

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

VOL. 32, No. 12

FEDERAL RESERVE BANK OF KANSAS CITY

DECEMBER 31, 1947

THE YEAR 1947

The year 1947 was one in which business sentiment underwent rapid changes. In the early part of the year the feeling was widespread that business inventories were high. Special sales with price concessions were in progress in many retail lines as merchants endeavored to dispose of inferior merchandise inherited from the war. It was believed that many prices were dangerously high; that an unhealthy state of imbalance in the price structure existed—especially between agricultural and industrial prices; and that price readjustments were inevitable that would go far in restoring a better economic balance in the business system. In short, the belief was common that the crest of the postwar boom was being passed.

But such proved not to be the course of events. Activity in the heavy industries — automobiles, the building industry, railroad construction, farm implements, and oil field equipment—instead of abating continued to be limited only by available supplies of materials and labor. The enormous pay rolls disbursed by these industries, together with their insatiable demand for materials of all sorts, was a sustaining force in other business areas. A short corn crop, disappointing crops abroad, and late summer and fall drought in the winter wheat areas convulsed the grain markets. Higher feed prices under the circumstances meant higher livestock prices. Advancing food prices forced up sharply the cost of living later in the year, a development which, in turn, seemed to portend additional wage increases. Finally, by midyear it became clear that the relief and rehabilitation of war-torn countries would place a much greater strain on American agriculture and industry than anticipated early in the year. Such were the new developments that dispelled any idea of lower prices and business recession and launched the country on a new phase of the inflationary spiral.

Agriculture These developments in the national economy were of special significance to the Tenth Federal Reserve District. American agriculture has almost invariably prospered when Ameri-

can industry was active and pay rolls large, for the domestic market is the farmer's largest and richest market. Sixty million people were working and this record-breaking consumer demand, together with large purchases of food for foreign relief, lifted cash farm income in the United States to approximately 30 billion dollars. This was nearly a fifth larger than the previous record figure of 1946. The extent of the prosperity on the farm can be appreciated when it is realized that this 30 billions of cash farm income was nearly seven times what it was in 1932.

The Tenth District fared even better than the country as a whole, for cash farm income in 1947 in the seven states represented in the District was about 40 per cent larger than in 1946. The country's wheat crop last year was 1.4 billion bushels and the seven states of the Tenth District accounted for 42 per cent of that record crop. Kansas, alone, with a crop of 287 million bushels produced nearly 21 per cent of all the wheat in the country. These seven states produced 14 per cent of the country's corn crop and they have more than a fifth of all the cattle, nearly a sixth of the hogs, and a fourth of the sheep in the United States. The high prices for wheat and corn and livestock in 1947 go far in explaining why farm income in the Tenth District was about 40 per cent higher than in 1946.

In other respects, 1947 was an erratic year on the farm. It had been preceded by five consecutive years in which moisture conditions had been unusually favorable. The spring of 1947 was wet and cool, greatly delaying the planting of corn and cotton. Rainfall in July was subnormal in all states of the District. Such a situation was favorable for harvesting the record wheat crop, but it was the beginning of a dry spell that raised great uncertainty regarding next year's winter wheat crop. August rainfall in Oklahoma was only a fourth of normal and in Nebraska only a third. Kansas and Missouri were also very dry. Dry weather in July and August in much of the Corn Belt cut the country's corn crop to 2.4 billion bushels, 30 per cent under the 1946 crop.

Scarcely any rain fell in September in western Kansas and Oklahoma, and October was nearly as dry. These areas continued dry until after the middle of November. Late November and December rain and snow finally permitted the sowing of wheat and the germination of seed already in the ground. Such wheat faces many hazards before the end of winter. A by-product of the delayed seeding was a very great loss of fall and winter wheat pasturage. Wheat pastures had been unusually good for a number of years in these areas and feeders were compelled to make radical changes in their plans.

Livestock Livestock numbers continued to decline in 1947. Apparently livestock numbers are in the declining phase of the livestock cycle and this fact has great significance not only to a world short of food but also to the producer whose immediate interest is the probable course of prices. The United States Department of Agriculture estimated that there were nearly 86 million cattle on farms on January 1, 1945. One year later the estimate was less than 82½ million and a year ago it was 81 million. The Department now believes that the estimate for January 1, 1948, will show a decrease during 1947 of 4 to 5 million beef cattle. The foot and mouth disease in Mexico, which has shut off imports of Mexican cattle averaging nearly a half million head annually, and decreased imports from Canada in recent years are additional factors strengthening livestock markets.

Hog numbers are declining also. The record hog population in the United States was in 1944 when nearly 84 million head were reported by the Department of Agriculture. Two years ago there were 61 million hogs in this country and a year ago 57 million. The spring and fall pig crops of 1947 were somewhat larger than those of 1946, but indications are that the spring crop of 1948 will be the smallest in nearly a decade. The corn-hog ratio was unfavorable in the latter half of the year. The price of corn, together with other hazards in connection with raising hogs, offers no incentive to expand operations.

Sheep numbers have been declining since 1942. There were over 56 million sheep and lambs in the United States at the beginning of that year, while the estimates for January 1, 1947, placed the figure at only 38½ million. This was a decrease of over 30 per cent. Indications are that sheep numbers continued to decline during 1947. High labor costs, uncertainty regarding the price of wool, and the fact that cattle are more profitable than sheep are some of the important causes of the decline in sheep numbers.

Petroleum The petroleum industry was very active in 1947. At the close of the war few people in this industry saw any possibility that peace-

time demands for petroleum products could soon take the place of the huge amounts consumed in the war. That pessimism, however, soon passed. By the end of 1947 difficulty in meeting demand developed, and prices of crude moved sharply upward. The large number of motor vehicles in use, the increased installations of oil burners due to uncertainties regarding supplies of coal, greater use of Diesel engines, the continued large Army and Navy needs, and very large income payments to individuals were factors sustaining demand.

Production of crude oil in the Tenth District averaged 993,500 barrels daily in November, an amount 13 per cent higher than a year earlier. At the beginning of the year the price of crude was \$1.64 a barrel and by November the price had increased to \$2.09. In December most oil companies advanced the price an additional 50 cents a barrel. These prices are in marked contrast to that of \$1.02 in 1940. Higher prices have stimulated drilling activity both in the Tenth District and elsewhere.

Trade The dollar volume of District department store sales in 1947 reached a new record level which was about 7 per cent above the previous high in 1946. The changes in sales during 1947 ranged from a small decline at Wichita to increases of about 10 per cent at Denver and Pueblo and 12 per cent at Joplin. Most, if not all, of the increase in dollar volume was due to higher prices. Probably the only principal class of merchandise where increased dollar volume of sales outstripped price rises was consumer durable goods, chiefly major household appliances, radios, and phonographs. The increase in the physical volume of sales of such items reflected increasing availability of this merchandise as well as an accelerated rate of completion of new dwelling units. In some lines, notably apparel, dollar volume actually declined. In other lines the increase in dollar volume was largely, or more than, offset by rising prices, so that in some cases a decline in unit sales occurred.

The dollar value of department store inventories in the latter part of 1947 was little changed from a year earlier, and outstanding orders continued appreciably below the previous year. In the early part of 1947, expectations of business recession had resulted not only in extensive inventory clearances but also in sharp cutbacks in outstanding orders and in increasing caution in buying policies. With the improved outlook since midyear, both stocks and orders increased somewhat but stocks, even so, were reported as relatively low in comparison with sales.

The value of wholesale sales in this District in 1947, according to Department of Commerce data for the first eleven months of the year, showed an increase of

about 9 per cent over 1946. Wholesalers of automobile supplies, plumbing and heating hardware supplies, and lumber and building materials showed the largest increases in sales. The value of wholesale inventories on November 30 was about one sixth higher than that of a year earlier.

Banking There was little evidence in 1947 that bank deposits had begun the shift from rural areas to industrial centers that many expected would take place after the war. Bank deposits in the Tenth District increased more rapidly during the war than in the country as a whole, owing probably to the large farm production and high prices and to the large amount of new industrial activity the war brought to this area. A postwar drop in agricultural prices seemed inevitable, and it was assumed that this, together with greatly increased production of civilian goods in industrial centers, would bring about a redistribution of bank deposits.

To date nothing of this kind has apparently taken place. Farm income in the Tenth District in 1947 broke all records by a wide margin, indicating a continuing large flow of funds to this area to purchase the products of the farm. Many of the war plants have been converted to peacetime production, and employment in other industries and in service institu-

tions is at high tide. Total deposits of all commercial banks in the United States declined between January 1 and June 30 from \$155,902,000,000 to \$153,350,000,000 and total deposits of member banks in the Tenth District declined from \$5,562,000,000 to \$5,416,000,000 in the same time. By October 29 total deposits of all commercial banks in the United States increased to \$157,970,000,000, a gain of 3 per cent, and those of member banks in the Tenth District increased to \$5,812,000,000, a gain of 7 per cent.

Loans and discounts of all banks in the United States increased \$3,410,000,000 between June 30 and October 29, a gain of 9 per cent, while the increase for member banks in the Tenth District was \$127,000,000, or 12 per cent. In this period the holdings of Government securities of all banks in the United States increased only \$70,000,000, while those of member banks in the Tenth District increased \$156,000,000.

The figures given in the preceding paragraphs show that deposits, loans, and investments of member banks in the Tenth District increased more rapidly after the middle of the year than in the United States. It was the harvest season in this area and farm marketings were very large. There is nothing, however, in these figures to indicate that a redistribution of banking funds is under way.

BUSINESS AND AGRICULTURAL CONDITIONS

MEMBER BANK CREDIT

Loan volume of Tenth District banks continued to expand during November. In District reserve city member banks the expansion was 13 million dollars. A major part of the city bank loan increase was in "commercial, industrial, and agricultural" loans, but substantial increases also occurred in real estate loans and consumer loans. Loans for purchasing or carrying securities declined, with all of the decrease occurring in loans on United States Government securities. Government security holdings of District reserve city

banks showed little net change during the month, as they increased by 4 million dollars. A sizeable increase in Treasury bill holdings was offset by an equal decrease in Treasury notes, while holdings of both certificates of indebtedness and Treasury bonds expanded.

Deposits in District reserve city banks increased by 56 million dollars during the month. While interbank demand deposits declined by 19 million dollars, other demand deposits expanded by 77 million. The increase of 56 million dollars in deposits as compared with an increase of only 15 million dollars in loans and invest-

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

	ALL MEMBER BANKS			RESERVE CITY BANKS			COUNTRY BANKS		
	Nov. 26	Oct. 29	Dec. 31	Nov. 26	Oct. 29	Dec. 31	Nov. 26	Oct. 29	Dec. 31
Loans and investments.....	4,363	4,329	4,070	2,389	2,374	2,224	1,974	1,955	1,846
Loans and discounts.....	1,232	1,213	1,002	750	737	616	482	476	386
U. S. Government obligations.....	2,771	2,760	2,754	1,455	1,451	1,437	1,316	1,309	1,317
Other securities.....	360	356	314	184	186	171	176	170	143
Reserve with F. R. Bank.....	844	821	764	514	496	453	330	325	311
Balances with banks in U. S.....	680	652	693	271	241	300	409	411	393
Cash items in process of collection.....	262	260	253	243	242	233	19	18	20
Gross demand deposits.....	5,219	5,138	4,912	2,896	2,838	2,728	2,323	2,300	2,184
Deposits of banks.....	961	980	976	881	900	893	80	80	83
Other demand deposits.....	4,258	4,158	3,936	2,015	1,938	1,835	2,243	2,220	2,101
Time deposits.....	672	674	650	362	364	351	310	310	299
Total deposits.....	5,891	5,812	5,562	3,258	3,202	3,079	2,633	2,610	2,483
Borrowings.....	25	20	3	24	18	3	1	2	*

*Less than \$500,000.

	BANK DEBITS		Change from '46	
	Nov. 1947	11 Mos. 1947	Nov. 1946	11 Mos. 1946
	(Thousand dollars)		(Per cent)	
COLORADO				
Colo. Springs.....	39,874	383,387	+14	+11
Denver.....	486,198	4,888,883	+19	+17
Gr. Junction.....	13,554	130,463	+16	+19
Greeley.....	23,632	205,192	+42	+35
Pueblo.....	42,407	388,872	+36	+25
KANSAS				
Atchison.....	11,159	157,343	-21	+45
Emporia.....	9,878	103,243	+10	+13
Hutchinson.....	35,307	446,512	+20	+25
Independence.....	6,499	71,852	+14	+14
Kansas City.....	55,861	627,145	+7	+16
Lawrence.....	9,224	100,308	+11	+11
Parsons.....	7,866	80,156	+19	+18
Pittsburg.....	10,834	112,403	+18	+19
Salina.....	35,464	429,528	+22	+37
Topeka.....	72,873	866,408	+13	+17
Wichita.....	178,340	2,138,252	+14	+18
MISSOURI				
Joplin.....	24,830	273,966	+2	+5
Kansas City.....	990,715	10,476,435	+17	+25
St. Joseph.....	103,927	1,014,202	+20	+41
NEBRASKA				
Fremont.....	14,831	147,150	+41	+46
Grand Island.....	18,133	215,750	+1	+16
Hastings*.....	13,753	152,091	+16
Lincoln.....	67,962	753,094	+9	+12
Omaha.....	471,155	5,161,826	+12	+24
NEW MEXICO				
Albuquerque.....	65,227	681,722	+13	+12
OKLAHOMA				
Bartlesville.....	70,819	694,994	+24	+27
Enid.....	38,821	445,032	+39	+37
Guthrie.....	3,819	41,326	+18	+12
Muskogee.....	23,437	232,554	+15	+15
Okla. City.....	281,929	2,897,972	+18	+16
Okmulgee.....	7,905	66,278	+45	+18
Tulsa.....	502,016	4,032,896	+66	+31
WYOMING				
Casper.....	21,451	221,622	+26	+31
Cheyenne.....	25,460	272,703	+6	+12
District, 33 cities.....	3,771,407	38,759,469	+21	+22
U. S., 334 cities.....	92,921,000	1,006,730,000	+7	+6

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

ments is reflected in an expansion of 18 million dollars in reserves with the Federal Reserve Bank and of 30 million dollars in balances with other domestic banks. Despite the expansion in these aggregate balances, reserve city bank borrowings from the Federal Reserve Bank increased by 6 million dollars.

Outstanding loans of District country member banks expanded by 6 million dollars during November, and United States Government security holdings expanded by 7 million, but no data are available on changes in the holdings of the various classes of loans and Government securities. Perhaps the most noteworthy change in the asset items of the District country member banks during the month was an increase of 6 million dollars in securities other than United States Government obligations. These banks have been adding significant amounts of such securities to their portfolios since the end of the war, but the increase has been much more rapid recently. While such investments expanded by 33 million dollars during the first eleven months of this year, 19 million

dollars of the increase occurred during the last three months. Deposit volume of District country member banks expanded by 23 million dollars during November, with all of the increase occurring in demand deposits other than interbank.

DEPARTMENT STORE TRADE

The dollar volume of sales at reporting department stores in this District in November was 11 per cent larger than a year ago. This rate of gain was appreciably higher than that for the first eleven months of the year, and sales were well maintained through the first half of December, when dollar sales showed an increase of about 10 per cent over the previous year. Thus, Christmas trade established a new high for dollar volume even though physical volume in most lines was below last year's level. Sales increased more than is usual during November, reflecting renewed shopping activity after a lull in October, and the seasonally adjusted index of daily average sales in November was 328 per cent of the 1935-39 average as compared with 320 in October. However, this was still considerably below the September record level of 346.

Department store inventories showed much more than the usual increase during November, as stores attempted to bolster stocks for Christmas trade that were underordered last spring. At the end of November, the seasonally adjusted index of stocks was 266 per cent of the 1935-39 average as compared with 239 per cent at the end of October but, even so, it was still low in comparison with the near-record level of 302 per cent last March. The value of stocks on hand November 30 was 4 per cent larger than a year ago, while orders outstanding were 6 per cent less.

Department store sales and stocks in leading cities:

	SALES		STOCKS
	Nov. '47 comp. to Nov. '46	11 Mos. '47 comp. to 11 Mos. '46	Nov. 30, '47 comp. to Nov. 30, '46
	(Per cent increase or decrease)		
Denver.....	+11	+10	+4
Pueblo.....	+25	+10	-10
Hutchinson.....	+7	+5	+1
Topeka.....	-1	+5	-4
Wichita.....	+8	-2	-13
Joplin.....	+13	+12	+10
Kansas City.....	+13	+8	+9
St. Joseph.....	+9	+8	*
Omaha.....	+10	+7	-5
Oklahoma City.....	+10	+4	-4
Tulsa.....	+11	+6	*
Other cities.....	+15	+13	+10
District.....	+11	+7	+4

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing As indicated by packers' purchases at leading markets, cattle slaughter in the District during November was down 11 per cent from October but was 3 per cent above November,

1943. Calf and sheep slaughter in November was down about 18 per cent from the previous month but was about 16 per cent above November last year. The volume of hog slaughter apparently increased very sharply in November, as statistics indicate that packers' purchases at the leading markets of the District during the month were 76 per cent above October. It should be pointed out that the above figures, which are based chiefly on purchases at central markets, do not reflect fully packers' purchases of livestock directly from producers.

The per capita consumption of meat in 1947 is estimated to be about 156 pounds. There is some uncertainty as to whether this rate of consumption can be met in 1948 with existing supplies of livestock. Reports indicate that fewer cattle are on feed this winter for marketing next spring and summer and that much of the feeding that is being done is on a short-term basis. Lighter than average marketing weights of cattle, lambs, and hogs are expected to be one result of less liberal use of feed grains in feeding programs in the first half of 1948. Thus, the total tonnage of meat produced in the coming six months is expected to be below the corresponding months of 1947. The Department of Agriculture recently estimated the per capita meat supplies in 1948 to be about 146 pounds, or 10 pounds below 1947.

Flour Milling The November level of flour milling operations and flour production was appreciably below that attained in October. Flour milling operations in the Southwest in November averaged about 97 per cent of capacity, as compared with 100 per cent in October. However, the output of flour in the first eleven months of this year is estimated to be approximately 18 per cent greater than in the same months of 1946. With a decreased volume of sales in late November and early December, a number of mills reduced operations to five days per week.

Slightly lower prices for bakers' flour in early December failed to stimulate sales to any appreciable extent. Flour sales in mid-December in the Southwest ranged from 10 to 25 per cent of capacity, sharply below the levels in that period of 1946. Few private export sales were reported, and Government flour buying was quite limited. Trade reports indicated that many domestic users expected lower wheat prices in January, with a consequent reduction in flour prices. Thus, there was some inclination on the part of commercial buyers to delay placing orders for immediate and future delivery until well into January.

Petroleum A reduction in excise taxes on imports of gasoline, naphtha, paraffin, paraffin wax, and unfinished oils will become effective on Janu-

ary 1, 1948. The principal reduction in this new set of reciprocal trade agreements with twenty-one foreign countries is on gasoline. In 1932, Congress placed a duty of 2½ cents a gallon on this product, and this has remained unchanged up to the present time. The new rates on petroleum products imported into this country will be 1¼ cents a gallon on gasoline, ½ cent a pound on paraffin and paraffin wax, and ¼ cent a gallon on naphtha and unfinished oils. The duty on naphtha and unfinished oils is now brought down to the level established on crude oil in 1939 and on kerosene in 1943. In return for the concessions granted by this country, the various foreign participants have agreed to lower duties on petroleum products, drilling machinery, and other types of equipment needed for the output of crude oil and refined products.

The recent increase of 50 cents per barrel in crude oil prices is one of the largest advances in the history of the oil industry. Considerable doubt has been expressed, however, whether this increase will be successful in attaining the objectives desired—those of ending the widespread practice of paying premiums and bonuses above the posted price and of stimulating additional exploratory drilling. It is reported that many companies are continuing to pay premiums and that other roundabout methods of obtaining and holding sources of supply are still in effect. The difficulty in securing adequate supplies of steel products may continue to be a limiting factor to more extensive drilling activities, regardless of the price offered for crude oil.

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

	Nov. 1947	11 Mos. 1947	Change from '46 Nov.	11 Mos.
	(Thousand barrels)		(Per cent)	
Colorado.....	1,447	14,298	+27	+32
Kansas.....	8,755	96,082	+7	+8
Nebraska.....	16	197	-11	-21
New Mexico.....	3,518	36,887	+13	+10
Oklahoma.....	12,296	128,568	+14	+4
Wyoming.....	3,774	39,295	+20	+12
Six states.....	29,806	315,327	+13	+8
United States.....	159,066	1,688,463	+10	+6

Employment Construction contractors throughout the nation will be employing approximately 2,150,000 workers by next September, according to a recent forecast by the Bureau of Labor Statistics. This estimate is based on the belief that construction expenditures will total more than 15 billion dollars during the year 1948. Although it is expected that construction employment in September, 1948, will exceed the September high of this year by a quarter of a million workers, the level reached will still be considerably below that at the peak of the war construction program in 1942. It is estimated that

about one third of the construction workers will be employed at the site of residential housing projects, which are expected to total approximately 950,000 starts during 1948. If reached, this estimated level of residential building activity will establish an all-time high, surpassing the 1925 peak of 937,000 starts and exceeding the 1947 total by about 100,000 units.

Nonagricultural employment in the Kansas City (Missouri and Kansas) labor market area increased approximately 4,400 during the two-month period of September and October, reaching a level of 325,000 workers. This was nearly equal to the wartime peak attained in this area in 1944 and was one third higher than the 1940 level. As weather conditions during November and December were generally favorable for building, employment in the construction industry has continued at a high level.

In both the Tulsa and Oklahoma City areas, non-agricultural employment increased considerably during September and October, with the bulk of the gains reflecting the large pre-Christmas activities of trade and service industries. In contrast, a sharp decrease in employment was recorded in the Cheyenne area during November. According to the Wyoming State Employment Service, this decline was caused almost entirely by reduced hiring in wholesale and retail establishments and by curtailed activities of construction contractors.

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

	Aver.		Change from '46	
	Sept. 1947	9 Mos. 1947	Sept.	9 Mos.
	(Number)		(Per cent)	
Colorado.....	57,900	55,100	+4	+10
Kansas.....	79,400	79,400	+8	+4
Missouri.....	356,800	354,400	+8	+9
Nebraska.....	43,100	43,000	+7	+1
New Mexico.....	10,100	10,000	-4	+3
Oklahoma.....	55,200	54,300	+6	+1
Wyoming.....	6,800	6,200	+15	+13
Seven states.....	609,300	602,400	+7	+7
United States.....	15,798,000	15,442,000	+5	+10

AGRICULTURE

Crops Soil moisture conditions in the heavy wheat-producing sections of Kansas, Oklahoma, and New Mexico were considerably improved in late November and in the first half of December. Rains and snows of varying amounts were generally sufficient to moisten wheat fields to a depth of 3 to 10 inches. Seeding of wheat proceeded as rapidly as local weather and soil conditions permitted, and practically all of the crop was planted in Oklahoma by mid-December. Some growth of wheat occurred in Kansas in early December, and that recently seeded was sprouting. However, mild weather was needed to allow for fur-

ther growth to enable the crop to acquire needed vigor to withstand winter temperatures.

The November receipts of corn and oats at leading markets in the District were sharply below those of November, 1946. Receipts of wheat, however, were about 32 per cent greater this November than they were in November a year ago. Receipts of wheat at District markets in the first eleven months of this year appear to be substantially larger than in the corresponding period of 1946. The larger crop this year as compared with last year accounts for most of the increase. In addition, the supply of boxcars for transporting grain has been more favorable this year than last, allowing for a more rapid movement of wheat than was possible throughout 1946. However, it is important to note that the disposition of wheat received at these markets in 1947 was somewhat different from that in 1946. The difference primarily involved a smaller proportion of free marketable wheat counted as receipts this year as compared with last

	RAINFALL			
	Nov. 1947	Nov. Normal	11 Mos. 1947	11 Mos. Normal
	(In inches)			
COLORADO				
Denver.....	0.57	0.55	16.52	13.32
Leadville.....	0.69	0.94	20.03	17.46
Pueblo.....	0.42	0.36	14.59	11.19
Lamar.....	Trace	0.51	10.96	14.85
Alamosa.....	0.09	0.18	8.21	6.42
Steamboat Springs....	2.55	1.64	25.20	20.85
KANSAS				
Topeka.....	1.28	1.76	33.78	31.55
Iola.....	1.81	2.47	39.11	36.11
Concordia.....	0.98	1.09	21.37	24.58
Salina.....	0.69	1.42	21.47	26.25
Wichita.....	0.89	1.77	22.95	29.35
Hays.....	1.40	0.95	21.13	22.41
Goodland.....	0.55	0.62	14.17	17.35
Dodge City.....	1.37	0.93	18.73	19.56
Elkhart.....	1.14	0.70	17.17	16.41
MISSOURI				
St. Joseph.....	2.62	1.58	37.26	34.27
Kansas City.....	1.60	2.22	42.80	33.27
Joplin.....	2.21	2.77	43.40	41.83
NEBRASKA				
Omaha.....	1.23	1.07	32.10	26.84
Lincoln.....	1.15	1.07	31.35	27.14
Norfolk.....	1.59	1.05	22.27	26.20
Grand Island.....	1.69	0.93	22.97	24.94
McCook.....	1.27	0.63	23.45	19.02
North Platte.....	1.60	0.47	17.63	17.86
Bridgeport.....	1.32	0.44	20.71	15.22
Valentine.....	1.51	0.56	16.64	17.73
NEW MEXICO				
Clayton.....	0.46	0.40	16.33	14.77
Farmington.....	0.57	0.48	8.48	7.65
OKLAHOMA				
Tulsa.....	2.06	2.10	32.37	34.88
McAlester.....	2.83	2.70	32.22	39.79
Oklahoma City.....	1.68	1.87	34.15	29.65
Pauls Valley.....	2.89	2.32	33.10	33.38
Hobart.....	1.49	1.51	24.72	25.91
Enid.....	1.04	1.60	24.05	28.48
Woodward.....	1.39	1.44	19.29	24.13
WYOMING				
Cheyenne.....	0.78	0.52	16.45	14.44
Casper.....	1.51	0.79	15.01	13.42
Lander.....	0.89	0.60	19.19	11.95
Sheridan.....	2.13	0.63	18.44	14.42

year. This situation developed from increased country buying of wheat on the part of private and public purchasers and from increased arrivals of wheat at terminal points for storage on private accounts. Although much of this wheat was inspected and listed as market receipts, it was not immediately available for open market purchase. Thus, as the crop year progressed, large stocks of wheat were in storage at terminal points, yet the volume of wheat in position for cash sale and delivery to close out futures accounts was often extremely short.

The prices of grain and feed were generally steady to slightly higher in late November and early December. Wheat prices, however, declined somewhat in mid-December, because of the improvement in crop conditions in western states and an anticipated increase in receipts following January 1. Prices were influenced by a report that the Government had largely fulfilled its wheat-buying program in 1947 and was not likely to make further heavy purchases until after January 1, 1948. Snow-covered pastures in many sections of the District in early December necessitated some supplementary feeding of livestock. The use of these reserve feed supplies acted to strengthen feed grain and other feed prices.

The lower range of Kansas City cash grain prices:

	Dec. 16 1947	Nov. 29 1947	Oct. 31 1947	Nov. 30 1946
No. 1 dk., hd. wheat, bu.....	\$2.95 ³ / ₄	\$3.05 ¹ / ₄	\$2.84 ¹ / ₂	\$2.01 ¹ / ₄
No. 2 mixed corn, bu.....	2.63	2.68	2.28 ¹ / ₂	1.32
No. 2 white oats, bu.....	1.28 ¹ / ₂	1.26 ¹ / ₂	1.09	.84
No. 2 rye, bu.....	2.68	2.70	2.65	2.75
No. 2 barley, bu.....	2.04	1.95	1.71	1.30
No. 2 white kafir, cwt.....	4.19	4.10	3.70	2.20

Livestock Receipts of cattle and sheep at District markets in November declined by about 30 and 56 per cent, respectively, from October. Hog receipts in November showed an increase from October of approximately 76 per cent. Marketings of cattle and sheep continued to decline, and hogs to increase, in December, with a rather sharp decrease in lamb marketings reflecting the exceptionally small lamb crop last spring. Price movements were relatively small considering the seasonal changes in livestock receipts. Hog prices were somewhat unsteady in late November and early December, but declines were generally not extensive.

Top carlot livestock prices at Kansas City:

	Dec. 16 1947	Nov. 1947	Oct. 1947	Nov. 1946	Nov. 1945	Nov. 1944
(In dollars per hundredweight)						
Beef steers.....	33.00	32.00	32.50	32.00	17.65	16.50
Stocker cattle.....	26.25	24.75	24.00	19.00	14.75	13.75
Feeder cattle.....	27.10	26.25	26.90	22.00	15.25	14.15
Calves.....	25.00	24.00	24.00	18.50	14.50	14.00
Hogs.....	27.25	26.60	29.65	26.00	14.55	14.50
Lambs.....	24.25	24.25	24.50	24.75	14.85	14.70
Slaughter ewes.....	9.25	9.50	8.60	8.75	7.00	6.60

Pasture and range conditions in District states on December 1 were reported generally good except in western Kansas and Oklahoma and in New Mexico where permanent pastures suffered from summer and fall drought and where only a limited amount of wheat pasture was in grazing condition. However, the prospects for spring grazing in this general area were materially improved by rains and snows received in November and December. In November, a substantial number of cattle and lambs moved into western Nebraska, where pasture and feed conditions lent encouragement to increased feeding operations.

Cattle and sheep were in good condition on December 1 except in parts of Oklahoma and New Mexico where ranges have been dry and short. Heavy snows and cold weather caused a noticeable shrinkage in weight of both cattle and lambs in Wyoming, while shrinkage was reported as comparatively small in Colorado and western Nebraska. Comments directed to the Department of Agriculture from stockmen in several western states give no indication that the decline in sheep numbers is being halted. It appears that the 1947 ewe lamb crop was closely culled, leaving available replacement stock at only minimum levels.

Farm Income Cash receipts from farm marketings during the first nine months of the year in the states of the District were 45 per cent greater than in the corresponding period a year ago. While the largest portion of the increase is attributed to higher prices, some of the increase is the result of larger marketings of both crops and livestock. For the country as a whole, it is estimated that the volume of farm commodities marketed in 1947 was approximately 3 per cent greater than in 1946. In the first nine months of this year, Kansas and Oklahoma showed the greatest increases in farm income over the corresponding period of 1946, partially a result of the record wheat crop in these states. None of the states in the District recorded increases of less than 38 per cent in cash farm income for the first three quarters of the year.

Department of Agriculture estimates of cash receipts from farm marketings:

	Sept. 1947	9 Mos. 1947	Change from '46 Sept. 9 Mos.
(Thousand dollars)			
Colorado.....	64,504	329,189	+67 +38
Kansas.....	106,325	949,364	+97 +52
Missouri.....	90,418	711,067	+68 +38
Nebraska.....	88,273	846,129	+87 +44
New Mexico.....	14,426	92,354	+29 +38
Oklahoma.....	70,965	482,058	+99 +55
Wyoming.....	33,643	77,920	+92 +37
Seven states.....	468,554	3,488,081	+82 +45
United States.....	3,048,966	20,409,524	+45 +30

INDUSTRIAL PRODUCTION



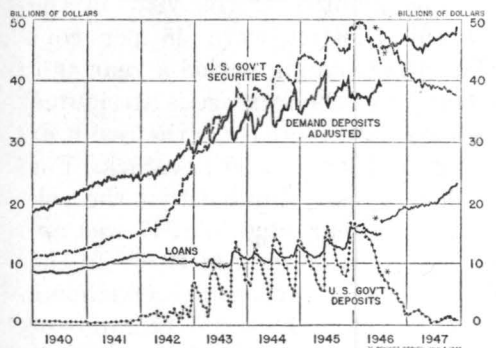
Federal Reserve index. Monthly figures, latest shown is for November, 1947.

DEPARTMENT STORE SALES AND STOCKS



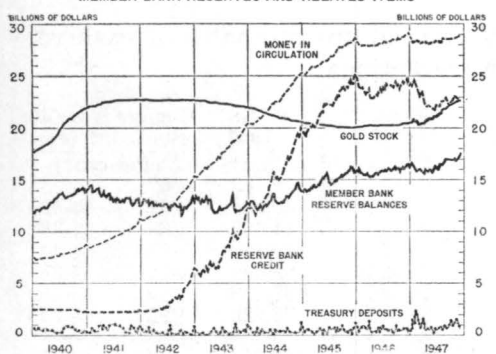
Federal Reserve indexes. Monthly figures, latest shown for sales is November, 1947; for stocks, October, 1947.

MEMBER BANKS IN LEADING CITIES



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for December 10, 1947.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for December 17, 1947.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial production expanded somewhat further in November. Department store sales showed more than a seasonal increase in November and the first half of December. Wholesale commodity prices generally continued to advance.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production advanced 2 points in November to 192 per cent of the 1935-39 average, a new postwar peak rate.

Output of durable goods expanded somewhat further, reflecting largely increases in activity in most machinery, transportation equipment, and non-ferrous metal fabricating industries. Output of steel in November was at a slightly lower rate than in October, but in the early part of December scheduled operations rose to new postwar peaks. Motor truck assemblies were curtailed in November and early December, as a result of model change-over activity at plants of a major producer, while output of passenger cars increased. Output of lumber and other construction materials was maintained in large volume.

Manufacture of nondurable products continued to increase in November, reflecting mainly a further marked rise in activity at cotton textile mills and an expansion in the volume of livestock slaughtered as a result of reduced feed supplies and high prices for feeds. Liquor production, which increased sharply in October, was curtailed in November in accordance with the Federal program to conserve grain.

Production of minerals rose somewhat further in November, reflecting further gains in output of bituminous coal as increased numbers of freight cars became available.

CONSTRUCTION

Values of most types of construction contract awards, according to the F. W. Dodge Corporation, showed seasonal declines in November and were substantially larger than a year ago. The number of dwelling units started during the month, as estimated by the Department of Labor, decreased from 94,000 in October to 82,000 in November; completions increased from 83,000 units to 86,000.

DISTRIBUTION

Department store sales showed a sharp seasonal increase in November and the Board's adjusted index rose to a new high of 300 per cent of the 1935-39 average, as compared with 275 in October and 291 in September. Value of sales continued at a high level in the first half of December and was 8 per cent above the corresponding period in 1946. Value of department store stocks has also increased in recent months and is above the corresponding period of a year ago.

Shipments of most classes of railroad revenue freight were maintained in large volume in November and the first half of December, after allowance for usual seasonal declines at this time of the year. Coal shipments continued to increase and were at the peak rate reached at the beginning of the year.

COMMODITY PRICES

Wholesale commodity prices generally advanced further in November and the early part of December. Crude petroleum prices were increased sharply and advances were announced in refined petroleum products, newsprint, rayon, textile products, shoes, and some metal products. Government disposal prices for Japanese silk were reduced by nearly one half. Prices of commodities traded in the organized markets rose further in November but showed little change in the first three weeks of December.

The consumers' price index was unchanged from September to October. Food prices generally showed little change in November and December, while additional increases occurred in retail prices of other goods and services.

BANK CREDIT

Loans to businesses, consumers, and real estate owners expanded further at banks in leading cities during November and the first half of December. Demand deposits of individuals and businesses increased 800 million dollars at these banks, and currency in circulation rose by 400 million.

In the four weeks ending December 17, member banks gained reserves as a result of a continued inflow of gold, Treasury transactions, and Federal Reserve purchases of Government securities. These sources of reserves more than offset the seasonal growth in currency.

Reserve Bank holdings of Government securities declined in the four-week period, reflecting Treasury retirement of bills and certificates. The System also sold substantial amounts of bills and certificates in the market, but purchased larger amounts of notes and bonds.

INTEREST RATES AND BOND YIELDS

Prices of Treasury bonds, which declined sharply in October and November, were held firm after the middle of November by official support. Prices of corporate bonds declined further. Yields on Treasury certificates rose and a new issue of 1½ per cent one-year certificates was offered in exchange for the issue maturing January 1.