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DEPARTMENT STORE SALES AND STOCKS

The seasonally adjusted index of department store sales in the Tenth Federal Reserve District has been revised for the period 1938 to date and is here presented, together with the recently completed index of department store stocks. During the war years, the seasonal pattern of sales was altered considerably by several new regularly recurring developments. Of these, the most outstanding were early Christmas shopping in November and a markedly less pronounced post-Christmas decline in sales in the months of January and February. The revision of the seasonally adjusted index of sales was undertaken to correct for these and other new factors.

Trend of Sales and Stocks

Changes in the dollar volume of department store sales and stocks in this District for the period 1924

to date are shown in the accompanying chart. Since 1940, sales have been rising sharply and at a fairly steady rate. By the fall of 1941, sales already were above the previous peak in 1925, and in May, 1946, sales were almost three times their prewar average in the base period, 1935-39.

Stocks also began to rise rapidly in 1941, as department stores accumulated inventories in anticipation of wartime shortages of goods. This inventory accumulation reached its peak in the summer of 1942. Stocks subsequently declined, because of increased difficulty in obtaining goods, continued expansion in sales, and in part because of wartime Governmental restrictions on inventories. Early in 1946 stocks again were increasing sharply. By May, stocks were considerably higher than in mid-1942 and were somewhat above the previous high of

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(Index numbers; adjusted for seasonal variation. 1935-39 average=100)



1926-27, reaching a level twice that of the base period, 1935-39.

Since sales and stocks are measured in terms of dollars, consideration should be given to the fact that changes in the price level, as well as changes in physical volume, affect the movement of the indexes, and that price increases in recent years have inflated the dollar volume of both sales and stocks. In recent years the general price level of department store merchandise has been increased considerably through the upgrading of merchandise, the introduction of new articles, particularly in the luxury class, and the disappearance of many lower-priced lines of goods.

Although unexpectedly high inventories throughout the war were sufficient to maintain record-breaking sales, the composition of sales and stocks was changed greatly by the disappearance of major household appliances and by scarcities in such lines as furniture, men's apparel, floor coverings, and cotton materials. Shortages were less apparent in certain lines such as women's apparel, gift items, and some soft goods. The inventory situation recently has shown some improvement, but stocks of most goods that were scarce during the war are still short.

The relationship of department store stocks to sales has changed markedly over the years. During 1925, department stores in this District carried inventories equal to about 4.1 months' supply at the current rate of sales. From 1935 to 1939, this ratio averaged 3.0 and by 1945 it had dropped to 2.0. The comparable stocks-sales ratios for the United States were 3.6, 2.8, and 2.3, respectively. Thus the ratio for this District was higher than that for the nation prior to the recent war, but in 1945 the ratio was somewhat lower than that of the nation. Despite the

increase in stocks that has taken place in 1946, department stores generally are still unable to obtain sufficient merchandise to meet the almost insatiable demand for goods and at the same time maintain their inventories. The rate of stock turnover is the highest on record.

The Sales Index

The index of sales currently is based upon monthly reports of dollar volume from 80 department stores located in 38 cities of the District. In recent years, the sample of reporting stores has been expanded to include a greater number of independent stores, as well as those of a representative group of the J. C. Penney Company stores and the retail outlets (but not including the mail-order divisions) of Montgomery Ward and Company and of Sears, Roebuck and Company. Sales data for these stores were secured for previous years back through 1935. The sample includes almost all of the department stores in the District which had sales of over \$500,000 in 1939, as well as a sizable number of smaller stores. The reporting stores in 1939 made about 70 per cent of total department store sales in this District as reported by the Census of Business for that year.

The sales index is a measure of the level of daily average sales, thus eliminating fluctuations in dollar volume resulting from calendar irregularities. In computing daily average sales, the following are considered as nontrading days: Sundays, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas. Because of the importance of Saturday as a trading day in this District, one third of a day is added to the actual number of trading days in months having five Saturdays.

DEPARTMENT STORE SALES — TENTH FEDERAL RESERVE DISTRICT

Index numbers; daily average sales; 1935-39=100
Adjusted for seasonal variation

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1924	127	120	114	115	118	122	121	115	117	117	120	117
1925	119	122	122	122	124	124	125	123	120	135	122	124
1926	122	120	116	121	125	125	123	120	123	125	127	124
1927	127	125	119	123	125	125	125	126	119	125	129	124
1928	122	116	115	115	119	114	122	120	120	120	119	122
1929	118	119	122	115	115	116	118	116	121	116	117	115
1930	110	116	112	112	112	111	110	112	111	111	107	107
1931	110	106	100	106	105	102	97	93	88	87	89	85
1932	84	85	78	79	75	72	69	67	77	73	68	63
1933	70	69	61	74	72	74	74	82	71	77	73	78
1934	81	82	86	86	83	79	79	86	92	80	85	88
1935	85	88	89	85	81	91	91	91	90	91	92	91
1936	92	92	97	96	98	103	99	97	98	103	104	102
1937	102	106	104	109	110	106	105	105	106	107	103	99
1938*	103	100	100	98	96	99	101	100	99	100	101	100
1939*	103	99	104	105	104	102	104	105	106	106	103	110
1940*	101	106	108	108	108	111	109	110	110	107	116	114
1941*	114	117	118	121	127	126	128	142	134	121	128	133
1942*	140	134	140	133	135	131	140	149	157	163	166	168
1943*	179	206	168	172	175	187	182	176	186	190	190	189
1944*	192	189	194	185	206	192	197	205	214	214	219	225
1945*	223	220	239	203	218	218	226	216	239	241	238	244
1946*	249	261	275	272	290							

*Revised June, 1946.

Monthly index numbers are computed by dividing daily average sales for the month by daily average sales in the base period, 1935-39. When a department store previously in business enters the reporting sample, the base is increased by the percentage which the sales of the new reporting store in the first reporting year are of the total sales of the old sample in that year; conversely, when a reporting store discontinues reporting but remains in business, the base is decreased by the percentage which the sales of that store bear to the total sales of the sample in the last full reporting year. In the case of a new reporting store not previously in business, or of a reporting store going out of business, no adjustment is made in the base if the coverage of the sample in that particular area is considered to be reasonably complete.

An adjustment of the sales index for trend was made on the basis of Census data for 1929 and 1939. The index computed from the reporting sample was about 7 per cent higher in 1929 than in 1939, whereas Census data for those two years indicated that the level of department store sales in this District in 1929 was 12 per cent higher than in 1939. In order to bring the changes shown by the index into line with those shown by Census data, the index for 1929 and prior years was adjusted upward by 4 per cent, and an adjustment for the years 1930 through 1938 was made on a "straight-line" basis.

In order to eliminate from the index customary seasonal movements which, in the case of department store sales, are extremely large, seasonal adjustment factors were derived by the method described in the *Federal Reserve Bulletin* for June, 1941, pages 518-528. In addition, special adjustments were made in

the March and April seasonal adjustment factors to allow for variation in the date of Easter, which has an important influence on department store sales. The seasonally adjusted index of sales is then obtained by dividing the index, without seasonal adjustment, by the appropriate seasonal adjustment factor.

The Stocks Index The index of stocks currently is based upon end-of-month data of the retail value of stocks held in the store and in warehouses as reported by 65 department stores located in 37 cities of the District. As in the case of the sales index, the sample of reporting stores has been expanded in recent years to include a representative number of retail outlets of large mail-order companies. Actual data of the total retail value of department store stocks in the District are not available, inasmuch as the Census data of stocks are in terms of cost, but it is believed that the reporting sample for the stocks index constituted about 57 per cent of the estimated total retail value of department store stocks in this District in the 1935-39 period.

Although it was not possible to adjust the stocks index directly to Census data for trend, as in the case of the sales index, the stocks index nevertheless was adjusted indirectly by tying it to the sales index. This was accomplished in three steps: (1) monthly estimates of total department store sales in the District were computed by the following formula: District sales index without seasonal adjustment \times daily average sales in the base period, 1935-39, derived from Census data \times number of trading days in the month; (2) stocks-sales ratios were calculated for each month from data submitted by the most representative group of stores reporting both sales and

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Index numbers; end-of-month stocks; 1935-39=100
Adjusted for seasonal variation

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1924	155	156	157	157	167	154	157	154	154	159	157	157
1925	161	164	166	168	154	174	173	180	181	180	181	183
1926	181	179	180	180	191	180	184	180	183	182	183	185
1927	180	178	179	176	186	176	174	184	186	184	190	181
1928	183	179	177	177	171	175	175	174	172	171	170	173
1929	172	174	171	173	176	169	168	167	166	164	164	163
1930	160	157	156	154	152	151	149	148	147	147	145	144
1931	143	143	142	138	138	137	135	135	130	127	125	126
1932	124	121	119	118	114	114	109	101	98	98	97	96
1933	95	94	90	90	90	95	99	105	107	104	101	98
1934	95	96	96	95	96	97	98	98	95	94	93	90
1935	92	90	94	92	92	92	91	91	96	94	98	95
1936	94	93	91	93	96	97	101	101	104	120	102	104
1937	107	108	109	109	107	110	113	114	114	108	107	106
1938	101	99	95	94	96	96	99	100	102	100	101	100
1939	98	98	97	94	96	98	98	99	100	102	104	104
1940	105	105	105	103	105	105	104	105	106	107	104	106
1941	108	109	113	111	113	118	125	129	133	145	145	148
1942	142	148	157	162	171	182	178	168	157	147	146	146
1943	146	138	145	147	140	150	161	163	159	155	156	156
1944	159	162	161	160	155	157	157	158	156	159	154	151
1945	152	153	158	161	166	164	156	157	154	155	158	154
1946	165	163	180	183	201							

stocks; and (3) the monthly estimates of total department store sales were then multiplied by the corresponding stocks-sales ratio to obtain estimates of the total value of department store stocks in the District at the end of each month. The monthly estimates of total stocks for 1934 and prior years were adjusted to the level of the series from 1935 to date, for which the reporting sample is more representative and better balanced than in the earlier period. Thus a continuous stocks series at the dollar level was obtained for the entire period.

BUSINESS AND AGRICULTURAL CONDITIONS

FINANCE

Bank Debts Although the volume of bank debits in the thirty-three reporting cities of the Tenth District was essentially the same during May, 1946, as during May, 1945, the volume of bank debits for the first five months of 1946 was 5 per cent above the first five months of 1945. The comparable figures for the reporting cities of the country as a whole indicate that the volume of bank debits in May, 1946, was 5 per cent above May of last year, and the bank debits of the first five months of 1946 were 9 per cent higher than during the first five months of 1945.

Bank debits to deposit accounts in District cities:

	May	5 Mos.	Change from '45	
	1946	1946	May	5 Mos.
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo.....	29,957	148,215	+30	+31
Denver, Colo.....	363,135	1,757,378	+13	+17
Gr. Junction, Colo.....	9,165	46,995	+34	+33
Greeley, Colo.....	11,554	62,925	+20	+21
Pueblo, Colo.....	27,018	126,966	+14	+18
Atchison, Kans.....	6,231	45,110	-8	+40
Emporia, Kans.....	8,177	41,645	+3	+22
Hutchinson, Kans.....	27,010	153,843	-9	+14
Independence, Kans..	6,000	27,752	+48	+29
Kansas City, Kans....	47,086	232,597	+16	+17
Lawrence, Kans.....	7,252	37,618	-16	-6
Parsons, Kans.....	5,610	28,232	-12	-5
Pittsburg, Kans.....	7,200	40,210	+18	+26
Salina, Kans.....	19,932	119,783	-5	+17
Topeka, Kans.....	63,760	319,610	0	+11
Wichita, Kans.....	142,830	813,124	-35	-28
Joplin, Mo.....	22,351	114,422	+26	+37
Kansas City, Mo.....	697,421	3,444,965	-2	+2
St. Joseph, Mo.....	51,686	296,894	-5	+5
Fremont, Nebr.....	8,261	40,199	+12	+13
Grand Island, Nebr..	15,465	78,382	+11	+10
Lincoln, Nebr.....	58,296	292,755	+10	+22
Omaha, Nebr.....	349,741	1,798,529	+3	+8
Albuquerque, N. M....	51,460	265,443	+42	+46
Bartlesville, Okla....	49,485	231,850	+8	+5
Enid, Okla.....	22,240	107,571	-16	-12
Guthrie, Okla.....	3,187	16,538	+19	+15
Muskogee, Okla.....	17,739	86,346	+7	+12
Okla. City, Okla.....	221,138	1,061,072	+12	+12
Okmulgee, Okla.....	4,962	26,017	+26	+35
Tulsa, Okla.....	273,820	1,297,341	-7	-7
Casper, Wyo.....	14,211	70,188	+30	+27
Cheyenne, Wyo.....	18,470	104,671	+4	+13
District, 33 cities.....	2,661,850	13,335,186	0	+5
U. S., 334 cities.....	85,898,000	424,103,000	+5	+9

The monthly series of estimated value of stocks was converted to an index by dividing the estimate for each month by the monthly average in the base period, 1935-39. Seasonal adjustment factors were computed by the method described in the *Federal Reserve Bulletin* for June, 1941. No special adjustments for changes in the date of Easter were considered necessary in the stocks index. The seasonally adjusted index of stocks is then obtained by dividing the index, without seasonal adjustment, by the appropriate seasonal adjustment factor.

A year to year comparison of bank debits among the District reporting cities during the first five months of each year shows wide variation, ranging from a decrease of 28 per cent in Wichita, Kansas, to an increase of 46 per cent in Albuquerque, New Mexico. Four other District reporting cities showed decreases during the first five months of this year compared with the similar period a year earlier. These cities and their respective decreases were Lawrence, Kansas, 6 per cent; Parsons, Kansas, 5 per cent; Enid, Oklahoma, 12 per cent; and Tulsa, Oklahoma, 7 per cent. The larger relative increases include Atchison, Kansas, with 40 per cent; Joplin, Missouri, with 37 per cent; Colorado Springs, Colorado, with 31 per cent; Grand Junction, Colorado, with 33 per cent; and Okmulgee, Oklahoma, with 35 per cent. The largest increase in Nebraska was in Lincoln with bank debits 22 per cent over last year. In Casper, Wyoming, bank debits increased 27 per cent. Other increases were: Kansas City, Missouri, 2 per cent; Denver, Colorado, 17 per cent; Oklahoma City, Oklahoma, 12 per cent; and Omaha, Nebraska, 8 per cent.

Member Bank Credit During the five-week period ended June 19, deposits of the Tenth District weekly reporting member banks decreased 75 million dollars. Government deposits declined 89 million dollars, as the Treasury continued to make large withdrawals from war loan accounts in order to obtain funds for the cash redemption of Government securities. Interbank deposits declined 29 million dollars, and time deposits increased by 2 million dollars. Private demand deposits expanded over 40 million dollars during the period even though it included an income tax payment date. Income tax payments may not have been fully reflected in the customers' deposit accounts by June 19, however. Some of the increase in private deposits represented payment to nonbank holders for Government securities redeemed on June 1 and June 15.

Investments of the District reporting banks de-

clined 67 million dollars during the period under review, as Government security holdings declined 70 million and other security holdings increased by 3 million. All classes of Government security holdings declined. On June 1, the United States Treasury redeemed about 2 billion dollars of the matured series E-1946 certificates of indebtedness, while the remainder, or about 2.8 billion dollars, of the issue was exchanged for new certificates. On June 15, the Treasury redeemed for cash both the 3 per cent Treasury bonds of 1946-48, amounting to 1,036 million dollars, and the 3 1/8 per cent Treasury bonds of 1946-49, amounting to 819 million dollars. The reporting banks showed sizable decreases in Treasury bills and Treasury notes, as well as in certificates and bonds.

The loan volume of the District reporting banks expanded by 7.6 million dollars during the five-week period ended June 19. "Commercial, industrial, and agricultural" loans expanded by 5.2 million, real estate loans by 2.9 million, and the "all other loans" category, which includes consumer loans, expanded by 5.5 million. This was offset in part by a decline of 6.1 million in loans for purchasing or carrying securities. On June 19, the total loan volume of the District reporting banks was 80 million dollars larger than a year ago. The main components of increase were 36 million dollars in "commercial, industrial, and agricultural" loans, 12 million in loans on securities, 10 million in real estate loans, and 23 million in the "all other loans" category.

Principal items of condition of 50 member banks:

	Change from		
	June 19 1946	May 15 1946	June 20 1945
	(In thousands of dollars)		
Loans and investments—total.....	2,321,745	-59,365	+170,154
Loans—total.....	429,719	+7,576	+80,429
Coml., indust., agric.....	244,834	+5,176	+35,544
To security brokers and dealers.....	6,516	-662	+853
Other to purchase or carry secur.....	47,332	-5,460	+11,076
Real estate loans.....	48,566	+2,894	+10,308
Loans to banks.....	154	+104	+104
All other loans.....	82,267	+5,524	+22,544
Investments—total.....	1,892,026	-66,941	+89,725
U. S. Govt. securities—total.....	1,727,103	-69,752	+56,226
Bills.....	60,093	-25,088	-43,483
Certificates of indebtedness.....	474,466	-19,568	+88,844
Notes.....	328,835	-15,733	-98,865
Bonds.....	863,433	-9,359	+115,329
Guaranteed obligations.....	276	-4	-5,599
Other securities.....	164,923	+2,811	+33,499
Reserves with F. R. Bank.....	440,444	+6,689	+1,012
Balances "due from" banks—net.....	264,906	-12,434	-54,255
Demand deposits—adjusted.....	1,506,330	+40,402	+218,213
Time deposits.....	308,022	+2,317	+52,173
U. S. Govt. deposits.....	288,847	-88,901	-58,021
Deposits "due to" banks—net.....	795,518	-28,692	-102,280
Borrowings.....	9,500	+9,500	-7,000

DEPARTMENT STORE TRADE

Dollar volume of department store sales in this District in May was 33 per cent larger, and in the first three weeks of June 35 per cent larger, than in

the corresponding periods of last year. This compares with a year-to-date gain of 20 per cent through April. Sales in the post-Easter period were maintained in large volume, and the revised seasonally adjusted index of daily average sales rose from 272 per cent of the 1935-39 average in April to 290 per cent in May, a new high.

Department store inventories increased more than usual during May, and the seasonally adjusted index of stocks rose from 183 per cent of the 1935-39 average at the end of April to 201 per cent at the end of May, a record level for the index. Department store stocks on May 31 were 17 per cent larger in value, and the dollar volume of outstanding orders 31 per cent greater, than a year earlier.

Department store sales and stocks in leading cities:

	No. of Stores	SALES		STOCKS
		May '46 comp. to May '45	5 Mos.'46 comp. to 5 Mos.'45	May 31,'46 comp. to May 31,'45
		(Per cent increase or decrease)		
Denver.....	7	+43	+30	+15
Pueblo.....	3	+16	+9	+6
Hutchinson.....	3	+19	+15	+27
Topeka.....	3	+32	+16	*
Wichita.....	4	+18	+15	+34
Kansas City.....	8	+33	+23	+21
St. Joseph.....	3	+44	+31	*
Omaha.....	4	+37	+29	*
Oklahoma City.....	6	+22	+16	+10
Tulsa.....	4	+22	+15	*
Other cities.....	32	+42	+29	+14
District.....	77	+33	+23	+17

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing Cattle slaughter in May, as indicated by packers' purchases at the leading District markets, was off 33 per cent from April of this year and was sharply down by 65 per cent from May, 1945. To carry these figures further, total packers' purchases of cattle for the first five months of 1946 were 41 per cent below the first five months of 1945. At the same time, total cattle receipts at leading District markets for the first five months of 1946 were down only 16 per cent from the same period of 1945. An increasing number of cattle received at these markets is being purchased for shipment to the East. The Department of Agriculture, for the week ending June 15, estimated that from 70 to 92 per cent of the cattle receipts at Midwestern public markets were absorbed by shippers, thus leaving a small portion of the daily receipts for purchase by local packers at these markets.

Slaughter by major packing plants in the District continues to run noticeably under the rate of production of last year. Meat produced under Federal inspection in June was running, in the case of cattle, as much as 56 per cent below that of last year. Operators of the

larger packing plants maintain the position that they are not able to purchase beef cattle alive at prices that would allow them to come within price compliance margins on the dressed meat market as provided in OPA Maximum Price Regulations. This has resulted in reduced weekly purchases of beef cattle by many packing plants to a point where their cattle slaughtering operations are running at only a fraction of full capacity.

Hog slaughter at leading District markets continues to show increases over preceding months. May slaughter was 6 per cent over April, 1946, and 12 per cent over May a year ago. Calf and sheep slaughter, however, was substantially under a month ago and a year ago.

United States cold storage stocks of beef decreased 29 million pounds in May, as contrasted with a 25 million pound increase in May, 1945. Pork stocks decreased 9 million pounds during the month as compared with an increase of 12 million pounds in May, 1945. Cold storage stocks of butter were increased only 12 million pounds during the month, which is sharply under the 25 million pound increase in May, 1945, and the average May increase of 29 million pounds. Meat and livestock products in general continued to record net withdrawals from storage, with beef moving out at four times the normal rate. A net movement out of cold storage of many of these products at this time of year is not abnormal, but the rate of movement that has persisted in the last two or three months is unusually high. A noticeable shortage of fresh supplies of these several food items is undoubtedly the chief cause of this large net volume of out-of-storage movement.

Flour Production Southwestern flour milling operations and sales reached record lows during the month of May. In the last week of the month flour milling operations in this area reached a low of 34 per cent of full-time capacity. The average percentage of full-time capacity for the month stood at 56, or 28 per cent below that of April. May flour production in the Southwest was 36 per cent less than the production in the corresponding month of 1945. Arrival of some new crop wheat in the extreme Southwest, plus wheat loaned to distressed mills by the Commodity Credit Corporation, improved flour production to some extent during the early weeks of June. With a fast maturing crop in the heavy producing wheat areas, there is some indication of further improvement in the supply situation for Southwestern mills. To date, however, only a small quantity of the new crop wheat has been reported "free" for purchase by flour mills.

The volume of new sales of flour in the Southwest was extremely low for May. Sales were averaging as low as 3 per cent of capacity for May but reached 42 per cent of capacity by the middle of June. Most millers in mid-June were making what shipments they could to flour buyers whose purchase contracts they had been previously forced to cancel when the Government took over the so-called excess milling wheat.

Considerable controversy has arisen in producing areas of the District concerning the Government directive which requires producers to sell 50 per cent of the amount of wheat delivered to elevators. Indications are that an unusual amount of wheat will be stored on farms. In addition, box car shortages at country points have caused a number of country elevators to refuse to receive deliveries from producers until the backlog of wheat already in storage can be moved. Many of these elevators closed altogether in June, and some observers report wheat stored outside of elevators in the open and on the ground. This condition, say the grain men, will lead to more distress at flour mills in terminal markets because of slow-moving supplies and deterioration of wheat due to improper storage.

Petroleum The crude oil industry is recovering satisfactorily in the period of readjustment to a peacetime economy. Although the rehabilitation of oil properties in the Far East has been slower than anticipated, the present output of crude oil in that region is greater than it was on V-J Day. Current production in Venezuela exceeds its peak war production, and that in Saudi Arabia is about two and a half times as large as in the corresponding period last year. The trend of production in the United States also is upward. Total output in May was the largest since August, 1945, but did not equal the record war production. May was the third consecutive month in which an increase in total production occurred in the United States.

Several factors are responsible for the greater demand for petroleum products. Motor transportation is being used more extensively (this was especially true during the period of the railroad labor disputes), as more vehicles become available. Automobiles are being driven more, despite their age and well-worn tires. Nonmilitary export demand has been above that estimated. The War Shipping Administration has required more oil than was expected because of heavy UNRRA and other relief shipments. The coal strike increased the use of fuel oil in industry and sustained its demand beyond the normal season. By the end of May, however, a normal seasonal trend was reflected in the United States as a whole, as

crude oil and gasoline stocks declined, residual fuel oil, gas oil, and distillate stocks increased, and crude oil production rose.

Total output of crude oil in the six oil-producing states of the Tenth District during the first five months of 1946 was somewhat greater than during the war period. The five-month total was 1 per cent above the corresponding period of 1945, 2 per cent above that in 1944, and 5 per cent above that in 1943. In May, production was 3 per cent greater than the 10-year average for May, although there was a 1 per cent decline from the corresponding month in 1945. Greater demand was reflected in the District in the 4 per cent increase in production from April, 1946, and the decline in crude oil stocks in the area during May.

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

	May 1946	5 Mos. 1946	Change from '45 (Per cent)	
	(Thousand barrels)		May	5 Mos.
Colorado.....	906	3,864	+139	+161
Kansas.....	7,943	38,365	-4	-5
Nebraska.....	23	117	-18	-12
New Mexico.....	2,969	14,603	-8	-8
Oklahoma.....	11,562	57,115	-3	+2
Wyoming.....	3,501	15,980	+9	+5
Six states.....	26,904	130,044	-1	+1
United States.....	147,134	699,276	-3	-4

Employment The labor market showed improvement in May, despite the continuation of labor disputes. The supply of labor in the United States as a whole increased for the fifth consecutive month, the principal sources of supply being veterans and new workers. Demand for labor also increased, as was shown by a gain in employment and a small decline in unemployment. Most of the gain was in agricultural employment and resulted from a seasonal upturn in agricultural activities. However, employment in most industry divisions expanded, and there were significant gains in construction, trade, finance, and service employment.

The highest unemployment of the transition period was reported in March. A relatively large decline (13 per cent) in April was followed by a drop of 2 per cent to a level of 2,310,000 in May. The April to May decrease consisted entirely of women; the number of unemployed men, of whom approximately half were veterans, remained unchanged.

Conditions in labor market areas of the Tenth District were improved somewhat in May, according to reports of the United States Employment Service. Although affected by labor disputes, nonagricultural employment in Denver increased. Employment in wholesale and retail establishments expanded slowly

but steadily, and construction projects increased the demand for labor.

Manufacturing employment, chiefly in automobile assembling, accounted for the principal part of the gain in employment in the Kansas City area. The increase was in male workers, as the number of employed women remained practically the same. Little change was noted in the volume of unemployment.

In Wichita, the dominant factor in May was a reduction in manufacturing employment which counteracted increases in construction, trade, and service employment. The net decline in the number of non-agricultural workers together with returning veterans resulted in a rise in unemployment of 9 per cent from the level in March, 1946.

Nonagricultural employment in the seven states which lie wholly or partially in the District rose 1 per cent from February to March, the latest month for which complete figures are available. In Colorado, New Mexico, and Wyoming, increases in nonagricultural employment from March, 1945, were shown, although the total for the District was lower than in the corresponding month of 1945. Manufacturing employment followed a similar course, showing a rise from February to March, 1946, but a loss from March, 1945. The gains from February to March in the District states in both nonagricultural and manufacturing employment were relatively smaller than in the country as a whole.

Bureau of Labor Statistics' estimates of total non-agricultural employment follow:

	Mar. 1946	Aver. 3 Mos. 1946	Change from '45	
	(Number)		Mar.	3 Mos.
			(Per cent)	
Colorado.....	260,000	255,700	+ 1	- 1
Kansas.....	331,000	329,600	-17	-18
Missouri.....	879,000	871,000	- 8	- 8
Nebraska.....	239,000	239,700	- 8	- 8
New Mexico.....	81,200	81,700	+ 2	+ 4
Oklahoma.....	336,000	334,600	-12	-12
Wyoming.....	61,300	64,200	+ 1	+ 6
Seven states.....	2,187,500	2,176,500	- 8	- 9
United States.....	36,281,000	35,823,000	- 5	- 6

AGRICULTURE

Crops Crops and weather conditions in the Tenth District varied considerably during the month of May and the early part of June, fluctuating up and down with alternate periods of dry and wet weather. Toward the latter part of May and early June there developed notable moisture deficiencies in the eastern one third of the District, and reduced yields of small grains and corn were in prospect. General rains in the area toward the middle of June vastly improved the outlook for these crops. Drouth conditions continued in New Mexico, with the average rainfall for the

month of May at .73 inches, or about 60 per cent of normal for the state.

Practically all corn in the District has been planted and is generally reported in good condition. It now appears that the freezing temperatures, which occurred around May 11 in the northern portion of the District, did some damage to spring grains and sugar beets. Replanting of sugar beets was necessary in some sections of the Colorado producing area. Some frost-damaged wheat was plowed under in northwestern Kansas.

Wheat harvest is largely completed in southern Oklahoma and is progressing rapidly as far north as the Nebraska-Kansas boundary line. Yields in Oklahoma have been reported as running considerably above those anticipated. At least one observer has reported wheat yields in Oklahoma and Kansas ranging from 3 to 55 bushels per acre, and stated that fields under continuous cropping, and those damaged earlier by green bug and Hessian fly, are yielding slightly more than was expected. Weather in the District has been generally favorable for the wheat crop, with the necessary dry, sunshiny weather showing up as the crop reaches maturity. New crop wheat received at Kansas City was tested around 62 pounds per bushel and about 11.0 per cent protein.

There are, at this early date, reports of box car shortages in the heavy producing areas of Kansas and Oklahoma. The Interstate Commerce Commission in Washington has appointed a car agent with authority to regulate the movement and distribution of box cars for handling the new crop wheat. With a bumper crop in prospect, men in the grain trade expect a serious backing-up of wheat at country points unless steps are taken to correct the already noticeable car deficiency.

Estimated winter wheat production for the Tenth District June 1 was 392,802,000 bushels, or 9 per cent above the May 1 estimate of 360,670,000 bushels. This prospective yield is still 8 per cent below that estimated on April 1 this year. The special mid-June crop report boosted the June 1 estimated total wheat production for the United States from 1,025,509,000 bushels to 1,033,139,000 bushels.

Department of Agriculture winter wheat estimates:

	Indicated 1946			Final 1945	Aver. '35-'44
	June 1	May 1	April 1		
	(In thousands of bushels)				
Colorado.....	31,320	32,886	33,820	31,967	14,416
Kansas.....	186,720	168,048	212,175	207,917	144,440
Missouri.....	21,151	22,778	23,982	22,518	26,150
Nebraska.....	75,411	75,411	78,546	84,226	44,620
New Mexico.....	1,435	1,230	2,730	2,034	2,346
Oklahoma.....	73,125	56,250	71,126	70,917	53,306
Wyoming.....	3,640	4,004	3,762	3,060	1,615
7 States.....	392,802	360,607	426,141	422,639	286,893
United States.....	774,588	742,887	830,636	823,177	618,019

Livestock The top price for beef steers in May on the Kansas City market was again at that market's ceiling of \$17.65 per hundredweight, with receipts of all cattle during the month 28 per cent below the total of the preceding month. Stocker cattle recorded a high of \$17.15 per hundredweight for May, with feeder cattle slightly higher at \$17.25 per hundredweight. An unusually high selling price for feeder steers was reported on the Omaha market during the week of June 16, when one group of fat cattle sold to a cattle feeder at \$18.15 and another group at \$18.25 per hundredweight. An early load of grass fat cattle from Kansas arrived on the Kansas City market June 19, bringing \$14.10 to \$15.50 per hundredweight.

Hogs continued to sell at the ceiling price of \$14.55 on the Kansas City market. Practically all classes of slaughter hogs except culls were moving at this price. The high in lamb prices for May at Kansas City was \$17.95.

Top carload livestock prices at Kansas City:

	June 24 1946	May 1946	Apr. 1946	May 1945	May 1944	May 1943
	(In dollars per hundredweight)					
Beef steers.....	17.65	17.65	17.65	17.50	16.85	16.60
Stocker cattle.....	17.50	17.15	17.65	15.50	14.10	16.50
Feeder cattle.....	17.50	17.25	16.60	15.90	14.75	15.75
Calves.....	17.25	17.50	17.00	15.00	14.00	16.00
Hogs.....	14.55	14.55	14.55	14.50	13.50	14.50
Lambs.....	16.00	17.95	17.00	16.10	16.25	15.90
Slaughter ewes....	8.50	9.25	9.00	9.00	9.00	9.00

Kansas Blue Stem and Oklahoma Osage pastures were reported to be well stocked with cattle, and to be in good condition. The two sections have probably received the largest number of shipped-in cattle in recent years. The Department of Agriculture reports that receipts of cattle in these sections from January 1 to May 31, 1946, were 9 per cent above the total receipts in the corresponding period in 1945 and 23 per cent greater than those in this period in 1944.

Commercial hatchings of baby chicks in the month of May were the smallest recorded since 1940, according to the United States Department of Agriculture. The total number estimated for the month was 203,070,000 chicks, or 35 per cent less than in May last year. In addition, the number of eggs in incubators on June 1 was estimated to be 73 per cent less than that on June 1 last year. This trend indicates one of the smallest June hatches in many years. As is the case with most classes of livestock, the scarcity and high cost of feed have caused poultry producers to cut down the number of flock replacements ordered from commercial hatcheries. The reduction of hatchings in view for June 1 and subsequent months point to a substantial drop in the number of chickens raised on farms this year.