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Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

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POSTWAR VOLUME AND MOVEMENTS OF BANK DEPOSITS

The large growth in bank deposits during the war has aroused considerable interest in the probable volume and distribution of bank deposits in the postwar period. Interest in this matter is probably heightened by a recollection of the developments during and following World War I. During that war, and immediately thereafter, deposits in the United States nearly doubled, and then from 1920 to 1921 the volume of deposits declined about 7 per cent, or nearly 3 billion dollars; this reduction in deposits involved a net liquidation in loans of nearly 2 billion dollars. The deposit decline and the loan liquidation which necessarily accompanied it were relatively larger in the Tenth District, which lost nearly one fifth of its bank deposits and loan volume.

The situation at the close of World War II is markedly different from the situation at the close of World War I. This difference arises largely from the fact that, whereas the deposit expansion in World War I was primarily the result of an expansion of loans other than loans on Government securities, the deposit expansion in World War II was primarily the result of the increase in the amount of Government securities held by the banking system. Eighty-six per cent of the total deposit increase from June 30, 1939, to June 30, 1945, was represented by an expansion of bank holdings of United States Government securities.

On June 30, 1945, nearly three fifths of the resources of the banks of the United States were Government obligations, and nearly one fifth were cash items, including reserves with the Federal Reserve Banks. Loans constituted only 17 per cent of bank resources.

The most important factor that might affect the volume of bank deposits in the postwar period is the size of the Federal debt and the banking system's holdings of Government securities. If the Federal debt does not decrease, as appears probable, the question will resolve itself into one concerning the proportion of the Federal debt which will be owed to the banking system. The banking system's holdings of Government securities will decrease only providing there is a shift of Government securities from the portfolios of the banks to nonbank holders. This shift appears improbable, and, in fact, there are certain factors indicating some shift from nonbank holders to the banking system.

Savings bonds may be liquidated in a volume which will exceed the sales of new savings bonds. In other words, there may be a net redemption of United States savings bonds. In that event, the Government will have to place an equivalent amount of other securities in the hands of new holders. The new holders may also be nonbank holders, but it may be that the banking system will absorb Government securities in an amount more or less approximating the net redemption of savings bonds. Nonbanking business firms hold a considerable volume of Government securities, particularly short term securities, and it is often predicted that business firms as a group will reduce their holdings of United States Government securities by selling securities and by permitting short term holdings to run off. If that is correct, the banking system may absorb an equivalent amount of Government securities.

The deposit volume in the banking system will tend to decline if the volume of bank loans outstanding contracts. Again this does not seem very probable. The volume of bank loans today is not significantly larger than it was before the war. If loans expand, the effect on the total volume of deposits will be an expansion rather than a contraction.

Another factor that could lead to a drain on deposits is an increase in the volume of currency in circulation. Since the beginning of the war, currency circulation has increased to a volume four times as large as it was before the war, but this expansion in currency circulation is not likely to continue. It is more probable that the currency drain will be reversed, and, as currency returns to the banking system, deposits will be enlarged.

The volume of bank deposits would decline if there were a net withdrawal of funds from the country. However, international transactions are more likely to involve a net inflow of funds to the United States. During the early postwar years, the United States will be the chief market from which imports are available to other countries at a time when the volume of exports by those countries necessarily will be restricted. Even the proceeds of the loans which may be extended by this country to foreign countries will be spent largely for goods in the United States. If such loans are made out of deposits already created, the volume of bank deposits will not change; if the foreign loans are extended through new credit created by the banking system, as is likely, bank deposits in this country will show a corresponding increase.

It is apparent from an examination of the factors affecting the volume of deposits that a reduction in the volume of bank deposits of the banking system as a whole is not to be expected. However, individual banks, communities, and regions are faced with the related questions as to what will happen to the volume of their deposits and to what extent a redistribution of deposits will take place.

During the course of the war, the rate of deposit growth varied considerably among the various regions of the country. As is shown by the accompanying table, from June 30, 1939, to June 30, 1945, the deposit expansion among member banks ranged from 111 per cent in the Philadelphia district to 243 per cent in the Dallas district. The Kansas City district ranked fifth from the top among the Federal Reserve districts with an expansion of 194 per cent. The largest percentage expansion in deposit volume took place in the southern and western sections of the country, while a much slower rate of deposit expansion occurred in the northeastern section of the United States, notably Boston, New York, and Philadelphia. An examination of the situation in terms of smaller areas shows the same type of contrast except that it is more extreme. In every Federal Reserve district of the country, the percentage expansion of deposits in the country bank classification was greater than the percentage expansion in the city bank classification. In the Tenth District, as elsewhere, the relative deposit growth was much greater in the rural areas than in the cities.

PERCENTAGE INCREASES IN TOTAL DEPOSITS OF MEMBER BANKS BY FEDERAL RESERVE DISTRICTS, JUNE 30, 1939, TO JUNE 30, 1945

District	All Member Banks	Central Reserve City Banks	Reserve City Banks	Country Banks
Boston	139	......	123	154
New York	121	113	147	161
Philadelphia	111	......	104	118
Cleveland	157	......	133	203
Richmond	206	......	180	235
Atlanta	232	......	188	285
Chicago	176	117	222	237
St. Louis	175	......	136	240
Minneapolis	182	......	175	187
Kansas City	194	......	174	233
Dallas	243	......	215	282
San Francisco	210	......	199	283
United States	158	113	170	200

What happened during the war can be stated in terms of a balance of payments. Some districts, such as Dallas, Atlanta, San Francisco, Richmond, Kansas City, and Minneapolis, experienced favorable balances of payments with funds coming into those areas in excess of the funds going out. This was the result of several factors that were of varying degrees of importance in the different regions.

The three principal factors were a location of war industries that led to a different distribution of industrial activity geographically during the war; the location of military establishments chiefly in the South and West; and a large increase in farm income, with a combination of large crops and high prices for those crops. In the Tenth District states, agricultural income was the largest factor of income expansion, but it was followed closely by war manufacturing pay rolls and military payments.

The largest purchaser and spender, namely, the United States Government, raised funds through taxation and through the sales of Government securities to a greater extent in certain districts, notably New York, than it returned by way of expenditures to those same districts. On the other hand, other regions, such as the Kansas City district, were the recipients of a larger volume of Federal funds in the form of expenditures than were taken out of those districts by taxation and by the sales of Government securities.

At the same time this was happening, the increasing funds of the areas with the favorable balances of payments could not be spent for the things that the people were financially able and willing to buy, such as refrigerators, automobiles, washing machines, radios, and farm machinery and equipment. These were not available, and consequently such expenditures could not be made. To a considerable extent, the expenditures for such durable goods would have gone outside those districts if the goods had been available. Other areas, experiencing unfavorable balances of payments, purchased raw materials and foodstuffs from regions with favorable balances of payments, such as Kansas City, in as large or larger amounts than before the war.

Although the postwar volume of deposits will equal or exceed the present volume, the geographical redistribution of those deposits may be expected to change in accordance with the postwar regional balances of payments. The deposit movements of individual banks will deviate from the trends in their regions by reason of special factors applying to individual banks. All regions of the country presumably will have a larger volume of deposits than they held before the war, but the proportion of the total deposits of the country held by the various regions will differ from both the prewar and the present pattern. The elimination of special wartime factors of deposit growth will lead to some reversal of the shifts of deposits that took place during the war. On the other hand, some of the wartime shifts in the location of industries will remain, which will lead to a permanent alteration in the distribution of deposits.

For the Tenth District, the flow of funds will depend to a considerable degree upon the level of farm income, which, of course, is dependent upon both the size of the crops and the level of farm prices. If farm prices and farm income decline, or if farm crops fail, a net flow of funds from the Tenth District to other districts is likely to occur. Communities whose deposit growth was chiefly the result of wartime activities that are not replaced by a comparable volume of peacetime activities are likely to experience a net outflow of funds and a decline in deposits, regardless of the regional movement of deposits.

The volume of loans extended by the District banks also will be a factor influencing the level of deposits. In view of the small increase in loans during the course of the war, it is improbable that the volume of loans will decrease. On the other hand, if business activity increases and loans expand, bank deposits in the District will also expand to the extent that the proceeds of such loans are not transferred outside the District.

The amount of expenditures made by people in the Tenth District for goods outside the District will be another factor affecting the regional flow of funds. A considerable volume of expenditures probably will be made for consumers' durable goods and farm machinery and equipment produced outside the District. Also, merchants may increase their out-of-District expenditures for the building up of their inventories. Such purchases would increase the flow of funds from this District to other districts. However, this outflow of funds would be a significant factor for maintaining the prosperity of the industrial regions of the country, which is important to the maintenance of a strong market for the agricultural products that are produced in large volume in this area.

When a region has an unfavorable balance of payments, the banks of the area are called upon to furnish funds to the other regions of the country. If the banks are carrying a large proportion of their resources in loans, the drain of deposits exerts pressure upon them to liquidate some of their loans, and this has a deflationary effect upon the economic activity of the region. That was the situation faced by the banks of this area in 1920 when loans constituted two thirds of the total resources of the Tenth District banks.

Under present circumstances, District banks should experience little difficulty in meeting an outward movement of deposits, as they would not find it necessary to liquidate loans in order to meet the requirements for funds. Over one half of the bank resources in the Tenth District banks are in Government securities. Moreover, nearly two thirds of the Government securities held by Tenth District banks have maturities of five years or less. Furthermore, Treasury bills and Treasury certificates of indebtedness constitute approximately three tenths of the Government securities of all District banks. Consequently, a considerable net outflow of funds could be met by simply allowing the short term securities to run off, and the Treasury would then have to place an equivalent amount of securities elsewhere, possibly in the banks receiving the net inflow of funds. Even if the banks experiencing an outflow of funds should find it necessary to market some of their Government securities, they should be able to sell them in the areas receiving funds and possibly to the banks of those areas.

BUSINESS AND AGRICULTURAL CONDITIONS

FINANCE

Member Bank Credit On November 14, 1945, the 50 weekly reporting member banks of the Tenth District held 375 million dollars, or 27 per cent, more United States Government securities than they held a year earlier. The increase consisted largely of Treasury bonds and Treasury notes which increased 201 million dollars and 173 million, respectively. Holdings of Treasury certificates of indebtedness expanded 48 million dollars, while Treasury bills decreased 10 million. A decrease of 36 million dollars in Government guaranteed obligations resulted chiefly from the retirement by the Treasury of most guaranteed issues outstanding.

Total loans of the District reporting banks expanded 31 million dollars, or 9 per cent, for the year. The largest increase was in loans on securities which expanded 13 million dollars, 12 million of which constituted an expansion in loans on Government securities. "Commercial, industrial, and agricultural" loans expanded 9 million dollars during the year, an increase of 4 per cent.

The growth of interbank deposits approached that of private demand deposits in amount and exceeded it in percentage. The former increased 143 million dollars, or 17 per cent, while the latter increased 168 million dollars, or 13 per cent. Exclusive of United States Government deposits which fluctuated widely during the course of the year, time deposits showed the great-

BANK DEBITS

	Oct. 1945	10 Mos. 1945	Change from '44 Oct.	Change from '44 10 Mos.
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo.	27,057	240,794	+31	+7
Denver, Colo.	345,439	3,079,159	+19	+11
Gr. Junction, Colo.	9,138	71,816	+14	+8
Greeley, Colo.	13,539	105,004	+18	+18
Pueblo, Colo.	26,777	227,456	+42	+12
Atchison, Kans.	6,035	66,715	+5	+7
Emporia, Kans.	7,631	67,259	−11	−1
Hutchinson, Kans.	25,832	292,120	+2	+12
Independence, Kans.	4,687	44,161	+9	+2
Kansas City, Kans.	40,000	396,698	+7	0
Lawrence, Kans.	8,230	82,311	+13	+20
Parsons, Kans.	3,306	56,223	−46	−3
Pittsburg, Kans.	7,475	66,819	+23	+2
Salina, Kans.	21,373	232,219	+11	+1
Topeka, Kans.	58,142	598,097	+17	+7
Wichita, Kans.	139,235	2,075,145	−26	+7
Joplin, Mo.	19,885	175,434	+14	+6
Kansas City, Mo.	675,547	6,934,555	+5	+7
St. Joseph, Mo.	63,406	574,436	+14	0
Fremont, Nebr.	7,780	70,920	+9	+8
Grand Island, Nebr.	15,436	141,231	+11	+8
Lincoln, Nebr.	51,228	508,888	+15	+5
Omaha, Nebr.	353,476	3,463,994	+11	+5
Albuquerque, N. M.	43,813	386,378	+39	+27
Bartlesville, Okla.	45,589	448,578	+7	+8
Enid, Okla.	23,126	278,814	−3	+23
Guthrie, Okla.	2,877	27,707	−2	+10
Muskogee, Okla.	17,886*	158,554	0	+2
Okla. City, Okla.	192,276	1,920,522	+6	+9
Okmulgee, Okla.	5,469	41,695	+58	+21
Tulsa, Okla.	247,531	2,768,818	−2	+12
Casper, Wyo.	14,620	116,433	+29	+14
Cheyenne, Wyo.	18,107	184,597	−1	+1
District, 33 cities	2,541,948	25,903,550	+6	+8
U. S., 334 cities	81,614,000	793,204,000	+10	+10

*Revised.

est relative growth of any class of deposits, as they increased 63 million dollars, or 29 per cent.

Principal items of condition of 50 member banks:

	Nov. 14 1945	Change from Oct. 17 1945	Change from Nov. 15 1944
	(In thousands of dollars)		
Loans and investments—total	2,299,436	+15,274	+418,709
Loans—total	377,026	+16,948	+31,323
Coml., indust., agric.	232,773	+13,554	+9,478
To security brokers and dealers.	5,370	−2,019	+1,606
Other to purchase or carry secur.	33,105	+1,312	+11,181
Real estate loans	38,615	+545	+1,422
Loans to banks	825	+190	+395
All other loans	66,338	+3,366	+7,241
Investments—total	1,922,410	−1,674	+387,386
U. S. Govt. securities—total	1,786,346	−1,496	+375,148
Bills	75,641	−13,962	−10,277
Certificates of indebtedness	435,838	+6,645	+48,350
Notes	462,253	−4,780	+172,755
Bonds	811,746	+10,129	+200,626
Guaranteed obligations	868	+472	−36,306
Other securities	136,064	−178	+12,238
Reserves with F. R. Bank	486,428	+10,341	+58,170
Balances "due from" banks—net.	304,519	+1,178	+18,321
Demand deposits—adjusted	1,476,109	+18,692	+167,502
Time Deposits	284,711	+3,044	+63,359
U. S. Govt. deposits	222,279	+6,502	+95,922
Deposits "due to" banks—net	981,665	−1,306	+143,300
Borrowings	19,000	+1,500	+14,500

DEPARTMENT STORE TRADE

Dollar volume of department store sales in October was 17 per cent larger than a year ago, owing in part to one more trading day in the month this year. On a daily average basis, sales were about 13 per cent above last year, the same rate of gain as is shown by the first ten months of 1945 over the corresponding period of 1944. In the first three weeks of November, sales showed an increase of 9 per cent over the comparable period a year ago, pointing toward the largest volume of Christmas shopping on record, despite shortages of many types of desirable merchandise and the drop in employment following the capitulation of Japan. One of the chief factors contributing to the unprecedented rate of dollar sales, of course, is the high price of goods available, with luxury merchandise generally the most plentiful. Sales increased considerably more than is usual from September to October, and the seasonally adjusted index of daily average sales rose from 217 per cent of the 1935-39 average in September to 241 per cent in October, only five points below the record level of last February.

Department store inventories have been unusually stable since last July, and stocks on hand at the end of October also were little changed in dollar value from the large stocks on hand a year earlier. Outstanding orders have increased moderately in recent months and are little below their peak reached early this year. The huge volume of merchandise on order is 35 per cent greater than it was a year ago and one and a third times actual stocks on hand.

Department store sales and stocks in leading cities:

	No. of Stores	Sales: Oct. '45 comp. to Oct. '44	Sales: 10 Mos. '45 comp. to 10 Mos. '44	Stocks: Oct. 31, '45 comp. to Oct. 31, '44
		(Per cent increase or decrease)		
Denver	7	+22	+16	−4
Pueblo	3	+8	+10	*
Hutchinson	3	+13	+16	*
Topeka	3	+15	+16	*
Wichita	4	+3	+4	*
Joplin	3	+30	+11	*
Kansas City	8	+16	+13	+5
St. Joseph	3	+27	+12	....
Omaha	4	+19	+11	*
Oklahoma City	6	+16	+13	+4
Tulsa	4	+17	+16	*
Other cities	31	+15	+11	−6
District	79	+17	+13	0

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing The October slaughter of cattle, as indicated by packers' purchases at leading District markets, was 11 per cent above that in the corresponding month a year ago. This represented a new high in commercial slaughter. The October increase over last year in cattle slaughter was due chiefly to substantially heavier slaughter at Kansas City, Denver, and Wichita; cattle slaughter at St. Joseph was little changed from that a year earlier, and at Omaha and Oklahoma City it was lower. The slaughter of hogs and sheep continued sharply lower.

United States cold storage stocks of pork declined more than is usual during October, and beef stocks declined contrary to the usual seasonal trend. Pork holdings on November 1, which were down to 165 million pounds from 297 million a year earlier, were at a new record low. Holdings of beef, however, were large, aggregating 179 million pounds as compared with 127 million pounds a year ago. For the first time on record, beef storage stocks exceeded pork stocks. Total stocks of meat on November 1 were 438 million pounds as compared with 528 million last year and over a billion pounds as recently as July 1, 1944. Storage stocks of lard also were small, aggregating only 50 million pounds as compared with 118 million a year ago. Effective November 24, the rationing program instituted on March 29, 1943, was terminated for all meats, fats, and oils.

Flour Milling Southwestern flour milling operations rose from 96 per cent of full-time capacity in September to 99 per cent in October to equal the previous monthly record established in January, 1944. During the fore part of November, however, operations dropped to around 91 per cent of capacity, reflecting chiefly a shortage of box cars for shipping in wheat and shipping out flour. Reserve stocks of wheat at many mills were low, and the movement of wheat to mills was curtailed not only by the box car shortage but also by a tendency on the part of farmers to hold their wheat. The Commodity Credit Corporation on November 16 authorized the release of milling wheat from its stocks at Kansas City, St. Joseph, Topeka, Salina, Hutchinson, and Wichita for sale to mills having less than three weeks' supply of wheat on hand and under contract.

Flour sales increased sharply in the first week of November, following an increase in the domestic milling subsidy that eliminated the price squeeze on mills prevailing in the latter part of October. On the first two days of November, mills booked several times their weekly capacity, after which civilian buying slackened. The domestic milling subsidy on hard wheat ground into flour was raised to 30 cents a bushel for November, the highest rate since the program was inaugurated late in 1943. Since prices of both wheat and flour are at the ceiling, the subsidy rate probably is at or near the maximum. Consequently, civilian flour sales now are governed chiefly by the actual needs of bakers and jobbers and by the ability of mills to accept orders which can be milled out on schedule to keep their unfilled order balances down to what they had when the subsidy started, as mills at the termination of the subsidy will receive payments on unfilled orders on hand only to the extent of the original unfilled order balance. Flour purchases by the Army and buying for export have been well maintained, with a large volume of export demand still unsatisfied.

Petroleum In October national crude oil production attained a daily rate of 4,033,290 barrels, a decline of 10 per cent from the rate of September and a drop of 15 per cent from the level of October, 1944. In the Tenth District the October, 1945, crude output was 2 per cent above that of October, 1944.

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

	Oct. 1945	10 Mos. 1945	Change from '44 Oct.	Change from '44 10 Mos.
	(Thousand barrels)		(Per cent)	
Colorado	548	3,487	+90	+44
Kansas	8,147	81,198	−1	−2
Nebraska	25	262	−27	−26
New Mexico	3,054	31,427	−6	−5
Oklahoma	11,365	114,604	+4	+12
Wyoming	3,064	31,069	+2	+16
Six states	26,203	262,047	+2	+6
United States	125,032	1,431,490	−15	+3

Reports indicate that the fuel-oil market will continue to be tight in coastal areas and that, in order to satisfy the increased demand for furnace oils in the season now under way, domestic supplies will have to be supplemented by imports. As of November 10, residual fuel oil stocks were down 28 per cent from the corresponding date last year. Crude oil stocks and gas oil and distillate stocks showed declines of 1 per cent and 5 per cent, respectively. Refinery runs during the week ending November 10 were up 10 per cent from the corresponding week in 1944.

According to a recent study of foreign oil holdings filed with the Senate Committee on Petroleum Resources, proved oil reserves owned by United States companies abroad are estimated at 17,400,000,000 barrels. This share of foreign oil reserves, which provides an American-controlled crude reservoir nearly as large as this country's total domestic petroleum reserve, is the largest held by the nationals of any one country. One third of the total American capital invested in foreign oil operations is in South America, one fourth in Europe, and the remainder in Asia (chiefly the Middle East, the Netherlands Indies, and China) and Canada. American foreign oil investments at the present total $2,500,000,000 as against $399,000,000 in 1929. Despite the increased marketing activities of the United States in petroleum products, however, increased competition from foreign producing and refining sources has caused a sharp decline in the last twenty years in the percentage relationship of American exports to total indicated foreign demand from 32.6 per cent average 1920-29 to 19.6 per cent average 1930-39.

Employment The status of employment in six labor market areas of the Tenth District changed little from October to November. Weekly lay-offs have become inconsequential — in some cases there are none —and are no longer reported. The numbers of unfilled job openings, of referrals, and of placements by the United States Employment Service all fluctuated from week to week during the four-week period which ended the middle of November but continued at approximately the same levels. Demand remains greater for male workers than for women, and the larger percentage of placements was of men.

In November, the major part of both initial and continued claims for unemployment compensation were made by women except in the Denver area where more than half of the initial claims throughout the month were made by men and in Wichita where the percentage of claims by men increased to over 50 per cent during the last part of the period. Weekly initial claims have decreased in most areas. A gradual increase in continued claims is still apparent in Wichita and Kansas City, but other areas reflect a leveling tendency. These circumstances indicate that unemployment is less serious three months after V-J day than was anticipated.

The most recent data for nonagricultural and manufacturing employment available for the seven states which lie wholly or partially within the District are for August and cover the pay period ending nearest the fifteenth of the month. Consequently, the figures do not reflect the mass layoffs which followed the capitulation of Japan.

Department of Labor estimates of nonagricultural employment follow:

	Aug. 1945	Aver. 8 Mos. 1945	Change from '44 Aug.	Change from '44 8 Mos.
	(Number)		(Per cent)	
Colorado	263,000	259,800	0	−1
Kansas	373,000	390,400	−8	−5
Missouri	913,000	939,100	−4	−1
Nebraska	255,000	258,600	−1	+1
New Mexico	83,100	80,600	+4	+3
Oklahoma	352,000	371,700	−6	−1
Wyoming	64,700	61,400	+3	0
Seven states	2,303,800	2,361,600	−4	−1
United States	37,015,000	37,661,000	−5	−3

Nevertheless, manufacturing employment in the District states showed the greatest relative decline, compared with the similar period of the preceding year, thus far recorded. Part of this decrease may be accounted for by the customary withdrawal of seasonal workers, and a large part may be explained by cutbacks in production following the cessation of fighting in Europe. The level of nonagricultural employment likewise was lower than in August, 1944, although the percentage decrease was much less than in factory employment. Both nonagricultural and manufacturing employment reached the lowest levels since June, 1942.

For several months, the highest rate of decrease from the previous year in manufacturing employment was shown by Kansas. In August, the Kansas decline of 25 per cent was exceeded by that in Oklahoma, 29 per cent. Smaller losses in three other states and slight gains in Colorado and New Mexico offset the larger losses so that the District states as a whole showed a drop of 14 per cent.

AGRICULTURE

Crops Unseasonably mild and rather dry weather over much of the District in the last three weeks of October and continuing into November was very favorable for maturing and harvesting of fall crops. Reports indicate that about 10 per cent of the Nebraska corn crop was severely damaged by frosts near the end of September, with an additional 20 per

RAINFALL

	Oct. 1945 Total	Oct. 1945 Normal	10 Mos. 1945 Total	10 Mos. 1945 Normal
	(In inches)			
COLORADO				
Denver	0.63	1.05	12.97	12.77
Leadville	1.44	1.15	18.69	16.55
Pueblo	1.30	0.66	15.12	10.78
Lamar	0.21	0.98	14.61	14.23
Alamosa	0.63	0.55	3.83	6.53
Steamboat Springs	1.27	1.86	22.06	19.20
KANSAS				
Topeka	0.46	2.56	36.88	29.79
Iola	0.85	3.15	43.46	33.64
Concordia	0.29	1.88	27.44	23.49
Salina	0.39	2.02	30.07	24.83
Wichita	0.51	2.45	36.04	27.58
Hays	0.31	1.44	19.20	21.46
Goodland	0.18	1.00	14.14	16.73
Dodge City	1.17	1.35	21.33	18.63
Elkhart	0.48	1.35	17.62	15.71
MISSOURI				
St. Joseph	0.67	2.89	37.44	32.69
Kansas City	0.92	2.69	33.24	31.05
Joplin	2.99	3.45	52.68	39.06
NEBRASKA				
Omaha	0.02	2.17	28.59	25.77
Lincoln	0.07	1.88	30.47	26.15
Norfolk	0.03	1.49	27.03	24.89
Grand Island	Trace	1.82	25.86	24.01
McCook	0.19	1.03	19.63	18.39
North Platte	0.03	1.07	19.78	17.39
Bridgeport	0.04	0.95	19.12	14.78
Valentine	Trace	1.10	15.51	17.17
NEW MEXICO				
Clayton	0.29	1.46	14.27	14.58
Santa Fe	0.85	1.06	10.74	12.95
Farmington	1.36	0.86	6.44	7.55
OKLAHOMA				
Tulsa	0.65	3.35	36.80	32.78
McAlester	2.14	4.04	65.59	37.09
Oklahoma City	0.37	2.86	43.56	27.78
Pauls Valley	1.04	3.52	57.02	31.06
Hobart	0.45	3.23	26.38	24.64
Enid	0.62	2.74	28.92	26.88
Woodward	0.78	2.29	21.80	22.69
WYOMING				
Cheyenne	0.53	0.96	15.76	12.92
Casper	0.27	1.29	9.84	13.03
Lander	0.41	1.36	13.67	11.35
Sheridan	0.69	1.07	16.93	13.79

cent suffering less extensive damage. Weather conditions since then, however, have been almost ideal for drying out corn, in marked contrast to the situation a year ago when wet corn was a serious problem.

The recent dry weather, following the heavy rains of late September and early October, enabled farmers to push winter wheat planting rapidly, and wheat seeding was practically completed by the middle of November. According to private reports, the acreage seeded for the 1946 crop is larger than that seeded for the 1945 crop. Subsoil moisture reserves this fall generally were excellent, except for continuously cropped fields in western Kansas. Early planted wheat in the southwestern and Panhandle areas of Nebraska, in eastern Colorado, in extreme western Kansas, and in parts of Oklahoma is up to a good stand and is furnishing considerable pasturage for livestock. In the eastern parts of Nebraska and Kansas and in many sections of Oklahoma, however, wheat was planted unusually late, development of the wheat plant has been slow, and wheat is providing only limited grazing for livestock. By late November, the top soil was becoming very dry and there was a serious need of moisture over nearly all of the winter wheat belt.

An even more critical box car shortage than that earlier this year developed during October in the Southwest. Receipts of wheat declined to the smallest volume for this year's crop and were far short of heavy trade requirements for both domestic consumption and export. Cash wheat prices rose further, prices of all grades and proteins regaining ceiling levels in November. Marketings of corn also were far below trade requirements, and cash corn prices continued at the ceiling. In the Southwest, over 500 country elevators were blocked, being filled to capacity with wheat and other grains even before the seasonal movement of new crop corn began.

To relieve the shortage of cars, heavy demurrage penalties and a 10-day limit on unloading were placed on box cars near the middle of November, and orders were issued requiring increased deliveries of cars from eastern and southern lines to western railroads serving the grain belt. Substantial improvement in the transportation situation has occurred, deliveries to western carriers rising from 2,478 cars in the week ending November 9 to 9,100 cars in the week ending November 23.

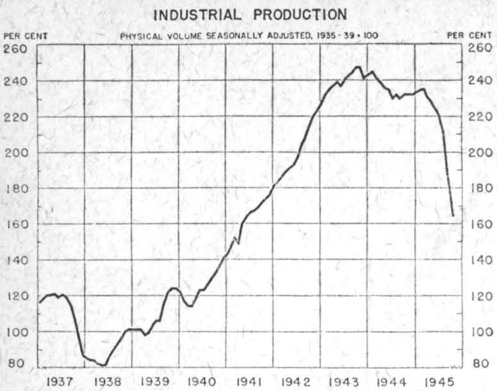
Livestock Shipments of feeder cattle into Nebraska in October were of record volume. In addition, there was a heavy intrastate movement of feeder cattle from growing to feeding areas. Consequently, it now seems probable that more cattle will be fed for market in Nebraska this winter than last. This increase in feeding operations is due chiefly to rather extensive frost damage to corn in late September and early October and an expanded demand for feeder cattle to help salvage frost damaged corn. Feeder cattle prices, which had been declining since July, advanced in October. According to the Department of Agriculture, a strong demand for feeder cattle is expected to continue through November and December, with further large shipments into the Corn Belt if cattle are available. In Colorado also, a considerable acreage of soft corn, together with larger supplies of sugar beet feeds and barley, will encourage increased cattle feeding. A reduction in feeding operations is anticipated this winter in Oklahoma and New Mexico, because of smaller production of cotton seed, bundle feeds, and grain sorghum, and the lateness of wheat pastures.

Shipments of feeder lambs to Nebraska feed lots totaled 554,703 head in October this year as compared with 468,732 head in the same month last year, and lamb feeding operations in that state apparently will be larger than last winter. Western Kansas wheat fields, however, will probably have 25 to 35 per cent fewer lambs on feed this year than last, and the finishing of lambs on wheat pasture in Oklahoma also is expected to be reduced considerably from last year. In Colorado, a reduction of 10 to 15 per cent in the volume of lamb feeding is in prospect.

In November, for the sixth consecutive month, the monthly top price of beef steers at the Kansas City market was at the ceiling. However, the weekly top price of beef steers in the third week of November failed to reach the ceiling for the first time in sixteen weeks. Hog marketings expanded seasonally in November. Although receipts continued far short of demand, the top price of hogs fell below the ceiling for the first time since December, 1944, and prices of some grades and weights of hogs sold at a considerable discount, ending a long period of exceptional stability during which all slaughter hogs had brought the maximum price. The unusually heavy average weight at which hogs are being marketed is partially offsetting the shortage of numbers. Prices of fed lambs leveled off in November, following a strong rise from their early September low, during which prices had regained about half of the sharp decline since July.

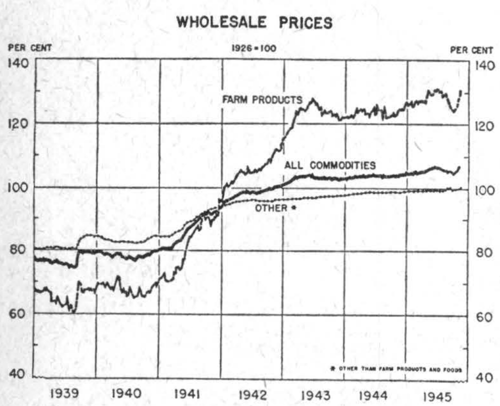
Top livestock prices at the Kansas City market:

	Nov. 29 1945	Oct. 1945	Sept. 1945	Oct. 1944	Oct. 1943	Oct. 1942
	(In dollars per hundredweight)					
Beef steers	17.65	17.65	17.65	17.50	16.10	16.50
Stocker cattle	15.00	14.75	14.00	13.40	13.25	14.00
Feeder cattle	15.25	15.25	14.40	14.50	13.60	14.25
Calves	14.00	13.50	13.50	14.00	14.00	14.00
Hogs	14.40	14.55	14.50	14.50	14.65	15.15
Lambs	14.60	14.60	14.00	15.00	14.75	14.65
Slaughter ewes	7.00	6.15	6.00	6.15	6.15	5.75

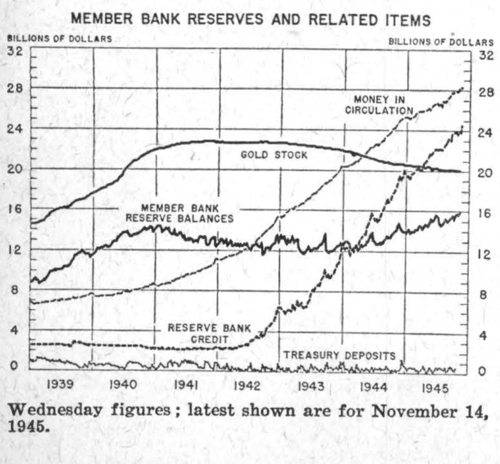


Federal Reserve index. Monthly figures; latest shown is for October, 1945.

Federal Reserve indexes. Monthly figures; latest shown for sales is October, 1945, and for stocks September, 1945.



Bureau of Labor Statistics' indexes. Weekly figures; latest shown are for week ending November 17, 1945.



Wednesday figures; latest shown are for November 14, 1945.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial output declined somewhat further in October but in the early part of November production in important basic industries increased. Value of retail sales continued to advance considerably in October and early November reflecting in part small increases in prices.

INDUSTRIAL PRODUCTION

Output at factories and mines continued to decline in October reflecting a further curtailment in munitions activity and reduced production as a result of industrial disputes in some industries. The Board's seasonally adjusted index decreased 4 per cent in October and at 164 per cent of the 1935-39 average the index was at the same level as in the middle of 1941. In the first half of November output in such basic industries as coal, coke, petroleum, iron and steel, and automobiles was above the October level.

Activity in the machinery and transportation equipment industries showed only small declines in October in contrast to the sharp reductions in recent months when most of the war production in these lines had been terminated. Activity at automobile factories rose substantially in October and there were also important increases in output of civilian products in other reconverted factories.

Steel production was reduced in October as a result of a temporary curtailment in coal supplies but since the end of October steel mill operations have increased considerably. Wage-rate disputes in the West Coast lumber region resulted in a reduction of 18 per cent in total lumber output in October.

Output of nondurable goods as a group was maintained in October. Further reductions in output of explosives and aviation gasoline and other products used for war purposes were offset by increases in output of many peacetime products.

Output of coal and crude petroleum decreased sharply in the early part of October as a result of industrial disputes. Since the last week of October production of these minerals has increased considerably; in the early part of November bituminous coal production was at the highest rate since the spring of 1944.

EMPLOYMENT

Employment in munitions industries and in Federal war agencies declined further in October, while in most establishments engaged in civilian activities employment increased. Employment at automobile factories gained about 10 per cent in October, and there were important increases in some other manufacturing lines, in construction, and in the trade and service industries. Employment at coal mines dropped temporarily as a result of work stoppages.

DISTRIBUTION

Distribution of commodities to consumers continued to increase in October and the first half of November. Sales at retail stores selling both durable and nondurable goods were about 15 per cent higher than a year ago. At department stores sales advanced 8 per cent from September to October, according to the Board's seasonally adjusted index, and, on the basis of the rate of sales during the first half of November a new peak is indicated this month.

COMMODITY PRICES

Wholesale prices of farm products and foods continued to advance from the middle of October to the middle of November and reached the previous peak levels prevailing in June. Prices of cotton, grains, and various other products were above the June levels, while prices of fresh fruits and vegetables were below the earlier seasonal peaks. Butter prices rose to the new maximum level after the subsidy was discontinued in October; the subsidy on flour was increased for the month of November.

Maximum prices for cotton goods, building materials, and various other industrial products were raised somewhat further, while in certain other cases, like nylon hosiery, reductions in maximum prices were announced. The prices announced for new passenger cars were close to 1942 levels, which were substantially above 1939 prices.

BANK CREDIT

Since the end of hostilities the rate of monetary expansion has slackened, reflecting reduced Government expenditures. Government war loan accounts at member banks in leading cities were reduced 5.1 billion dollars between August 15 and November 14, compared with a decline of 7.8 billion in the same period last year. Adjusted demand deposits at these banks increased 2.1 billion in the three months, compared with 4.5 billion last year. The growth in time deposits was only slightly less than in the same period a year ago. Currency in circulation has also grown at a much slower rate; during the past three months the increase was less than half that of the same period last year.

With reduced expansion in member bank required reserves and in currency, Reserve Bank credit has increased more slowly than in previous interdrive periods. A part of the increase has been in advances to member banks. Member bank excess reserves have increased somewhat and at 1.2 billion dollars are larger than usual at this stage of war loan drives.

Commercial loans at reporting banks, both those in New York City and outside, have increased somewhat more than the usual seasonal amount. Since the beginning of September these loans have grown 650 million dollars compared with 340 million during the same period of 1944. Loans for purchasing and carrying United States Government securities, though contracting as usual in periods between war loan drives, continued well above previous interdrive levels. By mid-November such loans both to brokers and dealers and to other customers were already starting to expand in connection with the current drive.