

MONTHLY REVIEW

Agricultural and Business Conditions

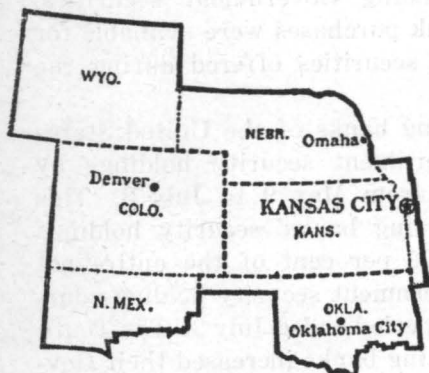
TENTH FEDERAL RESERVE DISTRICT

VOL. 30, No. 7

FEDERAL RESERVE BANK OF KANSAS CITY

JULY 31, 1945

Business in the Tenth Federal Reserve District



The winter wheat crop in this District is larger than had been anticipated early in June. Although harvest is late and the movement of the new crop to market has been slow, wheat prices have declined sharply in response to increased receipts.

Hog production appears to be on the upswing. The District's 1945 spring pig crop was little below that of 1944, and the indicated number of sows to farrow this fall shows an increase of 24 per cent over last year. Much, however, will depend on corn crop prospects, which currently are for only one-half to two-thirds of the corn produced in this District last year.

Livestock slaughter has dropped considerably under a year ago, but production of flour and output of crude petroleum is markedly higher. Department store sales are being maintained in large volume, despite lower industrial employment and cash farm income.

BUSINESS INDICATORS	JUNE 1945 COMPARED WITH JUNE 1944					6 MOS. 1945 COMPARED WITH 6 MOS. 1944						
	% DECREASE		% INCREASE			% DECREASE		% INCREASE				
	40	30	20	10	10	20	30	40	40	30	20	10
Finance												
Bank Debits												
F. R. Bk. Clearings												
Mem. Bk. Loans												
Mem. Bk. Invest.												
Demand Deposits												
Life Ins. Sales												
Trade												
Wholesale Sales												
Dept. Store Sales												
Marketings												
Wheat												
Corn												
Oats												
Cattle												
Calves												
Hogs												
Sheep												
Production												
Flour												
Cattle Slaughter												
Calf Slaughter												
Hog Slaughter												
Sheep Slaughter												
Crude Petroleum												
Bituminous Coal												
Construction												
Total Awards												
Res. Awards												
Value of Permits												
Lumber Sales												
Miscellaneous												
Rainfall												
Cash Farm Income*												
Employment*												

*Latest available

USE OF BANK CREDIT IN THE SEVENTH WAR LOAN DRIVE

The Seventh War Loan Drive established new peak figures for all major categories of bond sales. Sales to nonbank investors aggregated 26.3 billion dollars, 4.7 billion in excess of the previous high reached in the Sixth Drive. Sales to individuals, partnerships, and personal trust accounts totaled 8.7 billion dollars, 2.3 billion above the previous record high. Although the 4 billion dollar quota for E bonds was not reached, E bond sales amounted to 3,976 million dollars compared with 3,187 million in the Fourth Drive, 3,036 million in the Fifth Drive, and 2,868 million in the Sixth Drive. It should be noted, however, that the E bond figure includes the sales for a three-month period in contrast to two months for the other recent war loan drives.

As is shown by the accompanying table, all of the states lying wholly or partially within the Tenth Federal Reserve District exceeded their quotas on E bonds as well as other sales. The E bond sales volume of the seven states as a group was approximately 307 million dollars, or 106 per cent of the combined quotas for those states. Total sales for the seven states aggregated 1,270 million dollars, or 186 per cent of the combined quotas.

Although the sales figures established new records, the enthusiasm for the sales success is somewhat restrained by an understanding of the extent to which bond sales were based on bank credit. The credit extension consisted of both loans to customers and bank purchases of outstanding securities.

From May 9, the last reporting date preceding the war loan drive, to July 3, the weekly reporting banks of the United States expanded their loans for purchasing and carrying Government securities by 2,479 million dollars. Of this amount, 689 million dollars constituted the increase in loans to brokers and dealers, and 1,790 million dollars constituted the increase in loans to others than brokers and dealers. During the same period, the Tenth District weekly reporting banks increased their loans on Government securities 23 million dollars. All but 1 million of this increase was extended to others than brokers and dealers.

For the reporting banks of the country as a whole, these increases in loans were the largest of any war loan drive, and for the District reporting banks, they were exceeded only in the Fifth Drive. Moreover, the loan expansion for the whole country began from a larger volume of loans outstanding than at the beginning of any earlier drive, and thus the total loans on Government securities reached a new high level during the drive. At this level, loans on Government securities accounted for approximately 6.5 per cent

of the earning assets of all weekly reporting banks in the United States. Loans on Government securities constituted slightly less than 2 per cent of the earning assets of the Tenth District weekly reporting banks.

Although the loan figures indicate that the amount of Government security sales financed by bank loans was large, a much greater volume of security sales was financed indirectly by banks as a result of their purchases of outstanding Government securities. Proceeds of these bank purchases were available for reinvestment in new securities offered during the war loan drive.

The weekly reporting banks of the United States increased their Government security holdings by 4,368 million dollars from May 9 to July 3. This increase in the reporting banks' security holdings during the drive is 72 per cent of the entire net increase in their Government security holdings during the twelve-month period ended July 3. The Tenth District weekly reporting banks increased their Government security holdings 159 million dollars from May 9 to July 3. This was 48 per cent of the net increase in their holdings during the year ended July 3.

Of the 50 weekly reporting banks in the Tenth District, 33 increased their loans on Governments during the period under review. Eight of these banks expanded their loans less than \$100,000; twelve between \$100,000 and \$500,000; three between \$500,000 and \$1,000,000; and ten by \$1,000,000 or over. The ten banks whose loans expanded \$1,000,000 or over accounted for 76 per cent of the total increase in loans on Governments in the District reporting banks.

If the expansion of loans on Governments plus the expansion in the holdings of Governments are taken as a measure of the use of bank credit in the weekly reporting banks of the country during the period of the war loan drive, the figure for credit expansion is 6,847 million dollars. Obviously, any estimate of the total amount of bank credit used during the war loan drive would have to include a figure for the other banks of the country, and thus the total amount

SEVENTH WAR LOAN SALES

	E Bond Sales	Per Cent of Quota	Total Sales	Per Cent of Quota
Colorado.....	\$ 31,150,359	100.5	\$ 120,550,814	152.6
Kansas.....	57,070,818	103.8	175,552,364	165.6
Missouri.....	101,587,713	100.6	562,191,625	200.8
Nebraska.....	49,418,221	114.9	184,472,157	200.5
New Mexico...	10,104,522	112.3	28,283,031	166.4
Oklahoma.....	50,587,945	112.4	179,827,419	181.6
Wyoming.....	7,130,494	118.8	19,140,504	191.4
Seven states..	\$307,050,072	105.9	\$1,270,017,914	185.9

would be substantially larger than the figure above.

Following the drive, the reporting member banks continued to add Government securities to their portfolios. This is particularly true in the Tenth District where such additions aggregated 38 million dollars in the period from July 3 to July 18. During the same period, the reporting banks of the whole country added 151 million dollars of Government securities to

their holdings. It is apparent that the shift of Government securities from nonbank hands to banks is continuing.

The loans on Government securities have shown the expected post-drive reduction, as they have contracted 5 million dollars in the District reporting banks and 509 million for the reporting banks of the entire United States.

BUSINESS AND AGRICULTURAL CONDITIONS

FINANCE

Member Bank Credit Tenth District weekly reporting banks increased their loans 24 million dollars during the five-week period ended July 18, 1945. A major part of the increase constituted an expansion of 13 million dollars in commercial, industrial, and agricultural loans, of which a considerable proportion was in Commodity Credit loans on wheat. The loans on Government securities showed a net expansion of 9 million dollars as a result of the war loan drive in June, although these loans had receded 5 million from the peak figure of July 3.

Investments expanded by 138 million dollars during the period under review, as United States Government securities increased 147 million dollars and other security holdings decreased 9 million dol-

lars. The increase in the United States Government security holdings of the District reporting banks during this five-week period constituted 46 per cent of the entire net increase in the Government security holdings of these banks during the last twelve months. The increase for the year was 322 million dollars, an expansion of 23 per cent.

The changes in the deposits of the District weekly reporting banks during the five-week period ended July 18 were in line with the usual changes for a period dominated by a war loan drive. Private demand deposits decreased 86 million dollars, as private deposits were used to pay for Government securities, and Government deposits showed an increase of 179 million. Interbank deposits increased 49 million dollars, and time deposits expanded by 7 million dollars. It is notable that time deposits increased each week throughout the war loan drive. The only evident effect of the drive on time deposits was a slower rate of increase in the latter half of June.

Principal items of condition of 50 member banks:

	BANK DEBITS		Change from '44	
	June 1945	6 Mos. 1945	June	6 Mos.
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo....	26,573	140,059	+6	+4
Denver, Colo.....	337,016	1,841,621	+12	+10
Gr. Junction, Colo.....	6,874	42,324	+2	+10
Greeley, Colo.....	10,338	62,313	+19	+22
Pueblo, Colo.....	23,237	131,102	+7	+11
Atchison, Kans.....	7,900	40,146	+12	+8
Emporia, Kans.....	6,383	40,387	+3	+3
Hutchinson, Kans.....	31,976	166,579	+34	+12
Independence, Kans...	4,592	26,088	-7	-2
Kansas City, Kans...	45,745	244,769	-5	0
Lawrence, Kans.....	9,408	49,314	+15	+24
Parsons, Kans.....	7,089	36,632	+8	+5
Pittsburg, Kans.....	7,725	39,669	-1	-2
Salina, Kans.....	22,579	125,296	-11	-3
Topeka, Kans.....	73,271	362,142	+2	+4
Wichita, Kans.....	212,354	1,334,174	-4	+17
Joplin, Mo.....	19,004	102,413	-3	+4
Kansas City, Mo.....	773,990	4,150,205	+10	+9
St. Joseph, Mo.....	55,580	337,584	-5	-6
Fremont, Nebr.....	6,996	42,611	+7	+9
Grand Island, Nebr...	13,980	85,097	+9	+7
Lincoln, Nebr.....	63,526	304,280	+17	+5
Omaha, Nebr.....	398,801	2,067,107	+15	+3
Albuquerque, N.Mex...	38,572	220,103	+23	+23
Bartlesville, Okla....	46,629	268,264	-1	+9
Enid, Okla.....	32,857	154,502	+16	+32
Guthrie, Okla.....	2,913	17,244	+3	+15
Muskogee, Okla.....	17,902	95,152	+8	+2
Okla. City, Okla....	248,444	1,194,081	+17	+14
Oklmulgee, Okla.....	4,298	23,556	+19	+10
Tulsa, Okla.....	337,609	1,725,587	+24	+20
Casper, Wyo.....	11,432	66,662	0	+13
Cheyenne, Wyo.....	21,907	114,933	+4	+3
District, 33 cities....	2,927,500	15,651,996	+11	+10
U. S., 334 cities.....	98,121,000	488,024,000	+17	+12

	Change from		
	July 18 1945	June 13 1945	July 19 1944
	(In thousands of dollars)		
Loans and investments—total.....	2,233,680	+162,136	+341,521
Loans—total.....	362,546	+24,078	+18,265
Coml., indust., agric.....	217,360	+12,840	+3,485
To security brokers and dealers.....	6,004	+876	+496
Other to purchase or carry secur..	40,116	+8,505	+9,143
Real estate loans.....	36,632	-1,512	-1,362
Loans to banks.....	500	+450	+500
All other loans.....	61,934	+2,919	+6,003
Investments—total.....	1,871,134	+138,058	+323,256
U. S. Govt. securities—total.....	1,742,277	+147,311	+322,199
Bills.....	108,920	+18,169	-23,507
Certificates of indebtedness...	400,138	+47,626	+35,407
Notes.....	456,375	+40,408	+159,541
Bonds.....	776,578	+46,717	+187,975
Guaranteed obligations.....	266	-5,609	-37,217
Other securities.....	128,857	-9,253	+1,057
Reserve with F. R. Bank.....	430,336	-11,500	+54,127
Balances "due from" banks—net..	310,079	+5,664	+21,020
Demand deposits—adjusted.....	1,305,658	-85,782	+195,321
Time deposits.....	261,645	+6,604	+63,243
U. S. Govt. deposits.....	363,976	+179,085	+8,028
Deposits "due to" banks—net.....	932,356	+49,359	+131,632
Borrowings.....	6,000	+3,000	+6,000

Call Report Preliminary figures based on the June 30 call reports of the Tenth District member banks show an expansion in loans and discounts over the call reports a year ago. When

EARNING ASSETS OF TENTH DISTRICT MEMBER BANKS
(Amounts in thousands of dollars)

	RESERVE CITY BANKS			COUNTRY BANKS		
	June 30 1945*	Mar. 20 1945	June 30 1944	June 30 1945*	Mar. 20 1945	June 30 1944
Loans and discounts.....	408,372	386,916	374,145	256,969	262,945	233,114
U. S. Government obligations, direct and guaranteed.....	1,766,083	1,562,010	1,424,137	1,058,204	981,651	778,136
Obligations of States and political subdivisions.....	98,957	96,561	91,682	67,596	67,759	66,307
Other bonds, notes, and debentures.....	37,560	35,107	32,840	17,868	17,685	16,902
Corporate stock including stock of Federal Reserve Bank....	6,030	5,929	6,827	2,662	2,627	2,472
Total earning assets.....	2,317,002	2,086,523	1,929,631	1,403,299	1,332,667	1,096,931

*Preliminary figures.

allowance is made for the difference in loans on Government securities for the two dates, the remaining amount of loans is still above a year ago. The Reserve city banks also increased their loans from the March 20 call to June 30, but all this expansion is accounted for by the increase in loans on Government securities during the war loan drive. Country bank loans on June 30 were about 6 million dollars below the level of March 20.

United States Government security holdings for the District member banks increased about 28 per cent during the year ended June 30. The holdings of the Reserve city banks increased 24 per cent, whereas the holdings of the country banks increased 36 per cent. Three-fifths of the net increase in the Government security holdings of the city banks took place between the March 20 call and the June 30 call. For the country banks, 27 per cent of the year's increase in Government security holdings occurred after March 20. (This point is discussed further in the article on the Seventh War Loan Drive appearing in this issue of the Review.)

Total deposits showed a large increase during the past year. However, the private demand deposits of the city banks decreased in the period between the March 20 and June 30 calls. This reduction was the result of the war loan drive, during which deposits shifted from private account to Government account. The private demand deposits of the country banks continued to increase even during the period following March 20.

Federal Fiscal Operations The Federal Government incurred a deficit of 53,948 million dollars during the fiscal year ended June 30, 1945. Both receipts and expenditures reached new high levels during the year. Total receipts for the fiscal year amounted to 46,457 million dollars, compared with 44,149 million in 1944, an increase of 2,308 million. (This excludes 1,283 million dollars of Social Security taxes set aside for account of the Federal Old-Age and Survivors Insurance Trust Fund.) Total expenditures were 100,405 million dollars, an increase of 6,661 million over the previous fiscal year. Budgetary expenditures which the Treasury classi-

fies as "war activities" totaled 90,029 million dollars.

Increases in certain other items also reflect the impact of the war. Interest on the public debt was 1,008 million dollars larger than during the previous fiscal year. This item amounted to 3,617 million dollars in the fiscal year ended 1945, whereas it was 1,111 million dollars in 1941, the last full fiscal year preceding Pearl Harbor. The volume of veterans' expenditures expanded 1,330 million dollars during the fiscal year 1945. These expenditures were 2,060 million, of which amount 1,117 million constituted transfers to the national service life insurance fund. Refunds on taxes and duties increased 1,448 million dollars over the previous year.

Expenditures for defense and war activities since December 7, 1941, have totaled 276,185 million dollars. During the month of June, 1945, they amounted to 7,837 million dollars. The termination of the war in Europe will reduce Government expenditures and receipts, but the full effect will not be apparent for some time.

The gross public debt on June 30, 1945, was 258,682 million dollars, an increase of 57,679 million during the fiscal year.

DEPARTMENT STORE TRADE

Dollar volume of department store sales in this District in June and in the first six months of 1945 was 15 per cent larger than in the corresponding periods of 1944. In the first three weeks of July, sales showed a gain of 20 per cent over last year. Sales declined less than usual from May to June, and the seasonally adjusted index of daily average sales rose from 203 per cent of the 1935-39 average in May to 219 per cent in June.

Department store inventories increased during June. A June increase in stocks is contrary to the usual seasonal trend prevailing prior to the war but has occurred in each of the last three years, reflecting the advance stocking of fall and winter merchandise to offset delays in deliveries. The retail value of inventories at the end of June was 8 per cent larger than a year earlier and that of outstanding orders was 16 per cent greater than a year ago. The volume of merchandise on order continues very large, being

one and one-third times actual stocks on hand.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	June '45 comp. to June '44	6 Mos. '45 comp. to 6 Mos. '44	June 30, '45 comp. to June 30, '44	
(Per cent increase or decrease)				
Denver.....	7	+19	+15	+5
Hutchinson.....	3	+19	+23	*
Topeka.....	3	+26	+19	*
Wichita.....	4	+8	+9	*
Joplin.....	3	+13	+7	*
Kansas City.....	8	+14	+15	+18
St. Joseph.....	3	+10	+11
Omaha.....	4	+21	+13	*
Oklahoma City.....	6	+12	+17	+17
Tulsa.....	4	+15	+23	*
Other cities.....	31	+12	+13	-4
District.....	76	+15	+15	+8

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing Cattle slaughter in June, as indicated by packers' purchases at leading District markets, was below the level of the corresponding month of 1944 for the second time this year, a decrease of 9 per cent for June following a decline of 7 per cent for May. Hog slaughter continued substantially below the high level of a year ago, while sheep slaughter shows a moderate increase over last year.

United States cold storage stocks of beef on July 1 were the largest, but those of pork and lard the smallest, on record for that date. Beef holdings of 261 million pounds on July 1 were 25 per cent larger than a year earlier, while holdings of pork were 59 per cent smaller, of all meat 41 per cent smaller, and of lard 84 per cent less. Pork stocks were down to 331 million pounds on July 1 from 803 million a year before, total meat stocks have dropped to 692 million pounds from 1,170 million a year ago, and lard stocks are only 66 million pounds as compared with 420 million last year.

As part of the Government's program to effect a more uniform distribution of the present short supply of meat, all commercial slaughterers, both Federally inspected and non-Federally inspected, were required, effective June 17, to resume the same pattern of meat distribution that they followed in the first three months of 1944. The first quarter of 1944 was selected as a base period because it was the most recent complete quarter in which there was a flush production of meat throughout the country and in which distribution approached that prevailing normally.

About one-third of the country's meat slaughter currently is handled by packing plants which are not Federally inspected and consequently may not ship their meat across state lines. These plants are also subject to slaughter quotas which do not apply to Federally inspected slaughterers. As a result, they have been operating at less than full capacity. A

recent amendment to the Stabilization Act of 1942 releases non-Federally inspected plants from all slaughter quotas and from the ban on interstate meat shipments if such plants are certified by the Department of Agriculture as meeting specified sanitary and other conditions. This action is directed toward the fullest possible utilization of all slaughter facilities. It is intended to relieve local meat shortages, where the chief source of supply has been small local packing houses operating without Federal inspection, and to qualify the output of such plants to move in interstate commerce and to be bought by the Government.

Flour Milling Southwestern flour milling operations averaged about 93 per cent of full-time capacity during June. This rate was the same as that prevailing in May and was almost one-fifth higher than that of June a year ago. In the forepart of July, activity slackened somewhat, owing to shut-downs at some mills incident to the July 4 holiday. Some further easing of shortages of labor and box cars is reported. Most mills, however, are still behind schedule on flour shipments, and operations continue about as heavy as labor and transportation conditions permit.

The enactment on June 14 of legislation appropriating funds for continuing the flour subsidy beyond June 30 ended a prolonged period of uncertainty, during which the forward contracting of flour by civilian buyers was largely stalemated. In the last week of June, southwestern flour sales rose sharply to 268 per cent of the weekly capacity, when continued heavy buying by Government procurement agencies, especially of flour for European relief, was augmented by a substantial increase in civilian orders. A large volume of replacement buying had been accumulating during the period of subsidy uncertainty, and many bakers and jobbers were urgently in need of flour to replenish depleted working stocks. Part of the increase in sales represented the usual increase in forward buying of flour at the wheat harvest season. In addition, buyers were seeking to place forward contracts before the end of June in anticipation that the milling subsidy rate would be reduced on July 1.

The buying movement carried over into July, despite a reduction in the subsidy, flour sales for the first week of July aggregating 177 per cent of capacity and then dropping to 22 per cent of capacity in the following week. Buyers' needs for the most part are now well covered for the next 60 to 120 days. Mills' running time is about sold out for the next two to three months, and any buyers who have not already contracted are having difficulty in finding flour for immediate shipment. The scarcity of sugar and short-

ening and the curtailment of output of bakery products is reported to be causing some shift in flour demand from bakers to jobbers as home use of flour is stimulated.

Petroleum National crude oil production for June, although below the record output for May, attained a daily rate of 4,883,900 barrels, exceeding the Petroleum Administration for War crude oil certification rate by 243,000 barrels. In the six oil-producing states of the Tenth Federal Reserve District crude production in June declined 9 per cent from the May output.

Under the pressure of accelerated military activities in the Pacific, the Petroleum Administration for War certified a record production rate of 5,213,100 barrels daily of all petroleum liquids for July, 1945. This quota represents an increase of 21,000 barrels daily over the rate certified for June and an increase of 14,620 barrels daily above the previous record rate of 5,198,480 barrels daily certified for May of this year.

The placing of the entire war emphasis on operations in the Pacific has greatly increased the requirements of the Navy not only for Navy special fuel oil used by the fighting ships but also for grade No. 2 Navy fuel oil used by transports and supply and cargo vessels. Accordingly, fuel oil production in PAW District 5 (California) has been stepped up to a large extent, but the supply is still not adequate to fill military needs. Consequently, the Petroleum Administration for War has directed the states within its District 4 (Idaho, Utah, Montana, Wyoming, and Colorado) to create an additional supply of 26,000 barrels daily of grade No. 2 fuel oil, which will be used largely to service the railroads in the Pacific Northwest. This move should release an equivalent amount of California fuel oil for the bunkering of vessels and offshore shipments. Currently District 4 is turning out about 9,000 barrels daily of Navy special fuel oil and an additional estimated 8,000 barrels daily of grade No. 2 fuel oil. The program of expanded output in this district involves stepping up the production of crude oil by approximately 20,000 barrels daily and increasing the refinery runs from about 120,000 barrels per day to 148,000 barrels.

Despite increasing production of crude oil, which currently is about 200,000 barrels per day above maximum efficient productive capacity, crude oil stocks are still declining and, it is pointed out, will continue to drop during the next two months. As of July 7, crude oil stocks were 4 per cent below the level of last year while residual fuel oil stocks had dropped 25 per cent from the corresponding date of last year.

The constantly rising demand for domestic petroleum may level off, of course, if military operations in the South Pacific result in the opening of transportation channels from the Middle East. If the United States and British Navies are able to liberate and hold the Straits of Malacca through which large quantities of military fuel could be shipped from Abadan, Bahrein Island, and Saudi Arabia to the forces in the Pacific theater, it is indicated that military requirements from this country may be cut back. An even more important prospective source of military fuel oil in the Pacific is the Netherlands East Indies, especially Borneo and Sumatra. Since the program of prompt reseriving of the producing fields, processing facilities, and transportation systems on the islands is making it possible to utilize liberated oil properties almost immediately, there have already been decreases in the anticipated demand for diesel fuel oil from Middle West refineries for Navy consignment. These new sources of oil supply outside the country should mean that more domestic petroleum will be released for civilian consumption.

Employment Employees in nonagricultural establishments in the seven states of the Tenth District region numbered 2,367,100 in April, which is the latest month for which data are available. Although this was the smallest number of workers employed since June, 1942, the level of employment had changed very little since April, 1944. Over the year three states showed losses which were offset by increases in three other states. Kansas showed the greatest relative drop (3 per cent), New Mexico the greatest relative gain (3 per cent), and Missouri was unchanged.

The downward tendency of employment in Kansas was even more apparent in manufacturing employment which dropped 15,500 (11 per cent) from April of last year. This movement probably was the result of declining war production, principally in the aircraft industry. However, this loss was counteracted by a gain of 14,200 workers in the other six states, so that there was no change in the level of manufacturing employment in the District as a whole.

Manufacturing accounted for approximately 84 per cent of the March-April decline of 18,900 in total nonagricultural employment. These month-to-month decreases were the first since January in the number of nonagricultural employees, and since October in manufacturing workers. According to the Bureau of the Census, agricultural employment showed a gain over March of 460,000 persons (6 per cent) in the United States as a whole. Undoubtedly a part of

these workers left factories to return to agricultural work as the season of high farm demand approached. Curtailment in munitions industries probably accentuated the seasonal movements.

Department of Labor estimates of nonagricultural employment follow:

	Apr.	Aver.	Change from '44	
	1945	4 Mos. 1945	Apr. 4 Mos.	(Per cent)
	(Number)			
Colorado.....	257,000	257,200	-1	-2
Kansas.....	394,000	398,000	-3	-3
Missouri.....	944,000	944,800	0	-1
Nebraska.....	258,000	260,200	+1	+1
New Mexico.....	79,700	78,800	+3	+3
Oklahoma.....	375,000	378,000	+1	+1
Wyoming.....	59,400	60,100	-1	0
Seven states.....	2,367,100	2,377,100	0	-1
United States.....	37,797,000	37,945,000	-2	-2

In the United States as a whole, nonagricultural employment had declined to 37,797,000 which number reflected a loss of 2 per cent from April, 1944, and of 1 per cent from March, 1945. The loss was chiefly in manufacturing and was primarily the result of completion and cancellation of war contracts. Manufacturing employment was 8 per cent lower than the year before but only 2 per cent lower than in March.

One change was made in classification of labor market areas in the District in July. Cheyenne was transferred from Group I (acute shortage) to Group II (labor stringency); the shortage was largely of male laborers.

AGRICULTURE

Crops June rainfall generally was substantially above normal over the District except in New Mexico, where precipitation was seriously deficient for the fifth consecutive month. Continued wet weather in many areas in July was hampering the wheat harvest, while late plantings and unseasonably cool temperatures gave the corn crop an unpromising start. In the latter part of July, hot weather was promoting a rapid development of corn, so that the lateness of the crop has been partially overcome. The piling up of farm work is accentuating the shortage of farm labor, with cultivation of corn and other late crops competing for attention with alfalfa and wheat harvest and with other operations.

The July 1 estimates of winter wheat production were above those of a month earlier in all District states except New Mexico, as favorable conditions for the filling and ripening of wheat increased yields considerably and more than offset damage from lodging caused by rains, wind, and hail. The 1945 wheat crop in Oklahoma is considerably below the record crop of 1944 but is still the fourth largest crop ever produced in that state. Winter wheat production this

year in Kansas is second only to that of 1931 and in Colorado to that of 1943, while the crop in Nebraska is the largest on record. The July 1 estimates of corn production indicated a crop in most District states only one-half to two-thirds that of a year ago. This decrease in corn production is due in part to some reduction in acreage but chiefly to a sharp drop in prospective average yields per acre because of unfavorable early season planting and growing conditions.

Heavy wheat production is taxing interior elevator and farm storage facilities, with much wheat piled on the ground in western Kansas awaiting transportation to market. Because of the shortage of cars, movement of new crop wheat to terminals has been relatively slow. Nevertheless, an embargo was in force from July 21 to 31 on reconsignments of wheat to Kansas City from other markets, except by permit, and on country shipments of wheat to this market from July 26 to 31, to prevent congestion of unload-

RAINFALL

	June 1945		6 Mos. 1945	
	Total	Normal	Total	Normal
	(In inches)			
COLORADO				
Denver.....	1.75	1.38	7.64	7.62
Leadville.....	0.65	1.18	9.31	8.64
Pueblo.....	1.54	1.36	5.96	5.64
Lamar.....	2.09	2.14	6.25	7.62
Alamosa.....	0.10	0.60	1.81	2.78
Steamboat Springs.....	4.31	1.36	16.69	12.67
KANSAS				
Topeka.....	5.32	4.00	26.60	15.51
Iola.....	7.67	5.05	24.26	19.20
Concordia.....	4.38	4.15	19.27	12.64
Salina.....	3.13	4.50	16.66	13.78
Wichita.....	4.00	4.58	15.83	15.78
Hays.....	5.29	4.09	14.13	11.80
Goodland.....	1.56	2.77	6.74	8.93
Dodge City.....	3.19	3.19	11.12	10.13
Elkhart.....	2.48	2.37	8.19	8.22
MISSOURI				
St. Joseph.....	10.10	4.95	27.61	18.27
Kansas City.....	6.05	4.68	23.78	17.18
Joplin.....	6.45	6.00	30.25	23.10
NEBRASKA				
Omaha.....	4.18	4.56	18.62	13.80
Lincoln.....	7.03	4.32	20.98	13.79
Norfolk.....	6.00	4.64	19.12	13.70
Grand Island.....	4.71	3.99	14.87	13.26
McCook.....	4.30	3.27	10.61	10.29
North Platte.....	4.10	3.22	9.53	9.84
Bridgeport.....	5.93	2.51	13.59	8.78
Valentine.....	3.70	2.87	9.02	9.59
NEW MEXICO				
Clayton.....	0.82	1.85	3.53	7.21
Santa Fe.....	0.39	1.16	3.74	5.41
Farmington.....	0.01	0.35	2.96	3.46
OKLAHOMA				
Tulsa.....	6.25	4.45	24.12	19.84
McAlester.....	14.89	4.55	46.93	23.07
Oklahoma City.....	10.05	3.67	27.92	16.12
Pauls Valley.....	10.54	4.39	30.26	18.66
Hobart.....	6.69	3.54	17.13	14.19
Enid.....	4.32	4.02	16.80	15.05
Woodward.....	2.20	3.45	11.48	12.63
WYOMING				
Cheyenne.....	3.47	1.61	10.88	7.11
Casper.....	2.46	1.45	6.41	8.32
Lander.....	1.92	1.15	10.96	7.85
Sheridan.....	4.26	2.04	10.96	9.32

ing facilities. Cash wheat prices at the Kansas City market declined sharply near the end of June and early in July as receipts of new crop wheat increased, prices of low protein wheat dropping almost to the loan rate. On July 20, the Commodity Credit Corporation inaugurated a wheat purchase program at Kansas City at prices slightly above the loan rate. Corn marketings currently are only a fraction of requirements of feed mixers and manufacturers. Corn exports and the use of corn in industrial and beverage alcohol have been prohibited as a means of conserving corn supplies. The Government has reaffirmed its intention not to raise corn price ceilings, as present ceiling prices on corn are designed to reflect parity prices to farmers as provided by law. Producers who have corn to sell have been urged to market it as rapidly as possible to meet the urgent need for corn, rather than hold back supplies in anticipation of a price rise.

Livestock The District's 1945 spring pig crop (number of pigs farrowed and saved December 1, 1944, to June 1, 1945) was only slightly smaller than that of 1944, an increase of 6 per cent in Kansas and a negligible increase in Nebraska about offsetting decreases in other District states. For the whole country, the spring pig crop was down 7 per cent from the preceding year. The increases for Kansas and Nebraska were far short of the goals for those states, which called for an increase of about one-third in the 1945 spring pig crop. The number of sows that farrowed in the spring season in Nebraska was sharply below breeding intentions reported last December, but in other District states the number was about as large or larger than had been anticipated earlier. A rather general reduction in the number of sows farrowing as compared with last year was partially offset by a materially larger average number of pigs saved per litter, as the unusually warm weather in March this year was particularly favorable for early spring pigs and more than counterbalanced the adverse effects of cold and wet weather in April and May.

Department of Agriculture pig crop estimates:

	PIGS SAVED			SOWS FARROWED		
	1945	1944	Aver. '34-'43	1945*	1944	Aver. '34-'43
	(In thousands)					
Colorado.....	236	262	262	34	30	35
Kansas.....	1,275	1,198	1,214	165	122	155
Missouri.....	3,036	3,112	2,597	457	381	351
Nebraska.....	2,862	2,859	2,585	194	144	152
New Mexico...	59	80	59	10	10	10
Oklahoma.....	636	647	739	116	97	114
Wyoming.....	59	70	63	6	7	8
Seven states...	8,163	8,228	7,519	982	791	825
United States...	51,687	55,428	48,266	5,548	4,941	4,913

*Number indicated to farrow from breeding intentions reports.

Reflecting the shortage of meat for civilian use, the current high prices being paid for stock pigs, and the generally favorable corn-hog ratio, the indicated number about June 1 of sows to farrow in the fall of 1945 in this District was 24 per cent larger than a year ago. This rate of increase is double that for the country as a whole. In both Kansas and Nebraska, fall farrowings are expected to show an increase of 35 per cent over last year, the largest gain for any state in the nation except South Dakota. Corn production prospects, however, will be an important factor in determining farmers' breeding plans.

The top price of grain fed beef steers at Kansas City reached that market's ceiling of \$17.65 a hundredweight late in June and continued at this level through the forepart of July. Grass fattened steers in the third week of July sold up to \$14.25 a hundredweight. Marketings of grass cattle, however, were attaining sizable volume and prices were under pressure. Thus far, prices of good quality heavyweight grass cattle have been above the \$13.85 minimum at Kansas City to qualify for the payment of the feeder subsidy of 50 cents a hundredweight to sellers of cattle going to slaughter. Consequently, feeder buyers of grass cattle for further finishing on grain are at a price disadvantage in competing with packers for the best grade of grass cattle. The small supplies of hogs continued to sell readily at the ceiling. The average weight of hogs marketed is the highest on record, partially overcoming the shortage of numbers.

Top carlot livestock prices at Kansas City:

	July 26 1945	June 1945	May 1945	June 1944	June 1943	June 1942
	(In dollars per hundredweight)					
Beef steers.....	17.50	17.65	17.50	16.85	16.50	13.90
Stocker cattle.....	15.00	15.40	15.50	13.75	16.35	13.75
Feeder cattle.....	15.25	15.75	15.90	14.50	15.65	13.35
Calves.....	14.50	15.00	15.00	14.00	15.50	14.50
Hogs.....	14.50	14.50	14.50	13.55	14.25	14.55
Lambs.....	14.25	16.00	16.10	15.75	15.85	15.50
Slaughter ewes....	7.50*	7.85*	9.00	8.75	8.00	6.00

*Shorn basis.

Western ranges generally carry a good supply of feed, and prospects for late summer and early fall grazing are good, except in New Mexico and in areas of southwestern Kansas, southeastern Colorado, and the Panhandle of Oklahoma. Prolonged drought and short range feed in many sections of New Mexico have resulted in a marked decline in the condition of cattle and sheep in that state and have forced many stockmen to continue supplemental feeding. Good calf and lamb crops this spring are reported generally. Contracting of range cattle and calves for fall delivery to feeders has been very limited, but contracting of feeder lambs has been fairly active. Cattle on grass have made excellent gains this season.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Production and employment at factories declined somewhat further in June reflecting mainly reduced output of munitions. Value of department store sales in June and the early part of July was considerably above year-ago levels.

INDUSTRIAL PRODUCTION

Industrial production declined about 2 per cent in June and the Board's seasonally adjusted index was 222 per cent of the 1935-39 average as compared with 226 in May and 235 in March of this year.

Reduced activity in munitions industries accounted for most of the decrease. Aircraft production in June was at a daily average rate 5 per cent below May. The volume of work done on new ship construction continued to decline, while ship repair activity was maintained at a high level. Total munitions production was about 10 per cent below the March level, which was the last month under the full two-front war program. The decline is scheduled to accelerate in July, with over-all munitions output planned at a rate about 15 per cent below March.

Steel production in June and the first three weeks of July was down 7 per cent from the May level, and was 5 per cent below the corresponding period a year ago. Output in the nonferrous metal industries also declined, particularly at fabricating plants, due primarily to the large drop in military demand for most aluminum and copper products.

Production of most nondurable goods showed little change in June. Civilian supplies of some of these goods such as butter and tobacco products have increased in July as a result of reduced military purchases. Distilleries have been permitted to produce beverage alcohol in July. Production of shoes and textile products for civilians is expected to increase by autumn.

Output of minerals rose 5 per cent in June, reflecting mainly a large rise in coal production to the highest rate since last November. Crude petroleum production continued to increase, reflecting even greater military demand for some petroleum products for the Pacific War than for the two-front war prior to VE day.

DISTRIBUTION

Department store sales, which usually decline from May to June, increased this year and the Board's seasonally adjusted index rose from 187 to 201 per cent of the 1935-39 average. Sales in June were 15 per cent larger than a year ago and in the first half of July were 23 per cent larger than in the corresponding period last year.

COMMODITY PRICES

Prices of wheat and of fruits and vegetables declined somewhat from the middle of June to the third week of July reflecting chiefly seasonal increases in supplies. Prices of most other farm products showed little change after reaching a new peak for the wartime period on June 15.

Steel scrap prices, which had declined somewhat in May, increased to ceiling levels in the latter part of June and prices of most other industrial materials were maintained at ceiling levels.

AGRICULTURE

Production prospects for most major crops were generally favorable on July 1. Cotton acreage reported in cultivation, however, was 10 per cent smaller than last year, and prospective corn production this year was indicated on July 1 to be 17 per cent smaller than last season's large harvest.

Milk production continued at a record level in June. The number of young chickens on farms has increased rapidly this spring and on July 1 was 11 per cent greater than on the same date in 1944. Marketings of cattle and sheep were larger in June than in the same period last year, while the number of hogs marketed continued to be much less than 1944.

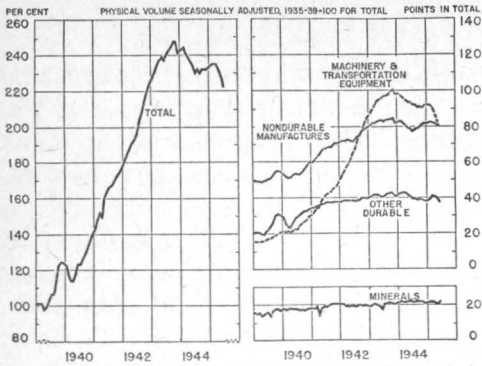
BANK CREDIT

Reporting member banks in 101 leading cities increased their holdings of U. S. Government securities by 4.5 billions of dollars in the eight weeks ending July 11, which period included the major portion of the Seventh War Loan Drive. This amount corresponds closely to increases for comparable periods of the two previous drives. During the Seventh Loan banks added substantially to their holdings of bills, certificates, and notes, and they have also continued to increase their holdings of bonds.

Loans for purchasing and carrying Government securities extended to customers other than brokers and dealers by weekly reporting banks increased 1.6 billions during the four weeks ended June 27, in contrast to 1.1 billions during the comparable period of the Sixth Drive, and 1.3 billions in the Fifth. Loans to brokers and dealers for purchasing or carrying Government securities started increasing somewhat earlier and expanded more than in preceding drives. Both categories of these loans at their peaks were above high points reached in previous drives. Declines in these loans began in July.

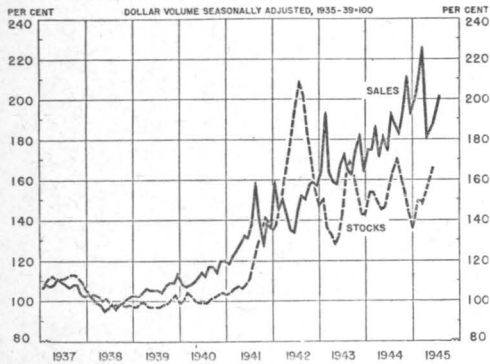
Excess reserves expanded more and reached a higher level than in any drive since the Third War Loan Drive in September, 1943. Owing to the great success of the Seventh Loan in obtaining subscriptions from nonbank investors, the shift of funds from deposits subject to reserve requirements to reserve-exempt United States Government deposits and the consequent decline in required reserves were larger than usual. Member banks used a part of the funds thus made available to pay off borrowings at Reserve Banks, which had risen to a high level of over 900 million dollars in June. Reserve Bank holdings of Treasury bills showed less decline during and following the Seventh Loan than at the time of the previous drive. Holdings of certificates and notes continued to increase.

INDUSTRIAL PRODUCTION



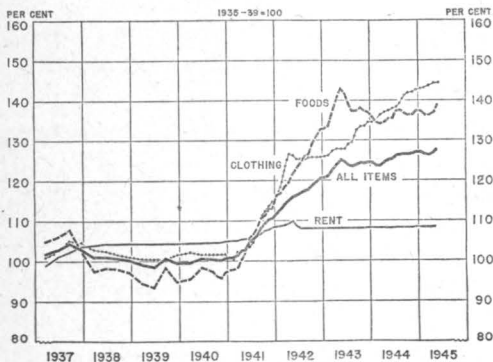
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures; latest shown are for June, 1945.

DEPARTMENT STORE SALES AND STOCKS



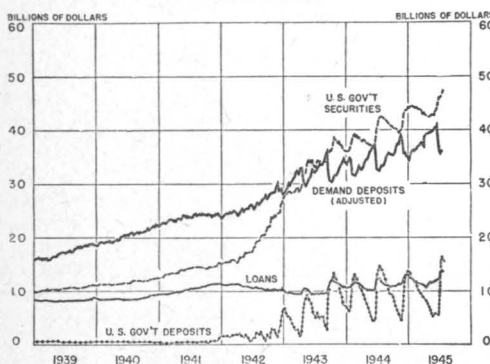
Federal Reserve indexes. Monthly figures; latest shown for sales is for June, 1945; for stocks May, 1945.

COST OF LIVING



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September, 1940; monthly thereafter. Mid-month figures; latest shown are for May, 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 July 11, 1945.