

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

LIBRARY
MAR 20 1945
FEDERAL RESERVE BANK
OF PHILADELPHIA

VOL. 30, No. 2

FEDERAL RESERVE BANK OF KANSAS CITY

FEBRUARY 28, 1945

REDEMPTION OF SERIES E SAVINGS BONDS

The rate of redemption of Series E savings bonds in the United States, as measured by the ratio of the dollar amount redeemed to the amount outstanding, has shown very little increase since the first quarter of 1943, except for the months of October and November, 1944. During the preceding year the redemption rate had increased rapidly. The system whereby savings bonds of Series A to E may be redeemed through banks and trust companies was instituted in October, 1944. For the first two months under the new plan, redemptions were at a sharply higher rate, reaching 1.6 per cent in October and 1.5 in November. Monthly rates have varied considerably since February, 1943, but with the exception of the two months indicated, the variation has remained within a range of 0.8 of one per cent to 1.3 per cent.

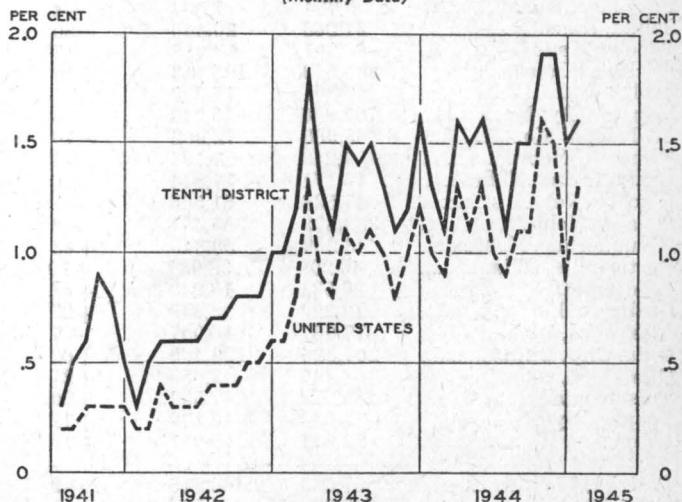
Although the ratio of redemptions to dollar volume outstanding has increased little, the absolute amount of redemptions has become much larger with the increase in the volume of E bonds outstanding. Accordingly, the ratio of current redemptions to current sales has been increasing. During 1944, national redemptions were approximately 23 per cent of sales, compared with about 13 per cent during 1943. By the end of January, 15.6 per cent of all Series E savings bonds sold in the United States had been redeemed.

The patterns of monthly fluctuations in the redemption rates of the Tenth Federal Reserve District and of the whole country are strikingly similar, but the ratio of redemptions to the amount outstanding in the District is slightly higher than in the United States as a whole. As is shown in the accompanying graph, this has been true since Series E bond redemptions first began. (No figures on the amount of Series E savings bonds outstanding in the Tenth District are available, but an estimate has been made for each month on the basis of cumulative net sales in the

District since Series E bonds were first issued in May, 1941.) From February, 1943, to January, 1945, the redemption rate has ranged from 1.2 per cent to 1.6 per cent except for October and November, 1944, when the rate reached 1.9 per cent. The higher rate of redemption for the District reflects the fact that District cumulative sales account for about 4 per cent of the national cumulative sales, while District cumulative redemptions account for approximately 5 per cent of the national cumulative redemptions. During 1944, District redemptions were approximately 27 per cent of District sales, compared with 15 per cent during the year 1943.

The rate of redemption rises after war loan drives and decreases during the drives. As the period of the higher rate of redemption usually runs for two or three months immediately following a war loan drive, it is probable that the increased rate results from the redemption of Series E bonds purchased in the immediately preceding drive, which have to be held sixty days before they are eligible for redemption. Redemptions usually have been large during income tax payment months too.

REDEMPTION OF SERIES E SAVINGS BONDS
AS A PER CENT OF AMOUNT OUTSTANDING
(Monthly Data)



FINANCE

Member Bank Credit Earning assets of Tenth District weekly reporting banks increased 7.4 million dollars during the five-week period ending February 14. Loans decreased 8.1 million dollars, chiefly as a result of reductions of 4.4 million in commercial, industrial, and agricultural loans, and 2.8 million in loans for purchasing and carrying securities. Most of the decrease in loans for purchasing and carrying securities represented liquidation of loans arranged during the Sixth War Loan Drive.

A net increase of 15.5 million dollars in the investments of the District reporting banks during the period under review involved an increase of 19.5 million in Government securities, and a decrease of 4 million in other securities. Net Government security holdings were enlarged by increases in certificates of indebtedness, notes, and bonds, partly offset by decreases in bills and Government guaranteed obligations. The relatively large decrease in the Government guaranteed obligations and a major proportion of the increase in certificates arose from the Treasury exchange of $1\frac{1}{8}$ per cent Commodity Credit Corporation notes for $\frac{7}{8}$ per cent Treasury certificates of indebtedness.

BANK DEBITS

	Jan. 1945	Jan. 1944	Change from 1944
	(Thousand dollars)		(Per cent)
Colo. Springs, Colo.....	23,661	21,921	+8
Denver, Colo.....	297,004	293,127	+1
Gr. Junction, Colo.....	7,648	7,044	+9
Greeley, Colo.....	11,021	9,318	+18
Pueblo, Colo.....	21,644	21,272	+2
Atchison, Kans.....	6,870	6,356	+8
Emporia, Kans.....	7,021	6,836	+3
Hutchinson, Kans.....	32,097	30,069	+7
Independence, Kans.....	5,039	4,542	+11
Kansas City, Kans.....	40,980	48,549	-16
Lawrence, Kans.....	8,120	6,580	+23
Parsons, Kans.....	6,469	6,026	+7
Pittsburg, Kans.....	6,754	7,004	-4
Salina, Kans.....	21,268	26,446	-20
Topeka, Kans.....	62,201	58,218	+7
Wichita, Kans.....	230,553	195,013	+18
Joplin, Mo.....	17,301	17,092	+1
Kansas City, Mo.....	707,066	675,240	+5
St. Joseph, Mo.....	65,965	72,902	-10
Fremont, Nebr.....	7,248	7,194	+1
Grand Island, Nebr.....	15,171	14,844	+2
Lincoln, Nebr.....	47,538	51,505	-8
Omaha, Nebr.....	339,872	355,451	-4
Albuquerque, N. Mex.....	43,269	30,345	+43
Bartlesville, Okla.....	46,209	38,987	+19
Enid, Okla.....	27,534	18,948	+45
Guthrie, Okla.....	3,229	2,549	+27
Muskogee, Okla.....	17,067	16,007	+7
Okla. City, Okla.....	207,386	128,409	+62
Okmulgee, Okla.....	4,445	3,659	+21
Tulsa, Okla.....	285,272	237,553	+20
Casper, Wyo.....	12,230	10,879	+12
Cheyenne, Wyo.....	22,533	18,931	+19
District, 33 cities.....	2,657,685	2,448,816	+9
U. S., 334 cities.....	82,743,000	71,904,000	+15

A large decline in interbank deposits was the most notable change in the deposits of the District weekly reporting banks during the five weeks ending February 14. Interbank deposits were 89.9 million dollars lower, and Government deposits contracted 23.6 million. These decreases were offset in part by increases of 68.5 million dollars in private demand deposits and 6.3 million in time deposits, leaving a net decrease in deposits of approximately 38.7 million dollars. Net balances due from banks declined 26.5 million. Borrowing by reporting banks increased 20.1 million dollars, as some banks found it necessary to borrow to meet their reserve requirements.

Principal items of condition of 50 member banks:

	Feb. 14 1945	Jan. 10 1945	Feb. 16 1944
	Change from		
	(In thousands of dollars)		
Loans and investments—total.....	1,994,946	+7,399	+201,191
Loans—total.....	350,191	-8,093	-999
Coml., indust., agric.....	220,402	-4,400	-9,448
To security brokers and dealers..	4,147	-395	-45
Other to purchase or carry secur..	30,422	-2,397	+8,257
Real estate loans.....	36,642	-336	-3,458
Loans to banks.....	450	+50	+450
All other loans.....	58,128	-615	+3,245
Investments—total.....	1,644,755	+15,492	+202,191
U. S. Treasury bills.....	78,946	-10,733	-67,192
U. S. Treas. certif. of indebt.....	361,021	+11,887	+29,804
U. S. Treasury notes.....	370,027	+7,025	+125,409
U. S. Govt. bonds.....	681,779	+19,456	+138,625
Oblig. guar. by U. S. Govt.....	26,366	-8,104	-26,567
Other securities.....	126,616	-4,039	+2,111
Reserve with F. R. Bank.....	404,539	-490	+38,249
Balances "due from" banks—net..	270,611	-26,450	-41,585
Demand deposits—adjusted.....	1,275,440	+68,528	+198,051
Time deposits.....	234,105	+6,283	+56,304
U. S. Govt. deposits.....	282,604	-23,583	-21,446
Deposits "due to" banks—net.....	760,099	-89,875	-62,319

Member Bank Reserves The daily average reserves of District member banks, particularly reserve city banks, declined during January. The daily average required reserves increased for the country banks, and remained virtually unchanged for the city banks. Some banks found it necessary to borrow to meet their reserve requirements. In spite of the borrowing, the excess reserves of member banks, especially city banks, showed a sharp drop during the month of January.

Daily average member bank reserves:

	Held	Required	Excess	Ratio Excess to Required
	(In millions of dollars)			(Per cent)
Reserve city banks				
Jan. 16-31, 1945.....	413	386	27	7
Jan. 1-15, 1945.....	429	385	44	12
Dec. 16-31, 1944.....	435	386	49	13
Jan. 16-31, 1944.....	394	355	39	11
Country banks				
Jan. 16-31, 1945.....	224	168	56	33
Jan. 1-15, 1945.....	229	164	65	39
Dec. 16-31, 1944.....	231	162	69	43
Jan. 16-31, 1944.....	193	132	61	46

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in the District in January was 21 per cent larger than a year ago, and sales for the first three weeks of February showed an increase of 25 per cent over last year. Sales declined much less than usual from December to January, and the seasonally adjusted index of daily average sales rose from 208 per cent of the 1935-39 average in December to 241 per cent in January, only three points below the record level of 244 last November. The maintenance of a high level of sales in January and February was reported to be due in part to early buying of spring merchandise, particularly clothing. Renewed emphasis on war production, together with the expectation that shortages of many types of civilian goods would continue much longer than anticipated earlier, also was reported to be an important factor in the present boom in sales, which is such as to suggest some hoarding by consumers.

Inventories at department stores showed a contraseasonal increase during January. Month-end stocks, however, were about 8 per cent lower than a year earlier and were equal to only about 1.9 months' supply at the January rate of sales as compared with 2.5 months' supply a year ago. Inventory turnover is reported to be higher than ever before, especially of ready-to-wear accessories, linens, and cotton goods such as sheets and towels, as stocks of many of these articles are virtually depleted the same day they are received. The volume of merchandise on order is more than one-third larger than a year ago and is almost double present stocks on hand.

Department store sales and stocks in leading cities:

	No. of Stores	SALES	STOCKS
		Jan. '45 comp. to Jan. '44	Jan. 31, '45 comp. to Jan. 31, '44
(Per cent change)			
Denver.....	7	+18	-11
Pueblo.....	3	+21	*
Hutchinson.....	3	+36	*
Topeka.....	3	+33	*
Wichita.....	4	+7	*
Joplin.....	3	+16	*
Kansas City.....	8	+20	+9
St. Joseph.....	3	+20
Omaha.....	4	+11	*
Oklahoma City.....	6	+29	-8
Tulsa.....	5	+35	-6
Other cities.....	31	+21	-7
District.....	80	+21	-8

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing Cattle slaughter, as indicated by packers' purchases at leading District markets, was 15 per cent larger in January, 1945, than in the same month of 1944, while calf slaughter was up 25 per cent and sheep slaughter 31 per cent. Hog

slaughter, however, was less than half that in the corresponding month last year. Packers' purchases of cattle and sheep were very heavy, cattle purchases being about one-half and sheep purchases nearly two-thirds larger than the January average of the past ten years.

Despite a high level of cattle and sheep slaughter, United States cold storage stocks of beef on February 1 were down to 115 million pounds from 242 million a year earlier, and stocks of lamb and mutton were down to 18 million pounds from 35 million last year. Pork stocks totaled only 406 million pounds as compared with 647 million a year ago and their recent high of 803 million on July 1, 1944, while stocks of lard were only 82 million pounds as compared with 248 million at this time last year and the record of 498 million pounds on May 1, 1944. Total meat stocks were the smallest for any February 1 in available records going back to 1916. The same was true of pork stocks, which account for nearly two-thirds of the meat total.

Renewed tightness in the civilian meat supply was evidenced by the increase for January in the ration point values of most cuts of meat, in consequence of which about 85 per cent of all trimmed retail cuts of meat again have ration point values above zero. As compared with a per capita civilian consumption of about 147 pounds of meat in 1944, the civilian supply for 1945 is estimated at 128 to 133 pounds per capita, but this is still somewhat above the average of 126 pounds from 1935 to 1939.

Flour Milling Southwestern flour milling operations averaged 90 per cent of full-time capacity during January, and in the early weeks of February mills operated at about 95 per cent of capacity. This level of operations, although very high, nevertheless was appreciably below the record rate of a year earlier, as activity currently is hampered by an acute shortage of box cars for flour shipments and of labor for loading cars.

The general shortage of box cars has seriously disrupted shipping schedules and even production schedules because of frequent enforced shutdowns. Where the shortage is least acute, however, some mills are operating seven days a week instead of six, in an effort to fill shipping directions for flour. The temporary embargo on shipments to eastern points enabled many mills in the Southwest to catch up for a time on shipments to western and southern points, but this relief was only temporary. Mills again are behind in their shipments and are able to fill orders only for flour most urgently needed. Mills are using every possible means to secure cars, even buying

wheat they do not want just to get box cars for reloading with flour. Since the effects of the box car shortage are expected to be felt for some time, the difficulty in securing cars recently has given rise to widespread concern over adequate supplies of flour for bakers and other domestic users in coming weeks.

The domestic milling subsidy on hard wheat ground into flour was increased from 23 cents a bushel in January to 25½ cents a bushel for February. The increase in the subsidy about offset an increase in wheat prices and thus had little effect on flour prices, which were virtually unchanged at ceiling levels. Uncertainty over continuation of subsidy payments beyond June 30, in the absence of legislation appropriating the necessary funds, is causing mills to restrict forward bookings to the amount of flour that can be milled prior to that date.

The wheat flour export subsidy program, inaugurated last November 15 and originally limited to sales to western hemisphere countries, was extended early in January to include export sales of flour to all friendly nations and to neutral countries as well. Through February 23, flour sales under this program totaled 319,217 sacks, equivalent to more than 7½ million bushels of wheat. Sales to Cuba alone account for over two-thirds of the total thus far.

Petroleum The Petroleum Administration for War set the January production rate of all petroleum liquids at 5,040,800 barrels per day. The attained rate of crude oil output for the month was 4,717,740 barrels. For February a production rate of 5,074,850 barrels a day was certified to the various oil producing states. This represents an increase of 34,050 barrels daily over the quota set for January and surpasses the former record certification in September, 1944, of 5,051,300 barrels daily. Because of productive capacity added by continued development of the West Edmond Field, the crude oil rate certified for Oklahoma in February was increased by 8,000 barrels. During the week ended February 17, national daily output of crude oil averaged 4,769,000 barrels and of distillate and allied products 318,050 barrels.

The following table shows crude oil production in the Tenth District as reported by the American Petroleum Institute and the Bureau of Mines:

	Jan. 1945	Jan. 1944	Change from 1944
	(Thousand barrels)		(Per cent)
Colorado.....	295	227	+30
Kansas.....	8,124	8,360	-3
Nebraska.....	30	37	-19
New Mexico.....	3,199	3,490	-8
Oklahoma.....	11,218	10,111	+11
Wyoming.....	3,019	2,722	+11
Six states.....	25,885	24,947	+4
United States.....	146,250	135,767	+8

Crude oil stocks as of February 10 were 218,894,000 barrels, which was 19.3 million less than at the corresponding date in 1944. Gasoline stocks were up 10.5 million barrels from the year before, but residual fuel oil stocks were down about 3.6 million barrels and gas oil and distillate stocks about 4.6 million.

Seven companies holding about 6,000 acres in the Elk Basin Field of Park County, Wyoming, and Carbon County, Montana, have established a unitized development and production program. Unitization involves a cooperative agreement between the owners of parts of an oil and gas field whereby one of the owners operates the field as a unit for the benefit of himself and other owners. Stanolind Oil and Gas Company will operate the Elk Basin unit, with the United States Geological Survey acting as umpire on engineering problems involving operations on Government land. The participation percentages will be adjusted as new development occurs. Ultimate production for acreage assigned to the unit has been estimated at 120,000,000 barrels, approximately 30 to 40 per cent of the total recoverable oil in the field. (Elk Basin has the largest number of separate operating companies of any field that has been unitized except the Salt Creek, Wyoming, district.) This action in the Elk Basin Field, extending the economies of unit production, emphasizes the trend toward consolidated operations in the postwar era.

Metals Slab zinc soon will be placed under allocation again, according to an announcement of the War Production Board. Zinc was dropped from allocation control last September 15. Consumption of slab zinc for 1945 is estimated at 1,078,000 tons, compared with domestic production and imports for the year estimated at 870,000 tons.

Meanwhile, Order M-38 has been revised by the War Production Board so as to restrict further the use of lead. One amendment reduced the amount of lead that may be used for several civilian purposes, while another made illegal after February 28 the sale of certain articles containing lead. The full use of lead for industrial type storage batteries has been restored, however, and the allowable use of lead for producing other civilian storage batteries during the first quarter of 1945 has been increased from 60 to 75 per cent of the 1944 base period.

In accordance with a requirement of the Surplus Property Act of 1944, the Army and Navy Munitions Board has made a report to the Congress, giving its recommendations as to the minimum and maximum quantities of strategic and critical materials which should be stockpiled. The figures have not been made public.

Strategic and critical materials are placed in three groups. Group A comprises those materials for which stockpiling is deemed the only satisfactory means of insuring an adequate supply for future emergency. Group B includes additional materials, the stockpiling of which is practicable. Their acquisition for stockpiling is recommended by the Board only to the extent that they may be made available for transfer from Government agencies, as adequacy of supply can be insured either by stimulation of existing North American production or by partial or complete use of available substitutes. Group C comprises those materials which are not now recommended for permanent stockpiling. It is stated that in each case the difficulty of storage is sufficient to outweigh the advantages to be gained by this means of insuring an adequate future supply. Among the strategic and critical materials included in Group A are bismuth, cadmium, copper, lead, and zinc.

Employment The level of nonagricultural employment in the Tenth District in November, the latest month for which figures are available, was 4 per cent lower than in the corresponding period a year ago. The decline of 103,700 employees reflected a loss in each of the seven states wholly or partly in the District except New Mexico which remained unchanged. Manufacturing employment was decreased by 11 per cent despite gains in three states—Wyoming 13 per cent, New Mexico 2 per cent, and Nebraska 1 per cent. The largest loss was 23 per cent in Colorado, with 8 per cent in Kansas, 11 per cent in Missouri, and 14 per cent in Oklahoma. Manufacturing accounted for about 75 per cent of the decline in nonagricultural employment.

Department of Labor estimates of nonagricultural employment:

	Nov.	Aver.	Change from '43	
	1944	11 Mos. 1944	Nov.	11 Mos.
	(Number)		(Per cent)	
Colorado.....	266,000	263,900	-6	-7
Kansas.....	402,000	407,300	-4	-3
Missouri.....	946,000	949,300	-5	-3
Nebraska.....	261,000	257,500	-1	-3
New Mexico.....	78,800	78,300	0	-2
Oklahoma.....	376,000	375,500	-5	-3
Wyoming.....	61,600	61,500	-1	+2
Seven states.....	2,391,400	2,393,300	-4	-4
United States.....	38,340,000	38,680,000	-4	-3

From October to November, the level of employment remained the same, although five states showed slight increases in the number of factory workers, and two states had more employees in nonagricultural establishments. These increases probably were the effect of renewed emphasis on war production and of greater availability of agricultural workers for other

work as farm demand declined. The Bureau of the Census reported a decrease of about 600,000 persons employed in agriculture in the United States.

Employment tendencies in the country as a whole were similar to those in the District. Nonagricultural employment declined 4 per cent from a year ago but showed no change from October. However, there was some shifting of workers among industry divisions, the largest monthly increase having been in trade and the largest decrease in government. Manufacturing employment reflected a somewhat smaller loss (10 per cent) from November, 1943, than in the District and a seasonal drop of 1 per cent.

Under the interregional recruitment program, 75 per cent of urgent job openings authorized in 1944 were filled. Requests for 500,000 workers were received, but only 371,000 were approved. Of the more than 529,000 workers recruited and referred, 277,489 were placed in top-priority war plants. The majority of workers were placed in west coast ship repair yards, shipyards building assault cargo and troop transports, B-29 and improved fighter aircraft plants, radar factories, heavy artillery plants, forges and foundries making parts for heavy trucks and tanks, army and navy construction, coal mines, and secret military projects.

States in the Tenth District have aided the program materially. Region IX (Kansas, Missouri, Oklahoma, and Arkansas) and Region XI (Colorado, Wyoming, Idaho, Montana, and Utah) were the only two regions which exceeded their quotas. They supplied 80,131 workers or 29 per cent of the total number placed. Region IX contributed the largest number of workers furnished by any region, 59,475.

AGRICULTURE

Livestock Department of Agriculture estimates of the number and value of livestock on farms on January 1 are shown on page 7 of this issue of the Monthly Review. Figures are given for the last three years, for 1938 as representative of the postdrought low, and for 1934 at the predrought high.

The upward swing of the cattle number cycle was halted in 1944; hog numbers dropped sharply; and sheep numbers continued to decline for the third successive year. The over-all decline in cattle numbers, however, was much smaller than had been expected in view of the very heavy slaughter of cattle and calves in 1944. The general decrease in livestock numbers was largely the result of an extremely tight feed situation during the first half of 1944 and a less favorable relationship of livestock prices to feed prices. As a consequence of the reduction in livestock numbers and of bumper feed grain harvests, the feed situation at

the beginning of 1945 is much more favorable for livestock producers than it was a year ago.

The value of livestock on District farms also declined during 1944. The decrease for cattle was due both to reduced numbers and to generally lower farm values per head. The farm value per head of hogs on January 1, 1945, was sharply higher than a year earlier and that of sheep and lambs was moderately higher in most states, but the increases in value per head only partially offset the substantial drop in hog numbers and the decrease in numbers of sheep and lambs in the last year.

The numbers of all cattle and calves in the seven states, all or parts of which are included in the Tenth District, declined about 1 per cent during 1944, approximately the same rate of decrease as for the country as a whole. A large part of this decrease was in calves, as calf numbers for the whole country showed one of the sharpest declines ever recorded. The number of all cattle and calves was down 6 per cent in New Mexico, 2 per cent in Colorado and Oklahoma, and 4 per cent in Missouri, but increased 1 per cent in Wyoming, 2 per cent in Kansas, and 3 per cent in Nebraska. Consequently, cattle numbers in Nebraska are very large, and in Kansas they are equal to the previous record established in 1903. In point of cattle numbers, Kansas ranks third and Nebraska fourth in the nation, being preceded by Texas and Iowa, while Missouri is seventh and Oklahoma ninth.

The number of hogs in this District declined 35 per cent in 1944 as compared with a decrease of 28 per cent for the whole country. The decrease in the number of hogs is about in line with the sharp drop in the 1944 pig crop. Hog numbers in Missouri on January 1, 1945, were down 24 per cent from a year earlier, in Nebraska and Oklahoma 38, in Kansas 46, in Wyoming 47, in Colorado 54, and in New Mexico 10 per cent. In most states, the decline was from a very high level in 1944, but in Kansas and especially in Nebraska the decrease occurred before hog numbers had fully recovered from the drastic decline which began in 1933 with the Government slaughter program and was greatly accelerated by the 1934 and 1936 droughts. Among the states of the nation, Missouri ranks fourth in hog numbers, Nebraska seventh, and Kansas twelfth in hog population.

The number of sheep and lambs declined 5 per cent in this District and 7 per cent in the whole country during 1944. The decrease for Wyoming measured 11 per cent, for Colorado 5, for New Mexico 12, and for Nebraska and Missouri 14 per cent. In Kansas, the number of all sheep and lambs showed an extraordinary increase of 48 per cent, and in Oklahoma numbers were up 2 per cent. These were the only

two states in the whole country to show an increase in sheep and lamb numbers during 1944. These increases were attributable entirely to larger numbers of sheep and lambs on feed; in these two states, as well as in virtually all other states, the number of stock sheep declined considerably. In the important western sheep states of Wyoming, Colorado, and New Mexico, 1944 marked the third or fourth successive year of decline in sheep and lamb numbers, which now are far below the levels of 1934. In the eastern half of this District, the number of sheep and lambs is still relatively large, even though it is below the very high level of two years ago. Wyoming ranks third in the nation in sheep and lamb numbers, being preceded by Texas and Montana, while Colorado is fifth, New Mexico eighth, Missouri twelfth, Kansas thirteenth, and Nebraska sixteenth.

Marketings of cattle and sheep were heavy during January, when snow covering on winter wheat pastures caused feeders to send large numbers of animals to market. Prices have advanced strongly since December, the top price of beef steers at the Kansas City market reaching \$16.60 a hundredweight by the third week of February and lamb prices rising to \$17 in the fourth week. This was the highest price for lambs since 1929, but beef steer prices were considerably below the live cattle ceiling of \$17.65 at this market, effective January 29, and also below the \$17.50 high point thus far in the war period reached last fall. Hog prices continued at the \$14.50 ceiling.

Top carlot livestock prices at Kansas City:

	Feb. 27 1945	Jan. 1945	Dec. 1944	Jan. 1944	Jan. 1943	Jan. 1942
	(In dollars per hundredweight)					
Beef steers.....	16.50	16.50	16.00	15.50	16.50	14.35
Stocker cattle.....	14.25	13.50	13.50	13.50	14.00	12.25
Feeder cattle.....	14.00	14.00	13.75	14.50	13.85	12.00
Calves.....	14.00	14.00	14.00	14.00	15.50	14.50
Hogs.....	14.50	14.50	14.50	13.50	15.05	11.90
Lambs.....	17.00	15.85	14.60	16.25	16.00	12.70
Slaughter ewes....	9.25	8.25	7.00	8.25	8.75	6.25

Crops The condition of winter wheat in the District generally is reported to be as nearly perfect as could be hoped for at this time of year. The crop is remarkable in that practically all of the acreage germinated at the proper time. Moisture conditions thus far have been very favorable, and with average weather from now on acreage abandonment should be exceptionally small.

Nearly all sections of the District received good moisture in January, and additional rains and snows fell near the middle of February. January precipitation was only 43 per cent of normal in Missouri and only 74 per cent in Wyoming, but New Mexico had 127, Colorado 89, Nebraska 94, Kansas 126, and Oklahoma 95 per cent of normal moisture for the month. The

LIVESTOCK ON FARMS JANUARY 1

Estimated by the United States Department of Agriculture

Number, in thousands of head

Value, in thousands of dollars

	ALL CATTLE AND CALVES									
	1945	1944	1943	1938	1934	1945	1944	1943	1938	1934
Colorado.....	1,882	1,920	1,745	1,430	1,773	115,349	121,798	124,407	44,873	25,709
Kansas.....	4,039	3,960	3,960	2,505	3,860	241,062	242,116	259,349	77,830	58,672
Missouri.....	3,347	3,486	3,258	2,350	2,875	203,962	229,176	219,044	81,475	44,275
Nebraska.....	4,004	3,890	3,642	2,780	3,980	247,948	254,111	256,139	89,071	69,650
New Mexico.....	1,335	1,420	1,352	1,288	1,560	74,391	74,297	80,602	35,343	22,152
Oklahoma.....	3,091	3,154	3,123	2,160	2,750	159,007	142,936	169,043	56,743	30,525
Wyoming.....	1,043	1,033	965	820	1,050	68,778	69,420	65,990	26,470	16,800
Seven states.....	18,741	18,863	18,045	13,333	17,848	1,110,497	1,133,854	1,174,574	411,805	267,783
United States.....	81,760	82,364	79,114	65,249	74,369	5,505,410	5,661,097	5,502,802	2,386,808	1,322,281

	MILK COWS AND HEIFERS KEPT FOR MILK									
	1945	1944	1943	1938	1934	1945	1944	1943	1938	1934
Colorado.....	246	251	249	235	300	22,632	23,845	25,647	10,810	6,600
Kansas.....	816	841	833	709	967	75,072	78,213	79,135	31,905	21,274
Missouri.....	1,148	1,115	1,062	934	1,097	89,544	94,775	90,270	41,096	20,843
Nebraska.....	669	698	702	629	820	62,217	67,706	73,008	30,192	21,320
New Mexico.....	81	83	83	74	81	6,075	6,723	6,889	2,812	2,025
Oklahoma.....	912	921	912	718	838	63,840	56,181	66,576	26,566	13,408
Wyoming.....	72	71	71	68	78	7,272	7,100	7,029	3,400	2,106
Seven states.....	3,944	3,980	3,912	3,367	4,181	326,652	334,543	348,554	146,781	87,576
United States.....	27,785	27,656	27,106	24,466	26,931	2,758,870	2,822,040	2,697,652	1,333,886	727,137

	HOGS, INCLUDING PIGS									
	1945	1944	1943	1938	1934	1945	1944	1943	1938	1934
Colorado.....	356	774	656	253	440	6,457	10,187	13,979	2,485	1,496
Kansas.....	1,405	2,601	2,408	804	2,430	28,520	37,260	49,741	7,861	8,384
Missouri.....	4,108	5,405	4,914	2,622	4,113	77,130	80,394	101,576	27,470	14,190
Nebraska.....	2,727	4,399	3,491	1,507	5,010	73,840	96,389	97,073	18,566	21,543
New Mexico.....	126	140	143	80	67	1,776	1,784	2,627	770	241
Oklahoma.....	908	1,465	1,495	730	1,180	13,728	13,428	22,996	6,081	3,245
Wyoming.....	87	164	130	60	87	1,787	2,516	2,715	747	300
Seven states.....	9,717	14,948	13,237	6,056	13,327	203,238	241,958	290,707	63,980	49,399
United States.....	60,660	83,852	73,736	44,525	58,621	1,262,057	1,470,533	1,661,215	501,352	239,760

	ALL SHEEP AND LAMBS									
	1945	1944	1943	1938	1934	1945	1944	1943	1938	*1934
Colorado.....	2,475	2,602	2,711	2,853	3,028	26,770	25,712	29,455	17,356	12,818
Kansas.....	1,444	974	1,658	614	689	13,383	8,425	16,409	3,580	2,687
Missouri.....	1,472	1,702	1,780	1,441	1,310	12,740	16,019	17,856	9,782	4,978
Nebraska.....	1,079	1,248	1,285	859	1,055	10,152	11,381	12,730	5,015	4,395
New Mexico.....	1,863	2,108	2,228	2,170	2,757	14,960	16,758	20,955	11,262	8,822
Oklahoma.....	326	320	424	375	183	2,594	2,387	3,576	2,134	586
Wyoming.....	3,126	3,510	3,744	3,543	3,873	28,292	33,613	37,873	22,392	15,879
Seven states.....	11,785	12,464	13,830	11,855	12,895	108,891	114,295	138,854	71,521	50,165
United States.....	47,945	51,769	55,775	51,210	53,503	411,220	451,383	539,650	312,893	202,241

	HORSES AND COLTS									
	1945	1944	1943	1938	1934	1945	1944	1943	1938	1934
Colorado.....	192	202	211	239	297	8,111	11,851	13,477	16,137	12,177
Kansas.....	363	375	375	450	604	17,286	25,015	26,759	28,225	32,012
Missouri.....	519	519	519	534	531	27,511	36,904	36,318	41,855	31,329
Nebraska.....	414	440	458	523	666	19,751	25,894	29,126	35,024	38,628
New Mexico.....	118	118	115	135	143	4,093	5,939	5,860	6,926	5,720
Oklahoma.....	347	351	351	400	421	14,973	16,152	21,139	24,969	22,313
Wyoming.....	115	120	128	133	158	3,944	4,950	6,113	7,802	5,688
Seven states.....	2,068	2,125	2,157	2,414	2,820	95,669	126,705	138,792	160,938	147,867
United States.....	8,897	9,302	9,675	10,995	12,052	576,649	732,865	773,609	999,336	806,038

	MULES AND MULE COLTS									
	1945	1944	1943	1938	1934	1945	1944	1943	1938	1934
Colorado.....	8	9	11	13	22	600	725	990	1,109	1,188
Kansas.....	44	46	54	70	120	3,143	3,936	4,552	5,920	8,400
Missouri.....	172	172	192	214	264	14,681	18,138	18,543	23,024	20,328
Nebraska.....	33	35	41	55	83	2,287	2,863	3,337	4,802	6,142
New Mexico.....	10	10	11	10	19	547	743	875	798	1,045
Oklahoma.....	109	117	130	165	258	7,181	8,065	10,289	14,814	18,318
Wyoming.....	2	2	2	15	3	120	150	140	1,500	180
Seven states.....	378	391	441	542	769	28,559	34,620	38,726	51,967	55,601
United States.....	3,408	3,531	3,704	4,250	4,945	453,581	505,710	472,481	524,408	407,567

*State figures computed by this bank.

precipitation was especially heavy in eastern Colorado and western Kansas. The moisture received in Colorado was encouraging to sugar beet growers, who were signing contracts for the coming season. The generally excellent moisture situation will promote a rapid growth of winter wheat as temperatures rise.

Scattered early reports on spring planting intentions indicate that the combination of present moisture reserves and present prices will tend to cause many farmers to plant close to the capacity of available manpower and equipment. It is recognized, however, that unusually favorable weather will be needed to enable farmers to repeat the heavy production of the last three years. Moreover, the farm labor situation is expected to be even more acute in 1945 than it was in 1944, especially if any material increase in the induction of farm youths into the armed services should occur. Farmers, as a whole, are in better financial position than ever before, but their ability to pay higher wages is largely nullified by the growing lack of help. Many farmers, consequently, may restrict plantings to what they can conveniently handle themselves, without the help of hired labor.

Another unfavorable factor in the current situation is the slow movement of corn and grain sorghums to market, because of the high moisture content of feed grains and because of the shortage of box cars. A recent survey in eighteen southwestern Kansas counties showed about 2½ million bushels of sorghum grain piled on the ground and deteriorating in quality because of exposure. In Nebraska, about 100 million bushels of wet corn, almost one-third of the record 1944 crop, was piled on the ground. Since it is impossible to obtain all of the box cars needed, and since terminal elevators could not handle all of this corn even if cars were available, widespread cooperative effort is now under way to provide well ventilated cribs for this corn by the middle of March, before serious spoilage occurs. As soon as corn and sorghums have been taken care of, farmers are faced with the problem of marketing their old crop wheat to make room for what promises to be another very large wheat crop this year. The bulk of 1944 wheat still remains to be marketed, with harvest of the 1945 crop little more than three months away.

Cash wheat prices at the Kansas City market late in February were wedged firmly against ceiling levels, but at most interior shipping points wheat prices were considerably below the local ceilings. Local elevators are buying at a much wider margin below terminal markets than usual. For one thing, country grain buyers cannot ship the grain out as it is bought from farmers, because box cars are not available. They cannot hedge their purchases, because futures quota-

tions currently are under cash prices and are moving independently of the cash market. With wheat prices at the ceiling at terminals, where wheat is relatively scarce and where mills are paying premiums on wheat just to get the box car, country buyers must operate at a wider than normal margin for safety, as terminal market prices cannot advance further. Wheat supplies in the country are generally thought to be sufficiently large to depress terminal prices if the box car situation improves enough to permit free marketings of wheat.

Although the winter as a whole has been relatively mild, low temperatures and snow covering on ranges and pastures late in January and early in February were rather unfavorable for livestock. This was especially true in much of Wyoming, in eastern Colorado, and in parts of western Nebraska and Kansas, where heavy supplemental feeding of livestock was necessary. However, supplies of feed grains and roughage generally are adequate to abundant, and the condition of cattle and sheep for the most part is good. In nearly all sections of the District, soil moisture is ample to start new range and pasture feed and, with warmer weather, gives promise of a rapid early spring growth of grass.

Farm Income Cash receipts from farm marketings in this District in December were 9 per cent smaller than a year earlier. Smaller marketings of livestock, particularly hogs, accounted for much of this decrease. Receipts from crops also were down markedly in Colorado and Nebraska. December was the second consecutive month of lower farm income as compared with the preceding year. For the entire year, however, farm income in most District states still showed an appreciable increase in 1944 over 1943. This was especially true of Oklahoma, where total receipts for the year 1944 gained 23 per cent over 1943. Practically all of the increase for Oklahoma was due to larger receipts from crops, which were two-thirds greater than in the preceding year and reflected bumper harvests of many crops in that state during 1944.

Department of Agriculture estimates of cash receipts from farm marketings:

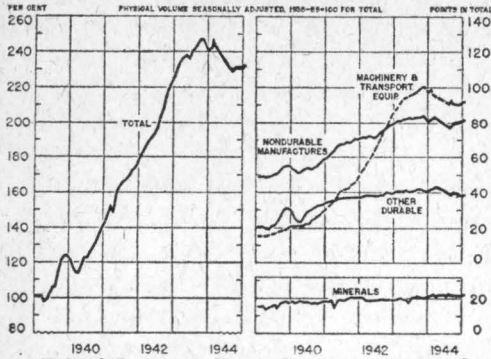
	Dec.	12 Mos.	Change from '43	
	1944	1944	Dec.	12 Mos.
	(Thousand dollars)		(Per cent)	
Colorado.....	20,328	318,102	-15	+4
Kansas.....	49,958	701,301	-6	+4
Missouri.....	58,037	714,696	-8	+9
Nebraska.....	42,880	623,286	-20	-1
New Mexico.....	10,720	100,899	+18	-11
Oklahoma.....	30,957	471,634	+1	+23
Wyoming.....	5,662	92,154	-16	+1
Seven states.....	218,542	3,022,072	-9	+6
United States.....	1,697,086	20,227,814	+0	+6

FEDERAL RESERVE BANK OF KANSAS CITY

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



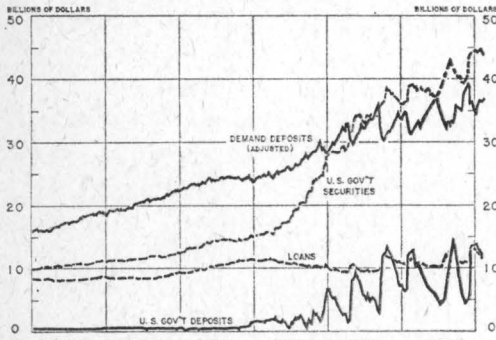
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures; latest shown are for January, 1945.

DEPARTMENT STORE SALES AND STOCKS



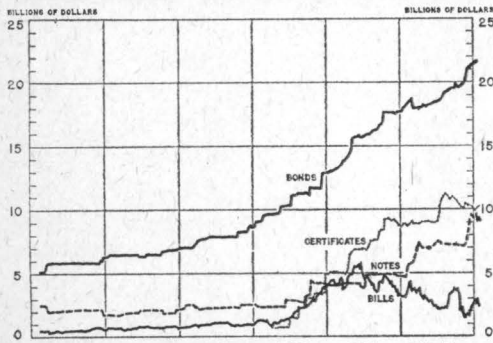
Federal Reserve indexes. Monthly figures; latest shown are for January, 1945.

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 February 14, 1945.

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 February 14, 1945.

Factory output continued to increase in January despite severe weather conditions. Department store sales during the first seven weeks of this year have been 14 per cent above the high level maintained during the same period last year.

INDUSTRIAL PRODUCTION

Total output at factories and mines rose slightly in January and the Board's seasonally adjusted index was 234 per cent of the 1935-39 average as compared with 232 in the preceding three months.

Activity in munitions industries was maintained in January at the December rate, although slight increases were scheduled. In February it was announced that schedules for 1945 production of aircraft and Army ordnance items had been increased further. Output of open hearth and Bessemer steel in January was at the lowest rate since July, 1942, largely due to severe weather conditions in several important steel-making areas. Output of electric steel, however, which had been declining since the end of 1943, rose 10 per cent in January, reflecting new military requirements for alloy steel. The War Production Board early in February ordered a 10 per cent increase in aluminum ingot production and announced that a large increase had occurred in output of aluminum sheet since December 1.

Output of nondurable goods rose 2 per cent in January. Production of liquor and beverage spirits increased sharply as a result of the release of distilleries from industrial alcohol production for the month of January. Output of manufactured food products also showed a gain for the month, reflecting increases in the canning and baking industries, after allowing for seasonal changes. Activity at meat-packing establishments declined 10 per cent in January and was at a rate 25 per cent below the same month a year ago. Production in the chemical industries continued to rise, largely reflecting further increases in output of small arms ammunition. Activity at textile and paper mills continued to show little change.

Output of coal increased in January but the tonnage was 8 per cent less than the large volume for January, 1944. The production rise was limited by shortages of cars at mines due to congestion in ice-clogged northern railroad yards. In the week ending February 10 output of bituminous coal was the largest for any week since last November.

DISTRIBUTION

Department store sales continued in January and the first half of February at about the same high level that prevailed in the last quarter of 1944 after allowance is made for the usual sharp seasonal decline. Value of sales was 14 per cent greater than in the corresponding period a year ago, with a higher rate of gain shown in February.

Freight carloadings increased in the early part of January due chiefly to larger shipments of fuel and war materials. At the end of January and in the early part of February, however, two short embargoes were placed on rail shipments of most nonwar goods. These embargoes were limited to the north-eastern states where heavy snowfalls had resulted in traffic tie-ups.

COMMODITY PRICES

Prices of commodities in wholesale and retail markets continued to increase slightly during January. In the first three weeks of February prices of farm products averaged above the January level and small increases were permitted in maximum wholesale prices of various industrial commodities.

BANK CREDIT

With a steady succession of Treasury calls on War Loan balances, both demand deposits adjusted and time deposits at member banks increased from mid-January to mid-February. Time deposits maintained the rather rapid rate of increase which has prevailed for the past several months. During this period reporting member banks in 101 cities reduced their total holdings of Treasury bills in order to meet increases in required reserves and a currency drain. At the same time, however, banks continued to make sizeable purchases of Treasury bonds, mostly in the eight- to ten-year maturity range. Loans for purchasing and carrying Government securities decreased, particularly loans made directly to customers. Commercial loans also declined slightly.

During the five weeks ending February 21, Reserve Banks increased their holdings of Treasury bills by 630 million dollars and sold 65 million of Treasury bonds. The bill purchases, together with advances of 165 million dollars to member banks, enabled banks to meet a 450 million currency drain and a 270 million dollar growth in required reserves. Although currency in circulation had declined through most of January, the outflow was renewed in the last days of the month and continued at an accelerated pace in February. Excess reserves declined to below 1 billion dollars late in January, about the average level at which they have been between drives during the past year.

GOVERNMENT SECURITY YIELDS

Following the close of the Sixth War Loan Drive in December, the Government security market was strong during January and the first part of February. The average yield on medium-term, taxable Treasury bonds declined from 1.94 per cent during the last week of December to 1.78 per cent during the week ended February 17. The average yield on long-term, taxable Treasury bonds declined from 2.47 per cent to 2.39 per cent in the same period, the lowest since early December, 1941.