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BANK CREDIT AND DEPOSIT OWNERSHIP CHANGES DURING 1946

For the banking system as a whole, the year 1946 has brought a reversal in many of the banking developments of the war years. Earning assets and total deposits, which increased phenomenally during the war years, have declined. On the other hand, bank deposits of individuals and businesses have continued to grow.

During recent years, total deposit volume expanded as a result of an increase in public credit advanced by banks. An increase in bank holdings of Government securities was the most significant factor. In addition, loans for purchasing or carrying Government securities expanded. Although the increased deposits were originally created by the banks in favor of the Government, the deposits were shifted to individuals and businesses as the Government spent the proceeds of its borrowings.

The increase in private deposits was accompanied by shifts in the proportions of total deposits held by various classes of depositors. The most striking change was the increasing proportion of private deposits held in personal accounts rather than in business accounts. This development was characteristic both of the country as a whole and of the Tenth District. The changing situation is evident in the results of several surveys of the ownership of demand deposits of individuals and businesses conducted by the Federal Reserve System.

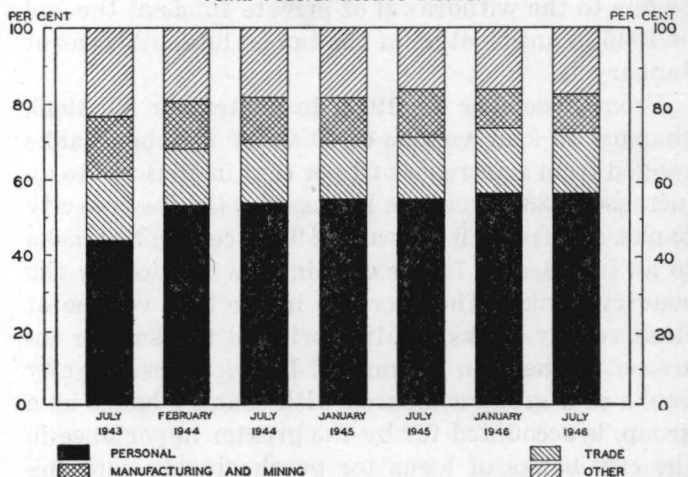
From July 31, 1943, the earliest date for which adequate information on demand deposit ownership is available, to January 31, 1946, the demand deposits of individuals and businesses in District banks increased 1.6 million dollars. Of this amount, 1.3 million dollars constituted the increase in personal deposits of farmers and others. The fact that personal deposits amounted to 44 per cent of the private demand deposits in District banks in 1943 would logically lead to an expectation of a large dollar increase in that category. However, personal deposits also experienced the largest percentage increase of any class of private demand deposits, an increase of 117 per cent, compared with 66 per cent for all demand deposits of individuals and businesses. The demand deposits of trade establishments expanded by 61 per cent in District banks, while

manufacturing and mining bank deposits increased by 2 per cent. Although the increase in manufacturing and mining deposits was affected by a decrease in those deposits between July 31, 1945, and January 31, 1946, their rate of expansion was lower than personal deposits and trade accounts even before that period.

During 1946, earning assets of banks and aggregate bank deposits in the United States have contracted, thus reversing the trend of the last several years. Public credit advanced by banks, which had been the basis of bank deposit expansion for several years, has decreased. In the process of retiring 19.5 billion dollars of the Federal debt since February 28, 1946, the Treasury has materially reduced the volume of Government securities held by banks, and this reduction has been increased by sales of additional Government securities by commercial banks. Public credit extended by banks has been further reduced during 1946 by a decrease in the volume of loans for purchasing or carrying Government securities.

On the other hand, private credit extended by banks has expanded during 1946. Substantial increases have occurred in "commercial, industrial, and agricultural" loans, urban and rural real estate loans, and consumer loans. On balance, total loans and investments of

PERCENTAGE DISTRIBUTION OF OWNERSHIP OF DEMAND DEPOSITS, 1943-46
Tenth Federal Reserve District



banks have shown a net decrease, which is reflected in a shrinkage in total bank deposit volume.

Government deposits have been sharply reduced, as the Treasury has withdrawn war loan deposits to finance the retirement of Government debt, but deposits of individuals and businesses have not reversed their wartime growth. They have continued to expand, but at a slower rate than during recent years. This continued increase in private demand deposits has been largely the result of the transfer of Treasury deposits to private deposits through the retirement of nonbank holdings of Government securities and through the Federal budget deficit. It has resulted, to a lesser extent, from the expansion of bank loans.

The national pattern of change in bank condition items is apparent also among the member banks of the Tenth District. However, among the District country member banks there is some deviation from the regular pattern, as the increase in private deposits has been greater than the reduction in Government deposits. Moreover, in spite of the Treasury retirement of a considerable volume of bank held securities, the District country member banks held a larger volume of Government securities on September 30, 1946, than on December 31, 1945.

An examination of the data of Tenth District member banks by states and parts of states lying within the Tenth District reveals considerable variation in bank credit changes. Despite the decrease in Government deposits, total deposits have increased during 1946 among the member banks of New Mexico, Oklahoma, and Wyoming. Among the country member banks, Kansas and Missouri are the only District states in which the volume of deposits has declined, while the deposit volume has contracted in the Reserve city banks of all District states. (New Mexico and Wyoming have no Reserve city banks.) The fact that the deposit volume in Oklahoma was larger on September 30, 1946, than on December 31, 1945, may be due to the withdrawal of private funds at the end of 1945 in anticipation of the tax on intangibles as of January 1.

From December 31, 1945, to September 30, 1946, changes in loan volume of District member banks ranged from a decrease of 1 per cent in Missouri to an increase of 33 per cent in Kansas, for the Reserve city banks, and from an increase of 9 per cent in Nebraska to an increase of 74 per cent in New Mexico for the country banks. The decrease in the loan volume of Reserve city banks in Missouri, and the smaller increase in the loan volume of District Reserve city banks as a group compared with country banks as a group, is accounted for by the greater importance in the city banks of loans for purchasing or carrying

ESTIMATED OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS ON SELECTED DATES, 1943-46

	Tenth Federal Reserve District (In millions of dollars)						
	July 31 1943	Feb. 29 1944	July 31 1944	Jan. 31 1945	July 31 1945	Jan. 31 1946	July 31 1946
	Mfg. and mining.....	392	365	370	413	479	400
Trade.....	426	396	470	510	585	684	709
Other non-financial.....	322	271	270	290	308	334	356
Financial.....	186	179	200	216	225	241	271
Personal.....	1,073	1,449	1,590	1,805	2,056	2,326	2,528
Farmers.....	*	*	650	740	870	985	1,008
Others.....	*	*	940	1,065	1,186	1,341	1,520
Nonprofit.....	63	68	60	73	74	92	102
Total**.....	2,461	2,728	2,960	3,307	3,726	4,077	4,421

*Not available.

**Figures are rounded and consequently will not necessarily add to totals.

Government securities, which loans have declined very materially during 1946.

During the first nine months of 1946, Government security holdings decreased in the Reserve city banks of all District states and in the country banks of three District states, while they increased in the country banks of Colorado, Kansas, Nebraska, and Oklahoma.

The most recent survey of the ownership of the demand deposits of individuals and businesses in the Tenth District indicates that nonfarmer personal deposits as a proportion of total demand deposits continued to increase during the first half of 1946. This survey was a part of a nation-wide survey conducted by the Federal Reserve System to determine demand deposit ownership on July 31, 1946. In the Tenth District, 333 banks submitted classifications of the demand deposits of individuals and businesses, which have been used as a basis for estimating the ownership of such demand deposits in all District banks.

On the basis of this survey, total deposits of individuals and businesses in all commercial banks in the Tenth District on July 31, 1946, have been estimated at 4,421 million dollars, an increase of 344 million dollars from January 31, 1946. For the United States, such deposits have been estimated at 77.5 bil-

CHANGES IN ESTIMATED OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS IN ALL COMMERCIAL BANKS

	Tenth Federal Reserve District			
	DOLLAR CHANGE		PERCENTAGE CHANGE	
	Jan. 1946 to July 1946	July 1943 to Jan. 1946	Jan. 1946 to July 1946	July 1943 to Jan. 1946
	(Millions of dollars)			
Mfg. and mining.....	+56	+8	+13.9	+2.1
Trade.....	+25	+258	+3.6	+60.5
Other nonfinancial.....	+22	+12	+6.6	+3.7
Financial.....	+30	+55	+12.3	+29.6
Personal.....	+202	+1,253	+8.7	+116.8
Farmers.....	+23	*	+2.3	*
Others.....	+179	*	+13.4	*
Nonprofit.....	+9	+29	+10.1	+46.0
Total**.....	+344	+1,616	+8.4	+65.7

*Not available.

**Figures are rounded and consequently will not necessarily add to totals.

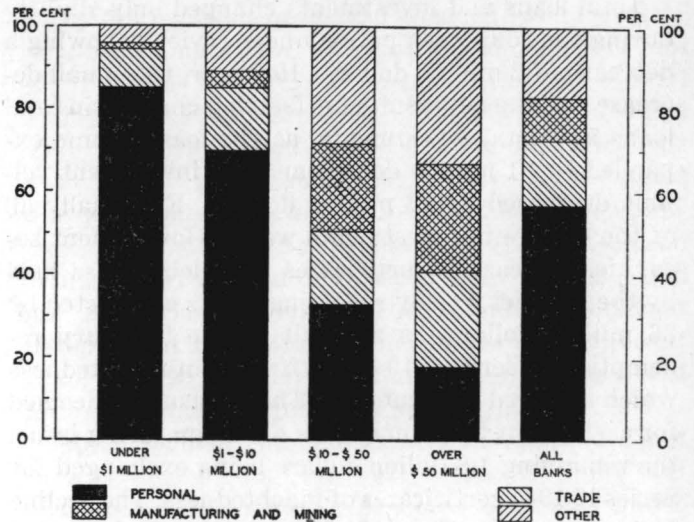
lion dollars, an increase of 3.4 billion dollars from six months earlier.

During the six-month period from January 31, 1946, to July 31, 1946, the major proportion of the expansion in the demand deposits of individuals and businesses in Tenth District banks was in personal deposits, as such deposits accounted for 202 million dollars of the 344 million dollar increase in demand deposits. However, most of the growth in personal deposits during this six-month period was in nonfarmer accounts. Farmers' demand deposits expanded by 23 million dollars, while other personal demand deposits increased by 179 million dollars. This is in sharp contrast to the previous six months, when farmers' deposits increased by 115 million dollars and other personal deposits increased by 155 million dollars. It does not follow, however, that this represents a basic change in the increase in farmers' deposits. It probably is rather a consequence of delayed marketing of farm products during the spring and early summer in anticipation of higher prices for farm products.

Data for the last half of 1946 probably will show a rate of growth in farmers' deposits exceeding that of the first half of the year, although the rate of growth for the entire year may be less than during the war years. In spite of higher costs of agricultural production, net farm income has continued to increase. On the other hand, consumer durable goods and farm machinery and equipment, which farmers are planning to buy, are still available in rather limited quantities. On July 31, farmers' demand deposits in District banks were 138 million dollars, or 16 per cent, larger than twelve months before.

The growth of nonfarmer personal deposits was greater than in comparable periods during the war years, as it constituted more than half of the demand deposit increase from January 31 to July 31 of this year. A high level of employment and economic activity has been the basis for a continuing high level of personal income. In this instance, too, the spending of funds for automobiles and consumer durable goods has been restrained by the limited quantity of such goods available. Moreover, a significant proportion of the available consumer durable goods sold has been financed by consumer credit. On July 31, personal de-

OWNERSHIP OF DEMAND DEPOSITS, JULY 31, 1946,
BY DEPOSIT SIZE OF BANK
Tenth Federal Reserve District



posits of others than farmers were 335 million dollars, or 28 per cent, above a year earlier.

Manufacturing and mining concerns' deposits increased by 56 million dollars during the six months ended July 31. This was a reversal of the record for the preceding six months when such deposits in District banks declined by 79 million dollars. Thus, manufacturing and mining deposits were 23 million dollars smaller on July 31, 1946, than on July 31, 1945. The demand deposits of wholesale and retail trade establishments in District banks expanded by 25 million dollars between the January and July surveys compared with an increase of 99 million dollars during the preceding six months. Trade establishments probably have used funds to finance inventory expansion, thus slowing the rate of their bank deposit growth.

On July 31, 1946, personal deposits represented 57 per cent of the demand deposits of individuals and businesses in all District banks. Farmers' deposits were 23 per cent of the total, and other personal deposits were 34 per cent of the total. The distribution of the remainder of the demand deposits was 16 per cent in trade accounts, 10 per cent in manufacturing and mining accounts, and 17 per cent in all other accounts.

BUSINESS AND AGRICULTURAL CONDITIONS

FINANCE

Member Bank Credit During the four-week period ended November 13, total deposits of the District weekly reporting member banks declined by 10 million dollars. Government deposits contracted by 36 million dollars, as the Treasury made withdrawals from war loan accounts to cover the re-

demption of Treasury certificates of indebtedness on November 1, and private demand deposits declined by 5 million dollars. On the other hand, interbank deposits and time deposits expanded by 29 million dollars and 1 million dollars, respectively. As country bank customers marketed livestock and grain in considerable volume, the country banks left part of the

proceeds with city banks, thereby increasing the inter-bank deposit volume.

Total loans and investments changed only slightly during the four-week period under review, showing a decrease of 2 million dollars. However, this small decrease was the net result of offsetting changes in total loans and total investments, as the loan volume expanded by 21 million dollars and the investment volume decreased by 23 million dollars. Essentially all of the change in investments was in Government securities. Treasury certificates of indebtedness held by the District weekly reporting banks contracted by 36 million dollars, as a result of the Treasury redemption of Series J-1946 certificates of indebtedness which matured November 1. The Treasury redeemed for cash about 2 billion dollars of the maturing issue, the remaining 1.8 billion dollars being exchanged for Series K-1947 certificates of indebtedness. The decline in Treasury certificate holdings and a decline of 9 million dollars in Treasury note holdings of the District weekly reporting banks were partially offset by increases of 18 million dollars in Treasury bill holdings and 4 million dollars in Treasury bond holdings.

The expansion in the loan volume during the four-week period was mostly in "commercial, industrial, and agricultural" loans, which increased by 23 million dollars. Loans for purchasing or carrying securities

declined, while real estate loans and other loans expanded. On November 1, the loan volume of the District weekly reporting banks was 161 million dollars, or 43 per cent, above the loan volume a year earlier. The increase in "commercial, industrial, and agricultural" loans accounted for 110 million dollars of this amount, an increase of 47 per cent. Real estate loans were up 20 million dollars, or 51 per cent, and the "all other" loans category, which includes consumer loans, was up 28 million dollars, or 42 per cent. Loans for purchasing or carrying securities were 3 million dollars above their volume at the same time in 1945.

Principal items of condition of 50 member banks:

	Nov. 13 1946	Change from	
		Oct. 16 1946	Nov. 14 1945
	(In thousands of dollars)		
Loans and investments—total.....	2,236,161	-1,946	-63,275
Loans—total.....	537,994	+21,398	+160,968
Coml., indust., agric.....	342,835	+22,531	+110,062
To security brokers and dealers.....	6,115	-1,018	+745
Other to purchase or carry secur..	35,282	-3,044	+2,177
Real estate loans.....	58,627	+1,105	+20,012
Loans to banks.....	721	+205	-104
All other loans.....	94,414	+1,619	+28,076
Investments—total.....	1,698,167	-23,344	-224,243
U. S. Govt. securities—total.....	1,529,340	-23,346	-257,006
Bills.....	61,936	+17,853	-13,705
Certificates of indebtedness.....	346,325	-36,065	-89,513
Notes.....	254,207	-9,485	-208,046
Bonds.....	866,575	+4,356	+54,829
Guaranteed obligations.....	297	-5	-571
Other securities.....	168,827	+2	+32,763
Reserves with F. R. Bank.....	450,936	-16,523	-35,492
Balances "due from" banks—net.....	276,719	+1,117	-27,800
Demand deposits—adjusted.....	1,522,061	-5,059	+45,952
Time deposits.....	318,531	+1,376	+33,820
U. S. Govt. deposits.....	122,427	-35,869	-99,852
Deposits "due to" banks—net.....	872,717	+29,093	-108,948
Borrowings.....	7,000	-3,300	-12,000

DEPARTMENT STORE TRADE

Dollar volume of department store sales in this District in October was 26 per cent above that in the corresponding month a year ago, as compared with a year-to-date gain of 27 per cent for 1946 over 1945. In the first three weeks of November, dollar sales showed an increase of 18 per cent over those in the same period last year. Trade comment, however, indicates that much or all of this increase is due to higher prices and that the physical volume of department store merchandise now moving into consumption is little, if any, larger than it was a year ago. Reports of a buyers' strike affecting luxury goods are increasing. Sales increased much less than is usual from September to October, and the seasonally adjusted index of daily average sales dropped from the record level of 321 per cent of the 1935-39 average in September to 298 per cent in October.

Department store inventories in October, for the second consecutive month, increased rather sharply, and the seasonally adjusted index of stocks advanced from 219 per cent of the 1935-39 average at the end

	BANK DEBITS		Change from '45	
	Oct. 1946	10 Mos. 1946	Oct. 1946	10 Mos. 1946
	(Thousand dollars)		(Per cent)	
Colo. Springs, Colo.....	34,721	310,448	+28	+29
Denver, Colo.....	436,620	3,761,730	+26	+22
Gr. Junction, Colo.....	11,527	97,470	+26	+36
Greeley, Colo.....	19,040	135,661	+41	+29
Pueblo, Colo.....	32,863	280,445	+23	+23
Atchison, Kans.....	12,642	94,668	+109	+42
Emporia, Kans.....	10,130	82,315	+33	+22
Hutchinson, Kans.....	28,456	327,450	+10	+12
Independence, Kans..	5,722	57,086	+22	+29
Kansas City, Kans.....	55,238	488,516	+38	+23
Lawrence, Kans.....	9,242	82,346	+12	0
Parsons, Kans.....	7,024	61,057	+32	+5
Pittsburg, Kans.....	9,543	85,069	+28	+27
Salina, Kans.....	27,103	284,244	+27	+22
Topeka, Kans.....	70,417	678,255	+21	+13
Wichita, Kans.....	166,646	1,659,404	+20	-20
Joplin, Mo.....	24,937	236,053	+25	+35
Kansas City, Mo.....	844,420	7,554,377	+25	+9
St. Joseph, Mo.....	84,230	632,786	+33	+10
Fremont, Nebr.....	11,632	90,464	+50	+28
Grand Island, Nebr..	19,652	168,427	+27	+19
Lincoln, Nebr.....	65,834	612,531	+29	+20
Omaha, Nebr.....	429,579	3,738,549	+22	+8
Albuquerque, N. M....	62,588	550,769	+43	+43
Bartlesville, Okla....	52,311	490,384	+15	+9
Enid, Okla.....	28,191	296,424	+22	+6
Guthrie, Okla.....	3,823	33,633	+33	+21
Muskogee, Okla.....	21,419	181,491	+20	+14
Okla. City, Okla.....	264,029	2,249,628	+37	+17
Okmulgee, Okla.....	5,360	50,535	-2	+21
Tulsa, Okla.....	319,650	2,782,213	+29	0
Casper, Wyo.....	20,207	152,507	+38	+31
Cheyenne, Wyo.....	25,014	219,021	+38	+19
District, 33 cities.....	3,219,810	28,525,956	+27	+10
U. S., 334 cities.....	91,315,000	859,513,000	+12	+8

of September to a new high of 233 per cent at the end of October. The volume of merchandise on order declined somewhat further during October, reflecting not only an accelerated flow of goods to retailers but also some cancellations of orders. The dollar value of October 31 inventories was 53 per cent greater than a year ago, and that of outstanding orders about 15 per cent larger. The ratio of department store stocks to sales, however, is still low as compared with prewar, and the ratio of orders to stocks is still extremely high.

Department store sales and stocks in leading cities:

No. of Stores	SALES		STOCKS	
	Oct. '46	10 Mos. '46	Oct. 31, '46	
	comp. to Oct. '45	comp. to 10 Mos. '45	comp. to Oct. 31, '45	
(Per cent increase or decrease)				
Denver.....	6	+41	+35	+62
Pueblo.....	3	+27	+16	+36
Hutchinson.....	3	+22	+21	+72
Topeka.....	3	+23	+21	*
Wichita.....	4	+21	+19	+60
Joplin.....	3	+11	+27	+59
Kansas City.....	8	+26	+26	+59
St. Joseph.....	3	+26	+32	*
Omaha.....	4	+18	+31	*
Oklahoma City.....	6	+15	+19	+40
Tulsa.....	4	+25	+23	*
Other cities.....	30	+27	+30	+45
District.....	77	+26	+27	+53

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing The volume of cattle slaughter in the Tenth District during October was over four times that of September but was still 44 per cent under October of last year. The slaughter of hogs was very heavy during October and was more than twelve times that of September. The heavy marketings of all classes of livestock, which occurred following livestock price decontrol on October 15, were in sharp contrast to those of September, when meat-packing operations had been severely restricted by very short supplies of meat animals for slaughter. The slaughter of sheep, lambs, and calves also was substantially greater in October than in the previous month. In spite of the heavy receipts in the last half of October, the total number of livestock slaughtered throughout the entire month in the District, with the exception of hogs, was sharply below that of the same month last year. This was due almost entirely to very light receipts throughout the first two weeks of October.

Immediately following the President's Decontrol Order of October 15, most markets had record receipts of all types of livestock for that time of year. In several midwestern markets, including Omaha and Kansas City, shipping embargoes were put into effect to slow down the flow from country points. The unusually heavy receipts of hogs at many markets raised the question in some quarters as to whether the ca-

capacity of meat-packing plants at those markets was sufficient to handle all the hogs offered for sale. The question never became serious, however, as the embargo provided a breathing spell for those packing centers which had become seriously congested.

It is now generally conceded that the "pipe lines" of the meat industry are largely filled. However, items such as hams and bacon remain scarce, because of the time necessary for curing and processing. Fresh meats are in ready supply throughout the District and in most parts of the entire nation. The high retail prices which prevailed in the last two weeks of October declined noticeably in the early part of November. Cuts of popular beef steaks, advertised in late October for prices ranging from 80 to 95 cents a pound, could be purchased by mid-November at from 50 to 65 cents a pound. Retail butchers reported that consumer preference was again playing a significant role in the turnover of various meat items and they were, accordingly, having to lower prices on some cuts in order to move them.

Flour Milling Flour milling operations in the Southwest averaged about 98 per cent of full-time capacity during October, with total flour output in the District reaching a level 12 per cent above September. The increase in operations and output in October was due largely to the extension of the 85 per cent milling restriction to cover the two-month period of October and November. The extension simply meant that mills could begin to grind their November quotas in October, whenever their October quota was filled. An added incentive to milling operations was the decontrol action of the Department of Agriculture in late October which virtually freed the milling industry from price, processing, and distribution controls. The 85 per cent restriction remained in effect until the end of November.

By mid-November the bulk of the flour business in the Southwest was flowing toward export channels. Many domestic buyers were by that time in a favorable flour supply situation, although there remained a fair volume of domestic sales. Total sales activity in the Southwest territory at mid-November was about 110 per cent of capacity as compared with 33 per cent in 1945 at the same time.

Petroleum Crude oil production in each of the six oil-producing states of the Tenth District increased from September to October, and four states, Colorado, Kansas, New Mexico, and Wyoming reported a larger output in October than in the corresponding month of last year. Production in the Tenth District as a whole was 2 per cent greater than

in September and 5 per cent above that reported for the District for October, 1945.

During the first ten months of 1946, total output of petroleum in the Tenth District was 2 per cent greater than that reported for the corresponding period of last year. This gain was due largely to the increased production of Colorado, although Wyoming also showed a slightly higher output than that reported for the first ten months of 1945. Production in the other four oil-producing states showed small declines, ranging from 1 to 9 per cent.

During the war, Kansas oil wells producing only 25 barrels or less a day were freed from the output restriction orders of the state Corporation Commission. This was changed on May 1, 1946, when only those wells producing 20 barrels or less daily were ordered exempt. On October 1, 1946, the Commission ordered that only those wells whose daily output was 15 barrels or less were free from controls. This action, which was based upon the Kansas basic proration law of 1931, is now being contested, and suit has been filed, seeking modification of the order.

A new depth record was recently established for Oklahoma, when a wildcat well located in Caddo County reached 14,651 feet, 69 feet below the former record set in 1939. Drilling is continuing, and plans have been made to carry the well on down below 15,000 feet.

Estimated gross crude oil production, based upon reports of the Oil and Gas Journal and the Bureau of Mines:

	Oct.	10 Mos.	Change from '45	
	1946	1946	Oct.	10 Mos.
	(Thousand barrels)		(Per cent)	
Colorado.....	1,136	9,606	+85	+166
Kansas.....	8,463	80,501	+4	-1
Nebraska.....	23	236	-15	-9
New Mexico.....	3,074	30,351	+2	-3
Oklahoma.....	11,024	112,774	-4	-2
Wyoming.....	3,344	32,012	+28	+6
Six states.....	27,064	265,480	+5	+2
United States.....	147,288	1,441,039	+11	0

Employment Total nonagricultural employment in the Tenth District registered its sixth consecutive monthly gain during August, the latest month for which state figures are available. Manufacturing employment in the Tenth District also continued its upward trend in August and reached a level which was 2 per cent greater than that reported for July but 17 per cent lower than in August of last year. Two states, New Mexico and Wyoming, however, reported August manufacturing employment figures which were greater than those on V-J Day, one year earlier.

The mining industries in three states, Colorado, New Mexico, and Wyoming, showed increased employ-

ment from July to August. These gains in Colorado and New Mexico were due principally to expanding activity in metal mining and in the production of crude petroleum and natural gas, while the increase in the mining industry of Wyoming was caused primarily by employment gains in the bituminous and other soft coal mines.

Employment in the food industries increased from July to August in each of the seven states of the District. Meat-packing activity surged upward and was the cause for the major part of these gains in August, although a seasonal increase in employment in the canning industries also contributed to the gains shown for Colorado and Nebraska.

The transportation and utilities industries in Colorado and Wyoming reported increased employment from July to August. New Mexico, however, showed a small decline because of slightly decreased employment in its interstate railroads. The gain in Colorado resulted primarily from increases in its interstate railroad, air transportation, and communications industries.

Employment in the construction industry in Nebraska has increased without interruption since March, 1946, and in August reached a level which was the highest recorded since June, 1943. Since V-J Day, employment in the Nebraska construction industry has shown an increase of 88 per cent, while employment in the entire construction industry of the nation has more than doubled.

Estimates of total nonagricultural employment as reported by the Bureau of Labor Statistics:

	Aug.	Aver.	Change from '45	
	1946	8 Mos.	Aug.	8 Mos.
	(Number)		(Per cent)	
Colorado.....	284,000	264,600	+8	+2
Kansas.....	343,000	334,000	-8	-15
Missouri.....	931,000	897,600	+2	-5
Nebraska.....	248,000	241,900	-3	-7
New Mexico.....	88,600	84,100	+7	+4
Oklahoma.....	350,000	340,900	-1	-8
Wyoming.....	63,300	61,700	-2	0
Seven states.....	2,307,900	2,224,800	0	-6
United States.....	39,865,000	38,238,000	+4	0

AGRICULTURE

Crops Most of the Tenth District received unusually heavy falls of moisture throughout October and early November. Rainfall for October was substantially above normal. Several areas, in fact, suffered severe damage from excessive rain and snow during this period. Winter wheat sections reported that wheat was making rapid growth and continued to furnish excellent pasture for livestock. While the generally favorable temperatures and moisture conditions benefited many row crops, corn presented a moisture problem in most areas of the District. With

the bulk of the crop still in the field, reports on field tests show that rains and cool weather have caused corn to carry a moisture content of 20 to 30 per cent as the season moved into November. Corn picked and stored with that much moisture is easily subject to heating and spoilage. While considerable snow and cold weather characterized the closing fall days of the northwestern part of the District, the Kansas City area was favored this year by the longest growing season on record at the Kansas City Weather Bureau. The season this year extended 246 days from the last killing frost on March 10 to the first freeze occurring on November 11.

The cotton crop in Oklahoma on November 1 did not have a very favorable outlook from the standpoint of production. On the basis of the indicated acreage for harvest and the yield per acre, plus the number of bales ginned before November 1, the 1946 crop is estimated to be the smallest since 1899. Unfavorable planting conditions, insect damage, and midsummer drouth have contributed to this situation.

Of interest to Kansas wheat growers is the October report on soil moisture tests in the state, conducted by the United States Department of Agriculture and the Kansas State Board of Agriculture. The average depth to which soil moisture extended in wheat fields during the week of October 14 to 20 in the western two thirds of Kansas was 44.2 inches. This moisture penetration was about 1½ inches less than that reported for the same period in 1945. However, the moisture concentration in the top two feet of soil was much greater than that of a year ago, and the survey indicates that with the heavy rains that have fallen since mid-October, actual moisture in the soil available for plant growth is no doubt considerably greater than that of last year. Since there is a rather close relationship between the depth of moisture penetration in the fall and wheat yields the following summer, the results of this survey show that prospects for Kansas wheat next season are excellent.

In general, grain prices at principal markets in the District tended to remain steady to strong throughout October. Some weakness developed in the corn market toward the close of the month when the trade appeared to discount early deliveries of new corn because of high moisture content. Grain milling concerns without facilities for drying were almost eliminated from the market for much new corn arriving at principal marketing centers because of the fact that "wet" corn cannot be properly milled.

Livestock Both receipts and prices of livestock at principal markets within the District tended to decline from record highs in late October

to slightly lower levels in early November. Top prices of beef steers at Kansas City reached \$38.50 per hundredweight following the decontrol of livestock and meat prices. This compared with the Kansas City ceiling price of \$19.90 which prevailed through September and up to October 15. Representative sales of cattle at Kansas City after October 26, however, were at sharply lower levels, with good to choice steers and heifers moving at around \$24.00 to \$26.00 per hundredweight. The top price of hogs at Kansas City reached \$28.50 per hundredweight late in October, with lambs bringing a high of \$26.25. Receipts of cattle, hogs, and sheep at all principal markets in the District in October were over 50 per cent above those in September, with October hog receipts nearly eleven times those of the previous month. With livestock price regulations a matter of history, livestock men are in the process of adjusting their operations of buying and selling to more nearly normal conditions.

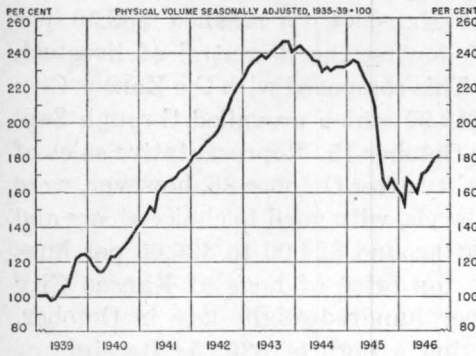
Top carlot livestock prices at Kansas City:

	Nov. 22 1946	Oct. 1946	Sept. 1946	Oct. 1945	Oct. 1944	Oct. 1943
	(In dollars per hundredweight)					
Beef steers.....	32.00	38.50	19.90	17.65	17.50	16.10
Stocker cattle.....	18.25	19.00	17.85	14.75	13.40	13.25
Feeder cattle.....	19.50	23.00	19.00	15.25	14.50	13.60
Calves.....	18.50	21.00	17.50	13.50	14.00	14.00
Hogs.....	24.35	28.50	15.95	14.55	14.50	14.65
Lambs.....	23.00	26.25	19.00	14.60	15.00	14.75
Slaughter ewes.....	7.75	12.25	8.75	6.15	6.15	6.15

The Department of Agriculture reported that the volume of cattle feeding operations has been substantially increased in the period of the last two months. A survey of stocker and feeder shipments of cattle into Corn Belt states in October and early November indicated that record numbers of these cattle have moved in this period. The large supply of feed available on farms, plus optimistic views on future prices, appear to be factors in encouraging heavier and more long-term cattle feeding programs than many operators counted on early this year. Sales of good replacement stock, at prices ranging from 14 to 18 cents per pound, are reported in some quarters to be meeting some resistance on the part of prospective cattle feeders. General comment attributes this resistance to the belief of many feeders that the coming year may see some drop in the level of agricultural prices.

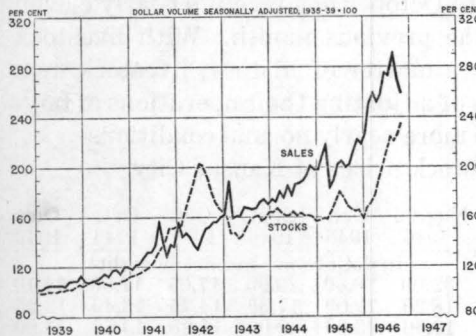
Cattle and lambs on wheat and on other winter pastures in extreme western Nebraska, Kansas, and Oklahoma and in eastern Colorado and New Mexico generally suffered rather severe setbacks because of the heavy snow which fell in that area during the forepart of November. Livestock that were isolated from feeding and adequate shelter were reported to have shrunk seriously in weight, but death losses were light except for lambs in scattered areas.

INDUSTRIAL PRODUCTION



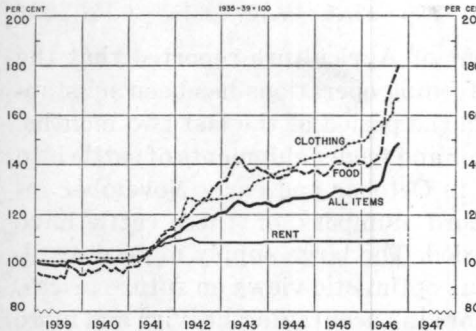
Federal Reserve index. Monthly figures, latest shown is for October, 1946.

DEPARTMENT STORE SALES AND STOCKS



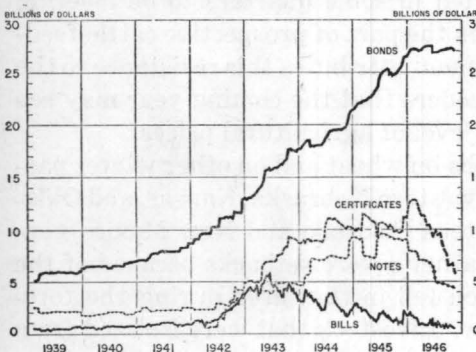
Federal Reserve indexes. Monthly figures, latest shown are for October, 1946.

CONSUMERS' PRICES



Bureau of Labor Statistics' indexes. "All items" includes housefurnishings, fuel, and miscellaneous groups not shown separately. Midmonth figures, latest shown are for October, 1946.

GOVERNMENT SECURITY HOLDINGS OF BANKS IN LEADING CITIES



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures, latest shown are for November 13, 1946.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Output and employment at factories were maintained at record peacetime levels in October. The total value of goods distributed was maintained at a high level but below the level of production, and inventories increased further. Prices in wholesale and retail markets generally advanced considerably following the lifting of controls.

INDUSTRIAL PRODUCTION

Output at factories and mines, as measured by the Board's seasonally adjusted index, increased slightly further in October and was at a level of 182 per cent of the 1935-39 average as compared with 180 in September. Production was maintained at this level in November up to the beginning of work stoppages in bituminous coal mines.

Production of nondurable manufactures in October was at a postwar peak rate of 169 per cent of the 1935-39 average. Output of manufactured food products rose sharply, reflecting chiefly the exceptionally large volume of meat production after the middle of October when Federal price controls were removed. The number of animals slaughtered under Federal inspection declined somewhat from late October levels during the first half of November. Output of textile products advanced in October to a level of 170 per cent of the 1935-39 average and there were also small gains in activity in some other nondurable goods industries.

Output of durable manufactures increased slightly in October as activity in the nonferrous metals and machinery industries continued to advance. The number of passenger cars and trucks produced increased further to a rate 14 per cent above the 1935-39 average and continued to advance in the first two weeks of November. Activity in most other durable goods industries was maintained at about the September level. During the first three weeks of November steel output rose slightly to an average scheduled rate of 91 per cent of capacity, but in the fourth week output dropped sharply owing to a cessation of operations at most bituminous coal mines on November 21 as a result of work stoppages.

CONSTRUCTION

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined further in October to a level two fifths below the May peak, but they were still about double the 1939 average. Awards for residential building decreased by one fifth in October, more than offsetting an increase in the value of contracts awarded for factory construction.

DISTRIBUTION

Department store sales, which usually increase from September to October, showed little change this year, and the Board's seasonally adjusted index declined to 258 per cent of the 1935-39 average as compared with 269 for September and 290 for August. Sales increased seasonally, however, in the first half of November and were 22 per cent larger than a year ago. Department store stocks continued to rise in October and the Board's seasonally adjusted index reached a new high of 235 per cent of the 1935-39 average, notwithstanding a further marked decrease in stocks in the New York City area as a result of a trucking strike.

During October and the early part of November railroad carloadings of livestock were in exceptionally large volume and shipments of most other classes of railroad revenue freight were also maintained at high levels.

COMMODITY PRICES

Following the initial sharp increases in prices of many basic commodities in October and the early part of November, after the lifting of controls, prices of some agricultural products, like cotton, corn, and poultry products, declined, while prices of wheat, flour, and sugar advanced. Initial advances in prices of nonferrous metals, steel scrap, and rayon were maintained, and in the latter part of November prices of some of these industrial materials advanced further. There were also reported in this period substantial increases in wholesale prices of a number of finished manufactured products.

Retail prices of foods and numerous miscellaneous products increased considerably further in October and November. Most of the increases occurred after the middle of October, at which time the consumers' price index was 2 per cent higher than in September and 15 per cent above the level at the end of the war.

BANK CREDIT

Commercial and industrial loans at reporting banks in 101 leading cities showed further sharp increases in October and the first three weeks of November. Real estate and consumer loans also continued to increase steadily. Government security holdings declined further, reflecting principally Treasury debt retirement. Deposits of businesses and individuals have shown little further change.

Member bank reserves showed little over-all change during October and the first three weeks of November. Losses of funds by member banks as a result of an outflow of currency and a transfer of deposits from member banks to Reserve Banks due to Treasury operations were about equal to the funds banks obtained by borrowing at Reserve Banks and from an inflow of gold. Government security holdings at Reserve Banks fluctuated considerably in October but were little changed over the period.