

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK
OF PHILADELPHIA

FEDERAL RESERVE BANK OF KANSAS CITY

APRIL 30, 1949

MEMBER BANK EARNINGS

Net profits of all member banks in this District were 2 per cent smaller in 1948 than in 1947, while net profits of all member banks in the United States were 4 per cent below the level of the previous year. For District reserve city member banks, net profits decreased by 4 per cent, and for District country member banks, there was a decrease of 1 per cent.

The reduction in net profits resulted from an increase in transfers to valuation reserve accounts—largely transfers to build up reserves for bad debt losses on loans as authorized by the Commissioner of Internal Revenue in December, 1947. Losses, charge-offs, and transfers to reserve accounts in District reserve city banks increased by 3,685 thousand dollars

over 1947 compared with a decline of 509 thousand dollars in net profits. For District country banks, losses, charge-offs, and transfers to reserve accounts were 3,377 thousand dollars larger than in the previous year, while the decline in net profits amounted to 210 thousand dollars. Thus, it is apparent that, apart from the increase in transfers to valuation reserves, there would have been a significant increase in net profits of District member banks in 1948 compared with 1947.

Current earnings of both reserve city and country member banks in the District were substantially higher during 1948 than during the previous year. For the reserve city banks, the increase was 9 per cent, and

EARNINGS OF TENTH DISTRICT MEMBER BANKS

(Amounts in thousands of dollars)

	RESERVE CITY BANKS*				COUNTRY BANKS**			
	1948	1947	Change		1948	1947	Change	
			Amount	Per Cent			Amount	Per Cent
Earnings.....	59,215	54,320	+4,895	+9.0	65,379	57,088	+8,291	+14.5
On U. S. Govt. securities.....	17,835	19,301	-1,466	-7.6	18,004	18,100	-96	-0.5
On other securities.....	3,238	3,061	+177	+5.8	3,426	2,882	+544	+18.9
On loans.....	28,480	22,710	+5,770	+25.4	33,457	26,384	+7,073	+26.8
All other.....	9,662	9,248	+414	+4.5	10,493	9,722	+771	+7.9
Expenses.....	36,109	33,231	+2,878	+8.7	37,433	33,095	+4,338	+13.1
Salaries and wages.....	17,879	15,917	+1,962	+12.3	20,214	17,834	+2,380	+13.3
Interest on deposits.....	2,588	2,409	+179	+7.4	2,697	2,582	+115	+4.5
All other.....	15,642	14,905	+737	+4.9	14,522	12,680	+1,842	+14.5
Net current earnings before income taxes.....	23,106	21,089	+2,017	+9.6	27,947	23,993	+3,954	+16.5
Recoveries, transfers from reserve accounts, and profits.....	5,187	4,169	+1,018	+24.4	2,742	3,499	-757	-21.6
Recoveries on securities***.....	1,508	1,166	+342	+29.3	229	402	-173	-43.0
Profits on securities.....	927	1,483	-556	-37.5	317	533	-216	-40.5
Recoveries on loans***.....	639	843	-204	-24.2	1,468	1,405	+63	+4.5
All other.....	2,113	677	+1,436	+212.1	728	1,159	-431	-37.2
Losses, charge-offs, and transfers to reserve accounts.....	8,404	4,719	+3,685	+78.1	7,783	4,406	+3,377	+76.6
On securities.....	2,749	2,552	+197	+7.7	1,293	1,748	-455	-26.0
On loans.....	3,763	1,539	+2,224	+144.5	5,383	1,886	+3,497	+185.4
All other.....	1,892	628	+1,264	+201.3	1,108	772	+336	+43.5
Profits before income taxes.....	19,889	20,539	-650	-3.2	22,906	23,084	-178	-0.8
Taxes on net income.....	6,203	6,343	-140	-2.2	6,021	5,990	+31	+0.5
Net profits.....	13,687	14,196	-509	-3.6	16,884	17,094	-210	-1.2
Cash dividends declared.....	4,916	4,730	+186	+3.9	5,364	4,933	+431	+8.7

*50 banks. **711 banks in 1948; 709 in 1947. ***Includes transfers from reserve accounts.

for the country banks, it was 15 per cent. Most of the increase in earnings came from a larger amount of interest on bank loans, which was up by 25 per cent in the reserve city banks and by 27 per cent in the country banks.

The increase in earnings on loans resulted primarily from an expansion in the volume of loans outstanding. The monthly average of the volume of loans that the reserve city banks had outstanding was 18 per cent larger in 1948 than in 1947, and the comparable increase for the country banks was 30 per cent. In the reserve city banks, the average rate of return on loans was also a factor, though of less importance than the expanded loan volume, in the increase in aggregate earnings on loans. However, in the country banks, the average rate of return on loans was a factor tending to reduce slightly earnings on loans. The aggregate earnings on reserve city bank loans during 1948 were 3.56 per cent of the monthly average of reserve city bank loan volume outstanding compared with 3.35 per cent during 1947. In the country banks, the aggregate earnings on loans during 1948 were 5.78 per cent of the monthly average loan volume outstanding compared with 5.92 per cent during 1947.

The slight decline in the average rate of return on country bank loans does not reflect any decrease in the interest rate structure on country bank loans, but it is the result of changes in the composition of the loan portfolios of the country banks. A significant factor, and perhaps the sole factor, was the increased importance in country bank portfolios of commodity loans guaranteed by the Commodity Credit Corporation, which carry a lower rate of interest than most other country bank loans. This increase in Commodity Credit Corporation loans took place during the last half of the year as farm commodity prices declined to support levels, and at the end of 1948 such loans constituted 16 per cent of the total loan volume of District country member banks compared with 2 per cent at the end of 1947. To a lesser degree, Commodity Credit Corporation loans were of increased importance in the reserve city banks also during the last half of 1948, but other factors, including some increase in the interest rate structure, led to a slight increase in the average rate of return on city bank loans.

Earnings on loans also constituted a larger proportion of total District member bank earnings during 1948 than during the previous year. For reserve city banks, earnings on loans constituted 48 per cent of total earnings compared with 42 per cent in 1947, while for country banks the proportion was 51 per cent compared with 46 per cent in 1947. The principal factor involved was the expanded volume of the loan earnings themselves, but the smaller amount of earn-

ings on Government securities was an additional factor increasing the relative importance of loan earnings in the reserve city banks.

Earnings on Government securities were 7.6 per cent smaller in District reserve city member banks during 1948 than a year earlier, but earnings from that source were down by only 0.5 per cent in District country member banks. The nominal decrease in District country bank earnings on Government securities was not only out of line with the larger decrease in District reserve city bank earnings on Government securities but also with the larger decrease for all classes of member banks on a nationwide basis.

The smaller amount of earnings on Government securities in commercial banks generally resulted from a decrease in the amount of Government securities held, both through retirement by the United States Treasury for cash and through liquidation of securities by the commercial banks. Among District reserve city member banks, this loss of earnings was offset in only minor degree by a more favorable average rate of return on Government security holdings, but among District country member banks a more favorable average rate of return was sufficient to offset largely the loss of earnings resulting from the smaller volume of Government securities held. The monthly average amount of Government securities held by District reserve city member banks was 10.5 per cent smaller in 1948 than the average for 1947. For District country member banks, the decrease in monthly average holdings was 6.5 per cent. Reserve city bank aggregate earnings on Government securities amounted to 1.40 per cent of those banks' monthly average holdings of Government securities during 1948 compared with 1.35 per cent during 1947, while District country bank aggregate earnings on Government securities were 1.50 per cent of their monthly average Government security holdings during 1948 compared with 1.41 per cent a year earlier. The higher yields available on short-term Government securities were an important factor in bringing about the higher average rate of return.

District member bank expenses also increased substantially during 1948, the increase in the reserve city banks being 8.7 per cent and in the country banks 13.1 per cent. A major proportion of the increase in expenses was in salaries and wages, which were about one eighth larger than in the previous year in both reserve city and country banks. Interest paid on time deposits also was larger during 1948. While this item in the aggregate represented a minor part of the increase in bank expenses, it was 7.4 per cent larger in the reserve city banks than during the previous year, and it showed an increase of 4.5 per cent in the country banks.

While District reserve city member bank current expenses were 2,878 thousand dollars larger than during 1947, current earnings were up by 4,895 thousand, leading to an increase of 2,017 thousand dollars in net current earnings before income taxes. When the increase in net losses, charge-offs, and transfers to valuation reserves of 2,667 thousand dollars is taken into account, profits before income taxes become 650 thousand dollars less than in 1947. As taxes on net income decreased by 140 thousand dollars, however, net profits after income taxes were 509 thousand dollars, or 4 per cent, below the level of 1947.

The increase in District country member bank current expenses during 1948 amounted to 4,338 thousand dollars compared with an increase of 8,291 thou-

sand dollars in current earnings, and, accordingly, net current earnings before income taxes were 3,954 thousand dollars higher than during 1947. As net losses, charge-offs, and transfers to valuation reserves showed an increase of 4,134 thousand dollars, net profits before income taxes were 178 thousand dollars lower than a year earlier. An increase of 31 thousand dollars in net income taxes brought net profits after income taxes to a level 210 thousand dollars, or 1 per cent, lower than during 1947.

Cash dividends declared by all District member banks totaled 10,280 thousand dollars during 1948, while the aggregate cash dividends declared during 1947 amounted to 9,664 thousand dollars.

RETAIL CREDIT SURVEY—1948

The dollar volume of retail sales in the Tenth District reached a new record level in 1948, as disposable personal income rose to a new high. There was a further shift in consumer purchasing power to durable goods, as supplies of automobiles and major household appliances increased, and a further expansion in the use of both open charge and instalment credit, continuing the trends in evidence the previous year. These are the principal facts developed by the 1948 Retail Credit Survey just completed. In this District, the survey for 1948 includes reports from 743 credit-granting retail stores in nine trade lines.

Although the dollar volume of retail sales established a new high record for the year as a whole, pronounced weakness appeared late in the fall of the year and has persisted ever since. Sales stopped rising in some lines and began to drop in others. The wartime and postwar backlogs of demand were being satisfied rapidly, and retailers increasingly were adjusting their operations to the current replacement market. With the principal exception of automobiles, the transition from a seller's to a buyer's market was largely completed by year end. Without further price increases to inflate dollar volume, more and more retailers were experiencing a decline in unit volume, and promotional emphasis on price and value appeal was necessary to bolster lagging sales.

Sales, by Kind of Business The dollar volume of sales of all District firms reporting in the survey was 8 per cent larger in 1948

than in 1947, following an increase of 13 per cent for 1947 over 1946. Part of the increase, of course, represented higher prices. There was, however, wide variation in sales gains among the nine trade lines, as is shown in the accompanying table. The largest gain,

20 per cent, was reported by automobile dealers. This increase, together with a gain of 9 per cent at household appliance stores, indicated that consumers were continuing to direct their increased expenditures mainly into durable goods as these became available. Sales of women's apparel stores, however, also showed a sizable increase during 1948.

The rate of gain in sales at automobile dealers, furniture stores, hardware stores, and household appliance stores was substantially smaller in 1948 than in 1947. Sales at department stores and men's clothing stores gained at about the same rate in 1948 as they did in 1947. The increases reported for automobile tire and accessory stores, for jewelry stores, and for women's apparel stores in 1948 were a reversal of the declines in sales which occurred in 1947.

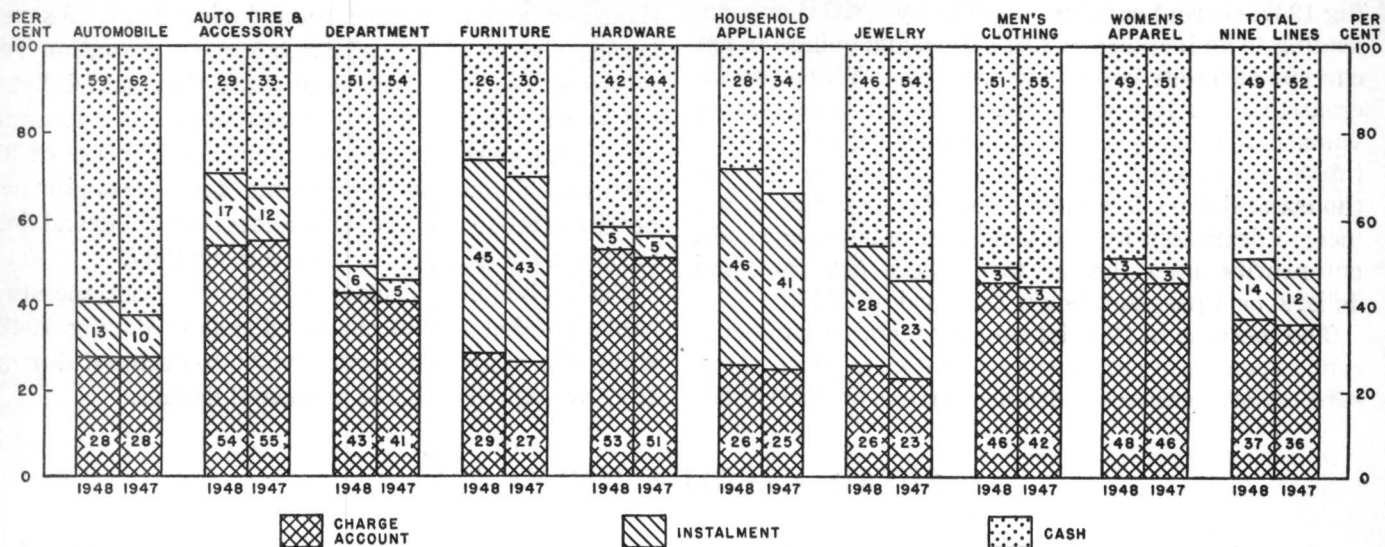
PERCENTAGE CHANGES IN RETAILERS' SALES

Tenth Federal Reserve District

	No. of Firms	Percentage Change 1947 to 1948			
		Total Sales	Cash Sales	Charge Account Sales	Instalment Sales
Automobile dealers...	161	+20	+15	+20	+54
Auto tire and accessory stores....	93	+4	-9	0	+55
Department stores.....	77	+5	-1	+11	+26
Furniture stores.....	125	+2	-10	+7	+7
Hardware stores.....	87	+7	+2	+12	+12
Household appliance stores....	47	+9	-11	+12	+23
Jewelry stores.....	42	+4	-12	+18	+27
Men's clothing stores.....	76	+4	-3	+13	-2
Women's apparel stores.....	35	+10	+7	+13	+6
Total—Nine lines.....	743	+8	+2	+12	+23

Sales, by Type of Transaction Practically all of the increase in sales during 1948 was in credit sales. Cash sales showed a modest over-all increase of only 2 per cent, while open credit sales ex-

PERCENTAGE DISTRIBUTION OF RETAILERS' SALES, 1948 AND 1947
Tenth Federal Reserve District



panded 12 per cent and instalment sales 23 per cent. The elimination of instalment credit controls late in 1947, the exhaustion of savings of lower income groups carried over from the war, and the pressure of rising living costs throughout the first three quarters of 1948 undoubtedly were contributing factors in the further expansion in the use of credit during 1948. As in the case of total sales, however, the rates of gain in cash and in credit sales were less pronounced in 1948 than they had been in 1947, reflecting primarily the influence of increased supply and abated demand on the course of retail sales. In addition, the reimposition of instalment credit restrictions late in 1948 was materially curtailing the volume of instalment buying near the close of the year.

Six of the nine trade lines had smaller cash sales in 1948 than in 1947, and in five of these six the decline during 1948 was a continuation of decline during 1947. On the other hand, eight of the nine lines had larger open credit sales and eight had larger instalment sales in 1948. In all of these instances, the increase during 1948 was a continuation of increase during 1947, although percentagewise the expansion for 1948 generally was not so great as that for 1947. Only at automobile dealers, hardware stores, and women's apparel stores did cash purchases in 1948 increase along with credit purchases.

The accompanying chart shows the proportion of total sales made for cash, on open credit, and on the

instalment basis for each of the nine lines included in the survey. In all nine lines, the ratio of cash to total sales was lower in 1948 than in 1947. The ratio of instalment sales to total sales was unchanged during 1948 at hardware stores, men's clothing stores, and women's apparel stores, but it was higher for the other six lines. The ratio of regular 30-day charge account sales to total sales was slightly lower for automobile tire and accessory stores, unchanged at automobile dealers, and higher in the remaining seven lines.

Receivables Total receivables at the close of 1948 were 19 per cent higher than a year earlier, following an increase of 38 per cent in the previous year. The rise of 19 per cent in total receivables during 1948 reflected an increase of 11 per cent in open credit receivables and an increase of 35 per cent in instalment receivables. Only at furniture stores was there any decrease in open credit receivables and only at men's clothing stores and women's apparel stores was there any decrease in instalment receivables during 1948. Among the various trade lines, the percentage increases in open credit receivables generally were not greatly different from the percentage increases reported for open credit sales. The percentage gains in instalment receivables, however, generally were considerably larger than the percentage gains in instalment sales, owing chiefly to the lengthening of credit terms subsequent to late 1947.

BUSINESS AND AGRICULTURAL CONDITIONS

MEMBER BANK CREDIT

Deposit volume of District member banks declined substantially during March, as a result of the large

volume of payments made by depositors for Federal income taxes. While both reserve city and country banks were affected by this development, the impact

SELECTED ITEMS OF CONDITION OF TENTH DISTRICT MEMBER BANKS

(In millions of dollars)

	ALL MEMBER BANKS			RESERVE CITY BANKS			COUNTRY BANKS		
	Mar. 30	Feb. 23	Mar. 31	Mar. 30	Feb. 23	Mar. 31	Mar. 30	Feb. 23	Mar. 31
	1949	1949	1948	1949	1949	1948	1949	1949	1948
Loans and investments.....	4,170	4,227	4,142	2,212	2,255	2,204	1,958	1,972	1,938
Loans and discounts.....	1,498	1,483	1,290	832	823	762	666	660	528
U. S. Government obligations.....	2,294	2,368	2,489	1,187	1,242	1,257	1,107	1,126	1,232
Other securities.....	378	376	363	193	190	185	185	186	178
Reserve with F. R. Bank.....	871	905	773	515	540	457	356	365	316
Balances with banks in U. S.....	522	582	560	230	261	257	292	321	303
Cash items in process of collection.....	215	270	228	199	248	212	16	22	16
Gross demand deposits.....	4,846	5,045	4,788	2,639	2,783	2,621	2,207	2,262	2,167
Deposits of banks.....	713	750	745	657	692	689	56	58	56
Other demand deposits.....	4,133	4,295	4,043	1,982	2,091	1,932	2,151	2,204	2,111
Time deposits.....	674	670	673	362	358	364	312	312	309
Total deposits.....	5,520	5,715	5,461	3,001	3,141	2,985	2,519	2,574	2,476
Borrowings.....	11	21	7	9	19	5	2	2	2

was greater upon the city banks. Not only did the city banks experience a relatively larger withdrawal from the deposit accounts of individuals and businesses than did the country banks, but they also lost interbank deposits, as country banks met part of the drain of funds on their own institutions by reducing their balances with the city banks. District country member bank deposits declined by 55 million dollars,

or 2 per cent, during the month, while District reserve city member bank deposits declined by 140 million dollars, or 4 per cent. Interbank demand deposits accounted for 35 million dollars of the reduction in reserve city bank deposits.

Despite substantial reductions in country bank balances with city banks and in city bank balances with the Federal Reserve Bank and with other commercial banks, District member banks liquidated Government securities in order to meet part of the drain of funds on their institutions. Government security holdings of country banks declined by 19 million dollars during the month, while Government security holdings of reserve city banks declined by 55 million. No breakdown of the changes in the country bank portfolios is available. In the city banks, the liquidation was concentrated in Treasury bills, although their holdings of certificates of indebtedness and bonds also decreased. There was a slight increase in their holdings of Treasury notes.

Loan volume increased by about 1 per cent during March in both reserve city and country member banks in the District, the respective dollar increases being 9 million and 6 million. At the end of March, loan volume of District reserve city member banks was 18 million dollars below the level at the end of 1948, while District country member bank loan volume was 8 million dollars above the year-end level.

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in March and in the first three months of 1949 was 7 per cent below that in the corresponding periods of 1948. In the first three weeks of April, sales continued under the level of a year ago, with a decline of about 3 per cent. The March and April comparisons with last year, however, are distorted somewhat by a difference in the date of Easter, which fell on March 28 last year and on April 17 this year. In general, this variation in the Easter date has tended to accentuate the March decline from a

BANK DEBITS

	Mar.	3 Mos.	Change from '48	
	1949	1949	Mar.	3 Mos.
	(Thousand dollars)		(Per cent)	
COLORADO				
Colo. Springs.....	37,062	107,280	+6	+6
Denver.....	522,840	1,409,454	+5	0
Gr. Junction.....	13,964	37,522	+14	+2
Greeley.....	20,986	54,741	+3	-15
Pueblo.....	40,413	114,199	+12	+11
KANSAS				
Atchison.....	14,307	41,141	-16	0
Emporia.....	10,054	27,602	+13	-2
Hutchinson.....	58,630	146,451	+56	+12
Independence.....	6,710	19,221	+4	-4
Kansas City.....	64,038	196,777	+4	+9
Lawrence.....	10,552	29,795	+3	-1
Parsons.....	7,321	21,100	+3	-9
Pittsburg.....	11,660	33,522	0	-6
Salina.....	35,994	99,904	+21	-11
Topeka.....	90,132	260,266	+13	+7
Wichita.....	241,170	693,762	-3	-2
MISSOURI				
Joplin.....	29,026	79,408	+11	+1
Kansas City.....	1,066,674	3,001,295	+3	-3
St. Joseph.....	92,126	273,681	-5	-7
NEBRASKA				
Fremont.....	16,280	45,546	-2	-4
Grand Island.....	22,384	59,304	+1	-8
Hastings.....	13,340	37,571	-6	-12
Lincoln.....	79,619	224,349	-3	-1
Omaha.....	477,717	1,331,590	+4	-7
NEW MEXICO				
Albuquerque.....	89,428	242,941	+20	+14
OKLAHOMA				
Bartlesville.....	133,862	393,946	+39	+50
Enid.....	36,427	104,128	+3	-9
Guthrie.....	5,065	12,716	+26	+5
Muskogee.....	24,649	65,270	+13	-3
Okla. City.....	312,497	881,634	+9	+3
Oklmulgee.....	7,409	19,865	+10	-1
Ponca City.....	18,001	49,352	-6	-27
Tulsa.....	504,945	1,507,535	+7	+10
WYOMING				
Casper.....	29,728	84,240	+30	+22
Cheyenne.....	33,157	88,815	+13	+6
District, 35 cities.....	4,178,167	11,795,923	+6	+1
U. S., 333 cities.....	109,735,000	304,745,000	+2	+1

year ago and to minimize the April decrease from a year ago.

The absence of an April gain to offset the March loss has given rise to considerable disappointment over Easter trade as a whole. Normally, the influence of Easter on sales extends over a period of about six weeks, including four weeks before and two weeks after Easter. Department store sales for the four weeks immediately preceding Easter in 1949 were 4 per cent larger than those in the four weeks immediately preceding Easter in 1948, but the first post-Easter week in 1949 showed a loss of 13 per cent which, dollarwise, was nearly sufficient to erase all of the gain of the previous four weeks. However, this comparison is not completely valid, since possible differences in basic sales levels may account for some of the difference.

Department store sales showed more than the usual increase from February to March. The seasonally adjusted index of daily average sales, after allowance for the influence of Easter, rose from 288 per cent of the 1935-39 average in February to 294 per cent in March. This is somewhat above the average level of 287 per cent for the first quarter of 1949 but is appreciably below the high level of 331 per cent prevailing in the last quarter of 1948.

Department store inventories increased more than is usual during March, and the seasonally adjusted index of stocks rose from 282 per cent of the 1935-39 average at the end of February to 287 per cent at the end of March. Stocks of merchandise on hand at the end of March, however, were 9 per cent less in value than a year earlier, and the volume of outstanding orders was 30 per cent smaller than a year ago.

Department store sales and stocks in leading cities:

	SALES		STOCKS
	Mar. '49 comp. to Mar. '48	3 Mos. '49 comp. to 3 Mos. '48	Mar. 31, '49 comp. to Mar. 31, '48
	(Per cent increase or decrease)		
Denver.....	-9	-6	+2
Pueblo.....	-11	-12	-9
Hutchinson.....	-3	-12	-12
Topeka.....	-8	-8	-17
Wichita.....	-1	+1	-3
Joplin.....	-6	-9	-10
Kansas City.....	-11	-10	-13
St. Joseph.....	-5	-9	*
Lincoln.....	-6	-10	*
Omaha.....	+2	-4	-3
Oklahoma City.....	-8	-11	-10
Tulsa.....	-6	-7	*
Other cities.....	-6	-8	-20
District.....	-7	-7	-9

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing Packers' purchases of both cattle and hogs in March were a third higher than in March, 1948. In the first quarter of this year such

purchases of cattle were 15 per cent higher than a year ago. Receipts of fat cattle at principal markets were especially heavy at the time of acute price weakness in February. Packers' purchases of sheep at principal markets in March were little better than three fifths those of the same month last year.

The number of cattle in the Tenth District is somewhat larger than a year ago and it is believed that the spring pig crop is larger than anticipated. Indications are, then, for sustained operations at meat-packing plants.

Flour Milling Flour milling operations in March in the Tenth District were about 75 per cent of capacity. In February the figure was 84 per cent. This rate of activity, while below that of recent years, compares favorably with prewar experience. However, reports from the trade are to the effect that the flour business is worse than these figures indicate. A number of reasons are given for this situation. Wheat futures are well below spot prices, and lower flour prices are expected. The anticipation of lower prices has resulted in low inventories for all parties other than millers, and buying on a hand-to-mouth basis is the practice. At the same time, there has been a very large decline in flour exports. With mills running much below capacity, a substantial reduction in working hours of employees has taken place and the large overtime pay of other days has disappeared.

Petroleum The downward trend since the first of the year in United States crude oil production slowed in mid-April while refinery activity continued to decline. In February, both dropped below a year earlier for the first time in the postwar period. Drilling activity as shown by weekly well completions has been above a year earlier since mid-February, and total well completions for the first fifteen weeks of the year were about 8 per cent greater than in the same period last year.

In the Tenth District, production of crude oil and refinery products during the first quarter of this year was below the level of a year ago and has continued to follow the national trend. Kansas and Oklahoma cut crude oil production allowables again in April, but reductions were considerably less than those effected in February and March. Wyoming and other Rocky Mountain states are experiencing a decrease in oil well drilling developments. The search for new reserves is continuing but at a slower pace. It was estimated in mid-April that nearly 25,000 barrels of daily production were cut back at Wyoming fields because of a

lack in demand at present for road oil, fuel oil, and other residual products.

News highlights in the District's oil producing states include an announcement that a new world record for depth in oil well drilling of 18,737 feet was set early in April at a wild cat test well in Sublette County, Wyoming. The Wyoming Public Service Commission on April 21 approved construction of a \$1,500,000 oil pipe-line network in eastern Wyoming which is scheduled for completion late in August. The pipe line will carry a daily capacity load of 13,400 barrels of crude oil from Weston and Niobrara County fields to refining centers. The first gasoline has been produced at the new \$7,000,000 Elk Basin refinery located near the Montana line. In a far-reaching decision, the Kansas Corporation Commission has determined to set a minimum gas price at the well head. This has temporarily been set at 8 cents per 1,000 cubic feet pending further investigation. The average weighted price before this became effective was 5.35 cents per 1,000 cubic feet.

Employment Rising unemployment which dominated the national employment picture during January and February leveled off at 3,200,000 in March, slightly below the February level. Employment showed sufficient seasonal increases to counterbalance continuing layoffs in some industries and reached 57,600,000, a net gain of nearly 500,000 over February. Nonagricultural employment, which had declined fairly sharply in the first two months of the year, remained stable between February and March at a level of about 50 $\frac{1}{4}$ million. Agricultural employment, estimated at 7,400,000 in March, increased by 400,000 from February, as preparations for spring planting got under way.

In the Tenth District, total New Mexico employment in manufacturing, trade, and construction industries advanced moderately from February to March. The March estimated total of 128,450 nonagricultural workers represented an increase of about 1 per cent from the February level and a 5 per cent gain from the year-ago total of 122,450. Oklahoma nonagricultural employment stood at 437,200 in mid-March, an increase of only 100 from February as compared with a February to March gain last year of 4,000. The largest decrease was in manufacturing, with a loss of 700 workers, and March marked the fifth consecutive month in which Oklahoma factory employment registered a decline. In Tulsa, industrial machinery, petroleum refining, and fabrication of metal products were the industries reporting the largest employment reductions. However, the March figure for Oklahoma nonagricultural employment

represents a gain of 18,600, or 4 per cent, over the year-ago level, and unemployment showed a sizable decrease from February, owing in large part to job openings in agriculture and construction.

The Wyoming Employment Security Commission reports that spring weather is again increasing the demand for workers, particularly in skilled lines. Job openings are on the upswing while unemployment claims are declining, and it is expected that the greatest demand in coming weeks will be for construction and agricultural help. Oil development remains a bit sluggish, coal mining activity is tapering off as is usual with the approach of warm weather, and logging activities will be slow to start for a couple of months because of mud or latent snows in working areas.

AGRICULTURE

Crops The growing season is at hand and prospects are unusually good for another year of large production on the farm. The season, however, is late, and wet weather prevented oats planting in many parts of the District. As a result, corn and soybean acreage may be somewhat larger than seemed probable earlier in the year.

Last fall nearly 34 million acres were sown to wheat in the seven states represented in the Tenth District. This was an increase of two million acres over the acreage seeded in the fall of 1947 and the condition of the crop in the heavy producing areas is now such that abandonment will probably be unusually small. The estimate of the United States Department of Agriculture on April 1 was for a winter wheat crop in excess of a billion bushels, and more than half of this amount is in the seven states represented in the Tenth District. Conditions certainly have not deteriorated since that estimate was made.

Indications are that Kansas will harvest the largest wheat acreage in the state's history. There are small areas where conditions are not good, but for the state as a whole the crop is in unusually good condition. With normal moisture and temperatures, a quarter of a billion bushels of wheat seem assured in that state. In Oklahoma, 7 $\frac{1}{2}$ million acres were planted to wheat and the prospect now is for a near-record crop. The wheat outlook in Colorado is less favorable than a year ago. Eastern Colorado was dry last fall, stands are spotted, and abandonment will be extensive. While moisture recently has been beneficial, present indications are for a crop nearly 20 per cent under the very large one of last year. Extensive winterkilling and damage due to ice and water standing on the ground took place in eastern Nebraska. Abandonment in that

part of the state may reach 20 per cent. Heavy snow late in March greatly improved prospects in the western two thirds of the state.

Winter wheat estimates as of April 1:

	PRODUCTION			ACRES SEEDED		
	Indic. 1949	Final 1948	Aver. '37-'46	Crop 1949	Crop 1948	Aver. '37-'46
	(Thousand bushels)			(Thousand acres)		
Colo.....	42,309	50,988	20,220	3,134	2,702	1,358
Kans.....	244,978	231,368	167,718	15,805	14,634	13,605
Mo.....	34,170	39,270	23,576	2,010	1,914	1,822
Nebr.....	78,872	81,938	53,442	4,507	4,419	3,685
N. Mex..	3,717	3,231	2,951	531	597	406
Okla.....	101,952	98,962	63,680	7,552	7,332	5,335
Wyo.....	4,788	4,800	2,376	266	271	158
7 States	510,786	510,557	333,963	33,805	31,869	26,369
U. S.....	1,019,686	990,098	688,606	61,370	58,161	47,684

The Department of Agriculture estimated that 576 million bushels of wheat were in storage on April 1. Of this amount, 239 million were on farms. The amount of corn in storage on the same date was estimated at 1,833 million bushels, the largest amount on record.

The lower range of Kansas City cash grain prices:

	Apr. 25 1949	Mar. 31 1949	Feb. 28 1949	Mar. 31 1948
No. 1 dk., hd. wheat, bu.	\$2.23½	\$2.28	\$2.24¾	\$2.37¼
No. 2 mixed corn, bu.....	1.38½	1.43½	1.36	2.29
No. 2 white oats, bu.....	.70	.78	.79	1.24½
No. 2 rye, bu.....	1.32	1.30	1.48	2.42
No. 2 barley, bu.....	1.02	1.12	1.17	1.90
No. 2 white kafir, cwt....	2.36	2.36	2.38	3.81

Livestock March receipts of cattle at principal markets in the District were a quarter larger than in February and a third larger than a year earlier. Stocker-feeder shipments in March were more than double those of February and also more than double those of March, 1948. Receipts of hogs at these markets were 22 per cent above March a year ago.

Top carlot livestock prices at Kansas City:

	Apr. 25 1949	Mar. 1949	Feb. 1949	Mar. 1948	Mar. 1947	Mar. 1946
	(In dollars per hundredweight)					
Beef steers.....	25.00	26.00	26.00	30.50	28.00	17.65
Stocker cattle.....	27.25	28.50	27.25	28.90	21.75	15.00
Feeder cattle.....	26.00	26.00	26.50	28.00	24.25	16.50
Calves.....	26.00	29.00	30.00	30.00	27.50	14.00
Hogs.....	18.25	22.25	22.00	25.25	29.10	14.55
Lambs.....	30.00*	33.50*	25.50	23.75	25.00	15.65
Slaughter ewes.....	12.50	13.00	11.00	12.00	10.35	8.00

*Spring lambs.

At the time of the January and February blizzards in western Nebraska, eastern Wyoming, and north-eastern Colorado, the common opinion was that losses would not be known until late in the spring. Calf losses would not be known until spring, and the damage to livestock that did survive was quite uncertain.

Reports from those areas now indicate that losses will be less than anticipated. There is general agreement that weight losses and the additional cost of feed were appreciably larger than death losses. Many reports are to the effect, however, that livestock have made remarkable recovery. In numerous instances it is said that half the weight losses was recovered in a short time when the weather moderated and feeding conditions became normal. Calf losses also appear less than expected. In this respect, it is reported that older cows saved more of their calves than did heifers.

Livestock in the mountains and along streams fared much better than those on the plains. This fact accounts for the spotted nature of losses. In some cases operators had virtually no losses, while others a few miles distant lost a large percentage of their holdings. When the whole livestock industry is considered, livestock losses in the winter blizzards were not particularly significant, but, in the areas concerned and for the individuals involved, losses were often staggering.

	RAINFALL			
	Mar. 1949	Mar. Normal	3 Mos. 1949	3 Mos. Normal
	(In inches)			
COLORADO				
Denver.....	2.41	1.04	3.97	1.87
Leadville.....	1.15	1.74	2.45	4.42
Pueblo.....	.79	.59	1.23	1.39
Lamar.....	1.11	.84	1.67	1.67
Alamosa.....	.10	.27	.43	.70
Steamboat Springs..	2.09	2.23	6.15	6.91
KANSAS				
Topeka.....	2.37	1.98	10.32	4.19
Iola.....	2.61	2.45	10.83	5.45
Concordia.....	1.03	1.11	3.80	2.49
Salina.....	1.16	1.33	5.40	3.03
Wichita.....	2.01	1.63	10.10	3.58
Hays.....	1.66	.88	3.79	1.99
Goodland.....	1.95	.99	2.91	1.81
Dodge City.....	1.55	.94	4.52	2.09
Elkhart.....	1.36	.88	2.99	1.93
MISSOURI				
St. Joseph.....	2.82	2.48	8.95	5.43
Kansas City.....	2.92	2.31	9.50	5.04
Joplin.....	2.84	3.20	11.42	7.04
NEBRASKA				
Omaha.....	1.40	1.37	6.54	2.96
Lincoln.....	1.38	1.27	6.24	2.86
Norfolk.....	2.93	1.32	5.30	2.89
Grand Island.....	2.44	1.25	3.19	2.66
McCook.....	5.08	.96	6.31	2.03
North Platte.....	4.17	.86	6.50	1.78
Bridgeport.....	.99	.83	1.62	1.66
Valentine.....	1.59	1.02	2.49	2.05
NEW MEXICO				
Clayton.....	.99	.35	2.34	1.05
Santa Fe.....	.45	.72	2.39	2.16
Farmington.....	.62	.62	2.10	1.86
OKLAHOMA				
Tulsa.....	1.50	2.76	10.61	5.93
McAlester.....	2.20	3.10	10.90	7.98
Oklahoma City.....	1.43	1.98	7.63	4.28
Pauls Valley.....	2.43	2.17	11.91	5.25
Hobart.....	1.24	1.53	5.94	3.39
Enid.....	1.84	1.47	9.10	3.72
Woodward.....	2.07	1.88	6.55	3.18
WYOMING				
Cheyenne.....	2.44	1.02	5.26	2.08
Casper.....	.68	1.15	2.33	2.46
Lander.....	1.88	1.19	3.92	2.38
Sheridan.....	1.15	1.16	3.17	2.71