

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK OF KANSAS CITY

MAY 31, 1947

OUTLOOK FOR WHEAT

1947 Production The Department of Agriculture estimated as of May 1 that the states comprising the Tenth District will produce a winter wheat crop of about 542 million bushels this summer. This estimate is 19 per cent greater than the 1946 District crop of 456 million bushels. The 1947 winter wheat production for the entire country was estimated as of May 1 at 1,026 million bushels—152 million more than the record crop of 874 million bushels in 1946. This estimated output is based on an average yield of 18.9 bushels per acre from a reported 57 million acres seeded to winter wheat last fall. Unusually favorable growing weather, low abandonment, and an expected high yield per acre are the principal factors underlying the prediction of a billion bushel winter wheat crop. The Kansas crop estimate was placed at 263 million bushels, or 11 million above the record for that state of 252 million reached in 1931. No estimate of spring wheat production was given on May 1. However, the March 1 report of farmers' intentions to plant spring wheat indicated a crop of about 265 million bushels. Thus, the prospect is for a total wheat crop of 1,291 million bushels.

Oklahoma, and Nebraska. Subsoil moisture supplies are reported to be good, with western Kansas in mid-April showing an average of 47 inches of moist soil. Abandonment of acreage is estimated at only 4.6 per cent this year compared with 7.1 per cent last year and 16.1 per cent for the ten-year average. Crop observers report that, with average weather throughout the remainder of the growing season, the outlook is exceptionally good for a billion bushel winter wheat crop.

The supply of harvesting machinery is believed to be generally adequate to handle the expected record production, providing wet weather does not cause undue delay in the movement of machines northward with the ripening crop. Labor for harvesting operations appears to be in good supply, and only scattered sections anticipate difficulty in securing the required seasonal workers. The principal hazard to the crop is transportation. The shortage of railroad boxcars in the Wheat Belt that developed early in the 1946 harvest season made it necessary to dump temporarily much wheat on the ground for periods ranging up to three weeks. Losses from deterioration of quality due to excessive moisture in the wheat were in many cases quite extensive. It is as yet too early to determine accurately how successful the railroads will be in handling the 1947 crop.

WINTER WHEAT

| | PRODUCTION | | YIELD PER ACRE | | ACREAGE ABANDONED | |
|-------------|-----------------|---------|----------------|-------|-------------------|-------|
| | Indic. | Final | Indic. | Final | Indic. | Final |
| | 1947 | 1946 | 1947 | 1946 | 1947 | 1946 |
| | (1,000 bushels) | | (Bushels) | | (Per cent) | |
| Colo..... | 47,124 | 35,100 | 22.0 | 20.0 | 5.0 | 10.5 |
| Kans..... | 263,142 | 216,756 | 18.0 | 16.2 | 2.5 | 5.4 |
| Mo..... | 23,205 | 18,780 | 15.0 | 15.0 | 5.0 | 7.7 |
| Nebr..... | 98,578 | 89,723 | 23.0 | 23.0 | 3.0 | 2.0 |
| N. Mex..... | 6,336 | 2,648 | 14.5 | 8.0 | 20.0 | 36.3 |
| Okla..... | 98,715 | 88,262 | 15.0 | 14.5 | 3.0 | 8.5 |
| Wyo..... | 4,623 | 4,348 | 23.0 | 23.5 | 8.0 | 6.6 |
| 7 States.. | 541,723 | 455,617 | 18.2 | 16.9 | 3.3 | 6.7 |
| U. S..... | 1,025,789 | 873,893 | 18.9 | 18.0 | 4.6 | 7.1 |

Source: U. S. Department of Agriculture.

The condition of winter wheat was generally excellent in April and May. Favorable growing weather this spring has prevailed throughout most sections of the Wheat Belt. The late spring rains nearly everywhere corrected the deficiency of surface moisture that existed early in the season, although not before some damage was done by soil blowing in Kansas,

Domestic Consumption The demand for wheat as food in the United States does not change much from year to year. The average consumption in the years 1930 to 1940 was 475 million bushels. In this period the highest year of consumption was 1930 when 490 million bushels were used as human food, while the lowest was 1933 when 448 million bushels were thus utilized. The per capita consumption was 3.9 bushels in 1930 and 3.6 bushels in 1940. Although the per capita consumption of flour declined from 169 pounds in 1930 to 147 pounds in 1940, the growth in population since 1930 maintained a generally stable demand for wheat as food.

Next in importance in domestic consumption is the use of wheat as a livestock feed. In the years 1930 to

1940, wheat fed to livestock averaged 135 million bushels annually. This is not quite one third of the amount normally used as human food. In practically every section of the country, other grains such as corn, oats, barley, and sorghums provide more economical feed than wheat. However, wheat as livestock feed takes on increased importance when wheat prices are low or other grain prices are relatively high.

The prewar industrial use of wheat was never very significant compared with the total wheat crop of this country. The volume consumed yearly by industry rarely ever exceeded one tenth of 1 million bushels. The wheat kept by growers for seed in prewar years averaged 83 million bushels per year.

The export market, of course, furnishes the only outlet for the wheat not utilized domestically. The United States became a steadily declining factor in the world wheat market following World War I. In 1920, this country exported 369 million bushels, or 44 per cent of that year's wheat crop. By 1935, exports had fallen to about 16 million bushels. Exports in this period were limited somewhat by the relatively small crops in the drought-stricken Wheat Belt. The United States actually imported more wheat than it exported from 1934 to 1936. In 1939, approximately 54 million bushels, or 7 per cent of the year's crop, were exported. However, following 1936, wheat exports of the United States received some encouragement by virtue of an export subsidy program.

World War II brought about some notable changes in the use of wheat in the United States. Wheat used as food increased from 478 million bushels in 1940 to 543 million bushels in 1943. The estimated use as food in 1946 was 525 million bushels. The per capita consumption of flour rose to 162 pounds in 1945—still under the 169 pounds in 1930. Wheat fed to livestock was expanded to 488 million bushels in 1943, reflecting in large part the Government feed wheat subsidy program in effect at that time. The estimated consumption as livestock feed in 1946 was 180 million bushels, or only 45 million bushels above prewar. Wartime demands for alcohol tremendously increased the industrial use of wheat and other grains. In 1943, there was an estimated 108 million bushels of wheat consumed industrially. Since that year, industrial use has declined sharply and probably approached the prewar rate in late 1946. Exports rose steadily from 31 million bushels in 1941-1942 to a wartime peak of 391 million bushels in 1945-1946. Shipments in 1946-1947 may exceed the 1945-1946 figure by a few million bushels.

The facts indicate that domestic wheat consumption is fast returning to its prewar pattern, except for the somewhat greater use of wheat as food. Thus, from the standpoint of the future welfare of the wheat

producer, the pertinent question becomes one of attempting to determine how long the United States can maintain its wheat exports at or about present levels.

Foreign Demand Historically, Europe has been the principal market for the world's surplus wheat production. However, exclusive of Great Britain and Ireland, this market is normally not large in comparison with the world's total wheat output. Before the war, the Continent produced about 95 per cent of its own bread grain needs. With Britain largely dependent upon Canada and Australia for her grain requirements, it becomes evident that the normal European outlets for wheat are somewhat limited. Although India and China have been potential wheat markets, they have never been commercially important.

The war forced a sharp decline in wheat and other grain production in many European countries, the full force of which was not felt until 1945. Manpower shortages of the severest kind developed in France, Belgium, and the Danubian countries. Oil-bearing crops replaced some grains. On a substantial acreage, wheat was replaced by sugar beets and potatoes. Much land was taken out of production by military operations. Nitrogen and phosphate fertilizers, so important to European crops, became scarce. Thus, by 1945 both production and distribution of wheat and other foods were seriously disorganized. It is estimated that in 1945 the total bread grain output of Continental Europe had declined to 50 per cent of prewar.

Essentially the same food famine conditions in Europe developed immediately following World War I. Then, as now, the United States granted credits to enable European countries to buy needed foods and industrial supplies. In most cases, these countries have so far been compelled by acute food shortages to spend a large share of their credits to import food, and to depend heavily upon relief shipments of grain from UNRRA and United States occupation forces. There seems little doubt, however, that as soon as possible the grain producing countries of Europe will again be producing most of their own food, and using their foreign exchange to import necessary industrial raw materials and capital goods. As this condition approaches, the decline in the foreign demand for such foods as wheat may be reflected in this country, since the United States alone in 1946 accounted for almost 50 per cent of the world's export shipments of wheat.

Grain production in many European countries in 1946 reached about 85 per cent of prewar. Crop conditions this spring, however, do not indicate an immediate return to prewar grain production. Winter killing of wheat and other grains in western and

central Europe is reported to have been extensive. In Greece, the food situation is in a critical position, and in Italy wheat acreage has been slightly reduced and crop conditions are less favorable than in 1946. On the other hand, the Danubian countries report fav-

orable crop conditions. It is evident that until these temporary maladjustments in crop production and finances are corrected, the food conditions in Europe will continue to dominate the wheat situation in the United States.

RECENT DEVELOPMENTS IN BANK DEPOSITS

Thus far, the postwar period has brought only a partial reversal of the pronounced developments in bank deposits during the war years. These developments included an unprecedented increase in deposit volume, a marked regional redistribution of deposits, and a shift in the proportions of deposits held by various classes of owners.

Volume of Deposits It had not been anticipated that the early postwar period would bring a very large change in the volume of deposits, and this expectation has been borne out. While total deposits decreased substantially during 1946 both in the District and in the country as a whole, the decline was largely in war loan accounts, as funds previously borrowed were used to retire part of the Government debt. Interbank deposits also declined. Deposits of individuals and businesses continued to expand, however, as a result of private credit extension by banks and shifting of Government funds into private accounts. As war loan accounts and interbank deposits were not of the same significance in District country banks as in District city banks, the volume of total deposits in the former group continued to increase during 1946.

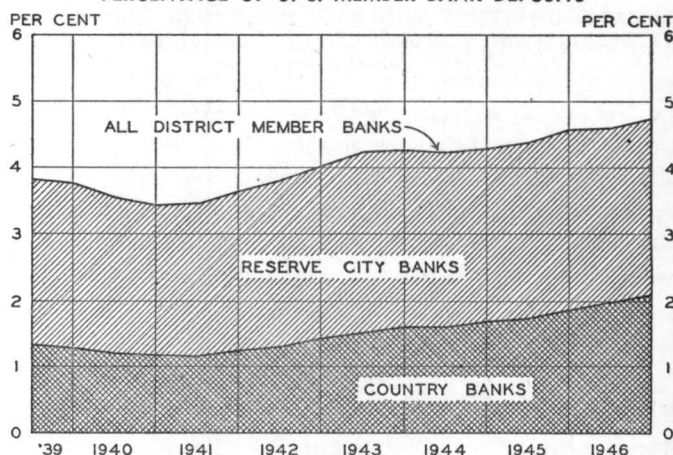
Regional Distribution of Deposits During the war, all regions of the country experienced a large expansion in the volume of bank deposits. However, the northeastern regions of the country held a decreasing proportion of bank deposits in the United States and the more southerly and westerly regions held an increasing proportion of deposits. The Tenth District ranked high among those areas increasing their proportions of total deposits.

Although a return to the prewar regional distribution of bank deposits had not been expected, a partial return toward the prewar distribution pattern had generally been anticipated. While this development has not yet taken place, the wartime regional redistribution of deposits of the country has been arrested in some regions and slowed down in others.

The case for believing that the Tenth District would come to hold a smaller proportion of the country's bank deposits has rested largely upon an expected decline in farm income and an anticipated outflow of funds to other regions in payment for consumer durable goods and farm machinery and equipment. Farm income has continued high, as the demand for farm

products has brought increasing rather than decreasing prices for leading farm commodities of the District. While durable goods for which out-of-District payments would be made have been available in increased quantity and have had a restraining influence on deposit growth, they still have not been freely available. As a consequence, the District's proportion of deposits is higher today than at the close of the war, and slightly higher than at the end of 1946.

TENTH DISTRICT MEMBER BANK DEPOSITS AS A PERCENTAGE OF U. S. MEMBER BANK DEPOSITS



On June 30, 1945, the call date nearest V-J Day, District member bank deposits were 4.4 per cent of all member bank deposits in the United States, compared with 3.8 per cent at the end of 1939. By the end of 1946, the figure was 4.7 per cent. The increase in the proportion of member bank deposits held by District member banks has been accounted for largely by District country banks. At the end of 1946, the District reserve city member banks held 2.6 per cent of all member bank deposits in the United States, which was approximately the same proportion that they held on June 30, 1945. This compares with 2.5 per cent at the end of 1939. On the other hand, the District country member banks held 2.1 per cent of all member bank deposits in the United States at the end of 1946, compared with 1.7 per cent in mid-1945. For December, 1939, the comparable figure was 1.3 per cent.

Ownership of Deposits Accompanying the increase in deposit volume and the regional redistribution of bank deposits during the war years was a redistribution of deposits among classes of owners. The most marked change in deposit owner-

ship was the increasing proportion of personal deposits, both farmers' deposits and other deposits. Personal deposits showed the largest relative increase of any major owner-class of private demand deposits, and in District banks constituted 55 per cent of all demand deposits of individuals and businesses on July 31, 1945, compared with 44 per cent on July 31, 1943, the earliest date for which adequate information on demand deposit ownership is available. While deposit volume of District wholesale and retail trade establishments increased greatly during the war, their proportion of demand deposits did not change much between mid-1943 and the end of the war. Deposits of manufacturing and mining concerns in District banks increased considerably and reached their peak figure with the end of the war, but their proportion of District demand deposits was significantly smaller at the end of the war than in 1943.

ESTIMATED OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS ON SELECTED DATES, 1943-47
Tenth Federal Reserve District

(In millions of dollars)

| | July 31 1943 | July 31 1945 | Jan. 31 1946 | July 31 1946 | Feb. 26 1947 |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Mfg. and mining..... | 392 | 479 | 400 | 456 | 412 |
| Trade..... | 426 | 585 | 684 | 709 | 651 |
| Other nonfinancial..... | 322 | 308 | 334 | 356 | 373 |
| Financial..... | 186 | 225 | 241 | 271 | 287 |
| Personal..... | 1,073 | 2,056 | 2,326 | 2,528 | 2,611 |
| Farmers..... | * | 870 | 985 | 1,008 | 1,059 |
| Others..... | * | 1,186 | 1,341 | 1,520 | 1,552 |
| Nonprofit..... | 63 | 74 | 92 | 102 | 109 |
| Total**..... | 2,461 | 3,726 | 4,077 | 4,421 | 4,442 |

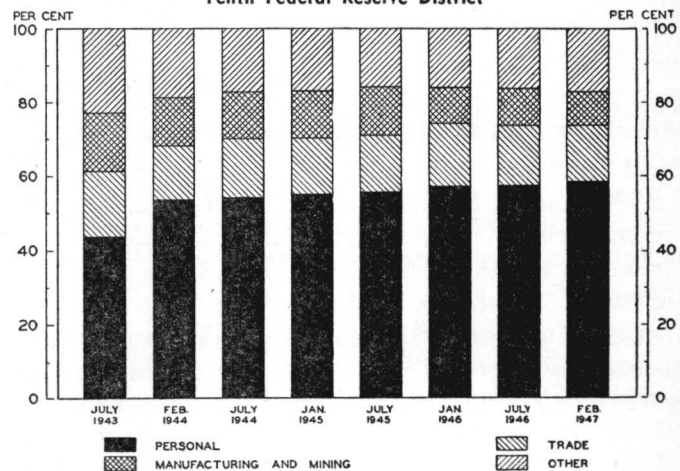
*Not available.

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

Manufacturers' Deposits The impact of postwar developments in the District is reflected by the changes in demand deposit ownership, even though the changes generally have not reversed the deposit ownership distribution trends of the war years. From mid-1945 to February, 1947, demand deposits of manufacturing and mining concerns in District banks declined by 67 million dollars. This cancelled most of the increase in this class of deposits from mid-1943, the date of the first deposit ownership survey, but bank deposits of this type of business had no doubt expanded considerably prior to the middle of 1943. The drop in manufacturing and mining deposits came very soon after V-J Day. That was logical in view of the fact that reconversion costs for manufacturing concerns came early in the postwar period. The subsequent flow of goods to wholesalers and retailers is reflected in the somewhat higher level of manufacturing and mining deposits on February 26, 1947, than on January 31, 1946. There has not only been a decline in the volume of manufacturing and mining deposits in the postwar period, but they are a smaller proportion of District demand deposits today than they were at the end of the war.

Trade Deposits The deposits of wholesale and retail trade establishments continued to increase after the close of the war. The latest demand deposit ownership survey on February 26, 1947, is the first that did not show an increase in this class of deposits. From July 31, 1943, to July 31, 1945, trade deposits increased by 159 million dollars, and during the next year they increased by another 124 million. On February 26 of this year, they were 58 million dollars below the level of seven months earlier, but still 66 million higher than at the end of the war. It is reasonable that the downturn in the volume of these deposits should come later than the decline in the deposits of manufacturing concerns. The decrease in trade deposits has resulted from the utilization of funds for enlarging inventories, and reconversion costs on the part of industry preparatory to producing civilian goods came earlier than the investment of funds on the part of trade establishments for increasing inventories.

PERCENTAGE DISTRIBUTION OF OWNERSHIP OF DEMAND DEPOSITS, 1943-47
Tenth Federal Reserve District



Personal Deposits Personal deposits in District banks have continued to increase, both in dollar volume and as a proportion of demand deposits. They showed the largest absolute and percentage increases of any major owner-class of demand deposits of individuals and businesses during the war. While these deposits have continued to increase since the war, both the rate of increase and the amount of increase were smaller between the last two deposit ownership surveys than previously.

Personal deposits of others than farmers increased at a much slower rate between July 31, 1946, and February 26, 1947, as they expanded by 32 million dollars, compared with 179 million in the six-month period ended July 31, 1946, and 155 million in the six-month period ended January 31, 1946. Although the upward trend in these deposits both in amount and as a proportion of demand deposits has not yet been re-

versed, there has been a pronounced leveling off in such deposits as a larger volume of durable goods has become available to consumers.

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

Tenth Federal Reserve District
(In millions of dollars)

| | July 1943 to July 1945 | July 1945 to Feb. 1947 | July 1946 to Feb. 1947 |
|-------------------------|------------------------------|------------------------------|------------------------------|
| Mfg. and mining..... | +87 | -67 | -45 |
| Trade..... | +159 | +66 | -58 |
| Other nonfinancial..... | -14 | +65 | +17 |
| Financial..... | +39 | +61 | +16 |
| Personal..... | +983 | +555 | +83 |
| Farmers..... | * | +189 | +51 |
| Others..... | * | +366 | +32 |
| Nonprofit..... | +11 | +35 | +7 |
| Total**..... | +1,265 | +716 | +20 |

*Not available.

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

The leveling off in farmers' deposits began earlier than in other personal deposits and was indicated by the demand deposit ownership survey of July 31, 1946. Farmers' deposits as a percentage of demand deposits reached their peak for any deposit ownership survey date on January 31, 1946. During the thirteen-month period ended February 26, 1947, the volume of these

deposits in District banks increased by 74 million dollars, compared with an increase of 245 million dollars in the twelve-month period ended January 31, 1946. The fact that such deposits increased more in the last half of 1946 than in the first half of the year is not a counterdevelopment, as the marketing of farm products was delayed during the first half of 1946 because of the uncertainty in the price situation for farm products and in anticipation of increased prices.

Demand deposits owned by others than manufacturing and mining concerns, trade establishments, farmers, and other individuals have accounted for a sizable proportion of the increase in District demand deposits since the close of the war. A miscellaneous grouping of these demand deposits accounted for 101 million dollars of the 364 million dollar net increase in demand deposits of individuals and businesses in District banks during the thirteen-month period ended February 26, 1947. Important increases, both absolutely and relatively, have been registered since the war and continue to be registered by public utility concerns, other nonfinancial businesses, insurance companies, other nonbank financial institutions, and non-profit organizations.

BUSINESS AND AGRICULTURAL CONDITIONS

MEMBER BANK CONDITION

Loans and investments of District member banks declined slightly during April. A decrease in Government security holdings more than offset a further expansion in loans. The cash retirement by the United States Treasury of 1.5 billion dollars of certificates of indebtedness on April 1 was a factor in the decrease in Government security holdings. However, a few city banks expanded their Treasury bill holdings enough to bring a small net increase in Government securities held by District reserve city member banks.

Loan volume of District reserve city member banks declined during April, and for the first four months of the year have shown a net increase of less than 3 per cent. On the other hand, District country member banks expanded their loans in April substantially more than in other recent months, and have increased their loan volume by over 10 per cent during the first four months of the year.

Deposit volume decreased during the month in both District reserve city banks and country banks. The largest part of the decline was in war loan accounts, on which the Treasury made several calls during April, although interbank deposits accounted for a significant part of the decline in reserve city banks. Demand deposits other than interbank and war loan expanded in both groups of banks. However, such deposits have shown a decline during the first four months of the year, more particularly in the country banks. For the

reserve city banks, the decline has been only 0.5 per cent, but for the country banks, it has been 2.5 per cent, amounting to 52 million dollars.

Both District reserve city banks and District country banks have met a substantial decrease in their total deposit volume during the first four months of this year by reducing their cash balances, chiefly demand balances with other banks. This action by the District country banks is apparent also in the reduction in the interbank deposits of the District city banks.

Principal items of condition of all member banks:

| | Apr. 30 1947* | Mar. 26 1947** | Dec. 31 1946** |
|---|------------------|-------------------|-------------------|
| (In millions of dollars) | | | |
| Loans and discounts..... | 1,059 | 1,053 | 1,002 |
| U. S. Government obligations..... | 2,684 | 2,698 | 2,754 |
| Other securities..... | 323 | 322 | 314 |
| Reserve with F. R. Bank..... | 767 | 773 | 764 |
| Demand balances with banks in U. S. | 619 | 625 | 685 |
| Cash items in process of collection.... | 219 | 223 | 253 |
| Gross demand deposits..... | 4,791 | 4,817 | 4,912 |
| Deposits of banks..... | 908 | 924 | 976 |
| War loan accounts..... | 109 | 142 | 101 |
| Other demand deposits..... | 3,774 | 3,751 | 3,835 |
| Time deposits..... | 660 | 659 | 650 |
| Total deposits..... | 5,451 | 5,476 | 5,562 |
| Borrowings from F. R. Bank..... | 4 | 4 | 3 |

*Preliminary.

**Revised.

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in April was 7 per cent larger than in the corresponding month a year ago, and sales in the forepart of May were about 11 per cent

| | BANK DEBITS | | Change from '46 | |
|------------------------|--------------------|-------------|-----------------|--------|
| | Apr. 1947 | 4 Mos. 1947 | Apr. | 4 Mos. |
| | (Thousand dollars) | | (Per cent) | |
| COLORADO | | | | |
| Colo. Springs..... | 32,813 | 129,554 | +11 | +10 |
| Denver..... | 433,857 | 1,686,614 | +21 | +21 |
| Gr. Junction..... | 11,142 | 46,486 | +16 | +23 |
| Greeley..... | 16,062 | 67,538 | +31 | +31 |
| Pueblo..... | 38,502 | 131,700 | +43 | +32 |
| KANSAS | | | | |
| Atchison..... | 14,383 | 56,308 | +56 | +45 |
| Emporia..... | 8,698 | 36,393 | +6 | +9 |
| Hutchinson..... | 31,246 | 153,899 | +33 | +21 |
| Independence..... | 5,885 | 25,321 | +8 | +16 |
| Kansas City..... | 62,747 | 227,107 | +27 | +22 |
| Lawrence..... | 8,787 | 35,942 | +21 | +18 |
| Parsons..... | 6,815 | 27,322 | +19 | +21 |
| Pittsburg..... | 9,827 | 38,563 | +29 | +17 |
| Salina..... | 30,497 | 132,735 | +33 | +33 |
| Topeka..... | 76,379 | 314,258 | +18 | +23 |
| Wichita..... | 170,928 | 782,984 | +22 | +17 |
| MISSOURI | | | | |
| Joplin..... | 24,937 | 100,419 | +9 | +9 |
| Kansas City..... | 887,368 | 3,554,648 | +33 | +29 |
| St. Joseph..... | 85,780 | 347,994 | +54 | +42 |
| NEBRASKA | | | | |
| Fremont..... | 11,942 | 48,701 | +52 | +52 |
| Grand Island..... | 19,095 | 75,341 | +20 | +20 |
| Hastings*..... | 13,697 | 53,086 | | |
| Lincoln..... | 68,303 | 270,363 | +16 | +15 |
| Omaha..... | 443,903 | 1,802,404 | +30 | +24 |
| NEW MEXICO | | | | |
| Albuquerque..... | 60,572 | 251,409 | +16 | +17 |
| OKLAHOMA | | | | |
| Bartlesville..... | 57,385 | 231,869 | +25 | +27 |
| Enid..... | 26,116 | 135,564 | +35 | +59 |
| Guthrie..... | 3,769 | 15,752 | +16 | +18 |
| Muskogee..... | 18,594 | 87,050 | +7 | +27 |
| Okla. City..... | 248,976 | 1,015,754 | +17 | +21 |
| Okmulgee..... | 6,096 | 24,061 | +16 | +14 |
| Tulsa..... | 338,085 | 1,288,189 | +30 | +26 |
| WYOMING | | | | |
| Casper..... | 17,916 | 72,759 | +13 | +30 |
| Cheyenne..... | 22,654 | 103,969 | +16 | +21 |
| District, 33 cities.. | 3,300,059 | 13,318,970 | +27 | +25 |
| U. S., 334 cities..... | 87,766,000 | 356,154,000 | 0 | +5 |

*Not included in total; new reporting center beginning November, 1946.

above last year. Sales of durable goods in recent months have been sufficiently large to maintain dollar volume above the level of a year ago, despite a decrease in sales of most soft lines. Extensive clearance and markdown sales of certain types of merchandise, especially of women's apparel, also have been a factor in maintaining dollar volume. Nevertheless, it is apparent that a definite leveling off in sales is under way, and unit volume in many lines has dropped considerably below a year ago.

The retail value of department store inventories at the end of April was 53 per cent greater than a year earlier. The rise in inventories, however, is leveling off, owing in part to the liquidation of certain types of merchandise through special sales and the downward revaluation of stocks of some types of merchandise. Reflecting an increasingly conservative buying policy, outstanding orders showed a further sharp decrease during April. The volume of outstanding orders at the end of April was about 54 per cent smaller than a year ago and 61 per cent below the peak of last July.

Department store sales and stocks in leading cities:

| | SALES | | STOCKS |
|--------------------|----------------------------------|--------------------------------------|--|
| | Apr. '47 comp. to Apr. '46 | 4 Mos. '47 comp. to 4 Mos. '46 | Apr. 30, '47 comp. to Apr. 30, '46 |
| | (Per cent increase or decrease) | | |
| Denver..... | +10 | +17 | +68 |
| Pueblo..... | +12 | +14 | +32 |
| Hutchinson..... | +6 | +6 | +50 |
| Topeka..... | +3 | +10 | +42 |
| Wichita..... | -6 | -4 | +28 |
| Joplin..... | +22 | +12 | +89 |
| Kansas City..... | +11 | +10 | +62 |
| St. Joseph..... | +14 | +8 | * |
| Omaha..... | +5 | +9 | * |
| Oklahoma City..... | +2 | +4 | +28 |
| Tulsa..... | +1 | +5 | +56 |
| Other cities..... | +12 | +9 | +55 |
| District..... | +7 | +9 | +53 |

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing Cattle slaughter in the District during the first four months of this year was 73 per cent above the same four months of last year, with April cattle slaughter 64 per cent above the ten-year average for that month. Hog slaughter so far this year has been 5 per cent above a year ago and slightly above the ten-year average.

These figures are based upon purchases by meat packers at the principal livestock markets in the District. In comparing livestock marketing and slaughtering activity in the District this year with that of a year ago, it is significant to remember that from about April 1 to October 31 of 1946 the normal operation of the livestock and meat industry was greatly altered by the uncertain status of Government price control measures. The alternate presence and absence of price ceilings on livestock caused alternate periods of heavy and light receipts at terminal markets, thus causing wide fluctuations in slaughtering operations at these markets. Large numbers of cattle were purchased at midwestern markets and shipped to eastern points. In addition, it is apparent that while slaughtering operations at terminal points in this District were at times reduced by small livestock receipts and strikes at packing plants, a considerable volume of cattle continued to be slaughtered for the so-called black market.

Flour Milling Flour milling operations in the Southwest during April were at about 94 per cent of full-time capacity, compared with 102 per cent the previous month. Flour output in April was down 7 per cent from March but was 25 per cent over the production in April, 1946. Operations in May were not appreciably changed from those in April, as flour demand continued to stem mainly from export outlets.

Flour sales in the Southwest at the middle of May were at a rate of only about 40 per cent of milling

capacity. Domestic users continued to buy in small lots to fill immediate needs, apparently awaiting the more settled market conditions expected when the new wheat crop begins to move. Export purchases by domestic shippers and the Government were spasmodic and the trade continued generally dull. No important change in either foreign or domestic flour buying is expected by the trade until business is converted to the new crop basis.

A recent survey of the nation's bakery business shows that the volume of sales is generally down 5 to 20 per cent from a year ago. The greatest decrease in business was felt in the sweet goods and specialty item lines. Although some seasonal decline in the sale of these goods is usual, sales this spring appear to be off by more than the normal amount.

Petroleum Crude oil production in the Tenth District reached a daily average of 911,000 barrels during April. This represents an increase of 3 per cent above the daily output in March and 5 per cent above that in April a year ago. Production in the District during the first four months of this year was up 4 per cent from the corresponding period of 1946 and has provided 19 per cent of the national output thus far reported for 1947.

Imports of crude petroleum and refined products into the United States expanded rapidly during January, but a slight decline in daily average receipts was reported during February. During this two-month period, imports totaled more than 29 million barrels, representing a gain of 27 per cent above the corresponding period of last year. Exports of crude oil and refined products increased rapidly from January to February, and the United States continued as a net importer of petroleum by only a narrow margin. It is significant to note, however, that crude oil made up approximately three fifths of all petroleum imports in February, while motor fuels (other than aviation motor fuels) constituted the leading item in petroleum exports.

Increasing interest in other possible sources of crude oil supplies was shown in the opening of the shale-oil demonstration plant on May 17 at Rifle, Colorado. This plant which at present has a limited capacity of only 200 to 300 barrels per day will be used as a testing ground for studying problems of full-scale commercial extraction of petroleum products from oil shale. The main experiments to be conducted include techniques and costs of mining shale, methods of retorting to yield crude shale oil, and procedures for refining shale oil into usable products. It is necessary that a practical solution to these problems be discovered, before any serious attempt at widespread commercial operation can be considered.

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

| | Apr. | 4 Mos. | Change from '46 | |
|--------------------|--------------------|---------|-----------------|--------|
| | 1947 | 1947 | Apr. | 4 Mos. |
| | (Thousand barrels) | | (Per cent) | |
| Colorado..... | 1,146 | 4,488 | +35 | +46 |
| Kansas..... | 8,307 | 32,544 | +8 | +7 |
| Nebraska..... | 18 | 80 | -28 | -14 |
| New Mexico..... | 3,096 | 12,440 | +3 | +5 |
| Oklahoma..... | 11,435 | 44,535 | +3 | -1 |
| Wyoming..... | 3,333 | 13,116 | +2 | +7 |
| Six states..... | 27,335 | 107,203 | +5 | +4 |
| United States..... | 147,502 | 577,852 | +5 | +5 |

Employment The number of workers employed by construction contractors showed a decline during March of 5 per cent in Colorado and 1 per cent in Wyoming, as compared with the levels of the previous month. This reduced employment in Colorado was largely the result of curtailed general building construction, with specialized trades showing only a small decline and heavy construction remaining relatively stable. In Wyoming, a moderate gain was reported in general building construction, but this was more than offset by reduced employment in heavy construction and specialized trades. These declines during March were contrary to seasonal expectations and were decidedly different from the trend of construction employment in the entire nation, where a seasonal gain of 53,000 workers was reported during the month. Comparable figures for the other states of the District are not available at the present time.

Total unemployment in the nation rose 100,000 during February, as job opportunities continued to decline seasonally. This was the third consecutive month in which unemployment increased, but the February total of 2½ million workers unemployed was still 200,000 lower than a year ago. Individuals continued to remain unemployed only a relatively short time, with the average period running about twelve weeks.

Total nonagricultural employment in the Tenth District in February was slightly below the January level but was 3 per cent above that of February of last year. Manufacturing employment in the District showed a small increase from January to February, reaching a level 10 per cent above that of a year ago, with all states of the District, except Nebraska and Oklahoma, reporting a larger number of manufacturing workers than in February, 1946. The lower level of manufacturing employment in Nebraska and Oklahoma was largely the result of reduced activity in the food industries, which more than offset the gains reported by the durable goods industries in the two states.

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

| | Feb. | Aver. | Change from '46 | |
|--------------------|------------|----------------|-----------------|--------|
| | 1947 | 2 Mos. 1947 | Feb. | 2 Mos. |
| | (Number) | | (Per cent) | |
| Colorado..... | 270,000 | 272,500 | +7 | +7 |
| Kansas..... | 336,000 | 337,500 | +2 | +3 |
| Missouri..... | 905,000 | 903,500 | +4 | +4 |
| Nebraska..... | 241,000 | 242,000 | +1 | +1 |
| New Mexico..... | 82,300 | 82,700 | +1 | +1 |
| Oklahoma..... | 339,000 | 339,000 | +2 | +1 |
| Wyoming..... | 59,000 | 58,900 | -5 | -10 |
| Seven states..... | 2,232,300 | 2,236,100 | +3 | +3 |
| United States..... | 41,858,000 | 41,831,000 | +10 | +9 |

AGRICULTURE

Crops All states in the District except New Mexico reported generally favorable moisture conditions in May. The late spring, along with excessive rainfall, has delayed spring crop planting schedules from two to three weeks in many areas. Insufficient moisture in most sections of New Mexico has retarded the growth of both crops and range feed. Elsewhere, crops and pastures are generally in good condition although appreciably later than last year. In several areas some replanting has been necessary because of water damage and wind erosion.

Relief from the moist, cool weather was fairly general over the District in the first week of May when the occurrence of clear, mild days permitted farmers to resume seed bed preparation and spring planting. However, light to heavy frosts occurred in south central Nebraska and some sections of northwestern Kansas between the 7th and 9th of the month. By mid-May only about 7 per cent of the corn crop was planted in Nebraska while planting operations were fully under way in most parts of Kansas. Corn planting in Oklahoma was largely completed by the middle of May. The development of most spring crops is quite uneven because of the staggered planting schedule that has been made necessary by the cool spring weather and wet soil conditions.

Grain prices at Kansas City in May have been unsteady, fluctuating widely from day to day. A Government purchase of flour on May 14 sent the May wheat futures price up the full ten cents per bushel limit allowed by regulations. The reverse occurred on the following day when futures dropped ten cents.

The lower range of Kansas City cash grain prices:

| | May 15 1947 | Apr. 30 1947 | Mar. 31 1947 | Apr. 30 1946 |
|-------------------------------|----------------|-----------------|-----------------|-----------------|
| No. 1 dk., hd. wheat, bu..... | \$2.66¾ | \$2.63¼ | \$2.64 | \$1.73½ |
| No. 2 mixed corn, bu..... | 1.71½ | 1.56½ | 1.78¼ | 1.16⅞ |
| No. 2 white oats, bu..... | .95 | .90 | .92½ | .79¾ |
| No. 2 rye, bu..... | 2.85 | 2.95 | 2.90 | 2.46 |
| No. 2 barley, bu..... | 1.50 | 1.40 | 1.45 | 1.21 |
| No. 2 white kafir, cwt..... | 2.97 | 2.77 | 2.85 | 2.51½ |

World demands for food, expressed principally through Government purchases, continue to dominate

the price movements of most types of grain. April shipments raised the ten months' (July, 1946, through April, 1947) total of grain exports to 427 million bushels, 315 million of which were wheat and flour. About 65 per cent of total grain shipments was exported by the Production and Marketing Administration with the remainder moving through commercial channels.

Livestock The receipts of cattle at principal markets in the District during the first four months of the year were 25 per cent greater than in the same months last year. Receipts in April were 46 per cent above the ten-year average for that month. Hog receipts in the first four months of the year were 8 per cent below the same period last year, while April receipts were 6 per cent above the ten-year average for that month. Marketings of sheep and lambs thus far in 1947 have been 15 per cent under those in the corresponding period last year.

Livestock prices at Kansas City in the first half of May were unsteady to slightly higher. There were several price advances early in the month which failed to hold for any great length of time. Hog prices were extremely irregular in mid-May, gains of \$1.00 per hundred pounds being recorded on several days, only to be offset by declines of about the same amount on following days. The prices of various weights of hogs at Kansas City were from \$5.00 to \$8.00 under the record highs of March.

Top carlot livestock prices at Kansas City:

| | May 15 1947 | Apr. 1947 | Mar. 1947 | Apr. 1946 | Apr. 1945 | Apr. 1944 |
|---------------------|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| | (In dollars per hundredweight) | | | | | |
| Beef steers..... | 26.50 | 26.50 | 28.00 | 17.65 | 17.25 | 16.50 |
| Stocker cattle..... | 23.25 | 22.00 | 21.75 | 17.65 | 15.50 | 14.50 |
| Feeder cattle..... | 23.25 | 23.15 | 24.25 | 16.60 | 15.60 | 14.35 |
| Calves..... | 25.00 | 26.00 | 28.00 | 17.00 | 14.00 | 14.00 |
| Hogs..... | 24.35 | 27.25 | 30.00 | 14.55 | 14.50 | 13.75 |
| Lambs..... | 23.50 | 24.35 | 25.00 | 17.00 | 16.75 | 16.40 |
| Slaughter ewes..... | 10.25 | 10.35 | 10.35 | 9.00 | 9.25 | 9.10 |

The spring pig crop report of the Department of Agriculture will not be available until about the middle of June. However, unofficial observers express the belief that the number of spring pigs saved has been under the estimates published early in the year. The cold, wet spring has been one cause of the somewhat excessive losses of pigs at farrowing. Early lambs in Missouri, one of the principal early lamb producing states, were also adversely affected by the unseasonably cold weather in April. With pastures late, ewes and lambs in that state have maintained fair condition but lambs have been slow in gaining weight. Lambs in other early producing states outside the Corn Belt are reported to have made satisfactory weight gains.