

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

VOL. 34, No. 11

FEDERAL RESERVE BANK OF KANSAS CITY

NOVEMBER 30, 1949

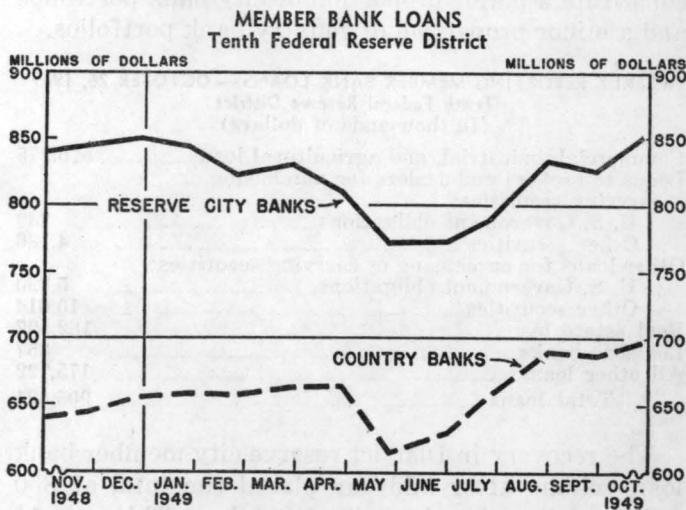
RECOVERY IN BANK LOANS

The year 1949 has brought both the first significant postwar decline in District member bank loan volume and a recovery of loan volume to a new record high. After establishing a record high at the end of last year, loan volume contracted during the first five months of this year. Since that time, and particularly since midyear, loan volume in District member banks has been expanding. At the end of October, loans aggregated 1,548 million dollars compared with 1,480 million twelve months earlier and 1,508 million at the end of 1948. Loan developments in the District have been similar to those for commercial banks in the country as a whole, although the low point was reached earlier in the District and aggregate loans for all commercial banks in the United States have not recovered to the record volume of the end of 1948. As of the end of October, loans of all commercial banks in the United States are estimated at 41,930 million dollars compared with 41,640 million twelve months earlier and 42,488 million at the end of last year.

Generally speaking, the swings in commercial bank loan volume in the United States during 1949 have been a reflection of the changes in business activity. The decline in business activity in the first half of the year led to a smaller demand for business loans and the resulting decrease in commercial and industrial loans. While this was partly a seasonal development, the demand for business loans was greatly reduced by the passing of the inflationary boom and the economic readjustment which succeeded it. The principal loan component showing a marked increase subsequently has been commercial and industrial loans, reflecting the recovery in business, seasonal and otherwise, which has been taking place. However, the recovery in business loan volume has been considerably smaller than the decline in such loans earlier in the year. The expansion in other types of loans, principally consumer loans and real estate loans, and in this District also Commodity Credit Corporation guaranteed loans,

has helped to place loan volume near that at the end of last year. Among District banks, Commodity Credit Corporation loans have been a factor of particular importance both in the decline in loan volume before midyear and the subsequent recovery in loans. The largest drop in loan volume in this District occurred in May and resulted from the payment of the Commodity Credit Corporation wheat loans as of April 30, and the biggest recovery took place in July and August when Commodity Credit loans were expanding most rapidly.

The pattern of loan developments in District country member banks has not been in line with that for District reserve city member banks, but the differences have been largely a reflection of the fact that to a significant degree they serve customers engaging in different lines of economic endeavor. Accordingly, the changes in commercial and industrial loans have tended to dominate the city bank loan developments, while agricultural loans have largely determined the changes in loan volume among District country banks. While these factors have been the outstanding ones, the greater rate of increase of consumer loans and



real estate loans in the country banks compared with the city banks has been of considerable importance. Moreover, Commodity Credit Corporation guaranteed loans have been significant in city bank loan developments even though less important than in country bank loan developments.

While District city bank loans declined throughout most of the first half of the year, District country member bank loans have shown no significant decrease during the year except following the payment of the Commodity Credit Corporation wheat loans on April 30. Both groups of banks had a sharp drop in loan volume at that time, but the drop was much greater in the country banks than in the city banks. As in District city banks, loan volume of District country member banks was at a record high figure at the end of 1948. However, country bank loans continued to increase somewhat during the early months of 1949 in line with seasonal developments for country banks as loans were extended to farmers. For the first six months of the year, Commodity Credit Corporation loans constituted the only principal loan category of District country member banks to show a decrease, with increases occurring in all other categories. A major proportion of the increase in all other classes of loans was in loans to farmers other than Commodity Credit Corporation loans, but there also were important increases in consumer loans and real estate loans. Moreover, contrary to city bank experience, business loans expanded during the first half of the year in District country member banks. Business loan developments largely explain the fact that at midyear total loan volume of District city banks was below the volume at the end of 1948 by a significantly greater percentage than the decrease in the total loan volume of District country banks. Not only did business loans decline in the city banks while expanding slightly in the country banks, but such loans constitute a major proportion of city bank portfolios and a minor proportion of country bank portfolios.

WEEKLY REPORTING MEMBER BANK LOANS — OCTOBER 26, 1949
Tenth Federal Reserve District
(In thousands of dollars)

Commercial, industrial, and agricultural loans.....	575,975
Loans to brokers and dealers for purchasing or carrying securities:	
U. S. Government obligations.....	380
Other securities.....	4,786
Other loans for purchasing or carrying securities:	
U. S. Government obligations.....	5,390
Other securities.....	10,614
Real estate loans.....	132,597
Loans to banks.....	357
All other loans.....	175,722
Total loans.....	905,821

The recovery in District reserve city member bank loan volume after midyear placed the total at 850 million dollars by the end of October. This was 11

million dollars above the level a year earlier and equal to the record amount at the end of 1948. On the other hand, District country member bank loan volume stood at a record 698 million dollars at the end of October compared with 641 million in October, 1948, and 658 million at the end of last year.

CHANGES IN WEEKLY REPORTING MEMBER BANK LOANS
Tenth Federal Reserve District
(In thousands of dollars)

	Dec. 29, 1948 to June 29, 1949	June 29, 1949 to Oct. 26, 1949
Commercial, industrial, and agricultural loans.....	-72,156	+64,910
Loans to brokers and dealers for purchasing or carrying securities:		
U. S. Government obligations..	-101	+74
Other securities.....	-422	+549
Other loans for purchasing or carrying securities:		
U. S. Government obligations..	-458	-36
Other securities.....	-1,314	-377
Real estate loans.....	+1,518	+2,896
Loans to banks.....	+1,503	-2,309
All other loans.....	+4,198	+9,802
Total loans.....	-67,232	+75,509

A breakdown of loan data for District reserve city member banks is not available beyond June 30. However, such data are available for the District weekly reporting member banks, which constitute approximately the same group of banks. From the end of June to the end of October, total loans of those banks increased by 76 million dollars compared with a decrease of 67 million during the first six months of this year, and the broad category of "commercial, industrial, and agricultural" loans expanded by 65 million compared with a decrease of 72 million during the first six months of the year. Loans for purchasing or carrying securities showed virtually no net change from June to October. Other changes in loans during that period included a decrease of 2 million dollars in loans to banks and increases of 3 million in real estate loans and 10 million in "all other" loans, of which consumer loans are an important component. Data for the weekly reporting banks do not provide a separation of agricultural loans from commercial and industrial loans, and, consequently, it is not possible at this time to determine the amount of recovery in business loans. Loans to millers and grain dealers, which are an important seasonal factor in the loan picture of some of the larger District city banks after midyear, have been of much less importance this year, showing only about one third of the usual expansion. Other seasonal factors have brought some increase in business loans in recent months. Another important factor in the increase in "commercial, industrial, and agricultural" loans among District reporting banks has been Commodity Credit Corporation loans, which the city banks have acquired in larger quantity than a year ago.

The low point in total loan volume for the weekly reporting member banks of the country as a whole was reached in the middle of July. From that time to the end of October, total loan volume expanded by 1,027 million dollars compared with a decline of 2,606 million during the first six and a half months of the year. The broad category of "commercial, industrial, and agricultural" loans reached its low point during the first week of August. The subsequent recovery amounted to 854 million dollars compared with a decrease of 2,735 million from the end of 1948. While data are not available on the business loans of these banks as distinct from agricultural loans, it should be noted that on a national basis the "commercial, industrial, and agricultural" loans of the weekly reporting member banks represent largely commercial and industrial loans. The recovery in loans compared with their earlier decline is less favorable in these city banks than in other commercial banks, but this results from the more pronounced decline of loans in the city banks rather than from a less rapid rate of expansion subsequently. The net result for the first ten months of this year is an estimated increase of 1,021 million dollars in the outstanding loans of all nonweekly reporting commercial banks in the United States compared with a decrease of 1,579 million dollars for the weekly reporting member group of banks.

For District country member banks, data by type of loan are not available later than the June 30 call report. However, it is apparent that the principal factor in the increase in country bank loan volume for the District as a whole has been the Commodity Credit Corporation loans. In view of the funds received by farmers from this source, other loans to farmers have commonly been reduced and may have shown a net decrease for the District as a whole, but this cannot be said to be generally true in areas where wheat is of minor importance.

United States Government security holdings of commercial banks both in the country as a whole and

in this District have expanded substantially this year. The net increase has resulted principally from the investment of funds released by the Board of Governors' actions in lowering member bank reserve requirements in early May, at midyear, and again in August and early September. At the end of October, District reserve city member banks held 1,353 million dollars of Government securities compared with 1,237 million at the end of 1948, despite a marked decrease in their portfolios during the first quarter of this year. Their loans and investments combined amounted to 2,425 million at the end of October compared with 2,280 million at the end of last year.

District country member bank Government security holdings were slightly smaller at the end of October than at the end of last year, notwithstanding the lowering of member bank reserve requirements by the Board of Governors. This is explainable in part by the fact that the country banks have had a net increase in their outstanding loans. In fact, many country banks have shown a preference for increased holdings of Commodity Credit Corporation loans over Treasury certificates of indebtedness in view of the more favorable yield on the former. However, District country member bank loans and investments combined are only 20 million dollars larger than at the end of 1948, even though approximately 82 million dollars of their reserve funds were released by the Board of Governors' actions in lowering member bank reserve requirements.

Deposit volume of both District city and District country banks declined early in the year, with the low point for the city banks coming in March and for the country banks in May. Subsequent recovery in deposit volume placed reserve city bank deposits at 3,207 million dollars by the end of October, down 44 million from the end of 1948, while country member bank deposits reached 2,557 million, down 103 million for the ten-month period. Compared with October, 1948, city bank deposits show a small net increase, while country bank deposits are down slightly.

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

	ALL MEMBER BANKS			RESERVE CITY BANKS			COUNTRY BANKS		
	Oct. 26 1949	Sept. 28 1949	Oct. 27 1948	Oct. 26 1949	Sept. 28 1949	Oct. 27 1948	Oct. 26 1949	Sept. 28 1949	Oct. 27 1948
Loans and investments.....	4,438	4,397	4,253	2,425	2,402	2,275	2,013	1,995	1,978
Loans and discounts.....	1,548	1,515	1,480	850	827	839	698	688	641
U. S. Government obligations.....	2,471	2,476	2,392	1,353	1,358	1,243	1,118	1,118	1,149
Other securities.....	419	406	381	222	217	193	197	189	188
Reserve with F. R. Bank.....	736	721	916	450	438	543	286	283	373
Balances with banks in U. S.....	601	587	594	243	241	250	358	346	344
Cash items in process of collection.....	262	241	285	244	224	267	18	17	18
Gross demand deposits.....	5,087	5,005	5,125	2,846	2,787	2,830	2,241	2,218	2,295
Deposits of banks.....	837	803	844	775	746	781	62	57	63
Other demand deposits.....	4,250	4,202	4,281	2,071	2,041	2,049	2,179	2,161	2,232
Time deposits.....	677	678	667	361	362	357	316	316	310
Total deposits.....	5,764	5,683	5,792	3,207	3,149	3,187	2,557	2,534	2,605
Borrowings.....	6	6	7	4	5	5	2	1	2

AGRICULTURAL AND BUSINESS CONDITIONS

AGRICULTURE

Crops During the past month temperatures throughout the District have averaged above normal, and this warm weather has been accompanied by a prolonged fall drought. In Nebraska, in western Kansas, and in western Oklahoma wheat germinated in the early fall under favorable moisture conditions. Up to the middle of November, wheat pasture was reported to be in the best condition in several years. However, in certain areas of the winter wheat belt the effect of the fall drought is being felt. Orange leaf rust and green bug infestation could considerably weaken the plant growth if warm and dry weather continues. Wheat pastures throughout the District are still supplying abundant feed for cattle and sheep.

The warm, dry weather has favored the harvesting of cotton in western Oklahoma. Present indications

are that western Oklahoma will have one of its heaviest cotton yields of the past decade, averaging nearly half a bale to the acre, with certain fields reported to be yielding from three fourths to a bale of cotton to the acre.

Broomcorn production, which is centered largely in the Tenth Federal Reserve District, is substantial this fall. Yields are heavy in Oklahoma and in Colorado. The 1949 seeded acreage in Colorado was substantially above the acreage seeded in 1948. Prices for broomcorn are down about 20 per cent on standard varieties and a little more than 20 per cent on the dwarf varieties. The lower price on dwarf varieties is probably due to a larger than average acreage seeded in 1949.

Pecan production is up substantially in the District this year. Present indications point to a production of 29½ million pounds in Oklahoma compared with 14 million pounds in 1948. Despite this heavy production during the heavy bearing year, prices are averaging around 17 cents a pound on native seedlings, as contrasted with the 10½ cents a pound received in 1948.

The harvest of sugar beets in Colorado and Wyoming has been largely completed, with indications that yields in Colorado and southern Wyoming will average almost 40 per cent higher than those obtained in 1948. Not only is the tonnage per acre higher than in 1948, but present indications are that the sugar content of the beets is substantially above that of last year. In northern Wyoming, the dry summer apparently held down both yield and sugar content of beets, even in the irrigated valleys. Present indications are that farmers in the sugar beet area will probably expand their acreage of beets in 1950. There are further indications that some of the irrigated land which has been devoted to the production of dry beans will be shifted to sugar beet production in 1950.

The lower range of Kansas City cash grain prices:

	Nov. 22 1949	Oct. 31 1949	Sept. 30 1949	Oct. 30 1948
No. 1 dk., hd. wheat, bu.....	\$2.20½	\$2.16½	\$2.19½	\$2.22¼
No. 2 mixed corn, bu.....	1.19½	1.12½	1.20	1.28½
No. 2 white oats, bu.....	.77½	.73	.69½	.82
No. 2 rye, bu.....	1.28	1.35	1.38	1.67
No. 2 barley, bu.....	1.12	1.14	1.12	1.26
No. 2 white kafir, cwt.....	1.83	1.95	1.98	2.28

Livestock From about the middle of August until the middle of November, the price of hogs and the price of cattle moved in a divergent trend. Heavy marketings of hogs depressed hog prices to the lowest levels since the expiration of OPA price

RAINFALL

	Oct. 1949	Oct. Normal	10 Mos. 1949	10 Mos. Normal
(In inches)				
COLORADO				
Denver.....	.85	1.05	15.30	12.67
Leadville.....	1.49	1.18	15.50	16.50
Pueblo.....	1.41	.66	12.78	10.83
Lamar.....	.86	.97	19.74	14.27
Alamosa.....	.14	.60	6.94	6.36
Steamboat Springs.....	3.12	1.90	19.90	19.24
KANSAS				
Topeka.....	3.94	2.56	49.16	29.79
Iola.....	2.75	3.15	40.94	33.64
Concordia.....	3.14	1.88	26.09	23.49
Salina.....	1.70	2.02	21.73	24.83
Wichita.....	1.91	2.45	36.89	27.58
Hays.....	2.34	1.44	23.26	21.46
Goodland.....	.94	1.00	18.79	16.73
Dodge City.....	4.48	1.35	25.02	18.63
Elkhart.....	.71	1.35	21.30	15.71
MISSOURI				
St. Joseph.....	4.29	2.89	38.70	32.69
Kansas City.....	5.70	2.69	39.77	31.05
Joplin.....	3.03	3.45	41.37	39.06
NEBRASKA				
Omaha.....	3.22	2.17	30.27	25.77
Lincoln.....	2.99	1.88	35.24	26.07
Norfolk.....	1.16	1.54	25.64	25.19
Grand Island.....	.99	1.84	23.78	24.15
Culbertson.....	1.66	1.15	24.63	18.64
North Platte.....	1.16	1.07	23.66	17.39
Bridgeport.....	1.09	.95	15.92	14.73
Valentine.....	2.59	1.20	21.56	17.27
NEW MEXICO				
Clayton.....	.10	1.32	25.26	13.55
Santa Fe.....	.37	1.06	16.00	12.77
Farmington.....	.82	.86	7.68	7.49
OKLAHOMA				
Tulsa.....	2.51	3.35	39.32	32.56
McAlester.....	4.72	4.04	38.16	37.09
Oklahoma City.....	2.97	2.86	29.92	27.78
Pauls Valley.....	3.27	3.52	38.82	31.06
Hobart.....	3.38	3.23	28.65	24.64
Enid.....	2.54	2.74	30.78	26.88
Woodward.....	3.11	2.29	27.15	22.69
WYOMING				
Cheyenne.....	1.36	.96	20.22	13.92
Casper.....	2.00	1.25	10.36	12.63
Lander.....	3.12	1.36	13.45	11.35
Sheridan.....	1.99	1.07	14.53	13.79

ceilings. The somewhat lighter marketing of cattle, and particularly the choicer grades, tended to support and even to advance the top market price for choice beef steers. Although cattle prices have receded during November, hog prices have drifted irregularly lower, and the price of cattle currently is nearly twice that of hogs, a ratio higher than at any time since World War II.

The number of cattle on feed in the Corn Belt is nearly 50 per cent greater than the number on feed in 1948. Certain of the feeder cattle which were moved into Iowa and Nebraska have been turned directly into the field in order to utilize corn that was shattered by the heavy winds during October. These cattle will be finished out earlier than would normally be the pattern. This should result in heavier than normal marketing of grain-fattened animals shortly after the first of the year. Most of the cattle which moved into the Corn Belt moved at lighter weights than those of previous years, with an indicated 62 per cent of cattle weighing less than 900 pounds.

The number of sheep and lambs on feed in the Corn Belt this fall is about 20 per cent larger than the number being fed a year ago. The greatest increase in sheep feeding is found in the western part of the Corn Belt, although Illinois and Nebraska showed smaller October inshipments than those of 1948. The amount of lamb feeding in the wheat pastures of Kansas, Oklahoma, and Texas will be limited this year by the availability of feeder lambs. Feeding in Kansas and eastern Colorado may be low because of the unfortunate experiences of 1948. Feeder lamb prices show little change from 1948.

Top carlot livestock prices at Kansas City:

	Nov. 22 1949	Oct. 1949	Sept. 1949	Oct. 1948	Oct. 1947	Oct. 1946
	(In dollars per hundredweight)					
Beef steers.....	30.50	33.00	32.50	39.00	35.00	38.50
Stocker cattle.....	25.50	25.25	24.40	28.75	24.75	19.75
Feeder cattle.....	24.00	24.35	25.00	27.75	26.90	23.00
Calves.....	25.00	25.00	25.00	28.00	24.00	14.00
Hogs.....	15.60	19.50	22.75	27.00	29.65	28.50
Lambs.....	23.50	24.50	24.25	26.00	24.50	26.25
Slaughter ewes.....	10.00	9.50	9.00	9.25	9.00	12.25

Cash Farm Income Cash farm income in the Tenth District and in the United States in the first nine months of this year was about 8 per cent below that of the same period a year ago. The United States Department of Agriculture expects the decline for the whole year will be about 9 per cent. The Department estimates that receipts from crops are down about 7 per cent and from livestock and livestock products about 11 per cent. It states that these declines result generally from lower prices, as the total volume of sales from both crops and livestock is somewhat larger than last year.

In the case of crops, the largest declines are expected to be in wheat, soybeans, peanuts, and flaxseed, the decline in wheat, soybeans, and peanuts probably amounting to 20 per cent. Cash income from tobacco is expected to be 15 per cent lower than last year. On the other hand, the Department expects cash receipts from corn, cotton, sugar crops, and some fruits to be somewhat larger than in 1948. Smaller marketings are expected to reduce receipts from sheep and lambs as much as 20 per cent. "Increased sales of hogs and of cattle and calves are more than offset by lower prices, and cash receipts may be down around 15 and 10 per cent, respectively."

The Department of Agriculture expects a further drop in cash farm income in 1950, the estimate being about 10 per cent. Prices probably will be lower and production controls may result in lower crop sales. "The volume of livestock and livestock products marketed next year, however, may be slightly greater than that marketed this year."

Department of Agriculture farm income estimates:

	Sept. 1949	9 Mos. 1949	Change from '48 Sept.	9 Mos.
	(Thousand dollars)		(Per cent)	
Colo.....	55,606	320,885	-4	-14
Kans.....	74,640	728,723	-5	-9
Mo.....	78,703	652,591	-17	-10
Nebr.....	66,243	684,386	-7	-8
N. Mex.....	10,077	93,677	-8	+13
Okla.....	51,569	437,662	-2	0
Wyo.....	29,340	84,630	-11	-10
7 States.....	366,178	3,002,554	-8	-8
U. S.....	2,601,700	19,035,962	-13	-8

INDUSTRIAL PRODUCTION

Flour Milling Flour production in the United States and in the Southwest showed a further gain in October. Operations in the Tenth District averaged 80 per cent of capacity as compared with 76 per cent during September and 97 per cent in October, 1948. Flour buyers are actively inquiring for supplies. During the four-week period ended November 15, however, they were cautious about new bookings. On the whole, flour sales have averaged substantially below capacity, although the long-term bookings made last summer are about filled and replenishment is indicated.

Firm wheat prices effected by the Government loan program continue to dominate the flour price situation. More wheat is pledged for loans than in any comparable period, and this accounts for prices near the loan level in most wheat markets. On the other hand, Government wheat buying has had a diminishing influence on the domestic market, the Commodity Credit Corporation having made only limited purchases in recent weeks. Government action during the past month is expected to increase flour export

sales to some extent. Congress passed legislation authorizing payment of subsidies on flour sales to Economic Cooperation Administration nations participating in the International Wheat Agreement, and the Department of Agriculture returned export trade to private grain and milling concerns in all parts of the world except the occupied zones.

Petroleum The current supply and demand outlook for the oil industry is uncertain. In September, it appeared that postponed demands for heating oils would cause fourth-quarter demand for petroleum products to exceed the 1948 level. States that had made sharp cutbacks in their crude production allowables during the summer months raised them and crude output was increased considerably during September and October. November allowables for Kansas, Oklahoma, and Texas were 14 per cent, 15 per cent, and 17 per cent, respectively, above those for August. However, estimated actual demand for the principal refined products in the five-week period ended October 22 was 1.6 per cent below the corresponding 1948 level. The nation's refineries operated at 83 per cent of capacity during the week ended October 29 and at 85 per cent of capacity during the following week but dropped to 82 per cent of capacity during the week ended November 12. On November 15, the Texas Railroad Commission announced that the state's December allowable would be reduced by 10 per cent from the November level. One member of the Commission stated that this was necessary because of unseasonably warm weather, and he added that in his opinion the industry's economists had been too optimistic in predicting crude oil needs for the fall months. In mid-November it appeared that, contrary to the normal seasonal trend, crude oil stocks might increase during that month.

This situation again focuses attention on both the crude and refined price structures. Gasoline prices are weakening and there is a current need for adjusting distillate and gasoline yields to meet winter demands. Kerosene, distillate, and residual oils experienced considerable declines in price during the first half of the year, and it was generally acknowledged that the prices of these products were not in line with crude costs or with gasoline prices. Heating oil prices rose during September and October but the gain was less than anticipated, and with actual consumption currently running below the estimated demand it is possible that the crude price structure may be threatened again in the near future.

In the Tenth District, development activities have been resumed in a northern Wyoming black crude area, following completion of a new refinery at Billings. Scene of greatest activity in the state is the

Fiddler Creek field in Weston County. During the past three months the potential of the field has been raised from 2,500 barrels daily to 10,000 barrels daily. In the southwestern part of the state, attention is focused on natural gas discoveries which may increase Green River basin reserves substantially and provide adequate heating fuel for the area and for adjoining states. Unseasonably mild weather has allowed exploratory drilling activity to remain at a high level throughout the Rocky Mountain region, and in mid-November new discoveries were still being reported in New Mexico, Colorado, Wyoming, and Nebraska. Thus, development activity has continued at a rapid rate despite a general recognition that current Rocky Mountain oil production is in excess of the area's needs and a potential production of 75,000 to 100,000 barrels daily is shut in because of a lack of markets.

Employment Total civilian employment in the United States showed a seasonal decline between September and October as farm activity slackened. The October estimate of 59 million was about a half million below that for September and about 1 million below the figure for a year earlier. The coal and steel strikes effected additional reductions in real employment, and the secondary effects of these strikes became increasingly apparent late in the month as steel fabricators, railroads, and other consuming industries reduced their operations. The total number of jobless persons rose by a quarter million, causing at least a temporary halt in the reduction of unemployment begun in August.

In the Tenth District, the Oklahoma Employment Security Commission has reported that the employment situation remained favorable in that state during October. Farm activities, particularly cotton picking, provided considerable seasonal work. Nonfarm employment showed only a fractional drop from the September level and the number of jobless persons in the state was reduced by 2.5 per cent during the month to a total of 23,200. Manufacturing industries increased their payrolls by 200 workers, the first employment gain in manufacturing since October, 1948. Employment was also increased in the public utilities and trade and service industries. On the other hand, the petroleum industry reduced payrolls by 1,000 workers as drilling activities and production were curtailed in several counties. The steel strike shut down at least two large plants in the Tulsa area, but increased employment at retail stores more than offset the steel plant losses in the over-all local labor situation.

Agriculture, food processing, and construction have contributed to the highest level of employment in Colorado thus far this year. According to the State

Employment Security Commission, total employment stood at 388,000 in early November, only one tenth of 1 per cent below the corresponding 1948 figure. However, of the 388,000 employed, 12,000 steel and rubber workers and 1,100 coal miners were on strike. It was estimated that 2,000 workers had actually been laid off during the past month by indirect effects of the strikes. Both steel and rubber strikes were settled at Colorado plants in mid-November and this was significant to Pueblo, most seriously affected among Tenth District cities.

In Wyoming, a high level of employment despite seasonal declines has been reported. Labor supply and demand are said to be well balanced for most communities. A forecast of Wyoming employment for 1950 indicates that a large volume of construction activity is planned, and this is expected to cushion adjustments which may take place in other industries. Nonagricultural employment in New Mexico was estimated at 135,250 in mid-October, a decrease of 100 workers from the September 15 estimate but

4,100 more than the number employed in October, 1948. Manufacturing, mining, and construction employment showed slight gains in October, which were offset by a decline in trade and hotel activity. In Nebraska, ideal weather permitted construction activity to continue at a high level in October and this, plus the Government grain bin construction program, supplied a substantial number of job openings. A seasonal peak also occurred in potato and beet harvesting. The State Labor Commissioner reported that the labor supply in Lincoln was the lowest this year.

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in October was 10 per cent under that of a year ago, and in the first three weeks of November sales were down 8 per cent from last year. Much of this decrease in dollar volume is due to lower prices; the physical volume of sales still is quite large. Unseasonably warm weather was a deterrent to sales, and consumers apparently were delaying Christmas shopping until the traditional Thanksgiving to Christmas period, in contrast with the earlier holiday buying that occurred a year ago. Immediately after Thanksgiving this year, sales improved noticeably in response to extensive post-Thanksgiving clearances and other special sales promotions. Sales decreased contraseasonally from September to October, and the seasonally adjusted index of daily average sales declined from 312 per cent of the 1935-39 average in September to 302 per cent in October.

Inventories increased much more than is usual during October, and the seasonally adjusted index of stocks rose from 258 per cent of the 1935-39 average at the end of September to 276 per cent at the end of October. However, stocks of merchandise on hand October 31 were 8 per cent less in value than a year earlier, and the volume of outstanding orders was 7 per cent smaller.

Department store sales and stocks in leading cities:

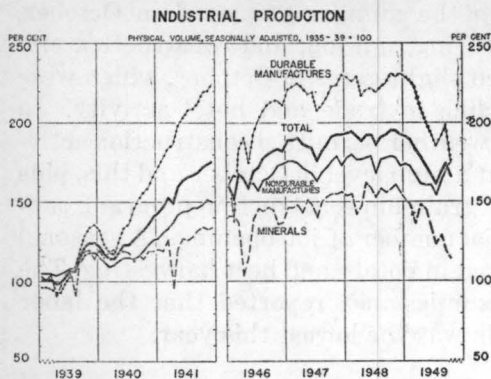
	BANK DEBITS		Change from '48	
	Oct. 1949	10 Mos. 1949	Oct. 10 Mos.	(Per cent)
(Thousand dollars)				
COLORADO				
Colo. Springs.....	43,556	391,789	-4	-2
Denver.....	515,431	4,837,868	-6	-1
Gr. Junction.....	14,243	132,471	+8	+5
Greeley.....	23,968	187,040	-11	-13
Pueblo.....	41,358	399,612	+1	+1
KANSAS				
Atchison.....	9,451	123,337	-44	-21
Emporia.....	12,098	97,471	-1	-3
Hutchinson.....	32,573	384,232	-14	-16
Independence.....	6,522	64,278	+2	-4
Kansas City.....	68,033	642,011	+4	+1
Lawrence.....	10,805	99,204	+6	-3
Parsons.....	7,831	71,926	-6	-11
Pittsburg.....	10,478	108,622	-12	-5
Salina.....	34,684	334,788	0	-15
Topeka.....	88,900	894,052	+1	+4
Wichita.....	201,928	2,136,698	-2	-4
MISSOURI				
Joplin.....	25,371	252,654	-7	-4
Kansas City.....	1,015,911	9,957,797	-9	-7
St. Joseph.....	99,203	898,087	-6	-8
NEBRASKA				
Fremont.....	15,331	154,790	-7	-6
Grand Island.....	23,560	210,084	+7	-4
Hastings.....	12,613	125,830	-13	-15
Lincoln.....	78,115	752,949	+1	-3
Omaha.....	485,187	4,561,554	-5	-5
NEW MEXICO				
Albuquerque.....	90,329	829,170	+11	+15
OKLAHOMA				
Bartlesville.....	122,843	1,294,328	+1	+23
Enid.....	32,506	337,458	-3	-18
Guthrie.....	4,331	41,507	+4	-4
Muskogee.....	25,724	227,964	+4	-3
Okla. City.....	323,203	2,994,158	+3	0
Okmulgee.....	5,720	61,319	-18	-5
Ponca City.....	18,746	177,527	+6	-7
Tulsa.....	446,147	4,729,116	-14	-5
WYOMING				
Casper.....	32,444	276,181	+3	+5
Cheyenne.....	29,629	289,044	+4	+4
District, 35 cities..	4,008,772	39,076,916	-6	-3
U. S., 333 cities.....	101,848,000	1,013,062,000	-5	-1

	SALES		STOCKS	
	Oct. '49 comp. to Oct. '48	10 Mos. '49 comp. to 10 Mos. '48	Oct. 31, '49 comp. to Oct. 31, '48	
(Per cent increase or decrease)				
Denver.....	-10	-7	-10	
Pueblo.....	-22	-12	-15	
Topeka.....	-12	-4	-2	
Wichita.....	-7	-2	-1	
Joplin.....	-5	-9	-8	
Kansas City.....	-14	-10	-4	
St. Joseph.....	-9	-7	*	
Lincoln.....	-17	-10	*	
Omaha.....	-3	+2	-4	
Oklahoma City.....	-2	-7	-9	
Tulsa.....	-12	-9	*	
Other cities.....	-8	-6	-13	
District.....	-10	-7	-8	

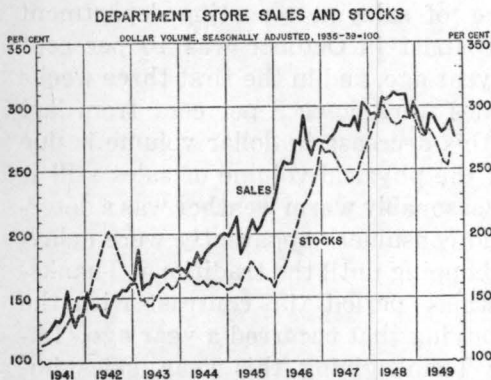
*Not shown separately but included in District total.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

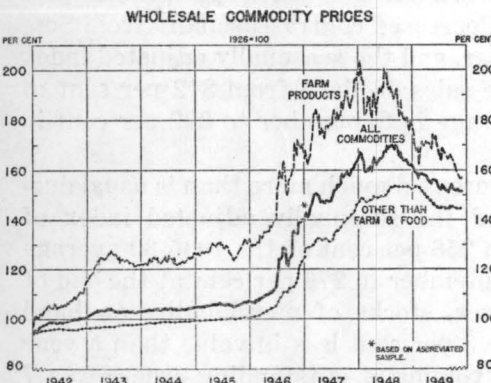
By the Board of Governors of the Federal Reserve System



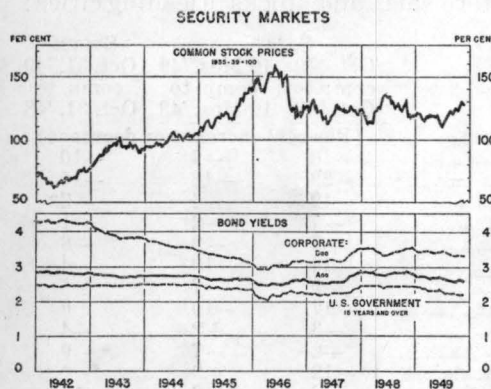
Federal Reserve indexes. Monthly figures, latest shown are for October, 1949.



Federal Reserve indexes. Monthly figures, latest shown for sales is October, 1949; for stocks, September.



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending November 22, 1949.



Common stock prices, Standard and Poor's Corporation; corporate bond yields, Moody's Investors Service; U. S. Government bond yields, U. S. Treasury Department. Weekly figures, latest shown are for November 19, 1949.

The Board's seasonally adjusted index of industrial production was 166 per cent of the 1935-39 average in October as compared with 174 in September and 170 in August. Following settlement of the steel labor dispute and resumption of operations at bituminous coal mines, total industrial production has increased in November.

Activity in durable goods industries declined about 12 per cent in October. The decrease reflected mainly sharp curtailment in output at blast furnaces, steel works, and rolling mills. Steel ingot production was reduced from a rate of 84 per cent of capacity in September to 11 per cent in October. Since early November, however, ingot production has increased again and during the fourth week was scheduled at 78 per cent of capacity. Activity in iron and steel fabricating industries declined only slightly in October but in early November apparently was reduced considerably mainly as a result of temporary steel shortages. Owing in part to model change-overs the number of passenger cars and trucks assembled was reduced from the record September rate by about one tenth in October and by one fifth in the first three weeks of November. Deliveries of copper to fabricators increased sharply in October, and output of furniture, electrical appliances, and most building materials continued to advance.

Output of nondurable goods showed a further rise in October as a result mainly of substantial increases in the textile, paper, and printing industries. Activity in these lines in October was generally at about the high levels prevailing last autumn. Output of petroleum products also increased in October but in early November was curtailed because of large stocks. Activity in most other nondurable goods industries in October showed little change.

As a result of work stoppages at bituminous coal and iron mines, minerals output declined considerably further in October. Anthracite production, however, increased substantially and crude petroleum output continued to expand. In November, bituminous coal production has advanced sharply.

CONSTRUCTION

Value of construction contracts awarded in October, according to the F. W. Dodge Corporation, was maintained at the exceptionally high September level. Increases in public awards, following declines in August and September, offset small declines in awards for most types of private construction. The number of residential units started in October, as estimated by the Bureau of Labor Statistics, was 100,000, the same number as in September and 27,000 more units than in October, 1948.

EMPLOYMENT

Employment in nonagricultural establishments declined 2 per cent in October owing mainly to reductions in durable goods manufacturing, mining, and transportation industries as a result of the steel and coal labor disputes. Unemployment rose one quarter million in early October.

DISTRIBUTION

Department store sales were 275 per cent of the 1935-39 average in October according to the Board's seasonally adjusted index, as compared with 289 in September and an average of 286 for the first nine months. In the first three weeks of November sales were 6 per cent below year-ago levels when the sales index for the month was 290.

Shipments of railroad revenue freight declined considerably in October reflecting chiefly sharply curtailed shipments of coal, iron ore, and steel products. Loadings increased in the middle of November, reflecting mainly sharp gains in coal shipments; loadings of miscellaneous freight showed a moderate expansion.

COMMODITY PRICES

The average level of wholesale commodity prices declined somewhat further from mid-October to the third week of November, reflecting chiefly seasonal decreases in prices of livestock and meats. Spot prices of apparel wool, lead, and tin also declined owing in part to earlier reductions in foreign markets, while coffee prices showed a sharp increase. Steel scrap prices rose above pre-strike levels and prices of some additional domestic industrial products were advanced in November.

BANK CREDIT

Business loans at banks in leading cities continued to expand seasonally during October and the first half of November. Loans on real estate and loans to consumers also increased. Holdings of U. S. Government securities rose during October but subsequently declined early in November.

A small reduction in gold stock and a seasonal outflow of currency into circulation tended to reduce member bank reserves in the first three weeks of November. Federal Reserve Bank credit expanded, however, reflecting primarily purchases of Government securities by the System.

SECURITY MARKETS

A steady rise in prices of most long-term Government bonds during the first three weeks of November has been accompanied by a moderate increase in prices of high-grade corporate bonds. Common stock prices have fluctuated around the new high level for the year reached in early November. New corporate security issues have continued in small volume.