

MONTHLY REVIEW

Agricultural and Business Conditions

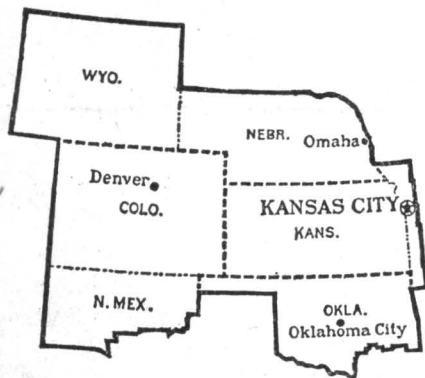
TENTH FEDERAL RESERVE DISTRICT

VOL. 30, No. 5

FEDERAL RESERVE BANK OF KANSAS CITY

MAY 31, 1945

Business in the Tenth Federal Reserve District



A very large wheat crop is in prospect, despite excessive moisture in some areas and widespread rust infestation. Cold, wet weather in April and May continued to delay planting of many spring crops.

Programs are under way to stimulate hog production and cattle feeding to increase supplies of beef, pork, and lard. The hog support price has been raised, and a subsidy has been authorized for cattle feeders.

Production of flour and crude petroleum continues above last year, but output of coal is down. Activity at meat-packing plants, except for hog slaughter, is at a very high rate.

Department store sales have declined considerably from the record level reached early this year, reacting in part to unfavorable weather factors. Sales currently are still moderately above a year ago, while employment shows little change at a level slightly below last year.

	APRIL 1945 COMPARED WITH APRIL 1944								BUSINESS INDICATORS	4 MOS. 1945 COMPARED WITH 4 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								53
									Oats								
									Cattle								
									Calves								
									Hogs	61							
									Sheep								
									Production								
									Flour								
									Cattle Slaughter								
									Calf Slaughter								
									Hog Slaughter	63							
									Sheep Slaughter								
									Crude Petroleum								
									Bituminous Coal								
									Construction								
									Total Awards								
									Res. Awards								
									Value of Permits								
									Lumber Sales								
									Miscellaneous								
									Rainfall								
									Cash Farm Income*								
									Employment*								

*Latest available

FUNDS SHIFT INTO TENTH DISTRICT

Member bank reserve balances with the Federal Reserve Banks are at approximately the same level that they were in early 1941. However, some of the factors that determine the volume of member bank reserves have undergone very large offsetting changes. The reserve position of January, 1941, is chosen for comparison with the present reserve position, as during that month reserves were at the highest level ever reached until the present time, and excess reserves were at the highest level ever reached. The largest change tending to decrease the amount of reserves since January, 1941, has been the increase of money in circulation. During April, 1945, money in circulation averaged 26.0 billion dollars compared with 8.6 billion during January, 1941, an increase of 17.4 billion dollars. A decrease of 1.7 billion dollars in monetary gold stock due to the acquisition of gold by foreign countries has been the second largest factor tending to lessen member bank reserve balances.

The chief factor tending to increase reserves has been a growth of 18.6 billion dollars in Reserve Bank credit, 17.9 billion of which represents an increase in Government securities held by the Federal Reserve Banks. As is shown by the accompanying table, the large expansion in Reserve Bank credit has served chiefly as an offset to the increase of money in circulation, as it has supplied reserve funds only slightly more than one billion dollars in excess of the drain on reserves from the expansion in currency circulation. In addition, an increase in the volume of Treasury currency outstanding has furnished over one billion dollars of member bank reserve funds.

SUPPLY AND USE OF MEMBER BANK RESERVE FUNDS—
UNITED STATES—JANUARY, 1941, TO APRIL, 1945*
(In millions of dollars)

	Jan. 1941	April 1945	Net Change
SUPPLY			
U. S. Government securities.....	2,184	20,067	+17,883
Loans, discounts, and advances.....	3	352	+349
Other Reserve Bank credit.....	85	406	+321
Total Reserve Bank credit.....	2,272	20,825	+18,553
Gold stock.....	22,063	20,401	-1,662
Treasury currency.....	3,092	4,118	+1,026
USE			
Member bank reserve balances.....	14,339	14,559	+220
Money in circulation.....	8,591	25,988	+17,397
Treasury cash.....	2,193	2,371	+178
Treas. deposits with F. R. Banks...	265	456	+191
Nonmember deposits and other			
F. R. accounts.....	2,038	1,970	-68
Required reserves.....	7,507	13,689	+6,182
Excess reserves.....	6,832	870	-5,962

*Average of daily figures for January, 1941; average of Wednesday figures for April, 1945.

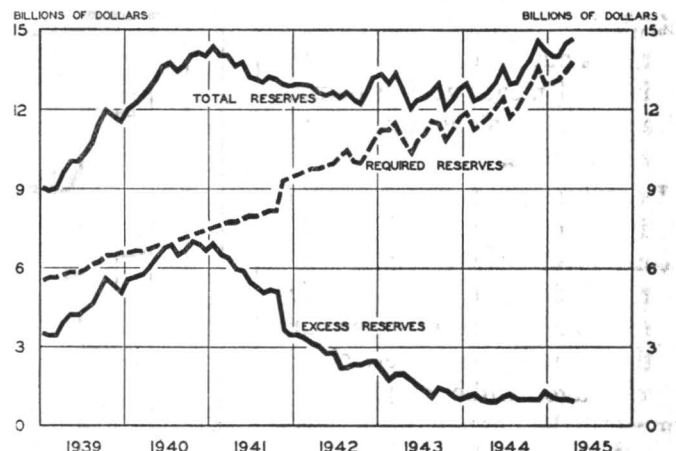
Although the volume of member bank reserves in the System as a whole has shown little net change since early 1941, member bank reserve balances in

most of the Federal Reserve districts have shown considerable change. A comparison of the daily average level of reserves in April, 1945, with the volume in January, 1941, shows a decline of 131 million dollars in the Boston district, an increase of only 19 million in the Philadelphia district, and a decrease of 2.9 billion in the New York district. In the other nine districts, reserves made gains varying from 140 million in the Minneapolis district to 935 million in the San Francisco district. In other words, the decrease in the New York district was almost as large as the combined increases in the other districts. In the Kansas City district the increase was 383 million dollars. In the first half of May of this year Tenth District member bank reserve balances reached a new record high.

A considerable part of the expansion of the member bank reserves in most of the districts is the result of a shift of funds from the New York district, particularly New York City, to these districts. To a large extent, this shift of funds has resulted from the fact that funds obtained by the Federal Government in New York through the sale of bonds and by taxation have been greater than the Federal expenditures in that district. The Treasury has spent the additional funds in the other districts.

Another factor accounting for the shift of funds from New York is a decrease in the size of deposits carried in New York by other banks. From January, 1941, to April, 1945, the domestic interbank deposits of weekly reporting banks in New York City declined approximately one billion dollars. This reduction in the volume of deposits in the New York City banks was part of the policy under which banks invested

MEMBER BANK RESERVES
United States



Monthly averages of daily figures. Latest figures shown are for April, 1945.

funds more fully than had been their policy for some years before the war. The banks purchased increasing amounts of Government securities with their idle balances. This was particularly true following the establishment of the repurchase agreement on Treasury bills which enabled the banks to operate on a tighter reserve position than theretofore.

Although the volume of reserve balances has not shown much net change from 1941 to the present, required reserves are much higher. Under these circumstances, excess reserves have declined nearly as much as the required reserves have increased. Part of the increase in the required reserves is explained by the increase of the legal reserve requirements on time deposits for all classes of banks and on demand deposits for the reserve city banks and the country banks. This, however, is partly offset by the decrease in legal reserve requirements on the demand deposits of the central reserve city banks, so that the net increase in the volume of required reserves, resulting from the changes in legal reserve requirements, is not much more than one-half billion dollars. This compares with an increase of over 6 billion dollars in required reserves. It is apparent then that the increase in the volume of required reserves has resulted almost entirely from the growth of deposits as the banks have increased the size of their investment portfolios. Moreover, it is apparent that this has been done on approximately the same volume of reserves that the banks held prior to our entry into the war.

What has happened is that the excess reserves or idle funds of the banking system have been invested. For several years preceding our entry into the war, member bank reserves had been growing at a rapid

rate. The growth was chiefly the result of a large expansion in the monetary gold stock, mostly as a result of heavy gold imports. From February, 1934, (subsequent to the devaluation of the gold dollar) to January, 1941, the monetary gold stock of the United States increased roughly 15 billion dollars. During the same period member bank reserve balances expanded about 11.5 billion, as expansion of money in circulation caused a drain on reserves of 3.3 billion dollars. In January, 1941, excess reserves of all member banks were 6.8 billion dollars, and of this amount 3.5 billion were held by the central reserve city banks of New York.

SUPPLY AND USE OF MEMBER BANK RESERVE FUNDS—
UNITED STATES—FEBRUARY, 1934, TO JANUARY, 1941*
(In millions of dollars)

	Feb. 1934	Jan. 1941	Net Change
SUPPLY			
U. S. Government securities.....	2,432	2,184	-248
Loans, discounts, and advances.....	157	3	-154
Other Reserve Bank credit.....	8	85	+77
Total Reserve Bank credit.....	2,597	2,272	-325
Gold stock.....	7,138	22,063	+14,925
Treasury currency.....	2,303	3,092	+789
USE			
Member bank reserve balances.....	2,822	14,339	+11,517
Money in circulation.....	5,339	8,591	+3,252
Treasury cash.....	3,368	2,193	-1,175
Treas. deposits with F. R. Banks...	80	265	+185
Nonmember deposits and other			
F. R. accounts.....	429	2,038	+1,609
Required reserves.....	1,931	7,507	+5,576
Excess reserves.....	891	6,832	+5,941

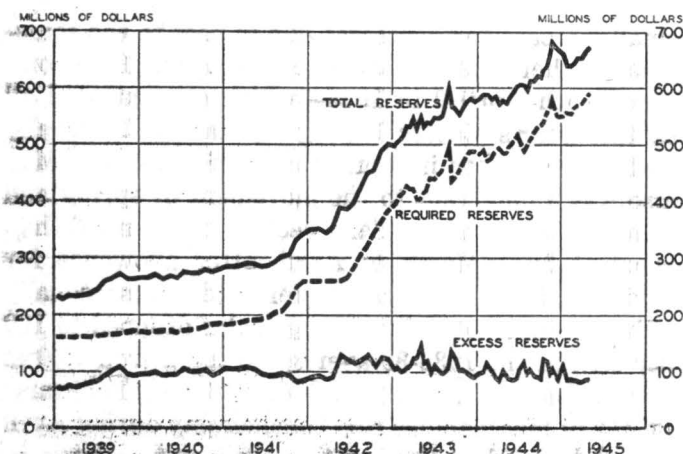
*Monthly average of daily figures.

Until late in 1943, the decline in excess reserves was a result of both an increase in required reserves and a decrease in the total volume of reserves. The latter was a consequence of the increase in currency circulation. When the volume of excess reserves became low, the Federal Reserve Banks purchased increasing amounts of Government securities, and member bank reserve balances were restored to their former level by late 1944.

In the Tenth District, the peak figure for excess reserves was not reached until May, 1943, in contrast to January, 1941, for the System as a whole. Until that time, the reserves of the District member banks grew faster than the increase in required reserves. Although the excess reserves reached their peak in May, 1943, they yet remain at a fairly high level. In January, 1941, they were about 105 million dollars; at their peak figure in May, 1943, they were 144 million; and at present they are approximately 85 million dollars. Tenth District excess reserves have not shown as wide fluctuations as the excess reserves of the member banks of the System as a whole.

The excess reserves of the country banks of this District have been exceeded only in 1943 and 1944. While the excess reserves of the reserve city banks

MEMBER BANK RESERVES
Tenth District



Monthly averages of daily figures, 1939-1943; semi-monthly averages of daily figures, 1944 to date. Latest figures shown are for last half of April, 1945.

have decreased considerably since their record high in 1942, they remain above the lowest point reached in 1944. The ratio of excess reserves to required reserves of the Tenth District member banks, however, has declined throughout the period of the war,

until at the present time, it is at a lower level than at any previous time since 1933. In making this statement, it should be noted that the legal reserve requirements at the present time are twice as high as they were in 1933.

BUSINESS AND AGRICULTURAL CONDITIONS

FINANCE

Member Bank Credit Government security holdings of the Tenth District weekly reporting banks have increased very rapidly during the last two weeks, and are at record high levels. In the four-week period ending May 16, all categories of Government securities, except guaranteed securities, increased. Government bond holdings have reached new record figures on each of the last seven weekly reporting dates. The chief change in loans during the four-week period under review was in commercial, industrial, and agricultural loans. Commodity Credit loans, which matured on April 30, constituted a considerable part of this decrease.

Private deposits of the District weekly reporting banks have been increasing to new high figures each week for the past five weeks. The only class of deposits that has been contracting in volume is Government deposits, a contraction resulting from a decline

in war loan accounts. Interbank deposits have now fully recovered their loss of late January and are at the highest level ever reached. Although the larger deposit increases were in private deposits and interbank deposits, time deposits have expanded over the level of the preceding week for 22 consecutive reporting weeks.

Principal items of condition of 50 member banks:

	Change from		
	May 16 1945	Apr. 18 1945	May 17 1944
	(In thousands of dollars)		
Loans and investments—total.....	2,031,813	+40,362	+313,243
Loans—total.....	331,856	-3,193	+21,800
Coml., indust., agric.....	208,237	-3,958	+8,491
To security brokers and dealers..	4,761	+361	+822
Other to purchase or carry secur..	23,646	+682	+8,790
Real estate loans.....	37,768	+665	-955
Loans to banks.....	150	-455	+150
All other loans.....	57,294	-488	+4,502
Investments—total.....	1,699,957	+43,555	+291,443
U. S. Treasury bills.....	98,404	+10,314	-4,021
U. S. Treas. certif. of indebt.....	397,488	+14,254	+83,310
U. S. Treasury notes.....	327,041	+9,120	+44,092
U. S. Govt. bonds.....	722,123	+8,959	+173,611
Oblig. guar. by U. S. Govt.....	24,493	-37	-9,291
Other securities.....	130,408	+945	+3,742
Reserve with F. R. Bank.....	433,802	+24,612	+58,299
Balances "due from" banks—net.	309,742	+25,697	+55,503
Demand deposits—adjusted.....	1,394,088	+62,959	+214,322
Time deposits.....	251,562	+4,826	+60,965
U. S. Govt. deposits.....	160,854	-31,411	+6,838
Deposits "due to" banks—net.....	865,038	+52,625	+132,679
Borrowings.....	3,000	+1,000	+3,000

BANK DEBITS

	Change from '44		
	Apr. 1945	4 Mos. 1945	
	(Thousand dollars)		
	(Per cent)		
Colo. Springs, Colo.....	20,821	90,355	-3 +3
Denver, Colo.....	291,687	1,184,652	+11 +6
Gr. Junction, Colo.....	6,745	28,626	+18 +11
Greeley, Colo.....	9,895	42,379	+21 +22
Pueblo, Colo.....	21,934	84,099	+13 +8
Atchison, Kans.....	6,182	25,483	+12 +4
Emporia, Kans.....	5,987	26,036	-6 -1
Hutchinson, Kans.....	24,202	104,999	+25 +2
Independence, Kans..	3,823	17,449	0 -1
Kansas City, Kans.....	38,561	158,380	+4 0
Lawrence, Kans.....	7,558	31,265	+30 +22
Parsons, Kans.....	5,555	23,170	-1 +1
Pittsburg, Kans.....	5,934	25,862	-5 -3
Salina, Kans.....	21,280	81,840	+30 -6
Topeka, Kans.....	53,363	224,914	+3 +1
Wichita, Kans.....	210,833	903,445	+13 +20
Joplin, Mo.....	15,514	65,725	+5 +4
Kansas City, Mo.....	641,144	2,662,242	+15 +8
St. Joseph, Mo.....	52,257	227,742	+1 -8
Fremont, Nebr.....	6,749	28,252	+20 +6
Grand Island, Nebr..	13,346	57,167	-2 +4
Lincoln, Nebr.....	47,549	187,851	+4 -2
Omaha, Nebr.....	316,968	1,327,178	+2 -3
Albuquerque, N.Mex.	36,885	145,237	+26 +21
Bartlesville, Okla....	44,205	175,983	+15 +11
Enid, Okla.....	22,495	95,316	+35 +30
Guthrie, Okla.....	2,674	11,647	+17 +17
Muskogee, Okla.....	13,503	60,599	-10 -4
Okla. City, Okla.....	179,674	747,640	+14 +11
Okmulgee, Okla.....	3,527	15,309	+9 +11
Tulsa, Okla.....	259,755	1,093,526	+14 +19
Casper, Wyo.....	9,066	44,298	-2 +16
Cheyenne, Wyo.....	15,568	75,291	-21 -1
District, 33 cities.....	2,415,239	10,073,957	+11 +7
U. S., 334 cities.....	74,131,000	308,180,000	+11 +8

DEPARTMENT STORE TRADE

Dollar volume of department store sales in this District in April was only 5 per cent larger, and in the first three weeks of May only 7 per cent larger, than a year ago as compared with a gain of 23 per cent for the first quarter of the year. The relatively small increase for April was due in part to the somewhat earlier Easter date in 1945—April 1 as compared with April 9 in 1944—which concentrated all of this year's Easter buying in March. Unusually cool, wet weather in April and continuing into May also was a deterrent to the movement of spring and summer merchandise. Sales declined much more than is usual from March to April, after allowance for variation in the date of Easter, and the seasonally adjusted index of daily average sales dropped to 199 per cent of the 1935-39 average in April from 240 in March and the record level of 246 last February. Stocks of merchandise rose considerably during April and at the end of the month were about as large as the stocks on hand a year earlier.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Apr. '45	4 Mos. '45	Apr. 30, '45	
	comp. to Apr. '44	comp. to 4 Mos. '44	comp. to Apr. 30, '44	
	(Per cent increase or decrease)			
Denver.....	7	+3	+17	-10
Pueblo.....	3	-7	+15	*
Hutchinson.....	3	+13	+28	*
Topeka.....	3	+10	+21	*
Wichita.....	4	+4	+12	*
Joplin.....	3	+5	+12	*
Kansas City.....	8	+7	+18	+11
St. Joseph.....	3	+4	+16
Omaha.....	4	-1	+14	*
Oklahoma City.....	6	+8	+21	+12
Tulsa.....	4	+13	+27	*
Other cities.....	31	+4	+17	-7
District.....	79	+5	+18	-2

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing Cattle slaughter in April, as indicated by packers' purchases at leading District markets, was 11 per cent higher and sheep slaughter was 16 per cent higher than in the corresponding month last year. These increases in slaughter, however, were small in comparison with the greatly increased numbers of cattle and sheep coming to market. Expanded demand for cattle and sheep for feeding purposes accounts in part for the relatively small increases in slaughter, as a larger proportion of market receipts of cattle and sheep currently is being diverted to feed lots for further finishing on grain, and a smaller proportion is moving direct to slaughter, than was the case a year ago. Following the drastic cut in hog production in 1944, hog slaughter so far this year has been only one-third as large as that last year. By next fall, when the 1945 spring pig crop begins to move to market, it is expected that hog slaughter will show some increase over 1944.

Flour Milling Southwestern flour milling operations in the last four months have been remarkably stable, for the most part holding within a range of 90 to 95 per cent of full-time capacity. This level of operations was considerably above that of a year ago, and April flour production was nearly one-fifth larger than last year. Labor shortages continue to hamper operations, especially at Wichita, and the shortage of bags is becoming more critical, but the transportation situation has eased appreciably.

Flour sales have been maintained in large volume, chiefly because of heavy Government buying. During the entire year 1944, about 18 per cent of the nation's milling capacity was utilized in producing flour for the armed services and the War Food Administration and in special war uses such as grinding grits to be manufactured into industrial alcohol. In the first quarter of 1945, over 27 per cent of total capacity was thus utilized, and in April purchases by

the Army and WFA increased to a new record rate. To insure an uninterrupted flow of war supplies, Government agencies early in May were authorized to purchase flour for delivery beyond June 30 under an amended form of contract which would protect flour millers on price in the event the domestic milling subsidy is not renewed.

Petroleum The Petroleum Administration for War certified a production rate of 5,156,960 barrels daily of all petroleum liquids for April. The attained rate of national crude oil production for the month was 4,802,000 barrels daily, an increase of 8 per cent over 1944.

The following table shows crude oil production data for the Tenth Federal Reserve District:

	Apr. 1945	4 Mos. 1945	Change from '44	
	(Thousand barrels)		Apr.	4 Mos.
			(Per cent)	
Colorado.....	291	1,141	+34	+31
Kansas.....	7,936	31,885	+1	-2
Nebraska.....	28	110	-24	-21
New Mexico.....	3,142	12,518	-8	-9
Oklahoma.....	11,015	43,908	+10	+10
Wyoming.....	3,190	12,154	+19	+15
Six states.....	25,602	101,716	+6	+4
United States.....	144,062	572,520	+8	+7

For May the Petroleum Administration for War raised the certification rate of all petroleum liquids to a new record of 5,198,480 barrels daily. The shift of the emphasis of the war from Europe to the Pacific was indicated in the assignment of quotas among the various oil producing states. For the first time in history California has been called upon for daily production exceeding 1,000,000 barrels. The May quota of 1,008,280 barrels daily set for PAW District 5 (California) is an increase of 29,920 barrels over April's certification. The crude oil requirement set for California, 947,000 barrels daily, is above the maximum efficient rate of production. The purpose behind the increased production quota assigned to District 5 is to step up refinery operations on the Pacific coast to maximum plant efficiency. Current petroleum shipments to California from other producing and refining districts, including substantial quantities of crude and Naval diesel fuel, average 120,000 barrels daily.

As of May 19, national crude oil production was 4,862,800 barrels daily, an increase of 7 per cent over the corresponding date of last year. Refinery runs were up 9 per cent from 1944 while crude oil stocks were down 6 per cent. Residual fuel oil stocks and gas oil and distillate stocks showed decreases of 23 per cent and 6 per cent, respectively.

Water-flooding operations are soon to be employed in the Bois d'Arc section of the Hunton lime forma-

tion in the West Edmond pool of Oklahoma. The purpose of introducing secondary recovery methods here is to increase production and ultimate recovery of petroleum and, if possible, to halt the decline in bottom-hole pressure.

Employment In February, the latest month for which figures are available, the level of nonagricultural employment in the Tenth District continued unchanged, although it was 1 per cent lower than in the preceding year. This was the same rate of decrease as was shown in January. Four-fifths of the decline from 1944 was in manufacturing employment, which reflected losses in Colorado, Kansas, and Missouri and gains in Nebraska, New Mexico, Oklahoma, and Wyoming.

The number of employees in factories showed increases from the previous month in the District (1 per cent) and in five of the seven states. Nebraska remained practically unchanged and Kansas declined. The upward tendency was contrary to that of the first two months of 1944 during which time the movement was downward. However, the February level was 3 per cent below that of the same period the year before.

Department of Labor estimates of nonagricultural employment:

	Aver.		Change from '44	
	Feb. 1945	2 Mos. 1945	Feb. 1945	2 Mos.
	(Number)		(Per cent)	
Colorado.....	257,000	257,000	-3	-3
Kansas.....	398,000	399,500	-3	-3
Missouri.....	946,000	942,500	-1	-1
Nebraska.....	261,000	261,500	+1	+1
New Mexico.....	78,000	77,900	+2	+2
Oklahoma.....	379,000	378,500	+1	0
Wyoming.....	59,800	60,200	-2	-1
Seven states.....	2,378,800	2,377,100	-1	-1
United States.....	37,957,000	37,946,000	-2	-3

The May reclassification of labor markets transferred McAlester, Oklahoma, from Group III (slight surplus) to Group II (labor stringency). The change was necessary because of increased production schedules and production lags. The predominant labor shortage in the District was of men workers.

Manpower controls in all probability will not be relaxed generally until Japan is defeated. However, according to present plans, a change in the system of area classification will be made beginning the first of July. During the period preceding July 1, controls in Group III and IV areas may be lifted by area directors with the approval of local management-labor committees. Stabilization programs, employment ceilings, priority referral for men, and the 48-hour week will be maintained in Groups I and II. The 28 areas in which the 48-hour week was mandatory,

which included Cheyenne, have received permission to rescind the regulation if it is no longer necessary to alleviate labor shortages in war production. If unemployment appears in Groups I and II during the transition period, area directors may use "blanket" referral cards permitting workers to accept any job, and ceilings will be adjusted or removed.

After July 1, Group I will include areas in which there is labor stringency in meeting war production, and all manpower controls will be continued. Group II will be areas in which there is a balance of labor supply and demand; controls will be optional. Groups III and IV will be areas in which war contracts should be placed to meet current and anticipated employment needs; controls will be abolished entirely.

AGRICULTURE

Crops Wet weather in April and May continued to delay farm operations in general in the eastern part of the District, especially in eastern Nebraska, Kansas, and Oklahoma and in Missouri. Moisture also has been excessive in parts of Wyoming, but rather dry conditions prevailed by late May in much of the western part of the District, particularly in New Mexico. Delay in spring plantings will cause many farmers in Oklahoma to shift from oats and corn to sorghums, cotton, and peanuts, and in Kansas from oats and flax to sorghums and soybeans. Corn planting in Nebraska at the end of the third week of May was seriously behind schedule. However, corn planting in the western two-thirds of Nebraska was ahead of last year, when the holding off of killing frost until late in the fall allowed a bumper corn crop to come to maturity in that state.

The May 1 estimates of 1945 winter wheat production indicated a crop for this District about 20 per cent larger than that of 1944 and 60 per cent above the average from 1934 to 1943. Heavy rainfall this spring has generally been favorable for winter wheat, and soil moisture supplies are reported to be adequate to carry winter wheat well into maturity except in some areas of the western part of the hard wheat belt, chiefly southwestern Nebraska, western Kansas, extreme western Oklahoma, and northeastern New Mexico. Excessive moisture has been detrimental to wheat in eastern Kansas and in most of Oklahoma. Rust is a serious threat to the crop, especially in Oklahoma, where wheat prospects declined materially in April. In some areas, also, wheat plants in May were becoming yellow because of continued cold, wet weather and a lack of sunshine. According to private reports, crop deterioration in Kansas in May is undisputed, and the May 1 estimate for that state now appears to be much too high.

Department of Agriculture winter wheat estimates:

	PRODUCTION		YIELD PER ACRE		ACREAGE ABANDONED	
	May 1	Final	May 1	Final	May 1	Final
	1945	1944	1945	1944	1945	1944
	(1,000 bushels)		(Bushels)		(Per cent)	
Colo.....	23,130	16,827	18.0	15.8	17.0	25.0
Kans.....	239,040	191,624	18.0	17.0	2.5	13.9
Mo.....	24,795	23,800	14.5	17.0	5.0	18.3
Nebr.....	70,186	35,009	19.0	13.0	3.5	25.4
N.Mex.....	2,940	2,795	12.0	13.0	30.0	30.6
Okla.....	67,900	85,914	12.5	18.0	6.0	8.3
Wyo.....	3,060	2,106	20.0	18.0	16.0	29.1
Total.....	431,051	358,075	---	---	---	---
U. S.....	835,186	764,073	17.9	18.8	5.7	12.2

Harvest of the prospective large 1945 wheat crop is expected to commence in this District in southern Oklahoma about the first week of June. Notwithstanding recent improvement in the box car situation, wheat from the 1944 crop is still backed up badly on farms and at country elevators. Since it is likely that substantially fewer than the usual number of box cars normally ready for the harvest will be available

in advance, the scarcity of cars may restrict terminal receipts of new crop wheat to the volume experienced in years of small crops, and farmers must be prepared to store much of the new wheat crop for a time on the farm or at nearby points.

Livestock As part of a program to increase hog production since feed supplies are now abundant, the War Food Administration on April 11 raised the support price 50 cents a hundredweight on all good and choice butcher hogs weighing up to 270 pounds, effective to September 1, 1946, and announced that there would be no reduction in present ceiling prices of hogs before that date. On April 25, the support range was extended to include good and choice butcher hogs weighing up to 300 pounds, and on May 21 the weight limitation was removed entirely to encourage the feeding of hogs to heavier weights to increase pork and lard supplies.

The Government recently acted to increase beef supplies also. Feeders have contended they are squeezed between prices of range cattle and prices that packers can pay for fed cattle and that uncertainty over changes in ceilings and stabilization prices prevents planning a feeding program to produce well-finished, good-grade beef cattle. Effective May 19, the Commodity Credit Corporation was authorized to pay a subsidy of 50 cents a hundredweight to sellers of AA and A grade cattle marketed for slaughter at not less than \$14.25 a hundredweight, Chicago basis, and weighing 800 pounds or more, provided the cattle have been owned by the seller at least 30 days. At the same time, producers and feeders were assured that price ceilings and stabilization ranges would not be reduced without at least six months' advance notice.

Top prices of beef steers reached \$17.50 a hundredweight at the Kansas City market early in May to equal the level of last September and October, the high point since 1928. This price was slightly below the absolute ceiling of \$17.65 a hundredweight for live cattle at this market, but since these steers were estimated to yield 64 to 65 per cent beef they commanded a considerable premium over the \$16.65 packers' subsidy compliance maximum based upon cattle dressing out 61 per cent beef.

Top carlot livestock prices at Kansas City:

	RAINFALL		4 Mos. 1945	
	Apr. 1945		Total	Normal
	Total	Normal	(In inches)	
COLORADO				
Denver.....	2.58	2.06	3.83	4.03
Leadville.....	3.29	1.71	6.74	6.13
Pueblo.....	1.53	1.31	3.51	2.68
Lamar.....	1.42	1.63	3.29	3.26
Alamosa.....	0.65	0.72	1.31	1.38
Steamboat Springs.....	2.33	2.19	9.73	9.20
KANSAS				
Topeka.....	8.58	2.90	14.60	7.09
Iola.....	6.86	3.90	12.77	9.35
Concordia.....	4.73	2.16	7.56	4.65
Salina.....	5.73	2.34	9.78	5.37
Wichita.....	6.79	2.96	10.55	6.54
Hays.....	3.63	2.21	5.06	4.20
Goodland.....	2.10	1.83	2.92	3.64
Dodge City.....	3.84	2.00	6.37	4.09
Elkhart.....	1.38	1.50	3.20	3.43
MISSOURI				
St. Joseph.....	6.36	3.19	12.26	8.62
Kansas City.....	6.63	3.52	12.18	8.56
Joplin.....	7.97	4.70	16.82	11.74
NEBRASKA				
Omaha.....	5.35	2.51	8.61	5.47
Lincoln.....	4.17	2.53	8.33	5.39
Norfolk.....	2.79	2.62	5.72	5.37
Grand Island.....	4.01	2.59	5.65	5.25
McCook.....	2.23	2.12	3.40	4.15
North Platte.....	2.01	2.06	3.00	3.84
Bridgeport.....	2.01	2.01	4.62	3.56
Valentine.....	0.87	1.85	2.94	3.90
NEW MEXICO				
Clayton.....	0.76	1.67	2.36	2.89
Santa Fe.....	1.18	0.90	3.14	3.06
Farmington.....	0.61	0.61	2.95	2.54
OKLAHOMA				
Tulsa.....	8.41	4.19	16.54	10.34
McAlester.....	7.75	4.50	28.36	12.48
Oklahoma City.....	7.00	3.29	15.28	7.57
Pauls Valley.....	3.56	3.71	17.43	8.96
Hobart.....	4.95	3.01	10.19	6.40
Enid.....	6.92	3.23	11.40	6.95
Woodward.....	4.52	2.47	8.01	5.65
WYOMING				
Cheyenne.....	3.08	1.99	6.10	4.07
Casper.....	1.26	2.08	2.88	4.62
Lander.....	5.02	2.06	7.22	4.44
Sheridan.....	1.41	1.92	4.41	4.63

	May 28	Apr.	Mar.	Apr.	Apr.	Apr.
	1945	1945	1945	1944	1943	1942
	(In dollars per hundredweight)					
Beef steers.....	17.00	17.25	16.75	16.50	17.10	15.00
Stocker cattle.....	15.25	15.50	15.00	14.50	17.00	14.00
Feeder cattle.....	15.35	15.60	15.00	14.35	15.75	13.75
Calves.....	14.50	14.00	14.00	14.00	16.00	15.00
Hogs.....	14.50	14.50	14.50	13.75	15.65	14.55
Lambs.....	15.40	16.75	16.85	16.40	16.00	14.00
Slaughter ewes....	8.75	9.25	9.25	9.10	9.10	7.50

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Output and employment at factories declined somewhat in April. Department store sales showed a marked decline and wholesale commodity prices continued to advance slightly.

INDUSTRIAL PRODUCTION

Industrial production, which had advanced earlier this year, declined in April to the same general level that prevailed during the last half of 1944. The Board's seasonally adjusted index was 231 per cent of the 1935-39 average as compared with 235 in the first quarter.

Activity in the machinery and transportation equipment industries declined about 3 per cent in April, reflecting curtailed munitions production; the largest part of the decrease was accounted for by a further reduction in operations at shipyards. As a result of the decline in shipbuilding during the last 12 months, activity in the transportation equipment industries in April was 10 per cent below a year ago.

Steel production was maintained at the March level as a decline in output at open hearth furnaces was offset by a further rise in steel produced in electric furnaces. Production of nonferrous metals, which had increased somewhat during the first quarter of this year, showed little change in April. Output of stone, clay, and glass products was maintained at the first quarter level, while lumber production continued to decline.

Production of textiles and manufactured food products declined slightly in April and was at the level of a year ago. Cotton consumption showed a decrease of 5 per cent from March but rayon shipments rose further to a record level. Activity at meat-packing establishments, which had shown little change during the first quarter after allowing for seasonal fluctuations, declined 10 per cent in April. Output of rubber products decreased as the shortage of carbon black continued to limit production despite measures to stretch available supplies. Production of most other nondurable goods showed little change.

Bituminous coal production recovered in the latter part of April from a substantial decline earlier in the month due to work interruptions accompanying contract negotiations. Output for the month was 8 per cent below that of March and in the first two weeks of May continued at this lower rate. Anthracite production in April was 14 per cent higher than in the preceding month but declined sharply in May prior to agreement on a new wage contract on May 19. Output of crude petroleum has been maintained at record levels and iron ore production has shown an exceptionally large increase this spring due to early opening of the navigation season on the Great Lakes.

DISTRIBUTION

Department store sales declined sharply in April and the Board's seasonally adjusted index was 181 per cent of the 1935-39 average as compared with an average of 211 in the first quarter and with 172 in April, 1944. Sales in the first half of May were only slightly larger than in the corresponding period a year ago. Owing to unseasonably warm weather and expectations of shortages, much spring shopping, which would usually be done in April and May, occurred this year in February and March. In mid-April many stores were closed immediately following the death of President Roosevelt. Also, in particular cities part of the recent decrease in sales appears to have been associated with actual or anticipated income declines resulting from cutbacks in war production.

Freight carloadings of most manufactured products were maintained at a high level in April and the early part of May and were above the same period a year ago. Shipments of coal and lumber, however, were in smaller volume, reflecting reductions in output of these commodities.

COMMODITY PRICES

Wholesale prices of farm products advanced in April and then showed little change in the first three weeks of May. Maximum prices for coal, steel products, and various other industrial commodities have been raised somewhat in recent weeks.

Retail price changes for foods and other commodities apparently have continued to be small in April and the early part of May.

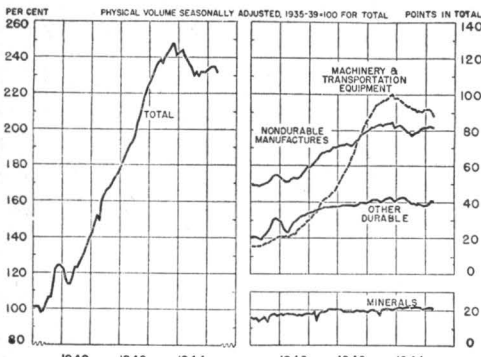
BANK CREDIT

During the four weeks ended May 16 total deposit and currency holdings of businesses and individuals increased by nearly 3 billion dollars. Increases of about 300 million in currency and of over 400 million in reserves required to be held against expanding deposits at member banks resulted in an increased demand for reserve funds by member banks. This demand was supplied largely by an increase of about 500 millions of dollars in Reserve Bank holdings of Government securities, mostly bills and certificates, and in part by a temporary decline in Treasury deposits at the Reserve Banks. Excess reserves rose slightly to around a billion dollars.

In the five months between war loan drives, December 20 to May 16, reporting banks in 101 cities reduced their holdings of short-term Government securities by around 2.3 billion dollars in order to maintain adequate reserve balances. But during the same period bond holdings of these banks were increased by 1.6 billion dollars.

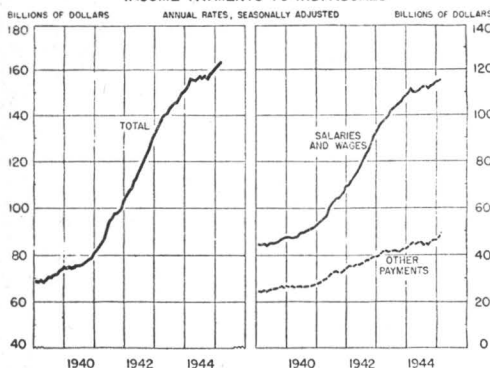
Loans to brokers and dealers for purchasing or carrying Government securities, which had declined in early April to a level comparable with that reached before the Sixth War Loan Drive, rose substantially during the three weeks immediately preceding the Seventh War Loan Drive. Commercial loans declined during the interdrive period, reaching a level about 500 million dollars lower than that prevailing just before the Sixth War Loan Drive.

INDUSTRIAL PRODUCTION



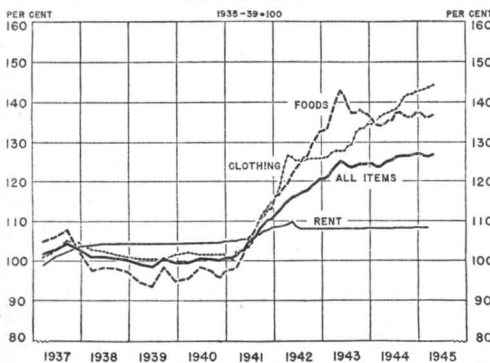
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures; latest shown are for April, 1945.

INCOME PAYMENTS TO INDIVIDUALS



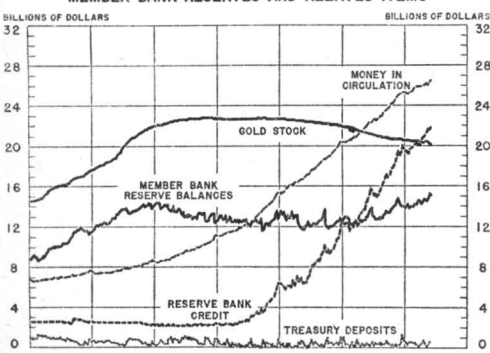
Based on Department of Commerce estimates. Wages and salaries include military pay. Monthly figures raised to annual rates, latest shown are for March, 1945.

COST OF LIVING



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September, 1940; monthly thereafter. Midmonth figures; latest shown are for April, 1945.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures; latest shown are for May 23, 1945.