

# MONTHLY REVIEW

## *Agricultural and Business Conditions*

### TENTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK OF KANSAS CITY

APRIL 30, 1946

#### URBAN BUILDING CONSTRUCTION IN THE TENTH DISTRICT

The need for an immediate and large expansion of residential building construction poses one of the most serious problems of the reconversion period. In no previous time in the nation's history has such an acute and widespread housing shortage existed, and probably never before has there been such a large demand for new commercial and industrial building, additions, repairs, deferred maintenance and modernization. These unprecedented demands occurred at a time when materials and skilled labor are in extremely short supply. If residential building is to be expanded to the extent necessary to meet the estimated housing needs, materials and manpower must be diverted from other types of building for some period of time. Such diversion will necessarily defer some of the planned expansion of industrial and commercial building.

The building needs of the Tenth District are little different from those of the nation, though in some respects they may be even more serious. Building of practically all types was at a low level throughout the prolonged depression period in the District, and the belated construction revival which took place in the late Thirties and the earlier years of the present decade was short-lived in most sections because of the onset of the war. Thus the District entered the postwar period with a large pent-up demand for all types of building. Not only is there an immediate need for additional housing, but also the plans for the further industrialization of the area depend in large part upon the early provision of the necessary commercial and industrial facilities. It is therefore essential that both residential and nonresidential building be carried forward on a large scale in order to meet immediate as well as longer term District needs.

**Volume of Building** The amount of building completed in recent years, or now under construction, in all the urban areas of the District cannot be determined upon the basis of statistical data at present available. Information on construction in 16 cities, representing various sections in six states of the District, indicates however that urban building

has expanded rapidly since the beginning of 1945, and, in most of the cities, continuously.<sup>1</sup> The valuation of the building permits issued quarterly by this group of cities, and reported to the Federal Reserve Bank of Kansas City, is shown for the calendar year 1945 and the first quarter of 1946 in the table.

VALUATION OF BUILDING PERMITS ISSUED QUARTERLY IN  
16 CITIES OF THE TENTH DISTRICT, 1945-1946  
(Thousands of Dollars)

|                       | 1945          |               |                |               | 1946          |
|-----------------------|---------------|---------------|----------------|---------------|---------------|
|                       | Jan.-<br>Mar. | Apr.-<br>June | July-<br>Sept. | Oct.-<br>Dec. | Jan.-<br>Mar. |
| TOTAL—16 Cities.....  | 8,168         | 9,447         | 13,270         | 23,368        | 32,794        |
| <b>COLORADO</b>       |               |               |                |               |               |
| Colorado Springs..... | 65            | 230           | 461            | 699           | 830           |
| Denver.....           | 3,592         | 3,534         | 2,644          | 6,986         | 5,147         |
| Pueblo.....           | 72            | 313           | 236            | 291           | 458           |
| <b>KANSAS</b>         |               |               |                |               |               |
| Hutchinson.....       | 299           | 58            | 53             | 85            | 309           |
| Kansas City.....      | 279           | 227           | 697            | 873           | 907           |
| Salina.....           | 15            | 46            | 124            | 192           | 457           |
| Topeka.....           | 236           | 183           | 473            | 297           | 1,486         |
| Wichita.....          | 324           | 561           | 933            | 1,219         | 3,696         |
| <b>MISSOURI</b>       |               |               |                |               |               |
| Kansas City.....      | 1,058         | 960           | 2,202          | 5,744         | 4,849         |
| St. Joseph.....       | 16            | 26            | 53             | 48            | 152           |
| <b>NEBRASKA</b>       |               |               |                |               |               |
| Lincoln.....          | 245           | 516           | 504            | 845           | 1,370         |
| Omaha.....            | 620           | 869           | 1,224          | 1,421         | 2,712         |
| <b>OKLAHOMA</b>       |               |               |                |               |               |
| Oklahoma City.....    | 586           | 922           | 2,123          | 2,542         | 5,842         |
| Shawnee.....          | 106           | 6             | 35             | 28            | 384           |
| Tulsa.....            | 451           | 799           | 1,053          | 1,910         | 3,909         |
| <b>WYOMING</b>        |               |               |                |               |               |
| Cheyenne.....         | 204           | 197           | 455            | 188           | 286           |

SOURCE: Monthly building permit data reported to the Federal Reserve Bank of Kansas City.

It will be noted that the permit valuation reported by this group of cities increased in every quarter of the period under consideration, and that the total in the first quarter of 1946 was over four times that reported in the corresponding quarter of the previous year. A moderate rise occurred in the second quarter of 1945, but the great acceleration took place in the last half of the year. The total in the third quarter was almost four million dollars above the second, and that in the final quarter exceeded the third quarter by over ten million dollars. In the first quarter of the present year, a further increase of over nine million dollars was reported. Although all 16 cities reported

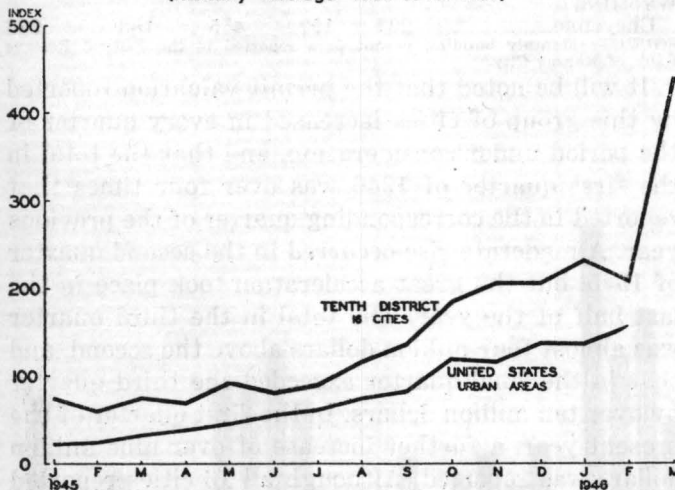
<sup>1</sup>The statistical data presented in this report relate only to construction activity within the corporate limits of the designated cities. Lack of standardized building permit requirements and reporting procedures have made it impossible up to this date to compile comparable data for all political subdivisions of the respective metropolitan areas.

a greater valuation of building permits in the first quarter of 1946 than in the corresponding quarter of 1945, the pattern of trend was not uniform in the various cities.

Indexes computed on the basis of the average monthly permit valuation reported by these 16 cities in the three years, 1939-1941, indicate that monthly permit valuations were lower in the first seven months of 1945 than in the three prewar years. In the first four months, the index fluctuated considerably, ranging from a low of 60 in February to 92 in May. It was not until August that the index rose above 100; then large increases took place in the next three months. The December index of 106 was the same as that of November, but in January, 1946, it rose to 231. A decline to 208 took place in February, but in March the greatest increase of the 15-month period occurred, the index at the close of that month having reached 440.

In contrast, the indexes of permit valuation in the urban centers of over 2,500 population in the nation, for which the Bureau of Labor Statistics reports data, averaged lower than those of the District cities. Although the national trend was upward in the 14 months for which these data have been reported, the national index remained at a lower level than that of the District throughout the period. Moreover, the national index did not exceed 100 until October, two months after the District cities passed this point. The trends in the building valuation of the national group of urban areas and of the District group of cities are shown in the accompanying chart for the 12 months of 1945 and for those months of 1946 for which data are now available.<sup>2</sup>

TREND OF BUILDING PERMIT VALUATION IN URBAN AREAS  
(Monthly Average 1939-1941=100)



SOURCE: United States data published by the Bureau of Labor Statistics. District data reported by cities to the Federal Reserve Bank of Kansas City.

<sup>2</sup>Final March data for the urban centers in the nation are not available at this time, but the total is estimated to have increased slightly over that of February.

It must be noted that, although the foregoing permit data indicate the volume of building construction planned, they may not necessarily represent the building started or completed in a given period. The shortages of materials and of certain classes of skilled labor have caused the deferral of a considerable amount of planned building, and it is probable that increasing construction costs also may have caused some plans to be postponed. Shortages, as well as the rates of increasing costs, vary between cities, and, therefore, it is probable that the volume of deferred building differs as between cities.

**Residential Building** The acute housing shortage has focused the major attention of the nation upon residential construction. No data are available on the volume of this type of building in the District as a whole, nor can the amount of such building in the 16 cities be determined from the permit data reported to this Bank since these are stated in terms of total building only. The Bureau of Labor Statistics reports the valuation of residential construction started monthly in urban areas of the nation, however, and these include the seven largest cities of the District. The valuation of residential building in these cities is shown for quarterly periods in 1945 and for January, 1946, in the accompanying table.

VALUATION OF NEW RESIDENTIAL BUILDING STARTED IN THE SEVEN LARGEST CITIES OF THE TENTH DISTRICT  
(Thousands of Dollars)

|                          | 1945          |               |                |               | 1946  |
|--------------------------|---------------|---------------|----------------|---------------|-------|
|                          | Jan.-<br>Mar. | Apr.-<br>June | July-<br>Sept. | Oct.-<br>Dec. | Jan.  |
| Total—7 Cities.....      | 2,871         | 4,304         | 3,185          | 6,376         | 2,891 |
| Denver.....              | 2,197         | 2,687         | 1,157          | 3,197         | 1,013 |
| Kansas City (Kans.)..... | 3             | 115           | 60             | 81            | 23    |
| Kansas City (Mo.).....   | 50            | 151           | 379            | 494           | 474   |
| Oklahoma City.....       | 140           | 515           | 651            | 965           | 567   |
| Omaha.....               | 275           | 355           | 544            | 455           | 183   |
| Tulsa.....               | 204           | 442           | 300            | 979           | 347   |
| Wichita.....             | 2             | 39            | 94             | 205           | 284   |

SOURCE: Bureau of Labor Statistics.

In this group of cities a larger valuation of residential building was reported to have been started in January, 1946, than in the first three months of 1945. Moreover, the total for this one month was almost half that started in the last three months of 1945. Of the group of cities, Denver started by far the largest amount of residential construction in the 13 months for which data have been reported. In the past year, the volume in this city constituted 55 per cent of the total of the seven cities, and in January, 1946, it was more than 35 per cent of the total. The volume reported for Wichita in January exceeded that of any quarter in the previous year for the city, and in Kansas City, Missouri, the January volume was above any one of the first three quarters of 1945 and was almost equal to that of the final quarter of the year.

If the January rate of construction was maintained through February and March, the volume in the first quarter of 1946 will have surpassed that of the preceding quarter in these two cities and in Oklahoma City and Tulsa.

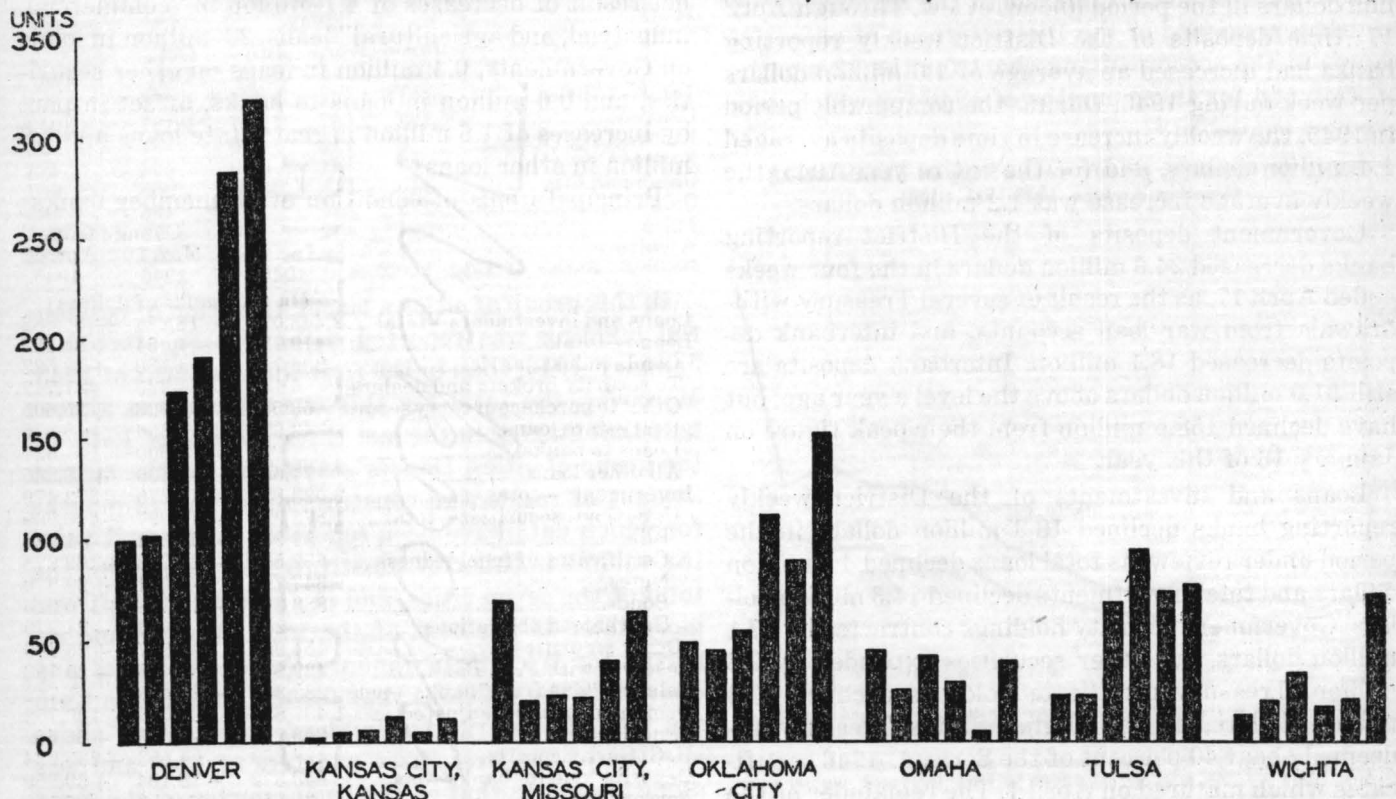
The valuation of residential building shown in the preceding table indicates the general trend of this type of building in the given cities and affords a basis for comparing the volume of home building in the different localities. The number of new family-dwelling units started in a center shows more clearly, however, the extent to which new housing is being provided. In the accompanying chart, the number of such units started in the period August, 1945, through January, 1946, in each of the seven cities is shown graphically.

A number of local supply and demand factors might be advanced to account for the differences in the volume of new residential building started in the various cities of the District. The types and quality of dwelling units required, or demanded, vary between communities, and construction costs differ for a number of reasons. At the close of the war, differences existed between areas in the relative quantities of materials and labor available for residential and non-residential construction, and a study of trends in the District cities indicates that contractors tended to continue after the close of the war that type of build-

ing which was already in progress. Further, a more immediate demand for additional commercial and industrial building, or a larger backlog of deferred repairs, maintenance, and modernization may have existed in some areas than in others, and thus tended to draw upon the available materials and manpower to such an extent that residential building was deferred. In addition, construction costs may have been at higher levels, or may have increased at a more rapid rate in some localities than in others, thus tending to depress residential building because of the ability of the nonresidential types more easily to absorb higher costs.

The need for new residential building of a permanent type varies between communities because of differences in maturity, the size of the metropolitan area and the extent of its suburban facilities, the quantity and quality of existing dwelling units, the permanency of the wartime population changes, and the future outlook for the section of which the area is a part. None of the seven cities is building the number of family-dwelling units required to meet the current demand, but whether residential building in one metropolitan area is as far below another in terms of need, as might be indicated by aggregate valuation data or number of dwelling units started in a given period within the corporate limits of the larger city

NUMBER OF NEW FAMILY-DWELLING UNITS STARTED MONTHLY IN THE SEVEN LARGEST CITIES OF THE TENTH DISTRICT, AUGUST, 1945-JANUARY, 1946



SOURCE: Bureau of Labor Statistics.

or cities of the area, is a question which can be answered only by detailed analysis of the specific areas.<sup>3</sup>

**Summary** It is difficult to overemphasize the importance of building construction in the postwar period. The provision of adequate commercial and industrial facilities to meet increased demands for goods and services is essential, and the present housing crisis must not only be alleviated but the standards of housing must be raised both in quantity and kind. If the postwar production, employment, and housing goals of the nation are to be reached, it is imperative that the building construction industry

<sup>3</sup>It should be noted that the data presented do not apply to residential building which may have been started in the suburban areas of the respective cities. Some building of this type is taking place in all the metropolitan areas but the volume cannot be determined upon the basis of data now available. In the Kansas City Metropolitan Area, the only area for which data are now available, the political subdivisions outside the two major cities issued approximately 55 per cent of the residential building permits in the six-year period, 1940-1945.

## BUSINESS AND AGRICULTURAL CONDITIONS

### FINANCE

**Member Bank Credit** During the four-week period ended April 17, private demand deposits of the Tenth District weekly reporting banks increased 39.5 million dollars. At the end of that period, they were 106.7 million dollars above a year ago, but 50.5 million below the high point reached on November 21, 1945. Time deposits increased 3.0 million dollars in the period under review. Through April 17, time deposits of the District weekly reporting banks had increased an average of 1.0 million dollars per week during 1946. During the comparable period in 1945, the weekly increase in time deposits averaged 1.4 million dollars, and for the entire year 1945, the weekly average increase was 1.2 million dollars.

Government deposits of the District reporting banks decreased 24.6 million dollars in the four weeks ended April 17, as the result of several Treasury withdrawals from war loan accounts, and interbank deposits decreased 18.1 million. Interbank deposits are still 31.0 million dollars above the level a year ago, but have declined 158.5 million from their peak figure on January 16 of this year.

Loans and investments of the District weekly reporting banks declined 18.3 million dollars in the period under review, as total loans declined 4.0 million dollars and total investments declined 14.3 million dollars. Government security holdings contracted by 17.1 million dollars, but other securities expanded by 2.8 million. Treasury certificate holdings declined 23.3 million dollars, as the United States Treasury redeemed about 40 per cent of the Series C-1946 certificates which matured on April 1. The remainder of the

continue at a high level of activity.

The Government has taken steps to defer certain nonresidential construction so that materials and manpower may be channeled into residential building, particularly housing for veterans. It is not the purpose to halt essential nonresidential building, but to "screen out and defer nonessential and deferrable commercial and industrial construction." The extent to which the order and its administration will be successful in obtaining the desired quantity and type of housing, or in deferring certain types of nonresidential construction, can not yet be predicted. Some of the latter types of building will be deferred, and, no doubt, some planned construction will be postponed, but the ultimate solution of the building problem hinges on the extent to which the production of essential building materials can be expanded and the labor force of the construction industry increased.

certificates was exchanged for Series D-1947 certificates. An increase of 24.3 million dollars in Treasury bill holdings represented primarily the action of several Kansas City, Missouri, banks and, to some extent, banks in Tulsa and Denver. Treasury note holdings of the reporting banks decreased 5.0 million, and Treasury bond holdings decreased 13.1 million.

The decrease of 4.0 million dollars in loans was the net result of decreases of 4.1 million in "commercial, industrial, and agricultural" loans, 2.3 million in loans on Governments, 0.4 million in loans on other securities, and 0.6 million in loans to banks, offset in part by increases of 1.6 million in real estate loans and 1.8 million in other loans.

Principal items of condition of 50 member banks:

|  | Apr. 17<br>1946           | Change from     |                 |
|--|---------------------------|-----------------|-----------------|
|  |                           | Mar. 20<br>1946 | Apr. 18<br>1945 |
|  | (In thousands of dollars) |                 |                 |
| Loans and investments—total.....       | 2,448,033                 | -18,274         | +456,582        |
| Loans—total.....                       | 419,152                   | -4,004          | +84,103         |
| Coml., indust., agric.....             | 235,717                   | -4,130          | +23,522         |
| To security brokers and dealers.....   | 6,142                     | -740            | +1,742          |
| Other to purchase or carry secur... .. | 58,569                    | -1,928          | +35,605         |
| Real estate loans.....                 | 43,978                    | +1,594          | +6,875          |
| Loans to banks.....                    | 78                        | -600            | -527            |
| All other loans.....                   | 74,668                    | +1,800          | +16,886         |
| Investments—total.....                 | 2,028,881                 | -14,270         | +372,479        |
| U. S. Govt. securities—total.....      | 1,873,928                 | -17,097         | +346,989        |
| Bills.....                             | 89,964                    | +24,301         | +1,784          |
| Certificates of indebtedness.....      | 552,512                   | -23,253         | +169,278        |
| Notes.....                             | 347,791                   | -5,011          | +29,870         |
| Bonds.....                             | 883,380                   | -13,148         | +170,216        |
| Guaranteed obligations.....            | 281                       | +14             | -24,249         |
| Other securities.....                  | 154,953                   | +2,827          | +25,490         |
| Reserves with F. R. Bank.....          | 429,948                   | -436            | +20,758         |
| Balances "due from" banks—net.....     | 282,303                   | +21,468         | -1,742          |
| Demand deposits—adjusted.....          | 1,437,831                 | +39,543         | +106,702        |
| Time deposits.....                     | 303,298                   | +2,985          | +56,562         |
| U. S. Govt. deposits.....              | 428,259                   | -24,593         | +235,994        |
| Deposits "due to" banks—net.....       | 843,372                   | -18,104         | +30,959         |
| Borrowings.....                        | 30,150                    | +2,950          | +28,150         |

|                          | BANK DEBITS        |             | Change from '45 |             |
|--------------------------|--------------------|-------------|-----------------|-------------|
|                          | Mar. 1946          | 3 Mos. 1946 | Mar. 1945       | 3 Mos. 1945 |
|                          | (Thousand dollars) |             | (Per cent)      |             |
| Colo. Springs, Colo..... | 31,858             | 88,818      | +21             | +28         |
| Denver, Colo.....        | 367,620            | 1,036,693   | +13             | +16         |
| Gr. Junction, Colo.....  | 9,691              | 28,238      | +21             | +29         |
| Greeley, Colo.....       | 13,032             | 39,155      | +14             | +21         |
| Pueblo, Colo.....        | 25,169             | 73,094      | +10             | +18         |
| Achison, Kans.....       | 9,611              | 29,684      | +46             | +54         |
| Emporia, Kans.....       | 9,015              | 25,226      | +26             | +26         |
| Hutchinson, Kans.....    | 27,627             | 103,401     | +9              | +28         |
| Independence, Kans...    | 5,505              | 16,312      | +25             | +20         |
| Kansas City, Kans.....   | 48,103             | 135,920     | +21             | +13         |
| Lawrence, Kans.....      | 8,266              | 23,103      | -2              | -3          |
| Parsons, Kans.....       | 5,831              | 16,914      | -3              | -4          |
| Pittsburg, Kans.....     | 8,561              | 25,384      | +25             | +27         |
| Salina, Kans.....        | 22,417             | 76,912      | +2              | +27         |
| Topeka, Kans.....        | 66,947             | 190,994     | +18             | +11         |
| Wichita, Kans.....       | 193,147            | 530,668     | -29             | -23         |
| Joplin, Mo.....          | 24,270             | 69,114      | +32             | +38         |
| Kansas City, Mo.....     | 716,627            | 2,078,769   | -2              | +3          |
| St. Joseph, Mo.....      | 61,151             | 189,601     | +5              | +8          |
| Fremont, Nebr.....       | 8,625              | 24,103      | +10             | +12         |
| Grand Island, Nebr...    | 16,523             | 47,061      | +9              | +7          |
| Lincoln, Nebr.....       | 64,420             | 175,590     | +26             | +25         |
| Omaha, Nebr.....         | 396,072            | 1,106,852   | +8              | +10         |
| Albuquerque, N. M.....   | 59,181             | 161,774     | +58             | +49         |
| Bartlesville, Okla.....  | 45,396             | 136,555     | +1              | +4          |
| Enid, Okla.....          | 20,489             | 66,033      | -15             | -9          |
| Guthrie, Okla.....       | 3,240              | 10,098      | 0               | +13         |
| Muskogee, Okla.....      | 17,632             | 51,304      | +10             | +9          |
| Okla. City, Okla.....    | 226,279            | 627,172     | +17             | +10         |
| Okmulgee, Okla.....      | 5,265              | 15,813      | +42             | +34         |
| Tulsa, Okla.....         | 274,510            | 763,977     | -5              | -8          |
| Casper, Wyo.....         | 14,102             | 40,129      | +7              | +14         |
| Cheyenne, Wyo.....       | 22,933             | 66,644      | +13             | +12         |
| District, 33 cities..... | 2,829,115          | 8,071,105   | +3              | +5          |
| U. S. 334 cities.....    | 87,578,000         | 250,673,000 | +8              | +7          |

**DEPARTMENT STORE TRADE**

Dollar volume of department store sales in this District in March was only 7 per cent larger than in the corresponding month a year ago, but in the first three weeks of April sales showed an increase of 51 per cent over last year. The smallness of the gain for March and the unusually large gain for April were due principally to the much later date of Easter this year, Easter falling on April 21 in 1946 and on April 1 in 1945. As a consequence, sales during the first three weeks of April this year were swelled by pre-Easter buying, while sales for the same period last year reflected the usual post-Easter lull. In addition, warm weather this year has been favorable for the movement of seasonal merchandise, whereas cold weather a year ago was curtailing customary spring shopping to a considerable extent.

Department store inventories increased seasonally during March of this year. At the end of March, prior to the period of concentrated Easter shopping, stocks were about 15 per cent larger in value than on the same date a year ago, when the peak of Easter shopping had already passed. Although this increase in stocks was due in part to the difference in the Easter date and in part to higher priced merchandise on hand, it is nevertheless true that supplies of some types of

merchandise, notably housewares and housefurnishings, are improving. Outstanding orders, which had risen to a new peak on February 28, levelled off somewhat during March.

Department store sales and stocks in leading cities:

|                    | No. of Stores | SALES                           |                     | STOCKS                |
|--------------------|---------------|---------------------------------|---------------------|-----------------------|
|                    |               | Mar. '46                        | 3 Mos. '46          | Mar. 31, '46          |
|                    |               | comp. to Mar. '45               | comp. to 3 Mos. '45 | comp. to Mar. 31, '45 |
|                    |               | (Per cent increase or decrease) |                     |                       |
| Denver.....        | 7             | +14                             | +18                 | +17                   |
| Hutchinson.....    | 3             | -3                              | +6                  | +16                   |
| Topeka.....        | 3             | -3                              | +4                  | *                     |
| Wichita.....       | 4             | 0                               | +6                  | +20                   |
| Kansas City.....   | 8             | +5                              | +13                 | +24                   |
| St. Joseph.....    | 3             | +13                             | +19                 | *                     |
| Omaha.....         | 4             | +9                              | +19                 | *                     |
| Oklahoma City..... | 6             | -1                              | +7                  | +6                    |
| Tulsa.....         | 4             | +5                              | +8                  | *                     |
| Other cities.....  | 33            | +9                              | +16                 | +13                   |
| District.....      | 75            | +7                              | +13                 | +15                   |

\*Not shown separately but included in District total.

**INDUSTRIAL PRODUCTION**

**Meat Packing** Cattle and calf slaughter in March, as indicated by packers' purchases at the leading District markets, was sharply below that of the previous month of February, and also was down quite substantially from last year. Hog slaughter at these same markets was down from the previous month although slightly above that of a year ago. Sheep slaughter in March followed the trend of cattle and calves, being slightly below the rate of the previous month and a year ago. There was a notable reduction in the volume of operations in a number of plants. Plant officials stated that they were experiencing difficulties in buying live cattle equitably under the OPA ceiling prices. A few plants went out of business altogether for this reason.

In an effort to solve the apparent shortage of meat at retail outlets in cities and towns throughout the country, the Government has announced its intention of putting into effect a plan to control the commercial slaughter of cattle, calves, and hogs. The plan aims to bring about a more equitable distribution of the meat supply through the established marketing channels. This is to be accomplished by limiting each legitimate slaughterer to the purchase of the same proportion of the available supplies of live cattle, calves, and hogs as he purchased in 1944. The effective date of the plan was set for April 28.

**Flour Milling** Southwestern flour milling operations fell off sharply from a rate of about 106 per cent of full-time capacity in February to around 86 per cent during the month of March. The operations continued at an average rate of about 86 per cent during the first three weeks of April. The rapid decline from February to March was chiefly a

result of the tight wheat situation which exists in the Southwest as well as all over the country. The majority of mills are unable to secure enough wheat to maintain the 30-day inventory now allowed by Government regulations. The situation has become such that a good many mills are operating on a 5-day week basis with some even cutting to a 4-day operation per week.

It is believed that a large amount of the wheat which will become available under the Government's deferred certificate plan will move for export through the Commodity Credit Corporation rather than become available to mills. Most sources indicate that there is little hope of improving the situation of domestic mills until the new crop wheat is available.

In some instances it is reported that millers are attempting to accommodate old customers, but limiting shipments to cases of extreme hardship where new business is concerned. The Production and Marketing Administration of the United States Department of Agriculture and the Army continue to ask for flour in line with their needs. Only occasional export business was reported in the southwestern territory, and this was mostly sales of family flour going to Italy.

The most important development in the grain market over the past month is the six-point program announced by the Secretary of Agriculture in a further effort to marshal food supplies for shipment to the many hungry peoples of the world. The program includes the following principal items:

(1) Until June 30, millers are required to reduce production of flour for domestic consumption to 75 per cent of the quantity distributed domestically in the corresponding months of 1945.

(2) Until June 30, food manufacturers are required to limit their use of wheat in the manufacture of human food to 75 per cent of the amount used in the corresponding period in 1945.

(3) Beginning May 1, millers and food manufacturers are limited to 21 days' inventory of wheat instead of 30 days'.

(4) Farmers are offered a bonus of 30 cents a bushel above ceiling price on wheat delivered to the Commodity Credit Corporation by May 25. (This is in addition to the provisions of the deferred certificate plan already in effect.)

(5) The Government offers to buy 50,000,000 bushels of corn at a bonus of 30 cents a bushel over ceiling prices.

(6) The Government will buy an unstated quantity of oats and oat products for export.

Late in April, only a relatively small amount of wheat appeared to be coming into terminal markets as a result of the 30-cent bonus.

**Petroleum** The shortage of fuel oils was alleviated somewhat during March as mild weather lessened the demand for heating oil. A seasonal downward trend was apparent in the consumption of kerosene and light fuel oil and in a continuous rise in stocks of these oils during the month. Demand for residual fuel oil continued high and the nation's stocks at the end of March were about 1 per cent below the level at the end of February. A small rise in the demand for gasoline was also noticeable and gasoline stocks declined slightly.

National crude oil production attained a daily average rate of 4,439,000 barrels in March, a rate 6 per cent lower than in February, 1946, and 8 per cent lower than in March, 1945. Total crude output in March, because of the greater length of the month, was 5 per cent above that in February, but 8 per cent below that in March, 1945.

In the Tenth District, crude oil production reached a daily average rate of 854,000 barrels, a loss of 1 per cent from February and of 1 per cent from March, 1945. Total production increased 9 per cent from the preceding month, reflecting gains in all of the six oil-producing states of the District.

As compared with March last year, total production in the District was 1 per cent lower. Colorado, Nebraska, Oklahoma, and Wyoming showed increases in total production. These gains, however, were not large enough (only 1 per cent in Oklahoma) to offset a loss of 8 per cent in Kansas and of 9 per cent in New Mexico. Production in Colorado, even though 187 per cent greater than in March, 1945, constituted only 3 per cent of District output.

Data for gross crude oil production as reported by the Bureau of Mines and the American Petroleum Institute follow:

|                    | Mar.               | 3 Mos.  | Change from '45 |        |
|--------------------|--------------------|---------|-----------------|--------|
|                    | 1946               | 1946    | Mar.            | 3 Mos. |
|                    | (Thousand barrels) |         | (Per cent)      |        |
| Colorado.....      | 765                | 2,214   | +187            | +174   |
| Kansas.....        | 7,820              | 22,419  | -8              | -7     |
| Nebraska.....      | 25                 | 70      | +19             | -6     |
| New Mexico.....    | 2,970              | 8,775   | -9              | -7     |
| Oklahoma.....      | 11,548             | 34,580  | +1              | +5     |
| Wyoming.....       | 3,350              | 9,235   | +5              | +4     |
| Six states.....    | 26,478             | 77,293  | -1              | +1     |
| United States..... | 137,610            | 411,719 | -8              | -4     |

**Employment** A decline in nonagricultural employment which characterizes the period from December to January each year was shown in January, 1946, in the United States as a whole. The decrease, however, was small, 1 per cent, because of contraseasonal gains in manufacturing, mining, construction, and finance and service. Completion of re-conversion in some industries was responsible for the gain in manufacturing, and the beginning of long-

needed construction accounted for the expansion in that industry.

In the country as a whole, employment in January, as compared with January, 1945, was greater in five of seven industry divisions. However, a loss of 23 per cent in manufacturing employment, the dominant group, and of 7 per cent in government employment resulted in a net loss of 6 per cent in total nonagricultural employment.

Unemployment in the United States as a whole, according to the sample surveys of the Bureau of the Census, increased 17 per cent from December, 1945, to January, 1946, 11 per cent from January to February, and continued in March at approximately the February level. From December to February, the proportion of male workers among the unemployed increased from 76 per cent to 81 per cent, and was unchanged from February to March. This movement reflects the entrance of increasing numbers of veterans into the labor force, and the retirement of women from the labor force.

A drop of 2 per cent from December to January in nonagricultural employment was shown in the seven states which lie wholly or partially within the Tenth District; this was the smallest loss reported for corresponding periods from 1940 to 1946, the period for which data are available. Manufacturing employment in the District declined only 1 per cent from December to January. In comparison with January, 1945, however, total nonagricultural employment was down 9 per cent and factory employment 37 per cent in January. The greatest decreases were in Kansas, 18 per cent in nonagricultural employment and 59 per cent in manufacturing employment, and in Oklahoma, 12 per cent and 54 per cent, respectively. New Mexico and Wyoming showed increases in employment.

Unemployment compensation claims indicate an increase of unemployment in the District in January. Initial claims were higher than in December in all seven states, and compensable claims were higher in all except Missouri. Servicemen's Readjustment Allowances continued to increase and constituted a major part of total claims.

Department of Labor estimates of employment:

|                  | January 1946 |               | Change from 1945 |               |
|------------------|--------------|---------------|------------------|---------------|
|                  | Total        | Manufacturing | Total            | Manufacturing |
|                  | (Number)     |               | (Per cent)       |               |
| Colorado*.....   | 255,000      | 47,600        | -1               | -10           |
| Kansas.....      | 330,000      | 55,500        | -18              | -59           |
| Missouri.....    | 855,000      | 246,000       | -9               | -30           |
| Nebraska*.....   | 242,000      | 44,100        | -8               | -33           |
| New Mexico*..... | 82,800       | 8,100         | +6               | +5            |
| Oklahoma.....    | 334,000      | 41,400        | -12              | -54           |
| Wyoming*.....    | 68,900       | 5,300         | +14              | +6            |
| Seven states..   | 2,167,700    | 448,000       | -9               | -37           |
| United States    | 35,818,000   | 12,038,000    | -6               | -23           |

\*Estimates for manufacturing employment have been revised and are not directly comparable to estimates for total nonagricultural employment.

**AGRICULTURE**

**Farm Real Estate Values** Values of farm real estate continued to rise during the year ended March 1, 1946. For the country as a whole the increase is estimated by the Department of Agriculture at 13 per cent as compared with 11 per cent for March 1, 1944, to March 1, 1945. In this District the average increase was slightly above the national average. The greatest increases occurred in Colorado, 16 per cent; New Mexico, 14 per cent; Oklahoma, 19 per cent; and Wyoming, 15 per cent.

As compared with 1941, farm real estate values in Colorado have increased 98 per cent, in Kansas 69 per cent, in Missouri 70 per cent, in Nebraska 75 per cent, in New Mexico 74 per cent, in Oklahoma 63 per cent, and in Wyoming 86 per cent. These figures compare with an increase for the country as a whole of about 67 per cent.

Considerable interest has been aroused by the fact that average farm land values for the country have risen by 71 per cent from the 1935-39 average, topping the rise of 70 per cent from 1912-14 to the peak of the boom of 1920. Comparison with 1941 is a better way of measuring the effect of the war, particularly in sections of this District where values in 1935-39 were abnormally depressed by the series of drouth years of the 30's. For the United States as a whole, values in 1935-1939 were about the same as in 1941.

While the current rise in land values has gone as far, percentagewise, as the boom which accompanied and followed the first World War, several qualifications must be kept in mind in comparing the two situations. In the first place, the rise in the first World War started in a period when land values were already considerably higher than their long term averages, whereas the current rise started at a time when they had been forced to very low levels both by the drouth conditions referred to above and by the severe price depression of the 1930's. Second, the current rise is in part a reflection of low and continuously declining interest rates, whereas the rise of 1914-20 occurred in the face of high and rising rates. Third, the current land boom is being financed on credit to a lesser extent than were previous land booms, more than 50 per cent of current sales being reported as cash transactions. Fourth, while the price influence of temporary wartime shortages of agricultural products is comparable in the two cases, the price structure is now protected by much more liberal Government guaranties than was the case after World War I. Moreover, the ownership of land now carries with it benefits in the form of payments for participation in conservation programs.

Cash income from farm marketings, when adjusted for seasonal variation, is running about 180 per cent above 1935-1939. Under present Government guaranties, which expire two years after the official termination of the war, farm income could drop some 30 per cent, if the parity level is unchanged. Thus the new level of land prices is still cushioned by a substantial margin against shrinkage in agricultural prices.

Over large areas, however, another run of adverse weather conditions could make the present level of land prices a source of distress to holders, and a continuation of the present rapid advance would soon create a dangerous situation in other areas. The decrease in farm mortgage indebtedness seems to have run its course, and it is feared that a net increase will be shown for 1946.

### Crops

March and the first half of April were generally very satisfactory from a moisture standpoint for crops in most sections of the District. There is, however, quite an extensive dry area centering around the Panhandle of Oklahoma, southern Colorado, and northern New Mexico. Moisture for crops in that area is notably deficient. In addition, reports April 1 indicated that southern Wyoming had experienced some loss of winter wheat acreage because of deficient moisture conditions. In the remainder of the District, crops are reported to be excellent with an adequate supply of subsoil moisture. Mild weather which prevailed throughout the month of March and the early part of April was quite favorable for crop growth.

According to April 1 estimates of the Department of Agriculture, the wheat crop in this District will be about 1 per cent larger than in 1945 and 49 per cent over the 1935-44 average. Estimated acreage seeded for this year's crop is 4 per cent larger than last year, but prospective yields per acre are somewhat lower. As compared with the 1935-44 average, the acreage is up 12 per cent and prospective yields per acre 32 per cent. For the country as a whole, the Department of Agriculture on April 1 estimated a record winter wheat crop of 830,636,000 bushels.

Department of Agriculture winter wheat estimates:

|           | PRODUCTION         |               |                  | YIELD PER ACRE SEEDED |               |                  |
|-----------|--------------------|---------------|------------------|-----------------------|---------------|------------------|
|           | Indic.<br>1946     | Final<br>1945 | Aver.<br>'35-'44 | Indic.<br>1946        | Final<br>1945 | Aver.<br>'35-'44 |
|           | (Thousand bushels) |               |                  | (Bushels)             |               |                  |
| Colo..... | 33,820             | 31,967        | 14,416           | 19.0                  | 20.7          | 11.6             |
| Kans..... | 212,175            | 207,917       | 144,440          | 15.0                  | 14.7          | 11.0             |
| Mo.....   | 23,982             | 22,518        | 26,150           | 14.0                  | 13.1          | 12.8             |
| Nebr..... | 78,546             | 84,226        | 44,620           | 19.0                  | 22.0          | 12.8             |
| N. Mex..  | 2,730              | 2,034         | 2,346            | 6.0                   | 5.8           | 6.9              |
| Okla..... | 71,126             | 70,917        | 53,306           | 11.0                  | 11.8          | 10.9             |
| Wyo.....  | 3,762              | 3,060         | 1,615            | 19.0                  | 16.8          | 11.0             |
| 7 States  | 426,141            | 422,639       | 286,893          | 14.7                  | 15.2          | 11.1             |
| U. S..... | 830,636            | 823,177       | 618,019          | 16.0                  | 16.4          | 13.4             |

### Livestock

The number of cattle on feed in the eleven Corn Belt states April 1 this year dropped an estimated 17 per cent compared with a year earlier, according to the Department of Agriculture. Kansas led in the reduction with a 32 per cent decrease and Missouri had a 30 per cent drop, while Nebraska showed only a 5 per cent drop. These changes compare with decreases of 7 per cent for Kansas, 2 per cent for Missouri, and an increase of 3 per cent for Nebraska estimated for January 1 of this year. The evident general decrease in the number of cattle on feed in this area is associated with the amount of feed available on farms. The Department reports that feeders marketed their cattle more rapidly in the January to March period than they intended in January, and that the number of replacements put on feed was much smaller than a year earlier.

Pastures in the Blue Stem sections of Kansas (Flint Hills) and of Oklahoma (Osage) were about 90 per cent leased as of April 1, with some pastures still available at that time. It is expected that the pastures will be well filled during the season, with a somewhat early movement expected from the dry areas of South and Southwest Texas—a major source of cattle for these pastures. The lease prices are reported to be about the same as last year, when they reached a record level, while the acreage guaranties are also running at last year's levels. Pastures are in excellent condition and early, with some stock already on them the early part of April.

Beef steer prices at Kansas City fell off the first week in April, but the top price paid recovered to the ceiling level of \$17.65 per hundredweight near the middle of the month. This top price was an indication of a substantially stronger market than prevailed at the close of March, when the top price paid on one day was as low as \$17.25. Along with increased receipts of spring lambs from the Southwest, there was a steady advance in top prices paid for lambs on the Kansas City market. Some Arizona spring lambs sold up to \$17.00 per hundredweight, which is a peak price on this market since February, 1945. Slaughter hogs continued to sell at the ceiling level of \$14.55 per hundredweight, with marketings showing the usual seasonal upturn.

Top carlot livestock prices at Kansas City:

|                  | Apr. 23<br>1946                | Mar.<br>1946 | Feb.<br>1946 | Mar.<br>1945 | Mar.<br>1944 | Mar.<br>1943 |
|------------------|--------------------------------|--------------|--------------|--------------|--------------|--------------|
|                  | (In dollars per hundredweight) |              |              |              |              |              |
| Beef steers..... | 17.65                          | 17.65        | 17.65        | 16.75        | 16.25        | 17.00        |
| Stocker cattle   | 17.50                          | 16.60        | 16.00        | 15.00        | 15.00        | 16.50        |
| Feeder cattle..  | 17.25                          | 16.50        | 16.15        | 15.00        | 14.35        | 15.50        |
| Calves .....     | 17.00                          | 17.00        | 17.00        | 14.00        | 14.00        | 16.00        |
| Hogs .....       | 14.55                          | 14.55        | 14.55        | 14.50        | 14.35        | 15.60        |
| Lambs .....      | 16.00                          | 15.65        | 15.25        | 16.85        | 16.25        | 16.50        |
| Slaughter ewes   | 9.00                           | 8.00         | 8.00         | 9.25         | 9.00         | 9.50         |