

# MONTHLY REVIEW

## *Agricultural and Business Conditions*

### TENTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK OF KANSAS CITY

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#### MEMBER BANK EARNINGS AND CONDITION

**Member Bank Earnings** Net profits of Tenth District member banks were 8 per cent smaller in 1947 than in 1946. For all member banks in the United States, the decline in net profits was 14 per cent. Tenth District country member banks, however, showed a slight increase in net profits, as their net profits expanded by 463 thousand dollars, or nearly 3 per cent. Net profits of the District reserve city member banks declined by 3 million dollars, a decrease of 18 per cent.

Current earnings increased during the year in both groups of District banks, but the city banks experienced an even greater increase in expenses. While current earnings of the city banks expanded by 2.6 million dollars, or 5 per cent, expenses expanded by 3.1 million dollars, or 10 per cent. The principal changes in earnings were an increase of 6.2 million dollars in

returns on loans and a decrease of 4.3 million in earnings on Government securities. Earnings on loans and earnings on securities were of about equal volume, whereas during 1946 earnings on loans were only about two thirds as large as earnings on securities. This change reflects the expansion in loan volume and the contraction in Government security holdings that occurred during the past year. The principal factor increasing expenses for the city banks during 1947 was salaries and wages, which increased by 14 per cent. For the year 1947, salaries and wages constituted 48 per cent of current operating expenses of District city banks.

The reserve city banks' net current earnings before income taxes were 2 per cent lower than in 1946. Profits and recoveries on loans and investments were only about three fifths as large as during the previous

#### EARNINGS OF TENTH DISTRICT MEMBER BANKS (Amounts in thousands of dollars)

	RESERVE CITY BANKS*				COUNTRY BANKS**			
	1947	1946	Change		1947	1946	Change	
			Amount	Per Cent			Amount	Per Cent
Earnings.....	54,320	51,724	+2,596	+5.0	57,088	49,779	+7,309	+14.7
On U. S. Govt. securities.....	19,301	23,554	-4,253	-18.1	18,100	18,770	-670	-3.6
On other securities.....	3,061	2,976	+85	+2.9	2,882	2,521	+361	+14.3
On loans.....	22,710	16,534	+6,176	+37.4	26,384	19,558	+6,826	+34.9
All other.....	9,248	8,660	+588	+6.8	9,722	8,930	+792	+8.9
Expenses.....	33,231	30,156	+3,075	+10.2	33,095	29,011	+4,084	+14.1
Salaries and wages.....	15,917	14,023	+1,894	+13.5	17,834	15,595	+2,239	+14.4
Interest on deposits.....	2,409	2,199	+210	+9.5	2,582	2,392	+190	+7.9
All other.....	14,905	13,934	+971	+7.0	12,680	11,024	+1,656	+15.0
Net current earnings before income taxes.....	21,089	21,568	-479	-2.2	23,993	20,768	+3,225	+15.5
Profits and recoveries.....	4,169	7,373	-3,204	-43.5	3,499	4,015	-516	-12.9
Recoveries on securities.....	1,166	2,270	-1,104	-48.6	402	677	-275	-40.6
Profits on securities.....	1,483	3,371	-1,888	-56.0	533	1,238	-705	-57.0
Recoveries on loans.....	843	1,126	-283	-25.1	1,405	1,381	+24	+1.7
All other.....	677	606	+71	+11.7	1,159	719	+440	+61.2
Losses and charge-offs.....	4,719	4,803	-84	-1.8	4,406	3,589	+817	+22.8
On securities.....	2,552	3,051	-499	-16.4	1,748	1,903	-155	-8.2
On loans.....	1,539	1,048	+491	+46.9	1,886	1,036	+850	+82.0
All other.....	628	704	-76	-10.8	772	650	+122	+18.8
Profits before income taxes.....	20,539	24,138	-3,599	-14.9	23,084	21,194	+1,890	+8.9
Taxes on net income.....	6,343	6,770	-427	-6.3	5,990	4,563	+1,427	+31.3
Net profits.....	14,196	17,368	-3,172	-18.3	17,094	16,631	+463	+2.8
Cash dividends declared.....	4,730	4,542	+188	+4.1	4,933	4,625	+308	+6.7

\* 50 banks.

\*\* 709 banks in 1947; 704 banks in 1946.

**ASSETS AND LIABILITIES OF TENTH DISTRICT MEMBER BANKS**  
 (In millions of dollars)

	Dec. 31 1947*	June 30 1947	Dec. 31 1946
Loans and discounts.....	1,260	1,086	1,003
U. S. Government obligations.....	2,633	2,604	2,754
Other investments.....	369	328	314
Cash and balances with other banks.....	1,930	1,688	1,764
Other assets.....	37	35	35
Total assets.....	6,229	5,741	5,870
Demand deposits, total.....	5,227	4,753	4,912
Individuals and businesses.....	3,713	3,343	3,356
U. S. Government.....	54	55	113
States and political subdivisions.....	458	427	396
Interbank.....	940	876	976
Certified and officers' checks.....	62	53	72
Time deposits.....	672	663	650
Total deposits.....	5,898	5,416	5,561
Other liabilities.....	15	19	16
Total capital accounts.....	315	306	293
Total liabilities & capital accounts.....	6,229	5,741	5,870

\* Preliminary figures.

year, principally because of much smaller profits and recoveries on securities. Losses and charge-offs declined only slightly, as a decline of 499 thousand dollars in losses and charge-offs on securities was offset by an increase of 491 thousand dollars in losses and charge-offs on loans. Net profits before income taxes were 3.6 million dollars smaller in 1947 than in 1946. As income taxes were down by 427 thousand dollars, net profits were reduced by 3.2 millions, or 18 per cent. The District reserve city banks declared cash dividends aggregating 4.7 million dollars, 188 thousand dollars larger than the previous year.

Current earnings of District country member banks during 1947 were 15 per cent larger than during the previous year, and their current expenses showed an increase of 14 per cent. An expansion of 7.3 million dollars in earnings compared with a 4.1 million dollar increase in expenses led to an increase of 3.2 million dollars in net current earnings before income taxes. The expanded earnings resulted largely from increased earnings on loans. While earnings on Government securities declined, the reduction was relatively much less than in the city banks. During 1946, country bank earnings on securities were slightly larger than earnings on loans, but in 1947 earnings on securities were only four fifths as large as the earnings on loans. As was the case with the city banks, the principal factor increasing expenses was the expansion in salaries and wages. Profits and recoveries on loans and securities declined, while losses and charge-offs expanded. Losses and charge-offs on loans amounted to 1.9 million dollars compared with 1.0 million in 1946.

For the District country member banks, profits before income taxes were 1.9 million dollars above their 1946 level. However, net income taxes for the year increased by 1.4 million, leading to an increase of only 463 thousand dollars in net profits. Cash dividends declared amounted to 4.9 million dollars, which

was a 7 per cent increase over the previous year. (The country member bank figures used in this discussion include 709 banks for 1947 compared with 704 banks for 1946.)

**Loans and Investments** The year 1947 was one of rapidly expanding loan volume, as total loans increased by 29 per cent in District country member banks and by 24 per cent in District reserve city member banks. There was a broad rise in loans, as is evidenced by the fact that all major categories of loans except those for purchasing or carrying securities rose significantly, and the rate of increase accelerated during the second half of the year. The significant development was not that some types of loans expanded relatively more than others, but that virtually all classes of loans made substantial gains. Agricultural loans, which had increased little during the postwar period prior to 1947, expanded by 37 per cent during the year. Moreover, loans of that type increased more rapidly in the second half of the year than in the first six months, although the first half of the year is the period of seasonal expansion. Loans to enable farmers to hold wheat and other commodities were a factor in the agricultural loan rise in the latter half of the year, as was the increased amount of funds required to undertake any project, because of the higher price level. Among the larger loan categories, the greatest relative increase was in miscellaneous loans to individuals, consisting largely of consumer loans, the increase during 1947 being 51 per cent. Loans on residential property increased by 35 per cent and commercial and industrial loans increased by 25 per cent.

Investment volume of the District member banks declined by 67 million dollars during 1947. Government security holdings declined by 121 million dollars, but other security holdings increased by 54 million. Investments of the country banks expanded slightly,

**TENTH DISTRICT MEMBER BANK LOANS**  
 (In millions of dollars)

	Dec. 31 1947*	June 30 1947	Dec. 31 1946
Commercial and industrial loans.....	571	479	455
Loans to farmers guaranteed by C.C.C.....	11	3	7
Other loans to farmers.....	225	191	166
Loans for purchasing or carrying securities.....	32	38	51
Real estate loans, total.....	212	190	168
On farm land.....	31	32	29
On residential property.....	131	113	97
On other properties.....	49	45	41
Loans to banks.....	1	**	1
Other loans to individuals, total.....	186	165	123
Retail automobile instalment paper.....	38	32	21
Other retail and repair-modernization instalment loans.....	28	24	17
Instalment cash loans.....	22	18	15
Single-payment loans.....	98	91	70
All other loans.....	22	21	32
Total loans.....	1,260	1,086	1,003

\* Preliminary figures.

\*\* Less than \$500,000.

TENTH DISTRICT MEMBER BANK INVESTMENTS  
(In millions of dollars)

	Dec. 31 1947*	June 30 1947	Dec. 31 1946
United States Govt. obligations, total.....	2,633	2,604	2,754
Treasury bills.....	96	65	74
Treasury certificates of indebtedness.....	562	640	738
Treasury notes.....	390	290	385
Treasury bonds.....	1,585	1,608	1,555
U. S. savings bonds.....	67	50	53
Other U. S. bonds, maturity within 5 yrs..	669	597	532
Other U. S. bonds, maturity 5 to 10 yrs....	614	736	783
Other U. S. bonds, maturity 10 to 20 yrs..	171	149	109
Other U. S. bonds, maturity after 20 yrs..	64	76	79
Obligations guaranteed by U. S. Govt.....	**	1	1
Other investments.....	369	328	314
Total investments.....	3,001	2,932	3,068

\* Preliminary figures.

\*\* Less than \$500,000.

however, as a small decline in Government securities was more than offset by an increase in other investments. Loans and investments combined increased in both reserve city banks and country banks.

In the city banks, all classes of Government securities except Treasury bills declined during the year, while in the country banks all classes of Government securities increased except for certificates of indebtedness. All of the decrease in the Government security holdings of all District member banks combined was in certificates of indebtedness, which is in line with the emphasis upon certificates of indebtedness in the United States Treasury debt retirement program. There was some shifting out of longer-term securities into shorter-term securities, particularly in the latter part of the year when short-term interest rates increased and considerable uncertainty entered into the money market. For the city banks, Treasury bond holdings declined by 56 million dollars during the last six months, as compared with a net decrease of only 30 million dollars for the year. Even this obscures the extent of the decline in bond holdings of the city banks toward the end of the year, particularly

in December. The country banks made net additions in their Treasury bond holdings during both the first and second halves of the year.

**Deposits** Deposits of District member banks expanded by 6 per cent during 1947. Demand deposits of individuals and businesses increased by 357 million dollars and demand deposits of state and local governments by 62 million, but United States Government deposits contracted by 59 million and interbank demand deposits by 36 million. Time deposits increased by 3 per cent. Demand deposits of individuals and businesses expanded by 16 per cent in the city banks compared with 6 per cent in the country banks. However, there was little difference between the two groups of banks in the rate of expansion of total deposits, as the city banks lost a considerable amount of interbank and Government deposits.

In District country member banks, the increase in loans and investments was nearly the same as the increase in total deposits, the respective amounts being 137 million and 140 million dollars. Cash and cash balances showed little net change. The situation was quite different in District reserve city member banks, however. While deposits expanded by 197 million dollars, loans and investments expanded by only 54 million, and cash and cash balances at the year-end were 150 million dollars larger than a year earlier. These figures were greatly affected by events of the last weeks of the year. During that period, city banks reduced sharply their holdings of Government securities, particularly bonds. Temporarily the proceeds accumulated as excess reserves with the Federal Reserve Bank, and, to some extent, in balances with other domestic banks. Cash items in process of collection also were large in comparison with the volume at the end of 1946.

## BUSINESS AND AGRICULTURAL CONDITIONS

## MEMBER BANK CREDIT

During January, 1948, deposits declined by 4 per cent in District reserve city member banks and by 2 per cent in District country member banks. Heavy income tax payments were the principal factor reducing bank deposits. Demand deposits other than interbank declined relatively more in the reserve city banks than in the country banks. In addition, interbank deposits in the city banks declined substantially, as country banks withdrew funds to meet the withdrawal of funds by their own depositors.

Nevertheless, the District city banks expanded their loans and investments during the month by 53 million dollars, or more than 2 per cent. Their loan volume increased by 19 million dollars and their Gov-

ernment security holdings by 35 million. Treasury bond and Treasury note holdings declined, but the amount of Treasury bills and certificates of indebtedness in their portfolios expanded. The expansion in earning assets simultaneously with a decline of 119 million dollars in deposits was accomplished by a total reduction of 153 million in the three items of reserves with the Federal Reserve Bank, balances with other domestic banks, and cash items in process of collection. This decrease in cash balances more than offset the expansion in cash balances during the previous month when proceeds from the sales of securities to the Federal Reserve System accumulated in the banks. Reserve city bank borrowing from the Federal Reserve Bank expanded by 17 million during January.

## SELECTED ITEMS OF CONDITION OF TENTH DISTRICT MEMBER BANKS

(In millions of dollars)

	ALL MEMBER BANKS			RESERVE CITY BANKS			COUNTRY BANKS		
	Jan. 28 1948	Dec. 31 1947	Jan. 29 1947	Jan. 28 1948	Dec. 31 1947	Jan. 29 1947	Jan. 28 1948	Dec. 31 1947	Jan. 29 1947
Loans and investments.....	4,315	4,262	4,102	2,332	2,279	2,246	1,983	1,983	1,856
Loans and discounts.....	1,292	1,260	1,024	781	762	629	511	499	395
U. S. Government obligations.....	2,661	2,633	2,763	1,366	1,331	1,445	1,295	1,302	1,318
Other securities.....	362	369	315	185	186	172	177	182	143
Reserve with F. R. Bank.....	828	867	774	499	536	467	329	331	307
Balances with banks in U. S.....	579	702	639	243	321	263	336	381	376
Cash items in process of collection.....	253	297	216	236	275	201	17	22	15
Gross demand deposits.....	5,053	5,227	4,863	2,794	2,915	2,688	2,259	2,312	2,175
Deposits of banks.....	870	940	944	802	864	861	68	76	83
Other demand deposits.....	4,183	4,287	3,919	1,992	2,051	1,827	2,191	2,236	2,092
Time deposits.....	673	672	653	363	361	353	310	310	300
Total deposits.....	5,726	5,898	5,516	3,157	3,276	3,041	2,569	2,622	2,475
Borrowings.....	18	1	6	17	*	5	1	1	1

\* Less than \$500,000.

District country member bank loans and investments combined showed no net change during the month under review, as an increase of 12 million dollars in loans was offset by declines of 7 million and 5 million in Government securities and other securities, respectively. The decline of 53 million dollars in deposits was met by a reduction in cash balances by the same amount. Most of the reduction in

cash balances was in the form of balances with the city banks.

## DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in January was 11 per cent larger than a year ago. In the first three weeks of February, however, sales were only 2 per cent above the previous year, owing chiefly to a considerably smaller volume of sales in the week ending February 14, when weather conditions and a sharp break in prices of some agricultural commodities appeared to retard consumer buying temporarily. Department store sales showed more than the usual seasonal decline in January, reflecting in part unseasonable shopping weather, and the seasonally adjusted index of daily average sales dropped from 337 per cent of the 1935-39 average in December to 306 in January.

Department store sales and stocks in leading cities:

	BANK DEBITS		Change from Jan. 1947 (Per cent)	SALES		STOCKS	
	Jan. 1948	Jan. 1947		Jan. '48 comp. to Jan. '47	Jan. 31, '48 comp. to Jan. 31, '47		
COLORADO	(Thousand dollars)			(Per cent)		increase or decrease)	
Colo. Springs.....	34,177	33,180	+3	Denver.....	+1	+13	
Denver.....	489,955	436,755	+12	Hutchinson.....	+4	+19	
Gr. Junction.....	13,619	12,148	+12	Topeka.....	+8	+17	
Greeley.....	25,420	20,170	+26	Wichita.....	+9	+18	
Pueblo.....	37,175	33,258	+12	Joplin.....	+11	+20	
KANSAS				Kansas City.....	+11	+8	
Atchison.....	10,635	14,588	-27	St. Joseph.....	+4	*	
Emporia.....	11,069	9,898	+12	Omaha.....	+19	-34	
Hutchinson.....	56,918	51,131	+11	Oklahoma City.....	+15	+24	
Independence.....	7,582	7,093	+7	Tulsa.....	+20	*	
Kansas City.....	66,352	59,518	+11	Other cities.....	+18	+6	
Lawrence.....	10,693	9,685	+10	District.....	+11	+8	
Parsons.....	9,344	7,574	+23				
Pittsburg.....	12,713	9,588	+33				
Salina.....	49,768	42,640	+17				
Topeka.....	88,845	85,189	+4				
Wichita.....	283,978	247,591	+15				
MISSOURI							
Joplin.....	27,795	25,988	+7				
Kansas City.....	1,144,714	944,146	+21				
St. Joseph.....	114,675	95,110	+21				
NEBRASKA							
Fremont.....	17,414	12,913	+35				
Grand Island.....	23,598	20,129	+17				
Hastings.....	15,626	13,384	+17				
Lincoln.....	77,243	68,730	+12				
Omaha.....	549,528	470,766	+17				
NEW MEXICO							
Albuquerque.....	80,183	69,045	+16				
OKLAHOMA							
Bartlesville.....	84,186	59,588	+41				
Enid.....	45,691	42,293	+8				
Guthrie.....	4,700	3,822	+23				
Muskogee.....	24,235	28,575	-15				
Oklahoma City.....	314,581	264,272	+19				
Okmulgee.....	7,329	5,673	+29				
Tulsa.....	480,230	332,344	+44				
WYOMING							
Casper.....	27,407	20,992	+31				
Cheyenne.....	33,754	31,175	+8				
District, 34 cities.....	4,281,132	3,588,951	+19				
U. S., 333 cities.....	105,190,000	93,488,000	+13				

\* Not shown separately but included in District total.

Department store inventories increased more than is usual during January, and the seasonally adjusted index of stocks advanced from 298 per cent of the 1935-39 average at the end of December to 318 per cent at the end of January. The level of inventories has been rising for six months and markedly so in the last three months, with the current level at a

new record high. Outstanding orders also increased during January. At month end, the value of stocks of merchandise on hand was about 6 per cent larger than a year earlier, while orders were about 1 per cent larger.

### INDUSTRIAL PRODUCTION

**Meat Packing** Cattle and calf slaughter in January at leading District markets were down 11 and 29 per cent, respectively, from December while January hog slaughter was 18 per cent below the previous month. Sheep slaughter in January was down only 1 per cent from December but was 20 per cent below the 10-year average for January.

Livestock slaughter in early February continued at about the same level as prevailed in January. Except from the standpoint of inventory losses, meat-packing operations were not markedly affected by the sharp declines in livestock prices that occurred the second week in February. Early in that week packer buyers at most central livestock markets in the District were slow purchasers even at reduced prices and many lots of cattle, hogs, and sheep remained unsold at the close of business on February 9 and 10.

Retail meat prices in the larger meat-consuming centers were quick to reflect the lower livestock prices recorded during the first two weeks of February. Price reductions varied from 2 to 20 cents per pound in the mid-west. Butchers voiced the belief that at least part of the decline was due to the increasing resistance of consumers to high meat prices. The somewhat higher than average stocks of meat in cold storage since January 1, particularly pork, lend some support to the contention that fresh meat has not been moving into consumption as rapidly as the volume of production would justify.

However, the equally important and probably more immediate factor in the decline in meat prices was the sharp break in corn and other grain and livestock feed prices early in February. The relationship of the prices of these commodities to livestock and meat prices was immediately apparent as the price declines in grain and livestock feeds were followed closely by downward adjustments in livestock and meat prices. That retail meat prices should be adjusted, as they were, within three or four days after the drop in livestock prices appeared to be simply the result of the retail practice of basing current retail prices on the estimated costs of replacing the inventory of meat currently on hand.

**Flour Milling** Flour milling operations in the Southwest during January averaged about 96 per cent of full-time capacity but declined in early February to about 90 per cent of capacity. Many mills

began their February schedule of operations with a sufficient volume of unfilled flour orders to maintain production rates at 85 to 90 per cent of capacity for February and early March. Flour price declines in February of as much as 75 cents per 100-pound sack encouraged some buyers to place additional flour orders for future delivery, thus adding to the backlog of unfilled orders.

Despite the sharp downward adjustments of flour prices early in February, in sympathy with the record decline in wheat prices, there was no sustained increase in flour sales. Although sales at many mills reached as high as 300 per cent of capacity late in the week of February 1, average sales for the week were estimated at only 90 to 100 per cent of capacity. In general, the large flour users continued to buy cautiously without covering future needs beyond 30 to 60 days in advance. At the same time, sales of family-packaged flour were at relatively low levels. The Government flour export allocations for March were released in early February and about 40 per cent of the total flour allocated was to be furnished by the commercial exporters, with the remaining 60 per cent to be supplied by the Production and Marketing Administration.

**Petroleum** In its forecast of the demand for crude oil during February, the United States Bureau of Mines pointed out that "stocks of distillate fuel oil, including light heating oils, appear to have declined about 9 million barrels during 1947 so that a correspondingly smaller amount of current demand in the first quarter of this year can be supplied from accumulated stocks. Abnormally cold weather, particularly in January, has increased heating oil requirements above normal expectations. Even if crude runs to stills average 5,350,000 barrels daily during the current quarter—over 11 per cent higher than in the first quarter of 1947—the supply of light fuel oils must be further augmented by a drastic increase in distillate fuel oil and kerosene yields at the expense of gasoline and other products."

To meet the emergency, refineries throughout the nation processed a daily average of 5,359,700 barrels of crude oil during the first 3 weeks of January and adjusted their operations so that they were converting 20.2 per cent of their crude into distillate fuels. This is the highest distillate yield ever recorded and is decidedly above the 16.4 per cent level of a year ago. It is doubtful, however, whether a much higher yield will be forthcoming, as most refineries will be unable to make further adjustments to insure increased output. Although the higher distillate yield is being obtained largely at the expense of gasoline, representatives of the petroleum industry point out that it is

still too early to determine accurately the extent to which gasoline output is being sacrificed.

Drilling activity in the states represented in the Tenth District was 31 per cent higher in the year 1947 than in 1946, as compared with an increase of 13 per cent in the entire United States. The proportion of dry wells to total wells drilled varied widely among the principal oil-producing states of the Tenth District, ranging from a low of 14.1 per cent in New Mexico to 40.1 per cent in Oklahoma. The difference in these ratios is explained largely by the fact that "wildcatting," which is exploratory by nature and ordinarily results in a very high percentage of dry holes, accounted for a much larger proportion of drilling activity in Oklahoma than in New Mexico.

Completions by type and percentage of dry holes, as reported by the Oil and Gas Journal for the year 1947:

	Number of Wells Drilled			Per cent	
	Total*	Oil	Gas	Dry	Dry
Colorado.....	209	152	7	50	23.9
Kansas.....	2,667	1,303	452	912	34.2
New Mexico.....	562	423	60	79	14.1
Oklahoma.....	3,823	1,989	302	1,532	40.1
Wyoming.....	267	172	19	76	28.5
Five states.....	7,528	4,039	840	2,649	35.2
United States.....	30,818	17,991	3,305	9,522	30.9

\* Excluding service wells.

On January 1, 1948, estimated proved crude oil and condensate reserves within the continental limits of the United States totaled 23.7 billion barrels, as compared with 21.3 billion on the first of January a year earlier. It is interesting to note that proved reserves of the nation thus showed an increase of 11 per cent, in spite of the record consumption of crude oil and refined products during the year 1947. With all of the states of the Tenth District reporting increased reserve positions, total reserves of the District also were 11 per cent higher on January 1, 1948, than at the first of the year 1947. Oklahoma continued to account for the largest share—31 per cent—of the District reserves, with Wyoming ranking second and furnishing almost one fourth of the District total. Kansas, which provided 30 per cent of the District production of crude oil during the year 1947, reported slightly less than 20 per cent of the total reserves of the District.

**Employment** An estimated 57,100,000 persons were employed in the nation in January, according to the Bureau of the Census. This level of total employment is about 800,000 below that of December but is still 1,800,000 above the level reached in January last year. Largely as a result of the seasonal layoffs after the holiday period, the number of persons unemployed increased about 400,000 between December and January, raising the total to almost 2,000,000.

According to a recent release of the Oklahoma Employment Security Commission, approximately 56,900 persons were employed in the manufacturing industries of Oklahoma in December. This level was about 3 per cent higher than that reported for December a year earlier, with the food-processing industry accounting for the largest share of the gain. The iron and steel, printing and publishing, and lumber industries also showed substantial percentage increases over December, 1946, while decreased employment was reported in the machinery, chemical, and stone, clay, and glass industries. Total nonagricultural employment in the Oklahoma City area increased about 1,100 from November to December, although a slight decrease was reported in the number of workers employed in manufacturing activities in the area. A recent survey made by the Oklahoma Employment Security Commission revealed that out of every 100 persons employed in the Tulsa area 18 work in manufacturing industries, 51 in trade and service activities, 7 in construction, 9 in petroleum production, 11 in transportation, communication, and other public utilities, and the rest in a variety of other activities.

During November, the number of workers engaged in manufacturing activities in the Tenth District totaled approximately 627,000. The level reached was 1 per cent above October and 4 per cent higher than in November a year earlier. Every state represented in the Tenth District reported a higher level of manufacturing employment in November than in the corresponding month the previous year.

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

	Nov.	Aver.	Change from '46	
	1947	11 Mos. 1947	Nov.	11 Mos.
	(Number)		(Per cent)	
Colorado.....	60,400	56,100	+3	+9
Kansas.....	79,900	79,500	+1	+4
Missouri.....	366,800	356,200	+6	+8
Nebraska.....	45,900	43,400	+4	+3
New Mexico.....	10,300	10,100	+1	+3
Oklahoma.....	56,500	54,600	+1	+2
Wyoming.....	7,200	6,400	+3	+10
Seven states.....	627,000	606,300	+4	+7
United States.....	15,871,000	15,517,000	+4	+9

## AGRICULTURE

**Crops** Although moisture in the form of snow and sleet was received throughout most sections of the winter wheat belt in January, high winds moved much of the snow cover from fields in the northern two thirds of the District. Thus, when melting occurred in mid-February, only limited amounts of snow remained on fields to furnish much needed soil moisture. In addition, some reports indicate that soil was frozen to a depth of one foot and melting snow ran off fields rather than soaking into the soil.

The shortage of moisture in the top 12 inches of soil and the extremely short growth of wheat over large acreages of the heavy wheat-producing area have caused some observers to express fears of soil blowing before the crop can attain sufficient spring growth to cover the soil. In late January and early February there were scattered reports of winter killing of both early and late planted wheat, although no extensive damage was indicated. A rather active demand continued for seed oats and barley.

The most significant development with respect to crops was the sharp break in grain prices that occurred in the first two weeks of February. Between February 3 and February 16 the cash and futures prices of wheat and corn dropped about 50 cents per bushel. In this period there were 5 days during which the prices of these two commodities at organized grain exchanges declined the limit allowed by regulations for one day's trading. The permissible daily declines for wheat and corn are 10 and 8 cents per bushel, respectively. The price decline from February 3 to 6 was said to be the most rapid and sustained break on record. Peak prices of wheat and corn were reached on January 16. Thereafter they declined slowly until February 4 when prices dropped the daily limit for the first time in many months. In the period January 16 to February 16 the cash prices of wheat and corn declined about 70 cents per bushel.

Receipts of wheat in January at principal markets of the District were up 5 per cent from December but were 26 per cent under the volume in January, 1947. Reports show that there was no large movement of wheat from the country following the price declines of early February. Although many country points reported some increase in the number of sales of wheat off farms, there was a more general tendency to withhold in anticipation of a price rebound following the sharp price break.

The lower range of Kansas City cash grain prices:

	Feb. 20 1948	Jan. 31 1948	Dec. 31 1947	Jan. 31 1947
No. 1 dk., hd. wheat, bu...	\$2.28¾	\$2.86¾	\$2.93	\$2.11
No. 2 mixed corn, bu.....	2.15	2.58	2.63	1.28
No. 2 white oats, bu.....	1.15	1.29½	1.31	.80
No. 2 rye, bu.....	2.10	2.60	2.60	2.83
No. 2 barley, bu.....	1.77	2.00	2.06	1.25
No. 2 white kafir, cwt.....	3.48	4.18	4.15	2.21

**Livestock** According to Department of Agriculture estimates of livestock on farms January 1, the nation on that date had about 78.6 million head of cattle, 35.3 million head of sheep and lambs, and 55 million head of hogs. Compared with the estimates of January 1, 1947, cattle numbers at the beginning of 1948 were down 2.6 million head, sheep and lambs down 2.5 million head, and hogs down 1.9 million head. Detailed estimates of the number and value

of livestock on farms on January 1 are shown for the entire country and by states in this District on page 8 of this issue of the Monthly Review. The table shows the figures for the last three years, for 1938 representing the postdrought low, and for 1934 representing the predrought high.

The accelerated volume of cattle and calf slaughter and the high level of beef consumption throughout 1947 gave observers reason to expect that the nation's cattle numbers at the beginning of 1948 would be sharply below the number on farms January 1, 1947. An estimated decline of 3 per cent was somewhat less than anticipated in late 1947. Although numbers in District states declined from 17.2 million head on January 1, 1947, to 16.7 million head on January 1, 1948, numbers in Colorado and Wyoming increased in 1947, and the cattle population in New Mexico remained stationary. Oklahoma registered the largest decrease in numbers with a decline of 245 thousand head from January 1, 1947, to January 1, 1948. Milk cow numbers were likewise reduced sharply in Oklahoma during 1947.

Sheep and lamb numbers on January 1 were down 7 per cent from last year in the District and in the entire country, making six years of continuous liquidation of the sheep industry. The number of stock sheep on farms is now at the lowest point in Department of Agriculture records which date back to 1867. In Colorado, however, sheep and lamb numbers on January 1 this year were over 100 thousand head greater than on that date last year. Numbers in all other District states were down, with Kansas showing a decrease from last year of almost 630 thousand head. This reduction is chiefly the result of the lack of winter wheat pasture in the areas of central and western Kansas that normally carry over 600 thousand head of lambs on winter feeding programs.

The number of hogs in Nebraska on January 1 was about 2.4 million head, or approximately 100 thousand head below the number on farms in that state at the beginning of 1947. Reductions in Kansas and Missouri were estimated at 82 and 72 thousand head, respectively. Numbers in Oklahoma remained about the same as on January 1, 1947, while Colorado and Wyoming registered increases of 28 and 10 thousand head, respectively. The corn-hog ratio has been unfavorable for nearly a year and farmers in states which produced short corn crops have indicated intentions of breeding fewer sows to farrow this spring than were farrowed in the spring of 1947. On the basis of farmers' reports on breeding intentions, the spring pig crop this year in Missouri, Nebraska, and Kansas will be sharply below that of last spring. In the other states of the District the 1948 spring crop may be about equal to that of 1947.

**LIVESTOCK ON FARMS JANUARY 1**  
 Estimated by the United States Department of Agriculture

*Number, in thousands of head*

*Value, in thousands of dollars*

	ALL CATTLE AND CALVES									
	1948	1947	1946	1938	1934	1948	1947	1946	1938	1934
Colorado.....	1,766	1,731	1,861	1,430	1,773	208,388	156,136	134,550	44,873	25,709
Kansas.....	3,396	3,537	3,723	2,505	3,860	387,144	315,500	253,164	77,830	58,672
Missouri.....	2,959	3,051	3,113	2,350	2,875	325,490	291,065	219,778	81,475	44,275
Nebraska.....	3,882	3,922	4,026	2,780	3,980	465,840	358,471	289,872	89,071	69,650
New Mexico.....	1,179	1,179	1,268	1,288	1,560	121,437	89,958	80,772	35,343	22,152
Oklahoma.....	2,479	2,724	2,867	2,160	2,750	234,266	195,038	158,258	56,743	30,525
Wyoming.....	1,064	1,053	1,043	820	1,050	124,488	97,718	81,250	26,470	16,800
Seven states.....	16,725	17,197	17,901	13,333	17,848	1,867,053	1,503,886	1,217,644	411,805	267,783
United States.....	78,564	81,207	82,434	65,249	74,369	9,150,013	7,907,198	6,279,500	2,386,808	1,322,281
	MILK COWS AND HEIFERS KEPT FOR MILK									
	1948	1947	1946	1938	1934	1948	1947	1946	1938	1934
Colorado.....	215	224	236	235	300	35,905	29,120	24,780	10,810	6,600
Kansas.....	655	697	726	709	967	107,420	94,095	74,052	31,905	21,274
Missouri.....	975	1,007	1,037	934	1,097	134,550	126,882	92,293	41,096	20,843
Nebraska.....	514	554	572	629	820	89,436	75,344	61,776	30,192	21,320
New Mexico.....	60	62	69	74	81	7,800	6,820	5,796	2,812	2,025
Oklahoma.....	704	765	823	718	838	87,296	73,440	60,902	26,566	13,408
Wyoming.....	60	65	67	68	78	10,020	9,295	7,638	3,400	2,106
Seven states.....	3,183	3,374	3,530	3,367	4,181	472,427	414,996	327,237	146,781	87,576
United States.....	25,165	26,098	26,695	24,466	26,931	4,126,161	3,787,080	2,994,437	1,333,886	727,137
	HOGS, INCLUDING PIGS									
	1948	1947	1946	1938	1934	1948	1947	1946	1938	1934
Colorado.....	304	276	303	253	440	13,254	9,770	6,696	2,485	1,496
Kansas.....	1,094	1,176	1,470	804	2,430	44,198	39,161	31,017	7,861	8,384
Missouri.....	3,533	3,605	3,795	2,622	4,113	135,314	120,407	80,834	27,470	14,190
Nebraska.....	2,403	2,503	3,168	1,507	5,010	132,405	106,878	90,605	18,566	21,543
New Mexico.....	60	67	96	80	67	2,154	2,151	1,997	770	241
Oklahoma.....	731	731	962	730	1,180	22,807	17,690	15,488	6,081	3,245
Wyoming.....	80	70	74	60	87	3,184	2,331	1,732	747	300
Seven states.....	8,205	8,428	9,868	6,056	13,327	353,316	298,388	228,369	63,980	49,399
United States.....	55,038	56,921	61,301	44,525	58,621	2,355,609	2,049,066	1,468,123	501,352	239,760
	ALL SHEEP AND LAMBS									
	1948	1947	1946	1938	1934	1948	1947	1946	1938	1934
Colorado.....	1,897	1,780	2,270	2,853	3,028	32,557	25,062	26,728	17,356	12,818
Kansas.....	724	1,353	1,221	614	689	11,698	19,213	12,048	3,580	2,687
Missouri.....	1,225	1,332	1,334	1,441	1,310	19,320	18,082	13,259	9,782	4,978
Nebraska.....	767	716	990	859	1,055	13,943	10,886	10,690	5,015	4,395
New Mexico.....	1,450	1,471	1,634	2,170	2,757	19,228	16,023	14,302	11,262	8,822
Oklahoma.....	155	214	216	375	183	2,181	2,465	1,912	2,134	586
Wyoming.....	2,509	2,519	2,790	3,543	3,873	41,082	31,575	27,852	22,392	15,879
Seven states.....	8,727	9,385	10,455	11,855	12,895	140,009	123,306	106,791	71,521	50,165
United States.....	35,332	37,818	42,436	51,210	53,503	542,321	477,296	411,265	312,893	202,241
	HORSES AND COLTS									
	1948	1947	1946	1938	1934	1948	1947	1946	1938	1934
Colorado.....	148	161	175	239	297	5,180	5,635	5,775	16,137	12,177
Kansas.....	257	279	317	450	604	9,252	10,323	11,412	28,225	32,012
Missouri.....	428	450	484	534	531	18,404	22,950	20,812	41,855	31,329
Nebraska.....	301	338	389	523	666	10,836	12,506	14,004	35,024	38,628
New Mexico.....	86	95	106	135	143	3,268	3,990	3,498	6,926	5,720
Oklahoma.....	257	279	310	400	421	8,224	10,323	9,920	24,969	22,313
Wyoming.....	94	100	106	133	158	2,820	3,000	2,968	7,802	5,688
Seven states.....	1,571	1,702	1,887	2,414	2,820	57,984	68,727	68,389	160,938	147,867
United States.....	6,607	7,249	8,053	10,995	12,052	366,480	428,798	462,384	999,336	806,038
	MULES AND MULE COLTS									
	1948	1947	1946	1938	1934	1948	1947	1946	1938	1934
Colorado.....	6	7	8	13	22	372	448	464	1,109	1,188
Kansas.....	18	24	35	70	120	1,062	1,536	1,960	5,920	8,400
Missouri.....	105	135	155	214	264	7,770	11,475	11,625	23,024	20,328
Nebraska.....	12	15	20	55	83	636	825	1,060	4,802	6,142
New Mexico.....	6	6	7	10	19	336	348	385	798	1,045
Oklahoma.....	41	52	74	165	258	2,255	3,016	3,848	14,814	18,318
Wyoming.....	1	1	1	15	3	41	49	54	1,500	180
Seven states.....	189	240	300	542	769	12,472	17,697	19,396	51,967	55,601
United States.....	2,544	2,772	3,010	4,250	4,945	337,901	389,776	400,705	524,408	407,567

\* State figures computed by this bank.