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TENTH FEDERAL RESERVE DISTRICT

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WAR PLANT DISPOSALS

The conversion of war-built industrial plants has added greatly to the peacetime productive capacity of the Tenth Federal Reserve District and of the entire nation. Through the sale or lease of many of these publicly financed plants, the Government has been able to salvage a part of its huge wartime expenditures. Many private enterprises have been able to obtain facilities necessary for their postwar expansion plans which otherwise might have been postponed because of greatly increased construction costs and the scarcity of building materials and construction workers. In addition, new industries have been attracted to this area through their ability to secure surplus war plant facilities which were easily adapted to peacetime operations.

District Expansion War industrial facilities totaling more than one billion dollars of public funds were authorized between June 30, 1940, and V-J Day for the areas included within the boundaries of the Tenth District. Of this total, approximately 54 per cent was for the erection of new plant structures and the conversion of existing plants which were needed and suitable for war production. Authorizations for equipment for new plants and additional equipment for existing ones accounted for the remaining 46 per cent of the public funds allotted. Publicly financed facilities in the District were heavily concentrated in the production of explosives and shell loadings, aircraft, chemicals and petroleum products, and ordnance material. Authorizations for structures and equipment for the manufacture of ships, machinery, nonferrous metals, iron and steel products, and processed foods were of much lesser importance and made up only a small part of the expansion that took place in the District.

The extent to which this wartime expansion has contributed to the peacetime economy of the District is indicated by the fact that 15 of the 53 industrial plants constructed with the use of Government funds have been sold to private enterprises and 4 have been transferred to municipalities. The War Assets Administration is currently charged with the disposition of 14 other District war-built industrial plants which have been declared surplus. Lease arrangements, however, have been made by the WAA for 9 of these surplus plants, with most of the leases of relatively short duration. There are also 20 plants in the District which either have been placed in a stand-by status by the Government or are yet to be declared surplus available for disposal. The number of war plants constructed and their peacetime status are shown in the accompanying table for the states or parts of states included within the boundaries of the Tenth District.

WAR PLANTS CONSTRUCTED AND THEIR PEACETIME STATUS
Tenth Federal Reserve District

			Surplus		
	Constructed	Sold or Transferred	Now Under Lease	Not Under Lease	Stand-by or Undeclared
Colorado	7	4	0	1	2
Kansas	16	6	3	1	6
Missouri	6	2	1	2	1
Nebraska	7	1	1	0	5
New Mexico	2	0	1	0	1
Oklahoma	12	4	3	1	4
Wyoming	3	2	0	0	1
Total	53	19	9	5	20

Disposal Organization With the severe cutback in war orders following the close of hostilities, the question of disposal of Government-owned industrial facilities immediately became of vital importance. Even though the organization and the necessary planning for surplus property disposal had been given some consideration before that time, numerous changes have still been necessary to bring about the results desired. The Reconstruction Finance Corporation was originally designated the disposal agency for the bulk of the surplus property, but on January 1, 1946, this function was delegated to an RFC subsidiary, the War Assets Corporation. One month later, however, the War Assets Administration was created as an independent agency and charged with the responsibility of the entire surplus disposal program. Although the WAA has been guided by its responsibility to sell surplus properties at the highest

prices possible, this function has been complicated by the fact that the WAA also has had the task of preserving and promoting competition and of recognizing in many instances the priority claims of certain individuals and various Governmental agencies.

In order to handle the vast amount and wide variety of surplus properties, the WAA has decentralized its operations through the establishment of zone offices. The Kansas City Zone Office (No. 4) services all the states of the Tenth District except Oklahoma, which is under the jurisdiction of the Dallas Zone Office (No. 5). In each zone, a special division—the Office of Real Property Disposal—has been established with the express purpose of disposing of all publicly financed industrial facilities that have been declared surplus. The WAA Zone Advisory Councils, which are composed of outstanding bankers, realtors, insurance men, appraisers, and others, have been set up to give advice on specific sales plans for particular pieces of property and to suggest methods for handling these facilities in order to utilize them for peacetime needs.

Importance to District The 19 District plants, of which final disposal has been made either through sale to private industry or transfer to a municipality, have provided industrial facilities for the peacetime output of such commodities as petroleum products, glass products, carbon black, rubber products, chemicals, aircraft equipment, steel castings, iron and steel products, and molybdenum ore. Of these plants, 10 had structure authorizations exceeding one million dollars each. In the case of 13 of the plants of which final disposal has been made, a much larger amount of public funds was authorized for equipment than was allotted for the structures themselves. For example, the publicly financed equipment authorized for four refineries located at Cheyenne, Wyoming, Beckett and Ponca City, Oklahoma, and Coffeyville, Kansas, amounted to approximately ten times the authorizations for structures.

These 19 facilities which have been sold or transferred are fairly well distributed throughout the Tenth District. The 4 refineries previously mentioned which are located in Wyoming, Oklahoma, and Kansas have added greatly to the supply of petroleum products, which are badly needed to meet the very large postwar demand. The Goodyear Tire and Rubber Company is now the owner of the plant which it operated at Topeka during the war, and at Kansas City, Kansas, the Owens-Corning Fiberglas Corporation is adding to the manufacturing output of the District through its glass products. The Colorado Fuel and Iron Corporation at Pueblo is utilizing its wartime plant for the manufacture of iron and steel products, and at Omaha the Omaha Steel Works is producing steel castings. The Cabot Carbon Company at Guymon, Oklahoma, is utilizing its war-built structure and is adding to the supply of carbon black—a substance which is of importance in the manufacture of tires. At Tulsa, Cheyenne, Denver, and Kansas City, Missouri, industrial facilities which were constructed during the war for airplane modification are now being used by those cities for air line maintenance and cargo distribution.

Plants Still Under WAA Of the 14 surplus plants which remain under the jurisdiction of the WAA, 9 have been leased for varying periods of time, 2 have been leased only in part under a "multiple tenancy" program, while no arrangements have been made for 3 of them. It is important to note that, even though a plant may have been leased to private industry, the WAA is still charged with the property until final disposal is made through a sale, which would of course be subject to terms of the lease. As the most desirable facilities are sold, the remaining plant structures require increasingly greater effort and ingenuity on the part of the WAA in order to find some commercial or business use for the properties.

The multiple tenancy plan has been stressed recently by the War Assets Administration in an attempt to make exceptionally large surplus plants more attractive for the consideration of smaller business concerns. At the present time, about 90 per cent of the office building space of the Pratt and Whitney Plant at Kansas City, Missouri, is occupied by regional offices of WAA and the Bureau of Internal Revenue. In addition, there are 22 private concerns which have leased approximately one fifth of the manufacturing and storage space for periods of time ranging from one month to five years. While some of these enterprises currently are manufacturing products which include house trailers, paints, rubber goods, custom built truck bodies, and processed foods, most of them are using the space mainly for storage purposes. At the Boeing Airplane Plant at Wichita, approximately 15 per cent of the manufacturing space is being utilized by 9 business firms, and practically all the office space is occupied by the Veterans' Administration.

There are 3 District plants which have been declared surplus but which have been neither sold nor leased. The former Douglas Aircraft Assembly Plant (No. 3) at Tulsa was transferred from the Army Air Forces to WAA on September 10, 1947, and plans for disposal are now under consideration. The National Distillers Products Corporation used the war-built grain alcohol plant at Kansas City, Missouri, until July 1, 1947, at which time the plant was returned to the WAA, which now has the responsibility of the property. A plant which was operated in Colorado during the war by the Western Fluorspar Corporation is now under the

authority of the WAA, although it is reported that a sale is pending to its wartime operator.

Two of the largest District plants which have been leased to private enterprises are the former Jayhawk Ordnance Works at Galena, Kansas, and the former North American Bomber Plant at Kansas City, Kansas. The Spencer Chemical Company is now operating at full capacity the $20,000,000 former Jayhawk Plant at Galena and is providing chemical fertilizers for soils which have been neglected during the war years. The operation at Galena is currently furnishing employment for about 800 workers with an annual pay roll of around $2,500,000. The Spencer Chemical Company is also operating, under an interim lease arrangement, a nitrating unit of the Kansas Ordnance Plant at Parsons, Kansas. The former North American Bomber Plant at Kansas City, Kansas, has been leased for five years to the General Motors Corporation, which is using this huge structure for the assembly of automobiles. Approximately 2,300 workers are employed at this plant with a pay roll of about $6,500,000 a year.

Leased plants in other sections of the District are also being utilized for peacetime production. For example, the Farm Crops Processing Corporation is temporarily using for the manufacture of grain alcohol products an Omaha plant which it operated during the war. In November, 1947, this plant will be advertised nationally for sale or lease, with bids scheduled to be opened on December 17, 1947. At Kansas City, Missouri, a plant which was used during the war for the production of aluminum air-cooled cylinder heads has been converted by the Vendo Company for the manufacture of automatic vending machines and other peacetime products. Three leased plants in Oklahoma are currently producing sulphuric acid, zinc oxide, metallic zinc, and petroleum products.

Potential Surplus Problems

In addition to the 19 plants sold or transferred and the 14 surplus plants remaining under the jurisdiction of the WAA, there are 20 facilities in the Tenth District that were constructed with the use of public funds but have not been declared surplus. While these 20 plants are not available for disposal at present, some of the equipment which was installed in them has been removed and sold to private industry. The accompanying table shows the location of these plants, the authorizations of public funds for structure and equipment, and the war products or services of the plants. The dollar figures refer to War Production Board authorizations for expenditures, since actual expenditures for individual plants are not available.

Structure authorizations for these 20 facilities which are not currently available for disposal account for approximately two thirds of the total publicly financed structure authorizations in the District. This is in decided contrast with the proportions represented by plants already sold or transferred and by surplus plants now under the authority of the WAA. Structure authorizations for the 19 facilities of which final disposal has been made amount to less than one tenth of the total structure authorizations in the District, and those for the 14 surplus plants are only one fourth of the total.

It is unquestionably true that certain of these war-built industrial facilities will be held in a stand-by status for an extended period of time. If and when any of these facilities are declared surplus, however, the special purposes for which many of them were constructed will make any disposal attempt of the WAA exceedingly difficult. The general level of business and the trend of construction costs will also be important factors in the future disposal of such properties.

WAR-BUILT INDUSTRIAL FACILITIES NOT DECLARED SURPLUS
Tenth Federal Reserve District

		Authorizations of Public Funds		
		Structure	Equipment	War Products or Services
COLORADO	Denver	$ 16,000,000	$ 28,446,000	Tracer, armor piercing, and incendiary bullets; cartridges, shells, etc.
	Denver	37,068,000	28,323,000	Various gases
KANSAS	Atchison	604,000	774,000	Food processing
	Cunningham	1,560,000	1,985,000	Helium gas
	Eudora	143,447,000	36,382,000	Smokeless powder, TNT, etc.
	Leavenworth	86,000	53,000	Landing craft, etc.
	Otis	2,800,000	1,017,000	Helium gas
	Parsons	23,458,000	10,077,000	Bomb and shell loading, fuses, etc.
MISSOURI	Lake City	7,606,000	42,548,000	Small arms ammunition
NEBRASKA	Grand Island	16,391,000	7,025,000	Shell and bomb loadings, ammonium nitrate
	Omaha	17,841,000	4,774,000	Airplane assembly
	Omaha	5,903,000	949,000	Airplane modification
	Hastings	1,339,000	1,498,000	Ammunition
	Wahoo	20,865,000	8,975,000	Shell and bomb loadings
NEW MEXICO	Shiprock	907,000	1,154,000	Helium gas
OKLAHOMA	Choteau	47,449,000	20,061,000	Smokeless powder, TNT, etc.
	Claremore	194,000	980,000	Potassium perchlorate
	Oklahoma City	27,700,000	16,218,000	Airplane assembly
	Oklahoma City	4,623,000	363,000	Airplane modification
WYOMING	Laramie	2,172,000	2,467,000	Alumina

NON-REAL-ESTATE FARM LOANS

Recently a nation-wide survey of agricultural lending by insured commercial banks was undertaken by the Federal Reserve System and the Federal Deposit Insurance Corporation. A summary of the farm mortgage portion of the survey for this District was published in the September issue of the Monthly Review, and an analysis of the non-real-estate farm loans portion of the District survey is presented in this article of the current Review.

In this District, the Federal Reserve Bank of Kansas City and the F.D.I.C. obtained information from 108 banks on a selected sample of their non-real-estate farm loans outstanding on June 20, 1947. The number, amount, and characteristics of such loans in all District insured commercial banks have been estimated on the basis of these sample data.

Size of Bank Exclusive of Commodity Credit Corporation loans, District insured commercial banks hold approximately 290,000 non-real-estate farm loans, with an aggregate volume of 223 million dollars. Most of these loans are held by small and medium size banks. Over half of the loans and nearly half of the loan volume are extended by banks with total deposits under 2 million dollars. Another two fifths of the loans, involving three tenths of the loan volume, are made by banks with total deposits of 2 to 10 million dollars. While the larger banks hold only 4 per cent of the non-real-estate farm loans, they account for one fourth of the dollar volume of such loans. Loans made by the city banks are of much larger average size than the loans made by the country banks. This appears to be particularly true in the case of cattle loans, where the city banks have mostly larger loans.

NON-REAL-ESTATE FARM 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	156,101	104.7	53.9	47.0
$2 to $10 million	121,972	63.3	42.1	28.4
Over $10 million	11,752	54.8	4.0	24.6
Total	289,825	222.8	100.0	100.0

There is a noticeable difference in the type of farmers to which the larger banks extend credit. While the smaller and medium size banks extend over half of their non-real-estate farm loans to general farmers, only a minor proportion of the loans of the city banks go to that group. On the other hand, dairy farmers account for a much larger proportion of the loans of the city banks than of the other banks. While loans to livestock farmers are of considerable importance in all sizes of banks, they are a larger proportion of the non-real-estate farm loans in the city banks than in the other banks, and this tendency is even more markedly true as to their proportion of loan volume.

Size of Loan and Type of Farm The majority of non-real-estate farm loans extended by District insured commercial banks are small. Three fifths of the loans are for $500 or less, and two fifths are for $250 or less. Only 15 per cent of the loans are for amounts of $1,500 or above. However, this last category of loans accounts for two thirds of the total dollar volume of non-real-estate farm loans.

NON-REAL-ESTATE FARM LOANS CLASSIFIED BY SIZE OF LOAN

Size of Loan	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
Under $250	112,954	10.9	39.0	4.9
$250-$499	51,220	13.3	17.7	6.0
$500-$999	54,600	26.8	18.8	12.0
$1,000-$1,499	27,523	23.3	9.5	10.4
$1,500-$2,499	21,730	29.4	7.5	13.2
$2,500-$4,999	13,208	30.8	4.6	13.8
$5,000-$9,999	5,538	26.6	1.9	12.0
$10,000-$24,999	2,307	20.3	0.8	9.1
$25,000-$49,999	423	14.7	0.1	6.6
$50,000 and over	322	26.7	0.1	12.0
Total	289,825	222.8	100.0	100.0

There is a wide range in the average size of loans extended to farmers operating different types of farms. On June 20, 1947, the loans for cattle farms averaged $3,250, which was larger than the average for any other type of farm, while at the other extreme were loans for tobacco farms with an average of $200. The average sizes of loans for other types of farms were: hogs, $1,400; sheep, $1,100; truck farms, $1,100; corn, $600; dairy, $550; wheat, $550; general, $525; sugar beets and cane, $475; poultry and eggs, $450; fruit, $325; and cotton, $250.

NON-REAL-ESTATE FARM LOANS CLASSIFIED BY TYPE OF FARM

Type of Farm	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
General	162,049	86.7	55.9	38.9
Dairy	15,752	8.6	5.4	3.8
Poultry and eggs	850	0.4	0.3	0.2
Livestock	36,811	89.3	12.7	40.1
Fruit	407	0.1	0.1	0.1
Truck	3,256	3.6	1.1	1.6
Cotton	3,981	1.0	1.4	0.4
Tobacco	1,691	0.4	0.6	0.2
Field crops	57,501	31.2	19.9	14.0
Other	139	*	**	**
Part-time	2,194	0.6	0.8	0.3
Unknown	5,194	0.9	1.8	0.4
Total	289,825	222.8	100.0	100.0

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

Purpose of Loan According to this loan survey, more than half of the non-real-estate farm loans are made to enable farmers to pay production or living costs, and over one third of the loans are obtained to provide funds for buying machinery or livestock. Only 4 per cent are made for the purpose of buying or improving land or buildings, and only 2 per cent are obtained for repaying debts.

While loans to cover production or living costs are more than half of the total number of loans, they constitute only one fourth of the total dollar volume. On the other hand, loans for buying machinery or livestock represent over three fifths of the dollar volume compared with a third of the number of loans. Half of the loans to pay production or living costs are for amounts of $250 or less, and another one fifth are for amounts of $250 to $500. In the case of loans for buying machinery or livestock, only a third of the loans are for $500 or less, with another one fourth ranging from $500 to $1,000.

NON-REAL-ESTATE FARM LOANS CLASSIFIED BY PURPOSE OF LOAN

Purpose of Loan	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
Pay production or living costs	159,686	53.1	55.1	23.8
Buy or improve land or buildings	12,712	17.3	4.4	7.8
Buy machinery or livestock	101,317	140.1	35.0	62.9
Repay debts	5,302	3.9	1.8	1.8
Not known	10,278	7.0	3.5	3.1
Other	530	1.4	0.2	0.6
Total	289,825	222.8	100.0	100.0

Net Worth of Borrower Nearly half of the non-real-estate farm loans of District insured commercial banks are extended to borrowers with net worths between $2,000 and $10,000, and these loans include about a fourth of the total dollar volume of all such loans. Another fifth of both loans and loan volume go to borrowers with net worths of $10,000 to $25,000. While farmers with net worths of $25,000 and above account for only one eighth of the loans, they account for nearly half of the loan volume. On the other hand, farmers with net worths of less than $2,000 obtain nearly one fifth of the loans but only 6 per cent of the dollar volume.

The net worth of the borrowers varies considerably according to the type of farm operated. In the case of cattle farms, one fourth of the loans are obtained by borrowers with net worths of $2,000 to $10,000, another fourth by borrowers with net worths of $10,000 to $25,000, and one third to borrowers with net worths of $25,000 to $100,000. Only 3 per cent of the loans are to farmers with net worths under $2,000. The pattern is very similar for loans to farmers operating sheep farms. On the other hand, on the poultry and egg farms, over one third of the loans are to borrowers with net worths under $2,000 and somewhat less than one half to borrowers with net worths of $2,000 to $10,000. For general farms, the concentration is in the $2,000 to $10,000 net worth category, with a large number of borrowers having net worths under $2,000. On dairy farms, the concentration of loans is to borrowers with net worths ranging from $2,000 to $10,000. Over two fifths of the loans to wheat farmers are to borrowers with net worths between $2,000 and $10,000, but an additional third of the loans are to borrowers with net worths between $10,000 and $25,000.

NON-REAL-ESTATE FARM LOANS CLASSIFIED BY NET WORTH OF BORROWER

Net worth of Borrower	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
Under $2,000	51,580	13.0	17.8	5.8
$2,000-$9,999	131,166	59.0	45.3	26.5
$10,000-$24,999	60,137	43.3	20.7	19.4
$25,000-$99,999	30,659	54.3	10.6	24.4
$100,000 and over	4,714	51.0	1.6	22.9
Unknown	11,569	2.2	4.0	1.0
Total	289,825	222.8	100.0	100.0

Security of Loan Nearly two fifths of the non-real-estate farm loans held by District insured commercial banks are neither secured nor endorsed. They represent one fourth of the dollar loan volume. Another one fourth of the loans are secured by livestock, and these loans amount to two fifths of the loan volume. Security including a combination of crops, livestock, and machinery accounts for a fifth of both the loans and the loan volume. Machinery alone serves as security for one tenth of the loans and one eighth of the dollar volume.

NON-REAL-ESTATE FARM LOANS CLASSIFIED BY TYPE OF SECURITY

Type of Security	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
Not secured; not endorsed	104,018	54.1	35.9	24.3
Not secured; endorsed	7,191	4.0	2.5	1.8
G. I. guarantee	736	1.4	0.2	0.6
Livestock	71,306	85.0	24.6	38.1
Crops in storage	1,326	0.9	0.5	0.4
Growing crops	5,075	1.7	1.7	0.8
Machinery	30,045	26.2	10.4	11.8
Combination of crops, livestock, and machinery	63,674	44.8	22.0	20.1
Other security	6,064	4.4	2.1	2.0
No security given	390	0.3	0.1	0.1
Total	289,825	222.8	100.0	100.0

The proportion of the loans that are secured varies directly with the net worth of the borrower. For borrowers whose net worth is under $2,000, one fifth of the loans, comprising one twelfth of the loan volume, are neither secured nor endorsed. These proportions increase for each higher net worth bracket, reaching

a proportion of two thirds of the loans and two fifths of the loan volume unsecured and unendorsed in the case of borrowers whose net worth is $100,000 or over. For borrowers whose net worth ranges from $10,000 to $25,000, somewhat less than half of the loans and slightly over one fifth of the dollar volume of their borrowings are neither secured nor endorsed.

As would be expected, there tends to be an inverse relationship between the size of the loan and the proportion of loans neither secured nor endorsed. Half of the loans under $250 are in this category. The proportion unsecured decreases as loan size increases, with one fifth of the loans of $5,000 to $10,000 unsecured. (Adequate information is not available on larger loans that are unsecured.) It follows, of course, that the proportion of loans carrying specific security, such as livestock, machinery, or a combination of crops, livestock, and machinery tends to increase with the size of the loans.

Maturity of Loan The typical non-real-estate farm loan held by District insured commercial banks has a maturity of from three to six months, as over two fifths of the loans, comprising nearly three fifths of the loan volume, fall within that category. The second most numerous maturity category is three months or less, which includes three tenths of the loans, exclusive of demand loans. Only 5 per cent of the loans and of the loan volume have a maturity beyond one year.

NON-REAL-ESTATE FARM LOANS CLASSIFIED BY MATURITY

Maturity	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
Demand	17,911	13.2	6.2	5.9
3 months or less	73,544	33.7	25.4	15.1
3 months-6 months	123,860	125.9	42.7	56.5
6 months-9 months	38,950	24.3	13.4	10.9
9 months-1 year	20,937	14.9	7.2	6.7
1 year-2 years	7,015	6.3	2.4	2.8
2 years-3 years	1,451	1.2	0.5	0.6
Over 3 years	1,101	1.8	0.4	0.8
Past due	5,056	1.5	1.8	0.7
Total	289,825	222.8	100.0	100.0

Loans for buying machinery or livestock tend to have a longer maturity than those for paying production or living costs. As most non-real-estate farm loans have relatively short maturities, the difference is not pronounced. The greatest point of concentration for both types of loans, however, is in the three to six month maturities, which include two fifths of the loans obtained to pay production or living costs and half of the loans obtained to buy machinery or livestock. The typical non-real-estate farm loan for buying or improving land or buildings also falls in that maturity category, as does the typical loan to repay debts.

Interest Rate The average annual rate of interest on non-real-estate farm loans in District insured commercial banks is 6.1 per cent. There is a tendency for the rate of interest to vary inversely with the size of the loan. While two thirds of the dollar loan volume outstanding is borrowed at a rate of 6 per cent or less, fewer than three tenths of the loans carry a rate of 6 per cent or less. Some of the larger loans, particularly cattle loans obtained from larger banks, carry relatively low rates of interest. Thus, over 15 per cent of the loan volume is borrowed at a rate of 3 per cent or less, but it involves only one half of 1 per cent of the loans. Two per cent of the loans, including one fourth of the loan volume, have a rate of 4 per cent or less, and 6 per cent of the loans, including over one third of the loan volume, have a rate of 5 per cent or less.

Three fourths of the loans, comprising nine tenths of the loan volume, carry an interest rate of 8 per cent or less. While there is a considerable range of interest rates over 10 per cent, they represent only 6 per cent of the loans and only 1 per cent of the loan volume.

NON-REAL-ESTATE FARM LOANS CLASSIFIED BY ANNUAL INTEREST RATE

Annual Interest Rate	Number of Loans	Dollar Amount (Millions)	Percentage Distribution Number	Percentage Distribution Amount
Below 3.5	1,554	35.1	0.5	15.8
3.5 - 4.5	4,883	16.4	1.7	7.4
4.5 - 5.5	11,452	29.0	4.0	13.0
5.5 - 6.5	62,713	66.4	21.6	29.8
6.5 - 7.5	28,392	15.6	9.8	7.0
7.5 - 8.5	112,539	43.5	38.8	19.5
8.5 - 9.5	7,519	4.8	2.6	2.1
9.5 - 10.5	43,584	9.7	15.1	4.4
10.5 and above	17,189	2.3	5.9	1.0
Total	289,825	222.8	100.0	100.0

The average interest rate tends to vary inversely with the net worth of the borrower, ranging from 8.1 per cent for borrowers with net worths under $2,000 to 3.8 per cent for borrowers with net worths of $100,000 and over. There is no apparent correlation between maturity of the loan and the average rate of interest. However, it should be borne in mind that most of the loans of this type fall within a rather narrow maturity range.

There is little difference in the average rate of interest on non-real-estate farm loans in the smaller and the medium size banks, as the average rate is 7.0 per cent in the banks with total deposits of less than 2 million dollars compared with 6.4 per cent in the banks with total deposits of 2 to 10 million dollars. The interest rates in the larger banks average 3.8 per cent. This average is greatly influenced by the interest rate on certain large livestock loans carried by the city banks.

The loan survey gives evidence of the decline in interest rates during the last decade and a half. In 1930, nearly three fifths of the banks charged 8 per

cent as their usual rate on non-real-estate farm loans and another fourth charged over 9 per cent. Only one fifth of the banks had a usual rate of less than 8 per cent. By 1940, nearly half of the banks still received 8 per cent as their usual rate, but only one seventh of the banks received over 9 per cent, and one third of the banks usually received less than 8 per cent. By 1947, more than nine tenths of the banks usually charged 8 per cent or less, two thirds of them charged 7 per cent or less, and over one third of the banks charged 6 per cent or less.

Most banks have a minimum interest charge on loans. For the bulk of the banks, this minimum charge is 50 cents. The next most typical charge is $1. There is a scattered distribution of other minimum interest charges ranging from less than 50 cents to over $2.

A large majority of the banks report that they make some supplementary charges on non-real-estate farm loans in addition to the interest charge. Most of these banks report chattel mortgage fees, and a considerable number report inspection fees. Miscellaneous other charges are reported by many banks.

BUSINESS AND AGRICULTURAL CONDITIONS

MEMBER BANK CONDITION

The outstanding change in the condition of District member banks during the past year has been a large increase in loan volume. The rate of loan increase in the country member banks has been greater than in the reserve city member banks, as during the 12-month period ended September 24 the increase in the country banks was 33 per cent, and in the city banks it was 25 per cent. During the last quarter of that period, however, loan expansion was more rapid in the city banks, with the city bank rate of loan expansion increasing during that period and the country bank rate of loan expansion decreasing.

Government security holdings of both District reserve city member banks and country member banks declined during the 12-month period under review. The reserve city banks had a slight contraction in total loans and investments, as a decrease of 166 million dollars in Government securities more than offset increases of 140 million in loans and of 7 million in other securities. On the other hand, total loans and investments of the country banks expanded by 4 per cent. Not only did country bank loans expand much more than their Government security holdings declined, but other security holdings also increased substantially. Government securities decreased by 79 million dollars, while loans and other securities increased by 114 million and 36 million, respectively. Despite the decrease in Government security holdings, this class of investments increased substantially in both classes of banks during the last quarter of the 12-month period, as additional funds flowed into the banks, particularly from the marketing of wheat and livestock.

During the year, the volume of bank deposits expanded by 4 per cent in the country banks compared with an increase of 1 per cent in the reserve city banks. Most of the country bank increase occurred in demand deposits other than interbank, which expanded by 93 million dollars. Interbank demand deposits declined by 3 million dollars, and time deposits increased by 14 million. In the reserve city banks, demand deposits other than interbank declined by 26 million dollars, but interbank demand deposits expanded by 48 million and time deposits increased by 13 million. For the 9-month period from September 30, 1946, to June 29, 1947, deposits of both reserve city and country banks showed a decrease. However, a substantial increase occurred in deposits during the next quarter, leading to a net increase for the year ended September 24.

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in August had been 5 per cent

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

	All Member Banks			Reserve City Banks			Country Banks		
	Sept.24 1947	Aug.27 1947	Sept.30 1946	Sept.24 1947	Aug.27 1947	Sept.30 1946	Sept.24 1947	Aug.27 1947	Sept.30 1946
Loans and investments	4,275	4,218	4,222	2,360	2,335	2,377	1,915	1,883	1,845
Loans and discounts	1,167	1,152	913	703	695	563	464	457	350
U. S. Government obligations	2,762	2,731	3,007	1,475	1,462	1,641	1,287	1,269	1,366
Other securities	346	335	303	182	178	175	164	157	128
Reserve with F. R. Bank	822	827	768	496	508	471	326	319	297
Balances with banks in U. S.	673	695	665	262	273	264	411	422	401
Cash items in process of collection	251	236	207	234	220	189	17	16	18
Gross demand deposits	5,114	5,084	5,002	2,846	2,841	2,824	2,268	2,243	2,178
Deposits of banks	987	1,008	942	914	936	866	73	72	76
Other demand deposits	4,127	4,076	4,060	1,932	1,905	1,958	2,195	2,171	2,102
Time deposits	672	667	645	363	360	350	309	307	295
Total deposits	5,786	5,751	5,647	3,209	3,201	3,174	2,577	2,550	2,473
Borrowings	11	4	3	10	2	2	1	2	1

below a year ago, but in September it was 12 per cent larger and in the first three weeks of October about 4 per cent larger than in the corresponding periods of last year. Sales increased considerably more than usual from August to September, and the seasonally adjusted index of daily average sales rose from 298 per cent of the 1935-39 average in August to 346 in September. This was a new high record; the previous peak was 321 in September a year ago. The high level of sales in September this year has been attributed to several factors, including cooler weather in the latter part of the month, the cashing of armed forces terminal leave bonds, and a reported lessening in consumer resistance to prices.

Department store inventories increased somewhat during September, and the seasonally adjusted index of stocks advanced from 214 per cent of the 1935-39 average at the end of August to 220 at the end of September. However, this is still much below the near-record level of 302 per cent last March. Outstanding orders also increased during September. The value of department store inventories on hand September 30 was slightly larger than a year ago, but the dollar volume of orders outstanding was 16 per cent less.

Department store sales and stocks in leading cities:

	Sales		Stocks
	Sept.'47 comp. to Sept.'46	9 Mos.'47 comp. to 9 Mos.'46	Sept.30,'47 comp. to Sept.30,'46
	(Per cent increase or decrease)		
Denver	+12	+10	+8
Pueblo	+9	+8	−6
Hutchinson	+10	+4	+3
Topeka	+7	+5	+1
Wichita	+4	−3	−13
Joplin	+11	+10	+17
Kansas City	+11	+7	−6
St. Joseph	+11	+7	*
Omaha	+14	+5	*
Oklahoma City	+11	+3	−11
Tulsa	+13	+4	*
Other cities	+22	+13	+15
District	+12	+7	+1

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing As indicated by packers' purchases, cattle and calf slaughter in the District in September was unusually large. Cattle slaughter was 49 per cent greater than in August, while calf slaughter was up 54 per cent from August. This brings the 9-month total of cattle slaughter to 86 per cent above the first 9 months of 1946. Statistics of calf slaughter show a similarly large increase. This, together with other information available, indicates that beef is being consumed much faster than it is being produced in the form of live animals. The volume of hog slaughter in September was unchanged from August but was 6 per cent above the September average during the last ten years. Sheep and lamb slaughter was 51 per cent above August and 1 per cent over the September average.

Flour Milling Southwestern flour milling operations in September averaged about 97 per cent of full-time capacity, representing a drop of about 5 per cent from the level of operations in August. Compared with September, 1946, flour production in September of this year was up 13 per cent. Production of flour in the first 9 months of 1947 measured 22 per cent above output in the corresponding period of 1946. Continued strong domestic demand and increased purchases of flour for export have encouraged the larger production so far this year as compared with the same period of 1946.

In mid-October, sales of flour in the Southwest averaged only about 19 per cent of milling capacity. Advancing flour prices were said to be the factor checking the rather high volume of domestic purchases that characterized the trade in early October. Government purchases of flour also were reduced to

Bank Debits

	Sept. 1947	9 Mos. 1947	Change from '46 Sept.	Change from '46 9 Mos.
	(Thousand dollars)		(Per cent)	
COLORADO				
Colo. Springs	37,330	303,808	+14	+10
Denver	474,778	3,879,554	+19	+17
Gr. Junction	12,469	102,441	+13	+19
Greeley	22,903	156,489	+48	+34
Pueblo	37,261	303,510	+20	+23
KANSAS				
Atchison	16,167	129,640	+72	+58
Emporia	10,229	81,820	+31	+13
Hutchinson	41,742	363,805	+29	+22
Independence	6,477	58,526	+22	+14
Kansas City	59,286	510,745	+19	+18
Lawrence	8,725	80,666	+3	+10
Parsons	7,539	63,724	+29	+18
Pittsburg	10,672	89,723	+21	+19
Salina	41,296	348,135	+52	+35
Topeka	76,065	710,048	+23	+17
Wichita	201,981	1,748,371	+18	+17
MISSOURI				
Joplin	26,260	222,793	+8	+6
Kansas City	1,026,806	8,379,119	+35	+25
St. Joseph	95,607	798,696	+80	+46
NEBRASKA				
Fremont	14,458	116,232	+55	+47
Grand Island	20,494	175,165	+5	+18
Hastings*	14,841	123,205	....	....
Lincoln	68,296	609,519	+13	+11
Omaha	492,376	4,159,003	+42	+26
NEW MEXICO				
Albuquerque	63,177	545,202	+12	+12
OKLAHOMA				
Bartlesville	66,969	557,088	+25	+27
Enid	37,981	363,653	+47	+36
Guthrie	3,772	33,490	+10	+12
Muskogee	20,418	184,850	+14	+15
Okla. City	269,093	2,317,015	+20	+17
Okmulgee	5,828	51,653	+21	+14
Tulsa	384,859	3,122,016	+34	+27
WYOMING				
Casper	22,726	174,477	+45	+32
Cheyenne	25,901	220,053	+16	+13
District, 33 cities	3,709,941	30,961,029	+30	+22
U. S., 334 cities	91,889,000	808,489,000	+10	+5

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

a very small volume in the middle of October. There is a great deal of uncertainty in grain and flour circles regarding the effects of the proposed foreign food relief program. The world shortage of small grains, the heavy export demand for United States grain, and a poor beginning for this country's 1948 wheat crop are exerting extreme pressure on domestic prices of grain and related foods.

Petroleum Prices of petroleum products in many areas of the nation moved to slightly higher levels around the middle of October. These advances were largely the result of continued heavy demand for crude and refined products and of increased freight rates which went into effect October 13. Under an emergency order of the Interstate Commerce Commission, rail freight rates on almost all commodities, including petroleum and petroleum products, were increased a flat 10 per cent, and the railroads still have pending an application for even more extensive rate increases.

Recently published estimates of total footage to be drilled for oil during 1947, based on actual figures for the first half of the year and operators' programs for the last half, indicate a tremendous expansion in drilling operations in the principal oil-producing states of the Tenth District. Percentage increases from 1946 to 1947 in this District range from 14 per cent in Kansas to 110 per cent in Wyoming, as compared with a gain of 25 per cent for the entire nation. The greatly expanded supply of crude oil is evidence of the fact that this extensive exploratory program has been largely successful.

Total footage drilled, as reported by the Oil and Gas Journal:

	Colo.	Kans.	N. M.	Okla.	Wyo.	U. S.
	(In thousands of feet)					
1947 (Est.)	1,525	7,448	2,911	15,088	1,504	121,526
1946	1,063	6,556	1,624	9,771	716	97,048
1945	352	5,877	1,508	10,048	967	93,240
1944	207	6,194	1,332	7,172	907	80,746
1943	83	5,808	770	3,945	557	61,278
1942	123	4,795	1,148	3,934	793	60,789
1941	101	6,353	754	5,531	496	98,532
1940	87	5,714	200	4,904	583	91,467

Crude oil production in the Tenth District averaged 976,100 barrels a day during September. This represented an increase of 2 per cent over the daily average attained in August and a gain of 12 per cent above that reported for September a year ago.

Employment Manufacturing employment in the District continued to increase during July, the latest month for which information is available for all states. The level reached was only slightly above that of the previous month but was 7 per cent above July a year ago. All the states in the District had considerably higher levels of manufacturing employment in July than in the same month last year.

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

	July 1947	Aver. 7 Mos. 1947	Change from '46 July	Change from '46 7 Mos.
	(Number)		(Per cent)	
Colorado	55,900	54,500	+5	+12
Kansas	80,700	79,300	+6	+4
Missouri	353,000	353,700	+8	+10
Nebraska	43,700	43,000	+5	+1
New Mexico	10,100	10,000	+9	+8
Oklahoma	53,800	54,000	+3	+1
Wyoming	6,700	6,000	+10	+11
Seven states	603,900	600,500	+7	+8
United States	15,209,000	15,366,000	+5	+11

According to more recent information, manufacturing employment in Oklahoma was only slightly higher in September than in August, but the level reached was 6 per cent above September a year ago. In the Tulsa area, employment in manufacturing activities remained at practically the same level as in September last year, with factories currently employing about 55 per cent of the number reported on V-J Day two years ago. As war contracts in Tulsa were cancelled or completed, workers became available for employment which was considered nonessential during the war. During the past two years, however, nonmanufacturing activities in Tulsa have increased rapidly and have been able to absorb the personnel released from war work. A slight increase in unemployment has been reported in the Enid area, although there is still a shortage of skilled labor to meet the demands of the construction industry.

Total employment in Wyoming is expected to be at least 2 per cent higher this winter than it was a year ago, according to a recent report of the Wyoming Employment Security Commission. This favorable outlook is due largely to such factors as the $13,900,000 Boysen Dam contract, continuation of work on the Kortes Dam, oil refinery construction at Casper, pipeline and distribution station construction between Casper and Denver, and extensive mining activity.

The United States Employment Service at Santa Fe, New Mexico, has reported that total employment in that area during September was at the highest level in a number of months. Construction activity continued to be the outstanding source of jobs, with the turnover of personnel comparatively small.

AGRICULTURE

Winter Wheat Seed bed preparation and seeding of winter wheat have been seriously delayed by drought conditions in the heavy wheat-producing areas of Kansas and Oklahoma. In the western half of these two states, less than half of the intended acreage had been seeded as of October 10. Wheat crop

prospects in this section of the wheat belt were reported to be the poorest in many years. Only a few fields of wheat had been seeded in New Mexico by mid-October, and both subsoil and surface moisture were extremely short. Aside from the possible adverse influence on wheat production next year, it is most significant that the delay in seeding has, so far, virtually eliminated fall wheat pasture in cattle and lamb feeding programs normally followed in New Mexico and in western Kansas and Oklahoma. In general, the remainder of the wheat-producing sections of the District had, in comparison, a much more favorable winter wheat crop prospect on October 10.

Reports from bankers and county agents located in western Oklahoma and Kansas indicate that there remains only a small possibility of harvesting a normal winter wheat crop next year. Although it is possible to seed wheat as late as December, such a late planting in some years may not allow for a sufficient growth of the wheat plants to enable them to survive the winter. Many reports stated that, if general rains were received by November 1 or November 15, a crop could be harvested next summer but that yields would be below average.

Many large areas in Kansas and Oklahoma report that they have received no appreciable rainfall since last July or August. In these sections, growers generally were delaying seeding until rain fell. In other areas, where some rain was received following harvest but where the topsoil is now too dry to germinate the seed, a number of growers have "dusted in" the seed in the hope that it would receive moisture in time to develop a fall growth. Some scattered showers fell in western Kansas in late October but were, for the most part, too light to be of material benefit. There were frequent reports of wire worms destroying the ungerminated seed. Subsoil moisture supplies in the western half of these two states appeared to be rather limited. As would be expected, fallowed land showed a more favorable subsoil moisture condition than was found in continuously cropped land. However, the extreme dryness of the top 5 to 10 inches of soil over practically all of this area will forestall an effective seeding until general, soaking rains are received.

In northeastern New Mexico, there exists essentially the same condition of dryness and delayed seeding as described for Kansas and Oklahoma, except that the subsoil moisture supply is substantially less. One report from this area of the wheat belt indicated that there was no moisture whatsoever present in the soil. Rainfall has been about half of normal in most sections of New Mexico. Hay and other feed supplies are in short supply. Thus, the absence of fall wheat pasture this year has been a severe handicap to livestock growers.

Moisture conditions in Colorado have been generally favorable for winter wheat, with the exception of several southeastern counties and Morgan County in the northeastern section of the state. There is a sharp increase reported in the number of acres planted this fall, and wheat pasture has been utilized in a number of counties since October 1. A few correspondents report that wheat is in the best condition possible for this time of year.

The winter wheat crop in western Nebraska and in southeastern Wyoming was in good condition as of October 10. Favorable weather and soil moisture conditions have made possible a good fall growth. The crop condition was often reported as excellent in these two states, and a slight increase in the acreage seeded was indicated. However, several central and south-central counties in Nebraska and Converse County in Wyoming were extremely dry on October 10, and very little wheat had been seeded by that date.

In view of the world shortage of grain, the development of this country's wheat crop this fall and next

RAINFALL

	Sept. 1947	Sept. Normal	9 Mos. 1947	9 Mos. Normal
	(In inches)			
COLORADO				
Denver	0.54	0.99	13.11	11.72
Leadville	2.15	1.34	17.22	15.35
Pueblo	0.45	0.75	12.07	10.17
Lamar	0.31	1.22	10.72	13.34
Alamosa	0.72	0.96	7.25	5.65
Steamboat Springs	1.84	1.65	19.69	17.32
KANSAS				
Topeka	1.11	4.10	29.17	27.23
Iola	4.93	4.65	35.85	30.49
Concordia	0.13	2.66	19.15	21.61
Salina	0.12	2.95	18.72	22.81
Wichita	0.25	3.33	20.56	25.13
Hays	0.08	2.27	19.18	20.02
Goodland	0.17	1.60	13.11	15.73
Dodge City	0.01	2.08	16.80	17.28
Elkhart	0.23	1.64	14.79	14.36
MISSOURI				
St. Joseph	1.57	3.92	30.19	29.80
Kansas City	4.01	3.82	35.95	28.36
Joplin	4.63	3.92	38.52	35.61
NEBRASKA				
Omaha	0.79	3.21	28.29	23.60
Lincoln	1.72	2.98	27.53	24.19
Norfolk	1.51	2.87	18.64	23.61
Grand Island	1.41	2.60	19.57	22.19
McCook	1.84	1.76	21.02	17.36
North Platte	1.77	1.35	15.58	16.32
Bridgeport	1.44	1.33	18.15	13.83
Valentine	0.74	1.30	14.97	16.07
NEW MEXICO				
Clayton	0.01	1.74	15.58	12.91
Santa Fe	0.42	1.63	8.10	11.89
Farmington	0.48	1.14	5.99	6.69
OKLAHOMA				
Tulsa	3.90	3.05	28.62	29.43
McAlester	2.75	3.37	27.34	33.05
Oklahoma City	2.43	3.05	31.68	24.92
Pauls Valley	1.52	3.28	26.62	27.54
Hobart	0.40	2.78	20.61	21.17
Enid	0.06	3.12	22.32	24.14
Woodward	0.09	2.55	17.88	20.40
WYOMING				
Cheyenne	0.78	1.20	13.55	12.96
Casper	0.34	1.15	12.64	11.38
Lander	0.63	0.92	16.19	9.99
Sheridan	1.89	1.27	15.22	12.72

spring will likely be followed more closely than ever before. It is evident that at this time the prospects for a good crop in Kansas, Oklahoma, and New Mexico are poor. However, it should be pointed out that, if Kansas and Oklahoma next year should produce only half of the crop produced in 1947, if New Mexico should produce no wheat at all, and if the remaining four states of the District should produce approximately the same number of bushels as in 1947, the total crop of the District would still exceed the 10-year average crop from 1936 to 1945 by 71 million bushels.

Department of Agriculture winter wheat estimates:

	Indicated 1947	Final 1946	Aver. '36-'45
	(Thousand bushels)		
Colorado	56,856	35,100	17,333
Kansas	294,360	216,756	158,441
Missouri	27,588	18,780	25,015
Nebraska	94,292	89,723	49,024
New Mexico	9,750	2,648	2,761
Oklahoma	104,734	88,262	57,681
Wyoming	4,450	4,348	1,926
Seven states	592,030	455,617	312,181
United States	1,095,648	873,893	653,893

Other Crops The weather in September and October continued favorable for the maturing and harvesting of the corn crop. By October 1, the corn harvest was in full swing in Oklahoma, and by mid-month the crop in many northern areas of Kansas was dry enough for cribbing. Some corn picking was under way in Nebraska, mostly for early feeding.

The total United States corn crop was estimated at almost 2½ billion bushels on October 1. This estimated output is 32 per cent below last year's crop and 7 per cent below the 10-year average. It is extremely unfortunate that a short corn crop should have occurred this year. The principal cause for concern is the amount of other grains that will likely be fed to livestock in place of corn, thus reducing the amount of grain available for relief shipments abroad. This nation has been geared to plentiful grain supplies for the past eight years. Therefore, a sudden reduction of as much as 30 per cent in the supply of one of the most important of these grains appears likely to have repercussions in many businesses in addition to that of livestock production.

Grain prices moved to steadily higher levels in September and October. No. 1 dark and hard wheat at Kansas City reached $3.01¾ per bushel on October 21. On the same day, wheat futures at that market rose above $3.00 per bushel for the first time in thirty years. Although steps were taken on October 7 to curb the influence of speculative trading in grain, substantial purchases of grain by the Commodity Credit Corporation and aggressive bidding for limited market supplies by commercial users continued to push prices upward.

The lower range of Kansas City cash grain prices:

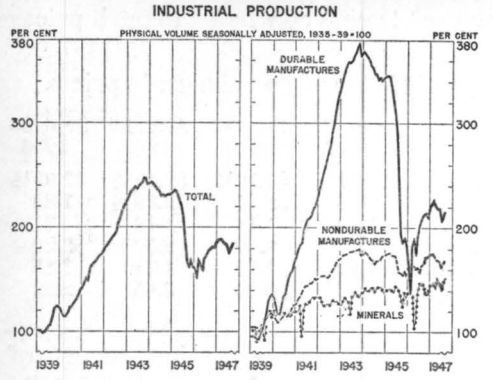
	Oct. 21 1947	Sept. 30 1947	Aug. 30 1947	Sept. 30 1946
No. 1 dk., hd. wheat, bu.	$3.01¾	$2.79¼	$2.45¼	$2.00½
No. 2 mixed corn, bu.	2.38	2.37	2.39½	1.80
No. 2 white oats, bu.	1.20	1.14	1.12	.81
No. 2 rye, bu.	2.75	2.80	2.50	2.20
No. 2 barley, bu.	1.79	1.74	1.74	1.35
No. 2 white kafir, cwt.	3.90	3.95	3.65	2.82

Livestock The cattle feeding situation report of October 1 indicates that a substantially lower volume of cattle feeding is likely this winter. The largest reductions in feeding activity from a year ago are expected in Illinois, Iowa, Missouri, and Nebraska, while a sharp decline is expected also in the Great Plains states from Kansas southward. Because of the lack of winter wheat pasture in western Kansas, Oklahoma, and some areas in New Mexico and Colorado, the number of cattle and lambs finished on wheat pastures will be substantially below that normally fed in this manner during the fall months. Some estimates place the number of cattle and lambs to be grazed on wheat pasture at only 20 to 30 per cent of last winter's volume. Thus, there has been a material shift in the plans of feeders who arranged for the delivery of lambs or cattle in October, intending to use wheat pastures in their feeding program.

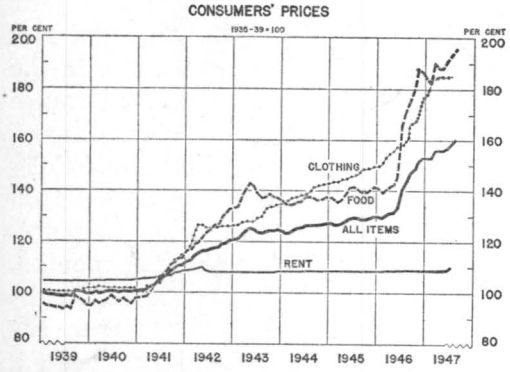
Cattle prices were generally firm to slightly higher in September but weakened somewhat in early October. Top prices on October 21 for good to choice slaughter steers were fully $2.00 per hundredweight under the top price paid for this class of cattle in September. Supplies of heavy, well finished slaughter steers were becoming increasingly short and were expected to remain small in view of unfavorable feeding ratios and the grain conservation program. In mid-October, stocker and feeder cattle comprised 60 to 70 per cent of total cattle receipts at Kansas City. The demand for stocker and feeder cattle remains fairly active in spite of the hesitancy on the part of many cattle feeders to purchase this class of cattle at what is considered a risk price. Heavy hogs were discounted to some extent in September because of the increasing stocks of lard in storage. The expected seasonal decline in hog prices began in early October.

Top carlot livestock prices at Kansas City:

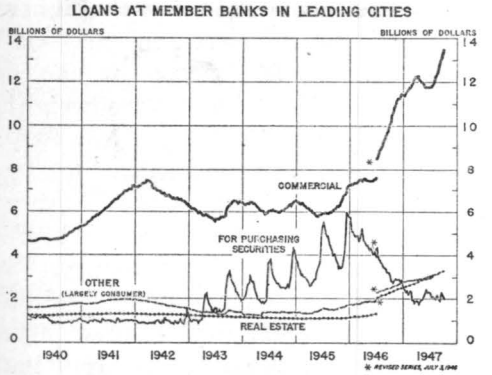
	Oct. 21 1947	Sept. 1947	Aug. 1947	Sept. 1946	Sept. 1945	Sept. 1944
	(In dollars per hundredweight)					
Beef steers	31.25	33.00	32.75	19.90	17.65	17.50
Stocker cattle	23.00	24.75	23.00	17.85	14.00	12.75
Feeder cattle	24.25	27.65	28.25	19.00	14.40	14.65
Calves	23.00	24.00	23.00	17.50	13.50	14.00
Hogs	28.25	31.00	28.25	15.95	14.50	14.50
Lambs	22.25	25.65	24.00	19.00	14.00	14.25
Slaughter ewes	7.75	8.50	8.50	8.75	6.00	5.35



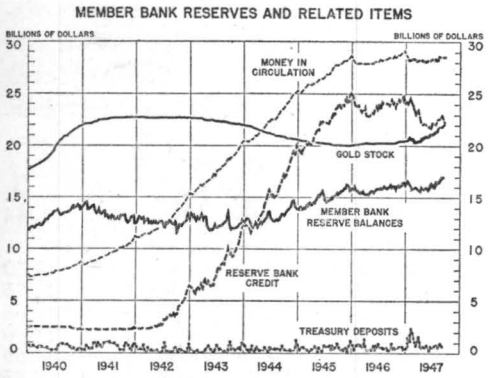
Federal Reserve index. Monthly figures, latest shown are for September, 1947.



Bureau of Labor Statistics indexes. "All items" includes housefurnishings, fuel, and miscellaneous groups not shown separately. Midmonth figures, latest shown for "all items" and food are for August, 1947, and for clothing and rent are for July, 1947.



Excludes loans to banks. Wednesday figures, latest shown are for October 15, 1947.



Wednesday figures, latest shown are for October 22, 1947.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial output and employment expanded somewhat further in September. Value of retail trade increased, reflecting partly a further rise in prices. In the early part of October department store sales declined. Prices of wheat, hides, rubber, and steel scrap showed marked advances, while prices of most other basic commodities showed little change.

Industrial Production

Output of manufactured products and minerals showed some further rise in September, and the Board's seasonally adjusted index of industrial production advanced three points to 185 per cent of the 1935-39 average. This was the same as the May index and 5 points below the postwar peak last March.

Activity in durable goods industries as a group increased further in September owing mainly to larger output of steel and of most types of machinery and transportation equipment. Steel production was temporarily curtailed around the middle of the month as a result of an industrial dispute, but advanced sharply in the latter part of the month and continued to rise in October, reaching a scheduled rate of 97 per cent of capacity. Output of passenger automobiles and trucks rose sharply in September, but declined again in the early part of October. Production of railroad equipment, chiefly freight cars, showed a substantial gain in September, reflecting in part improved supplies of materials. Output of building materials was maintained in large volume to meet demands arising from the advanced rate of construction activity.

The Board's index of nondurable goods output showed a slight increase in September, reflecting mainly increased production of rayon textiles, paperboard, and petroleum products. Activity at cotton mills and output of manufactured food products and some other nondurable goods showed little change from the level of the preceding month.

Minerals production rose further in September, reflecting a new record rate of crude petroleum output and a substantial gain in coal production. Output of bituminous coal advanced 7 per cent and was close to the same volume produced in September of last year. Output of fuels continued to rise in early October, under the pressure of exceptionally strong demand.

Employment

Nonagricultural employment increased by 450,000 persons in September, and was at the record level of 43 million, according to Bureau of Labor Statistics figures. The increase largely reflected seasonal gains in nondurable goods manufacturing and trade, and in the number of school employees of state and local governments.

Construction

The value of new construction activity on projects under way, as estimated by the Departments of Commerce and Labor, increased somewhat further in September. Work was started on 88,000 new dwelling units in September, an increase of 2,300 from August, and work was completed on 77,000 units. The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined in September following a sharp increase in August, and was at about the level of other recent months. Declines occurred in most lines, but the greatest reduction took place in public utilities, which had increased most markedly in August.

Distribution

Department store sales increased by more than the usual amount in September, owing in part to the advent of cooler shopping weather and the expenditure of proceeds from redemption of terminal leave bonds. Sales at other retail stores also increased, reflecting chiefly higher prices for foods and a larger volume of purchases of durable goods. In the early part of October department store sales declined considerably from the high rate reached at the end of September.

Commodity Prices

The general level of wholesale commodity prices in the middle of October was at the advanced level reached in the middle of September. Prices of wheat and some other farm products and foods reached new high levels. Prices of butter, corn, and meats, however, declined, following earlier sharp increases. Wholesale prices of most groups of industrial commodities continued to show advances in the early part of October.

Retail prices rose further by about 1 per cent from July to August with the largest increases shown in prices of foods and fuels. Further marked advances in retail food prices have occurred since August.

Bank Credit

Commercial and industrial loans at banks in leading cities continued to increase substantially during September and the first half of October. Real estate and consumer loans also showed further growth. Holdings of Government securities declined somewhat, reflecting Treasury retirement of bonds maturing on October 15.

Additions to monetary gold stocks continued to supply reserve funds to banks. Treasury balances at Reserve Banks, which were expanded considerably in late September as a result of large quarterly tax receipts, declined in October. The effects of these fluctuations on the reserve positions of banks were offset by changes in Federal Reserve holdings of Government securities, which increased in the latter part of September and declined during the first three weeks of October.