

# MONTHLY REVIEW

## *Agricultural and Business Conditions*

### TENTH FEDERAL RESERVE DISTRICT

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#### AREA DEVELOPMENT ASSOCIATIONS

Area development associations have sprung up throughout the Tenth Federal Reserve District as groups of individuals have joined together voluntarily in an effort to promote the specific interests of their regions. With enlargement of area earning power their primary objective, the people of these associations have proceeded to make a more complete investigation of what they have in the form of resources and to explore the possibilities of developing more extensive uses for them.

Many of these organizations have well-rounded programs designed to expand the economic opportunities of their areas and to give their people greater social and educational advantages. To attain these objectives, these associations are taking an active interest in the expansion of manufacturing, agricultural, and commercial interests and are encouraging soil and water conservation practices, irrigation and flood control work, and agricultural and industrial research programs. In addition, many of the area development associations are seeking to set up better educational opportunities, to improve and extend transportation facilities and rural electrification systems, to beautify homes and communities, to encourage expansion of health, social, and recreational facilities, and to provide improved accommodations for tourists.

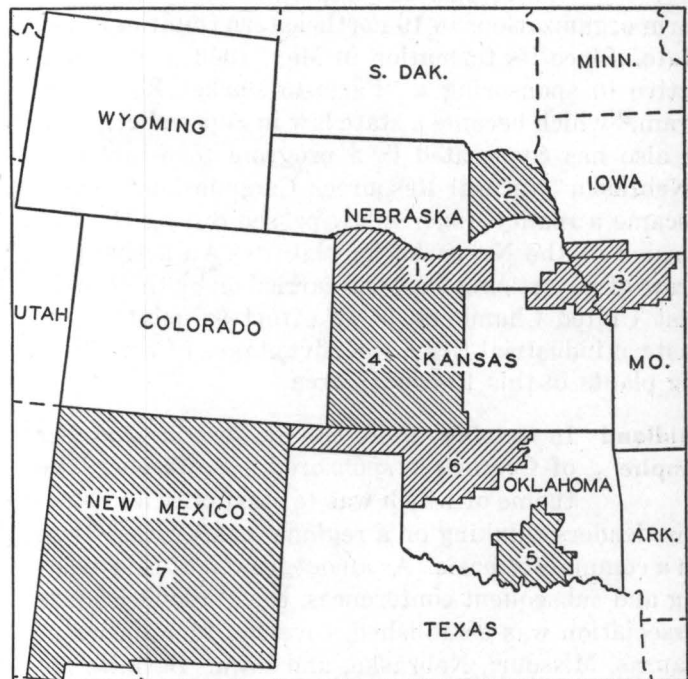
The boundaries of these area development associations are determined more by the type of economy prevailing in the area, by the natural resources available, and by other common basic characteristics than by state or county lines. The organizers of these groups have discovered that not only can different communities work together in arriving at a solution to their individual problems, but that they also can profit materially from a program designed to further their mutual interests. As a result, boundaries of such organizations have tended to be flexible and to be extended as adjoining areas express a desire to participate in the activities of the associations.

The methods of operating and financing these area development associations have followed a somewhat similar pattern, although certain variations occur

from group to group. In most cases, a board of directors and a group of officers direct the over-all activities of the organization, with special committees set up to study and report on those subjects that are of vital interest to the people of the areas. In order to raise funds needed to carry on the activities of the associations, campaigns are directed generally toward business firms and interested individuals throughout the areas, in the belief that if the associations are to speak with authority they must have the active support of large numbers of the citizens concerned.

Seven of the area development associations that have been established in the states of the Tenth Fed-

AREA DEVELOPMENT ASSOCIATIONS



#### LEGEND

1. South Platte United Chambers of Commerce.
2. Northeast Nebraska United Chambers of Commerce.
3. Midland Empire Association.
4. Western Kansas Development Association.
5. South Central Oklahoma Development Association.
6. Northwest Oklahoma Industrial Development Association.
7. New Mexico Development Foundation.

eral Reserve District are shown on the accompanying map. These are the South Platte United Chambers of Commerce in Nebraska, the Northeast Nebraska United Chambers of Commerce, the Midland Empire Association located in the adjoining parts of Kansas, Missouri, Nebraska, and Iowa, the Western Kansas Development Association, the South Central Oklahoma Development Association, the Northwest Oklahoma Industrial Development Association, and the New Mexico Development Foundation.

**Southern Nebraska** The South Platte United Chambers of Commerce was organized in April, 1934, and has grown to include 52 organized chambers of commerce in 18 counties of southern Nebraska. The city of Lincoln, although outside the boundaries of the organization, is also an active member. Over the past 14 years, the South Platte association has been active in promoting many phases of the welfare of the 18-county area and is largely responsible for much of the irrigation and flood control work now under way. It also has encouraged wild life preservation, control of soil erosion, and promotion of 4-H livestock projects.

**Northeastern Nebraska** The Northeast Nebraska United Chambers of Commerce is an association comprised of commercial, trade, and farm organizations in 19 northeastern counties of the state. Since its formation in May, 1943, it has been active in sponsoring a "Farm-to-Market Road Program," which became a state law in September, 1947. It also has cooperated in a program to establish a "Nebraska Natural Resources Commission," which became a reality under a law passed during the last session of the Nebraska legislature. An active program of advertising has been carried on by the Northeast United Chambers, in an effort to point out to eastern industrial firms the advantages of establishing plants in this 19-county area.

**Midland Empire** In October, 1946, the St. Joseph Chamber of Commerce sponsored a conference, the theme of which was to start civic and business leaders thinking on a regional basis rather than on a community basis. As an outgrowth of this meeting and subsequent conferences, the Midland Empire Association was established, covering 31 counties of Kansas, Missouri, Nebraska, and Iowa. Definite objectives have been outlined, including development of industrial resources, expansion of roads and recreational facilities, a higher standard of living through extension of utilities, and maintenance of the area's competitive position in the rate structure of the various transportation fields. In designing a program to be followed in achieving these objectives, the Midland

Empire Association in June, 1947, sought the technical assistance of the United States Department of Commerce. The Kansas City regional office and the Area Development Division in Washington have cooperated with the association and have furnished a detailed outline for establishing a well-rounded development program.

**Western Kansas** A group of 40 counties comprises the Western Kansas Development Association, which was organized in February, 1947. Among its activities during the past year, this association has conducted a wheat roots excavation study that provided valuable data for publicizing the wheat and soil of western Kansas. It is planned that the results of this study, along with independent findings of three college laboratories, will be incorporated into a bulletin giving a complete story of wheat and soil in the area. It was largely through the efforts of the Western Kansas Association that the state-financed Kansas Industrial Development Commission opened a regional office in Dodge City in July, 1947.

A large part of the work of the Western Kansas Development Association is carried on through regular operating committees. The Commerce and Industry Committee has been charged with the responsibility of promoting and developing home industries that will process marketable products, utilizing the resources of the area. The aims of this committee coincide to a degree with those of the tax-supported Kansas Industrial Development Commission in attracting new industries to this western area. The Agricultural Committee has the function of encouraging farmers of the area to expand the irrigation program, to follow soil conservation practices, to carry on summer fallowing when practical, and to store feed in years of good crops in order that livestock production may be continued during years of insufficient moisture. The activities of the Cultural Development Committee, which works closely with the Fort Hayes Kansas State Teachers College, are directed toward the improvement of schools and roads, beautification programs, and expansion of health, social, and recreational facilities. A great deal of emphasis has been placed on making western Kansas a more interesting and attractive area in which to live, in an effort to provide its youth with a greater incentive to remain in the region and to contribute to its growth. In its efforts to promote wider use of the resources of western Kansas, the Publicity Committee is endeavoring to secure widespread distribution of its monthly publication, "The West Kansan," and plans to conduct a campaign popularizing the region as a "brand name" for high quality products. The Membership and Finance Committee has been instrumental in adding

new members and in raising funds needed to carry on the activities of the organization.

**South Central Oklahoma** The South Central Oklahoma Development Association began functioning in September, 1947, with 12 counties included within the regional boundaries established for the organization. At the present time, member communities are engaged in making an analysis of their individual communities and counties. These activities include surveys of labor supply, industrial sites, and other related information to be used in an industrial brochure that is scheduled for publication in the spring of this year. Officials of the South Central Oklahoma Development Association have pointed out that this is "an organization of interested men, not necessarily connected with the chambers of commerce, and not devoted alone to industrial promotion."

**Northwestern Oklahoma** The Northwestern Oklahoma Industrial Development Association, comprising 18 counties, was organized in November, 1947, with the dual purpose of bringing about a fuller utilization of the industrial advantages of the area and of assisting in the expansion plans of those industries already in operation. The idea of such an organization was conceived by northwestern Oklahoma businessmen during their recent tour through the midwestern and eastern portions of the nation in their effort to publicize the industrial advantages of the state. It is expected that funds needed to carry on activities will be raised by assessing member towns and cities in the 18-county area in proportion to their population and bank clearings. A special committee, set up by the association, has recommended that an industrial engineer be employed to serve the entire 18-county region. Under the plan proposed, this individual would be available for any special project affecting a member town and, at the same time, would be endeavoring to encourage industrial firms to locate in the northwestern portion of the state.

**New Mexico** The work of the New Mexico Development Foundation was begun in 1945, with the objective of raising the economic and social levels of the people of the state. The Foundation is somewhat different from the other six associations mentioned, in that it is not limited to any particular section or group of counties but serves the entire state of New Mexico. The Foundation, however, was organized voluntarily and depends for its support on contributions from interested individuals and business firms. It, therefore, rightly belongs in the category of area development associations.

Since one of the major objectives of the Foundation is to interest industrial enterprises in the advantages of the state, the organization has been active in gathering, coordinating, and distributing detailed statistical studies showing the benefits to be derived from locating and operating various industries in New Mexico. During 1947, the work of the Foundation was an important factor in the decision of five manufacturing enterprises to establish plants in New Mexico. The organization recently has been considering a proposal to hold meetings of industrial leaders of the state in order to bring to their attention the capabilities of graduates of New Mexico high schools, colleges, and universities. This activity is being planned in an attempt to keep trained youth at home, and the Foundation has come to recognize this phase of the work as one of its major aims.

**Cooperation With Other Groups** As area development associations expand their activities, it is becoming more and more apparent that the objectives of these groups can be definitely furthered through closer cooperation with other interested organizations in their areas. Agricultural colleges, many commercial concerns, and various governmental agencies have for years been conducting extensive experimental work in cropping practices, tillage methods, soil and water conservation, land use, pasture management, feed storage, and new varieties of crops and breeds of livestock. While the results of such research activities are readily available, there still remains the tremendous task of encouraging a large segment of the farming population to accept improved farming techniques. Although most of the area development associations in the District are relatively new and consequently are still in the process of formulating their programs, they already have widespread contacts and are thus in position to give every assistance possible in publicizing the results of such research work and in encouraging wider adoption of improved practices and procedures. Close association with their respective areas also permits frequent follow-ups in order to see that once the improved farming practices have been put into effect they are continued until successful conclusion. It is possible that model farms sponsored by these area development associations and perhaps by other interested organizations would give the people of these regions a practical demonstration of the latest developments in agricultural research.

Farm mechanization in recent decades has reduced rural manpower requirements and in turn economic opportunities on the farm. If states in the agricultural areas are to retain their population, it is essential that business and industrial enterprises, particu-

larly those associated with the processing of the varied farm products and vast natural resources, be expanded in number and size. Since one of the principal aims of many of the area development associations is to stimulate industrial growth in their regions, it is important that they maintain closer cooperation with organizations performing extensive research work in fields leading to a better balance between agriculture and industry.

Agricultural colleges, business research bureaus and engineering research departments of colleges and universities, state planning and resources boards, tax-supported development commissions, and private research groups are all valuable sources of information

for area development associations seeking leads to new industries that might profitably be established and existing industries that might be expanded. A large number of industrial research projects are now being sponsored in order to discover what new products can be developed profitably from the raw materials of this area. These research studies include the conversion of natural gas and shale oil into synthetic fuels, industrial utilization of sorghum grains, improvement of dehydration processes, possible uses of wheat straw, investigation of the manufacturing processes for plastics and for tanning operations, need for small packing plants, and other projects linking agriculture and industry more closely.

## BUSINESS AND AGRICULTURAL CONDITIONS

### MEMBER BANK CREDIT

Deposit volume of District member banks continued to decline during February, although the decline was less severe than in January. The loss of deposits for the month aggregated 61 million dollars compared with 172 million the previous month. For the reserve city banks the principal deposit development was a further sizable loss of interbank demand deposits, which declined by 42 million dollars, or 5 per cent, and for the country banks the principal change was a decline of 25 million in demand deposits other than interbank.

On February 25, interbank demand deposits of District reserve city member banks totaled 760 million dollars compared with 891 million a year earlier. However, as other demand deposits of the city banks were 154 million dollars larger than a year earlier and time deposits were 8 million larger, total deposits showed a slight increase for the twelve-month period. The relative increase in total deposits of the country banks during that period was slightly more than in the city banks, even though their demand deposits other than interbank expanded by only 3 per cent compared with 8 per cent in the city banks. The smaller increase in

city bank deposits resulted from the loss of interbank deposits.

Changes in loan volume of District member banks were small during February, as reserve city banks showed a decline of 10 million dollars and country banks an increase of 4 million. During the first two months of this year, city bank loans expanded by 9 million dollars and country bank loans by 16 million, whereas during the first two months of last year the respective increases were 13 million and 19 million. The total volume of District member bank loans outstanding at the end of February was 1,286 million dollars, 252 million larger than a year previously.

Both city and country banks in this District reduced their Government security holdings during February of this year. For the country banks, the decline was 27 million, representing 2 per cent of their holdings at the beginning of the month, while for the city banks it was 58 million, or 4 per cent of their holdings. While no data by classes of securities disposed of are available in regard to the country banks, it is known that the city banks disposed principally of Treasury bonds and Treasury notes, as well as some Treasury certificates of indebtedness.

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

	ALL MEMBER BANKS			RESERVE CITY BANKS			COUNTRY BANKS		
	Feb. 25 1948	Jan. 28 1948	Feb. 26 1947	Feb. 25 1948	Jan. 28 1948	Feb. 26 1947	Feb. 25 1948	Jan. 28 1948	Feb. 26 1947
Loans and investments.....	4,220	4,315	4,124	2,262	2,332	2,263	1,958	1,983	1,861
Loans and discounts.....	1,286	1,292	1,034	771	781	629	515	511	405
U. S. Government obligations.....	2,576	2,661	2,774	1,308	1,366	1,463	1,268	1,295	1,311
Other securities.....	358	362	316	183	185	171	175	177	145
Reserve with F. R. Bank.....	815	828	754	492	499	449	323	329	305
Balances with banks in U. S.....	599	579	655	265	243	267	334	336	388
Cash items in process of collection.....	264	253	266*	247	236	249	17	17	17
Gross demand deposits.....	4,992	5,053	4,924	2,765	2,794	2,742	2,227	2,259	2,182
Deposits of banks.....	821	870	970	760	802	891	61	68	79
Other demand deposits.....	4,171	4,183	3,954	2,005	1,992	1,851	2,166	2,191	2,103
Time deposits.....	673	673	657	364	363	356	309	310	301
Total deposits.....	5,665	5,726	5,581	3,129	3,157	3,098	2,536	2,569	2,483
Borrowings.....	5	18	2	3	17	2	2	1	*

\*Less than \$500,000.

	BANK DEBITS		Change from '47	
	Feb. 1948	2 Mos. 1948	Feb.	2 Mos.
	(Thousand dollars)		(Per cent)	
<b>COLORADO</b>				
Colo. Springs....	31,868	66,045	+14	+8
Denver.....	420,082	910,037	+11	+12
Gr. Junction.....	11,038	24,657	+2	+7
Greeley.....	18,481	43,901	+36	+30
Pueblo.....	30,155	67,330	+11	+11
<b>KANSAS</b>				
Atchison.....	13,584	24,219	0	-14
Emporia.....	8,067	19,136	-1	+6
Hutchinson.....	36,154	93,072	-4	+5
Independence....	6,000	13,582	+2	+5
Kansas City.....	51,966	118,318	+4	+8
Lawrence.....	9,138	19,831	+11	+11
Parsons.....	6,654	15,998	+6	+16
Pittsburg.....	11,443	24,156	+21	+27
Salina.....	33,123	82,891	+8	+13
Topeka.....	74,072	162,917	-3	+1
Wichita.....	177,410	461,388	+2	+10
<b>MISSOURI</b>				
Joplin.....	24,562	52,357	-2	+3
Kansas City.....	900,920	2,045,634	+10	+16
St. Joseph.....	83,321	197,996	+3	+12
<b>NEBRASKA</b>				
Fremont.....	13,632	31,046	+21	+28
Grand Island....	18,502	42,100	+12	+15
Hastings.....	13,066	28,692	+15	+16
Lincoln.....	68,229	145,472	+15	+14
Omaha.....	421,784	971,312	+3	+10
<b>NEW MEXICO</b>				
Albuquerque....	58,837	139,020	+2	+10
<b>OKLAHOMA</b>				
Bartlesville....	81,018	165,204	+47	+44
Enid.....	33,918	79,609	-7	+1
Guthrie.....	3,390	8,090	-14	+4
Muskogee.....	21,095	45,330	+8	-6
Oklahoma City..	254,328	568,909	+12	+16
Okmulgee.....	6,083	13,412	+7	+18
Tulsa.....	414,695	894,925	+44	+44
<b>WYOMING</b>				
Casper.....	18,963	46,370	+22	+27
Cheyenne.....	20,987	54,741	-13	-1
District, 34 cities..	3,396,565	7,677,697	+12	+16
U. S., 333 cities....	90,266,000	195,456,000	+11	+12

**DEPARTMENT STORE TRADE**

Dollar volume of sales at reporting department stores in this District in January had been 11 per cent above a year earlier, but in February it was only 3 per cent larger than a year ago, reflecting in part adverse shopping weather and the effects of declines in commodity prices. In the first half of March also, sales were only about 3 per cent above the corresponding period last year, despite the earlier Easter date this year. Department store sales increased much less than is customary from January to February, and the seasonally adjusted index of daily average sales declined to a level of 279 per cent of the 1935-39 average in February as compared with 306 in January and 337 in December.

Department store inventories increased more than is usual during February, marking the fourth consecutive month of sharp increase, and the seasonally adjusted index of stocks rose from 316 per cent of the 1935-39 average at the end of January to a new high of 330 at the end of February. Outstanding

orders declined during February and at month end were little changed from a year earlier, while the value of stocks on hand was up 11 per cent.

Department store sales and stocks in leading cities:

	SALES		STOCKS
	Feb. '48 comp. to Feb. '47	2 Mos. '48 comp. to 2 Mos. '47	Feb. 29, '48 comp. to Feb. 28, '47
	(Per cent increase or decrease)		
Denver.....	+7	+4	+1
Pueblo.....	+16	+19	-7
Hutchinson.....	+3	+4	+31
Topeka.....	+2	+5	+23
Wichita.....	+1	+5	+21
Joplin.....	+7	+9	+22
Kansas City.....	+6	+9	+10
St. Joseph.....	+5	+4	*
Omaha.....	-5	+6	-4
Oklahoma City....	+3	+9	+32
Tulsa.....	+16	+16	*
Other cities.....	-9	+3	+18
District.....	+3	+7	+11

\*Not shown separately but included in District total.

**INDUSTRIAL PRODUCTION**

**Meat Packing** The strike of packing-house workers that began on March 16 caused a reduction of 40 to 50 per cent in the nation's meat production. Railroad and truck shipments of livestock to central markets on March 15 were the smallest in many months, as shippers anticipated a considerably less than normal outlet for livestock because of the many packing concerns to be closed by the strike. Those plants whose workers were not involved in the strike were generally able to maintain some semblance of normal operations, with the volume of livestock purchased at central markets supplemented by direct purchases from producers in the country.

As measured by packers' purchases at leading District markets, livestock slaughter in February was down about a third from January. Cattle, calf, and hog slaughter during February dropped 27, 37, and 14 per cent, respectively, under the same month of 1947. Federally inspected slaughter of cattle throughout the country in February was 15 per cent below that of a year ago, while inspected hog slaughter was down 4 per cent. Because of reduced livestock numbers and feeding operations this winter, it is generally anticipated that marketings of cattle, hogs, and lambs in the first six months of 1948 will be smaller than in the same period last year. In addition, the very small numbers of cattle and lambs on District wheat pastures this winter and the embargo on cattle imports from Mexico will further reduce the volume of livestock normally available for slaughter in the spring.

**Flour Milling** Flour milling operations in the Southwest during February averaged about 94 per cent of full-time capacity. This compared with a level of 96 per cent of capacity in January and

100 per cent in February, 1947. Although flour production at Salina, Kansas, during February this year was substantially above the output in February, 1947, production elsewhere in the Southwest was sharply lower than in the corresponding month a year ago. Reports indicate a growing tendency for mills to eliminate both Saturday and Sunday from operating schedules and to confine operations to a 5-day week or less. Running time at mills in Kansas City during the first week in March varied from 2 to 5 days, with the result that operations in that city averaged only 77 per cent of capacity.

The volume of flour sales by Southwestern mills during January and February this year appeared to be somewhat lower than the amount sold in these months in the three preceding years. Weekly sales at times dropped to as low as 17 per cent of capacity. Some increase in business was stimulated by the resumption of Government purchases of flour in the fore part of March. One large commercial bakery chain purchased forward requirements in early March, but most users continued to buy only for current needs. Although April export allocations were released in late February, very few foreign countries had placed orders for commercial flour by mid-March. Sales of family flour in early March, though not large, were reported as somewhat improved from the depressed level that characterized the January trade.

**Petroleum** Beginning April 1, the southwest Antioch field in Garvin county, Oklahoma, will be operated as an individual unit. Under authority of a 1945 Oklahoma statute, all lease and royalty interests of this field will be combined, with the unit plan covering 2,680 acres and 67 producers. High gas-oil ratio wells will be shut down, and the remaining wells will be permitted to produce only a certain predetermined amount of crude oil. After a compressor plant is completed, the plan is that the secondary recovery method of repressuring through the injection of gas will be followed. Two other fields in Oklahoma are being operated currently as individual units—the West Edmond Hunton and the West Cement Medrano fields. Engineering authorities have stated that unit operations in these three fields will increase their recovery potential by about 100 million barrels.

Following the recent announcement of the selection of Garden City, Kansas, as the location for its 80 million dollar synthol plant, the Stanolind Oil and Gas Company has revealed that it immediately will begin to make soil tests and studies of water-supply availability to determine which of two possible sites in the Garden City area is the better for its huge project. It is expected that major construction activities will begin in the fall, employing approximately

4,000 workers at the peak of the building period. A permanent force of around 600 workers will operate the plant when finished. Present plans are that this huge project will process about 100 million cubic feet of Hugoton natural gas daily and will have a daily output of around 6,000 barrels of liquids, mostly gasoline, and 275,000 pounds of chemicals.

Crude oil production in the Tenth District averaged 997,500 barrels daily during February. This was slightly below the daily rate attained during January but was 10 per cent higher than that reached during February a year earlier. Production in the United States averaged 5,387,500 barrels a day during February, reaching a level 1 per cent above January and 12 per cent higher than in February, 1947.

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

	Feb. 1948	2 Mos. 1948	Change from '47	
	(Thousand barrels)		Feb.	2 Mos.
			(Per cent)	
Colorado.....	1,350	2,786	+32	+28
Kansas.....	8,038	17,004	+6	+7
Nebraska.....	15	31	-17	-24
New Mexico.....	3,629	7,440	+22	+21
Oklahoma.....	11,869	24,470	+14	+13
Wyoming.....	3,871	7,965	+24	+23
Six states.....	28,772	59,696	+14	+14
United States.....	156,237	321,692	+16	+15

**Employment** In the states represented in the Tenth District, a total of 631,000 workers were employed in manufacturing activities during December, 1947, the latest month for which detailed figures are available for all states. The level reached was 1 per cent higher than in November and 5 per cent above December a year earlier. All the states of the District either equaled or exceeded the levels reported for December the previous year. For the entire year 1947, manufacturing employment in the District averaged 6 per cent above 1946, with percentage increases ranging from 2 per cent in New Mexico and Oklahoma to 9 per cent in Colorado.

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

	Dec. 1947	Aver. 12 Mos. 1947	Change from '46	
	(Number)		Dec.	12 Mos.
			(Per cent)	
Colorado.....	61,000	56,500	+9	+9
Kansas.....	81,900	79,700	+3	+4
Missouri.....	367,600	357,200	+6	+8
Nebraska.....	46,300	43,700	+4	+3
New Mexico.....	10,200	10,000	0	+2
Oklahoma.....	57,000	54,800	+3	+2
Wyoming.....	7,000	6,400	+4	+8
Seven states.....	631,000	608,300	+5	+6
United States.....	15,965,000	15,554,000	+4	+8

In the Kansas City (Kansas), Wichita, Topeka, Hutchinson, and Olathe areas, the layoff of temporary

workers hired for the holiday season and the severe weather conditions that curtailed construction activity were the major factors contributing to lower levels of employment in January. Activity in many of the Kansas City manufacturing plants also was reduced because of a temporarily inadequate fuel supply. A moderate rise in employment in these areas is expected during the next several months, as weather conditions permit the resumption of widespread building activity. Food-processing industries also plan to expand employment in order to handle their usual seasonal increase in business, and aircraft manufacturers intend to add additional workers if materials are available and market conditions favorable. Egg-processing plants in the Topeka area currently are expanding employment, and it is expected that these firms will need 400 to 500 additional women workers at the height of their seasonal activity.

## AGRICULTURE

**Crops** Receipts of wheat, corn, and oats at principal markets in the District during February were down sharply from the previous month. February receipts of these grains were 63, 67, and 41 per cent, respectively, below a year ago. Receipts also were much below the February 10-year average from 1938 to 1947. The relatively small marketings reflect the unsettled price situation in February this year, the extremely bad condition of country roads, and the excellent financial position of many grain producers. Although grain prices recovered some of the losses suffered in early February, wheat producers appear to be inclined to await further recovery, expressing the belief that the outlook for winter wheat is less favorable than many unofficial crop reports indicate.

The abundance of rain and snow over most of the winter wheat belt in February and March has largely dispelled the danger of serious wind erosion in previously moisture-deficient areas. Snow cover in the more northern sections of the District minimized the hazard of further winter killing of wheat—a hazard that might have proved quite serious in view of the low temperatures that were recorded in Kansas, Nebraska, and Colorado in early March. Wheat had begun to show a green color as far north as southern Nebraska by March 1, but very little growth had occurred by that date. Certain areas in central Kansas report that, because of recent unfavorable weather and the immaturity of wheat plants, it is very doubtful that a normal crop will be forthcoming from this section of heavy wheat production.

On March 6 it was announced that the United States, Canada, and Australia had signed an agreement establishing maximum and minimum prices for wheat exports to 33 other nations also signatory to the pact.

The agreement, subject to ratification by Congress, covers a 5-year period, August 1, 1948, through July 31, 1953. There is provision for some freedom of movement of wheat prices between the established minimum and maximum, in that transactions are to be freely concluded and prices are to be moved within the range in accordance with current world market conditions.

The basic minimum and maximum prices per bushel, by years, are:

Crop Year	Minimum	Maximum
August, 1948—July, 1949	\$1.50	\$2.00
August, 1949—July, 1950	1.40	2.00
August, 1950—July, 1951	1.30	2.00
August, 1951—July, 1952	1.20	2.00
August, 1952—July, 1953	1.10	2.00

These minimum and maximum prices are based on No. 1 Manitoba Northern wheat at Ft. William, Canada. It has been estimated that the Kansas City price for an equivalent grade of wheat would be around \$1.87. The agreement stipulates that the three exporting countries — the United States, Canada, and Australia — shall make available a minimum of 500 million bushels of wheat per year to the 33 importing countries. In turn, the importing countries are required to purchase at least 500 million bushels each year throughout the life of the agreement. Export and import sales and purchases of any volume of wheat at any price are permitted outside the provisions of the agreement but will not count toward fulfillment of obligations assumed by the signatory countries.

**Livestock** Range cattle and sheep have come through the winter in fair to good condition, with only scattered death losses as a result of the February and early March snow storms. A considerable number of cattle in the central and western parts of Nebraska, Kansas, and Oklahoma suffered from the blizzard which moved into that area in early March, and weight shrinkage was rather severe where shelter was inadequate. Although range feed in New Mexico has been short throughout the winter, cattle and lambs in that state were reported to be in fairly good condition on March 1.

Livestock prices dropped moderately in late January and sharply in early February at Kansas City. In the week ending January 17, the average price of choice steers weighing over 1,000 pounds was \$35.55 per hundred pounds. The average price of this grade of steers in the week ending February 14 was \$31.35 per hundred pounds, and for the week ending March 6 it was \$29.85 per hundredweight. Hog and lamb prices dropped in about the same proportion, but all livestock prices strengthened in mid-March when the meat-packing strike began.

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Output of manufactures and minerals continued to show little change in February. Department store sales increased by about the usual seasonal amount in February and the first half of March. Wholesale prices generally showed little change following marked declines in farm products and some other commodities from mid-January to mid-February.

## INDUSTRIAL PRODUCTION

Industrial production was maintained in February at the January rate of 193 per cent of the 1935-39 average, according to the Board's seasonally adjusted index.

Output of durable goods declined slightly in February, partly because unusually severe weather conditions led to a curtailment of activity in a number of lines early in the month. Steel production, however, was maintained at the January rate and scheduled operations were increased in the first three weeks of March. Activity in the machinery and transportation equipment industries declined somewhat in February. Automobile production was sharply reduced in the first two weeks of the month but recovered to earlier postwar peak rates during the last half, and has been maintained at a high level in March. Output of most other durable manufactures showed little change from the January level.

Activity in nondurable goods industries in February, after allowance for seasonal variation, was slightly above the January rate. Textile mill activity was maintained at the record level reached in January. Distillers' output of alcoholic beverages is estimated to have increased sharply in February, following the end of limitations on grain usage. Newspaper publishing activity, as reflected in newsprint consumption, showed a substantial gain. Output of manufactured food products was maintained at the level of recent months, notwithstanding a further decline in meat production. Activity in most other nondurable goods industries continued at the January rate or declined slightly.

Output of minerals in February was maintained at the January level. Bituminous coal production declined 4 per cent, while output of anthracite, crude petroleum, and metals advanced. In the middle of March bituminous coal output was sharply reduced by a labor-management dispute.

## CONSTRUCTION

Value of construction contracts awarded, according to the F. W. Dodge Corporation, rose somewhat more than seasonally in February reflecting largely an increase of one fourth in awards for public types of construction. Private residential awards showed little change as an increase in contracts for apartment buildings was offset by a decline in awards for single family homes. According to Department of Labor estimates the number of dwelling units started was 50,000 in January and 47,000 in February, as compared with a total of 84,000 in the same two months in 1947.

## DISTRIBUTION

Department store sales increased seasonally in February and the early part of March but the Board's seasonally adjusted index of sales continued somewhat below the average level in the fourth quarter of 1947.

## COMMODITY PRICES

Prices of farm products rose somewhat from mid-February to mid-March, following the sharp declines in the preceding four weeks. Prices of some industrial materials, like leather and cotton fabrics, however, declined further, and prices of most types of finished industrial products continued unchanged.

Prices of foods in wholesale and retail markets, which had generally been reduced by 3 to 5 per cent from mid-January to mid-February, showed little change through the middle of March. In the third week of the month wholesale meat prices advanced, reflecting the effects of the industrial dispute in the packing industry.

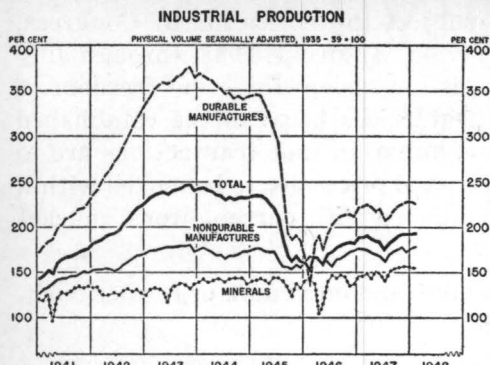
## BANK CREDIT

Tax receipts in February and the first half of March in excess of Treasury payments shifted deposits from accounts of individuals and businesses at commercial banks to Treasury balances at the Reserve banks. As a result of these deposit transfers, over 1.5 billion dollars were drained out of bank reserve balances. Banks received some new reserve funds from further gold inflows and a small return of currency from circulation. Federal Reserve purchases of Government securities in the market supplied the remainder of the funds required to maintain member bank reserve positions.

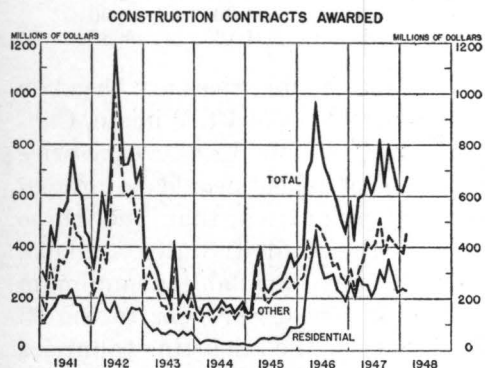
Further purchases of Treasury bonds were made by the Federal Reserve in support of the market prices of these issues, although after mid-February market conditions were stronger and the volume of such purchases was greatly diminished. Total holdings of Government securities at the Reserve banks continued to decline, reflecting Treasury use of its current cash surplus and of a part of its deposit balances to retire about 2.8 billion dollars of securities held by the Reserve banks.

Required reserves of member banks in New York and Chicago were increased by about 500 million dollars on February 27, the effective date for an increase in their reserve requirements against net demand deposits from 20 to 22 per cent.

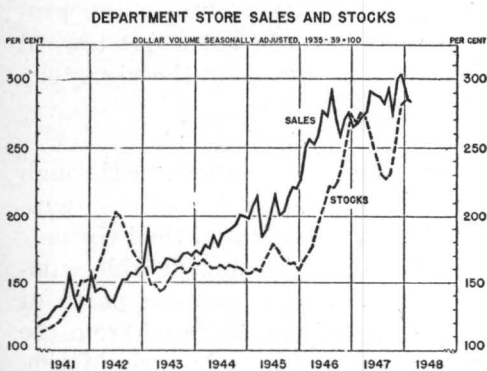
Government security holdings at banks in leading cities declined during February and early March. Real estate loans continued to expand. Commercial and industrial loans declined somewhat at banks in New York City and showed little change at banks in other leading cities.



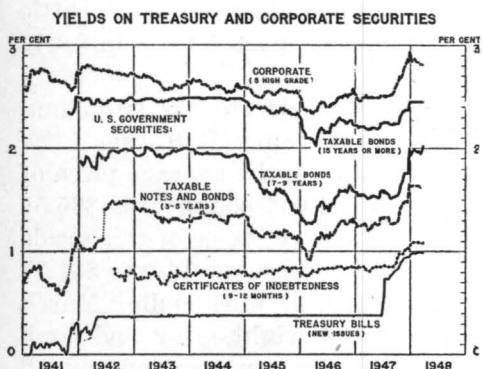
Federal Reserve indexes. Monthly figures, latest shown are for February, 1948.



F. W. Dodge Corporation data for 37 Eastern States. Other includes nonresidential buildings and public works and utilities. Monthly figures, latest shown are for February, 1948.



Federal Reserve indexes. Monthly figures, latest shown for sales is February, 1948; for stocks, January, 1948.



Weekly averages of daily figures compiled by Federal Reserve from data reported by U. S. Treasury Department, latest shown are for week ending March 20, 1948.