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TENTH FEDERAL RESERVE DISTRICT

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FARM REAL ESTATE LOANS

Farm real estate loans held by Tenth District insured commercial banks number nearly 17,000 and have a dollar volume of almost 48 million, according to a recent survey by the Federal Reserve Bank of Kansas City and the Federal Deposit Insurance Corporation. The survey was part of a nation-wide project undertaken jointly by the Federal Reserve System and the F.D.I.C. in order to obtain more specific information about agricultural lending than is regularly available. In this District, 107 banks, having about 10 per cent of the farm real estate loans of all District insured banks, supplied information on all of their loans of this type outstanding on June 20, 1947. On the basis of these sample data, estimates have been made of the number, amount, and characteristics of such loans in all District insured banks.

Size of Bank Most of the farm real estate financing is done by the small and medium size District banks. Nearly half of the loans, involving slightly more than half of the dollar volume, are carried by banks with total deposits of 2 to 10 million dollars. Banks with deposits under 2 million dollars account for over two fifths of the loans but less than one third of the total loan volume. Thus, the average size of the loans carried tends to vary directly with the size of the bank. The average size of all outstanding farm real estate loans in District insured banks is $2,900. In banks with total deposits over 10 million dollars, the average loan size is $5,300; in the 2 to 10 million dollar deposit group of banks, the average is $3,100; and in banks with deposits under 2 million dollars, the average is $2,100.

FARM REAL ESTATE LOANS CLASSIFIED BY SIZE OF BANK

Size of Bank (Total Deposits)	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
Under $2 million	7,138	15.0	43.1	31.6
$2 to $10 million	7,911	24.5	47.8	51.5
Over $10 million	1,508	8.0	9.1	16.9
Total	16,557	47.5	100.0	100.0

Farmers have used most of these mortgage funds to buy land, as about two thirds of the funds have been borrowed for this purpose. Somewhat over half of the funds have been borrowed to buy the land which carries the mortgage. Approximately 5 per cent has been obtained for construction and building repair.

Size of Loan and Type of Farm The original loan size of four fifths of the farm mortgages held by District insured commercial banks is $5,000 or less. Half of the loans are for amounts of $2,500 or less, and three tenths are loans of $1,500 or less. Only 5 per cent of the loans are for amounts of $10,000 or more.

A majority of the mortgages are on farms used for general farming, and these loans also constitute nearly half of the dollar amount of farm mortgages. For purposes of the loan survey, farms were classified according to the type of product which accounts for half or more of the total receipts of the farm. On this basis, farms operated primarily for field crops account for one sixth of the loans and one fifth of the loan volume. In this category, wheat farms are by far the most important, as their mortgages are one eighth of all farm mortgages in District banks and carry one seventh of the dollar amount of all farm mortgages. Another twelfth of the loans, comprising a sixth of the dollar volume, are in the livestock farms category. Mortgages on cattle farms represent two thirds of the loans on livestock farms and over four fifths of their dollar volume.

FARM REAL ESTATE LOANS CLASSIFIED BY TYPE OF FARM

Type of Farm	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
General	9,172	23.2	55.4	48.8
Dairy	909	2.4	5.5	5.1
Poultry and eggs	131	0.2	0.8	0.6
Livestock	1,433	8.1	8.7	17.0
Fruit	102	0.3	0.6	0.6
Truck	471	1.3	2.8	2.7
Cotton	120	0.2	0.7	0.4
Field crops	2,805	9.6	16.9	20.2
Other	25	*	0.2	0.1
Part-time	1,263	1.9	7.6	3.9
Unknown	126	0.3	0.8	0.6
Total	16,557	47.5	100.0	100.0

* Less than $500,000.

The average size of mortgages by type of farm is largest on farms used for raising sugar beets and cane, as their loans average $10,250. The average sizes of real estate loans for other types of farms are: cattle, $7,000; wheat, $3,250; corn, $2,975; truck farms, $2,700; dairy, $2,650; general, $2,525; sheep, $2,550; poultry and eggs, $2,025; and hogs, $1,275. The average size of loans on all classes of livestock farms is $5,650, and on all classes of field crop farms, it is $3,425.

Three fifths of the farm mortgages are on property of less than 140 acres, although the dollar amount involved is little more than one third of the total. Properties ranging in size from 140 to 259 acres account for another three tenths of the loans and one third of the loan volume. Units of 500 acres and over have only one twentieth of the loans, representing one sixth of the dollar volume.

FARM REAL ESTATE LOANS CLASSIFIED BY SIZE OF PROPERTY MORTGAGED

Size of Property Mortgaged	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
Under 30 acres	1,837	3.0	11.1	6.3
30 to 69 acres	2,464	3.7	14.9	7.8
70 to 139 acres	5,256	10.7	31.7	22.5
140 to 259 acres	4,912	16.1	29.7	33.9
260 acres and over	2,079	14.0	12.5	29.5
Unclassified	9	*	0.1	**
Total	16,557	47.5	100.0	100.0

*Less than $500,000. **Less than .05%.

Repayment Method A majority of farm real estate loans are repayable in instalments. While loans of this type are 52 per cent of the total, they predominate among the larger loans, and thus represent three fifths of the total dollar amount. On loans up to $1,500, the single-payment loans constitute a major proportion of both the number of loans and the loan volume, but the instalment loans are the major proportion of loans and loan volume on loans of $1,500 and above. In general, the proportion of loans that are of the instalment type increases with loan size throughout the entire range of loan sizes. At one extreme are the loans of less than $500, of which only one fifth are repayable in instalments, and at the other extreme are the loans of $25,000 and over, three fourths of which are repayable in instalments.

FARM REAL ESTATE LOANS CLASSIFIED BY METHOD OF REPAYMENT

Method of Repayment	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
Single-payment	7,980	19.2	48.2	40.5
Instalments	8,577	28.3	51.8	59.5
Total	16,557	47.5	100.0	100.0

The proportions of loans that are repayable in instalments vary directly with the maturity period of the loans. The single-payment method is decidedly in the majority among loans with a maturity of three years or less, and includes a similar proportion of the dollar volume in those maturities. On the other hand, the instalment method of repayment accounts for a major proportion of the loans and loan volume for maturities of more than three years.

Interest Rates The average annual interest rate on all farm real estate loans held by District insured commercial banks is 4.7 per cent, with rates ranging from 3 to 10 per cent. The rate of interest tends to vary inversely with the size of the loan. On loans of less than $500, interest rates average slightly over 8 per cent, while loans of $50,000 and over have an average rate of 4 per cent. On loans ranging from $1,500 to $2,500, the average rate is 5.2 per cent, and for loans between $2,500 and $5,000, the rate is 4.8 per cent.

The average interest rate for single-payment loans is 4.9 per cent compared with 4.6 per cent on instalment type loans. Analysis of interest rates by size of loans shows that interest rates on single-payment loans average higher than those on instalment loans for all sizes of farm real estate loans except those of $25,000 and above.

FARM REAL ESTATE LOANS CLASSIFIED BY ANNUAL INTEREST RATE

Annual Interest Rate	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
Below 3.5	136	0.9	0.8	2.0
3.5 - 4.5	4,848	22.0	29.3	46.3
4.5 - 5.5	5,650	15.6	34.1	32.7
5.5 - 6.5	4,326	7.5	26.1	15.8
6.5 - 7.5	278	0.2	1.7	0.5
7.5 - 8.5	969	1.0	5.9	2.1
8.5 and above	350	0.3	2.1	0.6
Total	16,557	47.5	100.0	100.0

Maturity of Loans The typical farm mortgage held by District banks will mature in three to five years. This maturity grouping includes two fifths of the loans and two fifths of the loan volume. Seven tenths of the loans and three fifths of the loan volume have a maturity of five years or less, and nine tenths of both the loans and loan volume have a maturity of ten years or less. The shorter term loans tend to be for smaller amounts than the longer term loans.

FARM REAL ESTATE LOANS CLASSIFIED BY MATURITY

Maturity	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
1 year or less	1,869	3.7	11.3	7.8
1 to 3 years	3,037	5.2	18.4	10.8
3 to 5 years	7,000	19.7	42.3	41.5
5 to 10 years	3,303	13.4	19.9	28.2
Over 10 years	1,044	5.0	6.3	10.6
Past due	304	0.5	1.8	1.1
Total	16,557	47.5	100.0	100.0

The dollar amount of farm real estate mortgages outstanding at District insured commercial banks has been reduced from the original dollar amount by about 15 per cent. In the aggregate, the proportions paid off are about the same for single-payment loans and for instalment loans.

INCOME PAYMENTS TO INDIVIDUALS

Total income received by individuals in the United States continued to increase during 1946 and reached a record high of 169 billion dollars, according to a report just released by the United States Department of Commerce. This was 9 per cent above the previous year and 123 per cent above prewar 1940. In every state represented in the Tenth District, total income payments to individuals were larger in 1946 than in any previous year. Although a generally high level of prosperity prevailed throughout postwar 1946, many communities and various income groups experienced severe readjustment problems, caused mainly by the transition from a wartime to a peacetime economy.

Developments in the Nation During the seven years from 1940 through 1946, total income payments to individuals in the United States increased rapidly. Four sources of income—"war" manufacturing pay rolls, pay of the armed forces, Federal civilian pay rolls, and agriculture—accounted for three fifths of the 64 billion dollar expansion that occurred from 1940 through 1943. By 1944, however, war production had leveled off and increases in aggregate income resulted mainly from larger payments by trade and service establishments, expanded military allowances and allotments, and increased Federal interest payments. The severe cutback in war production in the fourth quarter of 1945 was offset largely by mustering-out payments and unemployment benefits paid to discharged servicemen and by continued expansion in income payments to individuals in trade and service establishments and in other private nonagricultural industries. The growth in aggregate income during 1946 was mainly the result of increased payments by trade and service establishments, greatly expanded pay rolls of "nonwar" manufacturing industries, enlarged volume of veterans' pensions and benefits, and greater agricultural income. Naturally, the rapid rise in prices has been an important causal factor in some of these income changes.

Developments in the Tenth District Total income payments to individuals increased continuously from 1940 through 1946 in five states of the Tenth District—Colorado, Missouri, Nebraska, New Mexico, and Wyoming. In Kansas and Oklahoma, however, income gains were registered from 1940 through 1944, a slight drop occurred during 1945, and record levels were reached in 1946. The rapid and widespread shifts of population during the war years and the subsequent relocation of servicemen and civilian war workers had varying influences upon total income payments in the District states. It is significant that in 1946 every state of the District either equaled or exceeded the proportion of the nation's total income that it had in 1940.

TOTAL INCOME PAYMENTS TO INDIVIDUALS
(In millions of dollars)

	1940	1941	1942	1943	1944	1945	1946
Colo.	589	695	990	1,137	1,146	1,271	1,380
Kans.	757	974	1,508	1,768	1,979	1,908	1,992
Mo.	1,914	2,363	2,920	3,356	3,612	3,776	4,349
Nebr.	569	655	1,039	1,162	1,298	1,333	1,489
N. M.	190	222	299	375	420	448	491
Okla.	829	956	1,322	1,593	1,808	1,801	1,848
Wyo.	151	174	216	245	268	287	335
U. S.	75,852	92,269	116,433	140,021	151,217	155,201	169,373

Agricultural income in 1946 was the most important of the factors making up total payments to individuals in Kansas, Nebraska, and Wyoming, while trade and service income was the leading element in Colorado, Missouri, and Oklahoma. In New Mexico, Government income payments ranked first in importance, with income from trade and service industries a close second. While pay rolls in manufacturing industries accounted for 21 per cent of total payments to individuals in the nation in 1946, income from this source provided only 5 to 17 per cent of the total in the different states of the District.

In 1946, food manufacturers provided the largest segment of wages and salaries paid in the manufacturing industries of Colorado, Kansas, Missouri, Nebraska, and Oklahoma. Chemicals and allied industries, however, furnished the largest share of payments in the manufacturing establishments of New Mexico, while producers of petroleum and coal products ranked first in Wyoming. In New Mexico and Oklahoma, this was considerably different from the situation that prevailed in 1940, when lumber and timber products accounted for the largest share of payments to individuals employed in the manufacturing industries of New Mexico and petroleum and coal products furnished the largest segment of income payments among the Oklahoma manufacturers.

The four major sources of income payments—agriculture, trade and service, Government, and manufacturing pay rolls—accounted for considerably different proportions of the total income in the District states in 1946 than before the war. Agricultural income in five states of the District provided a larger share of total income payments in 1946 than in 1940, with New Mexico and Oklahoma the exceptions. Trade and service income furnished a smaller share of total income payments in Missouri in 1946 than in 1940, was of equal importance in both years in Nebraska, and was responsible for a somewhat larger percentage of the total in the other five states. Government payments were of much greater importance in 1946 than in 1940 in every District state except Wyoming, while manufacturing pay rolls contributed a larger share of total income payments in all seven states.

SELECTED FACTORS AS PERCENTAGES OF TOTAL INCOME PAYMENTS

	Agriculture[1]		Trade and Service[2]		Government[3]		Manufacturing	
	1940	1946	1940	1946	1940	1946	1940	1946
Colo.	10.9	15.2	26.8	27.6	17.6	21.3	8.4	9.2
Kans.	18.8	24.9	22.6	23.0	14.4	17.1	8.7	9.3
Mo.	9.5	14.1	28.2	26.4	10.6	16.2	16.6	17.1
Nebr.	20.4	31.9	25.4	25.4	14.2	15.0	6.9	7.0
N. M.	20.9	15.9	23.5	26.4	16.1	26.8	2.4	4.5
Okla.	18.1	16.5	24.0	26.0	14.6	23.2	7.3	7.6
Wyo.	23.1	24.6	19.5	23.0	16.5	14.6	4.3	4.7
U. S.	7.2	9.8	25.2	26.6	12.4	17.0	20.3	21.3

[1] Includes net income of farm operators, farm wages, and net rents to landlords living on farms.
[2] Includes wages and salaries and net income of proprietors.
[3] Consists of pay of state and local and Federal civilian employees, net pay of armed forces, allowance and allotment payments, mustering-out payments, cash terminal leave payments, interest payments to individuals, public assistance and other direct relief, work relief, veterans' pensions and benefits, state bonuses to World War II veterans, and benefit payments from social insurance funds.

Per Capita Income Per capita income payments in 1946 reached record levels in five states of the District — Colorado, Missouri, Nebraska, Wyoming, and New Mexico. Wyoming, however, was the only District state to exceed the national average of $1,200. While per capita incomes in Kansas and Oklahoma were lower in 1946 than in 1945, they still were more than double those prevailing in prewar 1940. Population estimates used in computing per capita income for 1945 and 1946 were obtained by the Department of Commerce from estimates made by the Bureau of the Census.

PER CAPITA INCOME PAYMENTS
(In dollars)

	1929	1940	1945	1946
Colorado	616	524	1,185	1,196
Kansas	532	422	1,076	1,062
Missouri	612	505	1,063	1,143
Nebraska	557	433	1,086	1,164
New Mexico	383	356	850	911
Oklahoma	455	356	849	825
Wyoming	687	605	1,153	1,264
United States	680	575	1,177	1,200

BUSINESS AND AGRICULTURAL CONDITIONS

MEMBER BANK CONDITION

Deposits of District member banks increased by 120 million dollars during August, with 114 million of the increase occurring in demand deposits other than interbank. The rate of increase was approximately the same in reserve city banks as in country banks. By the end of August, reserve city bank deposits had expanded by 4 per cent during 1947, and country bank deposits had expanded by 3 per cent during that period. The chief factor explaining the higher rate of increase in the city banks is the expansion in interbank deposits since the middle of the year, following a decline during the first six months. However, demand deposits other than interbank have increased at a slightly higher rate in the city banks than in the country banks.

Loans and investments of District member banks expanded by 74 million dollars during August, and the rate of expansion was about the same in country banks as in city banks. Loans, Government security holdings, and other security holdings increased in both groups of banks, but loan expansion was at a slightly higher rate in the city banks. At the end of August, reserve city bank loans were 13 per cent above their level at the end of 1946, while country bank loans were up 18 per cent. On the other hand, country bank Government security holdings were 4 per cent below their level at the end of 1946, while city bank Government

SELECTED ITEMS OF CONDITION OF TENTH DISTRICT MEMBER BANKS
(In millions of dollars)

	All Member Banks			Reserve City Banks			Country Banks		
	Aug. 27 1947	July 30 1947	Dec. 31 1946	Aug. 27 1947	July 30 1947	Dec. 31 1946	Aug. 27 1947	July 30 1947	Dec. 31 1946
Loans and investments	4,218	4,144	4,070	2,335	2,293	2,224	1,883	1,851	1,846
Loans and discounts	1,152	1,137	1,002	695	684	616	457	453	386
U. S. Government obligations	2,731	2,677	2,754	1,462	1,434	1,437	1,269	1,243	1,317
Other securities	335	330	314	178	175	171	157	155	143
Reserve with F. R. Bank	827	769	764	508	460	453	319	309	311
Balances with banks in U. S.	695	690	693	273	277	300	422	413	393
Cash items in process of collection	236	251	253	220	235	233	16	16	20
Gross demand deposits	5,084	4,967	4,912	2,841	2,771	2,728	2,243	2,196	2,184
Deposits of banks	1,008	1,005	976	936	930	893	72	75	83
Other demand deposits	4,076	3,962	3,936	1,905	1,841	1,835	2,171	2,121	2,101
Time deposits	667	664	650	360	359	351	307	305	299
Total deposits	5,751	5,631	5,562	3,201	3,130	3,079	2,550	2,501	2,483
Borrowings	4	5	3	2	4	3	2	1	*

* Less than $500,000.

security holdings were up 2 per cent. Both classes of banks have increased their investments in other securities during the year, although the increase in city banks has been 4 per cent compared with 10 per cent in the country banks.

Another sizable change in bank condition items during August was an increase of 58 million dollars in reserves with the Federal Reserve Bank, 48 million of which occurred in the reserve city bank statements. Reserve city banks have shown a substantial increase in reserves with the Federal Reserve Bank in recent weeks, an increase which continued into the second week of September and brought city bank reserves to a record figure. In addition to an increase of 10 million dollars in reserves with the Federal Reserve Bank, country banks had an increase of 9 million dollars in their balances with domestic banks, which was a continuation of the sharper increase of the previous month. For the city banks, cash items in process of collection declined by 15 million dollars, as there was a seasonal decline from the peak volume reached during the wheat harvesting period.

BANK DEBITS

	August 1947	8 Mos. 1947	Change from '46 August	Change from '46 8 Mos.
	(Thousand dollars)		(Per cent)	
COLORADO				
Colo. Springs	35,091	266,478	+11	+10
Denver	443,840	3,404,776	+8	+16
Gr. Junction	10,917	89,972	+15	+20
Greeley	18,807	133,586	+28	+32
Pueblo	35,832	266,249	+22	+23
KANSAS				
Atchison	16,502	113,473	+70	+56
Emporia	9,107	71,591	+18	+11
Hutchinson	51,549	322,063	+65	+21
Independence	6,334	52,049	+8	+13
Kansas City	55,468	451,459	+10	+18
Lawrence	8,263	71,941	+1	+11
Parsons	6,908	56,185	+2	+17
Pittsburg	10,101	79,051	+11	+19
Salina	60,019	306,839	+78	+33
Topeka	79,103	633,983	+17	+16
Wichita	180,102	1,546,390	+23	+17
MISSOURI				
Joplin	23,216	196,533	−2	+5
Kansas City	982,659	7,352,313	+16	+24
St. Joseph	92,055	703,089	+30	+42
NEBRASKA				
Fremont	14,258	101,774	+37	+46
Grand Island	19,999	154,671	+15	+20
Hastings*	14,809	108,364	....	....
Lincoln	64,938	541,223	+5	+11
Omaha	475,185	3,666,627	+19	+24
NEW MEXICO				
Albuquerque	57,534	482,025	+4	+12
OKLAHOMA				
Bartlesville	70,910	490,119	+37	+27
Enid	41,487	325,672	+48	+34
Guthrie	3,374	29,718	0	+13
Muskogee	19,123	164,432	+1	+16
Okla. City	245,226	2,047,922	+3	+16
Okmulgee	5,357	45,825	+7	+14
Tulsa	367,151	2,737,157	+23	+26
WYOMING				
Casper	21,288	151,751	+34	+30
Cheyenne	22,901	194,152	+1	+13
District, 33 cities	3,554,604	27,251,088	+17	+21
U. S., 334 cities	84,406,000	716,600,000	+2	+5

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

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in August was 5 per cent lower than a year ago. This was the first decrease from the previous year for any month since February, 1944, and only the third such decrease since October, 1940. The smaller volume of sales continued through the first week of September, but in the middle of September dollar sales were running about 5 per cent above a year earlier. Sales increased slightly more than usual from July to August, when the seasonally adjusted index of daily average sales was 296 per cent of the 1935-39 average as compared with 294 in July and the high level of 316 per cent prevailing last May.

The decline in inventories leveled off during August. The seasonally adjusted index of stocks at the end of August was 213 per cent of the 1935-39 average as compared with 212 a month earlier and the near-record level of 302 per cent last March. The volume of outstanding orders declined somewhat during August, following a rather marked rise in the two preceding months. The value of department store inventories on hand August 31 was about 5 per cent larger than a year ago, but the dollar volume of orders outstanding was 43 per cent less.

Department store sales and stocks in leading cities:

	SALES Aug. '47 comp. to Aug. '46	SALES 8 Mos.'47 comp. to 8 Mos.'46	STOCKS Aug.31,'47 comp. to Aug.31,'46
	(Per cent increase or decrease)		
Denver	+1	+10	+7
Pueblo	+4	+8	−4
Hutchinson	−7	+3	+9
Topeka	−10	+5	+15
Wichita	−11	−4	−8
Joplin	−8	+10	+26
Kansas City	−9	+7	−7
St. Joseph	−6	+7	*
Omaha	−16	+4	*
Oklahoma City	−7	+2	−8
Tulsa	−8	+4	*
Other cities	+5	+12	+30
District	−5	+6	+5

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing Cattle slaughter in the District during August, as measured by packers' purchases, was 12 per cent under July but was 3 per cent above August last year. Although the August, 1947, figure was 1 per cent below the 10-year average for the month, cattle slaughter in the first eight months of this year was 65 per cent larger than the volume in the same period of 1946. The slaughter of calves in August was 9 per cent over the July level and 4 per cent greater than the 10-year average for August. Although the liquidation of cattle numbers appeared to slow down during August, the prevailing opinion is to the effect that there will be a heavy disposal of potential breeding animals and other replacement stock this fall and winter. The slaughter of hogs during August at principal markets in the District was down sharply from July, while sheep and lamb slaughter was up 7 per cent.

Flour Milling Southwestern flour milling operations during August averaged about 102 per cent of full-time capacity, the same level reported for July. August flour production was 8 per cent over August, 1946, although production at Wichita for the month was sharply under that of a year ago, owing mainly to a strike at one of the mills in that city. In early September, many mills still had sizable backlogs of unfilled orders, which were expected to keep Southwestern flour milling operations at a high level for the balance of the month. Mills in the Southwest produced a record volume of flour in the crop year ended June 30, 1947. In this period, according to trade reports, flour production reached approximately 107 million 100-pound sacks, an increase of 21 per cent over the previous year's output.

Flour sales were generally slow during August but increased sharply in September. Progressively higher wheat prices continued to be reflected in rising flour prices. Many flour users who were delaying purchases in anticipation of lower prices have of necessity placed orders for at least their current requirements. The trade reports that there are a considerable number of baking concerns that will likely find it necessary to place substantial orders in the next 20 to 40 days. Purchases of flour for export were quite limited in early September, as October export licenses were not yet available to private trading interests. Government export purchases in the Southwest were comparatively small. Family flour sales were still being adversely influenced by the extremely hot weather that prevailed throughout early September.

Petroleum An entirely new program of oil conservation and development has been scheduled to begin on October 1 in the 30,000-acre West Edmond oil pool of central Oklahoma. Under a 1945 Oklahoma statute, which was the first law of its kind in any oil-producing state, all lease and royalty interests of this West Edmond field will be combined and the field will be operated in the future as an individual unit. The first step in this new method of development will be to shut down wells with high gas-oil ratios, while at the same time permitting the allowed amount of oil from the other wells. This action will be followed by tests and surveys, as well as by the secondary recovery method of repressuring through the injection of gas. After this method has reached its maximum effectiveness, recovery work is also planned using water injection. It is estimated that the development of this program will add approximately 30 million barrels of oil to the potential output of this field.

After having passed the peak of the summer gasoline-consuming season, the petroleum industry is now faced with the serious problem of meeting the greatly increased demands for heating oil for the coming winter. The Economics Advisory Committee of the Interstate Oil Compact Commission has predicted in a recent report that refineries undoubtedly will be forced to achieve larger yields of distillate fuel oils than ever before, in order that demands may be met. It further stated that even more intensive operations would be helpful in building stocks to levels that would facilitate distribution and provide some margin of safety against the possibility of an unusually cold winter. One of the most pressing problems facing the industry is that of moving sufficient quantities of kerosene and distillates into the Midwestern area. Although pipe lines in this section of the country are being taxed to capacity and tank cars are being utilized at high cost, it was recommended by the Compact Commission that even greater effort be made promptly to increase tank car and barge movements into the Middle West, before winter conditions hamper these means of transportation.

Employment The number of persons employed in the nation in August was estimated at approximately 60 million, according to a recent release of the Bureau of the Census. Employment in agricultural activities declined from July to August, but this decrease largely was offset by gains in nonfarm activities. Nonagricultural workers numbered 50,400,000 in August, reaching a level which was higher than in any previous month in the nation's history. Unemployment declined to 2,100,000 persons, with male veterans accounting for 34 per cent of the total.

During the latter part of August, the demand for both skilled and unskilled workers increased rapidly in the Denver area. This upsurge was largely the result of the seasonal resumption of many manufacturing activities and the withdrawal from the labor market of many students, especially veterans. Total nonagricultural employment in the Wichita and Topeka areas showed little change from July to August. Although the available labor supply in these two areas numerically is more than sufficient to meet all demands, there are continuing shortages in a number of skilled occupations. In the Kansas City, Kansas, area total nonagricultural employment continued its upward trend during August, with the meat-packing industry, transportation equipment firms, and the construction industry primarily responsible for the gain.

Manufacturing employment in the District increased during June, the latest month for which detailed state information is available. The level reached was 1 per cent above that of the previous month and 8 per cent above June a year ago. The Bureau of Labor Statistics has discontinued the publication of total nonagricultural employment estimates by states, but manufacturing employment figures are still available by states.

Estimates of manufacturing employment as reported by the Bureau of Labor Statistics:

	June 1947	Aver. 6 Mos. 1947	Change from '46 June	6 Mos.
	(Number)		(Per cent)	
Colorado	54,600	54,300	+11	+14
Kansas	81,000	79,100	+8	+4
Missouri	355,000	353,800	+9	+11
Nebraska	43,100	42,900	+3	0
New Mexico	9,900	9,900	+10	+9
Oklahoma	53,500	54,000	+1	0
Wyoming	6,300	5,900	+15	+11
Seven states	603,400	599,900	+8	+8
United States	15,327,000	15,392,000	+7	+12

AGRICULTURE

Farm Income Cash receipts from farm marketings in states of the District during June were 50 per cent or more above June, 1946, except in Wyoming. Nebraska had an unusually large increase of 114 per cent, or almost twice the average increase for the District. The cash income of states in the District during the first half of the year was 51 per cent greater than in the first six months of last year. This gain was made up of increases of 61 per cent in the cash receipts from crops and of 46 per cent in receipts from livestock.

Department of Agriculture estimates of cash receipts from farm marketings:

	June 1947	6 Mos. 1947	Change from '46 June	6 Mos.
	(Thousand dollars)		(Per cent)	
Colorado	19,506	154,328	+51	+24
Kansas	116,355	484,834	+53	+59
Missouri	75,700	429,816	+68	+49
Nebraska	92,689	526,827	+114	+51
New Mexico	11,824	51,025	+65	+27
Oklahoma	85,689	271,652	+50	+68
Wyoming	4,927	30,013	+8	+18
Seven states	406,690	1,948,495	+65	+51
United States	2,191,496	11,875,206	+44	+35

These spectacular gains in farm income are due almost entirely to the sharp rise in agricultural prices that has occurred since price ceilings were lifted in June, 1946. The above comparisons involve two periods in which quite dissimilar conditions existed with respect to prices, subsidies, and world food needs. During the first six months of 1946, most of the principal agricultural products of the District were being produced and sold under price ceilings, farmers and processors received Government subsidy payments to enable them to sell at established ceiling prices, and it was anticipated that the United States would soon be relieved of the pressure of emergency food demands from Europe. In the first six months of 1947, there were no controls on agricultural commodity prices, subsidy payments in conjunction with price control were nonexistent, and precisely the opposite of reduced food demand from Europe was the case. Even with allowances for this situation and the concurrent increase in farm production and living costs, a 50 per cent increase in cash receipts during a period of one year represents a substantial increase in farm income.

Crops Weather conditions in August, both from the standpoint of rainfall and temperature, were the most unfavorable in many years. A frequent remark heard from farmers was, "Except for the dust, this is worse than 1936." With rainfall measuring about one half of normal, and temperatures reaching 100 degrees and higher for several successive

RAINFALL

	Aug. 1947	Aug. Normal	8 Mos. 1947	8 Mos. Normal
	(In inches)			
COLORADO				
Denver	1.16	1.43	12.57	10.73
Leadville	2.60	2.34	15.07	14.01
Pueblo	1.04	1.82	11.62	9.42
Lamar	0.85	1.98	10.41	12.12
Alamosa	1.18	0.91	6.53	4.69
Steamboat Springs	3.02	1.53	17.85	15.67
KANSAS				
Topeka	6.39	4.21	28.06	23.13
Iola	2.37	3.58	30.92	25.84
Concordia	0.30	3.21	19.02	18.95
Salina	1.23	3.38	18.60	19.86
Wichita	0.82	3.13	20.31	21.80
Hays	2.06	3.08	19.10	17.75
Goodland	2.00	2.53	12.94	14.13
Dodge City	1.15	2.40	16.79	15.20
Elkhart	1.04	2.10	14.56	12.72
MISSOURI				
St. Joseph	0.76	3.83	28.62	25.88
Kansas City	4.35	3.54	31.94	24.54
Joplin	0.78	3.97	33.89	31.69
NEBRASKA				
Omaha	1.06	3.05	27.50	20.39
Lincoln	2.13	3.57	25.81	21.21
Norfolk	0.91	3.09	17.13	20.74
Grand Island	0.79	3.20	18.16	19.59
McCook	0.77	2.48	19.18	15.60
North Platte	1.05	2.39	13.81	14.97
Bridgeport	0.69	1.63	16.71	12.50
Valentine	0.06	2.17	14.23	14.77
NEW MEXICO				
Clayton	2.38	2.43	15.57	11.17
Santa Fe	3.03	2.41	7.68	10.26
Farmington	2.68	1.04	5.51	5.55
OKLAHOMA				
Tulsa	0.43	3.28	24.72	26.38
McAlester	0.97	3.54	24.59	29.68
Oklahoma City	1.19	2.89	29.25	21.87
Pauls Valley	0.37	2.86	25.10	24.26
Hobart	0.04	2.48	20.21	18.39
Enid	1.69	3.57	22.26	21.02
Woodward	0.40	2.60	17.79	17.85
WYOMING				
Cheyenne	1.37	1.55	12.77	11.76
Casper	0.71	0.93	12.30	10.23
Lander	0.54	0.53	15.56	9.07
Sheridan	0.52	0.91	13.33	11.45

days, growing crops, such as corn, sorghums, alfalfa, clover, cotton, peanuts, and vegetables, suffered almost irreparable damage. The hot, dry weather extended into early September, and, except in some parts of Nebraska and Wyoming, dry topsoil delayed plowing and seeding of winter wheat. Toward the middle of September, scattered rains and cooler weather generally relieved the droughty conditions, except in central and western Oklahoma and Kansas and in northeastern New Mexico. Some corn was benefited by these scattered rains, but the condition of this crop is extremely varied.

The Department of Agriculture as of September 1 estimated the 1947 corn crop for the entire country at 2,403,913,000 bushels. This estimate is 27 per cent below the 1946 crop and 9 per cent below the 10-year average crop from 1936 to 1945. The indicated production in states of the District as of September 1 was 341,770,000 bushels or 33 per cent below the 510,172,000 bushels produced in 1946. However, since September 8, there have been scattered reports that corn damage is not as great as was first expected.

Department of Agriculture corn crop estimates:

	Sept. 1 1947	Aug. 1 1947	Final 1946	Aver. '36-'45
	(In thousands of bushels)			
Colorado	12,160	12,160	14,343	13,098
Kansas	44,566	60,225	63,231	54,852
Missouri	100,878	144,738	171,976	118,154
Nebraska	160,050	203,700	231,362	153,843
New Mexico	2,016	2,016	2,256	2,551
Oklahoma	21,114	23,598	25,882	27,644
Wyoming	986	986	1,122	1,664
Seven states	341,770	447,423	510,172	371,806
United States	2,403,913	2,659,949	3,287,927	2,639,102

Grain prices continued strong until mid-September, when official talk of price controls and voluntary food rationing was revived. A sharp cut in the grain export quotas was also a factor in uneven grain prices following September 11. Receipts of wheat and corn at principal markets of the District during the month were 106 per cent and 55 per cent, respectively, over August, 1946. August marketings of wheat at these terminal points bring the total for the first eight months of 1947 to 48 per cent above the volume marketed in the same months of 1946. However, some reports indicate that as much as 75 per cent of the receipts of wheat at terminal points is going into storage on the producer's account, thus removing a larger than average volume of wheat from current marketable supplies.

The lower range of Kansas City cash grain prices:

	Sept. 17 1947	Aug. 30 1947	July 31 1947	Aug. 31 1946
No. 1 dk., hd. wheat, bu.	$2.66¾	$2.45¼	$2.21½	$1.95
No. 2 mixed corn, bu.	2.55	2.39½	2.17	1.79
No. 2 white oats, bu.	1.17	1.12	.92	.77
No. 2 rye, bu.	2.75	2.50	2.35	2.30
No. 2 barley, bu.	1.80	1.74	1.58	1.42
No. 2 white kafir, cwt.	3.96	3.65	3.25	3.08

Livestock Hog prices at Kansas City reached a new all-time high for that market on September 11, when the top price reached $31.00 per hundredweight. On the same day, hogs sold at the Omaha market for $32.00 per hundredweight, the high for the leading livestock markets of the country. The prospects for a relatively small corn crop and heavy purchases of hogs by buyers from the west coast were the principal factors in the strong market during the week of September 8. Cattle prices likewise were strong and worked higher during early September. Top steer prices at Kansas City on September 9 reached $33.00 per hundredweight, the highest price paid on that market this year.

Top carlot livestock prices at Kansas City:

	Sept. 17 1947	Aug. 1947	July 1947	Aug. 1946	Aug. 1945	Aug. 1944
	(In dollars per hundredweight)					
Beef steers	33.00	32.75	31.00	27.00	17.65	17.50
Stocker cattle	24.90	23.00	23.00	17.25	14.25	13.75
Feeder cattle	26.25	28.25	27.00	21.50	15.00	15.15
Calves	23.00	23.00	23.50	18.00	14.25	14.00
Hogs	29.50	28.25	28.00	24.25	14.50	14.50
Lambs	24.85	24.00	26.25	22.00	14.75	15.00
Slaughter ewes	8.50	8.50	8.50*	9.00	7.50*	5.25

*Shorn basis.

It is reported that a relatively large number of grass cattle still remain on pasture. Consequently, the peak in receipts of grass-fed cattle at the terminal markets is likely to be later than usual this year. About 95 per cent of the finished grass-fat cattle in the Flint Hills-Osage area of Kansas and Oklahoma had been sold by the middle of September.

The actual and psychological effect of the prospective short corn crop on livestock and meat production has already become apparent. The high grain and livestock prices currently, and those in prospect, together with less favorable feeding ratios, are said to be responsible in part for the reduced volume of cattle feeding and some liquidation of hog numbers. Furthermore, trade reports indicate that many cattle feeders now prefer to buy heavier weight feeder steers that can be finished for market in a short period of time with a minimum amount of grain. Under the circumstances, most authorities anticipate heavier than average marketings of livestock this winter.

In connection with the effect of feed grain supplies on livestock production, it is significant that, while the total feed supply of the country this year is estimated to be down 22 per cent from 1946, it is only about 9 per cent below the average from 1939 to 1943. At the same time, cattle, sheep, and hog numbers in the nation have declined since 1943. For the Tenth District, the decline in livestock numbers from 1943 has been: cattle 5 per cent, hogs 37 per cent, and sheep and lambs 31 per cent. Thus, feed supplies, particularly in the Midwest, may be more in line with livestock numbers than the expected short corn crop indicates.