

MONTHLY REVIEW

Agricultural and Business Conditions

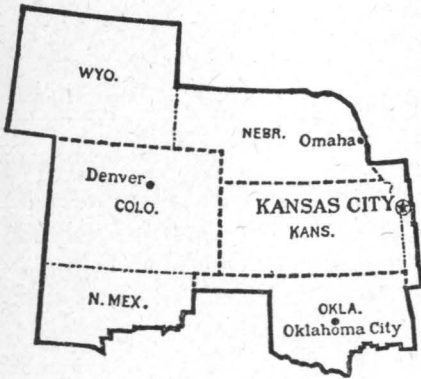
TENTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK OF KANSAS CITY

APRIL 30, 1945

Business in the Tenth Federal Reserve District



The agricultural outlook generally is very promising. Spring plantings have been delayed in some areas, but moisture supplies are abundant and the condition of winter wheat is unusually good. Extreme wetness in the eastern part of the District in April, however, was not favorable to winter wheat.

The box car shortage continues to hamper movement of grain to market. Feed supplies are adequate, and commercial cattle feeding operations in the Corn Belt are up markedly from last year. Farm land values show a further rise.

Production of flour and crude petroleum is appreciably higher than last year. Activity at meat-packing plants, except for hog slaughter, also is higher.

Department store sales recently have leveled off. Employment in nonagricultural establishments and cash receipts from farm marketings already had leveled off last year.

BUSINESS INDICATORS	MARCH 1945 COMPARED WITH MARCH 1944								3 MOS. 1945 COMPARED WITH 3 MOS. 1944							
	% DECREASE				% INCREASE				% DECREASE				% INCREASE			
	40	30	20	10	10	20	30	40	40	30	20	10	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	66													60		
Sheep																
Production																
Flour																
Cattle Slaughter																
Calf Slaughter																
Hog Slaughter	68													62		
Sheep Slaughter																
Crude Petroleum																
Bituminous Coal																
Construction																
Total Awards																
Res. Awards																
Value of Permits																
Lumber Sales																
Miscellaneous																
Rainfall																
Cash Farm Income*																
Employment*																

*Latest available

BANK LOANS EXPAND

On March 20 the volume of loans of the Tenth District country banks was 19 per cent above the volume of loans at the time of the spring call report on April 13, 1944. The greatest proportion of the gain constituted agricultural credit. Part of the expanded agricultural credit was Commodity Credit loans, but they accounted for only about half of the increase in agricultural loans. Commodity Credit loans on wheat expanded, not only because the crop was larger than a year earlier, but because a larger proportion of the crop was placed under loan.

The increase in other agricultural loans is explained by several factors. Some farmers in the Tenth District have been borrowing on their cattle and other property to purchase farm land. Others have arranged with banks for loans on cattle and grain in storage to pay off real estate loans held by other lenders, such as insurance companies. In Kansas and Nebraska the difficulties of marketing the large 1944 wheat crop, because of the shortage of transportation facilities, have resulted in an increase in the amount of borrowing prior to the marketing of the crop. Still another factor in the increase of agricultural loans has been purchases of farm machinery. The shortage of farm labor has caused farmers to purchase machinery to the extent that it has become available, and many loans have been extended by the banks to finance purchases of tractors, combines, corn pickers, and other machinery.

The loans of the District Reserve city banks on March 20 were about 12 per cent above the loan figure on April 13, 1944. The largest factor in this increase was loans on Government securities. The second factor in importance was the expansion of Regulation V loans during the year. The year-to-year comparison of loans varied considerably among the District banks. Two banks accounted for more than a third of the total loan increase for District city banks. Whereas country bank loans were about the same volume on March 20 as they were on December 30, 1944, the Reserve city bank loans declined about 13 million dollars between those dates. The decrease was largely in loans on Government securities extended

during the Sixth War Loan Drive. Such loans are much more important in the city bank portfolios than in the country banks.

Although the volume of loans in both the country banks and Reserve city banks compares favorably with the volume of loans during recent years, the percentage increase over a year ago is accentuated by the fact that loans outstanding were smaller in April of last year than on any call date in the last four years.

The holdings of United States Government bonds continued to expand during 1944 and to represent an increasing proportion of total earning assets. This trend is apparent in both the city banks and country banks, although the rate of increase was greater in the latter.

Evidence from the call report on December 30, 1944, indicates that the Reserve city banks have been increasing the proportion of their Government securities whose maturity is represented by call dates falling within the 5 to 10 year category. From December 31, 1943, to December 31, 1944, the per cent of marketable securities of this maturity class held by city banks increased from 21.7 per cent to 27.3 per cent of the total marketable Government securities held. During the same period the Government securities due or callable within five years decreased from 68.6 per cent to 65.4 per cent, and those within the 10 to 20 year category decreased from 8.2 per cent to 6.3 per cent. Weekly reports of condition representing 44 weekly reporting Reserve city banks of the District show that Government bond holdings have increased considerably during 1945, while total Government security holdings have increased only slightly.

The proportion of total Government marketable securities of the country banks falling within the 5 to 10 year maturity period was approximately the same on December 31, 1944, as one year earlier. On the other hand, the securities whose maturities are less than five years increased from 62.1 per cent to 64.6 per cent during that period, and the proportion within the 10 to 20 year category decreased from 8.3 per

EARNING ASSETS OF TENTH DISTRICT MEMBER BANKS

(Amounts in thousands of dollars)

	RESERVE CITY BANKS			COUNTRY BANKS		
	Apr. 13 1944	Dec. 30 1944	Mar. 20 1945	Apr. 13 1944	Dec. 30 1944	Mar. 20 1945
Loans and discounts.....	345,619	400,432	386,888	221,518	263,598	262,687
U. S. Government obligations, direct and guaranteed.....	1,352,318	1,535,025	1,562,015	748,982	923,774	981,652
Obligations of States and political subdivisions.....	86,702	93,568	96,633	66,395	69,642	75,468
Other bonds, notes, and debentures.....	33,422	31,617	35,108	16,964	16,479	17,686
Corporate stock including stock of Federal Reserve Bank....	5,397	7,086	5,932	2,457	2,564	2,674
Total earning assets.....	1,823,458	2,067,728	2,086,576	1,056,316	1,276,057	1,340,167

cent to 6 per cent. Such evidence as is available indicates that during 1945 the country banks have

continued to increase the proportion of their Government holdings whose maturity is within five years.

WAR LOAN RATES

On April 3 the Treasury Department announced the maturities of the marketable securities to be offered in the Seventh War Loan Drive. With the exception of the $\frac{7}{8}$ per cent certificates of indebtedness, the maturities are longer than were those for the securities offered previously at the same rates. The $2\frac{1}{2}$ per cent bond has been increased from 26 years and $3\frac{1}{2}$ months to 27 years and $\frac{1}{2}$ month; the $2\frac{1}{4}$ per cent bond has been increased from 15 years and $7\frac{1}{2}$ months to 17 years and $\frac{1}{2}$ month; the $1\frac{1}{2}$ per cent bond has been increased from 4 years and 6 months to 5 years and $6\frac{1}{2}$ months.

postpones the date at which this premium can be realized. The present pattern of rates is of the latter type; hence, a lengthening of the maturities is equivalent to a lowering of the rates.

A change in the maturity period is usually equivalent to a change in the interest rate offered. Whether a lengthening of the period amounts to an increase or a decrease in yields depends upon the pattern of rates. When, as in the late twenties, short-term rates are higher than long-term, longer maturities at the same rate are equivalent to higher rates. When, as is usually the case, long-term rates are higher than short-term, lengthening the maturity at the same coupon rate is equivalent to a lowering of the rate. As long-term high-coupon bonds approach maturity they tend to command a premium in the market corresponding to the lower yield of short-term securities, and the lengthening of the maturity

During the course of the present war the rates which the Government has had to pay for its borrowed funds have decreased. This downward movement of rates is in contrast to the experience of World War I when rates increased during the war.

This raises the question as to why the interest rate movements have shown opposite trends in the two wars. The explanation is to be found in the monetary developments of the 1930's as well as during the war period. The banking system entered the war period with an unprecedentedly large volume of excess reserves. As a result, the banks have been able to absorb large amounts of securities. Although the large increase in money in circulation has affected bank reserves adversely, this has been offset by the Federal Reserve System's open market operations. In addition, funds in the hands of the public have been increased because of Governmental policies, such as price control and restriction of the production of civilian goods, which have restrained civilian money expenditures at the same time that money income was increasing.

BUSINESS AND AGRICULTURAL CONDITIONS

FINANCE

Member Bank Credit Earning assets of the weekly reporting banks of the Tenth District decreased 15.9 million dollars during the five-week period ending April 18. Loans and investments decreased 9.1 million and 6.8 million dollars, respectively. Loans for carrying Government securities continued to decline, and commercial, industrial, and agricultural loans also declined. Government securities in the banks' portfolios were reduced as a decrease in the certificates of indebtedness more than offset increases in bills, notes, and bonds.

The weekly reporting banks' holdings of Government securities have shown very little increase during the last three months. There has been considerable shifting of the proportion of each class of Government security held, however. Government bonds are at a new peak. Treasury bills and Treasury certificates have increased during the last three months, but they are not at peak figures, particularly in the case of bills. A decline in notes may be ex-

plained by recent Treasury refunding operations which replaced some outstanding notes with certificates of indebtedness.

Principal items of condition of 50 member banks:

	Change from		
	Apr. 18 1945	Mar. 14 1945	Apr. 19 1944
(In thousands of dollars)			
Loans and investments—total.....	1,991,451	-15,937	+257,803
Loans—total.....	335,049	-9,146	+20,326
Coml., indust., agric.....	212,195	-5,651	+8,389
To security brokers and dealers..	4,400	+156	+683
Other to purchase or carry secur.	22,964	-3,718	+8,702
Real estate loans.....	37,103	+214	-2,091
Loans to banks.....	605	+75	+605
All other loans.....	57,782	-222	+4,038
Investments—total.....	1,656,402	-6,791	+237,477
U. S. Treasury bills.....	88,090	+3,411	-19,319
U. S. Treas. certif. of indebt.....	383,234	-27,054	+55,451
U. S. Treasury notes.....	317,921	+9,070	+34,075
U. S. Govt. bonds.....	713,164	+8,660	+170,926
Oblig. guar. by U. S. Govt.....	24,530	-1,430	-9,322
Other securities.....	129,463	+552	+5,666
Reserve with F. R. Bank.....	409,190	+7,684	+47,818
Balances "due from" banks—net..	284,045	+4,642	+27,385
Demand deposits—adjusted.....	1,331,129	+22,539	+201,620
Time deposits.....	246,736	+7,048	+60,896
U. S. Govt. deposits.....	192,265	-44,604	-11,818
Deposits "due to" banks—net.....	812,413	+15,618	+71,497
Borrowings.....	2,000	-10,250	+1,000

Although private demand deposits declined temporarily as income tax payments were made, a gain was shown for the period under review. April 18 is the first reporting date on which the volume of private demand deposits has been in excess of the figure established on November 15, just prior to the opening of the Sixth War Loan Drive. Time deposits continued to increase, as they have done every week during 1945. Interbank deposits also expanded. Total deposits showed little change, as a decline in Government deposits offset the expansion in the other classes of deposits. Borrowings by the reporting banks decreased 10.3 million dollars.

DEPARTMENT STORE TRADE

Dollar volume of department store sales in this District in March was 29 per cent larger than in the same month of 1944, reflecting in part the somewhat earlier Easter date this year—April 1 as compared with April 9 last year. In the first three weeks of April, sales were up only 6 per cent from a year ago. Sales increased less than usual from February to March, after allowance for the shifting date of Easter, and the seasonally adjusted index of daily average sales declined from a record high of 246 per cent of the 1935-39 average in February to 239 per cent in March. Stocks of merchandise declined con-

traseasonally during March, and at the end of the month were 10 per cent under a year earlier.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		Mar.'45 comp. to Mar.'44	3 Mos.'45 comp. to 3 Mos.'44	Mar. 31,'45 comp. to Mar. 31,'44
		(Per cent increase or decrease)		
Denver.....	7	+28	+22	-18
Pueblo.....	3	+29	+23	*
Hutchinson.....	3	+41	+34	*
Topeka.....	3	+31	+26	*
Wichita.....	4	+24	+15	*
Joplin.....	3	+22	+15	*
Kansas City.....	8	+26	+22	0
St. Joseph.....	3	+27	+20
Omaha.....	4	+29	+20	*
Oklahoma City.....	6	+33	+25	+1
Tulsa.....	4	+38	+32	*
Other cities.....	30	+32	+22	-12
District.....	78	+29	+23	-10

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing Cattle and calf slaughter in March, as indicated by packers' purchases at leading District markets, continued moderately above a year ago. Sheep slaughter in March also was higher, but hog slaughter was less than one-third of that in the corresponding month last year. The increase in cattle slaughter, which measured 6 per cent, was small in comparison with an increase of 33 per cent in cattle receipts. Part of the explanation lies in the fact that a larger proportion of receipts currently is going into feed lots than was the case a year ago, when short feed supplies were greatly curtailing commercial feeding operations and were forcing many cattle to move directly to slaughter.

United States cold storage stocks of beef increased contraseasonally during March, but this increase in beef stocks only partially offset declines in holdings of other meats. Lard stocks declined counter to the usual seasonal trend. Reflecting chiefly reduced hog slaughter, total meat holdings on April 1 were only 564 million pounds as compared with 1,251 million pounds a year earlier. Stocks of pork and lard and total meat holdings were the lowest on record for the April 1 date.

On April 22, the Government announced a revision of the present meat price and distribution structure to eliminate packers' financial losses and to achieve a more equitable nationwide distribution of civilian meat supplies. In order to assure that no individual slaughterer who operated profitably in peacetime will be forced out of business under wartime conditions, the scheduled reduction in the slaughter subsidy on choice grade cattle has been cancelled and slaughterers' gross revenue is to be increased by raising ceiling prices for Army beef, by increasing the general subsidy for processing commercial grades

	BANK DEBITS		Change from '44	
	Mar. 1945	3 Mos. 1945	Mar. 1944	3 Mos. 1944
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo....	26,266	69,534	+12	+4
Denver, Colo.....	324,106	892,965	+9	+4
Gr. Junction, Colo....	8,019	21,881	+14	+9
Greeley, Colo.....	11,456	32,484	+27	+22
Pueblo, Colo.....	22,958	62,165	+21	+6
Atchison, Kans.....	6,575	19,301	+7	+2
Emporia, Kans.....	7,175	20,049	+8	0
Hutchinson, Kans....	25,406	80,797	+1	-3
Independence, Kans..	4,410	13,626	-5	-1
Kansas City, Kans....	39,886	119,819	+5	-2
Lawrence, Kans.....	8,436	23,707	+32	+20
Parsons, Kans.....	5,999	17,615	+4	+1
Pittsburg, Kans.....	6,837	19,928	+4	-3
Salina, Kans.....	21,941	60,560	+13	-14
Topeka, Kans.....	56,677	171,551	+1	0
Wichita, Kans.....	272,336	692,612	+44	+23
Joplin, Mo.....	18,398	50,211	+10	+4
Kansas City, Mo.....	727,624	2,021,098	+13	+5
St. Joseph, Mo.....	58,461	175,485	-1	-10
Fremont, Nebr.....	7,860	21,503	+10	+2
Grand Island, Nebr..	15,104	43,821	+9	+6
Lincoln, Nebr.....	51,129	140,302	+13	-4
Omaha, Nebr.....	367,367	1,010,210	-2	-5
Albuquerque, N. M....	37,372	108,352	+14	+20
Bartlesville, Okla....	45,001	131,778	+4	+10
Enid, Okla.....	23,971	72,821	+38	+29
Guthrie, Okla.....	3,237	8,973	+22	+17
Muskogee, Okla.....	16,012	47,096	-5	-2
Okla. City, Okla.....	193,283	567,966	+5	+10
Okmulgee, Okla.....	3,696	11,782	+7	+12
Tulsa, Okla.....	288,297	833,771	+23	+20
Casper, Wyo.....	13,207	35,232	+49	+22
Cheyenne, Wyo.....	20,213	59,723	+5	+7
District, 33 cities....	2,738,715	7,658,718	+12	+6
U. S., 334 cities.....	81,068,000	234,049,000	+7	+7

of beef, and by providing other subsidies if necessary. Retail price ceilings are not increased. The features of the revision relating to distribution are designed to channel more livestock slaughter into Federally inspected packing houses and to increase the supply of meat moving into regular commercial channels to combat more effectively black market activities.

Flour Milling Southwestern flour milling operations continued at an average rate of 93 per cent of full-time capacity in March but eased somewhat to about 90 per cent in the first three weeks of April. This decline in operations was chiefly the result of shortages of labor and of box cars, which made it increasingly difficult for mills to secure day-to-day supplies of wheat as well as to ship out their flour and feed. The shortage of box cars is still acute, despite some recent improvement in the number of cars reaching this area. Production, nevertheless, is very heavy, with March output showing an increase of 15 per cent over a year ago.

Government purchases of flour have increased substantially since the first of the year, and currently they account for the major part of all flour being sold. Civilian flour trade for some time now has been limited to small orders to meet the actual immediate needs of bakers and jobbers. Southwestern mills, for the most part, are booked tightly through June and have been unwilling to accept orders for flour that could not be ground before June 30, awaiting Congressional appropriation of funds for continuing the domestic milling subsidy beyond that date. The domestic milling subsidy on hard wheat ground into flour was increased from 27 cents a bushel in March to 28 cents in April, the highest rate thus far.

Petroleum Crude oil production in the United States for March is reported at 148,034,000 barrels, an increase of 8 per cent above that of March, 1944. For the first three months of 1945, the increase in national production was 7 per cent over that of the same period of last year. In the Tenth District, production for March was up 5 per cent and for the first quarter was up 3 per cent over the corresponding periods in 1944. During the week ended March 31, crude oil production in Oklahoma averaged 372,950 barrels daily, the highest output since September, 1942. New discoveries and continued development of the West Edmond field, producing 66,000 barrels daily, account for the higher productive capacity.

The change in the consumption of domestic crude petroleum has been comparatively small since the middle of last year. The daily average consumption was 4,735,600 barrels in the third quarter of 1944 and

rose to 4,755,000 barrels in the last quarter. Only further moderate gains were indicated for the first three months of 1945.

Crude oil production data as reported by the American Petroleum Institute and the Bureau of Mines:

	Mar.	3 Mos.	Change from '44	
	1945	1945	Mar.	3 Mos.
	(Thousand barrels)		(Per cent)	
Colorado.....	309	863	+37	+33
Kansas.....	8,252	23,899	-3	-4
Nebraska.....	29	80	-26	-22
New Mexico.....	3,220	9,349	-10	-10
Oklahoma.....	11,469	33,001	+11	+10
Wyoming.....	3,232	8,993	+23	+14
Six states.....	26,511	76,185	+5	+3
United States.....	148,034	428,463	+8	+7

The Petroleum Administration for War certified a production rate of 5,156,960 barrels daily of all petroleum liquids to the various oil-producing states for April. This represents an increase of 38,200 barrels daily above the previous record rate of 5,118,760 barrels daily certified in March. The higher rate is attributed chiefly to an added output of 15,000 to 20,000 barrels daily in secondary-recovery operations. In the Rocky Mountain states development in the Rangely, Wilson Creek, and Powder Wash fields of Colorado has made possible a certification rate 1,000 barrels higher than the quota set in March. During the week ended April 14, national crude oil output averaged 4,801,000 barrels daily, an increase of 8 per cent over the corresponding period of 1944.

Oklahoma has taken steps to further conservation in the petroleum industry in the form of a unitization bill. The bill as recently passed by the state legislature permits initiation of unitization application to the Corporation Commission by owners of 50 per cent of the acreage in a fully defined pool. Veto power rests with 15 per cent of the acreage owners, if initiated within specified time limits. The bill does not apply to pools producing from average depths of less than 3,500 feet nor to fields in which the discovery well was completed 20 years or more before the date of enactment.

Metals By October 31, 1944, the Government had paid \$151,200,000 to producers of copper, lead, and zinc ores as subsidy payments under the premium price plan, according to a recent announcement of the Metals Reserve Company. These payments have been made since early in 1942 for production in excess of stipulated individual mine quotas to encourage output, the quotas ranging downward to zero where necessary. In assuring the requisite output of these metals by subsidizing part of the output, the Government has attained two additional objectives. First, it has maintained the same maximum prices of copper, lead, and zinc throughout

the war. Second, as the chief ultimate consumer of these metals, it has incurred a lower cost than it would have done by relying upon an increase in market prices to encourage the necessary output.

A premium of five cents per pound has been paid on over-quota production of copper. As copper has been selling in the market at 12 cents, producers have been receiving a total of 17 cents on their over-quota production. By October 31, 1944, the Metals Reserve Company had paid \$56,609,000 as premium payments on 990,038,000 pounds of output in excess of established quotas. On that date premiums were being paid on about 17 per cent of the current domestic output.

The original premium on lead was $2\frac{3}{4}$ cents per pound. In early 1943 a premium of $5\frac{1}{2}$ cents was made available where needed to encourage production. This premium plus the market price of $6\frac{1}{2}$ cents for common lead has given a total of 12 cents for some of the over-quota output of lead. As of October 31, 1944, premium payments for lead production aggregated \$24,083,000 on 752,638,000 pounds of lead. At that time 27 per cent of the current domestic output was under premium price payments.

The zinc premium payments per pound have been of three levels. The original premium was $2\frac{3}{4}$ cents per pound. Simultaneously with the provision for a second lead premium, two premiums of $5\frac{1}{2}$ and $8\frac{1}{4}$ cents per pound were put into effect for zinc ore production. As the last figure is identical with the price of Prime Western slab zinc, some producers are receiving a total of $16\frac{1}{2}$ cents per pound for at least part of their output. By the end of October last year the Metals Reserve Company had paid \$73,507,000 as premium payments on 1,941,113,000 pounds of zinc. Forty-three per cent of the current domestic output was being subsidized on October 31.

Employment Nonagricultural employment in the Tenth District followed a normal pattern from December to January, the latest month for which data are available, although the drop of 3 per cent was smaller than the seasonal decline in 1944. Manufacturing employment, on the contrary, showed a slight rise (1 per cent), resulting primarily from increased tempo of war production and tightening of manpower regulations. Considerable numbers of workers changed from nonessential to essential industries. Although the level of nonagricultural employment decreased in each of the seven states which lie wholly or partially in the District, manufacturing employment was higher in five states, the greatest proportionate increase being 3 per cent in Oklahoma, and was lower in two, Colorado and Wyoming.

By January, the number of employees in nonagricultural establishments had decreased 1 per cent from the year before to 2,375,400, and the number in factories had decreased 4 per cent to 701,400. These were the smallest twelve-month decreases recorded since the early part of 1944.

Department of Labor estimates of nonagricultural employment:

	Jan. 1945		Change from '44	
	Total	Mfg.	Total	Mfg.
	(Number)		(Per cent)	
Colorado.....	257,000	44,900	-3	-16
Kansas.....	401,000	134,600	-3	-7
Missouri.....	939,000	352,000	-2	-4
Nebraska.....	262,000	70,000	+1	+8
New Mexico.....	77,900	5,100	+2	+6
Oklahoma.....	378,000	90,600	0	+1
Wyoming.....	60,500	4,200	0	+14
Seven states.....	2,375,400	701,400	-1	-4
United States.....	37,936,000	15,525,000	-3	-8

In the United States as a whole, a seasonal drop in January was reflected in both nonagricultural and manufacturing employment with decreases from the previous month of 952,000 (3 per cent) and 105,000 (1 per cent) respectively. As in the District, these were somewhat smaller losses than in earlier years. Trade accounted for approximately half of the total decline. Nonagricultural employment dropped to 37,936,000, 3 per cent (1,029,000) less than a year ago, during which time there was a net increase in the armed forces of about 1,500,000 persons. Manufacturing employment showed an even greater decline both absolute (1,300,000) and relative (8 per cent). An opposite tendency was reflected in trade which had increased by 2 per cent from January, 1944.

AGRICULTURE

Farm Income Cash income from farm marketings leveled off considerably in 1944. Total receipts for the entire year in this District were only 4 per cent larger than in the preceding year as compared with increases of 23 per cent in 1943, of 45 per cent in 1942, and of 30 per cent in 1941. Cash receipts for 1944 showed a gain of 5 per cent in Colorado, of 6 per cent in Wyoming, of 23 per cent in Oklahoma, and of 9 per cent in Missouri. In these four states, cash farm income probably was the largest ever received; at least, it was the largest of record—1924 being the first year for which state estimates are available. In Nebraska, however, cash receipts were down 5 per cent, in Kansas 1 per cent, and in New Mexico 6 per cent from the high level reached in 1943. For the whole country, cash income from farm marketings reached a new high of $20\frac{1}{4}$ billion dollars in 1944 as compared with $19\frac{1}{4}$ billion in 1943 and $14\frac{1}{2}$ billion in 1919, the peak during the last war.

Department of Agriculture estimates of cash income received from farm marketings:

	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.
	(In millions of dollars)						
1944.....	318	701	715	623	101	472	92
1943.....	304	710	657	657	107	384	87
1942.....	236	588	533	470	94	355	78
1941.....	159	387	401	290	65	253	62
1940.....	129	245	274	224	58	189	51
1939.....	125	247	253	221	50	172	47
1938.....	114	230	242	201	48	165	43
1937.....	147	307	260	251	53	191	50
1936.....	132	272	259	281	46	148	45
1935.....	103	241	229	209	37	159	39
1934.....	93	218	195	227	40	131	37
1933.....	79	182	182	193	26	128	28
1932.....	75	179	168	167	24	106	24
1931.....	118	260	216	279	33	127	34
1930.....	173	390	310	408	50	183	46
1929.....	201	524	392	489	69	323	61
1928.....	191	511	384	485	69	316	63
1927.....	192	450	365	418	61	312	52
1926.....	182	474	385	434	50	272	47
1925.....	185	465	386	445	50	348	50
1924.....	167	437	353	421	48	322	43

The District increase of 4 per cent in receipts from farm marketings during 1944 was due entirely to an increase of 17 per cent in returns from crops, as income from livestock decreased 1 per cent. Heavy marketings of meat animals were especially important in maintaining cash income during the first half of 1944 at a higher level than in 1943, but in the last half of 1944 a substantial reduction in hog marketings caused receipts from livestock as a whole to drop sharply, despite continued heavy marketings of cattle and calves. In the latter part of 1944, however, larger sales of wheat, cotton, and fruits as a result of heavy production raised total income from farm marketings above 1943.

Farm Land Values Value of farm real estate (all farm lands with improvements) showed a further marked rise during the year ending March 1, 1945. The estimated value per acre of farm real estate in Colorado and Kansas increased 16 per cent, in Wyoming and New Mexico 13 per cent, in Nebraska 12 per cent, in Missouri 11 per cent, and in Oklahoma 9 per cent. The rate of gain was somewhat higher for Kansas and Oklahoma than that in the preceding twelve months, was unchanged for Missouri, and was slightly lower for other District states. For the country as a whole, farm land values increased 11 per cent from March 1, 1944, to March 1, 1945. This increase has been exceeded only twice in the last thirty-four years for which data are available; values rose 15 per cent from 1943 to 1944 and 21 per cent from 1919 to 1920, when the land boom of the last war reached its peak.

As compared with the prewar (1935-39) average, farm real estate values in Colorado have increased 86 per cent, in Wyoming 77 per cent, and in New Mexico 63 per cent. The increase for Missouri measures 54

per cent, for the whole country 52 per cent, for Kansas 46 per cent, and for Oklahoma 43 per cent, while values in Nebraska show a relatively small increase of 22 per cent. Despite the rapid rise that has taken place in the last four years, farm land values in most District states and in the country as a whole are still much below their 1920 peaks.

Department of Agriculture indexes of estimated farm real estate values on March 1:

	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.	U.S.
	(1912-14 average=100)							
1945.....	108	111	91	86	132	131	115	126
1944.....	93	96	82	77	117	120	102	114
1943.....	78	84	74	64	101	111	88	99
1942.....	69	74	66	59	95	101	78	91
1941.....	63	71	60	55	87	96	71	85
1940.....	61	71	59	58	84	93	68	84
1939.....	61	76	58	65	83	93	66	84
1938.....	60	78	60	69	83	94	66	85
1937.....	60	78	60	72	82	91	66	85
1936.....	57	75	60	73	80	91	65	82
1935.....	53	73	58	72	76	86	62	79
1934.....	54	72	57	72	76	83	62	76
1933.....	54	70	55	69	75	76	62	73
1932.....	65	89	67	90	89	94	77	89
1931.....	81	103	79	106	109	116	95	106
1930.....	83	113	92	113	110	127	98	115
1929.....	82	113	95	116	109	127	96	116
1928.....	82	113	96	117	108	127	95	117
1927.....	82	113	99	119	108	128	94	119
1926.....	89	113	104	123	106	130	95	124
1925.....	92	115	112	123	108	131	100	127
1920.....	141	151	167	179	144	166	176	170
1915.....	93	103	102	101	100	95	103	103

The volume of farm real estate sales in 1944 fell slightly below that in 1943 but otherwise it was exceptionally large, and the resale of properties at higher prices after only a short period of ownership continued at a significant level, indicating that the short-term land speculator is an important influence in the current market in many areas. The small decline in sales volume is attributable in large part to fewer farms offered for sale, as most of the land held by unwilling owners has now been sold and an increasing proportion of present owners apparently do not want to sell except at exceptionally attractive prices. Increased resistance of buyers to rising prices is reported from some areas, reflecting farm labor shortages and less optimistic views on the long-term outlook for farm commodity prices as the end of the European war approaches. Nevertheless, the large amount of liquid funds in the hands of farmers and others and generally favorable prospects for crop production in 1945 continue to push up land prices, despite the fact that farm commodity prices and farm income leveled off markedly in 1944.

Crops March and April were very wet in many sections of the District. This was especially true of eastern Kansas and Oklahoma and of Missouri, where considerable flooding occurred and where continued wet soil conditions caused spring farm

work to fall three weeks or more behind schedule. The delay in planting spring crops, together with shortages of farm labor and equipment, may reduce the total acreage in crops this year from that anticipated earlier or force farmers to shift from early-planted to late-planted crops, as it is now too late to seed the intended acreage of oats.

According to the April 1 estimates of the Department of Agriculture, the winter wheat crop in this District will be about 21 per cent larger than that in 1944, reflecting an increase of 6 per cent in the number of acres seeded last fall and an increase of 14 per cent in the prospective yield per acre. Because of very favorable moisture conditions ever since last fall, the condition of winter wheat generally is excellent and on April 1 was far ahead of its usual stage of growth. In the eastern part of the District, however, excessive wetness leading to lush plant growth and rapid development of leaf rust has been rather detrimental to wheat.

Department of Agriculture winter wheat estimates:

	PRODUCTION			YIELD PER ACRE SEEDED		
	Indic. 1945	Final 1944	Aver. '34-'43	Indic. 1945	Final 1944	Aver. '34-'43
	(Thousand bushels)			(Bushels)		
Colo.....	21,672	16,827	13,126	14.0	11.8	10.8
Kans.....	231,557	191,624	133,700	17.0	14.6	10.2
Mo.....	26,100	23,800	26,420	14.5	13.9	12.9
Nebr.....	70,818	35,009	42,787	18.5	9.7	12.4
N. Mex....	4,550	2,795	2,127	13.0	9.0	6.2
Okla.....	75,127	85,914	48,435	13.0	16.5	10.1
Wyo.....	2,548	2,106	1,508	14.0	12.8	10.4
7 states..	432,372	358,075	268,103	15.9	14.0	10.5
U. S.....	862,515	764,073	585,994	17.4	16.5	12.7

Livestock According to estimates of the Department of Agriculture, the number of cattle on feed for market in Kansas on April 1 was 45 per cent larger than a year earlier, in Nebraska 25 per cent larger, and in Missouri 10 per cent larger. These changes compare with increases of 15 per cent reported for Kansas and Nebraska and of 5 per cent for Missouri last January 1. This expansion of cattle feeding operations is due chiefly to greatly increased feed supplies in 1945 and abundant winter wheat pasturage. Cattle feeding, however, is still much below what it was two years ago.

Pastures in the Blue Stem (Flint Hills) section of Kansas and the Osage section of Oklahoma will be well stocked for the grazing season, despite a slightly smaller number of local cattle carried over through the winter and a somewhat lighter outside demand for pasturage than in the last two or three years because of present favorable range feed conditions in Texas. Lease prices for 1945 are higher than those for 1944 and are the highest on record, while acreage guarantees per head are down to their lowest point in many years as a result of the very good to excellent condition of grass.

Beef steer prices advanced further during April, the top price at the Kansas City market reaching \$17.25 a hundredweight near the end of the month. This price was little below the \$17.50 level of last September and October and the absolute ceiling of \$17.65 for live cattle at this market but was appreciably above the \$16.65 packers' subsidy compliance maximum for choice cattle. Lamb prices declined further from their February peak, while the reduced supply of hogs continued to sell at the \$14.50 ceiling for the fourth consecutive month.

Top carlot livestock prices at Kansas City:

	Apr. 27 1945	Mar. 1945	Feb. 1945	Mar. 1944	Mar. 1943	Mar. 1942
	(In dollars per hundredweight)					
Beef steers.....	17.25	16.75	16.60	16.25	17.00	14.25
Stocker cattle.....	15.50	15.00	14.40	15.00	16.50	13.75
Feeder cattle.....	15.50	15.00	14.50	14.35	15.50	12.40
Calves.....	14.50	14.00	14.00	14.00	16.00	14.50
Hogs.....	14.50	14.50	14.50	14.35	15.60	13.70
Lambs.....	16.00	16.85	17.00	16.25	16.50	13.50
Slaughter ewes....	9.00	9.25	9.50	9.00	9.50	7.15

RAINFALL

	Mar. 1945		3 Mos. 1945	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	0.22	1.04	1.25	1.97
Leadville.....	0.98	1.77	3.45	4.42
Pueblo.....	0.57	0.59	1.98	1.37
Lamar.....	0.06	0.82	1.87	1.63
Alamosa.....	0.11	0.25	0.66	0.66
Steamboat Springs....	2.61	2.22	7.40	7.01
KANSAS				
Topeka.....	4.31	1.98	6.02	4.19
Iola.....	3.62	2.45	5.91	5.45
Concordia.....	1.13	1.11	2.83	2.49
Salina.....	1.80	1.33	4.05	3.03
Wichita.....	1.85	1.63	3.76	3.58
Hays.....	0.08	0.88	1.43	1.99
Goodland.....	0.07	0.99	0.82	1.81
Dodge City.....	0.13	0.94	2.53	2.09
Elkhart.....	0.28	0.88	1.82	1.93
MISSOURI				
St. Joseph.....	3.84	2.48	5.90	5.43
Kansas City.....	4.32	2.31	5.55	5.04
Joplin.....	5.51	3.20	8.85	7.04
NEBRASKA				
Omaha.....	1.53	1.37	3.26	2.96
Lincoln.....	1.45	1.27	4.16	2.86
Norfolk.....	1.41	1.26	2.93	2.75
Grand Island.....	0.85	1.25	1.64	2.66
McCook.....	0.30	0.95	1.17	2.03
North Platte.....	0.29	0.86	0.99	1.78
Bridgeport.....	1.35	0.81	2.61	1.55
Valentine.....	0.89	1.02	2.07	2.05
NEW MEXICO				
Clayton.....	0.32	0.56	1.60	1.22
Santa Fe.....	1.10	0.74	1.96	2.16
Farmington.....	1.10	0.68	2.34	1.93
OKLAHOMA				
Tulsa.....	4.62	2.98	8.13	6.15
McAlester.....	12.39	3.10	20.61	7.98
Oklahoma City.....	4.16	1.98	8.28	4.28
Pauls Valley.....	8.52	2.17	13.87	5.25
Hobart.....	2.33	1.53	5.24	3.39
Enid.....	2.41	1.47	4.48	3.72
Woodward.....	1.10	1.38	3.49	3.18
WYOMING				
Cheyenne.....	1.02	1.02	3.02	2.08
Casper.....	0.88	1.18	1.62	2.54
Lander.....	1.30	1.19	2.20	2.38
Sheridan.....	1.53	1.16	3.00	2.71

FEDERAL RESERVE BANK OF KANSAS CITY

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial activity was maintained at a high level in March. Value of retail sales was at a record for this season of the year.

INDUSTRIAL PRODUCTION

Output at factories and mines was maintained in March at the level of the preceding month, which was 236 per cent of the 1935-39 average, according to the Board's seasonally adjusted index.

At iron and steel mills production continued to rise and was at about the same level as a year ago. Production of most nonferrous metals also continued to increase in March in response to military needs; zinc shipments rose to a new record level. Lumber production, however, was 12 per cent smaller in March than in the same month last year. Output of stone, clay, and glass products was maintained at the February level. In the machinery industries activity showed little change in March. Output of transportation equipment continued to decline owing to further curtailment of operations at shipyards. Aircraft production was maintained at the February rate.

In most nondurable goods industries output showed little change from February to March and was at about the same level as in March, 1944. Owing to increased military purchases in recent months, however, supplies available for civilians of such goods as food, textile, leather, and paper products were at the lowest level for the war period. The shortage of carbon black has continued to limit production of essential military and civilian tires and rubber products, but manufacturing facilities are being expanded for output of this critical material. In the chemical industry, production of explosives and small arms ammunition showed less increase than in recent months and output at other chemical plants was maintained at about the February level.

Production of bituminous coal was at a slightly lower rate in March and declined further in the first week of April when wage contract negotiations interrupted mine operations. Output of anthracite increased in March and the early part of April and crude petroleum production was maintained in record volume.

DISTRIBUTION

Department store sales in March showed a further sharp increase and the Board's seasonally adjusted index rose to 224 per cent of the 1935-39 average as compared with 212 in February and 200 in January. In the first half of April sales continued large, after allowance for the usual post-Easter decline.

Freight carloadings continued to rise in March and the early part of April, reflecting increased shipments of most groups of commodities except coal. In recent weeks, as a result of special efforts to move last year's record wheat crop to market before the 1945 harvest, grain loadings have been in much larger volume than in the same period a year ago. Shipments of ore have also been much greater due to an early opening of the Lake shipping season.

COMMODITY PRICES

Prices of cotton, livestock, and some other farm products were higher in the third week of April than during March. Wholesale prices of industrial commodities, as a group, have continued to show slight increases in recent weeks.

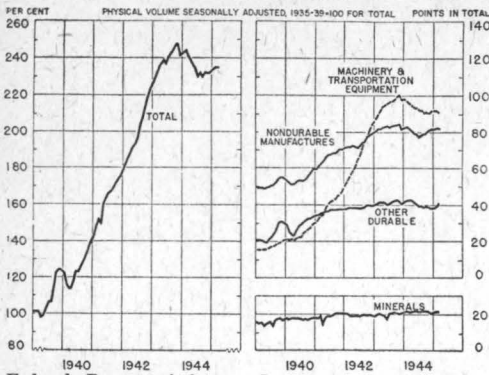
BANK CREDIT

Banking developments during the latter half of March and early April, while following the usual interdrive pattern, were considerably influenced by the large volume of Treasury receipts associated with the March 15 tax date. Adjusted demand deposits at banks in leading cities and currency in circulation both decreased in the latter part of March but resumed their growth in April. The slackened rate of expansion in both deposits and currency was due primarily to tax payments by businesses and individuals.

Required reserves of member banks increased by around 300 million dollars during the five-week period ending April 18. Excess reserves, which were at a temporarily high level in mid-March largely as a result of the reduction of Treasury deposits at the Reserve Banks in anticipation of tax collections, subsequently declined again to less than a billion dollars. An increase in Treasury and other deposits at Federal Reserve Banks in the latter part of March and early April and resumption of the currency outflow caused a drain on reserve funds which was offset by a further increase of nearly 600 million dollars in Reserve Bank holdings of Government securities.

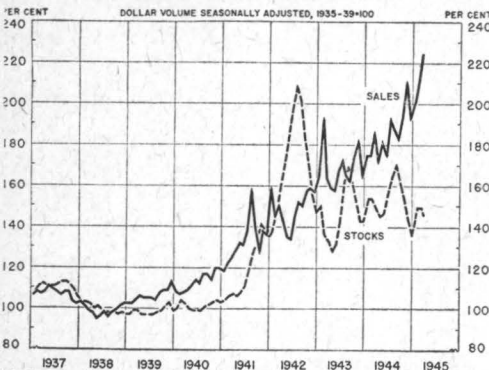
At banks in 101 leading cities, Government security holdings declined during the five weeks ended April 18 by 660 million dollars. Bill holdings were reduced sharply, reflecting to a considerable extent declines in the holdings of Chicago banks associated with the Illinois tax date. Certificate holdings declined generally while bond holdings continued to rise. Loans to others than dealers for purchasing and carrying Government securities were reduced by 180 million dollars and commercial loans declined by 230 million dollars.

INDUSTRIAL PRODUCTION



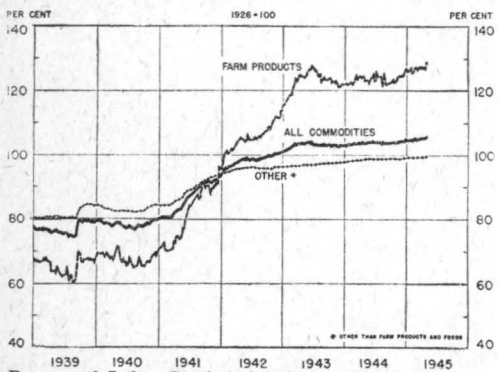
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures; latest shown are for March, 1945.

DEPARTMENT STORE SALES AND STOCKS



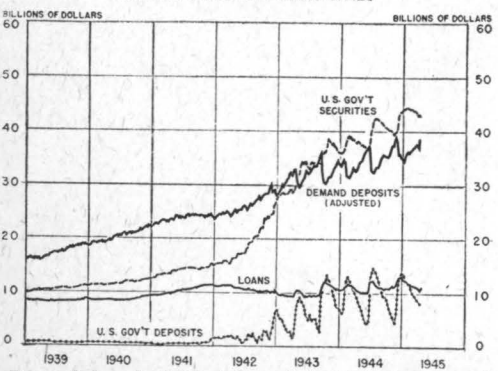
Federal Reserve indexes. Monthly figures; latest shown are for March, 1945.

WHOLESALE PRICES



Bureau of Labor Statistics' indexes. Weekly figures; latest shown are for week ending April 14, 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 April 18, 1945.