

MONTHLY REVIEW

Agricultural and Business Conditions

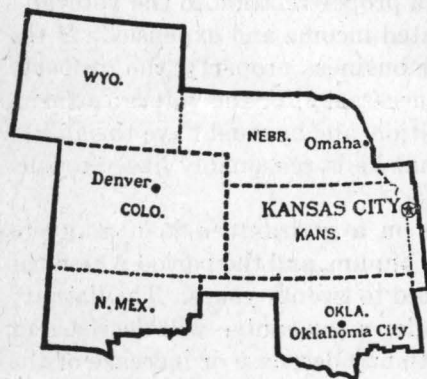
TENTH FEDERAL RESERVE DISTRICT

Vol. 29, No. 12

FEDERAL RESERVE BANK OF KANSAS CITY

DECEMBER 31, 1944

Business in the Tenth Federal Reserve District



Farmers in this District increased winter wheat plantings in the fall of 1944 about 6 per cent over those of 1943. The seeded acreage, although very large, is below previous expectations. The generally excellent condition of wheat, now in the dormant stage, indicates another large wheat crop in 1945.

Further easing of the feed situation has improved the outlook for livestock feeding. The number of cattle and lambs finished in feed lots this winter apparently will be below a year earlier, but the number finished on wheat pasture and sorghum feeds will be much larger.

Department store sales rose to new high levels for the season in November and December, despite the pronounced shift of a very large part of Christmas buying to prior months. Employment continued moderately below the high level of a year earlier, while manufacturing employment was down rather sharply.

BUSINESS INDICATORS	NOVEMBER 1944 COMPARED WITH NOVEMBER 1943					11 MOS. 1944 COMPARED WITH 11 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												
Hogs												
Sheep												
Production												
Flour												
Cattle Slaughter												
Calf Slaughter												
Hog Slaughter												
Sheep Slaughter												
Crude Petroleum												
Bituminous Coal												
Construction												
Total Awards												
Res. Awards												
Value of Permits												
Lumber Sales												
Miscellaneous												
Rainfall												
Cash Farm Income*												
Employment*												
*Latest available												

62

91

60

61

43

GUARANTEED LOANS TO VETERANS

The Servicemen's Readjustment Act of 1944, popularly known as the "G. I. Bill of Rights," provides, among other things, for Federal guarantees of loans to veterans. The objective of that portion of the Act is to assist the veteran in re-establishing himself in civilian life by making it easier for him to obtain credit for the purchase, construction, or improvement of residential, farm, or business property. With one and a half million servicemen already returned to civilian life, this guaranteed loan program is of immediate importance. It is reasonable to anticipate that large numbers of veterans will be seeking such loans.

The loans may be made by any person, firm, private lending institution, or public agency, State or Federal. In practice, most loans probably will be obtained through regular credit channels, but the Government will guarantee the loans in part or, under certain circumstances, in full. The prospective lender obviously will be free to make or not make the loan, just as he would in the case of any other loan. The Veterans Administration will not be the lender; it will be the guarantor.

To be eligible for a guaranteed loan, the applicant must have been in active military service of the United States at some time between September 16, 1940, and the termination of the war. He must have an honorable discharge, either after ninety days or more active service, or because of an injury or disability incurred in the service. The application must be made within two years after discharge, or two years after the termination of the war, whichever is the later date, but not more than five years after the war is over.

Two types of guarantees are available. In general, the Veterans Administration may guarantee up to 50 per cent of a loan or loans to an eligible veteran but the amount guaranteed may not be in excess of \$2,000. If a veteran has a principal loan guaranteed or insured by a Federal agency, a second loan to cover the purchase price or cost of the property may be guaranteed in full. This loan may not exceed 20 per cent of the total purchase price or cost, however, and it is limited to \$2,000. Two or more veterans may combine their guaranteed loans, but the aggregate amount that will be guaranteed for any one veteran is \$2,000.

The purposes for which a veteran may obtain a guaranteed loan are restricted to the following three classes: (1) the purchase or construction of a home to be occupied by him, or for its improvement, or for the payment of delinquent indebtedness or taxes on residential property owned and occupied by him; (2) the purchase of land, livestock, equipment, or buildings to

be used in farming operations by him, or in repairs or alterations of equipment and buildings so used by him; (3) the purchase of a business, land, buildings, supplies, equipment, machinery, or tools to be used by him in pursuing a gainful occupation.

A guaranteed loan must meet certain additional qualifications. The purchase price for a property must not exceed its "reasonable normal value" as determined by an appraisal. On a loan for the purchase or construction of a residential property, the terms of payment must bear a proper relation to the veteran's present and anticipated income and expenses. If the loan is for a farm or business property, the property must be reasonably necessary for the veteran's farming or business operation, and he must have the ability and experience so that he is reasonably likely to succeed in the enterprise.

The interest rate on a guaranteed loan may not exceed 4 per cent per annum, and the period which the loan may run is limited to twenty years. The liability of the guarantor under a guarantee will decrease or increase pro rata with any decrease or increase of the unpaid portion of the obligation. The Veterans Administration may not require any security for the guarantee, but it is given the right to be subrogated to the lien rights of the holder of the guaranteed obligation. The Act further provides that, in the event of mortgage foreclosure, the lender is required to give the Veterans Administration at least thirty days' written notice before beginning foreclosure proceedings, and the Veterans Administration has the option of bidding in the property on foreclosure or of refinancing the loan with any other agency or by any other means available. The Act states that no first mortgage shall be ineligible for insurance under the National Housing Act by reason of any loan guaranteed under this Act or by reason of any secondary lien upon the property securing such loan.

The Servicemen's Readjustment Act of 1944 does not guarantee the lender against loss. Inasmuch as part of the loan is guaranteed, however, the lender's risk is greatly reduced.

It should be emphasized that the "G. I. Bill of Rights" provides only a guarantee, usually partial, on certain kinds of loans. It does not provide for a Government loan or a cash gift, although the Government will pay the interest on the guaranteed portion of the loan for the first year. Its objective is to make credit more readily available through a partial guarantee to the lender. Moreover, it endeavors to make the credit available for a long maturity and at a relatively low rate of interest.

BUSINESS AND AGRICULTURAL CONDITIONS

FINANCE

Member Bank Credit Loans of the 50 weekly reporting member banks in the Tenth District increased 21 million dollars in the four weeks ending December 13. Approximately two-thirds of this increase represented an expansion of loans on securities during the Sixth War Loan Drive. Nevertheless, the expansion of loans for carrying Government securities was much smaller during the Sixth Drive than during the Fifth Drive. In the earlier drive the loans on Government securities increased from 7 to 42 million dollars, or by 35 million dollars. During the last drive the loans on Governments expanded from 15 million dollars on November 22 to 28 million on December 6, an increase of 13 million. Moreover, the maximum figure at the peak was 14 million dollars less than the peak figure of the preceding drive.

During the period under review the investments of the Tenth District weekly reporting banks increased 87 million dollars. This was almost completely accounted for by the net increase in Government security holdings. Some of the Government securities added were purchases of new issues concurrently with the war loan drive as permitted by the Treasury on

the basis of banks' time deposits. Others were outstanding issues liquidated by nonbank investors to obtain funds for the purchase of securities offered during the drive. As their reserve position improved during the drive, the banks also increased their holdings of bills, partly by recalling bills sold to the Reserve bank on option. Treasury certificates of indebtedness showed a large decrease after December 1, as the Treasury exchanged notes for certificates maturing on that date.

Government deposits at the weekly reporting banks increased 169 million dollars in the four weeks ending December 13, as the proceeds from the Sixth War Loan Drive expanded the war loan accounts. Private deposit accounts declined, as these deposits were used to pay for Government securities. The decline in private deposits, however, was only about one-third of the amount of the increase in Government deposit accounts. The difference is accounted for largely by the simultaneous increase in loans and investments. Most of the loan proceeds were used by the borrowers to buy Government securities. Government securities purchased by the banks from the Treasury were paid for by crediting the war loan accounts. In so far as the proceeds of Government securities bought from private investors were used by them to buy issues offered in the drive, those bond purchases also indirectly led to an expansion in war loan accounts.

Principal items of condition of 50 member banks:

	BANK DEBITS		Change from '43	
	Nov. 1944	11 Mos. 1944	Nov. 1943	11 Mos. 1943
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo....	23,060	252,649	+13	+3
Denver, Colo.....	314,793	3,097,388	+4	+4
Gr. Junction, Colo....	8,052	74,287	+4	+13
Greeley, Colo.....	11,395	100,582	+4	+7
Pueblo, Colo.....	27,944	230,397	+17	+4
Atchison, Kans.....	6,096	68,218	0	+11
Emporia, Kans.....	7,231	75,035	-2	+13
Hutchinson, Kans....	26,371	286,046	+11	+15
Independence, Kans..	4,427	47,530	+11	-2
Kansas City, Kans....	40,243	438,236	+10	+12
Lawrence, Kans.....	8,725	77,077	+52	+11
Parsons, Kans.....	6,447	64,365	+16	+7
Pittsburg, Kans.....	6,840	72,463	+15	-6
Salina, Kans.....	20,934	251,849	+4	+6
Topeka, Kans.....	52,974	610,995	+10	+4
Wichita, Kans.....	229,592	2,167,569	+50	+29
Joplin, Mo.....	18,639	183,974	+23	+18
Kansas City, Mo.....	648,789	7,147,292	+5	+7
St. Joseph, Mo.....	57,954	632,976	-2	+11
Fremont, Nebr.....	7,284	72,846	+13	+2
Grand Island, Nebr..	12,779	143,624	+7	+5
Lincoln, Nebr.....	46,693	531,594	+1	+6
Omaha, Nebr.....	301,710	3,591,629	-3	+2
Albuquerque, N. M....	33,851	337,224	+13	+6
Bartlesville, Okla....	46,881	461,797	+24	+22
Enid, Okla.....	21,146	247,463	+12	+30
Guthrie, Okla.....	2,851	28,046	+11	+21
Muskogee, Okla.....	18,250	173,307	+21	+3
Okla. City, Okla....	199,443	1,834,219	+69	+14
Okmulgee, Okla.....	3,808	38,264	-1	-4
Tulsa, Okla.....	267,807	2,729,716	+20	+18
Casper, Wyo.....	11,995	113,792	+25	+20
Cheyenne, Wyo.....	17,792	199,798	+23	+11
District, 33 cities....	2,517,796	26,382,247	+13	+9
U. S., 334 cities....	77,706,000	800,628,000	+20	+12

	Change from		
	Dec. 13 1944	Nov. 15 1944	Dec. 15 1943
	(In thousands of dollars)		
Loans and investments—total.....	1,989,203	+108,476	+251,819
Loans—total.....	366,735	+21,032	+8,270
Coml., indust., agric.....	227,991	+4,696	-15,904
To security brokers and dealers...	5,367	+1,603	+674
Other to purchase or carry secur..	34,376	+12,452	+22,866
Real estate loans.....	36,960	-233	-3,543
Loans to banks.....	415	-15	+415
All other loans.....	61,626	+2,529	+3,762
Investments—total.....	1,622,468	+87,444	+243,549
U. S. Treasury bills.....	110,500	+24,582	-37,151
U. S. Treas. certif. of indebt.....	338,601	-48,887	+13,945
U. S. Treasury notes.....	372,811	+83,313	+143,773
U. S. Govt. bonds.....	639,143	+28,023	+139,791
Oblig. guar. by U. S. Govt.....	36,642	-532	-16,375
Other securities.....	124,771	+945	-434
Reserve with F. R. Bank.....	421,554	-6,704	+44,112
Balances "due from" banks—net..	305,007	+18,809	+21,635
Demand deposits—adjusted.....	1,256,787	-51,820	+86,457
Time deposits.....	222,400	+1,048	+50,988
U. S. Govt. deposits.....	295,215	+168,858	+110,342
Deposits "due to" banks—net.....	844,013	+5,648	+60,645

Member Bank Reserves During a war loan drive member bank required reserves usually decrease and excess reserves increase, as deposits are shifted from private accounts to war loan accounts. Although the Sixth War Loan Drive began November 20, the daily average required reserves of

both Reserve city and country banks in the Tenth District increased during the last half of the month. As total reserves expanded even more than required reserves, the daily average of excess reserves increased too.

Reports available on Reserve city banks, whose reserve positions are reported weekly, show that required and excess reserve changes in the last week in November were typical of a war loan drive period. Similar changes are shown in the semi-monthly report of both Reserve city and country banks for the first half of December.

Daily average member bank reserves:

	Held	Required	Excess	Ratio Excess to Required
	(In millions of dollars)			(Per cent)
Reserve city banks				
Nov. 16-30, 1944.....	451	405	46	11
Nov. 1-15, 1944.....	437	397	40	10
Oct. 16-31, 1944.....	423	392	32	8
Nov. 16-30, 1943.....	390	349	41	12
Country banks				
Nov. 16-30, 1944.....	228	168	60	36
Nov. 1-15, 1944.....	221	167	54	32
Oct. 16-31, 1944.....	214	163	51	32
Nov. 16-30, 1943.....	184	125	59	47

TRADE

Wholesale Sales According to preliminary figures of the Bureau of the Census, November sales of 126 wholesalers in the Tenth District were 5 per cent larger than a year earlier and sales for the first eleven months of 1944 were up 6 per cent from the corresponding period of 1943. Of the principal wholesale lines, November sales of drugs and groceries showed increases over the preceding year, while sales of furniture and hardware were lower. Wholesale stocks on November 30 averaged slightly higher than a year earlier, although wholesale grocers' stocks were down by about 11 per cent.

Department Store Sales Dollar volume of sales at reporting department stores in this District increased sharply and stocks declined sharply during November. Both movements were contrary to the seasonal trend. Although similar tendencies were in evidence in 1943 and 1942, they were much more pronounced in 1944. This was due to an even earlier start on Christmas shopping in 1944 than in other recent years, partly in response to pleas to mail all Christmas packages before December 1 and partly because of fear of depleted stocks later in the season. A very heavy demand was reported for toys, clothing, ready-to-wear accessories, cosmetics, and other gift merchandise—especially for high-priced items.

The seasonally adjusted index of department store sales rose to 244 per cent of the 1935-39 average in November, a new high point, and dollar volume for

November was 15 per cent larger in 1944 than in 1943. Moreover, despite the pronounced shift of a very large part of Christmas buying to earlier months, sales for the first three weeks of December when Christmas shopping reached its peak were 25 per cent higher than in the previous year. The heavy buying of November reduced stocks on hand to a level about 6 per cent below the preceding year.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		Nov. '44 comp. to Nov. '43	11Mos. '44 comp. to 11Mos. '43	Nov. 30, '44 comp. to Nov. 30, '43
(Per cent increase or decrease)				
Denver.....	7	+12	+6	-8
Pueblo.....	3	+6	+11	*
Hutchinson.....	3	+19	+19	*
Topeka.....	3	+23	+18	*
Wichita.....	4	+17	+17	*
Joplin.....	3	+16	+10	*
Kansas City.....	8	+22	+11	+9
St. Joseph.....	3	+17	+16
Omaha.....	4	+9	+11	*
Oklahoma City.....	6	+12	+15	-14
Tulsa.....	4	+18	+10	*
Other cities.....	31	+15	+8	+2
District.....	79	+15	+11	-6

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing Meat-packing operations in this District in November, as indicated by packers' purchases of livestock at leading markets, were considerably below the very high level of a year earlier, when a critical feed situation and shortages of sheep herders had been forcing many cattle and sheep onto the market and when the huge 1943 spring pig crop was moving to slaughter. Calf slaughter continues above a year ago but the November slaughter of cattle and sheep was down about one-fifth while hog slaughter was little more than half that in the corresponding month last year. In contrast with the decrease indicated for this District, the commercial slaughter of cattle under Federal meat inspection in November, 1944, for the country as a whole was at a new high level for that month. United States cold storage stocks of beef on December 1, however, were down about 37 per cent from the same date in 1943, while holdings of pork were down 18, of lamb and mutton 39, and of lard 31 per cent.

Flour Milling Southwestern flour mills early in December were operating at about 85 per cent of full-time capacity, approximately the same average rate as for the three preceding months. This level of activity, although high, was not quite so high as that of a year earlier, and flour output in recent months has been below the preceding year, production for November showing a decrease of 8 per cent from the corresponding month of 1943. A shortage

of box cars, which forced some mills to close for short periods early in November, the continued shortage of labor, and the decreasing backlog of orders on mills' books are factors tending to curtail milling operations. The shortage of box cars and labor has caused flour users, many of whose stocks are low, to request shipment of flour before it is actually needed, in order to offset frequent delays in deliveries.

Army and lend-lease flour orders, mostly for immediate shipment, recently have been heavy. In addition, some replacement flour buying by large bakers occurred early in December, partly in response to the increase in the domestic milling subsidy effective the first of the month, but for the most part domestic sales continue on a hand-to-mouth basis. Although the backlog of orders on mills' books generally is low, many mills early in December were reported not eager to book, with prices of both flour and wheat virtually at the ceiling and supplies of free wheat becoming increasingly scarce.

Through December 15, flour sales under the export subsidy program inaugurated November 15 totaled 539,332 sacks. The largest buyer has been Cuba, which purchased more than one-third of this total, followed by Brazil, Venezuela, Haiti, and twelve other Central and South American countries. These sales are equivalent to 1,267,368 bushels of wheat.

Petroleum The Petroleum Administration for War certified the production rate of all petroleum liquids for November at 5,023,900 barrels daily. The attained rate of crude oil production for the month was 4,728,600 barrels daily, a slight increase over the output in October.

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:

	Nov. 1944	11 Mos. 1944	Change from '43	
	(Thousand barrels)	(Thousand barrels)	Nov. 1943	11 Mos. 1943
			(Per cent)	(Per cent)
Colorado.....	279	2,706	+39	+28
Kansas.....	8,127	90,879	-2	-7
Nebraska.....	30	381	-17	-37
New Mexico.....	3,146	36,347	-6	+4
Oklahoma.....	10,763	113,130	+7	0
Wyoming.....	2,846	29,786	0	-2
Six states.....	25,191	273,229	+1	-2
United States.....	141,860	1,531,259	+6	+12

For December a production rate of 5,026,400 barrels daily was certified to the various oil producing states. This was an increase of 2,500 barrels over the November certification but about 25,000 barrels below the record quota of 5,041,300 barrels in September of this year. The chief increase in the December certification is attributable to Oklahoma and Kentucky, where completions in recently discovered fields have raised productive capacity enough to off-

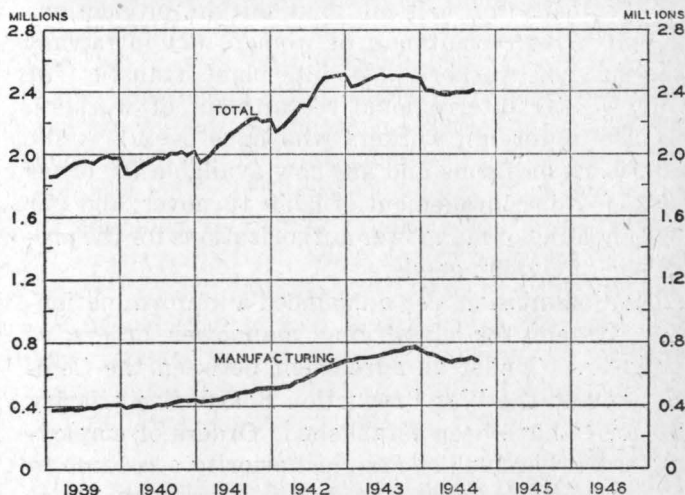
set the decline in production of older fields. During the week ending December 9, national daily output of crude oil averaged 4,705,450 barrels, an increase of 8 per cent over the corresponding period of 1943.

Crude oil stocks as of December 2 showed a decline of 8 per cent from last year. Gasoline stocks were up 15 per cent. Residual fuel oil stocks increased 1 per cent and gas oil and distillate stocks increased 3 per cent over the corresponding date in 1943. Refinery runs rose 8 per cent from last year.

Reports indicate that there will be less gasoline for civilians during 1945 because of military requirements. Military demands for all types of gasoline have increased from approximately 150,000 barrels a day in 1941 to more than 800,000 barrels daily in 1944, a jump of 433 per cent. In refinery operations the chief emphasis will continue to be placed on the production of aviation gasoline, in which a shortage has developed with all-out operations against Germany.

Employment In September, the latest month for which data are available, 2,402,600 workers were employed in nonagricultural pursuits in the Tenth District, a gain of 5,000 over the number in August but a loss of 4 per cent from September, 1943. Manufacturing employment was 1 per cent lower than in August and 9 per cent lower than in the corresponding period a year ago. The higher rate of decrease in manufacturing indicated a shifting of workers from war production. As is indicated by the chart, nonagricultural employment reached its peak in December, 1942, and was practically unchanged a year later, since which time there has been a definite tendency to decline. Manufacturing employment followed a continuous upward course to its peak in November, 1943, with a rather constant decline since.

NONAGRICULTURAL EMPLOYMENT - TENTH DISTRICT



Bureau of Labor Statistics' estimates of full- and part-time wage and salary workers in nonagricultural establishments, excluding domestic servants and personnel of the armed forces, for the seven states that lie wholly or partially within the Tenth District. Mid-month figures; latest shown are for September, 1944.

In the nation, there was a decrease from August of 1 per cent both in total nonagricultural and in manufacturing employment. From September, 1943, there were decreases of 3 per cent and 8 per cent, respectively. The seasonal change reflected the withdrawal, as school opened, of young people employed during the summer. Unemployment was at its lowest level (about 800,000) despite the decline in employment (approximately one million nonagricultural and a half million agricultural workers) from the preceding year. The armed forces were increased by about two million during the year.

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

	Sept.	Aver.	Change from '43	
	1944	9 Mos. 1944	Sept.	9 Mos.
	(Number)		(Per cent)	
Colorado.....	267,000	263,300	-8	-7
Kansas.....	405,000	408,300	-2	-3
Missouri.....	953,000	949,900	-4	-3
Nebraska.....	259,000	256,900	-2	-3
New Mexico.....	79,400	78,100	-2	-3
Oklahoma.....	377,000	375,600	-6	-3
Wyoming.....	62,200	61,500	0	+3
Seven states.....	2,402,600	2,393,600	-4	-3
United States.....	38,523,000	38,748,000	-3	-2

The War Manpower Commission has made no changes in classification of labor market areas in the District since September; one area is classified in Group I, five in Group II, six in Group III, and five in Group IV. Some plants are increasing production and others are nearing completion; consequently, the demand for labor is growing. The Commission estimates that about 46,000 new workers will be needed for ammunition production in manpower regions embracing the Tenth District. The Commission has presented a seven-point program to help meet labor requirements for critical ammunition production: (1) intensive recruitment of women, (2) intraplant transfers of workers, (3) interplant transfers of workers, (4) interregional recruitment of workers, (5) use of foreign workers who have been brought in to work on farms and are now available for other work, (6) discouragement of labor turnover, and (7) a withholding of manpower authorizations for the production of civilian goods.

The Commission also announced a uniform nationwide system for classifying manpower orders of employers. Under an agreement between the Commission and the War Production Board, five priority categories have been established. Orders of employers for workers will be assigned priority according to their urgency in "must" production. Assignments of the most critical orders will be made by the chairman of the National Manpower Priorities Committee.

Ratings of less importance will be designated by regional, state, or area directors. Any order in a local United States Employment Office which has not been assigned in this manner will be classified as a "non-priority" order.

AGRICULTURE

Farm Land Values Farm real estate values have continued to rise in recent months, according to the Department of Agriculture. By November, the estimated value per acre of farm real estate in Colorado had risen more than 70 per cent above the prewar (1935-39) average, in Wyoming from 60 to 69 per cent, in New Mexico 50 to 59 per cent, in Missouri 40 to 49 per cent, in Kansas and Oklahoma from 30 to 39 per cent, and in Nebraska from 10 to 19 per cent. For most District states, the low point of farm land values occurred in 1933, since which time values have generally tended upward—sharply so during the war period. In Nebraska, however, the low point was not reached until 1941, while in Kansas farm land values in 1940 and 1941 were little above their 1933 low. Consequently, farm land values in Nebraska and Kansas show relatively small increases over the 1935-39 average.

For the whole country, farm real estate values last March were 38 per cent above the prewar average, and by November the increase was 44 per cent. Although the total volume of voluntary transfers since last March has been appreciably below the record level of a year earlier, nevertheless it is still very high. Moreover, the proportion of sales for cash and the average size of down payments on credit-financed transfers show a further increase. In the case of farms sold by owner operators, the reports indicate that about two-thirds of the sellers intend to remain in farming, that about one-fourth of the farms sold were transferred on account of retirement or death of the operator, and that about one-tenth of the sellers were entering other civilian occupations.

The recent slackening of market activity as compared with the record level of 1943 may or may not be significant. The unprecedented volume of transfers in 1943 was swelled by heavy liquidation of holdings by estates, corporations, credit agencies, and other unwilling owners, as land continued to move into the hands of purchasers who, for the most part, can and want to retain ownership. By early 1944, this liquidation had about run its course. There are undoubtedly some potential sellers who are holding for a higher market, while many potential buyers may be hesitant to purchase at present prices because of the uncertain long-term outlook for agricultural commodity prices and farm income after the war.

Basically, the high wartime level of farm income, further accumulation of liquid savings available for land purchase, and abundant credit at low rates continue to stimulate the buying of farms at rising prices. The amount of cash, bank deposits, and Government securities owned by farmers alone on January 1, 1944, was estimated at about 12 billion dollars as compared with 4½ billion dollars on January 1, 1940. There are some indications that inexperienced and unwary persons are paying increasing prices for land not suited to agricultural use. War workers and returning veterans are expected to become increasingly important on the demand side of the land market.

On the other hand, there appears to be growing recognition of the possibility of serious farm surplus problems soon after the cessation of hostilities and of a possible repetition of the collapse of land values that followed the last war. Agriculture, unlike industry, does not have a backlog of unfilled demand, once the large immediate postwar needs for agricultural products are met and agriculture has converted from a wartime to a peacetime basis.

Crops The winter wheat acreage planted in the fall of 1944 in the seven states, all or parts of which are included in the Tenth District, was about 6 per cent larger than the acreage seeded in the fall of 1943, according to estimates of the Department of Agriculture. The increase in winter wheat acreage, which was fairly general over the District, was the result of several factors, including favorable moisture conditions for seeding after early October rains were received, Government support of wheat prices, and the higher War Food Administration goals for the 1945 wheat crop. In southwestern Oklahoma, an additional factor was the farm labor shortage, which caused some farmers to shift from cotton to wheat.

Department of Agriculture winter wheat estimates:

	FALL SEEDED ACREAGE			PRODUCTION		
	1944	1943	Aver. '32-'41	Est. 1945	Final 1944	Aver. '33-'42
	(Thousand acres)			(Thousand bushels)		
Colo.....	1,548	1,420	1,131	20,124	16,827	10,427
Kans.....	13,621	13,097	13,753	204,315	191,624	125,965
Mo.....	1,800	1,714	2,045	25,200	23,800	26,851
Nebr.....	3,828	3,611	3,538	61,248	35,009	39,360
N. Mex....	350	310	354	4,550	2,795	2,040
Okla.....	5,779	5,206	4,889	63,569	85,914	48,419
Wyo.....	182	165	141	1,820	2,106	1,298
7 States..	27,108	25,523	25,851	380,826	358,075	254,360
U. S.....	49,589	46,349	47,459	761,591	764,073	570,675

The increases in wheat acreage, however, were considerably less than those indicated by earlier private estimates. The official estimate of 27 million acres for the seven-state area, although very large, is still far below the high level of well over 32 million acres seeded in both 1936 and 1937. The acreage for

Kansas, the nation's leading wheat producer, is estimated at 13.6 million acres as compared with about 17 million acres seeded in 1936 and 1937.

Despite some delay in planting because of dry weather early in the fall, seeding was completed about on schedule. The generally mild, wet weather of October and November enabled wheat that had been seeded in the dust to germinate and promoted a rapid development of the wheat plant. In most areas of the District, the reported condition of wheat on December 1 was outstandingly high, with indications that winter abandonment would be light. On the basis of weather conditions through November and the December 1 condition of the crop as related to seeded yields attained in past years, winter wheat production in 1945 will exceed that in 1944 in all District states except Oklahoma and Wyoming. A substantial increase is in prospect in Nebraska, where winter wheat production was seriously reduced by rust in 1944. A material decrease is in prospect for Oklahoma, since it is

	RAINFALL			
	Nov. 1944		11 Mos. 1944	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	0.44	0.55	12.88	13.35
Leadville.....	0.57	0.91	11.73	17.61
Pueblo.....	0.19	0.36	11.23	11.52
Lamar.....	0.61	0.43	21.37	14.53
Alamosa.....	0.15	0.20	5.67	6.84
Steamboat Springs....	2.39	1.58	19.65	21.09
KANSAS				
Topeka.....	2.24	1.76	39.24	31.55
Iola.....	2.16	2.47	45.32	36.11
Concordia.....	1.94	1.09	37.95	24.58
Salina.....	1.76	1.42	33.31	26.25
Wichita.....	1.93	1.77	39.64	29.35
Hays.....	1.38	0.95	28.77	22.41
Goodland.....	1.10	0.62	23.77	17.35
Dodge City.....	0.93	0.93	33.13	19.89
Elkhart.....	0.90	0.70	26.35	16.41
MISSOURI				
St. Joseph.....	2.26	1.58	44.37	34.33
Kansas City.....	2.94	2.22	45.90	33.33
Joplin.....	2.83	2.77	43.25	41.83
NEBRASKA				
Omaha.....	1.47	1.07	30.42	26.88
Lincoln.....	2.57	1.07	34.75	27.18
Norfolk.....	1.38	0.96	36.63	25.88
Grand Island.....	1.05	0.93	31.58	24.94
McCook.....	1.23	0.63	29.92	19.02
North Platte.....	1.08	0.47	18.25	17.88
Bridgeport.....	1.83	0.44	21.10	15.22
Valentine.....	2.81	0.56	24.51	17.76
NEW MEXICO				
Clayton.....	0.46	0.39	17.77	14.74
Santa Fe.....	1.14	0.70	13.95	13.65
Farmington.....	0.81	0.48	7.39	8.03
OKLAHOMA				
Tulsa.....	2.84	2.48	39.26	36.83
McAlester.....	2.21	2.84	33.43	40.66
Oklahoma City.....	2.39	1.87	33.06	29.65
Pauls Valley.....	3.46	2.32	38.71	33.10
Hobart.....	1.66	1.66	30.96	26.97
Enid.....	5.83	1.60	31.06	29.48
Woodward.....	1.50	1.67	31.03	25.00
WYOMING				
Cheyenne.....	0.90	0.52	15.02	14.46
Casper.....	0.88	0.79	11.37	13.82
Lander.....	1.46	0.60	19.03	12.29
Sheridan.....	1.11	0.63	23.30	14.44

thought unlikely that the record-breaking yields per acre produced in that state in 1944 will be repeated.

The present generally excellent condition of the 1945 winter wheat crop is in sharp contrast to the poor condition of the 1944 crop at this stage a year ago. At the same time, it is recognized that, just as winter wheat a year ago improved remarkably to produce the large 1944 crop harvested last summer, so also might present prospects decline appreciably before the 1945 crop comes to harvest next summer.

The cash price of high protein wheat continues at or near the ceiling, having advanced when the ceiling was raised 4 cents a bushel near the middle of December to reflect parity and thus fulfill the requirements of the Stabilization Extension Act of 1944. Prices for low protein and intermediate grades of wheat, which had declined appreciably during October and November, increased sharply early in December because of increasing tightness in supplies. Later in the month, however, prices of these grades again declined, partly in response to a report that a two-price system for wheat was under consideration. Under the reported plan producers would receive parity for that proportion of production domestically consumed while prices for all surplus wheat would become subject to competitive world levels.

Livestock The outlook for cattle feeding operations this winter continues to show improvement. Shipments of stocker and feeder cattle to feed lots in Nebraska point to increased feeding over a year ago in that state, which produced a bumper corn crop in 1944. The movement of stockers and feeders into Kansas and Oklahoma indicates a large increase in the number of cattle to be finished on winter wheat pastures and sorghum feeds, which are abundant in those states. In addition, the proportion of locally raised cattle on feed or to be fed is very large.

In western states of the District, the reduction in cattle feeding operations this winter will be less than expected earlier. The number of cattle fed in Colorado and Wyoming will still be below that last winter, but the number fed in New Mexico may be little changed. Further easing of the feed situation accounts in large part for the improvement in the feeding outlook, as the price spread between well-finished cattle and feeder cattle has narrowed appreciably since last summer and early fall.

A rather sharp reduction is in prospect in the number of lambs finished in feed lots this winter, while a much larger number of lambs will be finished on wheat pastures. In Nebraska, the principal Corn Belt lamb feeding state, the total volume of lamb feeding for the 1944-45 season will be below a year earlier as

the result of reduced operations in commercial feeding areas that are offset only in part by increased feeding in general farming areas of that state. The movement of feeder lambs to Kansas wheat fields continued heavy in November, and lamb feeding in Kansas will be much above last winter. Some increase is expected in Oklahoma also.

In Colorado, the leading western lamb feeding state, the number of lambs fed this winter will be about 5 per cent below a year earlier and the smallest since 1927. The reduction from last year in Colorado will be chiefly in the Arkansas Valley and Western Slope areas, with little change in the Northern Colorado and other feeding sections. The reports indicate that many more ewe lambs went to slaughter or into feed lots in 1944 than in 1943, reflecting a further reduction in range sheep numbers because of labor shortages and high operating costs.

Top prices for beef steers at the Kansas City market dropped sharply during November and December. Much of the decline was due to a seasonal deterioration in quality but, according to trade reports, prices recently have been influenced also by the proposal to modify the present system of price ranges by placing flat ceilings on live cattle prices. Near the end of October, prices of good to choice lighter weights of hogs broke away from their ceiling of \$14.50 a hundredweight in response to a seasonal increase in marketings. The top price of hogs subsequently has fluctuated between \$14.50 and \$13.85 a hundredweight, prices regaining their ceiling early in November and again in late December.

The discount on heavy hogs is gradually being eliminated. Under the dual hog ceilings established last May, hogs weighing 240 pounds and under had a ceiling of \$14.50 a hundredweight, while those weighing over 240 pounds were restricted to a lower ceiling of \$13.75. Effective October 30, the heavier weights up to 270 pounds and, effective December 13, barrows and gilts weighing more than 270 pounds were made eligible to receive the higher ceiling of \$14.50. This action, which was designed to encourage the production of a greater volume of urgently needed pork and lard from hogs now on hand, was possible because feed supplies now warrant the feeding of hogs to heavier weights.

Top carlot livestock prices at Kansas City:

	Dec. 28 1944	Nov. 1944	Oct. 1944	Nov. 1943	Nov. 1942	Nov. 1941
	(In dollars per hundredweight)					
Beef steers.....	15.00	16.75	17.50	16.00	16.60	12.75
Stocker cattle.....	12.25	13.75	13.40	13.25	14.50	11.25
Feeder cattle.....	13.00	14.15	14.50	13.50	14.75	10.90
Calves.....	14.00	14.00	14.00	14.00	14.50	12.50
Hogs.....	14.50	14.50	14.50	14.15	14.20	10.50
Lambs.....	14.50	14.70	15.00	15.00	15.10	11.50
Slaughter ewes.....	7.00	6.60	6.15	6.35	6.60	5.60

FEDERAL RESERVE BANK OF KANSAS CITY

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Output at factories and mines showed little change from October to November. Retail trade expanded further to new record levels.

INDUSTRIAL PRODUCTION

Industrial output in November and the early part of December was maintained at approximately the same level that had prevailed during the previous four months. Production of durable goods declined slightly in November, while output of other manufactured goods, especially war supplies, increased somewhat further and mineral production was maintained in large volume. Output of critical war equipment was larger in November than in October but was still behind schedule, according to the War Production Board.

Activity in the durable goods industries, particularly machinery, transportation equipment, and lumber, continued to be limited in part by manpower shortages. Employment in the transportation equipment industries has declined by about one-fifth during the past twelve months, but total output of aircraft, ships, and combat and motor vehicles has declined by a much smaller amount owing to greater efficiency.

In most nondurable goods industries, production was somewhat greater in November than in the previous month. Activity at explosive and small-arms ammunition plants increased, reflecting enlarged war production schedules, and output in most other branches of the chemical industry also expanded, reaching levels above those of a year ago. Production in the petroleum refining and rubber industries, chiefly for war uses, increased somewhat in November.

Output of manufactured foods showed less decline than is usual for this season and was as large as in November, 1943. In the textile industry, output at woolen and worsted mills continued to advance in October from the reduced level of operations prevailing during the summer. Cotton consumption in November was above October and rayon deliveries were at a new record level.

Mineral production was maintained in November. Coal output was one-fifth larger than in November, 1943, when operations were sharply reduced by a work stoppage. In the early part of December, however, coal production was nearly 10 per cent less than in the same period last year.

DISTRIBUTION

Value of department store sales in November was 14 per cent above the exceptionally high level last year, about the same year-to-year increase which prevailed in the previous four months. In the first half of December, sales were about 20 per cent larger than last year. All Federal Reserve districts have shown large increases over last year in pre-Christmas sales.

Railroad freight carloadings, adjusted for seasonal changes, were maintained at a high level in November and the first two weeks of December. Shipments of most classes of freight, however, were not quite as great as the exceptionally large movement of freight during the same period last year.

COMMODITY PRICES

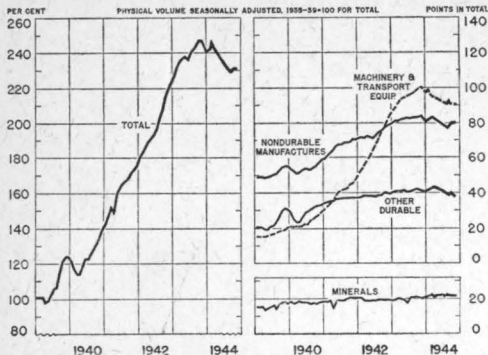
Changes in wholesale prices of agricultural and industrial products were mostly upward in November and the early part of December. Retail prices of foods and various other commodities were slightly higher in November than in October. During the past year there has been a slight upward tendency in prices of most commodities, both in wholesale and retail markets.

BANK CREDIT

Banking developments during the four weeks ended December 13 were largely determined by the Sixth War Loan Drive. Government deposits at weekly reporting banks in 101 cities increased by approximately 8 billion dollars while adjusted demand deposits of individuals and business were drawn down about 2.6 billions in payment for securities purchased. The reporting banks added 3.7 billion dollars to their holdings of Government securities and increased their loans by 1.7 billion.

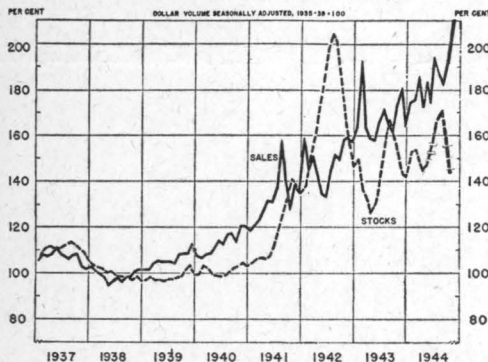
As a result of the transfer of deposits of individuals and businesses to war loan accounts, reserves required by member banks declined about 700 million dollars from the beginning of the Drive through mid-December. In addition, reserve funds were supplied to the banking system through the purchase by the Federal Reserve Banks of 640 million dollars of Government securities. These additional reserves were used in part to reduce member bank borrowings at the Reserve Banks, which had risen to nearly 600 million dollars in the latter part of November, and to meet the demand for currency. This demand, though slackened somewhat by the War Loan Drive, amounted to 450 million dollars for the four weeks ended December 13. Excess reserves increased by 300 million dollars, principally at country banks.

INDUSTRIAL PRODUCTION



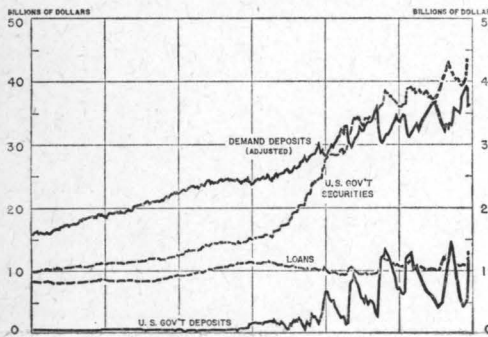
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures; latest shown are for November, 1944.

DEPARTMENT STORE SALES AND STOCKS



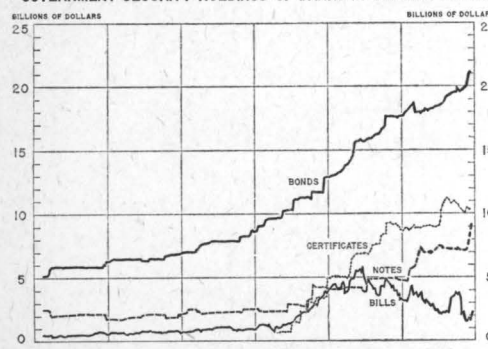
Federal Reserve indexes. Monthly figures; latest shown are for November, 1944.

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 December 13, 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 December 13, 1944.