

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

VOL. 34, No. 5

FEDERAL RESERVE BANK OF KANSAS CITY

MAY 31, 1949

DISTRICT DEPOSIT TRENDS

Deposit volume of District member banks showed little net change during 1948, although the nominal increase which did occur established a new record level of deposits in District member banks. The proportion of all member bank deposits in the United States held by Tenth District member banks also increased slightly during the year. On the other hand, for the first time in several years, District bank demand deposits owned by individuals declined. District deposit trends of the war and early postwar years have leveled off and may be on the threshold of some degree of reversal.

Volume of Deposits At the end of 1948, District member bank deposits aggregated 5,911 million dollars, 12 million dollars larger than a year earlier. The estimated total deposits of all commercial banks in the United States at the end of 1948 was 142.8 billion dollars, which was 1.2 billion, or 1 per cent, less than 12 months earlier. Deposits of District reserve city member banks declined by 25.9 million dollars during the year to a total of 3,250 million, while District country member bank deposits increased by 38.0 million dollars to a level of 2,660 million. For the country banks, this represented the highest volume of deposits on record. For District reserve city member banks, the highest level of total deposits was reached immediately following the Victory Loan Drive at the end of 1945, simultaneously with the peak level for the country as a whole, but District reserve city member bank deposits other than United States Government and interbank were at their record high level at the end of 1948.

The principal type of deposits showing a decrease in District member banks during 1948 was interbank deposits, which declined by about 7 per cent. Time deposits also showed a small decline, 1948 being the first year since 1941 that time deposits of District member banks did not increase. There was a small increase in demand deposits of businesses, as well as increases in the volume of deposits carried in District

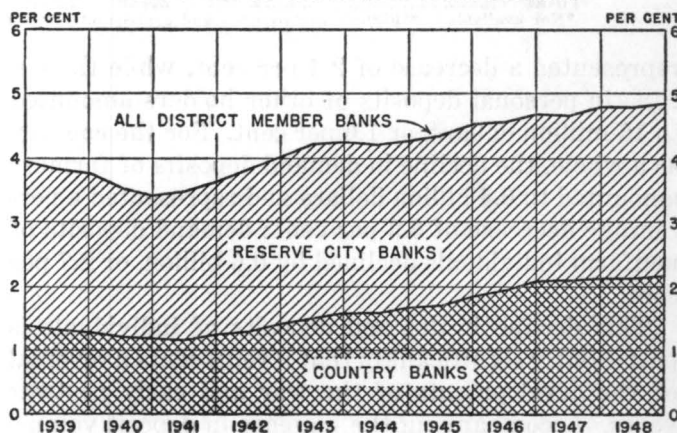
member banks by the United States Government and by State and local governments.

District Proportion of Deposits During the war, all regions of the country experienced a large expansion in the volume of bank deposits. However, the northeastern regions of the country held a decreasing proportion of the bank deposits in the United States, and the more southerly and westerly regions held an increasing proportion of deposits. The Tenth District ranked high among those areas increasing their proportions of total deposits.

This tendency for the Tenth District to hold an increasing proportion of total deposits continued in the postwar period, largely as a result of the favorable market for farm commodities and the continuing high level of farm income. At the end of 1948, District member bank deposits were 4.9 per cent of all member bank deposits in the United States compared with 4.8 per cent a year earlier.

On June 30, 1945, the call date nearest V-J Day, District member bank deposits were 4.4 per cent of all member bank deposits in the United States compared with 3.8 per cent at the end of 1939. By the end of 1948, the figure was 4.9 per cent. The in-

TENTH DISTRICT MEMBER BANK DEPOSITS AS A PERCENTAGE OF U.S. MEMBER BANK DEPOSITS

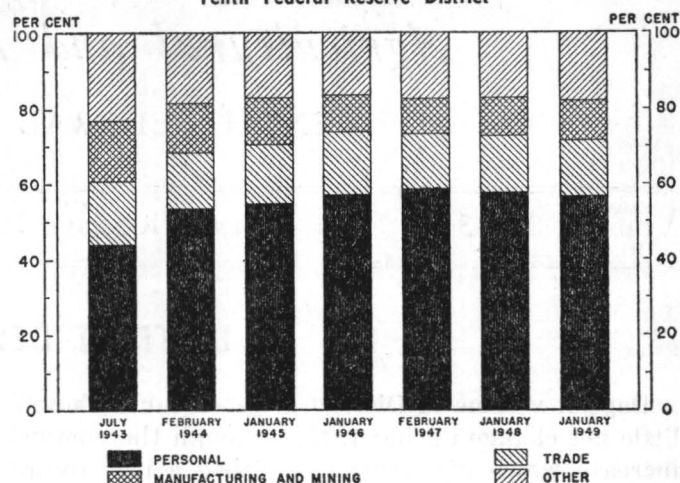


crease in the proportion of member bank deposits held by District member banks has been accounted for largely by District country banks. At the end of 1948, District reserve city member banks held 2.7 per cent of all member bank deposits in the United States, which was approximately the same proportion that they held on June 30, 1945. This compares with 2.5 per cent at the end of 1939. On the other hand, District country banks held 2.2 per cent of all member bank deposits in the United States at the end of 1948 compared with 1.7 per cent in mid-1945. For December, 1939, the comparable figure was 1.3 per cent.

Ownership of Deposits

One of the most significant developments in bank deposits during 1948 was a decline in the amount of demand deposits owned by individuals. According to the Federal Reserve System's most recent survey of the ownership of demand deposits held by individuals and business firms, deposits owned by individuals declined by 1.0 billion dollars, or 3.3 per cent, in the country as a whole during the 12-month period ended January 31, 1949. Among all District commercial banks, demand deposits owned by individuals declined by an estimated 42 million dollars, or 1.6 per cent. This decrease in personal deposits occurred with respect to both farm deposits and nonfarm deposits. Among District commercial banks, the decline in farm deposits amounted to an estimated 26 million dollars, which

PERCENTAGE DISTRIBUTION OF OWNERSHIP OF DEMAND DEPOSITS, 1943-49
Tenth Federal Reserve District



and the regional redistribution of bank deposits during the war years was a redistribution of deposits among classes of owners. The most marked change in deposit ownership was the increasing proportion of personal deposits—both farm deposits and nonfarm deposits. Personal deposits showed the largest relative increase of any major owner-class of private demand deposits, and in District banks constituted 55 per cent of all demand deposits of individuals and businesses on July 31, 1945, compared with 44 per cent on July 31, 1943, the earliest date for which

ESTIMATED OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS ON SELECTED DATES, 1943-49
Tenth Federal Reserve District
(In millions of dollars)

	July 31 1943	Feb. 29 1944	July 31 1944	Jan. 31 1945	July 31 1945	Jan. 31 1946	July 31 1946	Feb. 26 1947	Jan. 30 1948	Jan. 31 1949
Mfg. and mining.....	392	365	370	413	479	400	456	412	476	496
Trade.....	426	396	470	510	585	684	709	651	708	702
Other nonfinancial.....	322	271	270	290	308	334	356	373	408	396
Financial.....	186	178	200	216	225	241	271	287	315	336
Personal.....	1,073	1,449	1,589	1,805	2,056	2,326	2,528	2,611	2,712	2,670
Farmers.....	*	*	658	721	846	933	1,020	1,070	1,121	1,095
Others.....	*	*	931	1,084	1,210	1,393	1,508	1,541	1,591	1,576
Nonprofit.....	63	68	60	73	74	92	102	109	117	130
Total**.....	2,461	2,728	2,959	3,307	3,726	4,077	4,421	4,442	4,736	4,730

*Not available. **Figures are rounded and consequently will not necessarily add to totals.

represented a decrease of 2.4 per cent, while the decline in personal deposits of other holders amounted to 16 million dollars, or 1.0 per cent. For the country as a whole, the decline in demand deposits of farmers amounted to 0.4 billion dollars and represented a percentage decrease of 5.3 per cent; demand deposits of nonfarm individuals declined by 0.6 billion, or 2.7 per cent.

This decline in demand deposits of individuals is particularly significant in that it represents a reversal of the developments of the war and early postwar years. Accompanying the increase in deposit volume

adequate information on demand deposit ownership is available. This same tendency occurred with respect to personal deposits in banks of the country as a whole. With the coming of the postwar period, the volume and proportion of bank deposits owned by individuals continued to increase.

The deposit ownership survey of January 30, 1948, showed some leveling off in the tendency for District demand deposits owned by individuals to expand. The absolute amounts of such deposits held by both farmers and nonfarm individuals had continued to increase during the previous year, but those deposits

CHANGES IN ESTIMATED OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS

Tenth Federal Reserve District

(In millions of dollars)

	July 1943 to July 1945	July 1945 to Jan. 1948	Jan. 1948 to Jan. 1949
Mfg. and mining.....	+87	-3	+21
Trade.....	+159	+124	-6
Other nonfinancial.....	-14	+100	-12
Financial.....	+39	+90	+21
Personal.....	+983	+657	-42
Farmers.....	*	+275	-26
Others.....	*	+382	-16
Nonprofit.....	+11	+44	+13
Total**.....	+1,265	+1,010	-6

*Not available.

**Figures are rounded and consequently will not necessarily add to totals.

as proportions of the demand deposits of both individuals and business firms had declined. The demand deposit ownership survey of January 31, 1949, revealed not only that the proportions of demand deposits owned by farmers and by other individuals had continued to decrease, but that the absolute amounts of their deposits had also decreased during the previous 12-month period.

Demand deposits of manufacturing and mining establishments in District banks increased by 4 per cent during the 12-month period ended January 31, 1949, and at an estimated 496 million dollars were higher than for any previous deposit ownership survey. Such deposits reached a temporary high point in mid-1945 and then declined during the early postwar period, presumably because of reconversion costs, but have increased again during the last two years.

Deposits of wholesale and retail trade establishments in District banks declined by about 1 per cent during the 12-month period between the last two deposit ownership surveys, but the estimated level of 702 million dollars was close to their all-time high. After expanding to 709 million dollars by mid-1946, deposits of trade establishments declined to 651 million by February, 1947, and increased again to 708 million by January 30, 1948.

With the exception of public utility companies, the amount of demand deposits in district banks held by other ownership groups covered by the deposit ownership survey increased during the 12-month period ended January 31, 1949. These groups include other nonfinancial concerns, insurance companies, all other financial concerns, trust funds, and nonprofit organizations. Deposits of public utility companies declined by 22 million dollars, or 11 per cent.

District Deposit Outlook As the pronounced increase in District bank deposits of the war years was not reversed shortly after the war, there has been some inclination to discount the possibility of

such a development taking place. Two observations may be in order with respect to that view. First, the belief that this District would lose a large proportion of its deposit gains of recent years probably never was realistic. Second, the analysis upon which some loss of District bank deposits to other areas was based has not yet been proved wrong. The key factor in that analysis was the level of farm income and its effect upon income payments coming into this District relative to outgoing payments to other areas. While most observers had anticipated an early postwar downturn in farm income, postwar developments, particularly in the international field, led to a continued expansion of farm income, with the demand for farm products strong and farm commodity prices rising. In a sense, the early postwar developments were an extension of the war period developments, and thus the testing period for a possible reversal of deposit trends in this District was postponed until the level of farm income should decline. That period is now beginning.

In considering what may happen to the volume of bank deposits in this District over the next few years, the analysis may be based on the assumption that the volume of bank deposits for the country as a whole is not likely to change greatly during that period. Accordingly, the pertinent question becomes the proportion of all bank deposits in the United States that will be lodged in District banks. There is reason to believe that, as farm income declines in the period ahead, this District will have an unfavorable balance of payments, which will lead to a net outflow of funds and to the holding of a smaller percentage of the nation's bank deposits in District banks. However, it must be recognized that farm income in the area will be bolstered through agricultural price supports, that some of the growth of bank deposits in this region in recent years represents industrial development of the region, and that the net inflow of payments of recent years has improved the financial position of this District relative to the older financial and industrial regions of the country. In view of these factors, it appears probable that, barring extremely unfavorable weather conditions for agriculture, any net loss of funds to other regions will not be very large.

BUSINESS AND AGRICULTURAL CONDITIONS

MEMBER BANK CREDIT

Loan volume of District member banks resumed its decline during the four-week period ended April 27.

All of the net decline in loan volume was in the reserve city banks, as country bank loan volume showed no net change for the period.

SELECTED ITEMS OF CONDITION OF TENTH DISTRICT MEMBER BANKS

(In millions of dollars)

	ALL MEMBER BANKS			RESERVE CITY BANKS			COUNTRY BANKS		
	Apr. 27	Mar. 30	Apr. 26	Apr. 27	Mar. 30	Apr. 26	Apr. 27	Mar. 30	Apr. 26
	1949	1949	1948	1949	1949	1948	1949	1949	1948
Loans and investments.....	4,157	4,170	4,156	2,205	2,212	2,226	1,952	1,958	1,930
Loans and discounts.....	1,477	1,498	1,292	811	832	755	666	666	537
U. S. Government obligations.....	2,301	2,294	2,501	1,201	1,187	1,284	1,100	1,107	1,217
Other securities.....	379	378	363	193	193	187	186	185	176
Reserve with F. R. Bank.....	870	871	777	511	515	461	359	356	316
Balances with banks in U. S.....	527	522	577	234	230	256	293	292	321
Cash items in process of collection.....	236	215	247	220	199	230	16	16	17
Gross demand deposits.....	4,852	4,846	4,846	2,657	2,639	2,667	2,195	2,207	2,179
Deposits of banks.....	728	713	796	673	657	736	55	56	60
Other demand deposits.....	4,124	4,133	4,050	1,984	1,982	1,931	2,140	2,151	2,119
Time deposits.....	673	674	670	361	362	363	312	312	307
Total deposits.....	5,525	5,520	5,516	3,018	3,001	3,030	2,507	2,519	2,486
Borrowings.....	9	11	7	7	9	5	2	2	2

For the first four months of this year, outstanding loans of District member banks decreased by 31 million dollars, or 2 per cent. During the comparable period of 1948, there was an increase of 32 million. Reserve city bank loans decreased by 39 million compared with a decrease of 7 million during the first four months last year. The loan volume of country member banks expanded during the first four months of this year, but the increase amounted to only 8 mil-

lion dollars compared with an increase of 38 million for that period a year ago. Despite the decrease in loans which has taken place this year, at the end of April loan volume of District member banks was 14 per cent above the level of a year earlier.

No data are available relative to the changes in the various types of country bank loans thus far this year. In the city banks, the decline has occurred principally in business loans, with the decrease in the broad category of "commercial, industrial, and agricultural" loans approximately equal to the reduction in total loan volume. Other categories of loans have shown small changes tending to offset each other.

District member bank loans and investments combined declined by 116 million dollars during the first four months of this year. In addition to the reduction in loan volume, United States Government security holdings decreased by 76 million and other security holdings by 10 million.

Deposit volume of District member banks declined by about the same amount during the first four months this year as during the comparable period a year ago, the decrease being 386 million dollars in 1949 and 382 million in 1948. The level of deposits is also very similar to last year, with total deposits at the end of April only 9 million dollars larger than in April, 1948. Interbank demand deposits in District member banks were 68 million dollars below the level of a year ago, but other demand deposits were 74 million dollars larger. Through April of this year, reserve city member bank deposits had declined by 233 million dollars compared with a decrease of 246 million in the corresponding period a year earlier, while country member bank deposits had declined by 153 million dollars compared with a decrease of 136 million in the first four months of 1948.

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in the first three weeks of May was about 4 per cent lower and in the month of April had been 2 per cent lower than in the corresponding

BANK DEBITS

	Apr.	4 Mos.	Change from '48	
	1949	1949	Apr.	4 Mos.
	(Thousand dollars)		(Per cent)	
COLORADO				
Colo. Springs.....	33,942	141,222	-1	+4
Denver.....	485,062	1,894,516	+3	+1
Gr. Junction.....	13,672	51,194	+7	+3
Greeley.....	18,403	73,144	-12	-14
Pueblo.....	41,353	155,552	+7	+10
KANSAS				
Atchison.....	16,726	57,867	-8	-3
Emporia.....	9,948	37,550	+1	-1
Hutchinson.....	39,563	186,014	-15	+5
Independence.....	5,979	25,200	-9	-5
Kansas City.....	62,541	259,318	-2	+6
Lawrence.....	9,843	39,638	-2	-1
Parsons.....	7,076	28,176	-8	-8
Pittsburg.....	10,474	43,996	-5	-6
Salina.....	33,885	133,789	-15	-12
Topeka.....	85,929	346,195	+5	+7
Wichita.....	202,790	896,552	-2	-2
MISSOURI				
Joplin.....	26,611	106,019	+2	+1
Kansas City.....	978,866	3,980,161	-3	-3
St. Joseph.....	86,026	359,707	-10	-8
NEBRASKA				
Fremont.....	16,670	62,216	-1	-4
Grand Island.....	21,248	80,552	-2	-6
Hastings.....	13,270	50,841	-8	-11
Lincoln.....	78,228	302,577	-1	-1
Omaha.....	443,414	1,775,004	+1	-5
NEW MEXICO				
Albuquerque.....	74,183	317,124	+10	+13
OKLAHOMA				
Bartlesville.....	137,841	531,787	+45	+49
Enid.....	31,745	135,873	-21	-12
Guthrie.....	4,393	17,109	-4	+2
Muskogee.....	23,911	89,181	-3	-3
Okla. City.....	305,033	1,186,667	+3	+3
Okmulgee.....	6,608	26,473	+3	0
Ponca City.....	17,714	67,066	+7	-21
Tulsa.....	485,947	1,993,482	0	+8
WYOMING				
Casper.....	27,577	111,817	+18	+21
Cheyenne.....	25,861	114,676	+1	+5
District, 35 cities.....	3,882,332	15,678,255	+1	+1
U. S., 333 cities.....	99,697,000	404,442,000	-3	0

periods of last year, as compared with a decline of 7 per cent for the first quarter. Although the recent decreases have not been so pronounced as those which occurred earlier in the year, some of the same factors influencing sales are still present. Currently, the lower level of sales this year reflects not only generally less free spending by customers but also some price declines, notably in women's ready-to-wear accessories, and a continued shift in consumer purchases to lower-priced lines of merchandise. By commodities, the principal declines in sales this year have been in so-called "large ticket" items, such as furniture and major household appliances. Total store sales increased more than is usual from March to April, and the seasonally adjusted index of daily average sales, which has just been revised, rose from 301 per cent of the 1935-39 average in March to 314 per cent in April. This is the highest level thus far in 1949 but is still considerably below the very high level of 334 per cent prevailing in April and October of 1948.

Department store inventories decreased contras seasonally during April, and the seasonally adjusted index of stocks declined from 287 per cent of the 1935-39 average at the end of March to 283 per cent at the end of April. This is about the same level as that last February and reflects a considerable reduction in inventories since the record high of 310 per cent in March of 1948. Stocks of merchandise on hand at the end of April were 8 per cent less in value than a year earlier, and the volume of outstanding orders was 40 per cent smaller than a year ago.

Department store sales and stocks in leading cities:

	SALES		STOCKS
	Apr. '49 comp. to Apr. '48	4 Mos. '49 comp. to 4 Mos. '48	Apr. 30, '49 comp. to Apr. 30, '48
	(Per cent increase or decrease)		
Denver.....	0	-4	+2
Pueblo.....	-1	-9	-12
Hutchinson.....	+6	-2	-5
Topeka.....	+1	-5	-16
Wichita.....	+6	+2	+1
Joplin.....	-4	-7	-11
Kansas City.....	-6	-9	-14
St. Joseph.....	-1	-7	*
Lincoln.....	-4	-8	*
Omaha.....	+8	-1	-6
Oklahoma City.....	-8	-10	-10
Tulsa.....	-6	-7	*
Other cities.....	-1	-5	-20
District.....	-2	-6	-8

*Not shown separately but included in District total.

INDUSTRIAL PRODUCTION

Meat Packing The production of all meats through the remainder of 1949 promises to surpass the corresponding 1948 level, with total production for the year possibly exceeding that of 1948 by 2 to 3 per cent, according to the Bureau of Agricultural Economics. The largest part of this gain is

expected in the production of pork, a rapid increase occurring this fall when hogs from the large current spring pig crop move to market.

Federally inspected slaughter rose by 17 per cent from the week ended April 2 to that ended April 30 and ranged from 5 to 21 per cent above corresponding 1948 levels. As measured by packers' purchases at principal markets of the District, slaughter operations in the Tenth District during April were down from March levels. Purchases of hogs showed no percentage change but cattle purchases were 11 per cent lower, calf purchases 3 per cent lower, and those of sheep 31 per cent lower. Cattle and hog purchases, however, were up 56 and 99 per cent, respectively, from those made in April, 1948, but a part of this change reflects the meat-packing strike which continued into the first part of April a year ago.

Flour Milling During the first three weeks of April the flour trade throughout the nation continued on a disappointing scale, with mills in all areas curtailing operating schedules as order backlogs dwindled. Bakers generally were adhering closely to their policy of placing orders only as inventories were depleted. Family trade was quiet; there was little Government business; private export business was similarly low in volume; and sales generally averaged less than 50 per cent of capacity. By the week ended April 19, production at Kansas City had dropped to the lowest point of the crop year, with the output representing 60 per cent of capacity. Fair improvement in domestic flour business occurred in the Southwest during the last week in April, but export trade remained quiet. Several chain bakers covered part of their needs for June shipment, the first 60-day business in some time.

Flour milling operations in the Southwest during April averaged 69 per cent of capacity as compared with 75 per cent during March. April production was 11 per cent less than the March total in the Southwest and 12 per cent below the March total in the United States as a whole.

Petroleum Successive cutbacks in crude oil production since the first of the year appeared to be leveling off during April. Kansas and Oklahoma retained May production allowables at the April level, Louisiana ordered an increase in the May allowables, and only Texas announced a further cutback in production. Among the refined products, both actual consumption and trade demand for gasoline are at the highest levels in history for this period of the year, while at the other end of the product scale residual fuel oil markets are, in contrast, as depressed as gasoline markets are brisk.

In the Tenth District, several interesting new well completions have been reported in Kansas. One of the most significant Kansas oil discoveries in recent years has occurred in Wabaunsee County in the north-eastern part of the state. The test well is distant from any other oil production. Other completions include a new Kansas pool-opening well in Ellis County, with a potential of 1,301 barrels daily, and two wells indicating new production areas in Rooks County.

In Wyoming a new record depth in oil well drilling has been recorded at 19,800 feet. No oil has been recovered as yet from this million-dollar investment, but valuable geological specimens and technical engineering data incidental to the project have aroused widespread interest.

The Secretary of the Interior announced in May that methods of converting shale into oil and gasoline at low cost now have been perfected and that these products can be produced from Colorado shale at less than 12 to 15 cents a gallon. Shortly after this announcement a California company stated that it is moving its shale oil retort to Rifle, Colorado. Another interesting aspect of the commercial production question arose from an estimate by the chief of operations at the Rifle shale plant that a 10,000-barrel plant would have waste gases to generate enough electric energy to run the shale mining, retorting, and oil refinery equipment.

The Tri-State Zinc and Lead Industry

Recent price declines in the non-ferrous metal market have occasioned widespread adjustments in the zinc and lead industry of the Tri-State area. Production has been curtailed by 30 per cent, a number of companies have shut down, and employment and wages have been reduced considerably. The opinion has been expressed in the area that, should the metal market decline as much as 15 per cent more, it is reasonable to believe that the entire district, comprised of northeastern Oklahoma, southeastern Kansas, and southwestern Missouri, will close down.

Zinc has declined within a two-month period from a peak price of 17½ cents a pound to 11 cents a pound and lead from a 21½-cent peak to a 14-cent level. Zinc has experienced six price drops and lead has encountered five. The first price decline for lead occurred on March 8 and that for zinc on March 23. Percentage-wise the decline has been 37 per cent for zinc and 35 per cent for lead, although prices for the metals remain well above prewar levels. The price drop has been ascribed to a falling off in demand, metal consumers having built up inventories far beyond their needs in recent months and sometimes at "prices beyond all sense." The most recent decline in the price

of zinc was largely precipitated by a report that the Munitions Board has no intention of further stockpiling zinc at the present time. When asked to evaluate the permanency of present price levels, a leading producer pointed out that "nonferrous metal prices normally parallel general business conditions of the nation, and there is no reason to believe that the future pattern will be any different from the past."

Zinc and lead concentrate production in the Tri-State area reached its peak in the middle twenties, dropped greatly during the early depression years, and in 1941 stood about midway between the two extremes. Government premium payments were made to producers during the period February, 1942, to June, 1947, but these failed to stimulate production in the area which declined significantly during the war years. Since Federal premium payments ceased, zinc concentrate production has declined further, owing largely to the idleness of some of the marginal mines and tailing mills. In 1948 zinc concentrate production was 22 per cent lower than in 1947. Lead concentrate production increased by 12 per cent in 1948, stimulated by the new record high price for lead. Output of the metals for 1948 was lowered by a strike against a large producer in the region during July and August. Yet, 1948 figures show that the area has remained until now the largest zinc producing center of the United States, accounting for 14 per cent of the nation's output of zinc in 1948.

Following the March break in the metal market, most operators began cutting wages and changed from a 6-day to a 5-day week. Wages paid by the mining companies now generally range from \$2.00 to \$2.75 a day less than before the break, except where they are bound by union contract to the old level. The price decline occurred so abruptly that it was not until the last week in April that mass layoffs became a problem to the small towns in the mining belt. But reductions in the prices of metal, curtailing production in the district by 30 per cent, have now forced about fifteen mining companies to cease operations and have reduced employment by approximately 25 per cent. Since it will be difficult to effect further wage cuts, and since supply and equipment costs are not being reduced proportionately to metal prices, the level of future operations in the area is highly uncertain.

A procedure to which the operators are resorting more and more is "upgrading" their operations. This is done by mining selective sections, working only in the headings that have the richest veins. The possibilities of "upgrading" are now limited, however, for the more valuable deposits had been reworked long ago. The old days of 10 per cent and 20 per cent ore are gone. A typical operation in a mine with above-

average deposits last month showed recovery of about 3.5 per cent zinc and 0.6 per cent lead from every ton of rock brought to the mill to be refined into concentrate. For this reason many local operators maintain that, unless they get higher prices for their ore, the only thing they can do is dig out the high grade ore pillars which support the ceiling of each mine and abandon the mine. The United States Bureau of Mines estimates that there are still about 50 million tons of low grade ore remaining in the region.

Employment Continuing layoffs in manufacturing industries in the United States during April were offset, in part, by seasonal gains in agriculture, construction, and other outdoor work. Non-agricultural employment, other than construction, did not show a seasonal gain during April and was below the level of a year ago. Agricultural employment showed a smaller increase from March to April in 1949 than it did a year earlier but totaled 350,000 more than in April, 1948.

The total civilian labor force increased by 300,000 from April, 1948, to April, 1949, while unemployment showed an increase of 800,000 over this period. The difference of 500,000 would indicate the decline in available jobs.

States of the Tenth District report employment trends similar to those for the nation as a whole. In Wyoming the employment outlook was brightened considerably during April by widespread rain and snow which aided crops and range feed. With crop and livestock prospects improved, the Employment Security Commission has estimated that the volume of agricultural labor employed will be somewhat larger than last year.

Kansas City, Kansas, and Wichita reported increased employment of wage and salary workers during April, with gains of 2 and 3 per cent, respectively. Unemployment declined by 8 per cent in Kansas City, Kansas, and by 24 per cent in Wichita. In both cities food processing industries added workers. Chemical and transportation equipment industries accounted for the remainder of the increase in Kansas City, Kansas. In Wichita, aircraft manufacturing accounted for 60 per cent of the rise.

The Oklahoma Employment Security Commission reports that, while employment has been gaining steadily since February, "it is now apparent that last winter's employment slump was more than just seasonal." Although unemployment declined 8 per cent in April, "employment recovery now is far less advanced than it was at this time last year." A lower level of construction activity and a larger labor force are given as the two main reasons for the present employment outlook.

AGRICULTURE

Crops The United States Department of Agriculture reduced the estimate of the wheat crop in the Tenth District approximately 6 million bushels between April 1 and May 1. The important reductions were in Nebraska and Colorado, while increases were indicated in Kansas and Oklahoma. Kansas is expected to produce a quarter of a billion bushels and Oklahoma 109 million, the largest crop Oklahoma has ever produced.

Excessive rainfall in May damaged wheat in some areas and hail damage was probably somewhat above normal. A crop scare in the form of a plant disease known as "Mosaic" attracted wide attention in May. The disease was confined, for the most part, to the western third of Kansas, but infected fields were also found in southwestern Nebraska and in Oklahoma. The first appearance in the United States of the mosaic disease, a virus infection, is reported to have been in 1919, and its reappearance since then has been

	RAINFALL			
	Apr. 1949	Apr. Normal	4 Mos. 1949	4 Mos. Normal
	(In inches)			
COLORADO				
Denver.....	1.15	2.06	5.12	3.93
Leadville.....	.71	1.76	3.16	6.18
Pueblo.....	.93	1.31	2.16	2.70
Lamar.....	1.63	1.61	3.30	3.28
Alamosa.....	1.00	.73	1.43	1.43
Steamboat Springs.....	1.85	2.21	8.00	9.12
KANSAS				
Topeka.....	5.58	2.90	15.90	7.09
Iola.....	1.95	3.90	12.78	9.35
Concordia.....	2.85	2.16	6.65	4.65
Salina.....	1.61	2.34	7.01	5.37
Wichita.....	3.85	2.96	13.95	6.54
Hays.....	1.80	2.21	5.59	4.20
Goodland.....	1.07	1.83	3.98	3.64
Dodge City.....	2.95	2.00	7.47	4.09
Elkhart.....	.33	1.50	3.32	3.43
MISSOURI				
St. Joseph.....	2.09	3.19	11.04	8.62
Kansas City.....	2.03	3.52	11.53	8.56
Joplin.....	1.99	4.70	13.41	11.74
NEBRASKA				
Omaha.....	1.20	2.51	7.74	5.47
Lincoln.....	1.29	2.53	7.53	5.39
Norfolk.....	1.18	2.71	6.48	5.60
Grand Island.....	2.92	2.59	6.11	5.25
McCook.....	1.50	2.09	7.81	4.12
North Platte.....	1.15	2.06	7.65	3.84
Bridgeport.....	1.53	2.02	3.15	3.68
Valentine.....	3.15	1.85	5.64	3.90
NEW MEXICO				
Clayton.....	1.73	.35	4.07	1.40
Santa Fe.....	.45	.72	2.84	2.88
Farmington.....	.25	.62	2.35	2.48
OKLAHOMA				
Tulsa.....	3.83	4.19	14.44	10.12
McAlester.....	1.78	4.50	12.68	12.48
Oklahoma City.....	1.65	3.29	9.28	7.57
Pauls Valley.....	2.48	3.71	14.39	8.96
Hobart.....	1.65	3.01	7.59	6.40
Enid.....	1.08	3.23	10.18	6.95
Woodward.....	.94	2.47	7.49	5.65
WYOMING				
Cheyenne.....	1.61	1.99	6.87	4.07
Casper.....	.88	2.06	3.21	4.52
Lander.....	.99	2.06	4.91	4.44
Sheridan.....	2.30	1.92	5.47	4.63

sporadic. The green bug is said to transmit the disease, and early planted wheat—especially volunteer wheat—harbors this bug. Although the damage caused by this disease is without doubt serious in restricted areas, the harm done to the winter wheat crop has probably been exaggerated.

Winter wheat estimates as of May 1:

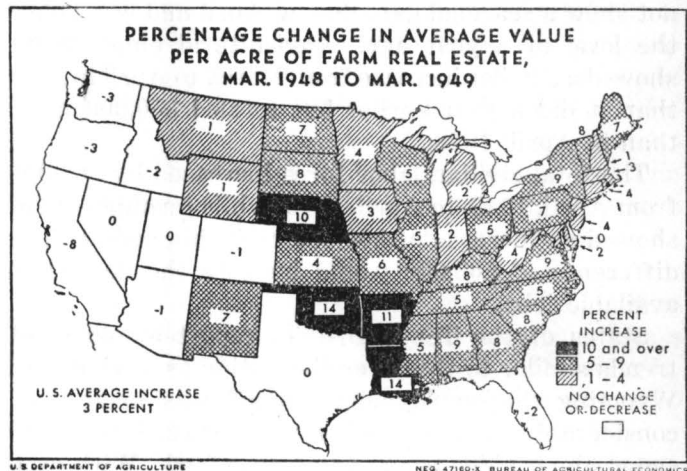
	PRODUCTION			ACREAGE		
	Indic. 1949	Final 1948	Aver. '38-'47	Indic. 1949	Harv. 1948	Aver. '38-'47
	(Thousand bushels)			(Thousand acres)		
Colo.....	37,752	50,988	24,848	2,288	2,428	1,274
Kans.....	251,226	231,368	180,584	14,778	13,221	11,785
Mo.....	34,740	39,270	21,680	1,930	1,785	1,414
Nebr.....	63,597	81,938	57,806	3,741	3,997	3,224
N. Mex....	4,464	3,231	3,580	372	359	305
Okla.....	108,856	98,962	67,428	7,023	6,825	4,958
Wyo.....	3,978	4,800	2,779	221	240	146
7 States..	504,613	510,557	358,705	30,353	28,855	23,106
U. S.....	1,021,476	990,098	726,553	55,656	52,859	42,500

Farm Real Estate Prices Late in April the United States Department of Agriculture made the following statement regarding farm land prices. The map accompanying the quotation shows changes by states in this four-month period.

The first significant declines in land values since the late 1930's occurred during the 4 months ending March 1, 1949. Values were at or below the November, 1948, level in all of the Mountain and Pacific States as well as in scattered states in most other regions. Regionally, the Middle Atlantic and East South Central States showed the greatest strength, but even there land values were generally not more than 5 per cent higher than last November. This contrasts sharply with previous years when increases in most of the regions during the November-March period ranged between 5 and 10 per cent. These changes during the past 4 months suggest that the postwar peak in land values has probably been reached in many areas.

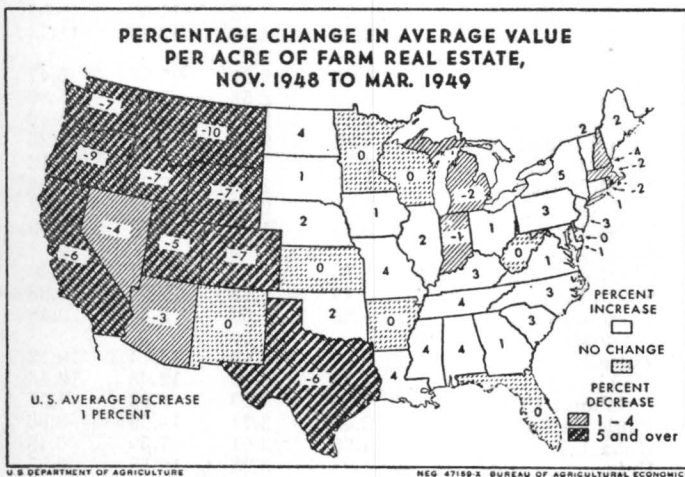
Declines in the prices of livestock and the severe winter appear to have been the major factors responsible for lower land values in the Mountain States. Decreases ranged from a high of 10 per cent in Montana to 7 per cent in Idaho, Wyoming, and Colorado and to 5 per cent in Utah. These declines reduced values this March to about the level of a year earlier. Indications are that values of irrigated lands in these states have weakened somewhat more than have those of dry farming lands.

The map below shows changes in farm real estate prices from March, 1948, to March, 1949. It will be observed that land prices in that period were rising in most sections of the country, the only areas of weakness being in the Mountain and Pacific Coast States. In the Tenth District land prices in Oklahoma and Nebraska made the largest gains last year.



Farm income rose rapidly after 1940 and land prices responded. Cattle had been profitable for a number of years before the war and this was a strengthening factor to grass land that had been in distress. Land prices in important agricultural states east of the Mississippi River also responded quickly to rising farm income. Values of tillable land in this area rose slowly, the aftereffects of the protracted drought of the middle thirties being no doubt a retarding factor. In heavy producing wheat areas the series of excellent crops, together with high prices, caused land prices to rise sharply. Land prices in Nebraska moved up slowly but the chart shows that one of the largest gains last year took place in that state.

For the United States as a whole, land prices have more than doubled since 1940 and in the Tenth District the gains since 1940 have been even larger than for the rest of the country. After World War I, the top of the farm land boom was in 1920. By March 1 of this year, land prices in the United States were above those of 1920 and the same was true of all states in the Tenth District with the exception of Wyoming, Nebraska, and Missouri.



The Department of Agriculture comments as follows regarding the weakness of land prices in western states.