

# MONTHLY REVIEW

## *Agricultural and Business Conditions*

### TENTH FEDERAL RESERVE DISTRICT

VOL. 32, No. 8

FEDERAL RESERVE BANK OF KANSAS CITY

AUGUST 31, 1947

#### EXPANSION IN BANK LOANS

Loan volume of Tenth District member banks was 63 per cent higher on June 30, 1947, than on June 30, 1945, the call date nearest the end of World War II. Three fifths of the total loan increase of 421 million dollars occurred during the year ended June 30, 1947. During the first six months of 1947, however, there was a distinct leveling off in loan expansion. There was no diminution in the rate of loan expansion in the country member banks, but there was a lower rate of expansion in the reserve city member banks, which was at least partly seasonal. The only class of loans showing a significant decrease during the two years ended June 30, 1947, was loans for purchasing or carrying Government securities. Most of this decrease took place in the city banks, which had extended most of the bank credit for loans on Government securities during the war loan drives.

**Commercial and Industrial Loans** Commercial and industrial loans account for three fifths of the loan expansion that has taken place.

This category of loans represents nearly three fourths of the loan expansion in the reserve city banks and slightly over one third in the country banks. This type of loans showed the most marked leveling off of any class of loans during the first six months of 1947, a development which was seasonal in nature. A substantial seasonal upswing of these loans has occurred since June 30 in the form of loans to grain dealers and millers for handling the 1947 wheat crop.

The greatest relative growth in loans during this two-year period has been in consumer loans to individuals, which have expanded by 150 per cent. This compares with increases of 107 per cent in commercial and industrial loans, 121 per cent in real estate loans, and 36 per cent in loans to farmers.

The rate of loan expansion in the country banks has exceeded that in the city banks, as loans have expanded by 75 per cent in the former and by 56 per cent in the latter. The country bank rate of expansion has been greater than that of the reserve city banks in

commercial and industrial loans, real estate loans, and consumer loans to individuals, and approximately the same as the reserve city banks in loans to farmers. On a more detailed classification of loans, it is apparent that city banks have shown greater relative expansion than country banks in retail automobile instalment paper and in instalment cash loans.

**Real Estate Loans** In the field of real estate loans, the bulk of the lending, both by city banks and country banks, has been on residential property. Such loans have expanded by 123 per cent compared with an increase of 57 per cent in loans on farm land. However, loans on other properties have increased by 200 per cent and in amount have increased more than loans on farm land. This general pattern of real estate lending is found in both city and country banks. In the country member banks, loans on farm land have increased by 69 per cent, while increases of 166 per cent and 306 per cent, respectively, have occurred in loans on residential property and loans on other properties.

During the postwar period, loans on farm land and other loans to farmers have expanded relatively much less than other classes of loans. The tremendous increase in farmers' liquid assets during and since the war has been a factor limiting the amount of farm borrowing. Farm income has not only been sustained in the postwar period; it has actually continued to increase. Borrowing, nevertheless, has occurred in substantial volume for several reasons. While, in the aggregate, farmers' liquid assets have expanded greatly, not all farmers have a significant share in those holdings. This is notably true of many young farmers, including war veterans. Moreover, in farming, as in all other endeavors, the financing of any project or operation now involves a much larger amount of funds than prior to the inflation of prices. While farm loan expansion appears moderate compared with other types of loans, it should be borne in mind that these data indicate net increases. As many farmers have completely retired their indebtedness

on farm land, other individual farmers may have extended themselves much more than the over-all figures indicate.

The rate of expansion in loans on residential property has been as high during 1947 as during 1946. Loans on farm land had a larger increase in the first year following the war than in the second year. Loans on other properties expanded more rapidly during the second year than during the first, with half of the postwar increase occurring during the last six months of 1946.

**Consumer Loans** The most rapid expansion in bank loans has been in consumer loans to individuals. The pattern of expansion in this type of loans is a reflection of the scarcity of durable consumer goods at the close of the war and the increasing availability of such goods in recent months. Four fifths of the increase of 97 million dollars in such loans in District member banks during the two years ended June 30, 1947, occurred during the second year. While this accelerating rate of expansion has occurred in all types of consumer loans to individuals, it has been most marked in single-payment loans, which increased by 1 million dollars in the year ended June 29, 1946, and by 43 million in the year ended June 30, 1947.

Approximately 46 per cent of the expansion in consumer loans to individuals has been in the form of single-payment loans, while retail automobile instalment paper has represented another 24 per cent. The latter type of loans has expanded by approximately 300 per cent, being exceeded only by other retail and

repair and modernization instalment loans, which have increased by 359 per cent.

On June 30, 1947, consumer loans to individuals represented 15 per cent of the total loan volume of District reserve city member banks and 14 per cent of the loan volume of District country member banks. For the city banks, single-payment loans were nearly three fifths of consumer loans to individuals, while for country banks the proportion was 45 per cent.

**Investments** While loan volume of the District member banks increased by 421 million dollars in the two years following the war, loans and investments combined increased by only 298 million. The difference is accounted for by a decrease in investments, as a decline of 220 million dollars in Government security holdings was only partly offset by an increase of 97 million in other investments.

Loans and investments of the District country member banks, however, were 31 per cent higher on June 30, 1947, than two years earlier, with nine tenths of that increase occurring in the year ended June 29, 1946. Country member bank Government security holdings continued to expand until the fourth quarter of 1946 and were 176 million dollars higher in mid-1947 than in mid-1945. Other investments of these banks expanded by 66 million dollars, an increase of 75 per cent. During the first six months of 1947, their Government security holdings declined by 83 million and other investments expanded by 11 million.

District reserve city member banks had a decline of 6 per cent in their loans and investments in the two

#### TENTH DISTRICT MEMBER BANK LOANS (In thousands of dollars)

	RESERVE CITY BANKS				COUNTRY BANKS			
	June 30 1947*	Change			June 30 1947*	Change		
		June '45 to June '47	June '46 to June '47	Dec. '46 to June '47		June '45 to June '47	June '46 to June '47	Dec. '46 to June '47
Commercial and industrial loans, including open market paper.....	365,996	+177,521	+118,524	+9,402	111,783	+69,564	+39,531	+12,911
Loans to farmers directly guaranteed by the Commodity Credit Corporation**....	153	-13,094	-340	-320	2,446	-18,260	-831	-3,991
Other loans to farmers.....	43,416	+11,522	+11,375	+2,614	147,005	+38,494	+21,980	+22,262
Loans to brokers and dealers in securities..	4,540	-2,254	-3,624	-2,298	204	+115	+90	+90
Other loans for purchasing or carrying securities.....	28,371	-22,215	-34,312	-11,208	4,808	-3,531	-1,588	+90
Real estate loans, total.....	82,223	+39,497	+22,744	+7,656	108,102	+64,568	+34,730	+15,091
On farm land.....	6,175	+1,149	+16	-120	25,910	+10,547	+4,574	+2,718
On residential property.....	52,071	+24,171	+13,731	+6,790	61,303	+38,273	+21,423	+9,415
On other properties.....	23,977	+14,177	+8,997	+986	20,889	+15,748	+8,733	+2,958
Loans to banks.....	251	+251	+97	-534	66	-3	-3	-9
Other loans to individuals, total.....	98,554	+55,196	+47,292	+22,074	63,527	+41,966	+29,909	+16,510
Retail automobile instalment paper.....	13,976	+10,927	+7,349	+5,020	17,583	+12,706	+8,771	+5,046
Other retail and repair-modernization instalment loans.....	15,651	+12,051	+8,355	+4,789	8,020	+6,462	+4,346	+2,328
Instalment cash loans.....	8,901	+5,477	+2,649	+1,366	9,347	+5,288	+2,955	+1,580
Single-payment loans.....	60,026	+26,741	+28,939	+10,899	28,577	+17,510	+13,837	+7,556
All other loans, including overdrafts.....	13,737	-17,592	-24,598	-6,606	11,106	-956	-3,065	-517
<b>Total loans.....</b>	<b>637,241</b>	<b>+228,832</b>	<b>+137,158</b>	<b>+20,780</b>	<b>449,050</b>	<b>+191,960</b>	<b>+120,756</b>	<b>+62,440</b>

\*Preliminary figures.

\*\*Figures not comparable with those prior to December 31, 1945, due to reclassification of loans.

years following the war. During the first of those years, loans and investments expanded by 110 million dollars to reach their peak level, but a contraction of 246 million occurred in the next year. The city banks' holdings of Government securities were 396 million dollars smaller in June, 1947, than two years earlier, with nearly all of the decline occurring during the second year. Other investments expanded by 31 million dollars, an increase of 22 per cent from the middle of 1945 to the middle of 1947.

**Deposits** Although deposit volume of District reserve city member banks continued to increase until the fall of 1946, deposit volume was 5 per cent smaller on June 30, 1947, than two years

earlier. The decrease occurred primarily in war loan accounts, although interbank deposits also contracted considerably. Demand deposits of individuals and businesses expanded by 19 per cent in the two-year period and have continued to expand.

District country member bank deposits were 19 per cent larger on June 30, 1947, than on June 30, 1945, although the peak volume occurred in December, 1946. War loan accounts declined substantially beginning in early 1946. Demand deposits of individuals and businesses expanded by 33 per cent during the two-year period, although they declined slightly during the first half of 1947. That downward movement has since been reversed, as the marketing of the 1947 wheat crop has brought a substantial increase in deposits.

## BUSINESS AND AGRICULTURAL CONDITIONS

### FINANCE

**Member Bank Condition** Financial developments incident to the marketing of the 1947 wheat crop dominated the changes in the condition of Tenth District member banks during July. While the effects on the country banks and on the city banks were not identical, they were interrelated.

The outstanding change in District country member bank condition during the month was an increase of 87 million dollars in deposits, 75 million of which consisted of demand deposits other than interbank and represented largely the proceeds of wheat sold by country bank customers. The other outstanding development in country member bank condition was an increase of 60 million dollars in balances with domestic banks. As wheat payments to country bank customers cleared through the city banks, country bank balances with the city banks were increased. There were also increases of 6 million dollars in loans, 8 million in United States Government obligations, and 3 million in other securities.

The outstanding change in the District reserve city

member bank condition likewise was an increase in deposits, the increase being 143 million dollars. However, most of the increase in the city banks was in interbank demand deposits, which increased by 122 million dollars. As wheat payments to country bank customers clearing through the city banks increased country bank balances with those banks, interbank deposits in the city banks were increased. Demand deposits other than interbank also expanded in the reserve city banks during the month, the increase being 20 million dollars.

For the reserve city banks, important changes also took place in loans, investments, and cash items in process of collection. An increase of 50 million dollars in loans represented a seasonal advance to grain dealers and millers for handling the incoming wheat crop. An expansion of 56 million dollars in United States Government security holdings arose from the investment of funds coming into the banks in connection with the wheat payments. The level of cash items in process of collection increased by 24 million dollars in July, largely as a result of the volume of drafts on wheat in process of collection.

### SELECTED ITEMS OF CONDITION OF TENTH DISTRICT MEMBER BANKS

(In millions of dollars)

	ALL MEMBER BANKS			RESERVE CITY BANKS			COUNTRY BANKS		
	July 30 1947	June 25 1947	Dec. 31 1946	July 30 1947	June 25 1947	Dec. 31 1946	July 30 1947	June 25 1947	Dec. 31 1946
Loans and investments.....	4,144	4,022	4,070	2,293	2,188	2,224	1,851	1,834	1,846
Loans and discounts.....	1,137	1,081	1,002	684	634	616	453	447	386
U. S. Government obligations.....	2,677	2,613	2,754	1,434	1,378	1,437	1,243	1,235	1,317
Other securities.....	330	328	314	175	176	171	155	152	143
Reserve with F. R. Bank.....	769	766	764	460	461	453	309	305	311
Balances with banks in U. S.....	690	623	693	277	270	300	413	353	393
Cash items in process of collection.....	251	226	253	235	211	233	16	15	20
Gross demand deposits.....	4,967	4,739	4,912	2,771	2,629	2,728	2,196	2,110	2,184
Deposits of banks.....	1,005	872	976	930	808	893	75	64	83
Other demand deposits.....	3,962	3,867	3,936	1,841	1,821	1,835	2,121	2,046	2,101
Time deposits.....	664	662	650	359	358	351	305	304	299
Total deposits.....	5,631	5,401	5,562	3,130	2,987	3,079	2,501	2,414	2,483
Borrowings from F. R. Bank.....	4	12	3	3	11	3	1	1	*

\*Less than \$500,000.



The factors affecting financial developments in District banks during July continued through the first half of August. District weekly reporting member bank data available through August 13 indicate that the city banks had further substantial increases in loans, investments, cash items in process of collection, and deposits. While interbank demand deposits continued to expand at about the same rate as in July, demand deposits of individuals and businesses made much more rapid gains in early August than in July. There are indications that interbank deposits in the city banks began to decline after mid-August.

Data on District country member banks are not yet available beyond the end of July. It is to be expected, however, that country bank demand deposits and country bank balances with domestic banks continued to increase during the first half of August.

**Bank Debits** During July, the volume of bank debits in the 33 reporting District cities was 17 per cent larger than during July of last year. This percentage increase was greater than that of any

other Federal Reserve district, although the Minneapolis district increase was only a fraction of one per cent smaller. Next in line were the Chicago and Dallas districts, with increases of 15 per cent and 14 per cent, respectively, while the New York and Philadelphia districts showed decreases from a year ago. For the 334 reporting cities in the country as a whole, the increase for July over July a year ago was 3 per cent.

During the first seven months of 1947, the volume of bank debits in the 33 District reporting cities ran 22 per cent higher than the volume for the comparable period of 1946. This compares with a 5 per cent increase over last year for the 334 reporting cities in the United States. In general, the northeastern section of the country, including the Boston, New York, and Philadelphia districts, shows the least favorable comparison with last year, followed next by the San Francisco district. The highest relative increases are found in the central part of the United States.

The volume of District bank debits has been expanded this year by the larger dollar volume of marketing of farm products. The fact that the July percentage increase was smaller than that for the first seven months of the year is explainable in part by the large volume of bank debits in July last year. July, 1946, was preceded by a period of price uncertainty and Congressional debate on price control accompanied by delayed marketing, while during July, when price controls were off, marketing increased sharply at advancing prices. This development was very evident in the marketing of farm commodities in this District.

#### DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in July was 5 per cent larger than a year ago. Toward the end of July, however, and in the first two weeks of August, sales were somewhat below last year. Sales continued to decline more than usual during July, and the seasonally adjusted index of daily average sales showed a further drop to 295 per cent of the 1935-39 average from the high level of 316 per cent prevailing last May.

The value of department store inventories declined during July for the fourth consecutive month, as stores continued to liquidate excess stocks, the seasonally adjusted index of stocks dropping to 211 per cent of the 1935-39 average compared with the near-record level of 302 per cent last March. Outstanding orders increased appreciably during June and again in July to reverse the sharp downward trend of earlier months, but stores still are generally adhering closely to the policy of ordering only shortly ahead of the season and of placing only small initial orders, expecting to reorder later if merchandise moves readily. The

	BANK DEBITS		Change from '46	
	July 1947	7 Mos. 1947	July	7 Mos.
	(Thousand dollars)		(Per cent)	
<b>COLORADO</b>				
Colo. Springs.....	36,608	231,387	+10	+9
Denver.....	436,742	2,960,936	+11	+18
Gr. Junction.....	11,051	79,055	+19	+21
Greeley.....	15,905	114,779	+29	+33
Pueblo.....	36,813	230,417	+11	+23
<b>KANSAS</b>				
Atchison.....	14,111	96,971	+34	+54
Emporia.....	9,884	62,484	+22	+10
Hutchinson.....	58,644	270,514	+29	+15
Independence.....	7,248	45,715	+17	+14
Kansas City.....	56,577	395,991	+12	+19
Lawrence.....	9,568	63,678	+4	+13
Parsons.....	7,749	49,277	+10	+19
Pittsburg.....	10,442	68,950	+16	+20
Salina.....	57,621	246,820	+19	+26
Topeka.....	85,655	554,880	+19	+16
Wichita.....	217,104	1,366,288	+14	+16
<b>MISSOURI</b>				
Joplin.....	24,765	173,317	+4	+6
Kansas City.....	1,092,527	6,369,654	+19	+25
St. Joseph.....	95,231	611,034	+24	+44
<b>NEBRASKA</b>				
Fremont.....	14,772	87,516	+41	+48
Grand Island.....	18,452	134,672	+4	+20
Hastings*.....	13,443	93,555	.....	.....
Lincoln.....	69,765	476,285	+2	+12
Omaha.....	491,520	3,191,442	+15	+24
<b>NEW MEXICO</b>				
Albuquerque.....	59,372	424,491	+5	+13
<b>OKLAHOMA</b>				
Bartlesville.....	63,249	419,209	+23	+26
Enid.....	70,550	284,185	+25	+33
Guthrie.....	3,347	26,344	+1	+14
Muskogee.....	20,316	145,309	+5	+18
Okla. City.....	265,601	1,802,696	+10	+18
Okmulgee.....	5,369	40,468	+16	+14
Tulsa.....	366,038	2,370,006	+27	+26
<b>WYOMING</b>				
Casper.....	20,829	130,463	+30	+30
Cheyenne.....	22,337	171,251	+5	+15
District, 33 cities..	3,775,762	23,696,484	+17	+22
U. S., 334 cities.....	93,733,000	632,194,000	+3	+5

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

value of inventories on hand July 31 was little changed from a year earlier, but the dollar volume of orders outstanding was only about half that of a year ago, when orders for future delivery had been at their peak for recent years.

Department store sales and stocks in leading cities:

	SALES		STOCKS
	July '47 comp. to July '46	7 Mos. '47 7 Mos. '46	July 31, '47 comp. to July 31, '46
	(Per cent increase or decrease)		
Denver.....	+4	+11	-3
Pueblo.....	+11	+9	-4
Hutchinson.....	+2	+5	+8
Topeka.....	+8	+8	+8
Wichita.....	-6	-3	-15
Joplin.....	+10	+13	+30
Kansas City.....	+5	+9	-7
St. Joseph.....	+12	+9	*
Omaha.....	+2	+7	*
Oklahoma City.....	0	+3	-8
Tulsa.....	+3	+6	*
Other cities.....	+18	+13	+30
District.....	+5	+8	+1

\*Not shown separately but included in District total.

### INDUSTRIAL PRODUCTION

**Meat Packing** Purchases of cattle by meat packers at leading markets of the District in July were 13 per cent over June and 32 per cent over the ten-year average for the month. Furthermore, the number of cattle purchased by packers this July was only 5 per cent under July of last year, which was the first month of uncontrolled livestock prices in over four years. Calf slaughter in July was 27 per cent above June and 20 per cent over the ten-year average for that month. The beef cattle population of the country is thus still in the process of liquidation. The volume of hog slaughter as indicated by packers' purchases continued its seasonal decline, being 7 per cent under June levels. Sheep and lamb slaughter in July was sharply below average and will likely remain below average until sheep numbers are increased from present low levels.

In August, meat was moving readily through wholesale and retail outlets at substantially higher prices than during the same month a year ago. The Department of Agriculture reports that prices of meat animals are now somewhat higher in relation to consumer incomes and meat supplies than in prewar years. This condition may be a result of the rise in consumer income that has taken place in recent years. It is generally known that, in the lower-income brackets, purchases of meat increase relatively more than most other foods as consumer income increases.

**Flour Milling** Flour milling operations in the Southwest during July averaged about 102 per cent of full-time capacity, and flour production was about 13 per cent greater than in June. By mid-

August, mills were operating at about 105 per cent of capacity. It was reported in early August that the majority of mills had on hand unfilled orders requiring about 65 days of capacity runs. Thus, fluctuations in sales volume during the subsequent 30 to 60 days will have little effect on the level of flour milling operations and flour production.

Flour sales in the Southwest during July reached 209 per cent of milling capacity, the highest rate of sales recorded since early in 1944. Active Government and domestic buying following price setbacks on new crop wheat stimulated sales during that month. Many large bakeries bought reserve supplies to cover their requirements for as much as 100 days in advance. Sales in August returned to more nearly normal levels with a considerable number of users still buying on a hand-to-mouth basis. Sales of family-size packaged flour in early August were generally slow, the hot weather discouraging heavy demand for this type of flour. The trade expects some increase in sales when spring wheat flour becomes available.

**Petroleum** The unprecedented peacetime demand for crude oil and refined products has resulted in a great expansion in drilling activity. During the first six months of 1947, well completions in the Tenth District were up 44 per cent from the corresponding period of a year ago, and all indications point to a continued high level of activity during the last half of this year. The expansion in this District was much greater than that reported for the entire nation, where the number of newly completed wells was 11 per cent more than in the January-June period of last year. Six counties in Kansas—Barton, Butler, Ellis, Rice, Rooks, and Russell—accounted for 50 per cent of the wells completed in that state during the first six months of 1947. Well completions in New Mexico were 46 per cent higher than the number reported for the first half of 1946, while in Colorado the drilling program now in progress at Rangely Field is the most intensive in the history of that area. Approximately 2,000 wells were completed in Oklahoma during the first six months of this year, one fifth of these being the result of wildcatting.

The War Assets Administration announced on August 19 that the Government-owned gasoline refinery at Beckett, Oklahoma, had been sold for \$5,100,000. The company which submitted this offer had previously revealed that if the property disposal board of the WAA accepted its bid, it would build distillation facilities at the plant and would link the property with a refinery at Allen, Oklahoma, by a 93-mile 6-inch pipe line. This Government-built plant at Beckett was constructed at a cost of over 14 million dollars and was operated during the war by eight

companies as a cooperative high-octane cracking project.

Crude oil production in the Tenth District averaged 945,000 barrels daily during July. This represented an increase of 1 per cent over the daily output of the previous month and was 5 per cent above that of July a year ago. In the United States, production of crude oil averaged 5,072,500 barrels a day during July. This was a slightly lower rate than in June but was 3 per cent higher than in July, 1946.

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

	July	7 Mos.	Change from '46	
	1947	1947	July	7 Mos.
	(Thousand barrels)		(Per cent)	
Colorado.....	1,287	8,228	+11	+33
Kansas.....	9,055	59,712	+7	+8
Nebraska.....	17	127	-32	-25
New Mexico.....	3,348	22,465	+7	+6
Oklahoma.....	11,994	80,240	+3	+1
Wyoming.....	3,584	24,300	+5	+10
Six states.....	29,285	195,072	+5	+6
United States.....	157,249	1,047,350	+3	+5

**Employment** Employment in the nation continued at a record high level during July, with the Census Bureau reporting a total of 60,079,000 persons working. Although the number engaged in agricultural work declined approximately 300,000 from June, this was more than offset by gains in nonfarm activities. Unemployment was reported at 2,584,000 persons—a level slightly higher than in June. It is important to note, however, that this figure was heavily weighted with students seeking summer work and graduates hunting first jobs, as over 28 per cent of the so-called jobless were persons 14 to 19 years of age.

Certain areas in the Tenth District are experiencing widely varying conditions of employment. In Wyoming, the demand for workers in many instances has exceeded the supply, as employment in the established lines of business and industry has reached an exceptionally high level. Even greater pressure will be placed on the existing labor supply in Wyoming, when special construction jobs definitely get under way. These are estimated to cost more than 100 million dollars and include reclamation and irrigation projects, highways and roads, petroleum distribution facilities and refineries, and commercial and residential building. On the other hand, the Tri-State mining area of northeastern Oklahoma, southeastern Kansas, and southwestern Missouri is experiencing a cutback in zinc and lead mining activities. The Premium Price Plan which provided subsidy payments for production in excess of quotas established for individual mines expired June 30, 1947, and without this financial as-

sistance many high-cost producers have been forced to curtail employment. This will also undoubtedly cause reduced activity among many service concerns in these mining communities.

Total nonagricultural employment in the District increased slightly in May, the latest month for which detailed state information is available. Manufacturing employment in the District showed a slight decline from April to May but was at a level 8 per cent higher than that of May a year ago. All states in the District, except Nebraska, had higher levels of manufacturing employment in May than in the corresponding month last year.

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

	May	Aver.	Change from '46	
	1947	5 Mos. 1947	May	5 Mos.
	(Number)		(Per cent)	
Colorado.....	271,000	271,400	+3	+5
Kansas.....	343,000	338,400	+2	+2
Missouri.....	904,000	902,800	0	+2
Nebraska.....	246,000	242,600	+2	+1
New Mexico.....	85,900	83,700	+2	+2
Oklahoma.....	340,000	338,600	-1	0
Wyoming.....	61,200	59,700	+5	-3
Seven states.....	2,251,100	2,237,200	+1	+2
United States.....	41,920,000	41,888,000	+4	+7

## AGRICULTURE

**Farm Land Values** As shown in the accompanying table, farm land values continued to rise between March 1 and July 1 in states of the District, except in Missouri and New Mexico. The largest increase in the four-month period took place in Nebraska where values rose 6 per cent. Colorado and Wyoming each had an increase of 5 per cent, while values in Kansas were up 4 per cent and in Oklahoma 2 per cent. The average increase for the United States in the four months ended July 1 was 2 per cent, although some regions in the southeastern part of the country and along the western coast reported declines in land values for the first time since 1942. During the year ended July 1, 1947, farm land values in Colorado, Kansas, Nebraska, and Wyoming increased approximately 15 per cent. The increase over a year ago in Missouri, New Mexico, and Oklahoma was about 6 per cent.

It is significant that farm land values in Missouri declined 2 per cent from March 1 to July 1, and that values in New Mexico remained unchanged in that period. This is the first indication that a decrease in average land values has occurred in any state in the District since 1941, when average land values in Nebraska dropped 5 per cent from the year before. The rise in land values since 1939 has tended to be gradual in Nebraska and Missouri where a more general type of agriculture prevails. On the other hand,



in Colorado, Kansas, New Mexico, Oklahoma, and Wyoming, where the specialized enterprises of wheat and range livestock are especially important, the average value of land per acre rose much farther and faster than in Nebraska and Missouri, particularly following 1944. Land values in Colorado, Kansas, New Mexico, Oklahoma, and Wyoming are approaching or exceed the levels of 1920. In Missouri and Nebraska, however, the current index of land values is yet considerably below that of 1920.

In the first quarter of 1947 it is estimated that, of the recorded farm sales in selected counties throughout the country, about 58 per cent were for cash. During the same quarter, down payments in mortgage financed transfers averaged about 41 per cent of the purchase price. It is interesting to note that a debt of 75 per cent on current land values would be greater than the full value of the land only three years ago.

Department of Agriculture indexes of farm real estate values on March 1:

	Colo.	Kans.	Mo.	Nebr.	N.Mex.	Okla.	Wyo.	U. S.
	(1912-14 average=100)							
1947								
July 1*.....	148	146	111	114	168	173	155	162
Mar. 1.....	141	140	113	108	168	169	147	159
1946								
Nov. 1*.....	137	129	107	103	164	166	141	152
July 1*.....	132	125	106	100	157	160	134	147
Mar. 1.....	125	120	102	96	151	156	132	142
1945.....	108	111	91	86	132	131	115	126
1944.....	93	96	82	77	117	120	102	114
1943.....	78	84	74	64	101	111	88	99
1942.....	69	74	66	59	95	101	78	91
1941.....	63	71	60	55	87	96	71	85
1940.....	61	71	59	58	84	93	68	84
1939.....	61	76	58	65	83	93	66	84
1938.....	60	78	60	69	83	94	66	85
1937.....	60	78	60	72	82	91	66	85
1936.....	57	75	60	73	80	91	65	82
1935.....	53	73	58	72	76	86	62	79
1934.....	54	72	57	72	76	83	62	76
1933.....	54	70	55	69	75	76	62	73
1932.....	65	89	67	90	89	94	77	89
1931.....	81	103	79	106	109	116	95	106
1930.....	83	113	92	113	110	127	98	115
1920.....	141	151	167	179	144	166	176	170

\*State indexes computed from Department of Agriculture data.

**Crops** July rainfall was below normal in all states of the District. New Mexico received barely 50 per cent of normal rainfall, while precipitation in Kansas and Nebraska was only 60 per cent of normal. A decided topsoil moisture deficiency prevailed throughout all states in the District until the middle of August, when rain brought some relief in scattered areas, notably in eastern sections of the District. Until the mid-August rains, growing crops were damaged in many areas, and corn, cotton, sorghums, and alfalfa generally were suffering from lack of moisture as well as from several successive days of 100-degree temperatures. Much of the late corn and some early corn in north central Kansas and south central Nebraska was severely damaged and has little chance of

producing a crop. In general, the good supply of subsoil moisture enabled the early corn to stand the extreme heat much better than usual. Farmers in areas in which there is any appreciable acreage of late planted corn are anticipating that the crop will not fully mature before autumn frosts. Thus, preparations are being made to handle a soft corn crop, involving primarily rather heavy feeding of the corn before it spoils.

The wheat harvest was generally completed in Nebraska by mid-August, and the stubble ground was being plowed for fall seeding. Reports indicate a sharp drop in the acreage of wheat land being held in summer fallow and farmed on the contour in Kansas and Nebraska. High money returns from wheat in 1946 and 1947 have apparently caused some operators to abandon these water and soil conserving practices in favor of an increased acreage of wheat.

Marketing of wheat and corn in the District has been proceeding considerably faster in the first seven months of this year than in the same period of 1946.

	RAINFALL			
	July 1947		7 Mos. 1947	
	Total	Normal	Total	Normal
	(In inches)			
<b>COLORADO</b>				
Denver.....	1.08	1.68	11.41	9.30
Leadville.....	1.13	3.06	12.47	11.67
Pueblo.....	1.24	1.94	10.58	7.60
Lamar.....	1.73	2.47	9.56	10.14
Alamosa.....	1.75	1.16	5.35	3.78
Steamboat Springs.....	1.36	1.46	14.83	14.14
<b>KANSAS</b>				
Topeka.....	2.48	3.41	21.67	18.92
Iola.....	1.60	3.06	28.55	22.26
Concordia.....	0.49	3.10	18.72	15.74
Salina.....	0.76	2.70	17.37	16.48
Wichita.....	2.89	2.89	19.49	18.67
Hays.....	0.87	2.87	17.04	14.67
Goodland.....	1.63	2.67	10.94	11.60
Dodge City.....	2.17	2.67	15.64	12.80
Elkhart.....	3.62	2.40	13.52	10.62
<b>MISSOURI</b>				
St. Joseph.....	1.77	3.78	27.86	22.05
Kansas City.....	1.07	3.82	27.59	21.00
Joplin.....	3.86	4.62	33.11	27.72
<b>NEBRASKA</b>				
Omaha.....	2.90	3.54	26.44	17.34
Lincoln.....	3.06	3.85	23.68	17.64
Norfolk.....	0.62	3.41	16.22	17.65
Grand Island.....	1.66	3.13	17.37	16.39
McCook.....	3.40	2.83	18.41	13.12
North Platte.....	2.67	2.74	12.76	12.58
Bridgeport.....	2.35	2.09	16.02	10.87
Valentine.....	0.77	3.01	14.17	12.60
<b>NEW MEXICO</b>				
Clayton.....	3.97	2.04	13.19	8.74
Santa Fe.....	0.53	2.44	4.65	7.85
Farmington.....	0.36	1.05	2.83	4.51
<b>OKLAHOMA</b>				
Tulsa.....	0.80	3.26	24.29	23.10
McAlester.....	1.81	3.07	23.62	26.14
Oklahoma City.....	5.13	2.86	28.06	18.98
Pauls Valley.....	2.17	2.74	24.73	21.40
Hobart.....	1.70	1.96	20.17	15.91
Enid.....	2.07	2.40	20.57	17.45
Woodward.....	1.85	2.62	17.39	15.25
<b>WYOMING</b>				
Cheyenne.....	1.87	2.10	11.40	10.21
Casper.....	1.93	1.20	11.59	9.30
Lander.....	0.20	0.69	15.02	8.54
Sheridan.....	0.30	1.22	12.81	10.54

Total receipts of wheat and corn at principal markets of the District so far this year measure 37 and 127 per cent, respectively, over the same months of 1946. July receipts of wheat alone were 65 per cent over July last year and were 59 per cent above the ten-year average for the month. By the middle of August there remained only a small quantity of wheat piled on the ground in several western Kansas and Nebraska counties. While the shortage of boxcars continued to hamper winter wheat shipments from country points, the record crop is largely in storage or moving through trade channels.

Grain prices in July and the forepart of August maintained the generally firm to higher trend that prevailed in June. The world food situation and prospects for a short corn crop in this country are the principal strengthening factors in the grain market. A disappointingly small oat crop throughout the country this summer is an additional factor in the present pattern of grain and feed prices.

The lower range of Kansas City cash grain prices:

	Aug. 20 1947	July 31 1947	June 30 1947	July 31 1946
No. 1 dk., hd. wheat, bu..	\$2.31	\$2.21½	\$2.14½	\$1.93
No. 2 mixed corn, bu.....	2.33	2.17	2.03	2.02
No. 2 white oats, bu.....	1.05	.92	.98½	.78
No. 2 rye, bu.....	2.40	2.35	2.65	1.85
No. 2 barley, bu.....	1.60	1.58	1.56	1.37
No. 2 white kafir, cwt.....	3.45	3.25	3.30	3.35

**Livestock** Cattle and hog prices at leading markets in the District remained on a generally steady to higher basis in the last half of July and the first part of August. The demand for good quality feeder cattle was also strong, as reflected in top prices of over \$27.00 per hundredweight paid in the weeks ended August 2 and 9. Grass fat cattle began moving out of the bluestem pastures of Kansas and Oklahoma in some volume during the first week in August. These cattle show clearly the benefits of the good to excellent pastures to which they have had access this spring and summer. Lamb prices showed some weakness in early August but had settled to a lower and steady basis by the middle of the month.

Top carlot livestock prices at Kansas City:

	Aug. 20 1947	July 1947	June 1947	July 1946	July 1945	July 1944
(In dollars per hundredweight)						
Beef steers.....	32.00	31.00	28.75	25.00	17.65	17.00
Stocker cattle.....	21.00	23.00	23.00	17.75	15.15	13.75
Feeder cattle.....	22.50	27.00	23.75	20.75	15.50	14.85
Calves.....	24.00	23.50	26.00	18.50	15.50	14.00
Hogs.....	28.00	28.00	25.30	22.00	14.50	14.50
Lambs.....	23.75	26.25	26.50	21.00	16.35	15.00
Slaughter ewes.....	8.50	8.50	9.25	10.25	8.25	6.50

The August 1 livestock and range report indicated that cattle and sheep were in good condition and that western range feed was about average and better than a year ago. Hot and dry weather in July lowered the

value of range feed generally and intensified the droughty condition of range pastures in New Mexico, Arizona, and Texas. Many ranges in New Mexico and in the other southwestern states are very dry and have short feed. Pastures to the north in Oklahoma, Colorado, and Kansas held up well in July, despite some seasonal decline in condition due to hot, dry weather. This situation is favorable for a rather marked movement of cattle and lambs out of the Southwest for feeding this winter in the Central Plains states.

The number of cattle on feed for market in the eleven Corn Belt states on August 1 was estimated to be about 25 per cent below that on August 1 two years ago. A comparison of the number on August 1 this year with that on the same date last year is not significant, since numbers on feed in the Corn Belt last year were abnormally low because of the uncertainty of price control measures. While estimates of the actual number of cattle on feed on August 1 are not available, current information indicates that, except for August 1, 1946, the number is the smallest for that date in the present decade. At the same time, shipments of stocker and feeder cattle into eight Corn Belt states during the first seven months of this year have been substantially above those in the same months of 1944, 1945, and 1946.

The 1947 lamb crop in the thirteen western range states, as expected, was below that of 1946. The western lamb crop was estimated at about 14.8 million head, 11 per cent under 1946 and the smallest since 1925. The reduction was particularly heavy in Texas and was generally due to a 10 per cent drop in the number of breeding ewes maintained in flocks during the past year.

Shorn wool production in the Tenth District for 1947 was estimated as of August 1 to be 6 per cent below 1946 and 26 per cent below the ten-year average from 1936 to 1945. The number of sheep shorn in the District was down 7 per cent from 1946 and was 29 per cent under the ten-year average. Declining wool production in the District and elsewhere is a result of the liquidation of sheep numbers that has been occurring since 1942.

Department of Agriculture estimates of shorn wool:

	WOOL PRODUCTION			SHEEP SHORN		
	1947	1946	Aver. '36-'45	1947	1946	Aver. '36-'45
(Thousand pounds)						
Colorado.....	11,267	12,118	13,693	1,266	1,377	1,637
Kansas.....	3,261	3,583	4,697	382	433	576
Missouri.....	8,038	7,631	9,540	1,127	1,131	1,415
Nebraska.....	1,777	2,154	3,331	208	253	400
New Mexico....	11,194	12,141	15,584	1,342	1,468	1,985
Oklahoma.....	1,270	1,223	2,246	146	151	266
Wyoming.....	22,057	23,950	30,299	2,228	2,395	3,157
Seven states....	58,864	62,800	79,390	6,699	7,208	9,436
United States..	256,302	279,919	360,385	31,723	34,718	45,219