in Kansas and Oklahoma in the 1944-45 season also will be materially larger than a year earlier, because of the large amount of wheat pasture available. Although below the record movement in 1942, shipments of lambs into Kansas during October this year were nearly three times what

they were in October last year, and it seems probable that the volume of lamb feeding in that state will be at least double that of last season. Preliminary estimates suggest that between 500,000 and 700,000 lambs will be fed on Kansas wheat pastures this season. In Colorado, the leading western lamb feeding state, the number of lambs fed this year will be somewhat smaller than last and the smallest in more than ten years, while substantial reductions are indicated for Wyoming and New Mexico.

The over-all feed situation continues to show marked improvement. Total supplies of feed grains and of concentrates for the 1944-45 feeding year for the country as a whole will be smaller than the 1943-44 supply, but because of the substantial reduction in livestock numbers that has taken place the supply of feed grains per animal unit is now expected to be 13 to 15 per cent larger and of concentrates about 10 per cent larger than a year earlier. Consequently, the quantity of wheat and rye fed in the 1944-45 season probably will be much smaller than in either of the previous two years. In addition to winter wheat pasture, range and pasture grass in this District generally is good to very good except in parts of Colorado and Wyoming, where rainfall the last three months has been very short. Moreover, unusually mild weather extending into November and the absence of early killing frosts permitted late growth of grass and prolonged the grazing season. Larger marketings of range cattle from Wyoming, Colorado, and New Mexico this fall than last have been offset by the holding of cattle in other areas to utilize abundant feeds, and total cattle receipts at District markets are little changed from last year.

Prime beef steers at the Kansas City market in November continued to be quoted nominally at \$17.50 a hundredweight, the high point thus far in the war period, but long fed steers recently have virtually disappeared from receipts and by late November the best price paid on available grades of beef steers was fully \$2 a hundredweight under this figure. Prices of good to choice lighter weights of hogs broke sharply near the end of October, dropping from their ceiling of \$14.50 a hundredweight to \$13.85 as marketings from the 1944 spring pig crop expanded seasonally, but in November prices recovered much of this decline. Between May 15 and October 30, the \$14.50 hog ceiling had applied only to hogs weighing 240 pounds and under, the heavier weights being restricted to a ceiling of \$13.75. Effective October 30, the heavier weights up to 270 pounds became eligible to receive the higher ceiling price of \$14.50 a hundredweight. According to the Office of Price Administration, this action was taken because the easing of the feed situa-

tion now permits fuller feeding of hogs, which will partially offset the sharper decline in the 1944 pig crop than had been anticipated.

Top carlot livestock prices at Kansas City:

	Nov. 28 1944	Oct. 1944	Sept. 1944	Oct. 1943	Oct. 1942	Oct. 1941
	(In dollars per hundredweight)					
Beef steers.....	15.50	17.50	17.50	16.10	16.50	12.85
Stocker cattle.....	13.40	13.40	12.75	13.25	14.00	11.90
Feeder cattle.....	13.60	14.50	14.65	13.50	14.25	11.25
Calves.....	14.00	14.00	14.00	14.00	14.00	13.00
Hogs.....	14.15	14.50	14.50	14.50	15.15	11.25
Lambs.....	14.60	15.00	14.25	14.75	14.65	11.90
Slaughter ewes.....	6.60	6.15	5.35	6.15	5.75	5.35

**International
Wheat Agreement**

Negotiation of an international wheat agreement, which is the outgrowth of one originally made in 1933, was completed in 1942, with the signing of a Memorandum of Agreement by the four major wheat exporting countries — Argentina, Australia, Canada, and the United States — and by the United Kingdom as the principal importing country. The Memorandum of Agreement, now in effect, pledges the five signatory nations to certain Articles contained in a Draft Convention, which is a detailed plan for cooperative international control of wheat production, stocks, exports, and prices, with provision for representation of consumer as well as producer interests. The Draft Convention is to be submitted to a conference of all nations having a substantial interest in wheat, to be called by the United States at a time determined by it.

In the meantime, the Memorandum of Agreement provides for the establishment of an administrative body—the International Wheat Council—consisting of delegates from each of the five participating countries; the creation of a joint pool of wheat for relief distribution to war stricken areas; and the adoption and maintenance by the four exporting countries of positive measures to control production with the object of minimizing the accumulation of excessive wheat stocks during the war. Within six months after the cessation of hostilities, the provisions of the Draft Convention relating to production, stocks, and exports become effective for the four exporting countries and those relating to prices become effective for all five original signatory nations. 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.

The exporting countries agree to restrict wheat production to an amount needed for domestic requirements, basic export quotas, and maximum reserve stocks (carry-over). The minimum and maximum limits of reserve stocks have been established as follows: Argentina, 35 and 130 million bushels; Aus-

tralia, 25 and 80 million bushels; Canada, 80 and 275 million bushels; and the United States, 150 and 400 million bushels. Excess production in any country must be disposed of internally before the end of the following crop year, except that excess production resulting from exceptionally heavy yields per acre may be held as “permitted excess stocks” to be drawn upon in years of short production. Stocks of old wheat above the maximum limit set for reserve stocks, on hand at the end of the first year of export control, may be held as “permitted surplus stocks” to be drawn upon for contributions to the relief pool and to meet any unusual world demand for imported wheat.

Basic export quotas for the four major exporters, expressed as a percentage of the four-country total, have been established as follows: Argentina, 25 per cent; Australia, 19 per cent; Canada, 40 per cent; and the United States, 16 per cent. In the event that export demand for wheat and flour in these four countries exceeds 500 million bushels in any quota year, “secondary export quotas” will be assigned to them in proportion to their respective “permitted surplus stocks,” or in proportion to their basic export quotas if there be no permitted surplus stocks remaining in any of the four countries. If one country does not use its full quota, the unused portion of that country’s quota will be distributed among the other three as a “supplementary export quota” on the same basis as the secondary quota.

Before export control becomes effective, the Council by unanimous consent must fix basic minimum and maximum prices of wheat, c.i.f. United Kingdom ports, and schedules of prices, c.i.f. and/or f.o.b., for the various wheats sold in world markets. The fixed prices, which may be changed as conditions change, shall be such as will return reasonably remunerative prices to producers in exporting countries, be fair to consumers in importing countries, be in reasonable relationship to prices of other commodities, and make appropriate allowances for exchange rates and transportation costs.

The International Wheat Agreement is significant in several main respects. It is one of the largest projects ever undertaken in the field of international commodity trade, both in the complexity of the problem involved and in the far reaching character of the control provided. It deals with one of the world’s most widely grown staples. It is the first case where a consumer nation has been represented in an international commodity agreement seeking to regulate production, stock piles, and prices. The wheat agreement, if successful, is expected to serve as a pattern for cooperative control of other important commodities in international trade, such as cotton and wool.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Output and employment at factories and mines showed little change from September to October. Value of department store trade increased further in October and the early part of November, while commodity prices were stable.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production was 230 per cent of the 1935-39 average in October as compared with 231 in September. Output of durable manufactures continued to decline slightly, while production of nondurable goods and minerals was maintained at the level of the preceding month.

At steel mills production increased slightly in October but for the month was 7 per cent below the peak of a year ago. Production of copper and other nonferrous metals continued to decline, with output of aluminum and magnesium curtailed more than 50 per cent from the peak rates reached at the end of last year. In the machinery and transportation equipment industries activity declined slightly in October. Lumber production showed little change in October from the September rate which was 10 per cent above the prewar level. Output of lumber and also pulpwood has been limited during the past two years because of the difficulty of recruiting labor in these industries.

Activity at cotton textile mills and at shoe factories declined in October, while output of manufactured food products increased, after allowance for the customary seasonal changes. The rise in food manufacturing was mainly at canneries and was made possible by increased farm production of fruits and vegetables. Newsprint consumption showed a greater than seasonal increase in October. Output of chemicals, rubber products, and other nondurable goods continued at about the level of the preceding month.

Output of coal and crude petroleum was maintained, while production of iron ore continued to decline seasonally.

DISTRIBUTION

Department store sales increased considerably in October and were 13 per cent larger than last year, which is about the same year-to-year increase that has prevailed in recent months. In the first half of November sales rose further and exceeded by 8 per cent the exceptionally high level of a year ago.

Railroad freight traffic was maintained at a high level during October and the early part of November.

BANK CREDIT

On the eve of the opening of the Sixth War Loan Drive bank deposits and currency owned by individuals, partnerships, and corporations were larger than at any previous time. Such holdings of deposits and currency have increased in recent months as the Treasury expended funds raised during the Fifth War Loan Drive.

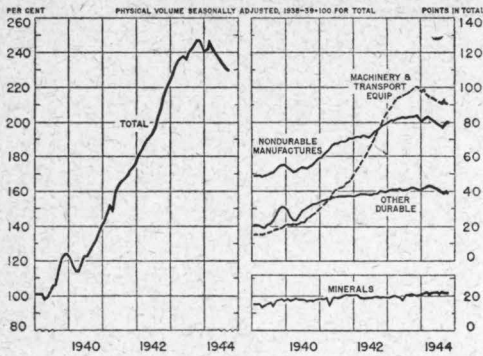
Adjusted demand deposits of individuals, partnerships, and corporations at reporting banks in 101 cities increased by around 6 billion dollars between July 12 and November 15; this brought the total outstanding to a level about a billion dollars above that reached before the Fifth War Loan Drive. Time deposits increased by about a billion dollars. At country banks outside the leading cities it is estimated that demand and time deposits are slightly more than three billion dollars larger than they were prior to the Fifth Drive. Currency in circulation has increased by about 2.5 billion since the middle of June.

As a result of the deposit expansion, the average level of reserves required by all member banks rose sharply during the inter-drive period and are about a billion dollars greater than at the beginning of the Fifth Drive. Reserve funds to meet the increasing requirements, as well as a currency outflow, were supplied largely through substantial additions to the Government security portfolio of the Reserve Banks; holdings were increased by over 3 billion dollars between July 12 and November 15. Member bank borrowings at the Reserve Banks also increased as they had done prior to the Fifth Drive. Excess reserves, which increased during the war loan drive, declined at a fairly rapid rate immediately following the close of the drive and then fluctuated generally around a billion dollars. About three-fourths of these excess reserves are held by country banks.

At reporting banks in 101 cities, bill and certificate holdings declined by around 2 3/4 billion dollars during the inter-drive period reflecting sales, largely to the Reserve Banks, as member banks adjusted their reserve positions. Bond holdings were increased by around 800 million dollars.

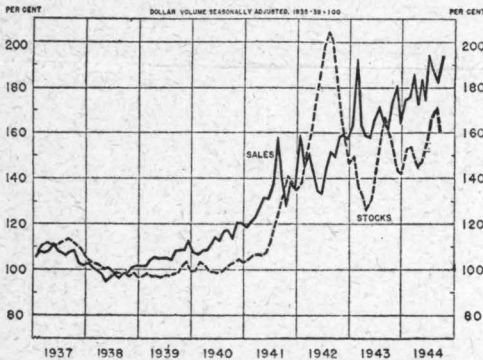
Loans to brokers and dealers for purchasing or carrying Government securities, which had declined in August to a level comparable to that prevailing prior to the Fifth Drive, fluctuated somewhat over the following period but began to increase early in November. Other loans for purchasing or carrying Government securities continued to decline. Loans for handling other securities, reflecting substantial flotations of new corporate issues, increased during the late fall. Commercial loans also rose.

INDUSTRIAL PRODUCTION



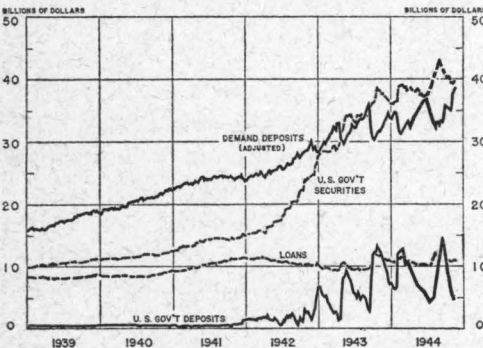
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures; latest shown are for October, 1944.

DEPARTMENT STORE SALES AND STOCKS



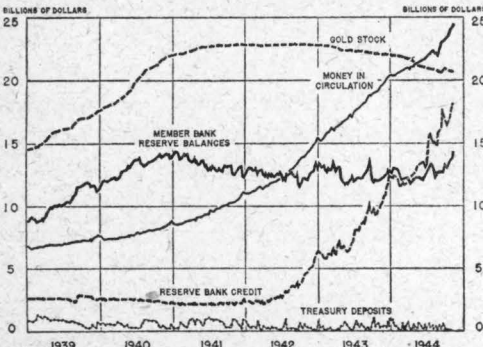
Federal Reserve indexes. Monthly figures; latest shown for sales is for October, 1944; for stocks, September, 1944.

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 November 15, 1944.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures; latest shown are for November 15, 1944.